UNITED STATES OF AMERICA

Congressional Record

PROCEEDINGS AND DEBATES OF THE 96th CONGRESS
FIRST SESSION

GENERAL SERVICES ADMINISTRATION
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VOLUME 125—PART 24

NOVEMBER 5, 1979 TO NOVEMBER 13, 1979

(PAGES 30,933 TO 32,252)

UNITED STATES GOVERNMENT PRINTING OFFICE, WASHINGTON, 1979

AUTHENTICATED
U.S. GOVERNMENT
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United States
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Congressional Record

PROCEEDINGS AND DEBATES OF THE 96th CONGRESS, FIRST SESSION

HOUSE OF REPRESENTATIVES—*Monday, November 5, 1979*

The House met at 12 o'clock noon and was called to order by the Speaker pro tempore (Mr. MINETA).

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

NOVEMBER 3, 1979.

I hereby designate the Honorable NORMAN Y. MINETA to act as Speaker pro tempore on Monday, November 5, 1979.

THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives.

PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Be exalted, O God, above the heavens! Let thy glory be over all the earth.—Psalms 57: 5.

We praise Your name, O God, for the opportunity of living a new day. We admit our faults and failures, and yet by Your grace, we look forward to facing today's concerns with the assurance that You are with us.

Allow us to see our world in the light of Your eternal plan and not be dismayed or discouraged. May the beauty of Your presence ever shine over us and give us peace. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 4955. An act to authorize additional appropriations for migration and refugee assistance for the fiscal years 1980 and 1981 and to authorize humanitarian assistance for the victims of the famine in Cambodia.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 1491. An act to designate the building known as the Federal Building, at 211 Main Street, in Scott City, Kans., as the "Henry D. Parkinson Federal Building";

S. 1535. An act to name a certain Federal building in Rochester, N.Y., the "Kenneth B. Keating Building";

S. 1655. An act to designate the building known as the Department of Labor Building in Washington, District of Columbia, as the "Frances Perkins Department of Labor Building"; and

S. 1686. An act to designate the building known as the Federal Building in Wilmington, Del., as the "J. Caleb Boggs Building."

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication from the Clerk of the House of Representatives:

WASHINGTON, D.C.,
November 2, 1979.

Hon. THOMAS P. O'NEILL, Jr.,
*The Speaker, House of Representatives,
Washington, D.C.*

DEAR MR. SPEAKER: Pursuant to the permission granted at the close of business November 2, 1979, the Clerk has received on this date the following message from the Secretary of the Senate:

That the Senate agree to the Report of the Committee of Conference on the disagreeing votes of the two Houses on the amendments of the House of Representatives to the bill S. 1905 entitled "An Act to provide for the orderly restructuring of the Milwaukee Railroad, and for other purposes."

With kind regards, I am,

Sincerely,
EDMUND L. HENSHAW, Jr.,
Clerk, House of Representatives.
W. RAYMOND COLLEY,
Deputy Clerk.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair desires to announce that pursuant to the authority granted the Speaker on Friday, November 2, the Speaker did on Saturday, November 3, sign the following enrolled bill:

S. 1905. An act to provide for the orderly restructuring of the Milwaukee Railroad, and for the protection of the employees of such railroad.

ELECTION OF THE HONORABLE JIM WRIGHT AS SPEAKER PRO TEMPORE DURING THE ABSENCE OF THE SPEAKER

Mr. HARRIS. Mr. Speaker, I offer a privileged resolution (H. Res. 475) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 475

Resolved, That Honorable JIM WRIGHT, a Representative from the State of Texas, be, and he is hereby, elected Speaker pro tempore during the absence of the Speaker.

Resolved, That the President and the Senate be notified by the Clerk of the election of Honorable JIM WRIGHT as Speaker pro tempore during the absence of the Speaker.

The SPEAKER pro tempore. Without objection the resolution is agreed to.

Mr. SENSENBRENNER. Mr. Speaker, reserving the right to object, I am wondering if the gentleman from Virginia can inform the House why this resolution is necessary?

Mr. HARRIS. Mr. Speaker, will the gentleman yield?

Mr. SENSENBRENNER. I yield to the gentleman from Virginia.

Mr. HARRIS. Mr. Speaker, this privileged resolution is in order to carry out certain administrative functions of the House. It is necessary at this time that we have present a Speaker pro tempore, and this resolution just accomplishes that and nothing more.

Mr. SENSENBRENNER. If the gentleman will explain further, what administrative functions are necessary to be done requiring the election of the Speaker pro tempore?

Mr. HARRIS. It is only for the simple task of signing an enrolled bill so that it can go forward.

Mr. SENSENBRENNER. Mr. Speaker, I thank the gentleman for his explanation, and I withdraw my reservation of objection.

The SPEAKER pro tempore. Without objection, the resolution is agreed to.

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

☐ This symbol represents the time of day during the House Proceedings, e.g., ☐ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

SWEARING IN OF THE HONORABLE JIM WRIGHT AS SPEAKER PRO TEMPORE DURING THE ABSENCE OF THE SPEAKER

The SPEAKER pro tempore (Mr. Mineta). The Chair now asks the gentleman from Virginia (Mr. Harris) to administer the oath of office to the gentleman from Texas (Mr. Wright), as Speaker pro tempore.

Mr. WRIGHT assumed the chair and took the oath of office administered to him by the gentleman from Virginia (Mr. Harris).

FAIR DISTRIBUTION OF OIL TO HOMEOWNER AND DRIVER

(Mr. CONTE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CONTE. Mr. Speaker, after months of discussions between the Congress, the administration, and the major oil companies to insure an adequate supply of home heating oil for this winter, the goal of 240 million barrels of oil in storage before October 31, has been met. The latest report shows 245 million barrels in storage as of October 26.

This target was reached as a result of a series of hard-line negotiations with the major refiners. However, we must not lose sight of the fact that while the supply rose substantially during this period, so did the price of this precious product. This membership must not be lulled into thinking that the battle is over regarding home heating oil—it is not.

In addition to the heating oil stocks figures, the DOE report also indicated that the Nation's refiners only operated at 81.9 percent of capacity. This figure compares a capacity utilization of 89.8 percent for this same week last year. The key to price moderation this winter will be a continued supply of product during those months.

Mr. Speaker, we must continue to impress upon big oil the need for a higher rate of utilization so that both the homeowner and driver may be served this winter without contrived shortages of either product.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. Nelson) is recognized for 5 minutes.

● Mr. NELSON. Mr. Speaker, as you know I was absent on official business Friday when you were my guest in my district. If I had been present, I would have voted "yes" on rollcall No. 627, to approve the Journal of Thursday, November 1, and "yes" on rollcall No. 629, an amendment to H.R. 5192, that provided for a program of student loan forgiveness for service as an enlisted member of the Selected Reserve of the Ready Reserve or on active duty as an enlisted member of the Armed Forces.●

SALES REPRESENTATIVES PROTECTION ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. Corman) is recognized for 5 minutes.

● Mr. CORMAN. Mr. Speaker, I am very pleased to join in cosponsoring an important piece of legislation, H.R. 5099, the Sales Representatives Protection Act.

The bill is designed to eliminate abuses in the practices of manufacturers toward their commissioned sales representatives. By encouraging the existence of contracts to define the relationship between sales representatives and their principals, this legislation seeks to protect sales representatives from unjust or sudden terminations from accounts by their principals without unduly penalizing fair and reasonable principals.

The Sales Representatives Protection Act provides minimum standards for a contract between the two parties. In the absence of a conforming contract, the bill provides a system of post-termination compensation in the event that a sales representative is abruptly and without good cause terminated.

I am proud to be associated with this bill and urge the committee to take prompt action and pass this measure to the House for its consideration.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Moakley) to revise and extend their remarks and include extraneous material:)

Mr. Annunzio, for 5 minutes, today.
Mr. Gonzalez, for 15 minutes, today.
Mr. Weaver, for 10 minutes, today.
Mr. Nelson, for 5 minutes, today.
Mr. Corman, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. Sensenbrenner) and to include extraneous matter:)

Mr. Michel.
Mr. Railsback.
Mr. Broomfield.
Mr. Erdahl.

(The following Members (at the request of Mr. Moakley) and to include extraneous matter:)

Mr. Brown of California in 10 instances.

Mr. Annunzio in six instances.

Ms. Holtzman in 10 instances.

Mr. Jones of Tennessee in 10 instances.

Mr. Boner of Tennessee in five instances.

Mr. Anderson of California in 10 instances.

Mr. Gonzalez in 10 instances.
Mr. Ullman.
Mr. Drinan.
Mr. Scheuer.
Mr. Oberstar.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1905. An Act to provide for the orderly restructuring of the Milwaukee Railroad, and for the protection of the employees of such railroad.

ENROLLED BILL SIGNED

Mr. THOMPSON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker pro tempore:

H.R. 2515. An act to authorize on a temporary basis certain business and agricultural loans, notwithstanding interest limitations in State constitutions or statutes, and for other purposes.

ADJOURNMENT

Mr. MOAKLEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 8 minutes p.m.), under its previous order, the House adjourned until Wednesday, November 7, 1979, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BROOKS: Committee on Government Operations. "Report on Low-Cost/No-Cost Residential Conservation: the Department of Energy Record"; (Rept. No. 96–587). Referred to the Committee of the Whole House on the State of the Union.

Mr. ULLMAN: Committee on Ways and Means. H.R. 3990. A bill to amend certain provisions of title XVIII of the Social Security Act with respect to the medicare program established by such title, and for other purposes; with an amendment (Rept. No. 96-588, Pt. I). Ordered to be printed.

Mr. ULLMAN: Committee on Ways and Means. H.R. 4000. A bill to amend the Social Security Act with respect to health programs authorized under it, as for other purposes; with an amendment (Rept. No. 96–589, Pt. I). Ordered to be printed.

Mr. DANIELSON: Committee on the Judiciary. H.R. 4395. A bill to require the public disclosure of lobbying and related activities; with an amendment (Rept. No. 96–590). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, bills and resolutions of the following titles were introduced and severally referred, as follows:

By Mr. MOORHEAD of Pennsylvania (for himself, Mr. Wright, Mr. Blanchard, and Mr. McKinney) (by request):

H.R. 5805. A bill entitled the Chrysler Corporation Loan Guarantee Act of 1979; to the Committee on Banking, Finance, and Urban Affairs.

By Mr. RAILSBACK:

H.J. Res. 437. Joint resolution proposing an amendment to the Constitution to protect the people of the United States against excessive governmental burdens and unsound fiscal and monetary policies by limiting the total outlays of the Government; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 5033: Mr. Hollenbeck, Mr. Mitchell of New York, Mr. Solarz, and Mr. Stack.

H.R. 5648: Mr. Russo.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 2626

By Mr. BUCHANAN:

(To the amendment in the nature of a substitute.)

—Page 103, line 2, strike out "or".

Page 103, line 4, insert after the comma "or".

Page 103, insert after line 4 the following new subparagraph:

"(G) (i) is primarily engaged in providing, by or under the supervision of physicians, to inpatients rehabilitation services for the rehabilitation of injured, disabled, or sick persons, and (ii) is not a part of any other hospital."

H.R. 5192

By Mr. WOLFF:

—Page 77, line 8, strike out "and"; on line 13 insert "and" after the comma; and after line 13 insert the following:

"(v) to carry out coordinated programs with the readjustment counseling program authorized under section 620 of title 38, United States Code, and with the veterans employment and training initiatives authorized under the Comprehensive Employment and Training Act and under chapters 41 and 42 of title 38, United States Code, as may be necessary to serve the unique readjustment, rehabilitation, personal counseling, and employment needs of veterans,"

Page 77, line 19, strike out "(iv)" and insert in lieu thereof "(v)".

Page 79, line 12, strike out "(ii), (iii), and (iv)" and insert in lieu thereof "(ii), (iii), (iv), and (v)".

SENATE—*Monday, November 5, 1979*

(Legislative day of Monday, October 15, 1979)

The Senate met at 10 a.m., on the expiration of the recess, and was called to order by Hon. Robert C. Byrd, a Senator from the State of West Virginia.

PRAYER

The Reverend James David Ford, D.D., Chaplain of the House of Representatives, offered the following prayer:

Let us pray.

Gracious God, our heavenly Father, we thank Thee for the gift of a new day with its opportunities and responsibilities. May we have ears to hear Thy word, Thy promises of hope, and Thy healing forgiveness. Grant that we will not become so involved in the necessary details of life that we will not thrill to the glory of Thy creation and hear Thy message of life and redemption. Assure us that our attempts to serve our neighbor are blessed by Thy spirit and that all good deeds, done in Thy name, will bring honor and praise in Thy kingdom. In Thy name we pray. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER (Mr. Exon). The clerk will please read a communication to the Senate from the President pro tempore (Mr. Magnuson).

The legislative clerk read the following letter:

U.S. Senate,
President pro tempore,
Washington, D.C., November 5, 1979.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable J. James Exon, a Senator from the State of Nebraska, to perform the duties of the Chair.

Warren G. Magnuson,
President pro tempore.

Mr. EXON thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. Under the previous order, the majority leader is recognized.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Journal of the Proceedings be approved to date.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ENERGY PRODUCTION LEGISLATION

Mr. ROBERT C. BYRD. Mr. President, in the weeks ahead we will consider in the Senate several matters of the utmost importance to the future of our country. The decisions we will make on these questions will, to a large measure, determine our course at home and abroad for the next decade and beyond. This is a sober and momentous time; a time for careful thought and contemplation of the consequences of our actions.

Today we begin debate on omnibus energy legislation to accelerate the development of domestic energy supplies. This is a matter of paramount importance, with our national and economic security in the balance. Our unchecked dependence on foreign oil and the continued flow of American dollars abroad represents an unprecedented threat to our national future. The urgent need for the United States to increase domestic energy sources, thereby lessening our dependence on insecure foreign energy supplies, cannot be too often repeated. The strategic and economic danger that marks our dependence on OPEC makes it imperative that action be taken now to bring new energy sources online.

The statistics speak for themselves. Since the oil embargo of 1793–74, U.S. oil imports have increased more than 25 percent, from 6.3 million barrels per day to 8 million barrels per day. Half of the petroleum we use is imported, at a cost of nearly $70 billion a year—and that price is only going up. Oil on the spot market now sells for over $40 a barrel. In 1973, crude oil on the world market sold for just $1.70 a barrel. Last month, the United States suffered from its 40th consecutive trade deficit, due primarily to increases in the price and volume of the oil we import. We are witnessing an unparalleled transfer of wealth from the consumers of energy to the producers of oil, and that phenomenon carries with it grave implications for the balance of economic and strategic power in the world. The rest of the world feels our energy policies through the oil we import, and the slightest shift in world oil supplies could be the signal for a crisis of international proportions.

At the time the gaslines formed this past spring, the distinguished chairman of the Committee on Energy and Natural Resources (Mr. Jackson) initiated an effort to devise a comprehensive program to hasten development of our own domestic energy sources. He understood and articulated the frustration of the American people as they waited in long lines at the gas pump while our plentiful energy resources and American ingenuity went unused. On June 11, Senator Jackson introduced an omnibus energy production bill outlining a national program for action. I was pleased to cosponsor that legislation, believing then, as I do now, that the energy crisis requires a new comprehensive effort by Congress to accelerate the use of our own domestic energy resources.

In the past months, numerous strategies have been offered as means to produce or conserve our way to greater energy security. President Carter, at the conclusion of his domestic summit at Camp David, proposed a sweeping oil import reduction program encompassing ideas which, to some extent, are reflected in the measure before us. The House of Representatives passed legislation, in the form of an amendment to the Defense Production Act, to stimulate the development of synthetic fuels. A number of Senators have contributed their ideas and devoted their efforts to devising solutions to the critical issues of energy supplies and conservation.

I take this opportunity to commend the distinguished chairman of the Energy Committee (Mr. Jackson) and the distinguished chairman of the Banking Committee (Mr. Proxmire) for their outstanding work and cooperation on this legislation. Although the means may differ, both share the same goal—to overcome the strategic and economic vulnerability which this Nation now suffers on account of our overdependence on foreign oil. Their tireless effort, valuable expertise, and courageous leadership were crucial to the development of these energy production initiatives.

The magnitude and complexity of the problem demanded the wisdom and expertise of many others as well. Senator JOHNSTON and Senator FORD provided particular leadership to the deliberations of the Energy Committee. This was a bipartisan effort, and the cooperation and support of the ranking minority member of the Energy Committee (Mr. HATFIELD) the distinguished Senator from Alaska (Mr. STEVENS) and the distinguished Senator from New Mexico (Mr. DOMENICI) are to be commended.

In addition, the uncertain budget implications of this legislation required the expertise of those who know that process best. At the request of the distinguished chairman of the Budget Committee (Mr. MUSKIE), consideration of this legislation was postponed so that careful study of the impact of these proposals could be made. Under the leadership of Senator HART, a Synthetic Fuels Task Force of the Budget Committee was formed to solicit expert, independent advice on the technical and financial issues entailed in synthetic fuels development. These studies, and the summary report issued by the task force, have provided invaluable information to aid in this debate.

Finally, the contributions of the distinguished chairman of the Committee on Environment and Public Works (Mr. RANDOLPH) and the distinguished chairman of the Governmental Affairs Committee (Mr. RIBICOFF) must be recognized. Their cooperation and assistance permitted the expeditious consideration of these initiatives at a time when the public demanded immediate action.

As this debate unfolds, a difference of opinion will be expressed regarding the extent to which the Federal Government should be involved in the development of alternative energy sources. Some believe that Federal involvement should be minimized and that the responsibility for this initiative lies primarily with private industry. Others question the economic and environmental risks which accompany the development of synthetic fuel production capacity. Although these issues merit attention, I do not believe that we can wait any longer to undertake a major effort to develop new energy resources. A viable synthetic fuels industry is one means of mitigating our dependence on foreign oil. It is a means to express our commitment to energy independence and it is the logical next step in the transition from oil dependence to reliance on alternate forms of energy.

There can be no question that synthetic fuels offer a long-term solution to our energy problems. Conservation is undoubtedly the short-term answer to reducing our immediate need for imported oil. But there is no practical substitute for liquid fuels for our present transportation system. Our national defense network is built under the implicit assumption that our modern weapons can be fueled with petroleumlike products. Synthetic fuels from coal and oil shale have the potential for providing significant amounts of such future energy supplies, but the effort must begin now. A fragmented program, rather than a definitive, long-range Federal policy, will irreparably delay the development of commercial synthetic fuel capability and will only further protract our intolerable reliance on foreign oil.

For these reasons, I endorse the program set out in the Energy Committee legislation. I introduced an amendment to the Interior appropriations bill recently which provided for the appropriation of $20 billion to a special Treasury account, called the energy security reserve, for the express purpose of alternate fuel production. The Senate adopted that amendment by an overwhelming vote. This legislation is complementary to the appropriations measure and provides the authorization for a comprehensive synthetic fuels program. This measure is the best possible national insurance policy against future OPEC price increases and energy shortages.

Coal gasification and the extraction of liquid fuel from both coal and oil shale are two of the most promising energy alternatives. With known recoverable deposits of 215 billion tons, coal accounts for almost 85 percent of our fossil fuel reserves, but provides only 18 percent of our energy needs. Coal gasification and liquefaction require no technological breakthroughs. What is needed are demonstrations of commercial feasibility. The immediate need is to develop a number of commercial size synthetic fuel plants that would be sufficient to demonstrate the technology, environmental effects, and economic practicality of various synfuels options. There should be no artificial ceiling placed by Congress on the size plant which may be constructed or on the technology to be used. Rapid expansion to a full-scale production goal demands a comprehensive initial effort.

This legislation does far more, however, than inaugurate a synthetic fuels program. This bill is directed toward achieving maximum use of all our domestic energy resources, including the production of energy from agricultural products, wind, geothermal, and solar power. This legislation will bring about prompt commercialization of these technologies by providing the direction and funding that is needed to make the promise a reality.

Title II of the Energy Security Act is the Gasohol Motor Fuels Act of 1979. This important initiative will provide a boost to the production and marketing of alcohol fuels, which can be used to stretch gasoline supplies. The Office of Alcohol Fuels, which this title would establish in the Department of Energy, is mandated to pursue a national production goal of the equivalent of 60,000 barrels per day by 1982. At that time, the Office is to report to Congress on ways to achieve the greater goal of alcohol use for 10 percent of all gasoline consumption in the United States by 1990.

Three different types of production incentives are included in this title. First, the Director of the Office of Alcohol Fuels is authorized to enter into purchase agreements with alcohol fuel producers. This mechanism is intended to provide a minimum market for the fledgling gasohol producer.

Second, the director may provide loan guarantees for up to 90 percent of the costs of an alcohol fuels project.

Third, the title authorizes price guarantees for alcohol fuels. The price and loan guarantees will reduce uncertainty and increase confidence in alcohol fuel production.

Both the Banking and Energy Committees reported out a title establishing a Solar Energy Development Bank. The need for a bank to provide interest subsidies for solar equipment loans was well established in the hearings which both committees had on this part of the bill.

The Solar Bank is simple in function. It will make lump sum payments to regular financial institutions for the difference between the prevailing market interest rate and the subsidized rate.

Homeowners will have the opportunity to purchase solar heating and cooling equipment at a competitive level with conventional systems under this program.

Initiatives in geothermal and wind energy are contained in the bill. A program to provide insurance for geothermal operators will reduce the risk associated with production to a level where more production should occur because financing is available. Banks will be more willing to lend money to persons engaged in geothermal projects when insurance and reinsurance are available.

Wind energy, including some forms of solar energy, will be closely studied, and utilized wherever practical on Federal buildings. The Department of Energy is required to produce a wind energy commercialization plan, including loans for installing such systems.

Americans must also respond to a changed energy situation by curtailing the direct use of energy in their homes and businesses. It is estimated that savings of 25 to 50 percent in the average household use of energy can be achieved if our citizens are provided with the proper incentives to do so. For example, almost 30 percent of the residences in our country may be completely uninsulated. Conservation may be our best energy source in the short term and it can produce energy quickly and, in many cases, cheaply. Conservation can buy us time while we make the transition from oil to alternative energy resources.

Both the Energy Committee and the Banking Committee have devised detailed plans for assisting individuals to finance the purchase of energy conservation measures. Both bills include the establishment of an Energy Conservation Bank. This is the type of innovative program which we need to spur greater investment in conservation, leading to decreased dependence on foreign oil.

Mr. President, a journey of 1,000 miles begins with but a single step. We are taking that step here today. There are uncertainties and risks, but the wisdom of this long-range effort to develop new sources of energy cannot be challenged. The longer we delay, the more vulnerable this Nation becomes to the whims of the oil-exporting countries. If we are to retain our economic preeminence in the world and assure our national security, we must begin on this journey.

I urge the Senate's support of these initiatives.

RECOGNITION OF THE MINORITY LEADER

The ACTING PRESIDENT pro tempore. The Chair recognizes the minority leader.

Mr. BAKER. Mr. President, I thank the Chair. I have no need for my time under the standing order. We have no requests for time, and I yield it back.

ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business for not to exceed 15 minutes, with statements therein limited to 5 minutes each.

The Chair recognizes the Senator from New York.

Mr. MOYNIHAN. I thank the Chair.

TOP SOCIAL SECURITY AIDE ROSS TO JOIN CALIFANO'S NEW LAW FIRM

Mr. MOYNIHAN. Mr. President, over the weekend we read in the press that Mr. Stanford G. Ross, who scarcely 1 year ago was nominated by the President and confirmed by the Senate as the U.S. Social Security Commissioner, had announced, and I quote the Washington Post:

> He is quitting the Government to join the new law firm being formed by his close friend and former boss, Joseph A. Califano, Jr.

Mr. President, I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TOP SOCIAL SECURITY AIDE ROSS TO JOIN CALIFANO'S NEW LAW FIRM

(By Spencer Rich)

Social Security Commissioner Stanford G. Ross announced yesterday that he is quitting the government to join the new law firm being formed by his close friend and former boss, Joseph A. Califano Jr.

Ross, a Harvard law school classmate of Califano, worked with him in the Johnson White House in the late 1960s. They are personal friends and play tennis on weekends. Califano, secretary of health, education and welfare from early 1977 until he was fired by President Carter last summer, brought Ross in as commissioner of Social Security one year ago.

The job is one of the most important in the government, overseeing distribution of over $100 billion in benefits to 35 million Social Security pensioners and another $12 billion a year in welfare benefits.

Ross said the new law firm will be known as Califano, Ross and Heineman. The third partner is Ben W. Heineman Jr., who also worked for Califano at HEW. (Many others of Califano's "team" have also left or will soon leave.)

Before becoming commissioner, Ross was a tax and administrative specialist with the law firm of Caplin and Drysdale, and, according to a financial statement filed early this year, made $194,151 in partnership income from the firm in 1978.

Ross said he is leaving, effective sometime in December, because he always wanted to have his own law firm, and had viewed his role in government as that of a troubleshooter who comes in, helps solve a difficult problem and then goes. He said he had "absolutely no policy differences" with President Carter and HEW Secretary Patricia Robert Harris. However, he declined to endorse either Carter or Sen. Edward Kennedy (D-Mass.) in the presidential race.

Sources said Harris had sounded out former commissioner Robert Ball, who held the job for 11 years in the Kennedy, Johnson and Nixon presidencies, on whether he would be interested in taking it again, but he declined.

Mr. MOYNIHAN. Mr. President, as a member of the Committee on Finance, and as chairman of the Subcommittee on Public Assistance, I find myself troubled by this announcement. As Mr. Ross will know, there were those who at the time of his nomination were uncertain of his commitment to putting in the time and the large portion of career that would be required to make the necessary mark in the Social Security Administration in a job that is one of the most important in the Government, one that touches the lives of American people more than any other.

I find it troubling that after barely 12 months in this job, a job in which great men have put decades of their lives—Robert Ball put in 11 years—he is already leaving, evidently—one reads, and can infer—for the purpose of improving his financial position. What is the conception of public service held by such persons? Mr. Ross is quoted as saying he is leaving because he always wanted to have his own law firm and had viewed his role in Government as that of a troubleshooter who comes in, helps solve a difficult problem, and then moves on.

Mr. President, one would ask Mr. Ross what trouble has he shot, and why, when he came to us and asked us to confirm him in a job of this consequence, did he not describe himself as a troubleshooter who comes and goes? Rather, he represented himself as a serious public servant who would commit a large portion of his career to a sacred trust, the Social Security Administration.

He knows, does he not, that the Advisory Council on Social Security is soon to make major recommendations about changes in the program? He knows, does he not, that the Finance Committee is considering whether to apply a portion of the windfall profits tax to reduce the prospective increase in payroll tax payments? He knows, does he not, that the Senate has had to deal with HEW's own assertion that there is $4 billion worth of "waste, fraud, and abuse" in its programs, mainly in those programs over which he presides?

I will be holding hearings next Friday asking what do we do with this, having had much to do on the floor of this Chamber with the reductions imposed in the House of Representatives because of so-called waste, fraud, and abuse in these programs and, Mr. President, I would like to announce that I am going to invite Commissioner Ross to lead off the hearings on Friday morning, unless Secretary Harris wishes to do that, and to explain to us why he is leaving so precipitously a job manifestly not completed.

There have to be standards of public service in this Government or it will not work. The men who conceived the Social Security Administration did not see it as a place where an ambitious Washington lawyer could spend 12 months and thereby improve his range of contacts.

I do not wish to describe Mr. Ross in any way that would be inimical to his future career, but I do think he will want to make a full explanation to the committee which, in the first instance, recommended his confirmation as Social Security Commission to the full body of the Senate.

Mr. President, I thank the Chair, and I thank the majority leader.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished Senator from New York.

Mr. MOYNIHAN subsequently said: Mr. President, there being a momentary absence of business in the Senate, I will take the opportunity to extend the remarks I was making just previously with respect to Mr. Ross's announced departure.

I would wish to be explicit that I do not suggest that Mr. Ross has done anything dishonorable or, in the circumstances, culpable, but I do mean to ask whether such a departure was contemplated by him at the time he took this job barely a year ago, and if that was the case, ought he not to have made that clear to the Senate and to the Finance Committee? Or, alternatively, has some new event entered into his concern that requires him to leave? Obviously he is not being forced to leave; or is it possible that he is being forced to leave?

We need to know. The wholesale departure of persons from the executive branch at this time is one of the anomalies of Government. I have never seen an administration losing its best people at the very moment when it most needs them, when it is being tested in electoral combat. I ask Mr. Ross, what kind of standard does he think he has set? I ask him what troubles he has shot, indeed, what troubles he has even shot at. There have to be standards of public service. At a time when men and women of the Executive branch are imprisoned in the U.S. Embassy in Tehran, the cost of service with the American Government becomes a very explicit and clear one, and those who have been appointed by the President and confirmed by the Senate need to set standards which I cannot be certain are being set or ever maintained in this instance.

That is the extent of my remarks, Mr. President, save that I omitted to ask unanimous consent to speak out of order, and would ask unanimous consent now that I be permitted to do so.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. The Chair recognizes the distinguished majority leader.

Mr. ROBERT C. BYRD. We have some budget waivers, and I would like to call them up at this time.

BUDGET ACT WAIVERS

Mr. ROBERT C. BYRD. Mr. President, this request has been cleared with the distinguished minority leader.

I send to the desk two budget waiver resolutions, Senate Resolution 233 and Senate Resolution 268, which have to do with the energy legislation coming up today, that reported out of Mr. PROXMIRE's committee and that reported out of Mr. JACKSON's committee. I ask unanimous consent that the resolutions be considered en bloc.

The ACTING PRESIDENT pro tempore. Is there objection? Without objection, it is so ordered.

The resolution (S. Res. 233) waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 932, was considered and agreed to, as follows:

Resolved, That pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to the consideration of S. 932. Such waiver is necessary because S. 932 authorizes the enactment of new budget authority which would first become available in fiscal year 1979, and such bill was not reported on or before May 15, 1979, as required by section 402(a) of the Congressional Budget Act of 1974 for such authorizations.

Compliance with section 402(a) of the Congressional Budget Act of 1974 was not possible in this instance because proposals to reduce oil imports through increased residential and commercial energy conservation measures and through expanded production of alcohol fuels had not been formulated by May 15. This expanded role of conservation and alcohol in reducing our dependence on imported oil was not foreseen at the time the previous authorization was approved.

The effect of defeating consideration of this authorization will be to impede seriously this important effort to reduce our oil imports and rapidly rising residential and commercial utility bills.

The resolution (S. Res. 268) waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 932, was considered and agreed to, as follows:

Resolved, That pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to the consideration of S. 932. Such waiver is necessary because S. 932 authorizes the enactment of new budget authority which would first become available in fiscal year 1980, and such bill was not reported on or before May 15, 1979, as required by section 402(a) of the Congressional Budget Act of 1974 for such authorizations.

Compliance with section 402(a) of the Congressional Budget Act of 1974, was not possible in this instance because proposals to enhance the national security by reducing the political and economic vulnerability of the United States from dependence on oil imports by increasing the production and conserving the supplies of domestically available renewable and nonrenewable energy supplies through (1) the demonstration of a domestic synthetic fuels production program, (2) the production of gasohol, (3) the establishment of a domestic energy policy plan, (4) the mandating of an energy conservation program, (5) the development of domestic geothermal energy, (6) the achievement of commercial solar applications, (7) the performance of wind energy systems commercialization and utilization, and (8) the creation of a solar energy development bank had not been formulated by May 15. This measure represents the details of the national energy program and new energy initiatives for which accommodation was made in the revised concurrent resolution on the budget. Neither the magnitude or the impact of the rises in the cost of imported fuel nor the resulting potential threat to the national security or the immediate and direct threat to the individual health and welfare of the American people could be anticipated and a comprehensive energy program developed prior to May 15.

The effect of defeating consideration of this authorization would be to seriously impede efforts to reduce oil imports and rapidly rising residential and commercial utility bills, further imperil the national security of this Nation, and gravely endanger the health and welfare of individual Americans.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider, en bloc, the votes by which the resolutions were agreed to.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

CONCLUSION OF MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, can morning business now be closed?

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

DEFENSE PRODUCTION ACT AMENDMENTS OF 1979

The ACTING PRESIDENT pro tempore. Under the previous order, the Chair lays before the Senate a message from the House of Representatives on S. 932.

The ACTING PRESIDENT pro tempore laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 932) entitled "An Act to extend the Defense Production Act of 1950, as amended", do pass with the following amendments:

Strike out all after the enacting clause, and insert:

SHORT TITLE

SECTION 1. This Act may be cited as the "Defense Production Act Amendments of 1979".

DECLARATION OF POLICY

SEC. 2. The second sentence of section 2 of the Defense Production Act of 1950 (50 U.S.C. App. 2062) is amended by striking out the period at the end thereof and inserting in lieu thereof "or to respond to actions occurring outside of the United States which could result in the termination or reduction of the availability of strategic and critical materials, including petroleum, and which would adversely affect the national defense preparedness of the United States. In order to insure the national defense preparedness which is essential to national security, it is also necessary and appropriate to achieve greater independence in domestic energy supplies".

EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

SEC. 3. (a) Section 301(a) of the Defense Production Act of 1950 (50 U.S.C. App. 2091) is amended by striking out "the Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Commerce," and inserting in lieu thereof "the Department of Defense, the Department of Energy, the Department of Commerce, the Tennessee Valley Authority,".

(b) Section 301(e)(1) of the Defense Production Act of 1950 (50 U.S.C. App. 2092(e)(1)) is amended—

(1) by striking out "Except with the approval of the Congress, the" and inserting in lieu thereof "The"; and

(2) by striking out "$20,000,000." and inserting in lieu thereof "$38,000,000, unless the Committees on Armed Services of the Senate and the House of Representatives have been notified in writing of such proposed obligation and 60 days of continuous session of Congress have expired following the date on which such notice was transmitted to such committees and neither House of Congress has adopted, within such 60-day period, a resolution disapproving such obligation. For purposes of this section, the continuity of a session of Congress is broken only by an adjournment of the Congress sine die, and the days on which either House is not in session because of an adjournment of more than 3 days to a day certain are excluded in the computation of such 60-day period.".

(c) Section 302 of the Defense Production Act of 1950 (50 U.S.C. App. 2092) is amended—

(1) in the first sentence, by striking out ", and manufacture of newsprint" and inserting in lieu thereof ", manufacture of newsprint, and production of energy"; and

(2) in the second sentence, by striking out "$25,000,000" and inserting in lieu thereof "$48,000,000".

(d)(1) Section 303(a) of the Defense Production Act of 1950 (50 U.S.C. App. 2093(a)) is amended by striking out "and mining of critical and strategic minerals and metals" and inserting in lieu thereof "mining, and production of critical and strategic minerals, metals, and materials".

(2) Section 408(b) of the Defense Production Act of 1950 (50 U.S.C. App. 2093(b)) is amended by striking out "September 30, 1985" and inserting in lieu thereof "September 30, 2015".

(3) Section 303(g) of the Defense Production Act of 1950 (50 U.S.C. App. 2093(g)) is amended by striking out "and upon a certification" and all that follows through "other national emergency,".

(e) Title III of the Defense Production Act of 1950 (50 U.S.C. App. 2091–2094) is amended by adding at the end thereof the following new section:

SEC. 305. (a) The President, utilizing the provisions of this Act and any other applicable provision of law, shall achieve a national production goal of at least 500,000 barrels per day crude oil equivalent of synthetic fuels and synthetic chemical feedstocks not later than five years after the effective date of this section and at least 2,000,000 barrels per day crude oil equivalent of synthetic fuels and synthetic chemical feed stocks not later than ten years after the effective date of this section The President is authorized to require fuel and chemical feedstock suppliers to provide synthetic fuels and synthetic chemical feedstocks in any case in which the President deems it practicable and necessary to meet the national defense needs of the United States.

"(b) To assist in carrying out the objectives of this section, the President, subject to subsections (c) and (d), shall—

"(1) contract for purchases of or commitments to purchase synthetic fuels and synthetic chemical feedstocks which may be used as fuels and feedstocks for Government use or resale for use conducive to defense needs or for use in the United States, its possession or territories, or by domestic users; and

"(2) encourage the development and production of such synthetic fuels and synthetic chemical feedstocks for national defense preparedness "(c) Purchases, commitments to purchase, and resales under subsection (b) may be made without regard to the limitations of existing law, regarding the procurement of goods or services by the Federal Government, except as provided in section 717(a) of this Act, for such quantities, and on such terms and conditions, including advance payments and for such periods as the President deems necessary, except that—

"(1) no contract for purchases or commitments to purchase may be entered into after September 30, 1995, or the achievement of the production goals authorized in subsection (a), whichever occurs first; and

"(2) purchases or commitments to purchase involving higher than established ceiling prices (or if there are no established ceiling prices, currently prevailing market prices as determined by the Secretary of Energy) or anticipated loss on resale shall not be made unless it is determined that supply of synthetic fuels and synthetic chemical feedstocks could not be effectively increased at lower prices or on terms more favorable to the Government, or that such purchases are necessary to assure the availability to the United States of supplies overseas for national defense purposes

"(d)(1) Except as provided in paragraph (2), any purchase or commitment to purchase synthetic fuels and synthetic chemical feedstocks under subsection (b) shall be made by sealed competitive bidding.

"(2) In any case in which no such bids are submitted to the President or the President determines that no such bids have been submitted which are acceptable to the President, the President may negotiate contracts for such purchases and commitments to purchase.

"(3) Any contract for such purchases or commitments to purchase shall provide that the President retains the right to refuse delivery of the synthetic fuels and synthetic chemical feedstocks involved and to pay the person involved an amount equal to the amount by which the price for such synthetic fuels and synthetic chemical feedstocks as specified in the contract involved exceeds the market price, as determined by the Secretary of Energy, for such synthetic fuels and synthetic chemical feedstocks on the delivery date specified in such contract.

"(4)(A) With respect to any person, including any other person who is substantially controlled by such person (as determined by the Secretary of Energy), the President may not award contracts for the purchase or commitment to purchase more than 100,000 barrels per day equivalent of synthetic fuels and synthetic chemical feedstocks. With respect to any person, including any other person who is substantially controlled by such person (as determined by the Secretary of Energy), the President may not award contracts for the purchase or commitment to purchase of more than 75,000 barrels per day equivalent of synthetic chemical feedstocks unless both Houses of Congress have been notified in writing of such proposed contracts or commitments and 30 days of continuous session of Congress have expired following the date on which such notice was transmitted to the Congress and neither House of Congress has adopted, within such 30-day period, a resolution disapproving such proposed contracts.

"(B) Contracts for the purchase or commitment to purchase synthetic fuels or synthetic chemical feedstocks may be entered into only for synthetic fuels or synthetic chemical feedstocks which are produced in facilities which are located in the United States.

"(C) For purposes of this paragraph, the term 'United States' means the several States, the District of Columbia, the Common wealth of Puerto Rico, Guam, the Virgin Islands, the Northern Mariana Islands, the Trust Territory of the Pacific Islands, or any other territory or possession of the United States.

"(5) In any case in which the President, under the provisions of this section, accepts delivery of and does not resell any synthetic fuels or synthetic chemical feedstocks, such synthetic fuels or synthetic chemical feedstocks shall be used by the appropriate Federal agency. Such Federal agency shall pay the market price, as determined by the Secretary of Energy, for such synthetic fuels or synthetic chemical feedstocks from sums appropriated to such Federal agency for the purchase of fuels and feedstocks and the President shall pay, from sums appropriated for such purpose under the second sentence of section 711(a), an amount equal to the amount by which the contract price for such synthetic fuels and synthetic chemical feedstocks as specified in the contract involved exceeds such market price.

"(6) In considering any proposed contract under this section, the President shall take into account the socioeconomic impacts on communities which would be affected by any new or expanded facilities required for the production of the fuel or feedstocks under that contract.

"(e) The procurement power granted to the President by this section shall include the power to transport and store and have processed and refined any products procured under this section.

"(f) When in his judgment it will aid the national defense, the President is authorized to install additional equipment, facilities, processes, or improvements to plants, factories, and other industrial facilities owned by the United States Government, and to install Government-owned equipment in plants, factories, and other industrial facilities owned by private persons.

"(g) Each Federal officer and agency having authority to issue any permit for, or to otherwise approve or authorize, the construction or operation of any facility which is to produce any synthetic fuel or synthetic chemical feedstock for which the President has contracted (or entered into a commitment to contract) under this section shall, to the maximum extent practicable—

"(1) expedite all actions necessary for the issuance of such permit, approval, or authorization, and

"(2) take steps designed to result in final action thereon not later than 12 months after the date application for such permit, approval, or authorization is made.

After taking any such action, such officer or agency shall publish notification thereof in the Federal Register.

"(h)(1) Subject to paragraph (2), the President is authorized to organize corporations for purposes of achieving the production goals authorized in subsection (a). Any such corporation shall have the power—

"(A) to produce and acquire synthetic fuels and synthetic chemical feedstocks; and

"(B) for purposes of producing synthetic fuels and synthetic chemical feedstocks—

"(i) to purchase and lease land;

"(ii) to purchase, lease, build, and expand plants;

"(iii) to lease such plants to any person; and

"(iv) to purchase and produce equipment, supplies, and machinery.

"(2) No such corporation may be organized unless both Houses of Congress have been notified in writing of the proposed organization of such corporation and 60 days of continuous session of Congress have expired following the date on which such notice was transmitted to both Houses of Congress and neither House of Congress has adopted, within such 60-day period, a resolution disapproving such organization of such corporation. For purposes of this section, the continuity of a session of Congress is broken only by an adjournment of the Congress sine die, and the days on which either House is not in session because of an adjournment of more than 3 days to a day certain are excluded in the computation of such 60-day period.

"(3) Any corporation organized pursuant to the provisions of this subsection shall be subject to the provisions of the Government Corporation Control Act (31 U.S.C. 841–870) and shall for the purposes of such Act be deemed to be wholly-owned Government corporations as defined in section 101 of such Act (31 U.S.C. 846).

"(i) Notwithstanding any other provision of law, products acquired pursuant to the provisions of this section which, in the judgment of the President, are excess to the needs of programs under this section, shall be transferred to the national stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98 et seq.) or to the Strategic Petroleum Reserve, when the President deems such action to be in the public interest.

"(j) For the purposes of this section, the terms 'synthetic fuels' and 'synthetic chemical feedstocks' means fuels and chemical feedstocks produced by the conversion of renewable and nonrenewable resources, including, but not limited to, products produced from coal gasification, coal liquefaction, shale, tar sands, lignite, peat, solid waste, and other mineral gasification, liquefaction or other conversion, and the conversion of any organic material into fuel. Such term includes fuels and chemicals feedstocks produced from tar sands and heavy oils if the hydrocarbon content thereof has a gravity of 15 degrees or less (API). For purposes of applying the preceding sentence, the President may substitute a higher gravity rating (API) for 15 degrees in any case in which he determines that the application of the higher gravity rating would further the purposes of this section.

"(k) Nothing in this Act shall be construed to authorize the President to institute, without the approval of the Congress, a program for the rationing of gasoline among classes of end-users.".

GENERAL PROVISIONS

SEC. 4. (a) Section 702(d) of the Defense Production Act of 1950 (50 U.S.C. App. 2152 (d)) is amended by striking out "atomic".

(b) The first sentence of section 703(a) of the Defense Production Act of 1950 (50 U.S.C. App. 2153(a)) is amended by inserting "(except as provided in section 305)" after "other than corporate agencies".

(c) Section 711(a) of the Defense Production Act of 1950 (50 U.S.C. App. 2161(a)) is amended—

(1) by striking out "There" and inserting in lieu thereof "Except as provided in the following sentence, there"; and

(2) by inserting after the first sentence the following new sentence: "There are hereby authorized to be appropriated without fiscal year limitation from general funds of the Treasury not otherwise appropriated or from any fund hereafter established by Congress after the date of enactment of this sentence not to exceed $3,000,000,000, which shall remain available until expended, to make payments in accordance with the contract provisions specified in section 305(d)(3) and with the provisions of section 305(d)(5).".

(d) The first sentence of section 717(a) of the Defense Production Act of 1950 (50 U.S.C. App. 2166(a)) is amended by striking out "September 30, 1979" and inserting in lieu thereof "September 30, 1980".

(e) Section 701(d) of the Defense Production Act of 1950 (50 U.S.C. App. 2151(d)) is amended by striking out "Defense Production Act Amendments of 1955" and inserting in lieu thereof "Defense Production Act Amendments of 1979".

SEC. 5. Beginning one year after the effective date of this section, and annually thereafter, the President shall submit a report to the Congress on actions taken under this section.

EFFECTIVE DATE

SEC. 6. The amendments made by this Act shall take effect on October 1, 1979.

Amend the title so as to read: "An Act to amend the Defense Production Act of 1950 to extend the authority granted by such Act and to provide for the purchase of synthetic fuels and synthetic chemical feedstocks, and for other purposes.".

The ACTING PRESIDENT pro tempore. Under the previous order, the amendment in the nature of a stubstitute reported by the Committee on Energy and Natural Resources as a substitute for the House substitute for the Senate bill, shall be considered as agreed to as original text for the purpose of further amendment, and the amendment in the nature of a substitute reported by the Committee on Banking, Housing, and Urban Affairs for the House substitute for the Senate bill shall be considered as a substitute for the amendment in the nature of a substitute from the Committee on Energy and Natural Resources.

ENERGY SECURITY ACT

The amendment in the nature of a substitute, as reported by the Committee on Energy and Natural Resources, agreed to is as follows:

SECTION 1. This Act may be cited as the "Energy Security Act".

TITLE I—SYNTHETIC FUELS

SHORT TITLE AND TABLE OF CONTENTS

SHORT TITLE

SEC. 101. (a) This Title may be cited as the "Synthetic Fuels Corporation Act of 1979".

(b) TABLE OF CONTENTS.—

Sec. 101. Short Title; Table of Contents.

SUBTITLE A—FINDINGS AND PURPOSES

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SUBTITLE B—ESTABLISHMENT OF CORPORATION

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SUBTITLE I—DISPOSAL OF ASSETS

Sec. 181. Tangible Assets.
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SUBTITLE J—TERMINATION OF CORPORATION

Sec. 191. Date of Termination.
Sec. 192. Winding Up the Corporation's Affairs.
Sec. 193. Transfer of Powers to Department of the Treasury.

SUBTITLE K—DEPARTMENT OF THE TREASURY

Sec. 195. Authorization.

SUBTITLE A—FINDINGS AND PURPOSES

FINDINGS

SEC. 102. The Congress finds and declares that:

(a) The achievement of energy security for the United States is essential to the health of the national economy, the well-being of our citizens, and the maintenance of national security;

(b) Dependence on foreign energy resources can be significantly reduced by the production by 1995 of the equivalent of at least 1,500,000 barrels of oil per day of synthetic fuels from domestic resources;

(c) Attainment of synthetic fuels production in the United States in a timely manner and in a manner consistent with the protection of the environment will require financial commitments beyond those expected to be forthcoming from nongovernmental capital sources and existing government incentives; and

(d) Establishment of an independent entity of limited duration which will provide additional financial assistance in conjunction with private sources of capital to assist the development of domestic nonnuclear energy resources for the production of synthetic fuels will facilitate the expeditious achievement of synthetic fuels production from domestic resources.

PURPOSES

SEC. 103. (a) The purposes of this Title are to utilize to the fullest extent the constitutional power of Congress to improve the Nation's balance of payments, reduce the threat of economic disruption from oil supply interruptions and increase the Nation's security by reducing its dependence upon imported oil.

(b) Congress finds and declares that these purposes can be served by—

(1) demonstrating at the earliest feasible time the practicality of synthetic fuels production from the widest variety of technologies and energy resources;

(2) fostering the creation by 1995 of commercial synthetic fuels production facilities of diverse types with the aggregate capability to produce in an environmentally acceptable manner the equivalent of at least 1,500,000 barrels of oil per day of synthetic fuels;

(3) creating the Synthetic Fuels Corporation, a self-liquidating corporate entity of limited duration formed to provide financial assistance to undertake synthetic fuel projects;

(4) providing for financial assistance to encourage and assure the flow of capital funds to those sectors of the national economy which are important to the domestic production of synthetic fuels;

(5) encouraging private capital investment and activities in the development of domestic sources of synthetic fuels and to foster competition in the development of the Nation's synthetic fuel resources;

(6) encouraging and supplementing and not competing with or supplanting private capital investments in the development of domestic sources of synthetic fuels; and

(7) fostering greater energy security and reducing the Nation's economic vulnerability to disruptions in imported energy supplies.

GENERAL DEFINITIONS

SEC. 104. As used in this title the term—

(1) "concern" shall mean any—

(A) person, or

(B) State or any political subdivision or governmental entity thereof, Indian tribe or tribal organization, or

(C) foreign government or agency thereof when participating in joint ventures with (A) or (B), or

(D) combination of the aforementioned, which is engaged, or proposes to engage, in a synthetic fuel project or projects pursuant to this title;

(2) "financial assistance" shall mean any of the following forms of financial assistance, or combinations thereof, but excluding grants, as provided in subtitle D—

(A) loans;

(B) guarantees of, or commitments to guarantee, indebtedness, including principal and interest (hereinafter referred to as "loan guarantees");

(C) guarantees of, or commitments to guarantee, the price received or to be received by a concern from the sale of synthetic fuel (hereinafter referred to as "price guarantee");

(D) contracts to purchase synthetic fuel, guarantees thereof, or commitments therefor (hereinafter referred to as "purchase agreements");

(E) contracts with a concern pursuant to section 136 to jointly construct a synthetic fuel project module (hereinafter referred to as a "joint-venture"); and

(F) acquisition and lease back of a synthetic fuel project pursuant to section 137(c);

(3) "Indian tribe" means any Indian tribe, band, nation, or other organized group or community, including any Alaska Native village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act which is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians;

(4) "person" means any individual, company, cooperative, partnership, corporation, association, consortium, unincorporated organization, trust estate, or any entity organized for a common business purpose;

(5) "State" means any of the fifty States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands;

(6) "synthetic fuel" shall mean any liquid, gaseous or solid hydrocarbon (including mixtures of coal and petroleum) which can be used as a substitute for sup-

plies of petroleum or natural gas (and for any derivatives thereof) derived from domestic sources of:

(A) coal, including lignite and peat;

(B) shale;

(C) tar sands, including those heavy oil resources which cannot technically or economically be produced using conventional or unconventional petroleum recovery techniques; and

(D) biomass, which shall include timber, animal and timber waste, municipal and industrial waste, sewage, sludge, oceanic and terrestrial plants, and other organic matter;

(7) "synthetic fuel project" shall mean any facility located in the United States for the purpose of commercial production of synthetic fuel, including any necessarily related transportation or other facilities and including the equipment, plant, machinery, supplies, and other materials associated with the facility. It also may include the land, mineral rights, services and working capital required directly for use in connection with the facilities for the production of synthetic fuels. In the case of a facility for the commercial production of synthetic fuel derived from biomass, such term shall inclued a facility for the production of alcohol or other synthetic fuels derived from timber, animal and timber waste, municipal and industrial waste, sewage, sludge, oceanic and terrestrial plants, and other organic matter: *Provided*, That such term shall include any facility located in the United States and used solely for the purpose of commercial production of mixtures of coal and petroleum for direct use as a fuel: *Provided further*, That such term shall include for the sole purpose of financial assistance pursuant to subtitle D any commercial magnetohydrodynamics facility located in the United States.

SUBTITLE B—ESTABLISHMENT OF CORPORATION INCORPORATION

SEC. 111. (a) There is hereby created a body corporate, to be known as the Synthetic Fuels Corporation (hereinafter referred to as the "Corporation").

(b) The principal office of the Corporation shall be located in the District of Columbia. The Corporation may establish offices elsewhere in the United States as determined by the Board of Directors of the Corporation.

BOARD OF DIRECTORS

SEC. 112. (a) (1) The power of the Corporation shall be vested in the Board of Directors, except those functions, powers, and duties vested in the Chairman of the Board by this Title.

(2) The Board of Directors shall consist of (A) a Chairman and four other members appointed by the President by and with the advice and consent of the Senate, in a voting capacity; and (B) the Chairman of the Energy Mobilization Board, the Secretary of the Treasury, and the Secretary of Energy, in a nonvoting and ex-officio capacity. Of the five voting members of such Board, not more than three shall be members of any one political party. The Chairman shall devote his or her full working time to the affairs of the Corporation and shall hold no other salaried position.

(b) The Chairman and other voting Directors shall serve for five-year terms. Of the five Directors first appointed, the Chairman shall serve as Chairman for a term of five years, one Director shall serve for a term of four years, one shall serve for a term of three years, one shall serve for a term of two years, and one shall serve for a term of one year. Upon expiration of the initial term of each initial Director, Directors appointed thereafter shall serve for a term of five years. Whenever a vacancy shall occur on the Board of Directors, the President shall, with the advice and consent of the Senate, appoint a person to fill such vacancy for the remainder of the applicable term. Upon the expiration of a term, a Director shall continue to serve at the pleasure of the President until his or her successor shall have been appointed and shall have qualified. Any Director may be removed from office by the President for neglect of duty, or malfeasance in office.

(c) Each Director, other than the Chairman, may serve in a full-time or part-time capacity. Directors who are serving in a part-time capacity, other than ex-officio members, may not hold other Federal positions. Directors who are serving full-time shall hold no other salaried position. Directors shall be reimbursed for reasonable expenses which are incurred in connection with their services as Directors of the Corporation.

(d) Before assuming office, each Director shall take an oath faithfully to discharge the duties thereof. All Directors shall be citizens of the United States.

(e) The Board of Directors shall meet at any time pursuant to the call of the Chairman and as may be provided by the bylaws of the Corporation, but not less than quarterly. A majority of the Directors serving in a voting capacity shall constitute a quorum, and any action by the Board shall be effected by majority vote of all members of the Board serving in a voting capacity. The Board of Directors shall adopt, and from time to time amend, such bylaws as are necessary for the proper management and functioning of the Corporation.

(f) All meetings of the Board of Directors of the Corporation held to conduct official business of the Corporation shall be open to public observation, and shall be preceded by reasonable public notice. The Board may close, pursuant to such bylaws as it may establish, a meeting to consider matters of information which, if disclosed, would (1) invade personal privacy, (2) disclose confidential financial, commercial, or proprietary information (including trade secrets), (3) disclose privileged information, (4) disclose information which is likely to adversely affect financial or securities markets or institutions, or (5) otherwise frustrate the activities of the Corporation. The determination to close any meeting of the Board for the foregoing purposes shall be made in a meeting of the Board open to public observation preceded by reasonable notice. In the event that the Board shall close any meeting to the public, it shall prepare minutes of such a meeting. Such minutes shall be made public except for those portions of such minutes the disclosure of which, in the judgment of the Board, is inconsistent with the foregoing.

(g) The compensation of the voting members of the Board of Directors shall be fixed initially by the President and may be adjusted from time to time upon recommendation by the Board and concurrence of the President.

OFFICERS AND EMPLOYEES

SEC. 113. (a) The Chairman of the Board shall be the chief executive officer of the Corporation, and shall be responsible for the management and direction of the Corporation.

(b) The Board of Directors shall—

(1) establish the offices and appoint the officers of the Corporation (including, but not limited to, a General Counsel and Treasurer), define their duties and fix their compensation;

(2) adopt a schedule for compensation of officers which shall be comparable to the Executive Schedule prescribed by subchapter II of chapter 53 of title 5, United States Code, and a schedule for compensation of corporate employees which shall be comparable to the General Schedule prescribed by subchapter III of chapter 53 of title 5, United States Code: *Provided*, That in the event that the Board of Directors finds that an officer or a category or categories of employees should be compensated at a level in excess of such schedules, the Board shall recommend to the President the proposed compensation level and many compensate the officer or employee at such level if the President does not disapprove such recommendation within a period of sixty days; and

(3) provide a system of organization to fix responsibility and promote efficiency.

(c) Except as specifically provided herein, directors, officers, and employees of the Corporation shall not be subject to the laws of the United States relating to governmental employment.

(d) The Chairman shall appoint such employees as may be necessary for the transaction of the Corporation's business to, and discharge such employees from, positions established in accordance with the schedule adopted pursuant to subsection (b) (2).

(e) No political test or qualification shall be used in selecting, appointing, promoting, or taking other personnel actions with respect to officers, agents, and employees of the Corporation, except as provided in section 112(a) (2).

CONFLICTS OF INTEREST AND FINANCIAL DISCLOSURE

SEC. 114. (a) The financial disclosure provisions of the Ethics in Government Act of 1978 (Public Law 95–521) applicable to persons occupying positions compensated under the Executive Schedule shall apply to all Directors serving in a voting capacity and to officers of the Corporation and to employees of the Corporation whose position in the schedule established by the Board pursuant to section 113(b) (2) of this Title is equivalent in duties and responsibilities to that classified at GS–16 or above.

(b) The provisions of law governing post-Federal employment activities shall not apply to former Federal employees who may be employed by the Corporation when acting on behalf of the Corporation.

(c) (1) Except as permitted by paragraph (3) hereof, no Director of the Corporation shall vote on any matter respecting any application, contract, claim, or other particular matter pending before the Corporation, in which, to his or her knowledge, he or she, his or her spouse, minor child, partner, an organization (other than the Corporation) in which he or she is serving as officer, director, trustee, partner, or employee, or any person or organization with whom he or she is negotiating or has any arrangement concerning prospective employment has a financial interest.

(2) Action by a Director contrary to the prohibition contained in paragraph (1) hereof shall be cause for removal of such Director, but shall not impair or otherwise effect the validity of any otherwise lawful action by the Corporation in which the Director or officer participated.

(3) The prohibition contained in paragraph (1) hereof shall not apply if the Director first advises the Board of Directors of the nature of the particular matter in which he or she proposes to participate and makes full disclosure of the financial interest he or she holds, and the Board determines by majority vote that the financial interest is too remote or too inconsequential to affect the integrity of the Director's services for the Corporation in that matter. The Director involved shall not participate in this determination.

(d) For purposes of subsection (a) of section 207 of title 18, United States Code, and of subsections (f), (h), and (j) of such section to the extent they relate to subsection (a), former Directors, officers, and employees of the Corporation shall be deemed to be former officers or employees of the executive branch of the United States Government, and, as to such employees, the Corporation shall be deemed to be an agency of the executive branch of the United States Government.

DELEGATION

SEC. 115. The Board of Directors may, by resolution, delegate to the Chairman of the Board functions, powers, and duties assigned to the Corporation under this Title other than those expressly vested in the Board of Directors pursuant to sections 112(f), 113(b), 114(c)(3), 122(a)(1)(D), 122(b), 123(c), (e), and (f), 131 (a), (b), and (f), 132 (a) and (d), 133 (a) and (b), 134, 135(a), 136(a) and (b), 137(b) and (c), 141(a), 154, 171 (a) (8) and (c), 173 (a) and (b), 181 (a) and (c), and 191(b). The Chairman of the Board may, by written instrument, delegate such functions, powers, and duties as are assigned to the Chairman by or pursuant to the provisions of this title to such other full-time Directors, officers or employees of the Corporation as the Chairman deems appropriate.

AUTHORIZATION OF ADMINISTRATIVE EXPENSES

SEC. 116. (a) The Corporation is authorized to make cash outlays not to exceed $35,000,000 during any fiscal year for its reasonable and necessary administrative expenses. For purposes hereof, administrative expenses shall be that portion of the Corporation's account for general and administrative expenses which includes salaries of personnel and consultants, expenses for computer usage, for space needs of the Corporation and similar expenses: *Provided*, That for each fiscal year commencing after September 30, 1980, the $35,000,000 limitation shall be increased as of October 1 each year by an amount equal to the percentage increase in the Gross National Product implicit price deflator, as published by the Department of Commerce or successor, for the year then ended over the level so established for the year ending September 30, 1979.

(b) Funds authorized for administrative expenses shall not be available for the acquisition of real property or for expenses related to corporation construction projects pursuant to subtitle E.

(c) The Corporation may make expenditures, without further appropriation, for reasonable and necessary administrative expenses not to exceed the limit provided in subsection (a) in any fiscal year and then only in accordance with a detailed statement of such expenditures which has been transmitted to the Congress, the Senate Committee on Energy and Natural Resources and the appropriate committees of the House of Representatives pursuant to section 153 along with the President's budget for such fiscal year: *Provided*, That such expenditures for fiscal year 1980 may be made without such prior statement. It is the intention of this section that the Corporation's expenditures for administrative expenses shall reflect due consideration for economy and to the extent practicable shall be consistent with standards applicable to Federal agencies generally.

SUBTITLE C—PRODUCTION GOALS OF THE CORPORATION

OVERALL PRODUCTION GOALS

SEC. 121. There is hereby established a national goal of achieving by 1995 a synthetic fuels production capability of at least 1,500,000 barrels per day of crude oil equivalent from domestic energy resources.

PRODUCTION STRATEGY

SEC. 122. (a) (1) In order to assure achievement of the national goal set forth in section 121 and the purposes of this Title, the Corporation shall—

(A) pursuant to section 123(a), solicit proposals for synthetic fuel projects;

(B) pursuant to section 131(a), provide financial assistance to those proposals acceptable to the Board of Directors;

(C) after providing financial assistance pursuant to clauses (A) and (B), if in the judgment of the Board of Directors, there are, or will be, insufficient acceptable proposals as necessary to achieve the purpose of this Title, the Corporation shall undertake to negotiate contracts pursuant to subtitle D as necessary to achieve the purposes of this Title; and

(D) only after fulfilling the requirements of clauses (A), (B), and (C), if in the judgment of the Board of Directors, there still are, or will be, insufficient acceptable proposals as necessary to achieve the purposes of this Title, the Corporation may, consistent with the objectives set forth in paragraph (2) hereof and subject to the limitations of subtitle E, undertake Corporation construction projects pursuant to subtitle E as necessary to achieve the purposes of this Title.

(2) Prior to the approval of a comprehensive stategy pursuant to subsections (b) and (c), the Corporation in discharging its responsibilities under paragraph (1) shall employ financial assistance pursuant to subtitle D or Corporation construction projects pursuant to subtitle E in such manner as will, in the judgment of the Board, (A) best demonstrate a diversity of technologies (including differing processes, methods and techniques) for each domestic resource that offers significant potential for use as a synthetic fuel feedstock as well as (B) offer the potential for achieving the national synthetic fuels production goal set forth in section 121. For the purposes of this paragraph the term "domestic resource" shall be construed so as to require the consideration of different types and qualities of coal (such as high- and low-sulphur coal, or Eastern and Western coal), shale, tar sands, and biomass, as different domestic resources.

(3) Prior to the approval of a comprehensive strategy pursuant to subsections (b) and (c), the Corporation, in a case of synthetic fuel projects for the commercial production of synthetic fuel derived from biomass, shall award financial assistance pursuant to subtitle D only to those synthetic fuel projects which are of a size and type that offer a significant potential to contribute to the national synthetic fuels production goal set forth in section 121: *Provided*, That such financial assistance for synthetic fuel projects using biomass resources in the aggregate shall not exceed $1,000,000,000.

(b) The Corporation shall, consistent with the purposes of this Title, establish a comprehensive strategy to achieve the national synthetic fuel production goal set forth in section 121. In the formulation of such strategy, the Corporation shall consider all practicable means for the commercial production of synthetic fuels from domestic resources, employing the widest diversity of feasible technologies. Such strategy shall, to the extent feasible, set forth the recommendations of the Board of Directors on the Corporation's objectives and schedules for their achievement. Such strategy, unless disapproved pursuant to subsection (c), shall become the strategy of the Corporation for the achievement of the national synthetic fuels production goal set forth in section 121.

(c) (1) Not later than three years after the effective date of this Title, the Corporation shall submit its proposed comprehensive strategy to the Congress. Such strategy shall be deemed approved after sixty calendar days of continuous session of the Congress have expired following the date of such submission unless either House of the Congress has, during such sixty-day period, adopted a resolution disapproving such proposed strategy. In the event that a plan is disapproved by either House of Congress, the Board of Directors shall modify the strategy and resubmit the modified strategy to the Congress within ninety calendar days for approval as provided by this subsection.

(2) The Board of Directors may, consistent with the purposes of this Title, amend the approved strategy if, in their judgment, such amendment is necessary to achieve the national synthetic fuels production goal set forth in section 121. Any such amendment and its justification shall be included in the subsequent quarterly report to the Congress pursuant to section 177(c).

SOLICITATION OF PROPOSALS

SEC. 123. (a) The Corporation is hereby directed to solicit proposals from time to time from concerns interested in the construction or operation, or both, of synthetic fuel projects.

(b) All solicitations of proposals for financial assistance shall be conducted in a manner so as to encourage maximum open and free competition.

(c) Each solicitation for proposals pursuant to the authority of this section shall set forth general criteria, as determined by the Board of Directors, taking into account achievement of the national synthetic fuels production goal and the requirements of section 122(a), for a general type of synthetic fuel project taking into account:

(1) the type of domestic resource used by the project;

(2) the type or types of technologies to be employed; and

(3) the types and amounts of synthetic fuels to be produced.

(d) Thirty days after enactment of this Title, the Secretary of Energy on behalf of the Corporation and pursuant to the authorities granted in this Title, may make a solicitation for commercial scale high-Btu coal gas plants which shall be reviewed and acted upon by the Corporation pursuant to this Title.

(e) The Corporation shall give priority consideration to applications for financial assistance from those concerns proposing a synthetic fuel project in those States which, in the judgment of the Board of Directors, indicate an intention to expedite all regulatory, licensing, and related government agency activities related to such project.

(f) Any concern may request the Board of Directors to issue a solicitation pursuant to this section for proposals for a general type of synthetic fuel project and the Board of Directors, if it deems the action to be in accordance with the objectives and provisions of this Title, may issue such a solicitation.

(g) (1) Within six months after the date of enactment of this Title, the Corporation shall make an initial set of solicitations directed by subsection (a) by publication in the Federal Register and by such other notice as is customarily used to solicit proposals for Federal assistance for major research and development undertakings.

(2) Such set of solicitations shall encompass a diversity of technologies (including differing processes, methods, and techniques) for each potential domestic resource as well as all of the forms of financial assistance authorized in subtitle D.

SUBTITLE D—FINANCIAL ASSISTANCE

AUTHORIZATION OF FINANCIAL ASSISTANCE

SEC. 131. (a) Financial assistance shall be awarded to the qualified concern whose proposal is most responsive to the solicitation for proposals and is most likely to advance the purposes of this Title, including consideration of price and other factors. Whenever, in the judgment of the Board of Directors, it is practicable and provident to do so the Corporation shall award financial assistance on the basis of competitive bids.

(b) (1) Subject to the limitations set forth in this Title, the Corporation is authorized upon such terms and conditions as the Board of Directors shall determine—

(A) to provide financial assistance to a qualified concern whose proposal is responsive to a solicitation for proposals issued under the authority of section 123;

(B) with the consent of the recipient, to renew, modify, or extend such financial assistance; and

(C) in connection with the provision of financial assistance, to require such security and collateral as the Corporation deems appropriate for the repayment of any fixed or contingent obligations to the Corporation.

(2) The proposal selected for financial assistance pursuant to any solicitation shall

be that proposal which, in the judgment of the Board, is most advantageous in meeting the national synthetic fuel production goals as determined by the Board of Directors. Preference in such selection shall be given to—

(A) the proposal which represents the least Federal financial commitment and the lowest unit production cost within a given technological process, taking into account the amount and value of the anticipated synthetic fuel products; and

(B) in determining relative Federal commitment, in decreasing order of priority, preference shall be given to—

(i) price guarantees or purchase agreements,

(ii) loan guarantees,

(iii) loans, and

(iv) joint-ventures.

(3) If after a formal solicitation for competitive bids no bids are received during the period for response or those received are not acceptable to the Board of Directors and the Board makes a finding (A) that the synthetic fuel project is essential for the achievement of the national synthetic fuel production goal and the requirements of section 122(a) and (B) that competitive bids are not appropriate, the Board shall report such findings to the Committee on Energy and Natural Resources of the Senate and the appropriate committees of the House of Representatives and may then proceed to negotiate a contract of financial assistance for such project with a qualified concern.

(4) For the purposes of this section the term "qualified concern" means a concern which shall demonstrate to the satisfaction of the Board evidence of its capability to undertake and complete the design, construction, and operation of the proposed synthetic fuel project.

(c) All contracts and instruments of the Corporation to provide, or providing, for financial assistance shall be general obligations of the United States backed by its full faith and credit.

(d) Subject to the conditions of any contract for financial assistance, such control shall be incontestable in the hands of the holder, except as to fraud or material misrepresentation on the part of the holder.

(e) Any contract for financial assistance shall require the development of a plan, acceptable to the Board of Directors, for the monitoring of environmental and health related emissions from the construction and operation of the synthetic fuel project. Such plan shall be developed by the recipient of financial assistance after consultation with the Administrator of the Environmental Protection Agency and the Secretary of Energy.

(f) The Corporation may, in its sole discretion and upon request of the recipient of financial assistance, reimburse such recipient for any reasonable costs in connection with a synthetic fuel project if construction of such project cannot occur within five years of the award of such financial assistance due to any Government regulatory action, or lack of action which, in the judgment of the Board of Directors, could not have been reasonably foreseen by the recipient, and such reimbursement, in the judgment of the Board, is consistent with the purposes of this Title.

(g) No financial assistance may be provided unless an application therefor has been submitted to the Corporation in such manner and containing such information as the Corporation may require.

(h) The Corporation in providing financial assistance shall give due consideration to promoting competition.

(i) Every applicant for financial assistance under this Act shall, as a condition precedent thereto, consent to such examinations and reports thereon as the Corporation or its designee may require for the purposes of this title. The Corporation shall require such reports and records as it deems necessary from any recipient of financial assistance in connection with activities carried out pursuant to this title. The Corporation is authorized to prescribe the manner of keeping records by any recipient of financial assistance and the Corporation or its designee shall have access to such records at all reasonable times for the purpose of insuring compliance with the terms and conditions upon which financial assistance was provided.

(j) In no case shall the aggregate amount of financial assistance made or committed under this title to any one concern, either directly or indirectly, exceed at any one time 15 per centum of the obligation authority of the Corporation authorized under section 151.

(k) Each price guarantee under section 134 or a purchase agreement under section 135 shall specify in dollars the maximum amount of the liability of the Corporation thereunder.

(l) With regard to a synthetic fuel project proposed by a concern whose rates are regulated, the Corporation is authorized to consider as a factor in any decision to award financial assistance whether the regulatory body, or bodies, are likely to issue a ratemaking decision which will protect the financial interests of the investors and the Corporation.

(m) In the case of a synthetic fuel project for the commercial production of synthetic fuel derived from biomass, financial assistance shall only be available for such portion of such project which is associated directly with the production of synthetic fuels: *Provided*, That financial assistance shall not be available for such a project if it will produce synthetic fuel derived from waste paper which has historically been recycled for nonenergy uses.

(n) The Corporation, as a condition to providing financial assistance, other than loans pursuant to section 132 and loan guarantees pursuant to section 133, may require that the Corporation share in profits from the operation of a synthetic fuel project on a fair basis.

(o) Whenever the Corporation, by one or more actions, awards a combination of two or more forms of financial assistance for a single synthetic fuel project, the Corporation shall insure that the recipient of such financial assistance shall bear a reasonable degree of risk in the construction and operation of such project.

LOANS MADE BY THE CORPORATION

SEC. 132. (a) The Corporation is authorized, on such terms and conditions as the Board of Directors may prescribe, to commit to, or enter into loans to any concern for a synthetic fuel project: *Provided*, That such loans shall not exceed 75 per centum of the total costs of the synthetic fuel project, as estimated by the Corporation as of the date of the loan or commitment to loan. In the event the total costs of the project are thereafter estimated to exceed the total costs initially estimated by the Corporation, the Corporation may in addition, upon application therefor, loan up to 60 per centum of the difference between the then estimated total costs and the total costs initially estimated.

(b) Each loan made under this subtitle shall bear interest at such rate as the Corporation may determine, giving consideration to the needs and capacities of the recipient and the prevailing rates of interest (public and private): *Provided*, That such rate shall not be less than a rate determined by the Secretary of the Treasury, for the Corporation, taking into consideration the current average yield on outstanding marketable obligations of the United States with remaining periods of maturity comparable to the average maturities of such loans. No loan shall be made unless the Corporation shall have determined that there is a reasonable prospect of repayment or that such synthetic fuel project will have a substantial demonstration value.

(c) Loans may be made either directly or in cooperation or participation with banks or other lending institutions. Loans may be made directly upon promissory notes or other evidence of indebtedness or by way of discount or rediscount of obligations tendered for the purpose.

(d) If the Board of Directors determines that—

(1) the borrower is unable to meet payments and is not in default; it is in the public interest to permit the borrower to continue to pursue the purposes of each project; and the probable net benefit to the Corporation in forbearing from exercising its rights under a loan agreement will be greater than that which would result in the event of a default;

(2) the amount of any payment which the Corporation would be required to pay shall be no greater than the amount of principal and interest which the borrower is obligated to pay at that time; and

(3) the borrower agrees to reimburse the Corporation for such payment on terms and conditions, including interest, which are satisfactory to the Corporation,

then the Corporation may forebear from exercising its rights under the loan agreement.

(e) The terms and conditions of loans shall provide that, if the Corporation makes a payment of principal or interest upon the default by a borrower, the Corporation shall be subrogated to the rights of the recipient of such payment (and such subrogation shall be expressly set forth in the loan or related agreement).

LOAN GUARANTEES MADE BY THE CORPORATION

SEC. 133. (a)(1) The Corporation is authorized, on such terms and conditions as the Board of Directors may prescribe, to commit to, or enter into loan guarantees against loss of principal and interest on bonds, notes, or other obligations (including refinancing thereof) issued solely to provide funds to any concern for a synthetic fuel project: Provided, That such guarantee shall not exceed 75 per centum of the total costs of the synthetic fuel project, as estimated by the Corporation as of the date of the guarantee or commitment to guarantee. In the event the total costs of the project are thereafter estimated to exceed the total costs initially estimated, by the Corporation, the Corporation may in addition, upon application therefor, guarantee up to 60 per centum of the difference between the then estimated total costs and the total costs initially estimated.

(2) Any guarantee made by the Corporation under this section shall not be terminated, canceled, or otherwise revoked, except in accordance with the terms thereof; and shall be conclusive evidence that such guarantee complies fully with the provisions of this Title and of the approval and legality of the principal amount, interest rate, and all other terms of the securities, obligations, or loans and of the guarantee.

(b) If the Board of Directors determines that—

(1) the borrower is unable to meet payments and is not in default; it is in the public interest to permit the borrower to continue to pursue the purposes of such project; and the probable net benefit to the Corporation in paying the principal and interest due under a loan guarantee agreement will be greater than that which would result in the event of a default;

(2) the amount of any payment which the Corporation would be required to pay shall be no greater than the amount of principal and interest which the borrower is obligated to pay at that time; and

(3) the borrower agrees to reimburse the Corporation for such payment on terms and conditions, including interest, which are satisfactory to the Corporation,

then the Corporation is authorized to pay the lender under a loan guarantee agreement, an amount not greater than the principal and interest which the borrower is obligated to pay.

(c) The terms and conditions of loan guarantees shall provide that, if the Corporation makes a payment of principal or interest upon the defaults by a borrower, the Corporation shall be subrogated to the rights of the recipient of such payment (and such subrogation shall be expressly set forth in the loan guarantee or related agreements.)

PRICE GUARANTEES MADE BY THE CORPORATION

SEC. 134. The Corporation is authorized, on such terms and conditions as the Board of Directors may prescribe to commit to, or enter into price guarantees providing that the price that a concern will receive for all or part of the production from a synthetic fuel project shall not be less than a specified sales price determined as of the date of execution of the commitment or the price guarantee: *Provided*, That no such price guarantee may be based upon a "cost plus" arrangement or variant thereof which guarantees a profit to the concern, except that the use of a "cost of service" pricing mechanism by a concern pursuant to law, or by a regulatory body establishing rates for a regulated concern, shall not be deemed to be a cost plus arrangement or variant thereof: *Provided further*, That if the Corporation determines in its sole discretion that such project would not otherwise be satisfactorily completed or continued and that completion or continuation of such project would be necessary to achieve the purposes of this title, the sales price set forth in the price guarantee may be renegotiated.

PURCHASE AGREEMENTS MADE BY THE CORPORATION

SEC. 135. (a) The Corporation is authorized, on such terms and conditions as the Board of Directors may prescribe, to commit to, or enter into purchase agreements for all or part of the production from a synthetic fuel project. The sales price specified in a purchase agreement shall not exceed the estimated prevailing market price as of the date of delivery, as determined by the Secretary of Energy, unless the Corporation determines that such sales price must exceed such estimated prevailing market price in order to insure the production of synthetic fuel to achieve the purposes of this Title.

(b) The Corporation in entering into, or committing to enter into a purchase agreement shall require—

(1) assurance that the quality of the synthetic fuels purchased meets standards for the use for which such fuels are purchased;

(2) assurances that the ordered quantities of such fuels are delivered on a timely basis; and

(3) such other assurances as may reasonably be required.

(c) Each purchase agreement, or commitment to enter into a purchase agreement, shall provide that the Corporation retains the right to refuse delivery of the snythetic fuels involved upon such terms and conditions as shall be specified in the purchase agreement.

(d) The Corporation is authorized to take delivery of synthetic fuels pursuant to a purchase agreement and to sell such synthetic fuels to a person. In any case in which the Corporation accepts delivery of and does not sell such synthetic fuels to a person, such synthetic fuels shall be purchased by the Federal Government for use by an appropriate Federal agency. Such Federal agency shall pay the prevailing market price, as determined by the Secretary of Energy, for such synthetic fuels from sums appropriated to such Federal agency for the purchase of fuels.

(e) The Corporation is authorized to transport and store and have processed and refined any synthetic fuels obtained pursuant to a purchase agreement under this section.

JOINT VENTURES BY THE CORPORATION

SEC. 136. (a) Prior to the approval of a comprehensive strategy pursuant to section 122 (b) and (c), the Corporation is authorized, on such terms and conditions as the Board of Directors may prescribe, to commit to, or to enter into joint ventures for synthetic fuel project modules. In a joint venture the Corporation may undertake the construction and operation of a synthetic fuel project module only by contract: *Provided, however*, That the Corporation shall not finance more than 75 per centum of the total costs of the synthetic fuel project module, as estimated by the Corporation as of the date of execution of the joint venture.

(b) Joint ventures shall be restricted to synthetic fuel project modules which, in the judgment of the Board of Directors, will—

(1) demonstrate the commercial feasibility of a technology for the production of synthetic fuels from a significant domestic resource which offers potential for achievement of the national synthetic fuel production goal; and

(2) can, at the same site, be expanded into a synthetic fuel project.

(c) With regard to any joint venture, the initial contract may provide for purchase pursuant to such joint venture agreement of the equity interest of the Corporation in such joint venture by the participating concern, or concerns, after an appropriate interval, not to exceed five years after the date of operation of a synthetic fuel project module. The purchase price set forth in the joint venture agreement shall be established by the Board of Directors: *Provided*, That if such purchase from the Corporation is not provided for in the initial joint venture agreement or is not exercised by such concern, or concerns, the Corporation, after an appropriate interval, not to exceed five years after the date of operation of a synthetic fuel project module pursuant to a joint venture agreement shall dispose of its participation in such agreement pursuant to section 181 of this Title.

(d) For the purposes of this section, the term—

(1) "synthetic fuel project module" means any facility located in the United States which (A) is of a size smaller than a synthetic fuel project, (B) will, if successful, demonstrate the technical and economic feasibility of the commercial production of synthetic fuels, and (C) can eventually be expanded at the same site into a synthetic fuel project; and

(2) "joint venture" means an agreement under which the Corporation and one, or more, concerns participate in (A) the ownership and (B) the management, construction or operation, of a synthetic fuel project module:

Provided, That the ownership of the Corporation in such joint venture shall be in proportion to the relative contribution of the Corporation to the joint venture.

CONTROL OF ASSETS

SEC. 137. (a) The Corporation may acquire or retain control of a synthetic fuel project only—

(1) by foreclosure of a security interest or pursuant to a default under any financial assistance contract;

(2) pursuant to section 136, and 137 (b) and (c); or

(3) pursuant to subtitle E.

(b) The Corporation may acquire control of a synthetic fuel project which is the subject of financial assistance under this Title prior to the approval of the comprehensive strategy pursuant to sections 122 (b) and (c) under the following circumstances:

(1) substantial progress has been made toward completion of the construction and operation of such project and the Board of Directors determines that such project will not commence operation, or will cease operation unless acquired by the Corporation;

(2) the operation of such project will make a significant contribution toward achieving the objectives of this Title;

(3) such acquisition of control will not result in losses to the Corporation disproportionate to the benefits that operation of the project will produce in demonstrating a particular technology;

(4) failure of the Corporation to acquire such project would result in a greater financial liability by the Corporation than acquisition of the project by the Corporation; and

(5) with respect to projects subject to loans or loan guarantees, the concern anticipates going into default, or is in default:

Provided, That the Corporation may not acquire any such control until it has submitted a plan, approved by the President, for such acquisition to the Congress and neither House of Congress has passed a resolution disapproving such plan within thirty days of continuous session following the date such plan was submitted: *Provided, further*. That any completion of the construction or operation of any such project the control of which was acquired pursuant to this subsection may only be undertaken by contract.

(c) With respect to synthetic fuel projects subject to loans and loan guarantees where the Corporation acquires control pursuant to subsection (b), the Corporation, on such terms and conditions as the Board of Directors may prescribe, is authorized to lease back to the concern involved such synthetic fuel project where such lease will assure the production of synthetic fuel from such project consistent with the purposes of this Title: *Provided*, That the Corporation may not lease back such a project until it has submitted a plan approved by the President for such lease-back to the Congress and neither House of Congress has passed a resolution disapproving such plan within thirty days of continuous session following the date such plan was submitted.

(d) For the purposes of this section, the term—

(1) "operating asset" shall mean any real or personal property used in the synthetic fuel project; and

(2) "control" shall mean the power to direct the use or disposition of operating assets of the synthetic fuel project through (A) direct ownership; or (B) ownership of the majority of the voting securities of a corporation or other concern which (i) owns or (ii) leases a synthetic fuel project: *Provided*, That "control" shall not be deemed to result from the ownership of operating assets of a synthetic fuel project which are leased to and in the possession of parties independent of the Corporation.

UNLAWFUL CONTRACTS

SEC. 138. For the purposes of sections 431 through 433, inclusive, of title 18, United States Code, the Corporation shall be deemed to be an agency of the United States and such sections shall apply to all contracts, instruments, or agreements of the Corporation. Such contracts, instruments, or agreements include, but are not limited to, financial assistance, advances, discounts and rediscounts, acceptances, releases, and substitution of security, together with extensions or renewals thereof.

FEES

SEC. 139. (a) The Corporation may charge and collect fees in connection with the financial assistance provided pursuant to this Title: *Provided*, That such fees shall not exceed 1 per centum of the amount of such financial assistance. Fees received by the Corporation may be applied against the administrative expenses of the Corporation related to providing financial assistance and probable losses.

(b) The Corporation shall prescribe and collect an annual fee in connection with each loan guarantee provided pursuant to this Title of one-half of 1 per centum of the amount of such loan guarantee. Sums realized from such fees shall be deposited in the synthetic fuel account and shall be used solely to meet obligations arising from default by a recipient of financial assistance under this Title.

DISPOSITION OF SECURITIES

SEC. 140. The Corporation may sell in public or private transactions all or any part of the notes, bonds, or any other evidences of indebtedness of any other person ownership of which is acquired by the Corporation pursuant to this Title. Upon any sale by the Corporation under this section, upon the repayment to the Corporation of any of its loans or upon any other action relating to financial assistance resulting in the receipt of proceeds by the Corporation, any proceeds therefrom shall be subject to section 154.

SUBTITLE E—CORPORATION CONSTRUCTION PROJECTS

CORPORATION CONSTRUCTION AND CONTRACTOR OPERATION

SEC. 141. (a) Subject to the requirements of sections 122(a)(1)(D) and 142, the Corporation is authorized to own, and shall contract for the construction and operation of, synthetic fuel projects (hereinafter referred to as a "Corporation construction project"): *Provided*, That, prior to the approval of a comprehensive strategy pursuant to section 122 (b) and (c), the Corporation may undertake such projects only if, in the judgment of the Board of Directors, the Corporation construction project is necessary to meet the objectives of section 122(a)(2) and would not otherwise be constructed pursuant to subtitle D.

(b) The power of the Corporation to own and contract for the construction and operation of a corporation construction project shall include, among other things, the authority to—

(1) take delivery of synthetic fuels from such project;

(2) transport and store and have processed and refined such synthetic fuels;

(3) sell such synthetic fuels to a person; and

(4) take all actions reasonably necessary therewith: Provided, That to the maximum extent feasible, the Corporation shall utilize the private sector for the activities associated with this subsection.

(c) Contracts for corporation construction projects shall be negotiated on the basis of solicited bids pursuant to section 123: Provided, That any such contracts shall be expressly contingent upon the availability of sufficient funds.

(d) The Corporation is authorized to undertake contractual agreements with, among others, any Federal entity (including, but not limited to, the Department of Energy, the United States Army Corps of Engineers, and the Tennessee Valley Authority) to provide the design, the construction or the management of the operation of corporation construction projects: *Provided*, That in the case of a Federal entity, such entity has the available experienced personnel to perform such project management function.

LIMITATIONS ON CORPORATION CONSTRUCTION PROJECTS

SEC. 142. (a) Prior to approval of a comprehensive production strategy pursuant to section 122 (b) and (c), the Corporation is authorized not more than three Corporation construction projects subject to the requirements of sections 122(a)(1)(D) and 141.

(b) Subject to the requirements of sections 122(a)(1)(D) and 141, proposals for any Corporation construction projects in excess of the three such projects authorized in subsection (a) shall be submitted to the Congress. Such proposals shall be deemed approved after sixty calendar days of continuous session of the Congress have expired following the date of submission unless either House of Congress has, during such sixty-day period, adopted a resolution disapproving such proposed project.

(c) After the approval of a comprehensive production strategy pursuant to section 122 (b) and (c), the Corporation shall not undertake new, or expand any existing Corporation construction projects.

ENVIRONMENTAL, LAND USE, AND SITING MATTERS

SEC. 143. (a) Corporation construction projects and joint ventures by the Corporation pursuant to section 136 shall be subject to all Federal and non-discriminatory State and local environmental, land use, and siting laws to the same extent as such laws apply to privately sponsored synthetic fuel projects receiving financial assistance under this Title and other similarly situated and used property. Nothing in this section shall be deemed to limit the powers of the Energy Mobilization Board with respect to projects constructed under this subtitle or section 136.

(b) Contracts for the construction and operation of Corporation construction projects shall provide for the monitoring of the environmental and health related emissions from the construction and operation of such project. Such monitoring shall be conducted in accordance with a plan developed by the contractor after consultation with the Environmental Protection Agency and the Department of Energy.

PUBLIC DISCLOSURE

SEC. 144. Information collected by the Corporation as a result of the activities directly associated with a corporation construction project authorized by this subtitle shall be cataloged and, upon request, any such information shall be made available to the public, except that this section shall not require disclosure of matters exempted from mandatory disclosure by section 552(b) of title, 5, United States Code with respect to corporation construction projects. The disclosure of information by the Corporation, its Directors, officers, and employees, shall be subject to the provisions of section 1905 of title 18, United States Code.

PROJECT REPORTS

SEC. 145. Within three years of the initial operation of each Corporation construction project, the Corporation shall publish a report providing detailed information including, but not limited to—

(a) whether the synthetic fuel product can be sold at a price which is competitive with imported crude oil;

(b) whether such technology can be operated on a commercial scale in compliance with applicable environmental requirements, including the Federal Water Pollution Control Act, as amended (33 U.S.C. 1151–1175) and the Clean Air Act, as amended (42 U.S.C. 7400 and following);

(c) the effect on regional and local water supplies of the project and the commercial operation of such technology;

(d) the health effects on workers and other persons of the projects including, but not limited to, any carcinogenic effects; and

(e) the social and economic impacts on local communities which were most directly affected by such projects.

FINANCIAL RECORDS

SEC. 146. Recipients of contracts under this subtitle shall keep such records and other pertinent documents as the Corporation shall prescribe, including, but not limited to, records which fully disclose the disposition of the proceeds of such assistance, the cost of any corporation construction project and such other records as the Corporation may require to facilitate an effective audit. The Corporation and the Comptroller General of the United States or their duly authorized representatives shall have access, for the purpose of audit, to such reports and other directly pertinent documents.

SUBTITLE F—CAPITALIZATION AND FINANCE

OBLIGATIONS OF THE CORPORATION

SEC. 151. (a) To the extent provided in appropriation Acts, the Corporation is authorized to issue, solely to the United States of America acting by and through the Secretary of the Treasury (who shall retain), notes or other obligations of the Corporation in the aggregate principal amount of $88,000,000,000 as follows: $20,000,000,000, including such sums as necessary for initial administrative expenses, shall become available to the Corporation on the date of enactment of this Title and the remainder shall become available upon approval of a comprehensive strategy pursuant to section 122.

(b) The Corporation shall not issue any note or other obligation to the Secretary of the Treasury without prior consultation with the Secretary of the Treasury.

LIMITATIONS ON TOTAL AMOUNT OF OBLIGATIONAL AUTHORITY

SEC. 152. (a) The Corporation may not incur obligations or make commitments, including administrative expenses and other operating costs, in excess of $88,000,000,000 in the aggregate: *Provided, however*, That prior to the approval of a comprehensive strategy pursuant to section 122 such obligations shall not exceed $20,000,000,000 in the aggregate.

(b) For purposes of determining the Corporation's compliance with this section, loans by the Corporation shall be counted at the initial face value of the loan, loan guarantees shall be valued at the face value of the loan guarantee, price guarantees and purchase agreements shall be valued by the Corporation as of the date of each such contract based upon the Corporation's estimates of its maximum potential liability pursuant to section 131(k) under each contract; and joint-ventures and corporation construction projects shall be valued at the current estimated costs to the Corporation. Such determination shall be made in accordance with generally accepted accounting principles, consistently applied. If more than one form of financial assistance is to be provided to any one synthetic fuel project or if the financial assistance agreement provides a right to the Corporation to purchase the synthetic fuel project, then the obligations and commitments thereunder shall be valued at the maximum potential exposure on such project at any time during the life of such project.

(c) Any commitment by the Corporation to provide financial assistance or make capital expenditures which are nullified or voided for any reason shall not be considered in the aggregate for the purpose of subsection (a).

BUDGETARY TREATMENT

SEC. 153. The obligations and outlays incurred by the Secretary of the Treasury in connection with the purchase of notes and other obligations of the Corporation shall be included in the totals of the budget of the United States Government. The receipts and disbursements of the Corporation in the discharge of its functions shall be presented annually in the budget of the United States Government but shall not be included in the totals of the budget.

RECEIPTS OF THE CORPORATION

SEC. 154. (a) Moneys of the Corporation, other than those received pursuant to sections 139(b) and 151, shall be used to defray administrative expenses and, to the extent that surplus is available thereafter, to provide financial assistance pursuant to subtitle D. In the event that additional surplus is available thereafter such additional surplus shall, when authorized by the Board of Directors, be used in the purchase for redemption and retirement of any notes or other obligations of the Corporation.

(b) Moneys of the Corporation not otherwise employed shall be—

(1) deposited with the Treasury of the United States subject to withdrawal by the Corporation, by check drawn on the Treasury of the United States by a Treasury disbursing officer, or

(2) with approval of the Secretary of the Treasury, deposited in any Federal Reserve bank, or

(3) deposited in federally insured interest bearing accounts subject to withdrawal by the Corporation.

TAX STATUS

SEC. 155. (a) The Corporation, its franchise, capital, reserves, surplus, income, and intangible property shall be exempt from all taxation now or hereafter imposed by the United States, or by any State, county, municipality, or local taxing authority, except that—

(1) any real property owned in fee by the Corporation shall be subject to State, territorial, county, municipal, or other local taxation to the same extent, according to its value, as other similarly situated and used real property, without discrimination in the valuation, classification, or assessment thereof; and

(2) the Corporation and its employees shall be subject to any nondiscriminatory payroll and employment taxes intended to finance benefits based upon employment (such as social security and unemployment benefits) to the same extent as any privately owned corporation.

(b) With respect to any loan or debt obligation which is (1) issued after the enactment of this Title by, or on behalf of, any State or local government, (2) guaranteed by the Corporation prior to the approval of a comprehensive strategy under section 122 (b) and (c), and (3) not supported by the full faith and credit of the issuer as a general obligation of the issuer, the interest paid on such obligation and received by the purchaser thereof (or the purchaser's successor in interest) shall be included in gross income for the purposes of chapter 1 of the Internal Revenue Code of 1954, as amended: *Provided*, That the Corporation shall pay to such issuer such portion of the interest on such obligations, as determined by the Secretary of the Treasury to be appropriate after taking into account current market yields (A) on obligations of said issuer, if any, or (B) on other obligations with similar terms and conditions, the interest on which is not so included in gross income for purposes of chapter 1 of said Code, and in accordance with such terms and conditions as the Secretary of the Treasury shall require.

SUBTITLE G—UNLAWFUL ACTS, PENALTIES, AND SUITS AGAINST THE CORPORATION

FALSE STATEMENTS

SEC. 161. Whoever makes any statement, knowing or having reason to believe it to be false, or whoever knowingly overvalues any security, for the purpose of obtaining for himself or for any applicant any financial assistance under this Title, extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Corporation or for the purpose of obtaining money, property, contract rights, or anything of value, under this Title, shall be punished by a fine of not more than $5,000 or by imprisonment for not more than two years, or both.

FORGERY

SEC. 162. Whoever—

(a) falsely makes, forges, or counterfeits any agreement, instrument, contract, or other obligation, or thing of value, an imitation of or purporting to be an agreement, instrument, said Code, and in accordance with such terms and conditions as the Secretary of the Treasury shall

(b) passes, utters, or publishes, or attempts to pass, utter, or publish, any false, forged, or counterfeited agreement, instrument, contract, or other obligation or thing of value purporting to have been issued by the Corporation, knowing the same to be false, forged, or counterfeited, or

(c) falsely alters any agreement, instrument, contract or other obligation, or thing of value, issued or purporting to have been issued by the Corporation, or

(d) passes, utters, or publishes, or attempts to pass, utter, or publish, as true any falsely altered or spurious agreement, instrument, contract, or other obligation, or thing of value issued or purporting to have been issued by the Corporation, knowing the same to be falsely altered or spurious.

shall be punished by a fine of not more than $10,000 or by imprisonment for not more than five years, or both.

MISAPPROPRIATION OF FUNDS AND UNAUTHORIZED ACTIVITIES

SEC. 163. Whoever, being connected in any capacity with the Corporation—

(a) embezzles, extracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to the Corporation; or

(b) with intent to defraud the Corporation or any other body politic or corporate, or any individual or to deceive any officer, auditor, or examiner of the Corporation, makes any false entry in any book, report, or statement of or to the Corporation, or, without being duly authorized, draws any bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or

(c) with intent to defraud, participates, shares, or receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Corporation, or

(d) gives any unauthorized information concerning any future action or plan of the Corporation, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company, bank, or corporation receiving financial assistance from the Corporation.

shall be punished by a fine of not more than $10,000 or by imprisonment for not more than five years, or both. With respect to subsection (d) above, the Corporation is authorized to obtain injunctive relief against the threatened misuse of information.

CONSPIRACY

SEC. 164. Whoever conspires with another to accomplish any of the acts made unlawful by section 161, 162, or 163 shall, upon conviction thereof, be subject to the same fine or imprisonment, or both, as is applicable in the case of conviction for doing such unlawful acts.

INFRINGEMENT ON NAME

SEC. 165. No individual, association, partnership, corporation, or business entity may use the words "Synthetic Fuels Corporation" or a combination of these words in a manner which is likely to mislead or deceive, as the name or a part thereof under which he, she or it shall do business.

ADDITIONAL PENALTIES

SEC. 166. In addition to any other penalties provided in this subtitle, the defendant in any action brought pursuant thereto shall be liable to the Corporation for any loss by the Corporation and any profit or gain acquired by the defendant as a result of the conduct constituting the offense.

SUITS BY THE ATTORNEY

SEC. 167. (a) If the Corporation created pursuant to this title shall engage in or adhere to any action, practices, or policies inconsistent with the policy and purposes of this title, or shall obstruct or interfere with any activities authorized by this Title, or shall refuse, fail, or neglect to discharge the duties and responsibilities under this Title, or shall threaten any such violation, obstruction, interference, refusal, failure, or neglect, the district court of the United States for any district in which such corporation or other person resides or may be found shall have jurisdiction, except as otherwise prohibited by law, upon petition of the Attorney General of the United States, to grant such equitable relief as may be necessary or appropriate to prevent or terminate such conduct or threat.

(b) Nothing contained in this section shall be construed as relieving any person of any punishment, liability, or sanction which may be imposed otherwise than under this Title.

(c) Nothing in this section shall be deemed or construed to prevent the enforcement of the other provisions of this title by appropriate officials of the United States.

CIVIL ACTIONS AGAINST THE CORPORATION

SEC. 168. United States district courts, and courts referred to in section 460 of title 28, United States Code, and Public Law 95-157 shall have original juirsdiction for all civil actions against the Corporation: *Provided, however*, That the Corporation shall be regarded as "Federal agency" of the United States Government for the purposes of the Federal Tort Claims Act (28 U.S.C. 2671 et seq.) except that the Corporation may represent itself in any such action, may compromise any claims against it without seeking the approval of the Attorney General and shall pay any judgment or compromised claim from its funds: *And provided further*, That the Corporation shall be liable for contract claims only if such claims are based upon a written contract to which the Corporation is an executing party. The liability of the Corporation shall be limited to the assets of the Corporation.

SUBTITLE H—GENERAL PROVISIONS

GENERAL POWERS

SEC. 171. (a) In carrying out the purposes of this Title, the Corporation shall have the power, consistent with the provisions of this Title—

(1) to adopt, alter, and rescind bylaws and to adopt and alter a corporate seal, which shall be judicially noticed;

(2) to make agreements and contracts with individuals and private or governmental entities: *Provided, however*, That the Corporation shall not provide any financial assistance except as specifically permitted hereunder;

(3) to lease, purchase, accept gifts or donations of, or otherwise to acquire, and to own, hold, improve, use, or otherwise deal in or with, and to sell, convey, mortgage, pledge, lease, exchange, or otherwise dispose of, any property, real, personal, or mixed, or any interest therein;

(4) to sue and be sued, subject to the provisions of section 168, in its corporate name and to complain and defend in any court of competent jurisdiction;

(5) to represent itself, or to contract for representation, in all judicial and other legal proceedings;

(6) subject to section 113, to select, employ, and fix the compensation (including, without limitation, pension, and health benefits, incentive compensation plans, paid vacation, sick leave, and other fringe benefits) of such officers, employees, attorneys, and agents as shall be necessary for the transaction of the business of the Corporation;

(7) to make provision for and designate such committees, and the functions thereof, as the Board of Directors may deem necessary or desirable;

(8) to indemnify Directors serving in a voting capacity and officers of the Corporation, as the Board of Directors may deem necessary or desirable;

(9) with the approval of the agency concerned, to make use of services, facilities, and property of any board, commission, independent establishment or executive agency or department of the executive branch in carrying out the provisions of this Title and to pay for such use, such payments to be credited to the applicable appropriation that incurred the expense;

(10) to determine and prescribe the manner in which obligations of the Corporation shall be incurred and its expenses allowed and paid;

(11) to obtain the services and fix the compensation of experts;

(12) to use the United States mails on the same terms and conditions as the executive departments of the United States Government; and

(13) to exercise all other lawful powers necessarily or reasonably related to the establishment and conduct of a corporate entity, to the achievement of the purposes of this title and the exercise of its powers, purposes, functions, duties, and authorized activities.

(b) The foregoing powers shall only be exercized in connection with administrative activities, financial assistance, and corporation construction projects authorized by this title.

(c) In addition to the powers granted under subsections (a) and (b), the Corporation may, in connection with any corporation construction project, acquire interests in real property, including property owned by any State or local government body or entity, including Indian tribes, only as necessary to provide access to the site for project site related transportation, power transmission, and other services, by the exercise of eminent domain in the United States district court for the district in which such real property is located: *Provided*, That such real property shall not include the site of the Corporation construction project nor property for any coal slurrying pipeline: *Provided further*, That the Corporation may acquire such property by eminent domain only upon a finding by its Board of Directors that the property involved is necessary for access to such project and that no other reasonable alternative access to such facilities is available. Such findings shall not be reviewable.

COORDINATION WITH OTHER FEDERAL ENTITIES

SEC. 172. (a) (1) Prior to providing, or making any commitment to provide, financial assistance for any synthetic fuel project, the Corporation may seek the advice and recommendations of, or information or data maintained by, any Federal agency to assist the Corporation in determinations to be made hereunder. Any such advice, recommendation, information, or data, to the extent permitted by law, shall be provided to the Corporation within thirty days of its request: *Provided, however*, That where such information or data comprises a trade secret, or confidential or proprietary data, the Corporation shall agree to receive such data under the same terms of confidentiality agreed to by the agency. For the purposes of section 1905 of title 18, United States Code, the Corporation shall be deemed to be an agency of the United States.

(2) At the request of the Department of Energy or the Environmental Protection Agency for access to information or facilities of the Corporation relating to environmental matters, the Corporation shall afford the requesting agency reasonable access thereto, except to the extent prohibited by law.

(b) The Secretary of Energy is authorized to provide such technical assistance to the Corporation as is necessary to carry out the purpose of this Title.

(c) The Corporation may contract on a reimbursable basis with Federal entities to provide technical, economic, environmental, and any other analyses and services which the Corporation deems necessary to accomplish the purposes of this Title.

PATENTS

SEC. 173. (a) Any contract to provide a loan pursuant to section 132, a loan guarantee pursuant to section 133 or a joint venture pursuant to section 136 may, in the judgment of the Board of Directors, require that whenever any invention is made or conceived in the course of or under such contract title to the patent for such invention shall vest in the Corporation and the Corporation shall have the right to license the patent on a nonexclusive basis.

(b) (1) In the case of any patent the title to which is vested in the Corporation, the Corporation may grant a nonexclusive license but it may not grant an exclusive or partially exclusive license except as provided in paragraph (2).

(2) The Corporation is authorized to grant an exclusive or partially exclusive license to a responsible applicant or applicants, upon terms reasonable under the circumstances, on the basis of competitive bids and following an opportunity for a hearing, upon notice in the Federal Register thereof to the public, only when, in the judgment of the Board of Directors, such exclusive or partially exclusive license is necessary to assure substantial utilization of such invention within a reasonable time.

(c) Each exclusive or partially exclusive license shall contain such terms and conditions as the Corporation may determine to be appropriate for the protection of the interests of the United States and the general public, including provision for the Corporation, commencing two years after the grant of a license pursuant to subsection (b), to terminate such license if (A) it has not been applied to the commercialization of domestic energy resources or (B) steps have not been taken as necessary to assure substantial utilization of such invention within a reasonable time.

(d) Loan or loan guarantee agreements entered into pursuant to sections 132 and 133, respectively, shall include such terms and conditions consistent with this subsection with respect to patents as the Corporation deems appropriate to protect the interests of the Corporation in the case of default. Such agreements shall require in the case of default that all patents, technology, and other proprietary rights resulting from the synthetic fuel project shall be available to the Corporation or its designee, to complete and operate the defaulting project. Such agreements shall contain a provision specifying that other patents, technology, and other proprietary rights owned by the borrower which are necessary for the purpose of completion and operation of the synthetic fuel project shall be licensed to the Corporation and its designees on equitable terms, including due consideration to the amount of the default payments due to the Corporation.

(e) Patents, technology, and proprietary rights vested in the Corporation as a result of default on a loan or loan guarantee agreements or vested in the Corporation pursuant to subsection (a) shall be transferred to the Secretary of Energy for administration under applicable law upon termination and liquidation of the Corporation.

(f) Any contract entered into by the Corporation pursuant to subtitle E shall be subject to section 9, subsections (a) through (m) of the Federal Nonnuclear Energy Research and Development Act of 1974 (42 U.S.C. 5908) except that, for the purpose of subtitle E, "Administrator" in section 9 shall mean the Chairman of the Board of the Corporation; "Administration" in section 9 shall mean the Corporation; "Government" in subsections 9(a) and 9(d) shall mean the Government and the Corporation; "any Government agency" in subsection 9(h) (2) shall mean the United States, and "United States" in section 9 shall mean the Corporation. Section 9 of the Federal Nonnuclear Energy Research and Development Act of 1974 shall not apply to financial assistance pursuant to subtitle D.

(g) The United States Government shall have a royalty-free, nonexclusive license to any patent in which the Corporation owns title or reserves a license pursuant to subsection (a). The Corporation may assign title in any patent in which it has the title to the United States Government.

SMALL AND DISADVANTAGED BUSINESS UTILIZATION

SEC. 174. In providing financial assistance, the Corporation shall require the recipient thereof to provide for the fair and reasonable participation by small and disadvantaged businesses in the synthetic fuel project receiving financial assistance and the Corporation shall do so with respect to corporation construction projects under subtitle E.

RELATIONSHIP TO OTHER LAWS

SEC. 175. (a) No action of the Corporation except the construction and operation of synthetic fuel projects pursuant to subtitle E shall be deemed to be a "major Federal action significantly affecting the quality of the human environment" for purposes of section 102(2) (C) of the National Environmental Policy Act of 1969, as amended; and with respect to corporation construction projects, the Corporation shall be deemed to be a Federal agency for the purposes of such Act.

(b) The provisions of the Davis-Bacon Act and the Service Contracts Act shall apply to the Corporation as if it were an agency of the United States. All laborers and mechanics employed for the construction, repair, or alteration of synthetic fuel projects funded, in whole or in part, by the Corporation pursuant to section 132, 133, or 136 of this Title shall be paid wages at rates not less than those prevailing on projects of a similar character in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended. The Corporation shall not extend any loan or loan guarantee for construction, repair or alteration of synethetic fuel projects unless a certification is provided to the Corporation prior to the commencement of construction or at the time of filing an application for a loan or loan guarantee, if construction has already commenced, that these labor standards will be maintained upon the synthetic fuel project. The Secretary of Labor shall have, with respect to the labor standards specified in this provision, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 and section 276c of title 40.

(c) For the purposes of the Investment Comoany Act and the Public Utility Holding Company Act, the Corporation shall be deemed to be an instrumentality of the United States.

(d) The antitrust laws, as defined in section 12 of title 15, United States Code, shall apply to the Corporation as if it were an agency of the United States.

(e) Notwithstanding any provision of law, except as may be specifically provided by reference to this section in an Act or Acts enacted after the effective date of this Title, no law, rule, or regulation now existing or hereafter enacted or promulgated establishing or limiting, in any manner the price (including allocation or first sale and subsequent resale) chargeable for commodities or allocation thereof shall apply to synthetic fuel which is produced by a synthetic fuel project receiving financial assistance under this Title or produced by a corporation construction project under subtitle E.

(f) Nothing in this title shall be deemed or construed to make the Government Corporation Act (31 U.S.C. 841 et seq.) applicable to the Corporation.

(g) Except to the extent expressly provided herein, the Corporation shall not be deemed to be an agency of the United States or an instrumentality of the United States.

(h) Employees of the Corporation shall be covered by the provisions of the Longshoremen's and Harbor Workers' Compensation Act, as amended, which shall provide the exclusive remedy for the causes set forth therein.

(i) Nothing in this title shall be deemed to limit the powers of the Energy Mobilization Board with respect to synthetic fuel projects receiving financial assistance under this title or corporation construction projects.

(j) (1) For purposes of section 211(b) of the Powerplant and Industrial Fuel Use Act of 1978, a petitioner shall be deemed to have demonstrated that he meets the requirements of section 211(b) (1) and section 211 (b) (2) of said Act if he has entered into a legally valid agreement with a qualified producer of synthetic fuels, for the future delivery of sufficient quantities of synthetic fuels, to be used at the facility for which the exemption is sought to comply with the applicable prohibitions of said Act. Evidence of the existence of such a legally valid agreement also shall be deemed to satisfy the requirement that the petitioner file and maintain a compliance plan satisfying the requirements of section 214(b) upon the submission of such evidence to the Secretary of Energy.

(2) For purposes of paragraph (1), a person shall be deemed to be a "qualified producer of synthetic fuels" if he receives a loan, loan guarantee, purchase agreement or price guarantee pursuant to this Title.

(3) In addition, in order to constitute a "legally valid agreement" for purposes of paragraph (1), the agreement with the qualified synthetic fuel producer must provide for initial deliveries of synthetic fuel within the time specified pursuant to section 211 (e) of said Act.

(4) For purposes of section 211(b) of said Act, an extension or renewal under section 211(e) (1) or 211(e) (2) (B) thereof may be granted at the time the original exemption is issued, or at any subsequent date.

(5) Nothing in this subsection shall be construed to relieve the petitioner from compliance with the prohibition of subtitle A of title II of the Powerplant and Industrial Fuel Use Act of 1978 at the end of the exemption granted pursuant to section 211(b) of said Act.

SEVERABILITY

SEC. 176. If any provision of this Title, or the application of any such provision to any person or circumstance, shall for any reason be adjudged by any court of competent jurisdiction to be invalid, the remainder of this Title, or the application of such provision to persons or circumstances other than those to which it is held invalid, shall not be affected thereby.

FISCAL YEAR, AUDITS AND REPORTS

SEC. 177. (a) The fiscal year of the Corporation shall coincide with the fiscal year of the United States Government.

(b) (1) The Corporation shall retain a firm or firms of nationally recognized public accountants who shall prepare and report an annual audit of the accounts of the Corporation including the statements identified in section 851 of title 31, United States Code.

(2) The General Accounting Office is authorized to conduct such audits of the accounts of the Corporation and to report upon the same to the Congress, as such Office shall deem necessary or as the Congress may request, but not less than every three years.

(3) All books, accounts, financial records, reports, files, papers and property belonging to or in use by the Corporation shall be made available to the person or persons conducting the audit for verifying transactions.

(c) (1) The Corporation shall submit quarterly reports to the Congress and the President. Each report will state the aggregate sums then outstanding or committed for financial assistance under subtitle D and for Corporation construction projects under subtitle E, and a summary of any financial assistance retired or any synthetic fuel projects liquidated by the Corporation pursuant to subtitle I. Each report shall contain a listing of the concerns receiving financial assistance involved in Corporation construction projects.

(2) The quarterly report in which any expenditures or commitment to a concern or synthetic fuel project is first noted shall contain a brief description of the factors considered by the Corporation in making such expenditure or commitment. The report shall include (A) financial statements prepared in accordance with generally accepted accounting principles consistently applied as of the end of the Corporation's fiscal quarter preceding the date of the report and (B) compensation of persons employed or under contract by the Corporation at salary rates exceeding $2,500 per month.

(d) (1) The Corporation shall submit to the Congress and the President an annual report containing, in addition to the information required in the quarterly report, (A) a general description of the Corporation's operations during the year, (B) a specific description of each project in which the Corporation is involved, (C) a status report on each such project, and (D) an evaluation of the contribution which the project has made and is expected to make in fulfilling the purposes of this Title (including, where possible, a precise statement of the amount of domestic energy produced or to be produced thereby).

(2) The annual report shall describe progress made toward meeting the objectives (including the commercial production goals) of this Title and contain specific recommendations on what actions the Congress could take in order to facilitate the work of the Corporation in achieving the objectives of this Title. The annual report shall address the environmental impacts of the Corporation's generic programs and decisions.

(3) The annual report shall contain financial statements prepared by the Corporation in accordance with generally accepted accounting principles consistently applied and certified by the accountants retained under section (b) (1).

(e) On or before September 30, 1990, the Corporation shall submit to the Congress and the President a report evaluating the overall impact made by the Corporation and describing the status of each then current synthetic fuel project. This report shall contain a liquidation plan. The liquidation plan shall describe how each synthetic fuel project, and every substantial asset or liability of the Corporation will be liquidated, terminated, satisfied, sold, transferred, or otherwise disposed of. Each annual report thereafter made by the Corporation will describe the progress made in effecting such liquidation plan.

WATER RIGHTS

SEC. 178. (a) Nothing in this Title shall (1) affect the jurisdiction of the States and the United States over waters of any stream or over any ground water resource, (2) alter, amend, repeal, interpret, modify, or be in conflict with any interstate compact made by any States, or (3) confer upon any non-Federal entity the ability to exercise any Federal right to the waters of any stream or to any ground water resource.

(b) No project constructed pursuant to the authorities of this Title shall be considered to be a Federal project for purposes of the application for or assignment of water rights.

SUBTITLE I—DISPOSAL OF ASSETS

TANGIBLE ASSETS

SEC. 181. (a) (1) The Corporation, by and through its Board of Directors, is authorized, from time to time, on the basis of the criteria of subsection (b), to dispose of any portion or all of the tangible assets of the Corporation when in the best interests of the Corporation in carrying out the purposes of this Title either—

(A) on the basis of competitive bids, to sell to any person or concern any portion of the assets of the Corporation, or

(B) by transfer to a Federal agency of any portion or all of the tangible assets of the Corporation, or

(C) on the basis of a negotiated contract, consistent with paragraph (2), to sell to a person or concern any portion or all of the tangible assets of the Corporation.

(2) With regard to the sale of tangible assets pursuant to clause (a) (1) (C), the Corporation shall—

(A) publish in the Federal Register notice of the proposed sale of such asset,

(B) convene a prospective bidders conference, and

(C) no earlier than thirty days after such notice and conference, undertake negotiations for the sale of such asset.

(3) At least thirty days prior to the disposal of any tangible asset pursuant to paragraph (1), the Corporation shall notify the President, the Senate Committee on Energy and Natural Resources and the appropriate committee of the House of Representatives of the intended disposal of such tangible asset.

(b) For the purpose of this section, the term "tangible asset" shall mean any single asset, or aggregation of assets, with a value of $1,000,000 or more.

(c) In establishing the acceptable terms and conditions of the sale or transfer of tangible assets constituting a synthetic fuel project, or portion thereof, or a Corporation construction project, or portion thereof, the Board of Directors shall make every reasonable effort—

(1) to recover the financial investment, if any, of the Corporation in such assets,

(2) to foster competition within the industry to which the assets are to be sold,

(3) to assure that such assets will be productively utilized and, if possible, will continue in operation.

(d) With regard to the sale or transfer of tangible assets not included under subsection (c), the Corporation shall establish terms and conditions for the sale or transfer of such tangible assets in order to maximize the financial return to the Corporation.

DISPOSAL OF OTHER ASSETS

SEC. 182. Except as provided for in section 181, the Corporation is authorized, from time to time, (1) consistent with the requirements of the Federal Property and Administrative Services Act, to sell to any person any portion of the assets of the Corporation, or (2) transfer to a Federal agency any portion of all of the assets of the Corporation.

Subtitle J—Termination of Corporation

DATE OF TERMINATION

Sec. 191. Notwithstanding any other provision of this Title—

(a) the Corporation shall make no new commitments for financial assistance under subtitle D for synthetic fuel projects after September 30, 1990.

(b) The Corporation shall terminate on September 30, 1955: *Provided, however,* That the President, on recommendation of the Board of Directors, may by Executive order, terminate the Corporation at an earlier date, but in no event prior to September 30, 1990.

WINDING OF THE CORPORATION'S AFFAIRS

Sec. 192. (a) From and after the final commitment date under section 191(a), the Board of Directors shall diligently commence all practical and reasonable steps to achieve an order winding up of the Corporation's affairs on or prior to its date of termination pursuant to section 191(b).

(b) The step taken pursuant to subsection (a) may include the disposal of the tangible assets of the Corporation pursuant to section 181 and the disposal of other assets pursuant to section 182.

(c) On termination of the Corporation any contract or obligation for financial assistance pursuant to subtitle D shall be administered pursuant to section 193.

TRANSFER OF POWERS TO DEPARTMENT OF THE TREASURY

Sec. 193. (a) If, on the date of termination of the Corporation, its Board of Directors shall not have completed the winding up of its affairs and the liquidation of its assets pursuant to subtitle I, the duty of completing such winding up of its affairs and liquidation shall be transferred to the Secretary of the Treasury, who for such purposes shall succeed to all the powers, duties, rights, and obligations of the Corporation, its Board of Directors and Chairman under this Title and nothing herein shall be construed to affect any right or privilege accrued, any penalty or liability incurred, any criminal or civil proceeding commenced, or any authority conferred hereunder, except as herein specifically provided in connection with such winding up of the affairs and liquidation of the remaining assets of the Corporation. Following such transfer, the Secretary of the Treasury may assign to any officer or officers of the United States in the Treasury Department the exercise and performance, under such Secretary's general supervision and direction, of any powers, duties, rights, and obligations so transferred from the Corporation to the Secretary.

(b) When the Secretary of the Treasury finds that the liquidation of any remaining assets will no longer be advantageous to the United States and that all of the legal obligations of the Corporation have been provided for, the Secretary shall pay into the Treasury as miscellaneous receipts the unused balance of the moneys belonging to the Corporation and shall make a final report on the Corporation to the Congress. Thereupon the Corporation shall be deemed to be dissolved.

Subtitle K—Department of the Treasury

AUTHORIZATIONS

Sec. 195. (a)(1) There is hereby authorized to be appropriated without fiscal year limitation to the Secretary of the Treasury $88,000,000,000 to purchase and retain notes or other obligations of the Corporation. Such moneys shall be deposited within the Treasury in a separate account (hereafter called the "Synthetic Fuels Account") which shall be available to the Secretary for the purpose of carrying out the purposes of this Title.

(2) On the basis of notification to the Secretary of the Treasury of financial assistance by the Corporation, consistent with the formula set forth in paragraph 153(a)(1), the Secretary of the Treasury shall reserve within the synthetic fuel account an amount equal to the known and estimated liabilities of the Corporation. As amounts become available for this purpose, the Secretary shall repay to the general fund of the Treasury an amount equal to all lending which has been extended to the Corporation.

(3) Any obligations of the Corporation held by the Secretary of the Treasury shall be retired at the time the synthetic fuel account repays the general fund pursuant to this subsection.

(b) For purposes of purchasing the obligations of the Corporation pursuant to subsection (a), the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Bond Act, and the purposes for which securities may be issued under such Act are extended to include such purchases.

(c) All redemptions, purchases, and sales by the Secretary of the Treasury of such obligations under this section shall be treated as public debt transactions of the United States.

TITLE II—GASOHOL

Short Title and Table of Contents

SHORT TITLE

Sec. 201. (a) This Title shall be known as the "Gasohol Motor Fuels Act of 1979".

(b) Table of Contents.—

Subtitle A—Findings and Purposes

Sec. 202. Findings.
Sec. 203. Purposes.
Sec. 204. General Definitions.

Subtitle B—Establishment of the Office of Alcohol Fuels

Sec. 210. Establishment.
Sec. 211. Authority of the Director.
Sec. 212. Budget Submittal.
Sec. 213. Annual Report.
Sec. 214. Interagency Coordination.
Sec. 215. Public Information.
Sec. 216. Report.

Subtitle C—Alcohol Fuel Production

Sec. 220. National Goal.
Sec. 221. Production Strategy.
Sec. 222. Solicitation of Proposals.

Subtitle D—Financial Assistance

Sec. 230. Authorization of Financial Assistance.
Sec. 231. Loan Guarantees Made by the Director.
Sec. 232. Price Guarantees Made by the Director.
Sec. 233. Purchase Agreements Made by the Director.
Sec. 234. Control of Assets.
Sec. 235. Fees.
Sec. 236. Disposition of Securities.
Sec. 237. Patents.

Subtitle E—Authorization and Fund

Sec. 240. Limitations on Total Amount of Obligation.
Sec. 241. The Fund.

Subtitle F—Utilization of Excess Sugar

Sec. 250. Sugar Stocks for Gasohol.

Subtitle G—Federal Use of Gasohol

Sec. 260. Use of Gasohol in Federal Motor Vehicles.

Subtitle H—Motor Vehicle Study

Sec. 270. Motor Vehicle Study.

Subtitle I—Natural Gas Priorities

Sec. 280. Priorities.

Subtitle J—Standby Allocation

Sec. 290. Standby Authority.

Subtitle A—Findings and Purposes

FINDINGS

Sec. 202. (a) The United States is currently importing large quantities of crude oil.

(b) A substantial portion of this crude oil is needed for the production of gasoline sold in interstate commerce.

(c) Renewable resources in the United States can provide a sufficient source of alcohol suitable for blending with gasoline or which may be used in lieu thereof, to decrease the need for imported oil.

PURPOSES

Sec. 203. The purposes of this Title are—

(a) to contribute toward the development of a secure liquid fuel supply in the United States by providing the foundation for a viable alcohol fuel industry;

(b) to increase the security and enhance the economic health of the United States by reducing our Nation's dependence on imported oil;

(c) to establish a mechanism for implementing improved natural resource practices on a broad scale;

(d) to establish a national goal for the production of alcohol fuels from renewable resources;

(e) to require the President to establish an independent office in the Department of Energy to expedite Federal financial assistance for the purpose of commercialization of alcohol fuels from renewable resources and to achieve the national goal; and

(f) to encourage and assist production of alcohol fuels by small alcohol fuel projects as well as larger alcohol fuel projects.

GENERAL DEFINITIONS

Sec. 204. As used in the title the term—

(1) "concern" shall mean any—

(A) person, or

(B) State or any political subdivision or governmental entity thereof, Indian tribe or tribal organization, or

(C) combination of the aforementioned, which is engaged, or proposes to engage, in an alcohol fuel project or projects pursuant to this title;

(2) "financial assistance" shall mean any of the following forms of financial assistance, or combinations thereof—

(A) guarantees of, or commitments to guarantee, indebtedness, including principal and interest (hereinafter referred to as "loan guarantees");

(B) guarantees of, or commitments to guarantee, the price received or to be received by a concern from the sale of alcohol fuel hereinafter referred to as "price guarantee"); and

(C) contracts to purchase alcohol fuel, guarantees therefor or commitments therefor (hereinafter referred to as "purchase agreements");

(3) "person" means any individual, company, cooperative, partnership, corporation, association, consortium, unincorporated organization, trust estate, or any entity organized for a common business purpose;

(4) "State" means any of the fifty States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands;

(5) "alcohol" means methanol, ethanol, or any other alcohol which is produced from renewable resources and which is suitable for use by itself or in combination with other fuels as a motor fuel;

(6) "alcohol fuel" means alcohol produced for use as a motor fuel;

(7) "motor fuel" means any substance suitable as a fuel for vehicles designed primarily for use on public streets, roads, highways, and off-road use;

(8) "alcohol fuel project" shall mean any new facility or expansion or improvement of an existing facility located in the United States for the purpose of commercial pro-

duction of alcohol fuel, including the equipment, plant, machinery, supplies, and other materials associated with the facility and including accessory equipment for control of environmental emissions. It also may include the land, services, and working capital required directly for use in connection with the facilities for the production of alcohol fuel;

(9) "Secretary" means the Secretary of Energy;

(10) "United States" means each State of several States and the District of Columbia and its territories and possessions;

(11) "renewable resource" means any substance which is a source of energy, and which is available in an inexhaustible supply in the foreseeable future, such as crops and crop waste, timber, animal and timber waste, cellulosic waste, food processing waste, municipal and industrial waste, sewage, sludge, oceanic and terrestrial plants, and other organic matter;

(12) "Office" means the Office of Alcohol Fuels;

(13) "Director" means the Director of the Office of Alcohol Fuels;

(14) "small alcohol fuel project" means an alcohol fuel project with a capacity to produce not more than 2,000,000 gallons of alcohol per year; and

(15) "Indian tribe" means any Indian tribe, band, nation, or other organized group or community, including any Alaska Native village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act which is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians.

SUBTITLE B—ESTABLISHMENT OF THE OFFICE OF ALCOHOL FUELS

ESTABLISHMENT

SEC. 210. (a) For the purpose of achieving the national goals described in section 220, the President shall establish the Office of Alcohol Fuels Production as an independent Office in the Department of Energy, to be headed by a Director.

(b) The Director shall be appointed by the President, by and with the advice and consent of the Senate and who shall serve at the pleasure of the President. The Director shall be compensated at the rate provided for in level IV of the Executive Schedule under section 5315 of title 5, United States Code.

AUTHORITY OF THE DIRECTOR

SEC. 211. (a) Subject to the general supervision of the Secretary, the Director shall be responsible for determining the terms and conditions of financial assistance agreements and the selection of recipients of financial assistance. The Director shall be subject to the direct supervision of the Secretary for all other matters.

(b) The authority of the Secretary under subsection (a) shall be nondelegable.

BUDGET SUBMITTAL

SEC. 212. In each annual authorization and appropriation request, the Secretary shall identify the portion thereof intended for the support of the Office and include a statement by the Office (a) showing the amount requested by the Office in its budgetary presentation to the Secretary and the Office of Management and Budget and (b) an assessment of the budgetary needs of the Office. Whenever the Office submits to the Secretary, the President, or the Office of Management and Budget, any legislative recommendation or testimony, or comments on legislation, prepared for submission to Congress, the Office shall concurrently transmit a copy thereof to the appropriate committees of Congress.

ANNUAL REPORT

SEC. 213. (a) (1) The Office shall submit to the Congress and the President an annual report containing—

(A) a general description of the Office's operations during the year;

(B) a specific description of each project in which the Office is involved;

(C) a status report on each such project; and

(D) an evaluation of the contribution which the project has made and is expected to make in fulfilling the purposes of this Title (including, where possible, a precise statement of the amount of domestic energy produced or to be produced thereby).

(2) The annual report shall describe progress made toward meeting the objectives (including the commercial production goals) of this Title and contain specific recommendations on what actions the Congress could take in order to facilitate the work of the Office in achieving the objectives of this Title.

(3) The annual report shall contain financial statements prepared by the Office in accordance with generally accepted accounting principles consistently applied.

(b) On or before September 30, 1990, the Office shall submit to the Congress and the President a report evaluating the overall impact made by the Office and describing the status of each then current alcohol fuel project. This report shall contain a plan for the termination of the work of the Office.

INTERAGENCY COORDINATION

SEC. 214. The Director, acting through the Secretary, is required to consult with the Secretary of the Treasury, the Secretary of Agriculture, the Administrator of the Farmer's Home Administration, the Secretary of Transportation, the Secretary of Commerce, the Administrator of the Community Services Administration, the Administrator of the Environmental Protection Agency, or their appointed representatives, and to coordinate the programs under the Director's responsibility with other programs within the Department of Energy and in the abovementioned Federal agencies, which are related to the production of alcohol fuel.

PUBLIC INFORMATION

SEC. 215. (a) The Secretary shall make available such public information concerning alcohol fuel as the Secretary may have at his disposal. Such information shall include but is not limited to information regarding types and availability of all loans relative to the production of alcohol fuel and construction of alcohol fuel plants, technical information concerning such production and construction, and other such technical and nontechnical public information as may be requested.

(b) The Secretary may, at his discretion, assess reasonable charges for any printed information made available and distributed to the public under subsection (a) of this section. However, in no case will such charges be assessed in excess of the actual cost of printing such information.

(c) The disclosure of information pursuant to this section shall be subject to section 552 of title 5, United States Code, and section 1905 of title 18, United States Code.

REPORT

SEC. 216. (a) Within one hundred and twenty days of the date of enactment of this legislation, the Secretary shall submit to the Congress a comprehensive list of all types of loans, grants, incentives, rebates, or any other such private, State, or Federal economic or financial benefits now in effect or proposed which can be or have been used for the study, planning, construction, and production of alcohol to be used as a motor fuel or motor fuel blend.

SUBTITLE C—ALCOHOL FUEL PRODUCTION

NATIONAL GOAL

SEC. 220. (a) The President, utilizing the provisions of this Title and any other applicable provision of law, shall seek to achieve a national goal of a volume of alcohol fuel from renewable resources equal to 10 per centum of the estimated gasoline consumption in the United States by 1990, subject to the results of the report prescribed in section 221.

(b) (1) Within six months after the date of enactment of this Title the Director of the Office shall submit a report to the Congress recommending a national production goal for alcohol fuels for the calendar year 1982. The goal shall be as high as is technically and economically feasible, taking into account any other factors that the Director deems appropriate, but in no case less than 60,000 barrels per day. The report shall include an analysis substantiating the recommended goal.

(2) The President shall exercise the authority under this Title and under other applicable provisions of law, so that the Nation shall achieve the production goal recommended under paragraph (1), or an alternative goal which he determines and transmits to the Congress, together with a report substantiating the alternative goal.

PRODUCTION STRATEGY

SEC. 221. (a) (1) In order to assure achievement of the national goal set forth in section 220, the Office shall—

(A) pursuant to section 222(a), solicit proposals for alcohol fuel projects;

(B) pursuant to section 230(a), provide financial assistance to those proposals acceptable to the Director; and

(C) after providing financial assistance pursuant to clauses (A) and (B), if in the judgment of the Director, there are, or will be, insufficient acceptable proposals as necessary to achieve the national goal,

the Office shall undertake to negotiate contracts pursuant to subtitle D, as necessary.

(2) Prior to the adoption of a comprehensive strategy pursuant to subsections (b) and (c), the Office in discharging its responsibilities under paragraph (1) shall employ financial assistance pursuant to subtitle D in such manner as will, in the judgment of the Director—

(A) as a first priority, assure the achievement of the goal established under section 220(b)(1); and

(B) as a second priority, assure the commercial availability of new technologies (including differing processes, methods, and techniques) which will be able to utilize new feedstocks, or which will have the capability of utilizing multiple feedstocks, at least some of which are not now considered to be feedstocks for commercial operations, in order to achieve the national goal.

(b) The Office shall, consistent with the purposes of this title, establish a comprehensive strategy to achieve the national alcohol fuel production goal set forth in section 220(a). Such strategy shall include in its formulation consideration of all practicable means for the commercial production of alcohol fuel from renewable resources, and report on the feasibility of attaining the national alcohol fuels production goal, pursuant to section 220(a). Such strategy shall, to the extent feasible, set forth the recommendation of the Director on the objectives and schedules of the Office.

(c) Not later than September 30, 1982, the Office shall submit its proposed comprehensive strategy to the Congress. The Director may, consistent with the purposes of this title, amend the approved strategy if, in the Director's judgment, such amendment is necessary to achieve the national alcohol fuel production goal set forth in section 220(a). Any such amendment and its justification shall be included in the subsequent annual report to the Congress pursuant to section 213(a).

SOLICITATION OF PROPOSALS

SEC. 222. (a) The Officer is hereby directed, from time to time, to solicit from concerns proposals for financial assistance for alcohol fuel projects, which proposal shall serve as the basis for negotiations of contracts for financial assistance pursuant to subtitle D.

(b) Within six months from the date of enactment of this title, the Office shall make the initial solicitation directed by subsection (a).

(c) For the purpose of expending applications for financial assistance, the Office shall establish a procedure for certifying that an applicant is eligible for such financial assistance:

(1) the Office shall establish this procedure within six months after the enactment of this title;

(2) the Office shall solicit and receive public views and comments concerning this procedure;

(3) information explaining this procedure and all materials necessary to apply for such certification shall be published in the Federal Register, and shall be made generally available through the Agriculture Extension Service, the Energy Extension Service, Department of Energy Offices, and other appropriate regional and local offices of the Federal Government, at the discretion of the Director;

(4) all locations where such information and material are available, shall accept and file applications for certification, and shall forward the applications to the Office;

(5) the Office shall determine the disposition of the application for certification within ninety days after receipt of the application: Provided, That no time shall be counted against the ninety days, when mutually agreed upon by the applicant and the Office;

(6) when so certified, the Office shall enter into negotiations with the applicant to determine the terms and conditions of the contract. In order to expedite the process of negotiation, the Director may make a unilateral offer of uniform terms and conditions, including, in the case of price guarantees and purchase guarantees, price. If the Director does propose a uniform price, he shall consult with the Secretary of Energy, and shall insure that such price shall serve as a sufficient incentive to the development of the domestic alcohol fuel market;

(7) the certification procedure established by the Office shall provide for categories of alcohol producers according to size, providing, to the maximum extent feasible, the simplest procedure for the smaller producers; and

(8) an applicant may obtain certification from the Office only upon a showing that he has obtained all necessary Federal, State, and local permits: *Provided*, That the Office may waive the requirements of this subsection if the applicant has filed for all necessary Federal, State, and local permits, and there is a probability that the applicant will obtain such permits.

(d) The Office shall, in cooperation with the Department of Agriculture, provide technical assistance to small alcohol fuel projects.

(e) The Office shall, working through the Energy Extension Service, provide educational projects on a wide geographic basis to demonstrate equipment suitable for use by small alcohol fuel projects in the production of alcohol fuel. Such projects shall be for the purpose of encouraging new small alcohol fuel projects.

SUBTITLE D—FINANCIAL ASSISTANCE

AUTHORIZATION OF FINANCIAL ASSISTANCE

SEC. 230. (a) Subject to the limitations set forth in this title, the Office is authorized and empowered upon such terms and conditions as the Director shall determine (1) to provide financial assistance to any concern which is engaged, or which proposes to engage, in an alcohol fuel project, (2) to select concerns to receive such assistance, (3) with the consent of the recipient, to renew, modify, or extend such financial assistance, and (4) in connection with the provision of financial assistance, require such security and collateral as the Director deems appropriate for the payment of any fixed or contingent obligations to the Federal Government.

(b) All contracts and instruments of the Office to provide, or providing, for financial assistance shall be general obligations of the United States backed by its full faith and credit.

(c) Subject to the conditions of any contract for financial assistance, such contract shall be incontestable in the hands of the holder, except as to fraud or material misrepresentation on the part of the holder.

(d) No financial assistance may be provided unless an application therefor has been submitted to the Office in such manner and containing such information as the Office may require.

(e) The Office in providing financial assistance shall give due consideration to maintaining competition.

(f) Every applicant for financial assistance under this title shall, as a condition precedent thereto, consent to such examinations and reports thereon as the Office or its designee may require for the purposes of this title. The Office shall require such reports and records as it deems necessary from any recipient of financial assistance in connection with activities carried out pursuant to this title. The Office is authorized to prescribe the manner of keeping records by any recipient of financial assistance and the Office or its designee shall have access to such records at all reasonable times for the purpose of insuring compliance with the terms and conditions upon which financial assistance was provided.

(g) In no case shall the aggregate amount of financial assistance made or committed under this title to any one concern exceed at any one time 20 per centum of the obligation authority of the Office authorized under section 240.

(h) Each price guarantee under section 232 or a purchase agreement under section 233 shall specify in dollars the maximum amount of the liability of the Federal Government thereunder.

(i) Priority for financial assistance shall go to applicants demonstrating a likelihood of economic viability.

(j) Not less than one-third of the amount authorized in section 240(a) for obligations or commitments shall be used to support small alcohol fuel projects.

(k) Priority for financial assistance under this subtitle shall accrue to those alcohol fuel projects whose alcohol fuel production will, as determined by the Director, likely displace a greater quantity of motor fuel by substitution of such alcohol fuel than the quantity of motor fuel consumed in the production of such alcohol fuel. The Director shall establish guidelines for use in granting such priority, which will seek to decrease over an appropriate period of time the relative consumption of motor fuel derived from petroleum in the production of such alcohol fuel.

(l) Whenever the Office, by one or more actions, awards a combination of two or more forms of financial assistance for a single alcohol fuel project, the Office shall insure that the recipient of such financial assistance shall bear a reasonable degree of risk in the construction and operation of such project.

LOAN GUARANTEES MADE BY THE DIRECTOR

SEC. 231. (a)(1) The Director is authorized, on such terms and conditions as he may prescribe, to commit to, or enter into loan guarantees against loss of principal and interest on bonds, notes, or other obligations (including refinancing thereof) issued solely to provide funds to any concern for an alcohol fuel project: *Provided*, That the Director shall not guarantee more than 90 per centum of the total costs of the alcohol fuel project, as estimated by the Director as of the date of the guarantee or commitment to guarantee. In the event the total costs of the project are thereafter estimated to exceed the total costs initially estimated, by the Director, he may in addition, upon application therefor, guarantee up to 60 per centum of the difference between the then estimated total costs and the total costs initially estimated.

(2) Any guarantee made by the Director under this section shall not be terminated, canceled, or otherwise revoked, except in accordance with the terms thereof; shall be conclusive evidence that such guarantee complies fully with the provisions of this Title and of the approval and legality of the principal amount, interest rate, and all other terms of the securities, obligations, or loans and of the guarantee; and shall be valid and incontestable in the hands of a holder of a guaranteed security, obligation, or loan, except for fraud or material misrepresentation on the part of such holder.

(b) If the Director determines that—

(1) the borrower is unable to meet payments and is not in default; it is in the public interest to permit the borrower to continue to pursue the purposes of such project; and the probable net benefit to the Federal Government in paying the principal and interest due under a loan guarantee agreement will be greater than that which would result in the event of a default;

(2) the amount of any payment which the Office would be required to pay shall be no greater than the amount of principal and interest which the borrower is obligated to pay at that time; and

(3) the borrower agrees to reimburse the Office for such payment on terms and conditions, including interest, which are satisfactory to the Director,

then the Office is authorized to pay the lender under a loan guarantee agreement, an amount not greater than the principal and interest which the borrower is obligated to pay.

(c) The terms and conditions of loan guarantees shall provide that, if the Director makes a payment of principal or interest upon the default by a borrower, the Department of Energy shall be subrogated to the rights of the recipient of such payment (and such subrogation shall be expressly set forth in the loan guarantee or related agreements).

(d) For purposes of this section an alcohol fuel project includes any facility having a noncommercial purpose, if the definition of alcohol fuel project in section 204(8) is otherwise met, and if the owner or joint owners of the facility will consume the alcohol fuel as a motor fuel.

PRICE GUARANTEES MADE BY THE DIRECTOR

SEC. 232. The Director is authorized, on such terms and conditions as he may prescribe, to commit to, or enter into price guarantees providing that the price that a concern will receive for all or part of the production from an alcohol fuel project shall not be less than a specified sales price determined as of the date of execution of the commitment or the price guarantee: *Provided*, That no such price guarantee shall be based upon a "cost plus" arrangement or variant thereof which guarantees a profit to the concern: *Provided further*, That if the Director determines in his sole discretion that such project would not otherwise be satisfactorily completed or continued and that completion or continuation of such project would be necessary to achieve the national goal, the sales price set forth in the price guarantee may be renegotiated.

PURCHASE AGREEMENTS MADE BY THE DIRECTOR

SEC. 233. (a) The Director is authorized, on such terms and conditions as he may prescribe, to commit to, or enter into or commit to enter into purchase agreements for all or part of the production from an alcohol fuel project. The sales price specified in a purchase agreement shall not exceed the estimated prevailing market price as of the date of delivery, as determined by the Secretary of Energy, unless the Director determines that such sales price must exceed the market price in order to (1) insure the production of alcohol fuel to achieve the goals established by section 220, and (2) as is necessary to insure the demonstration of new technology.

(b) The Director in entering into, or committing to enter into a purchase agreement shall require—

(1) assurance that the quality of the alcohol fuels purchased meets standards for the use for which such fuels are purchased;

(2) assurances that the ordered quantities of such fuels are delivered on a timely basis; and

(3) such other assurances as may reasonably be required.

(c) (1) The Office is authorized to take delivery of alcohol fuels pursuant to a purchase agreement. In any case in which the Office accepts delivery of such fuel, such alcohol fuel shall be used by an appropriate Federal agency. Such Federal agency shall pay the prevailing market price, as determined by the Secretary of Energy.

(2) The Director shall consult with the Secretary of Defense and the Administrator of the General Services Administration in the performance of his duties under this subsection. The Director is then authorized and directed to designate a Federal agency for receipt of this alcohol, in accordance with existing law.

(d) Each purchase agreement, or commitment to enter into a purchase agreement, shall provide that the office, on behalf of the Federal Government, retains the right to refuse delivery of the alcohol fuels involved upon such terms and conditions as shall be specified in the purchase agreement.

CONTROL OF ASSETS

SEC. 234. (a) The Office may acquire an alcohol fuel project only by foreclosure of a security interest or pursuant to a default under any financial assistance contract.

(b) Such project shall be disposed of according to existing law.

FEES

SEC. 235. The Office may charge and collect fees in connection with the financial assistance provided pursuant to this Title: *Provided*, That such fees shall not exceed 1 per centum of the amount of such financial assistance.

DISPOSITION OF SECURITIES

SEC. 236. The Director shall transfer to the Secretary of the Treasury any part of the notes, bonds, or any other evidences of indebtedness of any other person, ownership of which is acquired by the Office pursuant to this Title, and the Secretary of the Treasury shall dispose of them according to applicable law.

PATENTS

SEC. 237. (a) Any contract to provide a loan guarantee pursuant to section 231 may, in the judgment of the Director, require that whenever any invention is made or conceived in the course of or under such financial assistance title to the patent for such invention shall vest in the United States and the Secretary shall have the right to license the patent on a nonexclusive basis.

(b) (1) In the case of any patent the title to which is vested in the United States, pursuant to this section, the Secretary may not grant an exclusive or partially exclusive license except as provided in paragraph (2).

(2) The Secretary is authorized to grant an exclusive or partially exclusive license to a responsible applicant or applicants, upon terms reasonable under the circumstances, on the basis of competitive bids and following an opportunity for a hearing, upon notice in the Federal Register thereof to the public, only when, in the judgment of the Secretary, such exclusive or partially exclusive license is necessary to assure substantial utilization of such invention within a reasonable time.

(c) Each exclusive or partially exclusive license shall contain such terms and conditions as the Secretary may determine to be appropriate for the protection of the interests of the United States and the general public, including provisions for the Secretary, commencing two years after the grant of a license pursuant to subsection (b), to terminate such license if (A) it has not been applied to the commercialization of alcohol fuel production from domestic resources or (B) steps have not been taken as necessary to assure substantial utilization of such invention within a reasonable time.

(d) Loan guarantee agreements entered into pursuant to section 231 shall include such terms and conditions consistent with this subsection with respect to patents as the Director deems appropriate to protect the interests of the United States in the case of default. Such agreements shall require in the case of default that all patents, technology, and other proprietary rights resulting from the alcohol fuel project shall be available to the Secretary or his designee. Such agreement shall contain a provision specifying that other patents, technology, and other proprietary rights owned by the borrower which are necessary for the purpose of completion and operation of the alcohol fuel project shall be licensed to the Secretary and his designees on equitable terms, including due consideration to the amount of the default payments due to the Office.

SUBTITLE E—AUTHORIZATION AND FUND LIMITATIONS ON TOTAL AMOUNT OF OBLIGATION

SEC. 240. (a) The Office may not incur obligations or make commitments in excess of $650,000,000 in the aggregate.

(b) For purposes of determining the Office's compliance with this subsection, loan guarantees shall be valued at the initial face value of the loan guarantee, price guarantees and purchase agreements shall be valued by the Office as of the date of each such contract based upon the Office's estimates of its maximum potential liability pursuant to section 230(h) under each contract. Such determination shall be made in accordance with generally accepted accounting principles, consistently applied. If more than one form of financial assistance is to be provided to any one alcohol fuel project, then the Office's obligations thereunder shall be adjusted so that they reflect the Office's maximum exposure on such project.

(c) Any commitments by the Office to provide financial assistance which are nullified or voided for any reason shall not be considered for the purposes of subsection (a).

THE FUND

SEC. 241. (a) There is hereby created within the Treasury a separate fund (hereafter in this section called the "fund") which shall be available to the Office without fiscal year limitation for the purpose of carrying out the program authorized by this Title.

(b) All amounts received by the Office, fees, and any payments derived by the Office from operations under this title, shall be deposited in the fund, and shall be available subject to appropriations to carry out the purposes of this Title.

(c) All payments on obligations, appropriate expenses (including reimbursements to other Government accounts), and repayments pursuant to operations of the Office under this Title shall be paid from the fund. If at any time the Director determines that moneys in the fund exceed the present and reasonably foreseeable future requirements of the fund, such excess shall be transferred to the general fund of the Treasury.

(d) To enable the Director to discharge his responsibilities as authorized by this Title, the Director is authorized, as provided for in appropriation Acts, to issue to the Secretary of the Treasury, not to exceed $450,000,000 in notes or other obligations in such forms and denominations, bearing such maturities, and subject to such terms and conditions as may be prescribed by the Secretary of the Treasury. Redemption of such notes or obligations shall be made by the Director from appropriations or other moneys available under subsection (b) for financial assistance authorized by subtitle D. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, which shall be not less than a rate determined by taking into consideration the average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the notes or other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this subsection.

(e) There is hereby authorized to be appropriated to the fund $200,000,000 without fiscal year limitation. Of this amount, no more than $10,000,000 shall be used for administrative expenses in fiscal year 1980.

(f) Upon establishment of the Synthetic Fuels Account pursuant to section 195(a)(1) of Title I of this Act—

(1) $650,000,000 less any amount otherwise appropriated pursuant to the authority of this Title shall be transferred from such fund to the fund established by this section, and such sum shall be available solely for the expenditures made by the Office, as provided in this Title, without fiscal year limitation; and

(2) the authority of subsections (d) and (e), to the extent that they have not already been exercised, shall no longer be available.

SUBTITLE F—UTILIZATION OF EXCESS SUGAR

SUGAR STOCKS FOR GASOHOL

SEC. 250. (a) Within three months of the date of enactment of this Title, the Commodity Credit Corporation (hereafter referred to as the "Corporation" in this section) shall, pursuant to section 1427 of title 7 of the United States Code (section 407 of the Commodity Credit Corporation Charter Act), make every reasonable effort to sell its stocks of sugar (whether raw or processed) from crop years prior to and including 1978 (such crop years to be designated by the Secretary of Agriculture) in accordance with the requirements of such section 1427. Notwithstanding any other provisions of law, the Corporation shall make every reasonable effort to sell any such sugar stocks not sold after such three-month period, without regard to the price requirements of such section 1427, for the restricted use (1) of processing into ethanol for use in motor fuel, or (2) as a livestock feed.

(b) For any stocks of sugar (whether raw or processed) from crop years after 1978 (such crop years to be designated by the Secretary of Agriculture), the Corporation shall, pursuant to such section 1427, make every reasonable effort to sell such stocks in accordance with such section 1427 within a reasonable time (such time to be determined by the Secretary of Agriculture, taking into account market conditions, the price support program and the objectives of such section 1427, but in any event no longer than one year after acquisition of such sugar). Notwithstanding any other provision of law, the Corporation shall make every reasonable effort to sell any such sugar stocks not sold after such one year period, without regard to the price requirements of such section 1427, for the restricted use (1) of processing into ethanol for use in motor fuel, or (2) as a livestock feed.

(c) If the requirements of subsections (a) and (b) do not result in substantial sales of the stocks of sugar held by the Commodity Credit Corporation, within a reasonable time (but no longer than one year after the Corporation is authorized to sell such stocks without regard to the price requirements of such section 1427) then such Corporation shall enter into processing agreements for the purpose of processing the stocks into ethanol, whereupon the Corporation shall make this ethanol available for purchase for the exclusive use as a motor fuel in motor vehicles owned or leased by the Federal Government.

(d) Nothing in this section shall be construed as modifying the application to such sugar stocks of the provisions of such section 1427, except to the extent expressly provided in this section.

Subtitle G—Federal Use of Gasohol

USE OF GASOHOL IN FEDERAL MOTOR VEHICLES

Sec. 260. (a) Notwithstanding any other provision of law, motor vehicles owned or leased by the Federal Government and which are capable of operating on gasohol, shall use gasohol where available at reasonable prices and in reasonable quantities.

(b) The President may promulgate exceptions to the requirement of subsection (a) where necessary to protect the national security.

(c) For the purposes of this section, the Secretary shall define, by rule, the meaning of the term "gasohol", including specifications for its use.

Subtitle H—Motor Vehicle Study

MOTOR VEHICLE STUDY

Sec. 270. The Secretary shall in consultation with the Secretary of Transportation submit to the Congress within nine months of the date of enactment of this Title a report on—

(a) the need for and practicality of, mandating through legislation that any new motor vehicle sold in the United States shall be capable of using gasohol as a motor fuel in specified alcohol-gasoline mixtures, including either methanol or ethanol, or alcohol as the only fuel; and

(b) the need for any other legislation to address technical or institutional barriers to the widespread marketing of gasohol.

Subtitle I—Natural Gas Priorities

PRIORITIES

Sec. 280. (a) For the purposes of section 401 of the Natural Gas Policy Act of 1978 (Public Law 95-621) the term "essential agricultural use" shall include use of natural gas in sugar refining for production of alcohol.

(b) For the purposes of section 401 of the Natural Gas Policy Act of 1978 (Public Law 95-621) the term "essential agricultural use" shall include use of natural gas for agricultural production on set-aside acreage or acreage diverted from the production of a commodity (as defined in the Agricultural Act of 1949, as amended) to be devoted to the production of any commodity for conversion into industrial hydrocarbons and blending with gasoline or other fossil fuels for use as motor or industrial fuel.

Subtitle J—Standby Allocation

STANDBY AUTHORITY

Sec. 290. Section 4 of the Emergency Petroleum Allocation Act of 1973, as amended, is amended by adding at the end thereof, the following new subsection (f):

"(f)(1) If the President finds that there are significant quantities of alcohol suitable for use in motor fuel that are not being used for that purpose because of an unavailability of crude oil with respect to a specific refiner or unavailability of refined petroleum product with respect to persons engaged in the marketing of such refined petroleum product, then the President shall exercise the authorities granted him in paragraphs (2), (3), and (4) so as to result in the use of that alcohol in motor fuel.

"(2) Using the authorities of the mandatory allocation program under subsection (a) the President may to the extent practicable and subject to all other requirements of this Act, as amended, provide for the allocation of the maximum reasonable supply of (A) crude oil for refineries engaged in the production of gasoline or other refined petroleum products which are to be mixed with alcohol, to the extent of such production for such mixing, and (B) refined petroleum products to persons engaged in the production or marketing of such gasoline or such other refined petroleum product to the extent of such production or marketing.

"(3) In exercising the authority granted under paragraph (2) the President shall seek to avoid disruption of crude oil and refined petroleum product markets and to avoid causing unreasonable increases in the price of alcohol.

"(4) In the implementation of this subsection, due consideration shall be given to the adequacy of quality control in any refinery operations related to the receipt of an allocation under paragraph (2).

"(5) For the purposes of this subsection, 'alcohol' means methanol, ethanol, or any other alcohol which is produced from any source and which is suitable for use in combination with other fuels as a motor fuel.".

TITLE III—ENERGY TARGETS

Short Title and Table of Contents

SHORT TITLE

Sec. 301. (a) This title shall be known as the "Domestic Energy Policy Act of 1979".

(b) Table of Contents.—

Sec. 301. Short title.
Sec. 302. Findings.
Sec. 303. Purpose.
Sec. 304. Definitions.
Sec. 305. Energy Targets.
Sec. 306. Annual Energy Report.
Sec. 307. Consideration by Congress.
Sec. 308. Energy Impact Reports.
Sec. 309. Relationship to the National Environmental Policy Act.

FINDINGS

Sec. 302. Congress finds that—

(a) the United States faces an increasing shortage of petroleum;

(b) this petroleum shortage and our increasing dependence on insecure foreign energy supplies present drastic threats to the economy and national security of the United States and its allies and to the health, safety, and welfare of its citizens;

(c) a strong national energy program is needed to meet the present and future energy needs of the Nation consistent with overall national economic, environmental, and social goals;

(d) the likelihood of development of such a program is presently substantially reduced because no comprehensive consideration of the Nation's imported and domestic energy needs and the methods of meeting those needs is required as a part of the energy policy process; and

(e) unless Congress establishes and regularly reviews and revises, as necessary, the energy targets of the Nation no definitive decisionmaking by Congress will be possible with respect to future energy consumption and supply patterns.

PURPOSE

Sec. 303. Congress declares that establishment of the Nation's future energy targets is in the public interest and will promote the general welfare by assuring coordinated development and effective administration of Federal energy policy. It is the purpose of this Title—

(a) to establish a set of energy targets for imports and domestic production for the years 1980, 1985, 1990, 1995, and 2000;

(b) to update these targets annually, taking into account changes in circumstances;

(c) to provide for a mechanism through which a coordinated national energy policy can be formulated to deal with the short-, mid-, and long-term energy problems of the Nation (including programs stimulating domestic energy production and offsetting shortages of imported energy supplies); and

(d) to require submission of a plan for the coordination and management of a balanced and comprehensive energy program, including—

(1) requirements for energy research, development, and demonstration in order to meet the energy targets established under this Title;

(2) priorities necessary to meet those requirements;

(3) programs for the development of the various forms of energy production and for energy conservation;

(4) information resulting from such programs (including information on the commercial feasibility and use of energy from fossil, nuclear, solar, geothermal, and other energy technologies); and

(5) programs to accelerate the development of hydrocarbon resources in the Western Hemisphere.

DEFINITIONS

Sec. 304. As used in this Title the term—

(1) "crude oil and NGL" includes liquid products obtained from lease operations, field facilities, and natural gas processing plants and liquid petroleum obtained from shale and tarsands;

(2) "coal" when used in connection with domestic production, includes coal which is converted to gaseous or liquid fuels;

(3) "renewables" includes energy or fuel derived directly from sunlight or from biomass, wood, or other plant or animal wastes, hydropower and geothermal sources;

(4) "end use consumption" does not include exports of fuel or electricity;

(5) "decentralized renewables" excludes the production of electricity for delivery to multiple points of end-use consumption through an electric power grid network;

(6) "conversion loss" includes heat or other forms of energy not recovered in the conversion of raw energy resources, fuels or electricity into alternate form prior to delivery for end-use consumption;

(7) "designated energy form" means one of the categories of energy production, imports, or end-use consumption for which targets are transmitted pursuant to in section 305;

(8) "technology demonstration" means a commitment by the Federal Government of funds, tax incentives, regulatory actions, or other assistance to the demonstration of a particular technique for producing, recovering, converting, or consuming energy; and

(9) "cost per barrel of crude oil equivalent" means with respect to the cost of producing energy by any technique the cost of produc-

ing 5.8 million British thermal units (Btu) of energy by such technique.

ENERGY TARGETS

SEC. 305. No later than January 31 of the first calendar year after the enactment of this Title, the President shall transmit to the Congress a set of energy targets in the following form:

Energy targets

(Quadrillion Btu's per year)

	1980	1985	1990	1995	2000
Domestic production:					
Crude oil and NGL					
Natural gas					
Coal					
Nuclear					
Renewables					
Subtotal					
Imports:					
Crude oil and refined petroleum					
Natural gas					
Coal					
Subtotal					
Total supply					
End-use consumption:					
Petroleum liquids					
Natural gas					
Direct coal					
Electricity					
Decentralized renewables					
Subtotal					
Conversion loss					
Total consumption					

ANNUAL ENERGY REPORT

SEC. 306. (a) The President shall submit an annual energy report prepared, to the extent practicable, pursuant to Title VIII of the Department of Energy Organization Act (42 U.S.C. 7321), to Congress no later than January 31 of each year. Such report shall contain a review of the energy targets proposed to Congress under section 305 and, beginning in the second year following enactment, a review of the targets approved by Congress and any recommendations to Congress for further revision of such targets and in addition:

(1) the actual and projected (as applicable) domestic end-use consumption, imports, and domestic production (in quadrillion Btu's), by designated energy form, for the year preceding the current year, the current year, and the year following the current year;

(2) the projected domestic end-use consumption, imports (including the proportion which is insecure, as defined by the Secretary) and domestic production (in quadrillion Btu's) by designated energy form for the years 1980, 1985, 1990, 1995, and 2000 to the extent these years are not addressed under paragraph (1);

(3) if the year previous to the current year is one for which targets are established under this Title, and if any such target is not achieved in that year, then the reasons therefor; and

(4) if the figures obtained under paragraph (1) regarding the actual domestic end-use consumption, imports, and domestic production for the year preceding the current year are significantly different from the corresponding figures that were obtained in the year two years preceding the current year as projected domestic end-use consumption, imports, and domestic production for the year preceding the current year, then the reasons therefor.

(b) The first report prepared under this section and any subsequent report (if such subsequent report contains proposed changes in any energy target) shall include a plan which shall—

(1) identify energy production, consumption, conservation, or other programs necessary to achieve the energy targets (or proposed revisions thereof) of the United States;

(2) identify the strategies that should be followed and the resources that should be committed to implement the programs under paragraph (1);

(3) describe any differences between the plan contained in such report and the most recent plan or plans developed pursuant to title VIII of the Department of Energy Organization Act (42 U.S.C. 7321); and

(4) recommend legislative and administrative actions necessary to achieve the energy targets (or proposed revisions thereof) including recommendations on taxes or tax incentives, Federal assistance, regulatory actions, antitrust policy, foreign policy, and international trade policy.

(c) The report under subsection (a) shall include—

(1) whatever data and analysis are necessary to support the objectives, resource needs, and policy recommendations contained in such plan;

(2) a summary of energy research and development efforts and energy technology demonstrations funded by the Federal Government;

(3) a review and appraisal of the adequacy and appropriateness of procedures and practices (including competitive and regulatory practices) employed by Federal, State, and local governments and nongovernmental entities to achieve the purposes of such plan; and

(4) an assessment of the cost effectiveness of each planned technology demonstration, including a summary sheet, containing at the minimum the following information:

(A) a description of the technology to be demonstrated;

(B) the cost of the technology demonstration in total, and in each year;

(C) practical limits on the amount of energy to be produced by such technology;

"(D) the cost per barrel of crude oil equivalent of the energy produced by the technology demonstration and an estimate of such cost at the time when the technology is commercialized; and

(E) a brief description of special problems associated with the technology demonstration, such as environmental or transportation problems.

CONSIDERATION BY CONGRESS

SEC. 307. (a) (1) The proposed targets transmitted under section 305, the report required by section 306(a) and the plan required by section 306(b) shall be referred to the Committee on Energy and Natural Resources in the Senate and to the appropriate committee in the House of Representatives.

(2) In each subsequent year, any review and proposed revision of energy targets under section 306(a) and the plan, if any, under section 306(b) shall be referred to such committees.

(b) (1) During the first calendar year after enactment of this Title, each such committee shall review the proposed energy targets transmitted under section 305 and on or before May 15 of such year, shall report to the Senate or to the House of Representatives, as the case may be, a joint resolution establishing energy targets in the form set forth in section 305.

(2) In each subsequent year each such committee shall review established energy targets and, on or before May 15 of such year, report to the United States Senate or House of Representatives, as the case may be, a joint resolution prescribing any changes in established energy targets or reaffirming such targets.

(c) (1) Any joint resolution once introduced with respect to any matter referred to in subsection (b) shall immediately be referred to the Committee on Energy and Natural Resources or to the appropriate committee in the House of Representatives (and all resolutions in the same House with respect to the same energy targets shall be referred to the same committee) by the President of the Senate or the Speaker of the House of Representatives, as the case may be.

(2) In the case that no report is filed pursuant to subsection (b) in any year by the Committee on Energy and Natural Resources in the Senate or, in the House, by the appropriate committee of the House of Representatives, it shall be in order at any time after May 15 and before July 15 of such year to move either to discharge such a committee from further consideration of such resolution or to discharge such a committee from further consideration of any other resolution establishing, prescribing changes in or reaffirming energy targets (as the case may be) which has been referred to such committee.

(3) A motion to discharge may be made only by an individual favoring the resolution, shall be highly privileged (except that it may not be made after the committee involved has reported a resolution referred to in subsection (b)), and debate thereon shall be limited to not more than one hour, to be equally divided between those favoring and those opposing the resolution. An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion was agreed to or disagreed to.

(4) If the motion to discharge has been agreed to or disagreed to, the motion may not be renewed, nor may any other motion to discharge the committee involved be made with respect to any other resolution with respect to the same matter referred to in subsection (b).

(d) (1) When the Committee on Energy and Natural Resources has reported, or has been discharged from further consideration of, any resolution with respect to a matter referred to in subsection (b), it shall at any time be in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the resolution. The motion shall be highly privileged and shall not be debatable. An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion was agreed to or disagreed to. Debate in the Senate on any such joint resolution and all amendments thereto and debatable motions and appeals in connection therewith, shall be limited to not more than twenty hours. The time shall be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

(2) Debate in the Senate on any amendment shall be limited to one hour, to be equally divided between, and controlled by, the mover and the manager and debate on any amendment to an amendment, debatable motion, or appeal shall be limited to one-half hour, to be equally divided between, and controlled by, the mover and the manager except that in the event the manager is in favor of any such amendment, motion, or appeal, the time in opposition thereto shall be controlled by the minority leader or his designee. No amendment that is not germane to the provisions shall be received. Such leaders or either of them, may, from the time under their control on the passage of the joint resolution allot additional time to any

Senator during the consideration of any amendment, debatable motion, or appeal.

(3) A motion to further limit debate is not debatable. A motion to recommit (except a motion to recommit with instructions to report back within a specified number of days, not to exceed three, not counting any day on which the Senate is not in session) is not in order. Debate on any such motion to recommit shall be limited to one hour, to be equally divided between, and controlled by, the mover and the manager.

(4) Notwithstanding any other rule, an amendment, or series of amendments proposed in the Senate shall always be in order if such amendment or series of amendments proposes to change any figure or figures then contained in such joint resolution so as to make such mathematically consistent or so as to maintain such consistency.

(e)(1) Debate in the House of Representatives on any such joint resolution is in order at any time after a discharge motion is approved under subsection (c) or at any time after the tenth day (excluding Saturdays, Sundays, and legal holidays) following the day on which any report of the appropriate committee of the House upon any such resolution was made available to Members of the House. Any motion to proceed to the consideration of any such joint resolution is highly privileged and is not debatable. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) General debate on any joint resolution on the energy targets in the House of Representatives shall be limited to not more than twenty hours, which shall be divided equally between the majority and minority parties. A motion further to limit debate is not debatable. A motion to recommit the joint resolution is not in order, and it is not in order to move to reconsider the vote by which the joint resolution is agreed to or disagreed to.

(3) Consideration of any joint resolution on the energy targets by the House of Representatives shall be in the Committee of the Whole, and the resolution shall be read for amendment under the five-minute rule in accordance with the applicable provisions of rule XXIII of the Rules of the House of Representatives. After the Committee rises and reports the resolution back to the House, the previous question shall be considered as ordered on the resolution and any amendments thereto to final passage without intervening motion; except that it shall be in order at any time prior to final passage (notwithstanding any other rule or provision of law) to adopt an amendment (or a series of amendments) changing any figure or figures in the resolution as so reported to the extent necessary to achieve mathematical consistency.

(4) Debate in the House of Representatives on the conference report on such joint resolution shall be limited to not more than five hours, which shall be divided equally between the majority and minority parties. A motion further to limit debate is not debatable. A motion to recommit the conference report is not in order, and it is not in order to move to reconsider the vote by which the conference report is agreed to or disagreed to.

(5) Motions to postpone, made with respect to the consideration of any joint resolution on the energy targets and motions to proceed to the consideration of other business, shall be decided without debate.

(6) Appeals from the decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to any joint resolution on energy targets shall be decided without debate.

ENERGY IMPACT REPORTS

SEC. 308. The President shall prepare for each bill or resolution of a public character that is reported by any Committee of the House of Representatives or the Senate, or any rulemaking by any agency or executive order by the President, and submit to the jurisdictional Committees handling energy matters in the House and Senate:

(a) an estimate of the impact of such bill, resolution, rulemaking or order on the energy targets; and

(b) such estimate shall be submitted and included in any report accompanying such bill or resolution, rulemaking or order.

RELATIONSHIP TO THE NATIONAL ENVIRONMENTAL POLICY ACT

SEC. 309. Preparation and transmittal to the Congress of energy targets, under section 306(a), review and proposed revision under section 306(a) and plans under section 306(b) shall not be considered to be "a major Federal action significantly affecting the environment" within the meaning of section 102(2)(c) of the National Environmental Policy Act of 1969 (83 Stat. 85) and an environmental impact statement need not be prepared on energy targets, revisions thereof or any plan submitted under section 306(b).

TITLE IV—ENERGY CONSERVATION

SUBTITLE A—SHORT TITLE, FINDINGS AND PURPOSES, DEFINITIONS

SHORT TITLE

SEC. 401. (a) This Title may be cited as the "Energy Conservation Act of 1979".

(b) TABLE OF CONTENTS.—

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SUBTITLE H—INDUSTRIAL ENERGY CONSERVATION

SUBTITLE I—RESIDENTIAL ENERGY AUDIT

FINDINGS AND PURPOSE

SEC. 402. (a) FINDINGS.—The Congress finds (1) that the most rapid and economical method for reducing domestic dependence on insecure supplies of high-cost foreign petroleum and for extending to the maximum extent possible the available domestic reserves of nonrenewable energy resources is to increase the efficiency with which energy is used; and (2) that increased energy efficiency and reduced foreign energy dependence will have advantageous effects on employment, the economy, the environment, and the national security.

(b) PURPOSE.—It is the purpose of this Title to facilitate the efficient use of energy through the establishment of programs designed to assist and encourage residential and commercial use of energy conserving measures and devices.

DEFINITIONS

SEC. 403. For the purpose of this Title the term—

(1) "Department" means the Department of Housing and Urban Development;

(2) "Secretary" means the Secretary of Housing and Urban Development;

(3) "Association" means the Government National Mortgage Association;

(4) "applicant" means any eligible person who submits an application for a loan authorized by subtitle B or a grant authorized by subtitle C;

(5) "eligible person" means any principal owner or lessee of a dwelling unit or commercial building;

(6) "dwelling unit" means any house, apartment, group of rooms or single room, occupied or intended for occupancy as separate living quarters, and located in any State;

(7) "State" means the District of Columbia, the Commonwealth of Puerto Rico, or any State, territory or possession of the United States;

(8) "Governor" means the chief executive officer of the State;

(9) "residential building" means any building used as a principal residence which—

(A) is not a new building to which final standards under section 304(a) and 305 of Public Law 94-385 apply;

(B) contains at least one dwelling unit; and

(C) has a system for heating or cooling, or both;

(10) "commercial building" means any building other than a residential building which—

(A) is not a new building to which final standards under section 304(a) and 305 of Public Law 94-385 apply,

(B) is used primarily to carry out a for-profit or nonprofit business, and

(C) is not used primarily for the manufacture or production of raw materials, products, or agricultural commodities;

(11) "residential energy conservation measures" shall be defined as in section 210(11)(A) through (G) and (I) of Public Law 95-619;

(12) "commercial energy conservation measure" means an installation or modification of an installation in a commercial building which is primarily intended to reduce petroleum, natural gas, or electric power consumption including—

(A) insulation of the building structure and systems within the building;

(B) storm windows and doors, multi-glazed windows and doors, heat absorbing or heat reflective glazed and coated windows and door systems, additional glazing, reductions in glass area, and other window and door system modifications;

(C) automatic energy control systems;

(D) equipment required to operate variable steam, hydraulic, and ventilating systems adjusted by automatic energy control systems;

(E) furnace or utility plant and distribution system modifications including—

(i) replacement burners, furnaces, boilers, or any combination thereof, which substantially increase the energy efficiency of the heating system,

(ii) devices for modifying flue openings which will increase the energy efficiency of the heating system, and

(iii) electrical or mechanical furnace ignition systems which replace standing gas pilot lights,

(F) caulking and weatherstripping;

(G) replacement or modification of lighting fixtures which replacement or modification increases the energy efficiency of the lighting system without increasing the overall illumination of a facility (unless such increase in illumination is necessary to conform to any applicable State or local building code or, if no such code applies, the increase is considered appropriate by the Secretary of Energy);

(H) energy recovery systems;

(I) cogeneration systems which produce steam or forms of energy such as heat, as well as electricity, for use primarily within such building or complex of buildings served by the furnace or utility plant and which meet such fuel efficiency requirements as the Secretary of Energy may by rule prescribe; and

(J) such other measures as the Secretary of Energy identifies by rule for purposes of this Title;

(13) "energy conservation expenditure" means an expenditure made after August 1, 1979 for the design, acquisition, or installation of residential or commercial energy conservation measures, including planning and technical services for that purpose and residential or commercial energy audits;

(14) "residential energy audit" means—

(A) an inspection of a residential building performed under Title II of Public Law 95–619, or

(B) a determination of the energy consumption characteristics of a residential building which—

(i) identifies the type, size, and rate of energy consumption of such building and the major energy using systems of such building;

(ii) recommends any modifications in the maintenance or operations of the building which would significantly reduce energy consumption;

(iii) contains information regarding energy conservation techniques which are adjustments in energy use patterns or modifications of activities and which can be employed by the customer to save energy without requiring the installation of residential energy conservation measures, and the estimated savings in energy costs likely to result from the use of such techniques;

(iv) recommends the installation of any residential energy conservation measure determined to be advantageous to the customer based on costs and benefits and the availability of Government assistance programs;

(v) informs the customer of the estimated cost of purchasing and installing the residential energy conservation measures recommended and the energy cost savings likely to result from installing these measures;

(vi) includes, if available, the lists described in paragraphs (2) and (3) of section 213(a) of Public Law 95–619; and

(vii) contains such other elements as the Secretary of Energy may, by rule, prescribe;

(15) "commercial energy audit" means a determination of the energy consumption characteristics of a commercial building which—

(A) identifies the type, size, and rate of energy consumption of such building and the major energy using systems of such building;

(B) indicates appropriate energy conserving maintenance and operating procedures; and

(C) indicates the need, if any, for the acquisition and installation of energy conservation measures; and

(D) contains such other elements as the Secretary of Energy may, by rule, prescribe;

SUBTITLE B—ENERGY CONSERVATION BANK

PURPOSE

SEC. 404. It is the purpose of this subtitle to encourage the use of energy conservation measures, and thereby lessen the Nation's dependence on foreign sources of energy supplies, by providing subsidies for below-market interest rate and graduated-payment loans made to owners and lessees of residential and commercial buildings for the purchase and installation of energy conservation measures in such buildings.

ESTABLISHMENT OF THE BANK

SEC. 405. (a) There is hereby created the Energy Conservation Bank (hereafter referred to as "the Bank") which shall be in the Association. The Bank shall have succession until September 30, 1985.

(b) The General Accounting Office shall periodically audit the financial transactions of the Bank, and, for this purpose, shall have access to all of its books, records, and accounts.

(c) The Bank may impose fees or charges for its services which shall be deposited into the miscellaneous receipts of the Treasury.

POWERS

SEC. 406. The Secretary shall have the power to fix different levels of subsidy on loans subsidized by the Bank and the interest rates paid by borrowers on such loans, but not lower than 6 percentage points below the maximum interest rate permitted on a mortgage insured under section 203(b) of the National Housing Act, and from time to time to alter the levels of subsidy and interest rates for new loans subsidized by the Bank. In doing so, the Secretary shall minimize the frequency with which the levels of subsidy and interest rates are altered and shall give consideration to such factors as the Secretary shall deem appropriate, including, but not limited to:

(a) the prevailing market rates of interest for home mortgages, home improvement loans, and commercial loans, as well as prevailing market rates of interest for Government and corporate bonds;

(b) the availability of other Federal Government incentives and subsidies for energy conservation expenditures, including Federal income tax credits;

(c) the prevalent repayment terms and loan amounts elected by the applicants in the program;

(d) the costs of nonrenewable energy resources and systems;

(e) the costs of residential and commercial energy conservation measures; and

(f) the levels of subsidy needed to induce consumers to install such energy conservation measures in residential and commercial buildings.

SUBSIDY PAYMENTS

SEC. 407. (a) (1) The Bank shall, beginning with fiscal year 1980, make payments to financial institutions for the purpose of subsidizing below-market-rate and graduated-payment loans which are made by such institutions to owners or lessees of residential or commercial buildings for the purchase and installation of energy conservation measures in such buildings and which meet the requirements of this section. The repayment schedule for such loans may be graduated as prescribed by the Secretary, subject to the limitations of paragraph (2).

(2) The amount of any payment made with respect to any loan or qualifying portion of a loan shall be a lump-sum payment and shall be in an amount necessary, as determined by the Secretary, to compensate the financial institution for the difference in yield between making such loan at an interest rate determined by the Secretary and making such loan at a market rate. The Secretary shall set the interest rate subsidy for graduated-payment loans so that the cost to the Association of providing a subsidy for a level-payment loan equals the cost to the Association of providing a subsidy for a graduated-payment loan.

(3) The Bank may, with respect to any loan for which a subsidy payment is made under this subtitle, require the financial institution to repay the Bank any amount to which the Bank is entitled as a result of the borrower's failure to meet his or her obligation under the loan.

(b) A payment may be made under this section with respect to a loan or qualifying portion of a loan only if—

(1) the term of repayment does not exceed fifteen years and is not less than three years except that the financial institution may set a shorter term of repayment at the request of the borrower if the loan or advance credit is repaid at any time before the term of repayment expires;

(2) in the case of an application for a loan to finance a residential energy conservation expenditure, the financial institution makes available to the applicant, prior to making a loan commitment to the applicant, information on the availability of residential energy audits;

(3) in the case of an application for a loan to finance a commercial energy conservation expenditure, the applicant submits a copy of a commercial energy audit with the loan application;

(4) the amounts of such loans allocable to energy conservation expenditures does not exceed $2,500 per independent dwelling unit whether detached, semi-detached or attached; $2,000 per dwelling unit in any residential building which contains two, three, or four units; and $50,000 per commercial building: *Provided*, That such dollar limits shall be increased 10 per centum on January 1, 1981, and on each anniversary thereafter for the duration of the program;

(5) the loan is not made to the owner of a residential building containing more than four dwelling units;

(6) the loan does not finance expenditures of a lessee for energy conservation measures for a dwelling unit in a residential building containing more than four dwelling units;

(7) in the case of financing residential energy conservation expenditures, the loan is not made to a member of a household which has an annual income greater than 315 per centum of the Lower Living Standard Income Level as defined for the area of the member's domicile by the Department of Labor in the most recent reporting period for which statistics are available;

(8) in the case of financing commercial energy conservation expenditures, the loan is not made to an applicant who conducts more than $1,000,000 in gross annual sales;

(9) the loan does not finance expenditures of a lessee for energy conservation measures for a dwelling unit or a commercial building unless the lessee pays for the energy used to heat or cool such unit or building, and the unit or building is either separately metered for the purpose of measuring the delivery of such energy, leased under an arrangement which requires the lessee to pay for such energy for a period of at least one year, or managed so that the lessee has been paying for such energy for at least one year;

(10) the loan does not finance expenditures for residential energy conservation measures which will not be installed by either the loan applicant or a contractor listed pursuant to the provisions of section 213(a)(2) of Public Law 95–619;

(11) the security for the loan meets requirements of the Association;

(12) the energy conservation measures to be financed will be purchased and installed

after the date of enactment of this Act, except as provided in section 412; and

(13) the applicant certifies that no grant or loan has been received pursuant to the provisions of this title or section 232 of Public Law 95–619 for the expenditures for which a loan under this subtitle is sought, and that no residential tax credit has been received pursuant to section 101 of Public Law 95–618 for such expenditures, and that to the applicant's knowledge the loan will not cause the sum of all energy conservation measures paid for or subsidized pursuant to this title, to section 232 of Public Law 95–619, or to title I of Public Law 95–618 to exceed the limit established in section 407(b)(4) of this subtitle.

(c) Not less than 75 per centum of the amount of subsidy payments made under this title in any year shall be for the purpose of assisting the financing of energy conservation measures in residential structures.

TRANSFER OF PROPERTY

SEC. 408. (a) Any person who transfers a dwelling unit for which a federally subsidized energy conservation expenditures has been made for residential energy conservation measures pursuant to this title shall disclose to the purchasers in writings on or before the transfer of such dwelling unit (1) the amount of any such loan, grant or tax credit received and (2) the amount of expenditures made for such measures.

(b) Any lessee who has received a grant, loan or tax credit for energy conservation expenditures for a dwelling unit shall disclose in writing to the principal owner, or owners, before the termination of his occupancy of such dwelling unit (1) the amount of any loan, grant or tax credit received, and (2) the amount of expenditures made for such measures.

(c) The owner of any dwelling unit for which a grant or loan has been made under this title, or a tax credit claimed, shall disclose in writing to the prospective lessee prior to the execution of a lease or other occupancy agreement—

(1) the amount of any such grant, loan or tax credit, and

(2) the amount of expenditures made for such measures.

(d) Whoever knowingly and willfully fails to disclose information in accordance with this section shall be liable to any person entitled to such information in the amount of three times the value of the undisclosed loan, grant and tax credit benefits provided to such person under this Title. The requirements for disclosure under this section shall be limited to the duration of this program.

PENALTIES

SEC. 409. Except as provided in section 408, any person who knowingly makes any false statement or misrepresents any material fact with respect to any loan or grant under this subtitle shall be fined not more than $10,000 or imprisoned not more than one year, or both.

REPORT

SEC. 410. The Secretary shall report to both Houses of Congress, within nine months from the date of enactment of this Act, on the market penetration of assistance provided by the Bank.

PROMOTION AND COORDINATION

SEC. 411. (a) The Secretary shall promote the program established by this subtitle by informing financial institutions and consumers of the benefits of this program and by actively seeking their participation in the program. The Secretary is authorized to use any available means of communication to accomplish the goals through the electronic media, print media, and the postal system. The Secretary shall also assure effective coordination with State, local, regional, and Department of Energy promotion, outreach, and assistance programs.

(b) The Secretary shall require all financial institutions receiving subsidy payments from the Bank pursuant to the provision of this subtitle to make available applications for grants authorized in subtitle C of this Title, and to inform loan applicants of the availability of such grants.

RETROACTIVITY

SEC. 412. Consumers who have borrowed money from a financial institution for the purchase and installation of an energy conservation measure after August 1, 1979, shall be eligible for assistance by the Bank if the original loan is refinanced after the date of enactment of this Title.

RULES AND REGULATIONS

SEC. 413. As soon as practicable, but in no case later than six months after the date of enactment of this Title, the Secretary shall promulgate such rules and regulations as may be necessary for the operation of the program authorized by this subtitle.

ADVISORY BOARD

SEC. 414 (a) As part of the Bank, there is established an Advisory Board (hereafter referred to as the "Board") consisting of five members which shall provide advice to the Secretary for the purpose of assisting the Bank in carrying out the provisions of this part. The President shall appoint to the Board from among persons who are not officers or employees of any governmental entity or any entity engaged in the exploration, development, production or delivery of any energy resource—

(1) two members who are able to represent the views of the general public as a result of their education, training, or experience;

(2) a third member who is able to represent the views of the scientific community as a result of the member's education, training, or experience;

(3) a fourth member who is able to represent the views of the commercial building industry as a result of the member's education, training, or experience; and

(4) a fifth member who is able to represent the views of lending and financial institutions as a result of the member's education, training, or experience.

(b) If any member of the Board becomes an officer or employee of a governmental entity or an entity engaged in the exploration, development, production, or delivery of any energy resource, such person may continue as a member of the Board for not longer than the ninety-day period beginning on the date such person becomes such an officer or employee.

(c) Members appointed under subsection (a) shall be appointed for a term of five years.

(d)(1) Except as provided in paragraph (2), members of the Board shall be entitled to receive the daily equivalent of the annual rate of basic pay in effect for grade GS–15 of the General Schedule for each day (including traveltime) during which they are engaged in the actual performance of duties vested in the Board.

(2) While away from their homes or regular places of business in the performance of services for the Board, members of the Board shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service area allowed expenses under section 5703(b) of Title 5 of the United States Code.

(e) The Chairman of the Board shall be elected by the members of the Board.

FUNDING

SEC. 415. There are authorized to be appropriated to carry out the purposes of this subtitle, not to exceed $150,000,000 for the fiscal year ending September 30, 1980; $450,000,000 for the fiscal year ending September 30, 1981; $450,000,000 for the fiscal year ending September 30, 1982; $450,000,000 for the fiscal year ending September 30, 1983; $450,000,000 for the fiscal year ending September 30, 1984; and $450,000,000 for the fiscal year ending September 30, 1985.

SUBTITLE C—RESIDENTIAL ENERGY CONSERVATION GRANTS

PURPOSE

SEC. 416. It is the purpose of this subtitle to establish a Federal grant program, administered by the States, to provide funds to improve the energy efficiency of residences.

THE RESIDENTIAL ENERGY CONSERVATION OFFICE

SEC. 417. (a) The Residential Energy Conservation Office is established as an office of the Department of Energy. The Office shall function continuously pursuant to the provision of this subtitle, and shall be administered by a Director.

(b) The Director of the Office shall be appointed by the Secretary of Energy and be compensated without regard to the provisions of Title 5. United States Code, governing appointments in the competitive service, classification, and General Schedule pay rates, at a rate not in excess of the maximum rate for GS–18 of the General Schedule under section 5332 of such Title. The Director of the Office shall administer and be responsible for the discharge of the functions and duties of the Office.

(c) The Director of the Office is subject to the direction of, and shall report to, the Secretary of Energy. The Director is authorized, with the concurrence of the Secretary of Energy, to enter into, without regard to section 3709 of the Revised Statutes of the United States (41 U.S.C. 5), such contracts, leases, cooperative agreements, or other transactions as may be necessary in the conduct of the functions and duties of the Office with any person including a government entity. Each department, agency, and instrumentality of the executive branch of the Federal Government and each independent regulatory agency of the United States is authorized, and shall give careful consideration to a request, to furnish to the Director of the Office, upon written request, on a reimbursable basis or otherwise, such assistance as the Director deems necessary to carry out the functions and duties of the Office. Such assistance includes transfer of personnel with their consent and without prejudice to their position and rating.

DUTIES OF THE DIRECTOR

SEC. 418. (a) The Director must notify each State as soon as practicable that it will become qualified to administer funds made available under this subtitle upon the approval by the Director of a State Supplemental Plan as described in section 419.

(b) If the Director determines that the supply or availability of insulation or other energy conservation measures or qualified labor is sufficiently limited to warrant controlling the amount of Federal expenditures made pursuant to this subtitle during any calendar year, the Director may limit the number of residential buildings to which this subtitle will apply in any calendar year by establishing a schedule which sets forth the time at which eligible persons shall be entitled as provided in a State Supplemental Plan to receive reimbursement for energy conservation expenditures: *Provided*, That any such schedule shall permit all eligible persons so entitled to receive such reimbursements no later than September 30, 1985.

(c)(1) From appropriations made to carry out the provisions of this subtitle, the Director shall disburse funds to qualified States within thirty days of the beginning of the fiscal year for which the appropriations are made, or within thirty days of the enactment of the appropriations act, whichever is later.

(2) Up to 5 per centum of such funds may

be used by a qualified State for administrative expenses.

STATE SUPPLEMENT PLAN

SEC. 419. (a) To become a qualified State, the Governor of that State must submit and the Director must approve a State Supplemental Plan, submitted as an addendum to a State Residential Energy Conservation Plan submitted in accordance with the provisions of sections 210 through 218 of Public Law 95-619.

(b) A State Supplemental Plan must include—

(1) a plan for notification of eligible persons of the availability of grants under this subtitle and loans under subtitle B for residential energy conservation expenditures;

(2) a plan for the expeditious dispersal of grants to qualified applicants;

(3) a plan for the administration of the funds made available to the State under the provisions of this subtitle;

(4) grant application requirements which shall include those listed in subsection (c); and

(5) such other information as the Director finds essential to the administration of this program.

(c) An application for a grant under this program shall include, but not be limited to—

(1) the applicant's name and address, and the address of the dwelling unit or units for which the energy conservation expenditures were made or will be made;

(2) invoices or contracts, or certified copies of such invoices or contracts, which list separately the costs of the materials and labor for which the applicant seeks reimbursement;

(3) a description of the residential energy conservation measures acquired or to be acquired and the unit prices of materials and labor for the assessment, purchase, and installation of such measures;

(4) a statement that the applicant has received information on the availability of loans under subtitle B and residential energy audits; and

(5) a document certifying that the applicant has not received a loan or grant pursuant to the provisions of this title or section 232 of Public Law 95-619 or a residential energy tax credit pursuant to section 101 of Public Law 95-618 for the residential energy conservation expenditures for which a grant under this subtitle is sought, and that to the applicant's knowledge the grant will not cause the sum of all energy conservation expenditures paid for or subsidized pursuant to this title, to section 232 of Public Law 95-619, or to section 101 of Public Law 95-618 to exceed the limit established in section 407(b)(4) of subtitle B.

(d) The Governor of a qualified State shall reimburse residential energy conservation expenditures according to the following schedule:

(1) for a principal owner of a dwelling unit:

(A) for an independent dwelling unit, whether detached, semidetached or attached, 60 per centum of the first $250 in expenditures, 40 per centum of the second $250 in expenditures, and 20 per centum of the third $250 in expenditures;

(B) for a dwelling unit in a residential building which contains two, three, or four units, 60 per centum of the first $250 in expenditures and 40 per centum of the second $250 in expenditures; and

(C) for a dwelling unit in a residential building which contains more than four units, no reimbursement shall be allowed.

(2) for a principal lessee of a dwelling unit where the lessee pays for the energy used to heat or cool such unit, and the unit is either separately metered for the purpose of measuring the delivery of such energy, leased under an arrangement which requires the lessee to pay for such energy for a period of at least one year, or managed so that the lessee has been paying for such energy for at least one year:

(A) for an independent dwelling unit whether detached, semidetached or attached, 90 per centum of the first $200 in expenditures, 50 per centum of the second $200 in expenditures, and 10 per centum of the third $200 in expenditures; and

(B) for a dwelling unit in a residential building which contains not more than eight units and not less than two units, 90 per centum of the first $200 in expenditures, and 50 per centum of the second $200 in expenditures;

(C) for a dwelling unit in a residential building which contains more than eight units, no reimbursement shall be allowed.

(3) for an applicant who has attained the age of sixty-five years, 150 per centum of the reimbursement otherwise specified in paragraph (1) or (2); *Provided*, That no reimbursement to such applicant shall exceed 90 per centum of the residential energy conservation expenditures for which reimbursement is allowed.

(e) The dollar limits on expenditures as provided in subsection (d) shall be increased 10 per centum on January 1, 1981, and on each anniversary thereafter for the duration of the program authorized by this subtitle.

(f) Any owner of a residential building containing not more than four dwelling units may apply for reimbursement of residential energy conservation expenditures made on such building up to the combined maximum level of grant under paragraph (d)(1) for all dwelling units for which no previous federally subsidized residential energy conservation expenditures have been made.

PROHIBITIONS

SEC. 420. (a) No grant under this subtitle may be provided for a residential energy conservation expenditure for which the certification required in section 419(c)(5) cannot be made.

(b) No grant under this subtitle may be provided for expenditures for residential energy conservation measures which are not installed by either the applicant or a contractor listed pursuant to the provisions of section 213(a)(2) of Public Law 95-619.

TAX TREATMENTS OF GRANTS

SEC. 421. All reimbursements made pursuant to this subtitle shall not be considered income under section 61 of the Internal Revenue Code.

INCOME TEST

SEC. 422. No applicant shall be reimbursed for energy conservation expenditures pursuant to this subtitle who is a member of a household which has an annual income greater than 170 per centum of the Lower Living Standard Income Level as defined for the area of the applicant's domicile by the Department of Labor in the most recent reporting period for which statistics are available.

PROMOTION AND COORDINATION

SEC. 423. (a) The Residential Energy Conservation Office shall promote the program established by this subtitle, actively seeking maximum participation of all eligible persons in the program. The Director is authorized to use any available means of communication to accomplish the goals of this part, including advertising through the electronic media, print media, and the postal system.

(b) The Director may delegate the responsibilities prescribed in paragraph (a) of this section to any qualified State. In such instance, the State may use up to 3 per centum of funds disbursed to it pursuant to section 419(c)(1) for carrying out these responsibilities, additional to the 5 per centum pursuant to section 419(c)(2).

RETROACTIVITY

SEC. 424. Residential energy conservation measures installed after August 1, 1979, and qualifying for reimbursement under the provisions of this subtitle shall be eligible for such reimbursement after the date of enactment of this Act.

RULES AND REGULATIONS

SEC. 425. As soon as practicable, but in no case later than six months after the date of enactment of this Act, the Director shall promulgate such rules and regulations as may be necessary for the operation of the program established by this subtitle.

PENALTIES AND TRANSFER OF PROPERTY

SEC. 426. (a) Any person who knowingly makes any false statement or misrepresents any material fact with respect to any grant assisted under this subtitle shall be penalized in accordance with the provisions of section 409 of subtitle B.

(b) Any owner or lessee of a dwelling unit for which a grant under this subtitle has been received shall, upon transfer of such unit, conform to the provisions of section 408 of subtitle B.

REPORT TO THE CONGRESS

SEC. 427. Twelve months following the date of enactment of this Act, and every twelve months thereafter until expiration of this subtitle, the Director shall provide a written report to Congress regarding the status of the program established by this subtitle, including the estimated amount of energy conserved as a result of this program and any recommendation for improving the program's effectiveness.

EXPIRATION

SEC. 428. The authorities under this subtitle shall expire on September 30, 1985.

FUNDING

SEC. 429. There are authorized to be appropriated to carry out the purposes of this subtitle not to exceed $150,000,000 for the fiscal year ending September 30, 1980, $450,000,000 for the fiscal year ending September 30, 1981, $450,000,000 for the fiscal year ending September 30, 1982, $450,000,000 for the fiscal year ending September 30, 1983, $450,000,000 for the fiscal year ending September 30, 1984; and $450,000,000 for the fiscal year ending September 30, 1985.

SUBTITLE D—RESIDENTIAL ENERGY EFFICIENCY IMPROVEMENT PROGRAM

FINDINGS

SEC. 431. The Congress finds—

(a) that energy conservation offers the most immediate prospect for major reduction of the Nation's dependence on insecure, high-cost supplies of foreign petroleum;

(b) that an effective energy conservation program requires the cooperation of the Federal Government, State and local governments, regulated and nonregulated utilities, and public utility regulatory authorities of States and localities in the formulation and implementation of programs to increase the efficiency with which energy is used in buildings throughout the Nation.

(c) that major energy savings and reductions in foreign oil imports can be achieved through systematic programs to bring about the installation of energy conservation measures in residential buildings throughout the Nation;

(d) that the problems facing property owners and tenants in identifying and selecting appropriate energy conservation measures, the cost of such measures, and the lack of readily available, organized programs for the delivery of energy conservation services pose serious impediments to achieving major reductions in the Nation's energy consumption; and

(e) that the national interest in reducing dependence on foreign oil imports requires the implementation of such programs.

PURPOSE

SEC. 432. It is the purpose of this subtitle—

(a) to reduce the Nation's dependence on foreign oil supplies by encouraging State and local government, State regulatory authorities and public utilities to participate in the demonstration of innovative, systematic programs for the installation of energy conservation measures in all residential buildings within their respective jurisdiction or service areas;

(b) to propose for demonstration of a prototype plan under which energy conservation measures could be made available for delivery to property owners and tenants under centralized direction without charge, thereby encouraging widespread installation of residential energy conservation measures;

(c) to demonstrate such plan with a view to its implementation throughout the Nation, if determined to be economically viable and in the public interest;

(d) to increase the energy efficiency of residential buildings;

(e) to protect energy consumers against rising energy costs; and

(f) to reduce the need for the construction of new energy production and transmission facilities to meet energy demands.

SEC. 433. The National Energy Conservation Policy Act is amended by adding before section 210, a subpart heading:

"SUBPART A—UTILITY RESIDENTIAL ASSISTANCE PROGRAM",

by changing all reference to "this part" in sections 210 through 225 to "this subpart": and by adding following section 225, a new subpart, as follows:

"SUBPART B—RESIDENTIAL ENERGY EFFICIENCY PROGRAM

"SEC. 226. (a) Not later than one hundred and twenty days after the enactment of this subpart, the Secretary shall by rule establish a program to encourage State regulatory authorities, the public utilities over which they have ratemaking authority, and nonregulated utilities to undertake the demonstration of the prototype residential energy efficiency improvement plan set forth in this subpart; *Provided*, That no such demonstration project shall be implemented by the Secretary unless the affected public utility agrees to such demonstration and such demonstration is approved by the State regulatory authority having ratemaking authority over the affected public utility in the affected State, and by the Governor of the affected State, unless under State law the responsibility for such approval has been delegated to another agency or official.

"(b) Not later than fifteen days after the establishment of the program under subsection (a) the Secretary shall request each State regulatory authority and each public utility to consider the implementation of the prototype residential energy efficiency improvement plan set forth in this subpart. Pursuant to such request, each such authority and utility shall consider such plan and make a decision as to the feasibility of demonstrating the plan within its jurisdiction or service area. Each such regulatory authority and utility shall report its determination to the Secretary in writing within ninety days of such request, which report may include recommendations for modifications of the plan deemed necessary to make it feasible for implementation. The Secretary may upon the request of the State regulatory authority or public utility extend, for good cause, the period for submission of such report for an additional sixty days. If a regulatory authority or a utility determines that the plan is not feasible within its jurisdiction or service area, such report shall specify the reasons for the determination. Nothing in this subpart shall be construed to authorize the implementation of a project where such project has been disapproved by State law.

"(c) Each report received by the Secretary shall be reviewed promptly upon its receipt, based on such reports, and consistent with subsection (a) the Secretary shall identify and designate utility service areas or groups of contiguous service areas in which the prototype residential energy efficiency improvement plan set forth in this subpart may be demonstrated. Such areas shall be representative of the variety of climatic conditions, seasonal variations, fuel sources, building types, capacity requirements, energy measures and costs, and other factors that affect energy consumption throughout the Nation and shall take account of the varying needs for improved energy efficiency based on such variations. The Secretary may institute the plan in as many such utility service areas as he determines necessary in order to test its conservation effectiveness and economic viability. Following a reasonable demonstration period, as determined by the Secretary and subject to a determination by the Secretary that the program has resulted in significant energy savings, which determination shall be reported to both Houses of the Congress, the Secretary is authorized in his discretion to institute the program in other areas of the Nation subject to the approvals required by subsection (a) and in accordance with this subpart.

"(d) To carry out the purposes of this subpart, the Secretary is authorized to enter into such agreements as may be necessary to obtain the implementation of the residential energy efficiency improvement plan in utility service areas identified pursuant to subsection (c). Such agreements shall provide for the implementation of the plan in accordance with the requirements thereof.

"SEC. 227. The prototype residential energy efficiency improvement plan authorized by this subpart shall be as described in subsection (a):

"(a) The plan shall—

"(1) require the Secretary to designate a Federal, State, or local government agency which shall—

"(A) negotiate a contract with an energy conservation company to undertake a home energy retrofit program as described in paragraph (2);

"(B) designate the geographical area in which residential buildings will be retrofitted pursuant to the contract; and

"(C) establish with the approval of the Secretary the per unit price which the designated Government agency will pay yearly during a twenty-year contract term for a given increment of energy (electricity, natural gas or oil) actually saved as determined in accordance with paragraph (3).

"(2) require an energy conservation company, as a condition of its contract, to agree to undertake a home energy retrofit program whereby the company—

"(A) utilizes home energy retrofit experts who shall offer to conduct systematic audits of all residential buildings designated in the contract without charge to the owners or occupants thereof;

"(B) directs the home energy retrofit expert to enter a residential building upon permission of a resident, inspect the residence, identify residential energy conservation measures or load management techniques, or both, and prescribe such measures or techniques so as to maximize the amount of energy actually saved in relation to the per unit price to be saved;

"(C) arranges, upon obtaining permission of the owner and resident, for the supply and installation of prescribed residential energy conservation measures or load management techniques, or both, without charge to the owner or resident;

"(D) shall utilize, to the greatest possible extent, local suppliers and installers when supplying and installing prescribed measures and techniques; and

"(E) assures that such measures and techniques are properly installed and maintained during the reasonable life of the residential buildings in which such measures or techniques are installed.

"(3) require the designated Government agency to establish accurate normalized measurements, which may include a statistically reliable sample, of actual energy use by type of energy before and after the installation of prescribed retrofit measures for an area designated in the contract referred to in paragraph (1). Such measurements shall measure actual energy savings of fuel or capacity, or both, produced by an energy conservation company under the contract for a reasonable period of time (not less than three years) following installation of energy conservation measures or load management techniques, or both.

"(b) To carry out the plan, the Secretary is authorized and directed to make funds available to Government agencies designated under the plan to meet contractual obligations in whole or in part on an agreed upon basis to pay the energy conservation company for energy actually saved as determined pursuant to paragraph (3):

"(1)(A) In order to obtain funds to meet obligations under this subsection, the Secretary is authorized and directed, after consultation with the appropriate State regulatory authority, to require the affected public utilities to make periodic payments to the Secretary not to exceed the value of the savings in a given year that such utilities as a result of the energy actually saved.

"(B) For purposes of this subsection 'value of savings' shall include—

"(i) either—

"(I) the value of any savings in fuel minus any unavoidable costs;

"(II) the value of any savings in capacity minus any unavoidable costs; or

"(III) both (I) and (II).

"(ii) the selling price of conserved natural gas minus any unavoidable costs of selling the conserved natural gas or fixed charges to residential customers which would be assessed if such costs were not subtracted from the selling price.

"(C) Any payment under this subsection shall be treated as if it were a cost of service.

"(D) Notwithstanding any other provision of law, in order to maximize the value of savings, an affected public utility is authorized and directed to sell any energy available to it as a result of a home energy retrofit program authorized under this subpart at the highest price which a willing nonresidential buyer will pay for it.

"FINANCIAL ARRANGEMENTS

"SEC. 228. (a) There is hereby established in the Treasury of the United States a separate account to provide for the operation of the residential energy efficiency improvement plans authorized under section 227. There shall be covered into the account any sums received from utilities under subsection 227(b)(1)(A) and the proceeds from any obligations issued pursuant to subsection (b) of this section. The Secretary may draw on such account for the payment of any obligation incurred under any project instituted under this subpart.

"(b) If at any time the moneys in the account established under subsection (a) of this section are insufficient to enable the Secretary to meet any payment under the plan, the Secretary may issue obligations to the Secretary of the Treasury in such amounts as may be necessary therefor and as provided in Appropriation Acts, but not to exceed $100,000,000 for the fiscal year ending September 30, 1980, and not to exceed in the aggregate $400,000,000 for all subsequent fiscal years. Such obligations shall be in forms and denominations, bear such maturities, be subject to such terms and conditions as may be prescribed by the Secretary of the Treasury, and shall bear interest at a rate to be determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of such obligations. The Secretary of the Treasury is authorized and directed to purchase such obligations and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended. At any time, the Secretary of the Treasury may sell any such obligations and all sales, purchases and redemptions of such obligations by the Secretary of the Treasury shall be treated as public debt transactions of the United States.

"(c) The obligation issued by the Secretary under subsection (b) shall be repaid from moneys subsequently received by the Secretary from utilities in accordance with the plan implemented pursuant to section 226(d). To the extent that such moneys received are found to be insufficient to repay such obligations within the appropriate repayment periods, there are hereby authorized to be appropriated such amounts as may be necessary to complete repayment.

"Sec. 229. The Secretary shall not authorize the residential energy efficiency improvement plan pursuant to this subpart unless he determines that there is a reasonable likelihood that the total payments to be received from utilities under such plan and sums available under subsection 28(b) will be sufficient to cover all payments required of the Secretary under such plan and to retire any obligations respecting such plan issued by the Secretary under section 228(b).

"Sec. 230. (a) Prior to instituting the plan or any demonstration thereof under this subpart, the Secretary shall publish notice of such intention in the Federal Register, including a description of such plan, and shall provide the public thirty days to submit comments thereon.

"(b) Any public utility required to make period payments pursuant to a residential energy efficiency improvement plan or any state regulatory authority with ratemaking authority over such utility may request the Secretary to adjust the amount of such payment on the basis that it exceeds the value of the savings experienced by the utility under such plan. Upon receipt of such a request, the Secretary shall determine, in accordance with section 553 of title 5, United States Code, whether and to what extent such payment shall be adjusted.

"Sec. 231. Nothing in this subpart shall be construed as restricting the authority of any officer, agency or instrumentality of the United States or of any State under any provision of law to prevent unfair methods of competition and unfair or deceptive acts or practices. Nor shall anything in this subpart be deemed to convey to any person immunity from civil or criminal liability, create defenses to actions under the antitrust laws, or modify or abridge any private right of action under such laws.

"Sec. 232. The Secretary is authorized to promulgate such rules as he determines may be necessary to carry out this subpart.".

Subtitle E—Utility Program

Sec. 441. The National Energy Conservation Policy Act (Public Law 95-619) is amended—

(a) In section 215 by—

(I) striking the phrase "arrange for a lender to make" in subsection (b)(1)(C) and inserting in lieu thereof "make, or arrange for another lender to make.".

(2) inserting an "and" after the semicolon following subparagraph (c)(1)(A) and striking subparagraphs (c)(1)(C) and (c)(1)(D).

(3) striking the text of subparagraph (c)(2)(A) and inserting in lieu thereof, "(A) Nothing in this part requires that the costs incurred by a public utility in carrying out any activity as a part of a utility program under this part (other than an activity described in section 215(c)(1)(B)) shall be recovered in a manner other than the manner specified by the State regulatory authority over such utility (or in the case of a nonregulated utility, in the manner specified by such nonregulated utility); and"

(4) striking subparagraph (c)(2)(C); and

(5) striking subsection (f) and relabeling subsection (g) as subsection (f).

(b) In section 216 by—

(1) Amending the heading to read as follows:

"Sec. 216. Supply and Installation by Utilities:";

(2) amending subsection (a) to read as follows:

"(a) Except as provided in this section, no public utility may supply or install for any residential customer a residential energy conservation measure.";

(3) replacing the reference to "subsection (a)(1)" in subsection (b) with "subsection (a)";

(4) amending subsection (c) to read as follows:

"(c) The prohibition contained in subsection (a) shall not apply to any measures supplied or installed by a public utility through a contract between such utility and an independent supplier or contractor where such supplier or contractor—

"(1) is on the lists of suppliers and contractors referred to in section 213(a)(2);

"(2) is not subject to the control of the public utility, except as to the performance of such contract; and

"(3) if selected by the utility, is selected in a fair, open and nondiscriminatory manner."

(5)(A) replacing the phrase "supply, installation or financing" wherever it appears in subsection (d) with the phrase "supply or installation"; and

(B) striking the phrase "or financed" in paragraph (d)(1); and

(6) striking subsection (g) and relabeling subsection (h) as subsection (g).

(c) In section 220 by adding a new subsection (e) to read as follows:

"(e) All loans and related transactions made by a public utility under this part shall be construed as an activity or business within the meaning of the Public Utility Holding Company Act (15 U.S.C. 79 a-z) which is reasonably incidental and economically necessary and appropriate to the operation of utilities and utility systems.".

EFFECTIVE DATE

Sec. 442. (a) The effective date of the amendments made by this subtitle shall be the date of the enactment of this subtitle.

(b) As soon as practicable, but in no event later than one hundred and twenty days after such date of enactment, the Secretary shall promulgate rules amending the regulations under section 212 of the National Energy Conservation Policy Act reflecting the amendments made by this subtitle.

(c) The provisions of section 218 of the National Energy Conservation Policy Act shall apply with respect to temporary programs proposed under such section after the effective date of this subtitle, except that for the purposes of such application the phrase "180 days after the promulgation of rules pursuant to section 212" shall refer to one hundred and eighty days after the promulgation of the amendments to such rules required by this section.

Subtitle F—Energy Auditor Training and Certification

Sec. 451. It is the purpose of this subtitle to encourage the training and certification of qualified energy auditors for residential and commercial buildings in order to serve the Nation's various private and public needs for energy audits of residential and commercial buildings.

Sec. 452. For the purposes of this subtitle the term—

(1) "Governor" means the chief executive officer, elected or appointed, or his designee, of a State, including the Mayor of the District of Columbia.

(2) "State" means a State, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, or the Government of the Northern Mariana Islands.

(3) "Energy audit" means an onsite inspection by a trained and certified auditor of a residential building or a commercial building to evaluate, and provide useful information on, the various energy-related aspects of the building, as appropriate. The energy audit may deal with the potential of the building for improved energy efficiency, for enhanced utilization of renewable resources, and for switching from one fuel source to another, and may include actions by the auditor to improve the energy efficiency of, or to make other energy-related improvements in, the building.

(4) "Secretary" means the Secretary of Energy.

Sec. 453. (a) The Secretary may, by rule, establish and implement a program to make grants to the Governors to support State training and certification of energy auditors, in the performance of energy audits for residential and commercial buildings.

(b) To be eligible for financial assistance under this subtitle, the Governor must submit an application to the Secretary, containing such information as the Secretary may require. Such application may be made as part of the State Supplemental Plan submitted to the Director pursuant to section 419.

(c) The application shall also contain such assurances as the Secretary may require, including an assurance that the financial assistance provided under this subtitle will be used to supplement, and not supplant, State or local funds, and to the extent practicable, to increase the amounts of such funds that would be made available in the absence of Federal funds for carrying out the purpose of this subtitle.

(d) The Secretary shall, subject to the availability of funds, select those applications and fund them in the amounts that the Secretary determines best carry out the purpose of this subtitle.

Sec. 454. There are hereby authorized for carrying out the provisions of this subtitle, $10,000,000 for fiscal year 1980 and $15,000,000 for fiscal year 1981, all such sums to remain available until expended.

Subtitle G—Amendments to the Residential Conservation Service Program

Sec. 461. The National Energy Conservation Policy Act is amended by adding at the end thereof the following new title:

"TITLE VII—ENERGY CONSERVATION FOR COMMERCIAL BUILDINGS AND MULTIFAMILY DWELLINGS

"Part I—General Provisions

DEFINITIONS

"Sec. 710. (1) The definitions of section 210 are applicable to this title, except as otherwise provided in this section.

"(2) As used in this title, the term 'public utility' means any person, State agency, or Federal agency which is engaged in the business of selling natural gas or electric energy, or both, to eligible customers.

"(3) As used in this title, the term 'building heating supplier' means any person which is engaged in the business of selling No. 2, No. 4, or No. 6 heating oil, kerosene, or propane to eligible customers.

"(4) As used in this title, the term 'commercial building' means a building which was completed on or before the date of enactment of this Act, and is used primarily for carrying out a for-profit or nonprofit business, or for carrying out the activities or administration of a State or local government, but which is not used primarily for the manufacture or production of products, raw materials, or agricultural commodities. A 'Federal building' as defined in section 521(2) is not a 'commercial building.'

"(5) As used in this title, the term 'multifamily dwelling' means a building used for residential occupancy completed on or before the date of enactment of this Act that is not a new building to which final standards under sections 304(a) and 305 of the Energy Policy and Conservation Act apply and which contains five or more dwelling units.

"(6) As used in this title, the term 'energy efficient improvements' means any change in the operation or maintenance of a commercial building or multifamily dwelling that is primarily intended to reduce energy consumption, and which has been identified by the Secretary in the rules promulgated under section 712(a) or approved by the Secretary for consideration in the energy audits offered to eligible customers under sections 716, 717, or 718.

"(7) As used in this title, the term 'energy conservation measures' means those measures that are identified by the Secretary in the rules promulgated under section 712(a) or approved by the Secretary for consideration in the energy audits offered to eligible customers under sections 716, 717, or 718.

"(8) As used in this title, the term 'eligible customer' means, (A) with respect to a public utility, the owner, authorized representative of the owner, or tenant of a commercial building or a multifamily dwelling which uses natural gas or electric energy from that public utility and to whom a public utility sells natural gas or electricity, or (B) with respect to a building heating supplier, the owner, authorized representative of the owner, or tenant of a commercial building or a multifamily dwelling which uses heating fuel from that supplier, and to whom a building heating supplier sells No. 2, No. 4, or No. 6 heating oil, kerosene, or propane.

"(9) 'Energy audit' means an onsite inspection by a trained and certified auditor of a residential building or a commercial building to evaluate, and provide useful information on, the various energy-related aspects of the building, as appropriate. The energy audit may deal with the potential of the building for improved energy efficiency, for enhanced utilization of renewable resources, and for switching from one fuel source to another, and may include actions by the auditor to improve the energy efficiency of, or to make other energy-related improvements in, the building.

"COVERAGE

"Sec. 711. This title shall apply in any calendar year to a public utility only if during the second preceding calendar years either—

"(1) sales of natural gas by such public utility for purposes other than resale exceeded 10 billion cubic feet, or

"(2) sales of electric energy by such public utility for purposes other than resale exceeded 750 million kilowatt-hours.

"RULES OF SECRETARY FOR SUBMISSION AND APPROVAL OF PLANS

"Sec. 712. (a) Within one hundred and twenty days of enactment of this Act, after consultation with the Secretary of Housing and Urban Development and the heads of such other agencies as he deems appropriate, the Secretary shall publish proposed rules on the content and implementation of State energy conservation plans for commercial buildings and multifamily dwellings which meet the requirements of this title. After publication of such proposed rules, the Secretary shall afford interested persons (including Federal and State agencies) an opportunity to present oral and written comments on such proposed rules. Rules prescribing the content and implementation of State energy conservation plans for commercial buildings and multifamily dwellings shall be published not earlier than forty-five days after publication of the proposed rules.

"(b) The rules published under subsection (a) may, (1) identify energy efficient improvements in different types of commercial buildings and multifamily dwellings by climatic regions and by categories determined by the Secretary on the basis of type of construction and any other factors which the Secretary deems appropriate, which shall be considered in the inspection offered to eligible customers under sections 716, 717, and 718 and (2) for good cause shown, exclude certain categories of commercial buildings and multifamily dwellings from coverage under this Title.

"(c) The rules published under subsection (a) shall integrate the development and implementation of State energy conservation plans for commercial buildings and multifamily dwellings to the extent practicable with the program for residential energy conservation plans under Title II, part 1 of the National Energy Conservation Policy Act. Such rules shall not have the effect of delaying the submission, approval or implementation of residential energy conservation plans under Title II, Part 1 of the National Energy Conservation Policy Act.

"(d) The Secretary may prescribe any other rules necessary to carry out the provisions of this Title.

"PART 2—ENERGY CONSERVATION PLANS

"PROCEDURES FOR SUBMISSION AND APPROVAL OF STATE ENERGY CONSERVATION PLANS FOR COMMERCIAL BUILDINGS AND MULTIFAMILY DWELLINGS

"Sec. 713. (a) Not later than one hundred and eighty days after promulgation of rules under section 712(a), the Governor of each State or any State agency specifically authorized to do so under State law, may submit to the Secretary a proposed energy conservation plan for commercial buildings and multifamily dwellings which meets the requirements of the rules promulgated under section 712. Within such one hundred eighty-day period, each nonregulated utility shall submit a proposed plan, which meets the requirements of the rules promulgated under section 712, to the Secretary unless a plan submitted under the preceding sentence for the State in which the nonregulated utility provides utility service applies to nonregulated utilities as provided in subsection (b). The Secretary may, upon request of the Governor or State agency or nonregulated utility, extend for good cause shown, the time period for submission of a plan. Each plan submitted in accordance with this subsection shall be reviewed and approved or disapproved in accordance with the procedures of section 212(c)(1) (B) and (C).

"(b) Any plan submitted by a Governor or State agency under subsection (a) may, in the discretion of the Governor, if he notifies the Secretary within thirty days after promulgation of rules under section 712(a), apply to nonregulated utilities providing utility service in the State in the same manner as to regulated utilities. In any such case, reference elsewhere in this title to regulated utilities (including references to utilities with respect to which a State regulatory authority exercises ratemaking authority) shall, with respect to such State, be treated as references also to nonregulated utilities and references elsewhere in this title to nonregulated utilities shall not apply. For purposes of this paragraph, the term 'nonregulated utility' shall not include any public utility which is a Federal agency.

"(c) A plan applicable to building heating suppliers may be submitted by the Governor in his discretion.

"(d) In the case of the Tennessee Valley Authority or any public utility with respect to which the Tennessee Valley Authority has ratemaking authority, the authority otherwise vested in the Governor or State agency shall be vested in the Tennessee Valley Authority.

"STATE PLANS FOR REGULATED UTILITIES

"Sec. 714. No proposed energy conservation plan for commercial buildings and multifamily dwellings submitted for regulated utilities shall be approved by the Secretary unless such plan—

"(a) requires each regulated utility to implement a program which meets the requirements of section 716 and such other requirements as may be contained in the rules promulgated by the Secretary under section 712;

"(b) provides adequate State procedures for implementing and enforcing the plan;

"(c) provides procedures for insuring that effective coordination exists among various local, State, and Federal energy conserving programs within and affecting such State; and

"(d) is adopted after notice and public hearing.

"PLANS FOR NONREGULATED UTILITIES AND BUILDING HEATING SUPPLIERS

"Sec. 715. (a) No plan proposed by a nonregulated utility shall be approved by the Secretary unless such plan meets the same requirements as provided under section 714 for regulated utilities. In applying the requirements of section 714 in the case of a plan for nonregulated utilities under this section, any reference to a regulated utility shall be treated as a reference to a nonregulated utility.

"(b) No plan proposed for building heating suppliers shall be approved by the Secretary unless such plan meets the same requirements as provided under section 714 (c) and (d) and in addition—

"(1) meets the requirements of section 717 and contains adequate enforcement procedures with respect to such requirements;

"(2) meets such requirements applicable to building heating suppliers as may be contained in the rules promulgated under section 712; and

"(3) takes into account the resources of small building heating suppliers.

"PART 3—UTILITY PROGRAMS

UTILITY PROGRAMS

"Sec. 716. (a) Each utility program shall include procedures designed to ensure that each public utility—

"(1) offers to each eligible customer, no later than twelve months after the approval of the applicable plan and every twenty-four months thereafter until 1990, an energy audit of the customer's building (either directly or through one or more inspectors under contract) to (A) identify energy efficient improvements for such building and (B) evaluate the potential need, if any, for the acquisition and installation of energy conservation measures;

"(2) maintains a report of each audit performed of a commercial building or multifamily dwelling pursuant to the offer of this subsection for not less than ten years which shall be available to any subsequent owner,

owner's representative, or tenant of such commercial building or multifamily dwelling; and

"(3) shall not be required to conduct an energy audit of a building which has already been audited pursuant to this Title or Title III;

"(b) Each State regulatory authority or nonregulated utility shall, within one hundred and eighty days after promulgation of rules under section 712(a), or such longer period as the Secretary for good cause may allow, provide—

"(1) that all amounts expended or received by the utility which are attributable to the utility energy audit program (including any penalties paid by such utility under section 718) are accounted for on the books and records of the utility separately from amounts attributable to all other activities of the utility;

"(2) that all amounts expended by a utility for providing information concerning the availability of the energy audit offered pursuant to subparagraph (a)(1) are to be treated for such purposes as a current expense of providing utility service and charged to all ratepayers of such utility in the same manner as current operating expenses of providing such utility service; and

"(3) that all other amounts expended by a public utility to carry out the provisions of the Title, are, in the discretion of such State regulatory authority or nonregulated utility—

"(i) treated as current expense of providing utility service and charged to all ratepayers of such utility in the same manner as current operating expenses of providing such utility service, or

"(ii) charged to the eligible customer for whom the activity is performed.

For purposes of this subsection, the term 'ratepayer' means any person, State agency, or Federal agency who purchases electric energy or natural gas from a utility for purposes other than for resale.

"BUILDING HEATING SUPPLIER PROGRAM

"Sec. 717. (a) Each building heating supplier program shall include procedures for building heating suppliers identical to the procedures required for utilities in section 716(a)(1) through (3), except as otherwise provided by the Secretary.

"(b) A building heating supplier who wishes to participate in the program established pursuant to this section may so notify the Governor.

"Part 4—Federal Implementation

"FEDERAL STANDBY AUTHORITY

"Sec. 718. (a) If a State does not have a plan approved under section 713 within two hundred and seventy days after promulgation of rules under section 712(a), or within such additional period as the Secretary may allow pursuant to section 713(a), or if the Secretary determines after notice and opportunity for a public hearing that an approved plan is not being adequately implemented in such State, the Secretary shall—

"(1) promulgate a plan which meets the requirements of section 714, and

"(2) under such plan, by order, require each regulated utility in the State to offer, no later than ninety days following the date of issuance of such order, to its eligible customers a utility energy audit program prescribed in such order which meets the requirements specified in section 716.

"(b) If a nonregulated utility which is not covered by an approved State plan under section 713 does not have a plan approved under section 713 within two hundred and seventy days after promulgation of rules under section 712(a) or within such additional period as the Secretary may allow pursuant to section 713(a), or if the Secretary determines that such nonregulated utility has not adequately implemented an approved plan, the Secretary shall, by order—

"(1) promulgate a plan which meets the requirements of section 715 and which applies to the buildings which would have been covered had such a plan been so approved or implemented, and

"(2) require such nonregulated utility, under such plan, to offer, not later than ninety days following the date of issuance of such order, to its customers a utility program prescribed in such plan which meets the requirements specified in section 716.

"(c) If the Secretary determines that any person has violated any provision of this title, any plan approved or promulgated under this title, or any order issued pursuant thereto, he may file a petition in the appropriate United States district court to enjoin such person from violating such provision, plan, or order. The provisions of section 219 (c) and (d) apply for any violation of any order or plan promulgated by the Secretary under authority of subsections (a) and (b) of this section."

Sec. 462. The table of contents of the National Energy Conservation Policy Act is amended to add a new title VII to read as follows:

"TITLE VII—ENERGY CONSERVATION FOR COMMERCIAL BUILDINGS AND MULTIFAMILY DWELLINGS

"Part 1—General Provisions

"Sec. 710. Definitions.

"Sec. 711. Coverage.

"Sec. 712. Rules of Secretary for submission and approval of plans.

"Part 2—Energy Conservation Plans

"Sec. 713. Procedures for submission and approval of State energy conservation plans for commercial buildings and multifamily dwellings.

"Sec. 714. State plans for nonregulated utilities.

"Sec. 715. Plans for nonregulated utilities and building heating suppliers.

"Part 3—Utility Programs

"Sec. 716. Utility programs.

"Sec. 717. Building heating supplier program.

"Part 4—Federal Implementation

"Sec. 718. Federal standby authority.".

Subtitle H—Industrial Energy Conservation

Sec. 471. There are hereby authorized to be appropriated to the Secretary of Energy to accelerate research, development, and demonstration of energy productivity in industry not to exceed $40,000,000 for each of fiscal years 1980, 1981, and 1982 in addition to such funds as have been authorized for this activity in other measures.

Subtitle I—Presidential Energy Audit

Sec. 481. Part 1 of Title II of the National Energy Conservation Policy Act is amended by adding at the end thereof the following new section:

"RESIDENTIAL ENERGY AUDITS

"Sec. 233. (a) Any financial institution, the deposits of which are insured by an agency of the Federal Government, may not provide financing for the purchase of a residential building that is served by a public utility offering a utility program or participating home heating supplier to the residential customer who owns or occupies that residential building, unless,

"(1) a copy of the energy audit report prepared under section 215(b)(1)(A) or section 217(a)(2)(A) within the last five years is made available to the purchaser;

"(2) the purchaser posts with the financial institution a $50 bond, including a cash bond, that is refundable at such time as the purchaser obtains the energy audit report under section 215(b)(1)(A) or section 217(a)(2)(A), or

"(3) the requirements of this subsection are inapplicable to the purchase under regulations prescribed pursuant to (b).

"(b) The Secretary may be rule establish exemptions to the requirements of subsections (a) where—

"(1) the residential customer who owns, occupies, or purchases the residential building has made a good faith effort to obtain the report described in section 215(b)(1)(A) or section 217(a)(2)(A), but was unable to obtain such report because of inaction by the public utility or participating home heating supplier serving that residential building, or

"(2) the residential building is located in (A) a geographic region which the Secretary has determined by rule to be a region in which application of this section would not likely lead to significant energy savings, or (B) the State of Hawaii.

"(c) The provisions of this section become effective with respect of purchases made after January 1, 1981, but these provisions shall no longer apply after January 1, 1986.

"(d) Failure to comply with any requirement of this subtitle shall not result in the invalidation or revocation in whole or in part of any purchase, financing or transfer of title of a residential building subject to this subtitle.".

TITLE V—GEOTHERMAL ENERGY

SHORT TITLE

Sec. 501. (a) This Title may be cited as the "Geothermal Energy Act of 1979".

(b) Table of Contents—

Sec. 501. Short Title.

Subtitle A

Sec. 511. Loans for Geothermal Reservoir Confirmation.

Sec. 512. Loan Size Limitation.

Sec. 513. Loan Rate and Repayment.

Sec. 514. Program Termination.

Sec. 515. Regulations.

Sec. 516. Authorizations.

Subtitle B

Sec. 521. Reservoir Insurance Program.

Subtitle C

Sec. 531. Feasibility Study Loan Program.

Subtitle D

Sec. 541.

Subtitle A

LOANS FOR GEOTHERMAL RESERVOIR CONFIRMATION

Sec. 511. (a) The Secretary of Energy (hereinafter referred to as the Secretary) is authorized to make a loan from funds available in the Geothermal Resources Development Fund established under Public Law 93–410 to any municipality, electric cooperative, industrial development agency, nonprofit organization, or person for the purpose of exploring for or confirming the economic viability of a geothermal energy reservoir.

(b) Any such loan shall be repayable out of revenue from production of the geothermal energy reservoir for whose confirmation the well is drilled, at a rate not to exceed 20 percent of the annual gross revenue from the reservoir, except that if any disposition of the geothermal rights to that reservoir is made by the borrower, the full amount of the loan balance outstanding or the full amount of compensation received, whichever is less, shall be paid immediately. If the reservoir is confirmed, the Secretary may impute a reasonable revenue for purposes of determining repayment (1) if reasonable efforts are not made to put such reservoir in commercial operation, (2) if the borrower or other person utilizes the resources without a sale of energy, or (3) if a sale of energy resources is made for an unreasonably low price. No such imputation of revenue shall be made for a period of three years following reservoir confirmation. In the event of failure to begin production of revenue within five years of drilling (or in the case where no sale of energy is made, the production of energy for commercial use), the Secretary may take action to receive the value, not to exceed the balance due, of any assets of the project in question, including resource rights.

(c) The Secretary may cancel the unpaid balance and any accrued interest on any loan granted if he determines on the basis of evidence presented by the loan recipient that the geothermal energy reservoir, with regard to which the loan was made, contains insufficient heat energy or has other characteristics which make that reservoir economically or technically unacceptable for commerical development.

LOAN SIZE LIMITATION

SEC. 512. The amount of any loan shall not exceed 50 percent of the cost of a project consisting of surface exploration and drilling of one or more exploratory wells, except that the loan is to a person, municipality, nonprofit organization, corporation, or Indian tribe proposing to make application of the resource of space heating or cooling or process heat for one or more structures or facilities existing or under construction, the amount may be 90 percent of project costs. No loan shall be made in excess of $3,000,000.

LOAN RATE REPAYMENT

SEC. 513. (a) Each loan made pursuant to section 511 shall bear interest at the discount or interest rate used at the time the loan is made for water resources planning projects under section 80 of the Water Resources Development Act of 1974 (41 U.S.C. 1962(d)–17(a)).

(b) Each loan shall be for a term which the Secretary deems appropriate, but no loan term shall exceed twenty years beyond the date production begins. If revenues are inadequate to fully repay the principal and accrued interest within twenty years after production begins, any remaining unpaid amounts shall be forgiven.

PROGRAM TERMINATION

SEC. 514. No new loans shall be made under this authority after September 30, 1986. Amounts repaid prior to September 30, 1986 on loans made pursuant to section 511 shall be deposited into the Geothermal Resources Development Fund. Amounts repaid after that date and amounts remaining in the fund on or after that date and not required to secure outstanding obligations shall be deposited into the United States Treasury as miscellaneous receipts.

REGULATIONS

SEC. 515. All regulations made with respect to this title shall be promulgated no later than one year after the date of enactment of this title.

AUTHORIZATIONS

SEC. 516. There are hereby authorized to be appropriated for each of the five fiscal years beginning with fiscal year 1981, not to exceed $150,000,000 for loans to be made pursuant to section 511. Amounts appropriated shall be deposited in the Geothermal Resources Development Fund and shall remain available until expended.

SUBTITLE B

RESERVOIR INSURANCE PROGRAM

SEC. 521. (a) The Secretary of Energy is authorized and directed to establish and implement within six months of the enactment of this title a program, in cooperation with the insurance and reinsurance industry, to provide reservoir insurance to any qualified eligible applicant.

(b) For the purpose of this section, the term—

(1) "investment" means the expenditure of, and any irrevocable legal obligation to expend funds (together with the reasonable interest costs thereof) for the purchase of construction of machinery, equipment, and facilities manufactured, or for services contracted to be furnished, for the development and utilization of a geothermal resource in the United States to provide energy in the form of heat for direct use or for generation of electricity;

(2) "geothermal resource" means a resource in the United States including: (A) all products of geothermal processes embracing indigenous steam, hot water, and hot brines; (B) steam and other gases, hot water and hot brines resulting from water, gas, or other fluids artificially introduced into geothermal formations; (C) heat or other associated energy found in geothermal formations; and (D) any byproducts derived from them, where 'byproduct' means any mineral or minerals (exclusive of oil, hydrocarbon gas and helium) which are found in solution or in association with other geothermal resources and which have a value of less than 75 per centum of the value of the geothermal steam or are not, because of quantity, quality, or technical difficulties in extraction and production, of sufficient value to warrant extraction and production by themselves;

(3) "risk" means the hazard that a reservoir of geothermal resources will cease to provide sufficient quantities of geothermal resources at minimum conditions required to maintain an economically or technically viable operation for utilization of the geothermal resource;

(4) "reasonable premiums" means premium amounts determined by the Secretary to be reasonable in light of the amount of investment subject to the risk and premiums charged in similar or analogous situations by private insurers where private insurance is concerned and by insurers or guarantors, both public and private, where public insurance is concerned;

(5) "other insurance" means any combination of private or public insurance other than investment insurance provided by the Secretary under this section;

(6) "reservoir" means the physical subsurface geologic structure which forms the natural repository for the undisturbed geothermal resource;

(7) "person" means any public or private agency, institution, association, partnership, corporation, political subdivision, or other legal entity, where any such entity is a United States citizen, as determined by application of the test for United States citizenship contained in section 802 of Title 46, United States Code.

(c) Any person with a total direct investment of not less than $1,000,000 in the development and use, not including exploration and testing, of a geothermal resource associated with a reservoir, and unable to obtain other insurance at reasonable premiums for the amount of his investment subject to risk, as determined by the Secretary under this section, shall be eligible for investment insurance.

(d) Any eligible person seeking investment insurance under this section shall file an application with the Secretary setting forth: (1) the total amount of the contemplated investment in a geothermal resource and associated reservoir; (2) the views of the applicant concerning the nature and extent of the risk, including a geologic, engineering, and financial assessment based on site specific results of exploration and testing of the geothermal resource and the reservoir as specific as is possible; (3) the status of all required Federal, State, and local approvals, permits, and leases for the proposed development and utilization operations at the site; and (4) the extent to which the applicant has been able to obtain other insurance against the risk; and such other information as the Secretary may require.

(e) Unless the Secretary determines the risk proposed by the applicant is unreasonable, the Secretary, within ninety days of receipt of a satisfactory application, shall determine in writing and submit to the applicant: (1) the risk which may cause loss of investment for the applicant; (2) the total investment subject to the risk; (3) the amount of the other insurance which is available at reasonable premiums for the purpose of indemnifying the applicant against the risk; (4) the amount of investment insurance available pursuant to this section, which shall be the difference between the total investment subject to the risk and the total other insurance determined to be available at reasonable premiums, but not in excess of 90 per centum of, or $50,000,000 of, whichever is the lesser, the loss of investment subject to the risk; and (5) any reasonable terms and conditions necessary for the prudent administration of the program, including reasonable premiums for the insurance pursuant to this section (which shall be deposited in the Geothermal Resources Development Fund).

(f) The Secretary, within ninety days of the determinations under subsection (e), and upon agreement of the applicant to the determinations, shall issue a certificate of insurance, which shall not be transferrable without the express approval of the Secretary for good cause shown, with any specified terms and conditions and shall execute a contract with the applicant setting forth the terms and conditions of the investment insurance, and such other provisions as may be necessary to protect the interests of the United States, including ownership, use, and disposition of any currency, credits, assets, or investments on account of which payment under such insurance is to be made, and any right, title, claim, or course of action existing in relation thereof.

(g) Any holder of a certificate of insurance pursuant to subsection (f) who claims a loss of values of his investment by reason of the risk shall receive compensation to the extent the Secretary determines that: (1) such holder is eligible to receive compensation pursuant to the certificate and the contract; and (2) the amount and loss incurred by the holder which is subject to insurance and for which the holder has not received and will not receive compensation from other insurance.

(h) Any compensation received by the holder shall be withdrawn from the Geothermal Resources Development Fund. The full faith and credit of the United States is hereby pledged to the payment of any compensation under this section.

(i) A person shall not be denied insurance pursuant to this section, solely because such person is the recipient of any other Federal assistance under this Act, or any other Act.

(j) There are hereby authorized to be appropriated to the Geothermal Resources Development Fund, established pursuant to the Geothermal Energy Research, Development and Demonstration Act of 1974 (30 U.S.C. 1144), as amended, an amount not to exceed $100,000,000, for fiscal year 1980 which shall be available until expended.

(k) The Secretary may also enter into agreements to reinsure any private insurer for any risk associated with insurance for development and utilization of a geothermal resource and associated reservoir, using the procedures of subsections (c) through (i), as he deems appropriate to provide an incentive for the participation of the private insurance industry in geothermal development. The Secretary also is authorized and directed to use any other available authority to obtain such greater participation of the private insurance industry. The Secretary shall submit a report to the Congress within one year of the enactment of this section on the need for any additional authorities to obtain such participation.

SUBTITLE C

FEASIBILITY STUDY LOAN PROGRAM

SEC. 531. (a) The Secretary of Energy is authorized and directed to establish a program of assistance for the accelerated development of geothermal resources for nonelectric applications by geothermal utility districts, geothermal industrial development districts and projects, and other persons.

(b) The Secretary is authorized to make a loan to any qualified applicant, pursuant to subsection (a), to defray the costs of up to 90 per centum for (1) studies to determine the feasibility of such geothermal development pursuant to subsection (a) and (2) preparing any application for any necessary license or other Federal, State, and local approvals respecting such development. The Secretary may cancel the unpaid balance and any accrued interest on any loan granted pursuant to this subsection if he determines on the basis of the study, that such development is not technically or economically feasible.

(c) The Secretary is authorized to make a loan to any qualified applicant, pursuant to subsection (a), to defray the costs of up to 75 per centum of the costs directly related to the construction of systems for nonelectric geothermal development pursuant to subsection (a), where the Secretary finds—

(1) all necessary licenses and other required Federal, State, and local approvals for construction of systems have or will be issued,

(2) the project will have no significant adverse impact on the environment, and

(3) the applicant requires such assistance for the project.

(d) Each loan made pursuant to this section shall bear interest at the discount or interest rate used at the time the loan is made for water resources planning projects under section 80 of the Water Resources Development Act of 1974 (41 U.S.C. 1962(d)-17(a)). Each loan shall be for such term, as the Secretary deems appropriate, but not in excess of ten years for loans under subsection (b) and thirty years for loans under subsection (c).

(e) Amounts repaid on loans made pursuant to this section shall be deposited in the Geothermal Resources Development Fund. Loans pursuant to this section shall be funded by the Geothermal Resources Development Fund. There are hereby authorized to be appropriated to the Geothermal Resources Development Fund, for the purposes of this section, $50,000,000 in fiscal year 1980, which shall remain available until expended.

SUBTITLE D

SEC. 541. Title II of the Geothermal Research, Development, and Demonstration Act of 1974 (30 U.S.C. 1101, et seq.), as amended, hereafter in this Title referred to as "the Act", is amended—

(a) by adding at the end of section 201(c) (30 US.C. 1141(c)) "except that any guarantee made for a loan to an electric, housing, or other cooperative, or to a municipality, as defined in section 3(7), part I, of the Federal Power Act, may apply to so much of the principal amount as does not exceed 90 percent of the aggregate costs of the project."

SEC. 542. Section 1143 of the Act is amended by striking "1974" and insert in lieu thereof "1979".

SEC. 543. The Administrator of the Small Business Administration, the Administrator of the Rural Electric Administration, the Administrator of the Farmers Home Administration, and the Secretary of Housing and Urban Development may, with the express approval of the Secretary of Energy, utilize funds in the Geothermal Resources Development Fund established by section 1144 of the Geothermal Energy Research, Development and Demonstration Act of 1974 (30 U.S.C. 1101, et seq.), as amended, and the procedures of subsection 1144(c), for the purpose of providing loan or loan guarantee assistance, consistent with the objectives of that Act, for geothermal energy development and directly related activity, by means of loan and loan guarantee programs otherwise authorized by law in such agencies and departments. Such assistance shall be in full conformance with any requirements or limitations in such laws authorizing such assistance. The total amount of all such assistance using the Geothermal Resources Development Fund shall not exceed $50,000,000 of the total amount of funds available in the fund in any fiscal year.

SEC. 544. The Act is further amended by adding new section 1146, as follows:

"SEC. 1146. The Secretary shall ensure, to the maximum extent possible, that any action associated with a loan guarantee under this chapter, which is pursuant to section 102(c) of the National Environmental Policy Act, takes the maximum cognizance allowable under law of any action associated with the project, which is the subject of the loan guaranty. No such action associated with the loan guaranty shall duplicate any such action associated with such project.".

SEC. 545. (a) The Act is further amended by adding new section 1147, as follows:

"SEC. 1147. (a) The Secretary of Energy within sixty days after enactment of this section shall establish and implement orderly and expeditious procedures for the processing of loan guarantee applications pursuant to subchapter II of this Act. The procedures shall require that all such applications shall be approved or disapproved within four months of the date of filing. Such procedures shall include, at a minimum, explicit direction on the handling of such applications, express deadlines for the solicitation and collection of views of the consulted officials in the Department of Energy and in any other appropriate Department or agency (with identified officials responsible for meeting such deadlines), a Department of Energy coordinating authority to monitor the processing of such applications, predetermined procedures for expeditious handling on intradepartment and interagency disagreements and appeals to higher authorities, and similar administrative mechanisms. To the maximum extent practical, an applicant should be advised of all information required of the applicant for the entire process for every departmental element and agency's needs at the beginning of the process.

Potential controversial applications should be identified as quickly as possible so that any required policy decisions or consultations can be initiated in a timely manner. An immediate effort should be undertaken to establish quickly any necessary standards and criteria, including the nature of any required assurances, certifications, or evidentiary showing, for the decisions required by this section. The processing of any application proposed and filed as of the date of enactment of this section shall not be delayed pending the implementation of these procedures. Any such application, however, shall be subject to final approval or disapproval in not more than four months after such enactment.

"(b) The Secretary of Energy shall include in the procedures required by subsection (a) expedited consideration of loan guarantees for nonelectric applications of geothermal energy, generally, and specifically for nonelectric applications by municipal utilities, geothermal utility districts, geothermal industrial development districts, rural cooperatives, and other such public entities seeking to develop geothermal energy for community, rural, and local industrial applications.".

SEC. 546. (a) The Secretary of Energy shall initiate immediately a full and complete review of all relevant considerations associated with the significantly accelerated development of geopressures methane in the United States and on the Outer Continental Shelf, with emphasis on legal, institutional, and regulatory barriers to such development. The review also shall address the current status of technology development to support such accelerated development, and shall consider the earliest opportunities for demonstration efforts. The review shall be coordinated with the Interagency Geothermal Coordinating Committee. The Secretary shall submit a report to the Congress, within six months of the enactment of this section with appropriate recommendations for any administrative or legislative actions necessary to support such accelerated development of geopressures methane.

(b) The Secretary of Energy and the Secretary of the Interior shall initiate immediately a full and complete review of all relevant considerations associated with the significantly accelerated development of the potential of hot dry rock systems in the United States, with primary emphasis on the status of technology development to support such accelerated development. The review also shall address the earliest opportunities for demonstration projects, specifically including such projects at facilities and installations of the Federal Government. The review additionally shall consider any legal, institutional, or regulatory barriers to such development. The review shall be coordinated with the Interagency Geothermal Coordinating Committee. The Secretary shall submit a report to the Congress, within six months of the enactment of this section, with appropriate recommendations for any administrative or legislative action necessary to support such accelerated development of hot dry rock systems.

(c) The Secretary of Energy, in coordination with the Interagency Geothermal Coordinating Committee, and with the Administrator of the Environmental Protection Agency, shall immediately conduct a full and complete review of the need for environmental control technology, generic or specialized for a particular form of geothermal energy, to support, pursuant to all applicable Federal environmental laws, the significantly accelerated development of all forms of geothermal energy. The review shall also include the adequacy of the Department of Energy's environmental control technology development program for geothermal energy. The Secretary shall submit a report on the review to the Congress, within six months of the enactment of this section, with appropriate recommendations for any administrative or legislative actions necessary to support such accelerated development of all forms of geothermal energy in the United States.

SEC. 547. The Secretary of Energy is authorized and directed to initiate a new program for utilization of geothermal energy in Federal buildings, Federal facilities, and Federal installations in the United States. The program shall, to the maximum extent feasible, be developed in full coordination with the existing programs for solar utilization and energy conservation in Federal buildings and installations. The Secretary is authorized to cost share with any other Federal agency or department the incremental increase in retrofit or new construction costs resulting from initial capitalization of any such geothermal system in a Federal building, facility, or installation, to the extent the Secretary deems appropriate to provide a further incentive for geothermal development in a given geographical area or on a nationwide basis. The Secretary also shall direct each power marketing administration in the Department of Energy to consider affirmatively the development and use of geothermal energy in its system. The option of use of geothermal energy shall be considered fully in any new Federal building, facility, or installation in geothermal resource areas designated by the Secretary of Energy.

SEC. 548. The Public Utility Regulatory Policies Act of 1978, Public Law 95–617, is amended, as follows:

(a) Section 201 is amended by inserting "geothermal resources" after "renewable resources" in the definition of "small power production facility" in subsection (17)(A)(i) of section 3 of the Federal Power Act.

(b) Section 202 is amended by inserting "geothermal power producers, including non-utility producers" after "any" in the phrase, "Upon application of any" at the beginning of subsection (a)(1) of section 210 of the Federal Power Act.

(c) Section 203 is amended by inserting "geothermal power producers, including non-utility producers," after "Any" at the beginning of subsection (a) of section 211 of the Federal Power Act.

(d) Section 210 is amended by—

(1) inserting "geothermal power producers of not more than 80 MWe capacity (except for not more than one project to be designated by the Secretary of Energy of a maximum of 200 MWe capacity)," after "encourage" in the phrase "necessary to encourage" at the beginning of subsection 210(a), and

(2) inserting "geothermal power producers of not more than 80 MWe capacity (except for not more than one project to be designated by the Secretary of Energy of a maximum of 200 MWe capacity)," after "which" in the phrase "prescribe rules under which" in subsection 210(e)(1).

TITLE VI—RENEWABLE ENERGY INITIATIVES

SHORT TITLE

SEC. 601. (a) This Title may be cited as the "Omnibus Solar Commercialization Act of 1979".

(b) TABLE OF CONTENTS—

Sec. 601. Short title.
Sec. 602. Findings.
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Sec. 606. Energy Initiatives in New and Renovated Federal Buildings.
Sec. 607. Energy Self-Sufficiency Initiatives.
Sec. 608. Small Business Set-Aside.
Sec. 609. Photovoltaic Amendments.
Sec. 610. Authorization of Appropriations.

FINDINGS

SEC. 602. The Congress finds and declares that—

(a) the United States faces an energy shortage arising from decreasing supplies of domestic petroleum and insufficient development of renewable energy resources;

(b) unless effective measures are promptly taken by the Federal Government and other users of energy to increase the rate of use of renewable energy resources, the United States will become increasingly dependent on the world oil market, increasingly vulnerable to interruptions of foreign oil supplies and unable to provide the energy to meet future needs;

(c) the Federal Government can promote the commercialization of solar energy systems by installing cost effective solar energy systems in Federal buildings; and

(d) the formal establishment of a coordinated network for the dissemination of information to the public is a prerequisite to the development of an improved public understanding of the potential of solar energy systems.

PURPOSE

SEC. 603. The purpose of this Title is to establish incentives for the use of renewable energy resources, to coordinate information dissemination and outreach programs and to promote the use of renewable energy resources, to require the use of certain cost effective solar energy systems by the Federal Government, and to establish a program for the promotion of local energy self-sufficiency.

DEFINITIONS

SEC. 604. For the purposes of this Title—

(1) the term "Secretary" means the "Secretary of the Department of Energy";

(2) the term "renewable energy resource" means any energy resource which has recently originated in the Sun, including direct and indirect solar radiation and intermediate solar energy forms such as wind, ocean thermal gradients, ocean currents and waves, hydropower, photovoltaic energy, products of photosynthetic processes, organic wastes, and others;

(3) the term "solar energy system" means any system or collection of systems which provides useful energy from renewable energy resources(s) and which is in conformity with such criteria and standards as shall be prescribed by the Secretary;

(4) the term "active solar energy system" means any system which employs the energy of the Sun directly to produce electrical, mechanical or thermal energy to heat or cool buildings; or to heat hot water; or to provide other services; and which relies principally for energy transfer and any electrical or mechanical device or combination of devices such as collector; pumps, or sensing devices;

(5) the terms "Federal building" and "Federal agency" have the meaning provided by Public Law 94–385, section 303; and

(6) the term "passive solar energy system" means a space heating, heating and cooling, or hot water heating system which is characterized by reliance principally on natural convection, conduction and radiation for heat transfer, and which collects and stores thermal energy from the sun by devices that are structurally integrated with occupied space such as a storage wall, a storage roof, a greenhouse, an atrium or sunspace, reflector assemblies, shading devices, or reflective surfaces or glazings.

INFORMATION DISSEMINATION AND OUTREACH SERVICES

SEC. 605. (a) It shall be the policy of the Secretary to support the development of a coordinated network to—

(1) collect, review, process, and disseminate information and data; and

(2) provide educational, training, and related outreach services designed to actively promote the development, commercialization, and use of solar energy systems and related energy efficient systems.

(b) It shall further be the policy of the Secretary to insure that the coordinated network makes appropriate use of organizational components at the national, regional, State, and local levels, to insure that potential users of these services can receive accurate information, in a timely fashion, and at a level of detail that is appropriate to their particular needs.

(c)(1) The Secretary shall establish a National Solar Energy Information Center (hereafter referred to as the "Center") for the purpose of providing informational and referral services to the general public, the private sector, government organizations and the various organizations participating in the coordinated network referred to in subsection (a).

(2) The Center's informational and referral services shall be designed to support and complement the related informational, education, training, and other outreach services developed and performed by the Department of Energy, the Department of Housing and Urban Development, and other Federal agencies, the Solar Energy Research Institute, the Technical Information Center, the Regional Solar Energy Centers, the Energy Extension Service, State, and local offices, libraries, educational institutions, and other organizations involved in the outreach activities identified in subsection (a).

(3) The services provided by the Center shall include—

(A) the retrieval and dissemination of information relating to the development, commercialization, and use of solar energy systems and energy efficient systems that are integral to solar energy applications, including a national toll-free telephone number and a mailing address to receive inquiries, and a publications distribution service to provide pertinent and timely responses to these inquiries;

(B) a national energy information referral service to link information requiries with the specific organizations and resources that can best followup on each inquirer's particular needs; and

(C) other outreach and support activities as prescribed by the Secretary.

(d) The Secretary shall consult with the Secretary of the Department of Housing and Urban Development on matters relating to the programs and services provided by the National Solar Energy Information Center.

(e)(1) The Secretary shall provide for the development and dissemination of timely and accurate publications and other informational materials designed to promote the development, commercialization, and use of solar energy systems and energy efficient systems that are integral to solar energy applications. These publications and materials should be tailored to meet the specific needs of—

(A) researchers and designers,

(B) manufacturers,

(C) engineers, architects, builders, and contractors, installers,

(D) the financial community,

(E) the insurance community,

(F) the legal community,

(G) auditors who assess the solar energy or energy efficiency potential of facilities,

(H) building appraisers and inspectors,

(I) Government officials,

(J) trade and professional organizations,

(K) industry,

(L) consumers, and

(M) others who are involved in the development, commercialization, or use of solar energy systems and energy efficient systems that are integral to solar energy applications.

(2) The Secretary shall further provide for the development and implementation of conferences, workshops, training sessions, and other outreach programs, designed to promote the development, commercialization, and use of solar energy systems and energy efficient systems that are integral to solar energy applications.

(f)(1) The Secretary shall assign to an appropriate element in the Department of Energy the principal responsibility for the development of publications and other informational materials identified in paragraph (e)(1). These materials may be disseminated to the appropriate target audiences by the National Solar Energy Information Center, the regional solar energy centers, and the other appropriate organizations participating in the outreach network identified in subsection (a). The activities under this subsection shall be performed under the direction of the Secretary.

(2) The Secretary shall also assign to an appropriate organization, upon request, in Energy the responsibility of providing support services to assist the regional solar energy centers, the Energy Extension Service, State and local energy offices, and other appropriate organization, upon request, in the development and implementation of conferences, workshops, training sessions, and other outreach programs referred to in paragraph (e)(2).

(g) The Secretary shall coordinate the information activities, and other outreach services performed by the Solar Energy Information Center, the Solar Energy Research Institute, the regional solar energy centers, the Energy Extension Service, and other organizations funded by the Department of Energy that provide services referred to in this subsection.

(h) In implementing the policy and requirements of this section, the Secretary shall give due consideration to an orderly transition from requirements under existing law. Activities pursuant to the section shall incorporate all requirements of and be deemed to satisfy information dissemination provision in Public Law 93-409, Public Law 93-473, Public Law 93-577 as amended, and Public Law 95-590.

(i) The Secretary shall provide Congress and the appropriate authorizing committees with an annual report on the programs and activities established in this section, by January 15, of each year following the date of enactment of this title. The report shall include but not limited to—

(1) an assessment of the performance of the overall outreach network identified in subsection (a) and of the network's individual organizational components funded by the Department of Energy; and

(2) recommendations for modifications in the structuring of the outreach network.

ENERGY INITIATIVES IN NEW AND RENOVATED FEDERAL BUILDINGS

Sec. 606. (a) Effective one hundred and eighty days after the date of enactment of this title, the head of each Federal agency responsible for the construction of any new civilian Federal building or for the leasing of new structures constructed wholly for use by the Federal Government or the substantial renovation or reconstruction of existing Federal civilian buildings shall require to the maximum extent practicable, inclusion of, or the use of, cost-effective solar energy systems.

(b) For the purposes of this section, a solar energy system shall be considered cost-effective if the sum of all capital and operating expenses associated with the system, with future costs being appropriately discounted over the expected life of the system or during a period of thirty years, whichever is shorter, does not exceed the sum of all capital and operating expenses, similarly discounted, including fuel costs using the projected cost of world oil, of an alternative conventional energy system.

(c) For the purposes of this section an active solar energy system shall be defined as the most cost-effective, commercially available active solar energy system.

(d) Subsections (a) and (b) shall not apply to those buildings which are designed to operate without heating, cooling, or hot water systems.

(e) For the purposes of this section, a Federal building is considered a "new Federal building" if the contract for the design and construction of that building or for a substantial renovation of that building has not been signed prior to the date prescribed in subsection (a).

(f) The Federal agency responsible for the costs of renovation or construction of a new Federal building or leasing of structures constructed wholly for use by the Federal Government shall also fund the costs of any solar energy system used on that building which may be required pursuant to this section.

(g) The methods established pursuant to section 545 of Public Law 95-619 shall be modified as appropriate to include the requirements of this section.

(h) Requirements of this section shall not apply to any Federal building selected for demonstration under title V, part 2 of Public Law 95-619, selected for use of systems acquired under the authority of Title V, part 4 of Public Law 95-619, and Title V and Title VI of this Act.

(i) The "Energy Conservation in Existing Buildings Act of 1976" (Public Law 94-385, as amended by Public Law 95-619) is amended by adding a new paragraph after section 412 (9)(F) as follows—

"(G) materials associated with passive and active solar energy systems; and", and relabeling section 412(9)(G) as section 412(9)(H).

ENERGY SELF-SUFFICIENCY INITIATIVES

Sec. 607. (a) The purpose of this section is to establish local, State, regional, and national energy self-sufficiency programs to demonstrate by 1990 energy self-sufficiency through the use of renewable energy resources in local jurisdictions in the United States.

(b) The Secretary shall establish such programs as the Secretary determines are necessary to meet the purpose of this section, including programs—

(1) to promote the development and utilization of synergistic combinations of different renewable energy resources in specific projects aimed at reducing fossil fuel importation;

(2) to initiate and encourage energy self-sufficiency at appropriate levels of government so that removal of institutional and legal barriers to the development of renewable energy resources can be accelerated; and

(3) to stimulate private industry participation in the realization of the objectives outlined in subsection (a).

(c) In carrying out the provisions of this section, the Secretary is authorized to assign to an existing office in the Department of Energy the responsibility of undertaking programs he determines to be necessary to fully accomplish the goals established in subsection (a). The Secretary shall prepare a detailed plan within one hundred eighty days of the enactment of this Act, setting forth the responsibilities of the Office including the Federal actions and the expected State/local industry responses, needed to encourage and promote the adoption of programs for energy self-sufficiency.

(d) The Secretary shall report to the Congress on the plan, including in the report suggested legislative initiatives needed to fully implement the plan, within one year of the enactment of this Title.

SMALL BUSINESS SET-ASIDE

Sec. 608. Not less than 30 per centum of the total dollar amount of all contracts and grants awarded pursuant to section 606 of this Title for the procurement of goods and services shall be reserved exclusively for small business concerns, unless the contracting officer is unable to obtain two or more small business concerns that are competitive in terms of the demands of any particular grant or contract.

PHOTOVOLTAIC AMENDMENTS

Sec. 609. The Federal Photovoltaic Utilization Act (Public Law 95-619, Title V, part 4) is amended—

(a) in section 562(1) by adding a sentence to read "The term 'Federal facility' also applies to facilities connected with programs administered by the Federal agencies";

(b) in the first and third sentences of section 565 and in the second and third sentences of section 567(a) by inserting after the word "Secretary" the words "or other Federal agencies under delegation from the Secretary";

(c) in section 566(2) by deleting the words "such rules and regulations" and inserting the word "requirements" in lieu thereof; and

(d) in section 566 by deleting the word "and" at the end of subsection (2) and adding it at the end of subsection (3); and adding a subsection (4) containing the words "not be subject to the requirements of section 553 of Title 5, United States Code under this part notwithstanding any other provision of law.".

AUTHORIZATION OF APPROPRIATIONS

Sec. 610. There is authorized to be appropriated to the Secretary for the fiscal year ending September 30, 1980, the sum of $50,000,000 to carry out the purposes of this subtitle.

TITLE VII—WIND ENERGY INITIATIVES

SHORT TITLE

Sec. 701. (a). This Title may be cited as the "Wind Energy Systems Commercialization and Utilization Act of 1979.".

(b) Table of Contents.—

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Sec. 709. Federal Wind Utilization Program.
Sec. 710. Small Business Set-Aside.
Sec. 711. Authorization of Appropriations.

FINDINGS

Sec. 702. The Congress finds and declares that—

(a) it is the Nation's interest to provide opportunities for the increased production of electricity from renewable energy sources;

(b) the early wide-spread utilization of wind energy for the generation of electricity and for mechanical power could lead to relief on the demand on existing non-renewable fuel and energy supplies;

(c) the use of wind energy for certain applications has already proven feasible and economical;

(d) an aggressive commercialization program could provide an assured and growing market for wind energy during the next decade, and maximize the future contribution of wind energy to this Nation's future energy production;

(e) it is the proper and appropriate role of the Federal Government to undertake such a commercialization program in wind energy technologies and to assist private industry, other entities, and the general public in hastening the general use of such technologies; and

(f) the widespread use of wind energy systems to supplement and replace conventional methods for the generation of electricity and mechanical power would have a beneficial effect upon the environment.

PURPOSE

Sec. 703. The purpose of this title is to establish the following wind energy program objectives—

(a) to reach by fiscal year 1986, the installation to the maximum practicable, of the maximum megawatt capacity in the United States from wind energy systems which are life-cycle cost effective in comparison with conventional energy sources;

(b) to reduce by the end of fiscal year 1986, the average cost of electricity produced by installed wind energy systems to a level competitive with conventional energy sources;

(c) to accelerate the growth of a commercially viable and competitive industry to make wind systems available to the general public as an option in order to reduce national consumption of fossil fuel;

(d) to reduce fossil fuel costs to the Federal Government; and

(e) to stimulate the general use within the Federal Government of methods for the minimization of life-cycle costs; and to develop performance data on wind systems.

DEFINITIONS

Sec. 704. For the purposes of this Title—

(1) the term "Secretary means the "Secretary of the Department of Energy";

(2) the term "renewable energy resource" means any energy resource which has recently originated in the Sun, including direct and indirect solar radiation and intermediate solar energy forms such as wind, ocean thermal gradients, ocean currents and waves, hydropower, photovoltaic energy, products of photosynthetic processes, organic wastes, and others;

(3) the term "wind energy system" means a system of components, or a series of systems, which converts the kinetic energy of the wind into electricity or mechanical power, including all components necessary to provide electricity or mechanical power for individual, agricultural, commercial, industrial, or governmental use and use by utilities;

(4) the term "small wind energy system" means a wind energy system having a capacity of less than one hundred kilowatts at a wind speed of twenty miles per hour;

(5) the term "Federal facility" means any building, any commercial, agricultural, or industrial complex, or any device, and the land necessary for such building, complex or device, and includes facilities connected with programs administered by Federal agencies;

(6) the term "conventional energy source" means energy produced from oil, gas, coal, and nuclear fuels; and

(7) the term "cost-effective" means the sum of all capital and operating expenses associated with the system, with future costs being appropriately discounted over the expected life of the wind energy system or during a period of thirty years, whichever is shorter, does not exceed the sum of all capital and operating expenses similarly discounted, including fuel costs, using the projected cost of world oil, of an alternative conventional energy system.

WIND ENERGY SYSTEMS COMMERCIALIZATION PROGRAMS

SEC. 705. (a) The Secretary shall establish such commercialization programs as the Secretary determines are necessary to meet the purposes of this title, including programs—

(1) to promote and accelerate research, development, field experimentation, and commercialization of wind energy systems and components thereof; and

(2) to coordinate Federal efforts to accomplish the objectives outlined in section 703.

(b) In carrying out the provisions of this section, the Secretary shall establish a program to allow public or private entities wishing to install a wind energy system in conjunction with any new or existing facility or to undertake a project to facilitate the utilization of a wind energy system, to apply for Federal assistance in investigation, designing, fabricating, testing, purchasing, installing, and marketing such wind energy system.

(c) In carrying out the provisions of this section, the Secretary is authorized—

(1) to enter into agreements with any entity applying under paragraph (b), based on the need to obtain scientific, technological, economic, market, environmental, and safety information from a variety of wind energy systems under a variety of circumstances and conditions, on land and offshore, for the investigation, design, purchase, fabrication, testing, installation, and commercialization of such a system, as well as the identification of suitable sites for wind installations;

(2) to provide as part of any agreement entered into under paragraph (1), loans to cover the estimated difference in costs between a wind energy system and available conventional power sources at the time the loan is to be made. Such estimated cost difference shall be determined in the following manner:

(A) In the case in which the wind energy system represents a displacement for conventional fuels, such difference in cost shall be considered to be the difference between the annual capital, operation, and maintenance costs of the wind energy system, which, for the purposes of this subsection only, shall include any new transmission system which the Secretary determines is required to be constructed in order to connect the wind energy system into the electrical system, and the annual cost of available conventional fuels;

(B) In the case in which the wind energy system represents base-load generating capacity, the difference in cost shall be considered to be the difference in power production costs between the power produced by the wind energy system and power produced by available conventional fuels; and

(C) The percentage of the purchase and installation costs of such wind energy system covered by such loan shall be set as to cover the cost differential between the wind energy system and available conventional power sources as determined in paragraphs (a) and (b);

(3) to enter into such contracts and make such grants or cooperative agreements as may be necessary or appropriate for the development of wind energy systems including the field experimentation of prototype systems for commercial production and utilization, in accordance with the applicable provisions of sections 7, 8, and 9 of the Federal Nonnuclear Energy Research and Development Act of 1974 (42 U.S.C. 5906, 5907 and 5908) and with procedures established in conjunction with subsection (b);

(4) to enter into arrangements with appropriate Federal agencies to carry out such projects and activities with respect to Federal facilities as may be appropriate for the development, field experimentation, and commercialization of wind energy systems which are suitable and effective for use in Federal facilities; and

(5) to undertake other programs and activities which further the purposes of this title.

(d) Title to and ownership of the wind energy systems constructed or installed, or both, under the provisions of this section may be conveyed to purchasers of such systems under terms and conditions prescribed by the Secretary, including an express agreement that any such purchaser shall (in such manner and form and on such terms and conditions as the Secretary may prescribe) observe and monitor (or permit the Secretary to observe and monitor) the performance and operation of any such wind energy system for a period of five years and that such purchaser (including any subsequent owner of the system) shall regularly furnish the Secretary with such reports on such system as the agreement may require.

(e) For the purposes of this section, with the exception of subsections (c)(1) and (2), the Secretary shall terminate Federal subsidization of purchases of wind energy systems by profitmaking entities when the Secretary determines that wind energy systems have become competitive with conventional energy sources, or September 30, 1986, whichever occurs first.

CRITERIA FOR PROGRAM SELECTION

SEC. 706. The Secretary shall set priorities which are, as far as possible, consistent with the intent and purpose of this title and which are set in accordance with the following criteria:

(a) The construction, operation and maintenance costs of wind energy systems shall be minimized;

(b) Programs established under this title shall be conducted with the express intent of bringing wind energy system costs down to a level competitive with energy costs from conventional energy systems; and

(c) Priority shall be given in the conduct of programs established under this title to those projects in which funds are provided by private, industrial, agricultural, or governmental entities or utilities for the purpose of sharing with the Federal Government the costs of purchasing and installing wind energy systems.

MONITORING, INFORMATION GATHERING, AND LIAISON

SEC. 707. (a) The Secretary, in coordination with such Government agencies as may be appropriate, shall—

(1) monitor the performance and operation of wind energy systems installed under this title.

(2) collect and evaluate data and information on the performance and operation of wind energy systems installed under this title; and

(3) from time to time carry out such studies and investigations and take such other actions (including the submission of special reports to the Congress when appropriate) as may be necessary to assure that the programs for which the Secretary is responsible under this title effectively carry out the purposes of section 703.

(b) The Secretary shall also maintain continuing liaison with related industries and interests and with the scientific and technical community in order to assure that the benefits of programs under this title are and will continue to be realized to the maximum extent feasible.

(c) The Secretary, pursuant to section 605 of Title VI, shall assure subject to 5 U.S.C. 552 and 18 U.S.C. 1905 that full and complete information with respect to any program, project, or other activity conducted under this is made available to Federal, State, and local authorities, relevant segments of the economy, the scientific community, and the public so that the early, widespread, and practical use of wind energy throughout the United States is promoted to the maximum extent feasible.

ANALYSIS OF APPLICATIONS OF WIND ENERGY SYSTEMS

SEC. 708. The Secretary of Energy shall—

(a) initiate and conduct a "Federal applications study for Wind Energy Systems", cooperatively with appropriate Federal agencies to determine the potential for the use of wind systems at specific Federal facilities; and this study shall—

(1) include an analysis which determined those sites that are currently cost-effective for wind energy systems as defined by section 704(6), as well as those which would be cost-effective as expected future market prices;

(2) identify potential sites and uses of wind energy systems at the following agencies as well as any others which the Secretary deems necessary:

(A) the Department of Defense;

(B) the Department of Transportation (including the United States Coast Guard, the Federal Aviation Administration, and the Federal Highway Administration);

(C) the Department of Commerce;

(D) the Department of Agriculture; and

(E) the Department of the Interior;

(3) provide a preliminary report to the Congress within nine months following the enactment of this title; and

(4) include the presentation of a detailed plan for the use of wind energy systems for power generation at specific sites in Federal Government agencies to the Congress within twelve months following the enactment of this title;

(b) initiate and conduct a study of the effects of the widespread utilization of wind energy systems on the existing electrical utility system;

(c) initiate and conduct a study involving the prospects for applications of wind energy systems for power generation in foreign countries, particularly lesser developed countries and the potential for the exploration of these energy systems; This study shall involve the cooperation of the Department of State and the Department of Commerce, as well as other Federal agencies which the Secretary deems appropriate. A final report shall be submitted to the Congress, as well as a preliminary report within twelve months of the enactment of this title; and

(d) in carrying out his functions under this section, the Secretary shall consult with the appropriate government agencies, industry representatives, and members of the scientific and technical community having expertise and interest in this subject; The Secretary, as appropriate, may merge any continuing or ongoing studies within the Department of Energy or other Federal Agency with those required under this section to avoid any unnecessary duplication of effort or funding.

FEDERAL WIND UTILIZATION PROGRAM

SEC. 709. (a) There is hereby established a wind energy utilization program for the accelerated procurement and installation of wind systems for power production in Federal facilities.

(b) The program established by subsection (a) shall provide for the acquisition of wind systems by the Secretary or other Federal agencies under delegation from the Secretary for their use by Federal agencies. The acquisition of wind systems shall be at an annual level substantial enough to allow use of low-cost production techniques by suppliers of such systems. The Secretary or other Federal agencies under delegation from the Secretary is authorized to make such acquisitions through the use of multiyear contracts. Authority under this part to enter into acquisition contracts shall be only to the extent as may be provided in advance in appropriations Acts.

(c) The Secretary shall administer the program established under this section and shall—

(1) consult with the Secretary of Defense to insure that the installation and purchase of wind systems pursuant to this section shall not interfere with defense-related activities;

(2) implement practices to monitor and assess the performance and operation of wind systems installed pursuant to this section; and

(3) report annually to the Congress on the status of the program.

(d)(1) The Secretary shall establish, within sixty days after the date of the enactment of the Title, a wind systems evaluation and purchase program to provide such systems as are required by the Federal agencies to carry out this Title. In acquiring wind energy systems under this section, the Secretary, or other Federal agencies under delegation from the Secretary, need not require that such systems be life-cycle cost effective at the time of purchase, but that, to the maximum extent practicable, by the making of the purchase there is a probability that they could become life/cycle cost-effective in the future and shall schedule purchases in a manner which shall stimulate the early development of a permanent low-cost private wind production capability in the United States, and to stimulate the private sector market for wind systems.

(2) Nothing in the section shall preclude any Federal agency from directly procuring a wind system (in lieu of obtaining one under the program under subsection (a)), except that any such Federal agency shall notify the Secretary before procuring such a system.

(e)(1) There is hereby established an advisory committee to assist the Secretary in the establishment and conduct of the programs established under this section.

(2) Such committee shall be composed of the Secretary of Defense, the Secretary of Housing and Urban Development, the Administrator of the National Aeronautics and Space Administration, the Administrator of the General Services Administration, the Secretary of Transportation, the Administrator of the Small Business Administration, the Chairman of the Federal Trade Commission, the Postmaster General, and such other persons as the Secretary deems necessary. The Secretary shall appoint such other nongovernmental persons to the extent necessary to assure that the membership of the committee will be fairly balanced in terms of the point of view represented and the functions to be performed by the committee.

SMALL BUSINESS SET-ASIDE

SEC. 710. Not less than 30 per centum of the total dollar amount of all contracts and grants awarded pursuant to sections 705 and 709 of this Title for the procurement of goods and services shall be reserved exclusively for small business concerns, unless the contracting officer is unable to obtain two or more small business concerns that are competitive in terms of the demands of any particular grant or contract.

AUTHORIZATION OF APPROPRIATIONS

SEC. 711. There is authorized to be appropriated to the Secretary for the fiscal year ending September 30, 1980, the sum of $100,000,000 to be used for the programs authorized in this title.

TITLE VIII—SOLAR ENERGY DEVELOPMENT BANK

SHORT TITLE

SEC. 801. (a) This Title may be cited as the "Solar Energy Development Bank Act of 1979".

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PURPOSE

SEC. 802. It is the purpose of this title to encourage the use of solar energy, and thereby reduce the Nation's dependence on foreign sources of energy supplies, by establishing a Solar Energy Development Bank to provide subsidies for below-market interest rate loans made to owners or builders of commercial and residential structures for the purchase and installation of solar energy systems in such structures.

DEFINITION

SEC. 803. For the purpose of this title, the term—

(1) "Secretary" means the Secretary of Housing and Urban Development; and

(2) "solar energy systems" shall be defined as in section 2(a) of the National Housing Act, as amended by section 241 of the National Energy Conservation Policy Act, and shall also include wood-burning appliances, solar process heat, solar electric devices, and earth shelters which are in conformity with such criteria and standards as shall be prescribed by the Secretary in consultation with the Secretary of Energy.

ESTABLISHMENT OF THE BANK

SEC. 804. (a) There is hereby created a Solar Energy Development Bank (hereinafter referred to as the "Solar Bank") which shall be in the Government National Mortgage Association. The Solar Bank shall have succession until five years after the date of the enactment of this Title or until dissolved by an Act of the Congress, whichever occurs first.

(b) The General Accounting Office shall periodically audit the financial transactions of the Solar Bank, and, for this purpose, shall have access to all of its books, records, and accounts.

(c) No officer, attorney, agent, or employee of the Solar Bank may participate, directly or indirectly, in any manner in the deliberations upon, or the determination of, any matter affecting his personal interest, or the interests of any corporation, partnership, or association with which he is directly or indirectly associated.

(d) The Solar Bank may impose or charge for its services which shall be deposited into the miscellaneous receipts of the Treasury.

POWERS

SEC. 805. (a) The Secretary, with the Advisory Board established by section 804, shall have the power to fix the level of subsidy, not to exceed 6 percentage points below the current maximum interest rate permitted on a mortgage insured under section 203(b) of the National Housing Act, on loans subsidized by the Bank and the interest rate paid by borrowers on such loans, and from time to time to alter the level of subsidy and interest rates for new loans subsidized by the Bank. In doing so the Bank shall give consideration to such factors as it shall deem appropriate including, but not limited to the following:

(1) the prevailing market rates of interest for home mortgages, home improvement loans, and commercial loans, as well as prevailing market rates of interest for Government and corporate bonds;

(2) the availability of other Federal Government incentives and subsidies for solar energy equipment, including Federal income tax credits;

(3) the costs of nonrenewable energy resources and systems;

(4) the costs of solar energy systems; and

(5) the levels of subsidy needed to induce consumers and builders to install solar energy systems in residential and commercial buildings.

(b) The Secretary shall establish eligibility criteria which do not discriminate against simple passive or hybrid solar energy systems and which do not subsidize nonenergy related housing costs. Criteria may take into account energy saved through the use of simple passive and hybrid solar energy systems.

ADVISORY BOARD

SEC. 806. (a) As part of the Solar Bank, there shall be an Advisory Board which shall make the report described in section 809 and provide advice to the Secretary for the purpose of assisting the Solar Bank in carrying out the provisions of this title. Such Advisory Board shall be composed of—

(1) one individual who is not an officer or employee of any governmental entity and who is able to represent the views of the general public as a result of his or her education, training, and experience;

(2) one individual who is not an officer or employee of any governmental entity or of any entity engaged in the exploration, development, production, or delivery of any energy resource and who is qualified to serve on the Board as a result of his or her education, training, and experience in scientific endeavors;

(3) one individual who is able to represent the views of the solar energy industry as a result of his or her education, training, and experience;

(4) one individual who is able to represent the views of lending and financial institutions as a result of his or her education, training, and experience; and

(5) one individual who is able to represent the views of low-income persons as a result of his or her education, training, and experience.

(b) The individuals described in paragraphs (1), (2), (3), (4), and (5) of subsection (a) shall be appointed by the President of the United States.

(c) If any member of the Advisory Board becomes an officer or employee of a government or becomes employed in a manner which would disqualify the person from being on the Board, he or she may continue as a member of the Board for not longer than the ninety-day period beginning on the date he or she leaves that office or becomes such an officer or employee, as the case may be.

(d)(1) Except as provided by paragraphs (2) and (3) of this subparagraph, members appointed under paragraphs (1), (2), (3), (4), and (5), of subsection (a) shall be appointed for a term of two years.

(2) Of the members first appointed, those appointed under paragraphs (1) and (2) of subsection (a) shall be appointed for a term of two years and those appointed under paragraphs (3), (4), and (5) of subsection (a) shall be appointed for a term of three years.

(3) Any member appointed under paragraph (1), (2), (3), (4), or (5) of subsection (a) to fill a vacancy occurring prior to the expiration of the term for which his or her predecessor was appointed shall be appointed only for the remainder of such term. A member may serve after the expiration of his or her term until a successor has taken office.

(e)(1) Except as provided in paragraph (2) of this subsection, members of the Advisory Board shall be entitled to receive the daily equivalent of the annual rate of basic pay in effect for grade GS-15 of the General Schedule for each day (including traveltime) during which they are engaged in the actual performance of duties vested in the Advisory Board.

(2) While away from their homes or regular places of business in the performance of services for the Advisory Board, members of the Advisory Board shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703(b) of title 5, United States Code.

(f) Three members of the Board shall constitute a quorum but a lesser number may hold hearings.

(g) The Chairperson and Vice Chairperson of the Advisory Board shall be elected by the members of the Advisory Board. The term of office of the Chairperson and Vice Chairperson shall be two years.

SUBSIDY PAYMENTS

SEC. 807. (a)(1) The Solar Bank may, beginning with fiscal year 1980, make payments to financial institutions for the purpose of subsidizing below-market rate loans which are made by such institutions to owners or builders of commercial and residential structures and to units of local government in connection with programs described in subsection (d)(3) for the purchase and installation of solar energy systems in such structures and which meet the requirements of this section. Such payments may also be made with respect to the portion of a larger loan which is allocable to the solar energy systems.

(2) The amount of any payment made with respect to any loan or qualifying portion of a loan may be in a lump-sum payment and shall be in an amount necessary, as determined by the Solar Bank, to compensate the financial institution for the difference between the interest rate determined by the Secretary and the yield it would have received if the loan were made at a market rate.

(3) The Solar Bank may, with respect to any loan for which a subsidy payment is made under this Title, require the financial institution to repay the Solar Bank any amount to which the Solar Bank is entitled as a result of the borrower's failure to meet his obligation under the loan.

(b) A payment may be made under this section with respect to a loan or qualifying portion of a loan only if—

(1) the term of repayment does not exceed thirty years and is not less than five years, except that there shall be no penalty imposed on the borrower if the loan or advance of credit is repaid at any time before the term of repayment expires;

(2) the amount of such loan allocable to purchase an installation of a solar energy system does not exceed $10,000 per unit in the case of any one- to four-family residential structure, $5,000 per unit in the case of any residential structure with five or more dwelling units (not to exceed $200,000 per loan), and $200,000 in the case of any commercial structure;

(3) the solar energy system purchased and installed with such loan is covered by a warranty that the installer or manufacturer, or both, will remedy any defects in materials, manufacture, or installation of the system without charge and within reasonable time (including, if necessary, repair or replacement at the site) which becomes evident within one year from the date of installation or such longer period as the Secretary determines is reasonable. The Secretary may also require that such warranty include a requirement that the installer will provide, without charge and within fifteen days before the expiration of the warranty, an onsite inspection of the system and components for the purpose of discovering and remedying any defects which may be present;

(4) the security for the loan meets the requirements of the Government National Mortgage Association; and

(5) the solar energy system to be financed will be purchased and installed after the date of enactment of this Title.

(c) At least 60 per centum of the amount of subsidy payments made under this section in any year shall be for the purpose of assisting the financing of solar energy systems in residential structures.

(d)(1) At least 5 per centum of the amount of subsidy payments made under this section in any year shall be for the purpose of assisting the financing of solar energy systems in the residential structures occupied by low-income persons. The Secretary shall fix special subsidy levels on loans subsidized by the bank pursuant to this subsection.

(2) Any failure to expend funds specified in this subsection shall not delay payments made under other susbections. Funds available for this subsection that are not expended in a given year shall remain available for the following year.

(3) For the purposes of this subsection, a unit of local government shall be considered an eligible recipient of a subsidized loan on behalf of low-income persons in connection with a project carried out with other housing or rehabilitation programs.

PENALTIES

SEC. 808. Any person who knowingly makes any false statement or misrepresents any material fact with respect to any loan assisted under this title shall be fined not more than $10,000 or imprisoned not more than one year, or both.

REPORTS

SEC. 809. The Advisory Board shall make an annual report to both Houses of Congress and to the President of the United States for the purpose of providing a detailed accounting of the operation of the program established by this title, making recommendations for improvements in such program, and identifying problem areas within the solar energy industry, the Federal Government, and lending institutions which may be inhibiting the success of such program. Such report shall include the majority and minority and dissenting views of the Advisory Board and the views of the Secretary.

PROMOTION OF THE PROGRAM

SEC. 810. The Solar Bank shall promote the program established by this title by informing financial institutions and consumers of the benefits of such program and by actively seeking their participation in the program.

AUTHORIZATION OF APPROPRIATIONS

SEC. 811. There are authorized to be appropriated to carry out the purposes of this title not to exceed $50,000,000 for the fiscal year ending September 30, 1980, $150,000,000 for the fiscal year ending September 30, 1981, and $275,000,000 for the fiscal year ending September 30, 1982.

TITLE IX—EXTENSION OF DEFENSE PRODUCTION ACT

SHORT TITLE

SEC. 901. This title may be cited as the "Defense Production Act Extension Amendments of 1979".

AMENDMENT TO DEFENSE PRODUCTION ACT OF 1950

SEC. 902. The first sentence of section 717(a) of the Defense Production Act of 1950 (50 U.S.C. App. 2166a) is amended by striking out "September 30, 1979" and inserting in lieu thereof "September 30, 1981".

ENERGY FINANCING ACT OF 1979

The amendment of the Committee on Banking, Housing, and Urban Affairs reads as follows:

SHORT TITLE

SECTION 1. This act may be cited as the "Energy Financing Act of 1979".

TITLE I—DEFENSE PRODUCTION ACT AMENDMENTS

DECLAMATION OF POLICY

SEC. 101. The second sentence of section 2 of the Defense Production Act of 1950 (50 U.S.C. App. 2062) is amended by striking out the period at the end thereof and inserting in lieu thereof "or to respond to actions occurring outside of the United States which could result in the termination or reduction of the availability of strategic and critical materials, including petroleum, and which would adversely affect the national defense preparedness which is essential to national security, it is also necessary and appropriate to achieve greater independence in domestic energy supplies.".

SYNTHETIC FUELS DEMONSTRATION PROGRAM

SEC. 102. Title III of the Defense Production Act of 1950 (50 U.S.C. App. 2091-2094) is amended by adding at the end thereof the following new section:

"SEC. 305. (a) The President, utilizing the provisions of this section, shall establish a program to determine the commercial viability of synthetic fuels technologies.

"(b) The purpose of this program is—

"(1) to stimulate development of synthetic substitutes for crude oil and conventional natural gas while minimizing Government involvement;

"(2) to determine what additional efforts on the part of the Federal Government are necessary and appropriate to assure development of synthetic fuels production capacity at an optimal pace;

"(3) to expedite design, construction, and operation of synthetic fuels commercial demonstration plants by minimizing Federal Government procedural requirements for selecting projects to receive Federal financial assistance under this section; and

"(4) to test synthetic fuels technologies to determine their potential role in meeting the Nation's energy needs in terms of—

"(A) their commercial viability;

"(B) their environmental impact, including, but not limited to, water consumption, water pollution, and air pollution;

"(C) their health and safety aspects, including, but not limited to, any carcinogenic effect;

"(D) their effect on regional and local agricultural production;

"(E) their social and economic impacts; and

"(F) their thermodynamic balances.

"(c) The President shall—

"(1) invite submission of proposals from interested persons (hereinafter referred to as 'bidders'), requesting Federal assistance in the form of purchase commitments, loan guarantees, or a combination of the two, for the design, construction, and operation of synthetic fuels commercial demonstration projects (hereinafter referred to as 'projects'). The President shall require that each proposal contain such information as necessary for the purposes of preventing selection of more than one project involving the same technology and insuring selection of projects which best serve the purposes of this section as set forth in subsection (b): *Provided*, That the President shall minimize requirements for information to be included in the proposals by directing the Office of Management and Budget to eliminate duplicative reporting forms issued by one or more agencies so that an applicant will be relieved of multiple filings of similar or identical information;

"(2) not later than one year after the invitation for proposals, select on a competitive basis to the maximum extent practicable up to twelve proposals which are deemed most likely to contribute to the purposes of this section and which each employ a different processing technology; no more than six such proposals employing the same generic feedstock; and

"(3) subject to the provisions of this section, enter into contracts with bidders providing for commitments to purchase synthetic fuels produced by the proposed projects and with public or private financing institutions for guaranteeing loans for design, construction, and operation of the proposed projects.

"(d) Such contracts shall be subject to the following conditions:

"(1) the proposed project must be located in the United States, including the several States, the District of Columbia, the Commonwealth of Puerto Rico, and any other territory or possession of the United States, but no project may be owned or operated by the United States or any department or agency thereof;

"(2) no contract shall require or permit advance payments;

"(3) loan guarantees may be employed only if the President determines that the purposes set forth in subsection (b) could not be achieved through purchase commitment contracts alone;

"(4) all contracts must be entered into before October 1, 1981;

"(5) no contract may commit the Federal Government to purchases beyond the seventh year of synthetic fuels production from a project, unless both Houses of Congress have been notified in writing of such proposed contract and thirty days of continuous session of Congress have expired following the date on which such notice was transmitted to the Congress and neither House of Congress has adopted, within such thirty-day period, a resolution, described in subsection (k), disapproving such proposed contract;

"(6) any purchase commitment contract shall provide that the President retains the right to refuse delivery of the synthetic fuels involved and to pay the person involved an amount equal to the amount by which the price for such synthetic fuels as specified in the contract involved exceeds the market price, as determined by the Secretary of Energy, for such synthetic fuels on the delivery date specified in such contract;

"(7) with respect to any person, including any other person who is substantially controlled by such person (as determined by the Secretary of Energy), the President may not award contracts for commitment to purchase more than fifty thousand barrels per day equivalent of synthetic fuels, or make loan guarantees for design, construction, and operation of a plant designed to produce over fifty thousand barrels per day equivalent of synthetic fuels;

"(8) any purchase commitment contract shall commit the Government to purchase fixed amounts of fuels at fixed prices adjusted by a formula that may take into account inflation, world oil prices or such other prices as the Secretary deems relevant except that project costs may not be considered as a factor;

"(9) Federal loan guarantees shall not exceed 75 per centum of a project's estimated costs at the making of the contract;

"(10) the President shall establish such terms and conditions for loan guarantees under this section as necessary to implement the purposes of this section and insure the prompt repayment of loans;

"(11) the President may not enter into any contract providing a Federal loan guarantee of an amount in excess of $500,000,000 unless both Houses of Congress have been notified in writing of such proposed contract and thirty days of continuous session of Congress have expired following the date on which such notice was transmitted to the Congress and both Houses of Congress have not adopted, within such thirty-day period, resolutions, described in subsection (k), disapproving such proposed contract;

"(12) guarantees may be made only to the extent appropriated funds are available. For the purposes of this section, $3 of guarantee authority shall be available for every $1 appropriated for this purpose. Appropriated funds shall remain available until termination of all guarantees; and

"(13) the amount of purchase commitments shall not exceed $3,000,000,000, subject to approval in an appropriation Act.

For the purpose of clause (13) only the excess of the price per unit in commitments issued over the market price shall be charged to any appropriation.

"(e) The procurement power granted to the President by this section shall include the power to transport and store and have processed and refined any products procured under this section.

"(f) Each Federal officer and agency having authority to issue any permit for, or to otherwise approve or authorize, the construction or operation of a project selected under this section or for construction or operation of any facility for production or distribution of energy or for exploration or development of Federal land in connection with energy production shall—

"(1) in accordance with Executive Order 1219, expedite all actions necessary for the issuance of such permit, approval, or authorization, and

"(2) take final action thereon not later than twelve months after the date application for such permit, approval, or authorization is made. After taking any such action, such officer or agency shall publish notification thereof in the Federal Register.

"(g) Notwithstanding any other provision of law, liquid fuels acquired pursuant to the provisions of this section which, in the judgment of the President, are excess to the needs of programs under this section, shall be transferred to the Strategic Petroleum Reserve, when the President deems such action to be in the public interest.

"(h) The President shall submit a report to the Congress within one hundred and eighty days after the enactment of this section setting forth a comprehensive plan to implement the program described in this section. In preparing such a comprehensive plan, the President shall consult with the heads of the Department of Energy, the Environmental Protection Agency, the Department of Housing and Urban Development, the Department of the Interior, the Department of Labor, the Department of Agriculture, and the Department of the Treasury. The plan shall include, but not be limited to—

"(1) regulations required to carry out the purposes of this section;

"(2) a list of Federal agencies, governmental entities, and other persons who will be consulted or used to implement the program by this section;

"(3) a plan for the study and monitoring of the health effects of such facilities on workers and other persons, including, but not limited to, any carcinogenic effect; and

"(4) the methods and procedures to insure that the projects will be no larger than necessary to demonstrate the commercial viability of the technologies.

"(i) The President shall submit annually a detailed report to the Congress concerning the actions taken or not taken by the President under this section during the preceding fiscal year including, but not limited to—

"(1) a discussion of the status of each project financed under this section including progress made in the development of such projects, and the expected or actual production from each project, including byproduct production therefrom, and the distributions of such products and byproducts;

"(2) a detailed statement of the costs of the program established by this section;

"(3) data concerning the environmental, social, and economic impacts of each such project;

"(4) the administrative and other costs incurred by the Federal agencies in carrying out this program;

"(5) recommendations as to the appropriate level of further Government involvement in commercialization of synthetic fuel technologies; and

"(6) such other data as may be helpful in keeping the Congress and the public fully and currently informed about the program authorized by this section.

"(j) The reports required by subsection (i) of this section shall be a part of the annual reports required by section 657 of the Department of Energy Organization Act, except that the matters required to be reported by this section shall be clearly set out and identified in such annual reports.

"(k)(1) The resolution disapproving proposed contracts under this section shall read as follows after the resolving clause: 'That the   does not favor the taking effect of the contract terms transmitted to Congress by the President on   .', the first blank space therein being filled with the name of the resolving House and the second blank space therein being filled with the day and year.

"(2) Upon introduction, the resolution shall be referred immediately to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking, Finance and Urban Affairs of the House.

"(3)(A) If the committee to which a resolution of disapproval has been referred has not reported it at the end of seven calendar days after its introduction, it is in order to move either to discharge the committee from further consideration of the resolution or to discharge the committee from further consideration of any other resolution of disapproval which has been referred to the committee.

"(B) A motion to discharge may be made only by an individual favoring the resolution, is highly privileged (except that it may not be made after the committee has reported a resolution of disapproval), and debate thereon shall be limited to not more than one hour, to be divided equally between those favoring and those opposing the resolution. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

"(C) If the motion to discharge is agreed to or disagreed to, the motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other resolution of disapproval.

"(4)(A) When the committee has reported, or has been discharged from further consideration of, a resolution of disapproval, it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the resolution. The motion is highly privileged and is not debatable. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

"(B) Debate on the resolution of disapproval shall be limited to not more than ten hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate is not debatable. An amendment to, or motion to recommit, the resolution is not in order, and it is not in order to move to reconsider the vote by which the resolution is agreed to or disagreed to.

"(5)(A) Motions to postpone, made with respect to the discharge from committee or the consideration of a resolution of disapproval, and motions to proceed to the consideration of other business, shall be decided without debate.

"(B) Appeals from the decisions of the Chair relating to the application of the rules of the House of Representatives or the Senate, as the case may be, to the procedure relating to any resolution of disapproval shall be decided without debate.

"(l) Nothing in this section may be construed to authorize any program of fuel allocation or rationing.".

PRODUCTION OF HEAVY OILS AND TAR SANDS

SEC. 103. Title III of the Defense Production Act of 1950 (50 U.S.C. App. 2091–2094) is amended by adding at the end thereof the following new section:

"SEC. 306. (a) In order to expand production of petroleum products from heavy oils and tar sands, the President is authorized to enter into contracts with persons proposing to extract such heavy oils and tar sands from the ground. Such contracts shall provide to such persons Federal Government guarantees of a market price for such heavy oils and tar sands determined as follows:

"(1) the amount of the guaranteed market price shall be initially set at and never be lower than 90 per centum of the world oil price for petroleum of comparable grade on the date of enactment of this Act, as determined by the President;

"(2) the amount of the guaranteed market price shall be increased annually to equal the lesser of—

"(A) 90 per centum of the new world price of oil, as determined by the President, or

"(B) 90 per centum of the world price oil on the date of enactment of this Act, as determined in subparagraph (1) above, adjusted annually for inflation using the gross national product deflator.

"(b) For the purposes of this section, the terms 'heavy oils' and 'tar sands' include fuels if the hydrocarbon content thereof has a gravity of twenty degrees or less (API). For purposes of applying the preceding sentence, the President may substitute a higher gravity rating (API) than twenty degrees in any case in which he determines that the application of the higher gravity rating would further the purposes of this section.

"(c)(1) Price guarantees shall not be available under this section for heavy oils or tar sands produced outside of the United States, including the several States, the District of Columbia, the Commonwealth of Puerto Rico, and any other territory or possession of the United States.

"(2) No person, including any person substantially controlled by such person as determined by the President, shall be eligible to receive a guarantee of a market price under this section with respect to more than fifty thousand barrels per day oil equivalent.

"(3) No guarantee issued under this section shall extend beyond 2000.".

GENERAL PROVISIONS

SEC. 104. (a) Section 702 of the Defense Production Act of 1950 (50 U.S.C. App. 2152) is amended by adding at the end thereof the following:

"(g) The words 'synthetic fuels' mean any product derived from coal (including anthracite, lignite, and peat) or oil shale which is suitable for substitution for petroleum or natural gas.".

(b) Section 711(a) of the Defense Production Act of 1950 (50 U.S.C. App. 2161(a)) is amended—

(1) by striking out "There" and inserting in lieu thereof "Except for the purposes of section 305. there"; and

(2) by inserting after the first sentence the following new sentence: "For the purposes of section 305, there are hereby authorized to be appropriated without fiscal year limitation not to exceed $3.000.000.000.".

(c) The first sentence of section 717(a) of the Defense Production Act of 1950 (50 U.S.C. App. 2166(a)) is amended by striking out "September 30, 1979" and inserting in lieu thereof "September 30, 1981".

TITLE II—SOLAR ENERGY DEVELOPMENT BANK

PURPOSE

SEC. 201. It is the purpose of this title to encourage the use of solar energy, and thereby reduce the Nation's dependence on foreign sources of energy supplies, by establishing a Solar Energy Development Bank to provide subsidies for below-market interest rate loans made to owners or builders of commercial and residential structures for the purchase and installation of solar energy systems in such structures.

ESTABLISHMENT OF THE BANK

SEC. 202. (a) There is hereby created a body corporate to be known as the Solar Energy Development Bank (hereinafter referred to as the "Solar Bank") which shall be in the Department of Housing and Urban Development. The Solar Bank shall have succession until five years after the date of the enactment of this Act or until dissolved by an Act of Congress, whichever occurs first, and it shall maintain its principal office in the District of Columbia and shall be deemed, for purposes of jurisdiction and venue in civil actions, to be a District of Columbia Corporation.

(b) There is established in the Department of Housing and Urban Development the position of President, Solar Bank, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be compensated at the rate now or hereafter prescribed for Executive level IV by section 5315 of title 5, United States Code. Subject to the direction of the Board of Directors of the Solar Bank, the President shall manage and supervise the affairs of the Solar Bank and shall perform such other functions as the Board may prescribe.

(c) The General Accounting Office shall periodically audit the financial transactions of the Solar Bank, and, for this purpose, shall have access to all of it books, records, and accounts.

(d) No officer, attorney, agent, or employee of the Solar Bank may participate, directly or indirectly, in any manner in the deliberations upon, or the determination of, any matter affecting his personal interest, or the interests of any corporation, partnership, or association with which he is directly or indirectly associated.

(e) The Solar Bank may impose fees or charges for its services which shall be deposited into the miscellaneous receipts of the Treasury.

(f) The Solar Bank shall have the same corporate powers given the Government National Mortgage Association in 309(a) of the National Housing Act.

BOARD OF DIRECTORS

SEC. 203. (a) The Solar Bank shall be governed by a Board of Directors (hereinafter referred to as the "Board") which shall provide advice to the President of the Solar Bank and to the Secretary of Housing and Urban Development for the purpose of assisting the Solar Bank in carrying out the provisions of this Act. The Board shall consist of the Secretary of Housing and Urban Development, the Secretary of the Treasury, and the Secretary of Energy. The Board shall adopt, and may amend or repeal, such regulations as are necessary or convenient for the functioning of the Solar Bank.

(b) Two members of the Board shall constitute a quorum.

(c) The Chairperson of the Board shall be the Secretary of Housing and Urban Development.

(d) The Board, in consultation with the Advisory Board established by section 5, shall have the power to fix the levels of subsidy on loans subsidized by the Bank and the interest rates paid by borrowers on such loans, but not lower than 6 percentage points below the current maximum interest rate permitted on a mortgage insured under section 203(b) of the National Housing Act, and from time to time to alter the levels of subsidy and interest rates for new loans subsidized by the Bank. In doing so the Bank shall give consideration to such factors as it shall deem appropriate, including, but not limited to the following:

(1) the prevailing market rates of interest for home mortgages, home improvement loans, and commercial loans, as well as prevailing market rates of interest for Government and corporate bonds;

(2) the availability of other Federal Government incentives and subsidies for solar energy equipment, including Federal income tax credits;

(3) the costs of nonrenewable energy resources and systems;

(4) the costs of solar energy systems; and

(5) the levels of subsidy needed to induce consumers and builders to install solar energy systems in residential and commercial buildings.

(e) The President of the Bank shall establish eligibility criteria which do not discriminate against simple passive or hybrid solar energy sytems and which do not subsidize nonenergy related housing costs. Criteria may take into account energy saved through the use of simple passive and hybrid solar energy systems.

ADVISORY BOARD

SEC. 204. (a) As part of the Solar Bank, there shall be an Advisory Board which shall make the report described in section 207 and provide advice to the President of the Solar Bank and to the Board of Directors for the purpose of assisting the Solar Bank in carrying out the provisions of this title. Such Advisory Board shall be composed of—

(1) one individual who is not an officer or employee of any governmental entity and who is able to represent the views of the general public as a result of his or her education, training, and experience;

(2) one individual who is not an officer or employee of any governmental entity or of any entity engaged in the exploration, development, production, or delivery of any energy resource and who is qualified to serve on the Board as a result of his or her educa-

tion, training, and experience in scientific endeavors;

(3) one individual who is able to represent the views of the solar energy industry as a result of his or her education, training, and experience;

(4) one individual who is able to represent the views of lending and financial institutions as a result of his or her education, training, and experience; and

(5) one individual who is able to represent the views of low-income persons as a result of his or her education, training, and experience.

(b) The individual described in paragraphs (1), (2), (3), (4), and (5) of subsection (a) shall be appointed by the President of the United States.

(c) If any member of the Advisory Board becomes an officer or employee of a government or becomes employed in a manner which would disqualify the person from being on the Board, he or she may continue as a member of the Board for not longer than the ninety-day period beginning on the date he or she leaves that office or becomes such an officer or employee, as the case may be.

(d)(1) Except as provided by paragraphs (2) and (3) of this subparagraph, members appointed under paragraphs (1), (2), (3), (4), and (5), of subsection (a) shall be appointed for a term of two years.

(2) Of the members first appointed, those appointed under paragraphs (1) and (2) of subsection (a) shall be appointed for a term of two years and those appointed under paragraphs (3), (4), and (5) of subsection (a) shall be appointed for a term of three years.

(3) Any member appointed under paragraph (1), (2), (3), (4), or (5) of subsection (a) to fill a vacancy occurring prior to the expiration of the term for which his or her predecessor was appointed shall be appointed only for the remainder of such term. A member may serve after the expiration of his or her term until a successor has taken office.

(e)(1) Except as provided in paragraph (2) of this subsection, members of the Advisory Board shall be entitled to receive the daily equivalent of the annual rate of basic pay in effect for grade GS-15 of the General Schedule for each day (including traveltime) during which they are engaged in the actual performance of duties vested in the Advisory Board.

(2) While away from their homes or regular places of business in the performance of services for the Advisory Board, members of the Advisory Board shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703(b) of title 5, United States Code.

(f) Three members of the Board shall constitute a quorum but a lesser number may hold hearings.

(g) The Chairperson and Vice Chairperson of the Advisory Board shall be elected by the members of the Advisory Board. The term of office of the Chairperson and Vice Chairperson shall be two years.

SUBSIDY PAYMENTS

SEC. 205. (a)(1) The Solar Bank may, beginning with fiscal year 1980, make payments to financial institutions for the purpose of subsidizing below-market rate loans which are made by such institutions to owners or builders of commercial and residential structures and to units of local government in connection with programs described in subsection (d)(3) for the purchase and installation of solar energy systems in such structures and which meet the requirements of this section. Such payments may also be made with respect to the portion of a larger loan which is allocable to the solar energy systems.

(2) For purposes of this title, the term "solar energy systems" shall be defined as in section 2(a) of the National Housing Act, as amended by section 241 of the National Energy Conservation Policy Act, and shall also include wood-burning appliances, solar process heat, solar electric devices, and earth shelters which are in conformity with such criteria and standards as shall be prescribed by the Secretary of Housing and Urban Development in consultation with the Secretary of Energy.

(3) The amount of any payment made with respect to any loan or qualifying portion of a loan may be in a lump-sum payment and shall be in an amount necessary, as determined by the Solar Bank, to compensate the financial institution for the difference between the interest rate determined by the Board of the Solar Bank and the yield it would have received if the loan were made at a market rate.

(4) The Solar Bank may, with respect to any loan for which a subsidy payment is made under this title, require the financial institution to repay the Solar Bank any amount to which the Solar Bank is entitled as a result of the borrower's failure to meet his obligation under the loan.

(b) A payment may be made under this section with respect to a loan or qualifying portion of a loan only if—

(1) the term of repayment does not exceed thirty years and is not less than five years, except that there shall be no penalty imposed on the borrower if the loan or advance of credit is repaid at any time before the term of repayment expires;

(2) the amount of such loan allocable to purchase and installation of a solar energy system does not exceed $10,000 per unit in the case of any one- to four-family residential structure, $5,000 per unit in the case of any residential structure with five or more dwelling units (not to exceed $500,000 per loan), and $200,000 in the case of any commercial structure;

(3) the solar energy system purchased and installed with such loan is covered by a warranty that the installer or manufacturer, or both, will remedy any defects in materials, manufacture, or installation of the system without charge and within reasonable time (including, if necessary, repair or replacement at the site) which becomes evident within one year from the date of installation or such longer period as the Board of Directors of the Solar Bank determines is reasonable. The Board of Directors may also require that such warranty include a requirement that the installer will provide, without charge and within fifteen days before the expiration of the warranty, an onsite inspection of the system and components for the purpose of discovering and remedying any defects which may be present;

(4) the security for the loan meets the requirements of the Board of Directors of the Solar Bank; and

(5) the solar energy system to be financed will be purchased and installed after the date of enactment of this Act.

(c) At least 60 per centum of the amount of subsidy payments made under this section in any year shall be for the purpose of assisting the financing of solar energy systems in residential structures.

(d)(1) At least 5 per centum of the amount of subsidy payments made under this section in any year shall be for the purpose of assisting the financing of solar energy systems in residential structures occupied by low-income persons. The Board of Directors shall fix special subsidy levels on loans subsidized by the Bank pursuant to this subsection.

(2) Any failure to expend funds specified in this subsection shall not delay payments made under other subsections. Funds available for this subsection that are not expended in a given year shall remain available for the following year.

(3) For the purposes of this subsection, a unit of local government shall be considered an eligible recipient of a subsidized loan on behalf of low-income persons in connection with a project carried out with other housing or rehabilitation programs.

PENALTIES

SEC. 206. Any person who knowingly makes any false statement or misrepresents any material fact with respect to any loan assisted under this title shall be fined not more than $10,000 or imprisoned not more than one year, or both.

REPORTS

SEC. 207. The Advisory Board shall make an annual report to both Houses of Congress and to the President of the United States for the purpose of providing a detailed accounting of the operation of the program established by this title, making recommendations for improvements in such program, and identifying problem areas within the solar energy industry, the Federal Government, and lending institutions which may be inhibiting the success of such program. Such report shall include the majority and minority and dissenting views of the Advisory Board and the Board of Directors and the views of the President of the Solar Bank.

PROMOTION OF PROGRAM

SEC. 208. The Solar Bank shall promote the program established by this title by informing financial institutions and consumers of the benefits of such program and by actively seeking their participation in the program.

USE OF HOUSING AND URBAN DEVELOPMENT PERSONNEL

SEC. 209. The Secretary of Housing and Urban Development may permit the Solar Bank, to the extent deemed necessary, to utilize the services of personnel of the Department of Housing and Urban Development, including the personnel of the Government National Mortgage Association, for the purpose of carrying out the provisions of this title.

AUTHORIZATION OF APPROPRIATIONS

SEC. 210. There are authorized to be appropriated to carry out the purposes of this title not to exceed $50,000,000 for the fiscal year ending September 30, 1980, $150,000,000 for the fiscal year ending September 30, 1981, $225,000,000 for the fiscal year ending September 30, 1982, $300,000,000 for the fiscal year ending September 30, 1983, and $400,000,000 for the fiscal year ending September 30, 1984.

TITLE III—RURAL ENERGY PRODUCTION AND USE

SEC. 301. The Food and Agriculture Act of 1977 is amended by adding at the end thereof a new title XX as follows:

"TITLE XX—RURAL ENERGY PRODUCTION AND USE

"SHORT TITLE

"SEC. 2001. This title may be cited as the 'Rural Energy Independence Act of 1979'.

"FINDINGS AND STATEMENT OF PURPOSE

"SEC. 2002. (a) Congress finds that—

"(1) the effective production and marketing of agricultural commodities are dependent upon an adequate amount of fuel;

"(2) to achieve energy independence, the United States must develop the capability to produce energy economically and efficiently from sources other than fossil fuels;

"(3) renewable resources—agricultural commodities and forest products—can, with the development of advanced technology and production and marketing facilities, become an efficient source of energy for the people of the United States;

"(4) United States farmers must have reliable sources of fuel in order to insure that the people of the United States have adequate supplies of food and fiber at reasonable prices; and

"(5) rural communities suffer inordinately from shortages of fuel.

"(b) The purpose of this title is to provide for additional research and other activities necessary for the speedy development and use of renewable resources as an economic and efficient source of energy for the benefit of the people of the United States, and to insure that United States farmers and rural communities will have reliable supplies of energy as fossil fuels become less available and more expensive.

"RENEWABLE RESOURCES ENERGY PRODUCTION LOAN GUARANTEES AND GRANTS

"SEC. 2003. (a) In order to facilitate the development of renewable resources as a source of energy, the Secretary of Agriculture shall establish projects for the production of energy from agricultural commodities and forest products through guaranteed loans as provided in this section, to finance the construction, establishment, or operation of commercial and on-farm projects.

"(b) In order to encourage the adoption of renewable resources energy production projects and techniques by farmers and rural organizations, the Secretary is authorized to make grants for the construction, establishment, or operation of demonstration projects for the production of energy from agricultural commodities and forest products. The Secretary shall establish criteria defining what constitutes a demonstration project. The total amount of grants for projects may not exceed $250,000,000 during fiscal years 1980, 1981, 1982, 1983, and 1984, of which no State may receive more than 5 per centum.

"(c) Loans may be guaranteed and grants made under this section—

"(1) with respect to on-farm projects, to any farmer or rancher in the United States, or any on-farm, cooperative, or private domestic corporation or partnership that is controlled by farmers or ranchers and engaged primarily and directly in farming or ranching in the United States, and

"(2) with respect to commercial projects, to any domestic public, private, or cooperative organization organized for profit or not for profit, or to any individual who is a United States citizen.

"(d) No loan may be guaranteed and no grant may be made under this section unless the Secretary determines that the total energy content of the alcohol and other fuels to be manufactured under the project will exceed the total energy from petroleum and natural gas used in manufacturing the alcohol and other fuels.

"(e) The total amount of loans guaranteed under this section shall not exceed $500,000,000 for the fiscal year ending September 30, 1980, $750,000,000 for the fiscal year ending September 30, 1981, $750,000,000 for the fiscal year ending September 30, 1982, $1,000,000,000 for the fiscal year ending September 30, 1983, and $1,000,000,000 for the fiscal year ending September 30, 1984. Not less than one-third of the total amount of loans guaranteed under this section in any fiscal year shall be allocated to projects that use wood or wood wastes.

"(f) The Secretary shall establish such terms and conditions for guaranteeing loans under this section as necessary to implement the purpose of this section and to protect the Government from loss. The Secretary may guarantee under this section the principal and interest on any loan that is made by a legally organized lending agency, except that—

"(1) such guarantee shall not exceed 90 per centum of the principal and interest of the loan; and

"(2) a guarantee fee shall be charged and collected in an amount sufficient to cover applicable administrative costs and probable losses on guaranteed obligations, but such fee shall not exceed 1 per centum per annum of the outstanding indebtedness covered by such guarantee.

"(g) Insofar as practicable, not less than 75 per centum of the loan guarantees and grants under this section in any fiscal year shall be executed by May 31.

"(h) The Secretary may use any agency of the Department of Agriculture—including the Farmers Home Administration and the Agricultural Stabilization and Conservation Service—to carry out the loan and grant program under this section.

"(i) The Secretary shall coordinate the program under this section with (1) the industrial hydrocarbon and alcohol loan and grant programs under section 1419 of this Act and section 509 of the Rural Development Act of 1972, as added by section 1420 of this Act, (2) the farm loan programs under the Consolidated Farm and Rural Development Act, as amended by section 1448 of this Act, that authorize loans to farmers and ranchers for the acquisition and installation of non-fossil-energy systems or equipment that uses solar energy, and (3) the program for solar energy model farms and demonstration projects under sections 1452 through 1454 of this Act.

"(j) The Secretary is authorized to issue such regulations as deemed necessary to implement this section.

"(k) The provisions of this section shall be carried out through the Commodity Credit Corporation. In guaranteeing loans under this section, the Secretary may also use the authorities vested in the Secretary under the Consolidated Farm and Rural Development Act. Any contract guarantee executed under this section shall be an obligation of the United States and incontestable except for fraud or misrepresentation of which the holder of the contract has actual knowledge.

"(l) No loan may be guaranteed and no grant may be made under this section after September 30, 1984.

"AGRICULTURAL, FORESTRY, AND RURAL ENERGY BOARD

SEC. 2004. (a) The Secretary of Agriculture shall establish within the Department of Agriculture an Agricultural, Forestry, and Rural Energy Board (hereinafter called the 'Board') to assist the Secretary to perform the functions and duties imposed by this title. The Secretary shall be the chairperson of the Board.

"(b) The Board shall be composed of nine members, as follows:

"(1) the Secretary of Agriculture;

"(2) the Deputy Secretary of Agriculture;

"(3) the Under Secretary for International Affairs and Commodity Programs;

"(4) the Assistant Secretary for Food and Consumer Services;

"(5) the Assistant Secretary for Natural Resources and Environment;

"(6) the Assistant Secretary for Marketing Services;

"(7) the Assistant Secretary for Rural Development;

"(8) the Director of Economics, Policy Analysis, and Budget; and

"(9) the Director of the Science and Education Administration.

"(c) The Board shall be responsible for advising the Secretary on agricultural, forestry, and rural energy needs and production potential. Specifically, the Board shall periodically determine, and report to the Secretary—

"(1) ways in which agricultural commodities and forest products and residues can be used to meet the United States energy needs;

"(2) policies and procedures to insure that production and agricultural commodities and forest products are not interrupted by energy shortages; and

"(3) energy-related problems of the agricultural, forestry, and rural sectors.

"(d) The Board shall establish and operate, in cooperation with the agencies of the Department of Agriculture and other Federal departments and agencies, wood and biomass energy demonstration centers in each Forest Service region. Each center shall provide demonstrations of—

"(1) production of fuel from wood and other biomass material;

"(2) the use of energy from agricultural commodities and forest products for industrial park, and small cities;

"(3) wood gasification for crop drying, poultry, poultry housing, and other agricultural uses; and

"(4) the direct burning of wood for industries, such as the textile industry.

"(e) The Board shall meet at least once during each six-month period, and shall submit to the Secretary by December 1 of each year a written report on agricultural, forestry, and rural energy needs and production potential, including a report on the operations of the wood and biomass energy demonstration centers during the previous fiscal year. Copies of this report shall be sent to the House Committee on Agriculture, the Senate Committee on Agriculture, Nutrition, and Forestry, the Joint Council on Food and Agricultural Sciences, established under section 1407 of this Act, and the National Agricultural Research and Extension Users Advisory Board, established under section 1408 of this Act.

"RURAL ENERGY RESEARCH

"SEC. 2005. (a) In order to facilitate the development of advanced technology and production and marketing facilities for the economical and efficient use of renewable resources as a source of energy, the Secretary of Agriculture shall develop and implement a national rural energy research program that shall include, but not be limited to, research to develop—

"(1) economical and energy-efficient fuel from agricultural commodities and forest products;

"(2) techniques for using energy derived from non-fossil-fuel sources in the production and processing of agricultural commodities and forest products, especially techniques that farmers may use; and

"(3) economical ways in which rural communities can use energy derived from non-fossil-fuel sources.

"(b) The Secretary shall establish rural energy research as a separate and distinct mission of the Department of Agriculture, and the Secretary shall increase support for such research to a level that provides resources adequate to meet the energy research needs of farmers and rural United States.

"(c) The Secretary shall conduct a study on the feasibility of alternative crop-livestock systems specifically designed to produce both foodstuffs for domestic and export markets and biomass for use in the production of energy. The study shall include, but not be limited to, determination of—

"(1) the technical feasibility of such alternative systems;

"(2) potential fuel, livestock, and grain production under such alternative systems;

"(3) the practical farm-level applicability of alternative systems; and

"(4) potential economic and Government-policy initiatives to promote the development of such alternative systems.

The study shall be completed, and a report of the Secretary's findings submitted to Congress by December 31, 1981.

"RURAL ENERGY EXTENSION

"SEC. 2006. The Secretary of Agriculture shall establish a national rural energy extension program to disseminate the results of rural energy research performed under section 2006 of this title and encourage farmers and rural organizations to adopt projects for the production of energy from agricultural commodities and forest products and techniques for using energy derived from non-fossil-fuel sources. The program shall include on-farm demonstrations of techniques by which farmers may produce their own energy supplies.

"COORDINATION OF RESEARCH AND EXTENSION EFFORTS

"SEC. 2007. The Secretary of Agriculture shall coordinate rural energy research and extension activities under this title with food and agricultural research, extension, and teaching activities under title XIV of this act and, notwithstanding any other provision of law, may use the appropriations, programs, and organizations authorized under title XIV to implement the research and extension activities required under this title.

"ANNUAL REPORT

"SEC. 2008. The Secretary of Agriculture shall submit to Congress by December 31 of each year a report of the activities of the Department of Agriculture under this title during the immediately preceding fiscal year. The report shall include—

"(1) data describing loans, loan guarantees, and grants under this title;

"(2) a summary of other measures taken to achieve rural energy independence; and

"(3) the Secretary's estimate of the progress made to achieve rural energy independence.

"AUTHORIZATION

"SEC. 2009. To carry out section 2003(b) and section 2003(e), there are authorized to be appropriated such sums as may be necessary.

"EFFECTIVE DATE

"SEC. 2010. The provisions of this title shall become effective October 1, 1979.".

TITLE IV—CONSERVATION BANK

SHORT TITLE

SEC. 401. This title may be cited as the "Conservation Bank Act".

PURPOSE

SEC. 402. It is the purpose of this title to encourage the use of energy conservation measures, and thereby lessen the Nation's dependence on foreign sources of energy supplies, by establishing a Conservation Bank to provide subsidies for below-market interest rate loans made to owners of commercial and residential structures for the purchase and installation of energy conservation measures in such structures.

ESTABLISHMENT OF THE BANK

SEC. 403. (a) There is hereby established a Conservation Bank which shall be in the Government National Mortgage Association. The Conservation Bank shall have succession until September 30, 1984.

(b) The General Accounting Office shall periodically audit the financial transactions of the Conservation Bank, and, for this purpose, shall have access to all of its books, records, and accounts.

(c) The Conservation Bank may impose fees or charges for its services which shall be deposited into the miscellaneous receipts of the Treasury.

POWERS

SEC. 404. The Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") shall have the power to fix different levels of subsidy on loans subsidized by the Bank and the interest rates paid by borrowers on such loans, but not lower than 6 percentage points below the maximum interest rate permitted on a mortgage insured under section 203(b) of the National Housing Act, and from time to time to alter the levels of subsidy and interest rates for new loans subsidized by the Bank. In doing so the Secretary shall give consideration to such factors as he shall deem appropriate, including, but not limited to—

(1) the prevailing market rates of interest for home mortgages, home improvement loans, and commercial loans, as well as prevailing market rates of interest for Government and corporate bonds;

(2) the availability of other Federal Government incentives and subsidies for energy conservation equipment, including Federal income tax credits;

(3) the costs of nonrenewable energy resources and systems;

(4) the costs of energy conservation measures; and

(5) the levels of subsidy needed to encourage the installation of energy conservation measures in residential and commercial buildings.

SUBSIDY PAYMENTS

SEC. 405. (a)(1) The Conservation Bank shall, beginning with fiscal year 1980, make payments to financial institutions for the purpose of subsidizing below-market rate loans which are made by such institutions to owners of commercial and residential structures for the purchase and installation of energy conservation measures in such structures and which meet the requirements of this section. The repayment schedule for such loans may be graduated pursuant to regulations issued by the Secretary.

(2) For the purpose of this title, the term "energy conservation measures" shall be defined as in section 210(11) (A) through (G) and (I) of the National Energy Conservation Policy Act and section 391(2) (other than subparagraphs (E) and (F)) of the Energy Policy and Conservation Act.

(3) The amount of any payment made with respect to any loan or qualifying portion of a loan shall be a lump-sum payment and shall be in an amount necessary, as determined by the Secretary, to compensate the financial institution for the difference between making such loan at an interest rate determined by the Secretary and the yield it would have received if the loan were made at a market rate. The Secretary shall set the interest rates for graduated-payment loans so that the cost to the Government National Mortgage Association of providing a subsidy for a level payment loan equals the cost to the Government National Mortgage Association of providing a subsidy for a graduated-payment loan.

(4) The Conservation Bank may, with respect to any loan for which a subsidy payment is made under this title, require the financial institution to repay the Conservation Bank any amount to which the Conservation Bank is entitled as a result of the borrower's failure to meet his or her obligation under the loan.

(b) A payment may be made under this section with respect to a loan or qualified portion of a loan only if—

(1) the term of repayment does not exceed fifteen years and is not less than five years, except that there shall be no penalty imposed on the borrower if the loan or advance credit is repaid at any time before the term of repayment expires;

(2) the amount of such loan allocable to purchase and installation of energy conservation measures does not exceed $5,000 per unit in the case of any one- to four-family residential structure, $2,500 per unit in the case of any residential structure with five or more dwelling units (not to exceed $250,000 per loan), and $200,000 in the case of any commercial structure;

(3) the security for the loan meets the requirements of the Government National Mortgage Association; and

(4) the energy conservation measures to be financed will be purchased and installed after the date of enactment of this title, except as provided in section 409.

(c) At least 75 per centum of the amount of subsidy payments made under this section in any year shall be for the purpose of assisting the financing of energy conservation measures in residential structures.

PENALTIES

SEC. 406. Any person who knowingly makes any false statement or misrepresents any material fact with respect to any loan assisted under this title shall be fined not more than $10,000 or imprisoned not more than one year, or both.

REPORT

SEC. 407. The Secretary shall report to both Houses of Congress within nine months from the date of enactment, the market penetration of assistance provided by the Conservation Bank. If market penetration is less than that necessary to expend the funds provided in the title, the Secretary shall recommend alternative financial delivery systems including the involvement of nonprofit energy conservation and development finance corporations dedicated to the purposes of the title. The report shall also include a detailed accounting of the activities of the Conservation Bank.

PROMOTION AND COORDINATION

SEC. 408. The Secretary and the Government National Mortgage Association shall promote the program established by this title by informing financial institutions and consumers of the benefits of such program and by actively seeking their participation in the program. The Secretary shall also assure effective coordination with promotion and assistance programs in the Department of Energy.

RETROACTIVITY

SEC. 409. Consumers who borrowed money from a financial institution for the purchase and installation of energy conservation measures after September 13, 1979, shall be eligible for assistance by the Conservation Bank if such loan is refinanced after the date of enactment of this title.

RULES

SEC. 410. The Secretary may issue rules to insure the quality and effectiveness of the conservation measures subsidized under this title.

LOW- AND MODERATE-INCOME HOUSING

SEC. 411. The Government National Mortgage Association shall implement the authority provided under section 242 of the National Energy Conservation Policy Act and shall coordinate the program under such section with the Conservation Bank.

FUNDING

SEC. 412. There are authorized to be appropriated to carry out the purposes of this title not to exceed $150,000,000 for the fiscal year ending September 30, 1980, $850,000,000 for the fiscal year ending September 30, 1981, $1,700,000,000 for the fiscal year ending September 3, 1982, $1,700,000,000 for the fiscal year ending September 30, 1983, and $1,700,000,000 for the fiscal year ending September 30, 1984.

The ACTING PRESIDENT pro tempore. The Chair recognizes the Senator from Washington.

Mr. JACKSON. Mr. President, today the Senate begins its consideration of S. 932, legislation recommending a broad array of programs to help reduce the Nation's increasingly dangerous dependence on foreign oil imports. It is a bill to help the United States regain control over its energy and economic future. To overcome the threat to our national security posed by our present dependence on highly insecure, and outrageously priced, foreign oil supplies. The economy of the United States and of the entire free world has been undermined and thrown into disarray by the oil pricing practices of the OPEC countries. The implications for our future national security are nothing short of alarming.

Strong immediate action is needed to lay in place programs to hasten the development of the Nation's own massive domestic energy resources in order to free ourselves from this gravely dangerous situation. The legislation now before the Senate will move us in that direction, and there is no higher priority facing the Congress.

As reported by the Energy Committee, S. 932 calls upon the Congress to mount a major national program to bring about the commercialization of the Nation's enormous coal, oil shale, tar sand, and biomass resources for the production of synthetic fuels. The ultimate goal is to reduce oil imports by 1.5 million barrels a day by 1995. The bill would make available to the private sector the financial assistance that must be forthcoming from the Government if we are to bring on line a synthetic fuels industry to harness these massive domestic resources.

It also provides financial assistance to stimulate the production of alcohol and other fuels from biomass. It calls for major new energy conservation initiatives including a Conservation Bank to provide low-interest energy conservation loans, and a conservation grant program to be administered by the States. It provides financial assistance and risk insurance to accelerate the development of our geothermal energy resources. And it provides important new programs, including a Solar Energy Development Bank, to promote the commercialization and broader use of our renewable energy resources.

In sum, Mr. President, the Energy Committee bill recommends a balanced, far-reaching effort to address the Nation's short- and long-term energy needs through an integrated program of production and conservation initiatives.

As the Senate knows, S. 932 was jointly referred to the Energy Committee and the Committee on Banking on July 9. The bill has been jointly reported to the Senate, and the two committees are in disagreement respecting the approach the Congress should take to bring about the commercialization of the Nation's synthetic fuels resources. We differ concerning synthetic fuel production goals, concerning the Government mechanism that should be used, and the level of funding needed to bring a full-scale synthetic fuels production industry on line. And we differ on a variety of other matters. The Energy Committee recommends a broader, more comprehensive bill. The Banking Committee, a more limited program.

This means, of course, that the Senate is confronted with alternative programs and must choose the one it feels is best for the Nation.

In my judgment, the overriding questions facing every Senator in this debate—and every concerned citizen will be listening for the answers—have to do with the magnitude of the commitment we are prepared to make to free the Nation from its dependence on foreign oil.

> Are you ready to make the kind of national commitment the Nation needs to rid itself of the bondage imposed by OPEC—the economic bondage—the increasing threat to our national security?
>
> Are you prepared to mount the major national program it is going to take to create an industry capable of bringing on line our enormous reserves of coal, oil shale, tar sands and other resources for the production of synthetic fuels in order to back off OPEC oil and regain control of America's future?

Or is it to be "business as usual" as some seem to suggest.

"Are we going to leave the present energy emergency solely in the hands of the major energy companies?" The answer to this one has to be a resounding "No." Neither the American people nor the Congress is about to tolerate leaving the Nation's energy future solely to the promises of "big oil."

The people are demanding leadership from Congress and the executive branch. There must be a commitment by Congress to match the emergency.

The Banking Committee proposes that the synthetic fuels commercialization program be handed over to some undefined Federal agency to be handled among its other duties. The Energy Committee and the President recommend that the task be placed with a special-purpose, mission-oriented, Synthetic Fuels Corporation. This is a paramount issue that will be decided early on in this debate. It will be a test of the measure and quality of our commitment to a national synthetic fuels program. Is it going to be business as usual or are we willing to establish the kind of mechanism that is essential to get this job done?

The Synthetic Fuels Corporation is hardly an unprecedented notion. Over the years, Congress has established successful Government corporations to carry out discrete, relatively short-term programs such as this one. Government corporations were used to foster our synthetic rubber industry and to facilitate our wartime mobilization efforts. The corporate mechanism has worked in the past and will work here.

Every Senator has to ask himself how placing this program inside the bureaucracy would, as the Banking Committee suggests, "minimize Federal interference"? The Department of Energy—the most logical candidate for the job—has been unable to bring even one commercial-size synthetic fuels project on line despite billions of expenditures and is hardly noted for a hands-off policy toward industry. The Department's responsibilities are essentially regulatory and research and development in nature. And I daresay that few Senators will disagree that it has had its hands full in recent years.

DOE will necessarily play a very important advisory and technical assistance role to the Synthetic Fuels Corporation, but to suggest that its direction of this program would minimize Federal interference is a line of reasoning that is hard to follow. In fact, the argument runs in the opposite direction. If we are to minimize Federal interference and delay, we clearly need a new, financially oriented organization—one that will be fully accountable to the people and Congress, but free of the institutional and bureaucratic restraints that pervade DOE and the rest of the executive branch.

The Banking Committee also suggests that the Synthetic Fuels Corporation is somehow inconsistent with a phased approach to a synthetic fuels commercialization program. But here, again, their reasoning is hard to follow. There is general agreement that the program should proceed in stages. That is precisely what the Energy Committee bill does. During phase I, the Corporation will be restricted to identifying and financing a limited number of synthetic fuel commercialization projects. The emphasis will be on diversity—the commercial-scale demonstration of a variety of ready technologies using a variety of resource bases.

The Banking Committee also takes issue with the funding authorization recommended for the Synthetic Fuels Corporation. It suggests that the Energy Committee bill entails an irreversible authorization of $88 billion for the program. This is not the case at all. Neither the Energy Committee nor the administration recommends any such irreversible commitment. The Energy Committee proposes a conditional authorization for the overall program—to become available to the Corporation in stages, subject to the appropriations process.

Of the total, $20 billion is made available immediately for the phase I program—subject again to action by the Appropriations Committee. The balance of the authorization would not become available until after an acceptable comprehensive strategy has been submitted to Congress, and until the additional funding has been appropriated. Contrary to the Banking Committee's suggestion, there is nothing at all irreversible about the broader authorization. We are talking about a present commitment of $20 billion—not $88 billion.

And, Mr. President, it is an investment, it is not an expenditure. We are hopeful that these programs will work and the money, of course, will be paid back out of the sale of product.

There is no question that even $20 billion is a large commitment, but it is certainly not excessive. In fact, this kind of commitment has already been made by the Senate. The recently passed Interior appropriations bill includes $20 billion for alternative fuels programs subject to authorizing legislation and further action by the Appropriations Committee.

Mr. President, I urge every Senator to keep this matter in perspective. According to current estimates, the United States may pay as much as $70 billion for oil imports in 1980, and substantially more in years to come. And we will suffer the consequences in every facet of our economy. By comparison, a present $20 billion commitment to a multiyear national effort to develop our own domestic energy resources is eminently reasonable.

This level of commitment is necessary to backstop American industry's commercialization of synthetic fuels. The projects we are talking about require extraordinarily large investments—approximately $3 billion a project in some cases and up to 7 years for construction. Industry needs the backing of the Government if it is to generate that kind of private capital. Such investments will not be forthcoming unless we are willing to pledge the Nation to this kind of commitment.

Again, the fundamental question to be answered by each Senator is whether we are ready to make the kind of national commitment that is needed to try to overcome our present bondage to OPEC and regain control of our energy future and national security.

Finally, Mr. President, I invite each Senator's attention to the history of our synthetic fuels policy set forth at pages 126–129 of the Energy Committee's report. The subject is hardly new to the Energy Committee or to the Senate. The promise of synthetic fuels has occupied our attention since the O'Mahoney-Randolph Synthetic Fuels Act was passed in 1944. It has figured prominently in every major plan for energy self-sufficiency developed over the years.

In the early 1970's, I introduced legislation to establish a Coal Gasification Development Corporation. It was opposed by the then-administration and no final action was taken.

In the Federal Nonnuclear Energy Research and Development Act of 1974, we authorized a broad program to foster commercial-scale demonstration of coal gasification, oil shale, and coal liquefaction.

The Senate has consistently supported efforts to achieve a national synthetic fuels production capability. In 1975, we approved the Synthetic Fuels Act to authorize $5 billion in loan guarantees for new energy technologies—only to have the provision rejected by the House.

The Department of Energy has been given authority to guarantee loans, to provide price guarantees, purchase agreements, and the authority for Government-owned, contractor-operated synthetic fuel projects.

But none of these authorities has produced any major demonstrations of synthetic fuels technologies.

At every step of the process, there has been general agreement on the need for actual operating experience from several commercial scale synthetic fuel plants.

Both Republican and Democratic administrations have recommended substantial assistance to advance such programs.

Despite all this, we have failed to bring even one such project on line. We have lagged far behind other nations, some of which have far less economic ability, fewer resources, and, perhaps, far less urgent needs for new energy resources.

Canada is developing its tar sands.

In fact, they have two large plants in operation.

South Africa is greatly expanding its coal liquefaction capability.

China is producing a portion of its oil requirements from shale.

Instead, we are still immersed in largely academic arguments over the potential merits, hazards, and economic viability of synthetic fuels.

Continuing arguments that further delay will improve the technological basis for commercial demonstration, continuing reluctance to make the necessary financial commitment, and the idle hope that industry will do the job on its own have sapped our will to proceed.

Our programs to explore this vital energy option have been stifled in the annual budgetary process and by the vagaries of bureaucratic decisionmaking.

Mr. President, I say to the Senate that it is time to put away our indecision. It is time to recognize today's energy reality and the hazard to our future national security. It is time to take the bull by the horns and get about the business of bringing commercial synthetic fuel projects on line. And the American people are not going to be satisfied by half a program.

Mr. President, as I indicated, and to sum up, in 1975 and again in 1976, by an overwhelming vote the Senate voted to go forward on a synthetic fuels program. The program was killed in the House in both instances by reason of the action taken by extremes on the left and on the right.

We could be producing synthetic fuels today had those measures not been killed.

The Senate Energy and Natural Resources Committee has an outstanding record. We held hearings on the Energy Mobilization Board back in 1975. We had to forego acting on that bill when we found we did not have anything to mobilize because the synthetic fuels program had been killed in the House.

Mr. President, this measure is before us once again. I do not see how any Senator can go back to his constituents, especially in the environment that many of us have been warning about for months and for years, namely, ever-escalating prices, and a more fragile source of supply, and say to his or her constituents, "Well, we voted down this very large undertaking in the field of synthetic fuels."

This is one program that we must begin, and it will only, with all of this investment, make available 1½ million barrels of oil a day by 1995.

Mr. President, we must send a signal to OPEC. Look at what is going on at this very hour in Iran. How far do we have to go toward a catastrophe to bring the message home to the American people that the oil we are getting—over 8 million barrels a day—comes from highly fragile, highly unreliable, highly uncertain sources? How long do we have to repeat this refrain? Clearly—clearly—we face cutoffs.

How can any Member of this body go home and face his constituents and when they ask "Well, what did you do about the energy problem?" say, "Well, I voted against all this."

If there is anything we can do to make a beginning, it is in the area of synthetic fuels. In this field, this Nation possesses the greatest abundance of coal and oil shale of any nation on the face of the Earth.

This is the challenge to the U.S. Senate. Are we going to go forward with a real program or are we going to offer a puny program? Are we going to do nothing more than spend more time on research and development?

I can see the people crying out as they wait in oil lines, "Well, that Senator simply voted for more research and development."

Is it not time we produced? Is it not time we get something done in the midst of this crisis? I think the public has the right to call upon the U.S. Senate to produce, and produce here and now, by adopting this legislation.

Mr. President, this legislation is a result of a truly bipartisan effort. We have dealt with the problem and not with petty partisan issues.

I want to especially thank the ranking minority member (Mr. HATFIELD) who, during all of this, was ably assisted on his side by Senator DOMENICI, in particular, and all of his colleagues, in trying to put together a bill.

The Senator from Louisiana (Mr. JOHNSTON) has been outstanding in conducting the hearings and the markups for me, as chairman. I cannot thank him enough for his work, and the support he received on the other side of the aisle in crafting together what I think is a bill that makes a lot of sense.

One last word of warning: We have the old coalition again. We have the people on the right and the people on the left, one group saying it is socialism and another that it is a sellout to big business.

Look at the list of those who are participating. We can see that they are more concerned, Mr. President, about an ideological posture they want to maintain than they are in solving the problem that this Nation faces.

Mr. President, this Nation is in the worst economic peril since the Great Depression of the 1930's. I say that as we look at the spot price of oil last week, when it touched $48 a barrel, when we find that no longer are they moving oil into the spot markets solely to use it as a market testing device, but they are using it more and more to get a higher price.

The effect of this on our economy is all pervasive. It will be devastating in terms of the Consumer Price Index, Mr. President. It will be devastating in terms of interest rates, because the Fed is embarked on a policy of orchestrating interest rates with the inflationary rate. As the price of oil continues to go up and we do nothing about it, interest rates go right up with it.

Many of us have been warning about this over a long period of time. We are now at the point of reckoning. I am hopeful that the Senate will recognize its responsibilities and its duties to vote for a sensible bill, a realistic bill, a bill that will embark this Nation on a program of capital investment.

This is not expenditures. It is an investment which will bring great profits and dividends to the American people.

No other course of action is available to us at this time. Only by supporting the bipartisan effort here of the Energy Committee can we begin.

Mr. President, I shall ask Senator JOHNSTON for most of the time to carry the load on our side managing this bill. We have all of the other titles in the bill that are of tremendous importance. We have a massive program in connection with the gasohol effort, in which Senator

CHURCH and the distinguished Senator from Nebraska, who is now presiding, have taken a keen interest. We have a very large program on solar energy. We have a very large program on conservation.

This is an omnibus bill to answer the problems that this Nation faces.

Mr. President, over the past 5 months the Committee on Energy and Natural Resources has given careful attention to a broad array of potential initiatives for dealing with the increasingly threatening energy situation that confronts this Nation.

Since the 1973–75 embargo, our oil imports have increased from 6.3 million barrels per day to over 8 million barrels per day. Today we rely on imports for almost 50 percent of our oil supply—a statistic with alarming economic, geopolitical and national security implications. Much of these imports come from countries that have a potential for political instability and that are militarily vulnerable. This poses an unprecedented threat to our national security. Our bill for imported oil contributes heavily to our balance-of-payments problem and puts pressure on the dollar in international markets. Our dependence on foreign oil also exports jobs and potential profits away from American business.

The long lines at the gasoline stations of this past year and the continuing concern about the supplies of heating oil for the winter are merely the most apparent signs of what the American people have come to know well—that we are dangerously dependent upon imported oil. And, I regret to say, Mr. President, that the prospect for an improvement in this situation—without bold action by the Congress and the President—is, indeed, remote.

America has a massive capital investment that is dependent upon liquid fuels. Department of Energy forecasts have projected that, in the absence of a significant program such as that proposed by the Senate Energy Committee, oil imports might rise as high as 12 million barrels of oil per day by 1990. But supplies are scarce, and the level of foreign oil production is not within our control. Oil imports require our bidding against our principal trading partners which drives up the price of oil for us and for them. In 1980, the United States is likely to pay as much as $70 billion for imported oil. This cost will be substantially higher in the years to come. The toll in terms of real wages of American workers and the standard of living of our people may be very large.

The 1973–74 oil price increases helped send the world into its sharpest postwar recession—a recession in which unemployment in the United States shot up nearly 3 million. The Council of Economic Advisers estimates that the increase in OPEC prices from December 1978 to June 1979 will raise U.S. unemployment next year by 800,000 persons. We do not have the luxury of contemplating business as usual. We must reduce our appetite for imported oil.

During the 1980's and 1990's, major improvements in our energy supply and demand balance are possible. Private sector actions, assisted by the Government where necessary, can increase the efficiency of energy use in all sectors, shift flexible uses from oil to coal and to potentially inexhaustible and renewable sources, and develop new oil and gas production to slow or offset the current decline. Indeed, we currently have in place a number of programs pursuing all these approaches—through research, development and demonstration, regulation and financial incentives—and we are now proposing significant additional measures to accelerate them.

The conservation response has been encouraging. Industry has reduced average energy use per dollar value of product over 15 percent since 1973. Automobile mileage per gallon has turned upward to meet the mandate; now the market has begun to demand even better fuel economy. Homeowners have responded. The Department of the Treasury reports that 6 million taxpayers claimed the conservation tax credit on 1978 returns, reporting $4.2 billion in energy-saving investments.

But the magnitude of the problem and the diversity of the American economy and our energy needs dictate increasing supply as well. We need additional liquid and gaseous fuels to take advantage of the massive capital investments already in place, the unique needs of our transportation and building sectors, and the environmental advantages of such fuels. In addition to offsetting the decline in production of conventional oil and gas by developing new fields, we need to begin taking advantage of the truly massive resources we have in coal, oil shale, and biomass.

The oil contained in U.S. shale alone dwarfs the Middle-Eastern oil reserves. And our coal is enough to satisfy electrical generation, direct process heat, and synthetic fuel needs for well over a century.

The bill reported by the Energy Committee is a comprehensive effort to address our national energy problems. The bill establishes a Synthetic Fuels Corporation, which will draw upon America's vast reserves of energy and upon private enterprise to meet its goal of the production of 1.5 million barrels per day of oil equivalent by 1995. These synthetic fuels will come from coal, oil shale, tar sands and biomass. The bill also establishes a separate program to accelerate domestic production of alcohol for use as motor fuel. The bill will require the President to set targets for this Nation's production and consumption of energy. A separate title supports the conservation of energy in major sectors of our economy. Geothermal energy, renewable resources and wind energy are the targets of new initiatives to enable us to improve our energy supply situation. This bill also provides for a Solar Energy Development Bank.

A principal element of the Energy Committee bill is the creation of a corporation with a life of 12 years to carry forward the synthetic fuels program. We believe that an effective production effort for synthetic fuels requires this type of mechanism, and not just another business as usual DOE program. Our approach is not unprecedented. The Federal Government has successfully established corporations to carry out discrete, relatively short-term efforts such as this before. For example, corporations have fostered our synthetic rubber industry and have facilitated our wartime mobilization efforts. The corporation mechanism has worked and will work here.

By comparison, the Banking Committee version of S. 932 would establish a new corporation to carry out a solar energy program, as well as a new Conservation Bank. It would create a new board within the Department of Agriculture to establish energy projects using agricultural commodities and forest products as the resource. It would not, however, create a corporation to administer the limited demonstration program it authorizes for synthetic fuels. Instead, it requires that the program be carried out by an agency of the executive branch.

The Synthetic Fuels Corporation proposed by our committee would have a single purpose and focus, as well as a business perspective and a high degree of independence and flexibility. It would act quickly and decisively and to attract and keep the people best qualified to get the job done. Furthermore, the Corporation will be accountable to the Congress, without being encumbered with the frustrating gauntlet of administrative complexities that today confound and delay Federal agency action.

The use of the corporate format is the key to developing commercial scale production quickly. The Energy Committee proposal is not simply an experimental program, as is the Banking Committee version. The synthetic fuels technology exists today. We need to provide, efficiently and expeditiously, the financial incentives necessary to bring synthetic fuels on line faster than the economics of the marketplace would otherwise permit.

The committee has also required that within 3 years of its establishment, the Corporation is required to submit to the Congress its proposal for a comprehensive strategy to achieve the national synthetic fuels production goal of 1.5 million barrels per day by 1995. The committee has altered this goal for the Corporation from what the President initially proposed in order to reduce the production level and to increase the period over which the goals are to be achieved. The proposed comprehensive strategy is subject to congressional approval. Prior to the adoption of the strategy, the bill authorizes the Corporation to provide up to $20 billion in financial assistance to private industry to stimulate the production of synthetic fuels from a diverse range of technologies and feedstocks. Of this $20 billion authorized, $1 billion is set aside for biomass projects, which will consist mostly of large-scale gasohol projects.

Several points need to be made with regard to this $20 billion authorization and the $68 billion that could be made available in later phases. First, this is an authorization. Funds would still have to be appropriated to the Corporation, but we hope that the recent actions of the Congress in the budget resolution that the

Interior and Related Agencies Appropriation Act presage a large commitment in that regard. Second, the $20 billion authorized is the maximum program level permitted for the Corporation for this initial phase. It is not the amount of money that the Corporation will expend during this initial phase. Indeed, the outlays during this initial phase will be quite low and will remain low if world oil prices continue to increase.

The $20 billion is the maximum level of program activity authorized for the Corporation and the maximum possible exposure of public funds during this initial phase. It works this way. If the Corporation determined to guarantee a loan for a synthetic fuels plant, it could guarantee up to 75 percent of the costs of the construction of the plant. If the amount guaranteed were $2 billion, the Corporation would, as a result of making that guarantee, have reduced its program level by $2 billion. If this were the first action of the Corporation, the Corporation during this first phase would have $18 billion of financial assistance remaining. If the loan is successfully repaid by the borrower so that the Corporation never has to pay a dollar on the loan guarantee, the program level remains at $18 billion in this example, even though the Corporation's liability is at an end and not a dollar has been expanded.

We believe that this is the most fiscally responsible procedure we could have to insure that we fully understand the commitment that the Government has made. It will insure that we never permit the obligation of the Government to exceed a level that the Congress has specifically approved and can continually monitor.

This approach differs substantially from the approach of the Banking bill. The Banking bill would permit $3 of loan guarantee to be made for each dollar authorized. The Banking Committee bill would have the effect then, if all financial assistance were provided in the form of loan guarantees, of permitting as much as $9 billion to be guaranteed, not $3 billion as the authorizing language implies.

Furthermore, the Banking bill permits the funds initially made available to be "rolled." In other words, if in the example where $2 billion was guaranteed but no outlays were made by the Corporation because the borrower paid off the loan, the Banking bill would permit the $2 billion to be used again to provide additional financial assistance without further congressional approval. Under this procedure, the overall level of program activity may be considerably larger than the bill suggests, but is never directly authorized by Congress or approved in appropriation acts. Furthermore, it is too indefinite to represent a Federal commitment or to provide industry with a measure of the size of the effort which is expected.

The $20 billion authorized under the Senate Energy Committee version expresses the maximum financial exposure that the Corporation could commit to without further congressional approval.

Although the $20 billion level is a sizable commitment, it is a relatively small investment when viewed in terms of our current expenditures for imported oil—estimated to be $70 billion in 1980—and in terms of the years over which the financial assistance may be available. And remember, we are not talking about outlays, we are talking primarily of providing financial guarantees or contingent liabilities.

Furthermore, it is important to recognize that these synthetic fuels plants are extremely expensive and require an expenditure of capital and a degree of risk that private industry has not yet found worth taking. These plants may cost as much as $3 billion each and will take as long as 7 years before they produce fuel. It will require, even in this initial phase, a program level of close to $20 billion to produce results; to demonstrate to industry our firm commitment in this effort; and to show the American people and our foreign partners and adversaries our resolve to meet our energy needs and reduce our foreign dependence.

Mr. President, while the Synthetic Fuels Corporation recommended by the committee builds upon the program proposed by the President last summer, it also differs markedly from the administration's proposal in several important aspects.

First, we have not accepted the proposal for a one-shot authorization for an $88 billion program. Instead, we have provided for a carefully phased effort, congressional approval of a second-phase limited to $20 billion which itself would be subject to the usual appropriation process. The Corporation could not expose the taxpayers to a dollar of contingent liability beyond that level without congressional approval of a second-phase strategy.

Second, while removing much of the administrative redtape that hamstrings conventional Government agencies, we have gone well beyond the administration in insisting on accountability. Various provisions of the bill require open meetings, public access to information, competitive bidding, annual audits by a public accounting firm and avoidance of conflicts of interest. Coupled with the thoroughgoing GAO authority to audit the Corporation that we have insisted upon, the Corporation will be held appropriately accountable.

The Senate Energy Committee bill provides $1.65 billion of financial assistance to support the production of alcohol and other fuels from biomass. The Synthetic Fuels Corporation will be chartered to provide $1 billion of the $1.65 billion to support major production, particularly for alcohol fuels facilities of 30 million gallons per year or larger. The funds provided the Corporation would be able to assist 25 to 75 such plants, depending on the amount of support each needs to be economically viable. Gasohol, with assistance provided by this bill, is economic. The bill also provides $650 million to be administered by a special office, established in the Department of Energy, with a Director appointed by the President. This office would be able to use price supports, purchase commitments, and loan guarantees to support specifically gasohol production and to support innovative technologies. At least one-third of the funding must be used to support small-scale projects, such as "on the farm" applications. The bill's goals are to reach a minimum of 60,000 barrels of alcohol production per day (900,000,000 gallons per year) by 1982, and to replace 10 percent of all gasoline by alcohol by 1990.

This bill will provide the largest stimulus of alcohol production ever attempted in this country.

Title III of the bill requires the President to submit annually to Congress a set of energy production and consumption targets for specific forms of energy for the years 1980, 1985, 1990, 1995, and 2000. The purpose of this title is to force Presidential action and congressional debate and votes on the Nation's energy goals once each year. The targets and goals so determined will be the objectives which the Department of Energy as well as other Federal agencies will strive to achieve.

Title IV provides a set of major new conservation initiatives and the expansion of present conservation programs. Conservation is our primary source of alternative energy in the near- and midterm. Using existing technology, we can achieve savings of 20 to 30 percent of our residential, commercial, and industrial energy use if we can accelerate conservation investments. Such investments will reduce fuel costs, ease pressure on our import balance—with all the inherent benefits to national security—and will result in a cleaner, safer environment. This title will accelerate individual and business investment in conservation measures by closing the gaps in our current conservation programs. It is a balanced approach that targets the kinds of incentive most likely to be attractive to each conservation investor group.

Increased initial costs are a significant barrier to increased conservation activity. While tax credits have elicited a response among upper income Americans, less affluent citizens and small businesses do not have the savings or credit available to make conservation investments. The Energy Conservation Bank, provided by this title, will alleviate this problem for middle-income groups by providing low-interest, long-term financing. As a result, homeowners' cash flow will be immediately larger due to the reduction in fuel bills. For lower income owners and renters who are often not in a position to borrow money, direct cash grants for a portion of their conservation expenditures will be provided. The loan and grant programs total $4.8 billion over the next 5 years.

Since creation of the original Residential Conservation Service, it has been demonstrated that one-step conservation services like those provided by TVA and Oregon utilities are attractive and effective. This bill removes the existing prohibition on utility financing of conservation, while providing a safeguard to maintain competition through a requirement that all utility sponsored work be performed by subcontractors. The bill also expands the Residential Conservation Service to include multifamily residences and small businesses, two areas where substantial fuel savings can be gained. The bill will fund a State program to train and certify energy auditors to insure the availability of competent personnel able to assist consumers in their energy conservation efforts.

In addition to these incentives to homeowners, renters, and commercial businesses, the bill provides for demonstrating innovative conservation approaches and for implementation of sophisticated "house doctor" auditing approaches. This bill will allow States and utilities, if they so desire, to test the appropriateness and effectiveness of such measures against more conventional conservation practices.

The bill provides that, at the time a residence is sold, a seller must make a good faith effort to provide an energy audit to the buyer. This provision will enable buyers to understand the energy efficiency of the house and thus make a more informed buying decision. The legislation is qualified to avoid potential title and conveyancing problems.

Lastly, conservation needs of the industrial sector are addressed by substantially increasing the funding for industrial research and development conducted by the Department of Energy.

Title V of the bill is included to expand support for the development of the Nation's geothermal resources. While much progress has been made under the aegis of the Geothermal Steam Act of 1970, the Geothermal Energy Research, Development, and Demonstration Act of 1974, and the 1978 energy legislation, these statutes must be augmented so that progress toward full utilization of this resource will accelerate. This title provides financial assistance through the form of forgiveable loans of up to 50 percent of the costs for geothermal exploration and, in certain cases, up to 90 percent for feasibility studies for geothermal projects. These loans will bear interest at below market rates. In addition, the Secretary of Energy is directed to establish a geothermal reservoir insurance program to afford protection to the developers of geothermal reservoirs. Further mandates of this title include consideration of geothermal applications for each new Federal building, a commercialization study and certain changes in present geothermal loan and loan guarantee programs. Further, the title changes certain portions of the Public Utility Regulatory Policies Act of 1978 to expand advantages to geothermal projects.

Title VI is intended to promote the commercialization of renewable energy resources by providing for important new initiatives. Among other things, title VI will mandate cost effective capital investments in renewable energy systems in new and renovated Federal buildings. It will also provide for a coordinated and augmented program of information dissemination and outreach services to reach the public more effectively. It will supply much needed information about the practical use of renewable energy resources. The title would also require the Department of Energy to establish new programs to promote energy self-sufficiency, as well as insure that small business is given a generous opportunity to participate in the programs that the title will create. Finally, title VI contains amendments to the Federal Photovoltaic Utilization Act to expedite procurement of solar photovoltaic cells to generate electricity at Federal facilities.

Title VII is designed to expand the Department of Energy's wind demonstration and commercialization activities by, among other things, providing financial assistance. This includes loans to subsidize incremental costs of wind systems over conventional energy systems. It requires the Department of Energy to make a large procurement of cost effective wind systems. The systems purchased will be used by Federal agencies and are expected to stimulate expansion of the wind industry, thus resulting in economies of scale and lower prices. The Department is also required to study and report on the potential for use of wind systems at specific Federal facilities and to monitor and assess the performance of wind systems. The overall goal of this title is to spur faster development, commercialization, and installation of systems designed to produce energy from wind, a renewable resource which is virtually untapped at present.

Title VIII establishes a Solar Energy Development Bank. The primary purpose of the Bank is to provide interest subsidies for loans and mortgages to finance the purchase and installation of solar energy systems. Solar energy systems eligible for assistance must carry an approved warranty and must meet criteria established by the Department of Housing and Urban Development (HUD) in consultation with the Department of Energy. These systems include residential and commercial solar systems, wood burning appliances, solar process heat systems, solar electric devices, and earth shelters.

The Solar Bank, which will have 5-year life, will be lodged in the Government National Mortgage Association in HUD. The Bank's management will be advised by a Presidentially appointed Advisory Board composed of representatives of the general public, the scientific community, the solar energy industry, the financial community, and the low-income population. The Bank will have the power to provide payments to financial institutions. These in turn will offer subsidized loans to owners or builders of commercial and residential buildings for the purchase and installation of solar energy systems. The Bank will set on interest subsidy of up to 6 percent. It will consider the level of existing interest rates, the availability of other Federal incentives, the costs of nonrenewable resources and systems, the costs of the desired systems, and the level of incentives necessary to induce solar investments. At least 60 percent of all subsidy payments must assist homeowners and at least 5 percent assist low income persons.

The authorizations of Bank appropriations are the following: $50 million for fiscal year 1980; $150 million for fiscal year 1981; and $275 million for fiscal year 1982.

Title IX extends the expiring titles of the Defense Production Act of 1950, as amended, for 2 years.

In summary, Mr. President, S. 932 as reported by the Energy Committee represents a balanced and far-reaching effort to address both our short- and long-term energy needs through an integrated series of supply and conservation initiatives. It is the product of long and careful study by our committee. I strongly urge this body to approve this package so that we can put in place a program that truly comes to grips with the energy realities facing the Nation.

Mr. President, I ask unanimous consent to have printed in the RECORD letters received from the Secretary of Energy and from the American Gas Association relating to this bill.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

THE SECRETARY OF ENERGY,
Washington, D.C., November 5, 1979.

Hon. ROBERT C. BYRD,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BYRD: As the Senate begins consideration of the differing versions of S. 932 reported by the Committee on Energy and Natural Resources and the Committee on Banking, Housing and Urban Affairs, I want to convey the Administration's strong support for the basic elements of the Energy Committee's version and to urge that the Senate act favorably on it. The Energy Committee's bill, reported after extensive hearings and weeks of markup, is an integrated bill that covers the short-term—with conservation, the mid-term—with gasohol, and the longer-term—with synthetic fuels, solar energy, and geothermal energy. It is, in our view, a measure far superior to that reported by the Banking Committee.

The centerpiece of the Energy Committee's bill is the establishment of the Synthetic Fuels Corporation to provide, on a phased basis, financial assistance to the private sector to stimulate the commercial production of synthetic fuels from coal, oil shale, tar sands and biomass. We share the Committee's view that a Congressionally-chartered corporation, made appropriately accountable but freed from the administrative and personnel complexities which today confound and delay actions by Federal agencies, is essential to a successful synthetic fuels commercialization effort. This Corporation will bring aggressive and expert management and business principles to bear on all aspects of the program. The Banking Committee's bill does not provide for a corporation, but instead contemplates a "business-as-usual" approach. This approach simply will not produce in a timely fashion the results the Nation urgently requires.

As drafted by the Energy Committee, funding would be provided to the Corporation in future appropriation acts. The initial phase of the program would make available $20 billion for all forms of financial support, a funding level the Senate recently approved in principle during floor action on the Interior and Related Agencies appropriation bill (H.R. 4930). The $20 billion for this initial phase would be the total exposure of the government.

Actual outlays would be spread over several decades and in total would probably be substantially lower than $20 billion. Outlays would initially be low and remain relatively low if the world price of oil continues to increase. Funding after the initial phase would also be subject to appropriation acts as well as the submission by the corporation to the Congress of an acceptable strategy for providing further financial support.

The Energy Committee has also developed an aggressive residential conservation proposal. Title IV of the Energy Committee version of S. 932 proposes residential conservation actions that promise to yield significant savings of oil and gas beginning immediately. It provides major conservation incentives in the form of loan subsidies to households and businesses, which should induce substantial energy-saving investments. By permitting utility financing and arranging for installation of conservation measures, it allows utilities to offer a "one-stop" conservation service which has already proven successful in several states. It expands the Residential Conservation Service to provide energy audits of apartments and small businesses, and provides funds to the states to train and certify energy auditors, protecting consumers and strengthening the delivery of conservation information. We believe that the bill would be strengthened significantly by limiting financial incentives to loan subsidies which stimulate larger conservation investments and by more tightly focusing the loan subsidies on those families with incomes below the median, whose need is greatest and who have historically been less able to make energy-saving investments.

Title II of S. 932, as reported by the Senate Energy Committee provides a mechanism and funding to stimulate the aggressive development of gasohol. It focuses on production from plants smaller than those the Synthetic Fuels Corporation would best support (Title I authorizes a billion dollars for synthetic fuels from biomass). We strongly support production of gasohol, which can help enhance our supplies of unleaded gasoline even in the near-term. Together with the Synthetic Fuels Corporation, this title would contribute significantly to producing the motor fuels we need for our mobility.

The Senate Energy bill contains other important initiatives—establishment of a solar bank and other programs for renewable resources—which we believe make it a comprehensive and effective measure for contributing materially to the solution of our energy problems.

Although a bill of this breadth will unquestionably require adjustments to make it fully effective, we vigorously endorse its principal elements and look forward to working with the Senate as it considers this measure.

When coupled with the establishment of an Energy Mobilization Board and the enactment of a windfall profits tax, favorable Congressional action on the Energy Committee's version of S. 932 will put in place the basic elements of an urgently needed program for dealing with our deepening energy crisis.

Sincerely,

C. W. Duncan, Jr.

American Gas Association,
Arlington, Va., November 2, 1979.

The American Gas Association (A.G.A.), representing 300 natural gas distribution and transmission companies serving over 160 million U.S. customers in all 50 states, and accounting for nearly 85% of the nation's gas utility sales, urges you to support the Senate Energy Committee version of S. 932, as reported out of the Committee, a bill to develop alternative energy sources.

Since May of this year, when the House Banking Committee reported out legislation to encourage prompt development of synthetic fuels as a means of reducing the nation's dependence upon imported foreign oil, Members of Congress and private sector groups like ours have been confronting the question of whether existing federal agencies will be capable of effectively implementing a program to reduce oil imports.

After considerable discussion with our member companies, we have concluded the Department of Energy will be unable to implement such a program in a timely fashion and, therefore, the A.G.A. strongly endorses Title I of the "Synthetic Fuels Corporation Act of 1979", S. 932 as reported by the Senate Committee on Energy and Natural Resources. We believe this measure is an important step toward reducing our nation's dependence on foreign oil through support of the commercialization of alternative fuels, including coal gasification. When examined against its counterpart, reported from the Senate Committee on Banking, Housing and Urban Affairs, the Energy Committee measure is clearly superior for the following two reasons:

(1) While both the Senate Banking and Energy Committees synthetic fuel titles are really only financing mechanisms to allow the private sector to construct synthetic fuels plants, the Banking Committee title is limited in scope and places severe restrictions on program implementation. Under Phase I of the Banking plan, only one project in any given technology could receive assistance (i.e., one Lurgi high-Btu coal gasification plan) and a loan guarantee incentive could be awarded only if the President decided a price guarantee could not be used. The restriction on technology will preclude the multiple demonstration of commercially promising processes on different resources (i.e., different coals) and will result in less attractive technologies being demonstrated. The Senate Energy Committee places no such restrictions on awarding loan guarantees and allows multiple demonstration of promising technologies.

(2) The other major problem with the Senate Banking Title I is that it favors price and purchase guarantees and will, therefore, be anti-competitive by limiting the size of companies which can afford to come forward with the necessary front-end capital. Regulated utilities and small companies will not be able to raise the necessary front-end capital required to construct a synthetic fuels plant; so that loan guarantees and other front-end incentives, provided for by the Senate Energy Committee, are absolutely essential.

One important advantage of the Senate Energy Committee Title I provisions is that it will permit immediate solicitation by the DOE of proposals for a loan guarantee incentive for a commercial-scale high-Btu coal gasification project. This interim solicitation mechanism will allow the proposed Synthetic Fuels Corporation to award a loan guarantee and commencement of construction of a high-Btu project by spring 1980, perhaps one year earlier than under the Banking title. Even for those coal gasification projects which do not receive an award, this interim mechanism will allow the Corporation to receive proposals which it can subsequently act upon. By contrast, the Banking Committee version will necessitate greater delay in making an award in that it requires the creation of a new office and new procedures within DOE. The plan also establishes extensive concurrence procedures within the federal bureaucracy (i.e., EPA, HUD, DOI, DOL, DOA, and DOT) which will delay program implementation.

Some concern has been voiced over permitting the Synthetic Fuels Corporation to have Government Owned Contractor Operated (GOCO) facilities. The restricted application of the GOCO principle in the Senate Energy Committee bill is an appropriately limited means of federal government involvement, but one which may represent the most practical approach to encourage the development of emerging technologies.

Finally, the Senate Energy Title I provides a special incentive (joint ventures) for second generation demonstration plants (commercial modules). The Banking alternative provides no such assistance. There are several promising synthetic fuels processes which have been demonstrated at pilot plant scale, but are not ready to be scaled-up to full commercial size. These processes may offer efficiency, cost, and resource utilization advantages (e.g., may permit the gasification of Eastern coals; while without this provision only Western coal would be used). The Energy Committee title will allow the construction of demonstration plants using commercial scale components which could subsequently be scaled-up into commercial size plants; the Banking title does not.

SUMMARY SHEET: ADVANTAGES OF TITLE I OF SENATE ENERGY COMMITTEE BILL COMPARED TO SENATE BANKING COMMITTEE BILL

The Senate Banking Committee Bill will be anti-competitive by restricting available incentives to purchase and price guarantees (unless the President determines these incentives will not be effective to achieve program goals). Regulated utilities and small companies will not be able to raise the necessary capital required to construct a synthetic fuels plant; so that loan guarantees and other front-end incentives, provided for by the Senate Energy Committee, are absolutely essential.

The Senate Energy Bill will remove implementation of the Synthetic Fuels Program from the DOE bureaucracy. The creation of a Synthetic Fuels Corporation as a financing vehicle will break the deadlock which has prevented the commercialization of synthetic fuels since 1974 (passage of Federal Nonnuclear Act).

The Senate Energy Bill by providing for an interim solicitation mechanism for high-Btu coal gasification will allow an early (spring 1980) commencement of construction. The Senate Banking Bill could delay this technology a year.

Title I of the Senate Energy Bill allows greater flexibility in process and technology selection than the Banking Committee version. The Banking Committee Bill prohibits multiple technology demonstration—even in diverse resources.

The Senate Banking Bill is directed primarily at liquid fuels and will therefore result in significantly less domestic synthetic fuels production than the Senate Energy Committee Bill. This lower production will necessarily result in higher foreign oil payments and a concomitant negative impact on the U.S.

The restricted application of the GOCO principle in the Senate Energy Committee Bill is an appropriately limited means of federal government involvement, but one which may represent the most practicable approach to encourage the development of emerging technologies.

The Senate Energy Bill provides a special incentive (joint ventures) for promising "second generation" synthetic fuels processes. The Banking Bill does not provide an incentive for the demonstration of these technologies at the commercial module scale.

Attached is a fact sheet summarizing the major points of A.G.A.'s support of Title I of the Senate Energy bill, S. 932, as reported out of Committee.

I hope you will find our views on this important legislation helpful. Thank you for your careful attention to this issue of importance to the gas utility industry. If we can be of further assistance to you, please feel free to contact me or Mike Baly (841–8616) or Bob Boyd (841–8591) of my staff.

Sincerely yours,

George H. Lawrence.

Mr. HATFIELD. Mr. President, I congratulate the chairman of the Energy Committee for a very comprehensive presentation of this very important measure we are considering today, and I associate myself with his remarks.

This morning, the Senator from Louisiana (Mr. Johnston), the Senator from New Mexico (Mr. Domenici), and I were at the White House, discussing this measure with President Carter.

In order to indicate some of the thoughts that were expressed to the

President this morning and to express more comprehensively some of my own views, I should like to make a brief statement before turning the management of this section of the bill over to the Senator from New Mexico (Mr. DOMENICI), who introduced one of the first measures in this Congress dealing with synthetic fuels. He has been one of the major stalwarts in the Energy Committee in the development of this measure.

Mr. President, the Energy and Natural Resources Committee has laid before the Senate an answer to the question, "What can we do about energy besides just giving the big oil companies more time and more money?"

It is a comprehensive answer. It deals with right now, and it deals with 1995. It deals with making liquid hydrocarbons, and with making them less necessary. It deals with motivating the people and institutions of an entire nation.

Answers less forceful, less sure, or less complete will not do. We have tried them.

Mr. President, at the foundation of the Energy Committee's bill are two cornerstones. Without them this bill would be no stronger than our previous responses have been to the oil problem that first hit us in 1973.

First, the bill creates a new instrument—the Synthetic Fuels Corporation—which stands to be a very potent force for the commercial testing of synfuels technology. There are few who would dispute that we should be today where this Corporation will get us in 3 to 5 years. In that period we will test a number of technologies and their impacts and potential for producing the fuels on which our Nation runs. Today we do not know what our options will be. We do not know what kind of role we should expect synfuels to play in our energy future. Without the Corporation, I suggest we will not know for a good deal longer than 5 years. The oil companies have displayed their intentions in the matter by opposing this bill, and the Department of Energy has displayed no talent for commercialization in this or any other energy area.

The second cornerstone is a concept embodied in the committee's bill. It is the bill's treatment of conservation as an energy resource. What synfuels cannot do, nor any other resource in the next decade, energy conservation can. We must develop it and deploy it as our first and most important energy resource. The committee bill begins to recognize this for the first time. We must elevate conservation measures and technologies to their rightful place among our priorities. The multi-billion-dollar conservation program of this bill is the first major step we will take within this new framework.

Conservation is cost effective. It is energy production. It is the wise and careful husbanding of limited material resources. It makes more fuel available for truly needed uses. But we have never before been willing to look at it in quite this way, nor spend the money that is now quite evidently warranted.

Mr. President, the environmental community is scared. I believe, however, that we can make some modest adjustments and meet their legitimate concerns.

Big oil, on the other hand, is just plain greedy. There is nothing more we should do in this bill for them. We are prepared to offer the energy industry—big and small alike—the financial inducements to do things they are not willing to do by themselves right now. But big oil apparently wants synfuels all to themselves, and in their own good time. If we wait for them, or if we amend the committee's bill to take out our ability to leverage technically competent smaller companies into the synfuels business, we will have sold this country's future to the sheiks.

Mr. President, I am pleased to ask the distinguished Senator from New Mexico (Mr. DOMENICI) to manage this section of the bill. I know that in concert with the Senator from Louisiana (Mr. JOHNSTON), we will be able to provide Senators with any answers to the questions they may wish to raise.

Mr. DOMENICI. Mr. President, I thank the Senator from Oregon (Mr. HATFIELD) for his kind remarks regarding my efforts in connection with this bill and the matter before the Senate.

In a few short moments, he has placed this matter clearly before the Senate so that every Member should be able to understand it. It is a very significant statement by the Senator from Oregon. I thank him for his confidence, and I will do my best.

Mr. HATFIELD. I thank the Senator.

Mr. JOHNSTON. Mr. President, I thank the distinguished Senator from Washington (Mr. JACKSON) for his kind comments about me.

Today, the Senate will begin the debate which will determine whether the United States is ready in 1979 to take the essential step to free itself from its unacceptable dependence on imported petroleum. That step is the development of the capability to produce gaseous and liquid hydrocarbons from abundant domestic resources of coal, shale, tar sands, heavy oils, and biomass. This is a step we have failed to take several times in the past when specific opportunities were presented. It is a step we must take now.

In 1973, the price of imported crude oil was approximately $3.40 per barrel. Last week the Department of Energy estimated that the average cost of internationally traded crude oil in October 1979 was $21.60 per barrel. This October 1979 average figure—over six times higher than the 1973 level—is in fact a composite of prices held below what the market would actually dictate and the far higher spot prices which are our only hint at the real demand clearing price of crude oil. Saudi Arabia sells a large amount of its oil for $18 per barrel—a political concession to the West. Spot crude oil prices are more than twice that—approximately $40 per barrel.

The world price of crude oil is now limited only by the fear of the oil producing countries that further price increases will bring economic chaos and ruin their investments which are measured in the currencies of the consuming countries. The minute the oil producer cartel can convince itself that the Western economies have managed to absorb the latest round of increases in energy costs, it will impose another one on us.

So our efforts to adjust to higher and higher energy prices will ultimately fail unless we take that essential step to establish a program to set a limit on the price we can be forced to pay for oil.

There is only one real way to set such a limit. That is to develop the capability to produce other domestic sources of energy, particularly gaseous and liquid hydrocarbon fuels, as alternatives to imported oil.

That is the purpose of the Energy Security Act, S. 932, as reported by the Committee on Energy and Natural Resources. This bill establishes the fundamental elements of Federal policy to develop the real alternatives to imported oil:

A comprehensive, credible commitment to develop gaseous and liquid fuels from abundant domestic resources of coal, shale, tar sands, heavy oil, and biomass;

The largest, most flexible set of energy conservation initiatives ever reported to any House of Congress, including authority which the Congressional Budget Office estimates will result in nearly $4 billion in Federal outlays for energy conservation between now and 1985—and a far greater expenditure of private funds—to "produce" energy by improving the efficiency with which we use it;

A major effort to speed the production of gasohol, derived from abundant domestic biomass and coal resources, as a substitute for the commodity which is most affected by our need for imported oil: High octane, unleaded gasoline; and

Initiatives in solar energy, wind power, and other renewable sources of energy which, taken together, constitute a watershed in Federal commitment to a mature, major program to commercialize alternative renewable sources of energy.

Mr. President, I ask unanimous consent that a more detailed summary of the Energy Security Act be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER (Mr. NUNN). Without objection, it is so ordered.

(See exhibit 1.)

Mr. JOHNSTON. Mr. President, the legislation reported by the Committee on Energy and Natural Resources is comprehensive. Its major provisions complement and reinforce each other. Each of these provisions is needed if an effective policy is to be established. In the case of this legislation, the whole is greater than the sum of its parts.

This concept is important, because it is evident that certain special interests are promoting to Members of the Senate the notion that a meaningful synthetic fuels program can be established without one or another of the key elements of the Energy Security Act.

For example, these interests object to the Synthetic Fuels Corporation established by the bill. They object to the authority for commercial size Government-owned, contractor-operated synthetic fuels plants (GOCO's). They complain that the commitment of funds is too large: $20 billion in the first phase of the program, and, ultimately, $88 billion; if congressional approval of a specific production strategy is obtained.

Mr. President, these elements of the Energy Security Act are precisely the ones which guarantee the credibility—to OPEC and to the world—of the commitment of the United States to the development of domestic alternatives to imported oil. If we lose any one of these major provisions, the legislation we adopt will be fundamentally flawed, and the value of the message we send to foreign producers of conventional oil will be irretrievably diminished.

The special interests maintain that we can effectively address the immense and growing problems posed by our dependence on foreign oil by a substantially lower commitment of funds, by a total reliance on "market mechanisms" or by waiting for further academic discussion and evaluation of the results of laboratory-bench experiments before any real commitment is made to synthetic fuels development. To lend credibility to these arguments is to pretend that symbolism can replace substance, that an aggressive and realistic program can be rejected in favor of business as usual.

The coalition opposing the comprehensive approach adopted by the Committee on Energy and Natural Resources is a peculiar one—a confection of odd couples. It is not, however, unprecedented. This mix of unlikely allies—major, international oil companies, and extreme environmentalists—are united in their opposition to the Energy Security Act. They have been together before, whenever the public policy of the United States came too close to providing Americans with an alternative to chronic, ever-increasing oil prices. For these environmentalists, rising energy prices mean economic stagnation and an end to growth, prospects they somehow find desirable. For the major international oil companies higher prices simply mean profits, and more profits, guaranteed by continued reliance on conventional sources of oil, a source of energy they control as no one else does.

Support for the position that the United States ought to defer establishment of a national policy to develop synthetic fuels options also comes from certain academic economists. Their arguments are based on theories which suggest that the undeniably lower cost of extracting conventional oil will dominate petroleum economics until world conventional oil resources are exhausted. These theories, however, do not incorporate any information about, or any experience with, the worldwide cartel which controls the available incremental unused supplies of oil. More importantly, no purely economic analysis can incorporate the need to protect our own national security from the political uncertainties built into this cartel.

In my opinion, this country has had enough of oil companies, environmentalists and economists telling us that we should wait, yet another period of years, until the price of oil is higher and our need for energy supplies is greater, or until a few huge international oil companies with enormous financial interest in reserves of conventional oil located overseas decide that the time is right to develop our domestic reserves of coal, shale and tar sands.

We have been down this road before. At least twice since 1970, the advice of those who urged the development of domestic synthetic fuels has been rejected in the public policy process. During that time we have suffered a massive oil embargo and two incredibly steep and wrenching increases in oil prices. As a direct result, our people have come to regard double digit inflation as inevitable.

We are no closer now to taking the necessary steps to set a limit on future price increases than we were then. And, incredibly, we are still advised to place our faith in a small number of privately owned international oil companies to respond to the national need to develop domestic sources of hydrocarbon fuels. This is asking far too much of these companies, whose rightful allegiance is to profit maximization, not the national security of the United States. What is needed is not a policy which passes the buck to the private sector. Nor do we need an inefficient and costly Federal crash program which ignores the legitimate role of private sector in the production, processing and distribution of goods and services.

What we have tried to do in the Energy Security Act is draw the middle ground between these positions. The essential features of the committee proposal are three:

First, we need an Energy Security Corporation. We do not need a replica or, worse, some segment of the existing energy bureaucracy. The Energy Security Corporation will be a financial institution with technical expertise, but first and foremost a financial institution. While subject to congressional oversight, it will not be snarled in the redtape which so characterizes the bureaucratic experience. The Corporation will be able to make realistic and credible commitments to private industry for large projects with long leadtimes without the uncertainty of year-to-year budgetary second guessing.

Second, we need a significant Federal commitment of funds. The program must be of sufficient size to attract, and support; a broad spectrum of private sector efforts at synthetic fuels commercialization. The commitment of the Congress must be credible in financial terms and large enough to permit more than the few major international oil companies to participate. Indeed a program which does not bring forth and support competitors to the major oil companies in the production of synthetic fuels cannot be viable. Therefore, I believe the $20 billion phase I commitment combined with the flexible array of financial arrangements set forth in the Energy Security Act is absolutely essential to the success of the program. No less necessary is the commitment, once a broader production strategy has been developed, to substantial funding during phase II.

Third, the resort to Government-owned, contractor-operated facilities during phase I is essential, to insure that the Federal Government is able to participate in the bargaining process with the private sector on even terms. Unless private companies know that a realistic alternative to their good faith participation is a government-owned facility, there will be, as history shows, little real attempt, at least on the part of the major established firms, to further the development of synthetic fuels.

A failure in this Congress to establish a real synthetic fuels program, incorporating the key elements of the Energy Security Act, will only guarantee that the job we do not begin during the chronic energy shortages of the 1970's will be initiated during the acute shortages of the 1980's and 1990's. Failure to establish a prudent and realistic program now will only guarantee that a program started at a later date—in the late 1980's or early 1990's—will be inefficient and enormously disruptive both environmentally and economically. For no matter what we do now, the next 20 years are going to be tough years from the point of view of energy supply. We need to work as hard as we can now just to keep our import dependence from getting worse than it is now. The Energy Security Act is a prudent middle-ground approach to synthetic fuels development. If we fail to enact this program now we are setting the stage for a demand by the people for a substantially larger and truly draconian Federal presence in the hydrocarbon fuels business in the future.

Mr. President, these elements of a Federal synthetic fuels policy will permit the initiation of a diverse group of commercial scale projects. Actual experience—as opposed to conjecture and study—can then provide us with the necessary information upon which to base decisions to move forward. I ask unanimous consent that a table of likely projects to be funded under the $20 billion phase I program be inserted in the Record at the end of my statement.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. JOHNSTON. Mr. President, the key to this list is diversity. It represents a series of options we should long ago have begun to clarify with real experience. We as a nation can no longer afford to wait for others to decide whether or not to investigate these options further.

The case for the Energy Security Act is stated in two separate letters I recently signed with other members of the Committee on Energy and Natural Resources and distributed to all my Senate colleagues. I ask unanimous consent that these letters be inserted in the Record at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 3.)

Mr. JOHNSTON. Mr. President, I would also like to conclude this statement by quoting, from the report of the Committee on Energy and Natural Resources, an eloquent summation of the background and need for this legislation, the Energy Security Act, at this point in our history:

Summation of Background and Need

The history of Federal policy toward synthetic fuels related above displays nearly 40 years of Congressional recognition of the potential for supplementing petroleum-based fuels with synthetics created from plentiful domestic energy resources. At every step in the policy process, there has been general agreement on the need for actual operating experience from several commercial-sized demonstration plants. In many instances there has been strong support for an aggressive effort to achieve substantial production of fuels from synthetic sources.

In recent years, as the prospect of continued national strategic and economic vulnerability to imported petroleum has become evident, Republican and Democratic Administrations have both recommended programs of substantial Federal financial assistance to establish a synthetic fuel capability based upon coal, oil shale, biomass and plentiful and secure domestic energy resources.

The Congress, similarily, has strongly supported research and development of the relevant synthetics fuels technologies and has already authorized financial support for demonstration plants.

Despite this evidence of support, no large-scale demonstrations of any such technology have yet been undertaken. Indeed, the United States has lagged behind many nations with less economic ability, fewer resources, and perhaps less urgent need for such new energy sources.

Canada is developing its tar sands, South Africa is greatly expanding its existing coal liquefaction capability, and China annually produces a portion of its oil from shale. Domestically, we are still immersed in academic arguments over the potential merits, hazards, and economic viability of synthetic fuels as a part of our energy future.

Our present policy choices would be based upon solid experience rather than speculation if a few demonstrations had been initiated as proposed in 1971, or even if the authorities actually enacted by the Congress in 1974 had been implemented. In each instance, however, suggestions that delay would improve the technological basis for such undertakings, reluctance to make the financial commitments necessary, and the idle hope that industry would enter into such ventures on its own have sapped the will to proceed. The initial decisions to embark upon the inevitable vital exploration of a major option in energy policy have been consistently stifled in the annual budgetary process and the vagaries of bureaucratic decisionmaking.

The purpose of this measure is to address the failures of the past and to set in motion an organizational and financial arrangement which can sustain a multi-year commitment. The purpose of this measure is to put synthetic fuels into perspective for our national energy future.

Mr. President, we have two or three basic questions to answer with respect to synfuels. The Senate Energy Committee bill answers those questions one way, and the Senate Banking Committee bill answers those questions another way. To me, it is hardly even a debatable question as to which bill is the better.

The Banking Committee bill is the result of trying to engraft energy jurisdiction in places where it does not belong, and you end up, in the process, with not a tight, coordinated bill that is about where it should be but, rather, a bill that goes all the way from HUD to Agriculture to the Commodity Credit Corporation to the Government National Mortgage Association to the Secretary of the Treasury, and a little piece in the Department of Energy.

What we have is no coordination, not enough money to solve the problem, not the kind of Federal effort that is going to be needed.

Why do we have a separate Corporation? That is perhaps the key question in this bill.

We have created a five-member Corporation, with terms of 5 years each, to be appointed with the advice and consent of the Senate; and they can be removed only for malfeasance or nonperformance of duty—a really independent Corporation. Why do we want to do that?

Mr. President, the history of synthetic fuels in this country provides the first answer. The history of synthetic fuels in this country has been on again, off again, start, build some plants, then withdraw.

We started in this country in 1916 with synthetic fuels. At that time, we built two experimental retorts near Rifle, Colo. We also built a refining research center near Boulder, Colo. This was in 1916, more than 50 years ago. Those facilities operated, and operated rather successfully, for more than 10 years.

Finally, there was opposition, mainly from the major oil companies, and President Hoover, in 1930, closed down all operations, saying that it was not necessary to follow through our approach toward synthetic fuels or shale oil at that time. Of course, in 1916, that was during World War I, and they thought that perhaps we were running out of fuel. But they were rather successful with those two experimental retorts near Rifle, Colo. However, that was shut down in 1930.

Then we came along in 1944. Senator RANDOLPH, who at that time was in the House of Representatives, together with Senator O'Mahoney, who was chairman of the Senate Interior Committee, introduced and passed the Synthetic Liquid Fuels Act of 1944. This was a $24 million undertaking, with pilot plants built again near Rifle, Colo. Those plants operated for more than a dozen years, with some great success.

By 1953, the Under Secretary of the Interior, Mr. Northrup, wrote to Senator Sparkman:

> It now appears that costs have been reduced to a point of approaching a level with petroleum products.

In 1954, a Bureau of the Mines pamphlet stated that recent cost estimates show that commercial cost of making shale gasoline and other liquids on a large-scale basis would closely approach the cost for the corresponding petroleum products.

So the Synthetic Liquid Fuels Act of 1944 was off and running and showing real success. But again there was a pullback by the Federal Government, a stopping of what we had started.

We have had other starts and stops.

Union Oil in 1948 had a small pilot plant, with $12 million invested. There was a 1957 demonstration plant with 360 tons per day capacity. There were expressions of great satisfaction from Union Oil, but it was shut down in 1958 supposedly because of the flood of imported oil.

Occidental Petroleum's efforts out in Colorado show great promise as does the efforts of a number of other companies.

But, Mr. President, each time we get up to the edge Congress pulls back.

This Senate in 1975 passed the Synthetic Liquid Fuels Act of 1975. We passed it overwhelmingly. There were at that time two interagency White House studies recommending that we go into it in a big way. One ERDA study of June 28, 1975, called for a goal of 7 million barrels a day by the year 2000. The interagency task force of July 1975 said that a minimum goal by 1985 should be 350,000 barrels a day with two other alternatives, one of 1 million barrels and one of 1.7 million barrels a day by 1985.

That was in 1975. And what happened with all the great flurry that the Senate passed the bill with? It got over in the House of Representatives and with the same old tired coalition they beat back synthetic fuels.

So, Mr. President, we have started and we have stopped. We have started in the Senate; they have killed us in the House of Representatives. We have started with one administration; another administration comes along and kills it.

With synthetic fuels we are talking about tremendous financial undertakings. These plants, the 50,000-barrel-a-day variety, will cost somewhere in the neighborhood of $2 billion, according to the estimates of Cameron Engineering and Pace Engineering, and a whole host of other engineers, about $2 billion each.

Now it is going to be chancy technology, even though we know and we have known since the 1957 report in Rifle, Colo. We have known we could make oil from shale. The Germans produced 80 percent of their aviation gasoline from coal during World War II. We have known these technologies for a long time. However, there are the economics of scale, and the difficulties of massive synthetic fuels plants. With respect to their economies, it is a massive undertaking.

I believe that the only way we are going to be able to get private industry to invest in these plants is to give them a Government agency with whom they can deal and in whom they can have confidence in its continuity, its imperviousness to political change, and its ability to deliver on what it contracts to do and it purports to contract to do. In other words, the only way we are going to get private industry to invest a major part of a $2 billion plant is to be able to count on Government to say what it is going to do and not change its mind as has been the history.

So, for that purpose, we created in this legislation the Synthetic Fuels Corporation.

Again, Mr. President, it is a five-man Board, with 5-year terms and with staggered terms. The President makes the appointment initially with the advice and consent of the Senate but there will be removal only for nonperformance or malfeasance. This will create a real independent Board with authority and power to act.

Mr. President, the second essential point of our legislation is the amount of funding. We provide for $20 billion. The Banking Committee provides for $3 billion. Why $20 billion? Because everyone agrees that it is going to take $20 billion to do the job.

What is the job? The job is 10 to 12 commercial demonstrations of one-of-a-kind synthetic fuels technology. We do not want to build any replications at all under what we call phase I of this legislation because in phase I we want to find out how these technologies will work on a commercial demonstration basis.

But in order to test out the number necessary it will take 10 to 12 plants; 10 to 12 plants by any estimate are going to require $20 billion, and that is the reason we fixed the $20 billion in our legislation.

The Banking Committee does not disagree with the 10- to 12-plant figure, but they provide only $3 billion, and $3 billion will build about 1½ plants.

The Banking Committee bill says they want 10 to 12 plants. So either they do not mean that or in any event they do not provide the funding necessary.

Mr. President, I think it is time for this country to do something. In the newspapers over the weekend and this morning there were a number of articles which I found to be particularly interesting.

One in this morning's paper pointed out a poll taken among Members of the House of Representatives who were asked this question:

> Over the next 10 years, how likely does the Representative think it is that the United States will undergo sharp political, social, and economic upheaval brought on by a shortage of energy?

Mr. President, 62 percent thought that that was likely. Almost two-thirds of the Members of the House of Representatives foresee sharp political, social, and economic upheaval. It is facing us in the future. And yet what were the other articles in the paper over the weekend?

On Sunday we found that the NRC was announcing a moratorium on nuclear plant licensing. That is going to extend it into the 1980's. Two of our colleagues, two of our leaders, one in the House of Representatives and one in the Senate, are asking for a 3-year moratorium. We are finding that a coalition, including the State of Massachusetts, the Conservation Law Foundation, the Fishermen's Association, and others, are suing to stop the Georges Bank lease which is set for tomorrow saying that little oil spills do lasting harm. There is a report coming out on coal and how dirty coal is.

Mr. President, we are getting to the point in this country where we cannot produce any energy anymore. We cannot do anything except go to court, write reports, file lawsuits, and have debates.

Now, Mr. President, this bill says "let us begin to do something we should have been doing a long time ago," and that is produce our domestic resources. This bill will say "Let us do it." We are not spending $20 billion in a pellmell program to produce a lot of replications of commercial demonstrations until we know whether they will work. But we will, Mr. President, make commercial demonstrations of each of those technologies which have the greatest promise.

Mr. President, I hope the Senate is willing to do business, is ready to go after it as far as energy is concerned, and to help solve this country's problems.

EXHIBIT 1

SUMMARY: S. 932, ENERGY SECURITY ACT

SYNTHETIC FUELS (TITLE I)

Purpose of the measure

The Synthetic Fuels Corporation Act of 1979 (Title I) would create an independent, wholly federally owned corporation called the Synthetic Fuels Corporation. The five member Board of Directors would be appointed for five year staggered terms, subject to Senate confirmation. The Chairman is to be designated for an initial five year appointment. In addition, the Chairman of the Energy Mobilization Board, the Secretary of the Treasury, and the Secretary of Energy are to serve as non-voting members of the Board.

The purpose of the Corporation would be to foster commercial production, by private industry, of any liquid, gaseous and solid hydrocarbon (including mixtures of coal and petroleum) which can be used as a substitute for petroleum and natural gas or for any derivative thereof, which is derived from coal (including lignite and peat), shale, tar sands (including heavy oil) and biomass. In addition, commercial MHD projects are eligible for financial assistance.

Goals and objectives

A national goal would be established to create by 1995 the capability within the United States to produce synthetic fuels at a level of 1.5 million barrels of oil equivalent per day, under a two-phased (or staged) commercialization program.

The Phase I objective would be to develop experience with differing synthetic fuel technologies and significant resource bases (or feedstocks), while developing the industrial base to undertake in Phase II achievement of the 1995 production goal. The emphasis of Phase I would be on diversity of technologies (including differing processes, methods and techniques). An obligation authority of $20 billion (including up to $1 billion for biomass) is authorized for Phase I, subject to appropriations.

The Phase II objective is achievement of the 1995 national synthetic fuel production goal. As a conditioned precedent to beginning Phase II the corporation would have to develop and submit to the Congress, within three years of enactment of this measure, a comprehensive production strategy. The strategy would be subject to a one-House disapproval within 60 days. Upon Congressional acquiescence in the production strategy, the maximum obligation authority available to the Corporation would be increased to $88 billion. This additional amount, however, would be subject to appropriations. No obligations for financial assistance in excess of $20 billion could be entered into by the Corporation prior to Congressional acquiescence in the comprehensive production strategy and appropriation of the necessary funds to implement Phase II.

Financial assistance

The Corporation would be empowered to provide financial assistance for commercial synthetic fuel projects in the following order of decreasing priority:

(1) purchase agreements and price guarantees;

(2) loan guarantees (up to 75 percent of project costs and 60 percent of any overruns);

(3) loans (up to 75 percent of project costs plus 60 percent of overruns); and

(4) joint ventures (up to 75 percent of project costs) during Phase I, for commercial modules.

Also the Corporation, under certain circumstances, would be authorized to purchase and leaseback synthetic fuel projects.

Corporation construction projects, which would be government-owned but contractor constructed and operated, would be authorized only during Phase I and only for one-of-a-kind facilities employing technologies (utilizing significant domestic resources), and only after no participant could otherwise be found who would be willing to proceed under one or more of the above forms of financial assistance. During Phase I up to three such projects would be authorized on such a last resort basis; any additional Corporation construction projects would be submitted to the Congress for approval, subject to a one-House veto within 30 days. No such projects would be authorized during Phase II.

Financial structure

The Synthetic Fuels Corporation is structured to be a Federally chartered financial enterprise and empowered with various forms of financial assistance to permit achievement of the purposes of the Title. The financial structure of the Corporation has been formulated to provide a substantial degree of independence to its operations, while preserving the integrity of the Federal budgetary process and the opportunity for Congressional reconsideration of funding levels between Phase I and Phase II in the event of major subsequent changes in current projections of future energy supplies and prices.

The financial resources available to the Corporation over its 16-year lifetime would be up to $88 billion, subject to appropriations. The Corporation would be authorized to borrow these funds from the Treasury in amounts necessary to meet obligations. There would be established an account in the Treasury called the Synthetic Fuels Account. Appropriations would be deposited in the Synthetic Fuels Account, in at least two installations, by the terms of this authorization act. The first installment of $20 billion to support Phase I would be authorized upon enactment, and would be subject to appropriations. The second installment for Phase II would be authorized after three years, upon acquiescence by the Congress of a comprehensive production strategy to achieve the national synthetic fuel production goal. This amount would be subject to appropriations. Should the Congress foresee a need to alter the spending pattern after Phase I, and prior to the availability of any installment of borrowing authority for Phase II, they would, of course, have the option of enacting such a change.

Treasury operations

Upon the receipt of notification from the Corporation that an amount of borrowing authority in the Synthetic Fuel Account had been encumbered pursuant to a contract or other agreement by the Corporation, the Secretary would deduct that amount from the balance available in the Synthetic Fuels Account. When the Corporation needs actual funds, for example, for administrative expenses or to support financial assistance such as loans, the Secretary of the Treasury would be authorized to purchase notes of the Corporation to the extent of its appropriated borrowing authority from the Synthetic Fuel Account in the United States Treasury. Notes would be retired upon revenues or dissolution of the Corporation.

Budgetary aspects

All financial transactions between the Secretary of the Treasury and the Synthetic

Fuels Corporation would be reflected in the budget of the United States. Thus the extent of actual borrowing by the Corporation from the Department of the Treasury (and the Synthetic Fuel Account) will be reflected as outlays of the United States Government.

The internal financial operations of the Corporation would not be reflected in the Federal budget since it is to be an independent entity. However, the salaries and expenses of the Corporation, its contractual obligations, and its accounting system would be available for scrutiny through statutorily required annual and quarterly reports and audits.

Relationship to other laws

Corporation construction projects would be subject to the EIS requirements of the National Environmental Policy Act and environmental, land use and siting laws to the same extent as a privately sponsored project.

Davis-Bacon and Service Contracts Act would apply to loans and loan guarantees by the Corporation.

The recipients of financial assistance and the Corporation construction projects are required to provide for reasonable participation by small and disadvantaged businesses.

Crude oil and other petroleum products produced by synthetic fuel projects receiving financial assistance would be subject to price or allocation controls only where expressly imposed by the Congress.

Termination

The authority of the Corporation to obligate funds would cease after September 30, 1990. And the Corporation must terminate its affairs by September 30, 1995. Upon termination the outstanding contracts for financial assistance would be transferred to the Secretary of the Treasury for administration.

GASOHOL—TITLE II

The Gasohol Motor Fuels Act of 1979 (Title II) will accelerate domestic production of alcohol for use as a motor fuel by establishing national goals for future production and by providing Federal financial assistance to assure the construction of production facilities. The President shall seek to achieve a national goal of a volume of alcohol fuel from renewable resources equal to 10 percent of the estimated gasoline consumption in the United States by 1990.

For the purpose of focusing Federal energy policy and for coordinating financial assistance for commercial production of alcohol fuels, the President is directed to establish an independent Office of Alcohol Fuels within the Department of Energy. The Office is responsible to the Secretary of Energy; the Title prohibits any delegation of this authority of the Secretary to any other Office in DOE.

This goal will be examined in a report and a comprehensive strategy to be prepared by the Office and submitted to the Congress and the President in 1982. Concurrently, the President shall exercise his authority under this Title and under other applicable provisions of law so that the nation will achieve an annual production as large as is technically and economically feasible, but not less than 60,000 barrels per day, of alcohol fuels from renewable resources in 1982. This interim goal is considered to be a challenge to the country and one that should be met; it is equivalent to the production of almost 1 billion gallons per year in alcohol fuels. The Department of Energy's current policy is designed to achieve 500 to 600 million gallons annually by 1985. However, with significant Federal incentives provided through loan guarantees, price guarantees, and purchase agreements, the nation should be able to triple the DOE estimate for 1982 of 20,000 barrels per day and thereby achieve a minimum of 60,000 barrels per day.

At the end of 1982, the Office will then be in a position to accurately assess the ability of the United States to reach the national goal, and the methods which the nation will have to utilize to achieve this goal and to adjust the goal, if necessary.

The purpose of having an independent Office is to assure that the focus on alcohol fuel production will be maintained for the life of the Office. The Office should not be subject to organizational changes within DOE, and should be insulated from other intra-Department problems. Yet, by maintaining the authority of the Secretary over the Office, national energy policy will still be coordinated and uniform and the Office itself will operate as part of an agency of the Federal government. Therefore, all civil service laws and other laws applicable to a government agency will apply to this Office.

The Office will be authorized to issue loan guarantees, price guarantees and purchase guarantees to qualified projects to assure production of a sufficient quantity of alcohol fuels to achieve the national goals. The Office is authorized $200 million for a revolving fund to back up the contractual commitments it makes for Federal financial assistance. This amount of money will allow the Office to contract for $650 million in the aggregate, to provide Federal financial backing for alcohol production facilities.

The Committee was concerned with the lack of progress that alcohol fuel has made under the present Federal agency structure. Therefore, they decided a separate office in one agency was needed to establish the necessary priority and in order to achieve the goals of this Title. Since several Federal agencies have roles in the development of alcohol fuels, the Committee decided, consistent with the intent of the Department of Energy Organization Act, to establish an office in the Department of Energy, to focus the efforts of the Federal government on the goals of this Title. In addition, the Committee had received a report from the Office of Technology Assessment, issued in September, 1979, which concluded that the Department of Energy's "role has been more aggressive than that of USDA (the Department of Agriculture)", which support the Committee's choice.

Title II contains a subtitle that requires the Commodity Credit Corporation to sell its surplus sugar stocks as a feedstock for ethanol production to be used in gasohol.

The provision affords the CCC a period of time in which it may sell each crop of surplus sugar for other purposes, besides conversion into ethanol. Those other purposes include food production and any other purpose permitted under existing law. For the 1977 and 1978 crop year, this period of normal sales is 3 months after the date of enactment of this Act. For later sugar crops the period is one year after acquisition of the sugar. Once this period elapses then the CCC must make every reasonable effort to sell the sugar surplus crop exclusively as a feedstock for ethanol to be used in gasohol, or as a livestock feed.

If that one year effort does not result in substantial sales of the sugar surplus, then the CCC is required to enter into processing agreements to convert the sugar into ethanol and any ethanol produced under such processing agreements will be made available for use by the Federal motor fleet.

The next subtitle directs the Federal government to use gasohol in any motor vehicles, capable of using gasohol, which it owns or leases. Exceptions apply where the gasohol is not available in reasonable quantities or at reasonable prices or where necessary to protect the national security.

The Secretary of Energy is required to conduct a study on whether legislation is needed to mandate that any new motor vehicle shall be capable of operating on gasohol or on pure alcohol. In addition the study will assess the need for any other legislation to address technical or institutional barriers that inhibit the widespread marketing of gasohol.

The purpose of the subtitle on Natural Gas Priorities is to provide that two specific uses of natural gas are included under the term "essential agricultural use" for purposes of natural gas supply priority under section 401 of the Natural Gas Policy Act of 1978. These uses are:

(1) sugar refining for production of alcohol; and

(2) the use of natural gas for agricultural production on set-aside acreage or diverted acreage, where the commodity produced will be converted into industrial hydrocarbons and blended into gasoline or other fossil fuels for use as a motor fuel or industrial fuel.

Existing law is amended to require the President to exercise his standby allocation authority if he finds that significant quantities of alcohol suitable for use in motor fuel would not otherwise be used for that purpose because of an unavailability of petroleum products into which the alcohol would be blended.

Specifically, where the President finds such situation to exist he shall use his authorities under section 4(a) of the Emergency Petroleum Allocation Act to allocate crude oil to specific refiners or petroleum products to gasoline marketers so that the available alcohol will be blended into motor fuel.

In exercising this authority the President is to give due consideration to quality control in refinery operations affected by his action under this provision, to avoid disruption of the markets for crude oil or refined petroleum products, and to avoid causing unreasonable increases in the price of alcohol.

TITLE III—ENERGY TARGETS

Title III, the Domestic Energy Policy Act of 1979, requires the President to submit annually to the Congress a set of energy production and consumption targets for specific forms of energy for the years 1980, 1985, 1990, 1995 and 2000 in a format set forth in the bill. The targets must be accompanied by a report containing a plan for reaching these targets. The President is required to review the targets annually thereafter and to update the plan to achieve the targets as necessary.

The purpose of this Act is to require that the Congress debate a comprehensive and internally consistent set of energy targets for the Nation and that the Congress vote on and the President approve, a specific set of such targets.

Therefore, a mechanism is established for amendment and adoption of the initial set of energy targets by Congress as well as for annual Congressional review and, if necessary, revision of the targets. The appropriate jurisdictional committees of the House and the Senate are directed before May 15 of the first year after enactment to report a joint resolution containing targets in the same format required for the President's report. In subsequent years such a resolution would reaffirm or, if necessary, modify, the targets established in the previous year. If a Committee fails to report before May 15, any member of Congress would have access for a specified period (to July 15) to expedite procedures to discharge that committee of any resolution establishing, revising or reaffirming targets.

After a Committee has reported such a joint resolution (or, after May 15, if a motion to discharge a Committee from such a resolution has passed) the debate on the targets in the resolution would take place. Debate is limited to 20 hours and amendments which preserve the mathematical consistency of the targets would be in order. Because the Act prescribes a joint resolution, it is intended that a conference resolve any differences in the results of the debate in each House and that the targets be submitted to the President for his signature. Once enacted the targets would function as a guide to Federal energy programs. However, these targets would not constrain these programs in a legal sense.

TITLE IV—ENERGY CONSERVATION ACT OF 1979

Findings, purposes and definitions

Subtitle A establishes the findings, purposes, and definitions for the Energy Conservation Act of 1979.

Energy Conservation bank

Subtitle B of the Energy Conservation Act of 1979 (title IV) establishes a subsidized loan program wherein the Government National Mortgage Association makes payments to banks and other financial institutions which are willing to make low-interest loans for energy conservation improvements in residences and commercial buildings. The interest rate to borrowers under this program may be as much as 6 percentage points below the market rate. The payments from GNMA to the banks will be in such amounts as are necessary to compensate the banks for the difference in yields between the low-interest loans and market-rate loans.

Eligibility for subsidized loans depends upon both the status of the borrower and the type of structure the borrower would improve. Total annual income of the borrower's household must not exceed $40,000, adjusted for inflation, for family size, and for cost-of-living differences between different areas of the country. A borrower may not be an owner of a residential building of more than four dwelling units. A borrower may not be a business which conducts more than $1 million in gross annual sales. A borrower, who is not the owner of the structure the borrower would improve, must be paying the energy bills.

Loans are limited to a total of $2,500 per independent dwelling unit—whether detached, semi-detached or attached—and $2,000 per dwelling unit in a two-to-four unit building. Loans are limited to $50,000 per commercial building. An applicant must certify that the sum of all Federally subsidized energy conservation expenditures which have been made on the applicable dwelling unit or commercial building does not exceed the loan limit. In other words, expenditures used to obtain an income tax credit nad expenditures used to obtain a grant are subtracted from the limit otherwise allowed. The limits will be indexed 10 percent per year for inflation.

Residential energy conservation grants

Subtitle C of the Energy Conservation Act of 1979 establishes a state-run grant program wherein the Federal government will cost-share residential energy conservation measures. Eligibility for grants depends upon the status of the grantee and the type of structure.

Total annual income of the grantee's household must not exceed the national median, adjusted for inflation, for family size, and for cost-of-living differences between different areas of the country. A grantee may not be an owner of a residential building of more than four dwelling units. A grantee who is a renter must be paying the energy bills. A grantee who is aged 65 or older is eligible for 150 percent of the grant that would otherwise be obtained.

The grant schedule produces a maximum grant of $300 per dwelling for owners at a level of expenditures of $750. For renters, the maximum of $300 is reached at expenditures of $600.

GRANT SCHEDULE

[Will be indexed 10 percent per year beginning Jan. 1, 1981]

	Independent dwellings			Dwelling units in buildings of 2–4 units	
Expenditures	1st $250	2d $250	3d $250	1st $250	2d $250
Owners (percent)	60	40	20	60	40
Grant	$150	$100	$50	$150	$100
Cumulative total	$150	$250	$300	$150	$250
	Independent dwellings			Dwelling units in buildings of 2–8 units[1]	
	1st $200	2d $200	3d $200	1st $200	2d $200
Renters (percent)	90	50	10	90	50
Grant	$180	$100	$20	$150	$100
Cumulative total	$180	$280	$300	$180	$280

[1] Must be separately metered or leased under arrangement whereby lessee pays energy bills.

Residential energy efficiency improvement

Subtitle D of the Energy Conservation Act of 1979 establishes a program to ascertain the conservation effectiveness of contracting with private energy conservation companies to conduct systematic residential energy audits and install energy conservation measures throughout defined geographic areas. Such companies would be compensated under contracts with State or local agencies only for energy actually saved. Initially, the Secretary of Energy would institute the program on a demonstration basis in a limited number of utility service areas, and only with the agreement of affected public utilities and designated State authorities. If determined by the Secretary to be successful, and after a report to the Congress, the program would be expandable to other parts of the country. Funding for the program would be provided through payments by participating public utilities based on the value of them of the energy actually saved by the conservation measures installed under the program, and to the extent necessary out of funds borrowed by the Secretary from the Treasury of the United States. To carry out the program the Secretary is authorized to borrow up to $100 million for fiscal year 1980 and, in the aggregate, an additional $400 million in subsequent fiscal years, all subject to appropriation acts.

Utility program

Subtitle E amends Parts 1 of title II of the National Energy Conservation Policy Act (NECPA—Public Law 95-619) which requires public utilities above a certain size to establish utility programs under which residential customers of those utilities will be informed of the possibilities for making energy conserving improvements in existing residences. NECPA contains specific requirements with respect to the recovery of costs by utilities under these programs and generally prohibits the supply, installation or financing of residential energy conservation measures by the utilities covered by the Act.

The purpose of subtitle E of the Energy Conservation Act of 1979 is to remove certain of the detailed Federal rules with regard to cost recovery under utility programs, to relax the prohibition on supply or installation of residential conservation measures by utilities if these activities are undertaken through independent suppliers and contractors, and to eliminate any Federal prohibition on the financing of residential energy conservation by utilities. The basic structure of the utility program under NECPA would not otherwise be changed.

Energy auditor training and certification

Subtitle F of the Energy Conservation Act of 1979 authorizes a program in the Department of Energy for two-year funding of $50 million to support State training and certification of energy auditors, and to pay for related State administrative costs. The proposed training program would be managed by the States and conducted by either States, local or regional governments, utilities or private firms. The auditors would be licensed by the State and could work for utilities or in the private sector.

Residential conservation service

Subtitle G of the Energy Conservation Act of 1979 expands the Residential Conservation Service (RCS), established by the National Energy Conservation Policy Act, to all residential buildings and to small commercial buildings. The present RCS covers only residential buildings with one through four dwelling units. Audits would be available to landlords and tenants, as well as to owner-occupants, of these buildings.

Industrial energy conservation

Subtitle H of the Energy Conservation Act of 1979 authorizes an additional $40 million for each of fiscal years 1980, 1981 and 1982 to accelerate the industrial energy conservation research, development and demonstration programs of the Department of Energy.

Residential energy audits

Subtitle I of the Energy Conservation Act of 1979 would encourage residential homeowners and occupants to accept the offer made by public utilities to perform an energy audit of residential buildings as required under existing law (NECPA) and to provide purchasers of residential buildings with an energy audit of the building they are purchasing. This provision prohibits a financial institution whose deposits are insured by an agency of the Federal government from financing the purchase of a residential building unless an energy audit of the building is made available to the purchaser or the purchaser posts a $50 bond that is refunded when he obtains an energy audit of the building that he is purchasing. This provision does not apply where a good faith, but unsuccessful, effort has been made to obtain an audit, where the Secretary of Energy has exempted that particular geographic region, or where there is no utility audit program serving that residential building. These requirements begin January 1, 1981, and remain in effect for five years.

TITLE V—GEOTHERMAL ENERGY

The Geothermal Energy Act of 1979 (Title V) establishes in the Department of Energy loan programs to promote the confirmation of geothermal reservoirs, and to provide funding for feasibility studies and construction of specific geothermal projects. The confirmation and feasibility study loans are forgivable if certain findings are made by the Secretary of Energy. The private sector is required to finance 50 percent of a confirmation loan for an electric application, 10 percent of a confirmation loan for a nonelectric application, 10 percent of a feasibility study loan, and 25 percent of a construction loan. The interest rate in each case is equal to the interest rate set in the Water Resources Development Act.

A Federal insurance and reinsurance program is also established to protect against reservoir failure. Funding for this program will come from the Geothermal Resources Development Fund.

The loan guarantee limits in the Geothermal Loan Guarantee Program are raised from 75 percent to 90 percent for municipalities and cooperatives, and supplemental fundings for loans and loan guarantees are made available to the Small Business Administration, the Rural Electric Administration, the Farmers Home Administration and HUD from the Geothermal Resources Development Fund.

The Secretary of Energy is directed to identify and report on the economic, institutional, regulatory, and technical impediments to the accelerated commercialization of geothermal energy in the specific areas of geopressured methane, hot dry rock, and environmental control technology as it relates to all areas of geothermal energy.

The Secretary is also directed to initiate a program for the use of geothermal energy in Federal buildings and each Federal agency is directed to fully consider the use of geothermal energy in its buildings, facilities, and installations.

Section 210 of the Public Utility Regulatory Policies Act of 1978 is amended, so that the exemptions from the Federal Power Act and the Public Utility Holding Company Act and other requirements will be available for geothermal projects 80 megawatts in size, rather than 30 megawatts currently, with one exception for which the limit is raised to 200 megawatts.

The Committee intends that DOE, in implementing the geothermal loan guarantee program under existing law and the new program authorized by this Title for reservoir insurance, will include, as part of the project costs eligible for a guarantee or insurance coverage, the necessary new transmission system required for interconnection of remote geothermal projects to existing transmission systems.

Also, the Committee feels that geothermal sites across the country should be examined, however, the major effort of the government has been in the West. This accurately reflects the interest of the industry, but sites in other parts of the country, for example in New England, should also be examined.

TITLE VI—RENEWABLE ENERGY INITIATIVES

Title VI directs the Secretary to support the development of a coordinated renewable resources information dissemination network, which makes use of local, State and regional entities as well as Federal programs. The Secretary is also directed to establish a National Solar Energy Information Center for the purpose of providing informational and referral services to public and private organizations.

The Secretary is required to provide certain specific publications, materials, and outreach programs and is required further to assign to an appropriate element in DOE the principal responsibility for the development of these publications and materials.

Title VI requires the head of each Federal agency to incorporate, to the maximum extent practical, cost-effective solar energy systems in new and substantially renovated civilian Federal buildings. The definition of cost-effective requires a comparative test be made between the total life-cycle costs of the solar energy system and the total costs of an alternative conventional system. Fuel costs for the conventional system are to be based on the projected price of world oil.

The title amends the existing weatherization program to include materials associated with passive and active solar energy systems as eligible weatherization materials.

The title establishes a new program on energy self-sufficiency in an existing office of the Department of Energy. The program must initiate and encourage energy self-sufficiency at the local level and to demonstrate by 1990 energy self-sufficiency in some local jurisdiction.

The title provides a 30 percent small business set-aside and amends the Federal Photovoltaic Utilization Act to allow purchasing of photovoltaic systems for a wider range of uses by Federal agencies.

The budget authority for the title is $50,000,000 from which no funds may be used for cost-effective solar energy systems in new or renovated civilian Federal buildings.

TITLE VII—WIND ENERGY INITIATIVES

The Wind Energy Commercialization and Utilization Act of 1979 (Title VII) provides for a number of initiatives to promote the development and commercialization of wind systems:

(a) it requires the Secretary of Energy to establish a wind commercialization program including a program of low-interest loans for buyers of wind systems;

(b) it requires the Secretary of Energy to conduct a study of wind energy use in Federal facilities, utility application and overseas; and

(c) it establishes a Federal wind system procurement program.

The authorization for this Title is $100 million in fiscal year 1980.

TITLE VIII—SOLAR ENERGY DEVELOPMENT BANK

The Solar Energy Development Bank of 1979 (Title VIII) establishes a Solar Energy Development Bank within the Department of Housing and Urban Development for the purpose of providing long-term, low interest loans to residential and commercial purchasers of solar systems.

The Bank will operate through existing financial institutions and reimburse these institutions for interest subsidies granted to borrowers.

For subsidies, $50 million is authorized in fiscal year 1980, $150 million in fiscal year 1981, and $275 million in fiscal year 1982.

TITLE IX—EXTENSION OF DEFENSE PRODUCTION ACT

The purpose of Title IX, the Defense Production Act Extension Amendments of 1979, is to extend for two additional years the expiring titles of the Defense Production Act of 1950, as amended.

SUMMARY OF AUTHORIZATIONS

[In summary, the authorizations in S. 932, the Energy Security Act are as follows]

[By fiscal years; in millions of dollars]

	1980	1981	1982	1983	1984
Authorization:					
Title I	20,000			[1]68,000	
Title II	650				
Title III	1	2	2	2	3
Title IV	450	1,255	940	900	900
Title V	150	150	150	150	150
Title VI	50				
Title VII	100				
Title VIII	50	150	275		
Title IX	3	3			
Total	21,454	1,560	1,367	[1]69,052	1,053

	1980	1981	1982	1983	1984
Estimated outlays:					
Title I	10	25	35	36	37
Title II	1	1	2	2	2
Title III	1	2	2	2	3
Title IV	10	615	1,070	1,095	1,030
Title V	5	70	145	188	169
Title VI	5	30	15		
Title VII	5	20	50	25	
Title VIII		115	240	120	
Title IX	3	3			
Total	40	881	1,559	1,468	1,241

[1] Contingent upon congressional approval of comprehensive production strategy and separate appropriations action.

EXHIBIT 2

SYNTHETIC FUELS PROJECTS—PHASE I OF S. 932

The objective of Phase I is to demonstrate the widest possible diversity of synthetic fuels technologies. It is impossible to make a definitive list of the projects which would be built because the proposals will depend largely upon the judgment of the industrial participants who come forward. Furthermore, because of the uncertainties of costs and of possible financial arrangements, it is impossible to be definitive concerning how many projects would be built.

The following list, therefore, is based upon potential proposals and is a representative mix which would meet the objectives and provisions of Phase I of the measure.

I. High BTU gasification of coal.—to produce pipeline gas.

There are at least 7 potential technologies and several active proposals.

Assume two plants would be built at 25,000 to 50,000 barrels per day oil equivalent each.

II. Low-medium BTU gasification of coal.—to produce boiler fuel.

There are at least 4 technologies.

Assume two plants at 25,000 to 40,000 barrels per day oil equivalent each.

III. Solvent refining of coal.—to produce a clean, high-energy solid or liquid boiler fuel.

There are at least two technologies.

Assume two plants at 20,000 barrels per day equivalent each.

IV. Methanol from coal.—to produce a fuel additive or to be upgraded to gasoline.

There are at least two technologies.

Assume one plant at 25,000 to 50,000 barrels per day each.

V. Coal liquefaction.—To produce a refinable product.

There are at least three technologies.

Asume two plants at 20,000 to 40,000 barrels per day each.

VI. Surface-retorted shale oil.—to produce a refinable product.

There are at least five technologies and several active proposals.

Assume two projects at 50,000 barrels per day each.

VII. Modified in situ shale oil.—to produce a refinable product.

There is an active program.

Assume one project at 50,000 barrels per day.

VIII. Ethanol and other biomass.—to produce fuel or additives.

There are various processes and proposals.

Assume 30 or more plants for a total of 60,000 barrels per day.

SUMMARY

Technology	No. of plants	Output B/D
High BTU gas	2	75,000
Low/Medium BTU gas	2	65,000
SRC	2	40,000
Methanol	1	50,000
Coal liquid	2	60,000
Surface shale	2	100,000
In situ shale	1	50,000
Ethanol-biomass	30	60,000
Total (12 major, 30 small)		500,000

Exhibit 3

Committee on
Energy and Natural Resources,
Washington, D.C., November 5, 1979.

Dear Colleague: This week the Senate will consider S. 932, the synthetic fuels bill.

The Senate Energy and Banking Committees have reported different versions of the measure. Although each version also includes other important provisions, it appears that the most controversial votes will be those on the choice between the two approaches for encouraging the production of synthetic petroleum and natural gas substitutes from domestic energy sources such as coal, shale and biomass.

The Energy Committee's version of the measure would establish an independent Synthetic Fuels Corporation. The Corporation, on behalf of the Federal Government, would assist industry in financing a number of major synthetic fuels projects. The Corporation would function primarily as a banking institution and thus could offer a variety of price guarantees, product purchases, loan guarantees or direct loans only as a last resort, and only within the first three years could contract with industrial partners who would construct and operate not more than three Federally financed commercial plants.

The total Federal involvement in the first phase of the program woud be limited to $20 billion. Only a small portion of this amount would result in actual expenditures of Federal funds. Most would be contingent liabilities, in other words, insurance against a portion of the risk taken by the industrial participant. A second phase of the program, to achieve by 1995 the 1.5 million barrels per day production goal, would be initiated only after the Corporation submits a plan to achieve the production goal to the Congress for its approval, and only after further appropriations are made.

The reason for the establishment of the Corporation is to create an independent, single-purpose management which will be free of the continual policy redirections, priority changes, and bureaucratic and administative tangles which have defeated the implementation of previous synthetic fuel initiatives. The program size, while prudent, is adequate to demonstate a wide variety of available technologies and resource bases. Considering the financial leverage of the Federal participation, this level of support would accommodate between 10 and 12 large commercial facilities with several smaller gasohol or biomass plants.

The authority for the Corporation to resort to government-owned, but contractor-operated, (GOCO) projects is a strictly limited last resort. It is an essential tool if the Corporation is to be able to explore a promising technology for which no industry partner is prepared to take or share the risk. It is also an essential safeguard if the Corporation must negotiate with a potential partner where no other competitive proposal is available. GOCO as a fallback also will be an important provision which has the effect of forcing industry to participate earnestly in the program. That is why they are opposing it so stridently.

We view the total Title I program to be a responsible, workable initiative toward establishment of the infrastructure for a synthetic fuels industry—one which can ultimately make significant reductions in U.S. dependence upon imported petroleum, and place a ceiling upon the extortionary prices of the world oil market.

The Energy Committee's report on the bill relates the long history of previous efforts to begin to demonstrate synthetic fuels. The Senate has always strongly supported such programs, but they have been defeated in the House or stifled in implementation.

Now, again, the same forces and arguments which have prevented previous initiatives from becoming reality are being marshalled to resist this proposal. The major oil companies, who have chosen not to use their abundant financial capabilities and technical expertise to build such projects, are objecting to Federal assistance which might assist other, less unjustifiably enriched corporations to undertake them. The extreme environmental groups, who espouse a policy of deprivation and curtailment, propound all sorts of speculative objections and resist any effort to explore and ascertain the real effects of synthetics. We are treated to a picture of unusual coalitions among interest groups who cannot possibly share the same objectives, for example, environmentalists and major oil companies.

These are the same coalitions which lobbied against earlier bills and the same arguments which prevented us from demonstrating a U.S. synthetic fuels capability in the decade of the 1970's. We can thank them for the fact that the economic, environmental and social consequences of a synthetic fuels industry are as much conjecture today as they were in the days of the first embargo, the "project independence" proposal and the subsequent OPEC oil price increases.

If they succeed in hamstringing and stalemating this initiative once again, we will be just as ignorant of our domestic options in the decade of the 1990's, when chronic petroleum curtailments and unconscionable prices are certain to become commonplace. Eventually, we will be driven to a crash program in synthetics. A program without planning, without safeguards, and perhaps without time enough to avert economic disaster.

I urge you to support the Energy Committee proposal. The choice is not between more or less investment, between one or another management approach, or whether GOCOs are in or out. The choice is whether a credible, workable program will belatedly get started now or whether it will again be frustrated by special interests and spurious fears at the expense of the American people.

Sincerely,

Wendell H. Ford.
Pete V. Domenici.
Henry M. Jackson.
J. Bennett Johnston.

November 2, 1979.

Dear Colleague: One of the most significant bills to emerge from our Energy and Natural Resources Committee in recent years comes to the Senate floor on Monday, November 5, when the Senate takes up Title I of our version of S. 932, legislation establishing a synthetic fuels program for America.

Our Committee, using hearings and reports over a five-year span, has developed a comprehensive synthetic fuels program that puts the emphasis on private development of America's vast deposits of coal, oil shale, and tar sands. We have considered requests for broader programs and have rejected these recommendations.

What we have reported to our colleagues in the Senate is a prudent, flexible approach that reflects the consensus of judgment of dozens of witnesses from the business and financial community, science and educational experts, energy policy specialists, and engineers in the field.

Here's what Title I of our legislation would do:

Establish a new, lean private corporation called the Synthetic Fuels Corporation, with a five-member Board of Directors subject to the full approval and oversight of Congress;

Empower this Corporation to serve as a financial central clearinghouse to process requests for financial aid from private firms interested in developing commercial quantities of synthetic fuels;

Limit to $20 billion the amount of funding that would be "on call" to fulfill the financial obligations to private enterprise that the Corporation would make. This money would not be appropriated in one lump sum, thus avoiding having such a large amount lying idle;

Provide a "Sunset" provision that limits the Corporation's life to ten years;

Give the Corporation a wide variety of financial incentives, as recommended by all witnesses, so that private firms of almost all sizes could participate in synthetic fuels development;

Place strong limitations on government construction projects, allowing such projects only when private firms have expressed no interest or no ability in developing a promising, commercial technology and limiting projects under all circumstances to three during the first phase of the program only.

Here's what our bill will not do:

It will not allow government domination of synthetic fuels, since the Corporation is mandated to act merely as a financial clearinghouse for private enterprise;

It will not commit the government to a "crash" $88 billion program;

It will not waive or override substantive environmental law or regulations;

It will not establish a new bureaucracy with an indefinite lifespan;

It will not merely pour more money into the existing administrative structure that has failed to bring commercial synthetic fuels on board.

We have all heard the threat of a 40 percent hike in crude oil prices by some members of the OPEC cartel. We can see what this year's price increases in imported oil have done to our economy; $70 billion of our resources exported to foreign lands, along with the loss of hundreds of thousands of jobs, and a raging inflation rate that threatens the fabric of our economy.

We on the Energy Committee, for the third time in five years, come to the Senate with legislation to use our vast synthetic fuels resources to break the OPEC stranglehold on our nation. Passage of this legislation will be the clearest signal to Americans, and to foreign lands, that we are serious about ending our dependency on foreign sources of energy.

We ask your help in passing Title I of S. 932 as we have recommended it to the Senate. If you need further information or have questions you want answered, please call Dick Morgenstern (4–0099) or Steve Bell (4–6621).

With warm regards.

Sincerely,

J. Bennett Johnston,
Wendell H. Ford,
Pete V. Domenici,
Henry Bellmon,
U.S. Senators.

Mr. JOHNSTON. Mr. President, I yield to my friend from New Mexico.

Mr. DOMENICI. Mr. President, I thank the Chair.

Mr. PROXMIRE. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. DOMENICI. I yield.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that M. Danny Wall, John Daniels, Linda Zemke, Paul Winslow, Leon Reed and Kenneth McLean of the Committee on Banking, Housing and Urban Affairs, have the privilege of the floor during the consideration of S. 932 which extends the Defense Production Act of 1950 as amended. I also ask that Donald Chamblee of my office staff be granted the privilege of the floor also during consideration of this bill.

Mr. JOHNSTON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSTON. At some point, probably today, as soon as we can get it cleared, I would like to suggest to my distinguished friend from Wisconsin that we have a unanimous-consent agreement to take this bill up title by title so that we can deal first with synfuels, amend that, and then pass that title. Then move on to another title so we will not have to be coming back and amending, I think we have, eight or nine titles of the bill. It has not been cleared yet on the Republican side, but I hope we can enter into that agreement.

Mr. PROXMIRE. So far as I am concerned, that is fine. It sounds like an orderly way to proceed, and that is acceptable to me.

Mr. DOMENICI. Mr. President, I personally would say as manager of title I, that I would agree to that, but we will try to keep the Senator posted and inform him later on when he is available as to what the situation will be.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. I, too, have a rather detailed statement.

Mr. President, late last week, an unusual coalition of antigrowth, antibusiness groups joined their traditional adversaries, big business, in an effort to once again kill the beginning of a long overdue Federal effort to encourage development of synthetic fuels as part of America's fight for energy self-sufficiency. This coalition takes to the ultimate the old saying, "politics makes strange bedfellows."

Now, how can one explain this conjunction of forces so diametrically opposed to one another on such issues as the free enterprise system, economic growth, economic freedom, environmental law and regulations, and the role of Government in the private sector? Let us name this coalition for the kind of hybrid monster that it is—a cynical marriage of convenience between parties each bent on maintaining part of its political and ideological fiefdom.

On the one hand we have Exxon, the most profitable oil company in the world, a company that totaled profits of more than $1.1 billion higher this past quarter than a year ago. Exxon, and some of its free enterprise natural allies in this fight, have joined with some of the so-called environmental groups, committed above all to limiting the economic growth of this Nation and to forcing Americans to accept a reduced standard of living.

What are average Americans, concerned about the extraordinary dangers in which this Nation's energy policy has placed us, to make of this battle, now joined here on the Senate floor as we on the Senate Energy and Natural Resources Committee bring our synthetic fuels bill to our colleagues for action? What are the unemployed to make of this battle, as they watch hundreds of thousands of jobs vanish as the OPEC cartel hikes oil prices again and again? What are those tens of millions of Americans, crushed by an inflation fueled by rising energy costs, to make of this confrontation? What are those who must pay more to heat their homes this winter than to eat to understand as they see Congress, beset by special interest groups that have their own private concerns paramount, waver once again?

I will tell you what I think my neighbors in New Mexico think because they have told me. They think Congress has failed to act decisively on synthetic fuels and that this failure could cost the Nation its economic freedom. Scientists at Sandia Laboratories in Albuquerque, the very scientists who work in the most innovative research in the energy field in the world, have urged me to take the case for synthetic fuels to Congress. They have told me, "Pete, we're doing a lot of good, important research, but we believe America knows enough now to begin a real thrust to commercialize synthetic fuels. We have to do the research at the same time we build commercial plants." That is what scientists in my State urge. And I might add, these scientists walk the beautiful mountains and streams of my State, and many of them are active members of environmental groups. Yet, they know that synthetic fuels can be developed without significant environmental degradation and they believe we should get on with the job.

What about other citizens, those who are not scientists or active in the field of synfuels? They, too, in their letters to me, in personal conversations, in letters to the State's newspapers, urge the Congress to move aggressively to develop synthetic fuels from oil shale, coal, and tar sands as soon as possible.

Why is such a consensus measured at about 75 to 25 in favor of synthetic fuels by national polling organizations? The answer is simple: Americans have waited in gas lines, seen their heating bills soar, found their vacations put out of reach by higher prices, worried about the next major interruption of crude oil from overseas, and they have decided that America must get serious about energy. And, they know that we have enough readily recoverable oil shale to produce more than 500 billion barrels of oil; enough coal sites with sufficient water right now to produce the equivalent of 4 million barrels per day of petroleum products; about the same amount of potential oil from tar sands as we have presently identified recoverable crude oil resources. Above all, they see American science, American technological genius, working in other nations to develop oil from coal, fuel from agricultural products, oil from tar sands, and they know that America has the knowledge and the resource. What they do not know yet, and what it is our duty this week on the Senate floor, is to show that America also has the will.

I have heard opponents of our bill say that they agree with me, they agree that we need synthetic fuels, that Government must encourage their development, that we have endangered our Nation by neglecting such resources. They say that the debate this week is merely whether to accept a synthetic fuels effort of a modest scale or to accept the Energy Committee's more ambitious plan. That contention is simply wrong. The debate is not merely a quarrel over jurisdiction, or economic efficiency, or some equally arcane consideration. This debate clearly focuses on two approaches: The Banking Committee approach, in all of its forms, or the Energy Committee approach. And, at the core of that debate is the clearly diametrical presumptions behind the two bills.

The Banking Committee approach is a "business as usual" approach. It is the same approach that the Banking Committee adopted 5 years ago when it heard testimony on the Energy Independence Authority and decided to do nothing. The under-funded, fragmented approach of the Banking Committee, using merely the same old Federal bureaucracy that has failed to give us synthetic fuels in commercial quantities so far, it is exactly the kind of thinking that has brought us to our present vulnerability in energy. The Banking Committee bill, supported by those environmentalists who are opposed to synthetic fuels at almot any cost, says, "Well, just offer a few little concessions here and there and maybe this flap will go away." That is the attitude that has doomed the last two synthetic fuel bills that the Congress has considered. It is the same kind of attitude that has led to this situation, according to the Congressional Research Service: with present Government policy, including present incentives, no commercial production of synthetic fuels is anticipated by the year 1995. And, the Banking Committee approach is merely present Government policy with a little fancy ribbon wrapped around it.

Let us take a look at what the Energy Committee bill attempts to do. It says, "Present policy won't work. Business as usual won't work." It establishes a lean, business-oriented Synthetic Fuels Corporation. This Corporation's Board of Directors would be appointed by the President with the advise and consent of the Senate. In addition to five members chosen by the President and confirmed by the Senate, the chairman of the Energy Mobilization Board, the Secretary of the Treasury and the Secretary of Energy would serve as nonvoting members of the Board of Directors. The Corporation would be a financial clearinghouse for private firms that wish to develop commercial-sized plants to produce synthetic fuels from oil shale, coal, tar sands, and biomass.

The Corporation would embark on its goal—a goal of aiding private industry to create by 1995 the capability to produce 1.5 million barrels of oil equivalent from synthetic fuels—in two phases. In the first phase, the Corporation would have at its disposal $20 billion to aid private industry in developing experience with differing synthetic fuel technologies of diverse kinds at the commercial level. This is the "high-risk" stage, one in which some technologies that have great future potential for commercial production, but are still too risky to draw private industry venture capital, would be supported. The Government, in essence, would reduce the economic risk and encourage private enterprise development in the field. After this first phase, in which the Nation and private enterprise would get economic, environmental, and technological experience with these diverse technologies, the Corporation would report back to Congress. This report would detail just what the first phase has taught us: What technologies seem most promising for larger scale commercial development; what kinds of engineering innovations we will need to protect the environment; what kinds of economic incentives have worked and for what kinds of companies in what kinds of economic circumstances; and what probabilities exist for reaching the 1.5 million barrels per day capability by 1995. Congress then would consider the report of the Corporation and decide whether to implement the second phase—a phase aimed at fulfilling commercial production goals with the most economically and technologically sound processes, as revealed by the first stage.

This two-stage approach, first recommended years ago under President Ford's administration, seems the most prudent way to begin this forceful program. It is the kind of approach recommended by consultants to the Senate Budget Committee's Subcommittee on Synthetic Fuels, of which I was ranking minority member, during compilation of an in-depth study of the economic sophistications of synthetic fuels production. This two-stage approach, combined with creation of the Synthetic Fuels Corporation, does several important things that witnesses before the Congress have stressed for several years: we need a focused, streamlined approach that is insulated in its day-to-day deliberations from the vagaries of congressional budgetary processes, but allows at critical junctures policy oversight by the Congress; it allows us to gain practical experience from a first stage of production of between 300,000 and 500,000 barrels per day of oil equivalent; it provides that we not have to make a huge appropriations commitment at the beginning of this process, only to see the money lie idle (a contractionary effect on the economy that could be counter-productive); it insures that the taxpayer's interests and risks are protected to a very high degree.

Under our bill's title I, the Corporation could provide financial aid to private industry in the following order of priority: Purchase agreements and price guarantees; loan guarantees (up to 75 percent of project costs and 60 percent of any overruns); loans (with the same restrictions as loan guarantees); and joint ventures (up to 75 percent of project costs) during the first stage for commercial module endeavors suggested by private industry.

The Corporation, during the first phase of existence only, would embark on Government-owned, but contractor-operated, projects, and even then would have a limit of three such ventures allowed it. These GOCO's would be a last-resort item in those technologies in which private industry was unable or unwilling to provide feasible plans for developing promising technologies in a field deemed important to the Nation's future energy needs.

The Corporation has been designed specifically to use the flexibility in financial mechanisms that all consultants to the Senate Budget Committee and witnesses before the Senate Energy and Natural Resources Committee urged as critical to the success of a synthetic fuels program. The financial structure of the Corporation would allow it substantial independence, and real freedom from politics as usual or pork barrel pressures. All of its dealings would be on-budget, and subject to the Federal budgetary process. If Congress decided to proceed with phase II of the program total resources available to the Corporation over its 16-year lifespan could be as high as $88 billion, subject to Congressional appropriations. The Corporation would borrow these funds from the Treasury in amounts necessary to meet obligations to private industry and only as the funds were actually needed. The Synthetic Fuels Account within Treasury would not be funded by a windfall profits tax.

I should point out that no substantive environmental laws would be waived under our legislation. All present environmental laws would be working as the projects aided by the Corporation proceeded.

That is the essence of the Synthetic Fuels Corporation recommended by the Senate Energy and Natural Resources Committee to this body. This recommendation follows literally years of reports, hearings, investigations, and studies into synthetic fuels by our committee and its predecessor, the Senate Interior Committee. Our recommendations follow the general guidelines set forth by witnesses this year from private industry, the academic and scientific community, financial institutions, and from engineering experts within the field.

The experts recommend a two-stage approach, and we recommend the same. Experts recommend a program insulated to a large degree from the day-to-day whims of Congress, a situation in which the board of directors can make business-like decisions on finances free from political pressure, and we have adopted this strategy, also. Experts recommend a financing program for the Corporation that will reduce its contractionary impact on our economy, and we have provided for this. All experts recommend a wide flexibility in financial mechanisms that the Corporation can use to aid business, and we have agreed that this is a sound idea. We have rejected a wide-scale Federal involvement in construction, ownership, and operation of synfuels plants. We have rejected a crash program, free of all congressional oversight. We have rejected reliance on a new Federal bureaucracy with unlimited lifespan.

Let us look for a moment at the myths about our bill that our opponents attempt to spread:

First. Myth: The Energy and Natural Resources Committee approach is a crash program.

Fact: The Energy Committee approach is not a crash program by almost anyone's definition. For example, the study done for the Senate Budget Committee by PACE (Cameron-Engineers) shows that a "crash" program, as this consultant defines it, would lead to more than 2 million barrels a day of oil equivalent by the year 1990. The Energy Committee approach would lead to a capability of producing 1.5 million barrels per day of oil equivalent by the year 1995, with the full realization that such a goal might not be met. In truth, if one looks at the PACE study, the Energy Committee approach is much more like what PACE has termed "The Accelerated Engineering Program." The National Academy of Sciences' study on coal liquefaction and coal gasification indicates that a crash program would yield about 3.5 million barrels per day of oil equivalent in just those two technologies within a 20-year period. Our bill envisions about one-fifth of that production capability 15 years from now. The committee has rejected the "crash program" option.

Second. Myth: The Energy Committee approach allows no mechanism for midcourse correction, or phasing-in.

Fact: The Energy Committee approach is specifically two-phased. This approach is endorsed by the Congressional Budget Office, the Office of Technology Assessment, the Committee for Economic Development, and by others who have studied the problem.

Third. Myth: We do not need a Synthetic Fuels Corporation.

Fact: Present government programs have failed. The Banking Committee approach, using the Department of Energy, Department of Transportation, and Department of Defense, merely pours more money into existing agencies. Here is what David Goodman of Morgan, Stanley & Co., one of the most experienced financial houses in the energy field, had to say about the need for Synthetic Fuels Corporation:

> Philosophically, I would rather not see a new entity created for syn-fuels. However, to make the program work, the decision-making will have to be crisp, hard-nosed, and attuned to the needs of business. A regulator's mentality would be anathema to the purpose of the program. As a practical matter, I question whether there are sufficient personnel with the proper background to staff this undertaking in government at the present, or whether they can be attracted to the Civil Service. On balance, I conclude that a separate, Government-owned corporation, with a limited life, such as is contemplated by the legislation, is probably the best way to go.

That is the considered opinion of perhaps the single-most energy-oriented financial house in the Nation.

Accepting our Synthetic Fuels Corporation, contrary to the report issued by the Banking Committee, streamlines Federal involvement in synfuels development, allows us to put a businessman in charge of this program, focuses our energies, and gives us greater fiscal control. It is fully consistent with the phased development approach and still allows Congress to have the final say on the amount of money we ultimately will spend on our program. If you have doubts about a single-focus Corporation, such as we recommend, merely ask yourself if you want decisions on multibillion dollar synthetic fuels plants made by the Department of Energy. How much confidence will a businessman have when he begins to think about investing $3 to $4 billion in a synfuels plant after he realizes that backing for his investment will depend upon a bureaucrat in the Department of Energy and a far-from-certain appropriation from Congress? Failure to accept the Corporation truly means a failure to develop synthetic fuels in the most business-like and cost-effective manner.

Above all, a corporation, along the lines that we on the Energy Committee have endorsed, provides important insulation between the political process, with all its vagaries and whims, and the synthetic fuels program. Congress still has the oversight, control of the purse strings, and the ultimate say, but our recommendation presents the best opportunity for decisions on financing of synthetic fuels plants to be made in the most businesslike and economically sound manner.

Fourth. Myth: Government-owned, contractor-operated plants in the Energy Committee bill are not needed.

Fact: The Energy Committee bill allows so-called GO–CO's only as a very last resort. Our bill puts the emphasis on participation by the private sector. It is only when a promising technology is not endorsed by private industry that a GO–CO could be created. We have mandated stiff procedures to make sure that private industry has the first shot at every technology and every process. One must realize that to absolutely prohibit all GO–CO's would mean that we run the risk of allowing some companies to "hold up" the taxpayer. The GO–CO's are a club in the closet, an attempt to insure that companies that come to the Government with synthetic fuels development plans will keep cost estimates in line. We cannot allow ourselves to be held hostage to unreasonable negotiations because we have completely prohibited the GO–CO option. Again, GO–CO's are a last resort, not a substantial portion of the recommendations the Energy Committee has made to the Senate.

Fifth. Myth: If the market wanted to develop synthetic fuels, it would. We do not need Government.

Fact: The oil industry, which has the majority of holdings in some synthetic fuels technologies, has failed to develop one single commercial synthetic fuels plant in this Nation. This situation exists despite the fact that some of the industry leaders have earned literally billions of dollars in profits in recent years. Instead of developing synthetic fuels plants, some of these companies have bought department stores, electrical equipment companies, and similar ventures. Those who want total reliance on the market are saying, to paraphrase, "What's good for Exxon is good for America." No one in a responsible policymaking position can endorse that. The fact is that under present energy economy conditions, it is simply more profitable for companies to keep their resources in the ground, watching them increase in value, and take their profits from conventional crude oil and natural gas. They wish to develop synthetic fuels at their own speed and under conditions they dictate.

In a truly competitive energy market such an approach would cause no grave damage. But America finds itself prey to an energy cartel that threatens to destroy our economy. We cannot afford the luxury of "business as usual." The Energy Committee recommendation is an intelligent response to the need to "prod" business into taking a risk and allowing a larger number of firms to compete in the energy business.

We have used Government to build the finest road system in the world. We have used Government to bring housing to those that found it difficult to get housing. We have used Government to provide impetus to a transcontinental railroad system. Our agricultural system, unique in the world, has benefited from such programs as the Homestead Act, land grant colleges, the Extension Service, and the Federal agricultural credit system. Our civilian aviation industry evolved from the research and development of military aircraft. Using Government as a partner with industry to meet the Nation's economic and social goals is a tradition that has helped make this Nation the power it is today. The Synthetic Fuels Corporation idea follows in this tradition.

Sixth. Myth: We will spend $88 billion of the taxpayer's money under this plan.

Fact: No one knows how much the taxpayer will be out when the final tally is made, but history indicates that the taxpayer may well recover all of the costs of the program. The synthetic rubber program of World War II was an expensive proposition. But at the end of the war, all assets were sold to private industry and the taxpayers recovered 96.6 percent of their investment. And this is the key point about the Energy Committee's recommendation: We are asking for an investment, which will be repaid over time.

Ultimate costs to the Nation will vary according to the costs of conventional crude oil and natural gas. Estimates from those with the most experience in synthetic fuels indicate that syncrude from coal today could be in the range of $25 to $35 a barrel, oil from shale in the $25-to $33-per-barrel range, and gas from coal slightly higher in cost. Spot oil prices for conventional crude have already passed $40 a barrel. The so-called posted price will probably be $30 a barrel by January of this coming year. If this is, indeed, the case, synthetic fuels will get a tremendous boost and the taxpayers will probably recoup all of their investment. In addition, the Corporation we recommend will have many requests for financial assistance and the goal of diverse, competitive private industry synthetic fuels industry will be that much closer to reality.

If energy prices continue to climb dramatically, the ultimate concept behind synthetic fuels may manifest itself: Synthetic fuels may be cheaper than conventional crude oil. This would be a tremendous step toward energy self-sufficiency for the Nation and would dampen an inflation that has been fueled into double digits by energy price hikes. At the present time, we have no supply alternatives for our liquid fuels. We are fully dependent upon crude oil. Synthetic fuels offer one of our last great hopes for an alternative to conventional crude oil; and they offer one of the few realistic chances that energy prices will some day stabilize.

Many other myths abound, but I expect that during this week's discussion we will confront them one by one. I will not attempt to guess here what tack the discussion will take. But the facts are clear from a scientific point of view: Synthetic fuels can be produced in America, in an environmentally sound manner, with present technology.

Let me close these remarks today by noting that one of the responsibilities for policymakers is the responsibility to judge risks and then act. We have had 5 years in which to see what our lack of policy in synthetic fuels has created. If we had started this kind of program 5 years ago, when it was first brought to the Senate, we would now have a few plans nearly completed. We would know from empirical data the answers to questions that many have about synfuels, but we wasted that chance. Now, we are facing $40 a barrel crude oil, the loss of 2 million jobs during the next 3 years because of this extraordinary increase in energy costs, and an inflation that is rending our society. We have waited far too long, because we weighed the risks and failed to act. It may be that we can salvage things during the next, crucial decade. Part of that salvaging process must involve synthetic fuels development. The Energy Committee approach moves prudently, but aggressively, toward synfuels development. The Banking Committee approach, underfunded, unfocused, and biased toward allowing only the biggest of businesses to compete in the field, simply is no approach at all

I want to speak about the enormity of the issue that confronts the Senate today. Let me start by saying last week a very unusual coalition of antigrowth and antibusiness groups joined with their traditional adversaries, big business, in an effort to once again kill the beginning—and I stress the beginning—of a long, overdue Federal effort to encourage the development of synthetic fuels as part of America's fight for energy self-sufficiency.

This coalition takes to the ultimate the old saying that politics make strange bedfellows. How can we explain this conjunction of forces that are so diametrically opposed to one another on such issues as free enterprise and the free enterprise system, economic growth, economic freedom, environmental law and regulation and the role of Government in the private sector?

Well, let us call this coalition for the kind of hybrid that it is. It is a cynical, as I see it, marriage of convenience between parties each bent on maintaining part of its political and ideological fiefdom—and I do not say that about nor attribute that to any Members—but, I do believe that America is in too serious an economic energy crisis to let anyone try to maintain part of a political and ideological fiefdom unless the maintenance of that fiefdom is at least as important as America's future, that broad, that deep, and that significant.

On the one hand, we have Exxon—and we all know about them, a very profitable oil company, $1.1 billion profits higher this past quarter than a year ago—and I have not been one to join the increasing attack on them, but it does seem to me that they and some of their free enterprise allies in this fight have joined with some of the so-called environmental groups committed above all to limiting economic growth of this Nation and forcing America to accept a reduced standard of living, and to me this is extraordinary and unbelievable.

Now, Mr. President, I want to succinctly state the issue as I see it. The United States of America has an abundance of energy, but we cannot use it, we cannot develop it, and today we are going to try to take one small step toward permitting America to use what it owns, what it has, what it has been endowed with.

Now, listen carefully this country of ours, which today is on its knees with both hands tied because it is dependent upon 8 million to 9 million barrels of crude oil a day. We are on our knees, tied, strangling at the mercy of a cartel.

One would think that a country in that position must be bankrupt in terms of resources, would not one? Well, let me tell you how bankrupt we are. This country has 700 billion barrels of oil potential from shale—not millions, billions. And we are at the mercy of a cartel monopoly for 8 million barrels of crude oil. Let me repeat that we have 700 billion barrels of crude oil potential from just shale oil. That is one item.

We have 300 years worth of coal, if coal was used for every bit of our energy needs. Listen again: we are on our knees because we cannot produce 8 million barrels a day of oil, and we have coal, 300 years worth of coal, not in Arabia, not in Kuwait, not in Venezuela, not in Canada, but in America, the USA.

Third, we have 30 billion barrels of oil potential from tar sands. I have just taken three resources, and I am trying to make the point for America and for this Senate that "business as usual" has put us in this position where we have an abundance, but are bankrupt; where we have an abundance, but are totally dependent; where we have an abundance, but those who know of our vulnerability wake up every morning in a cold sweat wondering, "When will somebody embargo America again."

We have seen one embargo. Now what approach is the cartel taking? A new scheme: No embargo but less oil will be produced by the cartel countries, and at a higher price. Less at a higher price, the exact opposite of enterprise economics. When are we going to learn that enterprise economics are not totally relevant today when the cartel says, "Less at higher prices," but our whole theory has been that higher prices should produce more?

We have brought to the Senate a Synthetic Fuels Corporation that many will oppose because they think business as usual will take care of it. Or what? They are afraid. Afraid of what? Afraid that somehow a Fuels Corporation, whose goal it is to finance the development of synthetic fuel—by whom? By the private sector—and they are afraid that somehow or other this is going to destroy the free enterprise system. Somehow or other the creation of something different threatens them. And, of course, the present energy-crisis does not demand anything different, they seem to tell us, because it is something we can handle in a business as usual manner—but this different approach, say certain big business leaders of America, has somehow or other built into it the capacity to destroy the enterprise system or at least destroy the energy enterprise system.

I have great fear, too, as an American, as a Senator, tremendous fear, tremendous fear that we are about ready as a nation to commit suicide. While we have 700 million barrels of oil equivalent in shale, 300 years of coal, we are about to commit energy suicide, because we are afraid to try anything different.

We are going to listen to the prophets here today who say "just a little bit of financial assistance and we will take care of this." Utter and absolute nonsense. It has not happened and will not happen, until we do something bold enough to match the problem; and the problem is about as big as America has ever had.

Then there is the third kind of reaction, and that is timidity. We do not want to risk anything. We do not want to take any chances, and that holds for big business and the environmental risks. We do not want to take any chances. It is all going to work out.

Yes, it is going to work out. When? There are some who say 10 percent of the inflation rate in America today, if traced back, is attributable to energy problems; 10 out of 13. I am not sure I believe that yet, but there are some credible people who say it. Almost everyone says the 13 to 14 percent inflation rate is the most serious economic problem we have ever had, and if we cannot break it we are in big trouble. Institutionally, we will see a change in our lifestyle, our way of life. There will not be any business as usual.

And yet, some will still take no risk at all. We do not want to develop that resource, and if we do, we do not want to take any chance at all that we will either harm the environment or change in any way the way the private sector has handled the development of synthetic fuel.

It just appears to me that this country needs an incredible series of events to be able to predict and act. We needed a war to help the aluminum companies develop an aluminum capacity. They were just as fearful then as they are today. "Don't get the Government involved. It will take over. Somehow we will have a nationalized aluminum industry." On that occasion the prophets of gloom lost because we were in war. We did that through a national corporation. We built the strongest, most significant aluminum industry in the world in the shortest period of time. We gave it back to the companies. They purchased it and we gave the American people a profit to boot, and we did not take over the aluminum companies.

Synthetic rubber—identical. But we were in a war. We had no synthetic capacity. We chartered a corporation and we built the synthetic industry, sold it back to the private sector, made a profit for the American taxpayers, and won a war.

Now, let me say this: I do not believe we are going to have the leisure that we had before, if we have another war. We are not going to have a Pearl Harbor after which we can mobilize, get ready, do all these interesting things, argue on the floor of the Senate about aluminum or synthetic rubber. We all ought to know that we are today not only vulnerable militarily, but also we can be strangled economically because we have such strong dependence upon crude oil in its conventional form and natural gas in its conventional form. We have grown accustomed to these being cheap and we have grown accustomed to regulating everything.

Is it not amazing that those who oppose this bill will talk about it as being too much Government involvement when, as a matter of fact, one of the principal reasons we will not get synthetic fuel without this bill is because of regulatory risks and economic risks, both of which the Government has a tremendous amount to do with?

Now, let me just explain, in my own way, what this financial institution that we are going to create will do and why we must have it. An average synthetic fuel plant producing 50,000 barrels oil equivalent will cost between $2 billion and $3 billion. It might take between 4 and 9 years to build. It might take 5 years of permitting before you can turn the first spade.

Now, let me just ask: How many companies do we expect to be running a 100-yard dash up to get that first permit, to invest in the technology that we know will work but has not been commercialized, at least not here, not knowing the price of crude oil 9 years from now when it is finished, not knowing what kind of regulatory schemes we are going to have, and not knowing whether America even wants what it will produce?

Those are economic and regulatory risks which you cannot expect the private sector to assume. Regardless of what will be said on the floor here by those who oppose this bill, you just cannot expect them to do it. The bad thing is that most of them, with the exception of three or four large corporations, know it; and because they are afraid to take a chance, they would rather not have any synthetic fuel than to go with something different that scares them, that is a little bit different than business as usual. That is the issue.

What we do with our bill is take that set of economic and regulatory facts, plus technological advice that says, "If South Africa can turn coal into liquid fuel with the assistance of American engineers and American contractors, because South Africans are afraid for their survival, America ought to get on first base and get on with it." We are the ones that know how. We only have 700 billion barrels of oil potential in shale and 300 years of coal, and we have not started yet.

Now, our bill merely says, "Private sector, we want 8, 9, 10, maybe 11 plants, each capable of producing the equivalent of 30,000 to 50,000 barrels, in a number of technologies in those three basic products that we have much of, those basic resources. We want you to tell us: What does it take for you to build them? What does it take for you to own them? What does it take for you to get with it?" And we say: "We will finance you with loan guarantees. You do it. You own it. You sell the product. We want to get you in the position where you are excited enough and have enough confidence to do it. We want to be in the position to buy your product in case the military needs it, so we will guarantee to purchase the product if you will get out and build it. We want to say to you, in case you can't get the money, we will lend it to you."

Those people who talk about throwing $20 billion at something just do not want to believe that we are lending, we are buying, we are investing—and I will make a prediction right here. If we go with this program and the cartel continues what it is doing now—15- to 20-percent increases per year in the price of crude oil—the U.S. taxpayers will not pay one penny for synthetic fuel under this bill. Because, come time to pay the loans off, they will be paid off because that first plant will be economically successful when it comes on board, because crude oil will be so high synthetic fuels' time will have arrived. But if we do not start now we will always be 8 to 10 years late. We will be 8 to 10 years at their mercy regularly and continually until we get started.

If we buy the product from them and it turns out that the purchase price is not as high as the price of crude oil, who wins? The American taxpayer. We buy crude oil or liquid gas cheaper than the cartel can sell it to us; is that a bad deal? Is that throwing money away?

It appears to me that unless and until we understand that it is not business as usual to bring this kind of industry on board and therefore will require something different, we will be arguing down here forever. And America's 700 billion barrels of crude oil locked up in oil shale will be locked up as inflation goes to 20 percent—and we send—instead of $50 billion—$60 billion, $70 billion, or $80 billion a year to the cartel countries for oil that we refuse to unlock and make available. We will continue to use crude oil or one of its products for home heating and under boilers to produce electricity, when we have 300 years of coal locked up in our own mountains, in our own deserts, on the surface and underground across this great land.

It will stay there because we want to limit its use, because we are timid and afraid to convert it to a synthetic which is clean and has much broader use than the basic product.

That is the issue.

And then we are asked, Is this some kind of crash program? This $88 billion, an ultimate goal, is thrown around as if this Energy Committee just likes to get involved in throwing money around.

Well, let me tell you, Mr. President, for those who have listened—if you have not seen a scenario unfold in the past 3½ years in terms of our being strangled by a monopolistic cartel, if you have not seen that evolve and are not willing to take a few chances, then I do not know where you have been.

And there is no $88 billion crash program in this bill. This bill says in the first phase develop 8 to 10 commercial 30,000- to 50,000-barrel plants in each of the significant technologies, in all three of those resources, and then report to Congress, report to the President, and tell us whether we should proceed. Either House of Congress can say no, and the President can say no.

Let me ask this in closing—is a country as great as ours obviously so dependent upon energy survival? Is a country so free that there is no freedom without it in the world? Are we too timid, are we so afraid, that we are going to leave the resources that this country has, which can solve our problems, locked in Mother Earth while we talk about do not waste a few dollars; do not take any chances; continue to be afraid, timid, fearful? Business as usual got us where we are, but it is going to get us out all by itself.

I hope the Senate will be bold. I hope it will say to the President, "We are going to send you a bill."

I hope it will say to the private sector, "We are going to give you the help, not just a few of you, but a broad based private sector of people to get on developing the resources we have."

I yield the floor.

Mr. STENNIS. Will the Senator yield briefly to me, Mr. President?

Mr. DOMENICI. I yield.

Mr. STENNIS. I know the Senator from Wisconsin wants to proceed so I will be brief.

I want to ask these two Senators a question, now that the Senator from New Mexico has finished.

What are the probabilities, in the opinion of the Senator, of bringing to success one or more of these ventures the Senator has mentioned which are in the bill? I lean with the Senator on the bill. I think it is striking out in an unknown land, but it must be done.

I am going to be asking for more money than this in a few days for just one year for the military. What does the Senator think about the probability of success in one or more of these areas? That question is addressed to either Senator. I hope both Senators will be brief.

Mr. DOMENICI. Let me briefly answer and say the Senator has a custom of getting right to the point. That really is the point, the one asked by the Senator.

There is no doubt in my mind that given proper financial assistance to get rid of the grave economic risk involved, as I have described it, that we can develop, within the period provided here, one, natural gas from coal without question; liquids from coal without question—and the only problem there might be price, but we will develop it and it will be ready—and we will, without question, produce oil from shale in commercial quantities.

I do not think there is any doubt but all three of those will be on board if this bill is passed.

Mr. STENNIS. The Senator is a rather hard-headed, private enterprise man. Does the Senator think this is the Government's duty under our system, or does the Senator think private enterprise should be called upon to spend that much money?

Mr. DOMENICI. I will say to the chairman that I am a private enterprise man. The private sector will be involved in this. In fact, they will produce the success stories that will come from this bill. Only under the most dire technological facts would we even consider, under this bill, building a plant owned by the Government and then limited and operated by the private sector.

Mr. STENNIS. May I address those questions to the Senator from Louisiana, for whom I also have a high regard?

Mr. JOHNSTON. I would be very pleased to answer those questions. My answers are very similar to what the distinguished Senator from New Mexico has said.

There is not any question at all that each of these technologies can work. There are three or four different kinds of technologies for liquid from coal which have already been proved. The Chinese are already getting oil from shale. They are doing that right now.

The South Africans in their SASOL I plant have, for years, been getting over 20,000 barrels a day of liquids from coal.

The old town gas used to be the low Btu process, before the days of natural gas. They used to run an old town gas which was a very simple, low Btu gasifier process. There is not any question that it will work, but the question is the economics.

As far as the economics are concerned, the administration estimate for synfuels production in 1979 dollars is as follows, as to what the cost will be: Coal liquids, $38 a barrel; shale oil, $32 a barrel; coal gasification, $36.50; biomass, $38 a barrel; for an average of $36.10 a barrel.

The distinguished Senator from Washington was talking a little earlier about the spot price of oil this last week hitting $48. In effect what we would be doing through this Synfuels Corporation is underwriting what we believe to be the future price of oil, worldwide. This Government can do that through this synfuels corporation and make a big guarantee of that price. If they are right and if the price of oil goes up to that price, then it does not cost the synfuels corporation or the American people one thin dime.

On the other hand, if they are wrong and the price of oil is a lot lower, then the American public as a whole is the big winner, because even though it has cost a little bit in the synfuels corporation, the American people win because the price of oil has been lowered because of this.

Any expert I know about will tell the Senator that the average price of oil through the latter half of the 1980's, and certainly into the 1990's, is going to exceed $36 a barrel in 1979 dollars. It is almost there now. We are heading that way in a great rash. But for a company to spend this $2 to $3 billion, they cannot speculate. It is a highly questionable thing where that price will be. They have to have some guarantee. That guarantee is what we are about in the Synfuels Corporation.

Loan guarantees are important, too, so that not just the five biggest companies can get into it. We want to spread it around a little bit. It is not a mom and pop thing for the little partnership down the street, but we do not want it limited just to Exxon. That is one of the reasons we have loan guarantees in the bill.

But with all that, I do not have any doubt at all that it will work and we can produce a tremendous amount of energy in an environmentally acceptable way and produce it fairly soon.

Mr. DOMENICI. Could I say to my good friend, also, that in South Africa, as I indicated, because they consider their country to be very vulnerable, they have gone on with developing it. An American corporation is the engineering, design, and construction company for SASOL II in South Africa. This is American talent, American know-how, being used over there, yet not over here.

Mr. STENNIS. I thank each of the Senators.

May I make this comment, too? I hope the Senators think that now there is a better environment and understanding of the need than there has been, so as to bring a bill along this line to a conclusion and get it enacted into law. Is the Senator strongly hopeful on that score?

Mr. JOHNSTON. I am strongly hopeful. I believe that the Senate, as the House of Representatives, finally recognizes the seriousness of the proposition.

I do not know if the Senator saw the morning's paper. There was a poll just taken of the House of Representatives. They were asked the question—let me get the precise wording, because I think this is quite interesting.

Mr. STENNIS. If the Senator will excuse me, I had already heard him deal with that.

Mr. JOHNSTON. That says 62 percent of the House Members think we are ready for a very sharp upheaval. I think perhaps the number who think that in the Senate may be even higher. I happen to hold to that view. I think we are headed toward that social-economic upheaval. I think we are in it right now. A 15-percent interest rate, I think, is a social-economic upheaval. I do not see any end to that. I think it is caused directly by energy.

Mr. STENNIS. I thank the Senator again and make one comment: I have been through this bill carefully. I think it is so important, and I feel encouraged that we have this bill ready for consideration. I ran across the old stumbling block, as I call it—as I see it—of these provisions in here that one House or two Houses may veto this, or do this or do that. I am afraid we are setting some bad precedents there that may look necessary, but we could well find ourselves encroaching so much on our own powers, giving to some future half of this body plus one the authority to undo in part what we have done.

Also, as to the executive branch, when we have the three distinct, separate units of our system, I think that we ought to try, with great deference, to work out a better way to avoid here what could be a pitfall, although I can see it is a mighty good instrument, sometimes, to get agreement on matters.

I point that out with great deference.

I thank both of the Senators. I expect to back them in this bill as far as I can because of need. Nothing like this has ever happened in peacetime, nothing; it is because of need. If the Senate will suspend some of the environmental laws so as to give the bill a little more power, that would be helpful.

I thank the Senators.

Mr. PROXMIRE. Mr. President, the Senator from New Mexico questions the motives of those who support our bill. I must point out that industry groups supporting the Banking Committee substitute do not oppose synfuels, and the oil and coal industry groups have indicated clearly, particularly the coal industry, that they want the Banking Committee funding to be increased. They favor significant funding for synfuels, but they think limited guarantees do the best job.

Also, the small business community emphatically favors this bill. As a matter of fact, they do not come in with just what a few of their officials feel. The National Federation of Independent Business has taken a poll in every State of the Union. They find that in every single State, their members oppose the Energy Security Corporation, with one exception, Connecticut. Overall, nearly 60 percent of their members oppose this approach.

I point out also that the Committee for Economic Development, one of the earliest, most enthusiastic, most expert supporters of synfuels, favors the approach in the Banking Committee bill. The spokesman for them, Roderick Hills, the former Chairman of the Securities and Exchange Commission, a man of outstanding integrity, has favored synfuels. As he points out, he and his organization have, for 2½ years, pleaded with Congress to provide a sensible approach.

They think our approach will get synthetic fuels working much better; that it is far less inflationary; that it will not involve this tremendous commitment of $88 billion—$88 billion—for this one effort.

We wonder, all of us in this body, how the Government grows so big. How does it happen? It is always a good cause—it may be education on the one hand, may be the cities, and you can always make a powerful argument that we ought to go ahead and spend a lot of money. Mr. President, this is another example. The experts tell us that the best way to handle this problem is to phase it in—phase it in carefuly, phase it in so we know where every one of our dollars is going and not just throw $88 billion at it.

I do not think that there is really a scrap of testimony before either the Energy Committee or the Banking Committee that says we ought to have $88 billion, not $60 billion or not $40 billion, or not $90 billion, for that matter.

Furthermore, Mr. President, do not let anybody kid you by saying this is not an $88 billion bill. It is exactly what it is. Let me read on page 112, section 152 (a), starting on line 15:

> SEC. 152. (a) The Corporation may not incur obligations or make commitments, including administrative expenses and other operating costs, in excess of $88,000,000,000 in the aggregate: Provided, however, That prior to the approval of a comprehensive strategy pursuant to section 122 such obligations shall not exceed $20,000,000,000 in the aggregate.

Now, if we go back to the sections referred to here, it says that before the additional $68 billion will be added to the $20 billion, which would be made immediately available, the following procedure has to be followed. This is on page 81 of the bill, beginning on line 17:

> (c) (1) Not later than three years after the effective date of this Title, the Corporation shall submit its proposed comprehensive strategy to the Congress. Such strategy shall be deemed approved after sixty calendar days of continuous session of the Congress have expired following the date of such submission unless either House of the Congress has, during such sixty-day period, adopted a resolution disapproving such proposed strategy.

What that means, of course, is that as soon as they make a report, that report will go to the Energy Committee and it is up to the Energy Committee as to whether to report it. I just checked with the Parliamentarian. The Parliamentarian indicates that the Energy Committee can bottle it up. If the Energy Committee favors spending this money, they can sit on it. What can we do if we want to call it out? The Parliamentarian could not think of anything to do.

Suppose it comes out and three Senators decide to filibuster the disapproval resolution; what can we do? All they have to do is get 41 Senators to oppose cloture and they have it made, even though a majority solidly feel that we should not spend this $88 billion. There is no cloture provision in this bill.

So, A, it can be bottled up in committee; B, it can be filibustered on the floor.

Anybody who thinks that we are going to stop this later on and that, really, we are only providing $20 billion now, not $88 billion, has not read the bill. The bill makes a commitment of $88 billion.

Mr. President, I think, above all, that we should not fool ourselves that the Banking Committee bill is antisynfuels or that its supporters are antisynfuels. We are prosynfuels and we argue that the way to proceed is an orderly, measured way so that we know what we are doing.

The purpose of this is to develop information so that the private sector will be able to move ahead without undue risk, which no prudent businessman can take in a new technology until it is proven and operating on a commercial basis. The most prudent businessmen, all the ones I have listed, and also the chamber of commerce, say this is the prudent way to move, to go ahead.

Mr. President, let me also respond to a point made by my good friend from Louisiana (Mr. JOHNSTON), who criticized the Banking Committee substitute on the grounds that authorities are parceled out all over the Government—to HUD, to GNMA, to the Commodity Credit Corporation, and to the Department of Energy. I must point out to my good friend that that is an apparent misunderstanding. These authorities do not involve synfuels. The CCC gets authority for alcohol fuels. After all, with respect to alcohol—which, of course, is primarily a farm product—there is some reason for involvement of the CCC.

GNMA gets authority for conservation. HUD gets authority for solar. The Energy Committee bill puts many of these authorities in the same place the Banking Committee does. So we should not labor under the misimpression that our synfuel title parcels authority for synfuels all over the Government.

Mr. President, the No. 1 issue facing this country, certainly domestically, and I think above all others, is inflation. I do hope Members of the Senate have a chance to read the Banking Committee bill because, as we are able to presume, there is every reason to expect that the Energy Committee bill, this $88 billion proposal, this crash program, is certainly going to result in very serious inflation. It is inevitable.

Take the availability of professionals in the field alone. There are today about 45,000. The number of professional people who would be brought in to handle this synthetic fuels crash program is an additional 24,000.

How will they be able to get them, to train them and put them in the positions they should be in, without serious inflation, without tremendous adjustment, and without very serious problems in the field where they would be taken from?

In addition to that, this $88 billion, of course, is one whale of a lot of money. It involves a draining of financial resources from other areas.

In our economy, when there is a super demand for resources, prices go up. All of the specialized equipment necessary for developing shale oil and liquefying or gasifying coal on the scale proposed by the Energy Committee will have a tremendous inflationary factor involved in it.

As a matter of fact, the estimates we have are that if we proceed on the crash basis the committee proposes, the cost of the plants could be 50 percent more than under a more deliberate program.

Mr. President, I do not think anybody proposes—I hope not—that we have the Government move in and take over synfuels. We are trying to develop the commercial experience which will enable free enterprise to understand what the technology costs are, what the economic situation is, so they can go to their bankers, and others, and secure private funds and move ahead in the private sector on a profitable basis.

We submit the Banking Committee program, which is supported overwhelmingly by the business community, particularly the people who have had a chance to look at it, could be phased in on an orderly basis.

This is, I assume, not as appealing, glamorous, or exciting, but a far better approach.

The Senator from Washington earlier said, How can a Senator go home and tell his constituents he is opposed to this $88 billion crash program?

I want to know how a Senator can go home and tell his constituents how he favors spending another $88 billion, or involving the Federal Government to move in an area, when our overwhelming problem is inflation and the size of the growth and burden on Government and the huge part Government plays in inflation.

Mr. President, I suggest the absence of a quorum.

(Mr. LEVIN assumed the chair.)

Mr. JOHNSTON. Mr. President, if the Senator will withhold, let me clear up one point here about which there may be some confusion. That is, the question of the amount of the funding.

Mr. President, the amount of the funding in the Senate bill is not $88 billion. The amount of funding in the Senate energy bill is $20 billion, of which $1 billion is biomass. The $88 billion figure, Mr. President, amounts to, really, nothing more than a goal which will be implemented by later action of the Congress.

Mr. President, before that second phase which the $88 billion goes to finance can be implemented, three things must happen. First, a report must be submitted to the Congress, submitting a comprehensive strategy. This is from the Synfuels Corporation, an overall comprehensive strategy. That strategy will outline what their plans are with respect to phase two of the synfuels development, after more is known about the economics, the environmental impact.

So, first, the report must be submitted. Second, Congress must be given the opportunity for a one-House veto. All it takes is one House to kill that strategy and they must start all over again.

Finally, Mr. President, if that is all approved, then it cannot be implemented without appropriations from the Congress.

So, in truth and in fact, phase 2, the $88 billion phase of this corporation, is nothing more than a sort of long-term goal to which we all aspire, but for which there is no present authority for action provided for in this bill.

Mr. PROXMIRE. Will the Senator yield on that point?

Mr. JOHNSTON. Certainly.

Mr. PROXMIRE. How can the Senator argue this is not an $88 billion bill in view of the plain language on page 112, lines 15 to 29, where it says, $88 billion?

It does provide that the provisions the Senator suggested will be adopted.

But I point out, No. 1, the report which triggers the additional $68 billion above the other can come down any time.

Two, even if it goes the whole 3 years, what will we know, how many synfuel plants will be operating to be in a position to make a judgment as to whether or not to go ahead with the additional $68 billion.

Mr. JOHNSTON. My answer to the question is just precisely what I said, that $88 billion is nothing more than a long-term goal because it cannot be spent without the action of Congress.

In other words, we are not giving this energy corporation $88 billion. We are simply giving them the right to file a report asking the Congress to appropriate the $88 billion.

If we struck that out, it would make very little difference because the corporation, without that authority, can do as much as they can with it, which is——

Mr. PROXMIRE. Will the Senator from Louisiana join the Senator from Wisconsin in striking that out?

Mr. JOHNSTON. I frankly do not think it is particularly important to have the $88 billion goal in there.

Mr. PROXMIRE. Will the Senator from Louisiana join the Senator from Wisconsin in striking that out?

Mr. JOHNSTON. The importance of it is this. If we are going to ask a company to come along and spend $2 billion to $3 billion, which, by the way, is the entire amount of funding of the Banking bill for one plant, then we have to show we are going to have a long-term commitment of great proportions to synfuels.

I think the $88 billion is symbolic of a commitment of the country to synfuels.

Mr. PROXMIRE. Is the Senator arguing the additional authorization would be needed to provide any sum up to $88 billion?

Mr. JOHNSTON. Yes. An authorization of appropriations——

Mr. PROXMIRE. Sure.

Mr. JOHNSTON. If the Senator—

Mr. President, if the Senator is going to ask a question now, please give me a chance to answer.

Will there be an additional authorization? Indeed, yes. Both an authorization for appropriation and actual appropriation, which is the precise way we are doing with the $20 billion.

Under the phase one, we have just passed out of the Senate authorization for appropriation in the amount of $20 billion.

Now, the Senate and the Congress will have to come back and actually appropriate as against those authorizations for appropriations.

Mr. PROXMIRE. What assurance does this give business that they will get $88 billion, if this is only symbolic. This will be the second time, in the past 3 weeks that we adopted symbolic measures. We have had a symbolic action of many billions of dollars for synthetic fuels——

Mr. JOHNSTON. There is no assurance——

Mr. PROXMIRE. Eighty-eight billion dollars is only symbolic. As I say, why not take it out? They would have to be pretty stupid businessmen if they are persuaded by symbolism, if it has to be appropriated again.

Mr. JOHNSTON. Of course, business has no assurance $88 billion will ever be appropriated. We do not know if it is necessary, or not. It is a symbolic commitment to synthetic fuels.

Is it important? Frankly, I do not think it is essential.

I do not think it is essential, and if the Senator wants to take it out, I would vote against it. If it comes out of the bill, I would not cry about it because it is not essential, but it is an important symbol.

But for the Senator to say this is an $88 billion bill is simply not correct. It is not. It is a $20 billion bill.

Mr. PROXMIRE. Any time the Senator introduces legislation which says that the Corporation may not incur obligations or make commitments, including administrative expenses, and so forth, in excess of $88 billion in the aggregate, I assume they cannot make them up to $88 billion.

That is what it says. They can make commitments. Those will be of a corporation which has been sanctioned by the Congress of the United States, established by law. On the basis of all the experience I have had, I think the Senator from Louisiana would have to agree that once those commitments are made on our behalf and we have provided the legal framework for it, we honor it.

Mr. JOHNSTON. The Senator knows that those commitments cannot be made.

Mr. PROXMIRE. We tell them they can make commitments.

Mr. JOHNSTON. Mr. President, who has the floor?

The PRESIDING OFFICER. The Senator from Louisiana has the floor.

Mr. JOHNSTON. Mr. President, I will be glad to yield for questions; but if the Senator is going to ask questions, he will have to wait for the answers and not make a speech. I say that in all goodwill to my friend from Wisconsin.

Mr. President, I think this question is answered very well by section 152 of the bill, which reads as follows:

> The Corporation may not incur obligations or make commitments, including administrative expenses and other operating costs, in excess of $88,000,000,000 in the aggregate: *Provided, however,* That prior to the approval of a comprehensive strategy pursuant to section 122 such obligations shall not exceed $20,000,000,000 in the aggregate.

So until Congress approves the strategy, nothing can be done; no action can be taken to expend money to make obligations or anything else. After that strategy is approved by Congress pursuant to the one-House veto method, then the Synfuels Corporation, in effect, is empowered to ask Congress for appropriations. Unless those appropriations are forthcoming, no money can be spent, because no money is provided.

Mr. DOMENICI. Mr. President, will the Senator yield

Mr. JOHNSTON. I yield.

Mr. DOMENICI. I would like to ask my good friend from Wisconsin——

Mr. PROXMIRE. Before the Senator does, let me follow up——

Mr. DOMENICI. In his earlier remarks, the Senator from Wisconsin quickly referred to all those who supported his bill. I hope he will tell the Senate whether or not he thinks that $3 billion is sufficient to bring a synthetic fuels program on board.

It is my understanding that the coal association does not support our approach, but it does not support the approach of the Senator from Wisconsin, either. They would rather have it, but the $3 billion will not do it.

I make that point because the Senator from Wisconsin seems to be saying it is inflationary for our bill but not for his, even though almost everyone believes that any program that is going to work has to be bigger than the one in his bill.

Mr. PROXMIRE. The House bill provides $3 billion.

I think the point the Senator makes is a good point, and it is a point we are conscious of.

We were told by a number of people that it would have to be bigger than $3 billion.

Speaking more for myself, I would be prepared to support an increase to $10 billion or $12 billion, something in that area.

However, I point out to the Senator that our bill does provide $3 billion; but if that is a loan guarantee, the $3 billion works out to a total of $9 billion in Federal commitments as compared with the Energy Committee bill, because we have $1 of appropriation necessary for $3 of guarantee. So it is not really $3 billion in the same way that the Energy Committee bill would be $3 billion.

However, even allowing for that, I would be happy to support a somewhat larger amount.

I think the fundamental difference between the two bills is the fact that ours is a carefully phased-in approach without any commitment—implied, symbolic, real, or whatever—that we would provide another $68 billion.

The concluding remark of the Senator from Louisiana, as I recall, was that, on the basis of this language on page 112, lines 15 to 21, we would have to appropriate additional funds, but he implied that we would not have to authorize additional funds. This is to authorize to $88 billion, with the appropriations process having to go to work.

Mr. JOHNSTON. No. The mechanism used under this bill is to have passed by the Appropriations Committee and to have passed by Congress authorizations for appropriations and later to come in with the actual appropriations of budget authority.

It is an unusual kind of legislative animal, but it is what we have done recently with respect to the Interior Appropriations Committee bill, which is now in conference.

Mr. PROXMIRE. What gives me great trouble—and I hope it will give other Senators concern—is that the language says that the Corporation may not incur, and the implication is that it may incur that much, in excess of $88 billion. If they make commitments and incur obligations of $30 billion, $40 billion, or $50 billion, what are we going to do? Will we say we are not going to authorize the money—forget it?

Mr. JOHNSTON. Will the Senator read the second paragraph?

Mr. PROXMIRE. The second part of the paragraph or the second paragraph?

Mr. JOHNSTON. It says:

> *Provided, however,* That prior to the approval of a comprehensive strategy pursuant to section 122 such obligations shall not exceed $20,000,000,000 in the aggregate.

Mr. PROXMIRE. As I point out to the Senator, section 122 goes back to Corporation's report, and the report triggers this additional $68 billion; and the report can be held up by a filibuster or by the committee. The Senate is not in the position of being able to exercise its authority by effective veto. So far as I know, the Energy Committee and the House Committee can bottle it up. So that the committees that favor this would be able to stop a majority of the House or the Senate from preventing this kind of commitment from going into effect.

Mr. JOHNSTON. There are so many safeguards that you would have to have two actions, basically, of the Appropriations Committee before the $88 billion could be authorized, which is the precise method we are following with respect to the present appropriations bill pending in the conference committee, which will be approved.

Mr. President, the Senator from Wisconsin, after having just stated that the Banking Committee bill is well thought out, is now inclined to change his bill from $3 billion to $10 billion or $12 billion. If this bill is so well thought out, how can the Senator be here, on the eve of bringing it up on the floor of the Senate, talking about increasing it fourfold?

The fact is that it is not well thought out. A $3 billion program will not—and never would—put together a synfuels strategy which would produce one-of-a-kind commercial demonstration such as this country needs. It never would have; $10 billion or $12 billion will not do it, either. It is going to take the full $20 billion.

It is true that the mechanism under the Banking Committee bill provides that $1 of appropriation can give you $3 in loan guarantees—not $3 in price guarantees, but $3 in loan guarantees—which means, simply, that we do not know what $3 billion means. Three billion dollars could mean $9 billion; $3 billion could mean $3 billion, or anywhere in between.

If you increase it to $10 billion or $12 billion, using the mechanism that the House has suggested, that could mean anywhere between $12 billion and $36 billion.

If that is a well thought out bill, one that can vary from $3 billion at the low spot to as high as $36 billion, if amended, it is the kind of pig in a poke that I do not want to buy on the floor of the Senate.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. JOHNSTON. I yield.

Mr. PROXMIRE. The Senator has interesting standards of judgment. He would say that the $3 billion, because we are willing to increase it, or I am willing to consider increasing it, indicates that it is not very well thought out.

I point out, in the first place, that the House of Representatives, the whole House, after debate, adopted a bill providing a bigger goal than the Energy Committee does, in terms of the amount of barrels a day that would be produced eventually from synthetic fuels, and they provide $3 billion.

I point out, also, that I do not think anybody is very impressed by the $88 billion or the $20 billion. I submit that the problem here is that we just do not know. Therefore, the prudent way to proceed is with a limited amount, which is what the business organization and the conservation organizations together argue we should do.

The Senator is saying that the sky is the limit—$88 billion. Should we not proceed in a more careful and thoughtful way and take the lower figure?

Mr. JOHNSTON. The Banking Committee bill says that we should have a dozen plants, with not more than six shale and not more than six coal.

Mr. PROXMIRE. We say that is the maximum. We do not say that it has to be a dozen. We say that 12 is the limit. At one point we had six in committee and we decided after considerable debate and discussion we make a larger provision to incorporate a diversity of technologies.

Mr. JOHNSTON. Very well. Under either loans or grants, or whatever mechanism the Senator suggests, how many of those plants could be brought on line with $3 billion in authority?

Mr. PROXMIRE. Under guarantees obviously three times as many as you could without the guarantee approach.

Mr. JOHNSTON. Will the Senator agree with me somewhere between one and three?

Mr. PROXMIRE. The Senator may be correct, depending, of course, on the technology. You would need probably, as I say, $10 billion in order to provide these plants. I do not concede you necessarily need $2 or $3 billion to bring a single plant into fruition. You may need that in some cases. You can do far less than that in others. It depends partially on the size of the plant, the readiness of the technology, and the amount of Federal guarantees needed.

Mr. JOHNSTON. The Senator is saying that the $3 billion provided in the Banking Committee bill will not achieve the goal stated in the Banking Committee bill. If a dozen plants is the goal then it will not achieve that very clearly. Is that not correct?

Mr. PROXMIRE. It does not, if we go that far, if we go to a dozen, but as I say that is a maximum. There is no reason we cannot provide that (A) in the bill or (B) if we prefer to do it at a later time. I think it is properly provided in the bill. Others may disagree with that.

Mr. JOHNSTON. How many would the Senator recommend to the Senate or how many would the Banking Committee recommend?

Mr. PROXMIRE. I think as many as are ready for commercialization. We have a situation now where we do not have any commercial operations with synthetic fuels in this country at all, none. It may be that one, two, or three will come on that have the efficiency, and are sufficiently ready to go ahead, and it may be that we have more than that.

Mr. JOHNSTON. The Senator then disagrees with the Energy Committee when we say that a goal of 10 plants is realistic in phase 1. Does the Senator and the Banking Committee disagree with that or does he have another view and if so what is that view?

Mr. PROXMIRE. Where does the Energy Committee say that—10 plants?

Mr. JOHNSTON. The $20 billion, as stated in our report, is the appropriate sum for 10 commercial demonstrations. Of the commercial demonstrations, they have not, of course, been picked at this point. But the House Banking Committee says 10 to 12. I had thought that the Senate Banking Committee had 10 or 12.

Mr. DOMENICI. Eight to twelve.

Mr. PROXMIRE. The Banking Committee says up to 12. But I wish to see the documents that you need 2 billion or 3 billion, and both figures have been used, for a commercial plant as a minimum. I have not seen that.

Mr. JOHNSTON. Cameron Engineering said it and Pace Engineering said it, and I believe the Senator's own report refers to those figures, if I could have a moment.

Mr. PROXMIRE. It could go that high certainly, I think, in some cases; of course, it could be substantially less than that.

Mr. JOHNSTON. We are talking about a 50,000 barrels a day commercial demonstration, and $2 billion to $3 billion in 1979 dollars is the figure that virtually almost every expert uses. Does the Senator disagree with that?

Mr. PROXMIRE. It could be less than 50,000; 50,000 is the maximum size for a plant in our bill. We may be able to prove the technology with a smaller plant. They do not all have to be 50,000.

Mr. JOHNSTON. No; but using the methodology determined by the Congressional Budget Office, which assumed that the initial subsidy would begin about 1987 and decline to zero by the year 2000, then based on current world oil prices, there is implied a cost to the Government of $4 billion to $5 billion for every 100,000 barrels of production. If you want to cut that in half it is $2 billion to $2.5 billion for every 50,000 barrels. That is using the methodology of the Congressional Budget Office and, of course, making certain assumptions with respect to cost.

But, take your choice, using the Congressional Budget Office, the Senate Budget Committee report, Cameron Engineering, Pace Engineering, almost any of these engineers, and we have a whole plethora of reports on them, and they all indicate cost ranges in this size, and the very point is that take most any engineering firm you want to and they will say that under the banking bill, under the price guarantees, you get about one plant in the 50,000 barrel a day capacity.

Mr. PROXMIRE. The Senator is an excellent lawyer and I see why he was a smashing success as a lawyer and why he is such a great Senator. What he is doing is concentrating on our proposal. The fact is that both bills have similar problems. Our bill provides a certain amount and the Senator may shoot all day at that, and his bill provides $88 billion.

Mr. JOHNSTON. $20 billion.

Mr. PROXMIRE. Now I say to the Senator where are the documents for the $88 billion? I can read on page 112. It says $88 billion. They can make commitments, they can incur obligations up to $88 billion as soon as that report clears its 60-day period, and we have to come in, as we always do when commitments are made and obligations are made, and provide appropriations. We do not have much alternative. Where is the justification for the $88 billion? How many plants would that be, 40, 45? Why do we need that many?

Mr. JOHNSTON. The second phase, and let me explain it again—I have explained it just as clear as the noonday sun on a cloudless day, and every time I have the point made the distinguished Senator——

Mr. PROXMIRE. The Senator has a stupid colleague here.

Mr. JOHNSTON. Every time I think I have the point made with the distinguished Senator from Wisconsin he comes back and brings out the same old tired $88 billion figure.

Mr. PROXMIRE. That is right.

Mr. JOHNSTON. I said over and over again you cannot spend more than the first phase money until after Congress approves it, and then there are at least two mechanisms for congressional approval: First, approval of the report and, second, the appropriation of the money. And we intentionally divided synfuels into two phases. Phase 1 is making of the building of the one-of-a-kind commercial demonstrations to see if they work. Phase 2 is to build the replications of high Btu gas. If this is the best technology, or one of the best, then we will come in and build 4 or 5 or 10 or whatever the number is of replications of those plants. The same is true of the shale oil and solvent refined coal and all the rest. The ones that work best under phase 2 we will build. Not until then. We made a very deliberate distinction between phase 1 and phase 2 with a deliberate decision not to fund phase 2, and it is absolutely clear. It is to the very heart, to the very essential nature of our bill, that you do not start phase 2 until you have the information provided in phase 1 and until Congress signs that report. That is the real difference, but we do provide $20 billion in authority for phase 1 which is the amount necessary to do the job.

We are not trying to kid the Senate. We are not trying to kid the American people by holding out some carrot of $3 billion and acting as though that will do the job. We know that it will not do the job. No engineer says it will do the job. We do provide enough for phase 1, and we are going to do phase 1 and then stop, read the report, study it, and approve it before you can go into phase 2, and then Congress must appropriate the money.

Mr. PROXMIRE. If the Senator will yield once more, and then I will sit down and my good friend from Colorado is prepared and I am sure he wishes to talk on this subject, I just wish to make it clear that my position is this. When you look at the Energy Committee bill it is clear that if we pass this bill we are going to make $88 billion available with two very, very thin protections. Protection No. 1 is that we are requiring the Corporation, before they can obligate the $88 billion, to make a report. They can obligate $20 billion but the additional $68 billion requires a report, a report involving anything that will satisfy the Energy Committee, in effect, because once that report is filed it sits in the Energy Committee.

The Parliamentarian told me he knows of no way we can get that report out.

Say we get the report out. Then there can be a filibuster on the part of Senators to block for 60 days the opportunity for us to act on that. And even if we disapprove the report, the Corporation is ordered to come back within 90 days.

The other provision is that we do not have to appropriate this additional $68 billion. Once these commitments are made and we are telling this Security Corporation they can make commitments, I do not know of another Senator who would not support it, including me. I may think the commitment was very bad, but if the full faith and credit of the United States of America is behind it and we have authorized and given this corporation to make that kind of commitment, incur that kind of obligation, then we will stand behind it unanimously.

There is no protection at all.

Mr. President, I yield the floor.

Mr. DOMENICI. Mr. President, let me say to my friend from Colorado, who wishes to speak, that I will take 3 minutes and then I will yield the floor. I want to just make a couple of points here with reference to some statements made by the Senator from Wisconsin.

First of all, while I generally appreciate the Senator's concern, I say to my good friend, about inflation in this country that I am firmly convinced, as I indicated in my opening remarks, that in the final analysis the biggest contributor to inflation will be proved to be America's energy dependence and the $70 billion we are now sending overseas to buy foreign oil, and we will not solve inflation or the high interest rates until we begin to control our energy destiny better than we have up to now.

So since I wholeheartedly believe that, I have some people who support that proposition, I believe we must as soon as possible make a frontal attack on our dependence. It appears to me that to make a frontal attack on our dependence and move toward independence that we have got to utilize these huge quantities of resources we have got at home, and if that means we must spend, cause American industry to invest with our guarantees and the like in synthetic fuels, so be it.

But that would just be a theory of nondependence or attacking dependence. However, the major task force study that we had done in the Budget Committee, as a condition precedent to the Energy Committee going ahead with this bill, concurred that a phased-in program of $20 billion over the next few years would not be inflationary, and they so state on page 426. The experts and CBO contend that that would not be significantly inflationary. In fact, let me see how much they say—one-tenth of a percent to two-tenths of a percent added to inflation as the absolute high they say as a matter of expert study.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. DOMENICI. Two other points and I will then yield the floor.

I hope everyone understands that the Banking Committee has some new faces, some very distinguished new faces—one of whom is waiting here to speak—but it sings the same old tune. New faces, new players, same melody, same tune.

They had an opportunity in October of 1975 to consider doing something different to produce synthetic fuels. The consequence was, "No, let the same old bureaucracy, the Department of Energy, the Department of Transportation, HUD, just give them a little more authority and they will bring synthetic fuels onboard." Some old tune.

The urgency is greater now than then, the dependence is greater, inflation is higher, the price of crude oil is higher, but we have not brought any synthetic fuel onboard. The same old tune. A few more dollars and a little bit of recognition that maybe we ought to get serious.

So 4 years have passed, and we have done nothing. Inflation has become rampant, and now we have the argument, "We don't want to create anything new. Use the established bureaucracy with loan guarantees and the like, and somehow or other, even though it has not worked in the past, it is going to work now."

I just say to the new members of the committee who now have joined with the good chairman—and the Business Roundtable and big business and Exxon in saying it will really happen, "Just leave us alone a little while longer,"—I commend you for your consistency.

I yield the floor.

Mr. PROXMIRE. Mr. President, I just want to respond to my good friend from New Mexico. In the first place, Mr. President, he said $20 billion would not be inflationary, and he read off some people who gave that opinion as economists, and I suppose if you just tried to increase the budget by $20 billion over 10 years that probably would not have more than a marginal inflationary effect—some, but it would be relatively slight.

But we are not talking about $20 billion. We are talking about an $88 billion program, as I have tried to make clear over and over again, and the inflation that occurs is in this particular industry because it has limited personnel available and there is limited equipment available. Much of this has to take place in the State of my good friend, the Senator from Colorado, and it is not surprising that the two Senators from Colorado, one a Republican and one a Democrat, and the Governor of Colorado are opposed to the bill. This is the State where it is going to take place. They know their State, and they understand it. They know how disastrous the results are going to be, how ravaging they will be. It is going to be very inflationary in Colorado, inflationary in this industry, a misallocation of resources and great inefficiency because we have a crash program.

Now, my good friend from New Mexico also talked about the Rockefeller program of $100 billion, and why the committee did not go for that in 1975. Thank heavens we did not. I think all of us have second thoughts about some of the votes we have cast since we have been in the Senate. That is one where I have no second thoughts at all. It was a nuclear program not a synthetic fuel program.

DOE has spent millions of dollars in research over the past 3 or 4 years, and they have not been able to make the kind of breakthroughs they would like to make.

As I say, we are for synthetic fuels, but we want to develop them and do it in an orderly way.

I think we also ought to look at the fact that even if we develop synfuels and reach the goals the Energy Committee itself has set, how much of our energy needs will be met by synthetic fuels? Three percent. How much by solar? Solar could meet in the next 20 years 20 percent of our needs. How much do they provide for solar? Four hundred and fifty million dollars. Eighty-eight billion dollars for synthetic fuels. Does that make any sense? I think not, Mr. President.

I yield the floor.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. ARMSTRONG. Mr. President, I wish this debate was being televised because, in my judgment, the issue we are addressing here today is one of the two or three really important policy decisions of this decade, and I think if the entire country was able to follow this on television there would be millions of people who would do so.

I am not one of those who thinks if we televise the activities of this Chamber every day, it would be a particularly enriching experience. But I think if a gavel-to-gavel coverage of this particular debate were available around the country, it would be a very meaningful thing. I believe those who would watch it would see a display of some of the most knowledgeable, some of the most precise, and some of the most eloquent arguments on both sides of this question.

I rise in support of the position which has been so admirably put forth by the distinguished chairman of the Banking Committee, Senator PROXMIRE, and I am going to reserve my opening statement and detailed remarks about the comparison between the Energy Committee's bill and the Banking Committee's bill until a little later. But I do want to put into perspective some of the things which have been advanced thus far during the course of the debate, perhaps in the nature of a rebuttal or at least by way of clarification.

I am glad that my distinguished friend from New Mexico is here because, in part, I am going to address myself to arguments which he has raised, and which I think deserve to be carefully considered.

I do so knowing full well that to engage the Senator from New Mexico on the floor is a task which is a formidable one because the Senator from New Mexico is one of the most skilled legislators in this Chamber and, in my view, possibly the most skillful legislator on the Republican side.

The Senator from New Mexico is one who is able to marshal not only facts but emotion. He has done his homework, and he has made a very, very good presentation of the case in support of the Energy Security Corporation.

I regret that he has done so because this will be one of the very few issues on which my friend from New Mexico and I will be on opposite sides of the question.

However, I think the arguments which he has raised in support of the Energy Security Corporation deserve to be carefully analyzed and, in my judgment, they will not finally withstand that kind of analysis.

I think if Senators and the general public will look carefully at the reasons that have been presented here today, and that I anticipate will be presented, they will conclude, as I have, that the Energy Security Corporation is not a good idea.

First of all, the proponents of the Energy Security Corporation have suggested that what we really have here is a choice between producing synfuel or not producing synfuel. As a debating tactic, that may be a very desirable contrast to make, but I would like to suggest that that is simply not the case at all.

What we really have in the two proposals advanced today and the other two alternatives which will be before the Senate within the month is a choice among alternatives which some of us believe offer a better, surer, more economical, and more certain approach to producing synthetic fuel.

There is an old saying among lawyers, I am told, that when the facts are on your side you argue the facts, when the law is on your side you argue the law, and when neither is on your side you bang on the table.

That is what our friends on the Energy Committee are doing; they are banging on the table. They are saying, "If you are not for our bill, you are not for synfuel."

I think we should not let that stand unchallenged, because I am here to tell you I am for synfuel. I was for synfuel last year, the year before that, and the year before that. Out in Colorado, we are proud of our synfuel and other alternative energy resources development. We are developing it, but many of us do not feel that the bill brought before us by the Energy Committee is the best way to do so. So I think for anybody to stand here and say, "The choice is between our bill and no synfuel" simply is not supported by the facts.

Nor do I believe it is fair to characterize the situation before us as a choice between producing synthetic fuel or business as usual. I particularly would say to my friend from New Mexico that to say what we now have in this country is business as usual, with the implication that the free enterprise system has been left alone to develop synthetic fuel with little or no Government action, is simply not the way I see the facts.

Let us talk about the Energy Committee, by way of background.

For about the last 22 years, natural gas in this Nation has been very closely regulated. In fact, it has been regulated with increasing persistence, and an increasingly burdensome and complicated system has been evolved since 1958, when the Supreme Court upheld the right of the Federal Power Commission to impose price controls and other regulations upon interstate sales of natural gas.

When that happened, and the FPC began to impose those controls, several things began to develop. First, the consumption and sales of natural gas began to increase. Consumption of natural gas was artificially stimulated, and pretty soon a natural gas shortage developed. Within a few years this happened, and it was not long before those who favored increased Government intervention in the energy economy came forth with a predictable solution. Their solution was to bring an even greater degree of Government regulation over the energy sector of the economy; and that is exactly what we have done, the last such piece of regulation being the natural gas deregulation bill recently passed by Congress.

This was a scheme which, although it claimed to be a form of deregulation, in fact was exactly the opposite; it imposed for the first time Federal jurisdiction and regulation over intrastate natural gas, where there was no shortage, by the way, where a free enterprise economy was working well, and imposed for the first time an additional 23 different classifications of natural gas.

So the pattern that we have seen in natural gas is a very simple one. We had abundance under a free enterprise situation, and as the Government has gradually imposed its will on natural gas, the shortage has grown worse and worse, until in many areas, in the last several years, we have seen school closings and factories shut down, which has had an increasingly severe effect.

Mr. DOMENICI. Mr. President, will the Senator yield on that point?

Mr. ARMSTRONG. Yes, of course.

Mr. DOMENICI. Maybe you would not agree, but it seems to me that since that new natural gas bill was passed, we have not had as many problems with natural gas in the country. Is that in any way related to the bill, or is that a phenomenon of something else?

Mr. ARMSTRONG. Well, I would say to the Senator that the connection, I think, is quite clear; that as we have imposed additional regulation, as the Government has entered more and more deeply into those aspects of the economy which have traditionally been within the scope of free enterprise, the result has been counterproductive.

Mr. DOMENICI. I do not disagree. I guess what I was saying is that there were many people, at the point in time when we came up with the compromise on the natural gas bill, who were saying all or nothing, deregulate or leave it like it is. I was one who said, "Let us do it gradually, and provide for a change sometime before we go totally bankrupt energywise."

I am just suggesting that we have had no natural gas shortages since we passed that bill which began to equalize the price. It seems like we are going to get a lot more production without having to go all the way to deregulation immediately.

I just wondered if you shared that observation.

Mr. ARMSTRONG. I think it is correct to say that we have not suffered shortages in the months since we passed that bill. However, I would say to the Senator that I think that was a most unwise piece of legislation. It solved a short-term problem by, in effect, picking off the gas that was in abundance in the intrastate market and making that subject, for the first time, to the interstate regulatory scheme.

However, that is not central to the argument that I am trying to develop. I am satisfied if I have reached the point of agreement with the Senator from New Mexico that, in general, the increase in Government regimentation over natural gas has been counterproductive; and I think we can agree on that.

Let me comment briefly on the situation that has developed in petroleum, because it is pretty obvious that the reaction of Congress over the last 6 years to the growing shortage of domestic petroleum has been to create a new Government agency—a number of new Government agencies, in fact—and a very complex scheme of regulation, including price controls, including all kinds of standards and compliances, and so forth.

I think the pattern can be read fairly clearly in the RECORD. I have, at various times, inserted in the RECORD statistical documentation. I do not propose to do so today. But the message is pretty clear; there is an inverse relationship between the amount of Government activity and the amount of oil. The more Government we have, the less oil we have.

This brings me to the Department of Energy. After we had monkeyed around for 2 or 3 years trying to cope in some way with the worsening shortage of domestic petroleum and the growing dependence on the OPEC nations, somebody came up with the bright idea that maybe what we ought to have is a Department of Energy. Now, there was a proposal that had a certain superficial dynamic quality to it. It sounded bold. It sounded like it was a progressive, dynamic step; and, anyway, as some people were saying privately, we have to do something, even if it is wrong.

So we created a Department of Energy, and in a very short period of time it began to spend $13 billion a year. The first 12 months of operation, it promulgated 3,250 pages of regulations, and the results, I think, clearly indicate that it has been a flop on every count.

The idea was to increase domestic production of petroleum, but in fact domestic production of petroleum has declined. The idea was to reduce our dependence on OPEC oil. In fact, we are more dependent on OPEC oil today than we were at the time the Department of Energy was created.

Some people said the idea was to hold down the price, and clearly that has not worked, either.

Then there is the question of the role of the Department of the Interior and other Federal land management agencies in the domestic energy production cycle. It is pretty obvious—and I know that my friend from New Mexico is keenly aware of this—that we would have a lot more natural gas and oil production today in this country if the Department of the Interior would just get off the dime and begin to grant some leases that have been requested long ago.

In my own State, we have documented something like 200 requests for oil and natural gas leases which have been applied for and which have not been denied, but which simply have not been granted, either. They have been in limbo, some of them for 2 years, 3 years, 4 years, or 5 years or more. As a matter of fact, I have asked the General Accounting Office to conduct an investigation and the Senate Committee on Energy and Natural Resources to hold oversight hearings to see if we cannot break the logjam and bring this oil and natural gas to market.

I present all of these thoughts merely to set the stage for the debate which we are going to begin now on the question of the Energy Security Corporation.

At every step, every time somebody has perceived there was a problem in the production or consumption of energy, we have been presented with the alternative of a deeper and deeper Government involvement in the production, distribution, and consumption cycle. I would suggest to you that the record of this kind of involvement is very mixed at best. On balance, I think it is the opinion of most people in industry, a growing number of consumers, a lot of consultants, and most of the academicians and, I trust, a rising majority of the Members of the Senate, that the Government's heavy hand of regulation and tight controls has been very, very counterproductive.

So I do not think it is fair for the Senator from New Mexico to characterize the choice as between business as usual or the Energy Security Corporation.

I would suggest to him that one of the alternatives which I will propose at the right time is indeed not to continue the present environment, but to return more nearly to business as usual and to remove some of the existing restrictions which have so severely hampered the development of energy of all kinds, including specific development of synthetic fuels.

Let me comment on what some of those restrictions are.

Mr. DOMENICI. Will the Senator yield?

Mr. ARMSTRONG. I am very happy to yield.

Mr. DOMENICI. The Senator knows I have the greatest respect for him, not only as a Senator but as a person, and about his ideas for our country and his logic of Government. There is very little difference between the Senator and myself in terms of the free market, incentives, Government as a burden rather than an asset in terms of independence, and production in this country. But I want the Senator to know that when I speak of business as usual, I mean the reality of today's economic environment, including whatever it is that Government has done, mostly of a negative nature.

When I look at that, I ask myself, how can we get from there to a more free, more incentive laden, and economically-sound environment where the private sector will be turned loose to do some things?

I come down on the side that we have to take the pragmatic approach. I do not mean business as usual in the sense that the private sector initiative is in a posture that is normal to itself and customary if it is going to do its job, but, rather, the reality of where we are. It is in the aspect and knowing that we cannot change all the things that put us into this posture that forces me to look to ways to utilize more quickly the energy we have. It is in that context that I used the word.

Mr. ARMSTRONG. I appreciate the Senator's explanation. He has put it into good perspective. Perhaps it is fair to say I am more optimistic than the Senator from New Mexico about the prospects of alleviating or repealing much of the regulatory burden that has presented such a terrible problem in the development of energy, particularly synthetic fuels. I would like to take a moment to share with my colleagues in the Senate some of the facts about the development of synthetic fuels out West, particularly in my own State of Colorado.

In Colorado we have been working on oil shale for a number of years, and I can report to the Senate there are at least two and possibly three companies that are right on the verge of producing oil from synthetic sources on a commercial scale.

Union Oil Company has testified before the House Ways and Means Committee that they are prepared to go forward and have said in effect, "Look, as soon as you do the one thing that we feel is called for we will be ready to start building our plant to produce synthetic oil from shale on a commercial scale practically the next Monday morning, when we start building the plant."

The recommendation they have made is in fact for $3 a barrel tax credit, a proposal which has been endorsed on two occasions by the Senate and which is now pending in the House of Representatives.

Another company has, for some time, been asking permission of the Department of Interior to build on a tract of land which they think is particularly well suited to the development of oil shale according to what they call the three mineral process. They are not asking for any Government subsidy. They are not asking for loan guarantees. They are not asking for financing or a guaranteed market. They are not asking for anything except to have the Department of the Interior put this land up for lease.

For some time, in fact before this administration took office, I contacted the Department of the Interior and tried to get that lease broken out. I have been pursuing it ever since. What we have discovered is that they are just unwilling to do it because it runs contrary to their pet schemes. They are unwilling to give somebody else the chance to develop this particular process.

Are these two isolated examples? Well, I say to my friends, they are anything but isolated. They are, in fact, a common denominator of practically every contact between energy developers and the Federal Government.

The Senator from Utah (Mr. GARN) shared with the committee the other day the details of a proposal which people in his State of Utah have come forward with to produce oil from tar sands. As we all know, that is already being done on a commercial scale in Canada. It is a promising technology which seems to hold great possibilities for synthetic fuel development in the future in this country.

Again, this company is not asking for subsidy. They are not asking for technological help or research. They are certainly not asking for a new Federal agency to regulate them. What they are asking is simply that the Government put up for lease a tract of land on which they may conduct their operations, financed with private capital, with the product to be sold to the private market.

I stress that it is my understanding this Utah company is not asking even that the particular tract of land be given to them or leased to them, but simply that it be put up for bidding on a competitive basis for leasing for this purpose.

Well, those are three examples and I can cite a number of additional instances in which development of energy has been hampered by the existing governmental structure. But it puts into perspective one of the real choices that we are confronted with in this legislation and the other energy bills that are coming down the pike over the next several months, the choice between more Government, the creation of a new energy corporation, more regulators, more direct involvement by the Federal Government in energy production—that is one choice, which is before us in the energy bill—or the concept of deregulation, fast tract permitting, and fast tax depreciation, which is the preferable approach, in my judgment.

During the last several months Congress has called forth experts from energy, from the Nation's colleges and universities, private consultants, financiers, people who are knowledgeable in what it takes to produce synthetic fuels for all kinds of sources, tar sands, biomass, coal, different sources of that kind. We have said to them in effect, "Look, our country needs oil from synthetic sources. We need fuel of all kinds from synthetic sources. What does it take to bring synthetic fuel on line?"

The answers coming back have been strikingly similar. You will get a handful of answers. They say, "We have to do something about the regulatory environment. We have to cut the redtape. We have to have faster permitting. We have to have some restored incentives in the private sector from the tax standpoint." The two mentioned most commonly are accelerated depreciation of equipment and plant used in synfuel production and production tax credits, such as the $3 a barrel credit I mentioned earlier.

Last but not least, these experts we have talked to have recommended that in some cases to get synthetic fuel of some form on line we might have to have a guaranteed purchase program where we would, say, put up for bidding in various technologies the right to supply a certain specified quantity of synthetic fuel to the Government at a price to be determined by bidding.

How would that work? Well, very simply, we would say, "Look, we are going to buy x barrels of oil produced from shale. Who wants to supply it to us at $28 a barrel?" In effect, we would have sort of an auction process.

That is what industry and other private experts have said is necessary.

Interestingly, out of all the testimony submitted to the task force of the Budget Committee, on which I was pleased to serve, submitted to the Banking Committee, where I sat through 3 days of extraordinarily interesting and meaningful testimony, the testimony submitted to the Energy Committee, and in fact the testimony submitted to more than 50 committees of the House and Senate, it is interesting that almost unanimously nobody said that what we really have to have in order to get energy production moving in this country is another Federal agency.

That is an idea that surfaced from an entirely different forum. It did not come forward from the private sector.

Now, Mr. President, I would like to turn to discussing briefly the coalition which has arisen to oppose the creation of the Energy Security Corporation.

An hour or so ago the Senator from New Mexico pointed out that a very unusual coalition of interests has arisen. I think he pointed out the old cliche that politicians make strange bedfellows. We all know this is true, but perhaps it has never been more true than when you think of the coalition which has come forth to say that the Energy Security Corporation is a bad, indeed a terrible, idea.

Included in this coalition of different interest groups are many organizations which, as the Senator from New Mexico has pointed out, have never worked together before. There are Senators from just about every portion of the ideological spectrum; there are business groups; there are environmental groups; there is a group which is interested primarily in the long-run economic development of the country. It is really an extraordinary convergence of interests, of people who have little in common in the day-to-day run of issues coming before the Senate and who even have different ideas about the size and shape of an energy program for the future of this country.

Last week, on Wednesday, I joined with a number of Senators and with seven or eight outside interest groups to hold a news conference in which each of us expressed our different points of view. We do not all agree upon what kind of energy program we ought to have. Some of us think it ought to be primarily private sector; some of us think it ought to be mostly tax incentives; some of us think that the size and shape of the program should be larger than some others we are talking about. But the interesting common denominator of the groups who came together and spoke last week is that they all feel that the wrong way to get started is with an Energy Security Corporation of the kind which is suggested by this legislation.

My friend from New Mexico has suggested that, really, this is a marriage of convenience, that these groups coming together is really just a case of different groups protecting their own political turf. I say to the Senator from New Mexico, as one of those who not only participated in the news conference but suggested that it be held, that I do not have any political turf to protect on this issue. I do not care a bit about which committee has jurisdiction over energy legislation. I do not have any amendment, necessarily, that I am burning to have identified with my name. And I think that is true to a very large extent of those who are a part of this coalition.

I think we should, Mr. President, at this point, think seriously about why it is that this unique, nearly unprecedented alliance of Senators and interest groups has come together. When we vote on this issue, I suppose there will be some who will say that a bill which has incurred the wrath of the National Wildlife Federation, the major oil companies, the Sierra Club, the U.S. Chamber of Commerce, the Conservation Foundation, the Independent Petroleum Association, the National Federation of Independent Businesses, and various Western Governors cannot be a good bill.

I imagine there will be some who will say that a bill that is opposed by all of these people cannot be all bad. I should like to suggest, however, that when that spectrum of interest groups comes together to say that a bill is bad, it might be a time when the proponents and the Senators might think seriously about this bill and may come to the conclusion I have, that it is a remarkably bad piece of legislation.

The Energy Security Corporation is a classic illustration of what can go wrong when a major policy decision is crafted to meet the political needs rather than the economic needs of the country. I am sure that Senators are all well aware that the news reports indicate that this idea, the Energy Security Corporation, originated not with the Nation's energy experts in the private sector, nor even with the energy experts within the national administration, nor with the President's economic experts of the Council of Economic Advisers. Rather, according to published accounts, it popped up at a brainstorming session between a White House aide and a Washington lawyer over a long lunch at a posh French restaurant.

Politically, the idea was dynamite, or so it seemed at the time. The reasoning was something like this: We have an energy crisis. We need to do something that is forceful and vigorous and dynamic and, after all, what could be more forceful and vigorous than some kind of a crash program of synthetic fuel development?

Interestingly, however, the idea peaked at the very instant that it was born and it seems to have been slipping ever since. As the details of the President's program got out and the synfuels experts, who should have been consulted in the first place but were not, got a chance to examine the program, attitudes about the Energy Security Corporation began to change. The Banking Committee and the special task force of the Budget Committee held extensive hearings on the Energy Security Corporation. The witnesses who testified—from Government, from private industry, from the academic community, and elsewhere, were remarkably unanimous in their assessment of it. They said, in that circumspect style of witnesses testifying before congressional committees, that the Energy Security Corporation is a bad idea.

To begin with, there is the economic objection. The Energy Security Corporation will spend a potential $88 billion to produce 2.5 million barrels per day of syncrude by 1990 and, even under the most optimistic assumptions, scarcely a drop before then. I invite my colleagues to think seriously about the per-barrel cost of that first 2.5 million barrels. Can we liberate America from the high price of OPEC oil by forcing the Nation to pay twice as much for Government generated syncrude that will not be available for at least a decade?

Then there is what might be characterized as the Pollyanna syndrome. We are throwing around a lot of figures. The figures which the President picked for his projected costs and output of synthetic fuel production are really not based on anything at all. They are actually just wild guesses, so far as I am able to determine. I say that after questioning and closely discussing this with representatives of the administration.

Many experts think the Energy Security Corporation, if it goes forward as now proposed, will cost twice the $88 billion the President projects and that, if we go forward in this way, we shall be lucky to obtain half the estimated 2.5 million barrels per day called for in this bill. The truth of the matter is that nobody knows exactly how much synthetic fuel is going to cost and the more we know about it, the higher the estimates seem to rise. For a detailed discussion of this phenomenon of price increase tied to detailed engineering knowledge, I invite my colleagues to look at the report of the Pace Engineering Consultants, which is contained in the special task force report to the Senate Budget Committee.

I am also concerned about the fact that in effect, the Energy Security Corporation becomes an all-the-eggs-in-one-basket kind of operation. Under the plan endorsed by the President and brought to us by the Energy Committee, the Energy Security Corporation will select a few of the various technologies available and then throw the $88 billion in behind them. This could lead to expensive white elephants that do not work, or we could find ourselves, a decade from now, having expended $20, $30, $40, $50, up to $88 billion, with no more synthetic fuel than we have today.

You may say that is a farfetched concern, that, surely, the Government would not make a mistake like that. I suggest that if we put synthetic fuel production under the same kind of basis, say, as the Postal Service, that is not an unrealistic fear. Or if we look at the way the Government is operating the Nation's railroads, it does not stretch my imagination to suggest that we might spend billions and billions and have little to show for it.

I also want to mention the environmental objections. Making oil from oil shale, as an example, requires enormous quantities of water which, in the arid West, is as precious as oil. The same applies to other forms of synthetic fuel production. In many cases, we are talking about the utilization of vast amounts of water.

The environmental effects of synfuel development need to be carefully monitored in order to prevent irreparable damage. The Energy Security Corporation might or might not exercise that kind of care. There is a real danger, when we create an atmosphere of a crash program, that they might run roughshod over that kind of environmental concern. That is one of the reasons why I favor development of synthetic fuels more on a step-by-step, prove-it-as-it-goes-along basis, rather than on a crash basis.

Each of the experts who testified before the Energy Committee, the Banking Committee, and the Budget task force in the last several months was, in effect, asked, "What will it take to get syntheic fuel production moving?" As I pointed out earlier, almost none—I know of only one exception—has suggested the creation of a huge new Government bureaucracy such as the Energy Security Corporation. Instead, they have made recommendations to cut redtape and provide incentives for the private sector. The Senate has already acted on legislation which will have that effect.

Others said decontrolling the price of oil and natural gas will stimulate production not only from these conventional sources, but also synfuels production.

They have called for tax credits, accelerated depreciation, and a streamlined process for issuing permits.

We talk about this coalition which has arisen. It does not have a name. It is not called a coalition or an alliance. That is just a handle. That is just a name to identify this group of Senators and interest groups who come forward without agreeing on the final details of the plan we would like to see enacted, but with the full appreciation of the difficulties of the Energy Security Corporation and who have reached the same conclusion that it is a very poor idea.

Interestingly, this coalition is not a static thing. In fact, I had printed in the RECORD last week, and I direct the attention of my colleagues to it, a list of those who participated in the press conference last week. I will not add more to that other than to call the attention of the Senate to the remarks in the CONGRESSIONAL RECORD, October 31, 1979, p. 30369. I submitted all of the statements of the Senators and interest groups.

(During the preceding remarks, Mr. BRADLEY assumed the chair.)

Mr. ARMSTRONG. Mr. President, at this time I would like to point out that the bandwagon, the anti-energy security corporation bandwagon, continues to pick up momentum and speed. I would like to have printed in the RECORD statements of three organizations which in the last 2 or 3 days have taken a long, hard look at this corporation and have decided it is not a good idea.

First, I ask unanimous consent to have printed in the RECORD a telegram from the president of the National Coal Association.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

TELEGRAM TO MEMBERS OF THE BOARD, PRODUCERS NOT ON BOARD, RESOURCE DEVELOPERS AND GOVERNMENT RELATIONS COMMITTEE

Contrary to yesterday's mailgram there is little chance that the Energy Committee's synthetic fuels corporation bill (S. 932) will be amended to delete authority for government-owned synthetic fuels facilities. Energy Committee leadership has decided to oppose the deletion. Senator Church will not offer amendment.

First vote on synthetic fuels, probably Monday or Tuesday, will be on substitution of Banking Committee version of S. 932 for Energy Committee bill. Consistent with NCA strong opposition to any and all bills permitting government ownership of commercial-scale synthetic fuels facilities, we are now advising all Senators of our opposition to Energy Committee bill and support of Banking Committee bill. We believe Banking Committee bill, which does not permit government-owned facilities, is susceptible to amendments to provide many of the authorities which NCA considers necessary to develop a private, competitive synthetic fuels industry utilizing coal.

Urge you to immediately contact Senators in support of Banking Committee bill.

CARL E. BAGGE.

Mr. ARMSTRONG. Mr. President, I point out to my colleagues in the Senate that up until the middle or end of last week, that association was, to my knowledge, supporting the concept of the Energy Security Corporation as it is embodied in the Energy Committee's bill.

This is what the telegram to members of their board and others interested in the Coal Association says:

> Contrary to yesterday's mailgram there is little chance that the Energy Committee's synthetic fuels corporation bill (S. 932) will be amended to delete authority for Government-owned synthetic fuels facilities. Energy Committee leadership has decided to oppose the deletion.

They go on to discuss some of the tactical reasons for that. But it sums up as follows:

> We are now advising all Senators of our opposition to Energy Committee bill and support of Banking Committee bill. We believe Banking Committee bill, which does not permit Government-owned facilities, is susceptible to amendments to provide many of the authorities which NCA considers necessary to develop a private, competitive synthetic fuels industry utilizing coal.

Mr. DOMENICI. Could I ask my friend, on the Coal Association telegram, when that decision was made?

Mr. ARMSTRONG. This telegram is dated November 2, 1979, and I believe that was Friday of last week.

Mr. DOMENICI. I thank the Senator.

Mr. ARMSTRONG. Prior to that, I understand it was supporting the concept of the Energy Security Corporation.

Mr. President, I would like to share with Members of the Senate the thoughts of the American Mining Congress in a letter dated November 3. Without reading the entire text at this time, I would like to read one sentence which really sums up the issue in the opinion of the American Mining Congress.

After pointing out the objectives of the bill and commenting that they support this objective of more synfuel, they comment as follows:

> However, the Banking Committee version impresses us as a vastly more promising vehicle for attaining the objectives.

Mr. President, I ask unanimous consent that letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NOVEMBER 3, 1979.

U.S. SENATE,
Washington, D.C.

DEAR SENATOR: The Senate will take up on Monday, November 5, the amendment reported by the Energy and Natural Resources Committee to S. 932, Title I of which authorizes a Synthetic Fuels Corporation. Under the consent agreement, the first order of business will be Title I of the substitute reported by the Banking Committee.

The American Mining Congress is impelled to support the Banking Committee substitute, providing it is amended. The amendments should include authorization to use a $20 billion trust fund approved by the Senate in a 59–38 vote last month on an amendment by Majority Leader Robert Byrd. The Mining Congress is of the view that this sets an appropriate level of funding for a synthetic fuels program at this time.

We further believe that government funding should be restricted to assisting initial commercial-scale plants that demonstrate synfuels technology. This could include loans, loan guarantees and purchase contracts. It is our view that a new Energy Security Corporation is not required to accomplish these goals.

Chairman Henry M. Jackson and his colleagues on the Senate Energy and Natural Resources Committee are certainly to be commended for their diligent work to establish a vigorous program of synthetic fuels development in this nation. The American Mining Congress supports this objective.

However, the Banking Committee version impresses us as a vastly more promising vehicle for attaining the objectives.

One of the main reasons for our opposition to the Energy Committee version is that it would create a Synthetic Fuels Corporation and authorize it to establish up to three government-owned synthetic fuels facilities, if the funding incentives provided in the bill do not result in the Corporation's desired level and mix of private endeavors.

As we explained in a letter of October 5 to Chairman Jackson, the American Mining Congress believes that government-owned facilities would be a hindrance to the sound development of a synthetic fuels industry. Once the authority is granted, there will inevitably be pressures for creating these government-owned facilities which, by competing with private companies, will undercut the viability of the latter.

The result, like most self-fulfilling prophecies, will be greeted as evidence of the need to expand the governmental role even further.

As a consequence, there may well be a general shift from primary reliance on the private sector—as the legislation purports to promote—to a greater dependence on government-owned facilities. The government's record in the efficient and economical operation of essentially commercial ventures does not encourage us to regard this development with a hopeful air.

It is unfortunate that the different roles of business and government are not identified clearly in the debate surrounding this issue. Business and industry operate under a system designed to create maximum efficiency for the consumer—the market system of competitive enterprise. Unfortunately, government has many conflicting responsibilities. As a result, efficiency is eroded by the political pressures for sociological and political demands which may be alien to the stern disciplines of competitive efficiency.

Further, mismanagement by existing federal agencies has contributed largely to the energy crisis, and to argue that creation of one more agency is part of the solution, seems on a par with tossing a drowning man an anchor. We can only envision another cadre of officials who will seek the utmost limits of their authority and maximum interference in the marketplace. While it is theoretically possible to have a federal agency that does not try to extend its domain, in reality such an agency has been seen with about the same frequency as a unicorn.

In point of fact, no synthetics fuels program is likely to work unless the oppressive regulatory regime already in being is reformed. This holds true for development of other domestic energy resources as well.

We strongly believe that regulatory reform coupled with appropriate financial incentives will allow sound development by private industry of the synthetic fuels potential of this nation and that industry will respond to the challenge.

Your attention is invited to the precedent of the Korean War, when 5-year tax amortization certificates and governmental commitments to purchase aluminum, copper and nickel at specified or prevailing market prices enabled the private sector to overcome serious shortages in these strategic materials.

Similar incentives would now stimulate a marked increase in private development of a synthetic fuels industry. But the government cannot do this with the one hand, and with the other hold ready the means of sabotaging its own objectives.

The growing dependence of the United States on foreign sources of oil is now generally recognized as perilous in the extreme. The volatility of these foreign sources poses stark geopolitical risks for our national security, while our bondage to these sources tends to feter American foreign policy At the same time, the rising cost of oil imports due to higher volume and prices stimulates inflation at home and undermines the economic order of the globe.

There is no alternative on the immediate horizon other than making greater and better use of energy resources domestically available, including oil, gas, coal and nuclear power. In the short term, at least for the next decade or two, expanded use of the nation's abundant coal reserves is essential.

For all these reasons, we are absolutely persuaded that the substitute measure by the Banking Committee—appropriately amended—offers the best hope of helping to overcome this nation's perilous dependency on foreign energy resources. It is our earnest hope that your vote will reflect the concurrence with this position.

Sincerely,

J. Allen Overton, Jr.,
President.

Mr. ARMSTRONG. Mr. President, I bring to the attention of the Senate a new survey regarding the Energy Security Corporation. It was taken by the National Federation of Independent Business (NFIB), the Nation's largest small business organization with more than 585,000 members nationwide.

The small business survey on the merits of the Energy Security Corporation is the second taken by NFIB. In the first poll, 58 percent of members responding opposed the creation of the Energy Security Corporation and 38 percent supported it.

Because of complaints from proponents of the Energy Security Corporation about the wording of the question, NFIB again surveyed its small business members. The result is a more resounding veto of the Energy Security Corporation. A total of 80 percent of those responding rejected the idea with only 16 percent supporting it.

Obviously, the idea of an $88 billion Energy Security Corporation continues to lose grassroots support as more and more people become aware of the proposed legislation. I hope that my colleagues will show the foresight shown by their constituents and vote against this terrible idea.

Mr. President, I ask unanimous consent to have the survey printed in the Record.

There being no objection, the survey was ordered to be printed in the Record, as follows:

Below are the results of the early cut (10/15/79—10/31/79) on Mandate #422. Total early returns of 40,704:

	Pro	Con	Undecided
1.	46	49	5
2.	16	80	4
3.	41	48	11
4.	54	33	13
5.	78	20	2

Mr. ARMSTRONG. Mr. President, I will shortly yield the floor. My purpose in rising is simply to express concern over the direction of this legislation as outlined in the opening remarks of the backers of the bill.

As I said at the outset, I am going to reserve my own detailed remarks and comparison of the Energy Security Corporation provisions of title I of the Energy Committee's bill and the alternatives suggested by the Banking Committee for later.

I think from a parliamentary standpoint, it would be well for me to have those thoughts collected and placed in the Record as part of a comprehensive statement when the Energy Committee's amendment is actually before us.

But at the outset, I wanted to at least provide this frame of reference for the debate and to express my concern about the Energy Security Corporation.

Before I yield the floor, I again compliment my friend from New Mexico for his study and concern. While I disagree with him about the creation of an Energy Security Corporation, I assure him and all my colleagues that I share completely the sense of urgency about closing the energy gap. I share completely his enthusiasm for the development of a synfuels industry. I regret that I do not see eye to eye with him on the best format in which to do so.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I know I need not tell my good friend from Colorado of the great respect I have for his philosophical approach to economics in this country and where we ought to be, because I think he knows that.

I want to make two or three points and perhaps the Senator from Colorado might want to address them. They are, in a sense, prompted by his.

I hope everyone knows that while the Senator from Colorado speaks of water and its scarcity in certain parts of America, and the fact that synthetic fuels need water, they will also know that this bill before us, title I, for synthetic fuels development—as well as the Senate's version of the fast track legislation—both provide that the States will permit the water needed for these kinds of plants.

In a nutshell, if he is right, that there is not enough water, the plant will not be built where there is not enough water because the State within which it will be built or proposed to be built will control the appropriation of water and the permitting of that water for that use.

I do not know of greater protection we can offer in terms of competing issues.

I do not know how we can more decentralize the decision on water than that, to say the State will permit it or it will not be permitted, the State will appropriate, or not, for a synthetic fuel plant.

Second, I want to talk about the risk involved in moving with that innovative approach to provide financial flexibility through a board of directors, as provided in the Energy Committee's bill. I would be totally without understanding of what is happening in America and the enterprise system if I did not agree there is some risk. Indeed, there is.

However, I am going to predict right now, on the floor of the Senate, that within the next 3 to 5 years, the risks we are going to take in this country in order to try to get out from under the dilemma of dependence will be enormous compared with the risk involved in creating this entity. That is how I see it. My intuition and every fact I can read tells me that we are in big, big energy trouble. If the biggest risk we are going to take is to create a board of directors with financial flexibility to assist the private sector to expedite synthetic fuel development in a diversified manner—if that is the biggest risk we are going to take in the next 3 to 5 years, we will be blessed and fortunate beyond anything the facts indicate and anything we have done to deserve it.

The Senator is right in saying that the National Coal Association belatedly indicates that it does not support this approach, the Energy Committee's approach. However, they unequivocally do not support the $3 billion in the Banking Committee's bill. They remain firm that we need about $20 billion, precisely the number that is in our bill. That is number one.

For those who think this is too big an approach and want to take a little solace in the fact that the coal association does not support it, I say that they are merely for doing it another way, but with equally as much Federal Government financial assistance as provided in ours. In fact, you might read it that if you go with a number as big as that in the Banking Committee bill, and since there is a 3-to-1 allowable, they may even be talking about $60 billion in finance mechanisms that they would support.

Mr. ARMSTRONG. Mr. President, will the Senator yield?

Mr. DOMENICI. Let me make the second point, and then the Senator can address both points.

The second point is that everyone should know that when we are talking about the coal association, we are not talking only about coal companies; we are talking about energy companies, and they all vote in this association. Exxon votes very heavily in the coal association, and they use this weighted kind of voting, depending on how much money is put in for membership.

I want to make this last point as to the Energy Committee bill and the GOCO's. The bill says, in a nutshell, that we will not have Government built, private sector operated plants unless it is a last resort, to develop a technology that is deemed necessary for the diversity required for this great country, and it cannot be built any other way. If anyone can provide language that will make that more certain, more firm, we are for that. But does anyone really believe that the Exxon's of this world are against this bill because of one, two, or three GOCO's that, perhaps at best, are a last resort, if ever? I do not believe it; I do not believe it at all. I believe they would rather have the assistance of the Federal Government on their terms, rather than the terms which probably will evolve here, which is competition, spread out the resource so that more than the big three or four can get into it. That is at the basis of their objection.

I will speak about water in a moment, but at this time I yield to the distinguished Senator from Colorado.

Mr. ARMSTRONG. I want to make an observation regarding a point the Senator from New Mexico has made.

I think he has identified correctly a place where the issue can be divided as to the format of the Government's involvement—that is, energy corporation or some other way, and the dollar amount.

I believe the Senator is correct in pointing out that there are those who are backing the Banking Committee's bill and who harbor, nonetheless, the idea of further amendments. It is my understanding that when the Banking Committee's title is laid down and adopted, it then will be treated as original text and will be available for further amendment. I think that is exactly right; and in my judgment, that makes the issue a very clear one.

The issue is not the dollar amount; the issue is not how many plants per year. The issue is this: Do we want a Government energy corporation or not? When the time comes, I will be prepared to argue vigorously over the dollars.

The decision is whether or not we have a Government Energy Corporation. Senators who are for that will vote against the Banking Committee's substitute. Senators who are against the Government becoming more deeply involved will vote the other way. The dollars are an issue to be debated separately.

I add that Exxon may vote in the National Coal Association, but they do not vote in NFIB, the Sierra Club, or the National Wildlife Association.

Mr. DOMENICI. I understand.

It is customary that things I support would have the support of independent businessmen. I love them. They endorsed me in my campaign. But I submit to the Senator that if we had a cross-section of 50 of them listening to this debate, we would not get 60 or 70 percent on the side of the Banking Committee bill. They are purists philosophically, as is the Senator from Colorado. They are not approaching this business as usual as we are approaching it but, rather, are assuming that we will get synthetic fuel without the approach we have. If we asked them we would see where the votes were and where the percentages were. That is going to be the issue.

Mr. President, I will make two other points.

The Senator from Colorado says that no one in finance and no one in the energy industry favors the security corporation. I say this to my colleagues: The strange thing is that they all favor the goals and they all say we should get there. They just feel that we are going to get there another way. That is the issue. Are we going to get where they all say we should be unless we do it through an extraordinary vehicle that adequately protects everyone?

Even with that, there are economic purists who believe, as does the Senator from Colorado, that we should go back 15 or 20 years and wipe the slate clean of all regulatory delays, all involvement of the Government, and we just will not need this venture. There are some who feel that way and still say that we have to go this way. We have to go with the Energy Committee.

David Goodman, of Morgan, Stanley and Co., based on his background, is one of the most experienced financial people in the country, and he is with one of the most experienced financial houses in the energy field. He says this about the corporate entity we are creating:

> Philosophically, I would rather not see a new entity created for syn-fuels. However, to make the program work, the decision-making will have to be crisp, hard-nosed, and attuned to the needs of business. A regulator's mentality would be anathema to the purpose of the program. As a practical matter, I question whether there are sufficient personnel with the proper background to staff this undertaking in government at the present, or whether they can be attracted to the Civil Service. On balance, I conclude that a separate, government-owned corporation, with a limited life, such as is contemplated by the legislation, is probably the best way to go.

I think that summarizes it for those who feel as I do about the private sector helping us solve our problems, but that sometime in history we have to help them help us, which is what I see a corporate entity doing here, if we can get it established and functioning.

With reference to the amount of money involved and possible inflation, three things.

I am indeed pleased that the Senator from Colorado, in admitting that the issue is form not substance, thinks we need far more money than the Banking Committee provides, in fact, something closer to our $20 million. I am pleased that he acknowledges that. That should eliminate the issue of whether it is inflationary or not. That should eliminate the issue of whether we can do it with personnel or not, because I have not heard anyone say that a plant built with loan guarantees under the Banking Committee bill or a plant built under the jurisdiction of our flexible finance plan for the same amount of dollars will require any different personnel to build or has any different aspects as far as inflation.

So I think it all boils down to whether we will get synthetic fuels without the extraordinary umbrella that we are talking about or will we get it under the banking bill? So I am pleased that the Senator addressed that issue.

Second, for those who think that loan guarantees, or purchase agreements in the amount of $20 billion, present an extraordinary endeavor by America, let me give them two facts.

On the floor of the Senate last year it took us a full 15 seconds to approve $15 billion worth of new authority for the Tennessee Valley, $15 billion new authority to do what they have to do over the next 10 or 15 years. No one said we were going to break the bank; no one said we were throwing billions at the problems. We were providing them the flexibility to invest and recoup back money to stay in the business of providing energy to the Tennessee Valley users—$15 billion; 15 seconds. No one argued the kind of economic chaos and ruin that has been argued here about the Senate bill.

Third, the best investors and financial people say that in the next 20 years the private sector of the United States will invest a full $1.1 trillion in all kinds of energy and energy-related alternatives. It seems to us that $20 billion to bring on board diverse commercial technologies in the fields of shale development, liquids, and natural gas from coal, and crude oil from tar sands is a meager commitment to preventing a national disaster that is impending.

I yield the floor.

Mr. RANDOLPH. Mr. President, I ask unanimous consent that Ric Fenton and Tom Altmeyer of my staff be accorded the privilege of the floor during debate and any votes on the pending legislation and amendments thereto.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RANDOLPH. Mr. President, I do not speak just to be another participant in Senate debate. I counsel with my colleagues in reference to the pending legislation because I believe the subject matter is of extremely vital importance, not just Senators, Members of Congress, or the administration now holding public office, but to Americans today and tomorrow and in the years ahead because it concerns the very lifeblood of this Nation as we continue to not only sustain our form of Government but to expand properly the society of which we are a part.

When we talk of the extension of the Defense Production Act of 1950, as amended (Senate 932), we are thinking of action which can be taken which will lead to the reestablishment of a Federal commitment to develop a domestic fuel industry based upon synthetics.

In making this statement, I have both enthusiasm and a certain amount of disappointment. Disappointment because of still being able to use the phrase as I had in 1943 in connection with H.R. 3209. That measure, cosponsored by Senator O'Mahoney, who was in the Senate, and the Senator now speaking, who was then in the House of Representatives, authorized the Secretary of Interior through the U.S. Bureau of Mines to construct, maintain, and operate one or more plants to produce synthetic liquid fuels from coal, and other substances, including oil shale, and waste from industry and agricultural products.

At that time I stated and I repeat the words, "we certainly do not want to let ourselves be panicked into emptying our national petroleum reserves of every drop while waiting for satisfactory coal liquefaction methods to be developed."

Very frankly, I respect my colleagues and their judgment, although at times I differ with their opinions, as I had to differ with Senator TSONGAS recently during debate on the Interior appropriations bill when he said that a synthetic fuels industry, if passed now, could not be in active production, supplying the Nation's needs for 10 years. But, I say again as I did when we both occupied the floor at that time, that if it is to be 10 years from now and we wait to do it next year it will be 10 years from then; if we wait to do it 5 years from now, it will be 10 years before such a program is brought into being.

The time is now. The time is not later. It is imperative that the Senate, Congress, and the administration act now. We have to make an all-out frontal effort to bring into being a viable program for developing a synthetic fuels program before the week is out.

So, I have enthusiasm, as I have indicated, because today we have a legislative vehicle before us through which we can create a synthetic fuels industry, in a reasonable framework, within the United States.

We thus have the potential—to regain the initiative which was provided, on April 5, 1944 when President Franklin Roosevelt signed into law the mandate to develop new technologies to produce ethanol, methanol, and other liquid fuels from coal, oil shale, and agricultural wastes. Approximately $82 million were spent on this program prior to its termination in 1955. Synthetic fuels could not compete economically with cheap petroleum and natural gas supplies. When that program was terminated we lost data that could now be used as a statistical base from which to develop a sound synthetic fuels program. Such a base would have assured that the massive amount of funds we are now ready to commit, in the absence of unlimited oil and gas supplies, be applied to specific technologies guaranteed to produce the fuels needed now.

Yes, we have the opportunity, and we have even a greater responsibility, because an opportunity ceases to exist if it is a real opportunity and we do not embrace it, with the following through in responsibility.

We cannot dwell, however, on what could have been. Instead we must develop a record here in the Senate which will provide fast and effective policies to produce synfuels in the time frame required for our national security.

The version of the bill reported by the Senate Banking Committee after 3 days of hearings indicate that synfuels is an uncertain and expensive technology, which will not yield noticeable results in the short term, or should we vigorously pursue conservation and solar technologies, which can yield much quicker and much more certain results.

The Energy Committee's National Security Act reported, after 23 days of related hearings, assumes that conservation and renewable energy are part of the solution but we should move as quickly as possible to use our domestic reserves of coal and oil shale. It is my intention to support title I of the National Security Act.

Mr. JOHNSTON. Mr. President, will the Senator yield?

Mr. RANDOLPH. Yes, I yield.

Mr. JOHNSTON. I do not think that most Senators know how long the Senator from West Virginia (Mr. RANDOLPH) has been a leader in the field of synthetic fuels. I do not know whether most Members know that the Senator from West Virginia in 1944 was the coauthor of the O'Mahoney-Randolph Synthetic Fuels Act of 1944, and that it operated successfully for a dozen years and pioneered the field here.

I was very interested this morning when we met with the President—and the President backed this bill, and I do not know whether the Senator from West Virginia has been informed, but the President remarked, he said:

> You know, I don't think I have been for a single energy bill that the Senator from West Virginia (Mr. Randolph) has not been a cosponsor of in earlier Congresses.

And he said:

> I really mean that seriously, because the Senator from West Virginia (Mr. Randolph) seems to have thought of most everything to it.

I thought the Senator from West Virginia would be interested to know that the President is aware that his leadership extends far prior to even the 1973 embargo, and if we had followed the Senator from West Virginia's advice and leadership in the whole area of energy, but particularly synthetic fuels, we would not be in the difficult shape we are in right now.

Mr. RANDOLPH. Mr. President, I am very grateful for the words that have been spoken by the knowledgeable and able Senator from Louisiana. He is very thoughtful in bringing this report from the White House. I do not say in any spirit of jest, but I hope those words of the President were taken down there and were not just off the cuff. I would like to keep them in mind, and sincerely thank President Carter for the recognition of my legislative efforts in the energy area.

Mr. JOHNSTON. Mr. President, may I say to the Senator those words should have been said on television. Unfortunately, they were said at a meeting with a bipartisan group of the Senate Energy Committee, at which the President announced his strong support of the Senate Energy Committee's bill. But he remarked at that time that:

> Since 1976, when I was elected, it seems like I have been spending my whole term backing energy bills, and everything I have backed, the Senator from West Virginia backed first.

He had, of course, particular reference to the synfuels bill, but other bills as well.

Mr. HATFIELD. Mr. President, will the Senator yield?

Mr. RANDOLPH. Yes, I yield to my able colleague from Oregon.

Mr. HATFIELD. Lest the RECORD indicate this was purely a colloquy between two members of the Democratic Party, I would like to affirm the report of the Senator from Louisiana and to underscore the words that he spoke to make it a bipartisan report to the Senator from West Virginia.

In fact, I do not believe the President restricted it to any legislation relating to synfuels. I think and I believe the Senator from Louisiana implied, if not explicitly so, that the President was very broadsweeping in his remarks saying:

> I don't believe there is an energy bill that has been introduced since I have been President that the Senator from West Virginia (Mr. RANDOLPH) had not sponsored or cosponsored earlier on.

I thought it was a great tribute to the Senator from West Virginia and one in which those of us who serve on the Energy Committee are quite familiar with, that is, his record. So it does mean a great deal to the Senator from Louisiana, I know, as well as for myself today, as the managers of the bill, to have the support of the Senator from West Virginia (Mr. RANDOLPH) for this bill, and I am sure it is not only a matter of historic record but a bit of nostalgia to remember that when the Senator sees some of these ideas that have been floating around so long which finally come to fruition, and let us be hopeful we have the votes on the floor today, or whenever we vote on it, to make this a reality and not one of those illusions which tends to disappear the moment we think we have a grasp on it.

So I want to thank the Senator from West Virginia for his support of this bill and to affirm the comments made by the Senator from Louisiana.

Mr. RANDOLPH. Mr. President, I shall not attempt to express the gratitude felt except to say it is very much appreciated. I always am grateful for the privilege of working with others who have the knowledge, the understanding and, vision in energy matters. I say to the managers of S. 932 today that we should approach this subject matter not so much as Democrats and Republicans, one across the aisle from the other, but as those interested in the needs of America before it is too late.

We might make some mistakes here today. But I say to Senators JOHNSTON and HATFIELD that if we do not act shortly, if we do not begin today, we may find ourselves in a condition in this country where we will not have the chance to make future mistakes.

Mr. JOHNSTON. Mr. President, will the Senator yield on that point?

Mr. RANDOLPH. Yes.

Mr. JOHNSTON. The Senator would be interested to know, along the same lines, that Sheik Yamani, who is the Oil Minister from Saudi Arabia, had a luncheon here last week with a number of Members of the Senate. At that luncheon, Sheik Yamani—whom some have referred to as the most powerful man in the world because, as someone put it, they say that Brezhnev may have the nuclear button which he can push, but nobody thinks that he will push that button, but Yamani has the oil valve which he can turn, has turned, and is likely to turn, so that makes him, according to some estimates, the most powerful man in the world.

In any event, Sheik Yamani told this group of Senators that, with luck, in 1980 we will not have any gasoline lines in the United States. He said that is going to take a lot of luck, like no disturbance in the Middle East and strong conservation measures. He said that by 1981 we will begin to have serious spot shortages in the United States, attended by gasoline lines and the other kinds of difficulties we had this last summer.

Sheik Yamani said that by 1982, those shortages in the United States will be chronic, they will be deep, and they will be of long duration. From that point on, he said things will be increasingly difficult. So when the Senator from West Virginia says that we had better act now or we may lose that capacity to act, then I say that Sheik Yamani, the man who should know and who does have his hand on that world oil valve, strongly reinforces what the Senator from West Virginia has said.

If we had taken the advice of the Senator from West Virginia in 1944 and followed through on that program, we would now have a synfuels program in place. If, in 1975, we had passed the bill which the Senator from West Virginia supported, along with a number of other Senators, which passed the Senate and was killed in the House, we would probably have in place now a producing commercial venture of appropriate size in synfuels, or we would be on the very eve of having that producing commercial venture. We lost our opportunity at that time. We dare not lose that opportunity another time, because, if another 4 years rolls by, as it did since the last time the Senate passed that legislation, another 4 years of inaction, the situation will be that much more critical, the problems much deeper, and the economic consequences much more chronic and much more devastating in terms of the life styles of Americans.

Mr. RANDOLPH. Mr. President, again I thank the managers of the bill and concur in what Senator JOHNSTON has just said. It is difficult for us to overstate the need for this legislation. I am not going to say the man you speak of is the most powerful figure in the world, but the power he holds within his hand makes him a force in determining whether the United States of America will have the supplies necessary not only to sustain but even to strengthen our economy.

We are at the end of a 10-year period highlighted by two significant oil supply interruptions, in 1973–74 and 1979, and a sixfold to sevenfold increase in world oil prices. Oil now accounts for 19 of the 37 million barrels, in equivalent terms, we consume in this country each day. Of the 19 million barrels per day consumed, 9 million barrels, or 50 percent, is imported. To make matters worse, we have lost control over oil prices and are forced to pay the price OPEC asks. This warrants the strongest kind of effort to develop the capacity to make use of our vast coal and oil-shale reserves.

Mr. HATFIELD. According to our information, if the Senator will yield, he is stating the situation correctly.

I might also add two other factors. The Senator from Washington (Mr. JACKSON), chairman of the Senate Energy Committee, earlier this morning indicated that the spot market price had reached $48 a barrel. And we know that the situation in Iran today is very, very precarious. I understand that we are obtaining, at this point, around 500,000 or so barrels per day, which could conceivably be cut off as a result of the crisis that exists in Tehran.

So there are many factors that give support to the thesis now being espoused by the Senator from West Virginia, both from the standpoint of Nigeria, specifically, and the world market, but also in other areas of supply which we have relied upon and of which many such areas are in a very tenuous situation from a political standpoint, which could lead to a severance of that supply line at any moment under such precarious political circumstances.

Mr. RANDOLPH. I continue to express appreciation for the expertise of those who are managing the bill from the Energy Committee. I believe the existing phase 2—Congress is giving the program is economic. The huge front-end costs combined with an uncertain world oil market have prevented private developers from going ahead with commercial projects.

By providing authorizations at the beginning of each phase—$20 billion at the start of phase 1 and $68 billion for phase 2—Congress is giving the program momentum. In addition, it sends the signal to the Nation that we want a synfuels program. While title I of the National Security Act gives the program financial momentum, it also allows for a second congressional check at the end of phase 1, when either House would be able to block phase 2 and the authorization of the additional $68 billion by passing a resolution of disapproval. In addition, Congress would have to appropriate funds for phase 2.

Also, by providing for a very limited number of Government-owned, contractor-operated projects the Energy Security Corporation is provided with bargaining power. If a company demands an unreasonable amount of financial assistance, the Corporation can develop the project itself.

In developing an energy security corporation we must insure that its charter includes a mandate to subsidize first generation synthetic processes that are small, but commercially viable. We must define clearly the responsibilities of a synthetic fuels authority and make definite distinctions between its functions and the Department of Energy. We must insure that there is an orderly transition of programs without allowing existing energy development efforts to come to a halt. We must insure that small consortiums of energy companies have access to the Energy Security Corporation.

Once we have an entity established to encourage the development of synthetic fuels, we must conduct regular congressional oversight of its activities. This is an area we often neglect once a law has been placed on the books. Also, an independent Government authority must use the professional expertise we have available within Government agencies, as well as that in the private sector.

I believe the National Security Act accomplishes these objectives. But while we strive for a synthetic fuels capacity that will produce 1.5 million barrels of oil equivalent a day by 1990, we must vigorously pursue coal conversion programs. Coal capable utility boilers now burning oil and gas should be reconverted to burn coal. Reconversion of these boilers will save 724,000 barrels of oil per day by 1985. Accelerated construction of new boilers fired by coal and other fuels replacing oil and gas could save 900,000 barrels of oil a day, again by 1985, and 1 million barrels per day by 1990.

In regard to coal conversion, it is highly important that Congress give attention to the administration and placement of existing and proposed financial aid programs to assist utilities in converting from oil and gas by quickly considering coal replacement legislation and amending legislation to the Fuel Use Act.

It is of utmost importance to include environmental assessment and participation from the "ground up" with regard to commercializing synthetic fuels, so we can avoid many problems that otherwise would have to be negotiated by an energy mobilization board. Inclusion of environmental concerns in the design and demonstration of synfuels plants will alleviate the retrofitting problems that have become common obstacles for reconverting electric power generation facilities. Commercialization of synfuels plants may permit environmentally clean fuels to be produced, distributed and used in areas now experiencing difficulties in meeting clean air standards.

Emission control technology exists or can be developed to reduce potential pollutants to acceptable levels through better scrubbing techniques and atmospheric fluidized bed cleaning. If properly controlled, synfuel plants yield an environmentally acceptable product. They produce traditional pollutants in smaller amounts than do large coal-burning powerplants, oil refineries and the like.

The first congressional hearings to awaken the interest of Americans in securing oil and gasoline from sources other than petroleum were held by the Subcommittee on Coal of the House Committee of Mines and Mining in June and July of 1942. Before this subcommittee, of which I was chairman, appeared some of the Nation's foremost scientists to testify on the methods used in Europe, England, and Japan for making gasoline from coal or gases. A complete transcript of these hearings was published under the title, "Production of Gasoline from Coal and Other Products." Later in 1942, hearings specifically directed to consider methods to increase petroleum discoveries, and also on the production of gasoline and oil from coal or shale, were held before a subcommittee of the Senate Public Lands Committee. In 1944, Harold L. Ickes, then petroleum administrator for war, and former Secretary of the Interior, wrote to me saying:

> We need synthetic liquid fuels now, but we have not got them. It took other nations years to develop their synthetics and even the great fuel industries of this country, which have urged this government to embark forthwith on the program set forth in your bill, do not feel such a new industry can be established quickly. It is our purpose to avoid any interference with the unknown future of this war, but the Army and the Navy and all familiar with synthetic fuels possibilities believe that we must start our program now.

I was not in the Congress when our synthetics development program was ended. In 1958, when I was elected to the Senate, I again began to work for a national fuels and energy policy, including synthetic fuels. I testified before the Senate Interior Committee in 1961 and said:

> Every year that passes in which we become more and more dependent on foreign oil to buttress our national economy and security perhaps is one year nearer to disaster. We are gambling on our country's future.

The fresh look at synthetic fuels, which we begin today, must produce positive results for investment in our country's energy future. If our national energy policies are to be responsive to national needs, we must develop energy resources of every form—not competition between energy resources.

This attitude is documented in the report on synthetic fuels, issued by the Subcommittee of Synthetic Fuels of the Budget Committee on September 27, 1979. In that report four independent groups drawing conclusions on U.S. energy policy stated:

> A two-stage Federal approach to developing synthetic fuels would have economic advantages over a single-stage approach.
>
> Price guarantees are the most economically effective incentive, but a variety of financial mechanisms will be needed to overcome financial barriers to production of synthetic fuels, and
>
> More conservation, conventional burning of more coal, and deregulation of oil prices will reduce oil imports in the short run at lower cost than producing synthetic fuels with processes known today.

The time for gasification and liquefaction from coal and oil shale is now, whether by direct Federal subsidies or price supports. The incentives must be tailored to the technology. The Senate Banking Committee's substitute to title I of the National Security Act for 12 projects and $3 billion is too research oriented. It does not go far enough.

The technologies, of course, can be refined, can be continually developed for better results. But we need more than an expanded program of research at the Department of Energy.

The bill from the Banking Committee, with all respect to its chairman and the result of the vote, does not do the job. It just is short of the commitment that this Senate and this Congress must make.

(Mr. MOYNIHAN assumed the chair.)

Mr. RANDOLPH. Because of our preoccupation with minimizing the short-term effects of inadequate domestic energy supplies we have failed, Mr. President, to solve our long-range problems.

We must correct this situation. It is a situation, highlighted, by the fact that we are hostage to overseas oil interests as the Presiding Officer, Senator MOYNIHAN, has stated in the past. In his terms, my terms, anyone's terms, we are hostage to overseas oil interests.

So, Mr. President, we must correct this tragic situation. It is necessary now to move forward affirmatively to vote down, the substitute offered by the Banking Committee. Timid steps toward a synthetic fuels policy will not suffice.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, I have been listening to this debate, basically between the Energy Committee and the Banking Committee, for quite a while. I have been very interested in the nuances and the distinguishing characteristics between the two bills, that of Senator PROXMIRE, of course, being before us at this time, and the administration bill as drafted by the Committee on Energy and Natural Resources.

It seems to me that with regard to production authority, the Energy Committee version creates a new Energy Security Corporation outside of the Government. As I understand, five members are appointed by the President and confirmed by the Senate, plus there are three nonvoting members from the Government, the Secretary of Energy, the Secretary of the Treasury, and the Chairman of the Energy Mobilization Board. The Banking Committee version authorizes the President to lodge synfuel support authority within the existing agencies of DOD, DOE, and DOI.

The House committee version is very similar to the Senate Banking Committee version, except that it has DOE, DOD, DOC, and TVA. Of course, the Energy Committee bill seeks 1.5 million barrels of oil per day from various types of facilities and technologies by 1995, while the Banking Committee version is trying to demonstrate the commercial viability of synfuel technology and expand production of heavy oil and tar sands.

There is a similar goal on behalf of the House version, which is a desire to stimulate production of 500,000 barrels of oil per day from synthetic fuel by 1985 and 2 million barrels by 1990.

The major difference which appears to me between the Energy Committee version, the Banking Committee version, and the House version, is in the matter of cost. The Energy Committee version would authorize $88 billion in two phases, $20 billion for phase one with the Energy Security Corporation having 3 years to formulate strategy and policy for phase two, which would go into effect unless either House of Congress disapproves.

To repeat, as I understand it, the Energy Committee bill will authorize $88 billion, $20 billion up front for the phase one or the first 3 years, while the Energy Security Corporation formulates a strategy for phase two, but phase two, which will amount to $66 billion more, goes into effect automatically unless either House of Congress, in effect, disapproves.

The Banking Committee version authorizes $3 billion which is considerably less than the Energy Committee version in direct appropriations. Loan guarantee authority, as I understand it, is $3 for each $1 appropriated, for a maximum possible outlay authority of $9 billion, versus the $88 billion of the Energy Committee.

The House version authorizes $3 billion in direct appropriations for purchase commitments, $38 million in loan guarantees, $48 million for direct loans, and has no limit on loans and guarantees if neither house vetoes. At least it is my understanding that total price is one significant difference between the three basic versions of the synfuels bill.

With regard to the Government ownership of production facilities the Energy Committee version authorizes the Energy Security Corporation to use any form of incentive, including, in this order, price guarantees or purchase agreements, loan guarantees, direct loans, joint ventures and outright Government ownership. The Banking Committee version authorizes use of purchase commitments, price guarantees and, as a last resort, loan guarantees up to 75 percent of cost, but no advance payment is authorized and no project can receive more than $500,000,000 in Federal moneys.

The House version allows for the primary authority in loans, loan guarantees, and purchase commitments, but the President is authorized under the House version to organize corporations to produce and acquire synfuels.

In addition, the Energy Committee version provides that, as a last resort, the Energy Security Corporation is authorized to build and operate up to three Government-operated and Government-owned organizations or Government-owned and company-operated organizations or more if neither house disapproves.

Where the Banking Committee version outlaws or prohibits Government ownership, the House version, I believe, gives even broader descretion to the President. Also, I might add, the Energy Committee version would permit the Energy Security Corporation to acquire federally-aided projects in financial trouble under certain conditions without respect to the above limits.

What it looks like is that we not only have an $88 billion bill in two phases—$20 billion for the first 3 years and $68 billion thereafter unless Congress disapproves, specifically disapproves, but they can use almost any form of incentive and can actually build, own, and operate Government-owned and Government-controlled businesses up to three if neither House disapproves, and in addition, can purchase or acquire federally-aided projects in financial trouble under certain conditions.

With regard to the technological limits, the Energy Committee version provides that there are no limits on the number of projects or types of technology, while the House version limits the types of projects to 12 different technologies, 6 each from oil shale and coal. The House version allows for purchase contracts limited to 100,000 barrels per day per project.

As I understand the duration aspects, the Energy Committee version provides that the Energy Security Corporation loses authority to make new commitments in 1990 and goes out of existence in 1995. The Banking Committee version has an indefinite authorization, but provides that no project can receive assistance for longer than 7 years. The House version does not have provisions for the technological and project duration limitations on duration.

With regard to the categories of technology that are covered, all three are quite specific.

The notion of creating a Government corporation to push synthetic fuels technology reflects a potentially costly misconception in the eyes of many on the floor regarding how the American economy functions. I should like to make some points on this and, of course, continue to consider both of these versions of the synfuels bill and try to make the right decisions in the end.

With upfront expenditures of taxpayers' money for production capital, some would argue that such a subsidy of commercial synthetic fuels production is, at best, unnecessary if synthetic fuels can be produced at competitive prices; and there is little point in doing so if they cannot be produced at competitive prices. To the extent that synthetic fuels are technologically feasible and economically competitive, private industry will be willing to invest in their production without Government subsidization. There is, after all, nothing inherent in the synthetic fuels programs that makes it different from other programs in which the private sector is willing to invest. It requires no new fundamental scientific or technological advantages, as exemplified by the existing South African program. And though large capital expenditures are required, they are less than required for many other projects presently undertaken by industry such as the Alaskan oil pipeline.

First, long leadtimes are required, but these are no longer than those required in designing and producing new types of airplanes. Where the Government has tried to subsidize analogous efforts, it has risked major errors. For example, Congress narrowly avoided subsidies for the supersonic transport. The complete failure of the British and French subsidized Concorde to find a market shows how foolish such subsidies would have been.

Second, the proposed synthetic fuels program could lock us into particular technologies which would be neither efficient nor economic. It is private industry and not the Government in the form of some synthetic fuels corporation which is the best position to determine which technologies are most economic. As American history has repeatedly shown, private enterprise is more flexible and more highly motivated than the Government bureaucracy. Those of us who have worked with the Government bureaucracy have come to a definite conclusion on that matter.

Third, a subsidized synthetic fuels program like that proposed by the Energy Committee may very well promote sweetheart deals in which the business firms participating would have the option of substantial profit without taking substantial risks. Specifically, companies would know that, under a broad range of circumstances, they would be reimbursed for "any reasonable costs" arising from actions that "could not have been reasonably foreseen."

Their own commitment would not need to be great in any sense of that term, because they could enter into joint-venture arrangements with this synthetic fuels corporation in which they would have the right to purchase the corporation's shares of ownership if things went well. If things went badly, the affected business could be bought out by the corporation under a broad range of criteria, with the option of leasing the project back. These advantages simply diminish the vigilance of the business concerns.

Fourth, Government-subsidized programs of this kind cannot, by their nature, produce the desired results, the true, marketplace test of the competitiveness of the technology. Private industry would go into the synthetic fuels business under a false set of profit signals induced by the protective climate of backing by the synthetic fuels corporation.

Second, the cost effectiveness of the synthetic fuels technology would be largely time-dependent and out of date by the year in which it was completed. Specifically, the competitiveness of the fuel produced would depend upon the relationship between the cost of the capital required to build the plant at the start and the future price level of competitive oil a decade later when the plant actually produced.

In the absence of a long-term continuation of subsidization, interested companies would not be much better off in determining whether to invest in synthetic fuels than they are now. The importance of these two points cannot be overemphasized, because the Energy Committee bill is predicated on the belief that many new synfuel plants would be built after the liquidation of the Corporation and that the quantity of synthetic fuel produced by these latter investments would far exceed that produced during the existence of the Corporation.

Fifth, the proposed subsidy program would be detrimental to the economy by competing with other more desirable investments.

This program could only drain badly needed capital from throughout the economy for potentially inefficient uses which, in turn, would limit the productive capacity of the economy in the next decade, thereby contributing to further unemployment.

Sixth, a subsidized synthetic fuels program would artificially inflate energy consumption and discourage diversification.

In these days of dwindling fossil fuel reserves, prices should be permitted to rise to their true economic values in order to limit consumption. Yet, the synthetic fuels program would artificially hold prices down, thus giving the wrong signal to consumers about reducing their consumption. At the same time, these consumers would actually be paying for the increased production cost of synfuels through taxes. In addition, the incentive for new exploration of conventional energy sources or development of other energy technologies would be reduced because producers would find it easier and less risky to take Government subsidies for synthetic fuels production.

Seventh, the proposed synthetic fuels program might have to be subsidized long after the liquidation of the Corporation.

Synthetic fuels might never sell unless the Government continues to subsidize the price difference between synfuels and conventional oil. They may have to be a reality we will have to face. Plants in which large amounts of capital have been invested might force the Government to make hard choices between giving up the investment on the one hand or keeping unprofitable plants in business on the other.

In the final analysis, I tend to think that the conventional market stimulus would be vastly preferable over vast, direct, Federal investment in synfuels production to reduce the dependence of this country on foreign fuels.

Mr. JOHNSTON. Will the Senator yield?

Mr. HATCH. Yes.

Mr. JOHNSTON. What did the Senator mean by the conventional market stimulus?

Mr. HATCH. By what?

Mr. JOHNSTON. The Senator said we would be better off with a conventional market stimulus.

Mr. HATCH. That means lifting the price controls. In other words, give incentives to the private sector to find more, to discover alternative forms of energy, let the price lift so that people pay the replacement cost and, in the process, we will reduce demand for the utilization of oil and gas in this country.

Mr. JOHNSTON. As someone who has always been trying to give more incentive to oil and gas, does the Senator think there is a likely prospect in this Congress this year, next year, any time in the foreseeable future, where more deregulation of oil and gas prices will be a possibility or a feasibility?

Mr. HATCH. Yes. If we can continue to work together as we have in the past, I believe within the next 4 to 6 years we will bring about total deregulation, as people begin to realize that is the only way to have incentives enough to resolve the difficulties we are presently undergoing.

I think if we do that, and I am a firm believer that we have to develop the alternative fuel systems as well, including synfuels, we will be able to do both and, in the meantime, the incentives in the private economic system would not only reduce demand, but also increase supply.

Mr. JOHNSTON. I hope the Senator will think carefully about being for this bill.

Mr. HATCH. I am.

Mr. JOHNSTON. The principle tool in this bill is the price guarantee. The Department of Energy projections are that it would take an average price of $36.10 in 1979 dollars to make synfuels a paying proposition.

Mr. HATCH. Whose opinion is that?

Mr. JOHNSTON. The Department of Energy.

Mr. HATCH. I hope their opinion on that is better than many others that are brought forward in economic matters.

Mr. JOHNSTON. I quite agree.

Mr. HATCH. I have talked with a number of experts in synfuels, particularly on tar sands, oil shale, who indicate we could produce synthetic fuel from a commercially competitive standpoint for considerably less than $36.00/661.

Mr. JOHNSTON. I have heard those same estimates. I hope they are correct.

Mr. HATCH. I do, too.

Mr. JOHNSTON. But the point is that nobody can predict precisely where the prices will go. But all we have to do is make a Government guarantee of a price that is going where we think it will go anyway, especially, with a spot market price of $48 last week. All we have to do is give them that guarantee that, let us say, by the time they are on line that we will guarantee a price of $35 a barrel by 1987, let us say, which I think is a very safe bet. If we make that guarantee and that is sufficient to get them on line, it seems to me that is a guarantee for the American people. Because if prices reach that level, then it costs the American public nothing. All we have done is that we have made a guarantee which we do not have to pay off on.

On the other hand, if prices are less than that, then the American people win even more because, even though that would cost the corporation some dollars, the American people win by prices not having gone to where we think they will go anyway.

So it seems to me it is the genius of this price guarantee proposition, that the American people win if prices go up and they win if they do not go up. Either way, it is a good deal for the American public.

Mr. HATCH. It may be very true, in order to have an efficient and good program there will have to be some sort of guarantee against an oil price warfare that could be brought about by concerns, interests and powers outside the scope of the United States ability to control.

On the other hand, it may very well be if we want a program, and I do, and I think we have to go ahead with alternative fuels development, that the Federal Government will have to maintain a minimum price and a minimum market volume for those synfuels to be developed now.

On the other hand, the question is, should we do it by creating a governmental corporation, albeit outside of the Government? I claim that could interfere with the incentives that could come from free market development.

I have talked to many leaders in the field, oil and gas produces and others who literally are leaders in synfuel technology development, who say that if the Government is off their backs, they could produce at a profit now. I have talked to advocates on both sides of this, some feel they want the Government to come in, finish the job for them. The others say that if the bureaucrats are off their backs, that they could solve problems far more readily than with Government interference.

A number said they would prefer the Banking Committee bill because it does give a greater measure of freedom, in their eyes, with at least some protection.

The distinguished Senator is one of my acknowledged experts on energy in this Senate, he has really worked for——

Mr. JOHNSTON. I thank the Senator. If I may just reply, Mr. President, to that, and let me tell the Senator on that point——

Mr. HATCH. Let me just finish making the point.

Mr. JOHNSTON. Yes.

Mr. HATCH. Then I will be happy to yield.

The fact is that there are, basically, three viewpoints. One is, just let us alone, we can develop them, but we are afraid once we put the tremendous capital into the programs, there might be some price war caused by those who would care to kill the program.

There are those who argue, let us let the Government do it for us. There are those who argue for a reasonable composite of the two, which appears to be closer to the Banking Committee position.

I have to acknowledge I have difficulties with all three positions. I am trying to solve those in my mind, to come up with a better approach.

What bothers me is that in the committee bill they are going to spend, whether we like it or not, $88 billion. That money has to come from somewhere.

Mr. JOHNSTON. Will the Senator yield on that point?

Mr. HATCH. Yes.

Mr. JOHNSTON. Under the Senate Energy Committee bill, we authorize $20 billion.

Mr. HATCH. I understand. But for the first phase, and when those 3 years and that analysis is done, then we have $66 billion, unless either House comes in and denies it, and I predict that will not happen.

Mr. JOHNSTON. In addition, first of all, we have the one-House veto.

Mr. HATCH. But that is not going to happen.

Mr. JOHNSTON. Well, it depends on the plan, whether it is good and appropriate.

Second, we must have the affirmative action of Congress in appropriating additional moneys because no money may be expected in phase 2 until and unless it is appropriated.

Mr. HATCH. That is true. But like all Federal programs, once they start, and we start funding them, they are difficult to kill. We do not want to admit that it was a big bust to begin with, that we did not face the realities of the problems on the floor, and we just continue to fund them and the taxpayer winds up being shortchanged.

Let me say something. Corporations do not pay these taxes, this $88 billion. We consumers pay those taxes. Anybody who thinks otherwise does not understand economics.

The fact is that the big oil companies are not paying taxes into this Government. It seems, theoretically, to pay what are called taxes. But they are just passing them on to the consumers. So the consumer ultimately pays the taxes. That is what a lot of consumers fail to recognize.

What I have difficulty with, primarily, with the approach around this surrealistic community, is the belief that the Federal Government can handle our moneys better than private sector organizations can.

I have not seen any evidence that the Federal Government understands anything about cost effectiveness. We may have to have a synfuel program. Let us assume that is essential, and I feel that it is essential. The question is, what is the best approach to use? Is it the committee bill, the Banking Committee bill, the House bill, or a composite of all three? I suspect that before we are through, it will be a composite of all three. I just hope that the final measure eliminates or sharply limits any direct investment of Federal moneys in the ownership or management of energy production facilities. I also hope that we do not spend more of the public's money than it can afford.

The trouble is with a bill that gives the Federal Government the potential to launder money through its bureaucracy. Bureaucracies tends to feed on consumer funds such as these, which are really costs that are passed on to the consumers as an additional tax or inflation; a tax that we in Congress are not willing to assess directly, and inflation that we assess even more indirectly. We say that we are going to benefit the consumer by spending $88 billion for the synthetic fuels program at presumably no cost to them. The end result, when we launder costs and put them through the Federal Government which has no functional incentive to manage and operate efficiently, is an insidious fraud against the public.

That is why I have a tendency at this point to agree with the Banking Committee version of the bill.

I do respect my very good friend and colleague from Louisiana. I know he understands this area very well, as does my friend from Oregon. Both are dear friends and both are highly respected in this body, and they are deeply respected by me. But I have these problems, and I think they are legitimate, significant problems.

Every time we want to solve a problem, we indirectly tax the people more and we say that we have to hit those big corporations. We say that we should not let those big oil companies get away with those profits, rather than saying to the oil companies that they should spend the money to find alternative forms of energy. We do not say that. We say that we are going to spend the money for the benefit of the people, and we wind up with less oil and gas and wages that buy less and less every day.

The Government never has been competitive nor efficient, and it never will be. In the end, the consumers pay for it all, anyway. We do this so that we can tax the people indirectly because we do not have the guts to tax them directly.

That is not necessarily a criticism of this bill, but it smacks of criticism of this bill.

It bothers me, because I do not see us putting the incentives where they really should be, in the efficiency and the productivity and the competitive areas in the private sector, and I do not think this does it.

Then, again, I am just one Senator, and all I can do is speak up and do the best I can.

I am interested in listening to the Senator from Louisiana, and I will be listening carefully to this debate. Right now, I have to say that I lean against the Energy Committee version of the bill because of the $88 billion. I do not think there is any question that we will have to provide a floor in order to have the synthetic fuels industry develop. I think most people have to acknowledge that that is the way it is, because it is going to cost billions of dollars. The question is, should we do it through the Government by laundering the money through a bureaucracy that never functions well, or should we do it through the private sector, through incentives? That is the question involved in this debate.

I believe that the Senator from Louisiana desires as much as I do total deregulation in the field of energy. I also agree with him that there has to be a change in Congress in order to do so, in order to benefit this country in the appropriate manner, and I believe that is going to occur, and it will occur in the next 4 to 6 years. Until then, we have to do the best we can, and I assume that one of these versions will be the best we can have in this area.

Mr. JOHNSTON. I thank the distinguished Senator from Utah, because he has contributed much in his ideas on energy.

It seems to me that if we can get across—those of us on the Energy Committee—what we are trying to do, we can count on the Senator for support, and I hope so.

First, let me talk about the $88 billion. The original program of the President, which was $88 billion in scope, was referred to our committee. We held hearings, and we came to the deliberate, decided, intentional decision not to fund $88 billion, for all the reasons the Senator from Utah has stated. We simply said $88 billion is too much.

Mr. HATCH. But, in essence, that is what it is.

Mr. JOHNSTON. What we decided to do was to go to two phases. In the first phase, you put one of a kind on line. Then, while they are developing their information base, their one-of-a-kind projects, such information as economics, the environmental effect, the social effect, what it does to the various communities—after they are well enough along into that process, about 3 years along, then they should be in a position to recommend a strategy to Congress, a long-term strategy. That strategy is subject to the one House veto.

Mr. HATCH. My experience with bureaucracy is that they typically recommend a strategy that perpetuates them and benefits them, and does not benefit the taxpayers of America. That is the problem I have with it. Then Congress will not act to change that, because we created this monster, and we will have to live with it for the rest of our lives.

Mr. JOHNSTON. I can tell the Senator that it is no more my intention to go with an $88 billion program than it is his.

Mr. HATCH. I know that.

Mr. JOHNSTON. If that is the chief concern here, we may be able to change that language, alter it slightly, to make it more clear than it is: That the second step in this process, which is the replication of what we have done in the first step, can be taken only with the assent of Congress. That, to me, is clear in the bill.

Mr. HATCH. It is not clear. The second steps says that we have to act to disaffirm, rather than that it cannot go forward without an affirmative approach of Congress. I would be much more interested in the Senator's bill, which he is sponsoring and arguing for, if we had a little stronger language such as that.

Mr. DOMENICI. Would the Senator from Utah vote for it if we did that?

Mr. HATCH. I do not know. I certainly would consider it more than I am considering it right now. There are some other aspects of the bill that I find to be a little odious, also.

Mr. JOHNSTON. I say to the Senator from Utah that that is no more my intention than it is his; and if there is something we can do to make that intention of the committee clear——

Mr. HATCH. Does not the Senator agree that the language is written so that in order to stop phase 2, which involves $66 billion, which inevitably will be brought forward by the bureaucracy, which will want to perpetuate itself—does not the Senator agree that the only way to stop that is to have a 1-house veto? Is that not the way it is written?

Mr. JOHNSTON. I think the Senator misconceives our program.

Mr. HATCH. I do not think I do.

Mr. JOHNSTON. The 1-house veto applies to the strategy. In other words, the synfuels corporation comes in with a strategy. They may say, "Yes, we want to go." They may say, "No, let's delay. Let's not decide until we get the plants on line and producing." We do not know what they will say. But they present that strategy to us, and they cannot even ask for money until the strategy is approved.

Mr. HATCH. The Senator is saying that it becomes an annual appropriations matter which the full Congress can look at each year?

Mr. DOMENICI. Thereafter.

Mr. JOHNSTON. Under the $20 billion program—and the $68 billion program in phase two would be like the $20 billion program—you have a two-phase appropriations action. The first phase is to appropriate appropriation authority, and we have done that in the appropriations bill which is now pending in Congress. That is $20 billion appropriated to this revolving fund.

Mr. HATCH. And if phase three calls for $68 billion, that will be appropriated as well.

Mr. JOHNSTON. Follow me on this. We have to have the affirmative action of Congress in appropriating the budget authority. Second, it requires a second appropriation. So that, in effect, in the $20 billion program now pending, it is going to require two acts of Congress before the money is forthcoming.

So what we have before we can go into phase two here is a one-House veto on the strategy and two acts of Congress with budget authority and with appropriations that have to be approved affirmatively.

To us on the Senate Energy Committee, that meant, in effect, that you are going to stop and let Congress decide when, if, and how much on phase two. That always has been our intention.

We philosophically rejected the original approach in the administration which said, "Let's go with the $88 billion program now—with $22 billion additional authorized every other year."

We specifically rejected that.

I say one other thing to the distinguished Senator. When he makes his decision between the Banking Committee bill and the Energy Committee bill, and particularly with reference to this Corporation, let me tell the Senator why I think the Corporation will work much better. We set up an independent corporation with five members which cannot be removed except for malfeasance or nonperformance in action. It is not as bad as an impeachment. In other words, they can be removed only for cause. The President has indicated he will appoint people to that Corporation who have as their first interest the fulfillment of the object of this law which is to demonstrate synfuels technology. They will not be charged with anything else except demonstrating that technology. And they will be insulated from Presidential elections, from the latest fad in Congress, and from the latest whims of the American public in terms of changes of opinion.

That danger of a change in opinion may be totally imaginary. It may be that the American public, Congress, and the President have all resolved now and forever to go through with this program.

But let me tell the Senator the history of synfuels in this country would indicate that is not so. We have started and stopped so many times that industries which would contract with the government agency will have a lot more confidence in this kind of synfuel corporation which is made up of tough-minded business people rather than they would in dealing with DOE. I share with the Senator his sentiments about DOE. It is a bureaucracy as bad as I guess any we have. They are slow-moving. You just cannot get anything out of that crowd over there. I mean the trouble with energy in this country may be epitomized to some extent by inaction in DOE. Let us get a separate corporation, give them the mandate, and say:

> Look, put on line about 10 of the synthetic fuels plants so we can find out if they work, if they work economically, and if they work environmentally and if they work socially, but let us do it once and get them on line and let us do it as quickly as we can consistent with sound economics and sound environmental policy."

That is the genius, it seems to me, of our bill.

Mr. HATCH. I understand.

Mr. DOMENICI. Mr. President, will the Senator yield?

Mr. JOHNSTON. Certainly, I yield.

Mr. DOMENICI. I say to my good friend from Utah I agree, as one of those who has worked hardest on this bill——

Mr. HATCH. And I commend my colleague.

Mr. DOMENICI. —that bureaucracy is what is going to hold up synfuel, and he should be down here arguing against that Banking Committee bill and the expansion on it. It is going to be expanded before it leaves the floor to $20 billion, because it is acknowledged that $3 billion will not do anything in the field of synthetics. They are going to expand it. And what is going to be the result? Exactly what concerns the Senator, because the Departments of Energy, Transportation, and some other bureaucracy, are going to run that program. What we decided was that that will not work. The private sector will not contract with that kind of institutional relationship. It just will not fly.

So if the Senator does not want any, then he should vote against ours. If he does not want any synthetic fuels vote against this one because if he is voting against ours to have theirs because he wants synthetic fuels, then every one of his arguments apply, every one. He will have bureaucracy ad nausea. We have had it for 4 years. There is an authority down there and they have not produced one single pint of synthetic fuel and financial experts, contrary to what is being said that they do not favor the Corporation, favor everything the Corporation stands for and can do.

Ask yourself: If everyone says what this Corporation can do is what we need, but we are not for it, then what are you for? They will admit that you will not get any production through the bureaucracy. So we would be at this point: We get no synthetic fuel development, a nation with huge resources sitting there undeveloped, with our defenses in a state of vulnerability every day, 700 billion barrels of crude oil locked up in shale, 700 billion.

Mr. HATCH. I am very aware of that.

Mr. DOMENICI. We are hostage by 8 million a day. The Senator gets up every day worried about America because of energy, requiring 8 million barrels a day. We have 700 billion barrels locked up undeveloped, and 300 years of coal, not barrels, 300 years of today's Btu's locked up in coal. Are we just going to burn it or are we going to turn it into gas, going to turn it into liquids, going to turn it into ethanol which in turn makes gasoline? No, some say, let the South Africans do it with American genius while we stand around arguing precisely as the Senator has that the bureaucracy cannot do it and conclude wrongly when we say, therefore, do not vote for the corporation. Because that is precisely why he should vote for it, because it is not bureaucracy. It is not civil service. It is five people. The President is committed to a prominent businessman to head it, goal oriented, hard-nosed.

I commend the testimony of one of the best finance men in America, David Goodman, of Morgan, Stanley and Co., who concludes precisely as the Senator does:

> Philosophically I hope we do not have to have a corporation. I wish we did not have to because I do not like to create new entities. However, it will never happen dealing with a bureaucracy. It will never happen with a Banking Committee bill. I reluctantly conclude, we better create an independent entity, give it hard decision-making ability, and get on with producing it.

Mr. HATCH. I think the point that the Senator from Louisiana made was a good one, and that is when are we going to be able to get full deregulation which would provide an overwhelming incentive to go out and find the solution to these problems?

Mr. DOMENICI. We will not get it in time.

Mr. HATCH. There is some question that we will ever get it. If I am right, it will be in the next 4 to 6 years. That is still a delay factor that could be very harmful. That does argue favorably for some aspects of the Senator's position. I have to admit I am still considering both versions of this thing.

The point I am more concerned about than anything else, though, is the $88 billion cost. Maybe $3 billion will not do much. The Banking bill does provide more actual involvement than $3 billion, but $88 billion through the Federal Government, as a matter of fact, with the right to put this money almost anywhere these few people at the Energy Security Corporation desire to put it, I do not think that is the answer either. As a matter of fact, I know it is not, I am sure that if Gerald Ford were President there would be concern on the other side of the aisle about who is going to head this Corporation; while Jimmy Carter is the President, there has to be concern on this side of the aisle. If TED KENNEDY is President, there has to be concern on both sides of the aisle, as far as I am concerned, because he has a specific philosophy with which many within this body on both sides of the aisle disagree as far as energy and energy development are concerned. But that does not mean that his ideas are not good, they are simply at odds with those, of many of his colleagues.

I would say, in summation, a commercially viable synthetic fuel industry cannot be created in a synthetic economic context, and that may be what we are doing here, violating the basic role of the free market, which is more likely to create white elephants than to successfully prime the pump of synthetic fuel.

Indeed, the Government tendency to subsidize energy prices discourages industry from synthetic fuel production because businessmen fear tampering with their own prices. When the time for synfuels comes, American firms will be recognizing it, and I think act accordingly.

What I am worried about is the wasting of scarce American capital. Now is certainly not the time to be wasting scarce capital pursuing big Government's traditional predilection with the Rolls Royce solutions to problems that would be better solved with pickup truck ideas. More importantly, it is not the time to promise the public free, Government, solutions to problems that under any circumstances are going to be very costly to all Americans.

One of my dear friends happens to be Dr. Oblad at the University of Utah. Alex Oblad is one of the top catalytic chemists in the world. At the University of Utah they have been working on developing oil from tar sands for the past several years.

They feel they achieved a breakthrough, and they can solve the remaining problems. With a few incentives they can literally develop the tar sands, vast quantities of which exist in Utah and elsewhere in this country and in Canada. Yet they have asked for a mere $350,000 for the University of Utah to be able to accomplish this, and instead they have been cut back 60 percent.

Mr. PROXMIRE. Mr. President, will the Senator from Utah yield?

Mr. HATCH. I yield.

Mr. PROXMIRE. I want to commend my good friend from Utah, and I want to point out that in his colloquy with the Senator from New Mexico he seemed to have been put in the position of not favoring synthetic fuel.

Mr. HATCH. Oh, no, I favor it.

Mr. PROXMIRE. I am sure the Senator does. The Senator's position in support of the Banking Committee bill is based on the fact that this is the way you are much more likely to get an orderly, more effective, and substantial production of synthetic fuel than through a crash program.

Certainly it has been my conclusion, and the experts who testified before our committee were unanimous in the notion, that if you go ahead with a crash fuel program, you go ahead with a huge Government corporation dominated by the Government, that you must——

Mr. HATCH. By one person, in essence——

Mr. PROXMIRE. By one person.

Mr. HATCH. Is what is going to happen, whoever he may be.

Mr. PROXMIRE. Furthermore, you are guaranteeing, if you try to have this very large number of projects come on all at once, a tremendous inflation in equipment prices in that area, in manpower prices in that area.

I pointed out this morning the number of professionals who are capable of working in this area are about 45,000, and these projects will come in and demand 24,000 in addition to that. Where are they going to come from? I mean the effect of this program is bound to be distorting, inflationary, and inefficient, and could result in discouraging the private sector from moving in as only they can move in, efficiently and effectively, to produce what we need. That is why the private sector, so far as I can tell now, is overwhelmingly in favor of the approach we have suggested.

Mr. HATCH. I appreciate the comments of the distinguished chairman of the Banking Committee.

Mr. DOMENICI. Mr. President, will the Senator clarify something for me? I think the Senator from Wisconsin was not present when you said you had not made up your mind to support any of the bills at this point. He is indicating you support the banking bill. You have not said that, have you?

Mr. HATCH. That is correct. I have not made up my mind on it, but I will say this: I do tend to support the banking bill over this one because of the potency of $88 billion in direct Government expenditures and other dubious approaches that are taken in this bill. But basically they have been compromise approaches trying to put something together.

I commend both of my colleagues who are managing the bill at this time because they have both worked long and hard in a very difficult context and in a difficult committee, which we have watched operate now for the past 3 years and amid tremendous conflicts in the field of energy in both the House and Senate, and both have worked long and hard, I think favorably, for the American people.

Mr. JOHNSTON. Mr. President, I wonder if the Senator would yield?

Mr. HATCH. I commend the Senators for it.

But, on the other hand—and I will yield in just a few seconds—I am concerned about the bill that has come out of the Energy Committee, and it does bother me.

I yield to the Senator from Louisiana.

Mr. JOHNSTON. I wonder if the Senator will yield long enough for me to clarify something that the Senator from Wisconsin stated when he just said that as far as he could tell the private sector is for the banking bill. Let me say that it is a little bit difficult to find out precisely where the private sector is, but I am advised that, for example, the American Gas Association is for the Senate Energy Committee bill; I am advised that the National Association of Manufacturers is neutral on the question of the Banking versus the Senate Energy Committee bill. I do not know where the Chamber of Commerce stands.

Mr. PROXMIRE. The Chamber of Commerce definitely is for our bill. They were at our press conference.

Mr. JOHNSTON. The American Gas Association is for our bill; the National Association of Manufacturers is now neutral.

Mr. PROXMIRE. Well, may I say the National Coal Association has changed their position. The letter read by the Senator from Colorado indicated they now support the Banking Committee bill. Also the Committee on Economic Development which, of course, is an outstanding business organization, supports it; also the Chamber of Commerce; also the National Federation of Independent Business supports it. Also, the American Mining Congress supports our bill.

I would say on the basis of that, that it is a pretty solid support in the business community for the banking bill.

Mr. DOMENICI. Mr. President, will the Senator yield? The Coal Association supports it if you will amend it to $20 billion. They do not think $3 billion does very much.

Mr. PROXMIRE. That is what the telegram says.

Mr. DOMENICI. They do not put $3 billion in, but they indicate a minimum is $20 billion.

Mr. HATCH. Since I have the floor, if I can say this, would the two Senators who are managing the bill support it if we had $20 billion? The fact is you would not. We are talking about $88 billion.

Mr. PROXMIRE. That is right.

Mr. HATCH. My problem is we come up with these programs around here that are really, in essence, indirect taxes on the consumers and taxpayers of America. We do not go up front and tax them, but we wind up really escalating costs more than ever, and in the process a small select group of people here in Washington wind up buying votes with that money, and that is really what happens.

Maybe there is less chance with one supposedly quasi-governmental corporation with only five people at its head, one man who is supposed to be a super businessman whom everybody is going to love, who can make these decisions in an impartial, wonderful, reasonable context.

I do share—and I might mention this to my good friend from Wisconsin—the concern that my two friends from Louisiana and New Mexico have raised that in the Banking Committee bill we will be turning over whatever funds are approved, assuming that the Banking bill is passed, to the DOE and other presently existing agencies of Government that have not shown a propensity for being able to produce energy solutions for America thus far.

I have to share their viewpoint that it may be impossible for them to ever show a propensity that benefits the American people with regard to the creation of energy or the conservation of energy in America.

Part of that, though, I still have to admit is the Congress fault because we have not faced reality and acknowledged that really deregulation of prices is the best way to create conservation and stimulate production. It is the best way to reduce the demand, and probably the best way to increase supply, as you give incentives to go out and find more and make it economically viable to do it.

I have just brought out another point. Dr. Oblad, I just chatted with him yesterday, told me that for $350,000 they can continue this tremendous program of resolving tar sands production problems and they have been cut back 60 percent by the people here in Government. What is $350,000 when we are talking about $88 billion, and here is one of the leading scientists in the world working there at the University of Utah to achieve significant progress toward a solution? I do not understand. I never will understand it. We do talk about $88 billion, and we cannot even raise $350,000 for one of the best catalytic chemists in the world, and a whole crew of people he has brought together, when he is working without salary, at the University of Utah, donating his time. To me that does not make sense, and yet that is exactly what is happening.

I do not think any of you here on the floor would disagree with what I am saying right now. When you have somebody donating his time, who is an acknowledged expert in the field, who has brought together tremendous expertise, and who has accomplished more in this field than anybody, and yet he cannot even get some Federal funding that is commonly given in this area.

I think that is a tragedy.

Now, all I am trying to say—and I guess I should end here for today— because I will have more to say on this bill—is that I worry about the way both bills are written. I am extremely concerned about $88 billion laundered through the Federal Government that we have to pay throughout this country.

The Western States have a tremendous reserve of synthetic fuel resources. We have a tremendous amount of oil that can be drilled for in the overthrust belt in Utah and its extension in other Western States. It used to take up to 90 days to get an oil well drilling permit. Now it takes a year and a half or more.

Mr. DOMENICI. Mr. President, will the Senator yield for a question? What does "laundered" mean? How are we going to launder the taxpayer's money through this bill? Maybe I do not understand the bill.

Mr. HATCH. When I am talking about about laundering the money, I am talking about indirect forms of taxation that quite literally come from the private sector having to support vast nonproductive bureaucracies in addition to the actual private investments required to produce energy. I do not think that the Energy Committee's bill corrects this.

That is what bothers me. There is $88 billion. Who is going to work with that money? We may have some superbusinessman who would please everybody in America. I would like to meet him if he can do that. Some day we may find such a man, but he has to have literally thousands of bureaucracy members to help administer this program. I do not think there is any way around it. Maybe I am wrong about that; I would be happy to be corrected if I am wrong.

We are talking about 88 billion bucks that have to come from somewhere. We are not going to tax the people. We are going to tax them indirectly. We are going to tax them indirectly by making them pay more for the energy that is found.

These bills concern me. I want synfuels developed. I want alternative energy sources developed. I think if we would give incentives to the private sector, we could do that, and I think probably what I am talking about more than anything else is total deregulation of the market, so that could give them the incentives to go out and find oil and gas.

The people of the Northeast, who are really energy insufficient at this time, many of the representatives of the people of the Northeast are constantly arguing for the lower prices that come about as a result of price controls. The fact of the matter is that the more we keep price controls on, the less energy we are going to have, and the higher prices are going. Some of us who have energy-rich States, albeit manufacturing-poor States, perhaps—I am not talking about Utah, because I think we are rich in both areas; we are certainly rich in energy resources that could be developed for the benefit of the East—I think we could solve most of the East's problems, but the only way we are going to get there, certainly, is to have total deregulation of the cost of energy in America. With the replacement cost of energy rising, we would, it seems to me, naturally conserve, and will find more energy and have more energy, to help resolve the problems we have been going through.

I am not sure that the Energy Committee version does that. I acknowledge the tremendous efforts of my two colleagues who have argued for that bill on this floor. I have inestimable admiration for both of them. I have seen the frustrations they have gone through over the last 3 years and before that. I would like to support them under ordinary circumstances, and I am not sure I will not support them yet; but even they have to admit there are better ways of solving these problems than this particular bill, and perhaps even than the Banking Committee version.

The question is, Is the Banking Committee version a better bill in the final analysis, and will we be farther ahead, with less cost to our consumers and more incentives to go out and find more oil and gas and alternative forms of energy to solve the problems we have in this country?

Those are the problems as I see them. I think it makes no sense that, in order to go out and buy more votes, we will have an excess profits tax which, again, will be laundered to fit the bureaucracy, to the detriment of every consumer in America, under the ostensible purpose of nailing the big oil companies, which may have faults, but, on the other hand, I am sure could be given incentives to spend those moneys in a conservative, free enterprise, private sector, efficient way, to give them incentives to go out and find more oil and gas and develop alternatives as these supplies dwindle. And solve the problems this country faces.

Mr. President, I yield the floor.

(Mr. PRYOR assumed the chair.)

Mr. EXON. Mr. President, I would like to address myself to the issue that confronts us in the United States Senate. I have been studying this issue for some time now. I do not serve on either the Banking Committee nor do I serve on the Energy Committee. But, over the last several years, I have had a great deal of experience, both as an individual American and as the Governor of a State, in trying to allocate and administer the Federal energy programs.

Frankly, the Federal Government has never come up with a program that is very workable or does too much good. I am not sure that the one, two, or three bills that we are discussing here are going to solve the problem.

But I say, once again, let us put this in perspective. The facts of the matter are that the United States of America today is at one of its most serious crossroads in this Nation's history. If we were in this room today debating whether or not we were going to spend $88 billion, maybe, in some form on a phased basis for national defense, there would not be any question about how the vote would go.

May we have order in the Senate? I am delighted to see this many Senators on the floor of the Senate, but I would like to have them hear what I am saying.

The PRESIDING OFFICER. The Senator from Nebraska is correct. The Senator has the floor. Senators should show him the courtesy of an attentive listening.

Mr. EXON. I do not particularly like the part of the Energy Department's bill that says we are going to create a new bureaucracy. I do not like that. It would seem to me that we should somehow be able to work this through the Department of Energy, which is already an overblown bureaucracy that has not done its job for the last several years. Nor am I particularly thrilled about that portion of the bill that says that we are going to take $20 billion to start with and possibly up to $88 billion before we are finished, to pump taxpayers' money into a program that some think the free enterprise system can solve. So I am not happy with those parts of the Energy Committee's recommendations.

But, after studying this and after listening to arguments on both sides of the issue by Members of this body whom I hold in the highest possible esteem, I am convinced, Mr. President, that we only have one real option, and that is to come down in support of the bill offered by the Energy Committee, because it seems to me that every other thing before us is a situation, once again, of too little and too late.

How late are we? Mr. President, in 1973, when we were strangled by the first embargo on oil, we were importing at that time about 35 percent of our petroleum-based energy needs from abroad, most of it from the OPEC countries. There was a lot of wringing of the hands at that time and there was very little action. We were talking then about an energy crisis.

But since 1973, despite well-intentioned Federal programs, despite the creation of a Department of Energy, despite the creation of what was supposed to be some incentive, despite the fact that we have finally come to the deregulation or partial deregulation of oil domestically produced—and I recognize that we have not given that enough time to work yet—but despite all of those actions during those intervening years from when it hit us between the eyes in 1973 up until now, we have increased, Mr. President, our imports of oil from 33 or 35 percent, until today 50 percent of the petroleum that we consume in the United States of America is being imported.

What do we see looking into the future? I do not think any of us know what we are looking for in the immediate future. But we have got to try to look through a window, if you will, and see where we are.

I hold no torch for the major oil companies, nor do I think that they should be made a political whipping boy time and time again and be blamed for all of the problems that we have had in the energy area. They are at fault. I am at fault, as an individual, because I use too much energy. Certainly the Congress of the United States, the House of Representatives and the Senate, have been at fault. Certainly the executive has been at fault. But I believe that we should give credit where credit is due in this instance, at least at this time. The President of the United States has come forth and is backing the first program that we have had that attempts to lick the problem.

Looking into the future, Mr. President, I ask unanimous consent to have printed in the RECORD following my remarks an article that appeared in the Oil Daily on October 29, 1979, by Mr. David Tinker, wherein he quoted an executive of the world's largest oil company, Exxon Corp. The title of the article is "U.S. Imports To Reach 64 Perdent by 1990 Despite Quotas, Exxon Executive Predicts."

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. EXON. Mr. President, I would like to point out that the first paragraph of this article states as follows:

> The United States will end up importing up to 64 percent of its crude oil needs by 1990 despite a downward trend in refined products consumption, an Exxon Company U.S.A. official predicted here.

He goes on to say that between now and 1990 we will be in a very tight balance, and if there is another Iranian thing we will have another serious shortfall.

We are strapped today.

The news today says a group of Iranian students, of all things, has taken over the U.S. Embassy in that country and we are powerless to do much about it.

I heard Senator JACKSON on the floor of the Senate this morning, when I was in the chair, talking about the fact that we are powerless. I think most of us would like to say let us call everybody out of there. Let us call them home and let Iran worry about themselves.

Do you know why we cannot do that today, Mr. President? The facts are that the oil imports we have from Iran are in such a tedious balance in meeting our daily needs where half of the gasoline I burn in my automobile and half of the gasoline burned by people of the United States across this land is imported from abroad, and yet a rather small percentage of that comes from Iran.

The facts are that that is such an important part, and it is in such a tedious balance that we are facing day in and day out that we dare not act.

What we are debating here today is whether or not we are going to do something, even if we are going to make some mistakes, in relieving the situation that this country is confronted with today and has been confronted with for a long, long time. That is the foreign powers today literally have their hands around our military and economic necks in the United States of America.

I would say to you, Mr. President, that the prediction by the president of the Exxon Corp. is likely to come to pass, if, Mr. President, the people in that part of the world are still interested or are still in a position to ship their oil to us which we so badly need.

I join with the vast majority of my colleagues in the Senate today in concern over the ever growing power of the Soviet Union militarily. I would predict, regardless of the outcome of the upcoming debate on SALT, we are going to be spending billions and billions of dollars more for national defense because that is something that most people in the United States can understand. They are rightfully fearful of the ever growing power of the Soviet Union in the area of military expansion, if not superiority in some areas, over the United States.

The point that I am trying to make, Mr. President, is that what we do on energy is, in my opinion, even more critical in the years ahead, certainly by 1990, to the interests of the United States and the entire free world, even than the increased military expenditures we are going to make. We really do have a crisis.

I do not know, Mr. President, whether we are taking the right action or not, but I would say, in closing, that, after studying these bills—there is no perfect bill—I believe it is in the best interests of the United States of America if we get on with endorsing the proposal which has been carefully thought out by the Energy Committee of the Senate. While it is not a perfect bill, if we are going to make a mistake, Mr. President, let us make it on the side of the United States of America, or if we are going to err, let us err on the side of too much investment to meet this Nation's energy needs.

EXHIBIT 1

U.S. IMPORTS TO REACH 64 PERCENT BY 1990 DESPITE QUOTAS, EXXON EXEC PREDICTS

(By Dave Tinker)

DENVER.—The United States will end up importing up to 64 percent of its crude oil needs by 1990 despite a downward trend in refined products consumption, an Exxon Co. USA official predicted here.

William R. Finger, Exxon's coordinator of energy analysis, said the Organization of Petroleum Exporting Countries has the capability to supply U.S. oil needs. However, they can "collapse that number."

"Between now and 1990, we will be in a very tight balance. If there is another Iranian thing, we'll have another serious shortfall. If not, oil supplies should be sufficient," Finger said.

ABOVE CARTER QUOTA

He admitted that the 64 percent import level would surpass President Carter's goal of 8.5 million barrels a day, and probably in the next two years.

"To go less than that (the 8.5 million), something must happen in the 1980–82 time frame. The government anticipates a higher domestic production level. If they're right, then the 8.5 is attainable.

"But it's hard to see what can hold up domestic production. The biggest impact on consumption is the economy. You can't hold down consumption and have economic growth," Finger asserted.

Finger's projections show economic growth shrinking from a 4.1 percent gross national product increase for the past 10 years to about 3 percent. At the same time, energy demand will drop from about 4.1 percent to 1.8 percent.

"The ratio of real economic growth to energy growth is changing," he noted.

The highest savings between now and 1990 will come from transportation, including automobiles, which will cut consumption by 35 percent. That compares to a savings of only five percent in 1977.

"What this will do," Finger said, "is turn gasoline from a growth fuel to a non-growth position. Gasoline in the mid-80s might shrink to six million barrels a day demand from 7.5 million in 1978. Demand in 1979 is projected at about seven million barrels."

INDUSTRY SAVINGS

Industry will account for the second highest energy savings up to 1990, cutting its use by 23 percent. Finger explained that by noting that industry is presently in a retrofitting phase which will be complete by the mid-80s.

Electrical utility consumption will grow only 3.6 percent, Finger said.

Mr. RANDOLPH. Will my able colleague from Nebraska yield?

Mr. EXON. I will be glad to yield.

Mr. RANDOLPH. I think it is heartening to hear in this Chamber these words of realism on reference to the need for the passage of the pending legislation reported from the Energy and Natural Resources Committee. It is not a pleasantry when I commend the knowledgeable Senator who comes from an area of the country that can join other areas of the country in producing the substantial supplies of oil and coal and agricultural and even forestry products that can go into a general, across-the-board, synthetic liquid fuels program.

The Senator is so right in saying that to delay, of course, simply means possibly to invite defeat. I hate to use those words but they certainly are true, because inextricably our energy strength must be assessed against our military strength. Let us keep ourselves here at home, strong, vibrant, and able, with the ability to take care of ourselves if direct physical confrontation comes again, until as Tennyson said in Locksley Hall, in that famous poem:

> Till the war drum throbbed no longer,
> And the battle flags were furled;
> In the parliament of man, the federation of the world.

We hope his prophecy can come true. But we must be realistic in this Senate, in the Congress, and in the Administration. I think the majority of the American people are not only aware, I say to Senator EXON, of this situation, but they are alarmed. They look to all us in authority at the Federal level of political jurisdiction to act now, not later. As I said earlier today, if we wait we might not have the opportunity of making mistakes, that only effect funding levels of programs we know are tied to our national security.

I appreciate the soundness of the remarks made by our colleague.

Mr. EXON. I thank my friend from West Virginia, Mr. President, very much for those remarks. I did hear his earlier statement. I certainly wish to associate my remarks likewise with those of the senior Senator from West Virginia.

In conclusion, let me say that, while this is probably not a perfect bill and while some amendments might be accepted as a part of the Senate deliberations in this regard, it seems to me that we must be awfully careful that we do not fall back into the trap of fighting the new kid on the block, which happens to be the proposal advanced by the Energy Committee, just because it is going to launder some taxpayers' funds through the Federal bureaucracy, or because the free enterprise system is going to be interfered with once again.

I hope that we can realize and recognize that if we are dependent upon 50 percent of our oil imports today from foreign countries and if it is true that this is likely to go up in the future to something like 64 or 65 percent in 1990, then I say, Mr. President, that, without the massive investment of Federal dollars that is necessary, even if it has to be laundered through the bureaucracy and even if we have to help out, along the line with Government involvement, the free enterprise system—as we have done many times in the past, when we have been in a national crisis—let us not be persuaded with those old arguments that I think do not stand the scrutiny that we need to give as we look to the vital energy crisis of the United States of America.

Mr. President, it seems to me that we have dillydallied too long. Once again, I say, let us move forward as best we can under what I think has been a reasonably well-thought-out program that has been advanced by our Energy Committee.

I thank the Chair and I yield the floor.

Mr. DOMENICI. Mr. President, I rise to commend the distinguished Senator from Nebraska for his analysis and his words of wisdom here this afternoon. I hope the Senators who are in the process of making up their minds with reference to this legislation will heed his words.

I only say to the Senator that if the United States ends up having a serious economic downfall or a significant military loss because of our dependence upon foreign crude oil and we, as its leaders, have left 700 billion barrels of crude oil locked up in the shale ore of America, 300 years' worth of coal that could be converted with our genius to alcohol and ultimately to gasoline, 30 billion tons of oil in the tar sands of this country—if those events occur and that is still locked up there, then I submit the arguments against this bill will pale when it comes to the question of who will bear the responsibility for the failure to act when action was needed.

I commend the Senator.

Mr. JOHNSTON. Mr. President, I join in the commendation of the distinguished Senator from Nebraska who has given what I think is one of the best formulations I have heard of the fix this country is in and what it is going to take to get out of it. I hope he will be on the floor with us to repeat that message. I think it is one that really needs to be heard.

It is better, as the Senator says, to err on the side of being sure that we have the resource developed, rather than being so concerned about other things. We have simply had enough delays.

It was 52 years ago that the Federal Government began its first experimental retort on shale oil—52 years ago. The old Department of Coal Research began 52 years ago. Since then, we have had more starts and more stops and more changes of mind and shifts in the direction of the political winds. It is time now, in 1979, 52 years later, for us to say we have had enough false starts; let us make up our minds now and create a group that has the power and the mandate to develop those resources.

Give them that mandate. Give them a sufficient amount of money in phase 1 to get it done, and do it. But do it now and let us not have another 52 years or not even another 52 weeks of delay.

Mr. President, I think I am at liberty to say that on this synfuels bills, we do not intend to have any votes today. Unless some other Senators want to be heard, I suspect that we shall call for a quorum and yield the floor. I understand the majority leader may want to bring up some other items on which there may be votes, but I think that, by the will of the majority and the minority, as well as Senator PROXMIRE, there will be no votes on this synfuels bill today.

So, if no one else has a word to say, Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, the distinguished Senator from Louisiana and the distinguished Senator from New Mexico have criticized the $3 billion authorization in the Banking Committee bill. They have also criticized my statement that we intend to raise our authorization. They say our figure is not well thought out and that the figure is still too low.

I would like to briefly discuss several reasons why our bill would require a lesser authorization than the $88 billion provided in the Energy Committee bill.

It is true that $2 billion to $3 billion might be right for a 50,000-barrel-day plant for the life of a project. The Banking Committee feels that what we should do is to provide for the broadest kind of understanding in the private sector, and not just great big plants, but smaller plants, too.

We provide assistance, for example, for a single commercial module in several cases.

For instance, oil shale industry representatives have testified that one module may be sufficient to demonstrate the technological and economic viability of a given process.

So in the case of oil shale, the Banking Committee bill could mean a 10,000 barrel/day module, not a plant made up of five 10,000 barrel/day modules.

Oil from shale is nearly price competive, as the Senator from Colorado pointed out, and that is where two-thirds of the shale in this country is located. It is nearly competitive with world oil prices now.

Oil from shale is estimated to cost about $25 a barrel. Assuming the price of world oil will rise faster than the price of oil from shale, one can easily argue that Government price guarantees will result in little or no Government outlays.

Therefore, probably little of the $3 billion provided by the banking bill would eventually go to shale projects.

I might point out to the Senate that the two fundamental synthetic fuel areas are oil shale and coal.

Purchase commitment/price guarantee contracts running more than 7 years would be subject to a one-house congressional veto under the banking bill.

Therefore, most, if not all, such contracts would provide subsidies for 7 years or less.

The $2 billion to $3 billion cost figure of the Energy Committee is based on subsidies running for the life of the plant.

Since the Energy Committee appears to believe that synfuel prices will soon become competitive with world oil prices there is no reason to assume such longstanding support will be needed or justified.

That is why we argue that the $2 billion to $3 billion cost per project is, in any event, more than is probably going to be needed.

Because loan guarantees are limited to 75 percent of a project's cost we obviously get more mileage out of a loan guarantee than if it were 100 percent. For every $75 million put in, you get a $100 million project.

Furthermore, because $1 appropriated for loan guarantees would permit $3 in guarantees under the Banking Committee bill, $1 authorized under this bill would support a $4 investment. So a $1 billion coal gasification project would be supported by a $250 million appropriation under the Banking Committee bill.

If the authorization of the Banking Committee is increased, I would favor an absolute limit on loan guarantees to preserve the preference for purchase commitments.

The energy bill requires a $1 set-aside for each dollar of contingent liability. The Banking Committee has no such requirement.

Mr. President, I point out to the Senate that a great deal of criticism has been focused on the $3 billion in the Banking Committee bill and not much has been focused on the $88 billion in the Energy Committee bill.

I am informed that that $88 billion was arrived at over lunch, and it is my best understanding that it was arrived at between a prominent Washington lawyer and a member of the administration. As lunches go, I would not be surprised if the lunch had been pretty well lubricated, and as they got into the first martini, this might have been $20 billion. At the second martini, maybe it went up to $40 billion. At $88 billion, the only way you can explain it is by the quality of the martinis in this town—particularly when the vermouth is of low quality and the gin is of high quality. It is clear that these gentlemen were flying high when they moved into $88 billion.

I do not know of any program that has that big a price tag. What justification have we had for $88 billion, except that it was arrived at during lunch by a conference of congenial companions, after a typical Washington libation or two? There is no justification for $88 billion.

We are challenged on the $3 billion all over the place and I have just given a careful analysis of how that $3 billion could provide for a great deal of synthetic fuel commercial development. I also have indicated our willingness and our flexibility to provide for some increase, and perhaps a substantial increase.

Mr. President, I hope that, under those circumstances, we can get some kind of justification for going to $88 billion. As I say, the biggest single vote I can recall at any time for a new program is this one.

There are other ways the funding requirements would be greater for the Energy Committee bill. It provides for

Government funding of Government-owned plants and joint ventures, which are not permitted to be built under the Banking Committee bill. By definition, the Government-owned, contractor-operated—the so-called GOCO—and joint venture plants would be in addition to plants that otherwise would be built under either bill. That is in the Energy Committee bill; it is not in the Banking Committee bill. This adds to the expense right off the bat. The fact that these plants would be less efficient than the privately funded plants would add further expense.

Although the Energy Committee says that 8 to 10 plants would be built in the first round, the bill does not require that, and there could be more.

The Synthetic Fuels Corporation is authorized to spend $35 million annually for administrative expenses. With adjustments for inflation, this expenditure could easily exceed $1 billion over the life of the program.

Because of the requirement that the second phase begin within 3 years, the second-round duplicative plants will be under construction at the same time as the first-round plants.

Mr. President, the whole purpose of both these bills is to develop information, understanding, and confidence in the private sector, so you have a commercial operation that has been tried, a commercial operation that works, a commercial operation that can get funding, a commercial operation that has had the bugs worked out.

That is why we think it is desirable to proceed with a first phase first, to know what we are doing, before we decide whether we want to go ahead with 10 or 20 or no additional funds. None may be needed. If the first phase works out, as it possibly would, particularly in the area of oil shale, where they are very close to commercialization now, it may be unnecessary to have a second phase funded by the Government.

So, for many reasons, which are detailed in the Banking Committee report, the Energy Committee's procedure is much less efficient—with respect to a second-round duplicative plant under construction at the same time as first phase plants. It is much less efficient and much more costly than a deliberate approach such as embodied in the Banking Committee substitute.

Mr. President, these are some of the many reasons why I believe the Banking Committee substitute, which will soon be before the Senate, is more efficient and less costly than the Energy Committee substitute.

Mr. President, I suggest the absence of a qourum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROCEDURAL PROPOSAL

Mr. ROBERT C. BYRD. Mr. President, I take the floor at this time to express the hope that it might be possible to proceed through the pending business, S. 932, title by title.

The need for that procedure is due to the fact that the bill contains several major titles with steep subject matter—for example, solar bank, energy conservation, synfuels—and different floor managers are required for the different titles.

I raise this possibility today, and I ask the respective cloakrooms to explore it through the hot line, and I invite Senators to respond to the Democratic Policy Committee staff no later than noon tomorrow.

So I give notice in the RECORD today, to give Senators time to respond, hoping that it might be possible to put together this kind of request. It would allow for an orderly procedure.

I invite the distinguished Senator from Wisconsin, if he will, to give his reaction to it at this time.

Mr. PROXMIRE. I say to my good friend, the Senator from West Virginia, the majority leader, that I favor this. I think it is an orderly way to proceed. If we do that, as I understand it, we will finish with one title.

Mr. ROBERT C. BYRD. Yes.

Mr. PROXMIRE. Then we could concentrate on the other, and all Senators would know exactly what is coming up. They would be prepared to speak, if they wished to do so. They would be prepared to offer amendments. I believe this is an efficient way to proceed.

Mr. ROBERT C. BYRD. It also would accommodate the various managers and the ranking managers on the various titles, would it not?

Mr. PROXMIRE. Yes, indeed. It certainly would. It would be very convenient for Senators. I know of Senators who have a strong interest in the conservation title—for example, the Senator from New Jersey. There are others interested in the solar title, for example, the Senator from Massachusetts. And they would feel unhappy, I think, if in the middle of the debate on synfuels they had an amendment come up on their titles and could not be here to take part in the debate and take part perhaps in the vote.

Mr. ROBERT C. BYRD. Yes.

I have discussed this with Senator JOHNSTON and Senator JACKSON and they seem to think that this would be the better approach. So I leave it for Senators to consider. I thought it best to make the suggestion and see if we get some favorable responses.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimus consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 729

(Subsequently numbered amendment No. 570.)

Mr. PROXMIRE. Mr. President, I understand under the rules the first amendment to be called up is an amendment I was offering in behalf of the Banking Committee; is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. PROXMIRE. Mr. President, I ask that that amendment be called up at the present time.

The PRESIDING OFFICER. The Senator will have to send the amendment to the desk.

Mr. PROXMIRE. It is a Banking Committee substitute to title I.

I will call it up a little later if it is not at the desk. I understood it was at the desk.

Mr. DOMENICI. Mr. President, I think it is in the bill.

Mr. PROXMIRE. I think so, to. I think it is in the bill.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Wisconsin (Mr. PROXMIRE) proposes an unprinted amendment numbered 729.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with. The Senator from New Mexico alertly pointed out it is in the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

In lieu of the language intended to be proposed by the Committee on Energy and Natural Resources to the House amendment to S. 932, line 3, page 59 through line 12, page 147, insert the following:

SHORT TITLE

SECTION 1. This Act may be cited as the "Energy Financing Act of 1979".

TITLE I—DEFENSE PRODUCTION ACT AMENDMENTS

DECLARATION OF POLICY

SEC. 101. The second sentence of section 2 of the Defense Production Act of 1950 (50 U.S.C. App. 2062) is amended by striking out the period at the end thereof and inserting in lieu thereof "or to respond to actions occurring outside of the United States which could result in the termination or reduction of the availability of strategic and critical materials, including petroleum, and which would adversely affect the national defense preparedness which is essential to national security, it is also necessary and appropriate to achieve greater independence in domestic energy supplies.".

SYNTHETIC FUELS DEMONSTRATION PROGRAM

SEC. 102. Title III of the Defense Production Act of 1950 (50 U.S.C. App. 2091–2094) is amended by adding at the end thereof the following new section:

"SEC. 305. (a) The President, utilizing the provisions of this section, shall establish a program to determine the commercial viability of synthetic fuels technologies.

"(b) The purpose of this program is—

"(1) to stimulate development of synthetic substitutes for crude oil and conventional natural gas while minimizing Government involvement;

"(2) to determine what additional efforts on the part of the Federal Government are necessary and appropriate to assure development of synthetic fuels production capacity at an optimal pace;

"(3) to expedite design, construction, and operation of synthetic fuels commercial demonstration plants by minimizing Federal Government procedural requirements for selecting projects to receive Federal financial assistance under this section; and

"(4) to test synthetic fuels technologies to determine their potential role in meeting the Nation's energy needs in terms of—

"(A) their commercial viability;

"(B) their environmental impact, including, but not limited to, water consumption, water pollution, and air pollution;

"(C) their health and safety aspects, including, but not limited to, any carcinogenic effect;

"(D) their effect on regional and local agricultural production;

"(E) their social and economic impacts; and

"(F) their thermodynamic balances.

"(c) The President shall—

"(1) invite submission of proposals from interested persons (hereinafter referred to as 'bidders'), requesting Federal assistance in the form of purchase commitments, loan guarantees, or a combination of the two, for the design, construction, and operation of synthetic fuels commercial demonstration projects (hereinafter referred to as 'projects'). The President shall require that each proposal contain such information as necessary for the purposes of preventing selection of more than one project involving the same technology and insuring selection of projects which best serve the purposes of this section as set forth in subsection (b): *Provided*, That the President shall minimize requirements for information to be included in the proposals by directing the Office of Management and Budget to eliminate duplicative reporting forms issued by one or more agencies so that an applicant will be relieved of multiple filings of similar or identical information;

"(2) not later than one year after the invitation for proposals, select on a competitive basis to the maximum extent practicable up to twelve proposals which are deemed most likely to contribute to the purposes of this section and which each employ a different processing technology; no more than six such proposals employing the same generic feedstock; and

"(3) subject to the provisions of this section, enter into contracts with bidders providing for commitments to purchase synthetic fuels produced by the proposed projects and with public or private financing institutions for guaranteeing loans for design, construction, and operation of the proposed projects.

"(d) Such contracts shall be subject to the following conditions:

"(1) the proposed project must be located in the United States, including the several States, the District of Columbia, the Commonwealth of Puerto Rico, and any other territory or possession of the United States, but no project may be owned or operated by the United States or any department or agency thereof;

"(2) no contract shall require or permit advance payments;

"(3) loan guarantees may be employed only if the President determines that the purposes set forth in subsection (b) could not be achieved through purchase commitment contracts alone;

"(4) all contracts must be entered into before October 1, 1981;

"(5) no contract may commit the Federal Government to purchases beyond the seventh year of synthetic fuels production from a project, unless both Houses of Congress have been notified in writing of such proposed contract and thirty days of continuous session of Congress have expired following the date on which such notice was transmitted to the Congress and neither House of Congress has adopted, within such thirty-day period, a resolution, described in subsection (k), disapproving such proposed contract;

"(6) any purchase commitment contract shall provide that the President retains the right to refuse delivery of the synthetic fuels involved and to pay the person involved an amount equal to the amount by which the price for such synthetic fuels as specified in the contract involved exceeds the market price, as determined by the Secretary of Energy, for such synthetic fuels on the delivery date specified in such contract;

"(7) with respect to any person, including any other person who is substantially controlled by such person (as determined by the Secretary of Energy), the President may not award contracts for commitment to purchase more than fifty thousand barrels per day equivalent of synthetic fuels, or make loan guarantees for design, construction, and operation of a plant designed to produce over fifty thousand barrels per day equivalent of synthetic fuels;

"(8) any purchase commitment contract shall commit the Government to purchase fixed amounts of fuels at fixed prices adjusted by a formula that may take into account inflation, world oil prices or such other prices as the Secretary deems relevant, except that project costs may not be considered as a factor;

"(9) Federal loan guarantees shall not exceed 75 per centum of a project's estimated costs at the making of the contract;

"(10) the President shall establish such terms and conditions for loan guarantees under this section as necessary to implement the purposes of this section and insure the prompt repayment of loans;

"(11) the President may not enter into any contract providing a Federal loan guarantee of an amount in excess of $500,000,000 unless both Houses of Congress have been notified in writing of such proposed contract and thirty days of continuous session of Congress have expired following the date on which such notice was transmitted to the Congress and both Houses of Congress have not adopted, within such thirty-day period, resolutions, described in subsection (k), disapproving such proposed contract;

"(12) guarantees may be made only to the extent appropriated funds are available. For the purposes of this section, $3 of guarantee authority shall be available for every $1 appropriated for this purpose. Appropriated funds shall remain available until termination of all guarantees; and

"(13) the amount of purchase commitments shall not exceed $3,000,000,000, subject to approval in an appropriation Act.

For the purpose of clause (13) only the excess of the price per unit in commitments issued over the market price shall be charged to any appropriation.

"(e) The procurement power granted to the President by this section shall include the power to transport and store and have processed and refined any products procured under this section.

"(f) Each Federal officer and agency having authority to issue any permit for, or to otherwise approve or authorize, the construction or operation of a project selected under this section or for construction or operation of any facility for production or distribution of energy or for exploration or development of Federal land in connection with energy production shall—

"(1) in accordance with Executive Order 1219, expedite all actions necessary for the issuance of such permit, approval, or authorization, and

"(2) take final action thereon not later than twelve months after the date application for such permit, approval, or authorization is made. After taking any such action, such officer or agency shall publish notification thereof in the Federal Register.

"(g) Notwithstanding any other provision of law, liquid fuels acquired pursuant to the provisions of this section which, in the judgment of the President, are excess to the needs of programs under this section, shall be transferred to the Strategic Petroleum Reserve, when the President deems such action to be in the public interest.

"(h) The President shall submit a report to the Congress within one hundred and eighty days after the enactment of this section setting forth a comprehensive plan to implement the program described in this section. In preparing such a comprehensive plan, the President shall consult with the heads of the Department of Energy, the Environmental Protection Agency, the Department of Housing and Urban Development, the Department of the Interior, the Department of Labor, the Department of Agriculture, and the Department of the Treasury. The plan shall include, but not be limited to—

"(1) regulations required to carry out the purposes of this section;

"(2) a list of Federal agencies, governmental entities, and other persons who will be consulted or used to implement the program by this section;

"(3) a plan for the study and monitoring of the health effects of such facilities on workers and other persons, including, but not limited to, any carcinogenic effect; and

"(4) the methods and procedures to insure that the projects will be no larger than necessary to demonstrate the commercial viability of the technologies.

"(i) The President shall submit annually a detailed report to the Congress concerning the actions taken or not taken by the President under this section during the preceding fiscal year including, but not limited to—

"(1) a discussion of the status of each project financed under this section including progress made in the development of such projects, and the expected or actual production from each project, including byproduct production therefrom, and the distributions of such products and byproducts;

"(2) a detailed statement of the costs of the program established by this section;

"(3) data concerning the environmental, social, and economic impacts of each such project;

"(4) the administrative and other costs incurred by the Federal agencies in carrying out this program;

"(5) recommendations as to the appropriate level of further Government involvement in commercialization of synthetic fuels technologies; and

"(6) such other data as may be helpful in keeping the Congress and the public fully and currently informed about the program authorized by this section.

"(j) The reports required by subsection (i) of this section shall be a part of the annual reports required by section 657 of the Department of Energy Organization Act, except that the matters required to be reported by this section shall be clearly set out and identified in such annual reports.

"(k)(1) The resolution disapproving proposed contracts under this section shall read as follows after the resolving clause: 'That the   does not favor the taking effect of the contract terms transmitted to Congress by the President on   .', the first blank space therein being filled with the name of the resolving House and the second blank space therein being filled with the day and year.

"(2) Upon introduction, the resolution shall be referred immediately to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking, Finance and Urban Affairs of the House.

"(3)(A) If the committee to which a resolution of disapproval has been referred has not reported it at the end of seven calendar days after its introduction, it is in order to move either to discharge the committee from further consideration of the resolution or to discharge the committee from further consideration of any other resolution of disapproval which has been referred to the committee.

"(B) A motion to discharge may be made only by an individual favoring the resolution, is highly privileged (except that it may not be made after the committee has reported a resolution of disapproval), and debate thereon shall be limited to not more than one hour, to be divided equally between those favoring and those opposing the resolution. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

"(C) If the motion to discharge is agreed to or disagreed to, the motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other resolution of disapproval.

"(4) (A) When the committee has reported, or has been discharged from further consideration of, a resolution of disapproval, it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the resolution. The motion is highly privileged and is not debatable. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

"(B) Debate on the resolution of disapproval shall be limited to not more than ten hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate is not debatable. An amendment to, or motion to recommit, the resolution is not in order, and it is not in order to move to reconsider the vote by which the resolution is agreed to or disagreed to.

"(5) (A) Motions to postpone, made with respect to the discharge from committee or the consideration of a resolution of disapproval, and motions to proceed to the consideration of other business, shall be decided without debate.

"(B) Appeals from the decisions of the Chair relating to the application of the rules of the House of Representatives or the Senate, as the case may be, to the procedure relating to any resolution of disapproval shall be decided without debate.

"(l) Nothing in this section may be construed to authorize any program of fuel allocation or rationing.".

PRODUCTION OF HEAVY OILS AND TAR SANDS

SEC. 103. Title III of the Defense Production Act of 1950 (50 U.S.C. App. 2091–2094) is amended by adding at the end thereof the following new section:

"SEC. 306. (a) In order to expand production of petroleum products from heavy oils and tar sands, the President is authorized to enter into contracts with persons proposing to extract such heavy oils and tar sands from the ground. Such contracts shall provide to such persons Federal Government guarantees of a market price for such heavy oils and tar sands determined as follows:

"(1) the amount of the guaranteed market price shall be initially set at and never be lower than 90 per centum of the world oil price for petroleum of comparable grade on the date of enactment of this Act, as determined by the President;

"(2) the amount of the guaranteed market price shall be increased annually to equal the lesser of—

"(A) 90 per centum of the new world price of oil, as determined by the President, or

"(B) 90 per centum of the world price of oil on the date of enactment of this Act, as determined in subparagraph (1) above, adjusted annually for inflation using the gross national product deflator.

"(b) For the purposes of this section, the terms 'heavy oils' and 'tar sands' include fuels if the hydrocarbon content thereof has a gravity of twenty degrees or less (API). For purposes of applying the preceding sentence, the President may substitute a higher gravity rating (API) than twenty degrees in any case in which he determines that the application of the higher gravity rating would further the purposes of this section.

"(c) (1) Price guarantees shall not be available under this section for heavy oils or tar sands produced outside of the United States, including the several States, the District of Columbia, the Commonwealth of Puerto Rico, and any other territory or possession of the United States.

"(2) No person, including any person substantially controlled by such person as determined by the President, shall be eligible to receive a guarantee of a market price under this section with respect to more than fifty thousand barrels per day oil equivalent.

"(3) No guarantee issued under this section shall extend beyond 2000.".

GENERAL PROVISIONS

SEC. 104. (a) Section 702 of the Defense Production Act of 1950 (50 U.S.C. App. 2152) is amended by adding at the end thereof the following:

"(g) The words 'synthetic fuels' mean any product derived from coal (including anthracite, lignite, and peat) or oil shale which is suitable for substitution for petroleum or natural gas.".

(b) Section 711(a) of the Defense Production Act of 1950 (50 U.S.C. App. 2161(a)) is amended—

(1) by striking out "There" and inserting in lieu thereof "Except for the purposes of section 305, there"; and

(2) by inserting after the first sentence the following new sentence: "For the purposes of section 305, there are hereby authorized to be appropriated without fiscal year limitation not to exceed $3,000,000,000.".

(c) The first sentence of section 717(a) of the Defense Production Act of 1950 (50 U.S.C. App. 2166(a)) is amended by striking out "September 30, 1979" and inserting in lieu thereof "September 30, 1981".

Mr. PROXMIRE. Mr. President, I urge support for the Banking Committee's synthetic fuels program. The amendment I have offered would substitute the synfuels title reported by the Banking Committee for the synfuels title reported by the Energy Committee.

As you know, Mr. President, the Banking Committee and the Energy Committee share joint jurisdiction over the bill before us today. To simplify floor consideration of the two quite different committee versions, Majority Leader BYRD, Chairman JACKSON, and I have agreed to a procedure by which the Senate will choose between the two synthetic fuels proposals before either is amended further.

This history of the bill before us is unique. S. 932 was originally reported by the Senate Banking Committee and passed by the Senate as a simple extension of the Defense Production Act. However, the House broadened the purpose of this bill by adding an amendment to the Defense Production Act creating a synthetic fuels program. Rather than proceed to conference on this new proposal which had not received previous Senate consideration, the House-passed bill was referred jointly to Banking and Energy.

I want to emphasize right at the start that the two different committee proposals do not represent a squabble over jurisdiction. We have had no trouble at all between Senator JACKSON and myself and other members of the committee, on jurisdiction. Both committees have clear jurisdictional interests in this matter. The Banking Committee's involvement results from its jurisdiction over financial aid to commerce and industry, financial institutions, credit policy, capital markets, and the Defense Production Act of 1950. The Energy Committee is involved, of course, because the provisions of the House-passed bill have important energy policy implications.

It is important that the Senate recognize that there are a number of important issues which are addressed by the legislation before us. Certainly, energy supplies are an important concern. And synthetic fuels may offer a partial solution to our future energy needs. But, the size and pace of the synfuels program, and the proper mix of technologies, cannot be considered in an energy vacuum. We must also consider the impact of such a program on the economy—on inflation, on capital markets, and on government intervention in the marketplace.

It would be a shame if we ignored these considerations because we believe energy resources must be exploited at any cost.

I believe both the Banking and Energy Committees recognize the importance of developing new energy resources. This is certainly not the issue today. I would like to take a few minutes to discuss what this debate and what the upcoming vote are about.

First of all, and this may be the most important statement I make, the vote to decide whether we will work with the Banking Committee substitute or the Energy Committee substitute, is not a vote for or against synthetic fuels. The Banking Committee bill is most definitely not an antisynfuels bill. Our bill is prosynfuels. It is a very ambitious bill. It is, for instance, much more ambitious than any synfuels bill previously passed by the Senate. It would provide for construction of up to 12 commercial size synfuels plants using coal or shale as a feedstock. It would provide us, and more importantly, potential synfuels producers, with the information on costs and technological readiness that they need to proceed with further development.

As I say, that is the most important part of the synfuels situation, no matter whose amendment is adopted. We must obtain the information, the understanding, the knowhow, the confidence provided to the private sector so they can move ahead.

So, if we are not faced with a choice between a prosynfuels bill and an antisynfuels bill, what is the choice we will be making shortly? When we decide whether we are going to work with the Energy Committee's synfuel bill or the Banking Committee's synfuel bill, what will we be deciding?

First of all, we will be deciding the general approach we want to take to synfuels development. It is highly unlikely that either bill will be approved in its current form. Whichever bill is approved, many amendments will be offered, some of which will undoubtedly be accepted. Specific details are going to be changed. For instance, the $3 billion authorization contained in the Banking Committee substitute will undoubtedly be adjusted. We are also studying language dealing with the question of completion guarantees, which were suggested by the Committee for Economic Development and other witnesses. Technical, clarifying, and perfecting amendments will be offered. We may want to clarify the description of the types of plants to be built, to make certain that people understand we are talking about commercial size plants and modules. Some people appear to believe that our bill describes an R. & D. program. That was clearly not the committee's intent, and we want to correct any possible misinterpretation.

We believe that R. & D., pilot and demonstration plants are properly handled as they are now, in the DOE authorization process. Such projects do not require the same types of treatment as do the commercial plants that would be supported under provisions of S. 932.

(Mr. HEFLIN assumed the chair.)

Mr. ARMSTRONG. Mr. President, will the Senator yield for a question?

Mr. PROXMIRE. Yes, I am delighted to yield to my friend from Colorado.

Mr. ARMSTRONG. Let me make sure I understand the point that the Senator is making. If I understand you, you are saying that the Banking Committee's intention was to provide for limited Federal subsidies for as many as 12 commercial size plants or commercial size modules using coal or shale as a feedstock. Is that correct?

Mr. PROXMIRE. That's entirely correct. It was the committee's intent that these be plants which can show the true commercial, technological, and environmental characteristics of these conversion processes. This purpose would not be achieved with construction of pilot or demonstration plants.

Mr. ARMSTRONG. So, it is the committee's intent that this program would provide for testing a diversity of technologies in one-of-a-kind plants, using purchase commitments, price guarantees, and loan guarantees as appropriate. Is that correct?

Mr. PROXMIRE. Yes, it is. We would provide for construction of up to six coal plants and up to six shale plants, provided that a sufficient number of technologies or processes were ready for commercial plant construction.

Mr. ARMSTRONG. How would projects be selected for Federal support?

Mr. PROXMIRE. Well, the President or his designee would evaluate the proposal, the readiness of the process in question for commercialization, the relative merits of other proposals using the same process, and the range and amount of Federal support requested. A preference is expressed for purchase commitments and price supports over loan guarantees. All other things being equal, a proposal requesting loan guarantees only would be preferred to a proposal utilizing the same process requesting both purchase commitments and loan guarantees.

Mr. ARMSTRONG. It is intended that the one-of-a-kind limitation be strictly applied?

Mr. PROXMIRE. No, not at all. Our intention is to avoid having exactly the same thing demonstrated more than once. As we say in the committee report, we anticipate that projects using different proprietary processes, though having similar descriptions, would be considered separate processes for purposes of this limitation. This provision was aimed only at one thing—to avoid duplicative construction of identical plants. The committee believed this was necessary to avoid the temptation of getting into a crash program.

Mr. ARMSTRONG. What about the case where a coal gasification project requests loan guarantees only and a different type of plant, such as a coal liquefaction plant, requests purchase commitments only? Would the liquefaction plant receive preference?

Mr. PROXMIRE. No, they would not be competing against each other. Because of the requirement for one-of-a-kind plants, projects would only be competing against like projects. Since most gasification projects would require only loan guarantees, the preference expressed for purchase commitments would not be relevant. Clearly, a gasification plant requesting both types of subsidy would be less preferable than one requesting loan guarantees only.

Mr. ARMSTRONG. Is it the committee's intent that the preference expressed for purchase commitments would not preclude Federal support for gasification plants, which would probably need loan guarantees but not purchase or price guarantees?

Mr. PROXMIRE. It is clearly the committee's intent that regulated gas companies not be prevented from participating in gasification projects. I think everyone recognizes that the synthetic fuels project nearest to being ready for commercial construction is a coal gasification project sponsored by a consortium of regulated companies. The sponsors of this project have invested a significant amount of their own funds in design and arranging for permits. The project would be one of few synfuels processes which could make a contribution to our energy needs over the relatively near term. We believe that it and other gasification projects should be given a fair chance to receive the needed assistance from the Government.

Mr. ARMSTRONG. At the appropriate time, would the Senator object to an amendment, if were necessary, to clarify the committee's intention that the preference for purchase commitments should not preclude support of gasification projects requiring loan guarantees?

Mr. PROXMIRE. Certainly not, if it were a matter of potential confusion about our intent. We clearly intended that the preference for purchase commitments over loan guarantees would apply in those cases where a potential producer might plausibly request either or both. The committee intended that its bill support a diversity of technologies, including shale conversion, coal liquefaction, and coal gasification, and I would hope that the bill approved by the Senate reflects that understanding.

Mr. ARMSTRONG. I thank the Senator for this opportunity to clarify matters.

Mr. PROXMIRE. This very useful colloquy illustrates the point I was just making. When the Senate takes its choice between the two bills, it will be choosing the general approach it wants to follow toward synfuel development, not the specific details.

So, we should consider the major philosophical differences between the two bills. What are the general characteristics that the Senate will have to choose between when it makes its choice?

The most important differences between the two bills are the different role provided for the Federal Government and the initial commitment made to an all-out program.

The Banking Committee's bill establishes a limited role for the Federal Government. The Government is authorized to provide limited financial guarantees and to evaluate the progress made in achieving the results of the program and the need for further Federal incentives. That the limit of the Federal role.

The Energy Committee would have the Government involved in synfuels right up to its eyeballs. Let us consider a few of the provisions in the Energy Committee substitute.

First, it creates a large, unaccountable, and uncontrollable Synthetic Fuels Corporation with the single purpose of promoting and developing synfuels. The Corporation itself is given an annual budget of up to $35 million—plus inflationary increases—for administrative expenses. That means it could hire somewhere between 500 and 1,000 people. Why will it need so many employees? Certainly not just to act like a bank, as the Energy Committee says it will. It will need those people because it will act like a new Government agency, with lawyers, budget officers, interagency coordinating committees, and all the other trappings of the bureaucracy.

The Corporation is made totally unaccountable. It is given initial authority to spend $20 billion, and is almost automatically given an additional $68 billion whenever it spends that first $20 billion.

The Banking Committee unanimously rejected the proposal to create a new Federal corporation. Instead, the committee's bill assigns to the President limited authority to select recipients of financial assistance and evaluate progress in achieving the goal of synthetic fuels development. Under existing provisions of the Defense Production Act, the President may delegate this authority to any existing or new Federal agency, but he is specifically prohibited from creating a new corporate entity.

There were many reasons why the committee rejected the proposal to create a new Federal corporation to manage the synthetic fuels program. Some of the committee's more important objections are discussed below.

First. Creating a Federal corporation for the sole purpose of managing a synthetic fuels program is inconsistent with the committee's intent to minimize Federal interference with and involvement in synthetic fuels development efforts;

Second. Creating the Corporation is inconsistent with the phased-development approach approved by the committee;

Third. Initial and irreversible authorization of $88 billion for Federal financial assistance is excessive and further promotes a high degree of Federal interference in the program; and

Fourth. The time needed to create a new Federal corporation would be likely to delay initiation of the first phase of commercial testing.

The level of irreversible financial commitment to the Corporation and the range of subsidies it could offer would dictate that it play a substantial role in managerial descisions better left to the private firms developing synthetic fuels projects. The Corporation would have the authority to provide direct financing to private ventures and to construct Government-owned plants using processes not considered by industry to be ready for commercialization.

Additionally, under certain circumstances, the Corporation would be empowered to take over the ownership and operation of insolvent or failing projects. These factors guarantee substantial diseconomies in the synthetic fuels program and eliminate the possibility of a true test of the commercial and technological promise of synfuels processes. In rejecting this approach, the Banking Committee approved a plan which places the predominant technological and cost risk on the private developers, thus promoting development only of those processes considered by industry to have true commercial promise.

Prof. Robert S. Pindyck of MIT argued that open-ended Federal commitments could lead to excessive Federal support of unpromising technologies:

> Private industry is much better able than any government bureaucracy to stop the development of a particular project if it later turns out that it is not as promising as it once appeared. By letting the government commit us to one or more particular technologies, we create a set of political forces which make the termination of an undesirable project difficult, and which make increased subsidies to make the project "successful" very likely.

The committee also rejects arguments by the supporters of the Synthetic Fuels Corporation who state that the Corporation will necessarily speed the development of synthetic fuels. Creation of the Corporation could actually hinder synthetic fuels development. To the extent that the Corporation would create momentum for construction of duplicative pioneer plants, all of the cost and technological penalties associated with a crash program would come into play. The Corporation is also intended to expedite achievement of a production goal which could not be achieved under any circumstances.

In addition, the time taken to organize the new Corporation would unnecessarily delay the inception of the commercial testing and demonstration program. Roderick Hills, testifying for the Committee for Economic Development, spoke to this point:

> If you have an agency that doesn't work, it has always seemed to me you would do a better job of trying to make that agency work than creating another agency . . . In our judgment the needed results can be accomplished by expanding Presidential authority, and then the President can put that organization wherever he may wish.
>
> I might say that, for this initial stage, hiring one or two bankers and having them operate at the Department of Energy, or the Department of Treasury, or under an executive order, makes a lot more sense to me than spending the next two years trying to create a new agency just after we've spent a couple of years trying to make the Department of Energy work. It takes time to organize a new agency. It takes time to run an old agency. It takes time for a perfectly good agency to have somebody come in and try to take control over it. We can't afford that kind of time if we're going to have the information that Dr. Rivlin and we suggest is needed to make decisions about synthetic fuel.

In the Energy Committee bill, the Corporation is given the authority to require whatever financial records it desires from the contractors. We do not have any way of knowing what the Administrator of the Corporation would require. He might not ask for any records of any sort, and just spend the Corporation's funds blindly. Or, he might place such an onerous reporting and disclosure burden on the projects that they would be diverted from project development by the need to comply with voluminous reporting requirements. We do not know what it would involve. We just tell the Corporation that anything it wants is fine with us.

The Synfuels Corporation would be required to push synfuels development at a rate faster than the optimum pace of development. The Energy Committee bill requires the Corporation to submit its comprehensive plan for the second phase within 3 years. It can submit the plan as soon as it wants to, but it must do so within 3 years. Then, if the plan is not rejected bv either House within 60 days, the $68 billion is automatically authorized.

(Mr. ROBERT C. BYRD assumed the chair).

Mr. PROXMIRE. Of course, the chances that either House would reject this plan are minimal. The chances that it would even be put to a vote are slight.

If there was determined opposition, it would be very hard for those who oppose the legislation to secure action on it. As I said earlier today, the Parliamentarian has indicated to me that he knows of no way that a Senator could get this out of the Energy Committee and there is no anti-filibuster language in here. So how we could make this veto provision effective is not very clear. It is clear to me, however, that it provides $88 billion, and that is the ball game.

Obviously, the distinguished Senator from Washington and the distinguished Senator from Louisiana are very enthusiastic about the Energy Committee's substitute and about the Synthetic Fuels Corporation. It is likely that one of these Senators—or perhaps the distinguished Senator from New Mexico, an equally devoted supporter of the Corporation—would be chairman of the Energy Committee at the time the plan is submitted, and I suspect they would not want to refer the comprehensive plan to the Senate floor for debate. It would be likely to die in committee. Even if the Senate happened to reject the plan, we would get into a war of attrition, because the Corporation is ordered by the Energy Committee substitute to revise its plan and present it, again and again if necessary, within 90 days after it is rejected.

Mr. ARMSTRONG. Will the Senator yield for a question?

Mr. PROXMIRE. I would be delighted to yield.

Mr. ARMSTRONG. Is the Senator saying that the substitute offered by the Energy Committee would require no congressional approval to authorize the additional $68 billion?

Mr. PROXMIRE. That is correct. No congressional approval would be required. The $68 billion is automatically authorized 60 days after the report is submitted unless the report is rejected by one House of Congress.

Mr. ARMSTRONG. Is there any provision in the Energy Committee substitute which would require the committee having jurisdiction to refer a resolution of disapproval to the floor for debate?

(Mr. BURDICK assumed the chair.)

Mr. PROXMIRE. I have found no such provision. And, as I said, the Corporation is ordered by the Energy Committee substitute to keep coming back at the Congress with revised plans, time after time, within 90 days after any rejection. And, once Congress approves a plan, the Corporation can modify it any way it wishes without any Congressional review. So, its a war of attrition which the Corporation would win sooner or later. It is inconceivable that the second stage would not eventually be approved.

Mr. ARMSTRONG. I thank the Senator for yielding.

Mr. PROXMIRE. So, nobody should deceive themselves that the Energy Committee bill has a $20 billion pricetag. It will cost $88 billion, just like the original administration proposal. There is no chance that the comprehensive plan would be rejected.

And, what will be the status of the projects at the time the plan is presented for congressional review?

Let me just take a minute before I get into that, Mr. President, by pointing out that once we set up this corporation, once we have authorized them to obligate and to incur commitments of $88 billion, appropriation is automatic. I have served on the Appropriations Committee now for about 18 years and in those 18 years I have never seen a commitment made by a legally constituted entity of the Congress or the Government which has not been honored. I would vote for honoring it even though I vigorously oppose. A Senator would have to vote to honor. What are you going to do, Mr. President, with a business that has gone out and spent its money and made commitments with the understanding or the assurance of Federal officials that they are going to come through with a billion or a billion-and-a-half dollars? Of course we are going to honor it. Once we have approved this bill, as I say, there goes $88 billion.

Anybody who wonders why this Government of ours has exploded the way it has, why it has gotten so big, so intrusive so dominant in our society and economy can see this bill as a superb example.

At the time we get this plan will we have any more information about these technologies than we do now? Will we be in a position to evaluate the cost and technological promise of these technologies on the basis of any operating experience?

The answer is no we will not. Because of the complexity of these processes, it is going to take a great deal of time for the project sponsors to prepare their proposals. Then, it is going to take more time for the Government to negotiate with the sponsors of the proposals. There is a good chance that, within the 3-year deadline set for delivery of the comprehensive plan, some of the projects will not have even broken ground for their plants. Certainly none will be operating.

Since this is the case, why are we in such a hurry to push on to phase 2? For that matter, if we insist on releasing the second $68 billion in funding before we know anything about the technologies that we do not know today, why wait as long as 3 years to do so?

Of course, the answer is clear. The Energy Committee bill, despite protestations to the contrary, does not provide a phased approach to synfuels development. It is, in essence, the original administration crash program with a few changed numbers. There is an illusion of phased development, but not the reality.

Phasing is a key element of the Banking Committee bill and I would like to discuss why we rejected the crash program and provide for phasing.

The committee concludes that many of the limitations on synfuels development are beyond the control of the Federal Government. Enactment of a law which declares that synfuels technologies are ready for commercialization will not alter that many synfuels technologies are in a relatively primitive and untested state of development. Nor can Congress change the cost penalties associated with a crash program, the water limitations in the prime resource areas, and the significant environmental and socioeconomic deterioration which would accompany an effort to increase greatly synfuels production capacity over the short term.

One major problem relates to the scaling up to commercial size of processes which have been applied only on a small scale. This issue was highlighted at the committee's hearings by Max Eliason, chairman of the Rocky Mountain Oil and Gas Association's Committee on Oil Shale:

> The risk of loss is particularly hard to assess in the case of pioneer plants using sophisticated technology not previously demonstrated at the commercial level. While individual developers may be able to project favorable production costs and project economics, these projections are subject to scale-up risks, possible delays and design changes, potential cost overruns, and other uncertainties which are common with first-of-a-kind plants.

Another problem involves the ability of commercial plants to sustain production at rated capacity. Even at the pilot or demonstration stage, most plants have operated for only brief periods. The question remains whether large synfuels projects will be able to operate on a regular basis without prolonged periods of "downtime" for maintenance. The ability to sustain production at rated capacity will have a significant effect on the cost of the program, its economic viability, and its long-term potential for replacing imported oil.

Successful operation of 30 to 50 full-size plants would be necessary in order to attain the ambitious goals set by the Moorhead bill and the administration proposals. However, immediately successful operation of this many first-generation facilities is highly unlikely. In a report for the Senate Budget Committee, Pace Consultants and Engineers addressed this point:

> The probability is high for pioneer plants that they will not work as planned for some time, or until additional investments are made to correct the problems.

Perhaps the most significant delays and cost increases would result from bottlenecks in supply of critical components for synfuels plants. Pace engineers concluded that:

> The first few plants committed would contract for most of the available U.S. manufacturing capacity for key items such as valves, pumps, compressors and high pressure vessels. As additional plants reach the procurement stage, equipment suppliers will quote longer and longer delivery times. Longer delivery times also require higher price contingencies to cover unknown increases in supplier costs. Longer delivery times are death to large capital projects, because time is money. We estimate that almost half the total per barrel cost of synthetic fuels is simply the carrying cost of the capital investment. Project owners will therefore be willing to bid up the prices for crucial equipment in order to save time. A single week's delay may increase costs by millions of dollars.
>
> Because of the potential for hyperinflation, we believe that costs could increase dramatically in a crash program. Building 20 plants could cost considerably more than twice as much as building ten plants. Any savings in design costs by building duplicate plants would be wiped out by the cost increases. Plant construction costs during an all-out crash program are likely to increase by 50 percent or more.

The Rand study, prepared for DOE, agreed with this conclusion:

> Bottlenecks in the supply of components and engineering services for plant construction . . . would lead to sharply increased costs or major delays, or both, for plants under construction.

Another serious concern is the effect that these projects could have on local areas.

Because of the relatively sparse population and undeveloped nature of the oil shale areas of Colorado and Utah, there would also be many other potentially serious localized effects of synfuels development. Governor Lamm expressed particular concern about the added cost of synfuels plants that would be borne by State and local governments. He noted that "a single 50,000 barrel per day surface retorting plant and associated underground mine would be one of the largest mining operations in the United States and would, itself, be the largest industrial complex in the State of Colorado." He noted further that the President's original synfuels program called for construction of eight such facilities by 1990.

Because of a quirk of geological fate, virtually all of the high-quality shale in this country is located in a relatively small area of northwestern Colorado and eastern Utah. This area is among the least developed and most sparsely populated regions of the continental United States. Governor Lamm pointed out that the oil shale-bearing area of Colorado has a present population of only 14,500 people. He estimated that construction of a 400,000 barrel per day capacity shale industry would add 70,000 to 75,000 people to the population of this area. He estimated that State and local spending requirements would include $100 million for new roads and at least $400 million "in community services alone, exclusive of housing." Included among the problems anticipated by too-rapid expansion of the shale industry were:

> Lack of front-end money to meet community needs before the tax base is in place; rapidly increasing demand for community services; immediate housing shortage as workers arrive to build the plants or mines; and increases in social problems associated with unplanned growth.

Governor Lamm argued that the State of Colorado was willing to accept oil shale development, but that stimultaneous development of numerous full-size commercial facilities would place an unacceptable burden on the financial resources of the State and local governments.

One additional local and regional socioeconomic impact aroused some concern—the "boom town" phenomenon, and its related effects on local budgets, quality of life, and worker productivity.

The Department of Energy addressed this problem in a written response for the record:

> As with other resource related growth, new synthetic fuels liquids plants would create local and regional impacts. The magnitude of these impacts depends upon the technology itself as well as the size, location, and other preexisting conditions of the host community. Because of the uncertainties involved, it is extremely difficult to estimate the specific costs of community expansion from any type of energy facility.

The Department of Energy concluded that the local impacts of a new energy facility would be "dependent upon the number of immigrants for whom public facilities, services and housing have to be provided." As stated earlier, the total population of the oil-shale resource areas of western Colorado is approximately 14,000, and the State of Colorado has estimated that oil shale development could add 70,000 to 75,000 people to this population base.

DOE recognized the potential impact in sparsely populated areas of the Western United States. Its statement said:

> A potentially high impact community, typically located in rural isolated areas in the Western United States is unlikely to have the indigenous labor pool necessary to fill the required jobs. The community would experience rapid and substantial immigra-

> tion with characteristic boom-town effects, including social disruptions, shortfalls of public facilities, services, housing and inflation.

Governor Lamm of Colorado argued that the explosive population growth associated with synfuels plant development would affect more than the local and State budgets and the quality of life in local communities. He stated that:

> The issue of explosive, unplanned growth not only affects the people living in the community, but the productivity of the community itself. Chaotic community conditions will thwart an expeditious synthetic fuels program simply because companies will not be able to attract or keep quality workers. Eventually, communities will not look favorably on participating in synthetic fuels development.
>
> Enough studies have been done to demonstrate that this productivity decline occurs during the construction as well as the operating phase, a situation that can also contribute to the large cost overruns mentioned earlier. We therefore believe that the costs of the development could escalate dramatically if the essential community planning and services are not in place. For example, in the construction of the Jim Bridger Power Generating Facility in Rock Springs, Wyoming, the company suffered greatly from productivity problems due to social disruption. Some observers have estimated that the impact of this productivity decline nearly doubled the originally estimated cost of the plant.
>
> A national synthetic fuels program cannot treat such compelling social issues as an afterthought. We must incorporate successful community and housing programs, pacing the development accordingly, if we are to make this national effort work.

Because of these limitations the committee rejects proposals calling for an all-out commercialization effort. The committee believes that a crash program would be less efficient and more costly than a more deliberate program, such as that embodied in the committee proposal, of testing a number of technologies in minimum-size comercial plants. More importantly, though, the Banking Committee's approach is likely to maximize the long-term potential for the synthetic fuels industry. A crash program would be guaranteed to fail, because it would attempt to do too much too soon. Even if the stated goals were only partially attempted the Government could be left with costly and inefficient "white elephants" that would be less efficient, more environmentally offensive, and more expensive to operate than future plants. Additionally, if the program failed to accomplish its goals, either because of delays or because the plants failed to meet operating expectations, public faith in the synthetic fuels program and in Government energy policy, as a whole, would be seriously shaken.

Roderick Hills, representing the Committee for Economic Development, stated at the committee's July hearings, shortly after the House approved the Moorhead bill and the administration announced its crash program:

> We have been with this idea, Mr. Chairman, for almost two years, and frankly in the last few weeks we have a feeling we're about to be loved to death by an approach that will literally kill what we have set out to propose to this Congress . . . It may be more dangerous to do too much in the area of synthetic fuel financing than to do too little.

Similarly, Mel Horwitch, of the Harvard Business School energy project testified that:

> The historical track record in synthetic fuels—of grandiose schemes and attractive technological and economic promises, followed by disappointment and dramatically rising cost estimates—should give us pause at this time when we are presented with the most ambitious proposals for synthetic fuels ever encountered in the United States.

Dr. Horwitch spoke of the disaffection that would follow the predictable failure of a crash synfuels program:

> All large-scale, public-private technological endeavors can experience dramatic lifecycles which often end in failure . . . A massive synthetic fuels program would be visible and under public scrutiny; it is too controversial a subject to be otherwise. It will be battled on every front by a host of parties that disagree with this strategy. It will therefore be very difficult for the managers of such a program to keep it on track and shielded from criticism, much of which would probably be justified. There is the strong likelihood that a massive synthetic fuels program would follow the same pathological pattern as the SST or nuclear power. It is this kind of failing life cycle which we need to avoid in order to maintain synthetic fuels as a possible long-term option.

(Mr. METZENBAUM assumed the chair.)

Mr. PROXMIRE. Nearly every witness who testified before the Banking Committee recommended that synthetic fuels legislation should incorporate several principles. The two most frequently mentioned principles were:

That initial synthetic fuels efforts should be confined to a limited number of one-of-a-kind plants and should be followed, if feasible, by wider commercialization; and

That Government interference with the operations of the synthetic fuels program should be minimized.

I might note that, in the 3 full days of hearings we held, we heard from witnesses representing synfuels producers, environmental groups, the administration, business groups, the Harvard Business School energy team, and other academic groups. Except for the administration witnesses, no witness who testified before the Banking Committee thought that the Energy Security Corporation was either feasible or desirable.

Instead, most of the witnesses argued that the technological, environmental, cost, and capacity problems which I just mentioned are reasons why near-term development efforts should concentrate on constructing and demonstrating a limited number of different synfuels technologies on a limited commercial scale.

By avoiding duplication of first-generation plants, this strategy would minimize the initial expense to the Government. In addition, by minimizing the potential investment in nonproductive technologies, this approach would minimize the risk of failure.

The team of witnesses from the Harvard Business School recommended a near-term approach to test synthetic fuels technologies with little if any emphasis on production of oil. The Honorable Alice Rivlin, Director of the Congressional Budget Office, also supported this approach:

> A certain production threshold is necessary to develop the critical technical, environmental, and economic information needed to choose the most efficient technologies and resources that should be developed over the long run. Although this threshold is difficult to estimate, it most probably falls between 200,000 and 400,000 barrels of oil equivalent per day. This represents four to eight commercial-size plants of alternative technologies and resources. A strong case can be made to set a program at this level on the grounds that the United States will eventually have to change to alternative fuels and that such a base of knowledge will help in choosing those resources and technologies that will allow an efficient transition.

The Honorable John H. Gibbons, Director of the Office of Technology Assessment, agreed with this recommendation:

> I am sympathetic with Dr. Rivlin's position on this matter. It seems to me it is perhaps time, given the fundamental national security issues we face in the next decade, to move ahead toward some full-scale pioneer plants, but being careful to make this an information gathering, an experience gathering time, very much in parallel with what major industries do with major new plants, rather than precommitting to very, very large investments on production.

Roderick Hills, representing the Committee for Economic Development, made a similar recommendation:

> Our observation is that it is useful to create approximately 10 plants. Dr. Rivlin suggested 8 plants producing about 400,000 barrels of oil (per day); we suggest 10 plants producing about 500,000 barrels of oil (per day). There is no essential difference between the positions.
>
> It is the informed guess of this group of people that an intelligent, competitively directed, guaranteed price program will produce about 10 commercial scale synthetic fuel plants in the near future, and that is about what the country needs today. To do more than that would only distort the information that we are trying to get.

The committee took special note of testimony to the effect that a relatively modest first phase which would concentrate on gathering the information needed for a decision on full-scale commercialization could actually result in more rapid development of the synthetic fuels industry than programs which appear to make a more ambitious commitment. Gov. Richard Lamm testified to this possibility:

> No one really knows what any of the available oil shale technologies will do or what they will cost in $/Bbl to go commercial until modules are actually built and operated and we collect investment and operating cost data to permit making some good economic predictions. The numbers you have seen up to now are only preliminary projections.
>
> By the phased approach we can actually get more production sooner with fewer mistakes. Some of the technologies currently being touted may not pass the module test from an environmental or economic standpoint. We could start construction of several commercial plants immediately and with confidence after a successful module demonstration.

Accordingly, the bill approved by the Banking Committee contains several provisions intended to insure that the first phase of development will test a wide variety of technologies and focus on gathering information. These provisions include:

A limitation on the number of projects which may receive Federal support in the initial phase. The bill stipulates that the government may support no more than six projects using coal as a feedstock and six projects using shale as a feedstock. This provision will guarantee that the synthetic fuels development effort will not attempt to force the pace of plant construction beyond the capacity of the construction industry or beyond the state of synfuels technological readiness;

A stipulation that no more than one project using any given technology may be assisted. This provision is intended not only to insure testing of a wide variety of technologies but also to minimize the inefficiencies involved in duplicating construction of plants to test the same process; and

A requirement that synfuels projects funded in the initial phase be no larger than the minimum size necessary to demonstrate the commercial prospects of the process and yield answers to technological and environmental questions.

The committee believes that these requirements are necessary in order to guarantee proper concentration on testing and demonstrating of various technologies during the first phase. Failure to include any of these limitations would leave open the possibility that the synthetic fuels project administrator would attempt to implement an immediate program of full-scale commercialization, which the committee believes would be unwise.

Because of the uncertainties inherent in an ambitious and risky commercial test and demonstration program, the committee did not set deadlines for initiating subsequent efforts to construct second-generation plants, nor did the committee attempt to define the scope or degree of Federal involvement in any such efforts.

Many witnesses argued that advance provision for a substantial Federal role in a second phase of commercialization would be inappropriate because the need for such involvement should not be prejudged. In fact, the committee anticipates that the need for future Federal assistance will decline as a natural result of increased knowledge about the technological and commercial feasibility of the synfuels production processes and about the price of world oil.

While the technological and cost uncertainties involved in constructing pioneer plants necessitate Government financing guarantees, these uncertainties will be greatly reduced once several plants have been constructed and operated. Once this has happened, private industry investment in synfuel plants will entail much less risk, and private lenders should be more willing to advance necessary funds.

The Pace report, previously discussed, supported this view. It concluded that:

> Beyond the pioneer plants, government involvement can start to diminish, owing to a lessening in technological risk and economic uncertainty. Standard or replicated plants can be built, based on pioneer commercial plant designs, although modifications and improvements will be ongoing. Capital access assistance by the government may still be necessary for these plants, but at no risk to the government. Production incentives at this point, owing to a better definition of actual economics, can be tailored to encourage production, as necessary.

Harry Pforzheimer, representing the Paraho oil shale project, agreed that Government assistance could diminish after operational characteristics were demonstrated.

The Standard Oil Co. of Ohio, one of the partners in the Paraho project, also agreed that Federal support of already demonstrated technologies could be expected to diminish:

> Sohio believes that following the successful completion of fullscale testing of any synthetic technology there should be a time during which the private companies could assume the risk of commercializing such technology without the use or risk of the taxpayers' money. If it becomes apparent that private industry is not doing adequate work along those lines, Congress may then wish to consider incentives to further commercial synfuel development.

The Committee for Economic Development was even more insistent that Federal support for subsequent commercialization efforts should diminish. Testifying for CED, Roderick Hills stated:

> Let me reemphasize that any government program should be limited to providing incentives for a limited capacity of synthetic fuels from first-of-a-kind production plants. The incentives should not be open-ended. Rather, once the first increment of capacity has been brought on stream and the economic and environmental factors have been established, further expansion should be determined by cost-competitive decisions of the market place—unsubsidized by the government.

The possibility for this diminished Federal role would be precluded if the synthetic fuels legislation enacted by Congress:

Provided for a crash program of synthetic fuels plant construction;

Required phased development but defined or provided for a substantial Federal role in any second phase of commercialization; or

Created a special Government entity, such as the Energy Security Corporation, whose sole purpose would be to provide Federal assistance to and to monitor synthetic fuels projects.

For this reason, the committee has not attempted to define the timing or degree of Federal involvement in the second phase. Nor has the committee created a new pseudo-government corporate entity which would impose Federal direction of development of a synthetic fuels industry.

The bill approved by the committee requires the President to report regularly to the Congress on the progress achieved in meeting the goals of the synfuels program. This report format could provide the basis for recommendations to the Congress on subsequent synthetic fuels commercialization efforts. Such follow-in efforts could involve a substantial role for the Federal Government if circumstances warranted such a role, but the committee believes that legislation enacted before the inception of the commercial testing phase should not prejudge the level of support needed in subsequent commercialization efforts.

I have listened to the descriptions by the distinguished Senator from Louisiana (Mr. JOHNSTON) of what the Energy Committee bill involves on several occasions, including right here during the debate on the Byrd amendment to the recent Interior Appropriations bill. Sometimes I must confess I am tempted to ask him if he is not really endorsing the Banking Committee bill.

It has been said that the Energy Committee bill is significantly scaled back from the President's original proposal. I do not think it is.

It provides the same level of funding as the administration proposal. The original Carter synfuels proposal called for $88 billion, to be made available in $22 billion increments every 18 months. The Energy Committee bill also provides $88 billion; $20 billion is provided immediately, and the corporation is required to file a comprehensive plan within 3 years. After this plan is filed, the other $68 billion is automatically made available unless the plan is rejected by Congress. There is no requirement for congressional approval.

It provides for the Energy Security Corporation, renamed the Synthetic Fuels Corporation, with the same irreversible funding commitment, lack of accountability, and charter to force feed the synfuels industry which the administration requested.

It provides the same broad range of subsidies requested by Carter and rejected by the Banking Committee: Direct loans, Federal-private joint ventures, and Government-constructed plants. These incentives were opposed by the Banking Committee on the grounds that they involved increased risk to the Government, negate the principle of testing the economic characteristics of the processes, and diminish the reliance on market forces.

It contains no limit on the number of plants in the first phase. The only first-phase limit is the $20 billion in spending authority; and, in essence, the subsequent $68 billion installment can be made available as soon as the first $20 billion is spent.

The bill assumes substantial Government involvement in the second phase, through provision of $68 billion in second phase spending authority.

In short, the only major difference between the Carter proposal and the Energy Committee bill is that the Carter proposal set its production goal for 1990. The Energy Committee bill establishes the same synfuel production goal (1.5 million barrels per day) for 1995.

It has been argued that the Energy Committee bill provides for a limited first phase of synfuels development, with a limited number of one-of-a-kind plants. If this is the case, then the argument between the committees is truly confined to the existence of the Synthetic Fuels Corporation and the overall authorization for phase 2, because the Banking Committee bill also provides for this type of program. In fact, if the Energy Committee bill were truly as described, the Banking Committtee could be accused of being reckless. After all, we provide for up to 12 plants, and it is said that the Energy Committee bill provides for only 8 to 10.

However, I do not think that the Energy Committee bill really provides for such a modest program. I have looked and looked, and I cannot find a single word in the Energy Committee substitute bill or report about one-of-a-kind plants. It just is not there.

And, of course, there is nothing in the bill which requires that we have any first-phase test results before we move on to the second phase. In fact, as I said a few moments ago, it would be impossible to have any test results before the $68 billion is released. The Banking Committee concluded, as I said earlier, that if we waited before moving on to the second phase, we might be able to reduce the level of Federal involvement in this phase.

As I have said, this reflects the fundamental difference between the two committees' approaches. The Banking Committee substitute puts the emphasis on private sector initiative, while the Energy Committee substitute requires substantial Government involvement.

Mr. President, if we have learned anything in the last 15 years, it is that we do not solve problems by saying, "Let's show that we have the will and the guts to spend a lot of money." We tried that approach of Federal forcefeeding on our cities. We went from $2 billion a year in 1957 to $85 billion a year today. Some of that increase in spending is good, but I think an increase of fortyfold is hard to justify in that limited period of time. It is interesting that a study by Dr. Richard Nathan, of the Brookings Institution, has shown that after spending this huge amount, this enormous increase, the cities are worse off now than they were before we spent the money.

He shows that poverty is now worse in the cities. He shows that on the basis of age of housing, an excellent objective criterion, the cities are worse off. He shows that on the basis of availability of jobs, the cities are worse off. Here we are spending not twice, not 10 times, we have increased spending fortyfold. That is the result we have gotten in our cities.

Take education. Mr. President, there are few perfect correlations in human relationships. There are some mechanical correlations in physics and higher mathematics, but you very seldom find them in human relationships. We have massively increased Federal assistance for education, especially since 1964. Mr. President, every single year that we have increased spending, scholastic aptitude scores have gone down. One of the few almost perfect correlations you can find is in the correlation between the amount of Federal spending for education and the negative performance of our kids on scholastic aptitude scores. The more we spend, the dumber they get.

Again, I am not saying we should not spend money in these areas. Of course we should. But it is a matter of how intelligently, how thoughtfully, how perceptively we spend the money and especially how we engage the energy and the enthusiasm of the local people. That is why this approach, the Banking Committee approach of trying to inspire action locally, action by the private sector, is a superior approach.

Mr. President, what would we get for our $88 billion in energy? Would the synthetic fuels industry develop in a healthy way so that it could make a contribution to our energy needs?

Well, the Energy Committee bill provides that the Federal Government can build up to three plants of its own. The Government would not have the fun of operating the plants, of course, just of paying for them. The Government could build more than three if the proposal for additional Government-constructed plants is not rejected by the Congress. The Banking Committee bill, by contrast, prohibits Government construction projects.

Such a program is inconsistent with the committee's overall approach toward synfuels development, and would be inherently inefficient for several reasons.

First, by definition, it would guarantee the construction of projects using processes considered by industry to be unready for commercial demonstration. Thus, the risk of cost increases, delays and operating inefficiency, or of outright project failure, would be significantly higher.

Second, Government construction would transfer the cost and technological risk from the private ventures to the Government. This acceptance of risk is fundamentally inconsistent with the purpose of the committee's bill, which is to place primary reliance on market forces.

Third, this acceptance of risk by the Government would reduce the incentives for efficient operation which would otherwise prevail. The Honorable Alice Rivlin, Director of the Congressional Budget Office testified to this point:

> If the Federal Government itself were to build these plants, it would then absorb all the risks—that is, the technological and cost risks, as well as the risk associated with any future changes in OPEC prices. This would give contractors less incentive to build the most cost-effective plants, since no private sector money would be at risk. Overall efficiency would, therefore, be reduced.

Finally, the GOCO's would not yield the answers to cost and financial questions sought in the first phase of synfuels development. A report prepared for the Senate Budget Committee by ICF, Inc., discussed this problem:

> The President proposes to allow the ESC to initiate GOCO's as a last resort. GOCO's contradict every one of the guidelines just cited from the MIT work. The demonstration would be removed from the normal workings of the private sector; project managers (most likely working on a cost plus fixed fee basis) would not be subject to serious market or cost reduction pressures, and full federal financing would provide no information about the likely financing cost for a commercial project.

The ICF report went on to point out that GOCO plants "would be unlikely to provoke private sector investment." In fact, ICF concluded, "Government participation has even discouraged private activity in some energy areas."

Inasmuch as the purpose of the program approved by the Banking Committee is to promote private sector participation in synthetic fuels and to yield the most accurate cost information about a number of synthetic fuels production processes, the committee believes that authorization of GOCO plants would be counterproductive to the long-term goal of creating a healthy synthetic fuels industry, would be likely to diminish private corporate interest in synthetic fuels projects, and would promote a vastly increased Federal role in subsequent stages of synfuels commercialization.

Mr. President, why did the Energy Committee include GOCO's, and why were they recently listed as one of the three key features of the Energy Committee substitute? We have heard that GOCO's are needed as a club over industry, to make sure that they do not suppress synfuels technologies; if the big oil companies will not produce synfuels, there is the threat that the Government will.

Additionally, we have heard that GOCO's can act as a competitive force, helping to hold the price of synfuels down, and giving us a better picture of what these technologies should cost.

I believe that the Energy Committee is wrong in its devotion to GOCO plants. I believe they misunderstand what has prevented the development of synfuels, and I think they also misunderstand the characteristics of GOCO plants.

First of all, the reason synfuels have not developed is simple. Current projections show that it will cost more to produce synfuels than the price at which they could be sold. Synfuels could not be produced and sold at a profit at today's oil prices. I do not think any company or industry can be accused of suppressing development of a technology merely because they do not invest their money in what looks like a sure losing proposition.

A second factor which also acted to prevent development has been the complicated question of uncertainty: Uncertainty about technological risk, uncertainty about future world oil prices and the effect of oil price increases on domestic inflation, and uncertainty about future Federal regulatory policy. These plants are going to be very expensive. Each full-size plant is going to cost well over a billion dollars. That is a lot of money to invest in a process which might or might not work and which might or might not be permitted to operate by the Federal Government.

So, we have to ask whether providing for GOCO plants responds to the real reason why synfuels have not been developed.

(Mr. BURDICK assumed the chair.)

Mr. ARMSTRONG. Will the Senator yield for a question?

Mr. PROXMIRE. I am delighted to yield for a question.

Mr. ARMSTRONG. Would the Senator not agree that providing for GOCO's might actually diminish the willingness of industry to participate in developing synfuels? After all, if a construction company has the choice of building a billion-dollar plant on a cost-plus contract for the Synthetic Fuels Corporation or building a plant for a private firm, does it not seem reasonable that it would choose the Government work?

Mr. PROXMIRE. The Senator is so right. He could not be more right. Who would not do that? Cost plus? Perfect; it is a businessman's dream. You cannot miss on a cost-plus basis. That has been the trouble with our military procurement.

Mr. ARMSTRONG. If the Senator will yield further, it appears to me that with GOCO's, we get away from having the producer make hard choices about which technology shows the most promise, and we get into the world of slick brochures and salesmen. Would the Senator not agree that if the Government agrees to take all the risk, we might have all kinds of harebrained schemes coming before the Corporation? I emphasize that, under the Energy Committee substitute, the Government can only build a synfuels plant of its own if no private firm is interested in doing it itself. It seems to me that with the Energy Committee approach, we are asking for all sorts of wild and crazy ideas to be funded.

Mr. PROXMIRE. I could not agree more. The Banking Committee bill puts most of the risk squarely where it belongs—on the shoulders of the producers. The producers have said that they are willing to accept that risk if they can also get the rewards.

If the Government agrees to shoulder all the risk, then this discipline just evaporates. If the Government is going to bear the loss, then there is no reason not to go ahead and ask them to build your plant.

Mr. ARMSTRONG. I thank the Senator for his comments. While I am on my feet, I should like to compliment the distinguished Senator for a very meaningful analysis of the comparison between these two bills. I certainly think he has made it clear why the Banking Committee version of this legislation is vastly to be preferred.

Mr. PROXMIRE. I say to my good friend from Colorado that I deeply appreciate that. I had an opportunity to hear his speech this morning. Not only was I very impressed by that speech as one of the best speeches I have heard in a long, long time, but a number of other Senators, Democratic Senators, told me how impressed they were about it. They heard it on the squawk box and they had no idea what a strong case we had against the Energy Committee bill, which the Senator from Colorado made so ably this morning.

Mr. President, the final point I would like to make with regard to GOCO plants is that such facilities are highly unlikely to be models of efficiency. Even if it were true that synfuel technologies had been suppressed by industry, I seriously question whether GOCO plants are the way to bring competitive pressure to bear. The testimony of the Congressional Budget Office before the Banking Committee argues that exactly the opposite is true, that GOCO plants are likely to be highly inefficient.

The Energy Committee bill would also allow the Government to take over failing projects, to forgo loan payments if a project were in trouble, and to otherwise indemnify the producers against risk. Uncle Sam is going to play Uncle Sucker.

The Energy Committee substitute would also allow joint ventures between Government and industry. I cannot resist pointing out that these joint ventures could involve R. & D. projects. The Energy Committee report states, on page 172, that these joint ventures can be "small-scale demonstration operations." It also states that:

> In some instances, full scale facilities would not be practical because of technical and economic risks.

Members of the Energy Committee have attempted to minimize the Banking Committee substitute by saying that it is only an R. & D. bill. We, of course, utterly reject this characterization, and point out that the Energy Committee substitute, insofar as it provides for joint ventures, does appear to be the R. & D. bill that they want to ridicule. R. & D. projects clearly fall within the jurisdiction of DOE, and are totally out of character with S. 932.

In summation, these two substitutes represent a sharp difference in philosophy about the proper role of the Government and industry in energy policy. The Energy Committee believes that we need a massive, unaccountable new bureaucracy to manage the synfuels program. The Energy Committee believes that we have to make an initial irreversible commitment of $88 billion to synfuels. The Energy Committee says that we have to keep the Government involved in synfuels development right up to the hilt.

Mr. SCHMITT. Will the Senator yield?

Mr. PROXMIRE. I am happy to yield to my friend from New Mexico.

Mr. SCHMITT. I just wanted to alert my two distinguished colleagues, whose discussion today has been so useful, I think, to understanding the difference between these two bills, that some have claimed that both of the Senators, and I guess I am lumped in the same basket, have claimed that they are against synthetic fuel development, and all of this is just a red herring to prevent that kind of development.

I do not know what they would claim the Senator is for, but they would claim he is against synthetic fuel development. I know he is not. But how does the Senator stand up to that kind of thing?

Mr. PROXMIRE. I am delighted the Senator brings that up. I think it is a point.

The very first statement I made here today was that the most significant remark I could make was that I am for synthetic fuels development. The Banking Committee bill is for synthetic fuels development. We favor spending billions of dollars for synthetic fuels development.

We favor spending more for the synthetic fuels development than for solar energy, more than many other areas.

I indicated I would suggest personally a higher commitment than the $3 billion here because some people feel that would not be enough to provide the commercial plants that are necessary. But, certainly, not the $88 billion.

The argument we are making is not that synthetic fuels are wrong. They are great. We need them. It would not provide as much as some other disciplines might for the energy we need. But they can be helpful.

We are arguing that the best way we can test out synthetic fuels and get the information we need for the private sector is to do it in a limited, orderly way, with one-of-a-kind plants.

So we do not have a crash program. It is going to make this industry very expensive, inflate costs greatly, and will provide a tremendous burden on the taxpayer.

Mr. SCHMITT. The Senator is saying that by taking a phased approach in which technology and economics of particular categories are examined through a series of demonstration plants, with the financial assistance of the Government, at least loan guarantees on the part of the Government, that we will realize a higher level of synthetic fuels production at a lower cost sooner than we will if we provide through the Energy Security Corporation as proposed by the Energy Committee a more massive crash program aimed at production using existing technologies and economics.

Mr. PROXMIRE. The Senator is correct.

I would like to say, not demonstration plants, but demonstration of the technology in commercial plants, so the bugs are worked out for a very large amount of production, up to 50,000 barrels a day.

The Banking Committee bill provides for commercial-sized plants. We will then know what all the commercial problems are and the financial problems, so we can win the confidence of the financial community to finance further development, as well as the confidence of the people who will run and operate it.

As pointed out, I think the Senator from New Mexico was the first person to call this to my attention. There are a limited number of professionals in this field, 45,000 I think is the number. If we go the Energy Committee route, they will need, by some calculations, 24,000 additional personnel.

Where are they going to come from? It means we cannot train them overnight, or in 6 months or 1 year. It takes time to build that up.

For that reason, it would seem we want to be very careful and very sure what we do is as useful as possible, and not move in in a crash way which will sabotage the effort.

Mr. SCHMITT. The usual source of people for crash programs are people working for somebody else doing other useful tasks. I think one could sit down and identify at least the categories of individuals that would be hired in a massive crash program of this kind.

One has to ask, What would be the effect of the loss of this personnel to the other industries where they come from, whether a powerplant industry, or other aspects of the mining industry besides coal and maybe oil shale, and other aspects of agriculture, if that happens to be one of the synthetic fuel areas designated for crash production.

Mr. PROXMIRE. There are two other problems that are predicted. One is inflation of salaries and pay which will mean higher prices. Much more serious will be that they will greatly reduce the efficiency of the other operations, and they will not have the personnel to provide the kind of energy production we should have in a crash program. That is going to eliminate much efficiency which we have at the present time in our energy operations.

Mr. SCHMITT. I think the Senator is correct.

The important bottom line is that those of us in this large, broadly based group of people in this country that are not convinced a crash synthetic fuels program is the way to go at this time, we are, nonetheless, advocating a steady, efficient and rapid increase in the availability of synthetic fuels to our society.

The problem is that we feel we have to do that in a much more logical and measured way than is proposed by this $88 billion program that is the core of the Energy Committee bill.

I think the Senator from Wisconsin and the Senator from Colorado did an excellent job today beginning this debate in a reasonable way, making it absolutely clear—and I hope it has been made clear—we all do favor acceleration of synthetic fuels technology, the acceleration and identification of economic bottlenecks, the removal of those bottlenecks through the kind of program envisioned by the Senator's bill and by other research and development efforts being funded in other ways.

I thank the Senator for yielding.

Mr. PROXMIRE. I thank the Senator from New Mexico.

I commend him on the tremendous expertise he has in this area. He is one of the very few scientists we have in the Congress of the United States. I guess he is the only, that I know at least, expert geologist who really understands the technology of this far better than not only we do, but than our staffs do.

It is a great comfort to have a man with this remarkable background and understanding so enthusiastically and positively working on our side.

Mr. President, I have just a few more remarks.

The Banking Committee has tried to design a program which addresses the problems of markets and financing. We emphasize private initiative. We keep the Government out of the energy business. We believe that synfuels will develop if we give them a fair chance, and our bill has the Government step back and give them that chance.

However, although the Banking Committee believes that synfuels are important to our energy future, we believe it is important to keep things in perspective. Synthetic fuels represent a mid- to long-term prospect, and they are likely to be quite expensive.

While we are considering synthetic fuels, we should not completely forget other energy options that show more near-term promise, such as solar and conservation processes. In the coming days, we will also be debating sections of S. 932 which establish incentives for these processes, and we should keep in mind that we cannot use synthetic money to fund these projects, as the distinguished Senator from New Mexico pointed out so well in our press conference. The Banking Committee approved a balanced and responsible energy package, with funds for synthetic fuels, solar, alcohol fuels, and conservation.

I have been persuaded it may be necessary to increase funding from that level provided. That will be taken care of later.

But let us briefly consider relevant costs and benefits. The Energy Committee provided $88 billion for synthetic fuels, as the President requested.

If the production goal is met, synfuels will provide about 3 percent of our energy needs by 1995. Solar, on the other hand, could, by some estimates, provide up to 20 percent of our energy needs by 2000, at a much lower cost per barrel of oil replaced.

In response to the Banking Committee's action, the Energy Committee did go on and include other types of energy programs. But what did they provide? With solar, for instance, their response was particularly begrudging. They cut our 5-year authorization for the Solar Bank back to 3 years—as compared to a 15-year lifetime for the Synfuels Corportation—and they provided a total of only $450 million, which comes out to about one-half of 1 percent of the amount set aside for synfuels.

And the distinguished Senator from Louisiana complained in his additional views that "this legislation provides excessive subsidies to individuals," and that "the subsidies are unreasonable by any standard."

So, although the debate on the first substitute is not about solar or conservation initiatives, we should keep in mind that we may use up our energy venture capital on synfuels if we provide the $88 billion, and have little or nothing left over for the more promising technologies. Then we would indeed have put all of our eggs in the synfuels basket, and we would be in serious trouble if this option met with total or partial failure.

I would like to call the attention of the Senate to the diverse group that rejects the need for a Synthetic Fuels Corporation to manage a massive Federal commitment to synthetic fuels. Some supporters of the Energy Committee substitute have argued that the only opponents of their bill are "Big Oil" and the unnamed "No-Growthers." This is simply not true. A diverse coalition of business, scientific, and environmental groups support the general approach embodied in the Banking Committee substitute.

The U.S. Chamber of Commerce opposes the creation of the Corporation, as does the American Petroleum Institute and the National Coal Association. The Energy Coalition, which is made up of more than 50 national and local environmental groups, supports our bill. The National Federation of Independent Business, made up of more than 500,000 small businessmen, overwhelmingly rejected the creation of the Synfuels Corporation. The Western Regional Council, made up of mining and electric utility companies in the Western United States, where most synfuel resources are located, oppose the Corporation, as does Richard Lamm, Governor of Colorado, the State with the greatest concentration of synfuels resources. The Committee for Economic Development has called for a program of limited subsidies, consistent with the Banking Committee bill. The Federation of American Scientists has rejected the Synthetic Fuel Corporation and synfuels subsidies of the level proposed by the Energy Committee.

This group was termed a "strange bedfellows" coalition by the Washington Post, and that is what it is. Nowhere else are you likely to find big business, small business, and environmentalists in such total agreement as they are on the question of an $88 billion commitment to a Synthetic Fuels Corporation. These groups do not regard the Banking Committee's bill as perfect. However, they do recognize that the Banking Committee bill represents the better approach to synfuels development and to the approach which is more likely to pay off in synfuels production over the long term.

Therefore, I urge every Member of the Senate to read the committee reports on S. 932, and to study the issue. I urge them to consider the near-term limits on synfuel development, the type of subsidies that are needed, and the need for funds for other near-term energy options. When they have considered these matters, I am sure the Members will recognize that the Banking Committee's bill comes closer to providing the degree and types of Federal support required for development of a healthy synfuels industry.

Mr. President, I thank my friends from Colorado and New Mexico for their very helpful participation in this discussion.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CRANSTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CRANSTON. Mr. President, I rise in support of the Banking Committee substitute amendment for title I of the Energy Committee version of S. 932, the synfuels section of the Defense Production Act extension.

I share the view of nearly everyone who has spoken in this debate that it is very important that we immediately begin to decrease our dependence on imported oil and to deal with our long-range energy problems.

The reasons for relieving the Nation from foreign oil dependence—which makes us vulnerable to blackmail on price, supply, and political issues by foreign nations, particularly Arab nations—have been stated many times.

Virtually every vital public issue facing our Nation is in some way negatively impacted by our foreign oil dependence: Our national security interests; our fight against inflation; our efforts to achieve a balanced budget and a healthy economy; and our need for continuing supplies of energy to run our economy.

It is certainly clear to me that we need a cohesive, progressive and multifaceted energy program that will relieve us of our dependence on imported oil as promptly as sensible relief is available.

Hopefully, the outcome of this session of Congress will be to complete the task begun last year of providing us with the main legislative ingredients of that program.

I certainly will be supporting legislation to achieve the elements of such an energy program.

It seems to me that our energy program must necessarily embody vigorous efforts to achieve better energy efficiency, eliminating much of the extravagant waste of precious energy resources that up to now we have taken for granted.

The program must encourage and support the development and commercialization of renewable energy resources—because ultimately our dependence on fossil fuels, foreign or domestic, will have to be eliminated before our fossil fuels are depleted.

It is important to remember that if we simply replace imported oil with domestic oil, we will use up our own diminishing supply of oil faster than we are already doing.

Finally, our energy program will need to take a balanced approach to the development of new energy sources and be diverse.

Too often, we have settled for the quick fix and put all our eggs in a single basket.

Once, cheap petroleum was thought to be the single answer to our energy needs.

When the nuclear age began, fission energy was supposed to be the answer to our needs for abundant, inexpensive energy.

But this resource has proved to involve unsolved technological problems, environmental risks, and to cost far more than was ever predicted.

There are no quick fix solutions to our long-term energy problems.

There is no single source that can provide all the energy we need, within the time frame that is necessary, at a price which our economy can reasonably afford.

And there is a serious danger from overcommitment to any single source.

There is the risk that too much investment, too early, in a single technological alternative or group of alternatives, will dry up the capital, divert the support resources of the economy, and restructure parts of our society in such a way that we may be denied the ability to proceed with other options.

We cannot afford to reject out of hand the number of competing and sometimes very promising technologies embraced under the generic term "synfuels."

But we cannot afford to put so many of our resources into development and commercialization of synfuels that we deny ourselves the ability to proceed with other options.

Such a strategy runs several very real risks, Mr. President, not the least of which is that we may spend most of our available capital on a series of technologies that will produce no energy in the short run, and may not be able in the long run to produce energy at economic or environmental costs which we are prepared to pay.

This is not a case in which one can measure the degree of one's commitment to energy development, even synfuels development, by the amount of funding one is willing to support in this bill.

In fact, Mr. President, several witnesses in the Banking Committee hearings made the point that too sizable a Federal commitment too early might be counterproductive, and hinder the development of the most competitive, cost-effective, technologically feasible, environmentally sensitive synthetic fuels.

There are two important issues raised by the competing approaches to a synfuels program before us, and on both of these issues I prefer the Banking Committee bill.

The first is the question of whether we need a public synfuels corporation—an additional bureaucracy—at a time when the public is crying for less bureaucracy, not more.

The second is the question of what is a reasonable level of synfuels energy development.

And on that question, there is a large body of opinion from all sides of this debate that modest Federal subsidy, rather than a gangbusters approach, is far more likely to produce more synthetic fuels technologies at lower costs, with less environmental damage, with less expenditure of taxpayer dollars at a lower rate of inflation, than the $88 billion subsidy that the Energy Committee bill would commit us to.

In both respects, I believe the Banking Committee bill is preferable.

I urge the Senate to accept the Banking Committee substitute.

(Mr. TSONGAS assumed the chair.)

Mr. TOWER. Mr. President, there are several things Congress could do to reduce U.S. oil import dependence and stimulate domestic fuel production more effectively and efficiently than any of the synthetic fuels commercialization bills now before us. The policy changes I have in mind would reduce the cost of Government, relieve the increasingly burdensome taxload being carried by most Americans, and move us quickly and surely toward alternative fuels and true energy security.

First, we should move quickly to decontrol completely the price of domestic crude oil and natural gas, and without the imposition of the politically inspired and misnamed windfall oil profits tax. The removal of price controls on domestic oil and gas would do more than anything else to stimulate development of synthetic fuels as well as the production of crude oil and natural gas. Second, we should redress the imbalance which now exists in the environmental laws and regulations promulgated during the last decade. Finally, we should move more aggressively to cut the tangles of redtape and delays which now stifle private investment and innovation.

I am somewhat encouraged that Congress in some limited ways is now beginning to move in the direction of economic deregulation and a more balanced and rational approach to the need for environmental protection. That process of policy evolution will take time, however, and the need for production of synthetic fuels is urgent. I have concluded, therefore, that there is a need now for the Federal Government to provide some additional, limited incentives to the development of a commercial-scale synthetic fuels industry.

Had the Federal Government pursued a more reasonable course in energy policy and environmental protection in the past, extraordinary inducements of the sort we are now discussing would not be needed. Plainly, however, that has not been the case. Excessive regulatory delays, frequent Government policy shifts, unnecessarily stringent environmental regulations, groundless environmental lawsuits, and the artificial economic distortions of energy price controls have made most energy companies understandably unwilling to take the necessary financial risks.

So, if we are to achieve the critically important goal of expedited, commercial-scale production of synthetic fuels, it is necessary, in my view, that the Federal Government provide some additional assistance. A crash development program of the kind first proposed by President Carter, however, is clearly unwise.

Past mismanagement of our energy resources by Federal regulators has clearly demonstrated that Government is not a viable alternative to a free energy market. As certain as it is that we will need synthetic fuels in the future, it is even more certain that if we leave it to Government to produce them, we will never have them. In this connection, some manner of risk splitting by Government and industry may be warranted to encourage synthetic fuels development, but the Federal preemption of this nascent industry—as proposed by the President—is clearly unwarranted.

I believe, instead, that a prudent, cost-effective approach is one that entails a minimum of Government involvement and maximum reliance on private industry. There should be no direct Government involvement in the ownership or operation of synthetic fuels plants.

Certainly, there can be no justification whatsoever for the creation of any new Government agency or Government-sponsored corporation to administer a synthetic fuels assistance program.

I believe that the general approach embodied in title I of the bill reported by the Banking Committee, on which I serve, is the most responsible approach to synthetic fuels development. I think the Banking Committee bill can be improved somewhat, but it is, in my estimation, far superior to the more heavily funded and Government-oriented development program established by the Energy Committee bill. I support the Banking Committee bill because I believe it will enable us to substantially accelerate synthetic fuels development at the least cost to the Government and with a minimum of Government interference.

The development of a viable synthetic fuels industry is essential to utilize most effectively our abundant energy resources such as coal and oil shale. That can best be done, however, not by massive Government-owned and Government-operated energy facilities, but through the efforts of private industry—by eliminating the layers of Government overregulation and uncertainty which now stifle private investment in these risky capital intensive projects.

In the meantime, I urge my colleagues to provide the necessary additional financial incentives authorized in title I of the Banking Committee version of S. 932.

Mr. STONE. Mr. President, I want to express my strong support for the legislation which the Senate Energy Committee has reported to establish an Energy Security Corporation, S. 932. Our country faces the specter of serious energy supply shortages over the next several decades. It is now absolutely clear that, even with new incentives for more domestic oil and natural gas production and more coal and nuclear, we must now begin to develop a strong synthetic fuel program. The pending legislation puts the country on the right track in stimulating synthetic fuel development.

On June 19 of this year, I joined Senator DOMENICI and others in introducing S. 1377, a bill which is the parent bill of the legislation now before the Senate. I am encouraged that the Senate Energy Committee, working with the administration has moved this and other similar proposals along the legislative process to the point that the Senate is now near passage of a major synthetic fuel program.

I have long been interested in a full-scale approach to the commercial use of the vast resources of oil shale, coal, biomass, urban waste products, geothermal energy, and similar sources of energy. I have been as frustrated as my colleagues with the Congress inability to translate its desire for energy self-sufficiency into constructive use of the billions of barrels of oil equivalent that now lies underneath America's surface.

A proper partnership between Government and the free enterprise system can solve this Nation's energy problems, in my judgment. We have lagged far too long, as nations such as Germany, the Soviet Union, Canada, and South Africa have used already available technology to produce hundreds of thousands of barrels of oil equivalent a day from synthetic fuels plants.

We know that almost a trillion dollars of investment will be needed in the energy field during the next 15 to 20 years in order to meet projected domestic demand. And, we know that private investors are very reluctant to commit such sums in the present uncertain regulatory and economic climate. S. 932 will establish a Government program to make investment more attractive and the regulatory delays less burdensome.

We will insulate investment, to a certain extent, from actions by the OPEC cartel that might be aimed at slowing America's progress toward energy self-sufficiency, and we will let the American people and our allies abroad know that we are, indeed, serious about protecting our economy, our security, and our way of life.

I believe in the free enterprise system, and I believe that it should be the primary instrument in meeting the energy challenge. But, we cannot rely on market forces alone in solving America's energy problems. I urge my colleagues to join in supporting the Energy Committee's bill.

● Mr. CHURCH. Mr. President, I am happy to support the Energy Committee version of title I of the bill S. 932. While there are many who may wish to modify the Energy Committee version of the bill, I urge the Senate's support for that version, because it is the most comprehensive approach to the myriad of problems that are associated with a program to test the utility of synthetic fuels in our economy.

The major difference between the Energy Committee version and the Banking Committee version is the creation of a Synthetic Fuels Corporation, by the former. Some may ask why we need to create this Federal corporation and may feel that the Department of Energy already has existing authority to perform a synthetic fuels program. However, the very fact that we have been giving the Department funding and authority to accomplish something for 5 years, and the fact that nothing much has happened, is proof enough that DOE should not be relied upon for this.

Many times since the Arab oil embargo of 1973, this Nation has gone through energy shortages, which have quickened our resolve to test this Nation's capability to produce synthetic fuels. Each time, as the crisis passes, and as our enthusiasm wanes, we have fallen away from the task.

Every year, when the annual budget review for DOE begins, we see that there are millions of dollars for more studies but very little tangible progress to augment our domestic fuel supply. A perfect example of this occurred in the fiscal year 1980 budget. All of us here have heard of the great potential which lies in the oil shale deposits of our country. With such great promise, the Government, you would think, should pursue a program which would at least test one technology of a modular size in order to determine the effects of production and the cost of the oil. Yet, as we slid into another crisis this year, and gas lines formed again, we were presented with a budget for oil shale modular demonstration that cut last year's funding to zero. As chairman of the Energy Research and Development Subcommittee, I have seen this type of vacillation become the hallmark of the synthetic fuels program for the past 5 years. An agency that is going to be subject to the outcome of an annual authorization and appropriation process will never be able to maintain the commitment needed to produce synthetic fuels.

Financiers who wish to back synthetic fuels ventures have tried in vain to work in this annual budget cycle, only to be frustrated time and time again. The proposal we present to you today will answer these problems by establishing a public corporation, the Synthetic Fuels Corporation. It will be primarily a financial corporation which will have a maximum life of 15 years. In addition, it will have sufficient budget authority to finance 10 to 12 large synthetic fuels plants which will test a representative set of technologies, utilizing domestic resources. After the first testing phase, the Congress will examine a comprehensive plan by the Corporation to achieve a national production goal for synthetic fuels.

Therefore, I urge my colleagues to consider favorably the Energy Committee bill and the establishment of the Synthetic Fuels Corporation.

In addition, there are many other advantages to the Energy Committee version which I wish to point out. First of all, the Banking Committee version puts all responsibility for the testing of synthetic fuels in the President, pursuant to the Defense Production Act. This act was never written to address the very complex problems associated with testing synthetic fuels and the establishment of such a capital intensive industry, utilizing such advanced technologies. On the other hand, the Energy Committee version has addressed almost all of the issues involved in this complicated field.

Second, the Banking Committee version limits the size of synthetic fuel plants to no more than 50,000 barrels per day. This size may have been the optimum economic size in the past, but we have received testimony in the Energy Committee that, at least for some processes, this size will be uneconomical. Therefore, the Banking Committee has potentially excluded some of the technologies for coal conversion from any possibility of assistance under this act. This is arbitrary. The Energy Committee version has no limit, letting market economics dictate the size that is viable.

Third, the Banking Committee version grants the President the authority to sign purchase guarantees for 7 years; any longer guarantee will have to return to Congress. This was included by the Banking Committee to review large commitments and thereby protect the Treasury, but in fact this is no protection at all for the Government.

As world oil prices increase, they will approach and finally surpass the cost of producing synthetic fuels. It is clear, therefore, that the Federal Government will be exposed to its maximum liability under a purchase guarantee in the first 7 years and relatively little thereafter. For example, a 100,000 barrels per day plant with a $15 per barrel subsidy would result in over a half of a billion dollars liability in the first year, declining quickly as the world oil prices rises. Therefore, this provision provides no real protection and the Energy Committee did not utilize it.

Fourth, the Banking Committee bill has no absolute dollar limitation on loan guarantees, so that under its bill we do not know what the maximum exposure of the Federal Government in this program will be. Similarly, the authorization for purchase guarantees, which is $3 billion, can be utilized again and again, or rolled over. By contrast, the Energy Committee version has established the maximum amount of exposure by the Federal Government, for the first phase, at $20 billion.

Finally, I would like to point out that the Banking Committee version does not provide any incentive for the development of one of our Nation's most abundant resources, municipal solid waste. The only provision for the development of biomass in the Banking Committee version is in the title on rural energy development, which does not include the waste generated in our Nation's urban areas. This is a serious oversight. Our cities produce vast amounts of waste which have been estimated to reach 201 million tons of municipal solid waste annually by 1985, with 112 million tons being technically feasible for conversion to energy sources. If all of the material which is technically feasible to convert were processed, the Nation could realize energy savings equivalent to over 310,000 barrels of oil daily. The Energy Committee version recognizes this fact and sets aside $1 billion of the $20 billion authorized for biomass conversion, which will include municipal solid waste plants. This will provide for as many as 20 plants throughout the country, part of which will explore this vast energy resource.

The Energy Committee version contains, in addition, eight other titles which go very far in the development of other forms of energy. The committee feels that all of these other forms should be given the accelerated attention that synthetic fuels will have. In particular, I would like to call attention to the titles on gasohol (title II) and geothermal (title V), which I have sponsored. I intend to introduce further remarks concerning those titles at the times of their consideration.

In conclusion, I urge support for the Energy Committee version of title I and, in addition, for the rest of the bill as reported by that committee.●

Mr. ROBERT C. BYRD. Mr. President, I yield momentarily to the distinguished Senator from Kansas.

SENATE RESOLUTION 273—MAMIE GENEVA DOUD EISENHOWER

Mr. DOLE. Mr. President, for myself and Senators Kassebaum, Thurmond, Armstrong, and Robert C. Byrd, I send to the desk, a resolution and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 273) to honor Mamie Geneva Doud Eisenhower and to express the sorrow of the Senate with respect to her death.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

Mr. ROBERT C. BYRD. Mr. President, there is no objection on this side, and I applaud the distinguished Senator from Kansas for offering the resolution. I ask unanimous consent that the distinguished Senator permit me to be a cosponsor.

Mr. DOLE. I am pleased to do that.

Mr. ROBERT C. BYRD. I thank the Senator.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, 2 days ago, the people of Kansas bowed their heads as Mamie Geneva Doud Eisenhower was laid to rest in Abilene. Today official Washington paid their respects at a memorial service held in the post chapel at Fort Myer. Mamie contributed greatly to our national character and as such deserves to be remembersd as a permanent part of the fabric which constitutes our national heritage.

Mr. President, it is entirely fitting that this body go on record in expressing its condolences to Mrs. Eisenhower's family, on this day when official Washington pays its tribute to a woman who was never less than a perfect partner to one of our Nation's greatest heroes. I extend my deepest sympathy to Mamie's family and to all her friends for whom her example remains bright and vivid. Her memory will survive and live on to inspire others who will follow in her path.

It is with a real sense of personal loss, which I know is shared by each person who knew Mrs. Eisenhower, that I offer this resolution.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution was considered and agreed to.

The preamble was agreed to.

The resolution, with its preamble, is as follows:

Senate Resolution 273

Whereas Mamie Eisenhower supported one of America's heroes through a world war and two distinguished terms in the Oval office;

Whereas Mamie Eisenhower was deeply committed to public service;

Whereas as First Lady she infused the White House with her graciousness, warmth and style making it a home, and all America her family;

Whereas she matched her husband's heroism with courage and his leadership with grace and elegance; and

Whereas she was a beloved national figure: Now, therefore, be it

Resolved, That the United States Senate expresses its profound sorrow at the passing of Mamie Eisenhower, whose courage and support will be remembered always, and to express deep sympathy to her family and friends.

UNANIMOUS-CONSENT REQUEST
S. 932

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow after the two leaders or their designees have been recognized under the standing order, the Senate temporarily lay aside the energy legislation and proceed with the consideration of H.R. 5359, the Department of Defense appropriation bill, with the following provisos:

That there be a time limitation of 4 hours on the bill, to be equally divided between and controlled by the Senator from Mississippi (Mr. Stennis) and the Senator from North Dakota (Mr. Young) or his designee;

That there be a limitation of 1 hour, to be equally divided, on any amendment, except a limitation of 2 hours, equally divided, on an amendment to be offered by Mr. Moynihan dealing with the Maybank language; a limitation of 3 hours, to be equally divided on an amendment to be offered by Mr. Proxmire relative to a nuclear aircraft carrier; and a limitation of 2 hours, equally divided, on an amendment by the Senators from Alabama (Mr. Heflin and Mr. Stewart);

That there be a limitation of 20 minutes on any debatable motion, appeal, or point of order if such is submitted to the Senate; and

That the agreement be in the usual form as to the division and control of the time;

Provided, further, that the amendment by Mr. Heflin and Mr. Stewart be the last amendment before the Senate proceeds to third reading.

Mr. TOWER. Mr. President, will the Senator from West Virginia withhold on that request for a moment? There is some question about whether or not it is cleared all the way on this side.

Mr. ROBERT C. BYRD. All right.

Mr. TOWER. Why does not the Senator go ahead and propound his agreement, and I will reserve the right to object?

Mr. ROBERT C. BYRD. Provided further, that the amendment by the Senators from Alabama not be called up until Thursday morning, with the further proviso that a call for the regular order not bring down the DOD appropriations bill tomorrow.

Mr. YOUNG. Mr. President will the Senator yield?

Mr. ROBERT C. BYRD. Yes. This would mean, too, that the Senate would go back to the energy bill on Wednesday.

Mr. YOUNG. The Senator from Colorado (Mr. Armstrong) wanted 1½ hours on his amendment, but if he has 1 hour, I can yield him a half hour from my time.

Mr. ROBERT C. BYRD. Yes, the Senator can, off the time on the bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia?

Mr. TOWER. Reserving the right to object, Mr. President, I wonder if the distinguished majority leader would consider withholding the propounding of that unanimous-consent request until I can check with some of the leadership on this side.

Mr. STENNIS. Mr. President, reserving the right to object, and I do not expect to object, may I ask the Senator from Texas if he can give it his attention now, because it will take a while?

Mr. TOWER. We are in the process of giving it that attention now.

Mr. STENNIS. Mr. President, reserving the right to object, in the majority leader's reference to the helicopter amendment by Mr. Heflin and Mr. Stewart does he intend to say that it will be called up Thursday morning?

Mr. ROBERT C. BYRD. It is my understanding, from talking with Mr. HEFLIN, that it would be unlikely that he would be prepared to go ahead with the amendment tomorrow.

Mr. STENNIS. Yes.

Mr. ROBERT C. BYRD. Of course, that might be possible tomorrow, but if that were not possible, he would be assured that the amendment could be carried over until Thursday.

Mr. STENNIS. Yes. I do not object to its being carried over, but I would like the agreement to provide that it would be called up Thursday morning if not before, so as to assure handling of the bill on Thursday.

Mr. ROBERT C. BYRD. That was my understanding, that Thursday morning would be the agreed time, yes.

Mr. President, before the Chair puts the question on the request, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, if the request is agreed to, it is with the understanding that the Senate will resume consideration of the energy legislation on Wednesday.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I withdraw my request temporarily.

DEFENSE PRODUCTION ACT AMENDMENTS OF 1979

The Senate continued with the consideration of the bill S. 932.

Mr. ROBERT C. BYRD. Mr. President, what is the pending business?

The PRESIDING OFFICER. The amendment offered by the Senator from Wisconsin to the energy bill.

ADJOURNMENT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate stand in adjournment for 2 seconds.

There being no objection, the Senate, at 5:34 p.m., on Monday, November 5, 1979, adjourned until 5:34:02 p.m., the same day.

AFTER ADJOURNMENT

MONDAY, NOVEMBER 5, 1979

The Senate met at 5:34:02 p.m., pursuant to adjournment, and was called to order by Hon. PAUL E. TSONGAS, a Senator from the State of Massachusetts.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be a brief period for the transaction of routine morning business not to exceed beyond 1 minute, that Senators may speak in that 1 minute, that no resolutions come over under the rule, that a call of the calendar under rule VII and VIII be dispensed with, and that no action under rule XIV transpire.

The PRESIDING OFFICER. Is there objection? If not, it is so ordered.

PUBLIC INTEGRITY SECTION REPORTS TO CONGRESS

Mr. PERCY. Mr. President, in March of 1976, the public integrity section was created within the Department of Justice. Its purpose was to consolidate and coordinate Federal efforts against corruption of public officials. Last year, in the Ethics in Government Act, the Congress expressed its strong support for the work being done by the public integrity section. At my request, this act included a requirement that the Attorney General report annually to Congress on the activities and operations of this section.

The first report includes a complete list of public corruption cases from March 1976 through June 1979 in which indictments were returned, and for which the public integrity section itself had full or shared responsibility. Additionally, the Attorney General also submitted to the Congress a report compiled by the public integrity section which outlines the Federal prosecutions of corrupt public officials from 1970 to 1978, which were carried out by both the public integrity section and the individual U.S. attorneys offices. I ask unanimous consent that portions of these reports be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. PERCY, Mr. President, upon reading these reports, I was struck by the great strides we have made in insuring the prosecution of public officials who abuse the privileges of their position. In 1970, only 63 officials of Federal, State, and local governments were indicted. Forty-four of these were convicted. In 1978, however, 557 public officials were indicted, 409 were convicted, and another 205 are awaiting trial.

Detecting and exposing public corruption should continue to be one of the highest priorities of our criminal justice system. As a society, we cannot tolerate the abuse of power by those people whom we choose to govern us. Corruption undermines both the ability of Government to function effectively, and the faith that the citizenry places in it. The above statistics indicate that the public integrity section and the individual U.S. attorneys' offices are performing an important and necessary function in a vigorous manner. I commend the 28 attorneys on the public integrity section staff and particularly the section chief, Thomas H. Henderson, Jr., for their efforts.

EXHIBIT 1

REPORT TO CONGRESS ON THE ACTIVITIES AND OPERATIONS OF THE PUBLIC INTEGRITY SECTION

INTRODUCTION

Section 529 of the Ethics in Government Act of 1978, 28 U.S.C. § 529, requires the Attorney General to "report to Congress on the activities and operations" of the Public Integrity Section. This report is submitted in fulfillment of that requirement. Because this is the first such report, we have set forth the matters handled by the Public Integrity Section since it was formed in March, 1976. In the future, the annual report will include matters handled during the preceding year.

I. Background

The Public Integrity Section was created as part of the Department of Justice's Criminal Division in March, 1976 for the purpose of consolidating the responsibility for nationwide coordination of the Federal efforts against official corruption at all levels of Government. The Section is responsible for coordinating enforcement of all Federal statutes dealing with bribery, conflicts of interest and miscellaneous offenses in offices that are committed by officers or employees of the three branches of the Federal Government. In addition, the Section shares with the United States Attorneys responsibilities for the Federal Government's recent prosecutive initiatives in the area of local corruption through utilization of relatively new prosecutive theories under the Hobbs Act (18 U.S.C. 1951), the Federal mail fraud statute (18 U.S.C. 1341) and the Racketeering Influence and Corrupt Organizations statutes (18 U.S.C. 1961–1968). Finally, the Section has responsibility for coordinating enforcement of all Federal criminal laws dealing with election irregularities and fraud, politicization of the Federal Service and Federal programs, the Federal Election Campaign Act, and assorted statutes dealing with elections and lobbying.

The Section is also charged with educating United States Attorney and FBI personnel in investigative and prosecutive techniques, with developing effective prosecutive theories, and with attaining nationwide standards for Federal prosecutions against elected or appointed public officials who abuse the trusts bestowed on them by the public they serve.

The Section was formed in March, 1976 under the direction of Section Chief Thomas H. Henderson, Jr. with eight attorneys. The Section has gradually expanded to 28 attorneys and remains under the experienced leadership of Mr. Henderson.

II. Operations

The Section is primarily an enforcement unit with the capacity to receive an allegation and follow it through investigation, trial and appeal. Many matters are referred directly to the Section by Federal agencies, investigative agencies or from within the Criminal Division. A large number of cases are referred to the Section by United States Attorneys who are unable to handle the matter because of a conflict or because of insufficient manpower or expertise. In addition to the cases handled exclusively by the Public Integrity Section, many cases are handled jointly with United States Attorneys' offices, with the Section's role ranging from providing lead attorneys to the Section simply advising the United States Attorney when problems arise.

TABLE I.—FEDERAL PROSECUTIONS OF CORRUPT PUBLIC OFFICIALS, JAN. 1, 1970 TO DEC. 31, 1978

	1970	1971	1972	1973	1974	1975	1976	1977	1978	Total
Federal officials indicted	9	58	58	60	59	53	111	129	133	670
Federal officials convicted	9	40	42	48	51	43	101	94	91	519
Federal officials awaiting trial on Dec. 31	0	0	4	2	1	5	1	32	42	87
State officials indicted	10	21	17	19	36	36	59	50	55	303
State officials convicted	7	16	10	17	23	18	35	38	56	220
State officials awaiting trial on Dec. 31	0	0	0	0	0	5	30	33	20	88
Local officials indicted	26	46	106	85	130	139	194	157	171	1,054
Local officials convicted	16	28	75	64	87	94	100	164	127	755
Local officials awaiting trial on Dec. 31	0	0	0	2	4	15	98	62	72	253
Others involved indicted	18	35	27	80	66	27	199	171	198	821
Others involved convicted	12	24	15	52	56	24	144	144	135	606
Others involved awaiting trial on Dec. 31	0	0	1	14	0	2	70	83	71	241

TABLE XI.—FEDERAL PROSECUTIONS OF CORRUPT PUBLIC OFFICIALS, CONVICTIONS OF PUBLIC OFFICIALS BY JUDICIAL DISTRICTS, 1976–78

	1976	1977	1978	Total
Alabama, northern	0	6	4	10
Alabama, middle	9	4	5	18
Alabama, southern	1	0	1	2
Alaska	4	3	0	7
Arizona	2	3	0	5
Arkansas, eastern	1	3	2	6
Arkansas, western	0	1	0	1
California, northern	0	0	0	0
California, eastern	0	0	0	0
California, central	10	8	3	21
California, southern	1	2	3	6
Canal Zone	(1)	(1)	1	1
Colorado	0	1	1	2
Connecticut	0	5	4	9
Delaware	3	0	1	4
District of Columbia	9	10	14	33
Florida, northern	1	0	0	1
Florida, middle	4	1	5	10
Florida, southern	0	0	3	3
Georgia, northern	6	2	6	14
Georgia, middle	9	7	1	17
Georgia, southern	0	1	0	1
Guam	(1)	(1)	2	2
Hawaii	0	0	0	0
Idaho	0	0	0	0
Illinois, northern	(1)	(1)	16	16
Illinois, eastern	1	0	8	9
Illinois, southern	0	0	4	4
Indiana, northern	4	6	5	15
Indiana, southern	0	3	0	3
Iowa, northern	0	0	0	0
Iowa, southern	1	0	0	1
Kansas	9	4	0	13
Kentucky, eastern	5	6	5	16
Kentucky, western	1	0	2	3
Louisiana, eastern	(1)	(1)	6	6
Louisiana, middle	1	0	0	1
Louisiana, western	0	1	0	1
Maine	0	0	2	2
Maryland	2	5	20	27
Massachusetts	3	5	7	15
Michigan, eastern	1	4	1	6
Michigan, western	1	1	1	3
Minnesota	1	0	0	1
Mississippi, northern	0	2	3	5
Mississippi, southern	1	0	5	6
Missouri, eastern	4	2	1	7
Missouri, western	1	0	0	1
Montana	1	0	0	1
Nebraska	0	1	0	1
Nevada	1	1	1	3
New Hampshire	0	0	2	2
New Jersey	14	10	15	39
New Mexico	9	9	1	19
New York, northern	1	0	2	3
New York, southern	0	8	3	11
New York, eastern	21	21	7	49
New York, western	0	5	1	6
North Carolina, eastern	1	0	1	2
North Carolina, western	0	0	0	0
North Dakota	0	0	0	0
Ohio, northern	2	5	6	13
Ohio, southern	12	18	7	37
Oklahoma, northern	0	0	0	0
Oklahoma, eastern	0	0	0	0
Oklahoma, western	0	0	4	4
Oregon	0	0	1	1
Pennsylvania, eastern	8	6	13	27
Pennsylvania, middle	21	27	16	64
Pennsylvania, western	9	39	12	60
Puerto Rico	1	5	0	6
Rhode Island	(1)	(1)	0	0
South Carolina	19	15	8	42
South Dakota	0	0	0	0
Tennessee, eastern	0	4	0	4
Tennessee, middle	1	1	2	4
Tennessee, western	2	7	3	12
Texas, northern	6	4	4	14
Texas, southern	8	3	6	17
Texas, eastern	0	1	3	4
Texas, western	4	2	0	6
Utah	0	0	2	2
Vermont	0	0	1	1
Virgin Islands	(1)	(1)	0	0
Virginia, eastern	4	4	1	9
Virginia, western	0	1	1	2
Washington, eastern	0	0	0	0
Washington, western	0	1	0	1
West Virginia, northern	0	0	1	1
West Virginia, southern	2	0	6	8
Wisconsin, eastern	1	4	2	7
Wisconsin, western	0	3	0	3
Wyoming	0	0	0	0

[1] Not available.

ILLINOIS TAKES THE LEAD IN COMBATTING COMPUTER CRIME

Mr. PERCY. Mr. President, over the last several years, I have become concerned with the rapid growth of computer crime in the United States. Thus, it was my great pleasure to join with my colleague, Senator Ribicoff, in June 1977 in introducing S. 1766, the Federal Computer Systems Protection Act. This is the first Federal legislation specifically designed to prohibit the misuse of computers owned or controlled by the U.S. Government, financial institutions, or corporations operating in or affecting interstate commerce.

Although that measure did not become law in the 95th Congress, hearings on the bill were held in June 1978 in the Criminal Justice Subcommittee, ably chaired by Senator Biden. In the 96th Congress, we have again introduced the measure, now S. 240, with certain revisions suggested by the Department of Justice.

We have continued to work closely with Senator Biden, and with other members of the Criminal Justice Subcommittee, particularly Senator Hatch and Senator Laxalt. We all want to make certain that S. 240 accurately and effectively reflects the Federal Government's vital interest in stopping computer crime, and in protecting the integrity of the business and financial transactions of this country. I believe we have been successful in that regard. I look forward to early consideration of this measure by the full Judiciary Committee so that the Senate will have the opportunity to take a firm and necessary step in the fight against white collar crime.

The legislation originates from a study released in March 1977 by the Governmental Affairs Committee which revealed the insufficient security of Government computers and the absence of adequate protection in our Federal laws against computer crime. Prosecutors have found themselves hamstrung trying to fight 20th century crimes with 19th century statutes.

We are moving closer and closer to becoming a cashless society. In so doing, the potential for fraud and abuse through manipulation of computers becomes an ever greater threat. Huge sums of money are already lost each year as a result of computer crimes, with estimates ranging from $100 million to more than $3 billion. And the chances of getting caught are minimal.

A few States have begun to take action. I am proud to say that Illinois is among them.

The Illinois State Legislature has recently passed and Governor Thompson has signed a computer crime law. In many of its provisions, it is similar to S. 240. I ask unanimous consent that the text of the Illinois act be printed in the

RECORD following my remarks. The Illinois Legislature is to be congratulated for attempting to combat this problem.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. PERCY. However, Mr. President, the problem is nationwide, and well beyond the resources and expertise of many State and local jurisdictions. Through the wizardry of electronics, a computer crime can be initiated in California, executed in New York, and affect the lives and assets of people in every State of the Union. It is time that we in the Senate address the national scope of this problem, and move expeditiously to enact S. 240, the Federal Computer Systems Protection Act.

EXHIBIT 1

An Act to add Section 16-9 to and to amend Section 15-1 of the "Criminal Code of 1961", approved July 28, 1961, as amended.

Be it enacted by the People of the State of Illinois, represented in the General Assembly.

Section 1. Section 15-1 of the "Criminal Code of 1961", approved July 28, 1961, as amended, is amended, and Section 16-9 is added thereto, the added and amended Sections to read as follows:

(Ch. 38, par. 15-1)

Sec. 15-1. Property. As used in this Part C, "property" means anything of value. Property includes real estate, money, commercial instruments, admission or transportation tickets, written instruments representing or embodying rights concerning anything of value, labor, or services, or otherwise of value to the owner; things growing on, affixed to, or found on land, or part of or affixed to any building; electricity, gas and water; birds, animals and fish, which ordinarily are kept in a state of confinement; food and drink; samples, cultures, microorganisms, specimens, records, recordings, documents, blueprints, drawings, maps, and whole or partial copies, descriptions, photographs, computer programs or data, prototypes or models thereof, or any other articles, materials, devices, substances and whole or partial copies, descriptions, photographs, prototypes, or models thereof which constitute, represent, evidence, reflect or record a secret scientific, technical, merchandising, production or management information, design, process, procedure, formula, invention, or improvement.

(Ch. 38, new par. 16-9)

SEC. 16-9. Unlawful use of a computer. (a) As used in this Part C:

1. "Computer" means an internally programmed, general purpose digital device capable of automatically accepting data, processing data and supplying the results of the operation.

2. "Computer system" means a set of related, connected devices, including a computer and other devices, including but not limited to data input and output and storage devices, data communications links, and computer programs and data, that make the system capable of performing the special purpose data processing tasks for which it is specified.

3. "Computer program" means a series of coded instructions or statements in a form acceptable to a computer, which causes the computer to process data in order to achieve a certain result.

(b) A person commits unlawful use of a computer when he:

1. Knowingly obtains the use of a computer system, or any part thereof, without the consent of the owner (as defined in Section 15-2); or

2. Knowingly alters or destroys computer programs or data without the consent of the owner (as defined in section 15-2); or

3. Knowingly obtains use of, alters or destroys a computer system, or any part thereof, as part of a deception for the purpose of obtaining money, property or services from the owner of a computer system (as defined in Section 15-2) or any third party.

(c) Sentence:

1. A person convicted of a violation of subsection (b) (1) or (2) of this Section where the value of the use, alteration, or destruction is $1,000 or less shall be guilty of a petty offense.

2. A person convicted of a violation of subsections (b) (1) or (2) of this Section where the value of the use, alteration or destruction is more than $1,000 shall be guilty of a Class A misdemeanor.

3. A person convicted of a violation of subsection (b)(3) of this Section where the value of the money, property or services obtained is $1,000 or less shall be guilty of a Class A misdemeanor.

4. A person convicted of a violation of subsection (b)(3) of this Section where the value of the money, property or services obtained is more than $1,000 shall be guilty of a Class 4 felony.

(d) This Section shall neither enlarge nor diminish the rights of parties in civil litigation.

Section 2. This Act takes effect on becoming a law.

THE GENOCIDE CONVENTION: A LESSON IN PRINCIPLE

Mr. PROXMIRE. Mr. President, I would like to speak one final time on Louis Henkin's article, "Constitutional Rights and Human Rights."

For the last 2 days, I have pointed out Professor Henkin's observations that not only does the Constitution allow the Senate to ratify the Genocide Convention, along with other human rights treaties, but, in fact, obligates us to. Professor Henkin does continue on, however, to point out what benefits fulfillment of this obligation would harvest.

At the present stage of world affairs, the United States' position as a moral leader is still unsure. Our policy has been too inconsistent. State Department official Mark Schneider testifying before the Senate Subcommittee on International Organization explained that "for too long, we had become identified with regimes which denied human rights rather than with the victims whose rights were violated."

Professor Henkin points out that adherence to human rights treaties, including the Genocide Convention, would help dissociate the United States from gross violations of human rights around the world. Inconsistencies in our human rights policy would be corrected and our position as a moral world leader improved.

Without a firm and positive world image, America's effectiveness in shaping international policy is diminished. Other nations do not respond to a country marred with inconsistency and paralyzed by inaction.

More importantly, if we fail to ratify human rights conventions—if we fail to emphasize our faith in the sanctity of human life—we risk losing sight of our own principles and goals. Professor Henkin most aptly explains our present situation in the following passage:

> We will learn better, I believe, and more importantly, we will teach and maintain our ways more effectively, if we join the international human rights movement. We must recognize that our constitutional rights are part of universal rights, and that as we are part of mankind, so must our rights be part of the human rights of all.

I urge my colleagues to consider the words of Professor Henkin. It is time we realize the importance of a consistent human rights stance. It is time we ratify the Genocide Treaty.

CONTROLS AND ROLLBACK OF THE PRICE OF HOME HEATING OIL URGED

Mr. KENNEDY. Mr. President, inflation in the United States today is at the highest point it has been since the period immediately following World War II.

One vital component of the cost-of-living index stands out from all the others as the cause of this inflation—energy. The administration itself has argued that without including energy we would have single digit inflation rather than 13-percent inflation. But in the real world, energy is included in the cost of living. The fact is, energy costs now account for as much as half of the 13-percent inflation from which the Nation is suffering today.

While the average American's buying power has been reduced by these inflation rates, the oil companies have shown record profit increases. In the third quarter the average increase for the 17 top companies was 106 percent over the third quarter of 1978, with Sohio at 191 percent; Texaco at 211 percent; Exxon at 118 percent.

The huge profit increases have resulted from increased prices at every stage of operations of the industry.

Refiner margins, the amount of costs and profits which refiners add to the crude oil they buy, have risen every quarter this year. Today they are nearly 70 percent higher than their level in January. These increases are not caused by OPEC, they are increases added above and beyond OPEC costs by the refineries in the United States, who have been taking unconscionable advantage of American consumers by their exorbitant price increases.

In fact, the OPEC price increases, unreasonable as they are, account for less than half the inceased price of oil products in the United States. Why? Because our oil producers and oil refiners are taking full advantage of the tight market and exercising no restraint at all. At the crude oil level, the industry is being decontrolled rapidly and is exempt from the anti-inflation guidelines. At the refinery they are faced with no controls on fuel oil and weakened controls on gasoline, and the guidelines have been completely ineffective.

Last Saturday in Buffalo, I urged President Carter to take a stand on energy, by acting to combat the steady erosion of his windfall tax proposal in Congress. I urged him to pledge a veto of any windfall profit tax that recovers less than 50 percent of the windfall.

In response, the administration refused to consider such a veto, thus jeopardizing our effort in the Senate to adopt an effective tax. As a result, even larger amounts of windfall profits will be flowing into the profits of the oil companies instead of into the public Treasury.

In addition, the skyrocketing cost of heating oil, fueled by the oil companies' demand for the highest possible profits, are bringing hardship to consumers in many parts of the Nation, especially the New England region, the Northeast, mid-Atlantic and some Southern States.

The President has the power to ease this hardship:

He can reimpose—and even strengthen—the price controls on fuel oil, which were removed in 1976, at a time when the oil sold for 39 cents, instead of the 85 cent level we face today.

He can suspend his plan to decontrol U.S. crude oil prices by 1981, a plan which will triple or quadruple the cost of half our oil supply in the coming 3-year period;

He can reverse the decontrol steps he has taken already this year, steps which are rapidly pushing the prices of domestic oil to OPEC levels, or higher; and

He can limit the price levels of large amounts of previously decontrolled oil, so that U.S. producers cannot compound their windfalls every time the OPEC price goes up.

I therefore call upon the President to announce that he will use these tools at his disposal unless the oil industry promptly agrees to initiate substantial voluntary rollbacks in the price of home heating oil and to maintain stable home heating oil prices in order to alleviate the severe hardship that would otherwise occur this winter.

We can no longer tolerate a situation where every other segment of the economy is asked to practice price and wage restraint, while the oil industry is allowed to reap unlimited profits.

This is not a time for polite requests, or idle threats—it is a time for an ultimatum on inflation that will be backed up by firm Presidential action. These oil price increases have been made possible by White House action. They must now be reversed by White House action.

MESSAGE FROM THE HOUSE RECEIVED DURING THE RECESS

Under the order of the Senate of November 2, 1979, the Secretary of the Senate, on November 3, 1979, received a message from the House of Representatives reporting that the Speaker has signed the following enrolled bill:

S. 1905. An act to provide for the orderly restructuring of the Milwaukee Railroad, and for the protection of the employees of such railroad.

The enrolled bill was subsequently signed by the Acting President pro tempore (Mr. Robert C. Byrd).

MESSAGES FROM THE HOUSE

ENROLLED BILLS SIGNED

At 1:44 p.m., a message from the House of Representatives delivered by Mr. Berry, one of its reading clerks, announced that the Speaker pro tempore had signed the following enrolled bill:

H.R. 2515. An act to authorize on a temporary basis certain business and agricultural loans, notwithstanding interest limitations in State constitutions or statutes, and for other purposes.

The enrolled bill was subsequently signed by the Acting President pro tempore (Mr. Exon).

The message also announced that the Hon. Jim Wright, a Representative from the State of Texas, was elected Speaker pro tempore during the absence of the Speaker.

At 2:45 p.m.. a message from the House of Representatives deliver by Mr. Gregory, one of its reading clerks, announced that the House has passed the bill (S. 1308) to provide for an expedited and coordinated process for decisions on proposed nonnuclear energy facilities, and for other purposes, with amendments in which it requests the concurrence of the Senate.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on November 3, 1979, he presented to the President of the United States the following enrolled bill:

S. 1905. An act to provide for the orderly restructuring of the Milwaukee Railroad, and for the protection of the employees of such railroad.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-2418. A communication from the Director of the Defense Security Assistance Agency, Transmitting, pursuant to law, a report on the proposed letter of offer from the Department of the Army to Greece for defense articles estimated to cost in excess of $25 million; to the Committee on Armed Services.

EC-2419. A communication from the Acting General Counsel of the Department of Defense, transmitting, a draft of proposed legislation to authorize the establishment of a Senior Cryptologic Executive Service and Merit Pay and Awards System within the National Security Agency and to make necessary amendments to Title 5, United States Code; to the Select Committee on Intelligence.

EC-2420. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "The Navy Does Not Know If It Has Too Much Electronic/Electrical Depot Maintenance Capability, Too Little, Or The Right Kind"; to the Committee on Armed Services.

EC-2421. A communication from the Chairman of the Consolidated Rail Corporation (CONRAIL), transmitting, pursuant to law, a draft of an Employee Stock Ownership Plan together with a report on the progress made in establishing and administering the Plan; to the Committee on Commerce, Science, and Transportation.

EC-2422. A communication from the Chairman of the Federal Communications Commission, transmitting, pursuant to law, a report on the study of public maritime coast station services with particular emphasis on high seas telecommunications; to the Committee on Commerce, Science, and Transportation.

EC-2423. A communication from the Chairman of the Advisory Committee on Federal Pay, transmitting, pursuant to law, a report summarizing the first eight years of experience under the Federal Pay Comparability Act of 1970; to the Committee on Governmental Affairs.

EC-2424. A communication from the Acting Assistant Secretary of the Interior, transmitting, a draft of proposed legislation to amend the Act of October 19, 1973 (87 Stat. 466), relating to the use or distribution of certain judgment funds awarded by the Indian Claims Commission or the Court of Claims, and for other purposes; to the Select Committee on Indian Affairs.

EC-2425. A Communication from the Chairman of the Board of Trustees of the Harry S. Truman Scholarship Foundation, transmitting, pursuant to law, the annual report of the Harry S. Truman Scholarship Foundation for fiscal year 1979; to the Committee on Labor and Human Resources.

EC-2426. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Examination Of Financial Statements Of The Government Printing Office For Fiscal Year 1978"; to the Committee on Rules and Administration.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ROBERT C. BYRD (for Mr. Muskie), from the Committee on the Budget, without amendment:

S. Res. 233. A solution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 932.

S. Res. 268. A resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 932.

S. Res. 262. A resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 1918.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. PACKWOOD (for himself, Mr. Dole, Mr. Domenici, and Mr. Riegle):

S. 1977. A bill to amend title XVIII of the Social Security Act to eliminate certain restrictions and limitations imposed for the receipt of home health services and to make more accessible home health services to those in need, and for other purposes; to the Committee on Finance.

By Mr. TALMADGE (for himself, Mr. DeConcini, and Mr. Goldwater):

S. 1978. A bill to establish an improved program for extra long staple cotton; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. DOLE:

S. 1979. A bill to extend section 530 of the Revenue Act of 1978 involving the tax treatment of employees and independent contractors; to the Committee on Finance.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. PACKWOOD (for himself, Mr. Dole, Mr. Domenici, and Mr. Riegle):

S. 1977. A bill to amend title XVIII of the Social Security Act to eliminate certain restrictions and limitations imposed for the receipt of home health services and to make more accessible home health services to those in need, and for other purposes; to the Committee on Finance.

● Mr. PACKWOOD. Mr. President, I am introducing today with Senators Dole, Domenici, and Riegle, a bill designed to prudently expand the medicare home health care program to assist senior citizens remain functionally independent, and to avoid their unnecessary hospitalization and premature institutionalization.

The aged population of this country, which presently consists of over 23 million persons 65 and over, is expected to increase to over 32 million persons by the year 2000. At that time, much of the senior population will be over age 75, and their health-related problems will increase and diversify because of increased age.

Research has shown that providing health care in the home is an effective way to meet many medical needs of the aged. Not only does home health care provide greater comfort for the individual, but it also works toward reducing costs.

The recent publication of "Health, USA," 1978, reported that:

> In a recent H.C.F.A. study (soon to be released) it has been estimated that a year of home care services based upon a 1975 average of $428 per year for those 65 years of age costs approximately half the monthly bill for a nursing home (using a 1975 nursing home cost average of $800 per month).

Since it is clear that providing home health care for older Americans will benefit all concerned from both a humane and an economic standpoint, it would behoove the Congress, and particularly this committee, to begin strengthening the home health care program under medicare. I believe the provisions contained in S. 1977 will help us achieve this.

In addition, the changes I am suggesting in this bill, coupled with the home health amendments I introduced earlier and which the Finance Committee has already agreed to, are significant steps toward the gradual development of comprehensive, community-based, long-term health care system for seniors.

The provisions of this bill are twofold:

First, to change the home health aide program to homemaker-home health aide and the program description would therefore be changed to "homemaker-home health aide" services.

Under current law, a home health aide is allowed to provide limited "homemaker" services such as light housekeeping and meal preparation, but only if these activities do not substantially increase the amount of time spent in a client's home.

By allowing homemaker-home health aides to participate in the medicare home health program, it is believed that, such services will increase the ability of seniors to remain at home in their own communities and avoid unnecessarily long hospital stays.

In addition, by covering homemaker-home health aide services in one program, we can eliminate the need for two persons—funded through different funding sources—to perform similar tasks. The delivery of services will thus become much more efficient if one person is allowed to provide a wider array of services.

In my own State of Oregon, we have a highly successful program entitled Project Independence, which is designed to provide these kinds of support services to seniors with the goal of helping them remain in their own homes.

I strongly believe we should implement this approach on a national scale by combining homemaker-home health aide services together under the medicare home health program.

To limitedly liberalize the current homebound requirement which requires that an individual be confined to his/her home to be eligiblie for home health services.

While the historical intent of home health services is clear, that is, for the patient to receive such services in the home, this requirement has been found to be severely restrictive and often prevents seniors from maximizing their independence. Many States, under title XX, have established adult day care centers. These centers provide care during the day for seniors who are unable to care for themselves, whose families can in turn care for them at home at night. The centers provide an excellent setting, in addition to the home, in which home health recipients should be able to receive services.

The second provision of my bill therefore prudently liberalizes the current homebound requirement to allow persons who are receiving home health services under medicare to receive such services in an adult day care setting.

These two provisions will, I hope, make significant improvements in the medicare program. Not only will they help us provide more humane, yet more economical care for seniors, but they also move use closer to the creation of a comprehensive, community-based, long-term health care system.●

By Mr. TALMADGE (for himself, Mr. DeConcini, and Mr. Goldwater):

S. 1978. A bill to establish an improved program for extra long staple cotton; to the Committee on Agriculture, Nutrition, and Forestry.

IMPROVED PROGRAM FOR EXTRA LONG STAPLE COTTON

● Mr. TALMADGE. Mr. President, I am introducing today on behalf of Senators DeConcini and Goldwater and myself a bill to improve the price support program for extra long staple cotton.

The bill was developed by the Department of Agriculture, working closely with the Supima Association, an organization of ELS producers.

The ELS cotton program is authorized by legislation that was enacted in 1968. The legislation provides for acreage allotments, marketing quotas, and a loan and payment program with a minimum support level of 65 percent of parity. The loan level must be set between 50 and 100 percent in excess of the loan level for upland cotton. Payments are required if the loan level does not provide the minimum support level.

No payments have been necessary under the ELS cotton program during the past 3 years. However, in the absence of legislation, the Department of Agriculture estimates that payments will be required beginning with the 1980 crop because of a lower upland cotton loan level and a sharply higher parity price for ELS cotton.

Returning to a payment situation is not desired by either the Department of Agriculture or the majority of the ELS cotton producers. To eliminate the necessity of making payments, the bill I am introducing would first, reduce minimum required support level for ELS cotton to 55 percent of parity, and second, increase the minimum and maximum loan levels to 185 and 235 percent, respectively, of the upland cotton loan level.

The bill also makes changes in the ELS cotton legislation relating to the transfers of allotments.

Mr. President, I ask unanimous consent that there be printed in the Record first, the text of the bill, second, the letter from the Secretary of Agriculture transmitting the legislation, and third, the Department's press release of October 15, 1979, announcing the 1980 ELS cotton national quota and allotment.

There being no objection, the bill and material were ordered to be printed in the Record, as follows:

S. 1978

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, effective with respect to the 1980 and subsequent crops of extra long staple cotton, section 101(f) of the Agricultural Act of 1949, is amended by—

(1) striking out "1968" and inserting in lieu thereof "1980";

(2) striking out "50" and insertng in lieu thereof "85";

(3) striking out "100" and inserting in lieu thereof "135"; and

(4) striking out "65" and inserting in lieu thereof "55".

Sec. 2. Effective with respect to the 1980 and subsequent crops of extra long staple cotton, the Agricultural Adjustment Act of 1938, is amended as follows:

(1) Section 344(m)(2) is amended by inserting immediately before the period at the end of the first sentence the following: ": *Provided*, That any extra long staple cotton allotment that is voluntarily surrendered to the county committee must be surrendered not later than January 15 of the year in which the crop is planted"; and

(2) Section 347(f) is amended by striking out the first and second sentences and inserting in lieu thereof the following: "Notwithstanding any other provision of law, beginning with the 1980 crop of extra long staple cotton, the Secretary shall (1) permit the owner and operator of any farm for which an extra long staple cotton acreage allotment is established to sell or lease not later than January 15 of the year in which the crop is planted all or any part or the right to all or any part of such allotment to any other owner or operator of a farm in any State or county for transfer to such farm: *Provided*, That no such allotment shall be permitted to be leased by an owner or operator for any total period greater than three years; and (2) permit the owner of a farm to transfer not later than January 15

of the year in which the crop is planted all or any part of such allotment to any other farm in any State or county owned or controlled by him.".

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., September 26, 1979.

Hon. WALTER F. MONDALE,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed for your consideration is a draft bill "to establish an improved program for extra long staple cotton."

The current extra long staple (ELS) cotton legislation was enacted in 1968. It is continuing legislation that provides for acreage allotments and marketing quotas, and a loan and payment program with a minimum support level of 65 percent of parity. The loan level must be set between 50 and 100 percent in excess of the upland cotton loan level. Payments are required if the loan level does not provide the minimum support level. No payments have been necessary for the past three years, but payments will be required again beginning with the 1980 crop because of a lower upland cotton loan level and a sharply higher parity price. Current estimates indicate a minimum 1980 payment rate of 11 to 12 cents per pound. Neither the Department nor the majority of ELS cotton producers want to get back into a payment situation. Consequently, we have worked closely with the Supima Association (ELS producer organization) in developing this legislative proposal. This proposal would:

1. Reduce the minimum required support level to 55 percent of parity.
2. Increase the minimum and maximum loan levels to 185 and 235 percent, respectively, of the upland cotton loan level.
3. Require that transfers of ELS allotments by sale, lease or owner be permitted.
4. Permit sale, lease and owner transfers of ELS allotments across State lines.
5. Limit leasing of ELS allotments to no more than a cumulative total of three years.
6. Establish January 15 as the final date to release or transfer ELS allotments.

The lower support level and higher minimum and maximum loan levels should preclude any payments during the next several years. The higher minimum loan level should not cause any problems since the loan level has generally been set at or near 200 percent of the upland loan level in order to minimize payments. Government outlays would be reduced.

Requiring that transfers of ELS allotments be permitted should present no problem because transfers have been permitted each year since such authority was enacted. Allowing cross-State-line transfers will permit movement of allotments from some areas of Texas and New Mexico—which are not now utilizing the allotment—to Arizona which could use more allotments. This would also permit establishing a lower national allotment since a larger percentage of the allotment would be utilized. Limiting leases to no more than three years will facilitate the permanent movement of allotments to producers utilizing the allotments. The January 15 deadline will facilitate the movement of allotments earlier so producers can make their plans accordingly.

The enclosed tables show projected support levels and government outlays for the next four years under current legislation and with the proposed changes.

An identical letter and draft bill have been submitted to the Speaker of the House of Representatives.

The Office of Management and Budget advises that there is no objection to the presentation of this report and that enactment of this proposed legislation would be consistent with the President's program.

Sincerely,

BOB BERGLAND,
Secretary.

Enclosures.

ELS COTTON: PROJECTED SUPPORT LEVELS AND GOVERNMENT OUTLAYS

	Projected parity for October of prior year	Total support [1]	ELS loan level [2]	Percent of upland loan level	ELS payment rate	Tctal payments	Net loan outlays	Total outlays
CURRENT LEGISLATION								
Crop year:								
1980	1.64	[1] 106.60	95.00	200	11.60	4.7	+5.7	+1.0
1981	1.76	[1] 140.40	97.00	200	17.40	7.6	.6	8.2
1982	1.86	[1] 120.90	99.50	200	21.40	9.2	.1	9.3
1983	1.98	[1] 128.70	99.50	200	29.20	12.9	1.0	13.9
4-yr total						34.4	+4.0	30.4
PROPOSED LEGISLATION								
Crop year:								
1980	1.64	[3] 90.20	90.20	190	0	0	+5.9	+5.9
1981	1.76	[3] 96.80	96.80	200	0	0	.8	.8
1982	1.86	[3] 102.30	102.30	206	0	0	.3	.3
1983	1.98	[3] 108.90	108.90	219	0	0	1.4	1.4
4-yr total						0	+3.4	+3.4

[1] Based on 65 percent of parity.
[2] Set at level to minimize payments.
[3] Based on 55 percent of parity.

USDA ANNOUNCES 1980 ELS COTTON NATIONAL QUOTA AND ALLOTMENT

WASHINGTON, October 15.—Secretary of Agriculture Bob Bergland today announced a national marketing quota of 137,000 bales (480 pounds net weight) and a national acreage allotment of 112,027 acres for the 1980 crop of extra long staple (ELS) cotton. The marketing quota is the same as for the 1979 crop while the acreage allotment is 2,938 acres fewer, due to slightly higher average yields.

Bergland also announced a referendum to be held Dec. 3–7 to allow ELS cotton producers to vote on the national marketing quota.

ELS cotton includes three varieties: American-Pima, Sea Island and Sealand.

The 1980 quota is based on estimated domestic needs (65,000 bales) plus exports (estimated at 40,000 bales), minus 2,000 bales of estimated imports. To this 103,000 figure 34,000 bales were added to assure adequate stocks. The 1980 acreage allotment was determined by multiplying the national quota of 137,000 bales by 480 pounds (net weight of a standard bale) and dividing this figure by the national average yield of 587 pounds per planted acre of ELS cotton for the four calendar years 1975 through 1978.

Following is the apportionment of the national allotment by state:

[Allotment in acres]

State	1979	1980
Arizona	49,714	48,557
California	552	488
Florida	142	136
Georgia	150	146
New Mexico	23,282	22,599
Texas	41,125	40,101
U.S. total	114,965	112,027

State allotments will be apportioned among the following designated counties:

Arizona: Cochise, Graham, Maricopa, Pima, Pinal, Yuma;

California: Imperial, Riverside;

Florida: Alachua, Hamilton, Jefferson, Madison, Suwanee, Union;

Georgia: Berrien, Cook;

New Mexico: Chaves, Dona Ana, Hidalgo, Luna, Otero, Sierra;

Texas: Brewster, Culberson, El Paso, Hudspeth, Jeff Davis, Loving, Pecos, Presidio, Reeves, Ward.

For ELS marketing quotas to remain in effect, at least two-thirds of the ELS producers voting in the mail referendum must approve quotas. Farmers who produced ELS cotton in the designated counties in 1979 will be eligible to vote in the referendum. Individual allotment notices will be mailed to operators of ELS cotton farms prior to the referendum.

Marketing quotas are in effect for the 1979 ELS crop and have been approved by growers for the last 26 years.

If the quotas are approved in the referendum, ELS producers will be eligible for loans on 1980-crop ELS cotton if they have complied with their farms' ELS cotton acreage allotments. In addition, they may also be eligible for payments if the loan level does not provide the statutory minimum total support of 65 percent of parity, in which case the payment rate would equal the difference between 65 percent of parity and the loan level. The 1980 loan and payment rates will be announced later.

Growers exceeding their allotments will not be eligible for loans or any payments and will be subject to penalties on the farms' excess production of ELS cotton. The penalty rate will be 50 percent of the parity price for ELS cotton as of June 15, 1980, or 50 percent of the total support price (loan plus payment), whichever is higher.

If marketing quotas are not approved in the referendum, the allotment program will remain in effect, but there will be no payment program. Loans will be available at 50 percent of parity to cooperators who plant within their allotments.

The ELS cotton program is administered

by the department's Agricultural Stabilization and Conservation Service.●

By Mr. DOLE:

S. 1979. A bill to extend section 530 of the Revenue Act of 1978 involving the tax treatment of employees and independent contractors; to the Committee on Finance.

Mr. DOLE. Mr. President, the Revenue Act of 1978 contains a very important provision, which I sponsored, dealing with the tax treatment of independent contractors. Essentially, the act allows employers to continue to treat their workers as independent contractors if there was a "reasonable basis" for treating them as independent contractors in the past. The employment tax controversy, up until the passage of section 530 of the Revenue Act of 1978, was an issue that had been nagging Congress for several years.

The distinction between an independent contractor and an employee is important because employers do not have to withhold on wages of independent contractors, nor pay social security or unemployment taxes. If the IRS prevails on a reclassification of employment tax status from an independent contractor to employee, the employer becomes liable for employment taxes which have not been withheld or paid to the Treasury.

Mr. President, earlier this year I introduced S. 736, the Employment Tax Act of 1979 which clarifies the law. The Subcommittee on Taxation and Debt Management has held hearings on my bill. However, it appears that Congress will not substantively address the issue during the remainder of this year.

COMMON LAW

Independent contractors are distinguished from employees for tax purposes by common law. The adoption of the common law rules and the application of these rules by the court have produced decisions that are widely understood and accepted. However, several years ago, many taxpayers, including direct sellers, insurance salesmen, and realtors complained that the IRS was distorting the common law test used in making its employment classification.

Mr. President, the Senator from Kansas has attempted to rationally address this important issue. The industries involved have made good-faith attempts to solve this dilemma. However, because of the impasse largely caused by the Treasury Department, I believe Congress needs more time. Therefore, my bill simply extends for 1 more year the provisions of section 530 of the Revenue Act of 1978. I remain committed to solve this troublesome problem and will push for solution next year.

I ask unanimous consent the text of my bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1979

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. IN GENERAL.—Subsection (a) of section 530 of the Revenue Act of 1978 (relating to termination of certain employment tax liability for periods before 1980) is amended—

(A) by striking out "January 1, 1980" in paragraphs (1)(A) and (3) and inserting in lieu thereof "January 1, 1981",

(B) by striking out "1980" in the subsection heading and inserting in lieu thereof "1981", and

(C) by striking out "1979" in the heading for paragraph (3) and inserting in lieu thereof "1979 and 1980".

SEC. 2. PROHIBITION AGAINST REGULATIONS AND RULINGS ON EMPLOYMENT STATUS.—Subsection (b) of section 530 of the Revenue Act of 1978 is amended by striking out "January 1, 1980" and inserting in lieu thereof "January 1, 1981".

ADDITIONAL COSPONSORS

S. 1705

At the request of Mr. MOYNIHAN, the Senator from South Carolina (Mr. HOLLINGS) was added as a cosponsor of S. 1705, a bill to amend the Internal Revenue Code of 1954 with respect to the deduction of charitable contributions to organizations from which the taxpayer or a member of his family receives services.

S. 1754

At the request of Mr. MOYNIHAN, the Senator from Maine (Mr. COHEN), the Senator from Minnesota (Mr. DURENBERGER), the Senator from New Hampshire (Mr. DURKIN), and the Senator from Connecticut (Mr. RIBICOFF) were added as cosponsors of S. 1754, a bill to determine the causes and effects of acid precipitation throughout the United States and to develop and implement solutions to this problem.

AMENDMENTS SUBMITTED FOR PRINTING

DEFENSE OFFICERS PERSONNEL MANAGEMENT ACT—S. 1918

AMENDMENT NO. 567

(Ordered to be printed and to lie on the table.)

Mr. ARMSTRONG (for himself, Mr. MORGAN, Mr. DOLE, and Mr. HUMPHREY) submitted an amendment intended to be proposed by them, jointly, to S. 1918, a bill to amend title 10, United States Code, to revise and make uniform the provisions of law relating to appointment, promotion, separation, and retirement of regular commissioned officers of the Army, Navy, Air Force, and Marine Corps, to establish the grade of commodore admiral in the Navy, to equalize the treatment of male and female commissioned officers, and for other purposes.

DEFENSE PRODUCTION ACT EXTENSION—S. 932

AMENDMENT NO. 568

(Ordered to be printed and to lie on the table.)

Mr. BRADLEY submitted an amendment intended to be proposed by him to S. 932, a bill to extend the Defense Production Act of 1950, as amended.

AMENDMENT NO. 569

(Ordered to be printed and to lie on the table.)

Mr. PERCY submitted an amendment intended to be proposed by him to S. 932, supra.

AMENDMENT NO. 570

(Ordered to be printed.)

Mr. PROXMIRE proposed an amendment to S. 932, supra.

DEPARTMENT OF DEFENSE APPROPRIATIONS—H.R. 5359

AMENDMENT NO. 571

(Ordered to be printed and to lie on the table.)

Mr. ARMSTRONG (for himself, Mr. MATSUNAGA, Mr. CHAFEE, Mr. DURENBERGER, Mr. DURKIN, Mr. HUMPHREY, Mr. LUGAR, Mr. SCHMITT, Mr. STONE, and Mr. WARNER) submitted an amendment intended to be proposed by them, jointly, to H.R. 5359, an act making appropriations for the Department of Defense for the fiscal year ending September 30, 1980, and for other purposes.

AUTHORITY FOR COMMITTEES TO MEET

SUBCOMMMITTEE ON ARMS CONTROL, OCEANS, INTERNATIONAL OPERATIONS, AND ENVIRONMENT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Arms Control, Oceans, International Operations, and Environment Subcommittee of the Committee on Foreign Relations be authorized to meet during the session of the Senate on Thursday, November 8, 1979, beginning at 2 p.m. to hold a hearing on the Cambodian refugees.

The PRESIDING OFFICER. Without objection it is so ordered.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate today beginning at 2 p.m. to hold a markup session on S. 95, S. 96, and S. 97, legislation to designate certain lands in Idaho as wilderness.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON AGRICULTURAL CREDIT AND RURAL ELECTRIFICATION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Subcommittee on Agricultural Credit and Rural Electrification of the Committee on Agriculture, Nutrition, and Forestry be authorized to meet during the session of the Senate on Thursday, November 8, to hold an oversight hearing on the Farmers Home Administration (FmHA).

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

THE COURAGE OF THE DISSIDENTS

Mr. BRADLEY. Mr. President, I submit for the RECORD an article written by Mrs. Jeanette Williams, the wife of my distinguished colleague from New Jersey (Mr. WILLIAMS). The article is entitled "The Courage of the Dissidents," and was published in the Washington Post on October 27, 1979.

The article follows:

[From the Washington Post, Oct. 27, 1979]

THE COURAGE OF THE DISSIDENTS

(By Jeanette Williams)

Andrei Sakharov said, "Today, during the day of the Belgrade Conference political prisoners in the USSR are carrying out a hunger strike, fighting not for themselves but for the principles which should be dear to all freedom loving peoples. Let us be worthy of them."

The raw courage of Soviet dissidents to join together and protest their oppression has startled the world into a renewed awareness of how barbaric Soviet society can be. Although Americans have become more aware of the dissidents' plight through press reports, increased contact with these stoic individuals would add a new dimension to their struggle.

Only by communicating directly with the dissidents can we learn how political opponents of the Kremlin are systematically stripped of citizenship. Of course, we in the West owe a great deal to our newspapers for exposing the plight of Soviet Jews and other minorities. But monitoring the Helsinki Accords on Human Rights should not be left just to the press with its uncertain priorities, nor our government with its cautious policies.

Independent citizens, mindful of human rights but obligated neither to prevailing government dicta or the whims of space-conscious newspaper editors, can provide a valuable link to these people. By identifying ourselves with their struggle, we guarantee that their cries for freedom will be heard. The dissidents' brave assertion of their rights as human beings has kindled a flame of admiration all over this earth.

When he accepted the Nobel Prize for Literature, William Faulkner said, "I decline to accept the end of man . . . I believe that man will not merely endure: he will prevail. He is immortal not because he alone among creatures has an unexhaustible voice, but because he has a soul, a spirit capable of compassion and sacrifice and endurance." Faulkner's statement could have no better example than that of the Soviet dissidents.

One direct result of their inspiration was the founding of the Congressional Wives for Soviet Jewry, which Helen Jackson and I co-chair.

Founded two years ago, the Congressional Wives provide moral support for the targets of Soviet reprisals. Among our first experiences was meeting with Mrs. Natalia Scharansky. I saw her as a heroic figure. More than that, I sensed the combination of frustration, despair, and hope which she conveyed to all about her.

I have often thought that there must be a certain identity of experience among women in this situation which permits them to feel emotional stress so keenly. In fact, I wonder whether the presence of the wives of Soviet leaders at this meeting might have helped bring about a more humane policy in the Soviet Union.

There have been many other lessons for us from our experiences. The bond of humanity that joins the religious and political dissidents dramatically demonstrates the desire for freedom as an endowment of every human soul. Soviet Jewish dissidents have been joined by political and religious dissidents of every conceivable description.

We would be destitute of feeling if we were not deeply affected by the mental and physical cruelty inflicted on these people. Let each of us resolve to identify these individuals, establish friendships with them, and fight as they fight. Let us stand with them, and put the Soviet authorities on notice that we are there, watching and waiting.●

SUM—THE SHALLOW UNDERWATER MOBILE SYSTEM

● **Mr. HATFIELD.** Mr. President, as Congress has asked to commit this Nation to a mobile MX missile system, which will be the largest such project in history, I have sought to offer a viable and strategically sound alternative. As my colleagues are aware, I believe that the Shallow Underwater Mobile system (SUM) proposed by Mr. Richard Garwin and Mr. Sidney Drill can offer dramatic strengths compared to the proposed land-based deployment of the MX missile.

Prior to a more extensive debate on this subject, I want to bring to the attention of my colleagues two recent articles which discuss the proposal.

The first is written by Mr. Paul A. Chadwell and appeared in "National Defense." The second is an article which appeared in the October 12 issue of "Science," written by Eliot Marshall. I strongly urge that my colleagues give thorough review to the SUM alternative to the immense and growing problems posed by the MX racetrack system. I ask that both articles be printed in the RECORD.

The articles follow:

THE CASE FOR THE SLBM FORCE

(By Paul A. Chadwell)

(The author is a former member of the Ordnance and Chemical Corps intelligence services and the Defense Intelligence Agency. He is multi-lingual and has written and analyzed classified material dealing with the technical capabilities of foreign powers for 20 years. He is retired but writes about international economic and military subjects.)

Our silo based intercontinental land missiles are becoming so vulnerable to a pinpoint attack that we are making every effort to harden their sites. This course is being followed even though it is increasingly evident that such missiles will soon be irretrievably exposed to incoming ICBM's. We now plan to additionally safeguard our land missile viability by substituting mobile versions for emplaced types as well as hiding what we have. Mobile versions would be shifted around the country along railroad tracks which would be covered or tunneled along certain stretches to confuse an enemy regarding missile locations. However, aboveground missiles on the move would be exposed to enemy ICBM's; it is therefore hoped that (at least while they are in tunnels) the whereabouts of such missiles would be screened from attack.

The plan to harden existing silo sites to protect our missiles against blast also provides for melding newer sites into a multiple aim structure (MAS)[1] system. Accordingly, there would be many more sites than missiles and most of the proposed new silos would house dummy missiles. Large sums have already been committed to associated research and development in the effort to attain an acceptable system of MAS protection. Although there is increasing emphasis on the mobile missiles, both efforts are premature and counterproductive because there is a better option.

SHELL GAME SHORTCOMINGS

Under existing concepts, the MAS proposal relating to newly emplacable missiles would scatter up to 6,000 silos over vast land areas in the mid-continental United States in a complex that proposes to shelter some 200 live missiles from an enemy in an undisclosed distribution pattern. The solution is illogical for a number of reasons including: (1) Cost (2) The time needed to effectively install the decoy system and (3) The likelihood that an enemy might be prompted to over-saturate most of our midcontinent with his missiles to prevent a preemptive or a retaliatory strike against his homeland.

Simply stated, our land based missiles, already largely indefensible, would be pinned down by successive waves of incoming nuclear tipped enemy missiles. This is so because of the fragility of an outgoing missile, in its booster phase, to the intense X-rays emanating from exploding incoming missiles. According to testimony given by Richard L. Garwin[2] to the House Armed Services Committee on February 7, 1979, the state of the art in intercontinental missilery indicates that, on a global basis, incoming missiles will be capable of striking within 10 meters of a fixed target by 1982–83—no matter whence the firings originate. Although the cited 10 meter CEP[3] may appear exaggerated even the 100 meter CEP accuracy that is in the offing will certainly suffice to neutralize emplaced missiles in hardened sites. Consequently, it will be pointless to dig holes all over the country (even though most of the holes will contain nothing fireable) because an enemy could blanket the entire system for less cost than we can create it—thereby preventing effective launchings of our own types.

MOBILE SYSTEM WEAKNESSES

Rail-cum-tunnel versions are likewise inappropriate. Exposed track would be torn up by enemy firings, thereby inhibiting missile shiftability. Also, the latest concept of roofed-over silos along stretches of track under which missiles would be hidden when not in transit, will afford splendid ingress and egress targets for incoming missiles.

Proposed airborne versions of ICBM's would be somewhat less vulnerable to inflight elimination by an enemy than either emplaced missiles or track oriented types would be. But maintaining such a system on a 24-hour flying alert would be extremely costly. Not only would large numbers of missile-equipped aircraft have to be continually airborne but vast tonnages of expensive and increasingly scarce high octane fuels would have to be expended under a system of constant patrol. Moreover, missile carrying aircraft are also highly vulnerable to enemy air-to-air missiles, similar to Sidewinder, armed with heat-seeking devices.

Another airborne proposal envisages the use of widely dispersed and readily operational ICBM-armed V/STOL aircraft.[4] Although this solution might be more economical than having the aforementioned system of continuous patrol, it would necessitate large initial outlays for specialized airframes and would also involve us in a virtually insoluble electronic warfare communications problem. Even now, enemy submarine launched ballistic missiles (SLBM's) originating in the Pacific would allow us but 8 minutes of prior alert before penetrating our continental airspace. This is a totally insufficient warning span in which to scramble special-purpose V/STOL aircraft for a retaliatory ICBM strike.

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[1] Also sometimes referred to as MAP, MVPS, MPS.

[2] Much of the technological detail cited here stems from the Garwin testimony. Mr. Garwin has formidable qualifications in military science and is also active in the arms control field. His work in government includes studies of antisubmarine warfare; nuclear and low temperature physics; sensors, elements and superconductors used in communications nets; and satellites and strategic systems with special reference to assessing and improving their capabilities. He has testified before numerous Congressional Committees on matters involving national security and has been a member of the President's Science Advisory Committee over long periods. He is also a member of the Council of the Institute for Strategic Studies (London).

[3] Circular Error Probability—the accuracy factor of a missile.

[4] Vertical or Short Take-off and Landing.

THE SUBMARINE OPTION

We are therefore increasingly led to the conclusion that only submersible ICBM's (SLBM) can give us an acceptable defensive-offensive posture intercontinentally.

This option combines both mobility and undetectability. There is the additional advantage of the resilient cover afforded by the shock absorbent power of water which will shield a submerged target even in the case of a near miss by an incoming ICBM. Therefore, it is considered that only submersible ICBM's, to be carried by mini-subs and virtually invulnerable to enemy attack, can adequately and safely serve our spiralling intercontinental defensive needs.

Such missiles, hidden in the world's oceans, are ostensibly preferable to their land based or airborne counterparts. Although the law of the sea precludes missiles from being emplaced along the reaches of our continental shelves under the water (nor does it permit their fixed deployment along the deep sea bottom) it does not prevent us from creating a force of roving submersible ICBM carriers.

Recently publicized information that the U.S.S.R. now has lighter and faster submarines that can operate at greater depths than our equivalent Los Angeles attack type by no means negates the usefulness of the mini-sub ICBM delivery concept. Attack submarines have to operate in deep waters whereas our mini-subs will be pre-eminently adapted to the shallower areas over the continental shelves. The missions of an enemy hunter-killer submarine relates primarily to pursuing and destroying larger attack submarines or Polaris, Poseidon and Trident in deep seas. They are well fitted for this task but would be at an operational disadvantage in maneuvering close to shore. In addition, it would be especially difficult for any type of enemy submarine to achieve a fix on a mini-sub on station and skulking motionlessly pending ultimate missile firings. Such stationary targets are virtually unlocatable.

The concept of a fleet of mini-subs, mounting encapsulated and horizontally-oriented missiles outside their pressurized hulls, dates from 1967. The classic study of U.S. strategic force options, made in that year, also envisaged the vertical emplacement of missiles within a pressurized hull—since attained in Poseidon and Trident. Technological advances made since 1967 have rendered the externally mounted versions quite feasible—as unclassified material indicates. Also, the concept does not violate present SALT restrictions and, indeed, the proposed tri-modal MX missile, when it becomes operational, will increase our bargaining power in future SALT negotiations. It is therefore obvious that a fleet of mini-subs with missiles attached to their outer hulls would now admirably serve our defense purposes. The vessels would displace some 300 tons, would be relatively cheap to build, and would require but 2 to 3 man crews. Guidance systems would be integral to the missiles and this would eliminate space-consuming instrumentation within the submarine hull.

COMMUNICATIONS

Command and control systems for a mini-sub fleet are now also quite feasible. Normally, the subs would be in constant communication with the National Command Authority (NCA) via Very Low Frequency (VLF) signal picked up by a swimming receiver submerged a few feet below the surface and hovering above each vessel. Should ground-based transmitters be destroyed, their role would be assumed by TACAMO aircraft which can radiate signals from a long trailed wire. A number of other continuous communications systems would also be available—among them a fiber optic thread type to be unreeled as the mini-sub cruises. New reels would be hooked up at pre-arranged junction points on patrol. (The crew would have no capability either to fire a missile or to delay its firing upon the receipt of the requisite encrypted command)[5]. A principal criticism of SLBM's has been their presently insufficient accuracy when fired. It is my opinion that targetings from stationary mini-subs will be at least as accurate as what is attained by standard sized submersibles fitted with SLBM's. And as technology advances in this sector, mini-sub firing accuracies will increase along with those of the MX missiles that will become available to the rest of the submarine fleet.

Since these small submersibles would need to deploy but a few hundred miles from our mainland, their operational speed need not exceed 5 knots. Consequently, such a roving, SLBM-equipped mini-sub force, which could be powered by engines using low cost diesel fuel, would be economically maintained while prowling the ocean. Should diesel engines prove to be too noisy and thereby tend to give away vessel locations, battery operated versions or modes might be preferred. Snorkels would be used for air intake purposes in any event.

Since these submersibles would be virtually undetectable when submerged and motionless, there would be little threat to them in consequence. In contrast, both airborne and land-based missile type ICBM forces (whether fixed or mobile) would entice attack and overkill with consequent enhanced danger to the entire U.S. population in the event of intercontinential hostilities.

ASW COMPLEXITY

In view of our logical need for an enhanced and diversified SLBM capability, the relevant research and development program should be undertaken immediately. A roving fleet of slowly moving submersibles would be much more economical and deceptive than any number of MAS emplacements, or either a rail serviced or airborne system. Mini-submarines would burden an enemy with limitless aiming problems because a potential attacker could not even begin to locate an indeterminate number of shiftable underwater targets. This is assured because three dimensional scanning techniques, essential for pinpointing and destroying underwater objects, cannot be perfected in the foreseeable future.

The development of a new weapons system is time-consuming but it is unlikely that the solution advocated here would take longer to perfect than a fully fledged MAS or airborne system.

According to General Lew Allen, Jr.,[6] who is USAF Chief of Staff, it will take some six years from the time a decision is made to adopt MAS to achieve its Initial Operational Capability (IOC) and about 5 more years to attain Full Operational Capability (FOC) for the baseline system. The development of a new missile alone takes some 7 years. This would apply to the new MX and it would take somewhat longer to develop a version fully common to the Air Force and the Navy. There could therefore be but little delay in perfecting even a tri-modal system if MX is also made compatible for mini-sub launchings. It would be unfortunate if we immediately opt for enhanced land-based and/or air launched MX programs without concurrently fully exploring supplemental underwater missile launch systems based on mini-subs. Delay of a few months, with particular reference to MAS, would be unimportant in any event because the latter system—quite apart from MX—cannot function adequately before the 1990's, regardless of the intensity of the construction effort. The immense engineering problems involved will preclude the early operational effectiveness of such a system.

It is most timely for our naval forces to advocate the proposed supplemental and highly effective SLBM capability. If this is not done at this time, our opponents will do it first and thereby again outpace us in this area of defense—to our continuing detriment.

MX MISSILE TO ROAM 200 RACETRACKS

(By Eliot Marshall)

Jimmy Carter announced on 7 September that he had made the most important decision for America's nuclear forces in more than a decade, likening it to President Truman's decision to create the Strategic Air Command and Kennedy's creation of the Minuteman missile force. Carter endorsed a plan drawn up by the Defense Department to install the newest and most lethal nuclear missile, called the MX, on movable launchers and have them hauled about by 3000-horsepower locomotive-like trucks. These will be sent to roam over 500 miles of as yet unbuilt military highway in the Southwest, where they will play hide-and-seek with Soviet satellites. As soon as it was announced, the scheme began to draw critical fire from the arms control community.

Debate over the basing system for the MX, which became quite frenetic within the government this year, is now officially at an end. But some independent defense analysts say the decision should not be considered final, for they believe it was a serious mistake and will soon be recognized as such. They argue that, in the interest of national security, the debate should be resumed, because there are simpler and safer approaches than the one the President has taken. Furthermore, there is time to reconsider, they say; the MX will not be ready for deployment until 1985.

The Administration's basing system, nicknamed the "racetrack," will call for an enormous construction project in the Southwest's desert valleys, where water, labor, and support facilities are scarce or nonexistent. The basic plan calls for building 200 road loops, each 15 to 20 miles long, in the deserts of Nevada and Utah. In each loop there will be one missile aboard a mobile launching vehicle (called a transporter-erector-launcher or TEL). A motorized shed on wheels will surround the TEL and accompany it whenever it moves along the loop. The shed will be used to hide the missile's true location from the Soviets.

Around each road loop, at 7000-foot intervals, will be 23 underground garages made of thick concrete to resist the blast of incoming missiles. When it is time to install the missile in a garage, the TEL will drive into its appointed loop with the shed moving along above it. The shed will drive up to each garage on the loop as though to install the TEL at each one. But in reality the TEL will slip out under the shed and park surreptitiously in only one of the garages. At monthly or bimonthly intervals, the shed will visit all the garages and move the missile to a new site. At greater intervals—perhaps once every 6 months or every year—slats in the roofs of the sheds and the garages will slide open to reveal that there is, in fact, only one missile in each loop.

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[5] Ibid.

[6] In a letter dated December 29, 1978, addressed to the Hon. Melvin Price, Chairman, Committee on Armed Services, House of Representatives.

On notice of a Soviet missile attack, the TEL's, without their sheds, will "dash" from their garages at 30 miles an hour, park in a new garage, and prepare for launching.

The Defense Department estimates that it will cost $2 million to build each garage and that the total program, missiles and all, will cost about $33 billion in 1980 dollars. The entire network of 4600 garages should be in place, barring unforeseen political, legal, or environmental problems, by 1989 or 1990.

"It's a Rube Goldberg scheme," says Sidney Drell, a defense analyst and deputy director of the Stanford Linear Accelerator Center: "I've never heard of anything so rococo in my life. It's absurd." Richard Garwin, another veteran defense consultant, former director of applied research at IBM, and professor at the Kennedy School of Government at Harvard University, says Carter's choice for MX basing is "absolutely wrong." The racetrack, he claims, is "a vulnerable system; I will bet that within 2 years it will be regarded as just as vulnerable as the Minuteman it is replacing."

Drell and Garwin have looked closely at the proposals for basing the MX and have become vocal critics of the racetrack scheme. In 1978 Drell headed a study on the future of U.S. missile policy that was conducted at the Stanford Research Institute for the Defense Department. He concluded that mobile missiles should be based on small submarines patrolling off the east and west coasts. Garwin sat on a task force on missile modernization put together by the White House Office of Science and Technology Policy, and, like Drell, he concluded that submarines offered the best solution to the problem of missile basing in the 1980's. This conclusion was rejected by the Pentagon, although defense officials agree there is merit in it. As Garwin put it, "Mostly they say it's a very good idea for the 1990's after we finish building Trident [the new nuclear submarine] and get the MX deployed." Understandably, the authors of the minisub proposal have an interest in defending their own research. But their criticism of the racetrack is so fundamental it can hardly be brushed aside as sour grapes.

Drell and Garwin argue that the President has opted for an unnecessarily costly and cumbersome program that will not even come to grips with the problem it is supposed to solve. They agree that the problem requires action: by 1982 or thereabouts, America's most accurate big missiles—the land-based Minuteman-III force—will become vulnerable to a Soviet first-strike attack. This will occur because Soviet missiles will have better guidance systems by then. If the Soviets wished to start a nuclear war, they would be able to use their land-based missiles to destroy over 90 percent of the U.S. Minuteman arsenal. For this to happen, the United States would have to leave its missiles in the ground after being warned that the Soviet missiles were in the air. And even if this first strike were successful, the Soviets would not be able to destroy simultaneously all American bombers and submarines. These would still be free to shower several thousand warheads on the Soviet Union—enough to end civilized life there.

Thus, "Minuteman vulnerability" is a largely theoretical problem. But it is worrisome because it diminishes confidence in the most accurate, heaviest, and best-controlled segment of the U.S. nuclear triad. (Submarines and bombers are the other segments.) This may not be the most important practical problem confronting our strategic forces, Garwin says, but it is the one which the Defense Department has advertised most and seems most concerned about.

Garvin points out that there are several quick and relatively cheap measures that could be taken to restore full confidence in our nuclear forces, and he recommends that all of them be followed. They involve such things as improving the guidance and communications for submarine-based missiles to make them as threatening to the Soviets as Minuteman, installing simple nonnuclear defenses around Minuteman silos, and developing an airborne missile equivalent to Minuteman. But, he says, the Pentagon does not like to solve problems with technical fixes; it prefers to buy whole systems. For this reason, the only solution that meets the Pentagon's terms of acceptability is one that creates a new and truly invulnerable heavy missile system—one which, like Minuteman, is highly accurate and securely linked with a central command post.

According to Garwin and Drell, one of the glaring flaws in the racetrack scheme is that it will be just as vulnerable to a Soviet first strike as Minuteman during the early part of its construction. This is so because the Soviets will have enough warheads to aim two at each missile garage during this period. Only when the construction program enters the final stage—in 1988 or 1989—will U.S. missile garages be so numerous as to present targeting problems for the Soviets. There is another catch: the SALT II treaty, now being considered by Congress, is due to expire in 1985. If it is allowed to lapse, the Soviets will be free to place more warheads on their missiles and, of course, to build more missiles beginning in 1985. Yet the racetrack system will not be finished until 4 or 5 years later. The invulnerability of the racetrack scheme thus depends on persuading the Soviets to limit the number of warheads on their missiles, or alternatively, on building $2 million garages in the Southwest faster than the Soviets can place warheads on their missiles.

Garwin recently wrote that the United States is buying itself an "anti-bargaining chip" for the next round of negotiations with the Soviets: "Can you imagine that in 1983 as SALT III negotiations are coming down to the wire, the U.S. says to the Soviet Union, 'Please Mr. Soviet Union, we have committed $30 billion to the deployment of the [new missile] system, which will be vulnerable if you deploy a lot more warheads. Therefore, won't you be so good as to agree in SALT III not to have enough warheads to threaten the MX?' No doubt the Soviet Union will be only too glad to agree, but what price will they exact as a condition of that agreement?"

Garwin says he has been warning Defense officials for years that if they say that the Soviet Union is going to imperil Minuteman in 1982 but then provide no solution until 1988, "they're just going to be laughed out of court." He continued: "They get everybody to feel that Minuteman vulnerability is unacceptable and a terrible political threat, and then they say, 'By the way, you have 7 to 10 years of assured vulnerability'. What kind of business is that?"

When asked about this weakness in a press conference, William Perry, undersecretary of defense for research and engineering, said he doubted the Soviets would try to place more warheads on their missiles, because the United States would be able to expand and accelerate its racetrack construction program, building 10,000 rather than 4600 shelters by 1989:

We can do that while still maintaining the final operational date—1989—provided we know what is happening by about 1983 or 1984. It's a matter of how many shelters we build and how many missiles we build. We can build about 2000 shelters a year without going into a war emergency kind of a footing. . . . We can demonstrate, not only to you and to the Congress, but I believe to the Soviets, that . . . they cannot win that sort of a race. . . .

A second major flaw in the racetrack, Drell says, is its dependence on deception. For the system to work, it must contain more garages than the Soviets have warheads, but it must also deceive the Soviets about the missile's location.

This will require elaborate security controls to keep information from the crews that operate the missile bases, and it will mean that the garages and the sheds that hide the TEL's must be designed to give the Soviets the impression that each one has a missile in it. The Defense Department, for example, has not yet decided whether it will be necessary to install huge concrete weights (at a total cost of $1.4 billion) in each shed to deceive seismic sensors. In an article written for the Arms Control Association, Drell says that in adopting deception as a defense (rather than a straightforward concealment), the United States will be trying to compete on the Soviets' home turf: "The Soviet system is far better adapted to the imposition of controls, secrecy, and limitations on their population. The Soviets also have 2½ times the territory of the continental U.S. . . . in which to deploy and 'hide' mobile ICBMs. We should prefer to compete with the Soviets on our own home turf of mobility based on new systems and reliable technologies."

A third flaw in the racetrack plan, say Garwin and Drell, is that it will make arms control more difficult. It may magnify fears of a surreptitious "'breakout" strategy, in which surplus missiles are stockpiled slowly and then, in a surprise move, rushed to preconstructed launching sites. If the Soviet Union were to copy the U.S. racetrack and put 200 missiles in 4600 concrete shelters, Garwin claims, there would be no way to assure the public that the Soviets were not building a threatening stockpile of more than 200 missiles. Fears of this sort could frighten both sides into producing more warheads.

A submarine missile system based near the coast would eliminate or diminish nearly all of these problems, according to Drell and Garwin. They claim that most of the technology is available and could be adapted for an operational system much sooner than the racetrack scheme will be ready—perhaps by 1985 or 1986. Germany already has built 18 modern subs weighing 450 tons each (as compared with 8000 tons for the Poseidon and 18,000 tons for Trident), and uses them in the Baltic Sea. In the Garwin-Drell scheme, the small vessels would be fitted with two or three external missile capsules, a power system already in use on commercial surveying subs, and a new communications system. About 100 of these little subs could be built in fairly short order, the proponents say, at a much lower cost than the racetracks proposed by the Defense Department. In terms of security, their most important feature is invulnerability; unlike the land missiles which are safe only in the aggregate, the submarines are individually invulnerable. Each one, as it puts to sea, diminishes the perceived Soviet threat to Minuteman. They do not require a massive program of deception. They have a distinct advantage in terms of arms control; because they are easy to count as they are assembled in shipyards, they would create no fear of a breakout.

Air Force officials say the idea has technical flaws. For example, they argue that the submarines might be rolled over or destroyed in the turbulence that could be caused by a Soviet barrage of American coastal waters. And they fear that—no matter how sophisticated—the communications link with the little subs would be markedly inferior to the one planned for the racetrack. Garwin disputes both points.

Perhaps even more important than the technical criticism is the feeling, as one Air Force officer puts it, that moving into subs would be like telling the Soviets they had "chased us off the land." In this context, it is useful to keep in mind the Defense Department's doctrine of the strategic triad: America must have invulnerable nuclear forces in the water, in the air, and on the land. Under this doctrine, one does not solve the weakness of a land-based force by putting a new force underwater. Besides, the Air Force, which is due to get the MX, is not eager to go underwater, and certainly not in diminutive German submarines. The Navy is bored with the idea, Drell suspects, because it would siphon off funds from the Trident construction program, which is already a huge financial burden, and slow the pace of the ambitious new conventional shipbuilding plan. As Drell claims, "The principal obstacle [submarine] system at this time is that it has no institutional home or constituency."●

DANIEL H. WINBORNE—TRANSPORTATION SPECIALIST FOR CLOSE UP

● Mr. JOHNSTON. Mr. President, I would like to call attention today to a man who, for the last 2 years, has been responsible for arranging transportation for thousands of young Americans who come from all parts of the country to participate in the Close Up program in Washington, D.C. Daniel H. Winborne, transportation specialist for the Close Up Foundation, is leaving his position on November 19, 1979, to further his career interests with an important new assignment in the airline industry in Miami, Fla.

The Close Up program is one of the most successful educational experiences I know. There has never been a more critical time for young Americans to become knowledgeable about and involved in our Government. Dan Winborne has been responsible for making transportation arrangements for over 25,000 students and teachers to come to Washington over the last 2 years to gain a firsthand look at their Government. He has also been deeply involved in planning for more than 14,000 participants for the 1979–80 program year.

In my own State of Louisiana, where we are fortunate to have both Shreveport-Bossier and Greater New Orleans as Close Up communities, Dan's behind-the-scenes efforts have made it possible for thousands of young people to get to Washington for the Close Up Week.

In shouldering one of the program's more vital but thankless burdens, he has built a solid reputation that will serve him well in his new position.

I know that my colleagues in the Senate would wish to join me in commending the outstanding efforts of Dan on behalf of the teacher and student participants in the Close Up program.●

SENATOR PROXMIRE'S VIEWS ON CHRYSLER

● Mr. GARN. Mr. President, the Committee on Banking, Housing and Urban Affairs will soon be considering proposed legislation to provide Federal loan guarantees to Chrysler Corp.

A recent issue of the New York Times Magazine contains an article by Senator PROXMIRE, chairman of the Banking Committee, forcefully arguing against the use of loan guarantees in the Chrysler case. The article should be very useful to Senators and their staffs during consideration of the Chrysler proposals. Accordingly, I ask that "The Case Against Bailing Out Chrysler" be printed in the RECORD.

The article follows:

THE CASE AGAINST BAILING OUT CHRYSLER

(By WILLIAM PROXMIRE)

You're chairman of the Senate Banking Committee. You're in a position of responsibility and decision in considering any bailout of the floundering Chrysler Corporation that involves credit. The two kinds of bailouts most likely to be used, a loan or a loan guarantee, involve credit. So the ball's in your court. What do you do?

The answer will depend upon how you feel about a few basic points. As a matter of principle, for example, who's to blame when a corporation gets in trouble? What are the alternatives to a Chrysler bailout? What are the stakes for the millions of taxpayers a Senator is supposed to be representing?

Last year, more than 6,000 American businesses of every size and variety went bankrupt. In some cases, the bankruptcies were caused by the incompetence of the management, or by the vigor and good luck of competitors. In some cases, midtown companies folded when their customers moved out to areas made convenient by newly constructed Federal highways. In some cases, the public just stopped buying the company's product—it had become obsolete, gone the way of the buggy whip.

But in virtually all cases, an infusion of capital—a loan guarantee or a favorable loan—could have staved off bankruptcy. Question: Why didn't the Federal Government just step in? A lot of misery could have been avoided: the nightmare vision that haunts many owners of firms in this country of losing their whole investment; the anguish of being poor, out of work, marked a failure, the hardship for the family.

Last year, alone, we could have preserved hundreds of thousands of jobs. We could have prevented losses of millions of dollars by banks and other creditors. Suppliers caught in the fall of their customers could have been saved. All these slings and arrows could have been avoided by a Government with the good heart to step in and say, "You're not going to fail. We won't let you. You say you need a thousand dollars or a million or a hundred million or—in the case of a Chrysler—a billion? Here it is. Try again. We're with you."

What's wrong with that? Answer: Just about everything. Millions of products and services we don't want would be produced. Efficient firms would suffer unfairly because their inefficient competitors were, in effect, being subsidized by the Government. Clearly, such largess would be the end of the free-enterprise system.

We all know that failure, or rather the possibility of failure, is a linchpin of the free-enterprise system. If you can't put together the smart management and the skilled work force and the capital, and if you can't keep it together, you're out. It is in part the specter of failure that over the years has kept American companies producing. Lenders and investors, insiders and outsiders, know they are on their own. They have to exercise judgment; if they misjudge, they pay the price.

Yes, the system can be cruel. It can throw innocent, hard-working men and women out of a job. It can ruin a good and conscientious man because he has made a mistake, or simply because he has been unlucky. But, by and large, the system accomplishes its basic missions.

It reduces, even if it doesn't eliminate, incompetence in management. It provides the rewards and punishments that foster good judgment on the part of lenders and investors. It eliminates products when the market for those products has disappeared, whether they be gas-guzzling automobiles or sailing schooners.

What would happen if Government chose to go down that long road of bailing out failing firms? For a start, the incompetence and misjudgments that led to failure in the first place would simply be cast in concrete. Moreover, one of the oldest laws of Government spending would come into effect: once the Government invests in an enterprise, it has little choice except to continue. Failure to keep the Federal money flowing would bring about the conditions that inspired assistance to begin with—jobs lost, banks in difficulty, competition reduced. But even worse for the Government personnel who had made the decision, such a change of signals would expose the stupidity and waste involved in making the investment to begin with. So the bailouts would continue and expand.

That prospect has kept the Government out of the save-everybody business to date, but a very dangerous precedent was established in the matter of the Lockheed Corporation. The Government bail-out in that case was a $250 million loan guarantee. Lockheed was the nation's biggest defense contractor, with two-thirds of its production going to the Government for military weapons, and the national security was cited by those in favor of the loan. Those who opposed the loan pointed out, among other things, that the troubled segment of Lockheed's operation was outside of defense and Government procurement, but to no avail. The loan guarantee went through.

I was against the Lockheed bailout. I am, if it is possible, even more opposed to the Chrysler proposition. And my opposition is based not only upon principle, but upon certain realities that tend to get obscured in what little serious discussion the issue has received.

Chrysler has argued, for example, that the only options for the company are bailout or bankruptcy, and that bankruptcy would be an unmitigated disaster. Actually, there is a real possibility that Chrysler could make it on its own. But leaving that aside, what would bankruptcy mean? Would the 10th largest corporation in America evaporate overnight, leaving its plants idle and rusting, its workers, dealers and suppliers out on the street?

Our bankruptcy laws have always been expressly designed to keep that from happening, to give a failing company a breathing spell while it works out its problems. In fact, a revised law that took effect Oct. 1 makes it even easier to reorganize and continue functioning. Under the law, the company goes to court to file for bankruptcy and gets an automatic stay of its debts while it tries to work out with its creditors a plan for getting back on its feet. Meanwhile, the plants keep operating, management stays in place and most workers are kept on the job.

Of course, this is not to suggest that bankruptcy is without pain. Once the plan is agreed upon, there may be plant closings and job losses. New management may be required. Stockholders may suffer a loss; they almost certainly will be forced to do without dividends for some time. Creditors may have to stand back and wait for satisfaction.

Bankruptcy is a tough solution, but it is not an unthinkable solution. What it really means is a chance to save the healthy elements of a company, to give it a fresh start.

That issue aside, what are the arguments offered for a Chrysler bailout? Some are so thin as to be almost invisible.

Is Chrysler, as some would suggest, a struggling little outfit—a veritable mom-

and-pop operation that just needs a friendly banker, a little more capital, to keep going? Not exactly, with its 1978 sales of more than $13 billion on operations around the world. It may be smaller than Ford and General Motors, but that doesn't make it small.

Does Chrysler provide an essential product or service, vital to the national health or safety, that could not be supplied by others? Obviously its passenger vehicles do not seem to fall in that category. Chrysler does sell about 5 percent of what it produces to the Government for defense. Its tanks are turned out at a profit to the corporation and to the customer's satisfaction. No matter what happened to Chrysler, however, those defense goods would continue to be produced, in all likelihood, by Chrysler itself.

There are other justifications offered for a Chrysler bailout that at first glance seem to have greater weight.

BAILOUT ARGUMENT NO. 1: JOBS

According to a Department of Transportation study, Chrysler operating full-blast provides 119,500 direct jobs and 292,000 indirect jobs (through dealers and suppliers) for a total of 411,500. If these people were thrown out of work, they would cut back on their purchases, which would in turn affect still more jobs.

One "worst-case" scenario that has been bruited about claims that, assuming a total Chrysler shutdown, 500,000 direct and indirect jobs would be lost temporarily and about 200,000 permanently. In fact, such figures are patently ridiculous. No major bankruptcy has ever led to such a high proportion of job loss, and this one certainly would not.

That some jobs would be lost in the event of bankruptcy is inevitable. But some of those jobs would have to be lost in any event. The company, if it is to be profitable and have any chance of recovery, must peel off its high-cost, losing units. That means some plants employing thousands of Chrysler workers must shut down. However, the difference in the number of jobs between a Chrysler that is bailed out by the Federal Government and a Chrysler that is in default and operating under a court-reorganization procedure might be relatively small. In addition, the number of cars bought by the American public will not diminish simply because Chrysler goes into bankruptcy. The other two automobile companies, moving in to fill the void, will hire many Chrysler employees.

BAILOUT ARGUMENT NO. 2: COMPETITION

Just how important is it that Chrysler be saved from bankruptcy in order to preserve competition in the automobile business? The argument is that a Big Three is oligopolistic enough. The disappearance of No. 3 would be the death knell of competition in the industry.

On the face of it, that seems logical enough. But with foreign competition providing the principal performance as well as price options for American customers, the actual benefits of a week third competitor are probably quite modest.

There is actually a more important consideration as to the impact of a bailout on the competitive climate. What kind of competition can we expect when one of the Big Three has the Government, with its endless resources, as principal creditor?

The bailout terms the Treasury recommends and the terms the Congress accepts almost certainly would, the first time round, avoid giving Chrysler an unfair capital advantage over its competitors.

But suppose—as seems likely—that Chrysler doesn't make it on that first round. Rather than lose the investment it has already made in the company, the Government will inevitably put in more. And what will be the effect of these extra funds? They will enable Chrysler to keep trying performance and engineering and style innovations until it hits pay dirt with a model or two that can win a big slice of the market.

Now comes the next stage of the bailout. Chrysler's forward surge is making trouble for Ford, which comes knocking on Washington's door. And at this point, having helped out one competitor, what can the Federal Government do except to provide necessary capital to help the other competitor?

What a prospect! The Federal Government up to its neck in the business of bankrolling two of the Big Three producers in the industry that—above all others—has long been hailed as the flower of the free-enterprise system.

BAILOUT ARGUMENT NO. 3: FEDERAL REGULATION

Chrysler's problems, some say, are not of its own making but rather the result of Federal regulations calling for cars that produce less air pollution, are safer and have greater fuel efficiency. The argument goes this way: A smaller company like Chrysler has to spend as much as General Motors to develop the technology to meet such Federal requirements. But since Chrysler makes so many fewer cars than G.M., the per-unit cost of that technology is higher, putting Chrysler at a competitive disadvantage in the market.

There's something to this argument. Government regulations may well have an unequal impact on the three competing auto makers—as they do on companies of differing size in other industries. But clearly this is not the major reason for Chrysler's problems. (More important causes are a series of bad management decisions: immediately after the Arab embargo, the company failed to go with smaller, more fuel-efficient cars and stuck with the larger automobiles; it purged engineers and designers to reduce cost and overhead, although strong engineering had been Chrysler's prime strength; and during the past decade, it made heavy and poorly timed investments in European facilities in order to compete with the international growth of Ford and General Motors.) In any event, no one has seriously suggested that the Government should resolve the inequality among American companies by paying the difference in cost to outfits bearing a higher relative burden. It would require billions upon billions of dollars a year.

As to Chrysler's complaints about the fuel-efficiency requirement, the company tries to argue it both ways. On the one hand, Chrysler says it has been unfairly damaged by the cost of meeting the ruling. On the other hand, the company says that its development of the fuel-efficient Omni and Horizon make it more competitive with the other companies. Yet it seems unlikely that Chrysler would have developed these high-mileage cars in the absence of those painful Government requirements.

BAILOUT ARGUMENT NO. 4: THE ECONOMY

A Chrysler bankruptcy, it is suggested, would have a disastrous overall effect on the economy. Recession would be deepened and perhaps lengthened.

This argument wholly overlooks the reality of a bankruptcy proceeding. Most of the company's operations would continue. Most employees would come to work at the same time every day. Cars would be produced. Dealers would continue to sell the cars. Suppliers would continue to provide the necessary parts. The company might be smaller, but the parts of the company dropped would be the losers. Any short-term damage done to the economy would be more than compensated for in relatively short order.

Some have also suggested that the loss of Chrysler as the third of the Big Three, with its presumed effect of decreasing competition, would have an inflationary impact. Less competition presumably would bring higher prices. In fact, a reorganized company, with its excess baggage peeled away, could offer better, tougher, stronger and certainly more enduring competition than that offered by a company barely limping along, dependent upon Government-subsidized capital.

My conclusion: A decision by the Congress to bail out Chrysler would be a disaster for American business, for the American economy and for the American taxpayer. It would be a signal to line up at the trough. To date, the only major petitioners for a bailout have been big cities like New York (which got it) or utilities like Penn Central Railroad (which did not) or the country's major defense contractor. A bailout for Chrysler would open the floodgates. And the United States would thereby have put into effect a sure-fire system for insuring incompetence and unwanted products and services, achieved at colossal new cost to the Federal Government.

And yet, in spite of the importance of this issue and for all of the danger it poses to the public, the issue of the Chrysler bailout is all but decided. The company is going to get its helping handout. And one of the saddest things about the situation is that it will be no contest.

In my years in the Senate, I have seen many close fights over legislative decisions. Sometimes Presidents win, sometimes they lose. Sometimes labor wins, sometimes it loses. Sometimes the banks or the aerospace industry or the educational lobby or the conservation people or the consumer groups win; sometimes they lose. And I have seen it happen, occasionally, that a cause will win though the preponderonce of lobbying power and know-how is on the other side. But not this time. Chrysler can't lose. The fix is in.

Just about all the power, all the clout, all the money, all the influence is on one side.

The President of the United States is for Chrysler, and so is the entire executive branch, including Treasury, Commerce, Budget, Labor, Defense, the works.

The United Automobile Workers union with its hundreds of thousands of members all over the country is for a Chrysler bailout. Its president has made this his top-priority issue. The U.A.W. has a special clout as a labor organization because it is so highly respected. It is clean. It is honest. Its leadership is highly competent. It is generally a solid public-interest-oriented force. So when it goes for a special payoff, it carries one whale of a wallop.

The banks are for Chrysler. The company is into the banks for billions of dollars. If Chrysler goes bankrupt, the banks in some cases might suffer significant losses at least temporarily. And these are not just a few Wall Street banks, nor are they confined to the six states where Chrysler has its greatest production; these are banks all around the country. And since bankers are community leaders who frequently either contribute or lend large sums to members of Congress to finance election efforts, bankers are listened to with great respect in Congress. On the Chrysler issue, they can be counted upon to speak out and write and buttonhole.

The hundreds of thousands of Chrysler workers and members of their families in six states with 12 Senators are an imposing political force, and they favor a Chrysler bailout. They will write letters, corner their Congressmen and Senators in person and on the telephone.

Chrysler suppliers, who employ hundreds of thousands more in many states and Congressional districts, are behind the company. They will let their Congressional representatives know their feelings. So will Chrysler dealers by the score, in every part of the nation.

Then there are the lobbyists Chrysler has hired, the best money can buy—and that is very, very good. Thomas Boggs of the law firm Patton, Boggs and Blow is working with the Democrats, and William Timmons, another prominent Washington lobbyist and former Nixon and Ford White House aide, is working with the Republicans. According to a Wall Street Journal article last September, "Chrysler's current efforts . . . dwarf what it has done before. . . . By the end of September, Mr. Boggs says, 'at least a dozen' of the 60 or so attorneys in his law firm [were] working full time to 'sell the company on a one-to-one basis' to every member of Congress." Such lobbyists know how to appeal to liberals and conservatives. They are winners and they're going to win this one big because they have everything going for them.

But what, you may ask, about the opposition? Who is on the other side? Who is saying the taxpayer should not be called upon to bear the loss or the risk of a loss that stockholders and creditors are rewarded for bearing? Who is going to say that to bail out Chrysler would be a precedent that could haunt our system for many years to come as our businesses lose the courage to accept the consequences of their mistakes.

The answer: Virtually no one. Oh, there has been some editorial protest. The National Association of Manufacturers, an organization I do not always find in my corner, has indicated that it disapproves of special Government financial assistance for Chrysler, though it seems unlikely that the N.A.M. will mount a major lobbying campaign on that issue. In fact, all the power, all the money, all the skilled lobbyists, all the labor clout and business clout and banking clout, plus the force of hundreds of thousands of Americans who have an immediate stake in the decision, are on one side.

The Chrysler bailout can't lose. But the American taxpayer can—and will.●

THE STOCK MARKET CRASH OF 1929

● Mr. HATFIELD. Mr. President, the 50th anniversary of the great stock market crash of 1929 has drawn a great deal of attention in recent days—and deservedly so. I would like to bring to the attention of my colleagues an excellent article on this subject written by one of Oregon's most distinguished journalists.

Robert C. Notson has helped to shed considerable light on the economic, political, and emotional forces which coalesced at the time of the Great Depression. He also reveals, quite importantly, the role Herbert Hoover played prior to and during the economic crisis. Mr. Notson quite rightly points out that Mr. Hoover was one of the first to chastise the Federal Reserve Board for the credit and inflationary policies it was pursuing prior to the disastrous stock market collapse of October 1929.

Mr. Notson has made a significant journalistic contribution to the general public understanding of the dark days of the early depression. I highly recommend his article, which appeared in the foreign section of the Sunday Oregonian, to my colleagues. I ask that it be printed in full in the RECORD.

The article follows:

CRASH OF 1929: WHY DID BOOM END UP AS BUST?

(By Robert C. Notson)

At the end of World War I, the economy of the United States remained essentially intact, while that of the other great powers of the day lay in disarray and ruin. The wounds of war, including the loss of the flower of its youth, left Europe groping in a recuperative uncertainty.

The Treaty of Versailles had shorn Germany of its colonies and imposed upon its people an economic bondage represented by an impossible reparations load. The cost of rebuilding and the burden of taxation staggered the nations.

The center of world finance moved from London to New York. Everything the United States produced, the rest of the world needed and was willing to buy—within the limits of shattered resources and credits. And, meanwhile, the war had shifted American industry into high gear.

During the decade after the war's end, efficiency of the American manufacture increased by 30 percent per person. Three-fourths of the gains went to increase industrial wages and one-fourth to profits. Although the farmers and white-collar workers shared only modestly in these benefits, the nation reveled in what appeared to be unexampled prosperity.

Certain it was that buying power had been enhanced for the industrial workers. Growing demand for goods at home and lack of competition from abroad produced a booming market and steadily increased profits. Further expansion was the inevitable result. There was general acceptance of the idea that America had achieved an "economy of abundance."

The "new era," this revolution in industry, trade and finance, had its most visible expression in the stock market. It was here that the confidence and the emotions of the American people found an exuberant outlet. With industry thriving and more dollars in circulation, the trend in stock prices was strongly and inevitably upward.

The achievements of trade and industry for these early days appeared always to meet or surpass expectations. The bull market of the 1920s gained momentum.

At this point, speculation moved into the market, anticipating every favorable trend and frequently overanticipating many. So great was the faith of investors in this new prosperity game, however, that little heed was paid to any miscalculation. What did it matter? Things would catch up next quarter. And, thus, prices of stocks frequently reflected overblown expectations rather than actual current results.

Such stocks as Bank of America were repeatedly bid up just before quarterly reports to stockholders were due. A. P. Gianini, while deploring the speculative binge in his bank's stock, seemed seldom to disappoint the investing public. He told intimates that it couldn't keep up, and moved defensively against the speculators.

There were clouds on the horizon, to be sure. Not only were stock prices outdistancing earnings in the speculative eagerness of investors, but there were other factors to bring pause to the more discerning. The world, especially Europe, simply lacked the cash and credit to absorb the rising output of America's accelerated industry. Increasingly, this also became true of the farmers and white-collar workers in this country.

Rising prices, matched against sluggish incomes of these important segments of the consuming public, slowly restricted the retail markets. Inventories increased, but cocky American businessmen were certain that they could sell all they could produce. As unsold merchandise clogged the channels of trade, the debt load to carry it also increased, and some businesses began to struggle.

Something similar was happening to American agriculture. During the war, prices soared on basic commodities such as wheat, corn and meat. Riches were open to the farmer and he responded by acquiring more land and raising more produce. Demand seemed unlimited. Up went the price of land, and enterprising wheat or corn growers found bankers ready to lend funds to finance more acreages. The horn of plenty was flowing.

But peace brought a slackening of demand. Foreign production resumed. And markets abroad dwindled for lack of purchasing power. Prices stalled. The farmer, caught in the middle by forces he could not control, tried to enhance his income to pay his debt services by planting still larger acreages. Bumper crops glutted the markets and sent prices down still further.

The embattled grain growers sought government relief. One of the better-known measures proposed was the McNary-Haugen bill, co-authored by Sen. Charles L. McNary of Oregon. It was a plan for government price supports on grain, and became the basis of farm relief legislation enacted in 1933. But in the mid-'20s, the Coolidge administration was indifferent.

Now the unwise borrowing to buy high-priced land became apparent. Farmers slowed payments, and bankers, sitting on troubled loans, became uneasy.

One of the factors fueling the stock market advance was the easy credit that prevailed. Stocks could be purchased on "margin." In that day one could pay 10 percent down on the price of a stock purchase and borrow the other 90 percent from the broker. The latter found no difficulty in obtaining his cash from the banks.

Thus, a small investor with $10,000 could get into market action with $100,000. As long as the market inevitably went upward, there was nothing but unconcealed joy. In fact, it seemed difficult not to make a growing paper profit on AOT—any old thing.

Stocks were bought, held for an expected advance and sold at a profit. With the increased capital, and ready margin loans for reinvestment, an aggressive trader could run paper fortunes up to fantastic figures. And many did. It seemed that everywhere one looked people were making money in the market. Even bootblacks discoursed on their investments.

A young lawyer friend of mine, modestly salaried as an incurance adjuster, told enviously of a classmate who, in turn, had boasted of his market prowess. The classmate asserted confidently that "We are living in a new day" and there was big money to be made by those who were willing to invest.

He said that he had run his small capital up to $45,000—a princely sum in those days of 1929. Within a year, he added, he expected to reach his goal and retire to an easy life of recreation and travel. There seemed no limit to what a citizen could attain—not earn—if he only "invested in the new America."

There were many of his persuasion.

During 1929, the stock market had several nervous episodes but then steadied and went on much as before. It was enough for cautious investors to cash their holdings. Among those opting out were Charles G. Dawes, Bernard Baruch and Joseph E. Kennedy (head of the Kennedy dynasty).

Some of them advised friends to do the same. Publicly, Roger Babson, economist, predicted that the stock bubble was about to burst. Few were listening because almost no one wanted to hear.

It may come as a surprise to many that the chief alarm was sounded in official circles by the man who was ultimately to be castigated as himself the author of the stock market collapse in the fall of 1929 and the Great Depression that followed.

Fifty years have cooled passions and provided new perspective. Researchers now agree that the unsound economy, which gave way at that time, was evolved before Herbert Hoover assumed the presidency.

Much attention has been given lately to action of the Federal Reserve Board tightening credit as a means of curbing inflation. The action has rightly been credited with precipitating a stock market selloff early this month. To those of us who were around in 1929, the sudden drop in the Dow Jones averages gave a strange feeling of deja vu.

But, Paul Volcker, chairman of the Federal Reserve, has defended the drastic increase in the rediscount rate as necessary to curb credits and redress the present inflationary trends. Both he and ex-Chairman Arthur Burns say that gradualism has not worked and that only a shock would gain the attention of the American people.

What the board has done at this time may very well have been the kind of medicine advocated by Hoover when he was secretary of commerce. During the Coolidge administration, he appealed both to the president and to Andrew Mellon, secretary of the Treasury, to restrict credit. Neither reacted.

His alarm, according to Edgar Eugene Robinson and Vaughn Davis Bornet in their book, "Herbert Hoover, President of the United States," was over the credit inflation "deliberately created" by the Federal Reserve Board. In Hoover's opinion, the board had misused its powers in a futile attempt to aid faltering European finance. The strategy, which misfired, was aimed at stimulating buying power and creating a stronger market for European exports in this country.

Later, Hoover wrote that, in his opinion, the board "must assume the greater responsibility" for the events that followed.

It was in November 1925 that Hoover first protested that board policies would mean "inflation with inevitable collapse which will bring calamity on our farms, our workers and legitimate business." It was an accurate prophecy.

Board members assured Hoover that business leaders, especially financiers, urging that they help to moderate the situation. Almost all agreed that something was needed, but no one knew exactly what, when or how.

The Reserve Board, under pressure from the President, began an extended debate on the subject. In April, the word was spread that the board was ready to pull the plug on credit. Secretary Mellon urged investors to leave stocks and turn to bonds. The market wobbled.

But Charles E. Mitchell, president of the National City Bank, expressed opposition to administration policies and offered large credits for stock market operations. Stocks resumed their climb.

The bull market reached its peak Sept. 3. From Labor Day on it seemed to lack buoyancy, worried by dismal economic news from abroad and rumbles of bank problems. It was as though a gigantic gasbag in the economic sky had developed a leak. On Sept. 24, the Big Board started to crumple, but regained its poise for a short time, only to be overtaken by a series of convulsive drops which started Oct. 19, continued through Black Thursday, Oct. 23, and Monday and Tuesday, Oct. 28 and 29.

On Oct. 24, a group of bankers, headed by Thomas Lamont, raised a pool of $50 million to "steady the market." Richard Whitney walked onto the floor of the New York Exchange at midday. Trading ceased as every eye followed him. He stopped at Post 2 and asked the last quotation on United States Steel.

When he was told "195" he promptly placed an order for 10,000 shares at 205. Cheers followed him as he marched from post to post, placing large orders. Prices steadied and many thought the crisis was over. The bankers had saved the day, but that was about all.

Calls went out over the weekend for more margin. This meant that more cash must be produced by clients, or the brokers would sell them out to protect their loans. The damage had been done. Thousands of traders, large and small, were either frighened or unable to produce the needed funds.

Orders to "sell at the market" engulfed the exchange Oct. 28 and stocks lost altitude precipitately. Monday was bad enough, but Tuesday, Oct. 29, was the day of real collapse. Panic and near riot broke out on the exchange floor. A numbed nation watched while 16,383,700 shares were dumped, and over $10 billion in losses were absorbed by traders—more than twice the amount of currency then in circulation.

It has been estimated that the market collapse provoked total losses of more than $74 billion, and that some 1 million Americans were directly affected by it.

Portland reaction to the sudden bursting of the stock market balloon was restrained. Generally, it was believed that it was something that had happened to "those Wall Street gamblers." There was no panic. Some were hurt quite badly, but it seemed that losses were mostly "paper profit." Many subscribed to the national newspaper editorial assessments that:

The shakeout was long overdue.

Business was "fundamentally sound" and would continue to prosper.

Damage was largely confined to the stock market.

Few thought it portended anything serious for the economy of the Pacific Northwest. We would go right on "sawing wood." So we thought.

Most observers, while recognizing that Hoover bore an undeserved blame, gave him credit for accurately diagnosing the inflationary trend and its probable consequences, but some critics insist that he acted with unfortunate timidity in martialing government forces to avert trouble.

A few are unrelenting. Economist John Kenneth Galbraith takes Hoover sharply to task.

"He was in the boat and knew where he was headed," writes Galbraith, referring to Hoover's place in the Coolidge Cabinet. "But, having warned the man at the tiller, he rode along into the reef."

Hoover, in his memoirs, stoutly maintains that he did all that the Constitution and federal law then permitted. And, he says, Congress was in no mood to grant him additional powers to control either the market or banking. Actually, many of the measures ultimately dramatized by the New Deal were started under his administration.

As an economist, Hoover was more aware than most of the hazardous portents of the situation for all business and he undertook a steadying hand. At that interval, he was concerned lest too strident an activity might itself provoke panic.

He called conferences at the White House for leaders of business, finance and labor. He exacted pledges from labor not to strike for higher wages and from business not to cut wages. He importuned lenders not to press distressed debtors but to let them have opportunity to work things out. He stepped up the volume of public works at the federal level and urged all state and local governments to do likewise.

But the crash was a blow to the financial process. Something had suddenly gone out of American business—*confidence*—and had been replaced by a negative force not common to our psyche—*fear*.

Worldwide depression vastly complicated our problems and slowed all recovery efforts. Now the imbalances in the national and international economics asserted themselves. All the unwise expansion of industry and agriculture.

Cash flow dried up. Industry slowed down, living on its inventory and cutting prices to stimulate sales. Plants curtailed output or closed down, throwing millions out of work. Increasingly, industrialists and farmers gave up the battle to pay off their loans and defaulted, carrying their banks down with them.

Slowly, but surely, the nation sank into depression—an economic and spiritual insolvency that was to reach its nadir in the bank holiday of March 1933.●

SOVIET MILITARY MIGHT

● Mr. HUMPHREY. Mr. President, one of my valued constituents, Comdr. Robert Marvel, USN, retired, has written a thoughtful article about Soviet military might. I cannot attest to the facts on which the article is based, but I can attest to the character of Commander Marvel, and I wish to share his viewpoint with those who read the RECORD.

The article follows:

AMERICA'S GATHERING STORM

In October of 1978 Russia completed a 10 year military construction program which produced 45,000 65 ton battle tanks complete with spare parts and associated equipment. These tanks are far superior to anything the United States has both in numbers and tactical advantages on the battlefield. Nothing the United States has can match the firepower, mobility, protective armament and ease of maintenance and repair built into these tanks. It is doubtful that Russia intends to use these machines of war to haul trailers, plows, harrows, hayracks, reapers or as bulldozers. They were made for war and will be so used. The big question is—which war and where?

During the 10 year construction period the stage for this war was being carefully set by Russia using the strategy of propaganda, subversion, intimidation, harassment, compliments and the like coupled with terrorism and guerilla tactics. The targets of such strategy were, and still are, President of the United States, Congress of the United States and the sovereign nations of central America. The first evidence of this strategy appeared several years ago when we heard rumbling that a new treaty with Panama was in the making relative to ownership of our canal. While we didn't pay much attention Russia was hard at work in Panama, our own State Department and the United Nations. As we went about our daily task of earning a living, secure in the belief that our elected representatives were doing their job by making sure America came first, gullible organizations like the council on world affairs, church groups and others were being indoctrinated by our own State Department and the United Nations to insure that public pressure was brought on the President and Congress which would result in passage of a new canal treaty.

Typical in New Hampshire were the public meetings across our State sponsored by the World Affairs Council. These meetings featured Ambassador Bunker, one of the treaty architects, who told us in glowing terms of the advantages we would reap by giving our canal to Panama, a nation governed by a then known communist, one General Omar Torrijos. We all know the result—the old treaty went up in the smoke of perpetuity and a new treaty complete with give away funds is in effect. The stage was set—Russia had, without firing a shot, the necessary toehold between North and South America. Concurrent with their Panama Canal treaty program Russia was pushing like strategy in the Nicaragua campaign. Their passive strategy coupled with terrorism and guerilla operations did the job. Another small Central American nation, which depended on the United States for protection against invaders, was ignored and now reposes in the communist block. What is the next step?

It doesn't take much common sense to figure out just what is going on. The little nation of Costa Rica, already subjected to Russia's strategy is now in the "jaws" between Nicaragua and Panama. As it can be gobbled up any time we may now be privileged to see it by-passed with Guatemala and Honduras next. A strategy learned from America during WW II when we isolated Japanese held islands in the Pacific. So much for this step—who's next?

Mexico, already feeling the effects of Russian strategy, is beginning to evidence contempt for the United States because of our "lack of guts" in dealing with communism to the south of their border. After the conquest of Guatemala, Honduras and Costa Rica, Mexico will become a member of the communist block for one reason—they want to be on the winning side. What nation or people in its or their right mind wants to experience a blitzkrieg?

With the new Panama Canal treaty our government provided "the platform" for offloading 45,000 65-ton battle tanks. Russian strategy dictates takeover of all Central America and Mexico to provide the "launching platform" for mechanized warfare and attack of the United States on our own soil. As any strategic planner knows, the only way to destroy an industrial nation is to cut it in half. It doesn't take much common sense to realize that the great ground plain of our Mississippi River valley and the southwestern United States is ideal for mechanized warfare.

Where do Americans run to when the first Russian battle tank reaches Chicago? ●

FIFTIETH ANNIVERSARY OF THE INAUGURATION OF HERBERT HOOVER TO BE 31ST PRESIDENT OF THE UNITED STATES

● Mr. HATFIELD. Mr. President, I am pleased to offer to my colleagues and readers of the RECORD an essay on Herbert Hoover by Henry Graff, professor of history at Columbia University. Dr. Graff's essay, "Reassessing the Depression Chief," has been submitted to me for publication in the series of essays commemorating the 50th anniversary of the inauguration of Hoover as our 31st President.

In Dr. Graff's view, Hoover's surge in recent years in the rank of Presidents could only have taken place in conjunction with a "cataclysmic change in national mood * * * that makes discarded ideas sound fresh and accepted values appear outmoded and debilitating." One of the more recent boosts for Hoover's reputation comes from the David Burner study, "Herbert Hoover: A Public Life," which Dr. Graff describes as the "most thorough and thoughtful reading of the Hoover sources we have had to date."

Mr. President, Professor Graff's essay gives us a brief glimpse of Hoover's life, his career, and his reaction to the historical events in which he was such a major figure. I ask that his essay, as well as a brief biographic sketch of Dr. Graff, be printed in the RECORD.

The material follows:

REASSESSING THE DEPRESSION CHIEF

The reshaping of Presidential reputations is a familiar process to the American people for it is going on all the time. And because the judging of Presidents is a judging of the nation itself, the public feels keenly—and indeed, has—a powerful stake in the verdicts. While the standings of Washington and Lincoln seem permanent, like the "fixed stars" in the firmament, others fluctuate and even flicker.

Herbert Hoover's rank in the line of the Presidents has been improving steadily in the last decade—a trend that gives work to historians as well as hope to every politician who has fallen from grace and office. What is required to alter a judgment as profoundly as that of Hoover has been altered is a cataclysmic change in national mood such as is taking place today—veritably a new Zeitgeist—that makes discarded ideas sound fresh and accepted values appear outmoded and debilitating. Hoover, who lived longer as an ex-President than any of his predecessors, almost lived long enough to witness the turnabout he faithfully awaited with Quaker patience and resignation. But surely he could not have guessed that it would come so soon—an early arrival that seems to be as much of an historiographic miracle as it is a personal vindication.

Even the Eisenhower Presidency, the first Republican Administration since his own, did not bring much comfort to the Depression Chief. He once vented some of his feelings in a conversation with Harry S. Truman, who related the episode to me in this fashion: "When I was on vacation in Florida I heard that Mr. Hoover was nearby, so I went to see him. He was on the beach painting, with the arms of his sweater tied around his neck. He was the damnedest looking ex-President you ever saw. I wanted to ask him if he would find it politically impossible to come to Independence to help dedicate the Truman Library, which was about to open. Mr. Hoover replied without a moment's hesitation that he would be delighted to come. 'After all,' he said, 'that soldierboy in the White House isn't listening to me any more than to you.' "

Now David Burner's study* gives Hoover due and overdue justice—the kind that cannot make even an ardent New Dealer of yore feel outraged or uncomfortable. The author's account of the "public life" of his subject is based on the most thorough and thoughtful reading of the Hoover sources we have had to date. His subtitle is too timid a description, however, for what emerges is Hoover the man—armed with poise, self-confidence, high accomplishment, and a first-hand knowledge of several cultures, though still not irresistibly attractive as a person.

Coming upon the scene just as radio broadcasting was about to cause a political earthquake, just before picture magazines permanently transformed popular journalism, and just before an activist Federal government made civics books obsolete, Hoover was the last of the unknown presidents. He had authority and power because he was wrapped in the mystery that is necessary to both. Being an engineer by training, he was elected to the Oval Office chiefly to superintend the efficient operation of a flourishing economy. His failure to perform as expected was not nearly so tragic to him personally as it was for the American people. For if he could come to grief in the Presidency, how could the Republic ever again recruit its highest leadership with confidence?

It is well that the voters at large never knew how often Hoover walked the floor of the White House at night, burdened by problems that refused to yield to traditional methods of management and thinking, of which he was the proven master. Writes Burner with what can only be viewed as heavy irony: "Hoover suffocated problems with solutions—if one did not work another would."

Hoover had been confronting and wrestling with problems almost from the time of his birth on August 10, 1874. Some were severely personal (he was an orphan and had to find his own place and way in the world); some were vocational (he was a multimillionaire Quaker who desperately had to keep busy despite his wealth); some were historical (he had the ill-luck to face the Great Depression with the manner and the style of an Edwardian American).

It is stirring to read of Hoover's adventurous early years. They were full of an energetic purposefulness, almost always channeled into mining enterprises that he turned into glowing successes. Hoover seemed to be wherever metallurgical resources were to be found and exploited. Large—even enormous—sums of money were usually at his disposal for investment and development. If he is known as the first engineer to become Chief Executive, he is also the first businessman. By the beginning of the 20th century he was being spoken of with awe as "young Hoover," the implication being that his youth notwithstanding, he had already made his mark—chiefly as a builder and promoter of companies in many parts of the world. As head of the relief for Belgium in World War I, he also honed his undoubted genius as an administrator.

Although his religious upbringing bound him to be self-effacing, by 1928 Hoover's reputation had become, as Walter Lippmann later said, "a work of art." He was wafted into the White House by a public convinced it had acquired the services of a wonder man it could not be sure it fully deserved. To his credit, he never succumbed to an impulse to believe what was being said and thought about him. On the eve of his inauguration he confided presciently to a newspaper editor: "I have no dread of the ordinary work of the presidency. What I do fear is the result of the exaggerated idea the people have conceived of me. They have a conviction that I am a sort of superman, that no problem is beyond my capacity. . . . If some unprecedented calamity should come upon the nation. . . . I would be sacrificed to the unreasoning disappointment of a people who expected too much."

The new President's goals for America were lofty, even visionary. In fact, his plans had conservative circles worrying he might turn out to be an unbridled Progressive and place roadblocks in the path of American business.

He began his term impressively. The steps he took in the field of civil liberties, short and mincing as they were, brought him and the nation onto a fresh footing in advancing racial justice; in several arenas he was a reformer and an activist—in penology, women's rights, child labor, Indian affairs, public power. But the Great Depression that fell upon the nation and the world before the Hoovers had even become comfortably settled in the White House totally eclipsed these initial moves of his Administration. Further, while Hoover's often frenetic efforts to resuscitate the economy foreshadowed important elements of Roosevelt's New Deal, they failed, alas, in their ultimate goal—being neither massive nor dramatic enough. In the eyes of the people, this failure far outweighed Hoover's achievements.

Hoover's own conviction was that if the economy were invaded excessively by government, bureaucratic statism would be the inevitable result, including the loss of personal liberty in all its ramifications. Above all, and Burner returns to the point again and again—Hoover's ultimate faith and commitment centered on voluntarism in dealing with the economic disaster the country faced, a voluntarism that would preserve societal order and at the same time replenish the fountainhead of individual responsibility. To the end, Hoover's appeal to the nation (like the appeal of those who espouse these ideas today) was intellectual and bloodless. When Hoover ran for reelection in 1932 his speeches were marked by platitudes, homilies and endless statistics. The electorate was not interested in any of this, because they could not reconcile what Hoover was saying with what they were experiencing daily. Hoover's lackadaisical campaign efforts proved to be not only a harbinger of his political ruin but also the very symbol of it.

The time to flay Hoover for his failure to rescue the nation from the Depression is now past. Burner's balanced book formally ends it (though one must observe that for some time now historians have been giving Hoover increasingly higher marks as an architect of United States foreign policy). As Hoover

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***Herbert Hoover: A Public Life*. New York, Alfred A. Knopf, 1979, 433 pp. Mr. Burner is Professor of History at the State University of New York at Stony Brook.

begins to take his rightful place in the national Valhalla and ceases to be left standing apart from his fellow Presidents, like a hapless Untouchable, Americans will be grateful to Burner for his labors. His book is not bedtime reading, nor does it contain a gripping story to be pleasurably swallowed in one sitting. This complex man lived a life of constant challenge and risk-taking, infused with spiritual idealism and often incredibly hard work. Hoover was, in addition, controlled by an iron self-discipline matched by an inborn inability to give the appearance of ever enjoying himself. Of such stuff the present age does not make its heroes. Herbert Hoover's ultimate standing, then, relies on the effect that the passage of time can have on historical perception.

BIOGRAPHIC SKETCH OF HENRY F. GRAFF

Born: August 11, 1921.

Education: B.S., College of the City of New York, 1941; M.A., Columbia University, 1942; Ph. D., Columbia University, 1949.

Professional Experience: Columbia University; Lecturer, 1946–47; from instructor to associate professor, 1947–1961. Chairman, Department of History, 1961–63, Professor of History, 1961.

Memberships: American Historical Association; Organization of American Historians Academy of Political Science; National Council for the Social Studies; The Authors Guild; and Society of Historians of American Foreign Relations.

Publications: Bluejackets with Perry in Japan, 1952; The Modern Researcher (with Jacques Barzun), 1957; The Adventure of the American People (with John A. Krout), 1959; American Themes: Selected Addresses of John Allen Krout, 1963 (with Clifford L. Lord); Cons. ed., The Life History of the United States, 1963–64; The Free and the Brave, 1967; Ed., The American Imperialism and the Philippine Insurrection, 1969; The Tuesday Cabinet: Deliberation and Decision on Peace and War under Lyndon B. Johnson, 1970; The Call of Freedom (with Paul J. Bohannon), 1977; and The Promise of Democracy (with Paul J. Bohannon), 1977.●

IRANIAN TAKEOVER OF AMERICAN EMBASSY

● Mr. HEFLIN. Mr. President, I have read with great concern the accounts of the weekend siege by Iranian students of the American Embassy in Tehran and the resulting kidnaping of American citizens.

As I speak here today as many as 50 to 80 American citizens are being held hostage by a desperate and angry mob of students. These kidnapers seem to be acting on behalf of, or with the tacit approval of, the Iranian Government.

I fear the past record of Iranian revolutionaries indicates that our countrymen may be in danger of their lives.

These revolutionaries are attempting to blackmail the United States into returning to Iran the ailing Shah of Iran who is in the United States undergoing cancer surgery in a New York hospital.

Mr. President, blackmail in any form is one of the most deplorable acts known to man—and blackmail involving the lives of scores of people is a most insidious act. To endanger the lives of innocent civilians because of ideological differences is, in my judgment, unforgiveable.

I deplore and denounce these officially sanctioned actions taken by the Iranian students and I call upon the Iranian Government to take immediate steps to release these innocent people unharmed.

I further call upon the President of the United States to take any appropriate action to secure the safety of our citizens in Iran.

Certainly our relationship with Iran has deteriorated greatly since the fall of the shah earlier this year, but the kidnaping of American citizens marks a new low in American-Iranian relations.

We must insure the safety of American citizens who are living abroad in service to our Nation. This violent and desperate act cannot—and must not—be taken lightly. It may be necessary to remove our Embassy personnel from Iran if their safety cannot be absolutely assured.

I recommend that the Foreign Relations Committee of this body make an immediate investigation into this matter and study the long-range effects this action will have on American-Iranian relations.

I call upon the Iranian Government to immediately release these American citizens and to take steps to see this never happens again.●

MEDICARE SERVICES

● Mr. DOLE. Mr. President, the Senator from Kansas is pleased to join with Senators PACKWOOD, DOMENICI, and RIEGLE in introducing a bill designed to improve the delivery of certain medicare home health services to the elderly.

The bill, which we are introducing, has two provisions, both of which are designed to assist the elderly in maintaining their present level of functioning and thus avoid unnecessary institutionalization.

The first provision of the bill would provide for the redesignation of home health aides as homemaker-home health aides.

Under present law, a home health aide is allowed to provide limited homemaker services but only if providing them does not substantially increase the length of the visit in the patient's home. It is not our intention to change this provision of the law, it is our intention to allow for both homemaker chores and home health aide services to be provided by a single individual. In many instances, these services are provided by different personnel from within the same or separate agencies. Consolidating the homemaker and home health aide service will allow these services to be provided under the auspices of one agency and by one individual and perhaps provide a more efficient and cost effective product.

The second provision of our legislation liberalizes the requirement that an individual be homebound to be eligible for home health services under medicare by allowing for reimbursement for these services when provided to an individual in an adult day care center.

The adult day care centers, created in many instances under the title XX program, provide care during the day for individuals who are unable to care for themselves and who could in many instances benefit from home health services if they were provided. These centers actually serve as homes to these individuals who are then cared for by their families at night. By allowing services to be provided to individuals located in these centers, it is not our intention to significantly alter the home health care benefit, but rather to make sure that it is afforded to individuals who could benefit from it.

The Senator from Kansas believes that home health care services should be readily available to individuals in the medicare program. As I am sure many of you are aware, the Finance Committee has recently agreed to a number of provisions which would lift the current limit on days of home health care services, thereby creating further incentives for utilization of this benefit.

I believe this legislation, in addition to the decisions that we have recently made, will assist us in providing a more sensitive and yet also more economical service to medicare beneficiaries. I am pleased to join my colleagues in this effort.●

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

DEFENSE PRODUCTION ACT AMENDMENTS OF 1979

The Senate continued with the consideration of the bill S. 932.

Mr. ROBERT C. BYRD. Mr. President, what is the pending business, morning business having transpired and a new legislative day?

The PRESIDING OFFICER. The business before the Senate is S. 932, the energy bill.

Mr. ROBERT C. BYRD. I thank the Chair.

Now, Mr. President, S. 932 is the unfinished business, am I correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. ROBERT C. BYRD. I thank the Chair.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, are there any orders for the recognition of Senators on tomorrow?

The PRESIDING OFFICER. No.

EXECUTIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider the nominations on pages 2 and 3 of the Executive Calendar.

There being no objection, the Senate proceeded to the consideration of executive business.

The PRESIDING OFFICER. The nominations will be stated.

The assistant legislative clerk proceeded to read nominations on the Executive Calendar.

Mr. ROBERT C. BYRD. Mr. President,

I ask unanimous consent that the nominations be considered and confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are considered and confirmed en bloc.

The nominations considered and confirmed en bloc are as follows:

DEPARTMENT OF STATE

Anthony C. E. Quainton, of Washington, to be Ambassador.

Harry Roberts Melone, of New York, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Rwanda.

Thomas O. Enders, of Connecticut, to be the Representative of the United States of America to the European Communities, with the rank and status of Ambassador Extraordinary and Plenipotentiary.

Barbara W. Newell, of Massachusetts, to be Ambassador.

Anne Forrester Holloway, of the District of Columbia, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Mali.

Robert B. Oakley, of Louisiana, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Zaire.

Genta A. Hawkins, of California, to be an assistant administrator of the Agency for International Development.

William J. vanden Heuvel, of New York, to be the Deputy Representative of the United States of America to the United Nations, with the rank and status of Ambassador Extraordinary and Plenipotentiary.

BOARD FOR INTERNATIONAL BROADCASTING

Thomas H. Quinn, of Rhode Island, to be a member of the Board for International Broadcasting.

PEACE CORPS

William G. Sykes, of Maryland, to be Deputy Director of the Peace Corps.

AMBASSADOR

Abelardo Lopez Valdez, of Texas, to be Ambassador.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider en bloc the votes by which the nominees were considered and confirmed.

Mr. TOWER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of the nominees.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate return to the consideration of legislative business.

THE PRESIDING OFFICER. Without objection, it is so ordered.

MARITIME AUTHORIZATIONS, 1980—CONFERENCE REPORT

Mr. ROBERT C. BYRD, Mr. President, I submit a report of the committee of conference on S. 640 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The assistant legislative clerk read as follows:

> The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 640) to authorize appropriations for the fiscal year 1980 for certain maritime programs of the Department of Commerce, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of October 25, 1979.)

Mr. TOWER. Mr. President, it is my understanding that this has been cleared by the minority.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. TOWER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow, the Committee on Foreign Relations may be authorized to meet until 1:30 p.m., while the Senate is in session, to consider the SALT treaty.

Mr. TOWER. I object.

The PRESIDING OFFICER. Objection is heard.

ORDER FOR RECESS UNTIL 11:30 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that, when the Senate completes its business today, it stand in recess until the hour of 11:30 tomorrow morning.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

ORDER FOR THE RECOGNITION OF SENATOR HATCH, SENATOR JEPSEN, AND SENATOR TSONGAS ON TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow, after the recognition of the two leaders, the following Senators be recognized, each for not to exceed 15 minutes: Mr. HATCH, Mr. JEPSEN, and Mr. TSONGAS and that, following the orders for the recognition of those Senators, the Senate proceed to the consideration of H.R. 5359, the Department of Defense Appropriation bill, with the understanding that that bill would be laid aside at the close of business tomorrow, if not earlier, and that the Senate return then, at the time the bill is laid aside, to the consideration of the energy legislation.

The PRESIDING OFFICER. Is there objection?

Mr. STENNIS. Reserving the right to object, Mr. President, and I hope not to object, would the majority leader add to that that the first matter taken up after the opening statements on that bill will be the Proxmire amendment relating to the carrier?

Mr. ROBERT C. BYRD. Yes, I am glad to include that in the request.

The PRESIDING OFFICER. Is there objection to the request?

If not, without objection, it is so ordered.

RECESS UNTIL TOMORROW AT 11:30 A.M.

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the order previously entered, that the Senate stand in recess until 11:30 a.m. tomorrow.

The motion was agreed to; and, at 5:44 p.m., the Senate recessed until tomorrow, Tuesday, November 6, 1979, at 11:30 a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate November 5, 1979:

DEPARTMENT OF STATE

Anthony C. E. Quainton, of Washington, Director of the Department of State's Office for Combatting Terrorism, for the rank of Ambassador.

Harry Roberts Melone, of New York, a Foreign Service officer of class 2, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Rwanda.

Thomas O. Enders, of Connecticut, a Foreign Service officer of the class of Career Minister, to be the Representative of the United States of America to the European Communities, with the rank and status of Ambassador Extraordinary and Plenipotentiary.

Barbara W. Newell, of Massachusetts, for the rank of Ambassador during the tenure of her service as the U.S. Permanent Representative to the United Nations Educational, Scientific, and Cultural Organization at Paris, France.

Anne Forrester Holloway, of the District of Columbia, to be Ambassador Extrordinary and Plenipotentiary of the United States of America to the Republic of Mali.

Robert B. Oakley, of Louisiana, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Zaire.

William J. vanden Heuvel, of New York, to be the Deputy Representative of the United States of America to the United Nations, with the rank and status of Ambassador Extraordinary and Plenipotentiary.

Genta A. Hawkins, of California, to be an Assistant Administrator of the Agency for International Development.

BOARD FOR INTERNATIONAL BROADCASTING

Thomas H. Quinn, of Rhode Island, to be a Member of the Board for International Broadcasting for a term expiring April 28, 1982.

PEACE CORPS

William G. Sykes, of Maryland, to be Deputy Director of the Peace Corps.

AMBASSADOR

Abelardo Lopez Valdez, of Texas, for the rank of Ambassador during his tenure of service as Chief of Protocol for the White House.

The above nominations were approved subject to the nominees' commitments to respond to requests to appear and testify before any duly constituted committee of the Senate.

EXTENSIONS OF REMARKS

HUMAN INTELLIGENCE: A VITAL BUT ENDANGERED SPECIES

HON. WM. S. BROOMFIELD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, November 5, 1979

● Mr. BROOMFIELD. Mr. Speaker, the recent concern about Soviet troops in Cuba underscores the important role intelligence plays in the shaping of our foreign policy. It also vividly illustrates the importance of human intelligence.

To this day, we do not know why the Soviet troops are there. Good human intelligence could have supplied the answer to that question. As one former high level U.S. intelligence officer, Cord Meyer, wrote recently in his Washington Star column, "one well placed human agent in Castro's government could have provided early warning of the brigade's presence and described what its true purpose was." Unfortunately, in recent years too much emphasis has been placed on the mechanical means of gathering intelligence and it has been at the expense of human intelligence. I am afraid we have been seduced by the argument that—thanks to fantastic technological breakthroughs—we can now learn all we need to know about our potential adversaries via overhead satellites and other advanced methods of surveillance. Admittedly, some of these techniques are quite sophisticated, but so far a camera has not been developed that can photograph the intentions sequestered in the minds of a Brezhnev or a Castro.

Seventeen years ago we were in the midst of another flap with Cuba over Soviet missiles there. The intelligence furnished by CIA Russian agent, Oleg Penkovskiy, concerning Soviet strategic capabilities and intentions was most useful to President Kennedy and his advisers as they pondered their response to that crisis. Lamentably, that kind of information is not available to President Carter and his advisers today.

Many are now asking why we have lost so much of our human intelligence capability. While part of the reason can be attributed to an over reliance on technology, the continuing revelations of the identities of those covertly employed by our intelligence community also is having a profoundly adverse effect upon the U.S. intelligence effort.

Existing laws are almost wholly inadequate in preventing these identity disclosures (now reportedly numbering nearly 1,000 individuals) which have often resulted in the destruction of our intelligence sources and methods. These statutes have not deterred for a moment those who are attempting to destroy our intelligence services.

There was a time when those who were working against us communicated their secret information solely and directly to a foreign intelligence service, and were paid their reward. Today, however, those who hawk our intelligence secrets are more sophisticated. They just as effectively damage our country by publishing all their knowledge in a book or article. Moreover, for some of their efforts, they collect handsome royalties and even become heroes in certain circles. By publishing what they know, regardless of its effect on our national security and the physical safety and well-being of U.S. intelligence personnel and their families, they are confident that concern for every American's first amendment rights will sanctify their deeds. But valid and proper concern for the integrity of the first amendment should not obscure the true nature of their acts of betrayal.

In recognition of the human collection problems confronting our intelligence community, I have cosponsored legislation which would make it a crime for anyone to deliberately and maliciously expose individuals who they know are under cover and performing legitimate activities on behalf of the United States. Such legislation is long overdue and hopefully will become law soon so that our Nation's intelligence services can again operate in a manner that insures the national security of the United States.●

RULE TO BE REQUESTED ON TITLE IV OF H.R. 2759, THE DEEP SEABED MINING LEGISLATION

HON. AL ULLMAN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Monday, November 5, 1979

● Mr. ULLMAN. Mr. Speaker, on November 2, 1979, the Committee on Ways and Means favorably reported to the House title IV of H.R. 2759 relating to deep seabed mining. The other titles of this bill are within the jurisdiction of the Committees on Merchant Marine and Fisheries, Interior and Insular Affairs, and Foreign Affairs. Title IV would impose an excise tax on hard minerals recovered by mining companies from deep seabed mining. These excise tax revenues would be deposited into a Deep Seabed Revenue Sharing Trust Fund established by the legislation. The amounts in the trust fund would be available for appropriation by Congress to make payment of any obligations which might arise under an international deep seabed treaty for the sharing of revenues from deep seabed mining.

Pursuant to the rules of the Democratic Caucus, I take this occasion to advise my colleagues as to the nature of the rule that I will request for the consideration of title IV of H.R. 2759 on the floor of the House.

The Committee on Ways and Means has specifically instructed me to request the Committee on Rules to grant a closed rule which would only provide for:

First, committee amendments, which would not be subject to amendment;

Second, one hour of general debate, to be equally divided;

Third, waiving all necessary points of order; and

Fourth, one motion to recommit.

It is our intention to request a hearing before the Committee on Rules concurrently with the other three committees involved in this legislation.●

NATIONAL SCHOOL BOARDS ASSOCIATION URGES ALTERNATIVES TO SCHOOL LUNCH CUTS

HON. ARLEN ERDAHL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 5, 1979

● Mr. ERDAHL. Mr. Speaker, as you are probably aware, the Subcommittee on Elementary, Secondary, and Vocational Education has been conducting hearings on the administration's proposal to cut the school lunch program. The testimony presented by Jean Tufts, first vice president of the National School Boards Association, represents in my opinion a lucid analysis and summary of the basic issues involved in the administration's controversial proposal. As the testimony noted, this is one occasion on which Chairman PERKINS and the ranking Republican on the committee, Mr. ASHBROOK, stand shoulder to shoulder in opposition to the proposed cuts. I commend this testimony to my colleagues. Testimony follows:

TESTIMONY ON BEHALF OF THE NATIONAL SCHOOL BOARDS ASSOCIATION

I. STATEMENT OF CONCERN

The concerns which the National School Boards Association bring to the authorizing committee today are rather unique since they relate primarily to the appropriations for the school lunch program. We are extremely distressed that the Administration and the budget committees have seriously entertained initiatives to reduce funding below current formula levels. These initiatives have not only challenged the priority for the entire program, but also threaten to create new uncertainties in the management of the program. Certainly, proposals before the budget committee could interfere with school district price setting and budget planning.

Our statement today also recommends that the Committee continue to provide oversight to determine how unnecessary federal paperwork and administrative overburden can be removed from the program. Since school systems tend to subsidize the

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

school lunch program, we do not believe that the Administration should propose funding cuts without reducing the local costs of federal regulation.

II. ADEQUATE NUTRITION: ESSENTIAL FOR HEALTH AND MEANINGFUL EDUCATIONAL OPPORTUNITY

For more than thirty years Congress has recognized the connection of food to the educational and general health of America's school children, and, in turn, to the national well-being. Indeed, within the National School Lunch Act, the Congress declared that, . . . "as a measure of national security, to safeguard the health and well-being of all our Nation's children, and to encourage the domestic consumption of nutritious agricultural commodities and other foods." We believe that when difficult funding priorities are determined, Congress intended that child nutrition maintain adequate levels of support.

We know of no statistical or empirical evidence which in any way suggests that the role of the Federal government should be diminished. High quality nutritious foods are as essential to the health and well-being of American citizens today as they were in 1946, when the program began. According to Dr. Julius B. Richmond, U.S. Surgeon General, "Americans are healthier than ever." He said: "Without a doubt, the major reasons are related to overall improvements in living conditions: (1) Better nutrition, (2) better sanitation, (3) less-crowded housing, (4) more employment opportunities, and (5) greater access to education." We believe that the thirty years of federal support in providing nutritious, reasonably priced lunches to school children has played an important role in achieving two of those factors: better nutrition and greater access to education.

While the link between nutrition and education has been well documented (e.g., the Iowa Breakfast studies), a few examples should illustrate the point. N. E. Matheson's work at the University of Southern California showed significant gains in arithmetic and symbol decoding skill if the children were given specific food in the morning hours. Dr. Stephen Kreitzman of Emory University studied two 4th grade classes: one had only milk, while the other had a balanced high quality meal. The results reported by the teachers of those children having a complete meal were (1) not one child fell asleep during the day, (2) apathy all but disappeared, and (3) hyper-irritability was greatly reduced. Furthermore, the teacher reported subjectively that children were better able to master and retain conceptual material.

III. STUDENTS FROM MIDDLE INCOME FAMILIES NEED FULL PAID SUBSIDIES

The Administration's budget request included three major components: (1) limit student eligibility for "free lunches" by cutting the family income factor from 125% of poverty, to 100%, (2) limit student eligibility from "reduced lunches" by cutting the family income factor from 195% of poverty, to 175%, and (3) reduced the federal commitment for "paid lunches" by 5 cents. Ironically, the first two items would have impacted hardest on those economic groups least able to pay. Fortunately, the pursuit of those proposals has not been the focus of the current budgetary debate. The question which now arises is whether to reduce funding for paid lunches by 5 cents.

Proponents of the cut argue that a 5 cents reduction from the reimbursement rate for "paid" lunches would result in a federal expenditure reduction of $120 million—to be absorbed by children and parents of children. In addition, USDA projected in their budget that approximately 4 percent or 600,000 "paying" children would drop out, effecting another $26 million savings for the federal government. But it is the students' "dropping-out" of the program that gives us cause for concern.

In dealing with the drop-out issue, we believe that the proposed five cent reduction needs to be placed in practical perspective. A 5-cent increase equals $9.00 per year per child. Therefore, if there were a 5-cent cut in "paid lunch" reimbursement, plus a 10-cent increase in non-subsidized program costs (as a result of inflation), then the cost would total $27.00 per child per year. For a three-child family this would amount to $81.00 per year—not five cents.

In reviewing USDA's projections that children would drop out of the program, Congress needs to give some thought to the income category of these children and whether an equally nutritious alternative will be available to them. We expect that those middle income children who will drop out first will be those whose families are just above the "near poverty" cut-off for the reduced lunch program. In addition, since many children involved in the program are from relatively young single-income families, i.e., those hardest hit by inflation, some of the drop outs might be substantially above the poverty line. In such cases, there is no reason to believe that the nutritional value of the "brown bag" alternative will be adequate.

While we have no reason to take issue with USDA's projections that a nickel increase will force out 600,000 students, NSBA is presently surveying approximately 75 district food services directors to get an indication of past increases in prices and their influence on the number of drop-outs. On this point, we request that the record remain open for the next month so that the results of our survey may be included (NSBA's survey instrument is attached). Since these computations will not reflect current and expected downturns in economic conditions, USDA's projections and our own results on student drop-out may be conservative indicators.

As a policy, NSBA believes that when economic conditions are difficult, Congress should not pick and choose among children of different economic groups. The general health of all students and mimimal requirements for in-school learning are too vital to depend upon "brown-bag" substitutes.

IV. REDUCTION IN THE "PAID" LUNCH SUBSIDY; ADVERSE EFFECTS ON FREE LUNCHES

Some proponents of the 5-cent reduction argue that apart from saving federal dollars, cutting the "paid" lunch reimbursement rate can enable greater focusing of assistance on lower income levels.

Presently, 72.4% of the school lunch funds are utilized for "free meals", 7.5% for reduced, and 20% for "paid" meals. At the same time, 36.9% or 9.4 million of the participants receive free meals and 8% or 2.1 million receive reduced price meals. In other words, while 54.9% of the participants or 14 million children from middle income families are involved in the program, they expend only 20% of the funds. To the extent that a 5-cent reduction in the "paid" lunch reimbursement, and any efforts toward further reductions, causes middle-income children to drop out, the program will become confined to economically needy children. This raises two problems; (1) identification and discrimination, and (2) affected economies of scale. The passage of P.L. 91-248 required that schools prevent overt identification of needy children. If lower middle income children are forced out of a school lunch program, in some attendance areas, the identity of the remaining in the program will be obvious.

Another problem relates to the economies of scale. In the state of Indiana 85 percent of the children "pay" for their lunches and in Cobb County, Georgia, 90 percent "pay". In programs such as these, which are in every state, the number of "paid" participants allow the school district to provide food at the lowest cost per unit. The point is, that at some level, cuts in the paid lunch reimbursement rate can remove enough children to cause a price spiral which will not yield sufficient funds to feed the remaining children—including the free and reduced eligible child. In such instances the choices would be to (1) eliminate current cafeteria programs, (2) subsidize the program with local property tax increases, or (3) divert funds from the educational program. Given these options, we believe that at the very least, current data on the economies of scale issue should be developed before giving further consideration to the Administration's position.

V. BOOKKEEPING CONCERNS

In a number of cases, school districts have expressed concern over the increased bookkeeping requirements associated with the federal school nutrition programs. Some large systems have met the requirements by hiring more administrators. For example, one urban district recently hired four college graduate level administrators specifically for this function. Many school systems cannot afford the option of hiring more personnel. Yet in such instances, increased bookkeeping reaches beyond the capabilities or time of cafeteria personnel who may not have been trained, or hired to deal with extensive regulation.

Building principals have picked up the slack by diverting more of their time or that of other education administrators to school cafeteria operations. Rather than expanding on individual cases at this time, we simply wish to alert the committee to the fact that increased federal regulations are a problem—especially if at the same time funding for the program is going to be cut! We look forward to offering the Committee a more extensive report on paperwork once our costs survey data is tabulated.

CONCLUSION

The Administration and some members of the Budget Committees have proposed to cut back on the federal subsidy for paying children under the school lunch program. Especially at a time when real income is falling—and is expected to fall further—these cuts can have a serious impact on those families which are just over the income level for the reduced lunch program. To some extent lower middle-income children are forced to drop out of the program as a result of other increased family costs, the health and educational opportunities of this group will suffer. Further, especially since the paying children subsidize the non paying portion of the program, the economies of scale lost through students dropping out will ultimately jeopardize the financial and political viability of the free-lunch component. We are also concerned about the precedent of Congress considering this entitlement program in the last minute negotiations of the new budget process—which has been completed as we enter the second month of the school year. Sound budget planning and meal price-setting at the local level cannot tolerate that kind of uncertainty.

Finally, we suggest that the Congress look closely at the hidden costs associated with regulations and paperwork in school feeding programs. The government needs to design the most efficient accounting system possible as a means of saving tax dollars before it considers forcing children to drop out of school lunch.

For the foregoing reasons, NSBA is totally opposed to any cut in the school lunch subsidy. In closing, we wish to commend both Chairman Perkins and Representative Ashbrook for their efforts to preserve authorized funding levels for this program.●

FEDERAL SPENDING LIMITATION

HON. TOM RAILSBACK

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, November 5, 1979

● Mr. RAILSBACK. Mr. Speaker, today I am introducing a resolution that sets forth a proposal for a constitutional amendment to establish a limit on Federal outlays by prohibiting Federal spending from climbing faster than the overall economy.

Excessive Federal spending is the chief cause of our ever-worsening inflation, and I believe that Federal spending is now out of control. Right now, more than 40 percent of all the dollars being earned in our country are going to pay for the Government. In 1928, just over 50 years ago, total Government spending amounted to only 10 percent of our national income. This alarming rate of growth is the result of years of spending decisions made without enough consideration of available revenues. Traditionally, Congress determines its spending priorities first, and then instructs the Treasury to supply the needed funds to cover these outlays either through taxation or borrowing. Since Congress is reluctant to increase taxes directly, it has resorted to deficits and indirect tax increases. The result has been an accumulation of massive public debt, and rising rates of inflation.

It is not hard to see why Government spending grows at such a rapid pace. While nearly everyone agrees that restraint in outlays should be exercised, when it comes to a specific expenditure for a given program, the short-term benefits provided by the program tend to eclipse the long-term costs to the country as a whole. Yet while the upsurge in Federal spending has added heavily to the taxes of productive and hard-working people, it has not made much difference in solving our Nation's problems of urban blight, unemployment, crime in our cities, and reliance on Government as a way of life. Further, the inflation that is a product of continual deficit spending has brought about the shrinking value of the dollar, decreased productivity, and a lowered standard of living for the American people. Unquestionably we have reached the point when the need for fiscal restraint cries out. Our Nation can no longer afford the devastating price of huge deficits and Government expenditures that consume an increasing portion of our national debt. It is clear that this trend has to be reversed, and in my opinion a constitutional amendment to limit spending is needed in order to compel Congress to give thought to the broad and long-term effects of what it enacts, and to counter the temptation to yield to every program that seems desirable.

The constitutional amendment that I am proposing today closely parallels the recommendations made by the National Tax Limitation Committee. The basic limit on Federal outlays has two parts. The first limit applies whenever inflation is 3 percent or less, and it simply states that total outlays cannot increase at a faster rate than does the gross national product. It limits Federal spending to a specific percentage of the GNP, and in doing so, it links each year's limit to the actual spending of the previous year. The total outlays include both budget and off-budget outlays in order to cover as fully as possible all spending by the Government.

If inflation is more than 3 percent, spending may still rise, but the growth rate will not be quite as fast as the rate of growth in the gross national product, for the permissible percentage increase in spending would be reduced by one-fourth of the excess of inflation over 3 percent. The 3-percent inflation cushion would provide room for unavoidable zigzags in inflation from year to year. At the same time, the inflation penalty establishes a strong pressure for responsible management of the Federal budget. Over a span of years this would cause the percentage of GNP consumed by the Federal Government to shrink, the budget to come into balance, and inflationary pressures to ease.

Besides establishing this two-part limit on spending, my amendment specifies that any surplus must be used to reduce the national debt. Also, in order to be workable a spending limit should have provisions to allow flexibility for emergencies or changing situations. Therefore it states that if the President declares an emergency, Congress is authorized to exceed the limits in any given year by a vote of two-thirds of both Houses. The permanent limit on total outlays prescribed may also be changed by a specified amount if three-quarters of the Members of both Houses agree to such a change.

The problem at which this amendment is directed is not minor, and will not go away. Additional Government spending will only contribute to inflation, increase the Federal deficit, and add to economic instability. A constitutional amendment mandating a limit on spending appears to be the only viable solution. With this in mind, I would like to submit the text of my resolution for the benefit of my colleagues.

The resolution follows:

H.J. RES. 437

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, (two-thirds of each House concurring therein), That the following article is hereby proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States within seven years after its submission to the States for ratification:

"ARTICLE —

"SECTION 1. (a) Total outlays of the Government of the United States during any fiscal year shall not increase by a percentage greater than the percentage increase in the nominal gross national product during the last calendar year ending prior to the beginning of such fiscal year. If the inflation rate for that calendar year is more than 3 per centum, the permissible percentage increase in total outlays during such fiscal year shall be reduced by one-fourth of the percentage by which the inflation rate exceeds 3 per centum.

"(b) For purposes of subsection (a)—

"(1) the inflation rate for a calendar year is the percentage by which the percentage increase in nominal gross national product for that calendar year exceeds the percentage increase in real gross national product for that year; and

"(2) total outlays includes both budget and off-budget outlays, but does not include outlays to repay the public debt or emergency outlays authorized under section 3 of this article.

"SEC. 2. When, for any fiscal year, total revenues received by the Government of the United States exceed total outlays, the surplus shall be used to repay the public debt of the United States until such debt is eliminated.

"SEC. 3. Within ninety days following declaration of an emergency by the President, the Congress may authorize, by a two-thirds vote of each House of Congress, a specified amount of emergency outlays in excess of the limit prescribed by section 1 for the current fiscal year.

"SEC. 4. The limit on total outlays prescribed by section 1 may be changed by a specified amount by a three-quarters vote of each House of Congress. The change shall become effective for the fiscal year following approval.

"SEC. 5. For each of the first six fiscal years beginning after ratification of this article, total grants to State and local governments shall not be a smaller fraction of total outlays than in the last three fiscal years beginning prior to the ratification of this article.

"SEC. 6. This article shall apply to the first fiscal year beginning not less than ninety days after the date of its ratification and to each succeeding fiscal year.

"SEC. 7. The Congress shall have power to enforce this article by appropriation legislation."●

CHRYSLER CRISIS

HON. ELWOOD HILLIS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 5, 1979

● Mr. HILLIS. Mr. Speaker, on November 1, I placed a statement in the CONGRESSIONAL RECORD outlining why it is the proper role of the Federal Government to come to the aid of the Chrysler Corp. As outlined in that statement, I do not feel that Federal assistance to private corporations undermines our economic system. Since the United States does not have a pure free enterprise system, we cannot expect that system to provide all the answers to a particular corporation's financial problems. At this time, the answer must come from outside the free enterprise system.

Having reached that conclusion, the particular problems facing Chrysler must be addressed in order to determine if the Federal Government should offer it any assistance. In determining an answer to Chrysler's request for assistance, there are several aspects and considerations which we must take into account.

Has the Chrysler Corp. done everything it can to prevent bankruptcy? Can Chrysler avoid bankruptcy without Federal assistance? What would be the effects of Chrysler's failure on the Federal budget and our economy in general? What would be the effect of Chrysler's failure on the automotive industry? Are there sources of assistance other than the Federal Government? If the Federal Government grants loans or loan guarantees to Chrysler, how much should be given?

As delineated by Lee Iacocca before this subcommittee on October 18, Chrysler has made many significant efforts to improve its financial situation. The corporation has sold many of its overseas assets; corporate executives have reduced their salaries; new management policies have been enacted; and new top level personnel have been hired. Chrysler has made a good faith effort to solve its own problems. The policies which contributed to Chrysler's troubles, such as the "sale bank" concept which is the practice of manufacturing cars prior to their being ordered, have been eliminated.

While Chrysler has programs to improve its market penetration in the 1980's, it must continue to invest in modernization efforts and improve the emissions and fuel economy of its products to meet Federal regulations. These steps will cost the corporation millions of dollars which it simply does not have, and which it will not be able to obtain without Federal assistance.

It has been estimated that a Chrysler bankruptcy would cost the Federal Government around $10 billion. The combination of unemployment benefits, food stamps, and other assistance programs would be substantial. Further, Chrysler employees and others who would eventually lose their jobs, would no longer be paying social security and other taxes which would reduce Federal, State, and local revenues.

The Chrysler Corp. employs 131,000 people and thousands more are dependent on it indirectly for their livelihood. Obviously, some States, and particularly some cities, would be devastated by a Chrysler bankruptcy. As everyone in this room knows, Michigan would be hit the hardest. However, other States such as Indiana, Illinois, Missouri, and Ohio have over 5,000 Chrysler employees. In Indiana alone wages, salaries, and fringe benefits for Chrysler employees amount to over $410 million a year.

While the loss of Chrysler jobs alone would be significant, consider the additional thousands of employees of smaller companies which are totally dependent upon Chrysler as a purchaser of their products. The Indiana Department of Commerce has identified 105 independent companies which sell their products to automobile manufacturers. These companies employ in the neighborhood of 55,000 people. Since Chrysler is not a highly integrated corporation, it must rely heavily on small independent companies for many of its component parts. These companies cannot sell their products to GM or Ford since both of those corporations are highly integrated. The human and financial impact of Chrysler's failure would be tremendous.

If the impact of Chrysler's failure would be severe nationally, it would be catastrophic to certain cities. While Detroit would be the most visible case where the impact would devastate a city, there are other cities which would be hit as hard or harder.

My hometown is Kokomo, Ind. I have lived there my entire life and know firsthand that if Chrysler fails, Kokomo and its people will suffer a terrible hardship. Kokomo has a population of about 50,000. When he appeared before this committee, Coleman Young, the mayor of Detroit, stated that 40 percent of all jobs in Kokomo would be affected by the direct and indirect effects of a Chrysler shutdown. Two million dollars in local taxes would be lost. Every aspect of life in that quiet Midwestern town would suffer.

Mayor Young also stated that one-third of all the jobs in New Castle, Ind., would be lost if Chrysler fails. Chrysler employs approximately 2,100 in New Castle which has a population of only 21,000 people. Without Chrysler there is very little chance of New Castle surviving. The town has relied on Chrysler for over 75 years as basically its single source of income.

It is really impossible for anyone to be able to accurately calculate the impact of a Chrysler shutdown. However, all indications are that such a situation would have severe and long lasting adverse effects on our economy.

The effects of a Chrysler failure on the automotive industry would be dramatic. Without Chrysler, Ford and GM would unquestionably be faced with antitrust actions by the Federal Government. Since 1976, the Federal Trade Commission has been studying the competitive situation in the auto industry. Some antitrust action against GM is already possible, even without Chrysler failing.

There are organizations which oppose Federal assistance to Chrysler on the grounds that without the corporation, there is no way GM can survive an antitrust action. The Washington Post reported on August 2 that the potential for antitrust action against GM was one reason Ralph Nader cited for his opposition to any Government assistance to Chrysler.

We cannot be blind to the fact that there are people in this country who simply oppose large corporations on principle. However, there are industries, and the automotive industry is one of them, where the capital of large corporations is needed to meet the problems of the future. The problems of meeting environmental, safety, and efficiency standards are monumental. It would be impossible to disassemble GM or Ford without hampering their capabilities to improve emissions, safety, and efficiency. The pure turmoil of the situation would make long-term planning impossible. The result of such actions would be to force our domestic auto industry into a sharp decline while foreign competitors, with the assistance of their governments, take an increasing portion of the U.S. auto market.

In 1978 U.S. imports of passenger cars exceeded exports by $10.5 billion. Not only would imports pick up a portion of Chrysler's U.S. market, but Chrysler exports would also be lost. Thus our balance of trade would be hurt by the increased imports and decreased exports.

I do not believe that GM or Ford will automatically buy Chrysler's facilities and hire its employees should Chrysler fail. GM and Ford are much more likely to increase and improve their own facilities and hire back their own employees who are currently laid off. Due to retooling cost and transportation difficulties, it would be cheaper for GM or Ford both not to simply take up where Chrysler left off. Remember also that with the present economic situation, neither GM nor Ford is working at full capacity. Before one Chrysler employee could be hired by either company, every GM or Ford employee currently not working would have to be rehired.

After reviewing the Chrysler situation, I do not see any available alternatives to Federal assistance that insure the economic stability of the corporation. Chrysler is in the middle of a massive reorganization and rebuilding program. That program will increase Chrysler's penetration into the marketplace starting in 1981. It must be completed and successful for Chrysler to survive.

This rebuilding program is not only very expensive, but it is critical to Chrysler's future. I am familiar with this effort since Chrysler has announced its intentions to expand its transmission plant in my hometown of Kokomo, Ind. The expansion will cost $120 million in new tools and facilities. When completed, the transmission plant will provide the capacity to build automatic transaxles for new front-wheel drive cars in 1981. This program represents just one step in Chrysler's 5-year, $7.5 billion program for plant modernization and construction for the redesign of its entire line of products.

Chrysler originally had requested a $50 million FmHA loan to help finance this project. It is my understanding that the loan will not be granted because of its size. With interest rates now at 15 percent and money extremely tight, I really do not know where a company could go to obtain a loan of that size other than the Federal Government.

As I mentioned earlier, it will be impossible for Chrysler to obtain the requisite capital to complete its total reorganization and rebuilding program without outside assistance. It has already received some assistance from those States and cities which would be most affected by its failure. Yesterday, the UAW announced its intentions to make a $400 million concession with Chrysler in order that the union members can do their part in helping the corporation. As Douglas Fraser phrased it when he testified before this committee, "We are well aware of our responsibility and we will not run from it." Mr. Fraser deserves recognition for his leadership in this matter and his efforts to protect not only the interest of his union, but that of the Nation.

Even with the assistance it has already received, Chrysler needs Federal assistance. There is no substitute for, or any alternatives to, Federal assistance other than bankruptcy.

If this committee makes the wise decision to recommend loans and/or loan guarantees for Chrysler, I would suggest that great care be taken to insure that enough assistance is offered to insure the corporation's survival. It would be a drastic mistake to come to the aid of Chrysler in such a manner and at such a level that the corporation is forced into actions which in the long run will permit its bankruptcy.

The administration has proposed that Chrysler receive $1.5 billion in loan guarantees, coupled with a commitment that Chrysler first raise the same amount through its normal lines of credit. This proposal seems to be reasonable and has received support from both Lee Iacocca and Douglas Fraser of the UAW. Although the House and Senate must review the administration proposal carefully, I am hopeful that it will be enacted.

Federal aid to Chrysler is the philosophically correct step. It is in the best interest of the Nation. It is vital that Chrysler not go bankrupt if we are to avoid severe economic disruptions and a possible deterioration of the entire auto industry.●

THE BILLION-DOLLAR FARM CO-OPS NOBODY KNOWS

HON. JAMES H. SCHEUER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, November 5, 1979

● Mr. SCHEUER. Mr. Speaker, like so many of us, when someone says "co-op" I think of a few small family farmers banding together to get their crops to market. Indeed, this is what the Congress had in mind when it said that co-ops which do not unduly raise prices should be exempt from the antitrust law. However, the proposal to amend the FTC Act (H.R. 2313) to prohibit any investigation of cooperatives for illegal antitrust activities will exempt from FTC scrutiny some of this country's largest corporations, including nine members of the Fortune 500.

For the benefit of our colleagues and other readers of the RECORD, I insert the following excerpts from a Business Week article of February 7, 1977, which notes the real nature of cooperatives to be protected by Mr. ANDREW's amendment.

THE BILLION-DOLLAR FARM CO-OPS NOBODY KNOWS

In the six years from 1970 through 1976, the sales of Farmland Industries Inc. tripled, to $1.9 billion. And when Ernest T. Lindsey, the urbane, soft-spoken president and chief executive officer of Farmland, talks about the record of his diversified merchandising and manufacturing operation, he sounds like the proud top officer of any big, successful corporation.

But Lindsey is not an industrialist. And giant, Kansas City-based Farmland is barely known outside the Midwest. For Farmland is not a publicly owned corporation, but a cooperative—owned by some 500,000 farmer-members.

While Farmland is the nation's most aggressive co-op, the 7,500 other U.S. farm co-ops as a whole have matched its stunning growth record in the 1970s. In fact, the co-ops, many of them linked in intricate, mutually supportive networks, are emerging as the most important force in U.S. agribusiness—the $165 billion market that encompasses the crops that farmers sell and the machinery and supplies they buy. In the first half of the 1970s, total revenues of the farm co-ops balloned from $25 billion to $57 billion, giving them a third of the total market.

Until recently, this growth has been one of the best-kept secrets in the U.S., largely because the co-ops maintain a low profile. That obscurity was shattered briefly in 1973 when two executives of Associated Milk Producers Inc. (AMPI), the nation's largest dairy co-op, were jailed for making illegal contributions to senatorial election campaigns. But now the surge of all co-ops is alarming many in private industry. And despite the co-ops' considerable clout in Washington, their growth and power are attracting government attention.

A major reason is that the co-ops' power is becoming increasingly concentrated. Besides Farmland and AMPI, four other cooperatives—Agway, Grain Terminal Assn., Land O'Lakes, and Far-Mar-Co—had annual sales in 1975 exceeding $1 billion, and Illinois Grain Corp. broke through that barrier last year. In all, the 10 biggest (table) accounted for 20 percent of 1975's total sales for all co-ops—nearly double the corresponding percentage in 1960.

That is only part of the story. Originally formed to market crops, the co-ops have been tightening their grip on farm commodities. Over the last decade, dairy co-ops increased their share of the wholesale dairy market from 65 percent to a commanding 80 percent. And co-ops today market 37 percent of the nation's cotton crop, compared with 25 percent a decade ago. Now, with a big part of the market for those and other farm products, the co-ops have begun to take the next logical step: They are dramatically stepping up construction of downstream food processing plants. These eventually could cut deeply into the business of such customers as Kraft Inc. and Borden Inc.

DEVELOPING POWER

Similarly, the co-ops have stepped up their second business—buying supplies in bulk and reselling them to farmers. In just the last decade, the so-called supply co-ops have boosted their share of the $7 billion retail fertilizer market to 42 percent from 30 percent; of the $3.3 billion farm petroleum market to 40 percent from 26 percent; and of the $2.5 billion retail market for agricultural chemicals to 40 percent from 16 percent.

Such expansion has forced independent farm suppliers out of business in droves. "In many farm towns, there used to be a feed store, a seed store, a hardware store, and a fertilizer dealer," says Richard L. Gilliland, executive vice-president of the National Fertilizer Solutions Assn. "Now many have but one store—the co-op store."

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THE AGRIBUSINESS VIEW

Even the current power of the co-ops has led to increasing bitterness among the agribusiness companies that must compete with them in the manufacture of goods for farmers. Private businessmen find the competition unfair for two reasons:

The co-ops enjoy an enormous tax break because they do not have to pay federal income tax on profits returned to their owners. On average, the tax rates of the co-ops are only about one-third those of their industrial competitors.

The government has allowed the co-ops to join in ownership of manufacturing facilities. At the same time, their competitors must hew to increasingly tough antitrust standards.

"If cooperatives are allowed to grow and merge unchallenged as they have," fumes Lloyd L. Jaquier, executive vice-president of the Agricultural Chemical Group of W. R. Grace & Co., "private enterprise will be squeezed out of agribusiness, and we'll wind up with a half-dozen co-op executives dictating to the American farm market." Many executives share his view but are reluctant to speak out because they do not want to jeopardize their use of the co-ops' superior distribution system to move their products.

Indeed, some agribusiness execs admit to ambivalence. "The co-ops can make things happen for your products in the marketplace," says one, "but I have mixed emotions about dealing with them because I feel I'm helping to build a monster that will eventually get me."

Washington's concern with the co-ops' growing power is very recent, but it is picking up. In particular, the Justice Dept. has been conducting a major study of the co-ops, and last week it released a sweeping 585-page report on its investigation. It sharply criticizes complicity between the Agriculture Dept. and the dairy co-ops in using their nearly complete control of the nation's milk market to set prices well above free market levels.

While the report focuses on the dairy co-ops, it raises serious questions as to whether long-standing antitrust immunities granted all co-ops under federal law were ever intended to authorize the mergers and joint-ownership arrangements now being made by some of the largest U.S. co-ops. Thus the Justice report may spark the first congressional drive to reduce or eliminate the preferential legal treatment that all co-ops now receive.

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Similarly, though co-ops are no big threat to major oil companies, in the past five years they have doubled their refining capacity, to 400,000 bbl. per day—about 80 percent of total farm petroleum demand. To protect that investment, they are pushing exploration efforts.

Last year, for example, Farmland drilled 62 wells, six times the number it drilled five years ago, and its oil reserves are three times as big now as in the mid-1960s. National Cooperative Refinery Assn., a refinery owned by six regional co-ops, expanded its annual drilling budget from $3 million five years ago to $13 million last year. And 14 major co-ops last year collectively bought the international drilling concessions of Tulsa-based LVO Corp., set up a co-op called LVOI Inc., and began drilling in Egypt and Ghana.

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FOOD PROCESSING

If agribusiness has reason to worry about the co-ops' increasing clout, so do the nation's food processors. Large grain cooperatives such as Far-Mar-Co and Farmers Union Grain Terminal Assn., for example, have moved strongly into soybean manufacturing, with the result that co-ops now control some 15 percent of the nation's grain processing vs. only 2 percent a decade ago. And one reason for Far-Mar-Co's interest in merging with Farmland is its need for capital that will allow it to put into production a new method it has developed for splitting a wheat kernel into its four basic components without damaging them. Present processes destroy one or more of the components and thus waste part of the kernel. "If there's a margin to be made in grain processing," says George Voth, Far-Mar-Co's general manager, "we want to make it and return it to our farmer-owners."

The dairy co-ops which were originally set up to wholesale unprocessed milk, already did 25 percent of the nation's dairy processing a decade ago. Today they control an estimated 33 percent of that business, and some of them are diversifying further afield. None is more ambitious than Land O'Lakes Inc., the nation's largest maker of butter, which is intent on becoming a complete food processor. "Frankly, I am envious of those bigger returns in food processing," says

President Ralph Hofstad, "and we want our share of that business to improve the income of our farmers." Besides such dairy products as packaged milk and cheeses, Land O'Lakes has been adding to its line such things as egg products for institutional markets, frozen turkeys, and even margarine—long considered anathema by dairy farmers.

Similarly, fruit co-ops that are already major processors are trying to broaden their base. Ocean Spray Canberries, Inc., a Hanson (Mass.) co-op that processes 60 percent of the annual U.S. cranberry crop into sauce, juice, and other products, last year amended its charter and bought a grapefruit processor. It has now organized Florida citrus growers into a cooperative pool to supply its plant. And Welch Food Inc., a subsidiary of National Grape Cooperative Inc. which processes and sells 40 percent of the nation's Concord grapes, has been diversifying into such things as cranberry, apple, and tomato juices, frozen bakery items, and even cut flowers.

Besides their accelerated move into processing, the marketing cooperatives are taking another, newer tack. They are bidding to cash in on the boom in U.S. agricultural exports—a business that until now has been the exclusive preserve of such huge multinational corporations as Cargill, Continental, and Cook. In 1968, for example, five major grain co-ops formed Farmers Export Co. and a year later began exporting from a new port terminal in New Orleans. Since then, the volume of grain passing through that facility has doubled.

All told, co-op terminals now handle 16 percent of the nation's export grain, a threefold growth in 10 years, and that share could jump to 25 percent by 1980 when Farmers Export completes two terminals it is planning for the Gulf and East Coasts. "We are moving into exporting," says Bernard J. Malusky, president of Grain Terminal Assn., the country's second largest grain co-op, "because the further we can carry the raw material to the ultimate user, the more profit there is for the farmer."

In their drive to increase profits, the managers of the nation's co-ops differ little from their counterparts in private industry. But co-ops have enormous advantages over corporations, and not the least of them is their basic, profit-sharing structure and the loyalty of their members .

Co-ops deal with their members buying their output and selling them supplies—at competitive market prices. But at the end of the year, a co-op is allowed to pass profits back to the farmers who have dealt with it. The so-called "patronage refund" varies in size—from 2 percent of sales for the Midwest grain cooperatives and 6 percent to 8 percent for most supply cooperatives, to as much as 15 percent to 20 percent for a few highly profitable processing cooperatives like Welch and Ocean Spray. The more supplies a farmer buys and the more products he markets through his local co-op, the larger his refunds. For example, a farmer who buys $10.000 of farm supplies from his local co-op in a year may get back $800 in cash and stock at the end of that year.

Such refunds have drawn farmers like a magnet, to the point where today five of six farmers belong to at least one co-op. But their loyalty also reflects a deep distruct of business. Co-ops were originally formed to increase crop prices and drive down supply costs, and the agribusiness companies responded by starting price wars and branding co-ops as socialistic. The co-ops survived—and farmers prospered—by sticking together. "My father would come after me with a gun if I ever sold any grain any way except through our local co-op," says an only half-joking Robert S. Bergland, the Minnesota grain farmer who is President Carter's Agriculture Secretary.

DISTRIBUTION PROCESS

The co-ops' clout, of course, is not in the locals but in the large, regional co-ops into which they have combined to gain greater economies in marketing and distribution. Farmland, for example now distributes its supplies through stores that are operated in 15 states by its 2,200 local co-op owners. Such distribution bases, with their solid market feel, have allowed the co-ops to venture into manufacturing at very low risk. "Most manufacturers start with a risk. "Most manufacturers start with a product and try to push it through a market they do not control, but co-ops started at the marketplace and developed a distribution system no one can match," observes Midland's Sampson. "The agribusiness companies wail and weep about our tax advantages, but that's not what beats them."

Some regional co-ops have gone into manufacturing projects on their own, and the most notable example is Farmland. It has led the way into refining, oil drilling, fertilizer production, beef processing, the manufacture of hardware and paint, and now the making of herbicides. Says Farmland's Lindsey: "We like to paddle our own canoe."

More commonly, though, regional co-ops have banded together to form so-called "interregional" co-ops expressly designed to perform a particular manufacturing or service function and achieve the maximum economies of scale. And it is the appearance of the interregionals that, more than anything else, has prompted the growing volume of complaints from agribusiness that the federal government has been too permissive with the co-ops on antitrust matters.

PROFESSIONAL MANAGERS

Still another factor behind the meteoric rise of the co-ops is the dramatic changes they have made in their managements. As late as the 1950s, most co-ops were still dominated by founders who could sign up new members with evangelical zeal but who lacked professional management skills. Most co-op managers then had only high school training, and for years the co-ops put little premium on developing executive talent. "We once went after talent for the lowest dollar," admits Francis L. Lair, executive vice-president of Universal Cooperatives Inc., an interregional farm equipment manufacturer.

That attitude is becoming history, however, and the big co-ops are increasingly raiding the executive suites of their corporate competitors to buy off top talent. Farmland's Lindsey, for example, was recruited from Celanese Corp., where he was vice-president for manufacturing, and since joining Farmland he has recruited executives from Esmark Inc., Armour & Co., and other food processors to guide his co-op's drive into meat processing. Lindsey also recently has pulled executives from Global Marine Inc. and other petroleum-related companies to head Farmland's expanded search for oil. And Exxon Corp. is providing other co-ops with much of their top oil expertise. The three interregional oil drilling and refining co-ops (ECL, LVOI, and NCRA) all are run by newly recruited Exxon grads, and even CF's Baxter had a stint with Exxon, as well as with Standard Oil Co. (Indiana).

Such co-op managers have a profit drive that earlier ones did not. Concedes CF's Baxter. "The new breed of cooperative managers, such as Mr. Lindsey and myself, are more bottom-line oriented."

TAX AND ANTITRUST BREAKS

Despite such past mistakes, the agribusiness companies now losing market share to the charging co-ops insist that the major reasons for the co-ops' success are the tax and antitrust breaks they get—breaks that corporate managers consider to be unfair. And while co-ops do their best to discount it, the tax break they get is unquestionably enormous. A corporation has to pay income tax on its dividends to shareholders, but a co-op does not have to pay income tax on its patronage refunds. Since most co-op earnings go into such refunds, the income tax paid by most co-ops are very small.

In 1975, for example, taxes paid by the 10 largest co-ops averaged only 12.4 percent of their pretax income; a comparable average for 10 major agribusiness corporations with which the co-ops compete was 34.6 percent (table). The difference is far greater if one of the co-ops, Agway, which for various reasons is organized and taxed as a corporation, is ignored. Farmland's 1975 tax rate of 4.8 percent and Land O'Lakes' 5.4 percent are typical for the big co-ops. One co-op executive quips: "That's about the edge I like to have going into competition."

From the standpoint of generating cash, the co-ops' tax break is even better than it looks. While some marketing co-ops, such as Sunkist Growers Inc., return to the farmer all net proceeds from their sales in cash, most co-ops give 50 percent or less of their refunds in cash. The rest is in the form of stock certificates that farmers may not redeem in cash for 10 years or more. That gives the co-ops another major source of nontaxable, internally generated funds that corporations do not have. "The cooperatives have become giants of American industry," argues Ciba-Geigy's O'Brien, "yet their tax advantages have not been tailored down to recognize their new power, and that's unfair."

As for antitrust, the focus of private industry's discontent is the broad interpretation that the co-ops have given the Capper-Volstead Act passed by Congress in 1922. The law, intended to exempt coops from the provisions of the Sherman and Clayton Antitrust Acts, permits farmers to market and fix prices on their goods collectively. But Capper-Volstead did not deal with supply co-ops, which came later, and it did not envision the co-ops' wave of acquisitions and their merger into regional and interregional organizations.

Even so, Capper-Volstead up to now has been an effective legal shield for cooperatives. Relatively few antitrust cases have been brought against them, and only four have gone to the Supreme Court—the last in 1967, before the co-op's biggest surge. The co-ops naturally insist that antitrust charges are unjustified. Hofstad, for example, calls them "phantom charges" and maintains that Land O'Lakes' profits are half or less than those of the food companies that have given up buying milk from farmers to focus on processing.

Many corporate executives concede that cooperatives have to be big to compete with big companies but insist that interregional co-ops go one step too far. "If we tried to merge our fertilizer business with that of our big competitors, the Justice Dept. would be on us immediately," says Jaquier of Grace. "But that's what the co-ops are doing, and nobody says a word."

PRESSURE IN WASHINGTON

Yet the co-ops are coming under increasing scrutiny in Washington. Last week's lengthy report by the Justice Dept. on dairy co-ops is one sign. And the Federal Trade Commission recently began a study of the co-ops' growth, particularly the mergers in the dairy and citrus fruit industries and the merger of Farmland and Far-Mar-Co.

Many critics of the co-ops believe, however, that new legislation may be needed to rein them in. Some Congressional observers believe that the House subcommittee on monopolies and commercial law will respond to the Justice report by undertaking its own study of Capper-Volstead's antitrust immunities. Meanwhile, the National Association for Milk Marketing Reform, a Washington-based group of independent milk processors, is urging legislation to amend Capper-

Volstead to insure that antitrust laws apply to co-ops, though not to the point of prohibiting their formation.

The co-ops have powerful support in Washington, however. Both President Carter and Agriculture Secretary Bergland are unabashed advocates of co-op growth—Carter's mother and brother own stock in a fertilizer co-op (Mississippi Chemical Corp.), which has supplied Carter peanut farm. In fact, key advisers to both men are considering a plan that would lend government support to the drive by the big grain co-ops to expand in the export market. Revelations that the big grain export corporations have been guilty of malpractices "are tipping the scales in favor of some action along this line," says one Carter adviser.

Even prior to the Carter Administration, the co-ops have had more than enough protection from powerful allies in Congress. The only recent challenge to the co-ops came last year when Representative Edward Mezvinsky (D–Iowa) proposed a bill to authorize a full-blown investigation of their role in skyrocketing food prices. The co-ops swiftly organized opposition, the bill never got out of the Rules Committee, and Mezvinsky was defeated for reelection last November. "No President or his Administration has or ever will seriously damage farm cooperatives," brags one influential farm lobbyist. "An attack on cooperatives is akin to denouncing the flag."

If neither the courts nor new laws limit the growth of the co-ops, it is possible that another throttle, financing strains, will. Until recently, co-ops have not had much problem getting the money they needed for expansion, and at low interest rates. Besides their own members, they could turn, for example, to Banks for Cooperatives—a system of 12 district banks with a central bank in Denver—which was created with government seed money in the Depression. These banks operate like interregional co-ops, paying their own patronage refunds. And when those refunds are considered, the effective interest rate on loans from these banks ranges from ¼ percent to 2 percent below the going commercial rates. But in the last five years, the annual loan rate of these banks has zoomed from $2.1 billion to $8.9 billion, and large co-ops, such as Farmland and CF Industries, are running up against the lending limits for individual customers.

More important is the money pinch imposed by the co-ops' farmer-owners themselves. As farms become more capital-intensive, farmers are demanding—and getting—more cash from their co-ops. A decade ago, many co-ops commonly paid only 20 percent of their patronage refund in cash, the minimum required under federal laws. For big farmers, those in 30 percent-or-higher tax brackets, this is not enough cash to cover the income taxes they must pay on their refunds of cash and stock. So such cooperatives as Land O'Lakes and Midland have had to boost the cash portion of their refunds to 40 percent or more.

Farmers are also demanding faster redemption of their stock. Co-op stock is not traded and thus does not appreciate, so inflation gnaws at its value. "The farmer no longer wants to wait until he dies before his co-op stock is redeemed," observes Midland's Sampson. Gold Kist, the big Atlanta-based co-op, began a stock redemption program three years ago and has now paid off all of the stock it issued before 1960. And four years ago Farmland started a program under which it shares with its local member co-ops the cost of redeeming stock at a farmer's retirement.

CAPITAL SHORTAGE

With such changes, the larger, more aggressive co-ops face a shortage of capital, and they are seeking new sources. CF Industries began to tap outside money markets two years ago, and late last year it borrowed $100 million from banks and insurance companies to finance its Florida phosphate mine purchase. Soon afterward, CF and its Canadian partners borrowed $180 million more to finance their nitrogen complex in Canada.

In 1975, moreover, Farmland embarked on a program to sell $150 million worth of debentures to the public over a three-year period, and a number of other large co-ops, such as Land O'Lakes, are studying the feasibility of selling stock shares to the public. But there are obvious drawbacks for the co-ops in such moves. "The cooperatives are going to have to find new methods of public financing," says Ray A. Goldberg, professor of agriculture and business at the Harvard Business School. "And that is going to mean SEC regulation, more financial information being provided to the government, and generally more scrutiny than they have had to date."

With or without public financing though, the surprising growth of U.S. co-ops—and their increasingly pervasive competition with private business—is bound to force them to a higher level of visibility. And that could prove to be their biggest problem in the next decade. For it is becoming apparent that there is little difference in market power between a giant investor-owned agribusiness corporation and a giant farmer-owned cooperative. If that is so, the obvious corollary, to many observers, is that there is no reason for treating them differently before the law.●

WHAT A STRIKE COSTS

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, November 5, 1979

● Mr. MICHEL. Mr. Speaker, we are so familiar with the term "strike" that we think we know all of its consequences for business. We realize that productivity is lost and we realize that a certain amount of money is lost because of this.

But it would appear that most of us have not grasped the full dimension of a strike. There is damage not only during the strike but before and after as well. And there may be long-range damaging consequences that no one can calculate beforehand.

A recent article in the Harvard Business Review offers some idea of the hidden costs of a strike and suggests to employers basic ideas as to how to deal with situations that lead to strikes.

At this time I wish to insert in the RECORD "Strikes Cost More Than You Think," by Woodruff Imberman, originally published in the Harvard Business Review and reprinted in Best of Business, fall 1979:

STRIKES COST MORE THAN YOU THINK

(By Woodruff Imberman)

Would you believe that a four-week strike at a manufacturing plant with 100 production workers cost the company about $400,000, or that a four-week strike at a 500-man plant cost about $3,000,000?

An examination of 28 strikes in the last three years showed that there are many strike costs that companies are not aware of or that they disregard. In these 28 strikes, standard strike costs ranged from about $200 per man-day for smaller companies with 100 or fewer production employees to about $300 per man-day for companies with 500 to 1,000 production employees. For example, a company with 750 employees on strike had a standard cost of about $225,500 per day, or about $1,125,000 for a five-day week. Some of this was reflected in the next quarterly earnings statement; some was spread over years.

These are more or less standard costs—that is, they are common to many strike situations. Uncommon costs peculiar to individual situations will boost the man-day cost even more—in some cases, far beyond the standard.

Strikes normally entail lost net earnings. Since a company usually expects a certain level of earnings, any shortfalls are attributed to the strike. These shortfalls are commonly supposed to be the total cost of the strike.

For example, Johns-Manville estimated that strikes at three Ohio plants reduced its fourth-quarter (1977) earnings by $2.5 million. Hughes Tool reported that a five-week strike at its Houston facility in 1977 "cost about 10 cents a share." Gerber Products reported that the 18-week strike at its Fremont, Michigan, plant led to "an 8.8 percent earnings decline" for the fiscal second quarter (1978). Chicago Pneumatic Tool said that its 1977 strike at Franklin, Pennsylvania, "cost 37 cents a share" despite record sales.

These summaries of strike costs actually report merely the numbers that sink to the bottom of the earnings statement like sunken ships. The problem is that not all the costs are instantly visible. In my study, strikes involved three major kinds of standard costs: (a) prestrike costs, (b) costs during the strike, and (c) longer-term costs. Some costs were immediate, some deferred. Some were overt, some hidden.

BEFORE: LESS WORK, LESS QUALITY

Productivity loss: When union leaders and the company begin to trade charges, workers usually retaliate by putting forth less effort and less care. Productivity declines about 2 percent to 12 percent in the three or four weeks preceding the strike.

Contract year loss: Major manufacturers commonly query suppliers about their labor contracts. When a manufacturer finds that Component-Supplier A has a labor contract due to end within a year, it will normally do two things—(a) split its order for components between Supplier A and Supplier B so as to be protected against a strike at A's plant at contract termination, and (b) demand that Supplier A produce and warehouse a 30-day supply of components, so that the manufacturer is not caught short. General Motors, Chrysler, Ford, Davidson Rubber, Eaton Corporation, and others follow this practice.

For Supplier A, this involves overtime in producing the surplus 30-day supplies, plus transportation to outside warehouses and warehousing costs. In addition, the tendency of the manufacturer to give Supplier A only partial orders in the contract year is a prestrike loss of business for Supplier A.

Even major companies are not immune to this situation. In July 1978, Inland Steel reported that "because of the strike threat, customers have placed orders with other steel mills." In July alone, the company lost 100.000 tons of "documented orders" at its East Chicago, Indiana, plant. "A lot of that business we'll lose completely," said Michael Tenenbaum, president of Inland.

DURING: EXECUTIVES AT THE PUNCH PRESS

Lost profits: A strike normally entails lost production, shipments, revenues, and net earnings, together with the cost of idled equipment; but there are other, less commonly noticed expenses.

Executive time: A common practice in strikebound plants is to assign platoons of executives to production or shipping. But executives are not paid to run a punch press or a packaging machine. In their normal incarnation, their job is to be managers and to perform more profit-making chores. If they are sweating on the production line or in the shipping department, their executive salaries are being wasted.

In 1978, Boise Cascade Corporation reopened two struck paper mills in Steilacoom, Washington, and St. Helens, Oregon, by bringing in a number of management personnel, such as sales managers from various locations around the country, to run the two mills. According to *The Wall Street Journal*, "About 100 management personnel currently are operating the Steilacoom plant and about 115 management personnel are operating the St. Helens mill." Who was minding the store while these managers were getting out production?

Gorham Silver Company in Providence, Rhode Island, used secretaries, division managers, and other white-collar employees in order to fill some sterling-flatware orders from anxious brides during the company's eight-month strike in 1976. Gorham's president, Walter J. Robbie, became a silver-polisher, according to *The Washington Post*. Who took care of their executive duties?

AFTER: LOST WORKERS, LOST CUSTOMERS

Loss of employees: During a strike, some employees drift away and never return. In such cases, costly advertising, selection, and training procedures for the new employees are involved. The loss of business during a strike sometimes means that many employees are not recalled, which wipes out the company's investment in their selection and training.

Dayton Malleable reported losses of $440,000 and $1,300,000 in two quarters (1978) because of a 14-week strike at two Ohio foundries: "Several customers canceled orders during the period," chairman John F. Torley said. "In fact, only 800 of the 2,000 workers at the struck plants have been recalled because of low production levels."

Sometimes investment in an entire work force is lost, but the cost is overlooked. Because of a 15-week strike in 1977, A-T-O Inc. relocated its construction-equipment operations and consolidated three product lines into a new plant at Charleston, South Carolina. This was estimated as costing at least 50 cents a share, and that cost did not cover investment in old personnel and the acquisition of new employees.

Overtime expense: After a strike, expensive overtime is often involved. Following a two-and-a-half-month strike, Roy A. Anderson, Lockheed chairman, reported: "We'll be a little light on production in our second quarter [1978] in order to rebuild inventories. It takes time and extra overtime to build up the back shop, such as fabrication work and subassemblies. Therefore, our financial results, particularly in the new quarter, will be depressed. . . ."

Loss of customers: Many customers discover substitute sources after a strike, sometimes even at seductively lower prices. They never return to their original source. This represents lost profit in the future.

In discussing retail trade in the nation's capital, *The Washington Post* called attention to one effect of Gorham Silver's eight-month strike in 1976. "It's incredible how the strike boomed the other silver companies," said Kristen Walter, manager of one of the major gift shops in Georgetown. "They were besieged with orders." How do you get brides to switch back to Gorham after they've bought someone else's sterling flatware?

The case is similar with durable products. James A. McDevitt, president of Pullman-Standard, in a letter to 2,000 strikers at the Bessemer, Alabama, plant in 1977, pointed out that railroads count on freight-car builders to deliver completed cars on schedule. "We can't expect to get a new order if we can't tell the customer when his order will be ready," he wrote. "And once an order is lost, it is lost forever."

As a result of the strike that closed down *The New York Times* and the *Daily News*, "advertisers who depend heavily on newspapers have found a wider and more flexible array of advertising media available to them." *The Wall Street Journal* reported on November 2, 1978. "It hasn't been damaging at all," said a spokesman for a retail merchants' trade association.

Lowered sales effort: Obviously, when production is curtailed, the sales force cuts back on its marketing efforts. This is not an immediate cost but may cut the backlog and future profit.

Mesta Machine Company, for example, in posting a fourth-quarter (1977) net loss of $626,000 compared with a year's earlier profit of $743,000, found that year end order backlogs were only $72,100,000—off 40 percent from $119,800,000 at the end of 1976—as a result of a continuing strike at a key plant in West Homestead, Pennsylvania.

Dayton Malleable, after its 14-week strike at two plants in Ohio, found that "the return of orders to these divisions continues to be slow, and volume hasn't been adequate for satisfactory operations," according to John F. Torley, chairman. "All alternatives for resolving the problem of low volumes are being studied, especially with respect to these two plants."

SABOTAGE, PLANT CLOSINGS, AND OTHER UNCOMMON COSTS

In some instances, the uncommon costs of a strike are astonishing. These are costs peculiar to some situations but not included in the standard per man-day cost.

For example, sabotage crops up in almost all strikes, but it is a major cost factor only in some situations. Dow Chemical Company's strike in 1974 at Midland, Michigan, was marked by "a night of rock-throwing and window-smashing by several hundred Steel Worker members and their families," who caused an estimated $50,000 worth of damage when they broke some 500 windows in the main building and six research wings, reported the Associated Press.

Before this display of solidarity, which was explained by the Steel Workers Local president as "a demonstration on the part of people who are frustrated at the company's attitude toward our bargaining position," a Dow Company brine well was set on fire. State fire crews were called in to handle the fire because the Homer Township volunteer firemen refused to cross the Steel Workers' picket line. Ten of the township's volunteer firemen, including the chief, were Dow employees and union members.

Sabotage may take more subtle forms. In September 1978, for example, LaPointe Industries, at its Rockville, Connecticut plant, lost two Navy contracts valued at more than $6 million. Before the nine-week strike, the company experienced difficulty "in passing reliability tests" for the navigation equipment. Jack Lopes, president of LaPointe, said that the contracts had been expected to generate about 50 percent of sales for the fiscal year.

STANDARD STRIKE COSTS PER MAN-DAY

Costs	Plant A [1]	Plant B [2]	Plant C [3]
Legal counsel and executive time spent in prestrike negotiations	$1.79	$1.65	$0.80
Prestrike slump in productivity and resulting loss of operating profits	8.78	5.75	2.32
Loss of operating profits due to prestrike order-splitting by cautious customers	[4] 27.23	15.47	1.22
Loss of operating profits due to lack of production during strike	6.60	14.50	3.60
Cost of legal counsel and executive time spent in negotiations to settle strike	2.29	1.48	.95
Loss in operating profits due to strike-related production disruptions and shutdowns in other plants of multiplant integrated corporation	47.13	0	0
Carrying raw and semifinished inventory during strike	.59	1.38	1.49
Carrying strikers' hospital, medical, and life insurance during strike	[5] 7.30	[6] 6.60	[6] 3.18
Continuing salaries of nonexempt office staff	4.42	9.60	5.44
Maintaining extra security guards at plant during strike	9.42	9.58	17.64
Hiring and training replacements for employees who did not return after strike	7.26	5.20	3.48
Overtime to catch up on orders after strike	144.51	51.85	0
Unrealized operating profits on lost future sales due to customers' switching to other suppliers because of strike	25.16	23.20	30.71
Executive time devoted to production or shipping during strike	6.11	39.71	0
Carrying semifinished inventory in other disrupted plants of multiplant, integrated corporation	2.50	0	0
Overtime in other plants to fill part of customer requirements normally handled by struck plant	0	0	[7] 59.04
Excess distribution costs to ship product to central point in city where struck plant is located	0	0	[7] 24.00
Leasing trucks and central warehouse away from struck plant, hiring additional drivers, maintaining additional security for drivers and warehouse	0	0	[7] 49.41
Total	301.09	185.97	203.28

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[1] Stamping plant with 500-man unit, part of 7-plant integrated company: 4-week strike.

[2] Independent aircraft parts and accessories manufacturer with 200-man unit: 5-week strike.

[3] Commercial bakery with 200-man unit; part of 5-plant chain: 10-week strike.

[4] This loss was due to a 20-percent sales decline in 2d quarter before strike, followed by a 35-percent drop in sales in quarter immediately before strike.

[5] Carried entire strike.

[6] Carried for 6 weeks.

[7] This kind of cost is normally found in strike situations involving bakeries, food processors, meat packers, canner packers.

Another uncommon cost is the closing of a plant due to a strike. This is distinct from the standard cost of replacing personnel. Mohawk Rubber, in closing its plant in East Akron, Ohio, as a result of a dispute with United Rubber Workers in late 1978, said that the actual closing of the plant was expected to cost the company between $3.5 million and $5.5 million after taxes.

Another uncommon cost is sometimes involved when a manufacturer (such as General Electric) maintains two plants manufacturing the same item, so that if one plant is strikebound, the other will continue to operate.

Still another uncommon cost is the arbitration involved in reemployment of some strikers alleged to have committed violence on the picket line. After a lengthy strike at the Allentown, Pennsylvania, plant of Kraft Foods, expensive arbitration hearings went on for six months.

FINAL COSTS

How the more or less standard costs break down (in cost per man-day) appears in the table. Uncommon costs are not included, though in some cases those costs are many times the standard costs.

Taking all these factors into consideration, and ruling out the uncommon costs, standard strike costs as stated earlier range from about $200 per man-day for smaller companies with 100 or fewer production employees to about $300 per man-day for companies with 500 to 1,000 production employees.

Such a price may not be too high for a company to pay to preserve its management freedom, self-respect, or competitive position. Nor am I trying to alarm and stampede managements into acquiescing supinely to union demands. Strikes are expensive for unions and union members also. In addition, there is some evidence that a strong management position in a strike dissipates at least part of a union's demands.

HEARING WORKERS OUT

Most companies would love to avoid a strike. But how can this be done? In many cases, as in disputes over pay raises, prevention may be almost impossible. But, considering what we have discovered about the costs of strikes, companies should explore any promising avenue of prevention. One technique that has proved successful is based on satisfying the desire of workers to be heard. Where this desire is reasonably satisfied, there is likely to be a high degree of labor-management understanding and perhaps an absence of strikes.

The goal of a listening program is to determine from the hourly workers the state of their morale—that is, what their attitudes are toward management on all levels; what their feelings are about the company products; and whether they feel they are being dealt with fairly, decently, and honestly. These areas are probed; plant management then interprets the employees' comments and deals with their problems and perceptions.

In a listening program, employees are grouped arbitrarily, one worker from this department, one from that, and so on. The production manager or a foreman or even the plant manager sits in on the discussions to hear the complaints and to present management's view on the issues.

During the first round of conferences, employees are likely to complain about such matters as ventilation, rest rooms, or security in parking lots. They often interpret the failure of a busy management to deal with such matters as cold indifference to their concerns.

Prompt action taken by management on the smaller issues can open the door to an airing of more serious grievances, such as failure of communications, work interruptions, ineffectual flow of materials, faulty parts, and equipment failures. Comments from employees in one company are typical of such grievances:

"There's no communication between day and night foremen. The day foremen don't pass on what they know to the night foremen; they just say, 'Let them find out for themselves.' Do we have to continue making the same mistakes? What kind of management is that?"

"So many of our fabricated parts don't have part numbers. We don't know what they are. Why don't the operators tag them or write a ticket or something so we would know what they are? They should put some sort of number on for the next guy to know. It's a madhouse."

"Whenever you talk to supervision on how production can be increased, they say, 'You're not an engineer.' So what? I know a better, cost-saving way of doing what I'm doing. Why shouldn't somebody care?"

A common reaction is poor internal performance, manifested in high absenteeism low productivity, high spoilage, and waste. Eventual reactions often are contract rejection and strike.

The technique of getting workers to air their complaints and then dealing with them in a suitable program of improvement is a key to strike avoidance. But it does have some drawbacks. At least a year is normally required to carry out the entire project. Great diligence and some expertise are needed for interviewing, evaluation of the comments, and managing the response program. People can be trained to do that. Although managers usually cooperate, the burden on a few plant executives is sometimes heavy. Finally, some company expense is involved. But, as we have seen, all this is nothing compared with the stress and the cost of a strike.

Many managements operate on the assumption that efficiency and employee work satisfaction cannot be obtained at the same time; there can be only one or the other. This is an illusion. The future is hopeful for managements that are willing to strive to achieve this double objective in order to avoid strikes.●

PERSONAL EXPLANATION

HON. ELIZABETH HOLTZMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, November 5, 1979

● Ms. HOLTZMAN. Mr. Speaker, I was unable to be present for the following vote on Wednesday, October 24. Had I been present, I would have voted as follows:

Rollcall No. 592, "yes."●

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of all meetings, when scheduled, and any cancellations, or changes in the meetings as they occur.

As an interim procedure until the computerization of this information becomes operational, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Tuesday, November 6, 1979, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

NOVEMBER 7

9:00 a.m.

Commerce, Science, and Transportation
To hold hearings on S. 1946, proposed Railroad Transportation Policy Act.
235 Russell Building

Energy and Natural Resources
To hold closed hearings to review the current international crude oil supply and demand situation.
S-407, Capitol

Environment and Public Works
Resource Protection Subcommittee
To hold oversight hearings to review and compare worldwide wildlife conservation programs.
4200 Dirksen Building

9:30 a.m.

Governmental Affairs
To hold hearings on the nominations of Henry H. Kennedy, Jr., and Frank E. Schwelb, both of the District of Columbia, each to be an Associate Judge of the Superior Court of the District of Columbia.
3302 Dirksen Building

*Governmental Affairs
Intergovernmental Relations Subcommittee
To continue hearings on S. 1108, to provide relocation assistance and guidelines for displacement of individuals who are forced to leave their homes and neighborhoods because of Federally funded projects.
1224 Dirksen Building

Labor and Human Resources
To hold hearings on S. 1089, to revise the reporting and recordkeeping requirements under the Employee Retirement Income Security Act (ERISA) and to enforce the IRS Code requirement with respect to pension plans.
4232 Dirksen Building

Labor and Human Resources
Handicapped Subcommittee
To continue oversight hearings on the implementation of the Rehabilitation, Comprehensive Service, and Developmental Disabilities Amendments of 1978 (P.L. 95-602).
457 Russell Building

10:00 a.m.

Agriculture, Nutrition, and Forestry
Business meeting on pending calendar business.
324 Russell Building

Appropriations
Treasury, Postal Service, and General Government Subcommittee
To continue joint oversight hearings with the Subcommittee on Civil Service and General Services of the Committee on Governmental Affairs to examine the financial spending activities of the Federal Government for

former Presidents of the United States, focusing on the office allowances established for former Presidents.

1318 Dirksen Building

Banking, Housing, and Urban Affairs

Business meeting, to mark up proposed legislation to strengthen the ability of the Federal Reserve Board to conduct monetary policy, to promote greater competitive equality, enhance the safety and soundness of the banking system, and improve the efficiency of the Federal Reserve payments system.

5302 Dirksen Building

Conferees

On H.R. 4930, making appropriations for fiscal year 1980 for the Department of the Interior and related agencies.

H-140, Capitol

Finance

Business meeting, to continue markup of S. 350, 351, 748, and 760, bills to encourage and facilitate the availability, through private insurance carriers of basic health insurance at reasonable premium charges.

2221 Dirksen Building

Governmental Affairs

To resume oversight hearings focusing on the organizational and management aspects of the Department of Energy.

3302 Dirksen Office Building

Governmental Affairs

Civil Service and General Services Subcommittee

To continue joint oversight hearings with the Subcommittee on Treasury, Postal Service, and General Government of the Committee on Appropriations to examine the financial spending activities of the Federal Government for former Presidents of the United States, focusing on the office allowances established for former Presidents.

1318 Dirksen Building

Rules and Administration

Business meeting, to consider legislative and administrative business.

301 Russell Building

1:30 p.m.

Conferees

On S. 1157, authorizing funds for fiscal year 1980 for the Department of Justice.

2141 Rayburn Building

2:00 p.m.

*Environment and Public Works

Environmental Pollution and Resource Protection Subcommittees

To resume joint markup of S. 1480, 1325, and 1341, bills to provide for adequate and safe treatment of hazardous substances being released into the environment.

S-207, Capitol

Judiciary

To hold hearings on the nominations of Peter H. Beer, to be U.S. District Judge for the Eastern District of Louisiana; and Charles B. Winberry, Jr., to be U.S. District Judge for the Eastern District of North Carolina.

2228 Dirksen Building

2:30 p.m.

Finance

Taxation and Debt Management Generally Subcommittee

To hold hearings on H.R. 2797, making technical, clerical, conforming, and clarifying amendments to provisions of the Revenue Act of 1978.

2221 Dirksen Building

NOVEMBER 8

9:00 a.m.

Armed Services

General Procurement Subcommittee

To resume oversight hearings to review past and current Soviet defense expenditures and programs.

1114 Dirksen Building

Commerce, Science, and Transportation

To continue hearings on S. 1946, proposed Railroad Transportation Policy Act.

235 Russell Building

9:30 a.m.

Agriculture, Nutrition, and Forestry

Nutrition Subcommittee

To hold oversight hearings on dietary training programs offered to health professionals.

324 Russell Building

Conferees

On S. 241, authorizing funds for each of the next 5 fiscal years through 1984, for the Federal Law Enforcement Assistance Administration.

H-128, Capitol

10:00 a.m.

Appropriations

Treasury, Postal Service, and General Government Subcommittee

To continue joint oversight hearings with the Subcommittee on Civil Service and General Services of the Committee on Governmental Affairs to examine the financial spending activities of the Federal Government for former Presidents of the United States, focusing on the need for Secret Service protection for former Presidents and their spouses.

1318 Dirksen Building

Environment and Public Works

Environmental Pollution Subcommittee

To hold hearings on S. 1136, to develop an integrated program of financial assistance to provide States and local governments with greater flexibility in handling various environmental programs.

4200 Dirksen Building

Finance

Business meeting, to continue markup of S. 350, 351, 748, and 760, bills to encourage and facilitate the availability, through private insurance carriers of basic health insurance at reasonable premium charges.

2221 Dirksen Building

Governmental Affairs

Civil Service and General Services Subcommittee

To continue joint oversight hearings with the Subcommittee on Treasury, Postal Service, and General Government of the Committee on Appropriations to examine the financial spending activities of the Federal Government for former Presidents of the United States, focusing on the need for Secret Service protection for former Presidents and spouses.

1318 Dirksen Building

Labor and Human Resources

Education, Arts, and the Humanities Subcommittee

To mark up S. 1386, authorizing funds through fiscal year 1985 for the National Endowment for the Arts, the National Endowment for the Humanities, and Institute of Museum Services; and S. 1429, authorizing funds through fiscal 1982 for programs under the Museum Services Act.

4232 Dirksen Building

*Select on Indian Affairs

To hold hearings on S. 1273, to restore Federal recognition to certain bands of Paiute Indians.

357 Russell Building

10:30 a.m.

Appropriations

Business meeting to markup H.R. 4391, making appropriations for fiscal year 1980 for military construction programs of the Department of Defense.

Room S-128, Capitol

12 Noon

Conferees

To mark up H.R. 4440, making appropriations for fiscal year 1980 for the Department of Transportation and related agencies.

S-126, Capitol

2:00 p.m.

*Agriculture, Nutrition, and Forestry

Agricultural Credit and Rural Electrification Subcommittee

To hold oversight hearings to examine the current operations of the Farmers Home Administration, focusing on recent problems relating to the outstanding debt to the agency and personnel problems associated with loan supervisions and counseling; also to examine the implementation of the guaranteed agricultural loan programs and the economic disaster loan program; and to review the installation of a management information system at the agency.

324 Russell Building

*Foreign Relations

Arms Control, Oceans and International Operations, and Environment Subcommittee

To receive testimony on the Cambodian government's attitude toward relief efforts and U.S. contingency plans.

4221 Dirksen Building

Judiciary

To hold hearings on the nominations of Andrew L. Jefferson, Jr., of Texas, to be U.S. Circuit Judge for the Fifth Circuit; Lucius D. Bunton III and Harry L. Hudspeth, each to be a U.S. District Judge for the Western District of Texas; William O. Bertelsman, to be U.S. District Judge for the Eastern District of Kentucky; and James T. Giles, to be U.S. District Judge for the Eastern District of Pennsylvania.

2228 Dirksen Building

NOVEMBER 9

9:30 a.m.

Commerce, Science, and Transportation

To continue hearings on S. 1946, proposed Railroad Transportation Policy Act.

235 Russell Building

Judiciary

To resume hearings on S. 1612, to create a statutory charter which defines the policy and intent of the investigative authority and responsibilities in matters under the jurisdiction of the FBI.

2228 Dirksen Building

10:00 a.m.

Environment and Public Works

Environmental Pollution and Resource Protection Subcommittees

To resume joint markup of S. 1480, 1325, and 1341, bills to provide for adequate and safe treatment of hazardous substances being released into the environment.

4200 Dirksen Building

Labor and Human Resources

Education, Arts, and Humanities Subcommittee

To hold oversight hearings on title III, providing aid to developing institutions, of the Higher Education Act.

4232 Dirksen Building

NOVEMBER 13

9:30 a.m.

Environment and Public Works

Business meeting on pending calendar business.

4200 Dirksen Building

Judiciary

To resume consideration of S. 1246, to protect against the growth of a monopoly power among major petroleum companies and to encourage oil companies to invest profits back into oil exploration, research, and development.

2228 Dirksen Building

10:00 a.m.

Governmental Affairs

To resume oversight hearings focusing on the organizational and management aspects of the Department of Energy.

3302 Dirksen Building

NOVEMBER 14

9:30 a.m.

*Commerce, Science, and Transportation

To resume oversight hearings to review proposed technical methods for industrial development.

235 Russell Building

Foreign Relations

To hold hearings on the following international treaties proposing human rights: the International Convention on the Elimination of All Forms of Racial Discrimination Treaty (Exec. C, 95th Cong., 2d sess.); the International Covenant on Economic, Social and Cultural Rights Treaty (Exec. D, 95th Cong., 2d sess.); the International Covenant on Civil and Political Rights Treaty (Exec. E, 95th Cong., 2d sess.); and the American Convention on Human Rights Treaty (Exec. F, 95th Cong., 2d sess.).

4221 Dirksen Building

10:00 a.m.

Agriculture, Nutrition, and Forestry

Agricultural Research and General Legislation Subcommittee

To hold joint hearings with the Committee on Commerce, Science, and transportation on S. 1408 and 1650, bills to provide for the development of aquaculture in the United States.

324 Russell Building

Banking, Housing, and Urban Affairs

To hold hearings on S. 1937 and 1965, bills authorizing Federal loan guarantees to the Chrysler Corp.

5302 Dirksen Building

Commerce, Science, and Transportation

To hold joint hearings with the Subcommittee on Agricultural Research and General Legislation of the Committee on Agriculture, Nutrition, and Forestry on S. 1408 and 1650, bills to provide for the development of aquaculture in the United States.

324 Russell Building

Governmental Affairs

To continue oversight hearings focusing on the organizational and management aspects of the Department of Energy.

3302 Dirksen Building

NOVEMBER 15

9:00 a.m.

Agriculture, Nutrition, and Forestry

Agricultural Research and General Legislation Subcommittee

To hold hearings on S. 770, to prohibit further abuse and trade price manipulation within the potato futures market.

324 Russell Building

9:30 a.m.

Foreign Relations

To continue hearings on the following international treaties proposing human rights: the International Convention on the Elimination of All Forms of Racial Discrimination Treaty (Exec. C, 95th Cong., 2d sess.); the International Covenant on Economic, Social and Cultural Rights Treaty (Exec. D, 95th Cong., 2d sess.); the International Covenant on Civil and Political Rights Treaty (Exec. E, 95th Cong., 2d sess.); and the American Convention on Human Rights Treaty (Exec. F, 95th Cong., 2d sess.).

4221 Dirksen Building

*Governmental Affairs

Intergovernmental Relations Subcommittee

To resume oversight hearings to examine the scope of the general revenue sharing policy.

1114 Dirksen Building

10:00 a.m.

Banking, Housing, and Urban Affairs

To continue hearings on S. 1937 and 1965, bills authorizing Federal loan guarantees to the Chrysler Corporation.

5302 Dirksen Building

Commerce, Science, and Transportation

To hold hearings on the nomination of James V. Day, of Maine, to be a Federal Maritime Commissioner.

235 Russell Building

Energy and Natural Resources

Parks, Recreation, and Renewable Resources Subcommittee

To hold hearings on S. 1567, to protect and restore certain coastal lands on Yaquina Head in Oregon.

3110 Dirksen Building

Governmental Affairs

To continue oversight hearings focusing on the organizational and management aspects of the Department of Energy.

3302 Dirksen Building

Judiciary

To resume hearings on S. 1612, to create a statutory charter which defines the policy and intent of the investigative authority and responsibilities in matters under the jurisdiction of the FBI.

2228 Dirksen Building

NOVEMBER 16

9:30 a.m.

Foreign Relations

To continue hearings on the following international treaties proposing human rights: the International Convention on the Elimination of All Forms of Racial Discrimination Treaty (Exec. C, 95th Cong., 2d sess.); the International Covenant on Economic, Social and Cultural Rights Treaty (Exec. D, 95th Cong., 2d sess.); the International Covenant on Civil and Political Rights Treaty (Exec. E, 95th Cong., 2d sess.); and the American Convention on Human Rights Treaty (Exec. F, 95th Cong., 2d sess.).

4221 Dirksen Building

10:00 a.m.

Banking, Housing, and Urban Affairs

To continue hearings on S. 1937 and 1965, bills authorizing Federal loan guarantees to the Chrysler Corporation.

5302 Dirksen Building

Finance

Public Assistance Subcommittee

To hold oversight hearings on alleged fraud and mismanagement practices within HEW directed toward erroneous State payments to recipients of the Aid to Families with Dependent Children and Medicaid programs under the Social Security Act.

2221 Dirksen Building

Joint Economic

To resume hearings to examine the current unemployment trends and any relation thereto to the increase in criminal activity.

340 Cannon Building

NOVEMBER 19

10:00 a.m.

Banking, Housing, and Urban Affairs

To resume hearings on S. 1937 and 1965, bills authorizing Federal loan guarantees to the Chrysler Corporation.

5302 Dirksen Building

NOVEMBER 20

9:30 a.m.

*Commerce, Science, and Transportation

Science, Technology, and Space Subcommittee

To resume hearings on S. 1250, to develop techniques for analyzing and stimulating technological and industrial innovation by the Federal Government.

5110 Dirksen Building

10:00 a.m.

Banking, Housing, and Urban Affairs

To continue hearings on S. 1937 and 1965, bills authorizing Federal loan guarantees to the Chrysler Corporation.

5302 Dirksen Building

Commerce, Science, and Transportation

Merchant Marine and Tourism Subcommittee

To resume hearings on S. 1460, 1462, and 1463, bills to facilitate and streamline the implementation of the regulatory part of the U.S. maritime policy.

235 Russell Building

Energy and Natural Resources

Energy Regulation Subcommittee

To resume hearings on S. 1684, to provide for the development, improvement, and operation of domestic refinery capabilities.

3110 Dirksen Building

Select on Indian Affairs

To hold hearings on S. 1730 and 1832, bills to declare certain lands in the States of Arizona and New Mexico to be Indian reservation lands.

1202 Dirksen Building

NOVEMBER 21

10:00 a.m.

Banking, Housing, and Urban Affairs

To continue hearings on S. 1937 and 1965, bills authorizing Federal loan guarantees to the Chrysler Corporation.

5302 Dirksen Building

Rules and Administration

Business meeting, to consider legislative and administrative business.

301 Russell Building

NOVEMBER 26

10:00 a.m.

Select on Indian Affairs

To hold hearings on S. 1855, authorizing funds through fiscal year 1982 to provide technical assistance for tribally controlled community colleges.

5110 Dirksen Building

NOVEMBER 27

10:00 a.m.

Banking, Housing, and Urban Affairs
International Finance Subcommittee

To hold hearings to examine U.S. and East-West trade and technological competitiveness, focusing on S. 339, to provide identical requirements for determining the eligibility of any Communist state for "most favored nation" status and Export-Import Bank credits, and for reviewing and limiting such credits; S. Con. Res. 47, to approve the extension of nondiscriminatory treatment with respect to the products of China; and to review a report prepared by the Office of Technology and Assessment entitled "Technology and East-West Trade".

5302 Dirksen Building

NOVEMBER 28

9:30 a.m.

Agriculture, Nutrition, and Forestry
Agricultural Production, Marketing, and Stabilization of Prices and Foreign Agricultural Policy Subcommittees

To hold joint hearings to examine the implications of grain sales to the Soviet Union on the U.S. transportation system.

457 Russell Building

10:00 a.m.

Select on Indian Affairs

To hold hearings on S. 1466, to provide for distribution of certain judgment funds in favor of the Delaware Tribe of Indians and the absentee Delaware Tribe of Western Oklahoma.

1202 Dirksen Building

NOVEMBER 29

9:30 a.m.

Agriculture, Nutrition, and Forestry
Agricultural Production, Marketing, and Stabilization of Prices and Foreign Agricultural Policy Subcommittees

To continue joint hearings to examine the implications of grain sales to the Soviet Union on the U.S. transportation system.

457 Russell Building

DECEMBER 4

10:00 a.m.

Select on Indian Affairs

To hold hearings on S. 1507, to provide for the purchase of certain facilities, lands, and water rights in and around the San Luis Rey River and Lake Henshaw, Calif., to be operated and maintained by specified bands of Mission Indians.

Room to be announced

DECEMBER 7

10:00 a.m.

Joint Economic

To resume hearings on the employment-unemployment situation and price data information for November.

Room to be announced

JANUARY 15, 1980

10:00 a.m.

Banking, Housing, and Urban Affairs
International Finance Subcommittee

To hold hearings to examine U.S. trade and technological competitiveness with other industrialized countries, focusing on a report by the International Trade Commission on international trade in integrated circuits relating to the electronics industry.

5302 Dirksen Building

CANCELLATIONS

NOVEMBER 8

10:30 a.m.

Labor and Human Resources
Health and Scientific Research Subcommittee

To mark up S. 988, authorizing funds through fiscal year 1983 to increase the effectiveness of research in biomedical sciences.

155 Russell Building

SENATE—*Tuesday, November 6, 1979*

(Legislative day of Monday, November 5, 1979)

The Senate met at 11:30 a.m., on the expiration of the recess, and was called to order by Hon. DENNIS DECONCINI, a Senator from the State of Arizona.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Let us pray.

Lord God Almighty, guide, we pray Thee, all those to whom Thou hast committed the Government of this Nation, and grant to them at this time special gifts of wisdom and understanding, of counsel and strength; that upholding what is right, and following what is true, they may obey Thy holy will and fulfill Thy divine purpose; through Jesus Christ our Lord. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. MAGNUSON).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., November 6, 1979.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable DENNIS DECONCINI, a Senator from the State of Arizona, to perform the duties of the Chair.

WARREN G. MAGNUSON,
President pro tempore.

Mr. DECONCINI thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The Senator from West Virginia.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Journal of the proceedings be approved to date.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to reserve my time, for the moment, until after the orders for other Senators.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

RECOGNITION OF THE MINORITY LEADER

The ACTING PRESIDENT pro tempore. The Senator from Tennessee.

Mr. BAKER. Mr. President, I ask unanimous consent to reserve my time.

I might say that the purpose for doing that is to accommodate a Member on this side who requested a special order too late to be accommodated in the sequence we arranged last evening.

So if there is no objection, I hope to reserve that time and allocate a major fraction of it to the Senator from New Mexico.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Utah (Mr. HATCH) is recognized for not to exceed 15 minutes.

Mr. ROBERT C. BYRD. Who is recognized?

The ACTING PRESIDENT pro tempore. The Senator from Utah (Mr. HATCH) for not to exceed 15 minutes.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum and I ask that the time be equally charged against the time of the two leaders without prejudice to the order to recognize Senator HATCH.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that Mr. TSONGAS be recognized, without prejudice to the other Senators whose orders were entered yesterday.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The Senator from Massachusetts is recognized for 15 minutes.

Mr. TSONGAS. I thank the Chair.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

DECISION ON SALT

Mr. TSONGAS. Mr. President, the subject of my remarks today will be the SALT II agreement. I have made my decision on the treaty. There is no point in delaying the announcement. My distinguished colleagues should know what my position is and why I have adopted it.

I want to state, Mr. President, that my decision has not come easily. Strategic arms limitation is one of the most complex issues the Senate has ever considered. It is also profoundly important to the cause of peace and security. Our deliberations here will have a far reaching significance. We say that on most issues, but this is one where it certainly applies. It is our responsibility to inform ourselves as completely as possible on this vital issue.

For expert help, I first turned to my home State of Massachusetts. Blessed with many universities and sophisticated, industrial enterprises, Massachusetts is renowned for its abundance of intellectual talent. The field of strategic affairs is no exception.

I decided to form a Massachusetts advisory group of 25 SALT experts. I could easily have formed a group four times as large, given the extraordinary pool of brains and talent in my State.

The range of opinion in the group is wide, from armament to disarmament advocates. We have met three times since February, each session lasting 3 hours.

I owe a profound debt of gratitude to this group for educating me in the complexities of SALT and the strategic balance.

I am also indebted to the many Government experts who came to my office to brief me on various aspects of SALT. A luncheon group organized by Senator CRANSTON and concerned exclusively with the SALT II agreement has been extremely helpful. I have carefully followed the SALT hearings in both the Foreign Relations and the Armed Services Committees.

There has been no lack of information on SALT, and no shortage of debate. I am here to say that I have heard enough; my mind is made up. I will support SALT II. In its present form, the agreement is acceptable. It can be improved, however, by several understandings and reservations such as those which the Foreign Relations Committee has already approved in its deliberations.

I think that my knowledgeable colleagues are already well acquainted with the provisions of the treaty. I need not go into great detail. Essentially, SALT II imposes equal overall ceilings on the number of strategic nuclear delivery systems for both the United States and the Soviet Union. The two sides agreed to count launchers rather than the actual weapons, and the numerical ceilings apply to launchers of intercontinental ballistic missiles, launchers of submarine-launched ballistic missiles, heavy bombers, and air-to-surface ballistic missiles. Within the overall ceiling, there is an important sublimit on the number of launchers of land- , sea- , and air-based ballistic missiles equipped with multiple independently targetable reentry vehicles, or MIRV's.

The treaty also limits fractionation on the number of MIRV'd warheads per missile, a key provision. The treaty prohibits mobile launchers of heavy ballistic missiles. Both sides are limited to the development of only one new strategic missile.

This brief summary of the treaty suggests the scope of this arms limitation document. SALT does not disarm the superpowers, but it touches almost every aspect of present and future strategic forces. It took 7 long years of tough negotiations and the efforts of three American Presidents to reach an agreement. We can be proud of the results.

At the same time, we must be realistic and levelheaded about this treaty. In its complexity and scope, the treaty invites misconceptions and errors of interpretation. Critics and even some advocates of SALT carry clouded perceptions of what SALT really represents. A great deal of misinformation passes for revealed truth. I think the air should be cleared of these misconceptions.

Critics of the treaty have charged that we cannot trust the Russians to uphold their end of the SALT bargain. According to this view, the Soviets are our enemies, and a treaty based on trust is unworkable.

This criticism is based on one crucial but false assumption—that SALT is based on trust. The SALT negotiations brought together two mutually suspicious, frequently antagonistic adversaries. Each side sought to advance its interests while recognizing, at the same time, that some form of arms limitation was mutually beneficial. The climate of the talks was anything but trustful. The document before us today is the product of that cautious, careful process. Trust was not a factor.

It should be equally clear that the enforcement of the treaty will depend on verification procedures, not trust. We are equipped with a vast array of detection devices in space, in the air, on land, and on the sea, many of which are aimed at the Soviet Union. Any violation of the treaty which would significantly affect the strategic balance is detectable. The Joint Chiefs of Staff have come to that conclusion. I have come to that conclusion. Trust is not involved. Vigilance is.

A second misconception, often voiced by SALT critics, is that if the Soviets want SALT, then we should reject it. This shallow reasoning is based on the zero sum game: Anything the Soviets gained must be equivalent to what we lost in the negotiations. If this were true, then any negotiation between adversaries would be impossible. It ignores the fundamental fact that the two sides have found areas of agreement which advance the interests of both parties. As in a trade between two strangers, both sides leave with their conditions improved. This is what our SALT negotiators have achieved. The treaty enhances our security. The Russians undoubtedly feel the same way about SALT and their security, and that is the way it should be.

The third misconception is that SALT I and SALT II are to blame for the Soviet military buildup. By the same logic, SALT is blamed for the expected vulnerability of our own land-based missiles to a Soviet first strike in the mid-1980's. SALT is seen as a sinister plot to diminish our strength relative to the Soviet Union. In that view, SALT becomes some sort of 1950's style sellout.

This logic is not only faulty, it is dangerous. The Soviet military buildup began long before SALT was a glimmer in Lyndon Johnson's eye. The momentum of the Soviet program has continued through SALT I and will finally break up against the limits of SALT II during the terms of the treaty.

By the same token, the vulnerability window of our land-based ICBM's has been predicted by our defense analysts for years. SALT did not create this dilemma of vulnerability—the culprit is the technology of the arms race. The accuracy of ICBM warheads, both ours and the Russians', has advanced to the point where the allowance for error is measured in feet, not miles. No land-based silo can withstand so accurate a strike. It seems to me that blaming SALT for the relentless spiral of the arms race is more than unfair, it is dangerous and absurd.

The final misconception I want to address has to do with high expectations for SALT. I think we all have been tempted by this one, but it should be clear now that SALT II is not disarmament, or is it not an end to the arms race. It does not even achieve significant reductions in the nuclear arsenals of the two superpowers. In his enthusiasm, President Carter oversold SALT in the first months of his administration. He then saw his hopes for disarmament dashed by the harsh realities of the arms race and the strategic balance. Some of us have not yet accepted what has become a distressing fact—arms control is attainable step by step, not by a giant leap.

We know now that SALT II will not usher in the millenium. Those of us who had high hopes must look very carefully at what we have in hand. Is SALT II in our interest? Does it accomplish enough? Is ratification worth fighting for? The answer is "yes" to each question. The SALT II agreement is vital to our national interests—it will enhance our national security. Let me briefly explain why.

First, we should understand how this treaty will limit Soviet strategic programs. By the end of the treaty's term, 1985, the Soviets will have dismantled 10 percent of their strategic forces. They will not be allowed to deploy their mobile strategic missile, the SS-16, and that weapon is developed and ready to go. The Soviets will not be able to exploit their throw weight advantage because SALT places limits on the number of warheads on each missile. The Soviets will be limited to one new missile out of the four which they have currently under development. These are significant restraints. SALT imposes them.

What about limitations on American programs? Hawks should be happy to hear the list of current weapons programs which SALT does not disturb. For example, the new Trident submarine and Trident missile program is permitted. Development and eventual deployment of our highly advanced air-launched cruise missiles are not restrained. If we wish to go ahead with the controversial MX program, SALT poses no effective limits. We can modernize our bomber forces and modernize NATO theater nuclear forces if we so choose. SALT does limit the United States, but not in ways which interfere with present programs.

What would happen if the Senate rejects SALT II? A world without SALT is definitely not in our interests. Consider these disadvantages: SALT II prohibits deliberate concealment of strategic weapons. Without SALT, the Soviets could proceed with secret programs free of any obligation to respond to the objections of the United States. Without SALT, we will know less about the Soviet force structure and have almost no control over its development. Without SALT, the Soviets could continue their ICBM program and deploy warheads and missiles far in excess of the SALT II limits. In the case of the Soviet heavy missile, the SS-18, the Soviets could deploy up to five times the number of warheads permitted by SALT, up to 15,000 warheads according to Secretary of Defense Harold Brown.

I do not think it is necessary to elaborate in greater detail why SALT enhances our national security. I am convinced that the case for ratification is overwhelming.

Why, then, is SALT in trouble? The answer is in two parts: Linkage and defense spending. First, let us talk about linkage.

The history of the SALT negotiations shows a uniform pattern. At every point in time when a Soviet-American confrontation in the Third World seemed to threaten our interests, we quickly linked Soviet behavior to the SALT talks. Consequently, the SALT talks have been a flawless barometer of the slightest shift in Soviet-American relations. If relations sour, SALT is off. When the problem fades away, SALT is on.

The pattern is very consistent. When South Vietnam fell in 1975, SALT suffered. When the Soviet-supported faction prevailed in the Angolan Civil War, we forced a pause in the SALT talks. When Soviet arms and Cuban troops arrived in Ethiopia during 1977, and when Zaire was threatened by the invasion of Shaba province last year—in each case—the SALT negotiations were stalled, at our insistence. The pattern continued after the treaty was signed in Vienna this June. I refer, of course, to the impact of the Soveit combat brigade on the SALT debate. In this case, SALT was the victim of a 17-year-old Soviet provocation. It seems that the fate of SALT can be linked to almost anything.

As is usual in such episodes, a vocal minority exploited an opportunity to weaken SALT by pointing to Soviet adventurism. For a time, it was doubtful whether SALT would reach the Senate floor this year. But, these linkage rituals flower briefly and then wither quickly away. Thankfully, we are now back on track in the Senate.

My objections to linkage do not mean that I wish to ignore Soviet misconduct in the Third World. To the contrary, Soviet behavior frequently requires a strong U.S. response. The question is how best to impose costs on the Soviets. Zeroing in on SALT assumes that only Soviet interests are at stake. That is pure nonsense. Our interests, American security interests, are equally at stake in the SALT process.

The fundamental reality is that SALT is important to both superpowers. Linkage ignores this fact. It is therefore senseless and ineffective. This can be seen in the ephemeral fortunes of each episode. SALT endures in spite of these attempts to destroy it with extraneous arguments.

I am reminded of Gulliver, whose size and strength was checked by a gang of Liliputians equipped only with the weakest thread. SALT faces the same sort of threat from linkage. On its merits, the treaty is unassailable. Henry Kissinger, the Joint Chiefs of Staff, and Secretary Brown have stated that the treaty should be ratified. There is strong bipartisan support for SALT II in the Senate. The reason SALT is in trouble is not because of any defect in its construction. SALT is imperiled by these Liliputians of linkage.

SALT deserves better. Certainly the Soviets have not succumbed to this uniquely American urge to shoot ourselves in the foot. When we mined Haiphong Harbor and bombed rail lines in North Vietnam in May of 1972, the Soviets did not cancel the SALT summit scheduled for later that same month. In fact, May 26, 1972, was the date we signed SALT I with the Soviets. One can imagine what we would have done in similar circumstances.

In the same way, the Soviets did not use the Chinese invasion of Vietnam earlier this year to delay the SALT negotiations. The China attack came precisely at the moment when Washington was extending a very warm welcome to Premiere Deng Xiaoping. The Soviets objected strongly to the coincidence, but did not seek vengeance on SALT.

No, SALT linkage is a uniquely American pastime. It is the product of our vigorous democracy in which advocates of an inflated defense budget can use whatever tactics they feel comfortable with to attain their objective. And the defense budget, of course, is the underlying issue in the SALT debate. SALT II is not in dispute; the battle will be fought over how much for defense.

The lines are drawn clearly in the Senate. The advocates of a big defense increase are saying openly that the price of their SALT vote is an irreversible commitment to significantly higher defense budgets. They are offering to make a cynical exchange: arms procurement in return for arms control. The program, the weapons, the precise expenditures are not of immediate concern. The aim is for overall percentage increases in the defense budget. The details, we are told, will come later.

I am willing to discuss the merits of any spending program on its merits. That includes defense spending proposals. I am concerned about the Soviet buildup and I think we need to carefully consider what countermeasures might be necessary. I will not, however, sign over a blank check to any part of our Government. Congress cannot be denied its basic responsibility to scrutinize budgeting requests item by item. This applies to housing, welfare, veterans programs; that is, every function in the budget, and that should include defense.

In closing, let me say that I am hopeful that the Senate will ratify the SALT treaty. As the moment draws near for the decisive Senate votes, I believe that many of my undecided colleagues will recognize the awesome implications of a world without arms control. I think that the horrible devastation of a nuclear exchange will enter their computations in a more profound way. They will return to the fundamental issue—our national security. They will vote for a reduction in the risk of nuclear war. They will vote for a continuation of the arms control process, they will vote by a two-thirds majority in favor of SALT II.

Mr. President, let me just end up with two comments.

First, I reflect the feelings expressed last week by Senator LEAHY of Vermont. He spoke about his children and the impact that he feels emotionally of his obligation to insure that the world he leaves behind for them is one worth living in. I share those sentiments.

Second, again in reflecting the remarks of the Senator from Vermont, I believe that the performance of the majority leader in this debate on this issue will secure his place in history.

I have seen politics at the city council level, the county commissioner level, and the congressional level. I have seen great statesmanship, and I have seen cowardice. I have seen people who believe that their reelection is in the national interest, and I have seen people who could care less about the issue.

Perhaps the reality of the Senate is a little different from what one perceives on the outside. But I think that the reason we have people in leadership is to provide that leadership, and I hope that those colleagues of ours who are concerned about reelection, concerned about politics, and concerned about those kind of things should look to the performance of the majority leader.

I say to you, Mr. Majority Leader, that I am proud of your performance and I am proud to be a member of your majority.

I thank the Senator from Wisconsin.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. TSONGAS. I yield to the majority leader.

Mr. ROBERT C. BYRD. Mr. President, I thank the Senator for his very gracious remarks.

I comment on his speech, however. I

thought it was a very well reasoned and thoughtful presentation of the facts in support of the SALT treaty.

I noted over the weekend his public announcement in support of the SALT treaty. I talked with him yesterday on the telephone and commended him, and I commend him today publicly on that decision. I think it was the right decision. I think it reflects upon the vision and foresight that are characteristics of the Senator. He did not arrive at that decision without careful study and contemplation, and that is reflected in his decision and in his statement.

I thank him.

Mr. TSONGAS. I say to the majority leader that I am pleased by his comments and I am concerned about his approval, but even more important to me is the approval of my two children who are not here but in whose interests we are voting.

I thank the majority leader.

RECOGNITION OF SENATOR HATCH

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Utah (Mr. HATCH) is recognized for not to exceed 15 minutes.

Mr. HATCH. I thank the Chair.

SMITH BAGLEY STOCK FRAUD TRIAL

Mr. HATCH. Mr. President, last Friday I expressed my deep concern with respect to certain circumstances surrounding the Smith Bagley stock fraud trial, and specific allegations concerning the conduct of Federal district court Judge Robert R. Merhige, Jr. At that time, I requested that the Washington Post article entitled "U.S. Prosecutors Criticize Judge for Handling of Smith Bagley Trial" be printed in the RECORD along with a letter from the two prosecutors to the Justice Department.

Once again, I call to the attention of my colleagues the seriousness of these allegations. I cannot believe that two U.S. attorneys would accuse a U.S. district court judge of "outrageous" legal behavior in the handling of a Federal criminal trial without adequate consideration of the extreme seriousness and possible consequences of such accusations.

For these two Federal prosecutors to call the Bagley trial a "set up" certainly conjures up questions of impropriety and misconduct. These are questions and issues which must be resolved if we are to maintain the image and integrity of our Federal judiciary. These allegations and accusations must be scrutinized carefully and forthrightly.

I also ask my colleagues to carefully review a very provocative, enlightening article by Jack Anderson which appeared in yesterday's Washington Post entitled "Judge Had Ties to Defendant Bagley."

The chronology of events and circumstances that are revealed are most astounding and deserve immediate attention. I think it is incumbent upon the Justice Department to fully investigate Judge Merhige's conduct and the circumstances surrounding the Smith Bagley trial. To quote from Jack Anderson's article, "When law enforcement becomes entangled with political and social strings, the Justice Department becomes vulnerable to the political fix." I hope my colleagues will join with me in requesting a prompt and thorough investigation.

Mr. President, I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

JUDGE HAD TIES TO DEFENDANT BAGLEY

For several weeks we have been investigating the strange conduct of federal judge Robert R. Merhige Jr. in the criminal fraud trial of socialite Smith Bagley. We can confirm the misgivings of the two prosecutors who wrote a damning nine-page complaint to the Justice Department.

Bagley was acquitted of criminal fraud charges last August after Judge Merhige gave dubious instructions to the jury—instructions that the prosecutors claimed did not bear "the remotest resemblance to the law.

"[An] antigovernment bias was manifested by Judge Merhige in virtually every phase of the trial," the letter alleges. "This bias was most clearly reflected in the court's intemperate comments and outrageous jury instructions."

This unprecedented attack upon a powerful judge was signed by U.S. Attorney H. M. Michaux Jr. and Assistant U. S. Attorney Patricia W. Lemley of Greensboro, N.C.

Our own investigation has uncovered a pattern of circumstances that gives off a strong whiff of lime. The story can best be told by starting at the beginning:

Smith Bagley is the 44-year-old heir to the R. J. Reynolds tobacco fortune. Tall, dark, and gangling, he came to Washington in 1975, bought a $500,000 home in fashionable Georgetown and began throwing lavish parties.

He and his wife Vicki have close ties to Jimmy Carter, whom they introduced to Washington society in 1976. They raised funds for the Carter campaign, and after his election, the new president-elect slipped off to Bagley's Musgrove Plantation on St. Simons Island for a vacation.

The judge who was later to preside over Bagley's trial, it now turns out, was a close friend of the family. Our associate Clark Mollenhoff learned, for example, that Merhige was "like a brother" to a distant Bagley relative, the late lieutenant governor J. Sargeant Reynolds of Virginia. In fact, Reynolds helped to persuade President Johnson to appoint Merhige to the federal bench in 1967.

When Reynolds died four years later, Bagley was in charge of the burial arrangements and Merhige was a pallbearer. In his will, Reynolds named his wife and his friend the judge to be executor of his estate.

Bagley's financial operations, meanwhile, got him into hot water with the law. His attorneys made the motions that shifted the trial from North Carolina to Virginia, where Merhige could preside.

The chief judge, Eugene Gordon, asked Merhige if there was any reason he should not conduct the Bagley trial. "No reason," responded Merhige without mentioning his close relations with Bagley's family.

Later Merhige asked the prosecutors whether they had "any objections" to his assuming jurisdiction over the case. They didn't object, but learned later of Merhige's close personal and political ties to the Reynolds family.

Next, Bagley's lawyers tried to waive the right to a jury. If it had not been for the prosecutors' strenuous objections, the case would have been tried before Merhige without a jury.

When the prosecutors learned of the judge's ties to Bagley's family they decided it was too late to challenge him. A challenge at that stage would have been an affront to the judge and might have jeopardized the case.

There was another curious development. The two prosecutors found themselves badly outgunned by Bagley's battery of high-powered attorneys and advisers. Complained the two lonely prosecutors in their letter to the Justice Department:

"The prosecution team was not sufficiently staffed. This problem was exacerbated by a maniacal trial schedule. Two lawyers and an FBI agent, who was not the case agent, were outmanned by 12 in-court attorneys, supported by unlimited funds, miscellaneous 'gophers' and a substantial number of affiliated attorney advisers."

When law enforcement becomes entangled with political and social strings, the Justice Department becomes vulnerable to the political fix.

CHRONOLOGY OF EVENTS SURROUNDING THE SMITH BAGLEY TRIAL

Mr. HATCH. Mr. President, with regards to the chronology of events concerning the Smith Bagley trial, I am sure my colleagues are aware of my deep concern in regard to the circumstances and events surrounding the Smith Bagley stock fraud trial. Because of this concern and my desire for all Members of the Senate to be aware of the serious nature of these circumstances, I offer the following chronology of events which I believe to be from reliable sources:

The trustee in bankruptcy of Washington Group, Richard A. Gilbert, at the direction of Chief Bankruptcy Judge Rufus Reynolds, Greensboro, requested a 10-month investigation by Attorney G. Edwin Allman. Based on the subsequent report charging fraud, misconduct, irregularities and mismanagement by Smith Bagley and James Gilley, and others, a $60 million suit was filed by Gilbert on July 26, 1978. Also on July 26, 1978, another suit was filed which sought to recover approximately $500,000 that was lost by employees participating in five profit-sharing pension and stock purchase plans, apparently as a result of stock manipulation by Bagley, Gilbert, and others. The gravamen of both complaints was that Bagley, Gilbert and others had used their position to sell off blue chip stocks held by the pension fund plan and repurchase Washington Group stock at triple its actual price.

The office of U.S. Attorney H. M. Michaux for the Middle District of North Carolina started a Federal grand jury investigation for possible criminal law violations. Assistant U.S. Attorney Patricia Lemley also took an important lead role in the case.

It has been alleged that at this point certain representatives of the R. J. Reynolds Corp. suggested the possibility of job offers to Assistant U.S. Attorney Lemley, who was pursuing the criminal investigation of stock fraud and manipulations involving Smith Walker Bagley. Mr. Bagley is one of the heirs of the R. J. Reynolds fortune. He was also one of the early (January 1976) financial and political supporters of Jimmy Carter's campaign for the Democratic Presidential nomination.

U.S. Attorney Michaux and Assistant U.S. Attorney Lemley planned to return the indictment in February 1979; they were stopped by a telephone call from the Justice Department. Apparently the Justice Department had agreed to a request from Bagley's lawyers that the Justice Department review the investigation being conducted by Michaux and Lemley.

Michaux and Lemley went to Washington to have the case reviewed and to enter into discussions of the case with Assistant Attorney General Phillip Heymann, Deputy Assistant Attorney General John Keeney, and Mark Richards, a fraud expert in the Criminal Division. No serious fault was found with the indictment that Michaux and Lemley were expecting to seek. Heymann indicated that since no objection could be raised with the proceedings or with the evidence or the theory under which they were proceeding the Justice Department would make no objection.

On March 13, 1979, the indictment was returned against Smith Bagley, James Gilley, and three other defendants. It was returned to the court of Chief Judge Eugene Gordon for the Middle District of North Carolina, and would normally have been tried before one of the two U.S. district judges in that district.

A crowded civil docket in the Middle District of North Carolina and the prospect of a 6-month criminal trial caused Chief Judge Eugene Gordon to request an outside judge.

U.S. District Court Judge Robert R. Merhige, Jr., from the Eastern District of Virginia in Richmond, then volunteered that he had some free time for handling any litigation in the Middle District of North Carolina, whereupon Chief Judge Gordon assigned him the case without making additional inquiries as to the availability of other judges. Judge Gordon indicated that he asked Merhige if there was any reason Merhige could not handle the case, and Merhige replied that there was "no reason" why he could not handle it. The arrangement would be that Judge Merhige would try the case in North Carolina, not Virginia.

Assistant U.S. Attorney Lemley first received notice that Judge Merhige would handle the case in a letter from Judge Merhige. At that time, neither Michaux nor Lemley were aware that Judge Merhige was acquainted with the defendant, Smith Bagley. They did not learn until some weeks later that Judge Merhige was the political protegé of Smith Bagley's first cousin, the late J. Sargent Reynolds, former lieutenant-governor of Virginia. Somewhat later they learned that Judge Merhige had served as a pallbearer at J. Sargent Reynolds' funeral in June 1971, and was still serving as executor of the Reynold's estate at the time of Bagley's trial.

Smith Bagley and the other four defendants asked for a change of venue from the Federal court in North Carolina to Judge Merhige's district in Richmond, Va., on grounds that Government-inspired publicity would make it impossible for them to receive a fair trial from a North Carolina jury. Judge Merhige overruled the objection of the prosecutors to the change in venue and ordered the trial moved to Richmond.

Subsequent to the change in venue, the defendants made a motion to waive their right to a jury trial, and to permit Judge Merhige to rule on all issues on the alleged fraud and manipulations. The Government prosecutors argued vehemently against letting Judge Merhige rule upon all issues, and insisted that the Government also had a right to trial by jury. They noted that the precedents were nearly uniform that the Government was entitled to have a jury decide the guilt or innocence of the defendants, and furthermore that in cases like the pending Bagley case the precedents were unanimous.

Prior to the start of the trial in Richmond in mid-July, U.S. Attorney Michaux was informed by the Justice Department that he had been recommended for appointment to the White House staff. Michaux received many flattering comments from his superiors, including the assertion that he was regarded "as one of the best, if not the best, U.S. Attorney" in the Nation. Michaux was told by the Justice Department that White House Chief of Staff Hamilton Jordan and White House special assistant for congressional relations, Frank Moore, would be in touch with him.

It is my understanding, on at least three occasions during the trial and one time thereafter, Michaux was invited to the White House to meet with Hamilton Jordan, Frank Moore, and other officials for discussion of a White House position in keeping with his talents "as one of the best, if not the best, U.S. Attorney." Michaux rejected the offer of a congressional liaison position on the grounds that he did not believe he had any special talent for it. He was asked to submit an alternative position.

For the outset of the trial, Judge Merhige was critical of prosecutors Lemley and Robert Clark, a Justice Department lawyer assigned to the case. Judge Merhige expressed some of this criticism in the presence of the jury. At different times during the trial he said he was "embarrassed" that the Government had brought the case, that he was "shocked" that the Government had brought the case, and from what he had seen he regarded it as little less than a "witch hunt." These comments received prominent dissemination in the press and were no doubt available to members of the jury.

During the trial, Judge Merhige repeatedly interrupted the questioning of witnesses to ask his own questions which were in line with the defense theory of the case. During the testimony of a key witness to establish the pattern of stock-sales to manipulate the stock price, Judge Merhige commented that he could not see the relevance of the testimony.

Judge Merhige used, also entirely, the suggestions of the defense lawyers as the source of his instructions to the jury; which the prosecutors have claimed are an "outrageous" misstatement of the law on such stock manipulation and fraud cases.

Judge Merhige did not make the instructions to the jury available to the prosecutors until a short time before reading them to the jury, and he overruled the objection of Justice Department lawyer Clark that one of the key instructions was an erroneous statement of the law on stock fraud manipulations.

When Assistant U.S. Attorney Lemley tried to enter an exception to that instruction after the jury had been excused to start its deliberations, Judge Merhige cut her off with the declaration: "The Government is not entitled to exceptions."

Following the trial and the subsequent acquittal of all the defendants on criminal charges, Judge Merhige overruled an earlier order by Chief Bankruptcy Judge Reynolds of North Carolina barring the trustee in bankruptcy, Richard A. Gilbert, from using the funds of the Washington Group for the expenses of the employees whose pension funds had been lost in the alleged fraud. Judge Reynolds had entered a general order for Gilbert to take what action was necessary to obtain damages from the Gilley associates in July 1978.

In January 1979, Judge Reynolds entered a more specific order for the trustee to pay the costs (except for lawyers fees) of the employees and former employees who were seeking $500,000 lost when the trustees of the pension funds got out of blue chip stocks and paid $21 a share for Washington Group stock at a time when it was worth only $7.

In August 1979, the lawyers for Bagley, Gilley, and the other defendants appealed Judge Reynold's order to the U.S. district court where it was ruled upon by Judge Merhige. Judge Merhige, in September, overruled and reversed Judge Reynold's order and barred the use of Washington Group money to assist the employee litigants. The order by Judge Merhige was appealed to the Fourth Circuit Court of Appeals the first week of October 1979.

Mr. President, concerning the Smith Bagley trial, complaints and denials from both sides of the case continue to come forth. I will continue to bring these matters before this body, not in behalf of one position or the other, but out of a sense of duty and responsibility as a member of the Judiciary Committee. The integrity of neither the Federal judiciary nor the Department of Justice should be impugned lightly. Allegations which reach to the very heart of the justice system of this country should and must receive the closest attention possible. I ask unanimous consent that an article from this past weekend's Washington Post, entitled, "Smith Bagley Lawyers Renew Complaints About Prosecutors" be printed in the Record. I urge my colleagues to consider the ramifications of these matters and solicit their efforts in requesting a timely and thorough investigation.

There being no objection, the article was ordered to be printed in the Record, as follows:

Smith Bagley Lawyers Renew Complaints About Prosecutors

(By Merrill Brown and Charles R. Babcock)

Attorneys for Smith Bagley have renewed their complaints of misconduct against the prosecution team that handled the unsuccessful conspiracy and stock manipulation case against Bagley earlier this year, sources revealed yesterday.

A formal complaint was recently filed by Bagley attorney's at the Office of Professional Responsibility at the Justice Department, the sources said.

The complaint charges that an FBI agent on the case had a conflict of interest because his family had been leasing a plant to the bankrupt firm Bagley once headed, sources said.

This same charge was brought up in February in an effort to halt the prosecution, but was unsuccessful.

But the recent complaint also alleges that the same FBI agent, Zachary Lowe, another agent and a prosecutor made misstatements to the grand jury, sources said. Lowe was unavailable for comment yesterday.

Michael Shaheen counsel for the Office of Professional Responsibility, declined to confirm receipt of the complaint. His office automatically investigates charges of misconduct by department employees.

Disclosure of the complaint is the second controversial development in the case, which concluded with the acquittal of Bagley and four others in August.

The Washington Post reported Friday that the two U.S. attorneys based in North Carolina had accused the presiding judge in Bagley's trial, U.S. District Court Judge Robert Merhige, of "outrageous" legal behavior in his handling of the case.

The case was tried by Assistant U.S. Attorney Patricia W. Lemley, who wrote the letter. It was also signed by her immediate superior, U.S. Attorney H. M. Hichaux.

Bagley, an heir to the R. J. Reynolds tobacco fortune and now a Washington socialite and businessman, was indicted by a federal grand jury in North Carolina.

Daniel A. Rezneck, an attorney for Bagley, issued a formal statement on the letter, calling Merhige "one of the most respected members of the federal judiciary.

"The Department of Justice should not seek to blame its mistakes on the courts," Rezneck said. "The department owes the court, Judge Merhige and the jury in this case an apology."

S. 1980—ANTITRUST ENFORCEMENT IMPROVEMENTS ACT OF 1979

Mr. HATCH. Mr. President, I am introducing today the Antitrust Enforcement Improvements Act, which will transfer the antitrust adjudicatory authority of the Federal Trade Commission to the federal district courts. The result will be the elimination of delay in antitrust cases and more efficient and effective antitrust enforcement by the Federal Trade Commission. The disposition and trial of antitrust cases will be greatly expedited, and litigants will be assured fairness and uniformity of treatment in these proceedings.

First: The bill will greatly expedite FTC cases resulting in more effective and efficient antitrust enforcement.

At the present time, the FTC and the Department of Justice have duplicative investigative and prosecutorial antitrust responsibilities. Cases brought by the Department of Justice are adjudicated in the Federal district courts. Cases brought under the same statute by the FTC are adjudicated by the commissioners of the Federal Trade Commission. Department of Justice cases are typically handled much more expeditiously in the district courts. FTC cases are typically subject to long delays in trial and adjudication.

Transfer of FTC antitrust adjudicative powers to the Federal district courts will expedite FTC cases resulting in more efficient and effective antitrust enforcement.

Delay and inefficiency in antitrust enforcement is contrary to the public interest in expeditious determination of antitrust violations. Parties against whom FTC actions have been brought should not be required to incur substantial expenses to defend actions that are unduly lengthy and unnecessarily complex. Nor should the public be required to pay the ultimate cost of such delay.

Pending FTC proceedings such as in the matter of Exxon, and others, FTC docket No. 8934, and in the matter of Kellogg, and others, FTC docket No. 8883, are prime examples of the inefficiency and inordinate delay which have characterized FTC antitrust proceedings.

The Exxon case has been pending since July 18, 1973. FTC complaint counsel have consumed 6 years in attempting to formulate a discovery program. Those efforts have been totally unproductive. As a result, complaint counsel have not advanced the case beyond its most preliminary stages, with a prospect for ultimate resolution of the case no more meaningfully defined today than when the Exxon complaint was filed 6 years ago. Complaint counsel recently acknowledged that they were not ready—and would not even be ready—for trial for at least another 6 years. What district judge would accept a representation by a prosecutor, 6 years after the filing of the complaint, that a case would not be ready for trial for another 6 years?

The FTC's handling of the Exxon case is a prime example of the inefficiency and ineffectiveness surrounding the FTC's antitrust enforcement. In an article in the ABA Journal in October 1975, Peter A. White, former chief complaint counsel in the Exxon case, argued forcefully that the FTC Act should be amended to require the litigation of all FTC cases in Federal district court. Mr. White argued that transfer of FTC's adjudicative functions would eliminate the Commissioners' dual role of prosecutor and judge, and free the Commissioners to "make the mid-litigation decisions and resource allocations that it should now be making under its mandate from Congress."

The FTC case involving the cereal industry is another example of inordinate delay in FTC antitrust adjudication. The FTC investigation in the Kellogg case started in 1970 with numerous interviews and demands for documents. The complaint was issued in April 1972. Theoretically, the case was then ready for trial. However, the investigation continued. Numerous subpenas, both ad testificandum and duces tecum, were issued. Subpena returns were made before the administrative law judge and lengthy depositions were taken, with no narrowing of issues and no control or suggestion of control over the relevance of testimony. This interminable postcomplaint investigation continued for 4 years, with thousands of pages of recorded testimony.

It was not until April 1976, that the trial began. Now, in July 1979, almost 10 years after the investigation began, and 3 years after the trial commenced, the trial continues. Taking into account the expected duration of the trial, time for rendering a decision by the administrative law judge, and subsequent appeals, it is expected to be several more years before the matter is fully resolved.

The Federal courts have demonstrated a clear capability of handling complex antitrust cases in a far more expeditious manner. This point was made quite forcefully by Richard A. Posner in his separate opinion to the 1969 report of the ABA Commission to study the Federal Trade Commission. Professor Posner, in reviewing the FTC's performance in handling antitrust cases, concluded that "the FTC has displayed no comparative advantage over ordinary courts. If anything, the opposite has been true." Professor Posner reached this conclusion after noting that, first, the Federal courts, as a result of greater prestige, are able to attract more competent individuals; second, the Federal courts, contrary to the myth of administrative expertise, have been able to develop more flexible procedures for antitrust cases, and, third, "while comparison is difficult, it is a fair guess that a major antitrust case takes longer to try before the FTC than before a Federal district court."

The transfer of the FTC's adjudicative powers to the Federal district courts will not overburden the Federal courts. The FTC normally has approximately 30 antitrust cases in adjudication before its 12 administrative law judges. Transfer of these antitrust cases to the Federal courts will certainly not overburden the courts. Moreover, 117 new Federal district judges and 35 new circuit judges will soon be appointed. Thirty FTC cases added the caseload of over 400 Federal district judges clearly would not have any significant or cognizable impact on the Federal courts. Given the increase in the number of Federal judges, as well as the excellent record of the Federal court system in expediting antitrust cases, it is clear that the immediate transfer of the FTC's antitrust adjudicatory authority to the Federal district courts would significantly reduce delay, save substantial justice.

FTC expertise in adjudicating antitrust cases is a myth. The FTC's jurisdiction encompasses the entire diverse realm of American industry. The FTC cannot in any meaningful way claim to have expertise in any industry, since all commissioners but one have been primarily career Government employees. Between 1970 and 1978, there have been approximately six commissioners appointed to the FTC with no significant prior antitrust experience. Indeed, three of the five present commissioners had no significant prior training in antitrust prior to their appointment to the FTC.

Throughout its history, the FTC has never displayed any comparative advantage over Federal district courts. On the contrary, Federal district courts have demonstrated a far greater ability to handle antitrust cases in a more expeditious manner. Experience has shown that administrative law judges at the Federal Trade Commission cannot maintain the necessary strength and independence to force FTC complaint counsel to adequately structure and focus their cases. As a result, unless the adjudicative function is transferred, Federal Trade Commission antitrust proceedings necessarily will continue to be protracted, unfocused, and therefore, unduly expensive.

Second: Fundamental fairness is lacking in FTC antitrust proceedings.

It is of utmost importance that Government antitrust enforcement be conducted in such a manner as to assure adherence to fundamental concepts of fairness. The FTC's dual role of prosecutor and judge severly strains these concepts of fairness. The appearance of partiality pervades and undermines the credibility of every FTC adjudication.

Criticisms of the fundamental unfairness of the FTC adjudicatory process are longstanding. Nevertheless, no significant changes have occurred, despite the fact that such reform has been called for by special commissioners created to address the problem, FTC commissioners, former FTC staff members, consumer groups, and academicians.

The 1969 ABA commission to study the Federal Trade Commission, found:

> The FTC, in appearance and in practice, should attempt to avoid acting both as prosecutor and judge. As long as the commission reviews investigation files and passes on recommendations for the issuance of complaints or for closing investigations, it will continue to disable itself from appearing to pass with absolute impartiality on the merits of each case when it comes before the commission in due course. Moreover, when the commissioners review an investigational file and then authorize the filing of a complaint, necessarily taking into account whether the action would be in the public interest and whether there is sufficient evidence to justify a formal proceeding, it is, we believe, virtually impossible for those same commissioners subsequently to pass on the merits of the proceeding with impartiality and without pre-judgment.

Similarly, the report of the ABA section of Antitrust Law on the Ash Counsel report concluded: "It is conceptually wrong for one tribunal to decide what cases are to be brought, to prosecute these cases, and then to sit in judgment of these cases." The report further concluded that the FTC's adjudicatory function should be transferred to a Federal trade court with primary jurisdiction.

In August 1970, former Commissioner Phillip Elman told the antitrust section of the ABA that it was time for structural reform" of the FTC to cure the "chronic unresponsiveness and basic deficiencies" of its performance. In a thoughtful and thorough examination of the combination of prosecutorial and adjudicative powers in the FTC, he states:

> On the basis of my own experience and observations, the strongest argument I would make against agency adjudication of alleged violations of law is that the blending of prosecutorial and adjudicative powers in a single tribunal imposes intolerable strains on fairness. The problem of avoiding prejudgment, in appearance or in fact, constantly hovers over all agency activity, and is troublesome to the agency members in almost every kind of action it takes. It can arise in the most subtle as well as most obvious forms.

Commissioner Elman also cited other factors which impinge upon thorough and impartial agency adjudication, noting that an FTC commissioner, unlike a Federal judge, may be concerned with whether the outcome of a case advances or retards an important program to which substantial resources have been committed. He also cannot escape the implications of his leadership role in the agency, and he may fear the effect on staff morale if he votes to dismiss a complaint or reject the agency position in an important case. Commissioner Elman, although noting that he long held the opposite view, argued that he had become convinced that the FTC's function of case-by-case adjudication of alleged violations of law should be transferred either to the district courts or to a new trade court.

Most recently, during the course of the proceedings of the National Commission for the Review of Antitrust Laws and Procedures, testimony was received from a panel of expert witnesses, and letters and memoranda received from numerous antitrust practitioners, addressed to the impact and undesirability of blending prosecutorial and adjudicative powers in the FTC, and the conclusion was reached by some commissioners "that the antitrust adjudicative function which currently exists in the Federal Trade Commission should be transferred to the Federal district courts."

The suggestions that the adjudicative function of the Federal Trade Commission be transferred to the Federal courts was first made to the Commission by William Simon, a prominent antitrust practitioner. Mr. Simon testified on the need to expedite FTC antitrust cases and inherent conflict involved in the continuation of the adjudicative function of the FTC:

> I know that my client, whether I am plaintiff or defendant, and I am both, will receive fairer trial in federal court before a federal judge than before an administrative agency. I say this to you because when the federal judge gets down to deciding how to decide a case, he doesn't have to say to himself: 'Did I make a mistake in bringing this case in the first place, because I filed the case?' That is what a commissioner has to say at the Federal Trade Commission: 'I brought this case.' Then a commissioner has to say to himself: 'We have spent $5 million or $25 million,' and I can document cases where they have spent $30 million in the trial of a case. And, the commissioner has to ask himself: 'Can I afford to dismiss a case, where I brought the case and I have spent $30 million of the taxpayer's money? Can I dismiss it?' I say to you that inherent in that system is something inherently unfair.

Mr. Simon also pointed out that FTC administrative law judges do not have the effective power or independence to maintain control over the actions of complaint counsel.

As a result, FTC cases are extremely long and unmanageable. The principal advantage of transferring the adjudicative function to the Federal courts, according to Mr. Simon, is that it will expedite the transferred proceedings, and will not significantly burden the Federal district courts. Mr. Simon testified:

> The record is that even though the federal judges have a case load of from three to nine times the case load of the administrative law judges of the Federal Trade Commission . . . the antitrust cases in the federal courts get tried in roughly one-third the time that it takes to try them at the Federal Trade Commission.

It is no answer to say that problems of partiality can be controlled by judicial review of FTC actions. As Professor Berger has noted, "So long as administrative disinterestedness is suspect, judicial review of virtually unreviewable factfindings can be no adequate substitute for initially dispassionate adjudication."

The present FTC procedure, whereby the respondent is judged by its accuser, violates the fundamental principle that "no man shall be a judge in his own cause." The present bill will eliminate the evils of the prosecutor-judge combination of functions in the FTC, while increasing the effectiveness of the FTC in antitrust enforcement.

Third: The bill will strengthen FTC antitrust enforcement.

In contrast to the many antitrust "reform" bills now pending in Congress, the "Antitrust Enforcement Improvements Act of 1979" does not seek to drastically rewrite our substantive antitrust laws. Instead, the bill would simply assist in improving the effective and impartial enforcement of existing antitrust laws. Effective and impartial antitrust enforcement is crucial to the goal of maintaining a free and competitive economic system. This bill represents a significant step toward insuring such enforcement.

Transfer of the adjudicative function from the Federal Trade Commission is not sought for the purpose of, and will not have the effect of, decreasing the antitrust role of the Commission. In fact, the removal of the dual antitrust functions within the Federal Trade Commission will have the beneficial effect of allowing the FTC to more competently perform its prosecutorial function. Once the Commission is freed of the shackles of the quasi-judicial antitrust function, it will be able to exercise aggressive and effective prosecutorial leadership.

It should also be noted that the present bill will not alter the "consumer protection mission" or the rulemaking authority of the FTC. The bill which I am introducing seeks to transfer solely the antitrust adjudicative function of the FTC. Indeed, an indirect advantage of the bill is that it will enable the Commission and administrative law judges at the FTC to devote their entire time to consumer protection proceedings.

The transfer of the FTC antitrust adjudicatory powers to the Federal district courts is not a new concept. The trend in recent years has clearly been in that direction. With the enactment of the 1972 "TAPS Amendment" (15 U.S.C. § 53(b)), the FTC is already halfway there, since it presently has the power to seek preliminary and permanent injunctions against potential violators in Federal district courts. It is only a small step to vesting remaining adjudicatory responsibility.

The one basic change in FTC structure which will result from the bill—FTC's adjudicatory function vested in Federal courts—will cure many of the problems which have plagued the FTC and have reduced dramatically its efficiency and effectiveness. The five FTC Commissioners would retain the power to issue antitrust complaints, but would lose the right to decide the merits. Instead, this function would be transferred to district court judges. Relieved of the need to separate themselves from their staff, Commissioners could more closely supervise the agency's prosecution of antitrust cases. Such reforms would not only make the entire procedure more fair, but also would expedite the whole process, resulting in substantial savings to taxpayers and litigants.

Fourth: Description of the bill.

The principal features of the bill are as follows:

First: Section 5 of the FTC act is amended to draw a distinction between the "competition mission" of the FTC, that is, protection against unfair methods of competition, and the "consumer protection mission" of the FTC, that is, protection against "unfair or deceptive acts or practices." It is provided that actions with respect to unfair methods of competition are to be instituted in the Federal district courts, and thus are to be subject to the normal rules of such courts. Actions with respect to unfair or deceptive acts or practices will continue to be handled by administrative proceedings.

Second: The Clayton Act is amended to provide that FTC actions to enforce provisions of the act be instituted in the Federal district courts.

Third: It is specifically provided that the bill shall not impair the validity of any existing FTC order. It is further provided that the changes made by the bill shall not apply to those proceedings in which an FTC complaint had been issued and served prior to the effective date of the bill.

Mr. President, I ask unanimous consent that the bill be printed at this point in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—GENERAL PROVISIONS

SHORT TITLE

Sec. 101. This Act may be cited as the "Antitrust Enforcement Improvements Act of 1979."

PURPOSE

Sec. 102. It is the purpose of this Act—

(1) to provide for the elimination of the exercise of the antitrust adjudicative function of the Federal Trade Commission by vesting that function in the district courts of the United States;

(2) to retain in the Federal Trade Commission its present authority to investigate alleged violations of antitrust provisions, and to confer upon them authority to bring civil actions in the district courts of the United States for the enforcement of statutory provisions with respect to which they are given specific antitrust enforcement power.

TITLE II—FEDERAL TRADE COMMISSION ACT AMENDMENTS

UNFAIR METHODS OF COMPETITION

Sec. 201. Section 5 of the Federal Trade Commission Act (15 U.S.C. 45) is amended by

(1) redesignating subsection (b) as subsection (c)(1); and

(2) by inserting the following immediately after subsection (a):

"(b)(1) Whenever the Commission has reason to believe that any such person, partnership, or corporation has been or is using any unfair method of competition in or affecting commerce, and if it appears to the Commission that a proceeding by it in respect thereof would be to the interest of public, the Commission may institute in its name, through any of its attorneys designated by it for that purpose, a civil action in a district court of the United States to prevent or restrain such alleged violation or a threatened violation, and pray that the court enter an order requiring that such person, partnership, or corporation ceases and desist from using such method of competition.

"(2) If upon conclusion of its trial, the court finds that the method of competition is prohibited by this Act and that the enjoining of it would be to the interest of the public, it shall enter such order, in the nature of a permanent injunction, as it shall deem appropriate."

UNFAIR OR DECEPTIVE ACTS OR PRACTICES

Sec. 202. (a) Section 5 of the Federal Trade Commission Act (15 U.S.C. 45) is amended in subsection (c)(1) as redesignated by section 201 of this Act by:

(1) striking out "unfair method of competition or" in the first sentence,

(2) striking out "the method of competition or" and "such method of competition" in the fifth sentence, and

(3) striking out "in subsection (c)" and inserting in lieu thereof "in subsection (c)(2)" in the proviso.

(b) Section 5 of that Act is further amended—

(1) by redesignating subsection (c) as subsection (c)(2);

(2) by striking out "method of competition or" in the first sentence,

(3) by striking out "or to competitors" in the third sentence.

(4) by redesignating subsection (d) as subsection (c)(3).

(5) by redesignating subsection (e) as subsection (c)(4).

(6) by redesignating subsection (f) as subsection (c)(5).

(7) by redesignating subsection (g) as subsection (c)(6), and paragraphs (1), (2), (3), and (4) as subparagraphs (A), (B), (C), (D), respectively.

(8) by redesignating subsection (h) as subsection (c)(7).

(9) by redesignating subsection (i) as subsection (c)(8).

(10) by redesignating subsection (j) as subsection (c)(9).

(11) by redesignating subsection (k) as subsection (c)(10).

ACTIONS TO RECOVER CIVIL PENALTIES

Sec. 203. Section 5 of the Federal Trade Commission Act (15 U.S.C. 45) is further amended—

(1) by redesignating subsection (l) as subsection (d), and by striking out in the first sentence "an order of the Commission," and inserting in lieu thereof "any order of a court or the Commission authorized by this Act," and by inserting "of a court or" in the second and third sentences immediately before "of the Commission."

(2) Section 5(m)(1)(B) of the Federal Trade Commission Act is amended by striking out "If the Commission determines a proceeding under subsection (b) that any act or practice is unfair or deceptive" and inserting in lieu thereof "If a court determines in a proceeding under subsection (b) that any act or practice is an unfair method of competition, or the Commission determines in a proceeding under subsection (c) that any act or practice is unfair or deceptive."

TEMPORARY RESTRAINING ORDER

Sec 205. Section 13(b)(2) of the Federal Trade Commission Act (15 U.S.C. 53) is amended by

(1) inserting "a court or" immediately after "complaint is dismissed by" and immediately before "the Commission or set aside," and

(2) inserting "a court or" immediately after "or until the order of" and immediately before "the Commission made thereon."

TITLE III—CLAYTON ACT AMENDMENTS

PRICE DISCRIMINATION

Sec. 301. (a) The second proviso contained in section 2(a) of the Clayton Act (15 U.S.C. 13(a)) is amended by inserting immediately after "fix and establish quantity limits" the following: "by rules prescribed under section 18 of the Federal Trade Commission Act (88 Stat. 2193; 15 U.S.C. 57(a))."

(b) Section 2(b) of that Act (15 U.S.C. 13(b)) is amended by striking out "at any hearing on a complaint under this section," and inserting in lieu thereof "in any action for the enforcement of this section or any rule prescribed under this section."

ENFORCEMENT AUTHORITY

Sec. 302. Section 11(a) of the Clayton Act (38 Stat. 734, as amended; 15 U.S.C. 21(a)) is amended to strike the language "and in the Federal Trade Commission where applicable to all other character of commerce."

RESTRAINING VIOLATIONS

Sec. 303. Section 15 of the Clayton Act (15 U.S.C. 25) is amended by striking out the first sentence and inserting in lieu thereof the following:

"The several district courts of the United States are invested with jurisdiction to prevent and restrain violations of this Act. It shall be the duty of the several United States attorneys in their respective districts, under the direction of the Attorney General, to institute proceedings in equity to prevent and restrain violations of this Act. It shall be the duty of the Federal Trade Commission to institute proceedings in equity to prevent and restrain violations of sections 2, 3, 7, and 8 of this Act."

TITLE IV—SAVING AND TRANSITIONAL PROVISIONS

Sec. 401. (a) No amendment made by this Act shall render invalid or impair the enforcement of any cease and desist order or other enforcement order entered by the Federal Trade Commission under any statute amended by this Act if that order has become final before the effective date of this Act. For the purposes of this section, the finality of any such order shall be determined, and proceedings for the enforcement thereof shall be taken, pursuant to the applicable provisions of law which were in effect on the date preceding the effective date of this Act.

(b) Any such order entered before the effective date of this Act by the Federal Trade Commission upon the merits of any proceeding for the enforcement of any statute amended by this Act shall be subject to judicial review and to enforcement proceedings, and the finality thereof shall be determined, pursuant to the applicable provisions of law which were in effect on the day preceding the effective date of this Act, if such order has not become final before the effective date of this Act.

PENDING PROCEEDINGS

Sec. 402. (a) In any matter in which the Federal Trade Commission, before the effective date of this Act, (1) has issued a complaint alleging the violation of any statute amended by this Act, and (2) has served that complaint upon one or more parties named therein as respondents, the hearing and determination of that matter by the Federal Trade Commission, the finality of any enforcement order entered with respect to that matter, judicial review of such order, and proceedings for the enforcement of any such order which has become final shall be governed by applicable provisions of law which were in effect on the day preceding the effective date of this Act.

(b) In any matter, other than a matter described in subsection (a), in which the Federal Trade Commission before the effective date of this Act was begun or conducted any study or investigation to ascertain whether any statute amended by this Act has been violated by one or more parties, all further action by the Federal Trade Commission in or relating to that matter shall be taken and conducted in accordance with the applicable provisions of law as amended by this Act.

EFFECTIVE DATE

SEC. 403. This Act shall take effect on the first day of the third month beginning after the date of enactment of this Act.

Mr. HATCH. Mr. President, I also ask unanimous consent that the bill I have just introduced or I am about to introduce be jointly referred to the Commerce and Judiciary Committees.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, it has not been cleared with me. Has it been cleared with the minority leader?

Mr. HATCH. Let me do this, Mr. President. It is my understanding that it has been cleared with the respective committees. I was going to ask unanimous consent in the following language, and that if and when one committee reports the bill, the other committee shall be given 60 days to act, and that each committee shall be authorized to file a report.

I understand that language is objectionable to Senator FORD of the appropriate Commerce Committee, and Senator METZENBAUM, who is on the floor, the appropriate Judiciary Committee. It is my understanding that Senator METZENBAUM and Senator FORD will agree to this joint referral. If that is not so, then I ask unanimous consent, Mr. President, that this bill be referred jointly to the Commerce and the Judiciary Committees, and if the two committee chairmen do not agree, then that the majority leader and the parliamentarian and the minority leader resolve the conflict.

Mr. ROBERT C. BYRD. Mr. President, I would have to reserve the right to object. It has been my policy, brought on by necessity, that such request for referrals has to be cleared with both the majority and minority leaders, not only with the chairmen and ranking members, but with both of the leaders; not that I have any personal desire to take on any additional burdens, but the matter of joint and sequential referrals has reached the point where it can contribute to a tremendous legislative logjam.

Mr. HATCH. Mr. President, if the majority leader will yield——

Mr. ROBERT C. BYRD. Yes.

Mr. HATCH. It was my understanding that this was cleared, but perhaps I am in error. I know it is cleared with the distinguished minority member of the Judiciary Committee and, presumably it would be satisfactory to the minority leader.

So let me propound a unanimous-consent request, and if it is not——

Mr. ROBERT C. BYRD. Let us clear it first. That is the way it ought to be done.

Mr. HATCH. And I would file the bill today.

Mr. ROBERT C. BYRD. Pardon?

Mr. HATCH. I will file the bill today and ask that it either be referred by the appropriate people to refer it—and I will check with the minority leader and see if he has any objection to a joint referral to the Commerce and Judiciary Committees—with my understanding that the two appropriate committee chairmen have acceded to that and have requested that.

It has been a major conflict because both committees have wanted the bill, and we have had to work this out, and we thought it was worked out. If it is not, let us work it out.

Mr. METZENBAUM. Mr. President, reserving the right to object——

Mr. ROBERT C. BYRD. If the Senator will allow me to suggest, clearances should be arranged by him——

Mr. HATCH. We would be happy to do that.

Mr. ROBERT C. BYRD. With the chairmen and ranking members and with the majority and minority leaders. I do not ask for the burden personally, and I do not object to the referral.

Mr. HATCH. The appropriate committee Senator is here.

Mr. ROBERT C. BYRD. The Senator from Ohio raised the question of referral, for a joint or sequential referral or otherwise, and I raised an objection.

Mr. METZENBAUM. I remember it. It was with some dismay, and I had cleared it with both committee chairmen, and the Senator from West Virginia indicated as a matter of policy that he would not agree to joint referrals because he said he did not want that to be a continued program around here.

Mr. HATCH. I will be happy to do that.

Let me ask my distinguished colleague from Ohio——

Mr. ROBERT C. BYRD. Does the Senator then withdraw his request for the moment?

Mr. HATCH. Yes, I will withdraw the unanimous-consent request.

Let me ask my friend from Ohio, it is true as long as we take that 60-day provision, it is our understanding that your office has agreed to refer it jointly to the two committees.

Mr. METZENBAUM. In response to my friend from Utah, I personally have no problem on that.

Mr. HATCH. That is my understanding.

Mr. METZENBAUM. But I recognize, and I think the Senator from Utah recognizes, that I am not the chairman of the overall committee, and this is a matter within his jurisdiction not mine. I do not know whether or not——

Mr. HATCH. We will be happy to check with him. It is our understanding it is all right, but I will check.

Mr. METZENBAUM. I just want to say to my good friend from Utah that I just received word 15 minutes ago that the Senator from Utah was going to make this unanimous-consent request.

Mr. HATCH. Yes, our office called you to be sure you had the opportunity to be here.

Mr. METZENBAUM. I think in all fairness, Senator, that if you knew this was a matter of concern, that saying "Our Senator is going to be on the floor momentarily making a unanimous-consent request" is hardly the means by which we normally treat each other in this body.

Mr. HATCH. Senator, let me interrupt——

Mr. METZENBAUM. I think I have the floor. Just a moment.

Mr. HATCH. Mr. President, who has the floor?

Mr. METZENBAUM. Just a moment. I am not yielding to the Senator.

Mr. HATCH. I am not yielding to the Senator. Parliamentary inquiry, Mr. President.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. HATCH. Who has the floor?

The ACTING PRESIDENT pro tempore. The Senator from Utah has the floor.

Mr. HATCH. I would like to make this comment: Everybody who knows me on this floor knows that I have the utmost respect, I take the utmost care and courtesy as to my colleagues and, particularly, my friend from Ohio. I know Senators who do not call other Senators and invite them to the floor.

We have been planning on putting this in for weeks. We have gone back and forth with the Senator's staff people, and we have finally even acceded on the floor, because we knew the Senator was going to object, and we called the Senator so that he could come over and object, and had the Senator not come over and objected, I would have said to the minority leader that Senator METZENBAUM has an objection to the 60-day clause, but we understand that the Senator agreed to the joint referrals. If I am wrong on that, I would like to know, but I do not want to be accused on the floor of the Senate of showing discourtesy to the Senator from Ohio because I have never done so.

Mr. METZENBAUM. Well, my friend from Utah has——

Mr. HATCH. If you want me to yield to you, I will be happy to yield for a question or a statement.

Mr. METZENBAUM. Will you be good enough to yield?

Mr. HATCH. I will be happy to yield to you.

Mr. METZENBAUM. The Senator from Utah and I have worked together quite well.

Mr. HATCH. We certainly have.

Mr. METZENBAUM. As a matter of fact, as you well know, this morning I chaired a hearing in an effort to work with you.

Mr. HATCH. That is correct.

Mr. METZENBAUM. And after a while, I adjourned the hearing because you were not able to make it.

Mr. HATCH. No, you adjourned the hearing because there was not a quorum there. You were the only one there, other than a few other Republicans. And I was willing to come down from the Foreign Relations Committee executive session.

Mr. METZENBAUM. I think Senator DECONCINI, who was present, will not enjoy that comment of yours. I think Senator BAUCUS will not enjoy that comment of yours.

The ACTING PRESIDENT pro tempore. The Senator from Utah's 15 minutes has expired. Under the previous order, the Senator——

Mr. HATCH. I ask unanimous consent that I be granted an additional 5 minutes.

Mr. ROBERT C. BYRD. Mr. President, for 10 years, may I say to my friend——

Mr. HATCH. I ask the distinguished majority leader——

Mr. ROBERT C. BYRD. For 10 years, I have objected to this type of request, whether it comes from my side of the aisle or not. We gave the Senator 15 minutes. I have always objected to requests that such orders be extended. I have done it for 10 years and if I live 10 more years I will object to it, whether it comes from my side of the aisle or whatever.

The next Senator who has an order, if he will be kind enough, may yield to the Senator from Utah.

Mr. HATCH. Will the distinguished Senator from Iowa yield me 1 minute?

Mr. JEPSEN. I will be happy to yield 2 minutes to the distinguished Senator from Utah.

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Iowa (Mr. JEPSEN) is recognized for not to exceed 15 minutes and hereby is yielding 2 minutes to the Senator from Utah.

Mr. HATCH. If I may just say so, I think I can just clear this up with the Senator from Ohio. I have been trying to accommodate Senator FORD on this. Frankly, I would just as soon file the bill and let the Senate work its will on where it goes. I have also tried to accommodate the Senator from Ohio. And he has admitted that I have always tried to accommodate and be courteous to him.

With regard to the Judiciary Committee meeting this morning, there was no quorum. I was willing to come down to the Judiciary Committee meeting if he had a quorum, but I was also in the closed executive session of the SALT hearings and was very concerned about that, as I have been for better than 2 years now; actually, much more than 2 years.

So I apologize that my friend from Ohio feels put out to have to come to the floor. But we did call him. He has known we were going to do this. We have delayed it repeatedly. We have tried to accommodate him and the distinguished Senators on the Commerce Committee and we will try to accommodate them in the future.

Had he not been here, I would have raised his objection for him, which is the way I do things around here, and I think that is the utmost courtesy, and I am not sure other Senators would have done that.

But, in any event, I have the utmost respect and admiration for my friend from Ohio. We work well together and I intend to continue to work well together with him in the future. I will do what the distinguished majority leader asks me to do and I will check with the minority leader and the other people we have to check with.

I thank the distinguished majority leader.

Mr. ROBERT C. BYRD. I thank the distinguished Senator for his understanding, and I apologize for having to object to his request.

Mr. HATCH. I understand.

(Later the following occurred:)

Mr. METZENBAUM. Mr. President, I thank the Senator for yielding.

In my remarks concerning my good friend from Utah relative to this morning, no personal offense was meant. I know well it was necessary for him to read what he read. He always has been cooperative in working out matters in the Judiciary Committee. Certainly, no personal offense was meant.

Mr. HATCH. Mr. President, I appreciate those comments of the Senator. I would also like to make clear we have tried to accommodate our friend from Ohio, and we worked closely with his staff on this. I personally feel that he has raised a good point, that it would have been better had we given him more notice than the phone call to come over to the Chamber. But I also want to reassure him that I would never have gone into a unanimous-consent request with a time agreement in it knowing that he had an objection to it.

I did automatically delete it, even though he was on the floor. I believe he understands I would never deliberately take advantage of my friend from Ohio, and I understand he meant no offense by some of the comments he made.

Mr. METZENBAUM. Mr. President, I thank the Senator from Utah. I thank the Senator from New Mexico for yielding.

(Conclusion of later proceedings.)

The ACTING PRESIDENT pro tempore. The Senator from Iowa is recognized.

CHRYSLER: AN ALTERNATIVE TO BAILOUT

Mr. JEPSEN. Mr. President, in recent weeks I have been working very hard on the problems of the Milwaukee Railroad, which is bankrupt and ceased operations. I have no doubt that its lines will eventually be taken over by another, stronger railroad, but in the meantime we must keep it operating in order to move Iowa grain. This is why I have supported limited Federal aid to the Milwaukee.

In the course of working on the Milwaukee problem it occurred to me that, perhaps, there was something here which might have relevance to the Chrysler problem. As everyone knows, Chrysler has lost an enormous amount of money this year and is begging for Government aid. My inclination is to dismiss Chrysler's plea as unjustified, but I have concluded that this may be too harsh an attitude.

If it were merely a question of whether Chrysler's creditors and stockholders or the U.S. taxpayer should bear the cost of Chrysler's mistakes, then the answer would be obvious. Chrysler's owners and creditors took the risk upon themselves voluntarily and must suffer the consequences. The taxpayer owes no responsibility to Chrysler.

But there are other considerations. Thousands of workers, who bear no responsibility for Chrysler's mistakes, will bear the greatest brunt of its demise. And if Chrysler were to cease operations it would have ripple effects on thousands of others who are even more innocent of responsibility for Chrysler's errors.

For this reason, I feel that we in Congress have a responsibility to do more than either approve a massive $1.5 billion bailout or let the company cease to exist and say, "tough luck." There must be a middle ground which protects the innocent while insuring that those who bear the risk accept their responsibility.

Therefore, I am working on legislation which will make Federal aid to Chrysler contingent upon the company's filing for reorganization. The object of this aid will be the protection of workers, not stockholders and creditors.

In my view, it is impossible for Chrysler to continue to operate as it has, as a full-line car maker. The sooner the company begins to make the transition from full-line automaker to a more specialized automaker like American Motors, the better. The Company still has many profitable operations and products which should continue, but a radical restructuring of the company will be necessary if it is to be restored to financial health. The company management assures us that such restructuring will take place and we need only tide them over until their 1981 car line is out. In my opinion, giving Federal aid on this basis will only put off the day of reckoning. I fear that in 1981 or 1982 Chrysler will only come back to us saying that just a little more aid will be needed for it to turn the corner. At this point, we will all be in the position of a banker who must decide whether to cut his losses and get out or try to keep the company alive and hope for the best. By then we will, presumably, have a $1.5 billion investment tied up in Chrysler. It will be very tough to write that off, and pressure for more aid will be even more intense than it is now. It will only be a short step before we are following the British road of infinite subsidies, because we did not have the guts to do what was necessary.

Reorganization is the key. For once the company has filed for reorganization then we are assured that a fundamental restructuring of Chrysler must take place. It insures that the owners and creditors of Chrysler will bear their share of the cost. And the company will be protected by the courts while restructuring takes place.

At this point, after reorganization, Federal aid is appropriate—not before.

Limited Federal aid can be used to smooth Chrysler's transition from a full-line car maker to a smaller, more specialized firm which all analysts agree is necessary. And the aid will also help workers in their transition from Chrysler divisions which will be closed or sold to other jobs.

I might point out that several large foreign car makers, such as Volkswagen, Mitsubishi, and Renault have expressed interest in Chrysler at one time or another. They are not going to enter into negotiations for buying out Chrysler so long as Federal aid seems likely or bankruptcy remains imminent. On the other hand, once the die has been cast and reorganization has begun, these other firms will be encouraged to move in and take over some of Chrysler's operations.

In conclusion, I feel that my proposal is a reasonable compromise between two polarized positions. On the one hand we have those who are pushing hard for massive aid, while on the other we have those who oppose any aid whatsoever. I think that such polarization is unnecessary and getting us nowhere. I intend to pursue an alternative and propose it as a substitute for the administration's aid proposal if and when it comes to the floor. As I said, this is just a proposal at this time which I am exploring. I welcome input from other offices on this matter and I will welcome any suggestions.

I yield back the remainder of my time, Mr. President.

Mr. SCHMITT. Mr. President, will the Senator yield?

Mr. JEPSEN. The Senator from Iowa yields to the distinguished Senator from New Mexico.

Mr. SCHMITT. Mr. President, will the Senator withhold yielding back his time to be sure that there is sufficient time for the Senator from New Mexico to make a presentation?

Mr. ROBERT C. BYRD. Mr. President, the Senator from Iowa did have consent earlier to yield his time. How much of that time remains?

The ACTING PRESIDENT pro tempore. The Senator from Iowa has 7 minutes remaining. The minority leader has 9 minutes remaining.

Mr. SCHMITT. Mr. President, I would ask unanimous consent that the 7 minutes and 9 minutes, respectively, be assigned to the Senator from New Mexico.

Mr. METZENBAUM. Mr. President, reserving the right to object, and I will not object, I wonder if the distinguished Senator from New Mexico and the distinguished Senator from West Virginia would be good enough to permit the Senator from Utah and the Senator from Ohio each to have 1 minute of that total of 16 minutes.

Mr. SCHMITT. I would have no objection. I would be happy to yield that time out of the total time.

Mr. METZENBAUM. I appreciate that.

Mr. JEPSEN. The Senator from Iowa yields his remaining time to the Senator from New Mexico.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The Senator from New Mexico is recognized.

Mr. SCHMITT. Mr. President, if I could have the attention of the Senator from Ohio and the Senator from Utah, do they desire their time now?

The ACTING PRESIDENT pro tempore. The Senator from New Mexico is asking a question of the Senator from Utah and the Senator from Ohio.

Mr. SCHMITT. Mr. President, does the Senator from Utah or the Senator from Ohio desire time now? I will be happy to yield 2 minutes to the Senators.

(Statements at this point by Senator METZENBAUM and Senator HATCH are printed earlier in the RECORD.)

RESTORING LEGISLATIVE ACCOUNTABILITY TO THE FEDERAL TRADE COMMISSION

Mr. SCHMITT. Mr. President, we are rapidly approaching a decision on restoring legislative accountability to the Federal Trade Commission.

Mr. President, in the past several months the Federal Trade Commission has received a great deal of criticism from an almost unbelievably broad spectrum of the small business community and the public in general. Under the vigorous leadership of Chairman Pertschuk, the Commission has probed into an increasing number of commercial activities, most of which have previously been unregulated or regulated only by State, rather than Federal Government. Not fear of being found out in some unfair and deceptive practice, but fear of being unfairly put out of business by a bureaucracy that neither understands nor wants to understand the marketplace, is what underlies the motivation of this broad group of people and business concerns who are raising questions about the Federal Trade Commission.

At present, there is a list of some 23 industry and trade practices which are under investigation by the FTC with an eye toward increasing regulation of those practices. Mr. President, I ask unanimous consent that that list be printed in the RECORD.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Mobile Homes.
Funeral Homes.
Protein Supplements.
Eyeglass II (distributorship).
Used Cars.
Credit Practices.
Nutrition Advertising.
Health Spas.
Over the Counter Drugs.
Hearing Aids.
Over the Counter Antacids.
Warranties—Refunds.
Thermal Insulation.
Flammable Plastics.
Children's Television Advertising.
Pipeline Ownership.
Life Insurance.
Games of Chance in Food Retailing and Gasoline Industries.
Standards and Certification.
Octane Posting.
Appliance Labeling.
Consumer Claims and Defenses.
Care Labeling (Textiles).

(Mr. EXON assumed the chair.)

Mr. SCHMITT. Mr. President, while I support the efforts of the Commission to eliminate unfair and deceptive trade practices of the few in the areas that are contained in the above list, it seems clear that the public must be protected from overzealous regulation. If the Commission would think of itself as a referee rather than a manager of business competition, they would not be under such scrutiny today.

Under the broad statutory language which governs the Federal Trade Commission, the FTC can regulate virtually every aspect of American commercial life.

The FTC authorizing legislation and statutory law merely provides that "unfair methods of competition in or affecting commerce, and unfair or deceptive acts or practices in or affecting commerce, are hereby declared unlawful."

Considering that rules of the Commission may apply to any act or practice "affecting commerce," and that the only statutory restraint is that it be unfair or deceptive, the apparent power of the Commission with respect to making commercial law is virtually as broad as the Congress' power itself. In fact, the Federal Trade Commission may be the second most powerful legislative body in the country. Unfortunately, they are not elected. The FTC claims the power to declare any commercial act, practice, or commission to be "unfair" regardless of State law, and thereby to amend all State statutes and reverse all State cases from the courts which may be inconsistent with its declaration.

All 50 State legislatures and State supreme courts can agree that a particular act is fair and lawful, but the five-man appointed FTC can overrule them all.

The FTC rules are not just narrow interpretations of tightly drawn statutes; instead, they more and more take on the character of broad national policy pronouncements. Congress has an obligation to take the final responsibility for making such national policy pronouncements.

In the areas of advertising, divestiture, standards and certification, insurance regulation and many others, we are seeing the FTC move into major policy areas, areas heretofore reserved to the Congress.

Congress has delegated to the FTC the authority to write rules and regulations having the effect of major law and in some cases raising fundamental constitutional questions. It is only appropriate, consequently, that we hold back to ourselves the power to oversee and possibly disapprove those rules when an agency strays too far afield in the making of law and national policy in commerce. The concept of a legislative veto, grounded in the necessary and proper clause of the Constitution, is the most appropriate and most workable means of retaining this power in the hands of our elected representatives without preventing the FTC from exercising its "necessary and proper" functions.

Mr. President, amendment No. 212 to S. 1020, the FTC authorization bill, will provide for rules proposed by the FTC to be subject to a legislative veto under strict procedural safeguards, safeguards which will prevent any possible abuse by narrow, special interests. Under the amendment, a proposed FTC rule would sit before the Congress for up to 90 days before going into effect. If neither House acts on the rule, the rule goes into effect after only 60 days. Should one House pass a resolution of disapproval within the 60-day period, the other House has 30 days to overturn that action, in which case the rule would not go into effect and the prerogatives of both Houses would be protected. If one House agrees to a resolution of disapproval and the other House refuses to overturn it within a 30-day period then the rule would be disapproved.

This disapproval would be a signal to the FTC to reevaluate the appropriateness of the particular regulation and of the particular policy area in which it is pertinent. The committee and the floor debate would provide an extensive body of legislative history and would show the intent of Congress to the FTC in this respect. The lack of any signal from the Congress for the FTC action in many of the areas contained in my preceding list is one of the major objections that people have relative to present FTC activity.

If the Congress merely wanted a different approach to regulation, as a consequence of the debate on the resolution of disapproval, the FTC could present a new rule to the Congress to go through the procedure once again. This rule could revise, according to the concerns expressed in committee and in floor debate, the previously proposed rule.

Many of our colleagues now believe that this is a reasonable and workable procedure. It is similar to procedures used in dozens of laws now on the books.

Each regulation, for example, of the Federal Election Commission is now presented to the Congress for possible review, yet neither the Congress nor the committees of jurisdiction have been tied into knots because of this procedure. In fact on September 18 of this year the Senate vetoed a Federal Election Commission regulation dealing with funding and sponsorship of debates between national candidates.

The floor debate on this legislative veto was not a prolonged affair. There was no discussion of the constitutionality of the legislative veto procedure and the resolution was passed on a voice vote with no objection being expressed. This is a procedure with a proven track record. There is little question that it will work. However, due to the concerns that have been expressed over its workability, the amendment being offered to the FTC authorization bill, amendment No. 212, contains a 3-year sunset provision. In the unlikely event that the review procedure should prove ineffective, then it can be abandoned at that time, when a new authorization will be required.

Mr. President, this legislative veto procedure is one of the most effective systems that we can develop to insure that the people of this Nation, through their elected representatives, can regain control over the lawmaking process. The fundamental question that this amendment seeks to answer is this: Who writes the commercial laws in America? Is it to be the unelected bureaucrats at the FTC, or the elected Representatives of the people?

At present, regulations are streaming from the bureaucracy in toto at a rate which dwarfs the lawmaking process in the Congress.

By a ratio of more than 18 to 1, rules and regulations outnumber statutes passed into law by the Congress. Increasingly, the law of the land is not that which is debated in the Senate and the House of Representatives, but that which is developed by a commission and promulgated in the Federal Register.

The people of this Nation are calling on us for relief from the burden of excessive and unresponsive regulation. The people recognize the need for a governmental referee in the conduct of commercial activities, but they want much less of governmental management of such activities. The legislative veto is not a panacea, but it provides Congress with a tool that can be put to good use on behalf of the public. It means that we would share the burden of lawmaking by rulemaking rather than leaving that burden solely on the shoulders of the unelected regulators.

Many Members of this body have expressed their desire for strong action to bring the bureaucracy and the regulatory process under greater congressional control.

Thirty-five of those Members have cosponsored, as of this time, amendment No. 212 that would provide a legislative veto over FTC rulemaking authority.

This amendment provides an opportunity for us to demonstrate not only that our commitment to regulatory reform is real but that we believe in strengthening the constitutional basis as well as the legislative basis for consumer protection through the Federal Trade Commission.

DEPARTMENT OF DEFENSE APPROPRIATIONS, 1980

The **PRESIDING OFFICER.** Under the previous order, the Senate will now proceed to the consideration of H.R. 5359, which the clerk will state.

The legislative clerk read as follows:

A bill (H.R. 5359) making appropriations for the Department of Defense for the fiscal year ending September 30, 1980, and for other purposes.

The Senate proceeded to consider the bill which had been reported from the Committee on Appropriations with amendments.

Mr. STENNIS. Mr. President, if the Chair would indulge me just 1 minute, please.

The PRESIDING OFFICER. The Chair is pleased to accommodate the Senator from Mississippi.

Mr. STENNIS. Mr. President, the Senator from North Dakota (Mr. YOUNG) is the ranking minority member of the Subcommittee on Appropriations that prepared this bill and presented it to the full committee. He will be in the Chamber in just a few minutes and he will also have some remarks.

Mr. President, it goes without saying that this is a highly important bill. It goes without saying that it is an essential bill, that some appropriation bill for our Department of Defense will have to be passed. I do not know of any bill that has been gone over more thoroughly and considered by more knowledgeable people in this area than has this measure today, which, incidentally, if passed in its present form or near thereto, will be the largest appropriation bill that has ever been passed by Congress in peacetime or in wartime.

Mr. SCHMITT. Will the Senator yield?

Mr. STENNIS. Yes, I am glad to yield to the distinguished Senator from New Mexico.

Mr. SCHMITT. I would like to take this opportunity at the beginning of the consideration of this very, very important bill to compliment the Senator from Mississippi for seeing to it, not only in the authorization process but in the appropriation process, that in this very critical time, we begin to reverse those trends, those adverse trends in our national defense picture that have unfortunately contributed to that picture. As we approach the debate on the SALT treaty, there can be no more important consideration than what is the status of our national defense in the environment in which that treaty might be implemented. The efforts of the chairman and the other members and the ranking member of the Committee on Appropriations and the Defense Subcomittee, as well as the entire Appropriations Committee, I think, should be recognized as beginning the process once again of creating a national security situation in which we can negotiate treaties and implement treaties from strength.

There is much more to be done and I am sure the Senator from Mississippi agrees with that. But we must start. We must begin to move as rapidly as the country can in this area.

The Senator from Mississippi, as well as the distinguished Senator from North Dakota, are to be commended for seeing that this process has begun and moves forward rapidly.

Mr. STENNIS. Mr. President, I thank the Senator from New Mexico, for myself and on behalf of the Senator from North Dakota. As he said, this bill is of interest and concern to everyone. It affects every American, whatever group or whatever the interest. It is highly important that we keep abreast of the splendid technology that we have, the possibilities that we have within that area of accomplishment.

I referred to the size of this bill. There was no one trying to make it the largest appropriation bill that Congress has ever considered. It got to be that way in spite of the effort to hold it down and hold it within limits dollarwise. We have not lost sight of the fact that this money is taxpayers' money that has been exacted from the taxpayers by the powers of the Government. It is supposed to be used only for what are thought to be necessary purposes. We have not quit insisting on management of a high order, really a higher order than we are getting in the expenditure of this money. By management, I mean the exercise of reasonable frugality and commonsense judgment and the planning for making these dollars go just as far as they can be made to go.

Mr. President, it reflects the times. Our energy problems bring out more clearly the fact that, in a way, we are a spoiled people. We have had so many of the good things that came relatively easy that we are spoiled, and I am spoiled along with the rest. But we are going to have to tighten our belts—that is an expression that I used to use and still like to use.

We also have directed our attention toward the personnel, the manpower requirements of our military services, which is different from any other branch of the Government—more demanding in lots of ways.

We are looking for qualities in these men and women that cannot be bought with dollars alone. We are looking for performance that requires dedication. We are looking for a performance that comes only from discipline.

I am one of those believing that we have not emphasized that discipline enough and that we will not get better results until we do emphasize it, as we did in former days.

But I am not here now to argue that matter at length. We have to move on and consider these matters we have ready for passage.

I am glad we have amendments. I do not resent them at all. I would like to see the end, though, at some time, and not have it stretch out too long. But it is well under our process to have these amendments.

Here is one to strike out the nuclear carrier, another to strike the MX—a new version of the intercontinental ballistic missile concept.

It brings those matters in for more debate, more scrutiny, and they are expensive items. We will get to those this afternoon.

For the benefit of those who may be listening on the speaker that goes into the offices of Senators, after the Senator from North Dakota has had the floor, I hope we will be able to take up an amendment by Mr. PROXMIRE to strike from the bill the nuclear-powered carrier.

It may be possible to follow that with an amendment that is expected to be offered by the Senator from New York (Mr. MOYNIHAN) regarding the so-called Maybank amendment.

We hope to continue on with one vote after another until we have disposed of the bill. We hope also, of course, in the afternoon to get an outright agreement as to the time.

Mr. President, may I inquire now, has there ever been a time agreement yet on the Proxmire amendment on the carrier?

The PRESIDING OFFICER. There has yet been no time agreement.

Mr. STENNIS. I thank the Chair.

Mr. President, it is expected there might be a time agreement, when the Senator can come to the floor, of 1½ hours to a side.

Mr. President, the Committee on Appropriations has carefully considered H.R. 5359, the Defense Appropriations bill, and recommends an appropriation of $131,742,959,000 in new budget authority for the Department of Defense for fiscal year 1980.

Many difficult choices were required in order to arrive at this recommendation, but we believe that it establishes a level of spending that will be adequate for our national security while it is commensurate with our resources and the priorities of the budget.

The Committee on Appropriations has spent many hours examining the various programs submitted in the administration's budget. The Defense Subcommittee held 19 separate sessions of hearings from February to April of this year, and the 9,500 pages of transcript taken at these hearings fill five volumes.

Mr. President, to give an idea of how large this appropriations bill has become, and also a concept of our recognition of the need for research and development, the $13.3 billion included in this bill for research and development is greater than the entire defense budget for fiscal year 1949. The Senator from North Dakota and I were both here that year, and we remember the comparison.

We dug this figure up to show the careless remark that is made sometime that we are not spending any money on research and development, we neglect it, it is being cast aside, and so forth.

I do not think that is true and the facts reflected here in this bill will prove it.

An appropriations bill of this magnitude naturally requires a great deal of work. In order to convey the magnitude of the task facing the committee, let me point out that the defense budget request considered by the committee include 3,021 separate, distinct line items.

A line item means a line in the bill that carries a figure at the end of the line that is proposed and we are supposed to make a judgment on each one of those line items. The 3,021 distinct line items show, obviously, a great volume of work.

This includes 477 line items in military personnel and retired pay, 659 in operation and maintenance, 1,047 in procurement and 838 in research and development. Even those numbers do not reveal the total picture, for the military personnel and operation and maintenance accounts are further subdivided into numerous separate items. But I believe these figures clearly demonstrate the high level of effort required.

Mr. President, there has been a great deal of discussion concerning the levels of defense spending in recent weeks. I would like to take a few moments to place the committee's overall recommendations in perspective.

The President's amended budget request for this bill was $132,320,000,000. The House version of this bill provides $129,523,578,000. The committee recommendation of $131,742,959,000 restores $2,219,381,000 to the House bill, but it is still $577,606,000 below the budget request.

Mr. President, compared to past years, the reduction to the defense budget recommended by the committee is small. This reflects, I believe, the growing acceptance of the fact that, for the foreseeable future, we cannot afford to make substantial reductions to our military programs, either in dollars or in personnel.

Of course, this does not mean that the Appropriations Committee will not do all it can to persuade Defense Department managers to cut costs and economize on manpower, as I have already stated. As a matter of fact, most of the reductions recommended by the committee are aimed specifically at keeping this kind of pressure on Defense Department officials. To cite only a few examples, this bill contains reductions of $410 million in the amount budgeted for inflation in the operation and maintenance accounts; $92 million in the amount requested for administrative travel by Defense Department employees; and $50 million in the amount budgeted for civilian overtime pay.

Mr. President, I shall continue to press for prudence and care in the management and spending of the military dollar. We cannot lose sight that these dollars come from taxpayers' money. The fact that money is spent for military purposes does not authorize extravagance and poor management. To support military readiness a Senator does not have to be a wastrel.

Throughout its deliberations, the committee has not tried to arrive at a specific percentage increase for this budget over the amount appropriated last year. What we have tried to do is to look behind the overall dollar totals and examine specific programs which will provide the necessary resources to continue improving our military capability. In my opinion, this is a balanced bill which accomplishes that goal. While not all of the Senate will be content with every recommendation in this large bill, I believe that the bill as a whole deserves the support of the entire Senate.

We hear a lot of discussion on the radio and television, in the magazines and newspapers, about percentage increases and what the Congress has done and what it has failed to do.

We looked with danger on the idea of just a percentage increase, but looked to the need, the items, and the balanced bill which accomplished the goal of what we believed to be the need.

We believe that this bill does that purpose and it deserves the support of the entire Senate.

Mr. President, fiscal year 1980 has already begun. The authority contained in the continuing resolution for the Department of Defense runs out on November 20. I hope that the Senate can now proceed expeditiously on this bill, so that we can go to conference with the House and pass a conference agreement in short order. Many new programs and new initiatives scheduled to begin on October 1, 1979, cannot begin until this bill is passed.

I emphasize that, Mr. President. We brought a bill here as soon as we could, which is far later in the calendar year than we ordinarily get here with it. There is no use to go back and recount all the obstacles and try to assess blame. The fact is that we do have the bills here now. The continuing resolution, I believe, will run out 2 weeks from today, unless this bill or some bill is passed, and that is an event we cannot afford to let happen. We can pass this bill today or tomorrow or the day after tomorrow.

I urge all Senators to come to the floor, if need be. If they have recommendations to make in the way of amendments, I urge them to offer the amendments. We can make a calculation as to a reasonable time for a debate, agree to the time, and take up each amendment in an orderly fashion. The managers of the bill will agree to any reasonable proposal as to time for debate.

We invite amendments. We are ready to present them in the best way, from our viewpoint. Something has to be done to make the bill move.

As a last resort, we might just have to call up amendments, if the authors do not call them up; we will present our discussion and then move to table. There is nothing else remaining that we can do in order to get to these amendments and dispose of them. I do not think that will be necessary. We certainly do not relish anything like that.

OVERALL RECOMMENDATIONS

Mr. President, a moment ago I mentioned that the $131,742,959,000 in new budget authority contained in this bill is $577,606,000 below the budget request and $2,219,381,000 above the House allowance. Including the amount we expect to appropriate next spring to cover the recent pay raise, there will be an increase of approximately 11 percent over the amounts appropriated in fiscal year 1979; fully adjusted for inflation, this is a real increase of roughly 3 percent over last year's amount.

The bill recommended by the committee will result in outlays of $84,553,000,000 in fiscal year 1980. These outlays, plus outlays of $36,002,000,000 from prior year Defense appropriations, will result in total Defense outlays of $120,555,000,000 in fiscal year 1980. In addition to the $132,742,959,000 in new budget authority contained in this bill, the committee proposes transfers totaling $364,986,000, so that the amount recommended actually totals $132,107,945,000. The committee has also recommended a rescission of $30,000,000 in fiscal year 1979 operation and maintenance funds related to cancellation of overhauls for three aging Naval Reserve destroyers.

The recommended bill provides $32,069,185,000 for the Department of the Army, $44,428,724,000 for the Navy Department, $38,196,322,000 for the Department of the Air Force, $5,597,228,000 for the Defense Agencies and related items, and $11,451,500,000 for retired military pensions.

By title, the committee's recommendations include: $28,850,721,000 for military personnel appropriations, $11,451,500,000 for retired military personnel, $42,036,195,000 for operation and maintenance accounts, $35,993,008,000 for procurement, $13,348,408,000 for research and development, including the small special foreign currency program, and $63,127,000 for the Central Intelligence Retirement Fund and for other miscellaneous items. This bill does not include funds for military construction, family housing, foreign military assistance, civil defense, or nuclear weapons production, all of which are included in other appropriations bills.

Title VII of the bill does not actually appropriate any money. This title includes general provisions which authorize the Defense Department to spend money for certain purposes or place limitations on how appropriated funds can be used. Mr. President, in recent years there has been a growing trend in Congress to attach substantive legislation to appropriation bills in the form of general provisions. Just by way of example, 10 years ago, the fiscal year 1970 Defense Appropriations Act included only 42 general provisions. The fiscal year 1980 Defense appropriations bill passed by the House includes 75 general provisions. This use of general provisions on annual appropriations bills to bypass the established authorization process is a dangerous practice which the Congress should stop. This year, the committee is beginning to move in that direction. This bill deletes 11 of the general provisions included in the House bill which are clearly legislative in their intent.

MAJOR CHANGES FROM THE HOUSE BILL

There is a very large number of changes in the bill before you when compared to the House bill. For convenience, the committee summarized and highlighted the major changes on pages 5 through 10 of its report. I shall insert those pages in the RECORD at the end of my statement, since they provide a convenient summary.

DEFENSE BILL IN RELATIONSHIP TO THE SECOND CONCURRENT RESOLUTION ON THE BUDGET

Mr. President, on page 12 of the committee report, there is a table comparing the amounts in the bill with the estimated committee allocation in the Senate version of the second concurrent resolution. I shall insert the table at the conclusion of my remarks. The committee has used the Senate version of the second concurrent resolution because both Houses have not adopted the conference agreements on the resolution yet. The bill as reported is approximately $3 billion below the budget authority allocation and $4 billion below the outlay allocation that would be made to the Defense Subcommittee under the Senate version of the second concurrent resolution. I should point out that the conference agreement on the second concurrent resolution is very close to the Senate version for the national defense function.

I must advise the Members that this is not as great a saving as it may appear, since the committee currently expects to receive a supplemental request of $2.9 billion. This is the current estimate of the amount of the 7-percent pay raise effective October 1, 1979, for military and civilian personnel. On the basis of past history, however, reductions will be made to the supplemental request both within the executive branch and by the Congress. I am confident, Mr. President, that the amounts ultimately appropriated for the Department of Defense in fiscal year 1980 will be well within the level contained in the second concurrent resolution for fiscal year 1980.

SUMMARY OF ITEMS IN THE BILL

The funds recommended in the committee bill buy two basic things—the day-to-day pay and operating costs of our military forces, and second, investment in new items of military equipment, including both research and development of new weapons and equipment, as well as actual procurement.

The bill includes recommendations of $70,865,790,000 for the pay and operating costs of active duty military, Reserve Forces, and Department of Defense civilians. This amount includes $28,850,721,000 for the pay and allowances of our military personnel, and $42,036,195,000 for operation and maintenance costs. These operation and maintenance funds meet the day-to-day operating costs of aircraft and ships, provide for the utilities and upkeep on our military bases, and include the pay of most Defense Department civilian employees.

In the first category, the recommended funds will pay for an Active Army of 15 divisions and 6 separate brigades, a Navy with 453 commissioned ships in the active fleet and 5,213 active and reserve aircraft, 3 active Marine Corps divisions, each with an associated aircraft wing, and an Air Force with 9,157 active and reserve aircraft and 1,054 intercontinental ballistic missile launchers.

Manpower funded in the bill is: 2,043,300 in the Active Forces and 803,500 in the Reserve components, for a total of 2,846,800. In addition to the military manpower, funds are included for a total of 983,500 civilian employees of the Department of Defense. This is a reduction of 1,500 from the budget request and funds the full authorization of civilian manpower for fiscal year 1980.

Now I shall turn to the second aspect of the purpose of the funds in this bill: The development and procurement of new weapons and equipment for our Armed Forces. The committee recommends $49,334,749,000 for these programs, which are a key part of the modernization needed by our Military Establishment. This amount consists of $13,341,741,000 for research and development and $35,993,008,000 for procurement.

The committee recommends a total of $2,785,309,000 for Army research and development. This includes a reduction of $75 million from the authorized amount for the ballistic missile defense programs; $128.7 million for the Patriot surface-to-air missile; $28 million for the Pershing II theater nuclear missile; $33 million for continued development of the fighting vehicle system; $176.2 million for the Advanced Attack Helicopter; and $14.2 million for development of a backup engine for the XM-1 tank.

A total of $4,536,337,000 is recommended for Navy research and development. This includes $25.6 million for the Trident II missile system; $45 million to continue development of the surface effect ship; $179 million for LAMPS antisubmarine helicopter development; $180 million for the Marine Corps AV-8B aircraft; $310.8 million for the Navy F-18 air combat fighter; and $103.4 million for the Tomahawk tactical cruise missile.

For Air Force research and development, the committee recommends $4,892,043,000. This includes $670 million for engineering development of the MX intercontinental ballistic missile; $90 million for the strategic air launched cruise missile; $60.9 million for the ground launched cruise missile; $25.3 million for research to upgrade the night attack capability of tactical aircraft; and $182.6 million for the NAVSTAR ground positioning system.

The Defense agencies will receive $1,048,322,000 in research and development funds as recommended by the committee. This includes $89.2 million for basic research; $84.7 million for strategic technology; $102 million for nuclear weapons effects research; and $160 million for major technical initiatives.

In the area of procurement, some of the major programs include the following:

For the Army: $13.7 million for the procurement of 10 C-12 utility aircraft; $29.5 million for 15 AH-1S attack helicopters; $28.7 million for 6,260 TOW antitank missiles; $283.3 million for 410 U.S. Roland surface-to-air missiles; $61.9 million for 1,764 general support rocket systems; $225.4 million for fighting vehicle systems; $562.7 million for 352 XM-1 tanks; $94.8 million for the tactical fire direction (TACFIRE) system; $51.0 million for 155 universal engineering tractors; and $11.9 million for 175 forklift trucks.

For the Navy, the committee recommends: $145.1 million for the A-6E aircraft program to include a buy of 6 aircraft; 153.2 million for 6 EA-6B electronic warfare aircraft; $569.5 million for 30 F-14A fighter aircraft and $126.5 million for advance procurement; $890 million to buy 25 F-18 fighter aircraft and $130.1 million for advance procurement; $29.5 million for the procurement of 2 C-9B airlift aircraft; $155.9 million to buy 15 CH-53E aircraft; $244.5 million for 12 P-3C antisubmarine warfare aircraft; $173.2 million for 6 E-2C early warning aircraft; $25.9 million for 22 UC-12B utility aircraft; $121.7 million for 144 MK-48 torpedoes; $30.1 million for the Tomahawk cruise missile program; $2,094 million for construction of a fourth *Nimitz* class aircraft carrier; $738.8 million for the construction of 2 SSN-688 class submarines; $820.2 million for construction of a second DDG-47 class guided missile destroyer; $41 million in long lead funding for an LSD Landing Ship Dock; $1,204.2 million for the construction of 6 FFG guided missile frigates; and $104 million for the construction of 3 T-AGOS Surtass ships.

For the Air Force, the committee recommends: $789.5 million for the procurement of 144 A-10 aircraft; $888.5 million to buy 60 F-15 fighter aircraft; $1,426.3 million for 175 F-16 aircraft; $178.5 million for 4 KC-10A advanced tanker-cargo aircraft; $246 million for 3 E-3A AWACS aircraft; $77.2 million for 8 C-130H airlift aircraft; $31.5 million for 2 TR-1 tactical reconnaissance aircraft; $55 million for EF-111 modifications; $15 million for the KC-135 reengining program; and $59.6 million for procurement of 2 defense satellite communications system (DSCS II) satellites.

The bill also includes $11,451,500,000 for retired military personnel. There will be approximately 1,300,000 retired persons on the rolls in fiscal year 1980. The $6,667,000 recommended for the special foreign currency program provides dollars for the purchase from the Treasury of excess foreign currencies which are used to finance Defense programs overseas.

The final items funded in the bill are $51,600,000 to meet the unfunded liability of the CIA retirement pension fund, and $11,527,000 to support the Intelligence Community Staff, an independent body responsible to the Director of Central Intelligence for oversight of the entire intelligence community and associated programs.

Mr. President, this concludes my remarks. I will be glad to answer any questions Members may have.

I thank the Senator from Wisconsin for his usual promptness in coming to the floor. I believe he will offer the first amendment.

I hope the Senator from North Dakota will seek recognition at this time.

The PRESIDING OFFICER. The Chair recognizes the Senator from North Dakota.

Mr. YOUNG. Mr. President, the distinguished chairman of the Subcommittee on Defense Appropriations, Mr. STENNIS, has very ably outlined the provisions of this bill, and my views with respect to this bill are in general agreement. My statement will deal with additional comments and provisions of this bill.

The bill, as recommended by the Senate Committee on Appropriations, is for $131,742,959,000, which is $577,606,000 below the budget estimate and $2,219,381,000 over the House. Let me hasten to add that the House did not consider in their bill the later budget amendment which represented an additional request of $2,700,000,000. Had they considered this additional amount, which was justified to offset inflation, the House bill would have undoubtedly been higher and closer to the amount recommended by the Senate Committee.

The total amount of the Senate bill is well below the $134,700,000,000 amount approved by the House-Senate conference report on the second concurrent budget resolution.

Mr. President, everyone is concerned today about the serious inflation problem. The effects of inflation are undoubtedly more excessive and as difficult to deal with in the Department of Defense as they are for most people.

The administration sent the Defense portion of the fiscal year 1980 budget request to the Congress with an unrealistic estimate of 6.3 percent for inflation. As inflation rose this calendar year to 13 or 14 percent, the administration finally realized that it would be impossible to manage the programs for Defense, much less realize any real growth, in the Defense budget as proposed by the President.

The most glaring example of the effect of inflation has been in fuels. Witnesses testified before the committee that fuel prices had risen from 45 cents to 90 cents per gallon this year alone. Needless to say, this 100 percent increase in fuel costs far exceeds the 6.3 percent average inflation rate contained in the budget request as originally submitted. The budget amendment that the President sent to Congress requested $880,000,000 for fuel costs over and above what was requested in the budget just last January. Other examples of the administration's request for additional funds to offset inflation are $470 million to offset foreign currency exchange rates, $113 million for increased utility rates, and $175 million for increased transportation costs.

These are but a few of the inflationary impacts that must be funded if the Defense Department and armed services are to be provided sufficient funds to realize the President's proposed 3 percent real growth. This also conforms to the Hollings/Nunn amendment to the second concurrent budget resolution which would increase the real spending by 3 percent in fiscal year 1980 and by 5 percent in fiscal year 1981. The Senate overwhelmingly approved the Hollings/Nunn amendment.

This total budget of $131,742,959,000 recommended by the committee I believe is well within the limitation placed by the final action of the Budget Committees of the House and Senate. It falls far short, however, of the 5 percent increase in Federal spending for succeeding years.

Mr. President, the SALT treaty will be considered by the Senate in the near future. Much of the controversy over the SALT agreement concerns whether Congress will appropriate funds to increase our military capability. Out of all the publicity the SALT treaty has received, I think the most important point is that it has underlined and emphasized the fact that we no longer can be certain that the United States is the number one power in the world. In fact, our Defense Department has now taken a position of maintaining "rough equivalency" with the U.S.S.R. The perception that the United States is no longer considered the number one power in the world is evidenced by the Soviet adventurism in Africa, the Middle East, Southeast Asia, Cuba, and elsewhere.

I believe that a majority of the Members of the Senate recognized the strength of the U.S.S.R. and the need to increase the strength of our Armed Forces in the vote on the adoption of the Hollings/Nunn amendment that I mentioned earlier. It is for these reasons that I strongly supported, in subcommittee and full committee, funding weapons systems and research and development to the authorized levels recently approved by both Houses of Congress. I have consistently advocated the appropriation of adequate funds to make sure that we have the most modern weapons possible, second to none. In addition, I feel it is absolutely necessary that we increase funding to offset inflation for fiscal year 1980.

This bill contains the funds to build another *Nimitz*-class nuclear powered aircraft carrier. The President's budget requested a conventional powered aircraft carrier which was not authorized. The authorization bill recommended a nuclear carrier at a cost of $2,094,000,000. This is about $400 million more than the cost of the conventional carrier requested in the President's budget.

Mr. President, I support the nuclear carrier contained in this bill because I believe that our Navy needs this additional new carrier to cope with increased Soviet military capability. I also believe that with the fuel shortage we are facing today, and will continue to face for a decade or more, a nuclear carrier which needs to be refueled only about every 13 years is the prudent alternative and one that in the long run will be less costly.

In addition to the nuclear carrier, the bill contains the authorized amounts to buy the aircraft, missiles, tanks, ships, and other items requested in the budget. Even though this may be considered a "high dollar" bill, I strongly urge the Defense Department and the armed services to make an extra effort to manage these funds even more efficiently and economically to effect the maximum savings feasible in fiscal year 1980. I say this because I am very much concerned about charges of abuse and negligence in the management of funds for goods and services in the Defense Department and the armed services.

Mr. President, I urge my colleagues to approve the Defense appropriations bill. I believe it contains the minimum necessary if we are to reverse our present course, which can only end in our becoming a second-rate power.

Mr. STENNIS. Mr. President, I thank the Senator from North Dakota for his remarks and I thank him many times over for the fine attention, work, diligence, effort, and knowledge that he has put in on this bill since even before the January hearings started.

Mr. President, if it is in keeping with the wishes of the Senator from North Dakota, I ask unanimous consent that the committee amendments be considered and agreed to en bloc and that the bill as amended be considered as original text for the purpose of further amendment with the understanding that no points of order be considered as having been waived by reason thereof.

The PRESIDING OFFICER. Without objection, it is so ordered.

The committee amendments agreed to en bloc are as follows:

On page 2, line 10, strike "$9,668,294,000" and insert "$9,719,853,000";

On page 2, line 19, strike "$6,809,305,000" and insert "$6,863,834,000";

On page 3, line 3, strike "$2,093,100,000" and insert "$2,074,757,000";

On page 3, line 12, strike "$7,873,500,000" and insert "$7,902,275,000";

On page 3, line 24, strike "$591,300,000" and insert "$606,700,000";

On page 5, line 15, strike "$213,500,000" and insert "$214,400,000";

On page 6, line 2, strike "$859,430,000" and insert "$867,700,000";

On page 7, line 10, strike "$9,791,832,000" and insert "$10,031,355,000";

On page 7, line 20, strike "$13,134,875,000" and insert "$13,352,224,000";

On page 8, line 12, strike "$797,881,000" and insert "$802,726,000";

On page 8, line 22, strike "$10,190,580,000" and insert "$10,590,409,000";

On page 9, line 5, strike "$3,440,435,000" and insert "$3,555,198,000";

On page 9, line 21, strike "$419,755,000" and insert "$421,374,000";

On page 10, line 8, strike "$434,399,000" and insert "$347,136,000";

On page 10, beginning with line 11, insert the following:

Appropriations provided under this heading in the Department of Defense Appropriation Act, 1979, are rescinded in the amount of $30,000,000.

On page 10, line 22, strike "$21,923,000" and insert "$22,003,000";

On page 11, line 8, strike "$430,225,000" and insert "$431,107,000";

On page 11, line 25, strike "$801,220,000" and insert "$797,350,000";

On page 12, line 21, strike "$1,088,007,000" and insert "$1,089,687,000";

On page 13, line 22, strike "$98,200,000" and insert "$113,200,000";

On page 14, line 8, strike "$370,000,000" and insert "$470,000,000";

On page 15, line 17, strike "$982,837,000" and insert "$1,000,437,000";

On page 16, line 10, strike "$1,088,100,000" and insert "$1,173,200,000";

On page 17, line 3, strike "$1,786,600,000" and insert "$1,824,100,000";

On page 17, line 20, strike "(INCLUDING TRANSFER OF FUNDS)";

On page 18, line 11, strike "$1,243,800,000" and insert "$1,229,900,000";

On page 18, line 11, strike "and in addition, $52,500,000 which shall be derived by transfer from "Procurement of Ammunition, Army, 1979/1981",";

On page 19, line 8, strike "$1,379,710,000" and insert "$1,611,510,000";

On page 19, line 9, strike "$47,000,000" and insert "$36,400,000";

On page 19, line 23, strike "$4,601,293,000" and insert "$4,518,000,000";

On page 20, line 13, strike "$1,914,014,000" and insert "$1,988,214,000";

On page 21, line 9, strike "$440,300,000" and insert "$788,400,000";

On page 21, line 16, after the semicolon, insert "for the T-AGOS SURTASS ship program, $104,000,000; for the LSD–41 ship program, $41,000,000; for the LPA ship conversion program, $49,500,000;";

On page 21, line 24, strike "$6,163,950,000" and insert "$6,706,550,000";

On page 22, line 24, strike "$2,524,309,000" and insert "$2,604,456,000";

On page 22, line 25, strike "$46,500,000" and insert "$34,700,000";

On page 23, line 2, strike "$16,900,000" and insert "$5,100,000";

On page 23, line 14, strike "$277,285,000" and insert "$288,785,000";

On page 23, line 17, strike "(INCLUDING TRANSFER OF FUNDS)";

On page 24, line 7, strike "$7,981,300,000" and insert "$7,941,340,000, and in addition, $13,800,000, which shall be derived by transfer from "Aircraft Procurement, Air Force, 1979/1981";

On page 25, line 12, strike "$2,170,485,000" and insert "$2,175,200,000";

On page 25, line 13, beginning with "$19,-300,000" strike through and including "1979/1981" in line 17, and insert in lieu thereof "$15,000,000, which shall be derived by transfer from "Aircraft Procurement, Air Force, 1977/1979";

On page 26, line 11, strike "$2,534,373,000" and insert "$2,632,131,000";

On page 26, line 12, strike "$38,700,000" and insert "$13,600,000";

On page 26, line 12, beginning with "$14,-000,000" strike through and including "$21,-700,000" in line 14, and insert in lieu thereof "$10,600,000";

On page 27, line 8, strike "$275,685,000" and insert "$286,185,000";

On page 27, line 19, strike "$2,817,674,000" and insert "$2,785,309,000";

On page 28, line 7, strike "$4,478,081,000" and insert "$4,536,337,000";

On page 28, line 8, strike "$15,886,000" and insert "$20,886,000";

On page 28, line 18, strike "$4,913,012,000" and insert "$4,892,043,000";

On page 29, line 12, strike "$1,030,056,000" and insert "$1,048,322,000";

On page 42, line 2, strike "and civilian";

On page 47, line 23, strike "Upon" and insert "During the current fiscal year, upon";

On page 48, line 2, strike "working capital" and insert "the appropriations or"

On page 48, line 3, strike "of the Department of Defense or funds made";

On page 48, line 4, strike "in this Act";

On page 52, line 18, after "psychologist," insert "optometrist,";

On page 52, line 18, strike "or";

On page 52, line 18, after "nurse-midwife," insert "certified psychiatric nurse, or other certified nurse practitioner,";

On page 54, beginning with line 22, strike through and including page 55, line 12;

On page 55, line 13, strike "753" and insert "752";

On page 56, line 1, strike "754" and insert "753";

On page 57, line 8, strike "755" and insert "754";

On page 57, line 11, strike "756" and insert "755";

On page 57, line 16, strike "757" and insert "756";

On page 57, line 22, strike "758" and insert "757";

On page 58, line 3, strike "759" and insert "758";

On page 58, line 7, strike "760" and insert "759";

On page 58, beginning with line 11, insert the following:

Sec. 760. None of the funds appropriated by this Act shall be obligated under the Competitive Rate Program of the Department of Defense for the transportation of household goods to or from Alaska or Hawaii.

On page 58, beginning with line 15, strike through and including line 22;

On page 58, line 23, strike "763" and insert "761";

On page 59, beginning with line 3, strike through and including line 15;

On page 59, line 16, strike "765" and insert "762";

On page 59, line 23, after the period insert the following:

Further, funds appropriated by this Act shall be available to provide support in accordance with sections 4 and 8 of the Central Intelligence Agency Act of 1949, as amended (50 U.S.C., 403e and 403j), to certain Department of Defense cryptologic personnel stationed overseas as designated by the Secretary of Defense.

On page 60, beginning with line 4, strike through and including page 63, line 10.

Mr. STENNIS. Mr. President, another unanimous-consent request, the usual kind with reference to the correction of technical matters.

Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical corrections in the engrossment of the Senate amendments to H.R. 5359.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STENNIS. Mr. President, it was generally understood among us last night as well as this morning that the Senator from Wisconsin with his amendment on the nuclear-powered carrier would have a chance to offer his amendment at this point. He has been in the Chamber, and I am sure he will return quite soon. We do not have an agreement on time yet, as I understand, and I understand there is not unanimity yet about a time limitation.

The Senator from Wisconsin had requested an hour and a half himself under his control to present his amendment and customarily we yield to the opposition the same amount of time.

So, at the proper time the request will be made in keeping with that general outline so far as management of the bill is concerned.

Mr. President, in order to take care of an interim period here that I think will be only 2 or 3 minutes at the most, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 730

(Purpose: To delete funding for the CVN *Nimitz-class* aircraft carrier program)

Mr. PROXMIRE. Mr. President, I send an amendment to the desk and for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

> The Senator from Wisconsin (Mr. PROXMIRE) proposes an unprinted amendment numbered 730:
>
> On page 21, lines 13 and 14, strike out "for the CVN *Nimitz*-class aircraft carrier program, $2,094,000,000;".

Mr. PROXMIRE. Mr. President, first I ask unanimous consent that Ron Tammen, of my staff, be accorded the privilege of the floor during debate on this amendment and the vote on the amendment.

The PRESIDING OFFICER (Mr. STEWART). Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, I heard the distinguished Senator from Mississippi speak about how this is the largest appropriations bill in peacetime. It is my understanding, and I certainly stand to be corrected, this is the largest appropriations ever, peace or war. It is a tremendous bill. It is far over what we appropriated, of course, last year. It is necessary, although it is unfortunate, but it is necessary for us to spend billions of dollars, tens of billions of dollars to defend this country. Of course, it is an investment that I think the overwhelming majority of the American people approve. But I do think that because it is so big, because it has not only military importance but fiscal importance, we should discuss it carefully and we should be very sure of our approving particularly the parts of the bill that involve the large amounts of money.

Mr. President, over the past several years we have had an opportunity to act on aircraft carriers that have been proposed. We have had very few votes on them, unfortunately, in the Chamber. We did have some years ago. But I think it is about time we considered whether or not it is wise for us to proceed to put this tremendous amount of money that is being proposed here, about $2.1 billion, just in the construction of the carrier itself, an additional $7.5 billion, according to our calculations, on the airplanes that will go on the carrier, and an additional $500 or $600 million in inflation costs of constructing the carrier which has not been fully provided for in the $2.1 billion but which will be necessary in supplemental appropriations. This whole package is going to be over $10 billion.

Mr. President, it is also a fact that this carrier was so controversial last year, President Carter vetoed the bill because of his concern about the carrier.

Although I have no illusions of the support I am going to get on this, there are a number of Senators who are concerned about it so I think we should have a debate. I think we should have a rollcall vote. And I think all Senators should be aware of the enormous commitment we are making and what our options are and what this does to our opportunity costs in providing an effective navy.

Mr. President, the nuclear aircraft carrier is a magnificent thing to behold. It is the glamor girl of the fleet. One rarely sees a movie about the navy without the aircraft carrier in it because it is such a marvelous weapons system. It has a full load displacement of 91,700 tons. It is 1,040 feet long or more than three football fields—it is about 3½ football fields; 134 feet wide, with two nuclear reactors, a speed in excess of 30 knots, an unlimited cruising range curtailed only by the 13-year core life of the reactor and a crew of 6,300 people—which in my State would be a pretty good-sized city.

Its power is awesome. A typical Navy carrier air wing operates with about 89 aircraft including 24 F–14 or F–4 fighters, 24 A–7E light attack bombers, 10 medium attack A–6Es, 10 fixed-wing ASW aircraft called the S–3A; 6 rotary wing SH–3 ASW helicopters, 4 EA–6B electronic warfare aircraft; 4 early warning E–2's; 4 tankers (KA–6), and 3 reconnaissance aircraft either FA–5 or RF–8's. The firepower carried by these aircraft probably exceeds that of most of the world's developing countries.

There are 13 carriers currently in our fleet of which 12 are deployable around the world. At any given time two will be in overhaul, two will be stationed in the Pacific, two in the Mediterranean, three in the eastern Pacific, and three in the Atlantic. Of the latter two categories of three each, two of the three normally would be in port. Under emergency conditions it is quite likely, according to the Department of Defense, that 10 of the 12 carriers could be deployed to sea. There are six carriers in mothballs.

Our carriers are a remarkable national asset. They are extremely versatile and they are called upon to perform many missions. For instance, they are often the instrument most frequently called to action, as former Secretary Kissinger has recently noted, to respond to local crises, to show the flag, and if necessary to provide force as in the Mayaguez incident. Their 34 attack aircraft can project power ashore. They can patrol the sea lanes. They can carry out missions of good will and humanitarian assistance. They are floating American islands in an increasingly contested sea.

The capabilities of the modern nuclear aircraft carrier exceed that over any other tactical ship known in the world. With our overseas bases being reduced from 105 in 1969 to 30 today and considering the growth in nationalism among developing countries which inevitably will curtail basing rights, the aircraft carrier represents an asset that is irreplaceable in modern warfare. As the distinguished chairman of the Senate Armed Services Committee has said:

> We had better not turn our back to the facts that the carrier is the best and most effective set of armour and weaponry in a day-to-day, year-to-year deterrent role.

ASSETS MASK PROBLEMS

Well, Mr. President, the facts I just presented are correct and I do not intend to challenge them. The carrier is a remarkable, versatile, powerful instrument of U.S. policy be it in peacetime or wartime. But that does not mean that we can continue to hide behind these facts without examining the implications of adhering to the large carrier philosophy.

The Senate needs to know the answer to the question—what drives the need for 12 carriers—rather than debate the utility of any one carrier. We need to know the price of dedicating our naval strategy to the large carrier concept. What is the opportunity cost in this? What have we foregone in the military sense? We need less attention to specific capability and more attention to the issue of doctrine stagnation and tatical singlemindedness.

We should keep in mind that we are always talking about how the Russians are superior to us, how they have more tanks, how they spend more on technology, and so on. Well, I do not think that is correct but, nevertheless, here is one area where you are not going to hear any such arguments because they have two small carriers about half the size of each of our carriers, whereas we have 13 carriers, 12 of which are deployable. From the standpoint of comparison we have not just an marginal advantage, we have an overwhelming advantage, whether we build this carrier or not. There is not any question that we are going to continue to have an overwhelming advantage as far as the aircraft carriers are concerned.

Now, what have we foregone with the aircraft carrier in a military sense?

What are the substitutes for the large carrier? What would be the effect of simultaneous depolyment of two cheaper carriers vice one more expensive commitment? To what extent do we insure adherence to the status quo by purchasing just one more nuclear carrier? At what point will we look back and say if only—if only we had diversified our combat capability, if only we had more modern surface combatants, if only we had focused less on large group tactics and more on coordinated single ship maneuvers.

Somehow in the narrow focus of the

Senate we concentrate only on the immediate and the detailed, leaving aside the consequences of incremental thinking and incremental force structuring. We do not often take the time to critically reevaluate prior commitments, to update and modernize our thinking as easily as we overhaul, update, and modernize our fleet. We remain rooted to simple-minded axioms, outdated cliches and mindless stay-in-the-same-old-rut creeds that live on without challenge long after the world has moved in a new direction.

Today we can begin the process of stopping the momentum which propels our aircraft carrier philosophy—that inevitable argument heard through these halls for the past 9 years—"just one carrier more," "this is the last carrier," "only one more time and we will change to a new philosophy."

For 9 years I have been hearing that, Mr. President, that this is the last carrier, but every couple years we come in and there is another carrier. Anyone who has taken the time to read the CVAN-70 debates and the Senate report on this matter can only stand back and murmur how little has changed.

For better or worse, today I offer the Senate the opportunity to vote for a more aggressive naval policy, a stronger future naval force, and a clearer picture of the changing battle at sea conditions.

CVN-MISSION IN QUESTION

The mission of the modern nuclear or nonnuclear carrier today is caught in a paralyzing contraction. Why cannot it do the job it should? Here is why: The carrier is outfitted for an intense battlefield environment, armed with the capability to meet enemy forces on a more than equal footing at the most modern level, but because of geography and concentration of forces, it cannot effectively accomplish this dedicated mission. On the other hand, this same carrier is a supreme example of gold-plating. We are buying far more than we need. We are paying billions for a custom-made Cadillac, when a small Chevie will do just as good a job for us. In fact, the modern carrier is perfectly fitted for war against medium threats, midintensity threats. It would be absolutely perfect against medium-sized powers with seacoasts and airpower not greater in sophistication than the 1950's or early 1960's. It would be most useful against India, Pakistan, Brazil, perhaps South Africa if these nations were our potential enemies. It had utility against North Vietnam and North Korea—but in each of these cases there was the limiting factor of Soviet reluctance to provide weapons that could challenge our carriers at sea.

But how about our real adversary, the Soviet Union?

In congressional testimony the Navy has indicated that our carriers would not be able to operate against Soviet targets in Soviet home waters until our antisubmarine warfare aircraft and ships had reduced the Soviet submarine capability to a very low level. The naval force planning study and Secretary Brown both confirm that our carriers will venture into high risk areas only at great peril and that Soviet home waters cannot be cleared for carrier activity for a considerable period of time. What this means in effect is that a line can be drawn around the periphery of the U.S.S.R. measuring several hundred miles. Inside this barrier, our carriers fear to steam lest they be put out of action immediately.

Suppose the carrier were faced with the threat of 100 land-based aircraft with torpedoes, bombs, and missiles? The answer from Admiral Hayward is simple:

> You wouldn't go into an area which had the potential described without assembling the right amount of force to counter that threat.

Add to this the conclusion of several highly classified Navy studies that our carriers in the Mediterranean would absorb substantial fatalities and probably could not operate there consistently given persistent Soviet land based bomber attack and the geographic noose closes tighter. We might choose to keep carriers there and take the losses while inflicting substantial casualties on the enemy. The question then becomes, Is this the best use of our resources? Is the threat of a quick kill acceptable simply for political reasons? It is not an easy question to answer and opinions vary on this within the Navy.

Similarly our carriers cannot operate successfully in the Baltic Sea or the Barents Sea. They will be effective between Iceland and the United Kingdom, on convoy duty across the Atlantic, and in safeguarding the oil supply routes from the Middle East, Africa, and South America. But would they be as effective in these roles than other ships which could be purchased in greater numbers? That is the critical issue.

THE CARRIER—FLOATING FORTRESS OR COFFIN?

Just how vulnerable is the modern carrier? Not very, according to its supporters. Former Secretary of the Navy J. William Middendorf II and Adm. Thomas H. Moorer, former Chairman of the Joint Chiefs, have collaborated in a recent article which repeats the often heard claim:

> A heavily armored high speed ship at sea presents a rapidly moving and maneuvering target extremely difficult to find much less to hit and to hurt . . . The punishment a modern carrier can take was—unfortunately and unintentionally—demonstrated in 1969 when nine 500 pound bombs (the equivalent of six Soviet cruise missiles) exploded on the flight deck of the USS *Enterprise*. . . . Despite the damage done, the *Enterprise* could have resumed flight operations within a matter of hours.

Now what do other naval experts have to say about this? The U.S.S. *Enterprise* spent 4 months in port being repaired. A similar accident in 1967 on the U.S.S. *Forrestal* put that ship in the yards for about 1 year. The clue is the phrase "in a matter of hours." What happens in the interim? Either the carrier stays in the hostile zone and cannot retrieve its aircraft and cannot adequately defend itself, or it makes for a safer area. A carrier that cannot immediately land and launch aircraft is a carrier in trouble. Returned normal flight operations, within a matter of hours, on a carrier out of the action, with a lengthy tour in the repair shed, is not exactly the same picture as some would have us believe. Nonetheless, I admit that a carrier can take some damage on the flight deck and still carry on.

Let us examine the real threats to our carriers as opposed to those small rocket bomb explosions. The carrier task force, the carrier, its escorts, aircraft and submarines, are confronted with a wide variety of Russian offensive weaponry. What do we face? According to the Congressional Budget Office report on Navy budget issues for fiscal year 1980:

> Although its (the carrier) capabilities exceed those of any other ship, the carrier is threatened by the development of Soviet cruise missile capabilities.

More specifically the report states:

> Soviet air, surface and submarine capabilities are expected to improve further during the remainder of the century. The Backfire is expected to replace all other bombers in the Soviet Naval Air Force and will number some 225 units, with a like number in the Long Range Aviation Force . . . It is anticipated that the IL–86 Tanker, recently introduced in the Soviet air fleet, could serve to refuel Backfire, increasing its range by about 50 percent. Further the Soviet Union is developing the AS–6 missile, with an estimated operational range of about 150 miles; Backfire could carry two of these missiles.

What all this indicates, Mr. President, is that with every month that passes, certainly with every year that passes—and it is going to take 5 or 6 years before this ship will be able to go to sea—with every month and year that passes, the carrier is more vulnerable, easier to knock out, because of the clear progress the Soviet Union is developing in weapons systems that will be able to hit and greatly damage the carrier.

Last, Backfire may itself be replaced in the 1990's by a still more capable bomber, whose appearance in the long-range aviation force is anticipated in the early 1980's as a replacement for Badger aircraft.

NATURE OF THE THREAT

The composite Soviet antiship threat is staggering. They have the Styx missile on four ship types with a range of 25 nautical miles; the Sepal and Shaddock on five types with a range of 250 nautical miles; the extremely dangerous SS–N–7 on *Charlie* class submarines with a range of 30 miles; the Siren on the *Nanuchka* with a 60 mile range; and the SS–N–12 on the *Kiev* carrier with a 300 mile range. Soviet cruise missiles also can be launched from aircraft notably the Badger with the long range AS–2 Kipper; the Bear with the Long range AS–3 Kangaroo; the Blinder and Backfire with the modern AS–4 Kitchen with a 250- to 300-mile range; the Badger with the AS–5 Kelt short range cruise missile, and the Badger also with the AS–6 long range cruise missile. Quite a formidable array of cruise missiles for an aircraft carrier to ward off.

Is not this just a localized threat—just off the coasts of the U.S.S.R? Not according to Admiral Hayward. He has testified that—

> At the present time the Soviet Navy is capable of conducting large scale antiship missile strike operations in most of the

world's oceans. Thus Soviet antiship cruise missile capabilities present a very real threat to Western surface forces, a threat which will increase as newer weapons reach operational capability.

Specifically, how vulnerable is the large carrier to the cruise missile? Well, this issue has been studied and answers are available. Unfortunately, they are classified for the most part. Last year a Member of the House quoted the sea-based air platform study conducted by the Center for Naval Analysis to the effect that two to five cruise missile hits would put the carrier out of action—meaning "unable to launch or recover aircraft for at least 1 hour after the attack. The ship is inoperable at least for a short time and may also be inoperable for a much longer time or indefinitely."

That was the Center for Naval Analysis' judgment.

Considering the hundreds of cruise missile launchers available to the U.S.S.R. and taking into account the reload factor of these units, it is likely that any carrier would sustain multiple hits during heavy fighting. A carrier with multiple hits probably would have to retire. A carrier hit by the new Soviet torpedo in the vulnerable magazine probably would blow up. Blow up and sink. That would be the end of the carrier. A carrier hit with several torpedoes in other less vulnerable sectors could have a series of problems ranging from propulsion reductions to secondary fires and ammunition explosions. Note, Mr. President, that I have said "could" and "probably" in qualifying what might happen to a carrier. The reason for this is simple. Every hit sets up different circumstances, and no straight-line thinking or probability analysis can account for every outcome.

In addition, Soviet submarines will gain substantially increased capability with the continued introduction of the nuclear-powered *Charlie*-class cruise missile firing submarine and the advanced *Victor*-class torpedo submarines. A new Soviet torpedo is in this year's authorization hearings, which indicates that progress has been made in antiship torpedo capability and that the new design is "aimed at achieving a high degree of target damage." Admiral Hayward went on to say that—

> There is currently no full scale test data available as to the vulnerability of our carriers to this (the new torpedo) threat. This is one of the areas that (we) are investigating and we are hopeful that we will be able to determine the magnitude of the problem and provide a viable solution.

Note that the qualifying term on carrier vulnerability is "hopeful"—we are "hopeful" we can solve the problem. Admiral Hayward goes on to indicate that the carriers are safe from sinking except if hit in the ammunition magazine area. At present he seems to indicate that the magazine is in an area which can be attacked by a torpedo. We are looking at ways to correct this situation, but it is not a very comforting conclusion.

Now, Mr. President, up to this point, I have dealt exclusively with conventional cruise missiles and torpedo warheads. I think I have established the fact that the carrier is vulnerable to conventional weapons.

Obviously, the carrier would be extremely vulnerable to a nuclear warhead and the Soviets do have nuclear warheads on some of their cruise missiles, according to official testimony.

NO PLACE TO HIDE

You can run but you cannot hide is a favorite line from the boxing community. And so it is in the modern world of ocean surveillance. The most striking lapse of logic occurs when carrier advocates continually point out that their vessel is maneuverable, fast, evasive--a phantom of the seas. So it was with the German pocket battleships that raided the Atlantic. Today technology would provide a few surprises for those raiders just as British and American radar (and a judicious amount of code breaking) turned the battle of the Atlantic into a Western victory.

American newspapers have carried a number of stories about a breakthrough in Soviet intelligence—the radar satellite. This satellite or family of satellites reportedly scans the oceans with improving accuracy in order to mark and identify the U.S. naval order of battle. Satellites can listen, can take pictures, and can scan large areas with various devices including infrared, radar, and other highly sophisticated techniques. Judging by the newspaper accounts, the Russians either now have the capability to pinpoint our aircraft carriers at sea or they soon will have that capability. Considering that the carriers built today will last for 30 years, it is immaterial for general purposes to argue whether or not the capability comes this year, next, or 3 years from now. They have some capability today, and will gain considerably more later on.

What good does this information do? In theory it could be telemetered down to the U.S.S.R. and then radioed to waiting submarines or aircraft or antiship cruise missile vessels. In coming years perhaps Soviet ships and planes could actually ask the satellite directly for the information to keep dramatically up-to-date on our carrier movements. Undoubtedly it will be possible to feed this satellite data into targeting systems for the cruise missiles.

In the past the Soviet long-range ship cruise missile program has been hampered by the unavailability of targeting data for long range launches. Clearly they have the 200–300 nautical mile range to be of grave concern to us should they get a precise location of our forces. They might need in-flight corrections. They might need instant updating. All of this is possible with satellite systems.

If the satellite can provide targeting information just to get the cruise missile close, without the launch platform being anywhere nearby, then various homing devices can take over and finish the task. A sea-borne fire and forget cruise missile program cannot be too many years in the future for the Soviet Navy. And when that day comes, given the numbers of Soviet antiship cruise missiles on 12 different ship types and four different aircraft platforms, then barrage launches and saturation launches will be impossible to overcome—no matter how sophisticated the defense or long range the ASW and fleet air defense. The age of the carrier will be over. And that time is nearly here today.

We are spending $2 billion right here in this appropriation bill and will spend, before we are through, $10 billion counting aircraft and support cost. By the time that is ready to go, there is every likelihood that the age of the carrier will be over.

The Soviets do not rely on satellites alone. Consider that they trail our carrier task forces with dozens of intelligence collection ships. Further, they have submarines in the general area of the carriers. And they have sophisticated underwater listening devices to pick up the sounds of large fast moving carriers. In the air are the long-range Soviet bomber/naval reconnaissance aircraft.

And, Mr. President, consider the fact that we are not talking about a small object. We are not talking about something the size of this desk or even something the size of this room. We are talking about something that is 1,040 feet long, longer than three football fields end to end. How you can hide something like that is just beyond me. It should be evident to all of us that it would be hard to find an easier target.

The carrier, therefore, is monitored every minute of the day by some form of Soviet intelligence activity—by ship, by satellite, by submarine, by underwater listening device, by aircraft. All of these systems can provide targeting data for the launch of Soviet cruise missiles. The satellite is important, perhaps crucial in the long run, but is just one part of the massive Soviet investment in finding our carriers.

A carrier pinpointed is a carrier in deep, deep trouble.

CARRIERS NOT DEFENSELESS

But let me back up a minute and be fair to the carrier. That threat is not here today. And the carrier does have significant air and ship defenses that I have not credited it with. The carrier is not an island to itself. It is surrounded by a defense in depth.

First are the long range early warning aircraft; then a picket line of fighter/interceptors with long range air-to-air missiles; then additionally launched fighters; then the fleet air defense missiles and close in firing batteries of the ships around the carrier—the normal complement of three or four nuclear (if we have them) escorts. And, of course, there are the submarines on the flanks of the carrier group listening for enemy submarines.

The key to the submarine protective screen is the range of Soviet antiship cruise missiles—the longer the range, with corrected targeting, the less effective our submarines for the ocean area to be covered expands vastly. Even today our ship captains privately express distress over the capabilities of the 30 nautical mile SS–N–7 missile on the *Charlie*-class submarine which can be launched while the submarine is submerged and undetected.

The near term future will dramatically increase this threat both in terms of improved range and more numerous C class vessels. The key to cruise missile air defense is the F–14/Phoenix combination. There are 350 Badger, Blinder, and Backfire bombers assigned to naval warfare plus 195 attack submarines and 65 cruise missile submarines. The F–14 will have to defend against some mix of the incoming aerial force not to mention the low flying cruise missiles.

CAN IT DO THE JOB?

The Congressional Budget Office has broken down this threat by theater. Soviet antiship missile launchers in the Pacific fleet for the years 1977 and 1978 are about 522 based on 42 launcher units (aircraft, submarines, and surface ships). The number for the Northern fleet is 624 based on 39 launching units. Now what is the F–14 going to do against this combined threat from the air, from under the seas, from just above the water?

According to a GAO report issued earlier this year, the F–14 is not going to do much. I quote directly from the unclassified section of the secret GAO report:

> Operational testing conducted by the Navy's Operational Test and Evaluation Agency prior to and during fleet introduction and fleet exercises showed that the effectiveness of the F–14/Phoenix is marginal at best against the current and postulated threat . . . the test further showed the F–14/Phoenix weapon system was seriously degraded." It was effective against bomber sized targets but not against cruise missiles. The GAO said, "Several improvements to the weapon control system and Phoenix missile are being developed or planned to correct many of the operation limitations identified during operational and fleet testing. However, they will not correct or improve the capability of the F–14A/Phoenix weapon system to counter antiship missiles or aircraft. . .

There have been severe shortages of parts for the F–14 which has resulted in cannibalization to keep them flying. In 1978, 100,000 maintenance man-hours were used to cannibalize about 20,000 F–14 parts. How did the Pentagon respond to the GAO charges? They wrote that the F–14A Phoenix is effective against bombers and antiship platforms but not against low flying cruise missiles. Once past the F–14s, a low flying cruise missile is not likely to be knocked down by any shipboard system now installed although the AEGIS promises some improvement in this area.

Two final points about the F–14. The first is that the operational readiness rates of the F–14s have been dismal—as low as below 50 percent. Improvements have been made and the statistics are better this year but the overall readiness rates still remain below what is required.

Second, there is every expectation that the F–14/Phoenix combination has been compromised to the U.S.S.R. during the revolution in Iran. The Soviets undoubtedly are working on countermeasures to defeat the Phoenix and its black box.

So what we have is a plane that does not yet come up to readiness requirements on board the ship, a missile system that cannot successfully attack incoming cruise missiles, and the strong possibility that the entire system has been compromised to the Russians. Hardly a situation that evokes confidence in the survivability of the carrier.

Let me repeat that, Mr. President, because it is a vital part of our concern as to whether the $2 billion we are asked to invest in this bill, by itself, in this weapons system, is a good risk. What we have is a plane, F–14, the plane that is to be relied upon by the carrier, that does not yet come up to readiness requirements on board the ship, a missile system that cannot successfully attack incoming cruise missiles, and the strong possibility that the entire system has been compromised to the Russians. That is hardly a situation that evokes a confidence in the survivability of the carrier.

WHAT PRICE SUCCESS?

At what price do we procure a new large carrier? To an economist the term price indicates several things. Obviously it refers to the dollars, be they current or inflated, that will be committed to the project. But it also refers to the cost—the opportunity cost of the money involved.

The total price package of the carrier has been computed in various fashions. The Library of Congress has put forward a figure of $42 billion in "then year" life cycle costs.

Mr. President, I think I ought to repeat that figure because it is shocking, I think, to anybody. The cost of one carrier task force when you consider the life cycle cost of operating the carrier and escorts, building the carrier, maintaining the carrier, according to the Library of Congress, are reported in then year dollars with a reasonable rate of inflation, is $42 billion.

For the sake of pure objectivity, however, I will take the Navy's figures only. The Navy calculates that the construction of a nuclear carrier without aircraft would be $2.56 billion. Aircraft procurement for two air wings adds another $7.81 billion for a total of $10.37 billion. To this must be added the operation and support costs of the ship and the aircraft over their normal life cycle. The ship operation and support cost, including a midlife conversion, would be $3.75 billion and the aircraft would be $4.29 billion. Adding these totals together, procurement of the carrier and aircraft plus operation and support of the carrier and aircraft over normal life cycles results in a total of $18.41 billion.

That is the minimum. As I say, the Library of Congress total is about 2½ times that, or $42 billion.

It should be noted that these are 1980 dollars. It does not reflect inflation or cost overruns. It does not accurately represent the dollars that will be requested in the appropriations process. And it does not include the cost of the escorts required by the nuclear carrier. Providing the nuclear carrier with two DDG–47's and two CGN–38's would cost an additional $3.07 billion in procurement and $4.53 billion in 30-year operating and support funds for a total escort life cycle cost of $7.60 billion.

Now add this $7.60 billion with the carrier total of $18.41 billion and you get the CVN battle group life cycle cost of $26.01 billion without considering inflation or cost overruns.

Twenty-six billion dollars for one carrier task force.

These official Navy figures can be computed from the data supplied on page 1,311 of the Senate Armed Service Committee hearings, part 3, and page 582 of Senate Armed Services Committee hearings, part 2.

Twenty-six billion dollars in today's dollars is a large commitment for one ship group. It is a substantial tie-up of resources over a 30-year period. It dramatically raises the point so well put by the Senator from Arkansas (Mr. BUMPERS) earlier this year, when he argued that we are robbing ourselves of other needed naval and ground force equipment by the automatic commitment to this one large vessel.

Mr. President, unfortunately, the distinguished Senator from Arkansas cannot be here today. He shares my view on this ship and on this amendment. It was impossible, unfortunately, for him to be here. He feels very strongly that the carrier is a waste of this money, that we could spend our money far better to strengthen our naval forces.

Dr. William Perry referred to this in testimony before the Armed Services Committee earlier this year. He said we have a problem with finding enough surface combatants necessary to support the carriers. He pointed out that 12 carriers lead to a total of 72 to 108 surface combatants to work with them and that, under present conditions, we cannot fill that need.

This is Mr. Perry, who probably is as respected an expert on defense as we have in the Defense Department. He is a man of remarkable ability. He points out that we simply do not have the surface ships to handle the 12 carriers, let alone the additional carrier we are building now. So we can see that the purchase of another large carrier is also driving deficiencies in our surface combatant forces.

UNILATERAL DISARMAMENT

What this all distills down to is unilateral disarmament. In a strange sense, the more we pour our limited resources into centerpieces of great capability and importance, the lower our force levels go. Secretary Perry recently said that the cost of military fighter aircraft has been increasing tenfold—tenfold, mind you—every 20 years since World War II and that if this trend continues, even with a 3-percent real growth in the defense budget, by the year 2110, the Pentagon will need to spend its entire budget to buy a single aircraft.

Think of that, Mr. President. We shall have to spend our entire Pentagon budget to buy one plane. That is what gold plating is doing to us. That is what we are doing by buying the most expensive kinds of planes and the most expensive kind of aircraft carrier and insisting on perfection at every step of the way, instead of recognizing the practical fact that we have to limit and ration and make painful judgments on the limited resources that we have available.

Mr. Perry could just as easily have been referring to our naval fleet and the concentration of resources on the large carrier. As put by the Congressional Budget Office study:

> The carrier has strongly influenced the size, structure and composition of the fleet. Carriers require escorts for protection, replenishment ships to sustain long distance operations, and a variety of support ships for at-sea repair work. In all the current carrier force needs an estimated 179 additional ships to support carrier operations.

No less than 35 percent of all surface combatant escorts are tied to the large carrier requirement. This brings us back to opportunity lost. It comes in two forms. The first is in hardware, the second in tactical and strategic thinking. By concentrating our resources in the large carrier task force, by being forced into providing defense in depth for the carrier, we find that 35 percent of all surface combatant escorts, two-thirds of the aircraft on the carrier itself, and a number of submarines are dedicated to a static mission—protecting the carrier. What a different kind of Navy we could have if those resources were released, reorganized, and adapted to new offensive strategies. We could complicate the Soviet naval picture more by beginning to release these carrier-dominated forces to new objectives rather than continuing to establish targets for Soviet antiship weaponry.

The alternatives are numerous and well studied. We can substitute the modern and impressive LHA, such as the *Tarawa* class, which is a general-purpose helicopter assault ship equivalent in size to World War II *Essex*-class carriers or the Soviet's *Kiev* carrier, for a nuclear carrier in many situations. We can increase the role of land-based aircraft. We can examine the possibility of home porting in the Pacific, which allows a higher deployed force with fewer total assets. We could find a way to speed up shipyard repair and conversions. We could further explore crew rotation policies. We should recognize that the 3-for-1 carrier rotation policy of the Navy is not fixed in cement. More carriers are ready for battle, by DOD testimony, then the 3-for-1 policy contends.

Mr. President, I refuse to believe that there are not innovative concepts to be tested which would allow the existing carrier force to be used with greater effectiveness, without the introduction of yet another large platform.

Therefore, I offer this amendment to provide a vote on an issue which has not been recorded for some years in this body. I propose to drop the nuclear aircraft carrier from this bill.

In summary, Mr. President, the carrier is vulnerable. It is vulnerable to conventional, not just nuclear weapons. It can be put out of commission for many months by cruise missiles, not armed with nuclear warheads but armed with conventional bombs. It can be destroyed if hit in the magazine ammunition area. All this can happen with conventional forces the Russians now have in abundance. Against strictly conventional forces, the carrier would be vulnerable in any battle near Russia, vulnerable in the Baltic or Barents Sea, even very vulnerable in the Mediterranean.

And all this is against conventional Russian weapons. How about nuclear weapons? How about a military clash with the Soviet Union? Then the likelihood of escalation to nuclear weapons would be very great, indeed. With any reasonable assumptions about ordinary Russian intelligence, this massive three-football-fields-long target, with a speed of 35 miles per hour, and moving at a static altitude—sea level—would be the classic sitting duck. A nuclear hit would be, as Senator Symington, our first Air Force Secretary, used to say, like "hitting a bull in the butt with a bass fiddle." You just cannot miss it. A few minutes after a nuclear exchange began, this $10 billion beauty would be no more. It would not simply be vulnerable in certain areas; it would be a sitting duck anywhere, including snugly in a San Diego port.

Yes, indeed, the carrier does perform a limited function in areas of the world where we are at peace or where we would not confront our prime adversary. But we have an overwhelming predominance of big carriers now, a virtual monopoly on them, an immense edge over the U.S.S.R. They have no big carriers—just two small ones.

So for this fabulously expensive, magnificantly glamorous supership that is more vulnerable with each passing month, we are pouring resources that would and should go elsewhere. For the $10 billion construction cost of the carrier and its planes and the much greater operations cost of the carrier, we could build and maintain and operate a far more useful flotilla. We could build ships that would begin to make up the rapidly developing disadvantage we suffer in force levels vis-a-vis the U.S.S.R. Yet we continue to insist on pouring so much of our limited resources into this far less useful glamour ship that costs so much and is worth so much less with every passing day.

Mr. President, by the time we finish producing this ship 5 years from now and it is commissioned and at sea, it will be even more obsolete. It will be even more vulnerable. It will be even more constricted in the area of the world where it can safely and prudently provide this Nation any effective military protection.

Mr. President, let us cast a vote for prudence, economy, and good sense. Let us save not only the $2.1 billion that is in this bill but the $7.5 billion we will have to pay for the planes that this carrier would require. Let us vote $10 billion for economy, and then decide how much of that massive sum we should spend to provide an effective, up-to-date, modern logical defense for this country.

Mr. President, I reserve the remainder of my time.

(The following proceedings occurred during Mr. PROXMIRE's remarks:)

Mr. ROBERT C. BYRD. Mr. President, will the distinguished Senator yield?

Mr. PROXMIRE. I am happy to yield to my good friend from West Virginia, with the understanding that his remarks appear in the RECORD before or after my presentation.

Mr. ROBERT C. BYRD. And with the understanding that the Senator's statement is not interrupted.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President—and I have cleared this with the minority leader and the distinguished ranking Republican member of the Appropriations Committee (Mr. YOUNG), the chairman of the Armed Services Committee (Mr. STENNIS), and the Senator from Wisconsin (Mr. PROXMIRE)—I ask unanimous consent that there be a time limitation on the pending amendment of not to exceed 3 hours, inclusive of the time that has already been taken by the distinguished Senator from Wisconsin, the time to be equally divided between the two sides—between Mr. PROXMIRE, the author of the amendment, and Mr. YOUNG.

Is that agreeable?

Mr. YOUNG. Yes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I thank the distinguished Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, may I ask the Chair approximately how much time I have taken? About 10 or 15 minutes?

The PRESIDING OFFICER. The Senator has spoken for 19 minutes.

Mr. PROXMIRE. As I understand it, then, we each have an hour and a half all together; and I have used up 19 minutes of my hour and a half.

The PRESIDING OFFICER. The Senator is correct.

(Conclusion of earlier proceedings.)

The PRESIDING OFFICER. Who yields time?

Mr. STENNIS. Mr. President, as a start, I yield myself 5 minutes. I want to make this announcement.

It appears now that all of the allotted time on this amendment, the Proxmire amendment, will not be taken up. I hesitate to say how much will be, but I do not believe it all will be. We expect to make brief arguments, Mr. President, hopefully varied and to the point, but we shall not take a great deal of time. I hope that it will work around. There is no agreement yet, but the Senator from New York (Mr. MOYNIHAN) is preparing to be ready to go with his amendment next. I hope further that we can get prepared here to take up the MX amendment, which refers to strategic intercontinental ballistics missiles, as they are known.

Mr. President, this is an important story, but an old story about the carrier.

This carrier, that is proposed in this bill now, is really to replace a carrier that will be taken out of the fleet and retired because of longevity about 1985 to 1986, and the auxiliary ships, planes, and all that are part of it at that time, will be available to continue their service. But, of course, in time, they would have to be replaced.

So it does change the situation some. All of this purchase, whatever it may amount to in addition, does not have to be made before we would have the benefit of the service of this additional nuclear carrier, which according to all of the plans in the Navy now, this nuclear carrier in this bill is the last one that is expected to be requested.

This carrier is that same one we have

talked about for a long time. But it just adds up to one carrier because last year that was the choice of the legislative branch of the Government, but it was vetoed at that time by the President.

So I do not think there is any response. This has been a great part of our naval strength for years and years. It is unchallenged and unequaled anywhere else now, or any time in the prospective future.

I do not see how we could argue against keeping our present carrier strength up to what it is when we all agree, everyone agrees, new matters have arisen in the Indian Ocean which have not yet been taken care of, not yet been met in the way of forces at sea, much less a tremendous force like a nuclear carrier which, as we know, carries its own crew, carries its own planes, carries its own defenses, carries its own fuel. It carries everything and goes full strength and is ready to fight or go into action within minutes after it arrives at its destination.

It is literally a floating airfield, transferable from one side of the world to another in a matter of a very few days and a very few hours. As I say, they get there ready to go.

There is nothing that compares with it when it comes to deterrence, nothing this side of all-out nuclear warfare.

The PRESIDING OFFICER. The Senator has used his 5 minutes.

Mr. STENNIS. I yield myself some time.

Mr. PROXMIRE. Will the Senator permit us to get the yeas and nays?

Mr. STENNIS. Yes.

Mr. President, I yield myself 5 additional minutes and I yield to the Senator.

Mr. PROXMIRE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. STENNIS. I thank the Senator.

Mr. President, I hope that the Senator from North Dakota—a longtime member of our committee, an advocate of proper naval seapower—permits me to say that he is really an expert when it comes to judgment matters in this field.

I hope he will seek the floor, perhaps now. So, Mr. President, I yield the floor and yield back the allotted time.

I yield the Senator such time as he may use, Mr. President.

Mr. YOUNG. About 3 minutes.

Mr. President, I listened to the argument of my friend from Wisconsin about the vulnerability of an aircraft carrier.

Mr. President, every weapon we have is vulnerable to some degree, some more than others.

For example, NATO, Russia and the Warsaw Pact countries have 20,000 or more tanks which is enough tanks to destroy all our Army and NATO tanks in Europe. So, our forces are vulnerable on land as well as at sea.

But more important we have a real problem at this time in the Middle East. We need to protect our interest over there, and without strong allies in that area of the world, the U.S. needs sufficient aircraft carriers and associated ships and planes to station in that area.

I do not place much confidence in the views of the Library of Congress as indicated by the Senator from Wisconsin a few minutes ago. On many matters, they are very good. But I do not consider them experts in the field of military affairs.

The Armed Services Committees of both Houses have studied these weapons systems carefully. The Presidents of the United States have all advocated a continuation of aircraft carriers.

The only thing that seems to be in dispute now between the Congress and the White House is that the White House wants another big carrier—but a conventional carrier. A conventional carrier would cost less. But most everyone is agreed that for the time being there is no alternative, to the nuclear carrier. We have to maintain our sea power and keep the sealanes open in the event of another conflict, we have to have this carrier and especially to assure our future oil supplies from the Mideast where we have few bases and little military support.

The PRESIDING OFFICER. Who yields time?

Mr. STENNIS addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. STENNIS. I yield 10 minutes to the Senator from Virginia.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, it is pretty much agreed among those involved in national defense that another carrier is very important to the United States. There is a difference of viewpoint as to whether that new carrier should be a nuclear-powered carrier or whether it should be conventionally powered.

But there is no significant dispute about the fact that another carrier is greatly needed.

Both the Senate and the House of Representatives last year supported a new carrier. That legislation was vetoed by the President. This year the President advocates an additional carrier, but not a nuclear-powered carrier. This bill provides for a new nuclear carrier.

Mr. President, with the increasing difficulty facing the United States in regard to petroleum, it certainly seems wise that if we are to have a new carrier that it should not be a conventionally powered one, with oil, but it should be a nuclear carrier.

Mr. President, events throughout the world, dramatized, perhaps, by what is occurring right now in Iran and what has occurred recently in other areas, suggest that the United States is in, or could be in, a very precarious position.

Since 1972, the Soviet Union has embarked on the most massive military buildup perhaps in the history of the world. The United States has not matched that to any degree at all. A very large percentage of our defense budget goes for personnel and personnel-related costs. A relatively small percentage goes for procurement of weapons systems and for research and development. Precisely the opposite is the case with the Soviet Union. The percentage of the military budget which the Soviet Union expends for personnel costs is very low, and the amount it spends for procurement of weapons systems is very high.

An additional aircraft carrier is strongly supported by the Joint Chiefs of Staff. It is strongly supported, as one would expect, perhaps, by the Navy. It is strongly supported, without significant opposition, by virtually all those involved in our defense programs.

Mr. President, I hope that the Senate, as it did last year, will support the appropriation for an additional nuclear-powered aircraft carrier.

The PRESIDING OFFICER (Mr. BENTSEN). Who seeks recognition?

Mr. HARRY F. BYRD, JR. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has used 5 minutes of the 10 minutes allocated to him.

Mr. HARRY F. BYRD, JR. Mr. President, I suggest the absence of a quorum, with the time to be charged against the remainder of my time.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. STEWART. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEWART. Mr. President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I yield.

Mr. STEWART. The Senator's amendment seeks to delete funding for this nuclear-powered carrier. Does his amendment speak to the need that the Senator from Virginia spoke to, or does it take out the money for the carrier that is presently in the appropriations bill?

Mr. PROXMIRE. My amendment deletes the $2.094 billion for the carrier. It takes it out completely. We do not try to substitute anything else, but I do indicate that this will permit us in the future to move ahead. We will have more resources available in the military and the Air Force for other weapons systems.

The difficulty is that is only a down payment. It is the full payment, theoretically, on the hull itself, but there is another $7.6 billion for planes for the carrier and at least another $500 or $600 million we will have to pay in overruns and inflation, which are not written into the $2.094 billion figure.

Mr. STEWART. But the Senator does not seek to substitute the conventionally-fueled carrier or the nuclear-powered carrier?

Mr. PROXMIRE. No; we do not seek to substitute any conventional carrier. That is correct.

Mr. STEWART. I thank the Senator.

The PRESIDING OFFICER. Who seeks recognition?

Mr. STENNIS. Mr. President, I yield the Senator from Texas such time as he may require.

Mr. TOWER. Mr. President, at a time when the United States faces the prospect of losing naval supremacy to the

Soviet Union, it seems almost incredible that we would even consider denying ourselves the wherewithal necessary to maintain, if not a thin margin of supremacy, parity with the Soviet Union at sea.

For the past 25 years, the Soviet Union has been developing a blue water Navy, under the leadership of Admiral Gorskoff. The Soviet Union has changed its naval doctrine from that of deploying a Navy for coastal defensive purposes to a Navy that has a blue water capability, capable of challenging our control of the major sealanes and sealines of communication in the world.

Why are the Soviets projecting their naval power globally? The Soviet Union is virtually self-sufficient in terms of the resources it needs. About the only thing it imports is perhaps a little chocolate, a little bananas, and some bauxite. So why are they developing a Navy that challenges the ability of the free world to maintain freedom of the seas? It is because they have global objectives that involve the self-aggrandizement of the Soviet Union: The projection of Soviet influence throughout the world, ultimate Soviet political and economic domination of the world.

I cannot think of a worse time to delete an important capital ship from a defense appropriations measure. Already, the Soviet Union is beginning to produce capital ships at a greater rate than the United States. To date, the Soviets have had us outnumbered in combat vessels. We have had superior tonnage to that of the Soviet Union, but that tonnage effort is going to go.

According to "Janes' Fighting Ships," the only thing that gives the United States a dimension over the Soviet Union in naval capability is the aircraft carrier.The aircraft carrier is a precision instrument of diplomacy. The carrier task force is the best means that any modern Government of the United States has found as an instrument of crisis management.

When the Soviets deployed a Soviet task force off Socotra, off the coast of Saudi Arabia, last spring, we responded by the deployment of a U.S. naval carrier task force. That was the only way we could mount any dimension of naval superiority over the Soviet Union in that vital area off the Persian Gulf, astride the major sea route down around Africa, through the Mozambique Channel, through which flows 70 percent of the free world's oil supply.

How foolish and shortsighted we would be if we deleted from this appropriations bill a ship that, projected into the future, will enable us to maintain our capability of deploying a credible naval task force in the Indian Ocean and its littorals and environs, to protect our vital interests in that area.

Even with only one additional carrier, we still will not be able to meet the challenge in that area without drawing down on our naval resources in other parts of the world. It gives our friends in the Western Pacific—the Japanese, the Koreans, and the others—small comfort that when we deploy naval units in the Indian Ocean, we must draw down our ability to defend the Western Pacific at sea.

It is a fact now that given a Soviet naval facility at Cam Ranh Bay, which we very thoughtfully built for them back during the Vietnamese war, they can deploy a naval force into the Indian Ocean faster than we can deploy one from Subic Bay.

Now the nuclear aircraft carrier is an essential ingredient in our ability to respond to Soviet naval deployments in areas of vital interest to the United States.

I will not go into all the statistics. I think the Senate has heard them many times before. We went through the carrier debate in the authorization bill and an amendment that had been offered to delete the carrier from that bill was withdrawn.

I think Senators know that a nuclear carrier can be deployed for a longer period of time with less in the way of supply train than a conventional carrier and that now over the life of the ship itself a nuclear carrier will be less expensive when we calculate the increased costs of petroleum than a conventional carrier. It gives us more capability.

Of course, the issue here is not between a conventional carrier and a nuclear carrier but whether or not we should have a carrier at all. I have heard all the arguments advanced about the vulnerability of the carrier. To begin with, the carrier is the least vulnerable of all our naval vessels excepting submarines, and it is less vulnerable than a submarine once it has been detected.

We have seen carriers operate innumerable times, sorely stricken and hit, still launching and recovering missions. It is not easy to sink a ship of that size. It is highly compartmentalized. But beyond that it carries with it the means of its own defense and its own protection.

But aside from these questions of vulnerability, which I will not burden the Senate with because they have been heard so many times before and in fact short of an all-out shooting war in terms of responding to brushfire conflict or in responding to provocative moves by an adversary the carrier has no peer.

The very presence of a modern American aircraft carrier in the Indian Ocean makes it unlikely that the Soviets would challenge us there. They have two carriers afloat now operational, the *Kiev* and the *Minsk*, and the third one on the way. They obviously understand the importance, the strategic and tactical necessity of being able to project airpower at sea.

In a standoff with an American aircraft carrier, the *Kiev* class is no match because it carries aboard it so-called short takeoff and landing or vertical short takeoff and landing aircraft, the Yak-36, which is no match for the fixed-wing jets that we carry on our aircraft carriers.

With the appearance of the American carrier task force off Socotra in response to the Soviet presence there last spring the Soviets finally withdrew. That itself is testimony to the value and effectiveness of a carrier.

In a day and age when the United States is no longer self-sufficient, when our very livelihood depends on our ability to keep the sea lanes open, we can do no less than fund this carrier. I wish we were funding three more. I wish we were funding more cruisers, more destroyers, more SSN's, because right now given our current authorization of shipbuilding and what is projected for the next 5 years, we are not doing enough in the area of shipbuilding to maintain the thin edge that we have at the moment and which we could very well lose in 5 to 10 years.

It would be an act of enormous irresponsibility and an act of singular lack of vision if to save a few bucks now we mortgaged both the future military and economic security of the United States of America.

So I urge the Senate, Mr. President, to give this amendment the treatment that it so eminently deserves, and that is resounding defeat.

The PRESIDING OFFICER. Who seeks recognition?

Mr. STENNIS. Mr. President, I yield 2 minutes to the Senator from Virginia (Mr. WARNER).

The PRESIDING OFFICER. The Senator from Virginia is recognized.

Mr. WARNER. Thank you, Mr. President, and I thank my distinguished colleague, Senator STENNIS, the chairman of the Armed Services Committee.

Mr. President, I rise in opposition to this amendment. The Senate has been over this issue many times and each time the case becomes more and more convincing:

We need at least one more aircraft carrier, and the most cost-effective and combat capable carrier is a nuclear powered *Nimitz*-class carrier.

Both the House and the Senate agreed with that judgment last year after very thorough consideration. Unfortunately, the President did not agree and he vetoed the bill containing the authorization of a nuclear carrier.

The decision to approve the nuclear carrier made a great deal of sense last year—it makes even more sense this year.

The President now has on his desk the defense authorization bill. I expect he will sign it in the near future, or perhaps he has already signed it. That bill—approved by the House and the Senate—contains the authorization for a *Nimitz*-class nuclear carrier. The House has already approved funding for this carrier.

Without going into a great deal of detail, I would like to summarize some of the more important reasons for supporting the funding of this carrier.

First and foremost, we are an island nation heavily dependent on the sea for our economic and military security. We simply must maintain a strong Navy capable of insuring our access to the seas.

The aircraft carrier is an essential part of the U.S. naval fleet and is the key to our continued maritime superiority. It provides the localized air superiority which is so necessary for successful maritime operations. It is the air superiority provided by carrier-based aircraft that would allow the U.S. Navy to keep open the sealanes in a time of war. The Soviet Navy has grown substantially over the past decade and now provides a formidable threat to our Navy and it is only the aircraft carrier that provides us with a slim margin of superiority over the Soviet Navy.

The *Nimitz*-class carrier is the most combat-capable carrier. It carries 90–95 aircraft. It carries 50 percent more aircraft ammunition and twice as much aviation fuel as a comparable sized conventional carrier such as the *Kennedy* class. It can launch and retrieve aircraft in sea and weather conditions that would force a halt to the operations of any other type of carrier. Its nuclear power provides substantial operational advantages including higher sustained speeds, greater endurance without logistical support—and I could go on.

It is the most survivable, least vulnerable ship afloat. It has high mobility. Its escorts and its air-wing provide several layers of protection against any threats—air, surface, or submarine. It has substantial armor plating, over 2,000 watertight and shock resistant compartments and improved firefighting and flooding systems to limit damage. It has substantial redundancy in ship systems including four catapults, four aircraft elevators, and four propellers. The ongoing procurement of *Aegis* ships will increase even further the survivability of the carrier.

It is the most cost-effective carrier. Although a nuclear carrier costs more to procure than a conventional carrier, much of the initial investment is offset by lower operating costs over its 30 year life cycle. According to the latest cost studies provided to Congress, the lifetime cost of a *Nimitz*-class carrier and a conventional carrier of the same size are about equal, within 1 percent, and that assumes no increases in the price of oil. When the military advantages of a *Nimitz* carrier are added in, the *Nimitz* clearly becomes the most cost-effective operation.

It does not make sense to intentionally build a ship which will be operating into the 21st century and make it dependent on oil—costly, dwindling in supply, and nonrenewable. We should not needlessly hobble the ship by making it less combat capable and utterly dependent on oil.

Mr. President, the need for this *Nimitz* carrier was clear several years ago and recent events have only served to underscore the need for naval power to protect American interests.

It is time we made a decision.

It is time we built this carrier.

Mr. President, I shall proceed now directly to what I consider the heart of the matter today; namely, the issues raised by my distinguished colleague from Wisconsin concerning the vulnerability of the *Nimitz*-class aircraft carrier.

First, I compliment my distinguished colleague from Wisconsin. I think it is imperative that each time Congress appropriates money for a ship of this magnitude it should be critically examined.

I feel that only after exhaustive studies and discussions that the House and Senate Armed Services Committees successfully urge their respective bodies to authorize the fourth nuclear-powered *Nimitz*-class carrier for fiscal year 1980.

Despite this overwhelming support, there are some who still assert that we have fallen prey to the "bigger, therefore, better" Pentagon philosophy with respect to our ships.

They insist that the carrier is a "dinosaur of WW II vintage" and equate its vulnerability to that of a "sitting duck." This argument ignores the quantum improvements in today's carrier task force which have enabled it to keep pace with any potential enemy threat.

IS THE NUCLEAR AIRCRAFT CARRIER VULNERABLE?

First, is the nuclear aircraft carrier vulnerable? The answer I give is yes. Yes, but in comparison to what? Are we to believe that these mobile airfields are easier to detect and pretarget than our dwindling number—now fewer than 30—overseas land bases?

Several hundred U.S. operating bases were completely lost in World War II.

In Korea all our airbases were captured by the North Koreans in the first few days of that conflict. And how well I know that our men fought valiantly to regain those airstrips to push ahead with the defense of South Korea by the American forces.

In Vietnam we left all our airbases but every single aircraft carrier returned to the United States.

In contrast, within 1 hour the high-speed carrier can shift its position in any direction requiring the enemy to search an area in excess of 3,500 square miles. In addition, its inherent mobility allows the carrier to exploit weather cover, electronic silence, and deceptive techniques as it proceeds silently to a new place of operations.

IS THE CARRIER ABLE TO DEFEND ITSELF ONCE DETECTED?

Another question: Is the carrier able to defense itself once detected?

The answer is positively yes. Assuming a normal carrier task force of one aircraft carrier, one Aegis destroyer—and I am optimistic that that weapons system will soon be joining the fleet, the Aegis weapons system—two cruisers, two DD-963 destroyers, and three frigates, consider the formidable response which can be generated by this oceangoing arsenal.

This is popularly referred to as the *Nimitz* task force.

INCOMING AIR THREAT

On each deck of a *Nimitz* carrier there will be at least four E-2C's early warning aircraft which will detect incoming hostile aircraft and provide vector information to the fighters. On one flight the 24 F-14 fighters are capable of destroying six each of the cruise type missiles which might be launched by Backfire or Badger bombers. Additionally, they have the capability to launch nearly 200 air-to-air missiles at incoming aircraft well before they become a threat to the carrier. Those aircraft and/or missiles which penetrate the fighter force will be met by the rapid fire Aegis system with 88 surface-to-air missiles (40-mile range) and 176 Terrier missiles (40-mile range). Should some hostile aircraft/missiles avoid both the fighters and missiles, they will encounter twelve 5-inch guns (10-mile range) and a concentrated bombardment from 12 highly acurate Phalanx weapons systems utilizing the 3,000-round-per-minute 20-mgun (1-mile range).

SURFACE THREAT

On one flight the carrier's 34 light and heavy attack aircraft can deliver nearly 450,000, almost one-half million, pounds of bombs and rockets upon hostile surface ships well before they become a threat to the carrier task force. Complementing the aircraft are 16 Tomahawk cruise missiles (approximately 300-mile range), 64 Harpoon antiship missiles (60-mile range), and the 5 inch/54 caliber gun (10-mile range).

SUBMARINE THREAT

The 10 highly sophisticated S-3A jet aircraft along with 6 S-H3 and 7 Lance helicopters carrying a total of 66 MK-46 torpedoes provide a formidable defensive barrier against hostile submarines. Their objective, of course, is to detect and destroy submarines beyond their torpedo launch range, appproximately 12 miles. The airborne antisubmarine efforts are supported by the 125 missiles launched from the ASROC systems (5-mile range) and 130 torpedoes carried aboard the cruisers, destroyers, and frigates of the task force.

We know that a carrier moves about 12 miles in the time it takes a ballistic missile to travel from launch to a minimum range target, making it practically invulnerable to ballistic missiles—even those with midcourse correcting guidances.

The aircraft carrier can adjust to different threats by altering the types of aircraft carried. (In anticipation of a high submarine threat, the carrier can augment its complement of S-3 and S-H3 aircraft).

SURVIVABILITY FEATURES

No matter how effective the total defensive system, we can expect that in a massed cruise missile attack a small percentage of attacking missiles could reach the carrier. It is for this reason that extensive survivability features have been included in the modern *Nimitz* design.

Flight deck and lower decks armored with newer high-yield strength steel specified to defeat major caliber semi-armor piercing explosive and shape charged warheads.

Side plating and new concept internal arrangements to resist penetration to the magazine by high- and low-angle attacking missiles.

Torpedo protection provided by a new energy absorbing hull design which will counter major caliber torpedo explosive warheads.

Over 2,000 watertight and shock resistant compartments, improved fire-fighting and flooding systems to limit damage.

Thirty fully equipped damage control stations manned by trained and practiced personnel.

In 1969 a fire aboard the nuclear powered *Enterprise* caused nine major caliber bombs—an equivalent of six cruise missile hits—to detonate on the flight deck. The ship was able to conduct flight operations within 4 hours after the fire was extinguished. Seaworthiness and main propulsion were not affected.

SUMMARY

If one asserts that the carrier is vulnerable, one must logically compare its vulnerability to the only alternative—launching aircraft from land bases to insure the unfettered use of those vital sea lanes. This comparison clearly must yield to those who have supported the *Nimitz* carrier which is:

Less vulnerable to pretargeted ballistic missile attacks.

Less vulnerable to detection.

Less vulnerable to complete loss (no aircraft carrier has ever been captured).

Equally vulnerable to mission interference and damage.

Less vulnerable to political and military denial.

Less vulnerable to ICBM attack.

Less vulnerable to nuclear effects.

The modern carrier task force is not a remnant of the World War II era.

Mr. President, the modern Navy of the United States has the carrier as the mother ship. It provides the air cover by which the other ships of the U.S. Navy perform their missions.

I daresay at this very moment, as we are here in the Chamber debating this issue, that those in authority in our Government from the President on down who are addressing this abominable crisis in Iran which, hopefully, will not involve any military intervention by this Nation, I can assure you that those persons right now are studying military operation alternatives, and every single one of those military options is predicated on the use of a U.S. aircraft carrier.

I conclude by saying I hope this Nation does not have to resort to military force to free our Americans being held hostage. But I assure you that every single option now being considered involves the use of a U.S. Navy aircraft carrier.

I thank the Chair.

Mr. STENNIS. I thank the Senator.

Mr. President, I yield 5 minutes to a valued member of our Committee on Armed Services, an active member, the Senator from Nebraska.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. EXON. I thank the Chair.

Mr. President, I will be relatively brief. I have been listening to the excellent explanations as to why we should proceed with the carrier, as outlined by some people who have served on the Committee on Armed Services for a long, long time.

I have the highest regard for the chairman, as you know, and the ranking minority member of the committee, Senator TOWER from Texas, and I thought he gave a very excellent explanation of why he firmly feels we should proceed with this.

I have just listened to another freshman colleague of mine, the distinguished Senator from Virginia, and the former Secretary of the Navy. All of those gentlemen made some very excellent points on a subject that most of them have dealt with for a long, long time.

As a new Member of the Senate and as a new member of the Committee on Armed Services I claim no particular expertise in these matters. In fact, when the carrier first came up during our discussions in the Committee on Armed Services I was one of those who felt basically that the carrier was one of those pieces of military hardware we probably could do without.

I listened with keen interest to what I assumed was the fact that an aircraft carrier was one of the most vulnerable sitting ducks we could have in our military hardware.

I was very skeptical and, at one time, Mr. President, I would say I was prepared to vote against the authorization for another carrier. But then I began listening to the other side.

I certainly think there have been some excellent arguments made by those who are supporting the amendment to delete this carrier, the amendment offered by my friend from Wisconsin. All I can say is my mind has not been changed the second time.

As I said, when I first heard about this in the early stages of deliberations in the Committee on Armed Services, I was opposed to the carrier. After I listened to the arguments pro and con I came around finally in support—not of the nuclear carrier—but I was convinced that since we have only 11 carriers in our fleet now, and since we have nothing in the works to build any more carriers possibly for the next 20 years, I was finally convinced, Mr. President, that it was indeed in the interests of the military security of the United States and the free world if we were to proceed with a carrier based on diesel power and that, I believe, was what came out of the Committee on Armed Services.

This matter then went into conference with the House, and the House held out firmly for a carrier, but a nuclear-powered carrier. Therefore, while I would like to point out that a nuclear carrier is going to cost some $700 million more than what was originally authorized by the Committee on Armed Services, and while I do not like that, I would at the same time, agree that possibly there are some people who have some insight into this that I do not have.

Therefore, I intend to vote in support of the House position, after consultation with the House of Representatives. I think, Mr. President, that under the circumstances, and after having looked at both sides of this issue in some detail, I would hope that my fellow Senators would go along with the chairman and the ranking minority member of the Armed Services Committee, and I intend to support the carrier and, therefore, vote against the amendment offered by the Senator from Wisconsin.

Mr. President, I yield the floor.

Mr. PROXMIRE. Mr. President, I yield myself a few minutes. I will not take very long.

The distinguished Senator from Mississippi, the manager of the bill, will conclude the debate with a couple of minutes of summary.

Mr. President, I am very impressed with the speeches we have heard. We have a former Secretary of the Navy, JOHN WARNER, who is an outstanding Senator and certainly is a great expert in this area; and the other Senators who have all spoken on this are certainly people who, as we know, have devoted a great deal of time and effort over the years to defense affairs and understand the carrier very well. I do not mean in any way to attack their ability or their understanding, but I do think that all of us tend to get into a position where we are more comfortable with the situation as it exists.

Mr. President, we had the argument on the last carrier, the same argument, in 1971 when we were told, "This is the last carrier; no more. We know they are getting obsolete. We know we cannot build them in the future." The Culver language last year indicated we should move to a new philosophy; that is, no more carriers. That language was approved by the Senate.

We have enough carriers now for service in the Indian Ocean. We can rotate a carrier from the Pacific to the Indian Ocean as needed.

It is true that other ships are vulnerable. I think Senator WARNER made an excellent point that other ships may be more vulnerable in some ways than the carrier. But the carrier has a particular vulnerability because, first, of its size. After all, it is one thing to hit a small ship and it is something else to hit a ship that is 1,040 feet long. Second, because of the number of cruise missiles, which the Navy's own testimony indicates makes the carrier much more vulnerable. Third, is the ability of the Soviet Union to detect the carrier, to know where it is, to follow it wherever it goes.

The argument has been made that we need the carrier to keep the sea lanes open. Mr. President, why do we need to keep the sea lanes open? We need to keep them open, of course, primarily against the threat of Russian submarines. And for that we need antisubmarine warfare ships. The main threat in the Atlantic is certainly the Soviet submarines. We need more hunter-killer submarines, more antisubmarine warfare aircraft and ships for the Atlantic, rather than aircraft carriers.

Now, as far as Iran is concerned, we cannot bomb the Embassy. A carrier is not as effective as a helicopter assault ship in relieving the problems that we have in the Iranian Embassy. For the carrier to swoop down with its forces and make any kind of sortie in defense of our Americans who are held hostage there would hardly be a sensible solution.

The argument was made over and over again that we will be losing naval supremacy to the Soviet Union. Well, Mr. President, buy this carrier, spend most of our funds on large carriers and starve other ships, other aircraft, other antisubmarine warfare capability, stay locked into a World War II mentality; that is the way to lose naval supremacy.

This is the difficulty: We spend $10 billion, $10 billion in construction on this ship and its planes. Twenty-six billion dollars, according to the Navy's own figures, in 1980 dollars on the total cost, including operational cost of this one ship and its escorts. Of course it is difficult for us to match the Soviet Union.

The Soviets produce more ships? Of course, they do. We could produce more ships, far more, if we were not into this carrier mentality, when we already have overwhelming supremacy in this area.

Supremacy? The Soviets do not have one modern catapult type carrier. They have two World War II-sized *Kiev* class antisubmarine warfare carriers, and that is all.

We have carrier capability. We can use it in the Pacific. Need another carrier? Well, why not try homeporting, crew rotation, faster turnover time in shipyards? These are alternatives that are available to us at a far lower cost than to spend billions of dollars on a new carrier.

The carriers could operate, it is true, near North Korea and North Vietnam, as was said in the debate. But why? Only because neither country at that time had cruise missile capability.

I think all of us should recognize that in the event of any kind of a controversy that involves the Soviet Union or the Soviet Union's perceived allies, the Soviet Union could easily see that they have a cruise missile capability which would make the operation of the carrier much more difficult.

Mr. President, it has been admitted that many cruise missiles will get through to the carrier. The Center for Naval Analysis, not the Library of Congress and not the Budget Office, the Center for Naval Analysis study reportedly said two to five cruise missile hits would put the carrier out of business. Again, I am not talking about nuclear hits, I am talking about conventional hits.

Mr. President, two final points: In the first place, this amendment does not reduce our carriers to zero. We still will have 13 carriers until the *Midway* retires in 1986, and then, with homeporting and crew rotation, we could still have the effectiveness of a 13-carrier fleet. People say, "You will not be able to respond to a situation in South America or Africa." Of course we can respond. What are those other 12 carriers doing? As I say, in a confrontation with the Soviet Union, nobody, including the Navy, says they would be in a position to stand up. But in these conventional situations, they can be useful, and we have the fleet available to do so.

Finally, Mr. President, not one word has been said in rebuttal to the fantastic cost of this operation as far as our budget is concerned. The No. 1 problem facing this country today is inflation. We all know that.

Certainly there are many causes of this. One very important cause is excessive Federal spending. In this bill, we are providing $2.1 billion for a new aircraft carrier, as I say, that will entail, require, mandate $7.6 billion additional for new planes. It will require an additional half a billion dollars for the unallowed inflation factor; that is, $10.2 billion. And the Navy figures alone, in 1980 dollars, for operation of this one ship and its planes and escort ships, will be $26 billion.

Now, Mr. President, if Senators really believe in economy, if they believe we do face an inflationary situation, and if they do feel that we have any sense of opportunity cuts and recognize what we can do with these dollars if we spend part of them, it would not have to be a very big part, we could certainly make our Navy more formidable by having a variety of additional ships to counteract the threat of the Soviet Union.

Mr. President, I reserve the remainder of my time. I will probably yield it back after the distinguished Senator from Mississippi finishes his remarks.

The PRESIDING OFFICER. Who seeks recognition?

Mr. STENNIS. Mr. President, so far as I know, there is no one else who wishes to speak on this matter now. I will only take 2 or 3 minutes, if I may, to sum up quite briefly the situation as I see it.

Everyone knows everywhere in the world that the presence or prospective presence of one of our carriers now flying the American flag has a very definite deterrent effect to deter war and to deter trouble. That does not mean it stops it, not in the least.

But we have over and over seen these instances whereby our flag, with these powerful planes and everything that goes with it, can get to a given place to exert this influence almost overnight.

Now, this carrier is built over a period of years. This sum of money is not going to cause the mercury to run up the thermometers here on inflation. This will be a 6- or 7-year project, as is well known.

Furthermore, it is a worldwide display. It carries its own power units. In this day of uncertainty for our situation with power, energy sources and reexamination of known sources of energy, nothing has a greater appeal than this fine, proven, powerful energy unit that this massive fleet carries within itself, as well as an airport base, around the world over and over and over.

So I think that is why the Congress keeps coming back year after year after year wanting this step toward modernizing our fleet.

Mr. THURMOND. Mr. President, I rise in opposition to the pending amendment to strike from the defense bill funds to procure a *Nimitz*-class nuclear-powered aircraft carrier.

Mr. President, the Navy's requirement for another aircraft carrier has never been in dispute in Congress, only the type of carrier we would purchase.

Last year, Congress authorized and appropriated funds for a nuclear carrier but it was vetoed by the President. The nuclear carrier in this bill has been approved by all four defense committees. It is essential if we are to continue minimum control of the sea lanes vital to our national interests.

Aircraft carriers are indispensable components of U.S. naval strength today and in the foreseeable future. The carriers provide essential sea-based capability to defend worldwide sea lanes vital to our national security. The reduction of overseas bases, the threat to our oil sources, and continued Communist aggression all indicate we must project our power if world stability is to be maintained.

Mr. President, in addition, the nuclear carrier provides inestimable strategic and tactical value in wartime. It can move faster, stay on station longer, and fight more effectively than any seagoing vessel. It is not dependent on oil except for its aircraft.

Mr. President, I urge this amendment be rejected.

● Mr. HART. Mr. President, I oppose the amendment of the Senator from Wisconsin. The issue here cannot be presented simply as the nuclear carrier. The fact is that this bill includes not just a nuclear carrier, but an integrated aircraft carrier package of which the nuclear carrier is only one part.

If this bill included only a nuclear carrier, I would tend to agree with the Senator from Wisconsin that it should not be funded. We are in an era when the vulnerability of each surface ship, regardless of type, is increasing. The large aircraft carrier—nuclear or conventional—is so expensive that it can be procured only in small numbers. To put our resources into a small number of ships at a time when each ship is becoming more vulnerable makes no sense.

But that is not what this bill does. While it does appropriate funds for one more large aircraft carrier, it also moves us forward toward smaller aircraft carriers for vertical take-off (V/STOL) aircraft which we will be able to afford in large numbers. The bill includes a carrier package of one large carrier, the first small V/STOL carrier (a converted amphibious ship), continued design funds for new construction V/STOL carriers, and R. & D. funds for a V/STOL aircraft we could have in service by the mid-1980's, the AV−8B+.

This package is a viable investment where a nuclear carrier alone would not be. Through the V/STOL carriers, we can move toward dispersing our aircraft onto a sufficient number of ships that the inevitable losses of carriers of all types need not cripple us. The large carrier's viability is improved since the enemy can no longer concentrate all his attacking forces on a very small number of ships. Further, the V/STOL carriers greatly improve our capability against submarines, which in my view remain the most serious threat to all surface ships, including the large carriers.

This carrier package is viable. It is a sound defense investment. It provides for a continuing force of 12 deployable large carriers through the end of the century, and at the same time moves us toward smaller carriers we can afford in the larger numbers we need. It will put the first V/STOL carrier at sea in the very near future, and will move us along toward a naval V/STOL aircraft, not in the late 1990's, but in the mid-1980's.

Mr. President, I urge my colleagues to reject this amendment.●

Mr. STENNIS. Mr. President, if the Senator from Wisconsin is willing to yield back the remainder of his time, I will yield back my remaining time.

Mr. PROXMIRE. I yield back the remainder of my time.

Mr. STENNIS. I yield back the remainder of my time also, Mr. President. The yeas and nays have been ordered.

May I say, Mr. President, that the so-called amendment to the Maybank amendment would be the next amendment to be considered.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Wisconsin. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Arkansas (Mr. Bumpers), the Senator from Alaska (Mr. Gravel), the Senator from Massachusetts (Mr. Kennedy), and the Senator from West Virginia (Mr. Randolph) are necessarily absent.

I further announce that the Senator from Hawaii (Mr. Inouye) is absent on official business.

I further announce that, if present and voting, the Senator from West Virginia (Mr. Randolph) would vote "nay."

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. Baker), the Senator from Mississippi (Mr. Cochran), and the Senator from Oregon (Mr. Packwood) are necessarily absent.

The PRESIDING OFFICER. Are there other Senators wishing to vote?

The result was announced—yeas 20, nays 72, as follows:

[Rollcall Vote No. 387 Leg.]

YEAS—20

Bayh
Burdick
Church
Cranston
Culver
Eagleton
Goldwater
Hatfield
Kassebaum
Leahy
McGovern
Metzenbaum
Muskie
Nelson
Pell
Proxmire
Riegle
Stevenson
Tsongas
Weicker

NAYS—72

Armstrong
Baucus
Bellmon
Bentsen
Biden
Boren
Boschwitz
Bradley
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chafee
Chiles
Cohen
Danforth
DeConcini
Dole
Domenici
Durenberger
Durkin
Exon
Ford
Garn
Glenn
Hart
Hatch
Hayakawa
Heflin
Heinz
Helms
Hollings
Huddleston
Humphrey
Jackson
Javits
Jepsen
Johnston
Laxalt
Levin
Long
Lugar
McClure
Magnuson
Mathias
Matsunaga
Melcher
Morgan
Moynihan
Nunn
Percy
Pressler
Pryor
Ribicoff
Roth
Sarbanes
Sasser
Schmitt
Schweiker
Simpson
Stafford
Stennis
Stevens
Stewart
Stone
Talmadge
Thurmond
Tower
Wallop
Warner
Williams
Young
Zorinsky

NOT VOTING—8

Baker
Bumpers
Cochran
Gravel
Inouye
Kennedy
Packwood
Randolph

So Mr. Proxmire's amendment (UP No. 703) was rejected.

Mr. STENNIS. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. I thank the Chair.

Mr. ROBERT C. BYRD addressed the Chair.

Mr. MOYNIHAN. I yield to the majority leader.

Mr. ROBERT C. BYRD. I thank the distinguished Senator from New York (Mr. Moynihan).

Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. May we have order so that the Senator can be heard? The Senate will be in order.

The majority leader is recognized.

UNANIMOUS-CONSENT AGREEMENT—H.R. 5359

Mr. ROBERT C. BYRD. Mr. President, Mr. Stennis and Mr. Young, the manager and ranking member, have been interested in securing an agreement on the pending bill.

Mr. STENNIS. Mr. President, would the Chair help to get quiet in the Chamber so we can hear?

The PRESIDING OFFICER (Mr. Baucus). The Senate will be in order. The Senate will be in order. The Senator will not proceed until there is order. The Senate is not in order.

Mr. ROBERT C. BYRD. Mr. President, I thank the Chair.

Mr. President, I am prepared to propound the following unanimous-consent request, which I believe has been cleared all around. It would be as follows: That there be 4 hours equally divided on the bill, the time to be controlled by Mr. Stennis and Mr. Young; that there be 1 hour equally divided on any amendment; that there be 2 hours equally divided on an amendment by Mr. Moynihan, dealing with the Maybank language; 2 hours equally divided on an amendment by Mr. Heflin, dealing with helicopter training; 30 minutes on any amendment in the second degree; 20 minutes on any debatable motion, appeal or point of order, if the Chair should sustain debate thereon; 3 hours equally divided on an amendment by Mr. Hatfield on the MX missile, with the proviso such amendment not be called up before Thursday of this week.

Mr. STENNIS. I beg the Senator's pardon, will he repeat that?

Mr. ROBERT C. BYRD. Three hours on an amendment by Mr. Hatfield on the MX missile with the proviso such amendment not be called up before Thursday of this week.

Three hours equally divided on an amendment by Mr. Armstrong on the pay cap.

Mr. STEVENS. What is that?

Mr. ROBERT C. BYRD. One and one-half hours equally divided on an amendment by Mr. Helms on abortion; and that the agreement be in the usual form with respect to the division and control of time; provided further that if the bill cannot be completed today, and of course it cannot, it will not be in order to bring the bill back up until title I of S. 932, the synfuels bill, has been acted upon, and that will not occur until tomorrow.

May I say to all Senators, it would be my desire after today to complete action on the energy bill before the Senate returns to this bill, which would mean that this bill would not come back before Thursday, if then.

Mr. STEVENS. Reserving the right to object, is it my understanding the majority leader would want the total energy bill completed before we return to the defense appropriation bill?

Mr. ROBERT C. BYRD. I would hope that would be the case. However, that might change. There would be a proviso that if the bill cannot be completed today, it would not be in order to bring this bill back until title I of S. 932, the synfuels bill, is completed, and I think I would have to say it would not be brought back before Thursday, at the earliest.

Mr. STEVENS. Reserving the right to object further, I wonder if we might discuss the problem of the time for voting today.

Mr. MAGNUSON addressed the Chair.

Mr. STEVENS. We do have a series of Senators leaving town. I wonder, if possible, we might get some understanding if amendments are called up after 7:30 this evening that they will be voted on tomorrow?

Mr. ROBERT C. BYRD. This bill probably will not be brought back up tomorrow.

Mr. STEVENS. They could be voted on when we resume consideration of this bill, then?

Mr. ROBERT C. BYRD. I would be very glad to discuss that. Could we get this order first? Could we get this agreement ordered first?

Mr. STEVENS. Let me confer, and yield to the Senator from Washington.

Mr. MAGNUSON. Reserving the right to object, I understand the importance of the energy bill. But there actually is not any time limitation on the energy bill and there is a time limitation on appropriation bills.

I understood the majority leader to suggest that when we were ready with appropriation bills, that we would have the right of way and continue on them until we finished them.

Now, we have until November 20 on a continuing resolution, and this is one of the big bills. This has been ready. Well, we waited 2 days. This has been ready since last Thursday, or Wednesday. Here it is a week and we are still fooling around with something else to come in between.

Now, I appreciate the importance of the energy bills and getting them done. But, surely, if there is any priority timewise, it should be to get the appropriation bills over with.

Mr. ROBERT C. BYRD. Does the Senator object to this time agreement?

Mr. MAGNUSON. Well, I do not like to object to it, but I do not know why we cannot continue with the defense bill tomorrow.

Mr. ROBERT C. BYRD. We were ready to bring it up last week. I intended to bring this bill up last week.

Mr. MAGNUSON. I know.

Mr. ROBERT C. BYRD. And intended to keep the Senate in Saturday and do this bill, but it was not reported out.

Mr. MAGNUSON. Well, it is reported out now.

Mr. ROBERT C. BYRD. It is reported out now. If it had been reported out in the last week, we would have been on it last week, and in Saturday, working on this bill. I programed it for the last week. But, for some reason, it was not reported out of the committee for 2 or 3 days.

Mr. MAGNUSON. It was reported out, but the 3-day limit held it up.

Mr. ROBERT C. BYRD. If it had been

reported out 2 days earlier, the 3-day limit would have run.

Mr. MAGNUSON. All right. But now we are on it.

Mr. ROBERT C. BYRD. Does the Senator want me to withdraw this request? I am trying to get a time agreement.

Mr. MAGNUSON. I do not object to the time agreement on the amendments, but what I object to is to lay this bill aside and proceed with the energy bill.

Mr. ROBERT C. BYRD. The 3-day rule was waived on this bill. I am trying to get a time agreement on this bill right now.

Mr. MAGNUSON. Well, the time agreement is all right with me.

Mr. ROBERT C. BYRD. Well, as the Senator continues to talk, somebody else will object to this time agreement. I will not even be able to get it.

Mr. MAGNUSON. Well, do not say, "The Senator continues to talk."

Mr. ROBERT C. BYRD. Well, the appropriation bill would have been called up last week if it had been reported out of the Appropriations Committee.

Mr. MAGNUSON. Now it is up.

Mr. ROBERT C. BYRD. Well, we were told it was going to be reported out, but some dispute arose in the Appropriations Committee, over which I had no control.

Mr. STENNIS. Mr. President, reserving the right to object, may I mention this?

We are here. The amendments are here. We are ready to proceed. We know there are other matters, but let me call attention again to the fact that we have this continuing resolution, and the problem of the payroll. We have a bill here that must become law—must become law. It has to go to conference.

Many of these amendments, with all deference to them, are language amendments. Many of them have been passed on by the body before.

If we could just get in here now and run this afternoon and tonight—tonight—and get rid of some of this stuff, and then give us some time Thursday, just 2 hours, maybe we could work on it and get some of these agreed on—maybe—and fix it where we could finish this bill and do deference to the energy bill too.

Mr. ROBERT C. BYRD. I am willing to accommodate the needs of the Senate. I want to get the energy bill finished. I want this bill to be finished. I am sure that the chairman of the Appropriations Committee wants to see this bill sent to conference, and so does the distinguished chairman of the subcommittee. But, first of all, I am trying to get an agreement. If we do not get this agreement here, we are not going to finish this bill this week, nor will we finish the energy bill, either.

Mr. MAGNUSON. Mr. President, I am not objecting to the time agreement.

Mr. ROBERT C. BYRD. I withdraw it, Mr. President.

Mr. STENNIS. Do not do that.

Mr. ROBERT C. BYRD. Are we going to concentrate on the request, or are we going to argue on other things?

I renew the request.

The PRESIDING OFFICER. Is there objection?

Mr. HEFLIN. Mr. President, reserving the right to object, there was a provision that this would not come up until Thursday. If we could amend it so that mine would not come up before Thursday, I have no objection.

Mr. ROBERT C. BYRD. I include that in my request.

Mr. MAGNUSON. I have no objection to the time agreement. I just object to the bill being set aside.

Mr. ROBERT C. BYRD. It is not set aside yet. Let us fight that war when we get this skirmish over.

Mr. STEVENS. Mr. President, I do not object. The Senator from New York will call up his amendment. We understand that amendments will be called up in order to accommodate Senators who want to leave by 7 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I thank all Senators for their patience, courtesy, and cooperation.

UP AMENDMENT NO. 731

(Purpose: To permit limited exceptions to the so-called Maybank amendment)

Mr. MOYNIHAN. Mr. President, I send to the desk an unprinted amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from New York (Mr. Moynihan), on behalf of himself and Mr. Bradley, Mr. Levin, Mr. Riegle, Mr. Javits, Mr. Heinz, Mr. Metzenbaum, Mr. Schweiker, Mr. Durkin, Mr. Biden, and Mr. Williams, proposes an unprinted amendment numbered 731.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 44, line 8, strike out the colon and insert in lieu thereof a comma and the following: "except that nothing herein shall be construed to preclude total labor surplus set-asides pursuant to section 15(d) of the Small Business Act (15 U.S.C. 644(d)) in cases in which the Secretary of Defense or his designees specifically determines that there is a reasonable expectation that offers will be obtained from a sufficient number of eligible concerns so that awards will be made at reasonable prices:"

Mr. MOYNIHAN. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. MOYNIHAN. Mr. President, for more than a quarter century now, an obscure provision in the annual Defense appropriations bill has contributed to high unemployment in many parts of the country. This provision has undermined the efficacy of a basic Federal policy objective by prohibiting its application to the Department of Defense.

Since 1952, it has been the policy of the Federal Government to target its purchases of goods and services on private businesses in areas of high unemployment, whenever appropriate and practicable. The objective of this policy is as clear as it is desirable: to reduce unemployment in regions where it is exceptionally acute. This policy of channeling procurement to high unemployment areas—referred to as the "surplus labor set-aside" policy—was first spelled out in Defense manpower policy No. 4, issued by the Office of Defense Mobilization in 1952, and was affirmed by Congress in section 15(d) of the Small Business Act in August of 1977. In compliance with this general policy, all Federal agencies but one must routinely "set aside" contracts for firms that are located in areas burdened by disproportionately high unemployment.

The one exception to this sensible policy is the Department of Defense, exempt from this requirement as a result of the so-called Maybank amendment. Due to the routine incorporation of the Maybank amendment into every defense appropriations bill since 1953, the Department of Defense has been forced to obtain the lowest possible price for all the goods and services it buys, and is prohibited from paying the slightly higher prices for goods and services that would allow such procurements to be "targeted" on areas in economic distress. This effectively prevents the Pentagon from restricting bidding to firms in high unemployment areas, and thus from playing its proper role in the solution of our serious economic problems.

The Maybank amendment, first introduced by Senator Burnet Maybank of South Carolina, was originally intended to prevent the Secretary of Defense from awarding contracts at higher prices to New England textile mills just to keep them in the North. At that time, southern mills were able, because of lower labor costs, to submit lower bids on contracts than the New England mills. Obviously, this problem has long since disappeared, as New England's domination of the textile industry is only a memory; which is to say, the Maybank amendment contributed to the destruction of the New England textile industry.

In 1953, this was framed as a regional issue. My colleagues, having heard me address regional issues on other occasions in this chamber, may suppose that it is being framed as a regional issue again. I want to emphasize that this is not the case. The Maybank amendment is no longer a regional issue; it is a national issue.

No one region would bear a disproportionate share of the costs or reap a disproportionate share of the benefits if the Maybank amendment were modified. Roughly one-quarter of the Nation's cities and counties are designated by the Labor Department as labor surplus areas—that is, areas qualifying for set-asides. Forty-eight of the fifty States contain such labor surplus areas. The Northeast and Midwest have 45 percent of all labor surplus areas, while the South and the West have 55 percent. Pockets of concentrated unemployment are a national phenomenon.

So modification of the Maybank amendment can best be evaluated in the context of national economic policy. As the Nation enters a recession, it would be unconscionable for Congress to continue to permit the agency whose procurement expenditures account for three-quarters of all Federal procurements to avoid its macroeconomic responsibilities.

As unemployment rises during the next year, freeing defense procurements from the straitjacket of the Maybank amendment would provide jobs for people who are willing to work. This would not only result from the increased number of defense jobs; the increase in procurement dollars would also generate a "multiplier effect" within a community, producing several times the initial investment in private economic activity. These combined catalysts would reduce the pressure on and the costs of unemployment compensation and other income maintenance programs. These are costs which soar during periods of economic downturn; the Congressional Budget Office estimates that every 1 percent rise in unemployment costs the Federal Government $20 billion.

We realize that the primary purpose of this Nation's defense efforts is to protect the national security, not to combat unemployment. It is for this reason that our proposed amendment is quite limited in scope. It would simply allow the Defense Department to participate in set-aside programs, in the same manner that other agencies are allowed to do so. It would not require the Secretary to do so in any instance; rather, it would give him the discretion to do so when he found it appropriate, and when there was a sufficient number of bidders to insure the Government a reasonable price on a contract. Hence it is misleading to charge that our proposal would tie the hands of the Secretary of Defense. In truth, the opposite is the case. It would untie his hands.

Most important, our amendment would in no way restrict the Pentagon's flexibility in procuring strategic items. Fortunately, there is no shortage of nonstrategic procurements. Every year, the Defense Department purchases $15 to $20 billion of such goods and services as uniforms, medical supplies, office furniture, and refrigeration equipment. The list of items is long. I am submitting a list of 71 representative nonstrategic items for the RECORD.

There is nothing contained in our amendment that would require changes in standard contracting procedures for nonstrategic items. For years, Government contracting officers have given preferences to various groups of suppliers—the small business set-aside program is an excellent example. The surplus labor set-aside program simply awards a contract to the lowest bids from high-unemployment areas. So the competitive process will still determine who receives contracts from the Defense Department.

There would be no shortage of qualified bidders. With one quarter of this Nation's cities and counties falling within "labor surplus" areas, tens of thousands, perhaps hundreds of thousands of firms could be expected to participate in set-aside programs if given the opportunity. Manufacturing areas, which over the years have tended to be particularly burdened by high unemployment, probably have a higher concentration of qualified firms than any other areas of the country.

The Maybank amendment was originally intended to thwart Defense manpower policy No. 4, issued by the Office of Defense Mobilization in 1952, which directed Federal purchases to areas of high unemployment. This order was designed to minimize idle manpower and machinery in connection with the Nation's efforts in Korea. The policy's originators also felt that in case of a larger war or other national emergency, there would be a greater number of firms "tooled up" for defense production. Although this argument may sound somewhat antiquated today, I do not believe that it should be casually disregarded. By directing Federal purchases to firms in areas of high unemployment, our proposal would help to insure that the Nation's defense needs are met by a broad-based and diversified production capability. The economy of the entire Nation would be strengthened as a consequence.

On September 18, the Senate voted to increase defense spending by 3 percent, above inflation, in fiscal 1980, and by 5 percent in 1981 and 1982. If these targets are achieved, an additional $35 billion will be spent in the short interval between now and 1982.

I voted for these increases because I feel that we need to respond to the dramatic Soviet arms build-up of recent years. But I also voiced an important reservation: Higher defense expenditures worsen the pressures on this Nation's domestic program. Certainly, maintaining our security may take precedence for a time over some of our social priorities. But it is no longer clear that the two issues can be kept separate. I am coming to suspect that higher defense spending, when it is perceived as thwarting other important political objectives, may begin to threaten the underlying political consensus needed to support the national defense effort.

It is for this reason, above all others, that I have proposed a modification of the Maybank amendment. My proposal would allow increased defense spending to be coupled with some economic relief for areas with acute unemployment. It would thus help to mediate an incipient political conflict which might otherwise prove divisive in the coming years.

It is well known that the Pentagon's purchases of strategic items are concentrated in areas with highly developed "defense industries," and it is hardly coincidental that such purchases contribute to the relative prosperity of such areas. Channeling some nonstrategic procurements to economically depressed communities in all parts of the country would be conducive to the vitality of the Nation as a whole, because it would permit Federal dollars to be spent where they will do the most good. Sound national policy requires such balance. Modification of the Maybank amendment would constitute an important first step toward achieving it.

Mr. President, the first point I wish to make about the amendment before the Senate is that it modifies the so-called Maybank amendment, which has been part of the Defense appropriation bill for almost a generation now. The Senate has deleted or modified the Maybank amendment three times before.

Once in the 93d Congress Maybank was deleted, while twice in the 94th Congress, a measure repealing the so-called Maybank amendment as approved by the Senate, having been proposed by the former Senator from Maine, Mr. Hathaway, who made it a special interest of his. On each occasion, however, the measure failed in conference. The Senate was forced to withdraw.

This year, a new situation obtains. In the House of Representatives there is strong support for this measure, such that if the Senate repeats its previous actions, we can be sure with a high order of confidence that we will now succeed.

The second point I wish to make is that something new has intervened in the last several years. It is something which seems to us—the Senator from New Jersey; the Senator from Pennsylvania, who will speak on this matter; as well as the Senator from Michigan—to make it especially important that this amendment be approved once again.

I note with pleasure that the distinguished chairman of the Subcommittee on International Trade of the Committee on Finance, the senior Senator from Connecticut is on the floor. He, in a masterful way, brought about the nearly unanimous approval of the multinational trade negotiation, known as the Tokyo round, earlier in this session of Congress. His being here is a happy circumstance, as it enables me to point out—and my associates will do so as well—that when Congress adopted the new multilateral trade agreements, we undertook to abandon the labor surplus area set-aside provisions that govern all the procurement practices of the U.S. Government, except the Defense Department.

I also see that the chairman of the Small Business Committee, the distinguished Senator from Wisconsin, is in the Chamber, and I note with appreciation the attention with which he is following my remarks.

I would note that under the Small Business Act, the U.S. Government is required to set aside a portion of its procurement for high unemployment areas. This makes for quite efficient national policy. It is surely better that men and women have productive jobs than that they have make-work; and it was for that purpose that Congress adopted this program.

However, this program, the program that Senator NELSON has brought about so brilliantly, is going to be lost. Senator NELSON's program has been traded away in the MTN. The only way to preserve what the Senator from Wisconsin has done is to act now to make this program applicable to the Defense Department, as has been required for all other Government departments for over a generation.

When we adopted the multinational trade agreement, the Senate, which ratified that agreement, entered into a social contract with the workingmen and the business men and women of this country. We promised that in exposing them to competition with foreign trade, we would not allow them to be decimated by it. We now have an opportunity to prove that this commitment was made in good faith.

It is with this in mind, Mr. President, that I ask unanimous consent to have printed in the RECORD a letter which Senators BRADLEY, LEVIN, WILLIAMS, and I sent to the President on October 17 in connection with this matter.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., October 17, 1979.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: In March of 1978, as part of your urban policy, you announced an expanded program of emphasizing federal procurement in areas of labor surplus across the country. Later that year, you issued Executive Order 12073, which calls upon executive agencies to "emphasize procurement set-asides in labor surplus areas in order to strengthen our Nation's economy." We applaud your commitment to this policy, and urge you to take an active role in assuring its full implementation. We believe that a vital step in that regard is enabling the Department of Defense, the largest government purchaser, to participate fully in the labor surplus program.

Since 1953, a provision known as the Maybank amendment annually has been attached to the Defense appropriation bill. The General Accounting Office has ruled that this provision prevents the Defense Department from targeting its procurement to firms in labor surplus areas. We do not believe that uniquely excluding DoD from the labor surplus program can be justified in light of the overriding importance of the program's objectives of encouraging economic stability and combating unemployment. These are made particularly urgent by the prospect of an economic downturn in 1980. We hope that having expressed your support for the labor surplus set-aside policy, you will support repeal or modification of the Maybank amendment so as to permit full and effective implementation of the program.

This effort is especially necessary at this time because of the effects of the recently-enacted Multilateral Trade Agreements. These are designed to facilitate free trade, and we support that objective. However, implementation of the Government Procurement Code requires that the United States waive the labor surplus policy for contracts let by those government entities which fall within the Code's coverage. In its report on the implementing legislation for the Code, the Senate Finance Committee urged that "the program of procurement set-asides for labor surplus areas be strengthened and expanded by those entities and for those purchases which are not on the U.S. list, in order to compensate for losses that the program will suffer due to the waiver of the program for those entities which are listed." Greater participation by DoD in the labor surplus program will be needed simply to compensate for the adverse effect of the Code on the program's objectives.

We believe that a larger role for the Defense Department in the labor surplus procurement program is vital to the federal government's efforts to relieve unemployment in economically-depressed areas of the country, and we hope you will make every effort to assure that DoD is able to make its contribution. Because the Defense appropriation bill will be coming to the Senate floor in the near future, a prompt response is urgently requested.

Sincerely,

CARL LEVIN.
HARRISON A. WILLIAMS, Jr.
DANIEL PATRICK MOYNIHAN.
BILL BRADLEY.

Mr. MOYNIHAN. Third, Mr. President, I wish to make the point that this is not a measure which requires the Secretary of Defense to act. He is merely allowed to do so, as his judgment dictates.

Furthermore, the language of the amendment makes explicit that this will not affect the procurement of major strategic arms systems. This never could apply to them; and in that sense, it is not a security issue at all. It applies to the small components of military supply which are the everyday needs of a large Army and Navy.

I have here a list of some 70-odd items that are clearly eligible: Photographic supplies, storage tanks, surgical dressing materials, tents and tarpaulins, typewriters, kitchen equipment, laboratory equipment, motorcycles, musical instruments, nails, keys and pins, nuts and washers, office furniture and office supplies—the kind of production that the distinguished chairman of the Small Business Committee had in mind when he put this policy in place for the rest of the Government.

I ask unanimous consent to have this list printed in the RECORD.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

DEFENSE DEPARTMENT PROCUREMENT CATEGORIES NOT RELATED TO NATIONAL SECURITY

Air conditioning equipment.
Alcoholic beverages.
Bags and sacks.
Bolts.
Bottles and jars.
Brooms, brushes, mops, and sponges.
Building glass, tile, brick, and block.
Circuit breakers.
Commercial fishing equipment.
Compressors and vacuum pumps.
Dogs and cats.
Draperies, awnings, and shades.
Dyes.
Electric hardware and supplies.
Electric lamps.
Electrical connectors.
Fencing, fences, and gates.
Fertilizers.
Floor coverings.
Floor polishers and vacuum cleaning equipment.
Fuel oils.
Fuses and lightning arresters.
Games and toys.
Hose and tubing, flexible.
Hospital furniture, equipment, utensils, and supplies.
Household furnishings.
Household furniture.
Iron and steel scrap.
Jewelry.
Kitchen equipment and appliances.
Laboratory equipment and supplies.
Luggage.
Lumber and related basic wood materials.
Marine lifesaving and diving equipment.
Motorcycles, motor scooters, and bicycles.
Musical instruments.
Nails, keys, and pins.
Nuts and washers.
Office furniture.
Office supplies.
Optical equipment.
Padding and stuffing materials.
Paper and paperboard.
Passenger motor vehicles.
Perfumes, toilet preparations, and powders.
Personal toiletry articles.
Phonographs, radios, and television sets.
Photographic supplies.
Plumbing, heating, and sanitation equipment.
Plywood and veneer.
Punched card equipment.
Refrigeration equipment.
Road clearing and cleaning equipment.
Roofing and siding material.
Screws.
Seeds and nursery stock.
Signs, advertising displays, and identification plates.
Space heating equipment and domestic water heaters.
Storage tanks.
Surgical dressing materials.
Tents and tarpaulins.
Textiles and fabrics.
Time-measuring instruments.
Toiletry paper products.
Typewriters and office-type composing machines.
Underwear and nightwear.
Vending and coin-operated machines.
Winches, hoists, cranes, and derricks.
Wire and cable, electrical.
Woodworking machines.
Yarn and thread.

Mr. MOYNIHAN. Mr. President, this excellent policy will now lapse because of the trade agreement. We can keep the Senator's policies intact and effective for small business only as we repeat our two prior successful attempts to modify this amendment in this body; only this time it will go the distance, as they say in sports.

I see that my dear friend, the distinguished Senator from New Jersey, is in the Chamber. I know he wishes to speak.

So, I conclude with a fourth and final point, which is that this proposal should not be seen as a regional measure. It has to do with cities and counties. Forty of the fifty States have labor surplus areas. They will all benefit.

I see the Senator from Wisconsin is in the Chamber consulting with the majority leader.

Mr. NELSON. Mr. President, will the Senator yield for a question?

Mr. MOYNIHAN. I am happy and honored to yield.

Mr. NELSON. I did not get a chance to read the amendment and was discussing the matter with the distinguished Senator from South Dakota so I did not hear precisely how this one is designed and what is included and what is exempted.

I wonder if the Senator will repeat that.

Mr. MOYNIHAN. I am happy to state that this is exactly the language of the Nelson amendment in the Small Business Act. The amendment states, in effect, that the Secretary of Defense may use this power at his discretion only where there is a reasonable expectation of a sufficient number of bids to obtain a reasonable price.

This language makes it explictly clear that weapons systems will not be procured using this procedure.

Mr. NELSON. The items that the

Senator was reading a few moments ago are the kinds of items that would be procured in this way.

Mr. MOYNIHAN. Precisely.

Mr. NELSON. Let me say I commend the distinguished Senator. In the small business omnibus bill that is in conference now, there was a proposal by the distinguished junior Senator from Michigan (Mr. LEVIN) to strike out the limitation which for technical reasons I objected to at this time because there appeared to have been an understanding by silence that we would not tackle that question on this omnibus bill.

I think the Senator is entirely right. There is no reason in the world that an opportunity should not be had by small business bidders to contract with the Government for these items that are ordinary items that are used by any department of Government. When they are prepared to compete fairly and produce the product, they should have the opportunity.

I wish to ask the Senator if I could join as a cosponsor of his amendment.

Mr. MOYNIHAN. Mr. President, the Senator from Wisconsin (Mr. NELSON) wishes to be recorded as a cosponsor of the amendment, and I so ask unanimous consent.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, I see that my neighbor and friend, the Senator from New Jersey (Mr. BRADLEY), is in the Chamber and on his feet. I am happy to yield to him such time as he desires.

Mr. BRADLEY. Mr. President, I thank the distinguished Senator from New York and say that I am proud to join with him and with my colleagues from Michigan and Pennsylvania in offering the Senate an important opportunity to use Federal dollars in an efficient way—a way that maximizes a number of national objectives.

For each dollar we spend, we must be sure that we get the most we can in terms of benefits for our entire country.

In fact, this efficiency principle was enacted into law by Congress in 1977. Congress amended the Small Business Act to authorize Federal procurement officers to set aside certain contracts for small businesses and for businesses in so-called labor surplus areas.

Today the Department of Labor defines these areas as all cities with a population exceeding 50,000, and all counties or county equivalents of any size where the unemployment rate has been at least 20 percent higher than the national average for the previous 2 years.

The act gives first preference to small businesses in labor surplus areas, gives second preference to small business anywhere, and only gives last preference to firms in labor surplus areas, regardless of size.

The program refined the existing Federal policy aimed at directing procurement to areas of high unemployment, a policy that has been in existence since 1952 and recently has been reaffirmed by two Executive orders.

Our amendment simply seeks to conform the procurement of nonstrategic items by the Defense Department to this basic principle of sound economic policy, to the existing Federal procurement policy, and to existing labor surplus set-aside law, a law which now applies to all Federal agencies and departments except the Department of Defense.

If our amendment is adopted, moneys spent by the Defense Department to procure nonstrategic items such as brooms, bottles, building blocks, and all the other items that the distinguished Senator from New York listed, will also be money spent to alleviate severe unemployment. This would be a truly cost-effective use of Government money.

Our military will continue to procure the goods and services necessary to carry out its daily functions, but people living in areas of high unemployment will have new job opportunities.

Mr. President, there is no good reason for failing to use money which the Government must spend anyway to help eradicate pockets of painful unemployment. These pockets are in every State, in every region, sometimes side by side with prosperous communities, sometimes clustered together in regions of persistent economic stagnation.

By the most recent count, there are some 954 labor surplus areas designated by the Secretary of Labor. Again no region is immune from such areas. Few States are without one.

For example, according to the latest figures published in May of this year, California has 69 such areas, Mississippi has 36, Tennessee has 30, and my own State of New Jersey has 22.

All of these areas across the country stand to benefit by bringing DOD's nonstrategic procurement into the Government's labor surplus set-aside program.

It makes no sense to exclude the Government's single largest purchaser, DOD, from a program whose economic desirability is recognized by law and which governs the procurement practice of every other Federal department and agency.

The policy behind this program dates to 1952, and I ask unanimous consent to print the history of this amendment in the RECORD.

There being no objection, the history was ordered to be printed in the RECORD, as follows:

HISTORY

DEFENSE MANPOWER POLICY NUMBER FOUR A (DMP-4A)

Defense Manpower Policy Number Four (DMP–4), issued by the Office of Defense Mobilization in 1952, reaffirmed by the General Services Administration in 1977 as DMP–4A, and the subject of Executive Order 12073 (issued by the President in August 1978), makes it the policy of the federal government to direct federal procurements, nonformula grants, and executive agreements to businesses in areas of excessive unemployment. Last year, this kind of government spending amounted to approximately $120 billion.

The original purpose of DMP–4, as issued by the Office of Defense Mobilization in 1952, was to minimize the idle manpower and machinery in connection with the nation's efforts in Korea. By directing federal purchases to firms in areas of high unemployment, the policy was to help insure that the nation's defense needs would be met by a broad-based and diversified manufacturing capability. DMP–4 was designed to guarantee against procurement delays caused by a lack of manpower at qualified manufacturing facilities. In case of a war or other national emergency, there would be a greater number of firms "tooled up" for defense production. Since it helped relieve unemployment as well, DMP–4 also was viewed as a socioeconomic policy.

THE MAYBANK AMENDMENT HAS PREVENTED FULL IMPLEMENTATION OF DMP–4

Before the DMP–4 program got off the ground, Senator Burnet Maybank's amendment to the 1954 Defense Appropriations Act drastically reduced its potential. By requiring the Defense Department to buy goods and services at the lowest possible price, it was prohibited from restricting the bidding on some contracts to firms in high-unemployment areas. In order for the Defense Department to meet the requirements of DMP–4 and still comply with the provisions of the Maybank Amendment, contracts under the program had to be split into two production runs. One production run was advertised for unrestricted nationwide competitive bidding—to determine the lowest (or base) price the government would have to pay—and the other reserved for a firm in a high-unemployment area that could match the base price.

This additional burden on Pentagon procurement officials, coupled with the limited amount of Defense Department purchases that could be split into two production runs, prohibited effective implementation of DMP–4.

Provisions of the Maybank Amendment also were included in regulations governing purchases made by federal civilian agencies to maintain uniformity in government procurement policies. This scuttled any hope of using the federal government's vast purchasing power to help stimulate economic development in distressed areas.

An additional obstacle to wider implementation of DMP–4 was the government's changing definition of high-unemployment (labor surplus) areas. In 1955, when the national unemployment rate was about 3 percent, the Labor Department ruled that labor market areas with unemployment rates of at least 6 percent—twice the national average—would be designated "labor surplus areas" and be eligible for preference under DMP–4. But despite substantial increases in the national unemployment rate, the Labor Department's definition of a labor surplus area remained unchanged for 22 years. As a result, virtually every area of the nation qualified for preference under DMP-4.

RECENT EFFORTS TO FULLY IMPLEMENT DMP–4A

In early and mid-1977, three congressional subcommittees held hearings to examine the vast, untapped potential of DMP-4: the Subcommittee on Minority Enterprise and General Oversight of the House Small Business Committee; the same committee's Subcommittee on Capital Investment and Business Opportunities; and the Government Procurement Subcommittee of the Senate Select Committee on Small Business. These subcommittees heard testimony from representatives of major government agencies, who uniformly reported that the restrictive nature of the Maybank Amendment was largely responsible for their failure to more rigorously enforce the provisions of DMP-4.

In July 1977, the General Accounting Office reviewed the federal procurement process and DMP–4 in particular to determine whether such programs helped relieve high levels of unemployment. GAO's findings mirrored those of previous studies by the Northeast-Midwest Institute: DMP-4 was ineffective in its present form as a government tool to help reduce unemployment. GAO recommended that the policy either be strengthened by giving it a statutory basis or rescinded while modifying existing socioeconomic programs to deal with the unemployment problem.

In August 1977, following these developments, Congress amended the Small Business Act to authorize "total labor surplus area set-asides of federal procurements." This amendment permitted departments and agencies of the federal government to restrict the bidding on some purchases to firms in areas classified by the Labor Department as labor surplus areas. This action effectively repealed the Maybank Amendment provisions requiring the government to award contracts at the lowest obtainable price. In the absence of this restriction, the total amount of a government contract could be reserved for a firm in one of the nation's labor surplus areas, provided that enough responsible bids were received to insure that the government is paying a reasonable—but not necessarily the lowest—price.

In September 1977, Congress passed the fiscal 1978 Defense Appropriations Act with the Maybank Amendment intact, again requiring Pentagon procurement officials to buy goods and services at the lowest obtainable price.

In November 1977, the General Services Administration revised DMP–4 to reflect these legislative initiatives and reissued it as DMP–4A.

But even though federal civilian agencies have been released from the restrictions of the Maybank Amendment, their annual procurement purchases of $20 billion are dwarfed by Pentagon procurements. Failure to remove the Maybank Amendment restrictions from Defense Department purchases seriously undermines the potential of DMP–4 for relieving unemployment in the nation's economically distressed communities.

LABOR SURPLUS AREAS

Under Labor Department regulations, counties, county equivalents, and cities with populations of at least 50,000 are classified as labor surplus areas if their average unemployment rate for the prior two years has been 20 percent above the national unemployment rates. Cities with populations of 50,000 or more must qualify on the basis of their own unemployment rate, even if they are located within a county that qualifies. The eligibility list is updated every year on June 1 and printed in the Labor Department's publication, "Area Trends."

The national unemployment rate used for the current eligibility list, covering June 1, 1979 to May 31, 1980, was 6.6 percent. This means that labor surplus areas for this period had an average unemployment rate of at least 7.9 percent.

Roughly one-quarter of the nation's cities and counties are designated as labor surplus areas (954 out of 4,073). They are distributed on a relatively even basis across the nation. The Northeast and Midwest have 45 percent of all labor surplus areas, while the South and West have 55 percent.

The Labor Department may, in some cases, waive the eligibility criterion in areas where a sudden and precipitous increase in unemployment has occurred that would not be reflected in the unemployment rate for the reference period. Such exceptions may arise from natural disasters, plant closings, contract cancellations, and the like that have a substantial impact on an area's unemployment situation and are not the result of temporary or seasonal factors. In instances where such exceptional circumstances exist, the Labor Department may respond to a petition from a state's employment security agency by declaring such areas eligible for DMP–4A preference for a period not to exceed one year.

COMPETITION FOR LABOR SURPLUS AREA SET-ASIDES

A firm is eligible for a labor surplus area set-aside if it agrees to perform a substantial portion of production, manufacturing, or appropriate services in labor surplus areas, as of the date of the contract award. A "substantial portion" means that the aggregate costs incurred by the recipient and its first-tier subcontractors in a labor surplus area amount to more than half the total contract price.

When making awards under DMP–4A, as well as the Small Business Set-Aside Program, government procurement officials must adhere to the following list of priorities:

(1) total set-asides for small businesses located in a labor surplus area

(2) total set-asides for small businesses located anywhere

(3) partial set-asides for small businesses located anywhere

(4) total set-asides for firms located in a labor surplus area, regardless of the size of the firm

Neither small businesses nor minority-owned enterprises could be hurt by repeal of the Maybank Amendment. Under law, all opportunities to award contracts to small businesses in the labor surplus area program must be exhausted before bids can be accepted from larger firms. Minority-owned businesses would be helped by an expansion of the labor surplus set-aside program, since most such enterprises are located in labor surplus areas.

PENTAGON PROCUREMENT AFTER REPEAL OF THE MAYBANK AMENDMENT

Repeal of the Maybank Amendment would allow Defense Department procurement officials to review purchasing needs in order to determine which contracts could be set aside for firms in labor surplus areas. In other words, if there were enough labor surplus area firms producing the goods or services needed by the Defense Department, the contracting officer would invite bids from only labor surplus area firms or small businesses. Following the priorities established by amendments to the Small Business Act of 1977, award of the contract would be made on the following basis:

If enough firms bid on the contract to insure adequate competition, the small business in a labor surplus area submitting the bid would receive the contract.

If no qualified small business in a labor surplus area submitted a competitive bid, a small business elsewhere would receive the contract.

If no qualified small business bid competitively, the contract would be reviewed for a partial small business set-aside.

If this were not feasible, the contract would be awarded to the labor surplus area firm submitting the lowest bid.

If for any reason there were not enough bidders on a contract to insure a reasonable price, the procurement official then could reopen the bidding to all interested companies.

Nothing in the labor surplus area program required the Defense Department to award a contract to a firm located in a high-unemployment area if there is not adequate competition to guarantee a reasonable price. In fact, procurement officials must be convinced that they will receive enough bids on a contract before they decide to set it aside under either the small business or labor surplus area program. To help procurement officials make set-aside decisions, the Small Business Administration has compiled a computerized listing of small businesses and the products they manufacture. Such a system could be expanded to provide a listing of labor surplus area firms, thus facilitating the review of contracts for set-asides.

This contracting procedure currently is used on a routine basis by the Defense Department as part of the small business set-aside program. The only difference repeal of the Maybank Amendment would make is in the preference given to small businesses in labor surplus areas or in the award of contracts to large firms in labor surplus areas when no small businesses qualify. Repeal of the Maybank Amendment would not require changing the basic procurement procedures used by the Defense Department. It would only insure that companies in areas with high unemployment rates receive preference over firms in other areas.

Mr. BRADLEY. Mr. President, the Maybank language obstructs Federal policy—and the law enacted by Congress in 1977—because, as interpreted by the GAO, it effectively prevents DOD from setting aside any of its contracts for labor-surplus areas.

This is because GAO holds that restrictions on bidding create the presumption that a price higher must be paid than would be paid without such restrictions. Total set-asides by DOD for labor surplus areas are in violation of Maybank—regardless of how low the actual bid would turn out to be—regardless of whether there were a sufficient number of competitors in labor surplus areas to assure that the Government would get a reasonable price on its contract.

Mr. President, it is an unfair and unreabuttable assumption—that to obtain a competitive and reasonable price DOD must survey the entire country for bids.

Our amendment seeks to overcome this preposterous assumption in a sensible, balanced way. It preserves the Maybank general proscription against higher costs, but introduces some flexibility by exempting only those contracts where the Secretary of Defense or his designees have determined that the availability of a plentiful supply of bidders insures a reasonable price to the Government. Consequently under our amendment:

DOD is protected against significantly higher contract costs as a result of the set-asides program;

The Secretary of Defense or his designees retains discretion to make determinations as to which contracts can be set aside;

DOD is able to conform to the overriding Federal policies designed to reduce unemployment;

Our society benefits from having Government dollars simultaneously serve two purposes;

Areas of high unemployment gain a chance at revitalization; and

Finally, national security is in no way prejudiced but is, in fact, enhanced.

National security is in no way prejudiced because the Secretary of Defense chooses which contracts can be set aside on the basis that there are a large number of suppliers in labor-surplus areas. This will rarely be the case concerning the production of major weapons systems: accordingly, in these cases, nationwide bidding will continue to be necessary to assure a reasonable price.

Moreover, the benefits derived from targeting procurement to areas of high unemployment would go beyond the direct effect of spending Federal dollars in these areas. These dollars would have a multiplier effect throughout the local economy. It has been estimated that each Federal dollar spent generates $3 to $4 of private sector activity. Thus the impact of targeting can be enhanced threefold or fourfold, with no additional cost to the Government.

There are large numbers of suppliers in labor-surplus areas across this country that are waiting to get a chance to bid on the sizable dollars that the Defense Department spends every year.

Mr. President, I suggest that the money spent in such a procurement policy will return sizable benefits to the American people because it will reduce the money that we now presently spend on unemployment compensation, welfare, and assorted Government subsidy programs.

Mr. JAVITS. Mr. President, will the Senator yield at that point, because it is so pertinent?

Mr. BRADLEY. Yes, I yield to the Senator from New York.

Mr. JAVITS. I would like to ask the Senator this question: This particular bill is a third of the budget roughly, about $130 billion. Right now we are said to be facing a recession which we are putting on ourselves to control inflation, with unemployment inching up to 6 percent.

We noted that in the postrecession recovery from 1974 to roughly 1978 it was the defense industry areas, California, Texas, and so forth, and the energy area that had low unemployment—3 percent, 4 percent. We had 10 percent in New York. The Senator had more than that in New Jersey.

Is there any point more important than this one, when we are heading into a recession that we are creating through controlled inflation, with exactly this kind of an amendment in the national interest of our country?

Mr. BRADLEY. I agree fully with the Senator from New York. I would like to elaborate simply by pointing out to those who, like myself, are concerned about the budget and the budget deficits, that as unemployment increases, every 1 percent of unemployment costs the Federal Government another $20 billion, according to the Congressional Budget Office, this means that if we are heading into a recession we can anticipate sizeable additional expenditures in order to counter the effects of unemployment.

I think the Senator is correct and right on target to call this to the attention of the Senate.

I urge my colleagues to support this amendment. I think that it rights a wrong that has existed for a great number of years.

I will admit that directing procurement is a small weapon. It is not the answer to our total unemployment situation in the country, but it is certainly a weapon that has a useful end, and an end that can further the national goals of retaining a strong defense, of reducing unemployment, and reducing the Federal deficit all simultaneously.

I thank the distinguished Senator from New York.

The PRESIDING OFFICER. Who yields time?

Mr. STENNIS. Has the floor been yielded?

Mr. MOYNIHAN. Mr. President, I am happy, having reserved the remainder of my time, to yield the floor to the distinguished chairman of the Committee on Armed Services.

Mr. STENNIS. I thank the Senator.

Mr. President, what I am going to say here now is a warning to every Member of this body that at the very best it is not easy to tell what effect this amendment will have should it become law.

Mr. President, there have been no hearings, no recent hearings that I can determine about anything directly on this amendment. This amendment was not presented to the Senate Appropriations Committee. There were no hearings on it, no argument, no presentation, no explanation, not anything. Let me say that the first time I heard about it was after the bill was ready to be presented, or nearly ready to be presented, to the floor.

The Senator from New York has related the fact that this amendment or one very similar to it has been presented to the Senate before and has been accepted.

Checking back on the full facts in connection with that matter, I find the amendment was presented here on the floor, but that it was not explained so far as I have been able to find out. It certainly was not debated, but it was accepted by the managers of the bill. That was taken to conference. But that is a far cry from the Senate's having considered and adopted this amendment when it was dropped in conference.

We come back and there are still no hearings, no presentation to the committee, no chance for the staff to make deliberate studies of it. I warn now that it is very difficult for anyone to say at best how much extra it is going to cost the Government, and how many firms, large and small, are going to be excluded from any participation in these contracts because they do not come from a high-unemployment area. That is the most far-reaching and sweeping provision in this entire amendment. If you are not in these areas then you are not eligible for these contracts, and the Secretary of Defense will have to make a determination along that line.

I cannot be certain as to what the effect of it would be, but we know from those facts that this matter could be devastating. We know if it is going to be passed it ought to be not only after the most microscopic examination and determination by competent staff members but of knowledgeable Members of this body in this field. So I warn against just going along with this at the present time.

Now, just a moment about the history of the so-called Maybank amendment. The late Senator Maybank was from South Carolina. He was a member of the Appropriations Committee. He served here until he passed away sometime in the early fifties. They had been having trouble along this line, and an amendment that took his name was adopted. It worked so well that it has been renewed every year since the early 1950's as a limitation on appropriation bills. It is not a good way to legislate in that field of law, but an accepted one by the entire Congress because it survived all of these years.

It has been fair and it has worked well, and there has been general satisfaction with it.

Now the proposal to change this without any hearings, without any weighing of it, without knowing what it means—and I speak with all deference here to those who are for the amendment—it has just come in lock, stock, and barrel; it would change the law, reverse everything, and set up here something the consequences of which we are unsure of.

Just because it has been accepted here on the floor by the managers of a bill, without debate and explanation and without hearings, is not an argument in favor of adopting a rule like that which we can follow.

I have an estimate here that was made, hurriedly prepared, by the Department of Defense as to some of the things that would result, in their judgment, from this amendment.

I am going to read, now, from a letter of Dr. William J. Perry, who is Under Secretary of Defense for Research and Engineering, and all of us who know him rely very heavily upon anything he says in his field of operations.

He says, in a letter addressed to me as chairman of the subcommittee on November 5—here, briefly, is his analysis of the Moynihan amendment's effects:

> Reduce competition among defense suppliers and increase prices for defense purchases.
>
> Jeopardize making awards to the best qualified and most efficient producer and result in decreased quality and delays in defense production.
>
> Affect mobilization planning adversely by denying some firms in the mobilization base the opportunity to bid for contracts.
>
> Replace regular contracting procedures with administrative judgments on which contracts should be set aside from normal competitive procedures.
>
> Place intense political pressures on our contracting officials from local firms and governments.
>
> Divert contracts now awarded to small businesses and minority firms not in an LSA.

There are other reasons that he gives, but that is the trend and substance of his whole analysis here.

I think that further proves—there is no doubt in my mind that it proves many times over—the absolute necessity of going into this matter in depth by competent people, so that we will know what we are doing and where we are going.

Now, there is something even more serious, as I see it, than that. I am going to read here from a paper what I believe is a true analysis, prepared by a staff member of competence:

> Requiring the Department of Defense to give preference to contractors that are located in labor surplus areas can have especially dangerous effects where there are only a small number of qualified candidates. For example, of the one-half dozen major aircraft manufacturers—

Now, this is big money. I am calling names:

> Only Northrup, in California, and McDonnell Douglas, in St. Louis, are located in labor

> surplus areas. Under the test proposed by the Moynihan amendment, this would be a competitive procurement, but only two of the major manufacturers would be eligible, regardless of whether their proposals were technically the best or the cheapest. This would exclude Grumman from New York, Boeing from Seattle, Lockheed in California, Fairchild in New York and Maryland,

And so on:

> Likewise, there are only two manufacturers remaining for military jet engines. It appears that one of those manufacturers, Pratt and Whitney in Connecticut, is not in a labor surplus area, while another, G.E. in Massachusetts, is in a labor surplus area.

It would absolutely be absurd, Mr. President, to decide on a major engine contract based on this criterion, but that could be an effect of requiring the Defense Department to participate in total labor surplus area set-asides.

Senators will recall that we recently had a controversy about where to build some of the new breeders. Other examples could be given, but the point is clear: Where there are a small number of competitors, the Moynihan amendment would inject serious distortions, mandatorily inject serious distortions, into the process of arriving at the best weapons system at the lowest possible price.

Mr. MOYNIHAN. Mr. President, will the Senator yield?

Mr. STENNIS. May I just conclude with this sentence?

Certainly these are warnings enough, in this unexplored field, with no hearings, to demand—to demand—that we go into this matter further and give the committees and the Senate a chance to know what we are doing.

The Senator from North Dakota is the ranking minority member. I yield first to him.

Mr. YOUNG. Mr. President, I will be very short.

I oppose the repeal of the Maybank amendment on the grounds that it would adversely affect Defense Department procurement policies and procedures, and would result in still higher costs for military procurement.

One reason that I am deeply concerned about is that in my State, for example, where we have low unemployment, but we have four Indian tribes, three of the tribes now have minority military contracts. Those would no longer be possible if the Maybank amendment were stricken, and the Indians would go back on relief.

Mr. MOYNIHAN. Mr. President, does the Senator yield?

Mr. STENNIS. Yes, I am glad to yield to the distinguished Senator from New York.

Mr. MOYNIHAN. I thank the distinguished chairman and the ranking minority member.

I rise, however, to say that I regret very much that the chairman has been misinformed by the Department of Defense as to the purpose of our amendment. I am disappointed that the Department would have done this. It could have spoken to us in advance.

As I made clear, as the Senator from New Jersey made clear, and as the amendment clearly states, our proposal could never apply to a situation involving the procurement of airplane engines. We made it explicit that this change of policy would not apply to situations where there are such a small number of producers bidding for a contract that the Government cannot obtain via reasonable price.

Mr. President, I previously submitted to the RECORD a list of the kinds of things we were talking about: Surgical dressings, photographic equipment, office equipment, tents, tarpaulins, and tar. We have gone out of our way not to enter in the area of strategic weapons or even conventional arms.

It is disappointing that the Defense Department is so indifferent to this subject. The Department believes it is going to see its budget doubled in the next 6 years; but the Department will do nothing to improve the social distribution of the resulting burden.

We are beginning to see a bit of the mad scientist in the people who run the Defense Department. They do not live in the real world. And if they do not live in the real world of the American economy, do they live in the real world of any problem?

It is surprising and disappointing to find our case so misrepresented; and I am disappointed that it should have been done to a man of such perfect honor as our chairman. I wonder if the Senator from New Jersey does not share my disappointment.

Mr. WARNER and Mr. BRADLEY addressed the Chair.

Mr. MOYNIHAN. I am happy to yield to the Senator from New Jersey.

Mr. BRADLEY. I wish to reemphasize the concern of the Senator from New York about the interpretation given to this amendment. I think the language of the amendment itself answers the question that the distinguished chairman raised, in that there can be no labor set-aside unless the Secretary of Defense decides that it will happen. There will be no labor set-aside unless the Defense Department has determined that there are enough firms bidding so that there will be adequate competition.

The real question is one of broader national policy, a question of whether, in the time of limited resources, a time when we need to balance the Federal budget, we are going to use those Federal dollars we do spend to accomplish two purposes simultaneously.

I would argue that this amendment is as helpful to States like Mississippi and Florida, as it is to States like Michigan and Illinois. It is an amendment which is directed at pockets of painful unemployment throughout the country. It is an amendment which is timely, timely to our circumstances as a nation, and it is an amendment which in no way deteriorates the strength of our Armed Forces.

Mr. WARNER. Will the Senator yield?

Mr. MOYNIHAN. Reserving the remainder of my time, I yield to the Senator from Mississippi.

Mr. STENNIS. Mr. President, I yield to the Senator from Virginia for a few moments.

Mr. WARNER. Thank you, Mr. President.

Mr. STENNIS. I yield 8 minutes, Mr. President.

EXPLANATION OF AMENDMENT

Mr. WARNER. Mr. President, the pending amendment while in the form of a modification in effect repeals the Maybank amendment, since it would authorize defense awards in the manner which the Maybank amendment now prohibits. For 26 years as the Senate knows the Maybank language has prohibited the use of defense funds to pay a price differential on defense contracts to relieve economic dislocations. The amendment would authorize a price differential in the form of authority for total procurement set-asides for labor surplus areas which would be made on "that offers will be obtained from a sufficient number of eligible concerns so that awards will be made at reasonable prices."

The amendment would legally activate certain labor surplus provisions passed in 1977 which are now inoperable because of the Maybank amendment.

CERTAIN FUNDAMENTALS SHOULD BE NOTED

What is a labor surplus area? The current definition of a labor surplus area which is determined by the Secretary of Defense is those counties and cities with a population of over 50,000 with an unemployment rate of 20 percent above the national average or with a rate of 10 percent or more. (Since the current national average is 6.6 percent, an area would be labor surplus with an unemployment rate of 7.9 percent. In other words, a nonlabor surplus area is one with an unemployment rate below 7.9 percent.

Mr. President, the fine mathematical line on what is a labor surplus area is critical. It points out the fallacy of the premise that if an area has an unemployment rate of only 7 percent or any percentage below 7.9 percent, it should be deprived of the opportunity for defense business solely on the basis that the area with the rate of 7.9 percent or above is more deserving and that the business should go to the labor surplus area even at a higher cost to the Government.

IMPLICATION OF TOTAL LABOR SURPLUS SET-ASIDE

Mr. President, in this amendment the meaning of the word "total" should be clearly understood. This language means that the entire procurement would be totally set aside for labor surplus areas. Firms geographically located in nonlabor surplus areas would by definition be barred from any competition since the award would be totally set aside geographically for labor surplus areas.

Further, Mr. President, it should be clearly understood the award price would be determined not under low bid competition but on the reasonable expectation that awards would be made at reasonable prices. No definition of "reasonable" is set forth.

NO LIMITATION ON THE EXTENT OF TOTAL SET-ASIDE AWARDS

Mr. President, the record should be clear that neither in the pending amendment nor elsewhere is there a limit on the defense procurement funds which would be subject to the total labor set-aside authority either in the form of a dollar limitation or in the type of defense contract. The $15 to $20 billion target cited by the amendment's proponents in no way represents either a statutory or regulatory limit. I might note that the northeast coalition study in support of the $15 to $20 billion figure states that in fiscal 1978 the Defense Department awarded only $230 million in contracts "on a preferential basis to businesses in areas of higher unemployment."

REASONS FOR REJECTING THE AMENDMENT

Increased defense cost: Mr. President, under the so-called reasonable price expectation formula, the pending amendment would increase the cost of defense in an unknown magnitude because of the additional cost which would be paid for the goods and services. If the so-called reasonable prices were to be only 5 percent above the low bid system, the additional cost would be $750 million on the basis of the low figure of 15 billion which the proponents suggest for targeting to labor surplus areas.

The amendment has the effect of cutting the defense budget since the price of the goods and services will be increased with no increase in defense capability. This amendment is therefore wholly contrary to the recent actions of the Senate increasing the funds available for defense purposes.

POTENTIAL FOR POLITICAL ABUSES OF TOTAL SET-ASIDE AUTHORITY

Mr. President, as far as I know it has long been congressional policy that defense contracts should be awarded on the basis of low bid competition and not on the basis of political pressure. The Senate should never grant to any administration, Democratic or Republican, the unlimited authority to distribute defense contracts by geographical area based on whether or not it is defined as labor surplus. The potential for political abuse is obvious under the reasonable price expectation formula. Even in the best of good faith this grant of unlimited authority uncontrolled by any low bid requirement favoring a particular geographical area will inevitably produce the strongest political pressures to distribute defense related contracts to those eligible areas.

It is true that the amendment would vest the authority in the Secretary of Defense but in the real world, as we know from recent events, Cabinet officers come and go when cooperation with the White House is not satisfactory.

Mr. President, the Senate should note that the underlying statute that would become operative by this amendment places no limit on the size of the firms which would be eligible to receive the total labor set-aside awards.

Again, Mr. President, I emphasize that this amendment would deal with funds of a sizable magnitude. The proponents suggest only $15 to $20 billion procurement funds would be affected. As I pointed out, however, there is no dollar limit on the extent to which procurement funds would be subject to the so-called total set-aside.

EXTREME UNFAIRNESS TO FIRMS AND EMPLOYEES IN AREAS NOT DEFINED AS LABOR SURPLUS

Mr. President, the pending amendment rejects every concept of reward for fair competition in granting authority whereby as a matter of law firms and their employees would be denied the right to participate in low bid defense contract competition because of the sole fact that they were located in a geographical area with an unemployment rate below 7.9 percent. I ask what is our response to efficient employees and employers who desire to compete for a defense contract but are denied the right because of their location in a geographical area with an unemployment rate below 7.9 percent. For what reason are they less deserving than those employers and employees in the labor surplus areas who could not otherwise effectively compete under the low bid system?

THE AMENDMENT WOULD CREATE NO NEW JOBS—BUT WOULD CAUSE A GEOGRAPHICAL REDISTRIBUTION OF EXISTING JOBS

Mr. President, one fallacy being propounded on behalf of the amendment is that its passage would result in the creation of additional job opportunities. Such is not the case. The same jobs that would be gained in the so-called labor surplus areas to which defense awards would be shifted, would also be lost in the nonlabor surplus areas where the award would be excluded because of the total set-aside. There would be no net national job gain.

Mr. President, the national job result of a labor surplus proposal is in sharp contrast to the other special Federal programs such as small business and equal opportunity which are both aimed at increasing the total labor opportunities through training and expansion of the industrial base. These programs do not cause a geographical job shift—a geographical job shift at a high cost to the taxpayer.

REGRETTABLE REGIONAL OVERTONES

Mr. President, I regret the regional overtones regarding the Maybank amendment. Many in the northeast region assumes a beneficial result from a Maybank repeal. I observe that a principal document for repeal was prepared by the Northeast-Midwest congressional coalition.

I would hope that every geographical area of the country would expect to compete on a competitive basis without preferential price treatment at the expense of the taxpayer. We all know there are scores of the most important defense contractors in the Northeast who have successfully competed on a low bid basis for defense business and I would doubt that these firms would expect that they should be excluded from the burden of price competition merely because they might be geographically located in a so-called labor surplus area.

SUMMARY

Mr. President, there have been no hearings on this proposal of far-reaching implications. In summary, this amendment would:

First, increase the cost of defense in an unknown magnitude without any increase in defense capability,

Second, grant the authority for the geographical shifting of defense contracts, a process which would be subject to obvious potential abuse and pressures, and

Third, provide for no discernible net national gain by its enactment.

May I put a question to the distinguished Senator from New Jersey? I have carefully read the amendment but I fail to find the proposed revision by which the effect of the amendment goes only to what the Senator has characterized as nonstrategic items. I have before me a list which I presume the distinguished Senator has had included in the RECORD. Where is the definition by which such a list has been published in the amendment?

Mr. BRADLEY. In answer to the Senator, the wording says there is a reasonable expectation that offers will be obtained from a sufficient number of eligible concerns. Regarding the Senator's particular concern, the answer is first that the Secretary of Defense will decide which contracts can be set aside and surely he would not endanger the national security by setting aside inappropriate procurements. Second, the Secretary, under our amendment must determine that there is a sufficient number of firms bidding to assume a reasonable price. Now clearly concerning strategic items, such as planes and missiles there is not a sufficient number of firms in labor surplus areas in the country to allow such items to qualify for a labor set-aside.

Mr. MOYNIHAN. Will the Senator yield?

Mr. BRADLEY. I yield.

Mr. MOYNIHAN. This point must be made explicit. If it turns out that there were 50 plants building nuclear submarines, would the Secretary of Defense be required to choose one of them in a labor surplus area? He would not be; and, may I ask my colleague, the Senator from New Jersey, what reason would he have to give for not doing it?

Mr. BRADLEY. He would have to give no reason.

Mr. MOYNIHAN. Exactly: He would be required to give no reason whatever. He could simply say "I choose not to." Let us be clear about this. I am surprised the Department of Defense has ignored this fact, and in doing so misrepresented this legislation. Time after time we have voted for them and supported them only to see them now mislead us. I would simply like to say: What Harry Truman thought to be a good policy, still is.

Mr. WARNER. To the distinguished Senator from New York, if I might put the question once more, referring to page 2 of the Senator's letter to our colleagues, the Senator says it deals only with the $15 to $20 billion a year in Defense Department purchases of nonstrategic goods and services. But now the Senator is talking about reposing the discretion in the Secretary of Defense. This is written as if the law separates.

Mr. BRADLEY. Is the Senator talking about the amendment or the letter?

Mr. WARNER. I am talking about the amendment, but the letter is written as if the amendment writes into law the definition of strategic materials. It does not.

Mr. MOYNIHAN. The Senator is correct. It does not. It states simply that the discretionary powers in the Small Business Act may be exercised in cases where the Secretary of Defense or his designees specifically determine there is a reasonable expectation that offers will be obtained from a sufficient number of eligible concerns so that awards will be made at reasonable prices.

The Secretary exercises a discretionary power in this matter.

Mr. WARNER. Assuming he will apply what is a reasonable price, however.

Mr. MOYNIHAN. The Secretary has absolute discretion regardless.

Mr. WARNER. But I ask the distinguished Senators from New York and New Jersey if we are not establishing a rather dangerous precedent by which the Secretary of Defense is given such broad and sweeping discretionary authority with respect to the defense dollars at the very time those dollars are recognized by this Chamber in recent votes to be an insufficient amount to meet America's defense needs.

Mr. BRADLEY. Will the Senator yield?

Mr. WARNER. I yield.

Mr. BRADLEY. I am interested in the pockets of unemployment in Virginia, of which there are 23 and in New Jersey, where there are 22. I am quite interested in affording those pockets of unemployment in the State of Virginia, as well as New Jersey the benefit of these kinds of contracting set-asides.

And I am also just as interested as the Senator from Virginia about protesting the national security of our country. Therefore I would ask the Senator if we could remove all doubt about strategic supplies being subject to the set-aside, would the Senator then be in support of the amendment?

Mr. WARNER. Will the Senator repeat his question? One of my colleagues addressed me during the delivery of the question.

Mr. BRADLEY. If we could remove all doubt about the question the Senator has raised concerning the chance that strategic goods would be subjected to labor surplus areas set-asides, would that clear up the objection of the Senator? Would the Senator support the amendment?

Mr. WARNER. No. I regret to inform my distinguished colleague from New Jersey that I think philosophically I am opposed across the board to the removal of a law which has served our Nation for a quarter of a century very satisfactorily.

Mr. BRADLEY. I am glad we now know the root of the distinguished Senator's objection, and that it is not that he is not in doubt about the impact on national security but that he is opposed on philosophical grounds.

Mr. WARNER. No. The philosophical point goes to the heart of the fact that our security dollars are in short supply today, and any interpretation of the Senator's proposal leads to procurement of fewer beans, bullets, and blankets, if the Senator so classifies them as nonstrategic, than would be under existing law.

Mr. BRADLEY. The procurement of fewer in number?

Mr. WARNER. That is correct, at the same price.

Mr. BRADLEY. In other words, if there were 25 labor surplus areas that were bidding on a contract, would you not say 25 companies in these 25 areas not provide sufficient competition? Would the Senator please explain what is the uniqueness about competition between labor surplus areas and areas that are not labor surplus?

Mr. WARNER. Because of the likelihood of those areas receiving the contract to be performed at a higher price than the lowest bid elsewhere.

Mr. BRADLEY. Can the Senator cite evidence of that?

The PRESIDING OFFICER. The Senator's 8 minutes have expired. Who yields time?

Mr. MOYNIHAN. Mr. President, does the Senator from Mississippi desire time? The Senator from Michigan would like to speak on this side.

Mr. STENNIS. Yes, on the amendment.

Mr. MOYNIHAN. Would the Senator like to continue speaking?

Mr. STENNIS. I thank the Senator. We can switch from side to side and try to follow that pattern.

Mr. MOYNIHAN. Mr. President, I am happy to yield to my associate, and cosponsor, the Senator from Michigan.

Mr. LEVIN. I thank my friend from New York.

Mr. President, I am pleased to join with my colleagues from New York and New Jersey in offering this amendment modfying the so-called Maybank amendment, which for many years has been routinely incorporated in the defense appropriation bill by the Senate. The purpose of our modification is to permit, and I emphasize permit, the Department of Defense to participate, in an appropriately limited manner, in the Government-wide program of targeting Federal procurement to areas suffering under the burdens of excessive unemployment.

The goals of the labor surplus program are, I believe, unobjectionable. The Federal Government has a longstanding policy of using its procurement dollars in the pursuit of important national policy objectives. We use our purchasing power to support and encourage small businesses and minority-owned businesses and, since 1952, have had a policy of channeling some procurement to firms in areas with a surplus of labor. The original objectives of the labor surplus program, were articulated in defense Manpower policy No. 4 in 1952.

I emphasize that. This was a defense policy that originated the labor surplus program.

These objectives were: First, to preserve management and employee skills necessary to the fulfillment of Government contracts and purchases; second, to maintain productive facilities; Third, to improve utilization of the Nation's total economic potential by making use of the economic resources of each area; and, fourth, to help insure timely delivery of required goods and services and to promote readiness to expanded efforts by locating procurement where the needed labor force and facilities are fully available.

Mr. President, those are defense objectives.

These objectives are, if anything, more essential today than they were in 1952. It is clearly in the national interest to encourage optimal utilization of all of our industrial and human resources by targeting Federal dollars to areas where the labor force is ready and willing, but adequate employment is not available. In fact, only 2 years ago, in amendments to the Small Business Act, Congress strongly affirmed its support for the labor-surplus program by authorizing total labor-surplus set-asides by all Federal agencies on contracts where an adequate degree of competition exists to insure a reasonable price to the Government.

In this regard, I say to my friend from Virginia that indeed, dollars are in short supply. They are in short supply in the defense budget, they are in short supply in social areas. There is an equality of shortness of supply. The purpose of the labor set-aside program is not only to take care of the pockets of unemployment, to promote readiness, to make sure we use our economic capacity; the purpose is also to avoid the expenditures for welfare and for unemployment compensation which cost the Federal Treasury so dearly and which makes it difficult for us to have sufficient dollars for defense and for social purposes.

This amendment was intended to apply to all departments and agencies of the Federal Government. However, by the terms of the Maybank amendment, as interpreted by the General Accounting office, the Defense Department may not make total labor-surplus set-asides. Maybank prohibits DOD from paying a price differential on contracts for the purpose of relieving economic dislocation. When bidding on a contract is restricted, an agency cannot be absolutely certain that it will get the lowest possible price, and for this reason, GAO has stated that Defense is prohibited from participating in the labor-surplus program.

I do not believe that this unique exclusion can be justified, in view of the overriding objectives which the program is designed to achieve. Targeting contracts to labor-surplus area firms may involve some additional costs to DOD, as does any set-aside program, but these costs would be more than adequately recovered by the increased economic activity that would be generated in depressed areas, with an accompanying increase in Federal tax revenues, and by a decrease in Federal transfer payments such as unemployment compensation and welfare, to areas of higher-than-average unemployment. This amendment must be examined in the context of its overall impact on the Federal budget, and we believe that it offers a real opportunity for reduction in Federal spending.

Our amendment would simply authorize—I emphasize authorize—the Defense Department to participate in this program by making set-asides of complete contracts to labor-surplus area firms, on the same basis as all other Federal agencies.

Again, I say to my friend from Virginia, this is not a new precedent being set. All other agencies, all other Cabinet positions and posts have the same power already. These procedures are not new. They are well tried, well worn, well proven. DOD should not be exempt from the same authority that every other agency of this Department has.

DOD would retain more than adequate discretion in its procurement procedures. Set-asides would not be required on any particular contracts; would not be required if a reasonable price could not be guaranteed; would not be required on strategic purchases or purchases which affect the national security, and the program would not create administrative chaos for Defense procurement officers. In fact, the Small Business Act establishes a rational set of priorities for the awarding of procurement contracts, which integrates the small business and labor-surplus set-aside programs, and provides adequate guidance for contracting officers to use in determining the appropriateness of set-asides for given contracts. These priorities also insure that implementation of the labor surplus program will not prevent any small or minority business from bidding on a set-aside contract, but would, rather, provide additional priority consideration to such firms when located in labor surplus areas.

What precisely would this amendment do? It would authorize, not require the Department of Defense to make total labor-surplus set-asides—in other words, to restrict bidding on entire purchases to firms in labor surplus areas—on certain contracts, when and only when the Secretary of Defense or his designee determines that "there is a reasonable expectation that offers will be obtained from a sufficient number of eligible concerns so that awards will be made at reasonable prices." This would enable DOD to conform its procurement policies to Government-wide practices. And the types of procurements with which we are concerned are not related to national security. Instead, they are the Defense Logistics Agency's annual purchases of $15 to $20 billion worth of routine items such as clothing, food, tools, furniture, and so on, which could be adequately and efficiently produced by thousands of small labor-surplus-area firms in all parts of the country.

Mr. President, the Maybank issue has been with us for some time, and we should pay tribute to our former colleague, Senator Hathaway, who took the lead on the issue for the last several years. Despite this history, the need for modification of Maybank is particularly pressing at this moment. As my colleagues know, Congress recently enacted implementing legislation for the multilateral trade agreements, which we all hope will lead to freer and fairer international trade. One of the concessions we made in those negotiations, with respect to the Government procurement code, was an agreement to waive the labor-surplus set-aside program for purchases by those Government agencies specifically covered by the terms of the code.

This will do significant damage to the program. In its report on the implementing bill, the Senate Finance Committee urged that "the program of procurement set-asides for labor-surplus areas be strengthened and expanded by those entities and for those purchases which are not on the U.S. list," to offset the damage done to the program. The largest entity which is substantially excluded from the U.S. list, and therefore from coverage by the code, is the Department of Defense, which thus offers the greatest opportunity for expanding the labor surplus program without violating our international agreements.

Finally, Mr. President, this is not a question of regional advantage or preference. This is not a matter of North against South, East against West, or Frost Belt against Sun Belt. It is an unfortunate fact of life that excessive unemployment exists in pockets which are distributed across all regions of our Nation, and as an inevitable result, labor surplus areas exist in all parts of the country as well. The issue here is not whether modification of Maybank would result in wholesale displacement of defense procurement from region A to region B, for it is not our expectation or intention that DOD, as a result of our amendment, would ever feel obligated to procure goods for a military base in one State from a factory in another State. What we do hope to accomplish is an assurance that, in placing nonstrategic contracts, DOD will give or be authorized to give consideration to firms operating in areas where people who want to work cannot find work, and where Federal dollars can have maximum impact in terms of stimulating economic vitality and strength and, hopefully, save some dollars for the Treasury in forms of unemployment compensation and welfare, which does not then have to be paid.

I have no doubt that most Senators in this body would, at least in principle, support policies to distribute more evenly economic activity and available employment within his or her own State, so as to reduce the hardship and economic costs associated with pockets of unemployment. I submit that this amendment offers a reasonable and carefully crafted means of pursuing that goal, and I hope that it will win the support of all of my colleagues.

Mr. MOYNIHAN and Mr. WARNER addressed the Chair.

Mr. MOYNIHAN. Mr. President, before the Senator from Virginia responds may I thank the Senator from Michigan for a superb summation of this case and I ask unanimous consent to have printed in the Record the previous Senate debates on this issue raised by Senator Hathaway and appproved by the Senate.

There being no objection, the material was ordered to be printed in the Record, as follows:

The following is the floor debate accompanying Senator Hathaway's first attempt to repeal Maybank. August 2, 1974.

Mr. Hathaway. Mr. President, I have an amendment at the desk.

The Presiding Officer. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 42, line 4, beginning with the word *"Provided,"* strike out all down through the colon in line 7.

Mr. Hathaway. Mr. President, this amendment, which is cosponsored by the distinguished Senator from Rhode Island (Mr. Pastore), would strike from the defense appropriation bill the provision that no funds shall be used for the payment of a price differential on contracts made for the purpose of relieving economic dislocation.

This has greatly inhibited the program. I have discussed it with the chairman of the committee and I believe that it is acceptable.

This language in the bill has come to be known as the Maybank amendment. It was named for Senator Burnet R. Maybank, who offered the amendment in 1953. Its restrictive language has the effect of severely limiting the Government's program of aiding areas of high unemployment through the award of contracts under the labor surplus area procurement program.

The Maybank amendment was first inserted in the defense appropriation bill over 20 years ago to prevent negotiations of contracts at premium prices with firms in labor-distressed areas. At that time the New England textile industry was moving south, and in an effort to keep some of the textile industry in New England, the Defense Department was inclined to award contracts at a higher price to New England mills than to southern mills.

During that period southern mills were able, because of lower labor costs, to bid much lower on contracts than the New England mills were. The Maybank amendment was intended to prevent the Secretary of Defense from awarding a contract to a New England textile mill at a higher price than he would award the same contract to a southern textile mill, in order to keep the New England mills where they were.

The problem that existed then has now taken care of itself. Most of the textile mills have moved south and very few are left in the New England area. Even though the problem, which the amendment addressed itself to, has been taken care of, the prohibitory language has been included in the Defense Appropriations Act year after year for more than 20 years.

In my opinion, the Maybank amendment is an idea whose time has passed. It has outlived its usefulness, and we should reconsider the purpose of this provision in the light of present economic conditions.

Although the language of the Maybank amendment does not specifically state that it applies to the labor surplus area procurement program, as authorized in Defense Manpower Policy No. 4, it has been interpreted by the procuring agencies, as well as the Comptroller General, to apply to that program.

The labor surplus area program was initiated in 1952 to encourage full utilization of existing production facilities and workers in preference to creating new plants or moving workers. By channeling Government contracts into areas of high unemployment, the program helps preserve management and employee skills, maintains productive facilities, improves utilization of the Nation's total manpower, and helps assure timely delivery of required goods and services.

There are three categories of labor surplus areas under the program: First, areas of substantial unemployment, second, areas of sustained unemployment, and third, areas of concentrated unemployment or underemployment.

Under the program, certain Government contracts are set-aside for bidding by firms in labor surplus areas. In other words, in such a set-aside, only firms located in areas of high unemployment may bid on the contracts. At that point the problem arises with the application of the Maybank amendment. The prohibitory language of the amendment requires the guarantee that any contract which is awarded as a result of preference procedures to firms that qualify for labor-surplus-area assistance must be awarded at the lowest possible price.

To meet this required guarantee of the lowest possible price, every procurement set-aside for labor surplus area firms must be split. One part of the procurement is open for unlimited competitive bidding by any firm interested in bidding on the contract. The other part is set-aside for exclusive award to labor surplus area firms.

Once the price has been established for the part of the procurement that is open to competitive bidding throughout the country, that is the price the Government will pay for the remaining part of the procurement made available for firms in labor-surplus areas.

This complicated procedure greatly restricts the labor-surplus-area program by making only partial set-asides rather than total set-asides available to labor-surplus-area firms.

The amendment I offer today would delete from the Defense Appropriation Act the recurring restrictive language of the Maybank amendment and assure that labor surplus areas get a greater share of Defense Department contracts by allowing total set-asides for labor-surplus-area firms rather than partial set-asides.

In fiscal year 1973 civilian and defense procuring agencies total contract expenditures amounted to $45 billion. Only 0.4 percent, or $195.7 million, was awarded under the labor surplus area program.

Several witnesses testifying before the Government Procurement Subcommittee of the Small Business Committee on this program last year agreed that, without the Maybank amendment restricting the program, labor surplus area procurement would surely expand.

In 1952, when the labor surplus area program was initiated, unemployment was 3 percent. From the most current data, for July of this year, it is 5.3 percent. Unemployment today is more grave than it was when this program was initiated. Expanding the labor surplus area program would be one means of combatting this unemployment problem, but unfortunately the restriction imposed by the Maybank amendment against total set-asides for labor surplus area firms is one of the reasons the program is not more effective. I think it is time to look at the program in terms of giving it new life and direction.

With the deletion of the restrictive language of the Maybank amendment from the defense appropriations bill, procuring agencies would have the right to set aside totally an appropriate procurement for firms which qualify under the labor surplus area program. They would no longer be required to go through the complicated process of splitting the procurement.

This does not mean that the Defense Department would be allowed to confine bidding to a particular labor surplus area in, say, New England, or California, or in any other specific geographical area of the country. It would mean that firms in any labor surplus area would have an opportunity to bid, so there would be bidders on the contract all the way from Maine to Hawaii.

The program does not favor any particular section of the country. Classified sections of concentrated unemployment or underemployment include parts or all of 421 cities, 677 counties, in all states, 31 Indian reservations, and the Commonwealth of Puerto Rico.

Firms in labor surplus areas are fully competitive businesses.

The facts do not indicate that contracts awarded under a total labor surplus area set aside, now prohibited by the Maybank amendment, would be at substantially higher prices. In a total set-aside, that would allow only labor surplus area qualified firms to bid, those qualified firms from all over the country would be competing among themselves and their prices would necessarily be competitive. If in the opinion of procurement officials the lowest bid is considered excessive, compared with current prices in the marketplace, then the Government could, and indeed it should, cancel the set-aside and readvertise the procurement without restriction.

A high percentage of the contracts awarded under the labor surplus area program go to small businesses. It is a valuable means of placing more contracts with small business and there can be no more worthy goal than that. By helping small businesses to grow, we are investing in their long-term growth, with attendant new job opportunities.

The cost of the program is very reasonable. During hearings held by the Government Procurement Subcommittee, a witness from the Department of Labor testified that the cost per placement of a person under this program is only $40, as compared with $1,000 to several thousand dollars per individual placement under other job preparation and training programs.

Operation of the program under the encumbrance of the Maybank amendment also makes the program more costly. The requirement that no price differential is to be paid necessitates the splitting of the procurement into two or more contract awards. This increases the time, work, and resulting expense to the procuring agencies. Instead of one contract award there are two or more contracts to award, two or more contract performances to administer and close out and more contractors to pay. These additional measures necessarily add to the cost of administering the contract. Costs are also increased by the Government's not being able to take advantage of greater quantity discounts which would be available if the procurement were not split.

The restrictive language of the Maybank amendment is highly detrimental to the labor surplus area program. In my opinion this obstacle, which is no longer relevant to the evil it was designed to avoid, should be removed.

The labor surplus area program holds out promise for relief of our unemployment problem. It should not be fettered with an outdated restriction which prevents it from fully operating to supply an ever-growing need. In the interest of aiding business, particularly small business, and adding stimulus to a much needed program, I urge my colleagues to join with me in striking from the Defense appropriations bill the restrictive language of the Maybank amendment.

Mr. McCLELLAN. Mr. President, I have considered this matter. It has been in the law for a long time. It would appear now that it is more or less obsolete, and no longer needed. I have agreed to take it to conference. Unless the House has some strong position about it, I would have no objection to its passage.

If there is no objection on the part of anyone, I will agree to take it to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Maine. (Putting the question.)

The amendment was agreed to.

The following is Senator HATHAWAY's second attempt to modify Maybank:

Mr. HATHAWAY. Mr. President, I call up my unprinted amendment, which is at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 49, line 19, strike out the colon and insert new material as follows: "except where the Secretary of Defense has specifically determined that sufficient price competition exists to insure a reasonable price to the government:".

Mr. HATHAWAY. Mr. President, the amendment I offer today is similar to one the Senate adopted a year ago. It went to conference but did not survive the conference.

The amendment has been modified to satisfy the objections that the Defense Department had to it at that time.

I have discussed the amendment at great length with the distinguished chairman of the committee. I believe it is acceptable to him.

Mr. President, the amendment I propose today would modify language contained in this Defense Appropriations bill, and in every DOD appropriation since 1953. The language I wish to modify is the so-called Maybank amendment, named after Senator Burnet R. Maybank who first introduced it. It states that:

No funds shall be used for the payment of a price differential on contracts made for the purpose of relieving economic dislocations.

Senator Maybank's goal was to prohibit the DOD from paying more for textiles obtained from mills in New England than from mills in other parts of the country, particularly the South, where labor costs were lower. At that time the DOD was prone to pay these higher costs in an attempt to stop or slow the trend of many New England firms moving to areas with lower labor costs. The Maybank amendment was desirable legislation to counteract this regional favoritism which imposed higher costs for the defense of the country as a whole.

As we all know, most of the mills moved, and therefore the historic phenomenon to which the Maybank amendment was addressed no longer is significant.

The Maybank amendment, however, has lived on, and became a significant problem in its own right as it has affected the DOD's labor surplus area set-aside program. This program was initiated in 1952 under Defense Manpower Policy No. 4 which requires that certain procurement contracts be set-aside for bidding in areas of substantial unemployment. The program was meant to preserve management and employee skills useful to the Nation's defense during times of economic downturns. This program is a valuable one, and ought to gain increasing attention today as unemployment hovers at an unacceptable level of 8.6 percent.

The General Accounting Office has, however, in its construction of the Maybank amendment and the labor surplus area set-aside program, limited implementation of the goals of the latter by its determination that a defense procurement contract cannot be totally set aside for award to firms located in labor surplus areas, but rather must be split up into two or more units with at least one of those contract units being bid competitively among all firms, within and without labor surplus areas. Under the GAO interpretation, the open competition on a portion of the total contract award determines the highest price payable on the remaining portion of the contract to be set aside for labor surplus areas. This construction is based on the theory that the best price can only be obtained by an open competition among all sorts of firms and would not be obtainable under a total set-aside to labor surplus areas. Such a theory might have made some sense in times of low levels of unemployment where there were few qualifying labor surplus areas, but makes little sense today. I might add that in 1953, when Senator Maybank first introduced his amendment, unemployment was only 3 percent. In a time of 8.6 percent unemployment, when approximately 800 areas across the country have been designated by the Secretary of Labor as having substantial unemployment, setting aside a Government contract for procurement among firms in these areas would surely yield a competitive price. Furthermore, the GAO interpretation which refuses to allow such a total set-aside severely limits the labor surplus area set-aside program's goal of helping alleviate localized severe unemployment. The time has come to change the statutory structure to allow total labor surplus set-asides and to eliminate the GAO's tortured construction to the Maybank amendment.

My amendment would allow the Secretary of Defense or his delegate, the contracting officer, to make a total set-aside to labor surplus areas of a Government contract when the Federal Government will not be forced to pay an unreasonable contract price. In order to make that determination the officer should look at the number of labor surplus areas, the overall unemployment level, the number of firms within the labor surplus areas willing and capable of performing such contracts and the probability of such firms completing such contract at a fair and reasonable cost.

This determination would be made on a contract-by-contract basis, substituting specific criteria for the present procedure which arbitrarily decides that a total labor surplus set-aside is not feasible.

The procedure I suggest for allowing total labor surplus area set-asides borrows heavily from current procedures followed by a contract officer in placing a procurement into a total small business set-aside, regarding which the Armed Forces Procurement Regulation states that:

The entire amount of a procurement may be set aside for exclusive small business participation if the contracting officer determines that there is a reasonable expectation that offers will be obtained from a sufficient number of responsible small business concerns so that awards will be made at reasonable prices.

This procedure has worked well for such total small business set-asides. The procurement officers solicit bids from available firms on bidders lists compiled by the Small Business Administration and from lists compiled by the DOD of firms which have bid in the past on other contracts to insure adequate competition. The same sort of lists could be obtained of the labor surplus area firms.

The contracting officer has an additional safeguard against an unreasonably high bid price under total small business set-aside which would also be available under a total labor surplus area set-aside; he may cancel the set-aside and readvise among all firms.

My amendment would extend these well established and workable procedures to make them applicable to total labor surplus area set-asides, and would remove the current blanket prohibition against such set-asides.

My amendment would not mandate a total labor surplus area set-aside in situations where such a procedure would prove uneconomical. In previous Congresses I had attempted an outright repeal of the Maybank amendment. In fact, in the last session of the 93d Congress, an amendment offered by Senator Pastore and myself which did repeal Maybank, was accepted by the Senate, but dropped in conference, apparently due to DOD opposition. The DOD objected to outright repeal because in certain circumstances a total labor surplus set-aside would not result in an economical contract price, such as where there were an insufficient number of firms within the labor surplus area to generate a fair price. I appreciate the nature of such objections and have this year drafted my amendment accordingly. My amendment would preserve the positive features of the Maybank amendment and at the same time unfetter the labor surplus area set-aside program, so badly needed in today's economy.

I urge my colleagues to support me in this effort.

Mr. McClellan. Mr. President, I discussed this item with the distinguished Senator from Maine and also with my distinguished colleague, the ranking minority member on the Appropriations Committee, and I am prepared to accept the amendment and take it to conference, unless someone objects.

I am ready for the vote and I yield back the remainder of my time.

Mr. Hathaway. I yield back the remainder of my time.

The Presiding Officer. The question is on agreeing to the amendment of the Senator from Maine.

The amendment was agreed to.

The following is Senator Hathaway's third attempt to modify Maybank.

UP AMENDMENT NO. 285

Mr. Hathaway. Mr. President, I send a second amendment to the desk.

The Presiding Officer. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Maine (Mr. Hathaway) proposes an unprinted amendment No. 285.

Mr. Hathaway. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The Presiding Officer. Without objection, it is so ordered.

The amendment is as follows:

On page 42, line 5, beginning with "except" strike out all down through "Government" in line 7 and insert in lieu thereof the following: "except that nothing herein shall be construed to preclude total labor surplus area set-asides pursuant to Defense Manpower Policy No. 4 (32A C.F.R. Part 8) if the Secretary specifically detemines that there is a reasonable expectation that offers will be obtained from a sufficient number of eligible concerns so that awards will be made at reasonable prices".

Mr. Hathaway. Mr. President, the purpose of this amendment is to include language that would allow the Secretary of Defense to make contracts or set asides in labor surplus areas provided the Secretary specifically determines there is a reasonable expectation that offers would be obtained from a sufficient number of eligible concerns so that awards would be made at a reasonable price. An amendment similar to this amendment was tacked on to the same bill last year and I understand the floor manager has no objection.

Mr. President, in offering this amendment, I would first like to note that it is entirely consistent with the language already included in section 723 of this bill as reported. I am merely striking "except where the Secretary has specifically determined that sufficient price competition exists to insure a reasonable price to the Government:" and substituting the more precise language of my current amendment, which accomplishes the same goal as the language to be dropped. I have had a long time interest in this subject matter and was successful last year in adding the language for which I now intend to substitute. This occurred during the Senate's consideration of the 1976 Department of Defense Appropriation on November 18 of last year.

Mr. President, to elaborate on my intention in offering the previous amendment and in support of my modified amendment today, I ask unanimous consent that my remarks as contained in the Record for November 18, 1975, be printed in the Record at this point.

There being no objection, the remarks were ordered to be printed in the Record, as follows:

Mr. Hathaway. Mr. President, the amendment I offer today is similar to one the Senate adopted a year ago. It went to conference but did not survive the conference.

The amendment has been modified to satisfy the objections that the Defense Department had to it at that time.

I have discussed the amendment at great length with the distinguished chairman of the committee. I believe it is acceptable to him.

Mr. President, the amendment I propose today would modify language contained in this Defense Appropriations bill, and in every DOD appropriation since 1953. The language I wish to modify is the so-called Maybank amendment, named after Senator Burnet R. Maybank who first introduced it. It states that:

"No funds shall be used for the payment of a price differential on contracts made for the purpose of relieving economic dislocations."

Senator Maybank's goal was to prohibit the DOD from paying more for textiles obtained from mills in New England than from mills in other parts of the country, particularly the South, where labor costs were lower. At that time the DOD was prone to pay these higher costs in an attempt to stop or slow the trend of many New England firms moving to areas with lower labor costs. The Maybank amendment was desirable legislation to counteract this regional favoritism which imposed higher costs for the defense of the country as a whole.

As we all know, most of the mills moved, and therefore the historic phenomenon to which the Maybank amendment was addressed no longer is significant.

The Maybank amendment, however, has lived on, and became a significant problem in its own right as it has affected the DOD's labor surplus area set-aside program. This program was initiated in 1952 under Defense Manpower Policy No. 4 which requires that certain procurement contracts be setaside for bidding in areas of substantial unemployment. The program was meant to preserve management and employee skills useful to the Nation's defense during times of economic downturns. This program is a valuable one, and ought to gain increasing attention today as unemployment hovers at an unacceptable level of 8.6 percent.

The General Accounting Office has, however, in its construction of the Maybank amendment and the labor surplus area set-aside program, limited implementation of the goals of the latter by its determination that a defense procurement contract cannot be totally set aside for award to firms located in labor surplus areas, but rather must be split up into two or more units with at least one of those contract units being bid competitively among all firms, within and without labor surplus areas. Under the GAO interpretation, the open competition on a portion of the total contract award determines the highest price payable on the remaining portion of the contract to be set aside for labor surplus areas. This construction is based on the theory that the best price can only be obtained by an open competition among all sorts of firms and would not be obtainable under a total set-aside to labor surplus areas. Such a theory might have made some sense in times of low levels of unemployment where there were few qualifying labor surplus areas, but makes little sense today. I might add that in 1953, when Senator Maybank first introduced his amendment, unemployment was only 3 percent. In a time of 8.6 percent unemployment, when approximately 800 areas across the country have been designated by the Secretary of Labor as having a substantial unemployment, setting aside a Government contract for procurement among firms in these areas would surely yield a competitive price. Furthermore, the GAO interpretation which refuses to allow such a total set-aside severely limits the labor surplus area set-aside program's goal of helping alleviate localized severe unemployment. The time has come to change the statutory structure to allow total labor surplus set-asides and to eliminate the GAO's tortured construction to the Maybank amendment.

My amendment would allow the Secretary of Defense or his delegate, the contracting officer, to make a total set-aside to labor surplus areas of a Government contract when the Federal Government will not be forced to pay an unreasonable contract price. In order to make that determination the officer should look at the number of labor surplus areas, the overall unemployment level, the number of firms within the labor surplus areas willing and capable of performing such contracts and the probability of such firms completing such contract at a fair and reasonable cost.

This determination would be made on a contract-by-contract basis, substituting specific criteria for the present procedure which arbitrarily decides that a total labor surplus set-aside is not feasible.

The procedure I suggest for allowing total labor surplus area set-asides borrows heavily from current procedures followed by a contract officer in placing a procurement into a total small business set-aside, regarding which the Armed Forces Procurement Regulation states that:

"The entire amount of a procurement may be set aside for exclusive small business participation if the contracting officer determines that there is a reasonable expectation that offers will be obtained from a sufficient number of responsible small business concerns so that awards will be made at reasonable prices."

This procedure has worked well for such total small business set-asides. The procurement officers solicit bids from available firms on bidders lists compiled by the Small Business Administration and from lists compiled by the DOD of firms which have bid in the past on other contracts to insure adequate competition. The same sort of lists could be obtained of the labor surplus area firms.

The contracting officer has an additional safeguard against an unreasonably high bid price under total small business set-aside which would also be available under a total labor surplus area set-aside; he may cancel the set-aside and readvise among all firms.

My amendment would extend these well established and workable procedures to make them applicable to total labor surplus area set-asides, and would remove the current blanket prohibition against such set-asides.

My amendment would not mandate a total labor surplus area set-aside in situations where such a procedure would prove uneconomical. In previous Congresses I had attempted an outright repeal of the Maybank amendment. In fact, in the last session of the 93d Congress, an amendment offered by Senator PASTORE and myself which did repeal Maybank, was accepted by the Senate, but dropped in conference, apparently due to DOD opposition. The DOD objected to outright repeal because in certain circumstances a total labor surplus set-aside would not result in an economical contract price, such as where there were an insufficient number of firms within the labor surplus area to generate a fair price. I appreciate the nature of such objections and have this year drafted my amendment accordingly. My amendment would preserve the positive features of the Maybank amendment and at the same time unfetter the labor surplus area set-aside program, so badly needed in today's economy.

I urge my colleagues to support me in this effort.

Mr. HATHAWAY. Mr. President, as noted in my remarks given last year, that amendment was modified to meet objections voiced by the Defense Department and others to my amendment offered the year before which repealed the Maybank amendment. Subsequent to the Senate's accepting my amendment, further difficulties with the Defense Department developed, and again the amendment was dropped in conference. For the benefit of the conferees, I prepared two letters, dated November 26, 1975, and December 2, 1975.

I also wish to commend the distinguished chairman of the Appropriations Committee for his efforts in my behalf, which were supported ably by the senior Senator from Rhode Island. But ultimately, the House conferees were adamant and the amendment was dropped. For the benefit of my colleagues and to further describe my intention in offering this amendment today, Mr. President, I ask unanimous consent that these letters I sent to the chairman be printed in the RECORD at this point.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., November 26, 1975.
Hon. JOHN L. MCCLELLAN,
Chairman, Senate Appropriations Committee, Washington, D.C.

DEAR JOHN: I understand that you have been contacted by the Department of Defense regarding its objection to the Senate amendment to H.R. 9861, which modifies the Maybank Proviso to permit a procurement contract to be totally set aside for firms located in labor surplus areas where the Secretary of Defense determines that sufficient competition exists in these areas to insure a reasonable price to the government. Such a total set-aside is not possible under the current G.A.O. interpretation of the Maybank Proviso.

First, I would like to stress that the amendment as finally drafted was intended to meet the previously expressed objections from DOD to my earlier attempts to repeal the Maybank Proviso. On those occasions, the DOD had objected on the grounds that the Maybank Proviso was necessary lest the government be forced to pay unreasonable prices on contracts, whether or not procured through the labor surplus set-aside program. Consequently, my amendment this year was intended both to allow for total labor surplus area set-asides and insure that contracts would be bid at a fair price to the government. At the time the amendment was offered, I was advised that the DOD had no objections, that it met DOD's concerns. Now it is disturbing that a new source of objection has arisen, and ironic that DOD bases its objection over a concern for small business. While I understand that the DOD opinion could change upon further reflection, I wonder whether this further objection ought to be considered to be in good faith, and not simply motivated out of an aversion to any change in status quo.

The DOD's objection, as I understand it, is based upon a concern that such a modification would result in fewer contracts going to small businesses which are not located in labor surplus areas. As you may recall, the same concern was expressed last year by the Small Business Administration to a Senate amendment which would have repealed the Maybank Proviso. At that time I offered a rebuttal to their expressed concern, but unfortunately the amendment was dropped in Conference. I repeat that rebuttal now.

The Small Business Act provides that small businesses shall receive a fair proportion of total government purchases and contracts. To implement this mandate, the Armed Services Procurement Regulations establish preference categories when set asides are to be made.

A procurement officer gives primary consideration, or first preference, to making a small business set-aside, a portion of which is further set aside for small businesses located in a labor surplus area. Thus the first preference is given to small business both in and out of labor surplus areas.

Second preference is given to partial set-asides in labor surplus areas. With the modification of the Maybank Proviso, total set-asides could be given to those labor surplus areas.

Third preference is given to total set-asides to small business only when no part of the procurement being reserved to small businesses located in labor surplus areas.

Fourth preference is given to partial set-asides to small business.

The DOD seems to be concerned that, if the restriction against total set-asides is eliminated from the second preference category, more procurements will go into the labor surplus area program and fewer procurements will be assigned to the third category, giving total set-asides for small business only.

Last year, 73.4 percent of the contracts set aside for labor surplus areas went to small business. I am of the opinion that, with the authority to make total set-asides to labor surplus areas, larger numbers of contracts will go to this program, and small business will most likely retain its proportionate share. The enlargement of the labor surplus area program has a two-fold purpose—one, to aid small business and the other to alleviate unemployment in labor distressed areas.

If modifying the restrictive language of the Maybank Proviso does result in fewer contracts being set aside for small business under the third preference, then in accordance with the mandate of the Small Business Act, the preference categories should be rearranged to assure that a fair proportion of purchases and contracts go to small business.

In fact, a reordering of these relative priorities is now being considered by the Office of Federal Procurement Policy of the Office of Management and Budget. Mr. Hugh Witt, Administrator of the O.F.P.P., stated in testimony at hearings before my Subcommittee on November 11 that a determination would be made within 60 days of that date. The Senate amendment, by allowing total labor surplus set-asides, would give the O.F.P.P. increased flexibility in making such a determination.

The claim that allowing for increased use of the labor surplus area set-asides would injure small business located outside labor surplus areas rests on a false premise: that any increase in one program would result in a concurrent loss in the other. It is far more likely that small businesses located both inside and outside labor surplus areas would benefit from an increase in the variety of set-aside programs which the DOD must fulfill. In this way the total number of contracts going to small business in all areas would increase.

My intention in offering the amendment to modify the restrictive language of the Maybank Proviso from the Defense Appropriations bill was to aid small business in an area which I feel is being hampered by the restrictions of the Maybank Proviso. I believe that the modifications will be an aid to small business, and I urge the members of the conference committee to support the modification of this restrictive language from the legislation before it.

With best regards,
Sincerely,
WILLIAM D. HATHAWAY,
U.S. Senator.

U.S. SENATE,
COMMITTEE ON LABOR AND
PUBLIC WELFARE,
Washington, D.C., December 2, 1975.
Hon. JOHN L. MCCLELLAN,
Senate Appropriations Committee, Washington, D.C.

DEAR JOHN: I would like to supplement my letter to you dated November 26, to explain further my goal in offering my amendment to H.R. 9861 and my hope that this amendment will be retained in conference.

It is my understanding that the Department of Defense has now been joined in opposing the amendment by the Small Business Administration and the Office of Federal Procurement Policy. I would agree that the united opposition of these different entities of the Executive Branch ought to be carefully considered, but also ought to be examined for motive and purpose.

All of these entities seem to be concerned that any increased emphasis on the labor surplus area set-aside program would necessarily have an adverse impact upon the small business set-side program. Such a result would be contrary to existing law and contrary to the intent of my amendment. I suspect that this charge on the part of these entities is motivated more by an affection for the status quo than any legitimate dispute regarding the impact of the amendment.

At heart, the objections are based on a unified sentiment that the amendment would be difficult to administer, that it would be hard to simultaneously fulfill the Nation's defense goals and to channel contracts to areas of high unemployment and to small business. Of course the task may be difficult but it can and ought to be done. Without the amendment it will never be done and the labor surplus area set-aside program will continue as a dead letter with little if any practical significance.

All of the expressed objections could be met with a simple reordering of the current Armed Services Procurement Regulations, to allow for total labor surplus area set-asides and uphold the precedence of small business in this and other set-aside programs. I would envision the following priority structure emerging from this administrative change in regulations:

1. Highest priority be given to total set-asides for small businesses located within labor surplus areas, followed by:

2. Total set-asides for small businesses located anywhere, then:

3. Partial set-asides for small business anywhere, and finally:

4. Total set-asides for firms located within labor surplus areas, whether or not small businesses.

Such a change in the priority structure or something very close to it would be required in order to assure the precedence of small business as mandated by the statutory authority of the Small Business Act. I believe the SBA makes a mistake in seeing the current regulations as static and not requiring such change.

Regulations are not static and must change as their statutory underpinnings change. Let us not lose this opportunity to remove an anachronistic constraint from the Defense Appropriations legislation simply because the Executive branch prefers not to amend its regulations.

Sincerely,

WILLIAM D. HATHAWAY,
U.S. Senate.

Mr. HATHAWAY. Mr. President, subsequent to these difficulties, I determined to attempt to reach some accommodation with these objections which caused the elimination of my amendment. I focused my efforts on attempting to achieve some sort of understanding with the Office of Procurement Policy of the Office of Management and Budget, which it is my understanding retains overall responsibility for the procurement policies of the executive branch. As a result of these informal contacts, I learned that OFPP would be willing to undertake a test of expanded utilization of the labor surplus area set-aside program and would thereby monitor closely the interaction between this program and the small business set-aside program.

As time approached for the Senate's consideration of this year's DOD appropriation, I solicited OFPP's comments, along with those of DOD and the Small Business Administration and the GAO, which had commented earlier on a bill I submitted to repeal the Maybank proviso. Again, Mr. President, to describe further my goals today, I ask unanimous consent that this correspondence be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., July 13, 1976.

Mr. HUGH E. WITT,
Administrator for Federal Procurement Policy, Office of Management and Budget, Executive Office Building, Washington, D.C.

DEAR HUGH: During the Senate's consideration of the 1977 Defense Appropriation bill it is my intention to once again attempt to modify the Maybank Proviso. I appreciated your assistance last December, and it is my hope that more can be accomplished this time around.

I have enclosed for your information a copy of my recent letter to Comptroller General Staats which details alternative approaches and summarizes past efforts, along with a copy of a letter from the Comptroller to Chairman Ribicoff.

I would very much appreciate your comments regarding the suggestions contained in my letter to the Comptroller. I am aware of the progress being made by Mr. Trimble and Mr. Birnbaum of your office in structuring a test of expanded utilization of the labor surplus setaside program, involving total setasides and it is my goal to make the authority under which such a test would be conducted explicit, rather than relying solely on an administrative waiver from GAO.

I hope to hear from you at your earliest convenience, and thereby avoid some of the problems we ran into in December. As I mentioned in my letter to Mr. Staats, I would appreciate it if a copy of your views could also be sent to Chairman McClellan for the Committee's consideration.

Best regards,

Sincerely,

WILLIAM D. HATHAWAY,
U.S. Senator.

U.S. SENATE,
Washington, D.C., July 13, 1976.

Mr. ELMER B. STAATS,
Comptroller General, General Accounting Office, Washington, D.C.

DEAR MR. STAATS: I appreciated receiving the comments of your office contained in a letter of April 6, 1976 (B–129709) to Senator Ribicoff with regard to my bill S. 2659, a copy of which I have attached.

While to my knowledge there is no action scheduled on that particular bill, the Senate Appropriations Committee will be considering the 1977 Defense Appropriations bill, H.R. 14262, upon its return from the current recess, and floor action on this bill is scheduled later this month. I intend to ask that a modification of this bill be considered at those times.

It is my understanding that over the last few months your office has been in contact with the Office of Federal Procurement Policy with regard to the feasibility of conducting a study utilizing total labor surplus area setasides in certain areas involving both the DOD and the civilian sector. For purposes of such a study I understand you would be willing to waive your current interpretation of the Maybank Proviso. This study would form the basis for determining the appropriate role of the labor surplus setaside program with the various other setaside measures, such as small business.

I hope that continued progress can be made on this subject. At the same time, I would like to see the Defense Appropriation bill amended to state explicitly that total labor surplus area setasides are permissible, if certain determinations concerning price and competition can be made.

I have included the following two alternative approaches for your consideration and comments.

1. "*Provided further*, That no funds herein appropriated shall be used for the payment of a price differential on contracts hereafter made for the purpose of relieving economic dislocations, *except that this shall not be deemed to preclude use of total labor surplus area setasides pursuant to Defense Manpower Policy No. 4 (32A C.F.R. Part 8) by the Secretary of Defense on a test basis at selected locations in cases where it is specifically determined that sufficient price competition exists to insure a fair and reasonable price to the Government;*"

2. "*Provided further*, That no funds herein appropriated shall be used for the payment of a price differential on contracts hereafter made for the purpose of relieving economic dislocations, *except that this shall not be deemed to preclude total labor surplus area setasides pursuant to Defense Manpower Policy No. 4 (32A C.F.R. Part 8) if the Secretary specifically determines that there is a reasonable expectation that offers will be obtained from a sufficient number of eligible concerns so that awards will be made at reasonable prices;*"

The former approach was suggested to me last December by Hugh Witt, of O.F.P.P., and was concurred with at that time by DOD, and the S.B.A. The latter follows closely the suggested revision contained in your letter of April 6. Either would represent a marked improvement over the present state of the law where the labor surplus program is all but ignored, and the Maybank Proviso is cited as an immutable bar to any improvement.

Because of the tight legislative schedule I would appreciate your comments on an expedited basis. I would ask too that you send a copy of your response directly to Chairman McClellan of the Appropriations Committee.

Best regards.

Sincerely,

WILLIAM D. HATHAWAY,
U.S. Senator.

COMPTROLLER GENERAL OF THE
UNITED STATES,
Washington, D.C., April 6, 1976.

Hon. ABRAHAM RIBICOFF,
Chairman, Committee on Government Operations, U.S. Senate.

DEAR MR. CHAIRMAN: By letter of December 8, 1975, you requested our comments on S. 2659, 94th Congress, a bill to repeal the prohibition against payment of a price differential on certain Department of Defense (DOD) contracts made for the purpose of relieving economic dislocations, and to state the manner and order in which contracts will be awarded to carry out labor surplus area and small business set-aside programs. While the law which this bill in part seeks to amend has expired, the Committee staff has informally requested that we provide our comments on the bill due to the recurring nature of its provisions.

The bill would repeal section 823 of the 1975 DOD Appropriation Act, Pub. L. 93–437, which prohibited the use of appropriated funds for payment of a price differential on contracts made for the purpose of relieving economic dislocations. Similar provisions have been contained in prior appropriation acts, and this provision was also contained in section 723 of the 1976 DOD Appropriation Act, Pub. L. 94–212. An attempt to delete this provision from the 1976 DOD Appropriation bill was defeated in conference. H. Rept. 94–710, 94th Cong., 1st Sess. 60 (1975).

We have held that this type of provision precludes expenditure by DOD of appropriated funds under any contract awarded on the basis of a labor surplus area set-aside in excess of the lowest price obtainable on an unrestricted solicitation of bids or proposals. We have also held that set-asides for surplus labor areas of more than 50 percent of particular procurements can be justified only by definite determinations that prices on the non-set-aside portion of the procurement could not reasonably be expected to be greater than for the total quantity of the procurement. While no Federal law specifically authorizes a preference for labor surplus areas in the award of Government contracts, such a preference is contained in Defense Manpower Policy No. 4 (Revised), 32A C.F.R. Chapter 1, and Department of Labor Regulations, 29 C.F.R. Part 8, and is in turn contained in the Armed Services Procurement Regulation (ASPR) and the Federal Procurement Regulations (FPR). However, the prohibition against payment of a price differential for these contracts is also contained therein.

Whether the legislation should be enacted is a policy matter for the Congress to decide. If the bill is to be enacted, we recommend the inclusion of a provision in the bill as follows:

(c) No total set-aside shall be made under the authority of paragraph (b) above unless the contracting agency determines that there is a reasonable expectation that offers will be obtained from a sufficient number of eligible concerns so that any awards will be made at reasonable prices.

Sincerely yours,

R. F. Keller.
Acting Comptroller General of the United States.

U.S. Senate,
Washington, D.C., July 13, 1976.

Mr. Dale R. Babione,
Deputy Assistance Secretary of Defense (Procurement), Department of Defense, The Pentagon, Washington, D.C.

Dear Mr. Babione: I have enclosed for your information a copy of my recent letter to Comptroller General Staats concerning my interest in modifying the Maybank Proviso, which is contained perennially in the Defense Appropriation legislation. Also enclosed is a copy of a letter from GAO to Chairman Ribicoff concerning my bill, S. 2659 which proposed outright repeal of the Maybank language.

I am aware that the DOD has in the past expressed reservations regarding any changes in the Maybank Proviso because of the complexities in the interactions between the labor surplus area and small business setaside programs. Because of this OFPP is prepared to conduct a test study in both the defense and civilian procurement sectors to better evaluate these interrelationships. It is my conviction that the goals of both programs would be enhanced by the expansion of the labor surplus area program. My proposed amendment which remove the bar to any such experimentation which the Maybank Proviso has represented for the last 25 years.

I would like to receive comments from the Department of Defense on the alternative approaches contained in my letter to Mr. Staats. It is my understanding that the first version was cleared last December with DOD by OFPP. I have also written to Mr. Niederlyner the General Counsel because I was not certain whether this matter fell most immediately under his or your jurisdiction.

Because of the tight legislative schedule, I would appreciate your comments on an expedited basis. Likewise, I would appreciate it if you could forward a copy of your letter directly to Chairman McClellan of the Appropriations Committee.

Best regards.

Sincerely,

William D. Hathaway,
U.S. Senator.

U.S. Senate,
Washington, D.C., July 13, 1976.

Mr. Mitchell R. Kobelinski,
Administrator, Small Business Administration, Washington, D.C.

Dear Mitch: I have enclosed for your information a copy of my recent letter to Comptroller General Staats concerning my interest in modifying the Maybank Proviso which is perennially included in the Defense Appropriation legislation. It is my goal to allow for the utilization of total labor surplus area setasides, which are currently barred by a GAO interpretation of the Maybank Proviso, as explained in the enclosed letter from GAO to Chairman Ribicoff of the Government Appropriations Committee.

I am aware that the interaction of the labor surplus program and the small business setaside programs have been a source of controversy in recent years. I am confident that these difficulties could be worked out to the satisfaction of the SBA and the small business community.

Further, it is my understanding that Administrator Witt of the Office of Federal Procurement Policy in the Office of Management and Budget is willing to structure a test to study these interactions. I would like to amend the bill to allow explicitly such a test.

Because of the tight legislative schedule, I would appreciate your comments on the alternative approaches contained in my letter to Mr. Staats. The first approach was cleared with SBA by OFPP last December.

I would appreciate it if you could forward a copy of your letter directly to Chairman McClellan of the Appropriations Committee.

Best personal regards.

Sincerely,

William D. Hathaway,
U.S. Senator.

U.S. Senate,
Washington, D.C., July 13, 1976.

Mr. Leonard Niederlyner,
General Counsel,
Department of Defense,
Washington, D.C.

Dear Mr. Niederlyner: I have enclosed for your information a copy of my recent letter to Comptroller General Staats concerning my interest in modifying the Maybank Proviso, which is contained perennially in the Defense Appropriation legislation. Also enclosed is a copy of a letter from GAO to Chairman Ribicoff concerning my bill, S. 2659 which proposed outright repeal of the Maybank language.

I am aware that the DOD has in the past expressed reservations regarding any changes in the Maybank Proviso because of the complexities in the interactions between the labor surplus area and small business setaside programs. Because of this, OFPP is prepared to conduct a test study in both the defense and civilian procurement sectors to better evaluate these interrelationships. It is my conviction that the goals of both programs would be enhanced by the expansion of the labor surplus area program. My proposed amendment which remove the bar to any such experimentation which the Maybank Proviso has represented for the last 25 years.

I would like to receive comments from the Department of Defense on the alternative approaches contained in my letter to Mr. Staats. It is my understanding that the first version was cleared last December with DOD by OFPP. I have also written to Deputy Assistant Secretary Babione because I was not certain whether this matter fell most immediately under his or our jurisdiction.

Because of the tight legislative schedule, I would appreciate your comments on an expedited basis. Likewise, I would appreciate it if you could forward a copy of your letter directly to Chairman McClellan of the Appropriations Committee.

Best regards.

Sincerely,

William D. Hathaway,
U.S. Senator.

Mr. Hathaway. Mr. President, as detailed in the letter sent to Chairman Ribicoff by GAO in connection with my bill, and in my return letter to Comptroller Staats, the amendment I offer today is almost identical to the GAO recommendation and would accomplish the goal of amending existing law to avoid the current restrictive interpretation of the GAO.

To this point I have not received formal response to those letters, but informally I have learned that the OFPP is prepared to approve the GAO approach as being consistent with its long-term procurement goals and as being desirable to foster the conduct of a test which would allow for increased utilization of the Labor Surplus Area Setaside program.

At this point I would like to express my appreciation for the assistance and support the Chairman has given me in this effort over the last 3 years and I am confident that this year we have come up with an approach which will be satisfactory to all parties concerned.

Mr. Pastore. Will the Senator yield?

Mr. Hathaway. I yield.

Mr. Pastore. I hope this amendment will be accepted. We do have spotty situations of high unemployment. I do not think this takes anything away from the budget, but it does give priority in those sections where they really need the work. I would hope the amendment would be taken to conference.

Mr. Hathaway. Mr. President, I thank the Senator from Rhode Island, who has been of great help in respect to this amendment. I hope this year the House will go along with it in conference and it will be accepted and enacted into law.

Mr. McClellan. Mr. President, the committee recommended inclusion in this bill language similar to Senator Hathaway's amendment on this subject last year. As I recall, we accepted a similar amendment last year and took it to conference, but we were unsuccessful in conference: After that recommendation had been made, the committee was advised that the General Accounting Office had examined this issue and redrafted language of the amendment. This is a redrafted amendment to that which was accepted last year.

GAO recommended that if Congress deemed it advisable to modify the prohibition in the Defense Appropriation Act against payment of a price differential on contracts made for the purpose of relieving economic dislocations, the language proposed in the amendment as now presented by the distinguished Senator from Maine should be used.

Therefore, Mr. President, as last year, I have no objection to the amendment. If there is no objection on the part of the committee or anyone, I am willing to accept the amendment.

The Presiding Officer. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. MOYNIHAN. Mr. President, I believe it is our practice to exchange times. I see that the Senator from Mississippi is on his feet. Reserving the remainder of my time, I am happy to yield to the distinguished Senator.

Mr. STENNIS. I yield 6 minutes to Senator Tower.

Mr. TOWER. I thank the distinguished chairman of the Defense Appropriations Subcommittee.

Mr. President, there are several reasons why this amendment should be rejected. It will result in increased defense cuts with no increase in defense capability and a reduction in competition.

It does create a great potential for political abuse since the President is given discretion to establish what is reasonable price.

In my view, one of the worst things it does is discriminate against minority-owned business enterprises in my State and in other parts of the country. It discriminates against the black businessmen in Houston. It discriminates against the Mexican American businessmen in Houston, or the Mexican American businessmen in San Antonio.

It discriminates against these minority enterprises, often small, in order to channel Federal contracts to sometimes much larger businesses in areas that are declared to be in labor surplus.

Let us make no mistake about it, this amendment would not create new jobs. It would just shift jobs from one geographical area to another.

What about that shift? What is the nature of it? It would shift jobs from geographical areas that have created an unfavorable political climate for business. It would shift contracts there and away from areas that have created a favorable political climate for business.

Mr. BRADLEY. Will the Senator yield?

Mr. TOWER. A lot of the problems in these labor surplus areas are created by the political climate.

Why is it that business in the so-called Frost Belt is going to the Sun Belt?

Mr. STENNIS. May we have quiet to hear the speaker?

The PRESIDING OFFICER. Will the Senator suspend until the Senate is in order?

Mr. BRADLEY. Will the Senator yield for a question?

Mr. TOWER. In a moment.

The Wall Street Journal has concluded that one of the reasons is because of the enormous tax and regulatory burdens that in some major industrial States have been placed on the business community.

I note with great interest the proponents of the amendment have circulated, I suppose to each Senator, a list of the so-called labor surplus areas in their respective States that would be eligible under the terms of this amendment. That is very interesting. A labor surplus area is defined as a jurisdiction of 50,000 people with a certain percentage of unemployment, as I understand it.

I notice in my State there are some 19 counties they have scraped together out of 254. One of them is Loving County. That is a splendid county in Texas noted for wide open spaces, a substantial livestock population, and a human population of 114.

So I would suggest that my colleagues examine these lists that have been circulated to them.

There are some other counties much more populated. Sabine County probably has 10,000 people in it. LaSalle County, the county seat which is Cotulla, may have 5,000 or 6,000 people in it.

I would suggest these be closely examined, including also Killeen, where there are armored divisions stationed, and the unemployed figures are implemented by the fact that dependents of Army personnel are looking for jobs. But I would not say the Fort Hood area is an economically distressed area.

Mr. MOYNIHAN addressed the Chair.

Mr. TOWER. Mr. President, I hope this capricious amendment, designed to try to provide some assistance to areas that have brought about their own economic stagnation, will be rejected by the Senate.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. STENNIS. Go ahead.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Briefly, Mr. President, in response to the Senator from Texas' quite appropriate question, may I say that the labor surplus area is defined as either a city of 50,000 or more, or a county.

It is quite true that Texas, I believe, has more counties than any other State. Texas has more of almost anything than any other State, and that is its glory.

I am sure there are not many people in Loving County because the Senator says so.

We have counties like that in New York. But I think it is also the case that many in Texas live in such labor surplus areas as Brownsville City, El Paso, Galveston, and Port Arthur.

The Senator from Louisiana mentioned a county recently and said, "The only thing we have is a sawmill." We all have counties like that; but we also have counties with large concentrations of people.

There are about five States on the high plains that have almost no surplus areas. Otherwise, we all do.

I see that both Senators from New Jersey are present. The junior Senator is on his feet.

Mr. BRADLEY. I am pleased to yield to the senior Senator, if he would like.

Mr. WILLIAMS. I appreciate that, Mr. President.

Mr. MOYNIHAN. Will the Senator yield?

Mr. WILLIAMS. Certainly.

Mr. MOYNIHAN. I did not realize the senior Senator wished to speak at this moment, that being the case, may I say——

Mr. BRADLEY. I would like to respond.

Mr. MOYNIHAN. May I say we have been waiting for the final summation on our case from a man who for more than a generation has stood for the informed and intelligent use of national resources in labor markets.

There is no man who knows more about, or who has done more to improve, American labor policies than the senior Senator from New Jersey. I hope the Senate will listen to him speak; I am sure it will.

Mr. BRADLEY. May I ask my distinguished colleague to yield for 1 minute in order to recompose himself after that very accurate description?

Mr. WILLIAMS. Yes.

Mr. BRADLEY. Mr. President, in response to the Senator from Texas, I simply say that I am pleased to hear his concern about minority set-asides. That is one that I hold, as well.

I simply suggest that the areas that are labor surplus areas, and, therefore, eligible for a set-aside, would be the areas that would have the highest proportion of minority businesses. Most, minority citizens live in large labor surplus areas. Therefore minority enterprizes would be helped by improvement of the labor surplus set-aside program. It is implausible that this program could hurt minorities.

Finally, concerning the conversation about the eligible areas, jurisdictions I would just like to point out that in Texas there are 23 eligible jurisdictions. In New Jersey, we have only 22.

So it seems to me that the comment about what is the source of the economic climate that allegedly has necessitated this set-aside program, bears a little closer scrutiny.

Mr. WILLIAMS. Mr. President, I am very grateful to the Senator from New York for coming on with this amendment. I am more than pleased to join in support of the amendment offered by the Senator from New York (Mr. MOYNIHAN), which would permit the Secretary of Defense to exercise greater flexibility in defense procurement practices.

Throughout our Federal procurement system, we have sought to promote several social and economic objectives which Congress has determined have a high national priority. One such basic social and economic objective is to reduce unemployment in regions where it is exceptionally high through the countercyclical application of Government procurement. Focusing Government procurement on areas of high unemployment, so-called "labor surplus areas," has had a very positive effect in improving chronic or acute unemployment is those areas. For example, my own State of New Jersey has 22 labor surplus areas which benefit from this policy. In fact, Congress reaffirmed this policy in amendments to the Small Business Act in 1977.

The single exception to this social and economic policy is the Department of Defense, which had been exempted from the policy since 1953 by the so-called Maybank Amendment. The Secretary of Defense is denied the flexibility to participate in negotiating contracts in labor surplus areas and is precluded from participating in solving the serious economic problems that exist in them.

I point out that this amendment will not interfere with the Secretary of Defense in his decisions to procure strategic items. The amendment deals only with nonstrategic goods and services which constitute about $15 to $20 billion worth of purchases a year. Further, the amendment requires that there be sufficient competition in the area so that awards are made at reasonable prices.

Mr. President, I believe that the rising unemployment rates make it imperative that Congress institute a uniform Government procurement policy to provide some relief to depressed economic areas. The proposed amendment would be conducive to the economic vitality of the Nation as a whole, and it would permit Federal dollars to be spent where they do the most good. Therefore, I urge its adoption.

Mr. President, the Senator from Texas indicated that stagnation is the fault of the area where there is labor surplus. The Senator from Texas, a good friend, recognizes that where there are local situations and there is a Government program designed to reach a local situation of adversity, it should be used.

I joined him in bringing one of our urban development programs to a very rich general area, but within that rich general area was an area of stagnation, depression, decay.

Together, we fashioned a measure that reached that smaller island of depression within a greater area of affluence. Again, it was national policy directed to an objective, and it was applied there.

We are just saying that we have a national objective to use procurement where it fits, to relieve labor surplus where there is unemployment. It fits here.

Mr. TOWER. Mr. President, will the Senator yield for a question?

Mr. WILLIAMS. I yield.

Mr. TOWER. I want to make one suggestion to my distinguished friend from New Jersey.

One method of assisting these areas in relieving the problems of surplus labor and unemployment would be for them to pass right-to-work laws and relieve the enormous tax burdens and regulatory burdens imposed on the business community in that State.

I recommend that course, and then the Senator from New Jersey would not have to come to us and ask us for this kind of assistance.

Mr. WILLIAMS. I believe Texas lives under right to work. Am I right about that?

Mr. TOWER. Right.

Mr. WILLIAMS. Notwithstanding the right-to-work laws of Texas, we did amend the urban development action grants to meet the problems of depression in Texas.

So, notwithstanding the "opportunities" that exist with right to work, you have your problems, too, I suggest to the Senator from Texas.

Mr. WARNER. Mr. President, will the Senator yield?

Mr. MOYNIHAN. On whose time?

The PRESIDING OFFICER. Who yields time?

Mr. STENNIS. I have promised others that I would yield. I am sorry.

Mr. MOYNIHAN. I am happy to yield to the Senator from Virginia.

Mr. WARNER. I thank the distinguished Senator from New York.

I address this question to Senator Williams: What I have difficulty understanding is how there is any net gain of jobs here. This, basically, gives the Secretary of Defense the discretionary power to shift work from one geographical jurisdiction to another. What happens to the poor individual back in A, who could have put in the low bid, when the contract is shifted from his plant to another plant where there is a labor surplus?

Mr. WILLIAMS. I gather that the Senator is saying that when the contract is assigned to an area, somebody else who could have had it——

Mr. WARNER. Loses the job.

Mr. WILLIAMS. I gather that it would be from an area with no problems of high unemployment to an area of high unemployment.

Mr. WARNER. But what do you say to the individual who lost his job in the area which does not meet the surplus requirements?

Mr. WILLIAMS. I gather that he is in an area where that will not be the same kind of problem we have, where there is an area of high unemployment.

The Senator from New York, who has offered this amendment, will describe, I am sure, that we are decreasing the opportunities for general unemployment by increasing the amount of authorization under this bill.

I ask the Senator from New York whether that is true.

Mr. MOYNIHAN. What the Senator from New Jersey says is most emphatically true; and when he speaks, this Chamber listens.

It is for good reason that he has guided the Committee on Labor and Human Resources as he has.

He has made the point that we are increasing defense spending at a rate without equivalent since the Korean war. There has been no time of peace when defense spending has risen at the rate it is rising now and will be rising in the near future.

Three weeks ago, Dr. Brzezinski made a speech in which he said that President Carter has increased defense spending in every year of this administration. This is the first time since before the Korean war that this has happened in peacetime.

We are talking about the equitable distribution of new resources. The Senator from Virginia is right to ask, "Who might lose a job?" The answer is, "No one."

The question is, will we use our resources most efficiently? Will we use them where there is a surplus of labor?

I think that in the recent exchange, we have learned what this debate is about. If you are against the right to work, you are against this amendment. If you are for working people and their rights, you are for it.

When the senior Senator from New Jersey stands and says this is just and this is sound, the Senate should listen.

Mr. BRADLEY. Mr. President, will the Senator yield?

Mr. MOYNIHAN. I will be happy to yield to the Senator from New Jersey.

I wish to make one other point about the senior Senator from New Jersey: He is the man most responsible for the labor and economic legislation of the past generation which has produced 98 million jobs in this economy. He knows of what he speaks, and I, for one, am proud to listen to him.

Mr. STENNIS. Mr. President, may I yield some time now?

Mr. MOYNIHAN. I will be happy to yield to the chairman.

Mr. STENNIS. Mr. President, the Senator from North Carolina (Mr. MORGAN) is next on my list of those requesting to be recognized. So I yield to the Senator from North Carolina.

The PRESIDING OFFICER. The Senator from North Carolina is recognized.

Mr. MORGAN. Mr. President, I wish to say a few words about the proposal to strike or repeal what is known as the Maybank amendment.

This amendment has been in effect since 1954 and provides that no funds appropriated for the Department of Defense shall be used for the payment of a price differential on contracts for the purpose of relieving economic dislocations.

What the amendment does, in effect, is to remove Defense procurement from participation in the labor surplus area set-aside program. This program provides for making Government contract awards on a priority basis to firms in those areas of high unemployment, even if the prices bid by firms in those areas are not the lowest prices that could be obtained.

We are currently in a very precarious national defense posture. We have heard solid testimony in our SALT II hearings that we were superior to Russia, that we then reached a posture of equivalence, and now we are at "rough equivalence." Mr. President, if we have moved down the scale from superiority to equivalence to rough equivalence, that means to me that we have moved from superiority to inferiority.

I can accept the idea that there is no way in this modern world to race for superiority without bankrupting both our nations. But for our national safety I am not willing to accept inferiority in our defense posture.

We must make the necessary expenditures to bring our military back to a position of parity with Russia. This is going to be a very expensive proposition. There is fierce competition for scarce Federal funds. Inflation is eating away at our economic and military strength. The more we spend on defense the worse inflation gets, because by definition when resources of labor, material, and energy go into production of military items, this does not serve to satisfy consumer demand, thus increasing inflation.

The last thing we need is to artificially increase the amount we spend for defense by paying higher prices than competition would produce. If we have to pay the premium prices that the labor surplus area programs bring, we will be able to buy less defense for our dollar. By increasing what we spend for defense unnecessarily, we fuel inflation, increase unemployment and create more labor surplus.

While it might be attractive to help labor surplus areas for the short term, in the long term we will only be increasing the problem.

Mr. President, achieving the social goals of the labor surplus set-aside program is a desirable goal. But I do not believe we should do it at the expense of our critical defense needs and by creating worse inflation.

I believe we should not repeal the Maybank amendment.

Mr. President, I have a great deal of respect for the Senator from New York and the problem that he is trying to address. He makes a very appealing argument. I am concerned, also, and he has pointed out there are 18 counties in my State that would be affected and as he has also pointed out to me my State gets far less than the average share of defense spending.

But, Mr. President, let me plead with Senators to turn this amendment down.

I am a member of the General Procurement Subcommittee in Defense. I chair the Subcommittee on Procurement Policy. I am telling Senators that if there is an area in Government that needs more competitiveness in the awarding of its contracts, it is the military. By necessity there are many cases where we cannot award contracts on competitive bids because there may be only one supplier or one manufacturer. But with all of those exceptions and then with the small business set-asides and all of the other set-asides there just is not enough competition in military procurement.

In fact, my chairman asked me to go into great detail in my subcommittee about what we can do to increase competition.

Anyone who looks at the General Services Administration and the fraud that has taken place there can readily understand what will happen when we give more and more discretion to individuals in Government. Here the Secretary of Defense is given certain discretion. He is subject to political pressures as are all of the rest of us.

What are we talking about when we say "reasonable prices?" How much more will these prices be over and beyond what would be paid under competitive contracts?

If we continue to eliminate competitive contracts from defense procurement we are going to find ourselves one day where we can only procure by going out and negotiating prices.

So while I have voted for EDA, I have voted for UDAG, I have voted for CETA, I have voted for all kinds of programs dealing with labor, I believe we will open the door if we say that the Secretary of Defense has discretion to award contracts not on competitive bids but to labor high unemployment areas at prices that he considers to be reasonable. Since we do not define "reasonable," we are opening ourselves up to the kind of situation we found in GSA.

Mr. President, I urge my colleagues not to vote to repeal this. This is an area where there is too little competition now.

Mr. LONG. Mr. President, will the Senator yield at that point?

Mr. MORGAN. Yes.

Mr. LONG. Here is the problem I find with it and there is a list provided on my desk. It indicates that certain areas in north and south Louisiana could become eligible. But if we are thinking in terms of what work might one find to put somewhere, one point that readily occurs to me is ship repair. If Louisiana is not getting its fair share of ship repair, they have the right to bid for the business. We do not have difficulty getting business on bids. We know if we are on the list of bids, we will get our share.

The area where the shipyards are, where the repair work will be done, does not appear to be here as one of the areas of unemployment, that is of labor shortage. But there are areas listed here where there are areas of labor shortage where if one could get some work in the areas where the ship repair yards are, people would go from these rural parishes and be glad to drive 30, 40, or 50 miles in order to find the work.

What causes this Senator to wonder is when you list some rural parish that has a surplus, whether that really shows a problem. If you take a parish like St. James, for example, or St. Bernard, that is listed here, or St. Charles, I believe is listed, people from those parishes, if there is work, let us say, at the Havendale Shipyards in Jefferson Parish, people in that area will go to find the work. The difficulty with some of these parishes listed is that they do not have any plants and no industry, and that being the case, even if you did have a preference for a contract, if you do not have any plant to bid for the contracts, what good is it going to do you if you are a labor surplus area?

For example, a parish like Catahoula—it is listed as Catahoula County I notice—if you are in Catahoula Parish all you have there is a sawmill and the Army is not asking for bids on sawmill products so I wonder what particular payroll do you have there that is going to get the defense business. If they had the factories perhaps they could get the business. I do not see how you are going to get the business if you do not have a factory to begin with.

Mr. MORGAN. Mr. President, my colleague makes a good point.

Mr. President, I conclude by saying there is no fairer way to procure Government property than the competitive process. I hope we will defeat this amendment.

Several Senators addressed the Chair.

Mr. STENNIS. Mr. President, if I may yield to one more Senator, I am happy to yield to the Senator from South Carolina (Mr. THURMOND).

Mr. THURMOND. Mr. President, I rise in opposition to this amendment.

If this amendment is accepted the Senate will be opening a Pandora's box of political influence which will bring down the present sound practice of low bid competition on billions of dollars of defense contracts.

A similar effort was made in the House where it was beaten by a 2 to 1 vote in the House Appropriations Committee and beaten 187 to 174 on the House floor despite the fact the amendment was offered by the chairman of the Defense Subcommittee.

MAYBANK AMENDMENT

Mr. President, defense contracting has been restricted to the low bidder since 1954 when the Maybank amendment was passed. It states:

> No funds herein appropriated shall be used for the payment of a price differential on contracts hereafter made for the purpose of relieving economic dislocations.

Simply stated that means a contract is not awarded at prices higher than those otherwise obtainable simply because a certain level of unemployment exists in a given area.

If this amendment is accepted it will have a number of adverse impacts. Such impacts could be any or all of the following:

First. Open the way for political pressure to award contracts to certain firms for reasons other than cost consideration.

Second. Result in less defense goods obtainable from the already constrained defense budget.

Third. Reduce readiness as available dollars would not be spent in the most efficient manner.

Fourth. Replace established contract procedures with administrative judgments and drag out contract awards, and

Fifth. Divert contracts from efficient small business and minority firms which are not presently in labor surplus areas.

CHANGE NOT NEEDED

Mr. President, I do not think this amendment is even needed as a substantial portion of defense contracts already go to labor surplus areas.

Between fiscal year 1975 and fiscal year 1977 an average of 67 percent of defense contracts were awarded in labor surplus areas, but the awards were made on the basis of merit, low bid, and efficiency. The average in fiscal year 1978 fell to 43.5 percent, but this resulted from a Labor Department change in how labor surplus areas were designated.

CREATE NEW PROBLEMS

Mr. President, amendments of this type could create new areas of unemployment. Imagine that we have two counties side by side, one a labor surplus area and the other not. If business is transferred from one county to another and awarded to a higher bidder, it not only costs the Government more money but creates a new labor surplus area. Also, the question arises as to how much money above the low bid should be paid to aid a labor surplus area firm. In such cases our Senate offices could be filled with representatives from companies arguing their respective cases as the contract award will be a judgment call, rather than to the low bidder.

Mr. President, the more I hear this matter argued the more convinced I am it would be a great mistake if we repeal the Maybank amendment. How are Senators going to go back home and explain to their constituents that they voted not to have competition in awarding defense contracts? I just do not see how the public is going to judge a Senator in any way except in an unfavorable way if that is done.

There is no question in my mind that if we repeal this amendment we are going to have little businessmen, medium-sized businessmen, big businessmen camping in our offices, knocking on our doors, and saying, "Won't you help me? No longer do we have competition. And the Secretary of Defense can do this if you have influence and can get him to do it."

Mr. President, I think this is one of the most dangerous amendments that has come before the Senate since I have been a Member here. Senator Maybank happened to have been from my State, and he was a very fine gentleman and a good friend of mine, but that is not the reason I am voting to try to save this amendment.

I am voting to try to save this amendment because it is the honest thing to do. Why should not a firm with the lowest bid get the contract? It does not make sense to give it to anyone else.

What is the use to have competition in anything? Will we not be setting a precedent here in the Senate, not only on defense matters but other matters in the future, if we take away competition?

Competition is the very heart of private enterprise. Private enterprise is what has made this the greatest country in the world from an economic standpoint. If we award contracts because some area has a high unemployment situation, we are taking away that competitive spirit, we are destroying the right of people to bid and do it cheaper for the public.

Mr. President, I think it would be a great mistake if we passed this amendment and abolished the Maybank amendment.

I say further that I think it would result in less defense goods obtainable, and we already have a constrained budget.

The people now want to balance the budget. They want to reduce expenses. We want to get all we can for the dollar for the taxpayers. This amendment will get less for the taxpayers. The goods will come higher to the taxpayers if we abolish the Maybank amendment.

Another thing is readiness. I think this amendment would reduce readiness as available dollars would not be spent in the most efficient manner. That is not in the best interests of the taxpayers. I think if we do this it would replace established contract procedures with administrative judgments. Who is going to make this judgment? Are we going to give one man, with all of his duties as Secretary of Defense, who is charged with the preparedness of this Nation to defend itself, additional burdens? Someone will have to study all these contracts and determine who should get a particular contract. One community might have 10 more unemployed people or 1 percent more. The Secretary of Defense would have discretion here to make a judgment. Where do you think he will make the judgment?

If the President of the United States is running for office, whoever he may be, then he may tell the Secretary of Defense: "Let us award this contract in this State," or in that State or some other State, "because it will help me in my election."

Mr. President, we are playing with fire here. We are playing with a very dangerous situation. I hope the Senate will not take this backward step and do away with competition, do away with awarding contracts to the lowest bidder, because the taxpayers of this country want them to go to the lowest bidder. The taxpayers want the contracts to go to the people who are prepared to produce on those contracts from an efficiency standpoint. The taxpayers of this country to not want these contracts diverted to other areas.

Speaking about small business I am convinced that small business fares better under the present system. The small firms currently win $2 out of every $3 they receive on the basis of unrestricted competition with their big business brethren.

With small business now gaining under the system we have at present, how would this help small business? How are we going to help minorities if we change that system?

For instance, in 1978 DOD awarded $54.4 billion to U.S. business firms. Of this amount, $10.7 billion was awarded to small business, but only $3.4 billion as a result of set-aside preference.

Mr. President, the arguments here that have been made by the able Senator from New York and the able Senator from New Jersey just do not hold up, they will not stand up. I want to say now that, in my opinion, the only honest way, the only just way, the only fair way, the only equitable way, to award a defense contract is to the lowest bidder. That will be handled in such a way that no one can complain, and the small businesses and the minorities who are now faring fairly well under this, will continue. Otherwise, they will be hurt if we change this system.

Mr. President, I want to say that I have a letter here from the Office of the Under Secretary of Defense. They favor keeping it like it is now. This letter gives the reasons and it sets out why we should keep the present system and not allow competition to be destroyed, not cause the taxpayers to pay more money and not cause contracts to be lost to small businesses and to minority firms.

Mr. President, I ask unanimous consent that this letter be placed in the RECORD following my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OFFICE OF THE
UNDER SECRETARY OF DEFENSE,
Washington, D.C., October 24, 1979.

HON. STROM THURMOND,
U.S. Senate,
Washington, D.C.

DEAR SENATOR THURMOND: This is in reply to your request for the Department of Defense (DOD) position regarding the repeal of the Maybank Amendment and a DOD analysis of the House of Representatives debate on September 28th regarding this Amendment.

The DOD is and has been consistently opposed to the repeal of this provision of the DOD Appropriations because we perceive that total set-aside of contracts exclusively for labor surplus areas (LSA) would have the following principal harmful effects:

Reduce competition among defense suppliers and increase prices for defense purchases.

Jeopardize making awards to the best qualified and most efficient producer and result in decreased quality and delays in defense production.

Affect mobilization planning adversely by denying some firms in the mobilization base the opportunity to bid for contracts.

Replace regular contracting procedures with administrative judgments on which contracts should be set aside from normal competitive procedures.

Place intense political pressures on our contracting officials from local firms and governments.

Divert contracts now awarded to small businesses and minority firms not in an LSA.

Details regarding to the foregoing impacts are contained in the Enclosure 1.

Our analysis (Enclosure 2) of the House debate is offered with intent of clarying from the DoD standpoint certain statements and issues relating to the House debate as recorded in the Congressional Record of September 28. In this regard, our comments are keyed by page number, column number and paragraph number of the Congressional Record.

We appreciate this opportunity to be of service to you. Please call me if we can provide any further information or assistance.

Sincerely,

DALE W. CHURCH,
Deputy Under Secretary (Acquisition Policy).

Mr. NUNN addressed the Chair.

Mr. STENNIS. Mr. President, I yield 6 minutes to the Senator from Georgia.

Mr. NUNN. Mr. President, I am opposed to the amendment of the Senator from New York (Mr. MOYNIHAN) and others which would change the so-called Maybank amendment in the Department of Defense appropriations bill by requiring the Department of Defense to participate in setting aside procurement contracts for award in so-called labor surplus areas. This change would, in effect, repeal the Maybank amendment.

I have listened with care to the eloquent and thoughtful statements of Senator MOYNIHAN, my colleague and good friend from New York. He has made, I think, a very thoughtful statement about the need for increased participation in Department of Defense activities in the Northeast, and I do not take issue with his position on that. However, this current amendment should not be viewed as simply a regional matter. The amendment would require the Department of Defense to totally set aside certain procurement actions for award to contractors located in so-called labor surplus areas.

The Department of Labor lists about 23 percent of the total number of civil jurisdictions in the country as labor surplus areas. Only three States—Kansas, New Hampshire, and Wyoming have no jurisdictions designated as labor surplus areas. In the State of Georgia, there are several labor surplus areas including the cities of Atlanta, Augusta, Albany, and Macon. Unemployment is a serious problem in these areas, and I support efforts, including Federal programs, to reduce the too high level of unemployment.

I cannot, however, support this amendment which would attempt to place requirements on the Department of Defense to solve social and economic problems because it will result in less competition and increased costs. It will result in less competition because only firms in less than one-quarter of American civil jurisdictions would be eligible to compete for these set-aside contracts. I would also add that such a program could hurt small business by giving an advantage to a large business just because it was located in a labor surplus area even though the small business might offer the product or service at a lower price. Concerns have often been expressed about the need to increase competitive procurement because increased competition leads to lower costs. This amendment will decrease competition and increase costs. In addition, another administrative burden will be placed on contracting officers to determine whether or not a contract meets the criteria for a labor surplus area set-aside. Increasing administrative burdens does not come free and will result in additional administrative costs.

I have emphasized the need for increased defense spending—to increase defense investment. I have also emphasized the need to get more out of the dollars we do spend on defense. This amendment by lessening competition will increase the price we pay in defense procurements and by increasing administrative burdens will increase the cost of making contracts. So the effect of this amendment will be to increase defense spending but with no additional contribution to real defense needs.

In their November 1 "Dear Colleague" letter, Senator MOYNIHAN and the amendment cosponsors state:

> Our amendment would bring the Defense Department into step with the rest of the Government.

The impression is that the Department of Defense is ignoring labor surplus areas. This is not the case. Many people apparently do not realize that defense policy does give preference but not a total set-aside to contract awards in labor surplus areas. In fiscal year 1978, the Department of Defense placed $25 billion in contracts in labor surplus areas—about 2½ times the amount for all other Federal agencies. The Department of Defense placed 43.5 percent of its number of awards in labor surplus areas while the civilian agencies placed only 37.7 percent.

In other words, the Department of Defense had a larger percentage of the number of awards going to labor surplus areas than the other branches of our agencies in Government. I am not comparing dollars, I am comparing number of awards, and I will make that distinction in advance. But the number of dollars is also close to being as much as was in the other agencies. But they do not do it by accepting a reasonable cost. They do it by accepting the low bid, and when we compute the difference between the reasonable cost as imposed in this amendment and the low bid, which is the current practice, the amount of dollars may be staggering. I do not know whether it would be or not because nobody knows what the discretion of the Secretary of Defense would be in this regard. In addition, the Department of Defense made these awards on the basis of less cost because competition was not restricted. So $25 billion in contracts were awarded in labor surplus areas without paying a price differential. Part of the cost of this amendment would be the price differential applied to these contracts.

It would appear that other Federal agencies could learn something from current defense procurement policies. It is not at all clear that many more contract awards could result from a total set-aside program. It is clear that permitting the Department of Defense to pay a price differential for making an award in a labor surplus area would increase defense costs and decrease the efficiency with which every defense dollar needs to be applied.

For all these reasons, I conclude that this amendment is a poor way to attempt to solve serious economic problems, and I urge my colleagues' support to oppose the amendment.

Mr. WARNER and Mr. HEINZ addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. MOYNIHAN. Mr. President, I am happy to yield 2 minutes to the able Senator from Pennsylvania.

Mr. HEINZ. Mr. President, I thank the Senator from New York, and I also thank the Senator from Mississippi for yielding.

Mr. President, I rise in support of this very important and constructive amendment to the Department of Defense appropriations bill.

The amendment, which I have actively supported for many years, would simply place the Department of Defense under the same purchasing guidelines as most of our other Federal Cabinet departments with respect to the purchase of goods and services.

Mr. President, my able colleagues have gone into detail concerning the positive impact that the repeal of the Maybank amendment would have upon the economy of our Nation, and most particularly those areas, located in all parts of this Nation, which suffer from high unemployment or other symptoms of economic depression. I will simply state that this amendment is needed more now than at any time since I have been pressing for its adoption.

Whatever one's view of the merits of the Federal Reserve Board's recent action, all observers agree that these actions are bound to result in more unemployment than would otherwise have been the case, and that a recession of some magnitude is almost inevitable. Allocating purchases of nonstrategic goods and supplies by the Department of Defense to economically depressed areas is a sound and reasonable way to mitigate the effects of the Fed's policies. In principle, it is similar to the idea of countercyclical aid to economically depressed areas which has received general acceptance in recent years.

I might add, Mr. President, that there is another added justification for repeal of the Maybank amendment at this particular time, and it is one with which I am very familiar. As the ranking Republican on the Senate Finance Subcommittee on International Trade, I worked very hard to help produce the recently completed multilateral trade agreements. However, one effect of those agreements is to reduce the number of Government departments which may give special consideration to labor surplus areas in purchasing goods and supplies. Therefore, it is even more important that we seek to compensate for the reductions caused by the trade agreements by allowing the Department of Defense to make such purchases of nonstrategic goods and services.

Mr. President, let me summarize by saying that, by freeing such procurements from the straitjacket of the Maybank amendment, this proposal would require the Defense Department to shoulder its share of the Federal Government's domestic economic responsibilities. It would serve to provide jobs for people who are willing and able to work, and would thereby reduce the pressure on and the costs of unemployment compensation and other income maintenance programs. These are costs which soar during periods of economic downturn; the Congressional Budget Office estimates that every 1 percent rise in unemployment costs the Federal Government $20 billion.

Channeling nonstrategic procurements to economically depressed communities in all parts of the country would be conducive to the economic vitality of the Nation as a whole, because it would permit Federal dollars to be spent where they will do the most good. Sound national policy requires such balance.

Mr. President, I believe this issue of labor surplus purchase policy is important not only with respect to Defense Department appropriations for this year, but also with respect to any increased defense expenditures, over the next 5 years. In this regard, I have written a letter to the President urging him to consider factoring in domestic economic considerations in planning the allocation of defense spending over the next 5 years. As I state in the letter, "defense expenditures can make significant contributions to the revitalization of those parts of our country that suffer from chronic underemployment and economic deterioration". Mr. President, I ask unaminous consent that this letter be printed in the RECORD following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HEINZ. Mr. President, I strongly urge that this amendment be adopted, and I also urge the President to include domestic economic factors in his planning for defense purchases over the next 5 years and beyond.

I shall not prolong the debate, Mr. President. I just want to make one point in particular.

Mr. STENNIS. Mr. President, may we have quiet? May we have it quiet, so that the Senator can be heard?

The PRESIDING OFFICER. The Senator will suspend until order is restored.

Mr. HEINZ. I just want——

The PRESIDING OFFICER. The Senator will please suspend. The Senate will be in order.

The Senator from Pennsylvania.

Mr. HEINZ. The point I would like to emphasize, Mr. President, is that in addition to other numerous justifications for the amendment that have been advanced, there is one with which I happen to be particularly familiar. It grows out of work, in fact, of the Finance Committee, on which the Senator from New York and I serve, and the Senator from New Jersey (Mr. BRADLEY) serves as well. I refer to the recently completed multilateral treaty agreement.

Mr. President, in those agreements the United States has made an international procurement agreement. The purpose of that agreement is to open up procurement policies for any foreign governments to our exports; but similarly, it allows many American Government departments to be open to foreign government exports into this country.

It is, in a sense, a diminution of our "Buy American" Act, an act which has been particularly helpful to our labor surplus areas in our purchases of goods and supplies for all Government agencies, but particularly with respect to defense procurement.

Therefore, Mr. President, it is all the more important that we seek to compensate for the diminution of the effectiveness of the "Buy American" Act by passing this amendment.

EXHIBIT 1

WASHINGTON, D.C.,
November 6, 1979.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: Your forthcoming five-year defense plan can be expected to have a great influence not only upon our global military posture but also upon our domestic economy. I therefore urge you, when formulating this plan, to take into explicit consideration the effect that federal defense spending will have upon the various regions of our nation, and to include some accounting of the expected regional effect in your report to Congress.

I welcome your attempt to provide a long-range focus for our defense budget. An increase in defense spending is an idle gesture unless the additional money is directed to military programs that, in accordance with a clear plan, make significant contributions towards acquiring a more secure deterrent to nuclear war. I would hope that this goal would be what primarily determines where our defense dollars are spent.

Yet at the same time, we are fully aware of the significant contributions that defense expenditures can make to the revitalization of those parts of our country that suffer from chronic under-employment and economic deterioration. Whenever appropriate and feasible—and especially, whenever non-strategic articles are in question—military procurement should be concentrated in regions where it will give the greatest stimulation to private-sector development. I urge you to follow this policy as far as possible in your five-year defense plan. And I would request that you include an analysis of the anticipated regional economic effect of this plan, including a breakdown of exactly where our defense monies will be spent, in the report presented to Congress.

I believe that we cannot maintain a credible military deterrent unless we show that we are capable of controlling our foreign policy and responding competently to our domestic problems; mismanagement of affairs at home can undermine the credibility inspired by the best weapon systems. It is for this reason more than any other that you should take all due consideration of your defense plan's regional economic consequences.

Sincerely,

JOHN HEINZ,
U.S. Senate.

Mr. MOYNIHAN. Mr. President, I take this opportunity to thank the Senator from Pennsylvania; the able Senator who was a principal architect of the multinational trade agreements.

He is precisely correct; the Senate should know what has happened in the bargaining that went on in the Tokyo Round. The U.S. Government and the President of the United States decided it was in the best interests of this country to give up the "Buy American" Act. It no longer is in effect. It, in effect, was repealed when we agreed to the Tokyo Round. The one exception in the procurement code is national defense. This is the only area in which we still can provide protection to small businesses and to labor surplus areas.

Second, the Senator from Georgia has made an able, factual, unemotional presentation on these matters; matters about which he feels strongly and about which he knows so much. I point out that he talked about how the Secretary of Defense would use his discretion, that all we give the Secretary is discretion. I wish to state for the record, on behalf of the managers of this bill, as part of the legislative history, that the issue raised by the ranking minority member of the Appropriations Committee, the Senator from North Dakota (Mr. YOUNG)—and I know that his colleague from North Dakota cares about this also—is: Would this interfere with any minority set-aside?

I wish to state that it is the explicit desire that the Secretary of Defense shall not interfere with any minority set-aside, and most particularly any one involving Indian reservations, where that program has worked so well.

This supplements that program; in no way should it displace it. That is the legislative history that I would like to have made clear.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. MOYNIHAN. I am happy to yield for a question. I do not have much time.

Mr. LONG. Am I to understand from the Senator's statement that the "Buy American" Act no longer applies to the Department of Defense and that foreign——

Mr. MOYNIHAN. No, no.

Mr. LONG. That foreign companies would have an equal right to bid on these procurements?

Mr. MOYNIHAN. No. I would say that the only procurement area in the Federal Government to which the "Buy American" Act still does apply is defense, and that is why we wish to use the set-asides in that fashion. That is the point the Senator from Pennsylvania made.

I am happy to yield—I see the Senator from Texas on his feet. I am happy to yield back the remainder of my time.

Mr. BURDICK. Mr. President, will the Senator yield

Mr. MOYNIHAN. I am happy first to yield to the Senator from North Dakota.

Mr. STENNIS. On your time.

Mr. MOYNIHAN. On my time, yes.

Mr. BURDICK. I have been advised that the Defense Department states that if the present arrangement is changed, it would mean that contracts now awarded to small business and minority firms not in the labor surplus areas would be disturbed.

Mr. MOYNIHAN. The Senator has been so advised, but he has been wrongly advised. It comes as a great disappointment that this simple, progressive measure has been so misrepresented.

It gives the Secretary of Defense no such instruction. I would like to make it very clear that we do not want that to happen. If it does happen, I will be the first to come to the floor and ask that it be repealed.

I yield to my distinguished senior colleague.

Mr. JAVITS. Mr. President, another effort which is a misrepresentation is to represent this as some kind of Northeast deal. Now, there are 48 States with labor surplus areas, and they are very numerous in the major defense contracting States: California, Texas, Georgia, and Washington.

Mr. President, this is a national problem and it is going to get worse, because unemployment is coming, and that is when it is going to hit us the hardest; and that is why it needs to be corrected now.

Mr. STENNIS. Mr. President, I am afraid we are going to get into a jam on time here. May I yield 5 minutes to the Senator from Texas, at this point?

Mr. BENTSEN. I thank the Senator from Mississippi.

Let me say to my friend from New York, the senior Senator, that I agree, this is not a Northeast deal. This is a national concern and a national problem.

I also say to my friend from New York (Mr. MOYNIHAN) that there is no man in the Senate who has more compassion or more concern for the unemployed than my friend from New York. He has brought me the list of labor surplus areas in Texas. There are 23 of them in Texas. I have people who have the lowest level of income in the United States. That is not in the State of the Senator from Mississippi, it is in my State. It is in labor surplus areas such as El Paso and Laredo, and quite a number of others.

But today we are debating things like a budget resolution, trying to decide, with the House, what the priorities are in this country.

Mr. STENNIS. Mr. President, may we have order so the Senator from Texas may be heard?

The PRESIDING OFFICER. The Senate will be in order.

Mr. BENTSEN. And trying to decide whether we have a 3 percent above inflation or 5 percent, deciding where the priorities are, and what we have to cut back on.

To say that we are going to come along and restrict the list of bidders, it does not take some great economist to tell you that that has to increase the costs. If you narrow down the number of people who are going to bid, you have less facilities that are competing. I have got a lot of them in my State in those labor surplus areas that would compete. But you have to drive the costs up.

Mr. NUNN. Will the Senator from Texas yield?

Mr. BENTSEN. Yes.

Mr. NUNN. Just one point on that. I think that is so important, because if this bill does not increase the cost, there is no need for the bill.

Mr. BENTSEN. That is correct. That is absolutely right.

I heard one of my friends saying, "Then, what is the difference between competition in a labor surplus area and a non-labor surplus area?" Well, the question is where the bid goes, where the lowest price is. That is what we are seeking. That is what we are trying to bring about.

Look at what we have done for the last 25 years in defense procurement in this country. If we are going to go out and buy nuts and bolts, then we try to get the most nuts and bolts for the buck. That is what we have been trying to do.

In recent months, Mr. President, we have heard a great deal in this Chamber and in the committee hearing rooms about national defense and the appropriate levels of expenditures for this vitally important activity. Regardless of where one stands on the question of defense expenditures, I would venture that there is broad agreement in this Chamber that we should strive for maximum efficiency from the defense dollar. With our urgent and compelling defense requirements for the future—requirements that have been highlighted by the debate over the SALT II treaty—it is apparent that we must sacrifice in the cause of a stronger, more secure America. Given that necessity for sacrifice, waste in defense expenditures is simply and totally unacceptable.

This proposal to abolish the Maybank amendment would lead directly and inevitably to either increased defense spending or a less effective utilization of available resources.

It would precipitate a bureaucratic nightmare in an area—defense policy—where we can least afford it.

It would restrict competition among defense suppliers.

It would hinder our mobilization efforts.

And it would punish thousands of small businesses and minority enterprises simply because they do not happen to be located in labor surplus areas.

Mr. President, the best way to understand what would happen if this amendment were adopted is to take a look at current DOD contracting procedures and contrast them to the situation that would prevail in the absence of the Maybank amendment.

For the past 25 years, whenever DOD had a requirement for, let us say, nuts and bolts, they have had the discretion to select the supplier—anywhere in this country—who could supply the best and the most nuts and bolts for the buck. If you are interested in efficiency, this is not a bad way to go about your business.

As the Senator from Georgia has pointed out, proponents of this amendment maintain that labor surplus areas are somehow short-changed or discriminated against in the contract award process. This assertion is belied by the facts. In fiscal year 1978, after the Department had adopted a more stringent definition of LSA's, DOD awards to labor surplus areas totalled $25 billion, or 43.5 percent of total awards. That is not a bad percentage when you consider that only one-third of the areas nationwide now qualify as LSA's.

Now, what happens if we abolish the Maybank amendment? How would that action impact on our defense procurement policies?

First, Mr. President, it would mean that the competition on some 10 million DOD procurement actions each year would be severely restricted. Companies in two-thirds of the area of this country would be precluded from bidding on those contracts. They would become the exclusive domain of LSA's.

You do not have to be an economist, you do not have to have practical business experience to appreciate that when you restrict competition to that extent you increase costs and decrease efficiency. You are going to pay more for the product.

Once you have abolished the criterion of cost-effectiveness as the basis for procurement decisions you also open up the whole process to delay, confusion, and political pressures. There will inevitably be disputes over which LSA is most deserving of a contract.

And what happens, Mr. President, to the small business or the minority enterprise unfortunate enough to be located someplace not an LSA. I will tell you what happens—they lose business they have earned in the past by being competitive. By producing the best product at the best price.

As I say, Mr. President, I have 23 LSA's in the State of Texas. I would like to see these areas benefit from defense contracts. But I think our overriding concern here should be the best possible material at the lowest possible price. It has been demonstrated that a very substantial proportion of contract awards go to LSA's on the basis of competitiveness. These areas can and do compete effectively for the defense dollar. And, with the Maybank amendment, we are assured that DOD can make the most effective use of its resources.

Abolish the Maybank amendment and you open up the whole DOD procurement process to considerations other than efficiency and cost-effectiveness. That is not a trend I would welcome.

Mr. President, I urge the defeat of this amendment.

Mr. STENNIS. Mr. President, the Senator from Georgia was cut off. I will yield him 1 minute.

Mr. NUNN. I do not need any more time. I thank my friend.

Mr. STENNIS. I yield 4 minutes to the Senator from Nebraska.

Mr. EXON. I thank my friend from Mississippi.

Mr. President, I share the concerns of Senators from States suffering high rates of unemployment. I fully realize the drain placed on our national economy caused by Federal unemployment payments and benefits for those who cannot find work.

However, it is my feeling that we need to squeeze the most out of every defense dollar we spend. The amendment offered here today permits the Defense Department to let "labor surplus set-aside" contracts in situations where the Secretary of Defense determines that there are sufficient bidders to assure the Government a reasonable price on that contract. However, the factsheet accompanying the "Dear Colleague" letter on this amendment states that this reasonable price does not have to be the lowest price.

Mr. President, I have supported increases in defense spending during this session of Congress. I have done so because I feel there are specific needs in this area. I do not want these extra funds to be expended without purchasing as much military muscle for the United States as possible, regardless of pockets of unemployment. If the Maybank amendment is stricken from law, then we will be, or certainly could be, spending more defense dollars without receiving more capability.

I intend to vote consistently for getting the most out of our defense dollars. Where consolidations are possible and will save money, I will support them. Where we can cut fat out of the Defense budget, I will be willing to make tough decisions for cuts. It is my feeling that the Defense budget should not be a tool for economic help in one region of the country or another.

A substantial portion of the Federal budget already is involved in this principle.

I am further persuaded from the arguments on the floor that the Department of Defense has not been blind in this area in the past, as some would believe.

In short, this amendment will take us in the wrong direction. It could reduce competition, reduce our industrial mobilization base and subject defense contracts to unnecessary and costly practices and further redtape. If it is adopted, then we will be moving away from the direction in which this Senator thinks we should move—that is, toward the most efficient expenditure of defense funds. Therefore I urge my colleagues to defeat this amendment.

Therefore, Mr. President, recognizing that a good point has been made by those who do not agree with me, I urge my colleagues to defeat this amendment.

I thank my friend from Mississippi for yielding.

Mr. STENNIS. Mr. President, are there others who wish to speak?

Mr. GOLDWATER. Will the Senator yield 2 minutes?

Mr. STENNIS. I really do not have but 3. I will have to stop here, if I may. If the Senator wants to speak on the amendment——

Mr. GOLDWATER. Forget about it.

(Mr. MORGAN assumed the chair.)

Mr. STENNIS. Mr. President, I think some kind of a summary is necessary here, and I speak with great deference to the author and those who have worked hard on this amendment, his coworkers, the junior Senator from New Jersey, and others. Let me make clear, I am not trying to defend the Department of Defense in this matter, not one iota. I have insisted, all the time that I have been chairman, on effective management of the procurement responsibility. But with all deference to everyone, this amendment is thrown together with what seems to me to be careless language. No one came out to ask for a hearing or a development of a fair operation, a formula of some kind. The senior Senator from New Jersey has well observed this point over the years. He was not asked to prepare something in this field.

It looks to me as if this language is reckless and full of holes. It cannot and will not bring about a better result.

The Secretary of Defense is going to have this terrific responsibility without any guidelines except language of the vaguest kind. It talks only about reasonable prices.

Someone handed me a sheet concerning areas in Mississippi which are low-income areas, rural counties of a rural State. They are not going to share in any program devised for this purpose.

It seems to me that without any notice, without hearings, without the usual safeguards, guidelines, and effort to treat all with fairness, we have had an amendment thrown at us on which we have to say yes or not, an amendment which has terrific consequences, which will relieve the Department of Defense of some of their responsibilities without compensating areas of benefit.

My plea is not that we drop the whole thing but that we drop this amendment, that we not put it on this bill at this time until more facts are known.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. In closing the debate, may I thank the gracious and always fairminded chairman of the committee? I will only respond to his remarks, that the language of this amendment is the language which has been adopted twice already by the Senate in the 94th Congress, and incorporated into the Small Business Act.

I yield my remaining time to the Senator from New Jersey who has spoken so ably on this matter.

Mr. BRADLEY. Mr. President, I, too, thank the distinguished chairman for his courtesies in this debate.

Mr. President, it makes no sense to exclude the Government's single largest purchaser, DOD, from a program whose economic desirability is already recognized by law, and which now governs the procurement practices of some 35 other Federal departments and agencies.

Mr. President, most of the discussion today has been about how we get the most out of the defense dollar. Yet I think this body is sufficiently well-informed to address the broader and more important question of how we get the most out of the Federal dollar. If we are talking about a recession that is on the horizon and talking about $20 billion increases in the Federal deficit for every 1-percent increase in unemployment and if we are clear in recognizing this program as an alternative, I expect that the Senate will concur that this is the preferred answer.

● Mr. RIEGLE. Mr. President, I rise in support of the Moynihan amendment that would increase nonstrategic procurement in labor surplus areas. DOD buys between $15 and $20 billion worth of goods and services each year. Items ranging from lamps, to thread, to hose, to virtually every sundry product imaginable. These products are found in every State in the country, and I see no reason why we cannot structure our procurement policies to assist areas that suffer from high unemployment.

We have made a commitment to full employment in the Nation, and have passed several statutes directing Federal purchasing to be aimed toward those areas with a labor surplus. DOD, however, has enjoyed a blanket exemption from these directives, to the detriment of our national security and vitality.

This amendment would diversify our defense suppliers, and would induce a three-fold increase in private sector activities. There would be very little increase in overall procurement costs of these goods, and, in fact, we might even see a reduction in costs once more firms became involved in this type of contracting.

Fifty-eight cities and counties in my State would qualify as labor surplus areas, and hence be eligible for these contracts. As Senators know, my State historically suffers disproportionately from a recession, which we have entered, and I see this amendment as a step toward mitigating the impact of an economic downturn on the many small communities included in the labor surplus designation.

Beyond that, Mr. President, I understand that 47 of the 50 States would have some areas eligible for contracts, if the Maybank language were modified, so this cannot be viewed as benefitting any single region in the Nation.

For these reasons, Mr. President, I support and cosponsor the amendment of the Senator from New York. We must dedicate our efforts to the goal of using all of our resources to combat unemployment, and this amendment will put the considerable power of the Defense Department into that fight.

I submit for the RECORD a letter addressed to all Senators dated November 1, 1979.

The letter follows:

U.S. SENATE,
Washington, D.C., November 1, 1979.

DEAR COLLEAGUE: For more than a quarter century now, an obscure provision in the annual Defense Appropriations Act has obstructed efforts to fight high unemployment in many parts of the country by blocking the application of a basic federal policy objective that is followed elsewhere in the government.

The objective is as clear as it is desirable: to reduce unemployment in regions where it is exceptionally high through the countercyclical application of federal procurement policy by focusing such procurement, whenever appropriate and practicable, on areas with chronic or acute unemployment problems.

In compliance with this general policy, most recently affirmed by Congress in 1977 by amendments to the Small Business Act, federal agencies routinely "set aside" contracts for firms that are located in such areas.

The exception is the Department of Defense, effectively exempt from this requirement since 1953 as a result of the so-called "Maybank Amendment," which denies the Secretary the necessary flexibility in negotiating procurement contracts and thereby keeps the Pentagon from playing a role in the solution of serious economic problems.

As the nation enters a recession, and as unemployment rates—already painfully high in many places—continue to rise, it is unconscionable that Congress should continue to permit an agency whose expenditures account for one quarter of all federal spending to avoid this responsibility.

We would emphasize that our amendment would in no way restrict the Pentagon's flexibility in procuring strategic items. It deals only with the fifteen to twenty billion dollars a year in Defense Department purchases of non-strategic goods and services such as uniforms, medical supplies, food and cleaning materials. By freeing such procurements from the straitjacket of the "Maybank amendment," our proposal would require the Defense Department to shoulder its share of the federal government's domestic economic responsibilities. It would serve to provide jobs for people who are willing and able to work, and would thereby reduce the pressure on and the costs of unemployment compensation and other income maintenance programs. These are costs which soar during periods of economic downturn; the Congressional Budget Office estimates that every one percent rise in unemployment costs the federal government $20 billion.

Our amendment would bring the Defense Department into step with the rest of the government by permitting what are known to procurement specialists as "labor surplus set-asides," but only in situations where the Secretary determines that there are sufficient bidders to assure the government a reasonable price on a contract.

It is perhaps not surprising that the Pentagon's purchases of strategic items are concentrated in areas with highly developed "defense industries," and it is hardly coincidental that such purchases contribute enormously to the relative prosperity of most such areas. Channeling some non-strategic procurements to economically depressed communities in all parts of the country would be conducive to the economic vitality of the nation as a whole, because it would permit federal dollars to be spent where they will do the most good. Sound national policy requires such balance.

That is what we propose, and that is why we urge you to co-sponsor our amendment. We have enclosed a fact sheet and a list of representative non-strategic defense items. If you have questions, please contact us, or have your staff members contact Eric Hemel with Senator Moynihan's staff (x4–4451), Ava Feiner with Senator Bradley's staff (x4–3224), or David Hansell with Senator Levin's staff (x4–6221).

We look forward to your support.

Sincerely,
DANIEL PATRICK MOYNIHAN.
CARL LEVIN.
DONALD W. RIEGLE, Jr.
BILL BRADLEY.
JOHN HEINZ.●

● Mr. MUSKIE. Mr. President, during debate on H.R. 5359, the Defense appropriation bill for fiscal year 1980, an amendment was offered to the bill which had the effect of striking the so-called Maybank provision which precludes the award of defense contracts on a basis of relieving local economic problems.

I agree with the need for the Federal Government to use its economic influence to assist local areas in creating economic stability. For this purpose, we have the Small Business Administration, the Economic Development Administration, and various economic opportunity provisions in numerous Federal laws. I support all of these endeavors as they were specifically created to address the economic problems in question.

I could not support the attempt to repeal the Maybank provision because I believe repeal would do more harm than good to overall defense procurement policy and also increase defense costs.

Repeal of this provision would increase defense costs because no longer would a low bid for an item or services be a basis for award of contracts. Further, the ability of the Department of Defense to procure the best equipment and contractual services for the dollar could be severely restricted because the capability of contractors to perform work satisfactorily would not be a basis for contract award.

Mr. President, since price and contractor performance would no longer determine how defense contracts are awarded, the foundation of the competitive procurement process would be eroded. Further, the import of denying price and performance as a basis for awarding contracts could have a severe damaging effect on Maine's defense industry. Although Maine has a high unemployment rate, the repeal of the Maybank provision would not help areas of greatest unemployment in the State because those areas do not possess a high level of potential defense activity.

It is my view, and I believe a view shared by many in my State, that Maine's defense industry has repeatedly demonstrated the capability to obtain defense work on the basis of sound cost control and management capability and superior contractor performance. This should be the basis that determines award of defense activity.●

The PRESIDING OFFICER. All time on the amendment has expired. The question now is on agreeing to the amendment.

Mr. MOYNIHAN. I ask for the yeas and nays, Mr. President.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Delaware (Mr. Biden), the Senator from Arkansas (Mr. Bumpers), the Senator from New Hampshire (Mr. Durkin), the Senator from Alaska (Mr. Gravel), the Senator from Massachusetts (Mr. Kennedy), the Senator from Ohio (Mr. Metzenbaum), and the Senator from Illinois (Mr. Stevenson) are necessarily absent.

I further announce that the Senator from Hawaii (Mr. Inouye) is absent on official business.

I further announce that, if present and voting, the Senator from Illinois (Mr. Stevenson) would vote "yea."

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. Baker), the Senator from Mississippi (Mr. Cochran), the Senator from Oregon (Mr. Packwood), and the Senator from Illinois (Mr. Percy) are necessarily absent.

The PRESIDING OFFICER. Is there any Member of the Senate present who has not voted?

The result was announced—yeas 29, nays 59, as follows:

[Rollcall Vote No. 388 Leg.]

YEAS—29

Baucus
Bayh
Bradley
Chafee
Cranston
Eagleton
Glenn
Hatfield
Heinz
Jackson
Javits
Leahy
Levin
McGovern
Magnuson
Mathias
Melcher
Moynihan
Nelson
Pell
Randolph
Ribicoff
Riegle
Sarbanes
Schweiker
Stone
Tsongas
Weicker
Williams

NAYS—59

Armstrong
Bellmon
Bentsen
Boren
Boschwitz
Burdick
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Church
Cohen
Culver
Danforth
DeConcini
Dole
Domenici
Durenberger
Exon
Ford
Garn
Goldwater
Hart
Hatch
Hayakawa
Heflin
Helms
Hollings
Huddleston
Humphrey
Jepsen
Johnston
Kassebaum
Laxalt
Long
Lugar
Matsunaga
McClure
Morgan
Muskie
Nunn
Pressler
Proxmire
Pryor
Roth
Sasser
Schmitt
Simpson
Stafford
Stennis
Stevens
Stewart
Talmadge
Thurmond
Tower
Wallop
Warner
Young
Zorinsky

NOT VOTING—12

Baker
Biden
Bumpers
Cochran
Durkin
Gravel
Inouye
Kennedy
Metzenbaum
Packwood
Percy
Stevenson

So the amendment (UP No. 731) was rejected.

Mr. STENNIS. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. THURMOND. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senate will be in order.

Mr. STENNIS. Mr. President, we will try to get along with the business here. The Senator from Arizona and the Senator from Nevada do not have an amendment, but they would like to have a brief colloquy. Following that, I hope the amendment by Senator Armstrong and Senator Matsunaga could be taken up next. That is an amendment for a pay increase. That would bring about some debate.

Mr. MATSUNAGA. Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. MATSUNAGA. I believe Senator Armstrong is not available. The last word he gave me, when he left earlier today, was that he would not bring it up today but tomorrow or Thursday. I have been looking for him.

Mr. STENNIS. Let us see if we can locate him.

The Senator from Arkansas has two amendments which will be fairly brief.

We have two major amendments, and we must press forward with this bill. If we can proceed with the other amendments and just have the two major amendments come up Thursday, that would be much better. If we do not get to vote on all the others, perhaps we could debate them tonight.

Mr. CANNON. Mr. President, when the fiscal year 1978 defense appropriations bill came up before the Senate, Senator Goldwater and I offered an amendment to delete $3.9 million in R. & D. funding that was added in committee to start another prototype program for the Enforcer aircraft. The total cost of this prototype program was estimated at over $10.0 million and would build 4 new Enforcer aircraft.

The Enforcer is a World War II P-51 type aircraft reengined with a turboprop. In 1971 its inventors provided an Enforcer prototype to the U.S. Air Force for a flight test competition. That competition, called "Pave Coin" was for a light strike counterinsurgency airplane for South Vietnam, but the Enforcer was rejected. One of the original prototypes exists today and is hangared in Florida.

The inventors of the Enforcer continue to promote the aircraft in the Congress. Hearings on the plane were held by the House Appropriations Committee, May 1974; the House Armed Services Committee, August and November, 1974; the Senate Appropriations Committee in May 1975, the Senate Armed Services Committee's R. & D. Subcommittee, July 1975; and the Senate Armed Services Committee, Tactical Air Subcommittee, March 1977. Despite all of these hearings, held at the request of the inventors of the Enforcer, there has never been a budget request for the aircraft by the Department of Defense, and there has never been an authorization of funds by either the House or Senate Armed Services Committee prior to this year.

The Defense Department has made several evaluations of the Enforcer's potential as a modern combat airplane in today's high threat air defense environment. It consistently has been rejected by the Marine Corps, the Navy, and the Air Force. The latest rejection was from the Secretary of the Air Force in 1979 and the Joint Chiefs of Staff in April 1977, who stated that there was no need to build or operationally test an Enforcer prototype and that it was not as cost effective or survivable as our current modern aircraft inventory.

I ask unanimous consent to have this correspondence printed in the Record.

There being no objection, the correspondence was ordered to be printed in the Record, as follows:

U.S. Senate,
Committee on Armed Services,
Washington, D.C., March 22, 1977.

Gen. George S. Brown,
Chairman, Joint Chiefs of Staff.
The Pentagon.
Washington, D.C.

Dear General Brown: On March 16, 1977, the Tactical Air Power Subcommittee held a hearing on the Enforcer aircraft. At that hearing Senator Goldwater asked Lieutenant General Alton D. Slay, the principal Air Force witness, to ask the Joint Chiefs of Staff on behalf of the Subcommittee, for their judgement on the requirement for such an aircraft for our Services.

The purpose of this letter is to make a formal request. We would like to have the collective, as well as individual, judgement of the Joint Chiefs of Staff on whether there is a requirement for this type of aircraft and, if so, would it provide a militarily valuable and needed addition to our tactical air forces. In addition, we want your judgement on whether it is necessary to build four prototypes of the Enforcer aircraft for operational testing to make that determination.

In view of our pending mark-up schedule

we would appreciate a reply at your earliest convenience.

Sincerely,

HOWARD W. CANNON,
Chairman, Tactical Air Power Subcommittee.

BARRY GOLDWATER,
Ranking Minority, Tactical Air Power Subcommittee.

THE JOINT CHIEFS OF STAFF,
Washington, D.C., April 8, 1977.

Hon. HOWARD W. CANNON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR CANNON: This responds to your letter requesting the judgment of the Joint Chiefs of Staff on whether there is a requirement for the Enforcer aircraft in the US tactical air forces.

It is the judgment of the Joint Chiefs of Staff that there is no requirement for the Enforcer in the US tactical air force inventory. That judgment has been supported by an extensive review of the Enforcer proposal, including the capabilities and vulnerabilities of such an aircraft in the predicted threat environment used in structuring tactical air forces. Each of the Services is constantly seeking systems which will provide the most effective combat capability at the least cost. Given the spectrum of conflict which must be considered in force structuring, the growing sophistication of the Soviet threat, and budgetary constraints, cost effectiveness of each system becomes paramount. The Joint Chiefs of Staff believe the fighter/attack aircraft in the current inventory plus those programmed for procurement best fit that criterion. The United States cannot afford to hedge its bet by further procurement of a highly specialized aircraft, however inexpensive, when thorough review of all analysis to date shows it not to be as cost effective or survivable as other aircraft already being procured.

Further, the Joint Chiefs of Staff can see no requirement for building or for operational testing of prototypes of the Enforcer. Specific capabilities of the Enforcer have not been at question in previous analysis. The technology embodied in the aircraft and its systems makes its operational characteristics predictable with confidence.

The Joint Chiefs of Staff trust this will establish clearly their position concerning the Enforcer aircraft.

For the Joint Chiefs of Staff:

GEORGE S. BROWN,
Chairman, Joint Chiefs of Staff.

HILL UNIT VOTES FUNDS TO TEST MODERNIZED VERSION OF P–51

(By George C. Wilson)

The Senate Defense Appropriations Subcommittee yesterday voted to spend $3.9 million to build test models of a modernized World War II fighter that the Joint Chiefs of Staff do not want.

If the rest of Congress goes along the plan is to appropriate another $6.7 million next year to finance testing and building of a modified P–51 fighter called the Enforcer.

David Lindsay, a Sarasota, Fla., newspaper publisher who developed the Enforcer, has been trying for seven years to get the Air Force to broaden its previous tests of the plane, arguing that it has not had a fair trial.

In hearings this March by the Senate Armed Services Tactical Air Subcommittee, Lt. Gen. Alton D. Slay, Air Force research chief, testified that "there is no need for a flight test of the system" and that "there is no place in the Air Force inventory for an aircraft such as Enforcer."

Slay, under questioning by Sen. Barry Goldwater (R-Ariz.), agreed it would be a waste of taxpayers' money to build test versions of the Enforcer.

In a followup letter to the subcommittee, Gen. George S. Brown, chairman of the Joint Chiefs of Staff, said "there is no requirement for the Enforcer." He added that the judgment by the chiefs "has been supported by an extensive review of the Enforcer proposal . . ."

Lindsay predicted in a telephone interview last night that even if the rest of Congress endorses the subcommittee's action, the Air Force will resist going forward on grounds it cannot award such a research contract without open bidding.

P51 FIGHTER: CAN A WW2 GHOST FLY?

The ghost of the World War II P51 fighter—with modern improvements—is being offered as a money-saving attack plane for the United States to use against ground targets.

The military hasn't been interested, but some cost-conscious members of Congress think it may be worth a try.

The plane, known as the Enforcer, exists as a prototype which uses a P51 airframe, parts from various other aircraft and a turboprop jet engine to turn its single propeller.

It was designed by a former test pilot and Florida newspaper publisher, David Lindsay, who sold the project to the Piper Aircraft Co. in 1970 and has remained active in promoting it.

Lindsay's plane originally was aimed as a close support fighter to succeed the Korean war vintage Al Skyraider, resurrected from mothballs for use in the Vietnam war. The Air Force considered it and other designs in 1971, but decided not to buy them.

With help from Sen. Strom Thurmond, R–S.C., and others, Lindsay and Piper President J. Lynn Helms won a hearing in Congress, where they testified the Enforcer would be a cheaper and in some cases better alternative than the Air Force's new $6.1 million A10 ground support fighter.

Senator Barry Goldwater, R–Ariz., described the Enforcer at one session as a "World War II P51 reengined with a turboprop."

Lindsay conceded four planes he proposed the government buy for testing at about $900,000 each were based on "hulks of four aircraft which are partial P51's," but Piper had plans for a new airframe.

The Senate Armed Services Committee voted down his proposal after the Air Force research and development chief said an analysis found "the Enforcer was deficient in two very important attributes of a close support aircraft . . . lethality and survivability."

Sens. William Proxmire, D–Wis., and Lawton Chiles, D–Fla., then took it to an appropriations subcommittee. Noting the Air Force might not spend Enforcer money because of its opposition, the panel voted $3.9 million for the Navy to start a test program next year.

The provision slid through the full committee without challenge and is on its way to the Senate floor. If approved there, it still faces a conference committee with the House, which has voted no Enforcer funds.

Its future is cloudy, but some sources say the Enforcer might squeak through.

DEPARTMENT OF THE AIR FORCE,
Washington, D.C., September 24, 1979.

Hon. HOWARD W. CANNON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR CANNON: This responds to your request for the current Air Force position regarding the Enforcer aircraft. As you are aware, the Air Force has provided evaluations and testimony concerning the Enforcer aircraft to Committees of the Congress for the past eight years. Our witnesses have consistently stated there is no requirement for an Enforcer aircraft in the Air Force tactical inventory and no reason for further flight tests of the Enforcer. Our basic position remains unchanged.

Given the spectrum of conflict which must be considered in force structuring, the growing Soviet threat, and budget constraints, the cost effectiveness of each weapons system becomes paramount. We believe the fighter aircraft in the current inventory plus those programmed for procurement best fit that criterion. We cannot afford to hedge our bet by further procurement of a highly specialized aircraft, however inexpensive, when a thorough review of all analyses shows it not to be as cost effective or survivable as other aircraft already being procured.

The current Enforcer design is an improved aircraft in comparison to the model tested in 1971. Specific capabilities of the Enforcer have not been at question in our analysis. We believe that, based on what is already known about the prototype and what can be predicted with confidence, there is currently no need for further tests. If we had a requirement for Enforcer and a decision were made to proceed to full scale development, we could do so without a prior flight test of the prototype. In any event, prior to such a decision to enter full scale development of any aircraft, it would be beneficial to conduct an industry-wide competition. The Air Force has had several unsolicited proposals for similar type aircraft from other manufacturers.

We understand and fully support Congressional interest in evaluating low cost options to improve our capability to cope with the increasing threat. Once again, however, we must state that the Enforcer does not address a current requirement, and does not merit further government funded testing.

Sincerely,

HANS MARK,
Secretary of the Air Force.

Mr. CANNON. Mr. President, in the fiscal year 1975 Defense bill the Senate Appropriations Committee added funding for prototypes of the Enforcer, but those funds were deleted on the floor as a result of our amendment (pp. 36520–36528, CONGRESSIONAL RECORD, November 13, 1975). Again in 1977 the committee added funding despite the fact that there was no budget request for it, that a proposal for authorization of funds was rejected by the Senate Armed Services Committee, and that the Defense Department has stated that there would be no useful purpose in testing the plane again. No attempt was made to fund the Enforcer in fiscal year 1979, but in fiscal year 1980 $6 million was authorized by the Senate Armed Services Committee—over our objection, I might add—and although deleted by Senate appropriations and not part of this bill, it nevertheless is in the House appropriations bill.

Mr. President, I congratulate the subcommittee and the committee for deleting that program. I hope that when they go to conference with the House, they will remain firm and not squander the taxpayers' money in such a fashion as would be done if this project were approved.

I believe that building new Enforcer prototypes is certainly not required and would be a needless waste of taxpayer's money.

I yield to the Senator from Arizona.

Mr. GOLDWATER. Mr. President, the Senator from Nevada has made the point I want to make.

This was discussed in conference. The $6 million is not in the appropriations bill; and we want to make sure that when this is discussed again between the two Houses, the Senate does not recede from its position.

As the Senator from Nevada has said, this has been a matter of discussion on this floor for year after year after year.

As late as September 24 of this year, a letter was received from the Secretary of the Air Force. I had written a letter to the Department of the Air Force, and Senator CANNON had done so at the same time.

I ask unanimous consent to have the letter printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF THE AIR FORCE,
Washington, D.C.

Hon. HOWARD W. CANNON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR CANNON: This responds to your request for the current Air Force position regarding the Enforcer aircraft. As you are aware, the Air Force has provided evaluations and testimony concerning the Enforcer aircraft to Committees of the Congress for the past eight years. Our witnesses have consistently stated there is no requirement for an Enforcer aircraft in the Air Force tactical inventory and no reason for further flight tests of the Enforcer. Our basic position remains unchanged.

Given the spectrum of conflict which must be considered in force structuring, the growing Soviet threat, and budget constraints, the cost effectiveness of each weapons system becomes paramount. We believe the fighter aircraft in the current inventory plus those programmed for procurement best fit that criterion. We cannot afford to hedge our bet by further procurement of a highly specialized aircraft, however inexpensive, when a thorough review of all analyses shows it not to be as cost effective or survivable as other aircraft already being procured.

The current Enforcer design is an improved aircraft in comparison to the model tested in 1971. Specific capabilities of the Enforcer have not been at question in our analysis. We believe that, based on what is already known about the prototype and what can be predicted with confidence, there is currently no need for further tests. If we had a requirement for Enforcer and a decision were made to proceed to full scale development, we could do so without a prior flight test of the prototype. In any event, prior to such a decision to enter full scale development of any aircraft, it would be beneficial to conduct an industry-wide competition. The Air Force has had several unsolicited proposals for similar type aircraft from other manufacturers.

We understand and fully support Congressional interest in evaluating low cost options to improve our capability to cope with the increasing threat. Once again, however, we must state that the Enforcer does not address a current requirement, and does not merit further government funded testing.

Sincerely,

HANS MARK,
Secretary of the Air Force.

Mr. GOLDWATER. Mr. President, I will read an excerpt from the letter:

> The current Enforcer design is an improved aircraft in comparison with the model tested in 1971. Specific capabilities of the Enforcer have not been at question in our analysis. We believe that, based on what is already known about the prototype and what can be predicted with confidence, there is currently no need for further tests. If we had a requirement for Enforcer and a decision were made to proceed to full scale development, we could do so without a prior flight test of the prototype.

Mr. President, I repeat what the Senator from Nevada said. This a World War II aircraft. It was probably the best single-seater fighter aircraft in World War II if we might eliminate the ME-109 and possibly the Spitfire. It was a wonderful fighter, but it will not measure up to what the proposers of this amount of money say it will. It has a turbo-engine driving a three-bladed propeller and a rifle hit on a turbo blade puts the engine out of commission. It takes a lot more than just one small engine to fly ground support in today's modern war, and aircraft of this type would be literally a sitting duck for any enemy who would want to resist it.

So, I thank my friend from Nevada for having brought this up and I particularly call attention of the chairman, Senator STENNIS, to the fact that we want to stand firm on this. There is no need. It is only $6 million, and I guess that is not a lot of money around here. But it is a principle of the thing that we resist the constant push to get an airplane that the Air Force wants no part of, and I think I can safely say they will not even test if we give them the $6 million. So, I hope that my chairman when he goes back to the House of Representatives, will remember the colloquy here in the Chamber today and stand by his people.

Mr. STENNIS. Mr. President I appreciate the sentiments expressed here by the Senators from Nevada and Arizona. This is an unusual situation. This matter was approved by the authorizing committees. I did not vote for this particular item. It is outside the Air Force program, and I thought we should keep responsibility in the Air Force. But the majority voted for it. That is the authorizing committee.

It came over here in the appropriations bill. The House of Representatives had put in $6 million, and no one offered anything on it in our hearings or in our committee markup or anything like that. So it is blank, and that means the Senate did not approve it.

That would be the Senate's position but no one can guarantee what will come out of conference, as we all know.

The Senator from South Carolina has indicated to me that he wants to say a few words. I suggest Senators reduce their time to 4 minutes apiece, if we are going to move at all on another amendment. Will that satisfy the Senator timewise?

Mr. THURMOND. I say about 6 minutes will be all right.

Mr. STENNIS. All right. As far as I am concerned, Mr. President, I ask the Chair to recognize the Senator for 6 minutes.

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

Mr. THURMOND. Mr. President, I have the greatest respect for the distinguished Senator from Arizona. I supported him for President. He is a great Senator and a great man, but he is just as wrong on this as he can be. The distinguished Senator from Nevada is a pilot. But those two Senators are being so influenced by the Air Force here that I do not think they have presented this matter in an air of equilibrium. I say this:

To my knowledge only three or four Senators have ever taken the floor to oppose the test of the low-cost, highly effective Enforcer close support aircraft. This is another case of saving money.

That is a very good record, in my opinion, but since one or two continue to oppose even a test of this new concept in close support I feel obligated to reply.

First, let me point out to the Senate that the Senate-House conference on the fiscal year 1980 military procurement bill approved this test and it has therefore been authorized. It is not in the pending bill, however, although the Senate Appropriations Committee has twice before approved it.

Those who now speak out against it were heard in the recent Senate-House Armed Services Committee conference and their position was not upheld. Both of these Senators argued the matter before the conference but the conference did not go along with them. They are speaking today because the House Appropriations Committee has funded this test in the House bill. The House Appropriations Committee feels it is important to test it. It does not cost much to test it, and if the test works out, it can save millions and millions of dollars.

Mr. President, I wish to make a few brief remarks on this subject.

The Enforcer is a lightweight, inexpensive turboprop aircraft that potentially offers a great deal of capability in the close support role. The Senate-House procurement conference approved $6 million to support development, testing, and operational demonstration of the Enforcer aircraft during fiscal year 1980.

AIR FORCE SAYS NEW AIRPLANE

Despite charges that it is an old aircraft which has already been tested, Air Force testimony by Lt. Gen. James Stewart termed it "an essentially new airplane from what we have seen before."

The Enforcer is a state-of-the-art technology. It has the new ceramic armor protecting not only the pilot, but also the engine, a feature no other plane in the world within my acquaintance can claim. Its size makes it a small target. Its engine does not generate the heat which attracts missiles. Its armor and redundant systems make it highly survivable. It can be based in forward areas, operate off rough fields, and carry the 30-millimeter pod or other weapons such as the Maverick missile or iron bombs.

Its speed is equal to the A-10 and it has the needed thrust to get out of the danger zone once its weapons are delivered. It has great loiter capability and very low fuel costs.

Mr. President, what kind of plane do we want for close air support if this does not meet the qualifications?

COSTS VERY LOW

Mr. President, this aircraft could cost as little as around $1 million a copy, one sixth—I repeat one-sixth—the cost of current close support aircraft. What are they afraid of? Why not give it a test? That is all we are asking—a test of this aircraft. When the numbers disadvantage we face in NATO is considered it is hard for me to understand why some would oppose even a test of this aircraft.

Mr. President, the Air Force has opposed this test for several years. They say there is no "requirement" for the Enforcer. This is a play on semantics, a "requirement" can be written in a few hours. There was no requirement for the atomic bomb, the jet engine, or the SR–71, but they were invented and have been useful in providing our security.

THERE IS REQUIREMENT

There is a requirement for an effective, highly survivable, low-cost close support aircraft to counter the overwhelming numbers of Soviet tanks. As Senators know, the Soviets have many more times the numbers of tanks that we do.

Mr. President, the few critics of this test have also claimed that computer tests have already been made on the Enforcer and no hardware tests are necessary. Any pilot will tell you that subjective inputs into a computer cannot measure the worth of a plane.

Only a few years ago we tested the F–16 and F–17 as lightweight fighters, with no intention to procure them. These tests could not have been made with a computer. Also, the results led us to procure both aircraft for our Air Force and Navy tactical forces.

Mr. President, only a pilot's eye behind the gun and his hands on the controls can truly evaluate this weapon system.

CONGRESS DECIDES PROGRAMS

It is also charged that if Congress approves the test the Air Force will not test it and not procure it. These claims are absurd on their face, as Congress makes such decisions, not the Air Force.

Mr. President, my only purpose in speaking today was to not permit the record to appear one-sided on this subject. There is strong support in Congress for this test as evidenced by the Senate-House procurement conference approval of this program.

In conclusion, I ask unanimous consent that an article entitled "Less Sophisticated Aircraft Could Lower Cost" which appeared in the April 26, 1979 issue of Aerospace Daily be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

LESS SOPHISTICATED AIRCRAFT COULD LOWER COST, INCREASE READINESS, CONGRESS TOLD

A former high-level Pentagon official said yesterday Congress should consider pressing for development of less sophisticated military aircraft "with the hope of lowering cost and reversing the downward trends in equipment/crew readiness and force size."

Charles E. Myers Jr., who was director for air warfare in the Directorate of Defense Research and Engineering from October 1973 through November 1977, told the House Armed Services procurement subcommittee that if present trends continue fighter planes may cost about $34 million each, in current dollars, by the 1990s. He said it should be possible to develop a comparatively simple "blitz fighter" for perhaps $5 million.

Under questioning, he said the aircraft he envisioned would be an "austere" plane with a single turbofan engine whose main armament would be a 30-millimeter cannon, and which "hopefully" would be able to operate from grass landing strips. "Somebody should spend a couple of million dollars to study it," he said.

Myers declared that "if I'd known" during the years when he was involved in DOD planning of aircraft and missile programs "I would have fought a lot harder against the development of highly sophisticated aircraft."

Now, he testified, "trends are taking us further and further into decreased combat readiness and erosion of forces. We're trying to rely on technological sophistication to bail us out of our problems. We failed—I along with everybody else."

Most subcommittee members praised Myers' presentation. Chairman Melvin Price (D–Ill.), who also heads the full committee, called it a "thought-provoking statement," adding that "I think the committee will look deeper into these matters."

Myers, who has returned to his private consulting business, had said in his prepared testimony that "in view of the demonstration of ills of the multipurpose/all-weather syndrome, it seems incredible that responsible military and civilian factions continue to call for increased sophistication in all fighters. Instead, they should be encouraging the design of less sophisticated versions . . .

"The really discouraging aspect . . . is that the Congress, while emphasizing the necessity to improve military strength, and in the face of the popular demand for decreased spending, continues to be victimized by a technology cartel which conjure new promises and portray deterrence as a contest in technological sophistication unrelated to combat utility, force size and readiness."

"If we continue to drive toward higher levels of sophistication," he said, "we are destined toward a smaller and less ready combat force. I cannot believe the Congress is comfortable with that trend."

He warned against "decisions being made on tactical air hardware until the (congressional) members/staffs have extracted an accurate assessment of readiness and force erosion prospects for the near term. Further, they should avail themselves of information which correctly portrays the expected return-on-investment (ROI) from the promised all-weather, air-to-air and air-to-ground combat capability of proposed versions of existing aircraft.

"The measure of ROI should be combat force effectiveness rather than technological image comparisons with the Soviet Union. It should also include ROI comparisons of alternatives to tactical aircraft for attacking some of the popular all-weather targets as well as a realistic assessment of the war relevance of these target arrays during darkness or in bad weather."

Mr. THURMOND. Mr. President, I wish to thank the distinguished chairman.

Mr. STENNIS. I thank the Senator.

Mr. President, that concludes that matter for the time being. We are under an unusual procedure but it is no doubt justified.

We have one matter here that I would like to take up and have the argument on, but one of the authors, Senator ARMSTRONG, cannot be found now. It is a proposed pay increase.

We have an amendment here on this noted subject of abortion. We could, perhaps, dispose of that before 7 o'clock if we can agree to it. It is a matter which is familiar to everyone, particularly the author, the Senator from North Carolina, and the Senator from Washington.

In the absence of the leaders, Mr. President, I think I can put that unanimous-consent request that we take up the proposed amendment I have just described by the Senator from North Carolina, limit debate to 20 minutes to the side, and then have a rollcall vote. Is that satisfactory? I make that request.

The PRESIDING OFFICER. Does the Senator understand that this supersedes the previous hour-and-a-half allotted to this amendment?

Mr. MAGNUSON. Mr. President, reserving the right to object, I had a conversation with the Senator from North Carolina, and this is a very important amendment. It is going to require some discussion, and I do not know whether we should take it up tonight or whether we should wait until Thursday.

There are a lot of Senators who have left, I am sure, anticipating that there would not be any more votes tonight.

Mr. STENNIS. All right. It is just the pleasure of the Senate, and if there is objection that is all right.

Mr. MAGUNSON. I might say for the benefit of Senators, it is a new amendment called abortion. [Laughter.] I suggested that he bring it up at the end of the discussion on these other important amendments, because it still deals with authorizing language in an appropriation bill, and I do not think that it is the proper time to bring it up now.

Mr. STENNIS. All right. Suppose we have an agreement on time now because our continuing resolution is going to run out in 2 weeks. We have several amendments. We have several amendments we have to carry over, and I suggest an hour to the side; is that all right?

Mr. MAGNUSON. If we are going to finish the bill tonight that is one thing, but apparently we cannot.

Mr. STENNIS. Well, this request just relates to the time when it does come up that it will be a time of 1 hour to both sides.

Mr. MAGNUSON. It will be under a time agreement when it does come up.

Mr. STENNIS. Yes.

Mr. HELMS. Mr. President, will the Senator from Mississippi yield?

Mr. STENNIS. I am advised that it is one of those that is under agreement now.

Mr. HELMS. That is correct.

Mr. STENNIS. An hour and a half equally divided, correct?

Introduce the amendment.

The PRESIDING OFFICER. Does the Senator withdraw his request for a unanimous-consent agreement?

Mr. HELMS. I am reluctant to submit my amendment because of the Foreign Relations Committee meeting in the morning.

Mr. STENNIS. The Senator could let us see what it is anyway.

Mr. HELMS. I would be delighted to do that. I will send it to the desk and ask that it be stated.

The PRESIDING OFFICER. Does the Senator from Mississippi withdraw his request?

Mr. STENNIS. If I may——

The PRESIDING OFFICER. Does the Senator from North Carolina withdraw his amendment?

Who yields time?

Mr. STENNIS. Mr. President, I yield to the Senator from North Carolina. What time would he want?

Mr. HELMS. Will the Senator consent

to a brief quorum call while we discuss this?

Mr. GOLDWATER. I would like to ask, as long as the majority leader is here, I have heard that there will be no more amendments tonight on the defense bill, and when tonight ends we will not take this bill up again until we have disposed of the energy bill; is that correct?

Mr. ROBERT C. BYRD. Mr. President, it is all news to me. There is a way of operating around here from time to time in which Senators say that there will be no more votes tonight, and they do not ask the leadership whether there will be any or not. It might be that the leadership may want to call up something else and get votes on it, so I wish Senators would not take the responsibility upon themselves to tell other Senators that there will not be any more votes. One of these days they are going to have problems when they do that.

By way of partial answer to Mr. GOLDWATER, does Mr. HELMS wish to call up an amendment now?

Mr. HELMS. Mr. President, if the Senator will yield, I told the distinguished chairman that I would be willing to enter into a unanimous-consent agreement of a 20-minute time limit, 10 minutes to the side, on this amendment. He propounded such a request and there was an objection.

We now have an hour-and-a-half time limitation on the amendment.

Mr. ROBERT C. BYRD. Yes.

Mr. HELMS. My interest is in saving Senators' time. We have discussed this issue over and over again.

Mr. ROBERT C. BYRD. Yes. Will the Senator call up his amendment and then we can talk about time?

UP AMENDMENT NO. 732

(Purpose: To provide that no funds are appropriated for the performance of abortions except where the life of the mother would be endangered)

Mr. HELMS. I sent it to the desk once, and I will send it to the desk again. Mr. President, I send the amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from North Carolina (Mr. HELMS) proposes an unprinted amendment numbered 732.

Mr. HELMS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the Act, add the following: "None of the funds provided for in this Act shall be used to perform abortions except where the life of the mother would be endangered if the fetus were carried to term.".

Mr. HELMS. Now, on my time, I suggest the absence of a quorum.

Mr. ROBERT C. BYRD. Mr. President, will the Senator withhold his request?

Mr. HELMS. Yes.

Mr. ROBERT C. BYRD. Would it be possible for us to agree on 1 hour equally divided or 40 minutes equally divided?

Mr. HELMS. From my standpoint I will say to the Senator yes.

Mr. MAGNUSON. This is a very important amendment. I do not think we should dispose of it in 10 minutes.

Mr. ROBERT C. BYRD. Mr. President, I withdraw my request. Let us take the full 1½ hours.

The PRESIDING OFFICER. The request is withdrawn.

Mr. MAGNUSON. I do not know that the Senators were advised that this important amendment was coming up at this very hour, and I have no objection to a time agreement, but I am wondering whether we should bring it up tonight. Now it is all right with me if we have a time agreement, but I am sure there are a lot of Senators who want to be heard on this amendment.

Mr. ROBERT C. BYRD. Mr. President, may I say to the Senator——

Mr. MAGNUSON. As far as I am personally concerned I can do it in 5 minutes.

Mr. ROBERT C. BYRD. The amendment already has a time agreement of 1½ hours.

Mr. MAGNUSON. I know, but I was talking about bringing it up tonight. If we are going to go on for 1½ hours tonight it is all right with me. But I am sure there are a lot of Senators who want to be apprised of the fact that this amendment was coming up.

Mr. ROBERT C. BYRD. Of course, they are apprised. They know that any Senator who obtains recognition can call up his amendment at any time if there is no other amendment pending.

Mr. HELMS. Mr. President, if the Senator will yield, I want to make this point.

Mr. MAGNUSON. It is all right with me. Go ahead with the amendment.

Mr. HELMS. Mr. President, I want to make clear that I have called up this amendment at the request of the leadership and others because no other amendment was available at this time. I was trying to be cooperative. Whatever time the Senator from Washington wants suits this Senator fine. But I do not think we ought to take a great deal of the Senate's time.

Mr. MAGNUSON. I want to say to the Senator from North Carolina that I personally would not take over 5 minutes. I am just thinking about some other Senators who may want to speak on this very important amendment. I do not know that there are, but I am sure the impression was around that this amendment would not be brought up until Thursday with the other important amendments.

Mr. HELMS. I do not know who made that assurance. I did not.

Mr. ROBERT C. BYRD. There is no assurance that this bill is going to be back on Thursday, may I say to my friend from Washington.

Mr. STENNIS. Mr. President, I want to state my position. I want to pass the bill, if we have to stay here tonight as long as need be, or any other time. I want some assurance, too, that we will get back on the floor with this bill on Thursday.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. MAGNUSON. Yes.

Mr. YOUNG. I would like to say to my friend from Washington that I think he has previously stated that we have voted on this issue 33 times before. So I do not know why we need more than 20 minutes.

Mr. MAGNUSON. We voted on this amendment 32 times in the Senate and 65 times in the past 4 years when you add up both House and Senate votes.

Mr. YOUNG. Thirty-two times. We do not need a long debate at this time. I believe 20 minutes enough?

Mr. MAGNUSON. It is all right with me. I am just speaking for some Senators who I know would like to be heard. If they do not want to, it is all right with me. The situation is, the committee knocked out the so-called Hyde amendment on this appropriations bill and the Senator from North Carolina is moving to put the Hyde amendment in.

Mr. HELMS. That is correct.

Mr. MAGNUSON. If you want to go ahead, do so. Maybe the 33d time will be the charm.

Mr. STENNIS. Mr. President, if I may, will the Senator yield to me for half a minute?

Mr. HELMS. I yield.

Mr. STENNIS. The amendment is the pending matter. There is an agreement on a time limitation of an hour equally divided. I understand we have until 7 o'clock that we could proceed. I think we ought to just proceed and try to finish the bill, proceed with the debate.

Mr. HELMS. Very well.

Mr. MAGNUSON. Let the Senator from North Carolina proceed and we will see that some of the other Senators are alerted and if they do not want to talk on it, I do not think—well, I can make my speech right now on it.

Mr. HELMS. I yield to the Senator.

Mr. MAGNUSON. I do not want any more time, so go ahead. Go ahead with it.

Mr. PRYOR. Mr. President, will the Senator from North Carolina yield to me for a moment?

Mr. HELMS. Yes.

Mr. PRYOR. The Senator from North Carolina stated that one of the reasons his amendment was called up at this time and not at a later time was because there were no other amendments that were ready to be brought up. I would like for the record to indicate that the Senator from Arkansas has two amendments ready to be brought up that, for one reason or another, are not going to be brought up this evening. But I wanted the Senator to know that, in case he did not want to bring up his amendment and the distinguished chairman of the Armed Services Committee, the Senator from Mississippi, wanted to hear two other amendments discussed, I am ready, willing, and able at this point to bring up mine. Otherwise, I assume that other arrangements have been made. I did want the record to indicate that two other amendments were ready at this time.

Mr. HELMS. I would be delighted to lay aside this amendment and have the Senator proceed.

Mr. STENNIS. Gentleman, let us understand that the Senator from Arkansas has two amendments there. He asked me to recommend that the committee accept them. I have not had a decent time to read them or talk to him, a decent time without interruptions for other things. I had never heard of the amendments until either today or yesterday afternoon.

Senators know what has happened here today. If we have got an amendment now that we can debate, that we are going to vote on, let us do it. Let us proceed. Let us proceed with the matter. I will look at the Senator's amendments tonight and maybe we can do something about it.

Mr. PRYOR. I appreciate that.

Mr. STENNIS. Maybe we can do something about it. I do not know. But we are in motion now, and, Mr. President, I call for the regular order. If the Senator is ready to proceed, let us debate the issue.

Mr. HELMS. I thank the distinguished manager of the bill. I am sorry we got into this confusion.

But again I say that the Senator from North Carolina was asked to call up his amendment now and I was not even ready; I had to get ready on the spur of the moment. If the distinguished majority leader suggests it to me, I will be glad to lay aside this amendment. I want to cooperate with him in any way, and I certainly want to cooperate with the distinguished chairman of the Armed Services Committee.

Mr. President, today we are again confronted with the issue of the use of taxpayers' money to perform abortions. There is a difference this time versus the previous times. This time we are not involved with the question of whether indigent women or poor families should be provided with abortions which the rich can afford.

This has been the argument time and time again on previous occasions. With this amendment, we are only addressing the question of taxpayer financing of abortions of military personnel or their dependents—people who can obtain abortions in private facilities with their own funds if necessary.

In addition, there are various agencies which will furnish funds for this purpose without requiring the expenditure of taxpayers funds. We have heard time and again on this floor the concern of many Senators, that while they personally oppose abortion, they feel that they must use taxpayers' funds to provide equal access and treatment for the poor. While I believe this to be a gross distortion of ethical priorities, I think I can understand this concern, misplaced as it may be, for the poor. But, now we are confronting a different issue: Shall the taxpayers provide abortions for those who can financially afford them?

A vote against this amendment is simply a vote to promote abortion among a segment of the American people. It has nothing to do with the poor. It has everything to do with the furtherance of a national policy of abortion on demand financed by the taxpayers. Now, I hope those distinctions are clear in the consideration of this amendment, because, I repeat, this amendment does not present a question of equal protection. I would hope that those Senators who are opposed to abortion and who do not intend to promote abortion throughout the United States, but who have nevertheless sought to allow the poor the same access to abortion as the rich will support my amendment.

The language of my amendment provides for abortions only in cases where the mother's life is endangered. It has been approved by the House. And in talking with Members of the House of Representatives who are interested in this question, I have been assured that the House will stand firmly on its position.

I urge the adoption of the amendment so that needless delay can be avoided and this vital Department of Defense Appropriations bill can be passed without a long and protracted battle over providing abortions for those who can afford to pay for them privately.

That is the sum total of my remarks, Mr. President.

I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER (Mr. LEVIN). Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HELMS. I reserve the remainder of my time.

Mr. STENNIS. Mr. President, I will be glad to yield to the Senator from Washington, the chairman of the Appropriations Committee. I do want to be heard on it briefly, but after he has been heard.

Mr. MAGNUSON. Mr. President, this is a repeat of the Hyde amendment.

Mr. STENNIS. May we have quiet, Mr. President, and have the attention of the Chair?

The PRESIDING OFFICER. The Senate will be in order.

Mr. MAGNUSON. This is a repeat of the so-called Hyde amendment, which the Senate has voted against, as I mentioned before, 32 times. We voted 65 times on this amendment in the House and the Senate. Sixty-five.

I am not going to move to table this amendment, but I will make the same speech that I have made before. It does not belong on the appropriations bills at all. It always comes up on every appropriation bill now. It used to be only on HEW; now it is on defense, it is on foreign aid, it is on the Peace Corps, D.C. and possibly others next year. I would not be surprised to see it on the Interior Department bill.

I think the Senate is ready to vote on it. I only made my point. I do not know how many people want to speak on this, but there are Senators who are interested. I am hopeful that the amendment will be defeated. Then we will have to go to the House again with a conference on the so-called Hyde amendment.

Mr. STEVENS. Will the Senator yield?

Mr. MAGNUSON. I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. STENNIS. Senator YOUNG is in charge of the time on that side.

Mr. YOUNG. I yield 5 minutes.

Mr. STEVENS. Mr. President, the language of the Senator from North Carolina which is before us now is a very limited amendment. It provides that none of the funds provided for in this act shall be used to perform abortions except where the life of the mother would be endangered if the fetus were carried to term.

I would like to remind the Senate that in the past we have at least stood by the language which dealt with the exceptions for medical procedures necessary for victims of rape or incest. We have dealt with those instances where severe and long-lasting physical health danger to the mother would result if the pregnancy were carried to term. We have dealt with those circumstances regarding the drugs and devices to prevent the implantation of the fertilized ovum or for medical procedures necessary for termination of an ectopic pregnancy.

This language probably is the most extreme form of an abortion amendment I have seen. I have great respect for my friend from North Carolina, but I do not believe this belongs on a Department of Defense appropriations bill.

When we dealt with the supplemental appropriations bill I indicated at that time that some of us were making a concession for the purpose of settling the hiatus that we faced then. But for now I see no reason to burden the Department of Defense bill with this kind of language. The services that are performed for dependents or for members of the armed services are performed for them because we have assumed that obligation when either the service personnel or their dependents become part of the military establishment.

I see particularly no reason to eliminate the areas of rape and incest or the areas where there is severe and long-lasting physical health damage to the mother.

I think the best thing we can do with this is to follow the suggestion of the chairman of the Appropriations Committee and defeat it. The Hyde language will still be before the conference. Let the conference work out the language that will prevail as far as the Department of Defense activities are concerned. Certainly, it is my feeling that we will come out about where we came out last year with the language that this Senate has adopted, by my count, 34 out of 35 times that we have voted for the same language. I stand corrected. I am told it is 32 times we have voted for the same language. My assistant keeps track of these things a little closer than I do, perhaps. In any event, repeated actions of the Senate have stood by the same language.

I could offer that language as a substitute for the amendment of the Senator from North Carolina and we could go through three or four votes. But the simplest way is to defeat this amendment. I think we should tell the House that we are going to stand by our language, that if they want to put that language in, fine.

Every time it comes up we face a question of inching away. Last time in the appropriations bill it was 7.8 percent of the abortions performed in the last year which were deleted by a very technical amendment. I have not had time to figure out how many this amendment would eliminate, but this is a different question now because it is the Department of Defense and we do provide medical services for members of the Defense Department and their dependents. We are not now saying that this is something that a State will pay, Mr. President.

In the other circumstances, when we were dealing with HEW, we were talking about who should pay. Should a State pay or should the Federal Government pay? But if we pass this amendment, the dependents of military personnel stationed around the world are going to find that their services are limited in this field. That would be a misrepresentation of justice so far as these people are concerned. We have agreed to provide their medical services, period. We have not limited them in any way. This would be the first time, to my knowledge, that we have tried to totally limit the services for military personnel or their dependents.

I hope the amendment will be defeated. I say to my good friend from North Carolina I think if it is, we will face language that comes out of the conference committee quite similar to that which became law last year, which was accepted by both House and the Senate and I think fairly states the position that should be followed as far as the expenditures of Federal funds for performing abortions for people who are entitled to services because either they serve in one branch of the military service or they are dependents of someone who so serves. I urge the defeat of this amendment.

Mr. MAGNUSON. Mr. President, I yielded back the remainder of my time.

Mr. STENNIS. Mr. President, I believe Senator HELMS controls the time on the affirmative side.

Mr. WEICKER. Who controls the time in opposition?

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. WEICKER. And how much time is there in opposition to the Helms amendment?

The PRESIDING OFFICER. Thirty-six minutes remain in opposition.

Mr. WEICKER. At this time I ask for 15 minutes in opposition to this amendment.

Mr. STENNIS. Let us see how many there are who want to speak, if the Senator does not mind. I do not know how many want to speak. I want much less than 15 minutes.

Mr. THURMOND. Mr. President, I have in mind offering an amendment which the Senate has already approved, or just add it to the Helms amendment. There should not be any question about it.

Mr. STENNIS. I will yield to the Senator from Connecticut. I will yield 12 minutes.

Mr. WEICKER. Will the Senator yield me 10 minutes?

Mr. STENNIS. I yield.

Mr. WEICKER. I thank the distinguished Senator from Mississippi.

Mr. President, I ask unanimous consent that Mr. Stanley Twardy of my staff be given the privilege of the floor during debate on this bill, H.R. 5359.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WEICKER. Mr. President, I rise in opposition to the amendment of the distinguished Senator from North Carolina. In doing so, I would point out to my colleagues that we are now at the logical end of a road which started quite a while back both in the House and in the Senate. The issue is not, as the Senator from North Carolina has phrased it, a matter of taxpayers money for abortions. The issue is very simple. It is whether or not the tenets of any religious faith are going to take precedence over the Constitution of the United States.

Mr. President, I wonder if we might have order?

The PRESIDING OFFICER. The Senator is correct. The Senate is not in order.

Will Senators please clear the well so we can hear the Senator from Connecticut?

The Senator from Connecticut.

Mr. WEICKER. I indicated on October 22 when we considered the District of Columbia appropriations bill that that was the last time the fight was going to be fought on the grounds of those who advocate no Federal funds for abortions. That is going to be the case, because after we dispose of this matter, and I hope we defeat it, there are two amendments which I will be ready to offer, and I will offer them in time to get the matter going the other way.

One of them will say:

> None of the funds provided for in this Act shall be used to perform abortions after the second trimester of pregnancy, except where the life of the mother would be endangered, or where, as determined by the attending physician, health damage to the mother would result, if the pregnancy were carried to term.

In other words, all I am asking us to do is conform policy to what is the law of this country. That is the law.

The second amendment would say:

> None of the funds provided for in this Act shall be used to perform abortions except where: the life of the mother would be endangered if the fetus were carried to term; or except for such medical procedures necessary for the victims of rape or incest, when such rape or incest has been reported promptly to a law enforcement agency or public health service; or except in those instances where severe and long-lasting physical health damage to the mother would result if the pregnancy were carried to term when so determined by two physicians; or except where the fetus is at risk for genetic disorders, chromosomal abnormalities, or has been exposed to a known teratogenic agent; or except where the mother has sickle cell disease.

Now, in this amendment, we would add the element which has been totally disregarded by everybody in the debate. That is, the health of the child.

I am not here arguing against this amendment offered by the Senator from North Carolina because it in any way impairs the right of those serving the Armed Forces of the United States. I think that is important. But there is one common denominator which is more important. That is that we are all citizens of the United States. And it is to all Americans that the law is directed, for whom policies are devised.

It was only a matter of time before we got the Hyde amendment before us in its purest form. Indeed, what I would say here is that we should go to an even purer form and, instead of having those who advocate the tenets of a particular religious faith run around Robin Hood's barn, we should have on the floor of the U.S. Senate the direct issue of whether or not abortion is legal. Period. Let us make that decision, instead of coming at it in a backhanded way.

The policy of the United States has already been made amply clear by the Senate, and the House, and Presidents to the extent that any serious medical procedure is going to be funded by this Government. Is there anybody, on the other side of the "abortion issue," who would deny that an abortion is a serious medical procedure? Why, then, do we have the issue before us? We have it before us because those who advocate the tenets of a particular religious faith know that, were the issue up or a vote on the question of the legality of abortions, they probably could not carry the day.

I hope that we shall start to understand what it is that we are doing here in the constitutional sense. That is our job—again, I repeat the words I said a few weeks ago—not to take up the slack for what somebody cannot do from the pulpit on Sunday. That is not our job. Our job is to see to it, both by our actions on the floor and the position that we enjoy as leaders of this Nation, that we give support to what is the law of the land.

The law of the land is that the mother's right to abortion is a constitutionally guaranteed right, within the parameters of the Roe against Wade decision. Only after the fetus has reached viability can the Government proscribe abortion. Slowly but surely, this position has been nibbled to death, if you will. Now we are confronted with the penultimate decision here, on the floor of the U.S. Senate.

Mr. ROBERT C. BYRD. Mr. President, I ask the Senator if he will yield without losing his right to the floor.

Mr. WEICKER. I yield without losing my right to the floor.

ORDER FOR VOTE ON HELMS AMENDMENT NO LATER THAN 7 P.M. TONIGHT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be a vote, up or down, on the amendment by Mr. HELMS at 7 o'clock, with no amendments to the amendment.

The PRESIDING OFFICER. Is there objection?

Mr. STENNIS. And that there be a motion to reconsider the vote and the tabling.

Mr. ROBERT C. BYRD. Yes, that would come after it.

Could we say not later than 7?

Mr. HELMS. I do not think I shall need any more time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WEICKER. Mr. President, in its seminal decision on this matter, the Supreme Court prefaced its discussion of the constitutional issues involved in the abortion question by acknowledging that:

> One's philosophy, one's experience, one's exposure to the raw edges of human existence, one's religious training, one's attitudes toward life and family and their values, and the moral standards one establishes and seeks to observe, are all likely to influence and to

color one's thinking and conclusions about abortion. In addition, population growth, pollution, poverty, and racial overtones tend to complicate and not to simplify the problem.

Yet, the Court recognized that these philosophical and emotional factors were extraneous to its consideration of the issue.

Our task, of course, is to resolve the issue by constitutional measurement, free of emotion and of predilection.

As Senators, we, too, are entrusted with the responsibility of handling this issue in a rational manner, adhering to the strictures of the Constitution. We are called upon to decide this matter, keeping the basic constitutional rights of all Americans in mind. We are not here to carry the water for a vocal minority.

To set the appropriate tenor for our discussion, I want to review with my colleagues the constitutional under pinnings of this issue. We must turn to the Supreme Court's decision in Roe against Wade, in which the Court recognized a woman's right to decide whether to have an abortion.

The Supreme Court's decision in Roe against Wade was premised on the conclusion that "the right of personal privacy includes the abortion decision." However, the Court recognized that this right is not absolute and must be considered against the State's interest in regulation.

These are the competing interests which we must bear in mind throughout our discussion. The mother's right of personal privacy can only be impinged upon where there is a "compelling" State interest to justify the intrusion upon that right.

The parameters for our discussion were laid out by the Supreme Court in Roe against Wade, where the Court specifically enumerated the rights of the mother and the rights of the State during the various phases of the pregnancy:

(a) For the stage prior to approximately the end of the first trimester, the abortion decision and its effectuation must be left to the medical judgment of the pregnant woman's attending physician.

(b) For the stage subsequent to approximately the end of the first trimester, the state, in promoting its interest in the health of the mother, may, if it chooses, regulate the abortion procedure in ways that are reasonably related to maternal health.

(c) For the stage subsequent to viability, the state in promoting its interest in the potentiality of human life may, if it chooses, regulate, and even proscribe, abortion except where it is necessary, in appropriate medical judgment, for the preservation of the life or health of the mother.

These, Mr. President, are the parameters in which the discussion should take place. But it does not and it has not been for months, indeed, years. We have not discussed the issue within what is the law of the United States of America.

The Supreme Court's statement of the right to abortion is clear. The State may not interfere during the first trimester of pregnancy. After the first trimester, the State's "interest in the health of the mother" justifies its regulation of "the abortion procedure to the extent that the regulation reasonably relates to the presevation and protection of maternal health." Only after viability of the fetus, which the Court, based upon medical knowledge, places at 24 to 28 weeks, does the State's "interest in potential life" outweight the privacy rights of the mother. Only at this point may the State interfere and "go so far as to proscribe abortion during that period, except where it is necessary to preserve the life or health of the mother."

In subsequent decisions, the Supreme Court has refined the contours of the abortion rights, but it has not "retreat(ed) from Roe." In Planned Parenthood of Central Missouri against Danforth (1976) the Court found that the abortion right impermissibly burdened by statutory provisions requiring spousal or parental consent or medical procedures not widely available. In Maher against Roe (1977) the Court endorsed the position of the Department of Health, Education, and Welfare that the medicaid statute neither requires nor prohibits State funding of nontherapeutic abortions, that is, the Court endorsed a neutral approach to funding. Underlying these, and other Supreme Court decisions concerning the abortion question, is the holding in Roe against Wade that the woman's right to an abortion "protects the woman from unduly burdensome intereference with her freedom to decide whether to terminate her pregnancy." *Maher* v. *Roe*, 432 U.S. 464, 473–474 (1977).

Despite the pronouncements of the Supreme Court, we in Congress have interfered with a woman's right to decide whether to terminate her pregnancy. At the time of the 1977 Supreme Court decision in Maher against Roe, the medicaid statute provided reimbursement for all abortions medically necessary for the preservation of physical or mental health. The fiscal year 1979 medicaid abortion funding language restricts all Federal medicaid abortion funding to abortions necessary to preserve the life of the pregnant woman; abortions needed for rape and incest victims; and abortions necessary to prevent serious long-lasting damage to a woman's physical health. Thus, the fiscal year 1979 language excludes abortions necessary to preserve a woman's health but not required to prevent long-lasting physical health damage. A Federal court has found this language to be violative of the 14th amendment of the U.S. Constitution by denying equal protection.

Recently, we have gone even farther into interfering with the woman's right to abortion. In the continuing appropriations bill and the D.C. appropriations bill, the provision for funding abortions necessary to prevent serious long-lasting damage to the woman's physical health was deleted. We did this despite the clear statement by the Supreme Court in Roe against Wade that the State may not regulate, even during the third trimester, abortion "where it is necessary * * * for the preservation of the * * * health of the mother."

The amendment which I am offering would bring the funding of abortions under this appropriations bill within the parameters of the constitutional guarantees afforded to pregnant women, as enunciated by the Supreme Court in Roe against Wade and its progeny.

I am aware, but perhaps my colleagues are not, of the fact that 4,500 babies are born every year with Down's syndrome. That is 1 of every 650 children born a year. Women over 35 have 1 in 100 chances of producing a child with chromosomal abnormalities; 1 of every 750 babies born has myelomeningocele, or spinabifida, a defect of spinal formation. Epileptics who use Dilantin have a 30 percent chance of giving birth to a child who has serious birth defects. Thus, when we limit funding to abortions which are "medically necessary," whatever that means, we are denying women faced with the prospect of bearing a child with serious defects of the choice to make a decision.

I am also aware, but perhaps my colleagues are not, of the fact that women with sickle cell disease have a 25 percent chance of going into sickle cell crisis and dying as a result of pregnancy—while the normal pregnancy rate is 0.2 percent. However, no matter how careful her care and physicians monitoring, it cannot be known whether the state of her disease will remain unaffected by pregnancy. Yet, under present law, we deny indigent women with sickle cell disease the funds to obtain the abortion which may be necessary to save their life.

What we have done in the past is impose a governmentally ordained morality on an indigent woman. She knows she will not receive funds for an abortion. Today, as a result of the D.C. and continuing appropriations, she will not receive funds for an abortion even if she is facing "severe and long-lasting physical health damage." Yet, if she chooses to follow the state-encouraged morality and bear her children, she will be reimbursed not only for her predelivery and delivery expenses but also for her children's postnatal costs. Prof. Laurence Tribe, the constitutional scholar from Harvard Law School, has aptly characterized the discussions concerning the viability of a fetus as "unmistakably religious." By denying funds for abortions while providing a significant financial incentive for bearing a child, the Federal Government is interfering with a religious choice. This interference is violative of the first amendment.

These are the matters that should be discussed on the floor of the U.S. Senate, and will be discussed on the floor of the U.S. Senate. Not whether or not we slowly gravitate toward the tenets of any religious faith.

No. It is not a monetary decision. The monetary decision was made as a matter of policy when we agreed to tend to those who needed medical care.

It is now a matter as to whether or not we are going to insist that religion stay in the pulpit and that the law of the land, in its spirit and its detail, be not only adhered to, but advocated by the leaders of this Nation.

Mr. HELMS addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. I thank the Chair.

Mr. President, I want to be as gentle as I can in my response to my friend from Connecticut. I understand his emotional involvement in this question, and I respect him for it.

But I do not fully understand what the Senator was saying when he repeatedly referred to the imposition of the tenets of a religious faith.

Mr. WEICKER. Any religious faith.

Mr. HELMS. Any religious faith, then. If he wants to specify what he meant, I will be glad to yield time to him.

Mr. WEICKER. Will the Senator yield for a response?

Mr. HELMS. Certainly.

Mr. WEICKER. I do not know the tenets of all the religious faiths in this country. I do not really care to know them all. I do know there are those that find abortion a matter of murder, of being against that which they believe in. Who they are, I do not know and I do not care to know with specificity.

I have only one guideline to what it is I talk about and what I do on the floor—the Constitution of the United States.

Mr. HELMS. I will get to that in just a moment.

Mr. President, on Sunday evening I flew to Raleigh, N.C., I spoke at a regional meeting of the Knights of Columbus. A very fine group of men and women attended that dinner. The Senator from North Carolina was given an award.

When they presented the award, I told the Knights of Columbus this had to be the most ecumenical event since Notre Dame beat Southern Methodist in football because I am a Baptist and a deacon in my church. I try to teach Sunday school—not very well, but I try.

So I do not know what the Senator from Connecticut is talking about when he speaks of imposing the "tenets of any religious faith." I assume he was referring to the Catholic Church.

Well, this Baptist believes that the termination of innocent human life ought not to be funded with money taken from taxpayers of the United States. It is just as simple as that.

If the Senator from Connecticut can persuade me that abortions are not the deliberate termination of innocent human life, I am going to back off. I will not address this issue again.

But until that persuasion occurs, Mr. President, I have got to say that this Congress ought not to vote to supply funds to terminate innocent human life. It is just as simple as that.

But let me move on, the Senator referred to the Constitution and the law of the land. I am glad he did, because in 1977 there were three Supreme Court decisions, the Maher case, the Beal case, and the Poelker case.

In each of these cases, the Supreme Court said that Government need not fund abortions. So I think that washes out the argument of the Senator from Connecticut.

As for the repeated concerns about the health of the mother, I share those concerns. I am the father of two daughters and I fully agree that when the life of the mother is at stake medical care should be available. But that is a matter of self-defense under the law. I do not think anybody has ever argued against the principle of self-defense. Certainly, this Senator has not.

But when we have the promotion of abortion on demand, as we do in this country today, so that abortion becomes a means of birth control, that is where the Senator from North Carolina draws the line.

I have no apologies for offering what is known as the Hyde amendment. Congressman HYDE has repeatedly put it in on the House side, and Senator HELMS has repeatedly put it on the Senate side. As long as I can make it to this floor, this Senate is going to vote on this question over and over and over again, because I do not believe we have a right to require the taxpayers of the United States to finance the deliberate termination of innocent human life.

A vocal minority, my friend from Connecticut says. How does he know?

I would like to have a referendum on this question after it has been fully discussed and fully considered on its merits.

But I say again, Mr. President, that this amendment addresses itself to the deliberate termination of innocent human life. I do not think that this Congress ought to try to play God and decide who ought to live and who ought to die. That is the purpose of this amendment.

Mr. President, I reserve the remainder of my time.

Mr. WEICKER. Mr. President, I wonder if the Senator will yield me 5 minutes.

Mr. YOUNG. I yield 5 minutes to the Senator.

Mr. WEICKER. Mr. President, I would like to respond specifically to the points raised by the distinguished Senator from North Carolina.

The Senator from North Carolina keeps on saying, "I do not believe." In that phrase, he is probably joined by millions of Americans—I do not believe.

He used the terms "persuasion" and "I am not of the persuasion that." In that, he is probably joined by millions of Americans.

He refers to the ecumenical meeting he had when he received his award, between he, a Baptist, and others, who are Catholic.

The point I make here today is that it is not a matter of what one's persuasion is. It is not a matter of what one believes. It makes no difference whether one is a Baptist, a Catholic, or an Episcopalian. It is only a matter of what is legal. Abortion is legal. That is not a matter of belief or persuasion. We cannot go running around the United States declaring that we are going to debate that which is right or wrong, from a religious point of view. We must consider that which is legal, and has been so acknowledged on numerous occasions by the Supreme Court. This is what differentiates our society and our political system from others.

The Senator from North Carolina indicates that he would like to have this left as a matter of referendum. I would be delighted. If we can end all abortion amendments on the floor of the Senate, let us have a constitutional amendment. We have constitutional amendments in all sorts of matters: Women's rights; busing; limitations on the expenditures of Government. I would be totally satisfied to cut this debate off and leave this matter for decision by all the States, if anybody wants to raise a constitutional amendment on this issue. But that will not be done, because it would not succeed.

The Senator from North Carolina made the statement that he assumed that this Senator has been referring to the Catholic faith. That is an incorrect assumption. I have made my statement as to what I believe in. It is the constitutional principles of this country. If there are those who are opposed to these prinples well, if the shoe fits, wear it.

As I indicated, aside from the tenets of my own faith, which happens to be Episcopalian, I have no idea what the tenets of other people's faiths are. As I said, I do not care, except that I hope they will have the opportunity to practice their religions in total freedom.

As I said before, my only job, and our job here, as far as religion is concerned is to see to it that all Americans are free to practice the religion of their choice. Our job is not to act so that we go back to the situation which caused the founding of this Nation, when indeed there were States religions and there was State oppression of those religions with which a majority disagreed.

The Senator from North Carolina made the statement that I am emotionally involved. No, I am not. I have a Downs child. This fact makes no difference as to what I do on the floor of the Senate, any more than does the fact that I personally do not believe in abortion. These are matters of my personal religious belief, and they have no bearing nor right to be used as a basis for my decisions on this floor.

What is right and wrong has been determined already by the Supreme Court, and that is the supreme law of the land. The law is not a matter of belief or persuasion, or of any one of us going out and doing our anarchistic thing on this subject. Rather, our job is to see to it that the policies of the land conform with the law of the land. If we are going to change the policy, let us do so for all. But we should not, in our religious fervor, single out one religious tenet and try to incorporate into the laws of this Nation the religion of any faith in the Nation.

Mr. STENNIS. I yield myself 6 minutes.

Mr. President, I think we all have to be frank. I wish I had a formula. I greatly treasure the privilege of being a member of the Senate Appropriations Committee. This thing has swung around in the last few years to where, as Chairman MAGNUSON has said, we vote 30 times or 32 times or 35 times on an amendment concerning abortion—on an appropriation bill or HEW or a Department of Defense bill.

I recall once when we had quite an audience and the vote was very close as the roll was being called. Senators were a little slow in coming in. If a Senator voted aye, one group in the audience would cheer. When a Senator would vote no, another group would cheer. Everybody cheered when we finally finished.

We have gone on to where this thing has become so ridiculous that we held up a continuing resolution, which indicated that a great body had failed to function on time. We were trying to get a temporary way to run the entire Federal Government, so far as money was concerned.

I am not thinking in terms of individual criticism, but I have to criticize myself first and all of us as officials, when we fail to work out something here as to a subject which is semisacred, if not fully sacred, which would be applied uniformly and applied with dignity, rather than the ridiculous state it is in now, and applied uniformly as Federal law, with respect to all agencies and all Federal money, rather than the situation we have now.

So far as using money of any kind to promote abortions is concerned, I am totally opposed to all that. It is contrary to man's law, contrary to God's law, contrary to nature, and contrary to any other standards. It is bound to have a very degrading influence on the family and family life, and the family is the bedrock of our society.

So I believe we are failing in our duty until we do push aside this nonsense, these amendments. Some kind of policy and law seems to be necessary for the time being. I feel that it is our duty to work it out, and then that will be the law. It should have some teeth in it and it should be enforced on that basis, and thereby restore the whole concept of abortion to respectability.

I recall the time when there was great respect for that problem. I see the toll it has taken, not just on individuals but on the family as well. That is the main point.

On this bill, we found ourselves in a situation in which we had a House amendment—strict construction, strict amendment. As a choice, I like the Hyde amendment best. I thought we would just go ahead and we might get the Hyde amendment in conference, but that did not prevail, and that is all right.

I am going to vote for the next thing to it and vote for the Hyde amendment in this bill, hoping thereby to settle the matter so far as this bill is concerned. I hope that before we have another general appropriation bill—Department of Defense or any other department—we will make some headway in seriously tackling this matter, have a uniform policy, and elevate the whole thing as much as we can, and start the evolutionary process that will receive some respect to the whole concept of abortions, and strengthen the foundations of the family as an institution.

I think it comes down to what a person thinks best, in view of those points. I am speaking mainly as a Member of the Senate.

I yield back whatever time I have remaining.

Mr. HELMS. Mr. President, the Senator from Mississippi is always impressive, and I thank him for the remarks he has just made.

He is correct that if this amendment is approved by the Senate, there will be no question about it in conference and there will not be any holdup of funds. We will be able to move on with the work of the Senate.

Mr. President, what is the time situation as to both sides?

The PRESIDING OFFICER. The Senator from Mississippi has 11 minutes. The Senator from North Carolina has 25 minutes, but there was an agreement that the vote on this amendment would take place no later than 7 o'clock.

Mr. HELMS. Correct.

Since I have far more time remaining than the Senator from Mississippi why do we not both yield back our time?

Mr. STENNIS. Yes. I very gladly agree to yield back the time on both sides.

Mr. HELMS. I yield back my time.

The PRESIDING OFFICER. All time having been yielded back the question is on agreeing to the amendment of the Senator from North Carolina.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Oklahoma (Mr. BOREN), the Senator from Arkansas (Mr. BUMPERS), the Senator from New Hampshire (Mr. DURKIN), the Senator from Alaska (Mr. GRAVEL), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Illinois (Mr. STEVENSON), the Senator from Florida (Mr. CHILES), and the Senator from Maryland (Mr. SARBANES) are necessarily absent.

I further announce that the Senator from Hawaii (Mr. INOUYE) is absent on official business.

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Mississippi (Mr. COCHRAN), the Senator from Maryland (Mr. MATHIAS), the Senator from Oregon (Mr. PACKWOOD), the Senator from Illinois (Mr. PERCY), and the Senator from South Dakota (Mr. PRESSLER) are necessarily absent.

Mr. ROBERT C. BYRD. Mr. President, this is the last rollcall vote tonight.

The PRESIDING OFFICER. Are there any other Senators wishing to vote?

Mr. MAGNUSON. Mr. President, regular order.

The result was announced—yeas 38, nays 47, as follows:

[Rollcall Vote No. 389 Leg.]

YEAS—38

Armstrong
Biden
Boschwitz
Byrd, Harry F., Jr.
Church
Cohen
Danforth
DeConcini
Dole
Domenici
Durenberger
Eagleton
Exon
Ford
Garn
Goldwater
Hatch
Hatfield
Helms
Huddleston
Humphrey
Jepsen
Johnston
Laxalt
Long
Lugar
McClure
Melcher
Proxmire
Randolph
Roth
Schweiker
Stennis
Stone
Thurmond
Warner
Young
Zorinsky

NAYS—47

Baucus
Bayh
Bellmon
Bentsen
Bradley
Burdick
Byrd, Robert C.
Cannon
Chafee
Cranston
Culver
Glenn
Hart
Hayakawa
Heflin
Heinz
Hollings
Jackson
Javits
Kassebaum
Leahy
Levin
Magnuson
McGovern
Matsunaga
Metzenbaum
Morgan
Moynihan
Muskie
Nelson
Nunn
Pell
Pryor
Ribicoff
Riegle
Sasser
Schmitt
Simpson
Stafford
Stevens
Stewart
Talmadge
Tower
Tsongas
Wallop
Weicker
Williams

NOT VOTING—15

Baker
Boren
Bumpers
Chiles
Cochran
Durkin
Gravel
Inouye
Kennedy
Mathias
Packwood
Percy
Pressler
Sarbanes
Stevenson

So Mr. HELMS' amendment (UP No. 732) was rejected.

Mr. MAGNUSON. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. WEICKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

● Mr. LAXALT. Mr. President, I support H.R. 5359, the Department of Defense appropriations bill for fiscal 1980. As I see it, this is the very least we can do to meet a growing threat to our national security.

On its face H.R. 5359 is a "high dollar" bill. As reported from the Committee on Appropriations, on which I serve, it provides $131.8 billion in new obligational authority for the Department of Defense. This is $2.3 billion over the House version and $11.2 billion over the fiscal 1979 appropriation of $121.1 billion. However, only because of what is now a rather shaky assumption of a 7 percent inflation, is it within the 3 percent real growth target set out by the Carter administration

Even so, it makes some useful R.D.T. & E. and procurement decisions for essential strategic forces. For example, it provides $1.1 billion plus $14.2 million in advanced procurement funding for an eighth *Trident* submarine. It contains $2.1 billion for the construction of a fourth *Nimetz* class CVN or nuclear powered aircraft carrier. It also contains $670 mililon for full-scale engineering development (prototype testing) of the proposed MX intercontinental ballistic missile, and approximately $150 million for further development of air-launched and ground-launched cruise missiles.

H.R. 5359 also is helpful in the general purpose force area. It contains $29.5 million to purchase 15 new attack helicopters, $28.7 million to buy 6,200 new antitank missiles, and approximately $617 million to purchase 420 M–60 and XM–1 tanks. For the Navy in the general purpose area, the bill provides funding for 30 new F–14A's, 25 F–18's, 2 SSN–678 attack submarines, 2 guided missile cruisers of the DDG–47 class, and 6 FFG guided missile frigates. The Air Force in this bill gets $789.5 million for 144 A–10's, $88.5 million for 60 F–15's, and $1.4 billion for 175 F–16's.

While all this sounds impressive, much more is needed. A recent Rand Corp. study has indicated that the Soviet Union in the last 10 years has spent $100 billion more than the United States on its strategic forces. Soviet investment in weapons systems over the past 3 years, according to the Joint Chiefs of Staff recent testimony has exceeded ours by 75 percent overall, and by a factor of

3-to-1 in strategic forces. It will take this Nation a long time to recover from the consequences of so grievously under funding our defense effort.

As Congressman KEMP points out in his additional views to the House bill, even if our defense budget were to grow at a 5 percent annual rate, assuming Soviet defense budget continues to grow at the same rate estimated by the CIA, it will take 42 years for U.S. defense investment to catch up with the Soviet Union. Of course this bill does not provide such a rate. At an optimistic 3 percent existing disparities will grow rather than narrow.

The hardware consequences of previous under funding are now becoming clear. In ICBM's the Russians have added 150 to 200 per year and we have added none. The Russians have produced six new ballistic missile submarines a year and we have produced none. The Russians have produced 30 to 50 new intermediate- and long-range bombers and we have produced none.

The momentum inherent in this Soviet strategic forces build-up is now such that one can only consider restrained the statement of the Joint Chiefs Chairman, Gen. David Jones, who when testifying on the SALT treaty declared that the United States will lose "essential equivalence with the Soviet Union by the early 1980's."

Of course the loss of what is called "essential equivalence" is of the utmost seriousness for this country. Because our strategic doctrine has placed such a high emphasis on superior strategic power, while the Soviets have traditionally emphasized local and regional superiority, an equivalence in strategic power is tantamount to underscoring our inferiority elsewhere with potentially devastating political consequences.

Mr. President, we are already clearly in a crisis situation. We now need to dig out from the consequences of a disastrous series of decisions made in the late 1960's and early 1970's, principally in reaction to the Vietnam war. As former Secretary of State Henry Kissinger told the Foreign Relations Committee at the time of the ratifications of SALT I, the B-1 was scheduled to become operational in 1979. The MX was to come on line in 1983, and the *Trident* submarine and missile would become operational in 1978 together with various kinds of cruise missiles in the early 1980's. Every one of these programs has now been canceled, delayed, or stretched out. Now only the *Trident* can become operational during the period of the projected SALT treaty, and to quote Dr. Kissinger again, "We now face the challenge of the early eighties with forces designed in the sixties."

In an objective sense there is little that can be done to rectify past errors in a way that will cover our period of the early 1980's. The damage is done. The lead time for the development of strategic weapons is simply too long.

As Lieutenant General Rowney put it:

> The greater momentum of the USSR will cause the U.S. to fall behind the USSR strategically. By any objective measure the U.S. will become strategically inferior to the Soviet Union in the early 1980's.

Then what? As my colleagues well know, the problem extends beyond strategic forces. Since the end of World War II we have depended upon our strategic forces to help counterbalance the Soviet general purpose superiority. The counter is now or soon will be gone. As the Soviets acquire a superior strategic capability, their conventional capability, which is also growing, looms ever larger in crisis situations. Since we no longer possess a nuclear check we are forced even more to come to grips with the stark reality of our conventional inferiority.

The political paralysis likely to be induced by the loss of strategic superiority is probably going to be acute. Even assuming a direct nuclear exchange is avoided. Conventional proxy wars against critical U.S. interests in the Middle East, in Europe, and in Africa are to be expected. The Soviets attempted such efforts in Korea, Greece, and Iran in the late 1940's and may be expected to return to them with a vengeance as our strategic nuclear capability begins to wane.

I believe we are now getting a foretaste of what is to come, a qualitative jump in the nature of Soviet adventurism under the umbrella of their growing strategic preponderance. The sorry episode of the discovery of a Russian combat brigade in Cuba is just one example. Here there was no attempt by the Soviets to make any concession whatever. As I understand it, direct demands were made upon them and for the first time since the end of World War II we were turned down flat.

Since the earliest days of the cold war the Russians have been willing to anoint certain factions in internal disputes in so-called wars of liberation. They then provided certain forms of financial and material assistance. But now we see a qualitative change. Direct, open, military intervention by proxy forces is bringing the reality of Soviet power home and weakening Western interests in key areas throughout the Third World.

The irony of all this is that it is so unnecessary. As Henry Kissinger noted in his well publicized lecture on the future of NATO: NATO has three times the GNP of the Soviet Union and four times its population. The Soviets have totally unenviable leadership, social, ethnic and economic problems. Indeed about the only thing their system does do well is accumulate military power.

As Dr. Kissinger put it:

> Our adversaries are not really in control of their own future. Their system and their conditions in many ways makes them victims of their past. We around this table are in the extraordinary position that we can decide a positive future for ourselves if we are willing to make the effort.

Mr. President, I believe that we must do what needs to be done in the defense area. I believe this not because I am any great fan of expending scarce resources on the military. I believe this because we are' faced with a dire threat. And that each of us in this body, if we are to uphold our constitutional responsibilities, must now come to grips with it.

There may not be anything that can be done about the consequences of underfunding our defense 5 to 10 years ago. But this is no excuse for inaction. We have a strong obligation both to make sure that the error is not repeated and to rectify it as rapidly as we can. Mr. President, I support H.R. 5359 and I urge my colleagues to likewise. It is the very least that we can do. But I am hopeful that we can do even better in fiscal 1981.●

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business of not to exceed 15 minutes, and that Senators may speak therein up to 5 minutes each.

The PRESIDING OFFICER. Is there objection?

Mr. STENNIS. Mr. President, I will not object, but will the majority leader state for the record here, so we can find out, just what the situation is on this bill?

Mr. ROBERT C. BYRD. Yes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia? Without objection, it is so ordered.

THE UNITED STATES MUST NEVER SUBMIT TO BLACKMAIL

Mr. CHURCH. Mr. President, I endorse President Carter's refusal to accede to the demands of the Iranian students who have seized the American Embassy in Teheran.

The Shah is in the United States in conformity with American law. He is receiving treatment for an advanced stage of cancer. To deliver him from his sick bed in New York City into the hands of his self-proclaimed executioners would be dishonorable.

This country must never submit to blackmail. If we do, there will never be an end to it, and no American will be safe anywhere abroad in the future.

Mr. CANNON. Mr. President, I associate myself completely with the remarks made by the distinguished Senator from Idaho.

Mr. GOLDWATER. Mr. President, I also associate myself with the remarks made by the distinguished Senator from Idaho.

I will go a step further: Let us send all the Iranian students home.

Mr. THURMOND. Mr. President, I associate myself with the remarks of the distinguished Senator from Arizona.

Mr. CANNON. I agree with the suggestion of the distinguished Senator from Arizona as well.

THE DUMBARTON OAKS CONFERENCE ON ENERGY CONSERVATION

Mr. PERCY. Mr. President, on October 17 and 18, 1979, the Alliance to Save Energy and Harvard University cosponsored a symposium on the Dynamics of Energy Efficiency at Dumbarton Oaks, in Washington, D.C. To underscore the historic significance of this gathering, it should be noted that the last time Dumbarton Oaks opened its doors for a major conference was in 1944. Those important international discussions led to the formation of the United Nations.

This month, for the first time in this way, leaders from government, business, industry, unions, and the academic world met in a concerted effort to explore and discuss in detail the whole range of issues surrounding energy conservation and efficiency. As President Carter stated, conservation is "our cheapest and best way to cut down on imports."

Leaders from varied fields were divided into workshops where the potential for conservation was analyzed in the residential, commercial, industrial, and transportation sections of our economy. Their findings will soon be available.

The symposium participants were also given the opportunity to listen to important speeches regarding energy efficiency by President Carter; His Excellency Shaikh Ahmad Zaki Yamani, Minister of Petroleum and Mineral Resources in Saudi Arabia; Adm. Stansfield Turner, Director of the Central Intelligence Agency; and Charles Duncan, Secretary of Energy.

In view of the importance of this symposium and its findings on our country's energy future, I ask unanimous consent that these speeches and introductory comments by Senator Alan Cranston and myself be printed in full in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Chairman Senator Charles Percy's Opening Remarks and Introduction of CIA Director Adm. Stansfield Turner

Thank you, Mr. Giles Constable, for your welcome to Dumbarton Oaks on behalf of Harvard's President Bok.

Admiral Stansfield Turner, distinguished guests, ladies and gentleman, I welcome you to what we of the Alliance to Save Energy and Harvard University hope will be the beginning of a dialogue on energy efficiency that clarifies issues and charts a new energy future for America.

We are grateful to President Bok and Harvard University for making these beautiful facilities available. And we are grateful to the John D. and Catherine T. McArthur Foundation and chiefly Bill Kirby, Director, for helping to fund this Symposium.

We are honored, also, to have in attendance a carefully chosen group of Americans from every sector of society. I hope you have each had an opportunity to get acquainted with the people seated around you at your table. You will find among the participants in this Symposium, legislators, consumer activists, government administrators, labor leaders, corporate executives, university professors, and association executives.

You are each a leader of America. You have an opportunity in the next 24 hours to identify the energy policies that should guide us through the 1980's. This Symposium is a decision-maker's conference of the highest order.

It seems fitting, therefore, that we have chosen Dumbarton Oaks as the setting. Look about you not only at the people in attendance, but at the beautiful rooms and grounds. There is much history here.

Just thirty-five years ago, this very room was the site of two important meetings which led to the creation of the United Nations and a renewed hope for world peace. Likewise, these facilities attract researchers and scholars who find in Dumbarton Oaks an inspiring atmosphere for learning. But this is the first conference of this type in 35 years.

By precedent, this is a gathering place for men and women of vision, a place for the birth of new ideas, a setting for sober contemplation about the past and the future of this great country.

The energy future of the United States, indeed, has become increasingly unclear and a subject of much debate and contemplation. The dark events of the 1970's—the embargo, the price escalations by a cartel, the strikes and revolts, the Iranian revolution, the gas lines—have left Americans confused and disillusioned with their leadership. The prospects of relying on conventional energy sources have grown dim. The development of a national energy plan has seemed a hopeless task.

Yet in the last few months, a little light has begun to appear at the end of the tunnel. Three major research publications—two from researchers at Rescurces for the Future and one from the Harvard Business School, simultaneously, have struck a note of optimism. Our energy future can be bright if we recognize the opportunities available to us through improvements in the ways we use energy, through improvements in energy efficiency, through conservation.

This is not a conservation of sacrifice, of curtailment, or of economic stagnation. This is conservation that creates jobs, that keeps petro dollars stateside, that allows economic growth, and that retains the high standard of living to which we are accustomed.

That this optimism about energy efficiency is contagicus is evidenced on Capitol Hill in recent months where we have seen introduced a spate of bills designed to significantly increase the financial incentives to conserve. These incentive proposals include increased tax credits, grants, low-interest loans, and new regulations.

As recently as this weekend, in his second radio question-and-answer program, President Carter has stated that conservation is our number one resource, "our cheapest and best way to cut down on imports." What better time than this for America's leaders to move beyond the optimistic rhetoric of conservation to specific policies. We must make energy efficiency competitive with energy waste, and competitive with conventional energy sources. By what route—tax credits? Loans? Grants? Regulation?

Exploring these questions and the whole range of issues surrounding energy conservation and improved energy efficiency—that is the purpose of this Symposium.

The task is enormous. The U.S. consumes each day the oil equivalent of 39 million barrels of energy, much of which is dissipated as waste heat. The Harvard Business School study estimates that we could, through appropriate conservation measures capture 8 to 10 million barrels of that waste. Since we import each day between 8 and 9 million barrels of oil, then the energy we waste—in homes, offices, factories, and transportation—is equal to all the oil we presently import.

No one technical fix can tap that 8 million barrels a day. It will require the concerned efforts of tens of millions of American families, businessmen, laborers, and educators. Add to this a dramatic increase in the direct use of coal, of which we have an abundance, and we would be a long way down the road of resolving the energy crisis.

Our conference is potentially a major beginning.

The issues we must deal with are tough issues: should utility ownership of cogeneration facilities at industrial cites be encouraged? Are efficiency standards for industrial equipment feasible? What level of financial incentives will stimulate investments in building retrofits? Should utilities be involved in the retrofit business? Should the gasoline tax be raised to $1.50 or more? By what means should mass transit, vanpools, and carpools be promoted? What long list of institutional, behavicral, and financial barriers impedes conservation?

These are the subjects of our workshops tomorrow. These difficult questions and issues are worth addressing now, at this opportune moment in history when conservation is enjoying renewed public interest. Our latest sampling of American public opinion, conducted by Cambridge Reports in late July and early August, indicates that never before have Americans been so aware of the need for a vigorous national energy conservation effort. Never before have they acknowledged that the alternative is serious energy shortages in the nineteen eighties.

These same citizens are optimistic that we can keep the wolf from the door, but they are insistent that they need more public discussion of the "how-to", the specifics of energy conserving actions, the many fixes at home, at work, and on the road that add up to millions of dollars and barrels of oil saved for the Nation.

For us, the challenge is how can the public and private sectors work more effectively together to get conservation into the market place and make it competitive with conventional energy sources, competitive with waste.

It is not just a national challenge. It is an international challenge. For that reason, our conference is all the more timely. The International Energy Agency has declared October to be International Energy Conservation Month. The United States has joined 19 other major industrialized nations in sponsoring this event. The purpose: to focus citizen attention on the urgent need for energy conservation.

I quote President Carter:

"As the world's major consumer of energy, it is essential that the United States become a leader in conserving energy . . .

"The effectiveness of our efforts to conserve energy in the years ahead will have a substantial impact on both the Nation's ability to meet future energy needs at home and on the stability of social, political and economic institutions around the world."

The urgency of this assignment has been stressed by many independent researchers from Harvard and MIT to the Ford Foundation and the Bureau of Mines.

Chief among the serious analysts of energy projections has been the staff of the Central Intelligence Agency, whose World Energy Outlook released in 1977 created a stir among students of the subject, but very little refutation. If the world continues on its present course a shortfall in world oil supplies will occur by the mid-1980's.

To bring us up to date on these findings and to keynote this Symposium, I asked CIA Director Stansfield Turner to join us tonight.

Without further introduction, welcome Admiral Turner.

Address by Admiral Stansfield Turner

Gas lines have disappeared. Oil stocks are being rebuilt. To the average citizen, the pressure to conserve is dissipating rapidly. Yet, the international oil market remains precariously balanced. It is highly vulnerable to supply or demand disruptions. A coal strike or harsh winter, for instance, could cause temporary shortages and push oil prices higher. Further, political disruptions in OPEC countries like Iran could not only cause longer term shortages, but could create a psychological panic that would have more than psychological repercussions.

Even if there are no such untoward events, the outlook for oil supply is dim. The emerging economic recession is welcome, perhaps, only because it will moderate oil demand.

The next upswing of the business cycle will cause demand to rise again. When it does, we cannot count on increased supplies being available. Beyond the mid 1980s, it would be unwise to count on any substantial increases in world oil output.

Senator Percy referred to our 1977 publication on the world energy outlook. That was the beginning, incidentally, of a new policy on the part of the Central Intelligence Agency to release as much information as we can in an unclassified form, not only on energy issues but on other issues of national import. We hope our studies, the research that we do on the country's behalf, will help to improve the quality of national debate on important subjects. That oil study in 1977 concluded that—and I quote—"In the absence of greater energy conservation, projected world demand for oil will approach productive capacity by the early 1980s. In these circumstances, prices will rise sharply to ration available supplies."—end quote. We were widely criticized for being overly pessimistic. As it turned out, we were right on target. Witness the 60 percent increase in oil prices since 1978, and the prospects for continued serious oil market problems in the foreseeable future.

It has become conventional wisdom to blame this situation on the events in Iran last winter which removed 3 to 4 million barrels of oil per day from the world market. If we survey the outlook for oil production in the Middle East today, however, the situation has worsened everywhere, not just in Iran. Plans for increasing productive capacity in the 1980s have been trimmed; production ceilings have been imposed at levels below today's capacities.

In Saudi Arabia, policy is to limit output to 8½ million barrels a day, except when they believe circumstances make it necessary to mitigate this policy to prevent severe market disruption. Current production of about 9½ million barrels a day is close to their sustainable capacity, and little or no increase in capacity is in prospect. There once were plans to increase productive capacity to 16 million barrels per day by the mid-1980s, but those plans are uncertain today.

Iraq and Kuwait have both indicated a strong preference to cut back production rather than increasing it. In Iran, the slowdown of maintenance activities will soon eliminate the option that might exist to raise output on short notice even if the government in Tehran wanted to do so. Basically, these policies reflect a strong preference for production profiles that stretch out reserves over long periods. They also reflect an aversion to even a small risk of impairing ultimate oil recovery; and a concern, in the wake of the Iranian revolution, with the disruptive effect of rapid economic development spawned by massive inflows of oil money.

I also believe that these oil producing nations think that we in the oil consuming world have insatiable appetities. They sense that the greater they make their productive capacity, the more they will be subjected to pressure to utilize it. The more they can protect their interests by simply not having the capacity, the more they will. On top of this, a lesser proportion of Persian Gulf production will be available to the industrial countries in the future simply because these countries themselves are industralizing and will need more for domestic requirements.

If then we cannot hope for substantial increases in OPEC oil production, what if we look elsewhere? If we start with the OECD countries, the industrially developed countries, we cannot expect much improvement in oil production there either. North Sea production will peak around 1982–1983 at 1.5 million barrels per day more than today. That will help. But, at the same time, most private sector analysts expect U.S. oil production to resume its downward trend now that the Alaskan pipeline is full. U.S. oil output has exceeded additions to reserves by about a two-to-one margin every year since Prudhoe Bay was added. The Department of Energy projects U.S. output remaining about stable, apparently in the belief that improved incentives due to price decontrol and other measures will greatly increase oil drilling and recovery. I know that this is a controversial matter, I am simply suggesting that industry consensus is on the side of a decline in U.S. output.

Looking beyond the OECD countries, to the non-OPEC, lesser developed countries, production there is growing fairly rapidly, especially in Mexico. But most of the increase, except in Mexico, will be consumed locally as industrialization increases. Mexico, by 1982, should be producing about 2.5 million barrels of oil per day of which about 1.1 million barrels will be available for the international market that is not there today. In the longer term, Mexican oil resources should permit greatly increased production and exports, but it is likely that Mexico will follow cautious, conservationist policies. Therefore, it would be unwise to count on large increases in Mexican oil exports during the 1980s.

Next we can look at the Communist countries. What can they contribute? Unfortunately, our prediction of a decline of Soviet oil production and a consequent shift in the position of the entire Soviet Bloc from being net exporters to net importers still is our position. It was controversial when we annunicated in in 1977, but nothing has occured to cause us to change our opinion since. We continue to expect Soviet oil production to peak this year or next and to decline soon thereafter. Developments during the past two years reaffirm this 1977 estimate and we find growing support among other analysts for these broad conclusions, if not for the particular numbers we project.

Soviet oil production has been nearly flat in the past year. This is below the Soviet plan. Development trends in the Soviet industry point to an impending decline. Production in the older basins, especially in the Urals has been falling. The entire increase in production in recent years has come from West Siberia, and about 60 percent of that from its supergiant field, Samotlor, alone. Moscow had hoped to get large increases in production from the newer, smaller fields in West Siberia in the past year or two, but their development is considerably behind schedule.

To keep production rising, the Samotlor field has been pushed well above planned levels. Once that field hits peak production, which it may have already, it will probably not be able to sustain that level very long. With production dropping in the older areas and in the Samotlor field, the Soviets can keep total production from falling only by developing new fields at a far greater rate than in the past. The Soviets are pouring large investments into West Siberia, but they face severe constraints such as the remoteness and difficult conditions of the area, including its severe climate. In addition, there are real limitations on what the Soviet oil equipment industry can produce for exploration and development.

This is not to overlook the large unexplored areas of the Soviet Union which may hold substantial deposits of oil and gas. Soviet reserves may be large. But, exploratory drilling has been stagnant for years because of continuous pressure to raise oil output through further development of known fields. In any event, it would take a decade or more to develop any large new fields that may be found whether they be on-shore, in remote tundra-covered areas, or off-shore.

The Soviets are, of course, searching for alternative energy sources. Moscow has been pushing gas production with considerable success, but plans for exploiting coal resources are not being met. On balance the outlook is for greatly reduced growth in the total energy production.

This forces them to look at whether and how much energy conservation could help them. The Soviets' problem is different from ours and we believe that they will have a difficult time achieving greater energy conservation. Very little oil is consumed by private automobiles. Transportation relies mostly on rail so is already energy efficient. Much heat of homes and buildings is already supplied by cogeneration, or the efficient use of waste heat from the generation of electricity. Overall, the bulk of energy in the Soviet Union is used in heavy industry. Reductions in this area of high priority to them would be difficult and costly.

The Soviets, therefore, will face painful choices in allocating their oil and other energy supplies. I might add that one of the great strengths of our country is that part of the responsibility for that kind of decision rests with the individual citizen. We have capacity in this country for groups like the Alliance to Save Energy, for individuals, for corporations to affect oil consumption in a major way. In the Soviet Union those decisions all have to be made by a central authority.

They could cut their oil exports to the West about a million or a million and a half barrels a day right now. Or they could increase oil imports from the Middle East. You recognize, however, that their ability in either of these directions is limited by their hard currency position, and today almost half of the dollar value of total Soviet exports is earned by their oil exports. A different direction for relief would be to cut their exports to Eastern Europe about a million and a half barrels a day right now. From what we can understand, their current plans are to keep that production at about its present level through 1985 or so. They also must recognize that substantial cuts in these deliveries in energy to Eastern Europe would compound the already serious economic problems those countries are having, and they would also have to be concerned with the effect such cuts-backs might have on the political stability in that tender area. Another option for Moscow would be to force even greater reductions in an already declining rate of economic growth. It is impossible to predict which combination of these options Moscow will follow. Part of the oil shortfall will probably impact on the Soviet economy and part on the balance of payments.

Where does all this leave us? These trends in production—in the OECD, in the non-OPEC lesser developed countries, in the Communist countries, and in OPEC all add up to a prospective decline in the supply of oil available to the OECD countries. Any decline in oil supply for the OECD nations is an alarming prospect. Traditionally, economic growth has been accompanied by a growth in energy consumption. Now, we do not fully understand the nature of the relationship between economic growth and the growth in energy consumption. It may be flexible to some extent as was evident after the 1973–74 price rises. But, we do estimate that OECD economic growth will be constrained to no more than 2 to 2½ percent by the supply of energy that we believe will likely be available to OECD in the next 3 to 4 years. As we grapple today with incipient recession and accept such unpleasant measures as high interest rates, we must be concerned at the prospect that the next economic recovery may ultimately be limited by a lack of accompanying growth of energy supply.

All of the calculations and predictions that I have shared with you this evening may well be challenged in their particulars. I think the key point I would like to leave with you, whether or not the specific predictions are correct, is that we are living in a era of great fragility in the supply of energy. First, the situation is fragile because we are so dependent on one area of the world, the Middle East, an area that is so vulnerable to political turmoil today, and an area which is experiencing a revival of traditional religious tenets. Yet at the same time, it is experiencing, particularly through the impact of vast new oil wealth, the often antiethical changes which Westernization and modernization of society bring with them. There is also the danger of unpredictable and erratic, but nonetheless influential, national leaders on the scene. If you look at the panoply of problems in that region today, it is easy to conclude that it is almost inevitable that some form of turmoil will beset this area within the next few years that will affect the availability of oil supply.

A second key factor is that even if there is not some physical upheaval in the Middle East, a major change of the last six years is a clear recognition by leaders of these countries that it is not necessarily in their best interests to produce as much oil as the OECD would want.

Against this situation, with the fragility of supply and the increasing pressures for protection of reserves, the role of conservation becomes more prominent. This role, which the Alliance to Save Energy advocates so well, is the only practical remedy for the next few years. The alternative, substantially slower economic growth, would be distinctly more unpleasant. Nothing else can be as certain to help bring supply and demand into balance in the immediate years ahead. It is also the case that if the OPEC nations are ever to be induced to increase production beyond what they may consider to be in their economic best interests, the earnest of extensive and successful US conservation will almost certainly be necessary. Today I received an intelligence report on the attitude of one important OPEC leader toward US conservation. It said that this man has been unsympathetic to US pleas for price restraint by OPEC, charging that such restraint merely enables the major importers to put off the task of conservation. He believes the US record on conservation is particularly poor. Only with a firm signal on conservation from the United States could the OPEC nations possibly be induced to increase production enough to permit a future economic upswing to continue rather than be stymied for lack of energy supplies.

Thus, there is every reason to encourage you to continue encouraging our nation to move boldly in the near term to eliminate the wasteful consumption of energy.

I can only applaud the foresight, the patriotism, the determination of Senator Percy, Senator Cranston and those of you who have supported them and this alliance. As I have already said, the strength of America lies in part in the fact that we as individual citizens, that you as an alliance, can band together and help to solve our nation's problems, not relying only on central governmental direction. I certainly commend and encourage the fact that you are exerting this leadership. It is critical to our country and to our future.

Thank you very much.

REMARKS BY CHARLES W. DUNCAN, JR.

Ladies and gentlemen, I take special pleasure in appearing before the Alliance to Save Energy and Harvard University symposium today to discuss energy conservation.

The words "energy conservation" don't ring well with everybody, though they certainly do with me. In fact, one newspaper article I saw recently said the words sound "dreary." They make some people think of sacrifice, or self-denial or changes in lifestyle. The facts are that energy conservation is a requisite of future economic growth and a lifestyle comparable to that we now enjoy. I was very interested in the recent report of a Committee of the National Academy of Sciences which concluded that in the year 2010 "very similar conditions of habitat, transportation, and other amenities" could be had from an economy that uses either twice as much energy as we do today—or, very interestingly—20 percent less. The difference lies in conservation.

We have no alternative but to push conservation as hard as we can. This is my first priority. It is the cheapest, the quickest, the most immediately beneficial way to improve our energy security, to lessen our dependence on foreign oil imports, to strengthen our economy, and to reduce our public, corporate, and personal budgets. Conservation improves the quality of our environment and enhances our position of international leadership. I believe in energy conservation—it is the foundation of our energy policy—both now and in the future. And, I intend to assure that it receives top attention in the Department of Energy.

CONSERVATION INITIATIVES

Conservation has many advantages: It is not as expensive as today's traditional fuel sources—a fact that will undoubtedly be even more true in the future; it does not require long leadtimes to show results; it does not challenge the integrity of our environment; it does not tax our economy; and, it does not alter our international relations. Conservation reduces oil imports. It helps hold down rising energy prices.

For more than 100 years, the United States prospered while energy supply and price were not pressing concerns. Economic growth and energy consumption went hand-in-hand. We had plenty of both. They moved up together, one in ratio with the other.

But, we have learned that energy use is not necessarily linked to the level of economic activity. Energy consumption decreases have accompanied economic output increases. In fact, energy use actually declined in the industrial sector by about 6 percent from 1973 to 1978 while the index of industrial production increased by 12 percent.

Conservation does not necessarily mean doing without. Rather, it means achieving the same level of output more efficiently—with greater productivity and less energy.

Saving energy and using it more productively, however, is not something the Federal Government can accomplish alone. It depends on millions of individual choices made by individual consumers in different circumstances who have different perceptions of their need for energy.

Conservation is a matter of enlightened self-interest. I know you agree and we must work together to communicate this message.

OVERVIEW

In my remarks today, I want to share with you my sense of the urgency of our overall energy problem. I want to discuss the steps that this Administration is taking both to encourage greater conservation, and to increase domestic energy suppiles. First, let us discuss the supply side of the equation.

The Free World consumes more than 50 million barrels of oil per day. This level of consumption has been rising at a rate of 5 percent a year for the last 10 years. If we were to continue this same rate of consumption increase, we would have to find new production to meet this increasing demand which would be equivalent to:

A new Mexico every 6 months;
A new Alaska every 9 months;
A new Texas every year; or
A new Saudi Arabia every third year.

This is just to stay even. It is clearly obvious that our collective use of liquid petroleum must be reduced—and now.

We keep referring to an energy crisis; we have had and probably will continue to have some crises, but in a longer term sense it is rather more of a transition than a crisis. Liquid petroleum is a finite resource, and the years of supply remaining at current consumption rates are few. The issue is do we manage this transition away from liquid petroleum in an orderly way, with careful planning, or do we allow a series of crises to have precipitous and adverse impacts on our social and economic structure.

Excluding Alaska, U.S. production has been declining at a rate of almost 4 percent a year since 1973. All expert opinion indicates that the best we can hope for in the future, given decontrol of crude oil prices and given other production incentives, is to arrest the decline and maintain a flat production rate. Expert opinion also indicates that OPEC production potential will peak and begin to decline sometime in the late 1980s.

There is also the possibility that individual countries may decide to produce less; there is the possibility of political, malicious, or other disruptions to production. This speculation has impacted spot market prices which is a cause for serious concern. We have seen price increases this week from several major producers. We can only conclude that over the next several decades we will have to meet our future energy demand growth, not only with oil and gas, but increasingly with coal, nuclear, solar energy, and other renewables and unconventional sources. It is equally clear that it is of paramount importance that we move aggressively in the area of conservation.

PROGRAM DEALING WITH THE CRISIS

The fundamental strategy is straightforward: The nation is overly dependent on oil imports and they must be reduced. Our goal is to reduce them by half by 1990.

To accomplish this goal, the nation must invest more heavily in conservation to reduce demand and, at the same time, we must pursue a wide variety of energy sources to increase available supplies.

Let me begin by discussing those steps that we are taking to increase supply.

First, we must diversify our sources of oil so that we are not so dependent on one area of the world for our oil supplies. To do so, we must encourage the development of our remaining domestic oil and gas, and we must enhance our relationship with countries closer to the United States; an example is the recent Mexican gas purchase.

To remedy this situation, the President has initiated the gradual decontrol of domestic crude oil between now and September 1981, and the immediate decontrol of "heavy" oil—of which the U.S. has an estimated reserve of 10 billion barrels. His program calls for increased leasing of Federal lands on the Outer Continental Shelf and the North Slope of Alaska.

Secondly, we must increase the use of our abundant fossil fuel resources. To stimulate use of our enormous coal reserves, the program would require utilities to reduce by half their current use of oil by 1990. This would save 750,000 barrels of oil per day.

To meet this critical need for liquid and gas fuels, the President's program would stimulate the development and use of synthetic fuels and unconventional gas by providing financial incentives to the private sector through the Energy Security Corporation. I emphasize the word "incentives;" the Energy Security Corporation will not make investments.

The President's program also recognizes that in today's climate, a special mechanism—the Energy Mobilization Board—is necessary to ensure that critically important energy projects are not delayed for years in the maze of Federal, State, and local permits required for a new facility.

Our third set of supply initiatives will increase the use of solar and other renewable energy resources in this country. The President has established an ambitious goal of providing 20 percent of our total energy needs from solar and renewable energy sources by the end of this century. Financial incentives to stimulate the solar market have been proposed, including a solar bank to provide interest subsidies.

The Government must provide good, solid information to consumers to ensure that they know how to save energy in the most cost-effective manner possible. Moreover, the Government's research and development programs can help ensure that every possible avenue to save more energy is explored by the scientific community. Our budget this year is $200 million for research and development of better conservation measures.

The Federal Government must also provide financial and regulatory incentives to achieve conservation benefits for the nation above what the market is providing. The Department is currently working on new standards of performance and efficiency for buildings and major appliances.

In fact, the Department of Energy is working actively in each of the areas I have listed. The conservation programs currently underway in the department are good, and I support them, but they are not enough. I am dedicated to seeing that the Department provides the leadership, the attention, and the care that are needed to help energy conservation reach its full potential for contributing to the solution of our energy problems.

We at the Department of Energy are planning new initiatives—new challenges to the American people—and new opportunities for business men and women to join us in this endeavor.

We can start right at home—in the houses we live in. About 15 percent of total U.S. energy consumption is used to heat, cool, and provide hot water for the Nation's 50 million single family homes and 25 million residential units in apartment buildings. We believe that the potential exists to reduce this energy use by up to 50 percent—saving oil and gas in the equivalent of 2 million barrels of oil per day by 1990.

Achieving these savings, however, will require total private and public investment of as much as $100 billion (in 1979 dollars) for insulation and other energy conserving measures—or an average of about $1,500 for every single family home.

The people of this country are beginning to make the investments needed to conserve energy at home. A recent Department of Energy survey and the 1973 income tax returns for the conservation tax credit, indicate that in each of the last two years roughly 6 percent of all homeowners have made an average of $700 worth of insulation investments. This amounts to about $4.2 billion worth of investments in the last two years to make our homes more energy efficient.

However, our recent data and analyses show that, for the most part, these investments are being made by higher income families and not by large numbers of low and moderate income families. Therefore, we have recently proposed a new residential conservation program that would provide $5.8 billion over ten years to subsidize loans made by private lenders for residential conservation investments made by low and moderate income homeowners and renters. This could reduce payments for new insulation and storm windows and doors to about $15 per month. These payments would be more than offset by the savings in fuel bills from the investments.

The really great thing about these investments is that they not only save the homeowner money in the very first year, but the savings are greater every year thereafter because the cost of conservation is fixed once and for all, while the prices of the fuels saved will undoubtedly continue to rise as they become more scarce.

There are other aspects of this new residential initiative that we do not have time to discuss here—such as requiring utilities to offer conventional energy audits to all of their customers; new funding for sophisticated energy audits; and, test trials of Senator Bradley's residential conservation plan in several areas. You will be hearing more from us in the coming months about these initiatives—and others.

CONCLUSION

We need your help in all of this. We need your help in educating consumers on the enormous benefits to be derived from conservation. We need your help in getting Congress to act expeditiously on our proposals. We need your help to look for new and creative ways to save energy and to apply them in the American economy.

We want to work closely with you on conservation initiatives. By working together, we can make an enormous difference—and change this country for the better.

Let us get on with it.

Thank you.

Senator Percy's Introduction of Shaikh Yamani

Distinguished guests, ladies and gentleman, our conference has reached its midpoint, and I know you are anxious to get back to your respective workshops this afternoon. We are challenged now to pull together the threads of discussion in the morning sessions, and identify the key issues and recommendations which we will take to the White House this afternoon.

Last night, in his keynote address, Admiral Turner, Director of Central Intelligence, impressed upon us the urgency of our task. In his update of the World Energy Outlook, a Central Intelligence study first published in 1977, he made it painfully clear that the world can no longer count on increases in oil production to meet its energy needs. If anything, the situation since 1977 has deteriorated in the light of events in Iran and the increasing inclination of the oil producing nations to limit production in order to stabilize their own economic position.

Outside OPEC, the pattern is much the same. Norway and Mexico have announced they will not rush into greater production merely to satisfy the demands of oil hungry nations. CIA intelligence indicates that such production increases that do occur in non-OPEC countries will likely be offset by a rise in consumption in oil-deficient Third World nations.

At the same time, U.S. oil production is certain to continue its decline in the early 1980's. North Sea oil output will increase only briefly and then begin to decline in the mid-1980's. If the world is not exactly running out of oil, it is becoming increasingly difficult and expensive to meet the rising world demand for oil.

Admiral Turner was firm in his insistence that energy conservation is one of the most important options the United States must adopt and pursue aggressively. The alternative is soaring oil prices which would accelerate inflation, restrict economic growth, and imperil world political stability.

At the Tokyo economic summit in June, the major industrialized oil importing nations recognized this fact in calling for strong actions to bring oil imports under control. President Carter subsequently announced in July a pledge that the United States would never again import more oil than the 8.5 million barrels per day record set in 1977. As the world's leading importer of oil, the United States must lead in restraining imports.

This is the theme Mr. Carter has maintained in proclaiming October 1979 as International Energy Conservation Month. Along with the leaders of 19 other major industrial nations, he has stressed that energy conservation and improvements in energy efficiency are our best hope in the coming decade for avoiding an energy crisis far more serious than the disruptions and price rises the country experienced this Summer.

An important voice in trying to get this message across to the American people and to the oil importing nations as a whole is that of our distinguished guest this afternoon.

When we first began planning for this conference almost a year ago, one of the very first persons we decided to invite is, indeed, our luncheon speaker today, an outspoken proponent of efficient energy use both in his own country and abroad—Shaikh Ahmad Zaki Yamani, Minister of Petroleum and Mineral Resources in Saudi Arabia.

His own country of Saudi Arabia has been a pioneer in research and development of renewable energy resources, particularly solar energy, preparing for the day when Saudi Arabia too must face the post-petroleum era.

Saudi Arabia in the 1970's has been a steadying influence at the table of international oil politics. Shaikh Yamani himself has repeatedly articulated his own commitment to a stable international order.

We are extremely pleased that Shaikh Yamani has agreed to address this Dumbarton Oaks Symposium on an oil-exporting nation's view of the need for energy conservation.

I am proud to introduce his excellency Shaikh Ahmad Zaki Yamani, Minister of Petroleum and Mineral Resources in Saudi Arabia.

Mr. Yamani.

Oil Facts—From Illusion to Reality

(Address by Ahmed Zaki Yamani)

Since the outbreak of the oil crisis in 1973, hundreds of conferences were convened and myriads of books and articles have been published in order to deal with the problem of energy and the manner in which it may be resolved.

The problem in itself is very clear, no matter how much certain economists (probably for political motives) try to shroud it within a shell of ambiguity. Its solution, although evident, is difficult to achieve. This is so because it requires the adoption of a number of strictly enforced political decisions which would lead to substantial reductions in energy consumption, as well as effective and accommodating adjustment of existing ecological regulations and also to huge investments in alternative sources of energy. But, unfortunately, political leaders seem incapable of taking such decisions, lest they are deprived of much of their popularity, the essential prerequisite for their reelection. They are also apprehensive of the lack of co-operation of legislative bodies whose members reflect the wishes of their electors.

The oil problem in fact consists of two fundamental trends. Proven oil reserves in the world (excluding the USSR, Eastern Europe and China) are now equivalent to about 600 billion barrels, an amount sufficient to cater for world consumption at annual levels of 19.2 billion barrels (excluding again the USSR, Eastern Europe and China) for 31 years, some four years less than one decade earlier. Meanwhile, oil consumption is still rising, one year after another.

The solution to the problem is also clear. It lies in arresting the accelerated growth in consumption, coupled with an active resort to alternative sources of energy to make up for the depletion in oil reserves. This process should continue on all fronts until the day comes when a main and almost perfect substitute for oil is found, and oil itself is directed to noble uses, particularly as feedstock for petrochemicals.

We should have expected those who seven years ago were in charge of meeting world oil needs to issue an early warning to the consumers about the urgent need to commence the transition away from oil towards other forms of energy. The truth of the matter is that the oil problem was evident at least to the international oil companies long before the 1973 crisis. It was well known to them in those days that the brisk growth in world demand at about 5 per cent per annum would have ultimately led to the virtual depletion of world resources by about the year 2005. Annual consumption at such rates would have reached 100 million barrels a day in 1989 and 200 million barrels a day in the year 2004. By then, remaining world reserves, including new discoveries, would have been so derisory that they would be sufficient to cover such a level of consumption for only five years.

Naturally, economic catastrophe would have befallen us well before that time. Oil production does not drop suddenly under normal circumstances. It first continues to grow until a plateau is reached, and then it commences its inexorable downward trend. Consumption, on the other hand, would be exposed to a sudden reduction as a result of acute economic crisis if the proper steps were not taken in advance to contain its wild growth.

Nonetheless, oil companies continued to conduct their business on strictly commercial bases. The motive behind their behaviour was either the drive to make profits, or their fear to arouse the wrath of their home countries' governments. Oil prices were then set by them at an incredibly depressed level which bore no relation to the rapid depletion of a unique but finite natural resource, nor to the higher cost of developing alternatives. All attempts to apply serious upward adjustments to oil prices by producing countries had failed. The partial doses of increase which came about intermittently during 1971 and 1972 were ineffective in reversing the trend.

When the oil crisis of 1973 unexpectedly erupted, it set in motion certain shock waves in the world's economic and political relations that seemed at the time unfortunate. But what it did in reality was save us all from the brink of an economic abyss to which the world was so impetuously being driven. World opinion has finally awakened to what might have been perceived as a discernible oil crisis. The increase in oil prices that followed revealed the gravity of the true supply and demand situation. This in fact served as an early warning that heralded the impending scarcity of world energy resources, and the need to conserve them in a rational manner. Fortunately, the level they reached was sufficient to encourage the speedy development of oil fields in Alaska, the North Sea, and last but not least those in Mexico and other areas.

Unfortunately the lesson all of us ought to have learned from that experience was soon forgotten. We did not draw the benefit from it that we really should. True, many countries have laid down certain restrictions on oil consumption in order to arrest its pronounced growth. In fact, countries of the Free World have succeeded in bringing down aggregate oil consumption from about 7.4 percent per annum in the six-year period immediately preceeding the application of the price increase of 1974 to about 3 percent in 1976 through 1978. But that measure in itself was not enough, for the world continued to rely on oil as a major source of energy supplies, albeit at a reduced rate. Nothing much has so far been accomplished in the consuming countries by way of converting their requirements from oil to other sources of energy in a balanced manner, a goal which, if attained, would have contributed remarkably towards a fundamental solution of the problem.

Sources of energy other than oil are much more abundant, but their utilization is being carried out at a rate far below that warranted by their due share in world energy resources. Whereas oil's share in total world reserves of fossil fuels is currently about 16 per cent, its share in world energy consumption is an astoundingly disproportionate 46 per cent. Coal, on the other hand, constitutes about 60 per cent of total fossil fuel reserves, but has only a share of 33 per cent in the world's total production of those fuels. The corresponding figures for shale oil and tar sands combined are 13 per cent in the case of reserves and only 0.1 per cent of total production.

Natural gas accounts for the remainder, i.e., 11 per cent of world reserves and a share of 20.9 per cent of world production. On top of that, nuclear power and hydro-electricity generate an amount of electricity equivalent to 19 per cent of total world crude oil consumption, or about 12 million barrels per day of crude in terms of heat value.

This anomaly was further aggravated by the oil discoveries in the North Sea and Alaska, whose speedy utilization created a short-lived over-supply situation. The illusory effect of oil abundance subsequently re-created among consumers had evoked a feeling of complacency and indifference among their leaders, who thought that inaction was the best safeguard to the maintenance of their positions.

We, the producers, have so many times reiterated the need for reducing consumption and checking wasteful practices, stressing at the same time the importance of promoting alternative sources of energy. Unfortunately, our message did not find attentive ears among nations. The oil problem to them could be understood solely within the context of prices and the necessity to maintain a freeze upon them, without paying the slightest attention to the disastrous consequences that would emerge as an outcome.

A little less than a year ago, a new oil crisis did arise as a result of the political events in Iran. Its force has had a much greater impact upon the world than that of 1973. Oil prices in 1973 and 1974 had risen steeply as the natural outcome of a long period of artificial suppression of market forces that could not be controlled any longer. They have risen sharply once more in 1979, albeit under different circumstances, but for the same old reasons that inhibited prices from seeking their true level freely during the last five years.

The question that confronts us now is this: are we to benefit from the lesson so clearly provided to us by the crisis of 1979? And if so, are we to draw a constructive and well-studied plan that will rescue our great civilization from an impending collapse, or relegate the whole matter to limbo, as we have unwisely done following the events of 1973? The world reacted rather violently towards the 1973 oil crises.

Unfortunately, the measures supposedly adopted then to rectify the situation were far from being constructive. Instead, they were rather erratic, unobjective and superficial. A good example of this was the creation of the International Energy Agency, an organisation conceived as an instrument of confrontation with the oil producing countries, and entrusted with the cherished goal of breaking OPEC. Another example of these measures was the official proclamation in the United States of "Project Independence", a much publicised plan under which the United States would supposedly reduce oil imports gradually until full independence from "The Arabs" was to be reached in 1980. What has happened in fact is that between 1973 and 1978 U.S. imports of oil from Arab members of OPEC multiplied more than three times, and during the early months of 1979 they increased by a further 15 per cent.

Even exports of energy from U.S. sources were predicted and page-length articles were written in the Press to celebrate the likely occasion, and denounce the Arab Sheikhs. Others have gone so far as to call for military invasion of Arab oil fields. The crisis finally came to an end, and all the imaginary plans, whether political, economic or military, have vanished. The Arabs, headed by Saudi Arabia, provided proof after proof that they are the real friends of the Americans and the West. They have repeatedly demonstrated that without Arab sacrifices the economies of the Western world would have been in the doldrums.

As the world now is approaching the finale of the Second Oil Crisis, we hear about certain responses of less emotional character than those which were experienced earlier. We also hear about the formulation of new policies that contain elements of objectivity and feasibility, an approach entirely absent from previous ones. True, there are some politicians who still contend, to our dismay, that the crisis is the concoction of the oil companies, and that OPEC stands behind it. Fortunately, public opinion in the United States has started to awaken to facts, and is cognizant, more than at any time in the past, of the real causes of the crisis. So are we now to expect the application of a series of painful decisions, designed to rectify the situation, where political courage was lacking in the past and could not put them into practice.

Taking into account the events of the recent past, are we to expect a serious application of the oil import schemes pledged by the Americans in the Tokyo summit meeting, as well as a wider enforcement of President Carter's energy plan? Are we to forget the legend of breaking OPEC and rather expect a truthful acknowledgement of the fact that the real cause of the energy problem does not lie in the price of oil but its availability?

The world has had one lesson, followed by another. Should a further oil crisis erupt, it will not only be a lesson but a penalty.

REMARKS AT THE WHITE HOUSE

SENATOR CRANSTON

This afternoon's activities at the White House bring to a dramatic conclusion The Dumbarton Oaks Decision Makers Conference of the Alliance to Save Energy. We convened under Senator Charles Percy's able leadership because of our deep concern that our standard of living and the health of our nation's domestic economy are gravely threatened by the fact that our country now depends on imported oil for almost half of our petroleum needs. This harsh fact, this dangerous dependence, hurts our efforts to fight inflation, balance the budget, to strengthen the dollar, to improve our balance of trade, to keep our economy moving to insure that our national defenses are strong. President Carter and the Congress are working hard to put in place approaches and programs designed to reduce our dangerous dependence by providing energy alternatives to imported oil, but these alternatives won't be fully available.

In the meantime we can and must all use energy more efficiently. Efficiency—the avoidance of waste—is the quickest, cheapest, safest, cleanest and most immediately available substitute for imported oil. Through energy conservation and efficiency we could save about 8 billion barrels of oil equivalent per day—almost as much as we now import. The sad fact is that today we waste about as much energy as we import. That waste must stop. The Alliance to Save Energy consists of citizens with diverse backgrounds and viewpoints who have joined together to bring about a national commitment to energy conservation and energy efficiency. Our conference was a joint effort with Harvard University to build among our nation's leaders—in both the public and private sectors—a national framework to evaluate our past and present energy policies and to shape decisions about America's energy future. It is now my pleasure to present Professor Robert Stobaugh of Harvard University, co-editor of the important new book *Energy Future* and co-chairman of this conference. He will report the highlights of our session briefly to you and the President of the United States. Professor Stobaugh ....

PROFESSOR STOBAUGH

Thank you very much Senator Cranston. First I want to announce that we came over by public transportation today. I am very pleased to report on this historic conference sponsored, of course, by the Alliance to Save Energy and by Harvard University. This is the first general meeting to be held at Dumbarton Oaks since the historic U.N. meeting in 1944 in which the U.N. was established and we hope that our meeting today will also turn out to be an historic meeting.

As you well know, Mr. President, there is no quick, easy solution to the energy problem and that was one of the themes that ran through our proceedings. There are many different points of view to these problems but in spite of these many different points of view there were certain common themes.

The first is that conservation be considered as a major source of energy and a relatively quick source of energy available in relatively large quantities. The potential is there. In fact one of the lessons we learned in the last 6 years—learned the relatively hard way—is that conservation does have a big potential that we have got to take advantage of. We believe that conservation does present an opportunity to the U.S. for more jobs, for business, and for continuation of our life style.

As my colleague Dan Yergin has often written, conservation is often viewed in a negative way. It is viewed as a sacrifice and a deterioration in life style. We think that this negative image that conservation has is one of the reasons why more progress has not been made.

Now, of course, in many areas progress has been made. It has been made especially in many of the larger companies where they made important investments and important energy savings. There has also been progress in the transportation sector through the mandatory miles per gallon regulation even though the measure that you get in the EPA may not be the measure you get on the road. But we are making progress there and we'll make more.

Still there are a number of barriers that prevent greater progress. In the first case energy is priced lower than its marginal replacement cost in many instances. That gives consumers bad information and causes under-investment to conservation.

Now prices are rising and they will gradually continue to rise and sooner or later consumers will be getting more appropriate price signals. But until the gap between what consumers pay and the marginal cost of energy is closed then there need to be incentives to close that gap. And generally, on incentives of the conclusions reached that the carrot works better than the stick.

In addition to direct payments, at times there also needs to be capital supplements in the form of either lower interest rates and loans. This capital is not only important to homeowners but also to industry.

On the regulation side, there are some regulations that we believe are standing in the way of preventing a move toward more conservation. One regulation for example is the one that prevents utilities from going into the business of delivering conservation to homeowners. We believe that no one should be excluded from the delivery system. We don't believe that utilities should be granted a monopoly. But we don't believe that they should be kept out of it. What is needed is a one-stop delivery service for consumers so that they can have an audit or house doctor visit as our colleague, Bob Williams of Princeton, has talked so much about. This audit and house doctor would tell the homeowner what needs to be done. We need the installations handled, the financing, and a quality guarantee. That way the consumer will not be worried about rip-offs in terms of having spending money and not getting something for it.

Another important barrier is the gap in information and technical assistance. There is an effort, especially at the local level to help educate consumers, we believe it would be very worthwhile. These consumers are not only homeowners but they also include commercial property owners and many small and medium manufacturing firms. We found the large manufacturing firms tend to have the staff to look more closely at energy savings while the small and medium firms tend to lack that.

Overall, one of the themes that ran through our discussion was that in the 1980s we really face a choice of three things on the energy scene. One is to attempt to rely on more and more imports—I think that many people now believe that we will be unable to increase our imports. It would be unwise to allow them to stay as high as they are and that a goal of reducing them would be a desirable goal in terms of the impact on U.S. economy, U.S. security and the world oil market.

Our previous policy of relying on ever-increasing oil imports is something that many people think is not a good one. Another alternative is slow economic growth broken by intermittent recession. People generally don't like that as a solution. Finally, there is the solution that using the energy more efficiently that we have available and that means energy conservation. We think it is wrong to think in terms of an optimal energy solution. There are so many different forces at work that we are not going to get any kind of optimal and undoubtedly if we move forward on conservation is going to be waste. But there is likely to be a lot less waste moving forward on conservation than if we continue our present route of low economic growth and rely on imports.

As I said when I started out, there are many views and not every one at the conference agrees with what I just said. I would like to present you with some white papers that we used as background material and once we get a summary of the proceedings we will be forwarding them to you.

SENATOR CRANSTON

President Jimmy Carter has made energy efficiency and conservation a cornerstone of his vitally important energy program. He is leading our nation in the effort to awaken the people of our fair land to the energy challenge which we all—together—face. Ladies and Gentlemen, the President of the United States.

PRESIDENT CARTER

Bob Stobaugh threw me when he said that you came to the White House in public transportation. I came over from the Oval Office and walked. I think those two remarks would not have been made a year or two ago. And a growing realization on the part of the American people that we do indeed have an energy problem is a slow developing but ongoing process.

In April of 1977 following an oil embargo in 1973 and 1974, the public still discounted any public expression of an energy shortage or the need to deal with the reducing oil imports. My preeminent responsibility as President is to guarantee the security of our nation and I believe sincerely that excessive dependence on oil imports is a direct danger or a threat to our nation's security.

We derive half of our oil from uncertain sources and the price that our people have to pay for that oil is not controllable by us. We have seen what a very slight reduction in oil imports can do to the consciousness of America and the concern of America and I have seen—just since I have been in the White House as President—the variation in mood in our country from panic, on the one hand, to almost absolute apathy on the other. And the cycles of rapid concern cause disruption in the private lives of our people and throughout the economic and social structure of America.

We have a lot of assessment done. The energy in our country has probably been studied and assessed as thoroughly as any other nation on earth. I have met with foreign leaders on three different occasions since I have been President and every time energy has become an increasingly important preeminent subject.

In June in Tokyo it dominated the consciousness of seven of us who met there, representing Western democracies in a developed nation. We still don't have all the answers and I think your studies at Dumbarton Oaks, and before the Harvard study and longstanding Alliance to Save Energy, is a base on which a careful analysis can be made and options can be presented to the public. One of the concerns that I have—to be perfectly blunt—is the insistence by purists—some of whom are in this room—that unless everything is done exactly how a particular person prefers that the entire process ought to be discounted. And it's a 100 percent or nothing. This doesn't help us as we move on a multi-faceted way toward the resolution of an energy threat, or the reduction of an energy threat. There is no automatic answer to it. There is no panacea that we are going to realize in our lifetime. There is no way to reduce the price of energy. The supplies in the future are going to be shorter. Prices are going to be higher.

My own judgment is that OPEC at this time is probably producing energy at a maximum level and the tendencies are toward reduced production and reduced world supplies rather than the contrary.

Some nations such as Saudi Arabia are producing more oil than they want to produce. More oil than they need to produce for their own internal benefits. They would be better to leave that oil in the ground and to cut their production substantially. They are trying to hold their production levels higher than they personally prefer to benefit the world economy to the concern of some of their friends including us.

Other nations, of course, are simply running out of known oil reserves because of excessive production in the past or the technical reasons that they are not exploring enough, or because the oil simply is not there. And there are also oil producing nations like Libya, for instance, who are eager in time of crisis or sensitivity on the part of the world market to cut back on production for political punishment or harassment or perhaps even blackmail.

Those kinds of tendencies all show a downward likely supply of oil in the future. We recognize that. And the developed nations of the world have committed ourselves to reduce oil imports in the future. The preeminent way to do it is exactly what you have been studying and that is through conservation. We are wasting too much energy in this country and we have got to save energy. And as Bob pointed out very clearly, there is not a subject that ought to concern people or cause trepidation or doubt or let them feel that they are making an unwarranted or unpleasant sacrifice.

It can be a mechanism of concern in our nation that will bind us together in a spirit of patriotism and sharing and unselfishness and marshalling national efforts to a common goal that could be existing and pleasant and give us a better life. I am convinced of that.

And I see the eagerness on people's faces when they talk to me in a town meeting format about what they, themselves, have done in their family or their community to save energy and it's an exciting thing.

And we are constantly probing for new ways not only to conserve energy which is your and my primary concern, but also to make our nation more self-sufficient. Saving energy in homes, in an automobile, or on the job is not all of the opportunities for conservation.

Charlie Duncan and I were down at Georgia Tech recently at a Seminar where I think about 20 people presented ideas for helping in the future to alleviate our energy concern.

Just using Georgia as an example—we produce twice as much biomass in a year as the total amount we consume. Sixty-five percent of our land is covered with forest—most of it privately owned. We waste at least 35 percent of all our forest products in treetops, limbs, and so forth, that we don't use at all. And here's an opportunity for us to conserve waste of energy before it gets to the consumer by using alternative products for that purpose.

I was in Illinois this week and a man stood up—senior citizen—about my age—and said that he had been working in his community on traffic analysis and that he was a professional engineer. He had made a meticulous count of all the stop lights, stop signs in his region and he said that a third of them were unnecessary.

Coincidentally, when I was governor during the 1973–1974 period, I had the state highway department doing analysis of how many stop signs or stops lights were unnecessary in Georgia to try to keep cars and trucks from stopping and having to start again.

We eliminated a great deal of them. I was not popular in Plaines because we had two stop lights which were very important status symbols. I closed both of them down.

And I might say that my subsequent election to the Presidency is only partially restored to status that was lost by having two stop lights.

But I called Neil Goldschmidt and talked to him about it and I think that's the kind of idea that I really had forgotten about that might be worthy of exploration. The point I am making is that there are hundreds—literally hundreds—of opportunities in business, in government, in our private lives that we have not yet adequately explored to give us sharp reductions in energy consumption with no decrease at all in the quality of our lives. I think that is the main message that needs to be pursued.

We have taken government action trying to encourage the weatherization of homes, the requirement for energy audits, the granting of tax credits for more high income people. Nine percent of all American families participated in taking tax credits for energy savings within their own homes.

Since the 1973 scare or warning, we have had about a 12 percent growth in total production in industry. We have a 6 percent reduction in energy consumed in energy in industry. This shows that when the bottom line is measured by profits and losses the constraint to eliminate energy waste is a powerful factor and that constraint is just now beginning to be felt in the homelife of Americans. It's going to be a more powerful factor in the future. We are trying to do everything we can to alleviate suffering and minimize inconvenience. We don't want to punish people, particularly those with low incomes in order to make them cut out waste. But the balancing of this is a very important consideration. We have had difficulty getting legislation through the Congress. I think we are going to be successful this year. I think we have got a good prospect. We have been working on it now for two and a half years.

Last year we got about 65 percent roughly of what we had proposed in April 1977. We didn't get one line of legislation passed concerning oil. But this year I think there is a growing realization that we are going to round it out by doing something about petroleum products and that will be a major step in the right direction. And through tax credits incentives, rewards, carrot and stick approach.

We are trying to make every American conscious of the fact that each person has a responsibility. I don't have any doubt that our country can do it. We put a man on the moon which is a tremendous achievement. It was a kind of isolated thing where Americans pay taxes and the money was spent through NASA to get a man on the moon. It was a great common achievement but energy threat or possibility or opportunity is equally momentous perhaps even more so.

And every single American can contribute directly not just through paying taxes but in our own personal lives. And I never have a chance to talk to an audience that I don't remind them to go home tonight to sit down with your families to just assess in your own way whether the kids are 5 years old or the grandmother is 95 years old. What can we do in our own home in our own life, to and from work to save energy. I think in many ways the saving of energy lets a family be drawn closer together through a common goal and when we slow down in our cars or ride a bicycle or walk or jog or whatever we see the beauty that God has given us in a much more personal way than we would if we were dashing madly at top speed from one place to another.

I don't really see the deleterious effect of energy conservation. We are doing a lot of other things which I'm not going into, but I think that you see in this meeting at Dumbarton Oaks that there is no way to cover the gamut of questions or problems, difficulties, obstacles, or opportunities in one seminar. You could have a seminar on just how you make rental housing more efficient or what you can do on a family-owned farm to save energy. Or what you can do about traffic lines. Or you could have a seminar just on one of literally hundreds of questions and I think over a period of time we will see a closer melding of government at all levels, of universities, think tanks, private industry, agricultural leaders.

I think we will come more and more to a common realization of our opportunities and I hope the public can be educated about the opportunities that we have in the conservation of energy.

Not too long ago in the Cabinet room I met with the top executives of all the television networks—the top executives like the chairman of the board or the president of those networks. And I asked them in every way possible through public service announcements and otherwise to let Americans know how serious this problem is, and also to let Americans know the exciting possibilities of resolving this serious problem.

I am the President and I am involved in it but all of you are equal partners with me. And I am very grateful to you as President to come and give hours of your time in the preparation for this conference. I know that results of it will be very helpful to our country.

Alan asked me to answer a couple of questions, I won't keep you here any longer, but if you have a question or two I would be glad to try to answer it.

GARY DELOSS

A large part of our discussion at the conference was centered on the book, Energy Future edited by Mr. Stobaugh and Mr. Yergin and as energy conservation is a cornerstone of your energy policy and large subsidies for energy conservation are the cornerstone of their book's proposed policies. Now their policies on tax credits in the range of 50 percent on energy conservation. Would you comment on that—I know that the administration is not presently supporting tax credits of that nature in Congress. I wonder if you can comment.

PRESIDENT CARTER'S RESPONSE

Well, you know we already have tax credits already built into the law for both solar installations in homes and also weatherization projects. As I said I think last year about 9 percent of our people participated in claiming those tax credits when they paid their income taxes.

We would like to see that expanded and the Congress, so far may be to excess in the Finance Committee of the Senate, has moved in that direction. But I think the tax credit is going to be expanded in the future. There are other ways to do it including more rapid depreciating energy schedules particularly for energy saving measures.

We have encouraged every public official with a personal letter from myself. I sent 6,000 letters to all the top executive officers of all the counties in the nation, all the cities, and most of the mayors and governors to encourage them through their tax procedures or through building codes or otherwise to enhance conservation.

But I would say that a major untapped way to encourage energy savings is through tax credits. I can't tell you that there would be a 50 percent tax credit but I think that is a trend and I think Congress would agree that is a good opportunity for the future.

Of course, that doesn't help the low income families much and there you have to have some subsidy for renters or homeowners and you also have got to have some incentive for utility companies to help do audits or through our CETA.

We have had mixed results with this. We have tried to encourage previously unemployed young people to work with professionals in weatherizing homes. I was in Baltimore recently and they have got a goal this year which they will reach. The goal is weatherizing 3,000 low income homes. They only used three full-time city employees. Sixty-five to 70 of their CETA employees have now graduated to full-time employment with private companies doing the same work. The average cost per home was about $175 and the mayor estimated that they will save that much per home the first year.

That I think is a notable example of success. In other areas it hasn't been so successful. But through tax credits and government programs of this kind and the encouragement of the utilities to help their purchasers of electricity or energy sources we'll move a long way. But tax credits are an important idea. Maybe one more question—

QUESTION

Mr. President, the oil companies tell us that fuel efficiency deteriorates about 20 percent if you go 65 mph rather than the speed limit which is 55 mph. My question to you is: do you think you might have some more influence on the governors of our states to enforce that completely through the highway funds or some other way. Certainly in many of the states I drive in that you drive 55 mph and they go right by you at 65 or 70 mph. That's an opportunity for energy conservation that does not require additional capital.

PRESIDENT CARTER'S RESPONSE

It's hard to answer that question. The Transportation Department now has the authority to withhold funds if the states blatantly violate the requirement of law enforcement. You almost broach on constitutional delineation of authority when you get down to the federal government injecting itself to the enforcement of laws.

If the governor certifies that he is doing the best he can even though speed checks show that the cars are exceeding the speed limit, you have to make a human judgment here. It would not be possible for me, for instance, to say that if there is a highway in a state like Georgia where the average speed is 62 mph instead of 55 mph that all federal funds would be cut off for highway construction. That would not be productive.

In my judgment most governors are really trying to do a good job. The only complaints we have that are consistent are those where the states in the west have towns so far apart and where you might have 75 miles of just straight road with no intersections. Those people have habitually driven those long distances to and from work. But I think that, in general, we have moved toward much more stringent enforcement of the law. There is an even greater opportunity for saving.

The question is so broad that I can get into all the subjects. Trucking deregulation is almost nauseating to hear the horrible examples of the requirements by the government—that is the ICC and others—that empty trucks travel our highways for hundreds of miles or take circuitous routes so that they won't encroach on the prerogatives of what I consider to be a monopoly that is not deserved.

The ICC now—with the new appointees that I have put on there—are moving strongly toward deregulation of the trucking industry and have already been successful in deregulating the airline industry. And as the ICC moves toward that decision-making goal the trucking industry which is opposed to deregulation to preserve special privileges are now beginning to support the legislation a little bit more enthusiastically. There is such a broad range of opportunities that it is hard to describe them all. Enforcing the speed limit is obviously one of them.

I might point out that this summer we have realized one mph better mileage on automobiles throughout the nation than we projected and a mile per hour saving on every car in the United States today is a tremendous savings. This saving is primary because the price of gasoline has gone up. And you know what has happened to the automobile industry with their stocks for the gas guzzler. It has really been a shock to them.

I wish that five years ago they had taken the warning and insisted upon manufacturing small automobiles but they were trying to accommodate American purchasers desires.

But I think that throughout the auto industry we have great opportunities for saving still. The American purchaser, consumer, or driver will be the main one to make the decisions cumulatively and effectuate the savings more than the autocratic way of forcing them to do this.

The marketplace I think is the best enforcer. You have spent hours talking about this and I know I am not adding anything new to your thoughts. But I hope no one will overlook the importance of personal deep thought and innovation. One never knows when you might have what sounds somewhat frivolous as an idea which perhaps might—with exploration and refinement—become a very fine constructive idea to help our nation.

And we have seen the move now among automobile manufacturers, the trucking industry, the American Institute of Architects and others who in the past have been somewhat callous about saving energy. They now see that it is to their advantage to accommodate the desires of their customers and I hope that if you are involved in those industries or others like them like the chemical industry or whatever, that you might spread the word among your peer groups that you have learned at this session. Don't just go back home and enjoy the experience of having met with exciting people to talk about a very interesting subject because everyone of you have been invited to this seminar because you are a leader in your own right. And it is through trade journals, periodicals or speeches that you might make or meetings with your own friends that I think you can point out ideas that are fairly simple.

Some executives in major corporations have sent out—for instance, enclosed in their bills or order forms—just a mimeographed sheet pointing out what they have done to save energy. And we have so far had notable success in industry with a 15 or 18 percent increase in efficiency in the last five years just by the desire to make a higher profit margin on sales. And this is the kind of thing that can be promulgated by word of mouth, correspondence, or your own public voice. I am deeply grateful to you.

It's a matter which is worthy of your attention not just on a two-day seminar but on a continuing basis. And I am proud to be a partner with all of you.

SENATOR PERCY

Mr. President, on behalf of all of us, I thank you very much indeed.

You mentioned the need for simple ideas. At one of the seminars this afternoon—the Industrial seminar, one of the top executives of IBM said that they have done a lot domestically but he told of an experience when he visited their German plant. In the middle of a hot day as he was sitting in the conference room he noticed that all of a sudden, as the sun moved around the building the automatic venetian blinds outside the windows closed. He asked for an explanation. Someone told him "Oh, we make them automatic so that when the sun comes around they close." The executive asked why the blinds were outside and the answer was "Why put them inside when by the time the sun has come through the window the heat has already come inside the room."

Well that is one novel idea and we will send you and DOE a whole packet of ideas developed in this symposium. I am deeply grateful for everyone's presence and, Mr. President, for your hospitality.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Chirdon, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

REPORT OF THE DIRECTOR OF THE NATIONAL CANCER PROGRAM—MESSAGE FROM THE PRESIDENT—PM 130

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report, was referred to the Committee on Labor and Human Resources:

To the Congress of the United States:

In accordance with Section 410A(b), Part A, Title IV of the Public Health Service Act, I am transmitting to Congress the Annual Report for 1978 of the Director of the National Cancer Program. This report has been prepared by the Director of the National Cancer Program and submitted to me as required by law. The Report describes the Programs' activities in 1977 and the first nine months of 1978.

JIMMY CARTER.

THE WHITE HOUSE, *November 6, 1979.*

REPORTS ON OCCUPATIONAL SAFETY AND HEALTH—MESSAGE FROM THE PRESIDENT—PM 131

The PRESIDING OFFICER laid before the Senate a message from the President, together with accompanying reports, which was referred to the Committee on Labor and Human Resources:

To the Congress of the United States:

In accordance with Section 26 of the Occupational Safety and Health Act of 1970 (Public Law 91-596), I herewith transmit the Annual Reports of the Department of Health, Education, and Welfare on Occupational Safety and Health for 1976, 1977 and 1978.

JIMMY CARTER.

THE WHITE HOUSE, *November 6, 1979.*

PRESIDENTIAL APPROVALS

A message from the President of the United States reported that on November 4, 1979, he had approved and signed the following act:

S. 1905. An act to provide for the orderly restructuring of the Milwaukee Railroad, and for the protection of the employees of such railroad.

The message also reported that on November 5, 1979, he had approved and signed the following act:

S. 1030. An act to establish an emergency program for the conservation of energy and to provide for a standby rationing plan for motor fuel.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-2427. A communication from the Secretary of Agriculture, transmitting a draft of proposed legislation to regulate the production, sale, and shipment of animal biological products, and to repeal the act of March 4, 1913; to the Committee on Agriculture, Nutrition, and Forestry.

EC-2428. A communication from the Assistant Secretary of Defense for Manpower, Reserve Affairs, and Logistics, transmitting, pursuant to law, a report on the Selected Reserve recruiting and retention incentives as of August 31, 1979; to the Committee on Armed Services.

EC-2429. A communication from the Secretary of Transportation, transmitting, pursuant to law, a report entitled "Alaska and Puerto Rico Interstate Feasibility Study"; to the Committee on Commerce, Science, and Transportation.

EC-2430. A communication from the Assistant Legal Adviser for Treaty Affairs of the Department of States, transmitting, pursuant to law, a report on international agreements, other than treaties, entered into by the United States in the sixty day period prior to November 1, 1979; to the Committee on Foreign Relations.

EC-2431. A communication from the Deputy Secretary of the Treasury, transmitting, a draft of proposed legislation to authorize the Bureau of Engraving and Printing to use recording clocks to record time and attendance of employees; to the Committee on Government Affairs.

EC-2432. A communication from the Secretary of Health, Education, and Welfare, transmitting, pursuant to law, a report on the disposal of excess property in a foreign country for fiscal year 1979; to the Committee on Governmental Affairs.

EC-2433. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of legislation adopted by the Council of the District of Columbia on October 9, 1979; to the Committee on Governmental Affairs.

EC-2434. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of legislation adopted by the Council of the District of Columbia on October 9, 1979; to the Committee on Governmental Affairs.

EC-2435. A communication from the Acting Commissioner of the Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, a report on the suspension of deportation of certain aliens under section 244(a)(1) of the Immigration and Nationality Act, as amended; to the Committee on the Judiciary.

EC-2436. A communication from the Secretary of Health, Education, and Welfare, transmitting notice that the annual report on activities under the Comprehensive Alcohol and Alcoholism Prevention, Treatment, and Rehabilitation Act covering fiscal years 1978 and 1979 will be submitted by January 31, 1980; to the Committee on Labor and Human Resources.

HOUSE BILL REFERRED

The following bill was referred, pursuant to section 401(b)(2) of the Congressional Budget Act, to the Committee on Appropriations for not to exceed 15 days that the Senate is in session, to be discharged from further consideration, if not reported by that date:

H.R. 1543. An act to improve the operation of the adjustment assistance programs for workers and firms under the Trade Act of 1974.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. LEAHY, from the Committee on Agriculture, Nutrition, and Forestry, with an amendment and an amendment to the title:

S. 6. A bill to amend the Agricultural Act of 1949, and for other purposes (Rept. No. 96-400).

By Mr. KENNEDY, from the Committee on the Judiciary, without amendment:

S.J. Res. 107. A joint resolution authorizing and requesting the President to issue proclamations designating the weeks of January 21 through January 27, 1979, and January 20 through January 26, 1980, as "Junior Achievement Week" (Rept. No. 96-401).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. LONG, from the Committee on Finance:

John Zeldes Bernstein, of Maryland, to be General Counsel of the Department of Health, Education, and Welfare.

N. Jerold Cohen, of Georgia, to be an Assistant General Counsel in the Department of the Treasury (Chief Counsel for the Internal Revenue Service).

(The above nominations from the Committee on Finance were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. HATCH (for himself, Mr. THURMOND, Mr. COCHRAN, Mr. HELMS, and Mr. LAXALT):

S. 1980. A bill to provide for more expeditious, effective, and equitable enforcement of the antitrust laws; to the Committee on the Judiciary.

By Mr. DECONCINI:

S. 1981. A bill to improve judicial machinery by amending the jurisdiction and venue requirements and damage provisions in all suits involving the False Claims Act, and for other purposes; to the Committee on the Judiciary.

By Mr. BENTSEN:

S. 1982. A bill to amend the Internal Revenue Code to extend in certain cases the six month deadline for exempting exports from the manufacturers excise tax; to the Committee on Finance.

Mr. MATHIAS (for himself, Mr. METZENBAUM, Mr. KENNEDY, and Mr. JAVITS):

S. 1983. A bill to amend section 1979 of the Revised Statutes to provide that States, municipalities, and agencies or units of government thereof, may be sued under the provisions of such section; to establish rules of liability with respect to such States, municipalities, and agencies or units of government thereof; and for other purposes; to the Committee on the Judiciary.

By Mr. WALLOP:

S. 1984. A bill to amend the Internal Revenue Code of 1954 to provide an unlimited marital estate and gift tax deduction, to modify provisions relating to special valuation of certain farm and other real property, and for other purposes; to the Committee on Finance.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HATCH (for himself, Mr. THURMOND, Mr. COCHRAN, Mr. HELMS, and Mr. LAXALT):

S. 1980. A bill to provide for more expeditious, effective, and equitable enforcement of the antitrust laws; to the Committee on the Judiciary.

(The remarks of Mr. HATCH when he introduced the bill appear earlier in today's proceedings.)

By Mr. DECONCINI:

S. 1981. A bill to improve judicial machinery by amending the jurisdiction and venue requirements and damage provisions in all suits involving the False Claims Act, and for other purposes; to the Committee on the Judiciary.

1979 AMENDMENTS TO THE FALSE CLAIMS ACT

● Mr. DECONCINI. Mr. President, I am today introducing a bill, the proposed amendments to the False Claims Act of 1979, which would provide the United States with an effective and useful tool to combat fraud in modern times.

This bill was developed by the Department of Justice in an attempt to bolster the mechanism available to the Department to carry out its responsibility of vigorously pursuing fraudulent practices in dealings with the Federal Government.

There can be no doubt that a need exists for reforming the False Claims Act, which has not been amended in any substantial respect since its enactment by the Congress in 1863. Although I retain some reservations about certain provisions of the bill, I am convinced that, on the whole, it is a valuable and necessary step forward in our struggle to protect the taxpayer from those who would defraud the United States.

The wholesale reform contemplated by the act would include provisions expanding jurisdiction and venue, increasing recoverable damages, raising the forfeiture levels and redefining the mental element required for a successful prosecution. In addition, the burden of proof would be altered, nolo contendre pleas would take on more serious consequences in subsequent civil actions and a mechanism would be established to provide the necessary investigative tools so crucial to the development of a case in the face of these sophisticated schemes.

Mr. President, present law is hopelessly anachronistic. It does not provide the Federal Government with the legal tools necessary to protect itself from the unscrupulous. Unfortunately, the American taxpayer loses millions of dollars each year as the result of false claims. The legislation I am offering will modernize and streamline the basic statute governing civil fraud against the Government. I view it as legislation designed to protect the taxpayer and urge my colleagues to support it. I ask unanimous consent that the text be printed in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1981

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That sections 3490, 3491 and 3494 of the Revised Statutes, as amended, are amended as follows:

SECTION 1. Section 3490 of the Revised Statutes, as amended, is amended as follows:

(1) By deleting from section 3490 of the Revised Statutes the following words "who shall do or commit any of the acts prohibited by any of the provisions of section 5438, title 'Crimes' shall forfeit and pay to the United States the sum of two thousand dollars, and, in addition, double the amount of damages which the United States may have sustained by reason of the doing or committing of such act, together with the costs of suit; and such forfeiture and damages shall be sued for in the same suit" and, inserting in lieu thereof the following:

"who:

"(a) makes or causes to be made, or presents or causes to be presented, for payment or approval, to or by any person or officer in the civil, military or naval service of the United States, any claim upon or against the Government of the United States, or any department or officer thereof, knowing such claim to be false or fictitious; or "(b) for the purposes of obtaining or aiding to obtain the payment or approval of such claim, makes uses or causes to be made or used, any false bill; receipt, voucher, roll, account, claim, certificate, affidavit, deposition, computer print-outs or other computer-readable media, including, but not limited to, magnetic discs, paper tapes, punch cards and discs, knowing the same to contain any false or fictitious statement or entry or

"(c) knowingly enters into any agreement, combination, or conspiracy to present, or cause to be presented, any false or fictitious claim to the Government of the United States, or any department or officer thereof, by obtaining or aiding to obtain the payment or allowance of any false or fictitious claim,

shall be liable to the United States as provided in the next subsection."

(2) By adding new subsections (a) and (b), as follows:

"(a) Any person who shall do or commit any of the acts prohibited by any of the provisions of the preceding subsection shall for each such claim, forfeit and pay to the United States the sum of $5,000; and in addition thereto:

"(1) double the amount of its damages, including double the amount of its consequential damages, which damages the United States would not have sustained either but for:

"(i) the doing or commission of any of the acts set forth in the preceding section; or

"(ii) having entered into or made any contract or grant as a result, in any material part, of any false statement; and, in addition thereto,

"(2) the costs of suit; minus

"(3) any credits to which the defendant may establish entitlement, which credits shall be deducted only after the damages sustained by the United States have been doubled as set forth in subsection (2) hereof.

Such forfeiture or forfeitures and damages shall be sued for in the same suit."

"(b) The term 'knowing' or 'knowingly', as used in this Act, shall mean either that the defendant:

"(1) had actual knowledge; or

"(2) had constructive knowledge in that:

"(i) the defendant acted in reckless disregard of the truth; or

"(ii) the defendant should have known that the claim was false or fictitious;

and, in any suit under this Act, no proof of intent to defraud or proof of any other element of a claim for fraud at common law shall be required."

Sec. 2. Section 3491 of the Revised Statutes, as amended, is amended as follows:

(a) by deleting subsection A of Section 3491 and adding a new subsection A in lieu thereof as follows:

"(A) The district courts of the United States, the United States District Court for the District of Columbia, the United States District Courts for the Districts of Puerto Rico, the Virgin Islands, Guam, and any territory or possession of the United States, shall have jurisdiction over any action commenced by the United States under Sections 3490 through 3494 of the Revised Statutes, as amended, and venue of such action shall be proper in any district in which any defendant, or in the case of multiple defendants, any one defendant either can be found, resides, transacts business or in which any act proscribed by this Act shall be alleged by the United States to have occurred, and a summons as required by the Federal Rules of Civil Procedure shall be issued by said district court and served at any place within the United States, Puerto Rico, the Virgin Islands, Guam, and any territory or possession of the United States, or in any foreign country. The Court of Claims shall likewise have jurisdiction of any such action if such is asserted by way of counterclaim by the United States, which may join as additional parties in such counterclaim all persons who may be jointly and severally liable with such party against whom a counterclaim is asserted by reason of having violated sections 3490 through 3494 of the Revised Statutes, as amended, *provided however*, that no cross-claims or third-party claims shall be asserted among such additional parties except as such claims may otherwise be within the jurisdiction of the Court of Claims."

(b) By adding new subsections G, H, I, and J, as follows:

"(G) In any action hereafter brought under sections 3490 through 3494 of the Revised Statutes, as amended, the United States shall be required to prove all essential elements of its cause of action, including damages, by a preponderance of the evidence."

"(H) A final judgment hereafter rendered in favor of the United States in any criminal proceeding charging fraud or false statements, whether upon a verdict after trial or upon a plea of guilty or nolo contendere, shall estop the defendant from denying the essential elements of the offense in any action brought by the United States pursuant to sections 3490 through 3494 of the Revised Statutes, as amended.

"(I) Any person, including, but not limited to, any partnership, firm, corporation or other association, State or political subdivision thereof, who shall pay or give, directly or indirectly, any thing of value to any officer or employee of the United States to influence such officer or employee in the performance of his official duty shall be liable in a civil action by the United States for any such amount so paid or given and, in addition, any contract made with such person, partnership, firm, corporation or other association, State or political subdivision thereof, in which such officer or employee shall have performed any substantial function, made within one year preceding, or following the payment or receipt or the agreement for the payment or receipt, of any such thing of value shall be null and void and the United States may retain all benefits or consideration received by it pursuant to such contract and sue to recover in addition all benefits or consideration conferred or paid by it. Jurisdiction, venue, service of process and trial subpoenas and burden of proof in such actions shall be the same as in actions brought pursuant to sections 3490 through 3494 of the Revised Statutes, as amended.

"(J) The Attorney General or his designee may apply to any district court having jurisdiction over any action commenced pursuant to sections 3490 through 3494 of the Revised Statutes, as amended, for provisional relief whenever he has reasonable cause to believe that said sections may have been violated, and, if the Court shall find there is a reasonable likelihood that the United States will prevail after trial on the merits of its claim, it shall enjoin the defendant from taking any action which the Court, in the exercise of its discretion, finds reasonably likely to hinder or delay the United States in the collection of any judgment which may be obtained in such action and, in addition, the Court may from time to time make such other orders as it deems appropriate including, but not limited to, requiring the defendant to post security for judgment, or to seek the prior approval of the Court before making any transfer without an adequate and full consideration in money or moneys worth, paying an antecedent debt which has matured more than 30 days prior to payment, or otherwise engaging in any transaction not in the usual and regular course of the defendant's business. Except as provided for herein, such application by the Attorney General and proceedings hereunder shall be governed by Rule 65 of the Federal Rules of Civil Procedure."

Sec. 3. Section 3494 of the Revised Statutes, as amended, is amended as follows:

(a) by deleting the words "and not afterwards" and inserting in lieu thereof, the following: "or within three years from the time when facts material to the right of action are known or reasonably should have known by the official within the United States Department of Justice charged with responsibility to act in the circumstances, whichever shall occur last", and

(b) by further amending section 3494 to add the following new subsections 2, 3, 4 and 5, as follows:

"Sec. 2. For the purpose of subsections 2 through 5 of Section 3494:

"(a) The term 'False Claims Act law' includes:

"(1) Each provision of sections 3490 through 3498 and 5498 of the Revised Statutes, commonly known as the False Claims Act; and

"(2) Any statute hereafter enacted by the Congress which prohibits, or makes available to the United States in any court of the United States any civil remedy with respect to any false claim or bribery or corruption of any officer or employee of the United States;

"(b) The term 'False Claim Act investigation' means any inquiry conducted by any False Claims Act investigator for the purpose of ascertaining whether any person is or has been engaged in any False Claims Act violation, including any bribery or corruption of any officer or employee of the United States proscribed by subsection I of Section 3491 of the Revised Statutes, as amended;

"(c) The term 'False Claims Act violation' means any act or omission in violation of any False Claims Act law;

"(d) The term 'False Claims Act investigator' means any attorney or investigator employed by the Department of Justice who is charged with the duty of enforcing or carrying into effect any False Claims Act law;

"(e) The term 'person' means any natural person, partnership, corporation, association, or other legal entity, including any state or political subdivision;

"(f) The term 'documentary material' includes the original or any copy of any book, report, memorandum, paper, communication, tabulation, chart, or other document; and

"(g) the term 'custodian' means the custodian, or any deputy custodian designated by the Assistant Attorney General of the Civil Division."

"Sec. 3. (a) Whenever the Attorney General, or the Assistant Attorney General in charge of the Civil Division of the Department of Justice, has reason to believe that any person may be in possession, custody, or control of any documentary material, or may have any information, relevant to a False Claims Act investigation, he may, prior to the institution of a civil proceeding thereon, issue in writing, and cause to be served upon such person, a civil investigative demand requiring such person to produce such documentary material for inspection and copying or reproduction, to answer in writing written interrogatories, to give oral testimony concerning documentary material or information, or to furnish any combination of such material, answers, or testimony.

"(b) Each such demand shall state the nature of the conduct constituting the alleged False Claims Act violation which is under investigation, and the provision of law applicable thereof.

"(1) If it is a demand for production of documentary material—

"(A) describe the class or classes of documentary material to be produced thereunder with such definiteness and certainty as to permit such material to be fairly identified;

"(B) prescribe a return date or dates which will provide a reasonable period of time within which the material so demanded may be assembled and made available for inspection and copying or reproduction; and

"(C) identify the custodian to whom such material shall be made available.

"(2) If it is a demand for answers to written interrogatories—

"(A) propound with definiteness and certainty the written interrogatories to be answered;

"(B) prescribe a date or dates at which time answers to written interrogatories shall be submitted; and

"(C) identify the False Claims Act investigator to whom such answers shall be submitted.

"(3) If it is a demand for the giving of oral testimony—

"(A) prescribe a date, time, and place at which oral testimony shall be commenced; and

"(B) identify a False Claims Act investigator who shall conduct the examination and the custodian to whom the transcript of such examination shall be submitted.

"(c) No such demand shall require the production of any documentary material, the submission of any answers to written interrogatories, or the giving of any oral testimony if such material, answers or testimony would be protected from disclosure under—

"(1) the standards applicable to subpoenas or subpoenas duces tecum by a court of the United States in aid of a grand jury investigation, or

"(2) the standards applicable to discovery requests under the Federal Rules of Civil Procedure, to the extent that the application of such standards to any such demand is appropriate and consistent with the provisions and purposes of Sections 3490 through 3494 and 5498 of the Revised Statutes.

"(d)(1) Any such demand may be served by any False Claims Act investigator, or by any United States marshal or deputy marshal, at any place within the territorial jurisdiction of any court of the United States.

"(2) Any such demand or any petition filed under subsection 5 of this section may be served upon any person who is not to be found within the territorial jurisdiction of any court of the United States, in such manner as the Federal Rules of Civil Procedure prescribe for service in a foreign country. To the extent that the courts of the United States can assert jurisdiction over such person consistent with due process, the United States District Court for the District of Columbia shall have the same jurisdiction to take any action respecting compliance with this section by such person that such court would have if such person were personally within the jurisdiction of such court.

"(e)(1) Service of any such demand or of any petition filed under subsection 5 of this section may be made upon a partnership corporation, association, or other legal entity by—

"(A) delivering a duly executed copy thereof to any partner, executive officer, managing agent, or general agent thereof, or to any agent thereof authorized by appointment or by law to receive service of process on behalf of such partnership, corporation, association, or entity;

"(B) delivering a duly executed copy thereof to the principal office or place of business of the partnership, corporation, association, or entity to be served; or

"(C) depositing such copy in the United States mails, by registered or certified mail, return receipt requested, duly addressed to such partnership, corporation, association, or entity at its principal office or place of business.

"(2) Service of any such demand or of any petition filed under subsection 5 of this section may be made upon any natural person by—

"(A) delivering a duly executed copy thereof to the person to be served; or

"(B) depositing such copy in the United States mails by registered or certified mail, return receipt requested, duly addressed to such person at his residence or principal office or place of business.

"(f) A verified return by the individual serving any such demand or petition setting forth the manner of such service shall be proof of such service. In the case of service by registered or certified mail, such return shall be accompanied by the return post office receipt of delivery of such demand.

"(g) The production of documentary material in response to a demand served pursuant to this section shall be made under a sworn certificate, in such form as the demand designates, by the person, if a natural person, to whom the demand is directed or, if not a natural person, by a person or persons having knowledge of the facts and circumstances relating to such production, to the effect that all of the documentary material required by the demand and in the possession, custody, or control of the person to whom the demand is directed has been produced and made available to the custodian.

"(h) Each interrogatory in a demand served pursuant to this section shall be answered separately and fully in writing under oath, unless it is objected to, in which event the reasons for the objection shall be stated in lieu of an answer, and it shall be submitted under a sworn certificate, in such form as the demand designates, by the person, if a natural person, to whom the demand is directed or, if not a natural person, by a person or persons responsible for answering each interrogatory, to the effect that all information required by the demand and in the possession, custody, control, or knowledge of the person to whom the demand is directed has been submitted.

"(i)(1) The examination of any person pursuant to a demand for oral testimony served under this section shall be taken before an officer authorized to administer oaths and affirmations by the laws of the United States or of the place where the examination is held. The officer before whom the testimony is to be taken shall put the witness on oath or affirmation and shall personally, or by someone acting under his direction and in his presence, record the testimony of the witness. The testimony shall be taken stenographically and transcribed. When the testimony is fully transcribed, the officer before whom the testimony is taken shall promptly transmit a copy of the transcript of the testimony to the custodian.

"(2) The False Claims Act investigator or investigators conducting the examination shall exclude from the place where the examination is held all other persons except the person being examined, his counsel, the business, or in such other place as may be taken, and any stenographer taking such testimony.

"(3) The oral testimony of any person taken pursuant to a demand served under this section shall be taken in the judicial district of the United States within which such person resides, is found, or transacts business, or in such other place as may be agreed upon by the False Claims Act investigator conducting the examination and such person.

"(4) When the testimony is fully transcribed, the False Claims Act investigator or the officer shall afford the witness (who may be accompanied by counsel) a reasonable opportunity to examine the transcript; and the transcript shall be read to or by the witness, unless such examination and reading are waived by the witness. Any changes in form or substance which the witness desires to make shall be entered and identified upon the transcript by the officer or the False Claims Act investigator with a statement of the reasons given by the witness for making such changes. The transcript shall then be signed by the witness, unless the witness in writing waives the signing, is ill, cannot be found, or refuses to sign. If the transcript is not signed by the witness within 30 days of his being afforded a reasonable opportunity to examine it, the officer or the False Claims Act investigator shall sign it and state on the record the fact of the waiver, illness, absence of the witness, or the refusal to sign, together with the reason, if any, given therefor.

"(5) The officer shall certify on the transcript that the witness was duly sworn by him and that the transcript is a true record of the testimony given by the witness, and the officer or False Claims Act investigator shall promptly deliver it or send it by registered or certified mail to the custodian.

"(6) Upon payment of reasonable charges therefor, the False Claims Act investigator shall furnish a copy of the transcript to the witness only, except that the Assistant Attorney General in charge of the Civil Division may, for good cause, limit such witness to inspection of the official transcript of his testimony.

"(7)(A) Any person compelled to appear under a demand for oral testimony pursuant to this section may be accompanied, represented, and advised by counsel. Counsel may advise such person, in confidence, either upon the request of such person or upon counsel's own initiative, with respect to any question asked of such person. Such person or counsel may object on the record to any question, in whole or in part, and shall briefly state for the record the reason for the objection. An objection may properly be made, received, and entered upon the record when it is claimed that such person is entitled to refuse to answer the question on grounds of any constitutional or other legal right or privilege, including the privilege against self-incrimination. Such person shall not otherwise object to or refuse to answer any question, and shall not by himself or through counsel otherwise interrupt the oral examination. If such person refuses to answer any question, the False Claims Act investigator conducting the examination may petition the district court of the United States pursuant to subsection 5 of this section for an order compelling such person to answer such question.

"(B) If such person refuses to answer any question on the grounds of the privilege against self-incrimination, the testimony of such person may be compelled in accordance with the provisions of part V of title 18, United States Code.

"(8) Any person appearing for oral examination pursuant to a demand served under this section shall be entitled to the same fees and mileage which are paid to witnesses in the district courts of the United States."

"SEC. 4. (a) The Assistant Attorney General in charge of the Civil Division of the Department of Justice shall designate a False Claims Act investigator to serve as custodian of documentary material, answers to interrogatories, and transcripts of oral testimony received under this section, and such additional False Claims Act investigators as he shall determine from time to time to be necessary to serve as deputies to such officer.

"(b) Any person upon whom any demand under subsection 3 of this section for the production of documentary material has been duly served shall make such material available for inspection and copying or reproduction to the custodian designated therein at the principal place of business of such person (or at such other place as such custodian and such person thereafter may agree and prescribe in writing or as the court may direct, pursuant to subsection 5(d) of this section) on the return date specified in such demand (or on such later date as such custodian may prescribe in writing). Such person may, upon written agreement between such person and the custodian, substitute copies for originals of all or any part of such material.

"(c)(1) The custodian to whom any documentary material, answers to interrogatories, or transcripts of oral testimony are delivered shall take physical possession thereof, and shall be responsible for the use made thereof and for the return of documentary material, pursuant to this section.

"(2) The custodian may cause the preparation of such copies of such documentary material, answers to interrogatories, or transcripts or oral testimony as may be required for official use by any duly authorized official or employee of the Department of Justice under regulations which shall be promulgated by the Attorney General. Notwithstanding paragraph (3) of his subsection, such material, answers, and transcripts may be used by any such official or employee in connection with the taking of oral testimony pursuant to this section.

"(3) Except as otherwise provided in this section, while in the possession of the custodian, no documentary material, answers to interrogatories, or transcripts of oral testimony, or copies thereof, so produced shall be available for examination, without the consent of the person who produced such material, answers or transcripts, by any individual other than a duly authorized official or employee of the Department of Justice. Nothing in this section is intended to prevent disclosure to either body of the Congress or to any authorized committee or subcommittee thereof.

"(4) While in the possession of the custodian and under such reasonable terms and conditions as the Attorney General shall prescribe, (A) documentary material and answers to interrogatories shall be available for examination by the person who produced such material or answers, or by any duly authorized representative of such person; and (B) transcripts of oral testimony shall be available for examination by the person who produced such testimony, or his counsel.

"(d) Whenever any attorney of the Department of Justice has been designated to appear before any court, grand jury, or Federal administrative or regulatory agency in any case or proceeding, the custodian of any documentary material, answers to interrogatories, or transcripts of oral testimony may deliver to such attorney such material, answers, or transcripts for official use in connection with any such case, grand jury, or proceeding as such attorney determines to be required. Upon the completion of any such case, grand jury, or proceeding, such attorney shall return to the custodian any such material, answers, or transcripts so delivered which have not passed into the control of such court, grand jury, or agency through the introduction thereof into the record of such case or proceeding.

"(e) If any documentary material has been produced in the course of any False Claims Act investigation by any person pursuant to a demand under this section and—

"(1) any case or proceeding before any court or grand jury arising out of such investigation, or any proceeding before any Federal administrative or regulatory agency involving such material, has been completed, or

"(2) no case or proceeding in which such material may be used has been commenced within a reasonable time after completion of the examination and analysis of all documentary material and other information assembled in the course of such investigation, the custodian shall, upon written request of the person who produced such material, return to such person any such material (other than copies thereof furnished to the custodian pursuant to subsection (b) of this section or made by the Department of Justice pursuant to subsection (c) of this section) which has not passed into the control of any court, grand jury, or agency through the introduction thereof into the record of such case or proceedings.

"(f) In the event of the death, disability, or separation from service in the Department of Justice of the custodian of any documentary material, answers to interrogatories, or transcripts of oral testimony produced under any demand issued pursuant to this Act, or the official relief of such custodian from responsibility for the custody and control of such material, answers or transcripts, the Assistant Attorney General in charge of the Civil Division shall promptly (1) designate another False Claims Act investigator to serve as custodian of such material, answers, or transcripts, and (2) transmit in writing to the person who produced such material, answers, or testimony notice as to the identity and address of the successor so designated. Any successor designated under this subsection shall have, with regard to such material, answers or transcripts, all duties and responsibilities imposed by this Act upon his predecessor in office with regard thereto, except that he shall not be held responsible for any default or dereliction which occurred prior to his designation."

"Sec. 5. (a) Whenever any person fails to comply with any civil investigative demand duly served upon him under section 3 or whenever satisfactory copying or reproduction of any such material cannot be done and such person refuses to surrender such material, the Attorney General, through such officers or attorneys as he may designate, may file in the district court of the United States for any judicial district in which such person resides, is found, or transacts business, and serve upon such person a petition for an order of such court for the enforcement of this section.

"(b) Within 20 days after the service of any such demand upon any person, or at any time before the return date specified in the demand, whichever period is shorter, or within such period exceeding 20 days after service or in excess of such return date as may be prescribed in writing, subsequent to service, by any False Claims Act investigator named in the demand, such person may file, in the district court of the United States for the judicial district within which such person resides, is found, or transacts business, and serve upon such False Claims Act investigator a petition for an order of such court, modifying or setting aside such demand. The time allowed for compliance with the demand, in whole or in part, as deemed proper and ordered by the court shall not run during the pendency of such petition in the court, except that such person shall comply with any portions of the demand not sought to be modified or set aside. Such petition shall specify each ground upon which the petitioner relies in seeking such relief, and may be based upon any failure of such demand to comply with the provisions of this section or upon any constitutional or other legal right or privilege of such person.

"(c) At any time during which any custodian is in custody or control of any documentary material, answers to interrogatories delivered, or transcripts of oral testimony given by any person in compliance with any such demand, such person may file, in the district court of the United States for the judicial district within which the office or such custodian is situated, and serve upon such custodian a petition for an order of such court requiring the performance by such custodian of any duty imposed upon him by this section.

"(d) Whenever any petition is filed in any district court of the United States under this section, such court shall have jurisdiction to hear and determine the matter so presented, and to enter such order or orders as may be required to carry into effect the provisions of this section. Any final order so entered shall be subject to appeal pursuant to section 1291 of title 28, United States Code. Any disobedience of any final order entered under this section by any court shall be punished as a contempt thereof.

"(e) To the extent that such rules may have application and are not inconsistent with the provisions of this section, the Federal Rules of Civil Procedure shall apply to any petition under this section.

"(f) Any documentary material, answers to written interrogatories, or transcripts of oral testimony provided pursuant to any demand issued under this Act shall be exempt from disclosure under section 552 of title 5, United States Code."

Sec. 4. This act, and the amendments made by this act, shall become effective upon enactment but shall not be applicable to cases pending on that date.●

By Mr. BENTSEN:

S. 1982. A bill to amend the Internal Revenue Code to extend in certain cases the 6-month deadline for exempting exports from the manufacturers excise tax; to the Committee on Finance.

MANUFACTURERS' EXCISE TAXES—12-MONTH EXTENSION OF CURRENT 6-MONTH EXPORT DEADLINE IN CASES OF CIVIL UNREST

● Mr. BENTSEN. Mr. President, I am today introducing a bill to give the Secretary of the Treasury discretion to extend for an additional 12 months certain excise tax deadlines with respect to exports in cases of civil unrest in a foreign nation.

Under section 4221 of the Internal Revenue Code, certain manufacturers' excise taxes do not have to be paid for those goods which will be exported within 6 months from the date of sale by the manufacturer (or if earlier, on the date of shipment by the manufacturer.) If the goods are not exported within this 6 month period the excise tax must be paid. (The excise tax is subsequently refunded upon the export of the goods.)

Earlier this year many American firms purchased goods for export to Iran. Due to the civil unrest in that nation the transfer of many of these goods has been delayed. These delays necessitate the payment of the excise tax even though the tax will be refunded later when the goods are exported.

My proposal simply gives the Secretary of the Treasury discretion to extend the deadline an additional 12 months in situations involving civil unrest.

In light of our current trade deficit of some $30 billion, it is essential that Federal law provide greater flexibility for exporting firms.

We cannot expect to reverse our trade deficit unless our Government assists U.S. exporters to the same extent that foreign governments assist their own exporters. There is substantial precedent in current tax law to give IRS discretion in these types of cases. For example, penalties for late filing of tax returns can be waived for exceptional circumstances.

Mr. President, I urge the Senate to enact this technical tax proposal which would simply help recognize the added risks of engaging in export activities.●

By Mr. MATHIAS (for himself, Mr. Metzenbaum, Mr. Kennedy, and Mr. Javits):

S. 1983. A bill to amend section 1979 of the Revised Statutes to provide that States, municipalities, and agencies or units of Government thereof, may be sued under the provisions of such section; to establish rules of liability with respect to such States, municipalities, and agencies or units of Government thereof; and for other purposes; to the Committee on the Judiciary.

CIVIL RIGHTS IMPROVEMENTS ACT OF 1979

● Mr. MATHIAS. Mr. President, I now send to the desk for myself, Senators METZENBAUM, KENNEDY, and JAVITS, the Civil Rights Improvements Act of 1979. This bill is similar to S. 35 which I introduced in the 95th Congress and which was the subject of 4 days of hearings before the Senate Judiciary Subcommittee on the Constitution last year. The bill would make a series of amendments to the Civil Rights Act of 1871 (42 U.S.C. 1983), which has been a principal tool in this Nation's efforts to fulfill its commitment to the civil rights and liberties of the American people.

Specifically, the Civil Rights Improvement Act would:

Provide that States, as well as the District of Columbia, municipalities, counties, and other forms of local governments are "persons" for the purposes of section 1983;

Define the circumstances under which States, the District of Columbia, municipalities, counties and other forms of local governments will be liable for the actions of their employees and agents in violation of section 1983;

Recognize the delay and expense caused by the strict application of the abstention doctrine to section 1983 cases and thus set forth circumstances when a Federal court may certify a question of State law to the highest court of the State;

Provide that the doctrine of exhaustion of State judicial and administrative remedies is inapplicable in section 1983 suits;

Embody within section 1983 the limited circumstances when a Federal court can intervene in a pending criminal proceeding and restrict the equitable doctrine of *Younger* v. *Harris*, 401 U.S. 31 (1971) to criminal proceedings.

Prescribe the limited instances in which the doctrine of res judicata is applicable in section 1983 cases; and

Establish a national statute of limitations to govern all section 1983 suits.

The primary purpose of the Civil Rights Improvements Act is to insure the continued vitality of section 1983. Basically, my bill would achieve this important goal in two ways. First, it would clarify and elaborate upon a recent Supreme Court decision, *Monell* v. *Board of Social Services*, 436 U.S. 658 (1978), which holds out the prospect that in the future section 1983 will be interpreted to provide broader protections for victims of official misconduct and will encourage local governments to adopt preventive measures to deter constitutional violations in the future. Second, the proposal would respond to certain earlier Supreme Court rulings which have seriously curtailed access to Federal courts for civil rights litigants.

I. MONELL AND GOVERNMENTAL LIABILITY UNDER SECTION 1983

At the time I introduced S. 35, January 10, 1977, I noted that one of the major impediments facing litigants under the Civil Rights Act of 1871 was a 1961 decision, *Monroe* v. *Pape*, 364 U.S. 167, where the Supreme Court held that cities were not "persons" within the meaning of section 1983 for purposes of monetary relief. Later decisions extended this immunity to counties (*Moor* v. *Alameda*, 411 U.S. 693 (1972)) and to suits for injunctive relief (*City of Kenosha* v. *Bruno*, 412 U.S. 507 (1973)). These decisions were all based on the Court's interpretation of the legislative history of section 1983 and thus are subject to congressional alteration. I stated at the time I introduced S. 35 that the Court's narrow interpretation of the scope of section 1983 had crippled the statute both as a source of deterrence and compensation: It limited the incentive for public entities to take preventive measures against possible misconduct by their officers and employees, and it had the practical effect of precluding recovery against "judgment proof" public employees, thus leaving many litigants with a right but not a remedy.

S. 35 was designed to increase the effectiveness of section 1983 as a source of compensation and deterrence by removing the absolute immunity conferred on governmental entities and defining the circumstances when they should be liable for the constitutional torts of their employees. S. 35 would not have imposed financial liability on governments for all of the constitutional violations of their employees, although the adoption of such a "respondeat superior" approach is well within Congress' constitutional authority. Rather, under the bill, governmental liability would generally have been restricted to situations where there is a reasonable expectation that the fear of monetary damages would lead the entity to adopt preventive measures aimed at deterring future constitutional violations:

First, where the conduct was authorized by statute, ordinance, policy or practice of the entity or was undertaken by those making such policies, such as where a police officer enforces an unconstitutional statute;

Second, where a supervisor encouraged or directed his subordinate to engage in the unconstitutional conduct;

Third, where a Government employee has a history of misconduct and his supervisor has failed to take the necessary remedial action to prevent its recurrence; and

Fourth, where a constitutional violation is documented but the identity of the offending officer cannot be determined, such as the Jackson State case, or where a police officer conceals his badge.

Shortly after the Senate Judiciary Subcommittee on the Constitution completed its hearings on S. 35 last year, the Supreme Court handed down its decision in Monell. The case involved a claim that the New York City Board of Education and Department of Social Services compelled pregnant employees to take unpaid maternity leaves before such leaves were required for medical reasons.

In ruling in favor of the plaintiffs' claim for injunctive relief and back pay for unlawful forced leave, the Court concluded that its prior reading of the legislative history of the Civil Rights Act of 1871 was in error; the Court overruled Monroe against Pape, "insofar as it holds that local governments are wholly immune from suits under section 1983," and held under certain circumstances local governments would be liable for the constitutional torts of their employees.

Since Monell was handed down, I have reviewed the Court's decision, with special attention to its impact of the governmental liability provisions of S. 35. As a result of this review, I have concluded that the need for these provisions continues after Monell; and that Congress must complement the Court's decision by enacting governmental liability provisions. The 1979 version of my bill does exactly that by adopting the same standards originally proposed in S. 35.

Although the Court in Monell abandoned the inequitable doctrine of absolute immunity for local governments, it leaves a number of important issues unanswered. The governmental liability provisions of the Civil Rights Improvements Act are designed to resolve these issues. Following is a brief discussion of these remaining issues and how they would be resolved by my bill.

First. In Monell, while the Court did away with the absolute immunity conferred on local governments from section 1983 suits, it refused to adopt a "respondeat superior" approach which would have made such governmental units liable for all of the constitutional torts of its employees. By not doing so, the Court necessarily thrust upon itself and the lower Federal courts the task of defining the circumstances when such liability would exist. But, the majority opinion in Monell gives us little guidance in this regard. It merely states that such liability must depend on a "policy statement, ordinance, regulation or decision officially adopted * * * governmental custom even though such custom has not received formal approval through the body's official decisionmaking channels." Since Monell involved an official policy of the New York City school and social services authorities, it was an easy case to decide under this test.

But what about other cases where the degree of governmental involvement is not so apparent? For example, would Monell reach the type of indefensible conduct found in the Jackson State case where a number of plaintiffs, including the survivors of the students killed during a confrontation at the university, brought suit under section 1983? Despite a finding that the firing into a crowd of students by State and local police was an excessive response, the plaintiffs were unable to recover from any of the defendants.

The State of Mississippi and the city of Jackson were held immune under the doctrine of Monroe against Pape, and the individual officers were also held not liable because the plaintiffs had failed to prove which of the officers had fired the fatal and wounding shots. We do not know if Monell would cover such a situation and rectify this obvious injustice. But, under the Civil Rights Improvement Act it is far more likely the governmental units would not escape liability in such cases.

It might require years of litigation for the Federal courts to delineate the contours of governmental liability under section 1983. By enacting the Civil Rights Improvement Act with its clear specifications of governmental liabilty, Congress could shorten this process. Significantly, the standards of liability contained in the bill are not foreign to section 1983 litigation. By and large, they reflect the case law that has developed in the lower courts in suits against supervisory officials, where plaintiffs sought to have them held liable for the torts of their subordinates. Thus Federal judges will have a wealth of related precedent to rely upon when confronted with suits brought under the governmental liability provisions of the Civil Rights Improvements Act.

Moreover, since local governments now have little guidance as to when they will face section 1983 liability, they are hampered in their efforts to develop effective risk management programs aimed at deterring future constitutional violations. Enactment of my bill would have the salutary effect of giving Government units much greater notice of potential liability than they now have. This would allow the units to develop and modify their preventive programs accordingly.

Second. Also left unresolved by Monell was whether States are "persons" for purposes of section 1983. Until recently the 11th amendment's grant of sovereign the awarding of money damages against States and State officials acting in their official capacity. But, in *Fitzpatrick* v. *Bitzer*, 427 U.S. 445 (1976) the Supreme Court paved the way for such suits. In Fitzpatrick, the Court held that the 11th amendment and the doctrine of State sovereignty were limited by the enforcement provision of section 5 of the 14th amendment and thus recognized that Congress could authorize retroactive monetary damage awards against States.

Prior to Fitzpatrick and Monell, State liability under section 1983 was denied routinely. In fact, in *Edelman* v. *Jordan*, 415 U.S. 651 (1974), the Court noted that the 11th amendment was a bar to monetary damage suits brought under section 1983. But, after Monell was decided last year, the argument was made that Monell's reinterpretation of the legislative history of section 1983 undermined Edelman and that section 1983 money damage suits were permissible against States. Regrettably, in *Quern* v. *Jordan*, 99 S. Ct. 1139 (1979), the Court rejected this argument and reaffirmed its holding in Edelman that section 1983 does not abrogate the 11th amendment immunity of the States. Thus after Quern, we are left with the anomalous situation in which States are fully immune from section 1983 suits for money damages, but local governments are not. There is no public policy justifying this dichotomy. It is a result of the Court's reading of the legislative history of section 1983. Thus it can be offset by Congress. And, it should be. The Civil Rights Improvements Act would do just that by treating local and State governments the same under section 1983.

Third. In Monell the Court stated:

> Since the question whether local government bodies should be afforded some form of official immunity was not presented as a question to be decided on this petition and was not briefed by the parties nor addressed by the courts below, we express no views on the scope of any municipal immunity beyond holding that municipal bodies sued under section 1983 cannot be entitled to an absolute immunity, lest our decision that such bodies are subject to suit under section 1983 be "drained of meaning."

Thus after Monell the question remains, which if any of the personal immunities or defense available to individual defendants—good faith, prosecutorial, legislative, or judicial—can be claimed by governmental entities now suable under section 1983? Section 2(d)(1) of the Civil Rights Improvements Act would answer this question. The proposal would make no alterations in the ability of an individual defendant to utilize any of the existing immunities or defenses, but it would provide that governmental entities would not be entitled to claim any common law or statutory immunities or defenses available to their agents. Thus section 1983 plaintiffs who are met with a successful claim of immunity by an individual will nonetheless be able to proceed directly against the governmental entity.

For example, where a police officer enforces an unconstitutional statute in the good faith belief that it is constitutional, it is both fair and sound public policy to relieve him of liability under section 1983; but, it would be inappropriate to shield the governmental entity from liability. The entity itself has abused its powers in an unconstitutional way; it is more equitable that the costs associated with the entity's unconstitutional actions be borne by society as a whole rather than absorbed entirely by the victim of the official misconduct. Such an approach is consistent with the thrust of Monell and would help insure that plaintiffs have both a right and a remedy under section 1983.

Fourth. In *District of Columbia* v. *Carter*, 409 U.S. 418 (1973), the Supreme Court ruled that the District of Columbia is not covered by section 1983. Once again, this decision was based entirely on the Court's interpretation of the legislative history of the Civil Rights Act of 1871. There is no constitutional impediment to congressional alteration of the result in Carter. Such congressional action is especially appropriate since the Supreme Court recently recognized that the citizens of the several territories are protected by section 1983 from the unconstitutional acts of local officials acting under the color of territorial law. *Examing Board* v. *Flores de Otero*, 426 U.S. 572 (1976). The decision in Flores de Otero leaves the District of Columbia as the only American jurisdiction whose inhabitants are not covered by section 1983. It is time that Congress end this inequitable situation. Section 2 of the Civil Rights Improvements Act would achieve this laudable goal and make the District of Columbia a "person" for purposes of section 1983.

II. LIMITING ACCESS TO THE FEDERAL COURTS

Access to the Federal court system is being constricted. A number of recent Supreme Court decisions, leaning heavily on judicial doctrines such as comity, standing, and federalism, have significantly curtailed access to the Federal courts to those seeking relief under section 1983. Justice Brennan expresses his concern over the direction the Court has taken in these narrowing decisions in these terms:

> A series of decisions have shaped the doctrines of jurisdiction, justiciability, and remedy, so as to increasingly bar the Federal courthouse in the absence of a showing, probably impossible to make. It is true, of course, that there has been an increasing amount of litigation of all types filling the calendars of virtually every state and federal court. But a solution that shuts the courthouse door in the face of a litigant with a legitimate claim for relief, particularly a claim for the deprivation of a constitutional right, seems to be not only the wrong tool, but a dangerous tool for solving the problem. The victims of the use of that tool are most often the litigants most in need of judicial protection of their rights: the poor, the underprivileged, the deprived minorities. The very life blood of the courts is the popular confidence that they mete out evenhanded justice and discrimination that denies these groups access to the courts for resolution of their meritorious claims, unnecessarily risks the loss of that confidence.

Typical of these judicially erected barriers to access to the Federal courts, is the court's expansion of the doctrine of *Younger* v. *Harris*, 401 U.S. 37 (1971), regarding Federal intervention in State court proceedings.

In Younger, the court set out the limited circumstances under which a Federal court could enjoin a pending State criminal proceeding—in effect, only where the State or local officials are prosecuting a defendant in bad faith. Although Younger dealt solely with a pending State criminal proceeding, the court has applied Younger to certain civil matters, (see e.g. *Huffman* v. *Pursue Ltd.*, 420 U.S. 593 (1975), *Trainor* v. *Hernandez*, 431 U.S. 434 (1977), *Judice* v. *Vail*, 430 U.S. 327 (1977) and *Moore* v. *Sims*, No. 78–6, (June 11, 1979)) and Justice Brennan at least believes the majority has already decided to bring all civil proceedings within Younger and "merely the formal announcement * * * is being postponed." Moreover, in *Rizzo* v. *Goode*, 423 U.S. 362 (1976), there is an indication that not only may Younger be extended to civil proceedings, but that injunctions against State and local administrative proceedings also may fall within the doctrine. Finally, the Court has applied the Younger rationale even to instances where a Federal court proceeding has actually commenced prior to the filing of a State action. *Hicks* v. *Miranda*, 422 U.S. 332 (1975). This is a particularly troublesome ruling—one which State prosecutors could use to file a local suit to oust the Federal courts of jurisdiction.

The practical effect of the application of the Younger doctrine to civil cases would be largely to negate the congressionally declared right to a Federal forum for suits aimed at vindicating constitutionally protected rights. The Civil Rights Improvements Act would preclude extension of the Younger rationale to civil proceedings and limit its application to criminal cases. In effect, the bill would establish statutory standards designed to strike an appropriate balance between the traditional and legitimate State interest in conducting criminal proceedings without fear of Federal intervention and the longstanding congressional policy that an individual be provided a Federal forum to litigate his section 1983 claim.

In my view, the judicial expansion of Younger is illustrative of a number of decisions in which the Court has strayed from the original intent of the authors of section 1983 who intended that the Civil Rights Act of 1871 establish the Federal Government and the Federal courts as the primary protectors of our civil rights and civil liberties. As the Court said in *Mitchum* v. *Foster*, 407 U.S. 225 (1977):

> The legislative history (of the Reconstruction era civil rights enactments) make evident that Congress clearly conceived that it was altering the relationship between the States and the Nation with respect to the protection of federally protected rights . . .
>
> The very purpose of section 1983 was to interpose the Federal courts between the States and the people, as the guardians of the people's Federal rights—to protect the peoople from unconstitutional action under color of state law . . .

The time has come for Congress to restore the original intent of the reconstruction era Congress when it enacted the Civil Rights Act of 1871 and to insure that Federal courts remain open to those seeking to vindicate federally protected rights. We should respond promptly to the judicial expansion of the Younger doctrine and other decisions which have had the effect of curtailing access to the Federal courts. At the same time, we must act to preclude the possibility that the Court will render future decisions further narrowing the scope of section 1983. In light of recent history, it is conceivable that judicial doctrines such as abstention, exhaustion of State judicial and administrative remedies and res judicata, may be applied in such a fashion.

The Civil Rights Improvements Act was drafted with these concerns in mind. It is designed both to offset some of the Court's more limiting decisions and also to forestall further rulings restricting access to the Federal courts.

CONCLUSION

Mr. President, there has been a number of significant Court decisions affecting section 1983 since the original version of the Civil Rights Improvements Act was introduced over 2 years ago. A large proportion of them concern the liability of governmental units for the constitutional violations of their employees; and the judicial expansion of Younger. Above all, Monell has altered drastically the complexion of the entire debate regarding the section 1983 liability of local governments. For the first time, these governments face the possibility of money damage liability under section 1983. But, as I have noted, Monell leaves many key questions unanswered. It may well take years of litigation to resolve them. At the same time, the Court's decisions in Judgice and Trainor confirm my fear that the Younger rationale may be applied to all civil proceedings. Obviously, the entire area of law governing section 1983 is in flux. The time has come for Congress to turn its attention to the Civil Rights Improvements Act and give stability to this changing area of law.

Mr. President, over the past several months I have received a number of comments and suggested changes in the Civil Rights Improvements Act. Some of these suggestions have already been incorporated into the bill. Others have not. However, some of those that have not been made part are thoughtful and deserve the careful consideration of my colleagues on the Senate Judiciary Committee in the forthcoming hearings.

I ask unanimous consent that the text of the Civil Rights Improvements Act be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1983

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Civil Rights Improvements Act of 1979."

SEC. 2. Section 1979 of the Revised Statutes (42 U.S.C. 1983) is amended to read as follows:

(1) by inserting "(a)" immediately before "Every"; and

(2) by adding at the end thereof the following new subsections:

"(b) For purposes of this section, 'person' means any natural person, any association or combination of natural persons, any partnership, corporation, or other legal entity, any State or territory, any municipality, county, parish, or other State, territorial, or local governmental subdivision, unit, or agency, the District of Columbia, or any agency of the District of Columbia; and 'State or territory' shall include the District of Columbia.

"(c) A State, municipality, or any unit of government or agency thereof shall be liable for the conduct actionable under paragraph (a) of this section of any officer, employee, or agent of, or other person clothed with the authority of, such State municipality, or unit of government or agency thereof, when—

"(1) for purposes of damages or other monetary relief—

"(A) the conduct was authorized or required by a statute, ordinance, policy, or practice of the entity, unit, or agency, or was undertaken by a person or persons appointed or elected to make such policy;

"(B) the officer, employee, agent, or other person clothed with the authority of the entity, unit, or agency engaged in such conduct at the direction or with the encouragement of a supervisory officer;

"(C) a supervisory officer, with the authority to act, knew or should have known that an inferior officer, employee, agent, or other person clothed with the authority of the entity had previously engaged in such conduct or similar conduct and failed either to halt such conduct or to take reasonable steps to prevent the recurrence of such conduct;

"(D) one or more officers, employees, agents, or other persons clothed with the authority of the entity, unit, or agency, engaged in such conduct and the person seeking relief under this Act cannot by reasonable effort identify such officer, employee, agent, or other person or prove causation with respect to a particular officer, employee, agent, or other person clothed with such authority;

"(2) for purposes of injunctive or declaratory relief the officer, employee, agent, or other person clothed with the authority of the entity, unit, or agency engages in such conduct. The Court shall direct the State the State municipality, or any unit or agency thereof, to adopt whatever disciplinary or other remedial measures are necessary to prevent the recurrence of such conduct, or, when otherwise appropriate.

"(d)(1) In suits against an entity, unit, or agency pursuant to subsection (c), it shall not be a defense for such entity, unit, or agency that the officer, employee, agent, or person clothed with the authority of the entity, unit, or agency, is personally immune from liability under this Act because of the existence of a common law or statutory immunity attaching to such officer.

"(2) Supervisory officers having command responsibility superior to any person engaging in conduct actionable under this Act, shall be jointly and severally liable with such persons whenever under subsection (c) of this Act the State, municipality, or unit or agency thereof, would be liable.

"(3) A plaintiff may join to a claim under this Act any other claim or claims arising under the laws of any State, territory, the District of Columbia, or of the United States, against the same defendant, additional defendants, or both, if the latter claim or claims and any one claim under this Act derive from a common nucleus of operative fact; and a court of the United States shall proceed to hear all such claims, as well as any additional claims under this Act that may be joined in the action.

"(e)(1) In any action brought under this Act, a court of the United States may certify to the highest court of a State a question of State law if—

"(A) the State has established a procedure by which its highest court may answer questions certified from such court of the United States;

"(B) the question of State law may be controlling in the action and cannot be satisfactorily determined in the light of the State authorities; and

"(C) the court expressly finds that certification will not cause undue delay or be prejudicial to the parties. Except as provided in this subsection, no court of the United States shall stay or dismiss any action under this Act for the purpose of obtaining a decision as to the law of the State from a State court.

"(2) No court of the United States shall stay or dismiss any civil action brought under this Act on the ground that the party bringing such action failed to exhaust the remedies available in the courts or the administrative agencies of any State, territory, or the District of Columbia, or subdivisions, units, or agencies thereof.

"(3) In the absence of extraordinary circumstances, no court of the United States shall enjoin a pending criminal prosecution under the law of any State, territory, subdivision of any State or territory, or the District of Columbia, if such prosecution—

"(A) was commenced prior to the time of filing of the action in the court of the United States;

"(B) is maintained against the party who brings the action in the court of the United States or against a person who is in privity with such party; and

"(C) provides a full and fair opportunity for the presentation and resolution in the courts of such State, territory, subdivision thereof, or the District of Columbia, of every claim of deprivation prevented in the action in the court of the United States.

For purposes of this subsection, 'extraordinary circumstances' include but are not limited to the existence of a criminal prosecution commenced or maintained in bad faith or to enforce a statute, ordinance, or regulation, that is, in whole or in part, facially unconstitutional.

"(4) In an action brought under this Act, a court of the United States may enjoin a pending criminal prosecution under the law of any State, territory, subdivision of any State or territory, or the District of Columbia, that was commenced subsequent to the time of filing of the action in the court of the United States, and shall enjoin such prosecution if it finds that the prosecution was initiated in response to a suit under this Act.

"(5) In an action brought under this Act, a court of the United States may enjoin a proceeding in the courts of any State, territory, subdivision of any State or territory, or the District of Columbia, which is noncriminal in nature, even if such proceeding is in aid of and closely related to the enforcement of a criminal statute, ordinance, or regulation, irrespective of whether the proceeding was commenced prior to or subsequent to the action.

"(f) In an action brought under this Act, the prior judgment of a court of any State, territory, subdivision of a State or territory, or the District of Columbia, shall be given merger and bar effect, and no other effect, as against any claim presented by a plaintiff in an action in a court of the United States, but such effect shall be given to that prior judgment only if it—

"(1) was rendered on the merits of the same claim,

"(2) following a full and fair hearing,

"(3) in an action commenced by the present plaintiff:

Provided, however, That when a court of the United States hears a claim not so barred it shall not grant as relief the modification or setting aside of any judicial order with respect to damages, irrespective of whether the order has been executed.".

"(g) (1) Every civil action commenced under this Act shall be barred unless the complaint is filed within four years after the right of action first accrues. The action of any person under legal disability or outside the United States at the time the claim accrues may be commenced within three years after the disability ceases. Any time utilized seeking relief through state remedies shall not be counted in determining the time within which the complaint must be filed.

(2) If any person having a cause of action under this Act dies after the accrual of his claim, the legal representatives of the deceased shall have such action therefor and may recover damages (to be distributed in accordance with the law of the state in which the deceased resided) for the benefit of the next of kin of the deceased or if there be no next of kin for the benefit of the estate to be disposed of in accordance with the law of the State in which the deceased resided.

SEC. 3. Nothing contained in this Act shall be construed to constrict the availability of relief under any other provision of Federal law or impair the availability of any other remedy for denials of any rights, privileges, or immunities secured by the Constitution or laws of the United States in the courts of the United States or of any State, territory, subdivision thereof, or the District of Columbia.

SEC. 4. In evaluating the need for relief under this Act, no court of the United States shall consider the availability of a remedy under the laws, ordinances, or regulations of any State, territory, subdivision thereof, or the District of Columbia.

SEC. 5. This Act shall apply in any action arising as a result of any deprivation of any rights, privileges, or immunities secured by the Constitution or laws of the United States—

(a) with respect to the amendments made by section 2 (b) through (f) of this Act, to any deprivation occurring after the date of enactment, and

(b) with respect to the remaining amendments herein made, to any action pending on the date of enactment of this Act and to any action subsequently brought.●

● Mr. METZENBAUM. Mr. President. I am pleased to join Senator MATHIAS in introducing the Civil Rights Improvement Act of 1979. This bill, which is the successor to S. 35 in the 95th Congress, makes errant public officials and governmental entities accountable to the people, by providing a means for redressing official misconduct. It does so by amending the basic civil rights statute, 42 U.S.C. 1983, enacted in the reconstruction era to protect blacks from the outrages of the Ku Klux Klan. This legislation strengthens the original statute by authorizing suits against State and local governments as well as their employees whenever their conduct violates an individual's constitutional and civil rights. The bill also addresses a number of Supreme Court decisions which have restrictively interpreted section 1983 and limited access to the Federal courts, particularly for poor people.

The courts have traditionally played an essential role in protecting the civil rights of the poor and minorities. Often the Federal judiciary is the only institution that will do something when the Government itself is the law breaker. Today, the civil rights plaintiff is someone who is the victim of police misconduct, someone denied equal access to Federal benefit programs, or an institutional inmate subjected to unlawful conditions of confinement. In situations like these, where State officials are the defendants, the Federal courts have proved to be almost the only consistently receptive forum when called on to uphold the law of the land.

I presided over four days of hearings on this measure last year. The Constitution subcommittee heard from a variety of witnesses including representatives from the Department of Justice, the Public Interest Bar, the NAACP, the National Black Police Association, the Hispanic Community and Civil Rights experts from academic institutions. The subcommittee also received testimony from State and local public officials, the National Association of Attorneys General, the National District Attorneys Association and the National Association of Counties. All the witnesses agreed that when public officials and employees violate someone's civil rights, there should be an adequate remedy at law.

Some questioned the necessity of exposing the governmental unit itself to liability for these violations, but the Supreme Court disposed of part of that problem by ruling that municipalities are liable. It was also suggested that this bill might open the courts to frivolous actions by those seeking to harass dedicated public servants. Obviously this criticism deserves close attention, but experience indicates that the problem may be more theoretical than actual. The basic American concept of limited Government which subjects public agencies and officials to the rule of law must be maintained and should not be compromised by merely abstract conjectures.

Unfortunately, present law limits the ability of the courts to deal with civil rights cases. By upholding the barrier of sovereign immunity on the one hand, and the good faith defense of the individual officials on the other, Supreme Court decisions have reduced the effectiveness of section 1983. Also, by refusing to let Federal courts hear important constitutional cases until State courts have acted, the Supreme Court has permitted unnecessary delay or total denial of a remedy even though the underlying cause of action represents a Federal and not a State interest. Some of these cases reflect the fears of those who believe that the civil rights caseload has expanded to unmanageable proportions. But, surely, Mr. President, there are more acceptable methods of managing judicial resources that do not involve frustrating the legitimate claims of civil rights plaintiffs. Just last year, Congress substantially added to the capacity of the Federal judiciary by creating 152 new judgeships. Still other proposals for expanding judicial resources are pending in this Congress, including the magistrates and the diversity of citizenship bills. I have consistently supported these measures, believing that the courts would be more effective in resolving important Federal questions such as those presented by section 1983 cases. Regrettably, only modest progress has been made in this direction.

Mr. President, in the wake of hearings on S. 35, the Supreme Court in *Monell* v. *Board of Social Services,* 436 U.S. 658 (1978), held that municipalities are not absolutely immune to section 1983 suits. This reversed prior decisions and, in some measure, achieved what we sought to accomplish with this legislation. However, the Court declined to elaborate beyond the specific facts of that case as to what circumstances would give rise to liability. Also, in a case subsequent to Monell, the Court decided that in spite of municipal liability, it would not hold States liable under section 1983 because Congress had expressed no clear intent to override the 11th amendment immunity from suit. The Court recognized of course, that Congress, acting under the 14th amendment, can restrict State immunity. Indeed, the Supreme Court has forthrightly acknowledged this in the case of *Fitzpatrick* v. *Bitzer,* 427 U.S.C. 445 (1976). Therefore, the Court has paved the way for our present effort to amend the Civil Rights Act. In the case of *Quern* v. *Jordan,* 995 Ct. 1139 (1979), Justice Brennan, the author of the Monell case, made this direct appeal to us:

> The 42d Congress, of course, can no longer pronounce its meaning with unavoidable clarity. Fitzpatrick, however, cedes to the present Congress the power to rectify this erroneous misinterpretation. It need only make its intention plain

Mr. President, this legislation provides the Congress with the means for "making its intention plain" on this important subject. I sincerely hope that prompt action will be taken to revitalize our civil rights laws and to restore access to the Federal courts.●

● Mr. KENNEDY. Mr. President, I am pleased to join Senators MATHIAS, METZENBAUM, and JAVITS in cosponsorship of the Civil Rights Improvement Act of 1979. This legislation will greatly enhance the ability of our citizens to obtain redress in Federal court when constitutional violations occur.

The act would strengthen one of our most important civil rights statutes—42 U.S.C. 1983—which provides that any person who, under color of law, violates the constitutional rights of our citizens may be sued in Federal court. This legislation would enhance the effectiveness of section 1983, by eliminating unjustified barriers to such suits, ensuring access to a Federal forum, and authorizing adequate remedies to prevent further violations.

In the past, adequate recovery for official actions which violate citizens' constitutional rights often have been precluded by court decisions holding that liability under section 1983 was limited to individuals. This legislation would define "persons" under section 1983 to include not only natural persons but also States and local governments in appropriate circumstances. It also codifies the criteria for determining such liability.

These provisions will settle many important questions left unanswered by the recent Supreme Court decision in *Monell* v. *Board of Supervisors*, 436 U.S. 658 (1978). Although the Monell decision held that cities may be sued under section 1983, the scope of that responsibility is unclear. Without congressional action it will require extensive litigation to settle the precise contours of liability for both cities and municipal employees.

At the same time, Monell leaves a striking disparity between local governments, on the one hand, and the States which remain immune from Section 1983 liability under previous court decisions. States have been held immune because of the 11th amendment. But the Supreme Court has also indicated that Congress could make States liable in order to implement fully the 14th amendment protections against official violation of constitutional rights.

With this legislation, all units of State and local governments, and their employees will be subject to liability under uniform standards. It is important to note, Mr. President, that the Civil Rights Improvements Act does not impose strict liability on either governments or supervisory officials for every violation of rights committed by public employees. States, cities, and supervisors would be liable only in those situations specified in the bill where there has been a sufficiently high degree of official involvement or negligence.

During the hearings on this bill we will continue to explore the issues of liability for Government employees in supervisory positions. I am not wedded to the language now contained in the proposed provisions dealing with supervisory employees individual liability. The committee will work with all interested parties in order to insure that the bill accommodates any legitimate concerns of State and local officials about their ability to perform their official responsibilities.

The Civil Rights Improvements Act also provides citizens with the ability to prevent continuation of widespread misconduct by expanding the circumstances in which injunctive relief is available. The bill limits the holding in *Rizzo* v. *Goode*, 423 U.S. 362 (1976), that a Federal court had no authority to require administrative and disciplinary procedures within the Philadelphia Police Department, which the plaintiffs had sought to prevent future violations of their constitutional rights. The courts would be given specific authority to require disciplinary procedures or other appropriate remedial measures.

The recent dismissal of the most significant allegations of the Justice Department's complaint against the Philadelphia Police Department underscores the need for this legislation. If the district court's dismissal order is not overturned on appeal, private enforcement of constitutional rights under section 1983 is imperative. But, even if the complaint is ultimately upheld, or if legislation is passed establishing the Department's right to bring such actions, protections of constitutional guarantees should not rest entirely with public enforcement. In hearings last year on an earlier version of this legislation, the Justice Department testified that private suits were a crucial complement to its own enforcement efforts. The rights at issue are so fundamental that victims should have the opportunity to sue directly for appropriate monetary or injunctive relief. This legislation will help insure the continued vitality of an important civil rights statute regardless of the outcome of the proceedings in Philadelphia.

Other restrictions on section 1983 suits would be eased by this bill. For example, in a series of recent cases based on *Younger* v. *Harris*, 401 U.S. 31 (1971), the courts have been eroding the power of Federal courts to hear section 1983 suits which involve pending State court proceedings. The legislation will permit Federal courts hearing section 1983 suits to stay either civil or criminal State proceedings which were commenced in bad faith or were based upon unconstitutional statutes.

Mr. President, I commend the efforts and leadership of the Senator from Maryland in his long labors on this bill. The Civil Rights Improvements Act will take us one more step forward in our unfinished task of making the bold promises of the Bill of Rights a reality for all Americans.●

● Mr. JAVITS. Mr. President, I am pleased to join as a cosponsor of a bill drafted by my distinguished colleague from Maryland to effect substantive revisions of section 1983 of title 42 of the United States Code. This is the basic statutory cause of action by which private citizens may seek vindication of federally guaranteed rights against persons alleged to have violated these rights under color of State or local law. Enactment of this bill would be the first major reworking of section 1983 since its original enactment in 1871.

It is the consensus among those who have studied the section, including among others the Justice Department and the Civil Rights Committee of the Bar Association of the city of New York, that an overhaul of 1983 as it currently stands is in order.

The bill, as I see it, has these principal aims which I fully support:

First. To make clear that State and local governmental entities—and this would include the District of Columbia—are proper defendants in civil rights suits brought under 1983;

Second. To give the circumstances, standards of accountability, under which governmental entities (and supervisory officers) may be held liable in a 1983 suit; and

Third. To enhance the ability of Federal courts to stay pending or threatened State court proceedings where a 1983 suit to vindicate Federal rights is at stake.

The bill makes a number of other revisions in current law and with these proposals, I am likewise in general agreement.

I invite the close attention of my colleagues to each of the bill's provisions to the end that the legislation, in its final version, will be the best reform we can achieve.

In this spirit, I may be recommending changes concerning—among other sections—those governing supervisory officers' liability and the defenses available to governmental entities when a 1983 suit is brought against them.

As I have indicated, I support the underlying aims of the bill and believe the time has come to improve the procedure for private citizens' redress of injuries sustained by reason of violation of Federal rights.

I hope others of our colleagues will join in supporting Senator MATHIAS in the effort to bring about this needed reform.●

By Mr. WALLOP:

S. 1984. A bill to amend the Internal Revenue Code of 1954 to provide an unlimited marital estate and gift tax deduction, to modify provisions relating to special valuation of certain farm and other real property, and for other purposes; to the Committee on Finance.

ESTATE AND GIFT TAX AMENDMENTS OF 1979

Mr. WALLOP. Mr. President, I rise today to introduce my proposals for correcting certain inequities and eliminating certain complications presently contained in the estate and gift tax laws. Primarily my concerns are with the requirements contained in current law relating to the special use valuation for farms and other closely held businesses and the limitations on the marital deductions for estate and gift taxes.

Mr. President, under the estate tax law as it existed prior to 1976 the value of property was included in the gross estate of a decedent at the fair market value of the property on the date of the decedent's death. One of the most important considerations used in determining fair market value was the highest and best use to which the property could be put. The IRS interpreted "highest and best" to mean that use which would bring the most money if the property was sold. By this practice, IRS agents would value a working farm not on the basis of its actual use as a farm but on the basis of whatever use would bring the highest return at auction. Most of the time this meant that the IRS agent would envision a working farm as if it was simply a tract of land to be subdivided into one-quarter-acre lots for housing. The IRS routinely totally ignored the income stream that the farm, as a farm, generated. How many lots could be carved out? That was the determining factor for the IRS. Then multiply the number of imaginary lots by the average cost of a developed building lot in the area, and voila. Fair market value according to the tax collector. In many cases, the greater estate tax burden generated by the unrealistic valuation makes continuation of farming or of operating a closely held business not feasible because the income potential from these activities is insufficient to service extended tax payments or loans obtained to pay the tax. Thus, the heirs are forced to sell the land for development purposes.

In 1976, the Congress recognized, at least to some extent, the value of the family farm. The Congress believed that when land is actually used for farming purposes or for other closely held business purposes, it is inappropriate to value the land on the basis of its potential "highest and best use" especially since it is desirable to encourage the continued use of property for farming and other small businesses. Also, where the valuation of land reflects speculation to such a degree that the price does not bear a reasonable relationship to its earning capacity, we in the Congress believed it unreasonable to require that this "speculative value" with respect to land devoted to farm or closely held businesses be included in an estate. For these reasons, the Congress in 1976 changed the law to provide for the special use valuation for estate tax purposes in situations involving real property used in farming or in certain other trades or businesses.

It was a grand idea. Because of inflation the concept is more valid today than it was in 1976. However, the provision has not worked as well as it was intended. It is burdened by overadministration and overregulation and in an attempt to prevent abuse it is burdened with regulations and requirements that often vitiate its effectiveness.

Mr. President, the bill I am introducing today is not an additional giveaway of Federal funds. It is not a relief program for farmers, although farmers could use some relief. My bill does nothing more than remove the obstacles so that the concept and plan that we approved in 1976 will work in 1980.

When we were considering the special use valuation for farms, we were concerned that a new loophole was being created for the "Wall Street Cowboy." We made it very clear that our intent was to help the family farm and not the investment broker who owned a hobby farm in Iowa. In response to our concerns, the staff recommended and drafted language that required "material participation" in the operation of the farm by the decedent prior to his death and the heir following the decedent's death in order to qualify for this special use valuation. This requirement to "materially participate" has generated lawsuits, raised the cost of administering an estate, and in many instances has prevented a legitimate farm operator from utilizing this provision.

The IRS has issued lengthy regulations attempting to define material participation. Numerous factors are to be considered but basically the IRS will find material participation only when the activity is conducted on a substantially full-time basis. The IRS regulations suggest 35 hours a week or more actively managing the property as the criteria for material participation. This may present no problem with many farms but experience has shown it prevents a whole industry from using the provision.

The statute, section 2032A of the Internal Revenue Code, specifically included in the definition of a farm, operations such as orchards and woodlands. Unfortunately, the regulations as issued by the Internal Revenue Service do not mention either orchards or woodlands. This is particularly unfortunate because woodlands, that is, our timber industry, is perhaps the most obvious area in which "material participation" simply does not work. Because of the long rotation periods which include intervals of management inactivity and the need for professional advice and service, material participation rules as written for other crop farming does not speak to timberland owners or tree farmers.

In contrast to other agricultural farming, the crop period for timber growing often spans 30 to 60 years. Many timber owners make only one timber sale in their lifetime, and for the timber stand, that one sale may be only a thinning, improvement, or other intermediate cut. Tree farming and the management of timber does not require frequent or substantial work each year or even at 5- or 10-year intervals and thus they cannot comply with the regulations although this industry was clearly and specifically intended to benefit from this provision.

But the timber industry is only one area where material participation works an injustice. It also strikes at the infirmed widow who inherits the farm from her husband. It strikes and works an injustice on the decedent himself if he suffered a prolonged illness prior to his death and could not actively manage his farm.

Certain social security regulations require that the farmer not work in his later years in order to be eligible for old age benefits while the material participation requirement demands that the farmer must work in order to qualify for the special use valuation provision. These rules are mutually exclusive and it forces the farmer to choose during his last years whether he wants social security benefits or a lower estate tax. It was never contemplated that a farmer should have to make this choice. It was never intended that this relief provision should be denied to a widow who is infirm and incapable of physically managing a farm. It was never intended to deny the application of this provision in the situation where the heir is incompetent or too young to immediately assume the full management of the farm. Yet these are the results under existing law and this is why I offer my bill.

My bill would eliminate the requirement of material participation. But to quiet critics who would be quick to say that this creates yet another loophole, I offer in my bill another provision to make other requirements for the application of this section even stiffer. If the purpose of the material participation requirements was to prevent the speculative investor from gaining a tax break, then I propose that the special use valuation for farms and other closely held businesses be inapplicable to any estate unless the qualified property makes up at least 65 percent of the adjusted value of the gross estate. This provision would certainly eliminate any casual investor or Wall Street cowboy from gaining special treatment under this provision.

Another restriction contained in the law as it was passed in 1976 was that the special use valuation could not reduce the fair market value of property by more than $500,000. The purpose of this restriction is obvious. We did not want to permit wealthy landholders from obtaining special use tax treatment. But the Congress overlooked present-day economics in farming.

The modern farmer may have a quarter of a million dollars pass through his hands during the course of 1 year. Note that I said that a quarter of a million dollars passes through his hands, it does not stay there. He expends large amounts of money in equipment and labor and debt service. He borrows huge amounts of money from the banks and is constantly in debt. At the end of the year large amounts of money have literally passed through his hands but very little remains in his pockets. Just consider a modest sized farm in the Midwest of approximately 300 acres. Many, many farms in the West far exceed that size. But if an IRS agent can value that 300-acre farm at "its highest and best use" and places an arbitrary value of $3,500 an acre on that property, then the widow, much to her surprise, is told that the IRS considers her a millionairess.

If this 300 acre farm is worth, as an operating farm, no more than $100,000 or $200,000, it must still be valued at at least $500,000 and taxes assessed at that level. This is because of current law that says that the value cannot be reduced by more than $500,000. This farm must be valued at over half million dollars and the widow must pay estate tax on it. In other words, because of unrealistic assumptions by the IRS in conjunction with this maximum reduction, many farms are denied access to this relief provision. This is wrong. This is an injustice. There is no reason for this artificial level of reduction. Therefore, in my bill, I have proposed the repeal of this restriction.

Another stumbling block to the full utilization of this provision is the requirement in present law that provides for a recapture of tax if the farm is sold or otherwise is disposed of within 15 years following the decedent's death. Thus, if within 15 years after the death of the decedent the property is disposed of to a nonfamily member or ceases to be used for farming or other closely held business purposes, all or a portion of the Federal estate tax benefits obtained by virtue of the reduced valuation are to be recaptured. This recapture provision is to apply not only where the qualified real property is sold to nonfamily members but also where the property is disposed of to nonfamily members in a tax free exchange.

If the recapture event occurs more than 10 but less than 15 years after the decedent's death, the amount subject to recapture is phased out on a ratable monthly basis. This phaseout of the recapture of tax is nothing but an added complication and serves only to raise the cost of administering the law as well as complying with it. I therefore propose to reduce the time within which recapture can occur from 15 years to 10 years. Under my provision, during the first 10 years following the decedent's death, the law would work exactly as it does today. In other words, if the property was sold, the full recapture of tax would occur. My proposal would remove only the complicated formula used to prorate recapture if the property is sold between the 10th and 15th year.

However, my proposal does make one additional change in this area in that it would permit the exchange of qualified property without incurring a recapture of tax. In other words, if an heir had inherited a farm in which special use valuation was elected, and that heir wished to continue farming but perhaps in a different area or a different State, under present law he could not do that without triggering a recapture of the estate tax.

My proposal would allow an heir to exchange his qualified property for other qualified property. If there would be no tax on the exchange then there would be no recapture under my proposal. However, should the exchange involve some additional property or cash then my proposal would trigger a proportionate recapture of the estate tax.

Mr. President, my bill would make two other changes in existing law under the special use valuation section of the Internal Revenue Code. First, under present law, there is no recapture of estate tax in the event of an involuntary conversion. However, present law makes the heir elect not to have a recapture of tax. We have found that this additional requirement of an election not to be taxed is a trap for the unwary. There is no need for such an election.

An involuntary conversion usually comes about when the Government condemns or appropriates a piece of land for its own use. The owner in order not to be taxed under the recapture provisions must then reinvest the money received from the Government in like property. But for the Government to first take the man's land, and then trigger a recapture tax because the owner failed to file an election, is a Government "gotcha." Therefore my bill would eliminate the need to make this election.

Second, under the statute as it was written in 1976, one method of valuing farms was by the use of a special formula using the gross cash rental value of comparable farms. The IRS agents are directed to consider comparable cash rental value of the property and using the formula in the statute arrive at a special use valuation. However, one thing that was overlooked by the draftsman is that many farms do not operate on a cash rental basis. Many have a lease calling for crops in payment or a net share rental.

The IRS has taken the position that it cannot consider any net share rental comparables in determining valuation because the statute says "cash" and if there are no comparable cash rentals the estate is not permitted to use the special formula in the law. Since in many areas of the country it is the custom to have crop rental payments rather than cash payments, it only makes sense that both should be permitted as a guideline in valuation. My bill would do that.

Mr. President, one section of my bill would remove any limitation on the so-called marital deduction for estate tax and gift tax purpses. Under present law there is currently an estate tax marital deduction for property passing from the decedent to the surviving spouse but it is limited to the greater of $250,000 or one half of the decedent's adjusted gross estate. There is also a gift tax marital deduction which provides for an unlimited deduction for transfers between spouses for the first $100,000 in gifts. Thereafter, the deduction allowed is 50 percent of the interspousal lifetime transfers in excess of $200,000.

Also under existing law, the limitation on the estate tax marital deduction is reduced by the amount of the marital deduction allowed for lifetime transfers in excess of 50 percent of the value of the transfers. However, experience has shown that the limitations on the marital deduction for estate and gift tax purposes are unsatisfactory. This is because it results in the imposition of a transfer tax on the movement of property from spouse to spouse and forces couples into an unnatural arrangement of recordkeeping of interspousal transfers. In addition, frequently, the tax that has to be paid as a result of an interspousal transfer comes at the death of a spouse, a time when significant sources of income may disappear and, hence, not a time when further economic adjustment should be required to pay taxes on the transfer.

Gifts between husbands and wives should be generated out of that most basic element of human nature—love, and should not be sullied with tax considerations and recordkeeping. A 100-percent marital deduction with no disqualification of community property would eliminate all of the concerns and bring to full fruition from a tax standpoint the often pressed attitude of husband and wife that the property is "ours" without regard to the technical legal ownership requirements.

I have no doubt that Treasury will oppose my proposal for an unlimited marital deduction. Yet it was Treasury in their famed 1969 proposals that advocated just such an unlimited deduction. The question is: When one spouse dies before the other, should a tax be levied upon the estate of the first to die? In 1969, Treasury advocated that no tax be levied under the circumstances. In 1969 Treasury advocated a 100-percent marital deduction be implemented. The underlying question is what is the appropriate unit upon which to base tax liability? The choice is to treat the family as a unit or as separate members of the family.

The Federal estate tax recognizes the individual rather than the family ownership of property. The central rationale for an unlimited marital deduction is the belief that it is unreasonable to treat the surviving members of a family as receiving a capital gain when one member dies. Actually, the reverse is true. The death of either the husband or the wife leaves the remaining members of the family worse off. If the family includes children at home, the death of the mother will sharply increase the cost of maintaining the family because many of the services typically provided free by the mother must now be purchased. The death of the father will also sharply reduce the income available to support the family. Mr. President, my bill simply recognizes those facts of life.

My bill makes one additional change in the gift tax area. Present law permits a person to exclude up to $3,000 given to another individual per year without having to pay gift taxes on the transfer. The present level of the exclusion has not been raised in 35 years. During that 35-year period inflation has more than quadrupled the cost of goods and property. Despite this, the exclusion remains at $3,000. I am not looking to quadruple the exclusion to match the inflation rate. But I am recommending that the exclusion be doubled to $6,000.

Finally, my bill makes one clarifying change in this area. Under present law if a decedent has made a reportable gift within 3 years of his death, the gift is included in his gross estate. However, it is not clear whether the whole gift or only that amount in excess of the annual exclusion is included. My bill would make it clear that only the excess over the exclusion is included in the gross estate.

ADDITIONAL COSPONSORS

S. 1074

At the request of Mr. Kennedy, the Senator from Massachusetts (Mr. Tsongas) was added as a cosponsor of S. 1074, to amend the Small Business Act to strengthen significantly the role of small, innovative firms in federally funded research and development, to promote their formation and growth, and to promote a higher level of innovation and productivity in the Nation's economy.

S. 1179

At the request of Mr. Bayh, the Senator from Alabama (Mr. Heflin), the Senator from Washington (Mr. Jackson), and the Senator from Ohio (Mr. Metzenbaum) were added as cosponsors of S. 1179, a bill to incorporate the Gold Star Wives.

S. 1203

At the request of Mr. Bayh, the Senator from Idaho (Mr. McClure) was added as a cosponsor of S. 1203, a bill to amend the Social Security Act regarding disability benefits for the terminally ill.

S. 1383

At the request of Mr. Melcher, the Senator from Michigan (Mr. Levin) was added as a cosponsor of S. 1383, the Fuel Energy Conservation Act of 1979.

S. 1444

At the request of Mr. BAUCUS, the Senator from Minnesota (Mr. DURENBERGER) and the Senator from Nevada (Mr. LAXALT) were added as cosponsors of S. 1444, a bill to amend the Internal Revenue Code of 1954 and title 28 of the United States Code to provide for the award of reasonable court costs, including attorney's fees, to prevailing parties in civil tax actions, and for other purposes.

S. 1523

At the request of Mr. THURMOND, the Senator from Kansas (Mrs. KASSEBAUM) was added as a cosponsor of S. 1523, the Veteran Senior Citizen Health Care Act of 1976.

S. 1583

At the request of Mr. RIEGLE, the Senator from Indiana (Mr. BAYH) was added as a cosponsor of S. 1583, a bill to amend the Motor Vehicle Cost Savings and Information Act.

S. 1598

At the request of Mr. NELSON, the Senator from Colorado (Mr. HART) was added as a cosponsor of S. 1598, a bill specifying the period within which contributions, equivalent to social security taxes, should be made by States having in effect agreements for social security coverage of State and local employees under section 218 of the Social Security Act.

S. 1860

At the request of Mr. NELSON, the Senator from Massachusetts (Mr. TSONGAS) was added as a cosponsor of S. 1860, the Small Business Innovation Act of 1979.

S. 1808

At the request of Mr. LAXALT, the Senator from Utah (Mr. GARN) and the Senator from Mississippi (Mr. COCHRAN) were added as cosponsors of S. 1808, the Family Protection Act.

AMENDMENT NO. 564

At the request of Mr. RIBICOFF, the Senator from Michigan (Mr. LEVIN) and the Senator from New Jersey (Mr. BRADLEY) were added as cosponsors of amendment No. 564 intended to be proposed to S. 932, a bill extending the Defense Production Act of 1950, as amended.

AMENDMENTS SUBMITTED FOR PRINTING

DEFENSE PRODUCTION ACT EXTENSION—S. 932

AMENDMENT NO. 572

(Ordered to be printed and to lie on the table.)

Mr. MOYNIHAN (for himself, Mr. BAUCUS, Mr. COHEN, Mr. DURENBERGER, Mr. LEAHY, Mr. RIBICOFF, Mr. DURKIN, Mr. HEINZ, and Mr. SCHMITT) submitted an amendment intended to be proposed by them, jointly, to S. 932, a bill to extend the Defense Production Act of 1950, as amended.

ACID RAIN AMENDMENT

• Mr. MOYNIHAN. Mr. President, I rise today to submit an amendment to S. 932 that will provide for a comprehensive Federal program to address the problem of acid precipitation.

Today we are debating the nature of our energy future, and the extent to which synthetic fuels will play a part in that future. It is clear given our limited range of energy options and given our energy demand that synthetic fuels will be a necessary and increasing source of energy in the coming years. I see this and I agree that such a synfuels effort should be undertaken.

Yet, while we plan our energy future, we must not forget the byproducts of this new energy supply. Acid precipitation, is in part caused by the combustion of fossil fuels. So, for that matter, is carbon dioxide, a separate but similar issue addressed by Senator RIBICOFF and other of my colleagues. As we set this country on a path that will increase its dependence on fossil fuels—particularly those of higher sulfur content than the imported oil from which we seek to wrest ourselves—I say that it is appropriate at this time to look closely at the effects of such a step, and to increase our understanding of the consequences of our actions.

My amendment would do precisely this. It will establish a comprehensive and long-term effort to understand and solve the problems of acid rain, and in the interim will encourage short-term efforts to ameliorate the effects of the problem.

In outline, the amendment I am now proposing will provide the following:

It will establish a Federal Acid Precipitation Task Force composed of representatives of the Departments of Interior; Energy; Health, Education, and Welfare; Commerce; Agriculture; the National Science Foundation; the Tennessee Valley Authority, and four persons appointed by the President to represent all regions of the Nation.

The task force will be chaired by the Administrator of the Environmental Protection Agency;

It directs this task force to develop a comprehensive plan to coordinate the efforts of Federal and State agencies, localities, university and other research and demonstration centers and public and private corporations; and

It authorizes an additional $125 million to be spent by the Federal Government over the next 11 years on the acid rain programs developed in this plan.

At the Federal level the amendment proposes that the task force programs be designed to:

Understand the complex meteorological and chemical process involved in the acid rain phenomena;

Determine and document the effects of acid rain, and develop recommendations for the redressing of these effects;

Foster scientific and management interchanges and agreements with foreign governments and public and private multinational organizations; and

Consider and recommend regulatory and nonregulatory solutions to the problem, which may include compensatory payments or effluent charges to industry, rehabilitation of affected areas, adjustment of pollution standards, and other emission control techniques.

At the State level, this legislation would:

Encourage Federal and State cost-sharing opportunities for the capital expenditures needed for controlling pollution sources and rehabilitating affected areas; and

Authorize $15 million in Federal funds for the States to implement such recommendations.

In addition, this legislation will authorize another $40 million in Federal funds to be allocated to universities and other research and demonstration centers to carry out activities set out for them by the acid precipitation task force. Such actions should include:

Developing course curricula on acid precipitation problems;

Establishing university centers to evaluate the effectiveness of proposed solutions to the acid rain problems; and

Establishing university extension services in local communities to involve local groups in the overall program set out by this legislation.

The Federal task force is also directed to assess the effectiveness of all its programs in meeting the overall objectives of the act. Each year a report will be submitted to Congress documenting the progress made to date toward finding solutions to the acid rain problem. While research is the emphasis in the early years of the act, implementation programs are given greater incentives in the later years of the act.

Mr. President, I ask unanimous consent that the text of the amendment, together with an article entitled "Acid Rain: An Increasing Threat," from today's New York Times, be printed in the RECORD.

There being no objection, the amendment and article were ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 572

At the appropriate place, insert the following:

SEC. (a) STATEMENT OF FINDINGS AND PURPOSE; GENERAL DEFINITION.

(1) The Congress finds that acid precipitation—

(A) contributes to the increasing levels of heavy metal concentrations in public reservoirs, water distribution systems, and waterways which often exceed recommended standards for human health;

(B) causes a retardation of a wide variety of forest growth;

(C) is responsible for the fact that hundreds of lakes no longer support fish life;

(D) is a growing problem in many areas of the country;

(E) may significantly reduce wildlife presence and productivity in both aquatic and terrestrial environments;

(F) damages natural ecosystems;

(G) is associated with the corrosion of metals caused by atmospheric sulfur pollutants, costing approximately $7 per person in the United States in 1970;

(H) especially damages such materials as galvanized steel, nickel-plated steel, painted woodwork, antirust painted steel, limestone, and sandstone;

(I) apparently results from combinations of sulfur, nitrate, and chloride emissions in upwind locations which are often remote from the authority and control of affected States;

(J) comes from such diverse sources as auto exhausts, powerplants, home heating plants, and industrial processes;

(K) has increased in its areas of impact and effects as a result of increased fossil fuel combustion and certain regulatory pollution abatement efforts such as the increase of stack heights and the removal of particulates;

(L) will increase as alternative energy sources such as coal and synthetic fuels replace oil and natural gas in combustion;

(M) has long- and short-term effects that are not clearly understood or documented;

(N) is a serious problem in Europe, Canada, and the United States, where studies in these countries indicate that there are no simple or quick solutions to the acid precipitation problems;

(O) is an interstate and international problem that must be dealt with over vast airsheds encompassing many jurisdictional boundaries and requires interstate and international solutions; and

(P) is presently addressed by the Federal Government inadequately and in a manner lacking interagency coordination.

(2) The Congress declares that it shall be the policy of the United States to—

(A) identify the sources of acid precipitation;

(B) understand the airborne chemistry resulting in acid precipitation;

(C) determine the environmental, social, economic, and human impacts of acid precipitation;

(D) develop and implement a comprehensive plan to mitigate the harmful effects of acid precipitation in this Nation;

(E) utilize universities and other research and demonstration centers to encourage public participation in activities to influence the causes of acid precipitation and to rehabilitate affected areas; and

(F) encourage State participation in solving acid precipitation problems.

(3) For purposes of this Act the term "acid precipitation" means the wet or dry deposition from the atmosphere of chemical compounds, usually in the form of rain or snow, having the potential to form an aqueous compound with a pH level lower than the level considered normal in natural conditions, or lower than 5.6.

(b) INTERAGENCY TASK FORCE AND COMPREHENSIVE PLAN.

(1) There shall be formed an Acid Precipitation Task Force which shall consist of the Administrator of the Environmental Protection Agency as the head of the task force, and one representative each from the Department of the Interior, the Department of Health, Education, and Welfare, the Department of Energy, the Department of Commerce, the Department of Agriculture, the National Science Foundation, and the Tennessee Valley Authority. There shall also be an additional four members who are to be appointed by the President with the concurrence of the appropriate congressional committees, and who shall represent all regions of the United States.

(2) The members of the task force shall prepare a comprehensive plan of action (hereafter in this Act referred to as the "comprehensive plan"), which shall be a coordinated plan to ameliorate the harmful effects of acid precipitation by the end of the ten-year life of this Act by focusing the combined efforts of Federal agencies, State agencies, universities, other research entities and private and public corporations on this problem. In the preparation of the comprehensive plan the members of the task force shall review similar efforts such as the plan prepared by the President's Council on Environmental Quality.

(3) The comprehensive plan shall include but not be limited to programs for—

(A) establishing and operating a nationwide monitoring network similar to the Organization for Economic Cooperation and Development (OECD) Programme on Long Range Transport of Air Pollutants employed in western Europe, which would cooperate with similar programs in Canada and Mexico.

(B) identifying and measuring the sources of acid precipitation;

(C) understanding the airborne chemistry responsible for acid precipitation;

(D) assessing the economic, social, human health, and environmental impacts of acid precipitation;

(E) developing recommendations to eliminate or reduce the adverse impacts of acid precipitation;

(F) effecting scientific and management interchanges and agreements with appropriate foreign governments and with public and private multinational organizations such as the OECD, which is currently recognized as an effective coordinator of European acid precipitation programs, and bilateral efforts between Canada and the United States on the transboundary air pollution problem;

(G) commenting on the adequacy of the provisions and funding levels authorized in this Act;

(H) documenting all current Federal activities related to acid precipitation efforts and recommending steps to assure that efforts which are compatible with the comprehensive plan are maintained;

(I) considering, evaluating, and, as appropriate, recommending both regulatory and nonregulatory solutions such as—

(i) economic sanctions against sources of acid precipitation including, but not limited to, compensatory payments to individual victims, governmental jurisdictions, corporations, businesses, and others who are harmed by such acid precipitation,

(ii) rehabilitation of habitats, buildings, and areas already harmed by acid precipitation,

(iii) adjusted pollution standards and regulations for proven sources of acid precipitation, and

(iv) alternative means of control of acid precipitation source areas where existing or adjusted uniform standards have contributed to such a problem;

(J) developing a methodology to assess the benefits and costs of alternate solutions to the problem, the cost effectiveness of recommended options vis-a-vis other options, and the social and institutional mechanisms available to implement recommended options;

(K) establishing performance evaluation standards for the recommended options;

(L) making recommendations as to the appropriate role of universities, public and private organizations and individuals to carry out the work set forth in the comprehensive plan through such action as—

(i) offering courses, assistantships, fellowships, and scholarships for acid precipitation related subjects,

(ii) developing centers and projects to demonstrate solutions or alternatives for those affected by acid precipitation,

(iii) interpreting available research findings to groups who can use the information, and

(iv) establishing extension services to businesses, homemakers, corporations, resort owners, foresters, farmers, fishermen, and other affected groups to involve them in the overall program;

(M) describing a role for affected and contributing States to participate in this national effort to reduce acid precipitation and to rehabilitate affected areas by encouraging those States to—

(i) coordinate current actions associated with acid precipitation,

(ii) develop future programs to deal with acid precipitation,

(iii) integrate current and future State actions with Federal efforts to attain the national goal, and

(iv) develop counterparts to the task force where appropriate;

(N) recommending to the Congress potential Federal-State cost-sharing opportunities for worthwhile capital expenditures to control sources or rehabilitate affected areas;

(O) identifying State agencies that should be encouraged to develop and implement acid precipitation programs with funding authorized under this Act; and

(P) utilizing and coordinating programs and expertise in public and private corporations relevant to the solution of the acid precipitation problem.

(4) All of the subjects to be addressed in the comprehensive plan shall be dealt with on the basis of our presently limited knowledge, and the fact that there may be insufficient data to make certain determinations at this time shall not be grounds for postponing the completion of the comprehensive plan by the required deadline.

(5) The comprehensive plan shall be—

(A) the basis for determining goals and for determining who is to receive the funds authorized under this Act;

(B) the basis for establishing diplomatic initiatives and bilateral treaties with other countries involved in acid precipitation programs;

(C) submitted to the Congress and for public review one year after the date of the enactment of this Act;

(D) available for public comment for a period of sixty days;

(E) revised if appropriate as a result of consideration of public comment; and

(F) considered in final form, with respect to the first, second, and third year expenditures recommended, thirty days after the close of the public comment period.

(6) The task force shall convene as necessary during the period of eleven fiscal years which begins with the fiscal year in which the plan is submitted.

(7) The members of the task force shall be responsible for the implementation of all recommendations after public and congressional review and modification.

(8) The task force shall submit to Congress, on the annual anniversary date of the submission of the comprehensive plan, an annual report which shall—

(A) summarize and evaluate, vis-a-vis the goals of this Act, all Government-sponsored acid precipitation activities to date;

(B) summarize and evaluate, vis-a-vis the goals of this Act, the expenditure rate for all funds authorized under this Act;

(C) summarize and evaluate, vis-a-vis the goals of this Act, the progress to date in implementing the comprehensive plan and in reaching the national goal;

(D) document the results of the analysis of alternatives and performance evaluation actions conducted pursuant to subparagraphs (J) and (K) of subsection (b)(3) of this section;

(E) contain recommendations for additional funding needs where appropriate; and

(F) contain recommendations for cost-sharing capital expenditure with State governments to control sources or rehabilitate affected areas.

(9) The task force shall modify the comprehensive plan to reflect current knowledge and performance evaluations of overall progress. Such a modified plan shall be submitted to Congress and for public review and comment for a period of sixty days.

(c) AUTHORIZATION OF APPROPRIATIONS.

(1) For the purpose of establishing the task force and developing the comprehensive plan there are authorized to be appropriated $1,000,000 for the first fiscal year beginning after the date of the enactment of this Act.

(2) For the purpose of carrying out the duties of the task force in each of the ten fiscal years following the fiscal year referred to in subsection (c)(1), there are authorized to be appropriated $200,000 for each such fiscal year.

(3) For the purpose of implementing those

provisions of the comprehensive plan which require Federal action under subparagraphs (A) through (K) of subsection (b)(3) of this section, there are authorized to be appropriated—

(A) $3,000,000 for each of the first three fiscal years following the fiscal year described in subsection (c)(1);

(B) $5,000,000 each year for the fourth and fifth fiscal years following the fiscal year referred to in subsection (c)(1);

(C) $8,000,000 each year for the sixth and seventh fiscal years following the fiscal year referred to in subsection (c)(1);

(D) $10,000,000 each year for the eighth and ninth fiscal years following the fiscal year referred to in subsection (c)(1); and

(E) $12,000,000 for the tenth fiscal year following the fiscal year referred to in subsection (c)(1).

(4) For the purpose of implementing those provisions of the comprehensive plan relating to the utilization of university and other research and demonstration centers, as described in subsection (b)(3)(L) of this section, including the making of grants to such entities, there are authorized to be appropriated—

(A) $6,000,000 for each of the first four fiscal years following the fiscal year referred to in subsection (c)(1);

(B) $4,000,000 each year for the fifth, sixth and seventh fiscal years following the fiscal year referred to in subsection (c)(1);

(C) $2,000,000 for the eighth fiscal year following the fiscal year referred to in subsection (c)(1); and

(D) $1,000,000 each year for the ninth and tenth fiscal years following the fiscal year referred to in subsection (c)(1).

(5) For the purpose of implementing those provisions of the comprehensive plan relating to the encouragement of State participation, as described in subparagraphs (M) and (O) of subsection (b)(3) of this section, including the making of grants to States, there are authorized to be appropriated $2,500,000 for each of the first six fiscal years following the fiscal year described in subsection (c)(1).

(6) All funds authorized under this Act shall be appropriated to the Environmental Protection Agency, which shall carry out the provisions of this Act, including the making of grants as authorized under subsections (c)(4) and (c)(5) of this section.

(7) The Administrator of the Environmental Protection Agency, after agreement by the members of the task force, may, beginning with the fourth fiscal year following the fiscal year referred to in subsection (c)(1), shift amounts authorized under one subsection of this section for use as provided under another such subsection if he determines, based upon research and rate of attainment of goals under the comprehensive plan, that the funds would be more usefully spent if so shifted. No amount in excess of 15 per centum of the amount authorized for any fiscal year under any subsection may be so shifted, except that up to 30 per centum of the amount authorized for any fiscal year under any subsection may be so shifted by the Administrator if given approval by each of the chairmen of the committees of the House and Senate having jurisdiction over this Act.

[From the New York Times, November 6, 1979.]

ACID RAIN: AN INCREASING THREAT

(By Bayard Webster)

TORONTO.—The rapid rate at which rainfall is growing more acidic in more areas has led many scientists and governmenal officials to conclude that acid rain is developing into one of the most serious worldwide environmental problems of the coming decades.

Rainfall with an acidity level of vinegar that can have a deleterious effect on aquatic and terrestrial ecosystems has been reported in widely separated areas of the earth in recent years. And the trend toward more acidic rain has been accelerating in eastern Canada, the northeastern and northwestern United States, the southern Appalachians, parts of Florida, and in Europe and sections of Asia.

A three-day conference here last week on acid precipitation and its movement across national boundaries attracted more than 700 scientists, government officials, industrialists and environmentalists from Canada, the United States and Europe. In more than a score of seminars and meetings, discussions and lectures were held on the sources and cause of acid rain, the extent of its air pollution role, possible corrective measures and the outlook for the future.

John Fraser, Canada's Minister of the Environment, who addressed the conference, said in an interview that acid rain was "the most serious environmental problem that Canada faces." He noted that toxic fumes from Canada's smokestacks that caused acid rain were transported across the border to the United States, where they had a damaging impact, just as American emissions carried northward had a major impact in Canada.

"The problem can't be solved without an agreement between the two countries," he said, adding that diplomats were working on a treaty and that President Carter and Canadian Prime Minister Joe Clark were scheduled to discuss joint action when they meet in Ottawa next weekend.

Gus Speth, the chairman of the United States Council on Environmental Quality, told the conference that "too much damage has already been done by acid rain—too many trout lakes and salmon streams have already been rendered lethal to fish, and valuable wilderness areas are beginning to show signs of acidification."

Although many aspects of the physical and chemical actions that occur in the formation of acid rain are not known, scientific research has pinpointed the major events that take place. Acid rain is formed when the gases of nitrogen oxide and sulfur oxide are emitted into the atmosphere and as they are carried along by wind currents, they combine with water vapor molecules and are transformed over a period of hours or days into microscopic drops of nitric and sulfuric acids. These are returned to earth when they encounter rain- or snow-producing clouds, sometimes hundreds or thousands of miles from their original point of emission.

Sulfur dioxide, which comprises about 60 percent of the acid components of acid rains, is created almost entirely by the combustion of coal and oil in power plants, smelters, steel mills, factories and space heaters. Nitrogen oxide, which makes up about 35 percent of the acid in the rains, originates in the exhausts of internal combustion engines, mostly in automobiles, and in the emissions resulting from high-temperature fossil fuel combustion processes.

TROUT AND SALMON AFFECTED

In North America, surveys by chemists, biologists and nature conservation groups such as the National Wildlife Federation have shown that the United States and Canada discharge some 50 million tons of sulfur and nitrogen oxides into the air each year. In Europe, industrialized countries such as Britain, Germany and France produce millions of tons that affect their neighbors, particularly Scandinavia.

The effects of acid rains include the decimation or malformation of fish, particularly trout and salmon, in acidified streams and lakes in North America and Europe. It has been estimated that some 50,000 lakes in the Adirondacks and Canada have become acidified to the point that the fish population has declined or been destroyed.

Several scientists at the conference said that acid rains can cause the leaching of essential plant nutrients from the soil and can reduce nitrogen fixation by microorganisms, causing the soil to be less fertile. They also reported that above-normal amounts of acids in lakes and streams tend to cause the extraction from the bottom sediments of toxic metals such as cadmium, lead and aluminum. These, like sulfuric and nitric acids, can destroy fish and contaminate drinking water.

RELATIVELY LITTLE RESEARCH

The acidity or alkalinity of water is commonly measured by the pH scale, which ranges from 0 to 14. A reading of 7 is neutral; readings above 7 are alkaline and below 7 are acidic. Biologists consider that rainfall or water with a pH lower than 5.6 can be harmful to plant, animal and human life. The average pH of normal rainfall, 5.6, is slightly acidic but harmless because of the naturally and human-generated carbon dioxide in the air, which forms mild carbonic acid when united with water molecules.

The advent of acid rains that have lowered the pH of some lakes and streams to levels ranging from 5 to 2.8 has become most noticeable in the last 10 years as the number of power plants, ore smelters and automobiles has multiplied in industrialized countries. As a result, there has been comparatively little scientific research into the effects of sulfur dioxide and nitrogen oxides on soil and on animal and plant life. More has been discovered about the impact of sulfur oxides than that of nitrogen oxide because the latter chemical involves a more complicated series of chemical actions in the formation of acid rain than does its constant companion, sulfur dioxide.

Attempts have been made to disperse or detoxify the emissions that cause acid rain, to offset the rain-caused acidity of lakes, streams and soils, and to breed new plant or animal species that would be acid-resistant. Biologists, agronomists and industrial concerns have devised various systems, devices and breeding programs, most of which, ironically, have had effects opposite to those intended.

SCRUBBERS ARE EFFECTIVE

Smokestack scrubbers, which remove much of the sulfur at the point of emission, have been found to be an effective but expensive way of alleviating the problem at the source. But the following methods and plans have proved counterproductive or hold little hope for the future:

Tall smokestacks. Originally built to disperse acid emissions that fell on surrounding urban areas, the stacks have been found to send the offending chemicals high in the atmosphere, providing them with the air currents that transport them to rain clouds miles away. A copper smelter smokestack in Sudbury, Ontario, is 1,200 feet tall and has been found to be the cause of acid rains that fall miles away.

Liming of acidified lakes. In attempts to decrease the acidification of lakes, tons of lime have been added to the water. But the lime has combined with heavy metals in the bottom sediment, freeing them and increasing the toxicity of the water.

Breeding acid-resistant fish. Dr. Harold Harvey, a University of Toronto zoologist, told the conference that "it makes no sense to breed acid-resistant fish," adding, "Would we breed a gas-resistant canary for miners?"

Many scientists told the audience that perhaps the most serious problem would turn out to be the long-range irreversible effects of acid rains. In an interview Dr. Jay Jacobsen of the Boyce Thompson Institute at Cornell University said of acid rain: "It occurs repeatedly, it affects large regions and it falls on different political arenas. So it's going to be hard to cope with. What happens when you change the soil's chemistry for example?

We're going to have to institute a long-range monitoring program for air, soil and water before we really find out the extent of the problem." ●

AMENDMENT NO. 573

(Ordered to be printed and to lie on the table.)

Mr. TSONGAS (for himself and Mr. HART) submitted an amendment intended to be proposed by them, jointly, to S. 932, a bill to extend the Defense Production Act of 1950, as amended.

DEPARTMENT OF DEFENSE APPROPRIATIONS—H.R. 5359

AMENDMENT NO. 574

(Ordered to be printed and to lie on the table.)

Mr. HEFLIN (for himself and Mr. STEWART) submitted an amendment intended to be proposed by them, jointly, to H.R. 5359, an act making appropriations for the Department of Defense for the fiscal year ending September 30, 1980, and for other purposes.

NOTICES OF HEARINGS

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

Mr. PROXMIRE. Mr. President, the Committee on Banking, Housing, and Urban Affairs will hold hearings on legislation to provide loan guarantees to the Chrysler Corp. on November 14, 15, 16, and 19, 20, and 21, 1979. The hearings will begin at 10 a.m. in room 5302 of the Dirksen Senate Office Building. For further information, please contact Elinor Bachrach of the committee staff at 202–224–7391.

SUBCOMMITTEE ON CRIMINAL JUSTICE

● Mr. MATHIAS. Mr. President, I wish to announce that the Subcommittee on Criminal Justice will hold a hearing on November 16, 1979, to investigate the effects of the drug paraphernalia business on children and young people. The hearing will be held in Baltimore in room 1208 of the Fallon Federal Office Building, and will begin at 10 o'clock. Senator BIDEN, chairman of the Subcommittee on Criminal Justice, and I will chair the hearing.●

ADDITIONAL STATEMENTS

MILTON EISENHOWER

● Mr. MATHIAS. Mr. President, I count it among the blessings of my life that fate has allowed me the honor and pleasure of having Milton Eisenhower as a friend. This remarkable man has set a standard of public service that is matchless. He has been an example to and an influence on generations of Americans who know him only for the breadth of his interests and achievements.

For his friends, he has been a constant source of wisdom, wit, and warmth. He possesses in abundance that greatest of all God's gifts, "an understanding heart."

It is difficult to capture a man of Milton Eisenhower's stature and spirit in words. I am happy to say, however, that columnist Hugh Sidey has come very close to doing that in a column entitled "The Last of the Eisenhowers," which appeared in Time magazine on October 29, 1979. I ask that it be printed in the RECORD.

The article follows:

THE LAST OF THE EISENHOWERS

He has the microwave smile that warms another person without heat. His feeling for America is long and loving. Milton Eisenhower, the last of that remarkable cluster of Kansas boys, turned 80 the other day and wished he could sculp a U.S. President out of proven parts. He would weld his brother Dwight's heart bone to Franklin Roosevelt's head bone. What a work of political art that might be, he chuckles.

"No one matched Dwight Eisenhower in his love of people and his belief in people," said Milton. "He possessed great honesty and he had no selfish purpose. F.D.R. was a master at communication with the people. They believed him. And then he possessed great optimism. The people learned to believe in themselves and they were able to overcome their troubles."

Milton Eisenhower knows that the political environment is a lot more complicated today than it was 20 years ago. "The whole system of electoral government is on serious trial," he said. He worries particularly about the fact that we in the U.S. are making politics a life-time career. The search for "electoral immortality," he calls it. "Those in Congress know the causes of inflation," he insisted, "but the solutions are unpopular politically. They vote for re-election, not what helps the nation."

Eisenhower would like to see congressional terms limited and he is an advocate of the single six-year presidential term. Such restrictions might, in his view, restore a higher degree of courage to our process. "We should have had energy rationing three years ago," he said. "I mean the right kind of rationing that would cut waste."

Many of those who were swept into office by the professional tactics developed in recent years, says Eisenhower, come to Washington with "the assumption that they don't dare be truthful" about the great questions facing the nation. The presidential selection process of dozens of state primaries preceding the conventions is also on the Eisenhower list of political abominations. He sees political maneuver being placed over purpose. "We are guaranteed that we are not going to get the kind of person we need," he declared.

In the White House a President wastes half his time on trivia, Eisenhower estimates. He recalls his brother's being constantly interrupted by a tap on the Oval Office door followed by an invasion of the alfalfa growers or some such organization. Roosevelt once told Milton Eisenhower: "In this job you have a hundred responsibilities each day. You can redeem only four or five of them . . . You must make choices that are not very happy."

Milton Eisenhower, diplomat and scholar, collected his wisdom from service with eight Presidents. He wrote messages for Calvin Coolidge, was a global troubleshooter for Roosevelt and worked a bit for John Kennedy, long enough so that he came to believe J.F.K. would have been a great President if he had lived.

Eisenhower believes that historians are already beginning to view Dwight with more appreciation. One of the reasons, he thinks, is Dwight's understanding of power and its consequences, and his firsthand knowledge of the people who ran the world in his day. Experience, suggests Milton Eisenhower, lies at the heart of successful leadership.

That kind of experience must be founded on deep wonder and humility, generated by an appreciation of the special blessings granted the U.S. His memory of his Abilene childhood is vivid and it still guides him. "Responsibility became as much a part of our being as eating and sleeping," he said. It seemed just right last Wednesday night when Milton Eisenhower, No. 1 Baltimore Orioles fan, threw out the first baseball in the last game of the World Series. The Orioles lost, but he is already cheering for next year.●

COURAGE IN CZECHOSLOVAKIA

● Mr. KENNEDY. Mr. President, the Government of Czechoslovakia has rightly been condemned for its imprisonment last week of five prominent dissidents, including the important playwright Vaclav Havel. The arrest of these courageous intellectuals, the charges of "attempts to subvert the Republic," the sham trial, and the appalling sentences of up to 5 years imprisonment are harsh commentary on a country that once produced such great democrats as Masaryk and Benes.

These events revive the terrible memories of 1968, when the Soviet tanks rolled in to crush the fragile freedoms of the "Czech Spring." They remind the Czech people, as well as all of us, of the limits of freedom in their country. An active agent of this repression is the Husak government, which was installed by the Soviet Union in 1968 and has closely followed its directions ever since.

The sad result of these pressures is what the world saw last week. For legal protest through official channels, for asking their Government to abide by its own promises, Vaclav Havel and his compatriots are sentenced to up to 5 years in prison.

Clearly the Czech Government is in violation of its obligations under the Helsinki Accords. Just as clear is the mandate given to the signatories of that treaty—not least the United States—to vigorously condemn what amounts to a gross violation of basic human rights.

Mr. President, in Monday's edition of the Washington Post there was a compelling editorial that captured both the tragedy of this crackdown and the outrage that so much of the world has expressed. I strongly commend it to my colleagues, and I ask that the editorial "Prague Fall," from the November 5, 1979, edition of the Washington Post, be printed in the RECORD.

The editorial follows:

PRAGUE FALL

It is, when you stop to think about it, like a play by Vaclav Havel; the Czech government agrees, in the Helsinki Accords, to respect certain basic rights of its citizens. When it fails to do so, Mr. Havel, along with other Czechs whose humanistic challenge to the reigning orthodoxy marks them as "dissidents" in the state's eyes, launches a legal protest through official channels. The authorities ignore the protests, which are then picked up by Amnesty International and other outsiders. For thus making a legal protest asking the government to abide by its own promises, the Havel group is accused of "subversion." After a sham trial, the playwright and his four comrades are sentenced to up to five years in prison.

It's just happened, of course. It's sickening. Elsewhere in in Eastern Europe the local Communist Party leaders are open to ways to prevent individual challenges from becoming public confrontations. As Hungary's minister of culture said not long ago, some disagreements go to "the very foundations of our society" but "we have no wish to solve these problems dramatically." In Czechoslovakia, however, the rulers are permanently chilled by the specter of another "Prague Spring"—the period in 1968, before Soviet tanks rolled in, when patriotic Czech communists tried to create "socialism with a human face." Rather than flexibility accommodate considerations of human rights, the Prague leadership reacts harshly and immaturely in the Soviet style. Its evident purpose in the Havel affair is not only to punish one group of dissidents but also to intimidate Amnesty International.

Foolish thought. The attention that Amnesty and others turn on Prague arises from the wishes and interests of the brave men and women whose rights are being trampled. Moreover, it is not only human rights groups that care. Many Western governments, including the United States, have expressed their dismay at the Czech government's dishonoring of its international obligations. The Communist parties of Western Europe have voiced their embarrassment at the latest tawdry display of socialism with a policeman's face. Mr. Havel and his jailed comrades deserve honor—and their liberty.●

GSA—REVISITED AND UPDATED

● Mr. BAUCUS. Mr. President, for more than a year now the country has been exposed to the rawest kind of revelations on the General Services Administration. Allegations have been followed by investigations. Indictments and guilty pleas have proliferated among lower-level GSA employees, and most observers are certain there is much more to come. A few Members of Congress have tried to grapple with this multifaceted affair, notably our distinguished colleague from Florida, LAWTON CHILES, whose Governmental Affairs Subcommittee has done first-rate work in oversight of GSA. This in turn has inspired others, including myself, to look to other areas of GSA, and results have been similar.

My Judiciary Committee subcommittee has conducted a 6-month evaluation of certain areas in GSA, that culminated in late September hearings. What the investigation and hearings unearthed, at least in part, I wish to share with my colleagues today.

The U.S. Government, in preparation to refight World War II, stockpiles large quantities of scores of raw materials. This stockpile is managed by GSA. It is also worth billions of dollars and attracts constant and substantial commercial attention. In one place we found GSA had built a roadbed out of zinc slabs, on which to run forklift trucks. In another place GSA had built a roadway over a large stockpile of manganese. The situation dealing with disposal of surplus lithium raises a number of serious antitrust questions that have yet to be resolved.

We also found that the U.S. Government has entered into a number of long-term stockpile sales contracts with certain companies. By entering into such long-term commitments, even though the price may subsequently rise very substantially, the U.S. Government remains locked into a long-term commitment to sell a certain company a specific stockpile item at a much lower price. Testimony at our hearings elicited the admission that there were at least 20 such contracts and that no specific public, agency-wide prohibition against further contracts of this type had been delineated in any formal sense by GSA.

We looked at all GSA's internal audits for the last decade; some 4,000 of them. GSA auditors have done a good job despite a policy of not giving them adequate staff and funds required to do their job properly.

GSA's Public Building Service, which handles construction and leasing of public buildings, is in very serious difficulty. Federal construction projects in major cities have been seriously mishandled. Change orders have been abused. Federal leasing has been abused. Certain Federal buildings have been so poorly constructed as to require purchase by the United States of adjoining properties in order to raze them. Claims against the Federal Government by certain contractors seem to have assumed epidemic and gigantic proportions. In all, this is perhaps the saddest, most abused program or division within GSA, and that says a lot.

A similar situation pertains in the area of purchasing. The same can be said of the self-service store system. The same can be said of the GSA motor pool system and its methods of maintenance for vehicles and buildings.

Report after report, year after year, shows the problems are nationwide, cumulative and thus far, virtually unchanged. Audits performed a few weeks ago are, if anything, more depressing reading than audits of a decade ago.

At the National Archives a trust fund has been abused, travel and personnel rules are being broken with abandon, and whistleblowers have been retaliated against in the crudest, most inexcusable manner. In one case, elementary due process seems to have been denied an employee.

In the Automated Data and Telecommunications System Division, a similar situation prevails. Sole-source contracting that ignores free enterprise competitive bidding seems common. Presently, a proposal is being seriously considered, that would, on an interim sole-source basis, award a 5-year contract to the local phone company for conversion of all 260,000 Federal telephones in the National Capital area. This proposed contract, named Metrex, woud cost in the neighborhood of $300 million over a 5-year period. Questions were raised at our hearings about this. Questions have been raised at the Office of Management and Budget and within ADTS about it. Yet this proposal continues to advance, and perhaps best of all epitomizes the state of affairs at GSA as of this time.

I think the leadership of GSA and its Inspector General is decent and sincerely motivated. They have cooperated fully with my efforts. But I fear they are in a no-win situation, for we are dealing here with a compromised system that has gotten worse with time.

The next step for my subcommittee will be to trace what happened to certain allegations against some higher-ups at GSA. Our work at GSA will continue indefinitely, and I commend the investigation of the agency to my colleagues individually and collectively. We cannot continue to deal effectively on behalf of our constituents with this kind of an operation. There is room here for many substantive investigative efforts in the public interest. We have an obligation to ask these questions.●

HEALTH POLICY: AN EMPLOYER'S PERSPECTIVE

● Mr. LUGAR. Mr. President, I wish to commend to the attention of my colleagues a speech by Richard D. Wood, chairman of the board of Eli Lilly and Co. "Health Policy: An Employer's Perspective," was recently delivered before the Washington Business Group on Health, and is a speech which deserves special note, I believe, in light of the continuing pressure being placed upon the health community to reduce its costs.

Dick Wood is a highly respected leader of the business community, and was recently featured in the cover story of the October 29, 1979, issue of Business Week for the consistently outstanding accomplishment in drug research and development for which Eli Lilly has been renowned throughout the years. I am pleased to submit today the thoughts of Mr. Wood on steps the business community can take to reduce spiraling health care costs. He does not advocate "quick-fix" relief, but rather a common-sense, measured reform of the fundamental causes of inflation in this area of our economy.

At this time, I ask that the text of Mr. Wood's speech be printed in the RECORD.

The speech follows:

HEALTH POLICY: AN EMPLOYER'S PERSPECTIVE

I am very pleased to be with you this morning and to have an opportunity to talk about health policy, a subject that is important to you as representatives of your companies, important to employers like myself, and of increasing concern to all citizens of this country. Health policy is a very emotional subject, one that lends itself to political distortion. Such distortion adds to the problems faced by business as we try to do our jobs in a climate that is changing for both technology and regulation—and that changing climate affects the health delivery system just as it affects energy, environmental protection, and most other important areas of public policy.

The Washington Business Group on Health has an important opportunity to assess this climate, to relate to our business colleagues the proposals made in Washington, and to subject them to the kind of factual analysis that will break through the emotion of politics and result in sound public policy.

Most of my remarks this morning will be confined to issues and policies touching on the cost of health care. I come to these issues from my experience as vice chairman of the Business Roundtable Task Force on Health; as the chairman of a large, diversified, multinational employer; and also from years of involvement in the pharmaceutical manufacturing industry. This industry is a provider of about 5 percent of the national health spending. It has a large stake, and also a good dealt of experience, in understanding what works and what does not work in providing increasingly productive, quality health care to the citizens of this country.

We of the Business Roundtable have come to realize in the past few years that business must pay more attention to the management of health care benefit programs. This is true not only because of their increasing cost but because of the effect that cost-containment can have on the quality of health care. We must also participate in the shaping of public policy toward health. We as management must be concerned that our employees and their families receive quality care and that society as a whole enjoys better health and longer life. Because we believe in the economic system that has brought us where we are today, we are also concerned about the increased involvement of the federal government in any segment of our society served, traditionally and well, by the private sector.

The media and the politicians concentrate on the areas where we fall short. This is the nature of news. Walter Lippmann defined "news" sixty years ago in his book Public Opinion. He said, "News is what protrudes from the ordinary." The fact is that for most of the people most of the time our health care system performs very well indeed. The quality of health care has improved dramatically over the years. Indeed, the health of the American people has never been better.

In recent years, leadership in these developments has come principally from the United States, rather than from abroad. I am convinced that has happened because of our largely private-sector orientation toward financing and delivery of health care goods and services. Importantly, there have been the incentives and the means to pursue research and development in private institutions—medical schools, hospitals, manufacturers of pharmaceuticals and other goods and devices—as well as in the public sector. Such pluralism has added greatly to our society's ability to innovate.

The American public is clearly aware of the values and achievements of its health care system. Members of the typical American family have deep respect for the doctors who treat them and think that the overall level of care received is generally satisfactory. They do not want a health care system totally run by the same group that runs the post office department. These conclusions are supported over and over again by public opinion polls.

However, making these points in no way denies that there are problems that should be addressed, and it is in this context that business needs to concentrate. Health programs are costly—at least partly because of the costs of continual research and development. And cost is what the average U.S. citizen is concerned about. Since employee benefit programs pay for perhaps one-quarter of our nation's health care costs, much of the impetus for improvements in the system's efficiency can come from the corporate group represented by the people in this room. But we must be careful to protect the ability to grow in effectiveness as well as in efficiency.

I believe that in recent years a great deal of misinterpretation has crept into the whole subject of health care costs and the reasons for their growth. The resulting confusion has come about not only from faulty analysis of the situation but often from an effort to advocate or strengthen a particular point of view. In any event, these are the facts about health care cost increases:

From fiscal year 1965 to fiscal year 1978 total health care spending in this country increased very significantly. About 56 percent of this increase had nothing at all to do with the health field. It was caused merely by the pass-through of general inflation and by growth in the population.

Only 8 percent was caused by medical care price inflation, as such. It is interesting to note that most of this price inflation occurred following the introduction of Medicare and Medicaid. The remaining 36 percent of the increase in total health care spending—and this is crucial to an understanding of potential policy impact—was caused by growth in demand for health care goods and services. This was true whether individuals were Medicare or Medicaid recipients, active employees or members of their families covered by employee benefit programs, or individuals paying their own way. We all demanded more-sophisticated, more-expensive health care services—and with greater frequency than ever before. We all have benefited in terms of longer lives and better health.

The bottom line of these figures, from the policy point of view, in this: When we look at price increases for the various health care goods and services, after making allowance for inflation, it is apparent that their additional increased price has not been out of line with the trends in the economy in recent years. From 1977 to 1978 the prices of all services less medical care services went up 8.5 percent, while medical care services went up 8.5 percent, while medical care services rose 8.6 percent. More recently, from August of last year to August of 1979, while the total consumer price index went up nearly 12 percent, all medical care prices rose 9.2 percent.

Any thoughtful analysis of these figures would suggest that a significant effort aimed solely at reducing the cost of health care would end up in one of two ways: Either it would lower the quality of care or it would ration its availability in order to control the demand side of the equation. Such potential impact of health policy actions on the quality and availability of health care in the future is, in my opinion, the most important and the most easily overlooked aspect of health policy analysis.

Can we slow the growth of that part of health care spending that may be excessive? Can we halt any undesirable increase in the share of Gross National Product devoted to health care spending without destroying the great benefits of the unique public-private system developed in this country? The answer is, "Yes"—provided that we really address the fundamentals. For example, here are some suggestions for actions that can be continued or initiated by business men and women working within their companies and within their communities:

1. We can support efforts of hospitals and other health care delivery institutions to become more efficient in terms of basic business-management principles.

2. We can change the emphasis of our benefit programs to provide incentives for patients to use outpatient or ambulatory care, instead of care in the far-more-expensive hospital environment.

3. We can shift benefits away from complete coverage of routine services to greater copay and deductible systems, but with greater catastrophic coverage as a trade-off.

4. We can modify insurance programs to avoid unequal coverage of alternative benefits—for example, inpatient surgery or testing rather than outpatient care. Such unequal coverage can lead the insured to take advantage of what is covered rather than to utilize what may be more appropriate in terms of more-efficient or better-quality care.

5. We can expand and improve methods of utilization review to help make certain that health services are being provided according to the best professional and cost-effective standards of care in the community.

6. We can continue to support a pluralistic health care system in this country so that both the provider and the consumer have a variety of choices from which to choose health care. A pluralistic system helps to increase competition and creates greater efficiencies in the health care delivery system.

7. Business has an important role to play in the new health "planning" efforts at the institutional, local, and state levels. Involvement with the Health Systems Agencies, hospital prospective-rate-review commissions, and the Voluntary Effort will be especially important as the effectiveness of these institutions is tested in actual performance. These institutions came about because of the assumption that without them existing free market forces cannot operate effectively. Preserving the mix of government, consumers, and business in these efforts is important. Local- or state-level control of these institutions must also be maintained as our delivery and financing systems for health care continue to develop. As a practical matter, Health System Agencies, hospital rate-setting, and the Voluntary Effort are all designed to implement health policies. The more that business organizations participate in these programs in their communities, the more influence business will have in implementing our nation's health policy. For some time, of course, the Washington Business Group on Health, as well as the Business Roundtable, has urged that employees of all of our companies should participate in these efforts and should serve on hospital governing boards.

Through these suggestions we are trying to strike a delicate balance between efficiency and cost-containment, on the one hand, and, on the other, the preservation of two powerful principles of our democratic society: namely, the dignity of the individual and freedom of choice.

In the real world, of course, consumer choice must inevitably face the reality of the limit on resources. Achieving the benefits of freedom and choice in all things while facing this constraint is, I believe, our most important goal. The suggestions I have made attempt to strengthen the financial constraints on both provider and consumer choice. Such constraints have been somewhat weakened—and even distorted—in parts of our company benefit plans and other financing mechanisms.

We must also recognize that additional cost-constraining forces will take time to develop—their success is certain but will not be immediate. I favor them not only because they will save money tomorrow but because they utilize the fundamental strengths of our free society, rather than relying on centralized political control. The alternative approach—the search for a quick-fix—is doomed to failure, as we have learned so many times in recent years. The quick-fix can also result in the destruction of even more of our fundamental strengths and vitality.

Let me turn now to another important role of business in the health policy arena of the 1980s. With the rampant inflation and depressed productivity so visible today, it seems to me that our country has many deep-seated economic problems to solve before it can seriously consider any new public-sector programs in the health care area. From my point of view, it would seem more prudent to work within the available public and private systems and to seek improvements where indicated. Business can and must work for a public policy for health care that reflects the expertise and perspectives it has developed. The business community can certainly work with its own health programs and with existing private health care systems to make improvements without delegating the problem to the federal government. At the same time, business should assist the public sector in providing programs that give the poor and the disadvantaged (including the unemployed) appropriate access to our country's vast health care resources.

Medicaid and Medicare are very basic instruments of our public policy toward health care and its financing. These programs are very popular. They are economically feasible for the kinds of people they now cover, to the extent that these groups represent the economically disadvantaged and those who are otherwise uninsurable in any practical sense.

Let me discuss briefly the approach I believe business should take toward Medicaid and Medicare. These are expensive programs that at one time seemed to promise a great many people almost unlimited access to very important benefits. You remember the political claims made in the 1960s. I think we can all agree that government programs cannot possibly deliver on these kinds of promises. Since these programs were instituted, inflation, population growth, and medical technology have progressed, causing an astounding growth in their cost. Pressures on government budgets, which must allocate limited funds among many alternatives, have become intense—especially since the national real economic growth potential has declined.

Along with these cost pressures has come a tendency to impose more and more bureaucratic controls on both providers and patients in public programs. Our quite-natural response has been to regulate the system that provides the care rather than the politically more difficult response of regulating the demand. Business in general—and the Washington Business Group on Health in particular—can be an important voice in helping to resolve this conflict between needs and values.

The principles I discussed earlier for strengthening employee benefit programs are potentially just as applicable to Medicaid and Medicare. They will be even more difficult to implement in public programs than they will be in private programs. However, I see no other solutions to the problems of Medicaid and Medicare in the sort of governmental budget environment we have been facing and that we will continue to experience in the 1980s.

Business policy goals toward Medicaid, as well as toward all areas of health policy, should be based on this principle: Direct federal government intervention—including financing—should be minimized. Medicaid programs should be shaped, even more than at present, toward state-designated and state-administered programs. The advantages of utilization review based on management-by-exception principles are far more attainable when the individual states handle the administration. The demonstration and improvement of program cost-effectiveness can, thus, be achieved without more involvement from Washington.

If we have learned anything during the 1970s it is that the benefits perceived from new federal regulatory efforts are often heavily outweighed by the enormous costs of regulation and bureaucratic redtape. In addition, we all know the stifling effect that federal regulation has on the ability to innovate and to benefit from technological advances. This is true whether you produce automobiles, rubber tires, barrels of oil—or are directly involved in the health care industry. This unquantifiable factor is, perhaps, the greatest cost of regulation to the people of the United States.

When any part of our economy is brought under politically oriented bureaucratic control, every part of the business community suffers. As a matter of principle, attrition of the private sector must be resisted—especially when there are more-viable private-sector alternatives available, as there are in health care.

I hope that our country can discuss and debate the subject of health care in a positive and productive fashion. The alternative, I fear, would be unthinkable—a one-track system that, no doubt, would result in an actually lower level of health quality, create accessibility problems, and ultimately increase the nation's health costs.

I appreciate the opportunity to participate in this meeting of the Washington Business Group on Health and hope that the productivity of your efforts continues to grow. Since you represent business, you have an important voice in the reevaluation of health care policy that is currently taking place in this country. I hope that your work continues to contribute to the effective representation of business and to the formation of policies that will continue to give our people the kind of health care they deserve, in the kind of framework of private initiative and personal choice they respect.

Sources, or causes, of increased health care costs[1] *(fiscal year 1965–fiscal year 1978)*

	Percent
General inflation plus population growth	56
Excess medical care price inflation	8
Greater per capita utilization of health care goods and services	36
	100

Price (Inflation) comparison[2]

(BLS Consumer Price Index)

	Percent
Increase 1977–1978:	
All services less medical care services	8.5
Medical care services	8.6
Increase August 1978–August 1979:	
Total CPI	11.8
All medical care	9.2

[1] Based on methodology in John R. Virts, "U.S. Health Care Spending: A Macro Analysis," Business Economics, September 1977. Data updated by the author.

[2] Various Bureau of Labor Statistics publications. All Urban Consumers Index used for 1978–1979 comparisons.●

SIXTY-SIXTH NATIONAL FOREIGN TRADE CONVENTION

● Mr. STEVENSON. Mr. President, the 66th convention of the National Foreign Trade Council was held October 23 in New York City. The convention adopted 15 resolutions charting a national trade policy to improve U.S. export competitiveness. I commend the resolutions to the attention of my colleagues and especially the Senate Export Caucus. A number of legislative initiatives are already underway which closely parallel the National Foreign Trade Convention's recommendations, and others will be forthcoming.

Mr. President, I ask for the resolutions to be printed in the Record.

The resolutions follow:

Resolutions of the 68th National Foreign Trade Convention

The following resolutions incorporate recommendations of this Convention for charting a new national trade policy to improve our export competitiveness, increase our exports, and reduce the large deficits in the U.S. trade balance.

1. A commitment to expand exports of both goods and services must be a policy goal of high priority. All policies and programs both of government and business affecting trade and its interrelationship with investment must be evaluated and modified as necessary in the light of their effects on exports. Counterproductive laws and regulations should be revised in accordance with the President's 1978 statement on national export policy which directs Executive departments and agencies to weigh the export consequences of regulatory actions. Consistent with our national security interests, trade should be freed of arbitrary restrictions imposed for foreign policy objectives which should properly be achieved through diplomatic means.

2. To increase the nation's productivity, U.S. laws should be amended to eliminate disincentives and to provide additional incentives for savings, investment and innovation. Furthermore, antitrust laws should be interpreted to permit firms in appropriate circumstances to pool resources for cooperative research efforts.

3. Because any improvement in export competitiveness could be offset by inflationary prices, it is essential that the current rate of inflation be reduced. A reduction of government spending should be coupled with deliberate fiscal and monetary restraint.

4. Since high levels of oil imports at increased prices contribute to inflation in the United States, impact unfavorably upon our balance of payments and pose threats of supply disruption for our economy, it is essential that policies be adopted to assure that in the long run, oil imports will be reduced by encouraging conservation plus the development of domestic fossil fuels, and nuclear and other alternative sources of energy.

5. To assure a coordinated national trade policy, it is recommended that the Administration's proposals to consolidate trade policy functions in the Office of the Special Trade Representative, and operational functions in the Department of Commerce be adopted. Service industry trade support should be strengthened within both the Office of the Special Trade Representative and the Commerce Department.

6. The lending authority of the Export-Import Bank should be increased. In addition, Section 402 (the Jackson-Vanik Amendment) of the Trade Act of 1974 should be revised to eliminate the restrictions on the financing of sales to the Soviet Union and China and the granting of most-favored-nation tariff treatment for both countries.

7. The Webb-Pomerene Act of 1918, authorizing the formation of export trade associations, should be revised to include service industries, to strengthen the antitrust exemptions, and to allow U.S. companies to form consortia to bid on major foreign projects. Legislation should also be enacted to foster the formation of export trading companies which would market services as well as products worldwide.

8. To retain and encourage U.S. managers and skilled workers to serve overseas thereby strengthening our competitive capability, the Foreign Earned Income Act of 1978 should be revised to liberalize the tax treatment of the income of such expatriates so that it will be less at variance with practices of other industrialized nations.

9. The United States should exercise continued leadership in the implementation of the agreements reached at the Tokyo Round of the Multilateral Trade Negotiations. Our government will require the close cooperation and support of the business community in obtaining adherence to the agreements by our trading partners and in the prompt dismantling of their non-tariff barriers. In future trade negotiations reduction of restrictions on service industries and the adoption of a safeguards code should be given priority.

10. The Administration should make every effort to forestall any further adoption of protectionist measures. In the long run such protectionist devices threaten to provoke a destructive spiral of retaliation and counter-retaliation which would significantly reduce the nation's exports.

11. U.S. government export promotion and market research programs should be expanded to cover the service industries as well as products and should be directed primarily towards medium and small business concerns. It is essential that export consciousness be fostered among small and medium sized companies.

12. U.S. private enterprise must place greater emphasis on export markets and exercise the highest degree of resourcefulness in providing goods and services adapted to the needs of foreign customers at competitive prices.

13. U.S. foreign direct investments create and stimulate exports and traditionally contribute significantly to our balance of pay-

ments. U.S. Government policy should encourage further foreign direct investments and should make every effort to support and protect investments from expropriation or other arbitrary actions of foreign governments which are taken in a manner contrary to established international law.

14. The foreign tax credit provisions of the Internal Revenue Code and the present system of taxation exempting the undistributed earnings of foreign subsidiaries of U.S. companies must be retained to meet competition of foreign companies. So also the Domestic International Sales Corporation provisions of our tax laws, which provide an incentive for exports, should be retained. H.R. 5076, which would amend the Internal Revenue Code to prohibit states from including in income subject to tax, or taking into account, the income of a foreign corporation which is a member of the affiliated group, should be enacted.

15. U.S. exporters should be assured that confidential business information they provide to the Commerce Department regarding export shipments will not be disclosed. H.R. 5233 providing for exemption of Shipper's Export Declaration from disclosure should be enacted.●

GRAIN CAR SHORTAGES

● Mr. BAUCUS. Mr. President, shortages of rail cars continue to plague U.S. grain producers.

At the same time, Montanans and other grain producers are paying excessively high freight rates.

Mr. President, grain car shortages and high freight rates are not just a Montana problem. Every Senator should be concerned about the impact of grain car shortages on farmers in his or her State and on the Nation's balance of payments.

Shortages of transportation equipment threaten to curtail agricultural exports. Secretary of Agriculture Bob Bergland announced recently that U.S. agricultural exports reached a record high of $32 billion during fiscal year 1979. But at the same time, Agriculture Department officials are concerned that transportation tie-ups may reduce potential exports by $1 billion. The United States desperately needs these export revenues to bolster the balance of trade.

MONTANA'S CAR SHORTAGE

Because it has no transportation alternatives. my home State of Montana is particularly hard hit by the grain car shortage. The Burlington Northern Railroad, which traditionally transports about 60 percent of Montana's grain, is 23.000 cars behind system-wide and 7,000 in Montana alone.

Montana farmers have been largely unable to ship 220 million bushels of grain harvested in 1979, and 120 million bushels that remain in storage from previous years. Grain shipped by railroad declined 5 percent from 1978 to 1979 in spite of unprecedented demand for rail car service.

Normally, 70 percent of Montana's grain moves by rail. At the present time, only 60 percent is moving by rail. Not only is trucking generally more expensive for shippers, but increasing truck traffic is adversely affecting the State's highways.

FREIGHT RATES

Rail car shortages are aggravated by rapidly increasing freight rates. The Interstate Commerce Commission recently authorized the Nation's railroads to increase export grain rates by 11.8 percent. Surcharges and fuel recovery increases which amount to 4.7 percent boost recent increases in grain tariffs by 16.5 percent. These increases have driven freight rates to $1.20 or more per bushel from eastern Montana locations. Montana farmers are paying more than one-third of the value of their grain for transportation services.

I filed a verified protest to oppose the recent increase, pointing out that Montana grain freight rates are not justified by railroad costs. Other Montana grain interests including some 130 members of WIFE (Women Involved in Farm Economics) also protested.

RECOMMENDATIONS

Inadequate grain car service is a long-term problem that demands long-term solutions. I have four specific recommendations for congressional action.

First, we must preserve the western lines of the Milwaukee Railroad. These lines are essential to provide competition in the Northern Tier and capacity for expanding grain exports to China and other Asian countries.

I commend my colleagues for their action in approving S. 1905 on November 2. This legislation prevented a permanent shutdown of service west of Miles City and insures that a proposal by western interests to reorganize the Milwaukee as a transcontinental, employee and shipper owned railroad will receive full and fair consideration by the Interstate Commerce Commission.

Along with Senator Bentsen, I have introduced S. 1104 to temporarily suspend tariffs on imported rail cars. One factor contributing to the grain car shortage is the inability of domestic manufacturers to fill orders for new boxcars and covered hoppers. Mexico is a major rail car producer, but the present 18 percent tariff discourages rail car imports. This tariff should be eliminated until the backlog in grain car orders ends.

Third, members of the Senate should demand an Interstate Commerce Commission investigation of the rail car shortage. The Commission has allowed the current shortage to persist for almost 3 years with no comprehensive study of either causes or possible solutions. The Commission has constantly evaded my request for such a comprehensive study.

Finally, Congress should provide financial incentives for rail car production. As chairman of the Subcommittee for Oversight of the Internal Revenue Service. I intend to introduce legislation to provide tax credits for railroads, farm cooperatives, or individuals who put new or refurbished grain cars into service.

Mr. President, the initiatives I have outlined are necessary to resolve the persistent problem of grain car shortages.●

GLOBAL INCOME ASSESSMENT

● Mr. MATHIAS. Mr. President, the executive board of the International Chamber of Commerce has adopted a resolution criticizing the use by California, and a few other States, of worldwide combination which the resolution describes as an attempt "* * * to impose the 'global' or 'unitary' form of assessment based on income of companies involved in international operations outside the U.S."

S. 1688, which I introduced on August 3, would resolve this problem by requiring the States to follow tax procedures, accepted internationally, by prohibiting them from using worldwide combination and limiting their taxation of foreign source dividends to the extent such dividend income is effectively taxed by the Federal Government.

Mr. President, I ask that the resolution adopted by the executive board of the International Chamber of Commerce (ICC) be printed in the Record.

The resolution follows:

Resolution

The ICC views with concern the inevitability that an increase in cases in which profits taxes are levied by political sub-divisions unencumbered by treaty obligations, will result in mounting double taxation of profits (which tax treaties set out to avoid). This is particularly so if the basis of assessment in any such political sub-divisions is not entirely consistent with that of the country itself and extends to operations carried on outside the country. This problem has manifested itself in an acute form in connection with the attempts of the State of California to impose the "global" or "unitary" form of assessment based on income of companies involved in international operations outside the U.S.

The dangers of double taxation and the administrative problems arising from the taxation policy of California, and other political sub-divisions, have undoubtedly deterred would-be investors from making investments which would otherwise have been undertaken. This approach, if it should spread, could easily become a most important threat to international trade since international operations would inevitably be confronted with a real danger of multiple taxation of the same profits and unacceptable administrative burdens. The dangers were also recognized by the Council of the OECD in rejecting the so-called "global" method in its recent report on Transfer Pricing (*Transfer Pricing and Multinational Enterprises* (OECD, Paris, July 1979) pp. 14–15).

The ICC reconfirms its view that, as a general rule, tax should be based on a fair measure of income as computed by reference to the amount which could be expected to arise between independent parties dealing at arm's length. This rule has universal application. The ICC therefore recommends that, in all cases where the taxation policies of political sub-divisions extend to non-domestic operations, all possible measures should be taken to ensure that the terms of an agreement or treaty dealing with taxation on income should bind all authorities having jurisdiction within the boundaries of each contracting State. This recommendation is in accordance with the OECD model taxation Convention 1977 (Art. 2) and a considerable number of international friendship, trade and shipping treaties.●

DOMINGO LAINO MUST BE RELEASED

● Mr. KENNEDY. Mr. President, on September 15, 1979, prominent Paraguayan opposition leader Domingo Laino was arrested for allegedly having insulted President Alfredo Stroessner of

Paraguay. He has since been placed in "internal exile" in the small town of Mbuyapey, where he is permitted to leave his room only to walk to a police station a short distance away. He has been denied permission to see his two children and his wife, who is in the final stages of pregnancy.

Only last year, on July 13, 1978, Dr. Laino was beaten, kidnapped, and imprisoned without charges following a visit to Washington, where he discussed with members of the Congress and the administration the critical situation in Paraguay. Following statements by concerned persons around the world, including myself, the Paraguayan Government chose to release Dr. Laino from prison. He has since been unflagging in his struggle for human rights in Paraguay.

Dr. Laino's current confinement represents a severe setback for the human rights situation in Paraguay. Because of human rights violations in that country, the Paraguayan Government is currently denied U.S. military assistance. In view of the prominence of Dr. Laino as a symbol of the human rights struggle in Paraguay, his confinement should be grounds for a further review of all of our relations with the Paraguayan Government. In particular, if Dr. Laino is kept in confinement, the United States should consider the termination of economic assistance to Paraguay.

The case of Dr. Domingo Laino has come to represent more than the plight of just one man. Dr. Laino has come to symbolize the larger cause of human rights for all Paraguayans. With this in mind, the United States should take strong action for his release in the near future.●

GAO DESERVES CONGRESSIONAL SUPPORT

● Mr. BAUCUS. Mr. President, Members of the House and Senate are quite aware of the tremendous amount of work that goes into making the legislative branch function as a separate, useful arm of our National Government. Beyond the long, often unheralded hours put in by Members' personal staffs, committee, and supportive staffs of Congress, is the work of the Library of Congress, Office of Technological Assessment, Congressional Budget Office, the General Accounting Office, and others.

Right now, there is legislation before Congress designed to help the General Accounting Office (GAO) increase its ability to do its job well. This legislation, introduced in the Senate by Senator GLENN, is designed to extend authority of the General Accounting Office in several areas and to increase GAO's independence vis-a-vis the executive branch.

The bills doing this are S. 1878, the General Accounting Office Act of 1979, the General Accounting Office Personnel Act of 1979.

Mr. President, I am no expert on the workings of GAO. This expertise is lodged in the Governmental Affairs Committee chaired by Senator RIBICOFF, and in its subcommittee chaired by Senator GLENN. However, my Judiciary Subcommittee is heavily involved in a broad array of oversight work and relies extensively on quality products produced by GAO.

I have written Senator GLENN and Senator RIBICOFF offering my support for efforts designed to increase authority and independence of GAO in its workings with the executive branch. I would like to share with my colleagues one point I made in these letters: All of us in Congress who depend on GAO's ability to do serious policy work and to get answers to difficult questions we ask of it, must work to insure that GAO has resources and tools it needs to do its job.

When GAO asks the Senate to support measures such as the Personnel Act of 1979 and other legislation designed to clarify its authority to help it do work we request, I believe we should act as expeditiously as possible.

I hope all my colleagues who use GAO's services will recognize its need for our support. By enacting these measures we will give GAO a vote of confidence, as well as a boost to its proven effectiveness.

If the legislative branch is to function as a separate useful arm of National Government, it must have the requisite research and auditing capability that is essential to legislative and oversight activity. I believe these proposals will enhance GAO's capability and will help insure that Congress research and analytical resources continue to provide information and analytical work of the highest quality.●

JUDGE JUAN BURCIAGA

● Mr. SCHMITT. Mr. President, it gives me great pleasure to announce that Juan Burciaga was confirmed on October 31, 1979 by the U.S. Senate for the position of U.S. district judge for the State of New Mexico.

There are two reasons why I am particularly delighted with this nomination.

First, Mr. Burciaga was recommended to Senator DOMENICI and myself by the New Mexico Federal Judicial Selection Commission. Established in September of 1977, this nine-member bipartisan commission advises us on qualified nominees to fill vacancies for the U.S. district court, U.S. Attorney, and U.S. Marshal positions in our State. This selection process is designed both to create a merit system for these critical judicial and law-enforcement posts and allow continuation of the prerogative of such selection by the President. Twice, since 1977, this process has resulted in excellent appointments in my home State of New Mexico and the nomination of Juan Burciaga to the position of U.S. district judge for the district of New Mexico continues this tradition.

Second, Juan's background and personal data are very impressive. I applaud the wisdom of our selection commission's recommendation, the President's acceptance of this recommendation, and the Senate confirmation on Wednesday.

Juan's education—University of Colorado, West Point graduate, University of New Mexico law graduate—and 16-year legal practice with its emphasis on general civil law and trial litigation qualifies him for this important position. To this post, he will also bring a history of personal involvement in his community and bar association activities. It is particularly noteworthy given New Mexico's historic ties to the people of Mexico, that Juan has also given a good deal of his free time to the problems of legal representation for Mexican nationals present in our country without the necessary legal documents to live or work here.

Mr. President, Juan is a loving father of five, a fine attorney, an active participant in his community and professional affairs, and a compassionate human being. I am confident that he will reflect great credit upon our judicial branch of the Federal Government and the people of New Mexico.●

INTELLIGENCE FAILURES

● Mr. HARRY F. BYRD, JR. Mr. President, the Richmond News Leader of Tuesday, October 30, contained an editorial which expressed dismay at the inability of American intelligence to verify an alleged nuclear explosion near South Africa. In the view of the Richmond News Leader the possible South African test "has verified the unverifiability of SALT."

Failures of American intelligence efforts directed toward Korea and Cuba have been, I feel certain, a deep concern to the Congress and to the American people. Indeed, the public is entitled to question the ability of our intelligence agencies when they have been unable to detect the presence of a Soviet combat brigade in Cuba, apparently for several years. The public has good reason to question the ability of our intelligence agencies when they underestimate the size of the North Korean Army, again for a period of years, and by a very wide margin.

Testimony received last week in the Subcommittee on General Procurement of the Committee on Armed Services indicates that the Central Intelligence Agency may even now be underestimating Soviet military procurement by as much as a factor of two.

I ask that an editorial from the Richmond News Leader, entitled "South Africa's Nuke," be printed in the RECORD.

The editorial follows:

SOUTH AFRICA'S NUKE

The story that South Africa may have tested a nuclear bomb is important not so much for what it could reveal about South Africa's nuclear capabilities but for what it says about the sorry state of U.S. intelligence. As such, the incident could play a crucial role in the SALT debate.

In September a U.S. spy satellite detected a nuclear explosion off the coast of South Africa. Last week the Carter administration announced the blast occurred when South Africa detonated a small nuclear bomb. South Africa immediately countered, saying a Soviet submarine patrolling the area could have set off the blast. (One prominent nuclear scientist believes the U.S. satellite recorded the explosion of a Soviet missile that crashed into the sea several years ago.)

The administration subsequently retreated from its original position. Now it says only that while a satellite recorded an explosion, the source of the blast has not been determined. It could have been a South African test, a test by another nuclear-capable country—Israel, India, Pakistan, the USSR, or Red China—a Soviet sub, or whatever.

American inability to identify the source of the explosion casts doubts on our ability to verify Soviet compliance with SALT. The administration repeatedly has reassured wary Senators that the U.S. can uncover Soviet cheating. Yet if a sophisticated satellite monitoring a relatively open area cannot pinpoint the cause of a nuclear blast, then how can the U.S. verify SALT—especially when the Soviets will do their best to thwart American efforts?

We may never know what actually exploded off the South African coast. But the blast has verified the unverifiability of SALT.●

MONTANA SEVERANCE TAX ON COAL

● Mr. BAUCUS. Mr. President, recently there has been a good deal of discussion concerning the Montana coal severance tax. For the benefit of my colleagues, I would like to share with them some of my thoughts concerning the Montana severance tax.

The State of Montana is facing challenges to its coal severance tax on numerous fronts. Four coal mining companies doing business in the State have alleged for various reasons that the tax is in violation of the U.S. Constitution and law. Legislation is now pending which would limit the level of severance tax that a State could levy on energy resources produced on certain Federal lands. The controversy threatens to result in a court action and potential invalidation of the highest coal tax in the Nation. At stake for Montana is a major revenue source.

The present projected levels of coal production in the State make the coal tax issue one of major consequence and significance. Less than a decade ago, a little over 1 million tons of coal were mined in Montana. That amount increased to over 26 million tons in 1976. The Montana Energy Research and Conservation Office predicts that in excess of 96 million tons will be mined in 1990.

The Montana coal severance tax was enacted by the 1975 Montana State Legislature. It is important to note that the revenue committees of the Montana Legislature decided to assess both in-State and out-of-State coal users with the cost of alleviating the impact of coal development and increasing the flow of revenue to the State's general fund. Contrary to popular belief, the Montana tax is not assessed at a uniform rate of 30 percent. The 1975 act provided that surface mined coal with heating quality under 7,000 Btu per pound would be taxed at 20 percent of its contract sales price. A tax of 30 percent of value is imposed on strip coal in excess of 7.000 Btu. Income from the severance tax is intended, "to improve the total environment and minimize damage thereto." Under the act, the people of Montana are indemnified for the extraction of a nonrenewable natural resource.

Many utility companies, outside Montana, have argued that the Montana coal severance tax has hindered interstate commerce. They contend that the citizens of Montana are unfairly benefitting by the sale of interstate coal. Yet, the Montana law makes no distinction between intrastate and interstate coal use. The statute states—

> A severance tax is imposed on each ton of coal produced in the State.

As I mentioned earlier, Montana's coal severance tax is the Nation's highest. This severance tax adds roughly 2 percent to the utility bill of an individual customer. Put another way, it adds less than a dollar to a utility bill of $50. Contrast this with the 5 percent sales tax added by most States, which would add $2.50 to the same utility bill. A sales tax of this size would more than double the amount of the Montana tax. Yet, the States that employ this form of taxation have not lost a precious natural resource, nor have they suffered the environmental impact that the producing State does.

The biggest cost associated with Montana coal is transportation. Load centers which use most of the product are located hundreds or thousands of miles from our State. For example, in 1975, Montana coal cost $5 a ton at the mine. However, it costs $11 per ton to transport it to Detroit Edison. Our severance tax on that ton of coal amounted to $1.30.

Today, it costs $19 per ton to transport Montana coal to Texas. Thus, our tax is less then the annual increase in freight rates. Rather than challenging Montana's coal severance tax, I think all Americans would be better served by studying the impacts of regressive sales taxes and freight rates on energy costs. The effect of Montana's coal severance tax on utility customers is miniscule. The severance tax helps the State of Montana alleviate the impact of coal production.

BTU COMPARISONS

A recent study by the Texas Department of Revenue compared the Texas tax on oil and gas with that of its neighboring States. That study concluded that the only fair way to compare these relative taxation costs was by per million Btu's—in other words, their energy value.

Texas levied taxes totaling 8.64 cents per million Btu's; Oklahoma, 8.13 cents; New Mexico, 7.95 cents, and Louisiana 10.26 cents. Montana's tax was rated at 9.8 cents per million Btu's, or in line with the taxing levels of Texas and her neighbors.

Although these dollar levels are close, there is an important distinction to be made between Texas and Montana. For historical reasons, Montana entered statehood with a great deal of Federal land within its borders. Many Western States harboring Federal lands would be penalized if they were limited in their ability to assess severance taxes. It is the presence of these Federal lands, which are effectively beyond the reach of the States, which make it imperative that their development not impact unfairly on the States. We in the West have neither the population nor the revenues to handle heavy influxes of strip mining on Federal lands.

We desperately need severance tax revenue to build schools and roads and other support facilities in those counties most heavily impacted by strip mining of Federal lands. Montanans and other residents near the Fort Union coal seam will suffer the disruption of land, loss of water, and water aquifers, resulting power lines and a host of other problems.

Much of Montana's wealth is in its natural resources, and throughout the State's history, those resources have been exploited for processing and use elsewhere. As a result, the State's economy has been radically tied to forces and decisions beyond its control. The Montana coal severance tax is a levy on the severance of a major State resource. It is a reasonable and rationale attempt to level out the complex and largely unforeseeable loss of coal development.

In the weeks ahead, I hope that my colleagues will consider my comments during the discussion of coal severance taxation.●

ADDRESS BY SENATOR BIDEN TO NATO OFFICIALS

● Mr. MATHIAS. Mr. President, the distinguished Senator from Delaware (Mr. BIDEN) recently addressed a high level group of Western European officials of the Northern Atlantic Treaty Organization (NATO). In his address, Senator BIDEN spoke movingly of the ravages of drugs on the youth of both Europe and the United States, and he urged that NATO nations join forces in an effort to fight the worldwide epidemic.

His address is timely and important. Threats to our security come in many guises, and the Western Alliance stands as a deterrent to military adventurism. The same Alliance could help meet the insidious threat posed by dangerous drugs. I urge all of my colleagues to give Senator BIDEN's proposal immediate consideration. The magnitude the problem requires nothing else.

I ask that the text of his address and the editorial comments on it be printed in the RECORD.

The material follows:

ADDRESS BY SENATOR JOSEPH R. BIDEN, JR.

Secretary Luns, Mr. Costle, distinguished members of the NATO Committee on Challenges of Modern Society, it is both a pleasure and an honor to be invited to address you today.

Let me begin by joining the previous speakers in congratulating this committee on its accomplishments over the past decade in identifying and formulating answers to the social problems common to the Western World.

But even as I offer you my sincere congratulations, I have the somewhat uncomfortable duty today of calling a new and profoundly serious challenge to your attention—a major international problem I believe ranks high on the agenda of unfinished business for the western alliance.

That problem may be very simply stated—and I believe the evidence for it is compelling, despite the reluctance of many nations to confront it—the abuse of narcotic drugs, especially heroin, which for many years has plagued the United States, is reaching epidemic proportions in Western Europe.

A flood of opium, morphine and heroin is pouring out of the unpoliced tribal areas of Pakistan and Afghanistan into the western world, so much so that those areas have replaced the fabled "golden triangle" of southeast Asia as the major source of the worldwide illegal drug traffic.

It is a flood that threatens to overwhelm all of us, unless we find the means for dealing with it, and find them soon.

It is altogether appropriate, I think, that we should consider this problem here today—the NATO alliance is designed not for the exclusive benefit of any one country but for the mutual benefit of all which are parties to the alliance.

There was a time, perhaps, when it was possible for other members of NATO to regard the illegal heroin trade and its disastrous consequences as primarily a problem of concern to the United States.

My message to you today is that that time has passed—the illegal drug traffic has become massively international in its proportions, and it is no longer a uniquely, or even primarily, American problem.

That's why I believe this committee is the proper forum for discussing this challenge and for engaging the resources of NATO to meet it.

In developing an agenda for action on non-military issues, this commitee has been effective in addressing critical problems affecting all or many members of the alliance.

I come before you to make the case today that international narcotics control is just such an issue.

This is a truly international challenge that is not confined within the borders of any member of the alliance and has reached proportions far beyond the control of any single NATO nation.

It is a challenge facing all of us, and it can be met only through the development of a multi-lateral global strategy involving all the members of NATO—those already afflicted by large-scale durug abuse and those who cannot escape that affliction if it is not promptly brought under control.

I want to convince you of what is already known by your social scientists and law-enforcement officials—nothing threatens the internal security and social fabric of any nation as directly and as direly as the prospect of massive heroin addiction and the related crime and violence it breeds.

I say this is an official of a country that has undergone a heroin epidemic and as chairman of the Senate Judiciary Subcommittee on Criminal Justice.

I know how demoralizing widespread drug abuse can be, especially how it can demoralize the young. I have seen the chaos caused by the street crime, much of it violent, bred by heroin addiction. I recognize the hysteria such crime can foster within an otherwise confident population.

During the decades of the sixties and the seventies, the heroin epidemic was indeed our problem and not yours.

To our misfortune, we led the world with a spiraling addict population and an accelerating crime rate. In 1970 the greatest cause of death among our youth was not the automobile nor even the war in Vietnam—in 1970, in New York City, there were a thousand deaths from heroin overdose—

A rate that had grown five-fold in ten years.

Addicts who had developed thirty-dollar to a hundred-dollar-a-day drug habits turned to shoplifting, mugging, burglary and armed robbery to pay for heroin.

Perhaps as many as eight hundred thousand addicts were committing at least two billion dollars a year in crimes against property, which often included crimes against persons, to support the high cost of their addiction.

The crime rate went right through the roof, with an impact on the morale of law-abiding citizens from which we have not yet recovered.

That in turn had an impact on our national politics. The allegation that Democrats had been "soft on crime" was a major factor in the Republican Presidential victory in 1968.

Another consequence was some of the most repressive anti-crime proposals our Nation has ever known were suggested, though not adopted.

However, President Nixon, to his credit, did eventually develop a narcotics-control policy that enjoyed some success.

He recognized that coping with illegal narcotics meant confronting the economic realities of a flourishing black market in drugs.

He knew, and he convinced Congress and the American people, that to control the drug traffic we had to control the forces of both supply and demand.

Therefore, we undertook a massive program to treat our addicts and thereby reduce demand for drugs. This program eventually cost us three and a half billion dollars, and we are still spending more than three hundred million dollars a year on the treatment of addicts.

At the same time, we stepped up our domestic and international law-enforcement efforts, until today we are spending nearly half a billion dollars a year on narcotics law enforcement, for a total of more than two billion dollars since 1969.

It didn't take long for us to realize that spending all that money would do no lasting good unless we could reduce the production of opium abroad. Our response was a program of financial assistance to countries willing to join us in that effort.

Our successes in reducing the supply of opium from abroad—although admittedly sometimes temporary—are well known. They were achieved through a combination of diplomatic initiative and economic assistance.

In 1972, with the cooperation of Turkey, France and the United Nations, the so-called "French-Turkish Connection" was broken. The Turks banned the production of opium and French police, working with ours, closed the heroin processing laboratories in southern France.

With that major trafficking route blockaded, Mexico became the major source of heroin moving into the United States, and that country became the focus of our efforts to stop the drug trade. A multimillion-dollar joint four-year U.S.-Mexican program to wipe out opium production is finally beginning to stem the flow of heroin over our southern border.

For the first time in ten years, the number of heroin addicts in the United States has begun to decrease, dropping by more than a hundred thousand in the past few years. The death rate from heroin overdose is down from about a hundred to a hundred and fifty to about thirty per month.

Our law enforcement experts believe the disruption of the Mexican and French-Turkish connections have reduced the amount of heroin imported into this country from as much as eight tons to less than five tons per year.

That leaves us still facing a major problem with heroin addiction and related crime in this country, but it does demonstrate that concerted, cooperative international efforts can do something about the drug trade.

Flushed with such success, our narcotics control officials might reasonably be expected to beam with pride—but they're doing no such thing.

Instead, they're beset with grave fears for the eighties. Privately, they are talking about a return to the epidemic of the early seventies.

Why?

Because they know that the opium required to supply the heroin needs of nearly half a million American addicts can be grown on ten square miles of land beyond any government's control in the "golden triangle" of Laos, Thailand and Cambodia.

And because they know that even if we control the major shipping point for Southeast Asia in Hong Kong to contain "Golden Triangle" opium, that ten-square-mile production area will simply move to the border area between Pakistan and Afghanistan which is equally beyond the control of either government.

Insurgency in the tribal areas of Afghanistan and political instability in Pakistan have forestalled international efforts to substitute other crops that would pay farmers there as much as they make for growing opium poppies.

Moreover, instability in these two countries and in Iran facilitates the smuggling of opium or morphine across borders along smuggling routes that have existed for thousands of years.

Indeed, our intelligence people tell us that a bumper crop of opium is about to be harvested in the rural provinces in this new "Golden Triangle." That opium is bound for heroin processing plants in the Middle East, where it will be exported first to your sons and daughters in western Europe, and when that market is saturated, to the streets of American cities.

The magnitude of the production in these countries dwarfs anything we have known before in Mexico, Turkey or the Golden Triangle.

Our experts estimate opium production there could provide the base for eighty tons of heroin a year, well over ten times the current U.S. consumption.

That excess has to go somewhere, and that somewhere, economically and geographically, is western Europe.

Indeed, heroin from this new area is the primary cause of the drug epidemic now raging in West Germany and threatening the rest of Europe.

The statistics are disturbing, but inescapable.

The heroin overdose rate in Germany has increased from nine in 1969 to an estimated 600 for this year, a rate that exceeds the rate in the United States.

In Italy the rate has increased four-fold in as many years.

I'm sure if you check with your own medical examiners, you will find similar increases in other western European countries.

We are finding high rates of addiction among American servicemen in Europe. In some of our military units there, routine heroin use may be as high as twenty percent.

We have no reliable statistics on the rate among other NATO forces. Indeed, no one can make reliable projections of the magnitude of the epidemic among your civilian or military populations, or even among our own troops.

We have only rough estimates—but I am sure the actual figures would be even more terrifying.

More disturbing to us in the United States is the suggestion from our law-enforcement officials that a replacement for the French-Turkish connection may be in the making.

There is evidence that organized-crime figures in this country have renewed their contacts with their European counterparts to use processing labs in the Middle East and southern Europe and once again swamp the United States with south Asian heroin.

So it is not only in your interest, but also in our own, that I urge your countries to join the United States in putting a stop to the international traffic in illegal drugs.

The experience of the seventies teaches us that the supply of heroin can be reduced in the producing countries—but that when production is curtailed in one area, the enormous economic incentives involved will create production in other countries.

It also teaches us that no one country, whatever its motivation and resources, can control the drug trade—it requires a truly international effort with a global perspective.

Now, let me be honest.

When the United States Government last came before the international community to ask for help in curbing narcotics traffic, we were pointing our finger at others. We told you, more than a little self-righteously, that you were not sufficiently concerned with our problem.

That is not my message today.

We know that it is the seemingly insatiable demand of American addicts, as well as the complacence of other countries where heroin is produced and shipped, that feeds the black market in illegal drugs.

But in acknowledging our share in the responsibility, I must also point out that our epidemic has become your epidemic, too.

That is the new reality, and the new challenge, that we must face together if the contagion is to be halted.

Accordingly, I want to propose a number of general initiatives for my country and its allies.

First, we must escalate our efforts to reduce demand in this country through treatment and rigorous enforcement of the law. We understand that, and I think you will see renewed efforts forthcoming.

Second, we must increase our commitment to international efforts by increasing the amount of money and effort we put into our State Department's program to reduce foreign supplies. This, too, I believe, we will accomplish.

Third, we must admit the obvious—and that's what I'm trying to do today—we must admit that we can't go it alone and make any real headway in solving what has become increasingly an international problem.

We must formulate a global strategy for combatting illegal drugs—a global strategy for a global problem affecting your countries as well as ours.

In your own interests, as well as in the interests of a healthy NATO, I believe you will find out that cooperation not merely desirable but absolutely essential.

Fourth, we know that one basic element of such a strategy is recognition that the production of opium is intimately and inevitably related to international rural poverty and to the politically sensitive topic of agrarian reform.

And it's worth noting right here that while the opium poppy is attractive as a cash crop to third world farmers, because there is a market for it, the cash return is not great at the field level—the major profits occur much further down the line—so that it is not inordinately difficult to persuade those farmers to turn to another cash crop, especially if enforcement makes the poppy burdensome.

Fifth, such a strategy must be based upon meaningful data on the scope of the epidemic and the factors that are causing it.

Therefore, we hope you will join us in asking the Organization for Economic Cooperation and Development to create an internationally-respected base of data on the magnitude of the drug problem facing all of us.

Sixth, we must recognize that economic development in the third world is not only the ultimate solution, but also that we must approach it carefully lest we exacerbate the problem in trying to resolve it.

We have proposed that the Development Assistance Committee of the Organization for Economic Cooperation and Development include narcotics control as a factor in bilateral and multilateral assistance programs. We are concerned that such assistance programs deliberately exclude opium production from the irrigation projects and other agricultural programs they sponsor.

Seventh, a centerpiece of a global strategy combatting narcotics abuse must be the United Nations.

One important U.N. instrument will be the Fund for Drug Abuse Control. The fund's now-political nature has been especially useful in non-aligned Afghanistan, as well is in more western-oriented Pakistan.

The fund has been active in traditional law enforcement, crop substitution and research in South Asia and other opium-producing areas of the world. It would be very much in the interest of all of our countries to increase contributions to the fund.

Eighth, it is axiomatic that any of these multilateral efforts can and should be supplemented by any bilateral arrangements any NATO nation can make with any producing country. It really doesn't matter who convinces a producing country to eliminate illegal opium production—when production is eradicated, we all benefit.

The whole history of diplomacy teaches us that the first requirement of international action is the conviction of individual nation states that they have a mutuality of interest susceptible to international cooperation.

The global dimensions of the illegal-drug epidemic makes the case beyond all doubt, I believe, for a mutuality of interest in narcotics control.

But I realize that none of you will leave this room today fully convinced that a major social crisis based upon the international drug traffic is actually upon you and your fellow citizens.

So, while I hope you will consider this partial agenda for international action, I do not ask you to simply take my word for its necessity.

What I do ask is that you make a commitment to yourselves, right now, to go home and talk to your own experts. Find out how serious the drug problem is or will become in your own homeland. Ask yourselves how it is likely to affect your society. And, finally, examine the ability of your country, alone, to solve its drug problems with no help from its allies.

I think I know what answers you will find, and I believe your response will allow us to go forward together to solve a problem none of us can cope with singly.

As you leave to begin that assessment, let me send with you a picture of what it was like in parts of the United States when we were in the midst of the drug epidemic of the early seventies.

It is not a pretty picture, but it is one you may find reproduced in your own countries if we fail to meet the challenge of the eighties.

I am reading from a report by a congressional committee that visited a neighborhood in New York City that was swamped with heroin addiction and resulting crime.

"It was like a war-torn city—gutted-out buildings, boarded-up windows, debris littering the streets and sidewalks, and a feeling of deprivation and decay permeating the air."

You all know, better than most Americans, what a war-stricken city looks like. You would no doubt like to feel that the drug epidemic cannot visit such devastation again on your cities—on Paris, London, Rome, Amsterdam or Berlin—but I tell you that it can. We have seen it here.

If the addict population grows large enough in any city, if the price goes high enough, heroin addiction can duplicate the landscape of war, because it produces a war between civility and barbarism, in the proudest city of any nation in the world.

BIDEN'S WORTHY WAR FOR NATO

It isn't that the North Atlantic Treaty Organization hasn't had enough to do. NATO was organized just about 30 years ago for a specific purpose: to protect Western Europe from Russia or any other potential aggressor. It has fulfilled that purpose in the same sense that the old greeting, "May your house be safe from tigers" fulfills its purpose as long as there aren't any incursions into your house by *panthera tigris*. It has carried out that function despite difficulties such as procurement of uniform weapons systems and national jurisdictions; Western Europe has not been subjected to invasion in the three decades of NATO's existence.

Delaware's Sen. Joseph R. Biden Jr., however, has now proposed a more active function for the treaty organization, and it sounds like a great idea.

The senator suggested, in a talk to the NATO Committee on Challenges of Modern Society, that the parent organization commit itself to waging a war: a war on illegal drugs and the international traffic in them.

No single nation can assume this task. Mr. Biden pointed out. It will require a concerted effort by a multinational organization.

And the task, as the senator stated, is an urgent and worthwhile one.

Mr. Biden, who is chairman of the Senate Judiciary Committee's subcommittee on criminal justice, used some moving phrases about the ravages that the heroin traffic, for example, causes in the community. The effects of a high population of addicted people, he said, results in war between civility and barbarity.

The outlook for Western Europe unless something substantial is done about heroin is grim.

In the famed Golden Triangle of Laos; Thailand and Cambodia, there is a prospect for such a record crop of opium as to raise expectation of an 80 million ton production of heroin in the next year. U.S. consumption represents only a small fraction of that 80 million ton figure and merchants of illegal drugs will be looking to expanded markets in Europe, where increased supplies from Pakistan, Afghanistan and Iran already have been flowing in.

The problem is particularly grim in West Germany. The magazine Der Stern last week proclaimed that "In no other country is heroin abuse as bad as in West Germany . . . more than 400 deaths in nine months, most of them young people . . ."

In fact, the overall death toll from narcotics overdoses in affluent West Germany is expected to reach 600 this year—in a population of 60 million, compared to a decreased U.S. total estimated at 380 in a population of more than 220 million.

Sen. Biden has suggested a worthwhile project indeed for the NATO countries: to combine in combatting a ral scourge.

BIDEN APPEALS TO NATO TO AID IN HEROIN FIGHT

(By Pat Ordovensky)

WASHINGTON.—Sen. Joseph R. Biden, Jr. yesterday called for an international effort to stem a new flood of heroin from the Far East that "threatens to overwhelm all of us."

Speaking to a group of government officials from Western Europe, the Delaware Democrat said "our epidemic has become your epidemic, too."

He warned that U.S. intelligence reports that "a bumper crop" of opium, from which heroin is produced, is about to be harvested in unpoliced tribal areas along the Pakistan-Afghanistan border. The size of the crop, he said, "dwarfs anything we have known before."

"That opium is bound for heroin-processing plants in the Middle East, where it will be exported first to your sons and daughters in Western Europe," he told the NATO bureaucrats, "and when that market is saturated, to the streets of American cities."

Biden is chairman of the Senate's criminal justice subcommittee which recently completed a series of hearings into illegal drug trade. He spoke yesterday at a luncheon of NATO's Committee on Challenges of Modern Society, which deals with non-military issues facing the North Atlantic nations.

He told them the United States stemmed the flow of heroin from abroad only by working with other countries, such as Turkey, Mexico and France, to shut down the opium poppy farms and the plants that converted opium to heroin.

For the first time in 10 years, Biden said, the number of heroin addicts in this country has decreased. He said law enforcement experts estimate heroin imports are down from eight tons to five tons a year.

"The experience of the '70s," Biden said, "teaches us that no one country, whatever its motivation and resources, can control the drug trade. It requires a truly international effort."

He urged the NATO nations to join a cooperative effort to stamp out the poppies wherever they are grown, through such organizations as the U.N. Fund for Drug Abuse Control. A strategy, he suggested, would be to persuade Third World farmers that other crops can be equally profitable, "especially if enforcement makes the poppy burdensome."

"Go home and talk to your own experts," Biden told the Europeans. "Find out how serious the drug problem is or will become in your own homeland. Ask yourselves how it is likely to affect your society. . . . I think I know what answers you will find."

Biden cited a congressional report describing a drug-infested area of New York as "a war-torn city—gutted-out buildings, boarded-up windows, debris littering the streets and sidewalks and a feeling of deprivation and decay permeating the air."

"You all know, better than most Americans, what a war-stricken city looks like," he told the NATO officials. "You would no doubt like to feel that the drug epidemic cannot visit such devastation again on your cities.

"But I tell you that it can," he said. "We have seen it here."●

STEEL INDUSTRY NEEDS HELP RENOVATING COKE OVENS

● Mr. HEINZ. Mr. President, one of the most serious crises facing the American steel industry is the growing decline in coke oven capacity and the resulting increase in coke imports. Last year this problem cost Americans an added $500 million to our trade deficit to pay for imported coke, plus an additional $200 million to pay for imported oil used by the industry in place of gas produced as a byproduct of coke manufacturing. Had these 5.7 million tons of imported coke been produced domestically, there would have been 3,400 more jobs in coke manufacturing and some 6,000 additional jobs in the mines.

One of the most cogent analyses of the problems of America's coke ovens was recently prepared for the Department of Commerce by William T. Hogan and Frank T. Koelble of Fordham University's Industrial Economics Research Institute. It makes clear the tremendous cost to our economy, our trade deficit, our employment, and our energy conservation efforts of the continuing decline in coke oven renovation and rebuilding in the United States, and it discusses in detail the capital the steel industry will need if anything is to be done.

One solution, Mr. President, lies in an amendment I intend to propose to the windfall profits tax bill (H.R. 3919) which would make coke ovens eligible for the additional 10 percent alternative energy property investment tax credit. This amendment, which the Senate passed as part of the Energy Tax Act of 1978, but which was dropped in conference, would recognize the special role coke ovens have in producing byproduct gas which is an important source of energy for steel companies, and it would provide equal treatment for coke ovens with other equipment intended to produce the same kind of gas. This amendment, coupled with language currently in the bill extending the period during which the credit can be claimed under certain circumstances, would have a positive impact on steel companies' schedules for coke oven renovation and would have the effect of bringing more coke ovens into operation sooner. And that, of course, is what we need to solve the problems mentioned in Commerce's study.

Mr. President, I request that the summary and conclusions section of the study be printed in the RECORD.

The material follows:

ANALYSIS OF THE U.S. METALLURGICAL COKE INDUSTRY

(By William T. Hogan, S.J. and Frank T. Koelble)

SUMMARY AND CONCLUSIONS

The United States faces a critical situation in respect to a shortage of metallurgical coke, which will worsen in the next three to five years. Coke is an essential, energy-based industrial material used primarily in the steel industry's blast furnaces to make iron that is subsequently refined into steel. Under current conditions, it seems certain that the nations' metallurgical coke industry cannot provide a viable source of adequate supply, raising the prospect of increased dependence on imported coke and eventual curtailments of iron and steel production.

During 1978, for the first time in nearly 40 years, the coke industry produced less than 50 million tons of coke, its output of 48.6 million tons falling 14.1% below the nation's consumption of 56.6 million tons. To offset the resulting shortages, consumers turned to overseas sources of supply, and coke imports jumped from 1.8 million to a record 5.7 million tons or 10% of U.S. requirements. This marked the sixth consecutive year that imports exceeded the million-ton level, and despite recent, temporary improvements in domestic availability and the current slowdown in steel activity, 1979 is certain to become the second largest import year.

The need to import substantial quantities of coke on a regular basis is an anomalous situation, since the United States has the largest and best coking-coal reserves known in the industrialized world. It represents yet another example of the nation's growing dependence on foreign sources for an energy-based industrial material; and in this case, it is a needless dependence, for quite unlike the problems posed by diminishing crude-oil reserves, domestic coking-coal deposits are particularly abundant and suited to metallurgical application.

TRADE AND EMPLOYMENT EFFECTS

The 5.7 million tons of coke imported in 1978 cost the nation $408 million, exclusive of freight and insurance charges, which boosted the total outlay closer to $500 million, thereby adding significantly to the balance-of-payments deficit. At the same time, coke imports produced from foreign coal carried a high price in the loss of job opportunities. If the 5.7 million tons of imported coke had been produced in this country from domestically mined coal, there would have been 3,400 more jobs at the coke ovens and approximately 6,000 jobs in the nation's coal mine.

Decline in coke capacity

The coke industry's inability to meet the nation's needs and the resulting increase in coke imports have been caused by a chronic lack of coke-oven capacity, which has been declining in recent years and will continue to do so over the period through 1985. Since year-end 1975, the industry has lost 10.9 million tons of annual capacity, and based on the excess of scheduled coke-oven abandonments over installations, it will lose an additional 5.3 million tons of annual capacity by the end of 1985. Notably, 90% of this scheduled capacity loss will occur by the end of 1982, when environmental-control deadlines must be met. Of more immediate concern is that fact that 2.2 million of the 5.3-million-ton loss will occur by the end of the current year.

By December 31, 1985, compared to the status of its inplace capacity 10 years earlier, the industry will have lost 66 coke-oven batteries and 3,779 ovens, having a combined annual capacity of 16.2 million tons. In the past three and one-half years, its actual productive capability has declined by more than 10 million tons to 52.5 million annual tons, and further declines to the 47.0-million-ton level are scheduled over the period through 1985. The end result will be' to seriously impair its ability to satisfy the nation's requirements for metallurgical coke.

With the present and future shortages, it is painfully evident that whenever the steel industry in the United States functions at an operating rate of 83% or more—and this should be often in the next five years—it will be forced to depend on foreign sources for coke. Further, there is a real question as to whether these sources can be counted on in the event of an increase in steel production throughout the industrialized world.

Imports of metallurgical coke

The United States was able to import 5.7 million tons of coke in 1978 because the industrialized nations of Western Europe, as well as Japan, did not experience rates of steel production comparable to those in this country; as a consequence, they had excess coke capacity available. The operating rate was 86% of capacity in the United States, while Western European and Japanese operating rates hovered between 70% and 75% of capacity.

Dependence on foreign coke does not present undue supply problems when the steel industries in exporting countries are at a relatively low rate of operations. However, when their operating rates increase to between 85% and 90% their coke will be in tight supply, and, if it can be obtained from them at all, the price will increase significantly. During the 1973–1974 worldwide steel boom, companies in the United States imported a substantial amount of coke for $125 a ton, which was over $50 per ton more than it cost to produce coke at that time in this country. At the height of the 1974 boom, prices for spot sales were $130 to $140 per ton and, in one instance, rose as high as $164 per ton. Should an increase in steel operations develop abroad, this situation could easily recur.

The principal source of imported coke is West Germany; it provided 4.0 million of the 5.7 million tons imported in 1978. The balance came from a number of other countries in relatively small amounts, with five countries, the Netherlands, Japan, the United Kingdom, Argentina, and Italy providing various amounts, ranging from 200 thousand tons to somewhat in excess of 300 thousand tons.

A detailed examination of the situation in these countries indicates that a revival of steel-mill operations would make it impossible for many to export coke and difficult for others. Thus, during periods of active worldwide steel activity, when U.S. coke production is inadequate to meet requirements, it would most likely be impossible to fill the void by imports. It can be assumed that long-term contracts will be honored, but there are few of these.

Causes of the coke shortage

The reasons for the lack of adequate coke-oven capacity in the United States are multiple, and an analysis of the situation indicates that the problem will not be solved in the next few years. Virtually every major steel producer has had to resort to imports, and this practice will continue in a number of cases, in the present coke-oven capacity of these companies is scheduled to be reduced.

The loss of coking capacity has resulted from a number of economic, technical, and regulatory causes, the most significant of which are as follows:

Long-term limitations on market growth and producer profits, thereby restricting the flow of investment capital into coke-oven replacement and modernization.

The consequent problems of coke-oven age and obsolescence, reduced operating efficiency, and increased oven emissions.

The enforcement of environmental-control regulations, which have mandated the closing of older coke plants that would otherwise have been sustained in operation and, at the same time, have forced other plants to curtail their operating rates and reduce their levels of output.

Environmental-control restrictions on the construction of both new and replacement coke ovens in certain specified geographic areas.

Escalating capital costs for coke-oven facilities attributable to inflation and the need to install complex pollution-control and occupational-safety equipment.

The fluid state of cokemaking technology and the uncertainty of investing in unfamiliar equipment that continuing change may soon render obsolete.

Additional obstacles to investment deriving from regulatory uncertainty as to future rules governing coke-oven facilities.

These causes are interrelated and are listed without regard to ranking or degree of importance as contributors to the ongoing capacity loss and the resulting coke shortage.

The Environmental Protection Agency (EPA) is of the opinion that environmental regulations have played a secondary role to economic and other causes. However, it is difficult to disregard the connection between environmental influences and the loss of capacity, particularly in view of the high degree of correlation between the timing of EPA regulations and capacity shutdowns.

The need for pollution control is indisputable; however, it has had its effect on coke capacity and production. In order to bring some old facilities into compliance with regulations, it would have been necessary to retrofit them with costly controls. In a number of cases, it was decided that since the remaining life was too short, it would be more economical to shut down the operation and procure coke from outside sources.

A very large percentage of the coke ovens in operation today are either in compliance with environmental standards or moving toward that goal. Thus, batteries which had a number of years of life remaining have been or are being retrofitted with pollution-control devices, while any new battery or complete replacement is equipped with the best available control technology.

The three areas where pollution was a problem, namely, charging the ovens, pushing the coke from ovens, and quenching the coke, have received considerable attention, and technology requiring substantial capital investments has been applied to reduce emissions to a bare minimum. It must be recognized, however, that the installation of pollution-control equipment often requires a change in operating practices and this has slowed down the coking process considerably, with an 8% loss of oven throughput.

Capital investment requirements

The capital investment required for a coke-oven battery has risen sharply during the last ten years to a point where the installation of an annual ton of coke capacity requires between $180 and $200. Thus, a 1.0-million-ton coke-oven battery requires an expenditure of between $180 million and $200 million. This huge investment is a result, in part, of inflation that has driven up all capital costs. In 1969, the cost of installing a ton of coke-oven capacity was $75 to $85, or a total of $75 million to $85 million for a 1.0-million-ton battery. This represents almost a 150% increase in ten years.

A significant portion of the total investment, about 22% to 25%, is required for pollution-control and occupational-safety equipment. An example of this and how it has added to capital needs can be had from the cost of the quenching car which receives the coke as it is pushed from the oven. New cars with gas cleaning involve an investment of $6.5 million, compared with $150 thousand for a conventional quenching car used ten years ago.

Pollution controls and capacity

In the next few years, plans call for less than a complete replacement of those ovens scheduled to be abandoned, while there are no announced plans to add to capacity. The absence of decisions to expand capacity and to replace only part of that which will be abandoned is due to a number of causes, including environmental regulations.

In the Clean Air Act the country is divided into attainment and non-attainment areas. The former have air quality with less than 75 micrograms of suspended particulate matter per cubic meter. The latter have more than 75.

To construct facilities which emit particulate matter in a non-attainment area, there are a number of conditions that must be met.

1. The technology employed must provide the least attainable emission rates (LAER).

2. A company desiring to add a new installation must have all of its facilities in the entire state in compliance with EPA standards or be under agreement to bring them into compliance.

3. There must be an offset in the non-attainment area where the facility is to be placed, which would reduce pollution by the amount that will be generated from the new facility.

4. The company must demonstrate continuing progress in the reduction of particulate matter toward the attainment of the 75 microgram level.

The third condition poses a problem for a new company moving into an area, if it has no other facilities on which pollution can be reduced. This is a limiting factor on growth and expansion, for even if the new company had the necessary funds to build a coke-oven battery in a non-attainment area, it would be extremely difficult to do so, since no pollution trade-off is possible.

Most of the nation's coke-oven batteries are located at steel plants, where coke is used in the blast furnace, and gas from the ovens provides energy for a number of functions throughout the mill. Therefore, new batteries would logically be built at steel mills, which in many instances are in non-attainment areas.

The difficulties involved in building coke ovens are compounded by the fact that the same restrictive conditions that govern the installation of new capacity apply to replacements. If a battery that has been in operation is torn down to be replaced by the same capacity, this is considered a new source of pollution.

Age of coke-oven capacity

In spite of the problems that surround coke-oven construction, solutions must be found if the United States is to update its coking capacity, much of which is over 25 years old. Despite the fact that 20 million tons of coking capacity, predominantly for replacements, have been installed in the last 10 years and 14 million of that in the last five years, 35% of existing capacity, or 22.4 million tons, is over 25 years old; and nearly one-fifth of capacity is in the 20 to 25 year age category. The generally accepted standard is that 25 to 30 years represents the normal, effective life span of a coke-oven battery. As ovens advance beyond this age level, they tend to incur serious maintenance problems from leaking doors and seals, as well as from overall structural deterioration. Based on this standard and the age distribution of existing coke-oven capacity, the coke industry faces an acute problem of facility obsolescence, which has serious negative implications for its ability to produce coke in the years ahead.

Future coke shortages

Dependence on foreign suppliers for coke, particularly in a period when the world steel industry is operating at a high rate of capacity, can have a limiting effect on U.S. steel production. By 1985, with a minimal growth of 2% in steel output, the demand for coke in the United States will be approximately 59 million tons, so that the domestic coke shortfall could be about 10 to 12 million tons. Such a shortfall could be remedied, in part, by outside purchases of coke, but under the assumption of an active worldwide steel market, these would be significantly curtailed.

Accounting for advances in blast-furnace technology between now and 1985, it will take 0.560 tons of coke to make one ton of pig iron; thus, an approximate 10-million-ton shortfall in coke for blast-furnace use will result in a 17-million-ton decline in the availability of iron for steelmaking. As a result, despite a growing emphasis on the scrap-based electric steelmaking furnace, raw-steel output will be reduced by some 29 million tons. This reduction, representing the equivalent of 21.5 million tons of finished steel products, accounts for the expected mix of steelmaking processes to be employed in 1985 and the consequent input of 0.580 tons of iron for each ton of steel produced.

Under these shortage circumstances, the steel industry will have finishing facilities that are idle while the country is in need of steel. To fill the demand for 21.5 million tons of steel in an active world market, the U.S. steel industry will have to pay very high prices for coke, if indeed it is procurable at all; or, steel consumers will have to import an additional 21.5 million tons of steel products at a time when demand is high. This will mean exorbitant prices for steel imports, for whenever they are needed and come into the United States as a supplement to domestic steel rather than in competition with it, prices reflect what the traffic will bear. This was borne out in 1974, when import prices for steel were 80% to 100% above domestic prices.

The foregoing analysis assumes an increase in steel demand of about 2%. It should be pointed out that even if the growth rate is 1%, there would not be enough coke to fill the nation's requirements. A 1% increase in steel production would require 55 million tons of coke in 1985, thus leaving a shortfall of 8 million tons, which would have a significant negative effect on pig-iron and steel production.

To maintain a strong steel industry, it is necessary that all of its components be adequate to perform their tasks. Thus, there must be a workable solution to enable the steel industry in the United States to supply itself with coke.

An increase in coke-oven capacity will make the industry much more self-sufficient by reducing imports which, in turn, will improve the balance of payments and increase job opportunities.●

SOVIET DECEPTION IN SALT

● Mr. HUMPHREY. Mr. President, there is substantial and convincing evidence of Soviet deception in the SALT negotiations. This evidence spans both SALT I and SALT II, and relates both to Soviet negotiating behavior and the operation of Soviet strategic forces. Several articles from "Strategic Review" indicate that the Soviets deceived the United States in May 1972, on each of the three main issues of SALT I: constraints on ICBM and silo size increases, constraints on SLBM's and constraints on mobile ICBM's. The articles also indicate that in SALT II, the Soviets have continued to negotiate deceptively in order to avoid all effective constraints on "new type" ICBM's. Moreover, President Brezhnev's statement on Backfire bombers is deceptive, because by denying Backfire's intercontinental range and refueling capabilities, it contradicts agreed U.S. intelligence judgments.

Mr. President, Soviet deception will clearly be an important issue in the impending SALT II debate on the Senate floor. I urge all of my colleagues, regardless of their present views on the SALT II treaty, to read and study these Strategic Review articles. In addition, it is well known that a highly classified CIA study on Soviet SALT deception exists. This study has been described as one of the best pieces of intelligence analysis ever produced by the CIA. I have read the classified CIA study, and I urge all of my colleagues to do the same, no matter what their views. Special arrangements can be made with CIA for reading it.

Accordingly, Mr. President, I submit for the Record these Strategic Review articles.

The articles follow:

The Legacy of SALT I: Soviet Deception and U.S. Retreat

(By David S. Sullivan)

IN BRIEF

In SALT I the United States fell victim to Soviet deceit, and to its own gullibility and myopic assumptions. In essence, the United States traded off its superior ABM technology in return for what proved to be illusory constraints on Soviet offensive strategic capabilities. Carefully shrouding their ongoing and ambitious strategic programs, the Soviets negotiated ceilings that in no way compromised their force goals. They used this deception and loopholes in the SALT agreements both to camouflage and legitimize a thrust to strategic superiority that will endure at least into the 1980s. As the debate over the ratification of SALT II gathers, the question becomes even more insistent: Has the United States learned from its blatant mistakes or is it destined to compound them, with ever more dire consequences for its security?

The Strategic Arms Limitation Talks (SALT) between the United States and the Soviet Union are significantly shaping the terrain that will hold the strategic envionment of the future. The SALT I concords of May 1972–October 1977 have been extended for over a year. Many of their provisions will be continued and expanded in the emerging SALT II Agreement. In the meantime, awesome strides by the Soviet Union in strategic programs and weapons deployments since 1972 have startled many U.S. policymakers. Hindsight illuminates more clearly Soviet negotiating behavior and intentions in May 1972 as indicators of future behavior and intentions. It is therefore vitally important, as we approach the ratification debate over SALT II, that we recognize keenly the lessons of the past.

In casting this backward look, this article advances five general propositions about the "arms race" and SALT. The first proposition is that SALT has not led to true or balanced arms control. The Anti-Ballistic Missile (ABM) Treaty of 1972 is not a valid exception to this statement, nor was the required deactivation of the 210 old Soviet SS–7 and SS–8 intercontinental bassistic missiles (ICBMs) under the Interim Agreement on Offensive Systems. The ABM Treaty in effect limited only U.S. ABMs; there is no known evidence that in 1972 the Soviets planned to deploy more than the ABM system around Moscow. The old Soviet ICBMs in 1972 were probably slated for retirement anyway, and it can be argued that SALT in fact prolonged their life; they nevertheless may have been replaced under the SALT I Interim Agreement by the reported covert stockpiling of an equivalent number of mobile SS–16 ICBMs, as well as by 210 modern sea-launched ballistic missiles (SLBMs). There has thus been double replacement of the old ICBMs, not to mention the numerical implications of the refire capability of the new "cold-launched' SS–18s and SS–17s and the probable stockpiling of about 1,000 older SS–11s.

The second proposition is that the Soviets clearly have gained the most from the SALT process. Throughout the SALT negotiations period, from 1969 to the present, the Soviet Union has continued the pace of both its quantitative and qualitative improvements over the full spectrum of weapons capabilities. The Soviets have carefully and deceptively negotiated provisions to accommodate the deployments originally programmed by them, and they have taken maximum advantage of every loophole and ambiguity in the agreements. Indeed, Soviet strategic advantages in many categories have widened throughout this period. At the same time, the Soviets successfully thwarted the U.S. strategic program of greatest concern to them: the more technically advanced U.S. ABM program. The Soviets have used the SALT negotiations process as a smokescreen to conceal their mounting strategic superiority from a complacent United States.

A third and corollary propostion is that SALT has stimulated the arms race by allowing a Soviet build-up without any real quantitative and qualitative constraints. Given the self-imposed reins on quantitative U.S. deployments after 1967, a qualitative upgrading of U.S. ICBMs and SLBMs through MIRVing became necessary in June 1970. The Soviet Union responded by accelerating its own program of MIRVing Soviet ICBMs, even while continuing the massive deployment of SLBMs. This Soviet response probably occurred sometime later in 1970, after the United States deployed Minuteman III and Poseidon. In 1975, after Vladivostok, the Soviets probably decided to deploy large numbers of MIRVed SLBMs in imitation of U.S. plans for Trident. It is clear, however, that these Soviet MIRV deployments would have taken place sooner or later, irrespective of the fact or timing of U.S. programs.

Fourth, the United States could have achieved a Strategic Arms Limitation Agreement more advantageous to itself much earlier than May 1972. In April 1970, the United States and the USSR reportedly were in general accord on the shape of an ABM agreement: each side was to be allowed one ABM complex to defend its capital. These terms were tantamount to those of the ABM Treaty of 1972, especially as amended in July 1974 to allow one ABM site each to the United States and the USSR. It was U.S. insistence upon linking an ABM Treaty to constraints on Soviet offensive programs that delayed agreement on a SALT I package until May 1972. Meanwhile, in this 1970–1972 period, the Soviets reportedly added about 400 new launchers (mostly SLBMs). Moreover, the purported "freeze" of Soviet offensive programs through 1977 ostensibly achieved by the May 1972 agreement has turned out to be a sham. There was clearly no freeze of either quantitative or qualitative Soviet deployments.

The final proposition advanced in this article is that under SALT I the United States has traded away its ABM in return for a tripling or quadrupling of the Soviet strategic threat against it, all the while tolerating Soviet negotiating deception and massive operational concealments and ruses in Soviet strategic deployments. Moreover, in one important case revealed by the State Department in February 1978, the Soviets admitted that they were then in violation of SALT I by having failed to deactivate by March 1976 the required number of SS–7s and SS–8s.[1] Most observers agree that in all other compliance areas the Soviets stretched their interpretation of the SALT I agreements to the limits of the wording of the provisions and of U.S. tolerance.

U.S. STRATEGIC RETREAT SINCE 1963

History will record that the vaunted "U.S. strategic missile build-up" was in reality shortlived, essentially spanning three years between 1960 and 1963. It was during this brief period that the United States made the force structure decisions that would result in levels by 1967 of 1,054 ICBMs and 41 submarines with 656 SLBMs. In fact, the selection of these levels was arbitrary: they were considerably below those desired by the U.S. Air Force and Navy. The U.S. B–52 bomber force has dwindled since 1965, and the deployment of new ICBM and SLBM launchers stopped in 1967.

The United States and the USSR drew opposite conclusions from the Cuban Missile Crisis of October 1962. The U.S. strategic posture since that period can be characterized as one of strategic retreat. Both the U.S. strategic budget and strategic force structure have been declining since 1963, when the United States commenced the deactivation of its more costly medium bombers and early ICBMs. Conversely, the humiliation suffered by the Soviet Union in the Cuban crisis evidently prompted a decision in the Kremlin to overcôme Soviet strategic inferiority at all costs. It is now clear that simultaneous with the cutbacks in U.S. strategic programs decided upon in 1963, Khrushchev cast the decision for the massive Soviet strategic build-up of the 1960s in ICBMs, SLBMs and ABMs.

The U.S. approach under Secretary of Defense McNamara was one of unilateral restraint, because it was believed then that U.S. superiority was unshakable. In 1963, McNamara ordered the start of the deactivation of about 185 Atlas and Titan I ICBMs, some of which had been operational only since 1960 and most of which had only recently been completed. Moreover, he also ordered the phasing out of the entire force of U.S. B–47 and B–58 medium bombers. These U.S. unilateral decisions in 1963 were rendered for the sake of greater "cost effectiveness" in the U.S. defense budget: the

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Footnotes at end of article.

forces marked for deactivation were more expensive to maintain and operate than the newer Minuteman I ICBMs and B-52 bombers. Yet, these cutbacks were not matched by any commensurate deactivations of weapons systems by the Soviet Union. It is well known that most of the 700 or so Soviet Tu-16 Badger and Tu-22 Blinder bombers—comparable to the U.S. B-47 and B-58 forces—are still in active service in 1979, and the last of the 210 Soviet SS-7 and SS-8 ICBMs, comparable to the U.S. Atlas and Titan I, have only recently been deactivated. Moreover, even before the Cuban Missile Crisis, the United States had decided to remove its forward-based IRBMs from Europe. In contrast, Soviet MR/IRBM forces taregted on Western Europe have remained in place since the late 1950s.

By 1965, Secretary McNamara's Defense Posture Statements reflected the goal of stabilizing the aggregate number of U.S. strategic delivery vehicles, improving only their quality. "Assured destruction" came increasingly into vogue thereafter as the U.S. strategic doctrine (becoming "mutual assured destruction" as the Soviets reached parity by about 1969). Assured destruction called for only finite U.S. forces, capable of destroying merely a certain percentage of Soviet urban-industrial ("value") targets. It was believed that deterrence required that the United States be capable under all circumstances of destroying about one-third of the Soviet urban-industrial target base.

The U.S. Defense Posture Statement of 1965 and a survey of the U.S. press during that year indicate two important decisions taken by McNamara at that time. The first was the decision to develop and retrofit MIRVed warheads in both the existing Minuteman ICBM silos and Polaris SLBM tubes. With this decision, the United States shifted the emphasis of its strategic programs to qualitative developments—principally to MIRVs for ICBMs and SLBMs (MIRV deployment levels were not announced until December 1970). The Soviets evidently followed suit in the mid-1960s with the development of their own MIRV programs—the fourth-generation SS-19, SS-18 and SS-17 missiles—programs which would not bear fruit until after 1972. In 1965, also, the United States began active development of an anti-ballistic missile system.

Notwithstanding these qualitative development moves, the series of decisions in the early 1960s can only be characterized as a strategic retreat by the United States. The retreat began as early as in 1963, when Secretary McNamara decided to end ICBM and SLBM deployment in 1967 and initiated his "cost effectiveness" cutbacks in U.S. strategic forces.

An analysis of the Soviet press suggests that it was Khrushchev who made the decision in early 1963 to increase dramatically the Soviet ICBM and SLBM construction programs.[2] In February 1963 it was announced that Khrushchev's 1959-1965 Seven Year Plan was being revised. By March it became apparent that this revision was directly related to the concurrent preparation of the new 1966-1970 Five Year Plan. Some massive new investments evidently prodded this planning activity. It is significant that Dmitri F. Ustinov, who had previously managed the Soviet defense industries and is now Defense Minister, was made responsible for management of the entire economy. Ustinov's promotion in early 1963 suggests that the new investments in the revised Seven Year Plan and new Five Year Plan were related to bolstering the Soviet defense posture.

It is therefore a myth that a chastened Khrushchev favored a Soviet posture of minimal deterrence after the Soviet Union's humiliation in the Cuban Missile Crisis. The high levels in Soviet strategic forces achieved by 1970 clearly point to a decision in 1963 to augment massively the Soviet strategic posture. Moreover, a reading of the Soviet press suggests that the 1963 strategic decision required the rewriting of the last two years of Khrushchev's 1959-1965 Seven Year Plan, concurrent with the preparation of the 1966-1970 Five Year Plan. The changed Soviet economic priorities in favor of defense spending thus determined the momentum of the Soviet strategic build-up that has continued into the present period. Indeed, it is now clear that the Five Year Plans of 1966-1970, 1971-1975, 1976-1980 and 1981-1985 have served—and continue to serve—as the framework for programming the Soviet build-up.

It is also worth noting that Khrushchev's decision in 1963 with respect to a massive Soviet strategic program was paralleled by diplomatic progress toward the U.S.-Soviet Limited Nuclear Test Ban Treaty, which was signed on July 25, 1963. At least in terms of circumstantial evidence, we thus have an early example of the Soviet Union's use of arms control negotiations to deflect attention from concerted Soviet strategic armaments efforts.

THE NIXON-KISSINGER DESCENT FROM SUPERIORITY TO "SUFFICIENCY"

In July 1968, the Soviets had agreed to enter into negotiations with the United States toward strategic arms limitations, but the Soviet invasion of Czechoslovakia in August delayed the opening of the talks. One important motive in the Soviet decision to enter into SALT in 1968 was surely their desire to protect their approaching position of strategic parity against qualitative advances by the United States in ABM and MIRV technology, and against possible new U.S. weapons deployments. By about 1968 the Soviets had achieved parity with the United States in terms of total ICBM, SLBM and bomber forces (counting those probably under construction at the time).

It is worth reemphasizing that in contrast to the steady growth in the Soviet strategic posture after 1963, the United States did not increase the number of its ICBMs or SLBMs after mid-1967, when the last Minuteman silos and Polaris SSBNs became operational. The last B-52 bombers had been delivered to SAC in 1962;[3] in fact, the U.S. B-52 force declined after 1965 in the wake of McNamara's decision to phase out the older one-third of the force and as a result of attrition in the Vietnam conflict. The aggregate of U.S. strategic delivery vehicles thus peaked in 1967, and has been declining ever since.

Like Barry Goldwater before him in 1964, Richard Nixon campaigned in 1968 on a platform of promising the maintenance of U.S. superiority over the Soviet Union: "As a candidate, Nixon had stressed the need for 'clear cut military superiority' over the Soviet Union, sharply criticizing the Democrats for settling for anything short of that."[4] By January 1969, when President Nixon and his National Security Adviser, Henry Kissinger, assumed office, this goal was evidently scaled down to the one of preserving only a rough strategic balance between the United States and the USSR.

The Joint Chiefs of Staff in early 1969 put pressure on Nixon to resume expansion of the U.S. strategic arsenal in order to keep pace with the accelerating Soviet build-up. The JCS recommended that the United States resume the construction of ICBMs . . . and that the United States step up its production of nuclear-powered submarines and long-range bombers. Kissinger realized that the Soviet strategic arsenal was growing every day but, during an NSC meeting on March 5 devoted exclusively to a review of the ABM system, he argued strenuously against the JCS recommendations on the ground that they would escalate the arms race, thereby jeopardizing the long-range prospect for SALT and unnecessarily antagonizing the Russians.[5]

Moreover, also in early 1969, Dr. Kissinger received a series of studies he had ordered of the existing and future U.S.-Soviet strategic equation. These studies indicated to Kissinger the magnitude of the strategic shift underway and the low likelihood of redressing it. Kissinger's biographers describe the inferences that were drawn: "It was impossible to escape the conclusion. [NSC staffer Morton] Halperin noted to Kissinger, that no conceivable American strategic program would give you the kind of superiority that you had in the 1950's."[6]

This striking conclusion reached in early 1969 had a profound effect upon a U.S. strategic posture that had already been restrained in terms of aggregate delivery vehicles. Kissinger convinced Nixon that, since the objective of regaining superiority seemed no longer feasible, some other goal had to be substituted. He recommended that "sufficiency" should be substituted for "superiority" as the goal of the U.S. military policy. Nixon bought the idea, but he sought to camouflage his strategic retreat by suggesting that it would be a mistake to concentrate on semantics. . . . he said on 29 January 1969, "I think sufficiency is a better term, actually, than either superiority or parity."[7]

"Sufficiency" therefore was different from "parity." The use of the term opened the way to a U.S. descent into inferiorty which, given the long development lead-times for strategic weaponry, seems ordained into the 1980s.

Thus, in early 1969 the Nixon Administration rejected proposals by the military to resume new U.S. deployments of ICBM and SLBM launchers and bombers in response to the still continuing and massive Soviet ICBM and SLBM build-up. This U.S. unilateral decision not to keep pace with the Soviets was justified with allegations of the necessity to be conciliatory toward the Soviets. Moreover, Nixon and Kissinger reportedly believed that, against the background of an unpopular Vietnam war, the U.S. public would not support additional expenditures for new strategic weapons.[8] Furthermore, Nixon wanted to open SALT negotiations with the Soviets in the hope that arms control negotiations and agreements could restrain ongoing Soviet ICBM and SLBM programs and thus help cushion the problems facing the United States in the strategic competition. More pointedly, it was hoped that SALT could solve the problem posed by the increasing vulnerability of the U.S. Minuteman ICBM force to the growing number of Soviet heavy SS-9 ICBMs, by buying the Soviet Union's restraint in the deployment of such systems.

In looking to SALT for the solution of American problems, Nixon and Kissinger proceeded on a path already charted by McNamara. The latter had sought arms negotiations in order, first, to prevent or limit an ABM deployment by the United States, which he viewed as "destabilizing" and in a needless expense, and second to constrain the Soviet ICBM threat to the United States. He thus inaugurated the trend that cast the United States into the role of diplomatic demandeur in SALT. This concessionary bargaining posture was to continue under Dr. Kissinger and has prevailed throughout SALT II.

By early 1969, Kissinger shared McNamara's aversion to a concerted U.S. ABM program. He tended to see the ABM as a "weapon system in search of a rationale."[9] In early 1969, Nixon shifted the rationale of the U.S. ABM program from population and area defense to ICBM site defense, renaming it from Sentinel to Safeguard. Kissinger evidently became a lukewarm supporter of the ABM in this new deployment context, but it is important to examine an apparently significant motive shared by him and President Nixon:

Footnotes at end of article.

"Uncited by the President [in his arguments justfying the Safeguard ABM], but perhaps most significant of all, was the 'bargaining chip' rationale. The ABM, in the President's view, would give the United States some negotiating currency in any forthcoming dealings with the Russians." [10]

Kissinger was persuaded "by the President's argument that the U.S. needed an ongoing weapons system to trade off during SALT." [11] This kind of bargaining ploy seems a strange rationale for developing a U.S. weapon system, especially one as expensive as the U.S. ABM and earmarked for a clear military purpose: namely, that of defending an increasingly vulnerable force of U.S. ICBMs. In any event, the role of the U.S. ABM, as defined by Nixon and Kissinger, was therefore simply that of grist for the bargaining process.

Kissinger's approach to deployment of U.S. MIRVs is less clear. According to his biographers, he was ambivalent with respect to the U.S. MIRV programs, but in the end went along with the reaffirmation in 1969 of the earlier decision to deploy them.[12] One apparent motive was that the development of MIRVs would obviate the deployment of new U.S. ICBM and SLBM launchers.

The irony is that Kissinger reportedly discerned in 1969 the real thrusts of the Soviet strategy in SALT: "Their strategy . . . would be to engage in arms talks to lull the Americans into a false sense of security." [13] According to accounts by Admiral Zumwalt of conversations with Kissinger in November 1971 and May 1972, the latter held to the Spenglerian view that the U.S. had "passed its historic high point like so many earlier civilizations," and that the U.S. was going "downhill and cannot be roused by political challenge." His job was "to persuade the Russians to give us the best deal we can get, recognizing that the historical forces favor them." He prophetically believed that "the American people have only themselves to blame" for his having negotiated SALT terms favorable to the Soviets, "because they lack stamina to stay the course against the Russians who are 'Sparta to our Athens.' " [14]

Kissinger thus seemed to realize that the Soviet objectives in SALT I were to put shackles on the U.S. ABM, while at the same time resisting U.S. attempts to limit the numbers and quality of Soviet weapons. By 1969, the Soviets probably were after a safe charter for their quantitative ICBM and SLBM deployment programs, as well as for their superior MIRVed ICBM and SLBM follow-on systems then under secret development.

In that same context, an important part of the Soviet SALT I negotiating strategy evidently was to delay a SALT agreement as long as possible in order to be able to complete their build-up and achieve superiority in both quantitative and qualitative categories. The longer SALT I continued, the more favorable the elapsed time was for Soviet programs of developing and deploying ABMs, ICBMs, SLBMs and MIRVs, while the United States was only fashioning MIRVs and ABMs.

In contrast, the United States had no quantitative deployment programs to protect in SALT. Minuteman III and Poseidon MIRV flight-testing began in August 1968, and the testing of the ABM Sprint and Spartan systems took place throughout the late 1960s. The U.S. Minuteman III and Poseidon MIRV programs consisted only of retrofitted replacements. In terms of opposing bargaining assets, the United States could credibly offer ABM constraints only in a bid for reciprocal limitations of the Soviet ABM program.

In other words, SALT I represented a highly asymmetrical strategic and negotiating situation, in which the Soviets had the advantages of strategic momentum and better bargaining leverage. The Soviets could bargain from an increasingly strong position, while the U.S. position was growing progressively weaker. Moreover, the Soviets benefitted from the inherent advantages of a closed society in a bargaining situation: they knew U.S. programs and goals, while the United States was uncertain about Soviet efforts and objectives. It can reasonably be deduced from the SALT dialogue that the Soviets were aware of how little the United States knew of the Soviet Union's secret new MIRV programs. This asymmetry in favor of the Soviets was to prove crucial.[15]

In sum, by early 1970 the Nixon Administration favored deployment of the U.S. ABM system in order to use it as a SALT "bargaining chip" to extract concessions from the Soviets in the form of restraints on their offensive strategic programs. Kissinger was reportedly ambivalent about the U.S. Minuteman III and Poseidon programs, but went along with the decision to deploy these MIRVed systems and ABM.

ABM deployment in the United States began in April 1970, and MIRVed ICBM and SLBM deployment followed in June 1970. By December 1970, U.S. plans were announced for retrofitting MIRVed warheads on 550 ICBMs and 496 SLBMs through 1975. These plans had been under discussion in U.S. Defense Posture Statements since 1965, when the decision was made to improve the quality of U.S. strategic forces while freezing the number of delivery vehicles. Meanwhile, the Soviets were continuing to build additional ICBMs and SLBMs while accelerating the development of their own MIRVs for ICBMs and SLBMs.

THE MAY 1971 SALT COMMUNIQUE

Two major events stand out in the 1970–1971 period. The first was the reported U.S. proposal in early 1970 for an agreement covering only ABMs and calling for one ABM site on each side to protect the National Command Authority, or capital. Unexpectedly, this "NCA only" proposal by the United States was accepted immediately in April 1970 by the Soviets, causing the United States to draw back.[16] Yet, this withdrawn proposal amounted to essentially the same equation as the "two-and-two-sites" formula embodied in the 1972 ABM Treaty, especially with the July 1974 modification of the latter agreement to permit one ABM site each to the United States and the USSR. Had the United States gone ahead with the original proposal, it would have gained the same ABM agreement as it did in 1972, but without the codification of Soviet ICBM and SLBM superiority which was explicit in the Interim Agreement of May 1972.

The second major event of this period was the SALT I Communique of May 20, 1971. The Communique was worked out in top-level U.S.-Soviet diplomatic exchanges between January and May. It established the broad framework for the SALT I agreements and laid the basis for the May 1972 SALT Summit. It contained a simple formula. By linking an agreement on ABMs with an agreement on offensive weapons, it made one agreement contingent upon the other. This linkage had long been a Kissinger goal. The agreed framework also allowed for the "modernization and replacement" of offensive weapons on both sides. As it turned out, this caveat was to hamper U.S. efforts in 1972 to impose constraints on Soviet deployment of new heavy ICBMs. The Soviets insisted on leeway for modernization and replacement in order to protect their own secret ICBM MIRV programs, which had probably been underway since 1965.

There was, however, one notable complication in converting the May 20, 1971 Communique into the SALT I Agreements. Reportedly, neither the Communique nor the diplomatic record provided for the inclusion of a constraint on Soviet SLBMs in the agreement on offensive forces.[17] This early concession by Dr. Kissinger became a problem later in 1971 and in early 1972, because by then the United States had decided that an offensive weapons agreement would have to include SLBMs. Thus the United States was forced to expend more negotiating time in getting the SLBMs back into the framework—and, as we have noted, the passage of time favored the Soviet strategic build-up and bargaining position. Reportedly, the construction of Soviet SSBN/SLBMs continued apace throughout the 1969–1972 SALT I period (as well as thereafter), although there was evidently a brief pause in the Soviet ICBM construction program during this period, probably in anticipation of the advent of the new, MIRVed Soviet ICBMs after 1972.[18]

THE MAY 1972 SALT I SUMMIT

By early 1972, the objectives of the May 20, 1971 Communique were approaching fulfillment. In April 1972, Dr. Kissinger traveled to Moscow and finally achieved inclusion of SLBMs in the offensive agreement that was taking shape. The stage was being set for the summit meeting in May.

In Moscow, Brezhnev himself reportedly proposed to Dr. Kissinger that the Soviets allowed 62 SSBNs with 950 SLBMs.[19] The United States had in operation only 41 submarines with 656 tubes, and none had been constructed since 1967. In 1972 the new U.S. system of follow-on MIRVed Trident SLBMs was in its earliest design stages, and the first Trident boat was not planned for launch until 1978 or 1979, well after the five-year (1972–1977) timeframe of the Interim Agreement. We shall consider later the significance of these proposed Soviet numbers of 62 SSBNs and 950 missiles and the Soviet justification for them, as well as the complicated negotiations required for the United States to accept them.

By May 1972, the main outlines and most of the details of the ABM Treaty had also been agreed upon. The two sides had concluded that each would be allowed two ABM complexes—one for the protection of the capital and the other to defend an ICBM site. Although the Soviets had preferred minimal radar restrictions, they finally agreed to radar power constraints in the ABM Treaty. As far as the Treaty was concerned, all that was left for the summit was agreement on the relatively minor issue of the precise distance of separation between the two allowable ABM complexes. The United States wanted to maximize this distance, in order to prevent the Soviets from overlaping the coverage of the two allowed complexes and forming them into an area defense of large sections of territory and large population centers. During the summit, this distance was set at 1,300 kilometers, as reflected in the ABM Treaty.

Thus the main task for the May 1972 Summit was to complete the Interim Agreement on Strategic Offensive Weapons. The three main issues of the SALT I Interim Agreement discussed at the Moscow Summit reportedly were:

1. The missile-silo size issue, which revolved around U.S. attempts to constrain the sizes of new Soviet ICBMs intended to replace older ones. The United States was especially trying to prevent the Soviets from placing heavy ICBMs in silos previously housing light ICBMs. The U.S. purpose in all this was to constrain the Soviet ICBM threat to U.S. Minuteman ICBMs.

2. The question of establishing a ceiling on Soviet SSBNs and SLBMs, which also entailed agreeing to a baseline of Soviet SSBNs operational and under construction, above which the Soviets could build to their higher ceiling only by deactivating some old weapons.

Footnotes at end of article.

3. The question of whether mobile ICBMs were to be banned.[20]

As has been noted, the principal Soviet goals in SALT I were probably to constrain the more technically advanced U.S. ABM program, while at the same time keeping their own new ICBM and SLBM modernization programs unrestrained. The Soviets were successful in achieving these goals in the SALT I Interim Agreement. The circumstances during and after the Summit suggest that an element of negotiating deception was involved in the Soviet approach to each of the three main issues of SALT I. Moreover, the Soviets evidently exploited the lack of knowledge in the United States of new Soviet strategic programs and of the characteristics of the new Soviet ICBMs and SLBMs.

An explanation of the circumstances suggesting Soviet negotiating deception in May 1972 is really quite simple and is derived wholly from the public record. The Soviets by this date reportedly had under secret development a new generation of MIRVed ICBMs—the fourth-generation SS–19, SS–18 and SS–17—intended to replace the SS–9 and SS–11 forces. Of these, the SS–19 seems most important. However, these secret new ICBMs reportedly were not flight-tested until late 1972 and early 1973, well after May 1972.[21] The Soviets also had a new SLBM, the SS–N–8, which had been flown before the Summit, but only over a limited range. After the Summit, the SS–N–8 reportedly was tested over an intercontinental range of about 4,000 nautical miles.[22]

Given the long lead-times in strategic weapons development, the new SS–19, SS–18, SS–17 and long-range SS–N–8 SLBM programs must have been underway in the Soviet Union since the mid-1960s, in all likelihood since about 1965. In 1972, however, the existence and characteristics of these new missiles were evidently known only to the Soviets. It later became clear to the United States that the SS–19 was a heavy ICBM by the standard that the United States was proposing in May 1972 to define such a missile.[23] Moreover, the SS–N–8 with its long-range capability could reach most U.S. targets without even leaving home ports.[24]

One of the most important U.S. objectives in the Interim Agreement was to constrain the heavy ICBM threat by the Soviet Union. In an attempt to restrict heavy Soviet ICBMs and to prevent heavy missiles from replacing light (SS–11) ICBMs, the United States proposed Article II of the SALT I Interim Agreement: "The Parties undertake not to convert land-based launchers for light ICBMs, or for ICBMs of older types deployed prior to 1964, into land-based launchers for heavy ICBMs of types deployed after that time." [25]

As can readily be seen, in order to constitute an effective constraint, this provision calls for a definition of a "heavy ICBM." Because (unknown to the United States at the time) the SS–19 was indeed a heavy ICBM by the U.S. definition of 1970–1972, and because the Soviets in May 1972 evidently had plans to deploy it widely,[26] Moscow faced a negotiating problem. How could they agree to Article II while still deploying the SS–19? They could do so obviously by not agreeing to the required definition of a heavy ICBM, thus rendering Article II ineffectual. This is exactly what happened. No agreement was reached on a definition of a heavy ICBM, leaving a large loophole in the provision designed to deal with the most important U.S. goal in SALT I: constraints on Soviet heavy ICBMs. The United States finally was forced to offer the following Unilateral Statement on May 26, 1972:

"The U.S. Delegation regrets that the Soviet Delegation has not been willing to agree on a common definition of a heavy missile. Under these circumstances, the U.S. delegation believe it necessary to state the following: The United States would consider any ICBM having a volume significantly greater than that of the largest light ICBM now operational on either side to be a heavy ICBM. The U.S. proceeds on the premise that the Soviet side will give due account to this consideration." [27]

On June 15, 1972, in a Congressional briefing at the White House, Dr. Kissinger made clear the U.S. interpretation of Article II and the U.S. definition of a heavy missile. However, he very misleadingly implied that the U.S. Unilateral Statement defining a heavy ICBM could be made binding upon the Soviet Union in the context of constraints on heavy missiles replacing high missiles. He said the following in response to a question by Senator Jackson:

"Now with respect to the definition of heavy missiles, this was the subject of extensive discussions at Vienna and Helsinki and finally Moscow. No doubt one of the reasons for the Soviet reluctance to specify a precise characteristic is because undoubtedly they are planning to modernize within the existing framework some of the weapons they now possess. The agreement specifically permits the modernization of weapons."

There are, however, a number of safeguards. First, there is the safeguard that no missile larger than the heaviest light missile that now exists can be substituted. Secondly, there is the provision that the silo configuration cannot be changed in a significant way and then the agreed interpretive statement or the interpretive statement which we made, which the other side stated reflected its views also, that this meant that it could not be increased by more than 10 to 15 percent. We believe that these two statements, taken in conjunction, give us an adequate safeguard against a substantial substitution of heavy missiles for light missiles . . . as far as the break between the light and heavy missiles is concerned, we believe that we have assurances through the two safeguards that I have mentioned to you.[28]

The first "safeguard" alleged by Dr. Kissinger is really a synthesis of the agreed wording of Article II and the U.S. Unilateral Statement. Thus Dr. Kissinger made a U.S. Unilateral Statement appear to be binding on the Soviet Union, when in reality is was not. He seemed to be misleading Congress on the most crucial issue of SALT I. The stakes riding on this U.S. interpretation were heightened even further. Thus John Newhouse wrote in his book published in 1973 that ". . . language worked out in Helsinki [i.e., in May 1972] probably assures protection against any increase in the number of missiles in the SS–9 class [i.e., Article II], but it is nonetheless a bit vague and incomplete, lacking for example, a definition of what constitutes a 'heavy' missile. The Soviets were determined to keep it that way. And they did. Still, any violation of the spirit of this language, let alone the letter, would probably oblige the United States to withdraw from the agreements. Moscow understands that." [29] Thus, even Newhouse, who was quite sympathetic to Kissinger's policies, considered the Article II-heavy missile issue of paramount importance, involving a threat of abrogation of the agreement by the United States if its unilateral definition of a heavy missile was not honored by the Soviets. As it turned out, the definition was not honored by the Soviet Union.

As has been noted, various public accounts indicate that the Soviets tested and deployed a new SS-11 replacement missile after May 1972. This missile was the SS–19. It is quite clear from public statements by Kissinger that the United States did not know the existence, size or capabilities of the SS-19 until well after 1972. Given the long leadtimes involved, the SS-19 must have been under development since about 1965. Public data also reveals that the SS-19 is a heavy ICBM, in terms both of the U.S. definition proposed in May 1972 as well as the U.S. Unilateral Statement defining a heavy ICBM as any missile significantly larger than the SS-11 and Minuteman III. The SS-19's throw-weight is comparable to that of the only U.S. heavy ICBM, the Titan II. The SS-19 is now being widely deployed.

The Soviet deployment of SS–19s has not constituted a violation of the SALT I Agreement, notwithstanding the allegations of some observers. It is not a compliance issue, but an important example of Soviet negotiating deception at the May 1972 Summit with respect to a central issue of SALT I. The Soviets protected their right legitimately to deploy a large number of SS-19s, all the while leading the United States to believe that such a missile would be prohibited. It is worth noting that three years after his June 1972 Congressional Briefing, Dr. Kissinger completely reversed himself on the question of the SS-19. On December 9, 1975, Kissinger said: "The Soviet Union specifically disavowed . . . unilateral American statements. I think it is at least open to question whether the United States can hold the Soviet Union responsible for its own statements when the Soviet Union has asserted that it does not accept that interpretation." [30] Kissinger added that the agreement to constrain increases in silo dimensions to not more than 15 per cent "is the only legal requirement in the agreement" affecting the deployment of heavy missiles as SS-11 replacements. These two statements are in direct contrast to his combination of the U.S. Unilateral Statement and Article II in June 1972. Finally, Kissinger said three years after the fact:

"Starting in the middle of 1974, it became apparent that at least one of them [i.e., the new Soviet ICBMs], the SS–19, could be as much as 40 per cent larger [i.e., than the light SS–11]. So we had the dilemma that we have a missile that is larger, by that percentage, than the SS–11 put into a hole that is not, however, in violation of the agreement by a better utilization of existing space and more efficient use of fuel. And that raises a serious question. We are attempting—the assurances I gave in 1972, which were based on the provision of the agreement [i.e., the 15 per cent constraint on silo dimensional increases], obviously dealt with the missiles we then knew. We obviously did not know in 1972 what missiles the Soviet Union would be testing in 1974; and the questions I was asked were always concerned with whether the Soviet Union would be able to put the SS–9 into the SS–11 hole—the SS–11 hole being the smaller one. And all of my answers, obviously, had to be directed toward the missiles I knew [i.e., in 1972 these were the SS–9 and the SS–11], and not toward the missiles that came along 2 years later [i.e., the new, heavy SS–19]." [31]

Kissinger thus acknowledged openly that only the Soviets knew in May 1972 that their new SS–19 was a heavy missile by U.S. standards, and that in order to protect their plans to deploy this missile they would not agree to a definition of a heavy missile. Kissinger thereby acknowledged that the Soviets had engaged in a negotiating deception. This revelation by Kissinger in 1975 also strengthens the inference that Congress had been misled on this crucial issue of SALT I in June 1972. Indeed, since Article II of the Interim Agreement was perpetuated in the Vladivostok accord of November 1974 without a definition of a heavy ICBM, we can conclude that the Soviet Union deceived the United States twice with respect to the SS–19.

We now turn to the complex issue of the

Footnotes at end of article.

Soviet SLBM ceiling, and the subissue of replacement baseline. These issues were embodied in Article III of the Interim Agreement and in the SLBM Protocol. In the interest of brevity, we can conclude that the ceiling of 62 SSBNs and 950 SLBMs put on Soviet sea-based strategic systems corresponded with Soviet force goals through 1977. Brezhnev himself proposed these numbers to Kissinger in April 1972, and no U.S. analysts could understand them then.[32] According to Raymond L. Garthoff:

"The price for Soviet agreement to include SLBM launchers (i.e., in the SALT I Agreement) was to place the 'limitation' at a very high level—indeed, at the highest level then estimated that the Soviet Union might deploy in the five year period of the interim freeze even without any SALT limitation! (Theoretically possible higher Soviet SLBM levels for 1977, developed after the April Moscow meeting, were later cited as support for the value of the limitation.) . . . No real restraint was provided for the short term duration of the Interim Agreement . . . The momentum of the Soviet SLBM buildup was not impeded." [33]

It is apparent in retrospect that the Soviets negotiated deceptively to persuade the United States to accept the 62/950 numbers in the belief that they represented a constraint or "freeze" on Soviet SLBM construction, when the numbers probably represented their original program objectives through 1977. The Soviets evidently also concealed the thirty old H-class SLBMs in the 950 total in order to preclude their deactivation.

A U.S. condition for extending to the Soviets this high ceiling for SSBNs and SLBMs was that a certain number of old weapons were to be deactivated. In order to negotiate the number of old weapons to be disposed of, it was necessary first to negotiate a "baseline" of Soviet SSBNs and SLBMs operational and under construction as of May 1972. The Soviets tried to minimize the number of old weapons to be deactivated, probably by maximizing the numbers of submarines (48) and SLBM tubes (768) they claimed were then operational and under construction.[34] This Soviet ploy involved the exaggeration of the numbers both of boats and tubes. As Kissinger himself said in his press conference on May 26, 1972, in their negotiations on this replacement baseline issue:

"The Soviets claim that they have more than that [i.e., the Soviets claimed 48 boats with 768 tubes operational or under construction in May 1972]. . . . The Soviets may not tell us exactly what they have, but they are in a better position to know than we, painful as this is to admit." [35]

According to Cold Dawn, however, the United States estimated in May 1972 that the Soviets had only 42 submarines with 640 SLBM tubes operational or under construction. This falsification of boat and tube numbers clearly constituted negotiating deception. Moscow thus exploited U.S. uncertainties with respect to Soviet capabilities.

Equally significant, the Soviets exaggerated by 6 boats and 128 tubes. Moreover, like the heavy SS–19 ICBM which was secret during the May 1972 Summit, the Soviets had another new missile whose characteristics they wished to conceal. This was the SS–N–8 which, as was noted earlier, was fired only in late 1972, after the Summit, over a range of about 4,000 nautical miles.[36]

The main Soviet argument for being allowed the high 62/950 ceilings related to the "geographical asymmetries" rationale. The Soviets argued that because they lacked forward bases for submarines comparable to the ones that the United States had access to in Guam, Spain and Great Britain, their submarines had to operate on longer patrols; therefore, they should be allowed more submarines and SLBMs in compensation. Kissinger seemed to accept this rationale in developing the argument that the Soviets required three SSBNs for every two of the United States—three-to-two ratio. Kissinger said as much to Congressional leaders on June 15, 1972: "Then there are such factors as deployment characteristics. For example, because of the difference in geography and basing, it has been estimated that the Soviet Union requires three submarines for two of ours to be able to keep an equal number on station." [37]

Therefore, in comparison with 41 SSBNs for the United States, the Soviets were allowed 62. Yet, the long range of the SS–N–8, which was demonstrated only after the Summit, showed that it could be fired to most U.S. targets without even leaving home ports. The reportedly broad deployment of SS–N–8 missiles on D-class submarines invalidates the Soviet "geographical asymmetries" argument; indeed, it could be argued that the U.S. should have been compensated. It is another example of negotiating deception, because the Soviet leaders surely knew of the SS–N–8 capability in May 1972.

Finally, we must consider briefly the third principal issue of May 1972—that involving mobile ICBMs. The United States tried to negotiate a formal ban on mobile ICBMs, but the Soviets refused, suggesting that mobile ICBMs would not be deployed:

"Nixon and Brezhnev recognized the complexity of the problem. After lengthy debate, *they promised one another that they would not build land-based mobile ICBMs.* But Brezhnev refused to write this promise into the interim agreement. Nixon stressed that the United States would state its own understanding of the prohibition in a separate declaration that would be submitted to Congress; and he warned that if the U.S. caught Russia cheating on this issue, it would immediately abrogate the entire SALT agreement. *Brezhnev said that he understood and agreed.*" [38]

Yet, according to the *New York Times* of November 2, 1977, and other public sources, the Soviets have produced and covertly stockpiled about 100 mobile SS–16s. Stockpiled mobile ICBMs are potentially more dangerous than visibly deployed ones, because they could be quickly hauled out for use in time of crisis. This covert stockpiling is inconsistent with Brezhnev's promise not to build mobile ICBMs, and also with the U.S. Unilateral Statement against such deployment. Such covert stockpiling of a mobile ICBM gives the Soviets an equivalent to a proposed U.S. multiple aim point system (MAPS) *already*. Moreover, the Soviets reportedly have camouflaged and concealed all SS–16 production and development activity from U.S. national technical means of verification, thereby confusing U.S. intelligence.[39]

The above analysis clearly indicates that the Soviet leadership negotiated deceptively on *each* of three key issues of SALT I: constraints on heavy ICBMs, the SLBM ceiling and replacement baseline, and mobile ICBMs. A comparison of Kissinger's remarks in 1972 and 1975 shows that in 1972 Brezhnev and other Soviet negotiators deliberately shrouded significant Soviet capabilities in order to ensure that Articles II, III and the Protocol of the SALT I Interim Agreement did not constrain Soviet programs. Brezhnev evidently even falsified the claimed Soviet submarine and tube baselines in order to try to minimize the numbers of old Soviet weapons to be deactivated. Despite the threat of U.S. abrogation, Moscow also reneged on Brezhnev's promise not to build mobile ICBMs and has actively concealed them.

Notwithstanding this conclusive evidence, many U.S. observers seem to cling to a belief in the basic sincerity of Soviet negotiating behavior. In his memoirs published in 1978, former President Nixon still accepts uncritically Brezhnev's denial in May 1972 that the Soviets were engaging in deception at that time. Nixon reports that in the context of a discussion of U.S. concerns about verification and compliance during the May 1972 Summit, Brezhnev said in an injured tone of voice: "If we are trying to trick one another, why do we need a piece of paper? We are playing clean on our side. The approach of 'catching each other out' is quite inadmissible." [40] Inexplicably, it has taken the United States six years to "catch out" the Soviets in their deception.

THE LONG SHADOWS OF SALT I

Both of the SALT I concords—the ABM Treaty and the Interim Agreement—were inimical to U.S. interests and to the U.S. strategic posture.

First, the ABM Treaty resulted in the demise of the technically more advanced U.S. ABM program. In May 1972, four U.S. ABM sites intended to defend ICBMs were funded by Congress, and two of these sites were under advanced construction. Construction on one was stopped immediately after the SALT I agreements were signed and the other two funded deployments were soon abandoned. Then, in July 1974, the United States and the Soviet Union in effect agreed to only one ABM complex on each side, and the remaining U.S. ABM system was deactivated in February 1976 just after it had achieved its initial operational capability. In both ABM Agreements, the United States thus opted for less than was allowed. In effect, the ABM Treaty destroyed all political support in the United States for any ABM capability.

Meanwhile, the Soviets reportedly kept their remaining Moscow ABM–1 system. It is also well known that the Moscow system probably protects some Soviet ICBMs. There is no evidence that Soviet ABM efforts and intentions were really constrained: evidently the Soviets never planned more than one ABM complex, while continuing a large and very active R&D program that reportedly continues apace. Dr. Kissinger himself admitted in May 1972 that the U.S. ABM program was superior to that of the Soviet Union: ". . . it is perhaps true that in the ABM field we had the more dynamic program which is being arrested as a result of these developments." [41] Yet, he clearly rationalized this in terms of a linkage between the U.S. ABM concessions and the "success" in persuading the Soviets to agree to a "freeze" on offensive weapons: "I would think it probable, however, that we could not have negotiated the limitations on offensive weapons if it had not been linked to the limitations on defensive weapons and to their desire of stopping the deployment of the ABM system." [42]

Yet, what did the United States achieve in return, in the way of effective constraints on Soviet offensive strategic programs? SALT I constituted the codification of a roughly three-to-two Soviet advantage over the United States in each category of strategic missilery—in ICBMs and SLBMs. The USSR was allowed 1,408 ICBMs and 950 SLBMs, as against 1,054 ICBMs and 656 SLBMs for the United States. The aggregate ceilings under SALT were 2,358 Soviet and 1,710 U.S. missiles, meaning an overall advantage to the Soviets of 648 missiles. SALT I also codified an overwhelming Soviet superiority in missile throw-weight.

It has often been noted by the defenders of SALT I that intercontinental bombers were not limited by the accords. Although the United States has about 349 B–52s as against approximately 150 Soviet long-range bombers, this apparent U.S. advantage must be sharply discounted in light of the overwhelming Soviet superiority over the United States in effective air defenses.

Footnotes at end of article.

Moreover, SALT I placed no real constraints on Soviet weapons programs. First, SS–19 deployments swept through the SALT I loophole with respect to heavy ICBMs. Second, there were no reins on MIRV development, allowing the Soviets to catch up in this key qualitative arena. Third, the original Soviet SSBN/SLBM program through 1977 was evidently codified, not constrained. It must also be recalled that this codified Soviet level was reportedly above the highest U.S. estimates of what the Soviets could deploy in the 1972–1977 period. Fourth, Soviet mobile ICBM production was evidently not curtailed. Finally, there is the clear evidence of Soviet negotiating deception with respect to each of the three main issues of the May 1972 SALT I Summit, and their exploitation of U.S. uncertainties about the existence and characteristics of new Soviet ICBM and SLBM programs.

The Soviets had reason to be jubilant about the results of SALT I. Soviet Ambassador to the United States Dobrynin reportedly admitted this about SALT I: "Frankly, we were elated at the results of SALT I. It gave us the strategic advantage in central systems necessary to offset your Forward Based Systems, and it reserved for us the right to match you with regard to warheads in the future." [43]

Dr. Kissinger tried to justify the SALT I Agreements by claiming that they imposed a "freeze" on Soviet ICBM and SLBM programs—that in the absence of SALT I these Soviet programs would have ascended to even higher levels. He thus argued that the United States was merely restraining the degree of Soviet superiority, which had already been conceded by U.S. inaction since 1967: ". . . The question to ask in assessing the freeze is not what situation it perpetuates, but what situation it prevents. The question is where we would be without the freeze. The question of whether the freeze perpetuates a Soviet numerical superiority is beside the point. The question is: What would the margin have been without the freeze? That is the justification for the margin." [44] Yet, as we have seen, there actually was no freeze on Soviet ICBM and SLBM programs. Massive flight-testing and deployment of the new SS–19, SS–18 and SS–17 MIRVed ICBMs and SS–N–8 began after 1972, and the Soviet SLBM build-up continued uninterrupted to the 62/950 levels.

Kissinger also argued that the ostensible offensive "freeze" was really a Soviet concession to the United States. In answer to a question on May 26, 1972, on whether the United States had emerged with a bad bargain with respect to submarines, Kissinger asserted: "That is an absurdity. It is a total absurdity. It was the United States which insisted that the submarines be included. The United States was in a rather complex position to recommend a submarine deal since we were not building any and the Soviets were building eight or nine a year, which isn't the most brilliant bargaining position I would recommend people to find themselves in." [45] He added on June 15, 1972: "Neither the freeze of ICBMs nor the freeze of submarine-launched missiles was a Soviet idea, and hence, it is not an American concession. On the contrary, in both cases it was the Soviet Union which reluctantly acceded to American proposals after the long and painful deliberation." [46]

But the validity of these arguments depended on whether the Soviets were actually constrained or "frozen" in ICBMs and SLBMs. As we have seen, there is overwhelming evidence that they were not. In arguing that the United States proposed the ICBM and SLBM freeze, Kissinger must also admit that in reluctantly agreeing to them, the Soviets were likely to have proposed freeze levels favorable to themselves and in accord with their original plans. In exchange for accepting the principle of ceilings, the Soviets were permitted to determine these ceilings. In both the ICBM and SLBM cases, these levels represented their original goals. This freeze rationale for the SALT I Agreements merely bolsters the conclusion that the United States was deceived by the Soviets in May 1972.

In addition to the "freeze" justification for the Interim Agreement, Kissinger advanced several equally questionable arguments. We have already seen that the U.S. advantage in bombers must be severely discounted because of Soviet air defenses. The argument of geographical asymmetry to support higher SSBN–SLBM ceilings was invalidated by the large-scale Soviet deployment of long-range SS–N–8 missiles. Kissinger has also argued that U.S. Forward Based Systems (FBS) in NATO and the Far East in effect conferred upon the United States adequate compensation for the three-to-two advantage to the Soviets in ICBMs and SLBMs. Omitted in this argument, however, is the fact that the Soviets have their own forward-based systems that already checkmate those of the United States. Their approximately 600 MR/IRBMs in the Western USSR, together with the large Tu–16 Badger and Tu–22 Blinder medium bomber forces and their numerous fighter-bombers, are more than a match for U.S. land- and carrier-based aircraft in Europe and the Pacific. Recent massive Backfire and SS–20 deployments, for which there are no Western equivalents, add to the imbalance in Europe.

Kissinger claimed, as we have seen, that the SALT I Agreements were the best we could achieve under the circumstances in May 1972. This argument founders in light of the fact that the United States could have achieved the essential outcome of the ABM Treaty as early as in April 1970 when the Soviets unexpectedly accepted the ABM proposal by the United States providing for the defense of national capitals. This would have been a better agreement than was achieved in May 1972, because while the United States was "standing still" and trying to constrain the Soviets in the 1970–1972 period, the Soviets reportedly added more than 400 launchers (mostly SLBMs) to their force.[47]

Kissinger argued that the U.S. MIRV capabilities deployed after June 1970 gave the United States an important edge over the Soviet Union in numbers of warheads. Yet, in his May and June 1972 statements he acknowledged that the Soviets, too, could be expected to develop and deploy their own MIRVs during the 1972–1977 period—which they did. Hence, this too was a spurious argument. Indeed, the U.S. advantage in numbers of MIRVed warheads is rapidly shriveling and probably will be wiped out by 1985. All analysts agree that with or without SALT II, by as early as 1982 the Soviets will probably have mustered enough superiority in MIRVed ICBM warheads to threaten the U.S. Minuteman force. Moreover, it should be remembered in comparing MIRVed warhead totals that most U.S. re-entry vehicles are small, inaccurate Poseidon warheads for attacking cities, while the bulk of Soviet vehicles are large and accurate RVs on ICBMs for attacking U.S. silos.

Public evidence also suggests that Kissinger relied on the "China factor" as a redressive element with respect to Soviet strategic advantages and regarded British and French strategic capabilities as additional balancing factors. Irrespective of such considerations, however, his famous utterance in Moscow on July 3, 1974, of the question—"What in the name of God is the meaning of strategic superiority?"—reinforces the impression that Kissinger basically regarded strategic superiority as a phenomenon that is neither measurable nor operationally meaningful.

In his May 26–27 and June 15, 1972 briefings, Kissinger tried to disavow responsibility for the unfavorable bargaining position in which he found himself in May 1972. He explained:

"By 1969, therefore, we had no active or planned programs for deploying additional ICBMs, submarine-launched ballistic missiles or bombers—in other words, as a result of decisions made in the 1960's, and not reversible within the time-frame of the projected agreement, there would be a numerical gap against us in the two categories of land and sea-based missile systems whether or not there was an agreement. Without an agreement, the gap would steadily widen." [48]

Kissinger did not mention that in 1969 he had recommended against a resumption of ICBM, SLBM and bomber construction by the United States. Why did he do so? Perhaps Soviet Ambassador Dobrynin supplies the answer: ". . . It was Dr. Kissinger's view that the American people would not make the sacrifices necessary to maintain parity." [49]

THE INSISTENT QUESTIONS

SALT I leaves to SALT II six principal legacies. First, America's strategic inferiority codified by SALT I in the 1972–1978 period is ordained by development lead-time problems to be perpetuated into the 1980s. Second, we can assume that Soviet deception in defending fourth-generation missiles against SALT I constraints is likely to be repeated in SALT II in efforts similarly to give free rein to the five new fifth-generation Soviet ICBMs and SLBMs known to be under development. Third, SALT II will explicitly allow the Soviets about 700 heavy, MIRVed SS–19s and SS–18s, compared to only 50 obsolete, single-RV U.S. Titan IIs due to be phased out. Fourth, the failure by the United States in SALT I to prevent the heavy SS–19 from replacing the light SS–11 means that the new un-MIRVed ICBM envisaged by the Soviets to replace about 400 older SS–11s under SALT II will be as heavy as the SS–19. Thus by 1985 the Soviets could command 1,100 heavy launchers as contrasted with zero for the United States. Fifth, the SS–16 is already available to the Soviet Union for mobile deployment or multiple aim point basing, while under SALT II the United States may be constrained with respect to similar deployment options. Finally, in light of the Soviet record of deception, any assurances by Brezhnev with respect to basing and operations of the Backfire bomber can be considered neither credible nor durable.

Whatever may have been the rationalizations for the American failures in SALT I, the shadow of the outcome of those negotiations pervades the fateful arena of the U.S.-Soviet strategic competition. As we approach the climactic debate over SALT II, the question becomes ever more insistent: Does a great nation learn from its past mistakes—from the clear record of the adversary's deceit and its own gullibility—or does it continue headlong on the road to potential disaster?

FOOTNOTES

[1] U.S. Department of State, *Selected Documents*, No. 7, February 21, 1978, p. 7.

[2] Frank B. Horton III, Anthony C. Rogerson and Edward F. Warner III, editors, *Comparative Defense Policy* (Baltimore: Johns Hopkins University Press, 1974), p. 314; William T. Lee, "The Political-Military-Industrial Complex of the USSR," *Journal of International Affairs*, Vol. 26, No. 1, p. 78.

[3] Norman Polmar, *Strategic Weapons* (New York: Crane, Russak and Company, 1975), p. 29.

[4] Marvin Kalb and Bernard Kalb, *Kissinger* (Boston: Little, Brown and Company, 1974), p. 107.

[5] Ibid., p. 109, emphasis added.

[6] Ibid., p. 107.

[7] Ibid.

[8] Admiral Elmo R. Zumwalt, Jr., USN (Ret.), *On Watch* (New York: Quadrangle/New York Times Book Co., 1976), pp. 304, 319.

[9] Kalb and Kalb, op. cit., p. 108.

[10] Ibid.

[11] Ibid.

[12] Ibid., p. 109.

[13] Ibid., p. 110.

[14] Zumwalt, op. cit., p. 319. See also pp. 390–391.

[15] Robert L. Pfaltzgraff, Jr., *Contrasting Approaches to Strategic Arms Control* (Boston: D. C. Heath, Lexington Books, 1974), pp. 14–15.

[16] Raymond L. Garthoff "Negotiating With the Russians: Some Lessons from SALT," *International Security*, Spring 1977, Vol. 1, No. 4.

[17] Ibid. See also Raymond L. Garthoff, "Negotiating SALT," *The Wilson Quarterly*, Autumn 1977, Vol. 1, No. 5.

[18] Raymond L. Garthoff, "SALT and the Soviet Military," *Problems of Communism*, January–February 1975.

[19] John Newhouse, *Cold Dawn: The Story of SALT* (New York: Holt, Rinehart and Winston, 1973, p. 244.

[20] Ibid., pp. 240–272.

[21] *U.S. Defense Posture Statement 1974; U.S. JGS Posture Statement 1974.*

[22] *Washington Post*, September 27, 1973; *New York Times*, October 4, 1974.

[23] Garthoff, op. cit., "SALT and the Soviet Military," p. 32. See also Colin S. Gray, "SALT I Aftermath: Have the Soviets Been Cheating?," *Air Force Magazine*, November 1975.

[24] *U.S. Defense Posture Statement 1974.*

[25] "Message from the President of the United States Transmitting the ABM Treaty and Interim Agreement and Associated Protocol," June 13, 1972.

[26] *U.S. Defense Posture Statements* for 1974, 1975, 1976. Also, Dr. Henry A. Kissinger, Secretary of State, Press Conference, December 9, 1975.

[27] "Message from the President," op. cit.

[28] Dr. Henry A. Kissinger, Assistant to the President for National Security Affairs, White House Congressional Briefing, June 15, 1972. Emphasis added.

[29] Newhouse, op. cit., p. 252. Emphasis added.

[30] Kissinger, op. cit., Press Conference, December 9, 1975. Emphasis added.

[31] Ibid. Emphasis added.

[32] Ibid.; Newhouse, op. cit., pp. 244–247.

[33] Garthoff, op. cit., "Negotiating with the Russians," pp. 9, 16. Emphasis added.

[34] Newhouse. op. cit., pp. 247–248. See also, Dr. Henry A. Kissinger, Press Conference, May 26–27, 1972; *Washington Post*, August 16, 1972.

[35] Kissinger, op. cit., Press Conference, May 26–27, 1972. Emphasis added.

[36] *U.S. Defense Posture Statement 1974; Washington Post*, September 27, 1973.

[37] Kissinger, op. cit., White House Congressional Briefing, June 15, 1972. Emphasis added.

[38] Kalb and Kalb, op. cit., p. 320. Emphasis added.

[39] Melvin Laird, "Arms Control: The Russians Are Cheating!," *Reader's Digest*, December 1977. See also numerous articles in *Aviation Week and Space Technology*.

[40] Richard M. Nixon. *R.N.: The Memoirs of Richard Nixon* (New York: Grosset and Dunlap, 1978), p. 611.

[41] Kissinger, op. cit., Press Conference, May 26–27, 1972.

[42] Kissinger, op. cit., White House Congressional Briefing, June 15, 1972. Emphasis added.

[43] Zumwalt, op. cit., pp. 486–487.

[44] Kissinger, op. cit., Press Conference, May 26–27, 1972. Emphasis added.

[45] Ibid. Emphasis added.

[46] Kissinger, op. cit., White House Congressional Briefing, June 15, 1972.

[47] Garthoff, op. cit., "SALT and the Soviet Military," pp. 30–31.

[48] Kissinger, op. cit., White House Congressional Briefing, June 15, 1972; Kissinger, op. cit., Press Conference, May 26–27, 1972.

[49] Zumwalt, op. cit., p. 486.

A SALT Debate: Hard but Fair Bargaining

(By Walter Slocombe)

IN BRIEF

Soviet negotiators predictably have driven a hard bargain in SALT, but they cannot be plausibly faulted for deceiving their American counterparts. The Soviets could not be expected to be completely forthcoming in SALT I about the nature and extent of their strategic programs, but none of these programs has come as a real surprise; this applies also to the so-called heavy Soviet ICBMs deployed after 1972. The SALT I experience did teach us the lesson of greater precision in treaty language—a lesson that is reflected in the present treaty and in the genuine concessions made by and constraints imposed on both sides.

The article by David S. Sullivan, "The Legacy of SALT I: Soviet Deception and U.S. Retreat," which appeared in the Winter 1979 issue of Strategic Review, contains some important, if by now familiar, reminders that the Soviets can be very tough negotiators. Mr. Sullivan underscores the point that the Soviets operate from a distinctive set of strategic premises which are not always easy for us to appreciate. He also calls attention to factors which may impart a momentum to the Soviet strategic effort and consequently may shape Soviet arms control behavior. But Mr. Sullivan goes further by attempting a general indictment of SALT which is based largely on the belief that the United States fell victim to Soviet deception in SALT I. His analysis contains serious inconsistencies and errors which this rebuttal will address.

SALT AS AN ARMS RACE DAMPENER

Mr. Sullivan begins by advancing a number of "general propositions" about the arms race and SALT. The first of these is that: "SALT has not led to true or balanced arms control." He argues that neither the deactivation of 210 Soviet SS–7 and SS–8 ICBMs nor the limitation of Soviet ABMs is significant.

These are to some degree matters of judgment, but the elimination of over 200 Soviet ICBM launchers is hardly trivial. It has been the Soviet practice to retain older systems (as has been the case, for example, with substantial numbers of still older SS–4 and SS–5 shorter-range missiles); SALT I required that older ICBMs be destroyed as new systems came on line. The United States had serious concerns about the capabilities of the SS–7s and SS–8s. Because of their high throw-weight they were sometimes referred to in internal U.S. government discussions during SALT I as "shadow SS–9s," since as long as those missiles were in the force they were available for modernization or upgrading. In short, the United States is clearly better off with the systems retired than not.

With respect to the Soviet ABM program, Mr. Sullivan contends that "there is no known evidence that in 1972 the Soviets planned to deploy more than the ABM system around Moscow." Even assuming that to be true, the ABM agreement is of indefinite duration; it affected more than Soviet plans in 1972. The Soviets have a continuing interest in—and a vigorous R&D program for—ABM. The ABM Treaty bars them from translating that interest into deployments. As is often the case with arms control agreements, the most significant effect of the SALT I agreement may have been in preventing future developments which were not yet planned, but which would have been a source of great concern had they later been adopted. This may well have been the case for Soviet ABM deployments.

Mr. Sullivan suggests that "the reported covert stockpiling of an equivalent mobile SS–16 ICBM has offset any advantage from the retirement of the SS–7 and SS–8." There is no evidence to support the contention that there has been "covert stockpiling of . . . mobile SS–16 ICBMs." There is some possibility that the Soviets have deployed a very limited number of SS–16s in silos as replacements for SS–13s, but no evidence that they have been deployed as mobile systems.

SALT AND ABM

Mr. Sullivan's second proposition is that "the Soviets have clearly gained the most from the SALT process." In support of this proposition, he argues that the "Soviet Union has continued the pace of both its quantitative and qualitative improvements." That is clearly true of the Soviet Union, but it is true of the United States as well. It is often neglected that during the period of the SALT I negotiations and the validity of its agreements, the United States deployed 1,000 MIRVed missiles and quadrupled its number of warheads, in addition to developing cruise missile technology, moving the Trident missile and submarine systems near IOC (initial operating capability), and bringing the MX missile to the point where we are now able to proceed to full scale development.

Mr. Sullivan also argues that the Soviets "successfully thwarted the U.S. strategic program of greatest concern to them: the more technically advanced U.S. ABM program." It was the judgment of President Nixon, who signed the 1972 Treaty—a judgment confirmed by both of his Presidential successors—that it was in the interest of the United States not to permit a nationwide Soviet ABM system, and that for this reason the limitations of the ABM agreement were in the interest of the United States. Presumably the Soviets also perceived an interest in limiting ABMs; otherwise, they would not have signed the Treaty. No international agreement between independent nations is possible unless there is some mutuality of interest perceived by the two sides.

SALT CONSTRAINTS ON SOVIET ARMS

Mr. Sullivan's third proposition is that "SALT has stimulated the arms race by allowing a Soviet build-up without any real quantitative and qualitative constraints." In support of this proposition, Mr. Sullivan gives his reconstruction of the Soviet decision process at various points. The impact of his assertion that "SALT has stimulated the arms race" is somewhat undercut by his conclusion that "the Soviet MIRVed deployments would have taken place sooner or later irrespective of the fact or timing of U.S. programs." This seems to imply that since the deployments were not limited by SALT I, they would have taken place no matter what the United States had done. It is hard to see how that is consistent with the proposition that SALT "stimulated" Soviet developments.

His fourth proposition is that "the United States could have achieved a Strategic Arms Limitation Agreement more advantageous to itself much earlier than May 1972." On examination, however, it turns out that this "more advantageous" agreement would have been acceptance of the Soviet proposal to limit only ABMs and not offensive systems. That would indeed have been easy to do. However, Mr. Sullivan's conclusion that the United States should have accepted this Soviet proposal is inconsistent with his argument in the previous column that the ABM Treaty is disadvantageous to the United States.

Mr. Sullivan denounces the "purported 'freeze'" of Soviet offensive programs as a "sham." Again this conclusion rests on his assertion that the Soviets would have stopped building new ICBMs and retired their older ones even had there been no agreement. Obviously Soviet actions in the absence of an agreement are a matter of judgment, and it is difficult for anyone to draw firm conclusions. That is not only because there are gaps and ambiguities in our evidence about Soviet plans, but more importantly because such judgments require a prediction of what the Soviets would have decided had there been no SALT I—in other words, a prediction of how they would have reacted to a situation that never developed, namely, the collapse of the SALT I effort.

One could concede for purposes of argument the highly plausible proposition that during SALT I negotiations the Soviets matched their negotiating positions substantially to their approved modernization programs (which we did as well), and that they also made some adjustments in their overall programs before the conclusion of the agreement. But this conduct proves very little about what the Soviets would have done had the SALT I process collapsed.

There can be no reasonable doubt that the Soviets were perfectly capable—whatever their intentions—of continuing to build new ICBMs at the rate of one hundred or so annually, of retaining older systems, and of carrying out their submarine-launched ballistic missile construction program without "trading in" older systems. The investment necessary to replace an SS–9 silo with an SS–18 is unlikely to be significantly less than building a whole new SS–18 and leaving the SS–9. Had the Soviet Union not been constrained by the SALT I freeze on missile launchers, its force would very likely have been much larger. The Soviets could, for example, have built the same force of SS–17s, SS–18s and SS–19s and the same new submarines while retaining the 210 SS–7s and SS–8s. They could have made the SS–18 force additive to the SS–9s, and retired no Y-class SSBNs as Delta IIIs were built. SALT I denied them such options.

Mr. Sullivan's fifth proposition is that "under SALT I the United States had traded away its ABM in return for a tripling or quadrupling of the Soviet strategic threat against it, all the while tolerating Soviets negotiating deception and massive operational concealments and ruses in Soviet strategic deployments." The first point relates to weapon loading growth on both sides. Like Soviet loadings, U.S. strategic force loadings have tripled or quadrupled during the period of SALT I, and for essentially the same reason—the introduction of MIRVs. The judgment that the United States wished to retain the option to MIRV its forces was a major U.S. decision point in SALT I. Once made, this decision clearly implied equivalent flexibility for the Soviets—as was fully recognized at the time. As to the claim of "massive operational concealments," the very complete and detailed State Department report on compliance makes clear that while certain Soviet patterns of concealment have been matters of concern, they were not—in the judgment of the Ford Administration, or of the Carter Administration—violations of the agreement.

With respect to the charge that "the Soviets admitted that they were in violation of SALT I by having failed to deactivate by March 1976 the required number of SS–7s and SS–8s," Mr. Sullivan misconstrues both the facts and the State Department report which he cites. The procedures worked out to implement the SALT I agreements involved detailed requirements for dismantling or destruction to be accomplished in connection with the replacement of ICBMs by SLBMs. There is no doubt that the Soviet ICBMs in question were deactivated. The issue was whether all of the required dismantling actions had been completed on time. As the report notes, the Soviets acknowledged that not all of the requirements had been met on time. They also stated that all requirements would be complied with by a fixed date a few months hence, and agreed to the U.S. demand that no additional SLBM submarines begin sea trials until all ICBM launchers in question were in full compliance with agreed procedures. Those conditions were met.

THE HEAVY ICBMS ISSUE

The core of Mr. Sullivan's attack is the section which deals with the final negotiations of SALT I at the May 1972 Summit. A comprehensive response would require reanalysis of the massive data which Mr. Sullivan employed in his classified study. Mr. Sullivan's overall theme is that the results in SALT I (at least so far as the offensive agreement is concerned) were governed by Soviet "negotiating deception in May 1972." He discusses four specific instances.

First is the missile silo size issue, turning on whether the Soviets would be permitted to deploy their SS–19 ICBMs in spite of the ban on increasing the number of launchers for "heavy" ICBMs. Mr. Sullivan correctly observes that the United States has proposed a definition of "heavy ICBMs" which would have barred such deployment, and that the Soviets could not agree to it unless they were prepared to give up the then still-untested but far-advanced SS–19, which obviously they were not. He also recites the outlines of the negotiations which resulted in failure to reach agreement on the definition of a heavy ICBM. What he does not say is that it is very difficult to find Soviet "deception" in the negotiation of this issue.

The Soviets in 1972 were clearly on record as not agreeing to the U.S. (or any other) definition of a heavy ICBM. (That they did not agree with our view is clear even from the so-called Common Understanding published in 1972.) There is no obligation on the part of a negotiator to make clear his motives as opposed to the content of his position. As a general rule, the Soviets should be presumed to be protecting something when they refuse to agree to a specific limitation. American negotiators operate under the assumption that when the Soviets refuse to agree to a provision which would potentially have an impact on a Soviet program, it is likely to be because they do indeed have a program that it would impact upon. It is hard to believe that in 1972 so skilled a negotiator as Dr. Kissinger did not draw a similar conclusion about Soviet reluctance to agree to our heavy missile definition.

Dr. Kissinger and the other U.S. negotiators also had available more direct evidence. The fact is that whether or not it would have been deceptive to keep silent on their reasons, the Soviets did reveal quite precisely why it was that they could not—and would not—agree to the U.S. definition of a heavy missile. Whatever U.S. intelligence may have known about Soviet programs that had not entered testing, and whatever defenders of SALT I may have claimed in the subsequent argumentation, the Soviets said explicitly that the reason for their refusal was that the U.S. definition (that any missile larger in volume than the SS–11 was a heavy missile) was in unacceptable conflict with their plans.

Ambassador Gerard Smith, the chief U.S. negotiator of the first SALT agreements, has written: "At Helsinki we had been informally advised that while the Soviet Union would be deploying missiles of larger volume in SS–11 silos, they would not approach the half-way mark between an SS–11 and the admittedly heavy missile, the SS–9." ("Wrestling with the Plowshares Problem," *New York Times*, January 16, 1976.) The Soviets' negotiating position (and their subsequent conduct) was consistent with this statement. Mr. Sullivan indeed agrees that "The Soviet deployment of SS–19s has not constituted a violation of the SALT I agreement notwithstanding the allegation of some observers."

Thus, far from being "an important example of Soviet negotiating deception at the May 1972 Summit," this issue shows that the Soviets made quite clear why they were insisting on their position.

Without going into an exegesis of all Dr. Kissinger's statements on the subject, it is clear that the quotations given, as well as the rest of his record, do not support the assertion that "Kissinger acknowledged that the Soviets had engaged in negotiating deception" on this issue.

THE SLBM CEILING ISSUE

With respect to the second instance of alleged deception, the issue of the Soviet SLBM ceiling, Mr. Sullivan's basic charge is that "the ceiling of 62 SSBNs and 950 SLBMs put on Soviet seabased strategic systems corresponded with Soviet force goals through 1977." The quotation from Ambassador Garthoff indicates that such was indeed the assumption which the United States' negotiators made about the situation. However, Mr. Sullivan goes on to find in this Soviet protection of their programs not just rigidity and unwillingness to cut very deeply in arms limitations, but another instance of Soviet negotiating deception. The basic contention is that the Soviets falsified their claim as to the number of submarines which they had under construction in 1972 so as to reduce the number of systems they would later have to deactivate in order to accommodate completion of their SSBN program. (They did subsequently deactivate exactly the number implied by the claim that 48 were under construction or operational.)

The short answer to all this is what Dr. Kissinger said in 1972—that while we were able only to draw estimates of Soviet construction status, the Soviets were in a position to know. It was very difficult to claim that we were right and they were wrong about how many submarines were "under construction." The term "under construction" is clearly a term which is subject to different interpretation by the people who are doing the constructing and by those who are doing the observing.

There was no question, however, that what was at stake was the degree to which the Soviets would be required to retire old systems to deploy new ones. The charge of falsification boils down to a charge that the Soviets used a spurious factual claim to support an entirely overt substantive position. That is not much of a "deception." It is hardly a presumption of international negotiation that one can use arguments based on vague terms like "under construction" only if one's application of the term is one that would be accepted by an objective observer as uniquely correct. Presumably the U.S. negotiators in 1972 agreed to these numbers not because they were persuaded that they were "true" but because they concluded the overall agreement was in U.S. interests.

Mr. Sullivan's third claim of deception is, apparently, that the Nixon Administration wrongly accepted the validity of Soviet claims that the so-called "geographical asymmetries" entitled them to more submarines, whereas in fact their new, longer-range SLBM, the SS–N–8, would overcome those limits. The alleged deception arises from the Soviets having concealed from the U.S. the SS–N–8's full capability by not testing it to full range until the talks were over. Not all Soviet problems of geography and basing are overcome by greater range; there are other factors relevant to Soviet perception of their requirement for submarines. Not the least of these factors is that the Soviet SS–N–8 in question is not a MIRVed SLBM (the first Soviet MIRVed SLBM was deployed only recently). Nor are all their SLBMs SS–N–8s.

In any case, this line of argument is more that President Nixon and Dr. Kissinger were persuaded by a line of argument that Mr. Sullivan finds unconvincing than that the Soviets were deceptive. There is surely no requirement for SALT negotiators to reveal the detailed performance characteristics of their systems—or even to avoid arguments which the other side would find unpersuasive if they knew all the facts. Again, it is simply not credible that Nixon and Kissinger were convinced of the objective validity—the rightness—of the Soviet "geography" rationale for why they should be entitled to 62 SSBNs; instead they decided that the overall deal was a sound one for the United States.

THE ISSUE OF MOBILE ICBMS

Finally, with respect to mobile ICBMs, the fourth area of alleged "deception," Mr. Sullivan's contention is not that the Soviets negotiated deceptively, but that they have violated the unilateral U.S. warning against deployment of mobile ICBMs. This is, on its face, not even an assertion of deception, quite apart from whether the Soviets could ever be expected to abide by a U.S. unilateral statement. Nor is the factual statement—that the Soviets have deployed mobile SS–16s—correct. As noted earlier, while there is some question about the development of SS–16s in silos as a replacement of SS–13s, there is no evidence of any mobile deployment. The mobile testing which has been undertaken is not a violation even of the U.S. unilateral statement (which related to deployment), much less of the provisions of the Treaty.

In addition to these reservations about whether Mr. Sullivan has established "deception" (as opposed to rigidly self-interested bargaining) by the Soviets, the issue in assessing SALT I or SALT II is not the "basic sincerity of the Soviet negotiating behavior." The United States—no matter who is President or chief negotiator—does not enter into SALT agreements with the Soviets relying on trust, and still less on their "sincerity." We enter into such accords on the basis of our interest in putting limitations on the strategic arms competition where those limitations are equitable and verifiable. This was true of the SALT I accords, and still more so of those which have been negotiated in SALT II.

THE "LONG SHADOWS" OF SALT I

Mr. Sullivan's points in the concluding section of his article about the alleged "long shadows of SALT I" warrant a brief response:

(1) "U.S. ABM killed." The ABM Treaty did not result in the demise of the U.S. ABM program. We are maintaining a vigorous R&D program against the possibility of Soviet violation of that agreement.

The Soviets have kept their 64 launcher ABM–1 system, but there is no evidence that it protects Soviet ICBMs in any significant way. Nor, for that matter, does it provide significant protection of Moscow, since the system could be easily overwhelmed by incoming warheads.

(2) "ABM-only agreement preferable." Mr. Sullivan restates his belief that an ABM-only agreement in 1970 would have been better than the ABM-plus-offensive freeze concluded in 1972. He believes this to be so for the curious reason that during those two years "the Soviets reportedly added more than 400 launchers (mostly SLBMs) to their force." Why Mr. Sullivan believes that the Soviets would have refrained from building those additional launchers if an ABM agreement had been concluded in 1970 is unclear. Does he believe Soviet force levels would actually have been lower without a freeze than they were under one?

The SALT I Interim Offensive Agreement was not a perfect and comprehensive accord. If it had been, it would not have been an interim measure and we would not have spent the last six years negotiating a follow-on agreement. The interim freeze served its purpose of limiting the expansion of the Soviet strategic offensive missile force. Few people in 1972 were as confident as Mr. Sullivan seems to be today that the Soviet quantitative build-up had already come to an end by 1972.

(3) "U.S. effort limited." The Interim Agreement imposed no limitations on U.S. strategic programs that were planned or underway. Mr. Sullivan's real complaint about SALT I seems to be that the United States did not have any ICBMs, SLBMs or heavy bombers under construction during the talks. Undoubtedly the negotiations would have proceeded differently if the United States had in progress a massive building program comparable to the Soviets. But we had decided long before the SALT process began to concentrate on qualitative improvements in our strategic offensive forces. That decision was hardly the responsibility of U.S. negotiators or the result of Soviet deception.

(4) "Legacies." Mr. Sullivan concludes his article by enumerating six principal legacies of SALT I. First, he says that the U.S. "strategic inferiority" supposedly codified in SALT I will continue into the 1980s. In fact SALT II actually removes any suggestion of codified inferiority by setting an equal aggregate of strategic nuclear delivery vehicles for both sides. By the end of 1981 both sides will be limited to 2,250 launchers, a ceiling which will require the Soviets to reduce their strategic offensive arsenal by some 250 bombers or missile launchers.

Second is the claim that their deception will allow the Soviets to deploy five new fifth-generation ICBMs and SLBMs. SALT II permits each side to deploy only one "new type" ICBM. Only minor modifications to existing ICBMs are permitted; any significant change in dimensions, launch-weight or throw-weight—and any change in number of stages, of propellant type or any increase in number of RVs—would cause the missile to be counted as a new type. Only if a "fifth generation" missile fits within the quite limited envelope of permitted modifications of existing types will it be allowed under SALT II (other than as the one exemption).

Third, Mr. Sullivan claims that SALT II will enable the Soviets to have over 700 MIRVed "heavy" ICBMs while the United States will be left with 54 obsolete Titan IIs. SALT II actually permits the Soviets to retain 308 modern heavy ICBMs. The SS–19 (which Mr. Sullivan evidently counts with the SS–18s to reach 700) is a "light" missile; the United States has a right to up to 820 such ICBMs if we chose to build them.

The United States gave up its right to a modern heavy ICBM because our military planners showed no interest in such a missile. We will be permitted under SALT II to build an MX missile as large as the Soviet SS–19, and to deploy it with ten warheads per missile—the same number permitted the Soviets on their largest heavy missile, the SS–18. SALT II thus permits us to build the largest missile we are interested in building while constraining the Soviet missile threat by limiting the number of warheads they will be permitted to deploy. This limit was specifically set equal to that allowed for the MX.

Fourth, it is true that the Soviets will be allowed to replace the SS–11 with the SS–19, but they will still be limited to 308 heavy missile launchers and to a total of 820 launchers for MIRVed ICBMs. Again, the United States will have a comparable right to replace its Minuteman missiles.

Fifth, Mr. Sullivan claims that the Soviets could deploy the SS–16 mobile missile under SALT II, while a comparable U.S. deployment may be constrained. In fact, the Soviets have agreed not to deploy (or produce or test) the S–16 for the duration of the Treaty. Mobile ICBM launchers will be permitted after the Protocol expires, and the only constraint which the United States has accepted on its deployment of a mobile system is that it must be adequately verifiable through national technical means. The basing modes we are now considering will meet that condition, and we will insist on the same standard for any Soviet mobile system.

Finally, Mr. Sullivan does not believe that any Soviet assurances with respect to the Backfire bomber would be credible or durable. The Soviets have agreed in the context of SALT II not to increase the rate of production of the Backfire above 30 aircraft per year—and made qualitative commitments which we view as obligations essential to the SALT agreement obligations themselves. We do not rely on Soviet goodwill for compliance with these means. We would learn of any significant Soviet violation in time to take appropriate action.

We have learned some important lessons from SALT I—and these lessons have informed our approach to SALT II negotiations. Perhaps the most important lesson was to be as specific and precise as possible in drafting treaty language constraining Soviet options. This is part of the reason why the SALT II agreement is so lengthy and complex a document, and why it took so long to negotiate.

These lessons include the observation that Soviet secretiveness left it mainly to the United States to learn enough about Soviet programs to negotiate effective limitations. It is also true that the Soviets bargained sharply to protect programs they considered important. While they did not make false statements about their programs in the course of negotiations, they did not correct U.S. ignorance or misperception about their programs when it worked to their advantage.

The record of SALT I amply illustrates the difficulty of negotiating an arms control agreement with the Soviet Union, but it provides virtually no support for Mr. Sullivan's charges of deception.

A SALT Debate: Continued Soviet Deception

(By David S. Sullivan)

IN BRIEF

Not only was the United States deceived by the Soviet Union in SALT I, but that deception, which has since been acknowledged by former American officials who were its victims, is compounded in the SALT II Treaty. Soviet deception has embraced not only negotiation tactics, but also active concealment of offensive programs. The triumph of those tactics is a SALT II Treaty that seems to guarantee an overwhelming Soviet strategic superiority, with all of its implications, for the 1980s.

Mr. Slocombe's rebuttal to this author's original article is welcome, because controversy can help to illuminate the issues of the day—especially as complex an issue as SALT. Moreover, this reply permits an elaboration of some of the themes expressed in the original article.

The reader should be aware of what is probably a fundamental philosophical disagreement between Mr. Slocombe and the present author about the political significance of strategic nuclear power. Thus, an Adelphi Paper composed by Mr. Slocombe in 1971 addressed the implications of U.S.-Soviet strategic parity, but it carried the underlying theme that the United States could safely tolerate a decline of its strategic posture into a form of minimum deterrence.[1] By contract, I believe that the United States should maximize its strategic power in order to sustain its technological lead and to ensure the "extended deterrent" over U.S. alliance commitments in Europe and Asia. If U.S. strategic superiority is irrevocably forfeited, however, then the maintenance of world peace demands that we settle for nothing less than a strategic equality that is strictly applied to all categories of strategic power. A corollary belief is that, while arms

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Footnotes at end of article.

control can be a vital element in shoring up an increasingly unstable international system, it can play this stabilizing role only if negotiated agreements adhere strictly to the principles of equality and mutual restraint.

THE SOVIET UNION'S SS–19 DECEPTION

The crux of Mr. Slocombe's critique is directed to what I deemed in my article a blatant case of Soviet deception in SALT I: namely, the ongoing deployment of the SS–19 "heavy" ICBMs. The SS–19s are a pivotal factor in the growth of the Soviet counterforce threat, because the missiles today comprise about one half of this threat.

Mr. Slocombe contends that there was no Soviet negotiating deception in May 1972 regarding the SS–19—that the Soviets told us in May 1972 "quite precisely," "quite clearly" and "explicity" about the SS–19's large size and heavy throw-weight. Ambassador Gerard Smith (Chief of the U.S. delegation in SALT I) has made the same allegation.[2]

Yet such notions regarding Soviet negotiating candor fly in the face of all the available evidence. Dr. Kissinger's statements in 1972 and 1975 with respect to the SS–19, cited in the original article, clearly indicate that Kissinger did not know about the large size of the SS–19 in May 1972.

If, on the other hand, Mr. Slocombe's contentions were accurate and Kissinger did know of the SS–19's large size in May 1972, the implication would be that Kissinger knowingly misrepresented U.S. knowledge of the SS–19 to the Congress in 1972 and again in 1975. The implication would be, indeed, that Kissinger suppressed or covered up information on the SS–19 to delay U.S. recognition of its large size.

We need not engage in such speculation, however, because additional evidence has come to light which shows clearly that U.S. SALT I negotiators were guilty of naivete rather than ex post facto misrepresentation. Ambassador Smith's New York Times article, contains only half of the fascinating story. It is true that in early May 1972 the Soviets informally told U.S. SALT negotiators that they had under development two new missiles, now known as the SS–19 and SS–17, which were represented by them as somewhat larger than the SS–11 ICBM. Yet, the Soviets deliberately misled their American counterparts with respect to the real sizes of the new missiles and Moscow's commitment to their deployment.[3]

Indeed, the Soviets added a touch of irony to their deception when they tried in May 1972 to justify their refusal to agree to a definition of a heavy ICBM by arguing that such a definition was unnecessary because both sides already knew which ICBMs were heavy and which were light. In a similar deceptive vein, the Soviets also hinted at a possible willingness to agree to a total ban on any larger missiles replacing the SS–11. From what we know in retrospect of the Soviet commitment to their SS–19 program, this could not have been a serious gambit, and it was clearly designed to strengthen the misconceptions of the American negotiators.

Was U.S. intelligence deceived? In 1971 USAF intelligence warned of the likelihood that the Soviets would replace their small SS–11 missiles with a much larger, heavier missile. Yet, this warning went unheeded, and in 1971 the U.S. intelligence community erroneously estimated that the SS–11 replacement missile would be a "new small ICBM." This misjudgment of what was to become the large, heavy SS–19 persisted through the May 1972 negotiations. Indeed, even after SALT I was ratified and before the SS–19 was flight-tested in early 1973, U.S. intelligence still referred to the SS–19 as the "new small ICBM."

Senior policymakers in the Nixon Administration consistently demonstrated their misconceptions not only regarding Soviet missile programs, but also of the extent of the loophole that they left in the SALT I Interim Agreement for the SS–19 deployments that now threaten the survivability of the U.S. land-based ICBMs. We have noted Kissinger's statements to Congress on June 15, 1972, to the effect that "There is the safeguard that no missile larger than the heaviest light missile now existing can be substituted," and that we had "adequate safeguard against a substantial substitution of heavy missiles for light missiles."[4]

Similar statements came from other Administration members during the summer 1972 SALT I ratification hearings. For example, on June 6, 1972, Defense Secretary Laird said this about permissible increases in missile volume: "Senator Jackson . . . I believe that any growth of light missiles, in either diameter or depth, that exceeds 10 to 15 percent would be a violation of the agreement. . . ."[5] Laird added on July 24, 1972: ". . . In no case would it be possible for the Soviet Union to retrofit their SS–11 silos with a new significantly larger missile. . . . I believe that up to a 30 percent volume increase in one dimension could be possible and I believe anything over and above that would be a violation under the most liberal interpretation of the agreement."[6]

In light of his later contentions, it is also interesting to note a statement by Ambassador Smith on June 28, 1972: "Well, our position stated unilaterally was if they tried to deploy in SS–11 holes a missile substantially larger in volume than the SS–11, that would be considered a heavy missile and would count, and would be a violation of the nonconversion provision." When asked what the limits were on the size of new missiles, Smith then conceded that "we have no specific benchmark. I think we will have to look at what comes along."[7]

Mr. Slocombe, in alleging that U.S. negotiators were not deceived with respect to the Soviet SS–19 missiles, clashes with the admissions by prominent members of the Nixon Administration. Thus, the then Secretary of Defense Schlesinger confessed in March 1974: "What we were unprepared for was the enormous expansion of Soviet throw-weight represented by the SS–X–19 as the potential replacement for the SS–11. Earlier versions of the SS–11 were of lesser throw-weight but the SS–X–19 has a throw weight of two or three times as much as even the SS–11 Mod 2. . . ."[8] In fact, the SS–19 turned out to be 50 to 60 per cent larger in volume than the SS–11 and has four to five times its throw-weight.

Dr. Schlesinger added in a 1974 press conference that the SS–17 and SS–19 "can no longer be treated as light missiles." Nevertheless, it took the United States as long as until early 1975, after the Ford-Brezhnev meeting and the Vladivostok "framework," even to question the Soviets about the SS–19 for the first time—whereupon Washington meekly retreated, conceding that the SS–19 counterforce ICBM was a "light missile" after all. The Soviets have regarded it as a heavy missile all along.

Finally, we now have the (belated) testimony of the principal victim of the Soviet deception himself. In a "Meet the Press" program on August 12, 1979, Henry Kissinger reminisced as follows:

> In 1972, the Soviet Union had two missiles that we were aware of. The SS–11 and the SS–9. The SS–9 was a heavy missile. At that time, the biggest worry that we had—in fact, the only worry we had about substitution—was the emplacement of the SS–9 into the SS–1 silos, and we thought that we had sufficient assurance that the SS–9—that is to say, the heavy missile—would not be emplaced into the SS–11 silo. What we did not understand at that time and on which we had no evidence whatever at the time, because it didn't exist, was that the Soviet Union would construct a missile [the SS–19] which was sort of half-way between the SS–11 and SS–9; that is, technically did not violate the limitations of a fifteen per cent increase, but which, using all the fine points of the print, was technically within the agreement. It was simply our lack of knowledge that such a missile existed or could be built. . . . I would call it sharp practice [by the Soviets].[9]

The CIA reportedly has reached the conclusion that "we cannot exclude the possibility that the Soviet leaders, if they believed they could succeed, would approve a program of concealment and deception designed to help gain a strategic advantage over the United States."[10] The facts of the "heavy missile" episode in SALT I render this a startlingly tame judgment. The combination of Soviet deception and U.S. gullibility and negotiating sloppiness already has given the Soviet Union an enormous strategic advantage—one that throws its shadow upon the fundamental viability of the U.S. strategic deterrent. What would stop the Soviets from trying it again?

One final observation needs to be made about Mr. Slocombe's rebuttal in this context. He mistakenly describes the U.S. *Unilateral Statement D*, which sought to define a heavy ICBM, as a "Common Understanding," thereby missing the entire point.

THE SOVIET SLBM DECEPTION

The elaborate deception by the Soviet Union with respect to submarine-launched ballistic missiles in SALT I was basically fourfold. First of all, the Soviets obscured from the United States the fact that the ceiling of 950 SLBMs that was agreed upon in effect represented the force planned by them for 1977. Nor did U.S. negotiators know that 30 old Soviet SLBMs on nuclear H-class submarines were hidden beneath those ceilings.

Second, the Soviets in 1972 deliberately falsified the claim that they had 48 SSBNs and 768 SLBMs operational or under construction. They did this in order to minimize the number of old ICBMs that would have to be deactivated by them. The United States discovered this fact only in 1978.

Third, even the compromise ceiling of 740 SLBMs in all probability exceeded the actual Soviet force level in May 1972, still allowing them to minimize their required deactivation.

Finally, the whole rationale of "geographical asymmetries" upon which the Soviets based their claim for higher SLBM ceilings than the United States turned out to be a sham. It was belied by the unveiling of the long-range SSN–8 missile, which was tested only after the 1972 SALT Summit.

Moreover, the Soviets have concealed submarines and submarine hull sections under construction; they have built dummy submarines; and they have constructed berthing tunnels. Thus, active physical deception was harnessed to negotiating deceit.[11]

Mr. Slocombe concedes the fact that the SALT I Agreement failed to impose a freeze on Soviet SLBM deployment, but he argues that U.S. negotiators were not deceived in 1972—that they knew that 62 submarines with 950 missiles represented the original Soviet force plan through 1977. He supports this contention with a reference to Raymond L. Garthoff, who was a key member of the U.S. SALT I delegation. Inexplicably, however, Mr. Slocombe neglects to mention that Garthoff made his statement about likely Soviet force goals in 1977—that is, with the clear benefit of hindsight. The fact is that in 1972 senior U.S. officials were unanimous in their testimony to Congress to the effect that SALT would freeze Soviet SLBM construction—that in the absence of the 62/950 ceiling the Soviets would construct as many as 90 strategic submarines by 1977. Either they were deceived, or—if indeed they knew better—they deceived the U.S. Congress.

Footnotes at end of article.

Mr. Slocombe also seems to concede (at least by implication) the possibility that the Soviets in 1972 presented a false claim of the number of Soviet SLBMs then operational or under construction, but he belittles this as "not much of a 'deception'." Are we arguing about the fact of deception or its magnitude?

As for the case of the SS–N–8, the long-range SLBM which the Soviets tested only after the conclusion of SALT I (and which negated the Soviet "geographical asymmetries" rationale for higher SLBM requirements), Mr. Slocombe avers that "There is surely no requirement for SALT negotiators to reveal the detailed performance characteristics of their systems." This goes to the heart of the U.S. debilitations in SALT and of a major failure of the SALT process. The negotiations have largely been conducted on the basis of U.S. data with respect to the strategic postures of both sides. Even the SALT II quantitative data exchange, which some have deemed a significant crack in Soviet secrecy, is highly suspect. Judging from the Data Exchange memoranda of SALT II, the Soviets provided data about the numbers of their systems which could easily have been derived from the U.S. press. It is not surprising that this information is then found to be consistent with U.S. intelligence data, and therefore considered valid.

As long as these one-sided ground rules persist, the Soviets will obviously exploit them to the hilt. Whether this entails Soviet deception or U.S. self-deception is an arguable but academic point.

THE MOBILE ICBM DECEPTION

Mr. Slocombe has apparently misunderstood the points made in the original article about mobile ICBMs. The contention was not that the Soviets violated the U.S. Unilateral Statement with respect to mobile ICBM deployment, but rather that the Soviets had violated Brezhnev's private pledge to President Nixon not to "build" mobile ICBMs.

There is in fact solid evidence that the Soviets, in contravention of Brezhnev's solemn pledge, have "built" and tested mobile ICBMs, a large number of SS–16s.[12] Moreover, the testing and production of the SS-16 have proceeded under cover of active concealment.[13]

Indeed, I argued in the original article that the covert stockpiling of mobile SS–16s by the Soviet Union constituted a potentially greater danger than their actual deployment today because of the shock effect that their sudden deployment would carry in a crisis situation. It needs to be noted, however, that even the current deployment status of SS–16 ICBMs is in doubt because their launchers are identical to those of the SS–20 intermediate-range missiles, which are not governed by SALT and which the Soviets are deploying in growing numbers.

There is additional evidence of Soviet deception involving mobile ICBMs. According to Ambassador Smith, the Soviets told the U.S. negotiators in SALT I that inasmuch as the Interim Agreement constituted a freeze on "ongoing programs," and since neither side had mobile ICBMs, "it was inappropriate to include them in a freeze." [14] Yet, as we now know, the Soviets did have a mobile ICBM program ongoing at the time.

The contention that the Interim Agreement did not constrain Soviet ICBM and SLBM programs rests largely on two considerations. One, as has been alluded to already (and as Mr. Slocombe concedes), the SALT I ceilings on SLBMs coincided with Soviet SLBM force plans through 1977. If the Soviets endeavored (successfully) to avoid any real constraints on their SLBM programs, then it would defy all logic to assume that Moscow willingly agreed to constraints on ICBM deployments, the most important component of Soviet strategic forces.

Both logic and evidence suggest, rather, that the Soviet Union could readily accommodate to the SALT I ceilings on ICBM launchers because of a fundamental decision, made in mid-1970, to enhance the Soviet ICBM force through MIRVing rather than the quantitative addition of ICBM launchers. A number of factors account for this decision. The Soviet ICBM arsenal had already surpassed in number the U.S. ICBM launchers. Indeed, the United States was emphasizing at the time qualitative improvements of its ICBM force through MIRVing, and the Soviet leadership obviously assigned priority to efforts to catch up to the United States in this qualitative arena. Yet, Soviet production capabilities could not provide enough missiles for both new launchers and the retrofitting of old launchers. In July 1970 the Soviets themselves reportedly proposed that they could accept a ceiling of only 300 to 350 very heavy ICBMs. These numbers probably reflected their original plans, and they bracket the 308 that were allowed.[15]

Raymond L. Garthoff has summed up the situation that obtained in early 1970 as follows:

> * * * Having surpassed the United States in number of ICBMs, the Soviet leaders decided to cease the buildup of ICBM launchers. After SALT began, no additional groups of ICBM silos were begun for a year. Indeed, three groups of SS–9s in early construction were abandoned in 1970. * * * The Soviet cessation of its ICBM buildup was, in my view, intended as a "signal" in SALT, although it also reflected a Soviet intention to shift to a new generation of ICBMs . . . construction began (i.e., in 1970) on some 80 new ICBM launcher silos. * * * [16]

Garthoff reports that the new silos that were started by the Soviets in late 1970 were for the MIRVed SS–18 and SS–19. The abandonment of the old SS–9 silos at the same time reinforces the conclusion that a shift in ICBM generations was in progress, the thrust of that shift being from number of launchers to MIRVing.

Inasmuch as Mr. Slocombe has alluded to a classified study by this author, it seems only fair to note the following reference:

> It is difficult to envision how SALT II will contain Soviet strategic developments. As with SALT I, U.S. critics contend the SALT II Agreement merely codifies planned Soviet strategic deployments—a view substantially bolstered by the CIA analysis done by former CIA employee Dave Sullivan. Sullivan's analysis, based on U.S. intelligence monitoring of Soviet communications, reportedly illustrates quite clearly that the Soviet military has not allowed the SALT process to infringe on planned Soviet strategic forces and programs. . . .[17]

In short, it is difficult to believe that the Soviet Union accepted any real SALT constraints on its strategic programs.

SOVIET SALT VICTORIES

Mr. Slocombe elsewhere has evinced puzzlement about the purposes underlying the massive Soviet strategic build-up: "Exactly why the Soviets are pushing so hard to improve their strategic nuclear capabilities is uncertain." [18]

Striking evidence of Soviet negotiating intentions in SALT I and II has recently come to light. A senior researcher affiliated with the Institute of the U.S.A. and Canada (IUSAC), Rostislav G. Tumkovskiy, wrote the following in an obscure Soviet historical journal, Voprosy Istorii:

> In essence, signing of the Interim Agreement signified the recognition by the American side of the defeat of the basic policy of the U.S.A. in the arms race unleashed by it against the Soviet Union calculated to achieve a decisive quantitative superiority over the U.S.S.R. in the sphere of strategic delivery vehicles. In addition, it affirmed the effectiveness of the U.S.S.R.'s reciprocal measures to strengthen its defense and deter imperialist nuclear aggression. The political significance of this victory of the Soviet Union in the arms race unleashed against it can hardly be overevaluated . . . [the] 1972 Moscow agreements, like the Vladivostok agreement of 1974, noted the defeat of the American strategic arms race policy. The reciprocal actions of the U.S.S.R. destroyed all attempts by the U.S.A. to achieve nuclear superiority and to employ it in the interests of its imperialistic policy.[19]

Tumkovskiy's frankness is surprising, especially given the timing of the publication of his article just prior to the U.S. Senate's SALT debate. Such a statement would be unlikely to appear in the IUSAC's journal USA, intended for American readers. The best explanation for its publication in the obscure Soviet historical journal is that it was aimed at a Soviet audience.

Tumkovskiy implies that defeat of a presumed U.S. intention to preserve superiority has opened the way for a Soviet thrust for that same goal. The Soviet "reciprocal" military measures allude to the massive Soviet military build-up.

Tumkovskiy's statement also exposes once again the harshly competitive role that the Soviets assign to SALT, as contrasted to the pervasive American view, reflected in Mr. Slocombe's analysis, of SALT as a cooperative "non-zero-sum" game in which both sides can win, and the whole world benefit, through mutual concessions. The Marxist dialectical approach to all negotiations dictates that one side must win and the other must lose. As such, another implication of Tumkovskiy's boast (as well as its timing) is that, as in SALT I, the Soviet leadership has signed a SALT II Treaty which, it believes, yields to it important unilateral advantages.

But we do not need Tumkovskiy's testimony. Ten years of detente and SALT have yielded ample evidence that the Soviets have been exploiting the SALT process to cripple U.S. weapons programs and to lull the United States into complacency while they complete their broadly based military build-up and expand their influence on a global scale. The chief architect of SALT I, Dr. Henry Kissinger, now seems to recognize the dangers: "* * * The 1980s could turn into a period of great instability. . . . For a period of five to seven years the Soviets may develop an advantage in power useful for political ends. . . . We could be heading into a period of maximum peril. * * * [20]

The record of SALT and the larger context of Soviet assertiveness during the past decade show conclusively that Moscow hardly views arms control negotiations as an abstract exercise in legal compromise and "problem-solving." SALT is an integral element of Soviet military policy, and the Soviet military clearly has dominated Soviet decision-making in SALT. Their objective is to gain unilateral advantages which, once achieved, are stubbornly defended. They seek to induce complacency and false hopes. They practice deception to bolster negotiating positions. Their most powerful negotiating weapon has been tenacity.

HAVE WE LEARNED THE LESSONS?

Notwithstanding Mr. Slocombe's denial, SALT I in fact codified U.S. strategic inferiority, which clearly will persist throughout the period covered by the SALT II Treaty. The quantitative levels of about 2,650 Soviet to 2,060 U.S. delivery vehicles under SALT and presently existing are indisputable, as are the massive Soviet advantages in ICBM throw-weight and overall throw-weight that have asserted themselves particularly since 1972. While the SALT II Treaty ostensibly provides for

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Footnotes at end of article.

equality in the number of "launchers" permitted to the superpowers, even this index of "essential equivalence" is a sham. Thus, for example, the Soviet Backfire bomber force, which will number about 375 by 1985, will be exempted from SALT ceilings, while U.S. Poseidon SLBMs dedicated to the NATO theater are included in all U.S. SALT II aggregates. Moreover, the United States is currently planning to deactivate unilaterally 10 Polaris submarines carrying 160 SLBMs. It is, to say the least, highly doubtful that the United States will ever attain its permitted level of 2,250 launchers.

The Soviets will, under SALT II, preserve their monopoly in heavy ICBMs. The 314 Soviet SS–18 ICBMs, carrying at *least* 3,140 warheads, can credibly threaten to destroy all 1,054 U.S. ICBMs, 154 ICBM launch control centers, 25 bomber bases, and 4 strategic submarine bases. The Soviet SS–18 force alone carries more megatonnage than the entire U.S. missile force of ICBMs and SLBMs—roughly 2,618 megatons as against 1,814 megatons.[21] The SS–18 force by itself can thus neutralize all U.S. strategic forces. Similarly, the SS–19 force of at least 310 heavy ICBMs, carrying at least 1,860 warheads, also can threaten all U.S. strategic forces. The Soviets thus have in effect two independent first-strike forces. The remaining Soviet ICBM, SLBM and bomber forces would comprise a formidable Soviet reserve for second-strike use.

Has the United States learned from the SALT I record? Mr. Slocombe avers, for example, that SALT II permits the Soviets to deploy only one new ICBM of a "new type," and to make only "minor modifications" to others. We have seen that the pace and extent of the modernization and replacement that the Soviets carried out within SALT I came as a shocking surprise to U.S. policymakers. The SS–19 and SS–N–8 missiles turned out to be much more powerful than anything that had been anticipated.

Nevertheless, the Soviets have again been allowed to achieve the ambiguous language in SALT II's Article IV with respect to new types of ICBMs. Their arrogant and continued use of encrypted telemetry on SS–18 tests suggests quite clearly that there are things in their modernization program that the Sovies wish to hide from us. Moreover, the ambiguity in both Article IV (on new type ICBMs) and Article XV (on verification) gives to Moscow the leeway to test and deploy all five of the reported new fifth-generation ICBMs and SLBMs fully within the terms of SALT II. No less an authority than CIO Director Stansfield Turner has reportedly testified to this effect before the Senate Intelligence Committee.[22]

Dr. Kissinger stated recently, with the obvious benefit of sorrowful hindsight: "We have to count on the fact that the Soviet Union is likely to push to the very limits of the [SALT II] agreement and do things that we cannot now foresee that would be technically legal but are now unforeseeable." [23] What make this prospect all the more disturbing is the reported admission by a U.S. Defense Department official to the effect that U.S. SALT II negotiators "know that the Russians deliberately negotiated Article IV so that they could go ahead and test and deploy all their new missiles without violating the Treaty." [24] Are we being deceived by adroit Soviet negotiators *and* by our own officials?

THE UNREPAIRED "HEAVY ICBM" LOOPHOLE

But again: Have we profited from the lessons of SALT I? Mr. Slocombe argues that we did so in negotiating SALT II, and that "the most important lesson was to be as specific and precise as possible in drafting treaty language constraining Soviet options." Mr. Slocombe was even more specific in a 1976 statement: "The lessons drawn from this episode [the SS–19 problem] by U.S. officials is the need for explicit and precise acknowledgment by the USSR on even the most technical details." [25]

But if those were the lessons, why in the course of SALT II did we repeat not once, but twice, the most glaring mistake committed by the United States in SALT I—namely, the failure to negotiate a clear definition of a heavy ICBM? In Vladivostok in November 1974 we preserved the key SALT I prohibition on heavy ICBMs replacing light ICBMs, but again, as in SALT I, without an agreed definition of a heavy ICBM.

The failure has been compounded. It is worth noting first that, mindful of the sorry history of the U.S. Unilateral Statement on a heavy ICBM in SALT I, U.S. negotiator Paul Warnke in his February 1977 Senate confirmation hearings clearly ruled out any future such U.S. unilateral statements:

My conviction is that with regard to any agreement which is entered into at this time on control of offensive nuclear weapons, that we could not afford to have unilateral declarations. The trouble with the unilateral declaration is that you say "I am now about to say something which you refuse to say" so that is almost a built-in formula for disagreement and I don't think that in the kind of arms control agreement that we ought to use to replace the interim agreement, we ought to have that kind of a situation.[26]

Nevertheless, there is again an important U.S. unilateral statement in the SALT II Treaty's final negotiating record—and again, incredibly, it involves the troublesome definition of a heavy ICBM. We still have no agreed definition of a heavy ICBM in the SALT II Treaty. Paragraph 7 of SALT II's Article II partially defines heavy ICBMs, but a clear definition requires an agreed and rigorous distinction between light and heavy ICBMs.

The SS-19 is to be the baseline between light and heavy ICBMs. In order to be effective, however, a definition must have clear, specific, agreed data on the SS-19's launch-weight and throw-weight. We must rely upon the negotiating record for these specific weights. The Secretary of State's SALT II Letter of Submittal with Annex provides the required negotiating record:

On August 16, 1977, in a plenary statement, the United States informed the Soviet Union informed the Soviet Union that ". . . for planing purposes, with respect to ICBMs it might develop, test or deploy in the future, the United States considers launch-weight limit on light ICBMs to be 90,000 kilograms and the throw-weight limit to be 3,600 kilograms." These figures are based on our estimates for the SS-19. The Soviet Union did not respond to this statement. The United States will regard these figures as the limits for the one new type of light ICBM permitted to the United States under Paragraph 9 or Article IV.[27]

This is the full negotiating record on the definition of a heavy ICBM. Thus the United States in effect unilaterally defined U.S. heavy ICBMs in terms of the SS-19. But we evidently did not even try to get the Soviets to agree to such a definition for Soviet ICBMs. The above statement thus only implies unilaterally that any ICBM on the Soviet side with a launch-weight greater than 90,000 kilograms (198,000 lbs.) and a throw-weight greater than 3,600 kilograms (7,937 lbs.) will be regarded by the United States to be a heavy ICBM. Not only did the Soviet Union not agree to these baseline data; it did not even respond to them. Indeed, our present unilateral definition of what constitutes a heavy ICBM must be deemed even weaker than the more explicit U.S. unilateral statement of 1972.

The significance of the continued failure to define a heavy ICBM is that it continues to allow dangerous Soviet deployment options: the Soviets are free to go ahead and test and deploy new ICBMs heavier than the heavy SS–19. When the United States complains and charges noncompliance in the Standing Consultative Commission, the Soviets can merely reply that they never agreed to the U.S.-supplied baseline data on the SS–19, and that these data are in any case wrong. They could then supply their own "correct" data, which would show their new heavy ICBMs to be really light missiles.

Moreover, all constraints on the testing and deployment of new missiles of no more than 5 percent larger or smaller than older Soviet ICBMs reportedly also rely upon U.S. baseline data on the launch-weight and throw-weight of existing Soviet missiles. The same is true of the silo dimensional data for all Soviet missiles, which would comprise the baseline data from which to measure the incredibly large permissible increase of up to 32 percent in silo volume.

The clear conclusion is that the United States did not learn the main lesson of SALT I. The claim is again being made that heavy and new type ICBMs will be constrained, but this claim will again be proven wrong. One has to agree in this context, unfortunately, with Mr. Slocombe's observation: "The Soviets should be presumed to be protecting something when they refuse to agree to a specific limitation."

Mr. Slocombe concludes with the observation that "Soviet secretiveness left it mainly to the United States to learn enough about Soviet programs to negotiate effective limitations." There is a presumption implied in this statement that is undeserved. As already noted, we need not have conceded meekly to the Soviet Union the enormous advantages that one-sided secrecy bestows in negotiations. The proposition that we can somehow outsmart the Soviets about the status and capabilities of their own secret programs—and then induce them to agree to constrain themselves through SALT—seems incredible.

THE FLAWS OF SALT II

In sum, we have not learned the lessons of Soviet negotiating deception in SALT I. Our failure has led to the following fateful flaws in the SALT II Treaty:

The gross inequalities in very heavy and heavy ICBMs, throw-weight and counterforce capabilities, which neutralize or checkmate all U.S. strategic forces, and undermine deterrence at intercontinental, theater nuclear and conventional levels;

The failure to include intercontinental Backfire bombers;

The destabilizing constraints (even if temporary and negotiable) on vital U.S. ICBM survivability options in the face of the permitted growth in the Soviet counterforce threat;

The grossly one-sided constraints on U.S. theater systems (GLCMs and SLCMs);

The failure adequately to control missile production, stockpiling, excess missiles, and refiro capabilities;

The failure to prevent the Soviet program of camouflage and deception from hindering verification.

Totally within the provisions of the SALT II Treaty, by 1985 the Soviet Union will probably have superiority in total warheads and accuracy, this toppling the last U.S. strategic advantages. Soviet strategic forces will carry as many as 14,500 warheads, as against roughly 11,900 for the United States. They will probably have about four times the throw-weight of U.S. ICBMs, about a three-to-one advantage in combined ICBM and SLBM throw-weight, and roughly a two-to-one ratio in total throw-weight (including bomber payload equivalent).

Footnotes at end of article.

If this is "arms control," which is the side that is controlled? And which is the side that has been deceived?

FOOTNOTES

[1] Walter Slocombe, *The Political Implications of Strategic Parity*, Adelphi Paper No. 77 (London: International Institute for Strategic Studies, May 1971).

[2] Ambassador Gerald C. Smith, "Wrestling With the Plowshare Problem," *New York Times*, January 16, 1976.

[3] Ibid.; see also Jack F. Kemp, "The SS–19 and the New Soviet ICBMs vis-a-vis SALT II," *Congressional Record*, August 2, 1979, p. E4076.

[4] U.S. Senate, Hearings before the Committee on Armed Services, *Military Implications of the Treaty on the Limitation of Anti-Ballistic Missile Systems and the Interim Agreement on Limitation of Strategic Offensive Arms*, 92nd Congress, 2nd Sess., June–July 1972, pp. 128–129.

[5] Ibid., p. 165.

[6] Ibid., p. 548. In addition, Senator Jackson asked the following question for the record in July 1972, and Defense Secretary Laird and the Defense Department supplied the following answers (ibid., pp. 565–566):

Question: The largest part of the Soviet land-based ICBM force is in the SS–11 silos. If the Soviets were to retrofit their SS–11 silos with a new missile, how much could they:

a. increase the volume of those silos?

b. increase the volume of the missiles that go into those silos?

DOD Answer: Up to about 30 percent in both cases. This volume increase is not sufficient to permit installation of an SS–9 class missile in an SS–11 silo. [Note: the SS–19 is 50–60 percent larger in volume that the SS–11 and can thus be considered an SS–9 class missile.]

Question: Why, in your view, did the Soviets refuse to agree to a prohibition on the deployment of ICBMs larger than 70 cubic meters (in excess of 313 permitted "heavy" launchers)?

DOD Answer: In my view the Soviets might have decided they wanted to retain the option to deploy a slightly larger version of the SS–11.

[7] U.S. Senate Commitee on Armed Services, *Military Implications*, op. cit., pp. 341–342.

[8] *Report of the Secretary of Defense James R. Schlesinger to the Congress on the FY 1975 Defense Budget and FY 1975–1979 Defense Program*, March 4, 1974. See also, "News Conference with Secretary of Defense James Schlesinger and Dr. Fred C. Ikle, Director, Arms Control and Disarmament Agency" (Washington, D.C.; Department of Defense, 1974), p. 12. Also, U.S. Senate, Foreign Relations Committee, *U.S.-USSR Strategic Policies*, 93rd Congress, 2nd Sess., pp. 4–5. Defense Secretary Schlesinger said the following:

> Subsequent to the signing of the [SALT I] agreement, we see a Soviet research and development program of astonishing depth and breadth. This is not to say that they deceived us in the agreement or that the program had been designed to emerge after the agreement. Obviously, these developments were in the cards years in advance because the Soviets have the same kind of lead time problems that we have. But I think it is fair to say that many people, particularly people in the arms control community, have been surprised by the strength of those programs.

Later evidence has allowed the judgment that the Soviets in fact did deceive the United States with the SS–19, SS–16 and SS–N–8, and that the flight-tests of these programs may have been timed or conducted with the status of SALT I in mind.

[9] "Meet the Press," NBC–TV, August 12, 1979, p. 9.

[10] Jack Anderson, "Soviet Subterfuge: A SALT Concern," *Washington Post*, May 22, 1979.

[11] *U.S. Defense Posture Statements; Washington Post*, September 27, 1973; Michael B. Donley, ed., *The SALT Handbook* (Washington, D.C.: The Heritage Foundation, 1979). See also Jack F. Kemp, "Congressional Expectations of SALT," *Strategic Review*, Winter 1979, p. 23; and Jake Garn, "The SALT II Verification Myth," *Strategic Review*, Summer 1979, pp. 19–20.

[12] Bernard Weintraub, "Pentagon Aides Say Moscow Has Mobile Missiles Able to Reach U.S." *New York Times*, November 2, 1977.

[13] See footnote No. 11 above.

[14] U.S. Senate Committee on Armed Services, *Military Implications*, op. cit., p. 381.

[15] William R. Van Cleave, in U.S. Senate Committee on Armed Services, *Military Implications*, op. cit., p. 581, said: ". . . It is clear that for the past two years expected modernization of Soviet forces has been regarded as the most likely contingency and the greatest matter of concern to us and this is not at all stopped by the agreements." Dr. Kissinger, ibid., said: "The field in which it is most likely that they [the Soviets] will make progress is in the modernization of the missiles that are permitted under the agreement. That is, they will not violate the numbers of the agreement, but they will improve the quality, accuracy, number of warheads, and this is what will represent a threat to our strategic forces." Dr. Foster (DD/RNE), ibid., p. 245, said: "There is no evidence that they plan to deploy missiles beyond the new starts they had already made."

[16] Raymond L. Garthoff, "SALT and the Soviet Military," *Problems of Communism*, January-February 1975, p. 30.

[17] Peter Hughes, "SALT and the Soviet Search for Superiority," *Air Force Magazine*, March 1979, p. 51.

[18] Walter Slocombe, public statement on SALT II, March 21, 1978, Department of Defense, mimeo.

[19] Rostislav Tumkovskiy, *Voprosy Istorii* (Problems of History), April 1979.

[20] Interview with Henry Kissinger, *The Economist*, February 3, 1979, p. 17. Also testimony statement of Dr. Kissinger to the Senate Foreign Relations Committee, July 31, 1979, pp. 3, 28.

[21] Seymour Shwiller and Adam Klein, *Strategic Missile Counterforce Capability, U.S. vs. USSR*, U.S. House of Representatives, Armed Services Committee, unclassified staff paper, 1978.

[22] *Baltimore Sun*, August 10, 1979, p. 1.

[23] "Meet the Press," op cit., pp. 9–10.

[24] Rowland Evans and Robert Novak, "SALT Soviet Style," *Washington Post*, August 10, 1979.

[25] Walter Slocombe, "Learning from Experience: Verification Guidelines for SALT II," *Arms Control Today*, February 1976, p. 5.

[26] Paul C. Warnke, Confirmation Hearings, U.S. Senate, Armed Services Committee, February 1977, p. 53.

[27] *SALT II Agreement*, State Department Document, No. 12A, June 1979, p. 13.●

PAPERWORK AND REDTAPE REDUCTION ACT OF 1979

● Mr. PRYOR. Mr. President, last weekend I was in Jonesboro, Ark., and had an opportunity to discuss with several pharmacists the burdensome regulations, redtape, and paperwork that are inflicted on them as small businessmen.

Once again, Mr. President, I have been presented with evidence that the small businessman is suffering from regulations that are overly complicated and technical. Ninety-seven percent of the pharmacists in Arkansas participate in the medicaid program and they are experiencing a time-consuming and costly paperwork load. Forms and more forms are required for application and reapplication for the medicaid reimbursement process for prescriptions. These regulations and forms do not necessarily translate into greater protection for the consumer.

It is discouraging to these pharmacists as businessmen, Mr. President, but even more importantly, it is costly and time consuming. It is costly not just to the pharmacist but eventually to the consumer to whom some of these costs must be passed on. After spending some time with these businessmen and going through their numerous forms with them, it appears to me that our Federal bureaucracy is "overregulating" in many cases.

For these reasons and others, Mr. President, I have joined with my distinguished colleagues Senators CHILES, BENTSEN, and DANFORTH in sponsoring S. 1411, the Paperwork and Redtape Reduction Act of 1979. This legislation is an attempt to come to the aid of the small businessman by easing his paperwork requirements.

Mr. President, I ask that articles from the Jonesboro Sun and the Commercial Appeal about my visit with the pharmacists be printed in the RECORD.

The articles follow:

[From the Jonesboro Sun, Nov. 4, 1979]

SENATOR PRYOR VISITS LOCAL PHARMACISTS

(By Rae Ann Ritter)

Two Jonesboro pharmacists met with U.S. Sen. David Pryor here Saturday to discuss government interference in the pharmacists' business. Over-regulation, red tape and paperwork were the key words in the discussion.

Albert Soo, owner of Soo's Quality Drugs, and John Douglas, owner of Douglas Medical Pharmacy and president of the Arkansas Pharmacists Association brought the senator's attention to the growing amount of regulation on the state and federal level by the Federal Drug Administration and in such programs as Medicaid.

Douglas told Pryor that 97 per cent of the pharmacists in Arkansas participate in the Medicaid program. The Medicaid program is time consuming, and expensive for the pharmacists, he said.

The state will reimburse a pharmacist for certain amounts on drugs sold to those on Medicaid. But first a lengthy form must be filled out and sent to Arkansas Blue Cross and Blue Shield, then to the state. The result is that hundreds and sometimes thousands of dollars of capital are tied up for three months while the pharmacist is waiting to be reimbursed. Pryor surmised as the two agreed.

Often the pharmacist is not reimbursed in full. If a doctor prescribes a brand-name drug, the state will only reimburse for a generic drug—which is sometimes much cheaper—unless another form is filled out to verify that the doctor would allow no substitutions, the two told Pryor.

"A national organization which has studied the cost of filling out forms to be paid for brand name drugs said it is 85 cents a form," Douglas said.

Another problem pharmacists have with the Medicaid program is that many times customers apply for and receive retroactive benefits. Then the pharmacist has to backdate the forms and take from his files prescriptions for drugs covered under Medicaid prior to the customers qualification.

Some forms for reimbursement are denied and the pharmacist has to reapply, Douglas said.

Another complaint the two voiced dealt with FDA regulations. The FDA now requires "patient package inserts," or literature explaining in detail the effects of a drug.

The FDA is now trying to regulate inserts on an expanded number of drugs without legislation, Douglas said.

"Hold the FDA back on regulating PPI's (patient package inserts)," Douglas asked the senator.

"Do you think the FDA has over-stepped the authority given it by Congress?," Pryor asked.

"Yes, sir," was Douglas' answer.

"I think many of the regulations coming out of Washington today aren't written by Congress. In the last 30 years, everything has gotten so complicated and technical that many of the regulations have been written by private consultants," Pryor said.

When asked what he as a senator could do about agency regulations, Pryor replied that he has heard several complaints from small businessmen about the amount of paperwork required by regulatory agencies. As a result, he became cosponsor of a bill entitled "Federal Anti-Paperwork Legislation."

The bill is an attempt to relieve the small businessman of red tape, he said.

Pryor Told of Pharmacists' Woes

(By Scott McClure)

Jonesboro, Ark.—The president of the state Pharmacists Association and a local pharmacist Saturday told Sen. David Pryor (D-Ark.) that federal regulations on filing Medicaid prescriptions require a "mountain of paperwork" that costs pharmacists valuable time.

Pryor, who was in Jonesboro attending the Arkansas State University Legislative Weekend, took time out to visit Soo's Quality Drugs, owned by Albert Soo.

"We want to show Sen. Pryor some of the problems we run into with Medicaid," John Douglas pharmacists association president, said before the senator arrived. "We're going to show him the mass of paperwork we're faced with every day."

Soo told Pryor the Medicaid forms used by the federal Food and Drug Administration were long and complex.

"It takes me two to three times as long to fill a Medicaid prescription as it does to fill a regular prescription," he said. "I usually have to fill out the order and then come back to the form later."

Soo said it takes three months for him to be reimbursed for Medicaid orders.

Both pharmacists told Pryor that Medicaid was an important program but added the federal government had made handling the program a burden.

Douglas said he was concerned that the federal government was working to establish more requirements for the Medicaid program, including a patient package insert which was denied by Congress earlier this year.

"We appreciate what you guys did," he told Pryor, "but the FDA is still trying to make it a requirement."

He said the agency had recently sent pharmacists a list of generic drugs they must use.

"But if a doctor writes down a drug not on the list, we have to call him back and check if we can use the substitute," he said. "If not, we have to get the doctor to sign the form and send it to Little Rock to get refunded for the order. It just costs us that much more profit."

Pryor said he understood the pharmacists' problem, saying he believed many federal agencies were overstepping their designated powers.

"Today, I have seen an enormous amount of paperwork and red tape," he said. "To me, it looks like a lot of over-regulation.

"Congress needs to become more aware, more sensitive to the smaller businesses who are being overrun with paperwork," he said.

Pryor also urged the pharmacists to continue voicing their complaints and said he would continue pushing an antipaperwork bill he is co-sponsoring.●

IRANIAN STUDENT TAKEOVER OF U.S. EMBASSY

● Mr. DOLE. Mr. President, once again turmoil in Iran greets Americans as they read the front pages of newspapers across the country: "U.S. Embassy in Iran Invaded, 100 Hostages Held." Once again American lives and American property are in danger. Why is it that less than a year after the U.S. Embassy was captured by Iranian mobs, adequate measures were not taken to prevent the same thing from happening again? Why were we not better prepared, since one of the reasons the administration did not allow the Shah to come to the United States in the first place was because we were afraid it would endanger Americans in Iran and cause riots by Iranian students in this country?

Why is it we had not taken any precautions when the Shah, a sick and dying man, finally did enter our country over a week ago? And now what has the U.S. Government done to free the 100 hostages? Is there anything left that we can do, with the deterioration of American power around the world? Even if we had advance warning, could we have sent a military force to deter such an event? The American people and the Senator from Kansas are tired of seeing some third-rate country whose government cannot claim the allegiance of all its own people attempting the political blackmail of the United States.

A WEAK FOREIGN POLICY

The United States is alone in the Persian Gulf area. What countries will give us overflight rights and let us stop for refueling? Will Turkey, who has denied permission in the past and still hesitates to allow us to monitor the Soviet Union and verify SALT II from its borders? Will Saudi Arabia help us, when they fear radical unrest and believe the United States too weak to resist? Only Israel has been an ally we could count on, and we repay them by trying to force the PLO on them, the same PLO who was the first foreign mission to pay an official visit on Khomeini after the revolution. Perhaps this kind of incident illustrates just how impotent our power has become in the last few years. I do not advocate invasion, but could we go in and get our citizens and diplomats if we had to?

Can we project a strong, credible military or naval presence in this area any more, when our fleet has been allowed to become its smallest since Pearl Harbor? Are we prepared to meet the Russians as equals under SALT II when we cannot meet with the Ayatollah except in weakness? There has been a lot of talk of a Middle East strike force for over a year. Are there any concrete plans or concrete capabilities? Has the United States turned into a paper tiger under this administration's de facto military cutbacks, through lowered defense spending and hardware program cutbacks (like the nuclear aircraft carrier and the B–1)?

Some say we must be careful about what we do because of the oil weapon. We should not let ourselves be constrained in our action for fear of the oil weapon. The Iranian oil is important, but it is not so vital to us that we can give in to blackmail. The United States imported more oil this year than it did last year with the supplies from Iran. Even if the Iranian oil supplies were a desperate necessity, we would still be able to act if the President had maintained the legally mandated amount of oil in our strategic petroleum reserves.

The situation that the United States now faces arises out of an indecisive, nearsighted foreign policy that reacts to short-term events without a clear vision of future goals and needs. It is a policy that refuses to take into account the many volatile areas of the world, our stake in those areas and the necessary actions we must prepare in advance to deter and, if need be, act upon hostile events.

WHAT NOW?

At this point, we must use the tried and true negotiation techniques worked out in long experience in the past with terrorists and unbalanced psychopaths who take hostages. Perhaps some of our leading experts in our largest metropolitan police forces should be called in to consult with the State Department in such delicate negotiations, providing them with valuable experience and expertise. Along with the pressure of our regular diplomatic exertions on the Iranian Government, this remains our only rational or realistic approach to extricating our Embassy personnel. Although the United States has little to bargain with, we must not send the Shah back to a country that has so little respect for the law and for the centuries-old sanctions against harming diplomatic personnel.

Ali Agah, the chargé d'affaires of the Iranian Embassy in Washington, recently charged Senator Goldwater with a "callous and vicious attitude" when he criticized Iran's threatened use of the oil weapon. Now that we see the tacit approval, if not outright instigation of the Iranian Government in this "callous and vicious" approach to international diplomacy, using the lives of Embassy people as pawns in a game of diplomatic blackmail, perhaps now we will begin to redress our position of weakness and powerlessness in world affairs.

What we do after our Americans are safe, however, ought to reflect our experience with this religious fanatic, Khomeini, and his blood-stained hands. It is obvious now that Iran is in a state of civil chaos. Only mob actions incited by hate and united by anti-Americanism give a flickering semblance of order and purpose in this strife-torn land. Until a civilized civil authority regains control of the state, the United States ought to withdraw from Iran. Until we have the power to protect American interests and lives in Iran, or can reasonably expect the government there to do so, we cannot again put our people in jeopardy.

Let the Japanese and the Europeans who wish to do so buy Iranian oil; their purchases will leave us slack elsewhere for ours. Let the protesting Iranian students in the United States go elsewhere where they will not have so much to protest. Since Iran is dissolving as a political entity, let us declare all Iranian passports and visas no longer valid—return the revolutionary students to Teheran where they can do some good, by constructively working to rebuild the government they have torn down, or let those among them of goodwill and sense remain here by applying as refugees to become permanent citizens. If they do not feel they can give up their homeland, let them return there and put their goodwill and intelligence to work in a country desperately in need of it. Those few who are genuine students, properly enrolled and attending classes, can reapply for special visas that will allow them to complete their education. Many are not here to learn, however; they use the freedoms our society grants to conduct a vigilante campaign under Khomeini's fanatic banner. They represent a danger to our society just as the present Government in Iran represents a danger to that part of the globe. We should get rid of them. The United States can no longer tolerate or deal with barbarians.●

S. 240 IS VOTED OUT OF CRIMINAL JUSTICE SUBCOMMITTEE

● Mr. RIBICOFF. Mr. President, the Subcommittee on Criminal Justice of the Judiciary Committee has voted out S. 240, the Federal Computer Systems Protection Act.

As the author of this bill, and in behalf of Senator PERCY and other sponsors of this legislation, we express our appreciation for the consideration given the measure by the subcommittee chairman, Senator BIDEN, and other members of the subcommittee. I am hopeful that the progress that has been made will continue and that S. 240 will go forward in the legislative process.

Mr. President, I request that the following documents be printed in the RECORD: A letter from F. William McCalpin, secretary of the American Bar Association, accompanying a resolution adopted by the House of Delegates of the ABA meeting in Dallas, Tex., on August 14 and 15, 1979, regarding computer law; an article from the New York Times of September 27, 1979, by Peter J. Schuyten; an article from Canadian Business by Lydia Dotto; an article from the Los Angeles Times of August 20, 1979, by Craig Turner; an article by Angeline Pantages and an article by Vin McLellan from the August 1979 issue of Dun's Review.

The document and articles follow:

AMERICAN BAR ASSOCIATION,
Chicago, Ill., September 11, 1979.

Re Jurisdiction over crimes committed against or through use of computers.

Hon. ABRAHAM RIBICOFF,
U.S. Senate,
Washington, D.C.

DEAR SENATOR RIBICOFF: At the meeting of the House of Delegates of the American Bar Association held August 14–15, 1979 in Dallas, Texas, the attached resolution was adopted upon recommendation of the Section of Criminal Justice. The action taken thus becomes the official policy of the Association in this matter.

This resolution is transmitted for your information and whatever action you may deem appropriate. Please do not hesitate to let us know if you need any further information, have any questions or if we can be of any assistance.

Sincerely yours,

F. WM. MCCALPIN.

RESOLUTION

Be it resolved, That the ABA support legislation to establish federal jurisdiction, concurrent with state jurisdiction, over certain offenses committed against, or through the use of computers, computer systems or computer networks;

Be it further resolved, That the proposed federal concurrent legislation reach:

(a) the use or attempted use of a computer, computer system or computer network to obtain money, property or services by means of false or fraudulent pretenses, representations or promises;

(b) intentional, unauthorized accessing for the purpose of alteration, damage, destruction or theft of a computer, computer system, computer network or any computer software, program or information contained therein;

(c) intentional, unauthorized interception of nonaural communications by wire or radio between computers, computer systems, or computer networks;

Be it further resolved, That legislation creating concurrent federal jurisdiction over offenses committed against or through the use of computers, computer systems or computer networks require the Attorney General, in consultation with state and local enforcement authorities, to publish guidelines for the exercise of that jurisdiction by the United States;

Be it further resolved, That legislation denominating federal offenses committed against or through the use of a computer or computer systems or computer network should:

(a) preclude the charging of a federal offense based upon the same facts except for proof of an element involving a computer, with a charge brought under the computer crime statute;

(b) provide for gradation of offenses and a graduated scale of penalties consistent with ABA policy on the sentencing scheme of the proposed Federal Criminal Code, with a sanction not to exceed five years imprisonment or $50,000 or both; and

Be it further resolved, That additional study be undertaken to find solutions to the procedural and evidentiary problems that impede the detection and prosecution of computer crimes under existing law.

[From the New York Times, Sept. 27, 1979]

TECHNOLOGY COMPUTERS AND CRIMINALS

By Peter J. Schuyten

The setting: a quiet university town somewhere in the Northeast. An "intruder" electronically penetrates the operating system of the town's centralized data processing center. After causing a series of bizarre accidents, the interloper threatens to "crash" the system, throwing municipal services into chaos unless a 5 million ransom is paid and electronically transferred to a numbered bank account somewhere overseas.

Fanciful? Not really. According to experts in the field, Louis Charbonneau's novel of computer crime, "Intruder," could indeed happen. They say that such a scenario is technically feasible—and easier than most people realize.

According to a Government report a few years ago, anyone with the right background in computer sciences and, say, nine months of working experience on a particular operating system could conceivably take over the system, using it to work against itself. Some experts say it would not even take that long.

"Software systems aren't perfect," says Theodore M. P. Lee, manager of system security for the Sperry Univac division of the Sperry Rand Corporation. "If someone really put his mind to it, he could take over a system. He might have to work at it a bit, but he could get into a position where he could read the computer's files and even change them, using the power of the computer against itself."

Stanley Mark Rifkin stole 10.2 million from California's Security National Bank in less than an hour. He knew enough about computers to crack the bank's software codes, causing the money to be transferred to an account in a New York bank, whereupon it was sent to Zurich and used to buy diamonds.

Mr. Rifkin was caught, but the experts suspect that most computer crime goes undetected or even unreported for fear of the embarrassment it would cause and the difficulty in making a prosecution stick.

"We only read about the failed computer criminals," says Robert A. Jacobson, president of International Security Technology Inc., a computer security consulting concern, adding, "The really successful ones are never really detected in the first place."

Security is an issue that many computer users apparently prefer to ignore. It is complicated and expensive. "The typical company doesn't really care about security," says Larry Wells, president of Creative Strategies, a market research firm.

With the rapid proliferation of computers, and in particular the trend toward distributed data processing (where a number of terminals are hooked by communication lines to a large central processor), companies are highly vulnerable not only to crimes such as fraud and theft of trade secrets but also to the accidental loss of valuable financial operating data through malfunctions, fire and the like.

What can the computer user do?

Most computer manufacturers build a certain level of security into their software. "You already get some of the mechanisms you need to restrict access to files in data banks," says Mr. Lee of Sperry Univac. "The difficulty is getting people to use them."

Beyond that, there is physical security, including a backup power system, air-conditioning, automatic fire detection and extinguishing, and a secure, usually computerized, locking system. The computer companies will usually supply a list of architects and contractors who specialize in facilities of this kind.

For minicomputers and intelligent terminals, Transaction Security Inc., of New York has recently developed a portable self-contained enclosure that provides these features.

For systems that use communication lines, backup lines to the telephone company central office are usually recommended, and devices that scramble data at one end and reassemble at the other end may be necessary.

Beyond that, the concerned user can hire a consultant. Mr. Jacobson of International Security Technology, for example, has developed a software program called Ramp that evaluates security risks of an installation and assesses the cost of additional protection. Then too, most of the "Big Eight" accounting firms have consulting arms that provide periodic audits of how secure a data processing system is.

"This is not a once-a-year assessment, a temperature taking, but rather an ongoing identification of threats and shortcomings," explains George H. Rittersbach, a principal at Peat, Marwick, Mitchell & Co. He says: "What most people overlook is that this is a changing process. You add a terminal here, people with passwords there, or alter the softwear."

In addition, there are companies that specialize in what are known as "software locks," programs costing between $5,000 and $15,000 that are designed specifically to protect computer systems from unauthorized use by outsiders and even by insiders. One such company is Pansophic Systems Inc. of Oak Brook, Ill.

Then too, there are programs called audit trails, which record every entry into a system, the user, the nature of the transaction and the length of time the computer was used.

For very large computer users, there are backup facilities available to avoid a system crash. Companies such as Sun Information Services of Valley Forge, Pa., or Contingency Group Inc. of Bensonville, Ill., provide such services—for $2,500 to $4,000 a month.

Finally, some companies, particularly those providing time-sharing services such as the General Electric Information Service Company, use "computer busters." One of these is the System Development Corporation of Santa Monica, Calif. Its job is to try to break into their computer systems.

THE NEW COMPUTER CRIMINALS—MOUNTING LOSSES TOTAL $300 MILLION ANNUALLY

(By Lydia Dotto)

Shortly before midnight on Aug. 20, 1977, five men crept stealthily into the University of Alberta's Agriculture Building and made their way to Room 274. There they bagged their long-sought quarry—a young man industriously working at a computer terminal. "He was speechless," recalls Dale Bent, U of A's director of computing services.

For nearly a month, Bent and his staff had, with mounting frustration, been tracking an elusive meddler who was causing crashes of the university's $9-million computer system, disrupting the work of some 5,500 authorized users. On Aug. 19, as staff members tried to put material into the memory banks from magnetic tapes, the meddler, working at a remote terminal, promptly wiped it out.

Bent and his colleagues then brought the computer's ability to monitor the activities of its users into play. They pinpointed a terminal in the Agriculture Building and discovered the nineteen-year-old meddler. Last December he and an accomplice were convicted of mischief and theft of a telecommunications facility. They received suspended sentences and were put on probation because tampering "had not been for financial gain."

This was Canada's first computer fraud case in court, but there is no doubt the computer will figure prominently in the future world of crime. Information is a tangible, salable commodity; information is power; information is money.

The computer is the most effective and versatile repository and processor of information the world has ever seen—except, perhaps, for the human brain. A 1971 report for the Organization for Economic Cooperation and Development (OECD) suggests that by the end of the next decade "most recorded information . . . will be in computer-readable form."

More than mere storage of information is at issue. The computer is a powerful tool for reorganizing and selecting information. As the OECD report notes, "The evaluation of a vast quantity of information imparts a new and potentially more dangerous quality to it." Moreover, the ease with which data banks can be tied together increases the likelihood of unintended use of information.

This has prompted concern about the proliferating use of social insurance numbers by governments, banks, and private business. When all files—educational, financial, medical, etc.—carry a single identifying number, can the electronic dossier be far behind?

Computer information can be reproduced instantly and can be transmitted over telephone lines. The central data base can be penetrated from afar by people using remote terminals. Computer fraud expert Donn Parker of the Stanford Research Institute says, "The criminal no longer has to be at the site of the crime. Theoretically, if he has access to a telephone in Outer Mongolia, he can instantaneously commit a computer crime here in Toronto."

An estimated $300 million is lost worldwide each year through computer abuse, but there is no way of knowing exactly how much the careful thieves who haven't been caught are getting away with. Many companies, fearing embarrassment and a loss of reputation, prefer to deal with computer crimes quietly. And the inadequacy of laws dealing with such technological crime makes convictions rare.

Computer crime falls into three categories: theft of computer time; manipulation or destruction of computer information—particularly financial information—for personal gain; and theft or unauthorized use of information sorted in computers. Theft of computer time occurs when employees or students use the computer for personal and often frivolous purposes, such as calculating mortgage payments or drawing Snoopy cartoons. Such use is ubiquitous and is not generally considered a serious problem.

Theft of money by manipulating financial data banks is the most publicized of computer crimes. In the tradition of spectacular heists, there's an element of art to the more clever computer-assisted thefts, with none of the heavyhandedness involved in marching into a bank toting a gun. Stanley Rifkin, a California computer consultant, stole $10 million from a bank by means of a 10-cent telephone call using his knowledge of the bank's wire system to transfer money. There is also what Donn Parker calls the salami technique: "stealing small slices of money from a large number of accounts so that nobody notices."

Our present rate of theft by computer will pale if and when electronic funds transfer—the so-called cashless society—becomes a reality. Data then will become money, and the potential for what one consumer advocate calls "remote mugging" becomes staggering.

Stealing money is not the only way in which financial data banks can be abused. They can be altered for personal gain (someone could change a computer file to reflect a good credit rating). Or they can be used—along with medical, educational, criminal, welfare, and other data banks—for purposes not intended when the data were collected. Hearings last year into Royal Canadian Mounted Police activities revealed that the Mounties had almost unlimited, if under-the-counter, access to the central computer index of social insurance numbers. They not only had used the information to track down suspects but also had shared the data with other police departments. Tax, customs, and immigration officials, also had access to the file. The Government stopped this practice last year but announced it wanted to legalize police access to the file.

No definition of privacy is universally accepted, but in the context of computer crime two recurrent elements emerge. First, individuals should be able to find out what kind of personal information is being stored and whether it is accurate; second, they should be able to find out who has access to the information and, to some extent, to control its dissemination.

There are still other concerns relating to computers. One is that the individual has a harder time leaving his past behind. A computerized record can pursue him to his grave and even, through loss of reputation, beyond. Another problem arises from the ability to link computer files together, which makes surveillance of an individual's activities infinitely easier.

These concerns, along with the growing incidence of computer-related crime, have intensified the quest for the uncrackable computer. Most new techniques are designed to increase the "work factor"—the amount of work required for an average programmer to penetrate the system. "Perfect security is never obtainable," notes the OECD report. "The most that can be achieved is a 'work factor' so long that it deters would-be infiltrators."

According to Dale Bent, the man who helped catch the student computer thieves, the kind of security system in use on the University of Alberta computer (which he says is superior to those commonly used in industry) requires inside knowledge and expertise to crack. Thus, though it provides good protection against unskilled users, on a university campus "it must be assumed that there are many users with the expertise to commit violations . . . Judged by this standard, security cannot be excellent."

Computer experts agree that there is, as yet, no impregnable computer. It's not uncommon for university students to undertake computer-cracking projects as class assignments. In 1976 the U of A system was plagued by the use of a program that reduced the charges assessed for computer time. The program, developed as a course project by a computing sciences student, somehow got into the hands of several users.

One of the major problems in computer security is finding ways to prevent abuse by legitimate users. This is why technological barriers are not enough; one expert estimates that only one in 500 computer crimes would have been prevented by sophisticated encrypting codes.

John Carroll, a computer science professor at the University of Western Ontario, queried fifty third-year computer science students—anonymously, of course—and found that 34 per cent had tried to penetrate the security of the system; 20 per cent had tried intentionally to crash it; 34 per cent had tried to obtain computer time without paying for it; and 28 per cent had used a talk circuit to harass other users. Carroll emphasizes that the computer in question is used exclusively for teaching and research, and that "there's nothing worth stealing in it."

Would the students have refrained from crashing the system if the computer had contained anything worth stealing? "I'd like to believe so, but I wouldn't bank on it," he says. Many of the students believed they weren't doing anything wrong, unless they were harming an identifiable individual. Cheating a large organization didn't seem to count.

Carroll was alarmed to find a high correlation between competence and an inclination to engage in questionable behavior—probably because of the challenge involved. "The better kids, the smarter kids, are more likely to do it," he says. For the business world, that's a rather ominous conclusion.

Carroll is trying to devise a test containing seemingly innocuous questions that could pinpoint high-risk individuals. Such a test might weed out most potential computer abusers, but it could also weed out many of the brightest and most talented applicants. So even if Carroll is successful, companies might not use his test. Genuine talent has been so hard to find that industry has tended not to ask too many questions.

The idea of background checks inevitably raises questions about civil rights, but Donn Parker says, "You have to balance civil rights with society's right to security. I think there's a reasonable balance. People in a position of trust must anticipate their backgrounds will be known."

Like many other experts, Parker believes that licensing, accreditation, or certification can do much to establish a minimum level of competence—but can't guarantee honesty. University of Toronto computer expert C. C. Gotlieb believes that licensing would have little impact unless removal of the license or certificate would prevent the person from his livelihood. Certificates now can be obtained by passing an examination administered by the Institute for the Certification of Computer Professionals, but computer operators and programmers can work without them.

But even if there were professional regulation, it seems doubtful that this would entirely stifle human ingenuity—or larcenous inclinations.

[From the Los Angeles Times, Aug. 20, 1979]

SECURITY POOR: COMPUTERS AN EASY TARGET FOR CRIMINALS

(By Craig Turner)

Computer experts like to tell the story of the office worker who discovered he could print multiple copies of his company's paychecks simply by pressing the "repeat" button on the firm's computer.

Until he was turned in by a suspicious bank teller, the employe illegally inflated his salary by printing as many as 200 duplicates of his regular paycheck.

That anecdote, drawn from the files of computer security specialist Donn Parker, shows that not all computer crimes require extensive technical knowhow.

Others, however, can be far more sophisticated, more lucrative and less easily detected. And as American businesses, consumers and government agencies become more reliant on computers, the potential for fraud and theft increases enormously, according to a growing number of experts.

"It's not currently possible to build an adequate, technically secure computer system," said Parker, senior consultant at SRI, Inc. (formerly Stanford Research Institute) in Menlo Park and author of the book, "Crime by Computer."

"Even if we did know how to design and produce a technically secure computer system, that's not the problem. "It's the environment in which the computer is used . . . Even when they (computer customers) get all the security systems, they find it sometimes interferes with the use of the computer, so they don't use the security."

Meanwhile, most law enforcement agencies are admittedly unprepared to deal with the growing problem. While police for years have used computers to help catch criminals, they seem hard pressed today to catch criminals who use computers.

"We really haven't trained our investigative apparatus in computer crime, or white-collar crime, for that matter," said Washington lawyer August Bequai, a former federal prosecutor now in private practice. "By and large, our police forces are defenseless in this area. The leadership in our police forces haven't been interested . . . Prosecutors are no better. They don't have any training either."

Authorities are beginning to recognize the problem, however.

There is a waiting list for classes in computer crime at the FBI Academy in Quantico, Va. Students there have included police detectives, federal investigators and representatives of Scotland Yard and the Royal Canadian Mounted Police as well as FBI agents.

The federal Law Enforcement Assistance Administration is planning this year to fund a $400,000 training center in computer crime for local prosecutors and investigators. Five states have adopted laws aimed specifically at computer crime and bills are pending in the California Legislature and in Congress. In Los Angeles, the district attorney's office has set up an electronic crimes section within the major frauds division, and the California District Attorney's Assn. sponsors the National Computer Crime Data Center.

Business has been slower to react.

"It's been treated as a minor technical matter when it's really a major corporate problem," said Robert P. Campbell, president of a Woodbridge, Va., computer security firm.

No one knows the precise cost of computer crime in America. The FBI estimates the average loss from a computer crime as $620,000. The U.S. Chamber of Commerce places the annual total at $100 million. Parker, who has files in 680 cases, said the figure may be as much as $300 million annually, but classifies all estimates as "guesswork" because only a small number of computer crimes—perhaps fewer than 15%—are reported to authorities.

The potential earnings of electronic fraud are starkly illustrated by Parker's study of computer-aided bank embezzlement, however. In an interview, Parker said that while FBI statistics for all embezzlements show an average take of $19,000, his review revealed a loss of about $450,000 in the typical computer-related embezzlement.

Last year, Stanley Mark Rifkin, a Los Angeles computer analyst, used his knowledge of a secret fund transfer code to impersonate a bank official and steal $10.2 million from Security Pacific National Bank. Rifkin pleaded guilty and was sentenced to eight years in prison last March.

Computer crimes, however, cover a broad spectrum, ranging from vandalism—computers have been bombed, burned and riddled with bullets—to industrial espionage, blackmail and theft.

Moreover, the criminal potential is increased by the ongoing explosion in computer technology and use. So-called "minicomputers," some as small as an office copying machine, are, for the first time, bringing computer technology—and the attendant security problems—to small businesses.

"They (minicomputers) are sitting out in the middle of offices, available to everyone, even the contract janitor," noted Thomas Foster, a computer auditor for the national accounting firm of Main Hurdman & Cranstoun.

Foster told how one of his client companies was defrauded by an employe who regularly "purchased" goods manufactured by the firm. The worker, a computer operator, never paid for the products, but programmed the computer to "forgive" the amount each month, thus balancing the books.

"The only way that would be caught, would be for someone to go through and manually add up the figures on the computer, but no one would ever do that because everyone assumes computers are always right," Foster said.

The employee was caught when he was absent from work one day and the computer broke down, forcing another worker to manually balance the books, according to Foster.

Many of the elements that make computers attractive to business, industry and government—speed, efficiency and elimination of paperwork—also make them vulnerable to criminal intent. Compounding the problem is the complexity of computer technology and the public's relative inexperience with computer crime.

For example, as recently as four years ago there were no laws in the United States specifically directed toward computer crime, according to Phil Wynn, head of the electronic crimes section of the Los Angeles County district attorney's office. Authorities have prosecuted cases under grand theft, fraud and even forgery statutes, but often it has been like "pounding round pegs into square holes," Wynn said.

Does it constitute grand theft, for instance, to steal a $50 roll of magnetic tape? Prosecutors would argue that it does when the tape contains a company's computer program the thief might sell to a competitor for $1,500. A judge unfamiliar with computer processing might disagree, however, "even though that same judge would have no problem saying $10 worth of paint and $10 worth of canvas can be valued at $10,000 if done by a Picasso," noted prosecutor Becker.

Five states have adopted laws defining computer crime and the California Legislature is expected to act this fall on a similar bill by Sen. Lou Cusanovich (R-Woodland Hills).

Don Metzker, the state data processing officer who helped draft Cusanovich's bill, said it tackled the thorny problem of defining as property the electronic signals and commands within a computer program.

Even with a new law, however, most California law enforcement agencies would be illequipped to cope with a rise in computer crime, most experts agree.

"Law enforcement is very uninformed about computer security," said former Los Angeles police chief Tom Reddin, now an industrial security consultant. "The people who are best informed are the computer programmers, but they don't think much about security. They just think of all the wonderful things computers can do."

In Orange County, second largest county in the state and the destination for growing numbers of computer-reliant businesses, the district attorney's office admits it is short on expertise when it comes to white-collar crime.

Jack Ryan, who heads the office's fraud unit, said he has no accountants on his staff and thus is dependent on the cooperation of victim businesses, a situation that makes it nearly impossible to penetrate a corporate coverup.

Relatively few companies are willing to provide that cooperation, Ryan believes. "I'm sure we only see a small percentage of the cases," he said.

Los Angeles prosecutor Wynn agrees. "I think so many times these crimes of allegations are buried and the (suspected) employe is rotated or dismissed," he said. "That's because the companies don't want to wash their dirty linen in public. They don't want the public to know their security has been breached."

But Robert H. Courtney, manager for internal security and privacy for IBM, said it is merely a matter of business sense.

"Often the hurt done by reporting it (in lost public confidence) exceeds the harm done by the crook," Courtney said. "Even if the company does report it, who knows if the prosecutor wants its? White-collar crimes are tough to prosecute. It's a lot easier for him (the prosecutor) to go after a bank robber or burglar. He can get four or five convictions a day with those if he's lucky. With white-collar crime, he's got to spend a lot of time and put several investigators on it to make one case, and even then it's just one more bean on the bean pile."

Courtney also dissents from the view that computer crime is on the rise.

"There's nothing new; these are the same people who have always committed white-collar crime," he said. "What computers may have done is make white-collar crime more democratic."

A greater problem, according to Courtney, is simple ineptitude in computer operations. "The crooks," he said, "are never going to keep up with the incompetents."

In any event, large corporations are paying increased attention to computer security, although they frequently are reluctant to discuss it with outsiders.

It's a matter of survival, according to the computer security chief for a major retail chain.

"Many of our systems are so close to the computer that if for some reason those units went out it would be only a matter of time before we'd go out of business," he said in an interview conducted on the understanding that neither he nor his employer would be identified. "The computer room is looked on as a big bank vault."

Like many large firms, his company decided to train its own computer security specialists from among data processing employes. "We took computer people and taught them security becasue we found that was a lot easier than taking security people and teaching them computers," he noted.

Smaller companies without extensive data processing staffs do not have the luxury, however. Moreover, one of the reasons they probably bought a computer in the first place was to reduce the number of employes.

If they worry about security at all, executives of small firms are likely to turn for advice to local independent security consultants—usually ex-policemen who know a lot about locks and burglar alarms and almost nothing about computers.

If they do find a consultant who specializes in computer protection, they probably are going to find his advice costly and often unwelcome.

Although most computer specialists believe almost all business computers can be made reasonably secure from tampering, "it's expensive because we're playing catch-up," explained consultant Campbell. In addition, hight computer security also means controls on employes.

"It's extraordinarily difficult when you go into an organization to get people to recognize that the greatest threat is among their own employes," said Peter S. Browne, president of Computer Resources Controls, Inc., a Rockville, Md., security firm where the client list includes Chase Manhattan Bank and the U.S. Dept. of Health, Education, and Welfare.

Nonetheless, American Workers today are subject to greater on-the-job surveillance than ever before. More television cameras, metal detectors, magnetic card locks and even lie detectors are finding their way into factories and offices.

Even with sophisticated screening techniques, however, companies might find it difficult to sweep out the potential computer criminal, according to most experts. Parker interviewed 25 computer criminals and found "they're exactly the kind of people a data processing manager would want to hire. They're young, highly motivated, intelligent . . . They tend to otherwise be highly honest people. They would never steal money from a person.

In any case, security specialists concede they have not kept pace with rapidly changing computer technology.

"It's a catch-up ballgame now," said one. "Many companies are in the position analogous to deciding they have to put a stoplight on a street corner after somebody already has been killed in an accident."

SOPHISTICATED CRIME

(By Angeline Pantages)

It is generally agreed that computer crime is not uncommon, but nobody really knows just how widespread it actually is. The reason is that most crime committed through the manipulation of computers is difficult to detect and, if discovered, is frequently unreported because of the embarrassment to the company involved.

Computer crime expert Don Parker has 670 cases of such abuses in his files at the Stanford Research Institute. They range from the embezzlement of funds to the theft of equipment, from a stock swindle to the destruction of computer centers, from the theft of programs to the stealing of computer time ("Many Ways to Cheat," page 97). Parker readily admits that his files are incomplete. In fact, these cases may represent no more than 5 percent of what is happening, according to security expert Robert Jacobson.

There are many reasons for the failure to detect computer crime, according to Jacobson, a former security director at Chemical Bank who now heads his own New York-based consulting firm. A major one stems from the complexity and capability of today's systems and the lack of auditing techniques to deal with them. Moreover, too many corporations lack good controls and too few auditors assume the responsibility for detecting fraud, maintains Jacobson. The only reason the 1973 Equity Funding swindle was brought to light was that somebody snitched, he points out.

Corporations often are reluctant to report computer crimes because the legal difficulties, the embarrassment and the loss of public confidence can be more damaging to the company than the crime itself. In fact, SRI's Parker readily admits that he advises some of his clients not to report certain computer crimes for these reasons.

Even when computer fraud is reported and prosecuted, convicted computer criminals frequently receive no more than token sentences, particularly if they practiced the "R&R" defense—repent and repay. In many cases, the prosecutors bog down in the complexities of finding and presenting the evidence. A by-product of all this is that computer crime has been bathed in glamour. For some criminals, it represents an intellectual challenge whose rewards include beating the establishment, which can "afford it."

STIFFENING THE LAW

The nation's lawmakers are now attempting to knock the glamour out of computer abuse. The Federal Computer Systems Protection Act of 1979, introduced by Connecticut Senator Abraham Ribicoff and cosponsored by a large bipartisan coalition, would crack down hard on computer crime. The measure, now before the Judiciary Committee, mandates whopping sentences (up to fifteen years) and stiff fines (up to $50,000) for destruction of computer equipment. For fraud or theft, the bill would fine the culprit two-and-one-half times the amount stolen, in addition to a maximum fifteen-year sentence.

A number of reports from federal agencies show large numbers of computer abuse cases within the government itself. As a result, lawmakers feel the federal communications networks can not be fully secured and are concerned about massive theft and destruction that could foul up a host of federal programs such as Social Security, veterans benefits and tax collecting. Moreover, the lawmakers are concerned that organized crime is becoming involved in corporate ripoffs and that crucial data could fall into politically "wrong hands."

As electronic funds transfer networks become more commonplace, the nation's banking system is particularly vulnerable to computer crime. And, in the next decade, with most retail customers likely to pay for their purchases through the insertion of a plastic card in a computer terminal, department and other stores are bound to become more susceptible.

A corporation's financial liability for computer crime committed by its employees is a vague, sensitive subject that few care to discuss. Obviously, a company is not automatically open for legal troubles because some programmer pilfers a few million dollars from its coffers. But there are laws and rules that can apply.

Strangely enough, one is the Foreign Corrupt Practices law. Aimed primarily at illegal corporate acts, like bribes overseas, this law also makes management responsible for its accounting and internal controls. Conceivably, corporations could face legal troubles if they are grossly negligent in applying proper data-processing, auditing and accounting controls and as a result suffer in material loss. As better auditing and security appear, the definition of negligence in data processing may be put to the test.

Some federal regulatory agencies are now beginning to issue rules on data processing to the industries they oversee. The Food and Drug Administration, for example, promulgated new regulations last spring that govern how computer systems used in manufacturing, processing, packing and storing drug products should be operated and controlled.

CORPORATE LIABILITY

Lawyer Robert Bigelow, in his publication Computer Law and Tax Report, says that the drug company that fails to "set up and enforce the appropriate controls on security, back up, access, and documentation" may be opening itself to prosecution. And the programmer and systems analyst who fails to do his part may also be liable. Bigelow strongly advises corporate counsel to keep data-processing management up-to-date on such industry regulations.

When it comes to reporting computer crimes, only banks have a legal requirement to do so. Lawmakers are often loath to force business to admit being victims, and that is a major reason so little computer crime has been recorded, according to some experts in the field.

The State of Colorado has just revised its criminal code and has included a statute stating it is the duty of a corporation to report crime, although it isn't a crime not to. Colorado lawmakers say they want to change the attitude toward such reporting and hope companies will view it as a business responsibility.

Not surprisingly, most firms that use computers have policies to protect them from fraud. But the policies generally are not labeled "data processing" and there is no one form to cover everything. That's why Harry Chadwick, senior underwriter at insurance brokers Chubb & Sons Inc., advises companies to seek underwriters who will modify policies to spell out, in plain English, data-processing problems they want covered. While clearer language could mean higher premiums, he advises firms to "pay the price for peace of mind."

"Named peril" insurance can cover damage to equipment by outside terrorists or other criminals, as long as that particular peril is named. "'All risk' insurance may also cover such a situation but make sure," says Chadwick.

Other types of policies that should be considered include: employee dishonesty coverage to protect the company from actions by its own workers; business interruption insurance, for those terrible times when the whole system is crippled by destruction of files or equipment; valued paper and other insurance that will cover destructions or theft of specified, valued data.

Since employees are frequently involved in computer crime, companies should carefully screen applicants for jobs in this area. A corporation's personnel staff, its psychologist and its own sense of ethics and humanity are critical factors in avoiding unnecessary vulnerability. The company should:

Keep employees happy and fairly treated. The greater the responsibility, the greater the compensation should be.

Educate employees on security procedures and disciplinary actions for violations.

Instill a high level of ethics.

Avoid hiring "high risk" personalities for key jobs.

Distribute key responsibilities in data-processing operations to avoid the "one man knows all" problem.

Track, without violating employee privacy, severe personal problems that may affect business judgment.

Ethics is probably one of the most controversial subjects in the computer field today. A corporation cannot assume uniform standards of ethics among its computer staff. This does not mean data-processing professionals are crooks, but, short of theft of money and goods, they don't always agree what constitutes a high ethical standard.

Some of this confusion stems from the industry's early history when computer programs were frequently exchanged because of the lack of software. In fact, until recently it was not unusual for programmers at competing service companies to trade software. While such cozy relationships can be perfectly aboveboard, they can contribute to unethical revelations about a competitor.

CREATING CROOKS

Another problem is that in the last fifteen or twenty years, university computer science departments have encouraged "computer busting"—finding ways to gain unauthorized access to the system—among the students, often making this practice an assignment. Some academicians defend this as a means of teaching systems design and creativity to students, since they must learn a great deal before they can successfully engage in computer busting.

While this may be true in some instances, students around the nation have been taking advantage of the invitation to be clever. There have been at least half-a-dozen recorded instances in which grades already in a computer have been changed (sometimes for a fee). And recently, at the University of Alberta in Canada, two students were prosecuted for gaining repeated unauthorized acces to commercial accounts serviced by university computers. Allegedly, some of their professors had encouraged it.

This case was the focus of a discussion at the recent National Computer Conference in New York. At the session, the industry's professionals demonstrated a wide range of disagreement on whether to teach students to break the system. One professor defended the creative benefits and even denied university responsibility for those who took the assignment too far. "We are not here to teach ethics; they should have learned them before they arrived on campus," he argued.

What can corporations do to protect themselves against computer abuses?

A perusal of the literature and discussions with experts show that self-protection is expensive but necessary. Here's a partial list of do's and don'ts that indicate the difficulties involved:

1. Check corporate liability for failing to apply controls.

2. Analyze the risk of disaster and the potential losses to help determine what preventive steps to take and at what cost.

3. Learn the warning signals that indicate the company may be vulnerable to fraud (for example, a very complex business structure with on effective internal auditing staff).

4. Buy insurance, but make sure the underwriters know data processing and incorporate your firm's specific requirements in the policy.

5. Make sure that employees understand company ethics and security rules and what will happen if they don't abide by them.

6. Hire data-processing auditors who are of a high caliber and possess a knowledge of computers as well as auditing.

7. Make auditing procedures a part of the computer system design.

8. Audits should be a surprise.

9. Don't use the computer vendor as a prime security adviser; while loyal and trustworthy, his goal is to sell equipment, not scare you out of it.

10. Use common sense. When it comes to security, watchmen, guard dogs, passwords and padlocks are useless if the back door is unlocked.

While no system is foolproof, a company that employs the do's and don'ts cited is bound to be in a better position to combat computer crime. The cost of not being vigilant could be bankruptcy.

MANY WAYS TO CHEAT

Computers are neither the perpetrators nor the victims of crimes. Computer crime, like all crime, is people-oriented. Someone initiates it; someone benefits from it; someone is victimized by it.

Semantic problems understandably confuse the innocent in any discussion of computer abuse. The computer is a tool, a system separate from the information that is manipulated as the system generates a report, figures a payroll or otherwise performs an assigned task. But often the distinction between the computer and the information becomes confused; the most common of all so-called computer crimes is actually "data diddling"—feeding false or unauthorized information into a computer to produce an inaccurate or phony report.

The computer can, of course, be used as an instrument of crime—usually in planning or testing a scheme. But far more often, the computer system becomes either the environment for a crime (false data input or unauthorized but correct password access, for example) or itself the object of an illegal scheme (in which the system is internally modified to effect a crime).

Categories of criminal computer abuse could probably be created and recreated infinitely. The Federal Deposit Insurance Corp. uses four general categories of threat in discussing the vulnerabilities of data-processing systems; physical, transactional, programming and electronic. Each requires different types of skill, knowledge and access.

Physical acts include destructive attacks on equipment, data or programs; false data input through normal manual methods; and scavenging for information available in physical form (printouts, punch cards, disk packs, etc.)

Transactional acts include impostering (assuming the identity and privilege of another person) and "piggy-backing" (unauthorized second use of a terminal).

Programming acts can include a variety of sophisticated techniques to corrupt the system's controlling software. This is the wonderland for the criminal technocrat, and the next major computer crime may involve an esoteric programming technique called a "logic bomb," or a "Trojan Horse attack." The former is a programmed instruction to a computer to perform an unauthorized act when, for example, the cash balance reaches a certain level. The latter is the placing of an unauthorized program within an authorized one. There are many other techniques in a field still wide open, unfortunately, for initiative and innovation.

Electronic threats include wire-tapping and computer hardware modifications that could produce the same results as software modifications.

CASE HISTORIES

Since the beginning of the decade, a federaly-funded study at the Stanford Research Institute has been collecting and cataloguing case histories of computer-related crime, and the industry trade press regularly reports cases ranging from automated teller heists to extortion. For example, the former employee of a European multinational talked his way into the media library and drove off with a truckload of financial records, tapes and disks, and then stopped to pick up the backup copies at another location before demanding $1 million ransom.

Some of the more impressive dollar figures are attached to cases in which nothing more sophisticated than false data entry was used. In the Equity Funding case, for example, approximately $2.1 billion in phony insurance policies were created in the system simply by entering them into the files. After that, it was a matter of using special programs to omit or cover up the bogus policies in billing, balance preparation and other audit statements.

More recently, a Chicago company president, a data-processing manager and a programmer were charged with a $40 million fraud after allegedly inflating the computerized inventory records to cover up poor management. The hyped inventory was discovered by the board of directors, which in turn set about to deflate the figures slowly to avoid a drop in the firm's publicly traded stock. At this stage, the SEC and Justice Department moved in.

As for physical destruction, computers have been shot, knifed, bombed, battered and had milkshakes poured into them. The perpetrators have been disgruntled employees, dissidents and terrorists. In Italy alone in the last three years, terrorists, with great technological expertise, have blown up 25 computer centers. One of the worst occurrences in the U.S. was the destruction of the Army Research Center at the University of Wisconsin, where one employee was killed.

Automated teller machines have given a computer connection to a lot of old-fashioned con men. Citibank had to modify its auto teller system to require double entry of the magnetic card, at the beginning and end of transactions, because of the "piggybacking" threat. In a typical case, a customer inserted his card, punched in his password—only to be waved away from the "broken machine" by a man at the bank's emergency telephone. When the cardholder walked away from the teller terminal, a second man rushed over to punch in a withdrawal from the other's account.

Most computer crimes, however, seem to be "inside jobs." The computer system is never more vulnerable than in the hands of those who feed and care for it; and data-processing security is never stronger than the weakest or most vulnerable employee in a position of trust.

The value of unused computer time apparently spurs the entrepreneurial spirit. Two programming managers working for the science and engineering group at Univac's Blue Bell, Pennsylvania, plant were convicted of conspiracy and mail fraud after they used company computers to run a small business arranging sheet music by computer. When they were arrested, their music business was using three-fourths of the computer capacity assigned to the Blue Bell science and engineering group. Elsewhere, there have been several cases of employees at time-sharing firms undercutting their boss' price with their own bid using the boss' equipment.

The possibilities of manipulating a computer's software programs to slip money or information into the wrong hands are numerous. The controller at a chemical firm, aware of the sort of irregularities that alerted auditors to investigate corporate payments, used the computer to model the company's accounts payable activities so he could issue checks to himself through phony vendor accounts while keeping the cash flow within normal parameters.

One of the now-classic techniques—well understood in theory, but rarely put into effect in real life—is the "trap door." In the development of large computer programs, programmers usually provide breaks in the code for the insertion of capabilities, for example, subtotals). Most operating systems are designed to prevent additions or modifications to their program code, but programmers sometimes insert these breaks—or "trap doors"—to handle necessary changes while the system is still in development. Although these are supposed to be removed during the final editing of the program, sometimes they are overlooked. There are other cases in which a programmer has built a "trap door" in a program that he could later use for his own, possibly illegal, purposes.

The "trap door" can be used to hide instructions given to the system so that the computer's own internal controls aren't aware of it. It can be like a large well-hidden cave in an otherwise well-patrolled park; anything could be happening in there and no one would know.

A RARE CASE

In one of the rare reported cases, a bright programmer discovered a trap door in a computer system's Fortran compiler and he was able to use it to have the computer execute his instructions secretly. The computer was a commercial time-sharing system and with the trap-door facility this man was able to gain access to the data and programs confidentially filed by other users and have the computer execute large amounts of work without billing him.

Like most ingenious criminal schemes using program techniques, this case was uncovered through an unusual accident rather than through any conventional system-security program. This widespread limitation of security systems is a critical problem in detecting computer crime.

S. 344: THE COMMITTEE VOTE ON BILLBOARD CONTROL WILL OCCUR NEXT WEEK

● Mr. STAFFORD. Mr. President, the Senate Committee on Environment and Public Works will vote next week on whether or not to report S. 344, my bill that would return the billboard control law to those States wishing to assume control.

Until recently the Federal Highway Beautification Act proved to be a fairly effective tool. But the 1978 highway amendments made billboard control so restrictive and costly—and infringed so greatly on local zoning prerogatives—that the present Federal program is no longer workable.

The only option, in the opinion of this Senator and most of the law's original supports, is to return the program to the States, or, at least, to return it to those States that desire to take control.

The Committee on Environment and Public Works held 2 days of hearings this past summer on S. 344. The bias of the present law became obvious when the only group testifying against S. 344 turned out to be the billboard industry itself.

By contrast, the American Association of State Highway and Transportation Officials testified in favor of S. 344; 38 of its member States support S. 344.

The list of other groups endorsing S. 344 is long and varied. It includes:

The American Farm Bureau;

The American Institute of Architects;

The National Conference of State Legislatures;

The National Wildlife Federation;

The Garden Clubs of America; and

Environmental Action.

I believe we need to do something to rescue this situation, to keep faith with the intent of the 1965 Beautification Act. The American people do not want laws that promise one thing, but provide the opposite. That is why the public is losing faith in Washington.

To keep faith with the public, I believe, we must admit our mistake and turn this program back to the States, to free this program from the burdens of continued Federal strangulation and regulation.

Mr. President, two interesting articles on this subject appeared recently in the Christian Science Monitor. I ask that these articles be printed in the RECORD.

The articles follow:

SAN DIEGO VS. "BLEAK MATERIALISM"

(By Yale Maxon)

The first day of spring this year brought a message of hope for Californians and others fed up with billboard blight. On that day the California Supreme Court, in a landmark ruling, approved the total ban on commercial offsite billboards maintained by the city of San Diego.

The decision parallels recent state court holdings in Massachusetts, New York, and elsewhere regarding the value of aesthetics in modern life. But it breaks new ground in applying these concepts to a large metropolitan area in a major state. Hence the decision has enormous potential importance for urban communities everywhere.

During the last half century a number of scenic rural routes in the state had been cleared of billboards through the operation of county zoning laws. And some 130 California towns and small cities had outlawed them. The question was whether a total ban could be made to stick in a "major metropolitan area." (San Diego is now the second-largest city in the state.) The court's answer to that is a resounding "Yes!"

The San Diego ordinance had two goals: to promote traffic safety and to improve the appearance of the city. The billboard companies brought suit to prevent its enforcement, alleging that it threatened free speech and that, in allowing amortization rather than requiring compensation as stipulated under certain circumstances by federal law, it denied equal protection. They also argued that the ban was beyond the city's power, since, although it spoke of traffic safety, the real purpose of the ordinance was aesthetic.

In the trial court the city lost, the judge faulting the ordinance partly on free speech grounds and partly because its substantial adverse effects on the companies seemed to him to indicate an "unreasonable" exercise of the police power against "a legitimate, commercial use of property."

The city appealed, but once again a three-judge court was able to find a rationale for concluding that the ordinance "is too broad, too general . . . and constitutes an unreasonable and arbitrary exercise of the police power."

To justify this holding the judges had to reach back to a 1909 decision of the California Supreme Court (Varnery and Green v. Williams) which had proclaimed two major principles: the first was that aesthetics are "a matter of luxury and indulgence" and cannot alone justify exercise of the police power. The second was that a city "in absolutely prohibiting the erection or maintenance of billboards for advertising purposes" was exceeding its powers.

The holding regarding aesthetics had, over succeeding decades, been considerably weakened as citizens, city planners, and ultimately judges had come to recognize that aesthetics, while indeed essential to the good life, are also inseparable from property values. The other principle—that regulation could not encompass total prohibition—had not, however, been challenged, and reliance on this principle was central to the appellate court's opinion.

The March decision, penned by Mr. Justice Tobriner, sweeps away both legs of Varney and Green. This decision is one more indication that the country is coming of age, culturally speaking. States like Hawaii, Oregon, Vermont and Maine totally or almost totally outlaw billboards. Smaller cities and counties have acted to preserve both the rural and the urban scene from billboard blight. Now the way has been cleared for major cities to act.

Let us hope that they will do so! For is it not incongruous to invest our civic love and resources in fine architecture, public parks and open spaces, in magnificent roads and highways, while simultaneously permitting the constant, night-and-day nagging and visual harrassment of larger-than-life billboards urging us to smoke, drink, or purchase a thousand harmful or irrelevant commodities?

In the concluding words of Mr. Justice Tobriner: "To hold that a city cannot prohibit offsite commercial billboards for the purpose of protecting and preserving the beauty of the environment is to succumb to a bleak materialism."

BILLBOARDS: SEEING THE FOREST THROUGH THE PLEAS

(By Yale Maxon)

Most Americans, preoccupied with other problems, are unaware that the quality of their visual environment is now in jeopardy. As a result of amendments to the Highway Beautification Act of 1965, pushed through the Congress last fall by the Outdoor Advertising Association of America, the right of state or local governments to cause the removal of "any" once-permitted outdoor advertising billboard is now hampered by an outrageous requirement that such removal must be accompanied by "compensation" to both sign owner and landowner involved.

Historically the usual method of regulating outdoor advertising has been by zoning and amortization. Signs (billboards) could be forbidden in certain zones and after a suitable period for amortization (normally 3 to 5 years) could be ordered removed as public nuisances. Most such removals have, over the years, been carried out by the states or by local government acting under state authority.

Both state courts and the U.S. Supreme Court have repeatedly held that off-site commercial billboards adjacent to public thoroughfares are not a bona fide use of the private property on which they are situated but are instead a use of public property—the highway—for private gain. Hence a requirement that they be removed has not constituted a "taking" in the constitutional sense, and therefore has not required compensation.

Even after passage of the Highway Beautification Act, which did require payments to billboard owners and landowners for removal of signs adjacent to the Interstate network, a number of state courts have held that billboards illegal under both state and federal law could be removed under state law without payment of compensation, since the state's "police power" under the Tenth Amendment was still intact. It was in response to this dilution of the federal largess to which (though unjustified in law) it had become accustomed that the OAAA was able to secure the amendments described above.

Doubtless Congress overreached itself in passing those 1978 amendments; for if interpreted literally they would severely limit, if not cripple, the powers of state and local government throughout the country. Nevertheless, the outdoor advertising companies, utilizing the calculated deception implicit in the overbroad language of the amendments, are now attempting to bamboozle state legislatures into passing state laws requiring "compensation" for all sign removals. A California bill to require such mandatory compensation which begins deceptively "To ensure compliance with federal law . . ." has passed the state Senate and at this writing is before the Assembly committee on local government. A similar bill which passed both houses of the Oregon Legislature has fortunately just been vetoed by the Governor.

Likewise the California Supreme Court, which earlier this year upheld San Diego's total ban on off-site commercial billboards, has now, as a result of the OAAA amendments, consented to hear new arguments in the case. Thus there is little doubt that the Highway Beautification Act in its present form now serves to protect the billboard interests rather than to promote highway beautification.

In sum, the practical effect of the mandatory compensation requirement, in light of the present mood of the U.S. taxpayer, may well be to bring to an end for the time being billboard removals in the U.S., since neither the states nor local governments have money to spend for unnecessary payments even when the latter are federally mandated.

To remedy this sorry state of affairs Sentor Stafford of Vermont has introduced a Bill (S. 344) which would return primary responsibility for highway beautification to the states. It is significant that at the recent mid-July hearings on the bill representatives of six conservation groups (Keep Maine Scenic, Garden Club of America, Environmental Action, National Wildlife Federation, California's Planning and Conservation League, and the Washington Roadside Council) all spoke in favor of the bill. Spokesmen against it came chiefly from the outdoor advertising interests.

The fate of S. 344 now rests with the 14-member Senate Committee on Environment and Public Works. Its members should hear promptly from citizens interested in the quality of their visual environment.●

LEGISLATIVE PROGRAM

Mr. ROBERT C. BYRD. Mr. President, this is the last rollcall for the day, and the bill will now go over. Tomorrow the Senate will return to the energy bill, and the pending amendment on that bill, I believe, is Mr. Proxmire's amendment.

At the moment I cannot say, may I say to the Senator from Mississippi, when the Senate will be able to return to this bill, but we are very mindful of the need to get action on it as soon as possible. I know how desirous the chairman of the Appropriations Committee is, and how desirous the Senator from Mississippi is, but at the moment I cannot tell.

Mr. STENNIS. We do have a time limitation on it.

Mr. ROBERT C. BYRD. Yes, we do have a time limitation on it, that is true.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. Yes.

Mr. MAGNUSON. I hope we will be able to proceed with this bill on Friday and get it over with before the weekend, because, again, I make the plea that there is a time limitation on appropriation bills, and as important as the energy bill is, there is no time limitation on it.

Mr. ROBERT C. BYRD. Yes. Mr. President, I think I ought to take this occasion to say that Senators should be prepared to stay here Saturday.

Mr. MAGNUSON. Yes.

Mr. ROBERT C. BYRD. We still have the conference report on the budget resolution, we still have this very important appropriation bill, we have the energy bill out of Senator Jackson's committee, and behind that bill we have another energy bill. The Senate has had to come in late because of objection to the Foreign Relations Committee meeting. We had to come in later than we would have ordinarily, and it is our responsibility to get our work done. I do not like Saturday sessions, but a long time back all Senators were notified that they could expect Saturday sessions, that it was a possibility or even a probability. Now we do not have much time left this year. Not much time left; so I think it is important that Senators be alerted to what I consider the necessity of being here on Saturday and completing action on this appropriation bill, completing action on the budget resolution conference report, and, I hope, completing action on the energy bill.

The Senate will not be in session on Monday, so it seems to me that, in the interests of getting the people's business completed, we will have to be here on Saturday.

I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER (Mr. Melcher). The Senator from South Carolina.

PROTECTION FROM U.S. LAW SOUGHT BY BRITAIN

Mr. THURMOND. Mr. President, the contents of an article in today's Washington Post of November 1, 1979 provides the basis for considerable alarm by the United States with respect to the enforcement of antitrust laws and commercial regulations against multinational corporations and international cartels.

The article, "Protection From U.S. Law Sought," by Leonard Downie, Jr., of the Washington Post foreign service, from London on October 31, begins by stating:

> Striking a major blow in an escalating international legal battle, Britain acted today to protect its firms against increasing efforts by the United States to enforce its antitrust laws and commercial regulations against multinational corporations and international cartels.
>
> Prime Minister Margaret Thatcher's government introduced unprecedented legislation which is virtually assured of approval by Parliament, that would block enforcement here of American court judgments against British firms in certain antitrust cases.

Other references in the article are made concerning damage awards, U.S. subpoenas and court orders to supply information and documents, the U.S. attempts to impose its laws and regulations on foreign countries, and the lack of success in solving these matters through diplomatic negotiations. While this particular article refers specifically to the United States-Britain situation, general reference is made to these same type problems that exist between the United States and many other foreign countries.

Mr. President, this is a matter of the most serious concern, especially when we look, as we must, at the continuing international trade problems that the United States is experiencing. Certainly, there are a number of measures that we can, and should, consider as we attempt to deal with these problems in the best public interest.

One such measure that is already under consideration, but unfortunately it will only serve to make these matters worse, is S. 1246, the Energy Antimonopoly Act of 1979. This measure, if enacted, would exacerbate these very same problems that are already plaguing the United States in its international trade activities.

Mr. President, we must develop and implement positive measures, not negative measures such as S. 1246, if the American people, through their international trading corporations, are to compete effectively, both economically and politically, with other nations around the world.

Mr. President, in order to share this informative article with my colleagues, I ask unanimous consent that it be printed in the Record following my remarks.

There being no objection, the article was ordered to be printed in the Record, as follows:

Protection From U.S. Law Sought

(By Leonard Downie, Jr.)

London, October 31.—Striking a major blow in an escalating international legal battle, Britain acted today to protect its firms against increasing efforts by the United States to enforce its antitrust laws and commercial regulations against multinational corporations and international cartels.

Prime Minister Margaret Thatcher's government introduced unprecedented legislation, which is virtually assured of approval by Parliament, that would block enforcement here of American court judgments against British firms in certain antitrust cases.

The legislation also would block enforcement here of punitive double- and triple-damage awards by the U.S. courts, a common remedy sought in civil antitrust cases. If a British firm is forced by a U.S. court to pay punitive damages there, it would be able to recover the money in a British court.

Finally, the legislation also would authorize officials here to stop British firms from being compelled by U.S. subpoenas or court orders to supply information and documents sought in U.S. antitrust investigations, or by U.S. regulatory agencies.

The British action comes at a time when the United States is trying to win increased cooperation from foreign nations in an effort to control the operations of multinational corporations. One of the most recent U.S. concerns has been in the banking area.

The legislation applies to attempts by any foreign country to impose its laws and regulations beyond its borders on British firms. But the bill is clearly aimed at Washington in retaliation for what the British government calls "the accumulation of attempts by the United States to impose its own economic and other domestic policies on individuals and companies outside its territorial jurisdiction."

The British have been unhappy that U.S. agencies and courts have claimed jurisdiction over and tried to punish British companies operating outside the United States that are subsidiaries or affiliates of U.S. firms or whose activities anywhere are judged to have an impact on U.S. commerce or its foreign trade.

They also object to U.S. claims that firms with just 25 percent American ownership are subject to U.S. law even if they do no business there, attempts by U.S. regulatory agencies like the Securities and Exchange Commission and Commodities Futures Trading Commission to impose disclosure and other requirements on firms incorporated and doing business here, and attempts to force British subsidiaries of U.S. firms to obey U.S. policy in dealing with the Arab boycott of companies that trade with Israel.

"It is one thing for a firm to be expected to abide by the laws of an overseas country while it is doing business in that country," Thatcher's trade secretary, John Nott, said today. "It is quite another thing to be expected to abide by the laws of that country, to accept the judgments of its courts or the requirements of its authorities when operating elsewhere."

Several British firms are currently defendants in major U.S. civil antitrust cases for price fixing activities outside the United States in the shipping and uranium industries that adversely affected U.S. firms and commerce, but which the British claim violated no laws here. These firms could be ordered by U.S. courts to pay punitive triple damages totalling several billion dollars.

"We have tried to solve this situation quietly" through diplomatic negotiations, "but with little success," Nott said. "So we decided to show a little bit of muscle to defend our companies and our sovereignty."

Although Britain has antimonopoly laws of its own, they differ considerably from much more comprehensive U.S. antitrust laws and allow many kinds of mergers, monopolies, and agreements to set prices and limit competition that would be illegal in the United States. Britain also does not allow the awarding of punitive damages in civil cases, a practice Nott today called "one of the most objectionable of all American legal devices."

Meanwhile, it has become American policy, embodied in law, to pursue aggressively antitrust violators and international cartels that control the supply and price of commodities and services like uranium or shipping no matter where they operate if they adversely affect U.S. commerce or trade.

As Nott noted, this trend has angered other important trading partners besides Britain, including Canada, which is now considering more limited protective legislation of its own. Nott said he expected other countries to give Britain's far-reaching legislation "a warm welcome" and perhaps copy it.

The breach between Britain and the United States on this issue widened shortly after Thatcher's new business-supported Conservative party took office last May.

In June, the Justice Department prosecuted seven shipping companies, including two British firms operating outside the U.S. and their top executives, for price-fixing that harmed American shippers. After the British government intervened diplomatically, Nott acknowledged today, they were allowed to plead no contest and pay sizeable fines.

But then, contrary to British expectations, the companies and executives were sued by 34 American shippers for punitive damages that could total several billion dollars.

RADIO EDITORIALS ON THE SALT II TREATY

Mr. THURMOND. Mr. President, two excellent radio editorials on the SALT II agreement were broadcast September 2 and September 23, 1979, by radio stations WBZK–AM, York, S.C., and WDZK–FM, Chester, S.C.

These editorials are concise and lucid in pointing out the inequalities in this treaty. The points made by these stations will be key issues in the Senate floor debate in the next few weeks.

Mr. President, I ask unanimous consent that these two editorials be printed in the RECORD at the conclusion of my remarks.

There being no objection, the editorial scripts were ordered to be printed in the RECORD, as follows:

WBZK/WDZK–FM EDITORIAL FOR SEPTEMBER 2, 1979

Keep your fingers crossed and hope the SALT Two treaty won't be ratified this fall. The treaty is lengthy and complicated, but it is filled with objectionable parts which could mean disaster for the U.S. national defense.

(1) Our heaby bombers, such as the B–52 and B–1 types, are included in the objectionable listing. However, the new Soviet Backfire bomber is not included in the SALT Two limits. This means the Soviets can maintain their present production of 30 new Backfires a year . . . a plane 15 years newer than our own B–52 bomber which is subject to treaty limits. And you know production of our newest . . . the B–1 bomber, was cancelled by President Carter in 1977.

(2) According to the terms of SALT Two, each party undertakes to limit after January 1981, strategic offensive arms to not more than 2,250. The fallacy is that our ICBM the minuteman, has a carrying capacity of one megaton. The Russians SS–18 ICBM can carry a warhead of fifty megatons. It's like comparing toy trucks to the real thing. And you know who has the smaller ones.

(3) Each party agrees not to deploy cruise missiles with a range of more than 600 kilometers . . . 347 miles. The end result is that we cannot accelerate our MX mobile missile program in order to protect our highly vulnerable Minuteman missiles. And it means that nearly all of the Soviet Union is more than 347 miles away from our missiles . . . we would reach only 15 percent of their population, while they can hit 69 percent of the United States population by cruise missiles from the Atlantic, Pacific, and Gulf coasts.

It appears the Soviets have out manuevered us again . . . which seems to be more of the usual turn of events. With this weeks revelation of nearly 3,000 Soviet troops in Cuba, it's time Congress took a hard, long look at SALT Two. We're on the short end now; ratification of the treaty is unthinkable.

WBZK/WDZK–FM EDITORIAL FOR SEPTEMBER 23, 1979

Two weeks ago, we talked about the SALT Two treaty talks . . . and expressed our opposition to them. Today, we'll give a few more reasons why they are not good for the United States.

(1) During the seven years of SALT Two negotiations, the Soviets developed, tested, and deployed four new missile systems. The U.S. did not develop, test, or deploy any. The treaty prevents the U.S. from catching up with the Soviets. It prohibits us from building, testing, or deploying any new missile except the MX mobile missile (after January 1, 1982), and it prohibits us from making the MX a heavy missile like the Soviet SS–18.

(2) But that's not all. The treaty places no limit whatsoever on the power of Mirved warheads. The Soviet SS–18 and SS–19 MIRV's are estimated at a power of 1.2 megatons each. Multiplying 1.2 megatons by 6,152 MIRV's gives the Soviets at least 7,382.4 megatons (7 billion, 382 million, 400 thousand tons) of TNT explosive equivalent in their land-based MIRVed missile force. The U.S. Minuteman III MIRV's are only 0.17 megaton each. Multiplying 0.17 megaton by 1,650 U.S. MIRV's gives us 280.5 megatons (280 million, 500 thousand tons) of TNT explosive-equivalent in our land-based MIRVed missile force. The treaty thus allows the Soviets to have land-based ICBM MIRV's with explosive power more than 26 times that of ours. It is no wonder that the MIRV warhead "limits" were not specified in the treaty. Defense Secretary Harold Brown did not tell these facts when he testified on SALT Two before the Senate Foreign Relations Committee.

(3) The treaty limits don't apply to ICBM and SLBM "test and training launchers". In our open society, it is easy to find out how many the Soviets have. At the time of the SALT One treaty in 1972, the Soviets refused to say how many ICBM's they had, but out intelligence reported that we had spotted 1,618 land-based missile launchers. The Soviets now claim they have only 1,398. What happened to the other 220? Are they now in the uncounted "test and training" category? The Soviets could have a thousand "test and training" ICBM's and not be in violation of this treaty.

(4) This is another provision to make sure the U.S. is prohibited from building our new MX mobile missile as a heavy, ICBM. The treaty allows only the Soviets to possess, test, or deploy heavy missiles. The U.S. is forbidden to have any heavy missiles, fixed or mobile.

The SALT Two treaty is bad for us. Instead of standing for strategic arms limitation treaty, it really says . . . surrender a little at a time. This is the second surrender we've made to the Soviet Union. Adoption of this treaty is nothing less than dumb. It must be defeated if our nation is to survive in freedom.

THE DEATH OF MAMIE EISENHOWER

Mr. THURMOND. Mr. President, it was with much sadness that I learned of Mamie Eisenhower's death. This great lady, whose quiet inner strength and beaming smile made her loved by millions of people, embodied a spirit which endeared her to all Americans.

Mamie Eisenhower was a gracious, charming woman who perceived herself as an extension of her husband. She stood by Ike for the 53 years of their marriage and was always content to remain in his shadow. While her actions were probably not viewed too favorably by feminist groups, her unwavering commitment to her home and her husband made her greatly admired.

Mrs. Eisenhower never played a public role in politics, never concerned herself with the issues of the day, and rarely even made a speech on her husband's behalf. She was simply a woman supremely content with herself and with her life. As the poet Robert Greene said:

> Sweet are the thoughts that savor of content;
> The quiet mind is richer than a crown.

Mamie Eisenhower made us all richer by her life. She was a courageous woman, and her passing has touched the very heart of America.

Mr. President, a beautiful, stirring memorial tribute to Mamie Eisenhower was paid by Rev. Edward L. R. Elson, the Chaplain of the U.S. Senate. Additionally, several newspaper editorials and articles concerning Mamie Eisenhower have appeared recently.

In order that I may share this fine tribute and representative newspaper clippings with my colleagues, I ask unanimous consent that they be printed in the RECORD at the conclusion of my remarks.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Washington Star, Nov. 3, 1979]

MAMIE DOUD EISENHOWER

Mrs. Eisenhower was possibly the last of the nation's First Ladies to eschew a public role so completely that she made no speeches—not even to say that Dwight Eisenhower was doing a good job for the country and deserved a second term. She was so reticent that on an occasion when she should have spoken in her own behalf—to accept an honorary degree at St. Joseph's College in Emmitsburg, Md.—the president had to speak for her.

Helping her husband, and maintaining a home for her family in what she estimated were 35 locations over the 53 years of their marriage, did seem to sum up Mamie Eisenhower's pre-occupations from the time she and the future general and president were married in 1916. She was 19. His pay as a 25-year-old first lieutenant was $151.67 a month. National prominence did not seem to be in store for them for many years; when Ike made major in 1920, it was his last promotion for 12 years. For a quarter of a century they led a fairly uneventful life at garrisons around the States, in Panama and the Philippines. The promotion she remembered best was when Dwight got his first star, in September 1941. Soon he was catapulated to command of the Allied forces in Europe, while she waited here.

When the honored general ran for president in 1952, Mrs. Eishenhower had only to smile from the platform. It was soon a famous smile, beneath the girlish bangs she continued to wear into her widowhood, and she remained one of the bestloved of Americans until her death Thursday at the age of 82.

Recollections of her White House years are of contrasting trends. The jet age brought an unprecedented succession of foreign visitors for state occasions. Mrs. Eisenhower won praise as a gracious hostess, and was seen to shake 1,500 hands at one huge reception. She was viewed as a strict custodian of the executive mansion as a national legacy. The Eisenhowers' social occasions became less frequent through the president's successive illnesses. After eight years, Mrs. Eisenhower was glad to retire to Gettysburg.

Mrs. Eisenhower could be given poor feminist marks, we suppose, for being complacent as wife, mother and grandmother and not doing enough to establish an independent identity. She was old-fashioned when queried on her feelings about women's liberation: "I never knew what a woman would want to be liberated from." Her contentedness with being married to Dwight Eisenhower was perhaps a limitation. In its lack of pretension, it also was a part of her charm.

[From the Washington Post, Nov. 6, 1979]

I REMEMBER MAMIE

Mamie Eisenhower was worth listening to. The trouble was that, when Ike was alive, she was careful not to talk publicly too often and, after he died, few of us tried to find out what she had to say. Her health was often frail, but she had strong will and had thought life through

I spent a day with her in the Bicentennial summer when she made a rare public appearance by riding on the Freedom Train from Gettysburg to York, Pa. I had never met her, and my recollections were that she was Ike's smiling, attractive partner, bland of remark, the proper Republican woman I was to learn something.

The Freedom Train crawled across the countryside, so Mamie had time to see the clusters of people in fields and in small towns. They waved and their mouths formed the words "Mamie," causing her to beam.

"It makes your heart warm," she said. "I am fortunate, because most widows are forgotten."

Ike was her life, and everybody asked about their years together. "When people remark how close I was to him, well, of course we were close," she said. "But you never really know a person; you only understand them. Nobody knows anybody else's inner thoughts."

She saw Ike as the head of the house, as the man who deserved to come home to her and dinner and a pleasant evening with no heavy discussion of the military or the presidency or politics. She had a keen sense of divided responsibilities; his was work and hers was home and hearth.

When he asked, "What should I do about this situation?" she usually turned the question away. And if he ventured toward her territory, he was in trouble. When Ike sent a memo to a White House staffer about menus, Mamie countermanded the order.

She believed in the old values. For instance, children should be given leeway to find themselves, but not before age 20. "There is too much leniency with children today," she said firmly, "and too much freedom in their dress, especially in church." She was glad that her son John phoned her every week, but she wasn't sure that most mothers got such calls. And she wondered about the feminists. "I don't know about this Ms. business," Mamie told me. "God made you to have children. I feel sorry for people who don't."

She didn't like the way the country was going, either. "We emphasize money too much," she said. There is no aristocracy in America, only people who are money crazy. We've lost the art of doing a good job. There's no competition these days. Clerks don't want to wait on you.

"I was taught to pay for everything," she said. Nowadays people think about what they can get out of paying for. I was taught to save money and then spend it. I'm still wearing the same clothes I had when we were in the White House. I took care of them."

Though she defended the old-fashioned way, Mamie said she wouldn't give advice to the new generation. "What worked for Ike and me might not work today," she said.

Mamie never claimed she was Ike's quiet strength, but his friends knew she was. Her speech was Midwest-accented, and she seemed to epitomize sweet domesticity. But Mamie came from a sophisticated, wealthy family and knew the way of the world. Farmer boy Eisenhower did not.

"It would have been *Colonel* Dwight David Eisenhower if it weren't for Mamie," Kevin McCann, Eisenhower's speechwriter, once told me. "In their early years, Mamie was a broadening influence."

In her declining years, she was increasingly alone. Sgt. John and Dolores Moaney, the black couple who worked for Ike and Mamie for many years, retired. She tried to cook her own meals and wound up mostly with TV dinners. She saw fewer visitors. Friends persuaded her to take an apartment in Washington, but she only spent a few weeks in it each winter. Out of respect for Ike, she felt a duty to stay at the farm.

"I miss him terribly," she said. "I come down to the porch and remember how he would paint and I would sit and play solitaire. We didn't say a word, but we were together. It was companionship. I had to steel myself to being lonely many times when he was gone—he was away three years once [World War II]. But it was so hard to steel myself when he was really gone."

Nowadays, wives of public men like Mamie seem out of fashion. But in their time there was no more popular couple than the Eisenhowers. Tom Stephens, Eisenhower's White House appointments secretary once told me why. "Ike and Mamie," he said. "They're like people you know."

[From the New York Times, Nov. 6, 1979]

MAMIE EISENHOWER EULOGIZED AT MEMORIAL SERVICE

WASHINGTON, November 5.—Rosalynn Carter, former President and Mrs. Richard M. Nixon and a gathering of generals and politicians from the past paid their last respects today to Mamie Eisenhower.

The widow of former President Dwight D. Eisenhower was eulogized, in a memorial service in the Fort Myer, Va., chapel, as "carrying on always as a silent partner in the affairs of state."

Mrs. Eisenhower, who died last Thursday, was buried Saturday next to her husband in a small chapel in Abilene, Kan.

"Mamie never competed for anything," said the Rev. Edward L. R. Elson. "She didn't need to She had Dwight D. Eisenhower."

The 200 mourners included Mrs. Eisenhower's son John and his wife their four children, including David Eisenhower who is married to the Nixon's daughter Julie.

FIGURES OF THE PAST

Among those present were Eisenhower comrades-in-arms: Maxwell Taylor—former Army Chief of Staff; Lauris Norstad, former commander of the North Atlantic Treaty Organization, and Gen. Andrew Goodpaster, a former supreme allied commander in Europe.

William P. Rogers, Attorney General in the Eisenhower Administration, and Ezra Taft Benson, then Secretary of Agriculture, were also present. So were Arthur F. Burns, former Federal Reserve Board chairman, and two Republican Senators, Bob Dole of Kansas and Strom Thurmond of South Carolina.

The Nixons' other daughter, Tricia, and Linda Bird Robb, daughter of the late President Lyndon B. Johnson, were there with their husbands.

Mr. Elson described Mrs. Eisenhower's life as one that "has spoken with its own quiet elegance to us and to millions around the world."

Mrs. Eisenhower's memory was also honored today with a day of mourning in Pennsylvania, where she had made her home, and there was a memorial service yesterday in Boone, Iowa, where she was born.

MEMORIAL TRIBUTE TO MAMIE DOUD EISENHOWER

(By the Reverend Edward L. R. Elson, S.T.D., Chaplain, U.S. Senate)

We have foregathered here this morning to offer our simple tribute of affection and esteem for Mamie Doud Eisenhower whose life has spoken with its own quiet eloquence to each of us and to millions of others. She stood tall in those days in Denver and Abilene in Fort Sam Houston and a score of Army posts in Columbia University, in the White House, and in post-presidential years, and she will stand tall in the memory of Americans forever.

Some women achieve distinction as club leaders or teachers. Others reach great heights in the professions or the arts. But to be the mate of man, to be fused heart to heart, mind to mind, soul to soul, in a single entity—to complete his incompleteness, to make a strong man stronger—that too is the essence of greatness.

Mamie never competed for anything. She did not need to. She had the only thing that counted—Dwight Eisenhower. Yet she was perennially voted the most admired woman in America.

Long before she was officially America's First Lady, she was first, last and always a lady—warm, vibrant, high spirited, radiant, sensitive, courteous, full of good humor and quick in repartee.

In the highest and best sense Mamie Eisenhower was "to the manor born." She belonged to the only aristocracy we know in America—not of title or heritage or wealth but an aristocracy of inner being—a spiritual aristocracy. She exemplified the virtues we American admire. She was never too high to be lowly. Comfortable with the great and the mighty, she was completely at home with the humblest, unfailingly courteous, gracious, tolerant, and kind. And it is not easy to be this kind of person in public life when others thoughtlessly are sometimes persistent, inconsiderate and rude. But to everybody she remained the epitome of the gracious lady.

Mamie Eisenhower was always a good homemaker—not in terms of toting pots and pans or chasing dust, but rather in providing the pervading presence of good taste, skillful planning, culture, dignity. She planned and made the choices that make the difference between simple elegance and mediocrity in the home.

She had a strong sense of duty. Once I called upon her at the White House, she asked if she might continue to recline on the daybed, where she was resting with her right arm on a pillow.

Her entire forearm and hand, as well as her ankles and feet were swollen, the result of shaking hands with hundreds of people at a White House ceremony the day before. But she had uncomplainingly carried on as always, the silent support and partner in official duties of state. And she would begin the grueling physical strain all over again within a few hours. Duty, honor, country were her commitments as surely as if she had picked up the phrases at West Point.

Mrs. Eisenhower made and kept friends. Hers was a natural open-heartedness and a retentive affection. With the passing of the years, friends grew in number and variety. The oldest were from Army days. There was a durability to such friendships, but one never felt harassed or possessed by them; couples would meet and become attached at one post, and then renew the friendly alliances in successive tours of duty years later in another place. Those to whom she opened her heart wide in later years were loved none the less because they came later.

The family for her was more than blood relatives. In a very real sense, as the world saw at the state funeral for President Eisenhower, the "family" encompassed the whole household—staff and aides, housekeepers, orderlies, drivers, Secret Service men and their families, all held together by the warm inclusiveness of the man and woman around whom they gathered for service.

It is noteworthy that a man reared in a strict River Brethren home and a woman reared in an equally devout Presbyterian home combined to make a marriage, a home and a religious faith on an ecumenical basis long before the word "ecumenical" was in current use.

Both Mamie Doud and Dwight Eisenhower were brought up in religious households. Both attended Church and Church School. Both participated in daily family prayer and Bible reading. Religion was table talk quite as much as business or politics. The Bible was the source book of Christian worship, a text-book for education, the inspiration for freedom and the guide to the establishment of political institutions.

They were faithful members of the Church. Not only were they unfailingly present at Sunday services, but they honored the special seasons of Lent, Holy Week, Maundy Thursday, Good Friday—Thanksgiving Day, the National Day of Prayer. Mrs. Eisenhower opened the annual Church Fair, usually arriving with some cakes and pies from the White House kitchen. She entertained the women's groups. Church women from twenty-four foreign nations were not only received at the White House but invited to breakfast. When it came time to build the new National Presbyterian Church she followed the President in supporting the project.

There was no parade of piety. Like her husband, Mamie Eisenhower was not an exhibitionist about religion. Like him also, she was impervious to high commendation or low condemnation in affairs of the soul. Like her husband, she lived by the Protestant principle of individual, direct access to God. The "priesthood of all believers" was both a doctrine and a practice. But here was also appreciation for the institutional church and the ministry of the clergyman. Whatever else may have helped in times of crisis, there was never any doubt in Mamie's mind that prayer would carry her through. This faith in the transcendent ever-present God sustained her in the War Years and especially during the President's serious illnesses.

I recall now a time when I realized how firm and how deeply rooted was this faith of Mamie Eisenhower. In 1955, the President was still convalescing from his first heart attack, and the Eisenhowers had just acquired their Gettysburg home. Several times during the remodeling of their farmhouse, the President and the First Lady had spoken to me of their desire to dedicate this home with a religious service. On November 14, 1955, the President wrote:

"DEAR DR. ELSON: Mrs. Eisenhower may have mentioned something to you yesterday concerning her hope that you and Mrs. Elson might come up to Gettysburg for luncheon on the day following Thanksgiving, and at that time have the little 'house blessing' ceremony of which we have sometimes spoken. Of course something may happen to upset that program, but I am sure that at present this is what she is contemplating, if such would meet with your convenience."

Another note of instructions followed five days later: "The period you would be here before luncheon should allow you and Mrs. Eisenhower to determine on exactly the kind of service you would consider most appropriate. I think this would be better than to attempt to plan the ceremony in advance because I am sure that she wants to conduct it in the simplest way possible and with no publicity whatsoever."

On the day after Thanksgiving, November 25, 1955, Mrs. Elson and I were driven from Washington across the Maryland and Pennsylvania countryside, freshly sprinkled with fall snow, to the Gettysburg farm. It was about eleven o'clock in the morning when we reached the house and were received at the front door personally and graciously by Mrs. Eisenhower, and very shortly afterward were joined by the President.

After lunch, the grandchildren, who ate elsewhere in the house, joined the group in the cozy drawing room, beautifully furnished with mementos from the many parts of the world where the President had served. When we were all settled in chairs, the President rose, walked toward the open fireplace, assumed a "Parade rest" stance, with his feet comfortably apart, and then began talking earnestly. He related how both he and Mrs. Eisenhower had been reared in the presence of an open Bible, revered as the Word of God, and with family prayers as a daily practice. They had lived in many dwellings in their long association with the Army—some twenty-two quarters, but this was the first they could call their very own home. It seemed proper to dedicate their home to God.

I replaced the President in front of the fireplace and began the service: "Behold, I stand at the door, and knock: if any man hear my voice, and open the door, I will come in". Then I read the Twenty-third Psalm, some passages from the New Testament, quoted the old song by Helen Taylor, "Bless This House," then offered the following prayer:

"Eternal God, Whom we know as Our Father, as Thou hast accompanied these Thy servants in many dwelling places, through manifold services in the uttermost parts of the earth, accept now, we beseech Thee, the dedication of this house, that it may henceforth be a place of health and healing, a haven of tranquility, an abode of love, and a sanctuary of worship. Bless all who name it home, and all the loved ones and friends who are encompassed by it in abiding love and devotion to Thee.

"Here may hallowed memories and sacred recollections be called forth. Here may Thy servants know the gratitude of all the people of the nation. Here may Thy name be honored. Here may there ever be a witness to Thy Grace and Truth. Let goodness and mercy follow these Thy servants all their days, that they may abide in Thy House forever.

"Through Christ Our Lord, Amen."

When I said, "Let us pray", the President's grandchildren—Dwight David, Barbara Anne, and Susan Elaine—spontaneously knelt down at a low, carved-ebony table, the gift of President Syngman Rhee of Korea.

There was something profoundly moving about the spirituality of the occasion—not only because it was the President of the United States with his family, worshiping together in their very own home after the anxiety of a serious illness, but because this was a good Christian family and an exemplary American household.

Now Dwight and Mamie Eisenhower are both in that other home whose Builder and Maker is God.

The dedicated Gettysburg home is to become an historic shrine in the public domain and its profound inner message will radiate to millions throughout the world.

One of the physicians at Walter Reed Hospital remarked that when the Eisenhowers left Ward 8 a great Spirit, felt by all, departed with them. Yet that spirit has not departed. That Spirit of triumphant faith and invincible goodness floods the earth and will continue to do so from age to age. Much of that spirit was communicated by the gracious and valiant woman who in her life revealed the Christian qualities described by St. Paul in his message to the Corinthians, which we read at the dedication of the Gettysburg home years ago.

"Love is patient and kind; love is not jealous or boastful; it is not arrogant or rude. Love does not insist on its own way; it is not irritable or resentful; it does not rejoice at wrong, but rejoices in the right. Love bears all things, hopes all things, endures all things."

That was Mamie. With thankful hearts we give her back to Our God who first gave her to us.

PRAYERS

Almighty God, Father of mercies and Giver of all comfort, deal graciously, we pray Thee, with all those who mourn this day, that casting every care on Thee, they may know the consolation of Thy love, the healing of Thy grace, and the companionship of Thy presence.

Through Jesus Christ our Lord. Amen.

PRAYERS

Dear Lord and Father of us all, we thank Thee for the good and gracious influence of Mamie Doud Eisenhower. We thank Thee for the faith by which she lived, for the home she made and the quiet steadfast service she rendered. Surround those who mourn with the comfort of Thy presence. As coming generations, cherish her memory, may something of her gentleness, her strength, her patriotism and her spiritual power encourage better living and more sacrificial service.

In this perilous and difficult time wilt Thou support and strengthen all those women whose husbands are in the public service?

We pray in His name who came that we might have life, and have it more abundantly. Amen.

PRAYERS

Prayer of St. Francis of Assisi—

"Lord, make us instruments of Thy peace. Where there is hatred, let us show love; where there is doubt, faith; where there is despair, hope; where there is darkness, light; and where there is sadness, joy.

"Divine Master, grant that we may not so much seek to be consoled, as to console; to be understood, as to understand, to be loved, as to love. For it is in giving that we receive, it is in pardoning that we are pardoned, and it is in dying that we are born to eternal life." Amen.

O Eternal Father, suffer us not to miss the beauty of this hour. May a new spirit arise in us this day. Give us eyes to see and hearts to feel the undaunted courage, the invincible faith, the tender love of Thy servant, Mamie, that we may be true as she was true, loyal as she was loyal; that we may henceforth be good enough and great enough for our times Through Jesus Christ our Lord. Amen.

And now, O Father, who doest all things well, with thankful hearts that Thou has given her to us for a season, we give Thy servant, Mamie, back to Thy tender care, until the shadows flee away, and the brighter day dawns, when the visible and invisible are as one in Thy higher kingdom. Through Jesus Christ our Lord. Amen.

Mr. PROXMIRE obtained the floor.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished Senator from Wisconsin yield?

Mr. PROXMIRE. I am happy to yield to the majority leader.

UNANIMOUS-CONSENT REQUEST

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the vote on the amendment by Mr. PROXMIRE occur, up or down, tomorrow at 1:30 p.m.

Mr. STEVENS. Mr. President, reserving the right to object, we do have an objection to that being agreed to at this time.

The PRESIDING OFFICER. Objection is heard.

Mr. DOMENICI. Mr. President, what time would we start, and how much time would we have?

Mr. ROBERT C. BYRD. We can start at 11:30 and have 2 hours equally divided.

Mr. President, for the moment I withdraw my request.

(Later the following occurred:)

Mr. ROBERT C. BYRD. Mr. President, I repeat my request with respect to the vote on the Proxmire amendment tomorrow at no later than 1:30 p.m.

Mr. STEVENS. Reserving the right to object, Mr. President, it is no later than 1:30 p.m.?

Mr. ROBERT C. BYRD. That is correct.

Mr. STEVENS. Will the majority leader mind making that at 1:30 p.m.?

Mr. ROBERT C. BYRD. I will be glad to.

Mr. DOMENICI. Reserving the right to object, could I ask, are we going to have 2 hours or 1 hour equally divided preceding the vote, or is there any way we can get an extra half hour by starting at 11 or at 10:30?

Mr. ROBERT C. BYRD. Yes, if the Senator would like that.

Mr. DOMENICI. I am not sure that we would be here to use it, but I think there is enough potential that we should do that.

Mr. ROBERT C. BYRD. We should do that.

The PRESIDING OFFICER. Without objection, it is so ordered.

CAMBODIA: STRESSING THE NEED FOR THE GENOCIDE TREATY

Mr. PROXMIRE. Mr. President, for the past 12 years I have stood before this body and spoken to my distinguished colleagues about the need for ratifying the Genocide Convention. This body has hesitated, perhaps because until recently the last clear-cut example of genocide occurred some 30-plus years ago. And since then there has been nothing of a similar scale. And I am sure that all the Members of this body believed we had seen the last case of outrageous mass slaughter.

Our assumption has proven incorrect—another mass slaughter is going on at this very moment. By now the situation in Cambodia is known to everyone. The circumstances are abominable. The atrocities have been brought to the attention of leaders worldwide. The shock and horror expressed by the United States was followed by attempts to provide massive relief to the starving Cambodians. But they have refused our aid. Thus, it seems many more may die. With their refusal of aid, there appears to be little more for us to do.

However, there is one outlet for the United States to pursue in ending this ongoing slaughter. I refer to the Genocide Convention of 1949, the treaty for which I have spoken many times. Ratification by the Senate at this time would provide some much-needed impetus for our Nation and those which have already ratified the treaty to step in and halt the unnecessary murders.

Mr. President, as more light is shed upon the facts about Cambodia, it is becoming increasingly important that action be taken. I take this opportunity to recommend that we ratify the Genocide Treaty as a first step toward alleviating the horrible events happening in Cambodia.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONSIDERATION OF CERTAIN MEASURES ON THE CALENDAR

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Order Nos. 408, 409, 410, and 419.

Mr. STEVENS. We have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk reported the first bill.

Mr. ROBERT C. BYRD. I ask unanimous consent, there being no committee amendments on them, that the various measures be considered en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

HUN SIK SANDERSON

The bill (S. 405) for the relief of Hun Sik Sanderson was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of paragraphs (12) and (23) of section 212(a) of the Immigration and Nationality Act, Hun Sik Sanderson may be issued a visa and admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions of that Act.

SEC. 2. This exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice had knowledge prior to the date of the enactment of this Act.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 96–381), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE OF THE BILL

The purpose of the bill is to waive the excluding provisions of existing law relating to an alien of the immoral and narcotics classes in behalf of the wife of a U.S. citizen.

STATEMENT OF FACTS

The beneficiary of the bill is a 28-year-old native and citizen of the Republic of Korea who was found excludable because of two convictions for smoking marihuana and sentenced to 6 months and 10 months imprisonment, respectively. An American Embassy investigation also revealed that she worked as a prostitute from the age of 20 years to 24 years. She is the mother of two illegitimate children who have been adopted by U.S. citizens, both of whom reside in the United States. On June 21, 1975 she married Sgt. Michael Frederick Sanderson, a U.S. citizen, who was born January 29, 1941 in Commins, Mich. He has been a member of the U.S. Army since 1960 and is presently stationed at Fort Benning, Ga. He has a monthly income of $784 and assets totaling $5,000. He is aware of the beneficiary's two marijuana convictions and her previous profession.

JENNIFER FERRER

The bill (S. 919) for the relief of Jennifer Ferrer was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Jennifer Ferrer, the minor daughter of Romeo N. Ferrer, a permanent resident of the United States, shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper officer to reduce by one number, during the current fiscal year or the fiscal year next following, the total number of immigrant visas and conditional entries which are made available to natives of the country of the alien's birth under paragraphs (1) through (8) of section 203(a) of the Immigration and Nationality Act.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report

(No. 96–382), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

PURPOSE OF THE BILL

The purpose of the bill is to facilitate the admission into the United States the minor daughter of a permanent resident of the United States, for permanent residence.

STATEMENT OF FACTS

The beneficiary of the bill is a 5-year-old native and citizen of the Philippines, born June 16, 1974, and whose natural mother died on September 4, 1978. The beneficiary is the illegitimate daughter of a permanent resident of the United States who filed an affidavit recognizing the beneficiary as his natural daughter, with the local registrar in Cebu City, Philippines, on March 4, 1976. On December 28, 1977, the beneficiary's natural mother filed an affidavit in Manila giving custody of the child to her natural father. The beneficiary resides in the Philippines with her aunt. The beneficiary's father is single, residing in Seattle, Wash., and employed by the city of Seattle Engineering Department earning $1,200 per month. His estate includes a home he is purchasing, an automobile, furniture, a small savings and checking account. He also holds a bachelor of arts degree in civil engineering from the Philippines.

JOSE QUINTANA DOMINGUEZ SENDEJAS

The bill (H.R. 3319) for the relief of Jose Quintana Dominguez Sendejas was considered, ordered to a third reading, read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 96–383), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

PURPOSE OF THE BILL

The purpose of the bill is to facilitate the adjustment of status to permanent residence of the adopted child of citizens of the United States.

GENERAL INFORMATION

The beneficiary is a 21-year-old native and citizen of Mexico who was adopted in the Superior Court of the State of California on May 8, 1978. He was a victim of polio and was first admitted to the United States to attend a school for crippled children. He has resided with and been supported by his adoptive parents since 1974.

DISTRIBUTION OF FILM "REFLECTIONS: GEORGE MEANY"

The bill (H.R. 5279) to provide for the distribution within the United States of International Communications Agency film entitled "Reflections: George Meany" was considered, ordered to a third reading, read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 96–392), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

PURPOSE

The purpose of this bill is to authorize the release within the United States of the International Communication Agency (ICA) film "Reflections: George Meany."

BACKGROUND

Section 501 of the United States Information and Exchange Act of 1948 prohibits the release within the United States of ICA materials (films, books and radio programs) which have been produced for distribution abroad. In order for an ICA-produced film to be shown in the United States, a specific exemption from this provision must be legislated. This has been done on approximately 50 occasions in the past.

Mr. ROBERT C. BYRD. Mr. President, I move en bloc to reconsider the votes by which the various bills were passed.

Mr. STEVENS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, are there any orders for the recognition of Senators tomorrow?

The PRESIDING OFFICER. There are none.

Mr. ROBERT C. BYRD. I thank the Chair.

ORDER FOR RECESS UNTIL 11:30 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 11:30 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

REDUCTION IN TIME ALLOCATED TO LEADERS UNDER THE STANDING ORDER

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the time of the two leaders on tomorrow be reduced to 5 minutes.

Mr. STEVENS. Mr. President, I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER TO RESUME CONSIDERATION OF S. 932 ON TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that immediately following the two leaders under the standing order tomorrow, the Senate resume its consideration of the energy measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS UNTIL 11 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 11 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will return to the consideration of the energy bill at approximately 10 or 15 minutes after 11 a.m. tomorrow, and the time between the time of the resumption of consideration of the Proxmire amendment and the hour of 1:30 p.m. will be, by unanimous consent, equally divided between Mr. Proxmire and Mr. Jackson.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 11 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the order previously entered, that the Senate stand in recess until the hour of 11 a.m. tomorrow.

The motion was agreed to; and the Senate, at 7:26 p.m. recessed until Wednesday, November 7, 1979, at 11 a.m.

NOMINATIONS

Executive nominations received by the Senate November 6, 1979:

The Judiciary

Jose A. Cabranes, of Connecticut, to be U.S. district judge for the district of Connecticut, vice Jon O. Newman, elevated.

Robert J. McNichols, of Washington, to be U.S. district judge for the eastern district of Washington, vice a new position created by Public Law 95–486, approved October 20, 1978.

Department of Health, Education and Welfare

Margaret Joan Giannini, of New York, to be Director of the National Institute of Handicapped Research (new position).

Department of Transportation

Susan J. Williams, of Virginia, to be an Assistant Secretary of Transportation, vice Terrence L. Bracy, resigned.

In the Air Force

The following officers for appointment in the Reserve of the Air Force to the grade indicated, under the provisions of chapters 35, 831, and 837, title 10, United States Code.

To be major general

Brig. Gen. Irving G. Ray, [redacted] FG, Air National Guard of the United States.

Brig. Gen. Bobby E. Walls, [redacted] FG, Air National Guard of the United States.

To be brigadier general

Col. William J. Davis, [redacted] FG, Air National Guard of the United States.

Col. Charles K. Evers, [redacted] FG, Air National Guard of the United States.

Col. Richard C. Freeman, [redacted], Air National Guard of the United States.

Col. Ray P. Greenwood, Jr., [redacted] FG, Air National Guard of the United States.

Col. William E. Haymes, [redacted] FG, Air National Guard of the United States.

Col. Raymond E. Hebrank, [redacted]FG, Air National Guard of the United States.

Col. Frank L. Hettlinger, [redacted]FG, Air National Guard of the United States.

Col. Edward J. Power, [redacted]FG, Air National Guard of the United States.

Col. Hugh A. Ward, [redacted]FG, Air National Guard of the United States.

In the Coast Guard

The following regular officers of the U.S. Coast Guard for promotion to the grade of captain:

Alan C. Peck
Joseph J. Wicks
James D. Martin
William P. Hewel
Alan B. Smith
Richard C. Walton
William J. Irrig
Hugh J. Milloy
David H. Freeborn
Geoffrey T. Potter
Jack C. Goldthorpe
William G. Walker
Ronald M. Polant
James T. Montonye
Stephen J. Masse
David L. Pepple
John T. Howell
Joseph E. Vorbach
Donald L. Hoffer
James W. Coste, Jr.
Peter A. Bunch
James L. McDonald
Jules A. Peebles
Roy E. Dash
James L. Haas
John W. Klotz
Joel D. Sipes
Paul A. Welling
James E. Foels
Daniel C. Mania
Bruce G. Lauther
Harold E. Stanley
Lawrence Graham
James F. Eckman
Joseph M. Tanguay
Dean L. Webster
James E. Mitts
Francis J. Honke
Richard H. Hill
Raymond H. Spoltman
Thomas F. Tutwiler
Marshall H. Shytle
John H. Holmead III
Allen J. Taylor
Harold F. Norton, Jr.
Robert E. Shenkle
William B. Howland
George E. Krietemeyer
Albert J. Allison III
Robert B. Workman, Jr.
Frank W. Olson
Garald H. Mcmanus
Peter C. Lauridsen, Jr.
William P. Leahy, Jr.
Walter S. Rich
James G. Heydenreich
David H. Freese, Jr.
William H. Hayes, Jr.
Charles S. Mincks
Edmond G. Case
Dean A. Frankenhauser
Stephen D. Csintyan
Paul Resnick
Richard J. Clements
Eugene E. Moran
Karl F. Wassenberg
Leroy G. Krumm
Walter T. Leland
David E. Ciancaglini

In the Marine Corps

The following-named Naval Reserve Officers Training Corps graduates for permanent appointment to the grade of second lieutenant in the U.S. Marine Corps, pursuant to title 10, United States Code, section 2107, subject to the qualifications therefor as provided by law:

Alameda, James H.
Anderson, Keith R.
Babin, Landrya N.
Baker, Michael L.
Barnett, Mike
Bates, Glenn H.
Baxter, Edward H.
Bebo, Mark L.
Becker, David R.
Bell, Stephen B.
Berg, David W.
Bettis, William J.
Brynuldson, Robert G.
Buckner, Edward C.
Campbell, Clive W.
Carson, Martha A.
Carston, Walter J.
Casto, Paul C.
Cobert, David D.
Cochran, Mark W.
Consolazio, Marianne P.
Conyers, Kevin E.
Davidovich, Paul J.
Deatherage, Raymond F.
Dewolfe, Dean D.
DiSilva, Debra A.
Doering, Brian G.
Duff, Ronald R.
Durrance, Benjamin L.
Eaker, Bascom D.
Elliott, Donald M.
Engelke, Andrew D.
Ganyard, Stephen T.
Gawler, William C.
Goodman, Harry A.
Gossard, Ronald S.
Gough, James L.
Grabowski, Reed H.
Green, Gregory P.
Haeuptle, Andrew S.
Hartman, Gregory D.
Herrick, Thomas E.
Herzog, Mark W.
Hodges, Charles E.
Holcomb, Ricky A.
Horn, Myron C.
Howe, Robert P.
Hower, Raymond W.
Hulcher, Michael E.
Hulst, David A.
Ingram, Melvin T.
Israels, Scott M.
Ishizaki, Gerald C.
Johnson, Ronn C.
Jones, Michael A.
Kessler, James A.
Lethin, Clarke R.
Macveigh, Craig A.
Martin, Jonathan B.
Mattimoe, Michael J.
McGurgan, Michael F.
McIntosh, James J.
Meyer, Dwain A.
Nellis, Stephen M.
Neuenfeldt, Richard C.
Niesen, Donald A.
O'Neal, Allen M.
Park, Richard L.
Patton, Rodney D.
Pearson, Diana L.
Peters, Mark H.
Philbin, William J.
Porter, Cedric R.
Prescott, Robert T.
Ridenour, William E., II
Rideout, Bruce W.
Roe, Murray O.
Scharver, Jeffrey R.
Schoendorfer, David L
Schoendorfer, Dean L.
Smith, Paul J.
Sugimoto, Lee M.
Takacs, Robert L.
Tangen, Eric C.
Thompson, David W.
Vandenberg, Robert J.
Vellucci, Lawrence M.
Warren, Patricia F.
Wells, Nolan W.
White, Cameron S.
Wynne, Raymond K.
Youngdale, Carl A.

SENATE—*Wednesday, November 7, 1979*

(Legislative day of Monday, November 5, 1979)

The Senate met at 11 a.m., on the expiration of the recess, and was called to order by Hon. Birch Bayh, a Senator from the State of Indiana.

PRAYER

The Reverend David Jeremiah, pastor, Blackhawk Baptist Church, Fort Wayne, Ind., offered the following prayer:

Let us pray.

O God, we give thanks to Thee today for Thy gracious provision for us in this land. Thou hast blessed us beyond measure.

According to Thy sovereignty, Thou has chosen us from among all nations to be the recipients of Thy grace. As we acknowledge the good and perfect gifts which are ours at Thy hand, we also acknowledge the tremendous responsibility which accompanies them, for to whom much is given, much is required.

As we seek to meet the great and demanding needs of our country at this hour, may we remember the promise given to Thy people of old:

If My people which are called by My name shall humble themselves and pray and seek My face and turn from their wicked ways, then will I hear from heaven and will forgive their sin and will heal their land.—II Chronicles 7: 14.

Grant to us, O God, in this hour the honesty to acknowledge our need of Thee and to commit ourselves anew to the godly principles upon which our country was established.

Grant to us, O God, the wisdom to discern Thy will in the many challenges which lie before us as a nation.

Grant to us, O God, the courage not to sacrifice righteousness upon the altar of expedience. These requests are made known unto Thee with thanksgiving, in the name of our Lord and Saviour, Jesus Christ. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. Magnuson).

The assistant legislative clerk read the following letter:

U.S. Senate,
President pro tempore,
Washington, D.C., November 7, 1979.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable Howell Heflin, a Senator from the State of Alabama, to perform the duties of the Chair.

Warren G. Magnuson,
President pro tempore.

Mr. HEFLIN thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The majority leader is recognized.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Journal of the proceedings be approved to date.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that I may reserve my time momentarily. I understand Senator Riegle wants time.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I yield to the distinguished acting Republican leader.

Mr. STEVENS. Mr. President, I make the same request. I suggest that I yield my time to the distinguished Senator from New Mexico, who is also on his way.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. RIEGLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I yield such of my time as the Senator may wish to use. I believe I have 5 minutes, do I not?

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

The ACTING PRESIDENT pro tempore. The Senator is correct.

Mr. RIEGLE. I thank the Senator. I will not need that much time and I will yield back the remainder.

CHRYSLER CORP.

Mr. RIEGLE. Mr. President, next Wednesday, November 14, 1979, the Senate Banking Committee will begin hearings on Federal financial aid to the Chrysler Corp. Those hearings will dig below some of the superficial statements that have been heard about what a Chrysler collapse would mean to this country and the easy judgments about what the national response should be to the corporation's financial crisis.

I have been studying this problem in great detail in recent months. One of the most powerful facts I discovered is the number of firms that would be severely weakened or destroyed by the collapse of Chrysler.

In all, Chrysler does business with 20,000 supplier firms and about 4,800 dealerships that are involved in marketing Chrysler products. Many other firms would also be affected by a Chrysler bankruptcy and shutdown.

Many of those who would pay the price of a Chrysler collapse are those who are efficient and effective elements of our economy. In particular, many of the suppliers and other firms closely related to Chrysler are technologically advanced and very competitive. Many would suffer severe setbacks or be driven out of business. Many of them are the primary employers in small communities in many regions of the country.

I have heard from a number of these businessmen, and I find their case adds an important dimension to the question of assistance to Chrysler.

I would like to share with my colleagues this morning a letter from one of these businessmen. His firm is quite typical of the smaller companies that are closely tied to the future of Chrysler.

The letter was written by Thomas Pascoe, vice president of the Binderline Development Corp., St. Clair Shores, Mich. I ask unanimous consent to have that letter printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

BINDERLINE DEVELOPMENT, INC.,
St. Clair Shores, Mich., October 19, 1979.

GENTLEMEN: Many times I sit and try to understand what we are trying to accomplish in this fine country of ours. It is hard to believe some of the things that happen because of decisions that come down from Washington.

After World War II we gave billions of dollars to friends and foe alike to rebuild the destruction that was caused by war. Today we still do the same.

Now would be a good time for the auto industry to surrender and hope to be rebuilt. The government has rained down destruction on the industry with decisions that make very little sense to most connected with the industry. The automobile industry that helped to pay employees, who in turn paid taxes to help refinance much of the reconstruction for the war torn lands of World War II and all the wars after. This incidentally again is hurting the good old U.S.A. with their dumping policy practiced in some of the rebuilt countries. Foreign governments and banks have cooperated and helped industries in their respective countries. What is the big problem in our country?

When Chrysler decided to build a plant in Pennsylvania no help was offered. Volkswagen purchased the same site and received all kinds of help from the state. The master plan seems to be help every one but our own!

People in Washington are saying don't help Chrysler they created their own problems. Have they? Who has tried to help the underprivileged? Who has tried to help the city of Detroit and its problems? Who has passed laws that are costing billions of dollars more to manufacture cars?

How can you truthfully measure the true effect the bankruptcy of Chrysler would cause on the national economy? The true economy of the world is based on the manufacturing of automobiles and I base this on the simple fact that the standard of living in every country that is in the automobile industry has a much higher standard of living.

Never in the history of modern time has a company the size of Chrysler gone bankrupt. How do we really know what the true effect would be? We can only guess!

Our company is so small you have never heard of us. I dare say very few people at Chrysler have ever heard of us. I can tell you what would happen to us. We and many like us would have a hard time surviving. We employ 51 people that have over 100 dependents and pay in excess of $400,000 in federal income taxes and $80,000 in state taxes. This is not including single business taxes, property taxes, etc. Before the present slow down we employed over 80 people with dependents of approximately 200 with taxes and income in the same ratio. Multiply this by the thousands of vendors Chrysler uses and it becomes frightening.

We have not been sitting by and asking others to sacrifice and not be included. We have not had a rate increase in 2 years. We have discounted our Chrysler Accounts Receivable with a discount of 2% and given our employees a $300 rebate for any Chrysler product purchased. We are doing this because we realize this is our livelihood and without it life could become difficult for many people.

This letter is like the Fram Filter Commercial "If you don't pay now you'll pay later." It would be hard to imagine the loss of earning power, taxes lost and added expenses of unemployment, relief rolls etc.

We hope in your good judgment you can look at this as an investment in our country and her people who would much rather be productive and hold their heads high rather than beaten and depressed.

Sincerely,

THOMAS PASCOE,
Vice-President.

Mr. RIEGLE. Mr. President, this letter captures very well the problem being faced by most of the 20,000 supplier firms connected directly to the Chrysler Corp.

Mr. President, there has been some easy talk that it would somehow be "the American way" to let Chrysler fail as punishment for the past mistakes of its management. I firmly reject that talk, although I make no defense of the decisions of Chrysler's earlier management over a period of time. It is talk that thoroughly ignores the far-reaching damage that the failure of the Nation's 10th largest manufacturing firm would do to the Nation's economic strength.

I urge my colleagues to consider carefully the impact of a Chrysler collapse upon supplier firms along with the other compelling reasons for an effective Federal response.

I thank the majority leader for his courtesy in yielding me the time, and I yield back the remainder of my time.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I yield the remaining time I have to the distinguished acting Republican leader. We could yield it back and start on the bill.

Mr. STEVENS. Mr. President, I agree with the majority leader. We will yield back our time, and that will start the time running on the energy bill.

Mr. ROBERT C. BYRD. Yes.

I yield back my time.

DEFENSE PRODUCTION ACT AMENDMENTS OF 1979

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now resume consideration of the unfinished business, S. 932, which the clerk will state.

The assistant legislative clerk read as follows:

A bill (S. 932) to extend the Defense Production Act of 1950, as amended.

The Senate resumed consideration of the bill.

AMENDMENT NO. 570

The ACTING PRESIDENT pro tempore. The business of the Senate is on the amendment of the Senator from Wisconsin.

Mr. STEVENS. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. STEVENS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, a parliamentary inquiry. What is the time circumstance now with regard to the Proxmire amendment?

The ACTING PRESIDENT pro tempore. There will be 130 minutes, equally divided—65 minutes per side.

Mr. STEVENS. The Senator from Utah wishes to speak. The two managers of the bill are not here. With the consent of the majority leader, I would like to yield some time to the Senator from Utah.

How much time does the Senator wish?

Mr. GARN. Five minutes would be sufficient.

Mr. ROBERT C. BYRD. Will the Senator speak on the subject matter before us?

Mr. GARN. Yes.

Mr. ROBERT C. BYRD. Mr. President, on behalf of both my colleagues, I yield 5 minutes from their time. I ask that it be equally divided between Mr. JACKSON and Mr. PROXMIRE.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. GARN. Senator PROXMIRE is on his way to the Chamber. We were in a Banking Committee markup and just left. He will be here soon.

Mr. STEVENS. The time is taken equally from both sides.

Mr. ROBERT C. BYRD. Mr. President, I take the liberty of yielding time to the distinguished Senator from Utah (Mr. GARN) from Mr. PROXMIRE's time.

Mr. GARN. I thank the distinguished Senator.

Mr. President, we have before us legislation designed to develop synthetic fuel sources in the United States. Certainly that is important, in view of our growing dependence on foreign oil. But it is also important to be realistic, to present real solutions to difficult problems. We will not help our cause by promising more than we can deliver, or by persuading the American people that passage of this legislation, in whatever form, is all that needs to be done about energy.

I have some specific concerns, Mr. President, about the sheer feasibility of building the number and kind of synthetic fuel plants that will be needed if we are just to meet the goals of President Carter's proposals, modest as they are.

I speak not just as a member of the Banking Committee, supporting the Banking Committee's energy bill, but also as a Senator from the State of Utah, where 95 percent of all the tar sands in the United States is located: where a large portion of the oil shale exists—in Utah, Wyoming, and Colorado; where a 300-year supply of coal for the entire country exists within my State.

So I do have a rather vital interest in synthetic fuel developments, and I speak both as a member of the Banking Committee and as a Senator from a State that is vitally concerned in this issue.

On July 15, President Carter proposed that by 1990 we would be producing 1.5 million barrels per day of synthetic oil properly considered. He also proposed that we produce another million barrels per day equivalent from tar sands, natural gas and heavy oil.

Now in order to get that kind of production, it will take a minimum of 35 synfuel plants, some oil shale plants, some coal gasification or liquefaction plants. Based upon the analysis and testimony of consultant engineers published in a report by the Subcommittee on Synthetic Fuels of the Committee on the Budget, constraints exist, besides price, that could impede the development of a synthetic fuels industry. These constraints are the basis of my concerns.

Before us now are two synfuels bills. Given the state of production technologies and the significant amounts of materials, labor, and fuels required, it is projected that no matter which funding mechanism is utilized, no significant production will occur until fiscal year 1987.

In the year 1980, planning might begin for at most two plants. Actual plant starts would reach no more than six per year by 1984 and a maximum of eight plants per year by 1990. Assume that it will take 7 years to complete each 50,000-barrel-per-day synthetic fuel plant. A typical coal gasification plant with surface mine will require about 4,900 man-years of construction labor, and 1,100 operators. Underground mines to supply a commercial gasification plant would employ about 3,000 people. A typical oil shale plant will also require about 3,000 construction employees during peak periods and 1,100 operators.

In addition to direct employment at the synfuels plants, in both operators and construction workers, additional support people will be required in the community, resulting in a population increase of three to four times that of the construction or operating labor. Numerous analyses of the socioeconomic impacts of synfuels plants indicate that problems such as front-end financing and needed facilities and services will place major strains on small communities.

In the anticipated 35 large commercial-scale projects that will be initiated, most will reach the drawing boards about 1984 or 1985; thus, much of the design engineering and construction work will be running concurrently. With 35 projects having an average annual expenditure of $400 million, each working simultaneously, the engineering and construction capacity of the Nation's engineering and construction industry will be severely taxed.

In fact, the controlling restraint will probably be construction industry capability to engineer, design, and construct plants capable of producing synthetic fuel at a production level of 50,000 barrels per day, which is the minimum rate needed to reach the President's goal if they operate at a 90-percent capacity.

Achieving a production level on the order of the announced administration goals could require 50 percent of the total existing capability of the industry. For example, Cameron Engineers, in a report given before the Subcommittee on Synthetic Fuels, notes that the following expenditures in manpower input can be anticipated for the years 1985 through 1990, when most of the actual construction will take place. It will require 27,000 professional employees to build and run these plants. But there are only 45,000 professional employees in the total industry in 1978.

According to data received from the U.S. Department of Labor, Bureau of Labor Statistics, there will be only 53,500 professional and technical positions by 1985. In other words, we will need at least 19,000 more professionals than there will be.

For the construction labor force the requirements for the period of 1985 through 1990 will be 210,000 workers compared with 4,500,000 workers for the total construction industry in 1978.

That too is a substantial increase. These figures, based on the development of 35 commercial-scale projects, highlight the strain such a program would place on the capacity of the Nation's engineering and construction industry. And it may well be that these requirements are far too low, since they are based on 50,000-barrel-per-day plants. It is far more likely that plants will be only 35,000 barrels per day or so, calling for far more engineering, construction, and operating manpower.

To complicate matters, because of the size and complexity of such projects, with an average annual expenditure of $400 million, the contracts will go to only the large design and construction firms; for only they have the management and the technical skills needed to handle such projects. A review of the existing capability of such firms, according to an Engineering News Record survey of April 12, 1979, indicates that of the firms that engage in the design and construction of manufacturing process plants, only 21 contracted for work in 1978 having a total accumulated dollar value near the level required by one large commercial synfuel project. We are talking about at least 35, and maybe as many as 70, of these plants. We simply do not have the engineering capability.

This brings us to another point. The Energy Committee bill mandates that only proven technologies be eligible for funding and that research and development in the field continue under the Energy Department. According to a report prepared by Cameron Engineers:

> There is only one coal liquefaction technology ready for commercial application. This is the Fischer-Tropsch (SASOL) process used in South Africa, based on Lurgi coal gasifiers. A variation of the process to produce methanol instead of Fischer-Tropsch liquids could probably be developed to commercial readiness in five years. The only high BTU coal gasification technology ready for commercial application is also based on Lurgi coal gasifiers.

The report also identifies three other coal gasification processes which could be ready for engineering design by 1985. It also indicates that a number of aboveground oil shale retorting processes are ready, or nearly so, for development up to a scale capable of commercial production. It goes on to say:

> There is no established class of "second generation" retorting processes on the horizon. Modified in situ processes are being tested by several companies, and may be ready for commercial application in five years if satisfactory yields can be demonstrated. There is no significant or large scale effort under way to develop technology for extracting U.S. tar sands.

Oil shale retorting technology is relatively far advanced in comparison to coal liquefaction. As the Cameron report indicates, the major reason for this is that oil shale has a higher hydrogen-to-carbon ratio than coal, and can be processed at milder temperatures and pressures. Coal liquefaction involves solid-liquid and solid-gas streams not normally found in petroleum processing. This creates a number of serious problems in attempting to scale-up operations to commercial plant size. Direct coal liquefaction will not be ready for commercial design until several thousand hours of sustained operation have been accumulated in large pilot plants. Any attempt to bypass normal development steps and proceed with building commercial plants before this experience is achieved will involve considerable technical and financial risks.

Lack of workable technology is not a major impediment to the production of synfuels. There is a problem however, in that only a limited number of processes can be considered as commercially proven, and these processes are generally viewed as having operational or economic drawbacks. The development schedule for a new technology under orderly conditions is approximately 15 years from the time a small-scale pilot plant is started to the time a commercial plant can begin operation. This time scale can be hastened by skipping steps, but then the technical risk becomes substantial. As the risk rises, the willingness of sponsors and lenders to back the technology decreases. When these technical risks are coupled with marginal, or worse, economics, it is obvious why there are no commercial synfuels ventures in the country.

It is this risk, Mr. President, which is the most objectionable feature of the Energy Committee version of synfuel legislation. What the Energy Committee says to us, in effect is this: private investors will not invest in synfuel plants. The proponents of this bill have said as much, during this debate. American industry hesitates to put up the capital, because of the risks involved. The technology on this scale is uncertain, there may not be sufficient engineering talent available, as I have just outlined.

And so, the Energy Committee says, since business will not invest, we will invest the taxpayers' money. We will take $88 billion of the taxpayers' money, money that we probably do not have, and certainly money the taxpayer can ill afford, and we will invest it for them. We will choose the appropriate technologies; we will select the companies; we will pass on the details of their management, and we will decide how best to invest that money.

Mr. President, I ask this: Does this investment become less risky because Government is making it, instead of private investors? No, of course not. But the element of choice is avoided. The choice of whether or not to invest, the choice of where to invest will be taken from us. Those decisions will be made by an independent energy corporation, answerable to no one. We cannot elect the officers; we cannot depose them; they are not susceptible to stockholders suits if they mess up. They have $88 billion of our money, and they will invest it for us.

Mr. President, I would like to clarify one small point. The "investors" I am talking about here are not faceless millionaires. For the most part, they are people like us, ordinary working people, who have put their money in a bank, or who have some money in a retirement fund, or an investment fund, or in an insurance policy. That is whom we are talking about as investors. But notice that those are exactly the same people we are talking about as taxpayers. It is the same people. The taxpayers and the investors who are being asked to invest in this $88 billion corporation are the same people—with one important difference.

As investors, they can choose. They can choose to buy the bonds of the synfuel corporation, or choose not to. They can buy stock in Occidental Petroleum, or they can put the money in Sun Oil, which has no oil shale operations. They can choose to put their money in a savings and loan, or a credit union; they can choose, through their company representatives and union representatives, to invest their retirement funds in energy stocks, or in synfuel stocks, or in drug companies. As investors, they have full freedom.

As taxpayers, all those choices are gone, all that freedom is removed. Their money is to be taken from them, and is going to be invested in the way the directors of a faceless corporation see fit.

Talk about accountability. Talk about unresponsive business. This $88 billion monster is about as faceless, about as unapproachable, about as unresponsive as it is possible to get. The Energy Committee has carefully insulated it from any kind of financial restraint. It has an enormous pot of money to play with. Its directors are appointed by a President, in this case by the most political President in the history of the Nation. They are protected from conflict of interest laws, from disclosure laws, from laws preventing them from going to work for the companies they have aided. They are, we are told, "nonpolitical"; but three executive department heads sit on the board, and even though they do not vote, is there anyone gullible enough to think that they will not have a great deal to say about what this corporation does?

These directors cannot be removed for financial incompetence. If they were the directors of a private corporation, and they consistently chose the wrong technology, you can bet they would be gone mighty quick. But not these directors. They can stay on and on, and if they lose a few billions of the taxpayers money, why, there is another $88 billion where this one came from. Just crank up the printing press, or increase taxes.

So that is the worst feature of this legislation, Mr. President. It involves a loss of freedom to the individual. It makes no sense to talk about this corporation as if it were free enterprise. This has already been said earlier in the debate, and the administration did the same thing when they were lobbying for this bill on the Hill. But this is not free enterprise. Every kind of free market check on the corporation is carefully removed by this legislation. This is nationalization, or at least a great step toward it.

Some of this proponents of this bill profess to be surprised by the opposition of the energy industry to this bill. They talk about Big Oil, conveniently forgetting that the small businessman is even more opposed to this bill; the National Federation of Independent Business hates it like poison. They should not be so surprised. Business sees this bill for what it is: a giant step toward a total takeover of the energy industry by the Government. That is why they are opposed to it, and there is no reason for surprise.

I am not even surprised that all big business is not opposed to this takeover. There was some indication earlier in this discussion that the business roundtable lobbying against the Energy Committee bill. But the business roundtable has not lobbied against it. The business roundtable has taken no position on it. And the National Association of Manufacturers favors the Energy Committee version. Why?

Well, it has long been known that not all business is opposed to Government support and the control that comes with it. In this case, the strongest business argument against the Energy Security Corporation is not the position of big business, which is divided, but the position of small business, which is not. Some big business will make out very well under an Energy Security Corporation. After all, the bill provides for the taxpayer to build synfuel facilities for large corporations like Exxon and Mobil to run.

The surprise is not that they favor the Banking Committee version, but that they do not favor an Energy Committee version that could provide them with a soft living for a lot of years. But small business will not make out well, and small business knows it. That is why small business is here lobbying against an Energy Security Corporation, and I wish them every success.

So there we have it, Mr. President. We are asked to take from the investor his freedom of choice, and as a taxpayer, force him to take risks he would not take as an investor. Some Senators may be willing to apply that kind of force to the people of America, but I am not. Some may think the people of America will thank them for the loss of freedom, but I do not. Everything I read, everything I hear, all the mail from home convinces me that people have had enough. They do not want another agency to give them synfuels. They want Government out of it, and most of all, they do not want another $88 billion in taxes, whether direct or hidden as inflation.

There are those who say that the $88 billion will come from the oil companies, in the form of a windfall profits tax. But we should, by now, have laid that lie to rest. Companies do not pay taxes; oil wells do not pay taxes; refineries do not pay taxes; tankers floating on the sea do not pay taxes. Only people pay taxes. And it is the American people who will pay these taxes, the American people who will be taxed to support an enterprise that cannot tempt money even from the supposedly greedy oil companies. Mr. President, that kind of socialization of risk is alien to us, and should not be undertaken here.

The Energy Security Corporation is a bad, bad idea. We should defeat it, and I hope we will.

Mr. President, the difference between the Banking Committee version, on which we worked long and hard, and the bill presented by the Energy Committee is one of the creation of a new bureaucracy, of creating this new Government agency, taking $88 billion, deciding how that money will be spent, and the technologies involved.

One of the worst mistakes I have made since I have been in the Senate was to vote for the Department of Energy. I heard the same kind of rhetoric at that time: that all we had to do was to create this new Department and that would solve our problems.

Now we have a Department with a budget in excess of $10 billion a year, with 22,000 employees. That is more money than all the oil companies put together spent last year in looking for new oil and natural gas.

So, with respect to the creation of an Energy Security Corporation, I hear the same rhetoric, and my hindsight tells me it will not work. The Banking Committee version relies on tax incentives, tax credits, and guaranteed purchase price to stimulate incentive in the private sector, without the massive Government involvement of taxpayers' funds and the creation of an Energy Security Corporation that I doubt will work very much better than does the Department of Energy.

So I hope that my colleagues, when the vote comes up today at 1:30, will take the route of voting for the Banking Committee bill, which will produce energy faster and at a much lower cost to the taxpayers of this country, without the necessity of creating another Government agency.

Mr. JOHNSTON. Mr. President, 36 years ago yesterday there was an article in the Elkins, W. Va., newspaper about a plane using coal gasoline. It so happens that this airplane departed for Washington from West Virginia with our colleague, who was then Representative JENNINGS RANDOLPH, on board the airplane. By quirk of fate just recently a constituent of Senator RANDOLPH found this old article underneath a rug and sent it to the Senator and it arrived and is now available to him after all these years.

Mr. President, I have a copy of the article and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PLANE USES COAL GASOLINE

MORGANTOWN, W. VA., November 6.—An airplane using gasoline made from coal took off at the Morgantown airport today, for Washington.

Forty gallons of the synthetic fuel were brought here yesterday from the U.S. Bureau of Mines experimental plant at Pittsburgh for the first actual test of the product in an airplane.

After a seven-minute flight over the airport, Maj. Arthur C. Hyde, wing commander of the Maryland-District of Columbia Civil Air Patrol, said he was well-pleased with the results.

Before departing for Washington, Maj. Hyde, who flew here with Rep. Jennings Randolph (D-W. Va.), conducted another short test with Dr. Charles E. Lawall, president of West Virginia University. Several northern West Virginia coal operators were present.

The fuel was made under the supervision of Dr. H. H. Storch, manager of the Mines Bureau experimental plant, who was present for the test.

Randolph and Senator O'Mahoney (D-Wyo.) each have introduced bills to establish a number of semi-commercial plants for the manufacture of synthetic gasoline from coal.

Mr. JOHNSTON. Mr. President, the interesting thing about that article and about our colleague's involvement is that, along with Senator O'Mahoney, back in 1944 he was the author of the Synthetic Liquid Fuels Act of 1944 pursuant to which act a great deal of work was done over a dozen years involving synthetic liquid fuels. That work came on top of a prior effort begun in 1916 by the Bureau of Mines where they opened up two experimental retorts in Rifle, Colo. But as in the 1916 efforts which operated for a decade and the 1944 efforts that operated for over a dozen years, this country started and almost made a success with synthetic fuels but then decided to stop.

So, Mr. President, I think it is appropriate that we go back and review that history when we talk about synthetic liquid fuels today. One of the strongest points about our bill, that is the Energy Committee bill, is the fact that it has an independent corporation which will be impervious to the swings of energy thought and style in this Congress, the swings of opinion, such as we had following the 1944 act and the 1916 efforts of the Department of Energy.

Mr. President, this separate corporation will be manned by a five-member board who have staggered terms of 5 years each. It is the very essence of this corporation that we will be able to get some tough-minded busiessmen on that corporation who have experience in plants, in industry, in banking, and have sufficient stature to make these business judgments.

Mr. President, that is the real difference between our bill and the Banking bill, one of the most essential differences, because the Banking bill puts it over in the Department of Energy where you are going to have these decisions made by and large by people who are fulltime, who are career Government people who almost by definition have no experience in banking, in business, in making that plethora of decisions involving the taking of business risks.

This incorporation that we have created will allow us to seek and secure for service on this Board the most qualified people in the business community in this country. It will be a challenge that will attract the best business people in the country, and they will be able to serve on this Board for a period of 5 years with one goal in mind, that is, to produce synthetic liquid fuels. I think that one point is one of the very strongest arguments in favor of the Energy Committee bill rather than the Banking bill.

Second, we have the amount of money necessary to do the job for synthetic liquid fuels. We have $19 billion. Every expert agrees that it is going to take at least $19 billion to do the job for synthetic liquid fuels in its first phase. The first phase is the building of commercial demonstrations, approximately 10 in number, large enough to demonstrate the various technologies, large enough to demonstrate, for example, in modified in situ shale a 50,000-barrel-a-day plant, large enough to test a retort or two involving different kinds of technologies for retorting of shale, large enough to try at least probably high Btu gas from coal, to also try a low Btu gas from coal because the technologies, the methods are different, and large enough probably to try a Fisher-Tropseh process such as they use in the SASOL I plant in South Africa, as well as perhaps the Exxon donor solvent process, approximately 10 in number. And that is going to take every bit of the $19 billion in loan authority and price guarantee authority which we have in the Energy Committee bill, and the $3 billion provided in the Banking Committee bill simply will not do the job.

I reiterate that the $88 billion figure is a goal in our bill. If there is any doubt about that we are prepared to make it absolutely clear. There is no doubt about it. The first phase money is $19 billion for synfuels together with an additional billion dollars for biomass and you cannot go beyond that without action of this Congress. If that is a concern to any Senator it can be totally cleared up, but it is absolutely clear, I think, in the bill at this time. It is certainly our intention.

Mr. President, we had a briefing this morning from the CIA relative to events in Iran and in the world oil markets. While some of that information was secret, I can tell my colleagues in the Senate that there is not one encouraging fact on the energy horizon in this world. There is much to be discouraged about. I think to sum up the position we are in, as indicated in our briefing this morning, we face the real possibility, almost a probability, as we go into early 1980 of being short of crude oil in the world, I would say a probability of being short of crude oil as we go into 1980, possibly in the latter part of 1979, that there is a probability of gas lines reappearing during 1980 and in each subsequent year things should get more and more difficult.

Mr. President, if this Congress wants to respond to that need, and I know they do, I know there is probably not one single Member of this Senate who does not recognize the seriousness of the situation which this country finds itself in. But if we are to respond to that we cannot do it with synfuels with a $3 billion program such as the Banking Committee has. It simply will not do it.

The Banking Committee's own engineers in their own report show that we cannot build 10 or 12 plants with $3 billion in loan guarantees or price guarantees or in any other method even with the 3 to 1 leverage which they have with respect to loan guarantees.

It simply cannot be done. And I submit if we want to have it done we should get out with an independent corporation which is charged with one mandate, that is building synthetic fuel plants, and get away from the bureaucracy at the Department of Energy.

The Department of Energy and its predecessors have had 53 years in which to make a meaningful start with synfuels, 53 years, beginning with the experimental retorts at Rifle, Colo., and, Mr. President, each time they have started they have changed their minds. Each time they have started, the pressure, whether from international oil companies or from whatever other source, has politically caused the Department of Energy or their predecessors in the Bureau of Mines of the Department of Interior to change their minds and to say "We do not need any longer synthetic fuels."

The independent corporation created by this act, Mr. President, will have the necessary independence, will have the necessary experience, not just in energy but in matters financial and technlogical, in order to be able to respond to this great need of this country.

Mr. President, we are not as a nation, up until now certainly, doing what needs to be done with respect to energy. Just this week we read that the Nuclear Regulatory Commission has embarked upon an indefinite moratorium on our nuclear plants. Some plants destined to come on line at this particular time will not be able to come on line. One in the Vepco region that serves my home in Virginia will not be able to come on. Certain

Members of Congress are advocating longer moratoria; some are advocating that some existing plants be shut down.

Mr. President, this is not the time and place to debate that matter, but it is safe to point out that that situation with respect to nuclear energy makes even more clear the need for sources of energy from synthetic fuels. It makes even more acute the difficulty in which this Nation finds itself.

Mr. President, with each passing week, with each passing month, things are getting worse in this country. It is becoming a crisis. We talked about, we have been talking about, the energy crisis since 1973, and that is almost a contradiction in terms to have a crisis last that long. I do not think it has been a crisis exactly in the past. I think it has been an acute shortage, but we are approaching the point, Mr. President, where it will be a crisis affecting the very social fabric of this Nation, affecting our total economic system.

I submit to my colleagues that it is time for this Senate to pull together on a program that is backed by the Energy Committee, by the President of the United States and, I hope, by a big majority of Senators in this Chamber.

Mr. PROXMIRE. Mr. President, I am going to yield to the Senator from Colorado in 1 minute, but before I do that I would like to answer my good friend from Louisiana by saying that those of us who support the Banking Committee bill feel very strongly that this is a pro-synthetic fuels bill. This is the best way to get synthetic fuels produced, and get them produced effectively and as promptly as possible.

We feel that the crash program will be far less efficient, we feel that we will get less synthetic fuels produced under it, and I want to make that argument a little later on but, at this moment, I want to yield 10 minutes to my good friend from Colorado, Senator HART.

Mr. HART. Mr. President, I thank the distinguished chairman of the Banking Committee.

There is not a State in the Union that would be more affected by the outcome of the legislation under consideration by the Senate today than the State of Colorado. All of our colleagues well know that the State of Colorado possesses 80 percent or more of a resource called oil shale. Oil shale, of all the potential sources of synthetic fuels, is the most attractive economically. It has had the most intensive investigation and scientific research, and is in the most ready position for commercial demonstration.

The State of Colorado also posseses extremely large coal reserves. We could feel the impact of a synthetic fuels industry based on those reserves also. Therefore, Mr. President, I feel very strongly that what the Senate does regarding a synthetic fuels industry today will have as great an impact on the future of the State of Colorado as any legislative measure that we will undertake in the coming years. Consequently, Mr. President, I would like to express some views concerning the synthetic fuels legislation presently before us.

At the outset, Mr. President, I think it must be made clear that the issue before the Senate, before the Congress, and before the American people is not whether we have an energy crisis; not whether that crisis is as great and as severe as the Senator from Louisiana has stated. If anything, the Senator from Louisiana, the Senator from Washington (Mr. JACKSON), and others may have understated the case. We are in extremely perilous times. All of us agree that among the energy steps we must take, we must take steps in the public sector to create a synthetic fuels industry as much as possible in the private sector.

The real issue before the Senate, Mr. President, is what kind of industry should there be; what the economic impact of that industry will be on the Federal treasury; and what the impact will be on the structure of Government, and on the States affected. The issue is how will we get there; not whether we should go.

So, Mr. President, let me express my strong support for the Banking Committee approach to establish that synthetic fuels program. Except for some minor provisions, in my judgment the Banking Committee bill establishes a program to accomplish what is needed without the severe liabilities of the Energy Committee's program. The Energy Committee bill, in contrast, does so much more than is needed that it could be, in fact, counterproductive and could be seriously detrimental to the future of my State. And to the structure of the U.S. economy.

In July of this year, the Senate Budget Committee established a special Subcommittee on Synthetic Fuels. As chairman of that subcommittee, I have studied in detail the economic and budgetary aspects of various synthetic fuels proposals. My views regarding synthetic fuel legislation come primarily from the information contained in the report of the Senate Budget Committee's Subcommittee on Synthetic Fuels, as well as 15 years personally considering the various aspects of an oil shale program in this country.

This country's supplies of coal and oil shale are vast. Over the past few decades, processes have been developed to convert coal or oil shale into a substitute for crude oil or for natural gas. Many of these processes have been tested in laboratories and in small-scale or pilot-sized projects. None of the processes have been tested in this country at the full, commercial-scale size.

If all or some of the technologies to create synthetic fuel from coal or oil shale actually work as anticipated, this country could produce the equivalent of hundreds of millions of barrels of oil per day. All of this production would be used to reduce the dependence of the United States on foreign oil.

There are two key questions concerning the oil shale and coal processes. First, their economic practicality; second, their environmental quality. The only way this country can be assured these processes are economically practical and environmentally desirable is to test each of the processes in a full-scale, commercial-sized demonstration plant.

TWO PHASES

This country should be prepared to duplicate the desirable technologies in large numbers of synthetic fuel plants. The preparation for duplicating these plants should begin soon. But the decision to build duplicate plants should be postponed until the environmental and economic aspects of these technologies are known for certain.

In this era of budgetary stringency brought about by the need to balance the Federal budget and to reduce the burden of taxes, we must create a Federal program which can do the job with the least cost to the taxpayer and the least amount of Government intervention in the private sector or substitutes for private action. To this end, the synthetic fuels program should provide the needed incentives to encourage private industry to invest its capital resources. However, the Federal Government should not substitute its own financial resources for those of the private sector.

The administration of the Federal synthetic fuels program should rest with a Federal office large enough and independent enough to do the job, but not so large as to constitute a major increase in the size of the Federal Government or to constitute a threat to the Constitution or to increase Government intrusion into the ownership and means of production of energy supplies.

With those goals in mind, Mr. President, I think it is clear that the provisions of the Senate Banking bill, although they are somewhat imperfect, come much closer to the goals and the direction we should be going in than those of the Senate Energy Committee.

With the above goals in mind, I now turn to the key provisions in the Senate Banking Committee bill and compare those with the Senate Energy Committee bill.

ENERGY COMMITTEE'S PHASE II: TOO SOON TOO MUCH

Both the Banking and Energy Committee bills contain provisions for a first-phase program. The Banking Committee version contains no second phase. The Energy Committee version authorizes $68 billion for a second phase, which would automatically go into effect within 3 years unless Congress disapproves. Although I believe we should prepare for a second phase, I believe the Energy Committee version is unacceptable in this regard.

It is extremely unlikely that sufficient information on the economical practicality and environmental safety of synthetic plants can be gained within 3 years. In fact, it is likely that most synthetic fuel plants will take 5 years or more to construct. Therefore, the earliest date information will be available to consider a second phase will be in the mideighties

The Energy Committee bill contains a goal of producing 1.5 million barrels of oil a day by 1995. I believe this goal is certainly in the range of potential production from synthetic fuels. If the processes tested in the first phase are acceptable. I believe that the United States is likely to be able to reach this production goal. However, at this time, it is undesirable to require the establishment of a plan to achieve that goal. In light of the economic practicality and environmental consequences of the best synthetic fuels technologies, it may be found that this goal is too large or unreachable by that date. Alternatively, the technologies could work even better than expected, and the goal could be too small. It just makes no sense to authorize $68 billion now for a program containing such uncertainty.

Because the Banking Committee bill authorizes no second phase at this time, I strongly favor this approach. Although the banking bill does not require such a plan, it would certainly be expected that the administration in the mid-1980's would advise the Congress on the wisdom of proceeding with a second phase at that time.

INCENTIVES RELATED TO PRODUCTION OF FUEL NOT TO COSTS OF CONSTRUCTION

The second question concerns the types of incentives in the two proposals. Both bills suggest price guarantees or purchase agreements as the primary incentive vehicle, and also provide loan guarantees. These incentive mechanisms are extremely desirable because they place most of the risk on the private companies which will build the projects. The assumption of this risk by the individual companies is absolutely necessary to weed out undesirable processes.

Because the companies themselves will bear what is called the technological risk, they will be sure that the process has a high probability of success before constructing a commercial-size plant. The price guarantees and purchase agreements will reduce the other current obstacle of risk market uncertainty. Since the Federal Government projects a substantial increase in world energy prices throughout the 1980's, price guarantees would, in effect, insure the private investor the equivalent of those projected world oil price increases. By keeping the price guarantees at reasonable levels, the Government will encourage private industry to weed out for themselves projects which would have an extremely high cost.

The provision of loan guarantees does somewhat reduce the risk of companies investing in synthetic fuels plants. In effect, by sharing the cost of investment through a loan guarantee, the Government reduces the risk of failure for an individual company. In general, I oppose loan guarantees. However, in this specific instance, I think loan guarantees are necessary to encourage the participation of companies which are too small to otherwise raise the capital for the commercial-scale synthetic fuels plants.

Without loan guarantees for these smaller companies, only the dozen or so largest oil companies could build synthetic fuels plants. Only those very large companies have the capital assets large enough to be able to borrow money for such risky ventures. We need to encourage the participation of all sorts of companies, including intermediate-size corporations and those not now engaged in oil production. Therefore, loan guarantees are an important aspect of a synthetic fuels program.

UNDESIRABLE SUBSIDIES

The Energy Committee bill also contains further incentives which I believe are both unnecessary and undesirable. In fact, there are three types of incentive mechanisms that should be omitted—Government-owned company-operated plants direct loans, and joint ventures.

Although they are listed as low priority, the Energy Committee proposal would allow the Government to construct synthetic fuels plants at Federal expense and then to hire contractors to operate them. The Energy Committee offers this financial mechanism as a potential whip to drive the oil companies into spending their own money on synthetic fuels plants.

I believe such Government-owned company-operated facilities, GOCO's, as they are called, are a counterproductive element in the Energy Committee bill.

To the extent that the threat of GOCO's does drive the oil companies to invest their own funds in synthetic fuels plants when they wish not to, this could be counterproductive. Some synthetic fuels technologies are in need of more development before commercial plants are built. Fearing competition from a GOCO, a company might prematurely schedule construction of a plant before a process is completely developed. If we want to have processes which are economically practical and environmentally safe, we should also be sure that companies develop these processes to their satisfaction before the commercial plant is built. In this sense, the GOCO whip could crack back and lash the driver.

Second, the potential for investing in GOCO's could actually induce some companies to go that route. There are some companies that do not now own oil shale reserves and do not have the resources to purchase them. These companies under current conditions have an incentive to combine with other companies with greater financial resources or with oil shale reserves to jointly establish a commercial demonstration.

I am concerned that once the Government becomes involved in owning its own plants on Federal oil shale lands, the Government will be involved forever. I would much prefer that private corporations acquire and then invest their own capital resources in these demonstration plants so the corporate executives would be ready to invest even vaster sums of money in the duplication of successful technologies.

The Energy Committee proposal also contains provisions for direct Federal loans and joint ventures. Direct Federal loans would substitute for a loan guarantee in those cases where the private investor had such little ability to convince the financial sector in this country that this technology was good, that only the Government would make a loan. I believe if the technology and the company combined are in such poor shape, that they cannot attract private financing, this is a strong signal that the Federal Government should not get involved. Instead, the Government might help fund a pilot plant to provide more information which might ultimately result in greater private participation and an eventual commercial plant.

Similarly, if a given company fails to form joint ventures because it cannot convince other companies of the relative merits of a particular process, I believe again that this is strong reason why the Federal Government should not become a participant.

In summary, the Banking Committee bill contains necessary elements to hasten the construction of prototype commercial plants. The Energy Committee bill contains further incentives which are unnecessary and undesirable.

ENERGY SECURITY CORPORATION

The next question concerns the Energy Security Corporation. The Banking Committee bill would rest the administration of the synthetic fuels program with the President. The administration of synthetic fuels incentives must be specifically the responsibility of some Federal office. But the Energy Committee provision for an Energy Security Corporation cannot be justified.

The idea of the Energy Security Corporation was conceived as a mechanism to spend $88 billion on a synthetic fuels program. Such an entity might be needed if Congress were to go along with the three dozen or so synthetic fuels plants needed to achieve the President's long-term goals at this time. But I am sure that a new independent agency is not needed to fund the half dozen or so prototype commercial-scale synthetic fuel plants that would be implemented in the first phase of the synthetic fuels program.

Not only is the establishment of an Energy Security Corporation unnecessary, it is also undesirable. As proposed by the administration and the Senate Energy Committee, the Corporation would be outside the control of both the executive branch and the Congress. Tens of billions of dollars would be allocated to the managers of the Corporation and would be spent without further control or approval by the executive branch or Congress. Never has this country proposed that an agency responsible neither to the Congress nor to the President spend tens of billions of dollars of the taxpayers' money. I am concerned that the mere existence of the Federal Corporation would establish a level of Federal intrusion into the marketplace which, if anything, would drive out the high degree the private sector participation that will be required to establish a competitive synthetic fuels industry.

Furthermore, the mere establishment of a new corporation will take time. The most important element of the first phase of the synthetic fuels program is that it be begun immediately. It could take many months to establish a working corporation. I would prefer that an Office of Energy Security be established instead. This office would be smaller, leaner, and faster starting.

Mr. President, from a standpoint of those of us from the Western United States where many of these resources are located, as I said, I believe that the Banking Committee approach is vastly superior to that offered by the Energy Committee. I believe it contains all the mechanisms necessary to establish a first-phase synthetic fuels program in the United States. With necessary levels of funding, the Banking Committee approach can achieve the construction of 8 to 10 prototype commercial plants in the mid-1980's. It will establish these plants without Government intrusion and substitution of the public sector for the private sector. It will minimize the cost to the taxpayer and maximize the degree of involvement by the private sector by large companies and small companies.

If I were to characterize the Energy Committee approach compared to the Banking Committee approach, I would say that the Energy Committee is doing the equivalent of authorizing an amount of money to build an armada of new battleships before the first battleship has ever been constructed. The Department of Defense learned long ago the need and wisdom of testing competing designs for the Navy before deciding upon a final approach. By authorizing the second phase of the synthetic fuels program before the first phase is actually in production, the Energy Committee proposal could result in duplicate plants before the first plant for any process is in operation.

The Banking Committee approach does not necessarily mean a slower approach, but it certainly means a more effective one. I believe that in the mid to late 1980's, this country will have a better chance of convincing OPEC that it can produce large amounts of synthetic fuels if it has a half dozen to a dozen finely tuned, well functioning, and environmentally sound plants. The alternative that could result from the Energy Committee proposal would be a lot of plants that are economically impractical and ones surrounded by environmental lawsuits.

Mr. President, as one who has the privilege of representing what many of us consider to be the most beautiful State in the Union but also one which contains, perhaps, the solution to part of this country's energy needs in its vast oil shale and coal reserves, I strongly urge my fellow Senators to vote for the Banking Committee approach. The Banking Committee will, in my judgment, come the closest to meeting the balance of problems faced by the State of Colorado and this country, in terms of its need to solve this energy problem and create a much needed synthetic fuels program as part of that solution but, at the same time, not destroy our State in the process.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. HART. Yes, I yield to the Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, I congratulate the Senator from Colorado on his statement. I think it is most significant that the Senator from Colorado, representing as he does a State where 80 percent of the oil shale is—that is where the activity is going to be—gives us the advice on how this will affect his State. We should listen to him. We listen to other Senators about how legislation will affect their States. The junior Senator from Colorado agrees with him. The Governor of Colorado testified along the same lines before our committee.

The record is clear: the effect of a crash program in Colorado will be tremendously inflationary and very damaging to the environment. The arguments made by the distinguished Senator from Colorado, I think are most compelling. I thank the Senator very much for his comments.

Mr. HART. I thank the Senator from Wisconsin.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. METZENBAUM addressed the Chair.

The ACTING PRESIDENT pro tempore. Who yields time to the Senator from Ohio?

Mr. METZENBAUM. Mr. President, I ask the Senator from Louisiana to yield me 10 minutes.

Mr. JOHNSTON. Mr. President, I yield 10 minutes to the distinguished Senator from Ohio.

Mr. METZENBAUM. Mr. President, I rise to discuss this legislation and the pending amendment. I think that the synthetic fuels bill before us is one of the most important pieces of legislation that we will consider this year. This piece of legislation could create one of the most major boondoggles in the history of our country, or it could do that which it is framed to do, which is to help us develop a synthetic fuels industry in this country.

The way the bill's language is set up, it has a good chance of working and achieving the objective that we seek. I recognize that it is fraught with dangers, and yet I feel that that is a calculated danger that we have to take in order to try to achieve a synthetic fuels industry and actually develop synthetic fuels in this country.

There are other measures and means of approaching this problem that are suggested in the pending amendment, and I am not prepared to denigrate the validity of that proposal, but it is my view, based upon my experience with the Department of Energy in the past, that if you just have a price guarantee or a loan guarantee, if you do not have an agency totally dedicated to developing synthetic fuels, I am afraid it will not happen.

As a matter of fact, realistically speaking, the Department of Energy has had the authority, the ability, and the funds to go ahead with the gasification of coal, the liquefaction of coal, and the development of other synthetic fuels sources that are contemplated to be developed under this legislation. But they have dragged their feet, and nothing has happened.

It occurs to me that it is worthwhile taking the chance of spending the $20 billion or $22 billion we are talking about here, and the possible $88 billion—which, incidentally, only represents about the equivalent amount of money that we spend in 150 days for oil in this country, assuming a $30 per barrel price; it is a lot of money, but it is not a lot of money when we talk about the oil industry and the importation of oil into this Nation, or when we talk about purchasing foreign oil at an expenditure of $70 billion a year at the present time.

Frankly, I am not particularly concerned whether the number is $3 billion, $10 billion, $20 billion, or $88 billion, this Nation has to find alternative energy resources if we are going to be able to be a viable Nation in the future. So what do you do under those circumstances? You try to put together a piece of legislation that will achieve that objective. I am not certain that you achieve it totally; you try to provide a piece of legislation that protects conflicts of interest, and I am not totally satisfied with the language of this bill, but at least it makes the effort. You attempt to provide for Government profit sharing, so that it may get insurance for its invested dollars, or those dollars it has put up at risk; and I am not totally satisfied with that language, but I think it will achieve the objective.

You try to provide for the protection of Government patent rights; you try to provide for a guaranteed cash fund to cover possible losses; and although I think the figure ought to be larger than it is in this legislation, at least it provides some measure of protection for the people of this country and the Treasury of this country.

Probably most importantly of all, we have made it possible to create Government-owned corporations, if they are necessary to commercialize technologies which the energy companies are not willing to develop. To me the whole concept of the GOCO's is essential if we are to have an adequate bargaining tool to deal with the oil companies and the energy companies involved and the largesse that will flow from this piece of legislation. It gives the Government a good bargaining tool. It does not mean the Government is going to go in business, but it does say that the Government can go in business if it wishes, by moving forward in an appropriate manner and a manner to protect the Treasury of the United States.

The GOCO's provide that such techologies as are available can and will be commercialized. It does make it possible to provide for an element of competition in this legislation, and it does have a little bit—not a whole lot, but a little bit—of protection for the consumer, who has so often been forgotten in the energy legislation that we have passed and considered in this session of Congress.

I must say, frankly and publicly, that I am very disturbed about the fact that after the Energy Committee spent days on end negotiating, amending, working together to try to develop an adequate concept for the development of Government corporations, GOCO's, that the next thing I learned about it was that the White House had agreed with the National Association of Manufacturers and other business groups to drop its support for the GOCO's and actually be against the GOCO's. That, to me, is actually pulling the rug out from under the energy subcommittee which spent days and weeks in trying to develop a piece of legislation. All I can say about that is that I was shocked about the White House change of position on that particular subject.

There are several provisions that do not deal with title I but they have to do with the conservation aspects of the legislation.

There are portions of this bill which provide for as strong, mandatory conservation measures as anything this Congress has been considering. Every time we have talked about conservation in this Congress, we have backed up, we have weakened the measure. There are provisions in the conservation portion of this legislation that, if not included, would cause me to find the legislation to be less than acceptable and I would be prepared to consider some other approach.

I believe we are talking about a total package. I believe the Energy Committee has made every effort to accommodate the interests and concerns of those who would be developing the energy, those who are concerned about the consumer aspects, and those who are concerned about conservation. I think that the package which is presented before us today for our consideration is the best that we are able to put together. I believe it makes sense for us to take this calculated gamble, a phrase that I used previously but a phrase I believe this bill represents. It is that, and that is a good enough reason for us to stick with the bill which came out of the Energy Committee in its present form.

If and when it should be changed, and there should be concessions and accommodations to various special interests which are involved, then I think it would be important to take another look. But the bill in its present form has sufficient validity, has sufficient value, has sufficient advantages for the American people that I hope we will accept the Energy Committee bill, and at this point in time not look favorably upon the Banking Committee bill which, itself, does have some merit to it.

Mr. PROXMIRE. Mr. President, I yield 5 minutes to the Senator from New Mexico.

ENERGY MADNESS

Mr. SCHMITT. Mr. President, the solution to our energy supply and cost problems does not lie in more Government regulations, more Government management or more Federal taxes. The solution lies in the mobilization of the strength of Americans and their system of free enterprise.

More Government regulations, more Government management and more Federal taxes are at the root of our energy supply and cost problems. A giant bureaucracy called the Department of Energy has not solved these problems. An additional bureaucratic and judicial morass called an Energy Mobilization Board will not solve these problems. A massive new tax on the consumer called a windfall profits tax will not solve these problems. An uncontrolled and unfair competitor to American ingenuity and enterprise called an Energy Security Corporation will not solve these problems.

The only thing that will solve these problems will be Americans working and achieving as only they can. Government must be a benevolent referee and coordinator, but not a voracious adversary and competitor.

The proposal to create an Energy Security Corporation for the primary purpose of substituting major quantities of synthetic fuels for imports of foreign oil is based on worthy aims. No one will deny that. There is no question that the most clear and present danger to our national security is dependence on high-cost foreign imports for 50 percent of our oil supplies. Unfortunately, an $88-billion crash program in synthetic-fuel production will not remove this clear and present danger.

The only short-term answer is to re-create the deregulated environment that used to exist and which will mobilize the domestic oil and gas producers, particularly the independents and their investors. These people who find 80 percent of the oil discovered in this country are part of the typical American business community. They search for oil and gas because it is both exciting and profitable and because they want to help this country. They expect the Government to referee their competition but they do not need Government to participate in and thereby destroy that competition. This is our short-term resource.

A crash synthetic-fuels production program will divert us away from the achievement of short-term energy independence by raising false hopes; by wasting capital, people, equipment and resources; by distorting the American enterprise system; and by aggravating energy price inflation. One of the best analyses of these factors is that of Congressman DAVE STOCKMAN of Michigan. I ask unanimous consent that his paper on this subject be printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

SYNFUEL MADNESS

(By Representative DAVE STOCKMAN)

The current synfuels stampede is official Washington's version of tank-topping—a momentary eruption of the herd instinct based on yesterday's news and today's apprehensions. Fortunately, the Nation's gasoline lines are already diminishing in response to improving news, marginally better fuel supplies and the recovery of public composure.

Our best interests now will be served if the synfuels line on Capitol Hill dissipates and if President Carter, if he is to avoid yet another bad idea, forswears support for the synfuel stampede

To be sure, synthetic fuels produced from heavy oils, tar sands, shale or coal will someday be as commonplace as imitation brick fireplaces. The energy appetites of industrial societies, the prodigious deposits of these substitutes that are available and our existing technical knowledge virtually guarantee this. But what will happen someday is not the issue.

The question is whether, on this side of the horizon, a $60 to $150 billion program to turn out 2 to 4 million barrels a day of synthetic fuels would accomplish any of its backers' aims. The answer, despite all the rhetoric and breast-beating, is that it wouldn't.

A crash program of this kind would have virtually no impact on the OPEC oil cartel's power in the 1980s and little impact in the 1990s. It would not significantly enhance our national security or our energy independence. It would not lower the current high world oil price or appreciably slow future price increases. Most important, it would not reduce our vulnerability to Iranian-type oil supply interruptions resulting from political instability, which are currently at the heart of our problem.

Yes, there may well be reason for Washington to promote a few demonstration synfuel plants at present, and there are other important steps we can take. But the last thing we need is a multibillion-dollar illusion to satisfy our national macho, to stroke ourselves with the mistaken belief that, finally, we are "doing something" about the energy problem.

What's happened amid the current synfuels euphoria is that many inconvenient facts have been ignored. The proposed plants, for example, wouldn't come off some Department of Energy cookie cutter. They would require massive engineering and construction feats for "first of a kind" projects.

Coal-liquids and shale-plant technologies, feedstock characteristics and site potentials vary so widely that they are not likely to become standardized any faster than light-water nuclear reactors have been. Yet there are only a handfull of world-scale engineering firms with the resources and specialized manpower to handle detailed, final plant designs and construction management.

These plants would also result in major environmental assaults, involving many air and water pollutants and, in the case of shale, the disposal of massive volumes of toxic tailings. Even a fast-track approval process by environmental regulators would likely take two to three years because of the irrational complexities of Clean Air Act preconstruction requirements.

In addition, simultaneous construction of 10 to 25 such plants would severely tax the skilled manpower and manufacturing capacity for a long list of critical components and subsystems. Finally, we should not ignore the experience of the only large-scale syncrude plant functioning today, the 130,000-barrel Canadian tar sands facility. It has been plagued with startup problems for nearly a year and is currently producing at substantially below rated capacity.

All this should make it clear that a massive synfuels program authorized this year would not affect the world oil price by so much as a dime before 1987. We would be fortunate to have 500,000 barrels a day of reliable output by the end of the next decade. That would be less than a 1 percent addition to the 50 million barrel a day world petroleum market—not much of a lever on oil prices. Even if we managed to turn out 2 million barrels a day by the early 1990s—which would take an estimated 40 synfuel plants—it would increase world supply by only 3 percent, again with only a modest impact on price.

Whatever the long-run prospects, then, a major U.S. synfuels program would do practically nothing about OPEC, and precious little about the world oil price, for at least a decade and a half.

Or you might want to consider the cost-benefit equation another way: A 2-miles-a-gallon increase in the average fuel economy of the U.S. auto fleet in 1985 would equal the annual output of 10 synfuel plants.

Another misleading notion of the synfuels crusaders is that the world oil price now is rising fast enough and production costs will be low enough for coal and shale liquids to be competitive by the time the synfuel plants are operating. The ease of taking giant risks with other people's money, of course, often makes bureaucrats and politicians overlook critical distinctions that private investors can ignore only at the peril of losing their own money.

Private investigators, for example, do not believe the cost estimates derived from their own DOE-financed pilot projects. There is a world of difference between back-of-the-envelope estimates drawn from small-scale experiments and the detailed engineering specifications needed for full-scale plants.

The experience of the Colony Group that planned to build a surface retort shale plant shortly after the first oil embargo is instructive. The back-of-the-envelope estimate before November 1973 was under $7 a barrel. By the time the detailed engineering specifications had been completed in August 1975, the break-even price had jumped to $22 a barrel. That figure is now nearly $30 a barrel, and that doesn't include additional expenses stemming from toxic-substance and environmental regulations.

There should be no illusions, therefore, that most synfuels would cost anything less than the equivalent of $30 to $40 a barrel of crude oil—and that is in real dollars. If we keep inflating our economy at 10 percent a year, the nominal dollar cost would double to the $60 to $80 range before 1985.

Indeed, the naive assumption that the world oil price is rapidly closing in on the range at which synfuels will become competitive stems from our habit of measuring the world oil price in terms of the counterfeit money we print at home. What matters to foreign oil sellers, naturally, is not the nominal dollar price but the real terms of trade—the command over Western steel, engineering services and foodstuffs held by each barrel of a wasting asset.

In the context of that buying power, a substantial share of the oil price increase this year was necessary just to restore the terms of trade established in the fall of 1975. From then until last December, the real OPEC oil price—adjusted for dollar-exchange value loss and Western inflation—declined by a full 20 percent. If the new $19 average price sticks, by year's end the real price of oil will have risen by less than 9 cents a gallon over the past four years.

In short, it would take a 4 percent annual increase in the real oil price over the next 15 years to close the present competitive gap. In light of the prospects for new production outside OPEC and continued fuel substitution and energy efficiencies around the world, that rate of real price escalation is by no means guaranteed. Scratch another argument.

What the synfuel stampeders fail to recognize is that our current vulnerability does not stem from price pronouncements following the theatrics of the oil ministers' meeting in Geneva. The real dangers for us are unplanned and undesired convulsions in the producing areas themselves—the Iranian syndrome—and our failure to be prepared for them. The synfuels panacea would do almost nothing to ease this problem.

THE PIPELINE PROBLEM

Our vulnerability lies in the structure of the world oil production system, not in our absolute level of daily imports. There is simply no spare production capacity available now anywhere in the world, with the questionable exception of Saudi Arabia. This means that the mammoth free world oil supply system is balanced precariously on a "ragged edge." Any significant production curtailment will touch off a worldwide scramble for suddenly scarcer supplies, with enormous upward pressure on prices until production is restored or a new price equilibrium is reached.

The key question here is whether the proposed new synfuel plants, if and when they are ever built, would be held in reserve as spare capacity or would simply become part of the world's base capacity.

It is inconceivable to me that synfuel crusaders intend for these multibillion-dollar giants to stand idle most of the time, waiting for a bomb-thrower in Baghdad to require a throttle-up to full production. Just a million barrels a day of standby synfuel capacity would cost nearly $100 million a week to maintain in idle plants, even at today's optimistic estimates of capital costs.

In a world in which the marginal sources of petroleum supply carry an exceedingly high cost, the only way to get off the "ragged edge" is with low-cost storage.

Crude petroleum can be stored in salt domes and other geological formations for substantially less than $1 a barrel. An internationally coordinated 2-billion-barrel storage program for all the non-Communist industrialized nations that are members of the Organization for Economic Cooperation and Development (OCED) would cover a production outage of up to 5.5 million barrels a day for a year—or two years' worth of last winter's net loss from the Iranian interruption.

There may well be a persuasive rationale for a few demonstration synfuels plants at present. But the suspicion that these plants are not yet competitive could be readily tested are not yet competitive could be readily tested simply by taking bids at a guaranteed purchase price of no more than $5 a barrel above the world price over the life of the plants. If such a limited arrangement does not coax private capital out of the banks, it would be good reason to keep billions in public capital in the Treasury.

Mr. SCHMITT. Let me quote just a few paragraphs from Congressman STOCKMAN's discussion:

A crash program of this kind would have virtually no impact on the OPEC oil cartel's power in the 1980s and little impact in the 1990s. I would not significantly enhance our national security or our energy independence. It would not lower the current high world oil price or appreciably slow future price increases. Most important, it would not reduce our vulnerability to Iranian-type oil supply interruptions resulting from political instability, which are currently at the heart of our problem.

To further illustrate the folly of a crash synthetic-fuels production program, some facts supplied by the U.S. Geological Survey are enlightening.

I ask unanimous consent that those facts and a list accompanying those facts be printed in the RECORD at this point.

There being no objection, the information was ordered to be printed in the RECORD, as follows:

Coal Feed Stock Requirements for 50,000 bbl/day Commercial Synfuel Plant:

Feedstock (tons coal/day for bituminous coal) = 20,000.

No. days operational/year = 300.

6,000,000 tons of bituminous coal required/ year/ synfuel plant.

If lignite used, then 40,000 tons coal/day would be needed or 12,000,000 tons/year would be required for each synfuel plant.

What are coal requirements for Synfuel Plant with 30-year life span?

Bituminous coal: 30 × 6,000,000 = 180,000,000 tons.

Lignite: 30×12,000,000 = 360,000,000 tons.

These figures represent the approximate amount of coal to be converted in each synfuel plant.

How much in-the-ground coal resources would have to be available in a tract for each plant?

To answer this requires an analysis of the amount of coal that can be recovered by surface mining; by underground mining.

Generally, for surface mining a recovery factor of 80 percent is realistic; for underground mining the recovery factor, depending upon mining method, may be 30 to 35 percent. A nationwide average of 50 percent is not unrealistic, if certain assumptions are made.

Therefore:

The total in-the-ground bituminous coal resources required, if a 50 percent recovery factor is used, is 360,000,000 tons; for lignite 720,000,000 tons; subbituminous coal requirements would be between these two numbers.

What were the 50 largest bituminous and lignite mines in 1978?

The accompanying list, from the Keystone Coal Industry manual, gives the largest coal mines in the U.S. Note that only six mines produced more than 5 million tons during 1978. However, close scrutiny of the list suggests that very few surface or underground mines produce 6 to 12 million tons of coal per year. Generally, an underground mine with a production of 1 million tons/year is considered large; a surface mine which has a production of 5 million tons/year is considered large.

It is a good assumption that each synfuel plant will have a 30-year dedicated or captive coal reserve. This assumption arises from the large investment required for each plant—$1.2 to $3 billion.

Each plant should be (and probably will be) tailored to the physical and chemical characteristics and properties of a particular coal bed or a blending of several coal beds.

The first 6 to 12 Synfuel Plants will likely be easy to locate because of readily available coal capacity and water. However, those that follow will be faced increasingly with identifying the required large blocks of existing captive coal reserves, delineating uncommitted water resources, and overcoming societal and environmental barriers. Also, these synfuel plants will be competing more and more for coal with power plants converting from oil and gas to coal or new plants constructed solely for coal combustion.

The lead time for development of a coal mine varies by state, type of mine, and ownership. The new surface mining regulations add at least two years to previous lead times. Federal ownership adds at least an additional several years. The current best guess at lead time for coal mine development is: Surface—average 4 to 8 years; underground—average 6–10 years.

50 BIGGEST BITUMINOUS AND LIGNITE MINES IN 1978

[Compiled by Keystone Coal Industry Manual]

[The 50 biggest bituminous and lignite coal mines in 1978 produced 170,065,874 tons or 25.9 percent of the estimated total production. 41 were commercial operations; 9 captive, 22 increased their output over the previous year]

Company	Name of mine	State	Production		
			1978	1977	1950
1. AMAX Coal Co	Belle Ayr (S)	Wyoming	18,065,664	13,331,844	New 1972
2. Western Energy Co	Rosebud (S) (C)	Montana	10,576,000	9,773,676	New 1968
3. Decker Coal Co	Decker Nos. 1 & 2 (S)	Montana	9,073,592	10,390,421	New 1972
4. Utah International Inc	Navajo (S)	New Mexico	8,000,000	6,900,000	New 1963
5. Peabody Coal Co	Kayenta (S)	Arizona	6,771,768	6,897,578	New 1974
6. Bridger Coal Co	Jim Bridger (S)	Wyoming	5,175,540	5,448,953	New 1973
7. Washington Irr. & Devel. Co	Centralia (S) (C)	Washington	4,700,000	4,955,242	New 1970
8. Peabody Coal Co	River King (D&S)	Illinois	4,597,514	4,521,969	New 1957
9. Kemmerer Coal Co	Elkol-Sorenson (S)	Wyoming	4,061,794	4,385,147	New 1963
10. Sunoco Energy Devel. Co	Cordero (S)	Wyoming	3,800,000	2,128,545	New 1976

50 BIGGEST BITUMINOUS AND LIGNITE MINES IN 1978—Continued

[Compiled by Keystone Coal Industry Manual]

[The 50 biggest bituminous and lignite coal mines in 1978 produced 170,065,874 tons or 25.9 percent of the estimated total production, 41 were commercial operations; 9 captive, 22 increased their output over the previous year]

Company	Name of mine	State	Production 1978	Production 1977	Production 1950
11. Consolidation Coal Co., Western Reg	Glenharold (S)	North Dakota	3, 686, 094	3, 382, 000	New 1965
12. Baukol-Noonan Inc	Center (S)	North Dakota	3, 400, 000	1, 791, 273	New 1973
13. Glenrock Coal Co	Dave Johnston (S) (C)	Wyoming	3, 326, 616	3, 326, 616	New 1958
14. Southwestern Illinois Coal Corp	Captain (S)	Illinois	3, 200, 000	3, 100, 000	New 1961
15. Arch Mineral Corp	Medicine Bow (S)	Wyoming	3, 100, 000	2, 800, 000	New 1974
16. Pittsburg & Midway Coal Mining Co	McKinley (S)	New Mexico	2, 992, 958	1, 369, 199	New 1592
17. Energy Fuels Corp	Energy No. 1 (S)	Colorado	2, 909, 272	3, 048, 584	New 9596
18. Knife River Coal Mining Co	Gascoyne (S) (C)	North Dakota	2, 871, 839	2, 520, 363	9, 458
19. Rosebud Coal Sales Co	Rosebud (S)	Wyoming	2, 868, 048	2, 708, 888	New 1962
20. Big Horn Coal Co	Big Horn (S)	Wyoming	2, 838, 862	2, 394, 532	350, 841
21. Arch Mineral Corp	Seminoe No. 2 (S)	Wyoming	2, 800, 000	2, 800, 000	New 1971
22. Peabody Coal Co	Sinclair (D&S)	Kentucky W	2, 655, 851	3, 625, 599	New 1962
23. Carter Mining Co	Rawhide (S)	Wyoming	2, 620, 000	1, 000, 000	New 1975
24. Western Coal Co	San Juan (S)	New Mexico	2, 613, 030	2, 186, 637	New 1974
25. Westmoreland Resources, Inc	Absaloka (S)	Montana	2, 554, 201	4, 529, 053	New 1974
26. Peabody Coal Co	Lynnville (S)	Indiana	2, 552, 602	3, 365, 003	New 1955
27. Central Ohio Coal Co	Muskingum (S) (C)	Ohio	2, 525, 651	3, 125, 220	New 1952
28. Peabody Coal Co	Black Mesa (S)	Arizona	2, 515, 820	4, 427, 704	New 1970
29. Arch Mineral Corp	Seminoe No. 1 (S)	Wyoming	2, 500, 000	2, 300, 000	New 1971
30. AMAX Coal Co	Leahy (S)	Illinois	2, 274, 880	2, 342, 907	New 1971
31. Peabody Coal Co	River Queen (D&S)	Kentucky W	2, 224, 959	3, 766, 210	New 1957
32. Clinchfield Div., Pittston Co	Moss No. 3 (D&S)	Virginia	2, 221, 440	3, 327, 634	New 1958
33. Old Ben Coal Co	Old Ben No. 2 (S)	Indiana	2, 154, 693	2, 424, 483	New 1975
34. Mountain Drive Coal Corp	No. 1 Strip (S)	Kentucky	2, 100, 000	1, 606, 824	New 1967
35. Peabody Coal Co	No. 10	Illinois	2, 096, 287	2, 807, 593	New 1952
36. Peabody Coal Co	Big Sky (S)	Montana	2, 064, 886	2, 343, 877	New 1970
37. Monterey Coal Co	No. 1 (C)	Illinois	2, 006, 000	2, 524, 815	New 1970
38. Martiki Coal Corp	Martiki (S)	Kentucky	2, 000, 000	1, 480, 976	New 1975
39. Thunder Basin Coal Co	Black Thunder (S) (C)	Wyoming	1, 983, 334	42, 000	New 1975
40. Consolidation Coal Co., Midwestern Reg	Burning Star No. 4 (S)	Illinois	1, 958, 683	2, 016, 000	New 1973
41. Peabody Coal Co	Universal (S)	Indiana	1, 947, 341	2, 376, 732	New 1970
42. Knife River Coal Mining Co	Beulah (S) (C)	North Dakota	1, 887, 267	1, 885, 230	412, 338
43. Consolidation Coal Co., Eastern Reg	Ireland	West Virginia	1, 860, 986	1, 626, 232	New 1957
44. Consolidation Coal Co., Midwestern Reg	Burning Star No. 5 (S)	Illinois	1, 832, 714	1, 832, 714	New 1975
45. Kerr-McGee Coal Corp	Jacobs Ranch (S)	Oklahoma	1, 800, 000	----------------	New 1974
46. Old Ben Coal Co	Old Ben No. 1 (S)	Indiana	1, 760, 611	2, 388, 212	1, 224, 190
47. Island Creek Coal Co	Pevier (D & S)	Kentucky W	1, 726, 726	2, 188, 704	New 1972
48. U.S. Steel Corp	Maple Creek 1 & 2 (C)	Pennsylvania	1, 614, 000	2, 044, 000	New 1959
49. U.S. Steel Corp	Robena (C)	Pennsylvania	1, 612, 000	2, 233, 000	3, 137, 832
50. Consolidation Coal Co., North West Virginia Reg	Robinson Run	West Virginia	1, 586, 351	2, 099, 000	New 1968
Total production, 50 mines			170, 065, 874	165, 801, 189	5, 134, 659
U.S. total production, bituminous and lignite			656, 000, 000	688, 575, 000	516, 311, 000
Percent listed mines to national total			25.9	24.1	1.0

Symbols: (C) captive mines, (S) surface mines, (D) deep mines—tonnage not coded is deep.

Mr. SCHMITT. Mr. President, I particularly would like to point out in those facts some that deal with the availability of a resource base in coal to support the kind of program advocated by the Energy Committee.

I asked the survey what are the 50 largest bituminous and lignite mines existing in 1978. They gave me a list, which is the list which has been printed in the RECORD.

Close scrutiny of the list suggests that very few surface or underground mines produce 6 to 12 million tons of coal per year, which is what would be required to support a single 50,000 barrel a day commercial synfuel plant.

Generally, an underground mine with a production of 1 million tons per year is considered large. A surface mine which has production of 5 million tons is considered large.

The first 6 to 12 synfuel plants will be easy to locate because there are readily available coal capacity and water, and this is the number envisioned by the Banking Committee bill. However, those that follow will be faced increasingly with identifying the required large blocks of existing captive coal reserves, delineating uncommitted water resources, and overcoming societal environmental barriers. Also, these plants will be competing more and more for coal with powerplants converting from oil and gas to coal or new plants constructed solely for coal consumption.

Those who now propose an Energy Mobilization Board, a massive new "windfall" tax on the American consumer, and an $88 billion Energy Security Corporation, put less faith in American free enterprise than they put in the management capabilities of "big government." They put less faith in American technology and ingenuity than they put in the abilities of "big government." They put less faith in American competitive instincts than they put in the economic policies of "big government."

In their zeal to "stick it to 'big oil,'" the "big government" advocates inadvertently would destroy the small independent producers who find 80 percent of America's oil and gas. They would destroy the financial investments of millions of American stockholders, pension-fund members and investors. They would saddle an already overburdened American taxpayer with massive new taxes. They would further discourage an already discouraged American consumer with accelerated inflation. Increased Government inefficiency and increased prices for energy and goods and services produced by energy is no cure for inflation or anything else.

Many of those who have bent with the environmental winds of the sixties and seventies now would sacrifice the environment and water of the West with a crash program to make synthetic fuel out of coal and oil shale. At the same time, they turn their backs on the vast and environmentally sound resources of domestic oil and gas, of safe and wise use of nuclear power, of conservation through technological efficiency, and of solar and fusion energy.

Within a decade, we must be in a technical and economic posture for the private sector to begin to substitute major investments in synthetic fuel plants for major investments in fewer and fewer oil and gas fields. Research, development, and commercial demonstration in synthetic fuel production must be accelerated and at the same time we must rapidly increase domestic oil and gas production to remove the clear and present danger represented by our excessive imports of foreign oil.

Unfortunately, we are moving in a direction opposite to that which common sense would dictate. There is no other expression for what is happening except "energy madness." Let us work to make sure that the Congress will wake up before this madness destroys our economy and our freedom.

The PRESIDING OFFICER (Mr. HOLLINGS). The time of the Senator has expired.

The Senator from Louisiana.

Mr. JOHNSTON. Mr. President, I yield 5 minutes to the Senator from Kentucky.

Mr. FORD. I thank the distinguished floor manager.

Mr. President, I rise in support of the Energy and Natural Resources Committee's synfuels title I in S. 932. My colleagues on both sides of the issue have set forth the facts and arguments with precision and eloquence. I shall not retrace their steps.

Mr. President, I do wish to make a few observations of my own. These observations are based on my experience with the first State-funded synthetic fuels program in the Nation, observations based on 3 years of hard work by the Energy Committee.

My colleagues have described the dangers that face this Nation—$70 billion a year in foreign oil imports; possible and even probable cutoff of foreign supplies at any time; $900 billion in Eurodollars floating and manipulated to destroy our monetary system.

Mr. President, we have lost our independence. We have lost our freedom of choice. We have lost them to a combination of greed on one hand and a philosophy of no growth on the other hand. Mr. President, we have an opportunity now to regain our independence, to regain our freedom of choice. It may well be our last big chance.

Here, in the fall of 1979, when it finally appears that this body is ready to approve a major commitment toward the establishment of a domestic-based synthetic fuels industry, those of us who have long advocated this course are still in the position of having to apologize, explain and rationalize just what we are seeking to accomplish.

I cannot understand why it must be this way, and we are hearing nothing but the same time-worn arguments of the past.

We are told that the cost of this program is too high, and that we should have further study and investigation before spending that much money. We are told that there are other ways that we can reduce our dependence on foreign sources—just give us time and we will think of them.

How much longer can we afford to wait? How many more months—not years, but months—can this country's economy hold up amidst the continued uncertainty over future energy supplies?

A major synthetic fuels program such as this is something we could and should have done years ago. But because we did not, the cost of undertaking such an effort now will be considerably more expensive.

Mr. President, the Banking Committee version of S. 932 is a prime example of this "go slow, go slow" state of mind. Moreover, for all practical purposes, it mandates price and purchase guarantees for its limited number of projects.

What does this mean? It means a program for big oil, by big oil.

The only companies that would be in a position to raise the front-end money in the magnitude of $2 to $3 billion are the big oil companies. This is the way they want it and this is the way it would be under the "go-slow" approach. This is the way it will be even more if we do not come up with an adequate windfall profits tax.

Mr. President, I ask my colleagues to keep in mind that these are the same people who promised us synthetic fuels in the 1940's, who promised us synthetic fuels in the 1950's, in the 1960's and in the 1970's. These are the same people who, last month, gave us record profit reports largely based on their foreign operations. These are the same people who, largely under foreign duress, are refining much more of their imported crude oil products overseas—products that domestic synthetic fuels are intended to replace.

Mr. President, I believe that the Energy Committee's version of title I is a better balanced bill, a bill that better meets the requirements of today. I need not repeat the particulars in support of the position so ably set forth on Monday by Senators JACKSON, JOHNSTON, HATFIELD, DOMENICI, RANDOLPH and others. But I would like to touch on just a few points.

The $20 billion in phase I and $68 in phase II authorized would be the maximum total Federal exposure. Loans and loans guaranteed would be charged against the maximum at the figure of the loans, not in terms of any reserve requirement, as is usual with Federal loan guarantees. On Monday it was argued that the full $88 billion was, for practical purposes, an appropriation. This argument came from those whom I have heard so eloquently oppose charging loan guarantees against budget program totals—existing loan guarantees that in 1980 will top $408 billion.

Mr. President, the Energy Committee bill, with its estimated 12 major and 30 small plants, with its wider forms of financial assistance, will open up participation to other than Big Oil. It will open up participation to regulated utilities and carriers, to chemical companies who possess real technological ability, to small oil companies, to energy companies who cannot raise large amounts of front-end money.

It was not easy to put this variety of financial assistance in the Energy Committee bill. It will not be easy to retain it on the floor.

Why? Because of the same alliance that has defeated synfuels in the past—a temporary cohabitation: Big Oil and the organized environmental movement. They were working together when the bill was in the Energy Committee to achieve different purposes—the oil companies to insure that only oil companies will be involved in synthetic fuel development; the environmentalists to insure the same thing or, if they can achieve it, defeat of the whole synfuels program.

I caution the oil companies of the dangers of their present policy of rule or ruin so similar to that of the railroads in the years gone by: If there is not diversification in the synfuels program, your present allies will have you and synfuels and the Nation boxed in.

Once Big Oil is made the only real participant in synfuels, be prepared for antimerger legislation, be prepared for divestiture legislation, be prepared for nationalization proposals. Then there will be no synfuels program, and your real enemies may well gather allies from among those who, in the past, have been your supporters.

The PRESIDING OFFICER. Who yields time?

Mr. PROXMIRE. Mr. President, I yield 5 minutes to the Senator from Illinois.

Mr. PERCY. Mr. President, I realize that both the Energy Committee and the Banking Committee have worked long and hard on this bill. Members who are supporting one or the other feel very deeply about the positions they have taken. It is paramount that we not take lightly either of the two versions we have before us. Today I intend, however, to speak in favor of the Banking Committee version of S. 932, the Energy Financing Act of 1979.

Today, and for much of this week, the U.S. Senate is on trial. We are being watched by citizens all across the country. They are angry about gasoline lines.

They are angry and concerned and uncertain about our future energy supplies. They seem to feel our country has lost its way, that we cannot adequately provide enough energy to assure our citizens that we are going to have supplies. They are concerned that a country like Iran, can add so much instability to our situation. Of course, they are concerned about skyrocketing energy prices, and they will have good reason to be concerned again in December, if the supplies from Iran are cut off once more.

Americans are understandably fed up with our excessive dependence on foreign oil. They wonder why we have gotten into this situation, why we were not prepared for it. But they certainly expect us to do something about it and do something about it now—not a decade or a decade and a half from now.

This, I think, is the main difference of opinion we have. The principal argument is whether or not we put our primary emphasis, our No. 1 priority, into the synthetic fuel field or into other areas. I have consulted with members of the business community, with whom I have worked for many, many years. The U.S. Chamber of Commerce. The Committee for Economic Development. Their consensus seems to be the same that is being reached in all the monumental studies that have been done on this subject—studies by the Ford Foundation, the "energy future" study that has just been completed by the graduate school of business of Harvard University.

These works conclusively show that there is a source of energy available now in much greater supply than any of us would previously have believed—conservation. We should do everything we can to maximize that. Synfuel has its place, but it should not become America's No. 1 priority.

This week, the Senate has an opportunity to start to clean up the energy mess we are in, and begin a new era for our country, one that puts a major emphasis on the abundant, domestic sources of energy that we have barely begun to tap: Coal, solar power, and most importantly, conservation.

In addition, we have the potential to produce millions of barrels of synthetic oil through the conversion of coal, biomass, oil shale, and tar sands. These energy sources can, together, lead to significant reductions in the amount of oil we import each year.

Determining the most prudent path with which to exploit these domestic resources is the task the Senate faces now. We have before us now two versions of the same bill—S. 932—with very different answers.

Both bills, to their credit, offer significant sums—billions of dollars in fact—to encourage a national program to install solar and conservation devices in businesses and homes. The Banking Committee's version offers over $7.2 billion in low-interest loans for these measures, with $4.2 billion more allotted for gasohol and biomass production—a total of $11.4 billion.

Mr. President, may we have order, please, on the floor? There are at least four different conversations going on—five.

The PRESIDING OFFICER. The Senate will be in order.

The Senator's 5 minutes have expired.

Who yields time to the Senator from Illinois?

Mr. PROXMIRE. I yield 1 more minute. We are running short of time.

Mr. PERCY. I would like to have 5, if we have them.

Mr. PROXMIRE. We are very limited on time.

I will yield 2 more. Will that do it? It is because I believe we are running out. We have a number of speakers.

Mr. PERCY. How about 3 more minutes?

Mr. PROXMIRE. All right. Three more minutes.

Mr. PERCY. I thank the Senator.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. PERCY. Mr. President, the Energy Committee's bill establishes a similar low-interest loan program for solar and conservation installation, but with less money—$2.8 billion. In addition, Energy Committee sets aside nearly $5 billion more for such innovations as weatherization grants for low-income dwellings, mandatory energy audits, wind and geothermal loans, and a Solar Energy Information Center.

Mr. President, a few weeks ago, a monumental conference was held at Dumbarton Oaks—the first conference held there since the founding of the United Nations.

That conference was addressed by Sheik Yamani. It was addressed by Charles Duncan, Secretary of Energy; by Admiral Turner, the Director of CIA; and, when the group of business and labor leaders moved to the White House, by the President of the United States.

Every single one of the speakers emphasized the absolute importance, the absolute first priority, that must be given to conservation.

Our future is fine, for those who can afford it. Certainly, if we could afford to designate $88 billion for a synthetic fuel program for the future, then we would be a country of luxury.

But we are not in that kind of condition. We are facing a perilous situation. We have got to do something now.

What the Banking Committee bill does is recognize that synthetic fuels has a role. It has a place. There are important things that can be done. But it ought to be put in perspective. We should not set up a Synthetic Fuel Corporation.

The administration's original concept to set this up was as an energy security corporation, with much more leeway than this Synthetic Fuel Corporation to get into other areas, to invest in such areas as conservation.

This country uses about the equivalent of 39 billion barrels of oil a day. That is oil equivalent energy usage.

We import 8 million to 9 million barrels a day. The potential for saving is 40 percent. It is clear that we can save as much as we import now, with a strong conservation program.

With that perspective, it is crucial that we approve support of the banking bill today.

The dollar amount differences between the two bills are obviously substantial, but the most substantive difference lies in their treatment of synthetic fuels.

The version passed by the Energy Committee would focus America's finances and energies toward substantial synthetic fuels production for the 1990's and beyond. It would create a Synthetic Fuels Corporation and reserve for it $88 billion for synfuels demonstration and commercialization plans. The Energy Committee bill would proclaim an official synfuels goal for America of 1.5 million barrels a day of oil equivalent by 1995. In effect, it amounts to a congressional decree that developing our synthetic fuel supply is and should be America's No. 1 priority.

The bill presented by the Banking Committee takes a far different approach. It allots as much as $9 billion to synthetic fuel research and demonstration, and of course, it leaves wide open the possibility of additional funding for these technologies in the future.

But it also recognizes that synthetic fuels should not be our No. 1 priority at this time—conservation claims that honor.

The Banking bill shows a sensitivity to the many unanswered questions about the economic and environmental impacts of synthetic fuels. It recognizes that the Government's role should be to help answer these questions before any massive commitment of the taxpayer's money is made. While synthetic fuels may represent an important long-term measure for domestic energy production, there remains a more immediate measure—conservation—that deserves our top budgetary priority.

It is the Banking bill's sensitivity to this fact that leads me to enthusiastically endorse it here today.

I am concerned that some advocates of the Energy Committee's version of S. 932 have raised questions about their opponents' desire to see synthetic fuels come online in this country. They claim that, if we really care about synthetic fuel production, we should be willing to create a new Government entity and give it $88 billion with which to make loans to synfuels producers, buy synthetic fuel products, and even buy synthetic fuel plants. The Energy Committee bill calls for a 3-year demonstration period for different synthetic fuel processes in order to evaluate their relative merits. And yet, it mandates that, no matter what these demonstrations show, we will have 1.5 million barrels of synthetic oil by 1995.

I cannot believe that this is a responsible plan to develop synthetic fuels. One fact should be crystal clear already, but I will state it again: Americans in and out of business do not want more Government intervention in the energy marketplace. They want less. By this criterion alone, the Banking bill is far superior to the Energy Committee bill.

As a Senator from Illinois, a State that is fourth in the Nation in producing one of the most abundant sources of synthetic fuel—coal—I hope that the gung-ho optimism of the Energy Committee proves to be warranted. There is nothing I would rather see than the hundreds of unemployed coal miners in Illinois put back to work tomorrow making coal gas, fuel oil, and crude oil from coal. Unfortunately, this may well turn out to be a pipedream, and we know for a fact that it will not happen for 10 years, at best. The fastest and most secure way to put coal miners back to work is through increasing our direct use of coal, not through synthetic fuels.

We must take a more cautious and deliberate approach toward synfuel exploration than that espoused in the Energy Committee bill.

In supporting the Banking Committee version of S. 932, I am supporting a bill that is dead serious about meeting the synfuels challenge, now. Between $3 billion and $9 billion in purchase or loan guarantees would be awarded by the President for a diversity of synthetic fuel demonstration projects, based on competitive bidding. Congress would review any loan promises over $500 million, and all contracts would be entered into by October 1, 1981.

The authors of this bill, rightly, have found no need for a new Government entity, for exemptions from conflict-of-interest laws, or for premature promises of synfuel production levels. They see, in fact, that the creation of a powerful, unaccountable corporation for synfuels jeopardizes the objective analysis of this energy source that we all want.

A synthetic fuel corporation, created to encourage the commercial production of synfuels before their economic and environmental impacts are known, threatens to turn synfuels facilities into gold-plated Edsels.

I have been impressed by arguments offered by Mel Horwitch, one of the authors of the Harvard Business School's "Energy Future," and by Roderick Hills, of the Committee for Economic Development, against the creation of a massive crash program to commercialize synthetic fuels. For example, Dr. Horwitch said that—

> A massive synthetic fuels program is an example of choosing a conceptually simple technocratic solution for what is a complex societal problem. . . . There is strong likelihood that a massive synthetic fuels program would follow the same . . . pattern as the SST or nuclear power.

Legislation is needed that gets us looking now at the true costs and benefits of synfuels. If their potential is promising, the Congress should pass any additional legislation that is needed in several years to help carry these fuels into the commercial stage. To lead us toward answers on the merits of synfuels in the meantime, Mr. President, the Banking Committee bill takes a crucial first step.

The PRESIDING OFFICER. Who yields time?

Mr. PROXMIRE. Mr. President, I yield 5 minutes to the Senator from Maine (Mr. MUSKIE).

The PRESIDING OFFICER. The Senator from Maine.

Mr. MUSKIE. Mr. President, I would like to indicate my support for the Senate Banking Committee synthetic fuels title with a few reservations; namely, I believe a higher level of funding and a broader mix of financing mechanisms are warranted.

First of all, as every Member of the Senate knows, it is a rare occasion when the chairman of the Budget Committee can come to the floor of the Senate and support a higher level of funding. However, in this instance, my posture is consistent with both the level of funding for new energy initiatives in the pending budget conference agreement and with our national energy needs.

Since the energy crisis of October 1973, we have debated energy policy and its impact on the U.S. economy, the quality of life, and our national security. We can debate no longer. Now is the time to act, the time to commit the resources required to lessen our dependency on imported oil.

The synfuels title offered by the Senate Banking Committee is an important step in developing alternative sources of liquid fuels. However, based upon the testimony heard before the Budget Committee's Subcommittee on Synthetic Fuels, the level of funding and the mix of financing mechanisms included in the banking title are inadequate to meet the challenge.

To stimulate private development of synthetic fuels projects and to accommodate a diversified commercial demonstration program of 8 to 12 varied synfuel technologies, up-front financing of up to $20 billion is needed. At the same time, to insure the broadest range of participation and development of pioneer technologies, a mix of economic incentives must be offered. Price guarantees and purchase agreements are required to stimulate the participation of large-scale corporations. These also tend to promote the utilization of proven technologies. Loan guarantees and direct loans are required to insure the participation of smaller corporations which lack access to capital. They also provide the up-front financing required to develop unknown technologies.

In light of these requirements, I support the Banking Committee's use of purchase and price agreements. However, I believe the limits on loan guarantees must be amended and direct loans included as a financial incentive. At the same time, I recommend limited eligibility for direct loans and loans guarantees. Only those entities, who because of financial limitations would not otherwise participate in the synfuels program, should be eligible.

Mr. President, with the inclusion of up to $20 billion authorization level and a mix of financial incentives, I would feel confident that the Senate had made an important step toward lessening the U.S. dependency on imported oil and I would strongly support the Senate Banking Committee's synthetic fuels title.

Mr. President, the development of energy poliçy in America has been a tremendous challenge. Last year the Congress sent the President the omnibus energy legislation that he had requested in 1977. But that legislation was insufficient to deal with our overall energy problems. The gas lines of this spring led to a further request by the President for major new legislation in the energy field.

The legislation before the Senate today, S. 932, has nine titles. It deals with issues that range from synfuels, gasohol, and energy conservation to wind and solar energy. The principal discussion on the Senate floor is likely to focus on the first title, which deals with synthetic fuels.

The Nation needs to develop test projects to see if oil and gas can be developed synthetically from other natural resources. But it would be wrong to pretend that this alternative has already been tested and made feasible. I believe the entire Senate is ready to commit billions of dollars to commercial test facilities. That is a major step forward in developing synthetic fuels.

But we must remember that we have time—and must take time—to place synthetic fuels in their proper perspective in energy policy.

If the commercial tests of synfuel plants are successful, then it is possible that this technology can make a useful contribution to solving some of our energy problems. But that contribution will come in the 1990's, if it comes at all.

In the 1980's, other actions will have to lead us to solutions. And many of these solutions are less costly, more probable, and more environmentally acceptable. We must have a strong emphasis on conservation. In many cases this will mean national efforts to conserve in order to reduce the regional impact of scarce fuels. The President's program announced this summer would do a number of important things to develop solutions that will be available in the 1980's, not just the 1990's. Heavy oil, solar energy, and unconventional gas are likely to produce significant fuel supplies in the next few years if we press their development quickly.

We ought to keep this in mind as we urge commercial testing of synthetic fuels. If we emphasize these other alternatives, we will see an improvement in our energy posture in the next decade.

The Senate Banking Committee and the Senate Energy Committee have reported different versions of S. 932. As I approach the Proxmire amendment on synthetic fuels and the Energy Committee title, a key guideline has been to preserve the flexibility needed in making a major decision on a massive commitment to commercial development of synthetic fuels.

Unfortunately, the Senate's action on the Energy Mobilization Board legislation has impaired our flexibility in the way we might approach synthetic fuels. Because these facilities will be eligible for waivers of substantive environmental controls and other important laws once they are under construction, we must insure that adequate substantive standards are in place prior to the construction of any broad-scale commercial program.

Without this potential waiver, we might have been able to approach the development of synthetic fuels with greater flexibility. But that has now been ruled out. We must insist that large commercial development not occur until substantive standards are in place, and until we are sure that adequate environmental controls are available. I would have preferred to allow these controls to develop as we increased our experience with these new plants. But because the waiver option is available to be used, we cannot rely on that pattern of development.

In terms of Government organization, economic considerations, and environmental protection, the most sensible approach to synthetic fuels is to develop a limited number of commercial demonstration plants. This means withholding commitments about production goals, final Government organization, environmental acceptability, and economic desirability until those test projects are completed, analyzed and reviewed. The Proxmire amendment fulfills these objectives. The Energy Committee bill does not.

First. It is premature to make a commitment to a Federal governmental corporation as the means of developing synthetic fuels. The Banking Committee title has no such corporation. The Energy Committee version does have a corporation, and authorizes the Government to construct these facilities, whereas the Banking Committee title does not. In addition, if the decision were made to have a corporation, the Energy Committee version is not the best kind of corporation to create.

Second. As the study by the Budget Committee's Subcommittee on Synthetic Fuels shows, the method of financial support for synthetic fuels chosen will have significantly different impacts on the Federal budget. Commitments to a large-scale production program should not be made until test projects are producing and can be analyzed from this perspective.

Third. Great uncertainty surrounds the environmental impact of synthetic fuel plants. There are potential benefits, but also appear to be many potential disadvantages. Reliable information will simply not be available until test facilities are actually in operation. It may be necessary to curtail these plants once their impact is fully known. The commitment to a production goal of 1.5 million barrels of oil equivalent per day by 1995 would make a decision to curtail activities very difficult. The energy bill creates such a production commitment.

Fourth. The decision on the second phase of the synfuel program of the Energy Committee bill will be made before the test projects are in operation. It will come in the form of a report from the Energy Security Corporation in 1982 outlining a strategy for future production and development. The plan would go into effect unless vetoed by Congress within 60 days, with no expedited procedures for a vote. The decision on the second phase is much too important to leave to this kind of process. I will now discuss these points more completely.

ENVIRONMENTAL IMPACTS

Mr. President, the Senate is being asked to launch a massive, crash program to develop synthetic fuels. The Senate is being asked to sanction a program without any clear idea of what impacts this will have on our health or natural resources.

The only thing we do know is that the program will have a major impact on the environment. A key question facing us now is whether we make an irrevocable commitment to synthetic fuels before their environmental impacts are fully understood.

Too often we have waited to observe the effects of long-term exposure to hazardous pollutants and only then recognized our mistakes.

Too often we have tried to remedy those mistakes only to find that the effects on human health and on our environment are tragically irreversible.

We should not knowingly repeat those mistakes now. Yet that is exactly what we are being asked to do.

The bill offered by the Energy Committee would launch a massive program to develop synthetic fuels.

We would commit our Nation to an investment of $88 billion and incalculable damage to air quality, water quality, drinking water, and most important, the health of our citizens.

The Energy Committee legislation has been described as a two-stage approach. If this were really the case, perhaps such a large program would be justifiable.

However, it is in reality just a one-stage approach, with two phases. In the first phase, the Synthetic Fuels Corporation is given $20 billion to distribute for the construction of a limited number of synfuel facilities.

Yet, before any experience can be gained from the construction and operation of those plants, the Corporation must submit its comprehensive development plan to Congress.

The Corporation will have no opportunity to learn from the demonstration facilities.

The Congress will have no opportunity to learn from the demonstration facilities. In fact, the Congress will have no opportunity to assess the wisdom of a crash synfuels program with the benefit of some knowledge.

This is our one opportunity to make that assessment.

So Mr. President, I cannot in good conscience make an affirmative assessment today.

The only knowledge I have indicates the following:

First, synthetic fuels technologies have been uneconomic for many years;

Second, the processes may not yet be technologically viable;

Third, there is a long list of conventional environmental hazards known to be associated with each synfuel process;

Fourth, there may be a long list of unconventional carcinogenic pollutants generated by these processes; and

Fifth, there are no pollution control requirements applicable to synfuels technologies now.

Frankly, this does not suggest to me the wisdom of the Energy Committee approach.

Another factor in this equation is the existence of the grandfather provision in the bill creating an Energy Mobilization Board.

This provision authorizes the Board to waive any Federal, State, or local requirement for a priority energy project once construction has begun. No matter what we learn about the hazards of a technology, once even the site has been cleared no remedial action can be taken.

No additional cleanup can be required, even if we find that toxic pollutants are threatening local populations.

No additional cleanup can be required, even if ground water supplies of the local population become contaminated.

This provision, in my mind, is one of the critical factors in evaluating the two different synfuels bills before us now.

Not only do we have inadequate knowledge about the impacts of synfuels technologies, but once we do have some knowledge, we will not be able to apply it to acknowledged problems.

And, last week the House authorized the Energy Mobilization Board to waive any Federal substantive law which might delay the construction of a priority energy project. I suspect that this provision may find its way into the conference agreement. I hope not. The Senate is on record against that provision, and by a wide margin.

This unprecedented way of legislating away safeguards enacted over the last decade removes the assurance of protection from the impacts of synthetic fuel plants.

Mr. President, should we not pause and consider what kind of a monster we are creating in the guise of an energy policy?

Waiving existing laws for unknown results?

Waiving future regulation of unknown pollutants with unknown impacts on our health?

Waiving our prerogative to reject a massive commitment to synthetic fuels once we learn about their impacts?

It seems to me that an energy policy based on so many unknowns is worse than no energy policy at all. Sooner or later we will have to pay the high price for acting in ignorance.

The projects which are meant to benefit by all of these extraordinary measures remain unbuilt today not because of regulatory delay, not because of environmental obstructionism, but because they are dubious contributors to energy independence, and they are questionable technologically and economically.

They need waivers of law and financial support not because they suffer from overregulation—they have no Federal environmental regulations now—but because at this point they are problem makers, not problem solvers.

The development of these huge projects could constitute an irreversible commitment of massive capital outlays without sound consideration of the need, the costs and the harmful side effects of these technologies.

For all of these reasons, Mr. President, I believe that the best approach is the one contained in the Banking Committee bill.

Their approach permits a true multibillion dollar test of synthetic fuel technologies prior to a second multibillion dollar Federal commitment.

A real phased approach will give us some of the answers to the myriad of questions about the economic, technological and environmental impacts prior to a full-scale synfuels development program.

No commercial size synthetic fuels plants have ever been operated in this country. The only responsible course of action we can take is a one-of-a-kind test program of the various synfuels technologies.

The Banking Committee bill provides for this by authorizing up to 12 plants, each utilizing a different technology.

It does not prejudge the viability of these technologies by setting a production goal.

It does not commit us to a second phase of second generation plants.

It does not define the scope of Federal involvement in a subsequent stage.

It does not create a Federal corporation with a mission to achieve a production goal.

Only these limitations will guarantee proper concentration on testing and demonstration of different technologies during the first phase.

I would like to have printed in the RECORD at this point a discussion by the President's Council on Environmental Quality of some of the environmental impacts which a demonstration phase would provide more knowledge on prior to an irreversible commitment to synfuels.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

POTENTIAL ENVIRONMENTAL IMPACTS OF A LARGE SYNFUELS INDUSTRY[1]

The environmental impacts of the synfuels program described here assume that 85 percent of the proposed 2.0 mmb/d capacity by 1990 would come from coal liquefaction and 15 percent from oil shale. This assumption implies 34 coal liquefaction plants (50,000 b/d capacity) and 0.3 mmb/d from oil shale plants. For coal liquefaction, ¾ of the coal fuel is assumed to come from the West.

I. DISRUPTION OF LAND DUE TO MINING

It is likely that new coal liquefaction plants would be constructed in the arid West (e.g., Montana, North Dakota, and Wyoming), where there are large amounts of low-cost strippable coal. If we assume ¾ of the coal comes from strip mines in the West, 700 square miles of arid western land would be strip-mined over the 30 year lifetime of the plants. Another 140 square miles would be required for mining of oil shale and disposal of shale wastes. U.S. oil shale resources are concentrated in Colorado, Utah, and Wyoming. Land reclamation in dry regions, where much of our western coal and shale resources are located, is difficult and sometimes impossible. Our experience with reclamation in these areas is limited, as is our knowledge of the potential impact of coal and shale mining on critical ground water resources.

The 25 percent of the coal mined in the East could render about 7,600 square miles of land subject to subsidence over 30 years, if mined underground. Subsidence, which is difficult to predict or prevent, can damage roads and other structures, as well as disrupt natural water course patterns. If the coal in the East were to be surface-mined, 1300 square miles would be affected. This area, together with the 700 square miles in the West, is about the size of Delaware.

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[1] Only traditional environmental impacts are treated here. The climatic impacts associated with increasing CO_2 concentration in the atmosphere are not addressed.

Mine drainage, soil erosion, and alteration of runoff patterns are effects of both coal and shale mining. The mining of shale wastes, however, results in a volume of processed shale that is about 1.2 times greater than the raw shale. The consequent difficulty in storing the shale waste in the excavated areas has led to proposals to use natural canyons as storage space for piles of spent shale up to 250 feet deep. This action might lead to the permanent loss of many canyon lands, as well as to the destruction of natural habitats for a number of rare and endangered species. Furthermore, the longterm stability of spent shale is uncertain. Revegetation of spent shale has not yet been demonstrated, and it is uncertain whether canyons filled with spent shale can be reclaimed for other uses.

II. DEMAND FOR WATER

The water requirement for synfuels production arises mainly from the need for cooling water to dispose of waste heat and the chemical need for hydrogen in the conversion process. Water may also be used to quench gaseous products to remove oil and particulates, in dust suppression, in land reclamation, and in solid waste disposal. The coal liquefaction program would require 245,000 acre-ft/yr of water in the West for operation of the plants and another 11,400 acre-ft/yr for mining the coal. In oil shale processing, water is chemically consumed in the generation of hydrogen for reactions with the raw shale, and still much larger quantities are consumed in mining and disposing of the shale. Oil shale operation would require an additional 43,000 acre-ft/yr for this synfuels program. This water would be sufficient to irrigate about 150,000 acres of agricultural land per year. Although this much water may be physically available at appropriate locations in the West, much of it is already committed to agricultural use. Acquiring the water rights to this much water may be a formidable problem. If significant amounts of western water are diverted from agricultural purposes for synfuels plants and coal mining, a decline in agricultural production may result. Indeed, some farmland may be purchased solely to acquire the accompanying water rights for use in synfuels production.

In addition to the water consumed in the synfuels plants, the new towns of workers (over a thousand per plant for the 5 to 6 years necessary for construction) will put a further drain on water supplies.

III. WATER POLLUTION

Any reduction in downstream flow carried by consumption of water at a synfuels plant may increase the temperature and salinity of the water below the diversion point. For example, the withdrawal of low salinity water from the Upper Colorado River Basin for use in synfuels processing will produce an increase in salinity in the Lower Colorado because of the decreased dilution effect.

Although, with strict controls direct emissions of contaminated water from coal liquefaction plants may be minimized by recycling and using waste treatment ponds, some water pollution would result from leaching of the solid wastes from coal liquefaction plants. These solid wastes consist of mineral residue, sludge from water treatment, particulates, char, and heavy tar residues. Leachates from these solid wastes may contain silicates, trace metals, hydrocarbons, nitrogen compounds, and polynuclear aromatics. Some of these substances are known or suspected carcinogens, and many are toxic to aquatic and terrestrial flora and fauna.

Surface coal mining may pollute ground water through leaching of minerals and trace elements from the mine wastes. Common solids dissolved by this downward percolation of water are carbonates, sulfates, chlorides, phosphates, and trace metals. Water pumped from underground coal mines may be acidic and high in concentrations of trace elements and dissolved solids. The mining of coal for coal liquefaction contaminates water by alkaline runoff from solid waste piles. Mining the coal for this coal liquefaction program would also contaminate western water sources with traces of heavy metals, sulfates, and 340,000 tons of dissolved solids.

For oil shale development, the impact on water by alkaline runoff from solid waste ple, with in situ processes the possibility of disruption and/or contamination of ground water aquifers exists with consequent impacts on the quantity and quality of water drawn from wells for domestic, industrial, and commercial use. Raw and spent shale piles can leach salts and otherwise contaminate groundwater and surface water bodies. For surface retort operations, information is still incomplete on the means to minimize leaching of shale piles and effluents from retort and other waste waters. Retort water can contain hazardous substances, such as ammonia, dissolved solids, hydrogen sulfide, and organic compounds.

IV. AIR POLLUTION

Although there are presently no federal performance standards for synfuel plants, it is expected that they will be required to meet federal standards. The two main sources of air pollution from synfuels plants are the combustion of fuels to provide heat, steam, and electricity for the plant and the emission of sulfur-containing waste gas from sulfur recovery operations. Even assuming application of "best available" emission controls, these synfuels plants would produce, for example, 130,000 tons of SO_2 and 230,000 tons of NO_x per year. Other air pollutants include 42,000 tons of particulates and 14,000 tons of hydrocarbons. The mining of coal for coal liquefaction would produce an additional 3,200 tons of particulates per year, as well as significant quantities of SO_2.

V. PUBLIC AND WORKER HEALTH

The chief concern over air and water quality is that people will be exposed to toxic or hazardous substances through breathing contaminated air, drinking contaminated water or otherwise being exposed to hazardous and/or carcinogenic substances from coal and oil shale, such as sulfur oxides, nitrogen oxides, particulates, aromatic hydrocarbons, and trace metals.

In the second generation technologies planned for a U.S. coal liquefaction program (H-coal, Exxon donor solvent, SRC–II), trace elements such as arsenic, cadmium, and selenium, may be vaporized during the liquefaction process and (unlike coal gasification or coal methanol processes, where apparently more of the trace elements are left in the residue) some of these trace elements will be carried through into the synthetic crude product. Some of these trace elements are known or suspected carcinogens to man. Many of the same trace elements are also present in oil shale, and some of them will remain in the syncrude product as well.

Although differences in emissions from shale or coal syncrude and those of conventional fuel are not fully identified, the main differences may be the higher concentration of trace elements and aromatics in the synfuels. The potential for exposure of the general public to these trace elements during transportation, handling, and combustion of the final products may therefore be greater with second generation liquefaction processes.

VI. ENVIRONMENT STANDARDS

Careful siting of synfuels and strict adherence to pollution control standards, some of which have not been developed, would tend to mitigate adverse environmental consequences. Much additional research and development is necessary to determine the toxicity and/or carcinogenicity of many of the air and water pollutants as well as to determine the optimal pollution control and siting strategies for the various facilities and activities involved.

Mr. MUSKIE. Mr. President, the scientific community is also concerned about the additional carbon dioxide released into the atmosphere from the synfuels technologies which use coal. A July 1979 report to the Council on Environmental Quality concluded that massive synfuels would accelerate the warming trend of the Earth, depleting the ozone layer. This in turn would result in a "greenhouse effect," with potentially drastic environmental implications.

An Energy Committee print on synthetic fuels describes this as a chicken-egg situation in which there is delay on the part of the agencies in promulgating standards due to little operational data, and pertinent data cannot be generated because there are no commercial-scale demonstration plants.

The report concludes:

> This chicken-egg situation could be avoided by following a policy which would provide for collection of pertinent data on environmental impacts and on occupational health and safety from the initial commercial-scale plants rather than trying to guess or estimate the precise nature and magnitude of the pollution problems in advance.

Mr. President, I have not prejudged the ultimate viability of synthetic fuels as a major contributor to domestic energy independence. It may be possible to minimize adequately the known and unknown environmental impacts associated with synfuels. It remains to be seen.

But if in the demonstration phase it is determined that the hazards are too great, the risks to our basic environmental structure too severe, the unknowns too unresolvable, we must preserve our option to walk away from those technologies.

GOVERNMENT CORPORATIONS: CONSTRUCTION AND OWNERSHIP OF SYNTHETIC FUELS PLANTS

One of the issues debated extensively in this legislation is the question of the role of the Federal Government in constructing and owning synthetic fuels plants. In the Energy Committee bill these are known as "corporation construction projects."

The concept of developing a Government corporation to build a few "yardstick" plants was discussed in previous energy debates over the last few years. There is a legitimate role for Government corporations in the synthetic fuels area. The Government corporation could be a means of providing the Government with full information on all aspects of the development of these new projects. The Government would then have a way of measuring the accomplishments and requests for support from the private sector. These requests could be measured against the Government's own experience with its own plants.

Government corporations can also consider additional objectives, such as social, economic development, and environmental policies that are not likely to be represented in private ventures.

Unfortunately, the kind of corporation and the kind of Government construction projects available in the Energy Committee bill does not meet the characteristics I have discussed. A Government construction project would not be allowed unless all other means of bringing the project into construction had failed. In other words, the Government would be given the right to build the projects most likely to fail, and be barred from construction facilities where private interests might exist.

When could the Government build its own "Government construction project"?

Only when all private interests had rejected price supports;

Only when all private interests had rejected long-term purchase guarantees;

Only when all private interests had rejected loans or loan guarantees;

Only when no private interests were available to work in a joint venture with the Government; and

Only when all private interests had refused to develop and agree to a specially negotiated contract free from the competitive bidding process.

In short, the Government would be limited to building those plants that no private interest was willing to undertake even when the Government removed most risks from the project.

Mr. President, that seems to be a clear invitation for the Government to try something that is bound to fail.

There are two meanings given to the word "corporation" in this synfuels debate. I have been discussing the first, which is Government ownership of a construction project.

The second is to use a corporation as the general organizational form for developing all aspects of the synthetic fuels program. This would include administering price supports, loan guarantees, and any financial support mechanisms. Until we know whether or not a massive developmental commitment should be made to synthetic fuels, the concept of a corporation as a governing organization is premature. During a testing program of commercial demonstration projects, the present governmental structure is adequate. In fact, the present agencies should be able to move more rapidly than a new corporation. They are in existence with procedures, regulations, and personnel in place. A new corporation would have to be organized, with rules and regulations to be adopted.

In addition, the symbolic commitment to a massive synfuels program which the corporation format stands for is a premature commitment.

In summary, the symbolic commitment to an overall corporation is premature, and the authority for corporation construction projects of specific plants is too flawed in the present Energy Committee bill to be supportable.

The Banking Committee title is preferable. It allows the President to assign to existing Government organizations the task of stimulating synthetic fuels. It does not allow Government construction projects. It is interesting that the Banking Committee unanimously rejected the proposal to create a new Federal corporation. The committee report on pages 31–33 contains a convincing discussion as to why no Energy Security Corporation is needed in the present synthetic fuels legislation. Let me quote from the four principle arguments raised on page 31 of the report:

> 1. Creating a Federal corporation for the sole purpose of managing a synthetic fuels program is inconsistent with the committee's intent to minimize Federal interference with and involvement in synthetic fuels development efforts;
>
> 2. Creating the Corporation is inconsistent with the phased-development approach approved by the committee;
>
> 3. Initial and irreversible authorization of $88 billion for Federal financial assistance is excessive and further promotes a high degree of Federal interference in the program; and
>
> 4. The time needed to create a new Federal corporation would be likely to delay initiation of the first phase of commercial testing.

Mr. President, I ask unanimous consent that Charlene Sturbetts and Karl Braithwaite of the Committee on Environment and Public Works be granted privilege of the floor during the consideration of S. 932 which extends the Defense Production Act of 1950, as amended.

The PRESIDING OFFICER. Without objection, it is so ordered.

Several Senators addressed the Chair.

Mr. JOHNSTON. Mr. President, I yield 5 minutes to the distinguished Senator from Wisconsin.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. NELSON. Mr. President, 6½ years ago, before the Arab oil embargo, I spoke to an Earth Week audience in the small town of Burlington, Wis. Earth Week 1973 was organized around the theme of "Energy Conservation" in recognition of the fact that our most significant potential source of "new energy" is that energy we conserve. The people of Burlington engaged in a 1 week program of energy conservation and energy education. The Burlington program attracted nationwide attention and was covered by the television networks and the national press.

We organized Earth Week around the theme of energy conservation because we were already in a major energy crisis even though there was very little public awareness or discussion of it. By 1973, there should have been no doubt that we were in urgent need of a national program directed toward energy conservation and the development of alternative energy supplies, solar energy and synthetic fuels. The Nation's ability to supply energy has been increasingly tested since then by the demands of consumers. Consumer demands, as a result, have been subject to rejection for the first time in our history. Abundant sources of inexpensive energy are no longer available. And since we must reduce our reliance on foreign energy, we have no choice but to establish a bold national strategy pursuing all avenues for alternative energy sources.

No one can be absolutely certain today what strategies are in fact the best. We must pursue a wide variety of options in an intelligent fashion, adjusting our plans year by year in accordance with scientific and technological developments.

The avenues to be pursued include the expansion of solar energy, enhanced oil and gas recovery, gasohol, biomass and synthetic fuels. At some stage, one of these alternatives may become more significant than the others; this would alter the strategy to be followed. But for now, no preconceived notion or prejudice for a particular alternative can serve our Nation well.

The degree of success which energy conservation achieves is sure to affect the choice of energy actions which the Nation must face. Increased production programs cannot succeed if energy consumption continues to increase. Sweeping conservation measures must be pursued immediately to increase the efficiency of our automobiles, our factories, and our homes. If the energy savings from conservation begin to approach the intensity of the conservation rhetoric, the need for alternative energy supplies would be significantly reduced. Our strategy would then be modified to accommodate the reduced demand.

Among the strategies, the one which has been the most controversial is the synthetic fuels approach. The potential for synthetic fuels is great, in quantity and quality. We cannot ignore this fact. There are vast supplies of coal, oil shale, and tar sands within our borders. Synthetic fuels permit us to use these resources with flexibility. As we look ahead and gain experience with synthesizing oil and gas from these resources, we will develop the necessary information to modify our approach to guarantee a balance between the need for energy and the importance of protecting our natural environment. Indeed, with increased conservation and breakthroughs in alternative energy technology, the day may arrive when synthetic fuels will not be needed. However, that day is not imminent at this time. In fact, there is a higher likelihood that synthetic fuels will play a useful part in our Nation's future in ways both symbolic and real.

While it is clear that reservations have been raised about synthetic fuels, it is equally clear that this Nation cannot run the risk of having insufficient energy to meet the country's industrial and residential needs. The allegations about synthetic fuels can and must be answered. Enormous production of synthetic oil and gas is mechanically possible but is not desirable as an initial goal. Moreover this bill is designed carefully to avoid setting excessive objectives. In fact, this bill creates a synthetic fuels corporation to examine synthetic fuels carefully and to determine at an appropriate time if the program should be expanded, maintained, or curtailed.

This is not permanent commitment by the Congress, rather, it is a beginning. No individual or group can chart the course of this corporation with certainty. Some uncertainty is inevitable in any new venture and creating a synthetic fuels corporation is a major departure from business as usual. However, failing to act courageously now would be more disturbing for the Nation in the future.

The United States already has, at this time, demonstration plants and laboratories producing synthetic fuel in amounts which justify further development. This bill would provide the momentum and the funds to build upon the many years of completed research in order to produce commercial fuel from these technologies. As a nation, we must have this capability available to increase our options for response to the unpredictability of world events. At such a time as this commercial capability is achieved, it may be that additional policy decisions will be necessary to direct the use of this potential. But without the capacity in place, the Nation finds itself in a perpetual state of vulnerability which overshadows any uncertainty connected with synthetic fuels.

No one should be surprised that since 1973 we have accomplished so little in satisfying these needs. Americans, citizens, and public officials alike, too often have avoided the harsh realities of a world with limited resources. America is at a crossroads of different choices. The only easy option is continued denial of our energy problem. The hard option means still harder choices, all of which involve some lowering of our expectations and a willingness to follow self-discipline for the common good.

Fortunately, our Nation has within its borders some of the world's most abundant supplies of energy. To develop and use this energy wisely will require a nationwide effort of uncommon leadership, unquestionable fairness, and uncompromising personal honesty. How America resolves the energy problem in the two remaining decades of this century will determine much about our future as a nation and as a people. There are no short cuts. There is no way to avoid making some mistakes. But we have delayed too long already. Five years of hearings and scores of witnesses provida the basis for this legislation. An impending disaster, if we fail again to act decisively, provides a compelling motivation.

The United States in 1979 is actually more dependent on oil for its energy supply than we were in 1973, the year of the oil embargo. Instead of weaning ourselves from this dangerous vulnerability on foreign and domestic sources of petroleum, we are now actually more dependent. In the 6 years since 1973, our dependence on oil rose from 46.7 percent of the Nation's total energy consumption to 48.6 percent. During that same period, use of our only abundant domestic resource, coal, barely increased from 17.8 percent to 18 percent of total consumption. This year alone, Americans will pay out over $70 billion just to purchase foreign oil. Clearly, we have no choice except to reduce imports. But how do we accomplish this?

First, we must begin immediately in the short term by expanding our conservation effort. An approach which combines financial incentives and disincentives, pricing policies, voluntary choice and mandatory policies, when necessary, is a first step. Based upon research conducted by the Department of Energy, the Federal Highway Administration, the President's Commission on Coal, and the Department of Transportation, evidence indicates that the Nation could save 5.5 million barrels of oil per day by 1985 through a conservation program. These energy conservation steps are neither exotic nor unreasonable in cost. They include: Increased automobile fuel economy (2,250 million barrels per day); increased gasoline prices (375,000 barrels per day); accelerated coal conversion of EPA approved utilities (725,000 barrels per day); thermostat controls (375,000 barrels per day); State and local recycling initiatives (250,000 barrels per day); weatherization of homes and buildings (500,000 barrels per day); and increased utilization of mass transit (300,000 barrels per day). These are practical opportunities which must be pursued immediately. Better utilization of the energy we already have is equivalent to the discovery of new oil reserves.

As ambitious as the conservation program outlined here is, it cannot be sufficient by itself. Merely reducing foreign oil dependence does not solve our problem. In the decades to come, domestic exploration for oil and natural gas will become increasingly unsuccessful. We will spend more, drill more, drill deeper, and find less oil and gas. This is the nature of finite resources. Consequently, we are assured of having less natural liquid and gaseous fuel at our disposal. Therefore, we must develop synthetic fuel alternatives. In short, we must direct more effort toward our more abundant resources of coal, oil shale, and tar sands. Choosing this direction does not relieve us of the need to conserve, for these synthetic fuels cannot be commercialized in significant amounts for at least a decade. Conservation and enhanced oil and gas recovery are our only meaningful large-scale solutions for this next decade. However, to be ready for the period thereafter, we must begin synthetic fuels now.

The people of our country appear to be ready to move now. A recent Louis Harris poll reports that 75 percent of the people surveyed favor risking Federal moneys to aid in the building of a synthetic fuels industry for converting coal to oil and gas. Only 19 percent of the people were opposed. A sizable 61 percent supported using $10 billion for product purchase guarantees to buy the synthetic fuels when produced. And 57 percent wanted additional sources of energy rather than more conservation. Only 21 percent of those surveyed in this poll favored more emphasis on conservation than on energy development. Clearly, the Harris poll and others by the Gallup organization and the New York Times, demonstrate that the public wants and expects the Federal Government to act.

I support this bill because I believe every reasonable effort has been expended to balance the three most essential components: Energy development, environmental protection, and public accountability. The synthetic fuel corporation created by the bill will be subject to the full oversight of Congress. Moreover, it has a limited life of 10 years which will prevent any permanent expansion of the public sector by this unit. The corporation neither usurps present activity in the private sector nor duplicates any ongoing effort from another agency in the public sector. It will focus on enhancing and financing the production capabilities of private sector firms which can prove satisfactorily that they can produce what they promise. These "promises" must be supported by thousands of hours of laboratory, bench-scale, and demonstration plant testing. This is not a program to throw money at carelessly conceived schemes. On the contrary, it is designed to be a rigorous process of evaluation to select judiciously those technologies with the greatest potential for delivering oil and gas substitutes in the shortest period of time.

The money authorized for this effort is large enough to pursue the objective boldly, but small enough to prevent indiscriminate distribution of funds. The environmental posture of the corporation is strict enough to prevent a waiver of substantive law and yet flexible enough to streamline the procedure and give decisive signals to the private sector. The degree of Government participation is large enough to coordinate the varied proposals submitted but small enough to avoid obstructing the energy professionals who will apply from the private sector.

In the last analysis, legislation to create a synthetic fuels corporation comes down to a question of options. Should we pursue this effort now despite the high cost and some risk in order to have a working technical capacity in place by the 1990's? Or should we take a change solely on an option which relies on technologically more remote renewable energy sources. This latter course may require considerably more time and as yet unseen scientific breakthroughs. In my judgment we must pursue each of these options. We cannot afford the risk of ignoring any of them.

Without a coherent national energy policy, every passing day represents an erosion of the diminishing energy options at our disposal. Without options, our future is in serious jeopardy.

Recent nuclear accidents have seriously reduced support for a nuclear energy option and weakened public faith in assurances provided by the scientific and technological community. The Harrisburg accident and the continuing unresolved problem of nuclear waste promise to set nuclear power back for years. Even if the nuclear option can recover technically from this accident, it is uncertain whether adequate political and financial support can be generated again.

Notwithstanding the current U.S. agreement with Saudi Arabia, the Organization of Petroleum Exporting Countries (OPEC) as well as independent oil producers have given every indication that they will cut back or limit future crude oil production to amounts significantly beneath their potential. This course of action limits another of our options—increased imports. Current increased oil production from Saudi Arabia is contingent upon our willingness to resolve the Palestinian question and our promise not to place any oil in the relatively empty strategic petroleum reserve. This sort of contingency is alarming. One can also speculate easily about the varied demands likely to be forthcoming from nations less sympathetic to America such as Iran and Libya.

The synthetic fuel alternative is, so far, another underutilized option. Even under optimal conditions the most advanced synthetic liquid fuel technology in the United States today cannot be commercialized until 1986. And optimal conditions are not likely.

Where is America going with this confused energy policy? What might the future dictate to us if we fail to have adequate options?

World oil production increased by 1 percent last year to 60.3 million barrels of oil per day. Usage in the United States is now at the rate of almost 18 million barrels per day. In short, we are using almost a third of the world's daily energy supply even though we represent only 6 percent of the world's population.

While the OPEC nations have just accelerated their oil price increase to approximately $22 per barrel, the oil not sold on long-term contract is now selling on the "spot" market for $40 to $45.

A second example is the new pipelines designed to carry surplus Alaskan oil to the South and natural gas to the Midwest. After constant permit difficulties, Sohio abandoned its plans, saying that too many agencies and too many restrictions mitigated any chance for success. The natural gas pipeline has experienced financing uncertainties which may plague the Northern Tier oil pipeline as well.

Phased natural gas price deregulation, mandated under the 1978 National Energy Act, has produced increased prices as expected. Unexpected, however, was the magnitude of the glut of natural gas which immediately came on the market. Even more unexpected was the decrease in exploration for natural gas which had been predicted to increase as a result of the act. Considering this unusual combination of circumstances, and the new DOE mandate for industries to switch to natural gas, the excess of natural gas will disappear quite soon. The delay in new gas exploration will contribute then to another shortage in the near future.

The coal industry is facing a crisis. A lack of pricing consistency, accompanied by labor disruptions and conflicting Government signals, has impeded coal exploration and commercial development. Government failure to speed coal conversion orders for utilities and factories has depressed demand for coal. This failure has been so widespread that the U.S. coal companies find themselves with surplus coal and unemployed miners while an increasing trade deficit goes to pay for OPEC oil.

The recent report on nuclear power by the Kemeny Commission has cast doubt on the future of the nuclear power option. Until the safety questions surrounding nuclear power are resolved, it is clear that the country will not expand its reliance upon nuclear power in any significant way.

Obviously, something must be done soon to accelerate domestic energy development. The process for obtaining a construction permit is too time consuming. Construction and drilling processes are slow. Equipment is in short supply as are skilled laborers to operate it. More crucial in the immediate future will be an assessment of labor needs for producing the equipment and for operating the new plants to be built when the shortfall in energy supply and demand becomes widespread public knowledge. Waiting for the day of public recognition will be too late.

Failure to develop adequate domestic energy supply has renewed American interest in synthetic fuels. In recent years, the Department of Energy has limited the breadth of synthetic fuel research and development. Because of inadequate funds, research was often limited to one or two alternatives in coal liquefaction and gasification. If that method does not succeed, or does not succeed as soon as it is needed, the entire field is left without a working substitute. In the eventuality of another oil embargo, for the Nation to be without a certain category of fuel; that is, a clean solid fuel for an already heavily impacted inner city environment, is to be vulnerable beyond a reasonable limit. More discussion of joint ventures, Government-owned, commercially operated (GOCO) synthetic programs; that is, rubber in World War II, will be necessary. Even though this option may be politically unpopular, it may be the only effective method for pressuring the private sector into rapid action.

One might reasonably ask what prevents America from having a well-planned, functional national energy policy. At least four kinds of obstacles have plagued us so far: environmental obstacles; political obstacles; economic obstacles; and bureaucratic obstacles.

In order to maintain the quality of the environment at a given level, appropriate protective technology and procedure must be applied in the exploration and utilization phases of energy development. This technology is expensive and the procedures for implementation require time, which is similarly expensive. Costs of this kind are not readily absorbed by the private sector; therefore, they must be passed along to consumers in higher prices. These price increases are, of course, inflationary, but environmental protection preserves a natural resource upon which no price can be placed. Attempting a shortcut to reach increased energy production by disregarding environmental quality would surely return to haunt us.

In the trade-off between energy and environmental concerns, the environmental compromises must be restricted to procedural matters. Speeding up deliberative processes in order to provide clear signals to investors and developers is appropriate. Riding roughshod over substantive environmental standards is not only totally unacceptable, but it is counterproductive as well.

In the years since the Arab oil embargo, political obstacles have been the most serious impediment the Nation has faced in designing an energy policy. Too often, the energy alternatives proposed by public officials have been selected on the basis of their potential for popularity. Whether the technology or the policy would work well and prove itself effective has not been the primary objective. The overriding concern has usually been whether the active, vocal constituent groups liked the idea immediately.

These political concessions were justified by the policymakers as responsiveness to the public interest. But in reality the truly tough policy choices were being postponed or ignored. Solar energy, for example, is a potentially viable large-scale fuel source over the long term, but it is only a partial answer for the near term where the most immediate energy supply problems will be encountered.

Year after year, synthetic fuels research programs were cut from the budget for political reasons or forced to find funds through reprograming actions from other budgetary allocations. Promising technologies such as in situ gasification were eliminated to save money. A coal liquefaction technology, completing the demonstration plant phase this fall, was unable to obtain funds for the commercialization stage due to efforts to reduce the budget deficit.

Beyond research, relatively little Federal governmental activity has been devoted to the specific problems of commercial development. Private sector activity in this direction, however, has been substantial although not highly visible. Recent Government interest in synthetic fuels has been a mixed blessing for the private sector. The potential for increased funding is, of course, appealing, but increased publicity has brought with it more intense public criticism. And while such an economic policy of deficit reduction might be theoretically desirable, the pursuit of that policy in recent years has retarded energy development and jeopardized the long-term stability of the economy.

Inasmuch as many American companies already consider nuclear power more uncertain, other alternative energy sources must be found to fill the void which will be created by the absence of additional nuclear power. Failure to fund the synthetic fuels program on a scale approximate to our energy needs will negate the possibility of using synthetics to diminish that void.

Since the current synthetic fuels proposals surfaced 5 months ago, there have been numerous criticisms raised in opposition to an immediate program to develop synthetic fuels. None of the critics has yet suggested that synthetic fuels technology will not work. Why have they not suggested this? Perhaps because variations on the technology are well known and have worked in other countries, for example, Germany and South Africa, during the last 40 years. Yet there appear to be six criticisms which are most commonly cited to discredit a synthetic fuels program for America.

Critics suggest that the prices for synthetic fuels will continue to rise artificially to a point always above prices for natural fuel. This would, allegedly, produce huge profits for the corporations in control of the technologies. If an unfair or monopolistic pricing mechanism were to develop, there are both legislative and judicial courses of action available to counteract these excesses if indeed it became necessary.

A second criticism is that the environment will be damaged by synthetic fuels. The negative questions about synthetic fuels are asked, but the positive answers to these questions are seldom mentioned. While it is appropriate to identify potential environmental problems, responsible criticism must admit that solutions to those problems exist today.

The basic technology associated with synthetic fuel processes is well known. As construction of synfuels plants proceeds, unanticipated advancements will be realized in fuel production and environmental protection. It is important to note, however, that the technology already exists to enable synthetic fuels to meet Federal, State and local environmental standards.

Environmental criticism of synthetic fuels falls into two categories: Air quality and water quality.

The concern about air quality issues involves sulphur and nitrogen oxides, as well as particulates. Methods already exist for removing these pollutants. These methods are sufficient to meet current State and Federal standards.

During the gasification and liquefaction processes, acceptable methods of control include solvent extraction and absorption, lime scrubbing, steam and ammonia injection, flue gas recirculation, and various catalytic processes. The emission of particulates during combustion also can be controlled through electrostatic precipitators, scrubbers and filters.

The water conflict has two main components: Availability and quality. The availability of water in the West for synfuels is limited. Consequently, the development of oil shale in the West may have to be postponed until a satisfactory resolution of the water problem is possible. However, massive deposits of oil shale in the East, for example, in Kentucky and Ohio, are located contiguous to adequate water supplies and, therefore, could be developed without danger of exhausting the water supply.

Water used in the coal liquefaction process is recycled until extinction. All of the water is consumed in reactions or evaporated with no waste-water discharged to the surface draining system. Water runoff is captured for use in the plant, as well as to reclaim tank impurities. Moreover, separators and flotation units may be used to remove any oil remaining in the water and organic matter. Biological treating units can control the biological and chemical oxygen demand in order to prevent environmental imbalance and reduce effluent discharge.

Americans are going to face an unbridgeable gap between the supply and demand for liquid fuels if we continue on our present course. We can obtain the necessary domestic liquid production only by significantly increasing the amount of synthetic crude oil we generate from abundant national coal sources. This increase can occur without decreasing environmental standards.

A third criticism focuses on the limited amount of money available for energy research and development. This view suggests that those moneys ought to be directed away from synthetic fuels which are capital intensive in order to fund conservation and other alternative energy sources which require less capital expenditure. It is true that synthetic fuels will require substantial amounts of capital.

However, the liquefaction and gasification processes which produce synthetic fuels have a probability for large-scale production of energy higher than any of the customary alternatives mentioned. Furthermore, they have the greatest likelihood of producing energy in amounts significant enough to reduce foreign oil imports by substantial proportions.

However, supporting synthetic fuels does not mean opposing conservation or alternative energy methods. Inasmuch as all of these options will be needed, we must pursue them all. In the next decade, when large-scale synthetic fuels plants will be a rarity, far-reaching conservation methods will have to be employed. Alternative, renewable energy from passive and active solar power to small hydro power to biomass options will have to complement that conservation effort.

But none of these endeavors produces a liquid fuel for use in our transportation network. None of these alternatives derives a liquid substitute for use as a lubricant or as a petrochemical base. And energy use patterns in this Nation show no sign of moving away from liquid fuels in the foreseeable future.

A fourth criticism suggests that synthetic fuel development will be inflationary. There is no question that substantial Federal expenditures for developing synthetic fuels do contribute to shortrun inflation. However, a recent study by the Congressional Budget Office indicates that inflation will increase only one-tenth of 1 percent as a result of this bill. Moreover, the continuing increase in foreign oil import prices is far more inflationary, and also tends to decrease employment and economic stability in this country, as well as damaging our attempts to balance exports and imports on the international market.

Conversely, when synthetic fuels are developed in America, using abundant domestic energy sources, the jobs created by such development will be maintained or expanded within our country. In addition, the multiplier effect operates to expand the opportunities for other economic activity well beyond just the initial expenditure of money.

Another criticism is that synthetic fuel development would be unnecessary if the American people would only conserve. Conservation must, of course, be a major component in any energy plan, but it cannot be the entire plan. Important as it is, it cannot produce the complete answer by itself.

A final criticism suggests that America has moved too rapidly into synthetic fuels development and must slow down this process in order that we might reconsider our direction. While any concern about undue haste is understandable, our precarious energy supply situation demands that we move now with all deliberate speed. Commercialization of synthetic fuels technologies requires substantial lead-time to meet appropriate permit standards and construction schedules. These plants cannot be built in a year. Indeed, at full speed after initial commercialization, construction of a 50,000 barrel-per-day facility will require approximately 3 years for completion.

The projections of future energy availability indicate that Americans are going to face an unbridgeable gap between supply and demand if we continue on our present course. Something must be done to fill this gap. The gap will not be filled by promises or politics. It can be filled only by increased production and conservation. We can obtain the necessary production only by significantly increasing the amount of energy we generate from synthetic fuels and alternative energy sources.

Most of the critics of the synthetic fuels option have focused on the potential flaws in synthetic fuels. This is their right; however, they also have an obligation to propose substitute plans of their own. Those critics who do provide some sort of alternative typically admit that their alternatives probably will not work or could not be accomplished given the character of contemporary American society.

Responsible public policy formulation requires that each participant, citizen and politician alike, avoid recommending alternatives which are clearly insufficient or cannot pass when brought to a vote. Regardless of the apparent attractiveness of an idea, it is foolhardy and deceptive to promote such an idea when it will not succeed. Synthetic fuels can succeed it they are given a fair chance.

A fair chance means full-scale development through public and private cooperation for the next two decades. The result of such cooperation would be a fundamental reduction in foreign oil imports. The money saved would be released for expenditures on a wide variety of domestic items, which contribute to economic stability, an increase in employment, and a moderation of inflationary trends. Now is the time to begin. And this bill before us is the instrument with which we must start.

The PRESIDING OFFICER. Who yields time?

Mr. ARMSTRONG. Mr. President, I ask unanimous consent that I may proceed for 5 minutes on the time previously allocated to the Senator from Wisconsin. I state to the Chair that I believe that will be consistent with the wishes of the Senator from Wisconsin.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ARMSTRONG. Mr. President, today the Senate will vote on whether to create an $88 billion Energy Security Corporation (ESC). The administration and the Energy Committee says such an agency is needed to stimulate an organized synthetic fuel production. Some proponents go so far as to suggest that a vote against ESC is a vote against synthetic fuel. Nothing could be further from the truth.

The Energy Security Corporation has considerable superficial appeal. The nation needs synthetic fuel. And with OPEC becoming more and more intransigent, a crash program seems like a symbol of our moral and financial commitment to get unhooked from foreign energy sources. It is bold. Dramatic.

But the Energy Security Corporation is a seriously flawed concept. ESC would probably turn out to be one of the costliest boondoggles of all time. ESC would be likely to impede, rather than stimulate, synthetic fuel production. It also threatens seriously adverse environmental consequences.

MASSIVE GOVERNMENT BUREAUCRACY NOT NEEDED

The ESC is an idea which originated with people who have little or no direct experience in production of synthetic fuel. It is not supported by those who are knowledgeable of what it takes to stimulate meaningful production of energy from oil shale, tar sands, coal, et cetera.

During the last several months, the Senate Energy Committee and other committees of the House and Senate have heard much testimony from industry experts, economists, engineers, financiers, scholars and consultants. In effect, we have said to these authorities "what will it take to get synthetic fuel production moving?" Interestingly, almost none has suggested creation of the "Energy Security Corporation" or similar massive bureaucracy. Instead they have recommended measures designed to cut redtape and provide incentives for the private sector:

Fast track permitting process;

Decontrol of oil and natural gas prices;

Production tax credits—such as $3 per barrel tax credit;

Accelerated depreciation; and

Guaranteed purchased plans or similar incentives.

INADEQUATE FINANCIAL CONTROLS

No one knows the ultimate cost of developing synthetic fuels. Consultants point out that the estimated cost per barrel of synthetic fuels is increasing rapidly. "Although there are many contributing factors . . . the most important single influence seems to be a steadily increasing knowledge of costs, as a result of more detailed engineering design," according to PACE consultants.

Synthetic fuel developed by the private sector will be subject to the stringent discipline of market economics. Many diverse areas will be considered. But only when individual firms or consortia are willing to risk their money on an idea will large sums be spent. Government administrators, on the other hand, often push expensive large-scale programs when technological or economic factors do not warrant such development.

ESC IS NOT NEEDED

Hundreds of millions of dollars have already been committed by private sector companies to the production of synthetic fuel. Some companies say they are awaiting only the release of Federal lands for development. Another company states it will proceed at once with a large scale synthetic fuel production plan immediately upon the enactment of a $3 per-barrel-tax credit which, as you know, has twice been approved by the Senate and for which there is growing widespread support in the House. Under the circumstances, it may turn out that creation of another large Government bureaucracy would slow down, rather than stimulate, existing and contemplated synthetic fuel production plans. After all, what company will proceed on its own to do something without subsidy the same task for which it might obtain subsidy?

INAPPROPRIATE ANALOGIES

ESC has often been compared with the Manhattan and Apollo projects. However, both of these projects had a single customer for their output: The U.S. Government. And for these projects cost and economic factors were not a primary consideration. There was no substitute product on the shelf that could be used if the new product turned out to be too costly. If the devices worked technically, the projects were deemed a success. But energy technology, such as synthetic fuel development, will be successful only if many individual users, each considering a different situation, decide that the new technology has market advantages over a wide array of alternatives available in the market.

POLITICAL CONSIDERATIONS

As long as the Government holds the purse string, ESC will be subject to political pressure. If past experience is any guide, there is every danger that decisions of project funding and research will be heavily influenced by political considerations rather than sound economics and technology.

ENVIRONMENTAL CONCERNS

If the Government bulldozes ahead with large-scale programs, the impact upon the environment is likely to be far more adverse than if multiple, diverse, small-scale efforts are undertaken within the discipline of the private economic market. A crash program—based on political rather than economic or technological considerations—is likely to have seriously adverse environmental and social consequences.

Can the private sector develop synfuels without Government involvement? The answer is yes, and we have fact and precedent to support this point of view. All it takes is the Federal Government to provide the appropriate incentives. In this case, the appropriate incentives are exactly what industry says it needs to develop synfuels; even more astounding is the fact these incentives will save taxpayers billions over the needless incentives provided by the Energy Security Corporation.

Experts both inside and outside the energy industry stress that massive Government subsidies, loan guarantees, direct loans Government energy corporations and all the rest are not needed to develop synfuels. Rather, most experts say accelerated depreciation, production tax credits, and fast-track permitting are all that is needed to develop synfuels.

Canada offers the perfect example of how these so-called balance sheet incentives can effectively encourage synfuel development. Canada has massive oil reserves in its rich tar sand deposits. Rather than provide massive subsidies to its "syncrude project," the Canadians took two simple steps. First, the Canadian Federal Government guaranteed that the output of the syncrude plant would be exempt of any price controls. Second, the Canadians gave syncrude company officials accelerated depreciation; that is, allowed the company to write off its capital investment in 3 years instead of the conventional 13. Those incentives are exactly what the company said it needed to produce synfuel.

The result?

The syncrude plant is producing 100,000 barrels of oil per day from tar sands. The plant operates at a profit. Plans are now underway to further expand the facility.

The lesson here is obvious. Provide the necessary incentives, cut redtape, and synfuel will be developed, economically.

The Banking Committee does not have the proper jurisdiction to provide accelerated depreciation or production tax credits. Yet, the Banking Committee rejected the temptation to commit massive federal subsidies to a crash program of synfuel development.

That is why I am pleased with the general approval of synthetic fuel development portion of the energy legislation recommended by the Senate Banking Committee. While I disagree with some provisions, I believe the Banking Committee's approach for developing synfuels is superior to other legislation pending in the Senate. To its credit, the Banking Committee rejected proposals to commit massive federal funds to a crash program of synthetic fuel production; instead, the committee worked toward the enviable goal of relying on the private sector, not the Federal Government, for synfuels development.

This bill achieves that goal in three ways: First, it provides limited financial assistance to competing private industry projects; Second, it does not create a massive new Government entity to administer the synthetic fuels program; Third, it directs all Federal agencies to expedite decisions on all energy development projects.

The committee wisely crafted legislation which recognizes that synthetic fuel by itself will not solve this Nation's challenging energy problems. And the committee recognizes that synthetic fuels development will be quite expensive and, at best, can only provide minimal contributions to our energy supplies through the early 1990's.

I regret the way some people are jumping to conclusions about how to develop the Nation's synthetic fuel resources. The assumption that "syn" fuel development justifies massive Government intervention in the private market is erroneous, in my opinion.

Again, I compliment the distinguished chairman of the Senate Banking Committee for the leadership he has shown in crafting the Banking substitute now before the Senate today. After careful study, I believe that a majority of my colleagues will agree that an Energy Security Corporation is a costly, unnecessary, and undesirable approach to the Nation's synthetic fuel needs and will, therefore, join me in voting for the more responsible, more moderate Proxmire amendment.

Mr. President, I shall summarize the situation, after a week of very interesting and productive debate on the merits of the synthetic fuel program which is pending before us, to be voted upon in about an hour.

The issues come down to this: First, there has been no credible showing of need, as to why we need to create a huge energy bureaucracy such as that contained in the Energy Committee's bill.

As has been brought out over and over again, the experts who have testified—that is, the people in industry, the private companies, the consultants, the economists, the financiers, the scientists, those who know the most about what it takes to produce synthetic fuels—say that we need accelerated depreciation, tax credits, fast track predicting, an end to redtape. I do not know of one who has said that what we really need is another Government agency to manage this effort. Not one has said that, to my knowledge.

Second, the costs which are suggested by the Energy Committee proposal are just out of sight. It is almost beyond belief that, at a time when budgets are tight and inflation is the most serious nonenergy problem facing this country, we would think in terms of an $88 billion corporation. The recommendation of the Committee on Banking is for an initial $3 billion, and certainly there is the possibility of increasing that next year and the year beyond, as we manage a careful, step-by-step approach to the problem.

Third—and I think this should be underscored—if we get the Government deeply involved in the decisionmaking process, there is the ever-present concern of politicizing the whole development of synthetic fuel in this country. It is at least open to question whether or not decisions will be made on the basis of sound economic considerations, technology, and market forces or, on the contrary, the whole process will be subject to the kind of political situations which have been characteristic of, for example, the Post Office or Amtrak.

Under the circumstances, it is no wonder that a very broad and diverse coalition of interests within and outside Congress have come forward in support of the Banking Committee proposal and in opposition to the proposal brought to us by the Committee on Energy.

Those who are backing the energy bill are from practically every segment of the energy economy, from practically every major environmental organization, and such groups as Common Cause, which came forward yesterday, for the first time, to comment on that matter.

I should like to read to my colleagues one paragraph from that very thoughtful analysis:

> Both the Energy and Banking Committee bills are based on the need to fund synthetic fuel development. The fundamental difference between the two proposals is the way in which this goal is to be accomplished. The Energy Committee bill establishes a Synthetic Fuels Corporation, a quasi-independent body empowered to invest government funds in synthetic fuels. The Banking Committee bill funds synthetic fuels at a lower but significant level without the creation of a new government entity. Common Cause strongly supports the Banking Committee approach which has been offered as an amendment by Senator Proxmire.

Mr. President, I ask unanimous consent that the entire communication from Common Cause be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

COMMON CAUSE,
Washington, D.C., November 6, 1979.

DEAR SENATOR: Tomorrow the Senate will resume consideration of two versions of S. 932—the "Synthetic Fuels Corporation Bill" reported by the Energy and Natural Resources Committee, and the "Energy Financing Act" reported by the Banking, Housing and Urban Affairs Committee.

Both the Energy and Banking Committee bills are based on the need to fund synthetic fuel development. The fundamental difference between the two proposals is the way in which this goal is to be accomplished. The Energy Committee bill establishes a Synthetic Fuels Corporation, a quasi-independent body empowered to invest government funds in synthetic fuels. The Banking Committee bill funds synthetic fuels at a lower but significant level without the creation of a new government entity. Common Cause strongly supports the Banking Committee approach which has been offered as an amendment by Senator Proxmire.

In our view, the need for a new entity to fund synthetic fuels has not been demonstrated. The testimony of many expert witnesses supports an expanded federal role in the promotion of synthetic fuels, yet few have suggested that a quasi-independent corporation is necessary to accomplish this goal. We believe that the problems inherent in the Synthetic Fuels Corporation created by the Energy Committee make it unacceptable.

The Synthetic Fuels Corporation—while subject to some accountability standards—is exempt from the application of key accountability laws which apply to other government bodies. For example, directors and employees of the Corporation are exempt from the important revolving door provisions passed last Congress. While the Corporation would be subject to some open meetings requirements, it is exempt from the carefully drawn Government in the Sunshine Act that applies to other federal agencies. Moreover, the independence of the Synthetic Fuels Corporation restricts the ability of the President to oversee and develop a comprehensive, coordinated energy program. Since the President has no power to direct the Corporation or to remove directors (except in cases of neglect of duty or malfeasance in office), the actions of the Security Corporation could be in total contradiction to the national energy policy. We believe that the Banking Committee approach avoids these problems and urge you to support the Proxmire amendment.

In addition, one of the most disturbing aspects of the Energy Committee bill is the low level of funding provided for conservation. While the Energy Committee bill does include many important and innovative conservation programs, they are not funded at adequate levels.

Use of synthetic fuels is only one possible way to reduce our dependence on foreign oil. Recent studies indicate that we could lessen our dependence on imported oil at a faster rate and to a far greater degree by seriously investing in conservation. Common Cause strongly supports amendments to be offered to the Energy Committee bill by Senator Paul Tsongas which would increase the funding for the Conservation and Solar Banks. We also urge that you oppose efforts to weaken the conservation provisions of the bill.

Common Cause believes that vigorous new government energy development and conservation efforts are necessary if we are to reduce our growing dependence on foreign oil imports. We urge you to support the Proxmire amendment and to support a major financial commitment to conservation and renewable resources.

Sincerely,

DAVID COHEN,
President.
FRED WERTHEIMER,
Senior Vice President.

Mr. ARMSTRONG. Mr. President, in an editorial this morning, the New York Times sums up the situation very well:

> Synfuels may or may not be the best way to power our cars and heat our houses in the 1990's. We won't know until we try. But, as the Banking Committee suggests, we can try most economically by taking one step at a time.

The Times has hit the nail right on the head. I ask unanimous consent to have the entire editorial printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

SYNTHETIC FUEL, NATURAL CAUTION

The prospect of synthetic fuels is alluring: all the oil and gas the nation needs for centuries, secure from foreign interference. But the potential costs of a rush to develop "synfuels"—the capital wasted on inefficient technology, the damage to the environment—are so great that caution is warranted. That is why the Senate Banking Committee now wants a program of Government-assisted demonstration projects before committing the country to a major production effort. Such prudence deserves support.

The initial push for a synthetic fuels program came from the House last June. Legislators on their way home for the July Fourth recess were eager to show voters that something—anything—was being done about the gasoline shortage. The result was a lopsided 368-to-25 vote authorizing $3 billion in subsidies for synthetic fuels. President Carter then jumped ahead of what he thought was an unstoppable bandwagon. He asked Congress for a gigantic $88 billion, 10-year effort to produce the equivalent of 2.5 million barrels of oil each day, enough to replace about 30 percent of the nation's imports.

The Senate Energy Committee's response, coming after the gasoline lines had disappeared, was less than the President asked for. It provided for only $20 billion, to achieve a target of 1.5 million barrels a day. But this plan remained in spirit a crash program, including creation of an Energy Security Corporation with the power to press ahead with commercial development of synfuels.

The Banking Committee, which shares jurisdiction for synfuel financing, has been more cautious. At the urging of environmentalists and private business groups, it approved only $3 billion to produce at most 600,000 barrels a day to demonstrate a broad range of technologies. Government would be limited to providing purchase and loan guarantees to private firms; no independent Energy Security Corporation would be established.

The Senate, which must now choose between these approaches, would be wise to take the Banking Committee's route. The basic technology for synthesizing oil and gas from coal is 40 years old. But no one has ever tried to use it on the scale needed to make a dent in America's oil imports. It is hard to predict which technologies will be the cheapest or which will be compatible with worker safety and a clean environment. In committing the country to production on a commercial scale, Congress could endow us with a white elephant with alarmingly dirty habits.

The Banking Committee's approach need not delay creation of an efficient synfuel industry. It, too, calls for timely development of demonstration plants. But it would require the President to come back to Congress for approval of any big program costing tens of billions. If the development program is successful, additional funding should be no serious problem for a fuel-hungry America. If it isn't, why make it easy to throw good dollars after bad?

Synfuels may or may not be the best way to power our cars and heat our houses in the 1990's. We won't know until we try. But, as the Banking Committee suggests, we can try most economically by taking one step at a time.

Mr. ARMSTRONG. Mr. President, it seems to me that the conclusion is obvious. I hope all Senators will join me in backing Senator PROXMIRE's amendment and the Banking Committee's approach to developing synthetic fuels.

• Mr. WALLOP. Mr. President, as a member of the Energy and Natural Resources Committee and as someone who has sat through numerous hours of hearings and markups on this subject, I wish to compliment the leadership of Senators JACKSON, JOHNSTON, and DOMENICI on this issue. Sadly I find, however, that I must rise in opposition to the synthetic fuels bill proposed by the Energy Committee.

Let me explain. We are asking the American people to take a gamble. The stakes are high. The ante is more than $88 billion. For that sizable sum we offer no guarantee that will solve the problem. Instead, we promise only a new Government Corporation and a congressional willingness to try. Of and by itself that gamble under the present circumstances is laudable, clearly the country needs a gamble. But let us take a look at the odds and results. If this idea succeeds, we get a synthetic fuels industry that is capable of producing an uncertain amount of snythetic fuel. If we lose, we have led the citizens of this country down a primrose path that historians may call the biggest boondoggle in our history.

A number of informed witnesses have testified that the creation of the Synthetic Fuels Corporation may not be the most cost-effective means of bringing about a synthetic fuels industry. If Congress is right, the regulatory impediments and risks can already be minimized through the Energy Mobilization Board. The economic risks associated with unknown technologies can be reduced through the application of purchase price guarantees or loan guarantees. But neither an $88 billion corporation, the Department of Energy, or any other organization can overcome the impediments of the laws of thermodynamics. That takes time and deliberative step-by-step solutions.

The magnitude of the Synthetic Fuels Corporation could stifle the administrative and managerial skills of any business entity—let alone the Federal Government. It is a colossal undertaking. This legislation authorizes the appropriation of $88 billion to carry out the purposes of title I. Exxon, the leader of the Fortune 500 asset rankings, listed assets at $38.5 billion. The assets of the Synthetic Fuels Corporation would be larger than the combined assets of this Nation's three largest corporations.

As a historical footnote, it is noteworthy to compare $88 billion figure with the cost of other goal oriented projects. The transcontinental railroad cost approximately $16 million. The Manhattan project was $2 billion. The Apollo project, which put a man on the Moon, was $23 billion. Even with inflation considered, the comparison is significant.

It is not that I am opposed to the concept of a synthetic fuels industry. Instead, I question the means which are proposed to bring it about. It has been stated in this debate, that industry has been unwilling to invest their abundant financial capabilities and technical expertise to build such projects. A recent report by Cameron engineers suggest that there is a flurry of activity in the synthetic fuels area by both Government entities and private business. In the March 1979 report, this organization lists ongoing synthetic fuels projects. The report reveals 26 oil shale projects for a combined cost of $6.4 billion, 3 oil sand projects totaling $11.3 billion, and 261 coal projects costing $15.5 billion, are already underway without a multimillion-dollar Government Corporation to shepherd and prod them into taking action. That is over $32 billion already committed to synfuels in the private sector.

But let me speak in detail about my objections to a new Government Corporation. I do not believe that the innovation of the synthetic fuel industry with its associated products, supplies, services, and processes can be efficiently financed, managed, and controlled by a Government Corporation. It would circumvent the creative genius of America. Any large firms, including ones such as the Synthetic Fuels Corporation, tend to improve products that they are currently producing. But would they actually stimulate a market that can be easily integrated into our existing system? I believe not.

Xerox was not invented by an office equipment manufacturer. Transistors were not invented by a vacuum tube producer. The ballpoint pen was not invented by a pen producer. The hydromatic auto shifting mechanism was not invented by a Detroit automotive firm. In fact, Chester Carlson, the inventor of Xeroxgraphy, approached 20 office equipment manufacturers unsuccessfully. He finally found financing elsewhere.

It is my concern that ideas competitive to those selected by the Synthetic Corporative may be simply buried and never heard from again. And let us assume for the moment that many of the products brought on line in the Synthetic Fuels Corporation are not compatible to the local framework of use and distribution. Then, there is always the possibility of coercive measures being applied to end users to force them to incorporate them into their systems.

To meet a production objective of 1.5 million barrels of oil per day, would require the building and operation of 30 synthetic fuels plants, each producing an average of 50,000 barrels per day. At present, only the Canadian tar sand plants can operate at this level of production. The coal liquids production in South Africa is on a much smaller scale. It is generally agreed that even where synthetic fuel technology has actually been demonstrated, substantial new problems in commercial plants of a technical, economic or environmental nature, are most effectively met in a competitive private environment, and not in a "dollars are of no consequence" public corporation.

The goal of the Synthetic Fuel Corporation may be unrealistic for reasons the committee has not considered. The 30 sites required to produce 1.5 million barrels per day oil by 1995 may simply not be available as fast as the Energy Security Corporation would be willing to spend money, even with the help of the Energy Mobilization Board. The availability of raw materials, water, transportation, construction resources, and skilled manpower would be real constraints to accelerated siting decisions. The ESC has no way to overcome these problems. The temptation will be to commit ever larger sums of money.

It has been stated that the Synthetic Fuels Corporation is necessary for a fast and effective start "out of the blocks." I believe, however, that the administrative restraints on this new Corporation have been underestimated. Remember, this is not some obscure new Federal agency we are creating. It is more than twice the size of the Nation's largest corporation. By-laws must be proposed, studies must be debated and adopted for a variety of new and complicated procedures. Rules must be set up to solicit contracts, to standardize bookkeeping procedures for both the corporation and the participants in the financial incentives program. There must be procedures to solicit competitive bids, to purchase ongoing projects, to acquire and dispose of assets, and to assure that small businesses are accorded a proper share of the benefits.

A judicial arm must be assembled to effectively negotiate patent rights, exclusive and nonexclusive licensing, constraints and cooperative agreements to enable the Corporation to work with existing Federal agencies. Employees must be hired, training programs implemented, benefit plans negotiated, office space acquired and furniture bought.

Admittedly, some problems appear more cumbersome than others. The point is that there is much administrative work which must be completed before one drop of synthetic fuel is produced or indeed one contract let. Only after the organization is assembled, do they face the complicated problems of overcoming the technical barriers to synthetic fuels production.

It has been stated, Mr. President, that those of us who oppose the Corporation are afraid to take bold new steps to solve our energy crisis. I reject that, there are bold alternatives available, but I am not quite sure whether I am more troubled by the possibility of failure or the possibility of success with the ESC.

If it fails, the consequences are obvious. We would have assured the American taxpayer that something was being done about the energy dilemma even though we erred. There would then be the lingering debate over what opportunities we lost by not spending the money elsewhere.

But if it succeeds, it may well be a mixed blessing. It will certainly be hard to wean a fledgling industry from the benefits of its mother corporation. As we have all seen, once special interest groups have slurped from the Government trough, it is hard to pull them away.

Let us not kid ourselves that $88 billion from a benevolent Government corporation will not, in itself, create a substantial political following. But that will not be the only argument to keep it going. Let us assume that the goal of 1.5 million barrels per day is achieved by 1995. That would be less than 10 percent of our current consumption of crude. It will represent an even smaller percentage in the year 1995. So there would be a natural inclination to say "let's keep it going." Why not let the Corporation run until we can produce 3 million barrels per day or 6 million or 9 million barrels per day?

And let us not overlook the often used adage against the Federal Government getting deeper involved in mineral extraction in the public domain. It goes something like. this: "If you love the Post Office, you'll love a Federal oil and gas company." That makes good sense but if this powerful Synthetic Fuels Corporation is moderately successful, that argument becomes mute. In fact, the Corporation would become a natural recepticle for other attempts to involve the Federal Government in energy exploration and development.

In closing, Mr. President, I do not want to leave the impression that I view the Corporation idea as pure heresy. All of us in public life have experienced the pressure on our system of government as we come to grips with the realities of dwindling resources. Gasoline allocations, coal conversion legislation, and mandatory mile per gallon standards are all subtle indicators that our political and economic system is slowly changing. The demands of the 1980's will undoubtedly add more constraints and pressures to our democratic system. We will be asked to resolve conflicts between higher energy cost against the ability of many of our citizens to meet those expenses. We will be asked to weight the basic rights of citizens against the common good. We will be forced to look at more Government involvement. They are not problems for the future—they are here now.

There are many avenues that can and should be tried before we launch an extensive program such as that proposed by title I of the Energy Committee bill. Right now the Nation should proceed with energy price decontrol, expand the DOE synthetic fuel program, and place renewed emphasis on the potential for near-term solutions, such as conservation and the development of renewable resources. Such an approach is both cheaper and quicker and every bit as effective.●

Mr. JOHNSTON. Mr. President, I simply wish to make clear there has been an issue raised on the floor which is totally a red herring issue, and that is the question that we have the intention of having this be an $88 billion program. Nothing is further from the truth. We have tried to make it precisely clear in the bill.

Nevertheless, because of the concern that some Senators have stated, we are prepared to make it clear in amendments to be adopted after this vote that as to phase 2 which contains the difference between the $20 billion in phase 1 and the $88 billion, that phase 2 may not be embarked upon until affirmatively approved by resolution of both Houses, adopted pursuant to expedited treatment. So, in other words, there can be no money authorized, appropriated, or otherwise obligated beyond phase 1, the $20 billion, until and unless both Houses, the House and Senate, concur in a resolution which resolution would fix the amount..

So we want to make that clear, and I have a "Dear Colleague" letter and I ask unanimous consent that the "Dear Colleague" letter from myself and Senator Domenici be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Committee on Energy
and Natural Resources,
Washington, D.C., November 7, 1979.

Dear Colleague: Many of you have inquired about the second phase of the Synthetic Fuels program in the Energy Committee's bill. We certainly did not intend the second phase to proceed without specific Congressional approval.

In order to clarify this situation, we, the Floor Managers of the bill, will, if we prevail with the Energy Committee's bill, offer an amendment which will do the following:

1. Extend the period for the first phase from three years to five years, after which the Congress will have the power to give a "go" or "no go" on second phase development.

2. The one and one-half million barrels of oil a day equivalents and the $88 billion are goals and targets for the total program.

3. The Board of Directors will present the comprehensive strategy for Congress's approval and, simultaneously therewith, will recommend the appropriate funding levels for phase two, which both Houses of Congress will have an opportunity to approve or disapprove under expedited legislative processes. None of the additional $68 billion may be obligated unless authorized as above and appropriated by the Congress.

J. Bennett Johnston,
Pete V. Domenici.

Mr. DOMENICI. Mr. President, will the Senator from Louisiana yield 1 minute to the Senator from New Mexico?

Mr. JOHNSTON. Yes.

Mr. DOMENICI. And then we wish to yield to Senator Durenberger as soon as I finish, if that is all right.

Mr. JOHNSTON. Yes.

Mr. DOMENICI. I concur. It was never our intention that phase 2 of this program be anything automatic. As a matter of fact, I have drafted a proposed amendment, and I am on the colleague letter that the Senator has referred to.

We want that $88 billion and a million and a half barrels to be targets and goals for America, and our board of directors will analyze it as they proceed through phase 1 and they will make recommendations to Congress, both on the program for the second phase and the level of funding. We did not intend that in one shot here without further congressional involvement we were approving an $88 billion program. Indeed, we thought it could be vetoed by Congress and certainly it has always been subject to appropriation.

But since much has been made of that issue, we thought we should clarify it here today.

Mr. JOHNSTON. Mr. President, I yield 5 minutes to the Senator from Minnesota (Mr. Durenberger).

Mr. DURENBERGER. Mr. President, I have listened with great interest to the comments of both the Senator from Louisiana and the Senator from New Mexico about what they propose to do if the Energy Committee's proposition prevails this afternoon, and I have also asked the Senators certain questions that relate to my concerns about the Energy Security Corporation and the Energy Committee bill.

I wish to ask several questions of the Senators that relate to their comments.

First, I have a summary response from each of the Senators before me to my own concerns, and I wish to ask the question, first, as to the time period for phase 1 contemplated by the Senator's amendment. Is it the Senator's intention that the time period be extended beyond the 3 years originally proposed in the bill as it came out of the committee?

Mr. JOHNSTON. I say to the Senator that we will extend the period for giving the comprehensive report to a period of 5 years. Actually the phase 1 period of the bill is 10 years; that is, during the period of 10 years they can obligate money, so when we are talking about this $20 billion phase 1 that will be spend and obligated over a period of 10 years. The 3-year period for the comprehensive report in the amendment to be offered after the next vote will be extended to 5 years, as the Senator from Minnesota and others have requested.

Mr. DURENBERGER. Under the amendment as the Senator will propose it, may ask what parliamentary status will attach to the phase 2 plan when it is presented to Congress? In other words, will it require the approval of only a single House, or of both Houses, before additional expenditures will be authorized?

Mr. JOHNSTON. Both Houses will have to approve, I say. Both the House and the Senate must approve it and they must fix the amount not to exceed an additional $68 billion. So if they do not act at all, there is no money that can be spent or obligated. If they do act, they can fix the amount up to $68 billion or at some lesser figure.

Mr. DOMENICI. May I say the Senator was specifically concerned about this because he wanted Congress to take a good look at the second phase and the amendment which we have told the Senator about will make two recommendations. The corporation will recommend the plan and the level of funding, both of which must be approved or modified by both Houses of Congress.

Mr. DURENBERGER. Will it be possible to amend that plan in committee or on the floor of the Senate?

Mr. DOMENICI. Indeed it will.

Mr. DURENBERGER. Will there be any time limit on the period for approval of the plan?

Mr. DOMENICI. Yes; our proposal will provide for the expedited procedure as provided in that bill, which is 60 legislative days, and it must be presented to both bodies in ample time for approval or modification to take place, or for refusal to accept.

Mr. DURENBERGER. In what way will the plan differ from any other authorization bill considered by Congress?

Mr. DOMENICI. Only as to the expedited process, and I say to my good friend that the bill as drawn provides that the second phase funding has to be appropriated. That remains. So it is appropriated also, besides being authorized under the expedited procedure. Both are in.

Mr. DURENBERGER. I believe the next question may have been answered in part by the Senator from Louisiana. But I appreciate the reaction also of the Senator from New Mexico. How will the proposed amendment affect the $88 billion authorization contained in the bill as reported by the committee?

Mr. DOMENICI. I say to my good friend from Minnesota the $88 billion remains in the bill as does the million and a half barrel equivalence as national targets or goals. The figure, however, is subject to a recommendation by the board. It cannot exceed the $68 billion that remains after the first $20 billion. But it can recommend less.

Mr. DURENBERGER. What is the role, as the Senator understands it, of the targets, the $88 billion and the 1.5 million barrels, in designing the phase 2 plan?

Mr. DOMENICI. When phases 1 and 2 were designed, the $88 billion was the best economic assessment of what it might cost to get to the million and a half barrels a day based upon those economic facts at that point in time. So the dollar figure continues to be a target or a goal, just as the million and a half barrels.

Mr. DURENBERGER. The last question: Will the Senator be willing to take the Energy Security Corporation out of the bill and let another agency of the Federal Government do the phase 1 and phase 2 recommendations that are contained in the Energy Committee's recommendation?

Mr. JOHNSTON. May I say to the Senator from Minnesota that I believe that the Energy Security Corporation, which has independence, is an essential part of our concept. I hope the Senator will keep in mind the fact on this board, a five-member board, we will be able to get people who have experience not just in energy, but in banking and in industrial enterprises, as opposed to the Department of Energy, which has career-type bureaucrats, and I do not use the word "bureaucrat" in an altogether disparaging manner except those career bureaucrats, almost by definition, do not have experience in business, in banking, and in the business venture.

We think that having a Security Corporation which has independence from the change in election, independence from the change in mood of Congress, and these high-type experienced business people, will better be able to deal with it than the Department of Energy. It is that history of on-again off-again start and stop that has prompted the administration to propose not to endorse the idea of a separate corporation.

I think it is a better way to do it.

Mr. DOMENICI. Let me say, Senator, I think we have almost nothing until we have a separate entity with its own goals, limited by congressional power as this Corporation is, and it is not because the Department of Energy is working. If we had a working, effective Department of Energy I submit you cannot make these kinds of business transactions with bureaucracy. Whether it is good bureaucracy or inefficient bureaucracy, you cannot make $2 billion and $3 billion multiyear transactions unless you are dealing with something that is distinguished from Government. So I think it is absolutely imperative that we have it.

Mr. DURENBERGER. Mr. President, I thank the Senator from Louisiana and the Senator from New Mexico for their sensitivity to my concerns and for the responses to the questions I have posed.

I thank the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. HART. Mr. President, will the Senator from Louisiana yield for a question?

Mr. JOHNSTON. On the Senator from Wisconsin's time. We are about out.

Mr. PROXMIRE. Mr. President, I yield the Senator 2 minutes.

Mr. HART. Is not the issue of the Energy Security Corporation, in response to the Senator from Minnesota's question, not how to get around the bureaucracy but around the Congress, and that is where the Energy Committee's structural proposal is faulty. The on-again-off-again is not the fault of the Department of Energy or the so-called bureaucrats. It has been the Congress. If you look at the history of oil shale research and development, it has been the Congress that has been on-again and off-again.

Mr. JOHNSTON. I would disagree with the Senator.

Mr. HART. What many of us fear with the Energy Security Corporation is not its getting around the bureaucracy but getting around the Congress of the United States. What the Senator from Minnesota is afraid of he should be afraid of. Even though there are these pro forma ways of coming back for approval of $88 billion, you are still trying to bypass the Congress.

Mr. JOHNSTON. I would disagree with the Senator. It has been the Executive at least on two occasions who has stopped ongoing Government programs. In 1930 President Hoover issued an order, an Executive order, withdrawing further lands from oil shale lease and terminating that program which had been begun in 1920.

Secretary Kleppe, under the Ford administration, also issued three prototype leases and then later that program was terminated by Secretary Kleppe.

It is true that Congress shares that responsibility for on-again-off-again. In 1975 the Senate passed a synfuels bill which was killed in the House. So we share our complicity in that on-again-off-again.

The PRESIDING OFFICER. The Senator's 2 minutes have expired.

Mr. HART. I do not see how the Energy Security Corporation is going to avoid the on-again-off-again of the administration either.

The PRESIDING OFFICER. Who yields time?

Mr. JOHNSTON. Mr. President, I yield 5 minutes to the Senator from Idaho.

The PRESIDING OFFICER. Does the Senator from Idaho wish recognition?

Mr. McCLURE. Mr. President, I thank the Senator for yielding this time.

I take this time only to indicate that the junior Senator from Idaho has had a very difficult time arriving at a decision as to what to do in the various alternatives that are presented to us. Part of that lies in the diametrically opposite approach to the problem of how we should get there, and the other is the rather difficult parliamentary situation in which we find ourselves, and I understand how we got into that parliamentary situation, in which the people who are proposing either of the two major alternatives are promising people that "you vote with me and I will change it."

That, very frankly, is where the Senator from Idaho finds himself in the belief that neither measure is perfect. Each measure has some strength, and each measure needs some strengthening in some areas. As those changes are made the two come closer and closer together.

If, as a matter of fact, the Banking Committee does what I have heard them say the proponents will do, and that is increase the amount of money that is available under this and, at the same time, the proponents of the Energy Committee measure shrink the amount of money that can be committed without congressional approval, we come very close to the same position with respect at least to one of the items in contention.

Mr. President, after a great amount of thought and consideration regarding the best way to develop the synthetic fuels in the United States, I have decided that the Energy Committee rather than the Banking Committee substitute is a better approach. Accordingly, I rise now in support of the Energy Committee bill and urge my colleagues to defeat the substitute.

My decision is based on two fundamental conclusions: First, the substitute does not—and I repeat does not—provide an adequate approach to insure that we proceed with all deliberate and reasonable speed to develop our domestic energy resources in the next decade.

Second, the Energy Committee bill, including the synthetic fuel corporation, provides a positive approach to the timely and well-reasoned development of a synthetic fuels industry.

Additionally, unlike some of my colleagues and friends in this body, I am convinced that the Energy Security Corporation concept can be and will be closely limited and restricted to prevent any abuses of authority or misdirection into a Federal oil and gas corporation. In fact, at the appropriate time I will offer a series of carefully drawn amendments to buttress and strengthen the existing limitations and restrictions on the corporation in the Energy Committee bill to insure that the corporation is a limited financial assistance mechanism.

I also am satisfied that both the requirements for separate appropriations for phase 2 and the amendments for an effective reauthorization in 5 years that the managers will offer will assure the phase 2 and that the full $88 billion will be completely subject to another affirmative policy decision, both in a reauthorization and another appropriation.

Mr. President, in a separate but related development on the floor of the Senate when we had to do with the question of setting up an energy security reserve system of $20 billion, I opposed that move because it seemed to me that we should not be identifying, in advance of appropriation, moneys that have not yet been authorized or appropriated. But the Senate and the Congress in their wisdom have decided that is the direction to go, to identify a sum of money that is going to be committed in the future—it is not committed but it is a promise—and I think that similarly a $88 billion program here is perhaps a little unwise—will the Senator yield 2 additional minutes?

Mr. JOHNSTON. I have 16 minutes left and I have about 20 minutes allocated.

Mr. McCLURE. One minute?

Mr. JOHNSTON. I will only do this for the distinguished Senator from Idaho because he is speaking in support of our bill.

Mr. McCLURE. I thank the Senator and I will not take further time thanking him. I will do that without charging the time.

But I am convinced that unless we get on with the business of producing energy in this country our consumers are going to continue to pay extortionate rates for the energy that the whole world knows now can be charged to the American consumer.

There is only one way that I know of to solve that problem and that is to get on with the business of producing energy in this country and almost without regard to what the cost is, because it is going to cost us less to produce it here than it is not to produce it and lay ourselves open to the extortion of foreign producers.

The PRESIDING OFFICER. The time of the Senator has expired.

Who yields time?

Mr. PROXMIRE. Mr. President, I yield 1 minute to the Senator from Michigan.

The PRESIDING OFFICER. The Senator from Michigan is recognized.

Mr. LEVIN. Mr. President, I thank the Senator from Wisconsin for yielding.

I first want to thank the Senator from Louisiana for his clarifications this morning of a number of matters which, I think, are very important, including making it clear that the $88 billion is not an authorization but simply going to be stated as a goal, and I thank him for other clarifications.

I do have one question I would like to squeeze in, however, and that is if at the end of 5 years the Energy Security Corporation did not have sufficient information to come up with a comprehensive plan, would the Senator be willing to accept an amendment later on which would permit them to seek an extension of that time, and unless disapproved by Congress, to have it so they would have sufficient information upon which to base a comprehensive plan?

Mr. JOHNSTON. Certainly; it is not our intent to rush them into judgment prematurely. The idea of the 5 years is that we want an answer to the program outlines at least by that time; that is, at least a report on what they have done by that time. But, of course, if they are not ready to make a final judgment on which direction the program should go in, they should have that time and we will accept such amendments.

Mr. LEVIN. I thank the Senator, and I thank the Senator from Wisconsin again.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I wonder if the Senator will yield 4 minutes at this point. Does he have 4 minutes for me?

Mr. JOHNSTON. Mr. President, I yield 4 minutes to the distinguished Senator from New Mexico.

Mr. DOMENICI. I want to make a couple of remarks about the statements of the Senators who have addressed the issue this morning. I did not get a chance to read the entire statement of the distinguished Senator from Maine, but I commend him. Apparently he is not going to vote for the Energy Committee version, but he quite properly indicated why the Banking Committee bill will not work. The level of funding is inadequate and, obviously, the diversification of technologies will not come forth from that bill. That is true. He is right. I wish he could then conclude that ours is the approach to get us there, because we think it is.

I have had a chance to review the RECORD of the opening day's debate on title I, S. 932, the Energy and Natural Resources Committee's recommendations on a synthetic fuels program, and I am struck by several things.

First, I am struck by the fact that, despite what proponents of the Proxmire amendment contend, the amendment they have offered will not produce any synthetic fuels. I suspect that this is why the antisynthetic fuels organizations in this country have rallied behind the Proxmire amendment. I suspect, also, that those big oil companies who do not want any competition in the energy-producing business have rallied behind the Proxmire amendment for exactly the same reason.

Oh, I know that my friend from Colorado (Mr. ARMSTRONG) will take strong exception to my contention. He says he is a friend of synthetic fuels. So, I must ask him directly, as a friend of synthetic fuels, why he supports a bill that will lead to a synfuels capacity, at most, of two plants. That is right: The Banking Committee bill, under the most generous interpretation, will give us only two plants. When one looks, for example, at the Badger Engineering study for the Department of Energy, one finds that a commercial-sized coal to gasoline plant will cost about $4.3 billion in constant dollars. The Banking Committee's bill will involve $3 billion. Give them all allowances—assume that all $3 billion will be in the form of loan guarantees—and you reach $9 billion in financial power, since they permit you to multiply by three. If you go for the kind of plant I have just described, you do not even have enough money; you do not even have enough money for it and there would be nothing left over for the great variety of plants that we must have. That will build two commercial-sized plants of the kind that Badger Engineering has proposed.

Mr. President, this is not a time for timidity. This is not a time to be afraid. This is a time to act.

So, it is very simple for the Senate to put into perspective the Banking Committee bill: It is a popgun response to the moral equivalent of war. If the Banking Committee had been running the war of independence, we would all still be British subjects. And, I am sure the chairman of the committee would be trying to reassure us that if we just leave everything alone, if we just follow "business as usual," well, those evil British will just go away and let us be free.

Let us get serious about this. Iran is tottering. The highest councils in the land, and in the world, are meeting as Iran goes through yet more turmoil. And, some Senators sit here and try to contend that the Proxmire amendment will help us avoid these uneasy days and nights in the future.

To summarize, a vote for the Proxmire amendment is a vote to kill any kind of significant synthetic fuels program.

I am struck, secondly, by the inability of the proponents of the Proxmire amendment to decide among themselves what they want. The amendment has $3 billion, but the Senator from Wisconsin says he knows that is not enough money. The Senator from Colorado says he suspects that we do not need any Federal money. I suspect that the two Senators, at the end of this entire debate, may not agree on what they want.

Third, I am struck, I would almost say, thunderstruck, by the support of my good friend from Colorado (Senator ARMSTRONG), for a bill, the one proposed by the Banking Committee, that would continue price controls. I am sure that surprises him. But, yes, the Banking Committee bill, on page 27 and 28, for example, in section 103, imposes price controls on tar sands and heavy oil production. Is the Senator from Colorado advocating this approach? And, if he is not, why is he supporting the Banking Committee in its efforts to gut the Energy Committee's synthetic fuels program?

Next, I am astounded that the Senator from Colorado would advocate to those of us who have so often supported him, and often worked closely with him, that we support an amendment that will pour more money into an already-discredited bureaucracy. We have offered him an approach that will put a businessman at the head of a lean and responsive corporation, a businessman who knows the ins and outs of finance and risk-taking, and he is asking us to, instead, adopt the Proxmire amendment that will put a civil servant in the position of negotiating contracts with multibillion dollar firms.

I only wish he would talk about this facet of our approach to his many friends in the synfuels industry. I think he would find that they would unanimously agree with David Goodman of the Morgan Stanley financial house, who said, and I quote:

> To make the program work, the decision-making will have to be crisp, hard-nosed and attuned to the needs of business. A regulator's mentality would be anathema to the purpose of the program . . . On balance, I conclude that a separate, government-owned corporation with a limited life, such as is contemplated by the legislation, is probably the best way to go.

To conclude my analysis of the Proxmire amendment, I will point out what it does:

It guarantees that no more than 2 commercial-sized synfuels plants will be built;

It pours more money into those very agencies of Government that have already said, in writing, that they cannot handle a commercial program of significant size in synthetic fuels;

It will put a bureaucrat, instead of a businessman, in the position of trying to negotiate complex, multibillion dollar deals with the private sector;

It restores price controls on production from tar sands and heavy oils, in direct contradiction of every tenet of good economics;

It guarantees that only the very biggest firms in the world, and perhaps only three or four of those firms, will be able to develop synthetic fuels, thus extending the monopoly on energy production even further;

And, as the antisynthetic fuels groups have recognized it will be a vote against synthetic fuels.

Yes, that is the Proxmire amendment. That is what the Senator from Wisconsin believes is the proper response to the gravest national crisis this country has faced since World War II. The Proxmire amendment does nothing for synthetic fuels; it does nothing to give us hope for eventual energy self-sufficiency; it does nothing to prevent us from staying prey to the fragile supply of oil from abroad.

To vote for the Proxmire amendment is to wave the white flag of surrender in this war for energy security, in this war for national security.

The Energy Committee, knowing that timid responses are worse than no response at all, has taken a bold, new course.

We have advocated $20 billion in funding, in the form of obligational authority.

We have advocated that a business-like approach be taken, where an experienced businessman will deal with other businessmen in this complicated and expensive world of synthetic fuels.

We have given this businessman flexible forms of financing, as every expert advocated, so that firms of all sizes can compete in producing synthetic fuels.

We have given our Corporation a definite lifespan, so that no permanent, new bureaucracy be formed.

We have offered a two-staged approach, where the Congress will have the power to say "no," if it wishes, after the first phase. Under our approach, Congress must act twice if any further money beyond $20 billion is to be obligated. Congress must first approve the comprehensive strategy report for the second phase that the Corporation will submit to us. And, secondly, Congress must then actually appropriate the moneys required.

This Senate has the power to confirm or reject appointees to the Corporation's Board of Directors.

None of this—repeat, none of this—exists in the Proxmire amendment.

I think the real key, as I said at the outset, is to look at who supports the Proxmire amendment. It is supported by groups who have vowed to kill synthetic fuels. It is supported by organizations representing companies who do not want competition from synthetic fuels production in the hands of smaller firms. And, it has been offered by the very Senator who helped kill a similar approach 4 years ago.

It appears to be antisynthetic fuels. It smells like it. It walks like it. I can only conclude that, as some of the organizations supporting it contend, it is antisynthetic fuels.

Adoption of the Proxmire amendment would please those who are against synthetic fuels, of course. But, adoption of this amendment would please even more those foreign nations who now hold America energy hostage. Remember that, it would please those nations who now jerk this country around like a puppet on a string.

So the Senate has a chance to send a clear signal overseas. We can adopt the Energy Committee recommendations and send a signal that we are serious about energy self-sufficiency. Or we can adopt the Proxmire amendment and send the signal that we will lie idle and helpless, while our economy is ravaged and our society disintegrated by our energy ignorance.

In conclusion, I repeat that the Proxmire measure, if it is adopted, will guarantee that no more than two commercial-sized synthetic fuels plants will be built; it pours more money into those very agencies of Government that have already said, in writing, that they cannot handle a commercial program of significant size in synthetic fuels.

Mr. President, it just seems to me that we have reached the time to make some decisions. We do not need any more time to consider whether or not we need synthetic fuels. Senators have said on the floor we need time to analyze. We do not need any time to analyze. The time is too late already. We do not need any research and development in synthetic fuels. We need development of synthetic fuels.

The time has come when the American people properly expect us to get on with developing the 700 billion barrels of oil tied in shale and the 300 years of coal that are locked in the American hinterland. They do not expect us to continue forever to make excuses.

My last point is this: There are those who say that this is more bureaucracy. I would ask, if you put it in the Department of Energy, are you not going to have to hire people to do this work? Does somebody expect it is going to be done by nonpeople? We say put it in a separate entity with business people that can work with business people, not in the Department of Energy, which cannot get the job done.

The PRESIDING OFFICER (Mr. HART). The Senator's 4 minutes have expired. Who yields time?

Mr. JOHNSTON. Mr. President, how much time remains on both sides?

The PRESIDING OFFICER. The Senator from Wisconsin has 17 minutes. The Senator from Louisiana has 11.

Mr. PROXMIRE. Mr. President, my problem is that the people that I have who are going to speak, as often happens, are not available at the moment. So I will take a little of my time right now, Mr. President.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, the Senator from New Mexico keeps harping away at the suggestion that we have only $3 billion in the bill—of course, that is a whale of a lot of money—and that $3 billion means 1½ plants, 2 plants, or something of that kind.

Mr. President, as we have tried to point out over and over again, that $3 billion we are perfectly willing to amend, to increase the amount. Furthermore, th $3 billion is only the beginning. It translates into $9 billion of guarantees; and furthermore, we would guarantee 75 percent of the plant. Therefore, in effect, so far as a guaranteed plant is concerned it translates into $12 billion.

As I say, we are going to beef that up, just as the distinguished Senator from New Mexico and the distinguished Senator from Louisiana have conceded they are going to change their bill if they prevail.

They made, I must say, a very interesting and useful concession, but it completely contradicted what was brought out on the floor in the initial debate on this matter. They initially indicated that $68 billion was going to be triggered automatically by the report, if the report was not disapproved. Now we have quite a different situation, a situation in which that report has to be approved affirmatively, as I understand it—and I hope they will contradict me if I am wrong—by the Congress. That makes some difference. It is a help.

However, I would point out that the Energy Committee bill still leaves unamended Government-owned, contractor-operated plants, and I think it is clear why those are so resented and opposed by the private sector. It still leaves the Synthetic Fuels Corporation, which would be free, as the Senator from Colorado pointed out so well, from the protections provided by the Federal procurement laws, from the Administrative Procedures Act and other safeguards that we have. The amended Energy Committee substitute would still leave authorization for joint ventures between Government and industry on pilot plants.

Mr. President, I would point out to the Senate that the Banking Committee substitute is supported very solidly by the business community. The Committee for Economic Development, a most enlightened business group that has been studying synthetic fuels for 2 years, has come down in support of our amendment. The National Federation of Independent Business, their first poll showed 58 percent of their members to be opposed to the Energy Security Corporation, so they were asked to poll again. They polled again, and it showed 80 percent of their membership throughout the country, in every single State, opposed to the Energy Security Corporation.

Conservation organizations are solidly behind the Banking Committee amendment. They recognize the adverse effect this can have. The National Coal Association; Common Cause has been added to this list.

Mr. President, a few minutes ago a Senator said he was very concerned about the notion that the reason the industry favors our approach is that they are afraid of competition. Mr. President, there is something to that.

We should be very aware of what they are concerned about. I think it is a very legitimate concern.

What happens if we come in with a crash program that demands 24,000 more professionals, in a field where they only have 45,000? Where do we get them from? Any industry, whether oil, coal, or whatever it is, requires trained specialists, and if the Government takes them for a crash synfuels program, it is going to hit every sector of the economy very hard.

What happens to the equipment available, and to the people who produce the equipment? There again, the costs are going to go sky high. The inflationary effect of the Energy Committee bill is transparently very clear. The term used in the Pace Co. report prepared for Senator HART's task force was "hyperinflation"—there could be hyperinflation in the construction industry if we adopt the Energy Committee substitute.

The Senator from Louisiana has already referred to the editorial in the New York Times. I would like to read another part of it, because I think it is a very timely observation. The New York Times, as we know, has no vested interest here. I think it is the outstanding newspaper in the United States, a highly objective and competent paper, with an outstanding and brilliant editorial staff. I will start at the beginning:

> The prospect of synthetic fuels is alluring: all the oil and gas the nation needs for centuries, secure from foreign interference. But the potential costs of a rush to develop "synfuels"—the capital wasted on inefficient technology, the damage to the environment—are so great that caution is warranted. That is why the Senate Banking Committee now wants a program of Government-assisted demonstration projects before committing the country to a major production effort. Such prudence deserves support.
>
> The Senate Energy Committee's response, coming after the gasoline lines had disappeared, was less than the President asked for. It provided for only $20 billion, to achieve a target of 1.5 million barrels a day. But this plan remained in spirit a crash program, including creation of an Energy Security Corporation with the power to press ahead with commercial development of synfuels.
>
> The Banking Committee, which shares jurisdiction for synfuel financing, has been more cautious.

The editorial goes on to say:

> The Senate, which must now choose between these approaches, would be wise to take the Banking Committee's route. The basic technology for synthesizing oil and gas from coal is 40 years old. But no one has ever tried to use it on the scale needed to make a dent in America's oil imports. It is hard to predict which technologies will be the cheapest or which will be compatible with worker safety and a clean environment. In committing the country to production on a commercial scale, Congress could endow us with a white elephant with alarmingly dirty habits.

Mr. President, I think we ought to keep in mind the fact that while synfuels are very important and we should do all we can to encourage them, the fact is that of our total energy needs synfuels will supply at best, if we meet the goal the Energy Committee sets, about 3 percent, compared to solar which could provide about 20 percent compared to conservation, which could also make substantial contributions to our energy needs. To go ahead with a program which is highly inflationary, which is opposed overwhelmingly by experts in the business community who have experience with this, and which is opposed by such objective outside experts as the New York Times, I think is a mistake. I am happy to yield 5 minutes to my good friend from Pennsylvania.

Mr. HEINZ. Mr. President, I thank the Senator from Wisconsin, my distinguished colleague and chairman of our committee, for yielding.

Mr. President, I express my strong support for the amendment offered by the Senator from Wisconsin which substitutes title I of the bill reported by the Banking Committee for title I of the Energy Committee's legislation. The debate on this amendment has covered the issue of the need for Government assistance to develop a domestic synthetic fuels industry thoroughly. I would like to add, however, before the Senate votes, my reasons for supporting the Banking Committee position and my perception of the crucial substantive issues in this debate.

First, I would like to make it understood that I support efforts to encourage the development of technologies which will enable us to utilize more extensively domestic resources to meet our energy needs. However, I do not believe that it is necessary to commit the Federal Government to a massive program, both in terms of funding and Government authority, as I believe the Energy Committee version of this bill does.

In addition, I would like at the outset to respond to those who have criticized the Banking Committee for being unrealistic in its approach by providing only $3 billion to fund the program. Comments which suggest that this is an inadequate sum to fund the projects authorized in the bill and to undertake synfuel development at the level required to protect our national interest are well taken. In fact, it was the view of most members of the Banking Committee when the bill was being marked up that the issue of funding levels could best be resolved on the floor. Thus, the committee agreed to use the figure adopted by the House for the purpose of reporting the bill.

It should also be noted that the Banking Committee reported this bill at the beginning of September, at a time when there were many uncertainties surrounding the question of how much revenue would be available for development of synthetic fuels.

At this point, however, it is clear that a substantial increase in the amount authorized in the bill is imperative. Most cost estimates for plants of the size authorized in the bill cluster near the $1 billion mark. If 12 such plants, the maximum permitted by the bill, were constructed $12 billion would be needed. I am confident that this figure not only can be adjusted but will be adjusted so as to insure that there will be sufficient funds to undertake a meaningful and aggressive synthetic fuels development program. I hope that my colleagues who are still weighing the merits of each side of this issue will not look upon the funding level as a substantive difference of intent between the Banking and Energy versions.

Second, I believe that careful consideration of the reasons that a commercial synthetic fuels industry has not yet emerged in the United States will reveal that it would be unwise at this time to commit the country to a massive $88 billion development program. While technology exists today to convert coal from solid form to a more versatile gas or liquid form, no such commercial facility has been built in the United States primarily because of the uncertainty surrounding the cost of producing a product that would compete with domestic or imported petroleum products.

Several companies, with the assistance of the Department of Energy, have undertaken the construction of small-scale plants which are testing second generation technologies developed in this country.

However, the uncertainty as to whether or not these plants can be operated at commercial scale is great enough to prevent the firms participating in the projects from making a commitment to their own technologies. Certainly, the business and technical judgment of these companies exceeds that of the Federal Government. I am reluctant to authorize the construction of plants based on these technologies at this time when their sponsors are uncertain of the advisability of short circuiting the traditional development process.

The Banking Committee recognizes the need to proceed with an agressive development program and has provided the authority to meet this need. However, it does not prejudge the experience that will be gained from this additional testing at smaller scale facilities. Based on this information, a decision will be made by the private sector and the Federal Government as to what the obstacles are to the establishment of a domestic synfuels industry and what part the Federal Government should play in encouraging the development of a commercial industry.

In addition to the uncertainty surrounding the cost of producing synfuels, there is great uncertainty concerning the environmental impacts of a commercial synfuels industry. Currently, the largest operating coal conversion facility consumes 6,000 tons of coal per day. A commercial scale plant would convert 5,000 tons of coal per day. Dealing with this amount of material alone presents problems which are yet to be resolved. In addition, questions have been raised and not sufficiently answered concerning possible toxic byproducts of the process and the impact on the carbon dioxide levels in the atmosphere. Until these and possibly other questions can be more thoroughly addressed through a demonstration plant project, I believe it would be unwise to make a decision on production goals and commercialization strategies, as, in fact, the Energy Committee bill does.

So, Mr. President, I hope my colleagues will join in substituting the Banking Committee bill.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JOHNSTON. Mr. President, I yield myself 1 minute to read one paragraph from a statement of the President of the United States made on Monday. He said as follows:

> Without the Eenergy Security Corporation, it would be almost impossible to have synthetic fuels and other supplies developed on a competitive basis. We will have an almost complete domination of energy supply opportunities by just a few major oil companies. So the passage of the Energy Security Corporation this week by the Senate is crucial to provide competition, to let our Nation have adequate energy supplies, and also, of course, to implement a major additional conservation effort. All of these factors contribute to our Nation's security.

I urge my colleagues to keep the President's statement in mind as they vote.

Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator has 9 minutes remaining.

Mr. JOHNSTON. I yield 4 minutes to the distinguished Senator from Washington.

Mr. JACKSON. Mr. President, we are right back to where we were in 1975 and 1976 when this body, after the cutoff of 1973–74, passed two very substantial bills dealing with synthetic fuels by overwhelming margins, only to be defeated in the House by the same coalition which is fighting this bill.

The facts are very clear. We are importing over 8 million barrels a day. The testimony we had at Energy Committee hearings this morning is that domestic production, no matter what incentives occur, will remain at about 10 million barrels so we will continue to have this deficit.

Mr. President, how can any Member of this body vote for this amendment and go back to his or her constituency and answer the question, "What have you done to bring about an increase in production of oil and petroleum products?"

The facts are, and they are not disputed even by the industry, that they are not going to increase the production of oil and gas in the United States.

Mr. President, half of the 18 million barrels of oil that we burn every day, is under boilers. There we have two alternatives: Nuclear or coal.

A lot of Members in this body are opposed to nuclear and when you say nuclear, they say "coal." When you say coal, then you have problems.

I just heard a comment here which was rather incredible, that the answer is that only 3 percent or 5 percent will be taken care of in synthetic fuels, and 20 percent by solar. I would like to see the candidate running next year get up and say, "The answer is solar," and the constituent says, "Well. how do you get it into your gasoline tank?"

I say once again, we are going back to the gas lines. We are going back to the gas lines. How can any Member of this body stand up and say, "I voted against the synthetic fuels program, that is true, because the alternative is solar."

We have solar in this bill. We are doing everything we can in solar. We have conservation in this bill, we have biomass in this bill. But for the next 20-odd years, we shall still have to burn gasoline and diesel oil for automotive purposes and for heating.

Mr. President, we have to face the cold, hard fact that we have an opportunity now either to vote for a puny bill—really a research and development bill or a significant bill. We have been researching it since 1916, Mr. President, and they say this is a large sum of money. Well, Mr. President, we have dawdled since 1975 and 1976; when we had a chance to act, and we could be well on the way to producing oil now, we have dawdled. We could have it moving. We could have the oil.

And what has happened to costs? We paid $7 billion for imported oil in 1973. Now we are paying $70 billion a year, Mr. President. And we are arguing over a downpayment of $20 billion over the next 3 or 4 years to get a synthetic fuels program going.

Mr. President, I can only say that we are in a critical situation in Iran. As of yesterday, there was a cutoff of oil deliveries. Today, it might be back on. Who knows about tomorrow? And what happens if Iran has its spillover effect on other countries.

I suggest we send a signal, a strong signal, not a muted or a confused signal, so the world will know that we are making a beginning, even if it is a small beginning. Surely, we do not want to make a puny beginning.

The VICE PRESIDENT. Who yields time?

Mr. JOHNSTON. Mr. President, I yield myself 1 minute.

Mr. President, the Chinese are, today, producing oil from shale. The Canadians are embarked upon a massive tar sands program involving an almost $2 billion plant. The South Africans are in phase 2 of their SASOL plant, using the Fisher-Tropsch process, and will soon have all of their liquid fuels in that country produced from synthetic fuels.

The Brazilians, Mr. President, are into the gasohol field on a massive basis and will soon have all of their liquid fuels from gasohol produced from sugar.

In Europe, Mr. President, they are developing breeder reactors; they are going in a nuclear direction.

Mr. President, we have a chance today to make a choice at least to put this Nation in a partial direction toward energy self-sufficiency. If we do not do this today, if we do not opt for synthetic fuels, then we are either going to have to suffer the very serious consequences of lack of fuel or we are going to have to make another choice. That choice is, as my distinguished colleague from Washington said, nuclear power. I think many do not want to do that.

The VICE PRESIDENT. Who yields time?

Mr. JOHNSTON. Mr. President, how much time is left?

The VICE PRESIDENT. The Senator has 2½ minutes.

Mr. JOHNSTON. I yield 2½ minutes to the distinguished majority leader.

The VICE PRESIDENT. The Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, the American people are watching to see whether or not Congress is going to commit this country to a program that will lead us toward energy independence. For 40 consecutive months, this country has run a trade imbalance and in September, there was the highest trade imbalance of all, $5.8 billion.

Mr. President, we are spending at the rate of $70 billion a year for imported oil. Only so much can be done with respect to inflation because a major factor is the rising volume of oil imports and the rising cost of oil imports.

Mr. President, I offered an amendment to the Interior appropriations bill to add $20 billion for the synfuels program. That money is in conference. This is the authorization that would provide for the appropriate expenditure of that money. I say, Mr. President, that today is the day of decision. Time is running out on beginning commercial production of synthetic fuels. We have talked about synthetic fuels for years. Now is the opportunity to put our money where our mouth is.

Mr. President, if the Senate adopts the amendment by Mr. PROXMIRE—and I say this with all due respect to my friend, and he knows I respect and love him—I can see the headlines: "Senate labors and brings forth a mouse." A mouse, $3 billion for research and development.

We have been talking about research and development for years.

Earlier this week I commended the distinguished chairman of the Senate Energy Committee (Mr. JACKSON) for his leadership and hard work in developing a comprehensive energy production bill. I have stated my endorsement for this approach and I urge the Senate's support for title I as reported by the Energy Committee. There will be few more important votes which can be cast to insure this Nation's strategic and economic security. This is a matter of the greatest urgency and importance, with our Nation's future in the balance.

We cannot continue our dangerous dependence on foreign oil. Circumstances such as we are now witnessing in Iran underscore the immediate need to develop our own energy resources. We must mount a major national program to create a synthetic fuels industry in order to bring on line our enormous resources of coal and oil shale.

A fragmented program, rather than a definitive, long-range Federal commitment to the development of synthetic fuels, would be a sign that we are unwilling to curb our foreign oil appetite and prepare for the future. The consequences of such inaction could be dire.

The Energy Committee bill represents a comprehensive initiative which reflects the consensus of numerous experts from the business, science, and financial communities. It establishes an independent agency to channel financial aid to private industry to encourage the commercial development of synthetic fuels.

A synthetic fuels production capacity of 1.5 million barrels per day will require a unique cooperation between Government and the private sector. The approval of the Synthetic Fuels Corporation will not create a vast new bureaucracy and it will not put the Government in the energy business. It will, however, provide the evidence of national commitment and the continuity of purpose to make the synthetic fuels program a reality. It will send a signal to the financial and business communities that the risks entailed in such an effort will be worth taking.

This legislation does not commit the Government to the open-ended expenditure of $88 billion. Those who use that argument to oppose this bill ignore the fact that the funds authorized are to be used primarily for price and loan guarantees. Successful production of synthetic fuels from coal or oil shale, combined with a continued rise in world oil prices, will mean that the actual Government investment will be minimal.

However, this legislation defines the terms for large-scale commercial synthetic fuel production by the end of this century by creating the framework for future action. Investments of this dimension cannot be made piecemeal. This bill provides for continued commitment while allowing for congressional participation in the decision to proceed with the synfuels effort. This is the proper balance and in my opinion is one of the essential elements of a successful synthetic fuels program.

Last month, I authored the amendment to the Interior appropriations bill which provided for the appropriation of $20 billion to a special Treasury account called the Energy Security Reserve. These funds were approved by an overwhelming vote of the Senate for the express purpose of alternate fuel production. This legislation authored by the Energy Committee is complementary to that appropriations measure. I believed then, as I do now, that the energy crisis demands a new congressional commitment to accelerate the production of synthetic fuels from our own domestic energy resources. Recent events have only proved the urgency with which we must act.

The American people are angered by inflation fueled by rising energy prices as the OPEC cartel hikes prices over and over again. Our national security is threatened although no foreign troops approach our borders. We must act prudently, but we must act in recognition of the extraordinary dangers in which the energy crises places us. This legislation is the appropriate response and demands our support.

Now, Mr. President, the time has come to make this commitment firm and to let the American people know that the Senate stands behind this commitment. Let us not march up the hill and down again.

The gaslines are going to be back. The Senator from Washington spoke about the gaslines. They will be back, and much too soon. And, Mr. President, when they are back, those who vote for a $3 billion research and development program that will just go on, like Tennyson's book, forever, are going to be asked questions: How did you vote? How did you vote?

Mr. President, I urge the Senate to vote down this amendment, and I say this with love and affection for my colleague. The time has come for the Senate to stand up and be counted and let the American people and the world know that we are committed to a meaningful program that will lessen our dependence on fuel oil imports from abroad within the next few years. It will not be tomorrow or the next day, but we have to start at some point.

Mr. PROXMIRE. Mr. President, I appreciate the love and affection of the Senator from West Virginia, but I wish he had not made that speech.

I yield 2 minutes to the Senator from Montana.

Mr. BAUCUS. Mr. President, today as we consider the second part of this year's energy legislation, I believe it is important that we discuss some basic principles about energy.

All of us agree that we have a responsibility to make this country as energy independent as possible. The Arab embargo of 1973 should have taught us this lesson, but it did not. This past summer's gasoline and diesel shortages underline how important self-sufficiency is. Once again, though, it also points to our failure to reach that goal.

Equally important, our national energy policy must be sensible. It is tempting to rush headlong into the future, ignoring what commonsense tells us is the correct approach.

There is no doubt that unnecessary Government redtape and bureaucratic entanglements have tied up vital energy projects—often for years. These procedures must be streamlined.

There also is no doubt that Congress has simply been too timid to make the tough decisions necessary to create an effective national energy policy.

The year's energy agenda recognizes the inadequacy of our past efforts. It recognizes that we have the opportunity to chart a new course, that we can reduce our imports of oil, that we can provide the kind of incentives necessary to encourage Americans to conserve significant amounts of energy, that we can increase domestic oil and gas production and, that we can insure synthetic fuels are part of our national energy arsenal.

The legislation before us presents several basic issues. How we vote on these questions will determine the speed, scope, and cost of synthetic fuels development in the United States.

The bills before us represent two basic approaches to the development of a synthetic fuels industry. Both bills have strengths and weaknesses, but our choice is clear.

I urge the Senate to make its decision based on the two principles I spoke of just a few moments ago: Energy independence and a commonsense approach to energy development.

Mr. President, it is my view that when we analyze the legislation before us in the light of these principles only one conclusion emerges: Reject the creation of a Synthetic Fuels Corporation.

In my view the Energy Committee's proposal is just the wrong way to reach these goals. It would push us too fast down a road to synthetic fuels development—without any guarantees that our money would be well spent.

The Energy Committee's bill speaks loud and clear on this point. Its proposal authorizes $20 billion for a phase I program and requires a full report to Congress on the results of that effort.

As I read the bill, however, that is where our role ends. It looks to me as if once that report is completed, moving on to phase II—and authorizing another $68 billion—is very easy, and virtually impossible to prevent.

Throwing money at a problem is not always the way to find a solution. We ought to know by now that this is a risky approach.

Industrialists, engineers, investment analysts, and others agree development of a synthetic fuels industry will take time. The pace of discovery should not carelessly be rushed. Perfecting the technology for these massive plants—each of which would be the largest commercial scale, industial plants in the Nation—is a long, complex process where mistakes would be extremely costly.

Producing synfuels in the quantities envisioned in the President's July 15 speech and in the Energy Committee's bill will take years. Everyone agrees to that. Rushing that process will only result in costly mistakes, wasted Federal funds and could even harm irreparably the future of synthetic fuels.

The Energy Committee's bill is just too big in its scope. It not only costs too much, but its scale is too large.

The Energy Committee's plan refers to the importance of technical diversity and for competition among all applicants to both large and small processes.

But I do not believe that will be the result if its bill is enacted into law. In my view, its bill is going to result in the largest possible synthetic fuels plants—while overlooking equally viable and valuable small-scale projects.

The technology is not proven, and we do not know how long it will take to get the bugs out. The Banking Committee's approach is the sensible one. Let us obligate a modest, reasonable amount of Federal funds and see if the technology is going to work. Let us take a close look at the report from phase I before we pour another $68 billion on what could amount to nothing more than a shallow hole.

Let us determine how synthetic fuels plants will affect our environment.

It is easy to argue for this approach when you are from a "synfuel" State. Montana and a handful of others will feel the burden of synthetic fuels because our water—the lifeblood of our economy—would be threatened, our air potentially polluted, and our communities bursting into boom towns. But even if I were not from a synfuel State, I would make these arguments, because only unwise national policy produces such economics and environmental consequences.

The Department of Energy has admitted to me that they lack information about some "critical water impact areas." They do not know how development of commercial-size synthetic fuels plants would affect the rivers of Montana that now provide drinking water, water for agriculture, and water for States on downstream. I think we should know a lot more than that before we commit major sums of money.

Likewise, the effect of a synthetic fuels plant on our local communities would be profound. Where will the funds come from for the new schools, roads, hospitals, sewers, and other public facilities needed to serve the thousands of new residents?

How will massive strip mining affect the landscape of the West?

These are all questions that must be answered before rushing toward synthetic fuel development on the scale proposed by the Energy Committee. Analyzing the phase I results to determine the answers to these questions will require time—time the Energy Committee's bill does not give Congress.

Finally, I am concerned about the Energy Committee's vision of the role of the Federal Government in the development of synthetic fuels.

Creating an independent and relatively unaccountable Federal corporation for the sole purpose of promoting synfuels could actually hinder the development of synthetic fuels.

I have always understood the role of the Federal Government to be that of a wise shepherd, using public funds to do what private investors cannot risk to do, spurring development of promising technologies for the investment market.

But as I read the Energy Committee proposal the Synthetic Fuels Corporation would be a lot more than that.

If the synthetic fuels industry is to be a success—in terms of efficiency and in the marketplace—Government should play a minimal role. The Banking Committee bill envisions such a role, providing limited Federal financial assistance for a program to demonstrate synfuels technologies on a commercial basis.

The Synthetic Fuels Corporation would create a new Federal bureaucracy to do a job that would be done better in the private sector.

In my view, the Energy Committee's proposal proceeds too fast, is too expensive, is too much of a threat to our environment, and represents too much Government.

Synthetic fuels must be given a fair chance. They will play a role in our energy future. But in fashioning that role, I ask my colleagues not only to consider the importance of energy independence but also to adopt a commonsense approach to synfuel development. Such analysis leads me inexorably to support the Banking Committee proposal. I urge my colleagues to do likewise.

Mr. PROXMIRE. I yield the remaining time to the Senator from New Hampshire.

The VICE PRESIDENT. Forty-five seconds.

Mr. HUMPHREY. Mr. President, before the advent of modern medicine in modern times, the practice in medicine was bleeding the patient. If the patient did not get well, he was bled some more.

That is what we will do to our economy today if we choose to bleed off $88 billion from the private sector in the name of expediency, and everything else, and turn it over to the politicians and bureaucrats to dribble it away, as they always do.

I believe in the private enterprise system. Yes. Let us develop our resources by letting the private sector work and not bleed it more.

Have we not learned our lesson, for heaven's sake?

I support the Senator from Wisconsin's amendment. I hope my colleagues do.

Once again we have gathered to debate the establishment of another Federal entity designed to solve a problem created by big government. Despite our experiences, we continue to spew out legislation that adds layer upon layer to the stifling Federal bureaucracy.

But this time we have a choice; a choice between haste and prudence, a choice between substantial Federal interference and limited Government involvement, and a choice between $3 and $88 billion. The Senate Banking Committee's version of title I to S. 932 is clearly the responsible choice. By any standards $3 billion is a very large amount of money. It seems a modest proposal only when compared to the dangerously gargantuan proportions of the Senate Energy Committee's plan.

Many of my distinguished colleagues have pointed out the serious flaws contained in the proposal put forth by the Senate Energy Committee. A crash effort of the size envisioned by the Energy Committee would strain the market for available materials, subject areas of the West to explosive, unplanned population growth, strain the limits of water supply, and commit an unprecedented amount of money and Federal involvement to what should be a private sector market. Whether or not such a program is funded by the windfall profits tax, the American taxpayer will foot the bill. The limited vision of this bill would lock us into a narrow band of the alternate energy spectrum. Also, were such an effort to fall short of its goal, public opinion could be soured for many years. Such a reaction would foreclose less hastily conceived plans to develop this technology.

Finally, the option the synthetic fuels corporation holds to establish joint ventures is an unwarranted step toward Federal assumption of risk and cost best left to private investment. The fact that the Government can absorb financially troubled projects discourages efficiency. Joint ventures remove the risk element and encourage premature technologies, transfer cost and risk to the taxpayer, and vitiate incentives for efficient operation.

The Senate Energy Committee has set a target of 1.5 million barrels of synthetic fuels production a day by 1995. Decontrol will result in an equivalent amount of extra production by 1985, 10 years earlier than the synfuels target date. There are more appropriate incentives to promote synfuels production than those contained in the Energy Committee's plan. We can free up public lands, provide tax credits, hasten decontrol, and change our punitive tax structure. The massive program planned by the Energy Committee is not what we need now. The Banking version is the reasonable choice.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Wisconsin.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent there be 1 additional minute for Mr. PROXMIRE and 1 for Mr. STEVENS.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I merely want to say that I think the proposal before us that came from the Energy Committee is a credit to the work of the Senator from Louisiana (Mr. JOHNSTON) and the Senator from New Mexico (Mr. DOMENICI).

This is a bill that I think has great promise for the country. Coming from a producing State, I still believe we must dedicate as much of our resources as possible to the synthetic fuels program.

I congratulate the two Senators for the hard work they have put into this bill. I, personally, hope the Proxmire amendment is defeated.

Mr. PERCY. Mr. President, I am not completely satisfied by the Banking Committee's version of S. 932. In particular, I am concerned that, in providing $3 billion in assistance to help develop synthetic fuel processes, we may be aiding the creation of one more lucrative energy industry in which the small businessman or the independent oil producer plays no part. We have a new chance with synfuels—just like we do with solar energy and conservation—to create a broad base of activity, insure competition and unimpeded entry into the marketplace.

I would like to address a question about my concerns to the chairman of the Banking Committee (Mr. PROXMIRE).

It has been said that the Banking Committee bill will be anticompetitive—more so than the Energy Committee's version—because it restricts available incentives to purchase and price guarantees, and to loan guarantees of up to $500 million. Congress would have to approve loan guarantees above this amount.

Supporters of the Energy Committee bill argue that regulated utilities and small companies are going to need bigger loans and loan guarantees than your bill allows if they are going to play any role at all in synthetic fuel development. Purchase and price guarantees do them little good.

How do you respond to these charges? Are we, in essence, guaranteeing a big business synfuels monopoly?

Mr. PROXMIRE. I thank the Senator from Illinois for his most thoughtful question. With him, I agree that we should promote competition and participation by smaller firms to the maximum extent practicable.

I would point out that the Banking Committee substitute does provide for loan guarantees, which are generally needed by smaller firms. Congressional approval is not required for guarantees larger than $500 million. Rather, such guarantees can be reviewed by the Congress, and disapproved if both Houses reject it. This is not a one-House veto, but a two-House veto.

I am committed to a program which would maximize participation by smaller firms.

REDUCING OUR DEPENDENCE ON OPEC

● Mr. BIDEN. Mr. President, I rise in opposition to the Banking Committee substitute synthetic fuels title to the Omnibus Energy Bill before this body today, S. 932.

I oppose the Banking Committee substitute not because this synthetic fuels provision is without substantial merit. In fact, I believe title I of the Banking Committee bill is superior to title I of the Energy Committee bill we are debating. However, I believe both of these titles merit substantial modification. These modifications with respect to the funding levels authorized for synfuel development, and the structures we create for effecting that development, are contained in the substitute amendment I am pleased to cosponsor with my distinguished colleagues, Mr. HART of Colorado and Mr. TSONGAS of Massachusetts. I hope that regardless of the outcome of the vote on the Banking Committee title I substitute, that this body would act favorably on the Hart-Tsongas-Biden amendment.

Mr. President, synthetic fuels development must play an important role in reducing our dependence of foreign sources of crude oil. We simply cannot tolerate continued growing vulnerability to the volatility of developments in the Middle East and throughout the OPEC cartel. Synfuels, however, will only play a "part" in reducing that dependence. For the foreseeable future aggressive commitment to energy conservation will play a much more important role. We also must fundamentally redirect our energy goals to the development of renewable sources of energy—the cleanest and most abundant forms of energy supply available to us.

Only these energy sources will once and for all offer us energy independence—independence not only from foreign governments, but also from anticompetitive behavior on the part of the energy industry. In many respects, therefore, titles II, III, and IV of S. 932 are more significant than the synfuel provisions of title I. These other titles of S. 932 encourage accelerated development of renewable energy sources, and more aggressive commitment to a national policy of energy conservation.

Mr. President, the Banking Committee title I synfuels provision we are voting on now simply does not authorize sufficient appropriations for a vigorous, but judicious synfuel development program. The Energy Committee title, however, prematurely locks us into a massive commitment to synfuels. Nothing could be worse for this country, Mr. President, than for the United States to commit itself to full throttle synfuel development, and to find that such development poses unacceptably high environmental, technical, financial, or other consequences. We would then, by braking such a technology, demonstrate more vulnerability to the foreign oil cartel than is even now apparent. We simply should not today set in motion an unprecedented commitment of Federal dollars, $88 billion, with all the uncertainties entailed in synthetic fuel development.

We must, Mr. President, devote sufficient capital to give this technology a good boost. This is what the amendment I am cosponsoring with Senators HART and TSONGAS provides for. We must not straitjacket ourselves into major Federal commitments which initial investments may demonstrate are unwise. That is what the Tsongas/Hart/Biden title I substitute guards against.

Mr. President, we must get moving and wean ourselves off of foreign sources of energy. The synfuels incentives we enact here today will help us do that. But they will only play a part in lessening that dependence. Our commitment to a national policy of energy conservation must be no less aggressive, as should our commitment to expeditiously developing renewable sources of energy. We must do this while we maximize domestic production of oil and gas—and increase our utilization of this country's natural endowment of plentiful coal reserves. To do less would be to adopt policies we will live to regret.●

Mr. LEVIN. Mr. President, I intend to vote for the synthetic fuel title proposed by the Energy and Natural Resources Committee, and against the Banking Committee substitute. While I believe that both approaches represent responsible attempts to provide Federal financial support for a fledgling synthetic fuels industry, I think that the Energy Committee's version, as the committee has indicated they will be willing to amend it, represents a more forthright and well-reasoned commitment to the production of synfuels, and for that reason I intend to support it.

I believe that the energy program we adopt in this bill must be a balanced one, and must do everything possible to reduce our reliance upon imported oil. In order to reduce imports, we must cut down the margin between what we produce within our own country, and what we consume. We cannot afford to neglect either side of the equation.

Later in the consideration of this bill we will focus on measures for reducing consumption through conservation and increasing our reliance on alternative forms of energy. Synthetic fuels offer one of the potentially most promising means of increasing domestic supply, because it would allow us to make use of our abundant domestic supplies of coal, oil shale, tar sands, and biomass to produce or displace a commodity which is not so abundant: oil. Although a great deal remains to be learned about synfuels, with respect to their technological and economic viability and the environmental problems that may be associated with them, they represent too important a potential source of a type of energy we need; namely, transportable liquid fuel, to weaken their development potential.

The Energy Committee has crafted a sensible two-stage approach to synfuel production. In the first stage, the Corporation would be charged with the responsibility of demonstrating a diversity of synfuel technologies, and only after those had been adequately tested would we proceed to full-scale development of an industry capable of producing 1.5 million barrels per day. Moreover, the committee has indicated its willingness to accept certain modification to the program which remove some of the more problematic features.

First, the floor manager, the distinguished Senator from Louisiana, has indicated that he will clarify that the $88 billion referred to in the bill is a goal for expenditure in the problem, not an authorization. I believe that it would be premature for the Congress at this stage to authorize that enormous amount, without having the specifics of the program before it for consideration.

Also, the Senator has indicated that he will postpone the deadline for submission of the second-stage plan by the Corporation, and allow for some flexibility if the Corporation feels it needs more time to develop information on which to base its program. This also will make for a more careful and deliberate approach to the development of the program. These modifications would, in my view, strengthen the committee's amendment, and with these understandings I am pleased to support it.

● Mr. HUDDLESTON. Mr. President, I rise in strong support of the synthetic fuels provisions reported by the Senate Energy Committee.

The threat to this Nation of our dependence on foreign oil cannot be overstated. This dependence cannot continue if we are to survive as a free and prosperous Nation.

Already we have suffered embargoes and production cutbacks for which we were ill prepared, and the events in Iran are a brutal reminder of our vulnerability.

Already we are feeling the painful economic consequences of sending $70 billion overseas each year for oil payments, and with oil prices nearing $50 per barrel on the spot market, that will only get worse.

As the Energy Committee pointed out in their report, "even should all national energy conservation proposals be successful and conventional energy supplies be forthcoming, in 1990 the United States still would have to import approximately 6.5 to 7.5 million barrels of oil per day."

Can there be any question that we have to have an aggressive synthetic fuels program?

The Energy Committee has given us the blueprint for a massive national program to commercialize the production of synthetic fuels from our Nation's enormous resources. It is an investment in the future of this Nation—a very modest investment, I believe, when you consider what is at stake. Certainly we can accept no less.

Substitutes will be offered to weaken the Energy Committee's proposal; we will be cautioned to slow down, to lower our sights, to skimp on our investment.

We simply cannot afford to let that happen. I strongly urge that weakening substitutes be rejected, and that we proceed as quickly as possible to the establishment of an Energy Security Corporation with enough financing and flexibility at its disposal to make a major contribution to our energy self-sufficiency.●

The VICE PRESIDENT. Who yields time?

Mr. PROXMIRE. I yield back my time.

The VICE PRESIDENT. All time has been yielded back. The question recurs—

Mr. PROXMIRE. Mr. President, I ask for the yeas and nays.

The VICE PRESIDENT. Is there a sufficient second.

The yeas and nays were ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the clerk repeat the name of the Senator and the vote after each vote is cast.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. RANDOLPH. Mr. President, I suggest that on this vote we do not permit ourselves to gather in the well of the Chamber.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Wisconsin. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. WILLIAMS (when his name was called). On this vote I have a pair with the Senator from New Hampshire (Mr. Durkin). If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I therefore withhold my vote.

Mr. STEVENS (after having voted in the negative). On this vote I have a pair with the Senator from Alaska (Mr. Gravel). If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I therefore withdraw my vote.

Mr. CRANSTON. I announce that the Senator from New Hampshire (Mr. Durkin), the Senator from Alaska (Mr. Gravel), and the Senator from Massachusetts (Mr. Kennedy) are necessarily absent.

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. Baker) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 37, nays 57, as follows:

[Rollcall Vote No. 390 Leg.]

YEAS—37

Armstrong
Baucus
Boschwitz
Byrd, Harry F., Jr.
Chafee
Cochran
Cohen
Cranston
Culver
Dole
Garn
Goldwater
Hart
Hatch
Heinz
Helms
Humphrey
Kassebaum
Laxalt
Leahy
Lugar
McGovern
Muskie
Packwood
Percy
Pressler
Proxmire
Pryor
Ribicoff
Sarbanes
Schmitt
Simpson
Stafford
Tower
Tsongas
Wallop
Weicker

NAYS—57

Bayh
Bellmon
Bentsen
Biden
Boren
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chiles
Church
Danforth
DeConcini
Domenici
Durenberger
Eagleton
Exon
Ford
Glenn
Hatfield
Hayakawa
Heflin
Hollings
Huddleston
Inouye
Jackson
Javits
Jepsen
Johnston
Levin
Long
McClure
Magnuson
Mathias
Matsunaga
Melcher
Metzenbaum
Morgan
Moynihan
Nelson
Numn
Pell
Randolph
Riegle
Roth
Sasser
Schweiker
Stennis
Stevenson
Stewart
Stone
Talmadge
Thurmond
Warner
Young
Zorinsky

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—2

Stevens, against.
Williams, for.

NOT VOTING—4

Baker
Durkin
Gravel
Kennedy

So the amendment (No. 570) was rejected.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. JOHNSTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 733

Mr. JOHNSTON. Mr. President, I have an amendment which I send to the desk and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. Stewart). The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Louisiana (Mr. Johnston), for himself and Mr. Domenici, proposes unprinted amendment numbered 733.

Mr. JOHNSTON. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 81, line 12, strike "unless disapproved" and insert "when approved".

On page 81, strike subsection (c) (1) and insert in lieu thereof the following:

"(c) (1) Not later than five years after the effective date of this title, the Corporation shall submit its proposed comprehensive strategy to the Congress. Such strategy shall be deemed approved if both Houses of Congress have adopted, within sixty calendar days of continuous session of Congress, a concurrent resolution approving such proposed strategy. In the event that a plan is not approved within such 60 day period, the Board of Directors shall modify the strategy and resubmit the modified strategy to the Congress within ninety calendar days for approval as provided by this subsection.

"(2) Upon introduction, the resolution shall be referred immediately to the Committee on Energy and Natural Resources of the Senate and the appropriate committee of the House of Representatives.

"(3) (A) If the committee to which a resolution of approval has been referred has not reported it at the end of 30 calendar days after its introduction, it is in order to move either to discharge the committee from further consideration of the resolution or to discharge the committee from further consideration of any other resolution relevant to this matter which has been referred to the committee.

"(B) A motion to discharge may be made only by an individual favoring the resolution, is highly privileged (except that it may not be made after the committee has reported a resolution of disapproval), and debate thereon shall be limited to not more than one hour, to be divided equally between those favoring and those opposing the resolution. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

"(C) If the motion to discharge is agreed to or disagreed to, the motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other resolution of approval.

"(4) (A) When the committee has reported, or has been discharged from further consideration of, a resolution of approval, it is at any time thereafter in order (even though a previous motion to the same effect his been disagreed to) to move to proceed to the consideration of the resolution. The motion is highly privileged and is not debatable. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

"(B) Debate on the resolution of approval shall be limited to not more than ten hours, which shall be divided equally between those favoring and those opposing the resolution.

A motion further to limit debate is not debatable. An amendment to, or motion to recommit, the resolution is not in order, and it is not in order to move to reconsider the vote by which the resolution is agreed to or disagreed to.

"(5)(A) Motions to postpone, made with respect to the discharge from committee or the consideration of a resolution of approval, and motions to proceed to the consideration of other business, shall be decided without debate.

"(B) Appeals from the decisions of the Chair relating to the application of the rules of the House of Representatives or the Senate, as the case may be, to the procedure relating to any resolution of approval shall be decided without debate."

Renumber the succeeding paragraphs accordingly.

On page 112, strike line 2 and insert in lieu thereof the following: "in the aggregate principal amount of $20,000,000,000, plus such sums as are authorized in the resolution referred to in section 122 (the total of which shall not exceed $88,000,000,000)".

On page 112, strike lines 6 through 8 and insert in lieu thereof the following: "enactment of this Title. Such sums as are authorized, not to exceed $68,000,000,000, shall become available upon approval of the comprehensive strategy pursuant to section 122".

On page 112, strike line 18 and insert in lieu thereof the following: "of the aggregated principal amount of $20,000,000,000, plus such sums as are authorized in the resolution referred to in section 122 (the total of which shall not exceed $88,000,000,000): *Provided, how-*".

On page 146, strike line 5 and insert in lieu thereof the following: "Secretary of the Treasury $20,000,000,000 plus such sums as are authorized in the resolution referred to in section 122 (the total of which shall not exceed $88,000,000,000) to pur-".

On page 82, after line 13, insert the following subsection:

On page 892, after line 13, insert the following subsection:

"(c)(1) The resolution approving the proposed comprehensive strategy under this Title shall read as follows after the resolving clause: 'That approves the comprehensive strategy transmitted to the Congress by the Corporation on and dollars are hereby authorized to be appropriated without fiscal year limitation to the Treasury to purchase and retain notes or other obligations of the Corporation.', the first blank space therein being filled with the name of the resolving House, the second blank space therein being filled with the day and year and the third blank space therein being filled with the appropriate dollar figure.

Mr. JOHNSTON. Mr. President, this is the amendment which we referred to in the Chamber submitted on behalf of the Senator from New Mexico (Mr. DOMENICI) and myself which limits phase two. It expressly limits it without the affirmative action of the Senate.

I yield to the Senator from New Mexico to explain the amendment.

Mr. DOMENICI. Mr. President, this amendment will extend the period of time for the first phase from 3 years to 5, after which Congress will have an opportunity to say go or no go or partially go or partially no go on the second phase development.

The second thing it will do is it will set the 1½ million barrels a day equivalence as a target. The 1½ million barrels of oil a day equivalence and $88 billion are goals and targets for the total program.

The third thing that it will do is it authorizes the board of directors to present a comprehensive strategy for Congress approval, and I stress that "for Congress approval" and simultaneously therewith will recommend appropriate funding levels for phase 2, which both Houses of Congress will have an opportunity to approve or disapprove under expedited legislation, the process heretofore adopted by the Senate in EPCA.

None of the additional $68 billion may be obligated until thus authorized and appropriated as provided for in the bill.

I believe that a number of Senators understood we would do this, and it more clearly, in my opinion, conforms with the intent of a majority of the Energy Committee when we adopted this two-phased measure.

Mr. PROXMIRE. Mr. President, will the Senator from New Mexico yield?

Mr. DOMENICI. I am pleased to yield.

Mr. PROXMIRE. Does this amendment provide the amount of the so-called second phase funds available? The $20 billion is left in the bill, as I understand it. Is that right? Twenty billion is authorized.

Mr. DOMENICI. Authorized, that is correct.

Mr. PROXMIRE. But before any additional funds beyond that $20 billion would be authorized it would be necessary for both the House of Representatives and the Senate to act. Expedited procedures means that the legislation would have to come out of the committee within what, 10 days?

Mr. DOMENICI. It would have to be on the floor within 60 days.

Mr. PROXMIRE. Within 60 days on the floor.

Mr. DOMENICI. Thirty days discharge, in answer to the Senator's question.

Mr. PROXMIRE. Thirty days discharge, and then we mandate a vote within 10 days.

Mr. DOMENICI. We mandate a vote in both Houses within 30 thereafter. So the total is 60.

Mr. PROXMIRE. I see. All right. But the amount would not necessarily be $68 billion or $10 billion or $20 billion. It would be whatever is recommended in the committee's recommendation and Congress finally approved; is that correct? The $68 billion would just be the ultimate goal.

Mr. DOMENICI. That is exactly right. That is the maximum. That is the ceiling.

Mr. PROXMIRE. It is a ceiling.

Mr. DOMENICI. That is the ceiling.

Mr. PROXMIRE. I see. All right. I thank the Senator.

I congratulate the distinguished Senators for doing an effective job on this. We thought the vote was going to be close. We could not have been more wrong. We were rolled over. The Senators did a great job. But I do think that if nothing else the debate on this bill did establish something that we dearly wanted, and that was to eliminate the commitment which we thought was automatic as originally written into the Energy Committee bill for $88 billion. What this does is to provide initial funding of $20 billion and then more after the first phase and after Congress has an opportunity to determine what we discovered on the basis of the $20 billion that has been spent for commercialization; is that correct?

Mr. JOHNSTON. The Senator is correct, and I am delighted that the distinguished Senator from Wisconsin is reassured by this amendment, and I hope and trust he will join with us now in the bill since we have taken care of his concern.

Mr. PROXMIRE. May I say I would be happy to, but there are a couple of other things.

For instance, I am very much opposed to the Government-owned, contractor-operated plants. And there are two or three other items I think we can clean up in the bill. I think it is greatly improved, and I congratulate the Senator.

Several Senators addressed the Chair.

Mr. JOHNSTON. Mr. President, I move the adoption of the amendment.

Mr. TSONGAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. PRYOR). The Senator will state it.

Mr. TSONGAS. Senator HART and I have a substitute compromise between the Energy Committee version and the Banking Committee version which includes very much what the Senator from Louisiana and the Senator from New Mexico are offering at this point.

Would a substitute after this is voted upon be in order, or would it be in order to now move the substitute which would include this language? I do not want to get foreclosed in a parliamentary sense before I can offer my amendment.

The PRESIDING OFFICER. While this amendment is pending a substitute for title I will not be in order. But after the amendment is disposed of the substitute amendment to title I would be at that time in order.

Mr. TSONGAS. If that substitute amendment incorporates much of what is in this amendment that would not be precluded?

The PRESIDING OFFICER. Will the Senator restate the inquiry?

Mr. TSONGAS. The substitute that we have to title I incorporates much if not all of the amendment that is now before us. I inquire whether there would be a point of order sustained against the substitute based on the fact that the substitute includes language that has already been passed upon should this be voted upon now.

The PRESIDING OFFICER. The amendment can include language as long as it is substantially different from title I, as amended.

Mr. HART. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HART. Would it be in order——

The PRESIDING OFFICER. Will the Senator suspend? The Senate will be in order. The Senator may proceed.

Mr. HART. Would it be in order for the Senator from Massachusetts to call up our amendment as a perfecting amendment to the pending amendment of the Senator from Louisiana?

The PRESIDING OFFICER. If it is indeed a perfecting amendment, it would then be in order.

Mr. TSONGAS. Will the Chair advise us as to whether the substitute would be a perfecting amendment?

The PRESIDING OFFICER. The substitute amendment is not a perfecting amendment.

Mr. HART. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. RIBICOFF. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 734

(Purpose: To provide for studies relating to carbon dioxide atmospheric accumulation)

Mr. RIBICOFF. Mr. President, I ask unanimous consent that the amendment in the nature of a substitute of the Senator from Louisiana be temporarily laid aside so that I can call up an amendment.

The PRESIDING OFFICER. Is there objection to the setting aside of the pending amendment? The Chair hears none, and it is so ordered. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Connecticut (Mr. RIBICOFF), for himself and others, proposes an unprinted amendment numbered 734.

Mr. RIBICOFF. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place insert the following:

"SEC. . (a) The President shall undertake to enter into appropriate arrangements with the National Academy of Sciences to conduct a comprehensive assessment and investigation of the impact of projected levels of fossil fuel combustion on the accumulation of carbon dioxide in the atmosphere as a basis for a specific assessment of such impact by the projects and technologies which are proposed in this Act. The study shall also assess the effects of various possible levels of atmospheric carbon dioxide accumulation on climate and the economic, physical, and social impacts of such climate changes. In conducting this study, the Academy is encouraged to work with other nongovernmental and intergovernmental bodies so as to develop an interim worldwide assessment of this problem, and to arrange for original research on any aspect of the problem as the Academy deems necessary.

(b) The study shall also recommend—

(1) how a long-term program of domestic and international research, monitoring, modeling, and assessment of the causes and effects of atmospheric carbon dioxide accumulation should be structured;

(2) how the United States can best play a role in the development of such a long-term international program;

(3) what domestic resources should be made available to the study of such accumulation;

(4) how the ongoing United States Government carbon dioxide assessment program should be restructured and strengthened so as to provide information and recommendations of the highest possible value to governmental policymakers; and

(5) how often reports should be made to the Congress, in conjunction with any long-term assessment program that the Academy may recommend.

(c) A report and recommendations with regard to the study required under this section shall be submitted to the Congress not later than two years after the date on which an agreement is reached by the President with the Academy. The President shall report to the Congress within six months after the date of enactment of this Act regarding the status of the negotiations to implement the study required under this section. The report shall not be subject to any prior clearance or review, nor shall any such prior clearance or conditions be imposed on the Academy as part of the arrangements made by the President with the Academy under this section.

(d) The Secretary of Energy, the Secretary of Commerce, the Administrator of the Environmental Protection Agency, and the Director of the National Science Foundation shall furnish to the Academy at its request any information which the Academy determines necessary for the purpose of conducting the study authorized by paragraph (1) of this subsection.

(e) Of the funds authorized to be appropriated under this Act, such amounts as are required shall be available to carry out the study authorized by paragraph (1) of this subsection. The determination as to the expenses which will be required to conduct this study shall be made by the National Academy of Sciences, but shall not exceed $2,000,000.

Mr. RIBICOFF. I want to take this opportunity to thank the distinguished Senators from Louisiana, New Mexico, Massachusetts, and Colorado for their consideration.

The amendment I propose is to provide for studies relating to carbon dioxide atmospheric accumulation. I am pleased to offer this amendment on behalf of myself, and Senators MUSKIE, DURENBERGER, GLENN, HART, JAVITS, MOYNIHAN, TSONGAS, LEVIN, and BRADLEY.

Mr. President, last July the Committee on Governmental Affairs held a symposium to examine the effects of synthetic fuels production programs on the accumulation of carbon dioxide in the atmosphere, the so-called greenhouse effect.

The problem posed by this accumulation, which is caused by man's increased cumbustion of fossile-based fuels, was drawn to my attention by a number of prominent scientists last summer, and by Chancellor Helmut Schmidt of West Germany. The Chancellor believes that it is a major threat to the future of mankind. The problem is being addresed on a limited basis within the U.S. Government by an interagency task force led by the Department of Energy. Groups within the National Academy of Sciences have also recently done some preliminary assessments.

The symposium of scientists and Senators which I convened last July in the Government Affairs Committee reached conclusions similar to those recently announced to the Academy's climate research board. The symposium found that—

> The possible long-term impacts of CO_2 accumulation in the atmosphere are important enough to require continuous high-level attention of scientists and energy policy makers both in the United States and abroad. . . . Questions still exist on many aspects of the CO_2 problem. . . .While these uncertainties remain we cannot predict the precise consequences of uncontrolled fossil fuel use.

Specifically, the findings were that:

First. Increasing concentrations of CO_2 into the atmosphere have been at a rate faster than can be absorbed by the oceans and land biological systems.

Second. A doubling of the present atmospheric concentration would probably occur within 50 years and cause a major heating of the Earth—averaging around 2 to 3 degrees Centigrade.

Third. This heating may well cause severe climate changes varying greatly from region to region and have severe impacts on some societies.

Fourth. There are still major uncertainties in the pace and impact of the warming, and how the effects will occur. We have not even begun to address the question of reducing the severity of some of the possible effects.

Fifth. Thus we need to deepen our understanding of this phenomenon as quickly as possible. We need to know more about the carbon cycle, future fossil fuel use and fossil-based synthetic fuel use, climate changes which are likely to occur at different CO_2 levels.

Sixth. The CO_2 problem is a global one which needs global solutions. There is some effort, but inadequate and uncoordinated to get at this problem in the international community. There is some work going on in the World Meteorological Organization, and some planning by the United Nations environment program. There have also been some recent studies by the International Council of Scientific Unions. This Council has a subcommittee, the Scientific Committee on Problems of the Environment, or SCOPE, which consists of representatives from 33 nations. SCOPE has recently looked into various matters relating to the carbon cycle, and there is interest there in doing further work. Our National Academy is a member of SCOPE and it is my expectation that the Academy will, as a result of my amendment, take a leadership role in developing an international program which befits the magnitude of the problem we face.

It is important that we marshal the resources to focus on all aspects of this problem as soon as possible. If it becomes necessary to make decisions on our fuel mix in order to reduce the dangers that may arise from CO_2 concentrations, we will need 10 to 20 years to do it. Other nations will also need accurate information on the potential danger to shift their fuel mixes if necessary and to reduce whatever effects climate change may bring.

This amendment would authorize the National Academy of Sciences in conjunction with other nongovernmental bodies (like SCOPE) and intergovernmental bodies (such as the World Meteorological Organization) to develop a worldwide assessment of the impact of fossil fuel combustion, including a specific assessment of the impact of synthetic fuel programs on CO_2 accumulation. The Academy would report to the Congress on three things:

First, how a long-term program of

domestic and international research, monitoring, modeling, and assessment of the causes and effects of atmospheric CO_2 accumulation should be structured.

Second, how the United States can best lead this effort.

Third, how the ongoing U.S. Government assessment program can be strengthened to provide information and recommendations of the highest possible value to policymakers.

I have consulted with the President of the Academy, Dr. Philip Handler on this proposal, and am pleased to report that the amendment would strengthen the Academy's ability to "provide independent and timely advice—to both the Congress and concerned Federal agencies." It would also allow more basic research be done now—particularly in the form of climate modeling—than had been contemplated. Dr. Handler assured me that the Academy would promptly enlist the support of the appropriate international bodies in this effort.

Mr. President, I ask unanimous consent to insert an exchange of letters between myself and Dr. Handler, in which he expressed the Academy's great interest in this program, in the Record at this point.

There being no objection, the letters were ordered to be printed in the Record, as follows:

October 30, 1979.

Dr. Philip Handler,
President, National Academy of Sciences, Constitution Avenue, NW., Washington, D.C.

Dear Phil: Our discussions last July regarding the problem of Carbon Dioxide accumulation in the atmosphere were most helpful in arranging the Governmental Affairs Committee Symposium: "Carbon Dioxide Accumulations in the Atmosphere, Synthetic Fuels and Energy Policy." I proposed this symposium to take a closer look at the problems we discussed and to produce a report on the deliberations of the experts.

The recommendations of the experts outlined in the report stressed the need for continued monitoring and examination of the impacts of synthetic fuel production on Carbon Dioxide accumulation and climate. There was a consensus that the impact of Carbon Dioxide accumulation must be addressed on an international as well as national level.

As a result of these recommendations, I am proposing legislation which would authorize further study of the Carbon Dioxide problem associated with synthetic fuel production. It would be of great value if the National Academy of Sciences were to direct this effort.

The National Academy would be authorized to:

1. conduct a comprehensive assessment of the accumulation of Carbon Dioxide in the atmosphere by synthetic fuel projects,
2. assess the effects of Carbon Dioxide accumulation on climate,
3. work with other nongovernmental and intergovernmental bodies to develop a worldwide assessment of the problem, and
4. conclude within two years with a report and recommendations for a long-term program to the President, the Secretary and the Congress.

The specific details of the proposal are enclosed. I believe that the program to investigate this problem is an important complement to any national effort to product synthetic fuels. I hope that the Academy will be able to participate.

I appreciate your past advice, and hope we can continue to work together on this important issue. I look forward to hearing from you on this proposal.

Sincerely,

Abe Ribicoff.

National Academy of Sciences,
November 1, 1979.

Hon. Abraham A. Ribicoff,
U.S. Senate,
Washington, D.C.

Dear Senator Ribicoff: I was most pleased to have your letter of October 30 and to know that we in the Academy were of some assistance to your Committee in its deliberation on the problems associated with future accumulation of carbon dioxide in the atmosphere. Academy groups that have looked at this problem have emphasized the need for a continuous program of monitoring and examination of these accumulations and of the impact which future energy policies may have on such accumulation.

As you may be aware, a five-year plan for the study of climate has been mandated under the National Climate Act of 1978 which relates to the matter outlined in your proposed amendment. The language of your proposed amendment clearly indicates the importance given by the Congress to the need for addressing the problems associated with future accumulation of carbon dioxide and would strengthen the ability of the Academy to provide independent and timely advice on these matters to both the Congress and concerned Federal agencies. It also would allow us to undertake certain study considerations that require more emphasis than is contemplated by the present national plan.

Upon enactment of such a legislative mandate, the Academy, of course, will be pleased to work with the government in assuring that such an assessment gets under way promptly and that necessary steps are taken to enlist appropriate international participation at both governmental and nongovernmental levels.

The proposed draft language accompanying your letter is consistent with the format used in other instances where the Congress wished to enlist the service of the National Academy of Sciences under the authorization of its initial Congressional Charter.

Please let me know if we can be of further assistance to you in this effort.

Sincerely yours,

Philip Handler,
President.

Mr. RIBICOFF. Mr. President, the Office of Science and Technology Policy in the White House recently asked the National Academy to do a preliminary synthesis of the state of scientific knowledge on various aspects of the carbon dioxide problem. This report, which is now done, confirms that the problem is a long-term one with serious—but still uncertain and controversial—ramifications. It is supportive of the kind of work that I propose be done in this amendment. I ask unanimous consent that the summary and conclusions of this report be printed in the Record.

There being no objection, the summary and conclusions were ordered to be printed in the Record, as follows:

Summary and Conclusions

We have examined the principal attempts to simulate the effects of increased atmospheric CO_2 on climate. In doing so, we have limited our considerations to the direct climatic effects of steadily rising atmospheric concentrations of CO_2 and have assumed a rate of CO_2 increase that would lead to a doubling of airborne concentrations by some time in the first half of the twenty-first century. As indicated in the first section of this report, such a rate is consistent with observations of CO_2 increases in the recent past and with projections of its future sources and sinks. However, we have not examined anew the many uncertainties in these projections, such as their implicit assumptions with regard to the workings of the world economy and the role of the biosphere in the carbon cycle. These impose an uncertainty beyond that arising from our necessarily imperfect knowledge of the manifold and complex climatic system of the earth.

When it is assumed that the CO_2 content of the atmosphere is doubled and statistical thermal equilibrium is achieved, the more realistic of the modeling efforts predict a global surface warming of between 2° C. and 3.5° C., with greater increases at high latitudes. This range reflects both uncertainties in physical understanding and inaccuracies arising from the need to reduce the mathematical problem to one that can be handled by even the fastest available electronic computers. It is significant, however, that none of the model calculations predicts negligible warming.

The primary effect of an increase of CO_2 is to cause more absorption of thermal radiation from the earth's surface and thus to increase the air temperature in the troposphere. A strong positive feedback mechanism is the accompanying increase of moisture, which is an even more powerful absorber of terrestrial radiation. We have examined with care all known negative feedback mechanisms, such as increase in low or middle cloud amount, and have concluded that the oversimplifications and inaccuracies in the models are not likely to have vitiated the principal conclusion that there will be appreciable warming.

The known negative feedback mechanisms can reduce the warming, but they do not appear to be so strong as the positive moisture feedback. We estimate the most probable global warming for a doubling of CO_2 to be near 3° C with a probable error of ±1.5° C. Our estimate is based primarily on our review of a series of calculations with three-dimensional models of the global atmospheric circulation which is summarized in Chapter 4. We have also reviewed simpler models which appear to contain the main physical factors. These give qualitatively similar results.

One of the major uncertainties has to do with the transfer of the increased heat into the oceans. It is well known that the oceans are a thermal regulator, warming the air in winter and cooling it in summer. The standard assumption has been that, while heat is transferred rapidly into a relatively thin, well-mixed surface layer of the ocean (averaging about 70 m in depth), the transfer into the deeper waters is so slow that the atmospheric temperature reaches effective equilibrium with the mixed layer in a decade or so.

It seems to us quite possible that the capacity of the deeper oceans to absorb heat has been seriously underestimated, especially that of the intermediate waters of the subtropical gyres lying below the mixed layer and above the main thermocline. If this is so, warming will proceed at a slower rate until these intermediate waters are brought to a temperature at which they can no longer absorb heat.

Our estimates of the rates of vertical exchange of mass between the mixed and intermediate layers and the volumes of water involved give a delay of the order of decades in the time at which thermal equilibrium will be reached. This delay implies that the actual warming at any given time will be appreciably less than that calculated on the assumption that thermal equilibrium is reached quickly. One consequence may be that perceptible temperature changes may not become apparent nearly so soon as has been anticipated. We may not be given a warning until the CO_2 loading is such that an appreciable climate change is inevitable. The equilibrium warming will eventually occur; it will merely have been postponed.

The warming will be accompanied by shifts in the geographical distributions of the various climatic elements such as temperature, rainfall, evaporation, and soil moisture. The evidence is that the variations in these anomalies with latitude, longitude, and season will be at least as great as the globally averaged changes themselves, and it would be misleading to predict regional climatic changes on the basis of global or zonal averages alone.

Unfortunately, only gross globally and zonally averaged features of the present climate can now be reasonably well simulated. At present, we cannot simulate accurately the details of regional climate and thus cannot predict the locations and intensities of regional climate changes with confidence. This situation may be expected to improve gradually as greater scientific understanding is acquired and faster computers are built.

To summarize, we have tried but have been unable to find any overlooked or underestimated physical effects that could reduce the currently estimated global warmings due to a doubling of atmospheric CO_2 to negligible proportions or reverse them altogether. However, we believe it quite possible that the capacity of the intermediate waters of the oceans to absorb heat could delay the estimated warming by several decades. It appears that the warming will eventually occur, and the associated regional climatic changes so important to the assessment of socioeconomic consequences may well be significant, but unfortunately the latter cannot yet be adequately projected.

Mr. RIBICOFF. Mr. President, I urge the support of the Senate for this amendment and its adoption.

Mr. JOHNSTON. Mr. President, this is an excellent amendment. It sets aside $2 million to study this difficult problem of pollution by coal. Coal, I think, is a major part, perhaps the preponderant part, of the answer to the energy crisis in this country. Nevertheless, coal, Mr. President, does involve environmental problems the scope and dimensions of which we do not know fully in this country yet. We do not know what the problems of all the pollutants from coal are.

This study, relatively modest in cost, will help us in that direction. We think it improves the bill and it is something we should be doing anyway, and we enthusiastically support the amendment.

Mr. DOMENICI. Mr. President, in behalf of the minority, we commend the Senator for offering this amendment. It improves the bill. It is obviously something we must do; we might as well authorize it and provide for it right here in this authorization. We support the measure.

Mr. RIBICOFF. I thank the Senator.

Mr. TSONGAS. Mr. President, may I inquire of the Senator from Connecticut, does the amendment provide for the study of the carbon dioxide levels from not only coal and other fossil fuels, but synthetic fuels generally?

Mr. RIBICOFF. That is correct, all synthetic fuels to the extent that they produce carbon dioxide in the atmosphere.

Mr. TSONGAS. I would just say, Mr. President, this issue is not going to get a lot of attention here this afternoon, but it is going to become a major issue as time goes on.

Mr. JOHNSTON. Mr. President, who has the floor?

The PRESIDING OFFICER. The Senator from Massachusetts, I believe, at this time has the floor.

Mr. JOHNSTON. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. TSONGAS. I yield.

Mr. JOHNSTON. I ask unanimous consent that the name of the Senator from Indiana (Mr. BAYH) be added as a cosponsor of the Domenici-Johnston amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RIBICOFF. Mr. President, I move the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Connecticut.

The amendment (UP No. 734) was agreed to.

Mr. RIBICOFF. I move to reconsider the vote by which the amendment was agreed to.

Mr. JOHNSTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. TSONGAS. Mr. President, again I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. JACKSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. HART. Reserving the right to object, may I just inquire as to what the parliamentary situation is here?

The Senator from Washington knows that the Senator from Massachusetts intends to offer a substitute to the pending amendment and we are waiting for the managers.

The PRESIDING OFFICER. If the Senator will suspend, debate is not in order.

Mr. HART. I am asking a question so I can find out what the purpose of the request is.

Mr. JACKSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JACKSON. Has the quorum been called off?

The PRESIDING OFFICER. No.

Mr. JACKSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. HART. Reserving the right to object——

The PRESIDING OFFICER. The Senator may not reserve the right to object. He may only object, or not object.

Mr. JACKSON. I am doing this in cooperation with the Senator from Massachusetts.

Mr. HART. That is all I wanted to know.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

UP AMENDMENT NO. 735

(Purpose: To provide for a comprehensive national synthetic fuels programs and for other purposes)

Mr. TSONGAS. Mr. President, I call up my perfecting amendment which is at the desk, and I ask unanimous consent that the names of Senator BIDEN and Senator HART be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment will be stated.

The legislative clerk read as follows:

The Senator from Massachusetts (Mr. TSONGAS), for himself, Mr. BIDEN, and Mr. HART, proposes an unprinted amendment numbered 735.

Mr. TSONGAS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the amendment proposed by the Senator from Louisiana, UP 733, add the following:

Provision of this title:

SHORT TITLE

SECTION 1. This Act may be cited as the "Energy Security Acts".

TITLE I—SYNTHETIC FUELS

SHORT TITLE AND TABLE OF CONTENTS

SEC. 101. (a) This title may be cited as the "Synthetic Fuels Act of 1979".

(b) TABLE OF CONTENTS.—

TITLE I—SYNTHETIC FUELS

Sec. 101. Short Title; Table of Contents.

Subtitle A—Findings and Purposes

Sec. 102. Findings.
Sec. 103. Purposes.
Sec. 104. General Definitions.

Subtitle B—Establishment of the Office of Energy Security

Sec. 110. Establishment.
Sec. 111. Authority of the Director.
Sec. 112. Annual Report.
Sec. 113. Authorization of Administrative Expenses.

Subtitle C—Production Goals of the Office of Energy Security

Sec. 121. Overall Production Goals.
Sec. 122. Production Strategy.
Sec. 123. Solicitation of Proposals.

Subtitle D—Financial Assistance

Sec. 131. Loan Guarantees Made by the Office of Energy Security.
Sec. 132. Price Guarantees Made by the Office.
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Subtitle E—Water Rights

Sec. 141. Water Rights.

Subtitle F—Department of the Treasury

Sec. 151. Authorizations.

SUBTITLE A—FINDINGS AND PURPOSES

FINDINGS

SEC. 102. The Congress finds and declares that—

(1) the achievement of energy security for the United States is essential to the health of the national economy, the well-being of our citizens, and the maintenance of national security;

(2) dependence on foreign energy resources can be reduced significantly by the production of synthetic fuels from domestic resources; and

(3) attainment of synthetic fuels produc-

tion in the United States in a timely manner and in a manner consistent with the protection of the environment will require financial commitments beyond those expected to be forthcoming from nongovernmental capital sources and existing Government incentives.

PURPOSES

SEC. 103. The purposes of this title are—

(1) to stimulate development of synthetic substitutes for crude oil and conventional natural gas while minimizing Government involvement;

(2) to provide the information necessary to advance toward the goal of at least $1,500,000 barrels of oil per day of synthetic fuels in consideration of both the economic desirability and environmental acceptability of such action;

(3) to provide financial assistance to encourage and assure the flow of capital funds to those sectors of the national economy which are important to the domestic production of synthetic fuels;

(4) to encourage private capital investment and activities in the development of domestic sources of synthetic fuels and to foster competition in the development of the Nation's synthetic fuel resources;

(5) to test synthetic fuels technologies to determine their potential role in meeting the Nation's energy needs in terms of—

(A) their commercial viability;

(B) their environmental impact, including, but not limited to, water consumption, water pollution, and air pollution;

(C) their health and safety aspects, including, but not limited to, any carcinogenic effect;

(D) their effect on regional and local agricultural production;

(E) their social and economic impacts;

(F) their thermodynamic balances; and

(6) to foster greater energy security and reduce the Nation's economic vulnerability from disruptions in imported energy supplies.

GENERAL DEFINITIONS

SEC. 104. As used in the title the term—

(1) "concern" means any—

(A) person, or

(B) State, or any political subdivision or governmental entity thereof, Indian tribe or tribal organization, or

(C) combination of the aforementioned, which is engaged, or proposes to engage, in a synthetic fuel project or projects pursuant to this title;

(2) "financial assistance" means—

(A) guarantees of, or commitments to guarantee, indebtedness, including principal and interest (hereinafter referred to as "loan guarantees");

(B) contracts to purchase synthetic fuel, guarantees thereof, or commitments therefor (hereinafter referred to as "purchase agreements"); and

(C) guarantees of, or commitments to guarantee, the price received or to be received by a concern from the sale of synthetic fuel (hereinafter referred to as "price guarantee");

(3) "Indian tribe" means any Indian tribe, band, nation, or other organized group or community, including any Alaska Native village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act which is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians;

(4) "person" means any individual, company, cooperative, partnership, corporation, association, consortium, unincorporated organization, trust estate, or any entity organized for a common business purpose;

(5) "State" means any of the fifty States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands;

(6) "synthetic fuel" means any liquid, gaseous or solid hydrocarbon (including mixtures of coal and petroleum) which can be used as a substitute for supplies of petroleum or natural gas (and for any derivatives thereof) derived from domestic sources of—

(A) coal, including lignite and peat;

(B) shale;

(C) tar sands, including those heavy oil resources which cannot technically or economically be produced using conventional or unconventional petroleum recovery techniques; and

(D) biomass, which shall include timber, animal and timber waste, municipal and industrial waste, sewage, sludge, oceanic and terrestrial plants, and other organic matter;

(7) "synthetic fuel project" means any facility located in the United States for the purpose of commercial production of synthetic fuel, including any necessarily related transportation or other facilities and including the equipment, plant, machinery, supplies, and other materials associated with the facility, including the land, mineral rights, services and working capital required directly for use in connection with the facilities for the production of synthetic fuels. In the case of a facility for the commercial production of synthetic fuel derived from biomass, such term shall include a facility for the production of alcohol or other synthetic fuels derived from timber, animal and timber waste, municipal and industrial waste, sewage, sludge, oceanic and terrestrial plants, and other organic matter: *Provided*, That such term shall include any facility located in the United States and used solely for the purpose of commercial production of mixtures of coal and petroleum for direct use as a fuel.

Subtitle B—Establishment of the Office of Energy Security

ESTABLISHMENT

SEC. 110. (a) For the purpose of achieving the national goals described in section 121, the President shall establish the Office of Energy Security as an independent Office in the appropriate Federal Agency, to be headed by a Director.

(b) The Director shall be appointed by the President, by and with the advice and consent of the Senate and who shall serve at the pleasure of the President. The salaries of both the Director and the employees shall not be subject to civil service.

AUTHORITY OF THE DIRECTOR

SEC. 111. The Director shall be responsible for determining the terms and conditions of financial assistance agreements and the selection of recipients of financial assistance.

ANNUAL REPORT

SEC. 112. (a) (1) The Office shall submit to the Congress and the President an annual report containing—

(A) a general description of the Office operations during the year;

(B) a specific description of each project in which the Office is involved;

(C) a status report on each such project; and

(D) an evaluation of the contribution which the project has made and is expected to make in fulfilling the purposes of this title (including, where possible, a precise statement of the amount of domestic energy produced or to be produced thereby).

(2) The annual report shall contain financial statements prepared by the Office in accordance with generally accepted accounting principles consistently applied.

(b) The Director shall, not later than three years after the effective date of this title, submit a phase II plan to Congress or request for an extension. The phase II plan shall include an evaluation of phase I and a determination of whether further involvement is necessary to achieve the goals of this Act. Contingent upon the phase II report's own recommendation for further Federal involvement the plan should reassess the goals of this Act and should include a formulation of a strategy, considering all practicable means for the commercial production of synthetic fuels, that will achieve the newly stated goals with the minimum Federal involvement.

AUTHORIZATION OF ADMINISTRATION EXPENSES

SEC. 113. (a) The Office is authorized to make cash outlays not to exceed $25,000,000 during the period ending September 30, 1980, for its reasonable and necessary administrative expenses. For purposes hereof, administrative expenses shall be that portion of the Administration's office account for general and administrative expenses which includes salaries of personnel and consultants, expenses for computer usage, for space needs of the Office and similar expenses.

(b) Funds authorized for administrative expenses shall not be available for the acquisition of real property or for expenses related to corporation construction projects pursuant to subtitle E.

(c) The Director may make expenditures without further appropriation for reasonable and necessary administrative expenses not to exceed the limit provided in subsection (a) in any fiscal year and then only in accordance with a detailed statement of such expenditures which has been transmitted to the Congress, the Senate Committee on Energy and Natural Resources and the appropriate committees of the House of Representatives along with the President's budget for such fiscal year except that such expenditures for fiscal year 1980 may be made without such prior statement. It is the intention of this section that the Director's expenditures for administrative expenses shall reflect due consideration for economy and to the extent practicable shall be consistent with standards applicable to Federal agencies generally.

Subtitle C—Production Goals of the Office of Energy Security

OVERALL PRODUCTION GOALS

SEC. 121. There is hereby established a national goal of achieving by 1995 the synthetic fuels production capability of at least 1,500,000 barrels per day of crude oil equivalent from domestic energy resources.

PRODUCTION STRATEGY

SEC. 122. In order to assure achievement of the national goal set forth in section 121 and the purposes of this title, the Office shall—

(1) within six months of the date of enactment of this Act, invite submission of proposals from interested concerns (hereinafter referred to as "bidders"), requesting financial assistance in the form of purchase commitments, price guarantees or loan guarantees, or a combination of the two, for the design, construction, and operation of synthetic fuel projects (hereinafter referred to as "projects"). The Director shall require that each proposal contain such information as necessary for the purposes of preventing selection of more than one project involving the same technology and insuring selection of projects which best serve the purposes of this title;

(2) not later than eighteen months after the invitation for proposals, select on a competitive basis to the maximum extent practicable up to twelve proposals which are deemed most likely to contribute to the purposes of this title and which each employ a different processing technology except that not more than six such proposals shall employ the same generic feedstock; and

(3) subject to the provisions of this title, enter into contracts with bidders providing for commitments to either purchase synthetic fuels produced by the proposed proj-

ects, guarantee price for the produced synthetic fuel or with public or private financing institutions for guaranteeing loans for design, construction, and operation of the proposed projects.

SOLICITATION OF PROPOSALS

SEC. 123. (a) Preference for selection of projects under section 122 shall be given to—

(1) the proposal which represents the least Federal financial commitment and the lower unit production cost within a given technological process, taking into account the amount and value of the anticipated synthetic fuel products; and

(2) in determining relative Federal commitment in decreasing order of priority, preference shall be given to—

(A) price guarantees or purchase agreements; and

(B) loan guarantees.

(b) For the purposes of this section the term "qualified concern" means a concern which demonstrates to the satisfaction of the Office evidence of its capability to undertake and complete the design, construction, and operation of the proposed synthetic fuel project.

(c) Subject to the conditions of any contract for financial assistance, such contract shall be incontestable in the hands of the holder, except as to fraud, or material misrepresentation on the part of the holder.

(d) Any contract for financial assistance shall require the development of a plan, acceptable to the Office, for the monitoring of environmental and health related emissions from the construction and operation of the synthetic fuel project. Such plan shall be developed by the recipient of financial assistance after consultation with the Administrator of the Evironmental Protection Agency and the Secretary of Energy. Any contract entered into by the Office for financial assistance must include consultation with appropriate State agencies in the formulation of the applicant plan acceptable to the Director of the Office of Energy Security.

(e) The Office may, in its sole discretion and upon request of the recipient of financial assistance, reimburse such recipient for any reasonable costs in connection with a synthetic fuel project if construction of such project cannot occur within five years of the award of such financial assistance due to any Government regulatory action, or lack of action which, in the judgment of the Office, could not have been reasonably foreseen by the recipient and such reimbursement is consistent with the purposes of this title.

(f) No financial assistance may be provided unless an application therefor has been submitted to the Office in such manner and containing such information as the Office may require.

(g) The Office in providing financial assistance shall give due consideration to maintaining competition.

(h) The Office shall give priority consideration to applications for financial assistance from those concerns proposing a synthetic fuel project in those States, which, in the judgment of the Office, indicate an intention to expedite all regulatory, licensing, and related government agency activities related to such project.

(i) Every applicant for financial assistance under this Act shall, as a condition precedent thereto, consent to such examinations and reports thereon as the Office or its designee may require for the purposes of this title. The Office shall require such reports and records as it deems necessary from any recipient of financial assistance in connection with activities carried out pursuant to this title. The Office is authorized to prescribe the manner of keeping records by any recipient of financial assistance and the Office or its designee shall have access to such records at all reasonable times for the purpose of insuring compliance with the terms and conditions upon which financial assistance was provided.

(j) Each price guarantee under section 132 or a purchase agreement under section 133 shall specify in dollars the maximum amount of the liability of the Office thereunder.

(k) With regard to synthetic fuel project proposed by concern whose rates are regulated, the Office is authorized to consider as a factor in any decision to award financial assistance whether the regulatory body, or bodies, are likely to issue a ratemaking decision which will protect the financial interests of the investors and the Office.

(l) Whenever the Office, by one or more actions, awards a combination of forms of financial assistance for a single synthetic fuel project, the Office shall insure that the recipient of such financial assistance shall bear a reasonable degree of risk in the construction and operation of such project.

SUBTITLE D—FINANCIAL ASSISTANCE

LOAN GUARANTEES MADE BY THE OFFICE OF ENERGY SECURITY

SEC. 131. (a)(1) The Office is authorized, on such terms and conditions as the Office may prescribe, commit to, or enter into loan guarantees against loss of principal and interest on bonds, notes, or other obligations (including refinancing thereof) issued solely to provide funds to any concern for a synthetic fuel project. Loan guarantees shall be awarded to persons participating in a project, rather than to a project itself. The Director shall provide a loan guarantee only upon a finding that such a guarantee is needed to ensure the participation of the person, in light of the financial strength and resources of that person in relation to the costs of that person's participation in the project. Loan guarantees shall be limited to 75 per centum of the amount that such person has at risk in the project. Amounts not included as at risk shall include mines not associated with the conversion process, and costs deducted due to investment tax credits.

(2) Any guarantee made by the Office under this section shall not be terminated, canceled, or otherwise revoked, except in accordance with the terms thereof, and shall be conclusive evidence that such guarantee complies fully with the provisions of this title and of the approval and legality of the principal amount, interest rate, and all other terms of the securities, obligations, or loans and of the guarantee.

(b) If the Office determines that—

(1) the borrower is unable to meet payments and is not default; it is in the public interest to permit the borrower to continue to pursue the purposes of such project; and the probable net benefit to the Office in paying the principal and interest due under a loan guarantee agreement will be greater that that which would result in the event of a default;

(2) the amount of any payment which the Office would be required to pay shall be no greater than the amount of principal and interest which the borrower is obligated to pay at that time; and

(3) the borrower agrees to reimburse the Office for such payment on terms and conditions, including interest, which are satisfactory to the Office.

then the Office is authorized to pay the lender under a loan guarantee agreement, an amount not greater than the principal and interest which the borrower is obligated to pay.

(c) The Office shall establish such terms and conditions for loan guarantees under this title as necessary to implement the purposes of this title and insure the prompt repayment of loans.

(d) The Office may not enter into any contract providing a Federal loan guarantee of an amount in excess of $500,000,000 unless both Houses of Congress have been notified in writing of such proposed contract and thirty days of continuous session of Congress have expired following the date on which such notice was transmitted to the Congress and both Houses of Congress have not adopted, within such thirty-day period, resolutions disapproving such proposed contract.

(e) Guarantees may be made only to the extent appropriated funds are available. Appropriated funds shall remain available until termination of all guarantees.

(f) The terms and conditions of loan guarantees shall provide that, if the Office makes a payment of principal or interest upon the default by a borrower, the Office shall be subrogated to the rights of the recipient of such payment (and such subrogation shall be expressly set forth in the loan guarantee or related agreements).

PRICE GUARANTEES MADE BY THE OFFICE

SEC. 132. The Office is authorized on such terms and conditions as the Board of Directors may prescribe, commit to, or enter into price guarantees providing that the price that a concern will receive for all or part of the production from a synthetic fuel project shall not be less than a specified sales price determined as of the date of execution of the commitment or the price guarantee. No price guarantee shall be based upon a "cost plus" arrangement or variant thereof which guarantees a profit to the concern except that if the Office determines in its sole discretion that such project would not otherwise be satisfactorily completed or continued and that completion or continuation of such project would be necessary to achieve the purposes of this title, the sales price set forth in the price guarantee may be renegotiated.

PURCHASE GUARANTEES MADE BY THE OFFICE

SEC. 133. (a) The Office is authorized, on such terms and conditions as the Office may prescribe, commit to, or enter into or commit to enter into purchase agreements for all or part of the production from a synthetic fuel project. The sales price specified in a purchase agreement shall not exceed the estimated prevailing market price as of the date of delivery, as determined by the Office, unless the Office determines that such sales price must exceed such estimated prevailing market price in order to insure the production of synthetic fuel to achieve the purposes of this title.

(b) The Office in entering into, or committing to enter into a purchase agreement shall require—

(1) assurance that the quality of the synthetic fuels purchased meets standards for the use for which such fuels are purchased;

(2) assurances that the ordered quantities of such fuels are delivered on a timely basis; and

(3) such other assurances as may reasonably be required.

(c) The office is authorized to take delivery of synthetic fuels pursuant to a purchase agreement and to sell such synthetic fuels to a person. In any case in which the Office accepts delivery of and does not sell such synthetic fuels to a person, such synthetic fuels shall be purchased by the Federal Government for use by an appropriate Federal agency. Such Federal agency shall pay the prevailing market price, as determined by the Secretary of Energy, for such synthetic fuels from sums apppropriated to such Federal agency for the purchase of fuels.

(d) The Office is authorized to transport and store and have processed and refined any synthetic fuels obtained pursuant to a purchase agreement under this section.

LIMITATIONS ON CONTRACTS

SEC. 134. Contracts entered into under section 122 shall be subject to the following conditions:

(1) no contract shall require or permit advance payments;

(2) loan guarantees may be employed only

if the Director determines that the purposes set forth in section 103 could not be achieved through purchase commitment contracts alone;

(3) all contracts must be entered into before October 1, 1983;

(4) no contract may commit the Federal Government to purchases beyond the seventh year of synthetic fuels production from a project, unless both Houses of Congress have been notified in writing of such proposed contract and thirty days of continuous session of Congress have expired following the date on which such notice was transmitted to the Congress and neither House of Congress has adopted, within such thirty-day period, a resolution disapproving such proposed contract;

(5) any purchase commitment contract shall provide that the Office retains the right to refuse delivery of the synthetic fuels involved and to pay the concern involved an amount equal to the amount by which the price for such synthetic fuels as specified in the contract involved exceeds the market price, as determined by the Secretary of Energy, for such synthetic fuels on the delivery date specified in such contract;

(6) with respect to any concern, including any other person who is substantially controlled by such concern (as determined by the Secretary of Energy), the Director may not award contracts for commitment to purchase more than fifty thosuand barrels per day equivalent of synthetic fuels, or make loan guarantees for design, construction, and operation of a plant designed to produce over fifty thousand barrels per day equivalent of synthetic fuels; and

(7) any purchase commitment contract shall commit the Government to purchase fixed amounts of fuels at fixed prices adjusted by a formula that may take into account inflation, world oil prices or such other prices as the Director deems relevant, except that project costs may not be considered as a factor.

SUBTITLE E—WATER RIGHTS

WATER RIGHTS

SEC. 141. (a) Nothing in this title shall (1) affect the existing jurisdiction or authority of the States and the United States over waters of any stream or over any ground water resource, including the authority to determine or allocate rights to the use of waters of any stream or any ground water resource; (2) alter, amend, repeal, interpret, modify, or be in conflict with any interstate compact made by any States; or (3) confer upon any non-Federal entity the ability to exercise any Federal right to the waters of any stream or to any ground water resource.

(b) No project constructed pursuant to the authorities of this title shall be considered to be a Federal project for purposes of the application for or assignment of water rights.

SUBTITLE F—DEPARTMENT OF THE TREASURY

AUTHORIZATIONS

SEC. 151. (a) There is authorized to be appropriated for purposes of this Act $14,000,000,000 without fiscal year limitation to be allocated as follows: $4,000,000,000 in 1980, $4,000,000,00 in 1981, and $6,000,000,000 in 1982 as well as $25,000,000 for annual administrative costs. Such moneys shall be deposited within the Treasury in a separate account which shall be available to the Director for the purpose of carrying out the purposes of this title.

(b) On the basis of notification to the Secretary of the Treasury of financial assistance by the Office, the Secretary of the Treasury shall reserve within the synthetic fuel account an amount equal to the known and estimated liabilities of the Office. As amounts become available for this purpose, the Director shall repay to the general fund of the Treasury an amount equal to all lending which has been extended to the Office.

Mr. TSONGAS. Mr. President, Congress is about to pass the first truly comprehensive energy bill. It has all the elements. It has a major program to stimulate conservation, solar energy, alcohol fuels, geothermal, wind and synthetic fuels from oil shale and coal. It has initiatives that pay off soon, and initiatives that pay off later.

Both bills have unprecedented programs for synthetic fuels development. Both committees have worked hard to craft a bill that would substantially accelerate the pace of synthetic fuels development. Both attempt to stimulate commercial production by private industry. Both have staged programs with the first stage focused on a limited number of one-of-a-kind plants.

But there are significant differences in the mechanisms chosen to embody this approach. Energy has a corporation; banking does not. Banking authorizes price and purchase agreements, with loan guarantees. Energy also includes direct loans, joint ventures, and GOCO's. Energy authorizes $68 billion for phase II unless vetoed by one House; banking does not. Banking authorizes $3 billion. Energy has $20 billion.

Mr. President, it was my fate to serve on both committees. Having sat through the deliberations of both committees, I think there is a middle ground, and I believe Senator HART does as well. There is a compromise that takes advantage of the best part of both bills. The middle ground, I think, would be attractive to many people on its merits; and we believe it is possible—as we did 3 weeks ago—to sit down and look at the objectives to be achieved by both the Banking Committee and the Energy Committee and to craft those objectives into one compromise.

This substitute is not a rejection of the Banking Committee or the Energy Committee bill. It is not a rejection of the administration's program. It represents a consensus of thinking after careful consideration of both bills. The elements of the compromise, in essence, take what we feel are the best provisions of both bills and hope to achieve a consensus. Let me go into the difference.

The corporate issue:

The Energy Committee established a corporation because it wants to assure that the Federal negotiator of synfuels assistance has the will and the financial capability to consumate the agreements. They also want the program to be immune to changes of policy in the executive branch and annual congressional budget competition. We concur in that concern.

The Banking Committee, on the other hand, does not establish a corporation, because it believes that it is unnecessary and would lead to overinvolvement by the Federal Government.

The problem with the success of either version is that it does not incorporate the advantages of the other argument. Our compromise represents a middle ground. It calls for the establishment of an independent synfuels office that would derive its funds as needed from the synthetic fuels account in the Treasury Department. It would thus have the budgetary independence that the corporation enjoys. Because it is an independent office responsible to the President, it could enjoy simplified regulatory procedures, reduced political infighting, and less redtape than if it were just another program in DOE. But it also will help to coordinate the synfuels program with energy policy and will not create a vehicle that would lead to an unwarranted Federal role. A corporation is unnecessary, but synfuels legislation should include language to assure a smooth working program.

Mr. President, I point out that in the parliamentary procedure we have before us, this corporation is just an example of the fact that in the headlong clash between two committees, we end up in a situation in which the rationale and wisdom of one committee either will succeed or be rejected. We do not feel that that makes sense, either from the jurisdictional point of view or as to method, in order to get the best possible legislation.

The second issue is financial assistance:

The Energy Committee includes the power to establish three GOCO's. The Banking Committee has no provision for GOCO's. While GOCO's are necessary at the advanced R. & D. stage it is desirable to have the private sector conduct the commercial scale demonstrations. This was pointed out at length in the Banking Committee hearings.

At the commercial stage, GOCO's are inefficient mechanisms for promoting a new industry: they are insulated from market signals, they have less incentive for efficiency, they provide little information about the commercial viability of the technology, and do not spur private sector investment. That is not to say that in particular circumstances GOCO's are appropriate if there are no private companies interested, but there is significant commercial promise despite the absence of private proposals. That window of circumstance, I believe, is something we have to deal with, and we do so.

The important question is whether we wish to define these criteria in the bill or make a case by case determination as we do for other major Government expenditures of $3 billion, such as nuclear carriers. Some argue that if a GOCO requires a new authorization, it will not be built. This would remove the GOCO threat that the Synfuel Office could use in negotiating with industry. The Energy Committee feels that the threat would not be credible if a new authorization were needed. Given the gas lines that we are going to see every year now and given the severe vulnerability we have to foreign cutoffs, it is unlikely that the pressure will be off. Request for authorization will not be impossible to get where the office shows that industry is not interested but the technology looks good. It would not require new funding, just authority to construct. We think that is credible enough and it is not necessary to give GOCO authority.

Phase II:

Again, we find ourselves in a situation in which there are competing arguments on both sides. What we have done in the compromise on phase II is not unlike what the Johnston-Domenici amendment addresses itself to.

The Energy Committee requires in 3 years that a phase II plan is submitted. Unless there is a one-house veto within 60 days, $68 billion is automatically authorized. The banking version has no phase II. The compromise sets up a framework for phase II but does not prejudge on authorization. Three years from enactment, the Director of the Synfuels Office shall submit a phase II plan to Congress or request an extension.

The phase II plan would include an evaluation of phase I, a determination of whether further involvement is necessary, a list of what types of incentives should be included, an estimate of when they should become available, a revision of the production goals, and a request for authorization. This approach assures that the synfuels programs momentum is not lost. It will cause a reasoned, comprehensive review of the production phase of this initiative. It does not prejudge it, does not lock it in concrete. The requirement for a new authorization will not slow things down because it needs a new appropriation.

I think that argument is obvious on its face, and I suspect that is the reason why the other amendment has been offered. I hope that will not cause any controversy.

Funding level for phase I:

Mr. President, I was present when both committees arrived at their figures. The Energy Committee has $20 billion, and the Banking Committee has $3 billion. We feel that $3 billion is too low and that $20 billion is too high.

But neither figure, in our opinion, has any solid technological basis to justify it.

The $14 billion program that we have introduced hopefully is based on not a round figure but on technology.

The $14 billion of purchase agreements/price guarantees and loan guarantees provided for in this bill in concert with the tax credits being made available through Finance Committee action insure that all the synthetic fuels participants reasonably close to initiating commercial ventures will receive the incentives they need to initiate action. We expect that this combination of incentives will motivate commercial oil shale investments from Union Oil Co., Tosco and Arco, Occidental and Rio Blanco. Furthermore, we believe that sufficient funds are present both for investments in low, medium, and high Btu coal gasification plants and a coal liquefaction plant as well as for a number of biomass plants.

The funding is authorized up front and placed in a synthetic fuels account in Treasury. Appropriations necessary to make these funds available are limited to $4 billion in fiscal year 1980, $4 billion in fiscal year 1981, and $6 billion in fiscal year 1982.

The funding level is realistic. We feel it can accommodate a rational synfuels program and leave room for a balanced program in conservation and renewable resources.

Both bills want the same results. Both take different tacks. The Banking Committee is much more cautious; the Energy Committee is much more aggressive.

The Energy Committee tries to get in motion a major program that is harder to slow down than to maintain. It tries to keep the decisionmaking power in the administration to avoid future congressional delays. The Banking Committee takes a single step forward. The compromise which established a 1995 goal and provides for a phase II program is an amalgam of these objectives. It seeks more program continuity than Banking but also more flexibility and review than the Energy Committee version.

Given our precarious energy situation, our Nation will never again forget the urgency of finding solutions. I am not worried that if we give Congress an opportunity to review GOCO's or phase II or give the President the opportunity to integrate the program in the executive branch that the program will collapse or be delayed. I think it will insure that the program is on target, learns from the information it generates, and has the proper private-public sector balance. It provides the flexibility to increase the public sector role if that is warranted.

The compromise is middle ground. Neither the Banking nor the Energy Committees should see approval of this substitute as a defeat. It represents a rational combination of both bills and a political accommodation of diverse interests.

Mr. President, let me make one final point.

I am glad to see that neither committee argues for a crash program as the House has passed. We cannot legislate away scale up risks, design changes, cost overruns. We cannot merely wish our Nation to have the capacity to provide the labor, construction capacity, transportation capacity, and raw materials for $88 billion worth of synfuels plants and still do other things and not create massive capacity shortages and hyperinflation. It would divert resources from more effective energy investments. Some say that we need a massive synfuels program to show the world we are serious about cutting imports, to build our own self-confidence. We think we have done this. But such an approach will never meet our expectations the way it is written in the Energy Committee version and will be sure to fail. No one will be fooled, especially our constituents. We have to have a program that tracks the learning curve that is directed at long term synthetic fuel viability and not immediate, wasteful activity.

Mr. President, a lot of time has gone into this compromise, and I wish to acknowledge the efforts of the Energy Committee and the Banking Committee because indeed it was their activity and deliberations which gave us the factual data for this compromise version.

Mr. JOHNSTON. Mr. President, I have a question here for the distinguished Senator from Massachusetts. On page 9 of his bill, subsection 113(b), it provides as follows:

> Funds authorized for administrative expenses shall not be available for the acquisition of real property or for expenses related to corporation construction projects pursuant to subtitle E.

My problem is I do not find a subtitle E nor do I find corporation construction projects. I wonder if the Senator could explain what that means?

Mr. TSONGAS. I say to the Senator that the original intent was to go ahead with the substitute. That substitute had that section stricken because it is not in concert and had we not had this parliamentary dilemma we faced an hour ago that would have been deleted and the Senator is quite correct.

Mr. JOHNSTON. Mr. President, I have very high regard for the distinguished Senator from Massachusetts, for his real concern about solving the energy crisis, and for his hard work in the area. I wish I could have as high regard for his amendment.

This amendment takes the worst features of the Banking Committee bill and brings them forward into a sort of a hodgepodge bill that is cut and pasted from various bills and under the title of a compromise. They have simply brought forward, as I say, the worst features of the Banking bill.

Let me explain what the really heart of this Tsongas amendment is. First of all, they provide for an independent office, but they do not say where that independent office would go. But they say that the office that would run synthetic fuels would be in an appropriate Federal agency. We do not know what that appropriate Federal agency is. It could be the Department of Energy, of course. It could be the Environmental Protection Agency, and I am sure that some would like that. It could be any agency that the President chose.

The fact of the matter is even if it were put in the Department of Energy it will carry forward the very essence of what we have been trying to get away from by the energy bill, and that is in the energy bill we want to have an independent office, staffed by a board that is independent of the political whims and changes of mood of both Congress and the changes in the administration.

The reasons for that are two. First, a historic reason, because Congress has been on again, off again. They have passed legislation in 1944 and then that was later canceled. The President has undertaken programs as long ago as 1916 and then canceled it in 1936, and then canceled the program in the midfifties.

The House of Representatives killed the Senate bill that we passed on synthetic fuels in 1975. In order for industry to make the kinds of investments which they need to make, $2 billion to $3 billion, it is estimated by Camerom Engineering for a synthetic fuels plant in the neighborhood of 50,000 barrels a day, in order to make those kinds of investments they need to be able to rely on the consistency, upon the stickability of the Government group with which they deal.

It is the essence of the Energy Committee bill to create a group that will have some continuity and will be able to make a contract on which the private sector may reply.

Second, the Tsonga bill provides for $14 billion; whereas, the Energy Committee bill provides for $20 billion. Of course, on the Energy Committee bill $1 billion of the $20 billion is provided for biomass. The other $19 billion is provided for synthetic fuels other than biomass and other than gasohol, gasohol being provided for in a separate title.

Almost every estimate that we have had indicates the cost of a 50,000-barrel-a-day facility at somewhere between $2 and $3 billion.

The Tsongas amendment, as did the Banking Committee bill, refers to 12 plants, not more than 12 plants, I believe, is the phrase, not more than 6 coal and 6 shale oil.

Mr. President, you simply cannot build the plants for the $14 billion authorization. The $19 billion figure used in the Senate Energy Committee bill was a figure based upon what we need to do to demonstrate the commercial viability of the principal technologies in synthetic fuels. Less money than that, Mr. President, will not demonstrate these figures. It may be a compromise arrived at by taking the difference between the Energy Committee bill and the Banking bill, but it is not a compromise that makes any sense. We either ought to take the route of the Banking Commitee bill, which is a dabble of money, $3 billion for R. & D., in effect, or go to the Senate Energy Committee bill which is a sufficient sum to do the job, to demonstrate in phase one the commercial viability of one-of-a-kind synthetic fuel plants.

That is the purpose, Mr. President, and I urge the Senate to keep in mind the purpose of what we are trying to accomplish in this legislation rather than think in terms of compromise between this personality or that personality or trying to reach a middle ground between two arithmetic figures. That is not what we should be doing. We should be attempting to address and we should be addressing that need to demonstrate these technologies.

Mr. President, I also point out that the Secretary of Energy has written, under date today, strongly opposing the Tsongas amendment. Just to read the first paragraph of his letter, he says as follows:

> It is our understanding that Senators TSONGAS and HART intend to propose an amendment in the nature of a substitute to Title I of S. 932, and I am writing to express the Administration's strong opposition to that amendment.

Mr. President, the Secretary of Energy goes on to point out that this amendment involves, as he says, "business as usual," in pointing out the basic difference between the approach of the Banking Committee incorporated in the Tsongas amendment and the approach of the Energy Committee.

I ask unanimous consent that this letter from the Secretary of Energy be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

> THE SECRETARY OF ENERGY,
> *Washington, D.C., November 7, 1979.*
>
> Hon. ROBERT C. BYRD,
> *U.S. Senate,*
> *Washington, D.C.*
>
> DEAR SENATOR BYRD: It is our understanding that Senators Tsongas and Hart intend to propose an amendment in the nature of a substitute to Title I of S. 932, and I am writing to experss the Administration's strong opposition to that amendment.
>
> While enlarging the financial commitment for synthetic fuels beyond the level proposed by the Banking Committee to $14 billion, the Tsongas-Hart substitute would lodge management of the program in a new office in "an appropriate Federal agency" rather than in an independent corporation. In other respects, the substantive provisions of the proposed substitute are largely patterned on the Banking Committee's version of Title I of S. 932.
>
> In the Administration's view, the Tsongas-Hart substitute suffers from three principal defects. First, while appearing to move towards the principle embraced by the Energy Committee that "business as usual" will not be adequate to produce the needed results, the substitute would prohibit the establishment of an independent, Congressionally-chartered corporation. For the reasons stated in my letter of November 5, we believe that an independent entity, freed from the bureaucratic limitations under which present agencies function, is critical to a successful synthetic fuels production program. The Energy Committee version of Title I of S. 932 reflects a careful balancing of the need for accountability with the need for flexibility and action, a balance nowhere suggested in the substitute.
>
> Second, the Tsongas-Hart proposal, while appearing to increase significantly the funds available for synthetic fuels, still falls short of the $20 billion that we think is essential for the first phase of a commercialization program. This funding level was approved in prinicple during recent Senate floor action on H.R. 4930, and I strongly urge that there be no retreat from this level of commitment.
>
> Finally, the Tsongas-Hart substitute, in failing to provide authority for loans and in subjecting the loan guarantee authority for major projects to cumbersome Congressional review procedures, will severely limit the ability of the Nation to meet necessary production levels in a timely fashion. Moreover, these same deficiencies will make it difficult for smaller enterpirses, which experience greater capital formation problems, from undertaking projects—thereby limiting potential competition in the synthetic fuels industry we are endeavoring to establish.
>
> As underscored by events over this last week, we must take action to reverse the Nation's still growing dependence on imported oil. An ambitious but achievable program for synthetic fuels development is an essential part of our strategy for reaching energy security, and I strongly urge the Senate to sustain the Energy Committee's version of Title I of S. 932 against weakening amendments.
>
> Sincerely,
>
> C. W. DUNCAN, Jr.

Mr. JOHNSTON. Finally, Mr. President, the Tsongas amendment does not provide for joint ventures and does not provide for loans.

We heard testimony that joint ventures for what we call particular modules, modules being a commercial demonstration on a limited scale, are a very important step, particularly with those technologies which are not ready at this point to go to the full-scale 50,000-barrel-a-day demonstration plants.

According to our testimony, Mr. President, joint ventures are very important for that modular kind of commercial demonstration. I do not know why that was omitted from their bill, Mr. President, but it certainly is an oversight. It is a badly needed mechanism.

He also eliminates loans from the kinds of financial assistance which this office would be able to give. Mr. President, loans, as well as loan guarantees, as well as price guarantees, as well as the other methods, may well be necessary in order to evoke the kind of response from the private sector we think is necessary.

Mr. President, in summary, the Tsongas-Hart amendment simply takes the basic theory of the Banking Committee bill, which is business as usual, and the same Federal bureaucracy, and promotes that forward in almost the same sense as they are doing it now. We think it involves too little, it involves no independent office as in the Energy Committee bill, and we think it is a very deficient approach to the problem of synfuels.

Mr. President, I want to give the proponents of this amendment plenty of time, and I do not want to cut them off, but I will say for my colleagues that at some appropriate point this afternoon I will offer a motion to table, but I will not do so until the Senators have had additional time to develop their amendment.

Mr. HART addressed the Chair.

The PRESIDING OFFICER (Mr. PELL). The Senator from Colorado.

Mr. HART. Mr. President, as a principal cosponsor of this measure, I want to restate the critical nature of what we are doing here today to the State of Colorado and to the Rocky Mountain West. I know that other parts of the country, Appalachia and coal-producing areas, will be affected by the policy established for synthetic fuels. But there is no part of the country that will feel the effect of this legislation more than my region and more than my State.

We are critically and vitally concerned about the actions to be taken by Congress and the administration in this area and, consequently, I have to register once again my strong and deep feelings about the actions proposed by the Energy Committee and the justification supporting an alternative which attempts to address the nature of those concerns.

Once again, Mr. President, it is not an issue of business as usual versus doing something. Everybody and everyone is for doing something. Everyone is for a synthetic fuels industry. The question is not whether, the question is how. The question is what kind of rights we are going to trample on in the process. The question is what kind of economic system we are going to have in this country, and the question finally is who is going to be responsible.

I do not believe that if you are not for "business as usual", you need to be for an Energy Security Corporation.

The only difficulty with it is that the problem is created by the Constitution of the United States.

What the Energy Committee is trying to do is to try to get around the bureaucracy "problems" created by our constitional system. The administration proposes, the Congress of the United States legislates and oversees and that is the system we have. I think we are threatening to sacrifice the very system of checks and balances which makes this country work, as well as a good chunk of the free enterprise capitalistic system that makes it work. That is what the issue is.

To say that people who do not agree with the administration are for business as usual I think is a very unfortunate position for the administration and, particularly, the Secretary of Energy to take. It is essentially a charge that if you do not want to do anything or care anything about the energy crisis, you will support some other measure and will not go along with the administration.

If you are really concerned, then the only alternative you have is to support this the Energy Committee bill. That is nonsense, and I think the Secretary of Energy and the proponents of the Energy Committee proposal understand it is nonsense; and to send a letter around saying "If you do not agree with us you are for business as usual, you do not care about the energy crisis," is just patent nonsense.

We had on the floor an appropriation measure, as I recall, a couple of weeks ago. The majority leader, the distinguished Senator from West Virginia, was taking the position that we had to pass the funding level of $20 billion to keep our options open. That was the argument. It did not commit us to anything.

The Secretary of Energy says:

> Second, the Tsongas-Hart proposal, while appearing to increase significantly the funds available for synthetic fuels, still falls short of the $20 billion that we think is essential for the first phase of a commercialization program. This funding level was approved in principle during recent Senate floor action on H.R. 4930, and I strongly urge that there be no retreat from this level of commitment.

We did not make any level of commitment. The majority leader said we were keeping our options open. Talk about a classic example of the camel's nose in the tent. We are asked to approve something to keep our options open until we hear the Energy Committee's report. Then we are told that we have a level of commitment. Well, this administration and the Energy Committee cannot have it both ways. The Senate was offered that $20 billion, and some of us voted against it because we saw the train coming down the track, and here it is, a level of commitment.

Mr. JOHNSTON. Mr. President, will the Senator yield at that point?

Mr. HART. Yes, I would love to hear what the response is.

Mr. JOHNSTON. I think it is a level of commitment. Commitment is not a word of precision or a word of art. It is something less than an appropriation of funds; that is clear. Because the $20 billion which has now been approved in the conference committee—the rest of the bill has not been approved, but the $20 billion has been approved—that cannot be spent until further action of Congress in appropriating the money. In other words, that $20 billion was appropriated to a fund and that money made available to the fund, but it may not be withdrawn from the fund until further appropriation by Congress.

Now, is that a commitment? I think it is, in the sense that Congress has said we want $20 billion for synfuels. It is something less than a commitment, in the sense that anyone can spend that money. There was certainly no razzle-dazzle——

Mr. HART. Mr. President, the Senator from Louisiana misses the fundamental point here. If you go back and read the RECORD when that proposal was before the Senate, the principal sponsors of that proposal sold it to the Senate and the American people on the grounds that it was no commitment, that it was keeping our options open; and those are the very words the majority leader of the Senate of the United States used. Nobody was committed to anything until the Energy Committee came up with this figure. It was to keep a kind of a general leeway that the Energy Committee was talking about in there. The Energy Committee could come up with anything up to that amount.

What I am arguing about is the Secretary of Energy now saying that we committed ourselves to something, when that was not the way it was sold to this body.

Mr. JOHNSTON. May I say to the Senator that if either the Energy Committee bill or the Tsongas-Hart amendment or any other amendment passes that is now pending, we will still not be committed, in the sense that it will take a further action of the Congress in appropriating money before anybody can spend that $20 billion. There is a commitment, in my judgment, to the $20 billion as a figure. Yes, I think there is.

Mr. HART. Well, I will just ask any American or Senator or reporter or anyone else to go back and read the RECORD, of the people who carried the administration's water on that. The Senate of the United States was definitely told that it was not any kind of commitment, we were not tying ourselves to anything, and now the principal administration spokesman is saying otherwise. It is a very, very serious problem, and I think it is a question of credibility, frankly, Mr. President.

We are told one thing on one day and suddenly, 2 or 3 weeks later, we are told just the opposite. I think it is a very serious problem, when we are trying to straighten out ourselves and the American people on where we ought to be headed. I could not object to it more. To use the argument that 2 or 3 weeks ago the majority of the Senate, some of whom made it very clear that they were not tying their hands to any figure, went ahead and approved a measure and now we are told that it is a commitment by the Senate to that figure, it is just not the case. That is not what the Senate was told. I think the Secretary of Energy is way off base when he sends a letter saying that.

I further object to the alternative argument that in supporting the Energy Committee legislation the Senate is for business as usual. As I have already said, I think that is nonsense and it is beneath the dignity of the administration to lay that one at the step of people who disagree with this approach and who are concerned about the effect of it. Arguments of this sort, I think, are not going to further the administration's position or give them very much credibility with the American people.

Back to the fundamental point, Mr. President, and that is who is going to be responsible? We have got two choices, it seems to me, on the question of synthetic fuel. We can go outside the normal governmental structure where the administration proposes specific measures, the appropriate committees of oversight of Congress look at those measures, approve them, authorize them, appropriate funds for them, and then oversee their operations or, we can step outside of that structure, create this autonomous Energy Security Corporation, which has minimal responsibility to, or for anyone, which steps outside of the normal authorization and appropriations procedure, give it a ton of taxpayers' dollars, and then tell it to go solve the problem. We may or may not feel responsible for what it does down the road.

Well, that may be wonderful for States that do not have to bear the burden, but the State of Colorado is going to have to bear the burden, and I want to play a role in that. I do not want to hand over my constitutional responsibilities as an officer under the Constitution—as a Member of the Senate—to any nonelected, autonomous body as to the future of what the State of Colorado is going to be. And that is what is at stake here, Mr. President, the future of the State of Colorado, if nowhere else.

I am being asked to vote to create some body that is not responsible for its actions to Congress, and the future of my State rests on what that body is going to do—a bunch of, we are told, experts, nameless faces because we do not even know who they are going to be, except they are going to have a lot of experience in economics and banking and energy.

They may or may not have seen the western part of Colorado, and they may or may not care what happens to it. And that is what I am concerned about.

Mr. JOHNSTON. Mr. President, will the Senator yield?

Mr. HART. I yield.

Mr. JOHNSTON. Mr. President, the Senator has criticized the Energy Committee proposal because of the nameless, faceless people who have not yet been appointed. But can the Senator tell me, in his amendment, which Federal agency would be used?

Mr. HART. The Senator from Colorado would much prefer that it would be the Department of Energy, the Department this Congress created to run the energy programs of this country. I think it is really too bad that 2 or 3 years later, when the Senate of the United States, the Energy Committee of the Senate of the United States admits that it cannot even trust the Department we created to run this program. That is effectively what we are saying, that we do not trust the Department of Energy. I think it is our job to make it work. If it is not working, let us make it work or abolish it.

We should not go outside the constitutional structure of Government because we do not trust or do not like the energy agency we created. We are responsible for that agency, and I say let us make it work. If we want a synthetic fuels program, let us have the Department of Energy. Under my proposal DOE can hire new expert staff outside the civil service limits to run it. That is what I say. Everyone does not agree with that. A lot of people want to go back home and trash the Department of Energy. Fine; there is plenty there to trash. We created it. We are responsible for it. We ought to make it work.

The reason this amendment does not state that this office is going to be in the Department of Energy is because there are some people who want to vote for this amendment that do not want to vote for an office in DOE. And I think it is unfortunate.

Mr. GARN. Mr. President, will the Senator yield?

Mr. HART. I yield to the Senator from Utah.

Mr. GARN. I thank the Senator from Colorado for yielding. The Senator just made some points that I want to back up very strongly.

Through this entire debate—and I might say I am disappointed that the Banking Committee version did not pass, not just because I am a member of the Banking Committee, but because I happen to be a Senator representing the State of Utah.

I mention that in reference to what the Senator from Colorado has said. It is amazing to me the debate that we have heard, and all these experts, our colleagues from around the country and others who are not impacted by this legislation at all. The major impact is going to be in our States. Ninety-five percent of all of the tar sands in the entire United States are in the State of Utah. Most of the oil shale overlaps the Colorado-Utah border, more of it in Colorado, but into eastern Utah. And here we, who have a responsibility to represent those States, have not been heard very much. We have all the experts from other States who do not know very much about shale or tar sands or coal or anything else, who want to create this Energy Security Corporation to tell us what to do.

So I share the resentment of the Senator from Colorado at having those concerns ignored. We do not need to create another body to administer this amount of money, to dictate technologies and sites and all of those kinds of things.

I support this amendment and I hope my colleagues will vote for it.

Mr. HART. Is the Senator from Utah as concerned as I am about the autonomous nature of the Energy Security Corporation in terms of responsibility to Congress for what it is doing, and the fact that it can undertake programs in our States and in our regions that can have serious effects on those States and yet do so outside the normal, congressional authorization and oversight process?

Mr. GARN. I am absolutely concerned about that. I do not think it should be the right of any Federal agency to come in and have the authority to run roughshod over State and local concerns. That may not happen, but at least this legislation allows the possibility of them doing that. And I am opposed to that.

Mr. HART. And the Senator would agree that the protection that we have is through that normal constitutional process. Congress has an obligation and responsibility to oversee what administrators of Federal programs are doing, so that we can follow what is up, not just on an annual basis, but any time we desire a hearing, we should be able to find out what is happening in a program, what environmental effects it is having, what social effects it is having in our States, what impact it is having on our economy, our transportation system, on the total fabric of that State and that region. Does the Senator agree with that?

Mr. GARN. I agree completely. The problem is magnified because in the West our States are largely federally owned, so the impact of Federal legislation has a great deal more to do with our total decisionmaking than it does in States which are mostly privately owned. It is even more important that we be heard, that our Governors, our legislators, our local county officials, county commissioners, and others have input into this decisionmaking process.

We happen to be fortunate to have a great deal of energy in our States. It is not that we are not willing to share that energy to help the national problem. We simply want it to be done properly so that we are not exploited, and so that our local concerns are considered.

Mr. HART. Would the Senator from Utah agree that part of the genius of the Founding Fathers was to establish one House of Congress that was not based on population but had equal representation in that body, so that no action would be taken by the Government of the country against any region without a vote equal to that from every other State in the Union? Is that not an important factor to consider?

Mr. GARN. It is absolutely important. As a matter of fact, during most of the history of this Senate, if both Senators from a State objected to a particular program, that senatorial courtesy was allowed because they did represent the entire State. That does not seem to make much difference any more. We see it happening all the time, that Senators representing a particular State or area are simply overlooked without a great deal of concern for the interests of their State.

Mr. HART. I thank the Senator from Utah for his comments.

The point that is trying to be made here is not the detailed niceties of one approach over another in terms of whether we ought to have this type of incentive or that type of incentive, or some small detail of management or administration. The issue is as fundamental as the Constitution of the United States, and the issue is as fundamental as the future of the State of Colorado. That is what is going on here.

I think the Energy Committee has done absolutely a very good job in trying to solve a very difficult problem. I think they have worked hard. I think they are as concerned as any group of Senators, Members of Congress, or Americans about the problems this country faces. That is not the issue. Nobody is accusing the Energy Committee of bad faith or anything else.

The issue is, what effect is this measure going to have on my State and my region, and what am I going to be able to say about it?

Under the proposal put forward by the Energy Committee I am going to have very little, if anything, to say about it, once this train leaves the station. It concerns me. It concerns my State. And we have another way to do it which I think is just as supported by the facts as those presented by the Energy Committee.

Mr. President, the Senate has recently rejected a proposal by the Senate Banking Committee to substitute for the synthetic fuels title of the Energy Committee's proposal. Despite some limitations in the Banking Committee proposal, I strongly supported it. I now urge the support of my colleagues for a compromise proposal.

This compromise proposal would result in a synthetic fuels program that is roughly midway between the Energy Committee proposal, and the Banking Committee proposal. Differences between the Banking and the Energy Committee proposals, I believe, can best be highlighted by an analysis of four major issues. These four major issues are as follows:

First. What should be the administrative mechanism? Should there be an Energy Security Corporation, or something else?

Second. Should the Congress decide now to authorize a second phase for the synthetic fuels program to achieve particular production goals in the 1990's?

Third. What are the appropriate financial incentive mechanisms?

Fourth. What are the required funding levels for the program?

Before comparing the provisions of this compromise proposal to the Banking Committee or Energy Committee proposals, I would like to discuss provisions of this compromise as they pertain to these four major issues.

First, the compromise proposal contains an Office of Energy Security. Rather than create a large and completely autonomous Federal agency to administer the synthetic fuels program, this compromise would establish a much more modest Federal office to administer the program. The Director and staff of the Office of Energy Security would not be subject to civil service limitations, so that hiring could be done quickly. The best administrators in the country could be attracted. Under this compromise, the President could place the Office of Energy Security in the appropriate department within the administrative branch of Government. Authorizations and appropriations for this office would be done through normal congressional procedures. It would not preclude, however, a large amount of initial funding for the Office of Energy Security so that firms signing contracts for price guarantees would be assured that the Office could meet its obligations in the distant future.

Second, this compromise proposal retains the idea of a second phase synthetic fuels program. It retains the goal of 1.5 million barrels of oil equivalent to be produced in the mid-1990's. This proposal requires the Director of the Office of Energy Security to submit a plan to the Congress for a second phase. It is anticipated that this plan would be submitted within 3 years. However, the Director of the Office of Energy Security could request a delay in the submission of this plan if needed to obtain additional information on the economic and environmental aspects of the synthetic fuels processes.

In the second-phase proposal, which the Director would submit to Congress, there would be recommendations for any changes in the production goals for the 1990's, any changes in the types of financial incentive mechanisms offered, and a request for authorization. There would be no second-phase authorization in this legislation before you today. In other words, the anticipation of a second phase in this compromise is present, but the limits of the second phase, meaning the degree of Federal involvement, remain flexible for the next 5 years or so.

Third, financial mechanisms in this compromise are limited to price guarantees, purchase agreements, and loan guarantees. Price guarantees and purchase agreements are the same as in the Energy Committee and Banking proposals. Loan guarantees are limited in one new sense. In order to sign a contract for a loan guarantee, the Director of the Office of Energy Security must issue a finding that such a loan guarantee is necessary to insure the participation of the company in a particular project. The finding will include an analysis of the financial strength of that company in relation to the size of the share of that company in a project.

There would be no GOCO's, no direct loans, and no joint ventures in this compromise.

Fourth, the funding level in this compromise is a total of $14 billion. This $14 billion would be spread over the next 3 fiscal years. It is anticipated this funding level is required to initiate the half dozen or so 50,000 barrel per day synthetic fuel plants. Several additional plants would probably be built only on the basis of the tax credits provided in the Finance Committee's proposal.

COMPARISON WITH BANKING VERSION

I would now like to turn to a discussion of why this compromise proposal is an improvement to the Banking Committee's substitute which was defeated in the Senate a short time ago. First, I would like to remind my colleagues that the Banking Committee substitute had no provision for administering the synthetic fuels program. There was some likelihood that the administration of the program under the Banking Committee proposal would be in the existing Department of Energy. The Energy Department is notorious for being unable to make speedy and correct decisions.

The new substitute which I am urging my colleagues to cosponsor would provide a new Office of Energy Security. Even if the President chose to locate this office in the Department of Energy, it would be a new entity, with new employees not subject to civil service, and would contain efficient administrators and financial experts to negotiate major contracts with the half dozen or so ventures for major synthetic fuel plants. I personally prefer this approach because it improves DOE.

Alternatively, the President may elect to keep the new Office of Energy Security outside the Department of Energy by locating it in another department, such as the Department of Defense or the Department of Treasury. Or, the President may elect to keep the Office of Energy Security within the Executive Office of the President.

The second major departure between this substitute and the Banking Committee approach relates to the second phase. The Banking Committee approach contained no second phase whatever. This compromise proposal does anticipate a second phase. It agrees with the Energy Committee in establishing a goal of 1.5 million barrels per day of production in the mid-1990's. In the compromise provision, this goal is flexible as is the date at which the Director of the program would submit a plan for the second phase to Congress. This is an important change from the Banking Committee approach because it tells American industry that we want industry to develop a major capability for producing synthetic fuels in this country.

The third major difference between this substitute and the Banking Committee approach is over the funding level. In the Banking Committee approach, only $3 billion is authorized for the first phase of the synthetic fuels program. thorization of $14 billion. I believe that This compromise proposal offers an au- $14 billion reflects accurately the probable requirements to initiate commercial-sized demonstrations of the promising technologies in oil shale and coal as well as demonstrations of smaller plants related to biomass, particularly alcohol fuels.

Based on the information in the synthetic fuels report by the Budget Committee's Subcommittee on Synthetic Fuels, there are approximately nine large-scale commercial prototypes to be built to test the promising synthetic fuel technologies. I believe that about three of these plants will be initiated with tax credits provided by the Finance Committee bill. That leaves six plants to be initiated with incentive mechanisms we are providing today. The synthetic fuels report shows that price guarantees cost up to $3 billion over the lifetime of each 50,000 barrel a per plant. In light of recent increases in world oil prices, it is hoped that price guarantees can be negotiated at lower levels, at roughly $2 billion per price guarantee for each major synthetic fuel facility. This would obligate about $12 billion for half a dozen plants. Another $2 billion, more or less, would be available to provide loan guarantees.

In sum, I believe that the funding level proposed in this substitute represents an amount which the U.S. Government would likely have to spend to initiate construction of the commercial prototypes in the first phase of the synthetic fuels program.

COMPARISON WITH ENERGY COMMITTEE VERSION

I would now like to compare this compromise proposal with that offered by the Energy Committee. First, there is no new large Federal agency embodied in an Energy Security Corporation. Instead, the Office of Energy Security offered in this compromise would be subject to the usual congressional oversight and administrative regulations. The only difference would be is that its employees would be outside civil service restrictions. This provision is designed to allow the Office to attract high-quality personnel immediately.

Second, this compromise proposal is flexible regarding the second phase. The Energy Committee bill contains an inflexible 1.5 million barrel per day goal and authorizes $68 billion to achieve this. In effect, the Energy Committee bill says "Mr. Administrator, find a way, no matter how much it costs, to produce 1.5 million barrels of synthetic fuel a day by 1995. We'll give you at least $68 billion and come back and ask us for more if you need it."

In contrast to this, our proposed compromise would leave the production goal at a desirable level, but allow flexibility. It is anticipated that the second phase plan not be initiated until at least some operational experience is gained from the first phase. In addition, the types of financial incentive mechanisms would be modified substantially for the second phase.

The third issue contains the types of incentive mechanisms offered. Compared to the Energy Committee bill, the proposed compromise eliminates three types of incentives which, in effect, substitute the Federal Government for responsibilities of the private sector. GOCO's are eliminated, joint ventures between the Federal Government and private companies are eliminated, and direct loans are eliminated. In order to insure that companies of relatively smaller financial strength can participate in the synthetic fuels industry, loan guarantees are left in the compromise proposal. In our estimation, loan guarantees provide less substitution of Federal involvement for private sector responsibilities compared to the alternatives which are removed from the Energy Committee proposal.

The fourth issue is the level of authorization. This compromise proposal contains no funding for the second phase at this time. The second phase of the synthetic fuels program may require only a few billion dollars or might require many tens of billions of dollars. It is inappropriate at this time to decide to authorize $68 billion for that purpose.

The compromise proposal would authorize $14 billion for the first phase compared to the Energy Committee's $20 billion. I believe that $14 billion is sufficient to accomplish the job. An amount larger than this would encourage investors in synthetic fuel plants to ask more of the Federal Government than they need. Of course, in the event that larger sums are actually needed, Congress could authorize larger sums in the next year or the following one.

OIL SHALE AND COAL IN COLORADO

I am sure that all of my colleagues are aware that Colorado contains by far the major share of this country's resources of oil shale and large coal reserves. In a relatively small area in western Colorado lies the fossil resources with the equivalent of potential energy supply from some OPEC nations. For many years I have studied oil shale resources and oil shale technologies. Recently, as the chairman of the Budget Committee's Subcommittee on Synthetic Fuels, I have studied intensively the relationship between the needs of the potential oil shale companies and the appropriateness of Federal incentives to help that industry get started.

I felt for many years that in Colorado the question is not whether we will have an oil shale industry, but when and how big will it be. In all candor, I must express to my colleagues that the size of the synthetic fuels program which we are embarking upon this week is a frightening prospect for western Colorado. The amount of mining that would have to be done for just one synthetic plant would be larger than any mining operation existing in the United States today. The people that will come to construct and to operate the mines and the plants will increase the population of western Colorado many times.

As a result of oil shale development, I am concerned that the quality of life improve with the quantity of production. To this end, it is vitally important that the processes which are used to process oil shale are environmentally sound. The rate of development of oil shale plants should be on the moderate pace to allow the optimization of the technologies as they are first employed.

It is vitally important that every oil shale project in Colorado be as clean as it possibly can be. While I do not believe we can quantify them at this time, we know that there are finite limits to acceptable change in air quality, water quality, or changes in patterns of water use that are acceptable in western Colorado. If each plant is extremely clean and minimizes water use, western Colorado can accept a greater number of plants.

The separation between the first phase and the second phase of this country's synthetic fuels program is vitally important to Colorado. The first phase of the program is likely to result in four or more major oil shale plants in Colorado. We should certainly not embark on the duplication of any technology before a particular technology is demonstrated to be desirable in a full-scale commercial plant. As commercial plants themselves are built, I would hope that the companies would build them up slowly, testing the plants one module at a time so as not to cause environmental harm if problems arise, and so as not to cause themselves financial hardship if changes are needed to be made.

For the sake of the country, it is necessary that Colorado's oil shale resources be developed wisely.

In conclusion, Mr. President, let me reiterate that the compromise proposal we are offering today largely improves the Banking Committee proposal the Senate did not adopt a short time ago. In particular, this compromise proposes an Office of Energy Security, establishes a mechanism for initiating a second phase, and greatly increases funding levels compared to the Banking Committee bill. In contrast, compared to the Energy Committee bill, this compromise offers a small increment to the intrusion of the Federal Government into the private sector than the Energy Security Corporation would provide. It makes the second phase more flexible, and possibly much cheaper. And it minimizes the amount of Federal Government substitution for private sector responsibilities. Further, it slightly decreases the amount of funding for the first phase and postpones a decision on funding for the second phase entirely.

Mr. President, a great deal of effort has been made in constructing this compromise proposal. I believe that the compromise is a superior approach on the merits either to the Banking Committee or the Energy Committee bill. I urge my colleagues to adopt this compromise vehicle.

The Budget Committee of this Senate has looked into this issue. Based on the Synthetic Fuels Subcommittee's report I believe we can achieve the same objectives for $14 billion, still an enormous amount of money, but we do not have to spend up to the larger amount. Believe me, to accept the approach which is embodied in this substitute amendment is not business as usual. I hope the Secretary of Energy understands that. You do not have to be for the administration's program to be concerned that there is an alternative. It is a $14 billion alternative which will achieve the same results and will not trample on the rights of the States in the process.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. JOHNSTON. Mr. President, let me say first of all I was a member of the Budget Committee task force on synfuel, and that report, unless I am sadly mistaken, did not say that this job could be done for $14 billion. Indeed, if I recall correctly, it did not endorse any particular figure for phase I. It did endorse the idea incorporated in the Senate Energy Committee bill that the commercialization of synthetic fuels be divided into two phases, the first phase to demonstrate one of a kind technologies, as in the Senate Energy Committee bill, and the second phase to involve the replication of those technologies. So it is the Senate Energy Committee bill that is entirely consistent with that Budget Committee report.

Let me just say very briefly, Mr. President, on this question of business as usual, I do not think the Secretary of Energy in calling the Tsongas-Hart amendment business as usual meant that in a deprecatory way to either of the sponsors of this amendment, but, rather, I think it was a rather accurate description of the fact that it would continue the authority for synthetic fuels in the Department of Energy where it has been since the Department of Energy was created. That is what is meant by business as usual.

Before that, it was reposed in the predecessors of the Department of Energy, that is, the Secretary of the Interior and the Bureau of Mines.

Mr. President, business as usual with respect to those departments has meant 52 years of no progress. It has been 52 years since the Bureau of Mines built those first retorts in Rifle, Colo., and we still do not have an operating commercial plant. That is what business as usual means.

There comes a time, Mr. President, when things get so severe that we have to break out of the mold of business as usual. We have done it many times in this country. For example, in World War I we created the U.S. Shipping Board Emergency Fleet Corporation and charged that group, an independent corporation very similar to the structure of this corporation, with the duty of building a merchant marine fleet in the United States. Previous to World World I we had no merchant marine fleet because the United States had respected the international treaties on maritime shipping.

We financed that corporation with $2.5 billion, which was a tremendous sum in 1916. That independent corporation did the job, not with business as usual but breaking out of the usual mold of bureaucracy in the Federal Government.

We have done it many other times: The War Finance Corporation in 1918, a separate corporation; the Reconstruction Finance Corporation, in 1932, spending a total of $54.4 billion to get us out of the depression. And there are many other examples from Amtrak to Comsat to the War Production Board, and others.

We create these corporations, Mr. President, not when we have business as usual but when there is some unusual need, when there is an unusual purpose to be accomplished by the corporation to which the independent corporate status is particularly and peculiarly appropriate. Such is the purpose today.

Why is an independent corporation appropriate for this purpose? Because, Mr. President, the kind of decisions which this corporation will make with respect to synfuels are the kinds of decisions which call for a seasoned business judgment. They call for people who have made banking and financial decisions before.

There is not a professional, I would venture to say, Mr. President, in the Federal Government, or certainly not in the Department of Energy, who has ever made, or been called upon to make, business judgments with respect to banking or finance. They have not put together industrial enterprises. They have not built a big industrial plant, none of them. They have never been involved in risk-taking. They have never even been involved in management on a big scale.

What we propose, Mr. President, is to

get into this five-man corporation men of seasond business judgment, men who perhaps headed up some of America's large corporations, who know about risk-taking, and who can sit across the table from the Exxons and the other large corporations who may want to get into this business and be able to understand the elements of risk and be able to understand how far the United States as a country must go in giving financial aid in order to get the purpose accomplished, the purpose being, of course, to demonstrate these commercial technologies.

That is the reason for an independent corporation, Mr. President, so that we will have the benefit of that expertise.

We simply cannot fight that in the Department of Energy now. We simply do not have that even with the Assistant Secretaries, Mr. President. It is not structured that way. It is very important to have these independent corporations.

Mr. President, at this time, I yield the floor to my distinguished colleague from New Mexico.

Mr. DOMENICI. I thank my friend from Louisiana.

Just as a matter of reference, Mr. President, I ask the Senator from Colorado if he will cite for me the language in the synthetic fuels report—I am not saying it is not in there. I do not know where it is—that this will do the same as the energy bill.

Mr. HART. The Tsongas-Hart amendment will achieve the first-phase goals of testing technologies at a cost of $14 billion. I am basing that on the testimony of our experts and upon the calculation that others and I have made that there will be certain industry response—in terms of the construction of facilities—to the Finance Committee's tax credit proposals—perhaps three or more commercial plants.

With the incentives in the Tsongas-Hart proposal six or more different technologies, perhaps as many as a dozen, can be demonstrated for about $14 billion. I was extrapolating from the statistics in that report plus the estimates of what the industry response to the Finance Committee will be.

I want to make it clear, because those were the terms under which that study was done, that that report does not make any recommendations. There are economic data and statistics in the report which support our approach.

If, in fact, the efforts of the Energy Committee and the sponsors of this substitute amendment are to test technologies in a first-phase mode, $14 billion can do it; $20 billion is not needed.

Mr. DOMENICI. I appreciate the clarification, because I could not find any example in the report, which was properly stated by the Senator. It was not a recommending report, it was an assessing report, from which people could make conclusions and draw premises for themselves upon which to base their own conclusions.

Mr. President, I did find, on page 204, a case II summary study by—I guess this is Cameron, which I think is one of the better firms—that by 1990, if we were to divide up and have oil shale at 300,000- to 400,000-barrel equivalent; coal at 400,000 to 450,000 equivalent, and oil sands for 20,000, it is their estimate that the total expenditure would be in the nature of—total investment of $24 to $29 billion.

The Senator is not agreeing or disagreeing with that in his previous statement, and I understand that, but if we are merely using our corporate entity to finance, with various finance mechanisms, that is a pretty good case study for what might happen by 1990, as I see it.

Mr. HART. If the Senator will yield, I think there is a difference between total investment by private corporations and Treasury exposure with incentives. What we are discussing here today is Treasury exposure, not the total investment of the private corporations.

Mr. DOMENICI. Ours is 20 and this is almost 30.

Mr. HART. Including private financing. What we are talking about is $14 billion in Federal spending. We believe we can achieve the deserved results with $14 billion in Treasury exposure, not total investment.

Mr. DOMENICI. Let me make just a few points for my fellow Senators. I really am sorry that the Senator from Colorado and the Senator from Utah assume that this National Synthetic Fuels Corporation is directed at taking away from the States significant rights that they presently have with reference to where, how, when, and if synthetic fuel is ever developed. I do not believe it does that.

On the other hand, I say to my good friend from Colorado, when we were passing a National Clean Air Act, which had a tremendous effect on the State of Colorado and the State of Utah and the State of New Mexico, in fact, it had some pristine preservation provisions in it that were in perpetuity. They were not $20 billion worth. The Senator did not get on the floor and say, "We do not want you trampling on our rights, we want to have something to say about that in Colorado" or Utah or New Mexico.

That was a national program, with national significance, answering a national need, on which I, he, and many others happened to agree that the way the Federal program was going was what we wanted. He did not argue about it and say "States' rights, do not tell us about pristine areas in our States." At that point, the Senator was here saying "That's Federal, national." And he did not say, "Do it for 5 years at a time subject to authorization or appropriation. We are getting rid of our oversight authority."

The Senator said, "Put it in that statute, because I think it is right."

Mr. HART. If the Senator will yield, it was also in the interest of Colorado to have clean air.

Mr. DOMENICI. It was in the interest of Colorado as determined by GARY HART when he came to the floor 3 years ago as a Senator, subject to whatever he thought the clean air requirements of the State of Colorado were. Right now, the Senate is going to pass on what the national program in synthetic fuels should look like in one respect: With reference to the National Government providing financial incentives to develop pilot commercial projects. I think it is absolutely right that we not have one for Colorado and one for New Mexico and one for Utah and one for West Virginia and one for Pennsylvania. It is a national program to bring plants on board—and now let me clarify this.

Some would make it sound like we are going to develop 200, 300, or 400 plants in this country. The first phase is somewhere between 8 and 10 plants. And they are not all going to be in Utah or Colorado or West Virginia or New Mexico. In fact, they will be in many parts of the United States and I find nothing in this proposed law that the Energy Committee has before the Senate that says, "We waive State water law." Quite to the contrary, it says State water law governs in every respect.

We are not going to force anything where the resources are not there. We are not going to force that down any State's throat. We know that and everybody else knows that. If the technology and the resource and the environment do not accommodate, it will go somewhere else.

We are only talking about 8 or 10 plants; we are not talking about covering the landscape of the United States or putting 10 or 12 of them in any State. There are only 8 to 10 of them in all of America.

Why do you think coal State Senators are for it? They do not expect us to build oil shale conversion plants. They expect us to build coal liquefaction plants. Those two will use up most of the money anyway—at least, over half of it.

Likewise, I want to give an analogy to the Senate. The Tennessee Valley Authority has $15 billion new authority for it to accomplish its goals in many States. It does some things in one and others in another. With that $15 billion, they will build some new powerplant. I understand that they might even build some new nuclear plants. They will build some new transmission lines. Let me complete the analogy.

If the amendment of Senator TSONGAS and Senator HART were applied to the TVA authority, what we would say to them is, "We give you $15 billion in authority to go out and do your job for your people under your charter, but before you can approve of any finance plan, we want congressional oversight. Bring it back up here and let the committees look at it, because Tennessee ought to look at the new power plant before you build it." And we just do not do that.

Mr. HART. Will the Senator yield?

Mr. DOMENICI. I shall yield in just a moment.

Mr. HART. I just want to ask a question.

Mr. DOMENICI. Sure.

Mr. HART. Is the Senator from New Mexico suggesting that the Energy Security Corporation is another TVA?

Mr. DOMENICI. No, I am not.

Mr. HART. All right.

Mr. DOMENICI. In fact, it is much smaller and has far fewer kinds of authority. It is very limited, very restricted; $20 billion, only certain projects, no more.

Mr. HART. The same concept, though.

Mr. DOMENICI. Not at all.

Mr. HART. So the analogy is not very good, is it?

Mr. DOMENICI. My analogy is good in terms of budget authority. We are not afraid to give an entity authority to do what we tell it to do if we challenge it right. We do not say, "Come back and don't do that in our State unless we look at it." That is what the Senator is saying, that before we give any of these loans, we want to look at it.

Either we are going to have a synthetic fuel program or we are not. There is no waiver of substantive law, no Clean Air Act being waived in this law. Nobody should think that. Again, I repeat, there is no waiver of water law in this bill. Whatever the law is, it is. If there is not enough water in New Mexico for one of these plants, it will not be built there.

The Government cannot condemn the price and take them away from anybody, nor can this Corporation.

The last point in this, a new independent office is what we are talking about in this bill, the substitute, a new independent office.

I say this, how independent is independent? I mean, we do not want a separate entity like the Energy Committee, but we want an independent office within the Department of Energy. We do not want this Corporation, but we do not think the Department of Energy can do it, but we want an independent office within the Department of Energy.

I will close by saying that we do expect the business community to build, own, and, hopefully, make a profit on synthetic fuel plants. The crux is this, there is no way they will sit down with the Department of Energy if we call it an independent office within the Department of Energy, or whatever we want to call it, and enter into the kind of business transactions that a $3 billion plant requires.

We may hope they will. I am sure the good Senator from Massachusetts wants that to happen. But I am saying that it just is not going to happen.

The financial experts that testified before our committee said, "Well, we wish we could tell you that we do not need any new corporation or any separate entity, but in the final analysis we are not going to be able to enter into financial packages of the type required to bring this industry on board with the Department of Energy and bureaucrats."

We did not know about an independent office or we would have asked them that. "Could you work with an independent office in the Department of Energy, with the same kind of people, would that have worked?"

I think if we had asked they would have said "No." But I have to acknowledge that we did not ask that question.

Mr. TSONGAS. Will the Senator yield?

Mr. DOMENICI. I want to say that I agree with the Secretary of Energy in his letter to the majority leader on November 7 when he indicates that from the standpoint of bringing to the American energy scene a significant synthetic fuel demonstration, that the substitute offered by the Senators from Massachusetts and Colorado is not significantly better than the one we defeated this morning and, most certainly, nowhere as good as the one the Energy Committee reported.

I think the Secretary's analysis is right. I hope the Senate will defeat the substitute and provide the American people with a real plan for an alternate source of energy.

Mr. TSONGAS. Will the Senator yield?

Mr. DOMENICI. I am pleased to yield. In fact, I yield the floor.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. TSONGAS. Mr. President, I would like to inquire of the Senator from New Mexico, with whom I ordinarily agree on energy-related matters, the problem in this world is that no matter what issue we are talking about, right and wisdom do not always reside on one side. I am sure the Senator would agree with that.

Mr. DOMENICI. One hundred percent.

Mr. TSONGAS. The fact is that if we reject the Tsongas-Hart substitute, we are, in fact, saying that the Energy Committee was 100 percent right and the Banking Committee was 100 percent wrong.

Is that not the case?

Mr. DOMENICI. If we reject the Tsongas-Hart substitute, we are saying that the Energy Committee is 100 percent right—is that the question?

Mr. TSONGAS. That is right; and the Banking Committee is 10 percent wrong.

What we are in effect saying is that all the work of the Banking Committee, all the deliberations and the testimony, do not amount to anything. We have totally rejected that approach.

Mr. DOMENICI. Well, I guess one could say "yes" to that.

On the other hand——

Mr. TSONGAS. Now that I have the Senator saying the right things, let me continue.

Mr. DOMENICI. Wait a minute. I was answering the Senator's question and I want to finish.

On the other hand, the Energy Committee's bill is, itself, the result of diverse views, and one could start back 3 months ago and pick three proposals before the Energy Committee that are not in this, all different colors, shades, or dimensions of it.

Mr. TSONGAS. I acknowledge the point. I am the only Member in the Senate who actually serves on both committees.

I find it difficult to say that everything the Banking Committee did was invalid. That is why it was clear, when we had this kind of game of chicken with both committees coming headlong into a confrontation, that what we were going to lose in this battle was the possibility that both sides had something of merit.

We sat down and looked at both reports.

Now, what did we do? As the Senator knows on a number of issues the majority were much closer to the Energy Committee version. Certainly, on the dollars figure. Fourteen is a lot closer to 20 than 3. We have the particular plants. We can enumerate how we came up with the 14.

The second issue is the subject of the amendment.

So, clearly, the issue of the phase two approach is something we are in accord with.

The third issue is the corporation.

I sat in the Banking Committee listening to the various people argue against the corporation. What we tried to do was say that perhaps the people who testified before the Banking Committee had some wisdom, and to put together a compromise that gave the fast-track capability, but did not run the risks of the corporation.

My concern is that we ended up, for a number of reasons, before the body earlier today with a vote that, in essence, said that one side was right and the other side was wrong.

I would suggest that in the real world, life is not that simple.

What this compromise does is give people a chance to say "yes," what the Energy Committee did was valid, they worked hard and came up with a good work product. But the Banking Committee was also worthwhile, and the things they came up with deserve the consideration of the Senate.

That is why the compromise was put together, to say, in effect, that both committees worked, and worked hard. Both, I think, achieved significant results, and this is the amalgam of that wisdom. I think it should be voted for.

UP AMENDMENT NO. 735, AS MODIFIED

Mr. TSONGAS. Mr. President, I ask unanimous consent that the technical changes pointed out by the Senator from Louisiana which were in the original substitute, but because of the parliamentary situation were not in the perfected amendment, be agreed to—page 9 was the most obvious example.

The PRESIDING OFFICER. Is there objection?

Mr. JOHNSTON. Reserving the right to object, I have not seen the amendments. There will be no objection, but——

The PRESIDING OFFICER. The Senator has the right to modify his amendment.

Mr. TSONGAS. I can withhold.

Mr. JOHNSTON. I am sure we will have no objection.

Mr. DOMENICI. Will the Senator from Massachusetts yield 1 minute to me?

Mr. TSONGAS. Yes.

Mr. JOHNSTON. Mr. President, we have no objection.

The Senator does have that right.

The PRESIDING OFFICER. The clerk will state the modification for the information of the Senate.

The legislative clerk read as follows:

On page 9 of amendment No. 735, strike out lines 19 through 22.

The amendment, as modified, is as follows:

At the end of the amendment, proposed by the Senator from Louisiana (UP 733) add the following:

Provision of this title:

SHORT TITLE

SECTION 1. This Act may be cited as the "Energy Security Acts".

TITLE I—SYNTHETIC FUELS

SHORT TITLE AND TABLE OF CONTENTS

SEC. 101. (a) This title may be cited as the "Synthetic Fuels Act of 1979".

(b) TABLE OF CONTENTS.—

TITLE I—SYNTHETIC FUELS

Sec. 101. Short Title; Table of Contents.

Subtitle A—Findings and Purposes

Sec. 102. Findings.
Sec. 103. Purposes.
Sec. 104. General Definitions.

Subtitle B—Establishment of the Office of Energy Security

Sec. 110. Establishment.
Sec. 111. Authority of the Director.
Sec. 112. Annual Report.
Sec. 113. Authorization of Administrative Expenses.

Subtitle C—Production Goals of the Office of Energy Security

Sec. 121. Overall Production Goals.
Sec. 122. Production Strategy.
Sec. 123. Solicitation of Proposals.

Subtitle D—Financial Assistance

Sec. 131. Loan Guarantees Made by the Office of Energy Security.
Sec. 132. Price Guarantees Made by the Office.
Sec. 133. Purchase Guarantees Made by the Office.
Sec. 134. Limitations on Contracts.

Subtitle E—Water Rights

Sec. 141. Water Rights.

Subtitle F—Department of the Treasury

Sec. 151. Authorizations.

SUBTITLE A—FINDINGS AND PURPOSES

FINDINGS

SEC. 102. The Congress finds and declares that—

(1) the achievement of energy security for the United States is essential to the health of the national economy, the well-being of our citizens, and the maintenance of national security;

(2) dependence on foreign energy resources can be reduced significantly by the production of synthetic fuels from domestic resources; and

(3) attainment of synthetic fuels production in the United States in a timely manner and in a manner consistent with the protection of the environment will require financial commitments beyond those expected to be forthcoming from nongovernmental capital sources and existing Government incentives.

PURPOSES

SEC. 103. The purposes of this title are—

(1) to stimulate development of synthetic substitutes for crude oil and conventional natural gas while minimizing Government involvement;

(2) to provide the information necessary to advance toward the goal of at least 1,500,000 barrels of oil per day of synthetic fuels in consideration of both the economic desirability and environmental acceptability of such action;

(3) to provide financial assistance to encourage and assure the flow of capital funds to those sectors of the national economy which are important to the domestic production of synthetic fuels;

(4) to encourage private capital investment and activities in the development of domestic sources of synthetic fuels and to foster competition in the development of the Nation's synthetic fuel resources;

(5) to test synthetic fuels technologies to determine their potential role in meeting the Nation's energy needs in terms of—

(A) their commercial viability;

(B) their environmental impact, including, but not limited to, water consumption, water pollution, and air pollution;

(C) their health and safety aspects, including, but not limited to, any carcinogenic effect;

(D) their effect on regional and local agricultural production;

(E) their social and economic impacts;

(F) their thermodynamic balances; and

(6) to foster greater energy security and reduce the Nation's economic vulnerability from disruptions in imported energy supplies.

GENERAL DEFINITIONS

SEC. 104. As used in the title the term—

(1) "concern" means any—

(A) person, or

(B) State, or any political subdivision or governmental entity thereof, Indian tribe or tribal organization, or

(C) combination of the aforementioned, which is engaged, or proposes to engage, in a synthetic fuel project or projects pursuant to this title;

(2) "financial assistance" means—

(A) guarantees of, or commitments to guarantee, indebtedness, including principal and interest (hereinafter referred to as "loan guarantees");

(B) contracts to purchase synthetic fuel, guarantees thereof, or commitments therefor (hereinafter referred to as "purchase agreements"); and

(C) guarantees of, or commitments to guarantee, the price received or to be received by a concern from the sale of synthetic fuel (hereinafter referred to as "price guarantee");

(3) "Indian tribe" means any Indian tribe, band, nation, or other organized group or community, including any Alaska Native village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act which is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians;

(4) "person" means any individual, company, cooperative, partnership, corporation, association, consortium, unincorporated organization, trust estate, or any entity organized for a common business purpose;

(5) "State" means any of the fifty States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands;

(6) "synthetic fuel" means any liquid, gaseous or solid hydrocarbon (including mixtures of coal and petroleum) which can be used as a substitute for supplies of petroleum or natural gas (and for any derivatives thereof) derived from domestic sources of—

(A) coal, including lignite and peat;

(B) shale;

(C) tar sands, including those heavy oil resources which cannot technically or economically be produced using conventional or unconventional petroleum recovery techniques; and

(D) biomass, which shall include timber, animal and timber waste, municipal and industrial waste, sewage, sludge, oceanic and terrestrial plants, and other organic matter;

(7) "synthetic fuel project" means any facility located in the United States for the purpose of commercial production of synthetic fuel, including any necessarily related transportation or other facilities and including the equipment, plant, machinery, supplies, and other materials associated with the facility, including the land, mineral rights, services and working capital required directly for use in connection with the facilities for the production of synthetic fuels. In the case of a facility for the commercial production of synthetic fuel derived from biomass, such term shall include a facility for the production of alcohol or other synthetic fuels derived from timber, animal and timber waste, municipal and industrial waste, sewage, sludge, oceanic and terrestrial plants, and other organic matter: *Provided*, That such term shall include any facility located in the United States and used solely for the purpose of commercial production of mixtures of coal and petroleum for direct use as a fuel.

SUBTITLE B—ESTABLISHMENT OF THE OFFICE OF ENERGY SECURITY

ESTABLISHMENT

SEC. 110. (a) For the purpose of achieving the national goals described in section 121, the President shall establish the Office of Energy Security as an independent Office in the appropriate Federal Agency, to be headed by a Director.

(b) The Director shall be appointed by the President, by and with the advice and consent of the Senate and who shall serve at the pleasure of the President. The salaries of both the Director and the employees shall not be subject to civil service.

AUTHORITY OF THE DIRECTOR

SEC. 111. The Director shall be responsible for determining the terms and conditions of financial assistance agreements and the selection of recipients of financial assistance.

ANNUAL REPORT

SEC. 112. (a) (1) The Office shall submit to the Congress and the President an annual report containing—

(A) a general description of the Office's operations during the year;

(B) a specific description of each project in which the Office is involved;

(C) a status report on each such project; and

(D) an evaluation of the contribution which the project has made and is expected to make in fulfilling the purposes of this title (including, where possible, a precise statement of the amount of domestic energy produced or to be produced thereby).

(2) The annual report shall contain financial statements prepared by the Office in accordance with generally accepted accounting principles consistently applied.

(b) The Director shall, not later than three years after the effective date of this title, submit a phase II plan to Congress or request for an extension. The phase II plan shall include an evaluation of phase I and a determination of whether further involvement is necessary to achieve the goals of this Act. Contingent upon the phase II report's own recommendation for further Federal involvement the plan should reassess the goals of this Act and should include a formulation of a strategy, considering all practical means for the commercial production of synthetic fuels, that will achieve the newly stated goals with the minimum Federal involvement.

AUTHORIZATION OF ADMINISTRATIVE EXPENSES

SEC. 113. (a) The Office is authorized to make cash outlays not to exceed $25,000,000 during the period ending September 30, 1980, for its reasonable and necessary administrative expenses. For purposes hereof, administrative expenses shall be that portion of the Administration's office account for general and administrative expenses which includes salaries of personnel and consultants, expenses for computer usage, for space needs of the Office and similar expenses.

(c) The Director may make expenditures without further appropriation for reasonable and necessary administrative expenses not to exceed the limit provided in subsection (a) in any fiscal year and then only in accordance with a detailed statement of such expenditures which has been transmitted to the Congress, the Senate Committee on Energy and Natural Resources and the appropriate committees of the House of Representatives along with the President's budget for such fiscal year except that such expenditures for fiscal year 1980 may be made without such prior statement. It is the intention of this section that the Director's expenditures for administrative expenses shall reflect due consideration for economy and to the extent practicable shall be consistent with standards applicable to Federal agencies generally.

Subtitle C—Production Goals of the Office of Energy Security

OVERALL PRODUCTION GOALS

SEC. 121. There is hereby established a national goal of achieving by 1995 the synthetic fuels production capability of at least 1,500,000 barrels per day of crude oil equivalent from domestic energy resources.

PRODUCTION STRATEGY

SEC. 122. In order to assure achievement of the national goal set forth in section 121 and the purposes of this title, the Office shall—

(1) within six months of the date of enactment of this Act, invite submission of proposals from interested concerns (hereinafter referred to as "bidders"), requesting financial assistance in the form of purchase commitments, price guarantees or loan guarantees, or a combination of the two, for the design, construction, and operation of synthetic fuel projects (hereinafter referred to as "projects"). The Director shall require that each proposal contain such information as necessary for the purposes of preventing selection of more than one project involving the same technology and insuring selection of projects which best serve the purposes of this title;

(2) not later than eighteen months after the invitation for proposals, select on a competitive basis to the maximum extent practicable up to twelve proposals which are deemed most likely to contribute to the purposes of this title and which each employ a different processing technology except that not more than six such proposals shall employ the same generic feedstock; and

(3) subject to the provisions of this title, enter into contracts with bidders providing for commitments to either purchase synthetic fuels produced by the proposed projects, guarantee price for the produced synthetic fuel or with public or private financing institutions for guaranteeing loans for design, construction, and operation of the proposed projects.

SOLICITATION OF PROPOSALS

SEC. 123. (a) Preference for selection of projects under section 122 shall be given to—

(1) the proposal which represents the least Federal financial commitment and the lower unit production cost within a given technological process, taking into account the amount and value of the anticipated synthetic fuel products; and

(2) in determining relative Federal commitment, in decreasing order of priority, preference shall be given to—

(A) price guarantees or purchase agreements; and

(B) loan guarantees.

(b) For the purposes of this section the term "qualified concern" means a concern which demonstrates to the satisfaction of the Office evidence of its capability to undertake and complete the design, construction, and operation of the proposed synthetic fuel project.

(c) Subject to the conditions of any contract for financial assistance, such contract shall be incontestable in the hands of the holder, except as to fraud, or material misrepresentation on the part of the holder.

(d) Any contract for financial assistance shall require the development of a plan, acceptable to the Office, for the monitoring of environmental and health related emissions from the construction and operation of the synthetic fuel project. Such plan shall be developed by the recipient of financial assistance after consultation with the Administrator of the Environmental Protection Agency and the Secretary of Energy. Any contract entered into by the Office for financial assistance must include consultation with appropriate State agencies in the formulation of the applicant plan acceptable to the Director of the Office of Energy Security.

(e) The Office may, in its sole discretion and upon request of the recipient of financial assistance, reimburse such recipient for any reasonable costs in connection with a synthetic fuel project if construction of such project cannot occur within five years of the award of such financial assistance due to any Government regulatory action, or lack of action which, in the judgment of the Office, could not have been reasonably foreseen by the recipient and such reimbursement is consistent with the purposes of this title.

(f) No financial assistance may be provided unless an application therefor has been submitted to the Office in such manner and containing such information as the Office may require.

(g) The Office in providing financial assistance shall give due consideration to maintaining competition.

(h) The Office shall give priority consideration to applications for financial assistance from those concerns proposing a synthetic fuel project in those States which, in the judgment of the Office, indicate an intention to expedite all regulatory, licensing, and related Government agency activities related to such project.

(i) Every applicant for financial assistance under this Act shall, as a condition precedent thereto, consent to such examinations and reports thereon as the Office or its designee may require for the purposes of this title. The Office shall require such reports and records as it deems necessary from any recipient of financial assistance in connection with activities carried out pursuant to this title. The Office is authorized to prescribe the manner of keeping records by any recipient of financial assistance and the Office or its designee shall have access to such records at all reasonable times for the purpose of insuring compliance with the terms and conditions upon which financial assistance was provided.

(j) Each price guarantee under section 132 or a purchase agreement under section 133 shall specify in dollars the maximum amount of the liability of the Office thereunder.

(k) With regard to synthetic fuel project proposed by a concern whose rates are regulated, the Office is authorized to consider as a factor in any decision to award financial assistance whether the regulatory body, or bodies, are likely to issue a ratemaking decision which will protect the financial interests of the investors and the Office.

(l) Whenever the Office, by one or more actions, awards a combination of forms of financial assistance for a single synthetic fuel project, the Office shall insure that the recipient of such financial assistance shall bear a reasonable degree of risk in the construction and operation of such project.

Subtitle D—Financial Assistance

LOAN GUARANTEES MADE BY THE OFFICE OF ENERGY SECURITY

SEC. 131. (a) (1) The Office is authorized, on such terms and conditions as the Office may prescribe, commit to, or enter into loan guarantees against loss of principal and interest on bonds, notes, or other obligations (including refinancing thereof) issued solely to provide funds to any concern for a synthetic fuel project. Loan guarantees shall be awarded to persons participating in a project, rather than to a project itself. The Director shall provide a loan guarantee only upon a finding that such a guarantee is needed to ensure the participation of the person, in light of the financial strength and resources of that person in relation to the costs of that person's participation in the project. Loan guarantees shall be limited to 75 per centum of the amount that such person has at risk in the project. Amounts not included as at risk shall include mines not associated with the conversion process, and costs deducted due to investment tax credits.

(2) Any guarantee made by the Office under this section shall not be terminated, canceled, or otherwise revoked, except in accordance with the terms thereof, and shall be conclusive evidence that such guarantee complies fully with the provisions of this title and of the approval and legality of the principal amount, interest rate, and all other terms of the securities, obligations, or loans and of the guarantee.

(b) If the Office determines that—

(1) the borrower is unable to meet payments and is not in default; it is in the public interest to permit the borrower to continue to pursue the purposes of such project; and the probable net benefit to the Office in paying the principal and interest due under a loan guarantee agreement will be greater than that which would result in the event of a default;

(2) the amount of any payment which the Office would be required to pay shall be no greater than the amount of principal and interest which the borrower is obligated to pay at that time; and

(3) the borrower agrees to reimburse the Office for such payment on terms and conditions, including interest, which are satisfactory to the Office.

then the Office is authorized to pay the lender under a loan guarantee agreement, an amount not greater than the principal and interest which the borrower is obligated to pay.

(c) The Office shall establish such terms and conditions for loan guarantees under this title as necessary to implement the purposes of this title and insure the prompt repayment of loans.

(d) The Office may not enter into any contract providing a Federal loan guarantee of an amount in excess of $500,000,000 unless both Houses of Congress have been notified in writing of such proposed contract and thirty days of continuous session of Congress have expired following the date on which such notice was transmitted to the Congress and both Houses of Congress have not adopted, within such thirty-day period, resolutions disapproving such proposed contract.

(e) Guarantees may be made only to the extent appropriated funds are available. Appropriated funds shall remain available until termination of all guarantees.

(f) The terms and conditions of loan guarantees shall provide that, if the Office makes a payment of principal or interest upon the default by a borrower, the Office shall be subrogated to the rights of the recipient of such payment (and such subrogation shall be expressly set forth in the loan guarantee or related agreements).

PRICE GUARANTEES MADE BY THE OFFICE

SEC. 132. The Office is authorized on such terms and conditions as the Board of Directors may prescribe, commit to, or enter into price guarantees providing that the price that a concern will receive for all or part of the production from a synthetic fuel project shall not be less than a specified sales price determined as of the date of execution of the commitment or the price guarantee. No price guarantee shall be based upon a "cost plus" arrangement or variant thereof which guarantees a profit to the concern except that if the Office determines in its sole discretion that such project would not otherwise be satisfactorily completed or continued and that completion or continuation of such project would be necessary to achieve the purposes of this title, the sales price set forth in the price guarantee may be renegotiated.

PURCHASE GUARANTEES MADE BY THE OFFICE

SEC. 133. (a) The Office is authorized, on such terms and conditions as the Office may prescribe, commit to, or enter into or commit to enter into purchase agreements for all or part of the production from a synthetic fuel project. The sales price specified in a purchase agreement shall not exceed the estimated prevailing market price as of the date of delivery, as determined by the Office, unless the Office determines that such sales price must exceed such estimated prevailing market price in order to insure the production of synthetic fuel to achieve the purposes of this title.

(b) The Office in entering into, or committing to enter into a purchase agreement shall require—

(1) assurance that the quality of the synthetic fuels purchased meets standards for the use for which such fuels are purchased;

(2) assurances that the ordered quantities of such fuels are delivered on a timely basis; and

(3) such other assurances as may reasonably be required.

(c) The office is authorized to take delivery of synthetic fuels pursuant to a purchase agreement and to sell such synthetic fuels to a person. In any case in which the Office accepts delivery of and does not sell such synthetic fuels to a person, such synthetic fuels shall be purchased by the Federal Government for use by an appropriate Federal agency. Such Federal agency shall pay the prevailing market price, as determined by the Secretary of Energy, for such synthetic fuels from sums appropriated to such Federal agency for the purchase of fuels.

(d) The Office is authorized to transport and store and have processed and refined any synthetic fuels obtained pursuant to a purchase agreement under this section.

LIMITATIONS ON CONTRACTS

SEC. 134. Contracts entered into under section 122 shall be subject to the following conditions:

(1) no contract shall require or permit advance payments;

(2) loan guarantees may be employed only if the Director determines that the purposes set forth in section 103 could not be achieved through purchase commitment contracts alone;

(3) all contracts must be entered into before October 1, 1983;

(4) no contract may commit the Federal Government to purchases beyond the seventh year of synthetic fuels production from a project, unless both Houses of Congress have been notified in writing of such proposed contract and thirty days of continuous session of Congress have expired following the date on which such notice was transmitted to the Congress and neither House of Congress has adopted, within such thirty-day period, a resolution disapproving such proposed contract;

(5) any purchase commitment contract shall provide that the Office retains the right to refuse delivery of the synthetic fuels involved and to pay the concern involved an amount equal to the amount by which the price for such synthetic fuels as specified in the contract involved exceeds the market price, as determined by the Secretary of Energy, for such synthetic fuels on the delivery date specified in such contract;

(6) with respect to any concern, including any other person who is substantially controlled by such concern (as determined by the Secretary of Energy), the Director may not award contracts for commitment to purchase more than fifty thousand barrels per day equivalent of synthetic fuels, or make loan guarantees for design, construction, and operation of a plant designed to produce over fifty thousand barrels per day equivalent of of synthetic fuels; and

(7) any purchase commitment contract shall commit the Government to purchase fixed amounts of fuels at fixed prices adjusted by a formula that may take into account inflation, world oil prices or such other prices as the Director deems relevant, except that project costs may not be considered as a factor.

SUBTITLE E—WATER RIGHTS

WATER RIGHTS

SEC. 141. (a) Nothing in this title shall (1) affect the existing jurisdiction or authority of the States and the United States over waters of any stream or over any ground water resource, including the authority to determine or allocate rights to the use of waters of any stream or any ground water resource; (2) alter, amend, repeal, interpret, modify, or be in conflict with any interstate compact made by any States; or (3) confer upon any non-Federal entity the ability to exercise any Federal right to the waters of any stream or to any ground water resource.

(b) No project constructed pursuant to the authorities of this title shall be considered to be a Federal project for purposes of the application for or assignment of water rights.

SUBTITLE F—DEPARTMENT OF THE TREASURY

AUTHORIZATIONS

SEC. 151. (a) There is authorized to be appropriated for purposes of this Act $14,000,000,000 without fiscal year limitation to be allocated as follows: $4,000,000,000 in 1980, $4,000,000,000 in 1981, and $6,000,000,000 in 1982 as well as $25,000,000 for annual administrative costs. Such moneys shall be deposited within the Treasury in a separate account which shall be available to the Director for the purpose of carrying out the purposes of this title.

(b) On the basis of notification to the Secretary of the Treasury of financial assistance by the Office, the Secretary of the Treasury shall reserve within the synthetic fuel account an amount equal to the known and estimated liabilities of the Office. As amounts become available for this purpose, the Director shall repay to the general fund of the Treasury an amount equal to all lending which has been extended to the Office.

Mr. TSONGAS. I yield to the Senator from New Mexico.

The PRESIDING OFFICER. The Chair asks whether it is correct to assume that the Senator from Massachusetts wishes to so modify his amendment.

Mr. TSONGAS. Yes.

The PRESIDING OFFICER. The amendment is so modified.

Mr. DOMENICI. I wish to comment on the remarks of the Senator from Massachusetts as to the hearing and the wisdom and the knowledge gained in the Banking Committee and why we do not have a little of both in the bill.

I do not know whether we can end up with some of what the Banking Committee wanted or not. If it comes to using a new, independent office versus the Synthetic Fuels Corporation, both of which are new, there is no evidence here that we are going to save any money in one versus the other.

From my standpoint, I do not think there is a compromise. I think it is either what the Energy Committee said, from my standpoint, or we are not going to get any synthetic fuel. It is that important. We are not going to get a synthetic fuel industry base diversified and on board in the shortest period of time, with the least amount of Federal dollars invested. If that is the case, then we are going to run into each other on that issue: the size, the kind of plants, the diversification.

Maybe the Senator has something that would be different from our approach. But I opt—and I believe the Senate should opt—for a corporate entity with a charter versus a new, independent office, both of which are new.

Mr. TSONGAS. Mr. President, I yield to the Senator from Wisconsin; but, first, I point out that the testimony before the Banking Committee, by a broad spectrum of interests, suggested that the Banking Committee version did have merit.

Mr. PROXMIRE. Mr. President, I congratulate the Senator from Massachusetts and the Senator from Colorado. This is a genuine compromise. It goes right down the middle.

For example, with respect to the production goal, it insists on the Energy Committee's goal of 1.5 million barrels a day production for 1995. That is the same goal as the Energy Committee originally provided. We did not have a goal in our Banking Committee bill. So it maintains the 1.5 million barrels a day goal for the same date.

Second, it provides, as I understand it—and the Senator from Massachusetts can correct me if I am wrong—for approximately five times the authorization that the Banking Committee did. It goes from $3 billion to $14 billion; and it is closer, therefore, so far as the amount is concerned, to the Energy Committee's $20 billion figure. It certainly is a reasonable compromise from that standpoint, and a figure that can easily be supported.

Mr. TSONGAS. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. TSONGAS. If the Senator is interested, later we can go into how we arrived at that figure, rather than the approach that was used elsewhere.

Mr. PROXMIRE. The reason why I stress that is that if there was one weakness in the Banking Committee bill—and, of course, I thought it was a good bill, or I would not have offered it—it was that the $3 billion authorization obviously was too little. There was a general consensus that it was too little. I believe that the correction made by the Senator from Massachusetts in his amendment is a change which should meet the objections of many Members of the Senate who voted against the Banking Committee bill, and I hope it will win support for what the Senator from Massachusetts and the Senator from Colorado are offering.

In the third place—and this is a very important distinction from the Energy Committee bill—in phase I, the Tsongas-Hart proposal provides no duplication; that is, no plants of duplicate technology shall be financed in phase I.

That is extremely important, because with limited resources available in our economy, with the likelihood of inflation in the industry if we go through with a crash program to finance everybody in sight. I think the elimination of duplication which the Senators provide is of greatest importance.

In addition, the Tsongas-Hart proposal provides for completion guarantees, which is also provided by the Energy Committee bill—that is, the guarantees will provide for the protection of the plant from regulatory risk. But it does not provide—and I think this should be very important to many Members of the Senate—for Government-owned, contractor-operated plants.

A number of Senators, including Senators who voted against the Banking Committee bill, have told me one part of the Banking Committee bill which they favored was the provision restricting Government-owned, contractor-operated plants.

So, in substance, I think the Senators have offered an excellent amendment, one that should win the support of a substantial majority of the Senate. As the Senator from Massachusetts brought out so well in the colloquy, it is a genuine compromise. It takes the strength of both the Banking Committee bill and the Energy Committee bill.

It is appropriate that the one Member of the Senate who is a member of both committees is the author, together with Senator Hart, of the compromise proposal.

Mr. HART. Mr. President, given the intention of the floor manager of the bill to move to table the amendment, I would like to make some final comments, as one of the cosponsors of the amendment.

The Senator from Louisiana and the Senator from New Mexico have stated over and over again their respect and admiration for the Secretary of Energy and his Department, as to what should be done here.

It seems to me that if they had that much respect for him, they would place the administration of this program in his hands.

We are talking about creating a board of people who are experts in business—economics and finance, some background in energy, management, and all the rest. I cannot think of anyone who qualifies under those categories any more than Charles Duncan. That is what we hired him for—to run the public aspects of the energy program in this country.

If we have gone to all that trouble to create an agency, to give it responsibility, consolidate dozens and dozens of bureaus and offices in the Government under one roof, find the best person in the country to run it, what are we doing? We ask him to create something outside that Department and find a lot of people to run it. I do not understand that.

If the Secretary of Energy has the respect that the floor managers suggest—and he does so far as this Senator is concerned—I think he should run this program.

Mr. JOHNSTON. Mr. President, will the Senator yield?

Mr. HART. I yield to the Senator from Louisiana.

Mr. JOHNSTON. Under the Tsongas-Hart amendment, we are not even sure that it would be the Secretary of Energy; because in section 110(a), which creates this separate office, it says:

> The President shall establish the Office of Energy Security as an independent office in the appropriate Federal agency.

"Appropriate Federal agency" is not defined, so that could be the Department of Energy. It could be the Environmental Protection Agency. It could be the Department of the Interior, which now has control over coal matters. It could be the Defense Department. It could be any number of different departments.

I am willing to assume for the purpose of debate that it would be in the Department of Energy; but if it is so clear that Duncan is the man, I do not know why the Senators did not name the Department of Energy.

Mr. HART. I suspect that it was the very reason stated in support of the Energy Committee bill: The President has to have flexibility. What we are doing is giving the President some flexibility.

Mr. TSONGAS. I will explain why it was written that way.

There was conflicting sentiment as to whether the Department of Energy was more appropriate—as I think it would be and as Senator HART thinks it would be. The argument also is made that the Department of the Treasury, given its unique capability, should be the appropriate agency.

We decided that it should be left the way it was and give the President the right to choose which of the two he preferred.

It seems to me that that flexibility, rather than being an impediment to its consideration, would be a strong incentive to vote for it.

Mr. HART. We also have heard the floor managers talk about attitudes of business and what business people are saying, what will induce them to invest in an industry which is not even marginally profitable at the present time.

The Budget Committee, on which I serve, has heard testimony from the Committee on Economic Development, which is composed of a dozen or two dozen of the largest financial institutions in America, and they testified that they do not want an Energy Security Corporation.

We have heard statements by representatives of thousands, if not tens of thousands, of small business people in this country. They do not want an Energy Security Corporation.

So the argument about what is attractive or not attractive to the business community seems to be kind of waxing and waning here, depending on who one listens to.

I point out one other thing: We have heard a lot in this Senate and will continue to hear a lot about a balanced budget. A lot of people, including the Senator from Colorado, say we have to balance the Federal budget.

Let us look at that a minute. Are we going to balance the Federal budget by adding a 3-percent increase in 1980, a 5-percent increase in 1981, and a 5-percent increase in 1982 for defense spending? Are we going to balance the Federal budget by allocating $88 billion to a Synthetic Fuels Corporation? Are we going to balance the Federal budget by continuing to go outside the budget?

One of the ways we are going to balance the budget, apparently, is to have in effect what is called off-budget allocation of revenue to this autonomous body. We will be able to then go to the American people and tell them we are balancing the budget while at the same time putting tens of billions of tax dollars in an autonomous body.

In any case, I think the American people should look carefully at what we are doing here with regard to a balanced budget.

Mr. President, I think it is clear that this proposal by the Senator from Massachusetts and the Senator from Colorado has achieved part of its goal. I believe very strongly, if the Senator from Massachusetts and I had not offered this, we would not see this "dear colleague" at our desk today signed by the distinguished floor managers of the bill making some important changes in their legislation.

I just happen to believe if they had not been faced with the challenge, holding into question the structure and the means by which this entity is going to operate, the amount of money, the first and second phase, we would not see these.

So I am happy that there has been some recognition of substantial concern in the Senate about this whole proposal. So we are part way home.

There are four questions that are at issue here. The first is how to achieve the goals of a first phase of a domestic synthetic fuels industry, the most effectively and efficiently.

The Senator from Massachusetts and I believe the way to do that is through our amendment which allocates $14 billion instead of the Energy Committee's $20 billion. And we believe the record supports that level of commitment. So we have the same results for $6 billion less money.

The second issue is how to achieve accountability by the people who are going to be responsible for this tax money. I believe under the constitutional system that we have the best way to do that is to require the agencies of the administrative branch that have the responsibility for administering energy-related programs in this country to run this program to submit their budgets to the appropriate committees of Congress, have them authorized and appropriated on an annual basis and have week-by-week oversight of their activities.

It is clear as the Sun comes up in the morning that the Energy Security Corporation is clearly an attempt to bypass that whole structure, and I think it is only marginally constitutional.

The third question is how to maximize private investment in that domestic synthetic fuels industry. It is a question of the kind of economic system we are going to have.

Mr. President, we are at war of sorts, and it is clear every day that we pick up the newspapers the kind of war it is. It is economic war; it is political war. It is a very, very serious war, and most of it surrounds energy and economic issues. But we are not shooting at each other. We are not shooting at each other yet, and we all pray we will not. Until we do start shooting at each other, we do not need to suspend the constitutional structure of government or the economic system we have. We can provide incentives for private capital to come into this business on a long-term basis. We can keep the Government out, and we can protect essentially a free market in this emerging industry.

We do not have to waive the economic system or the constitutional system to achieve this industry, and that is what is at issue here.

Finally, speaking once again regionally I think the issue is how to protect the areas of the country that are going to be most affected. It is just the reverse of what the Senator from New Mexico said. It is, in fact, an attempt to protect the quality of the life of the people in the regions who will be called upon to develop these energy supplies. It is exactly like the Clean Air Act amendments, as a matter of fact.

What we are being asked to do here is for at least two major regions of this country to sacrifice that quality of life in the effort to solve the overall energy problem. I do not think we are at that dire strait.

If there is a problem facing every American today, it is a sense of losing control of their lives, and I think those of us who represent one part of the country or the other have an absolute obligation under our oaths of office to see that the people we represent do not further have the sense of losing control of their lives. I can say with all candor and all seriousness to my colleagues that the people I represent feel very strongly that Washington cares less and less about what happens to them. They have a strong feeling that Congress is prepared to take extraordinary measures to create entities outside the system that was designed to protect their interests in order to solve a very serious problem.

I do not think we have to go that far. I do not think we have to sacrifice the ability of this elected official or any other to represent on a daily basis the needs and interests of the people that we are sent here to represent in order to solve that problem.

We can have synthetic fuels. We can develop oil shale and coal. We can do a lot of these things, but we do not have to step outside the structure of government that we have and we do not have to sacrifice the legitimate needs and concerns of a whole region of this country.

The PRESIDING OFFICER (Mr. BRADLEY). The Senator from Louisiana is recognized.

Mr. JOHNSTON. Mr. President, we are very aware of the hopes and aspirations and concerns of the people of all States here concerned, particularly those in the State of Colorado, because in Colorado we have, of course, the principal deposits of oil shale. We have been trying to get those deposits proven on a commercial basis, as I have said before, since 1916, and the predecessors of the Department of Energy in this responsibility, the Bureau of Mines, the Department of Interior, and even the Department of Energy have been unable to do so.

Mr. President, we have not waived any laws at all designed for the protection of Colorado or other States. The Clean Air Act, the Clean Water Act, all the rest are still applicable, fully applicable, not waived at all in this bill. The full environmental impact statement is preserved.

There is indeed no difference among the Banking Committee bill, the Tsongas-Hart bill, and this bill, in terms of protection for the State of Colorado or protection for any other State. That is not involved.

As one follows the debate and as one heard the Senator from Colorado speak just a moment ago, one would get the impression that somehow their bill is more safety oriented and is more oriented toward clean air and clean water.

Mr. President, it provides most of the same mechanisms we provide for loan guarantees and price guarantees. That is not the difference.

The difference is, first of all, whether you have the amount of money necessary in their so-called compromise. They have $14 billion; we have $19 billion for synfuels, excluding biomass. And the reports, including the very report that the Senator from Colorado is the chairman of, the Budget Committee synfuels report, which suggests if you are going to have 8 to 10 to 12 plants, the $14 billion is not going to do it.

Second, there is no difference in the level of protection provided in their amendment and our amendment. Our amendment provides 100 percent full protection as provided under Federal law, such as the National Environmental Policy Act, the Clean Air Act, and other acts. Their amendment provides similar protection. There is no difference there.

The principal difference is in addition to this level of funding the fact that our Energy Committee bill creates a separate corporation that will be run by five businessmen who will have experience in making the kinds of decisions which they will be called upon to make.

That is the center point of the Energy Committee bill.

Think for a minute about what this corporation will have to do, when it is created. It will be called upon to negotiate with, let us say, Exxon because they happen to have one of the technologies that probably should be developed. It is called the Exxon donor solvent. It is a coal liquefaction process that as the title suggests involves a solvent. They have a particular kind of process. They are probably farther along in it than anyone else in the world. So this corporation will be called upon to sit across the table with Exxon and make a business deal. What is that business deal? It will involve the question of how much is necessary to get Exxon to go into the process.

In order to make that evaluation, you have to have experience in high finance. A first level bureaucrat in the Department of Energy, and there are plenty of top-notch ones, has never put together an industrial plant, has never made business decisions, and has never had to deal with Wall Street. He has never had to raise large sums of capital, $2 billion to $3 billion, and he has never had to assess an evolving technology to determine whether or not that technology is a high risk, a low risk, or something that needs a great deal of Federal involvement.

The kind of people whom we anticipate and envision on this independent board will be the kind of people who have made those kinds of decisions, who will be able to work out the best deal for the American people so that they will be able to give such financial incentives, whether in the form of loan guarantees, price guarantees, completion guarantees, joint ventures, or in those limited last resort kind of situations of a Government-owned, company-operated plant, which we frankly do not expect will ever be built because we think it can be done under the other financial methods provided for in our legislation. Nevertheless, they will be able to put together a package, Mr. President, of those different kinds of financial incentives and be able to work out the best deal for the American people. That just cannot be done, you do not have that kind of skill, in the Department of Energy.

So, Mr. President, we think it is quite clear that the Energy Committee bill is the only practical way to get away from what the Secretary of Energy calls business as usual. Business as usual is not meant to be a deprecatory phrase in relation to the Department of Energy because, after all, the Secretary of Energy runs that Department, but it means we have got to break out of that mold of using full-time career bureaucrats in the Department of Energy, and I am not using that term "bureaucrat" as a label of derision here, but they simply do not have that kind of experience, and it calls for a different level of experience.

Mr. President, I think the matter has been fully developed. I would like to ask if the Senator from Massachusetts has some more remarks he would like to make at this time.

Mr. TSONGAS. One minute would be all I would need. Is the Senator from Louisiana finished and has he completed his remarks?

Mr. JOHNSTON. Yes, I will yield the floor at this point, Mr. President.

The PRESIDING OFFICER (Mr. BAUCUS). The Senator from Massachusetts.

Mr. TSONGAS. Mr. President, we have argued this now for 2½ hours. I think the point has been made. I would simply say to my colleagues that one could not have sat through the deliberations of both committees without gaining respect for the work product of both.

What we have before us now is an opportunity for each Member of the Senate to acknowledge the fact that both committees worked hard, that both had wisdom in their work product. What we are trying to do is to obviate the unfortunate situation that when we take either one side or the other we lose, perhaps, a better work product in that process.

I respect both of the committees because I serve on them, and I spend a great deal of time in their deliberations, and I hope this compromise will be viewed as that, and when, however, the vote comes out, hopefully affirmatively, that the best of both committee bills will then become the language of the Senate, and which it will embrace in the final passage. I yield back the remainder of my time.

Mr. HART. Mr. President, briefly let me just respond to the Senator from Louisiana. When he says there are no substantive differences between this amendment and that of the proposal of the Energy Committee, I cite to him the following differences in our bill on page 13 we have the following provision:

> Any contract entered into by the Office—

Namely, the Office of Energy Security—

> for financial assistance must include consultation with appropriate State agencies in the formulation of the applicable plan acceptable to the Director of the Office of Energy Security.

That is not in the Energy Committee's bill.

Further, with regard to States rights of water, and so on, I urge him to look at the bottom of page 21, section 141 of our bill which says:

> Nothing in this title shall affect the existing jurisdiction or authority of the States and the United States over waters of any stream or over any ground water resource, including the authority to determine or allocate rights to the use of water of any stream or any ground water resource.

That langauge is not in the committee's bill. Those are very important measures.

Mr. JOHNSTON. May I say to the Senator that our bill does not in any way affect water rights and, indeed, the fact that the Senator says it does not affect water rights does not take away from the fact that the Energy Committee bill does not affect it either. We did not say it does not affect it because we did not provide for that. But we do have, and I am adivsed by the staff we do have, a provision on water rights that is virtually identical to that just described, on page 140 of the bill, section 178 which reads:

> Nothing in this Title shall (1) affect the jurisdiction of the States and the United States over waters of any stream or over any ground water resource.

It is an identical provision I am advised by the staff.

Mr. HART. Third, the Senator from Louisiana talks about the bureaucrats who have no experience. The proposal, the substitute proposal, of course, creates a separate office to administer the incentive program which we provide for, and provides further that the people who work in that, including its Director, would be outside the civil service laws. This would enable the Secretary of Energy to go to the type of talent which the Senator from Louisiana feels is important to administer this program to get outside the governmental civil service, to find people who have business, financial, and energy backgrounds. So I think the sponsors of the substitute measure have taken into consideration one of the areas that the Senator from Louisiana feels is very important in the Energy Committee's approach.

We just keep it in the normal activities of the Government that this Senator feels are so important to achieve the protections of our States and regions that are not represented in the Energy Committee's bill.

Mr. JOHNSTON. Mr. President, I yield to the Senator from New Mexico.

Mr. DOMENICI. I thank my good friend. I will take just 2 minutes, if the Parliamentarian will advise me when I have used that time.

As the Senator from a Federal State or a State with a great deal of Federal land, much like that of my good friend from Colorado and my good friend from Utah, I am not the least bit concerned that this bill is forcing my State, forcing any State with Federal lands, to do anything that is not going to ultimately happen in this country, and I do not see any waiver of environmental laws.

I call to my colleagues' attention page 140 of our bill, section 178 on water rights. There you have absolute and unequivocal language protecting the permitting and appropriation system in terms of water within the individual States. It is almost identical language in terms of that particular concern, resource concern.

I also call to their attention page 83, section 123(e). Those States that express a willingness to be part of this program and want to expedite it, and get a preference, I think there is ample indication that they are going to work together.

Finally, let me say, if I understand the argument of the proponents of the amendment, and I have the greatest respect for both of them, I understand they will argue and are saying this: The same level of activity in the development of synthetic fuel can be obtained under their bill, they say, as under the Energy Committee's bill, the same level of activity.

The same level of activity. They would say, "We do not need the corporation, and we use less money."

Well, I do not agree on either of those, but let me agree, for the sake of this argument, that they will produce the same level of activity in the development of synthetic fuels. Then I would ask, if that is true, then how can ours by shoving something down the throats of the States, be environmentally degrading and denying rights to the States?

If we are going to get the same degree of activity under both bills, I assume it will create the same kinds of plants and the same synthetic conversion processes, so either we are going to get there or not get there, and if we are going to get there, then it seems to me the argument is not one that ours does more damage at all. They have to be the same. A 50,000-barrel conversion plant under one of these processes, built under their proposal or under the Energy Committee's, has to be the same kind of plant. If we are going to get to the same place with the same kind of activity, how could one argue that ours will cause more damage than theirs? I would guess the argument is we will not get there unless we do it in a way similar to that recommended by the Energy Committee.

Mr. JOHNSTON. Mr. President, I do not want to cut anybody off. We have debated this matter now for a couple of hours. So I move to table——

Mr. HART. Mr. President, will the Senator yield, so that I may respond to the Senator from New Mexico?

Mr. JOHNSTON. Oh, yes.

Mr. HART. If I may say so, in response to the Senator from New Mexico, the difference is whether the elected Representatives in Congress have the opportunity of overseeing those two separate governmental agencies. That is the fundamental difference.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished Senator from Louisiana yield?

ORDER OF PROCEDURE

Mr. JOHNSTON. I yield briefly to the majority leader.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that upon the disposition of this amendment, the distinguished Senator from Maine (Mr. MUSKIE) be recognized to proceed to the consideration of the conference report on the concurrent resolution on the budget. That is a privileged matter, and I would like for the Senate to dispose of that this afternoon if at all possible.

Mr. JOHNSTON. Mr. President, reserving the right to object, does the majority leader intend to return to this measure upon the completion of that?

Mr. TSONGAS. Mr. President, reserving the right to object——

Mr. ROBERT C. BYRD. Does the Senator from Massachusetts object?

Mr. TSONGAS. No, I just wondered, if this motion to lay on the table should fail, then I presume we would have to vote on accepting the original amendment; is that correct?

Mr. JOHNSTON. That is correct. I would not expect to have a record vote. Should the Tsongas-Hart amendment fail, as far as I am concerned, a voice vote would be fine.

Mr. President, reserving the right to object, I wonder if we could not have that matter as the last item of business—I imagine it would require about an hour—so that we could continue on with this bill until an hour before you are ready to "shut her down" for the evening. Can we do that?

Mr. ROBERT C. BYRD. Well, it is my understanding that an hour or two will be required on the budget resolution conference report.

Mr. JOHNSTON. What I am asking is, whatever time the Senator wishes to adjourn or recess for the evening, if we could back up about an hour or two from that time, as needed.

Mr. DOMENICI. That is about now, is it not?

Mr. ROBERT C. BYRD. That is why I was making the request at this time.

Mr. JOHNSTON. Oh.

Mr. DOMENICI. Reserving the right to object, then, would it be part of the agreement that as soon as we were finished with our budget resolution, we would return to this measure?

Mr. ROBERT C. BYRD. Yes, that would be automatic.

Mr. JOHNSTON. That would be tomorrow?

Mr. ROBERT C. BYRD. It would be today. We would return to it, whether today or tomorrow will be another matter, but the Senate would automatically return to the consideration of the pending business.

Mr. JOHNSTON. Mr. President, I will not object, of course, to the majority leader's request, but I wonder if it would be possible to get a unanimous-consent agreement whereby we are able to complete this bill by title, so that we will not have to return to synthetic fuels after consideration of the conference report, because we have so many titles here, I would hate to jump from this to gasohol, to targets and goals, and back to conservation. It is hard enough for those of limited mental ability to keep up with one title at a time, rather than having to jump all over this matter.

Mr. TSONGAS. Mr. President, I would say to the Senator from Louisiana that I believe he has thoroughly demonstrated his mental agility.

Mr. ROBERT C. BYRD. Mr. President, I understand we cannot get the request acceded to at this point, and I would suggest we not pursue it further at the moment.

Mr. DOMENICI. Mr. President, let me just state the concerns of a few of our people on this side of the aisle, and maybe we can be thinking of a way to resolve it.

We do not want to agree, because it seems like we could add significantly to the titles, the sum total of which would make the authorization far larger than the accumulation now. They are looking at the total authorization and saying they will approve the first one, but what about the second one, making it much bigger? And when you add it up, you have an authorization much bigger than the budget provides.

Mr. JOHNSTON. If it is a matter of only dollars, we could perhaps leave it open except for the amount of dollars.

Mr. DOMENICI. I am thinking we ought to submit that to them, and see if next time we try, maybe we could get them to agree, leaving it open only as to levels of funding.

Mr. ROBERT C. BYRD. With that situation, would that not be subject to a point of order under the Budget Act?

Mr. MUSKIE. No, it would not. That is what we had the conversation about. The Appropriations Committee would still control it, and we would have no problems. I assume the Appropriations Committee would respond to the authorizations committees consistent with the budget resolution.

Mr. ROBERT C. BYRD. I would suggest that we try to work out some resolution of this problem, and maybe it can be done.

I press my request that Senator MUSKIE be recognized after the disposition of the pending amendment by Mr. TSONGAS.

Mr. JOHNSTON. The Tsongas-Hart amendment is a perfecting amendment to the Domenici-Johnston amendment, which is the pending amendment. We are asking for a rollcall vote on the motion to lay on the table, when I make it, and if that motion to lay on the table should be agreed to, then we will vote, as far as I am concerned, by voice vote on the Domenici-Johnston amendment.

Mr. TSONGAS. Mr. President, will the Senator yield for an inquiry?

Mr. JOHNSTON. I yield.

Mr. TSONGAS. If the motion to lay on the table should fail, then the question would be on the perfecting amendment, and there would then be a vote on the Domenici-Johnston amendment as perfected, and should that succeed, which hopefully it would, we would have to strike the language which is now in the bill, so there would be three votes, which I asume we could do by voice, and the only recorded vote would be on the motion to lay on the table?

Mr. JOHNSTON. No; we would have a rollcall vote on my motion to lay on the table, which would be the first order of business.

Mr. TSONGAS. That is right.

Mr. JOHNSTON. Should that fail, then I suspect we would have rollcall votes thereafter on the Domenici-Johnston amendment as then perfected.

Mr. ROBERT C. BYRD. Mr. President, the conference report on the budget resolution is a privileged matter, and subject to being called up by nondebatable motion to proceed to take it up. So I, therefore, withdraw my request. It will be the intention of the leadership at some point, following this vote, to move to proceed to take up the conference report.

Mr. JOHNSTON. Mr. President, I move to lay on the table the Tsongas-Hart amendment, and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. Mr. President, on this vote, I have a pair with the distinguished Senator from New Hampshire (Mr. DURKIN). If he were present and voting, he would vote "yea"; I have already voted "nay." Therefore, I withdraw my vote.

Mr. CRANSTON. I announce that the Senator from New Hampshire (Mr. DURKIN), the Senator from Alaska (Mr. GRAVEL), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Connecticut (Mr. RIBICOFF), and the Senator from Georgia (Mr. TALMADGE) are necessarily absent.

I further announce that, if present and voting, the Senator from Connecticut (Mr. RIBICOFF) would vote "nay."

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. BAKER) and the Senator from Maryland (Mr. MATHIAS) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators remaining who wish to vote?

The result was announced—yeas 55, nays 37, as follows:

[Rollcall Vote No. 391 Leg.]

YEAS—55

Bayh
Bellmon
Bentsen
Boren
Bradley
Bumpers
Burdick
Cannon
Chafee
Chiles
Church
Danforth
DeConcini
Domenici
Durenberger
Eagleton
Exon
Ford
Goldwater
Hatfield
Hayakawa
Heflin
Hollings
Huddleston
Inouye
Jackson
Javits
Jepsen
Johnston
Levin
Long
Magnuson
Matsunaga
McClure
Melcher
Metzenbaum
Morgan
Moynihan
Nelson
Nunn
Pell
Randolph
Riegle
Roth
Sasser
Schweiker
Stennis
Stevens
Stevenson
Stewart
Stone
Thurmond
Warner
Young
Zorinsky

NAYS—37

Armstrong
Baucus
Biden
Boschwitz
Byrd,
Harry F., Jr.
Cochran
Cohen
Cranston
Culver
Dole
Garn
Glenn
Hart
Hatch
Heinz
Helms
Humphrey
Kassebaum
Laxalt
Leahy
Lugar
McGovern
Muskie
Packwood
Percy
Pressler
Proxmire
Pryor
Sarbanes
Schmitt
Simpson
Stafford
Tower
Tsongas
Wallop
Weicker
Williams

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Robert C. Byrd, against.

NOT VOTING—7

Baker
Durkin
Gravel
Kennedy
Mathias
Ribicoff
Talmadge

So the motion to lay on the table UP amendment No. 735 was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the motion to table was agreed to.

Mr. JOHNSTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

ORDER OF PROCEDURE

Mr. ROBERT C. BYRD. Mr. President, the Senate will shortly proceed to the consideration of the conference report on the second concurrent resolution on the budget. But, before it does so, I ask unanimous consent that a vote occur on the adoption of the report no later than 6:30 p.m. today.

Mr. JOHNSTON. Reserving the right to object, I shall not object, I hope that the majority leader would let us get a couple of uncontested amendments adopted here before we move on to the budget.

Mr. ROBERT C. BYRD. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER (Mr. TSONGAS). The Senate is not in order.

Mr. ROBERT C. BYRD. Mr. President, if the Senators will allow me to make this request, I ask unanimous consent that the vote on the committee amendment that is in disagreement, the Budget Committee amendment is in disagreement——

Mr. MUSKIE. An amendment in the nature of a substitute.

The PRESIDING OFFICER. The

Chair informs the Senator it would be a motion to concur with an amendment.

Mr. ROBERT C. BYRD. Yes.

Mr. President, if I may have the attention of the Senate, may I say first that it is the intention to move to a privileged matter, that being the conference report on the second concurrent budget resolution.

I ask unanimous consent that the vote which will occur, and which will undoubtedly be a rollcall vote on the motion to concur in the House amendment with an amendment, occur no later than 6:30 p.m. today.

The PRESIDING OFFICER. Is there objection?

Mr. PERCY. Mr. President, reserving the right to object, and I do not intend to object, but I would like to make an inquiry.

I have been talking with the managers as to when we can get to an amendment sponsored by myself, and several others, to S. 932, amendment No. 569, calling for the elimination of GOCO's.

The Senator from Illinois is willing to wait for that, but he would like to know when that would be the pending business.

We have been waiting all day, trying to get this amendment up. We would like to have this the first order of business when we deal with GOCO's.

There may be an infinite variety of ways to handle this. But is there some understanding we can get as to when our amendment will be considered?

Mr. ROBERT C. BYRD. Mr. President, I yield to the distinguished Senator from Louisiana.

Mr. PERCY. Would this be the pending business tomorrow, the next amendment up on this bill?

Mr. JOHNSTON. Mr. President, if I may respond to the distinguished Senator.

Mr. DOMENICI. May we have order, Mr. President?

Mr. JOHNSTON. If I may respond to the distinguished Senator from Illinois, it is our purpose, our hope, that we could first adopt the pending amendment, which would be a voice vote, Domenici-Johnston.

Then I have informed the distinguished Senator from Texas that we would accept a noncontroversial amendment—I believe it is noncontroversial—of his.

While we do not control the order of amendments, I would be delighted to take up the amendment of the distinguished Senator from Illinois thereafter and make it the pending business tomorrow morning.

Mr. PERCY. It may be noncontroversial, but that amendment may impinge considerably. It deals with the same subject as the amendment of the Senator from Illinois.

Mr. JOHNSTON. If I may tell the Senator, all the amendment of the distinguished Senator from Texas does is tighten up and restrict the circumstances under which a GOCO could occur.

So it is headed in the same direction as the amendment of the Senator from Illinois, although it does not go as far. I would assume the Senator from Illinois would have no objection to that kind of amendment. I think it is appropriate to adopt it first so the Senate as a whole may know what the options are, because we intend to accept that, in any event.

Mr. DOMENICI. Mr. President, reserving the right to object, let me say that while I have indicated I support the amendment of my good friend from Texas, because it does clarify and make more difficult the time that GOCO's could arrive on the scene, if ever, I certainly did not, in agreeing to support that, intend to in any way infringe on the good Senator from Illinois' purposes or his amendment.

If he thinks that one harms his chances, I mean, I certainly did not concur with the idea of harming his rights and his amendment.

So, if he does not want to agree——

Mr. PERCY. Speaking on behalf of my cosponsors, I know we would all like to have the issue settled up or down. Do we, or do we not, have GOCO's? If we do have, we will certainly support the Bentsen amendment. I would not want to support the Bentsen amendment now, or just let it go and be accepted without discussion, unless a full discussion as to whether or not we want to establish the principle of GOCO's had first taken place.

That is the essential thing.

I would hope the distinguished Senator from Texas would feel that is an issue that should be debated considerably.

Mr. BENTSEN. Mr. President, the issue ought to be debated. I think it should.

As the manager of the bill has stated, what my amendment does, it moves in that direction. I have some concern over GOCO's. If we want to talk about strategy, I will make it obvious that mine will be offered one way or the other, and that will be in the consideration of Members voting.

I would like, frankly, to improve the situation because of my concern about GOCO's, that, in effect, what it says is that they cannot proceed in the construction of such a plant without advising industry through the Federal Register, citing the objectives, what they are trying to accomplish, and let private industry respond to it, decide whether or not they want to file an intent to go ahead and fulfill the objectives without the building of a GOCO.

That is, in essence, what this amendment proposes.

We can vote that one, or, as I understand it, the manager for the majority and the manager for the minority have stated they are willing to accept that. I would propose it and then we could have a vote on the Senator's, whatever the leadership wants to do.

I do not want to deny the Senator's vote at all.

Mr. PERCY. If the Senator will yield, one of the basic reasons why we have to bring this amendment up all day is simply because we think it ought to be a clear-cut case of do we have, or do we not have the full knowledge of the impact of GOCO's in the Senate.

The Senator from Illinois and all his cosponsors would support the Bentsen amendment if we have GOCO's. The question is first, I should think, to be resolved, do we, or do we not, have GOCO's. Let us have a chance to have that vote up or down and get it over with. Then if they are out, we do not need a Bentsen amendment. If they are in, we would obviously, all support the Bentsen amendment.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Will the Senator yield?

Mr. PERCY. I am happy to yield.

Mr. ROBERT C. BYRD. The question has been agreed to?

The PRESIDING OFFICER. Yes.

UP AMENDMENT NO. 733

Mr. MUSKIE. Mr. President, I am pleased to be able to support the amendments offered by Senators JOHNSTON and DOMENICI to the Energy Committee bill.

These modifications accommodate the major concerns I have expressed about the bill as reported from committee.

Specifically, I support the adoption of a distinct two phase approach. This will be accomplished by the committee's requirement that the comprehensive plan be submitted in 5 years, not 3, and that even then, the plan would be submitted only if the required economic, environmental and technical information has been obtained.

Also, I support the requirement that both Houses of Congress approve the comprehensive plan prior to its adoption. As was witnessed today on the floor of the Senate, substantive debate is fundamental to the development of sound energy policy.

Finally, I am supportive of the Energy Committee's clarification of the authorization level for synthetic fuels, I quite agree with the comments made by the distinguished Senator from New Mexico, with whom I have the privilege to work on the Budget Committee, that an obligational ceiling of $20 billion be established for phase 1. I also agree that the Congress has the right to approve not only the comprehensive plan, but the appropriate level of funding for phase 2, if there is to be one supported by Federal dollars.

Mr. President, while I was supportive of the Banking Committee's substitute, I am pleased to say that with the incorporation of these perfecting amendments, I will support the Senate Energy Committee. Their bill now contains the flexibility we must preserve in dealing with unproven technologies with unknown environmental impacts and high price tags.

To reiterate the comments I made earlier today, we can debate the issue of synthetic fuels no longer. Now is the time to act, the time to commit the resources required to lessen our depend-

Mr. President, I intend to support the amendment of Senators JOHNSTON and

ency on imported oil.

DOMENICI.

The PRESIDING OFFICER. If there is no further debate, the question is on agreeing to the amendment of the Senators from New Mexico and Louisiana.

Mr. JOHNSTON. I move that matter at this time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 733), was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. JOHNSTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

REQUEST FOR COMMITTEE ON FOREIGN RELATIONS TO MEET

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Foreign Relations Committee may be authorized to meet during the session of the Senate on tomorrow.

The PRESIDING OFFICER. Is there objection?

Mr. STEVENS. Reluctantly, Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Foreign Relations Committee may be authorized to meet during the session of the Senate on Friday to proceed with the markup of the SALT treaty.

Mr. STEVENS. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. ROBERT C. BYRD. Mr. President, I understand the exigencies which cause my friend to have to object. But may I say that continued objections to the Foreign Relations Committee meeting while the Senate is in session is causing the Senate to have to come in late every day.

If I could offer a word of advice to those on the Foreign Relations Committee who wish to defeat this treaty, it is this: If I were in their position, I would want to vote on this treaty as soon as possible, rather than to string out and delay this vote.

But I will not offer them any more gratuitous advice, except say this: Continued objection to the Foreign Relations Committee meeting while the Senate is in session is why the Senate has been coming in at 2 o'clock, 1 o'clock, 12 o'clock. We could have been coming in earlier every day and disposing of other business.

ORDER FOR RECESS UNTIL 11:30 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 11:30 tomorrow morning.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

ORDER FOR RECESS FROM TOMORROW UNTIL 11:30 A.M. ON FRIDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business tomorrow, it stand in recess until 11:30 a.m. on Friday morning.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

REQUEST FOR RECESS FROM FRIDAY UNTIL 11 A.M. ON SATURDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business on Friday, it stand in recess until 11 o'clock on Saturday morning.

Mr. GARN. I object.

Mr. ROBERT C. BYRD. It will not do any good to object, because the motion is not debatable.

Mr. GARN. I know that. I want to show my objection to the Saturday session on a 3-day weekend. A 3-day weekend was announced by the majority leader more than a month ago, and obviously Senators have made plans for a 3-day weekend in their own States, with commitments that cannot be broken.

I recognize the rules. The majority leader can bring us in on Saturday. But I just want to express my opposition to the lack of consideration for Senators who have made plans more than a month in advance to be in their home States, who have made commitments to people who have audiences there, and so forth.

I am not objecting to staying late, if the majority leader wants to stay until midnight tonight to work, or tomorrow night. That is fine with me.

I happen to be a man or honor, and it is a little difficult to break commitments of that kind which have been made more than a month ago on the basis of next Monday being a holiday.

Mr. ROBERT C. BYRD. The Senator is a man of honor. I would never dispute that.

But I have to break some commitments for Saturday, also. I am a Senator, and I also am subject to reelection every 6 years; and I hope I will be around to run for reelection when my term expires.

However, a month ago, I had no idea that there was going to be this dilatory effort in the Foreign Relations Committee to slow up the action on the SALT treaty. I cannot foresee that, and I cannot keep Senators from objecting to meetings of the Foreign Relations Committee on any day the Senate is in session.

But the only way to deal with that situation is just to continue to come in late. Because we have had to come in late for several days, to accommodate those objections to the Foreign Relations Committee meeting, we cannot complete our business on Friday. We have had to come in late on several days enough to constitute an entire day or two of business in the Senate.

The Senator speaks about honor. I respect his honor. But I think the Senate has a responsibility. Senators are opposed to the treaty, and that is all right. I respect them for their views. If they can reject the resolution of ratification, that is up to the Senate.

I do not fall out with any Senator because he is opposed to the treaty. His judgment may be better than mine. But what I object to—and apparently there is not much I can do about it—are these frivolous, frivolous, objections to the Foreign Relations Committee being able to meet to mark up the treaty while the Senate is in session. The whole Senate has to pay for it by having to come in later every day and having to have Saturday sessions.

On Friday, I can move to come in the next day. I do not want to be in on Saturday. I happen to have an important meeting in West Virginia on Saturday—a football game and all that—and I am supposed to go. But I also have a duty to the Senate.

So, on Friday, I expect to move to come in at a certain hour on Saturday. That is a nondebatable motion. If Senators want to vote it down, that is all right. But there is no debate on that motion. So Senators may be prepared to come in on Saturday.

Mr. GARN. Mr. President, will the majority leader yield for a question?

Mr. ROBERT C. BYRD. I hope the Senator will prevail upon his colleagues in the Foreign Relations Committee, on that side of the aisle, who have been entering frivolous objections—and they have a right to object. I do not say that they do not have a right to object. But I hope we will persuade them as to his honor and as to the necessity for breaking his commitments back in his home State, and let the Foreign Relations Committee meet and mark up that treaty, and let the Senate do its work. That is all I am asking.

I yield the floor.

The PRESIDING OFFICER. Objection is heard.

Mr. GARN. Mr. President, I understand the problems that the majority leader has. So far as I am concerned, he knows that I have been willing, although I am in opposition to SALT, to agree to a time limit on the floor. I have been saying that for months.

Mr. ROBERT C. BYRD. The Senator has been saying that, and I respect him for it.

Mr. GARN. So I am not trying to delay. We have not been working late lately, as we have every other year I have been here. So if this big emergency exists, I would rather stay here during the evenings, when I do not have commitments in my State, and avoid a Saturday session. We have not done that. We have left at 5, 6, or 7.

I am informed that the Foreign Relations Committee is going to finish their markup by Friday, in any event.

Mr. ROBERT C. BYRD. Does the Senator know that on some of the evenings when the Senate has gone out, it has been to accommodate his side of the aisle?

Mr. GARN. I certainly do. And the majority leader has accommodated Senators on that side of the aisle.

Mr. ROBERT C. BYRD. I hope the Senator will keep that in mind.

This Senator tries to accommodate all Senators on both sides of the aisle. I have accommodated the Republican side of the aisle many times when we could have stayed later.

Mr. GARN. There is no doubt about that.

It also has been my experience, in my relatively little time in the Senate, that coming in early does not make much difference as to when the Senate finishes a bill. We come in at 10 or 9 and hear conversation, and we cannot find Senators to bring up their amendments. I do not think the pace would be much different.

The point is that I do not think the objections have slowed down SALT, and I do not think they have slowed the business of the Senate.

This is the first time in my 5 years in the Senate that I have got up and objected. I just do not happen to think, with all due respect to the distinguished majority leader, that the Senate has been delayed in the business we have been doing, because of the objections, or that it will slow down the finishing of SALT by this Friday. Everybody on that committee has told me that they are going to finish their markup by Friday.

DEFENSE PRODUCTION ACT AMENDMENTS OF 1979

The Senate continued with the consideration of S. 932.

UP AMENDMENT NO. 736

(Purpose: To require the Energy Security Corporation to solicit proposals to carry out the intent of Corporation construction projects using financial assistance under section 131(a) prior to undertaking such projects directly itself)

Mr. BENTSEN. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Texas (Mr. BENTSEN) proposes an unprinted amendment numbered 736.

Mr. BENTSEN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 79, insert the following:

Section 122(a)(1)(D) is amended by inserting "and paragraph (4)" after "and (C),".

Section 122(a) is amended by adding at the end thereof the following new paragraph:

(4) Prior to undertaking Corporation construction projects pursuant to subtitle E, the Corporation shall publish in the Federal Register its intent to establish such a Corporation and the objectives of such project, and shall solicit proposals to meet such objectives through the use of financial assistance mechanisms established under subtitle D. If the Corporation does not receive an acceptable notice of intent to submit a proposal within thirty days after the publication of the objectives pursuant to the preceding sentence, the Corporation may undertake such projects pursuant to subtitle E.

Mr. BENSTEN. Mr. President, the amendment I have sent to the desk is an unprinted amendment to title I, designed to clarify the role of GOCO's, Government-owned, contractor-operated synfuel plants.

Very few of us, Mr. President, are entirely confortable with the concept embodied by GOCO's. The Energy Committee, to their credit, and especially Senators METZENBAUM and JOHNSTON devoted more personal deliberation and resources in addressing the GOCO provision than perhaps any other single provision in S. 932. And I believe they have positioned GOCO's in the most reasonable manner possible.

I am not going to defend or criticize the concept of GOCO's. I would be very surprised, however, if one is ever built. But the possibility that one or more could be built will insure, I believe, that our private sector expeditiously investigates all reasonable synfuel technologies.

My amendment is designed to more narrowly define circumstances when a GOCO could conceivably be initiated by the Energy Security Corporation. As drafted and amended, S. 932 now permits the Corporation to initiate a GOCO after sifting through a variety of proposals designed to cover the entire synfuel spectrum and engaging in direct negotiations with just one firm. This gives the Corporation too much latitude. It could, for example, decide to explore a synfuel technology using a GOCO simply because no proposal for that technology was received and one firm would not agree to develop a specific technology.

Instead, I propose that the Corporation make known its intention to establish a GOCO before proceeding to do so; and give private industry the opportunity to explore the specific technology in question first.

My amendment then requires that the Corporation take two steps before initiating a GOCO:

First, once it has identified possible GOCO opportunity, the Corporation must specify in the Federal Register the objectives of that GOCO. Then they have to wait 30 days for private industry or any other entity to notify the Corporation that they are willing to attain those objectives using financial incentives available under subtitle D. If an acceptable notification is received, the Corporation cannot proceed with the GOCO. It is my intention that such notification be promptly followed, certainly within 60 days, by a thorough and complete proposal for attaining those objectives.

That simply is what it does. It gives private industry 30 days advanced knowledge through publication in the Federal Register, letting them know which particular technology, which GOCO plant may be built, and lets them respond and see if they can attain the GOCO's objectives without the GOCO plant being built.

So private industry is given the opportunity to suggest ways it can attain these objectives—not with a GOCO—but with the other forms of assistance such as price or purchase agreements that the Corporation can make available under subtitle D.

This amendment should receive support from all of those who support GOCO's and those who believe, as I do, that the development of our synfuels resources should be left entirely in private hands. It will reinforce the intent of the GOCO provision which is to stimulate private sector exploration of all the likely synfuel options, to insure that the private sector knows it has to do a thorough job.

On the other hand, my amendment will provide some insurance to the private sector that the Energy Security Corporation will not rush pell-mell into establishing a GOCO, that they will have a clear opportunity to satisfy the objectives without the GOCO plant being built.

I know my friend from Illinois prefers that my amendment not be offered at this time. I understand it is because he wants the GOCO plant to be put in just as unfavorable light as one can possibly have it.

I really believe that is the wrong way to approach legislation. I think we should try to approach legislation by improving it to the best extent that we possibly can so we have the very best of options from which to finally make a decision. So that is the spirit in which this amendment is offered.

In summary, my amendment gives our private sector the right of first refusal to attain the objectives of any prospective GOCO before it is established. And I believe it will reduce the likelihood that we will ever see one.

I urge adoption of my amendment.

I have discussed it with the manager of the bill and with the minority manager of the bill, and I am hopeful they will find that they can accept it.

I certainly agree that my friend from Illinois should have a full right to see that his particular amendment is considered and whether the vote goes up or down. But let us make the option, one, where at least we have an improved GOCO in the process.

Mr. JOHNSTON. Mr. President, this is a good amendment and we will accept it.

Let me very briefly explain what is involved in so-called GOCO's, Government owned, company operated, and tell Senators why we want the option of GOCO's, why we are willing to accept the Bentsen amendment and why it is so important to this bill.

Let me say, at the outset, GOCO's are indeed opposed by the biggest corporations in the country, Exxon and others, and it is not that it is supported by mom and pop outfits because, frankly, synfuels is not a mom and pop business, but the problem is when we give to the corporation or indeed if we gave to the Department of Energy the mandate of going out and putting on line one of a kind commercial demonstrations in the 50,000 barrel a day range, there are very few people one can deal with.

In the case of Exxon donor solvent, which happens to be one of the more promising technologies in liquid coal, you have only one company to deal with. We do not want to put this corporation in such an inferior position with respect to Exxon when we are dealing that they have to take it or leave it according to whatever Exxon offers.

In other words, if Exxon comes in and says, "The only way we will go with this process is to have a loan guarantee of 90 percent and a price guarantee of $60 a barrel, and a completion guarantee and package," that is too much.

We want to have an alternative to that where we can say, "All right, Mr. Exxon, if you do not do it we will."

It is our fervent hope we never have to build the first GOCO under this legislation.

Indeed, the Bentsen amendment provides for the advertisement, and the delay, and the language we have in the bill provides, first of all, for no more than three GOCO's except following the one-House veto procedure. Second, it provides that you can go to GOCO's only after you exhaust the hierarchy of financial incentives that are given to the corporations which are, in order of priority, price guarantees, loan guarantees, loans, other financial arrangements, such as completion guarantees, joint ventures, and finally and last, GOCO's.

So under the bill you do not reach the corporation; the corporation does not reach the ability to enter a GOCO except as a last resort, after everything else has proved not to work.

What it does is it guarantees a square deal for the American people in that it gives this Corporation some power, some equality in the bargaining process. All we want to do is to have a credible threat of a GOCO so that we will keep the major corporations honest.

Again keep in mind, Mr. President, that with ventures of $1 billion, $2 billion, and $3 billion in scope, there are very few players and very few synfuel processes involved. There are perhaps seven or eight low Btu gas, perhaps four high Btu gas, and four or five major liquefaction of coal processes. And from among those you will have to choose maybe 10 or 12 of the top candidates.

So, we do not want a GOCO to occur. We want the possibility, and the Bentsen amendment, which we are glad to accept, further restricts those circumstances under which it can be adopted but makes it clear that there is still a credible possibility, although a last resort possibility, of having a GOCO.

Mr. BENTSEN. Mr. President, will the Senator yield?

Mr. JOHNSTON. I yield.

Mr. BENTSEN. I well understand his argument and the reason for the GOCO. There are not many companies that you can deal with that can handle a billion-dollar plant. It is a very limited group. You do not want to get a situation, either, where you get a sweetheart bill, where the Corporation can scan through the technology that is available, and they come up with a new idea and decide no one has offered that so they will go out and make a sweetheart deal. You would have a fast shuffle where they make a deal with one company and negotiate for them to build a GOCO.

My amendment puts the whole world on notice that the Corporation is thinking about a GOCO. They would have to cite the objectives, let the whole private sector know about it and really generate some competition where anyone can come in and say: "Look, we really do not need that GOCO. We have a way to handle it, and we can handle that kind of technology without a GOCO."

I appreciate very much the comments of the Senator from Louisiana.

Mr. DOMENICI. Mr. President, while I am willing on behalf of the minority to accept Senator BENTSEN's amendment, and it is a salutary amendment in that it establishes a rather firm procedure or condition precedent to GOCO's under the existing bill, I do not accept it with the idea that I am in favor of the GOCO provision in the bill. I certainly think that the good Senator from Illinois, and others who are supporting him, will bring a very significant issue to the floor when they talk about whether or not we should strike the provision, strip the bill of the authority to go GOCO.

I remind my friends in the Senate that in the committee the vote was 10 to 8 on my proposal, which would basically say that no GOCO's unless the Board found you could not get where we wanted to go without one, and then they would have to ask the President to concur and send that to the Congress for possible veto, which left it there in abeyance but, in a sense, made it very, very difficult, and authorized none per se.

This bill provides for three under extreme circumstances, and the Senator will make it even more extreme. I laud the Senator for it, and I am willing to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas.

The amendment was agreed to.

Mr. JOHNSTON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BENTSEN. I move to lay that motion on the table.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. JOHNSTON. Mr. President, I wonder if the distinguished Senator from Maine will withhold to allow us to proceed to one other amendment.

Mr. MUSKIE. Has the Senator looked at the clock? We have a vote on my matter at 6:30, and I am supposed to present this conference report, which is not exactly unheard of.

Mr. DOMENICI. Senator BELLMON thought that the Senator from Maine would agree to it.

Mr. MUSKIE. You have had one that was uncontroversial and brief, and that has consumed 20 minutes. However, I yield to the Senator from Oklahoma.

UP AMENDMENT NO. 737

Mr. BELLMON. Mr. President, I have an amendment at the desk and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Oklahoma (Mr. BELLMON) proposes an unprinted amendment numbered 737.

Mr. BELLMON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 73, immediately following the period on line 11, insert the following:

"*Provided, however,* That the Corporation shall not be authorized to employ more than three hundred persons in full-time professional positions at any point in time; and *provided, further,* That for purposes of the preceding limitation, persons employed for projects under subtitle E shall not be counted."

Mr. BELLMON. Mr. President, this is a very simple amendment that sets a 300-person limit in full-time professional positions for the Energy Security Corporation. That is all there is to it. I feel we are going to create a new bureaucracy, and we ought to put a limit on the number of people employed there. This limit is agreeable to the administration, and I hope it is agreeable to the managers of the bill.

Mr. JOHNSTON. Mr. President, the 300 limit came from the Department of Energy. That is what they said it would take to do the job. I am glad the Senator from Oklahoma is putting this limit on. We ought to start doing that on every new department we create around here. I congratulate him for proposing this amendment.

Mr. DOMENICI. We congratulate the Senator from Oklahoma and we are glad his amendment puts a limit on, and we hope the Senate will accept the excellent amendment offered by the Senator from Oklahoma.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oklahoma.

The amendment was agreed to.

Mr. BELLMON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. RANDOLPH. I note with considerable interest and gratification that the bill recognizes the importance of excluding recyclable wastepaper from the operation of the financial assistance provisions of subtitle D as applied to the commercial production of synthetic fuel derived from biomass. Section 131 (m) properly protests from destruction basic raw materials such as recoverable and recyclable wastepaper that are vital to the national economy and which have historically been recycled for nonenergy uses. I commend the distinguished chairman and members of the Energy Committee for assuring the continued availability of source separated wastepaper such as used newspapers for recovery and remanufacture into paper and paper products. This legislation therefore continues the materials conservation objectives of previous enactments such as the Resource Conservation and Recovery Act, encouraging the growth of markets for such materials. I believe section 131(m) would appropriately deny financial assistance to a synthetic fuel project which would utilize such materials as a feedstock whether or not such material has been extensively recycled in a given geographic area. I ask the distinguished floor manager of the bill if he agrees with my interpretation.

Mr. JOHNSTON. I appreciate the

comments by my distinguished colleague, the Senator from West Virginia (Mr. RANDOLPH). We agree with him on the importance of wastepaper recycling and the need to protect from destruction this vital raw material for such nonenergy uses as recycled newsprint and other paper products. There are substantial energy conservation benefits derived from the recycling process. Section 131(m) is based on the recognition that there is a net energy conservation advantage to recycling newsprint, over burning it for its energy value. Senator RANDOLPH's interpretation is correct. This provision deals with historically recycled wastepaper such as newsprint whether or not it has been greatly utilized in a given geographic area. I am pleased that he called this matter to the attention of our colleagues.

● Mr. JAVITS. Mr. President, I am pleased to be the cosponsor of amendment No. 564 to S. 932 proposed by Senator RIBICOFF to authorize the National Academy of Sciences to study the impact of the synthetic fuels programs on the accumulation of carbon dioxide in the atmosphere. I believe that we must thoroughly evaluate the potential impact of combustion of all fossil fuels on the environment at the same time we consider a commitment to a massive drive to produce synthetic fuels for coal and oil shale.

Last July, the distinguished chairman of the Governmental Affairs Committee organized a symposium on the carbon dioxide issue at which the members heard from a wide range of representatives of the scientific community. According to the testimony, the fact is that the burning of synthetic fossil fuels may substantially increase the amount of carbon dioxide in the air. And this buildup of carbon dioxide is likely to produce the "greenhouse effect" which warms the Earth's surface. This warming trend could have a major impact in the 21st century on the world's climates, ocean currents, growing seasons, and sea level.

Carbon dioxide is presently being released at a rate faster than can be absorbed by the oceans and biota. Scientists estimate that a doubling of the present concentration could occur in 50 years and possibly in as little as 25 years. The danger is that such a doubling could produce an average global warming of 2° to 3° C. and 3° to 4° C. at the poles. Although no consensus emerged from the scientists at our hearings, the greater warming at the poles could possibly start melting the West Antarctic ice sheet which would raise the sea level by as much as 20 feet. This dramatic rise in sea level would eventually flood most of the coastal areas of the United States, including New York City, Boston, and Washington, as well as the gulf coast and the mid-Atlantic coast. The greater warming throughout the world would also shift our climatic zones, thereby affecting our food supply, our water supply, and our energy demands.

Mr. President, clearly these possibilities suggest the adoption of this amendment to enable us better to understand the consequences of the increased carbon dioxide produced by synfuels plants and more importantly by all fossil fuel plants. Many basic questions remain unsolved as to the nature of the carbon dioxide problem and the appropriate response to its impact. These questions include the nature of climate changes, future demands for fossil fuel worldwide, the relationship between climate changes and given carbon dioxide concentrations and the impact of specific energy policies on the environment and climate.

The United States should join in examining this issue and seeking these answers, but the problem is, of course, a global one. New fossil fuel plants are likely to go up in the less developed world, where the need for liquid hydrocarbon fuel for transportation is also skyrocketing. Not only will the effects of carbon dioxide pollution be felt worldwide but also the sources of such emissions are an international issue no longer limited to the industrial world. Thus, one of the important aspects of this study is that the National Academy of Sciences is to conduct its preliminary assessment in concert with governmental and nongovernmental scientific bodies around the world and is to include in its long-range plans mechanisms for cooperation with the World Meteorological Association, the U.N. environment program and scientific programs in less developed nations in assessment of the world's carbon dioxide problem. I am therefore especially pleased to join in the amendment and I shall follow the progress of this important research with keen interest.●

● Mr. RIEGLE. Mr. President, I wish to express my reasons for supporting the synthetic fuels provisions of S. 932, the Energy Security Act, reported out of the Energy Committee as opposed to the counterpart provisions in the Banking Committee bill.

I believe that a genuine energy crisis exists in this country and that it is time that we allocate the necessary funds and assemble the resources to meet that crisis. Given the recent oil shocks in Iran and the uncertainties in the other oil producing countries of the world, it is time that we undertake a major effort to develop synthetic fuels and move our country toward energy self-sufficiency.

Let me analyze briefly some of the provisions in the two bills:

The Energy Committee bill establishes a definitive production goal of 1.5 million barrels per day by 1995. The Banking Committee bill sets no production goal, but rather limits production to no more than 50,000 barrels per day per commercial demonstration project and limits the number of demonstration projects. I believe in setting a production level and a level that is higher rather than lower under today's circumstances.

The Senate Energy Committee recommends a two-phase, $88 billion program. The first phase would authorize $20 billion to be obligated by a Synthetic Fuels Corporation to develop at least one synfuel project for each major feedstock including coal, shale, tar sands, heavy oil and biomass. The second phase would be initiated upon completion of a comprehensive plan by the Corporation within 3 years after the effective date of enactment. The Banking Committee bill provides for only $3 billion. People complain about the Energy Committee's $88 billion price tag over the next 10 years but fail to realize that putting this amount into perspective, $88 billion accounts for only one-fourth of 1 percent of the gross national product for the period from now to 1995. One-fourth of 1 percent to me is a slight amount considering the magnitude of the energy problem that we face and our strategic vulnerability due to dependence on unstable foreign sources of oil.

Finally, the Synthetic Fuels Corporation envisioned by the Energy Committee's Energy Security Act would be an independent, federally owned corporation. The five-member board of directors would be appointed for 5-year staggered terms, subject to Senate confirmation. This would provide the Senate with considerable oversight authority and such an independent corporation I believe would be much better able to attract and hire the best scientific, technical, and managerial talent in the country without regard to bureaucratic restrictions. The Banking Committee approach on the other hand would encourage synfuel production acting through existing Government agencies. I believe that existing Government agencies have failed us miserably in the past in the energy production area and that an independent approach with board members coming from the private sector is essential to a serious effort at achieving a national energy breakthrough.

These are the main reasons that I support the synthetic fuels provisions of the Energy Committee bill.

I believe this bill moves us forward more expeditiously toward energy self-sufficiency and more fully recognizes and reponds to the energy crisis that we face than the legislation proposed by the Banking Committee.●

SECOND CONGRESSIONAL BUDGET RESOLUTION—CONFERENCE REPORT

Mr. MUSKIE. Mr. President, I submit a report of the committee of conference on Senate Concurrent Resolution 36 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the concurrent resolution (S. Con. Res. 36) revising the congressional budget for the U.S. Government for the fiscal years 1980, 1981, and 1982, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in

the House proceedings of the RECORD of November 2, 1979.)

Mr. MUSKIE. Mr. President, I ask unanimous consent that the following members of the staff of the Budget Committee be allowed to remain on the floor during consideration of and votes on the conference report on Senate Concurrent Resolution 36: John McEvoy, Karen Williams, Sid Brown, Susan Lepper, George Merrill, Brenda Tremper, John Tillson, Porter Wheeler, Liz Tankersley, Rick Brandon, Jim Capra, Bob Sneed, Bob Boyd, Bob Fulton, Gail Shelp, and Carol Cox.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MUSKIE. Mr. President, I ask unanimous consent that the use of small electronic calculators be permitted on the Senate floor during consideration of and votes on the conference report on Senate Concurrent Resolution 36.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MUSKIE. Mr. President, on September 19, the Senate passed the second budget resolution and sent it to conference. Last Thursday, that conference finished its work after an unprecedented 17 meetings over the course of 23 days.

The conference was prolonged for a number of reasons.

The House failed in its first attempt to pass a budget resolution and had to try a second time.

Once the conference began, the Senate took a hard line on defense and energy expenses and the House resisted it.

And the House demanded more spending for social programs than the Senate had provided and stuck hard by that position. The House made the Senate pay a dollar in social programs for every dollar in defense which divided us.

In the end each House seems to have achieved its own priorities in the conference substitute, even though the House, in dollar terms, went much further toward the defense and energy priorities of the Senate Resolution than the Senate gave up in other domestic programs to the House.

The House also resisted the Senate-passed reconciliation instructions to seven committees to save $3.6 billion. And that resistance, which has not yet been fully resolved, greatly prolonged the conference.

The delay in completing this conference was a serious concern to all conferees. Failure to agree upon a budget resolution began to clog the legislative machinery because committee spending allocations could not be made. Major legislation on energy, including the pending bill, and defense were almost debated before a budget conference agreement was reached.

The conferees took no solace from the fact that the entire spending process is well behind schedule this year. The fact that the appropriations process—which still has weeks to go—should be completed under the Budget Act timetable before the second budget resolution is considered gave us no comfort.

The fact that the other House pursued a schedule which precluded meeting the September 15 deadline for the budget resolution was another misfortune which we must hope is not repeated in future years. And I say that even though the House timetable allowed us additional time for consideration of the budget resolution in the Senate.

Three years out of the past 4 we have met the Budget Act timetable for completing our budget resolutions. We must try to make this year's delay a monument to a singular exception.

The Government should no more enter a fiscal year without a budget resolution firmly in place to guide its spending decisions than it should start that year without its spending and tax bills decided.

So while reasons abound for delay on all sides this year, none excuses the facts. We must do better next year.

And I must report that Senate action on this conference substitute may not be the last action we must take upon it. The resistance on the part of the House to the $3.6 billion in savings incorporated in the reconciliation instructions in this conference substitute was only partly overcome in the conference. When this resolution is put before the House in the coming days, its House managers intend to offer a motion to strike these savings instructions.

If that motion succeeds, the Senate will have to consider its next step.

The irony of the House position is that to a large exent the House version of this budget resolution—like the conference substitute itself—presumes these savings will be made even though few have been made in either House up until now. The House conferees contend that the fact that most of these savings—most of which have been debated for years—have never been made should not dampen our hopes they will be made this year, even without the Senate's reconciliation instructions.

The Senate believes that without these reconciliation instructions—clearly mandated by the Budget Act—other committees simply will not make these savings.

So the fate of these savings provisions will remain in doubt until the House acts.

And if Congress fails to meet these savings, other high priority programs—including defense and energy initiatives—will simply be crowded out. There will not be adequate room within the spending ceilings for both contemplated spending programs and the cost of savings not made.

And let no one be heard to say that a third resolution will then be enacted to allow more spending if the savings are not made. The budget process is not a rubber stamp for spending which would occur without it.

The budget Congress adopts this month must be durable enough to last until next October, in the absence of significant unforeseen events. And excess spending or failure to make savings will not justify a third resolution. All of the spending and tax bills—including supplemental appropriations—must fit within the spending ceiling and revenue floor of this budget resolution.

Let me underscore the meaning of my remarks—and wishful thinkers be on notice—failure to achieve these savings will not justify another budget resolution.

Only unfavorable circumstances—such as a significant deterioration in the economic outlook beyond that foreseen in the present forecast—could justify a revision of this budget resolution.

And we will exercise great caution about any revisions in this resolution even if the economic outlook appears to deteriorate. Monthly shifts in fiscal policy to accommodate the latest economic forecast would be chaotic and counterproductive.

FISCAL POLICY

The budget for fiscal year 1980 that has been agreed to by the conference committee embodies the same fiscal policy which the Senate endorsed a month and a half ago. This is a fiscal policy of restraint dictated by the continuing need to fight inflation, the Nation's most pressing concern.

Let me give you one measure of that restraint. If the unemployment rate in fiscal year 1980 were to remain at the 5.8 percent rate of fiscal 1979, the deficit in the budget adopted by the conference would be about $8 billion. That would be almost $20 billion below the actual deficit for last year.

The economic outlook is clearly marked by its usual degree of uncertainty. In the month since the Senate passed its budget resolution, there has been a marked tightening of monetary policy and there have been further increases in oil prices. But other incoming data provide no conclusive evidence of any need to relax fiscal restraint.

In fact, the vigor of the economy continues to defy the economic forecasts. Inflation continues to run above the forecast, at a 13 percent annual rate at the end of fiscal year 1979.

And inflation is spreading far beyond the original problem areas where the latest acceleration of prices originated. When you leave out food, energy, and mortgage interest costs, consumer price inflation has accelerated from 7.3 percent early this year to 9.1 percent in September.

Furthermore, output has recovered fully from the decline caused by gas lines last spring. Unemployment in October was 6.0 percent of the labor force—far below the 6.9 percent average forecast by CBO for that period—and total employment is still rising.

Retail sales are up, new orders are up, and there is very little sign of the recession that was expected to start 3 months ago.

Two other economic events since September command our attention.

In response to the high and unrelieved level of inflation, to signs of strength in the economy, and to dangerous signs of weakness in the international position of the dollar, the Federal Reserve undertook a significant tightening of monetary policy on October 6. Since then, interest rates have risen to historic levels with prime rates now in excess of 15 percent and threatening to rise further.

In addition, energy prices seem to be rising even more than was contemplated at midyear, causing more inflation and greater transfers of purchasing power from U.S. consumers to oil producers here and abroad.

In view of these events, forecasters are once again lowering their estimates for next year, predicting a deeper recession than the mild one forecast by CBO at midyear—the forecast on which we based this budget resolution.

No one can say that these pessimistic forecasters are wrong. But neither can we be sure they are right. As Will Rogers said:

> An economist is a man who can tell you what can happen under any given conditions, and his guess is liable to be just as good as anybody else's.

After all, these same forecasters told us a few months ago that money was already so tight that housing starts would begin to drop over the summer; that by this time the unemployment rate would be approaching 7 percent; and that consumers would have already started to save mcre, instead of saving less.

We cannot be sure that these forecasters know more now about the behavior of America's households and businesses then they did at midyear. We all face profound uncertainty about how long interest rates will stay at present levels, about how tight credit will become, and about what economic effects will follow from these recent credit and energy developments.

Meanwhile, inflation is not some hypothetical future problem; it is a problem today. The producer price index figures for October that have just been released offer little prospect for relief. While food prices were unchanged in October, other finished goods prices rose 1.4 percent, the highest rate since 1974.

The conference substitute for fiscal year 1980 can make a significant contribution to winding down this inflation. In spite of the projected slowdown in the economy, it holds the deficit under $30 billion. In 1977 when the unemployment rate was close to that assumed for fiscal year 1980, the budget deficit was $45 billion. We have come a long way since then in exercising restraint—as well we should. The inflation rate in 1977 was half today's rate.

Budgetary restraint cannot, by itself, bring inflation to a halt. Commensurate restraint will be required in all parts of the private sector.

There is no way in which everyone can escape the real costs of OPEC price increases. Those who attempt to do so through price increases or excessive wage gains simply pass the burden to the defenseless—those who do not own property that rises in value, who are not and cannot be in debt, whose bargaining position is weak, and whose jobs are insecure.

But restraint in both the public and the private sector can slow inflation down and contribute to our economic health.

Budget restraint will limit the Federal Government's contribution to demand pressures against the supply capabilities of the economy.

Budget restraint will reduce the pressure on the Federal Reserve and allow interest rates to decline more and sooner than would be the case if we let the deficit rise sharply.

The conference substitute contemplates real growth in outlays of 1.8 percent in 1980, 1.2 percent in 1981, and 0.9 percent in 1982.

There are two principal reasons for this real growth in Federal outlays. First, the increase in defense spending overwhelmingly adopted by the Senate has been largely preserved by the conferees. This increase was expressly designed to raise defense spending significantly above the rate of inflation. Second, the conference substitute provides additional amounts intended for low-income fuel assistance to alleviate undue hardship caused by skyrocketing energy prices, as proposed by the President and endorsed by votes in both Houses. And this outlay growth will be compensated by proceeds from the windfall profit tax bill.

The budget recommended by the conferees continues the objectives of balancing the budget in fiscal year 1981 and providing for substantial tax reduction in fiscal year 1982.

Under the current economic forecast, we can still balance the budget in fiscal year 1982, while giving the American people at least a $55 billion tax cut to restore the purchasing power lost through social security tax increases and the effect of inflation on income tax rates.

Mr. President, the budget recommended by the conferees adopts a reasonable and balanced fiscal posture. It avoids a premature, and possibly totally unnecessary, shift from fiscal restraint to fiscal stimulus. Yet it recognizes that the prospects for some increase in unemployment and only slow progress in lowering inflation must be met. At a time of unusual uncertainties—which will require continued close monitoring of the economy—the conferees stayed on a steady course, refusing to be buffeted by every changing breeze, every new statistic, or every alarming headline. I believe this is a prudent course.

Now let me explain some of the revenue and spending priorities in the conference substitute in greater detail.

REVENUES

The conference substitute anticipates that revenues in fiscal year 1980 will be $517.8 billion. This figure is $3.1 billion higher than the revenue figure in the resolution adopted by the Senate.

There are three basic reasons for this change.

First, the higher outlays contained in the conference substitute will generate somewhat greater economic activity and taxable incomes than were assumed in the budget resolution's original revenue estimates. Second, the current uptrend in oil prices implies higher revenues under current law. Finally, we are assuming $400 million more in revenue-raising legislation—principally through the windfall profits tax—than was assumed in the Senate resolution.

The conference substitute provides that the amount by which net revenues should be raised in fiscal year 1980 is $2.4 billion—a figure which may prove to be quite modest. The conference substitute does not attempt to prejudge the outcome of the debate on the windfall profits tax bill. But the House version of that bill, for example, would raise over $5 billion. I am sure that the conference between the Senate and the House tax-writing committees will come down somewhere close to our figure.

In fiscal year 1982, the Senate continues to assume a major tax cut of at least $55 billion to offset the effect of inflation and social security tax increases.

Turning to the spending side of the budget, I will describe the major conference changes in the functional totals in the budget and the relationship of the reconciliation provisions to those totals.

FUNCTION 050: NATIONAL DEFENSE

Mr. President, the conferees agreed to the full budget authority of $141.2 billion contained in the Senate resolution for the national defense function. This budget authority total is the level contained in the Hollings-Nunn amendment and represents 2.5 percent real growth in defense spending.

The outlay estimate of $129.9 billion in the conference substitute reduces the Senate-passed estimate by $700 million represents only an estimating difference compared to the Senate-passed level.

These outlay amounts will accommodate all known defense funding requirements anticipated throughout fiscal year 1980, including the appropriations committee levels for defense and military construction.

For fiscal year 1981 and 1982 the conference substitute assumes continued real growth in defense spending of 5 percent per year in budget authority.

FUNCTION 150: INTERNATIONAL AFFAIRS

In function 150, international affairs, the conferees agreed to the Senate level of $13.1 billion in budget authority for fiscal year 1980. The conference outlay ceiling is $8.4 billion, an increase of $100 million over the Senate level. These outlays are assumed to be compatible with a program to assist victims of the famine in Cambodia.

For fiscal year 1981 and 1982 the conference substitute generally assumes continuation of current foreign assistance programs, except that refugee assistance is assumed to decrease over the period.

FUNCTION 250: GENERAL SCIENCE, SPACE AND TECHNOLOGY

For general science, space and technology programs the conferees agreed to fiscal year 1980 budget authority of $5.85 billion and outlays of $5.7 billion. The budget authority figure is below the Senate-passed level by $50 million. These levels are consistent with completed action on the major appropriations for the function.

For fiscal year 1981 and 1982 the conference substitute would continue general science and civilian space activities at declining real levels.

FUNCTION 270: ENERGY

For the energy function, the conferees agreed to fiscal year 1980 budget authority of $39.5 billion and outlays of $7.25 billion. The budget authority figure is below the Senate-passed level by $1.5 billion and the outlay figure is above the Senate-passed level by $250 million.

The conference substitute woud accommodate funding for new energy initiatives, such as the omnibus energy bills jointly reported by the Senate Banking, Housing, and Urban Affairs and Energy and Natural Resources Committee.

For fiscal year 1981–82 the conference substitute is consistent with these new Senate energy supply and conservation initiatives. It also assumes that continuing delays will occur in the strategic petroleum reserve program.

FUNCTION 300: NATURAL RESOURCES AND ENVIRONMENT

For natural resources and environment programs, the conferees agreed to fiscal year 1980 budget authority of $12.6 billion and outlays of $11.9 billion. The budget authority level is $100 million lower than the Senate-passed level.

For fiscal years 1981 and 1982, the conference substitute continues the assumptions contained in the Senate-passed resolution, including allowance for establishment of a "superfund" in fiscal year 1981 for cleanup of oil and hazardous substances.

FUNCTION 350: AGRICULTURE

For agriculture, the conferees agreed to fiscal year 1980 ceilings of $5.0 billion in budget authority and $2.55 billion in outlays, $50 million in outlays below the Senate-passed level, reflecting completed action on the agriculture appropriation.

For fiscal years 1981 and 1982, the conference substitute assumes current policy funding for agriculture research and services and would continue other programs at current law levels. Acquisitions for a food security reserve could be accommodated in fiscal year 1981.

FUNCTION 370: COMMERCE AND HOUSING CREDIT

For commerce and housing credit programs the conferees agreed to fiscal year 1980 budget authority of $6.8 billion and outlays of $2.85 billion, $150 million in outlays below the Senate-passed resolution. Though tight, the agreement should accommodate all expected appropriations.

The substitute anticipates that the Postal Service will make steady progress toward financial self-sufficiency. It assumes no funding for two items requested by the President: The homeownership assistance program, and a standby line of credit for the National Credit Union Administration central liquidity facility.

For fiscal years 1981 and 1982, the conference substitute assumes restraint in the overall growth of programs in this function.

FUNCTION 400: TRANSPORTATION

For transportation programs the conferees agreed to fiscal year 1980 budget authority of $19.5 billion and outlays of $18.6 billion the same as the Senate-passed levels.

For fiscal years 1981 and 1982, the conference substitute levels are the same as the Senate-passed resolution, and assume modest growth in transportation programs.

FUNCTION 450: COMMUNITY AND REGIONAL GROWTH

For community and regional development programs the conferees agreed to fiscal year 1980 budget authority of $8.9 billion and outlays of $8.35 billion, $50 million below the Senate-passed outlay level.

Recognizing that these totals must accommodate a number of important priorities, the conferees again reiterate their strong support of legislation to reform the several Federal programs of disaster assistance to reduce their cost.

For fiscal years 1981 and 1982, the conference substitute provides for continued funding for programs in this function at roughly current law levels. However, the recommendations could accommodate increased EDA funding as well as anticipated funding requirements for flood insurance.

FUNCTION 500: EDUCATION, TRAINING, EMPLOYMENT AND SOCIAL SERVICES

For education, training, employment, and social services the conferees agreed to fiscal year 1980 budget authority of $30.9 billion and outlays of $31.0 billion. These levels represent an increase of $1.2 billion in budget authority and $500 million in outlays over Senate-passed levels for the programs in this function. They are below the House levels by $500 million in budget authority and $400 million in outlays.

For fiscal years 1981 and 1982, the conference substitute assumes the continuation of funding for most programs in this function at fiscal year 1980 levels. The only major exception is the CETA countercyclical public service employment program, which is assumed to phase out by the end of fiscal year 1981.

FUNCTION 550: HEALTH

For health programs the conferees agreed to fiscal year 1980 budget authority of $58.8 billion and outlays of $54.45 billion, an outlay increase of $250 million over the Senate-passed level.

The amounts provided for health funding assume enactment of substantial savings pursuant to the budget resolution's instructions to the Committee on Finance to cut $1.4 billion from programs within its jurisdiction. If these savings are not made, current law funding for other health programs and other programs in other areas of the budget will have to be reduced.

For fiscal years 1981 and 1982, the conference substitute assumes continued and growing reductions in the budget from the savings implemented in fiscal year 1980.

FUNCTION 600: INCOME SECURITY

For income security, the conferees agreed to fiscal year 1980 budget authority of $218.5 billion and outlays of $190.0 billion. These amounts increase the Senate-passed levels by $1.9 billion in budget authority and $1.3 billion in outlays.

These targets will permit increased funding for low-income energy assistance, subsidized housing, and cash assistance, subsidized housing, and cash assistance compared to Senate-passed levels.

The Senate conferees intend that these increases will be allocated to such priorities as low-income energy assistance at the levels requested by the President, amendments to food stamp legislation to avoid reduction in benefits, and increases compared to the limits of the Senate-passed resolution for federally assisted housing programs.

Funding for these priorities and others in this budget will have to be reduced below the levels at which they could otherwise be funded unless the savings required by the reconciliation instructions to the Committees on Finance, Governmental Affairs, and Agriculture are made from existing Federal programs.

For fiscal years 1981 and 1982, the conference substitute assumes a funding level consistent with the spending levels recommended for fiscal year 1980. The substitute does allow for the implementation of a welfare reform initiative in fiscal year 1982.

FUNCTION 700: VETERANS BENEFITS AND SERVICES

For veterans programs, the conferees agreed to fiscal year 1980 budget authority of $21.45 billion and outlays of $20.8 billion. These amounts are $250 million in budget authority and $200 million in outlays above the Senate-passed levels.

In agreeing to these higher spending levels, the managers on the part of the Senate stressed their intention that these increases be allocated to the highest priority veterans programs, especially health care. The conference substitute also contains a reconciliation instruction to the Veterans Committee to reduce lower priority spending such as flight training and correspondence school programs to help assure that priority veterans programs are adequately funded.

For fiscal year 1981 and fiscal year 1982, the conference substitute assumes levels recommended for fiscal year 1980.

FUNCTION 750: ADMINISTRATION OF JUSTICE

For administration of justice programs the conferees agreed to fiscal year 1980 budget authority of $4.2 billion and outlays of $4.4 billion, the same as the Senate-passed levels.

For fiscal years 1981 and 1982, the conference substitute assumes restraint in the funding levels of criminal justice assistance programs.

FUNCTION 800: GENERAL GOVERNMENT

For general Government programs the conferees agreed to fiscal year 1980 budget authority of $4.45 billion and outlays of $4.2 billion. The budget authority level is $50 million above the Senate-passed level, but will require continued restraint in the growth of general Government programs.

For fiscal years 1981 and 1982, the conference substitute is the same as passed by the Senate and continues to assume achievement of administrative efficiencies in legislative branch operations.

FUNCTION 850: GENERAL PURPOSE FISCAL ASSISTANCE

For general purpose fiscal assistance programs the conferees agreed to fiscal year 1980 budget authority of $9.05 billion and outlays of $9.05 billion. This represents a reduction of $250 million in both budget authority and outlays below the Senate-passed levels.

The conference substitute is adequate to accommodate funding of general revenue sharing at its current authorization level in fiscal year 1980. The substitute provides for countercyclical fiscal assistance programs requested by the President but assumes a later startup date for those programs.

For fiscal years 1981 and 1982, the conference substitute assumes a significant reduction in the overall level of general purpose fiscal assistance.

FUNCTIONS 900, 920, AND 950: INTEREST, ALLOWANCES, AND UNDISTRIBUTED OFFSETTING RECEIPTS

For interest, in fiscal year 1980, the conference substitute provides budget authority and outlays of $58.1 billion, identical to the amounts in the Senate-passed resolution.

The conference substitute estimates interest of $60.9 billion for fiscal year 1981 and $62.3 billion for fiscal year 1982.

The conference substitute assumes minus $200 million in budget authority and outlays for allowances in fiscal year 1980. This amount assumes $800 million in budget authority and outlays for civilian agency pay raises and savings of $1 billion to be achieved from management savings in such areas as Government travel, procurement, filmmaking, and paperwork.

The conference substitute assumes similar levels of management savings for fiscal year 1981 and fiscal year 1982.

For undistributed offsetting receipts in fiscal year 1980, the House and Senate resolutions and the conference substitute all contain an identical amount of minus $19.7 billion in budget authority and outlays. Increases in the level of receipts are projected for fiscal year 1981 and fiscal year 1982.

FUTURE YEAR BUDGETS

Mr. President, this conference substitute continues the progress the Senate has made toward instituting multiyear budgeting in the Congress.

Last year, we included 5-year budget decisions in our committee reports.

In this year's first resolution we included 5 years of decisions in our report and 3 years of budget decisions in the Senate-passed resolution. In the conference on that first resolution, we convinced the House to include aggregate spending numbers for fiscal years 1981 and 1982 in the budget resolution itself.

Now in this resolution we have included not only aggregate spending totals for those future fiscal years, but also the Senate's functional spending numbers.

The House, which has not yet instituted multiyear budgeting, continues to insist on including its own outyear aggregate totals in the resolution as well. Those totals have no functional basis in the resolution and do not represent actual decisions about those years. Instead, they simply represent a projection of the current year spending proposed by the House.

This will be the first budget resolution ever adopted which contains aggregate and functional budget totals for more than 1 fiscal year. We hope the House will move to multiyear budgeting next year to continue this progress toward rational Federal budgetmaking.

RECONCILIATION

I have already described the principal details of the reconciliation instructions in discussing the functional category highlights of the conference substitute. Whether we can implement these reconciliation provisions of the Budget Act this year depends upon Senate resolve and the vote to be taken in the House when the budget resolution is taken up there.

The conference substitute retains the reconciliation instructions to seven committees contained in the Senate resolution. Under the resolution, six committees—including Armed Services, Agriculture, Governmental Affairs, Veterans, Environment and Public Works, and Finance and their counterpart committees in the House, would have to report legislation to save $1.8 billion by changing existing law.

In addition, the Appropriations Committee would be required to rescind any spending which would cause its spending ceiling in this resolution to be exceeded.

The Senate conferees insisted that reconciliation instructions be retained to reflect the 90-to-6 Senate vote in favor of reconciliation and the practical reality that these savings are not likely to be made otherwise.

The reconciliation process is not punitive in character. On the contrary, the reconciliation process is an essential tool provided by the Budget Act for assuring compliance with the spending restraints in the binding budget totals of the second budget resolution.

Without these legislative savings and appropriations restraint, budget costs will rise at least $3.5 billion over the amounts assumed in this resolution.

Senate insistence on the reconciliation provisions represents a conviction that these savings—most of which have been assumed but not realized in Presidential and congressional budgets of this and previous years—will not be made except through this reconciliation process.

Support of the reconciliation instructions in both Houses will be a clear signal to the American public that the Congress is serious about fiscal restraint and is using every legislative tool to control the Federal budget.

THE PARLIAMENTARY SITUATION

The parliamentary situation with respect to this resolution is the same as that of the past when conference reports have been submitted in technical disagreement because of numbers outside of those passed by either House. The parliamentary procedure will be exactly the same: Two votes will be required. The first to adopt the conference substitute in disagreement which is required because of these numbers issues. The second vote will be to adopt the conference substitute which will include all the matters agreed to by the conference as well as the reconciliation instructions to the six authorizing committees and the spending limit instruction to the Appropriations Committee.

Mr. President, let us hope that today's vote will be the last one the Senate need cast on this budget resolution. Let us hope that the House will take the difficult but necessary step of agreeing to this resolution and its reconciliation instructions.

I reserve the remainder of my time for whatever questions may be addressed to me in connection with the conference substitute.

Mr. President, I yield to my good friend and strong sustaining force in the Budget Committee, Senator Bellmon.

Mr. BELLMON. I thank my good friend from Maine.

Mr. President, I doubt that any Member of the Senate fully appreciates the tremendous contribution which Senator Muskie has made in making it possible for this conference report to be before the Senate tonight. He put in almost interminable time in the conference, and carried on most of the negotiations on a sort of one-to-one basis which made this agreement possible. It was the most difficult conference in which I have ever participated and without the leadership of the Senator from Maine, we never could have reached this point.

So I would like tonight, on the part of the minority, at least, to thank him for the great contribution he made.

Mr. President, I ask unanimous consent for the following minority staff members of the Senate Budget Committee to have floor privileges during the debate on the conference agreement for the second budget resolution for fiscal year 1980: Robert S. Boyd, Robert Fulton. Gail Shelp, Robert Helm, Carol Cox. Becky Davies, Susan Petrick, Janis Moore, and Tom Sullivan.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BELLMON. Mr. President, the resolution before the Senate is the result of a long and difficult conference. Each House entered the conference with sharply differing priorities. As compared with the House version of the resolution, the Senate-passed resolution contained significantly higher numbers for defense and energy spending and generally lower numbers for social programs. In addition, the House-passed resolution was considerably higher in both aggregate outlays and revenues. The House outlay level was $1.9 billion higher than the Senate, and the revenue level was $4.5 billion higher than the Senate version due largely to a higher House recommendation for revenue raising legislation.

The Senate resolution contained reconciliation and rescission provisions to enforce the spending ceilings. The House resolution contained no such provisions. The Senate resolution provided for a 3-year budget covering fiscal years 1980, 1981, and 1982, while the House resolution covered only fiscal year 1980.

I cannot emphasize too strongly the seriousness of these differences and the enormous difficulty that the conferees faced in resolving them. Again I call attention to the leadership and I might say the diplomacy which was displayed by Senator Muskie in this situation. I commend Senator Muskie for his leadership. I believe that the Senate, and indeed the country as a whole, is indebted to him for his perserverance during this extended and problem-filled conference.

The conference substitute provides the same budget authority for the Defense function as provided for in the Hollings amendment to the Senate resolution approved overwhelmingly by the Senate. I see the Senator from South Carolina is in the Chamber. The conference substitute also retains most of the Senate's higher figure for Defense outlays.

In the Energy function, the conferees agreed on budget authority of $39.5 billion, $1.5 billion lower than the Senate figure, but still high enough to accommodate the authorization and appropriations bills now pending.

I would point out, however, that the cost of achieving the Senate's goals in these areas was high. The conference substitute provides for an additional $2.25 billion in outlays for social programs above that provided by the Senate. Nearly half of this increase resulted from the conferees' acceptance of the full $1.6 billion for an expanded, low-income, home-heating-assistance program. The Senate conferees yielded these additional concessions to the House on human resources spending with great reluctance. These higher human resource spending numbers were forced on the Senate conferees as a tradeoff for House acceptance of higher Defense and Energy levels.

The aggregate outlay ceiling in the conference substitute, $547.6 billion, is $1.3 billion higher than the Senate-passed level. This ceiling, however, is $3.6 billion lower than the current policy level, $551.2 billion, which is the level of spending that would be required if all Federal programs were to be adjusted fully for inflation.

The aggregate revenue floor of the conference substitute is $517.8 billion. Although this revenue floor is $3.1 billion higher than proposed by the Senate, the increase is due almost entirely to projected increases in the general revenue base as a result of higher inflation and higher oil prices. The net policy change in the revenue base is $2.4 billion, which is slightly above the $2.0 billion in the Senate-passed resolution.

The critical issue of reconciliation was not totally resolved. The conference report includes the reconciliation instruction contained in the Senate-passed resolution. However, the chairman of the House Budget Committee has indicated his intent to move the strike reconciliation on the House floor.

The House conferees did not reject the principle of reconciliation. Rather, they maintained that adoption of a reconciliation instruction at this time would be inconsistent with their efforts to encourage authorizing committees to enact legislative savings voluntarily. The House conferees could give no assurance, however, that legislative savings needed to achieve the spending limits provided for in the conference substitute would be passed without reconciliation. In my view, few of these savings will materialize in fiscal year 1980 from the House's voluntary approach.

The most the House conferees would accept relative to reconciliation was to give the full House an opportunity to vote on reconciliation. Unfortunately, the effort by Chairman GIAIMO to strike reconciliation will present this issue to the House in a most negative way. Nevertheless, I expect the effort to strike to be be unsuccessful in the House.

The next move on reconciliation, however, is here in the Senate. By approving the Conference substitute, we will endorse Reconciliation. I urge that the Senate do this. It may put us back in Conference, but it's vital that the Senate stand by its position and press the House to go along.

Despite the increase in the aggregate spending level and the differences with the House on the use of the reconciliation instruction, I am encouraged by the willingness of both Houses to reject even higher spending increases or tax reductions at this time. I have noted with interest recent interviews with former Treasury Secretary Michael Blumenthal and former Commerce Secretary Juanita Kreps, both of whom admitted that the major policy mistake of the past 3 years was the fiscal year 1977 fiscal stimulus package. In their opinion, this effort to stimulate the economy at a time when, in retrospect, the economy was growing rapidly was the result of a preoccupation with unemployment and a clear failure to see the dangers of rising inflation.

There are those in Congress who would make that mistake again. In the present highly inflationary environment, Congress has to face the fact that additions to spending or significant tax reductions will put fiscal policy into conflict with monetary policy, will lead to higher interest rates, and will increase the risk of a deep recession.

Mr. President, in concluding my remarks, I would like to briefly comment on the implication of this year's budget and appropriation experience for the future of these processes. All of us should be concerned about the extent to which deadlines in the Budget Act for budget resolutions and appropriations bills have been breached this year. I am a member of both the Budget and the Appropriations Committee and I am personally aware and frankly embarrassed that we have been so tardy and have fallen so far behind in both our budget resolutions and the appropriations bills.

We are already 6 weeks into the new fiscal year and Congress has not yet approved a second budget resolution for fiscal year 1980. We are not almost 2 months behind the September 15 deadline for the second budget resolution.

Furthermore, although the Budget Act provides that all regular appropriations bills be passed 7 days after Labor Day, prior to the time Congress acts on the second budget resolution, as of September 15 this year only two conference reports on appropriations bills had been approved. Even now, in November, the Congress has yet to take final action on 6 of the 13 appropriations bills.

Mr. President, in all honesty and in all candor, much of this delay is due to the persistent efforts to legislate on appropriations bills. This is a problem that I believe the Senate is going to have to address directly.

I will have other comments on that at a later time.

Although the slippage of deadlines is very disturbing, I continue to believe that the budget process provides our only real means of achieving fiscal discipline. Through the budget process the Congress has succeeded in reducing growth in spending and the level of the deficit. Equally important, the budget process has provided a vehicle through which Congress establishes policy goals and ultimately can be held accountable for the achievement of these goals by the general public. However, it may be time to consider ways to improve the overall budget and appropriations processes, especially in the context of the enormous and growing legislative agenda which Congress faces each year.

Mr. President, I believe it is important to call attention to the fact that the adoption of this budget resolution keeps Congress on the path to a balanced budget in fiscal year 1981. Some may not accept that. They may frankly disbelieve it, but there is a chart on page 19 of our report that makes this path plain.

There is one big if in this proposition. We can have a balanced budget in fiscal year 1981 if we have no tax cut in 1980. If we have a tax cut in 1980 we will simply add to our deficits, increase inflationary pressures, and produce additional economic pressures, such as high interest rates.

Members of the Senate should look carefully at the plan the budget resolution has set that will give us a balanced budget in 1981. This path will make room for a very sizable tax reduction in 1982, as the chart shows. We can have a tax reduction in 1982 of about $55 billion without creating another deficit. These projections are based upon certain assumptions, such as some growth in our economy, which I think are not unrealistic. But I would like to point out that, if we do intend to have a balanced budget in 1981 which I feel is absolutely essential, and if we are going to stabilize the economy of this country, then there are certain tests we have to meet and certain temptations we simply must reject.

So, Mr. President, in conclusion, I again urge the adoption of the conference substitute. Although I would have preferred that the spending ceilings and deficit were somewhat lower, I am convinced this is the best result we could achieve in the present environment.

Again I would like to compliment and congratulate our chairman for his success in achieving agreement on what at times seemed to be impossible differences, and again to pay tribute to the leadership he has given this budget process since its inception 5 years ago.

The PRESIDING OFFICER. The Senator from Maine.

Mr. MUSKIE. Mr. President, I thank my friend for his statement. I just want to make this comment, that I want to reemphasize it is very easy to be patient and enduring with HENRY BELLMON at your side. At this point I yield to my good friend from South Carolina, Senator HOLLINGS.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, let me say, not just in the spirit of complimenting, that our distinguished colleague, the Senator from Maine, has kept this budget process going. If we really weighed the consequences of a total breakdown, they are very serious. Additionally, we are over a month behind now. It was the Senator from Oklahoma and the Senator from Maine, working in harness who brought us through.

I only rise to clarify the support I give now to the conference report of the second concurrent resolution with the 050 defense figures of $141.2 billion in budget authority and $129.9 billion in outlays.

The outlay figure is the one I refer to because it is the important one to which my remarks are addressed, with respect to the 3-percent commitment to NATO and the President's commitment.

Specifically, the $141.2 billion was agreed to by both the House and the Senate without too much difficulty in that we sized up on both sides the Armed Services' authorizing bills and the Appropriations Committee's actions as of that particular time. And they were right at $141.1 billion, so $141.2 billion was not very difficult to reach. But the House Members were hard-nosed on the matter of the outlays.

I had a tremendous disappointment with respect to our Chief Executive and his commitment to 3 percent. In May of 1977, the President of the United States, through his Defense Minister at NATO, resolved a commitment amongst all the allies for 3 percent real growth, constant dollars, in the Defense budget for the ensuing years. The outlay figure, since they do not use budget authority in the European Alliance, is the one that is over the total defense budget. It is not just the NATO part, not just for readiness. We have been in these arguments, but I shall speak very quickly because my time is limited.

We were trying to hold at the $130.6 billion which is right at the 3-percent commitment. We ended up with $129.9 or 2.5 percent.

In trying to listen and learn during the summer, I realized that the President had made that commitment. Last fall I was in Lisbon at the NATO meeting, and we heard news reports that the President was marking up the budget and that he was not going forward with the 3-percent commitment. It was embarrassing to some of us in Lisbon. We finally got word, through some of the representatives of the White House, that the President was still committed to 3 percent. We told our allies and had good debate and came back very happy.

But in January, the President did not submit that 3-percent figure. In fact, his outlay was $125.8 billion. I am trying to make a record so we can find it in one place, because there is very devious manipulative conduct on behalf of the administration with respect to this commitment.

In January of this year, when the President submitted his budget, it was only for $125.8 billion. To get to the 3 percent, he would have had to ask for $126.7 billion. Checking with the CBO, we realized that the President had not really lived up to submitting to Congress the 3-percent commitment. His figure only amounted to 1.8 percent. Somewhere on the public record, that statement should be made.

After the SALT hearings, in midsummer, when we were marking up the second concurrent resolution, I resolved in my mind that now, with everybody laying on the record the decline in our defenses, we ought to make an all-out effort for that 3-percent commitment. In the Budget Committee on August 2—that is August 2 of this year—I moved for the 3 percent. The President's Representatives, my good friends Dan Tate and Bob Thomson, were opposing it. I was not too surprised. I obviously was very put out about it, but they had opposed it on the House side; they were opposing me then.

So I went back to the office and wrote a letter to the President, dated August 3. I ask unanimous consent that the letter in its entirety be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., August 3, 1979.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: I write as a member of the NATO delegation, as a member of the Budget Committee and as a member of the Defense Subcommittee of Appropriations, trying my dead level best to keep your commitment to the NATO alliance for 3% real growth in defense. My understanding is that the alliance has adhered well, the figures for 1980 showing an increase in growth of 4.8% for Canada, Italy with 3%, France with 6.1%, the United Kingdom with 3.2%.

A coalition attempted on the House side earlier this year to provide for the commitment and the White House Liaison team worked against the move. We have one more chance now in the Second Concurrent Resolution before the Congress in September. At that time, I will submit an amendment for a $2.6 billion increase. I am enclosing a copy of the material I used on yesterday when the amendment was defeated in the Budget Committee by a vote of 6–8. I am greatly disturbed by the morning headline that "SALT May Bring Pentagon Embarrassment of Riches." We are not enriching, we are playing catch-up ball. We are way behind in our defense effort. Representations by you for increases in the defense budget in the future will mean little if we cannot fulfill the minimal commitment to NATO now. I beg of you to instruct the White House Liaison team to help us in obtaining the votes for this amendment. I will be in touch with Frank Moore and will appreciate very much your help and his help.

With kindest regards, I am

Sincerely,

ERNEST F. HOLLINGS.

(Mr. ZORINSKY assumed the chair.)

Mr. HOLLINGS. Then I got together with the distinguished Senator from Georgia (Mr. NUNN), the Senator from Washington (Mr. JACKSON), the Senator from Texas (Mr. TOWER), and others. We sent a telegram to the President asking about the 3 percent. And we asked for a meeting with the President of the United States to discuss defense needs. Just prior to that, we had a statement from the President of the United States, released by the White House, dated September 12. He said:

> At NATO Summits in May 1977 and 1978 we persuaded our allies to join with us in endorsing a goal three percent real annual growth in defense outlays and an ambitious Long Term Defense Program for the Alliance. Together these represented a turning point, not only for the United States, but the whole Alliance.
>
> I will support ceilings for the National Defense Function for FY 1980 of $141.2 billion in Budget Authority and $130.6 billion in outlays.

So there was a clear, unambiguous commitment made by the President. He had made it before in May of 1978. He reiterated it in December of 1978. He failed in January, but he reiterated it again, now, in September.

Mr. President, I ask unanimous consent that his message in its entirety be printed at this point in the RECORD.

There being no objection, the message was ordered to be printed in the RECORD, as follows:

THE WHITE HOUSE,
September 12, 1979.

To the Congress of the United States:

I am sure you agree with me that we cannot effectively safeguard U.S. legitimate interests abroad nor pursue safely peace, justice and order at home unless our national security is protected by adequate defenses. The fundamental responsibility of the President—a responsibility shared with Congress—is to maintain defenses adequate to provide for the national security of the United States. In meeting that responsibility, this Administration moved promptly and vigorously to reverse the downward trend in U.S. defense efforts. This is demonstrated by an examination of the trends in real defense expenditures since the mid 1960s. At NATO Summits in May 1977 and 1978 we persuaded our allies to join with us in endorsing a goal three percent real annual growth in defense outlays and an ambitious Long Term Defense Program for the Alliance. Together these represented a turning point, not only for the United States, but the whole Alliance.

For our part, we moved promptly to act on this resolve. We authorized production of XM–1 tanks; we greatly increased the number of anti-tank guided missiles; we deployed F–15s and additional F–111s to Europe, along with equipment for additional ground forces. We reduced the backlog of ships in overhaul and settled contractual disputes that threatened to halt shipbuilding progress. In strategic systems, we accelerated development and began procurement of long range air-launched cruise missiles, began the deployment of Trident I missiles, and have begun the modernization of our ICBM force with the commitment to deploy the MX missile in a survivable basing mode for it.

These and other initiatives were the building blocks for a determined program to assure that the United States remains militarily strong. The FY 1980 budget submission of last January was designed to continue that program. In subsequent months, however, inflation has run at higher levels than those assumed in the cost calculations associated with that defense program. Accordingly, I plan to send promptly to the Congress a defense budget amendment to restore enough funds to continue in FY 1980 to carry out the Administration's defense program based on our current best estimate of the inflation that will be experienced during the fiscal year. Although the detailed calculations needed to prepare an amendment are still in progress, I expect that the amount of the amendment will be about $2.7 billion in Budget Authority above the Administration's January 1979 budget request.

Correcting for inflation is not enough in itself to assure that we continue an adequate defense program through FY 1980. We must also have the program and the funds authorized and appropriated, substantially as they were submitted. Therefore, in the course of Congressional consideration of the second budget resolution, I will support ceilings for the National Defense Function for FY 1980 of $141.2 billion in Budget Authority and $130.6 billion in outlays. I will also request that the Congress support the Administration's FY 1980 defense program and, in particular, that the Appropriation Committees actually appropriate the funds needed to carry it out.

Furthermore, in FY 1981 I plan a further real increase in defense spending. The Defense Department is working on the details of that budget. It would, therefore, be premature to describe the features of that budget beyond noting that it will continue the broad thrust of our defense program, and that I intend to continue to support our mutual commitment with our NATO Allies.

While this defense program is adequate, it is clear that we could spend even more and thereby gain more military capability. But national security involves more than sheer military capability; there are other legitimate demands on our budget resources. These competing priorities will always be with us within the vast array of budget decisions both the Congress and the President are called upon to make. Defense outlays are actually lower in constant dollars than they were in 1963, and a much lower percentage of the gross national product (5% compared with 9%). There are those that think this has caused a decline in American military might and that the military balance has now tipped against us. I do not believe this to be so, but I am concerned about the trends. I believe that it is necessary for us to act now to reverse these trends.

The Secretary of Defense will be presenting to the Congress over the coming months the highlights of our defense program in terms of the goals we think we should achieve and the Five-Year Defense Program we plan to achieve them. In this context he will point out, among many other items, how MX and our other strategic programs will contribute to the maintenance of essential equivalence between the central strategic forces of the United States and Soviet Union, how we plan to modernize theater nuclear forces in cooperation with our NATO allies, how our general purpose forces programs contribute both to our military capability to support our NATO allies and rapidly to deploy forces to defend our vital interests elsewhere. That presentation can serve as the basis for future discussions (including open testimony) that will allow us to build the national consensus that is the fundamental prerequisite of a strong and secure America.

Jimmy Carter.

The White House, *September 11, 1979.*

Mr. HOLLINGS. Then, Mr. President, we went over to the White House to see the President on September 13 at 7:30 in the morning. At that meeting, we had Senators Nunn, Jackson, Domenici, Tower, Packwood, Stennis, and myself. The President, the Vice President, and the Secretary of Defense were there.

Mr. NUNN. If the Senator from South Carolina will yield, I think the Record should reflect that the Senator from South Carolina got lost that morning in the White House and was a little late.

Mr. HOLLINGS. I was a little bit late, because they put me in an energy meeting for a while. I think they wanted to keep me out of there.

In any event, the Director of the Office of Management and Budget was there, as were Mr. Brzezinski, and Mr. Cutler. The President, one more time, made a clear, unambiguous commitment. There is no question, he is easy to get a commitment from. He made that commitment of 3 percent and thereupon wrote us a letter on September 14, reiterating it. I ask unanimous consent that this letter be printed in its entirety in the Record with respect to his 3-percent commitment.

There being no objection, the letter was ordered to be printed in the Record, as follows:

The White House,
Washington, D.C., September 14, 1979.
To Senator Ernest Hollings:

I appreciated the opportunity to meet with you Thursday to discuss your proposed Defense Amendment to the Second Fiscal 1980 Budget Resolution. I thought our exchange was frank and useful.

As my September 11 message to the Congress states, I strongly support the portion of your amendment which would set a figure for the National Defense Function for FY 1980 reflecting a full 3 percent above FY 1979, using latest inflation estimates. This would mean that the Administration's original Budget Authority request for FY 1980, plus a correction for inflation, would become the level for the National Defense Function in the Second Budget Resolution.

With respect to the 5 percent real growth out-year figures in your amendment, I cannot support those figures at this time. As we all agreed, the out-year figures in the budget resolution are not binding, and the precise size of any percentage increase in the National Defense Function is less significant than the actual procurement and force decisions that are embodied in the Defense Budget for FY 1981 and subsequent years. The Defense Department is now working on the details of the FY 1981 budget proposal. It will set forth the Secretary of Defense's recommendations to me as to what is needed for our strategic programs to maintain essential equivalence between the central strategic forces of the United States and Soviet Union, for modernizing theater nuclear forces in cooperation with our NATO allies, and for strengthening our general purpose forces by specific steps that contribute both to our military capability to support our NATO allies and defend our vital interests elsewhere. All these steps are necessary for our continuing effort to reverse the adverse trends in our overall military balance.

We share common ground in believing that a strong defense is our first priority. I can assure you that the FY 1981 and 1982 budget proposals will continue this Administration's effort to reverse the previous downward trend in real defense expenditures, and that they will achieve the basic objectives of our Five Year Defense Program. As the result of other economies and improved coordination of our defense programs with those of our allies, we should be able to carry out our Defense objectives without exceeding the 3 percent level of annual increase in 1981 or 1982. When the details are fully developed, however, our actual budget proposals could exceed the 3 percent real growth which we pledged along with our NATO allies. If in my judgment more than 3 percent is required, I can assure you that I will request it.

When the Congress acts in the coming weeks on the authorization and appropriation bills for the 1980 defense budget, I know I can count on your support in opposing Congressional reductions below the Administration's proposals. It will require our joint efforts to reverse the ten-year trend during which every Congress has cut the amounts requested by the President.

Sincerely,

Jimmy.

Mr. HOLLINGS. Mr. President, every time I get on this all-important subject, I find myself in a time jam. Let me try to move along. He said:

> It will require our joint efforts to reverse the 10-year trend during which every Congress has cut the amounts requested by the President.

The truth of the matter is, Mr. President, that when President Carter submitted his 1978 budget in 1977, the first concurrent resolution increased it on the Senate side. His budget authority request was for 120.1 and outlays of 111.9. We passed the first concurrent resolution with an increase to 120.3 in budget authority—again, for the 1978 fiscal year, not the present. When he requested in budget authority 128.4 for the next year, the first concurrent resolution of the U.S. Senate was $129.8 billion. I think I should say that in deference to our distinguished chairman and the members of the Budget Committee, particularly the U.S. Senate itself, because we were not cutting, we were actually increasing.

On the House side, they cut it every time. And sure enough, they debated it on the House side on Wednesday of that week.

I ask unanimous consent to have printed in the Record the letter from Jim McIntyre, the Director of the OMB, to the Honorable Robert N. Giaimo, chairman of the House Budget Committee. Therein, the President of the United States, through his Director of OMB, who was present at our 7:30 in the morning conference on the 3 percent, writes, "We support final passage of the committee's recommendations," which was $2.5 billion less and not a 3-percent commitment, but much less than that, less than 0.7 percent on the House side. And remember, the President had written his letter on the 14th.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Office of Management and Budget,
Washington, D.C.

Hon. Robert N. Giaimo,
Chairman, Committee on the Budget,
U.S. House of Representatives,
Washington, D.C.

Dear Mr. Chairman: This responds to your September 18 letter in which you requested the Administration's views on the Second Budget Resolution as reported by the House Budget Committee.

I agree that the budget totals provided by the Committee are generally consistent with the President's recent estimates and that they would accommodate, in aggregate, major Administration budget priorities. Consequently, we do support final passage of the Committee's recommendations.

As you noted, the Administration does not agree with all of the specific assumptions in the House resolution, and we intend to work in conference to move closer to our priorities.

Thank you for soliciting our views. Please call me if the Administration can provide further assistance on the Second Budget Resolution.

Sincerely,

James T. McIntyre, Jr.,
Director.

Now, they hedged on that with the language:

> We intend to work in conference to move closer to our priorities.

Let us make no mistake about it, Mr. President, with respect to what happened on the House side. I called one of my distinguished South Carolina colleagues and I said, "How did you happen to vote for that figure?" The vote taken on September 19 of this year on the House side was 221 to 191, and the 3 percent was defeated.

Ken Holland, who represents the Fifth District of South Carolina said, "I was walking in, and Jim Free from the White House asked me to vote against it."

So we have the letter of the administration opposing the 3-percent figure, the formal commitment. We do not have to worry about the ambiguity; it is the actions I am trying to emphasize louder than the words. There was a team working against it.

Then we come to conference.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. HOLLINGS. I will conclude in just a few minutes.

Mr. President, when I finally got to the conference, I said, "We on the Senate side always have difficulty, but we understand the difficulty on the House side."

We understand the difficulty on the House side, they do not have strong support from some of our Republican Members. They would rather have, we know, the lower vote all the time, and have their cake and eat it, too.

I went to my House colleagues on the Republican side, House conferees. We met in the hall and said, "Surely, if we can get the 3-percent commitment, we can make a list for those who did not vote on this budget resolution." It was a very close vote. We can give you a list.

We had Herkie Harris from OMB. He could not do anything but run around being pleasant because the White House would not allow him to be effective in this instance.

They finally complained in the Hall, "Where are all these Pentagon people, these aides from the White House, where is the President?"

Well, they had Graham Claytor call me, and he said, I say to the Senator from Maine, that he had always understood Mr. Muskie never did want them to interfere with the budget process. So I doubted he would send anybody over. But, definitely, they were for the 3 percent.

We met in the conference, and the Senator from Oklahoma will remember well, I asked the conferees on the House side whether or not they had been contacted by the White House on behalf of the 3-percent commitment, because the letter of Jim McIntyre talked about the order of priorities.

I said, "Have you been contacted?" And they would break out laughing.

No one was contacted by the White House. They did not help at all.

We recently went to the NATO conference in Ottawa. In all sincerity, I know what White House pressure and interest is. Everybody was there for the SALT II treaty. They had ambassadors, minions, and everybody. We could hardly move around town; they were working all over the place.

So what I am trying to say to my distinguished colleagues here, and particularly the distinguished Senator from Georgia, who has worked so hard, is something about commitments. Senator Nunn, on last Friday, made a very interesting address to the U.S. Senate about SALT II. We will not get into that today. But he said that he would like a clear and unambiguous commitment.

I am saying that I can get that kind of commitment any time he wants it from the White House. But I can say in all honesty and candor, they will never follow through. These letters and statements—the record I am putting in today—prove that much.

This is the President who said he would cut $15 billion. This is the President who has cut $11 billion out, and the neutron bomb, the B–1, the aircraft carrier, closed down the Minuteman, canceled the MX, canceled the Navy contracts, and so on.

He is the same President who said in his January message that one submarine would be able to destroy all the medium-sized and large-sized cities of Russia. That is his approach to defense. And that is what their unambiguous commitments bring us.

I thank the distinguished Senator. I wanted to put this in the Record so everybody would know exactly what occurred.

Mr. MUSKIE. I thank my good friend from South Carolina for his usual lucid explanation of the events he has described.

My good friend from Virginia has indicated the desire to have 10 minutes of time to discuss this conference report. I am happy to yield to him.

Several Senators addressed the Chair.

Mr. BELLMON. I am just informed that the Senator from Colorado would like 5 minutes.

Mr. MUSKIE. That is fine with me.

Mr. HARRY F. BYRD, JR. Mr. President, I will yield 5 of my 10 minutes to the Senator from Colorado.

Mr. MUSKIE. I appreciate that.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, I just want to comment on a few figures.

The budget authority for fiscal 1980 will be $638 billion. That compares with the budget authority for 1979 of $556 billion. That is an increase in budget authority of $82 billion in this one fiscal year.

Now let us get to outlays. This proposal calls for outlays—I am using round figures now—of $548 billion. That compares with outlays for 1979 of $494 billion. That means the spending for fiscal 1980, the year we are in now, will increase by $54 billion. That represents an increase in spending of 11 percent.

Yes, 11-percent increase in spending for the fiscal year 1980.

Let us take budget authority. The figure in this budget resolution calls for a 15 percent increase, a 15 percent increase in budget authority.

Through the years, in recent years, Mr. President, Federal spending has increased at a rate of between 9 percent and 14 percent year after year. This year the increase over last year will be 11 percent in spending.

I do not know how we are going to expect to get inflation under control with such huge increases in spending as are being presented to the Senate.

If we are going to get back on a sound basis in the financial affairs of the Federal Government, we must reduce the huge increases in spending

I do not contend we can reduce below what is being spent now. I do contend, however, the increases in spending must be moderated below what this budget resolution calls for and what has been done in the last few years.

Mr. President, take the question of the the national debt. The national debt has doubled in the past 8 years.

Yes, the national debt has doubled in the past 8 years.

The interest on the national debt in this present budget is some $65 billion, $66 billion, or $67 billion. That is the interest charges on the debt.

That is not much less than the total cost of Government was only a few years ago.

I think we are in a very serious financial position. The Government is getting in a more serious position every year. Things are not improving. The Government is going into the money markets during this year for 50 percent of its total spending. It is going into money markets for $260 billion—$60 billion in new money and $200 billion in rollover money.

Is there any wonder that interest rates are high? Is it not logical that interest rates will continue to be high, so long as the Federal Government goes into the money markets to borrow the money to operate its huge spending programs and to finance its huge deficits?

Mr. President, I ask unanimous consent to have printed in the Record a table showing the national debt in the 20th century.

There being no objection, the table was ordered to be printed in the Record, as follows:

The national debt in the twentieth century[1]

[Totals at the end of fiscal years rounded to the nearest billion dollars]

1900	1
1901	1
1902	1
1903	1
1904	1
1905	1
1906	1
1907	1
1908	1
1909	1
1910	1
1911	1
1912	1
1913	1
1914	1
1915	1
1916	1
1917	3
1918	12
1919	25
1920	24
1921	24
1922	23
1923	22
1924	21
1925	21
1926	20
1927	19
1928	18
1929	17
1930	16
1931	17
1932	19
1933	23
1934	27

[1] Gross Federal debt.

1935	29
1936	34
1937	36
1938	37
1939	48
1940	51
1941	58
1942	79
1943	143
1944	204
1945	260
1946	271
1947	257
1948	252
1949	253
1950	257
1951	255
1952	259
1953	266
1954	271
1955	274
1956	273
1957	272
1958	280
1959	288
1960	291
1961	293
1962	303
1963	311
1964	317
1965	323
1966	329
1967	341
1968	370
1969	367
1970	383
1971	409
1972	437
1973	468
1974	486
1975	544
1976	632
1977	709
1978	780
1979*	839
1980*	899

* Estimated figures.

Source: Office of Management and Budget.

Mr. **MUSKIE**. Mr. President, I always appreciate the focus that the Senator from Virginia puts on the budget resolution. I think it is a very appropriate one.

The increase in outlays from 1979 to 1980 is roughly 10 percent. Inflation is running about 13 percent. So that, overall, I think there is a shrinkage below the rate of inflation.

Second, I ask unanimous consent to have printed in the RECORD a statement breaking down the figures which the Senator from Virginia has given us in terms of aggregates, so that we can see where the increases are. I think the table speaks for itself. I simply put it in the RECORD for the further enlightenment of Senators. I think perhaps the Senator from Virginia will find it useful.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Changes fiscal year 1979 to fiscal year 1980

[In billions of dollars]

	Budget authority	Outlays
Fiscal year 1979 estimate[1]	556.1	496.2
Defense programs	+14.0	+12.8
Energy supply initatives	+21.5	+0.6
TVA borrowing authorty	+15.0	--
Social security, railroad retirement and similar programs	+15.1	+16.2
Health care services, primarily medicare and medicaid	+6.1	+4.2
Net interest	+3.7	+3.7
Unemployment compensation	+0.6	+4.2
Public assistance	+3.8	+3.5
Federal employee retirement	+3.0	+2.0
International security programs, primarily foreign military sales	+2.6	+0.1
Housing assistance	+2.5	+0.9
Agriculture programs	−4.1	−3.3
Energy programs (except TVA borrowing authority and energy supply initiatives)	−4.4	−0.2
Training and employment programs	−1.7	+0.6
All other, net	+4.2	+6.1
Fiscal year 1980 conference agreement	638.0	547.6

[1] Most recent CBO estimate. Preliminary actual data recently released by OMB and Treasury indicates that total outlays in fiscal year 1979 were about $494 billion.

Mr. **HARRY F. BYRD, JR.** Mr. President, I yield the remainder of the time to the Senator from Colorado.

Mr. **ARMSTRONG**. I thank the Senator for yielding.

Mr. President, the other night, my wife and I were leaving the post office in McLean; and as we turned out on the road, we watched in horror as another driver, coming down the road, turned right into a clearly marked one-way street, going the wrong way.

It was a sensation something like that I feel here tonight, because the driver of this car was going against all the signs. The street was clearly painted with an arrow that said, "Don't Go This Way." There were three signs that said "Do Not Enter" and two others that say "Wrong Way." There were great posts with diagonals and fluorescent paint on them.

It could not have been more plain that he was going the wrong way. As we watched and gasped out a warning, he zipped out the wrong way, anyway. He avoided a catastrophe because there was not a car coming in the other direction, and no one was killed.

That is exactly the sensation that rises within me as we adopt this budget resolution.

The last thing I want to do at this point is oppose my dear friends and colleagues on the budget conference committee. I would like to join them in endorsing it and say, "Let us go with it"; because from the standpoint of the effort and time and sincerity and scholarship and legislative skill that have gone into it, it is a wonderful report. But it is a report that takes this country one more step down a disastrous direction. Maybe we will be lucky. Maybe we will not go one step too far and push ourselves over an economic precipice. My instinct is that we are very close to the edge, and we are not doing anything to improve the economic future of this country by adopting this resolution.

Let me make a couple of observations and spell out in specific terms my concern.

First, I compliment the distinguished chairman of the Budget Committee, Mr. MUSKIE, and my distinguished Republican leader on the Budget Committee, Mr. BELLMON, for the way they have handled this matter. The Senate gave them the responsibility of sitting down with the House and hammering out an agreement to reconcile the differences between the Senate and the House versions of this resolution.

They have done so with consummate skill, with extraordinary patience, and in a way which I think makes the very best of a very bad situation. I compliment them for it.

I particularly compliment the chairman and the ranking minority member for their skillful handling of the Senate position on military spending on national defense issues. I think that is important and very worthwhile. My concern is with the totals.

This budget, by its terms, will impose a deficit of at least $30 billion, a deficit which cannot fail to have enormous inflationary consequences at a time when inflation is already wracking every family and every business and every employee in this country. So I am concerned about that.

Second, I am concerned about the fact that this budget is at least 2 months late; and it shows what is the matter with our process.

I commend to my colleagues the possibility that maybe we need to take a long, hard look at the budget process, with a view toward strengthening it, possibly imposing more discipline, and finding a way to write that necessary discipline into the United States Constitution.

Third, I am concerned that, despite our best efforts, even the $30 billion which is mentioned as the deficit in this resolution is far less than we are going to end up with. This budget is wildly unrealistic, in my judgment, in its estimate of the outlays for fiscal year 1980. I could be wrong, but I would be willing to predict to anybody who is interested that when we add up the final figures on September 30, 1980, the outlays will be much, much higher than contemplated by this resolution and that revenues may well be less.

If the economy goes into the kind of tailspin that seems to be heading up, entitlement programs will inevitably push up welfare programs and unemployment programs. There will be a temptation for so-called pump priming.

I stand by my prediction that there will be a 1980 tax cut, given the economic and political situation which is bound to prevail next year.

So it is not hard to imagine add-ons of another $8 billion, $12 billion, $15 billion, perhaps even $20 billion, to the deficit which already is written into this budget.

I hope I am wrong. I hope it does not work out that way. But I am told that the White House is now privately stating that the deficit will be at least $10 billion more than the official figures.

For these reasons, I come to two conclusions.

We have here a budget which probably is unrealistic, which is terribly inflationary, at a time when inflation already is undermining the productive base of the country, which has cost us thousands and tens of thousands of jobs, which has priced the young people out of the housing market and threatens the economic security of our country. This is reflected by all the national indicators of the strength of the dollar, of the gold price, of the stock market, of all the economic as well as human indicators, at a time when we have $800 billion in debt. This is going to impose another $30 billion and perhaps even more in debt.

I want to vote against the conference report, which I intend to do. But starting tomorrow morning, after we have had a chance to look at this by the new perspective of how things look after we have adopted it, I am going to pick up where we left off and renew my call for effective, decisive action at the earliest possible date to amend the U.S. Constitution to require Congress to bring Federal spending under control.

Mr. MUSKIE. Mr. President, I appreciate the comments of the distinguished Senator from Colorado. I appreciate the good spirit and the patience with which he works and is involved in this process, the product of which, on the basis of principle, he disapproves.

However, I make this comment: I have struggled with this method of trying to bring about budget discipline, and it represents disappointments for me as well as for the distinguished Senator from Colorado.

I know that he is a strong advocate of another method, a constitutional amendment. It is my judgment that if, over the period we have had the budget process, we had had a constitutional amendment instead, the results, in budget terms, would not have been much different; because it is not budgets that spend money, it is people—people back home who look to the Federal Government and the State and local government for assistance in dealing with problems; people in their legislative bodies who seek to represent their interests.

Whenever there is a strong surge of public interest in more spending, as in the case of defense this year, or in the case of fuel assistance for those at the bottom of the economic ladder who need help, there is a surge of spending.

So there is no way of containing those surges except through discipline that is very difficult to get anyone to accept.

A constitutional amendment might work better.

I have no experience upon which to base a judgment. This one has had some disciplinary effect, more than I think many of us expected, but in any case, it is the only thing we have.

I urge the Senate to give it an overwhelming vote of endorsement today.

Mr. STEVENS. Mr. President, I want to express, on behalf of the minority, sincere appreciation to the chairman and ranking member of the Budget Committee for their fine work in bringing about a satisfactory resolution to the serious problems the committee dealt with in this conference report.

Senators MUSKIE and BELLMON, as well as all members of the committee, have done yeomen's jobs on this most complex issue of setting spending limitations. It is truly a thankless task, one sure to make a Member unpopular with not only his colleagues but his constituents as well. Yet this fact has not deterred these Members from achieving their goal of getting our national budget under control.

I realize that the conference was long and difficult. But thanks to the efforts of Senators MUSKIE and BELLMON, and the Budget Committee members most of us will be voting in support of this workable and satisfactory compromise.

Mr. DOMENICI. Mr. President, I rise to support the second concurrent budget resolution conference report that our Senate Budget Committee has negotiated with the House of Representatives.

As a Budget Committee conferee, I can assure the Senate that we held an unprecedented 17-day conference to decide the issues confronting the conferees. And, while we did not get all we wished, we did win substantial victories on behalf of our Senate colleagues.

I am especially glad that we have kept intact the entire budget authority of $141.2 billion for defense. For defense, the budget authority number is the critical number and the Senate was totally successful in keeping this function intact. In addition, we were able to salvage sufficiently large budget authority numbers for the energy function. This means that we will be able to fund synthetic fuels legislation, conservation, geothermal, and solar initiatives, as well as gasohol programs, within the budget resolution's numbers.

While I had hoped that the House would agree with our historic reconciliation motion, I am glad that this issue will be presented specifically to the House for its decision. I believe that a majority of the House believes that spending ought to be cut and that they will be inclined to support the Senate recommendation to truly impose discipline on spending this year.

I wish to congratulate Senators MUSKIE and BELLMON for their heroic efforts on behalf of the Senate, and the staff of the Senate Budget Committee for its diligence and hard work during this extremely difficult set of deliberations.

● Mr. CRANSTON. Mr. President, all my colleagues, and especially the distinguished chairman (Mr. MUSKIE) and ranking minority member (Mr. BELLMON) of the Budget Committee know that I have always been a staunch advocate for the budget process, including a reconciliation procedure when necessary. I would not vote against a conference report on a budget resolution without the most compelling justification. Moreover, I would always give great weight to the desirability of supporting the Senate conferees when there is disagreement in a budget conference.

Thus, I deeply regret that I am unable to vote for the conference substitute on the second concurrent resolution on the budget for fiscal year 1980—Senate Concurrent Resolution 36—because I am strongly opposed to that portion of the reconciliation instructions directing the Veterans' Affairs Committees to reduce spending on veterans' programs by $100 million in budget authority and outlays and because there is no agreement between the Houses on the reconciliation instructions.

Mr. President, I recognize that a reconciliation process is a necessary part of the budget process. I believe it should be used, when agreement between the Houses has been reached on the budget levels for a second or subsequent budget resolution and both Houses agree that, in order to bring spending for the fiscal year within the agreed-upon totals, it is necessary to instruct one or more committees to determine and recommend changes. Under such circumstances, reconciliation is a necessary and useful part of the budget process and may be essential to insure that the budget process works.

However, Mr. President, there is no agreement on reconciliation at this point. The conferees are in disagreement on the instructions; and, even if the Senate agrees to them, the chairman of the House Budget Committee has announced that he will, on the floor of the House, move that the Senate amendment be agreed to without the reconciliation instructions. It is clear to me that the House is not going to agree to the reconciliation instructions. In this context, the strong objections that I have to the proposed instructions to the Veterans' Affairs Committees clearly override any support for the conference substitute that my basic support for the budget process might otherwise engender. Rather, in the absence of House-Senate agreement on reconciliation, my position on those reconciliation instructions compels my vote against the conference substitute.

Mr. President, were it necessary to discipline the Veterans' Affairs Committee for some act of fiscal irresponsibility or to impose fiscal discipline upon it, there might be some justification for this attempt by the Senate conferees, even in the absence of agreement by the House conferees, to impose instructions on our committee. But, I am proud to say, the Veterans' Affairs Committee has acted responsibly and with restraint, consistent with our responsibility to insure adequate funding for veterans' programs.

Our committee has taken cost-conscious actions to eliminate unnecessary spending and waste and abuse in veterans' programs, and I have repeatedly and continually pointed out that there is no justification for additional reductions. Forcing the Veterans' Affairs Committees into proposing ill-conceived and unwarranted cuts in veterans' programs would betray the solemn commitment made to our Nation's veterans.

Mr. President, I emphasize that the instructions are based on unwarranted and unrealistic assumptions made by the Senate Budget Committee that are not shared by the House conferees. In this connection, on behalf of the Veterans'

Affairs Committee, the ranking minority member (Mr. Simpson) and I wrote to the chairman and ranking minority member of the Budget Committee on July 27 urging that the Budget Committee not adopt unrealistic cost-savings assumptions that it was then considering with respect to veterans' programs. Subsequently, on Septmbeer 25, I wrote to the chariman and each member of the Budget Committee to stress my disagreement with those assumptions and with the reconciliation instructions directed at the Veterans' Affairs Committees. The enclosure to that letter detailed the 11 cost-savings and cost-containment provisions that our committee had already acted on.

I ask unanimous consent that those letters be printed in the Record at the conclusion of my remarks.

Mr. President, I would like to point out that I very much appreciate the extent to which the Senate conferees agreed to move toward the House-passed figures for veterans' programs. As a result, the conference substitute includes $250 million more in budget authority and $200 million more in outlays in function 700, veterans' benefits and services, than the Senate-passed resolution. Although these function 700 figures are less than I urged in my September 25 letter, these figures alone would not cause me to vote against the conference substitute.

However, Mr. President, there is no justification for the imposition in this Congress of reconciliation instructions on the Veterans' Affairs Committees.

For these reasons, I oppose this conference substitute.

There being no objection, the letters were ordered to be printed in the Record, as follows:

U.S. Senate,
Washington, D.C., July 27, 1979.

Hon. Edmund S. Muskie,
Chairman,
Hon. Henry Bellmon,
Ranking Minority Member, Committee on the Budget, U.S. Senate, Washington, D.C.

Dear Ed and Henry: We are writing, on behalf of the Committee on Veterans' Affairs, in response to your letter of July 23 pertaining to legislation under the First Concurrent Resolution on the Budget for Fiscal Year 1980 (FCR). In that letter you asked for information regarding the Veterans' Affairs Committee's plans with respect to legislation having cost implications in order to assist the Budget Committee in its deliberations on the Second Concurrent Resolution (SCR).

You specifically asked about the prospects for cost-savings legislation that your Committee has assumed would be enacted. First, with respect to S. 759, health-insurance reimbursement legislation, estimated by the Congressional Budget Office (CBO) at the time of your report to result in savings of $0.2 billion in budget authority and outlays in fiscal year 1980, Committee staff has conducted an extensive review of the complex issues involved, has met with VA, CBO, Congressional Research Service, and health insurance industry representatives, and has scheduled a further meeting for August 15 with representatives of the same organizations, staff of your Committee and other Congressional Committees, and White House staff. Hearings will be held on S. 759 on September 12. In light of the difficult constitutional and policy issues that this legislation presents, we are not now in a position to predict what action will be taken in our Committee.

There has been no movement on counterpart legislation in the House of Representatives, and the House Committee on Veterans' Affairs has clearly indicated that it will not take any action on it this year.

In any event, even if it is assumed that such legislation would be enacted (which seems most unlikely this year), we believe strongly that the estimated cost-savings should not be deducted, just as we have previously urged they should not be deducted in connection with the FCR, from amounts otherwise allocable to the Appropriations Committee for the first fiscal year following enactment of the legislation.

Our reasons for this are primarily based on the fact that collections of reimbursements under this measure would not be available to the VA until toward the end of fiscal year 1980; and any reduction of appropriations premised on the enactment of this legislation would, to the extent of such a reduction, force the VA to operate at a reduced program level for much of that year—perhaps for the entire fiscal year in the event that estimated collections later in the year do not materialize in the amounts forecast. In our Committee's view, this would be a most unsatisfactory result, and an alternative method of accounting for the estimated savings is clearly necessary.

We would also note that on July 6, 1979, we received an informal CBO estimate (copy enclosed) of cost-savings (collections) of only $107 million in fiscal year 1980, based on an optimistic assumption of an effective date of January 1, 1980; this is a reduction of $58 million from the previous CBO estimate dated April 19, 1979.

Second, with regard to legislation to eliminate or reduce certain veterans' burial benefits, the enactment of which your Committee assumed would result in cost savings of $0.1 billion in fiscal year 1980, no such legislation has been introduced either in the House or the Senate. In our view, it is totally unrealistic to expect the Congress to reduce these benefits; and we have no plans to consider such legislation. Thus, we urge that the estimated savings be restored in the SCR.

Third, with regard to legislation to reduce the period of eligibility for GI Bill—educational assistance—benefits, in connection with which your Committee assumed cost savings of $0.1 billion in budget authority and outlays, as in the case of burial benefits, no such legislation has been introduced in either House. In our view, there is no basis whatever for assuming enactment; and we have no plans to consider such legislation. Thus, we recommend that the estimated savings be restored in the SCR.

Fourth, with regard to legislation to eliminate GI Bill benefits for flight and correspondence training, as proposed in Administration-requested legislation, S. 870, and assumed to result in cost-savings of $57.8 million at the time your Committee reported the FCR, the Veterans' Affairs Committee, after very careful study and with the benefit of preliminary data from a General Accounting Office report on these two programs, will not recommend such legislation but rather has ordered reported legislation (S. 870) to tighten administration of the flight and correspondence programs and reduce payments for flight training by requiring greater cost sharing by the trainee. According to CBO, fiscal year 1980 estimate cost savings of $31 million in budget authority and outlays would result from the enactment of the provisions that our Committee has approved.

With respect to other legislation, there are several matters on which we would like to give you our views. First, our Committee plans to report legislation making improvements in the GI Bill, including a targeted extension of the period of GI Bill eligibility for educationally disadvantaged veterans and those who could benefit from on-job training to acquire needed job skills, all of which, when taken into account together with the above mentioned cost-savings, will result in net costs that are within our crosswalk under the FCR for Mission 2 of Function 700—$2.2 billion in budget authority and $2.3 billion in outlays. As soon as we have a CBO estimate of the costs of this bill, we will make certain that you also have copies.

We also recommend that Mission 1 of Function 700 be increased to provide for the 11.1-percent cost-of-living increase in service-connected disability compensation rates which our Committee has favorably reported in S. 689.

Also, as our Committee had previously urged in our March 15, 1979, report of views and estimates for the fiscal year 1980 budget, we strongly recommend that the SCR include provision for a "capped" 7-percent cost-of-living increase in GI Bill benefits, estimated to result in costs of $275 million in budget authority and outlays in fiscal year 1980. (Although your Committee had assumed enactment of such a cost-of-living increase in making its recommendation on the FCR, various cost-savings proposals for Function 700 entitlement programs that your Committee had assumed would be enacted, but will not be enacted—together with the fact that the cost-of-living increase in the compensation legislation has become more costly than had been expected—ultimately resulted in a crosswalk that realistically left no room for any cost-of-living increase.) If the SCR makes provision for this badly needed increase, our Committee will shortly thereafter recommend the enactment of this legislation.

With respect to Mission 3 of Function 700, we recommend that provision be made in the SCR for appropriations for VA accounts that are included in H.R. 4392 as reported by the Appropriations Committee plus $30.1 million, which would consist of an additional $25.1 million for the medical care account for the implementation of the Veterans' Health Care Amendments of 1979 (Public Law 96–22), which was enacted on June 13, 1979, and an additional $5 million for the grants to State extended-care facilities account to maintain the veterans' State home construction assistance program in fiscal year 1980 at the same $10 million level of appropriations provided in the current fiscal year. Senator Cranston will propose an amendment to H.R. 4392 for the $25.1 million increase; and Senator Randolph, for the $5 million increase.

Finally, we would like to clarify on behalf of the Veterans' Affairs Committee one aspect of our Committee's crosswalk report (S. Rept. No. 96–244) under the FCR. Our Committee, in subdividing among major programs the allocations to it of $14.1 billion in budget authority and outlays, allocated $11.7 billion in budget authority and $11.6 billion in outlays to "Income security" and $0.2 billion in budget authority and outlays to "Burial benefits". The Committee's intention regarding this subdivision is that the only programs included in the "Income security" category are the disability compensation and pension programs; and "Burial benefits" includes all other non-direct spending programs in Mission 1 of Function 700—for which $211 million in budget authority and outlays (in unrounded figures) were included.

With respect to the projections you requested for fiscal years 1981 through 1984, we are unable to provide you with firm estimates for those years because of the very uncertain prospects for S. 759, the health insurance reimbursement measure discussed above, and the complexities involved in forecasting legislative activities in future years. However, if you require further information in this regard to update the projection included in the attachment to our Committee's March 15 report to your Committee (pages 51–52), we would ask that you have a member of the Budget Committee staff contact Edward Scott, General Counsel of the Veterans' Affairs Committee, for whatever analysis or data that is needed and that our Committee staff can provide with respect to those years.

We hope that you find this response helpful in your Committee's deliberations on the SCR for fiscal year 1980.

Sincerely,

Alan Cranston,
Chairman.
Alan K. Simpson,
Ranking Minority Member.

Enclosure.

Memorandum

July 6, 1979.

To Ed Scott.
From Steven Crane.

Attached is an informal estimate of S. 759 on a cash basis, reflecting a January 1, 1980 effective date, as you requested in your letter of June 4, 1979.

If you have any questions, please let me know.

[Informal Draft]

Cost Estimate

July 6, 1979.

1. Bill number: S. 759.

2. Bill title:

A bill to amend title 38, United States Code to provide for the right of the United States to recover the costs of hospital, nursing home or outpatient medical care furnished by the Veterans Administration (VA) to veterans for non-service-connected disabilities to the extent that they have health insurance or similar contracts or rights with respect to such care, or have entitlement to private medical care under workers' compensation or automobile accident reparation statutes of any State, and for other purposes.

3. Bill status:

As introduced by the Senate Committee on Veterans Affairs, March 26, 1979.

4. Bill purpose:

To amend title 38, U.S.C., to give the United States the right to recover the cost of hospital, nursing home, and outpatient care provided by the VA to veterans with non-service connected disabilities to the extent that such veterans have health insurance or similar coverage for such care.

5. Cost estimate:

Estimated authorization/costs

[By fiscal years, in millions of dollars]

1980	−107
1981	−302
1982	−364
1983	−391
1984	−420
Total 5-year savings	−1584

The costs/savings of this bill fall within budget function 700.

6. Basis of estimate:

According to information published in the 1977 VA Annual Report and the Fiscal Year 1980 VA budget justification document, approximately 70 percent of VA hospital discharges are veterans under 65 years of age who have been treated for non-service-connected disabilities. A recent survey conducted by the VA indicates that about 16 percent of such veterans have some type of medical insurance coverage. This survey did not collect information concerning the depth of coverage of these policies, or whether the policies had remaining coverage. It may be true that some veterans with private insurance utilize VA care only after such coverage has been exceeded or has temporarily lapsed, or have policies that cover only a limited number of services. In the absence of additional information, CBO assumes that the average policy would cover 88 percent of inpatient charges and 60 percent of outpatient charges, based on a 1978 study by the Health Insurance Association of America of group medical insurance coverage. CBO further assumes that all veterans who reported private coverage in the VA study had valid policies that on the average would reimburse the above percentage of charges.

The proposed legislation would allow the U.S. to recover the costs of care from private health insurers according to the terms of agreement between the insured person and the insurer. In most cases, insurers are liable for only those costs which are deemed to be "reasonable or customary" for a particular episode of care. A number of studies have indicated that VA hospitals in general have lengths of stay that are approximately twice as long as stays for similarly aged persons treated in community hospitals for similar diagnoses. According to the VA, preliminary discussions with major private insurers have indicated that carriers would likely not reimburse at least some portion of these additional days of care in VA facilities if medical need could not be demonstrated. Although it is presently unclear what proportion of a VA hospital stay carriers would consider reasonable, CBO assumes that for most types of care private insurance would cover two-thirds the normal VA length of stay for reimbursement purposes.

Enactment of the proposed legislation would require the VA to establish a formal billing system to collect reimbursement from the insurance carriers. Although there has been some controversy as to how quickly the VA could implement such a system, the VA presently claims that a collection system could be made operational within three months. The proposed system would bill carriers on an inclusive per diem rate, which would be based on average cost information which is currently collected by the VA. In addition, a recent VA study indicates that patient recordkeeping would require only minor modification to accommodate such billing. According to the VA, preliminary discussions with several major carriers suggest that the proposed system would be acceptable to most insurers and could be implemented within several months.

Based on the VA claim CBO assumes that collection could begin 90 days after enactment of the proposed legislation. CBO further assumes that administrative costs would amount to about 2.5 percent of the amount collected, based on experience with the medicare program. Administrative costs are assumed to represent a higher percentage of collections in the first year as the program is phased in. Because the proposed legislation would apply only to insurance policies that are written, revised, or renewed after the law becomes effective, the first year's collections would be considerably less than succeeding years. The VA presently defines a policy revision or renewal to include changes in the premium rate. Based on information from the insurance industry, CBO assumes that all polices of the affected veterans population are normally rewritten or revised every year, and that these revisions are distributed evenly throughout the year. Therefore, only about half the amount of collections could be made the first year as could be made during succeeding years.

According to information provided by the Congressional Research Service and private insurance companies, the average lag in cash payments to hospitals following a patient's release is about 3–4 weeks. Hospitals require about seven working days to prepare the claim and present it for reimbursement; carriers require about the same period of time to process the claim and provide payment. CBO assumes that during the first year of the program, the cash lag for the VA would average about six weeks as the billing system is developed and perfected. In the following years, CBO assumes an average lag of four weeks.

Based on the above assumptions and analysis, CBO estimates the VA could collect a net of $1.07 million in FY 1980, assuming a January 1, 1980 effective date. Five year collections are estimated to total about $1.6 billion. The outyear estimates reflect CBO's assumptions of inflation in the general economy. Although the proposed legislation includes private reimbursement for nursing home care, CBO estimates savings for such care to be insignificant.

7. Estimate comparison:

A cost estimate prepared by the VA for this bill shows savings of $170 million in fiscal year 1980 and five-year savings of $1.1 billion. In formulating their estimate, the VA assumed that 74 percent of inpatient charges would be reimbursable by the average private insurance policy, and only 28 percent of outpatient charges. In addition, the VA apparently did not include psychiatric care as a reimbursable service. Finally, the VA assumed that 75 percent of full-year savings could be realized in fiscal year 1980, which reflects an implicit assumption that a higher proportion of insurance policies turn over during the first part of the fiscal year than the latter part. The five-year savings do not reflect the impact of inflation in the general economy.

8. Previous CBO estimate:

CBO prepared an estimate of S. 759 on April 19, 1979. The estimate assumed an October 1, 1979 effective date, a shorter cash lag, and lower assumptions about inflation of medical care costs in the outyears.

9. Estimate prepared by Steven Crane (225-7766).

10. Estimate approved by:

Committee on Veterans' Affairs,
Washington, D.C., September 25, 1979.

Hon. Edmund S. Muskie,
Chairman, Committee on the Budget,
Washington, D.C.

Dear Ed: I am writing to clarify certain matters in connection with the September 17 debate on my amendment to the Second Concurrent Resolution on the Budget for Fiscal Year 1980 (SCR) and to urge your favorable consideration, during the Senate-House conference, of the $21.5 billion in budget authority ($100 million less than in the pending House resolution) that I had sought in the Senate and the $20.851 billion in outlays in the pending House resolution for Veterans' Benefits and Services (Function 700). Of course, with Function 700 levels set at these levels, no reconciliation instructions to the Veterans' Affairs Committees would be appropriate; and I urge that such instructions be deleted in conference.

I believe these recommendations are entirely in keeping with your own efforts to maintain fairness in the distribution of our increasingly scarce fiscal resources while also maintaining the budget discipline that our nation and its economy require. I have the greatest admiration for the steadfast and effective manner in which you have exercised your duties as Chairman of the Budget Committee. Your activities in this area are invaluable to the Senate and the nation as a whole.

Although I have no wish to rehash all of the many issues covered in the course of our September 17 debate, there are a few matters of particular significance that, I believe, clearly require clarification.

1. You stated that the "real issue is whether this committee, the Veterans' [Affairs] Committee, beyond all others, should be exempted from any and all responsibility to hold down the cost of Government" (Congressional Record, September 17, page S. 12760). The record of the Veterans' Affairs Committee afforts to hold down Federal spending, which I detailed during the debate, totally rebuts this suggestion. During this Congress, our Committee has favorably reported 11 different cost-savings and cost-containment provisions—with total fiscal year 1980 cost savings of $68.4 million and

5-year savings of $378 million. In addition, our Committee plans a floor amendment to S. 870, the proposed "GI Bill Amendments Act of 1979", that would, by improving VA debt collection efforts, save an additional $10 million in fiscal year 1980 and $70 million over the next 5 fiscal years. I have enclosed a chart showing the Committee's cost-savings and cost-containment recommendations and the current status of each.

We believe that this record clearly demonstrates that the Committee *has* acted with fiscal responsibility and discipline and has sought no such exemption. At the same time, it is also our duty to assure that the Congress acts responsibly with regard to veterans' programs.

2. You argued for maintaining in the SCR the same assumptions on which the First Concurrent Budget Resolution (FCR) had been based because there had been no floor amendment proposed "to change the numbers" in the FCR as reported last spring (CONGRESSIONAL RECORD, September 17, page 24810).

The FCR as reported by your Committee "assumed" an 8.3-percent cost-of-living increase in service-connected disability compensation benefits (S. Rept. No. 96–68, page 214). That assumption was based on the January CBO projection of inflation for the 12 months ending in September, 1979. At the time the FCR was passed by the Senate, our Committee had no reason to disagree with that assumption because, as stated in our March 15 Report of Budget Views and Estimates (pages 18–19), we were planning to base the compensation cost-of-living increase on the actual increase in the Consumer Price Index for the 12 months ending in July, 1979, which was also then projected to be 8.3 percent. Your Committee, in developing the SCR as reported, updated—with the exception of that 8.3-percent increase—the assumptions that it had previously made in reporting the FCR through the extensive use of reestimates and new projections to take into account changed economic conditions and caseload estimates. Despite the facts that in July—nearly a full month before your Committee completed its markup of the SCR—CBO had revised its projection of inflation for the 12 months ending in September 1979 to 10.9 percent and that our Committee in its July 27, 1979, letter reviewing its March 15 letter recommended that provision be made for an 11.1-percent increase, the Budget Committee chose to make an exception for service-connected compensation from its general policy of updating its FCR assumptions and thus did not incorporate that new projection or our recommendation in the SCR as reported (S. Rept. No. 95–311, page 92).

The Budget Committee's retention, for SCR purposes, of the outdated, inadequate assumption of an 8.3-percent increase was inconsistent with your general approach to the SCR and clear Congressional policy over many years. The Budget Committee thus appeared to consider as a discretionary matter, with respect to which cost savings could and should be made, the granting of a realistic cost-of-living increase in compensation benefits for service-connected disabled veterans and the survivors of those who have died from service-connected causes.

3. On the floor, having apparently dropped the Budget Committee's insistence on the outdated assumption of an 8.3-percent cost-of-living increase for service-connected compensation benefits, you stated that, in your substitute amendment, "we reduced the savings responsibility of the Veterans' Affairs Committee by $100 million in order to provide the full 11.1-percent cost-of-living increase for disabled veterans" (*Congressional Record*, September 17, page 24810). I do not believe that this statement is correct. As we compute the figures, an 11.1-percent increase in compensation rates would require $181 million more in budget authority and $166 million more in outlays than the 8.3-percent increase that the Budget Committee had assumed in reporting the SCR. Thus, I do not understand how an increase of only $100 million and in outlays *alone* could possibly fulfill the purpose that you outlined.

4. Also in this regard, in a September 15 Budget Committee press release, you stated that the $100-million increase in outlays in veterans' programs "symbolize[s] that . . . veterans programs need not be examined or reduced as a result of this reconciliation process. The savings will need to be achieved from other programs." That statement overlooks the fact that your substitute included reconciliation instructions to the Veterans' Affairs Committee to reduce entitlement spending by $100 million, did not (as discussed in item 3 above) include sufficient provision for the compensation cost-of-living increase as passed by the Senate, and was premised on a $0.2-billion reduction in the level of VA health-care appropriations provided in the conference report on H.R. 4394. I believe that the press release was thus very misleading on this point.

5. During the debate you indicated your belief that it was inappropriate for me to include provision for VA health care programs (Mission 3 of Function 700) in my amendment, that my purpose in doing so was to evoke the "political . . . or emotional clout of veterans' health care benefits," and that, if my amendment were adopted, the "Appropriations Committee then will be pressured to acknowledge the $200 million increase in health care for veterans in the appropriations instructions" (Congressional Record, September 17, page 24813). I do not understand the bases for any of those assertions. Since the Function 700 totals include veterans' health care programs (Mission 3) and those programs are within the legislative and oversight jurisdiction of our Committee, I believe that I have the clear responsibility to try to assure that appropriate funding for them is provided for in the Congressional Budget. Your SCR Committee report clearly assigned only $6.1 billion to Mission 3 whereas the pending conference report on H.R. 4394 provides $6.3 billion for this purpose. Thus, my amendment would not have resulted in any effort or pressure to increase VA health-care appropriations; it would have simply made provision in the SCR for the level of health-care appropriations on which the H.R. 4394 conferees have already agreed, which is less than the Senate approved in passing H.R. 4394. Thus, my amendment was an honest attempt to make the Function 700 totals realistic and in keeping with the necessary and likely level of appropriations for VA health care.

Thus, I believe that the SCR as passed by the Senate would require reductions in Function 700 beyond what many Senators had been led to believe that it should or would require. Moreover, based on the arguments that I presented during the SCR debate regarding the needs of veterans' programs, I continue to be convinced that the minimum budget requirements necessary to maintain those programs at levels consistent with the nation's and the Congress' commitment to those who served are $21.5 million in budget authority and $20.9 million in outlays for fiscal year 1980. Therefore, I strongly urge you to give consideration to seeking conference agreement at the budget authority level that I sought in the Senate ($21.5 billion) and the House Committee outlay level ($20.851) for Function 700.

With best wishes,

Cordially,

ALAN CRANSTON,
Chairman.

SENATE VETERANS' AFFAIRS COMMITTEE PROVISIONS REGARDING COST SAVINGS AND COST CONTAINMENT

CBO COST ESTIMATES—FISCAL YEARS 1980–84

[Budget authority and outlays, in millions of dollars]

	1980	1981	1982	1983	1984
I. COST SAVINGS 5-YEAR TOTAL: $448,000,000					
H.R. 3892 (S. 1039) passed by Senate June 18, 1979:					
(a) Limit on beneficiary travel reimbursement for veterans having no service-connected disabilities	−28.0	−28.7	−29.4	−30.2	−30.9
(b) Modification of outpatient dental treatment program for recently discharged veterans	−3.4	−3.5	−3.7	−3.9	−4.1
(c) Modification of eligibility for nonprescription health care products for veterans having no service-connected disabilities	−3.4	−3.7	−4.1	−4.4	−4.8
S. 870, as reported Sept. 7, 1979:					
(d) Modification of flight training	−27.7	−36.3	−31.0	−25.2	−19.5
(e) Modification of correspondence training	−3.3	−7.2	−7.9	−6.5	−5.0
(f) Repeal of PREP training for post-Vietnam era veterans	−.8	−1.8	−1.8	−1.3	−1.0
(g) Modification of the 50 percent employment rule applicable to vocational courses	−1.8	−4.1	−4.0	−3.1	−2.5
(h) Reduction of high school-GED courses	(1)	(1)	(1)	(1)	(1)
Expected committee amendment to S. 870:					
(i) Improvement of VA debt collection efforts (derived from S. 1518)	−10.0	−20.0	−17.0	−13.0	−10.0
Total	−78.4	−105.3	−98.9	−87.6	−77.8
II. COST CONTAINMENT					
Public Law 96–22:					
(a) Redirects VA dental-care services toward direct outpatient care for veterans with service-connected conditions, away from non-service-connected in-hospital care.					
Public Law 96–22:					
(b) Requires the VA to notify the House and Senate Veterans' Affairs Committees if and when expenditures for contract dental care in any fiscal year are expected to exceed the amount ($45,200,000) expended for such contract care in fiscal year 1978.					
H.R. 3892 (S. 1039) as passed by the Senate, June 18, 1979:					
(c) Requires VA to determine, on the basis of a VA examination, that contract dental care costing more than $500 in any 12-mo period is reasonably necessary, before authorizing such care.					

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[1] Cost savings not calculated separately.

Mr. LEVIN. Mr. President, my decision to oppose the conference report of the second budget resolution is not an easy one. My original objections to the second budget resolution as passed by the Senate have not been assuaged. I am particularly concerned that reconciliation requires program reductions without assurances as to what programs or services will be impacted. I refer to my statement prior to the vote on the second budget resolution for the balance of my reasoning.

The PRESIDING OFFICER. The hour of 6:30 having arrived, without objection, the conference report in disagreement is agreed to, and the Senator from Maine is recognized to move to concur in the House amendment with an amendment.

UP AMENDMENT NO. 738

Mr. MUSKIE. Mr. President, I move that the Senator concur in the House amendment with an amendment which I send to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

Mr. Muskie (for himself and Mr. Bellmon) proposes an unprinted amendment No. 738, in the nature of a substitute.

The amendment is as follows:

Insert the following in lieu of the amendment of the House:

That the Congress hereby determines and declares, pursuant to Section 310(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1979—

(1) the recommended level of Federal revenues is $517,800,000,000, and the amount by which the aggregate level of Federal revenues should be increased is $2,400,000,000;

(2) the appropriate level of total new budget authority is $638,000,000,000;

(3) the appropriate level of total budget outlays is $547,600,000,000;

(4) the amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is $29,800,000,000; and

(5) the appropriate level of the public debt is $886,400,000,000, and the amount by which the temporary statutory limit on such debt should accordingly be increased is $7,400,000,000.

Sec. 2. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of the first section of this resolution, the Congress hereby determines and declares pursuant to section 310 (a) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1979 the appropriate level of new budget authority and the estimated budget outlays for each functional category are as follows:

(1) National Defense (050):
(A) New budget authority, $141,200,000,000;
(B) Outlays, $129,900,000,000.
(2) International Affairs (150):
(A) New budget authority, $13,100,000,000;
(B) Outlays, $8,400,000,000.
(3) General Science, Space, and Technology (250):
(A) New budget authority, $5,850,000,000;
(B) Outlays, $5,700,000,000.
(4) Energy (270):
(A) New budget authority, $39,500,000,000;
(B) Outlays, $7,250,000,000.
(5) Natural Resources and Environment (300):
(A) New budget authority, $12,600,000,000;
(B) Outlays, $11,900,000,000.
(6) Agriculture (350)
(A) New budget authority, $5,000,000,000;
(B) Outlays, $2,550,000,000.
(7) Commerce and Housing Credit (370):
(A) New budget authority, $6,800,000,000;
(B) Outlays, $2,850,000,000.
(8) Transportation (400):
(A) New budget authority, $19,500,000,000;
(B) Outlays, $18,600,000,000.
(9) Community and Regional Development (450):
(A) New budget authority, $8,900,000,000;
(B) Outlays, $8,350,000,000.
(10) Education, Training, Employment, and Social Services (500):
(A) New budget authority, $30,900,000,000;
(B) Outlays, $31,000,000,000.
(11) Health (550):
(A) New budget authority, $58,800,000,000;
(B) Outlays, $54,450,000,000.
(12) Income Security (600):
(A) New budget authority, $218,500,000,000;
(B) Outlays, $190,000,000,000.
(13) Veterans Benefits and Services (700):
(A) New budget authority, $21,450,000,000;
(B) Outlays, $20,800,000,000.
(14) Administration of Justice (750):
(A) New budget authority, $4,200,000,000;
(B) Outlays, $4,400,000,000.
(15) General Government (800):
(A) New budget authority, $4,450,000,000;
(B) Outlays, $4,200,000,000.
(16) General Purpose Fiscal Assistance (850):
(A) New budget authority, $9,050,000,000;
(B) Outlays, $9,050,000,000.
(17) Interest (900):
(A) New budget authority, $58,100,000,000;
(B) Outlays, $58,100,000,000.
(18) Allowances (920):
(A) New budget authority, −$200,000,000;
(B) Outlays, −$200,000,000.
(19) Undistributed Offsetting Receipts (950):
(A) New budget authority, −$19,700,000,000;
(B) Outlays, −$19,700,000,000.

RECONCILIATION

Sec. 3. That the Congress hereby determines and declares, pursuant to subsection 310 of the Congressional Budget Act of 1974, that in order to achieve a balanced budget in fiscal year 1981 and deficit reductions in fiscal year 1980, the following reconciliation instructions are appropriate:

(a) The allocation pursuant to section 302 (a) of the Budget Act to the Committee on Appropriations for all legislation within its jurisdiction shall not exceed $390,200,000,000 in budget authority and $343,100,000,000 in outlays as assumed in this budget resolution. If some rescission of appropriations proves necessary to prevent any regular or supplemental appropriation for fiscal year 1980 exceeding the ceilings provided in this section, the Committee on Appropriations shall report legislation to rescind the necessary amounts.

(b) Pursuant to section 310 of the Congressional Budget Act of 1974, the Senate Committees on Agriculture, Nutrition and Forestry and the House Committee on Education and Labor shall reduce spending for fiscal year 1980 in reported or enacted laws, bills, and resolutions by $100,000,000 in budget authority and $100,000,000 in outlays and are instructed to report promptly their recommendations for changes in new budget authority for fiscal year 1980, budget authority initially provided for prior fiscal years, and new spending authority which is to become effective during fiscal year 1980 contained in reported or enacted laws, bills, and resolutions within the jurisdictions of those committees sufficient to accomplish the reduction required by this section.

(c) Pursuant to section 310 of the Congressional Budget Act of 1974, the Senate Committee on Environment and Public Works and the House Committee on Public Works and Transportation shall reduce spending for fiscal year 1980 in reported or enacted laws, bills, and resolutions by $250,000,000 in budget authority and are instructed to report promptly recommendations for changes in new budget authority for fiscal year 1980, budget authority initially provided for prior fiscal years, and new spending authority which is to become effective during fiscal year 1980 contained in reported or enacted laws, bills, and resolutions within the jurisdictions of those committees sufficient to accomplish the reduction required by this section.

(d) Pursuant to section 310 of the Congressional Budget Act of 1974, the Senate Committee on Governmental Affairs, and the House Committee on Post Office and Civil Service shall reduce spending for fiscal year 1980 in reported or enacted laws, bills, and resolutions by $100,000,000 in outlays and are instructed to report promptly recommendations for changes in new budget authority for fiscal year 1980, budget authority initially provided for prior fiscal years, and new spending authority which is to become effective during fiscal year 1980 contained in reported or enacted laws, bills, and resolutions within the legislative jurisdictions of those committees which would require reductions in spending or appropriations and which are sufficient to accomplish the reduction required by this section.

(e) Pursuant to section 310 of the Congressional Budget Act of 1974, the Committees on Armed Services shall reduce spending for fiscal year 1980 in reported or enacted laws, bills, and resolutions by $100,000,000 in budget authority and $100,000,000 in outlays and are instructed to report promptly their recommendations for changes in new budget authority for fiscal year 1980, budget authority initially provided for prior fiscal years, and new spending authority which is to become effective during fiscal year 1980 contained in reported or enacted laws, bills, and resolutions within the jurisdictions of those committees sufficient to accomplish the reduction required by this section.

(f) Pursuant to section 310 of the Congressional Budget Act of 1974, the Senate Committee on Finance and the House Committee on Ways and Means shall reduce spending for fiscal year 1980 in reported or enacted laws, bills, and resolutions by $300,000,000 in budget authority and $1,400,000,000 in outlays and are instructed to report promptly recommendations for changes in new budget authority for fiscal year 1980, budget authority initially provided for prior fiscal years, and new spending authority which is to become effective during fiscal year 1980 contained in reported or enacted laws, bills, and resolutions within the jurisdictions of those committees sufficient to accomplish the reduction required by this section.

(g) Pursuant to section 310 of the Congressional Budget Act of 1974, the Committees on Veterans' Affairs shall reduce spending for fiscal year 1980 in reported or enacted laws, bills, and resolutions by $100,000,000 in budget authority and $100,000,000 in outlays and are instructed to report promptly recommendations for changes in new budget authority for fiscal year 1980, budget authority initially provided for prior fiscal years, and new spending authority which is to become effective during fiscal year 1980 contained in reported or enacted laws, bills, and resolutions within the jurisdictions of those committees sufficient to accomplish the reduction required by this section.

(h) Pursuant to section 300 and 310 of the Congressional Budget Act of 1974 the authorizing committees specified herein shall report the recommendations required by this resolution within thirty days after Congress has adopted this resolution and congressional action on reconciliation legislation must be completed before the end of the first session of the 96th Congress.

BUDGET TOTALS FOR FISCAL YEARS 1981 AND 1982

SEC. 4(a). In order to achieve a balanced budget recommended by the Senate in fiscal years 1981 and 1982, the following budgetary levels are appropriate for fiscal years 1981 and 1982:

(1) the recommended level of Federal revenues is as follows:

Fiscal year 1981: $610,200,000,000;

Fiscal year 1982: $671,800,000,000;

and the amount by which the aggregate levels of Federal revenues should be increased or decreased is as follows:

Fiscal year 1981: +$10,200,000,000;

Fiscal year 1982: −$34,800,000,000;

(2) the appropriate level of total new budget authority is as follows:

Fiscal year 1981: $664,900,000,000;

Fiscal year 1982: $747,600,000,000;

(3) the appropriate level of total budget outlays is as follows:

Fiscal year 1981: $600,500,000,000;

Fiscal year 1982: $653,000,000,000;

(4) the amount of the surplus in the budget which is appropriate in light of economic conditions and all other relevant factors is as follows:

Fiscal year 1981: $9,700,000,000;

Fiscal year 1982: $18,800,000,000;

(5) the appropriate level of the public debt is as follows:

Fiscal year 1981: $911,200,000,000;

Fiscal year 1982: $939,100,000,000;

and the amount by which the temporary statutory limit on such debt should be accordingly increased is as follows:

Fiscal year 1981: $32,200,000,000;

Fiscal year 1982: $60,100,000,000.

(b) Based on allocations of the appropriate level of total new budget authority and of total budget outlays for fiscal years 1981 and 1982 as set forth above, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are respectively as follows:

(1) National Defense (050):

Fiscal year 1981:

(A) New budget authority, $159,800,000,000;

(B) Outlays, $146,400,000,000.

Fiscal year 1982:

(A) New budget authority, $180,500,000,000;

(B) Outlays, $163,300,000,000.

(2) International Affairs (150):

Fiscal year 1981:

(A) New budget authority, $14,100,000,000;

(B) Outlays, $8,700,000,000.

Fiscal year 1982:

(A) New budget authority, $14,900,000,000;

(B) Outlays, $8,800,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1981:

(A) New budget authority, $5,900,000,000;

(B) Outlays, $5,800,000,000.

Fiscal year 1982:

(A) New budget authority, $5,600,000,000;

(B) Outlays, $5,700,000,000.

(4) Energy (270):

Fiscal year 1981:

(A) New budget authority, $4,700,000,000;

(B) Outlays, $7,800,000,000.

Fiscal year 1982:

(A) New budget authority, $24,200,000,000;

(B) Outlays, $9,700,000,000.

(5) Natural Resources and Environment (300):

Fiscal year 1981:

(A) New budget authority, $13,400,000,000;

(B) Outlays, $12,700,000,000.

Fiscal year 1982:

(A) New budget authority, $14,100,000,000;

(B) Outlays, $13,500,000,000.

(6) Agriculture (350):

Fiscal year 1981:

(A) New budget authority, $4,800,000,000;

(B) Outlays, $3,200,000,000.

Fiscal year 1982:

(A) New budget authority, $3,900,000,000;

(B) Outlays, $3,600,000,000.

(7) Commerce and Housing Credit (370):

Fiscal year 1981:

(A) New budget authority, $5,900,000,000;

(B) Outlays, $3,500,000,000.

Fiscal year 1982:

(A) New budget authority, $6,200,000,000;

(B) Outlays, $3,200,000,000.

(8) Transportation (400):

Fiscal year 1981:

(A) New budget authority, $21,600,000,000;

(B) Outlays, $19,700,000,000.

Fiscal year 1982:

(A) New budget authority, $20,400,000,000;

(B) Outlays, $20,700,000,000.

(9) Community and Regional Development (450):

Fiscal year 1981:

(A) New budget authority, $9,900,000,000;

(B) Outlays, $9,200,000,000.

Fiscal year 1982:

(A) New budget authority, $9,500,000,000;

(B) Outlays, $9,600,000,000.

(10) Education, Training, Employment, and Social Services (500):

Fiscal year 1981:

(A) New budget authority, $31,100,000,000;

(B) Outlays, $30,500,000,000.

Fiscal year 1982:

(A) New budget authority, $31,100,000,000;

(B) Outlays, $30,800,000,000.

(11) Health (550):

Fiscal year 1981:

(A) New budget authority, $70,500,000,000;

(B) Outlays, $62,000,000,000.

Fiscal year 1982:

(A) New budget authority, $82,200,000,000;

(B) Outlays, $69,400,000,000.

(12) Income Security (600):

Fiscal year 1981:

(A) New budget authority, $244,300,000,000;

(B) Outlays, $212,400,000,000.

Fiscal year 1982:

(A) New budget authority, $275,600,000,000;

(B) Outlays, $235,800,000,000.

(13) Veterans Benefits and Services (700):

Fiscal year 1981:

(A) New budget authority, $22,100,000,000;

(B) Outlays, $21,700,000,000.

Fiscal year 1982:

(A) New budget authority, $23,200,000,000;

(B) Outlays, $23,200,000,000.

(14) Administration of Justice (750):

Fiscal year 1981:

(A) New budget authority, $4,400,000,000;

(B) Outlays, $4,500,000,000.

Fiscal year 1982:

(A) New budget authority, $4,500,000,000;

(B) Outlays, $4,500,000,000.

(15) General Government (800):

Fiscal year 1981:

(A) New budget authority, $4,700,000,000;

(B) Outlays, $4,400,000,000.

Fiscal year 1982:

(A) New budget authority, $4,500,000,000;

(B) Outlays, $4,600,000,000.

(16) General Purpose Fiscal Assistance (850):

Fiscal year 1981:

(A) New budget authority, $8,200,000,000;

(B) Outlays, $8,600,000,000.

Fiscal year 1982:

(A) New budget authority, $8,200,000,000;

(B) Outlays, $8,200,000,000.

(17) Interest (900):

Fiscal year 1981:

(A) New budget authority, $60,900,000,000;

(B) Outlays, $60,900,000,000.

Fiscal year 1982:

(A) New budget authority, $62,300,000,000;

(B) Outlays, $62,300,000,000.

(18) Allowances (920):

Fiscal year 1981:

(A) New budget authority, $0;

(B) Outlays, $0.

Fiscal year 1982:

(A) New budget authority, $100,000,000;

(B) Outlays, $100,000,000.

(19) Undistributed Offsetting Receipts (950):

Fiscal year 1981:

(A) New budget authority, −$21,500,000,000;

(B) Outlays, −$21,500,000,000.

Fiscal year 1982:

(A) New budget authority, −$23,900,000,000;

(B) Outlays, −$23,900,000,000.

SEC. 5. The House projects the following budget aggregates for fiscal years 1981 and 1982, based on the policies assumed in sections (1) and (2) above:

(1) The level of Federal revenues is as follows:

Fiscal year 1981: $603,200,000,000;

Fiscal year 1982: $703,400,000,000.

(2) The level of total new budget authority is as follows:

Fiscal year, 1981: $688,137,000,000;

Fiscal year 1982: $730,318,000,000.

(3) The level of total budget outlays is as follows:

Fiscal year 1981: $602,699,000,000;

Fiscal year 1982: $655,869,000,000.

(4) The amount of surplus in the budget is as follows:

Fiscal year 1981: $501,000,000;

Fiscal year 1982: $47,531,000,000.

(5) The level of the public debt is as follows:

Fiscal year 1981: $921,900,000,000;

Fiscal year 1982: $920,400,000,000.

GENERAL PROVISIONS

SEC. 6(a). In 1980, each standing committee of the House of Representatives having jurisdiction over entitlement programs shall include in its March 15 report to the Budget Committee of the House of Representatives specific recommendations as to what changes, if any, would be appropriate in the funding mechanisms of such programs to enable Congress to exercise more fiscal control over expenditures mandated by these entitlements.

Within a reasonable period of time after March 15, 1980, the Budget Committee of the House of Representatives shall submit to the House such recommendations as it considers appropriate based on such reports.

(b) The Congress reaffirms its commitment to find a way within the congressional budget process to relate accurately the outlays of off-budget Federal entities to the budget. The Congress recognizes that by law the outlays of off-budget Federal entities are not reflected in the budget totals, and that in fiscal year 1980, off-budget outlays (and, hence, the off-budget deficit) are estimated to be $16,000,000,000.

Mr. MUSKIE. I so move and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Maine to concur in the House amendment with an amendment.

On this motion, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, this is the last rollcall vote today.

The PRESIDING OFFICER. The Senate is not in order. Senators will please refrain from private conversation.

The vote will continue.

The legislative clerk resumed and concluded the call of the roll.

Mr. CRANSTON. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Alaska (Mr. GRAVEL), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Connecticut (Mr. RIBICOFF), the Senator from Illinois (Mr. STEVENSON), and the Senator from Georgia (Mr. TALMADGE) are necessarily absent.

I further announce that, if present and voting, the Senator from Massachusetts (Mr. KENNEDY), would vote "yea."

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. BAKER) and the Senator from Maryland (Mr. MATHIAS), are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 65, nays 27, as follows:

[Rollcall Vote No. 392 Leg.]

YEAS—65

Baucus
Bellmon
Bentsen
Biden
Boschwitz
Burdick
Byrd, Robert C.
Cannon
Chafee
Chiles
Church
Cohen
Culver
Danforth
Dole
Domenici
Durenberger
Eagleton
Ford
Garn
Glenn
Goldwater
Hayakawa
Heinz
Hollings
Huddleston
Inouye
Jackson
Javits
Johnston
Kassebaum
Leahy
Long
Lugar
McClure
McGovern
Magnuson
Matsunaga
Melcher
Metzenbaum
Morgan
Moynihan
Muskie
Nelson
Nunn
Packwood
Pell
Percy
Randolph
Riegle
Sarbanes
Sasser
Schmitt
Stafford
Stennis
Stevens
Stewart
Stone
Tower
Tsongas
Wallop
Warner
Weicker
Williams
Young

NAYS—27

Armstrong
Boren
Bradley
Bumpers
Byrd,
Harry F., Jr.
Cochran
Cranston
DeConcini
Durkin
Exon
Hart
Hatch
Hatfield
Heflin
Helms
Humphrey
Jepsen
Laxalt
Levin
Pressler
Proxmire
Pryor
Roth
Schweiker
Simpson
Thurmond
Zorinsky

NOT VOTING—8

Baker
Bayh
Gravel
Kennedy
Mathias
Ribicoff
Stevenson
Talmadge

So the motion was agreed to.

Mr. BELLMON. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. MUSKIE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MURDER IN CHICAGO

Mr. PERCY. Mr. President, this past week, the Chicago Tribune carried an extraordinary series of articles on "Murder in Chicago." The series featured personal insights into each of 22 victims murdered during a single typical week, and explored in depth such factors as domestic disputes and street gangs in developing a chilling profile of killing. There were 787 homicides in Chicago in 1978.

In 1978, 63 percent of the people murdered in Chicago were killed with firearms, 54 percent with handguns. It is hard to ignore the cause and effect relationship between these deaths and the availability of handguns.

Acting Chicago police superintendent Joe DiLeonardi summed up the situation:

> If you're mad at me and you have no gun, you may punch me in the nose. The fact that the gun is available causes homicides. And most of our murders are between people who know one another and just have altercations. That's why I advocate handgun control. You may be, because of your upbringing, a tough guy. But if you have no firearm, you're not going to kill. In other words, disagreements may lead to physical confrontations versus firearm confrontations.

Because of the timeliness of this discussion, as well as the fine reporting and vivid writing of the Tribune series, I commend this excerpt to my colleagues, especially those from Southern or Western States that do not face a problem of this shocking magnitude.

I ask unanimous consent that the article "Murder in Chicago: Who Dies, How, and Why," appearing in the October 28 Chicago Tribune, be inserted in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MURDER IN CHICAGO: WHO DIES, HOW, AND WHY

(By Rogers Worthington)

We can start with Eugene Smith, because in many ways his death typifies murder in Chicago. A few weeks ago Smith, 34, got into an argument with another man over something so trivial it is hard to imagine it ended with the loss of a human life. Smith, who recently had moved to a new apartment, argued with one of the men at his old building over a towel of his the man had been using.

Smith was 6 feet 2 inches tall, weighed 190 pounds, and was considered a good athlete. He did not like this man using his towel. Nor did he especially want it back after the man had used it. So Smith demanded the man pay him $3. The man, who was about Smith's age but at 6 feet, 190 pounds, was not quite Smith's size, did not like being told to pay $3 for a towel.

The details of the dispute are hazy. We do not know whether the towel was stolen, or whether it was left behind by Smith and innocently appropriated by the other man. But whatever else the situation was, it was a standoff.

It was one man with another man's property. It was one man telling another to pay up, or face the consequences. It was one man leaning very hard on another man, a man who, it turned out, had an especially low threshold for being leaned on.

So later in the day, when Smith and two neighborhood friends were walking down the 1200 block of South Karlov Street, the man with the towel emerged from the back seat of a car in which he had been riding with three other men, one of whom had a bottle of vodka under the front seat. The man emerged, holding a blue steel .38 revolver in his hand. He moved in the direction of Smith and his two friends.

The man with the gun yelled out, "Hey, Goose!" which was the nickname of basketball-loving Eugene Smith, who friends say once played informal games with players on the Harlem Globetrotters and the Chicago Bulls. And then the man with the gun leveled its four-inch barrel and fired, hitting Eugene Smith twice, once in the abdomen, and once in his chest.

When police arrived they found him lying face down on the curb. Eugene Smith, who was well regarded in his Southwest Side neighborhood, who liked to advise neighborhood kids to stay in school, who loved to help coach neighborhood basketball and baseball teams, and who once studied chemistry at Malcolm X College, was dead at 34 over a $3 towel. Now police are looking for a man named Willie "Bo Bo" Johnson, the suspect in the killing. They may have to look far, because the word around South Karlov Street is that "Bo Bo" has left town.

Eugene Smith was the 610th person to be murdered in Chicago this year. During one week, Sept. 17 to 23, he was one of 22 people to die by someone else's hand. It was a busier week than usual—an average of a little more than three people a day killed, half a person higher than Chicago's yearly homicide average of 2½ cases a day.

Nationally, Eugene Smith was one of about 53 people murdered on that September day. One person was killed every 27 minutes.

Smith was murdered in his own neighborhood, which is contained in Area 4 on the city's police map. Area 4 is one of six regions into which the city has been divided by the Chicago Police Department for investigative purposes. It is bordered on the north by North Avenue, the west by Cicero Avenue, the south by the Stevenson Expressway, and on the east by the Chicago River.

It is the smallest of the six areas, both in size and population—23 square miles and a little over half a million people, 15 per cent of Chicago's population. But it has one of the most intense population densities of the six areas, and it is the city's high achiever in homicide.

Among Chicago policemen it is called "the murder factory." Last year it accounted for 205 of Chicago's 787 murders—26 per cent. Area 4 is rivaled only by Area 1, to the southeast, which accounted for 21.4 per cent of murders.

But there are several other reasons why Eugene Smith's death is typical of a great many Chicago murders. First, he knew his killer, as did 56 percent of the people murdered here last year. The long acknowledged fact persists that we most frequently kill those we know, those we live with and love, those we have dealings with, and those with whom we have an occasional drink or a nodding acquaintance. Murder remains primarily a crime of passion, the culmination of uncontrollable rage between familiar personalities. And it is primarily a crime committed among the poor and jobless. Seventeen of the 22 murder victims during the week of Sept. 17–23 were unemployed. Eugene Smith was one of them.

He was killed in September, which, after December and March, had the most murders last year. Thirty per cent of Chicago's murders happened in those three months in 1978. But in another year there could just as well have been three other peak months. Several researchers have fed a dozen years' worth of monthly murder data into their computers and come to the conclusion that homicide is not a seasonal crime.

"That is one of those myths that everyone just believes," said Carolyn Block, a senior analyst at the Illinois Law Enforcement Commission. "Unlike aggravated simple assault, which takes place mostly during the summer and may be seasonal, there is no seasonality for homicide."

Smith was killed outdoors—as are 45 percent of Chicagoans murdered each year. Of the murders that took place outside last year, 35 percent occurred either on the street (195), in an alley (31), vacant lot (26), park

(6), parking lot (14), CTA 'L' platform (3), or in a forest preserve (6).

Smith was killed by a firearm, as were 63 percent of those murdered here last year. More specifically, the weapon was a handgun, as was the case in 54 percent of all murders; a revolver, the case in 42 percent of murders; a 38-caliber, the case in 30 percent of murders. In contrast, slightly over 3 percent of murders in Chicago in 1978 were committed with shotguns.

Other people were killed in 1978 by other means: 165 by knives and other sharp instruments, and 121 by everything from baseball bats, bottles, pool cues, coat hangers, pillows, tire irons, bumper jacks, and candelabra, to dog leashes, twine, plastic bags, ice choppers, and even a crutch. Forty-seven were murdered by hands and feet.

Murder weapons—Chicago, 1978

Weapon:	*Number of times used*
Revolver	334
Knife	163
Automatic pistol	86
Hands or feet	47
Unknown gun	39
Shotgun	25
Rifle	13
Bludgeoned	10
Baseball bat	8
Electrical cord	7
Hammer	6
Gasoline	5
Derringer	4
Metal pipe	4
Belt	4
Concrete	4
Wooden board	3
Bottle	3
Scissors	2

Eugene Smith was killed by a man who police say has a criminal record. The percentage of murderers with police records has increased steadily over the years, from 44 percent in 1969 to a staggering 70 percent last year. An overwhelming number of victims also have criminal records, confirming the old saw that murder is primarily a crime among criminals. Forty-five percent of those killed in 1969 had criminal records, and 53 percent killed last year had records. Eugene Smith was not one of them.

There are other exceptions to the norm in Smith's case. He was killed on a Thursday night, not on a Friday, Saturday, or Sunday night—the peak nights for homicide, when about half of Chicago's murders occur. And Smith's shooting took place at 7:20 p.m., more than half an hour before the peak homicide hours of 8 p.m. to 4 a.m., when nearly half of murders take place. We are more likely to kill or be killed during our leisure hours and after the sun has set.

But there is another reason why Smith's death is typical: He was a black man, as were 54 per cent of all murder victims last year. (Blacks constituted roughly 38 per cent of Chicago's population in 1975, the latest year for which accurate statistics are available.) The percentage of blacks killed relative to their population has been decreasing in the last decade. But they are still a majority of Chicago's murder victims.

This high percentage of homicides among blacks merited a statistical note in a recent longevity study by the U.S. Public Health Service. A projection for the next 10 years showed that blacks, both men and women, and of all age groups, are substantially more likely to die of homicide than white men and women. In fact, for black men between the ages of 10 and 39, and black women between 10 and 34, homicide is the single largest cause of death.

And Smith's murderer was also a black man, as were 55 per cent of all Chicago murderers last year. But this is a figure that, like black victims, has diminished as a percentage of the total over the past decade. In 1969, 75 per cent of all murderers in the city were black. By 1974, Chicago's record year for murder (970), that figure had declined to 58 per cent.

Most of Chicago's murders are of blacks by blacks. Only 39 white, Latino, and other nonblack murder victims were killed by blacks last year. But 422 blacks were murdered and 513 blacks were arrested for murder.

Fewer people were murdered in 1978 while they or their murderer were under the influence of alcohol. The percentage of alcohol-related homicides dropped to about 21 per cent last year from 41 per cent in 1969.

Other trends are apparent when comparing Chicago's homicide statistics for the 10 years between 1969 and 1978. The percentage of man-woman homicides, for example—whether between marrieds or boyfriend-girlfriend—has declined from 12.3 per cent of the total number of homicides in 1969 to 8.6 per cent last year. The percentage of murders committed by women in the city, however, has remained small but stable, between 10 and 12 per cent for most of the decade.

While still one of the highest in the nation, the Chicago Police Department's clearance rate for homicides has declined in the past decade, as it has for most big-city police departments. (A case is considered "cleared" when the police arrest a suspect or when the suspect dies, or when a ruling of justifiable homicide is made.) In 1969 the clearance rate for murder committed that year was 83.2 per cent.

In 1978, it was 74.3 per cent. Criminal justice scholars say this decline reflects the greater quantity of "mystery" or "stranger" killings—murders in which the killer is unknown—compared to "smoking gun" murders, where the killer is usually arrested at the scene (nearly half by uniformed patrolmen).

Organized crime killings in the city—20 since 1970—are almost never cleared up. "I can't think of a single organized crime killing that has been cleared up in the last 10 years," said Intelligence Division commander Louis Sabella.

The percentage of killings among people who know each other has edged down slightly in the city, from 64 per cent in 1969, to 56 per cent last year. On the other hand, murder between strangers has moved up from about 35 per cent in 1969 to 44 per cent in 1978. A part of that is still accounted for by the rise in the late 1960s and early 1970s of homicides related to armed robbery. The percentage of homicides committed during robbery at gunpoint, however, has declined in Chicago by more than 30 per cent since 1975. Last year there were 84 homicides during robbery at gunpoint, compared to 131 in 1975.

When the final count of armed robbery homicides is made at the end of this year, the case of Menzir Elyouseff will be among them. Elyouseff was a young Lebanese immigrant who had been in this country only a few months. He had the good fortune, or so he thought, to land a job as a night assistant manager at Church's Fried Chicken. The restaurant's address, however, is 1755 W. Jackson Blvd. That street, along with South State, has in past years had one of the highest homicide rates in Chicago.

When two young men came in and ordered chicken a few weeks ago, Elyouseff did what he was trained to do; he asked for payment while the order was being prepared. The two men, both in their early 20s, obliged. But then one of them pulled out a gun and demanded the contents of the cash register.

Elyouseff was startled. He stepped back from the counter, his left hand raised before him with his palm facing out as though it could stop the bullet that was about to erupt from the gun barrel before him.

The man with the gun fired once, sending a large-caliber bullet through the palm of Elyouseff's hand and into his chest, where it severed his aorta. The holdup men fled without taking any money. Elyouseff was pronounced dead on arrival at Cook County Hospital. It was left to the Lebanese consul to notify Elyouseff's family in Beirut.

A curious postscript to the killing was an odd bit of information passed along by the Central Intelligence Agency to the FBI office in Chicago a few weeks ago. A threat had been received from the Popular Front for the Liberation of Palestine, declaring their intention to take the lives of American agents and officials in retaliation for the killing of Menzir Elyouseff.

ROUTINE MORNING BUSINESS

Mr. **ROBERT C. BYRD**. Mr. President, I ask unanimous consent that there now be a brief period for the transaction of routine morning business of not to exceed 30 minutes, and that Senators may speak therein up to 5 minutes each.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

POSITION OF SENATOR BUMPERS ON AMENDMENT NO. 730 TO H.R. 5359

Mr. **BUMPERS**. Mr. President, I was unavoidably absent from the Senate yesterday. During my absence a vote on a matter which I believe to be extremely important occurred, a vote on an amendment offered by the Senator from Wisconsin (Mr. PROXMIRE).

His amendment would have deleted the aircraft carrier, the so-called *Nimitz*-class nuclear-powered aircraft carrier, from the fiscal year 1980 appropriations for the Department of Defense. It was overwhelmingly defeated, I think 72 to 20.

I regret that I was not here and the reason I speak now, Mr. President, is to make it crystal clear that I would have joined the Senator from Wisconsin had I been here. I do not know how much more information the Senate and the Congress will have to have before they understand that this is one of the least cost-effective endeavors in the whole defense budget. It is not a question of whether we want an aircraft carrier or whether we do not. The question is, What is the most cost-effective defense system?

This aircraft carrier will cost over $2.5 billion in 1980 dollars before it is deployed. We now have 12 aircraft carriers, almost all of which will be available to us through the year 2000. Ever since I have been in the Senate, there has been this cry for just one more, one more.

Last year, the President, after the Congress had authorized a *Nimitz*-class nuclear-powered carrier, felt so strongly about that unasked for action that he vetoed the whole defense authorization bill. He called about 10 of us over to the White House and gave what I thought were the most persuasive, compelling arguments I have ever heard against any weapons system.

Congress came back and redid fiscal year 1979 authorization and appropriations bills without the nuclear-powered aircraft carrier, in deference to those arguments and in deference to the President.

Yet, this year, that same President came back and asked for a conventional-powered carrier and Congress said. "Well, if he is going to reverse himself and do 180 degrees from last year, let us go ahead and make it nuclear-powered."

In all fairness, Mr. President, if we are going to build a $2 billion-plus behemoth like that *Nimitz*-class carrier we have just appropriated the money for—if we are going to build any large deck carrier it ought to be nuclear- and not conventional-powered because I do not know where we would get the diesel fuel to burn in it after the year 2000. But fuel is only part of the cost, Mr. President.

Ask the Congressional Research Service what it will cost to run that aircraft carrier by itself over its 30-year lifetime and they will tell you the lifetime cost of it and its aircraft in 1980 dollars is $26 billion.

I hear all the hue and cry about we are not going to vote for SALT II if we do not put more money into conventional weapons; we have to have a better defended NATO alliance; we are out of ammunition; we could not sustain more than a 30- to 60-day war because we are short of ammunition, short of equipment. Then we go ahead and appropriate over $2 billion for a dinosaur that is going to be the first sighted and the first sunk in case there is an outbreak of hostility.

I think we have made a tragic mistake, Mr. President. Apparently, the President has agreed to sign the bill. I think that is tragic for the country, too.

Mr. President, because I was out of the Capitol and was not here to assist my distinguished colleague from Wisconsin, I want the record to show my strong feelings about this. I may have more to say about it when we resume deliberations on the fiscal year 1980 Defense Department appropriations bill.

STIFF OPPOSITION TO MX PLAN EMERGES

Mr. DECONCINI. Mr. President, an article in yesterday's Washington Post raises some fundamental questions about our defense posture and its relationship to the SALT II treaty. The real issue is whether or not the MX missile will ultimately be deployed. A number of Senators are quoted as expressing the view that primarily because of the exotic and expensive basing mode preferred by the administration, the entire project is likely to flounder.

In an effort to sway votes in favor of the treaty, the administration has made a number of commitments regarding future defense spending. One key element in this process was a commitment to Congress that the administration will support the rapid development and deployment of the MX missile. If the SALT II debate has had any positive effect, it has been to demonstrate graphically potential American military weakness. And a number of Senators have correctly concluded that a new arms limitation treaty must be accompanied by a modernization of American strategic forces.

However, the apparent political vulnerability of the new MX system is disquieting. The administration apparently concluded that the MX must be based within the elaborate "racetrack" system to avoid conflict with the provisions of the SALT II treaty. At the time the administration adopted this plan, it was suggested in some quarters that the racetrack system would ultimately prove so expensive and complex that it would bring down the entire MX program.

If there is validity to the Post article, that is precisely what appears to be happening. Although I am not among those Senators who believe that the MX is sufficient to justify SALT II, I am a firm believer in the necessity of the MX missile system. Reliable experts predict that the American land-based missile force will become vulnerable to a Soviet first-strike within a half dozen years. If we intend to keep the triad defense concept, our land-based missile force must be revitalized.

In order to enable this administration and any future administration to utilize the more effective and less costly method of MX basing involving vertical silos, I am offering an understanding to be included in the SALT II resolution of ratification. The problem arises because the Treaty limits launchers rather than missiles. The vertical silo basing method involves the construction of approximately 2,000 silos to house 200 missiles. Like the old shell game, all but 200 of the silos would be decoys, but would force the Soviets to target each one in the event of a first-strike. The understanding I am offering would simply make it clear that decoy silos of the type contemplated in this basing mode would not count against the total limits on launchers. Unquestionably, this basing mode falls within the spirit of the Treaty, and the understanding, if adopted by the Senate, would remove the administration's fear of a technical violation if the Treaty is ultimately adopted.

I ask unanimous consent to have the understanding and the Washington Post article printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

UNDERSTANDING

Intended to be proposed by Mr. DECONCINI to the resolution of ratification of the Treaty Between the United States of America and the Union of Soviet Socialist Republics on the Limitation of Strategic Offensive Arms, done at Vienna on June 18, 1979, viz:

Before the period at the end of the resolution of ratification, insert a comma and the following: "subject to the understanding, which is to be made a part of the instrument of ratification, that nothing in the Treaty may be construed as requiring either Party to the Treaty to count, for the purposes of the limitations on the number of launchers permitted under the Treaty, as an intercontinental ballistic missile (ICBM) launcher any vertical shelter (silo) that is not equipped with an intercontinental ballistic missile (ICBM) launcher (as defined in the first paragraph of Article II of the Treaty)".

STIFF OPPOSITION TO MX PLAN EMERGES

(By Robert G. Kaiser)

The MX supermissile, a critical ingredient in the package of inducements the White House has assembled to promote SALT II, appears to face more serious opposition in the Senate than previously realized.

In an unpublicized vote recently, the Senate Appropriations Committee surprised its own members by voting just 13 to 8 against a motion to delete all funds for the MX. And it is relatively easy to find Senate members and staff assistants—even some who favor the MX—who predict the elaborate missile system will never be built.

The MX has had an ironic history. The Carter administration has backed it avidly to satisfy senators who feel the country cannot afford the strategic arms limitation treaty without a new missile system. But many officials inside the administration, including Adm. Stansfield Turner, the director of central intelligence, have opposed the MX plan.

Today pro-SALT senators who have misgivings about the MX are supporting it for the sake of the treaty. One example, apparently, was Birch Bayh (D-Ind.), who supported the MX in the Appropriations Committee despite some doubt about its efficacy.

The vote in the committee came on a motion by Mark Hatfield (R-Ore.) to delete all funds ($670 million) for the MX from next year's defense budget and redirect $20 million to study a submarine-based alternative plan. Hatfield was amazed to get eight votes for his proposal in the committee and just 13 opponents (a later poll of the full membership made the vote 18 to 9.)

One surprising Hatfield ally was Henry Bellmon (R-Okla.), who predicted that the MX will eventually cost $120 billion. (The Pentagon says it will cost $33 billion; the Congressional Budget Office predicts a figure nearer $60 billion.) "I am contrary to a multibillion contraption that probably will never be finished," Bellmon said.

Another surprise was the vote of Ted Stevens (R-Alaska), the minority whip and a SALT opponent. Stevens even criticized Bellmon for wanting to preserve and redirect $20 million of the MX money. "I would totally zero it," Stevens said, "and it would be the first time I voted like this on a defense position."

Hatfield will reintroduce his motion on the Senate floor this week or next. His aides predict it will fail this time, in part at least because many SALT supporters will vote against it for the sake of the treaty. But eventually Hatfield and other senators expect the MX to be killed in Congress.

Sen. Daniel Patrick Moynihan (D-N.Y.), a relatively hard-liner on defense issues, predicts flatly that the MX will never be built. "I think that this [MX] is the kind of technological exotica that large organizations can get caught up in, and it's only when everyone else sees it that they look up and say, 'That's crazy.' "

It may be typical of the irony beclouding MX that despite this view, Moynihan will vote for the missile program on the Senate floor. Moynihan wants to stick with Senate colleagues who are seeking a stronger American defense, he explained in an interview.

A combination of practical and political factors underlies the predictions that MX will not be built. The practical problems posed by this most complex of all existing weapons systems are staggering.

Simply building it will be a gargantuan project, comparable to the biggest public works undertakings in American history. As proposed by the Carter administration, there will be 200 MX missiles, each of them attached to its own immense transporter-launcher, a truck-like device.

Each missile will carry 10 independently targetable nuclear warheads, and each will be based on its own paved "racetrack" in the desert in Utah or Nevada.

The idea of the MX is to fool Soviet targeters so they can never know exactly where the MX missiles are hidden. This is intended to preserve the invulnerability of American landbased missiles in an era when the growing number of Soviet warheads will soon give the Soviets a theoretical opportunity to strike simultaneously at all of America's existing, fixed-silo ICBMs.

This concern over the potential and theoretical vulnerability of the land-based missiles has alarmed many senators, including the majority leader, Robert C. Byrd (D-W. Va.). Before endorsing SALT II, Byrd sought and received written assurance from President Carter that the MX would indeed be built.

But presidential assurances cannot overcome all the obstacles that lie in the path of the MX. For example, the proposed project will have to satisfy the conditions of 33 different federal laws, ranging from the endangered species act to various clean water and air statutes. Almost every one of these laws could provoke lawsuits from arms control advocates or environmental activists, and representatives of both groups have already begun planning such legal action.

Water for MX is a particularly contentious subject. Just yesterday the governor of Utah, Scott Matheson, warned that he would withdraw his tentative endorsement of putting MXs in Utah if the federal government sought to avoid state controls on the water supply. Matheson also requested $2 billion in federal aid to Utah and Nevada to cope with the social and economic repercussions of the MX project.

The MX will require congressional approval for the transfer of lands now administered by the federal Bureau of Land Management to the Air Force. Two of the most liberal committees on Capitol Hill—Senate Energy and House Interior—would have to give their assent.

To prevail on MX the Pentagon will have to persuade both Senate and House to go into this enormously expensive undertaking—involving not only 200 racetracks and 4,600 shelters, but an elaborate railroad, huge barriers and other gimmicks to convince the Soviets that there is only one rocket on every racetrack.

Persuading Congress to appropriate these tens of billions might be easier if MX was guaranteed to succeed. But even administration officials acknowledge that as now designed, the scheme can work only if the limits contained in SALT II stay in effect. If they lapse, the Soviets could relatively easily add new warheads beyond the number SALT II permits to neutralize the MX or force the United States to expand it greatly.

In the end, some MX critics predict, the size, cost and Rube Goldberg complexity of the MX plan will bring it down, perhaps leaving the United States with no new weapons system to compensate for recent Soviet advances.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Chirdon, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

ENROLLED BILLS SIGNED

At 1:25 p.m., a message from the House of Representatives delivered by Mr. Berry, one of its reading clerks, announced that the Speaker has signed the following enrolled bills:

S. 640. An act to authorize appropriations for the fiscal year 1980 for certain maritime programs of the Department of Commerce, and for other purposes;

S. 838. An act to authorize appropriations for fiscal years 1980, 1981, and 1982 to carry out cooperative programs with the States for the conservation of anadromous fish, and for other purposes;

S. 1281. An act to revitalize the pleasure cruise industry by clarifying and waiving certain restrictions in the Merchant Marine Act, 1936, and the Merchant Marine Act, 1920, to permit the entry of the steamship vessel *United States*, steamship vessel *Oceanic Independence*, steamship vessel *Santa Rosa*, and the steamship vessels *Mariposa* and *Monterey* into the trade;

H.R. 998. An act to amend the Agricultural Adjustment Act of 1938, as amended, to exempt State prison farms from paying of marketing quota penalties; and

H.R. 2196. An act to establish a Congressional Award Board to administer a Congressional Award Program designed to encourage initiative and achievement among youths.

The enrolled bills were subsequently signed by the Vice President.

At 4:13 p.m., a message from the House of Representatives delivered by Mr. Gregory, one of its reading clerks, announced that the House has passed the joint resolution (S.J. Res. 117) to provide for a temporary extension of certain Federal Housing Administration authorities, and for other purposes, with amendments in which it requests the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message also announced that the Speaker has signed the following enrolled bills:

H.R. 3319. An act for the relief of Jose Quintana Dominguez Sendelas; and

H.R. 5279. An act to provide for the distribution within the United States of the International Communication Agency film entitled "Reflections: George Meany."

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, November 7, 1979, he presented to the President of the United States the following enrolled bills:

S. 640. An act to authorize appropriations for the fiscal year 1980 for certain maritime programs of the Department of Commerce, and for other purposes;

S. 838. An act to authorize appropriations for fiscal years 1980, 1981, and 1982 to carry out cooperative programs with the States for the conservation of anadromous fish, and for other purposes; and

S. 1291. An act to revitalize the pleasure cruise industry by clarifying and waiving certain restrictions in the Merchant Marine Act, 1936, and the Merchant Marine Act, 1920, to permit the entry of the steamship vessel *United States*, steamship vessel *Oceanic Independence*, steamship vessel *Santa Rosa*, and the steamship vessels *Mariposa* and *Monterey* into the trade.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-2437. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Modernizing the Air Reserve Forces—More Emphasis on Logistics Support Needed"; to the Committee on Armed Services.

EC-2438. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Serving a Broader Economic Range of Families in Public Housing Could Reduce Operating Subsidies"; to the Committee on Banking, Housing, and Urban Affairs.

EC-2439. A communication from the Administrator of the National Aeronautics and Space Administration, transmitting, pursuant to law, notice of the proposed redirection of NASA's Galileo project; to the Committee on Commerce, Science, and Transportation.

EC-2440. A communication from the Director of Congressional Relations, U.S. Consumer Product Safety Commission, transmitting, pursuant to law, a copy of the Commission's budget estimate submitted to the Office of Management and Budget; to the Committee on Commerce, Science, and Transportation.

EC-2441. A communication from the Secretary of Transportation transmitting, pursuant to law, the Department's report on contracts negotiated under 10 U.S.C. 2304(a) (11) during the period April 1 through September 30, 1979; to the Committee on Commerce, Science, and Transportation.

EC-2442. A communication from the Deputy Assistant Secretary of the Interior, transmitting, pursuant to law, the required notice on leasing systems for the oil and gas lease sale No. BF, Joint Federal/State Beaufort Sea; to the Committee on Energy and Natural Resources.

EC-2443. A communication from the Chairman of the Council of the District of Columbia transmitting, pursuant to law, a copy of the Act passed by the Council and signed by the Mayor entitled "Interest Rate Modification Act of 1979"; to the Committee on Governmental Affairs.

EC-2444. A communication from the Secretary of Health, Education, and Welfare, transmitting, pursuant to law, a report concerning surplus real property disposed of to public health and educational institutions; to the Committee on Governmental Affairs.

EC-2445. A communication from the Secretary of Health, Education, and Welfare, transmitting, pursuant to law, the report on Health Professions Financial Distress Grant Program; to the Committee on Labor and Human Resources.

EC-2446. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report on four new deferrals of budget authority and a revision to one previously transmitted increasing the amount deferred; to the Committee on Appropriations, the Committee on the Budget, the Commitee on Agriculture, Nutrition, and Forestry, the Committee on Commerce, Science, and Transportation, and the Committee on Labor and Human Resources, jointly, pursuant to the order of January 30, 1975.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. RIBICOFF, from the Committee on Governmental Affairs, without amendment, unfavorably:

S. Res. 245. Resolution disapproving reorganization plan numbered 3, 1979 (Rept. No. 96-402).

By Mr. PELL, from the Committee on Rules and Administration, without amendment:

S. Res. 89. Resolution authorizing the designation of Room S-120 in the United States Capitol as the "Hugh Scott Room".

S. Res. 274. A resolution to revise and modernize the Standing Rules of the Senate without substantive change in Senate procedure and to incorporate therein certain other rules of the Senate (Rept. No. 96-403).

S. Res. 256. Resolution authorizing reimbursement of the contingent fund of the Senate for legal expenses incurred by Senator Thurmond in defending a civil action brought against him (Rept. No. 96-404).

S. Res. 275. An original resolution authorizing the designation of Room S-114 in the United States Capitol as the "Harry Flood Byrd, Sr., Room".

S. Res. 276. An original resolution to pay a gratuity to Gertrude G. Dissmore and Chester H. Dissmore.

S. Con. Res. 45. Concurrent resolution authorizing the printing of a revised edition of the "Handbook for Small Business" as a Senate document (Rept. No. 96-405).

By Mr. MUSKIE, from the Committee on the Budget, without amendment:

S. Res. 265. Resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 1724 (Rept. No. 96-406).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. DeCONCINI:

S. 1985. A bill to authorize the Secretary of Agriculture to convey certain lands in the State of Arizona, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. INOUYE:

S. 1986. A bill to amend the Immigration and Nationality Act to permit mentally retarded adults to become United States citizens; to the Committee on the Judiciary.

By Mr. CHURCH:

S. 1987. A bill for the relief of Maria Elba Leora Hernandez; to the Committee on the Judiciary.

By Mr. PRYOR (for himself and Mr. Bumpers):

S. 1988. A bill to equalize competition between State and national banks, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. DeCONCINI:

S. 1985. A bill to authorize the Secretary of Agriculture to convey certain lands in the State of Arizona, and for other purposes; to the Committee on Energy and Natural Resources.

FLAGSTAFF LAND EXCHANGE

Mr. DeCONCINI. Mr. President, I am pleased to introduce today legislation which is essential to the future health care demands of the residents of the growing community of Flagstaff, Ariz.

The purpose of this legislation is twofold: It will afford the Flagstaff Medical Regional Center the opportunity to acquire 18.5 acres of national forest land for expansion of its existing health care facility and will give the city of Flagstaff the right to acquire fee title to 132.5 acres of land known as Thorpe Park.

The Flagstaff Medical Regional Center is the largest hospital facility in the northern region of Arizona and not only serves the health care needs of the city, but the entire northern area of the State as well. The hospital has long expressed a desire to obtain suitable land for the expansion of the facility to accommodate future health care needs. The land to be acquired for this purpose is adjacent to the present quarters of the Coconino National Forest administrative offices, known as Knob Hill. However, a location for the Forest Service offices, which would be compatible to the surrounding environment and consistent with the diversity of land management activities is preferable and long overdue. This legislation will enable the Forest Service to seek larger, improved quarters to accommodate its increased activities on the Coconino National Forest.

The city of Flagstaff has, for over 50 years, utilized 132.5 acres of national forest land for one of the largest park facilities in the city, Thorpe Park. The city is currently operating the park under a special-use permit from the Forest Service and this land exchange legislation would allow the city to acquire title to the land over a 10-year period.

The degree of mutual respect and cooperation that has existed between the city of Flagstaff and the administrators of the Coconino National Forest has been outstanding. This legislation will provide benefits to both, and I believe, will contribute to the continued harmony between the city and the Federal agency for years to come.

I urge early consideration of this bill by the Energy and Natural Resources Committee and its speedy enactment by the Senate.

I ask unanimous consent that the text of the bill be printed in the Record at this time.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1985

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the Secretary of Agriculture (hereafter in this Act referred to as the "Secretary") is authorized to convey by quitclaim deed, subject to the provisions of subsections (b) and (c) of this Act, all right, title, and interest of the United States in and to the following decribed tract of lands and improvements thereon:

Gila and Salt River Meridian

(Coconino County, Arizona)

T. 21 N., R. 7 E.,

Sec. 15. N½NE¼, NE¼NW¼, NE¼SE¼ NW¼NW¼ and N½SE¼SE¼NW¼ NW¼;

Sec. 16. S½NE¼NE¼NW¼, NW¼NE¼ NW¼, S½NE¼NW¼, NW¼NW¼, N½NE¼ SW¼NW¼, SE¼NE¼SW¼NW¼, N½NW¼ SW¼NW¼, E½SE¼SW¼NW¼, and SE¼ NW¼.

The area described contains 256.25 acres more or less.

(b)(1) Any conveyances pursuant to subsection (a) of this Act shall be conditioned upon the Secretary entering into agreements or land exchanges, sufficient to assure the Secretary that any party with whom such agreements or land exchanges are to be made will construct on a site to be determined by the Secretary, administrative improvements equal in value to the lands and improvements authorized to be conveyed by subsection (a). The lands and improvements may be conveyed by a series of transactions or land exchanges.

(2) Each party to whom conveyances are to be made may, in the discretion of the Secretary, deposit cash in an amount not less than the fair market value, to be determined at the time of conveyance, of the lands and improvements conveyed. The cash so deposited is authorized to remain available until expended by the Secretary for the purposes of constructing administrative improvements as described in this Act. If the value of any land and improvements thereon authorized to be conveyed by subsection (a) exceeds the value of administrative improvements determined to be necessary by the Secretary to be constructed with respect to such land under this Act, the party to whom such conveyance is to be made shall make a cash payment to the United States in an amount equal to such difference in value, and such amount is authorized to remain available to the Secretary until expended for the purposes of acquiring other lands needed for National Forest purposes in the Coconino National Forest in Arizona.

(c)(1) Of the tract of land described in subsection (a), the Secretary shall offer to sell at the fair market value, as determined on the date of enactment of this Act, to the Flagstaff Medical Regional Center, Flagstaff, Arizona, not to exceed 18.25 acres immediately adjacent to said Flagstaff Medical Regional Center and to the City of Flagstaff, Arizona, not to exceed 132.5 acres, under special use permit in effect on the date of enactment of this Act to the City of Flagstaff. Such offers to sell to the Flagstaff Medical Regional Center and to the City of Flagstaff shall remain in effect for periods of not to exceed 3 years and 10 years, respectively. Subject to the limitations contained in this paragraph, the City of Flagstaff and the Flagstaff Medical

Regional Center may identify any specific tracts of land they want to purchase.

(2) Except for any land to be conveyed to the Flagstaff Medical Regional Center and the City of Flagstaff, the Secretary shall solicit public offers for the remaining lands and improvements authorized under subsection (a). All offers shall be publicly opened at the time and place stated in the solicitation in accordance with the administrative requirements of the Secretary. The Secretary shall consider price and land values before entering into agreements or land exchanges with any party whose offer conforming to the solicitation notice is determined by the Secretary to be most advantageous to the Government. Notwithstanding any other provision of this Act, the Secretary may reject any offer if the Secretary determines that such rejection is in the public interest.

By Mr. INOUYE:

S. 1986. A bill to amend the Immigration and Nationality Act to permit mentally retarded adults to become U.S. citizens; to the Committee on the Judiciary.

● Mr. INOUYE. Mr. President, today, I am introducing a bill to amend the Immigration and Naturalization Act to permit certain mentally retarded adults to become U.S. citizens.

The present statute causes great hardships on families which have immigrated to the United States of America having mentally retarded children as family members. In the space of time required for the heads of these immigrant households, that is, parents and guardians of the mentally retarded, to become citizens of the United States of America, many of the mentally retarded persons become adults chronologically. Having attained the age of 18, these mentally retarded are then required to demonstrate performances expected of a person with normal faculties in order to become U.S. citizens.

For example, the law requires that a person who seeks naturalization demonstrate knowledge of and attachment to the Constitution and Government of the United States of America. He must comprehend the effect of the oath of renunciation and allegiance and the nature of the obligation of citizenship.

Yet, we know that many mentally retarded adults are not capable of these demonstrations. The families have come to make their home in this country. They have worked hard and have yearned to become citizens. When they have attained the expected requirements, they anguish over the denial of citizenship for the mentally retarded member. The Immigration and Naturalization Service agents inform me that they too are anguished enforcing this law that separates the dependent retarded person from his loved ones.

Therefore, I am introducing this bill to amend the present law to allow the mentally retarded adult alien who is accompanied by his family to become a naturalized citizen in the same process that a child of tender years may become a United States of America citizen. Enactment of this legislation will demonstrate the continued compassion of America for those in need while preserving the integrity of the family.

Mr. President, I ask unanimous consent that the text of my bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1986

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (a) of section 322 of the Immigration and Nationality Act (8 U.S.C. 1433) is amended by—

(1) inserting ", or if mentally retarded," after "eighteen years", and

(2) inserting ", or is mentally retarded" after "tender years".●

ADDITIONAL COSPONSORS

S. 1090, S. 1091, AND S. 1092

At the request of Mr. Talmadge, the Senator from Nebraska (Mr. Zorinsky) was added as a cosponsor of S. 1090, S. 1091, and S. 1092, bills to amend the Internal Revenue Code and the Employee Retirement Income Security Act relating to church plans.

S. 1121

At the request of Mr. Hayakawa, the Senator from Nevada (Mr. Cannon) was added as a cosponsor of S. 1121, a bill to amend the Saccharin Study and Labeling Act.

S. 1327

At the request of Mr. Hart, the Senator from Utah (Mr. Garn) was added as a cosponsor of S. 1327, a bill to amend the Fair Labor Standards Act of 1938 to exempt full-time students serving as resident assistants and resident counselors in private nonprofit institutions of higher education from that act, and for other purposes.

S. 1328

At the request of Mr. Hatfield, the Senator from Virginia (Mr. Warner) was added as a cosponsor of S. 1328, a bill to amend the Federal Water Pollution Control Act to provide an additional allotment of funds to certain States, and for other purposes.

S. 1435

At the request of Mr. Packwood, the Senator from New Mexico (Mr. Schmitt) was added as a cosponsor of S. 1435, a bill to provide a system of capital recovery for investment in plant and equipment, and to encourage economic growth and modernization through increased capital investment and expanded employment opportunities.

S. 1496

At the request of Mr. Inouye, the Senator from South Dakota (Mr. Pressler) was added as a cosponsor of S. 1496, a bill to amend the Interstate Commerce Act to provide for more effective regulation of carriers, and for other purposes.

S. 1549

At the request of Mr. Boren, the Senator from Rhode Island (Mr. Chafee) was added as a cosponsor of S. 1549, a bill to amend the Internal Revenue Code of 1954 to change the period for the payment of taxes under section 4161(a) of such code.

S. 1598

At the request of Mr. Nelson, the Senator from Oklahoma (Mr. Boren) was added as a cosponsor of S. 1598, the State Social Security Deposit Act.

S. 1647

At the request of Mr. Inouye, the Senator from Maryland (Mr. Mathias) was added as a cosponsor of S. 1647, a bill to establish a commission to gather facts to determine whether any wrong was committed against those American citizens and permanent resident aliens affected by Executive Order 9066, and for other purposes.

S. 1707

At the request of Mr. Sasser, the Senator from Tennessee (Mr. Baker) was added as a cosponsor of S. 1707, a bill to authorize funds for the William Levi Dawson Institute of Public Affairs.

S. 1823

At the request of Mr. Heinz, the Senator from Michigan (Mr. Levin) and the Senator from Hawaii (Mr. Inouye) were added as cosponsors of S. 1823, a bill to improve the quality of children's lives through the creation of a National Endowment for Children's Television.

S. 1858

At the request of Mr. Bayh, the Senator from North Dakota (Mr. Young) and the Senator from Nevada (Mr. Cannon) were added as cosponsors of S. 1858, the National Guard Tort Claims Act of 1979.

S. 1884

At the request of Mr. Hart, the Senator from Florida (Mr. Stone) was added as a cosponsor of S. 1884, a bill to provide that legislation appropriating funds for payment of salaries to Federal employees shall be enacted separately from other legislation.

S. 1922

At the request of Mr. Domenici, the Senator from Montana (Mr. Melcher) was added as a cosponsor of S. 1922, a bill relating to appeals involving certain orders of the Secretary of the Interior and the Secretary of Agriculture canceling permits to graze livestock on public rangelands.

S. 1984

At the request of Mr. Wallop, the Senator from South Carolina (Mr. Thurmond) was added as a cosponsor of S. 1984, the Estate and Gift Tax Amendments of 1979.

AMENDMENT NO. 413

At the request of Mr. Hatfield, the Senator from Illinois (Mr. Stevenson) was added as a cosponsor of amendment No. 413 intended to be proposed to the SALT II treaty, Ex. Y, 96–1.

AMENDMENT NO. 569

At the request of Mr. Percy, the Senator from California (Mr. Cranston) and the Senator from Colorado (Mr. Armstrong) were added as cosponsors of amendment No. 569 intended to be proposed to S. 932, a bill to extend the Defense Production Act of 1950, as amended.

SENATE JOINT RESOLUTION 39

At the request of Mr. Randolph, the Senator from New Jersey (Mr. Williams) was added as a cosponsor of Senate Joint Resolution 39, a joint resolution to establish the "National Employ the Older Worker Week."

SENATE RESOLUTION 274—SUBMISSION OF A RESOLUTION REVISED STANDING RULES OF THE SENATE

Mr. ROBERT C. BYRD (for himself and Mr. BAKER) submitted the following resolution:

S. RES. 274

Resolved, That the Standing Rules for Conducting Business in the United States Senate are amended to read as follows:

"STANDING RULES OF THE SENATE

"RULE I

"APPOINTMENT OF A SENATOR TO THE CHAIR

"1. In the absence of the Vice President, the Senate shall choose a President pro tempore, who shall hold the office and execute the duties thereof during the pleasure of the Senate and until another is elected or his term of office as a Senator expires.

"2. In the absence of the Vice President, and pending the election of a President pro tempore, the Acting President pro tempore or the Secretary of the Senate, or in his absence the Assistant Secretary, shall perform the duties of the Chair.

"3. The President pro tempore shall have the right to name in open Senate or, if absent, in writing, a Senator to perform the duties of the Chair, including the signing of duly enrolled bills and joint resolutions but such substitution shall not extend beyond an adjournment, except by unanimous consent; and the Senator so named shall have the right to name in open session, or, if absent, in writing, a Senator to perform the duties of the Chair, but not to extend beyond an adjournment, except by unanimous consent.

"RULE II

"PRESENTATION OF CREDENTIALS AND QUESTIONS OF PRIVILEGE

"1. The presentation of the credentials of Senators elect or of Senators designate and other questions of privilege shall always be in order, except during the reading and correction of the Journal, while a question of order or a motion to adjourn is pending, or while the Senate is voting or ascertaining the presence of a quorum; and all questions and motions arising or made upon the presentation of such credentials shall be proceeded with until disposed of.

"2. The Secretary shall keep a record of the certificates of appointment of Senators by entering in a well-bound book kept for that purpose the date of the election or appointment, the name of the person elected or appointed, the date of the certificate, the name of the governor and the secretary of state signing and counter-signing the same, and the State from which such Senator is elected or appointed.

"3. The Secretary of the Senate shall send copies of the following recommended forms to the governor and secretary of state of each State wherein an election is about to take place or an appointment is to be made so that they may use such forms if they see fit.

"THE RECOMMENDED FORM FOR CERTIFICATES OF ELECTION AND CERTIFICATE OF APPOINTMENTS ARE AS FOLLOWS:

" 'CERTIFICATES OF ELECTION FOR SIX-YEAR TERM

" 'To the President of the Senate of the United States:

" 'This is to certify that on the — day of ——, 19—, A—— B—— was duly chosen by the qualified electors of the State of —— a Senator from said State to represent said State in the Senate of the United States for the term of six years, beginning on the 3d day of January, 19—.

" 'Witness: His excellency our governor —— and our seal hereto affixed at —— this — day of ——, in the year of our Lord 19—.

" 'By the governor:

" 'C—— D——,
" 'Governor.

" 'E—— F——,
" 'Secretary of State.' "

" 'CERTIFICATE OF ELECTION FOR UNEXPIRED TERM

" 'To the President of the Senate of the United States:

" 'This is to certify that on the — day of ——, 19—, A—— B—— was duly chosen by the qualified electors of the State of —— a Senator for the unexpired term ending at noon on the 3d day of January, 19—, to fill the vacancy in the representation from said State in the Senate of the United States caused by the —— of C—— D——.

" 'Witness: His excellency our governor ——, and our seal hereto affixed at —— this — day of ——, in the year of our Lord 19—.

" By the governor:

" 'E—— F——,
" 'Governor,

" 'G—— H.——,
" 'Secretary of State.' "

" 'CERTIFICATE OF APPOINTMENT

" 'To the President of the Senate of the United States:

" 'This is to certify that, pursuant to the power vested in me by the Constitution of the United States and the laws of the State of ——, I, A—— B—— the governor of said State, do hereby appoint C—— D—— a Senator from said State to represent said State in the Senate of the United States until the vacancy therein cause by the —— of E—— F——, is filled by election as provided by law.

" 'Witness: His excellency our governor ——, and our seal hereto affixed at —— this day of ——, in the year of our Lord 19—.

" 'By the governor:

" 'G—— H——,
" 'Governor.

" 'I—— J——,
" 'Secretary of State.' "

"RULE III

"OATHS

"The oaths or affirmations required by the Constitution and prescribed by law shall be taken and subscribed by each Senator, in open Senate, before entering upon his duties.

"OATH REQUIRED BY THE CONSTITUTION AND BY LAW TO BE TAKEN BY SENATORS

"I, A B, do solemnly swear (or affirm) that I will support and defend the Constitution of the United States against all enemies, foreign and domestic; that I will bear true faith and allegiance to the same; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties of the office on which I am about to enter: So help me God. (5 U.S.C. 3331.)

"RULE IV

"COMMENCEMENT OF DAILY SESSIONS

"1. (a) The Presiding Officer having taken the chair, following the prayer by the Chaplain, and a quorum being present, the Journal of the preceding day shall be read, and any mistake made in the entries corrected. Except as provided in subparagraph (b) the reading of the Journal shall not be suspended unless by unanimous consent; and when any motion shall be made to amend or correct the same, it shall be deemed a privileged question, and proceeded with until disposed of.

"(b) Whenever the Senate is proceeding under paragraph 2 of rule XXII, the reading of the Journal shall be dispensed with and shall be considered approved to date.

"2. During a session of the Senate when that body is in continuous session, the Presiding Officer shall temporarily suspend the business of the Senate at noon each day for the purpose of having the customary daily prayer by the Chaplain.

"RULE V

"JOURNAL

"1. The proceedings of the Senate shall be briefly and accurately stated on the Journal. Messages of the President in full; titles of bills and resolutions, and such part as shall be affected by proposed amendments; every vote, and a brief statement of the contents of each petition, memorial, or paper presented to the Senate, shall be entered.

"2. The legislative, the executive, the confidential legislative proceedings, and the proceedings when sitting as a Court of Impeachment, shall each be recorded in a separate book.

"RULE VI

"QUORUM—ABSENT SENATORS MAY BE SENT FOR

"1. A quorum shall consist of a majority of the Senators duly chosen and sworn.

"2. No Senator shall absent himself from the service of the Senate without leave.

"3. If, at any time during the daily sessions of the Senate, a question shall be raised by any Senator as to the presence of a quorum, the Presiding Officer shall forthwith direct the Secretary to call the roll and shall announce the result, and these proceedings shall be without debate.

"4. Whenever upon such roll call it shall be ascertained that a quorum is not present, a majority of the Senators present may direct the Sergeant at Arms to request, and, when necessary, to compel the attendance of the Absent Senators, which order shall be determined without debate; and pending its execution, and until a quorum shall be present, no debate nor motion, except to adjourn, or to recess pursuant to a previous order entered by unanimous consent, shall be in order.

"RULE VII

"MORNING BUSINESS

"1. On each legislative day after the Journal is read, the Presiding Officer on demand of any Senator shall lay before the Senate messages from the President, reports and communications from the heads of Departments, and other communications addressed to the Senate, and such bills, joint resolutions, and other messages from the House of Representatives as may remain upon his table from any previous day's session undisposed of. The Presiding Officer on demand of any Senator shall then call for, in the following order:

"The presentation of petitions and memorials.

"Reports of committees.

"The introduction of bills and joint resolutions.

"The submission of other resolutions.

All of which shall be received and disposed of in such order, unless unanimous consent shall be otherwise given, with newly offered resolutions being called for before resolutions coming over from a previous legislative day are laid before the Senate.

"2. Until the morning business shall have been concluded, and so announced from the Chair, or until one hour after the Senate convenes at the beginning of a new legislative day, no motion to proceed to the consideration of any bill, resolution, report of a committee, or other subject upon the Calender shall be entertained by the Presiding Officer, unless by unanimous consent: *Provided, however,* That on Mondays which are the beginning of a legislative day the Calendar shall be called under rule VIII, and until two hours after the Senate convenes no motion shall be entertained to proceed to the consideration of any bill, resolution, or other subject upon the Calendar except the motion to continue the consideration of a bill, resolution, or other subject against objection as provided in rule VIII, or until the call of the Calendar has been completed.

"3. The Presiding Officer may at any time lay, and it shall be in order at any time for a Senator to move to lay, before the Senate, any bill or other matter sent to the Senate by the President or the House of Representatives for appropriate action allowed under the rules and any question pending at that time shall be suspended for this purpose. Any motion so made shall be determined without debate.

"4. Petitions or memorials shall be referred, without debate, to the appropriate committee according to subject matter on the same basis as bills and resolutions, if signed by the petitioner or memorialist. A question of receiving or reference may be raised and determined without debate. But no petition or memorial or other paper signed by citizens or subjects of a foreign power shall be received, unless the same be transmitted to the Senate by the President.

"5. Only a brief statement of the contents of petitions and memorials shall be printed in the Congressional Record; and no other portion of any petition or memorial shall be printed in the Record unless specifically so ordered by vote of the Senate, as provided for in paragraph 1 of rule XXIX, in which case the order shall be deemed to apply to the body of the petition or memorial only; and names attached to the petition or memorial shall not be printed unless specially ordered, except that petitions and memorials from the legislatures or conventions, lawfully called, of the respective States, Territories, and insular possessions shall be printed in full in the Record whenever presented.

"6. Senators having petitions, memorials, bills, or resolutions to present after the morning hour may deliver them in the absence of objection to the Presiding Officer's desk, endorsing upon them their names, and with the approval of the Presiding Officer, they shall be entered on the Journal with the names of the Senators presenting them and in the absence of objection shall be considered as having been read twice and referred to the appropriate committees, and a transcript of such entries shall be furnished to the official reporter of debates for publication in the Congressional Record, under the direction of the Secretary of the Senate.

"RULE VIII

"ORDER OF BUSINESS

"1. At the conclusion of the morning business at the beginning of a new legislative day, unless upon motion the Senate shall at any time otherwise order, the Senate shall proceed to the consideration of the Calendar of Bills and Resolutions, and shall continue such consideration until 2 hours after the Senate convenes on such day; and bills and resolutions that are not objected to shall be taken up in their order, and each Senator shall be entitled to speak once and for five minutes only upon any question; and an objection may be interposed at any stage of the proceedings, but upon motion the Senate may continue such consideration; and this order shall commence immediately after the call for 'other resolutions', or after disposition of resolutions coming 'over under the rule', and shall take precedence of the unfinished business and other special orders. But if the Senate shall proceed on motion with the consideration of any matter notwithstanding an objection, the foregoing provisions touching debate shall not apply.

"2. All motions made during the first two hours of a new legislative day to proceed to the consideration of any matter shall be determined without debate, except motions to proceed to the consideration of any motion, resolution, or proposal to change any of the standing rules of the Senate shall be debatable. Motions made after the first two hours of a new legislative day to proceed to the consideration of bills and resolutions are debatable.

"RULE IX

"MESSAGES

"1. Messages from the President of the United States or from the House of Representatives may be received at any stage of proceedings, except while the Senate is voting or ascertaining the presence of a quorum, or while the Journal is being read, or while a question of order or a motion to adjourn is pending.

"2. Messages shall be sent to the House of Representatives by the Secretary, who shall previously certify the determination of the Senate upon all bills, joint resolutions, and other resolutions which may be communicated to the House, or in which its concurrence may be requested; and the Secretary shall also certify and deliver to the President of the United States all resolutions and other communications which may be directed to him by the Senate.

"RULE X

"SPECIAL ORDERS

"1. Any subject may, by a vote of two-thirds of the Senators present, be made a special order of business for consideration and when the time so fixed for its consideration arrives the Presiding Officer shall lay it before the Senate, unless there be unfinished business in which case it takes its place on the Calendar of Special Orders in the order of time at which it was made special, to be considered in that order when there is no unfinished business.

"2. All motions to change such order, or to proceed to the consideration of other business, shall be decided without debate.

"RULE XI

"OBJECTION TO READING A PAPER

"When the reading of a paper is called for, and objected to, it shall be determined by a vote of the Senate, without debate.

"RULE XII

"VOTING PROCEDURE

"1. When the yeas and nays are ordered, the names of Senators shall be called alphabetically; and each Senator shall, without debate, declare his assent or dissent to the question, unless excused by the Senate; and no Senator shall be permitted to vote after the decision shall have been announced by the Presiding Officer, but may for sufficient reasons, with unanimous consent, change or withdraw his vote. No motion to suspend this rule shall be in order, nor shall the Presiding Officer entertain any request to suspend it by unanimous consent.

"2. When a Senator declines to vote on call of his name, he shall be required to assign his reasons therefor, and having assigned them, the Presiding Officer shall submit the question to the Senate: 'Shall the Senator for the reasons assigned by him, be excused from voting?' which shall be decided without debate; and these proceedings shall be had after the rollcall and before the result is announced; and any further proceedings in reference thereto shall be after such announcement.

"3. A Member, notwithstanding any other provisions of this rule, may decline to vote, in committee or on the floor, on any matter when he believes that his voting on such a matter would be a conflict of interest.

"4. No request by a Senator for unanimous consent for the taking of a final vote on a specified date upon the passage of a bill or joint resolution shall be submitted to the Senate for agreement thereto until after a quorum call ordered for the purpose by the Presiding Officer, it shall be disclosed that a quorum of the Senate is present; and when a unanimous consent is thus given the same shall operate as the order of the Senate, but any unanimous consent may be revoked by another unanimous consent granted in the manner prescribed above upon one day's notice.

"RULE XIII

"RECONSIDERATION

"1. When a question has been decided by the Senate, any Senator voting with the prevailing side or who has not voted may, on the same day or on either of the next two days of actual session thereafter, move a reconsideration; and if the Senate shall refuse to reconsider such a motion entered, or if such a motion is withdrawn by leave of the Senate, or if upon reconsideration the Senate shall affirm its first decision, no further motion to reconsider shall be in order unless by unanimous consent. Every motion to reconsider shall be decided by a majority vote, and may be laid on the table without affecting the question in reference to which the same is made, which shall be a final disposition of the motion.

"2. When a bill, resolution, report, amendment, order, or message, upon which a vote has been taken, shall have gone out of the possession of the Senate and been communicated to the House of Representatives, the motion to reconsider shall be accompanied by a motion to request the House to return the same; which last motion shall be acted upon immediately, and without debate, and if determined in the negative shall be a final disposition of the motion to reconsider.

"RULE XIV

"BILLS, JOINT RESOLUTIONS, AND RESOLUTIONS

"1. Whenever a bill or joint resolution shall be offered, its introduction shall, if objected to, be postponed for one day.

"2. Every bill and joint resolution shall receive three readings previous to its passage which readings on demand of any Senator shall be on three different legislative days, and the Presiding Officer shall give notice at each reading whether it be the first, second, or third: *Provided*, That each reading may be by title only, unless the Senate in any case shall otherwise order.

"3. No bill or joint resolution shall be committed or amended until it shall have been twice read, after which it may be referred to a committee; bills and joint resolutions introduced on leave, and bills and joint resolutions from the House of Representatives, shall be read once, and may be read twice, if not objected to, on the same day for reference, but shall not be considered on that day nor debated, except for reference, unless by unanimous consent.

"4. Every bill and joint resolution reported from a committee, not having previously been read, shall be read once, and twice, if not objected to, on the same day, and placed on the Calendar in the order in which the same may be reported; and every bill and joint resolution introduced on leave, and every bill and joint resolution of the House of Representatives which shall have received a first and second reading without being referred to a committee, shall, if objection be made to further proceeding thereon, be placed on the Calendar.

"5. All bills, amendments, and joint resolutions shall be examined under the supervision of the Secretary of the Senate before they go out of the possession of the Senate, and all bills and joint resolutions which shall have passed both Houses shall be examined under the supervision of the Secretary of the Senate, to see that the same are correctly enrolled, and, when signed by the Speaker of the House and the President of the Senate, the Secretary of the Senate shall forthwith present the same, when they shall have originated in the Senate, to the President of the United States and report the fact and date of such presentation to the Senate.

"6. All other resolutions shall lie over one day for consideration, if not referred, unless by unanimous consent the Senate shall otherwise direct. When objection is heard to the immediate consideration of a resolution or motion when it is submitted, it shall be placed on the Calendar under the heading of 'Resolutions and Motions over, under the Rule,' to be laid before the Senate on the next legislative day when there is no further morning business but before the close of morning business and before the termination of the morning hour.

"RULE XV

"BILLS—COMMITMENT AND CONSIDERATION BARRED

"1. When a bill or joint resolution shall have been ordered to be read a third time, it shall not be in order to propose amendments, unless by unanimous consent, but it shall be in order at any time before the passage of any bill or resolution to move its commitment; and when the bill or resolution shall again be reported from the committee it shall be placed on the Calendar.

"2. Whenever a private bill, except a bill for a pension, is under consideration, it shall be in order to move the adoption of a resolution to refer the bill to the Chief Commissioner of the Court of Claims for a report in conformity with section 2509 of title 28, United States Code.

"3. No private bill or resolution (including so-called omnibus claims or pension bills), and no amendment to any bill or resolution, authorizing or directing (1) the payment of money for property damages, personal injuries, or death, for which a claim may be filed under chapter 171 of title 28, United States Code, or for a pension (other than to carry out a provision of law or treaty stipulation); (2) the construction of a bridge across a navigable stream; or (3) the correction of a military or naval record, shall be received or considered on objection of any Senator.

"RULE XVI

"APPROPRIATIONS AND AMENDMENTS TO GENERAL APPROPRIATIONS BILLS

"1. On objection by any Senator, no amendments shall be received to any general appropriation bill the effect of which will be to increase an appropriation already contained in the bill, or to add a new item of appropriation, unless it be made to carry out the provisions of some existing law, or treaty stipulation, or act or resolution previously passed by the Senate during that session; or unless the same be moved by direction of the Committee on Appropriations or of a committee of the Senate having legislative jurisdiction of the subject matter, or proposed in pursuance of an estimate submitted in accordance with law.

"2. The Committee on Appropriations shall not report an appropriation bill containing amendments to such bill proposing new or general legislation or any restriction on the expenditure of the funds appropriated which proposes a limitation not authorized by law if such restriction is to take effect or cease to be effective upon the happening of a contingency, and if an appropriation bill is reported to the Senate containing amendments to such bill proposing new or general legislation or any such restriction, a point of order may be made against the bill, and if the point is sustained, the bill shall be recommitted to the Committee on Appropriations.

"3. All amendments to general appropriation bills moved by direction of a committee having legislative jurisdiction of the subject matter proposing to increase an appropriation already contained in the bill, or to add new items of appropriation, shall, at least one day before they are considered, be referred to the Committee on Appropriations, and when actually proposed to the bill no amendment proposing to increase the amount stated in such amendment shall be received on objection by any Senator.

"4. On objection by any Senator, no amendment offered by any other Senator which proposes general legislation shall be received to any general appropriation bill, nor shall any amendment not germane or relevant to the subject matter contained in the bill be received; nor shall any amendment to any item or clause of such bill be received which does not directly relate thereto; nor shall any restriction on the expenditure of the funds appropriated which proposes a limitation not authorized by law be received if such restriction is to take effect or cease to be effective upon the happening of a contingency; and all questions of relevancy of amendments under this rule, when raised, shall be submitted to the Senate and be decided without debate; and any such amendment or restriction to a general appropriation bill may be laid on the table without prejudice to the bill.

"5. On objection by any Senator, no amendment, the object of which is to provide for a private claim, shall be received to any general appropriation bill, unless it be to carry out the provisions of an existing law or a treaty stipulation, which shall be cited on the face of the amendment.

"6. When a point of order is made against any restriction on the expenditure of funds appropriated in a general appropriation bill on the ground that the restriction violates this rule, the rule shall be construed strictly and, in case of doubt, in favor of the point of order.

"7. Every report on general appropriation bills filed by the Committee on Appropriations shall identify with particularity each recommended amendment which proposes an item of appropriation which is not made to carry out the provisions of an existing law, a treaty stipulation, or an act or resolution previously passed by the Senate during that session.

"8. On objection by any Senator, no general appropriation bill or amendment thereto shall be received or considered if it contains a provision reappropriating unexpended balances of appropriations; except that this provision shall not apply to appropriations in continuation of appropriations for public works on which work has commenced.

"RULE XVII

"AMENDMENT MAY BE LAID ON THE TABLE WITHOUT PREJUDICE TO THE BILL

"When an amendment proposed to any pending measure is laid on the table, it shall not carry with it, or prejudice, such measure.

"RULE XVIII

"AMENDMENTS—DIVISION OF A QUESTION

"If the question in debate contains several propositions, any Senator may have the same divided, except a motion to strike out and insert, which shall not be divided; but the rejection of a motion to strike out and insert one proposition shall not prevent a motion to strike out and insert a different proposition; nor shall it prevent a motion simply to strike out; nor shall the rejection of a motion to strike out prevent a motion to strike out and insert. But pending a motion to strike out and insert, the part to be stricken out and the part to be inserted shall each be regarded for the purpose of amendment as a question; and motions to amend the part to be stricken out shall have precedence.

"RULE XIX

"DEBATE

"1. (a) When a Senator desires to speak, he shall rise and address the Presiding Officer, and shall not proceed until he is recognized, and the Presiding Officer shall recognize the Senator who shall first address him. No Senator shall interrupt another Senator in debate without his consent, and to obtain such consent he shall first address the Presiding Officer, and no Senator shall speak more than twice upon any one question in debate on the same legislative day without leave of the Senate, which shall be determined without debate.

"(b) At the conclusion of the morning hour at the beginning of a new legislative day or after the unfinished business or any pending business has first been laid before the Senate an any calendar day, and until after the duration of three hours of actual session after such business is laid down except as determined to the contrary by unanimous consent or on motion without debate, all debate shall be germane and confined to the specific question then pending before the Senate.

"2. No Senator in debate shall, directly or indirectly, by any form of words impute to another Senator or to other Senators any conduct or motive unworthy or unbecoming a Senator.

"3. No Senator in debate shall refer offensively to any State of the Union.

"4. If any Senator, in speaking or otherwise, in the opinion of the Presiding Officer transgress the rules of the Senate the Presiding Officer shall, either on his own motion or at the request of any other Senator, call him to order; and when a Senator shall be called to order he shall take his seat, and may proceed without leave of the Senate, which, if granted, shall be upon motion that he be allowed to proceed in order, which motion shall be determined without debate. Any Senator directed by the Presiding Officer to take his seat, and any Senator requesting the Presiding Officer to require a Senator to take his seat, may appeal from the ruling of the Chair, which appeal shall be open to debate.

"5. If a Senator be called to order for words spoken in debate, upon the demand of the Senator or of any other Senator, the exceptionable words shall be taken down in writing, and read at the table for the information of the Senate.

"6. Whenever confusion arises in the Chamber or the galleries, or demonstrations of approval or disapproval are indulged in by the occupants of the galleries, it shall be the duty of the Chair to enforce order on his own initiative and without any point of order being made by a Senator.

"7. No Senator shall introduce to or bring to the attention of the Senate during its sessions any occupant in the galleries of the Senate. No motion to suspend this rule shall be in order, nor may the Presiding Officer entertain any request to suspend it by unanimous consent.

"8. Former Presidents of the United States shall be entitled to address the Senate upon appropriate notice to the Presiding Officer who shall thereupon make the necessary arrangements.

"RULE XX

"QUESTIONS OF ORDER

"1. A question of order may be raised at any stage of the proceedings, except when the Senate is voting or ascertaining the presence of a quorum, and, unless submitted to the Senate, shall be decided by the Presiding Officer without debate, subject to an appeal to the Senate. When an appeal is taken, any subsequent question of order which may arise before the decision of such appeal shall be decided by the Presiding Officer without debate; and every appeal therefrom shall be decided at once, and without debate; and any appeal may be laid on the table without prejudice to the pending proposition, and thereupon shall be held as affirming the decision of the Presiding Officer.

"To lay on the table.

"To postpone indefinitely.

"To postpone to a day certain.

"To commit.

"To amend.

Which several motions shall have precedence as they stand arranged; and the motions relating to adjournment, to take a recess, to proceed to the consideration of executive business, to lay on the table, shall be decided without debate.

"2. Notwithstanding the provisions of rule II or rule IV or any other rule of the Senate, at any time a motion signed by sixteen Senators, to bring to a close the debate upon any measure, motion, other matters pending before the Senate, or the unfinished business, is presented to the Senate, the Presiding Officer, or clerk at the direction of the Presiding Officer, shall at once state the motion to the Senate, and one hour after the Senate meets on the following calendar day but one, he shall lay the motion before the Senate and direct that the clerk call the roll, and upon the ascertainment that a quorum is present, the Presiding Officer shall, without debate, submit to the Senate by a yea-and-nay vote the question:

" 'Is it the sense of the Senate that the debate shall be brought to a close?'

"2. The Presiding Officer may submit any question of order for the decision of the Senate.

"RULE XXI

"MOTIONS AND AMENDMENTS

"1. All motions and amendments shall be reduced to writing, if desired by the Presiding Officer or by any Senator, and shall be read before the same shall be debated.

"2. Any motion, amendment, or resolution may be withdrawn or modified by the mover at any time before a decision, amendment, or ordering of the yeas and nays, except a motion to reconsider, which shall not be withdrawn without leave.

"RULE XXII

"PRECEDENCE OF MOTIONS

"1. When a question is pending, no motion shall be received but—

"To adjourn.

"To adjourn to a day certain, or that when the Senate adjourn it shall be to a day certain.

"To take a recess.

"To proceed to the consideration of executive business.

"And if that question shall be decided in the affirmative by three-fifths of the Senators duly chosen and sworn—except on a measure or motion to amend the Senate rules, in which case the necessary affirmative vote shall be two-thirds of the Senators present and voting—then said measure, motion, or other matter pending before the Senate, or the unfinished business, shall be the unfinished business to the exclusion of all other business until disposed of.

"Thereafter no Senator shall be entitled to speak in all more than one hour on the measure, motion, or other matter pending before the Senate, or the unfinished business, the amendments thereto, and motions affecting the same, and it shall be the duty of the Presiding Officer to keep the time of each Senator who speaks. Except by unanimous consent, no amendment shall be proposed after the vote to bring the debate to a close, unless it had been submitted in writing to the Journal Clerk by 1 o'clock p.m. on the day following the filing of the closure motion if an amendment in the first degree, and unless it had been so submitted at least one hour prior to the beginning of the cloture vote if an amendment in the second degree. No dilatory motion, or dilatory amendment, or amendment not germane shall be in order. Points of order, including questions of relevancy, and appeals from the decision of the Presiding Officer, shall be decided without debate.

"After no more than one hundred hours of consideration of the measure, motion, or other matter on which cloture has been invoked, the Senate shall proceed, without any further debate on any question, to vote on the final disposition thereof to the exclusion of all amendments not then actually pending before the Senate at the time and to the exclusion of all motions, except a motion to table, or to reconsider and one quorum call on demand to establish the presence of a quorum (and motions required to establish a quorum) immediately before the final vote begins. The one hundred hours may be increased by the adoption of a motion, decided without debate, by a three-fifths affirmative vote of the Senators duly chosen and sworn, and any such time thus agreed upon shall be equally divided between and controlled by the Majority and Minority Leaders or their designees. However, only one motion to extend time, specified above, may be made in any one calendar day.

"If, for any reason, a measure or matter is reprinted after cloture has been invoked amendments which were in order prior to the reprinting of the measure or matter will continue to be in order and may be conformed and reprinted at the request of the amendment's sponsor. The conforming changes must be limited to lineation and pagination.

"No Senator shall call up more than two amendments until every other Senator shall have had the opportunity to do likewise.

"Notwithstanding other provisions of this rule, a Senator may yield all or part of his one hour to the majority or minority floor managers of the measure, motion, or matter or to the Majority or Minority Leader, but each Senator specified shall not have more than two hours so yielded to him and may in turn yield such time to other Senators.

"Notwithstanding any other provision of this rule, any Senator who has not used or yielded at least ten minutes, is, if he seeks recognition, guaranteed up to ten minutes, inclusive, to speak only.

"After cloture is invoked, the reading of any amendment, including House amendments, shall be dispensed with when the proposed amendment has been identified and has been available in printed form at the desk of the Members for not less than twenty-four hours.

"RULE XXIII

"PREAMBLES

"When a bill or resolution is accompanied by a preamble, the question shall first be put on the bill or resolution and then on the preamble, which may be withdrawn by a mover before an amendment of the same, or ordering of the yeas and nays; or it may be laid on the table without prejudice to the bill or resolution, and shall be a final disposition of such preamble.

RULE XXIV

"APPOINTMENT OF COMMITTEES

"1. In the appointment of the standing committees, or to fill vacancies thereon, the Senate, unless otherwise ordered, shall by resolution appoint the chairman of each such committee and the other members thereof. On demand of any Senator, a separate vote shall be had on the appointment of the chairman of any such committee and on the appointment of the other members thereof. Each such resolution shall be subject to amendment and to division of the question.

"2. On demand of one-fifth of the Senators present, a quorum being present, any vote taken pursuant to paragraph 1 shall be by ballot.

"3. Except as otherwise provided or unless otherwise ordered, all other committees, and the chairmen thereof, shall be appointed in the same manner as standing committees.

"4. When a chairman of a committee shall resign or cease to serve on a committee, action by the Senate to fill the vacancy in such committee, unless specially otherwise ordered, shall be only to fill up the number of members of the committee, and the election of a new chairman.

"RULE XXV

"STANDING COMMITTEES

"1. The following standing committees shall be appointed at the commencement of each Congress, and shall continue and have the power to act until their successors are appointed, with leave to report by bill or otherwise on matters within their respective jurisdictions:

"(a) (1) Committee on Agriculture, Nutrition, and Forestry, to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating primarily to the following subjects:

"1. Agricultural economics and research.

"2. Agricultural extension services and experiment stations.

"3. Agricultural production, marketing, and stabilization of prices.

"4. Agriculture and agricultural commodities.

"5. Animal industry and diseases.

"6. Crop insurance and soil conservation.

"7. Farm credit and farm security.

"8. Food from fresh waters.

"9. Food stamp programs.

"10. Forestry, and forest reserves and wilderness areas other than those created from the public domain.

"11. Human economics.

"12. Human nutrition.

"13. Inspection of livestock, meat, and agricultural products.

"14. Pests and pesticides.

"15. Plant industry, soils, and agricultural engineering.

"16. Rural development, rural electrification, and watersheds.

"17. School nutrition programs.

"(2) Such committees shall also study and review, on a comprehensive basis, matters relating to food, nutrition, and hunger, both in the United States and in foreign countries, and rural affairs, and report thereon from time to time.

"(b) Committee on Appropriations, to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating to the following subjects:

"1. Appropriation of the revenue for the support of the Government, except as provided in subparagraph (e).

"2. Rescission of appropriations contained in appropriation Acts (referred to in section 105 of title 1, United States Code).

"3. The amount of new spending authority described in section 401(c)(2) (A) and (B) of the Congressional Budget Act of 1974 which is to be effective for a fiscal year.

"4. New spending authority described in section 401(c)(2)(C) of the Congressional Budget Act of 1974 provided in bills and resolutions referred to the committee under section 401(b)(2) of that Act (but subject to the provisions of section 401(b)(3) of that Act).

"(c) (1) Committee on Armed Services, to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating to the following subjects:

"1. Aeronautical and space activities peculiar to or primarily associated with the development of weapons systems or military operations.

"2. Common defense.

"3. Department of Defense, the Department of the Army, the Department of the Navy, and the Department of the Air Force, generally.

"4. Maintenance and operation of the Panama Canal, including administration, sanitation, and government of the Canal Zone.

"5. Military research and development.

"6. National security aspects of nuclear energy.

"7. Naval petroleum reserves, except those in Alaska.

"8. Pay, promotion, retirement, and other benefits and privileges of members of the Armed Forces, including overseas education of civilian and military dependents.

"9. Selective service system.

"10. Strategic and critical materials necessary for the common defense.

"(2) Such committee shall also study and review, on a comprehensive basis, matters relating to the common defense policy of the United States, and report thereon from time to time.

"(d) (1) Committee on Banking, Housing, and Urban Affairs, to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating to the following subjects:

"1. Banks, banking, and financial institutions.

"2. Control of prices of commodities, rents, and services.

"3. Deposit insurance.

"4. Economic stabilization and defense production.

"5. Export and foreign trade promotion.

"6. Export controls.

"7. Federal monetary policy, including Federal Reserve System.

"8. Financial aid to commerce and industry.

"9. Issuance and redemption of notes.

"10. Money and credit, including currency and coinage.

"11. Nursing home construction.

"12. Public and private housing (including veterans' housing).

"13. Renegotiation of Government contracts.

"14. Urban development and urban mass transit.

"(2) Such committee shall also study and review, on a comprehensive basis, matters relating to international economic policy as it affects United States monetary affairs, credit, and financial institutions; economic growth, urban affairs, and credit, and report thereon from time to time.

"(e) (1) Committee on the Budget, to which committee shall be referred all concurrent resolutions on the budget (as defined in section 3(a) (4) of the Congressional Budget Act of 1974) and all other matters required to be referred to that committee under titles III and IV of that Act, and messages, petitions, memorials, and other matters relating thereto.

"(2) Such committee shall have the duty—

"(A) to report the matters required to be reported by it under title III and IV of the Congressional Budget Act of 1974;

"(B) to make continuing studies of the effect on budget outlays of relevant existing and proposed legislation and to report the results of such studies to the Senate on a recurring basis;

"(C) to request and evaluate continuing studies of tax expenditures, to devise methods of coordinating tax expenditures, policies, and programs with direct budget outlays, and to report the results of such studies to the Senate on a recurring basis; and

"(D) to review, on a continuing basis, the conduct by the Congressional Budget Office of its functions and duties.

"(f) (1) Committee on Commerce, Science, and Transportation, to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating to the following subjects:

"1. Coast Guard.

"2. Coastal zone management.

"3. Communications.

"4. Highway safety.

"5. Inland waterways, except construction.

"6. Interstate commerce.

"7. Marine and ocean navigation safety, and transportation, including navigational aspects of deepwater ports.

"8. Marine fisheries.

"9. Merchant marine and navigation.

"10. Nonmilitary aeronautical and space sciences.

"11. Oceans, weather, and atmospheric activities.

"12. Panama Canal and interoceanic canals generally, except as provided in subparagraph (c).

"13. Regulation of consumer products and services, including testing related to toxic substances, other than pesticides, and except for credit, financial services, and housing.

"14. Regulation of interstate common carriers, including railroads, buses, trucks, vessels, pipelines, and civil aviation.

"15. Science, engineering, and technology research and development and policy.

"16. Sports.

"17. Standards and measurement.

"18. Transportation.

"19. Transportation and commerce aspects of Outer Continental Shelf lands.

"(2) Such committee shall also study and review, on a comprehensive basis, all matters relating to science and technology, oceans policy, transportation, communications, and consumer affairs, and report thereon from time to time.

"(g) (1) Committee on Energy and Natural Resources, to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating to the following subjects:

"1. Coal production, distribution, and utilization.

"2. Energy policy.

"3. Energy regulation and conservation.

"4. Energy related aspects of deepwater ports.

"5. Energy research and development.

"6. Extraction of minerals from oceans and Outer Continental Shelf lands.

"7. Hydroelectric power, irrigation, and reclamation.

"8. Mining education and research.

"9. Mining, mineral lands, mining claims, and mineral conservation.

"10. National parks, recreation areas, wilderness areas, wild and scenic rivers, historical sites, military parks and battlefields, and on the public domain, preservation of prehistoric ruins and objects of interest.

"11. Naval petroleum reserves in Alaska.

"12. Nonmilitary development of nuclear energy.

"13. Oil and gas production and distribution.

"14. Public lands and forests, including farming and grazing thereon, and mineral extraction therefrom.

"15. Solar energy systems.

"16. Territorial possessions of the United States, including trusteeships.

"(2) Such committee shall also study and review, on a comprehensive basis, matters relating to energy and resources development, and report thereon from time to time.

"(h) (1) Committee on Environment and Public Works, to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating to the following subjects:

"1. Air pollution.

"2. Construction and maintenance of highways.

"3. Environmental aspects of Outer Continental Shelf lands.

"4. Environmental effects of toxic substances, other than pesticides.

"5. Environmental policy.

"6. Environmental research and development.

"7. Fisheries and wildlife.

"8. Flood control and improvements of rivers and harbors, including environmental aspects of deepwater ports.

"9. Noise pollution.

"10. Nonmilitary environmental regulation and control of nuclear energy.

"11. Ocean dumping.

"12. Public buildings and improved grounds of the United States generally, including Federal buildings in the District of Columbia.

"13. Public works, bridges, and dams.

"14. Regional economic development.

"15. Solid waste disposal and recycling.

"16. Water pollution.

"17. Water resources.

"(2) Such committee shall also study and review, on a comprehensive basis, matters relating to environmental protection and resource utilization and conservation, and report thereon from time to time.

"(i) Committee on Finance, to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating to the following subjects:

"1. Bonded debt of the United States, except as provided in the Congressional Budget Act of 1974.

"2. Customs, collection districts, and ports of entry and delivery.

"3. Deposit of public moneys.

"4. General revenue sharing.

"5. Health programs under the Social Security Act and health programs financed by a specific tax or trust fund.

"6. National social security.

"7. Reciprocal trade agreements.

"8. Revenue measures generally, except as provided in the Congressional Budget Act of 1974.

"9. Revenue measures relating to the insular possessions.

"10. Tariffs and import quotas, and matters related thereto.

"11. Transportation of dutiable goods.

"(j) (1) Committee on Foreign Relations, to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating to the following subjects:

"1. Acquisition of land and buildings for embassies and legations in foreign countries.

"2. Boundaries of the United States.

"3. Diplomatic service.

"4. Foreign economic, military, technical, and humanitarian assistance.

"5. Foreign loans.

"6. International activities of the American National Red Cross and the International Committee of the Red Cross.

"7. International aspects of nuclear energy, including nuclear transfer policy.

"8. International conferences and congresses.

"9. International law as it relates to foreign policy.

"10. International Monetary Fund and other international organizations established primarily for international monetary purposes (except that, at the request of the Committee on Banking, Housing, and Urban Affairs, any proposed legislation relating to such subjects reported by the Committee on Foreign Relations shall be referred to the Committee on Banking, Housing, and Urban Affairs).

"11. Intervention abroad and declarations of war.

"12. Measures to foster commercial intercourse with foreign nations and to safeguard American business interests abroad.

"13. National security and international aspects of trusteeships of the United States.

"14. Oceans and international environmental and scientific affairs as they relate to foreign policy.

"15. Protection of United States citizens abroad and expatriation.

"16. Relations of the United States with foreign nations generally.

"17. Treaties and executive agreements, except reciprocal trade agreements.

"18. United Nations and its affiliated organizations.

"19. World Bank group, the regional development banks, and other international organizations established primarily for development assistance purposes.

"(2) Such committee shall also study and review, on a comprehensive basis, matters relating to the national security policy, foreign policy, and international economic policy as it relates to foreign policy of the United States, and matters relating to food, hunger, and nutrition in foreign countries, and report thereon from time to time.

"(k)(1) Committee on Governmental Affairs, to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating to the following subjects:

"1. Archives of the United States.

"2. Budget and accounting measures, other than appropriations, except as provided in the Congressional Budget Act of 1974.

"3. Census and collection of statistics, including economic and social statistics.

"4. Congressional organization, except for any part of the matter that amends the rules or orders of the Senate.

"5. Federal Civil Service.

"6. Government information.

"7. Intergovernmental relations.

"8. Municipal affairs of the District of Columbia, except appropriations therefor.

"9. Organization and management of United States nuclear export policy.

"10. Organization and reorganization of the executive branch of the Government.

"11. Postal Service.

"12. Status of officers and employees of the United States, including their classification, compensation, and benefits.

"(2) Such committee shall have the duty of—

"(A) receiving and examining reports of the Comptroller General of the United States and of submitting such recommendations to the Senate as it deems necessary or desirable in connection with the subject matter of such reports;

"(B) studying the efficiency, economy, and effectiveness of all agencies and departments of the Government;

"(C) evaluating the effect of laws enacted to reorganize the legislative and executive branches of the Government; and

"(D) studying the intergovernmental relationships between the United States and the States and municipalities, and between the United States and international organizations of which the United States is a member.

"(l) Committee on the Judiciary, to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating to the following subjects:

"1. Apportionment of Representatives.

"2. Bankruptcy, mutiny, espionage, and counterfeiting.

"3. Civil liberties.

"4. Constitutional amendments.

"5. Federal courts and judges.

"6. Government information.

"7. Holidays and celebrations.

"8. Immigration and naturalization.

"9. Interstate compacts generally.

"10. Judicial proceedings, civil and criminal, generally.

"11. Local courts in the territories and possessions.

"12. Measures relating to claims against the United States.

"13. National penitentiaries.

"14. Patent Office.

"15. Patents, copyrights, and trademarks.

"16. Protection of trade and commerce against unlawful restraints and monopolies.

"17. Revision and codification of the statutes of the United States.

"18. State and territorial boundary lines.

"(m)(1) Committee on Labor and Human Resources, to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating to the following subjects:

"1. Measures relating to education, labor, health, and public welfare.

"2. Aging.

"3. Agricultural colleges.

"4. Arts and humanities.

"5. Biomedical research and development.

"6. Child labor.

"7. Convict labor and the entry of goods made by convicts into interstate commerce.

"8. Domestic activities of the American National Red Cross.

"9. Equal employment opportunity.

"10. Gallaudet College, Howard University, and Saint Elizabeths Hospital.

"11. Handicapped individuals.

"12. Labor standards and labor statistics.

"13. Mediation and arbitration of labor disputes.

"14. Occupational safety and health, including the welfare of miners.

"15. Private pension plans.

"16. Public health.

"17. Railway labor and retirement.

"18. Regulation of foreign laborers.

"19. Student loans.

"20. Wages and hours of labor.

"(2) Such committee shall also study and review, on a comprehensive basis, matters relating to health, education and training, and public welfare, and report thereon from time to time.

"(n)(1) Committee on Rules and Administration, to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating to the following subjects:

"1. Administration of the Senate Office Buildings and the Senate wing of the Capitol, including the assignment of office space.

"2. Congressional organization relative to rules and procedures, and Senate rules and regulations, including floor and gallery rules.

"3. Corrupt practices.

"4. Credentials and qualifications of Members of the Senate, contested elections, and acceptance of incompatible offices.

"5. Federal elections generally, including the election of the President, Vice President, and Members of the Congress.

"6. Government Printing Office, and the printing and correction of the Congressional Record, as well as those matters provided for under rule XXIX.

"7. Meetings of the Congress and attendance of Members.

"8. Payment of money out of the contingent fund of the Senate or creating a charge upon the same (except that any resolution relating to substantive matter within the jurisdiction of any other standing committee of the Senate shall be first referred to such committee).

"9. Presidential succession.

"10. Purchase of books and manuscripts and erection of monuments to the memory of individuals.

"11. Senate Library and statuary, art, and pictures in the Capitol and Senate Office Buildings.

"12. Services to the Senate, including the Senate restaurant.

"13. United States Capitol and congressional office buildings, the Library of Congress, the Smithsonian Institution (and the incorporation of similar institutions), and the Botanic Gardens.

"(2) Such committee shall also—

"(A) make a continuing study of the organization and operation of the Congress of the United States and shall recommend improvements in such organization and operation with a view toward strengthening the Congress, simplifying its operations, improving its relationships with other branches of the United States Government, and enabling it better to meet its responsibilities under the Constitution of the United States; and

"(B) identify any court proceeding or action which, in the opinion of the Committee, is of vital interest to the Congress as a constitutionally established institution of the Federal Government and call such proceeding or action to the attention of the Senate.

"(o) Committee on Veterans' Affairs, to which committee shall be referred all proposed legislation, messages, petitions, memorials, and other matters relating to the following subjects:

"1. Compensation of veterans.

"2. Life insurance issued by the Government on account of service in the Armed Forces.

"3. National cemeteries.

"4. Pensions of all wars of the United States, general and special.

"5. Readjustment of servicemen to civil life.

"6. Soldiers' and sailors' civil relief.

"7. Veterans' hospitals, medical care and treatment of veterans.

"8. Veterans' measures generally.

"9. Vocational rehabilitation and education of veterans.

"2. Except as otherwise provided by paragraph 4 of this rule, each of the following standing committees shall consist of the number of Senators set forth in the following table on the line on which the name of that committee appears:

"Committee	Members
Agriculture, Nutrition, and Forestry	18
Appropriations	28
Armed Services	17
Banking, Housing, and Urban Affairs	15
Budget	20
Commerce, Science, and Transportation	17
Energy and Natural Resources	18
Environment and Public Works	14
Finance	20
Foreign Relations	15
Governmental Affairs	17
Judiciary	17
Labor and Human Resources	15.

"3. (a) Except as otherwise provided by paragraph 4 of this rule, each of the following standing committees shall consist of the number of Senators set forth in the following table on the line on which the name of that committee appears:

"Committee	Members
Rules and Administration	10
Veterans' Affairs	10.

"(b) Each of the following committees and joint committees shall consist of the number of Senators (or Senate members, in the case of a joint committee) set forth in the following table on the line on which the name of that committee appears:

"Committee	Members
Aging	12
Intelligence	13
Small Business	17
Joint Economic Committee	10.

"(c) Each of the following committees and joint committees shall consist of the number of Senators (or Senate members, in the case of a joint committee) set forth in the following table on the line on which the name of that committee appears:

"Committee	Members
Ethics	6
Indian Affairs	5
Joint Committee on Taxation	5.

"4. (a) Except as otherwise provided by this paragraph—

"(1) each Senator shall serve on two and no more committees listed in paragraph 2; and

"(2) each Senator may serve on only one committee listed in paragraph 3 (a) or (b).

"(b)(1) Each Senator may serve on not more than three subcommittees of each committee (other than the Committee on Appropriations) listed in paragraph 2 of which he is a member.

"(2) Each Senator may serve on not more than two subcommittees of a committee listed in paragraph 3 (a) or (b) of which he is a member.

"(3) Notwithstanding subparagraphs (1) and (2), a Senator serving as chairman or ranking minority member of a standing, select, or special committee of the Senate or joint committee of the Congress may serve ex officio, without vote, as a member of any subcommittee of such committee or joint committee.

"(4) No committee of the Senate may establish any subunit of that committee other than a subcommittee, unless the Senate by resolution has given permission therefor. For purposes of this subparagraph, any subunit of a joint committee shall be treated as a subcommittee.

"(c) By agreement entered into by the majority leader and the minority leader, the membership of one or more standing committees may be increased temporarily from time to time by such number or numbers as may be required to accord to the majority party a majority of the membership of all standing committees. When any such temporary increase is necessary to accord to the majority party a majority of the membership of all standing committees, members of the majority party in such number as may be required for that purpose may serve as members of three standing committees listed in paragraph 2. No such temporary increase in the membership of any standing committee under this subparagraph shall be continued in effect after the need therefor has ended. No standing committee may be increased in membership under this subparagraph by more than two members in excess of the number prescribed for that committee by paragraph 2 or 3(a).

"(d) A Senator may serve as a member of any joint committee of the Congress the Senate members of which are required by law to be appointed from a standing committee of the Senate of which he is a member, and service as a member of any such joint committee shall not be taken into account for purposes of subparagraph (a)(2).

"(e)(1) No Senator shall serve at any time as chairman of more than one standing, select, or special committee of the Senate or joint committee of the Congress, except that a Senator may serve as chairman of any joint committee of the Congress having jurisdiction with respect to a subject matter which is directly related to the jurisdiction of a standing committee of which he is chairman.

"(2) No Senator shall serve at any time as chairman of more than one subcommittee of each standing, select, or special committee of the Senate or joint committee of the Congress of which he is a member.

"(3) A Senator who is serving as the chairman of a committee listed in paragraph 2 may serve at any time as the chairman of only one subcommittee of all committees listed in paragraph 2 of which he is a member and may serve at any time as the chairman of only one subcommittee of each committee listed in paragraph 3 (a) or (b) of which he is a member. A Senator who is serving as the chairman of a committee listed in paragraph 3 (a) or (b) may not serve as the chairman of any subcommittee of that committee, and may serve at any time as the chairman of only one subcommittee of each committee listed in paragraph 2 of which he is a member. Any other Senator may serve as the chairman of only one subcommittee of each committee listed in paragraph 2, 3(a), or 3(b) of which he is a member.

"(f) A Senator serving on the Committee on Rules and Administration may not serve on any joint committee of the Congress unless the Senate members thereof are required by law to be appointed from the Committee on Rules and Administration.

"(g) A Senator who on the day preceding the effective date of title I of the Committee System Reorganization Amendments of 1977 was serving as the chairman or ranking minority member of the Committee on the District of Columbia or the Committee on Post Office and Civil Service may serve on the Committee on Governmental Affairs in addition to serving on two other standing committees listed in paragraph 2. At the request of any such Senator, he shall be appointed to serve on such committee but, while serving on such committee and two other standing committees listed in paragraph 2, he may not serve on any committee listed in paragraph 3 (a) or (b). The preceding provisions of this subparagraph shall apply with respect to any Senator only so long as his service as a member of the Committee on Governmental Affairs is continuous after the date on which the appointment of the majority and minority members of the Committee on Governmental Affairs is initially completed.

"(h)(1) A Senator may serve on the Committee on the Budget in addition to serving on two other committees listed in paragraph 2, but any Senator so serving may not serve

"(2) Notwithstanding subparagraph (1), a or (b).

"(2) Notwithstanding subparagraph (1), a Senator who is serving on the Committee on the Budget and two other committees listed in paragraph 2 may also serve on the Select Committee on Small Business or the Special Committee on Aging or, in the case of a Senator who was a member of the Select Committee on Intelligence on the last day of the Ninety-fifth Congress, may continue to serve on such select committee so long as his service on such select committee is continuous and he is eligible to serve on such select committee under the provisions of section 2(b) of Senate Resolution 400, Ninety-fourth Congress, as amended.

"(3) A Senator who is eligible under subparagraph (1) to serve on three committees listed in paragraph 2 may serve on the Committee on the Budget in addition to serving on such committees, but any Senator so serving may not serve on any committee listed in paragraph 3 (a) or (b).

"(i)(1) A Senator who on the last day of the Ninety-fifth Congress was serving as a member of three committees listed in paragraph 2 (as this rule was in effect on such day) may, during the term he is serving on the first day of the Ninety-sixth Congress, continue to serve as a member of each of such committees so long as his service as a member of each such committee is continuous.

"(2) A Senator who on the last day of the Ninety-fifth Congress was serving as a member of the Committee on Energy and Natural Resources and the Committee on the Judiciary may, during the term which he is serving on the first day of the Ninety-sixth Congress, also serve as a member of the Committee on Labor and Human Resources so long as his service as a member of each of such committees is continuous, but in no event may he serve by reason of this subparagraph, as a member of more than three committees listed in paragraph 2.

"(3) A Senator who on the last day of the Ninety-fifth Congress was serving as a member of the Committee on Agriculture, Nutrition, and Forestry and the Committee on Appropriations or the Committee on Finance may, during the term which he is serving on the first day of the Ninety-sixth Congress, also serve as a member of the Committee on the Judiciary so long as his service as a member of each of such committees is continuous, but in no event may he serve, by reason of this subparagraph, as a member of more than three committees listed in paragraph 2.

"(4) A Senator who on the last day of the Ninety-fifth Congress was serving as a member of the Committee on Agriculture, Nutrition, and Forestry and the Committee on Banking, Housing, and Urban Affairs may, during the term which he is serving on the first day of the Ninety-sixth Congress, also serve as a member of the Committee on Foreign Relations so long as his service as a member of each of such committees is continuous, but in no event may he serve, by reason of this subparagraph, as a member of more than three committees listed in paragraph 2.

"RULE XXVI

"COMMITTEE PROCEDURE

"1. Each standing committee, including any subcommittee of any such committee, is authorized to hold such hearings, to sit and act at such times and places during the sessions, recesses, and adjourned periods of the Senate, to require by subpena or otherwise the attendance of such witnesses and the production of such correspondence, books, papers, and documents, to take such testimony and to make such expenditures (not in excess of $10,000 for each committee during any Congress) as it deems advisable. Each such committee may make investigations into any matter within its jurisdiction, may report such hearings as may be had by it, and may employ stenographic assistance at a cost not exceeding the amount prescribed by the Committee on Rules and Administration. The expenses of the committee shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

"2. Each committee [1] shall adopt rules (not inconsistent with the Rules of the Senate) governing the procedure of such committee. The rules of each committee shall be published in the Congressional Record not later than March 1 of each year, except that if any such committee is established on or after February 1 of a year, the rules of that committee during the year of establishment shall be published in the Congressional Record not later than sixty days after such establishment. An amendment to the rules of any such committee shall be published in the Congressional Record not later than thirty days after the adoption of such amendment. If the Congressional Record is not published on the last day of any period referred to above, such period shall be extended until the first day thereafter on which it is published.

"3. Each standing committee (except the Committee on Appropriations) shall fix regular weekly, biweekly, or monthly meeting days for the transaction of business before the committee and additional meetings may be called by the chairman as he may deem necessary. If at least three members of any such committee desire that a special meeting of the committee be called by the chairman, those members may file in the offices of the committee their written request to the chairman for that special meeting. Immediately upon the filing of the request, the clerk of the committee shall notify the chairman of the filing of the request. If, within three calendar days after the filing of the request, the chairman does not call the requested special meeting, to be held within seven calendar days after the filing of the request, a majority of the members of the committee may file in the offices of the committee their written notice that a special meeting of the committee will be held, specifying the date and hour of that special meeting. The committee shall meet on that date and hour. Immediately upon the filing of the notice, the clerk of the committee shall notify all members of the committee that such special meeting will be held and inform them of its date and hour. If the chairman of any such committee is not present at any regular, additional, or special meeting of the committee, the ranking member of the majority party on the committee who is present shall preside at that meeting.

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[1] The term "each committee" when used in these rules includes standing, select, and special committees unless otherwise specified.

"4. (a) Each committee (except the Committee on Appropriations and the Committee on the Budget) shall make public announcement of the date, place, and subject matter of any hearing to be conducted by the committee on any measure or matter at least one week before the commencement of that hearing unless the committee determines that there is good cause to begin such hearing at an earlier date.

"(b) Each committee (except the Committee on Appropriations) shall require each witness who is to appear before the committee in any hearing to file with the clerk of the committee, as least one day before the date of the appearance of that witness, a written statement of his proposed testimony unless the committee chairman and the ranking minority member determine that there is good cause for noncompliance. If so requested by any committee, the staff of the committee shall prepare for the use of the members of the committee before each day of hearing before the committee a digest of the statements which have been so filed by witnesses who are to appear before the committee on that day.

"(c) After the conclusion of each day of hearing, if so requested by any committee, the staff shall prepare for the use of the members of the committee a summary of the testimony given before the committee on that day. After approval by the chairman and the ranking minority member of the committee, each such summary may be printed as a part of the committee hearings if such hearings are ordered by the committee to be printed.

"(d) Whenever any hearing is conducted by a committee (except the Committee on Appropriations) upon any measure or matter, the minority on the committee shall be entitled, upon request made by a majority of the minority members to the chairman before the completion of such hearing, to call witnesses selected by the minority to testify with respect to the measure or matter during at least one day of hearing thereon.

"(5). (a) Notwithstanding any other provision of the rules, when the Senate is in session, no committee of the Senate or any subcommittee thereof may meet, without special leave, after the conclusion of the first two hours after the meeting of the Senate commenced and in no case after two o'clock postmeridian unless consent therefor has been obtained from the majority leader and the minority leader (or in the event of the absence of either of such leaders, from his designee). The prohibition contained in the preceding sentence shall not apply to the Committee on Appropriations or the Committee on the Budget. The majority leader or his designee shall announce to the Senate whenever consent has been given under this subparagraph and shall state the time and place of such meeting. The right to make such announcement of consent shall have the same priority as the filing of a cloture motion.

"(b) Each meeting of a committtee, or any subcommittee thereof, including meetings to conduct hearings, shall be open to the public, except that a meeting or series of meetings by a committee or a subcommittee thereof on the same subject for a period of no more than fourteen calendar days may be closed to the public on a motion made and seconded to go into closed session to discuss only whether the matters enumerated in clauses (1) through (6) would require the meeting to be closed, followed immediately by a record vote in open session by a majority of the members of the committee or subcommittee when it is determined that the matters to be discussed or the testimony to be taken at such meeting or meetings—

"(1) will disclose matters necessary to be kept secret in the interests of national defense or the confidential conduct of the foreign relations of the United States;

"(2) will relate solely to matters of committee staff personnel or internal staff management or procedure;

"(3) will tend to charge an individual with crime or misconduct, to disgrace or injure the professional standing of an individual, or otherwise to expose an individual to public contempt or obloquy, or will represent a clearly unwarranted invasion of the privacy of an individual;

"(4) will disclose the identity of any informer or law enforcement agent or will disclose any information relating to the investigation or prosecution of a criminal offense that is required to be kept secret in the interests of effective law enforcement;

"(5) will disclose information relating to the trade secrets of financial or commercial information pertaining specifically to a given person if—

"(A) an Act of Congress requires the information to be kept confidential by Government officers and employees; or

"(B) the information has been obtained by the Government on a confidential basis, other than through an application by such person for a specific Government financial or other benefit, and is required to be kept secret in order to prevent undue injury to the competitive position of such person; or

"(6) may divulge matters required to be kept confidential under other provisions of law or Government regulations.

"(c) Whenever any hearing conducted by any such committee or subcommittee is open to the public, that hearing may be broadcast by radio or television, or both, under such rules as the committee or subcommittee may adopt.

"(d) Whenever disorder arises during a committee meeting that is open to the public, or any demonstration of approval or disapproval is indulged in by any person in attendance at any such meeting, it shall be the duty of the Chair to enforce order on his own initiative and without any point or order being made by a Senator. When the Chair finds it necessary to maintain order, he shall have the power to clear the room, and the committee may act in closed session for so long as there is doubt of the assurance of order.

"(e) Each committee shall prepare and keep a complete transcript or electronic recording adequate to fully record the proceeding of each meeting or conference whether or not such meeting or any part thereof is closed under this paragraph, unless a majority of its members vote to forgo such a record.

"6. Morning meetings of committees and subcommittees thereof shall be scheduled for one or both of the periods prescribed in this paragraph. The first period shall end at eleven o'clock antemeridian. The second period shall begin at eleven o'clock antemeridian and end at two o'clock postmeridian.

"7. (a) (1) Except as provided in this paragraph, each committee, and each subcommittee thereof is authorized to fix the number of its members (but not less than one-third of its entire membership) who shall constitute a quorum thereof for the transaction of such business as may be considered by said committee, except that no measure or matter or recommendation shall be reported from any committee unless a majority of the committee were physically present.

"(2) Each such committee, or subcommittee, is authorized to fix a lesser number than one-third of its entire membership who shall constitute a quorum thereof for the purpose of taking sworn testimony.

"(3) The vote of any committee to report a measure or matter shall require the concurrence of a majority of the members of the committee who are present. No vote of any member of any committee to report a measure or matter may be cast by proxy if rules adopted by such committee forbid the casting of votes for that purpose by proxy; however, proxies may not be voted when the absent committee member has not been informed of the matter on which he is being recorded and has not affirmatively requested that he be so recorded. Action by any committee in reporting any measure or matter in accordance with the requirements of this subparagraph shall consitute the ratification by the committee of all action theretofore taken by the committee with respect to that measure or matter, including votes taken upon the measure or matter or any amendment thereto, and no point of order shall lie with respect to that measure or matter on the ground that such previous action with respect thereto by such committee was not taken in compliance with such requirements.

"(b) Each committee (except the Committee on Appropriations) shall keep a complete record of all committee action. Such record shall include a record of the votes on any question on which a record vote is demanded. The results of rollcall votes taken in any meeting of any committee upon any measure, or any amendment thereto, shall be announced in the committee report on that measure unless previously announced by the committee, and such announcement shall include a tabulation of the votes cast in favor of and the votes cast in opposition to each such measure and amendment by each member of the committee who was present at that meeting.

"(c) Whenever any committee by rollcall vote reports any measure or matter, the report of the committee upon such measure or matter shall include a tabulation of the votes cast by each member of the committee in favor of and in opposition to such measure or matter. Nothing contained in this subparagraph shall abrogate the power of any committee to adopt rules—

"(1) providing for proxy voting on all matters other than the reporting of a measure or matter, or

"(2) providing in accordance with subparagraph (a) for a lesser number as a quorum for any action other than the reporting of a measure or matter

"8. (a) In order to assist the Senate in—

"(1) its analysis, appraisal, and evaluation of the application, administration, and execution of the laws enacted by the Congress, and

"(2) its formulation, consideration, and enactment of such modifications of or changes in those laws, and of such additional legislation, as may be necessary or appropriate,

each standing committee (except the Committees on Appropriations and the Budget) shall review and study, on a continuing basis the application, administration, and execution of those laws, or parts of laws, the subject matter of which is within the legislative jurisdiction of that committee. Such committees may carry out the required analysis, appraisal, and evaluation themselves, or by contract, or may require a Government agency to do so and furnish a report thereon to the Senate. Such committees may rely on such techniques as pilot testing, analysis of costs in comparison with benefits, or provision for evaluation after a defined period of time.

"(b) In each odd-numbered year, each such committee shall submit, not later than March 31, to the Senate, a report on the activities of that committee under this paragraph during the Congress ending at noon on January 3 of such year.

"9. Each committee which requires authorization for the expenditure of funds in excess of the amount specified in paragraph 1 of this rule shall offer one annual authorization resolution to procure such authorization. Each such annual authorization resolution shall include a specification of the amount of all such funds sought by such committee. The annual authorization resolution of any committee shall be offered not later than January 31 of that year, except that, whenever the designation of members of committees occurs during the first session of any Congress at a date later than January 20, such resolution may be offered at any time within thirty days after the date on which the members of such committees are designated. After the date on which an annual authorization resolution has been offered by any committee in any year, such committee in that year may procure authorization for additional expenditures only by offering a supplemental authorization resolution. Each such supplemental authorization resolution shall include a specification of the amount of all supplemental funds sought by that committee. Each such supplemental authorization resolution shall amend the annual authorization resolution of such committee for that year unless the committee offered no annual authorization resolution for that year, in which case the committee's supplemental authorization resolution shall not be an amendment to any other resolution and any subsequent supplemental authorization resolution of such committee for the same year shall amend the first such resolution offered by the committee for that year. Each such supplemental resolution reported by such committee shall be accompanied by a report to the Senate specifying with particularity the purpose for which such authorization is sought and the reason why such authorization could not have been sought at the time of, or within the period provided for, the submission by such committee of an annual authorization resolution for that year. This paragraph shall not apply to any resolution requesting funds in addition to the amount specified in paragraph 1 of this rule and which are to be expended only for the same purposes for which such amount may be expended. This subparagraph does not apply to the Committee on Appropriations.

"10. (a) All committee hearings, records, data, charts, and files shall be kept separate and distinct from the congressional office records of the Member serving as chairman of the committee; and such records shall be the property of the Senate and all members of the committee and the Senate shall have access to such records. Each committee is authorized to have printed and bound such testimony and other data presented at hearings held by the committee.

"(b) It shall be the duty of the chairman of each committee to report or cause to be reported promptly to the Senate any measure approved by his committee and to take or cause to be taken necessary steps to bring the matter to a vote. In any event, the report of any committee upon a measure which has been approved by the committee shall be filed within seven calendar days (exclusive of days on which the Senate is not in session) after the day on which there has been filed with the clerk of the committee a written and signed request of a majority of the committee for the reporting of that measure. Upon the filing of any such request, the clerk of the committee shall transmit immediately to the chairman of the committee notice of the filing of that request. This subparagraph does not apply to the Committee on Appropriations.

"(c) If at the time of approval of a measure or matter by any committee (except for the Committee on Appropriations), any member of the committee gives notice of intention to file supplemental, minority, or additional views, that member shall be entitled to not less than three calendar days in which to file such views so filed by one or more members of the committee shall be included within, and shall be a part of, the report filed by the committee with respect to that measure or matter. The report of the committee upon that measure or matter shall be printed in a single volume which—

"(1) shall include all supplemental, minority, or additional views which have been submitted by the time of the filing of the report, and

"(2) shall bear upon its cover a recital that supplemental, minority, or additional views are included as part of the report.

"This subparagraph does not preclude—

"(A) the immediate filing and printing of a committee report unless timely request for the opportunity to file supplemental, minority, or additional views has been made as provided by this subparagraph; or

"(B) the filing by any such committee of any supplemental report upon any measure or matter which may be required for the correction of any technical error in a previous report made by that committee upon that measure or matter.

"11. (a) Each committee (except the Committee on Appropriations) which has legislative jurisdiction shall, in its consideration of all bills and joint resolutions of a public character within its jurisdiction, endeavor to insure that—

"(1) all continuing programs of the Federal Government and of the government of the District of Columbia, within the jurisdiction of such committee or joint committee, are designed; and

"(2) all continuing activities of Federal agencies, within the jurisdiction of such committee or joint committee, are carried on;

so that, to the extent consistent with the nature, requirements, and objectives of those programs and activities, appropriations therefor will be made annually.

"(b) Each committee (except the Committee on Appropriations) shall with respect to any continuing program within its jurisdiction for which appropriations are not made annually, review such program, from time to time, in order to ascertain whether such program could be modified so that appropriations therefor would be made annually.

"RULE XXVII

"REFERENCE TO COMMITTEES; MOTIONS TO DISCHARGE; REPORTS OF COMMITTEES; AND HEARINGS AVAILABLE

"1. Except as provided in paragraph 3, in any case in which a controversy arises as to the jurisdiction of any committee with respect to any proposed legislation, the question of jurisdiction shall be decided by the presiding officer, without debate, in favor of the committee which has jurisdiction over the subject matter which predominates in such proposed legislation; but such decision shall be subject to an appeal.

"2. A motion simply to refer shall not be open to amendment, except to add instructions.

"3. (a) Upon motion by both the majority leader or his designee and the minority leader or his designee, proposed legislation may be referred to two or more committees jointly or sequentially. Notice of such motion and the proposed legislation to which it relates shall be printed in the Congressional Record. The motion shall be privileged, but it shall not be in order until the Congressional Record in which the notice is printed has been available to Senators for at least twenty-four hours. No amendment to any such motion shall be in order except amendments to any instructions contained therein. Debate on any such motion, and all amendments thereto and debatable motions and appeals in connection therewith, shall be limited to not more than two hours, the time to be equally divided between, and controlled by, the majority leader and the minority leader or their designee.

"(b) Proposed legislation which is referred to two or more committees jointly may be reported only by such committees jointly and only one report may accompany any proposed legislation so jointly reported.

"(c) A motion to refer any proposed legislation to two or more committees sequentially shall specify the order of referral.

"(d) Any motion under this paragraph may specify the portion or portions of proposed legislation to be considered by the committees, or any of them, to which such proposed legislation is referred, and such committees or committee shall be limited, in the consideration of such proposed legislation, to the portion or portions so specified.

"(e) Any motion under this subparagraph may contain instructions with respect to the time allowed for consideration by the committees, or any of them, to which proposed legislation is referred and the discharge of such committees, or any of them, from further consideration of such proposed legislation.

"4. (a) All reports of committees and motions to discharge a committee from the consideration of a subject, and all subjects from which a committee shall be discharged, shall lie over one day for consideration, unless by unanimous consent the Senate shall otherwise direct.

"(b) Whenever any committee (except the Committee on Appropriations) has reported any measure, by action taken in conformity with the requirements of paragraph 7 of rule XXVI, no point of order shall lie with respect to that measure on the ground that hearings upon that measure by the committee were not conducted in accordance with the provisions of paragraph 4 of rule XXVI.

"5. Any measure or matter reported by any standing committee shall not be considered in the Senate unless the report of that committee upon that measure or matter has been available to Members for at least three calendar days (excluding Saturdays, Sundays, and legal holidays) prior to the consideration of that measure or matter. If hearings have been held on any such measure or matter so reported, the committee reporting the measure or matter shall make every reasonable effort to have such hearings printed and available for distribution to the Members of the Senate prior to the consideration of such measure or matter in the Senate. This paragraph—

"(1) may be waived by joint agreement of the majority leader and the minority leader of the Senate; and

"(2) shall not apply to—

"(A) any measure for the declaration of war, or the declaration of a national emergency, by the Congress, and

"(B) any executive decision, determination, or action which would become, or continue to be, effective unless disapproved or otherwise invalidated by one or both Houses of Congress.

"6. (a) The report accompanying each bill or joint resolution of a public character reported by any committee (except the Committee on Appropriations and the Committee on the Budget) shall contain—

"(1) an estimate, made by such committee, of the costs which would be incurred in carying out such bill or joint resolution in the fiscal year in which it is reported and in each of the five fiscal years following such fiscal year (or for the authorized duration of any program authorized by such bill or joint resolution, if less than five years), except that, in the case of measures affecting the revenues, such reports shall require only an estimate of the gain or loss in revenues for a one-year period; and

"(2) a comparison of the estimate of costs described in subparagraph (1) made by such committee with any estimate of costs made by any Federal agency; or

"(3) in lieu of such estimate or comparison, or both, a statement of the reasons why compliance by the committee with the requirements of subparagraph (1) or (2), or both, is impracticable.

"(b) Each such report (except those by the Committee on Appropriations) shall also contain—

"(1) an evaluation, made by such committee, of the regulatory impact which would be incurred in carrying out the bill or joint resolution. The evaluation shall include (A) an estimate of the numbers of individuals and businesses who would be regulated and a determination of the groups and classes of such individuals and businesses, (B) a determination of the economic impact of such regulation on the individuals, consumers, and businesses affected, (C) a determination of the impact on the personal privacy of the individuals affected, and (D) a determination of the amount of additional paperwork that will result from the regulations to be promulgated pursuant to the bill or joint resolution, which determination may include, but need not be limited to, estimates of the amount of time and financial costs required of affected parties, showing whether the effects of the bill or joint resolution could be substantial, as well as reasonable estimates of the recordkeeping requirements that may be associated with the bill or joint resolution; or

"(2) in lieu of such evaluation, a statement of the reasons why compliance by the committee with the requirements of clause (1) is impracticable.

"(c) It shall not be in order for the Senate to consider any such bill or joint resolution if the report of the committee on such bill or joint resolution does not comply with the provisions of subparagraphs (a) and (b) on the objection of any Senator.

"7. Whenever a committee reports a bill or a joint resolution repealing or amending any statute or part thereof it shall make a report thereon and shall include in such report or in an accompanying document (to be prepared by the staff of such committee) (a) the text of the statute or part thereof which is proposed to be repealed; and (b) a comparative print of that part of the bill or joint resolution making the amendment and of the statute or part thereof proposed to be amended, showing by stricken-through type and italics, parallel columns, or other appropriate typographical devices the omissions and insertions which would be made by the bill or joint resolution if enacted in the form recommended by the committee. This paragraph shall not apply to any such report in which it is stated that, in the opinion of the committee, it is necessary to dispense with the requirements of this subsection to expedite the business of the Senate.

"RULE XXVIII

"CONFERENCE COMMITTEES; REPORTS; OPEN MEETINGS

"1. The presentation of reports of committees of conference shall always be in order, except when the Journal is being read or a question of order or a motion to adjourn is pending, or while the Senate is voting or ascertaining the presence of a quorum; and when received the question of proceeding to the consideration of the report, if raised, shall be immediately put, and shall be determined without debate.

"2. Conferees shall not insert in their report matter not committed to them by either House, nor shall they strike from the bill matter agreed to by both Houses. If new matter is inserted in the report, or if matter which was agreed to by both Houses is stricken from the bill, a point of order may be made against the report, and if the point of order is sustained, the report is rejected or shall be recommitted to the committee of conference if the House of Representatives has not already acted thereon.

"3. (a) In any case in which a disagreement to an amendment in the nature of a substitute has been referred to conferees, it shall be in order for the conferees to report a substitute on the same subject matter; but they may not include in the report matter not committed to them by either House. They may, however, include in their report in any such case matter which is a germane modification of subjects in disagreement.

"(b) In any case in which the conferees violate subparagraph (a), the conference report shall be subject to a point of order.

"4. Each report made by a committee of conference to the Senate shall be printed as a report of the Senate. As so printed, such report shall be accompanied by an explanatory statement prepared jointly by the conferees on the part of the House and the conferees on the part of the Senate. Such statement shall be sufficiently detailed and explicit to inform the Senate as to the effect which the amendments or propositions contained in such report will have upon the measure which those amendments or propositions relate.

"5. If time for debate in the consideration of any report of a committee of conference upon the floor of the Senate is limited, the time allotted for debate shall be equally divided between the majority party and the minority party.

"6. Each conference committee between the Senate and the House of Representatives shall be open to the public except when managers of either the Senate or the House of Representatives in open session determine by a rollcall vote of a majority of those managers present, that all or part of the remainder of the meeting on the day of the vote shall be closed to the public.

"RULE XXIX

"PRINTING OF PAPERS, ETC.

"1. Every motion or resolution to print documents, reports, and other matter transmitted by the executive departments, or to print memorials, petitions, accompanying documents, or any other paper, except bills of the Senate or House of Representatives, resolutions submitted by a Senator, communications from the legislatures or conventions, lawfully called, of the respective States, shall, unless the Senate otherwise order, be referred to the Committee on Rules and Administration. When a motion is made to commit with instructions, it shall be in order to add thereto a motion to print.

"2. Motions or resolutions to print additional numbers shall also be referred to the Committee on Rules and Administration; and when the committee shall report favorably, the report shall be accompanied by an estimate of the probable cost thereof; and when the cost of printing such additional numbers shall exceed the sum established by law, the concurrence of the House of Representatives shall be necessary for an order to print the same.

"3. Every bill and joint resolution introduced or reported from a committee, and all bills and joint resolutions received from the House of Representatives, and all reports of committees, shall be printed, unless, for the dispatch of the business of the Senate, such printing may be dispensed with.

"RULE XXX

"WITHDRAWAL OF PAPERS

"1. No memorial or other paper presented to the Senate, except original treaties finally acted upon, shall be withdrawn from its files except by order of the Senate.

"2. The Secretary of the Senate shall obtain at the close of each Congress all the noncurrent records of the Senate and of each Senate committee and transfer them to the General Services Administration for preservation, subject to the orders of the Senate.

"RULE XXXI

"COMMITTEE STAFF

"1. (a) Each standing committee (other than the Committee on Appropriations) is authorized to appoint, by majority vote of the committee, not more than six professional staff members in addition to the clerical staffs. Such professional staff members shall be assigned to the chairman and the ranking minority member of such committee as the committee may deem advisable, except that whenever a majority of the minority members of such committee so request, two of such professional staff members may be selected for appointment by majority vote of the minority members and the committee shall appoint any staff members so selected. A staff member or members appointed pursuant to a request by the minority members of the committee shall be assigned to such committee business as such minority members deem advisable. Services of professional staff members appointed by a majority vote of the committee may be terminated by a majority vote of the committee and services of professional staff members appointed pursuant to a request by the minority members of the committee shall be terminated by the committee when a majority of such minority members so request. Professional staff members authorized by this subparagraph shall be appointed on a permanent basis, without regard to political affiliation, and solely on the basis of fitness to perform the duties of their respective positions. Such professional staff members shall not engage in any work other than committee business and no other duties may be assigned to them.

"(b) Subject to appropriations which it shall be in order to include in appropriation bills, the Committee on Appropriations is authorized to appoint such staff, in addition to the clerk thereof and assistants for the minority, as the committee, by a majority vote, shall determine to be necessary, such personnel, other than the minority assistants, to possess such qualifications as the committee may prescribe.

"(c) The clerical staff of each standing committee (other than the Committee on Appropriations), which shall be appointed by a majority vote of the committee, shall consist of not more than six clerks to be attached to the office of the chairman, to the ranking minority member and to the professional staff, as the committee may deem advisable, except that whenever a majority of the minority members of such committee so requests, one of the members of the clerical staff may be selected for appointment by majority vote of such minority members and the committee shall appoint any staff member so selected. The clerical staff shall handle committee correspondence and stenographic work, both for the committee staff and for the chairman and ranking minority member on matters related to committee work, except that if a member of the clerical staff is appointed pursuant to a request by the minority members of the committee, such clerical staff member shall handle committee correspondence and stenographic work for the minority members of the committee and for any members of the committee staff appointed under subparagraph (a) pursuant to request by such minority members, on matters related to committee work. Services of clerical staff members appointed by majority vote of the committee may be terminated by majority vote of the committee and services of clerical staff members appointed pursuant to a request by the minority members of the committee shall be terminated by the committee when a majority of such minority members so request.

"(d) In any case in which a request for the appointment of a minority staff member under subparagraph (a) or subparagraph (c) is made at any time when no vacancy exists to which the appointment requested may be made—

"(1) the person appointed pursuant to such a request under subparagraph (a) may serve in addition to any other professional staff members authorized by such subsection and may be paid from the contingent fund of the Senate until such time as such a vacancy occurs, at which time such person shall be considered to have been appointed to such vacancy; and

"(2) the person appointed pursuant to such a request under subparagraph (c) may serve in addition to any other clerical staff members authorized by such subparagraph and may be paid, until otherwise provided, from the contingent fund of the Senate.

"2. (a) Staff members appointed pursuant to a request by minority members of a committee under subparagraph (a) or subparagraph (c) of paragraph 1, and staff members appointed to assist minority members of subcommittees pursuant to authority of a resolution described in paragraph 9 of rule XXVI or other Senate resolution, shall be accorded equitable treatment with respect to the fixing of salary rates, the assignment of facilities, and the accessibility of committee records.

"(b) The minority shall receive fair consideration in the appointment of staff personnel pursuant to authority of a resoltuion described in paragraph 9 of rule XXVI.

"(c) The staffs of committees (including personnel appointed pursuant to authority of paragraph 1 and personnel appointed pursuant to authority of a resolution described in paragraph 9 of rule XXVI or other Senate resolution) should reflect the relative number of majority and minority members of committees. A majority of the minority members of any committee may, by resolution, request that at least one-third of all funds of the committee for personnel (other than those funds determined by the chairman and ranking minority member to be allocated for the administrative and clerical functions of the committee as a whole) be allocated to the minority members of such committee for compensation of minority staff as the minority members may decide. The committee shall thereafter adjust its budget to comply with such resolutions. Such adjustment shall be equitably made over a four-year period, commencing July 1, 1977, with not less than one-half being made in two years. Upon request by a majority of the minority members of any committee by resolution, proportionate space, equipment, and facilities shall be provided for such minority staff.

"(d) No committee shall appoint to its staff any experts or other personnel detailed or assigned from any department or agency of the Government, except with the written permission of the Committee on Rules and Administration.

"RULE XXXII

"BUSINESS CONTINUED FROM SESSION TO SESSION

"1. At the second or any subsequent session of a Congress the legislative business of the Senate which remained undetermined at the close of the next preceding session of that Congress shall be resumed and proceeded with in the same manner as if no adjournment of the Senate had taken place.

"2. The rules of the Senate shall continue from one Congress to the next Congress unless they are changed as provided in these rules.

"RULE XXXIII

"PRIVILEGE OF THE FLOOR

"Other than the Vice President and Senators, no person shall be admitted to the floor of the Senate while in session, except as follows:

"The President of the United States and his private secretary.

"The President elect and Vice President elect of the United States.

"Ex-Presidents and ex-Vice Presidents of the United States.

"Judges of the Supreme Court.

"Ex-Senators and Senators elect.

"The officers and employees of the Senate in the discharge of their official duties.

"Ex-Secretaries and ex-Sergeants at Arms of the Senate.

"Members of the House of Representatives and Members elect.

"Ex-Speakers of the House of Representatives.

"The Sergeant at Arms of the House and his chief deputy and the Clerk of the House and his deputy.

"Heads of the Executive Departments.

"Ambassadors and Ministers of the United States.

"Governors of States and Territories.

"Members of the Joint Chiefs of Staff.

"The General Commanding the Army.

"The Senior Admiral of the Navy on the active list.

"Members of National Legislatures of foreign countries.

"Judges of the Court of Claims.

"The Mayor of the District of Columbia.

"The Librarian of Congress and the Assistant Librarian in charge of the Law Library.

"The Architect of the Capitol.

"The Chaplain of the House of Representatives.

"The Secretary of the Smithsonian Institution.

"The Parliamentarian Emeritus of the Senate.

"Members of the staffs of committees of the Senate and joint committees of the Congress when in the discharge of their official duties and employees in the office of a Senator when in the discharge of their official duties (but in each case subject to such rules or regulations as may be prescribed by the Committee on Rules and Administration). Senate committee staff members and employees in the office of a Senator must be on the payroll of the Senate and members of joint committee staffs must be on the payroll of the Senate or the House of Representatives.

"RULE XXXIV

"SENATE CHAMBER—SENATE WING OF THE CAPITOL

"1. The Senate Chamber shall not be granted for any other purpose than for the use of the Senate; no smoking shall be permitted at any time on the floor of the Senate, or lighted cigars, cigarettes, or pipes be brought into the Chamber.

"2. It shall be the duty of the Committee on Rules and Administration to make all rules and regulations respecting such parts of the Capitol, its passages and galleries, including the restaurant and the Senate Office Building, as are or may be set apart for the use of the Senate and its officers, to be enforced under the direction of the Presiding Officer. The committee shall make such regulations respecting the reporters' galleries of the Senate, together with the adjoining rooms and facilities, as will confine their occupancy and use to bona fide reporters of newspapers and periodicals, and of news or press associations for daily news dissemination through radio, television, wires, and cables, and similar media of transmission. These regulations shall so provide for the use of such space and facilities as fairly to distribute their use to all such media of news dissemination.

"RULE XXXV

"SESSION WITH CLOSED DOORS

"1. On a motion made and seconded to close the doors of the Senate, on the discussion of any business which may, in the opinion of a Senator, require secrecy, the Presiding Officer shall direct the galleries to be cleared; and during the discussion of such motion the doors shall remain closed.

"2. When the Senate meets in closed session, any applicable provisions of rules XXXVI and XXXVII, including the confidentiality of information, shall apply to any information and to the conduct of any debate transacted.

"RULE XXXVI

"EXECUTIVE SESSIONS

"1 When the President of the United States shall meet the Senate in the Senate Chamber for the consideration of Executive business, he shall have a seat on the right of the Presiding Officer. When the Senate shall be convened by the President of the United States to any other place, the Presiding Officer of the Senate and the Senators shall attend at the place appointed, with the necessary officers of the Senate.

"2. When acting upon confidential or Executive business, unless the same shall be considered in open Executive session, the Senate Chamber shall be cleared of all persons except the Secretary, the Assistant Secretary, the Principal Legislative Clerk, the Parliamentarian, the Executive Clerk, the Minute and Journal Clerk, the Sergeant at Arms, the Secretaries to the Majority and the Minority, and such other officers as the Presiding Officer shall think necessary; and all such officers shall be sworn to secrecy.

"3. All confidential communications made by the President of the United States to the Senate shall be by the Senators and the officers of the Senate kept secret; and all treaties which may be laid before the Senate, and all remarks, votes, and proceedings thereon shall also be kept secret, until the Senate shall, by their resolution, take off the injunction of secrecy.

"4. Whenever the injunction of secrecy shall be removed from any part of the proceedings of the Senate in closed Executive or legislative session, the order of the Senate removing the same shall be entered in the Legislative Journal as well as in the Executive Journal, and shall be published in the Congressional Record under the direction of the Secretary of the Senate.

"5. Any Senator or officer of the Senate who shall disclose the secret or confidential business or proceedings of the Senate shall be liable, if a Senator, to suffer expulsion from the body; and if an officer, to dismissal from the service of the Senate, and to punishment for contempt.

"6. Whenever, by the request of the Senate or any committee thereof, any documents or papers shall be communicated to the Senate by the President or the head of any department relating to any matter pending in the Senate, the proceedings in regard to which are secret or confidential under the rules, said documents and papers shall be considered as confidential, and shall not be disclosed without leave of the Senate.

"RULE XXXVII

"EXECUTIVE SESSION—PROCEEDINGS OF TREATIES

"1. (a) When a treaty shall be laid before the Senate for ratification, it shall be read a first time; and no motion in respect to it shall be in order, except to refer it to a committee, to print it in confidence for the use of the Senate, or to remove the injunction of secrecy.

"(b) When a treaty is reported from a

committee with or without amendment, it shall, unless the Senate unanimously otherwise direct, lie over one day for consideration; after which it may be read a second time on demand and considered as in Committee of the Whole, when it shall be proceeded with by articles, and the amendments reported by the committee shall be first acted upon, after which other amendments may be proposed; and when through with, the proceedings had as in Committee of the Whole shall be reported to the Senate, when the question shall be, if the treaty be amended, "Will the Senate concur in the amendments made in Committee of the Whole?" And the amendments may be taken separately, or in gross, if no Senator shall object; after which new amendments may be proposed. At any stage of such proceedings the Senate may remove the injunction of secrecy from the treaty.

"(c) The decisions thus made shall be reduced to the form of a resolution of ratification, with or without amendments, as the case may be, which shall be proposed on a subsequent day, unless, by unanimous consent, the Senate determine otherwise, at which stage no amendment to the treaty shall be received unless by unanimous consent; but the resolution of ratification when pending shall be open to amendment in the form of reservations, declarations, statements, or understandings.

"(d) On the final question to advise and consent to the ratification in the form agreed to, the concurrence of two-thirds of the Senators present shall be necessary to determine it in the affirmative; but all other motions and questions upon a treaty shall be decided by a majority vote, except a motion to postpone indefinitely, which shall be decided by a vote of two-thirds.

"2. Treaties transmitted by the President to the Senate for ratification shall be resumed at the second or any subsequent session of the same Congress at the stage in which they were left at the final adjournment of the session at which they were transmitted; but all proceedings on treaties shall terminate with the Congress, and they shall be resumed at the commencement of the next Congress as if no proceedings had previously been had thereon.

"RULE XXXVIII

"EXECUTIVE SESSION—PROCEEDINGS ON NOMINATIONS

"1. When nominations shall be made by the President of the United States to the Senate, they shall, unless otherwise ordered, be referred to appropriate committees; and the final question on every nomination shall be, "Will the Senate advise and consent to this nomination?" which question shall not be put on the same day on which the nomination is received, nor on the day on which it may be reported by a committee, unless by unanimous consent.

"2. All business in the Senate shall be transacted in open session, unless the Senate as provided in rule XXXV by a majority vote shall determine that a particular nomination, treaty, or other matter shall be considered in closed executive session, in which case all subsequent proceedings with respect to said nomination, treaty, or other matter shall be kept secret: *Provided*, That the injunction of secrecy as to the whole or any part of proceedings in closed executive session may be removed on motion adopted by a majority vote of the Senate in closed executive session: *Provided further*, That any Senator may make public his vote in closed executive session.

"3. When a nomination is confirmed or rejected, any Senator voting in the majority may move for a reconsideration on the same day on which the vote was taken, or on either of the next two days of actual executive session of the Senate; but if a notification of the confirmation or rejection of a nomination shall have been sent to the President before the expiration of the time within which a motion to reconsider may be made, the motion to reconsider shall be accompanied by a motion to request the President to return such notification to the Senate. Any motion to reconsider the vote on a nomination may be laid on the table without prejudice to the nomination, and shall be a final disposition of such motion.

"4. Nominations confirmed or rejected by the Senate shall not be returned by the Secretary to the President until the expiration of the time limited for making a motion to reconsider the same, or while a motion to reconsider is pending unless otherwise ordered by the Senate.

"5. When the Senate shall adjourn or take a recess for more than thirty days, all motions to reconsider a vote upon a nomination which has been confirmed or rejected by the Senate, which shall be pending at the time of taking such adjournment or recess, shall fall; and the Secretary shall return all such nominations to the President as confirmed or rejected by the Senate, as the case may be.

"6. Nominations neither confirmed nor rejected during the session at which they are made shall not be acted upon at any succeeding session without being again made to the Senate by the President; and if the Senate shall adjourn or take a recess for more than thirty days, all nominations pending and not finally acted upon at the time of taking such adjournment or recess shall be returned by the Secretary to the President, and shall not again be considered unless they shall again be made to the Senate by the President.

"7. (a) The Official Reporters shall be furnished with a list of nominations to office after the proceedings of the day on which they are received, and a like list of all confirmations and rejections.

"(b) All nominations to office shall be prepared for the printer by the Official Reporter, and printed in the Congressional Record, after the proceedings of the day in which they are received, also nominations recalled, and confirmed.

"(c) The Secretary shall furnish to the press, and to the public upon request, the names of nominees confirmed or rejected on the day on which a final vote shall be had, except when otherwise ordered by the Senate.

"RULE XXXIX

"THE PRESIDENT FURNISHED WITH COPIES OF RECORDS OF EXECUTIVE SESSIONS

"The President of the United States shall, from time to time, be furnished with an authenticated transcript of the public executive records of the Senate, but no further extract from the Executive Journal shall be furnished by the Secretary, except by special order of the Senate; and no paper, except original treaties transmitted to the Senate by the President of the United States, and finally acted upon by the Senate, shall be delivered from the office of the Secretary without an order of the Senate for that purpose.

"RULE XL

"SUSPENSION AND AMENDMENT OF THE RULES

"No motion to suspend, modify, or amend any rule, or any part thereof; shall be in order, except on one day's notice in writing, specifying precisely the rule or part proposed to be ssupended, modified, or amended, and the purpose thereof. Any rule may be suspended without notice by the unanimous consent of the Senate, except as otherwise provided by the rules.

"RULE XLI

"COMMITTEE AMENDMENTS NOT WITHIN ITS JURISDICTION

"It shall not be in order to consider any proposed committee amendment (other than a technical, clerical, or conforming amendment) which contains any significant matter not within the jurisdiction of the committee proposing such amendment.

"RULE XLII

"PUBLIC FINANCIAL DISCLOSURE

"For purposes of this rule, the provisions of title I of the Ethics in Government Act of 1978 shall be deemed to be a rule of the Senate as it pertains to Members, officers, and employees of the Senate.

"RULE XLIII

"GIFTS

"1. (a) No Member, officer, or employee of the Senate, or the spouse or dependent thereof, shall knowingly accept, directly or indirectly, any gift or gifts having an aggregate value exceeding $100 during a calendar year directly or indirectly from any person, organization, or corporation having a direct interest in legislation before the Congress or from any foreign national unless, in an unusual case, a waiver is granted by the Select Committee on Ethics. In determining whether an individual has accepted any gift or gifts having an aggregate value exceeding $100 during a calendar year from any person, organization, or corporation, there may be deducted the aggregate value of gifts (other than gifts described in subparagraph (c)) given by such individual to such person, organization, or corporation during that calendar year.

"(b) For purposes of subparagraph (a), only the following shall be deemed to have a direct interest in legislation before the Congress:

"(1) a person, organization, or corporation registered under the Federal Regulation of Lobbying Act of 1946, or any successor statute, a person who is an officer or director of such a registered lobbyist, or a person who has been employed or retained by such a registered lobbyist for the purpose of influencing legislation before the Congress; or

"(2) a corporation, labor organization, or other organization which maintains a separate segregated fund for political purposes (within the meaning of section 321 of the Federal Election Campaign Act of 1971 (2 U.S.C. 441b), a person who is an officer or director of such corporation, labor organization, or other organization, or a person who has been employed or retained by such corporation, labor organization, or other organization for the purpose of influencing legislation before the Congress.

"(c) The prohibitions of subparagraph (a) do not apply to gifts—

"(1) from relatives;

"(2) with a value of less than $35;

"(3) of personal hospitality of an individual; or

"(4) from an individual who is a foreign national if that individual is not acting, directly or indirectly, on behalf of a foreign corporation, partnership or business enterprise, a foreign trade, cultural, educational or other association, a foreign political party or a foreign government.

"2. For purposes of this rule—

"(a) the term 'gift' means a payment, subscription, advance, forbearance, rendering, or deposit of money, services, or anything of value, including food, lodging, transportation, or entertainment, and reimbursement for other than necessary expenses, unless consideration of equal or greater value is received, but does not include (1) a political contribution otherwise reported as required by law, (2) a loan made in a commercially reasonable manner (including requirements that the loan be repaid and that a reasonable rate of interest be paid), (3) a bequest, inheritance, or other transfer at death, (4) a bona fide award presented in recognition of public service and available to the general public, (5) a reception at which the Member, officer, or employee is to be honored, provided such individual receives no other gifts that exceed the restrictions in this rule, other than a suitable memento, (6) meals, beverages, or entertainment consumed or enjoyed, provided the meals, beverages, or entertainment are not consumed or enjoyed in connection with a gift of overnight lodging, or (7) anything of value given to a spouse or dependent of a reporting individual by the employer of such spouse or dependent in recognition of the service provided by such spouse or dependent; and

"(b) the term 'relative' has the same meaning given to such term in section 107(2) of title I of the Ethics in Government Act of 1978 (Public Law 95–521).

"3. If a Member, officer, or employee, after exercising reasonable diligence to obtain the information necessary to comply with this rule, unknowingly accepts a gift described in paragraph 1, such Member, officer, or employee shall, upon learning of the nature of the gift and its source, return the gift or, if it is not possible to return the gift, reimburse the donor for the value of the gift.

"4. (a) Notwithstanding the provisions of this rule, a Member, officer, or employee of the Senate may participate in a program, the principal objective of which is educational, sponsored by a foreign government or a foreign educational or charitable organization involving travel to a foreign country paid for by that foreign government or organization if such participation is not in violation of any law and if the Select Committee on Ethics has determined that participation in such program by Members, officers, or employees of the Senate is in the interests of the Senate and the United States.

"(b) Any Member who accepts an invitation to participate in any such program shall notify the Select Committee in writing of his acceptance. A Member shall also notify the Select Committee in writing whenever he has permitted any officer or employee whom he supervises (within the meaning of paragraph 11 of rule XLV) to participate in any such program. Prior to the beginning of any such program, the chairman of the Select Committee shall place in the Congressiional Record a list of all individuals participating; the supervisors of such individuals, where applicable; and the nature and itinerary of such program.

"(c) No Member, officer, or employee may accept funds in connection with participation in a program permitted under subparagraph (a) if such funds are not used for necessary food, lodging, transportation, and related expenses of the Member, officer, or employee.

"RULE XLIV[1]

"OUTSIDE EARNED INCOME

"1. During the period of service in a calendar year of a Senator, or of an officer or employee of the Senate compensated at a rate exceeding $35,000 a year and employed for more than ninety days in a calendar year, the aggregate amount of the outside earned income of such individual for such period shall not exceed 15 per centum of—

"(1) the aggregate amount of the salary of such an officer or employee disbursed by the Secretary of the Senate during such period; and

"(2) in the case of a Senator, the aggregate amount of base salary paid to Senators and disbursed by the Secretary of the Senate for that period.

"2. (a) A Senator shall not receive honoraria in excess of $1,000 for each appearance, speech, or article.

"(b) An officer or employee of the Senate covered by paragraph 1 shall not receive honoraria in excess of—

"(1) $300 for each appearance, speech, or article, and

"(2) $1,500 in the aggregate in any one calendar year.

"(c) Notwithstanding the limitations under paragraph 1 or 2(b)(2), any Senator, officer, or employee may accept honoraria in excess of the amount allowed in paragraph 1 or 2(b)(2) but not in excess of $25,000, if he donates such honoraria to an organization exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1954 and if no tax benefits accrue to such Senator, officer, or employee for such donation.

"3. (a) For purposes of this rule, the term 'outside earned income' shall, subject to the provisions of subparagraph (b), mean any income earned by an individual (other than the salary received as a Senator or officer or employee of the Senate) which is compensation received as a result of personal services actually rendered.

"(b) For purposes of subparagraph (a), the term 'outside earned income' does not include—

"(1) advances on books from an established trade publisher under usual contract terms;

"(2) royalties from books;

"(3) proceeds from the sale of creative or artistic works;

"(4) any 'buyout' arrangement from professional partnerships or businesses which is reasonably related to the fair market value of the partnership or business interest in the enterprise at the time of the sale of such interest, payable within a reasonable period of time, and not related to future services or profitability of the enterprise;

"(5) income from family enterprises, if the services provided by the Senator, officer or employee are managerial or supervisory in nature, necessary to protect the interests in the family enterprise and do not consume significant amounts of time while the Senate is in session; and

"(6) distributive share of partnership income if the distributive share received represents not more than a pro rata return on the capital invested in the partnership and the services provided by the Senator, officer, or employee are managerial or supervisory in nature, necessary to protect the interests in the partnership, and do not consume significant amounts of time while the Senate is in session.

"RULE XLV

"CONFLICT OF INTEREST

"1. A Member, officer, or employee of the Senate shall not receive any compensation, nor shall he permit any compensation to accrue to his beneficial interest from any source, the receipt of accural of which would occur by virtue of influence improperly exerted from his position as a Member, officer, or employee.

"2. No Member, officer, or employee shall engage in any outside business or professional activity or employment for compensation which is inconsistent or in conflict with the conscientious performance of official duties.

"3. No officer or employee shall engage in any outside business or professional activity or employment for compensation unless he has reported in writing when such activity or employment commences and on May 15 of each year thereafter so long as such activity or employment continues, the nature of such activity or employment to his supervisor. The supervisor shall then, in the discharge of his duties, take such action as he considers necessary for the avoidance of conflict of interest or interference with duties to the Senate.

"4. No Member, officer, or employee shall knowingly use his official position to introduce or aid the progress or passage of legislation, a principal purpose of which is to further only his pecuniary interest, only the pecuniary interest of his immediate family, or only the pecuniary interest of a limited class of persons or enterprises, when he, or his immediate family, or enterprises controlled by them, are members of the affected class.

"5. No Member, officer, or employee of the Senate compensated at a rate in excess of $25,000 per annum and employed for more than ninety days in a calendar year shall (a) affiliate with a firm, partnership, association, or corporation for the purpose of providing professional services for compensation; (b) permit that individual's name to be used by such a firm, partnership, association or corporation; or (c) practice a profession for compensation to any extent during regular office hours of the Senate office in which employed. For the purposes of this paragraph, 'professional services' shall include but not be limited to those which involve a fiduciary relationship.

"6. No Member, officer, or employee of the Senate compensated at a rate in excess of $25,000 per annum and employed for more than ninety days in a calendar year shall serve as an officer or member of the board of any publicly held or publicly regulated corporation, financial institution, or business entity. The preceding sentence shall not apply to service of a Member, officer, or employee as—

"(a) an officer or member of the board of an organization which is exempt from taxation under section 501(c) of the Internal Revenue Code of 1954, if such service is performed without compensation;

"(b) an officer or member of the board of an institution or organization which is principally available to Members, officers, or employees of the Senate, or their families, if such service is performed without compensation; or

"(c) a member of the board of a corporation, institution, or other business entity, if (1) the Member, officer, or employee had served continuously as a member of the board thereof for at least two years prior to his election or appointment as a Member, officer, or employee of the Senate, (2) the amount of time required to perform such service is minimal, and (3) the Member, officer, or employee is not a member of, or a member of the staff of any Senate committee which has legislative jurisdiction over any agency of the Government charged with regulating the activities of the corporation, institution, or other business entity.

"7. An employee on the staff of a committee who is compensated at a rate in excess of $25,000 per annum and employed for more than ninety days in a calendar year shall divest himself of any substantial the actions of the committee for which he holdings which may be directly affected by works, unless the Select Committee, after consultation with the employee's supervisor, grants permission in writing to retain such holdings or the employee makes other arrangements acceptable to the Select Committee and the employee's supervisor to avoid participation in committee actions where there is a conflict of interest, or the appearance thereof.

"8. If a Member, upon leaving office, becomes a registered lobbyist under the Federal Regulation of Lobbying Act of 1946 or any successor statute, or is employed or retained by such a registered lobbyist for the purpose of influencing legislation, he shall not lobby Members, officers, or employees of the Senate for a period of one year after leaving office.

"9. If an employee on the staff of a Member, upon leaving that position, becomes a registered lobbyist under the Federal Regulation of Lobbying Act of 1946 or any successor statute, or is employed or retained by such a registered lobbyist for the purpose of influencing legislation, such employee may not lobby the Member for whom he worked or that Member's staff for a period of one year after leaving that position. If an employee on the staff of a committee, upon leaving his position, becomes such a registered lobbyist or is employed or retained by such a registered lobbyist for the purpose of influencing legislation, such employee may not lobby the members of the committee for which he worked, or the staff of that committee, for a period of one year after leaving his position.

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[1] Effective Jan. 1, 1983. (Effective date changed from Jan. 1, 1979, to Jan. 1, 1983, by S. Res. 93, 96–1, Mar. 8, 1979.)

"10. For purposes of this rule—

"(a) 'employee of the Senate' includes an employee or individual described in paragraphs 2, 3, and 4(c) of rule XLIX;

"(b) an individual who is an employee on the staff of a subcommittee of a committee shall be treated as an employee on the staff of such committee; and

"(c) the term 'lobbying' means any oral or written communication to influence the content or disposition of any issue before Congress, including any pending or future bill, resolution, treaty, nomination, hearing, report, or investigation; but does not include—

"(1) a communication (i) made in the form of testimony given before a committee or office of the Congress, or (ii) submitted for inclusion in the public record, public docket, or public file of a hearing; or

"(2) a communication by an individual, acting solely on his own behalf, for redress of personal grievances, or to express his personal opinion.

"11. For purposes of this rule—

"(a) a Senator or the Vice President is the supervisor of his administrative, clerical, or other assistants;

"(b) a Senator who is the chairman of a committee is the supervisor of the professional, clerical, or other assistants to the committee except that minority staff members shall be under the supervision of the ranking minority Senator on the committee;

"(c) a Senator who is a chairman of a subcommittee which has its own staff and financial authorization is the supervisor of the professional, clerical, or other assistants to the subcommittee except that minority staff members shall be under the supervision of the ranking minority Senator on the subcommittee;

"(d) the President pro tempore is the supervisor of the Secretary of the Senate, Sergeant at Arms and Doorkeeper, the Chaplain, the Legislative Counsel, and the employees of the Office of the Legislative Counsel;

"(e) the Secretary of the Senate is the supervisor of the employees of his office;

"(f) the Sergeant at Arms and Doorkeeper is the supervisor of the employees of his office;

"(g) the Majority and Minority Leaders and the Majority and Minority Whips are the supervisors of the research, clerical, or other assistants assigned to their respective offices;

"(h) the Majority Leader is the supervisor of the Secretary for the Majority and the Secretary for the Majority is the supervisor of the employees of his office; and

"(i) the Minority Leader is the supervisor of the Secretary for the Minority and the Secretary for the Minority is the supervisor of the employees of his office.

"RULE XLVI

"PROHIBITION OF UNOFFICIAL OFFICE ACCOUNTS

"1. No Member may maintain or have maintained for his use an unofficial office account. The term 'unofficial office account' means an account or repository into which funds are received for the purpose, at least in part, of defraying otherwise unreimbursed expenses allowable in connection with the operation of a Member's office. An unofficial office account does not include, and expenses incurred by a Member in connection with his official duties shall be defrayed only from—

"(a) personal funds of the Member;

"(b) official funds specifically appropriated for that purpose;

"(c) funds derived from a political committee (as defined in section 301(d) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431)); and

"(d) funds received as reasonable reimbursements for expenses incurred by a Member in connection with personal services provided by the Member to the organization making the reimbursement.

"2. No contribution (as defined in section 301(e) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431)) shall be converted to the personal use of any Member or any former Member. For the purposes of this rule 'personal use' does not include reimbursement of expenses incurred by a Member in connection with his official duties.

"RULE XLVII

"FOREIGN TRAVEL

"1. Unless authorized by the Senate (or by the President of the United States after an adjournment sine die), no funds from the United States Government (including foreign currencies made available under section 502(b) of the Mutual Security Act of 1954 (22 U.S.C. 1754(b)) shall be received for the purpose of travel outside the United States by any Member of the Senate whose term will expire at the end of a Congress after—

"(a) the date of the general election in which his successor is elected; or

"(b) in the case of a Member who is not a candidate in such general election, the earlier of the date of such general election or the adjournment sine die of the second regular session of that Congress.

"2. No Member, officer, or employee engaged in foreign travel may claim payment or accept funds from the United States Government (including foreign currencies made available under section 502(b) of the Mutual Security Act of 1954 (22 U.S.C. 1754(b)) for any expense for which the individual has received reimbursement from any other source; nor may such Member, officer, or employee receive reimbursement for the same expense more than once from the United States Government. No Member, officer, or employee shall use any funds furnished to him to defray ordinary and necessary expenses of foreign travel for any purpose other than the purpose or purposes for which such funds were furnished.

"3. A per diem allowance provided a Member, officer, or employee in connection with foreign travel shall be used solely for lodging, food, and related expenses and it is the responsibility of the Member, officer, or employee receiving such an allowance to return to the United States Government that portion of the allowance received which is not actually used for necessary lodging, food, and related expenses.

"RULE XLVIII

"FRANKING PRIVILEGE AND RADIO AND TELEVISION STUDIOS

"1. A Senator or an individual who is a candidate for nomination for election, or election, to the Senate may not use the frank for any mass mailing (as defined in section 3210(a)(5)(D) of title 39, United States Code) if such mass mailing is mailed at or delivered to any postal facility less than sixty days immediately before the date of any primary or general election (whether regular, special, or runoff) in which the Senator is a candidate for public office or the individual is a candidate for Senator.

"2. A Senator shall use only official funds of the Senate, including his official Senate allowances, to purchase paper, to print, or to prepare any mass mailing material which is to be sent out under the frank.

"3. (a) When a Senator disseminates information under the frank by a mass mailing (as defined in section 3210(a)(5)(D) of title 39, United States Code), the Senator shall register annually with the Secretary of the Senate such mass mailings. Such registration shall be made by filing with the Secretary a copy of the matter mailed and providing, on a form supplied by the Secretary, a description of the group or groups of persons to whom the mass mailing was mailed.

"(b) The Secretary of the Senate shall promptly make available for public inspection and copying a copy of the mail matter registered, and a description of the group or groups of persons to whom the mass mailing was mailed.

"4. Nothing in this rule shall apply to any mailing under the frank which is (a) in direct response to inquiries or requests from persons to whom the matter is mailed; (b) addressed to colleagues in Congress or to government officials (whether Federal, State, or local); or (c) consists entirely of news releases to the communications media.

"5. The Senate computer facilities shall not be used (a) to store, maintain, or otherwise process any lists or categories of lists of names and addresses identifying the individuals included in such lists as campaign workers or contributors, as members of a political party, or by any other partisan political designation, (b) to produce computer printouts except as authorized by user guides approved by the Committee on Rules and Administration, or (c) to produce mailing labels for mass mailings, or computer tapes and discs, for use other than in service facilities maintained and operated by the Senate or under contract to the Senate. The Committee on Rules and Administration shall prescribe such regulations not inconsistent with the purposes of this paragraph as it determines necesary to carry out such purposes.

"6. (a) The radio and television studios provided by the Senate or by the House of Representatives may not be used by a Senator or an individual who is a candidate for nomination for election, or election to the Senate less than sixty days immediately before the date of any primary or general election (whether regular, special, or runoff) in which that Senator is a candidate for public office or that individual is a candidate for Senator.

"(b) This paragraph shall not apply if the facilities are to be used at the request of, and at the expense of, a licensed broadcast organization of an organization exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1954.

"RULE XLIX

"POLITICAL FUND ACTIVITY; DEFINITIONS

"1. No officer or employee of the Senate may receive, solicit, be a custodian of, or distribute any funds in connection with any campaign for the nomination for election, or the election, of any individual to be a Member of the Senate or to any other Federal office. This prohibition does not apply to two assistants to a Senator at least one of whom is in Washington, District of Columbia, who have been designated by that Senator to perform any of the functions described in the first sentence of this paragraph and who are compensated at an annual rate in excess of $10,000 if such designation has been made in writing and filed with the Secretary of the Senate and if each such assistant files a financial statement in the form provided under rule XLII for each year during which he is designated under this rule. The Secretary of the Senate shall make the designation available for public inspection.

"2. For purposes of the Senate Code of Official Conduct—

"(a) an employee of the Senate includes any employee whose salary is disbursed by the Secretary of the Senate; and

"(b) the compensation of an officer or employee of the Senate who is a reemployed annuitant shall include amounts received by such officer or employee as an annuity, and such amounts shall be treated as disbursed by the Secretary of the Senate.

"3. Before approving the utilization by any committee of the Senate of the services of an officer or employee of the Government in accordance with paragraph 2(d) of rule XXXI or with an authorization provided by Senate resolution, the Committee on Rules and Administration shall require such officer or employee to agree in writing to comply with the Senate Code of Official Conduct in the same manner and to the same extent as an employee of the Senate. Any such officer or employee shall, for purposes of such Code, be treated as an employee of the Senate receiving compensation disbursed by the Secretary of the Senate in an amount equal to the amount of compensation he is receiving as an officer or employee of the Government.

"4. No Member, officer, or employee of the Senate shall utilize the full-time services of an individual for more than ninety days in a calendar year in the conduct of official duties of any committee or office of the Senate (including a Member's office) unless such individual—

"(a) is an officer or employee of the Senate,

"(b) is an officer or employee of the Government (other than the Senate), or

"(c) agrees in writing to comply with the Senate Code of Official Conduct in the same manner and to the same extent as an employee of the Senate.

Any individual to whom subparagraph (c) applies shall, for purposes of such Code, be treated as an employee of the Senate receiving compensation disbursed by the Secretary of the Senate in an amount equal to the amount of compensation which such individual is receiving from any source for performing such services.

"5. In exceptional circumstances for good cause shown, the Select Committee on Ethics may waive the applicability of any provision of the Senate Code of Official Conduct to an employee hired on a per diem basis.

"6. (a) The supervisor of an individual who performs services for any Member, committee, or office of the Senate for a period in excess of four weeks and who receives compensation therefor from any source other than the United States Government shall report to the Select Committee on Ethics with respect to the utilization of the services of such individual.

"(b) A report under subparagraph (a) shall be made with respect to an individual—

"(1) when such individual begins performing services described in such subparagraph;

"(2) at the close of each calendar quarter while such individual is performing such services; and

"(3) when such individual ceases to perform such services.

Each such report shall include the identity of the source of the compensation received by such individual and the amount or rate of compensation paid by such source.

"(c) No report shall be required under subparagraph (a) with respect to an individual who normally performs services for a Member, committee, or office for less than eight hours a week.

"(d) For purposes of this paragraph, the supervisor of an individual shall be determined under paragraph 11 of rule XLV.

"RULE L

"EMPLOYMENT PRACTICES

"No Member, officer, or employee of the Senate shall, with respect to employment by the State or any office thereof—

"(a) fail or refuse to hire an individual;

"(b) discharge an individual; or

"(c) otherwise discriminate against an individual with respect to promotion, compensation, or terms, conditions, or privileges of employment

on the basis of such individual's race, color, religion, sex, national origin, age, or state of physical handicap."

Sec. 2. (a) Sections 131, 133, 133A, 133B, 134, 135, 136, and 139 of the Legislative Reorganization Act of 1946 insofar as they relate to the Senate, are repealed. Until otherwise provided by law or resolution of the Senate, the provisions of subsections (a) through (h) of section 202 of such Act shall not apply to committees of the Senate.

(b) Sections 243, 252(a), 253(a), and 253(b) of the Legislative Reorganization Act of 1970 are repealed.

(c) Section 703(e) of Senate Resolution 4, Ninety-fifth Congress, agreed to February 4 (legislative day, February 1), 1977, is repealed.

SENATE RESOLUTION 275—ORIGINAL RESOLUTION REPORTED DESIGNATING THE "HARRY FLOOD BYRD, SR., ROOM"

Mr. PELL, from the Committee on Rules and Administration, reported the following original resolution:

S. Res 275

Resolved, That room S–114 (dining room for Democratic Senators) in the U.S. Capitol is designated as the "Harry Flood Byrd, Sr., Room".

SENATE RESOLUTION 276—ORIGINAL RESOLUTION REPORTED TO PAY A GRATUITY

Mr. PELL, from the Committee on Rules and Administration, reported the following original resolution:

S. Res. 276

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Gertrude G. Dissmore, mother of Karol A. Reed and to Chester H. Dissmore, father of Karol A. Reed, an employee of the Senate at the time of her death, a sum to each equal to one month's compensation at the rate she was receiving by law at the time of her death said sum to be considered inclusive of funeral expenses and all other allowances.

AMENDMENTS SUBMITTED FOR PRINTING

DEFENSE PRODUCTION ACT EXTENSION—S. 932

AMENDMENT NO. 575

(Ordered to be printed and to lie on the table.)

Mr. WARNER submitted an amendment intended to be proposed by him to S. 932, a bill to extend the Defense Production Act of 1950, as amended.

AMENDMENT NO. 576

(Ordered to be printed and to lie on the table.)

Mr. PERCY (for himself, Mr. Cranston, Mr. Armstrong, and Mr. Proxmire) submitted an amendment intended to be proposed by them, jointly, to S. 932, a bill to extend the Defense Production Act of 1950, as amended.

Mr. PERCY. Mr. President, I will call up an amendment tomorrow to eliminate GOCO's from S. 932. Senators Cranston, Armstrong, and Proxmire are cosponsors, Senator Cranston being the principal Democratic cosponsor.

Mr. President, I would like to further clarify the intent of my amendment to eliminate GOCO's from S. 932. If it is our intent to create a private sector synthetic fuels capacity sensitive to market forces, then GOCO's must not be allowed. My amendment, originally introduced with its complementary, technical sections, achieved this end.

Because those clarifying, technical sections raised questions among some of my colleagues, I have introduced a greatly simplified version accomplishing the same end. This new amendment deletes those sections of title I, subtitle E which would permit GOCO's and government-owned, government-operated facilities.

The importance of this action can not be stated too strongly. While I recognize that many feel the GOCO provision is necessary to assure the Government a bargaining position in building synthetic fuel plants, this view overlooks a major principle of S. 932: That concept is the vital need for synthetic fuel plants to be built and run in a way that fully reflects the marketplace.

Access to GOCO authority will permit the Government to enter into the construction of plants which the private sector has determined have no economically justifiable reason for existing. Private sector acumen in choosing technologies to develop which will be effective members of the economy is the central reason for S. 932. When the private sector determines that a technology does not merit development, that technology simply should not be implemented. What is the point of asking for business judgment on the one hand, and then denying it on the other?

Further reinforcing this stance is a report to the Senate Budget Committee produced by ICF, Inc. That report states:

> GOCO's contradict every one of the guidelines (for effective commercialization of synthetic fuels technologies) just cited from the MIT work. The demonstration would be removed from the normal workings of the private sector; project managers (most likely working on a cost plus fixed fee basis) would not be subject to serious market or cost reduction pressures, and full federal financing would provide no information about the likely financing cost for a commercial project.

In addition, private industry is able to abandon a development project if it turns out that the technology is not as promising as it first appeared. By choosing a particular synthetic fuels plant, located in a particular congressional district, and then creating a Government bureaucracy to own and manage the program, Congress will have inevitably created a new "pork barrel" project. That facility will be difficult to terminate, even as it produces absolutely no useful information on the market worthiness of its product.

Mr. President, I urge my colleagues to

support this amendment. It preserves the essential role of the market in determining the use of cost-effective, well-managed synthetic fuels technologies.

Mr. President, I ask unanimous consent that the text of the amendment be printed in the Record.

There being no objection, the amendment was ordered to be printed in the Record, as follows:

Beginning on page 106, line 1 through page 111, line 19, strike subtitle E, "Corporation Construction Projects", and making conforming amendments striking references thereto throughout the bill.

AMENDMENT NO. 577

(Ordered to be printed and to lie on the table.)

Mr. GARN (for himself and Mr. Cranston) submitted an amendment intended to be proposed by them, jointly, to S. 932, a bill to extend the Defense Production Act of 1950, as amended.

AMENDMENT NOS. 578 AND 579

(Ordered to be printed and to lie on the table.)

Mr. HATCH submitted two amendments intended to be proposed by them, jointly, to S. 932, supra.

SUNSET ACT—S. 2

AMENDMENT NO. 580

(Ordered to be printed and referred to the Committee on Governmental Affairs.)

Mr. PERCY. Mr. President, I am today submitting an amendment to title VI of S. 2 which will streamline the present bill while giving us a workable policy instrument to weed out programs that are not working as planned.

Last fall I offered an amendment to add a new title VI to the Sunset Act on Government accountability, which was unanimously accepted by the Senate. The thrust of the new title—requiring the President to submit a report ranking Federal programs against each other—is a valuable and essential aid to the sunset process.

During the Governmental Affairs Committee hearings on the Sunset Act this summer, Bowman Cutter, OMB's executive associate director, stated that the concept of the accountability report was very useful and that it would help OMB improve the management aspect of its responsibilities. Mr. Cutter said at our July hearing:

> I see Title VI as an important organizing principle for OMB. We receive constant comments that OMB does not pay sufficient attention to evaluation efforts, or apply evaluation results to decisionmaking.
>
> In the budget review process, we attempt to use the evaluations that have been made, but the proces moves too fast for us to organize, plan, review and assess program evaluations in the depth that Title VI would allow. With Title VI, we have a good opportunity to organize an evaluation effort at OMB that will be more effective and provide us with better results.

OMB felt, however, that the report would be better if it were submitted in conjunction with the programs up for sunset review in that Congress rather than trying to rank all Government programs in each report.

I am very pleased that OMB has taken a constructive attitude on sunset and has worked with me and my staff to perfect this title of the bill. We have reached agreement on a workable amendment and it is that language that I am introducing today.

The amendment I am submitting would require the President to submit an accountability report by May 1 of the first session of each Congress. In the report, the President would rank all programs in a budget subfunctional category that are scheduled for sunset review in that Congress.

We have not tied the President's hands in designing the accountability report, but have given him wide leeway in choosing how to structure it. The amendment stipulates only that the President base his rankings on: First, how well programs are meeting the objectives set out in the law; second, whether the programs' objectives conflict with or duplicate each other; and third, how well programs are managed. The President is required to explain these rankings briefly and add a list of programs that he would recommend for special scrutiny by Congress.

Mr. President, this is a highly workable process that will help both the administration and Congress better manage the Federal Government. It will mean that Government programs will come under the same type of examination that private enterprise makes of its own programs. I am delighted to have the administration's support of this amendment, which I will offer to S. 2 when the Governmental Affairs Committee marks it up later this year.

Mr. President, I ask unanimous consent that the text of the amendment be printed at this point in the Record.

There being no objection, the amendment was ordered to be printed in the Record, as follows:

Amendment No. 580

"On page 47, beginning with line 4, strike out all through line 9 on page 50 and insert the following:

"TITLE VI—GOVERNMENT ACCOUNTABILITY

"Sec. 601 (a). The Congress finds that—

"(1) public confidence in the ability of the Congress and the executive branch to manage the Federal Government has declined;

"(2) the Federal Government should be increasingly more accountable as it acts to serve the public interest;

"(3) the executive branch, the Congress and the public do not possess adequate information on the relative effectiveness of Federal programs;

"(4) the taxpaying public is properly demanding more accountability for the expenditure of tax revenues and demanding that public expenditures not grow any larger with respect to the economy as a whole.

"(b) The purposes of this Title are to—

"(1) identify those programs which are ineffective and determine the cause of their ineffectiveness;

"(2) encourage the development of improved methods for evaluating Federal programs;

"(3) provide for more professional and efficient management of the Federal Government.

"Sec. 602 (a). Not later than May 1 of the first session of the Ninety-seventh Congress and every two years thereafter, the President shall submit to Congress an Accountability Report assessing program effectiveness and providing information to assist Congress in the review and reauthorization of these programs.

"(b) Each Accountability Report shall include information on programs that are scheduled for reauthorization by September 30th of the year following the year in which an Accountability Report is transmitted to Congress, in accordance with the sunset reauthorization cycle in this Act.

"(c) Each Accountability Report shall contain such information and in such form and detail as the President may determine, provided that each program included in an Accountability Report shall be ranked as to its effectiveness relative to all other programs within that program's budget subfunctional category.

"(d) The program rankings shall be based on an assessment of—

"(1) the degree to which the program is achieving its statutory objectives;

"(2) the extent to which a program's objectives are in conflict with or duplicative of other program objectives; and

"(3) the overall quality of the management of the program by the responsible executive department or independent establishment.

"(e) The President shall accompany his rankings with:

"(1) a brief evaluation and explanation of the rankings, and

"(2) a list of those programs or areas that the President recommends for termination or administrative or congressional improvement.

"Sec. 603. For the purpose of this Title:

"(a) the term 'program' means an activity or set of activities identified as appropriate for evaluation of effectiveness in pursuing a governmental goal but shall not include foreign intelligence activities.

"(b) the term 'executive department' shall have the meaning given it in section 101 of title 5, United States Code.

"(c) The term 'independent establishment' shall have the meaning given it in section 104 of title 5, United States Code except that it includes the United States Postal Service and the Postal Rate Commission but does not include the General Accounting Office or the Independent Regulatory Agencies.

"(d) the term 'sunset reauthorization cycle' shall have the same meaning as used in Title I of this Act.".

NOTICES OF HEARINGS

COMMITTEE ON VETERANS' AFFAIRS

● Mr. CRANSTON. Mr. President, I would like to announce, for the information of Senators and the public, that the Committee on Veterans' Affairs will hold a second hearing, following up on the joint hearing that the House and Senate Committees on Veterans' Affairs held on October 25, to investigate admitting practices and treatment of veterans in Veterans' Administration hospitals and clinics in Orlando, Fla., on November 10. The hearing, to be chaired at my request by my colleague on the Veterans' Affairs Committee (Mr. Stone), will begin at 11 a.m., in room 327 of the County Court House, 65 East Central Avenue, Orlando.

Persons desiring further information may contact Edward Scott, General Counsel of the committee, at (202) 224–9126.●

SUBCOMMITTEE ON PARKS, RECREATION, AND RENEWABLE RESOURCES

● Mr. JACKSON. Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of a public hearing before the Subcommitee on Parks, Recreation, and Renewable Resources, Committee on Energy and Natural Resources.

The hearing is scheduled for Thursday, November 15, beginning at 10 a.m., in room 3110 of the Dirksen Senate Office Building. Testimony will be heard on S. 1567, a bill to establish the Yaquina Head Outstanding Natural Area in Oregon.

For further information regarding the hearing, you may wish to contact Mr. Robert Kutler of the subcommittee staff at 224–7144.

Those wishing to submit a written statement for the record should write to the Subcommittee on Parks, Recreation, and Renewable Resources, 3106 Dirksen Senate Office Building, Washington, D.C. 20510.●

SUBCOMMITTEE ON EDUCATION, ARTS, AND HUMANITIES

● Mr. PELL. Mr. President, I wish to announce that the subcommittee on Education, Arts, and Humanities of the Committee on Labor and Human Resources will hold an oversight hearing on the administration of title III of the Higher Education Act, relating to developing institutions. The hearing will begin at 10 a.m. on Friday, November 9, in room 4230 Dirksen Senate Office Building.

Questions about the hearing should be directed to Jean S. Frohlicher or Richard T. Jerue of the subcommittee staff at 224–7666.●

RURAL DEVELOPMENT SUBCOMMITTEE

● Mr. LEAHY. Mr. President, as I and many in this Chamber have said for quite a while now, rural needs are long but the money is short. Recognizing this fact it is imperative that Congress continually work to make certain that those Federal programs serving rural America work the best they possibly can.

In line with this the Rural Development Subcommittee which I chair will continue to hold oversight hearings on Federal programs that are designed to serve rural America. The subcommittee has held several such hearings earlier this year on the management of the Farmers Home Administration, on health, on transportation, on the standby gasoline rationing plan, and on other issues.

Mr. President, one of the most pressing needs in rural America is housing. In 1949 Congress set the goal of decent, safe, and sanitary housing for every American. We have fallen short of this goal nationally, and shamefully short in rural America where 50 percent of the substandard housing in this country is found.

There are existing Federal programs designed to meet many of these housing needs but they are not sufficiently funded to attain the high goal set in 1949. Inflation is eating at the very fabric of this society and we can no longer afford to throw money at such national problems. We must now concentrate heavily on the efficient operation of all rural programs. The Federal dollar must be stretched and waste eliminated. The best tool in hand to accomplish such efficiency is congressional oversight hearings. Such hearings are neither glamorous nor do they make the headlines, but they are effective and necessary.

Mr. President, on November 29 and 30 the Rural Development Subcommittee will hold oversight hearings on rural housing. Both hearing days will commence at 8 a.m. and conclude at noon. The November 29 hearing segment will focus on rural housing through the Farmers Home Administration's section 515 program and the Department of Housing and Urban Development's section 8 program. On November 30 the subcommittee will turn its sights to several home weatherization programs serving rural areas.

Testimony will be taken from both public and administration witnesses. Anyone seeking information on the hearings should contact Ken Pierce of my staff at 224–4242.●

AUTHORITY FOR COMMITTEES TO MEET

SUBCOMMITTEE ON TAXATION AND DEBT MANAGEMENT GENERALLY

Mr. JOHNSTON. Mr. President, both of these requests have been cleared on both sides.

Mr. President, I ask unanimous consent that the Taxation and Debt Management Generally Subcommittee of the Committee on Finance be authorized to meet during the session of the Senate today beginning at 2:30 p.m. to hold a hearing on Technical Corrections Act of 1979.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON THE JUDICIARY

Mr. JOHNSTON. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the sessions of the Senate today and Thursday, November 8, 1979, beginning at 2 p.m. to hold hearings on pending judicial nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

SIKKIM ASSERTS ITSELF

● Mr. PELL. Mr. President, as many of my colleagues are aware, the small Himalayan kingdom of Sikkim was gobbled up by India in 1975 against the will of the Sikkimese people. This annexation, which the Indian Government continues to refer to euphemistically as a merger, was preceded by a Sikkim Assembly election which was held under very questionable circumstances and which resulted in the pro-Indian Janata party winning every seat.

This past October 12, the first Sikkimese elections since 1974 were held, and the Janata party that collaborated in Sikkim's loss of independence did not win a single seat. Instead, the Sikkim Parashad party, whose members in 1974 opposed Sikkim's absorption by India, won a clear majority. As one of the new controlling party's members said after the October 12 election: "Our honor has been affirmed. The election has shown that the event of 4 years ago was an annexation and not a merger."

Although the winning party in the Sikkim election will not attempt to undo the annexation, there will be an effort to preserve Sikkim's ethnic identity in the face of an invasion of Indian settlers. I very much hope, in this connection, that the Indian Government will see the wisdom of granting special status to Sikkim.

Although I continue to feel deep regret and indignation over the annexation of Sikkim, I take heart that with a new government the brave people of Sikkim will reassert their unique personality and will survive as a proud and distinct culture. It may also be that the fate of Sikkim will serve to brace her small neighbors, Bhutan and Nepal, to be extra vigilant regarding the preservation of their own independence.

Mr. President, the London Observer of October 7 and the New York Times of October 22 published very perceptive articles on the situation in Sikkim and neighboring areas, and I ask that they be printed in full in the RECORD.

The articles follow:

[From the London Observer, Oct. 7, 1979]

BHUTAN ANGERS INDIA

The Kingdom of Bhutan is determined to stay independent of India in fact as well as in name—and already the effects can be seen on Indian politicians.

Unabashedly peddling the might-is-right theory, Mrs. Indira Gandhi whipped up chauvinistic fervour last week by rhetorically asking a cheering audience in Madras: 'Can you believe that a great country like India has to take it lying down from a tiny country like Bhutan?'

The 'it' refers to unmistakable signs that King Jigme of Bhutan, who was crowned in 1974 amid anxious fears that both his throne and life were in peril, is wary of going the way of Sikkim, the adjoining Himalayan kingdom annexed by Mrs. Gandhi's Government in 1975. Sikkim's first election since then is to be held on Friday and in Calcutta, former Indian External Affairs Minister Atal Behari Vajpayee has complained of 'foreign interference' there.

Even allowing for political hyberbole during the run-up to an election, the statements reveal New Delhi's neurotic obsession with the imperial mandate of an expansionist British Raj along the mountain border with China. Many Bhutanese—and Nepalese too—fear that unless they stand firmly on their rights, their two countries will be gobbled up like Sikkim. 'Having had Sikkum for breakfast, India hopes to lunch on Bhutan and dine on Nepal,' was how a Katmandu diplomat put it.

The prize at stake in this modern variant of Kipling's Great Game explains the recent *faux pas* when the King of Sikkim, Chogyal Palden Thondup Namgyal, was taken off a British Airways plane to London at Calcutta's Dum Dum airport.

SECRET LIST

The Chogyal was told that his name figured on a secret list of those unable to leave the country without Government clearance. He has been in disgrace since 1975, when his opposition to Mrs. Gandhi's annexation provoked a full-scale Indian military attack on the royal palace in Gangtok.

He was allowed to leave the next day and, predictably, Prime Minister Charan Singh's Government blamed over-zealous officials for going by a blacklist compiled during Mrs. Gandhi's emergency rule.

The irony is that, with things hotting up for India all along the Himalayan border with Tibet, New Delhi was far more discomforted by the blunder than the Chogyal. The last thing Indian leaders want is the Chogyal to be in Gangtok for Friday's election.

Voters are expected to repudiate the group of politicians led by the former Chief Minister, Lendhup Dorji Kazi, and his British wife, who acted as India's agent in the annexation.

New Delhi's problem is in continuing the British legacy of treating the sub-continent as India's sphere of influence.

Though differences between Katmandu and New Delhi were reportedly patched up during King Birendra's recent talks with Charan Singh, it is significant that the monarch should have lectured India recently on 'the principles of mutual respect for sovereign equality.'

Indians are even more worried about the fate of inherited imperial privileges in Bhutan, which, constitutionally, occupies a position somewhere between Sikkum and Nepal. Though technically sovereign and in the United Nations, Bhutan is bound by a 1949 treaty to seek New Delhi's 'advice' in conducting its foreign affairs.

The Bhutanese interpret the treaty to mean that they can, if they wish, ask for Indian advice, but that such advice, when given, will not be mandatory.

[From the New York Times, Oct. 22, 1979]

SIKKIMESE FEAR LOSS OF ETHIC IDENTITY AS INDIANS MOVE IN

(By Michael T. Kaufman)

GANGTOK, INDIA, October 17.—On one level the recent elections in the lush Himalayan state of Sikkim were like the buoyantly retributive last act of a Rudolf Friml operetta.

Country people in Tibetan skirts and Nepalese pantaloons paraded in delight as it became apparent that those who opposed Sikkim's merger into India four years ago had been overwhelmingly voted in, while those who favored and engineered it were voted out.

The Crown Prince paused in his archery practice to applaud the defeat of the local noble who collaborated with Indian authorities to strip the royal family of its temporal powers. The Prince's father, the former ruler, kept gracefully out of the way by visiting his American wife and their two children in New York.

But the elections, the first here since Sikkim became India's newest, smallest and least populous state, reflect something beyond melodrama: eastern India's deep suspicion of central government.

DEFIANCE AND GUERRILLA ACTION

This unease has led to open defiance and guerrilla activities in the state of Nagaland and the Mizoram territory. Elsewhere, as in Sikkim, it is revealed in the anxieties of people who fear that their cultures, ethnic identities and hierarchies will be overwhelmed by the advance of what they call "the plainsmen."

"Our honor has been affirmed," said Lal Bahadur Basnet, a successful candidate of the Sikkim Janata Parishad Party, which won 17 of 30 seats in the legislature. Mr. Basnet was not a defender of the monarchy, having once been imprisoned by the former ruler, but he was enraged by the union of Sikkim and India, which he and his party insist was achieved by guile and force.

"The election has shown that the event four years ago was an annexation and not a merger," said Mr. Basnet, the author of a book titled "The Rape of Sikkim." The manuscript was seized in Calcutta before it could be published; his suit for its recovery is before the courts.

Mr. Basnet said the elections were a repudiation of the disputed 1975 referendum on the merger, in which 59,637 people expressed approval while only 1,496 were recorded in opposition.

NO ILLUSION ABOUT REVERSAL

But Mr. Basnet does not believe the merger can be reversed. He recognizes that his mountainous state, which borders on China, is strategically important to India, a fact underscored by the presence of the Indian Army.

Foreigners cannot enter Sikkim without a permit. Even with a permit, they may travel only 20 miles north of Gangtok. Farther north, Indian units camped as high as 16,000 feet above sea level face Chinese forces.

This wary preparedness has been in effect since the Chinese-Indian war of 1962. If full sovereignty is beyond the reach of the Sikkimese, Mr. Basnet and his fellow party members feel that much can be gained in terms of regional autonomy and protection of the status of the local population.

Mr. Basnet and many other Sikkimese, mostly young people, say such protections are needed to ward off what they see as an inundation of Indians from the plains, who bring their own culture. "We will not be able to compete against them," a recent university graduate said.

RECENT ARRIVALS FROM SOUTH

Almost all the storekeepers in Gangtok are from the plains. At the only modern hotel the desk clerk, the cook and the waiter were all recent arrivals from the south. Particularly irritating to many Sikkimese is the presence of large numbers of Indian civil servants sent to administer development programs. The belief is widespread that some are deeply involved in corruption.

It is also widely accepted that many of the jobs held by outsiders could easily be performed by local people. As part of its campaign, the victorious party pledged to encourage New Delhi to replace as many Indian civil servants as possible with qualified Sikkimese.

The party leaders have also discussed the possibility of obtaining the sort of constitutional protection that applies to the state of Kashmir, where outsiders may not own land .

The principle that certain peoples in India require special protection and guarantees is sanctioned in other legislation as well. In Sikkim, the Lepcha and Bhutia groups, the Tibetan-type peoples who lived and ruled here for centuries, have been designated "scheduled tribes," qualifying them for special government jobs and university admissions.

SIKKIMESE FLIGHT ATTENDANTS

One result of the law can be seen in the relatively high number of Sikkimese women who work as flight attendants on the Indian domestic airline. However, the Lepcha and Bhutia, who are closely linked, form only 30 percent of Sikkim's population of 300,000.

Most of the rest are Nepalese whose families migrated here in the last century or so. The two groups have had their differences, but now, according to members of both communities, they are united by the threat of the plainsmen.

Ramchandra Poudyal is the 31-year-old leader of the largely Nepalese-backed party that came in second in the elections by winning 11 seats. Mr. Poudyal was a student leader of the agitation against the monarchy that eventually led to the merger. At that time he saw politics here as the struggle of the largely Hindu Nepalese majority against domination by the Lepchas and Bhutias.

Now he feels the Nepalese have been betrayed.

Already, he says, half the registered voters in this city of 30,000 are from the plains, people Mr. Poudyal's followers contemptuously refer to as "dhoti wallahs" after the billowing sheets that men in the flatlands wrap around their legs.

For Mr. Poudyal, the threat was crystalized in what he termed a "black bill" that was pending in New Delhi when India's Parliament was dissolved. This would have reserved at least 12 of the seats in Sikkim's legislature for the Lepcha-Bhutia peoples. Mr. Poudyal said this would force the Nepalese to join forces with the plainsmen, again assuming a subordinate role.

"The plainsmen say to us," one of Mr. Poudyal's supporters said, "that we are free to live and do business anywhere in India and they should be free to live and do business here. But there are 300,000 of us and more than 500 million of them. What chance do any of us have down there, and if enough of them come here with their advantages, resources and connections, what chance would we have up here?"

Similar confrontations are taking place in parts of eastern India that foreign journalists are barred from visiting.●

THE ABORTION ISSUE IN PERSPECTIVE

● Mr. McGOVERN. Mr. President, one of my deep regrets about the current political scene is the way in which the abortion issue is being distorted. All across this country, elected representatives with distinguished records of public service are being told that if they do not agree with a particular group's view on abortion, they will be targeted for defeat in the next election. This kind of single-issue dogmatism makes impossible a civil, humane political discourse.

The Washington Post of November 3, carries a story quoting the Rev. Theodore M. Hesburgh, president of the University of Notre Dame, and Mr. Daniel Callahan, former editor of Commonweal, in which they deplore the way in which the abortion issue has been distorted. I applaud the wisdom of these two respected men.

I ask that the article referred to be printed in the RECORD.

The article follows:

[From the Washington Post, Nov. 3, 1979]

TWO PROMINENT CATHOLICS CALL FOR COOLING CONTROVERSY OVER ISSUE OF ABORTIONS

Two prominent Catholics have called for a cooling off of the abortion issue.

Daniel Callahan, a prominent ethicist and former editor of the Catholic magazine, "Commonweal," has urged the government to end "arbitrary discrimination" by restoring Medicaid payments to the poor for abortions that have been cut off by Congress.

He said poor women have just as much a legal right to abortions as do those who can afford to pay.

Callahan also called for less war between abortion rights advocates and those in the Right-to-Life movement.

Meanwhile, the Rev. Theodore M. Hesburgh, president of the University of Notre Dame, said that the abortion issue is "greatly distorting the electoral process in America."

Hesburgh, in a written message to a national conference on abortion at the university, deplored that political candidates who "agree 95 percent with Catholic principles on social justice on most issues of public policy have been defeated by their opposition on this issue and have been replaced by candidates who, agreeing superficially on this issue, disagree with us on almost every other issue bearing on justice and equality."

Hesburgh said the conference would "attempt to clarify the issue, to establish the facts, and, hopefully, to elevate the discussion from inflammatory rhetoric on both opposing sides to some sober and reasonable conclusions."

Callahan, now director of the Hastings Center Institute of Society, Ethics and the Life Sciences in Hasting-on-Hudson, N.Y., said an acceptable public policy on abortion should neither encourage nor discourage abortions, and protect the rights of both those who do and do not want to perform them.

The right emphasis, he said, is to "reduce the need for abortion . . . through better welfare programs for mothers in general, better sex education and contraceptive services and better across-the-board programs for teen-agers at risk of pregnancy."

Callahan's comments were published in the cover story of "Family Planning Perspectives," a journal published by the Planned Parenthood Federation of America.

Callahan also cautioned abortion rights advocates against injecting the religious issue into their arguments.

To heap abuse on Catholic bishops for their opposition to abortion is to risk alienating large numbers of Catholics, he said.●

S. 1496—THE MOTOR CARRIER REGULATORY IMPROVEMENT ACT OF 1979

● Mr. PRESSLER. Mr. President, I am pleased to join my colleagues, Senators Inouye, Randolph, and Gravel, in cosponsoring S. 1496, the Motor Carrier Regulatory Improvement Act of 1979.

Efforts by the administration and in the Congress, along with recent actions by the Interstate Commerce Commission, have focused much attention on the move toward deregulation of our major transportation industries.

While I am anxious to reduce unnecessary burdens placed on private enterprise by Government regulation, I believe that it is vital that we seriously scrutinize any proposal to remove current regulations governing essential transportation services. Without close examination of the possible results of sweeping deregulation of the motor carrier industry, any action we take could well serve to severely reduce service to small communities and rural areas.

Proponents of deregulation in the railroad, truck, and bus industries have stated that "what deregulation did for the airlines, it can do for the other industries." This, Mr. President, is precisely what concerns me.

Under proposals for sweeping deregulation, what will happen to small, remote communities presently protected by common carrier obligations? We are still assessing the impact of airline deregulation and it does not seem apparent that deregulation has improved services in small towns and rural areas.

This past July, I joined my colleague, Senator Exon, in holding a Commerce Committee hearing on transportation deregulation in South Dakota. The message from South Dakotans was one of great caution on the issue of truck deregulation.

As in many other rural States, shippers in South Dakota are often dependent on one mode of transportation for movement of grain and other products. These captive shippers may have no alternative to keep freight rates competitive or in the event that service is discontinued.

With the passage of S. 1905, the Milwaukee Railroad Restructuring Act, I know that my colleagues are well aware of the deteriorated condition of rail service in Western and Midwestern States. Should the State of South Dakota lose all of the rail lines now subject to abandonment, trucking concerns become even more important, for freight shipment will be almost totally dependent on this mode of transportation.

By allowing trucking firms total flexibility to enter markets where they can make higher markets, we will precipitate a rush to major, more lucrative markets, leaving rural areas abandoned.

Deregulation proposals hold out the promise of increased competition by ending antitrust exemption for setting rates. While I strongly support measures to promote competition, I am especially concerned about the effect this price-cutting stimulus will have on the small, independent competitor.

The small operator has served our rural areas and agricultural shippers well. The small, independent operator will be at a severe disadvantage in competing with stronger trucking companies that can afford to drastically cut rates. As small trucking companies and independent operators who provide trucking service to remote areas are forced out of business, captive shippers will suffer, for larger companies are not at all geared to the needs of small communities.

It is true that many inefficiencies contained in the present motor carrier regulatory structure must be addressed and corrected. The Commerce Committee, on which I serve, has begun to consider this issue in hearings and will continue to work toward a solution over the next several months. During that time, I will work to insure that S. 1496 and the concerns it seeks to protect receive adequate consideration.

The Motor Carrier Regulatory Improvement Act refines and improves the current system of economic regulation of the trucking industry. Its objective is to make the industry more responsive to public need without disrupting essential transportation services.

The trucking industry has well served our Nation's economic needs. We must insure that action taken by the Congress preserves its effectiveness and I am pleased to join in cosponsoring S. 1496 on this behalf.●

SENATOR NELSON TESTIFIES ON 80 PERCENT DAIRY PRICE SUPPORTS

● Mr. McGOVERN. Mr. President, our distinguished colleague and my good friend from Wisconsin, Gaylord Nelson, has long been one of the most knowledgeable and forceful advocates in Congress on behalf of equity for the dairy farmer.

Senator Nelson led the efforts in 1977 to convince President Carter to support the measure which raised dairy price supports above 80 percent of parity—a program which guaranteed market stability both for dairy farmers and consumers all over the country.

Senator Nelson continues to lead the efforts to maintain this level of support. He recently testified on the subject at a hearing before the Senate Agriculture Subcommittee on Agricultural Production, Marketing and Stabilization of Prices. Senator Nelson provided evidence that the 80-percent minimum support level and semiannual adjustments for inflation have been highly successful.

Moreover, Senator Nelson's testimony emphasized the need to maintain the 80-percent parity level as provided in S. 80, legislation he introduced earlier this year. His testimony demonstrated the need for a minimum 80-percent price support level.

The quality of his presentation to our subcommittee is readily apparent in the following excerpt from his testimony:

> The fact of the matter is that the Government is not subsidizing the farmer. The dairy farmer is subsidizing the consumer. When one produces a good product for a low return for one's labor and frequently little or no return for investment or management, it is the producer who is paying the subsidy, not the consumer.
>
> The free market price of milk is above the minimum price support level the Government now supports. That has been the case for some time now. And that means that the 80-percent dairy price support level costs the Federal Treasury very little compared to the beneficial impact of the support level—a vital and aggressive dairy industry composed of thousands of small family farmers.

I commend this insightful testimony to my colleagues and I ask that it be printed in the Record.

The testimony follows:

Testimony of Senator Gaylord Nelson

Mr. Chairman, I appreciate the opportunity to discuss legislation—S. 80—I introduced with you and Senators Proxmire, McGovern, Riegle, and Moynihan on the first day of the 96th Congress to extend the 80 percent minimum price support level for dairy products for two more years and continue the semiannual adjustments for inflation through September 30, 1981.

As you know, the Food and Agriculture Act of 1977 raised the minimum dairy price support level from 75 percent to 80 percent for a two-year period which ended on September 30, 1979. All other sections of that Act were authorized for four years, but the dairy price support provisions were only authorized for two years.

During consideration of the 1977 Act, many of us who are familiar with the nature of family dairy farms urged that the 80 percent minimum be set for the full, four year duration of the Act. However, Congress determined that the 80 percent minimum should be tried for two years and evaluated on that experience.

The time has now come to decide whether to extend the 80 percent minimum for the last two years of the Act. In my judgment, there is no question that it should be extended. This judgment is based on overwhelming evidence that the 80 percent price support floor has worked well for both the dairy farmer and the consumer.

The dairy price support program in effect during the past two years has created an economic climate to permit most dairy farmers to stay in business. And as a result of this, an adequate and stable supply of milk has been available at reasonable prices for consumers.

By any measure, dairy products remain a bargain for the American consumer. Several facts substantiate this assertion:

Between 1967 and 1978 the Consumer Price Index indicates that dairy products increased by 86 percent, while all food prices increased 111 percent during this period of time.

A dairy farmer receives about 95 cents for each gallon of milk he produces. By contrast, a gallon jug of spring water costs anywhere from 69 cents to a dollar at the grocery store.

It took the average worker engaged in manufacturing 16 minutes of work to earn enough to buy a half gallon of milk in 1950. Today it takes less than 9 minutes.

Mr. Chairman, the 80 percent minimum dairy price support program makes good economic sense. In recognition of this fact, two weeks ago Secretary of Agriculture Bob Bergland established the dairy price support level at 80 percent of parity for the 1979–1980 marketing year. While the support level could have been reduced to 75 percent on October 1, 1979, the Secretary of Agriculture determined that 80 percent of parity was a more appropriate level.

In setting the support level at 80 percent, Secretary of Agriculture Bergland assured the nation's dairy farmers that they would receive no less than 80 percent of the price that farmers got for their milk during a baseline period some 75 years ago, when, it has been agreed, farmers received a reasonable income for their milk.

If the normal market price for milk falls below 80 percent of parity, the federal government will step in and begin to buy milk products like butter, cheese, and nonfat dry milk, at a price that pays farmers 80 percent of parity for their products.

That, in essence, is how the federal milk price support system works.

The Secretary's action maintaining an 80 percent support price level means that the government has placed a floor of $11.22 per hundred weight on the price a farmer receives for milk. At this time, the Minnesota-Wisconsin manufacturing milk price in September was $11.32. Therefore, at the present time the retention of the 80 percent figure will cost the federal treasury almost nothing.

The question of what the appropriate level of dairy price supports ought to be was studied earlier this year by the Congressional Budget Office (CBO). On April 11, 1979, Dr. Alice Rivlin, director of the CBO testified before the Dairy and Poultry Subcommittee of the House Agriculture Committee. In her statement, Dr. Rivlin testified as to the CBO's analysis of the effects of milk price supports over the next 5 years at four alternative support levels-75, 80, 85, and 90 percent of parity.

The major conclusion of this analysis is that adequate supplies of milk will be attained with the support price at the current 80 percent of parity. The CBO found that there are somewhat greater risks of price instability and interruptions in supply which result from 75 percent of parity. Dr. Rivlin had the following comment on maintaining 80 percent of parity:

> "If the minimum support price is continued at 80 percent of parity for the next five years, annual receipts from the sale of milk would average about $18.0 billion and annual retail spending for dairy products would average $37.3 billion. In real terms, the incomes of dairy farmers and the retail prices of dairy products would continue at current levels.
>
> Annual CCC (Commodity Credit Corporation) purchases would average 3.6 billion pounds or about 3 percent of milk production, a level historically associated with relatively high price stability. Annual Federal budget outlays would average approximately $600 million. In short, 80 percent of parity would provide price stability and, as compared with the recent situation, *would not cause any major changes in dairy farmers' incomes, consumer prices, or Federal budget outlays*." (emphasis added)

Mr. Chairman, the dairy price support program has been an integral part of the U.S. food policy for 30 years—since 1949. The 80 percent dairy price support minimum is absolutely essential to provide American consumers an adequate supply of milk and dairy products at a fair price and to guarantee the Nation's dairy farmers an income that will keep farmers and their families in business. This basic premise is supported by the analysis provided by Dr. Rivlin's agency.

Those who would oppose maintaining an 80 percent parity level this year and in future years demonstrate that they just do not understand the nature of family dairy farms. Those family dairy farmers who have survived—and many have not—have done so because the present price support program works, but also because of their dedication to their profession and to the willingness of the entire farm family to take an active role in the operation of the dairy farms.

The family works together in good times and bad, on holidays and on every day of the week to milk the herd twice a day. The family sacrifices the ordinary return it should receive for its manual labor, not to mention the return it could otherwise expect in the marketplace for the money it has invested in its venture. Other than our Nation's farmers, I know of no other economic groups in America frequently works for less than the minimum wage.

Mr. Chairman, an examination of the situation Wisconsin confronting Wisconsin dairy farmers is instructive in the consideration of the pending legislation.

About 45,300 dairy farmers reside in Wisconsin, making it the largest producer of milk in the United States—"America's Dairyland," as our license plates proclaim. Collectively these farms produce over one seventh of the nation's total milk supply, more than farms of any other state. The availability of so much milk in Wisconsin makes it a leader in another field—the production of cheese. About 40 percent of the nation's total supply originates in Wisconsin.

Most dairy farm families in Wisconsin milk between 30 and 49 cows. The average herd on Wisconsin farms now numbers 36 cows.

On the average workday, the Wisconsin dairy farmer works 10 to 12 hours, and his wife works 4 to 5 hours in farm-related activities. During the haying and seeding seasons they work an additional four to six hours.

Sunday is not a day of rest on any dairy farm. It still means several hours of work for the family. Day in, day out, year in, year out, the cows must be milked and fed and milking equipment cleaned. Chores never stop. If the dairy farmer hopes to take any days off during the year, he must arrange to have his cows milked by relatives, friends, or children staying home.

People who do not know what the life of a dairy farm family is like often times imagine it as idyllic.

In reality, the farmer spends his life living with uncertainty. He cannot control the production of his cows. He cannot throw a switch and turn them off like a machine when the market becomes glutted and prices plummet. He cannot predict or control the effects of weather.

In view of the uncertainties associated with dairy farming, the need for constant attention to duty, and the potential for disaster, what financial return can the dairy farmer and his family expect for their labors?

According to an accounting of the most efficient, average-size (30 to 49 cows) dairy farms in Wisconsin, total disposable income for the entire farm family's labors in 1978 was $13,532. This figure, let me emphasize, does not represent the average income of dairy farm families in Wisconsin during 1978. Rather it reflects the average disposable income of Wisconsin's most successful dairy farmers.

To get a better picture of the "average" dairy farmer in Wisconsin, Truman Graf—a noted agricultural economist at the University of Wisconsin in Madison—thoroughly studied the statistics collected by Wisconsin's most efficient dairy farmers and concluded that most farm families in the state of Wisconsin earned around $10,000 for all of their work in 1978. Some earned less!

Translated into other terms, the compensation received by Wisconsin dairy farmers and their families for their work on an hourly basis was less than the minimum wage, ranging between $1.70 an hour to $2.60 an hour computed on a 100-hour per week, 52 week per year basis.

Total farm family income from dairying, therefore, was extremely low in my judgment. After all, dairy farmers have an investment in land, buildings, livestock, and equipment that averages close to $200,000 and often exceeds $300,000.

Mr. Chairman, as you well know, there are few people in America who would work 365 days a year, Sundays and holidays, for $1.70 to $2.60 an hour.

That is why it is incredible to find many consumers, consumer groups and the news media opposing a dairy price support level of 80 percent of parity. This parity level permits the dairy farmers of this country to stay in business by being assured of a minimum income for all their labors and investment. An income, as I pointed out, that does not even equal the minimum wage. Nothing can be gained at all by further squeezing the dairy farmers.

Not infrequently those of us who support at least an 80 percent parity level are asked why the American public should continue to subsidize the dairy farmer. My response puzzles them. I point out that they are asking the wrong question. The right question is: How much longer can the dairy farmer be expected to continue to subsidize the consumer? When one efficiently produces a good product for a low return for one's labor and frequently little or no return for investment or management, it is the producer who is paying the subsidy, not the consumer.

So the question ought to be: Why should the dairy farmer be required to continue subsidizing the consumer?

The answer thousands of dairy farmers have given to this question is clear. They have had to quit dairy farming. In Wisconsin and in every other dairy farming area in this country, far more farmers have quit than have stayed in business during the past twenty-five years.

And so it is quite clear why Congress and the Administration have determined that 80 percent of parity is the appropriate level of support for dairy products. It helps prevent more farmers from going out of business and therefore assures a constant supply of a vital food at a fair price.

If the dairy farmer has to work every day of the year including Christmas, Thanksgiving and other holidays, why does he continue? He does it because that's what he does best; he loves the land as all farmers do; he cherishes his independence; he likes to see things grow; he knows his work is useful and necessary.

In conclusion, Mr. Chairman, let me say that the current 80 percent support price level for dairy products is an appropriate minimum level of support. It has stabilized and moderately improved farm family incomes during the past two years. It has helped prevent dairy farmers from turning to other agricultural pursuits or from selling out and moving to urban areas where 40-hour-a-week jobs, cost-of-living raises and pensions are the norm, not the exception.

Maintaining a vital and aggressive dairy industry composed of thousands of small family farmers certainly is in the national interest. Any other policy that puts small dairy farmers out of business and moves in the direction of conglomerate corporate agriculture ultimately will not serve the interests of the consumer or the country. That is what is at stake here.

Thank you.

TRIBUTE TO LEWIS MUMFORD

● Mr. PELL. Mr. President, Lewis Mumford is truly one of the 20th century's most eminent urban planners and environmentalists. At the age of 84, he is still the paragon of creative thinking about America's urban resources and environmental problems.

Mr. Mumford's contributions will be specially honored tonight at the Harvard Law School, where he will receive the first award of the Lincoln Institute of Land Policy. I would like to join in the many tributes which will be given to Lewis Mumford tonight, for he is a man who has had a lasting influence on my own thinking on environmental issues. Mr. Mumford has been a prodigious writer, and the impact of books like the City in History, for which he received the National Book Award in 1961, can be seen in contemporary State and Federal legislation land-use planning.

In his wide range of accomplishments, Mr. Mumford has been one of the few great "Renaissance men" of the 20th century, and I add my warmest personal congratulations to the well-deserved tributes he will receive tonight.●

U.S. VIEWS ON GOLD

● Mr. GOLDWATER. Mr. President, Mr. Paul Volcker, in my opinion, has earned the high niche in which he is held. He has always been a believer in our market system and he has been a strong advocate of the proper relationship of government and business. Not that it means in any particular way, but I was looking through an old copy of the Commercial and Financial Chronicle of September 21, 1972, and found some very interesting views expressed by Mr. Volcker on the subject of the U.S. gold policy. This article is interesting because it shows how mistaken anybody can be on almost any subject. This is not a reflection at all on Mr. Volcker, it merely shows what time can do to reasoning. I ask that the article be printed in the RECORD.

The article follows:

[From the Commercial and Financial Chronicle, Sept. 21, 1972]

U.S. VIEWS ON GOLD

(By Paul A. Volcker)

Administration's spokesman spells out, for the benefit of next week's annual IMF meeting, why a gold price hike will not solve world's monetary problems, and why gold should be phased out of monetary system.

In Joint Economic Committee hearings the Subcommittee on International Exchange and Payments is reviewing two issues of importance to U.S. international financial policy. First, the role of gold in the international monetary system, and second, recent actions by the U.S. to intervene in the foreign exchange markets. I would like to briefly comment on both these subjects.

With respect to gold, the United States has repeatedly expressed the view that the role of that metal in the international monetary system should and must continue to diminish. Such an evolution is, of course, fully consistent with the trend of monetary history over a period of many years.

Governments around the world long ago reached the inevitable judgment that domestic monetary systems and policies could not safely be hostage to vagaries in gold demand and supply—the cost in terms of economic stability was simply too high. Internationally, gold 25 years ago accounted for about 70 percent of the total national monetary reserves. By 1972, the ratio had declined to some 27 percent.

COMMODITY USES COMPETE

There are irresistible geological, industrial, and economic facts behind these trends. The physical supply of gold is both limited and, in the Western World, virtually entirely under the control of one producing nation. The supply reaching the market is not only subject to the policies and circumstances of that country, but is also increasingly pre-empted by industrial, artistic, and dental uses.

Gold is both an attractive and useful metal, but the residual supply is in no way related to the liquidity needs of the world community. Commodity uses inevitably compete increasingly with monetary uses as population and wealth rise.

Given these facts, I suppose there are some who would argue that additional liquidity in a gold-based system can be provided by increasing from time to time the price at which gold is traded among monetary authorities. But surely such an approach would make a mockery of any presumed "discipline" from a gold centered monetary system—the virtue sometimes still attributed to the use of gold. A system relying on gold price increases to regulate liquidity would be both continuously destabilizing to the monetary benefits and whom it hurts.

GOLD'S INADEQUACY

The inadequacy of gold as the basis for an international monetary system seems to me amply reflected in recent history. Throughout the "Bretton Woods era," countries quite naturally sought supplements and substitutes, and this process was necessary to meet the needs of an expanding and integrated world economy. The two-tier gold system has been one means of coming to grips with destabilizing speculation in gold markets. The adoption of the SDR gave explicit international acknowledgement to the fact that new means needed to be found to provide an orderly and satisfactory means of assuring appropriate growth in world reserves.

None of this is new or startling. It has been common ground among the vast majority of economists for years—there are few issues upon which the profession is so united.

FUTURE ROLE

But within the general concept of diminishing dependence on gold in the monetary system, there are of course a number of questions concerning the role of gold that must be resolved in the course of negotiations on international monetary reform. As the IMF Executive Directors recently reported, a consensus among nations on what remaining role gold should still play in a reformed system does not presently exist.

I do not think it will be easy to resolve differences on what to do about the precise role of gold. More than one approach may be available within the general context of avoiding dependence on gold for monetary purposes, but I would emphasize our belief that the historical trend toward substitutes and supplements will and should continue.

Among the detailed questions concerning gold's role in the system are the use of gold as "numeraire" for currency values, the existing requirement for using gold in certain transactions with the IMF, the relationship of gold to the SDR and other reserve assets, and the proper functioning of the two-tier system. These questions are obviously related to other aspects of the system and other issues of monetary reform; they cannot therefore be entirely resolved without consideration of other questions concerning SDR's, the nature of the exchange rate regime, the nature and use of alternative reserve assets, and the like.

NO GOLD FOR CITIZENS

I would suggest that during this interim period, when broad issues of the role of gold and structure of the monetary system are under negotiation, it would not be the appropriate time to end our long-standing restrictions on gold purchases by private U.S. citizens, thereby possibly injecting further speculative elements into an already volatile and artificial gold market.

Certainly, it seems to me ironic that speculation in private markets whipped up by lingering hopes of an increase in the official price is itself cited by some as a reason to increase the official price. Such an approach would appear to abdicate all prospects for orderly control of international reserves. The time for sympathetic consideration to the elimination of our own restrictions is when the shape of the new monetary structure emerges, and the monetary system is fully insulated from instability in private gold markets.

NO SUBSTITUTE FOR REFORM

As I have suggested, it is our wish to deal with the official role of gold in the context of an agreed cooperative global arrangement. I hope and anticipate that other countries approach the negotiations in the same spirit.

Changes in the present two-tier system will naturally be considered in that framework. I would not preclude any action in that respect prior to full-fledged reform, but I do think it is desirable to keep the overall objective in mind and to approach the question in a cooperative framework.

Finally, with respect to the gold issue, I would observe that a few voices are occasionally heard that an increase in the gold price can somehow substitute for needed far-reaching monetary reform—that somehow the difficult economic and political issues of exchange rate adjustment, problems of achieving and maintaining balance of payments equilibrium, and the management of reserves can somehow be washed away or escaped by manufacturing a sea of new liquidity through an arbitrary adjustment in the official gold price.

Surely, this is an illusion. It is a particularly dangerous illusion, for it would instead divert us from the urgent need to face up to and attack these real and fundamental problems with vigor and imagination, so that the evident problems of the past do not become a recurrent and damaging feature of the international economic landscape.

U.S. EXCHANGE INTERVENTION

The second subject of these hearings is the recent U.S. intervention in the exchange markets, in accordance with a decision in July. This action is closely coordinated between the Treasury and the Federal Reserve, under agreed guidelines, regardless of which agency at a particular time may actually engage in the operation. Chairman Burns, who I understand will appear at a later session, will undoubtedly also wish to comment on this subject.

This decision to intervene more actively in the exchange markets, at such time and in such amounts—large or small—as we deem desirable, was taken for the primary purpose of helping to deal with speculative forces. Naturally we do not like to see turbulence and strains in the money markets. It creates problems for businessmen, our trading partners, and for us.

REASONS BEHIND MOVE

As you will recall, following a period of calm the exchange rate realignment so arduously worked out in the Smithsonian Agreement came under severe but unwarranted testing in early July in the wake of the British decision to float the pound. Speculative pressures growing out of this decision turned against the dollar. Foreign central banks intervened heavily in the exchange market to maintain their market rates, reaffirming their support of the Smithsonian Agreement.

It was our view that the speculation arising from the unique situation of the pound should not affect the basic exchange rate structure. To help make this point crystal clear, and to signal an intent to help deal with speculative pressures in the future, intervention was undertaken by the Federal Reserve on July 19, using initially certain currency balances held by the Treasury. This decision was not inconsistent with, and indicates no change in, our basic policy approach to monetary reform and our efforts to achieve sustainable equilibrium in our balance of payments.

We have not embarked on any effort to artificially prop up the dollar counter to any basic balance-of-payments trends in the longer run. In the end, the strength of the dollar will rest on other policies to improve our balance of payments—policies we are pursuing with great vigor.

While the intervention action to date has been quite limited in terms of numbers of currencies, amounts and periods of intervention, we must of course be prepared to acquire needed foreign exchange to finance such operations. The existing swap facilities or mutual credit facilities, long maintained by the Federal Reserve, provide a convenient vehicle for obtaining currencies as needed.

U.S. INITIATIVE

In contrast to usual practices before August 15, the present operation is one in which, while full consultation and cooperation is maintained with the foreign country concerned, the basic initiative will lie with the United States. Foreign exchange will be drawn not in a passive manner after intervention by other countries, but for use in the exchange markets by the U.S. in such amounts and at such times as we believe the market impact will be favorable and help to curb unwarranted speculative forces.

Thus, the United States maintains full control over the usage of the lines. Drawings would not be made or enlarged to deal with what would be fundamental misalignments in our payments position. In normal and foreseeable circumstances, repayment could be anticipated from a reversal of market flows.●

FLEXIBILITY IN THE FUEL ECONOMY PROGRAM

● Mr. BAYH. Mr. President, I am pleased to join with my colleagues from Michigan, Senators RIEGLE and LEVIN, in sponsoring legislation to implement an important recommendation made by the Department of Transportation in its Third Annual Report to the Congress on the automotive fuel economy program. This legislation, S. 1583, will extend to 3 years the present 1-year carry-forward, carry-back credit available to manufacturers whose automobiles exceed the fleetwide average fuel economy standard set for a specified year. It further provides that failure to meet a standard in a year in which a manufacturer has a credit to apply against the standard would not be considered unlawful conduct. In the House, my colleague from Indiana, Representative PHIL SHARP has introduced a similar proposal, which has received broad bipartisan support.

In approving the landmark Energy Policy and Conservation Act in 1975, the Congress set up the automotive fuel economy regulatory program, which sets energy conservation standards for passenger automobiles and light trucks. Fuel economy standards are to be set at the maximum feasible levels determined by reference to several criteria, including technological feasibility, economy practicability, the effect of other Federal standards on fuel savings and the need of the Nation as a whole to conserve energy. The standards pertaining to the average fuel economy performance of a manufacturer's model year production of vehicles are set up by category, and passenger cars and light trucks are treated separately.

Although still relatively new, the fuel economy program has made a significant contribution to our national effort to reduce fuel consumption. The DOT report projects fuel economy savings attributable to the program through model year 1990 for passenger automobiles of some 145 billion gallons, with lightweight trucks expected to save an additional 75 billion gallons of fuel. This will mean about a 15-percent reduction in fuel consumption below what we could have expected if the model year 1977 fuel economy levels had remained unchanged.

The act established penalties for failure to meet the fuel economy standard which could be offset by any credit earned for exceeding the standard in the year immediately preceding or following a given year. The National Highway Traffic Safety Administration has recommended that these credits be made available for a 3-year period, to enable manufacturers to benefit from their early conservation efforts and to promote more balanced future planning. I believe that by adopting this revision, we can assure that the intent of Congress in establishing the fuel economy program will be met, while providing that the standards set within the program do not prove to be counter-productive.

The additional flexibility of the 3-year credit provision will see to it that manufacturers engaged in phasing in different automotive technologies designed to improve fuel economy will not be penalized. This may be especially important in the case of limited line manufacturers. Optimally, these credits will enable manufacturers to develop the best possible technology, and not lock them into using technologies which would be less effective in the long run, but which are the only means currently available to meet Federal standards.

I think it is important to emphasize, Mr. President, that this provision does not open any possibility for the evasion of the fuel economy standards. Most manufacturers are projecting that they will be able to comply with the standards now set, and the strong competitive pressures within the industry will not allow for much, if any, deviation from the standards. In fact, the 3-year provision could even act as an incentive to manufacturers to exceed, wherever feasible, the standards now set, in order to build up a credit to act as a safeguard against any future shortfall.

By providing that failure to meet a standard will not be deemed illegal conduct, we are addressing a concern on the part of many manufacturers about going forward with new planning which could ultimately result in a violation of the law. As the law currently stands, the failure to meet fuel economy standards is a violation of the law, regardless of whether a credit is applied. We can substantially reduce the extent to which this factor may serve to inhibit technological innovation by removing the designation of such failure to meet the standard as unlawful conduct.

Of special significance, Mr. President, is the positive impact that this change can have on limited line manufacturers. I am very familiar with the problems that one such manufacturer in my State, International Harvester, has faced with the fuel economy program generally. In 1978, NHTSA proposed fuel economy standards which could have forced the discontinuation of the IH Scout, and threatened the jobs of thousands of Hoosiers employed by International Harvester in the production of the Scout. By working with the administration, we got those initial standards modified and we were ultimately successful in providing for a separate class of standards for lightweight trucks.

As a limited line manufacturer, International Harvester has unique problems with corporate fuel economy standards. Scout is its only line of vehicles subject to the standards, and, as a result, IH cannot average its fuel economy ratings with those of more fuel efficient vehicles to meet the standards as other manufacturers can. I understand that most of the modifications which can be made to increase the Scout's fuel efficiency short of major design changes, which will take time, have been completed. Thus, to achieve greater fuel economy in the Scout's case will require large-scale design or component changes which are already in the works at International Harvester, including the production of a new body of lightweight composite fiber-plastic material and the utilization of lighter, more fuel efficient engines. Such major changes involve long leadtimes. The additional planning flexibility provided by the 3-year credit can be especially important in giving IH the time it needs to make these changes.

In conclusion, Mr. President, by extending the duration of the credit, we are giving manufacturers a clear signal to go ahead and make those technical improvements necessary to produce fuel savings. Failures to meet the standards not subsequently offset by a credit would, of course, be subject to penalties and accumulated interest. This modification of the law will, in my view, enable us to produce better, more fuel efficient cars, and assure that American consumers will have available a broader mix of American-made vehicles to meet their needs. I hope that both the Senate and the House will have the opportunity to act favorably on this legislation in the near future.●

FIFTIETH ANNIVERSARY OF THE INAUGURATION OF HERBERT HOOVER TO BE THE 31ST PRESIDENT OF THE UNITED STATES

● **Mr. HATFIELD.** Mr. President, as one of the series of essays commemorating the 50th anniversary of the inauguration of Herbert Hoover as our 31st President, I am pleased to offer an essay by Dr. Gary H. Koerselman, professor of the Twentieth Century American Studies at Morningside College in Sioux City, Iowa. The essay is entitled, "The Significance of Herbert Hoover."

Professor Koerselman finds Hoover to have been significant to American life and politics in many ways—"his moral leadership, his defense of America's basic ideas and institutions, his humanitarianism." However, it was Hoover's "commitment to the fashioning of a modern American political economy which preserved the liberties of nineteenth-century liberalism while promoting the equalities of twentieth-century progressivism," which remains his true legacy 50 years after his inauguration.

Hoover advocated that government play a role in planning, expanding, stabilizing and equalizing the Nation's economy, and in resolving conflicts in it. Beyond that, he would have government intervene only when private individuals and institutions proved unsuccessful in solving problems. Hoover wrote:

> It is not consonant with the spirit of institutions of the American people that a demand be made upon the public treasury for the solution of every difficulty.

The philosophical underpinning for his approach was set forth in the book, "American Individualism," published in 1922 while he served as Secretary of Commerce. Professor Koerselman notes that Hoover's philosophy was reflected in his opposition to a proposal for the Government to underwrite farm exports, his concern over the packers and stockyards act, and many other proposals. In a phrase, Hoover feared that "you cannot extend the mastery of the government over the daily working life of a people without, at the same time, making it master of the people's souls and thoughts."

Mr. President, I believe Americans will find Herbert Hoover's political philosophy very relevant to the current rethinking underway about the past few decades of big government. Professor Koerselman's essay is a very concise and interesting treatment of Hoover's philosophy, and I am pleased to share it with my colleagues and other readers of the Record. I request that the essay, "The Significance of Herbert Hoover," and a brief biographical sketch of the author, be printed in the Record.

The material follows:

Biographic Sketch of Gary H. Koerselman

Born: July 16, 1942.

Education: B.A., Northwestern College Orange City, Iowa; M.A., University of South Dakota; Ph.D., Northern Illinois University, De Kalb, Illinois.

Professional experience: Professor of History, Morningside College, Sioux City, Iowa; Chairman of the Board, Iowa Public Broadcasting Network.

Membership: Organization of American Historians.

Publications: Has published on Hoover in the "Agricultural History."

The Significance of Herbert Hoover

It has been fifty years since an exuberant Herbert Hoover entered the Presidency promising America a new era of peace and prosperity. But before he could assert his leadership, the Great Depression laid to waste his high hopes and expectations; the depression permanently marred his public record which had been otherwise marked by integrity and accomplishment. The image of Hoover will never be disassociated from the depression. Nor should it. In a political sense he deserved blame for the economic collapse just as much as he deserved credit for the unprecedented prosperity during the 1928 election. In an historical sense, however, the measure of the man embraces so much more than his frustrating four years in the White House.

Hoover was one of those inordinate historical figures whose wisdom serves as a model for every age. His moral leadership, his defense of America's basic ideas and institutions, his humanitarianism—all of these virtues provide timeless examples for examination and application. In our own age of transition, perhaps, his intellectual and practical commitment to the fashioning of a modern American political economy which preserved the liberties of nineteenth-century liberalism while promoting the equalities of twentieth-century progessivism deserve special attention.

Many prominent historians portray the Hoover Presidency as an historical watershed, bearing concomitantly characteristics of the old *Laissez faire* order and the beginnings of the New Deal. This portrayal captures well the dilemmas Hoover faced in practice. Many of his policies portended the New Deal, but seldom did they cross far beyond the line toward state welfarism. In many ways Hoover combined the contrary notions of Theodore Roosevelt's New Nationalism and Woodrow Wilson's New Freedom, the two isms which provided the grist for the political mill of 1912 when young Hoover proudly wore the Bull Moose mantle. Later, Hoover became a loyal advisor to President Wilson. Hoover's political experience between 1912–1928 fashioned his beliefs about America's political economy.

This experience taught him that government should play an important role in matters of planning, ameliorating conflicts in the market place and expanding, stabilizing and equalizing the economic pie. But beyond that, he advocated a "government of last resort", that is, the involvement of government only when private individuals and institutions could clearly not resolve the problem at hand. "It is not consonant with the spirit of institutions of the American people that a demand be made upon the public treasury for the solution of every difficulty", wrote Hoover.

Over the years Hoover developed an intellectual defense of this approach. It was based on the idea that America's success had grown from a unique individualism associated with the frontier experience. "The social force in which I am interested is . . . the sole source of progress; it is American individualism," asserted Hoover. "Progress in the nation is the sum of progress in individuals. Acts and deeds leading to progress are born out of the womb of the individual mind, not of the mind of the crowd."

Hoover feared that an ever increasing governmental involvement in private affairs would stifle this fierce individualism and strap the country with a brand of mercantile bureaucratic tyranny worse than that which the nation's founders had struggled against in 1776. "You cannot extend the mastery of the government over the daily working life of a people without at the same time making it master of the people's souls and thoughts," complained Hoover, "it is not the function of government to relieve individuals of their responsibilities to the public."

Hoover's recalcitrance with regard to state welfarism was most prevalent during the Twenties when he served as Secretary of Commerce in the Harding and Coolidge Administrations. When Nebraska Senator George Norris, shouting emergency, proposed in 1921 a plan for the government to underwrite surplus farm exports, Hoover objected, arguing that using taxpayers' dollars for such a purpose would (1) encourage all industries to demand governmental alms until one day what was essentially a private economy would be transformed into a politicized logrolling operation in Washington; (2) cause bankers, who themselves should take the risk, to turn to Washington whenever a tenuous situation arose; (3) lead to domestic political squabbles among various nationals regarding loan policies and other economic judgments made in Washington; (4) engender trade retaliations from Europe which was more interested in stimulating its own farm industries than benefitting from American dumping; and (5) stimulate more domestic over-production which would only exasperate the past World War I imbalances in the market place. All of this stymmied individualism.

Mostly, Hoover was concerned that the Norris plan would allow certain well-placed economic elites to take advantage of federal authority to improve their position in the market place to the unfair disadvantage of those not so well organized millions of Americans who did not enjoy ready access to ruling circles. This was especially troubling to Hoover in his reluctant support of the Packers and Stockyards Act of 1921.

The Administration support of the bill came as a part of a political compromise which got the Senate to drop the Norris bill. Hoover feared that federal regulation of the packers and stockyards would rebound in favor of the largest monopolized interests in the industry. "It is just as important that business keep out of government as that government keep out of business," demanded Hoover. The monopolies, who could readily pay for influence in Washington, would dominate administration policy. The smaller, more efficient, independents would be discouraged. Monopolies would be left in a position to manipulate prices paid to producers and paid by consumers.

Regulative authority over the meat packers which had so vigilantly been exercised by the Federal Trade Commission was to be transferred to the new Packers and Stockyards Administration where sympathetic agriculturally oriented control rather than control in the name of all of the people would become most likely. This set a precedent, incidentally, for every industry to have its own regulatory authority rather than the super agency Woodrow Wilson had envisioned for the FTC which would act more in the general interest.

Hoover opposed this kind of policy because it pointed to a regimented society in which individuals, and especially those bearing vital new talent and better ways, would find it impossible to advance—that is, "the chance to rise to any position to which their character and ability may entitle them." High taxes, bureaucratic red tape, and special privilege based on political connection would block the natural flow of rewards which should rightfully belong to individuals who excelled in the practice of exercising prudently their creative impulses.

Hoover believed that the promise of American life hinged primarily on the proposition that "there shall be an opportunity, not security through mandate"—that was what should continue to be the basic philosophy of America's economic and social life. Enduring stability was posited on the recognition that individuals, as builders and doers, must not only pay the price for their own folly or bad judgment, but be secure in the rewards of risks well placed. Only then would America remain an independent, self-sufficient nation where true competitive economic democracy reigned in the market place.

Hoover's philosophy of big government remained consistent in his strong opposition to McNary-Haugenism during the 1920's. He attempted, without success, to fashion a national agricultural cooperative marketing system that would provide producer farmers with primary input and control. He criticized the Grain Inspection Act because it had built-in inequities exactly like those which surfaced in the grain scandals of the Seventies. During the Thirties and Forties Hoover's voice was muted by the horrible memories of depression. During the Fifties and early Sixties his place in history was usually reserved only for Americans who strived to build their New Deal-Great Society system. But, then, Vietnam Dramatized the serious contradictions inherent in New Deal settlement. Ralph Nader and many others discovered that things were not so democratic after all. Ironically, many of the so-called wrongs discovered by Nader's Raiders were once predicted by Herbert Hoover two generations earlier.

This is not to say that Hoover had a better way, nor even to say that had he remained in the presidency, the American political economy would have turned out much differently than it did. However, one of Hoover's great legacies to our generation is his diligent critique of the welfare state concept. As the nation struggles through the Post-New Deal, Post-Industrial era of stagflation and decreasing productivity, trying to fashion a new set of operating political economic principles, it might well dwell upon the application of some good old-fashioned Herbert Hoover wisdom which, in many ways, perhaps strike at the core of current problems. "We get the fundamental confusion that government, since it can correct much abuse can also create righteousness," proffered Hoover. Such reflections as this could at least help lead to a new political economic understanding that might serve as a basis in the Eighties and help restore confidence and faith in the future.●

AMERICAN RED CROSS GREATER WOONSOCKET CHAPTER, WOONSOCKET, R.I.

● Mr. CHURCH. Mr. President, my close and valued friend, Senator CLAIBORNE PELL, the ranking majority member of the Foreign Relations Committee, recently addressed a meeting of the Greater Woonsocket Chapter of the American Red Cross in Woonsocket, R.I. In his remarks, Senator PELL outlined the history and work of the Red Cross and his long association with various Red Cross activities.

Because I share Senator PELL's high regard for the Red Cross, I ask that the full text of Senator PELL's October 27 address be printed in the RECORD.

The remarks follow:

REMARKS BY SENATOR CLAIBORNE PELL

I am very happy to be here tonight, because I greatly respect and admire the work of the Red Cross and the dedication of its professionals and volunteers. I also have a personal attachment to the ideals of the Red Cross movement, because of my own experience as a delegate of the Portuguese Red Cross prior to our country's entry into World War II. At that time, my father was the U.S. Minister to Portugal; and I engaged in a number of Red Cross activities, including visits to prisoners of war.

Tonight, I thought I would talk to you about the international dimension of the Red Cross. For many people, the international structure and division of labor in Red Cross activities world-wide is vague or downright confusing. I will try to clarify matters and to describe some of the activities of the Red Cross around the world.

Just as Julius Caesar said that all of Gaul is divided into three parts, so also is the Red Cross. Those three parts are the national Red Cross societies, such as the American Red Cross; the League of Red Cross Societies of which the American Red Cross is a member; and the International Committee of the Red Cross. Together, they constitute what has come to be known as the International Red Cross. But what are these three parts of the Red Cross, how did they come about, and how do they relate to each other?

The Red Cross was born in June 1859 on the battlefield of Solferino in northern Italy during the War of the Italian Succession. A Swiss businessman from Geneva, Henry Dunant, happened to witness this battle and was appalled at the sight of so many wounded, whose suffering the over-burdened army medical services were unable to alleviate. Profoundly moved by this experience, Dunant vowed to do something and wrote a small book called "A Memory of Solferino" that stirred the conscience of the world.

In that book, Dunant proposed the creation of national relief societies to supplement the inadequate medical services of Europe's armies, and the negotiation of an international agreement to assure the protection of the sick and wounded in wartime. Dunant's home town of Geneva was the first to respond to his call. An organization called the Geneva Public Welfare Society was so moved by Dunant's account of the 1859 war that it created a commission in 1863, entitled the International Committee for Relief of the Wounded, to promote Dunant's ideas.

The Geneva Committee quickly convened an international meeting that called for the establishment of national relief societies and the negotiation of an international agreement neutralizing, during war, medical personnel and volunteer first aid workers. This meeting resulted in the creation of relief committees in nine European countries, and a year later, in 1864, it led the Swiss and French governments to hold an international diplomatic conference that drew up the First Geneva Convention along the lines proposed by the Geneva Committee.

From this beginning in 1863 and 1864, the number of relief societies, which quickly became known as Red Cross societies because of the armband prescribed under the first Geneva Convention, grew steadily until, today, there are 126 officially recognized national societies employing either the originally prescribed Red Cross symbol or the subsequently approved Red Crescent symbol for most Muslim countries and the Red Lion and Sun symbol for Iran. Regrettably, however, the Red Star of David Society in Israel has been denied international recognition of its symbol. In an effort to correct this gross oversight, Operation Recognition of whose National Committee I am a member, was formed in 1976.

As the number of Red Cross and related societies grew, the original International Committee for Relief of the Wounded, later renamed as the International Committee of the Red Cross (ICRC), retained its unique status as the sparkplug for the formation of national Red Cross societies and as the guardian and enforcer of the first and subsequent Geneva Conventions. The uniqueness of the ICRC is underscored by the fact that although the ICRC is a strictly Swiss organization, Switzerland has a separate national Red Cross society. Inevitably, however, the unique status of the ICRC was challenged.

During World War I, the American Red Cross, which as I am sure you all know was founded in 1881 by Clara Barton, found itself performing a wide variety of activities in Europe that were not covered by the Geneva Conventions, in particular the promotion of public health. After the war, Henry Davidson, the President of the American Red Cross felt that there was a need to convert the Swiss ICRC into a truly international body and to develop a program of peacetime activities, particularly in the public health area.

The ICRC agreed to call on international conference to discuss post-war activities, but not until after a peace treaty was signed. Since such a formal end to World War I was nowhere in sight in 1919, Davison called a medical conference of five interested national Red Cross societies. At that conference, impatience with the ICRC's attitude toward a program of peacetime activities led to the creation of the League of Red Cross Societies. The ICRC was understandably cool to the formation of the League, as it feared that the league would usurp some of the ICRC's powers and believed that the program proposed by the League exceeded the proper scope of Red Cross activities.

When it became clear that a fusion of the ICRC and the League was impossible, a commendable effort was made to accept the reality of the existence of two separate organizations with different objectives but to keep them within a single Red Cross movement. Thus was born in 1928 the current structure of the Internatinal Red Cross, or IRC.

As agreed in 1928, the IRC consists of the individual national societies chartered by the ICRC, the ICRC itself, and the League of Red Cross Societies. The supreme authority of the IRC is the International Conference of the Red Cross which is held every four years with representation from the three categories of member organizations plus representatives of governments that are parties to the Geneva Conventions. The preparation of these conferences and the coordination of the work of the various Red Cross bodies is performed by the Standing Commission of the IRC consisting of two representatives each from the ICRC and the League and five members selected on a personal basis from national societies.

Now, what are the activities of the IRC and its components? First of all, the principal activity of the quadrennial International Conference of the Red Cross is to decide whether new international conventions or amendments to the existing Geneva Conventions are desirable. In this connection, the original Geneva Convention has been revised several times, and the Red Cross movement currently is based on the four Geneva Conventions of 1949. I will have more to say about these Conventions when I discuss the activities of the ICRC.

The international involvement of national Red Cross organizations such as the American Red Cross comes about through participation in the quadrennial International Conferences and through participation in the relief activities sponsored by the League of Red Cross Societies. Most of the League's work is concerned with mustering world help in times of natural disaster, including epidemics. When an earthquake strikes Italy or a flood ravages Pakistan, it is usual for the national societies in the stricken countries to appeal to the League for help for the injured or homeless victims. The League sends relief supplies from its stategically located emergency warehouses in various parts of the world and calls on national societies to send help.

The League has also assumed, for the most part, the ICRC's earlier function of encouraging the formation of national Red Cross societies, although the ICRC still has the final say in approving a national society as a member of the International Red Cross. In addition, the League helps existing societies with training programs in first aid, nursing, blood banks and the operation of early-warning systems designed to head off the worst effects of natural disasters.

Finally, the League has kept alive the spirit of innovation that animated the creation of the League in the first place by promoting an expansion of the types of activities carried on by national societies. The League has initiated ever-growing contacts with other international organizations such as the UN Development Program, the World Health Organization, UNICEF, UNESCO, the World Food Program, and even the UN Environment Program in an effort to associate national Red Cross societies with the efforts of these agencies.

I have left to the last the work of the Red Cross organization that is both the best known and the least understood—that is the ICRC. It is the best known in the sense that when people refer to the International Red Cross they most often mean the ICRC. It is least understood, however, in the sense that few know about the way in which the ICRC works and its unique place in world affairs.

The fundamental difference between the ICRC and the League of Red Cross Societies is that the League is primarily concerned with the domestic activities of national societies and, in the international field, with the coordination of their operations in connection with natural disasters, such as floods and epidemics. The ICRC, by contrast, is concerned with man-made disasters—with wars and the associated need for the protection of and aid to the sick and wounded, prisoners of war, and innocent civilians.

Despite its name, the ICRC is not, in a sense, international at all. It is a private institution composed exclusively of Swiss citizens. But its mandate, its work, and its financing are international. The ICRC, then, is best described as a uninational body with an international role. But shouldn't the ICRC be truly internationalized, as Henry Davison proposed in 1919? I believe not, for one of the great strengths of the ICRC is that it is an organization of citizens of a neutral country. Any other truly neutral country could probably do the job equally well, but no matter what nationality is involved it is imperative, if the ICRC is to be trusted, that it be composed of the citizens of one country which follows a policy of scrupulous neutrality.

As I mentioned earlier, the ICRC is the custodian of the Geneva Conventions and therein lies its uniqueness. There are four of these conventions, which date back to 1949. The first two are concerned with aid to, and the protection of, military personnel. The third deals with the treatment of prisoners of war, and the fourth with the protection of civilians in time of war. These conventions largely dictate the role of the ICRC.

Thus, the ICRC is responsible under the Geneva Conventions for ensuring that the military and civilian victims of all wars receive protection and assistance. In addition, the ICRC plays the lead role in working for the continued improvement of humanitarian international law and for the better understanding and extension of the Geneva Conventions. In this connection, the ICRC convened a diplomatic conference, that lasted from 1974–77, that produced two protocols extending the nature and degree of protection for victims of non-international conflicts, such as civil wars.

During World War II, the ICRC visited thousands of POW's, and its Tracing Agency helped to reunite many families. More recently, in Cyprus, the ICRC has protected Greek Cypriots in the Turkish area of occupation; in Latin America the ICRC has visited no less than 5,000 political detainees; in Lebanon the ICRC has been the only organization capable of neutral mediation between the opposing factions; and in Africa the ICRC has intervened in behalf of the many refugees uprooted by international and civil wars. Currently, in Southeast Asia, the ICRC, in cooperation with the League of Red Cross Societies and U.N. agencies, is organizing a major program of famine and medical relief for refugees from Cambodia and Vietnam.

As Chairman of the Senate Subcommittee overseeing the effectiveness of the U.S. Government's contribution to the ICRC, I have seen how often we turn to the ICRC in situations where no other government or organization is able to be of help.

In closing, I would like to say that all of you ought to be proud to be a part of the International Red Cross movement. This movement is a family affair, and just as with a human family, the International Red Cross is made up of separate individuals, each with its own personality and role. Together, the members of the Red Cross family are doing wonders in cutting across national, racial, and religious lines to raise the humanitarian conscience of the world; and I wish it continued success.

Thank you.●

DEMOCRATIC DEVELOPMENT IN SOUTH KOREA

Mr. CRANSTON. Mr. President, recent events in South Korea are of serious concern to those of us who support the expansion of democratic freedoms in that country. While the South Korean people have remained calm after the assination of President Park Chung Hee, much will have to be done in the months ahead if the prospects for South Korean security, independence and democracy are to improve.

Even before the death of President Park, South Korea faced an uncertain future. On the eve of the Park assassination, South Korea was a nation beset by public demonstrations against the government. Martial law has been imposed. The opposition leader had been expelled from the national assembly. And the national government had been reduced essentially to one-man rule.

In the wake of Park's death, many questions remain unanswered. But one certainty which the new South Korean authorities can ignore only at their great peril is the fact that the key to South Korea's future lies in the expansion of democratic freedoms to all her citizens. The current situation must not be used to increase political repression. Continued political repression cannot be justified in the name of "national security" because the political opposition in South Korea is loyal, responsible, nonviolent and fervently anti-Communist.

The greatest threat to South Korea's future security lies not in the danger of attack from the North, but rather from the continued exclusion of the people of South Korea from the process of democratic government. For only with the national unity and international support which democratic practices will guarantee can South Korea maintain an ability to repel any type of aggression from the North.

South Korean authorities must be on notice that continued economic and military support from the United States and other key allies can only be extended to a democratic South Korea.

Mr. President, I recently had the privilege of spending a day with the leaders of the Korean community in Los Angeles. This community has grown at a remarkable rate, from less than 3,000, 10 years ago to nearly 150,000 today. My visit with my Korean constituents underlined for me the great industry, the great loyalty and the intense love for democracy which characterizes these people.

The United States has a firm commitment to support South Korea's democratic development. This commitment has been upheld through war and peace as Americans have given their lives defending Korean soil and their dollars to help South Korea engineer a truly miraculous economic development.

Our commitment to South Korea, however, is toward building an economically and militarily self-sufficient democracy. Continued American aid must be clearly conditioned on respect for fundamental human rights and the recognition of democratic freedoms. Genuine democracy must come to South Korea if American support is to be maintained.

NIFTY NUGGET MOBILIZATION EXERCISE

● Mr. NUNN. Mr. President, as you know, I have been striving to bring to the attention of the Senate and the American people the fact that military manpower problems upon mobilization are so severe that they would prohibit our military services from meeting the stated requirements of our national security.

The conclusion is supported by classified testimony by the Department of Defense and the recent Nifty Nugget mobilization exercise. Both have been the subject of congressional hearings as well as a closed session in the Senate. Manpower problems, however, are not the only serious shortcomings that exist with our mobilization capability.

The overall issues relating to America's preparedness in this vital area have been well documented in a recent series of articles in the Washington Star. Mr. John Fialka, the author, deserves praise for undertaking this comprehensive assignment and presenting a complex matter in an understandable fashion. His efforts will contribute to the awareness and understanding of the problems which are necessary to begin to solve them.

Mr. President, I ask that this excellent series be printed in the RECORD, and I congratulate the Star and Mr. Fialka for their undertaking.

The material follows:

ILL-EQUIPPED, UNDERMANNED U.S. ARMY IS DESTROYED IN "NIFTY NUGGET" EXERCISE

(By John Fialka)

A year ago this week, about 600,000 of the best-trained men in the U.S. Army began to die on the plains of Central Europe.

Measured against historical standards, it was an unnatural death for an army. In one sense it had defeated itself. It had been equipped with some of the most lethal, advanced, high-technology weaponry known to man, but it didn't have enough shells, missiles, fuel, food or spare parts.

After watching the Army die last fall during the massive, secret, simulated mobilization exercise called Nifty Nugget, one high-level Pentagon bureaucrat said, "The Army was simply attritted to death. Some details:

Many of the 130,000 theoretical casualties of the simulated battles wound up flying back across the Atlantic, untreated, in hastily-commandeered U.S. passenger jets, and some of them died as a result of a lack of U.S. doctors and medical evacuation planes.

Most combat elements of two of the nation's 16 regular Army divisions simply ceased to exist before the battle. They and a large number of Army Reserve units had been "cannibalized,"—split apart and jammed into other units—to fill gaping holes in the Army's trained manpower structure.

An enormous computer foulup compounded a logistical snarl that quickly overcame the nation's airlift capacity and stalled sealift operations. Ships carrying ammunition, food and fuel were still en route to the battle when the Army's airborne supply pipeline began to run dry.

The last troops to join the battle came from the United States without uniforms. There simply weren't any more.

Nifty Nugget was carried out by officials of the Pentagon and 26 other federal agencies and departments to simulate what would happen if the United States suddenly had to fulfill its long-standing commitment to defend its NATO allies in Europe.

Although it was billed as a "no-fault" exercise, the question of what went wrong and why is a subject of increasing interest in Congress. Sen. Sam Nunn, D-Ga., for example, held a secret session on the subject last month for the Senate.

Nunn said later that Nifty Nugget raises serious questions about "whether or not this country is really prepared for the kind of emergency for which it must be prepared."

Rep. Robin Beard, R-Tenn., a member of the House Armed Services Committee, called the results of the exercise "devastating."

The Department of Defense is studying about 100 major changes in defense policy, manpower and spending programs, changes stemming from the hard lessons learned during Nifty Nugget and its civilian counterpart, code named "Rex '78."

While Harold Brown, the secretary of defense, and his top aides resist proposals to resume the peacetime draft, they are considering other proposals, including plans to extend the all volunteer Army commitment from six to eight years. They are also planning to develop an emergency system to draft retired Army veterans and doctors to fill some of the holes exposed by Nifty Nugget.

Among the veterans would be draftees who fought in Vietnam.

WAR EQUIPMENT MISSING

The Pentagon, which currently spends $135 billion a year, also is quietly reprogramming billions over the next three years to fill what one official termed a "highly embarrassing" lack of many of the more common items needed to fight a war—uniforms, ammunition, spare aircraft parts and tents.

Nifty Nugget was mounted on Oct. 10, 1978, by the Joint Chiefs of Staff. It was the first government-wide war mobilization exercise since World War II. It was carried out by about 1,000 officers and civilians. The exercise continued until Nov. 8, 1978. Many of those who worked on Nifty Nugget were senior level officials. They worked in small "cells" in the various military and civilian command posts where the decisions of mobilization would be made if the president declared a national emergency.

Although much of the activity was simulated by computers, it was no small undertaking. The military and logistical demands of a sudden, major war in Europe would require thousands of immediate decisions and orders to coordinate the activities of millions of Americans. The orders would have to redirect the workings of much of the U.S. economy in days.

One of the Pentagon planners who prepared the scenario for Nifty Nugget said, "A wartime mobilization is the most complicated political act that you could think of."

Although Pentagon officials have been ruminating over the results of Nifty Nugget since the game officially ended, the unclassified version of the game has not been released. The following account is drawn from the documents obtained by The Washington Star and interviews with more than two dozen officials involved in the planning and execution of the game.

The scenario for Nifty Nugget began with the assumption that the next major war will start with little advance warning.

The sudden war scenario was part of a still-secret partial mobilization exercise carried out by the Army in 1976, called Mobex 76. Mobex 76 led the Army's top generals to request a larger exercise, involving the whole government, so they could test all of the machinery that would be needed to mobilize for war.

A LOGISTICAL SIMULATION

Nifty Nugget was never intended to simulate actual fighting, according to those who planned it. Rather it was intended to see if the U.S. could mount and logistically sustain a large military force in Europe long enough to be "credible" against a sudden, heavily armored attack by conventional units which could be mounted by the Warsaw Pact.

The Army regularly uses a computer game, called the "Omnibus Game," to simulate what it would take to blunt such an attack. The demands of Omnibus were made part of the script of Nifty Nugget, which was known only to a small group of controllers, mainly colonels.

Working in the Pentagon's "war room," the National Military Command Center, a battery of 19 top policymakers, led by Stanley R. Resor, then undersecretary of defense, and Richard Danzig, the current principal deputy assistant secretary of defense for manpower, spent an afternoon before the game considering the scenario being fed to them. They wondered what the president could do to prepare himself, short of sending out the "dangerous signal" of declaring a national emergency, the act required by law before he can call up more than 50,000 men.

The Nifty Nugget players discovered, for example, that the president has powers to call up Air Force and Army retirees in advance of a crisis but would have to declare a national emergency before he could get any Navy veterans. The president lost the legal authority to draft physicians in 1973.

The Army's Materiel Development and Readiness Command (DARCOM) could not begin shipping out its stores of ammunition on an emergency basis.

"We couldn't even let a contract or do things like authorize overtime without money," explained Lt. Gen. Eugene D'Ambrosio, who recently retired as deputy chief of DARCOM. "We asked the question, 'Has Congress ever given the authority to do this?' The answer was 'No.' "

On Oct. 13, when Resor and the other top Nifty Nugget players found themselves forced by the unfolding scenario to simulate a request to the president to proclaim a national emergency, D'Ambrosio finally got his authority. By then it was already too late.

Defense Department spokesmen say Nifty Nugget was simply a mobilization exercise. Because it never played out the actual war, there was no winner and no loser. From D'Ambrosio's point of view, however, there was one stark truth in the game that indicates the U.S. lost; within the first 30 days, the Army ran out of artillery shells, tank rounds and several other crucial types of ammunition.

D'Ambrosio said the Pentagon budgets for enough ammunition to support the first 30 days of the high-firepower conventional war envisioned by the Omnibus Game.

60 DAYS TO GET STARTED

He said it would take at least 60 days to begin pumping out additional ammunition from the $19-billion government-owned complex of munitions plants. "My concern is, OK, if we now have sufficient ammo to take us through a 30-day war, what's going to happen on the 31st day?"

D'Ambrosio never had to worry about the 31st day because the Army ran out of ammunition long before that. The U.S. War Reserve Stocks in Europe—the source of replacement ammunition for the U.S. as well as some of its NATO allies—had nowhere near enough ammunition.

Army sources said one reason for this is that the stocks were drawn down severely to support the intense conflict between the Israelis and the Egyptians in 1973 and have never been fully replaced.

They said another reason is that the Germans have been reluctant to give the U.S. enough land to store the amount of ammunition needed in Germany.

Only a small percentage of the ammunition could be flown to Europe. So on Oct. 13, DARCOM began making arrangements to simulate the shipment of 350,000 tons of ammunition to the battlefront by sea. Thirty days later—long after the ammunition was needed at the front—"none of it had arrived," D'Ambrosio said. He said confusion and delays in loading and shipping the ammunition made it probable that the ammunition arrived sometime after the war had ended.

"DON'T BUY VICTORY BONDS"

Another Army planner put it more starkly to a congressional delegation. Asked who won the Nifty Nugget war, he said, "Don't buy any Victory Bonds."

The ammunition problem was not the largest problem. Two others eventually took predominance. One of them was finding people who knew how to mobilize—an increasingly scarce commodity in Washington. The other was finding enough people with previous military training who could be mobilized—an increasingly scarce commodity in the country since the onset of the all volunteer Force.

The official overseer of Nifty Nugget was Gen. Walter T. "Dutch" Kerwin, who recently retired as vice chief of staff of the Army.

Kerwin and a team of other retired generals and admirals had been empowered by the chairman of the Joint Chiefs of Staff to visit all the command centers used in Nifty Nugget and to report deficiencies. Kerwin, who served on Gen. George Marshall's staff during the closing days of World War II, said he had trouble finding many people who had thought much about mobilization.

"We went to one major Army command

and said, 'Where is your mobilization person,' " Kerwin said. He was told the command had once had a mobilization expert, but the man had retired seven months before Nifty Nugget, and the vacancy had not been filled.

Kerwin complained of "great gaps" in understanding among various players, particularly between the military and civilians. He said some of the gaps were so wide, "that you would wonder whether they were playing the same exercise."

The essential problems of mobilization posed by Nifty Nugget were how to get regular Army and reserve units alerted, how to transport them to 50 "mobilization stations," where they would be given their final equipment and training, and then how to get the combined units to ports of embarkation, from which they would be flown to Europe.

NEEDED AT LEAST 200,000 MEN

The players found that to fight the war envisioned by the planners, they needed somewhere between 200,000 and 500,000 more trained men than they could find; that many of the mobilization stations quickly descended into chaos, partly a result of computer-system failures; and that while the nation had the airlift capacity to get the soldiers to Europe, a lot of their heavy equipment (i.e. tanks and artillery) would never make it in time.

The players found that nothing worked according to the existing plans for mobilization. The standing mobilization plans call for active Army units to mobilize first.

Three divisions are supposed to fly immediately to prepositioned equipment held for them in special warehouses in Germany. This movement took twice as long as it was supposed to because there was a serious deficiency in prepositioned equipment to support the three mobilizing divisions.

The theory of mobilization is that when active units are sent, the Selected Army Reserve takes over their boxes, forming into new units that would be sent to Europe later. Any casualties sustained in battle would be filled by a second Reserve component called the Independent Ready Reserve (IRR), a body of soldiers who are still serving out their reserve commitments, although they do not train with any unit.

The reality of Nifty Nugget, the numbers on the computer terminals and on the slides that flashed in front of the top players seated around the long table in the Pentagon's war room, proved none of this would really work.

First, the five Army divisions in Europe were not up to wartime strength. As a result, 20,000 men had to be scrounged from somewhere else to augment them. Then, more manpower had to be found to fill up the U.S. divisions and the early-deploying Reserve units.

400,000 SENT TO EUROPE

In all, about 400,000 men were sent to Europe. The IRR's 200,000 men were quickly used for this. Two other Army divisions, programmed for Europe in the second month of a war, had simply vanished. They had been cannibalized in a frantic effort to replace the 130,000 theoretical casualties.

Department of Defense officials have since argued that the manpower shortfall was approximately 200,000, asserting that the system could not have absorbed any more than that because there was no more equipment.

The planners, scrambling to use the bodies that were there, discovered that among the 120,000 enlisted men in the IRR, only about 20,000 had the skills that were needed most—the ability to operate tanks or to perform in infantry units. There may be as many as 150,000 retired Army veterans in the U.S. still young enough to mobilize, but the Army discovered there was no system to locate them.

The players of Nifty Nugget attempted to fill the manpower gap and cope with equipment shortages. For example, units equipped with rubber suits to protect them against chemical warfare were sent without their rubber gloves.

"That was a minor problem," explained one planner. He said the players found there were not even enough fatigues to equip the IRR. "Hell, the last people to go over came right off the street. We put them on the plane wearing their Adidas (sneakers) and cut-offs. It was not the best looking Army we've ever fielded."

As severe as it was, the manpower shortfall was not the worst manpower problem the Pentagon had. Still worse was the doctor problem. The Army and the Army Reserve are short about 3,500 doctors.

That means about half of the doctors needed to treat casualties in Europe would not be there. Nor would there be enough hospital space in Europe. To offset this, the Pentagon developed plans to fly the more serious battle casualties—the wounded who would take more than six days to recover—back to the U.S. for treatment in various civilian hospitals.

Postponement of their treatment resulted in between 10,000 and 30,000 more casualties because men who might have quickly returned to the front wound up in U.S. hospitals, many of them in relatively remote areas.

For the seriously wounded, the trip across the Atlantic would have been a harrowing one, stretched across the triple seats of passenger jets. The increased casualty rate meant the Air Force ran out of aeromedical evacuation units after five days of fighting. After that, there were only chartered civilian passenger jets to receive the casualties.

Gen. Kerwin, one of the Army's last links between the current era of computerized simulation and the days of Gen. George Marshall, described Nifty Nugget as: "The most satisfying thing I've been in in 39 years of military service. At last we've done something that is going to get results."

Tomorrow: The Aluminum Bridge

NIFTY NUGGET: EUROPEAN WAR FOR COMPUTER

Nifty Nugget was a vast electronic game carried out by more than 1,000 people. The players included senior defense officials, representatives of top military commands and officials of 27 civilian agencies that have a role in the Pentagon's plans to mobilize for war.

The scenario, as prepared by the staff of the Joint Chiefs of Staff, presumed several months of heightened international political tension before the game began on Oct. 10, 1978.

Three days later, the defense official playing the role as secretary of defense advised the president to declare a national emergency.

Movements of troops and supplies to Europe were simulated by computer or worked out on paper. On Oct. 20, NATO forces in Central Europe were presumed to have come under major attack by units of the Warsaw Pact nations using conventional weapons.

Casualties and rates of consumption for ammunition and military equipment projected for such a war were simulated, and the players were required to attempt to offset these factors.

The game required several hours of decision-making each day in the Pentagon's "war room" and in a network of other command posts throughout the country. It ended for most players on Oct. 30. The Army continued playing until Nov. 8.

Reports describing the lessons learned in the exercise are still classified.

PENTAGON LOGISTICS BRIDGE FAILS

One of the casualties of "Nifty Nugget," a massive, secret, computerized mobilization exercise for a conventional war in Europe, was the Pentagon's dogma that it is capable of fighting one and a half wars.

For at least a decade the Department of Defense has defended its budget requests by stating that it must maintain enough resources to defend NATO allies against an attack by Warsaw Pact powers and still have enough left over to defend against another attack elsewhere.

The way this would be done is called the "swing concept." The United States would swing a number of warships from the Pacific into the Atlantic to protect the massive sea and airlift needed for the war in Europe. Remaining warships, then, would be ready to help carry out the "one-half war" that might erupt in another sensitive place, for example in the Midlle East.

Late last fall, while part of the staff of Secretary of Defense Harold Brown was busy putting the traditional boiler plate "one and one half war" language into Brown's annual military posture statement, another part of Brown's staff was writing a secret report for the House Armed Services Committee .

This report said that during the Nifty Nugget exercise the commander in chief of the Pacific Fleet responded to the simulated emergency by asking the Pentagon for all of the forces assigned to him in the war plan to blunt Soviet ventures in the Pacific and Indian Oceans.

The result, the report says, was an impossible situation. "Many of those forces and strategic lift assets to execute this plan were also required in the reinforcement plan for Europe."

Underlying many of the results of Nifty Nugget, though, is an even more pessimistic conclusion: The United States may not have enough airlift and sealift capability to remain credible in one major war, let alone an additional half-war.

The different players in Nifty Nugget—which was the first simulated, goverment-wide war mobilization exercise carried out in this country since World War II—saw the problem from different sides.

While the commander in the Pacific was having most of his assets "swung" away from him, Lt. Gen. Eugene D'Ambrosio, deputy chief of the Army's Material Development and Readiness Command (DARCOM), was frantically trying to prepare for the first wave of the attack in Central Europe.

The timetable for Nifty Nugget, which involved officials from the Defense Department and 27 other federal agencies, called for the outbreak of a conventional war on Oct. 20, 1978, one week after a simulated order by the President calling for a national mobilization.

As soon as the mobilization order gave him the resources to simulate the sending of ammunition over to Europe, D'Ambrosio was off and running. The first assault, he had reasoned, would come by air.

D'Ambrosio, who recently retired, had called U.S. Army headquarters in Europe and discovered that there was an urgent need for surface-to-air missiles (SAMs). Only 52 percent of the Army's front-line SAMs were ready to fire.

D'Ambrosio had made plans to strip several later-deploying Army units of their SAMs and to fly them over before the attack.

"Then we called the Air Force," D'Ambrosio recently explained to a group of retired Army officers, "and said, look, we've got to get this over there. They said 'Can't do it. We've got everything planned for the first 30 days.' "

THE "ALUMINUM BRIDGE"

D'Ambrosio had collided with what military planners refer to as the "Aluminum Bridge."

In a war that begins with little advance warning or planning—which is the basic assumption for current Pentagon war plans—early logistical support will depend entirely on a massive airlift over the Atlantic, one that would be several times larger than any previously attempted.

It is called the aluminum bridge because it will use many hundreds of jet transport planes. The cream of the U.S. commercial air fleet will be sent winging to Europe along with most of the Air Force's giant C-141's and the behemoth C-5A's.

The Air Force has the logistics of all this worked out and stored in a computer bank. From the instant the mobilization begins, the computer will spit out a stream of orders, assuring time-phased deliveries of supplies to the front. The phasing is designed to make sure that essential supplies and fighting units get there first and that none of the precious airlift is left waiting on the ground for things or people that are not ready. If the aluminum bridge is to succeed, the phasing has to be tight, very tight.

In Nifty Nugget, though, it proved to be too tight. Gen. D'Ambrosio didn't have the clout to get his load of SAMs into the phasing—an event which probably caused chaos at the front.

Then the senior level Defense Department officials commanding the exercise from the "war room" of the Pentagon, a group which did have the necessary clout, decided to change the deployment of an entire Marine division—an event which caused massive chaos in the rear.

The aluminum bridge, the entire computer program for the airlift for the rest of the war thereupon collapsed. That meant that the whole timetable had to be reworked by hand. That meant that some simulated fighting units, waiting to deploy at 50 U.S. mobilization bases—many of which were short of tents, food, ammunition and other essentials—had to wait as long as five extra days for the airplanes that would take them to battle.

The upshot of this problem is a new, high-level Defense agency, the Joint Deployment Agency, which is quietly taking shape at MacDill Air Force Base in Tampa, Fla. Its job is to reexamine the existing war plans and to split them into manageable "packages" so that last-minute changes do not result in the logistical collapses that plagued Nifty Nugget.

CRUCIAL SHORTAGES DISCOVERED

Judging from documents made available to The Washington Star, and from interviews with more than two dozen players in the exercise, part of the problem is that some of the machinery and items needed to handle a national mobilization has simply been postponed for either political or budgetary reasons. Some examples:

Shortages in ammunition stocks and stocks of pre-positioned equipment that are supposed to be in Europe to support U.S. and other NATO forces meant that the airlift of additional fighting units from the states had to be interrupted while more ammunition and equipment was flown to sustain forces already fighting.

There was a plentiful supply of 120 millimeter tank ammunition for the new XM-1 tank—scheduled to be deployed sometime after 1981—but not enough of the smaller rounds needed for the M-60 tanks now in service.

Part of the U.S. fleet of giant C5A's—the only aircraft capable of carrying tanks, artillery, bulky radar equipment, large helicopters and other badly needed items—would soon have had to be grounded if Nifty Nugget were a real emergency. The Air Force did not keep enough spare parts for them in Europe.

While its plans are handled by computers, some of the Air Force's planes would have had to be loaded by hand because the Air Force ran out of pallets and fork lifts during the first two weeks of the crisis postulated by Nifty Nugget.

In all, according to the Air Force, at least 30 percent of the air cargoes needed in Europe in Nifty Nugget never got off the ground because the many delays compounded what had been a known shortage of strategic airlift. "There was a tremendous difference between what we thought we could do and what we did do," explained one Air Force planner.

The exercise showed that almost all of the fighting manpower destined for Europe—around 400,000 soldiers, Marines and their supporting personnel—could have made it over the aluminum bridge, assuming that airfields on the other end could have been protected. Many of them, however, would have been without the equipment they needed to fight a war.

During a national emergency the president can commandeer up to 462 of the nation's long-range commercial airliners, those which have been committed to the Civilian Reserve Air Fleet (CRAF).

NOT ENOUGH MODIFIED JETS

CRAF is maintained by a little-known subsidy arrangement between the airlines and the Pentagon. For each airliner dedicated to CRAF, the airline gets a piece of the Department of Defense's sizeable annual requirement for commercial airline seats.

This arrangement has created plenty of capacity to carry people during a national crisis, but getting enough space for airlifted cargo is another problem. Only 113 of these ships can be converted to carrying cargo, and so far the airlines have resisted further Air Force subsidies to modify wide-bodied jets so that they will accept cargo on pallets or casualties on stretchers.

Aircraft such as the Boeing 747 and the McDonnell Douglas DC-10 would make excellent military cargo carriers if their doors were made wider and if their floors were reinforced, but that is another problem which is being postponed until the future.

After five years of fruitless haggling with Congress and the airlines over the terms of a subsidy arrangement that would result in modifying existing jets, the Air Force is now trying to get an agreement that will modify future wide-bodied jets as they come off the assembly lines.

If there are problems in constructing the aluminum bridge of airlift to support a conventional NATO war scenario, however, they are child's play compared to the problems of getting enough ships mobilized to feed the major logistical demands of the war.

Because of the inherent cargo-carrying limits of aircraft, 95 percent of the tonnage destined for the war would have to go by ship. That translates, roughly, into 3,000 cargo ships a month.

To have had any impact on the fighting postulated in Nifty Nugget, the first cargoes would have had to be loaded within 10 days after mobilization and arrive in European ports 20 days later. Nifty Nugget lasted only 25 days after a simulated mobilization call, however. Those who looked at the shipping problems are not optimistic that, given the exercise's myriad startup problems, the ships arrived in time to be of much help to NATO forces facing the high firepower of the Warsaw Pact countries.

The shipping problem begins with seemingly little things, like the fact that computers of many governmental agencies can't talk to each other. This is because they have been bought from different companies, or are from different generations of technology and are programmed with different computer languages.

This can be troublesome when these agencies have to coordinate with one another during a mobilization. It can be disastrous if one of these agencies is the Army's Military Traffic Management Command (MTMC)—charged with getting the cargo to seaports—and the Navy's Military Sealift Command (MSC)—charged with rounding up the ships to put it in.

The exercise revealed that heavy military cargo, especially the tanks and other bulky items needed to fight the war, were delayed in reaching the ports because of the decrepit state of many of the U.S. rail lines. That meant that they moved at an average speed of about 20 miles an hour.

The cargo that did make it to port in a reasonable time would have relied heavily on something the Navy calls EUSC (Effective United States Controlled Fleet). In shorthand, it means the Navy's authority to commandeer ships of Liberian, Panamanian or Honduran registry that are owned by U.S. business interests.

During a recent conference on NATO problems in Brussels, Admiral Isaac C. Kidd Jr., who has just retired as commander of the Navy's Atlantic Fleet, noted that the Navy's legal authority to control EUSC has never been tested.

Assuming the legal problems were surmounted, Nifty Nugget players found that the modern ships most likely to be found in U.S. seaports—containerships—do not lend themselves well to carrying bulky military cargo. Furthermore they can't unload themselves if they land at a seaport that has been damaged.

Beyond all of these problems lay the voyage across the North Atlantic, where hastily-loaded convoys of merchant ships would encounter the strongest element of the Soviet Navy, its submarine fleet.

During World War II Germany fielded 57 U-Boats. The U.S. Navy estimates that in a Nifty Nugget scenario the Soviet Union could deploy some 175 subs into the North Atlantic.

In his NATO speech, Admiral Kidd estimated that in the opening days of a mobilization "well over a third and probably more of the merchant ships at sea would be destroyed or prevented from delivering their cargoes on the day the shooting started." Shipping losses, he said, would tend to taper off as the war continued and the subs were hunted down.

Given the chaotic nature of the U.S. supply system, however, the question posed by Nifty Nugget is whether a conventional war in Europe could continue for very long after the U.S. pipeline of ammunition, equipment and supplies first begins to falter.

After that, as one planner put it, you are in a different war game altogether. "You either surrender or you throw a nuke. Neither one of them is what you'd call a nice option."

ALL KINDS OF FOUL-UPS HAMPER ARMY MOBILIZATION

(By John J. Fialka)

Seen from one of the 50 mobilization bases that would have to spring into being should the nation carry out its plans to mobilize for a major war, Nifty Nugget was a disaster.

"This was one war we would have lost," concluded one officer of the 3397th U.S. Army Garrison, of Chattanooga, Tenn., a veteran whose recollection goes back to the mobilization for Korea.

"None of the Army mobilization stations tested during the exercise could support the mobilization activities of reserve component units," states one Pentagon report. The report notes that after the regular Army units were theoretically sent to battle, the bases left behind functioned in "very limited" fashion because most of the people who knew how to run the bases had gone to war.

That was not the problem for the members of the 3397th U.S. Army Garrison. They were not sent to a regular military base. Their problem was how to breathe life into Camp Shelby, Miss., a swampy, mosquito-ridden camp 45 miles north of Biloxi, which had not been used by active units since World War II.

Because 14 such bases would have to be

used during a real mobilization, the Army sent reserve units to three of them last fall to gear up for the pretended, all-out war in Europe.

Judging from the 3397th's still-classified "after action report," the mobilization at Camp Shelby was an operation that began on the wrong foot and went rapidly downhill.

The job of the 3397th was to prepare the base to receive five Army reserve brigades, tank units and mechanized infantry that in a real war would be coming from various parts of Tennessee to Camp Shelby to receive their ammunition and final training before being sent overseas.

The initial problem was an obvious one. The aging, but well-preserved wooden "temporary" buildings at the base would barely hold one 3,778-man brigade. Receiving five brigades would have turned the fields around the barracks into a sea of Army tents.

Tents. That meant using SAILS ("Standard Army Intermediate Level System"), a kind of computerized voucher system to locate and immediately reorder short supply items. Tents were just one of the 4,351 items the 3397th punched into SAILS.

Later the technicians learned that all of these requests had simply been canceled by the computer, which had not been programmed properly. "As it turned out they didn't have any tents anyway," explained an officer.

The 3397th didn't really need as many tents as they ordered because the reserve brigades theoretically coming to camp had over 4,000 vacancies. What was needed were tank crews and infantrymen to fill the tents so the base command turned to another computerized system, one called SIDPERS ("Standard Installation/Division Personnel System").

Actually there were three SIDPERS systems, one for the regular Army, one for the Army Reserve and one for the National Guard. Although they were different systems using different computer language, the Army had wired them all together for Nifty Nugget.

The problem was that they weren't wired together properly. The requests for the extra manpower went the way of the request for tents. The computer operators assumed that they, too, had been canceled, but that was wrong. A week later, after the 3397th began frantically going through the paperwork necessary to turn the men from five vacancy-riddled brigades into two functionable ones, their computer request miraculously reappeared on their computer terminal screens. SIDPERS had found enough replacements to fill out one of the brigades. It was later discovered, though, that 40 percent of this information was wrong.

Cannibalizing units was not a happy development at the base. "That isn't good at all," explained one officer. "It's better if these homefolks go as a unit. That's the way they've been trained."

It is difficult to see how the men would have been given their final training at Camp Shelby if the real units had showed up instead of just appearing as blips on the base computer.

There was no ammunition for the tanks and no place to store the diesel fuel they would need, but that was probably just as well because there were not even enough C rations available to fuel the drivers.

In fact, the officers of the 3397th could not imagine how the trains could get 300 flatcars carrying the units' big M60 tanks and hulking armored personnel carriers to Camp Shelby. There was only one decrepit rail line leading into the base. "That would have been the damndest train wreck you ever saw," was the way one officer put it.

The men of the 3397th had trouble telling the Army about their problems. Communications during a mobilization are supposed to be secret and for this purpose the Army had hauled in AUTODIN, a 12x12 foot computerized teletype system designed to send and receive messages in code.

While AUTODIN was being installed a technician noted that the teletype part of the machine didn't seem to work, but was told that the machine would be all right after "an initial adjustment and burn-in period." AUTODIN, though, never recovered from that initial adjustment. It was the first casualty of the simulated war.

CIVILIANS FLUNK, TOO, IN "NUGGET" EXERCISE

(By John Fialka)

In the middle of a secret Pentagon war game carried out last year to test the nation's ability to mobilize for a sudden war in Europe, senior defense officials received a graphic illustration of just how thin that capability really is.

Flashing before them on audiovisual display panels mounted on the wall of the "National Military Command Center" were scenes of simulated chaos at key U.S. military installations up and down the East Coast.

These were the bases that were supposed to be embarkation points for 400,000 U.S. soldiers and Marines heading for the war. Instead they were being mobbed by hordes of homeless Army dependents and confused U.S. tourists. Those civilians had been rounded up in Europe by the State Department, flown back by the Air Force and then literally dumped right in the middle of the military loading operations.

Somebody had dropped the ball. There was no transportation system set up to get the civilians off the bases and none of the 27 civilian agencies participating in the mobilization exercise—known by the code name "Nifty Nugget"—were sure just what the plan was.

The upshot was that departing Army units had to be diverted to the job of getting the crowds off the bases and headed toward home. Although Nifty Nugget was to a considerable extent a mosaic of major and minor foulups, this was the only one singled out in a later classified report to the House Armed Services Committee as being large enough "to jeopardize military plans."

Why was there no way to deal with the simulated return of part of the 900,000 Americans that are in Europe at any given time? Barry Van Lare, associate commissioner of Social Security, whose office was later found to have "responsibility for carrying out the "Reception and Onward Movement of Noncombatant Evacuees" plan, gives the following explanation:

There was a woman, he said, who was in charge of the $300,000-a-year program at Social Security, but she retired several weeks before the exercise. No one else knew much about her plan, which would have drawn on the sizable welfare bureaucracy in Social Security for aid in relocating the evacuees.

Since Nifty Nugget, Van Lare is quick to add, Social Security has been in the process of developing "much better coordination" with the Defense Department.

While the U.S. military did not perform adequately during Nifty Nugget—the first full-scale war mobilization exercise since World War II—those who have studied the efforts of civilian agencies involved say civilian performance was much easier to characterize.

"It is clear that the civilian side flunked," John Macy, director of the new Federal Emergency Management Agency, recently explained at a meeting of the Association of the U.S. Army.

During a real war mobilization, the civilian part of the operation would be run out of a special six-room command post in the General Services Administration building in Northwest Washington. The task of the people in those rooms and those working with them in government agencies would be to quickly mobilize the economy of the richest, most complex, nation on earth to handle a war.

(For Nifty Nugget purposes, the command post was operated by representatives of civilian agencies, who were in contact with "cells" of other crisis managers in their agencies as well as with the war room and various other branches of the Pentagon.)

William Baird, an assistant director of FEMA, who had charge of organizing the civilian side of Nifty Nugget—code-named "Rex 78"—under the auspices of the now-defunct Federal Preparedness Agency, says he had great difficulty getting senior level Carter administration officials to play in the exercise. Nifty Nugget went on for several hours each day last October and early November. Much of it was simulated on computers.

"We had the ordinary career people participating, but the policy people didn't get involved and they're the key ones, really. It was a little bit different on the military side," said Baird.

Added to this problem was the fact that, as the Defense Department later described to the House Armed Services Committee, the war mobilization plans on the civilian side are simply "an aggregate" of presidential memos "last updated six years ago."

The impact of these two problems—like the impact of hundreds of thousands of tourists suddenly descending on military bases—produced some memorable moments during Nifty Nugget, according to documents obtained by The Washington Star and interviews with many of the game's players. Some examples:

Nifty Nugget began by calling up civilians in Army Reserve units, causing key civilian agencies to suddenly lose air controllers, security officers, logistics experts and other skills central to the problem of handling mobilization on the civilian side. The plan to control the impact of a reserve callup on non-military agencies had not been published properly.

Players from the Defense, Commerce and Labor Departments struggled to locate workers with wartime skills, but found that there was no definite system spelling out which skills might be needed.

Because of a shortage of military doctors in Europe, the more serious military casualties were being flown back to the United States for treatment in U.S. hospitals. However, the Departments of Defense and Health, Education and Welfare had not established an adequate administrative process to handle the large, incoming stream of the wounded and the dying.

Once part of the nation's civilian aircraft had been borrowed by the military for the airlift to Europe, the Department of Transportation and the Civil Aeronautics Board discovered there was no developed plan ready to allocate seats on what remained of the U.S. commercial air fleet. This was important because space was immediately needed to fly casualties from East Coast military bases to hospitals all over the nation, to deliver reservists to mobilization centers and to carry war-related civilian traffic.

Department of Energy planners were unable to shift power supplies on the nation's electrical grid following simulated terrorist attacks on power plants during the mobilization. Current law requires a declaration of war before such emergency measure can be taken.

The Selective Service System, pretending that it had already registered people for the draft, found it did not have the computer capability to process the number of inductees required by the Pentagon.

Another problem plaguing the civilian side of Nifty Nugget was that while the outbreak of a conventional war in Europe is considered a most likely war scenario by U.S. military planners, it was not considered credible by some people working in key agencies on the civilian side.

NOT LIKE WORLD WAR II

For example, Bardyl Tirana, then director of the Defense Civil Preparedness Agency, went through the motions of the game but wondered how a population that included millions who had never been told anything about mobilization would react in a sudden military crisis with a nuclear power like the Soviet Union. It would not, Tirana, believed, be at all like gearing up for World War II.

How would workers needed for key industries react to mobilization orders, Tirana wondered, knowing that they and their families were in cities targeted for nuclear destruction? "It's just very hard to talk about mobilizing for a convention conflict outside of the context of the ever-present bomb," Tirana explained to a reporter.

Underlying all the problems of Nifty Nugget, the lack of coherent advance planning by military and civilian, officials was an even more fundamental problem: A large amount of the nation's industrial structure that was waiting to be mobilized in World War II is simply not there today.

Some of these problems are obvious. Much of the nation's steel-making capacity and large parts of its electronics industry have simply been exported during the intervening 40 years. While mobilizing cargo for World War II meant running trains, much of the railroad capability has been taken over by trucks. The nation's trucking system is decentralized, making it much more difficult to manage from a central point in time of war.

But there were also some problems that are not obvious. During World War II the latent power of the U.S. industrial base was such that Field Marshal Erwin Rommel, the famed German tank commander, is said to have concluded privately that Germany could not defeat the United States after Rommel saw Sherman tanks maneuvering before him on the battlefield at El Alamein.

The Sherman tank had been designed, produced in quantity and delivered to the front in 11 months. Research carried out as part of Nifty Nugget indicates that that feat is not about to happen again.

Although the current lead time to produce a tank is classified, Army spokesmen noted several problems. Partly because of the impact of environmental laws, there are currently only two foundries in the United States capable of forging tank hulls. The production of the latest U.S. tank, the XM–1, has taken eight years and is still stymied by problem's with the tank's finicky gas turbine engine, which is allergic to dust.

"SURGE CAPABITIY" CRITICAL

"In terms of tanks," explained one Nifty Nugget player, "you fight with what you've got for the first two years."

The ability of a nation to crank up its industry for war production is known as "surge capability." Surge capability has long been considered crucial by NATO military theorists because, while Warsaw Pack forces led by the Soviet Union may have more weapons in the field, the industrial capability of the West is three times larger.

While industrial surge capability is critical in tanks, it is even more critical in ammunition, and there again the war game players found things have changed radically since World War II, even since the war in Vietnam.

A steering committee recently studied the ammunition problem for the Pentagon. It found that such U.S. industrial giants as duPont can no longer play a "significant role" in making military explosives because U.S. private industry has switched over to making explosives from ammonium nitrate—the common ingredient of fertilizer—for blasting and other civilian needs.

While ammonium nitrate explosives are much safer to ship and are much less likely to result in secondary explosions when a tank or a ship has been hit, the huge Pentagon munitions bureaucracy is still making ammunition in government-owned plants out of HMX and RDX, the same two chemical agents used in World War II.

As one government scientists who has been studying the problem put it, the Pentagon bureaucracy is most able to resist change when it comes to low-tech warfare items.

"Hell, I could go in and get another $100 million for particle beam research without even breathing hard, but try and get anything for mundane things like conventional bombs and bullets," the scientist said.

In sum, the message of Nifty Nugget is that much of the mobilization capability the nation's vaunted industrial-military complex would need to support a large-scale conventional war has simply been lost, cast aside, forgotten or ignored.

The Defense Department's classified report to the House Armed Services Committee perhaps put it best:

"Warfighting may arguably be the province of the military. Resource availability planning may be dominated by civilians. Mobilization activities come right at the seam. This points to the need for deep and probably unprecedented military-civilian cooperation."

Decrepit Draft Machinery Conked Out in Mobilization Test

(By John J. Fialka)

Imagine that a derelict was suddenly found, spruced up, given a set of phony credentials and sent off on a crucial wartime mission and you have some idea of the role that one key civilian agency, the Selective Service System, played during the war mobilization exercise Nifty Nugget.

In reality, the capacity to draft men quickly for a sudden major war does not exist, because the power of the Selective Service System to conduct peacetime registration lapsed in 1975 when President Gerald R. Ford asked the Department of Defense and Congress to look into some alternative procedures.

Since then, as no alternative procedures have emerged, the Selective Service System has been on what the Pentagon calls "deep standby." Viewed from the standpoint of a mobilization, it means that the agency was gone but not forgotten.

The problem posed by Nifty Nugget was how do you simulate the operation of military induction and training centers without having some system to send them draftees? The solution was to pretend that Selective Service had the names of some 100,000 draftees ready to go.

As Robert Shuck, acting director of the Selective Service System, explained it, this was done by placing three X's in front of the names of Vietnam era draftees, names that were still in the agency's computers, and then altering their birth dates to make it appear that they were either 20 or 21. Those are the two prime age groups from which a modern draftee Army would be drawn.

Going into "deep standby" had meant that the Selective Service System had shrunk from an agency with 9,000 full-time employees and 626 area offices to 98 full-time people and six regional offices.

The original terms of deep standby meant that the Selective Service System would crank up 30 days after the president had declared a state of national emergency and hold a draft registration 30 days after that.

In the fall of 1977, however, as the Pentagon began to prepare for Nifty Nugget, the Carter administration concluded that to wait that long for draftees might be too risky. So the Selective Service System's mandate was ordered changed. Now the system has to get ready in 72 hours and hold a registration within 10 days.

The problem Shuck faced was that even with a pretended registration and the phonied names in his computer, he couldn't process them fast enough to deliver the Pentagon's current wartime requirements: 100,000 inductees within 60 days and 650,000 inductees within 180 days.

"If we had data coming in like we were simulating we did not have the throughput capability for kicking out inductions within the shortened time frame," explained Shuck. "Our computers use one language and the ones we wanted to borrow used another."

Nevertheless, the Selective Service system stumbled on, carrying out its role in the simulated mobilization. The business end of the current system, 715 military reserve and National Guard officers, were called up and asked to set up temporary offices in armories and federal buildings in each of the 50 states. There they spent the weekend of October 21, 1978—the day after the simulated major war broke out in Europe—processing the files of mythical draftees.

This process went along much more efficiently than it would have in a real war because, as Shuck pointed out, Selective Service has no system for handling conscientious objectors or for giving out occupational deferments to those whose skills might be needed in the civilian sector.

Some military theorists have claimed that the absence of a peacetime draft is the major flaw in the current U.S. military posture. For example, Gen. Sir John Hackett, a retired British general, had this to say in his recent, authoritative best seller "The Third World War," which postulates a major war in 1985 that NATO fights and wins:

"There is no need to dwell here on the political and social stresses generated in the United States in the years 1979–81 over the reintroduction of the draft, nor to recapitulate the stormy history of the passage of the appropriate legislation . . . Without it no book like this, placing on record as it does the manner of the free West's survival, could ever have been written."

U.S. military theorists, those who have pondered the dismal record of Nifty Nugget, spearheaded the first legislative attempt to do this last spring. Gen. Bernard W. Rogers, then Army chief of staff and now NATO commander in Europe, tried to convince Congress to begin a limited peacetime draft, one aimed at fleshing out the vacancy-riddled Army Reserve structure.

In September, after a truly "stormy" session evoking the bitter, anti-war rhetoric of the Vietnam era, Congress rejected a lesser step—a proposal for peacetime registration—by a thumping 252 to 163 margin.

Because of continuing manpower shortfalls, the problem is likely to come up again next year, and the year after that. In the meantime the Selective Service System, such as it is, is carrying on. It has a new mission that it calls "rapid response readiness." That means finding somewhere to register people once a national emergency is declared. The current plan, which Shuck admits is simply a copy of the plan used in World Wars I and II, is to use state and local election machinery. The Pentagon is looking at an alternate plan to conduct a one-day registration at U.S. post offices.

Unlike the old days, the processing of the registration forms would be electronic, unless the nation is under attack, in which case the computer tapes with the names of potential soldiers would be flown to central processing points.

"We're doing this in a shortened time frame," explains Shuck. "We just can't wait for the mails to get there."●

THE TRAGEDY IN CAMBODIA

● Mr. CRANSTON. Mr. President, as we proceed with our work in the Senate today, one of the great tragedies of our time is unfolding in Cambodia. The Cambodian people are suffering senselessly and appallingly. The death toll from hunger and disease is running into the millions.

Many of my colleagues in the Senate have spoken out on this tragedy with eloquence and emotion. I wish to commend them for their efforts and for their concern.

President Carter, too, has spoken with eloquence on the Cambodian situation, committing the administration to concrete action to attempt to alleviate the suffering and outlining the challenge which faces all citizens of America and the world, with the following words:

> Thirty-seven years ago, a holocaust began that was to take the lives of more than six million human beings. The world stood by silently, in a moral lapse whose enormity still numbs the human mind.
>
> We now face, once again, the threat of avoidable death and suffering for literally millions of people, and this time we must act swiftly to save the men, women and children who are our brothers and sisters in God's family.

I want to emphasize my strong support for the steps undertaken by this body and by the Carter administration which are designed to provide humanitarian aid to the people of Cambodia. We must continue to urge other nations to join our relief effort and to press relentlessly upon Phnom Penh authorities to accept our good faith efforts to alleviate human anguish, keeping in mind that hunger knows no politics.

I am appalled that the ruling authorities in Cambodia evidently have so little regard for their own people that they will consider blocking humanitarian efforts to prevent mass starvation. There can be no more graphic demonstration of the callousness of totalitarianism.

I wish to commend the work of private agencies and individual citizens of this country who are working so hard to help the people of Cambodia to survive.

I will continue to give my vigorous support to efforts in the Congress and by the administration to end the truly senseless destruction of human life in Cambodia. I strongly urge that we pursue every possible avenue—including direct consultations with the big power supporters of the opposing factions in Cambodia—which might alleviate the suffering currently endured by the Cambodians.

Mr. President, I ask that the President's proclamation on aid to the Cambodian people be printed in the Record along with the full text of Secretary of State Vance's recent U.N. address on this topic.

The material follows:

Aid for Kampucheans

(By the President of the United States of America)

A PROCLAMATION

Thirty-seven years ago, a holocaust began that was to take the lives of more than six million human beings. The world stood by silently, in a moral lapse whose enormity still numbs the human mind.

We now face, once again, the threat of avoidable death and suffering for literally millions of people, and this time we must act swiftly to save the men, women, and children who are our brothers and sisters in God's family.

The International Committee of the Red Cross and the United Nations' Children's Fund recently appealed jointly for $111 million in aid to help the millions of Kampucheans, formerly known as Cambodians, who are facing death from starvation during the next six months. We must respond to this appeal, and we must also respond to the related needs for food, medicine, and shelter for Kampuchean refugees who are fleeing to Thailand.

A major program has been launched by the American government to support this relief effort, but it is too important to be left to the government alone. I am certain that the American people, as individuals and families, through churches, schools, voluntary organizations, and businesses, will want to be a part of this emergency humanitarian response to a desperate and terrible need.

Now, therefore, I, Jimmy Carter, President of the United States of America, do hereby call upon all Americans to give generously to the voluntary relief agency of their choice to alleviate this terrible suffering, asking specifically that the donation be earmarked for Kampuchean relief. Further, I hereby designate each Saturday and Sunday in November until Thanksgiving as days for Americans in their synagogues, churches, and other places of worship to donate to this cause, and I call upon leaders of the religious community to take whatever measures are needed to publicize and facilitate these donations.

In witness whereof, I have hereunto set my hand this second day of November, in the year of our Lord nineteen hundred seventy-nine, and of the Independence of the United States of America the two hundred and fourth.

Jimmy Carter.

Kampuchea Statement

(Statement by Honorable Cyrus R. Vance)

Mr. Secretary General, let me thank you for your initiative in calling this conference, and your leadership in addressing this crisis.

I will be brief.

For we are here, today, to act.

We are here to make, through our individual contributions, an international commitment to deal with a human tragedy of almost unfathomable proportions.

We need no other call to action than the grim facts in Kampuchea.

A nation of seven million has been ravaged by famine and disease, brutality and war. Some two million have perished.

Death has struck hardest at the children. An entire generation of Kampucheans may have been lost.

The meager food available has become a booty of war.

Malaria is rampant. Anthrax has appeared. Minimal health care is virtually non-existent.

Even these are only fragments of the tragedy.

Statistics are only a shadow of the reality.

The reality of Kampuchea . . . of a people on the verge of extinction . . . is most powerfully conveyed by the images of suffering carried in our daily newspapers. The silent grief of a young Khmer mother cradling her dead baby in her arms, a victim of starvation . . . or the vacant gaze of an infant beyond help and hope in a makeshift orphanage in Phnom Penh.

We are here as diplomats . . . as representatives of our governments . . . to address this reality.

But first of all, we are here as human beings. Our presence reflects the concern of millions of human beings in all our nations who care about this suffering.

Some issues transcend politics. This is one of them.

Clearly, there are differences among governments on the political situation in Kampuchea.

But all of us must put those differences aside . . . as we ask all the authorities involved in Kampuchea to turn away from calculations of political and military advantage . . . and turn to the overwhelming human issue before us.

In this connection, I want to single out the Government of Thailand for its courageous and correct decision to allow into its country large numbers of people fleeing famine and disease. The burden this places on the Thai Government is immense, and we in the international community owe Thailand not only our admiration but also our full support.

So let us get to the business at hand.

Mr. Secretary General, I am here today on behalf of the President of the United States to place substantial material resources behind a major humanitarian effort.

President Carter has committed the United States to a contribution during the next six months of $30 million for international relief efforts in Kampuchea and $9 million for Khmer who have recently fled to Thailand.

Our Congress is approving $30 million of additional funds for the next phase of relief efforts. This is in addition to our already substantial contributions to the refugee program in the same area.

And we will give our full support, in any way that will be helpful, to the efforts of the United Nations . . . UNICEF and the ICRC . . . and private voluntary groups . . . as they continue the enormous task they have now begun.

We must pursue every avenue . . . and use every means . . . to bring relief supplies to people desperately in need. Whether through Thailand, through Vietnam or by sea . . . whether by truck, as we have recently urged . . . by airlift . . . or by river transport . . . food and medicine, in sufficient measure, must be delivered. The international relief agencies must be allowed to do their jobs . . . to see that help gets to the people so desperately in need.

This is a compelling moment. Our common humanity calls us to action.●

BATES COLLEGE STUDENTS IN CHINA

● Mr. MUSKIE. Mr. President, Prof. George C. Fetter, chairman of the department of sociology at Bates College in Lewiston, Maine, saw a lifetime dream come true last April when he and his wife, Joyce, led 22 Bates students on a tour of the People's Republic of China.

The trip was the product of 4 years' negotiations with the Chinese, undertaken well before the recent move toward normalization. Thus it is a tribute to Professor Fetter's persistence and skill, as well as his commitment to educating American students about a culture so distant but so important in today's world. As a trustee of the college, and an alumnus, I am doubly proud of his achievement.

Mr. President, George Fetter recently described the trip in an article in the August 1979 issue of the Bates College Bulletin. To share it with my colleagues, I ask that the article, "Welcome to American Friends," be printed in the RECORD.

The article follows:

WELCOME TO AMERICAN FRIENDS

(By George C. Fetter)

Four years of negotiations and a lifetime of yearning came to fruition when Japan Air Lines flight 005 gently lifted into the air against an easterly wind at 11:45 A.M., Wednesday, April 23, heading for Beijing (Peking) China, via Anchorage and Tokyo. On that plane were 22 excited Bates students, and Joyce and I—elated but a little apprehensive. The trip to the People's Republic of China, with visits for comparative purposes to Hong Kong and Japan, represented the culmination of a short term unit whose academic requirements included considerable background reading and a major paper on a facet of Chinese society of particular interest to the individual student.

Upon arrival in Japan 17 hours later we learned that a crippling bus strike had paralyzed the Tokyo area and decimated the work force at Narita Airport. The only other hitch of the entire journey occurred when we heard the ominous announcement that China Airlines 2:20 flight into Beijing would be delayed due to mechanical difficulties. Correctly sensing cancellation, as airport sitters do, we somehow got ourselves on a late Iran National Airlines flight into Beijing. Our excitement was more than commensurate with expectation when the lights of the great city, diffused by a heavy mist, began to appear far below us. We settled in Beijing's once-elegant Friendship Hotel, which consists of seven separate Oriental style buildings with two- and three-room suites, high ceilings, and which offers hot tea in each room around the clock.

There were chopsticks at our breakfast tables, and after some initial self-conscious fumbling we learned to handle them with increasing ease, if not grace, throughout our stay in the People's Republic. We had two very bright, talented, and personable young interpreters with us for the entire trip, as well as several others at each place we visited. One of our permanent interpreters, Mr. Tsao, seemed able to do almost anything, and his sense of humor was priceless. His full name in Chinese means "Victory" and you can guess how long it took for us to pin that label on him. Mr. Liu was more reserved, but also a delight as we came to know him. Six hours after our arrival in China we emerged from our bus at Tien An Men Square and the gate to the Forbidden City. Given the perverse nature of human beings to become intrigued with things forbidden, we had all been curious about that whispered marvel since childhood. This feeling undoubtedly symbolized the intensity of our curiosity about the entire country since the closing of its doors in 1949, aided and abetted by American political conservations.

It seemed as though all of Beijing's several million bicycles, with their owners astride them, were at that moment swarming past. We left their gaily ringing bells behind and passed through the gate to the Forbidden City, into another world, another century, another time. One could now understand the frustration of travelers who for hundreds of years have been unable to put into words this fabled and haunting place. Our busy cameras would have to do the talking. It is safe to say that from here on we viewed China (and each other) through two different but simultaneous perspectives: one naked eye and one single lens reflex. Whatever one's final impressions of this city within a city, the presence of such profusion of gold and jade accoutrements to Imperial China helps one to understand revolutions against the privileged.

We had originally asked the Chinese government to allow us to see as much of the educational process as time permitted. Gracious acquiescence to this request began with a delightful afternoon at the University of Beijing. After a lengthy question-and-answer period with the chairman of the Department of Social Science, and a staff member from the Chancellor's office, we were turned loose with a group of English majors to walk about the very beautiful campus and engage in informal give-and-take. Some very pointed and direct questions were asked during the earlier more formal session, such as: is not freedom of thought clearly sacrificed when all institutions of learning are controlled by the State? At the University of Beijing we began to encounter the party-line responses one tends to find in the Soviet Union, as well as the recurring theme of blaming the notorious Gang of Four for everything from industrial shortcomings, to the removal of psychology from university curricula, to stoppage in the plumbing—with what justification it is difficult to assess.

The University has 3.2 million volumes in its library and many of them are in Russian or English, although a large portion are quite dated. We learned here and at subsequent visits that Chinese universities have a far better faculty-student ratio than we do—three or four students to one teaching instructor. By Communist admission, even pride, educational goals are directed toward the achievement of state-formulated socialist objectives, and we found heavy emphasis on science, engineering, language, and fairly strong but pragmatic programs in the social sciences.

A night at the Beijing Opera (where the audience had to await the tardy arrival of Henry Kissinger) topped off a wildly busy day. China was already coming out of our ears and we hadn't been in the country 24 hours!

The last evening in Beijing Mr. Chang Yiao-ming, vice director of the American section of China's International Travel Department, sponsored a 10-course duck dinner. He chuckled with benign amusement upon being informed that we had arrived in blue jeans and sneakers. There was no time to stop at the hotel and change, after a day of climbing all over the Great Wall and exploring one of the Ming Tombs. The duck, delicately seasoned and sliced to chopstick manageability, would reduce French cuisine to second billing. Course after delicious course was punctuated with increasingly convivial toasts of wine, Pijou beer, and the deadly mao tais (not to be confused in any way, shape, or manner with the popular and milder Hawaiian mai-tais) to anyone and everyone, real or imaginary, who could be perceived as having any sway over Chinese-American friendship. (Surely, it occurred to us, those people out there on their bicycles don't eat like this.)

The ancient city of Xian, which we had also made a special request to see because of its far inland location and renowned archeological discoveries, was both the cornerstone and highlight of our visit to the People's Republic. It is also of considerable historical importance, at one time constituting the world's largest city and crossroads between East and West. At Hua Qing Hotsprings, 35 miles from the city, the Kuomintang's Chiang Kai-shek was arrested by Manchurian Chinese Nationalists and forced to make common cause with the Communists against the invaders from Japan. Xian is one of the world's few cities continuously inhabited since Neolithic times, over 6,000 years B.C. Beautifully preserved Stone Age dwellings, artifacts, and skeletons are preserved *in situ* at the Ban Po Museum near the city's outskirts.

One of the stunning sights of the trip was the excavation in the Ch'in Tomb area, begun in 1974 and called by the National Geographic magazine, "China's Incredible Find." Here archeologists are unearthing what is thought to be the remains of a 2,200-year-old terra cota army of 8,400 life-sized foot soldiers, cavalry, horses, and chariots in formation and full battle array. We had not realized what a privilege it was to see this until reading upon return Georgia Hesse's piece in the May 22 San Francisco Examiner-Chronicle: ". . . today a few fortunate visitors are conducted around the digs . . . that someday may surpass Egypt in interest." Qin Shi Huang Di, the unifier and first Emperor of China who built the Great Wall, and this vast pottery army to guard his burial grounds, is reported to have used over three quarters of a million men on each project. Wonders beyond imagination are thought to lie under a huge burial hill in the area, and it was like pulling teeth to get archeology students Steve Mandell, '79, and Steve White, '79, out of there and back to attend an evening musical in Xian.

Perhaps Xian's greatest appeal lay in its "human accessibility." We encountered thousands of Chinese who had seldom seen a Western face, and to pause for a moment on the sidewalk was to draw immediately a curious and friendly crowd. We caused some fine traffic jams, mostly bicycles, don't forget. This sense of contact was enhanced by a most informative afternoon at Shaanxi Teacher's University, with over 100 English majors and their instructors who took us to their classes, asked and answered countless and excellent questions on subjects from extended families to politics. It was hard to leave Xian, very hard.

Nanjing (Nanking) with its ancient earth wall, riverfront, trees, grass, parks, and lakes present a different and greener face. In terms of the educational purpose of our trip the highlight here was a half day spent in a large chemical factory commune with its own residences, schools, and hospitals. After classes, little children would tug at our hands and sleeves to try to prevent us from leaving. We noted again here that in Chinese schools physical activity in the form of games, dances, and in-place calisthenics was regularly interspersed with the "three Rs." The factory leaders responded with thoughtfulness and equanimity to very pointed questions relative to pollution, high noise levels with no ear protection, eye protection, accident rates on the slippery floors, and many more. These men and women are very much aware that, though they have made much progress, they have a long way to go and they are determined, through intensive education and hard work, to get there.

Acupuncture, which had seemed like an esoteric and obscure medical practice, had become a commonplace sight by this time and we were readily permitted close-up photographs of it in operation. At a clinic in Nanjing, Jack Barnett, '79, who had a head cold, was permitted to try it. As an aside, we had no serious illness, the nemesis of tour leaders, throughout our stay in the Orient. We also had the opportunity to visit the collection of Chi'an Song Yi'an's beautiful and delicate watercolors. As an indulgence on a busy day it was also pleasant to visit Five Islands Park and see our first giant pandas.

The double decker rail, automobile, and pedestrian bridge over the mighty Yangtze River at Nanjing cannot match Dr. Sun-Yat-sen's mausoleum for sheer achitectural beauty. It is, however, every inch an engineering marvel, over 22,000 feet long and requiring over an hour to walk across. Russian, Swedish, Japanese, and American engineers agreed that it could not be built, and the Chinese are understandably proud of it.

The five-hour train ride from Nanjing to Shanghai—China's largest city—takes the traveler through two hundred miles of rural, rice-growing countryside. Here the phrase "labor-intensive" agriculture takes on real meaning as one watches numerous large clusters of peasants wearing wide-brimmed hats working the paddies. We were to see more of Chinese farming while spending the better part of each of two days on communes in the Shanghai and Kwangchou areas. The first of these, the Shen-Tong People's Commune, was collectivized in 1958 and is one of what the Chinese classify as a suburban commune. "Suburban" is an unfortunate translation because to the American mind it conjures up images of the bland- middle-class life of country clubs, poolside daiquiris, backyard cookouts, and streets with names like Partridge Run Road. Actually, the Chinese use of the term is literal and accurate for it simply means near, or even in conjunction with the urban. While these communes may have a rural agriculture base, they also have brigades which specialize, for example, in machine repair, textiles, aquaculture, and many other things. We enjoyed the best meal in the Orient on the Shen-Tong Commune. Each of the many dishes of chicken, pork, fruit, and vegetables was fresh that day, according to the soft-spoken commune director.

Shanghai, with its taller and more massive buildings, cacophonic waterfront, and subtle differences in attire and attitude comes closest to what Westerners generally think of as a metropolis. It is not possible to describe it in this article. But a "must" is a visit to one of the city's 11 Children's Palaces, many of which are former homes of wealthy British and Chinese merchants who made their fortunes in the classic Marxian sense from the sweat of Chinese labor. In the children's palaces thousands upon thousands of youngsters can learn dance, ballet, woodwork, painting, needlepoint, singing, and the playing of musical instruments. It eases the mind and warms the heart to hear the piping voices of these children who are finally being given a chance. Yet the other and darker side of the picture obtrudes itself upon the visitor who wanders into a bookstore to see the political indoctrination in the cleverly written and illustrated children's books. At every turn and at every passing minute this duality continuously assails the intellect and expands the horizons of thought for any individual willing to bring to the experience of China an open mind.

We were far more free in China than we had thought we'd be. There was no problem of shifting the next day's activities if enough of us agreed, and there was no objection whatever if any of us wished to pass up a planned activity to walk or take public transportation wherever we wanted. It was also a relief to be in a country where theft is uncommon and most hotels don't even have keys to their doors. One could stroll the narrow waterfront alleys of a city like Shanghai, with its historical reputation for knavery, without the slightest fear or apprehension even late at night. It was startling in a wry sort of way that only when we entered the so-called "free world" in Hong Kong from the "non-free" world of Communism were we specifically admonished to look out for pickpockets, purse-snatchers, and dishonest money-changers. Skeptics will say that any country can prevent crime with police-state tactics and a cop on every corner. But there are not cops on every street corner or every hotel floor in China, and it is only fair to say, and we think expert Sinologists would agree, that there is something in contemporary Chinese culture and concepts of interpersonal obligation which is responsible for a basic honesty. We were instructed in literature received before leaving home not to take pictures from airplanes or at border crossings—and I am sure we could have got no closer to nuclear test sites than Chinese travelers could get to ours.

A most interesting afternoon was spent in what the Chinese term a "middle school," spanning grades 9 through 12. We attended classes in chemistry, physics, biology, mathematics, and English and thoroughly enjoyed theatrical productions put on by the students in an underground auditorium which they themselves had constructed. School principal, Mr. Chao, anticipating that a little recreation would be in order, had arranged for ping pong games and a basketball game between the Bates worthies and a team of Chinese students, wiry gym instructors and, for all we knew, a few ringers from downtown. Final score: Bates College Bobcats 18, Shanghai All Stars 12. We suspect traditional Chinese hospitality played a part in the final outcome, because the Bates heroes were either not in the best of shape or had neglected to read the small print warning on their mao-tai bottles.

The attentiveness of Chinese students would be the envy of American teachers. College entrance is a hope of every student and parent, but entrance exams are difficult and highly competitive, with the result that a small percentage goes on to college. No bright student is prevented from going to college or university because of financial need. This is not to say that in a country of almost a billion people that the son or daughter of a high level official never slips through. After all, the same sort of thing is even reputed to happen at Harvard.

We inquired prior to departure about the possibility of actually getting inside a Chinese classroom. Not only did we visit and attend many classes at all levels but we were actually privileged to participate in the educational process of the People's Republic. Miss Ching, English teacher, shanghaied John Beaman, '79, to front and center to read several passages in authentic "American English." The middle-schoolers thought this was great stuff, but must have been slightly puzzled in that many Chinese teachers are taught their English with British accents. I wonder what they'll think when their next American visitor is from Texas or South Carolina.

The Tali People's Commune, about an hour's ride through the countryside from Kwangchou, was also established in the 1950s and revealed considerable diversification. Located far to the south in sub-tropical China, Tali is able to grow crops such as peanuts, watermelon, and oranges. We saw at Tali a huge above-ground aquaduct used for irrigation of terraced orange groves. We also saw livestock on these communes such as pigs, chickens, ducks, geese, cows, and even mink. At Tali, too, we were welcomed into the modest homes of the workers, who were appreciative of the chance to move into decent housing from squalid hovels—but who were also quite candid in stating that they had "put in" for better housing and hoped to make a move. While not presuming to make ranging statements concerning theoretical socialism, all workers agreed that their lives had been sharply upgraded under the Communists in terms of such tangible items as income, diet, medical care, and level of schooling. Even the most skeptical China-watchers agree that China's literacy rate, perhaps 10 per cent before World War II now stands at 70 per cent, even given a rigorous definition of the term.

The Kwangchou Trade Fair is a famous event in the world of international commerce and we spent a leisurely morning observing it. Ironically, its very atypicality can give as much insight into the state of Chinese technology as an average factory, because here one can view what China herself displays as her best. It is neither fair nor possible for one individual to make sweeping judgments about an event as diverse as a trade fair. I can personally only make an assessment that at least in marine engineering both their high octane gasoline and diesel engines are roughly comparable to those we had in the Navy in World War II. If one judges according to actual horsepower delivered to propellor shafts relative to engine weight and fuel costs the Chinese have a long way to go. Indeed they readily concede this and are genuinely eager for our assistance.

It is traditional for groups traveling in China to honor their hosts by giving a return banquet, and we gave a dandy. Bates College responded to our request for funds to help with the occasion, and to make sure the Chinese would not forget us we each contributed ten yuans of our own. Kwangchou's elegant Chinese Bei Yan Restaurant actually put on an 11-course dinner, and, to appreciate this, Henry Kissinger gets only 10! Mr. Liu, Victory, local interpreter Miss Kuo, and the Luxingshe Director for the Kwangchou area were among the guests. But there was an undertone of sadness amidst the gaiety and laughter on our last night in the People's Republic. Not to sound maudlin, but there was hardly a dry Chinese or American eye as we said good-bye to Victory, Mr. Liu, and Miss Kuo and boarded the train, now on our own, for the border and Hong Kong.

It is now possible to make this trip both by boat and by train without changing trains at Shumshun, but we had the somewhat romantic desire to cross the famous border bridge on foot as so many thousands had done, legally and illegally, before us. And there was no sense of relief or joy at leaving the still visible, mist-shrouded mountains of China and our many new acquaintances behind us. Indeed, back here in the States several friends have asked us whether it is not a relief to be out of Communist China and back home in the good old USA, almost as if the deep and natural joy of returning to one's beloved hearth and homeland is somehow a final corroboration of the evils of communism. Unfortunately it is not that simple and we are finding this experience difficult to talk about, let alone write about. It will take a long time to sort it out, but of this we are sure: s27 was Bates College short term at its best and a perfect blend of background academic study and first-hand observation. It was a wrenching intellectual and emotional experience and whatever the ultimate conclusions of each of us individually, none of us will ever be the same again.

All of you, GO! And the more skeptical you are of the PRC the sooner you should get there: before normalization between the United States and China runs its inevitable course and there is a Kentucky Fried Chicken on the Great Wall, a Coca-Cola billboard at the Ming Tombs, a McDonald's in the Forbidden City, and before the muggers and pickpockets are once again free to roam the storied waterfront of Shanghai.

Mao-tai Toast

(This is what I would term a "raw poem," appearing exactly as I wrote it late one night in my Peking hotel room. I remain, at this writing, too awed by the head-wrenching experience of China to revise this poem, and so can only hope the forgiveness of the reader will overlook the occasional poetic roughness. J.B.)

It's easy to get carried away
with the enthusiastic energy
of being in China, of
sitting down to eat with Chinese hosts as friends;
And it's easy to get very enthusiastic
with mao-tai burning in your belly
and toasts ringing thru the room,
good-naturedly competing to be drunk.
It's just easy to be caught up by all that.
And when you get caught up by all that,
when it turns into a game,
or a contest,
in turns into something not real,
without heart, without soul.
So I just want to take a minute
to get past the protocol and the diplomacy
and get to what matters.

The heart,   and the soul.
When we toast
the continued growth of friendship
between our two great peoples,
let us remember what that means.
For me, it comes to this:
I now have friends in China.
There are people in this country
that I care about,
who are important to me.
I now know the Chinese people to be
a warm, friendly, honorable people.
I now have a personal interest in
the continued good will of our nations.
For this reason, that I care deeply for
and respect the Chinese people,
not that our governments may have
parallel interests,
or for any other reason,
I will remember my friends here
and not let my government deny me
they who are important to me.
For all of our sakes,
for the sake of all of our beautiful children
who are our only real hope,
let us remember the friendship
we have found here;
let us remember that in time of peace
things go well.
Cooperation and good will get the work
done,
and the children can grow up happy,
rather than fearful and hungry and cold.
So let us drink, my new friends,
let us drink to friendship and peace,
let us drink to the happy laughter
of children.
Peace will come.
Let it begin
with We.

JACK BARNETT, 79.●

STATEMENT OF SENATOR KENNEDY ON SYNTHETIC FUEL VOTES

● **Mr. CRANSTON.** Mr. President, I ask to have printed in the RECORD the following statement by the distinguished Senator from Massachusetts (Mr. KENNEDY).

The **PRESIDING OFFICER.** Without objection, it is so ordered.

STATEMENT BY SENATOR KENNEDY

Although I could not be present to vote today on the Proxmire Amendment to substitute the Banking Committee synthetic fuel program for the Energy Committee program, I would have supported the Banking version if I had been present for the following reasons:

First, the cost of the Energy Committee bill is too high. I support an aggressive synthetic fuel program, but both the industry and independent experts agree that the funding levels in the Energy Committee bill are not warranted.

Second, I believe that a successful synthetic fuel program must have two separate phases—A first phase in which the technical and economic issues are resolved through the construction of a number of plants, and a separate second phase which begins when and if the first phase is successful. The Energy Committee bill is really a one phase bill in which the second phase decisions will be made before the first phase is completed and evaluated.

Third, I am opposed to the establishment of a separate corporation to promote one set of energy technologies. There is a great danger that such a corporation with extraordinary powers would produce an unbalanced energy policy in which non-coal and shale options are ignored and near-term coal options underemphasized.

I would have voted against tabling the Hart-Tsongas Compromise because the provisions of the compromise are superior to the Energy Committee bill.

I would have supported the Johnston-Domenici Amendment which requires explicit Congressional approval of the second phase of funding.●

PROPOSED ARMS SALES

● **Mr. CHURCH.** Mr. President, section 36(b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million or, in the case of major defense equipment as defined in the act, those in excess of $7 million. Upon such notification, the Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulates that, in the Senate, the notification of proposed sale shall be sent to the chairman of the Foreign Relations Committee.

In keeping with my intention to see that such information is immediately available to the full Senate, I ask to have printed in the RECORD the two notifications I have just received.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., November 1, 1979.
Hon. FRANK CHURCH,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 80–12, concerning the Department of the Army's proposed Letter of Offer to Greece for defense articles and services estimated to cost $112.7 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

You will also find attached a certification as required by Section 620C(d) of the Foreign Assistance Act of 1961 that this action is consistent with Section 620C(b) of that statute.

Sincerely,

ERNEST GRAVES,
Director.

Attachments.

[Transmittal No. 80–12]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

(i) Prospective purchaser: Greece.

(ii) Total estimated value:

[In millions]	
Major defense equipment*	$94.6
Other	18.1
Total	112.7

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of Articles or Services Offered: Thirty seven (37) M48 Improved Chaparral air defense systems (launcher-carriers), six hundred (600) MIM-72C Improved Chaparral missiles, and supporting equipment.

(iv) Military Department: Army (WET).

(v) Sales Commission, Fee, etc. Paid, Offerred or Agreed to be Paid: None.

(vi) Date Report Delivered to Congress: November 1, 1979.

UNDER SECRETARY OF STATE
FOR SECURITY ASSISTANCE,
SCIENCE AND TECHNOLOGY,
Washington.

Pursuant to Section 620C(d) of the Foreign Assistance Act of 1961, as amended, and the authority vested in me by section 6(b)(1) of the Department of State Delegation of Authority No. 104, as amended, I hereby certify that the provision of M48 Improved Chaparral air defense systems, MIM-72C Improved Chaparral missiles, and related supporting equipment to the Government of Greece is consistent with the principles contained in Section 620C(b) of the Foreign Assistance Act of 1961, as amended.

This certification will be made part of the certification to the Congress under section 36(b) of the Arms Export Control Act regarding the proposed sale of the above-named articles and is based on the justification accompanying said certification, and of which such justification constitutes a full explanation.

LUCY WILSON BENSON.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., November 1, 1979.
Hon. FRANK CHURCH,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 80–15, concerning the Department of the Navy's proposed Letter of Offer to Greece for defense articles and services estimated to cost $24.8 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

You will also find attached a certification as required by Section 620C(d) of the Foreign Assistance Act of 1961 that this action is consistent with Section 620C(b) of that statute.

Sincerely,

ERNEST GRAVES,
Director.

Attachments.

[Transmittal No. 80–15]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER

Pursuant to Section 36(b) of the Arms Export Control Act

(i) Prospective purchaser: Greece.

(ii) Total estimated value:

[In millions]	
Major defense equipment*	$22.3
Other	2.5
Total	24.8

* As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of articles or services offered: Thirty-two (32) HARPOON missiles with associated spares, training and support.

(iv) Military Department: Navy (AHR).

(v) Sales Commission, Fee, etc. Paid, Offered or Agreed to be Paid: None.

(vi) Date Report Delivered to Congress: November 1, 1979.

UNDER SECRETARY OF STATE FOR SECURITY ASSISTANCE, SCIENCE AND TECHNOLOGY,
Washington.

Pursuant to Section 620C(d) of the Foreign Assistance Act of 1961, as amended, and the authority vested in me by section 6(b)(1) of the Department of State Delegation of Authority No. 104, as amended, I hereby certify that the provision of RGM-84A Harpoon missiles and associated spares, training, and support to the Government of Greece is consistent with the principles contained in Section 620C(d) of the Foreign Assistance Act of 1961, as amended.

This certification will be made part of the certification to the Congress under section 36(b) of the Arms Export Control Act regarding the proposed sale of the above-named articles and is based on the justification accompanying said certification, and of which such justification constitutes a full explanation.

LUCY WILSON BENSON.●

ANNOUNCEMENT OF POSITION ON VOTE ON AMENDMENT NO. 732

● Mr. BOREN. Mr. President, during yesterday's vote on the Helms amendment to H.R. 5359, the Department of Defense appropriations bill, I was listed as necessarily absent.

Had it been possible for me to have been present during that vote, I would have voted in favor of the Helms amendment to not allow any funds in the bill to be used for abortions except in cases where the life of the mother would be endangered if the fetus were carried to term.●

MEDICAL MASTERY AND POLITICAL BLUNDERING

Mr. PROXMIRE. Mr. President, on October 26 of this year, the Director General of the World Health Organization announced a major triumph in the battle against epidemic diseases—there has not been an outbreak of smallpox since October 26, 1977. By the standards of the WHO, this 2-year absence of smallpox epidemics signals its global eradication. Smallpox is gone—kaput—over. What a great achievement that is.

A disease which at one time could spread unchecked, killing hundreds—even thousands—at a time, has been systematically curbed, isolated and eliminated by the mastery of modern medicine. It is an important milestone—marvelous progress.

Yet when it comes to passage of human rights treaties—treaties such as the Genocide Convention, which offer the first, rudimentary step for protecting tens of thousands of human lives—our efforts are characterized by systematic and unmitigated political blundering.

At this very moment, there rages an epidemic close to genocidal proportions. At this very moment, one of the most fundamental human rights is being grossly violated. At this very moment, thousands of human beings are dying in Cambodia.

Though not caused by disease, the horrible scourge of death now haunting Southeast Asia is as destructive to humanity as many epidemics which we have struggled so long to prevent.

How can our efforts be so inconsistent? How can we work so arduously to keep human beings alive through medicine, and then allow such death to occur through politics?

Is the right to live only a concern of science?

No. It is the concern of every person—each and every Member of the Senate. The most fundamental right—the right to live—must be protected on the international political level. It is time we ratify the Genocide Convention.

LEGISLATIVE PROGRAM

Mr. ROBERT C. BYRD. Mr. President, I had hoped that the Foreign Relations Committee would be able to meet until 1:30 tomorrow, but I am going to change the convening hour of the Senate to 10 o'clock, if the Senate agrees, which will allow the Foreign Relations Committee to meet until 12, but this will allow the Senate to get an earlier start on the energy bill. I hope that the Senate can stay in session tomorrow evening until we finish with the energy bill, so that we can act on the DOD bill on Friday, which would mean the Senate would not have to come in on Saturday.

Mr. STEVENS. Mr. President, I thank the majority leader for that statement. I assure him we are doing everything we possibly can to complete action on the energy bill tomorrow, and hopefully on the DOD bill on Friday. We will work with him in that regard.

Does the majority leader indicate his intention to stay in session tomorrow until we finish with the energy bill?

Mr. ROBERT C. BYRD. Yes.

Mr. STEVENS. I think that would be good advice to give to all Members.

Mr. ROBERT C. BYRD. If we do that, we will finish with the DOD bill on Friday, hopefully, and the Senate will not have to come in on Saturday. In doing that, we are sacrificing an opportunity for the Foreign Relations Committee to have an extra hour and a half to meet tomorrow, and the same thing on Friday, but at the same time at least the Senate will be getting its work done.

ORDER FOR RECESS UNTIL 10 A.M. TOMORROW

I ask unanimous consent, therefore, that the Senate convene tomorrow at 10 o'clock rather than 11 as previously ordered.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER REDUCING THE TIME OF THE TWO LEADERS UNDER THE STANDING ORDER TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow the time of the two leaders be reduced to 3 minutes each.

Mr. STEVENS. There is no objection.

Mr. ROBERT C. BYRD. I thank the Senator.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATORS SCHMITT, JAVITS, AND BUMPERS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow after the two leaders are recognized under the standing order, Messrs. SCHMITT, JAVITS, and BUMPERS be recognized, each for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONSIDERATION OF CERTAIN MEASURES ON THE CALENDAR

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Orders Nos. 411 and 422 through 425.

The PRESIDING OFFICER. Without objection, it is so ordered.

LYNN RUFUS PEREIRA

The Senate proceeded to consider the bill (S. 1374) for the relief of Lynn Rufus Pereira, which had been reported from the Committee on the Judiciary with an amendment on page 2, line 1, strike "Kruse" and insert "Crews", so as to make the bill read:

S. 1374

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, Lynn Rufus Pereira shall be classified as a child within the meaning of section 101(b)(1)(F) of such Act, upon approval of a petition filed on his behalf by Mr. and Mrs. James Kenneth *Crews*, citizens of the United States, pursuant to section 204 of such Act. No natural parent, brother, or sister, if any, of Lynn Rufus Pereira shall, by virtue of such relationship, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. STEVENS I move to lay that motion on the table.

The motion to lay on the table was agreed to.

LEASE FOR THE MOSES ALLOTMENT NO. 10, CHELAN COUNTY, WASH.

The bill (S. 1682) to amend the Act of August 9, 1955 (69 Stat. 539) (25 U.S.C. 415), as amended, to authorize a 99-year lease for the Moses Allotment Numbered 10, Chelan County, Wash.. was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 1682

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first section of the Act of August 9, 1955 (69 Stat. 539), as amended (25 U.S.C. 415), is amended by striking out "and the Navajo Reservation" and inserting in lieu thereof the following: "the Navajo Reservation, and the lands comprising the Moses Allotment Numbered 10, Chelan County, Washington".

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

CORRECTION OF AN ERRONEOUS LAND DESCRIPTION

The joint resolution (H.J. Res. 199) to amend the act of October 21, 1978 (92 Stat. 1675; Public Law 95–498), was considered, ordered to a third reading, read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the joint resolution was passed.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

COW CREEK BAND OF THE UMPQUA TRIBE OF INDIANS

The Senate proceeded to consider the bill (S. 668) to permit the Cow Creek

Band of the Umpqua Tribe of Indians to file with the U.S. Court of Claims any claim such band could have filed with the Indian Claims Commission under the act of August 13, 1946 (60 Stat. 1049), which had been reported from the Select Committee on Indian Affairs with amendments as follow:

On page 2, line 13, after "1946," insert "as amended by the Act of October 27, 1974";

On page 2, line 17, after "all" insert "payments made by the United States on any claim for which an action is brought pursuant to this Act, and for all other";

On page 2, line 22, after "1946" insert a comma and "as amended by the Act of October 27, 1974";

On page 2, line 24, after Commission, beginning with the comma, strike through and including page 3, the word "action" in line 7;

On page 3, beginning with line 8, insert the following:

Sec. 3. The Court of Claims may award to any prevailing party, other than the United States, in any action under this Act costs of suit and reasonable attorneys' fees. The fees of such attorney or attorneys for all services rendered in prosecuting the claim in question, whether before the court or otherwise, shall, unless the amount of such fees is stipulated in the approved contract between the attorney or attorneys and the claimant, be fixed by the court at such amount as the court, in accordance with standards obtaining for prosecuting similar contingent claims in courts of law, finds to be adequate compensation for services rendered and results obtained, considering the contingent nature of the case, plus all reasonable expenses incurred in the prosecution of the claim, but the amount so fixed by the court, exclusive of reimbursements for actual expenses, shall not exceed 10 per centum of the amount recovered in such case.

So as to make the bill read:

S. 668

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding the time limitations of sections 2401 and 2501 of title 28, United States Code, and of section 12 of the Act entitled "An Act to create an Indian Claims Commission to provide for the powers, duties, and functions thereof, and for other purposes", approved August 13, 1946 (25 U.S.C. 70a), hereinafter in this Act referred to as the "Act of August 13, 1946", the United States Court of Claims shall have jurisdiction to consider any claim filed by the Cow Creek Band of the Umpqua Tribe of Indians within five years after the date of the enactment of this Act respecting any matter for which a claim could have been filed by such band with the Indian Claims Commission under section 2 of the Act of August 13, 1946, as amended by the Act of October 27, 1974 (25 U.S.C. 70a).

Sec. 2. In determining the amount to be awarded in any action under this Act, the Court of Claims shall make appropriate deductions for all payments made by the United States on any claim for which an action is brought pursuant to this Act, and for all other offsets, counterclaims, and demands that would be permitted to be made by the Indian Claims Commission under the third paragraph of section 2 of the Act of August 13, 1946, as amended by the Act of October 27, 1974 (25 U.S.C. 70a), if the claim were to be determined by such Commission.

Sec. 3. The Court of Claims may award to any prevailing party, other than the United States, in any action under this Act costs of suit and reasonable attorneys' fees. The fees of such attorney or attorneys for all services rendered in prosecuting the claim in question, whether before the court or otherwise, shall, unless the amount of such fees is stipulated in the approved contract between the attorney or attorneys and the claimant, be fixed by the court at such amount as the court, in accordance with standards obtaining for prosecuting similar contingent claims in courts of law, finds to be adequate compensation for services rendered and results obtained, considering the contingent nature of the case, plus all reasonable expenses incurred in the prosecution of the claim, but the amount so fixed by the court, exclusive of reimbursements for actual expenses, shall not exceed 10 per centum of the amount recovered in such case.

Sec. 4. (a) For purposes of this Act, the term "Cow Creek Band of the Umpqua Tribe of Indians" means the group of persons descended from persons considered members of such band for purposes of the treaty entered into between such band and the United States on September 19, 1853 (10 Stat. 1027), as ratified by the Senate on April 12, 1854, except that such group shall not include any person, or the descendent of any person, who shared in the distribution of funds under the Act entitled "An Act to provide for the termination of Federal supervision over the property of the Klamath Tribe of Indians located in the State of Oregon and the individual members thereof, and for other purposes", approved August 13, 1954 (25 U.S.C. 564 et seq.), or under the Act entitled "An Act to provide for the termination of Federal supervision over the property of certain tribes and bands of Indians located in western Oregon and the individual members thereof, and for other purposes", approved August 13, 1954 (25 U.S.C. 691 et seq.).

(b) In any proceeding under this Act, the Council of the Cow Creek Band of the Umpqua Tribe of Indians, a nonprofit corporation incorporated in the State of Oregon, shall be considered to be the governing body of such band.

Sec. 5. The provisions of the Act of November 4, 1963 (77 Stat. 301), shall be applicable with respect to any claim filed by the Cow Creek Band of the Umpqua Tribe of Indians with the Court of Claims pursuant to this Act in the same manner and to the same extent as if such claim were pending before the Indian Claims Commission.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

NATIVE HAWAIIAN EDUCATION ACT

The Senate proceeded to consider the bill (S. 916) to amend the Act of September 30, 1950 (Public Law 874, 81st Congress) to provide education programs for Native Hawaiians, and for other purposes, which had been reported from the Select Committee on Indian Affairs with amendments as follows:

On page 3, line 10, strike "1980" and insert "1981";

On page 3, line 18, strike "1979" and insert "1980";

On page 3, line 18, strike "1983" and insert "1984";

On page 3, line 19, after "determine the" insert "sum of (1) the";

On page 3, line 22, after "year" insert a comma and the following: and (2) the number of Native Hawaiian children (other than children enrolled in private schools) who were eligible for enrollment in the schools of a local educational agency for such fiscal year but who did not enroll.

On page 6, beginning with line 3, insert the following:

"(c) Any local educational agency receiving a grant under this title is authorized to enter into a contract or other agreement with a qualified Native Hawaiian organization for the purpose of enabling such organization to administer such grant for the purposes set forth in subsection (a) of this section.

On page 14, line 6, after "agencies," insert "local universities,";

On page 14, beginning with line 20, insert the following:

"(4) innovative initiatives utilizing the nursing assessment process of clinical nurse specialists and/or their related training programs, to actively further the child's interest in learning by building upon the relationship between the child and his/her significant others.

On page 15, line 1, strike "(4)" and insert "(5)";

On page 15, line 14, after "(A)" insert "early childhood education programs,";

On page 16, line 21, after "counselors," insert "nurses,";

On page 18, line 24, strike "$4,000,000" and insert "$10,000,000";

On page 19, line 1, strike "1980" and insert "1981";

On page 19, line 1, strike "$5,000,000" and insert "$12,000,000";

On page 19, line 22, strike "1980" and insert "1981";

On page 20, line 2, strike "1980" and insert "1981";

On page 20, line 10, after "education," insert "psychology, nursing,";

On page 21, line 10, strike "1980" and insert "1981";

On page 21, line 20, after "agencies," insert "local universities,";

On page 24, line 4, after "grants" insert "and contracts";

On page 24, line 6, strike "1981" and insert "1982";

On page 25, line 20, strike "program" and insert "programs";

On page 26, line 21, after "contract" insert "to the extent provided in appropriation Acts";

On page 27, beginning with line 16, insert the following:

SAVINGS PROVISION

Sec. 12. Nothing in this Act shall be construed as modifying or otherwise affecting, directly or indirectly, any provision of the Hawaiian Homes Commission Act, 1920.

So as to make the bill read:

S. 916

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Native Hawaiian Education Act".

CONGRESSIONAL FINDINGS

Sec. 2. (a) The Congress finds that—

(1) striking similarities exist between Native Hawaiians and other Native American peoples with regard to their historic and political relationship with the United States and their present day circumstances;

(2) like other Native Americans, Native Hawaiians rank among the lowest in level of education attainment and per capita income; and

(3) existing Federal assistance in the field of education fails to address the basic and special needs of Native Hawaiians.

DECLARATION OF POLICY

Sec. 3. (a) The Congress hereby recognizes the need to develop a uniform Federal policy with respect to the eligibility of Native

Hawaiians for special Federal assistance commensurate with their status as Native Americans.

(b) The Congress declares its commitment to providing the quantity and quality of educational services and opportunities which Native Hawaiians need and desire.

REVISIONS OF IMPACTED AREAS PROGRAM AS IT RELATES TO NATIVE HAWAIIAN CHILDREN

SEC. 4. The Act of September 30, 1950 (Public Law 874, Eighty-first Congress) is amended by redesignating title IV as title V, by redesignating sections 401 through 403 and references thereto as sections 501 through 503, respectively, and by adding after title III the following new title:

"TITLE IV—FINANCIAL ASSISTANCE TO LOCAL EDUCATIONAL AGENCIES FOR THE EDUCATION OF NATIVE HAWAIIAN CHILDREN

"SHORT TITLE

"SEC. 401. This title may be cited as the 'Native Hawaiian Elementary and Secondary School Assistance Act'.

"PROGRAM AUTHORIZED

"SEC. 402. Beginning with the fiscal year, 1981, the Commissioner shall carry out a program of making grants to local educational agencies in accordance with the provisions of this title.

"GRANTS TO LOCAL EDUCATIONAL AGENCIES

"SEC. 403. (a) For the purpose of computing the amount to which a local educational agency is entitled under this title for any fiscal year during the period beginning October 1, 1980, and ending September 30, 1984, the Commissioner shall determine the sum of (1) the number of Native Hawaiian children who were enrolled in the schools of a local educational agency, and for whom that agency provided free public education, during that fiscal year, and (2) the number of Native Hawaiian children (other than children enrolled in private schools) who were eligible for enrollment in the schools of a local educational agency for such fiscal year but who did not enroll.

"(b) (1) The amount of the grant to which a local educational agency is entitled under this title for any fiscal year shall be an amount equal to (A) the average per pupil expenditure for that agency (as determined under subparagraph (2)) multiplied by (B) the sum of the number of children determined under subsection (a).

"(2) For the purposes of this subsection, the average per pupil expenditure for a local educational agency shall be the aggregate current expenditures, during the second fiscal year preceding the fiscal year for which the computation is made, of all the local educational agencies in the State in which that agency is located, plus any direct current expenditures by that State for the operation of those agencies (without regard to the sources of funds from which either of those expenditures are made), divided by the aggregate number of children who were in average daily enrollment for whom those agencies provided free public education during that preceding fiscal year.

"(c) In addition to the sums appropriated for grants to local educational agencies under this title, there is authorized to be appropriated for any fiscal year an amount not to exceed 10 per centum of the amount appropriated for payments computed under subsection (b) for that fiscal year. From the amount appropriated for the purpose of this section, the Commissioner is authorized to provide financial assistance to schools which are not local educational agencies or have not been local educational agencies for more than three years.

"USES OF FEDERAL FUNDS

"SEC. 404. (a) Grants under this title may be used, in accordance with applications approved under section 405, for—

"(1) planning for and taking other steps leading to the development of programs specifically designed to meet the special educational and culturally related academic needs, or both, of Native Hawaiian children, including pilot projects designed to test the effectiveness of plans so developed; and

"(2) the establishment, maintenance, and operation of programs including minor remodeling of classrooms or other space used for the programs and acquisitions of necessary equipment, specially designed to meet the special educational and culturally related academic needs, or both, of Native Hawaiian children.

"(b) A program or project assisted under this part may include the participation of non-Native Hawaiian children where that participation does not frustrate or inhibit the achievement of the purpose of the program as set out in subsection (a).

"(c) Any local educational agency receiving a grant under this title is authorized to enter into a contract or other agreement with a qualified Native Hawaiian organization for the purpose of enabling such organization to administer such grant for the purposes set forth in subsection (a) of this section.

"APPLICATIONS FOR GRANTS; CONDITIONS FOR APPROVAL

"SEC. 405. (a) A grant under this title, except as provided in section 403(c), may be made only to a local educational agency or agencies, and only upon application to the Commissioner at such time or times, in such manner, and containing or accompanied by such information as the Commissioner deems necessary. Such application shall—

"(1) provide that the activities and services for which assistance under this title is sought will be administered by or under the supervision of the applicant;

"(2) set forth a program for carrying out the purposes of section 404, and provide for such methods of administration as are necessary for the proper and efficient operation of the program;

"(3) in the case of an application for payments for planning, provide that (A) the planning was or will be directly related to programs or projects to be carried out under this title and has resulted, or is reasonably likely to result, in a program or project which will be carried out under this title, and (B) the planning funds are needed because of the innovative nature of the program or project or because the local educational agency lacks the resources necessary to plan adequately for programs and projects to be carried out under this title;

"(4) provide that effective procedures, including provisions for appropriate objective measurement of educational achievement, will be adopted for evaluating at least annually the effectiveness of the programs and projects in meeting the special educational needs of Native Hawaiian students;

"(5) set forth policies and procedures which will ensure that Federal funds made available under this title for any fiscal year will be so used as to supplement and, to the extent practical, increase the level of funds from local, State, and other Federal sources that would, in the absence of Federal funds under this title, be made available by the applicant for the education of Native Hawaiian children and in no case supplant such funds;

"(6) provide for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of, and accounting for, Federal funds paid to the applicant under this title; and

"(7) provide for making an annual report and such other reports, in such form and containing such information, as the Commissioner may reasonably require to carry out his functions under this title and to determine the extent to which funds provided under this title have been effective in improving the educational opportunities of Native Hawaiian students in the area served, and for keeping such records and for affording such access thereto as the Commissioner may find necessary to assure the correctness and verification of such reports.

"(b) An application by a local educational agency or agencies for a grant under this title may be approved only if it is consistent with the applicable provisions of this title and—

"(1) meets the requirements set forth in subsection (a);

"(2) provides that the program or project for which application is made—

"(A) will utilize the best available talents and resources (including persons from the Hawaiian Native community) and will substantially increase the educational opportunities of Native Hawaiian children in the area to be served by the applicant; and

"(B) has been developed—

"(i) in open consultation with parents of Native Hawaiian children enrolled in the applicant's schools, teachers of those children, and, where applicable, Native Hawaiian secondary school students, including public hearings at which such persons have had a full opportunity to understand the program for which assistance is being sought and to offer recommendations thereon, and

"(ii) with the participation and approval of a committee composed of, and selected by, parents of Native Hawaiian children enrolled in the applicant's schools, teachers of those children, and, where applicable, Native Hawaiian secondary school students with such parents constituting a majority of the committee. In the State of Hawaii there shall be seven such committees created in accordance with the boundaries of existing school board districts as set out in title 18, section 296-7 of Hawaii Revised Statutes (1968) except that no committee shall be created to serve any at-large district. The participation and approval of each such committee representing an area to be served by the applicant shall be required.

"(C) sets forth such policies and procedures including policies and procedures relating to the hiring of personnel as will insure that the program for which assistance is sought will be operated and evaluated in consultation with, and the involvement of, parents of the Native Hawaiian children and representatives of the area to be served, including the committee established for the purpose of clause (2)(B)(ii).

"(c) Amendments of applications shall, except as the Commissioner may otherwise provide by or pursuant to regulations, be subject to approval in the same manner as original applications.

"PAYMENTS

"SEC. 406. (a) The Commissioner shall, subject to the provisions of section 407, from time to time pay to each local educational agency which has had an application approved under section 405, an amount equal to the amount expended by such agency in carrying out activities under its application.

"(b) (1) No payments shall be made under this title for any fiscal year to any local educational agency in a State which has taken into consideration payments under this title in determining the eligibility of that local educational agency in that State for State aid, or the amount of that aid, with respect to the free public education of children during that year or the preceding fiscal year.

"(2) No payments shall be made under this title to any local educational agency for any fiscal year unless the State educational agency finds that the combined fiscal effort (as determined in accordance with regulations of the Commissioner) of that agency and the State with respect to the provision of free public education by that agency for the preceding fiscal year was not less than such combined fiscal effort for that purpose for the second preceding fiscal year.

"ADJUSTMENTS WHERE NECESSITATED BY APPROPRIATIONS

"SEC. 407. (a) If the sums appropriated for any fiscal year for making payments under this title are not sufficient to pay in full the total amounts which all local educational agencies are eligible to receive under this title for that fiscal year, the maximum amounts which all such agencies are eligible to receive under this title for that fiscal year shall be ratably reduced. In case additional funds become available for making such payments for any fiscal year, during which the first sentence of this subsection is applicable, such reduced amounts shall be increased on the same basis as they were reduced.

"(b) In the case of any fiscal year in which the maximum amounts for which local educational agencies are eligible have been reduced under the first sentence of subsection (a), and in which additional funds have not been made available to pay in full the total of such maximum amounts under the second sentence of such subsection, the Commissioner may allot, in such manner as he determines will best assist in advancing the purposes of this title, any amount awarded to a local educational agency in excess of the amount to which it is entitled under section 403 and subsection (a) of this section, or any amount which the Commissioner determines, based upon estimates made by local educational agencies, will not be needed by any such agency to carry out its approved project.".

SPECIAL PROGRAMS AND PROJECTS TO IMPROVE EDUCATIONAL OPPORTUNITIES FOR NATIVE HAWAIIAN CHILDREN UNDER THE ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965

SEC. 5. (a) Title X of the Elementary and Secondary Education Act of 1965 is amended by adding at the end thereof the following new section.

"IMPROVEMENT OF EDUCATIONAL OPPORTUNITIES FOR NATIVE HAWAIIAN CHILDREN

"SEC. 1007. (a) The Commissioner shall carry out a program of making grants for the improvement of educational opportunities for Native Hawaiian children—

"(1) to support planning, pilot, and demonstration projects, in accordance with subsection (b), which are designed to test and demonstrate the effectiveness of programs for improving educational opportunities for Native Hawaiian children;

"(2) to assist in the establishment and operation of programs, in accordance with subsection (c), which are designed to stimulate (A) the provision of educational services not available to Native Hawaiian children in sufficient quantity or quality, and (B) the development and establishment of exemplary educational programs to serve as models for regular school programs in which Native Hawaiian children are educated;

"(3) to assist in the establishment and operation of preservice and inservice training programs, in accordance with subsection (d), for persons serving Native Hawaiian children as educational personnel; and

"(4) to encourage the dissemination of information and materials relating to, and the evaluation of the effectiveness of, education programs which may offer educational opportunities to Native Hawaiian children.

"(b) The Commissioner is authorized to make grants to State and local educational agencies, local universities, and Native Hawaiian organizations to support planning, pilot, and demonstration projects which are designed to plan for, and test and demonstrate the effectiveness of, programs for improving educational opportunities for Native Hawaiian children, including—

"(1) innovative programs related to the educational needs of educationally deprived children;

"(2) bilingual and bicultural education programs and projects;

"(3) special health and nutrition services, and other related activities, which meet the special health, social, and psychological problems of Native Hawaiian children; and

"(4) innovative initiative utilizing the nursing assessment process of clinical nurse specialists and/or their related training programs, to actively further the child's interest in learning by building upon the relationship between the child and his/her significant others.

"(5) coordinating the operation of other federally assisted programs which may be used to assist in meeting the needs of such children.

"(c) The Commissioner is also authorized to make grants to State and local educational agencies and to Native Hawaiian institutions and community organizations to assist and stimulate them in developing and establishing educational services and programs specifically designed to improve educational opportunities for Native Hawaiian children. Grants may be used—

"(1) to provide educational services not available to such children in sufficient quantity or quality, including—

"(A) early childhood education programs, remedial and compensatory instruction, school health, physical education, psychological, nursing and other services designed to assist and encourage Native Hawaiian children to enter, remain in, or reenter elementary or secondary school;

"(B) comprehensive academic and vocational instruction;

"(C) instructional materials (such as library books, text books, and other printed, published, or audiovisual materials) and equipment;

"(D) comprehensive guidance, counseling, and testing services;

"(E) special education programs for handicapped and gifted and talented Native Hawaiian children;

"(F) early childhood programs;

"(G) bilingual and bicultural education programs; and

"(H) other services which meet the purposes of this subsection; and

"(2) for the establishment and operation of exemplary and innovative educational programs and centers, involving new educational approaches, methods, and techniques designed to enrich programs of elementary and secondary education for Native Hawaiian children.

"(d) The Commissioner is also authorized to make grants to institutions of higher education and to State and local educational agencies in combination with institutions of higher education, for carrying out programs and projects—

"(1) to prepare persons to serve Native Hawaiian children as teachers, teachers aides, counselors, nurses, social workers and ancillary educational personnel; and

"(2) to improve the qualifications of such persons who are serving Native Hawaiian children in such capacities.

Grants for the purposes of this subsection may be used for the establishment of fellowship programs leading to an advanced degree, for institutes and, as part of a continuing program, for seminars, symposia, workshops, and conferences.

"(e) The Commissioner is also authorized to make grants to and contract with, public agencies, and institutions and Native Hawaiian organizations for—

"(1) the dissemination of information concerning education programs, services, and resources available to Native Hawaiian children, including evaluations thereof; and

"(2) the evaluation of the effectiveness of federally assisted programs in which Native Hawaiian children may participate in achieving the purposes of such programs with respect to such children.

"(f) Applications for a grant under this section shall be submitted at such time, in such manner, and shall contain such information, and shall be consistent with such criteria, as may be established as requirements in regulations promulgated by the Commissioner. Such applications shall—

"(1) set forth a statement describing the activities for which assistance is sought;

"(2) in the case of an application for the purposes of subsection (c), subject to such criteria as the Commissioner shall prescribe, provide for the use of funds available under this section, and for the coordination of other resources available to the applicant, in order to insure that, within the scope of the purpose of the project, there will be a comprehensive program to achieve the purposes of this section;

"(3) in the case of an application for the purposes of subsection (c), make adequate provision for the training of the personnel participating in the project; and

"(4) provide for an evaluation of the effectiveness of the project in achieving its purposes and those of this section.

The Commissioner shall not approve an application for a grant under subsection (b) or (c) unless he is satisfied that such application, and any documents submitted with respect thereto, show that there has been adequate participation by the parents of the chidlren to be served in the planning and development of the project, and that there will be such a participation in the operation and evaluation of the project.

"(g) For the purpose of making grants under this section there are hereby authorized to be appropriated $10,000,000 for the fiscal year 1981, and $12,000,000 for each of the two succeeding fiscal years.".

SPECIAL EDUCATION TRAINING PROGRAMS FOR TEACHERS OF NATIVE HAWAIIAN CHILDREN

SEC. 6. (a) The Commissioner is authorized to make grants to and enter into contracts with institutions of higher education, and Native Hawaiian organizations, for the purpose of preparing individuals for teaching or administering special programs and projects designed to meet the special educational needs of Native Hawaiian childern and to provide inservice training for persons teaching in such programs. In carrying out his responsibilities under this section, the Commissioner is authorized to award fellowships and traineeships to individuals and to make grants to, and to enter into contracts with, institutions of higher education and Native Hawaiian organizations, for cost of education allowances.

(b) In the case of traineeships and fellowships, the Commissioner is authorized to grant stipends to, and allowances for, dependents of persons receiving traineeships and fellowships.

(c) There is authorized to be appropriated $500,000 for the fiscal year 1981, and for each of the three succeeding fiscal years to carry out the provisions of this section.

FELLOWSHIPS FOR NATIVE HAWAIIAN STUDENTS

SEC. 7. (a) During the fiscal year 1981, and each of the three succeeding fiscal years, the Commissioner is authorized to award not to exceed one hundred fellowships to be used for study in undergraduate, graduate, and professional programs at institutions of higher education. Such fellowships shall be awarded to Native Hawaiian students in order to enable them to pursue a course of study of not more than four academic years leading toward a professional or graduate degree in medicine, law, education, psychology, nursing, and related fields or leading to an undergraduate or graduate degree in engineering, business administration, natural resources, and related fields. In addition to the fellowships authorized to be awarded in the first sentence of this subsection, the Commissioner is authorized to award a number of fellowships equal to the number previously awarded during any fiscal year under this subsection but vacated prior to the end of the period during which they were awarded, except that each fellowship so awarded shall be only for a period of study not in excess of the remainder of the period of time for which the fellowship it replaces was awarded, as the Commissioner may determine.

(b) The Commissioner shall pay to persons awarded fellowships under this subsection such stipends (including such allowances for subsistence of such persons and then dependents) as he may determine to be consistent with prevailing practices under comparable federally supported programs.

(c) The Commissioner shall pay to the institution of higher education at which the holder of a fellowship under this subsection is pursing a course of study, in lieu of tuition charged such holder, such amounts as the Commissioner may determine to cover the cost of education for the holder of such a fellowship.

(d) There is authorized to be appropriated $500,000 for the fiscal year 1981, and for each of the three succeeding fiscal years to carry out the provisions of this section.

SPECIAL PROGRAMS RELATING TO ADULT EDUCATION FOR NATIVE HAWAIIANS

Sec. 8. The Adult Education Act is amended by inserting after section 316 the following new section:

IMPROVEMENT OF EDUCATIONAL OPPORTUNITIES FOR ADULT NATIVE HAWAIIANS

"Sec. 316A. (a) The Commissioner shall carry out a program of making grants to State and local educational agencies, local universities, and to Native Hawaiian institutions and organizations, to support planning, pilot, and demonstration projects which are designed to plan for, and test and demonstrate the effectiveness of, programs for providing adult education for Native Hawaiians—

"(1) to support planning, pilot, and demonstration projects which are designed to test and demonstrate the effectiveness of programs for improving employment and educational opportunities for adult Native Hawaiians;

"(2) to assist in the establishment and operation of programs which are designed to stimulate (A) the provision of basic literacy opportunities to all nonliterate Native Hawaiian adults and (B) the provision of opportunities to all Native Hawaiian adults to qualify for a high school equivalency certificate in the shortest period of time feasible;

"(3) to support a major research and development program to develop more innovative and effective techniques for achieving the literacy and high school equivalency goals;

"(4) to provide for basic surveys and evaluations thereof to define accurately the extent of the problems of illiteracy and lack of high school completion among Native Hawaiians;

"(5) to encourage the dissemination of information and materials relating to, and the evaluation of, the effectiveness of educational programs which may offer opportunities to Native Hawaiian adults.

"(b) The Commissioner is also authorized to make grants to, and contracts with, public agencies, and institutions, and Native Hawaiian organizations for—

"(1) the dissemination of information concerning educational programs, services, and resources available to Native Hawaiian adults, including evaluations thereof; and

"(2) the evaluation of the effectiveness of federally assisted programs in which Native Hawaiian adults may participate in achieving the purposes of such programs with respect to such adults.

"(c) Applications for a grant under this section shall be submitted at such time, in such manner, and contain such information, and shall be consistent with such criteria, as may be established as requirements in regulations promulgated by the Commissioner. Such applications shall—

"(1) set forth a statement describing the activities for which assistance is sought;

"(2) provide for an evaluation of the effectiveness of the project in achieving its purposes and those of this section.

The Commissioner shall not approve an application for a grant under subsection (a) unless he is satisfied that such application, and any documents submitted with respect thereto, indicate that there has been adequate participation by the individuals to be served in the planning and development of the project, and that there will be such a participation in the operation and evaluation of the project.

"(d) For the purpose of making grants and contracts under this section there are hereby authorized to be appropriated $2,000,000 for the fiscal year 1982, and $2,000,000 for each of the two succeeding fiscal years.".

Sec. 9. Section 441 of the Indian Education Act is amended by redesignating subsection (b) of such section, and all references thereto, as subsection (c) and by inserting after subsection (a) the following new subsection:

"(b) The Office of Indian Education shall have further responsibility for administering the provisions of title IV of the Act of September 30, 1950 (Public Law 874, Eighty-first Congress), section 1007 of title VIII of the Elementary and Secondary Education Act of 1965, and section 316A of title III of the Adult Education Act.".

ADVISORY COUNCIL ON NATIVE HAWAIIAN EDUCATION

Sec. 10. (a) There is hereby established the Advisory Council on Native Hawaiian Education (referred to in this title as the Council), which shall consist of seven members who are Native Hawaiians appointed by the President of the United States. Such appointments shall be made by the President from lists of nominees furnished, from time to time, by Native Hawaiian organizations.

(b) The Council shall—

(1) advise the Commissioner of Education with respect to the administration (including the development of regulations, administrative practices, and policies) of any program in which Native Hawaiian children or adults participate from which they can benefit, including title IV of the Act of September 30, 1950 (Public Law 874, Eighty-first Congress), as added by this Act, and section 1007, title VIII of the Elementary and Secondary Education Act of 1965, as added by this Act and with respect to adequate funding thereof;

(2) review applications for assistance under title IV of the Act of September 30, 1950 (Public Law 874, Eighty-first Congress), as added by this Act, section 1007 of title VIII of the Elementary and Secondary Education Act of 1965, as added by this Act, and section 316A of the Adult Education Act, as added by this Act, and make recommendations to the Commissioner regarding their approval;

(3) evaluate programs and projects carried out under any program of the Department of Health, Education, and Welfare in which Native Hawaiian children or adults can participate or from which they can benefit and disseminate the results of such evaluations;

(4) provide technical assistance to local educational agencies and to Native Hawaiian organizations to assist them in improving the education of Native Hawaiian children;

(5) assist the Commissioner in developing criteria and regulations for the administration and evaluation of grants made under section 403(b) of the Act of September 20, 1950 (Public Law 874, Eighty-first Congress); and

(6) submit to the Congress not later than March 31 of each year a report on its activities, which shall include any recommendations it may deem necessary for the improvement of Federal education programs in which Native Hawaiian children and adults participate, or from which they can benefit, which report shall include a statement of the Council's recommendations to the Commissioner with respect to the funding of any such programs.

(c) With repsect to functions of the Council stated in clauses (2), (3), and (4) of subsection (b), the Council is authorized to contract to the extent provided in appropriation Acts with any public or private nonprofit agency, institution, or organization for assistance in carrying out such functions.

(d) From the sums appropriated pursuant to section 400(c) of the General Education Provision Act which are available for the purposes of section 411 of such Act and for part D of such Act, the Commissioner shall make available such sums as may be necessary to enable the Council to carry out its functions under this section.

DEFINITIONS

Sec. 11. For the purposes of this Act—

(a) the term "Native Hawaiian" means any individual whose ancestors were natives of the area which consisted of the Hawaiian Islands prior to 1778;

(b) the term "Native Hawaiian organization" includes Native Hawaiian nonprofit institutions and agencies as well as Native Hawaiian community organizations; and

(c) the term "parent" includes a legal guardian or other person standing in loco parentis.

SAVINGS PROVISION

Sec. 12. Nothing in this Act shall be construed as modifying or otherwise affecting, directly or indirectly, any provision of the Hawaiian Homes Commission Act, 1920.

The amendments were agreed to.

● Mr. INOUYE. Mr. President, I wish to take this opportunity to thank my distinguished colleagues on the Senate Select Committee on Indian Affairs and, in particular Chairman Melcher, for their responsible and compassionate response to the needs of the Native Hawaiian people. The legislation presently before the Senate will greatly assist this important and long neglected Native American group to effectively deal with the severe crisis in social, economic and cultural survival with which they are presently confronted. Throughout its long investigation of these matters, the Select Committee, ably led by Senator Melcher, has judiciously exercised its obligation to address the pressing problems faced by our Nation's native people with fairness and humanity. I am most appreciative of this demonstrated concern for the welfare of the Hawaiian people and its efforts on their behalf.

As favorably reported by the committee, S. 916, the Native Hawaiian Education Act, provides for the establishment and operation of education programs designed to meet the special learning requirements of Native Hawaiian children, adolescents, and adults and is similar to another measure which passed the Senate last year. Unfortunately, little time remained in the 95th Congress to permit House consideration of that bill. Like the

Indian Education Act, approved by the Congress and the President in 1972, S. 916 recognizes that the unique historical, cultural and social experiences of Native Americans has produced equally unique educational needs which are not adequately addressed by traditional methods of education and provides a means by which the schools and learning centers of the country can be made more responsive to their academic and cultural needs.

As with other Native Americans, the history of the Hawaiian people is one of unjust abrogation of Hawaiian national sovereignty, the progressive dispossession of Hawaiians from their land, a dramatic reduction in their numbers through disease, and a progressive dilution of their culture. The effects of these events continue to be felt today. Currently, Native Hawaiians comprise approximately 18 percent of Hawaii's State population yet they are on the wrong end of almost every socioeconomic indicator. Hawaiians and part-Hawaiians have the highest incidence of poverty and the highest unemployment rate of any ethnic group in my State. Their level of education, skill, and training is among the lowest. Their level of effective participation in the system is almost nil.

Of the approximately, 150,000 Native Hawaiian residents of Hawaii, almost half are age 20 and below. Most of these young people attend the public schools. Yet when compared to their local peers, Native Hawaiian students demonstrate severely high dropout rates as well as high rates of suspension, expulsion, court referrals, absenteeism, and truancy. Those who do stay in school perform far below State and national academic achievement norms. Only 6 percent of the University of Hawaii student body is of Hawaiian descent. Moreover, Hawaiians are more often incarcerated in State and Federal correctional facilities than other ethnic groups and demonstrate the highest or next to the highest incidence of chronic health conditions.

Though we can but speculate as to all the reasons for this sad circumstance, it seems apparent that past deprivations, many of which continue today, have produced an extremely negative self-image among Native Hawaiians as well as an inability to reconcile and deal with native culture and values vis-a-vis the complexities and demands of the modern world.

It is clear, however, that commonly accepted modes of preparing an individual to become an independent, contributing adult member of society have not proved relevant to Hawaii's native children. I greatly fear that the cycle of depression and alienation that probably began with the initial usurpation of the rights and dignity of the Hawaiian race, will persist unless effective steps are taken immediately.

I have always firmly held that education is the key to survival and success in today's competitive world and that an individual's capacity to significantly improve his life is directly related to his level of knowledge and his ability and willingness to learn. Well constructed, responsibly implemented programs focusing on the special learning needs of Hawaiian children and youth can have an enormous impact on present and future generations of Hawaiians. Accordingly, I believe that the provisions of S. 916 contain the potential of producing lasting solutions to the many difficulties now encountered by our native Hawaiian citizens.

This is not the first time that Congress has been called on to legislate on behalf of the Hawaiians. In fact the special relationship existing between the United States and the native Hawaiian people is one of long standing, beginning in the 1800's with the execution of treatise of friendship and commerce. In the past, the U.S. Congress has many times expressed its commitment to and concern for the welfare of Hawaiians through the passage of the Hawaiian Homes Commission Act of 1920, a law aimed at the economic and social rehabilitation of the Hawaiian race, and more recently through the inclusion of native Hawaiians in certain native American provisions of the Community Services Act of 1974 and the Comprehensive Employment and Training Act. It is my greatest hope that today the U.S. Senate will once again demonstrate this commitment and concern by approving this vitally important legislation.

Mr. President, I wish to again thank my colleagues on the select committee and Members of the Senate for their sympathetic consideration of this matter.●

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

NATIONAL CHILD ABUSE PREVENTION MONTH

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Committee on the Judiciary be discharged from further consideration of House Joint Resolution 428, and that the Senate proceed to its immediate consideration.

The PRESIDING OFFICER. The joint resolution will be stated.

The assistant legislative clerk read as follows:

A joint resolution (H.J. Res. 428) designating December 1979 as "National Child Abuse Prevention Month."

The PRESIDING OFFICER. Without objection, the Senate will proceed to its consideration.

Mr. STEVENS. Mr. President, are there any amendments to that measure?

The PRESIDING OFFICER. No.

The joint resolution (H.J. Res. 428) was considered, ordered to a third reading, read the third time, and passed.

The preamble was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the joint resolution was passed.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ENDANGERED SPECIES AUTHORIZATION

Mr. ROBERT C. BYRD. Mr. President, I ask, on behalf of Mr. RANDOLPH, that the Chair lay before the Senate a message from the House of Representatives on S. 1143.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 1143) entitled "An Act to extend the authorization for appropriations for the Endangered Species Act of 1973, and for other purposes", do pass with the following amendments:

Strike out all after the enacting clause, and insert: That the first sentence of section 7(q) of the Endangered Species Act of 1973 (16 U.S C. 1536(q)) is amended to read as follows: "There are authorized to be appropriated to the Secretary to assist review boards and the Committee in carrying out their functions under subsections (e), (f), (g), and (h) of this section not to exceed $600,000 for each of fiscal years 1979, 1980, 1981, and 1982.".

SEC. 2. Section 15 of the Endangered Species Act of 1973 (16 U.S.C. 1542) is amended to read as follows:

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 15. Except as authorized in sections 6 and 7 of this Act, there are authorized to be appropriated—

"(1) not to exceed $23,000,000 for fiscal year 1979, and not to exceed $25,000,000 for each of fiscal years 1980, 1981, and 1982, to enable the Department of the Interior to carry out such functions and responsibilities as it may have been given under this Act; and

"(2) not to exceed $2,500,000 for fiscal year 1979, and not to exceed $3,000,000 for each of fiscal years 1980, 1981, and 1982, to enable the Department of Commerce to carry out such functions and responsibilities as it may have been given under this Act.".

SEC. 3. Section 3(11) of the Endangered Species Act of 1973 (16 U.S.C 1532(11)) is amended by striking out "(A)" and all that follows thereafter and inserting in lieu thereof "violate section 7(a)(2).".

SEC. 4. Section 4 of the Endangered Species Act of 1973 (16 U.S.C. 1533) is amended—

(1) by amending subsection (b)(1) by striking out "him" and inserting in lieu thereof the following: "him after conducting a review of the status of the species";

(2) by amending subsection (f)(2)(B)(i) to read as follows:

"(i) not less than 60 days before the effective date of the regulation, shall publish—

"(I) the general notice and the complete text of the proposed regulation in the Federal Register, and

"(II) if the proposed regulation specifies any critical habitat, general notice of the regulation (including a summary of the text, and a map of the proposed critical habitat) in a newspaper of general circulation within or adjacent to such habitat;";

(3) by amending subsection (f)(2)(B)(iv)(II) by striking out "if requested," and inserting in lieu thereof "if requested within 15 days after the date on which the public meeting is conducted,".

(4) by amending subsection (f)(2)(C)(ii) by inserting at the end thereof the following new sentence: "If at any time after issuing an emergency regulation the Secretary determines, on the basis of the best scientific and commercial data available to him, that substantial evidence does not exist to warrant such regulation, he shall withdraw it."; and

(5) by adding at the end thereof the following new subsection:

"(h) AGENCY PROCEDURES.—The Secretary shall by regulation establish agency procedures to ensure that the purposes of this section are achieved efficiently and effectively. Such procedures shall include, but are not limited to—

"(1) procedures for recording the receipt and the disposition of petitions submitted under subsection (c)(2) of this section;

"(2) criteria for making the findings required under such subsection with respect to petitions;

"(3) a ranking system to ensure that species facing a high degree of threat receive priority review for listing; and

"(4) a system for developing and implementing, on a priority basis, recovery plans under subsection (g) of this section.".

SEC. 5. Section 7 of the Endangered Species Act of 1973 (16 U.S.C. 1536) is further amended—

(1) by amending subsection (a)—

(A) by striking out "(a) CONSULTATION.—" and inserting in lieu thereof "(a) FEDERAL AGENCY ACTIONS AND CONSULTATIONS.—(1)";

(B) by striking out the third sentence thereof; and

(C) by adding at the end thereof the following:

"(2) Each Federal agency shall, in consultation with and with the assistance of the Secretary, insure that any action authorized, funded, or carried out by such agency (hereinafter in this section referred to as an 'agency action') is not likely to jeopardize the continued existence of any endangered species or threatened species or result in the destruction or adverse modification of habitat of such species which is determined by the Secretary, after consultation as appropriate with affected States, to be critical, unless such agency has been granted an exemption for such action by the Committee pursuant to subsection (h) of this section. In fulfilling the requirements of this paragraph each agency shall use the best scientific and commercial data available.

"(3) Each Federal agency shall confer with the Secretary on any agency action which may jeopardize the continued existence of any species proposed to be listed under section 4 or result in the destruction or adverse modification of critical habitat proposed to be designated for such species. This paragraph does not require a limitation on the commitment of resources as described in subsection (d).";

(2) by amending each of subsections (b), (c), (d), (e)(2), (f), (g)(1) and (5), (h)(1), and (m) by striking out "subsection (a)" wherever it appears therein and inserting in lieu thereof "subsection (a)(2)";

(3) by further amending subsection (c)—

(A) by inserting "(1)" immediately after "BIOLOGICAL ASSESSMENT.—", and

(B) by adding at the end thereof the following new paragraph:

"(2) Any person who may wish to apply for an exemption under subsection (g) of this section for that action may conduct a biological assessment to identify any endangered species or threatened species which is likely to be affected by such action. Any such biological assessment must, however, be conducted in cooperation with the Secretary and under the supervision of the appropriate Federal agency.";

(4) by further amending subsection (g)(1) by striking out "may jeopardize" and all that follows thereafter in the first sentence thereof and inserting in lieu thereof "would violate subsection (a)(2).";

(5) by amending subsection (g)(2)(A) by striking out "process." and inserting in lieu thereof "process; or, in the case of any agency action involving a permit or license applicant, not later than 90 days after the date on which the Federal agency concerned takes final agency action, for purposes of chapter 7 of title 5, United States Code, with respect to the issuance of the permit or license.";

(6) by amending subsection (g)(3) by redesignating subparagraph (B) as subparagraph (C), and by inserting immediately after subparagraph (A) the following new subparagraph:

"(B) If more than one application for exemption is filed for the same agency action, the same review board shall be convened for each application and shall consider each such application in the manner set forth in paragraph (5).";

(7) by amending subsection (g)(5)—

(A) by redesignating clauses (1) and (2) as clauses (A) and (B), respectively,

(B) by striking out "such exemption applicant" in clause (B) (as so redesignated) and inserting in lieu thereof "the Federal agency or exemption applicant, as the case may be", and

(C) by redesignating subclauses (A), (B), and (C) as subclauses (i), (ii), and (iii), respectively; and

(8) by amending subsection (h)—

(A) by amending paragraph (2)(A) to read as follows:

"(2)(A) Except as provided in subparagraph (B), an exemption for an agency action granted under paragraph (1) shall constitute, but only if a biological assessment has been conducted under subsection (c) with respect to such agency action, a permanent exemption with respect to all endangered or threatened species for the purposes of completing such agency action, regardless whether the species was identified in the biolgical assessment."; and

(B) by amending paragraph (2)(B) to read as follows:

"(2)(B) An exemption shall be permanent under subparagraph (A) unless—

"(i) the Secretary finds, based on the best scientific and commercial data available, that such exemption would result in the extinction of a species that was not the subject of consultation or was not identified in any biological assessment conducted under subsection (c), and

"(ii) the Committee determines within 60 days that the exemption should not be permanent.".

SEC. 6. The Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.) is further amended—

(1) by striking out subsection (e) of section 8;

(2) by adding immediately after section 8 the following new section:

"CONVENTION IMPLEMENTATION

"SEC. 8A. (a) MANAGEMENT AUTHORITY AND SCIENTIFIC AUTHORITY.—The Secretary of the Interior (hereinafter in this section referred to as the 'Secretary') is designated as the Management Authority and the Scientific Authority for purposes of the Convention and the respective functions of each such Authority shall be carried out through the United States Fish and Wildlife Service.

"(b) MANAGEMENT AUTHORITY FUNCTIONS.—The Secretary is authorized and directed to do all things necessary and appropriate to carry out the functions of the Management Authority under the Convention.

"(c) SCIENTIFIC AUTHORITY FUNCTIONS.—The Secretary is authorized and directed to do all things necessary and appropriate to carry out the functions of the Scientific Authority under the Convention.

"(d) ENDANGERED SPECIES SCIENTIFIC AUTHORITY COMMISSION.—(1) There is hereby established within the United States Fish and Wildlife Service the Endangered Species Scientific Authority Commission (hereinafter in this section referred to as the 'Commission').

"(2) The Commission shall be composed of scientifically qualified agency representatives. Each of the following shall designate one such representative from his agency:

"(A) The Secretary of the Interior, whose representative shall be the Chairman.

"(B) The Secretary of Agriculture.

"(C) The Secretary of Commerce.

"(D) The Secretary of Health, Education, and Welfare.

"(E) The Director of the National Science Foundation.

"(F) The Chairman of the Council on Environmental Quality.

"(G) The Secretary of the Smithsonian Institution is invited to designate a representative.

"(3) The Commission shall make recommendations to the Director of the United States Fish and Wildlife Service on all matters pertaining to the responsibilities of the Scientific Authority under the terms of the Convention.

"(4) In the discharge of its responsibilities, the Commission shall, to the extent practicable, ascertain the views of, and utilize the expertise of, the governmental and nongovernmental scientific communities. State agencies responsible for the conservation of wild fauna or flora, humane groups, zoological and botanical institutions, recreational and commercial interests, the conservation community and others as appropriate.

"(5) The Secretary shall designate an Executive Secretary for the Commission, and shall provide the necessary staff and administrative support for the Commission.

"(e) WILDLIFE PRESERVATION IN WESTERN HEMISPHERE.—The President shall designate those agencies of the Federal Government that shall act on behalf of, and represent, the United States in all regards as required by the Convention on Nature Protection and Wilderness Preservation in the Western Hemisphere."; and

(3) by amending the table of contents by inserting immediately after the section title for section 8 the following:

"Sec. 8A. Convention implementation.".

SEC. 7. Section 10(f) of the Endangered Species Act of 1973 (16 U.S.C. 1539(f)) is amended—

(1) in paragraph (4), by inserting "unless such exemption is renewed under paragraph (8)" after "certificate" in subparagraph (C); and

(2) by adding at the end thereof the following new paragraphs:

"(8)(A) Any person to whom a certificate of exemption' has been issued under paragraph (4) of this subsection may apply to the Secretary for a renewal of such exemption for a period not to exceed three years beginning on the expiration date of such certificate. Such application shall be made in the same manner as the application for exemption was made under paragraph (3), but without regard to subparagraph (A) of such paragraph.

"(B) If the Secretary approves any application for renewal of an exemption under this paragraph, he shall issue to the applicant a certificate of renewal of such exemption which shall provide that all terms, conditions, prohibitions, and other regulations made applicable by the original certificate shall remain in effect during the period of the renewal.

"(C) No exemption or renewal of such exemption made under this subsection shall have force and effect after the expiration date of the certificate of renewal of such exemption issued under this paragraph.".

SEC. 8. The Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.) is further amended as follows:

(1) Section 2(a)(5) is amended by striking out "fish and wildlife," and inserting in lieu thereof "fish, wildlife, and plants;".

(2) Section 4(f)(2)(C)(ii) is amended—

(A) by striking out "fish or wildlife," and inserting in lieu thereof "fish or wildlife or plants, "; and

(B) by striking out "fish and wildlife," and inserting in lieu thereof "fish, wildlife, and plants,".

(3) Section 8(b) is amended—

(A) by inserting "and plants" immediately after "fish or wildlife" in paragraph (1); and

(B) by inserting "or plants" immediately after "fish or wildlife" each place it appears in paragraph (3).

(4) Section 15 (as amended by section 2 of this Act) is amended by striking out "Act." at the end of paragraph (2) and inserting in lieu thereof "Act; and"; and by adding immediately after such paragraph the following new paragraph:

"(3) not to exceed $1,500,000 for fiscal year 1980, not to exceed $1,750,000 for fiscal year 1981, and not to exceed $1,850,000 for fiscal year 1982, to enable the Department of Agriculture to carry out its functions and responsibilities with respect to the enforcement of this Act and the Convention which pertain to the importation or exportation of terrestrial plants."

Amend the title so as to read: "An Act to authorize appropriations to carry out the Endangered Species Act of 1973 during fiscal years 1980, 1981, and 1982, and for other purposes.".

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. RANDOLPH, I move that the Senate disagree to the amendments of the House and request a conference with the House on the disagreeing votes of the two houses, and that the Chair be authorized to appoint conferees on the part of the Senate.

The motion was agreed to, and the Chair appointed Mr. CULVER, Mr. MUSKIE, Mr. HART, Mr. CHAFEE, and Mr. STAFFORD conferees on the part of the Senate.

TEMPORARY FHA MORTGAGE EXTENSION

Mr. ROBERT C. BYRD. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on Senate Joint Resolution 117.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the resolution from the Senate (S.J. Res. 117) entitled "Joint resolution to provide for a temporary extension of certain Federal Housing Administration authorities, and for other purposes", do pass with the following amendments:

(1) Page 1, line 7, strike out " "November 15", and insert: " "December 1,".

(2) Page 1, line 9, strike out " "November 14", and insert: " "November 30,".

(3) Page 1, line 12, strike out " "November 14", and insert: " "November 30,".

(4) Page 1, line 14, strike out " "November 14", and insert: " "November 30,".

(5) Page 1, line 16, strike out " "November 14", and insert: " "November 30,".

(6) Page 1, line 19, strike out " "November 14", and insert: " "November 30,".

(7) Page 1, line 21, strike out " "November 15", and insert: " "December 1,".

(8) Page 2, line 3, strike out "November 14", and insert: "November 30,".

(9) Page 2, line 6, strike out "November 14", and insert: "November 30,".

(10) Page 2, line 9, strike out "November 14", and insert: "November 30,".

(11) Page 2, line 12, strike out "November 14", and insert: "November 30,".

(12) Page 2, line 15, strike out "November 14", and insert: "November 30,".

(13) Page 2, line 23, strike out "November 15", and insert: "December 1,".

(14) Page 2, line 28, strike out "November 15", and insert: "December 1,".

(15) Page 3, line 5, strike out "November 14", and insert: "November 30,".

(16) Page 3, line 7, strike out "November 15", and insert: "December 1,".

(17) Page 3, line 12, strike out "November 14", and insert: "November 30,".

(18) Page 3, line 15, strike out "November 14", and insert: "November 30,".

(19) Page 3, line 17, strike out "November 14", and insert: "November 30,".

(20) Page 3, line 22, strike out "November 15", and insert: "December 1,".

(21) Page 3, line 25, strike out "November 14", and insert: "November 30,".

Mr. ROBERT C. BYRD. Mr. President, I move, on behalf of Mr. WILLIAMS and Mr. PROXMIRE, that the Senate agree to the House amendments.

The PRESIDING OFFICER (Mr. MATSUNAGA). Without objection, the motion is agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. STEVENS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER FOR RECOGNITION OF SENATOR HARRY F. BYRD, JR., ON TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that following the orders already entered for the recognition of Senators on tomorrow, Mr. HARRY F. BYRD, JR., be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, the Senate would automatically then resume consideration of the energy legislation, would it not?

The PRESIDING OFFICER. The Senator is correct.

Mr. ROBERT C. BYRD. Mr. President, I yield the floor.

The PRESIDING OFFICER. Is there further morning business?

NOTICE TO THE SENATE WITH RESPECT TO GOLDWATER AGAINST CARTER

Mr. ROBERT C. BYRD. Mr. President, section 706(b) of Public Law 95-521, the Ethics in Government Act of 1978, requires the Senate Legal Counsel to notify the joint leadership group when, in his opinion, it is in the interest of the Senate to appear as amicus curiae in a legal action in which the powers and responsibilities of the Congress are at issue. The joint leadership group, established by section 702, consists of the President pro tempore, the majority and minority leaders, the chairmen and ranking minority members of the Judiciary and Rules Committees. The statute requires that the notification describe the legal action and the reasons why the Legal Counsel believes that appearance by the Senate would be in its interest.

Section 706(b) further provides that "the joint leadership group shall cause said notification to be published in the CONGRESSIONAL RECORD for the Senate."

The report of the Committee on Governmental Affairs underscores that it is the "responsibility" of the Legal Counsel to notify the joint leadership group, in these circumstances, and that it is the responsibility of the joint leadership group to have the notification published (S. Rept. 95-170, 95th Cong., 1st sess. 99 (1977)).

The Senate Legal Counsel has provided such notice to the joint leadership group with respect to the case of Goldwater against Carter, a case which raises fundamental questions concerning the termination of treaties. I ask unanimous consent that this notification be printed in the RECORD at the conclusion of my remarks, as required by section 706(b).

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. ROBERT C. BYRD. The Senate Legal Counsel has also prepared a brief on the issues raised by the case; I am informed that copies of the brief will be delivered to each Senator's office.

The brief prepared by the Senate Legal Counsel takes no position on whether the court of appeals should affirm or reverse. It does request that the court not accept the President's argument that he has the exclusive power to terminate treaties. The brief requests that the court not prejudge the power of the Senate to condition its consent to particular treaties with a requirement that it approve their termination.

The Legal Counsel may not appear in court unless authorized by a resolution of the Senate. The resolution would be governed by the procedure established by section 711 of the act.

It is important to note that no inference should be drawn if the Senate decides not to appear as amicus. There may be any number of reasons, including the press of other business, why the Senate does not act on a recommendation by the Legal Counsel. The purpose of the statute is to enable the Senate to receive the views of the Legal Counsel; the statute leaves to the Senate the decision whether to act on this recommendation.

The case is set for argument on November 13, 1979.

EXHIBIT 1

NOTIFICATION PURSUANT TO SECTION 706(b) OF PUBLIC LAW 95-521 IN THE CASE OF GOLDWATER V. CARTER

This notification is submitted pursuant to Section 706(b) of the Ethics in Government Act of 1978, Pub. L. 95-521. That section directs the Senate Legal Counsel to notify the Joint Leadership Group when he concludes that the Senate should appear as amicus curiae in a case which places in issue the powers and the responsibilities of the Congress under the Constitution. The statute provides that the Joint Leadership Group shall cause the notification to be published in the CONGRESSIONAL RECORD.

The Senate may then direct the Counsel, pursuant to Sections 703(c) and 706(a) of the Act, to appear as amicus curiae in the name of the Senate. Section 711 of the Act establishes procedures for the consideration of a resolution to direct the Counsel to appear on behalf of the Senate. A motion to proceed to the consideration of the resolution is privileged and not debatable.

This case raises fundamental questions about the making and termination of treaties and satisfies the requirement that the powers and responsibilities of the Congress under the Constitution be at issue. In my opinion it is in the interest of the Senate to appear as amicus curiae.

The plaintiffs argue that the Senate, by a two-thirds vote, or the Congress, by a termination of a treaty. The President takes the position that he has exclusive power under the Constitution to terminate treaties. He also claims that individual members lack standing and that the case presents an unreviewable political question.

The problem which confronts the Senate is, if the plaintiffs do not prevail, that the only alternative now presented to the Court is the position of the President. There is a risk, therefore, that the Court may determine that treaty termination is an exclusive prerogative of the President or that the President's assumption of that prerogative is an unreviewable political question.

The Senate has the responsibility to determinate its own role in the termination of treaties. It may do this by conditioning its consent to the ratification of particular treaties with a requirement that the Senate participate in their termination. In doing so the Senate may also prescribe the manner in which it wishes to participate: *e.g.*, by consultation, majority vote, or a two-thirds vote. It is therefore in the interest of the Senate to persuade the Court that it should not issue a sweeping decision in favor of the President, even if it decides that the judgment of the district court should be reversed. A narrow decision would give the Senate latitude to determine and assert a role in the termination of future treaties.

It is possible that the Court on its own, unaided by a brief from the Senate, might decide this case on narrow grounds. There is a risk, however, in this case as in any other, that the Court will decide the case on the terms presented by the adversaries. The case is proceeding on an expedited basis and the limitations of time may increase the Court's dependence on the presentation of the parties. My advice is that the Senate should express its views if it wishes the Court to consider them.

It has been suggested that the Senate may remain silent in this case because a broad ruling in favor of the Executive could be distinguished and limited in the future. The problem with this approach is that it would burden the Senate with the task of overcoming an adverse precedent. The Senate will be in a stronger position to assert a role in the future if the Court of Appeals expressly reserves the question whether the Senate may condition its consent to ratification on a requirement that it participate in the termination of treaties. The second problem is that an adverse precedent may encourage the Executive to resist efforts to develop, on a cooperative basis, a shared role in the termination of treaties. The possibility of developing a cooperative role will be enhanced if the Court limits its decision as narrowly as possible.

Finally, it has been suggested that the Senate may wait until this case reaches the Supreme Court. There is no guarantee that the Supreme Court will exercise its discretionary jurisdiction on certiorari to consider this case on the merits. The stronger possibility is that the Court of Appeals will render the final decision in this case. This is what occurred in the Panama Canal litigation.

Section 713(a) of the Ethics Act provides that the Senate may appear as amicus as of right and that the appearance may be denied only on an express finding that the appearance is untimely and would significantly delay the pending action. The Court has scheduled oral argument for November 13, 1979. The Senate should therefore resolve, as expeditiously as possible, whether it wishes to participate in these proceedings.

The proposed amicus brief has been written to be compatible with the position of the plaintiffs. It states, at the very beginning, that no inference should be drawn from the fact the Senate has not taken a position on the merits. This responds to the assertion in the President's brief that the individual member plaintiffs lack standing because the Senate has not appeared as an institution in their support. On the merits, the Court of Appeals need consider the Senate brief only if it concludes that it must reverse the judgment of the district court. The amicus brief would then provide the Court with an alternative to the President's claim that he has exclusive power to terminate treaties.

A copy of the brief will be distributed to each member.

Mr. STEVENS. Mr. President, on behalf of the Senator from Oregon (Mr. HATFIELD), the ranking Republican member of the Rules Committee, I would like to make a statement. The statement is as follows:

STATEMENT BY SENATOR HATFIELD

Mr. President, I wish to emphasize several procedural points in connection with the publication in the Record of the Legal Counsel's notification with respect to the case of GOLDWATER against Carter.

First, as provided in Section 706(a) of the 1978 Ethics in Government Act, the Senate must approve, by resolution, any appearance by the Legal Counsel in the name of the Senate in any legal action, including the case of GOLDWATER against Carter. The mere publication in the RECORD of the Legal Counsel's notification and opinion does not constitute approval by the Joint Leadership Group or the Senate of that opinion, nor does it prejudge in any way any steps the Senate may wish to take.

Second, the Senate may, should it choose to do so, direct the Legal Counsel to file an amicus brief in the case of GOLDWATER against Carter different from the one recommended by the Legal Counsel. For example, the Senate could direct the Legal Counsel to file a brief supporting Senator GOLDWATER's position.

Finally, it should be emphasized that no inference should be drawn from the fact that the Senate has not appeared to date in the case of GOLDWATER against Carter, or if the Senate takes no action to appear in that case with a position different from that suggested by the Legal Counsel.

The PRESIDING OFFICER. Is there further morning business?

EXECUTIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate go into executive session for not to exceed 2 minutes to consider nominations on the Executive Calendar beginning with Federal Council on Aging.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the nominees be considered and confirmed en bloc.

Mr. STEVENS. Mr. President, there is no objection.

The PRESIDING OFFICER. Without objection, the nominations are considered and confirmed en bloc.

Mr. STEVENS. Mr. President, that is down to and including Calendar Order No. 464?

Mr. ROBERT C. BYRD. That is correct.

NOMINATION OF DR. JEAN JONES PERDUE

● Mr. CHILES. Mr. President, within every field of human endeavor there are leaders. There are people who move to the forefront and have the courage and insight to try something new, innovative, and unproven. Traditionally, we have been a country that values courage and dedication to a cause. I particularly value these qualities when they are devoted to helping others. I, therefore, take pride today in supporting the confirmation of Dr. Jean Jones Perdue, of Florida, as a member of the Federal Council on Aging.

Dr. Perdue is a physician specializing in internal medicine and cardiology. A native of Virginia, she graduated from the University of Virginia Medical School in 1929. But this was only the beginning of a distinguished medical education that included studies at Harvard and Duke, and that has continued through this year.

It is fitting that Dr. Perdue has been appointed to the Federal Council on Aging. She has long had an interest in older people and was the catalyst behind the Dade County home care unit at Jackson Memorial Hospital in Miami. Dr. Perdue is an innovative thinker and an inspiration to people of all generations who are dedicated to improving the quality of life for the Nation's elderly. She is also an inspiration to men and women who want to make the most of themselves. The list of awards and recognitions bestowed upon her are a tribute to her talent. We are, indeed, fortunate that she chose to devote this talent to helping others. She will serve the country well as a member of the Federal Council on Aging.●

The nominations considered and confirmed en bloc are as follows:

FEDERAL COUNCIL ON AGING

Cyril Hilary Carpenter, of Minnesota, to be a member of the Federal Council on Aging for a term expiring June 5, 1981.

John B. Martin, of Maryland, to be a member of the Federal Council on Aging for a term expiring June 5, 1981.

Mary Crowley Mulvey, of Rhode Island, to be a member of the Federal Council on Aging for a term expiring June 5, 1981.

Jean Jones Perdue, of Florida, to be a member of the Federal Council on Aging for a term expiring June 5, 1981.

Aaron E. Henry, of Mississippi, to be a member of the Federal Council on Aging for a term expiring June 5, 1982.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Joan Zeldes Bernstein, of Maryland, to be General Counsel of the Department of Health, Education, and Welfare.

DEPARTMENT OF THE TREASURY

N. Jerold Cohen, of Georgia, to be an Assistant General Counsel in the Department of the Treasury (Chief Counsel for the Internal Revenue Service).

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of the nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will come in at 10 o'clock tomorrow morning. There are four orders for the recognition of Senators, following which the Senate will return to the consideration of the energy bill. The Senate will be in late tomorrow evening in an effort to complete action on the energy bill, and then, if that is done, the Senate will return to the DOD appropriations bill on Friday. With a time agreement on that bill, the Senate should be able to complete action on that bill.

If these two matters can be disposed of, I do not presently see any problem with going out until Tuesday at the close of business Friday. But we might have to be in late both tomorrow and Friday to accomplish this. I hope it can be done.

RECESS UNTIL 10 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the order previously entered, that the Senate stand in recess until 10 o'clock tomorrow morning.

The motion was agreed to, and the Senate, at 7:08 p.m., recessed until Thursday, November 8, 1979, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate, November 7, 1979:

FEDERAL EMERGENCY MANAGEMENT AGENCY

Richard J. Green, of New Jersey, to be an Associate Director of the Federal Emergency Management Agency. (New position)

DEPARTMENT OF ENERGY

George Fumich, Jr., of Virginia, to be an Assistant Secretary of Energy (Fossil Energy), vice Robert D. Thorne, resigned.

CONFIRMATIONS

Executive nominations confirmed by the Senate, November 7, 1979:

FEDERAL COUNCIL ON AGING

The following-named persons to be members of the Federal Council on Aging for the terms indicated:

For terms expiring June 5, 1981:

Cyril Hilary Carpenter, of Minnesota.

John B. Martin, of Maryland.

Mary Crowley Mulvey, of Rhode Island.

Jean Jones Perdue, of Florida.

For a term expiring June 5, 1982:

Aaron E. Henry, of Mississippi.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Joan Zeldes Bernstein, of Maryland, to be General Counsel of the Department of Health, Education, and Welfare.

DEPARTMENT OF THE TREASURY

N. Jerold Cohen, of Georgia, to be an Assistant General Counsel in the Department of the Treasury (Chief Counsel for the Internal Revenue Service).

The above nominations were approved subject to the nominees' commitments to respond to requests to appear and testify before any duly constituted committee of the Senate.

HOUSE OF REPRESENTATIVES—*Wednesday, November 7, 1979*

The House met at 12 o'clock noon.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

But be doers of the word, and not hearers only, deceiving yourselves.—James 1: 22.

Gracious Lord in heaven, we thank You for the inspiration Your word gives—for the promise of forgiveness and a renewed life, and for Your love to us which is new each morning. Just as we offer praise for the gifts You have given, may we go forward to express our faith in deeds and good works. You have told us, O Lord, that as we minister to the needy among us, we have done it for You. May Your spirit encourage us to hear Your word and may the power of that spirit inspire us to do those acts of justice and mercy and peace. In Your name we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 3319. An act for the relief of Jose Quintana Dominguez Sendejas; and

H.R. 5279. An act to provide for the distribution within the United States of the International Communication Agency film entitled "Reflections: George Meany."

The message also announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 640. An act to authorize appropriations for the fiscal year 1980 for certain maritime programs of the Department of Commerce, and for other purposes.

The message also announced that the Senate has passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 4986. An act to amend the Federal Reserve Act to authorize the automatic transfer of funds, to authorize negotiable order-of-withdrawal accounts at depository institutions to authorize federally chartered savings and loan associations to establish remote service units, and to authorize federally insured credit unions to maintain share draft accounts, and for other purposes.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 405. An act for the relief of Hun Sik Sanderson; and

S. 919. An act for the relief of Jennifer Ferrer.

RESIGNATION AS MEMBER OF COMMITTEE ON THE JUDICIARY

The SPEAKER laid before the House the following resignation as a member of the Committee on the Judiciary:

WASHINGTON, D.C.,
November 7, 1979.

Hon. THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives,
The Capitol,
Washington, D.C.

DEAR MR. SPEAKER: I hereby resign from the Judiciary Committee.

Very truly yours,

ROBERT T. MATSUI,
Member of Congress.

The SPEAKER. Without objection, the resignation is accepted.

There was no objection.

ELECTION OF MEMBER TO COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. FOLEY. Mr. Speaker, as chairman of the Democratic Caucus, and by authority and direction of the Democratic Caucus, I offer a privileged resolution (H. Res. 476), and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 476

Resolved, That the following-named Member, be and he is hereby, elected to the following standing committee of the House of Representatives:

Committee on Interstate and Foreign Commerce: ROBERT T. MATSUI of California.

The resolution was agreed to.

A motion to reconsider was laid on the table.

AMERICAN HOSTAGES IN IRAN

(Mr. ZABLOCKI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

☐ This symbol represents the time of day during the House Proceedings, e.g., ☐ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

Mr. ZABLOCKI. Mr. Speaker, we are currently facing a virtually unprecedented crisis in our Embassy in Iran. I am confident that you, Mr. Speaker, and all my colleagues are deeply concerned over the safety and welfare of the 45 American citizens who are being held hostage.

Given the difficult and sensitive circumstances surrounding this situation, surely our basic and overriding concern must be for the safety and prompt release of those Americans. In an effort to gain that end, I, together with the members of the Foreign Affairs Committee, and I especially want to commend the efforts of our ranking minority member, the gentleman from Michigan (Mr. BROOMFIELD), and our colleague from Florida (Mr. FASCELL), have prepared a letter to the Ayatollah Khomeini urging the release of those hostages.

The Speaker and the leadership on both sides of the aisle have endorsed this effort. Mr. Speaker, while we recognize that each word in this letter may not entirely satisfy every Member, we believe that its basic thrust will achieve its objective. I, therefore, sincerely urge each and every Member to consider only the lives and safety of the Americans involved in their decision to sign the letter.

As our Chaplain said in today's opening prayer, we should have the inspiration to do those acts of mercy which Almighty God expects of us. This letter is an act of mercy on our part.

I invite all my colleagues to consider signing this letter immediately. Copies of the letter and signature sheets are located in the Speaker's lobby.

Mr. Speaker, this letter is short, and I would like to read the letter to the Ayatollah Khomeini:

HOUSE OF REPRESENTATIVES,
Washington, D.C., November 7, 1979.
AYATOLLAH RUHOLLAH KHOMEINI,
Qom, Iran.

DEAR AYATOLLAH KHOMEINI: We Members of the United States Congress urge your immediate efforts in arranging for the prompt release and safety of American citizens.

In the interests of protecting lives, we respectfully request your urgent and direct intervention on humanitarian grounds. The Islamic Republic which you have inspired is based on centuries of religious teaching and tradition. To love God and to do His will through righteousness and piety is a universally accepted religious tenet. We find this great truth in the words of the Koran, as well as in the Old and New Testaments.

We assure you that our dedicated concern is to secure the release of American citizens, thus establishing a climate in which U.S.-Iranian relations can be mutually beneficial and not to interfere in the internal affairs in Iran or undermine its Islamic tradition.

In the spirit of justice, we seek your assistance and ask that you ensure the safety and immediate release of all Americans held by citizens of Iran who look to you for spiritual and moral leadership.

Sincerely yours,

Mr. Speaker, I urge my colleagues to sign this letter.

BILL INTRODUCED AUTHORIZING DEPORTATION OF IRANIAN STUDENTS

(Mr. HIGHTOWER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HIGHTOWER. Mr. Speaker, our options for action to resolve the deplorable situation in Iran are severely limited by very practical realities. The use of force in an effort to try to rescue the American hostages in our Embassy in Tehran would certainly exacerbate the likelihood of their being murdered by their captors and would endanger the lives of the some 700 Americans still in Iran. But there are actions that we can take at home to register our disgust with the Ayatollah Khomeini's total disregard of international law and violation of all principles of human decency.

Today I am introducing a bill that would authorize the deportation of Iranian students, as well as students from all other nations, who have abused this Nation's hospitality by participating in actions intended to further the tyranny in their home countries. We take immense pride in our system of education and have welcomed from other lands countless thousands of students who have a sincere desire to benefit from the best education available in the world. We will continue to welcome those who comport themselves to the discipline necessary to accomplish that objective.

Students who chain themselves to the Statue of Liberty breach the curriculum of a formal education. Students who shout epithets repugnant to the canons of civilization as part of a mob in front of this Nation's preeminent Cancer Research Institute breach the curriculum of a formal education. Students who denigrate their host country while marching down the streets of Washington breach the curriculum of a formal education. They have violated our hospitality and worn out their welcome.

Hiding behind the cloak of our constitutional democracy, certain foreign students have participated in actions that would be brutally squelched in their countries of origin.

The time is now for the United States to stop turning its other cheek. Even the most gracious host must slam the door on disruptive intruders. We must pull the welcome mat for those who violate the sanctity of the terms under which they were originally admitted.

Mr. STRATTON. Mr. Speaker, will the gentleman yield?

Mr. HIGHTOWER. I yield to the gentleman from New York.

Mr. STRATTON. Mr. Speaker, I think the gentleman is making an excellent point. There is no reason why we should not send all these Iranian students—they are not students, they are just disrupting our country—back. They ought to go back right away.

Mr. HIGHTOWER. I thank the gentleman.

Mr. ASHBROOK. Mr. Speaker, will the gentleman yield?

Mr. HIGHTOWER. I yield to the gentleman from Ohio.

Mr. ASHBROOK. Mr. Speaker, I would certainly add my voice to what the gentleman just said. Yesterday, in Columbus, Ohio, as many as 50 Iranian students were picketing and putting up banners saying, "Support the Iranian students."

Let them go back to Iran and support the Iranian students.

U.S. POLICY OF PROTECTION FOR U.S. EMBASSIES SHOULD BE REVIEWED

(Mr. LLOYD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LLOYD. Mr. Speaker, in the past few days I, my colleagues, and the rest of the Nation, have been watching the situation develop in Iran. For my own part, I view the incident as deplorable and a travesty of international law. It is time for the President to review our Nation's policy of protection for U.S. Embassies. If marines are just there for show, or chauffeuring embassy personnel around, then it is a ridiculous use of manpower, and I am sure the Commandant can use his troops more effectively elsewhere.

Clearly, it is time for the President to state that U.S. Embassies are on U.S. soil. If someone attempts to enter without authorization, fair warning should be given and force used to protect U.S. property and citizens using whatever means are necessary. The President must make this policy clear, orders should be rewritten to reflect that policy, and then we as a nation should stand firmly behind those orders.

At this point, since we have failed to act promptly and decisively, all reasonable diplomatic means must be used quickly to insure the protection and effect the release of U.S. citizens held hostage by the Iranians. That may include help from our Middle East neighbors. Finally, as I stated in my letter to the President yesterday, if diplomatic means are not successful, we must consider the use of military force.

Mr. STRATTON. Mr. Speaker, will the gentleman yield?

Mr. LLOYD. I yield to the gentleman from New York.

Mr. STRATTON. Mr. Speaker, I would just like to advise the gentleman that I have already directed our committee staff of the investigative subcommittee of the House Armed Services Committee to hold hearings on that particular point. We ought to know why our marines cannot defend our embassies.

Mr. LLOYD. I thank the gentleman.

□ 1210

IT IS TIME THIS CONGRESS AND THIS ADMINISTRATION DID SOMETHING TO PROTECT THE AMERICAN PEOPLE

(Mr. WEISS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WEISS. Mr. Speaker, 50 years ago when the stock market crashed and was followed by the great panic and the Great Depression, the then incumbent in the White House continued to say month after month, year after year, that prosperity was just around the corner. The current incumbent in the White House and his people have been saying for months and months, and really for years now, "Don't worry about inflation;

it will take care of itself." The head of the Council on Wage and Price Stability, Mr. Kahn, said yesterday that commonsense has now replaced optimism. Inflation is not going to cure itself. Next year is going to be worse than it is this year.

It is time that this Congress and this administration did something to protect the lives and well-being of the American people. We should not, like Nero, sit around and fiddle while the people of this country are burning with inflation.

SIXTY AMERICAN LIVES AND FUTURE DIPLOMATIC RELATIONS WITH IRAN ARE THREATENED

(Mr. HUBBARD asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. HUBBARD. Mr. Speaker, once again the Ayatollah Khomeini-incited revolutionaries in Iran pose a serious threat to not only our future diplomatic relations, but to the lives of several Americans as well. This time the Ayatollah Khomeini-sponsored overthrow threatens the safety and lives of those Americans who have been taken hostage in Iran. With the acceptance of Mehdi Bazargan's resignation, the moderate influences depart as well, leaving with it possibly the only hope for a rational and expedient resolve of the present impasse. To make matters worse, the dominant clerical rule in Iran seems perfectly willing to impose additional pressures on the United States by threatening to impose an oil embargo.

Now that the United States is sufficiently embarrassed and in dire need of remedy, we are bluntly informed that there is virtually no recourse. Today we find at least 60 Americans hostage to an unappeasable and highly volatile revolutionary mob.

Disappointment and frustration abound among Americans today. I am concerned as to the faltering position and weakened image of the United States in the world today. Specifically, I am deeply troubled over the repeated timidity of the United States in a crisis. The American people will not stand for these threats by Iranian revolutionaries nor will they accept any further compromising of our strength on behalf of any revolutionary leaders. The people of America want an end to the constant humiliation which they are forced to stomach routinely. It is time we refuse to succumb to these pressures and ultimatums which are issued to our State Department. I am sincerely hopeful that the crisis in Iran today is the spark which will arouse Americans, and that we will demand a change in the dovish, inactive, placid, and potentially disastrous foreign policy which we are following today.

THE ELECTION OF JOHN Y. BROWN, JR., AS GOVERNOR OF KENTUCKY

(Mr. PERKINS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PERKINS. Mr. Speaker, Kentuckians went to the polls yesterday and chose a new Democratic Governor to lead their Commonwealth into the decade of the 1980's.

In his first try for public office, John Y. Brown, Jr., rolled up impressive majorities in most sections of the State, including some that normally vote Republican.

His election is, in a sense, a break with the old style of politics of the past. He gave Kentucky voters a new face, an attractive personality, a solid understanding of modern campaign techniques, and an air of confidence that he can and will use his demonstrated business ability to solve the problems of the State.

As the Washington Post reported this morning, Governor Brown will go into office with fewer commitments than any Governor in recent memory.

Kentucky voters elected him on trust, and in accepting it, the new Governor-elect placed himself under a heavy obligation to the people to provide them with honest, forthright, and dedicated leadership.

It has been my privilege to be on the campaign trail with Governor Brown many times this fall, and I believe he will enter upon his new duties 5 weeks from today with a solid devotion to the people's trust.

I congratulate him upon his victory, and as dean of the Kentucky delegation in this House I know I speak for all of us when I say we will work with him in every possible way to further Kentucky's and the Nation's interest.

It is interesting to note in passing that his distinguished father, John Y. Brown, Sr., served in this House from 1933 to 1935, and took an active role in the campaign of his son and namesake.

We wish them both the best.

A TRAGEDY IN GREENSBORO, N.C.

(Mr. PREYER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PREYER. Mr. Speaker, a horrible and tragic event occurred last Saturday in my hometown of Greensboro, N.C. Five people were killed and nine injured in a sudden confrontation between two extremist groups.

The eruption did not fit any predictable pattern of violence in the South. Its motive was not primarily racial but class and ideological conflict. The marchers who were attacked were members of the Communist Workers Party while the attackers—all from outside the city of Greensboro—were led by members of a Nazi organization who also had ties to the Ku Klux Klan.

The violence was entirely out of character for the Greensboro community. Our city has a long and proud history of nonviolent demonstrations during the civil rights era. The first lunch counter sit-in occurred in Greensboro which was a historic and peaceful step to integration of all public facilities in this country. Our city government and our police department have long been considered among the finest in the Nation.

There are two steps to be taken immediately: The attackers must be brought to justice; and a thorough official investigation, including the police handling of the event, must be undertaken.

This is being done.

Fourteen men have been arrested and charged with first degree murder and other crimes. Their arraignment took place 2 days ago, November 5.

An intense investigation is proceeding with the assistance of 25 FBI agents sent in by the Civil Rights Division of the Justice Department.

The funeral of the victims will be held this Sunday in Greensboro. Let me caution again that this is a confrontation between violent extremist groups of the left and right. It would be a serious mistake to view this funeral and any attendant demonstration as a civil libertarian or civil rights cause.

Our community and, specifically our black community, is united behind our city government on this question.

On behalf of my community, I want to express our sincere sympathy to the families of those who were killed and wounded in this senseless violence, and our determination to bring to justice those who are guilty. We are equally determined that such an event shall not occur in the future.

MINNEAPOLIS AND PHILADELPHIA ELECT FORMER OUTSTANDING CONGRESSMEN AS MAYORS

(Mr. BRADEMAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BRADEMAS. Mr. Speaker, I take this time only to extend warm congratulations—and I am sure that I am joined in doing so by at least Members on our side of the aisle—to two former colleagues of ours in the House of Representatives who have just been elected mayors of their cities. I refer to our distinguished former colleague, the gentleman from Minnesota, Mr. Donald Fraser, who was elected mayor of Minneapolis, and to our distinguished former colleague, the gentleman from Pennsylvania, Mr. William Green, who was elected mayor of his home city of Philadelphia. These are outstanding men who served with great distinction in this body and I am sure will do a splendid job in their new responsibilities.

Mr. FOLEY. Mr. Speaker, will the gentleman yield?

Mr. BRADEMAS. I yield to the gentleman from Washington.

Mr. FOLEY. I thank the gentleman for yielding. I congratulate the gentleman from Indiana on his statement. I think all of those who have served with either or both of our colleagues, Mr. Green and Mr. Fraser, will congratulate their respective communities on a wise choice. We are delighted.

Mr. BRADEMAS. I thank the gentleman.

● Mr. OBERSTAR. The voters of Duluth, Minn., in my district yesterday gave a decisive mandate to a bright, able young leader, John Fedo. At 29, John Fedo, a city councilor since 1975, becomes the mayor of the largest city in Minnesota outside of the Twin Cities, Minneapolis, and St. Paul. He will be one of the Nation's youngest mayors.

John Fedo has shown that a candidate's vision and knowledge of the issues is far more important than age.

He brings to the mayor's office creativity, energy and a commitment to continuing the renaissance of the city of Duluth.

He waged a hard-fought campaign. He relied upon a grassroots organization and personal contact with the voters. He brought his message to the people and they have responded.

Duluth, the State of Minnesota and the Nation are going to hear great things from this leader, and I look forward to working with him.

The voters of Minneapolis have elected a great mayor in the tradition of Hubert Humphrey. Don Fraser, our former colleague, has won in a landslide, a tribute to his knowledge of urban issues and of the esteem in which his former constituents hold him.

The Members of this House have enormous respect for Don's fight for human rights and for his efforts to institute reform in the rules of this body.

He was an effective spokesman in the House for urban issues. He brings to the mayor's office his knowledge and concern for the needs of Minneapolis.

The voters of Minneapolis have made a good choice.●

GENERAL LEAVE

Mr. BRADEMAS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the matter I have just discussed.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

EXTENSION OF FEDERAL HOUSING ADMINISTRATION MORTGAGE INSURANCE AUTHORITIES

Mr. ASHLEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate joint resolution (S.J. Res. 117) to provide for a temporary extension of certain Federal Housing Administration authorities, and for other purposes, and ask for its immediate consideration in the House.

The Clerk read the title of the Senate joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

Mr. ROUSSELOT. Reserving the right to object, Mr. Speaker—and I probably will not because I understand this authority expired on November 1, and I am in favor of its continuation—can the gentleman explain what happened? I know we had colloquy on this issue before.

Mr. ASHLEY. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I will be glad to yield to the gentleman from Ohio.

Mr. ASHLEY. I thank the gentleman for yielding. Let me say to the gentleman and my colleagues that Senate Joint Resolution 117 would extend through November 15, 1979, the authority of the Secretary of the Department of Housing and Urban Development to insure mortgages or loans under certain HUD-FHA mortgage or loan insurance programs contained in the National Housing Act, would extend the authority of the Secretary to set the interest rates for FHA-insured loans, to enter into obligations to make section 312 rehabilitation loans and would extend the authority of the Government National Mortgage Association to enter into new commitments to purchase mortgages.

The Senate joint resolution would also extend certain authorities of title V of the Housing Act of 1949 through November 15, 1979, with respect to the Farmers Home Administration's rural housing programs.

I am going to offer an amendment which provides for the extension to go through December 1, rather than November 15.

We expect to conclude our consideration of H.R. 3875, the Housing and Community Development Amendments of 1979, on Thursday, November 8, and hopefully will have the conference report ready for House consideration by the end of next week. My amendment to this extender resolution is necessary so that there will not be another lapse in the HUD and FmHA authorities prior to the enactment of this year's housing authorization bill.

Mr. Speaker, I am somewhat reluctant to come before the House again to request this additional extender resolution but the conference on this year's housing bill has been protracted and most difficult. On September 26 of this year, I stated to the House that it was my expectation that the conferees on the housing bill would conclude their work prior to the expiration of the authorities contained in Senate Joint Resolution 105, but we were not able to meet this deadline, and I apologize to my colleagues for this overly optimistic expression made on that date. I have been assured, though, by the chairman of the Senate conferees that we will, indeed, conclude our conference this week and have our conference report before the full House shortly.

Mr. Speaker, at the present time all of these HUD and FmHA authorities have lapsed. No mortgages or loans can be insured by FHA nor can any of the rural housing programs administered by the Farmers Home Administration be endorsed at this time. It is vitally necessary that we pass this joint resolution so that these programs may continue until the housing bill can be enacted into law.

Mr. Speaker, Senate Joint Resolution 117 with my amendment is supported by my distinguished colleague from Ohio, Mr. STANTON, who is the ranking minority member of the Housing Subcommittee and the full Banking Committee, and I urge the prompt adoption of this joint resolution.

Mr. STANTON. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, and I will yield to my colleague from Ohio (Mr. STANTON), would it be wise to extend this authority to the end of the year on the basis of previous action that we just did not get from the other body?

Mr. ASHLEY. Mr. Speaker, I think not. I will say to the gentleman the House conferees, the gentleman from Ohio (Mr. STANTON) and myself, have made the position of the House very clear to the Senate. We have come through protracted negotiations. We are not going to go very much further. This is understood. Matters that cause difficulty can be, should be, must be resolved.

I understand the purpose of the gentleman's question: "You did not make it last time," you are saying to me.

Mr. ROUSSELOT. Mr. Speaker, I know it was not because the gentleman did not try or that the other members of the conference did not try. My suggestion is perhaps we should provide some additional flexibility even again but I will yield to the gentleman's judgment.

Mr. ASHLEY. Mr. Speaker, I appreciate the gentleman's doing that. My amendment would extend it for a 30-day period rather than the 15 days which appears in the Senate joint resolution. I think that would provide us the cushion, if any that would be needed.

Mr. ROUSSELOT. Reserving the right to object, I yield to my colleague from Ohio, the ranking member of the subcommittee, the gentleman from Ohio (Mr. STANTON).

Mr. STANTON. Mr. Speaker, I appreciate the gentleman's yielding under his reservation. I simply say I concur with the chairman of our subcommittee. It is essential, it is an absolute necessity and I compliment the gentleman from California for his contributions.

Mr. ROUSSELOT. Mr. Speaker, I appreciate both of my colleagues trying to stand tough for the House position. I hope now that the other body will realize that we are serious and that permanent legislation is needed.

Mr. Speaker, I withdraw my reservation.

The SPEAKER. Is there objection to the request of the gentleman from Ohio (Mr. ASHLEY)?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 117

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,

EXTENSION OF FEDERAL HOUSING ADMINISTRATION MORTGAGE INSURANCE AUTHORITIES

SECTION 1. (a) Section 2(a) of the National Housing Act is amended by striking out "November 1, 1979" in the first sentence and inserting in lieu thereof "November 15, 1979".

(b) Section 217 of such Act is amended by striking out "October 31, 1979" and inserting in lieu thereof "November 14, 1979".

(c) Section 221(f) of such Act is amended by striking out "October 31, 1979" in the fifth sentence and inserting in lieu thereof "November 14, 1979".

(d) Section 235(m) of such Act is amended by striking out "October 31, 1979" and inserting in lieu thereof "November 14, 1979".

(e) Section 236(n) of such Act is amended by striking out "October 31, 1979" and inserting in lieu thereof "November 14, 1979".

(f) Section 244(d) of such Act is amended—

(1) by striking out "October 31, 1979" in the first sentence and inserting in lieu thereof "November 14, 1979"; and

(2) by striking out "November 1, 1979" in the second sentence and inserting in lieu thereof "November 15, 1979".

(g) Section 245 of such Act is amended by striking out "October 31, 1979" where it appears and inserting in lieu thereof "November 14, 1979".

(h) Section 809(f) of such Act is amended by striking out "October 31, 1979" in the second sentence and inserting in lieu thereof "November 14, 1979".

(i) Section 810(k) of such Act is amended by striking out "October 31, 1979" in the second sentence and inserting in lieu thereof "November 14, 1979".

(j) Section 1002(a) of such Act is amended by striking out "October 31, 1979" in the second sentence and inserting in lieu thereof "November 14, 1979".

(k) Section 1101(a) of such Act is amended by striking out "October 31, 1979" in the second sentence and inserting in lieu thereof "November 14, 1979".

EXTENSION OF FLEXIBLE INTEREST RATE AUTHORITY

SEC. 2. Section 3(a) of the Act entitled "An Act to amend chapter 37 of title 38 of the United States Code with respect to the veterans' home loan program, to amend the National Housing Act with respect to interest rates on insured mortgages, and for other purposes", approved May 7, 1968, as amended (12 U.S.C. 1709–1), is amended by striking out "November 1, 1979" and inserting in lieu thereof "November 15, 1979".

EXTENSION OF EMERGENCY HOME PURCHASE ASSISTANCE ACT OF 1974

SEC. 3. Section 3(b) of the Emergency Home Purchase Assistance Act of 1974 is amended by striking out "November 1, 1979" and inserting in lieu thereof "November 15, 1979".

REHABILITATION LOANS

SEC. 4. Section 312(h) of the Housing Act of 1964 is amended—

(1) by striking out "October 31, 1979" and inserting in lieu thereof "November 14, 1979"; and

(2) by striking out "November 1, 1979" and inserting in lieu thereof "November 15, 1979".

EXTENSION OF RURAL HOUSING AUTHORITIES

SEC. 5. (a) Section 513 of the Housing Act of 1949 is amended by striking out "October 31, 1979" where it appears in clauses (b), (c) and (d) and inserting in lieu thereof "November 14, 1979".

(b) Section 515 of such Act is amended by striking out "October 31, 1979" where it appears in paragraph (b)(5) and inserting in lieu thereof "November 14, 1979".

(c) Section 517(a)(1) of such Act is amended by striking out "October 31, 1979" and inserting in lieu thereof "November 14, 1979".

(d) Section 523(f) of such Act is amended—

(1) by striking out "November 1, 1979" where it appears in paragraph (f) and inserting in lieu thereof "November 15, 1979"; and

(2) by striking out "October 31, 1979" where it appears in such paragraph (f) and inserting in lieu thereof "November 14, 1979"

AMENDMENTS OFFERED BY MR. ASHLEY

Mr. ASHLEY. Mr. Speaker, I offer amendments.

The Clerk read as follows:

Amendments offered by Mr. ASHLEY: Page 1, line 7, strike out "November 15" and insert in lieu thereof "December 1".

Page 2, line 3, strike out "14" and insert in lieu thereof "30".

Page 2, line 6, strike out "14" and insert in lieu thereof "30".

Page 2, line 9, strike out "14" and insert in lieu thereof "30".

Page 2, line 12, strike out "14" and insert in lieu thereof "30".

Page 2, line 15, strike out "14" and insert in lieu thereof "30".

Page 2, lines 18 and 19, strike out "November 15" and insert in lieu thereof "December 1".

Page 2, line 22, strike out "14" and insert in lieu thereof "30".

Page 2, line 25, strike out "14" and insert in lieu thereof "30".

Page 3, line 3, strike out "14" and insert in lieu thereof "30".

Page 3, line 6, strike out "14" and insert in lieu thereof "30".

Page 3, line 9, strike out "14" and insert in lieu thereof "30".

Page 3, line 18, strike out "November 15" and insert in lieu thereof "December 1".

Page 3, line 23, strike out "November 15" and insert in lieu thereof "December 1".

Page 4, line 5, strike out "14" and insert in lieu thereof "30".

Page 4, line 7, strike out "November 15" and insert in lieu thereof "December 1".

Page 4, line 12, strike out "14" and insert in lieu thereof "30".

Page 4, line 15, strike out "14" and insert in lieu thereof "30".

Page 4, line 18, strike out "14" and insert in lieu thereof "30".

Page 4, line 22, strike out "November 15" and insert in lieu thereof "December 1".

Page 4, line 25, strike out "14" and insert in lieu thereof "30".

Mr. ASHLEY (during the reading). Mr. Speaker, I ask unanimous consent that the amendments be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The SPEAKER. The question is on the amendments offered by the gentleman from Ohio (Mr. ASHLEY).

The amendments were agreed to.

The Senate joint resolution, as amended, was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LOAN GUARANTEES TO CHRYSLER CORP.

(Mr. ADDABBO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ADDABBO. Mr. Speaker, I rise to express my support for legislation introduced Monday, November 5, by the gentleman from Michigan (Mr. BLANCHARD) for him, the majority leader (Mr. WRIGHT), and the chairman and ranking Republican of the Economic Stabilization Subcommittee, Mr. MOORHEAD of Pennsylvania and Mr. MCKINNEY, to provide loan guarantees to the Chrysler Corp. This is the legislation recommended last week by the administration, and prompt enactment of the loan guarantees is essential if we are to prevent major unemployment and severe distress in communities throughout the country and disruption in a corporation deeply involved in our defense production.

When the House acted to provide loan guarantees to New York City it did so to prevent real and serious human suffering, and it did so with the support of Members from all parts of the country. The situation confronting us on the Chrysler legislation is the same. If the corporation does not receive these loan guarantees, hundreds of thousands of workers will lose their jobs and scores of communities will see their tax bases destroyed at the very time the demand for human services rises.

Those of us from New York City are obviously sensitive to the problem faced by those communities that would be adversely affected by a Chrysler failure, and we are justly concerned about the well-being of the hundreds of thousands of workers whose jobs are dependent, directly or indirectly, on Chrysler. But I submit, Mr. Speaker, that it does not matter where a Member comes from for that individual to understand the importance of the Chrysler loan guarantees not only to those most immediately affected, but to the entire country.

I urge prompt and favorable action on the legislation.

CONGRESS MUST SAY NO TO MILEAGE STANDARD WAIVER

(Mr. GLICKMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GLICKMAN. Mr. Speaker, American Motors is asking us to waive provisions of the fuel efficiency standards the Congress set in 1975. That request is absolutely outrageous and we must tell them unequivocally "No." Those fuel efficiency standards were important in 1975. They are vital today. We cannot afford to be flexible in this case. The national interest demands that we not give in to corporate pressure.

Right now, AMC's fleet averages 19.5 miles per gallon. The 1982 standard requires them to average 24 miles per gallon. Instead, AMC is aiming for a fleet average of 22.5. We are talking about much more than one and a half miles per gallon. We are talking about thousands of barrels of crude oil imports every day and about added consumer costs to keep gas guzzlers going. Very simply, we cannot afford it either as individuals or as a Nation.

The AMC request is completely irresponsible. In making such a suggestion, AMC's corporate heads seem to have totally ignored our energy problem. And their request is even more ludicrous since AMC has merged with a foreign automaker which is producing fuel efficient cars overseas right now. The American public deserves to have equally efficient cars made here at home. Waiving standards which probably should be strengthened instead will certainly not help hasten the day when we will have those fuel efficient cars available here.

AMC might be right that some Federal regulations need to be relaxed to help the industry stay on its feet. But they are dead wrong to suggest that the place to give in is fuel efficiency.

A NEW WAVE OF REPRESSION IS MOUNTING IN THE U.S.S.R.

(Mr. FASCELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FASCELL. Mr. Speaker, on October 30, 1979, Soviet dissidents marked the sixth anniversary of Soviet Prisoner of Conscience Day. In camps across the U.S.S.R., 200 political prisoners, including Moscow Helsinki Group members Yuri Orlov and Anatoly Shcharansky, went on a symbolic 1-day hunger strike. Meanwhile, in Moscow, human rights activists gathered at the home of Academician Sakharov and held a press conference to commemorate the occasion. Tatiana Velikanova, the 45-year-old mathematician who presided at the conference, warned that a new wave of repression against human rights activists was in the making.

Two days later, the warning became fact: three leading Soviet dissidents—Tatiana Velikanova herself, Russian Orthodox priest Gleb Yakunin, and Lithuanian activist Atanas Terleckas—were arrested. Velikanova — whose brother and sister live in the United States—is being charged under article 70 of the Russian Criminal Code with "anti-Soviet agitation and propaganda" for her active membership in Sakharov's Initiative Group on Human Rights and for work she has done in connection with the unofficial journal Chronicle of Current Events.

Fifty-year-old economist Atanas Terleckas was arrested in Vilnius, the Lithuanian capital, on unknown charges. Terleckas has been closely associated with the Lithuanian Helsinki Group and in fact was picked up, then later released, on August 24, 1977, the same day that Viktoras Petkus, a member of the Lithuanian Group, was arrested. Both Terleckas and Petkus—who now shares a cell with Anatoly Shcharansky—have actively sought greater freedom for Lithuania and the Catholic Church.

The arrest in Moscow of Father Gleb Yakunin, a founding member of the Christian Committee for the Defense of Believers' Rights, coupled with house searches against a number of believers, are evidence that a major sweep against leading Russian Orthodox activists is underway. Two other members of the Christian Committee, Viktor Kapitanchuk and Vadim Sheglov, were subjected to extensive house searches on November 1, and the homes of Russian Orthodox activists Lydia Donovskaya, Larissa Poluektova, and Lyudmilla Ivanova were searched as well. The Christian Committee was founded in 1977 in association with the Soviet Helsinki movement.

Other recent repressive actions against Soviet dissidents include the arrest on October 23d of former political prisoner Mykola Gorbal' in Kiev. Gorbal', a musicologist, has worked closely with the Ukrainian Helsinki Monitoring Group. In addition, lengthy house searches were carried out in the homes of longtime human rights activist Nina Lisovskaya and Viktor Sokirko, an editor of the unofficial journal Searches.

Despite this newest crackdown on activists in the Soviet Union—reminiscent of an earlier campaign against the Helsinki Monitors in 1977—the struggle for human rights continues to gain support in the Soviet Union. This was eloquently evidenced at the prophetic October 30 press conference, when it was announced that Ivan Kovalev, son of imprisoned biologist Sergei Kovalev, has recently joined the Moscow Helsinki Group. It is clear that the valiant human rights activists in the U.S.S.R. are determined to speak out regardless of this latest siege by the Soviet authorities. Let the Soviet Government be assured that my fellows on the Commission on Security and Cooperation in Europe, in concert with my other concerned colleagues in the U.S. Congress, will also raise their voices in protest against these deplorable arrests and other repressive actions being perpetrated by the Soviet Government. I call for the immediate release of Velikanova, Yakunin, Terleckas, Gorbal', and the hundreds of other Soviet citizens who have been imprisoned for knowing and acting upon their rights.

□ 1230

OUR HOSTAGES IN IRAN

(Mr. BIAGGI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BIAGGI. Mr. Speaker, over the last several days we have witnessed in Iran the confinement and imprisonment of American hostages and Iranian employees. The reaction that it has produced in this country has been varied, but the general consensus is that America should flex its muscles.

I would prefer to think in another direction. We should be primarily concerned with the welfare of those hostages. My own thinking is that if my son were among them, I would want cool, calm, deliberative thinking in attempting to find a resolution. For that I am grateful that we have that kind of a President in the White House.

UNITED NATIONS CONFERENCE ON CAMBODIAN RELIEF

(Mrs. SNOWE asked and was given permission to address the House for 1 minute and to revise and extend her remarks)

Mrs. SNOWE. Mr. Speaker, I would like to call the attention of my colleagues to the United Nations Conference on Cambodian Relief convened earlier this week by Secretary General Kurt Waldheim and attended by Secretary of State Cyrus Vance. This important conference has set as its goal the raising of $310 million in assistance for the Cambodian people, literally hundreds of thousands of whom face almost certain death from malnutrition and disease unless given food supplies and medical attention.

In his speech at the conference, Secretary Vance reaffirmed our Government's commitment to a contribution over the next 6 months of an additional $39 million in aid to the Cambodian people, including $9 million in aid to the Cambodians who have fled to Thailand. This is of course in excess of the $30 million in additional funds which Congress is in the process of approving for the next phase of relief efforts. In closing, the Secretary of State set the proper tone for the United Nation's assistance efforts when he said:

> We are not here to attach blame. We are here to alleviate human suffering.

Secretary Vance's speech expressed the humane sentiments of the American people for the Cambodian people in their suffering and distress. However, as my colleagues in the Congresswoman's Caucus have noted, America's efforts, and those of the United Nations, have been hampered by misunderstandings and a lack of cooperation from Cambodian officials.

Many important and useful approaches for the distribution of aid have been made unfeasible or rejected by the Cambodian Government—approaches such as a land bridge that would convey trucks carrying much needed food and medicine to the starving and sick. While nations throughout the world have agreed to make every effort to appropriate the funds and mobilize the necessary resources to help the Cambodian people, the greater task of distributing this aid remains before us. Food and medicine will mean nothing floating in ships at sea or piled up on the docks of Kampong Son far from those who need it. All our pledges, offerings, and pleas will mean nothing without the cooperation necessary to distribute the relief. And, certainly, in spite of the many logistical and political problems we face, relief must quickly be distributed without regard for any considerations other than humanitarian considerations.

We cannot sit idly by and watch the approaching extinction of a people. It is for that reason that a group of congresswoman are leaving for Cambodia tomorrow. We have called upon other women from throughout the world to join us in a plea to the Cambodian Government to save their people and to extend their fullest cooperation in implementing all relief efforts. We propose to carry this plea directly to the government in Phnom Penh. Whether our mission is successful or not, we can do no less.

AMBASSADOR BRUCE LAINGEN IN IRAN DESERVES PRAYERS AND SUPPORT OF EVERY AMERICAN

(Mr. BROWN of Ohio asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BROWN of Ohio. Mr. Speaker, every American should be concerned about the situation in Tehran where the lives of several score Americans, serving their Nation in a foreign diplomatic post, are apparently in danger as a result of mob violence evidently condoned by the head of state.

My own concern is the more poignant because a close personal friend, Ambassador Bruce Laingen, is serving that post as chargé d'affairs. He and his driver are currently being held under what amounts to house arrest in the Iranian Foreign Office in Tehran and it is through him by telephone that negotiations between the U.S. Government and whatever government exists in Iran are currently being conducted. The rest of the embassy staff is being held by the mob in the basement of the American Embassy. Included are approximately 10 women, most of them professional foreign service personnel, but a few of them wives of male foreign service officers.

Ambassador Laingen and his staff deserve the prayers and support of every American at this tense hour. We knew when he accepted this difficult post several months ago that it was fraught with the dangers of explosive irrationality, and yet he took the assignment willingly, after consultation with his wife, Penny, family and friends, because it was an opportunity to serve his country and the cause of peace and understanding. This is not his first anxious responsibility. He had previously been posted in Pakistan, Afghanistan, the Southern European desk at State during the Portuguese and Spanish transitions and problems in Cyprus and Italy. And most recently, he had been Ambassador to Malta.

Knowing him for the patriot that he is, I feel confident that Ambassador Laingen, and quite likely the other brave Americans serving our Nation in Iran, would not want us to bargain their safety for our Nation's honor or the future integrity and safety of every other U.S. diplomatic post elsewhere in the world.

I have suggested to the White House that the United States immediately incarcerate the representatives of the Iranian Government serving at their nation's embassy here in Washington and anywhere else in the United States and that these Iranians not be released until all Americans in Iran are returned safely to the United States or to their duties in Iran. Those Iranian nationals who demonstrated at the Statute of Liberty should immediately be deported. And should any harm befall any Americans in Iran, every Iranian student now being educated in the United States should be incarcerated here for deportation at the earliest moment.

There is no reason why the United States should continue to maintain relationships with a nation which cannot deal rationally with other governments.

Mr. SOLOMON. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from New York.

Mr. SOLOMON. Mr. Speaker, I would like to concur in the gentleman's statement. This is the kind of action we need in this country today if we are ever going to get back the dignity, respect, and credibility that belongs to the United States of America. I commend the gentleman.

AMERICANS OUTRAGED AT IRANIAN BLACKMAIL

(Mr. HILLIS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HILLIS. Mr. Speaker, the people of this Nation are outraged at the spectacle of Americans being held hostage in Iran in an effort to blackmail the United States.

We should make it absolutely clear that if any of the hostages are harmed, every Iranian citizen residing in the United States will be immediately deported. Further, every Iranian student who is in violation of his visa or who participates in any anti-American activity should be thrown out of the United States immediately.

The Shah should be granted asylum in the United States. We cannot allow a group of fanatics to kidnap and blackmail Americans into turning over their allies to an execution squad. If the United States fails to act decisively, we will continue to face the threat of blackmail from terrorist organizations. We must make it clear to the world that the United States will not be intimidated.

IRANIAN STUDENTS DEFACE STATUE OF LIBERTY

(Mr. CLAUSEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CLAUSEN. Mr. Speaker, as the ranking minority member of the Interior and Insular Affairs Committee, I have supported a strong National Park System which is "dedicated to conserving the scenic, scientific, and historic heritage of the United States for the benefit and enjoyment of its people."

This past Sunday, I was appalled to learn of a demonstration at the Statue of Liberty National Monument during which for protective reasons American citizens were removed from the immediate area. The demonstrators chained themselves to railings and unfurled a 140-foot-long banner with the printed words: "Shah must be tried and punished." Two of the demonstrators are aliens with student visas and one demonstrator has applied to become a full-time student. The demonstrators were arrested and charged with disorderly conduct, defacement of Federal property, and refusing to heed an order of a Federal superintendent.

I find it inconceivable that guests to our country would deface the Statue of Liberty. This monument is the most symbolic structure in the United States. It is a symbol of international friendship and as the poet Emma Lazarus wrote in 1882 "From her beaconhand glows worldwide welcome * * *."

Today we are seeing a trend of demonstrations by some foreign students in this country who are protected by our Constitution but who do not respect the health, safety, and welfare of American citizens who have welcomed them to our shores.

As to the Statue of Liberty incident, I wholeheartedly concur with an editorial appearing in the Tuesday edition of the Atlanta Constitution which in part states:

> Demonstrating Iranian students in this country should not be allowed to fill our streets, deface our National monuments and call for the death of our President. The students who wish to be activists should be encouraged to return to their homeland where they should have an opportunity to participate in the political processes there. They are abusing the freedoms and hospitality this government has extended to them.

Mr. Speaker, I believe the time has come for Congress to stringently review the regulations of the Immigration and Naturalization Service pertaining to foreign student visas. A foreign student who is arrested and convicted of a crime whereby his or her education is disrupted should not be allowed to remain in this country. By such action the student has exhibited disrespect for the freedom and liberty symbolized by our Statue of Liberty.

SENATE INACTION ON EMERGENCY FUEL ASSISTANCE ACT

(Mr. CONTE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CONTE. Mr. Speaker, on Thursday, October 25 of this year, the membership of this body assumed the responsibility of passing a critical piece of legislation—the Emergency Fuel Assistance Act of 1979. The Labor-HEW Appropriations Subcommittee, chaired by the able gentleman from Kentucky, had the foresight to conduct hearings a week before on this important issue and to subsequently mark up this emergency measure. Here we sit in the House after extensive debate and passage of the bill, waiting for the Members of the Senate to take up the bill. According to the majority leader, they have not even held hearings on this legislation which may mean the difference between survival and freezing for many citizens of our great Nation.

Mr. Speaker, it is inconceivable to this Member that the Senate has not begun deliberations on this measure. I urge them to expedite the process so that we may distribute the necessary funds in the near future.

ALMONDS AND EEC ENLARGEMENT

(Mr. THOMAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. THOMAS. Mr. Speaker, the U.S. almond industry is located entirely in my State of California. It is the fastest growing tree crop and an industry which exports approximately 65 percent of its total production.

This country's primary competitor with regard to world almond production is Spain, and production in Spain is on the increase.

The European Economic Community is the largest single market for this country's almonds. Spain is due to begin negotiations early in 1980 leading toward membership in the EEC. Any development which will enhance Spain's entry position into the world's largest almond consuming market will have unfortunate repercussions on the U.S. almond industry in California. Our almond growers will face the likelihood of a reduction in the total volume of sales to the EEC because Spanish producers will have an incentive to increase production even more.

It is my understanding that the EEC is prepared to negotiate on the subject of their almond duty with the United States now rather than to wait until after Spanish entry.

The United States should proceed at once to achieve the needed duty reduction on almonds from the EEC. This should be of the highest priority for our U.S. negotiators.

□ 1240

DECISION TIME

(Mr. YOUNG of Florida asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. YOUNG of Florida. Mr. Speaker, America is being driven to its knees with an ever-increasing consistency by third-rate terrorists whose bravery comes from a belief that they will be safe from American reprisal.

In recent months we have watched with frustration while our Ambassador to Afghanistan was murdered. We see the American flag being burned. We get mad when we see American marines blindfolded by Iranians and exploited before the world press. We have seen in the past, and again today we see Americans, official representatives of our Government, being held hostage to the demands of anti-American terrorists.

Mr. Speaker, it is decision time. It is time to give the Khomeinis of the world the message that the United States is through backing away and apologizing. It is time to let the world know that our present policy of appeasement is firmly terminated. It is time, Mr. Speaker, for this Congress and this President to raise America up from its knees and through our words and deeds let the world know that we will never again go back to our knees except in the worship of Almighty God.

Those Iranians here in our country demonstrating in support of Khomeini's anti-American actions must be deported immediately. The Iranian Ambassador to the United States should be sent home with a firm official message to Khomeini that he—Khomeini—will be held personally accountable for any injury to any of the Americans held as hostages by his forces.

Mr. Speaker, if we do not draw the line and soon, the anti-American terrorism of the 1970's will look like a child's game when compared to the world of the 1980's. What the United States does in this Iranian action could determine what kind of a world we will have in the 1980's.

Will the world of the 1980's be one of killing—terrorism—and communism? Will it be a world of kidnaping and violence? Will it be a world hostage to tyranny, without regard for human rights and human life, or will it be a world of respect for life, freedom, and our fellow human beings?

Mr. Speaker, if the Government of the United States does not exert itself as our citizens are now demanding, we all know what that unfortunate answer will be.

THE SITUATION IN IRAN

(Mr. EVANS of Delaware asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. EVANS of Delaware. Mr. Speaker, all of us in this House are following with great concern the events in Iran. It certainly does not appear that there are any easy solutions to this terrible situation. The use of force has been suggested by some, and, while it should not be ruled out, the potential risks of such actions are immense.

We are weak in the Middle East because this country has not taken the steps in the past to strengthen our role in this critical area. We have not strengthened our Navy in the region. We have not moved troops closer to potential trouble spots. We have denuded our intelligence capabilities at the very time those capabilities were most needed. In short, we have asked for just this sort of challenge.

One thing which can and should be done here in America is for the Immigration and Naturalization Service to put on the first boat back home any Iranian student who participates in the violent demonstrations we have recently seen. These hoodlums were not admitted to U.S. institutions of higher learning just so they can throw rocks at our police. If they want to demonstrate, let them go back to Iran and join the mob. But such actions are not wanted in the United States, and I say kick them out now.

IRANIAN CRISIS DEMANDS ACTION: COULD RAMSEY CLARK OR JANE FONDA HELP?

(Mr. DEVINE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DEVINE. Mr. Speaker, phones are ringing and they will continue to ring on calls from irate citizens across the country growing out of the apparent weak-kneed nonpolicy of this administration in dealing with the crisis in Iran. We as responsible legislators must take a moderate but studied approach.

Looking at these so-called students, although "students" includes anybody who is of school age, these so-called students, whether they are students or not, have appeared in front of the Federal building in Columbus. There were 70 to 80 of them marching with signs reading, "Death to the U.S. Imperialists," "Death to the Shah," and all that kind of baloney. It seems to me that the Justice Department should begin seriously to consider invoking the laws having to do with deportation of undesirable aliens and revocation of visas.

The fact that this administration, at least on TV this morning, suggests that we might send Ramsey Clark over there as the U.S. emissary to try to solve this problem should not give us a great deal of comfort. Ramsey Clark does not really have a track record of being a standup, tough, twofisted, good negotiator.

My God, Mr. Speaker, we might just as well send Jane Fonda.

RETHINKING OUR POSITION ON WORLD EMBASSIES

(Mr. DORNAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DORNAN. Mr. Speaker, giving advice to the President right now on the Iranian nightmare-come-true is a very difficult and dangerous thing to do, because our President has upon his shoulders the awful burden of making sure that a massive tragedy in Iran is avoided.

We all remember vividly Jim McKay's tragic Olympic broadcast to the world from Munich in the summer of 1972 when every one of the Israeli athlete-hostages were killed. You will recall that McKay said that his grandfather had told him as a boy that almost always our worst fears or our fondest hopes never come to pass, but that in Munich our worst fears had been realized, and every young Israeli athlete and coach was murdered by terrorists.

God willing, the opposite will happen soon in Iran, and our fondest hopes will come true for all our hostages. When that happy event does happen, I hope that this House and the other body will begin immediately to do some deep thinking before the fact about exactly how we should treat the small areas that our embassies occupy.

Are those bits of land to be looked upon as if they were sovereign American soil? Why do we arm our U.S. marines and send them overseas to protect our embassy people and properties if they can be disarmed so easily?

Many months ago, in debate in the other body, some Members were stating—and I am not criticizing the then Ambassador to Iran, Mr. Sullivan—were stating that we should always give our arms to any enemy attacking our embassies. Is that a sane policy or an invitation to an unending series of assaults worldwide on our Foreign Service?

Mr. Speaker, if we do not do something to spell out loudly and clearly U.S. policy on this, we will set a precedent in Iran that we will see repeated in embassy after embassy around the world. Let us rethink our whole position on how to defend our embassies and under exactly what circumstances.

DEPOSITORY INSTITUTIONS DEREGULATION ACT OF 1979

Mr. REUSS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 4986) to amend the Federal Reserve Act to authorize the automatic transfer of funds, to authorize negotiable order-of-withdrawal accounts at depository institutions, to authorize federally chartered savings and loan associations to establish remote service units, and to authorize federally insured credit unions to maintain share draft accounts, and for other purposes, with a Senate amendment thereto, and concur in the Senate amendment with amendments.

The SPEAKER. The Clerk will report the title of the bill and the proposed amendments.

The Clerk read the title of the bill.

Mr. REUSS. Mr. Speaker, I ask unanimous consent that the Senate amendment and the House amendments to the Senate amendment be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, why do we not just let the Clerk read the whole thing so we will know what is before us? These are two major bills, and I think we ought to understand what they are.

Mr. REUSS. Mr. Speaker, if the gentleman will yield, they are tremendously long, and perhaps I could explain them to the gentleman.

Mr. ROUSSELOT. Mr. Speaker, I am familiar with them, and I would want to have a little colloquy with the gentleman. But first let us have the Clerk read what it is.

Mr. REUSS. Surely.

Mr. ROUSSELOT. Mr. Speaker, I object.

□ 1250

The SPEAKER. Objection is heard.

The Clerk will report the Senate amendment and the House amendments to the Senate amendment.

The Clerk read the Senate amendment and the House amendments to the Senate amendment, as follows:

Senate amendment: Strike out all after the enacting clause and insert:

That this Act may be cited as the "Depository Institutions Deregulation Act of 1979'.

TITLE I—PAYMENT OF INTEREST ON DEPOSIT ACCOUNTS

SEC. 101. (a) Section 19(i) of the Federal Reserve Act (12 U.S.C. 371a(i) is amended by striking out the matter in the first sentence before the first proviso and inserting in lieu thereof the following: "No member bank shall, directly or indirectly, by any device whatsoever, pay any interest on any deposit which is payable on demand, and a demand deposit shall not include a negotiable order of withdrawal account:".

(b) The first sentence of section 19(j) of the Federal Reserve Act (12 U.S.C. 371b(j)) is amended to read as follows: "The Board may from time to time, after consulting with the Board of Directors of the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, and the National Credit Union Administration Board, prescribe rules governing the payment and advertisement of interest on deposits, including limitations on the rates of interest which may be paid by member banks on time and savings deposits.".

(c) The first section of the Federal Reserve Act (12 U.S.C. 221) is amended by adding at the end thereof the following new paragraphs:

"The term 'depository institution' means—

"(1) any insured bank as defined in section 3 of the Federal Deposit Insurance Act;

"(2) any mutual savings bank as defined in section 3 of the Federal Deposit Insurance Act;

"(3) any savings bank as defined in section 3 of the Federal Deposit Insurance Act;

"(4) any insured credit union as defined in section 101 of the Federal Credit Union Act;

"(5) any member as defined in section 2 of the Federal Home Loan Bank Act; and

"(6) any insured institution as defined in section 408 of the National Housing Act.

"The term 'negotiable order of withdrawal account' means an account on which payment of interest may be made on a deposit with respect to which the depository institution may require the depositor to give notice of an intended withdrawal not less than thirty days before the withdrawal is made, even though in practice such notice is not required and the depositor is allowed to make withdrawal by negotiable or transferable instrument for the purpose of making payments to third persons or otherwise. Such account shall consist solely of funds in which the entire beneficial interest is held by one or more individuals, or by an organization operated primarily for religious, philanthropic, charitable, educational, or other similar purpose and not for profit.

"The term 'share draft account' means an account on which payment of interest may be made on a deposit with respect to which the credit union may require the member to give notice of an intended withdrawal not less than thirty days before the withdrawal is made, even though in practice such notice is not required and the member is allowed to make withdrawals by negotiable or transferable instrument for the purpose of making payments to third persons or otherwise. Such account shall consist solely of funds in which the entire beneficial interest is held by one or more individuals, or by an organization operated primarily for religious, philanthropic, charitable, educational, or other similar purpose and not for profit.".

SEC. 102. (a) Section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813) is amended by adding at the end thereof the following new subsections:

"(r) The term 'depository institution' means—

"(1) any insured bank as defined in this section;

"(2) any mutual savings bank as defined in this section;

"(3) any savings bank as defined in this section;

"(4) any member as defined in section 2 of the Federal Home Loan Bank Act; and

"(5) any insured institution as defined in section 408 of the National Housing Act.

"(s) The term 'negotiable order of withdrawal account' means an account on which payment of interest may be made on a deposit with respect to which the depository institution may require the depositor to give notice of an intended withdrawal not less than thirty days before the withdrawal is made, even though in practice such notice is not required and the depositor is allowed to make withdrawals by negotiable or transferable instrument for the purpose of making payments to third persons or otherwise. Such deposit or account shall consist solely of funds in which the entire beneficial interest is held by one or more individuals, or by an organization operated primarily for religious, philanthropic, charitable, educational, or other similar purpose and not for profit.".

(b) The first sentence of section 18(g) of the Federal Deposit Insurance Act (12 U.S.C. 1828(g)) is amended to read as follows: "The Board of Directors shall by regulation prohibit the payment of interest or dividends on demand deposits in insured nonmember banks (including insured mutual savings banks) and for such purpose it may define the term 'demand deposit', except that the term as so defined shall not include negotiable order of withdrawal accounts; but such exceptions from this prohibition shall be made as are now or may hereafter be prescribed with respect to deposits payable on demand in member banks by section 19 of the Federal Reserve Act, or by regulation of the Board of Governors of the Federal Reserve System.".

(c) The second sentence of section 18(g) of the Federal Deposit Insurance Act (12 U.S.C. 1828(g)) is amended to read as follows: "The Board of Directors may from time to time, after consulting with the Board of Governors of the Federal Reserve System, the Federal Home Loan Bank Board, and the National Credit Union Administration Board, prescribe rules governing the payment and advertisement of interest on deposits, including limitations on the rates of interest or dividends that may be paid by insured nonmember banks (including insured mutual savings banks) on time and savings deposits.".

SEC. 103. Section 5B(a) of the Federal Home Loan Bank Act (12 U.S.C. 1425b(a)) is amended by striking out the first sentence and inserting in lieu thereof the following: "The Board may from time to time, after consulting with the Board of Governors of the Federal Reserve System, the Board of Directors of the Federal Deposit Insurance Corporation, and the National Credit Union Administration Board, prescribe rules governing the payment and advertisement of interest or dividends on deposits, shares, or withdrawable accounts, including limitations on the rates of interest or dividends on deposits or shares that may be paid by members, other than those the deposits of which are insured in accordance with the provisions of the Federal Deposit Insurance Act, by institutions which are insured institutions as defined in section 408 of the National Housing Act, and by nonmember building and loan, savings and loan, and homestead associations, and cooperative banks.".

SEC. 104. (a) Section 2 of the Home Owners' Loan Act of 1933 (12 U.S.C. 1462) is amended by adding at the end thereof the following new subsections:

"(e) The term 'depository institution' means—

"(1) any insured bank as defined in section 3 of the Federal Deposit Insurance Act;

"(2) any mutual savings bank as defined in section 3 of the Federal Deposit Insurance Act;

"(3) any savings bank as defined in section 3 of the Federal Deposit Insurance Act;

"(4) any member as defined in this section; and

"(5) any insured institution as defined in section 408 of the National Housing Act.

"(f) The term 'negotiable order of withdrawal account' means an account on which payment of interest may be made on a deposit with respect to which the depository institution may require the depositor to give notice of an intended withdrawal not less than thirty days before the withdrawal is made, even though in practice such notice is not required and the depositor is allowed to make withdrawal by negotiable or transferable instrument for the purpose of making payments to third persons or otherwise. Such deposit or account shall consist solely of funds in which the entire beneficial interest is held by one or more individuals, or by an organization operated primarily for religious, philanthropic, charitable, educational, or other similar purpose and not for profit.".

(b) Section 5(b)(1) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(b)(1)) is amended by adding at the end thereof the following: "The preceding sentence does not apply to negotiable order of withdrawal accounts, except that a Federal savings and loan association which is located in California may permit withdrawals by negotiable or tranferable instruments for the purpose of making transfers to third parties only during periods when State-chartered savings and loan associations located in California are authorized to permit such withdrawals. An association may grant overdrafts on negotiable order of withdrawal accounts. This shall not be effective unless thrift institutions are granted NOW account authority and the provision on the phaseout of regulation Q becomes law.".

(c) Section 5(a) of such Act is amended by adding at the end thereof the following: "A Federal mutual savings bank may grant overdrafts on negotiable order of withdrawal accounts. This shall not be effective unless thrift institutions are granted NOW account authority and the provision on the phaseout of regulation Q becomes law.".

SEC. 105. (a) Section 101 of the Federal Credit Union Act is amended—

(1) by inserting before the semicolon at the end of paragraph (5) the following: ", and such term also includes a share draft account";

(2) by striking out "and" at the end of paragraph (8);

(3) by striking out the period at the end of paragraph (9) and inserting in lieu thereof "; and"; and

(4) by adding at the end thereof the following:

"(10) the term 'share draft account' means an account on which payment of interest may be made on a deposit with respect to which the credit union may require the member to give notice of an intended withdrawal not less than thirty days before the withdrawal is made, even though in practice such notice is not required and the member is allowed to make withdrawals by negotiable or transferable instrument for the purpose of making payments to third persons or otherwise. Such account shall consist solely of funds in which the entire beneficial interest is held by one or more individuals, or by an organization operated primarily for religious, philanthropic, charitable, educational, or other similar purpose and not for profit.".

(b) Section 107(6) of such Act is amended by inserting before the semicolon at the end thereof the following: ", and to issue, deal in, and accept as orders of withdrawal against shares, share drafts and grant overdrafts thereon. This shall not be effective unless thrift institutions are granted NOW account authority and the provision on the phaseout of regulation Q becomes law".

(c) Section 117 of such Act is amended by adding at the end thereof the following: "The maximum rate of dividends payable on share draft accounts shall be determined by the Board after consultation with the Board of Governors of the Federal Reserve System, the Board of Directors of the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board.".

SEC. 106. (a) Section 19(i) of the Federal Reserve Act (12 U.S.C. 371a) is amended by adding at the end thereof the following: "Notwithstanding any other provision of this section, a member bank may permit withdrawals to be made automatically from a savings deposit that consists only of funds in which the entire beneficial interest is held by one or more individuals through payment to the bank itself or through transfer of credit to a demand deposit or other account pursuant to written authorization from the depositor to make such payments or transfers in connection with checks or drafts drawn upon the bank, pursuant to terms and conditions prescribed by the Board.".

(b) Section 18(g) of the Federal Deposit Insurance Act (12 U.S.C. 1828(g)) is amended by inserting "(1)" after "(g)" and by adding at the end thereof the following:

"(2) Notwithstanding the provisions of paragraph (1), an insured nonmember bank may permit withdrawals to be made automatically from a savings deposit that consists only of funds in which the entire beneficial interest is held by one or more individuals through payment to the bank itself or through transfer of credit to a demand deposit or other account pursuant to written authorization from the depositor to make such payments or transfers in connection with checks or drafts drawn upon the bank, pursuant to terms and conditions prescribed by the Board of Directors.".

(c) Section 5(b)(1) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(b)(1)) is amended by adding at the end thereof the following: "This section does not prohibit the establishment of remote service units by associations for the purpose of crediting existing savings accounts, debiting such accounts, crediting payments on loans, and the disposition of related financial transactions as provided in regulations prescribed by the Board.".

SEC. 107. (a) The limitations on the maximum rates of interest or dividends for each category of deposits (including time and savings deposits), shares, or withdrawable accounts which were established pursuant to the provisions of law which are referred to in section 7 of the Act of September 21, 1966, shall remain in effect in accordance with the provisions of the amendments made by this title.

(b)(1) Except as provided in paragraph (2) the limitations on the maximum rates of interest or dividends referred to in subsection (a) and the limitations on the maximum rates of interest or dividends on negotiable order of withdrawal accounts established pursuant to this Act shall be increased by at least one-half of a percentage point on January 1, 1982, and on each succeeding January 1 through January 1, 1989, subject to section 102 of Public Law 94–200.

(2) If the Board of Governors of the Federal Reserve System, in consultation with the Board of Directors of the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, and the National Credit Union Administration Board, determines that economic conditions warrant or that such action is necessary to avoid a threat to the economic viability of depository institutions, it may postpone or reduce an increase required by this subsection. When the Board makes such determination and postpones or reduces an increase, it shall report to the Congress the reasons for such action.

(c) During the period beginning on January 1, 1982, and ending on July 1, 1989, no new category of deposits or accounts may be approved by the Board of Governors of the Federal Reserve System, the Board of Directors of the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, or the National Credit Union Administration Board if the maximum rate of interest or dividends payable thereon is not at least equal to the maximum rate applicable to deposits or accounts of comparable maturities then in effect.

(d) Whenever the Board of Governors of the Federal Reserve System, in consultation with the Board of Directors of the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, and the National Credit Union Administration Board, determines that it is economically feasible or desirable to accelerate the increases in the maximum rates of interest and dividends as provided in subsection (b)(1), the Board of Governors shall report such determination to the Congress.

(e) Upon unanimous agreement, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board shall reduce the minimum denomination of all certificates of deposit to not more than $1,000 as soon as feasible except that if the Board of Governors of the Federal Reserve System or the Board of Directors of the Federal Deposit Insurance Corporation or the Federal Home Loan Bank Board, determine that economic conditions warrant or that such action is necessary to avoid a threat to the economic viability of depository institutions, the reduction required by this subsection shall be postponed. When such determination is made and postponed, it shall be reported to the Congress including the reasons therefor.

(f) As used in this section, section 108, section 109, and section 305 the term—

(1) "depository institution" means—

(A) any insured bank as defined in section 3 of the Federal Deposit Insurance Act;

(B) any mutual savings bank as defined in section 3 of the Federal Deposit Insurance Act;

(C) any savings bank as defined in section 3 of the Federal Deposit Insurance Act;

(D) any member as defined in this section;

(E) any insured institution as defined in section 408 of the National Housing Act; and

(F) any insured credit union as defined in section 101(7) of the Federal Credit Union Act; (2) "negotiable order of withdrawal account" means an account on which payment of interest may be made on a deposit with respect to which the depository institution may require the depositor to give notice of an intended withdrawal not less than thirty days before the withdrawal is made, even though in practice such notice is not required and the depositor is allowed to make withdrawal by negotiable or transferable instrument for the purpose of making payments to third persons or otherwise. Such account shall consist solely of funds in which the entire beneficial interest is held by one or more individuals, or by an organization operated primarily for religious, philanthropic, charitable, educational, or other similar purpose and not for profit; and

(3) "share draft account" means an account on which payment of interest may be made on a deposit with respect to which the credit union may require the member to give notice of an intended withdrawal not less than thirty days before the withdrawal is made, even though in practice such notice is not required and the member is allowed to make withdrawals by negotiable or transferable instrument for the purpose of making payments to third persons or otherwise. Such account shall consist solely of funds in which the entire beneficial interest is held by one or more individuals, or by an organization operated primarily for religious, philanthropic, charitable, educational, or other similar purpose and not for profit.

SEC. 108. On or after January 1, 1990, the Board of Governors of the Federal Reserve System, in consultation with the Board of Directors of the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, and the National Credit Union Administration Board, may prescribe limitations on the maximum rates or dividends on deposits or accounts which may be paid by depository institutions only upon a finding that an extreme economic emergency exists and such action is necessary to maintain the economic viability of depository institutions. Any such finding shall be described in detail in a prompt report to the Congress. In no case shall any limitation prescribed under this section remain in effect for more than one year.

SEC. 109. The Board of Governors of the Federal Reserve System, the Federal Home Loan Bank Board, the Board of Directors of the Federal Deposit Insurance Corporation, and the National Credit Union Administration Board shall report to the Congress annually after the date of enactment of this Act on the economic viability of depository institutions. Each report shall contain such recommendations for legislation or other actions necessary to maintain the economic viability of depository institutions, and specifically shall contain recommendations as to whether the removal of any differential between the rate paid on deposits by banks and thrifts will negatively affect the housing finance market and the viability of the thrift industry. Each report shall also contain recommendations for encouraging savings and for equitable treatment of small savers, recommendations to ensure a steady and adequate flow of funds to thrift institutions and the housing market, and findings concerning disintermediation of savings deposits from insured banks and insured thrift institutions to uninsured money market innovators paying market rates to savers.

SEC. 110. (a) Effective January 1, 1990, section 19(j) of the Federal Reserve Act, section 18(g) (except the first sentence) of the Federal Deposit Insurance Act, and section 5B(a) of the Federal Home Loan Bank Act are repealed.

(b) Effective January 1, 1990, section 102 of Public Law 94–200 is repealed.

(c) Section 2 of Public Law 93–100 is repealed.

(d) Section 7 of Public Law 89–597 is repealed.

TITLE II—MISCELLANEOUS

SEC. 201. Section 5(c)(4) of the Home Owners' Loan Act of 1933 is amended by adding at the end thereof the following:

"(E) CONSUMER LOANS AND CERTAIN SECURITIES.—Effective upon the enactment of legislation expressly providing for the elimination of interest rate controls on deposits and accounts, an association may make unsecured loans for personal, family, or household purposes, and may invest in, sell, or hold commercial paper, corporate debt securities, and bankers acceptances, as defined and approved by the Board, but the aggregate amount of such loans and investments at any time may not exceed 20 per centum of the assets of the association.

"(F) Investment companies.—An association may invest in, redeem, or hold shares or certificates in any open-end management investment company which is registered with the Securities and Exchange Commission under the Investment Company Act of 1940 and the portfolio of which is restricted by such management company's investment policy, changeable only if authorized by shareholder vote, solely to any such investments as an association by law or regulation now or hereatfer may, without limitation as to percentage of assets, invest in, sell, redeem, hold or otherwise deal with. The Board shall prescribe rules and regulations to implement the provisions of this subparagraph (F).".

Sec. 202. Section 5(c) of the Home Owners' Loan Act (12 U.S.C. 1464) is amended by inserting the following new paragraph after paragraph (5) and renumbering subsequent paragraphs accordingly:

"(6) Real estate loans made by national banks.—Effective upon the enactment of legislation expressly providing for the elimination of interest rate controls on deposits and accounts, notwithstanding any of the foregoing provisions of this section, an association shall be permitted, to such extent and subject to such rules and regulations as the Board may prescribe from time to time, to invest in, sell, or otherwise deal in loans or investments secured by liens or residential real estate to the same extent and in the same manner and amounts without limitation as national banks pursuant to the provisions of section 24 of the Federal Reserve Act.".

Sec. 203. Section 5(b) of the Home Owners' Loan Act of 1933 is amended by adding at the end thereof the following:

"(4) Effective upon the enactment of legislation expressly providing for the elimination of interest rate controls on deposits and accounts, an association may, if permitted by the Board and subject to such regulations as the Board may prescribe, act as a trustee, executor, administrator, guardian, or in any other fiduciary capacity.

"(5) Effective upon the enactment of legislation expressly providing for the elimination of interest rate controls on deposits and accounts without regard to any other provision of this section, an association is authorized, subject to such regulations as the Board may prescribe, to issue credit cards, extend credit in connection therewith, and otherwise engage in or participate in credit card operations. This section will not be effective unless the thrift institutions are given consumer loan authority.".

Sec. 204. (a) Section 5 of the Home Owners' Loan Act of 1933 is amended by adding at the end thereof the following:

"(n) Trust Powers.—

"(1) Authority of board.—The Board is authorized and empowered to grant by special permit to an association applying therefor, when not in contravention of State or local law, the right to act as trustee, executor, administrator, guardian, or in any other fiduciary capacity in which State banks, trust companies, or other corporations which come into competition with associations are permitted to act under the laws of the State in which the association is located.

"(2) Grant and exercise of powers deemed not in contravention of state or local law.—Whenever the laws of such State authorize or permit the exercise of any or all of the foregoing powers by State banks, trust companies, or other corporations which compete with associations, the granting to and the exercise of such powers by associations shall not be deemed to be in contravention of State or local law within the meaning of this section.

"(3) Segregation of fiduciary and general assets; separate books and records; access of state banking authorities to reports of examinations, books, records, and assets.—Associations exercising any or all of the powers enumerated in this section shall segregate all assets held in any fiduciary capacity from the general assets of the association and shall keep a separate set of books and records showing in proper detail all transactions engaged in under authority of this section. The State banking authorities may have access to reports of examination made by the Board insofar as such reports relate to the trust department of such association but nothing in this section shall be construed as authorizing the State banking authorities to examine the books, records, and assets of such associations.

"(4) Prohibited operations: separate investment accounts; collateral for certain funds used in conduct of business.—No association shall receive in its trust department deposits of current funds subject to check or the deposit of checks, drafts, bills of exchange, or other items for collection or exchange purposes. Funds deposited or held in trust by the association awaiting investment shall be carried in a separate account and shall not be used by the association in the conduct of its business unless it shall first set aside in the trust department United States bonds or other securities approved by the Board.

"(5) Lien and claim upon bank failure.—In the event of the failure of such association the owners of the funds held in trust for investment shall have a lien on the bonds or other securities so set apart in addition to their claim against the estate of the association.

"(6) Deposits of securities for protection of private or court trusts; execution of and exemption from bond.—Whenever the laws of a State require corporations acting in a fiduciary capacity to deposit securities with the State authorities for the protection of private or court trusts, associations so acting shall be required to make similar deposits and securities so deposited shall be held for the protection of private or court trusts, as provided by the State law. Associations in such cases shall not be required to execute the bond usually required of individuals if State corporations under similar circumstances are exempt from this requirement. Associations shall have power to execute such bond when so required by the laws of the State.

"(7) Officials' oath or affidavit.—In any case in which the laws of a State require that a corporation acting as trustee, executor, administrator, or in any capacity specified in this section, shall take an oath or make an affidavit, the president, vice president, cashier, or trust officer of such association may take the necessary oath or execute the necessary affidavit.

"(8) Loans of trust funds to officers and employees prohibited; penalties.—It shall be unlawful for any association to lend any officer, director, or employee any funds held in trust under the powers conferred by this section. Any officer, director, or employee making such loan, or to whom such loan is made, may be fined not more than $5,000, or imprisoned not more than five years, or may be both fined and imprisoned, in the discretion of the court.

"(9) Considerations determinative of grant or denial of applications; minimum capital and surplus for issuance of permit.—In passing upon applications for permission to exercise the powers enumerated in this section, the Board may take into consideration the amount of capital and surplus of the applying association, whether or not such capital and surplus is sufficient under the circumstances of the case, the needs of the community to be served, and any other facts and circumstances that seem to it proper, and may grant or refuse the application accordingly: *Provided*, That no permit shall be issued to any association having a capital and surplus less than the capital and surplus required by State law of State banks, trust companies, and corporations exercising such powers.

"(10) Surrender of authorization; board resolution; board certification; activities affected; regulations.—Any association desiring to surrender its right to exercise the powers granted under this section, in order to relieve itself of the necessity of complying with the requirements of this section, or to have returned to it any securities which it may have deposited with the State authorities for the protection of private or court trusts, or for any other purpose, may file with the Board a certified copy of a resolution of its board of directors signifying such desire. Upon receipt of such resolution, the Board, after satisfying itself that such association has been relieved in accordance with State law of all duties as trustee, executor, administrator, guardian or other fiduciary, under court, private or other appointments previously accepted under authority of this section, may in its discretion, issue to such association a certificate certifying that such association is no longer authorized to exercise the powers granted by this section. Upon the issuance of such a certificate by the Board, such association (A) shall no longer be subject to the provisions of this section or the regulations of the Board made pursuant thereto, (B) shall be entitled to have returned to it any securities which it may have deposited with the State authorities for the protection of private or court trusts, and (C) shall not exercise thereafter any of the powers granted by this section without first applying for and obtaining a new permit to exercise such powers pursuant to the provisions of this section. The Board is authorized and empowered to promulgate such regulations as it may deem necessary to enforce compliance with the provisions of this subsection and the proper exercise of the trust powers granted by this section.".

(b) Subsection (a) takes effect upon the enactment of legislation expressly providing for the elimination of interest rate controls on deposits and accounts.

Sec. 205. (a)(1) Effective upon the enactment of legislation expressly providing for the elimination of interest rate controls on deposit and accounts, the provisions of the constitution or law of any State expressly limiting the rate or amount of interest, discount points, or other charges which may be charged, taken, received, or reserved shall not apply to any loan, mortgage, or advance which is—

(A) secured by a first lien on residential real property or by a first lien on stock in a residential cooperative housing corporation where the loan, mortgage or advance is used to finance the acquisition of such stock;

(B) made after the date of enactment of this Act; and

(C) described in section 527(b) of the National Housing Act, except that the limitation described in section 527(b)(1) that the property must be designed principally for the occupancy of from one to four families shall not apply, the requirement contained in section 527(b)(1) that the loan be secured by residential real property shall not apply to a loan secured by stock in a residential cooperative housing corporation, and for the purpose of this section, the term "lender" in section 527(b)(2)(A) of the National Housing Act shall also be deemed to include any lender approved by the Secretary of Housing and Urban Development for participation in any mortgage insurance program under the National Housing Act.

(2) The provisions of the constitution or law of any State expressly limiting the rate or amount of interest which may be charged, taken, received, or reserved shall not apply to any deposit or account held by, or other obligation of a depository institution.

(b) The provisions of subsection (a)(1) shall apply to loans, mortgages, and advances made in any State unless and until the State adopts a provision of law (within two years after the date of the enactment of this Act) limiting the rate or amount of interest, discount points, or other charges on any such loan, mortgage, or advance, except that at any time after the date of enactment of this Act any State may adopt a provision of law placing limitations on discount points or such other charges on any such loan, mortgage, or advance.

SEC. 206. The Federal Credit Union Act is amended—

(1) in section 107(5)(A)(i)—

(A) by inserting ", including a cooperative," immediately following the word "dwelling"; and

(B) by inserting immediately after the word "Board" the following: ", except that a loan on an individual cooperative unit shall be adequately secured as defined by the Board";

(2) in section 304(b)(2) by striking out "those" and inserting in lieu thereof "participating";

(3) by striking out section 305(b)(3) and inserting in lieu thereof the following:

"(3) shall share in dividend distributions at rates determined by the Board. However, rates on the required capital stock shall be without preference; and";

(4) in section 307(15) by striking out the words ", to the extent or in such amounts as are provided in advance in appropriation Acts"; and

(5) in title III by striking out the word "Administrator" each place it appears and inserting in lieu thereof "Board".

(6) in section 107(5)(A)(vi) of the Federal Credit Union Act (12 U.S.C. 1757), is amended to read as follows: "(vi) the rate of interest (except as may be authorized by the Board for Agent members of the Central Liquidity Facility in carrying out the provisions of title III) not exceed 1 per centum per month on the unpaid balance inclusive of all service charges".

SEC. 207. Section 302(b) of the Federal National Mortgage Association Charter Act is amended by adding at the end thereof the following new paragraph:

"(4) The corporation is authorized to purchase, service, sell, lend on the security of, and otherwise deal in loans or advances of credit for improvements to properties as to which the corporation may purchase a mortgage. To be eligible for purchase, any such loan (other than one described in paragraph (3)) not insured under title I of the National Housing Act shall be secured by a lien against the property to be improved. The maximum principal obligation of loans purchased pursuant to this paragraph shall not exceed the dollar limits prsecribed by the Federal Home Loan Bank Board with respect to similar types of loans made by Federal savings and loan associations.".

SEC. 208. (a)(1) The following provisions of the Federal Deposit Insurance Act are amended by striking out "$40,000" each place it appears therein and inserting in lieu thereof "50,000":

(A) The first sentence of section 3(m) (12 U.S.C. 1813(m)).

(B) The first sentence of section 7(i) (12 U.S.C. 1817(i)).

(C) The last sentence of section 11(a) (12 U.S.C. 1821(a)).

(D) The fifth sentence of section 11(i) (12 U.S.C. 1821(i)).

(2) The amendments made by this section are not applicable to any claim arising out of the closing of a bank prior to the effective date of this section.

(b)(1) The following provisions of title IV of the National Housing Act are amended by striking out "$40,000" each place it appears therein and inserting in lieu thereof "$50,000":

(A) Section 401(b) (12 U.S.C. 1724(b)).

(B) Section 405(a) (12 U.S.C. 1728(a)).

(2) The amendments made by this section are not applicable to any claim arising out of a default as defined in section 401(d) of the National Housing Act where the appointment of a conservator, receiver, or other legal custodian as set forth in that section becomes effective prior to the effective date of this section.

(c)(1) The second sentence of section 207(c) of the Federal Credit Union Act (12 U.S.C. 1787(c)) is amended by striking out "$40,000" and inserting in lieu thereof "$50,000".

(2) The amendment made by this section is not applicable to any claim arising out of the closing of a credit union for liquidation on account of bankruptcy or insolvency pursuant to section 207 of the Federal Credit Union Act (12 U.S.C. 1787) prior to the effective date of this section.

(d) The amendments made by this section shall take effect on the thirtieth day beginning after the date of enactment of this Act.

SEC. 209. Section 5(i) of the Home Owners' Loan Act of 1933 is amended in the first paragraph by inserting after the words "Federal Savings and Loan Association" the following: "and any State stock savings and loan type institution may transfer its charter to a Federal stock charter provided it has never existed in mutual form".

SEC. 210. Section 5A(b) of the Federal Home Loan Bank Act, as amended, is amended to read as follows:

"(b) Any institution which is a member or which is an insured institution as defined in section 401(a) of the National Housing Act shall maintain the aggregate amount of its assets of the following types at not less than such amount as, in the opinion of the Board, is appropriate: (1) cash, (2) to such extent as the Board may approve for the purposes of this section, time and savings deposits in Federal Home Loan Banks and commercial banks, (3) to such extent as the Board may so approve, such obligations, including such special obligations, of the United States, a State, any territory or possession of the United States, or a political subdivision, agency or instrumentality of any one or more of the foregoing, and bankers' acceptances, as the Board may approve, and (4) to such extent as the Board may so approve, shares or certificates of any open-end management investment company which is registered with the Securities and Exchange Commission under the Investment Company Act of 1940 and the portfolio of which is restricted by such investment company's investment policy changeable only if authorized by shareholder vote, solely to any of the obligations or other investments enumerated in the preceding clauses (1) through (3) of this subsection. The requirement prescribed by the Board pursuant to this subsection (hereinafter in this section referred to as the "liquidity requirement") may not be less than 4 per centum or more than 10 per centum of the obligation of the institution on withdrawable accounts and borrowings payable on demand or with unexpired maturities of one year or less, or in the case of institutions which are insurance companies, such other base or bases as the Board may determine to be comparable. The Board shall prescribe rules and regulations to implement the provisions of this subsection.".

SEC. 211. The President shall convene an interagency task force consisting of the Secretary of the Treasury, the Secretary of Housing and Urban Development, the Federal Home Loan Bank Board, the Board of Governors of the Federal Reserve System, the Board of Directors of the Federal Deposit Insurance Corporation, the Comptroller of the Currency and the National Credit Union Administration Board. The task force shall conduct a study to determine the difficulties faced by depository institutions which have sizable portfolios of low-yield mortgages. In carrying out such study, the task force shall solicit the views of, and invite participation by, consumer and public interest groups, business, labor, and State regulators of depository institutions. Not later than three months after the date of enactment of this Act, the task force shall transmit to the President and the Congress its findings and recommendations for such action as it deems appropriate.

SEC. 212. (a) Section 5(b) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(b)) is amended by adding at the end thereof the following:

"(4) In accordance with rules and regulations issued by the Board, mutual capital certificates may be issued and sold directly to subscribers or through underwriters, and such certificates shall constitute part of the general reserve and net worth of the issuing association. The Board, in its rules and regulations relating to the issuance and sale of mutual capital certificates, shall provide that such certificates—

"(A) shall be subordinate to all savings accounts, savings certificates, and debt obligations;

"(B) shall constitute a claim in liquidation on the general reserves, surplus, and undivided profits of the association remaining after the payment in full of all savings accounts, savings certificates, and debt obligations;

"(C) shall be entitled to the payment of interest prior to the allocation of income to reserve and net worth accounts; and

"(D) may have a fixed or variable rate of interest.

The Board shall provide in its rules and regulations for charging losses to the mutual capital certificate, reserves, and other net worth accounts.".

(b) Section 403(b) of the National Housing Act (12 U.S.C. 1726(b)), is amended by adding at the end thereof the following: "Mutual capital certificates, subordinate to the rights of holders of savings accounts, savings certificates, and the Corporation, shall be deemed to be reserves for the purposes of this subsection in accordance with rules and regulations prescribed by the Corporation. The Corporation shall provide in its rules and regulations for charging losses to the mutual capital certificate, reserves and other net worth accounts. In the event an insured institution fails to maintain the reserves required by this title, no payment of interest on such certificates shall be made except with the approval of the Corporation.".

SEC. 213. (a)(1) Section 5(a) of the Home Owners' Loan Act of 1933 is amended by adding at the end thereof the following: "A Federal mutual savings bank may make loans and investments without regard to any other limitation under Federal or State law, except that—

"(A) no more than 20 per centum of the assets of such a bank may be so loaned or invested; and

"(B) 65 per centum of such loans and investments must be made within the State where the bank is located or within 50 miles of such State.".

(2) Notwithstanding the amendment made by subsection (a), the Federal Home Loan Bank Board shall limit the percentage of assets which a Federal mutual savings bank may loan or invest pursuant to the provisions of such amendment to 5 per centum during the first two years following the date of enactment of this Act, to 10 per centum for the next succeeding two years, to 15 per centum for the next succeeding two years, and to 20 per centum upon the expiration of eight years after such date of enactment, except that the Board may lengthen or shorten any such two-year period where necessary or appropriate in the event of a

more rapid phase-out of interest rate controls or to avoid economic dislocation.

(b)(1) Section 5(a) of the Home Owners' Loan Act of 1933 is amended by adding at the end thereof the following: "A Federal mutual savings bank may accept demand deposits from any source.".

(2) Notwithstanding the amendment made by subsection (a) of this section, the Federal Home Loan Bank Board shall (A) provide by regulation for a smooth and orderly transition with respect to the implementation of demand account authority; (B) provide for a phase-in of such demand accounts if, in the judgment of the Federal Home Loan Bank Board, after consultation with the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the National Credit Union Administration Board, such a phase-in is necessary in order to assure the stability and soundness of all depository institutions, provided that by January 1, 1990, or at such earlier time when in the judgment of the Federal Home Loan Bank Board Federal interest rate limitations have ben effectively eliminated, such phase-in must be completed; and (C) delay the implementation of such demand account authority, but not later than January 1, 1990 or such earlier time when in the judgment of the Federal Home Loan Bank Board Federal interest rate limitations have been effectively eliminated, if the Federal Home Loan Bank Board, after consultation with the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the National Credit Union Administration Board, determines that the granting of such authority would result in a serious impairment of the financial soundness and stability of depository institutions in general. In such event, the Board shall report to the Congress on the reasons for such delay within 30 days of its determination.

(c) This section takes effect upon the enactment of section 107 of this Act.

Sec. 214. The third sentence of section 403 (b) of the National Housing Act (12 U.S.C. 1726(b)), as amended, is amended by striking "5 per centum" and substituting therefor "an amount no greater than 6 nor less than 3 per centum as determined by the Federal Home Loan Bank Board".

TITLE III—COMPTROLLER OF THE CURRENCY HOUSEKEEPING AMENDMENTS

Part A—National Banking Laws

Sec. 301. (a) Section 5137 of the Revised Statutes (12 U.S.C. 29) is amended—

(1) by inserting before the period at the end of the last paragraph thereof the following: "except as otherwise provided in this section"; and

(2) by adding at the end thereof the following new paragraph:

"For real estate in the possession of a national banking association upon application by the association, the Comptroller of the Currency may approve the possession of any such real estate by such association for a period longer than five years, but not to exceed an additional five years, if (1) the association has made a good faith attempt to dispose of the real estate within the five-year period, or (2) disposal within the five-year period would be detrimental to the association. Upon clearly extenuating circumstances, subject to such conditions and limitations as the Comptroller of the Currency may prescribe, such association may expend such funds for the development and improvement of such real estate as are reasonably calculated to enable such association to recover its total investment.".

(b) Section 4 of the Bank Holding Company Act of 1956 is amended by adding at the end of paragraph (a) the following: "Notwithstanding any other provision of this Act, the period ending December 31, 1980, referred to in paragraph (2) above, may be extended by the Board of Governors to December 31, 1982, but only for the divestiture by a bank holding company of real estate or interests in real estate lawfully acquired for investment or development. In making its decision whether to grant such extension, the Board shall consider whether the company has made a good faith effort to divest such interests and whether such extension is necessary to avert substantial loss to the company.".

Sec. 302. The first sentence of subsection (a) of section 302 of the Act entitled "An Act to provide relief in the existing national emergency in banking, and for other purposes", approved March 9, 1933 (12 U.S.C. 51b), is amended by striking out "at a rate not exceeding 6 per centum per annum".

Sec. 303. The third sentence of section 345 of the Banking Act of 1935 (12 U.S.C. 51b–1) is amended by striking out "at a rate not exceeding six per centum per annum".

Sec. 304. Section 1 of the Act of September 28, 1962 (76 Stat. 668; 12 U.S.C. 92a), is amended by adding at the end thereof the following new subsection:

"(k) In addition to the authority conferred by other law, if, in the opinion of the Comptroller of the Currency, a national banking association is unlawfully or unsoundly exercising, or has unlawfully or unsoundely exercised, or has failed for a period of five consecutive years to exercise, the powers granted by this section or otherwise fails or has failed to comply with the requirements of this section, the Comptroller may issue and serve upon the association a notice of intent to revoke the authority of the association to exercise the powers granted by this section. The notice shall contain a statement of the facts constituting the alleged unlawful or cising, or has unlawfully or unsoundly exercise powers, or failure to comply, and shall fix a time and place at which a hearing will be held to determine whether an order revoking authority to exercise such powers should issue against the association. Such hearing shall be conducted in accordance with the provisions of subsection (h) of section 8 of the Federal Deposit Insurance Act (12 U.S.C. 1818), and subject to judicial review as therein provided, and shall be fixed for a date not earlier than thirty days nor later than sixty days after service of such notice unless an earlier or later date is set by the Comptroller at the request of any association so served. Unless the association so served shall appear at the hearing by a duly authorized representative, it shall be deemed to have consented to the issuance of the revocation order. In the event of such consent, or if upon the record made at any such hearing, the Comptroller shall find that any allegation specified in the notice of charges has been established, the Comptroller may issue and serve upon the association an order prohibiting it from accepting any new or additional trust accounts and revoking authority to exercise any and all powers granted by this section, except that such order shall permit the association to continue to service all previously accepted trust accounts pending their expeditious divestiture or termination. A revocation order shall become effective not earlier than the expiration of thirty days after service of such order upon the association so served (except in the case of a revocation order issued upon consent, which shall become effective at the time specified therein), and shall remain effective and enforceable, except to such extent as it is stayed, modified, terminated, or set aside by action of the Comptroller or a reviewing court.".

Sec. 305. Section 4 of the Act of March 9, 1933 (48 Stat. 2; 12 U.S.C. 95), is amended—

(1) by inserting "(a)" after "Sec. 4."; and

(2) by adding at the end thereof the following:

"(b) In the vent of natural calamity, riot, insurrection, war, or other emergency conditions occurring in any State whether caused by acts of nature or of man, the Comptroller of the Currency may designate proclamation any day a legal holiday for the national banking associations located in that State. In the event that the emergency conditions affect only a part of a State, the Comptroller of the Currency may designate the part so affected and may proclaim a legal holiday for the national banking associations located in that affected part. In the event that a State or a State official authorized by law designates any day as a legal holiday for either emergency or ceremonial reasons for all banks chartered by that State to do business within that State, that same day shall be a legal holiday for all national banking associations chartered to do business within that State unless the Comptroller of the Currency shall by written order permit all national banking associations located in that State to remain open. For the purposes of this subsection the term 'State' includes any State, the District of Columbia, the Commonwealth of Puerto Rico, or any territory, dependency, or insular possession of the United States.".

Sec. 306. The second sentence of subsection (b) of section 2 of the Act of August 17, 1950 (64 Stat. 456; 12 U.S.C. 214a), is amended by striking out the word "unanimous" and inserting in lieu thereof the word "majority".

Sec. 307. Chapter 9 of title VII of the Revised Statutes (12 U.S.C. 1 et seq.) is amended by inserting immediately following section 327 a new section 327A to read as follows:

"Sec. 327A. The Comptroller of the Currency may delegate any powers vested in the office by law.".

Sec. 308. Chapter 4 of title LXII of the Revised Statutes (12 U.S.C. 21 et seq.) is amended by inserting immediately following section 5239 a new section 5239A to read as follows:

"Sec. 5239A. Except to the extent that authority to issue such rules and regulations has been expressly and exclusively granted to another regulatory agency, the Comptroller of the Currency is authorized to prescribe rules and regulations to carry out the responsibilities of the office under the Financial Institutions Supervisory Act of 1966.".

Sec. 309. (a) Section 5240 of the Revised Statutes (12 U.S.C. 481) is amended by striking out the first two sentences and inserting in lieu thereof the following: "The Comptroller of the Currency with the approval of the Secretary of the Treasury, shall appoint examiners who shall examine every national bank as often as the Comptroller shall deem necessary.".

(b) Section 5240 of the Revised Statutes (12 U.S.C. 481) is amended by adding at the end thereof the following new sentence: "The Comptroller of the Currency, upon the request of the Board of Governors of the Federal Reserve System, is authorized to assign examiners appointed under this section to examine foreign operations of State member banks.".

Sec. 310. Section 5146 of the Revised Statutes (12 U.S.C. 72) is amended by striking out the second sentence and inserting in lieu thereof the following: "Every director must own in his or her own right either (1) shares of the capital stock of the association of which he or she is a director the aggregate par value of which is not less than $1,000, or (2) an equivalent interest, as determined by the Comptroller of the Currency, in any company which has control over such association within the meaning of section 2 of the Bank Holding Company Act of 1956 (12 U.S.C. 1841). If the capital of the bank does not exceed $25,000, every director must own in his or her own right either (1) shares of such capital stock the aggregate par value of which is not less than $500, or (2) an equivalent interest, as determined by the Comptroller of the Currency, in any company which has control over such association within the meaning of section 2 of the Bank Holding Company Act of 1956 (12 U.S.C. 1841).".

SEC. 311. Paragraph Seventh of section 5136 of the Revised Statutes (12 U.S.C. 24) is amended by inserting before the period at the end thereof the following: ": *Provided further*, That, notwithstanding any other provision of this paragraph, the association may, purchase for its own account shares of stock of a bank insured by the Federal Deposit Insurance Corporation if the stock of such bank is owned exclusively by other banks (except to the extent State law requires directors qualifying shares) and if such bank is engaged exclusively in providing banking services for other banks and their officers, directors, or employees, but in no event shall the total amount of such stock held by the association exceed at any time 10 per centum of its capital stock and paid in and unimpaired surplus, and in no event shall the purchase of such stock result in the association's acquiring more than 5 per centum of any class of voting securities of such bank".

SEC. 312. (a) Section 5169 of the Revised Statutes is amended by adding at the end thereof the following: "Notwithstanding the provisions of the preceding sentence, a national banking association the operations of which are limited as provided in the preceding sentence shall be deemed an additional bank within the contemplation of section 3 of the Bank Hold Company Act of 1956.".

(b) Section 3(d) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(d) is amended by inserting "(1)" after "(d)" and by adding at the end thereof the following:

"(2)(A) Except as provided in subparagraph (B), the restrictions contained in paragraph (1) regarding the acquisition of shares or assets of, or interests in, an additional bank shall apply to the acquisition of shares or assets of, or interests in, a trust company.

"(B) Subparagraph (A) shall not apply with respect to the acquisition of shares or assets of, or interests in, a trust company if such acquisition was approved by the Board on or before November 1, 1979, and if such trust company opened for business on or before November 1, 1979.

"(C) For the purpose of this paragraph, the term 'trust company' means any company whose powers are limited to the powers specified in subsection (a) of the first section of the Act entitled 'An Act to place authority over the trust powers of national banks in the Comptroller of the Currency', approved September 28, 1962, (12 U.S.C. 92a), for a national bank located in the same State in which such trust company is located.".

SEC. 313. Section 3(c) of the Bank Holding Company Act of 1956 (12 U.S.C. 1842(c)) is amended by adding at the end thereof the following: "Notwithstanding any other provision of law, the Board shall not follow any practice or policy in the consideration of any application for the formation of a one-bank holding company if following such practice or policy would result in the rejection of such application solely because the transaction to form such one-bank holding company involves a bank stock loan which is for a period of not more than twenty-five years. The previous sentence shall not be construed to prohibit the Board from rejecting any application solely because the financial arrangements are considered unsatisfactory.".

PART B—TERMINATION OF NATIONAL BANK CLOSED RECEIVERSHIP FUND

PURPOSE

SEC. 321. The purpose of this part is to terminate the closed receivership fund by—

(1) providing final notice of availability of liquidating dividends to creditors of national banks closed on or before January 22, 1934;

(2) barring rights of creditors to collect liquidating dividends from the Comptroller after a reasonable period of time following such final notice; and

(3) refunding to the Comptroller the principal amount of such fund and any income earned thereon.

DEFINITIONS

SEC. 322. As used in this part—

(1) the term "closed receivership fund" means the aggregation of undisbursed liquidating dividends from national banks closed on or before January 22, 1934, held by the Comptroller in his capacity as successor to receivers of those banks;

(2) the term "Comptroller" means the Comptroller of the Currency;

(3) the term "claimant" means a depositor or other creditor who asserts a claim against a closed national bank for a liquidating dividend; and

(4) the term "liquidating dividend" means an amount of money in the closed receivership fund determined by a receiver of a closed national bank or by the Comptroller to be owed by that bank to a depositor or other creditor.

TERMINATION OF CLOSED RECEIVERSHIP FUND

SEC. 323. (a) The Comptroller shall publish notice once a week for four weeks in the Federal Register that all rights of depositors and other creditors of closed national banks to collect liquidating dividends from the closed receivership fund shall be barred after twelve months following the last date of publication of such notice.

(b) The Comptroller shall pay the principal amount of a liquidating dividend, exclusive of any income earned thereon, to a claimant presenting a valid claim, if the claimant applies to collect within twelve months following the last date notice is published.

(c) If a creditor shall fail to apply to collect a liquidating dividend within twelve months after the last date notice is published, all rights of the claimant against the closed receivership fund with respect to the liquidating dividend shall be barred.

(d) The principal amount of any liquidating dividends (1) for which claims have not been asserted within twelve months following the last date notice is published or (2) for which the Comptroller has determined a valid claim has not been submitted shall, together with any income earned on liquidating dividends and other moneys, if any, remaining in the closed receivership fund, be covered into the general funds of the Comptroller of the Currency.

TITLE IV—TRUTH IN LENDING SIMPLIFICATION

SHORT TITLE

SEC. 401. This title may be cited as the "Truth in Lending Simplification and Reform Act".

DEFINITIONS

SEC. 402. (a) Section 103(f) of the Truth in Lending Act is amended—

(1) by striking out the first sentence and inserting in lieu thereof the following: "The term 'creditor' refers only to a person who both (1) regularly extends, whether in connection with loans, sales of property or services, or otherwise, consumer credit which is payable by agreement in more than four installments or for which the payment of a finance charge is or may be required; and (2) is the person to whom the debt arising from the consumer credit transaction is initially payable on the face of the evidence of indebtedness or, if there is no such evidence of indebtedness, by agreement. Notwithstanding the foregoing, a person who regularly arranges for the extension of consumer credit, which is payable in more than four installments or for which the payment of a finance charge is or may be required, from persons who are not creditors is a creditor, and in the case of an open end credit plan involving a credit card the card issuer and any person who honors the credit card and offers a discount which is a finance charge are creditors."; and

(2) by redesignating the references to sections 127(a)(6), 127(a)(7), 127(a)(8), 127(b)(9), and 127(b)(11) in the next succeeding sentence as references to sections 127(a)(5), 127(a)(6), 127(a)(7), 127(b)(8), and 127(b)(10), respectively.

(b) The first sentence of section 103(g) of the Truth in Lending Act is amended to read as follows: "The term 'credit sale' refers to any sale in which the seller is a creditor.".

EXEMPTED TRANSACTIONS

SEC. 403. (a) Section 103(h) of the Truth in Lending Act is amended by striking out "household, or agricultural" and inserting in lieu thereof "or household".

(b) Section 103 of the Truth in Lending Act is amended by redesignating subsection (s) as subsection (x), and by inserting a new subsection (s) as follows:

"(s) The term 'agricultural purposes' includes the production, harvest, exhibition, marketing, transportation, processing, or manufacture of agricultural product by a natural person who cultivates, plants, propagates, or nurtures those agricultural products, including but not limited to the acquisition of farmland, real property with a farm residence, and personal property and services used primarily in farming, and the term 'agricultural products' includes agricultural, horticultural, viticultural, and dairy products, livestock, wildlife, poultry, bees, forest products, fish and shellfish, and any products thereof, including processed and manufactured products, and any and all products raised or produced on farms and any processed or manufactured products thereof.".

(c) Section 104 of the Truth in Lending Act is amended—

(1) by amending paragraph (1) to read as follows:

"(1) Credit transactions involving extensions of credit primarily for business, commercial, or agricultural purposes, or to government or governmental agencies or instrumentalities, or to organizations.";

(2) by amending paragraph (3) to read as follows:

"(3) Credit transactions, other than those in which a security interest is or will be acquired in real property, or in personal property used or expected to be used as the principal dwelling of the consumer, in which the total amount financed exceeds $25,000."; and

(3) by striking out paragraph (5).

OPEN END CREDIT PLAN

SEC. 404. Section 103(i) of the Truth in Lending Act is amended to read as follows:

"(i) The term 'open end credit plan' means a plan under which the creditor reasonably contemplates repeated transactions, which prescribes the terms of such transactions, and which provides for a finance charge which may be computed from time to time on the outstanding unpaid balance. A credit plan which is an open end credit plan within the meaning of the preceding sentence is an open end credit plan even if credit information is verified from time to time.".

MODEL FORMS

SEC. 405. Section 105 of the Truth in Lending Act is amended by inserting "(a)" before "The", and by adding at the end thereof the following:

"(b) The Board shall publish model disclosure forms and clauses for common transactions to facilitate compliance with the disclosure requirements of this title and to aid the borrower or lessee in understanding the transaction by utilizing readily understandable language to simplify the technical nature of the disclosures. In devising such forms, the Board shall consider the use by creditors or lessors of data processing or similar automated equipment. Nothing in this title may be construed to require a creditor or lessor to use any such model form or clause prescribed by the Board under this section. A creditor or lessor shall be deemed to be in compliance with the disclosure provisions of this title with respect to other than numerical disclosures if the creditor or lessor (1) uses any appropriate model form or clause as published by the Board, or (2) uses any such model form or clause and changes it by (A) deleting any information which is not required by this title, or (B) rearranging the format, if in making such deletion or rearranging the format, the creditor or lessor does not affect the substance, clarity, or meaningful sequence of the disclosure.

"(c) Model disclosure forms and clauses shall be adopted by the Board after notice duly given in the Federal Register and an opportunity for public comment in accordance with section 553 of title 5, United States Code.

"(d) Any regulation of the Board, or any amendment or interpretation thereof, requiring any disclosure different from that previously required by this chapter, chapter 4, or chapter 5, or regulation of the Board promulgated thereunder shall have an effective date of that October 1 which follows by at least six months the date of promulgation, except that the Board may at its discretion take interim action by regulation, amendment, or interpretation to lengthen the period of time permitted for creditors or lessors to adjust their forms to accommodate new requirements or shorten the length of time for creditors or lessors to make such adjustments when it makes a specific finding that such action is necessary to comply with the findings of a court or to prevent unfair or deceptive disclosure practices. Notwithstanding the foregoing, any creditor or lessor may comply with any such newly promulgated disclosure requirements prior to the effective date of the requirements.".

COMPONENTS OF FINANCE CHARGE

Sec. 406. (a) Section 106(a) of the truth in Lending Act is amended by striking out ", including any of the following types of charges which are applicable" and inserting in lieu thereof the following: ". The finance charge does not include charges of a type payable in a comparable cash transaction. Examples of charges which are included in the finance charge include any of the following types of charges which are applicable".

(b) Section 106(d) of the Truth in Lending Act is amended by striking out paragraphs (3) and (4).

ACCURACY OF ANNUAL PERCENTAGE RATE

Sec. 407. (a) Subsection (c) of section 107 of the Truth in Lending Act is amended to read as follows:

"(c) The disclosure of an annual percentage rate is accurate for the purpose of this title if the rate disclosed is within a tolerance not greater than one-eighth of 1 per centum more or less than the actual rate or rounded to the nearest one-fourth of 1 per centum. The Board may allow a greater tolerance to simplify compliance where irregular payments are involved.".

(b) Subsection (e) of section 107 of the Truth in Lending Act is amended by striking out "(c) or".

(c) Subsection (f) of section 107 of the Truth in Lending Act is repealed.

RESTITUTION

Sec. 408. (a) Section 108 of the Truth in Lending Act is amended by adding at the end thereof the following:

"(e)(1) In carrying out its enforcement activities under this section, each agency referred to in subsection (a) or (c), in cases where an annual percentage rate or finance charge was inaccurately disclosed, shall notify the creditor of such disclosure error and is authorized in accordance with the provisions of this subsection to require the creditor to make an adjustment to the account of the person to whom credit was extended, to assure that such person will not be required to pay a finance charge in excess of the finance charge actually disclosed or the dollar equivalent of the annual percentage rate actually disclosed, whichever is lower. For the purposes of this subsection, except where such disclosure error resulted from a willful violation which was intended to mislead the person to whom credit was extended, in determining whether a disclosure error has occurred and in calculating any adjustment, (A) each agency shall apply (i) with respect to the annual percentage rate, a tolerance of one-quarter of 1 per centum more or less than the actual rate, determined without regard to subsection 107(c) of this title, and (ii) with respect to the finance charge, a corresponding numerical tolerance as generated by the tolerance provided under this subsection for the annual percentage rate; except that (B) with respect to transactions consummated after two years following the effective date of this section, each agency shall apply (i) for transactions that have a scheduled amortization of ten years or less, with respect to the annual percentage rate, a tolerance not to exceed one-quarter of 1 per centum more or less than the actual rate, determined without regard to subsection 107(c) of this title, but in no event a tolerance of less than the tolerances allowed under subsection 107(c), (ii) for transactions that have a scheduled amortization of more than ten years, with respect to the annual percentage rate, only such tolerances as are allowed under subsection 107(c) of this title, and (iii) for all transactions, with respect to the finance charge, a corresponding numerical tolerance as generated by the tolerances provided under this subsection for the annual percentage rate.

"(2) Each agency shall require such an adjustment when it determines that such disclosure error resulted from (A) a clear and consistent pattern or practice of violations, (B) gross negligence, or (C) a willful violation which was intended to mislead the person to whom the credit was extended. Notwithstanding the preceding sentence, except where such disclosure error resulted from a willful violation which was intended to mislead the person to whom credit was extended, an agency need not require such an adjustment if it determines that such disclosure error:

"(A) resulted from an error involving the disclosure of a fee or charge that would otherwise be excludable in computing the finance charge, including but not limited to violations involving the disclosures described in subsections 106 (b), (c), and (d) of this title, in which event the agency may require such remedial action as it determines to be equitable, except that for transactions consummated after two years after the effective date of this section, such an adjustment shall be ordered for violations of subsection 106(b);

"(B) involved a disclosed amount which was 10 per centum or less of the amount that should have been disclosed and (i) in cases where the error involved a disclosed finance charge, the annual percentage rate was disclosed correctly, and (ii) in cases where the error involved a disclosed annual percentage rate, the finance charge was disclosed correctly; in which event the agency may require such adjustment as it determines to be equitable:

"(C) involved a total failure to disclose either the annual percentage rate or the finance charge, in which event the agency may require such adjustment as it determines to be equitable; or

"(D) resulted from any other unique circumstance involving clearly technical and nonsubstantive disclosure violations that do not adversely affect information provided to the consumer and that have not misled or otherwise deceived the consumer.
In the case of other such disclosure errors, each agency may require such an adjustment.

"(3) Notwithstanding the above paragraph (2), no adjustment shall be ordered (A) if it would have a significantly adverse impact upon the safety or soundness of the creditor, but in any such case, the agency may require a partial adjustment in an amount which does not have such an impact, (B) if the amount of the adjustment would be less than $1, except that if more than one year has elapsed since the date of the violation, the agency may require that such amount be paid into the Treasury of the United States, or (C) except where such disclosure error resulted from a willful violation which was intended to mislead the person to whom credit was extended, in the case of an open-end credit plan, more than two years after the violation, or in the case of any other extension of credit, as follows:

"(i) with respect to creditors that are subject to examination by the agencies referred to in subsections 108(a) (1) through (3) of this title, except in connection with violations arising from practices identified in the current examination and only in connection with transactions that are consummated after the date of the immediately preceding examination, provided that where practices giving rise to violations identified in earlier examinations have not been corrected, adjustments or those violations shall be required in connection with transactions consummated after the date of the examination in which such practices were first identified;

"(ii) with respect to creditors that are not subject to examination by such agencies, except in connection with transactions that are consummated after May 10, 1978; and

"(iii) in no event after the later of (a) the expiration of the life of the credit extension, or (b) two years after the agreement to extend credit was consummated.

"(4) (A) Notwithstanding any other provision of this section, an adjustment under this subsection may be required by an agency referred to in subsection (a) or (c) only by an order issued in accordance with cease and desist procedures provided by the provision of law referred to in such subsections.

"(B) In the case of an agency which is not authorized to conduct cease and desist proceedings, such an order may be issued after an agency hearing on the record conducted at least thirty but not more than sixty days after notice of the alleged violation is served on the creditor. Such a hearing shall be deemed to be a hearing which is subject to the provisions of section 8(h) of the Federal Deposit Insurance Act and shall be subject to judicial review as provided therein.

"(5) Except as otherwise specifically provided in this subsection and notwithstanding any provision of law referred to in subsection (a) or (c), no agency referred to in subsection (a) or (c) may require a creditor to make dollar adjustments for errors in any requirements under this title, except with regard to the requirements of section 165.

"(6) A creditor shall not be subject to an order to make an adjustment, if within sixty days after discovering a disclosure error, whether pursuant to a final written examination report or through the creditor's own procedures, the creditor notifies the person concerned of the error and adjusts the account so as to assure that such person will not be required to pay a finance charge in excess of the finance charge actually disclosed or the dollar equivalent of the annual percentage rate actually disclosed, whichever is lower.".

(b) This section shall take effect upon enactment.

EFFECT ON OTHER LAWS

Sec. 409. Section 111(a) of the Truth in Lending Act is amended to read as follows:

"(a)(1) Chapters 1, 2, and 3 do not annul, alter, or affect the laws of any State relating to the disclosure of information in connection with credit transactions, except to the extent that those laws are inconsistent with the provisions of this title, and then only to the extent of the inconsistency. The Board shall, upon its own motion or upon the request of any creditor, State, or other interested party, submitted in accordance with procedures prescribed in regulations of the Board, determine whether such inconsistencies exist. If the Board determines that a State-required disclosure is inconsistent, creditors located in that State may not make disclosures using the inconsistent term or form, and shall incur no liability under the law of that State for a good faith failure to use such term or form, notwithstanding that such determination is subsequently amended, rescinded, or determined by judicial or other authority to be invalid for any reason.

"(2) The Board shall, upon its own motion or upon the request of any creditor, State, or other interested party, submitted in accordance with procedures prescribed in regulations of the Board, determine whether any disclosure required under the law of any State is substantially the same in meaning as a disclosure required under this title. If the Board determines that a State-required disclosure is substantially the same in meaning as a disclosure required by this title, then creditors located in that State may make such disclosure in compliance with such State law in lieu of the disclosure required by this title, except that the annual percentage rate and finance charge must always be disclosed as required by section 122.".

ANNUAL REPORTS

SEC. 410. (a) Section 114 of the Truth in Lending Act is amended by striking out "Not later than January 3 of each year after 1969" and inserting in lieu thereof "Each year".

(b) Section 18(f)(5) of the Federal Trade Commission Act (15 U.S.C. 58a(f)(5)) is amended by striking out "not later than March 15".

(c) Section 707 of the Equal Credit Opportunity Act is amended by striking out "Not later than February 1 of each year after 1976" and inserting in lieu thereof "Each year".

GENERAL DISCLOSURE REQUIREMENTS

SEC. 411. Sections 121 and 122 of the Truth in Lending Act are amended to read as follows:

"§ 121. General requirement of disclosure

"(a) Subject to subsection (b), a creditor or lessor shall disclose to the person who is obligated on a consumer lease or a consumer credit transaction the information required under this title. In a transaction involving more than one obligor, a creditor or lessor, except in a transaction under section 125, need not disclose to more than one of them if the one given disclosure is a primary obligor.

"(b) If a transaction involves one creditor as defined in section 103(f), or one lessor as defined in section 181(3), that creditor or lessor shall make the disclosures. If a transaction involves more than one creditor or lessor, only one creditor or lessor shall be required to make the disclosures. The Board shall by regulation specify which creditor or lessor must make the disclosures.

"(c) The Board may provide by regulation that any portion of the information required to be disclosed by this title may be given in the form of estimates where the provider of such information is not in a position to know exact information.

"(d) The Board shall determine whether tolerances for numerical disclosures other than the annual percentage rate are necessary to facilitate compliance with this title, and if it determines that such tolerances are necessary to facilitate compliance, it shall by regulation permit disclosures within such tolerances.

"§ 122. Form of disclosure; additional information

"(a) Information required by this title shall be disclosed clearly and conspicuously, in accordance with regulations of the Board. The terms 'annual percentage rate' and 'finance charge' shall be disclosed more conspicuously than other terms, data, or information provided in connection with a transaction, except information relating to the identity of the creditor. Regulations of the Board need not require that disclosures pursuant to this title be made in the order set forth in this title and, except as otherwise provided, may permit the use of terminology different from that employed in this title if it conveys substantially the same meaning.

"(b) Any creditor or lessor may supply additional information or explanation with any disclosures required under chapters 4 and 5 and, except as provided in section 128 (b)(1), under this chapter.".

RESCISSION

SEC. 412. (a)(1) Subsection (a) of section 125 of the Truth in Lending Act is amended to read as follows:

"(a) Except as otherwise provided in this section, in the case of any consumer credit transaction (including opening or increasing the credit limit for an open end credit plan) in which a security interest, including any such interest arising by operation of law, is or will be retained or acquired in any property which is used as the principal dwelling of the person to whom credit is extended, the obligor shall have the right to rescind the transaction until midnight of the third business day following the consummation of the transaction or the delivery of the information and rescission forms required under this section together with a statement containing the material disclosures required under this title, whichever is later, by notifying the creditor, in accordance with regulations of the Board, of his intention to do so. The creditor shall clearly and conspicuously disclose, in accordance with regulations of the Board, to any obligor in a transaction subject to this section the rights of the obligor under this section. The creditor shall also provide, in accordance with regulations of the Board, appropriate forms for the obligor to exercise his right to rescind any transaction subject to this section.".

(2) Section 103 of such Act, as amended by section 403(b), is amended by adding at the end thereof the following:

"(v) The term 'material disclosures' means the disclosure, as required by this title, of the annual percentage rate, the method of determining the finance charge and the balance upon which a finance charge will be imposed, the amount of the finance charge, the amount to be financed, the total of payments, the number and amount of payments, and the due dates or periods of payments scheduled to repay the indebtedness.".

(3) Subsection (b) of section 125 of the Truth in Lending Act is amended by striking out "ten" in the second and final sentences thereof, and inserting in lieu thereof "20".

(4) Subsection (b) of section 125 of the Truth in Lending Act is amended by adding at the end thereof the following new sentence: "The procedures prescribed by this subsection shall apply except when otherwise ordered by a court.".

(5) Subsection (c) of section 125 of the Truth in Lending Act is amended by inserting "information, forms, and" after "whom".

(6) Section 125 of the Truth in Lending Act is amended by striking out subsections (e) and (f) and inserting in lieu thereof the following:

"(e) This section does not apply to (1) a residential mortgage transaction as defined in section 103(u); (2) a transaction which constitutes a refinancing or consolidation (with no new advances) of the principal balance then due and any accrued and unpaid finance charges of an existing extension of credit by the same creditor secured by an interest in the same property; (3) a transaction in which an agency of a State is the creditor; or (4) advances under a preexisting open end credit plan if a security interest has already been retained or acquired and such advances are in accordance with a previously established credit limit for that plan.

"(f) An obligor's right of rescission shall expire three years after the date of consummation of the transaction or upon the sale of the property, whichever occurs earlier, notwithstanding the fact that the information and forms required under this section or any other disclosures required under this chapter have not been delivered to the obligor, except that if (1) any agency empowered to enforce the provisions of this title institutes a proceeding to enforce the provisions of this section within three years after the date of consummation of the transaction, (2) such agency finds a violation of section 125, and (3) the obligor's right to rescind is based in whole or in part on any matter involved in such proceeding, then the obligor's right of rescission shall expire three years after the date of consummation of the transaction or upon the earlier sale of the property, or upon the expiration of one year following the conclusion of the proceeding, or any judicial review or period for judicial review thereof, whichever is later.

"(g) In any action in which it is determined that a creditor has violated this section, in addition to rescission the court may award relief under section 130 for violations of this title not relating to the right to rescind.".

(b) Section 103 of the Truth in Lending Act is amended—

(1) by redesignating subsection (t) as subsection (w); and

(2) by inserting after subsection (s) the following:

"(t) The term 'dwelling' means a residential structure or mobile home which contains one to four family housing units, or individual units of condominiums or cooperatives.

"(u) The term 'residential mortgage transaction' is one in which a mortgage, deed of trust, purchase money security interest arising under an installment sales contract, or equivalent consensual security interest is created or retained against the consumer's dwelling to finance the acquisition or initial construction of that dwelling.".

OPEN END DISCLOSURES

SEC. 413. (a) Section 127(a) of the Truth in Lending Act is amended—

(1) by adding at the end of paragraph (1) thereof the following new sentence: "If no such time period is provided, the creditor shall disclose that fact.";

(2) by striking out paragraph (5), and redesignating paragraphs (6), (7), and (8) as paragraphs (5), (6), and (7), respectively; and

(3) by amending redesignated paragraphs (5) and (6) to read as follows:

"(5) Identification of other charges which may be imposed as part of the plan, and their method of computation, in accordance with regulations of the Board.

"(6) In cases where the credit is or will be secured, a statement that a security interest has been or will be taken in (A) the property purchased as part of the credit transaction, or (B) property not purchased as part of the credit transaction identified by item or type.".

(b) Section 127(b)(2) of such Act is amended to read as follows:

"(2) The amount and date of each extension of credit during the period, and a brief identification, on or accompanying the statement of each extension of credit in a form prescribed by the Board sufficient to enable the obligor either to identify the transaction or to relate it to copies of sales vouchers or similar instruments previously furnished, except that a creditor's failure to disclose such information in accordance with this paragraph shall not be deemed a failure to comply with this chapter or this title if (A) the creditor maintains procedures reasonably adapted to procure and provide such information, and (B) the creditor responds to and treats any inquiry for clarification or documentation as a billing error and an erroneously billed amount under section 161. In lieu of complying with the foregoing requirements, in the case of any transaction in which the creditor and seller are the same person, as defined by the Board, and that person's open end plan has fewer than 15,000 accounts, the creditor may elect to provide only the amount and date of each extension of credit during the period and the seller's name and location where the transaction took place if (A) a brief identification of the transaction has been previously furnished, and (B) the creditor responds to and treats any inquiry for clarification or documentation as a billing error and an erroneously billed amount under section 161.".

(c) Section 127(b) of the Truth in Lending Act is amended by striking out paragraph (7) and by redesignating paragraphs (8), (9), (10), and (11) as paragraphs (7), (8), (9), and (10), respectively.

(d) Redesignated paragraph (7) of section 127(a) of the Truth in Lending Act is amended by striking out "each of two billing cycles per year, at semiannual intervals" and inserting in lieu thereof "one billing cycle per calendar year, at intervals of not less than six months or more than eighteen months".

(e) Subsection (c) of section 127 of the Truth in Lending Act is repealed.

(f) Section 143 of the Truth in Lending Act is amended by striking out "or the appropriate rate determined under section 127 (a)(5)".

(g) Section 161(a) of the Truth in Lending Act is amended by redesignating the references to sections 127(b)(11) and 127(a) (8) as references to sections 127(b)(10) and 127(a)(7), respectively.

OTHER THAN OPEN END DISCLOSURES

SEC. 414. (a) Subsection (a) of section 128 of the Truth in Lending Act is amended to read as follows:

"(a) For each consumer credit transaction other than under an open end consumer credit plan, the creditor shall disclose each of the following items, to the extent applicable:

"(1) The identity of the creditor required to make disclosure.

"(2) The 'amount financed', using that term, which shall be the amount of credit of which the consumer has actual use. This amount shall be computed as follows, but the computations need not be disclosed and shall not be disclosed with the disclosures conspicuously segregated in accordance with subsection (b)(1):

"(A) take the principal amount of the loan or the cash price less downpayment and trade-in;

"(B) add any charges which are not part of the finance charge or of the principal amount of the loan and which are financed by the consumer, including the cost of any items excluded from the finance charge pursuant to section 106; and

"(C) subtract any charges which are part of the finance charge but which will be paid by the consumer before or at the time of the consummation of the transaction, or have been withheld from the proceeds of the credit.

"(3) The 'finance charge', not itemized, using that term.

"(4) The finance charge expressed as an 'annual percentage rate', using that term. This shall not be required if the amount financed does not exceed $75 and the finance charge does not exceed $5, or if the amount financed exceeds $75 and the finance charge does not exceed $7.50.

"(5) The sum of the amount financed and the finance charge, which shall be termed the 'total of payments'.

"(6) The number, amount, and due dates or period of payments scheduled to repay the total of payments.

"(7) In a sale of property or services in which the seller is the creditor required to disclose pursuant to section 121(b), the 'total sale price', using that term, which shall be the total of the cash price of the property or services, additional charges, and the finance charge.

"(8) Descriptive explanations of the terms 'amount financed', 'finance charge', 'annual percentage rate', 'total of payments', and 'total sale price' as specified by the Board. The descriptive explanation of 'total sale price' shall include reference to the amount of the downpayment.

"(9) Where the credit is secured, a statement that a security interest has been taken in (A) the property which is purchased as part of the credit transaction, or (B) property not purchased as part of the credit transaction identified by item or type.

"(10) Any dollar charge or percentage amount which may be imposed by a creditor solely on account of a late payment, other than a deferral or extension charge.

"(11) A statement indicating whether or not the consumer is entitled to a rebate of any finance charge upon refinancing or prepayment in full pursuant to acceleration or otherwise, if the obligation involves a precomputed finance charge; a statement indicating if a penalty will be imposed in those same circumstances, if the obligation involves a finance charge computed from time to time by application of a rate to the unpaid principal balance.

"(12) A statement that the consumer should refer to the appropriate contract document for any information it provides about nonpayment, default, the right to accelerate the maturity of the debt, and prepayment rebates and penalties.

"(13) In any residential mortgage transaction, a statement whether a subsequent purchaser or assignee of the consumer may assume the debt obligation on its original terms and conditions.".

(b) Section 128(b) of such Act is amended to read as follows:

"(b)(1) Except as otherwise provided in this chapter, the disclosures required under subsection (a) shall be made before the credit is extended. Except for the disclosures required by subsection (a)(1) of this section, all disclosures required under subsection (a) and any disclosure provided for in subsection (b), (c), or (d) of section 106 shall be conspicuously segregated from all other terms, data, or information provided in connection with a transaction, including any computations or itemization.

"(2) In the case of a residential mortgage transaction, as defined in section 103(u), which is also subject to the Real Estate Settlement Procedures Act, good faith estimates of the disclosures required under subsection (a) shall be made in accordance with regulations of the Board under section 121(c) before the credit is extended, or shall be delivered or placed in the mail not later than three business days after the creditor receives the consumer's written application, whichever is earlier. If the disclosure statement furnished within three days of the written application contains an annual percentage rate which is subsequently rendered inaccurate within the meaning of section 107(c), the creditor shall furnish another statement at the time of settlement or consummation.".

(c) Section 128(c) of the Truth in Lending Act is amended—

(1) by inserting "(1)" after "(c)";

(2) by striking out "deferred payment price" and inserting in lieu thereof "total sale price"; and

(3) by adding at the end thereof the following new paragraph:

"(2) If a creditor receives a request for a loan by mail or telephone without personal solicitation and the terms of financing, including the annual percentage rate for representative amounts of credit, are set forth in the creditor's printed material distributed to the public, or in the contract of loan or other printed material delivered to the obligor, then the disclosures required under subsection (a) may be made at any time not later than the date the first payment is due.".

(d)(1) Section 129 of the Truth in Lending Act is repealed

(2) The table of sections of chapter 2 of the Truth in Lending Act is amended by striking out item 129 and inserting in lieu thereof:

"129 [Repealed].".

(e)(1) Section 126 of the Truth in Lending Act is repealed.

(2) The table of sections of chapter 2 of the Truth in Lending Act is amended by striking out item 126 and inserting in lieu thereof:

"126. [Repealed].".

(f)(1) The table of sections of chapter 2 of the Truth in Lending Act is amended by striking out item 128 and inserting in lieu thereof:

"128. Consumer credit not under open end credit plans.".

(2) The caption of section 128 of such Act is amended by striking out "Sales" and inserting in lieu thereof "Consumer credit".

CIVIL LIABILITY

SEC. 415. (a) Section 130 of the Truth in Lending Act is amended—

(1) by striking out "in such action" in subsection (a)(2)(B) and inserting in lieu thereof "under this subparagraph in any class action or series of class actions arising out of the same failure to comply by the same creditor";

(2) in subsection (a)(3), by inserting "or in any action in which a person is determined to have a right of rescission under section 125" after "liability";

(3) by amending subsections (b), (c), and (d) to read as follows:

"(b) A creditor or assignee has no liability under this section or section 108 or section 112 for any failure to comply with any requirement imposed under this chapter or chapter 5, if within sixty days after discovering an error, whether pursuant to a final written examination report or notice issued under section 108(e)(1) or through the creditor's or assignee's own procedures, and prior to the institution of an action under this section or the receipt of written notice of the error from the obligor, the creditor or assignee notifies the person concerned of the error and makes whatever adjustments in the appropriate account are necessary to assure that the person will not be required to pay an amount in excess of the charge actually disclosed, or the dollar equivalent of the annual percentage rate actually disclosed, whichever is lower.

"(c) A creditor or assignee may not be held liable in any action brought under this section or section 125 for a violation of this title if the creditor or assignee shows by a preponderance of evidence that the violation was not intentional and resulted from a bona fide error notwithstanding the maintenance of procedures reasonably adapted to avoid any such error. Examples of bona fide error include, but are not limited to, clerical, calculation, computer malfunction and programming, and printing errors, but an error of legal judgment with respect to a person's obligations under this title is not a bona fide error.

"(d) When there are multiple obligors in a consumer credit transaction or consumer lease, there shall be no more than one recovery of damages under subsection (a)(2) for a violation of this title.";

(4) by adding at the end of subsection (e) the following new sentence: "This subsection does not bar a person from asserting a violation of this title in an action to collect the debt which was brought more than one year from the date of the occurrence of the violation as a matter of defense by recoupment or set-off in such action, except as otherwise provided by State law.";

(5) by inserting ", section 108(b), section 108(c), section 108(e)," after "this section" in subsection (f);

(6) by adding the following new sentence at the end of subsection (g): "This subsection does not bar any remedy permitted by section 125."; and

(7) by amending subsection (h) to read as follows:

"(h) A person may not take any action to offset any amount for which a creditor or assignee is potentially liable to such person under subsection (a)(2) against any amount owing by such person, unless the amount of the creditor's or assignee's liability under this title has been determined by judgment of a court of competent jurisdiction in an action of which such person was a party. This subsection does not bar a consumer then in default on the obligation from asserting a violation of this title as an original action, or as a defense or counterclaim to an action to collect amounts owed by the consumer brought by a person liable under this title.".

(b) Section 130(a) of the Truth in Lending Act is amended—

(1) by inserting ", including any requirement under section 125," immediately after "this chapter"; and

(2) by adding at the end thereof the following: "In connection with the disclosures referred to in section 127, a creditor shall have a liability determined under paragraph (2) only for failing to comply with the requirements of section 125 or of section 127(a) or of paragraph (4), (5), (6), (7), (8), (9), or (10) of section 127(b) or for failing to comply with disclosure requirements under State law for any term which the Board has determined to be substantially the same in meaning under section 111(a)(2) as any of the terms referred to in section 127(a) or any of those paragraphs of section 127(b). In connection with the disclosures referred to in section 128, a creditor shall have a liability determined under paragraph (2) only for failing to comply with the requirements of section 125 or of paragraph (2), (3), (4), (5), (6), or (9) of section 128(a), or for failing to comply with disclosure requirements under State law for any term which the Board has determined to be substantially the same in meaning under section 111(a)(2) as any of the terms referred to in any of those paragraphs of section 128(a). With respect to any failure to make disclosures required under this chapter or chapter 4 or 5 of this title, liability shall be imposed only upon the creditor required to make disclosure, except as provided in section 131.".

LIABILITY OF ASSIGNEES

SEC. 416. (a) Section 131 of the Truth in Lending Act is amended to read as follows:

"§ 131. Liability of assignees

"(a) Except as otherwise specifically provided in this title, any civil action for a violation of this title or proceeding under section 108 which may be brought against a creditor may be maintained against any assignee of that creditor only if the violation for which such action or proceeding is brought is apparent on the face of the disclosure statement, except where the assignment was involuntary. For the purpose of this section, violations apparent on the face of the disclosure statement include, but are not limited to (1) disclosure which can be determined to be incomplete or inaccurate from the face of the disclosure statement or other documents assigned, or (2) disclosures not made in the terminology required by this title.

"(b) Except as provided in section 125(c), in any action or proceeding by or against any subsequent assignee of the original creditor without knowledge to the contrary by the assignee when he acquires the obligation, written acknowledgment of receipt by a person to whom a statement is required to be given pursuant to this title shall be conclusive proof of the delivery thereof and, except as provided in subsection (a), of compliance with this chapter. This section does not affect the rights of the obligor in any action against the original creditor.

"(c) Any consumer who has the right to rescind a transaction under section 125 may rescind the transaction as against any assignee of the obligation.".

(b) Section 115 of the Truth in Lending Act is repealed.

(c)(1) The table of sections of chapter 1 of the Truth in Lending Act is amended by striking out item 115 and inserting in lieu thereof:

"115. [Repealed].".

(2) The table of sections of chapter 2 of the Truth in Lending Act is amended by striking out item 131 and inserting in lieu thereof:

"131. Liability of assignees.".

LIABILITY OF CREDIT CARDHOLDER

SEC. 417. Section 133(a) of the Truth in Lending Act is amended to read as follows:

"(a) A cardholder shall be liable for the unauthorized use of a credit card only if the card is an accepted credit card, the liability is not in excess of $50, the card issuer gives adequate notice to the cardholder of the potential liability, the card issuer has provided the cardholder with a description of a means by which the card issuer may be notified of loss or theft of the card, which description may be provided on the face or reverse side of the statement required by section 127(b) or on a separate notice accompanying such statement, the unauthorized use occurs before the card issuer has been notified that an unauthorized use of the credit card has occurred or may occur as the result of loss, theft, or otherwise, and the card issuer has provided a method whereby the user of such card can be identified as the person authorized to use it. For the purpose of this section, a card issuer has been notified when such steps as may be reasonably required in the ordinary course of business to provide the card issuer with the pertinent information have been taken, whether or not any particular officer, employee, or agent of the card issuer does in fact receive such information.".

DISSEMINATION OF ANNUAL PERCENTAGE RATES

SEC. 418. (a) Chapter 2 of the Truth in Lending Act is amended by adding at the end thereof the following new section:

"§ 136. Dissemination of annual percentage rates

"(a) The Board shall collect, publish, and disseminate to the public, on a demonstration basis in a number of standard metropolitan statistical areas to be determined by the Board, the annual percentage rates charged for representative types of nonsale credit by creditors in such areas. For the purpose of this section, the Board is authorized to require creditors in such areas to furnish information necessary for the Board to collect, publish, and disseminate such information.

"(b) The Board is authorized to enter into contracts or other arrangements with appropriate persons, organizations, or State agencies to carry out its functions under subsection (a) and to furnish financial assistance in support thereof.".

(b) The analysis of such chapter is amended by adding at the end thereof the following new item:

"136. Dissemination of annual percentage rates.".

CREDIT ADVERTISING

SEC. 419. (a) Section 143 of the Truth in Lending Act is amended to read as follows:

"§ 143. Advertising of open end credit plans

"No advertisement to aid, promote, or assist directly or indirectly the extension of consumer credit under an open end credit plan may set forth any of the specific terms of that plan unless it also clearly and conspicuously sets forth all of the following items:

"(1) Any minimum of fixed amount which could be imposed.

"(2) Where periodic rates may be used to compute the finance charge the periodic rates expressed as annual percentage rates.

"(3) Any other term that the Board may by regulation require to be disclosed.".

(b) Section 144 of the Truth in Lending Act is amended by striking out paragraphs (1) through (4) of subsection (d) thereof, and inserting in lieu thereof the following:

"(1) The downpayment, if any.

"(2) The terms of repayment.

"(3) The rate of the finance charge expressed as an annual percentage rate.".

CORRECTION OF BILLING ERRORS

SEC. 420. (a) Section 161(b) of the Truth in Lending Act is amended—

(1) by redesignating paragraph (6) as paragraph (7); and

(2) by inserting after paragraph (5) the following:

"(6) Failure to transmit the statement required under section 127(b) of this Act to the last address of the obligor which has been disclosed to the creditor, unless that address was furnished less than twenty days before the end of the billing cycle for which the statement is required.".

(b) Section 161(c) of such Act is amended by inserting after "account" the first time it is used a comma and the following: "which may include finance charges on amounts in dispute,".

CREDIT BALANCES

SEC. 421. (a) Section 165 of the Truth in Lending Act is amended to read as follows:

"§ 165. Treatment of credit balances

"Whenever a credit balance in excess of $1 is created in connection with a consumer credit transaction through (1) transmittal of funds to a creditor in excess of the total balance due on an account; (2) rebates of unearned finance charges or insurance premiums; or (3) amounts otherwise owed to or held for the benefit of an obligor, the creditor shall:

"(A) credit the amount of the credit balance to the consumer's account;

"(B) refund any part of the amount of the remaining credit balance, upon request of the consumer; and

"(C) make a good faith effort to refund to the consumer by cash, check, or money order any part of the amount of the credit balance remaining in the account for more than six months, but no further action is required in any case where the consumer's current location is not known by the creditor and cannot be traced through the consumer's last known address or telephone number.".

(b) The table of sections of chapter 4 of the Truth in Lending Act is amended by striking out item 165 and inserting in lieu thereof:

"165. Treatment of credit balances.".

GOVERNMENT EXEMPTION

SEC. 422. (a) Section 113 of the Truth in Lending Act is amended to read as follows:

"§ 113. Effect on governmental agencies

"(a) Any department or agency of the United States which administers a credit program in which it extends, insures, or guarantees consumer credit and in which it provides instruments to a creditor which contain any disclosures required by this title shall, prior to the issuance or continued use of such instruments, consult with the Board to assure that such instruments comply with this title.

"(b) No civil or criminal penalty provided under this title for any violation thereof may be imposed upon the United States or any agency thereof, or upon any State or political subdivision thereof, or any agency of any State or political subdivision.

"(c) A creditor participating in a credit program administered, insured, or guaranteed by any department or agency of the United States shall not be held liable for a civil or criminal penalty under this title where the violation results from the use of an instrument required by any such department or agency.

"(d) A creditor participating in a credit program administered, insured, or guaranteed by any department or agency of the United States shall not be held liable for a civil or criminal penalty under the laws of any State (other than laws determined under section 111 to be inconsistent with this title) for any technical or procedural failure, such as a failure to use a specific form, to make information available at a specific place on an instrument, or to use a specific typeface, as required by State law, which is caused by the use of an instrument required to be used by such department or agency.".

(b) The table of sections of chapter 1 of the Truth in Lending Act is amended by striking out item 113 and inserting in lieu thereof:

"113. Effect on governmental agencies.".

ORAL DISCLOSURES

SEC. 423. (a) Section 146 of the Truth in Lending Act is amended to read as follows:

"§ 146. Use of annual percentage rate in oral disclosures

"In responding orally to any inquiry about the cost of credit, a creditor, regardless of the method used to compute finance charges, shall state rates only in terms of the annual percentage rate, except that in the case of an open end credit plan, the periodic rate also may be stated and, in the case of an other than open end credit plan where a major component of the finance charge consists of interest computed at a simple annual rate, the simple annual rate also may be stated. The Board may, by regulation, modify the requirements of this section or provide an exception from this section for a transaction or class of transactions for which the creditor cannot determine in advance the applicable annual percentage rate.".

(b) The table of sections of chapter 3 of the Truth in Lending Act is amended by striking out item 146 and inserting in lieu thereof:

"146. Use of annual percentage rate in oral disclosures."

CONSUMER LEASING

SEC. 424. Section 185(b) of the Consumer Leasing provisions of the Truth in Lending Act is amended by deleting the reference in the second sentence of that subsection to section 115.

EFFECTIVE DATE

SEC. 425. Except as provided in section 408, the amendments made by this title shall take effect upon the expiration of two years after the date of enactment of this Act. All regulations, forms, and clauses required to be prescribed under the amendments made by this title shall be promulgated at least one year prior to such effective date. Notwithstanding the foregoing, any creditor may comply with the amendments made by this title, in accordance with the regulations, forms, and clauses prescribed by the Board, prior to such effective date.

TITLE V—INTEREST RATE AMENDMENTS REGARDING STATE USURY CEILINGS ON CERTAIN LOANS

SEC. 501. Section 5197 of the Revised Statutes, as amended (12 U.S.C. 85), is amended by inserting in the first and second sentences before the phrase "whichever may be the greater", the following: "or in the case of business or agricultural loans in the amount of $25,000 or more, at a rate of 5 per centum in excess of the discount rate on ninety-day commercial paper in effect at the Federal Reserve bank in the Federal Reserve district where the bank is located,".

SEC. 502. The Federal Deposit Insurance Act (12 U.S.C. 1811–1831) is amended by inserting after section 23 the following new section:

"SEC. 24. (a) In order to prevent discrimination against State-chartered insured banks with respect to interest rates, if the applicable rate prescribed in this subsection exceeds the rate such State bank would be permitted to charge in the absence of this subsection, a State bank may in the case of business or agricultural loans in the amount of $25,000 or more, notwithstanding any State constitution or statute, which is hereby preempted for the purposes of this section, take, receive, reserve, and charge on any loan or discount made, or upon any note, bill of exchange, or other evidence of debt, interest at a rate of not more than 5 per centum in excess of the discount rate on ninety-day commercial paper in effect at the Federal Reserve bank in the Federal Reserve district where the bank is located, and such interest may be taken in advance, reckoning the days for which the note, bill, or other evidence of debt has to run.

"(b) If the rate prescribed in subsection (a) exceeds the rate such State bank would be permitted to charge in the absence of this paragraph, and such State fixed rate is thereby preempted by the rate described in subsection (a), the taking, receiving, reserving, or charging a greater rate of interest than is allowed by subsection (a) when knowingly done, shall be deemed a forfeiture of the entire interest which the note, bill, or other evidence of debt carries with it, or which has been agreed to be paid thereon. If such greater rate of interest has been paid, the person who paid it may recover in a civil action commenced in a court of appropriate jurisdiction not later than two years after the date of such payment, an amount equal to twice the amount of the interest paid from the State bank taking or receiving such interest.".

SEC. 503. Title IV of the National Housing Act (12 U.S.C. 1724–1730f) is amended by inserting after section 411 the following new section:

"SEC. 412. (a) If the applicable rate prescribed in this section exceeds the rate an insured institution would be permitted to charge in the absence of this section, such institution may in the case of business or agricultural loans in the amount of $25,000 or more, notwithstanding any State constitution or statute, which is hereby preempted for the purposes of this section, take, receive, reserve, and charge on any loan or discount made, or upon any note, bill of exchange, or other evidence of debt, interest at a rate of not more than 5 per centum in excess of the discount rate on ninety-day commercial paper in effect at the Federal Reserve bank in the Federal Reserve district where the institution is located, and such interest may be taken in advance, reckoning the days for which the note, bill, or other evidence of debt has to run.

"(b) If the rate prescribed in subsection (a) exceeds the rate such institution would be permitted to charge in the absence of this section, and such State fixed rate is thereby preempted by the rate described in subsection (a), the taking, receiving, reserving, or charging a greater rate of interest than that prescribed by subsection (a), when knowingly done, shall be deemed a forfeiture of the entire interest which the note, bill, or other evidence of debt carries with it, or which has been agreed to be paid thereon. If such greater rate of interest has been paid, the person who paid it may recover, in a civil action commenced in a court of appropriate jurisdiction not later than two years after the date of such payment, an amount equal to twice the amount of the interest paid from the institution taking or receiving such interest.".

SEC. 504. Subsection (h) of section 308 of the Small Business Investment Act of 1958 is amended to read as follows:

"(h) (1) The purpose of this subsection is to facilitate the orderly and necessary flow of long-term loans and equity funds to small business investment companies to small business concerns.

"(2) In the case of a business loan the principal amount of which is $25,000 or more, the small business investment company making such loan may charge interest on such loan at a rate which does not exceed the lowest of the rates described in subparagraphs (A), (B), and (C).

"(A) The rate described in this subparagraph is the maximum rate prescribed by regulation by the Small Business Administration for loans made by any small business investment company (determined without regard to any State rate incorporated by such regulation).

"(B) The rate described in this subparagraph is the maximum rate authorized by an applicable State law which is not preempted for purposes of this subsection.

"(C) (i) The rate described in this subparagraph is the higher of the Federal Reserve rate or the maximum rate authorized by applicable State law (determined without regard to the preemption of such State law).

"(ii) For purposes of clause (i), the term 'Federal Reserve rate' means the rate equal to the sum of 5 percentage points plus the discount rate on 90-day commercial paper in effect at the Federal Reserve bank in the Federal Reserve district in which the principal office of the small business investment company is located.

"(iii) The rate described in this subparagraph shall not apply to loans made in a State if there is no maximum rate authorized by applicable State law for such loans or there is a maximum rate authorized by an applicable State law which is not preempted for purposes of this subsection.

"(3) a State law shall be preempted for purposes of paragraph (2)(B) with respect to any loan if such loan is made before the earliest of—

"(A) July 1, 1981;

"(B) the date, after the date of the enactment of this paragraph, on which such State adopts a law stating in substance that such State does not want this subsection to apply with respect to loans made in such State; or

"(C) the date on which such State certifies that the voters of such State, after the date of the enactment of this paragraph, have voted in favor of, or to retain, any law, provision of the constitution of such State, or amendment to the constitution of such State which prohibits the charging of interest at the rates provided in this subsection.

"(4) (A) If the maximum rate of interest authorized under paragraph (2) on any loan made by a small business investment company exceeds the rate which would be authorized by applicable State law if such State law were not preempted for purposes of this subsection, the charging of interest at any rate in excess of the rate authorized by paragraph (2) shall be deemed a forfeiture of the greater of (i) all interest which the loan carries with it, or (ii) all interest which has been agreed to be paid thereon.

"(B) In the case of any loan with respect to which there is a forfeiture of interest under subparagraph (A), the person who paid the interest may recover from a small business investment company making such loan an amount equal to twice the amount of the interest paid on such loan. Such interest may be recovered in a civil action commenced in a court of appropriate jurisdiction not later than 2 years after the most recent payment of interest.".

SEC. 505. (a) In order to prevent discrimination against any financial institution chartered pursuant to the statutes of the United States with respect to interest rates, if the applicable rate prescribed in this section exceeds the rate such federally chartered financial institution would be permitted to charge in the absence of this section, the federally chartered financial institution may in the case of business or agricultural loans in the amount of $25,000 or more, notwithstanding any State constitution or statute, which is hereby preempted for the purposes of this section, take, receive, reserve, and charge on any loan, interest at a rate of not more than 5 per centum in excess of the discount rate on ninety-day commercial paper in effect at the Federal Reserve bank in the Federal Reserve district where the federally chartered financial institution is located.

(b) If the rate prescribed in subsection (a) exceeds the rate such federally chartered financial institution would be permitted to charge in the absence of this section, and such State fixed rate is thereby preempted by the rate described in subsection (a), the taking, receiving, or charging a greater rate than is allowed by subsection (a), when knowingly done, shall be deemed a forfeiture of the entire interest which the loan carries with it, or which has been agreed to be paid thereon. If such greater rate of interest has been paid, the person who paid it may recover, in a civil action commenced in a court of appropriate jurisdiction not later than two years after the date of such payment, an amount equal to twice the amount of interest paid from the federally chartered financial institution taking or receiving such interest.

SEC. 506. If any provision of this title or the application of such provision to any person or circumstance shall be held invalid, the remainder of the title and the application of such provision to any person or circumstance other than that as to which it is held invalid shall not be affected thereby.

SEC. 507. The amendments made by this title and the provisions of this title shall apply only with respect to loans made in any State during the period beginning on the date of enactment of this Act and ending on the earlier of—

(1) July 1, 1981;

(2) the date, after the date of the enactment of this Act, on which such State adopts a law stating in substance that such State does not want the amendments made by this title and the provisions of this title to apply with respect to loans made in such State; or

(3) the date on which such State certifies that the voters of such State, after the date of the enactment of this Act, have voted in favor of, or to retain, any law, provision of the constitution of such State, or amendment to the constitution of such State which prohibits the charging of interest at the rates provided in the amendments made by this title and the provisions of the title.

TITLE VI—APPLICABILITY OF STATE USURY CEILINGS TO CERTAIN OBLIGATIONS ISSUED BY BANKS AND AFFILIATES

SEC. 601. Section 19 of the Federal Reserve Act (12 U.S.C. 461 et seq.) is amended by inserting after subsection (j) the following new subsection:

"(k) No member bank or affiliate thereof, or any successor or assignee of such member bank or affiliate or any endorser, guarantor, or surety of such member bank or affiliate may plead, raise, or claim directly or by counterclaim, setoff, or otherwise, with respect to any deposit or obligation of such member bank or affiliate, any defense, right, or benefit under any provision of a statute or constitution of a State or of a territory of the United States, or of any law of the District of Columbia, regulating or limiting the rate of interest which may be charged, taken, received, or reserved, and any such provision is hereby preempted, and no civil or criminal penalty which would otherwise be applicable under such provision shall apply to such member bank or affiliate or to any other person.".

SEC. 602. Section 18 of the Federal Deposit Insurance Act (12 U.S.C. 1828) is amended by inserting after subsection (j) the following new subsection:

"(k) No insured nonmember bank or affiliate thereof, or any successor or assignee of such bank or affiliate or any endorser, guarantor, or surety of such bank or affiliate may plead, raise, or claim, directly or by counterclaim, setoff, or otherwise, with respect to any deposit or obligation of such bank or affiliate, any defense, right, or benefit under any provision of a statute or constitution of a State or of a territory of the United States, or of any law of the District of Columbia, regulating or limiting the rate of interest which may be charged, taken, received, or reserved, and any such provision is hereby preempted, and no civil or criminal penalty which would otherwise be applicable under such provision shall apply to such bank or affiliate or to any other person.".

SEC. 603. Section 5B of the Federal Home Loan Bank Act (12 U.S.C. 1425b) is amended by inserting after subsection (d) the following new subsection:

"(e) No member or nonmember association, institution, or bank or affiliate thereof, or any successor or assignee, or any endorser, guarantor, or surety thereof may plead, raise or claim, directly or by counterclaim, setoff, or otherwise, with respect to any deposit or obligation of such member or nonmember association, institution, bank, or affiliate, any defense, right, or benefit under any provision of a statute or constitution of a State or of a territory of the United States, or of any law of the District of Columbia, regulating or limiting the rate of interest which may be charged, taken, received, or reserved, and any such provision is hereby preempted, and no civil or criminal penalty which would otherwise be applicable under such provision shall apply to such member or nonmember association, institution, bank, or affiliate or to any other person.".

SEC. 604. The amendments made by this title shall apply only with respect to deposits made or obligations issued in any State during the period beginning on the date of the enactment of this Act and ending on the earlier of—

(1) July 1, 1981;

(2) the date, after the date of the enactment of this Act, on which such State adopts a law stating in substance that such State does not want the amendments made by this title to apply with respect to such deposits and obligations; or

(3) the date on which such State certifies that the voters of such State, after the date of the enactment of this Act, have voted in favor of, or to retain, any law, provision of the constitution of such State, or amendment to the constitution of such State which limits the amount of interest which may be charged in connection with such deposits and obligations.

TITLE VII—REPEALS

SEC. 701. Titles II and III of the Act entitled "An Act to authorize the regulation of interest rates payable on obligations issued by affiliates of certain depository institutions, and for other purposes", approved October 29, 1974 (Public Law 93–501; 88 Stat. 1557), are hereby repealed, except that—

(1) the amendments made by title II of such Act and the provisions of such title shall apply to any loan made in any State during the period specified in section 206 of such Act; and

(2) the amendments made by title III of such Act shall apply to any deposit made or obligation issued in any State during the period specified in section 304 of such Act.

SEC. 702. Notwithstanding any provision of this Act to the contrary, the preemption of State usury laws provided by titles V and VI of this Act shall expire on July 1, 1980, except in those States having a constitutional provision establishing maximum interest rates in which case the preemption shall expire on July 1, 1981.

TITLE VIII—REGULATORY SIMPLIFICATION

SHORT TITLE

SEC. 801. This title may be cited as the "Financial Regulation Simplification Act of 1979".

FINDINGS

SEC. 802. The Congress finds that many regulations issued by the Board of Governors of the Federal Reserve System, the Board of Directors of the Federal Deposit Insurance Corporation, the Comptroller of the Currency, the Federal Home Loan Bank Board, and the National Credit Union Administration Board (hereinafter referred to as the "Federal financial regulatory agencies") often impose costly, duplicative, and unnecessary burdens on both financial institutions and consumers. Regulations should be simple and clearly written. Regulations should achieve legislative goals effectively and efficiently. Regulations should not impose unnecessary costs and paperwork burdens on the economy, on financial institutions, or on consumers.

POLICY

SEC. 803. Regulations issued by the Federal financial regulatory agencies shall insure that—

(1) the need for and purpose of the regulation are established clearly;

(2) meaningful alternatives to the promulgation of regulations are considered before any regulation is issued;

(3) compliance costs, paperwork, and other burdens on the financial institutions, consumers, and public are minimized;

(4) conflicts, duplication, and inconsistencies between the regulations issued by the Federal financial regulatory agencies are to be avoided to the extent possible taking into account differences in statutory responsibilities, the classes of financial institutions' regulation and methods of implementation of statutory or policy objectives;

(5) timely participation and comment by other Federal agencies, appropriate State and local agencies, financial institutions, and consumers are available; and

(6) regulations issued shall be as simple and clearly written as possible and understandable by those who are subject to the rules.

REVIEW OF EXISTING REGULATIONS

SEC. 804. The Federal financial regulatory agencies shall establish a program which assures periodic review of existing regulations to determine whether those regulations achieve the policy goals in section 903. Those regulations which are not in keeping with the policy goals shall be revised accordingly.

REPORTING

SEC. 805. Not later than six months after the effective date of this title and in subsequent annual reports, each Federal financial regulatory agency shall submit a report of its progress in implementing this title to the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate.

TERMINATION DATE

SEC. 806. Unless extended, this title expires five years after its effective date.

TITLE IX—ALASKA USA FEDERAL CREDIT UNION

SEC. 901. Any person who is a member of the Alaska USA Federal Credit Union prior to any termination date which is contained in section 5 of the charter of such credit union and which would otherwise apply to such person may continue to be a member of such credit union on and after such date. For purposes of this section, the term, "member of the Alaska USA Federal Credit Union," means any person who has an account at such credit union.

TITLE X—FOREIGN CONTROL OF UNITED STATES FINANCIAL INSTITUTIONS

SEC. 1001. The Congress finds that the takeover in whole or in part of United States financial institutions by foreign interests may constitute a threat to the health of the economy of the United States.

SEC. 1002. As used in this title—

(1) "United States financial institution" means any bank, mutual savings bank, or savings and loan association organized under the laws of any State or of the United States;

(2) "foreign person" means any foreign organization or any individual resident in a foreign country or any organization or individual owned or controlled by such an organization or individual;

(3) "United States person" means any organization existing under the laws of the United States or of any State or any United States citizen; and

(4) "takeover" means any acquisition of the stock or assets of any financial institution if, after such acquisition, the amount of stock or assets held in 5 per centum or more of the institution's stock or assets.

SEC. 1003. (a) The Board of Governors of the Federal Reserve System, in consultation with the Comptroller of the Currency, the Board of Directors of the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board, shall prepare a report which shall—

(1) analyze in detail the impact on the United States economy and United States banking system of the takeover of United States financial institutions by foreign persons;

(2) specify what changes to existing statutes and regulations should be made and what new legislation should be enacted in the event that the Congress determines that it is appropriate to—

(A) prevent hostile takeovers of United States financial institutions by foreign persons;

(B) prevent takeovers of United States financial institutions by foreign persons where such takeovers will have an anticompetitive effect;

(C) prevent more than 10 per centum, measured by total aggregate deposits and loans, of all United States financial institutions from being owned or controlled, either directly or indirectly, by foreign persons;

(D) prevent the takeover of any United States financial institution by any foreign person where such person is organized under the laws of or the resident of, or owned by or controlled by any foreign person organized under the laws of or the resident of, a foreign country which does not grant the same takeover privilege to United States persons; and

(E) permit Federal bank and savings institutions regulatory authorities to have such supervisory and investigatory powers over foreign persons which own or control a United States financial institution (i) as are equivalent to the powers that agencies have over United States persons which own or control United States financial institutions, and (ii) as are necessary to ensure safe and sound practices by United States financial institutions owned or controlled by a foreign person.

(b) The report required by this section shall be submitted to the Congress not later than six months after the date of enactment of this resolution.

SEC. 1004. In order to permit the Congress to receive, consider, and act upon the report required by section 1003, the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Board of Directors of the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board may not approve any application relating to the takeover of any United States financial institution by a foreign person unless (1) such takeover is necessary to prevent the bankruptcy or insolvency of the United States financial institution, or (2) the application has been filed on or before June 1, 1979.

House amendments to Senate amendment: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SHORT TITLE

SECTION 1. This Act may be cited as the "Consumer Checking Account Equity and Monetary Control Act of 1979".

TITLE I—CONSUMER CHECKING ACCOUNT EQUITY ACT OF 1979

SEC. 101. This title may be cited as the "Consumer Checking Account Equity Act of 1979".

SEC. 102. (a) Section 19(i) of the Federal Reserve Act (12 U.S.C. 371a) is amended by adding at the end thereof the following: "Notwithstanding any other provision of this section, a member bank may permit withdrawals to be made automatically from a savings deposit that consists only of funds in which the entire beneficial interest is held by one or more individuals through payment to the bank itself or through transfer of credit to a demand deposit or other account pursuant to written authorization from the depositor to make such payments or transfers in connection with checks or drafts drawn upon the bank, pursuant to terms and conditions prescribed by the Board.".

(b) Section 18(g) of the Federal Deposit Insurance Act (12 U.S.C. 1828(g)) is amended by inserting "(1)" after "(g)" and by adding at the end thereof the following:

"(2) Notwithstanding the provisions of paragraph (1), an insured nonmember bank may permit withdrawals to be made automatically from a savings deposit that consists only of funds in which the entire beneficial interest is held by one or more individuals through payment to the bank itself or through transfer of credit to a demand deposit or other account pursuant to written authorization from the depositor to make such payments or transfers in connection with checks or drafts drawn upon the bank, pursuant to terms and conditions prescribed by the Board of Directors.".

SEC. 103. Section 2(a) of the Act entitled "An Act to extend certain laws relating to the payment of interest on time and savings deposits, to prohibit depository institutions from permitting negotiable orders of withdrawal to be made with respect to any deposit or account on which any interest or dividend is paid, to authorize Federal savings and loan associations and national banks to own stock in and invest in loans to certain State housing corporations, and for other purposes", approved August 16, 1973 (12 U.S.C. 1832(a)), is amended to read as follows:

"(a)(1) Except as provided in paragraph (2), a depository institution may permit the owner of a deposit or account on which interest or dividends are paid to make withdrawals by negotiable or transferable instruments for the purpose of making transfers to third parties.

"(2) Paragraph (1) shall apply only with respect to deposits or accounts which consist solely of funds in which the entire beneficial interest is held by one or more individuals or by an organization which is operated primarily for religious, philanthropic, charitable, educational, or other similar purposes and which is not operated for profit.".

SEC. 104. (a) Section 5(b)(1) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(b)(1)) is amended by adding at the end thereof the following: "This section does not prohibit the establishment of remote service units by associations in accordance with regulations prescribed by the Board.".

(b) Section 5(c)(1)(A) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(b)(1)(A) is amended by striking out the period at the end thereof and inserting in lieu thereof "and loans specifically related to negotiable order-of-withdrawal accounts."

SEC. 105. (a) Section 101(5) of the Federal Credit Union Act (12 U.S.C. 1752(5)) is amended by striking out "or share certificate' each place it appears therein and inserting in lieu thereof ", share certificate, or share draft account".

(b) Section 107(6) of the Federal Credit Union Act (12 U.S.C. 1757(6)) is amended by striking out "credit unions serving" and all that follows through the end thereof and inserting in lieu thereof "credit unions serving predominantly low-income members (as defined by the Board) payments on—

"(A) shares which may be issued at varying dividend rates;

"(B) share certificates which may be issued at varying dividend rates and maturities; and

"(C) share draft accounts authorized under section 205(f);

subject to such terms, rates, and conditions as may be established by the board of directors, within limitations prescribed by the Board.".

(c) Section 117 of the Federal Credit Union Act (12 U.S.C. 1763) is amended—

(1) in the first sentence—

(A) by striking out "and" the second place it appears therein and inserting in lieu thereof a comma; and

(B) by inserting ", and at different rates on different types of share draft accounts" before the period at the end thereof; and

(2) in the second sentence, by striking out "and share certificates" and inserting in lieu thereof ", share certificates, and share draft accounts".

(d) Section 205 of the Federal Credit Union Act (12 U.S.C. 1785) is amended by adding at the end thereof the following new subsection:

"(f)(1) Every insured credit union is authorized to maintain share draft accounts in accordance with rules and regulations prescribed by the Board. Except as provided in paragraph (2), an insured credit union may pay dividends on share draft accounts and may permit the owner of such share draft account to make withdrawals by negotiable or transferable instruments for the purpose of making transfers to third parties.

"(2) Paragraph (1) shall apply only with respect to accounts which consist solely of share draft accounts in which the entire beneficial interest is held by one or more individuals or members or by an organization which is operated primarily for religious, philanthropic, charitable, educational, or other similar purposes and which is not operated for profit.".

SEC. 106. The amendments made by this title shall take effect on December 31, 1979, except that the amendments made by section

103 of this title shall take effect on September 30, 1980.

TITLE II—MONETARY CONTROL ACT OF 1979

SEC. 201. This title may be cited as the "Monetary Control Act of 1979".

REPORTING REQUIREMENTS

SEC. 202. Section 11(a) of the Federal Reserve Act (12 U.S.C. 248(a)) is amended (1) by inserting "(1)" immediately after "(a)", and (2) by adding at the end thereof the following new paragraph:

"(2) To require any depository institution specified in this paragraph to make, at such intervals as the Board may prescribe, such reports of its liabilities and assets as the Board may determine to be necessary to enable the Board to discharge its responsibility to monitor and control monetary and credit aggregates. Such reports shall be made (A) directly to the Board in the case of member banks and in the case of other depository institutions for all liabilities specified in sections 19(b)(1)(A) and 19(b)(1)(B) of this Act, and (B) to the Board through the (i) Federal Deposit Insurance Corporation in the case of insured State nonmember banks, (ii) National Credit Union Administration in the case of insured credit unions, (iii) Federal Home Loan Bank Board in the case of any institution insured by the Federal Savings and Loan Insurance Corporation or which is a member as defined in section 2 of the Federal Home Loan Bank Act, and (iv) such State officer or agency as the Board may designate in the case of any other type of bank, savings and loan association, or credit union. The Board shall endeavor to avoid unnecessary burdens on reporting institutions and the duplication of other reporting requirements, and any data from such reporting requirements shall be made readily available to the Board. The Board may classify depository institutions for the purposes of this paragraph, and may impose different requirements on each such class.".

RESERVE REQUIREMENTS

SEC. 203. (a) Section 19(a) of the Federal Reserve Act (12 U.S.C. 461) is amended (1) by changing "member bank" to read "depository institution" each place it appears therein, and (2) by adding at the end thereof the following: "The Board shall exercise its authority to define the term 'deposit' when applicable to reserve requirements of nonmember depository institutions after consultation with the Board of Directors of the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, and the National Credit Union Administration.".

(b) Section 19(b) of the Federal Reserve Act is amended to read as follows:

"(b) RESERVE REQUIREMENTS.—

"(1) DEFINITIONS AND RULES.—The following definitions and rules are applicable for the purposes of this subsection:

"(A) The term 'category A deposits' means, with respect to any depository institution, the total amount of demand deposits, savings deposits subject to automatic transfers, and deposits subject to negotiable or other payment orders of withdrawal (except deposits subject to six or less withdrawals or transfers per month telephonically communicated to the institution by the depositor or the depositor's representative), or to any similar instrument used to make payments or transfers, in that institution.

"(B) The term 'category B deposits' means, with respect to any depository institution, the total amount of time deposits with initial maturities of less than 180 days, exclusive of the total amount of short-term personal time deposits, in that institution. For the purposes of this subparagraph, the term 'short-term time deposit' means a nonnegotiable, nontransferable time deposit with an initial maturity of less than 180 days which is held by a depositor who is a natural person, and in which the entire beneficial interest is held by such depositor.

"(C) A reference to net deposits of any given category in any given institution refers to the amount by which the institution's total deposits of that category exceed its exemption for that category.

"(D) Except as provided in paragraphs (7) and (8), no reserve ratio outside the limits specified for any given category may be imposed with respect to any deposits in that category.

"(E) The term 'bank' means any institution which is neither a nonmember savings bank nor a nonmember mutual savings bank as defined in sections 3(f) and 3(g) of the Federal Deposit Insurance Act, and is either an insured bank as defined in section 3(h) of the Federal Deposit Insurance Act or a bank which is eligible under section 5 of that Act to make application to become an insured bank.

"(F) The term 'savings institution' means—

"(i) a nonmember savings bank or a nonmember mutual savings bank which either is an insured bank as defined in section 3(h) of the Federal Deposit Insurance Act or is eligible under section 5 of that Act to make application to become an insured bank;

"(ii) an institution which either is an insured institution as defined in section 401(a) of the National Housing Act or is eligible under section 403 of that Act to make application to become an insured institution; or

"(iii) a credit union whose member accounts are insured pursuant to section 201(a) of the Federal Credit Union Act, or which is eligible to make application for such insurance pursuant to section 201(b) of that Act.

"(G) The term 'depository institution' means a bank as defined in subparagraph (E) or a savings institution as defined in subparagraph (F).

"(H) The requirements imposed by paragraphs (5) and (6) of this subsection do not apply to deposits payable only outside the States of the United States and the District of Columbia, but nothing in this subsection limits the authority of the Board to impose conditions and requirements on member banks under section 25 of this Act (12 U.S.C. 601–604(a)), or the authority of the Board under section 7 of the International Banking Act of 1978 (12 U.S.C. 3105).

"(I) This subsection confers authority on the Board to impose or change reserve requirements for the sole purpose of enabling the Board to implement monetary policy.

"(J) Any reference in this Act to member banks with respect to any requirement or authority relating to reserves required by this subsection shall be deemed to refer to all depository institutions which are actually required to maintain reserves under this subsection.

"(K) This section shall not apply with respect to any financial institution which—

"(i) is organized solely to do business with other financial institutions;

"(ii) is owned primarily by the financial institutions with which it does business; and

"(iii) does not do business with the general public.

"(2) CATEGORY A EXEMPTION.—Except as provided in paragraph (15), the category A exemption for any depository institution during any calendar year shall be determined by the Board to the nearest $100,000 as follows:

"(A) The category A exemption for 1979 shall be the sum of $35,000,000 plus the product of $35,000,000 times 0.8 times the quotient of the difference between the total of all category A deposits in all depository institutions on June 30, 1978, and the total of all category A deposits in all depository institutions on December 31, 1977, divided by the total of all category A deposits in all depository institutions on December 31, 1977.

"(B) For any given year after 1979, the category A exemption shall be the sum of the category A exemption for the first year preceding the given year plus the product of the category A exemption for the first year preceding the given year times 0.8 times the quotient of the difference between the sum of all category A deposits in all depository institutions on June 30 of the first year preceding the given year and the sum of all category A deposits in all depository institutions on June 30 of the second year preceding the given year, divided by the total of all category A deposits in all depository institutions on June 30 of the second year preceding the given year.

"(3) CATEGORY B EXEMPTION.—Except as provided in paragraph (15), the category B exemption for any depository institution during any calendar year shall be determined by the Board to the nearest $100,000 as follows:

"(A) The category B exemption for 1979 shall be the sum of $10,000,000 plus the product of $10,000,000 times 0.8 times the quotient of the difference between all category B deposits in all depository institutions on June 30, 1978, and the sum of all category B deposits in all depository institutions on December 31, 1977, divided by the total of all category B deposits in all depository institutions on December 31, 1977.

"(B) For any given year after 1979, the category B exemption shall be the sum of the category B exemption for the first year preceding the given year plus the product of the category B exemption for the first year preceding the given year times 0.8 times the quotient of the difference between the sum of all category B deposits in all depository institutions on June 30 of the first year preceding the given year and the sum of all category B deposits in all depository institutions on June 30 of the second year preceding the given year, divided by the total of all category B deposits in all depository institutions on June 30 of the second year preceding the given year.

"(4) INSTITUTIONAL EXEMPTIONS.—

"(A) ADMINISTRATIVE EXEMPTION.—Except as provided in paragraph (15), the administrative agency designated in subparagraph (B) shall, on or before the effective date of this paragraph and before the first day of each calendar year thereafter, exempt from the requirements otherwise imposed by paragraphs (5) and (6) any depository institution which such agency determines would, even if not exempted pursuant to this paragraph, probably not have net category A deposits or net category B deposits greater than zero between the last date on which such exemption is authorized to be made and the commencement of the succeeding calendar year. During any period for which it has been so exempted, no depository institution shall be required to maintain any reserves under paragraph (5) or (6).

"(B) AGENCY AUTHORITY.—Exemptions pursuant to subparagraph (A) shall be made by the Federal Deposit Insurance Corporation in the case of insured nonmember banks, by the Federal Savings and Loan Insurance Corporation in the case of any institution insured by that corporation, by the National Credit Union Administration in the case of any credit union whose member accounts are insured pursuant to section 210(a) of the Federal Credit Union Act, and by the Board in the case of all other depository institutions.

"(5) CATEGORY A RESERVE REQUIREMENTS.—Except as provided in paragraphs (12)(B) and (13), every depository institution not exempted pursuant to paragraph (4) shall maintain reserves against each class of its net category A deposits as the Board may direct—

"(A) in the ratio of 11 per centum, or

"(B) in such ratio not greater than 12 per centum and not less than 4 per centum as the Board may prescribe, or

"(C) in such ratio as the Board may prescribe pursuant to paragraph (8).

"(6) CATEGORY B RESERVE REQUIREMENTS.—Except as provided in paragraph (12)(B), every depository institution not exempted pursuant to paragraph (4) shall maintain reserves against each class of its net category B deposits as the Board may direct—

"(A) in the ratio of 0 per centum, or

"(B) in such ratio not greatr than 8 per centum and not less than 0 per centum as the Board may prescribe, or

"(C) in such ratio as the Board may prescribe pursuant to paragraph (8).

"(7) RESERVES RELATED TO FOREIGN OBLIGATIONS OR ASSETS.—Except as provided in paragraph (19), foreign branches, subsidiaries, and international banking facilities of nonmember depository institutions shall maintain reserves to the same extent required by the Board of foreign branches, subsidiaries, and international banking facilities of member banks. In addition to any reserves otherwise required to be maintained pursuant to this subsection, any depository institution shall maintain reserves in such ratios as the Board may prescribe against—

"(A) net balances owed by domestic offices of such depository institution in the United States to its directly related foreign offices and to nonrelated foreign dopository institutions,

"(B) loans to United States residents made by overseas offices of such depository institution if such depository institution has one or more offices in the United States, and

"(C) assets (including participations) held by foreign offices of a depository institution in the United States which were acquired from its domestic offices (other than assets representing credit extended to persons not residents of the United States).

"(8) AUTHORITY IN EXTRAORDINARY CIRCUMSTANCES.—Except as provided in paragraph (20), upon a finding by at least five members of the Board, after consultation with appropriate committees of Congress, that extraordinary circumstance require such action, the Board may impose, with respect to any liabilities of depository institutions, reserve requirements outside the limits as to ratios and as to types of liabilities otherwise prescribed by this subsection for a period not exceeding thirty days but which may be extended for further periods not exceeding thirty days each by such affirmative action by the Board in each instance. The authority contained in this paragraph may not be exercised to reduce the amount of the exemptions provided by paragraphs (2) and (3). The Board shall promptly transmit to the Congress a report of any exercise of its authority under this paragraph and the reasons for such exercise.

"(9) MEMBERSHIP PRIVILEGES.—During any period in which the required reserves of any depository institution under this subsection are greater than zero, and such institution is maintaining such reserves in accordance with subsection (c), it shall be entitled to all the privileges of membership in the Federal Reserve System except that, if it is not otherwise a member, it may not hold stock in, or vote for any director of, a Federal Reserve bank.

"(10) DISCOUNT PRIVILEGES.—Except as provided in paragraphs (16) and (18), any depository institution in which category A or category B deposits are held shall be entitled to the same discount and borrowing privileges as member banks. In the administration of discount and borrowing privileges, the Board and the Federal Reserve banks shall take into consideration the special needs of savings and other depository institutions for access to discount and borrowing facilities on terms and conditions consistent with their long-term asset portfolio and sensitivity to national money markets.

"(11) TRANSITIONAL ADJUSTMENTS.—

"(A) Any depository institution (other than a depository institution to which subparagraph (D) applies) which was engaged in business on August 1, 1978, but was not a member of the Federal Reserve System on that date, shall maintain reserves against its deposits during the first twelve-month period following the effective date of this paragraph in amounts equal to one-tenth of those otherwise required by paragraphs (5) and (6) of this subsection, during the second such twelve-month period in amounts equal to two-tenths of those otherwise required, and so on in each succeeding twelve-month period until the full requirements of paragraphs (5) and (6) have been reached.

"(B) Except as provided in paragraphs (16) and (18), with respect to any bank that was a member of the Federal Reserve System on August 1, 1978, the amount of required reserves imposed pursuant to paragraphs (5) and (6) on the effective date of such paragraphs that exceeds the amount of required reserves maintained by the member institution during the reserve computation period immediately preceding the effective date of such paragraphs may, at the discretion of the Board and in accordance with such rules and regulations as it may adopt, be reduced by 75 per centum during the first year that begins after such effective date, 50 per centum during the second year, and 25 per centum during the third year.

"(C) Except as provided in paragraphs (16) and (18), in order to provide for an orderly transition period, the Board shall implement the reduction in reserve requirements resulting from the amendment of this subsection by the Monetary Control Act of 1979 with respect to member banks over a period not greater than 48 months after the effective date of such paragraph. During such transition period, any depository institution which was not a member of the Federal Reserve System on August 1, 1978, which became a member of the Federal Reserve System after such date, and which would not otherwise be required to maintain reserves under this section, shall maintain reserves equal to the reserves imposed on member banks under the previous sentence.

"(D) Except as provided in paragraphs (16) and (18), this subparagraph applies to any depository institution which was engaged in business on August 1, 1978, as a depository institution organized under the laws of a State and was not a member of the Federal Reserve System on that date, and whose principal office was outside the continental limits of the United States on that date and has remained outside the continental limits of the United States ever since. Such a depository institution shall not be required to maintain reserves against its deposits pursuant to this section until the first day of the sixth calendar year which begins after the enactment of this subparagraph. Such a depository institution shall maintain reserves against its deposits during the sixth calendar year which begins after enactment of this paragraph in amounts equal to one-tenth of those otherwise required by paragraphs (5) and (6) of this subsection, during the seventh such year in amounts equal to two-tenths of those otherwise required, and so on in each succeeding calendar year until the full requirements of paragraphs (5) and (6) have been reached.

"(12) BOARD DETERMINATION.

"(A) With respect to each calendar quarter beginning during the period beginning on the date of the enactment of the Monetary Control Act of 1979 and ending on the date on which the Board makes the determination specified in subparagraph (B), the Board shall determine the ratio, expressed as a percentage, which the amount of total deposits held by all member banks bears to the amount of total deposits held by all banks. Such quarterly determination shall be based upon information received by the Board under section 11(a)(2). Not less than once during each calendar quarter involved, the Board shall publish in the Federal Register and notify the Congress and each member bank of the most recent determination made by the Board under this subparagraph.

"(B) The reserve requirements established under paragraphs (5) and (6) shall apply only with respect to member banks unless the Board makes a determination under subparagraph (A) that the ratio, expressed as a percentage, described in such subparagraph is less than 67.5 per centum. If the Board makes such determination, the reserve requirements of paragraphs (5) and (6) shall apply to all depository institutions 180 days after such determination is made. During such 180-day period, notice of such determination shall be published in the Federal Register and transmitted to the Congress by the Board. Such determination shall also be transmitted during such 180-day period—

"(i) to all member banks by the Board;

"(ii) to all insured State nonmember banks by the Board of Directors of the Federal Deposit Insurance Corporation;

"(iii) to all insured credit unions by the Board of the National Credit Union Administration;

"(iv) to all Federal savings and loan associations by the Federal Home Loan Bank Board;

"(v) to all savings and loan associations insured under section 403 of the National Housing Act, other than Federal savings and loan associations, by the Federal Savings and Loan Insurance Corporation; and

"(vi) to all other types of banks, savings and loan associations, and credit unions by such State officer or agency as the Board may designate.

"(13) TRANSITIONAL CATEGORY A RESERVE REQUIREMENT.—During the period beginning on the date of the enactment of the Monetary Control Act of 1979 and ending 180 days after the determination specified in paragraph (12)(B) is made by the Board, every member bank shall maintain reserves against each class of its category A deposits as the Board may direct—

"(A)(i) with respect to category A deposits determined under paragraph (14), in the ratio of 3 per centum, and

"(ii) with respect to category A deposits which exceed the amount determined under paragraph (14), in the ratio of 11 per centum, or

"(B) in such ratio not greater than 12 per centum and not less than 4 per centum as the Board may prescribe, or

"(C) in such ratio as the Board may prescribe pursuant to paragraph (8).

"(14) DEPOSITS SUBJECT TO TRANSITIONAL CATEGORY A RESERVE REQUIREMENTS.—During the period beginning on the date of the enactment of the Monetary Control Act of 1979 and ending 180 days after the determination specified in paragraph (12)(B) is made by the Board, the portion of the category A deposits subject to paragraph (13)(A)(i) for any member bank during any calendar year shall be determined by the Board as follows:

"(A) The portion of the category A deposits subject to paragraph (13)(A)(i) for 1979 shall be the sum of $35,000,000 plus the product of $35,000,000 times 1.0 times the quotient of the difference between the total of all category A deposits in all depository institutions on June 30, 1978, and the total of all category A deposits in all depository institutions on December 31, 1977, divided by the total of all category A deposits in all depository institutions on December 31, 1977.

"(B) For any given year after 1979, the portion of the category A deposits subject to paragraph (13)(A)(i) shall be the sum of the portion of the category A deposits subject to paragraph (13)(A)(i) for the first year preceding the given year plus the product of the portion of the category A deposits subject to paragraph (13)(A)(i) for the first year preceding the given year times 1.0 times the quotient of the difference between the sum of all category A deposits in all depository institutions on June 30 of the first year preceding the given year and the sum of all category A deposits in all depository institutions on June 30 of the second year preceding the given year, divided by the total of all category A deposits in all depository institutions on June 30 of the second year preceding the given year.

"(15) TRANSITIONAL LIMITATION ON EXEMPTIONS.—The provisions of paragraphs (2), (3), (4)(A), and (4)(B) shall not apply with respect to any depository institution during the period beginning on the date of the enactment of the Monetary Control Act of 1979 and ending 180 days after the determination specified in paragraph (12)(B) is made by the Board.

"(16) TRANSITIONAL REDUCTION OF EXCESS RESERVES.—

"(A) Notwithstanding any other provision of this section except subparagraph (B), during the period beginning on the date of the enactment of the Monetary Control Act of 1979 and ending 180 days after the determination specified in paragraph (12)(B) is made by the Board, the amount of required reserves maintained by a member bank during the reserve computation period immediately preceding the effective date of paragraphs (6) and (13) which exceeds the amount of required reserves imposed pursuant to such paragraphs shall be reduced by the Board by 50 per centum during the first year that begins after such effective date, 75 per centum during the second year after such effective date, and 100 per centum during the third year after such effective date.

"(B) No reduction authorized under subparagraph (A) with respect to excess amounts of required reserves shall be made after the 180th day following the date on which the determination specified in paragraph (12)(B) is made by the Board.

"(17) REFUND OF RESERVES.—

"(A) Notwithstanding any other provision of this Act except subparagraph (B), any bank which ceases to be a member of the Federal Reserve System after the date of the enactment of the Monetary Control Act of 1979 shall receive all required reserves maintained by such bank during the reserve computation period immediately preceding the date on which such bank ceases to be a member of the Federal Reserve System in three equal annual payments.

"(B) No annual payment authorized under subparagraph (A) shall be made after the 180th day following the date on which the determination specified in paragraph (12)(B) is made by the Board.

"(18) LIMITATION ON TRANSITIONAL ADJUSTMENTS.—The provisions of paragraph (11) shall not apply with respect to any bank which was a member of the Federal Reserve System on May 24, 1979, which ceases to be a member of the Federal Reserve System after such date, and which subsequently is required to maintain reserves under paragraph (5) or (6).

"(19) TRANSITIONAL EXEMPTION OF RESERVES RELATED TO FOREIGN OBLIGATIONS OR ASSETS.—During the period beginning on the date of the enactment of the Monetary Control Act of 1979 and ending 180 days after the determination specified in paragraph (12)(B) is made by the Board, the provisions of paragraph (7) shall not apply with respect to any depository institution or any foreign branch, subsidiary, or international banking facility of any nonmember depository institution, except for those nonmember depository institutions which are branches or subsidiaries of foreign banks.

"(20) TRANSITIONAL AUTHORITY IN EXTRAORDINARY CIRCUMSTANCES.—During the period beginning on the date of the enactment of the Monetary Control Act of 1979 and ending 180 days after the determination specified in paragraph (12)(B) is made by the Board, the provisions of paragraph (8) shall apply only with respect to member banks.

"(21) APPLICATIONS FOR WITHDRAWAL FROM THE FEDERAL RESERVE SYSTEM.—Notwithstanding any other provision of this Act, the Board shall not approve any application by any member bank to withdraw from membership in the Federal Reserve System if such application is filed with the Board during the period beginning on May 24, 1979, and ending on the date of the enactment of the Monetary Control Act of 1979. This paragraph does not prohibit the Board from approving any such application which is filed with the Board by any member bank after the date of the enactment of such Act.".

(c) Section 19(c) of the Federal Reserve Act (12 U.S.C. 461(c)) is amended to read as follows:

"(c) Reserves held by any depository institution to meet the requirements imposed pursuant to subsection (b) of this section shall be in the form of—

"(1) balances maintained for such purposes by such institution in the Federal Reserve bank of which it is a member or at which it maintains an account, and vault cash. The Board may, by regulation or order, limit the proportion of required reserves which may be maintained in the form of vault cash, but such proportion shall be identical for all institutions; and

"(2) balances maintained by a nonmember institution in a member or nonmember institution that maintains reserve balances at a Federal Reserve bank or balances in a Federal home loan bank, but only if such depository institution or Federal home loan bank maintains such funds in the form of balances in a Federal Reserve bank of which it is a member or at which it maintains an account. Balances received by a depository institution from another depository institution that are used to satisfy the reserve requirements imposed on such depository institution by this section shall not be subject to the reserve requirements of this section imposed on such depository institution and shall not be subject to assessment imposed on such depository institution pursuant to section 7 of the Federal Deposit Insurance Act (12 U.S.C. 1817) or section 404 of the National Housing Act (12 U.S.C. 1727).".

AUTHORITY OF STATE BANK SUPERVISORS

SEC. 204. Nothing in this Act or in the amendments made by this Act shall be construed in derogation of the authority of any officer or agency of such State over any institution organized or existing under the laws of such State.

ABOLITION OF PENALTY RATE

SEC. 205. Section 10(b) of the Federal Reserve Act (12 U.S.C. 347b) is amended by striking all after the first sentence thereof.

PRICING OF SERVICES

SEC. 206. The Federal Reserve Act is amended by inserting after section 11 the following new section:

"PRICING OF SERVICES

"SEC. 11A. (a) Not later than the first day of the sixth calendar month after the date of enactment of the Monetary Control Act of 1979, the Board shall have prepared and shall publish for public comment a set of pricing principles in accordance with this section and a proposed schedule of fees for Federal Reserve bank services to depository institutions.

"(b) The services which shall be covered by the schedule of fees under subsection (a) are—

"(1) currency and coin services;

"(2) check clearing and collection services;

"(3) wire transfer services;

"(4) automated clearinghouse services;

"(5) settlement services;

"(6) securities safekeeping services;

"(7) any new payment services which the Federal Reserve System provides, including but not limited to payment services to effectuate the electronic transfer of funds; and

"(8) any other services which the Board so decides to offer.

"(c) The schedule of fees prescribed pursuant to this section shall be based on the following principles:

"(1) All Federal Reserve bank services covered by the fee schedule shall be priced explicitly and competitively.

"(2) All Federal Reserve bank services covered by the fee schedule shall be available to nonmember depository institutions and such services shall be priced at the same fee schedule applicable to member banks, except that nonmembers shall be subject to any other terms, including a requirement of balances sufficient for clearing purposes, that the Board may determine are applicable to member banks.

"(3) Over the long run prices shall be established on the basis of all direct and indirect costs actually incurred in providing the services priced, including interest on items credited prior to actual collection, overhead, and an allocation of imputed costs that take into account the taxes that would have been paid and the return on capital that would have been provided had the services been furnished by a private business firm, except where the Board determines that the public interest requires a departure from this principle, after giving due regard to competitive factors and the provision of an adequate level of services nationwide.

EFFECTIVE DATES

SEC. 207. The amendments made by this title shall take effect on the date of enactment of this title.

Mr. STANTON. Mr. Speaker, with the understanding that the chairman, the gentleman from Wisconsin (Mr. REUSS), is going to explain this legislation, I would ask unanimous consent that the Senate amendment and the House amendments to the Senate amendment be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The SPEAKER. Is there objection to the initial request of the gentleman from Wisconsin?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, my understanding is that this is a permission to go to conference on two bills, both of which have passed the House, H.R. 4986, on a Suspension Calendar, and H.R. 7.

Mr. Speaker, I will first ask my colleague, the gentleman from Wisconsin, to explain why it is necessary to merge these two pieces of legislation, when the Senate, as I understand it, has not passed anything similar to H.R. 7. They are working on it. So how does the gentleman expect to go to conference on something on which they have not taken action?

And, secondly, how can we go to conference on H.R. 4986, which basically addresses the issue of what the courts have done relating to certain kinds of transactions? The Senate has worked on something like that but they have added substantially different things. The gentleman from Rhode Island (Mr. St Germain) promised the House very faithfully he would make sure that we would not go to conference and allow a Christmas tree bill to emerge.

Could the gentleman comment on why it is so necessary to merge these two pieces of legislation and go to conference on a portion on which the Senate has not even acted?

Mr. REUSS. Mr. Speaker, if the gentleman will yield, I will be very glad to answer the gentleman, and his question is entirely in order.

The twin measures here joined are, as the gentleman has correctly observed, measures that have passed this body by tremendous majorities. One of the two measures is the Monetary Control Act of 1979, which last July 20 passed this House, pursuant to a rule, 340 to 20, a truly bipartisan piece of legislation.

The other half of the legislation which I am discussing is H.R. 4986, the Consumer Checking Account Equity Act, which passed under suspension on September 11 by another enormous vote of 367 to 39.

Why, the gentleman from California rightly asks, is it necessary for the House to act again on that which it has splendidly and overwhelmingly endorsed?

The reason is simply this: Both measures are, in the opinion of the Committee on Banking, Finance and Urban Affairs, on a bipartisan basis, vitally necessary; one, to enable the Federal Reserve to do its part in fighting inflation, the other to prevent serious disruption of our Nation's banks, savings and loans, mutual savings banks and credit unions, who, for some years, have permitted the kind of account which embodies some elements of a savings account and some elements of a checking account.

By a court decision, unless we act in this session of the Congress, which is now approaching its close, those permissions long since used by our Nation's financial system will be illegal.

I will not comment on the Christmas-tree nature of what the other body has done with our legislation, but in order to focus the attention of the other body in conference on what is really necessary in order to preserve our financial system, the gentleman from Ohio (Mr. Stanton) and I have asked that this matter be brought up today so that we can then promptly go to conference. I think the results of that conference will be very congenial to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, further reserving the right to object, as the gentleman knows, I supported H.R. 4986. The agreement that we had with the gentleman from Rhode Island, the chairman of the subcommittee, to have the legislation brought up under suspension procedure, was to show that the House was prepared to move swiftly to counteract or to comply with the court decision, to act on those provisions that relate to the transaction accounts one way or the other, and so forth. I have no objection to insisting to that except the gentleman from Rhode Island, in his discussion with me and with other Members on this side, agreed that if the legislation were passed by the suspension procedure to get it over to the other body, he would fight to make sure that that legislation was not Christmas-treed, or other things would not be added to it far beyond the scope of the legislation.

My real question is: Why do we have to attach it or merge it with H.R. 7? As the gentleman well knows, his good colleague from his own State has made it very difficult to move that legislation and there is no real assurance that the bill will ever get to final legislative form in the other body. Therefore, is not the gentleman merely complicating the ability of both this House and the other body to act on H.R. 4986, which is absolutely needed by the end of the year?

Mr. REUSS. If the gentleman will yield, I think not, in answer to the gentleman's very perceptive question. I think we are simplifying matters. Unfortunately, the other body has shown no ability whatever either to address itself to the vital anti-inflationary need for monetary control——

Mr. ROUSSELOT. The gentleman is talking about H.R. 7?

Mr. REUSS. I am talking about H.R. 7. Or to enact without infinite Christmas treeing the so-called Consumer Checking Account Equity Act, which the gentleman very commendably sped on its way to passage here.

So we think that these are two important bills. Chairman Volcker of the Federal Reserve has told me that unless Congress speedily acts on the monetary control bill in a favorable way, the Federal Reserve's ability to fight inflation will be very seriously compromised. So they are both important. They are joined because of the unfortunate inability of the other body so far to get its act together.

Mr. ROUSSELOT. Mr. Speaker further reserving the right to object, my concern is that I do not see how merging H.R. 7 and H.R. 4986 enhances this process, since the other body has chosen not to act on a similar bill to H.R. 7. How, by merging these today, do we guarantee that H.R. 4986 will get adequate and speedy action by merging these and going to conference?

Mr. REUSS. It is my belief that merging them will get speedy action on both of them. What we do today is a kind of machete to cut off these extraneous Christmas tree limbs that the Senate has unfortunately put on the Consumer Equity Act. And I believe that both bills are tremendously important. I know the gentleman from Ohio, the distinguished ranking minority member, Mr. Stanton, agrees.

Mr. ROUSSELOT. I am going to yield to the gentleman from Ohio in a minute.

Mr. REUSS. Perhaps having had my say, the gentleman will listen to what my respected colleague, the gentleman from Ohio, has to say.

Mr. ROUSSELOT. Mr. Speaker, what guarantees can the gentleman from Wisconsin give to us that this will not come back with substantial add-ons, because we go to conference with two bills—and that is what we will be doing—one of which has not even moved in the Senate, the other of which has been heavily added to by the other body? What guarantees do we have that we are not going to be confronted at the last minute before we adjourn here in the House, just before Christmas, with all kinds of provisions added to two bills instead of one?

Mr. REUSS. The gentleman's question is a fair question, and I give him the following answer: I will do my best—and I think the gentleman will find that those who await appointment as House conferees will do their best—to see that that which comes back to this body for final approval is not only consistent with what the House has on the two occasions I have mentioned overwhelmingly passed, but that extraneous matter will be held to a minimum and will be benign and praiseworthy, or I will not insult this House by bringing it back.

□ 1300

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, I appreciate the gentleman's comment.

Mr. STANTON. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Ohio.

Mr. STANTON. Mr. Speaker, I appreciate once again my friend yielding for the second time in the same day here within the last hour.

Let me tell this body I cannot give 100-percent assurance, as this body understands. I am on the minority side.

I think this body should take into account the fact of not only what our colleague has said, but when this body sees the conferees, which include the gentleman from Rhode Island (Mr. St Germain), who gave his word we would not accept that Christmas tree from the other side, who has asked us to accept in H.R. 4986; and if we would stick with the gentleman, we would not have a Christmas tree.

We have the gentleman from Illinois (Mr. Annunzio), who is against the Christmas tree idea. I think that by merging the two of them, we come out even stronger, as the chairman has said, if we went with the NOW account, and we are going to do our very best.

Let me say further that the gentleman from California (Mr. Rousselot) is absolutely right that essential in both legislation, there is one thing paramount. That is the third-party transaction, counsel to credit unions, and things we are up against the wall on because of court decisions; and that is the absolute must legislation. The other is extremely desirable. I would hope very definitely the conferees could come back from the conference with a package that would be agreeable to the full House. If not, we are going to be in trouble. We all know that, and we are going to do our best.

Mr. ROUSSELOT. Mr. Speaker, further reserving the right to object, I appreciate my colleague's comments. My concern is that as we get close to the end of the year that maybe H.R. 7 or its companion bill in the other body will not move.

Will the two gentlemen guarantee that we will be back here to get some kind of movement on H.R. 4986 so that transaction accounts, credit unions, and others are not held up against the wall because H.R. 7 or a companion-like piece of legislation has not moved in the other body, and they therefore refuse to go to conference.

Mr. STANTON. Mr. Speaker, if the gentleman will yield further, I would assure the gentleman that it is absolutely once again the one thing that is a necessity, which the gentleman mentioned as far as the court orders are concerned.

I give the gentleman my personal assurance on that, if it got to the point where H.R. 7 was totally out of the question, we are going to prohibit that from happening.

Mr. ROUSSELOT. I appreciate my colleague's comments.

Mr. REUSS. Mr. Speaker, I have no trouble making the same assurance. I would call the gentleman's attention to the fact that the other body has encrusted the consumer credit bill and really Christmas-treed it.

Mr. ROUSSELOT. I am well aware of that.

Mr. REUSS. Mr. Speaker, I do not know whether we will be able to proceed, but certainly it is not my intention to hold either bill hostage for the other. They are both vital pieces of legislation. I want both of them. If I have to settle for half a loaf, I will, reluctantly, settle for half a loaf.

Mr. ROUSSELOT. Mr. Speaker, further reserving the right to object, I appreciate the gentleman's comments. We can also have the assurances of the chairman of the committee that if for some reason the other body has not been willing to go to conference on these two items and/or the Christmas tree version of H.R. 4986 is so loaded and there is difficulty in the conference, that the gentlemen will come back to get final passage of something like H.R. 4986 in a more pure form.

Mr. REUSS. Mr. Speaker, if that is what happens, yes. I would not want the Nation's financial system to receive the terrible setback that they are due to receive on January 1, 1980, if Congress proves itself incapable of dealing with the Nation's problems. This House has a good record.

Mr. ROUSSELOT. Mr. Speaker, I do not think the House has been the place where the problem is. We all know where it is.

Mr. REUSS. The gentleman is very understanding of the difficulties that the gentleman from Ohio (Mr. STANTON) and I are up against.

As a distinguished alumnus of the Committee on Banking, Finance and Urban Affairs, the gentleman from California (Mr. ROUSSELOT) has seen some of this himself in his day.

Mr. ROUSSELOT. Like all the time. What bothers me the most is that we somehow will be put in the position at the last minute of voting for something that comes out of this proposed conference far beyond the scope of these two bills that passed the House. I am concerned about this.

Mr. REUSS. Mr. Speaker, we will do our best on this matter.

Mr. ROUSSELOT. Mr. Speaker, I hope the conferees from the House will do the same. I just felt we should have this understanding so that we are not put in the position of a last-minute fire sale, as it were; that we have to take it the way it is because we are up against a deadline. I just want to be sure that that does not occur.

Mr. Speaker, I appreciate the gentleman's comments.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the initial request of the gentleman from Wisconsin (Mr. REUSS)?

There was no objection.

A motion to reconsider was laid on the table.

APPOINTMENT OF CONFEREES ON H.R. 4986

Mr. REUSS. Mr. Speaker, I ask unanimous consent that the House insist on its amendments to the Senate amendment to H.R. 4986, and request a conference with the Senate thereon.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin? The Chair hears none, and appoints the following conferees: Messrs. REUSS, ST GERMAIN, ANNUNZIO, BARNARD, STANTON, and WYLIE.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

WASHINGTON, D.C.,
November 6, 1979.

Hon. THOMAS P. O'NEILL, Jr.,
The Speaker, House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: I have the honor to transmit herewith a sealed envelope from the White House, received 11:20 a.m. on November 6, 1979, and said to contain a message from the President wherein he transmits the 1976, 1977 and 1978 annual reports of the Department of Health, Education, and Welfare on Occupational Safety and Health.

With kind regards, I am,
Sincerely,
EDMUND L. HENSHAW, Jr.,
Clerk, House of Representatives.
By W. RAYMOND COLLEY,
Deputy Clerk.

ANNUAL REPORTS OF DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE ON OCCUPATIONAL SAFETY AND HEALTH FOR 1976, 1977, AND 1978—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Education and Labor:

To the Congress of the United States:

In accordance with Section 26 of the Occupational Safety and Health Act of 1970 (Public Law 91-596), I herewith transmit the Annual Reports of the Department of Health, Education, and Welfare on Occupational Safety and Health for 1976, 1977 and 1978.

JIMMY CARTER.

THE WHITE HOUSE, *November 6, 1979.*

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

WASHINGTON, D.C.,
November 6, 1979.

Hon. THOMAS P. O'NEILL, Jr.,
The Speaker, House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: I have the honor to transmit herewith a sealed envelope from the White House, received at 11:20 a.m. on November 6, 1979, and said to contain a message from the President wherein he transmits the 1978 annual report of the Director of the National Cancer Program.

With kind regards, I am,
Sincerely,
EDMUND L. HENSHAW, Jr.,
Clerk, House of Representatives.
By W. RAYMOND COLLEY,
Deputy Clerk.

ANNUAL REPORT FOR 1978 OF DIRECTOR OF NATIONAL CANCER PROGRAM—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Interstate and Foreign Commerce:

To the Congress of the United States:

In accordance with Section 410A(b), Part A, Title IV of the Public Health Service Act, I am transmitting to Congress the Annual Report for 1978 of the Director of the National Cancer Program.

This report has been prepared by the Director of the National Cancer Program and submitted to me as required by law. The Report describes the Program's activities in 1977 and the first nine months of 1978.

JIMMY CARTER.

THE WHITE HOUSE, *November 6, 1979.*

RESIGNATION FROM HOUSE OF REPRESENTATIVES

The SPEAKER laid before the House the following communication, which was read:

WASHINGTON, D.C.,
November 7, 1979.

Hon. THOMAS P. O'NEILL, Jr.,
The Speaker, House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: Because my state of health no longer permits me to discharge fully my responsibilities as a Member of the U.S. House of Representatives, representing the Eleventh Congressional District of Pennsylvania, I hereby resign my Office effective January 31, 1980.

Sincerely yours,

DANIEL J. FLOOD,
Member of Congress.

WASHINGTON, D.C.,
November 7, 1979.

Hon. RICHARD THORNBURGH,
Governor of Pennsylvania,
Harrisburg, Pa.

DEAR GOVERNOR: Because my state of health no longer permits me to discharge fully my responsibilities as a Member of the U.S. House of Representatives, representing the Eleventh Congressional District of Pennsylvania, I hereby resign my Office effective January 31, 1980.

Sincerely yours,

DANIEL J. FLOOD,
Member of Congress.

REPAYMENT OF LOANS TO STATE UNEMPLOYMENT FUNDS

Mr. BEILENSON. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 363 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 363

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4007) to amend the Internal Revenue Code of 1954 to provide that the provisions which increase the Federal unemployment tax in States which have outstanding loans will not apply if the State makes certain repayments, and the first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment under the five-minute rule. No amendments to the bill shall be in order except amendments recommended by the Committee on Ways and Means which shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

☐ 1310

The SPEAKER. The gentleman from California (Mr. BEILENSON) is recognized for 1 hour.

Mr. BEILENSON. Mr. Speaker, I yield the customary 30 minutes to the gentleman from Tennessee (Mr. QUILLEN). Pending that, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 363 is the rule providing for the consideration of the bill, H.R. 4007, which amends the Internal Revenue Code of 1954 in several areas having to do with unemployment compensation.

The rule provides for 1 hour of general debate and, as is customary with Ways and Means Committee bills that amend the Internal Revenue Code, this is a modified closed rule. It provides that only committee amendments may be considered, with no minority views included in committee report.

Presently, Mr. Speaker, States that have had to borrow money from the Federal Government in order to pay their unemployment insurance benefits have had 2 years to repay those loans.

If a State's loan is not repaid within the 2-year time period, the Federal unemployment insurance tax on employers in that State is raised until the State's loan has been repaid.

Because of the hardship that creates for many States, Congress in the past has deferred the tax increase in States with outstanding loans. Those deferrals will expire at the end of the 1979 taxable year.

It does not seem reasonable to extend those deferrals indefinitely. Yet, it is still very difficult for some States with outstanding loans to repay the Federal Government, and increasing taxes on employers in those States would be very disruptive to their economies.

As a result, the Ways and Means Committee proposes in this bill a new repayment procedure. It will assure that the Federal Government recovers the money that has been loaned to the States, but will do it in a manner that is much less disruptive to the State economies.

Mr. Speaker, I urge the adoption of this resolution, House Resolution 363, in order that we may consider this bill.

Mr. QUILLEN. Mr. Speaker, I yield myself as much time as I may use.

Mr. Speaker, the able gentleman from California (Mr. BEILENSON) has explained the provisions of the rule, and to some extent, the details of the bill which will be discussed on the floor of the House.

This is necessary legislation, and clarifies and makes permanent a method by which States can act, and act responsibly.

Mr. Speaker, I have no requests for time, but I reserve the balance of my time.

Mr. BEILENSON. Mr. Speaker, I have no requests for time.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. ROUSSELOT. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 362, nays 24, not voting 47, as follows:

[Roll No. 630]

YEAS—362

Abdnor
Akaka
Albosta
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Applegate
Archer
Ashley
Aspin
Atkinson
AuCoin
Badham
Bafalis
Bailey
Baldus
Barnard
Barnes
Beard, Tenn.
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bevill
Biaggi
Bingham
Blanchard
Boggs
Bolling
Boner
Bonior
Bonker
Bouquard
Bowen
Brademas
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burlison
Burton, John
Burton, Phillip
Butler
Byron
Campbell
Carney
Carter
Cavanaugh
Chappell
Cheney
Chisholm
Clausen
Clinger
Coelho
Coleman
Collins, Ill.
Conable
Conte
Corcoran
Corman
Cotter
Coughlin
Courter
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, Mich.
Deckard
Dellums
Derrick
Derwinski
Dickinson
Dicks
Dingell
Dixon
Dornan
Dougherty
Downey
Duncan, Oreg.
Duncan, Tenn.
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Emery
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fascell
Fazio
Ferraro
Findley
Fish
Fisher
Fithian
Flippo
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fowler
Frenzel
Frost
Fuqua
Gaydos
Gephardt
Gibbons
Gilman
Gingrich
Ginn
Glickman
Goldwater
Gonzalez
Gore
Gradison
Gramm
Gray
Green
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hanley
Harkin
Harris
Harsha
Heckler
Hefner
Hightower
Hillis
Hinson
Hollenbeck
Holtzman
Hopkins
Horton
Howard
Hubbard
Huckaby
Hughes
Hutto
Hyde
Ichord
Ireland
Jenkins
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kazen
Kemp
Kildee
Kogovsek
Kostmayer
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lederer
Lee
Lehman
Lent
Levitas
Livingston
Lloyd
Loeffler
Long, La.
Long, Md.
Lowry
Lujan
Luken
Lundine
McClory
McCormack
McDade
McEwen
McHugh
McKay
McKinney
Madigan
Maguire
Markey
Marks
Marriott
Martin
Mathis
Matsui
Mattox
Mica
Mikulski
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moffett
Mollohan
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Mottl
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nelson
Nichols
Nolan
Nowak
Oakar
Oberstar
Obey
Ottinger
Panetta
Pashayan
Patten
Patterson
Pease
Pepper
Perkins
Petri
Peyser
Pickle
Preyer
Price
Pritchard
Pursell
Quayle
Quillen
Rahall
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Rinaldo
Ritter
Roberts
Robinson
Rodino
Roe
Rose
Rosenthal
Rostenkowski
Roth
Roybal
Royer
Rudd
Runnels
Russo
Sabo
Santini
Satterfield
Sawyer

Scheuer
Schroeder
Schulze
Sebelius
Seiberling
Sensenbrenner
Sharp
Shelby
Shumway
Shuster
Simon
Skelton
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Solomon
Spellman
Spence
St Germain
Stack
Staggers
Stangeland

Stanton
Stark
Steed
Stenholm
Stewart
Stockman
Stratton
Stump
Swift
Synar
Tauke
Taylor
Thomas
Thompson
Traxler
Trible
Udall
Ullman
Van Deerlin
Vanik
Vento
Volkmer
Walgren
Walker

Wampler
Watkins
Waxman
Weaver
White
Whitehurst
Whitley
Whittaker
Williams, Mont.
Williams, Ohio
Wilson, Bob
Wilson, Tex.
Winn
Wirth
Wolpe
Wright
Wyatt
Wydler
Yates
Yatron
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

NAYS—24

Ashbrook
Bauman
Bethune
Cleveland
Collins, Tex.
Crane, Daniel
Devine
Edwards, Okla.

English
Fenwick
Goodling
Grassley
Jacobs
Jeffords
Jeffries
Kelly

Kindness
Lewis
Lott
Lungren
McDonald
Moore
Paul
Rousselot

NOT VOTING—47

Addabbo
Ambro
Beard, R.I.
Boland
Carr
Clay
Conyers
Crane, Philip
Davis, S.C.
de la Garza
Diggs
Dodd
Donnelly
Drinan
Early
Flood

Garcia
Giaimo
Hansen
Hawkins
Heftel
Holland
Holt
Jones, N.C.
Leland
McCloskey
Marlenee
Mavroules
Mazzoli
Michel
Moakley
Murphy, Ill.

O'Brien
Richmond
Shannon
Snowe
Stokes
Studds
Symms
Treen
Vander Jagt
Weiss
Whitten
Wilson, C. H
Wolff
Wylie
Young, Alaska

☐ 1320

The Clerk announced the following pairs:

Mr. Addabbo with Mr. Philip M. Crane.
Mr. Boland with Mrs. Holt.
Mr. Dodd with Mr. O'Brien.
Mr. Hawkins with Mr. Hansen.
Mr. Garcia with Mrs. Snowe.
Mr. Giaimo with Mr. Treen.
Mr. Richmond with Mr. Wylie.
Mr. Stokes with Mr. Marlenee.
Mr. Charles H. Wilson of California with Mr. McCloskey.
Mr. Wolff with Mr. Vander Jagt.
Mr. Jones of North Carolina with Mr. Symms.
Mr. Early with Mr. Young of Alaska.
Mr. Heftel with Mr. Clay.
Mr. Whitten with Mr. Conyers.
Mr. Murphy of New York with Mr. Diggs.
Mr. Moakley with Mr. Michel.
Mr. Ambro with Mr. Beard of Rhode Island.
Mr. de la Garza with Mr. Donnelly.
Mr. Davis of South Carolina with Mr. Drinan.
Mr. Carr with Mr. Holland.
Mr. Mavroules with Mr. Leland.
Mr. Mazzoli with Mr. Weiss.
Mr. Studds with Mr. Shannon.

Mr. STEWART and Mr. BROWN of Ohio changed their votes from "nay" to "yea."

Mr. ROUSSELOT changed his vote from "yea" to "nay."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

☐ 1330

Mr. CORMAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4007) to amend the Internal Revenue Code of 1954 to provide that the provisions which increase the Federal unemployment tax in States which have outstanding loans will not apply if the State makes certain repayments.

The SPEAKER pro tempore (Mr. MINISH). The question is on the motion offered by the gentleman from California (Mr. CORMAN).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 4007, with Mr. GLICKMAN in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from California (Mr. CORMAN) will be recognized for 30 minutes, and the gentleman from California (Mr. ROUSSELOT) will be recognized for 30 minutes.

The Chair recognizes the gentleman from California (Mr. CORMAN).

Mr. CORMAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Michigan (Mr. BRODHEAD).

Mr. BRODHEAD. Mr. Chairman, H.R. 4007 will address a pressing problem in Michigan and many other States which had to borrow from the Federal Government during the last recession to pay unemployment compensation. This bill provides States with the flexibility they need to repay their loans without forgiving them of the responsibility.

I would like to explain briefly how the need for this legislation arose.

Under existing law, a State which exhausts its unemployment compensation trust fund may receive Federal loans to pay regular State unemployment compensation benefits. After 2 years, if the State has not repaid all outstanding Federal loans, the Federal unemployment insurance tax on employers in the State is increased by 0.3 percent per year until the State has no outstanding loan balance. This is referred to as the unemployment compensation "penalty tax."

Under the law, States have been able to qualify for a "deferral" from penalty tax if they took steps to return their systems to solvency. However, in 1980, this period of deferral will run out and many States will be faced with the penalty tax. Given the gloomy economic prospects we now face for next year, this would likely mean a sharp tax increase on employment in the midst of a recession—a recipe for economic disaster.

The unfairness of imposing this tax is readily revealed by examining the situation in my own State of Michigan. Here the State government has made a valiant effort to return the system to solvency after the last recession. The legislature raised the State tax which finances unemployment benefits so that it is now the highest in the Nation—4.2 percent. Our maximum tax is 9 percent. Yet even with this extraordinary tax increase, the State has not been able to both return the system to solvency and repay the debt of the last recession.

Here is where the need for H.R. 4007 arises. This bill provides a unique alternative to States which would avoid the penalty tax and at the same time assure full repayment through another, less burdensome mechanism.

The bill would permit the State to make a repayment to the Federal Government out of the State's unemployment trust fund. This payment would have to equal the amount that would otherwise have been collected through an increase in the employer's tax rate.

There are two major advantages to the option provided in H.R. 4007: It would allow States to preserve their economic climate by avoiding a tax increase, and it would allow the debt to be repaid through experience-rated taxes rather than a flat-rate tax. That is, the 0.3 percent penalty tax is a flat-rate tax which falls equally on all employers in the State, regardless of whether the employers have a stable or unstable employment pattern. My bill would permit repayment from the State trust fund, which is made up of experience-rated tax revenues.

Finally, the bill includes two safeguards to prevent this option from being abused:

First. There must be sufficient funds in the State trust fund to pay all compensation during a 6-month period without receiving any Federal loans.

Second. The State must repay any additional Federal loans made during the year.

Mr. Chairman, this is a fair and badly needed bill which will provide the Federal Government with full repayment of State debts, and at the same time provide States with the flexibility they need to meet their obligations under the law. I urge that it be approved.

☐ 1340

Mr. ROUSSELOT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of H.R. 4007, reported by the Ways and Means Committee with the support of the minority members. The legislation mandates the repayment provisions relating to State borrowing from the Federal Government for the purpose of financing unemployment insurance benefits. The matter is of particular concern currently to certain indebt States and to employers in those States who would face additional Federal unemployment taxation unless the measure is enacted.

Under current law, States with outstanding loans as of November 9, 1980, and in succeeding years, will have their Federal unemployment tax increased by 0.3 percent each year until the loan is repaid. H.R. 4007 would permit States to avoid this FUTA increase by repaying the same amount that the increased Federal tax would have produced, together with the full amount of any additional loans received during the year, using State unemployment trust fund moneys. A State could use this option only if it has reserves in its trust fund sufficient to cover 6 months projected benefits.

This procedure would allow qualifying States to use trust fund revenues, which are derived through experience-rated taxes, for repaying the loans which they obtained during the recession of the mid-1970's. It would avoid imposition of additional, flat-rated taxes upon all employers in the States. The objective is to permit States to repay their loans with minimum disruption of their respective economic climates. Of the 18 States having outstanding loans in April 1979, the Department of Labor estimates that 12 would be able to utilize this approach, while the others would face the tax increase. In any case, the same dollar amount of repayment to the Federal Government would be made. Thus, there is no forgiveness permitted here, nor any further delay granted with respect to the inception of the repayment requirement.

I urge my colleagues in the House of Representatives to support this legislation.

Mr. CONABLE. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I would be glad to yield to the ranking member of the Committee on Ways and Means, the gentleman from New York (Mr. Conable).

Mr. CONABLE. Mr. Chairman, I thank the gentleman for the statement he is making. I would like to associate myself with the gentleman's remarks.

It seems to me entirely appropriate that we not extend the time for State repayment of Federal loans any further. We should, in fact, encourage the State funds to return to self-sufficiency as quickly as possible. It is desirable, rather than putting on a flat-rate penalty tax, to permit the States to repay their debts to the Federal fund through experience rating, if they so wish to do so. As I understand this measure, it gives them that option and as such it is an entirely desirable grant of flexibility, rather than imposing on all employers in the State the same degree of burden because of the past economic problems in that State. Experience rating is a desirable variation of the manner of raising unemployment insurance taxes, so I think the gentleman's support of this measure is appropriate.

I think the bill is a desirable bill. It is very preferable to any further moratorium on repayment. We must prepare as we face the future to have unemployment insurance funds refurbished to the extent that they can meet a possible economic crisis in the future and to do so in a flexible way.

Mr. ROUSSELOT. Mr. Chairman, I appreciate the comments of my colleague, the gentleman from New York.

I also think the gentleman has pointed out that it would be very inappropriate to force additional taxes on employers at this time and that is what will happen if we do not pass this legislation.

Mr. Chairman, let me review briefly with my colleagues the States that are affected by this particular legislation where the option would be allowable:

TABLE 1.—ADVANCES TO STATES FROM THE FEDERAL UNEMPLOYMENT ACCOUNT

[In millions of dollars per calendar year]

States	1972	1973	1974	1975	1976	1977	1978	Through Apr. 30, 1979	Repayments	Total outstanding
Connecticut	31.8	21.7	8.5	203.0	137.0	75.0	37.0		103.5	410.5
Washington		40.7	3.4	50.0	55.3				149.4	0
Vermont			5.3	23.0	9.2	10.3			1.4	46.4
New Jersey				352.2	145.0	141.7	96.0		40.0	694.9
Rhode Island				45.8	20.0	9.0	31.0	5.0	7.8	103.0
Massachusetts				140.0	125.0					265.0
Michigan				326.0	245.0	53.0				624.0
Puerto Rico				35.0	22.0	18.2	13.5			88.7
Minnesota				47.0	76.0	49.0			20.0	152.0
Maine				2.4	12.5	8.0	13.5			36.4
Pennsylvania				173.8	379.2	373.3	261.0	35.0		1,222.3
Delaware				6.5	14.0	16.1	10.4			47.0
District of Columbia				7.0	26.6	25.4	8.4	6.1	2.9	70.6
Alabama				10.0	20.0	26.7			29.7	27.0
Illinois				68.8	446.5	243.3	187.9			946.5
Arkansas					20.0	10.0			10.5	19.5
Hawaii					22.5				22.5	0
Nevada					7.6				7.6	0
Virgin Islands				2.5	5.6	2.8				10.9
Oregon					18.5				18.5	0
Maryland					36.1	26.5			62.6	0
Ohio						1.9			1.9	0
Florida					10.0	32.0			42.0	0
Montana					1.4	7.9	1.2			0.5
New York						155.8	180.0			3 5.8
Total	31.8	62.4	17.2	1,493.0	1,855	1,285.9	839.9	46.1	520.3	5,111.0

Source: Department of Labor.

Mr. Chairman, my belief is that this legislation is needed, as my colleague, the gentleman from New York has indicated. It is important that we preserve much of what is established in the integrity of the fund itself. I think this bill does that and still allows a repayment option to the 18 States just mentioned.

Mr. CORMAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Michigan (Mr. Carr).

Mr. CARR. Mr. Chairman, I rise to commend my colleague, the gentleman from Michigan (Mr. Brodhead) for the introduction of this piece of legislation and his handling of it in the committee, and to the committee chairman, the gentleman from California (Mr. Corman) and to the ranking Republicans on the committee for their efforts in this regard.

I think it is most important that States have this option. It is an option that makes sense. It is an option that is just. This bill needs the unanimous support of the House.

My only note of caution is that my colleague, the gentleman from Michigan (Mr. Brodhead) and I share some concern, that other legislation which will set unemployment compensation on a better course in the future, so we do not have to come in with these makeup provisions, these extensions and option provisions in the future, and that the legislation that both the gentleman from Michigan (Mr. Brodhead) and I have introduced will get consideration by the Committee on Ways and Means. I hope we will not be passing this legislation as necessary as it is, feeling that we have discharged our responsibility to see to it that unemployment compensation be set on a more financially responsible course.

Mr. ROUSSELOT. Mr. Chairman, I yield such time as he may consume to the gentleman from Minnesota (Mr. Frenzel), a very active and constructive member of the Committee on Ways and Means.

Mr. FRENZEL. Mr. Chairman, I rise in reluctant support of this particular bill. It is well intentioned and will have a number of good results. It does provide that States will be able to use their own experience planning systems in repaying their loans.

Also, I think a good thing about this bill is that it gives us an alternative to deferring payments which those States may have to make to the trust fund for loans that they have previously incurred.

The problem as I see it, Mr. Chairman, is that in a sense this bill might be a sort of a signal to the states that we really did not mean it when we legislated the penalties that exist under the current law, and which are being waived under this bill.

Now, I do agree in this instance to the waiver of those penalties which are, of course, the imposition of flat rate taxes in the States until their loans are paid off. But I would not like to have the passage of this bill give any State or any jurisdiction the idea that this Congress is going to be soft about loan repayments.

□ 1350

Yes, we have scheduled a little easier way for the States to make those appraisals, but I hope that the passage of this bill does not signify to anyone that we do not expect those payments to be made in a timely manner.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The Chair will state that the gentleman from California (Mr. Corman) has 24 minutes remaining, and the gentleman from California (Mr. Rousselot) has 21 minutes remaining.

The Chair recognizes the gentleman from California (Mr. Corman).

Mr. CORMAN. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. Downey).

Mr. DOWNEY. Mr. Chairman, I thank the gentleman for yielding me this time, and I want to congratulate the chairman of the committee and my colleague, the gentleman from Michigan.

Mr. Chairman. I rise in support of this bill. There is just no question that this corrects problems in the law that need correction.

Mr. ROUSSELOT. Mr. Chairman, I have no further requests for time.

Mr. CORMAN. Mr. Chairman, I yield myself such time as I may consume.

The Chairman, H.R. 4007 would permit States with outstanding Federal unemployment insurance loans to avoid the automatic increases in the Federal UI tax, specified under current law, by either repaying the full outstanding amount of the loan, as under current law, or repaying out of State UI funds the amount that would have been collected during the year if the increase in the Federal tax had taken place.

Under current law, a State that has depleted its unemployment insurance trust fund may receive interest-free Federal loans as necessary to pay regular State UI benefits. A State has 2 years to repay such loans. If, after 2 years, a State has not repaid the entire amount of the loan, the Federal UI tax on employers in the State is automatically increased by at least 0.3 percent per year until sufficient revenues have been raised by this additional tax to repay the State's outstanding loan balance.

During the period from 1972 through April 30, 1979, 25 States had to borrow from the Federal Government in order to pay State UI benefits. As of April 30, 1979, 18 States had outstanding Federal loans totaling $5.1 billion.

The current Federal UI tax is 0.7 percent on the first $6,000 of wages. It is paid by all covered, private employers in a State and it is not "experience rated"; whereas. State UI taxes are generally adjusted according to each employer's employment experience. It is this tax that, 2 years after receipt of a Federal UI loan, is increased by at least 0.3 percent per year until all Federal loans have been repaid.

The bill would provide on a permanent basis a repayment procedure, other than full repayment, that would allow a State that had an outstanding loan balance on the last day for full repayment to avoid the automatic increase in the Federal UI tax on employers within the State. H.R. 4007 would permit the State to make a payment to the Federal unemployment account, out of the State's UI trust fund, equal to the full amount that otherwise would have been collected through the automatic increase in the employers' Federal UI tax for the tax year in question. In the first year the State was subject to the additional Federal tax, the amount repaid out of State UI funds would have to be equal to the amount that would have been raised by an increase in the Federal UI tax rate of 0.3 percent (an increase from 0.7 to 1.0 percent under current law). If the State continued to have an outstanding loan balance on November 10 of the following year, the amount repaid out of State funds would have to equal the amount that would have been raised by a 0.6 percent increase in the Federal UI tax rate. In other words, the amount of the State repayment for a particular year would be determined according to the automatically escalating Federal tax rate schedule specified in present law.

Before a State could elect the repayment from State trust funds option allowed under H.R. 4007, in lieu of the Federal tax increase, two conditions would have to be satisfied. First, in addition to the amount that would have been raised by the increased Federal UI tax, the State must repay the full amount of any additional Federal loans made during the 12-month period ending on November 9 of the tax year in question; and, second, there must be sufficient funds in the State trust fund to pay all State UI benefits, without receiving any Federal loans, during the 6-month period beginning on November 1 of the tax year in question.

The permanent State repayment procedure provided under this bill would become effective as of January 1, 1980. A similar procedure, allowed under the temporary loan repayment deferral provisions expires December 31, 1979.

The following is an example of how the repayment procedure provided under H.R. 4007 would work. If on November 10, 1980, Michigan has not completely repaid the loans it received from 1975 through 1977, present law would require that the Federal UI tax rate on employers in the State be increased by 0.3 percent. This increased tax rate would apply to 1980 payrolls, the 1980 tax years, and would be payable in January of 1981. It is estimated that, on the current tax base of $6,000, Michigan taxable payrolls subject to the Federal UI tax in 1980 would amount to $17.7 billion. An increase of 0.3 percent in the Federal tax rate would require Michigan employers to pay additional Federal UI taxes of $53 million. H.R. 4007 would permit Michigan to repay this $53 million to the Federal Government from State UI tax funds by November 10, 1980, thus avoiding the increase in Federal tax for 1980, payable in 1981.

In order to avoid the increase in the Federal tax rate, in addition to the $53 million, Michigan would have to repay by November 10, 1980 the full amount of any loans it received between November 9, 1979 and November 9, 1980. Also, the Department of Labor would have to determine that the State would be able to make these repayments and still have sufficient State UI funds to pay all State UI benefits expected to be claimed during the period November 1, 1980, to May 1, 1981, without having to borrow from the Federal Government.

If on November 10, 1981, Michigan continued to have an outstanding loan balance, it could follow the repayment procedure described above. The amount of the State repayment, however, would have to equal the amount that would be raised by a 0.6 percent increase in the Federal tax rate. In subsequent years, the repayment amount would be tied to the escalating Federal tax rate specified in the loan repayment provisions in current law.

The permanent repayment procedure provided for in this bill would permit States to repay their Federal UI loans in a manner that is least disruptive to the State's economic climate. The primary justification for H.R. 4007 is that it would allow States that cannot afford full repayment of outstanding Federal UI loans the option of making a partial payment, and thereby avoiding the increase in the Federal UI tax on employers. In order to avoid abuse, a State could elect this procedure only if it met the conditions stated above. Under these conditions, only those States with sufficient State funds to make the required repayments, and still have enough remaining funds to pay 6 months of benefits without additional Federal loans, could qualify for the procedure.

It is important that States have the option of using the repayment procedure provided under this bill in order to insure that loans are repayed on a timely basis and that the repayment can be made in a way that creates the least amount of economic disruption.

Funds used to repay Federal UI loans would be collected through experience rated taxes, not flat-rated taxes. Under the current repayment provisions, the automatic increase in the Federal tax is assessed on all employers in the State, regardless of whether the employer has a stable or unstable employment pattern. These tax increases are flat increases; they are not experience rated. Under the repayment provisions of the bill, permitting a State to transfer funds from its trust fund in lieu of increased Federal taxes, the payment from the State's trust fund would be primarily from experience rated tax funds and not a flat tax increase.

H.R. 4007 is preferable to another extension of the deferral period for repayment of outstanding Federal loans. UI trust funds, State and Federal, should be restored to a self-supporting financial status as soon as possible, and States with outstanding Federal loans should be required to repay these loans in their entirety. This must be done if we are to preserve the present State/Federal financial structure of the system.

Repayment by States that currently have outstanding loans should begin immediately, and should be completed as quickly as the economic situation of the State will allow. The provisions of H.R. 4007 will establish a procedure consistent with these objectives.

I urge my colleagues to vote in support on H.R. 4007.

● Mr. LEDERER. Mr. Chairman, I rise in support of this legislation. Although I would prefer an additional extension of time for the repayment of these Federal loans, I do understand the arguments of the opponents to such another extension. H.R. 4007 would provide an alternative to those States which are unable to meet their loan obligations.

This legislation permits States with outstanding Federal unemployment insurance loans to avoid the automatic reduction in the Federal tax credit for employers by either repaying the full amount of the loan, or by repaying out of the State unemployment insurance funds the amount which would be collected if the reduction in the credit were to take place, plus the amount of any Federal loan received during the year.

However, I must point out for my colleagues that there are some States, and my own State of Pennsylvania is one of them, that will not be able to avail themselves of this alternative. These States still have substantial loans outstanding from the Federal Government. They have higher unemployment rates than the rest of the country. In October of 1979, Pennsylvania's unemployment rate was 7.9 percent compared to the national average of 6 percent. The increases in the unemployment insurance taxes on these States will create a bigger burden and I am not optimistic as to the result.

I would ask my colleagues for some understanding for the situation in these States. Granted some States raised their taxes several years ago rather than borrow from the Federal Government. But the fact remains that some States did borrow and are still not in a position to repay their loans. To ignore these realities will only hurt the employers and, ultimately, the workers in these States. I ask my colleagues for their understanding and cooperation in devising a program for the gradual repayment of these loans by those States with substantial outstanding loan obligations.●

● Mr. ATKINSON. Mr. Chairman, I realize that the Ways and Means Committee, and especially the Unemployment Compensation Subcommittee under the direction of Chairman Corman, have put a great deal of effort into the legislation now before us, which would permit States with outstanding Federal unemployment insurance loans to avoid automatic increases in Federal unemployment compensation tax under certain circumstances. I intend to support the legislation as the best approach available to us, but I will support H.R. 4007 with some hesitancy and regret. I would like to take just a moment of the Members' time to explain my concerns.

H.R. 4007 will provide some relief for 12 of the 18 States or other jurisdictions that now owe the Federal Government more than $5.1 billion in unemployment insurance loans. However, it is my understanding that under present circumstances six jurisdictions would not be able to avail themselves of the relief provided in this legislation. These include Rhode Island with an outstanding loan of $103.8 million; Puerto Rico, owing $88.7 million; Delaware, owing $47 million; the District of Columbia, owing $70 million; the Virgin Islands, which owe $10.9 million; and my own State of Pennsylvania. Pennsylvania's situation causes me particular concern since my home State owes the Federal Unemployment Compensation Fund the huge sum of $1.2 billion, the highest of any State in the Union.

To speak of offering relief to States with outstanding loans strikes me as unusual when the State which faces the most serious difficulties will apparently receive no immediate help under the legislation.

I know the committee is aware of these problems and I know the committee was trying to bring a balanced bill to the floor, but I hope the committee will work closely with Pennsylvania officials in the future to continue seeking solutions to the severe problems facing the State.

While I do not favor a complete forgiveness of the funds owed by Pennsylvania and other States to the Federal Treasury, I believe there are a number of creative and equitable ways in which to relieve unjust burdens that have been placed on State unemployment compensation funds. For example, I have discussed with subcommittee Chairman Corman the feasibility of forgiving that portion of State unemployment compensation debts attributable to layoffs caused by imports of foreign products. As long as the Federal Government continues to avoid strict enforcement of our trade laws, manufacturing States like Pennsylvania will continue to be at the mercy of subsidized foreign imports and the State will continue to have high unemployment because of those imports. I intend to explore such legislative approaches to this problem in the future and hope the committee will be receptive to examining such suggestions.●

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read.

The bill reads as follows:

H.R. 4007

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 3302 of the Internal Revenue Code of 1954 (relating to credits against unemployment tax) is amended by adding at the end thereof the following new subsection:

"(f) Credit Reduction Not To Apply When States Makes Certain Repayments.—

"(1) In general.—In the case of any State which meets requirements of paragraph (2) with respect to any taxable year, subsection (c)(2) shall not apply to such taxable year; except that such taxable year (and January 1 of such taxable year) shall be taken into account for purposes of applying subsection (c)(2) to succeeding taxable years.

"(2) Requirements.—The requirements of this paragraph are met by any State with respect to any taxable year if the Secretary of Labor determines that—

"(A) the repayments during the 1-year period ending on November 9 of such taxable year made by such State of advances under title XII of the Social Security Act are not less than the sum of—

"(i) the potential additional taxes for such taxable year, and

"(ii) any advances made to such State during such 1-year period under such title XII, and

"(B) there will be sufficient amounts in the State unemployment fund to pay all compensation during the 6-month period beginning on November 1 of such taxable year without receiving any advance under title XII of the Social Security Act.

"(3) Definitions.—For purposes of paragraph (2)—

"(A) Potential additional taxes.—The term 'potential additional taxes' means, with respect to any State for any taxable year, the aggregate amount of the additional tax which would be payable under this chapter for such taxable year by all taxpayers subject to the unemployment compensation law of such State for such taxable year if paragraph (2) of subsection (c) had applied to such taxable year and any preceding taxable year without regard to this subsection.

"(B) Treatment of certain reductions.—Any reduction in the State's balance under section 901(d)(1) of the Social Security Act shall not be treated as a repayment made by such State.

"(4) Reports.—The Secretary of Labor may, by regulations, require a State to furnish such information at such time and in such manner as may be necessary for purposes of paragraph (2).".

(b) Effective Date.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1979.

The CHAIRMAN. Pursuant to the rule, no amendments are in order except amendments recommended by the Committee on Ways and Means which shall not be subject to amendment.

Are there any Committee on Ways and Means amendments?

Mr. CORMAN. Mr. Chairman, there are no committee amendments.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. Nedzi) having assumed the chair, Mr. Glickman, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4007) to amend the Internal Revenue Code of 1954 to provide that the provisions which increase the Federal unemployment tax in States which have outstanding loans will not apply if the State makes certain repayments, pursuant to House Resolution 363, he reported the bill back to the House.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. SOLOMON. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 402, nays 1, not voting 30, as follows:

[Roll No. 631]

YEAS—402

Abdnor
Addabbo
Akaka
Albosta
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Applegate
Archer
Ashbrook
Ashley
Aspin
Atkinson
AuCoin
Badham
Bafalis
Bailey
Baldus
Barnard
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Blanchard
Boggs
Boland
Bolling
Boner
Bonior
Bonker
Bouquard
Bowen
Brademas
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burlison
Burton, John
Burton, Phillip
Butler
Byron
Campbell
Carney
Carr
Carter
Cavanaugh
Chappell
Cheney
Chisholm
Clausen
Clay
Cleveland
Clinger
Coelho
Coleman
Collins, Ill.
Collins, Tex.
Conable
Conte
Corcoran
Corman
Cotter
Coughlin
Courter
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, Mich.
Davis, S.C.
Deckard
Dellums
Derrick
Derwinski
Devine
Dickinson
Dicks
Diggs
Dingell
Dixon
Donnelly
Dornan
Dougherty
Downey
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Edwards, Okla.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fascell
Fazio
Fenwick
Ferraro
Findley
Fish
Fisher
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Flippo
Florio
Foley
Ford, Mich.
Forsythe
Fountain
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Fuqua
Gaydos
Gephardt
Gibbons
Gilman
Gingrich
Ginn
Glickman
Goldwater
Gonzalez
Goodling
Gore
Gradison
Gramm
Grassley
Gray
Green
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
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Hanley
Harkin
Harris
Harsha
Heckler
Hefner
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Hollenbeck
Holtzman
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Jeffries
Jenkins
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kazen
Kelly
Kemp
Kildee
Kindness
Kogovsek
Kostmayer
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lederer
Lee
Lehman
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Levitas
Lewis
Livingston
Lloyd
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Lujan
Luken
Lundine
Lungren
McClory
McCloskey
McCormack
McDade
McDonald
McEwen
McHugh
McKay
McKinney
Madigan
Maguire
Markey
Marks
Marriott
Martin
Mathis
Matsui
Mattox
Mazzoli
Mica
Mikulski
Miller, Calif.
Miller, Ohio
Mineta
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Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
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Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
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Oberstar
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Panetta
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Paul
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Pickle
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Price
Pritchard
Pursell
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Railsback
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Rosenthal
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Satterfield
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Scheuer
Schroeder
Schulze
Sebelius
Seiberling
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Simon
Skelton
Slack
Smith, Iowa
Smith, Nebr.
Snowe
Snyder
Solarz
Solomon
Spellman
Spence
St Germain
Stack
Staggers
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Stanton
Stark
Steed
Stenholm
Stewart
Stockman
Stratton
Studds
Stump
Swift
Synar
Tauke
Taylor
Thomas
Thompson
Traxler
Trible
Udall
Ullman
Van Deerlin
Vander Jagt
Vanik
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Waxman
Weaver
White
Whitehurst
Whitley
Whittaker
Williams, Mont.
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wolff
Wolpe
Wright
Wyatt
Wydler
Yates
Yatron
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

NAYS—1

Jacobs

NOT VOTING—30

Ambro
Conyers
Crane, Philip
de la Garza
Dodd
Flood
Ford, Tenn.
Garcia
Giaimo
Hansen
Hawkins
Heftel
Holt
Jeffords
Jones, N.C.
Leland
Marlenee
Mavroules
Michel
Murphy, Ill.
Nichols
O'Brien
Ottinger
Stokes
Symms
Treen
Weiss
Whitten
Wylie
Young, Alaska

☐ 1410

The Clerk announced the following pairs:

Mr. Hawkins with Mr. O'Brien.
Mr. Ambro with Mrs. Holt.
Mr. Giaimo with Mr. Philip M. Crane.
Mr. Murphy of Illinois with Mr. Flood.
Mr. Nichols with Mr. Hansen.
Mr. Jones of North Carolina with Mr. Marlenee.
Mr. Mavroules with Mr. Michel.
Mr. Dodd with Mr. Wylie.
Mr. Conyers with Mr. Young of Alaska.
Mr. Whitten with Mr. Symms.
Mr. Stokes with Mr. Treen.
Mr. Ottinger with Mr. Heftel.
Mr. Ford of Tennessee with Mr. Weiss.
Mr. de la Garza with Mr. Leland.
Mr. Garcia with Mr. Jeffords.

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. CORMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill, H.R. 4007, just passed.

The SPEAKER pro tempore (Mr. Murtha). Is there objection to the request of the gentleman from California?

There was no objection.

WELFARE REFORM AMENDMENTS OF 1979

Mr. ULLMAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4904) to amend the Social Security Act to reform the program of aid to families with dependent children, to make improvements in the standards for eligibility and benefits in the program of supplemental security income, and to provide for the improved administration of both programs, to make related amendments to the Internal Revenue Code of 1954, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Oregon (Mr. Ullman).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 4904, with Mr. AuCoin in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from Oregon (Mr. Ullman) will be recognized for 1 hour, and the gentleman from New York (Mr. Conable) will be recognized for 1 hour.

The Chair recognizes the gentleman from Oregon (Mr. Ullman).

Mr. ULLMAN. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, welfare reform is a very difficult and complicated task. The subcommittee, chaired by the gentleman from California (Mr. Corman), has worked hard to produce a very responsible piece of legislation.

Fully understood, there is no reason why an overwhelming majority of Members of this body and this committee should not support the bill.

It expands benefits in certain areas, but they are the needed areas to get people off of welfare, and it tightens benefits and administration in other areas.

Briefly, the major provisions of the bill are: First, a requirement to report income more frequently and base benefits on actual rather than projected income; second, a standardization with the food stamp program of certain eligibility requirements, this makes for administrative simplicity; third, a limitation and standardization of earned income disregards; fourth, a national minimum benefit standard; fifth, an extension of coverage to all two-parent families; sixth, an expansion of the earned income tax credit; and seventh, the cashing out of food stamps for SSI recipients.

Mr. Chairman, these provisions will lead to tighter administration and lower error rates.

The payments now will be based upon actual income, not future income.

We end the guessing game as to how much income a family will actually earn during the next month.

Income must be reported on a monthly basis. Too many times we assume that welfare families have a stable income. Nothing could be further from the truth.

In the past we only required that they report income once every 12 months or once every 6 months. Many overpayments resulted. By mandating monthly reporting for AFDC recipients, we will reduce error and reduce welfare payments as a result.

Second, we have tighter eligibility standards. No longer will it be possible for a $15,000-a-year earner with children to receive cash benefits from the AFDC program. Third, a reduction in administrative expense because of greater coordination of eligibility requirements with the food stamp program and the ability for many SSI recipients to receive a small food stamp cash benefit without unnecessary and duplicative benefit-level determinations that we have seen in the past.

Fourth, a more uniform benefit level among the States by requiring all States to set a benefit level at least equal to 65 percent of poverty.

Fifth, increased work incentives and work requirements. There is an economic incentive to always take a job under this bill, and that is not true under current law.

Mr. Chairman, welfare programs have always had work requirements, but it has always been very easy to beat the system. If a person now refuses a job, he will be penalized, but if he immediately agrees to work, full benefits will be restored. This bill makes that penalty for refusing work stick.

The bill strengthens the child support enforcement program by making Federal funds available to collect money on behalf of non-AFDC recipients. Also in addition to that, the bill provides for the collection of support of AFDC adults. This will reduce welfare rolls and welfare payments.

Mr. Chairman, this is a bill that everyone can vote for. Do not be misled by the block grant advocates. They have not demonstrated their case. They were given every opportunity to modify the minimum Federal standards we impose. We need minimum Federal standards. Over 65 percent of the cost of these programs are borne by Federal taxpayers.

We cannot give Federal taxpayer money to the State without some minimum standard. This is not a grand negative income proposal—just exactly the opposite. This is the alternative to a negative income tax or guaranteed income program. It is an incremental approach to solving the problems that afflict our welfare system. This bill strengthens work incentives, toughens up penalties for refusing to work, and solves many of the inequities in our current system. I hope that the Members vote for this modest but very greatly needed program.

I reserve the balance of my time.

Mr. CONABLE. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, this is a lengthy and complicated bill, which makes dozens of changes in the welfare system. I have problems with what it does and what it does not do.

First, let me talk about what it does not do.

It does not offer States any real incentive or reward to manage their welfare programs more effectively or to target their programs on families in the greatest need. It does not allow States to require welfare recipients, even those in two-parent families, to accept work as a condition of getting welfare. Yes, I know we have been told the bill has a work requirement.

What it has is a requirement that applicants be referred to the WIN program, the work incentive program. This is the program that is supposed to train them, if necessary, and then place them in jobs. Maybe that is what happens on paper, but from what we hear from the States, it surely is not generally what happens in reality. Only a very few get placed, usually those who are work ready and experienced. Mothers with younger children are not required to work, even if daycare is available. When these mothers volunteer, the WIN program cannot handle them. This bill will not permit the State welfare agencies to do what a number of them would like, to set up right within their own agencies, job-readiness training, job referral, supplemented work, and other similar programs to respond to the fact work can be and ought to be provided for a great many potential welfare recipients.

□ 1420

Another thing the committee bill does not permit is a serious pilot test in which even a few States could try their hands at improving their existing welfare programs through benefit variations, eligibility requirements, and administrative changes of their own design. The Federal Government's rules and regulations have not resulted in a program that we can be proud of, and the additional requirements being added in H.R. 4904 are unlikely to do so either. It just might be that the States themselves would be more enterprising in insuring that welfare grants function as a temporary respite for families in distress rather than as a permanent mode of living for some people, and in coordinating public and private services and employment opportunities to help families regain economic independence.

Let me turn now to what the bill does do. It establishes for the first time ever a national minimum benefit. True, this particular bill sets that national minimum benefit low enough, some 65 percent of the national poverty level, so that only 13 States will have to raise their current benefit level in order to comply. I hope no one here thinks that the 65-percent figure will remain forever at that level. Just a few weeks ago I heard Arthur Burns remind us that a few prescient individuals opposed creating a Federal income tax of 1 percent many years ago because they were sure that someday it would become confiscatory. They turned out to be right. I am afraid that I will be right when I say that the national minimum of 65 percent is just the beginning.

This bill mandates States to extend benefits to families with two parents, just the same as they now do for one-parent families. A little over half the States already have this program, and now the others will be forced to join in. In addition, the AFDC–U, unemployed parents program as it is called, is considerably liberalized in this bill. Families will be eligible for welfare, without any waiting period, when the earnings of the principal earner fall below $500 a month. Only if the principal earner refuses work is the other spouse required to register with WIN so that the family can remain on welfare. Last week the Labor Department reported that three out of every five married couples in the United States have both husband and wife working. Yet under the committee's bill we cannot require this of welfare couples.

I understand the philosophy in back of requiring the unemployed parent program. There is some feeling abroad in the land that by giving AFDC only to single parent families we encourage the splitting up of couples that otherwise might remain together. There have been some pilot tests of this theory, and the conclusions are far from clear, that having an unemployed parent program, in fact, helps hold the family together.

Another objectionable feature of this bill is the overly generous nationwide standard it sets on assets and income for the purpose of determining eligibility and benefits. Here are the kinds of assets you will be permitted to have and still qualify for welfare: A house and lot, regardless of its value or your equity in it; a car—only the market value of the car over $4,500 will count toward your limit—note I say market value; all your clothes, personal effects, household items, regardless of their value; in addition to certain other items, cash or other assets up to between $50 and $1,750, depending on the level used in your State.

This is a pretty hard list to defend. It is virtually an invitation to welfare dependency in many areas of the country. It may well make it impossible for States to deny welfare benefits to strikers, among others.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. CONABLE. Mr. Chairman, I yield myself 5 additional minutes.

The cost is the last item in the bill I will single out. In fiscal year 1982, the first fully effective year of the bill, the cost of AFDC will increase by $1.8 billion. Fully half of this amount—$900 million—will be for "fiscal relief" to the States, not for increased benefits to welfare recipients.

That is an interesting point, Mr. Chairman. Of this sum, there are a number of components. One is additional emergency relief which provides, in fact, fiscal relief to the States. Also an increase of the Federal matching from 50 to 55 percent. Other items are included in this fiscal relief, but the problem with fiscal relief is we have no assurance that the additional money it is costing the Federal Government, in fact, will benefit the recipients, the poor people for whom the program is designed in the first place.

It may take some pressure off State budgets, but is that the purpose of this measure? I am not sure that it is.

The "low" cost of the entire bill—just under $3 billion—is cited as evidence that this bill is just an incremental improvement, not a major reform. I will say in that respect this is a more honest bill than the one proposed by the administration last year when there was a wide variance in the estimated cost of the bill. Everything I have seen confirms that the administration estimate of the cost of this measure by itself is somewhere around $3 billion. Welfare is one of the few areas where a $3 billion price tag could be considered modest. But what is most important than the cost per se is what the funds will be used for: increased Federal sharing of State welfare costs, mandated nationwide eligibility and benefit levels, and increased welfare rolls, mostly through the increase in the unemployed parent program which has been optional up until now and now will be mandated.

The bill leads the welfare program, in my opinion, in the wrong direction. It moves us several steps closer to the uniform, national income redistribution program sought by many who have been active in the welfare area for a decade or longer.

As an alternative, Republicans on the committee have been supporting the block grant substitute for Title I of the committee bill. This substitute would keep the focus of the welfare program on the States. It would reward them for a tight, well-run program. It would require that the block grants be spent subject to the existing rules and regulations that govern the program today—with only one exception. Under the block grant States would be permitted to impose work requirements as a condition of welfare eligibility. It would provide a billion dollars in fiscal relief. It would make $400 million available to low-benefit States to be used by them solely for the purpose of bringing their benefit levels up to 65 percent of poverty rather than mandating that. It fully indexes the block grant to keep up with inflation, population changes, and periods of exceptionally high unemployment. After 1986 the block grant is indexed at a rate of 2 percent less than inflation. Any savings realized by the State could be used for other social welfare purposes such as social services. Finally, the amendment allows up to 10 States, if they wish, to try using the funds to tailor their welfare programs more effectively to the needs of citizens in their States through 5-year demonstration projects.

I urge my colleagues to look carefully at the full impact of what the committee bill would mean for the future of welfare in the United States. Then look carefully at the substitute to title I. I urge you to join me in voting for at least a test of block grants.

Some variation of this is likely to be offered as the Republican motion to recommit. Since we are accepting this bill, we have already accepted the rule for the bill which does not permit amendments generally.

Mr. CORMAN. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio (Mr. HALL).

Mr. HALL of Ohio. Mr. Chairman, we have long sought remedies for the abuses, complexities, and inconsistencies that plague our welfare system. The effort to restructure this system has become a compelling national priority.

We have noted the contradictions of some welfare families eating on $1 per day while others reap excessive benefits. Although many initiatives to rectify the problems of our public assistance programs have been launched over the last decade, none has ever been implemented. Today, at last, we have a chance to break the impasse over welfare reform.

Mr. Chairman, I rise in support of H.R. 4904, the social welfare reform bill. I do so in the knowledge that this is a vehicle for true reform—that this is our opportunity to address the key problems at hand.

Our welfare system is inundated with overlapping guidelines at each level of Government. The incongruity existing in rules and regulations has resulted in the emergence of a program that is both frustrating and costly to operate. This reform measure will streamline the administrative processes by: First, standardizing and simplifying eligibility and benefit computations; second, providing aid to States for modernizing administrative procedures; and third, improving the certification and reporting requirements. As a result, the error rates—which constitute a large portion in the cost of operating the programs—will be reduced.

Additionally, the bill is responsive to individuals who demonstrate a legitimate need for income assistance. Because each State is responsible for implementing welfare benefit levels, there exists, from State to State, a wide variation in the amount of assistance provided program participants. H.R. 4904 would enlist a national minimum benefit level for those individuals receiving aid, and simultaneously stimulate the growth of job training and employment opportunities.

The bill is the product of comprehensive study. It is a thoughtfully designed, well-balanced, and affordable approach to improving our public assistance programs.

We are all agreed that our welfare system is in need of reform—this is a reality; we cannot dream it away. We are however, given this opportunity to revitalize the program and I urge your support in this effort.

□ 1430

Mr. CONABLE. Mr. Chairman, I yield 5 minutes to the gentleman from New York (Mr. SOLOMON).

Mr. SOLOMON. Mr. Chairman, I rise in opposition to the legislation.

Mr. Chairman, during the debate on the rule, in which I had 1½ minutes assigned to me to debate against the rule, I tried to express some of the problems that we have, particularly in the State I come from, which is New York State. I mentioned at that time that I had spent many years in the State legislature as one of the veteran members of the welfare committee and a veteran member of the ways and means committee which funded our welfare programs. I talked about the fact that our State taxpayers are saddled with an unconscionable welfare burden in our State. I said that we just did not have the money to help those people who truly needed help. I talked about many of the reasons.

Mr. Chairman, there are many Members in this House who are like myself, on both sides of the aisle, both Republicans and Democrats, who have had immediate past experience in dealing with the problems of welfare in our various States. Yet, the rule that was reported to this House allows no meaningful debate on the issues so that we can bring our expertise that we have to this floor.

I mentioned that one of the last bills I passed in the New York State Legislature allowed us to deal with a problem which causes more fraud, abuse and illegal welfare payments than any other. It is prevalent throughout this Nation. That is the fact that we have fathers in this country who have deserted their families, and it becomes a tremendous burden on all the people of this country. We passed legislation which allowed us to track these deserting fathers within the State of New York so that we could identify them through the New York State income tax filings.

Because we were only able to locate about 10 percent of those people, we have nearly a billion dollars in waste through fraud, cheating, abuses—either intentionally or unintentionally—in our State. The rest of these fathers, the other 90 percent, have gone to other States like California, Ohio, Illinois. We have no way of tracking them. If we could have had meaningful debate on this floor and had the benefit of offering amendments, it would be very simple to track these fathers who have deserted their families through either social security numbers or Federal income tax filings, and we could solve many of the problems. If we could recover the $7 billion nationally that is lost through these abuses, we could truly help those people who need help.

Other than being in favor of the block grant system because the States do know best how to deal with their own particular problems in the country, I think that whether we are for the block grant system, as I am, or whether we are for the bill or against it, I really think that we ought to defeat this bill today so that it can be brought back under an open rule, so that we can get the expertise from all these people on that side of the aisle as well as on this; so that we could have some real welfare reform in this country that is going to allow us to help the people who have need of it. Other than the reasons previously mentioned, let me point out three very valid reasons to vote against this legislation:

First. It increases spending by $3.2

billion annually with no revenues to cover this deficit spending, thereby fueling the unconscionable inflation now gripping this country.

Second. It allows the head of HEW to prohibit existing or future welfare programs implemented by the States.

Third. It establishes a guaranteed minimum income regardless of need, which will further diminish productivity and discourage the "work ethic" so badly needed in this country today.

I urge defeat of the bill.

Mr. CORMAN. Mr. Chairman, will the gentleman yield?

Mr. SOLOMON. I yield to the gentleman from California.

Mr. CORMAN. Mr. Chairman, I respectfully submit to the gentleman that the information concerning income taxes has been available to the States for several years. We expanded the bill to allow access to wage information from the Social Security Administration. The gentleman's point is well made. I hope his estimate of what we will recapture is closer than the CBO estimate. They said $170 million, and the gentleman said $7 billion. I am sure we could use the $7 billion if we could find it.

Mr. SOLOMON. I would be glad to help the gentleman find it if he would allow my amendments to be attached to the bill.

Mr. CORMAN. Mr. Chairman, I yield 5 minutes to the gentleman from New York (Mr. DOWNEY).

Mr. DOWNEY. Mr. Chairman, there is no question that probably the biggest problem in New York and on Long Island in particular is the overbearing rate of property taxation. A large portion of that property tax goes to support a welfare system. In my county of Suffolk, fully half of the county's bill is to support medicaid and AFDC.

While this bill does not address one of the critical questions I wanted to see addressed, that being the formula for AFDC, it does address other very important issues of establishing a national minimum standard for welfare; providing for aid for two-parent families, and also to provide block grants for emergency assistance. In a State like New York, where we have been generous with welfare benefits, it is important that the rest of the country recognize that this is a national problem. No longer can States pass residency requirements. The Supreme Court has spoken clearly on that.

This bill is a compromise between many competing interests, those who would like to see more workfare and those who would like to see greater payments to the States. I want to congratulate the chairman for charting our actions to have a very reasonable crossing over some real rough waters. The subcommittee deserves the support of the full Congress. This is a modest proposal that corrects inequities and provides moneys to States and localities that really do deserve it if we are to have a national system with national standards. I want to commend the gentleman, and I hope that the rest of the House of Representatives will support this bill overwhelmingly. It is the first, very big step towards meaningful welfare reform, which will in turn, for the citizens of New York at least, will remain lower property taxes over time.

Mr. Chairman, I rise in support of H.R. 4904, the Social Welfare Reform Amendments of 1979. I had the opportunity to play an active role in the formulation of this legislation as it proceeded through the Committee on Ways and Means, of which I am a member. I believe that this legislation is a step in the right direction both in terms of equity for recipients and providing fiscal relief for State and local governments. Although I feel that we have not addressed some very critical issues that the Congress must confront, this legislation should be supported for the progress it has made in reforming the welfare system while maintaining fiscal responsibility to the taxpayers of this country.

I would like to briefly mention some of the major provisions of this legislation which I believe help alleviate many of the inequities in our current welfare system. First, the bill establishes a national minimum benefit level of 65 percent of the poverty standard by October 1, 1981. Although my own State of New York has been one of the leaders in supplying adequate financial benefits to help its poor, there are still 13 States in the Nation that fall below this poverty standard in financial assistance. This provision would begin to reduce the differences between States in their cash assistance payments while also helping many of the poorest families in our country.

H.R. 4904 also makes aid available nationally to two-parent families. Once again, New York already has a program, but this provision would expand coverage to include 24 States which do not have this program. However, even in New York, this mandated coverage will expand the State's own AFDC–U program. In addition, Federal participation in the program would be increased to 65 percent with States paying only 35 percent.

This fiscal relief for New York when combined with increasing the Federal matching rate from 50 to 55 percent for the AFDC single parent program would mean $50 million extra dollars for the State based on 1982 AFDC expenditures.

In addition, the legislation also provides a block grant to States for emergency assistance programs. Although New York currently receives Federal support for their program to meet the emergency needs of poor families, this provision will increase that Federal support by $14 million.

While these provisions do provide increased Federal support, the legislation still does not fully address Federal financial participation for State's general assistance caseloads, which are one of the primary factors in the escalating rise in property taxes.

An important step in Federal funding for needy persons now solely the responsibility of State and local governments was taken in the bill. However, Federal requirements that kept young families, with no job experience, from receiving Federal aid were overturned. Currently New York and its counties pay for assistance to these families.

The bill does, however, mandate that States pass through a localities portion of the fiscal relief equal to the percentage that local government pays for AFDC expenditures. This section of H.R. 4904 will especially help the taxpayers in my own district of Sulfolk County, whose local taxes to pay a portion of AFDC benefits to its poorer residents.

Finally, the welfare reform amendments does not touch upon one very crucial area, that is, the inequities in the current AFDC formula. During the consideration of this measure in the Subcommittee on Public Assistance, I supported the Javits-Rangel proposal because I believe it is a fairer formula than the one currently in existence. This current formula was adopted in 1958 and while economic conditions have changed this formula has remained the same. However, using per capita income is no longer a true test of an individual's real income, because per capita income inherently neglects cost of living differences in various regions of the country. This factor is compounded when we consider the tax base and transfer payments. In effect, States are penalized for trying to provide their poor with decent financial assistance, while the taxpayer has a bigger bite taken from his paycheck, simply because he earns more to close the cost of living gap in his area. However, I am pleased that the Chairman of the Subcommittee on Public Assistance, my friend, JAMES CORMAN of California, has agreed to hold hearings to explore these inequities.

H.R. 4904, nevertheless does make substantial progress in making our welfare system a real "system" with uniform standards. In addition, it gives fiscal relief to States at a time when their welfare costs are escalating due to inflation, unemployment, energy, et cetera. It is a beginning and one I urge my colleagues to support.

Mr. CONABLE. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Pennsylvania (Mr. WALKER).

Mr. WALKER. Mr. Chairman, I sincerely wish that I could be here doing something else other than speaking against a welfare reform bill, because I think it is well known across the Nation that the American people do want some kind of welfare reform to take place but not the big spending approach taken in the bill before us today. They have some specific ideas as to what they think should be done to bring about true welfare reform in this country. Really, what I wish is that we had an alternative, because there are some competing views in this country about what constitutes real welfare reform.

We have the incremental approach as proposed in the committee bill. We also have the approach to welfare reform which takes a radical new step in trying to bring us back toward tighter eligibility and toward work requirements, the kind of thing I think most of the American people say they want in the area of welfare reform.

□ 1440

I am speaking against the bill here today because this bill does not propose tough eligibility criteria and tough work requirements. This bill is an incremental bill. I agree that is precisely what we have. But when you have an incremental bill, you are incrementally moving toward something, and that is precisely the problem. We are incrementally moving toward a more federalized system in welfare, and I think that is precisely the opposite direction from which we should be going. That is the reason why the proponents really do not want to talk about this bill as being a guaranteed national income bill, which in fact it is. It is guaranteed; it will be national; and it will provide a standard national income that is, in fact, a guaranteed national income. That is what we are getting with this bill, and that is the direction in which we are going to move if this bill is permitted to become law with its ever increased steps toward federalization.

Why do I say it is a guaranteed national income? Take a look at what we are setting as a standard—65 percent of the poverty level as a national standard. That is really, I think, a base of income which has to be paid across this country to welfare recipients. That is a national income. It is guaranteed to anybody who gets into the system and begins to collect the welfare benefits. It is a problem because what we have shown in experiments that we have paid literally millions of dollars to conduct in this country, primarily the Seattle-Denver experiment, is that we get people who work less, and we have even the breakdown of families when we have a guaranteed national income in effect. So really the proponents do not want to call it by its real name, but the end product of this legislation is a guaranteed national income.

I think something different should have been done. The House should have had an alternative to move in a different direction. We do not have that alternative, even though it was offered in the committee. The Rousselot-Conable-Jones bill was offered in the committee. We are not allowed to consider it on the House floor, which really would have been an opportunity to deal with some of these issues of which I speak. Why is it important to deal with these issues? Why are the American people really disgusted with what they see happening in welfare now?

I think we got a pretty good indication of the issues and the disgust not too many weeks ago when the welfare reform task force that the Republican Research Committee has put together—which I am privileged to chair—held hearings. Those hearings were to take a look at one narrow area of welfare abuse, but it is a very serious area when you consider what we are talking about. We looked at one violent subculture, a group of outlaw motorcycle gangs across this country. We had testimony that thousands of motorcycle gang members are ripping off our present welfare system.

What we are doing with this bill is incrementally moving in the direction of supporting that system, the very system the gangs are systematically ripping off. How do we know? Law enforcement officials who testified that day said in nearly every case where they pick up one of the outlaws for criminal activities, they find not one welfare card in their possession but sometimes two or three welfare cards.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate the gentleman's yielding. I appreciate the point the gentleman is making as to the testimony that was taken relating to the criminal element in the motorcycle gangs, and how those who are now testifying to try to show the substantial criminal element that exists in some of those motorcycle gangs all admitted very openly that it was terribly easy to get on welfare.

Mr. WALKER. That was the testimony we heard.

Mr. ROUSSELOT. It was simple, and they did not need the money; it was supplemental income. It was terribly easy to get into the program except in a few States where they had tough work requirements and other things that made it more difficult to get a card or to get into the system. Is that not correct?

The CHAIRMAN. The time of the gentleman has expired.

Mr. CONABLE. Mr. Chairman, I yield 2 additional minutes to the gentleman from Pennsylvania (Mr. WALKER).

Mr. WALKER. I thank the gentleman for yielding.

The gentleman from California (Mr. ROUSSELOT) makes a very good point. That is precisely what the testimony was. We heard, for instance, from a young lady who had ridden with a motorcycle gang as one of the "old ladies" of the gang for several years. She said in some of the States she had not been able to get welfare because the State requirements were so tough. But then we also heard from a former gang member, a former gang leader of one of the largest motorcycle gangs, if not the largest in the country, the Pagans, who said it was extremely easy, that throughout the Northeast the gang members were constantly on welfare and not in just one State but in several States. His testimony was that one of the things that was the easiest for the gang to do to get some "legitimate" income was simply to go to the welfare office and get themselves eligible and begin collecting benefits from the taxpayers.

Mr. ROUSSELOT. If the gentleman will yield further, one reason we wanted to make the new requirements tougher, but the House would be denied the opportunity to debate that because of this closed rule, is that this legislation we are fearful will make it easier and certainly put more of the control at HEW, or whatever they call the new agency—Health and Welfare or Health and Human Resources. Then it will really make it easier in many cases to do exactly what these gangs were doing.

Mr. WALKER. I thank the gentleman for that observation. That is the point I am trying to make. When you guarantee national income, when you basically give an entitlement, you are entitling money to precisely this kind of criminal element. They are now eligible for the money because the present system has not worked and this bill means they would get more. I think that would be the wrong kind of incremental step to take in welfare, and we drastically need to revise the direction in which we are going so that the States can begin to take actions against the kind of criminal elements that we now know are engaging in massive welfare fraud across the country.

Mr. ROUSSELOT. So actually the House by a closed vote decided to slam the door shut on any possibility of amendments and we will not be able to improve the legislation to protect against that kind of abuse.

Mr. WALKER. Yes. The gentleman is quite correct.

Mr. CORMAN. Mr. Chairman, I yield 10 minutes to the gentleman from Georgia (Mr. FOWLER).

Mr. FOWLER. Mr. Chairman, of all the programs operated by Federal, State, or local governments on behalf of their citizens, none are more widely misunderstood than those having to do with public assistance.

Before proceeding with a discussion of H.R. 4904 and why I support it, I want to just briefly touch on some basic facts about our welfare system.

There are approximately 14,700,000 Americans receiving aid to families with dependent children or supplemental security income. Of this total, fully one-half are children under the age of 18. Two million are elderly poor persons. Two and one-quarter million are blind or disabled. This leaves 3.5 million recipients who are adults in families with needy children. In over 80 percent of the families receiving AFDC the father is absent. Around 15 percent of the mothers are working full or part time and another 10 percent are actively seeking work or are in job training.

As of September 1978, the average AFDC monthly payment per family was $252.38 per family or $83.58 per recipient. In my own State of Georgia these figures were $106.61 per family or $38.96 per recipient.

These two basic sets of figures, concerning the characteristics of welfare recipients and benefit levels, illustrate two major misconceptions about H.R. 4904.

First of all, this legislation will not change the basic composition of the public assistance population. The bill will not guarantee an income to all, but only to needy children and their families, the elderly poor, the blind, and the disabled.

Second, the benefit floor set by H.R. 4904 is a very modest one. Only 13 States are currently providing benefits below this level. In my State, which is one of those 13, passage of H.R. 4904 would provide an average monthly AFDC benefit per family of $248 per month on January 1, 1981—or $4 less than the current national average. In October 1981 this would increase to $295 per month, or $3,540 on an annual basis. My friends with the cost of basic necessities like food, energy, and shelter—which comprise such a high proportion of the budgets of the poor—escalating so rapidly, I do not think that anyone can reasonably contend that this is excessive.

The bill now before us, the Social Welfare Reform Amendments of 1979, is not a comprehensive rewrite of our welfare laws. It is not a final decisive battle in the war on poverty. It is an exercise in political reality, in the art of the possible. It is a carefully crafted package consisting of some increase in benefits, a tightening of program administration, and fiscal relief for State and local governments.

On the benefit side, H.R. 4904 expands the earned income tax credit available to low-income wage earners who have dependent children. It would increase the allowable credit from 10 to 11 percent of the first $5,000 in earnings. Thus the maximum credit would be $550, and it would be phased until being eliminated entirely for families with incomes over $11,000.

The current optional program of providing assistance to needy families in which the principal wage earner is unemployed, and for whom no job is available, would be extended nationwide.

A national minimum benefit standard of AFDC plus food stamps for eligible recipients would be set at 60 percent of poverty on January 1, 1981, rising to 65 percent of poverty on October 1, 1981.

Administratively, H.R. 4904 tightens and streamlines the eligibility process for AFDC, insures that welfare payments are based on actual rather than projected circumstances, coordinates administration of the food stamp and AFDC programs, and takes into account all of the income available to a family applying for welfare in determining eligibility and benefits.

Specifically, the bill provides for: a standardization of work-related expense deductions for recipients; a consolidation of definitions and standards between AFDC and the food stamp program; a requirement of retrospective budgeting and monthly reporting; an increase in Federal support for administrative improvements and innovations; and an authorization for States to prorate certain expenses in the case of AFDC children living with a nonlegally responsible adult.

Taken together these changes should substantially improve the efficiency of welfare administration and reduce error rates. The result will be a program better suited to meet the needs of those legitimately entitled to aid, while at the same time providing a less wasteful and more effective use of taxpayer money.

The third major portion of the package concerns fiscal relief for State and local governments.

H.R. 4904 provides increased Federal support for State and local welfare costs by insuring that no State will pay more than 95 percent of its current AFDC costs through fiscal year 1986. After that, there is an additional 3-year phaseout of this "hold harmless" provision. In addition the Federal matching rate for AFDC is increased by reducing the State share by 10 percent beginning on January 1, 1981. Finally, $150 million is to be allocated to the States in fiscal year 1981, based on AFDC caseloads, in order to assist States in implementing the changes proposed in H.R. 4904.

I would like to take a moment to specifically address my southern colleagues. Of all those who would benefit from enactment of H.R. 4904, no group would stand to gain more than the working poor who live in our States, and especially those who reside in rural areas.

There are 10½ million poor people living in rural America and this represents over 40 percent of the Nation's entire poverty population. Furthermore, a majority of the rural poor live in 13 States—all but two of which—Arizona and New Mexico—are in the South.

But despite the fact that the incidence of poverty is disproportionately higher in Southern and rural areas, fewer of the poor in those areas receive aid from public assistance programs and those who do receive some aid generally are given lower benefits. I think it fair to say that the current welfare system is highly discriminatory against the southern working poor.

H.R. 4904 contains a number of provisions which will benefit these people, who are generally the poorest of the poor.

A low benefit disregard is provided for those in low-benefit States who have little or no income. It grants a special incentive for work effort in States where benefits are lowest. Since the rural poor are concentrated in our States and since they are more likely to be underemployed rather than unemployed—57.5 percent of low-income family heads in nonmetropolitan areas are in the work force compared to 45.3 percent in metropolitan areas—this measure will obviously assist the southern and rural working poor.

The expansion of the earned income tax credit, the establishment of a national minimum benefit standard, and the extension of the AFDC-unemployed parent, will all similarly benefit the southern poor.

I would next like to comment on one of the major concerns raised about the social welfare reform amendments: The question of work incentives. Even though the subject of jobs and work incentives is more directly a part of the companion measure to H.R. 4904, the Work and Training Opportunities Act, which is now being considered by the Education and Labor Committee, the bill before us today is very clearly prowork.

By providing for a more gradual phase out of eligibility and benefits as earnings increase, H.R. 4904 insures that a person will always be better off by earning an extra dollar. Second, the work incentive (WIN) program is strengthened by providing for direct Federal reimbursement for work expenses incurred in the program. Third, the expansion of the earned income tax credit will obviously provide an additional work incentive.

H.R. 4904 also restates the work requirements in current law. Under the committee bill, a recipient would have to register for employment and training under the WIN program unless he or she is: Under age 16 or attending school full time; ill, incapacitated, or of advanced age; located too far from a WIN program to effectively participate; required to remain in the home because of illness or incapacity of another household member; a parent or other relative of a child under the age of 6 who is caring for the child; and two other very limited exemptions.

Under H.R. 4904's AFDC-UP program, the entire family would become ineligible for benefits if the principal wage earner refused employment, unless the other parent agreed to comply with the work requirements.

H.R. 4904 is a good bill. It deserves your support. I urge you to vote against the motion to recommit and in favor of final passage of the committee bill.

□ 1450

Mr. CONABLE. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin (Mr. PETRI).

Mr. PETRI. Mr. Chairman, I rise in opposition to H.R. 4904.

I wish to add a few words of skepticism and caution to this debate.

It seems to be extremely difficult to work out welfare reform legislation that is politically marketable. A well-known cartoon comes to mind. There are caricatures of each President since Harry Truman, saying one by one, "The time has come for significant welfare reform."

While the members of both the Ways and Means, and the Agriculture Committees should be commended for their prodigious efforts, it strikes me that in attempting to make this an attractive bill, we have gone too far in offering fiscal relief to the States.

I think all of us have heard from the National Governors' Association, as well as our State and local welfare administrators, about the positive aspects of this bill. The provisions for fiscal relief under H.R. 4904 are ample. Taken one by one, each of these provisions may have its own pertinent justification. In total, I believe we have gone overboard.

One new section, added to welfare law under H.R. 4904, is entitled "Limitation of fiscal liability of States: Hold harmless." This section states that beginning in 1981, and continuing through 1986, a State would be held harmless for the amount by which AFDC expenditures—plus the increases in medicaid and administrative costs caused by AFDC caseload growth—exceed 95 percent of the 1979 level of State expenditures for AFDC.

Another section establishes a Federal block grant program, to assist States in meeting emergency needs of families with children. These are funds to help out in floods, fires, accidents, disasters, "uncontrollable, unpredictable or nonroutine events."

The allocation for these block grants is set at $200 million to be shared among the States, and would be adjusted annually for changes in the Consumer Price Index.

This bill also provides that, beginning in 1981, the States' share of AFDC and AFDC–UP costs would be reduced by 10 percent. In October 1981, the States' share of AFDC–UP would be reduced by an additional 20 percent. For example, as of October 1, 1981, New York State's share of AFDC would be reduced from 50 to 45 percent and from 50 to 35 percent for AFDC–UP.

Now the sum of these fiscal relief provisions represents some very shaky public policy, all in an attempt to win support from the States.

In the limit to States' fiscal liability, the hold harmless provision—we are not even talking about holding the States to their 1979 levels of expenditures, but rather to 95 percent of this past year's outlays.

The emergency assistance funding through block grants offers additional fiscal relief to the States.

Finally, the increasing share of AFDC expenditures that the Federal Government would be obligated to assume under H.R. 4904, skews the balance of the previous Federal-State partnership in our welfare system.

We are providing the States with more than a cushion for "uncontrollable, unpredictable or nonroutine events." We are, in effect, ignoring the hue and cry across the Nation for decreasing the role and size of the Federal Government.

I urge my colleagues to vote against this bill.

□ 1500

Mr. CORMAN. Mr. Chairman, I yield 3 minutes to the gentleman from Oklahoma (Mr. Jones).

Mr. WEISS. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I yield to the gentleman from New York.

Mr. WEISS. Mr. Chairman, I rise in support of H.R. 4904, the Social Welfare Reform Amendments of 1979.

Although this legislation is not the comprehensive improvement of the public assistance system that has eluded Congress for at least a decade, it is a promising start toward that essential goal. And while H.R. 4904 is not without some serious flaws, I believe that on balance it is truly a reform measure—one that merits the support of my colleagues.

The legislation includes important assistance for both the poorest welfare recipients and for States and localities staggering under the financial burden which our present funding formulas place on them.

Perhaps the most progressive feature in the bill is its establishment of a national minimum public assistance payment of some $4,700, including food stamps, for a family of four. I wish to emphasize that this is not an adequate income level for any family in the United States since it guarantees only that grants will equal 65 percent of the official poverty line. Future welfare reform measures should set income floors which lift recipients above the poverty line, but for now the $4,700 figure does represent a larger income for public assistance families living in 13 States. This does qualify as an improvement over the current system and it does create the basis for a more adequate income standard for all recipients.

I also strongly endorse the provision in the legislation which will provide fiscal relief to States and localities. Again, the 10 percent increase in the Federal share of payments for the aid to families with dependent children (AFDC) program is not sufficient to meet the pressing and long-unaddressed needs of States like New York. When fully implemented in 1982, H.R. 4904 will provide welfare payment savings to New York of $130 million. True, this is only a modest improvement given the $1 billion cost New York bears. But it does lay the foundation for a more equitable sharing of the financial responsibility for what is essentially a national, not a State or a local matter.

These amendments help poor people in another way by mandating that every State provide assistance to eligible persons under the AFDC–UP (unemployed parent) program. Currently, only 26 States and the District of Columbia give aid to two-parent families in which the principal wage-earner is without work. Such a situation has long been an incentive to family disintegration, and I welcome the legislation's attempt to encourage family stability and to recognize that so-called intact families may also require public assistance at times.

Other commendable features in the bill include an allocation of some $200 million for creation of an emergency assistance program in all States and an expansion of the earned income tax credit which will help poor people retain their jobs rather than turning to public assistance. The legislation likewise contains a few beneficial modifications in the supplemental security income (SSI) program for older, disabled, and blind persons.

I will also, Mr. Chairman, support the amendment to H.R. 4904 being offered by the gentleman from Vermont (Mr. Jeffords). This provision would give States the option of paying cash in lieu of food stamps to persons 65 and older eligible for the stamps and not participating in SSI.

As I noted at the outset of these remarks, this legislation is not a flawless measure—even in the context of a limited reform. It would make some adjustments in eligibility determinations for AFDC which will hurt poor people and probably prevent some needy individuals from reeciving a fair share of assistance.

The most objectionable feature in this regard is the move to change the computation period for assessing eligibility from a measurement of future needs to an accounting of previous months' income. This alteration will allegedly save money, but only at the price of penalizing people with seasonal employment. An individual or family will no longer, under this provision, have welfare eligibility measured in accordance with what will not be earned in the future but rather in relation to what was earned in the past. This is an unfair and unnecessary requirement. On the whole, however, I do support H.R. 4904. I sincerely hope that passage of this legislation will not lull the Congress into complacency concerning the major and unresolved problems and injustices in our welfare system. Instead, I urge my colleagues to regard the Social Welfare Reform Amendments of 1979 as a basically sound beginning in the continuing effort to provide decent benefits to all poor Americans.

Mr. JONES of Oklahoma. Mr. Chairman, I am going to vote against this so-called welfare reform bill. However, I am not going to take much time of the House or the committee during this debate. When we were unable last week to open up the rule to allow at least two or three amendments to be offered, I recognized the political realities that the votes were pretty well greased to pass this bill.

However, I still believe that passage of this bill in its present form without allowing for amendments is a mistake which we will regret, especially in the next few years when we are called upon to try to balance the Federal budget.

Make no mistake about what we are doing in this bill. We are marching down an irreversible road to completely federalizing America's welfare program. Personally, I believe that is a mistake. Through that well-used enticement of more Federal funds, we are taking away the responsibility of the States. We are also taking away the potential imagination and innovative solutions which the States might bring to straightening out what some call the welfare mess. By passing this legislation, we are saying that we have more confidence in developing a growing HEW bureaucracy than we have in State and local officials.

The policy established in this legislation runs counter to another new policy of the Carter administration with regard to civil service pay reform. The administration is telling us that civil servants should be paid on the basis of regional economic differences; yet this legislation establishes a national standard for welfare benefits and it says that the Federal Government will pay for all of this new cost. In other words, we are establishing a new Federal entitlement program, another uncontrollable item in the already largely uncontrollable Federal budget. If we continue piling on more and more entitlement programs on to the Federal budget, it will be virtually impossible for us to respond to the overwhelming majority of Americans who are demanding tight fiscal policies.

My other principal concern with this legislation is that there is no strong work incentive or requirement included in this bill. All that is required is that able-bodied welfare recipients must sign up for a job, but there is absolutely no requirement that those who are mentally or physically able to work must do so in order to receive welfare benefits.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I would be happy to yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I know that my colleague is familiar with this provision.

The CHAIRMAN. The time of the gentleman from Oklahoma (Mr. Jones) has expired.

Mr. CONABLE. Mr. Chairman, I yield 2 additional minutes of my time to the gentleman from Oklahoma.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield further?

Mr. JONES of Oklahoma. I would be happy to yield.

Mr. ROUSSELOT. Mr. Chairman, I thank my colleague for yielding.

Could the gentleman explain why the provisions in this bill do damage to work requirements, because as the gentleman knows, the advocates have been saying, "Don't worry, it's all taken care of. There are strong work provisions in here."

I think that is important for the Members of the House to know. As the gentleman knows, we tried in committee to strengthen it. We lost by but a few votes and the House has been denied the right to vote on that issue, which is terribly important.

Would the gentleman explain that?

Mr. JONES of Oklahoma. Well, as I said, all that this bill requires is that able bodied persons sign up. It does not require that a job be taken in order to receive the benefits. We had in my home State a strong work requirement program that provided a great deal of dignity to those who were wanting to learn a trade and the ability to earn their own way and then to take that job. It was working well and basically our State was told by HEW that they could not continue with this.

During the committee markup of the legislation when this question of work requirement came up, a smokescreen was thrown up that there was a strong work requirement and yet when we posed this question to the HEW people who were at the committee, basically it came down to the fact that you may not have a meaningful work requirement. I think that is a major deficiency in this bill.

Mr. ROUSSELOT. Mr. Chairman, I appreciate the gentleman explaining that, because people have been led to believe in this House that there is, in fact, a strong work requirement in the bill and there is not.

Mr. JONES of Oklahoma. Well, I regret very much that we did not have a rule that allows some amendments to be offered so that we could experiment in some States with block grant programs to try different kinds of solutions to the welfare problem. That is not the option before us today. The only chance we have of experimenting is to vote down this particular bill and to go with the Rousselot substitute on a motion to recommit. That will at least allow us to have eight States experimenting with alternative solutions to welfare.

Mr. CONABLE. Mr. Chairman, I yield 5 minutes to the gentleman from Maryland (Mr. BAUMAN).

Mr. BAUMAN. Mr. Chairman, I rise in opposition to this legislation and also to the manner in which it is being considered.

I do not think anyone can tell us that this legislation is exactly the byproduct of any sort of consensus, as we have just noted in the remarks from the distinguished member of the majority party, the gentleman from Oklahoma. It came out of the Committee on Ways and Means by a vote of 21 to 14 and only last week this House voted only by a margin of 202 to 181 to even debate the legislation. I think that this places a premium on our rejection of the legislation, particularly because of the manner and the gag rule under which we operate here today. Only one amendment, and a relatively minor one is made in order. All other amendments that came before the Committee on Rules were rejected and only in the motion to recommit which allows a brief time for debate is the minority substitute to be made in order.

It strikes me as rather strange, frankly, that we should be sitting on this rather crisp autumnal afternoon debating one of the major political issues that we have faced in this Nation in recent years and fewer than 20 members are here to debate it. In fact, we have more members of the staff of the Committee on Ways and Means present than we do of the committee itself.

Mr. CORMAN. Mr. Chairman, will the gentleman yield?

Mr. BAUMAN. No, I do not yield at this time.

It seems to me that I have repeatedly had the question put to me as I travel in my district; Why cannot those who obviously need help, why cannot they get it from our system of welfare?

But many more times the question is, "Why was I in the line last week at the supermarket and saw people with food stamps buying things that I cannot afford and driving off in automobiles that I couldn't ever possibly finance with my paycheck; my wife and I both work and the kids sometimes work?" How do you respond?

Now, we do have people in this country who badly need assistance and the system often cannot provide it. But we also realize that the great mass of taxpayers who pay for welfare are carrying a great burden. All else will be academic if the taxpayers cannot afford to carry the burden of taxation, and already they cannot do so. That is why people complain so much about the welfare system, not that Americans are mean and stingy and do not wish to help those truly in need, but because they know that there has been fraud, abuse and waste to the tune of many billions of dollars, as admitted by the Secretary of HEW.

We have heard for lo these many years repeated calls from the leaders of both parties for welfare reform. So what are we given today? No, it is not reform. It is not reform in any sense. It is, in fact, precisely what the welfare lobby wants and I dare say that most of the people who need welfare do not even know that they have a National lobby, a built-in network in this Nation that demands ever increasing amounts of spending for welfare.

Why do they want this bill? Because for one thing for the first time it sets a national minimum for AFDC payments of 65 percent, for instance, and they admit that this is just a foot in the door. In future years they will come in and demand up to a 100 percent or more for a National minimum, for all we know. This bill also extremely liberalizes assets limits and does not count some of the holdings that people may own and therefore the bill makes greater numbers eligible. The bill federalizes welfare and takes out of the State's hands the ability to control much of the welfare system, States that are subjected to pressures from property taxpayers and others. It is the beginning of a guaranteed annual income.

This bill will take the pressure for holding down welfare off the State politicians and allow a concentrated national pressure to be applied to Congress. I have a telegram here from the Honorable Harry Hughes, Governor of Maryland, saying that while he does not like everything in the bill, it will mean for Maryland $5 million more for State and local costs of the AFDC program, $9 million for the earned income tax credit program to Maryland, cashing out of food stamps will mean $5 million to Maryland.

□ 1510

The Governor does us somewhat of a disservice, and so do the proponents of the bill, pretending that Federal tax dollars come from some other place than the taxpayers of Maryland and the other 49 States. All we do is shift the money to Washington and take off more for the Federal overhead and then send back a shrunken dollar. We are obviously not getting anything out of this bill for Maryland, and obviously none of the other States are getting anything out of its except increased taxes at the Federal level and more inflation which also hurts the poor the most.

This bill is going to cost taxpayers billions of dollars more, and those who are truly concerned with welfare reform contend that it does not provide us with a true work requirement which I think we should address by amendment. But no amendments are in order.

These are some of the valid complaints, and these are some of the arguments that were used with some success to buy off the States. Now we hear that this bill might even make it impossible for States to impose workfare because of the definition of the HEW Secretary as to what that may be.

Mr. Chairman, this legislation is what the liberals of this country want, but I know it is not what the taxpayers of this country want. I hope this bill will be rejected. Those who vote for it endorse not welfare reform, but billions more in cost and millions more people on the welfare rolls.

Mr. CORMAN. Mr. Chairman, I yield 6 minutes to the gentleman from California (Mr. STARK).

Mr. STARK. Mr. Chairman, I rise in strong support of H.R. 4904, the Welfare Reform Amendments of 1979, and I join with some of the previous speakers in suggesting that it is really not the kind of reform we ought to have.

I also want to defend the actions of our distinguished chairman of the subcommittee and the chairman of the full committee in bringing this bill to the floor under a closed rule. I think my record stands with any as one who has campaigned for open rules and full debate on issues, but there comes a time when opening this bill to amendment only gives an opportunity to those who would starve children and deny food to those who are unable to achieve it for themselves the chance to dance on the table of the hungry and the impoverished and demagog on what to me is the kind of a stand that can only be taken by people whom I would characterize as having the hearts of government pinchers and the hearts of piranha fish.

When we are dealing with 65 percent of the minimum poverty level as a Federal standard, it hardly seems to me that we can be proud of what we are doing here, and, of course, it is not right for us to open the bill for amendment.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. STARK. I will yield shortly, but not now.

Mr. Chairman, it is not right to open the bill to amendment, particularly to those who would only lower any benefits paid to the 25 million people in this country who cannot work or who cannot afford a decent standard of living. That to me would be a travesty.

There is a time when we must either vote for this bill, as modest as it is, or vote against it and show our true colors and say we are willing to let senior citizens die because they do not have enough food and we are willing to let children starve because we will not let their parents collect some assistance while they take minimum wage jobs which may be somewhat better than welfare.

I think it is a question of whether this country can afford this type of assistance when it is rich enough to talk about aiding Lockheed and bailing out Chrysler and having airlines that make mistakes that endanger the lives of thousands of people. We talk about cutting back on the FTC when it is trying to protect you and me, and then Members come on the floor of this House and talk about the paltry few dollars that we are giving to aid the States. I think most of the States would welcome this aid and welcome the opportunity to cut back on their real estate taxes, which are already too high, again for many of these same senior citizens.

Mr. Chairman, it is the purest form of hollow demagoguery to talk about "improving" a welfare bill which can only be improved if we would double and triple the benefits that we are offering to these people to bring this small group of American citizens up to somewhat near what is blithely referred to as a minimal standard of living.

And it is discouraging that Members of this body who enjoy the munificence of a large Federal salary—and many of them do very little work themselves, I might add—would criticize our Government for attempting to help the States, and particularly those States where the minimum benefits are so low as to really make slavery look attractive again in terms of the benefits that are supposedly so grandly paid out by these States.

As for innovation, how do we innovate welfare reform when we are allowing people to starve? Is there an innovative way to let people starve, people who live in substandard housing, or to let children go without clothes or education? I do not believe we can innovate that.

If we had some people who were living at the poverty level and receiving additional welfare, we might innovate with programs on how to train them to get better jobs and get their children a better education and to teach them how to enjoy a better standard of living. But I see no innovation in taking away the benefits that are so badly needed by this group of people and cutting those expenses even further.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. STARK. I am glad to yield to my colleague, the gentleman from California (Mr. ROUSSELOT), a distinguished member of the committee.

Mr. ROUSSELOT. Mr. Chairman, I am sure the gentleman was being facetious when he said something about returning to slavery, but I will let that go.

Mr. STARK. No. I merely said it might be preferable to return to slavery; I said that in some of those States where the benefits are so low it might be a more palatable alternative to some of the welfare assistance we have to return to the slavery system we had a long time ago.

Mr. ROUSSELOT. Mr. Chairman, as the gentleman well knows, the committee has tried to improve the benefits going to truly needy and eliminate those obvious areas of misexpenditure or misexpense or overexpenditure that have occurred in many instances, according to many Secretaries.

My concern was that we passed over rather quickly that 65 percent of the poverty level, which by 1981 will certainly be in excess of $8,000. I do not consider that as just a minor contribution. I think it would be wise to just skip over that, especially when the gentleman said that he would double or triple the benefits.

The CHAIRMAN. The time of the gentleman from California (Mr. STARK) has expired.

Mr. FOWLER. Mr. Chairman, I yield such time as he may consume to the distinguished gentleman from New York (Mr. RANGEL).

Mr. RANGEL. Mr. Chairman, it is interesting that what we may be asked to vote on as an alternative to this bill is something that is referred to as a block grant. What we would be saying then is that the Federal Government is too busy to be involved with the problems that poor folks have and we would be allowing the Governor to establish exactly what is in the best interests of the poor of a particular State.

Unless some legislative work is done on that so-called block grant, it means that there would be absolutely no standards and no protection for those people for whom we have worked so hard to insure that they would receive some minimum protection.

It is also interesting that people have such innovative and creative ideas as to how we could improve a bill, and yet these ideas are never brought forth until a complex bill comes to the floor. Then many of the Members want the opportunity to have an open rule so they can "improve" the bill.

I am suggesting that none of these creative ideas have been very popular to improve services for the poor are popular with this Congress. I do not know now why we are so concerned with a rule which provides an alternative which allows Governors to do what they think best for their State. We must assume some responsibility in the Congress to say that no matter what region people come from, we have the same type of commitment to American citizens in this country as we find it so easy to demonstrate in behalf of our foreign friends abroad.

There are some problems that from time to time we deal with in terms of dollars and cents. We are not asking for welfare recipients to compete in the supermarket with Congressmen who cannot buy food for their children and families, because I would think that some of the Members who would have that problem should deal with it through a pay raise rather than denying a couple of food stamps or a few dollars to those people who clearly are under the poverty level.

□ 1520

What we are saying is that where it has been proven as a legislative fact that some States, because they are not industrialized, some States, because they do not have the courage to tax, some States, because they would like to use their tax moneys for other purposes other than the poor, the U.S. Congress and the Federal Government will meet them halfway and share in the expense and say that there should be a minimum national benefit standard.

We have no objections to do these types of things for veterans. I think the biggest welfare program that Congress has ever passed with the exception of the one in which we provided oil for homeowners, or at least money to pay for it, was the GI bill. Somehow we manage every year to give more and more to the veteran and try to deny more and more to our aged and to our poor.

I think if a little more thought would go into the minimum amounts of moneys that we are talking about that someone would have to soon reach the conclusion that, one way or the other, as we would be giving financial aid to dependent children, that if we run away from that national responsibility today, we will be forced to deal with the problems that these children will be presenting this Nation in the future.

It seems to me that it makes a heck of a lot more sense to provide these minimum benefit standards now and try not to make certain that even more money will not be going into the criminal justice system.

I would suggest that there are many imperfections in the bill we are presenting to this House, but we did have the input of so many Members, so many groups, so many witnesses, in order to try and perfect a bill; and this was the best that we could do. I do not believe that we should open up the rule and just say, "Throw guidelines and standards to the winds," and say, "Let the States do it because they know best."

It is a national problem. We do have people going from State to State, sometimes, shopping for the best deal. I think what we can do is to say we are there to protect the families, we have a sensitive concern for the poor, that we are requiring work, we are encouraging work.

Mr. Chairman, I ask for the support of the Members for this bill. I agree it should not be called "reform," but it is certainly the best thing that this House has seen in a decade.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. RANGEL. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I appreciate my colleague's yielding, whom I know is extremely interested in this legislation. I am interested in his comment about the rule because that, of course, is already a fait accompli, and you have your closed rule and there can be no amendments except the Jeffords amendment, as the Members all know.

The CHAIRMAN. The time of the gentleman from New York (Mr. RANGEL) has expired.

Mr. CORMAN. Mr. Chairman, I yield 1 additional minute to the gentleman from New York.

Mr. ROUSSELOT. If the gentleman will yield further, I will ask the gentleman if he would be as diligent in his effort to have a closed rule for an authorization for the Defense Department, where we have vast, complicated weapons systems? Would the gentleman deny the right of the House to debate those?

Mr. RANGEL. I do not think so.

Mr. ROUSSELOT. How then is this different? This is a spending bill, every bit as much the same as a defense bill. Why does the gentleman deny us the chance?

Mr. RANGEL. Because I thought the defense bill dealt with destruction and guns and killing people, and that the aid to the dependent children bill dealt with nutrition and the right to protect life. That is the reason I would handle it differently. I thank the gentleman for his question.

Mr. ROUSSELOT. And to try to get money to the needy people. And why would the gentleman deny trying to root out fraud and some of those other things, or a work requirement?

Mr. RANGEL. I think that the gentleman has made major contributions in rooting out fraud within this bill, and I have been proud to work with him on this issue. But I would hope that the gentleman would want to correct his statement in trying to compare the rule as relates to the welfare bill with that of the Defense Department bill.

Mr. CONABLE. Mr. Chairman, I yield 2 minutes to the gentleman from Arizona (Mr. RUDD).

Mr. RUDD. Mr. Chairman, there are probably no Government programs in the United States which deserve more regular or scrutinizing examination than the programs which encompass "welfare."

I find in talking with Arizonans that no domestic issue concerns our citizens more than the present expenditure of their tax dollars for various welfare programs.

As a member of the Appropriations and Budget Committees in this session of Congress, nothing has been more frustrating than to observe the almost helpless attitude with which Congress confronts the so-called uncontrollable expenses in the budget, many of which are the welfare programs expanded within this legislation.

These expenditures are indeed controllable if Congress will exercise the essential policy controls necessary to insure that programs are actually assisting the truly needy.

I regret to say that this bill, as reported from the House Ways and Means Committee, does very little to change the direction of the existing programs. Rather, the liberalized eligibility standards and minimum benefit level will inevitably serve to further increase the costs of these programs to all taxpaying Americans. Indeed, there is nothing in the bill which would forecast any direction other than costs which would climb skyward.

I believe that Congress should face the fact the traditional formula perpetuated by this bill is a prescription for ever increasing Federal welfare costs.

Under the existing philosophy—with its emphasis on Federal decisionmaking—the welfare rolls have swelled enormously from 8.4 million people receiving $4 billion in 1966 to 52.4 million people receiving $43.4 billion in aid.

I believe the time has come for a bold and innovative approach.

The alternative to this bill would be to reverse the trend toward Federal centralization and uniformity and encourage instead maximum flexibility and innovation at the State level. Federal grants for social welfare should be made to the States and the States could then develop their own welfare programs.

One of the great strengths of our federal system of Government, as envisioned by our Founding Fathers, is the freedom which it allows among the individual States to adopt policies which best address the specific needs and priorities of their own people. Nowhere is this more true than in welfare.

I believe we would find that individual States would duplicate those programs which prove most effective elsewhere. Diversity among the States should be viewed as a strength, not a weakness.

Granted, such an alternative is an unchartered course. However, the record of error, mismanagement, and costly expense of the existing path is well known.

The present cumbersome welfare system cries for fundamental reform—real reform which is not achieved by the reported legislation.

Congress should encourage State solutions to address the unique situations of each State rather than imposing a national standard which, while uniform, would be more costly.

I urge the defeat of H.R. 4904.

Mr. CORMAN. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia (Mr. FISHER).

Mr. FISHER. Mr. Chairman, I rise in support of H.R. 4904, the Social Welfare Reform Amendments of 1979. I voted for this bill in the Ways and Means Committee and I hope that my colleagues in the House will also support this bill.

Welfare reform has different objectives for different people. Some people believe welfare reform should reduce or alleviate poverty as the sole objective. Others think that it should reduce welfare rolls by providing incentives for recipients to work. Other objectives include the improvement of welfare administration through the reduction of redtape, errors, and abuse; increased equity among the States in benefit and eligibility standards; inclusion of categories of people previously excluded; and fiscal relief to States.

The social welfare reform amendments would enable progress to be made toward these objectives. The additional cost will be modest which is highly desirable at a time of economic and budgetary difficulty. Especially important are the provisions in the bill which offer incentives for welfare recipients who can do so to take jobs.

I want now to make some comments on the main features of the bill.

AFDC

In the aid to families with dependent children (AFDC) program, the bill establishes a minimum benefit, consisting of cash assistance plus food stamps, at 65 percent of the poverty level. This will raise benefits from present levels in 13 States. Although the bill sets a floor for benefits, the actual level will be set by each State as it is now. The bill also mandates a program of benefits for two-parent families in which the principal wage earner is unemployed. Currently half the States offer this unemployed parent program. As under the current system, recipients whose youngest child is over 6 will be required to register for work or training. In the new unemployed parent program, after a 2-month job search period, benefits will be paid only when no job has been offered to the principal wage earner. The family will lose all benefits if the principal earner refuses employment, unless the other parent accepts the work requirement.

In addition to the work requirement, other provisions will encourage recipients as well as low-income workers to accept new jobs or continue their old jobs. A change in the way earnings are treated in the benefit calculation will allow recipients to keep more of their own earnings in addition to their benefits, thus making work more advantageous than under the present system. Low-income workers are eligible for an earned income credit (EITC) on their Federal income tax. The bill revises the EITC to increase the maximum credit to $550 on incomes between $5,000 and $7,000, phasing out as income rises above that level. The EITC assists the working poor by reducing the tax burden for families with children.

The definitions of income and resources, used for determining eligibility for AFDC, will be changed to parallel the definitions used in the food stamp program. This is an important step in simplifying the administration of welfare. Recipients will be required to report on their income each month, thus permitting monthly adjustment of benefits. This will help prevent cases in which recipients are overpaid or kept on the rolls too long, as well as cases in which recipients are not receiving all the help to which they are entitled. Also a national goal will be set for reducing errors in the program to 4 percent. The States will continue to administer the program.

The Federal Government will pay a

relatively larger share of the costs of the program under this bill. The State share will be reduced by 10 percent starting in 1981. Thus a State which now pays 50 percent of its AFDC costs will have to pay only 45 percent. In the unemployed parent program the reduction will be 20 percent. Each State will save at least 5 percent of its fiscal year 1979 AFDC expenditures.

SSI

The supplemental security income (SSI) program for low-income disabled, blind, or elderly people, is also affected by this bill. For most recipients the most significant change is the replacement of food stamps by cash. These people would receive their entire benefit in cash. Most of the other SSI provisions make relatively small changes in this program which already has national minimum benefit and eligibility standards.

One change will help to eliminate a loophole in eligibility. The bill requires that the income and resources of a person who sponsors an immigrant for entry into this country shall be attributed to the immigrant for the purpose of determining his eligibility and benefits. Newcomers who enter this country through normal immigration channels should not immediately become welfare recipients if they have been sponsored by citizens with adequate resources.

JOBS PROGRAM

A related and necessary part of the administration's welfare reform proposal is the Work and Training Opportunities Act of 1979. This bill would provide for programs to assist AFDC recipients in seeking jobs and to establish work and training programs for them. Hearings have started on this legislation in the Education and Labor Committee. Although the two bills are being treated as separate measures, the jobs bill is crucial to the success of the entire welfare reform effort. Fair, well-administered benefits should be provided for people who have no alternative to public assistance, but every effort must be made to make sure that job alternatives are available for those who can work. They should be helped to find jobs in the private sector, or in publicly supported jobs if necessary. I hope that action on the jobs portion of welfare reform will move forward as soon as possible.

SUMMARY

H.R. 4904 is not a sweeping restructuring of the Nation's welfare system but it is important. It represents improvement in some of the features of the current system and progress toward some of the goals of welfare reformers. Welfare recipients in the lowest benefit States will receive increased benefits, set at a modest level and still below the poverty line. The bill makes it more advantageous for recipients to work by permitting them to keep more of their benefits as they increase their earnings, and also increases the EITC for low-income families. Besides setting a national floor for benefits, the bill standardizes eligibility criteria and matches them to those in the food stamp program. It requires more frequent review of the status of recipients so that benefits can be adjusted up or down speedily. Families in which both parents are present but unemployed will be included in the program in all States for the first time.

Finally States will be relieved of some of the financial burden of assisting the Nation's poor families. All this is being accomplished at a modest additional cost to the Federal Government of some $3 billion above present expenditures for AFDC in 1982 when the program is in full effect. I think this is a reasonable approach; it merits support.

□ 1530

Mr. CONABLE. Mr. Chairman, I yield 10 minutes to the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. Mr. Chairman, I rise in opposition to the Welfare Reform Amendments of 1979, H.R. 4904. Major reform initiatives have been launched by both parties over the last decade, but welfare has proved difficult to reform or even control. President Carter's most recent proposal, now embodied in H.R. 4904 as amended by the Ways and Means Committee, calls for less extensive restructuring than prior proposals and is also a bit less expensive. However, it is not innovative, it is not creative, it does not save tax dollars, and it will not work. It is simply a scaled-down version of previous plans which have been rejected.

The committee bill, H.R. 4904, would establish a guaranteed annual income for all American families, intact or not, further federalize welfare programs, and lead to a widespread redistribution of income. Major provisions of H.R. 4904 include:

First. Establishment of a national minimum benefit for AFDC families of 60 percent of the poverty level in 1980, rising to 65 percent in 1981. This figure will keep rising since the poverty level is indexed to follow the increases in the consumer price index. Pressure will also be exerted on Congress to raise the level each year. This figure will apply to four-person, intact families.

Second. Mandating the AFDC-UP (unemployed parent) program for all the States. Currently, 26 have this program which provides benefits to families with two parents in the home, if the "major" earner is unemployed. The committee bill requires States to provide AFDC-UP benefits to intact, two-parent families; it is important to note that the definition of "unemployment" is changed in H.R. 4904 from the number of hours worked each month to a dollar figure—$500 maximum for any month in the 12-month period beginning October 1, 1979. This $500 figure will be indexed thereafter at the secretary's discretion for inflation and minimum wage increases.

Third. Standardizes the earnings disregards for the determination of welfare eligibility. This is yet another area in which the States will lose discretion and the power of the Federal bureaucracy will be increased.

Fourth. Establishment of a $200 million block grant (fiscal relief) for States to assist in meeting emergency needs of families with children—this grant is also indexed for inflation increases and will reduce even further the State contribution to welfare programs. Every reduction in State contribution further eliminates the incentives for States to clean up their programs and eliminate fraud and abuse. Why save Federal dollars?

Fifth. Movement toward standardization of the AFDC assets limits and treatment of income to provide a resource limit between $750 and $1,750. The Health and Human Resources Agency HEW Secretary would be granted the discretionary power to specify items to be included and excluded with the objective of paralleling as much as possible the assets definitions and procedures in the current food stamp program. It should be noted that the food stamp program, as a result of these assets liberalizations, has grown like Topsy.

Sixth. Provision for increased Federal financial participation. Beginning in January of 1981, a State's share of AFDC and AFDC-UP costs would be reduced by 10 percent. Beginning January 1, 1981, and continuing through fiscal year 1986, a State would be held harmless for the amount by which AFDC expenditures, plus increases in medicaid and administrative costs which exceed 95 percent of the fiscal year 1979 level of State expenditures for AFDC. These hold harmless payments phase out in 1990. In fiscal year 1981, $150 million would be allocated to the States on the basis of AFDC caseloads to assist States in implementing the changes contained in H.R. 4904.

The bill also makes changes in the supplemental security income program, slightly expands the earned income tax credit, and makes modifications in the child support enforcement program. Although the cost of the committee bill is less than the earlier Carter proposal, there is ample proof that current cost estimates may be, in the words of the Congressional Budget Office, "biased downward." The changes in eligibility requirements, assets tests, the establishment of a national minimum benefit level, the mandating of the AFCD-UP program on all the States—these provisions will lead to an increase of the number of Americans on the welfare rolls and it will lead, in many cases, to increases in benefits for people already participating in the AFDC program.

There is clearly need for reform of our Nation's welfare system. However, the committee bill, with its provision for increased Federal matching of State costs, provides little or no incentive for streamlining the AFDC program, for reducing fraud and abuse, and eliminating those not truly in need from the program. Standardizing assets tests and allowing tests to be set by the Secretary will increase pressure to liberalize the program, swelling the rolls and adding to the costs. Every step away from State control and discretion reduces the incentive for the State to run a tight, efficient program.

Welfare costs have quadrupled in the last 10 years and we cannot truly calculate the burden that future welfare costs will impose on taxpayers. Federalization of welfare programs will not solve the problem facing the current system but will only add to the already enormous cost of public assistance and increase the number of people dependent on welfare. As is the case in most Federal transfer payment programs, we are mortgaging the future to pay for the excesses of the present.

If you seek real reform in welfare—if, instead of more of the same, you seek a departure from the approaches in this field that have brought us to this point—you should find promise in the block grant concept which is embodied in H.R. 4460, the Rousselot-Conable-Jones substitute. Unfortunately, you will not today have an opportunity to choose between warmed over "FAP" and real reform through a block grant approach. However, should H.R. 4904 be defeated today, perhaps there will be a time in the future when the substitute can be brought to the floor.

H.R. 4904 signifies larger Federal involvement in welfare through additional Federal requirements and regulations and funding. For the first time, the Federal Government would set a national minimum benefit level for families. This is not to question that families should have adequate incomes, but I do seriously question the soundness of a decision which would bring further Federal bureaucratic control to welfare policymaking. In H.R. 4904, we would require States to have the AFDC–UP program. We would require that they follow certain procedures and to implement federally defined assets and eligibility tests.

The alternative that Mr. CONABLE, Mr. JONES, and I offer—along with 16 of our colleagues in the House and several Senators—most notably the chairman of the Finance Committee and the ranking minority member—is founded on the concept of decentralization. It enhances the capacity of the States to devise and shape their own welfare programs—to pursue program changes that they know to be appropriate for their economic and social conditions. At the same time, it offers some fiscal relief to States and provides a means for encouraging States that have low AFDC benefit levels to impose them. In short, this alternative is founded on the belief that governments closer to the problem—closer to the people directly concerned about adequate and efficient welfare programs—should have more direct control over them.

Let me outline the terms of the block grant proposal:

First. The current, open-ended Federal matching of State costs for AFDC would be replaced with a Federal block grant system, beginning in fiscal 1981;

The block grant would be based upon the amount that a State would receive in fiscal 1979, with certain adjustments;

All States would receive portions of a total of $1 billion in fiscal relief, the allocations to be based upon population;

Each of the 15 States with the lowest combined benefit levels (AFDC benefits and food stamp benefits) would be able to receive a portion of additional funds, totaling $400 million;

The block grant would be adjusted to account for inflation; and would also be adjusted to account for population changes among the States and for temporary surges in unemployment;

States would be required to use the block grants only for payments of aid to families with dependent children, and for other social welfare purposes;

States would be permitted to require work as a condition of AFDC eligibility;

Beginning in 1986, the Federal block grants, although still adjusted for inflation, unemployment concentrations, and so forth, as I have described, would be reduced by 2-percent per year, so as to permit the Federal Government and taxpayers to share in the savings that would be achieved through this type of program. In other words, this bill points ultimately toward lessened Federal costs rather than to constantly heightened Federal costs.

Second. The proposal authorizes a 10-State demonstration grant program under which, for a 5-year period, up to 10 States could develop and test their own family welfare systems as alternatives to AFDC. Such States would use their block grant allocations to pursue pilot programs, freed of the Federal limitations and requirements now imposed on States in the AFDC program. Implicit in the demonstration authority is the recognition that not all of the valuable insights which might be brought to bear in family welfare matters are found in Washington.

Thus, this block grant approach offers you a way of truly reshaping family welfare programs. It is innovative in spirit, realistic in terms of cost, and reflective of the financial burdens felt by some States and localities with respect to the AFDC program.

I urge you to carefully consider this opportunity to break free of the past in AFDC, and to point us on a new path—one which I believe will prove to be both responsive to genuine family needs and acceptable to the public.

Vote against H.R. 4904 and support a motion to recommit.

Mr. LAGOMARSINO. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from California.

Mr. LAGOMARSINO. Mr. Chairman, I want to commend the gentleman in the well for his statement and for his substitute, which, unfortunately, he will not be allowed to offer to this legislation.

It seems to me that when we are talking about something as basic and as necessary and as supported as the subject of welfare reform that we ought to be able to work our will on the entire subject and not just on one closed option that is now available to us under the rule. We were not able to change.

I know that the people in my district are very concerned about welfare reform, but I do not think very many of them have in mind welfare reforms being what the committee has proposed to us.

I hope that the gentleman's motion to recommit will be accepted.

Mr. ROUSSELOT. I appreciate my colleague's comments. I know, as a former member of the California State Legislature, he is aware of the reforms that are needed. I am sorry, too, that we have only this one option.

Mr. MYERS of Indiana. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Indiana.

Mr. MYERS of Indiana. I thank my colleague for yielding.

The problem I see with this particular piece of legislation is the fact we are once again treating cosmetically with this cosmetic remedy a very serious problem in our country.

Calling this welfare reform, as the other gentleman from California said, if there is any area in the country that needs reform, it is welfare.

We are not getting down to really solve the basic problem in the welfare chaos we have in the country. We are not helping people. We are not helping ourselves. We are certainly not helping the country get ourselves out of this dilemma.

I think it is wrong to continually come forth on this floor almost every day with a title on a bill saying, "This is solving the problem." We give them fancy titles

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But when we start scrutinizing what the bill will do, what the law change is going to make in effect, just like this one, it is not reform really. If we really want to get down to business, what we should be doing is we ought to be helping welfare recipients get off the rolls of welfare, taking people from the rolls of welfare and putting them back as taxpayers instead of tax recipients. This bill does not do this.

We should be helping the working poor elevate themselves off the welfare rolls. This bill does not do that. It is a shame to continually bring legislation like this on this floor which, again, is a cosmetic treatment for a serious problem.

Mr. ROUSSELOT. The gentleman makes an excellent point. His point is well taken.

The legislation before us, which we cannot amend or try to improve, adds to the rolls, adds to the costs, and just throws more dollars at the so-called problem, as the gentleman says, without really providing a way to encourage people to go back to work.

There is another part of this proposed legislation that is before the Committee on Education and Labor, the jobs portion, and there is no guarantee that that will move.

I think the gentleman has made an excellent point. This is just pouring more dollars, federalizing a program which has not necessarily been successful in the past in many ways.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. CONABLE. Mr. Chairman, I yield 4 additional minutes to the gentleman from California (Mr. ROUSSELOT).

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I appreciate my colleague yielding and will yield now to my colleague from Illinois.

Mr. FINDLEY. Mr. Chairman, Monday of this week I had the great pleasure of being in the State of California visiting San Diego for an inspection of the workfare under food stamps. It is, I believe, one of the five communities in the entire Nation that is beginning to experiment with this new workfare concept. I think it is the first example of workfare sponsored by the Federal Government, at least since New Deal days. So what we are doing is truly historic, in my opinion.

I found positive attitudes all the way through the system. There were representatives of the State agencies, of the county agencies, and I interviewed the supervisors, I interviewed every person engaged in the workfare that day. Every one of them was enthusiastic about the program. They thought it made sense. They were glad they were taking part in it. They wanted the project to succeed.

As I understand it, the gentleman's recommittal motion, or the one he will support, does contain language which would permit workfare in the welfare legislation being authorized. Is that correct?

Mr. ROUSSELOT. I believe so.

Mr. FINDLEY. If the gentleman will yield further, it would be the option of the local community if it saw fit to require the performance of certain duties in exchange for the benefits to be received under the welfare program?

Mr. ROUSSELOT. That is my understanding.

Mr. FINDLEY. I think that argues very powerfully for the acceptance of the recommittal amendment. I am not sure what else is in the recommittal amendment, but I think that is one glistening and very attractive feature. I hope it will be accepted and will become a part of this legislation.

Mr. ROUSSELOT. I appreciate the gentleman's comments. I will say I know my colleague also had an amendment that he wished to offer to this legislation to apply to the general AFDC program what has been tried now in food stamps, and the gentleman is unable to offer that because of this rather strict rule. I am sorry that that cannot happen.

Mr. MYERS of Indiana. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to my friend from Indiana.

Mr. MYERS of Indiana. Mr. Chairman, I appreciate my colleague yielding once again. Following up what the gentleman from Illinois is reporting on his findings from the pilot program, which I understand is in several locations in the country, I hope the gentleman will make a report to the Congress and to the country of the success and how that program is working. I am interested in the recommittal motion the gentleman from California is going to offer. Does the gentleman's recommittal have a provision that separates the people that could work, what I call the working poor, away from the indigents? I do not think we are ever going to solve this welfare mess until we finally decide we are going to separate the working poor, the folks who are just underemployed, separate them away from the indigent. Those are the folks, the ones I call indigent, that either because of their age, or because of a physical or mental handicap, are always going to be dependent upon a welfare program.

Until we separate the two away, we are never going to solve the problem. I hope the gentleman's amendment or his substitute which he offers as a motion to recommit will address that problem.

Mr. ROUSSELOT. Under the motion to recommit we will still leave with the States the ability to establish work requirements, which this bill basically eliminates, even though it is argued differently.

Second, as the gentleman knows, we have tried to take care of the handicapped, the blind, to make them SSI recipients. There are a substantial number of people that are separated out and they get benefits under that program.

The AFDC is a different type of program, and in many cases the people who are blind, handicapped, and so forth, and are unable to work already receive a benefit, minimal though it may be. So I am really not sure that the AFDC program is an appropriate place to put that.

But in our motion to recommit we are going to hope to leave with the States the ability to establish work requirements, and part of the program the gentleman is addressing is considered under that issue.

Mr. MYERS of Indiana. I thank the gentleman for his comments.

Mr. CORMAN. Mr. Chairman, I yield 3 minutes to the gentleman from Ohio (Mr. PEASE).

Mr. PEASE. Mr. Chairman, I rise first of all to commend the Ways and Means Committee and the distinguished chairman of the subcommittee, the gentleman from California (Mr. CORMAN) for their work on this bill. I think it is a productive step on the road to welfare reform, and I am pleased that it has come before us today.

Mr. Chairman, I rise also to commend the committee for one specific provision of the bill which applies to the eligibility of aliens for SSI benefits. When I first came to Congress 2½ years ago I heard a great outcry from my own constituents complaining about stories that they had read of aliens arriving on our shores and going on SSI or Federal welfare 30 days later.

Nothing has produced as much mail and as much concern among my constituents as those stories that appeared in the newspapers. I introduced a bill in the last session to try to deal with that problem and cut down on that eligibility. I am pleased to say that we have had over 50 sponsors for that bill.

The committee has produced a bill before us today which does not follow precisely the formula that I had in mind, but the committee's version does address the problem effectively. I think it will cut down substantially on the number of aliens who are eligible instantly for SSI. It does so in determining the eligibility of a person for SSI by ascribing the assets of the sponsor of that person to the alien himself for eligibility purposes.

I do think this is a good provision. I do think it will be effective and I do commend the subcommittee for its work in this regard.

Mr. CONABLE. Mr. Chairman, I yield 3 minutes to the gentleman from Iowa (Mr. GRASSLEY).

Mr. GRASSLEY. Mr. Chairman, members of the committee, a bill that comes to the floor entitled "Welfare Reform" ought to automatically get the support of everybody, if one does not look beyond the title of the legislation. I would like to vote for a welfare reform bill. Everybody at the grassroots in America would like to have true welfare reform.

The truth of the matter is that this is not a welfare reform bill. There is a minimum of three ingredients that ought to be involved in any legislation that carries the title of "Welfare Reform." It ought to cost less, particularly considering the General Accounting Office's report of fraud and mismanagement in some welfare programs over the last few years.

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There ought to be less federalization of eligibility and work requirements considering the fact that this Nation is so geographically vast and our population is so heterogenous that we cannot pour this country into one mold and make all policy here in Washington, D.C. Third, the legislation ought to be more simple in its administration.

This bill is not a reform measure because it falls short in all three of these areas. This bill will cost billions of dollars more. This bill will centralize more policymaking in Washington, and obviously—and I speak as a member of the Agriculture Committee—this bill could not be considered more simple in its administration when we consider linking the income and asset guidelines to the food stamp program.

I cannot vote for a bill that will load the welfare costs on the American taxpayers, and especially not when it comes under the guise of the term, "welfare reform."

Mr. CORMAN. Mr. Chairman, I yield 3 minutes to the gentleman from Missouri (Mr. GEPHARDT).

Mr. GEPHARDT. Mr. Chairman, I would like to join with others of my colleagues who plan to vote for this bill and against the motion to recommit this bill. As you know, there has been considerable discussion of our national welfare system over more than a decade. This bill, H.R. 4904, is a direct result of that long process of debate, discussion, and compromise.

During all that time, several common elements have emerged, and one among them has had broad general agreement: that we should make welfare more generally consistent across the States. That is not to say that we mean to federalize the system or make it absolutely uniform. We will not, and nothing in the bill would suggest that. But there has been a growing sense, reflected in this bill, that equally poor people should be treated in more nearly the same manner no matter where they happen to live. A poor family in my own State of Missouri has needs and expenses very like those of poor families living in Illinois or Arkansas—yet we treat them very differently. H.R. 4904 at least assures a minimal level of support in all States while retaining flexibility for the State to set their own benefit levels beyond the minimum.

That is one of the reasons that I oppose the concept of turning the Federal funds available for welfare over to the States in the form of block grants. It is almost as though we are willing to ignore all that we have learned over the years about the need to make the program more nationally consistent, and will instead turn sharply in the direction of encouraging greater disparity, greater divergence, still more dramatic differences in our treatment of poor families from State to State.

We have some experience to hark back to in this regard. In the early years of Federal support to States for welfare there was little or no Federal supervision. For nearly 30 years there was, in effect, so little Federal supervision as to have had virtually a block grant. The idea that we would learn something new by returning to a block grant approach to welfare at this point flies in the face of that long history in the welfare programs. We do know what States would do, and we know that very history is what led to the growing consensus that the programs should have some common national elements.

We have also seen among the Congress itself a growing concern that the dollars we are willing to commit for welfare purposes be spent in a particular way, and that the States account for those Federal welfare dollars. That is only reasonable. We in the Congress have a responsibility to our voters to know how the money we vote to spend out of Federal revenues is in fact being spent by the States. A block grant approach ignores that responsibility as well. With block grants we will not be able to go back to the voters in our States and account for what is being spent. We will be left in the awkward position of having to say: We know you are concerned about welfare costs and want some assurances that the money is being spent in the way the Congress intends, but we voted to simply turn the money over to the States and so cannot tell you much about its use.

And when, in addition, we structure the block grant in a way that invites States to save welfare dollars by reducing assistance to needy families, then we have asked to be put right back in a situation where some eligible people are getting very low levels of support, while equally poor people right across the State line get considerably more. That is essentially what we are being asked to consider, and I for one object. I believe it flies in the face of commonsense and sound national policy.

Further, voting for a block grant for welfare is a way of abdicating responsibility for poor people at the national level. We live in an increasingly mobile society, one in which people are citizens of many States over a lifetime. Welfare is, and should continue to be, a national responsibility and national concern. The terms on which we have provided Federal support for State welfare programs over the years suggests that at least until now, the Congress has agreed. I believe it would be a serious mistake to give up on that notion at this time.

Finally, I rise as a member of the Budget Committee to provide a budgetary perspective on the Social Welfare Amendments of 1979. The bill, as reported, is consistent with the funding assumptions in the second budget resolution for fiscal year 1980 which the House approved on September 27, 1979, and with the conference agreement which this House will consider later this week.

The net budgetary impact of the bill in fiscal year 1980 will be to reduce spending by $186 million in budget authority and outlays. This includes legislative savings of $232 million, which in part are offset by $36 million in initiatives.

Even though these legislative savings represent an important step toward restraining spending this year, the budgetary significance of the Social Welfare Amendments of 1979 lies more in the spending impact of this bill in succeeding years. As the fiscal relief and minimum benefit provisions in the bill are phased in during fiscal year 1981, the cost of the bill will increase to $912 million. Then, in fiscal year 1982, the cost of the program will increase to $3 billion as the program is implemented.

This bill represents a major breakthrough in our attempts over the past decade to bring some order to our increasingly chaotic welfare system. The quest for welfare reform began in August 1969, the month that men first landed on the Moon. It is ironic that we were able to go to the Moon in 8 years from when President John Kennedy first proposed it in 1961, but various proposals from welfare reform have now been proposed by three administrations and debated by six Congresses for more than 10 years.

From a budgetary perspective, these changes have two advantages: First, the bill is less costly than many previous proposals. For example, the administration's 1977 proposal would have cost $20 billion when fully implemented. Second, the cost of not reforming welfare may be higher than the cost of this bill. This bill provides an income floor for families with children and brings some order to the current welfare system. With this reform, there will be less need to continue the piecemeal liberalization of individual programs which have characterized welfare policy over the last 20 years and have led to the current costly, wasteful, and inefficient welfare system.

Mr. CONABLE. Mr. Chairman, I yield 3 minutes to the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Chairman, I think most of the Members of this body are in favor of welfare reform, but I am sure that there are very many of us who think that this bill is not adequate reform.

I myself voted for the family assistance program in the early years of this decade as my commitment to some kind of substantial welfare reform. It represented a consolidation of benefits and an opportunity not only to provide for disadvantaged people, but also to provide a little relief to the taxpayer over the longer term.

However, in the bill that is now before us, H.R. 4904, we are being asked to give up an awful lot of the taxpayers' money, with very little honest-to-goodness reform of the welfare system.

There is a little consolidation, and as a matter of fact much of the extra cost is simply transferring costs of State governments to the Federal Government. Now, that is pretty good but only if the Federal Government is in surplus, and if you happen to come from a State which has been openhanded in its benefits. Some States will be unjustly rewarded by this bill, but I do not think rewards for openhanded States ought to be a part of our philosophy of dealing with our own taxpayers.

Mr. Chairman, I submit that this bill should be defeated because it does not give us nearly enough reform for the dollars it costs.

Mr. CONABLE. Mr. Chairman, I have one additional request for time. I yield 3 minutes to the gentleman from Pennsylvania (Mr. GOODLING).

Mr. GOODLING. Mr. Chairman, I would like to take this time merely to ask the chairman of the subcommittee a question, if I may.

In reading a critique of the bill I found this line: "Repealed is the provision requiring that AFDC be reduced by the amount of any unemployment compensation."

My first question, then, is: Is this critique correct?

My second question is: Then, does that mean you would receive unemployment compensation and your total welfare allocation?

Mr. CORMAN. The point is that we provide that unemployment compensation will be considered as income.

Mr. GOODLING. That is the way it is now.

Mr. CORMAN. Not AFDC benefits.

Mr. GOODLING. But is the gentleman repealing that provision? According to this critique of the bill he is repealing the provision which now counts that as earned income.

Mr. CORMAN. As I understand it, under existing law there is a separate provision for handling unemployment compensation. There was a lawsuit about whether people could draw welfare when they were entitled to unemployment compensation if the welfare were larger, and we changed the law to provide that if they were entitled to both, they could draw public assistance as a supplement to their unemployment compensation. We merely go into all of the items of income, wages, interest income, unemployment compensation, all within the same section of the bill. So, unemployment compensation would be considered as income in computing a benefit reduction for someone who has income, but not enough to make them ineligible for public assistance.

Mr. GOODLING. If that is correct, then the critique is incorrect because it specifically says, "Repealed is the provision requiring that AFDC be reduced by the amount of any unemployment compensation."

If that is true, I would read it as that they would be eligible for both, the maximum in both. Hopefully, I can have that answer before we finish debate on the issue.

Mr. CORMAN. We are trying to find it in the bill. I am reasonably positive that unemployment compensation is considered the same as wages or other kinds of income in computing benefit reduction. The main thing is, we do not want people to pass up unemployment compensation that they are entitled to.

Mr. GOODLING. The repeal idea, it seems to me, would be to give them the best of both.

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The CHAIRMAN. The time of the gentleman has expired.

Mr. CONABLE. Mr. Chairman, I yield 2 additional minutes to the gentleman from Pennsylvania.

Mr. GOODLING. I thank the gentleman.

What I would like to know is, am I interpreting that correctly or incorrectly. It is very important.

Mr. CORMAN. Yes. Before the debate time ends, I will make an effort to give the gentleman the citation.

Mr. GOODLING. The way it states in what I am reading, it would indicate to me that the gentleman is repealing the provision which now counts it as part of one's income, and saying that it would not count, as a matter of fact, as part of one's total income, but you would have the best of it.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. GOODLING. I yield to the gentleman from California.

Mr. ROUSSELOT. I thank the gentleman for yielding. I think it is on page 116 in the committee report, section 103, which describes the problem to which the gentleman refers. But the gentleman has got to understand there are an awful lot of change in this law, and we are not sure of what a lot of them are going to do, including how many new recipients there are going to be. So the gentleman raises a good point.

Mr. GOODLING. Will the gentleman cite where he found that again?

Mr. ROUSSELOT. Yes. Page 116 of the committee report. It is in section 103, I believe.

Mr. GOODLING. I think it is something we certainly should clear up.

Mr. ROUSSELOT. I think it is important that the gentleman brought it up. The gentleman has got to understand there are a lot of loopholes in this thing that we are still trying to figure out.

Mr. GOODLING. Does the Chairman, the gentleman from California (Mr. CORMAN), have a response?

Mr. CORMAN. Yes. If the gentleman will look at the bill, page 9, line 23, it reads:

> For purposes of this part and any State plan approved under section 402(a), the term "income" . . . shall include all income from whatever source, but shall exclude only—

And then we itemize exclusions.

Mr. GOODLING. But is unemployment compensation included?

Mr. CORMAN. It is not one of those excluded. It is included, and the report at page 25 indicates that—

> UC will be treated as other nonemployment income for AFDC purposes, assuring that UC is treated like other income when computing the low-benefit disregard.

Mr. GOODLING. The gentleman is then saying that the critique I am reading is incorrect.

Mr. CORMAN. Yes, sir.

Mr. GOODLING. I thank the gentleman.

Mr. CONABLE. Mr. Chairman, I reserve the remainder of my time.

Mr. CORMAN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, H.R. 4904, the Social Welfare Reform Amendments of 1979, makes some important changes in our welfare system. These changes address the key problems in our public assistance programs; targeting assistance to the truly needy, strengthening work incentives, improving the adequacy of benefits and coverage, streamlining and coordinating administration, and reducing error and fraud.

The bill will tighten current programs and more effectively target funds to the neediest families by requiring that benefits be based on actual rather than projected income, establishing limits on certain income disregards, requiring income to be reported on a monthly basis, improving the child support enforcement program, and taking into account the income of all individuals living in a household. The standardization and coordination of certain AFDC and food stamp administrative procedures will streamline administration and reduce error and fraud. CBO estimates that these and other measures will reduce welfare costs by $186 million in fiscal 1980.

At the same time, the bill will provide more equal and adequate treatment of needy families with children by establishing a national minimum AFDC/food stamp benefit standard of 65 percent of the poverty level, requiring all States to provide coverage of two-parent families with children, and increasing the earned income tax credit for the working poor. Cashing out food stamps for aged, blind and disabled SSI recipients will both simplify administration and improve benefits. These measures, plus provisions which increase the Federal share of public assistance expenditures, will cost $900 million in fiscal 1981 and $2,965 million in fiscal 1982.

First, the bill will provide for a national minimum benefit, AFDC plus food stamps, equal to 60 percent of the poverty level as of January 1, 1981, increasing to 65 percent of poverty October 1, 1981—65 percent of poverty equals approximately $4,654 in 1979 dollars.

AFDC law now permits States to establish their own benefit levels, without any provision for a Federal minimum benefit level. At the present time, benefit levels vary greatly among the States, from a high of $563 a month for a family of four in Suffolk County, N.Y., to a low of $120 a month for a family of four in Mississippi. Although this extreme variation is alleviated somewhat by the food stamp program, there are still 13 States in which the combined value of AFDC and food stamps is less than 65 percent of the poverty level. In no State does the combined value of food stamps and the basic cash payment bring a family with no income out of poverty.

The bill would begin to reduce the differences and to help the very poorest families in the Nation by establishing a national minimum benefit. States would be permitted to vary their payment levels in up to six geographic areas of the State, but not below the national minimum benefit level.

Second, the current, optional unemployed fathers program would be changed to unemployed parents, effective upon enactment, and mandated in all States, effective October 1, 1981.

A two-parent family would be eligible for AFDC-UP if the "principal earner," whichever parent earned more in the 6 months preceding application was unemployed. The Secretary of HEW would be required to specify by regulations the minimum level of monthly earnings for full-time employment—thereby defining "unemployment." For the 9-month period beginning October 1, 1979, such level would be $500 a month, adjusted thereafter for changes in the Consumer Price Index and the Federal minimum wage.

After the first 2 months, a two-parent, AFDC-UP, family would be eligible to receive benefits for any month only if the Secretary of Labor certified neither parent is employed or that employment for that month was not offered to the principal earner, or if the Secretary of Labor failed to submit such certification. The entire family would be ineligible for benefits if the principal earner refused employment, unless the other parent agreed to comply with the work requirements. In such case, the family's benefit would be reduced by the amount initially provided for the principal earner. The "prior work" and "waiting period" requirements in current law would be repealed.

A State that did not have an AFDC-UP program on July 23, 1979, would not be required to provide medicaid coverage to families newly eligible as a result of the mandated AFDC-UP program.

Third, the AFDC income and assets tests would be standardized and coordinated with the food stamp program to streamline administration of welfare. The bill contains an explicit statement of what constitutes income under the AFDC program, largely paralleling the provisions of section 5 of the Food Stamp Act of 1977.

The adoption of income definitions for AFDC which parallel the food stamp program will streamline the program by increasing efficiency in case management and reducing errors. The present process will be simplified—questions will be eliminated and the process will become less burdensome to both clients and caseworkers. Because caseworkers will no longer be required to know and utilize differing sets of policies and procedures, the potential for misapplication, omission, and other costly errors will be significantly reduced.

Similarly, States would be required, effective October 1, 1981, to set a resource limit between $750 and $1,750 per family except that States with limits above $1,750 as of September 1981 would not be required to lower their limits.

The Secretary of HEW would specify items to be included and excluded as countable resources with the objective of paralleling, to the extent practicable, resource definitions and procedures in the current food stamp program.

Beginning October 1, 1981, eligibility for AFDC would be delayed in the case of an individual who disposed of resources that would have disqualified him or her for AFDC if the compensation for the resource was at least $3,000 less than the fair market value of the resource, unless the applicant can demonstrate that the resource was not disposed of for the purpose of qualifying for AFDC benefits.

Another provision of the bill which will streamline the program and reduce error and fraud is the monthly reporting and retrospective accounting provision. Under that provision, States would be required, effective October 1, 1981, to use a 1-month retrospective accounting period. This means that, except at initial application, a family's eligibility and benefit amount would be determined and paid on the basis of the preceding month's circumstances. With respect to initial application, the Secretary would prescribe a method of determining eligibility and benefits that takes into account prior and current months' circumstances and provides for an uninterrupted transition to the retrospective accounting system within the first 2 months in which payments are received.

Effective October 1, 1981, States would be required to make a complete redetermination of eligibility at least once a year, and the Secretary would issue regulations requiring more frequent contact. It is anticipated that the Secretary will require most families to file monthly written reports. If a family fails to report, it will be notified, given another chance to file, and then aid will be terminated until the report is filed.

Effective October 1, 1979, the "earnings disregards" would not be applied to any earned income that is reported late.

To tighten the program and target benefits on the neediest families, the bill makes certain changes in the disregards from earnings which may be applied when determining both eligibility for and amount of benefits under the AFDC program.

Under current law, under both AFDC, one-parent families, and AFDC-unemployed fathers, two-parent families, there is disregarded from earned income, when making an initial determination of eligibility, any expenses, including child care costs, reasonably attributable to the earning of income; that is, work expenses. When determining the amount of benefits to which an eligible family is entitled, there is disregarded from earned income an initial $30 in monthly earnings; plus one-third of remaining earnings, plus work expenses.

Beginning in fiscal year 1980, the bill would make the following changes in the earnings disregards applicable to AFDC and AFDC–UF families:

At eligibility determination, there would be disregarded 20 percent of gross monthly earnings; plus child care costs up to $160 per month per child. In determining benefits, there would be disregarded the first $70 of monthly earnings; plus 20 percent of gross monthly earnings; plus one-third of remaining earnings; plus child care costs up to $160 per month per child.

Beginning in fiscal year 1982, with the mandating of an AFDC–unemployed parents program in all States, the following disregards would become applicable to AFDC–UP families:

At eligibility determination, 20 percent of gross monthly earnings.

For the benefit calculation, the first $70 of monthly earnings; plus 20 percent of gross monthly earnings.

Beginning in fiscal year 1982, in States whose benefits (AFDC plus food stamps) for a family of three are less than 75 percent of the poverty level, in addition to the disregards already mentioned, the first $70 of monthly earnings would be disregarded at eligibility determination for both one- and two-parent families.

Where a recipient failed without good cause to make a timely report of earned income to the State agency, the earnings disregards would not be applied to the income which was reported late. A family would not be denied application of the earnings disregards in the case of late filing.

The bill would also permit a State to prorate the shelter and utilities portion of the AFDC grant where there is no relative in the household legally responsible for the child's support or where the household includes a relative who is legally responsible for the child's support but that relative is not eligible for AFDC because he or she is being supported by another person (such as a natural parent being supported by the child's stepparent) or another program. The State would be permitted to prorate shelter and utilities only if the total income of the child and the closely related family members with whom the child lives equals or exceeds the State's standard of need for a family of the same size, or if the income of the child and the family members cannot be determined due to their failure to cooperate without good cause.

To increase incentives for the working poor and to assure that it will always be more beneficial to work than not to work, the bill would increase the amount of the earned income tax credit from 10 to 11 percent of up to $5,000 of earned income. The maximum credit would be $550. The credit would be phased out at a 13.75 percent rate between $7,000 and $11,000 of adjusted gross income—or if greater, earned income.

To streamline the SSI program, and provide improved benefits to the aged, blind and disabled, food stamps will be cashed out for certain SSI recipients. Effective October 1, 1981, a cash payment in lieu of food stamps would be provided in all States for SSI recipients who live alone, who live with an SSI eligible spouse, or who live with others all of whom are SSI beneficiaries. This payment would be included in or with the person's SSI check.

In each State there would be one "cash in lieu of food stamp" payment amount for all SSI recipients living alone and another amount for all SSI couples. The amounts of the two payments in each State would be determined by the Secretary of HEW, and adjusted annually, on the basis of the current value of food stamp coupons and the current level of SSI payments, including State supplemental payments, in each State.

For any month, the amount of the cash payment for an individual or couple who was receiving both SSI and food stamps in September 1981 would have to be equal to or greater than the value of the food stamps which the person or couple received for September 1981.

Other important provisions of the bill include:

A $200 million Federal block grant program to assist States in meeting emergency needs of families with children would be established. These funds would be available to assist AFDC families, and other families with children as determined by the State. Such assistance could not be provided to families with net income higher than twice the poverty level or more than $1,750 of assets. Eligible families could be provided cash assistance, vendor payments or other assistance to meet emergency needs arising from accident, disaster or other uncontrollable, unpredictable or nonroutine event. Half the available funds would be distributed among the States on the basis of AFDC caseload and the other half on the basis of State spending for AFDC. This provision would become effective October 1, 1981.

Beginning January 1, 1981 and continuing through fiscal year 1986, a State would be held harmless for the amount by which AFDC expenditures at 1979 benefit level or mandated national minimum benefit level, whichever is higher, adjusted by the CPI to the year being calculated, plus increases in medicaid and administrative costs due to AFDC caseload growth, exceed 95 percent of the 1979 level of State expenditures for AFDC, adjusted to the year being calculated by the percentage increase in AFDC expenditures. For three subsequent years, fiscal 1987–89, the hold harmless payment would decline by one-third each year until phased out in 1990.

Beginning January 1, 1981, all States would have their share of AFDC and AFDC–UP costs reduced by 10 percent. Beginning October 1, 1981, a State's share of AFDC–UP would be reduced by an additional 20 percent. Thus, for example, beginning October 1, 1981, the share paid by the State of Connecticut for AFDC would be reduced from 50 percent to 45 percent, and 50 to 35 percent for AFDC–UP. West Virginia's share of AFDC would be reduced from 30 percent to 27 percent, and for AFDC–UP from 30 percent to 21 percent.

Where a State shares the cost of AFDC with its political subdivisions, the State would be required to pass through to the local governments the portion of the fiscal relief provided under this bill that is proportional to the localities' share of AFDC expenditures.

For the purpose of assisting States in implementing the administrative, eligibility and benefit changes required by this bill, $150 million would be allocated among the States in fiscal year 1981 on the basis of AFDC caseloads. Where local governments administer and share costs of AFDC, the State would be required to pass through to those local governments an amount equal to the local jurisdictions' fiscal 1981 AFDC expenditures.

Because of the continuing responsibility on the part of Congress to see that the regulations of administrative agencies properly interpret and implement the policies set out in the law, the bill provides that no proposed regulation of the Secretary of Health, Education, and

Welfare implementing title I of the bill shall be published in final form unless the Secretary has transmitted the proposed regulation to the House Ways and Means Committee and the Senate Finance Committee for a period of 60 days for review. The regulation must be transmitted to the Congress at or before its publication in the Federal Register and shall not be published in final form if the Congress within the 60-day period adopts a concurrent resolution disapproving such regulation in whole or in part. Subject to these conditions, the regulation may be published in final form if it does not contain changes of sufficient substance to require republication under the Administrative Procedures Act.

If the concurrent resolution disapproves of the proposed regulation only in part and specifies the portion or portions disapproved, the remaining portions may be published in final form. Similarly, where a substantive change requires the republication of a portion of the regulation, the remaining portions may go into effect.

This section would require HEW to send its proposed regulations to the Congress for review prior to the final adoption of those regulations. The review would be concurrent with the publication of the proposed regulations in the Federal Register in order to permit HEW to make timely revisions in the regulations based upon congressional and other public comment. If both Houses of Congress have not, within 60 days of transmittal, disapproved the regulation, that regulation may be published in final form and may become effective. In order to provide adequate congressional oversight without placing an undue burden on the regulatory process, any portion of a regulation which is not disapproved by Congress may be finalized by the Department.

It is anticipated that HEW will use the procedure stated in the Administrative Procedures Act and publish a Notice of Proposed Rulemaking (NPRM) with an adequate public comment period before publishing the final regulation. The bill requires HEW to send to the Congress for review a copy of the NPRM no later than its publication in the Federal Register. In some few situations, it may be necessary to publish a regulation to be effective immediately without following the normal rulemaking procedures. This provision would permit HEW to follow the procedures for doing this in the limited circumstances allowed under section 53 of title 5 of the United States Code. Further, the bill is intended to apply to regulations necessary for the initial implementation of this legislation and is not intended to apply to later amendments of the statute, or to subsequent changes in the regulations after the initial implementation.

Mr. PHILLIP BURTON. Mr. Chairman, will the gentleman yield?

Mr. CORMAN. I will be glad to yield to the gentleman because I know he is an expert in this field.

Mr. PHILLIP BURTON. I thank the gentleman for yielding. I would like to commend the gentleman in the well for his extra-ordinary leadership in this effort. I am reminded, as I stated in earlier debate, that this proposal, although very helpful, would be particularly helpful to the great number of elderly and crippled SSI recipients in this land who cannot sort out how to qualify for food stamps even though they are eligible in all respects. The gentleman has shown enormous patience and enormous skill. I would urge our colleagues on the other side of the aisle to be, if you will, as objective with this proposal as many of us on this side of the aisle were when we supported the Nixon welfare proposal in 1970 and 1971. I would note that this proposal is less generous, less liberal, and less sweeping than the Nixon welfare plan that carried this House some several years ago.

Mr. CORMAN. I thank the gentleman for his contribution and for the help he has given the subcommittee over the many months that we grappled with this program.

Let us look at who is on welfare. About 15 million out of 220 million people receive AFDC or SSI benefits in this country. Eleven million of these receive AFDC. Seven point five million of these are children.

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One hundred and thirty thousand of the AFDC families have two-parents living at home. That population will increase if this legislation is passed because we will extend the program for unemployed parents across the Nation.

Of the SSI population, 2 million are aged, 2 million are disabled and about 70,000 are blind.

I keep hearing, "I would like to vote for a bill that takes care of the truly needy." Those are the truly needy. I would tell my colleagues that, if they want to support a bill that helps the truly needy, this is the bill.

It is fair to ask about costs. Under the current law the Federal Government spends about $16.5 billion for AFDC, SSI, and food stamps received by AFDC and SSI recipients. Federal and State expenditures are approximately $25 billion. Under this bill we will increase Federal expenditures to $18.9 billion.

This equals approximately 1 percent of the gross national product and 3⅓ percent of the Federal budget.

Let me comment on "workfare," because there has been considerable discussion about it. This bill does not alter the current work requirements. Under current law, if you do not have the capacity to work because you are aged, blind, or disabled, you are not required to work. If you are a single parent with a child under 6 years old, you do not have to work. If you are a child under 16 years or if you care for an invalid who must have your full-time care, you do not have to work. However, everyone else has to work. If an AFDC applicant turns down a job he or she cannot receive public assistance. So, there is a work requirement in current law. To say it is not being enforced is like saying it must be all right to rob banks because some people who rob banks do not get caught.

Of course, in any program there are people who are dishonest.

Anybody who is on welfare is obligated to work. Anybody who is willing to pay the minimum wage can hire them, but they cannot hire them without providing wages. If we ever permit "workfare," we will find local governments across this Nation shifting jobs from payroll to welfare.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. CONABLE. I will be glad to yield to the gentleman.

Mr. ROUSSELOT. I appreciate the gentleman's yielding. Is it true that the requirement basically in this bill is similar to the WIN requirement now? They are required to refer jobs, as this does. How many people are put back to work?

Mr. CORMAN. Last year it put a half million people to work or in training; 286,404 in private jobs and the balance in public jobs or training.

Mr. ROUSSELOT. How many did not go to work?

Mr. CORMAN. Of the 1 million referred to the WIN in 1978, approximately one-half were put in jobs or training programs as I just understand.

Mr. ROUSSELOT. So the referral program, as it is basically in this bill, takes away the ability of the State to additionally set work requirements unless they are approved by the Secretary? That means it will basically be a referral program, which is our basic complaint. The statement the gentleman has just made points up that a lot of people have gone to work but 130,000 did not. In an AFDC program where you have a lot of people who are not working anyway or there are children involved—we are certainly not talking about them—it is hard for me to believe how this is a stringent work requirement and why one would want to take away from the State their right to handle it.

Mr. CORMAN. If the gentleman will let me retrieve this time to answer. This bill does not take away from any State any right they have now to put people to work.

Mr. Chairman, I would like to insert at this point in the RECORD a summary of the important improvements made by the bill in the supplemental security income program and the child support enforcement program, as well as the provisions of the bill which affect the disclosure of information. The summary follows:

SUPPLEMENTARY SECURITY INCOME (SSI)

Eligibility of Couples Living Apart—Allows couples in which both the husband and wife are SSI recipients to qualify for SSI benefits as single individuals after living apart for one month, rather than six months as in existing law.

Eligibility of Individuals in Certain Medical Institutions—Provides that the reduction in the monthly SSI benefit standard to $25 would not occur until a SSI recipient had been in a medicaid institution for over three full calendar months. Also provides for an annual cost-of-living adjustment in the $25 per month payment standard.

Earned Income in Sheltered Workshop—Provides that remuneration received by a SSI recipient in a sheltered workshop would be counted as "earned income," rather than "unearned income" as under current law; thus allowing the application of the "earnings disregards" ($65 plus ½) rather than just the $20 disregard.

Exclusion from Resources of Funds Set Aside for Burial Expenses—Excludes from countable resources an amount up to $1,500 that is set aside to meet the burial expenses of an eligible individual as an alternative to excluding a $1,500 face value life insurance policy for such expenses.

Exclusion of Certain Real and Personal Property from Income—Excludes from income, unearned income in the form of real or personal property (1) which would otherwise be excluded from resources (e.g., a house which the individual inherits and thereupon moves into), or (2) which is not readily convertible to cash and is not in the form of food or clothing.

Underpayments to Ineligible Spouse of Deceased SSI Recipients—Provides that SSI underpayments with respect to a deceased SSI recipient would be made to a surviving spouse who was living with the recipient at the time of death, regardless of whether the spouse is eligible for SSI.

Increased Payments for Presumptively Eligible Individuals—Provides that emergency advance payments could be made to presumptively eligible SSI applicants for three consecutive months at the full monthly rate instead of being limited to $100.

Continuation of Benefits for Certain Individuals Hospitalized Outside the U.S.—Authorizes the continuation of SSI benefits to an individual hospitalized outside the U.S. on the same basis as currently provided for in the medicare program.

Modification in Certain Grandfathering Protections—Increases the grandfathering protection related to income disregards for the blind, and resources limitations for SSI recipients who received benefits under the pre-SSI State administered programs for the aged, blind and disabled.

Termination of Mandatory Minimum State Supplementation in Certain Cases—Eliminates the mandatory minimum State supplementation protection for those individuals who, after September 1979 (1) are no longer residents of the State to which such rules apply, (2) have income greater than the mandatory minimum income guarantee which has been determined for such an individual, (3) are in certain public institutions and ineligible for SSI, or (4) are ineligible because of excess resources.

Limitation on Eligibility for SSI of Persons Who Dispose of Assets—Eligibility for SSI would be delayed when an applicant for or recipient of SSI disposes of resources for less than current market value if retaining such resources would have made him or her ineligible for benefits. This would apply if the compensation for the resources was at least $3,000 less than the fair market value of the resources. The individual would be ineligible for benefits for six months if the uncompensated value of such assets exceeded $3,000 but not $6,000, twelve months if such value exceeded $6,000, but not $15,000, or twenty-four months if such value exceeded $15,000. The delay would begin the month following the disposal of assets. The eligibility restriction would cease the month after the resources were returned or the individual received a payment equal to the difference between the current market value and $3,000. Such a delay in eligibility for benefits would not apply when the applicant demonstrates that such assets were not disposed of for the purpose of qualifying for benefits.

Rounding of Cost-of-Living Adjustments—Provides for rounding the annual SSI benefit amounts to the nearest $12, or, in monthly terms, to the nearest dollar.

Attribution of Sponsor's Income and Resources to Aliens—Requires that, for the purposes of determining eligibility for SSI and amount of SSI benefits paid to a legal alien, the income and resources of any person who sponsored the alien's entry into the United States be deemed to the alien, except to the extent determined by the Secretary to be inequitable under the circumstances. Such deeming would be for the duration of the assurances of support contained in any executed affidavit or similar agreement of support, but for no longer than three years after entry. This provision would not apply in the case of an alien who became eligible for SSI because of blindness or disability if the blindness or disability commenced after his admission to the United States or in cases where it is determined that good cause for a waiver of this provision exists.

Extension of Services Program for Disabled Children—Provides for a three year extension, until September 30, 1982, of the program providing services for disabled and blind children receiving SSI.

Negotiability of SSI Checks—Provides that the negotiability of SSI checks will be limited to 180 days from date of issuance and that the amount from such unnegotiated checks which represents a State supplementation payment would be returned to the State.

Modification in Determination of Application of One-third Reduction Provisions.—Under present law, if a SSI applicant or recipient is "living in the household of another and receiving support and maintenance in-kind," the value of such in-kind assistance is presumed to equal one-third of the regular Federal SSI benefit standard and the SSI benefit standard for such an individual is reduced accordingly. "Living in the household of another and receiving support and maintenance in-kind" is defined by regulations to include a SSI applicant or recipient who has not been paying his pro rata share of the household's expenses. In determining whether an applicant for SSI would be able to contribute such a pro rata share, SSA does not take into account that receipt of some amount of SSI might enable the individual to contribute his pro rata share.

The bill provides that, in determining whether a SSI applicant or recipient should have the one-third reduction applied against him, it would be assumed that such individual has had available to him and has contributed toward the household's expenses no less than an amount equal to two-thirds of the full Federal SSI benefit standard plus State supplementation. If such an assumed contribution to the household equals or exceeds the individuals pro rata share of the household's expenses, the SSI applicant or recipient would be deemed to be living in his own household and thus not subject to the one-third reduction provision of current law. Effective September 1, 1980.

Fees for Attorneys Representing SSI Claimants—Provides that, when a SSI claimant obtains a favorable judicial decision regarding benefits under SSI, the court may establish a limit on the amount of fee which may be charged by the attorney. The fee may not exceed 25 percent of the past due SSI benefits.

Monthly Computation Period for Determination of SSI Benefits—Provides that SSI eligibility and benefits be determined on a prospective monthly basis rather than a quarterly basis.

Elimination of Requirements for Representative Payment of SSI to Drug Addicts and Alcoholics—Deletes the requirement that a drug addict or alcoholic must have payment made on his behalf to a representative payee. Determination of need for a representative payee would be made on the same basis as now applied to other SSI recipients.

Replacement of Benefit Checks—Authorize the Social Security Administration to directly issue checks or cash for the replacement of lost or stolen SSI checks.

Modification in Mandatory Pass Through SSI Cost-of-Living Increases—Provides that vendor payments made by a State on behalf of SSI recipients residing in a domiciliary or personal care facility would be counted in determining whether the State satisfies the requirement to pass through cost-of-living increases in the Federal SSI benefit standard.

CHILD SUPPORT ENFORCEMENT

Child Support Enforcement Services for Non-AFDC Families—Effective October 1, 1979, 75 percent Federal matching funds would be available on a permanent basis for services provided to non-AFDC recipients. States would be required to charge non-AFDC recipients a fee equal to 10 percent of collections to cover administrative costs.

Collection of Support for Certain Adults Receiving AFDC—Requires collection of support, in those cases in which that support obligation has already been established, for *adult* AFDC recipients, as well as child support.

Amendments Regarding Incentive Payments—Eliminates interstate incentive payments and makes all States, political subdivisions and tribal governing bodies eligible for incentive payments equal to 15 percent of the amount collected. Incentive payments would come from the full amount of collections, rather than just the Federal share of such collections.

Three Months' Extension of AFDC Eligibility—Allows States to continue AFDC payments for a period of three (3) months following the time child support collections would otherwise make the family ineligible.

AMENDMENTS APPLICABLE TO TWO OR MORE PROGRAMS UNDER THE SOCIAL SECURITY ACT

Disclosure of Tax Return Information—Permits the Social Security Administration to disclose to HEW, State welfare agencies, and child support enforcement agencies certain tax return information, which it has obtained from Treasury, for the purpose of determining an individual's eligibility for or amount of benefits. Section 6103 of the Internal Revenue Code is cited for rules governing disclosure of tax return information.

Adjustment of Retroactive Benefits under Title II on Account of Advances of SSI Benefits—Allows the Secretary to offset, against retroactive benefits paid under Title II (OASDI), amounts of SSI benefits paid for the same period for which a retroactive Title II payment is eventually made. The retroactive payment would be reduced by the amount of the SSI benefits which would not have been paid had there been timely payment made under Title II.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CORMAN. Mr. Chairman, I urge we vote down the motion to recommit. I cannot speak to it specifically because I do not know what it is but we will know about it in 5 minutes. I urge Members to support the bill.

Mr. CONABLE. Mr. Chairman, I yield myself 1 minute.

A motion to recommit will be offered which will be described during the period allocated for us which will, in a general way, eliminate any prohibition of the States prescribing work rules and which will provide for an eight-State pilot project for block grants.

Aside from that, a further description will await the time for the motion to recommit.

I think, Mr. Chairman, this bill has been adequately described. Many Members will find it not a modest bill and certainly not reform in the classic sense of the word.

● Mr. KEMP. Mr. Chairman, I think that it would help illuminate our debate over welfare reform if we stopped to consider briefly just how the American people feel about this issue.

The answer on the surface seems to be that they want two contradictory things. On the one hand opinion polls show consistently that a very large percentage of Americans support, indeed support strongly, the existence of Government welfare programs. Yet the polls also show, again consistently, that Americans want to cut Government spending on welfare quite drastically.

Of course there is no real contradiction here. While the American people insist that we provide a secure safety net to catch those who cannot care for themselves, they do not want to see it filled with those who can. This does not mean that Americans are not generous. Quite the contrary; they just have the commonsense to understand that you do not "help" people by making them more dependent. As black economist Walter E. Williams has commented, "disadvantaged minorities do not need government programs that generate paternalism and dependency." That can lead only to despair.

It is our responsibility, then, to try to construct a welfare system that helps the needy without ensnaring them in a vicious poverty trap. Let me admit right away that this is not easy. Any means-tested welfare system, however generously constructed, contains an inherent disincentive for work. Once someone on welfare begins to earn money, his or her welfare benefits will begin to be reduced. Of course if they were not reduced everyone would go on welfare, and the country would soon be bankrupt. All the same, this reduction in benefits has the same effect as a tax: It reduces net pay. Between the loss of benefits and the onset of payroll and income taxes, most persons going off welfare face a marginal tax rate of between 60 and 80 percent. Under some circumstances they face a totally confiscatory marginal tax of over 100 percent. We do not impose those kind of marginal taxes on the very wealthiest Americans.

Thus, as a result of our massive, and admirable, effort to end poverty in this Nation we have virtually destroyed financial incentives for work. We are subsidizing welfare, and getting more of it. We are taxing work, and getting less of it.

This problem cannot be solved from within the welfare system. Consider the choices. To make work more attractive than welfare and unemployment, you can either cut benefits to the needy—which I do not propose—or you can lower the cost of working, which will saddle the taxpayer with an immense burden. The ultimate solution to welfare dependency does not exist.

Much indeed can be done about this problem from outside the welfare system, and I will return to that later. But for now I would like to consider just what we must look for in any proposal to reform welfare, keeping in mind the American people's desire to help the needy without encouraging dependence on the part of those who should be able to help themselves. I suggest that there are four main tests that any such proposal must meet:

First. It must provide sufficient help to those truly in need—but only to those truly in need. We cannot accept the principle that each and every American, regardless of his or her ability and willingness to work, deserves a guaranteed income from the Government.

Second. It must set a clear work requirement, and enforce it. No affordable welfare program can contain enough incentives to guarantee that recipients will actively seek work. Persons who are capable of self-support must be required to provide it: Such has always been, and still is, the consensus of the American people.

Third. It should encourage varied, and innovative, approaches to welfare. Poverty wears many different faces in this country, and should be attacked in different ways. States and localities must be encouraged to develop welfare programs that fit the needs of their areas. This, too, is desired by the American people: In a December 1978 Gallup poll 68 percent stated that they wanted local governments to have more autonomy in determining welfare programs.

Fourth. It should improve efficiency and combat fraud. HEW admits to losing around $7 billion a year to waste and fraud. States and localities, which are closest to the problem, are best able to identify and root out this fraud and inefficiency at its source. In 1971, for instance, California began a drive to reduce fraud by enforcing eligibility rules. More than three quarters of a million persons were removed from the welfare rolls while aid to the truly needy was increased by over 40 percent.

How well, then, does the Welfare Reform bill before us, H.R. 4904, stand up to these tests? Not well at all. By setting a national benefit standard and basing eligibility on income rather than hours worked, it takes a long and dangerous stride toward a national, universal guaranteed income. Because benefits are not contingent on working a designated number of hours, participating in jobs training, or taking any job offered that a person is physically capable of performing, this bill fails to provide a strong work requirement. Moreover, it does not permit States to require that recipients work for their benefits.

By excluding many assets from eligibility determination the bill will increase the size of the welfare rolls, and make it more likely that well-off persons, and striking workers, can get welfare benefits. By eliminating the required 30 days of unemployment prior to eligibility for benefits, the bill will reduce the incentives for newly unemployed workers to seek work at a time when most are still receiving a paycheck—and when their ties to the labor market are still strong.

Finally, the bill confuses simplification with federalization. States will lose discretion over benefit levels, work requirements, income and assets tests for eligibility, and the treatment of two-parent families with dependent children. Opportunities for flexible, original approaches will be lost, and decisions will be made by officials furthest removed from the problems they are trying to solve.

Now, some proponents of the bill argue that only by ending State discretion and establishing a national minimum benefit program can we eliminate the problem of recipients migrating from low-benefit States to high-benefit States. But recent research findings have pulled the rug out from underneath this argument. Instead, a Census Bureau study has shown that not only are the poor not leaving low-benefit States—they are moving back into them at record rates. Why? Because that is where the jobs are.

What this bill would in fact do is raise the cost of welfare to all taxpaying Americans. And that includes the already overburdened taxpayers of the Northeast and particularly New York.

I recognize, of course, that the Northeastern States need fiscal relief to meet their welfare costs. But there are better ways of providing this relief than abandoning State discretion over welfare programs. The Republicans are offering, and I am cosponsoring, a bill that we believe is a far better welfare reform proposal. H.R. 4460, "The Family Welfare Improvement Act," would give fixed block grants to States, thus providing both the much-needed fiscal relief and incentives for States to reduce welfare costs. It would allow States to retain discretion over eligibility and work requirements and benefit levels. And it would cost only $1.4 billion—approximately 20 percent of the cost of H.R. 4904. I urge the House to consider this alternative approach.

But we must go far beyond even this constructive proposal if we are to attack the welfare problem at its roots. For in the end the only real way to insure that people escape the welfare trap is to offer them something better. We must expand attractive opportunities in the private sector. It is human nature to want more, and when individuals on welfare see a real opportunity ladder that could take them to much higher income levels, they will make the decision to try, even though at first they will not be much better off financially. They will invest in their own futures the way we all do when we see a chance of future reward.

The way to expand these opportunities, and to get this country moving again on the path of economic growth, is to restore incentives for work, investment, employment, savings, productivity, initiative, and ability. We must reduce income tax rates across the board. We must lower taxes on capital gains. We must roll back social security tax increases. And we must target special incentives to encourage private enterprise in the poorest areas of our Nation. Only this way will we increase the size of the economic pie, and only by increasing the size of this pie can we give the needy a bigger slice without allowing this country to fall into the politics of confrontation and despair.●

● Mr. SYNAR. Mr. Chairman, after listening to today's debate on H.R. 4904, I became convinced that this legislation fails to achieve its stated purpose—welfare reform. Rather than providing Americans with a reasonable and effective reform of a costly and fragmented welfare system, this bill fragments the system further and locks us more tightly into programs which are not meeting the needs for which they are designed.

The purpose of America's welfare system is to assist citizens who are truly in need of temporary support. An effective welfare system must have strong work provisions to insure that recipients who are able to work do work and that the relief provided is used only as a last resort.

H.R. 4904 fails to reform where reform is needed most. The present fragmented structure is expanded, the problems of fraud and abuse are not addressed thoroughly, the needed work requirements are conspicuously absent, and there remain cracks in the system through which truly needy citizens might fall.

Mr. Chairman, Congress must face the fact that comprehensive welfare reform is needed now. The legislation approved by the House of Representatives today falls dramatically short of this important goal, and I strongly believe Congress must not become content with this inadequate reform. Rather, Congress must continue working toward a comprehensive, effective welfare reform which will resolve the problems plaguing the system today.●

● Mr. BIAGGI. Mr. Chairman, I rise in full support of H.R. 4904, the Social Welfare Reform Act of 1979. This represents one of the major domestic pieces of legislation that we have considered this session and also represents the centerpiece of President Carter's longstanding commitment to reforming and improving our waste-laden and inadequate welfare programs.

We consider this legislation against the background of continuing inflation which has wrecked a special havoc with the economic lives of persons living on fixed incomes and public assistance. This holds true in those States where maximum levels of public assistance benefits are provided. The situation is even more acute in those States which have failed to provide relative increases in benefit levels to the point that public assistance recipients were forced to assume a dire standard of living.

Perhaps the cornerstone of this legislation is the requirement of a national minimum AFDC—food stamp benefit level for needy families with children. This benefit has been set at approximately $4,654 in 1979 dollars. This translates to 60 percent of the national poverty level increasing to 65 percent in October of 1981. The 60 percent figure takes effect in January of 1981. The support of both the House and Senate to this provision would represent a major breakthrough on an issue which has received major attention from each of the previous three administrations. Just to illustrate—it was just over 10 years ago when President Nixon proposed his first guaranteed income plan known as FAP (families assistance program). The House did in fact pass FAP in both 1970 and 1971 but final action was blocked by the Senate.

We have another opportunity today and I hope that in the ensuing 10 years, we see the inherent wisdom of our earlier position and will reaffirm our support for the minimum benefit concept. A related side issue just to fully measure the impact of inflation in this decade—the FAP plan proposed a minimum income of $1,600 for a family of four. Today the figure translates to $4,654—almost a threefold increase.

This bill has other important features. Practically since the creation of the AFDC program in the Great Society it as been attacked for its failure to provide recipients with any requirements for work. Consequently it was felt that welfare was being abused by those who refused to work. H.R. 4904 contains an important first step in the long overdue need for a "workfare" requirement. Under the bill, the following changes are provided:

First, the present so-called "unemployed fathers" program will be changed to an unemployed parents program effective in all States on October 1, 1981.

Second, after the first 2 months of eligibility—established by the fact that the principal earner is unemployed—the entire family would become ineligible for benefits if the principal earner refuses work unless the other parent complies with the work requirements.

Another key and vitally needed feature of this legislation is a $200 million Federal block grant program to assist States in meeting emergency needs of AFDC families. Obviously, we must recognize this as perhaps a greatly reduced figure over our expectations—but it does in fact represent a commitment which will be welcomed by those States increasingly burdened by high welfare costs. As one deeply involved in the efforts to provide loan guarantees to New York City in 1975 and 1978—I suggest that had a meaningful program such as proposed in H.R. 4904 been available—New York would have averted one of the major reasons for its financial strangulation—high welfare costs. New York City was in fact penalized because it provided a higher benefit level for public assistance than other areas. Consequently—there was much migration into New York City and the ensuing problem began.

Finally, in the AFDC portion of the bill, let me indicate my unequivocal support for the administrative reforms built into this legislation. In essence, what is proposed is to calculate eligibility and benefits on the tangible financial circumstances of a family measured by the previous month. Abandoned is the reliance on "anticipated need." Translated into practical terms—these reforms could result in billions of dollars of savings by a reduction in the error and overpayment rate from the present 8.1 percent to 5.5 percent by 1982. This provision should silence even the most persistent critics of the AFDC program.

As an original member of the House Select Committee on Aging, I am pleased to see the provisions in this legislation aimed at the SSI recipients of this Nation—many of whom are elderly. First, H.R. 4904 provides that cash payments in lieu of food stamps would be provided for all SSI recipients who live alone with an SSI eligible spouse or with other SSI beneficiaries. Further, in what should result in improved administration—benefits and eligibility would be computed on a prospective monthly basis rather than a quarterly basis as under current law. Another good and needed provision in this legislation would allow SSI recepients to exclude from countable resources amounts up to $1,500 set aside for burial expenses. This represents a long-overdue reform which should be extended into the social security system which still relies on an antiquated $255 benefit level to defray the costs of funerals.

Let me cite another key feature of this bill. I am sure I am not alone with respect to having heard repeated cries from SSI recipients who either through robbery or administrative failure did not receive their monthly SSI check.

For many of these—who I remind my colleagues are among our poorest citizens—this is a matter of life and death. Our existing abilities to provide SSI are inadequate at best. For some—the passage of hours is critical—many times it is days before a check arrives and only for $100. This legislation would provide for faster emergency payments at the full monthly level rather than the present $100 rate.

There are other important features of this bill but suffice to say—the bill merits our support today. It is important social and humanitarian legislation. Yet, I point out we are balancing with this legislation. We are tightening up a program which had grown obese and wasteful while failing to aid those most in need. H.R. 4904 is responsible legislation. The President deserves praise for his efforts and I urge passage today.●

● Mr. LAGOMARSINO. Mr. Chairman, I rise in opposition to the Ways and Means Committee bill and in favor of the motion to recommit H.R. 4904, the so-called welfare "reform" act. If this is the majority party idea of reform, then I can understand why they are trying to dump their President for a new leader. What this bill should be called, if we had an equivalent to the truth-in-advertising law in the House rules, is the Welfare Expansion and Federalization Act. Because that, ladies and gentlemen, is what this bill does.

But as if that is not bad enough, the majority is trying to ram this so-called reform down our throats and the throats of the American people without even a full debate. There has not been a comprehensive reform of the Federal welfare laws for years, yet the leadership refuses to allow alternative plans to be offered, presenting it on a straight take-it-or-leave-it basis. Well I say leave it.

This bill, H.R. 4904, will increase Federal welfare spending by at least $2.8 billion. Maybe the idea is to provide for all the taxpayers who will be forced to go on welfare as a result of our deficit spending. Later this week we will be taking up the second concurent budget resolution, only 2 months late. There will be cries of alarm at the size of the budget and the size of the deficit. Yet here we have before us another program aimed at busting that budget. Those who will shed crocodile tears later this week for the taxpayer should stand up and be counted today.

We are not opposed to meaningful reform. God knows, there is certainly enough wrong with our welfare program the way it is. Even HEW admits to the vast amounts of waste, errors and fraud. But the cure proposed in H.R. 4904 is to "improve" the system by federalizing it. By expanding the eligibility criteria. By prohibiting States from requiring welfare recipients to work under certain conditions. By establishing, in effect, a national guaranteed income.

Our alternative, H.R. 4460, the Rousselot-Conable bill, which the Rules Committee has forbidden to be considered on this floor, approaches the issue on a completely different basis. H.R. 4460 proposes to decentralize the system, to put the controls back at the State and local level where it can be controlled, to allow individual States to create and tailor their own programs to target benefits and services to the truly needy. To give them incentive to reduce error and waste and fraud and accordingly reduce the cost to taxpayers. To encourage the States with the lowest basic benefits to increase benefit levels.

In short, Mr. Chairman, our bill would truly solve some of the problems in the current welfare system, not add to it. But our proposals will not even see the light of day, unless we vote today to recommit this bill, H.R. 4904, to committee. Let us at least be heard on this issue. If you are not willing to do that, then do not send newsletters back home next week saying how you voted against the bloated budget resolution. Do something about it now.●

● Mr. MICHEL. Mr. Chairman, the chairman of the Ways and Means Committee stated on the floor last Thursday that this bill would reduce welfare payment error rates.

That is not true.

The bill in fact goes in just the opposite direction and would increase error rates. Let me tell you how.

As you know, last year we adopted an amendment reducing waste, fraud, and abuse in HEW by a billion dollars. This year, we adopted a similar amendment requiring $500 million in reductions.

As part of this effort to reduce waste, we approved language in both the 1979 supplemental appropriations conference report and the 1980 Labor-HEW appropriations bill requiring the States to reduce their AFDC error rates to 4 percent by September 30, 1982. HEW has already published proposed regulations to implement that requirement.

This bill before us today would negate that reduced error rate requirement. It would cancel out those tougher HEW regulations, and would instead mandate a return to the soft standards HEW issued earlier in the year.

Those earlier regulations were so weak as to be almost meaningless. For instance, there is no specific nationwide error-rate goal for the States to meet, but instead a floating target called a weighted average mean. At the time the regulations were published in March, that mean was a very high 8.7 percent. Only 14 States had higher error rates than the final standard, and thus would be subject to penalties..

Since then, that floating target has dropped somewhat, but the important thing to remember is that it is a floating target. If error rates go back up again, as many people feel they will, the target moves up right along with the rates.

When nearly three quarters of the States are in compliance with a standard in a program that is still losing over 500 million Federal dollars a year, you know it is not a standard designed to make much of a reduction in waste, fraud, and abuse.

That is why we established a specific target of 4 percent for each State to meet. We must keep their feet to the fire and we must insure that the large amounts of waste in this program are reduced. We simply can not go on allowing $500 million in Federal funds to go down the drain every year in this program.

There is concern on the part of some States that the method of calculating error rates discriminates against those States which have the best quality control programs. That problem was recognized, and specific language is included in the supplemental appropriations conference report requiring a system for determining error rates that insures equal treatment for all States. HEW is currently moving to institute such a system.

The language also allows the Secretary of HEW to waive the 4-percent standard in cases where the State has made every effort to comply, but because of extraordinary circumstances has been unable to do so.

So these tougher standards do contain some flexibility.

This Congress has voted to reduce waste, fraud, and abuse, and has voted to establish tighter error-rate standards in an effort to accomplish that objective.

Now is not the time to back away from these standards, as this bill would do. We must keep the pressure on, because we simply cannot continue to allow the massive waste which has been taking place. If we had an open rule, we could amend the bill to correct this major shortcoming.

Since we cannot offer amendments, however, the bill ought to be rejected on these grounds alone, because as it stands, it again opens the door to the major amounts of waste, fraud, and abuse we have been trying to eliminate.●

● Mr. DANIEL B. CRANE. Mr. Chairman, with H.R. 4904 being discussed by this body I want to bring to the attention of my colleagues the following article by Mr. William Raspberry. This article, published in the Danville Commercial News on November 22, 1978, points out that in spite of the fact that there are a number of good reasons for the concept of guaranteed income, it simply does not work. Mr. Raspberry gives some excellent reasons why it fails. I came across this article shortly after I was elected to Congress and feel that now is an excellent time to reread it. I would like to submit Mr. Raspberry's article for the RECORD at this time so my colleagues may also have an opportunity to review it:

GUARANTEED INCOME JUST DOESN'T WORK

(By William Raspberry)

There are a number of good things about the concept of guaranteed minimum income. It is, to begin with, considerably simpler (and presumably less costly) to administer a guaranteed income program than to run the present welfare system.

It also provides a theoretical mechanism for raising the working poor both out of poverty and off the relief rolls.

And, finally, it has the support of conservatives as well as liberals, rendering it a realistic legislative possibility.

There is also one bad thing about the concept: It doesn't work.

That, at least, is one conclusion to draw from a long-term comprehensive experiment conducted by the Department of Health, Education and Welfare.

The experiment, involving 4,800 low-income families in Seattle and Denver, found that when people were given guaranteed incomes, they simply worked less.

Male heads of household who received the guarantee worked 15 percent fewer hours than the control group; female heads of households worked 11 percent less; wives reduced their working hours by 22 percent. The number of hours worked by teen-agers fell even more sharply.

The reductions in the hours worked were greater for blacks than for whites, and greater still for Hispanics. And in addition, marriages fell apart at a 60 percent higher rate than for families on traditional welfare programs.

The experiment, it would appear, failed. Robert G. Spiegelman, who conducted it, admits he doesn't know why.

I don't either, but I suspect the answer lies along three lines.

The first line assumes that poor people, like the rest of us, rarely are willing to work harder than is absolutely necessary, particularly at unpleasant or otherwise unsatisfying jobs.

A full-time government clerk might moonlight as a taxi driver in order to meet his necessary expenses. But if he got a promotion on his regular job, he might decide to back fewer hours and maybe even give up his taxicab altogether.

He would lose money in the process—the money he would have earned had he continued hacking—but we would not consider his government promotion a negative, a disincentive to work.

If we think of the guaranteed income as the regular "job," then we shouldn't be surprised when those who receive the guarantee work shorter hours on their supplemental jobs. The higher the guarantee, the less the need to supplement it.

A second line of reasoning suggests confusion over what the experimenters would define as success.

In that regard, the experiment could be deemed a flat failure only if the objective was to maximize the number of hours worked. But if that was what was sought, it could have been accomplished by the simple expedient of denying income supplements of any sort. Given the choice of raking leaves for 100 hours a week or starving, who wouldn't rake leaves? On the other hand, who would continue 100 hours of leaf-raking if he could meet his needs with only 50 hours output?

The third line assumes that people work not only to feed, clothe and house themselves, but also to "get ahead."

Some of us can, on the basis of our experience, assume a direct link between hard work and getting ahead. Others cannot.

The findings suggest that blacks see hard work as less rewarding for them than for whites, and that Hispanics see their exertions as less rewarding still.

The findings are, nonetheless, disturbing, particularly for those of us who believe in the importance of giving people the chance to work their way up.

The question now is how to convince people that the opportunity in fact exists. Guaranteed income, apparently, is not enough to do it.●

● Mr. MOAKLEY. Mr. Chairman, I rise in support of H.R. 4904, The Social Welfare Reform Amendments of 1979. The work of the Ways and Means Committee is to be commended for it addresses the basic problems of the existing cash assistance programs at a cost the American people can afford.

This legislation is a positive step in creating a more simplified, equitable welfare system while also providing fiscal relief to those States, such as Massachusetts, which are paying a large share of total welfare costs.

Examples of improvements include streamlining and simplifying the current administrative system as a means to reduce the chance of fraud and error. Implementing this provision will result in a savings of $180 million.

Additionally, this legislation would increase the Federal matching rate of each State's aid for dependent children and unemployed parent programs. For the Commonwealth of Massachusetts, this measure would provide $22.7 million of fiscal relief in 1981. In fiscal year 1982, the matching rate for the unemployed parents program would be increased by 30 percent; meaning Massachusetts would receive a total of $53 million in fiscal year 1982.

I believe this legislation strengthens the Federal-State partnership in responding to the needs of the Nation's poor and it brings us closer to providing an assistance program that is equitable for all.●

● Mr. PICKLE. Mr. Chairman, no one is satisfied with the present welfare system. Obviously there needs to be an improvement in the system that will provide sufficient help for those truly in need who cannot help themselves, and yet provide sufficient incentive to become self-supporting. The committee has worked hard to produce a bill that will provide key changes in the aid for dependent children program. Included in these provisions, is one that I have long advocated—a prohibition of divesting yourself of assets within 24 months of applying for benefits. Unfortunately, many of our Federal programs have been abused and people have given away their assets in order to make themselves eligible for Federal support. This is an abuse of programs that are designed to help those who have no other means of support, and the result is to make smaller the amount we have for the truly needy.

The basic question that I must answer in the negative, is whether we should establish Federal benefit standards that will apply to all States. Here again we have the Federal Government telling the States what to do, and this is an area that should be administered by the States.

I must say that many of the States have not kept payments at a satisfactory level. This is true of my own State of Texas where the annual benefit for AFDC is only $1,680 with the Federal share at 69 percent of that amount for a family of four with no other income. Even where a State constitutional provision prevents raising the amount, the citizens of the State should take action to change these provisions to provide an adequate amount. When the States do not take action, they invite Federal interference. Each State is different. The cost of living in New York, for example, differs vastly from the cost of living in Texas. Therefore 60 or 65 percent of the poverty level will provide a different standard in different States. At the same time, it does not seem proper to me for the Federal Government to determine the amount appropriate for each State to pay.

While this bill has a provision that essentially "holds harmless" a State for 8 years, it is obvious that this amount cannot then be reduced. The Federal Government will be forced to continue to supplement these payments or the State will be faced with a substantially higher amount determined by the Federal Government. I have opposed Federal standards for unemployment insurance, and I must oppose Federal standards for welfare.

I also voted against the block grant approach recommended by Mr. ROUSSELOT on the ground that this is, in effect, more revenue sharing to States where States have not met their responsibilities. We are now seeing a turning around as far as which governments have the money. State governments in many cases are much more able to meet their obligations than is the Federal Government. In Texas, where we have had a pay-as-you-go-plan we have no deficit, and certainly the Federal Government could take a lesson from this. Now it seems incongruous to continue to insist on the Federal Government in effect throwing money at the States to let them administer.

Of course, I cannot ignore that the new cost of H.R. 4904 is $2.8 billion additional Federal dollars. This is only part of the picture since another part of the bill is still in another committee and the combined cost of both bills is estimated at $5.5 billion. The Rousselot block grant approach would cost $1 billion $400 million additional Federal dollars. At a time when we must hold down Federal deficit, I cannot see pledging this amount of money on an approach I feel represents bad policy.●

● Mr. GOLDWATER. Mr. Chairman, I rise in opposition to H.R. 4904, the Social Welfare Reform Amendments of 1979.

Our harassed taxpayers are becoming more and more concerned over the rising costs of welfare, and I am sure these same taxpayers were delighted when the administration declared a need for welfare reform. Who after all, can oppose reform? Reform, especially in the area of welfare means less dependency on Government handouts, an elimination of fraud, and with the encouragement of work, a decrease in expenditures.

Throughout his Presidential campaign, Mr. Carter pledged reform of the welfare system run by the Federal Government. He also stated that he would not give aid to anyone who could work but refused to when given the chance.

Well. President Carter has not fulfilled his campaign pledge in this bill before us today. H.R. 4904 provides a qualifying family of four with an estimated annual income of up to $5,500 in 1981, regardless of the cost of living in the local area.

This bill also calls for a nationwide, uniform income and assets test, then grandly provides that a home, lot, clothing, furnishings, and two automobiles are not counted in determining eligibility.

Now, I ask you, how can President Carter support this provision of the bill, when he also supports reform of the Federal pay system that tailors pay rates to local living costs? Let me read you a passage from his June 6 message to Congress:

> At present, general schedule employees of a given grade are paid the same rate regardless of where they work in the United States. As a result, Federal pay rates are significantly higher in some areas than local prevailing rates. My proposal, would minimize this problem by requiring that the compensation of most white collar employees be comparable with compensation in the local area.

So, we wind up penalizing workers who work, but rewarding welfare recipients with a uniform income which will be applied nationwide, regardless of where they live.

Furthermore, there is no real provision in this legislation that requires welfare recipients to work, despite the claim of a work requirement.

The elimination of the 30-day waiting period in order to qualify for welfare benefits eliminates the necessity to seek new employment. I am also concerned that strikers would be eligible for benefits under this provision of the bill.

Mr. Chairman, this is not true welfare reform. There is no incentive in this legislation for recipients to get off the welfare rolls, it does nothing to reduce caseloads, or reduce incidences of abuse, fraud and error, nor will it reduce costs. I therefore urge its resounding defeat.●

● Mr. PEPPER. Mr. Chairman, in many respects the legislation before us today, the Social Welfare Reform Amendments of 1979, is among the most important proposals that Congress will consider. The poorest people in the country are by definition those most in need, and yet it always appears that the most destitute are given the lowest priority by Congress. Welfare reform has been proposed, in one form or another, in almost every Congress during my term as a Member of this body. Equally as often, painstakingly crafted legislation, the result of years of research, molding, and compromise, has been left to fall by the wayside at the last minute. The House of Representatives has the opportunity today to help effectively, compassionately, and efficiently meet the needs of the less fortunate people of this Nation.

As chairman of the Select Committee on Aging, I will address my remarks to title II of this bill, amending the supplemental security income program for the aged, blind, and disabled. I need not remind my colleagues that these persons are in the most unimaginably desperate circumstances of any group of people in America. Most of these 4.2 million SSI recipients will engage in a bitter struggle against the soaring prices of energy, food, housing, and medical care, with less than $3,000 annually at their disposal.

More often than not, the aged, blind, and disabled engage in the struggle with less than the meager assistance to which they are entitled by law. Perhaps the most glaring example of the failure to assist older Americans is the food stamp program. Enacted in an effort to protect the poor against skyrocketing food costs, the food stamp program has been a dismal flop with respect to the aged. Only 45 percent of the eligible elderly population participate in the food stamp program—an appalling figure in view of the fact that this concerns the poorest people in America.

My files are replete with correspondence from elderly persons all over the Nation who have worked hard all their lives only to see their savings ravaged by runaway inflation and whose plight worsens daily. They do not want charity, and are too proud to accept it. Hundreds of thousands more are baffled by the confusing and demeaning application process. In any case, Mr. Chairman, nearly 1 million elderly persons refuse or cannot obtain urgent assistance to which they are legally entitled.

H.R. 4904 takes a giant step toward remedying the circumstance created by Congress in which aid to our elderly is so poorly administered that most would rather starve than accept it. The most dramatic provision in the bill would "cash-out" the food stamp benefit for all SSI recipients who live alone or households composed solely of persons eligible for SSI. Over three-quarters of 1 million SSI recipients who are currently eligible for food stamps but do not receive them will have their benefits added to their SSI checks. The Social Security Administration, which administers the SSI program, has earned the trust of millions of Americans through the fair, efficient, and equitable manner in which SSI has been administered.

Many statutory flaws within the SSI program remain from its enactment in 1972, however. I commend the distinguished gentleman from California (Mr. Corman) and the distinguished gentleman from Oregon (Mr. Ullman) for the forthright and compassionate manner in which they have addressed certain provisions within SSI that have brought undue hardship to many aged, blind, and disabled persons. Under H.R. 4904, the automatic deduction in the SSI benefit standard to $25 will be delayed until an SSI recipient has been in a medicaid institution for at least 3 months, for example. Moreover, the $25 standard, frozen since 1972, will be tied to the cost of living for the first time.

There are other long-awaited improvements regarding income and assets considered in eligibility determinations, which are too numerous to mention. It is apparent, however, that the Committee on Ways and Means has done its homework with respect to the needs of the elderly, poor, and disabled.

Mr. Chairman, these improvements in SSI are modest in terms of fiscal outlays. The CBO estimates that title II of this legislation will cost no more than $41 million in fiscal year 1980. Funding for the improvements will peak in cost in 1982, but will decrease as certain restrictions on asset disposal begin to take effect. There is no claim, therefore, that H.R. 4904 will solve all the hardships suffered by SSI recipients.

The social welfare reform amendments before us today are, however, a giant first step. Within the confines of ever-tightening fiscal constraints, the distinguished members of the Committee on Ways and Means have reported out humane, sensitive, and responsive legislation of which we all can be proud. I implore my colleagues to open their hearts and to adopt this bill.●

● Mr. WIRTH. Mr. Chairman, I rise in support of H.R. 4904, the Social Welfare Reform Amendments of 1979. Given that the fiscal climate makes the costs of a basic restructuring of the welfare system prohibitive, this bill is a very sound and cost-conscious means of approaching the issue in an incremental fashion. The goals of eliminating poverty, providing adequate work incentives for welfare recipients, and minimizing costs to the taxpayer are not always easy to mesh. This bill represents a successful effort at addressing all three of these legitimate concerns.

Few would argue that the present welfare system is not in pressing need of reform. It is composed of multiple programs which vary from State to State and often produce inadequate benefits, inequitable coverage, and inefficient administration. Despite efforts made over the last 20 years, nearly 25 million Americans still live in poverty. This is clearly the strongest argument for reform.

But in addition, the present system is complex and difficult to administer. Programs that make up the system are often uncoordinated, fragmented, and inconsistent. The duplication produced is frustrating to recipients and costly to taxpayers, and the complexity of the rules increases the opportunities to error, fraud, and waste. Administrative expenses now consume between 10 to 20 percent of program costs.

H.R. 4904 addresses these concerns. The bill would improve the fairness and adequacy of welfare cash assistance by establishing a national minimum benefit equal to 65 percent of the poverty level, and mandating an AFDC-unemployed parents program in all States. The bill would improve administration and reduce the opportunity for error, fraud, and waste by streamlining reporting systems, coordinating definitions, and treatment of incomes and resources under the program and by encouraging the use of innovative administrative improvements.

Finally, the bill increases work incentives by improving the work requirement provisions of the employment and training programs and expanding the earned income tax credit.

The bill takes a responsible step in addressing the complex and myriad deficiencies in the present welfare system. Its cost is commensurate with improvements that will be made in terms of equity and efficiency. It is a sensible approach to answering a pressing need without discouraging the initiative and compassion that have made this Nation vigorous and strong. I urge your support of H.R. 4904.●

● Mr. GRASSLEY. Mr. Chairman, I rise in opposition to passage by the House of Representatives of H.R. 4904 (Social Welfare Reform Amendments of 1979). My 5 years in the Congress have taught me that any bill sent to the House floor as "reform" leads to increased costs and more—rather than less—Government. H.R. 4904 will increase the Federal share of welfare costs by $3 billion, a sum which the proponents of the measure have blithely dismissed as "a modest sum of money." I disagree. But there are other reasons why the bill ought to be defeated.

Passage of the bill will be demonstrable proof that a majority of the Members of the House accept the philosophical underpinnings of our Nation's welfare system as this system is currently structured. H.R. 4904, rather than providing incentives for Americans to engage in productive labor, will instead penalize those citizens who try to provide for the needs of themselves and their families. The workers are the ones who will shoulder the higher taxes required to finance these so-called reforms. These are the people—the productive segment of society—that will have to go without a portion of that which they have earned in order to satisfy the bleatings of the welfare lobby. The working men and women of the United States will have to dig deeper into their pockets to pay for the increased costs.

We ought to examine who will benefit from the passage of this legislation. The answer should be evident: The welfare lobby. The welfare lobby is composed of vocal recipients of public assistance, more often than not self-appointed spokespersons for the downtrodden, and individuals who have a financial interest in expanded welfare programs. This welfare lobby is more powerful than what we might term the "taxpayers' lobby"; otherwise, we would not be here today debating a welfare reform bill that in the name of reform will add $3 billion to the Federal Government's welfare costs. If there were no welfare lobby, we would not even be considering a bill which prohibits States from imposing work requirements on those who will receive public assistance.

Make no mistake about it, the welfare lobby is powerful. And there are Members of the House who will cater to it. Recipients of public assistance are apt to vote for those candidates who will promise them more.

H.R. 4904 is not welfare reform so much as it is one more step down the road to widespread income redistribution—one more attempt to reward those who do not provide for themselves—one more attempt to penalize those who do work to take care of themselves and their families. The plan before us would bring about this income redistribution through several elements: First, universal eligibility with an income test only; second, benefit levels set by a central decisionmaking authority; third, providing benefits in cash; fourth, federalizing the welfare system; and fifth, no meaningful work requirement.

The implications of each of these elements of income redistribution are serious; the political dynamics alone are overwhelming. For example, once we set a minimum guaranteed income, political pressure to increase the minimum benefit will be concentrated right here in Washington—rather than in the 50 State legislatures which now determine benefit levels. Does anyone seriously believe that the national minimum income will long remain at 65 percent of what is commonly referred to as "poverty level." We can all imagine a situation, described by the chairman of the Senate Finance Committee, Mr. LONG, where political candidates will outpromise each other in order to win the next election.

This country was founded on an ethic which called for hard work and providing for one's self and family. This work ethic is what made our country great and gave us the highest standard of living in the world. We have, over the past half century, at first somewhat apologetically but now without the slightest trace of regret, turned our backs on this ethic. Successive Congresses have invited the American people to look toward the Federal Government whenever there is a problem or a perceived need that is not immediately met. This is wrong. We must begin to undo some of the damage inflicted on the American spirit. One way to begin the job would be to defeat H.R. 4904, as currently written, and pass welfare reform legislation consistent with our system of limited government.●

● Mr. EDGAR. Mr. Chairman, I do not wish to debate at this time the philosophical issue of whether every American deserves a decent living standard. I want to talk about the practical effects of H.R. 4904. In this era of justifiable public outrage at expensive, indecipherable and often inequitable Government programs, welfare reform represents an excellent opportunity to simplify a huge Federal bureaucracy and save millions of dollars by reducing waste and fraud.

The question is not whether we are going to spend billions of dollars on welfare. We already spend over $70 billion annually on eight separate public assistance programs. The question is whether or not we are going to enact legislation to make sure this money is spent in the most equitable and efficient manner possible.

The complaints heard most often about the current welfare system are that it wastes taxpayers' money, nobody can understand the maze of regulations and eligibility requirements, fraud is rampant, and the system is encouraging a generation of nonworkers. H.R. 4904 addresses these problems with specific reform measures. Administrative procedures would be streamlined and standardized to reduce operating costs and eliminate opportunities for fraud. Federal assistance in the form of earned income tax credit would be increased for those who need and deserve it most—the working poor who are moving out of the economic cellar through individual effort and ingenuity.

H.R. 4904 includes other provisions which should be applauded by those who deplore the current welfare system. By establishing a minimum benefit level, the bill would discourage welfare recipients from relocating in areas where assistance payments are highest. By extending benefits to two-parent families where no job is available for the primary earner, the bill would remove the present incentives to break up families in order to qualify for income assistance.

I do not see how my colleagues can reasonably assert that these reform measures represent another blank check for Americans who do not want to work. In fact, H.R. 4904 is part of a concerted effort to redirect the welfare system toward employment wherever possible, provision of equitable benefits for those who cannot work or find work, and simplification of assistance programs so that waste and fraud are minimized.●

● Mr. BINGHAM. Mr. Chairman, I rise in support of H.R. 4904, the Social Welfare Reform Amendments of 1979. This is a modest restructuring of the cash assistance welfare system that falls far short of the top-to-bottom overhaul and benefit improvement I am convinced this Nation can afford, but it is a step in the right direction. Furthermore, this bill makes a number of improvements which will reduce administrative costs and complexities, lower the error rate in determining eligibility and benefits, and lessen the welfare burden on State and local governments.

This bill establishes a national minimum benefit, including both aid to families with dependent children payments and food stamps, of 65 percent of the poverty level by October 1, 1981, raising benefits to some 800,000 families in 13 States. Variations in payment levels are allowed in up to six geographic areas of each State, so the 58 different schedules in New York will have to be drastically simplified. The benefit standard in this bill will not affect my constituents, since New York now provides benefits equal to 91 percent of the poverty level, but I support this effort to reduce differences between States as a move toward greater equity which may also reduce the incentive for welfare recipients to move from low-benefit to high-benefit States. Similarly, the bill requires the 24 States which do not have an AFDC program for families with both parents together but unemployed to establish such a program. This mandatory, national AFDC unemployed parent program is another improvement which will equalize benefits across the Nation. It includes changes in work requirements and earnings limits which will enable New York State to shift a large portion of its home relief caseload to this AFDC program, saving the State $13.5 million.

The most important change in this bill for New York is an increase in the Federal share of the costs of the AFDC and AFDC–UP programs from 50 percent to 55 percent in January 1981. I am disappointed that the Federal share is not increased by at least 20 percent, as recommended by the Community Service Society of New York. However, in October 1981, the 55-percent Federal share of AFDC–UP would increase to a new level of 65 percent. Together, these increases will save New York State and its local governments $56 million in 1981 and $74.4 million in 1982. This fiscal relief is backed up by a hold-harmless provision that insures States will not be held responsible for increased costs above 95 percent of their fiscal 1979 outlays for welfare, which means that burgeoning welfare costs to the city and State will be a thing of the past.

This bill also provides for standardization of deductions, coordination of income and assets criteria with the food stamp program, and use of a retrospective accounting system (based on actual earnings in the prior month instead of expected earnings in the future) which will simplify the administration of welfare and lead to lower error rates and reduced overall costs. New York State will receive $18 million to implement these changes which will have mixed effects in New York—some welfare recipients will have reduced benefits but other working poor families who previously were ineligible will qualify for aid. A $200 million block grant program for meeting emergency family needs resulting from accidents or disasters is also authorized in this bill, and it will bring New York another $21 million a year by 1982.

There are also some significant changes in this bill to the supplemental security income program which provides support to 383,000 aged, blind and disabled people in New York State. The most important change authorizes at State option cash payments in lieu of food stamps to begin in October 1981, so that more aged and disabled people will receive these additional benefits. Nearly half the 3.3 million SSI recipients eligible for food stamps do not receive them, presumably because they are unaware of their availability or because of the difficulty of applying for them or the stigma of using the stamps. This provision should increase participation and benefits significantly.

The current requirement that SSI benefits be reduced to $25 per month (the personal needs allowance) whenever a recipient enters a hospital or other medical institution in which a major part of a bill is paid by the medicaid program is also changed. H.R. 4904 would allow full SSI payments to continue to such recipients for up to 3 months to cover routine household expenses that do not stop when they are temporarily in a hospital or other medical facility. This legislation also provides for a long overdue cost-of-living increase in the $25 personal needs allowance beginning September 1, 1980, which would be automatically adjusted annually thereafter. This would represent the first increase in the personal needs allowance since the enactment of the program in 1972. Even with the cost-of-living adjustment, the allowance will still be very inadequate given the high price of personal items especially for those in nursing homes. I hope the New York State Legislature will see fit to add to the Federal increase in the personal needs allowance so that SSI recipients in medicaid facilities can afford to buy basic personal necessities denied them for so long.

Mr. Chairman, this bill cannot be considered a solution to the problems of the current welfare system. That system is still disorganized, unnecessarily complex, difficult to administer, and inequitable. It provides too little assistance to those in need and the Federal Government provides proportionately more help to those States which do the least to support their poor. New York, which provides some of the most nearly adequate support in the country to its poor, nonetheless forces millions of children and adults to subsist on grossly inadequate incomes which have steadily fallen behind increases in the cost of living. In the last 10 years the cost of living has more than doubled, but welfare grants in New York have gone up less than 12 percent with no increase at all since 1974. Concern about holding down Government spending and the negative effect on work incentives from increased levels of welfare support have stymied attempts to improve benefits.

Some leaders in my State have urged defeat of this bill because its improvements in the current system are marginal and the fiscal relief it offers to New York is inadequate. I do not believe that defeating this modest proposal would improve the chances of winning more significant changes. The Congress refused to approve President Nixon's family assistance plan in 1970, partly because liberals thought it inadequate, and it has taken all these years to bring even this incremental reform bill to the floor of the House. I urge my colleagues to approve it and move on to more fundamental reform in the near future.●

● Mr. OTTINGER. Mr. Chairman, I rise in strong support of H.R. 4904, the Social Welfare Reform Amendments of 1979. While this legislation does not provide the comprehensive reform of the welfare system that many of us had hoped for, it does improve the present program. H.R. 4904 will tighten up the current programs and more effectively target assistance to the neediest families. It is certainly a step in the direction of true reform.

I strongly support the national minimum benefit level standard. While this provision does not directly affect New York, which currently pays benefits above the 65 percent of the poverty level mandated in H.R. 4904, it does establish the principle of program adequacy nationwide and will reduce the incentive for recipients to move from low-benefit States to high-benefit States. New York stands to gain substantially from this in the long run.

Similiarly, I support making the AFDC unemployed father or two-parent family assistance program available to the working poor in all 50 States. This provides the financial incentive for families to stay intact and will allow some States—including New York—to shift recipients to federally subsidized assistance.

Another key provision is the expansion of the earned income tax credit which offers tax incentives to encourage those earning poverty line and lower living standard wages to continue working and to avoid public assistance.

A provision of particular concern to me is the $200 million Federal block grant program to assist States in meeting emergency needs of AFDC families and other families with children. Eligible families will be provided cash or other assistance to meet emergency needs resulting from accidents, disasters or other uncontrollable events. I support this program, but believe it should be expanded to include SSI recipients as well. Presently, the SSI program does not make any provision for situations in which a catastrophe befalls an SSI recipient.

I had hoped to offer an amendment to this bill to establish an emergency needs program for SSI recipients, but because of the modified closed rule, I am unable to offer such an amendment. However, the Senate Finance Committee has adopted a similar provision in the past—as part of H.R. 7200—and I want to take this opportunity to urge the Senate to look into this matter during Senate hearings on the welfare reform amendments.

This bill include numerous provisions designed to simplify the administration of the programs and to reduce the fraud and error rates. The bill requires that benefits be based on actual rather than projected income, it limits certain income disregards, requires income to be reported on a monthly basis, improves the child support enforcement program, and takes into account the income of all individuals living in a household. Cashing out food stamps for aged, blind, and disabled recipients will both simplify administration and reduce error and fraud.

Finally, this bill provides desperately needed fiscal relief to the State and local governments. According to estimates made by the Department of Health, Education, and Welfare, H.R. 4904 would reduce New York State's welfare costs by $129.8 million in fiscal year 1982 when this proposed legislation is implemented.

In conclusion, Mr. Chairman, I will continue to push for additional reform measures—regional variations in benefit levels which take into consideration differences in the cost of living around the country, a more effective work requirement for recipients who are able to work and provision of adequate jobs and training for them, as well as day care for mothers who would like to work, a supplemental housing allowance for SSI recipients and an emergency needs program for SSI recipients. These are issues of vital importance and desperately needed. But this bill, H.R. 4904, accomplishes a great deal.

H.R. 4904 has earned the support of many groups around the country: The National Governor's Conference, the National Association of Counties, League of Women Voters, National Urban League, National Council of Churches, senior citizen organizations and labor groups. It is also supported by the New York Governor, the New York State Assembly, and the Westchester County executive. I urge my colleagues in the House to adopt this important measure.●

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The CHAIRMAN. All time has expired.

Pursuant to the rule, the bill is considered as having been read for amendment. No amendments are in order except: First, amendments recommended by the Committee on Ways and Means, which shall not be subject to amendment, the amendments recommended by the Committee on Ways and Means now printed in the bill which shall be considered en bloc and considered as read; and second, an amendment printed in the CONGRESSIONAL RECORD of October 23, 1979 by, and if offered by, Representative JEFFORDS of Vermont, and said amendment shall not be subject to amendment.

The bill reads as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, together with the following table of contents, may be cited as the "Social Welfare Reform Amendments of 1979".

TITLE I—AID TO FAMILIES WITH DEPENDENT CHILDREN; ASSISTANCE TO MEET EMERGENCY NEEDS; EARNED INCOME CREDIT

PART A—INCOME AND RESOURCES

Sec. 101. Definition of income and amount of disregards from earned income.
Sec. 102. Benefits for children living with relatives who are not legally responsible for their support.
Sec. 103. Treatment of certain income.
Sec. 104. Modifications in treatment of income effective fiscal year 1982.
Sec. 105. Definition of resources and allowable limits.

PART B—ELIGIBILITY AND BENEFIT STRUCTURE

Sec. 106. Eligibility for aid to families with dependent children by reason of unemployment of a parent.
Sec. 107. Definition of dependent child; mandatory coverage of certain individuals.
Sec. 108. Benefit standards.
Sec. 109. Income poverty guidelines; adjustment for changes in the Consumer Price Index.
Sec. 110. Rights and responsibilities of applicants and recipients.
Sec. 111. Period for determination of aid; times at which payment must be made.
Sec. 112. Employment required and services related to employment.
Sec. 113. Assistance to meet emergency needs.

PART C—FEDERAL FINANCIAL PARTICIPATION; ADMINISTRATIVE IMPROVEMENTS; RELATED AMENDMENTS

Sec. 115. Increased Federal financial participation.
Sec. 116. Limitation on fiscal liability of States.
Sec. 117. Administrative improvements.
Sec. 118. Programs for mechanized processing and management information systems.
Sec. 119. Assistance for the development of administrative improvements in State programs.
Sec. 120. Corrective action regarding overpayments and underpayments.
Sec. 121. Aid to families with dependent children recipient review.
Sec. 122. Monitoring and assessing performance in the aid to families with dependent children program.
Sec. 123. Technical amendments to incentive adjustments for aid to families with dependent children quality control.
Sec. 124. Amendments to medicaid program.

Sec. 124A. Prohibition against payment of aid in amounts below specified minimum level.

Part D—Implementation

Sec. 125. State implementation of amendments.
Sec. 126. Applicability of amendments to the territories.

Part E—Amendments to the Internal Revenue Code Affecting the Earned Income Credit

Sec. 127. Governmental payments to be disregarded for purposes of support and maintenance of household tests.
Sec. 128. Amendments to the earned income tax credit.

Part F—Optional Food Stamp Cash-Out for AFDC Recipients

Sec. 129. Payments in lieu of food stamps for AFDC recipients under Federal-State agreements.

TITLE II—SUPPLEMENTAL SECURITY INCOME

Part A—Food Stamp Cash-Out

Sec. 201. Food stamp cash-out for certain supplemental security income recipients.

Part B—Improvements in Standards for Determining Eligibility and Amount of Supplemental Security Income

Sec. 202. Eligibility of couples living apart.
Sec. 203. Eligibility of individuals in certain medical institutions (including cost-of-living adjustments).
Sec. 204. Earned income in sheltered workshops.
Sec. 205. Exclusion from resources of burial plots.
Sec. 206. Exclusion from resources of funds set aside for burial expenses.
Sec. 207. Exclusion of certain real and personal property from income.
Sec. 208. Underpayments to ineligible spouse of deceased supplemental security income recipient.
Sec. 209. Increased payment for presumptively eligible individuals.
Sec. 210. In-kind remuneration.
Sec. 211. Continuation of benefits for certain individuals hospitalized outside the United States.
Sec. 212. Extension of special income and resource provisions.
Sec. 213. Deletion of term "child".
Sec. 214. Termination of mandatory minimum State supplementation in certain cases.
Sec. 215. Limitation on eligibility for supplemental security income of persons who dispose of resources.
Sec. 216. Rounding of amount of cost-of-living adjustments.
Sec. 217. Attribution of sponsor's income and resources to aliens.
Sec. 218. Extension of service program for disabled children.
Sec. 219. Individuals receiving support and maintenance in another person's household.

Part C—Improved Administration of the Supplemental Security Income Program

Sec. 231. Judicial establishment of fees for representing supplemental security income claimants.
Sec. 232. Monthly computation period for determination of supplemental security income benefits.
Sec. 233. Elimination of requirement for representative payment of supplemental security income to drug addicts and alcoholics.
Sec. 234. Replacement of benefit checks.
Sec. 235. Mandatory pass-along of supplemental security income benefit increases.
Sec. 236. Negotiability of supplemental security income benefit checks.
Sec. 237. Deletion of obsolete reference.
Sec. 238. Correction of incorrect reference in Public Law 92-603.

TITLE III—AMENDMENTS APPLICABLE TO TWO OR MORE PROGRAMS UNDER THE SOCIAL SECURITY ACT

Sec. 301. Conditions governing availability of certain Federal records.
Sec. 302. Disclosure of tax return information.

TITLE IV—CHILD SUPPORT ENFORCEMENT

Sec. 401. Collection of support for certain adults receiving aid to families with dependent children.
Sec. 402. Child support collections for non-AFDC families.
Sec. 403. Amendments regarding incentive payments.
Sec. 404. Incentive payments to tribal governing bodies.
Sec. 405. Three months' extension of aid to families with dependent children eligibility.
Sec. 406. Method of determining reimbursement of the Federal Government.
Sec. 407. Method of payment for child support collection services.

TITLE I—AID TO FAMILIES WITH DEPENDENT CHILDREN; ASSISTANCE TO MEET EMERGENCY NEEDS; EARNED INCOME CREDIT

Part A—Income and Resources

DEFINITION OF INCOME AND AMOUNT OF DISREGARDS FROM EARNED INCOME

Sec. 101. (a)(1) Section 402(a)(7) of the Social Security Act is amended by inserting "(as defined in or determined under section 412)" after "income and resources" and by striking out ", as well as any expenses reasonably attributable to the earning of any such income".

(2) Section 402(a)(8) of such Act is amended to read as follows:

"(8) provide that, with respect to any month, in making the determination under paragraph (7) with respect to income (as defined in or determined under section 412 (a)), the State agency—

"(A) shall disregard from the earned income of any child or relative receiving aid to families with dependent children, or of any other individual (living in the same home as such relative and child) whose needs are taken into account in making such determination, the first $70 of the total of such earned income for such month;

"(B) shall disregard from the earned income of any child, relative, or other individual specified in subparagraph (A) an amount equal to (i) 20 per centum of the total (determined prior to the application of subparagraph (A)) of any amounts received by such child, relative, and other individual in such month as wages or salary or as net earnings from self-employment, plus (ii) any costs incurred by them in producing self-employment income in such month;

"(C) shall disregard from the earned income of any child, relative or other individual specified in subparagraph (A) an amount equal to one-third of the total amount of such earned income not already disregarded under subparagraph (A) or (B);

"(D) shall disregard from the earned income of any child, relative, or other individual specified in subparagraph (A) an amount equal to the cost of care in such month for a dependent child, or an incapacitated individual living in the same home as the dependent child, receiving aid to families with dependent children and requiring such care for such month, to the extent that such amount for such month (for each such child or individual) does not exceed $160; and

"(E) shall disregard so much of the total of the income (not already disregarded under subparagraphs (A), (B), (C), and (D)) of each child, relative and other individual specified in subparagraph (A) as does not exceed—

"(i) 65 per centum of the income poverty guidelines (as defined in section 414) for a family with the same number of members, reduced by

"(ii) the value of the monthly allotment of food stamp coupons (as described in section 414) that would be provided to a family of that size with no income other than income under this part (and reducing such income only by the applicable standard deduction specified in section 5(e) of the Food Stamp Act of 1977) in an amount which, together with such food stamp allotment, equals the amount specified in clause (i), and further reduced by

"(iii) the amount of aid that would be payable under such plan for such month to a family of that size with no other income;

except that (with respect to any month) the State agency—

"(F) shall not disregard, under subparagraph (A), (B), (C), (D), or (E), any earned income of any one of the persons specified in subparagraph (A) if such person—

"(i) terminated his employment or reduced his earned income without good cause within such period (of not less than thirty days) preceding such month as may be prescribed by the Secretary;

"(ii) refused without good cause, within such period preceding such month as may be prescribed by the Secretary, to accept employment in which he is able to engage which is offered through the public employment offices of the State, or is otherwise offered by an employer if the offer of such employer is determined by the State or local agency administering the State plan, after notification by him, to be a bona fide offer of employment; or

"(iii) failed without good cause to make a timely report (as prescribed by the State plan pursuant to paragraph (22)(B)) to the State agency of earned income received in such month; and

"(G) shall not disregard, under subparagraph (A) or (C), any earned income of any of the persons specified in subparagraph (A) if with respect to such month the income of the persons so specified (within the meaning of paragraph (7)) was in excess of their need as determined by the State agency pursuant to paragraph (7) (without regard to subparagraphs (A), (B), (C), (D), and (E) of this paragraph), unless, for any one of the four months preceding such month, the needs of such person were met by the furnishing of aid under the plan;".

(b) Part A of title IV of such Act is further amended by adding at the end thereof the following new section:

"INCOME

"Sec. 412. (a) For purposes of this part and any State plan approved under section 402(a), the term 'income' (in the case of any individual with respect to any month) shall include all income from whatever source, but shall exclude only—

"(1) any gain or benefit which is not in the form of money payable directly to such child, relative, or other individual, other than a gain or benefit, under circumstances and to the extent specified by the Secretary, available for shelter, utilities, and similar needs;

"(2) any income which is received too infrequently or irregularly to be reasonably anticipated, but not in excess of $10 in a month;

"(3) all educational loans on which payment is deferred, grants, scholarships, fellowships, veterans' education benefits, and the like to the extent that they are used for tuition, mandatory school fees, books, and transportation;

"(4) all loans other than educational loans on which repayment is deferred;

"(5) reimbursements which do not exceed expenses actually incurred and which do not represent a gain or benefit to such child, relative, or other individual;

"(6) moneys received and used for the care and maintenance of a third-party beneficiary who is not such a child, relative, or other individual;

"(7) income earned by a dependent child or any other child who is a member of the family, who is a student, and who has not attained his twenty-first birthday;

"(8) moneys received in the form of nonrecurring lump-sum payments, including, but not limited to, income tax refunds, rebates, or credits, and retroactive lump-sum insurance settlements (but such payments shall be counted as resources, unless specifically excluded by this part or other Federal laws);

"(9) emergency assistance to needy families with children;

"(10) assistance, furnished to or on behalf of such individual, which is based on need and is furnished by a political subdivision of a State for the purpose of augmenting aid to families with dependent children; and

"(11) any income that any other Federal law specifically excludes from consideration as income for the purposes of determining eligibility for (A) the food stamp program, but only to the extent found necessary by the Secretary to assure the equitable and efficient administration of the program established under this part, or (B) aid to families with dependent children.

"(b) The Secretary shall issue regulations, after consultation with the Secretary of Agriculture, to effectuate the provisions of this section and in doing so shall, insofar as practicable, coordinate the interpretation and administration of this section with subsection (d) of section 5 of the Food Stamp Act of 1977.".

(c)(1) The amendments made by subsection (a) shall become effective October 1, 1979 (except that subparagraph (E) of section 402(a)(8) of the Social Security Act, as added by such amendments, shall not become effective until October 1, 1980); and the amendment made by subsection (b) shall be effective beginning with the sixth month following the month in which this Act is enacted.

(2) Effective with the date of enactment of this Act and prior to the effective date of the amendments made by this section, a State plan for aid and services to needy families with children shall not be regarded as failing to comply with the applicable requirements imposed under part A of title IV of the Social Security Act, and the amount payable to any State shall not be decreased, solely because such plan fails to comply with the requirements of section 402(a) (7) or (8) of such Act, as in effect prior to the effective date of the amendments made by this section, if the plan complies with the requirements of section 402 (a) (7) and (8) of such Act as amended by this section.

(3) Effective January 1, 1980, section 412 (a) of the Social Security Act (as added by subsection (b) of this section) is amended by adding at the end thereof (after and below paragraph (11)) the following sentences: "For purposes of this part, an individual's 'income' shall also include, to the extent and under the circumstances prescribed by the Secretary, an amount (which shall be treated as earned income for purposes of this Act) equal to the earned income advance amount (under section 3507(a) of the Internal Revenue Code of 1954) that is (or, upon the filing of an earned income eligibility certificate, would be) payable to such individual. Any credit or refund of Federal income taxes under the Internal Revenue Code of 1954 shall not be treated as income under a State plan approved under this part, and such amount shall not be considered a resource of an individual (or the family of which he is a member) during the six-month period beginning with the month in which it is received.".

BENEFITS FOR CHILDREN LIVING WITH RELATIVES WHO ARE NOT LEGALLY RESPONSIBLE FOR THEIR SUPPORT

SEC. 102. (a) Part A of title IV of the Social Security Act (as amended by section 101(b) of this Act) is further amended by adding at the end thereof the following new section:

"DETERMINATION OF BENEFITS IN CERTAIN CASES WHERE CHILD LIVES WITH RELATIVE NOT LEGALLY RESPONSIBLE FOR HIS SUPPORT

"SEC. 413. (a) Notwithstanding any other provision of this part, a State plan for aid and services to needy families with children shall not be regarded as failing to comply with the requirements imposed under this part solely because, under such plan, in any case (or in such cases as the State may determine) where one or more children live in any household—

"(1)(A) in which the total income of such child or children and the closely related family members (as defined in subsection (b)) living in the same household equals or exceeds the standard of need under such plan for a family equal in number to the total number of such children and closely related family members in the same household, or (B) where the income of children and family members cannot be determined due to failure to cooperate without good cause, and

"(2) which (A) does not include a relative (specified in section 406(a)(1) who is legally responsible for the support of the child or children, or (B) includes one or more such relatives but none of such relatives is eligible for aid under the State plan because such relative is being supported by another person or under another program,

the amount of the aid furnished with respect to such child or children for shelter, utilities, and similar expenses, bears the same ratio to the total amount which would be furnished for such expenses, if all the closely related family members with whom such child or children are living were eligible for such aid, as the number of such children bears to the total number of such children and family members.

"(b) For purposes of subsection (a), the term 'closely related family members' with respect to any child means those relatives of his who are specified in section 406(a)(1) and any other individual for whose support such a relative is legally responsible, but does not include any such relative or other individual (1) with respect to whom benefits are provided under another public program eligibility for which is based on need, or (2) whose presence in the home would not increase the total amount which would be allowed for shelter, utilities, and similar expenses if he was eligible for aid.

"(c) The amount of aid to families with dependent children for shelter, utilities, and similar expenses shall be identified, for purposes of this section, in the following manner.

"(1) If the State plan approved under this part provides for paying 100 percent of the standard of need specified in the plan, and designates a portion of that standard, for families of specified sizes, to meet shelter, utilities, and similar expenses, then an amount equal to that portion shall be considered the total amount for such expenses for a family of the specified size.

"(2) If such plan provides for meeting less than 100 percent of such standard, and designates a portion of that standard, for families of specified sizes, to meet such expenses, then an amount equal to that portion, multiplied by the proportion of the standard of need which such State pays as aid to families with dependent children, shall be considered the total amount for such expenses for a family of the specified size.

"(3) If such plan does not designate any portion of the standard of need for meeting such expenses, then such portion shall be determined in accordance with criteria prescribed by the Secretary, but in no event shall such portion exceed 30 percent (or such greater percent as the State may show is attributable to such expenses) of the standard of need for a family of a specified size, multiplied by the proportion of such standard which the State pays as aid to families with dependent children.

"(d) For purposes of subsection (a), the total income of the child or children and the closely related family members (as defined in subsection (b)) shall be determined as it would be if all such individuals were applicants for aid under the State plan and shall not include any income which any such individual is obligated to apply to the support of any other individual not living in the household.".

(b) The amendment made by subsection (a) shall become effective October 1, 1979.

TREATMENT OF CERTAIN INCOME

SEC. 103. (a) Section 407(b)(2)(D) of the Social Security Act (pertaining to treatment of amounts of unemployment compensation received) is repealed.

(b)(1) Section 402(a)(19)(D) of such Act (pertaining to disregard of WIN training incentives and payment of certain work expenses) is repealed.

(2) The first sentence of section 434(a) of such Act is amended by striking out "an incentive payment" and inserting in lieu thereof the following: "reasonable work expenses incurred by such participant (including costs authorized by subsection (b) of this section) and and incentive payment".

(3) Section 434 of such Act is further amended by adding at the end thereof the following new subsection:

"(c) No amount paid under subsection (a) shall be included as income under any Federal or federally assisted program.".

(c) The amendments made by this section shall become effective with the sixth month following the month in which this Act is enacted.

MODIFICATIONS IN TREATMENT OF INCOME EFFECTIVE FISCAL YEAR 1982

SEC. 104. (a) Section 412(a) of the Social Security Act (as added by section 101(b) of this Act) is amended by striking out paragraph (2) and redesigning paragraphs (3) through (11) as paragraphs (2) through (10), respectively.

(b) Section 402(a)(8)(C) of such Act (as added by section 101(a)(2) of this Act) is amended by striking out "child, relative, or other individual specified in subparagraph (A)" and inserting in lieu thereof "child or relative receiving aid to families with dependent children otherwise than on the basis of the unemployment of a parent in accordance with section 407, or of any other individual (living in the same home as such relative and child) whose needs are taken into account in making such determination.".

(c) Section 402(a)(8)(D) of such Act (as so added) is amended by inserting "otherwise than of the basis of the unemployment of a parent in accordance with section 407" immediately after "receiving aid to families with dependent children".

(d) Section 402(a)(8)(E)(i) of such Act (as so added) is amended by striking out

"65 per centum" and inserting in lieu thereof "75 per centum".

(e) Section 402(a)(8)(G) of such Act (as so added) is amended by striking out all that precedes "the income of the persons so specified" and inserting in lieu thereof the following:

"(G) shall not disregard—

"(i) under subparagraph (C), in the case of a family in a State where aid to families with dependent children for a family of three is less than 75 per centum of the income poverty guidelines (as defined in section 414) for such a family with no other income (reduced as described in subparagraph (E) (ii) and (iii)), or

"(ii) under subparagraph (A) or (C), in the case of a family in a State where aid to families with dependent children for a family of three is 75 per centum or more of the income poverty guidelines (as so defined) for such family (so reduced),

any earned income of any of the persons specified in subparagraph (A) if with respect to such month".

(f) The amendments made by this section shall become effective October 1, 1981.

DEFINITION OF RESOURCES AND ALLOWABLE LIMITS

Sec. 105. (a) Section 412 of the Social Security Act (as added by section 101(b) of this Act) is amended by redesignating subsection (b) as subsection (c) and by inserting after subsection (a) the following new subsection:

"(b) The Secretary shall prescribe the types and allowable amounts of resources (liquid and nonliquid) which a family otherwise eligible for aid to families with dependent children may own (considered on the basis of the family's equity interest in the resources involved except to the extent otherwise specified in this subsection), and shall, in so doing, assure that no State plan approved under this part prescribes such an amount that is less than $750 in the case of any family, or greater than $1,750 (unless and to the extent that such plan, as in effect for September 1981, specified a greater amount therefor). The Secretary, in prescribing inclusions in and exclusions from resources, shall include any licensed vehicle (other than one used to produce earned income) but only such portion of the fair market value of any such vehicle as exceeds $4,500. In addition to items that the Secretary may exclude under the preceding provisions of this subsection, he shall in any event, exclude from financial resources—

"(1) the home, including a vehicle used as the family's primary place of residence, and including so much of the land that appertains thereto as the Secretary determines to be reasonable;

"(2) the value of any plot of land held for the purpose of providing a burial place for a member of the family;

"(3) household goods and personal effects;

"(4) the cash surrender value (to the extent it does not exceed limits prescribed by the Secretary) of any insurance policy owned by a family member;

"(5) real or personal property which produces income in an amount that represents a reasonable rate of return on its fair market value (determined in accordance with criteria prescribed by the Secretary);

"(6) property which is determined by the Secretary to be essential to the employment or self-employment of a family member;

"(7) any amounts received from a public agency for the restoration of a home or business damaged in a disaster;

"(8) resources the cash value of which cannot be readily realized by any member of the family; and

"(9) any resources that any other Federal law specifically excludes from consideration as resources for purposes of determining eligibility for (A) the food stamp program, but only to the extent found necessary by the Secretary to assure the equitable and efficient administration of the program established under this part, or (B) aid to families with dependent children.".

(b)(1) Section 412(c) of such Act (as redesignated by subsection (a) of this section) is amended by striking out "subsection (d)" and inserting in lieu thereof "subsections (d) and (g)".

(2) The heading of such section 412 is amended to read "INCOME AND RESOURCES".

(c) Section 402(a) of such Act is amended—

(1) by striking out "and" at the end of paragraph (28);

(2) by striking out the period at the end of paragraph (29) and inserting in lieu thereof a semicolon; and

(3) by adding after paragraph (29) the following new paragraphs:

"(30) provide that no lien may be imposed against the property of any individual on account of aid paid or to be paid under the plan (except pursuant to the judgment of a court on account of aid incorrectly paid); and

"(31) provide that—

"(A) the needs of an individual shall not be taken into account in making the determination under paragraph (7) (for the applicable period prescribed by subparagraph (B)) if, within any twenty-four-month period that begins with or after the twenty-fourth month preceding the month in which an application (including the needs of such individual) for aid under this part is filed, he (i) disposed of resources which if retained would have caused him to be ineligible for such aid, for the purpose of establishing eligibility for such aid (and any disposition of resources within such period shall be presumed to have been for such purpose unless such individual furnishes convincing evidence to establish that the transaction was for some other purpose), and (ii) received compensation therefor in an amount such that the difference between the fair market value of the individual's equity interest in such resources and the compensation therefor exceeded $3,000, and

"(B) the period for which the needs of an individual to whom subparagraph (A) applies are not to be taken into account in making the determination under paragraph (7) shall be six months if the uncompensated value of the individual's equity interest in the assets involved exceeded $3,000 but not $6,000, twelve months if such value exceeded $6,000 but not $15,000, or twenty-four months if such value exceeded $15,000, beginning with the month following the month in which the disposition occurred, but such needs may be included immediately upon the return to such individual of the resources he had previously disposed of or the receipt by him or payment equal to the amount described in subparagraph (A)(ii);

except that the State agency, in accordance with regulations prescribed by the Secretary, may waive the requirement of, or reduce the period of ineligibilitiy imposed by, this paragraph in cases where such agency determines that such a waiver or reduction is justified.".

(d) The amendments made by this section shall become effective October 1, 1981.

Part B—Eligibility and Benefit Structure

ELIGIBILITY FOR AID TO FAMILIES WITH DEPENDENT CHILDREN BY REASON OF UNEMPLOYMENT OF A PARENT

Sec. 106. (a) Section 407 of the Social Security Act is amended as follows:

(1) the heading is amended to read "DEPENDENT CHILDREN OF UNEMPLOYED PARENTS";

(2) subsection (a) is amended by striking out "his father" and inserting in lieu thereof "the parent who is the principal earner";

(3) subsection (b)(1) is amended (A) by striking out "such child's father" in subparagraph (A) and inserting in lieu theroef "whichever of such child's parents is the principal earner", and (B) by striking out "father" in subparagraph (B) and inserting in lieu thereof "parent";

(4) subsection (b)(2) is amended (A) by striking out "fathers" in subparagraph (A) and inserting in lieu thereof "unemployed parents", and by striking out "father" in subparagraphs (C)(i) and (C)(ii) and in subparagraph (D) and in inserting in lieu thereof "parent described in paragraph (1)(A)";

(5) subsection (c) is amended by striking out "father" both times it appears and inserting in lieu thereof "parent"; and

(6) subsection (e) is amended by striking out "fathers" and inserting in lieu thereof "parents".

(b) Section 407(a) of such Act is amended by striking out "as determined in accordance with standards prescribed by the Secretary" and inserting in lieu thereof "as determined in accordance with regulations of the Secretary specifying a uniform minimum level of monthly earnings that may be expected to be paid for full time employment".

(c) Section 407(b)(1) of such Act is amended (1) by adding "and" after the comma at the end of subparagraph (A), (2) by striking out ", and" at the end of subparagraph (B) and inserting in lieu thereof "; and", and (3) by striking out subparagraph (C) (requiring prior recent employment or receipt of unemployment compensation).

(d) Section 407(d) of such Act is amended to read as follows:

"(d) For purposes of this section, the term 'parent who is the principal earner', in the case of any child, means whichever parent, in a home in which both parents of such child are living, earned the greater amount of income in the six-month period the last month of which immediately precedes the month in which an application is filed for aid under this part on the basis of the unemployment of a parent (unless the other parent is designated as 'the parent who is the principal earner' in accordance with rules prescribed by the Secretary to avoid hardship or consider unusual family circumstances), if and for each consecutive month for which the family receives such aid on that basis.".

(e) Section 402(a)(19)(A) of such Act is amended—

(1) by striking out "mother" in clause (v) and inserting in lieu thereof "parent";

(2) by striking out "mother or other female caretaker of a child," in clause (vi) and inserting in lieu thereof "the parent or other caretaker of a child who is deprived of parental support or care by reason of the death, continued absence from the home, or physical or mental incapacity of a parent,", and by striking out "the father or another adult male relative" in such clause and inserting in lieu thereof "another adult relative".

3(A) by striking out "or" at the end of clause (v),

(B) by striking out the semicolon at the end of clause (vi) and inserting in lieu thereof "; or", and

(C) by inserting after clause (vi) the following new clause:

"(vii) the parent of a child who is deprived of parental support or care by reason of the unemployment of a parent, if the other parent (who is the principal earner, as defined in section 407(d)) is not excluded by this paragraph;"; and

(4) by striking out (in the matter following the numbered clauses)—

(A) "her option" and inserting in lieu thereof "his or her option",

(B) "if she so desires" and inserting in lieu thereof "if he or she so desires",

(C) "to her" and inserting in lieu thereof "to him or her", and

(D) "she should decide" and inserting in lieu thereof "he or she should decide".

(f)(1) Section 407(b)(1) of such Act (as amended by the preceding provisions of this section) is further amended by striking out "when—" and all that follows and inserting in lieu thereof the following: "when whichever of such child's parents is the principal earner has not without good cause, within such period (of not less than thirty days) as may be prescribed by the Secretary, refused a bona fide offer of employment or training for employment; and".

(2) Section 407(c)(A) of such Act is amended (A) by striking out ", (i) for any part of the thirty-day period referred to in subparagraph (A) of subsection (b)(1), or (ii)", and (B) by striking out "subparagraph (B) of such subsection" and inserting in lieu thereof "subsection (b)(1)".

(g) Section 407(b)(2)(C) of such Act is amended—

(1) by striking out "; and" at the end of clause (ii) and inserting in lieu thereof a comma; and

(2) by adding at the end thereof (after and below clause (ii)) the following:

"except that even though the parent who is the principal earner is not registered as described in clause (i), such clause shall not operate to deny aid to families with dependent children to any child or relative if the other parent is so registered, but in any such case the needs of the parent who is the principal earner shall not be taken into account in determining the amount of such aid; and".

(h) The amendments made by subsections (a), (b), and (c) (other than paragraph (3) thereof), (d), and (e) shall become effective upon enactment or on October 1, 1979, whichever is later; and the amendments made by subsections (c)(3), (f), and (g) shall become effective October 1, 1981.

DEFINITION OF DEPENDENT CHILD; MANDATORY COVERAGE OF CERTAIN INDIVIDUALS

SEC. 107. (a)(1) Section 406(a)(2) of the Social Security Act is amended by striking out "a student" and all that follows and inserting in lieu thereof the following: "a student (i) regularly attending an elementary or secondary school or (ii) attending on a full-time basis a school, college, or university or a course of vocational or technical training designed to fit him for gainful employment;"

(2) Section 406 of such Act is further amended by striking out "dependent children" in the portion of subsection (b) that precedes clause (1) and inserting in lieu thereof "dependent children, or a pregnant woman who, upon the birth of the child, would become eligible for aid to families with dependent children".

(b) Section 402(a) of such Act is amended by inserting immediately before paragraph (15) the following new paragraph:

"(14) provide for furnishing aid under the plan to (A) dependent children described in section 406(a) (or, at the option of the State, such children other than those specified in section 406(a)(2)(B)(ii)), (B) pregnant women referred to in the first sentence of section 406(b), (C) dependent children deprived of parental support or care by reason of the unemployment of a parent in accordance with section 407, and (D) the caretaker relative of a dependent child with whom such child is living, and, if the child is deprived by reason of the incapacity or unemployment of a parent, both the father and the mother;".

(c) The amendments made by this section shall become effective October 1, 1981.

BENEFIT STANDARDS

SEC. 108. (a)(1) Effective with respect to months after December 1980, section 402(a) of the Social Security Act is amended by inserting immediately after paragraph (16) the following new paragraph:

"(17) provide—

"(A) that the State agency shall make monthly payments to each family with dependent children in an amount determined by subtracting, after the application of paragraphs (7) and (8), the monthly income of the family (other than amounts provided under this part) from its monthly cash needs standard (as established by the State under subparagraph (B) of this paragraph) or, at the option of the State, from its payment standard (as so established);

"(B) that, with respect to each month in which payments are determined under this paragraph, the State shall establish for any family with dependent children—

"(i) a monthly cash needs standard, and

"(ii) a monthly payment standard specifying the amount of aid to families with dependent children that the family would receive for such months under the plan (regardless of whether it did) if it had no other income,

such that, in the case of any such family with no income other than income under this part (and reducing such income only by the applicable standard deduction specified in section 5(e) of the Food Stamp Act of 1977), each of such standards (whether or not they are the same), when added to the value of the monthly allotment of food stamp coupons under the Food Stamp Act of 1977, will equal an amount that is not less than 60 per centum of the income poverty guidelines (as defined in section 414) for a family with the same number of members as such family, except that the value of the monthly allotment of food stamp coupons (as described in section 414) in the case of any family shall be considered to be the value of the allotment which such family would receive if it were considered a household with no income (except under this part) for purpose of the Food Stamp Act of 1977 (whether it is actually living alone or with one or more other persons or families)".

(2) Effective with respect to months after September 1981, section 402(a)(17)(B) of such Act (as added by paragraph (1) of this subsection) is amended by striking out "60 per centum" and inserting in lieu thereof "65 per centum".

(b) Effective October 1, 1981, section 402(a)(1) of such Act is amended to read as follows:

"(1) provide that the plan shall be in effect in all political.subdivisions of the State, and, if administered by them, be mandatory upon them; except that the State, in accordance with the Secretary's regulations, may vary its monthly cash needs standard or its monthly payment standard or both (but not below the minimum established under paragraph (17)) with respect to families with dependent children so as to take into account differences in the cost of living in different geographical regions of the State, but—

"(A) the State may take into account no more than six levels of such cost with respect to such families, and

"(B) the monthly cash needs standard and the monthly payment standard must each be the same for all families with dependent children which are of the same size and are living within the same geographical region of the State;".

(c)(1) Notwithstanding section 402(a)(1) of the Social Security Act, as amended by subsection (b) of this section, a State plan for aid and services to needy families with children shall not be regarded as failing to comply with the requirements imposed under part A of title IV of such Act if such plan—

(A) provides that, with respect to a family that received aid for September 1981 under such plan, the payment standard as defined in paragraph (2) which was applicable to the determination of the amount of aid payable to such family may continue to apply and be treated as the monthly payment standard established pursuant to the amendments made by this section (but only if and for so long as it is greater than the applicable monthly cash needs standard established pursuant to such amendments) for that period of consecutive months during which such family is continuously eligible for such aid, and the expenditures resulting from the application of such standard shall be considered expenditures for aid to families with dependent children under such plan; or

(B)(i) takes into account, for no more than forty-eight months following the effective date of this section, a greater number of levels of cost of living in different geographical regions of the State than would be permitted under the amendment made by subsection (b), but only if the State, by an amendment approved by the Secretary of Health, Education, and Welfare to its plan approved under part A of title IV of such Act, demonstrates that it is making substantial progress in reducing the number of such levels so that, by the expiration of such forty-eight months, it will comply with the amendment made by subsection (b); or

(ii) takes into account a greater number of levels of cost of living in different geographical regions of the State than would be permitted under the amendment made by subsection (b), but only to the extent that such greater number is approved by the Secretary of Health, Education, and Welfare upon a finding that good cause exists for the continued use under the plan of such State of such greater number of levels.

(2) For purposes of paragraph (1)(A), the term "payment standard" with respect to a family that received aid to families with dependent children for September 1981 means the amount of such aid that such family would have received (regardless of whether it did) for such month if it had no other income.

(d) The Secretary of Health, Education, and Welfare shall conduct a study of (1) the desirability and feasibility of raising the minimum benefit amount under the aid to families with dependent children program, and (2) the desirability and feasibility of alternatives to the existing matching formulas under that program (including an alternative formula which would adequately reflect the tax capacity of the various States). The Secretary shall submit a report to the Congress not later than one year after the date of the enactment of this Act containing his findings and any recommendations for legislation for implementing such findings.

INCOME POVERTY GUIDELINES; ADJUSTMENT FOR CHANGES IN THE CONSUMER PRICE INDEX

SEC. 109. (a) Part A of title IV of the Social Security Act is amended by adding at the end thereof the following new section:

"INCOME POVERTY GUIDELINES; ADJUSTMENT FOR CHANGES IN THE CONSUMER PRICE INDEX

"SEC. 414. (a) As used in this part, the term 'income poverty guidelines' with respect to any State means the income poverty guidelines for the nonfarm population of the United States as prescribed by the Office of Management and Budget (and adjusted annually pursuant to section 625 of the Economic Opportunity Act of 1964) as applicable to such State, and, for purposes of section 402(a), the income poverty guidelines applicable to any period shall be determined (and adjusted) as follows:

"(1) for the nine months beginning with October 1979, the income poverty guidelines prescribed for 1979 will be applied, after being (A) increased by an amount equal to the product of those guidelines and the ratio of (i) the Consumer Price Index for all urban consumers for December 1978, to (ii) such index for December 1977, and (B) thereafter rounded, when not a multiple of $10, to the nearest multiple of $10, or, if a multiple of $5, increased to the next higher multiple of $10;

"(2) for the twelve months beginning with July 1980, the income poverty guidelines prescribed for 1980 will be applied, after being (A) increased by an amount equal to the product of those guidelines and the ratio of (i) the Consumer Price Index for all urban consumers for December 1979, to (ii) such index for December 1978, and (B) thereafter rounded as described in paragraph (1)(B); and

"(3) for the twelve months beginning with July 1981, the income poverty guidelines prescribed for 1981 will be applied, after being (A) increased by an amount equal to the product of those guidelines and the ratio of (i) the Consumer Price Index for all urban consumers for December 1980, to (ii) such index for December 1979, and (B) thereafter rounded as described in paragraph (1)(B).

"(b) For purposes of section 402(a)(8)(E) and, in the case of paragraph (3), section 402(a)(17), the monthly allotment of food stamp coupons under the Food Stamp Act of 1977 will be determined—

"(1) for the nine months beginning with October 1979, by reference to the allotments that would have been provided at differing income levels during the period of January through June 1979,

"(2) for the twelve months beginning with July 1980, by reference to such allotments during the period January through June 1980, and

"(3) for the twelve months beginning with July 1981, by reference to such allotments during the period January through June 1981.

"(c) For each twelve-month period beginning with July of any year after 1981, the income poverty guidelines and the monthly allotment of food stamp coupons shall be determined (and adjusted) in the same manner as described in subsections (a) and (b).".

(b) The amendment made by subsection (a) shall become effective upon enactment.

RIGHTS AND RESPONSIBILITIES OF APPLICANTS AND RECIPIENTS

SEC. 110. (a) Section 402(a)(4) of the Social Security Act is amended to read as follows:

"(4) include provisions assuring the rights of all applicants and recipients of aid under the plan, and setting forth the responsibilities of such applicants and recipients, as required by section 415;".

(b) Part A of title IV of such Act (as amended by the preceding provisions of this Act) is further amended by adding at the end thereof the following new section:

"RIGHTS AND RESPONSIBILITIES OF APPLICANTS AND RECIPIENTS

"SEC. 415. (a) The Secretary shall prescribe regulations to assure, and each State plan approved under this part shall include provisions consistent with such regulations to assure within the State, that—

"(1) every individual in a State with a plan approved under this part who either makes in person (at any location designated to receive applications for aid under such plan) or sends in written form (received at such location) what may reasonably be interpreted as a request for aid under such plan shall be deemed to have filed an application for such aid on the same day such request is made or reecived;

"(2) the application form shall (A) be approved by the Secretary, (B) require only such information as the Secretary determines to be necessary to the administration of this part and the State plan (and other programs administered by the State agency where common application forms are used), (C) be available in any language which is the principal language of 10 per centum or more of the members of the eligible and potentially eligible families in the State agency's service area, (D) contain a description in understandable terms and in prominent and boldface lettering of the applicable civil and criminal sanctions for failure of applicants and recipients to comply with the provisions of this part and the applicable provisions of the State plan, (E) specify or furnish as attachments a clear description of the rights of applicants and recipients under this part and such plan, (F) be made available for public distribution, accompanied by instructions for the filling out of the application and detailed information about the eligibility requirements, scope, and benefits of such plan and the program under this part, and (G) include where required the provisions necessary for each adult member of the family to make the assignment and enter into the agreement required by section 402(a)(26); and verification of the information essential to determining eligibility shall be made using standard methods of verifying information which are the least intrusive possible, and only after advising the applicant of all types of contacts that might be made so that the applicant might determine whether the necessary information can be provided to make such contacts unnecessary or whether the applicant would prefer to withdraw the application;

"(3) each applicant may be represented or assisted in any part of the application or hearing process by any adult claiming to be a member of the family, or by any adult other than a member of the family (including a lawyer) so long as that adult has been clearly designated as the representative of the family for that purpose by an adult member of the family for that purpose by an adult member of the family or a nonmember adult for a family that contains no adult member able to file;

"(4) each applicant may receive and return application forms by mail or delivery;

"(5) appropriate means and procedures are established for determinations of eligibility in those cases in which no adult member of the family is able to appear in person because of age or physical or mental handicap, or because of the location or hours of operation of the office designated to receive applications for aid under the plan in the political subdivision in which such family resides;

"(6) a determination on the application will be made promptly and, in any event, notice of the determination (and first payment of aid, if the family is found to be eligible) will be sent to the applicant within a period of no more than thirty days following the date of the application; but such thirty-day period shall not be used as a waiting period before making payment under the plan or as a basis for denying payment;

"(7)(A) if a determination cannot be made within thirty days (for reasons other than the failure or refusal of the applicant or other family member to cooperate or to take other reasonable actions necessary to such determination), payment shall be made within five days (after the thirtieth day) even in the absence of all the information essential to the determination of eligibility and the amount of payment so long as that absence is not directly attributable to action or inaction on the part of the family and there is no documented reason to believe that the family is ineligible or should not receive the highest amount to which it would be entitled by virtue of its composition, size, and income.

"(B) such aid (on the basis of presumptive eligibility as described in subparagraph (A)) will be paid for two months in the case of a child deprived by reason of the unemployment of a parent (as defined in section 407(a)) or for three months in the case of any other dependent child, or until a determination is made under paragraph (6) if earlier, and at the end of this period the State agency must make a final decision with respect to which a hearing may be requested pursuant to paragraph (10), and

"(C) if the individual or family is determined to be ineligible (or eligible for a lesser amount) after the payment of aid on the basis of presumptive eligibility, the payments made shall not (in the absence of any fraudulent act or statement) be considered to be incorrect payments and no recovery will be made;

"(8) the notice under paragraph (6) shall state the action taken on the application and the reasons for and specific legal basis (including citation of applicable law and regulation) for such action, and shall explain the family's right to and the manner in which it can request a hearing pursuant to paragraph (10) if it is dissatisfied with the action;

"(9) in case determination is made to terminate, suspend, adjust (for overpayment), withhold, or reduce payment to a recipient family, such family shall be mailed a written notice that such action is to occur at least 10 days before the date such action is to become effective (except that if such action is taken by reason of a report provided by the recipient or another member of the recipient's family or by reason of his failure to file timely a requested report, the notice and explanation of the action shall be sent so as to arrive not later than the date regularly designated for delivery of the payment affected by such action), which notice shall include a statement of the action to be taken, the reasons for and specific legal basis (including citation of applicable law and regulation) for such action, the family's right to and the manner in which it can request a hearing pursuant to paragraph (10)), and the circumstances under which payment will be continued if a hearing is requested;

"(10) a hearing pursuant to paragraph (12) shall be granted to any family that requests a hearing by way of a clear expression in writing, or orally (confirmed in writing), by a member of that family or its representative pursuant to paragraph (3) to the effect that the family wants the opportunity to contest the determination, if that expression occurs within 90 days after notice of the determination is mailed to the family or after failure to mail such determination within the time required by paragraph (6), or after a determination affecting the manner of payment under this title, unless that request for hearing is withdrawn in writing by the family or its representative or the hearing is abandoned because, without good cause, the family fails to appear by a member or its representative at the time scheduled for such hearing, or the sole issue for hearing is one of State or Federal law (or change therein) requiring automatic action for classes of recipient families and not one of incorrect payment computation;

"(11) if the family requests a hearing based on the notice referred to in paragraph (9) no later than ten days after the date on which the adverse action is taken, payment shall be either continued in full (where the request is made on or before that date) or reinstated in full in as short a time as is possible but in any event within five days, and the action shall be revoked, both until the hearing decision is issued and subject to recovery or adjustment of any overpayment if such action is sustained thereafter in the hearing process, unless, prior to the hearing, there is a determination that the sole issue for hearing is one of State or Federal law (or change therein) and not one of incorrect payment computation;

"(12) the hearing shall—

"(A) be conducted by the State at a reasonable time, date, and place with adequate preliminary written notice to the requesting family, and the State may, with the consent of the individuals affected, consolidate individual requests for hearing into a single group hearing if the sole issue for hearing involved in those requests is one of State or Federal law (or change therein);

"(B) involve opportunity for the requesting family or its representative, including legal counsel, to (i) examine and copy, without charge, at a reasonable time before the date of the hearing as well as during the hearing, all documents, records, and other material (including material in the family's case file) to be relied upon at the hearing in support of the action, and an opportunity to examine and copy at a reasonable time prior to the hearing all documents relating to the family which are not protected from disclosure under section 552a of title 5, United States Code, (ii) present its views, evidence (including witnesses), and arguments on all pertinent facts and circumstances in the matter, without undue interference, to the State or to an individual designated by the State as a hearing officer meeting standards established by the Secretary, (iii) compel the attendance at such hearing of any witness employed by the State upon a showing that such witness may possess factual information relevant to the issues involved, (iv) confront and cross-examine adverse witnesses upon whose evidence the action taken is based in whole or in part, (v) question or refute any testimony or evidence, (vi) prevent attendance at the hearing or any portion of the hearing by any person not essential to the conduct of the hearing, and (vii) if the individual's medical condition is at issue, obtain prior to the hearing a medical assessment at agency expense from a source satisfactory to the agency and the requesting family;

"(C) result in issuance and mailing to the family of a revised determination reaffirming or modifying the initial action which revised determination shall be based exclusively on evidence and other material introduced at the hearing (which shall constitute the hearing record and shall be available to the family or its representative at a reasonable time in an accessible place), shall be accompanied by an explanation of the reasons for that revised determination, including a summary of the facts and identification of the supporting evidence, law, and regulation, and the manner, if any, by which the family can appeal such determination through State processes, and shall be accessible to the public with all identifying information deleted; and

"(D) lead to prompt, definitive, and final administrative action to implement the revised determination by making or not making payment within 90 days from the date of the request for a hearing pursuant to paragraph (9), unless such action is delayed to allow additional time to the family at its request;

"(13) replacement of lost or stolen payment checks will occur as swiftly as possible when requested at least 3 days and not more than 30 days after regular due date of the check involved, but in no event in more than 5 days from the date of the request for such replacement;

"(14) no information collected pursuant to this part with respect to any member of any applicant or recipient family or any such family identified by name or address will be maintained in records in any form beyond a reasonable period of time after such member ceases to be a member of such a family or after such family ceases to be a recipient family under the plan; and

"(15) in every respect not otherwise specified by the provisions of this section, there will be full compliance with the provisions of the Privacy Act of 1974 and section 552a of title 5, United States Code (with the State being deemed for this purpose to be a Federal agency within the purview of that Act with respect to information concerning applicants for and recipients of aid under its approved State plan), and with the provisions of section 6103 of the Internal Revenue Code of 1954.

"(b) The Secretary shall, in carrying out subsection (a), consult with the Secretary of Agriculture for the purpose of assuring that this section is administered, to the maximum extent practicable, in the same manner as are similar provisions of the Food Stamp Act of 1977 which deal with the rights and responsibilities of applicants and recipients under that Act.

"(c) For purposes of this section, an application is effective as provided in section 402(a)(21)(A)(i), and is an application for aid for each month beginning with the month before the month in which it is filed and ending with (1) the month in which the State agency denies the application, (2) the sixth consecutive month in which no aid is payable to the family if the family had previously been determined to be eligible, or (3) the month in which the application is withdrawn (in accordance with such rules as the State agency may prescribe), whichever occurs first. Thereafter payments under the plan may be made only upon the filing of a new application, except that information and evidence received in connection with the filing of a prior application shall be considered in determining eligibility based on any new application.".

(c) Section 402(a)(10) of such Act is repealed.

(d) The amendments made by this section shall become effective October 1, 1981.

PERIOD FOR DETERMINATION OF AID; TIMES AT WHICH PAYMENT MUST BE MADE

SEC. 111. (a)(1) Section 402(a) of the Social Security Act is amended by inserting immediately after paragraph (20) the following new paragraph:

"(21) provide that—

"(A)(i) an application for aid under the plan will be effective beginning no later than the month preceding the month in which it is filed, except that, if the application is filed after the first day of a month, the State agency may reduce the payment (that would otherwise be payable) for the preceding month by an amount equal to that payment multiplied by the ratio of (I) the number of days elapsed in the month of application prior to the filing of such application, to (II) thirty, and

"(ii) the needs of an individual will be taken into account for each month for which the application is effective in making the determination under paragraph (7) if, on the last day of such month, he met the requirements under the plan for having his needs so treated;

"(B)(i) the State agency will determine a family's eligibility for aid and the amount of such aid for each month, and, with respect to any month, the determination shall be made after the close of such month at such time or times as the Secretary may by regulation prescribe, except that

"(ii) for purposes of determining eligibility for or amount of aid to be paid for the month in which the application is filed, or the month (or any part thereof) preceding the month of application, income received before the day of application, and family composition and the amount of its resources to the extent there have been changes occurring between the first day of the month preceding the month of application and the last day of the month of application, will be treated in accordance with such rules as the Secretary may prescribe consistent with subsection (d);

"(C) payment of no less than half the monthly amount for which a family is found eligible will (upon the family's request) be paid at the time the initial determintaion of eligibility is made if the regularly designated day for delivery of benefit checks in that month is more than seven days thereafter;

"(D) the day regularly designated for delivery of checks (of at least one-half the monthly amount payable) shall occur within the month (and by such date as the Secretary may require) following the month for which payment is made;

"(E) in the case of a dependent child described in section 407(a), such child (and his relative and any other individual, living in the same home as such child and relative, whose needs are taken into account in making the determination under paragraph (7)) shall be eligible for any month after the first two months only if the Secretary of Labor certifies (with respect to such month) that neither parent of such dependent child is employed or in training in accordance with part C or that an employment or training opportunity has not been (or will not be, with respect to such month) made available to the parent who is the principal earner, or the Secretary fails to transmit any such certification;".

(2) Section 402 of such act is amended by adding at the end thereof the following new subsection:

"(d) The Secretary shall by regulation prescribe rules for determining eligibility for and amount of aid to families with dependent children for the month in which the application is filed and the preceding month. Such rules shall—

"(1) provide for a transition to the rules for determining eligibility and benefit amount for subsequent months in accordance with subsection (a)(21)(B)(i), and

"(2) assure that such determination will take into account any changes in income, resources, or family composition that may have occurred since the beginning of the month preceding the month of application,

to the end that payments for the month of application and the preceding month will respond to the family's need for aid in such months.".

(b) Section 402(a) of such act (as amended by subsection (a)(1) of this section) is further amended by inserting after paragraph (21) the following new paragraph:

"(22) provide (A) that, with respect to each recipient of aid, all facts affecting eligibility will be reviewed by the State agency at intervals of no more than twelve months, and (B) such rules requiring prompt reporting, by applicants for and recipients of aid, of information pertaining to family composition, income, resources, and any other matters affecting eligibility for or amount of aid as the Secretary may prescribe;".

(c) The amendments made by this section shall become effective October 1, 1981, or, with the approval of the Secretary, at such earlier date (not before October 1, 1979) as the State may select; except that a State plan approved under part A of title IV of the Social Security Act shall not, during the twelve-month period beginning with October 1981 (or such earlier month (not before October 1979) as the State selects), be regarded as failing to comply with the requirements contained in section 402(a) (21) or (22), and the amount payable to any State shall not be decreased, solely because the plan fails to comply with such requirements if the Secretary determines that the State is taking all necessary steps, during the redetermination process, to adjust the time at which determinations of eligibility and payment amount are made and that the State will have completed such adjustments with respect to all recipients of aid under such plan by the close of such twelve-month period.

(d) Each State agency administering (or supervising the administration of) a State plan approved under part A of title IV of the Social Security Act shall make a transitional payment in the first month for which are effective the amendments made by this section requiring that determinations of aid under the plan for a month be made after the close of that month. The transitional payment shall be made with respect to each child (and relative and other individual living in the same home) eligible for aid for the month preceding the month in which such transitional payment is made and shall be in an amount equal to the benefits paid for such preceding month. If the day regularly designated for delivery of benefit checks under the State plan in months after the month in which the transitional payment is to be made is later than the tenth day of the month, the transitional payment shall be increased by an amount equal to such payment multiplied by the fractional part of the month that elapses up to and including such delivery day. The Secretary of Health, Education, and Welfare shall prescribe rules concerning the amount and timing of transitional payments in States that, for months prior to the effective date of this section, make payments of aid to families with dependent children on more than a single regular delivery date in order to achieve a result in such States comparable to that described in the preceding sentence. A transitional payment made under this section shall be deemed to be a payment of aid to families with dependent children, and the amount of the increase, if any, by reason of the regular delivery date occurring after the tenth day of the month, shall not be counted as income under any Federal or State program.

EMPLOYMENT REQUIRED AND SERVICES RELATED TO EMPLOYMENT

SEC. 112. (a) Section 402(a)(19) of the Social Security Act is amended—

(1) by striking out "manpower services" in subparagraph (A) and inserting in lieu thereof "employment and training services";

(2) by striking out the semicolon at the end of subparagraph (A) and inserting in lieu thereof the following: ", and that, for purposes of this paragraph, good cause for refusing to participate in a work incentive program or to accept employment shall be considered to exist, in addition, to any other cases specified by the Secretary of Labor, in any case in which an individual's participation in such program or acceptance of such employment would result in a reduction in his income (as defined in section 412, but including, pursuant to regulations of the Secretary of Labor, governmental benefits payable in a form other than cash";

(3) by striking out "the Secretary of Labor" in subparagraph (B) and inserting in lieu thereof "a work incentive program";

(4) by striking out "to the Secretary of Labor" in subparagraph (F);

(5) (A) by striking out "and for so long as" in subparagraph (F), and

(B) by striking out "aid for any dependent child in the family" in clause (i) of such subparagraph and inserting in lieu thereof "aid paid for any dependent child in the family may be paid", and by striking out "will be made" in such clause;

(6) by striking out the portion of subparagraph (F) that follows clauses (i) through (iv) and inserting in lieu thereof the following:

"except that the State agency shall not take the action described in clause (i), (ii), (iii), or (iv), as may be appropriate, until after a period of thirty days following its receipt of a notice of such refusal, and such action shall thereafter continue in effect for forty-five days, or until the agency receives a notice rescinding the prior notice of refusal, whichever is later;"; and

(7) by striking out subparagraph (G) and inserting in lieu thereof the following:

"(G) that the State will have in effect a work incentive program under part C, as part of which an administrative unit (which shall be designated by the Governor and the employees of which, to the maximum extent feasible, perform services only in connection with such program) (i) will provide (directly or through arrangements with others) to individuals who have been registered pursuant to subparagraph (A) such health, vocational rehabilitation, counseling, child care, and other social and supportive services as are necessary to enable such individuals to accept a job or participate in employment and training services in accordance with part C, (ii) will, when arrangements have been made to provide necessary supportive services, including child care, certify to the work incentive program those individuals who are ready to participate in employment and training in accordance with part C, (iii) will participate in the development of the employability plan under section 433(b)(3) for each individual registered pursuant to subparagraph (A), and (iv) will assure, for purposes of clause (i), that when more than one kind of child care is available to enable the parent to participate in employment and training, the parent may choose the type of, but may not refuse to accept, available child care services;".

(b) Section 403(c) of such Act is amended by striking out "to the local employment office of the State".

(c) Section 407(b)(2)(C)(i) of such Act is amended by striking out "and for so long as".

(d) The amendments made by this section (other than by subsection (a) (5) and (6) and subsection (c)) shall become effective October 1, 1981; and the amendments made by subsection (a) (5) and (6) and subsection (c) shall become effective October 1, 1979.

ASSISTANCE TO MEET EMERGENCY NEEDS

SEC. 113. (a) Part A of title IV of the Social Security Act (as amended by the preceding provisions of this Act) is further amended by adding at the end thereof the following new section:

"ASSISTANCE TO MEET EMERGENCY NEEDS

"SEC. 416. (a) As used in this part—

"(1) The term 'emergency needs' means any extraordinary expense or need of a family caused by or arising from an accident, natural disaster, or other event of unpredictable, uncontrollable, or nonroutine character that cannot be satisfied by the other income or available resources of the family.

"(2) The term 'eligible family' means—

"(A) any family with children which (in the month in which the emergency needs exist) receives aid to families with dependent children, and

"(B) at the option of the State, any other family with children which (in such month) has gross income not exceeding twice the income poverty guidelines (as defined in section 414) for a family of the same size, and the value of whose resources (other than those which would be excluded if the family were receiving aid to families with dependent children) does not exceed such limit as the State may prescribe consistent with paragraph (4).

A family the value of whose resources (described in subparagraph (B)) exceeds the limit prescribed by the State may be considered an eligible family for assistance to meet emergency needs in the amount for which it would otherwise be eligible, reduced by the value of its resources in excess of such limit.

"(3) The term 'assistance to meet emergency needs' means assistance, in the form of money payments, vendor payments, or assistance in kind or in such other form as the State agency finds appropriate, to any member of an eligible family (as defined in paragraph (2)).

"(4) For purposes of paragraph (2), the State may set a limit on the value of family's resources that does not exceed (A) $1,750, or (B) such greater amount as is specified, in accordance with section 412(b), in the State plan approved under this part.

"(b) There is authorized to be appropriated $200,000,000 for fiscal year 1982, and such sums as may be necessary for each fiscal year thereafter, for payments under section 403(a)(5) to States for assistance to meet emergency needs.".

(b) Section 402(a) of such Act is amended by inserting immediately after paragraph (12) the following new paragraph:

"(13) provide that assistanace to meet emergency needs will be furnished in accordance with criteria prescribed by the State that specify (A) those eligible families to whom and the circumstances under which such assistance will be furnished, and (B) the limits on the duration and amount of such assistance;".

(c) Section 403(a) of such Act is amended by striking our paragraph (5), and by inserting in lieu thereof the following:

‘In the case of any State providing assistance to meet emergency needs—

"(5)(A) the Secretary shall pay to such State for each fiscal year an amount equal to the sum of—

"(i) one-half the amount appropriated for payments under this paragraph for such fiscal year multiplied by the ratio of (I) the number of recipients of aid to families with dependent children under the plan of such State, to (II) the number of such recipients in all the States to which this paragraph applies, and

"(ii) one-half the amount appropriated for such purpose multiplied by the ratio of (I) the non-Federal share of expenditures for aid to families with dependent children under the States' plan approved under this part, to (II) the non-Federal share of expenditures for such aid under the plans of all the States to which this sentence applies;

and for purposes of determining the number of recipients in any State (or in all the States), or the amount of the non-Federal share of expenditures under the plan approved under this part in any State (or for all the States), the numbers for the most recent preceding year for which the Secretary determines that satisfactory data are available shall be used;

"(B) if the amount paid in any fiscal year to a State under subparagraph (A) is not expended in such year for assistance to meet-emergency needs, the State may retain one-third of the amount not expended, for use for such purpose in the subsequent fiscal year;

"(C) any amounts paid under subparagraphs (A) in any fiscal year, and neither expended in that year nor retained by the State under subparagraph(B), shall, to the extent such amounts do not exceed 5 per centum of the total amount appropriated for carrying out this section in such year, remain available for payment by the Secretary to any State or States that, in accordance with such criteria as he finds relevant, will have need of additional amounts for assistance to meet emergency needs in subsequent fiscal years; and

"(D) if the amount that a State receives in any fiscal year under the preceding provisions of this paragraph is less than the amount it received for the fiscal year 1979 under this paragraph (as in effect for that year), the Secretary shall pay to such State an additional amount (from amounts available to him under subparagraph (C), and, if necessary, from amounts appropriated pursuant to section 401) so that the total paid under this paragraph equals the amount paid in the fiscal year 1979.".

(d) Section 412(a)(8) of such Act (as added by section 101(b) of this Act and redesignated by section 104(a)) is amended to read as follows:

"(8) assistance to meet emergency needs furnished under section 402(a)(13); and".

(e) Section 406(e) of such Act is repealed.

(f) The amendments made by this section shall become effective October 1, 1981.

PART C—FEDERAL FINANCIAL PARTICIPATION; ADMINISTRATIVE IMPROVEMENTS; RELATED AMENDMENTS

INCREASED FEDERAL FINANCIAL PARTICIPATION

SEC. 115. (a) Effective with respect to calendar quarters beginning on or after January 1, 1981, section 403(a) of the Social Security Act is amended by inserting after paragraph (3) the following new paragraph:

"(4) in the case of any State other than Puerto Rico, the Virgin Islands, and Guam, and amount equal to 10 per centum of the difference between—

"(A) the total amounts expended during such quarter as aid to families with dependent children under the State plan, and

"(B) the total of the amounts determined under paragraph (1) or section 1118 with respect to those expenditures for such quarter.".

(b) Effective with respect to calendar quarters beginning on or after October 1, 1981, section 403(a)(4) of such Act (as added by subsection (a) of this section) is amended by striking out "10 per centum" and inserting in lieu thereof the following: "10 per centum, in cases involving a dependent child as defined in section 406(a) (or a woman described in section 406(b)), and 30 per centum in cases involving a dependent child as defined in section 407,".

LIMITATION OF FISCAL LIABILITY OF STATES

SEC. 116. (a) Part A of title IV of the Social Security Act (as amended by the preceding provisions of this Act) is further amended by adding at the end thereof the following new section:

"LIMITATION ON FISCAL LIABILITY OF STATES

"SEC. 417. (a)(1) If, in fiscal year 1982 or in any of the following four fiscal years (or in fiscal year 1981 to the extent provided in subsection (f)), a State's allowable expenditures for aid to families with dependent children (as defined in subsection (b)(1)) exceed 95 per centum of its fiscal liability base (as defined in subsection (b)(2)), the Secretary shall pay to such State for such fiscal year, in addition to the amounts determined under section 403 (or section 1118) for quarters in such fiscal year, an amount equal to such excess.

"(2) The Secretary shall pay to each State which receives a payment under paragraph (1) for fiscal year 1986, in addition to the amounts determined under section 403 (or section 1118), an amount equal to the following percentages, with respect to the specified fiscal year, of the amount of such payment for fiscal year 1986:

"(A) for fiscal year 1987, 100 per centum;

"(B) for fiscal year 1988, 67 per centum; and

"(C) for fiscal year 1989, 33 per centum.

"(3) As a condition of any State receiving a payment under paragraph (1) or (2) of this subsection the State must agree that it will pay to any political subdivision thereof which participates in the State's allowable expenditures for aid to families with dependent children a portion of such payment that bears the same ratio thereto as such political subdivision's expenditures bear to the total of such State expenditures.

"(b) For purposes of this section—

"(1) the term 'allowable expenditures for aid to families with dependent children' with respect to any State for fiscal year 1982, or any of the following four fiscal years, means the non-Federal share of expenditures for aid to families with dependent children (as defined in paragraph (4)) multiplied by the ratio (but only if it is less than 1) of—

"(A)(i) the average monthly payment to an individual with no other income (determined in accordance with regulations of the Secretary) for months in fiscal year 1979, adjusted for use in fiscal year 1982 or in such following fiscal year (as defined in paragraph (3)) as the case may be, or

"(ii) if greater, the minimum monthly cash needs standard which may be established consistent with section 402(a)(17)(B), to

"(B) such average monthly payment (as so determined) for months in fiscal year 1982, or in such following fiscal year, as the case may be;

"(2) the term 'fiscal liability base' with respect to any State in a fiscal year means—

"(A) the total expenditures under the plan of that State approved under this part as aid to families with dependent children for the four consecutive quarters beginning with the quarter beginning October 1, 1978, reduced by

"(B) the total of the amounts determined under section 403(a)(1) or section 1118 with respect to those expenditures for such quarters (or, if different, the total of the amounts that would have been determined with respect to such expenditures using the percentages required by such sections for the corresponding quarters in such fiscal year), adjusted as provided in subsection (e);

"(3) an amount is 'adjusted for use in' a particular year when multiplied by the ratio of (A) the Consumer Price Index for all urban consumers for the month of September occurring in the fiscal year for which the amount is to be used or applied by the Secretary, to (B) that Index for September 1979; and

"(4) the term 'non-Federal share of expenditures for aid to families with dependent children' means the total expenditures under the plan approved under this part for quarters in a fiscal year which are included for purposes of determining the amount payable bv the Secretary under section 403(a)(1) or 1118 to such State for quarters in such year, reduced by the amount so determined.

"(c)(1) A State may, for purposes of subsection (a), increase its allowable expenditures for aid to families with dependent children for fiscal year 1982, or any of the following four fiscal years, by an amount equal to—

"(A) the average amount of State expenditures for medical assistance furnished for months in fiscal year 1979 to a family eligible therefor by reason of its receipt of aid to families with dependent children (such amount to be determined in accordance with regulations of the Secretary), adjusted for use in such fiscal year (as defined in subsection (b)(3)), multiplied by

"(B) the excess of—

"(i) the average monthly number of families eligible for medical assistance in such fiscal year under the plan of such State approved under title XIX by reason of their receipt of aid to families with dependent children, over

"(ii) the average monthly number of such families in fiscal year 1979.

"(2) As used in paragraph (1), the term 'State expenditures for medical assistance' with respect to a specified family means the total amount of expenditures for medical assistance furnished to that family under the State plan approved under title XIX, reduced by the amount determined by the Secretary under section 1903(a) with respect to those expenditures.

"(d)(1) A State may, for purposes of subsection (a), increase its allowable expenditures for aid to families with dependent children for fiscal year 1982, or any of the following four fiscal years, by an amount equal to—

"(A) the ratio of (i) total State expenditures for administration of the State plan approved under this part for quarters in fiscal year 1979, adjusted for use in such fiscal year (as defined in subsection (b)(3)), to (ii) the sum of the number of cases for each month in fiscal year 1979 receiving aid under the plan, multiplied by

"(B) the increase (if any) in the sum of the number of cases for each month in such fiscal year over such sum for months in fiscal year 1979.

"(2) As used in paragraph (1), the term 'total State expenditures for administration of the State plan approved under this part' means the total of such expendiures for such year reduced by the amount determined by the Secretary under section 403(a)(3) with respect to such expenditures.

"(e)(1) For fiscal year 1982, a State's fiscal liability base shall be adjusted by multiplying it by the ratio of—

"(A) the total expenditures for aid to families with dependent children in all the States in fiscal year 1981, to

"(B) such total expenditures in fiscal year 1978.

"(2) For fiscal year 1983, and each fiscal year thereafter, a State's fiscal liability base, adjusted as provided in paragraph (1), shall be further modified by—

"(A) multiplying it by the change in (i) the Consumer Price Index for all urban consumers for September 1983 (or such later fiscal year), from (ii) that index for September 1982, and then

"(B) multiplying the resulting product by the 'AFDC–CPI ratio', as defined in paragraph (3).

"(3) The 'AFDC–CPI ratio' is the ratio of—

"(A)(i) the total expenditures for aid to families with dependent children in all the States in fiscal year 1981, divided by

"(ii) such total expenditures in fiscal year 1978, to

"(B)(i) the Consumer Price Index for all urban consumers for September 1981, divided by

"(ii) that index for September 1978.

"(f) Notwithstanding any of the preceding provisions, this section shall apply with respect to the period beginning January 1, 1981, and ending September 30, 1981, as though such period were specified in such provisions and were a full fiscal year; except that the Secretary shall by regulation make such modifications and adjustments in the application of this section to such period as may be necessary to reflect the extent by which such period is less than a full fiscal year.".

(b) The amendment made by subsection (a) shall become effective January 1, 1981.

ADMINISTRATIVE IMPROVEMENTS

SEC. 117. (a) Section 402(a)(5) of the Social Security Act is amended by striking out "proper and efficient operation of the plan" and inserting in lieu thereof the following:

"proper and efficient operation of the plan, including, to the extent and in accordance with regulations prescribed by the Secretary, the establishment of policies pertaining to—

"(A) prospective budget submissions by the State,

"(B) principles or criteria for the establishment of allowable administrative costs and applicable cost allocation rules, "(C) fiscal control procedures which the State will be required to establish, and

"(D) standards to be applied and procedures to be followed in evaluating the State's administrative performance, including quality control procedures, fiscal reports, and access of appropriate Federal officials to State records relating to the administration of the program established under this part;".

(b) The amendment made by subsection (a) shall become effective October 1, 1979.

PROGRAMS FOR MECHANIZED PROCESSING AND MANAGEMENT INFORMATION SYSTEMS

SEC. 118. (a) Section 403(a)(3) of the Social Security Act is amended—

(1) by striking out "and" at the end of subparagraph (A);

(2) by redesignating subparagraph (B) as subparagraph (D); and

(3) by inserting after subparagraph (A) the following new subparagraphs:

"(B) 90 per centum of so much of the sums expended during such quarter as are attributable to the planning, design, development, or installation of statewide mechanized claims processing and information retrieval systems which the Secretary determines (i) will assist in meeting the requirements of section 402(a)(21), or (ii) meet the conditions of section 402(a)(32) and are likely to provide more efficient, economical, and effective administration of the plan and to be compatible with the claims processing and information retrieval systems utilized in the administration of State plans approved under part D of this title or under title XIX, State programs with respect to which there is Federal financial participation under title XX, and administration of the food stamp program under the Food Stamp Act of 1977,

"(C) 75 per centum of so much of the sums expended during such quarter (commencing with the quarter which begins October 1, 1979) as are attributable to the operation of systems (whether such systems are operated directly by the State or by another person under contract with the State) which are of the type described in subparagraph (B) (whether or not designed, developed, or installed with assistance under such subparagraph) and which meet the conditions of section 402(a)(32), and".

(b)(1) Section 402(a) of such Act is amended—

(A) by striking out "and" at the end of paragraph (30);

(B) by striking out the period at the end of paragraph (31) and inserting in lieu thereof "; and"; and

(C) by adding after paragraph (31) the following new paragraph:

"(32) at the option of the State, provide, effective October 1, 1979 (or at the beginning of such subsequent calendar quarter as the State shall elect), for the establishment and operation, in accordance with an (initial and annually updated) advance automatic data processing planning document approved under subsection (e), of an automated statewide management information system designed effectively and efficiently to assist management in the administration of the State plan for aid to families with dependent children approved under this part and, at the option of the State and in accordance with regulations of the Secretary pursuant to subsection (e), in the administration of any other program or programs of such State authorized under this Act, so as (with respect to the State plan approved under this part) (A) to control and account for (i) all the factors in the total eligibility determination process under such plan for aid (including but not limited to (I) identifiable correlation factors (such as social security number, name, date of birth, and sex of an applicant or recipient of such aid and the relative with whom any child (who is such applicant or recipient) is living) to assure sufficient compatibility among the systems of different jurisdictions to permit periodic screening to determine whether an individual is or has been receiving benefits from more than one jurisdiction, and (II) checking records of applicants and recipients of such aid on a periodic basis with other agencies, both intra- and inter-State, for determination and verification of eligibility pursuant to requirements imposed by other provisions of this Act), (ii) the costs, quality, and delivery of funds and services furnished to applicants for and recipients of such aid, (B) to notify the appropriate officials of child support and food stamp programs and medical assistance programs approved under title XIX whenever the case becomes ineligible or the amount of aid or services is changed, and (C) to provide for security against unauthorized access to, or use of, the data in such system.".

(2) Section 402 of such Act (as amended by the preceding provisions of this Act) is further amended by adding at the end thereof the following new subsection:

"(e)(1) The Secretary shall not approve the initial and annually updated advanced automatic data processing planning document, referred to in subsection (a)(32), unless he finds that such document, when implemented, will generally carry out the objectives of the statewide management system referred to in such subsection, and such document—

"(A) provides for the conduct of, and reflects the results of, requirements analysis studies which include consideration of the program mission, functions, organization, services, constraints, and current support of, in, or relating to such system,

"(B) contains a description of the proposed statewide management system referred to in subsection (a), including a description of information flows, input data, and output reports and uses,

"(C) sets forth the security and interface requirements to be employed in such statewide management system,

"(D) describes the projected resource requirements for staff and other needs, and the resources available or expected to be available to meet such requirements,

"(E) includes cost-benefit analyses of each alternative management system, data processing services and equipment, and a cost allocation plan containing the basis for rates, both direct and indirect, to be in effect under such statewide management system,

"(F) contains an implementation plan with charts of development events, testing descriptions, proposed acceptance criteria, and procedures to handle possible failure of a system,

"(G) contains a summary of proposed improvement of such statewide management system in terms of qualitative and quantitative benefits, and

"(H) assures that the State's system will, in accordance with regulations of the Secretary, be compatible with those of the Social Security Administration to facilitate the exchange of data between the State and Federal systems.

"(2)(A) The Secretary shall, on a continuing basis, review, assess, and inspect the planning, design, and operation of, statewide management information systems referred to in section 403(a)(3)(B), with a view to determining whether, and to what extent, such systems meet and continue to meet requirements imposed under such section and the conditions specified under subsection (a)(32) of this section.

"(B) The Secretary shall prescribe rules applicable to statewide management information systems that are used by a State in the administration of its programs authorized under this Act, other than the State's plan approved under this part, to provide for the allocation to each of such other programs of its pro rata share of the cost of (i) the planning, design, development, and installation of such systems, and (ii) the operation of such systems; and none of the amounts so allocated by such regulations shall be included as expenditures for purposes of determining the amount to be paid to such State under section 403.

"(C) If the Secretary finds with respect to any statewide management information system referred to in section 403(a)(3)(B) that there is a failure substantially to comply with criteria, requirements, and other undertakings prescribed by the advance automatic data processing planning document theretofore approved by the Secretary with respect to such system, then the Secretary shall suspend his approval of such document until there is no longer any such failure of such system to comply with such criteria, requirements, and other undertakings so prescribed.".

(c) Part A of title IV of the Social Security Act (as amended by the preceding provisions of this Act) is further amended by adding at the end thereof the following new section:

"TECHNICAL ASSISTANCE FOR DEVELOPING MANAGEMENT INFORMATION SYSTEMS

"SEC 418. The Secretary shall provide such technical assistance to States as he determines necessary to assist States to plan, design, develop, and install, and provide for the security of, the management information systems referred to in section 403(a)(3)(B).".

(d) The amendment made by subsection (c) shall become effective October 1, 1979; and the remaining amendments made by this section shall become effective October 1, 1980.

ASSISTANCE FOR THE DEVELOPMENT OF ADMINISTRATIVE IMPROVEMETNS IN STATE PROGRAMS

SEC. 119. (a) Part A of title IV of the Social Security Act (as amended by the preceding provisions of this Act) is further amended by adding at the end thereof the following new section:

"ASSISTANCE FOR THE DEVELOPMENT OF ADMINISTRATIVE IMPROVEMENTS IN STATE PROGRAMS UNDER THIS PART

"SEC. 419. (a) The Secretary is authorized to make funds available to any State agency responsible for administering or supervising the administration of a State plan approved under this part, to assist such agency in meeting the cost of developing and implementing systems, techniques, or other innovative approaches designed to improve the quality of administration of such plan.

"(b) Payments under this section shall only be made upon the approval by the Secretary of proposals submitted by a State agency described in subsection (a) that are designed to assist in meeting the requirements of section 402(a)(21) or demonstrate a substantial likelihood of achieving comprehensive improvements in the administration of the State's plan approved under this part. Such improvements should relate to one or more of the following administrative objectives:

"(1) improved planning for the manpower needs and supplies of the agency,

"(2) improved accuracy and efficiency of assistance case processing and review,

"(3) increased availability of services to the public, including improvements in accessibility and reduced processing times, and

"(4) other techniques that hold promise for improved administrative effectiveness and efficiency, including particularly those improvements with the potential for adaptation and use by the agencies of other States administering plans approved under this part, and solving administrative problems and strengthening program implementation.

"(c) Payments to States under this section will be available for meeting up to 75 per centum of approved administrative projects, except that no portion of any such payment shall be available for expenses directly related to computer or other mechanized case processing or management information systems or the costs associated with routine administration including expansion of existing administrative capability.

"(d) Of the sums authorized to be appropriated by section 401 for any fiscal year, not more than $50,000,000 shall be available for payments with respect to proposals approved under this section.".

(b) The amendment made by subsection (a) shall become effective October 1, 1980.

CORRECTIVE ACTION REGARDING OVERPAYMENTS AND UNDERPAYMENTS

Sec. 120. (a) Section 402(a) of the Social Security Act (as amended by the preceding provisions of this Act) is further amended—

(1) by striking out "and" at the end of paragraph (31);

(2) by striking out the period at the end of paragraph (32) and inserting in lieu thereof "; and "; and

(3) by adding after paragraph (32) the following new paragraph:

"(33) provide such rules with respect to both the recovery of aid incorrectly paid under the State plan approved under this part and the payment of such aid incorrectly denied or underpaid as the Secretary may by regulation prescribe.".

(b) The amendments made by subsection (a) shall become effective October 1, 1980.

AID TO FAMILIES WITH DEPENDENT CHILDREN RECIPIENT REVIEW

Sec. 121. (a) Section 402(a) of the Social Security Act (as amended by the preceding provisions of this Act) is futher amended—

(1) by striking out "and" at the end of paragraph (32);

(2) by striking out the period at the end of paragraph (33) and inserting in lieu thereof "; and"; and

(3) by adding after paragraph (33) the following new paragraph:

"(34) provide that, at such times and in accordance with such procedures as the Secretary may specify, the State agency will cooperate with the Secretary and with other State agencies administering plans approved under this part in reviewing case records and providing information (in accordance with safeguards prescribed by the Secretary) to verify the identity of applicants for or recipients of assistance and to determine whether an individual is receiving (and, if so, the amount of) (A) aid to families with dependent children under the plan of more than one State, and (B) benefits or other similar payments under any Federal or federally assisted program.".

(b) The amendments made by subsection (a) shall become effective October 1, 1980.

MONITORING AND ASSESSING PERFORMANCE IN THE AID TO FAMILIES WITH DEPENDENT CHILDREN PROGRAM

Sec. 122. (a) Title XI of the Social Security Act is amended by inserting after section 1116 the following new section:

"MONITORING AND ASSESSING PERFORMANCE IN THE AID TO FAMILIES WITH DEPENDENT CHILDREN PROGRAM

"Sec. 1117. (a) The Secretary shall develop and implement measures for monitoring and assessing performance, on an annual or more frequent basis, of the effectiveness of the requirements under part A of title IV for the approval of State plans, and of those plans as implemented in the States, in achieving the stated objectives of that part.

"(b) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of subsection (a) in any fiscal year.".

(b) The amendment made by subsection (a) shall become effective October 1, 1980.

TECHNICAL AMENDMENTS TO INCENTIVE ADJUSTMENTS FOR AID TO FAMILIES WITH DEPENDENT CHILDREN QUALITY CONTROL

Sec. 123. (a) Section 403(j) of the Social Security Act is amended—

(1) by striking out "less than 4 per centum" in paragraph (2) and inserting in lieu thereof "less than 4 per centum, and the State's case error rate of negative actions is less than 3 per centum";

(2) by striking out "if the erroneous excess payments of aid had been at a rate of 4 per centum" and inserting in lieu thereof "if the rate of erroneous payments had been 4 per centum";

(3) by striking out "such rate" each place it appears in subparagraphs (A) through (E) of paragraph (2) and inserting in lieu thereof "such erroneous payment error rate"; and

(4) by striking out the second sentence and inserting in lieu thereof the following:

"For purposes of this subsection—

"(i) the term 'dollar error rate of aid' means the total of the dollar error rate of aid for—

"(I) payments to ineligible families receiving assistance,

"(II) overpayments to eligible families receiving assistance, and

"(III) underpayments to eligible families receiving assistance;

"(ii) the term 'case error rate of negative actions' means the total of the case error rate of aid for—

"(I) applications denied or otherwise disposed of where the reason given for the action is incorrect, and

"(II) assistance cases terminated where the reason given for the action was incorrect or payment was terminated prior to the expiration of the applicable advance notice period; and

"(iii) the term 'erroneous payments' means the total of—

"(I) payments to ineligible families receiving assistance, and

"(II) overpayments to eligible families receiving assistance.".

(b) The amendments made by subsection (a) shall be effective January 1, 1978.

AMENDMENTS TO MEDICAID PROGRAM

Sec. 124. (a) (1) Section 1902(a) (10) of the Social Security Act is amended by striking out "(10) provide—" and inserting in lieu thereof "(10) except as may otherwise be provided in subsection (h), provide—".

(2) Section 1902 of such Act is further amended by adding at the end thereof the following new subsection:

"(h) (1) If a State's plan approved under part A of title IV as in effect on July 23, 1979, did not include provision for paying aid with respect to children deprived of parental support or care by reason of the unemployment of a parent, then (unless such plan as in effect on September 30, 1981, did include such provision) the plan of such State approved under this title may specify that medical assistance will not be provided to such children or to relatives or other individuals receiving aid under such plan with respect to such children.

"(2) If a State's plan approved under this title, as in effect on July 23, 1979 did not provide medical assistance for individuals described in subsection (a) (10) (C), then (unless such plan as in effect on September 30, 1981, did include such provision) the State plan may provide medical assistance to all such individuals other than those who would, except for income and resources, be eligible for aid under its plan approved under part A of title IV by reason of a dependent child described in section 407.".

(b) The amendments made by subsection (a) shall become effective October 1, 1981.

PROHIBITION AGAINST PAYMENT OF AID IN AMOUNTS BELOW SPECIFIED MINIMUM LEVEL

Sec. 124A. (a) Section 402(a) of the Social Security Act (as amended by the preceding provisions of this Act) is further amended—

(1) by striking out "and" at the end of paragraph (33);

(2) by striking out the period at the end of paragraph (34) and inserting in lieu thereof "; and"; and

(3) by adding after paragraph (34) the following new paragraph:

"(35) provide that no payment of aid shall be made under the plan with respect to any dependent child for any month if the amount of such payment, as determined in accordance with the applicable provisions of the plan and of this part, would be less than $10 (but any individual with respect to whom a payment of aid under the plan is denied solely by reason of this paragraph shall nevertheless be treated as receiving such aid for purposes of any provision of this Act other than this part).".

(b) The amendments made by subsection (a) shall become effective October 1, 1981.

PART D—IMPLEMENTATION

STATE IMPLEMENTATION OF AMENDMENTS

Sec. 125. (a) Upon the request of any State, the Secretary of Health, Education, and Welfare is authorized to permit the State to implement any of the amendments made by this Act affecting continuing eligibility of or the amount of payments to recipients of aid to families with dependent children under a State plan approved under part A of title IV of the Social Security Act within the six-month period following the effective date of such amendment (or within the twelve-month period described in section 111(c) in the case of the amendments made by section 111(a)) if he finds that—

(1) the amendment will be implemented gradually throughout the course of a six-month cycle (or a twelve-month cycle in the case of the amendments made by section 111(a)) for redeterminations with respect to cases receiving aid to families with dependent children in such State, and

(2) such gradual implementation is consistent with the proper and efficient operation of the plan.

(b) (1) There is authorized to be appropriated for fiscal year 1981 the sum of $150,000,000, to be allocated by the Secretary of Health, Education, and Welfare among the States in order to assist them in initially implementing the amendments made by this title. Under such allocation, each State having in effect a plan approved under part A of title IV of the Social Security Act shall be entitled to receive from the total amount so appropriated (subject to paragraph (2)) a sum which bears the same ratio to such total amount as the number of families receiving aid to families with dependent children under the State's approved plan bears (as of the first day of such fiscal year) to the total number of families receiving such aid under the approved plans of all the States.

(2) As a condition of any State receiving an allocation under paragraph (1), such State must agree to pay to any political subdivision thereof which participates in the cost of the State's approved plan during fiscal year 1981 so much of such allocation as does not exceed 100 per centum of such subdivision's financial contribution to the plan during that fiscal year.

APPLICABILITY OF AMENDMENTS TO THE TERRITORIES

Sec. 126. The amendments made by sections 104, 107(b), 108, 109, 113, 115, 116, 119, and 124 of this Act, and section 402(a) (8) (E) of the Social Security Act as amended by section 101(a) (2) of this Act shall be effective only in the case of the fifty States and the District of Columbia.

PART E—AMENDMENTS TO THE INTERNAL REVENUE CODE AFFECTING THE EARNED INCOME CREDIT

GOVERNMENTAL PAYMENTS TO BE DISREGARDED FOR PURPOSES OF SUPPORT AND MAINTENANCE OF HOUSEHOLD TESTS

SEC. 127. (a) GENERAL RULE.— Section 2 of the Internal Revenue Code of 1954 (relating to definitions and special rules) is amended by redesignating subsection (e) as subsection (f) and by adding a new subsection (e) to read as follows:

"(e) GOVERNMENTAL PAYMENTS DISREGARDED IN DETERMINING SUPPORT AND MAINTENANCE OF HOUSEHOLD.—For purposes of this title, whenever it is necessary—

"(1) to determine the extent to which the support of an individual is provided by that individual, by a taxpayer who has the same principal place of abode as the individual (including determinations under sections 152 and 1303(c)), or by the parents of the individual for purposes of section 152(e)(1)(A), or

"(2) to determine whether a taxpayer is considered as maintaining a household (including determinations under subsections (a) and (b) of this section and under sections 44A and 143 (b)),

any benefit provided under any Federal, State or local governmental assistance program used for the support of the individual or for maintenance of the household shall not be taken into account.".

(b) The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 1979.

AMENDMENTS TO THE EARNED INCOME TAX CREDIT

SEC. 128. (a) MODIFICATION OF CREDIT.— Subsection (a) of section 43 of the Internal Revenue Code of 1954 (relating to earned income credit) is amended by striking out "10 percent" and inserting in lieu thereof "11 percent".

(b) REVISION OF THE LIMITATION.—Subsection (b) of such section 43 is amended—

(1) by striking out "$500" in paragraph (1) and inserting in lieu thereof "$550";

(2) by striking out "12.5 percent" in paragraph (2) and inserting in lieu thereof "13.75 percent"; and

(3) by strikníg out "$6,000" in paragraph (2) and inserting in lieu thereof "$7,000".

(e) SPECIAL RULE AFFECTING DEFINITION OF EARNED INCOME.—Subsection (e)(2)(B) of such section 43 is amended—

(1) by striking out "and" at the end of clause (ii),

(2) by striking out the period at the end of clause (ii) and inserting in lieu threreof ", and", and

(3) by adding after clause (iii) the following new clause:

"(iv) the earned income of an individual shall not include any remuneration for services performed in a public service job if such remuneration is paid in whole or in part out funds provided under part D or E of title II of the Comprehensive Employment and Training Act of 1973.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1981.

PART F—OPTIONAL FOOD STAMP CASH OUT FOR AFDC RECIPIENTS

PAYMENTS IN LIEU OF FOOD STAMPS FOR AFDC RECIPIENTS UNDER FEDERAL-STATE AGREEMENTS

SEC. 129. (a) Part A of title IV of the Social Security Act (as amended by the preceding provisions of this Act) is further amended by adding at the end thereof the following new section:

"PAYMENTS IN LIEU OF FOOD STAMPS TO RECIPIENTS OF AID TO FAMILIES WITH DEPENDENT CHILDREN

"SEC. 420. (a) The Secretary and a State agency administering a plan approved under this part may enter into an agreement, consistent with the provisions of this section, under which the State agency will provide, with respect to all individuals in the State receiving aid under such plan, or with respect to such class or classes of such individuals as the Secretary may specify, an additional cash payment in lieu of food stamps for each month for which such aid is payable.

"(b)(1) The amount of the additional cash payment in lieu of food stamps that may be made in a State in any fiscal year shall be specified in the agreement between the Secretary and the State. The amount of such additional payments shall equal the amount estimated by the Secretary as the Federal expenditures in fiscal year 1982 for food stamps to individuals to whom the agreement under subsection (a) applies in such State (including the Federal share of related administrative costs) divided by the sum of the average number of such individuals in each month in such fiscal year, as modified by rules of the Secretary issued pursuant to paragraph (2). In estimating the Federal expenditures for food stamps for fiscal year 1983, the Secretary shall assume that participation in the food stamp program increased by one-third of the difference between (i) participation by all individuals to whom the agreement under subsection (a) applies for fiscal year 1982 in the State, and (ii) the participation rate by such individuals in such State applied by the Secretary in estimating Federal expenditures for fiscal year 1982; for fiscal year 1984 he shall assume that participation increased by two-thirds of such difference; and for fiscal year 1985 and each fiscal year thereafter he shall assume that all such individuals in the State participate in the food stamp program.

"(2) The Secretary shall prescribe rules concerning the determination of payment amounts for families of different sizes, and the manner of making additional cash payments in lieu of food stamps, and all other necessary rules for implementing the agreements under this section.

"(c) Additional cash payments in lieu of food stamps made pursuant to an agreement under this section shall be treated in the same manner as food stamps for purposes of any other Federal or State law and their receipt shall not be considered as income under any other program.

"(d)(1) If aid to families with dependent children is paid for any month with respect to all the members of a household receiving an additional cash payment in lieu of food stamps for such month, under an agreement under this section, then such household shall not be a household eligible for food stamps under the Food Stamp Act of 1977 for such month.

"(2) If aid to families with dependent children is paid for any month to one or more, but not all, of the members of a household receiving an additional cash payment in lieu of food stamps for such month, under an agreement under this section then the value of the coupon allotment provided to such household for such month, as determined under the Food Stamp Act of 1977, shall be adjusted so as to (i) reflect appropriately the additional cash payment in lieu of food stamps available for such month, and (ii) assure that coupon allotments with respect to the household members not receiving aid to families with dependent children are not excessive compared to other households with the same total number of members, none of whom receive aid to families with dependent children.

"(e) The Secretary of Agriculture shall transfer to the Secretary of Health, Education, and Welfare from time to time (to the extent provided in appropriation Acts), sufficient amounts, out of the moneys appropriated to carry out the Food Stamp Act of 1977, to enable him to carry out this section. The Secretary of Health, Education, and Welfare shall make payments from such transferred amounts to any State with which he has an agreement under this section, at such times and in such installments (in advance or as reimbursement) as may be consistent with his regulations and specified in the agreement.".

(b) The amendment made by subsection (a) shall become effective October 1, 1981.

TITLE II—SUPPLEMENTAL SECURITY INCOME

PART A—FOOD STAMP CASH-OUT

FOOD STAMP CASH-OUT FOR CERTAIN SUPPLEMENTAL SECURITY INCOME RECIPIENTS

SEC. 201. (a) Part A of title XVI of the Social Security Act is amended by adding at the end thereof the following new section:

"CASH PAYMENTS IN LIEU OF FOOD STAMPS TO CERTAIN RECIPIENTS OF SUPPLEMENTAL SECURITY INCOME BENEFITS

"SEC. 1619. (a) In addition to the supplemental security income benefits (including, for purposes of this section, a supplementary payment under an agreement pursuant to section 1616(a) payable under this title with respect to an individual, the Secretary shall make an additional cash payment in lieu of food stamps for each month for which such benefits are payable, in the amount and manner described in subsection (b), to each such individual who, throughout such month—

"(1) lives alone, or

"(2) lives with one or more others each of whom is also an eligible individual.

The additional payment to an individual in lieu of food stamps shall be appropriately included in or with the check issued to him by the Secreary in payment of his supplementary security income benefit or supplementary payment under section 1616(a) and, in determining the amount of any supplementary payment (regardless of whether paid by the Secretary or the State or a political subdivision thereof) under such section for a month, the additional payment in lieu of food stamps shall be excluded from income.

"(b)(1) The Secretary will establish a single amount for making the additional payment in lieu of food stamps for each month in a fiscal year to an individual who does not have a spouse living in the same household, and a single amount for making such payment to an eligible individual with an eligible spouse in the same household. In the case of any State, the amount will be, for an individual or for an individual and spouse, equal to the cash value of the coupon allotment that would be provided to an aged individual, or aged individual and aged spouse, as the case may be, living in his (or their) own home and having no income other than the supplemental security income benefits (in the amount payable for July of the preceding fiscal year) and any State supplementary payments to such an individual (or individual and spouse) payable in such State, and reducing such income only by (A) the applicable standard deduction specified in section 5(e) of the Food Stamp Act of 1977, and (B) one-half the maximum excess shelter expenses deduction provided under section 5(e)(2) of such Act.

"(2) For purposes of paragraph (1)—

"(A) no State supplementary payment shall be considered to be payable for any month in any State in which such payments for January of the preceding fiscal year are made to fewer than one-half the recipients of benefits under this title.

"(B) if supplementary payments to aged individuals in the State with the same income are made in differing amounts based upon the geographic area of the State in which he resides, then the lowest such amount shall be applied, and

"(C) the value of the coupon allotment will be determined for each fiscal year based on the amounts specified in section 1611(b) (and the amount of State supplementary payments) in effect for July of the preceding fiscal year.

"(c) Additional cash payments in lieu of food stamps under this section shall be treated in the same manner as food stamps for purposes of any other Federal or State law and their receipt shall not be considered as income under any other program.".

(b)(1) The amendment made by subsection (a) shall become effective October 1, 1981.

(2) In the case of any individual (or individual and spouse) who is eligible for the additional payment in lieu of food stamps referred to in section 1619(a) of the Social Security Act (as added by this section), and who for September 1981, as a one- (or two-) person household, received both a supplemental security income benefit (or a supplementary payment pursuant to an agreement under section 1616(a) of such Act) and a coupon allotment the value of which was greater than the amount of the additional payment in lieu of food stamps that would be payable to him for any month after September 1981, such individual (or individual and spouse) shall receive an additional payment equal to the greater value of such allotment for each consecutive month for which the applicable amount determined under section 1619(b) of such Act is less than the value of the coupon allotment for September 1981, and ending with the month during which such individual—

(A) ceases to reside in the same State as he did on September 30, 1981, or

(B) ceases to be eligible for the additional payment provided under section 1619(a) of such Act.

(3) No person who receives an additional payment in lieu of food stamps under section 1619 of the Social Security Act shall be considered a household, or a member of a household, under the Food Stamp Act of 1977.

(4) In the case of any State that provides State supplementary payments (A) of the type described in section 1616(a) of the Social Security Act, and (B) the level of which has been found by the Secretary of Health, Education, and Welfare, for the month of September 1981, to have been specifically increased so as to include the bonus value of food stamps, the amount of the additional payment in lieu of food stamps to any individual described in section 1619(a) of the Social Security Act shall equal—

(i) the amount that would be payable by application of the provisions of section 1619 of the Social Security Act, reduced by

(ii) the amount of the increase referred to in clause (B) of this paragraph.

PART B—IMPROVEMENTS IN STANDARDS FOR DETERMINING ELIGIBILITY AND AMOUNT OF SUPPLEMENTAL SECURITY INCOME

ELIGIBILITY OF COUPLES LIVING APART

SEC. 202. (a) 1614(b) of the Social Security Act is amended by striking out "for more than six months." in the first sentence and inserting in lieu thereof "for more than one month and, for purposes of determining the amount of benefits payable for a month during which they are living apart, the living arrangement of such individual and spouse in the month preceding such month shall be considered to be the living arrangement of both such individual and spouse. A husband and wife who are living in the same hospital, extended care facility, nursing home, or intermediate care facility shall be considered to be living apart".

(b) The amendment made by subsection (a) shall become effective September 1, 1980.

ELIGIBILITY OF INDIVIDUALS IN CERTAIN MEDICAL INSTITUTIONS (INCLUDING COST-OF-LIVING ADJUSTMENTS)

SEC. 203. (a) Section 1611(e)(1)(A) of the Social Security Act is amended by striking out "subparagraphs (B) and (C)" and inserting in lieu thereof "subparagraphs (B), (C), and (D)".

(b) Section 1611 (e)(1) of such Act is further amended by redesignating subparagraph (C) as subparagraph (D), and by striking out subparagraph (B) and inserting in lieu thereof the following new subparagraphs:

"(B) Except as set forth in subparagraph (C), in any case where an eligible individual or eligible spouse is in a hospital, extended care facility, nursing home, or intermediate care facility, such individual's benefit for the period ending with the third consecutive month throughout which he is in such hospital, home, or facility shall be determined as though he were continuing to reside outside the institution under the same conditions as before he entered the institution.

"(C) In any case where an eligible individual or eligible spouse is throughout any month in a hospital, extended care facility, nursing home, or intermediate care facility receiving payments (with respect to such individual or spouse) under a State plan approved under title XIX, and such month is either—

"(i) the first month in any period of eligibility under this title based on an application filed in or before such month, or a month in a continuous period of months beginning with such first month, throughout which such individual or spouse is in a hospital, extended care facility, nursing home, or intermediate care facility (whether or not receiving payments with respect to such individual or spouse for each month in such period); or

"(ii) the fourth consecutive month throughout which, or a month in a continuous period beginning with such fourth consecutive month throughout which, such individual or spouse is in a hospital, extended care facility, nursing home, or intermediate care facility (whether or not receiving payments with respect to such individual or spouse for each month in such period),

the benefit for such individual for such month shall be payable—

"(iii) in the case of an individual who does not have an eligible spouse, at a rate not in excess of $300 per year (reduced by the amount of any income of such individual which is not excluded pursuant to section 1612(b));

"(iv) in the case of an individual who has an eligible spouse, if only one of them is in such a hospital, home, or facility throughout such month, at a rate not in excess of the sum of—

"(I) the rate of $300 per year (reduced by the amount of any income, not excluded pursuant to section 1612(b), of the one who is in such hospital, home, or facility), and

"(II) the applicable rate specified in subsection (b)(1) (reduced by the amount of any income, not excluded pursuant to section 1612(b), of the other); and

"(v) in the case of an individual who has an eligible spouse, if both of them are in such a hospital, home, or facility throughout such month, at a rate not in excess of $600 per year (reduced by the amount of any income of either spouse which is not excluded pursuant to section 1612(b));

except that for purposes of any provision of law other than this subparagraph, any benefit determined under clause (iv) shall be deemed to be payable at a rate equal to the sum of the rate of $300 per year and the applicable rate specified in subsection (b)(1), reduced by any income of either spouse which is not excluded pursuant to section 1612(b).".

(c) Section 1617 of such Act is amended by inserting ", and (e)(1)(B)" after "(b)(2)".

(d) The amendments made by this section shall become effective September 1, 1980.

EARNED INCOME IN SHELTERED WORKSHOPS

SEC. 204. (a) Section 1612(a)(1) of the Social Security Act is amended—

(1) by striking out "and" after the semicolon at the end of subparagraph (A); and

(2) by adding after subparagraph (B) the following new subparagraph:

"(C) amounts (not otherwise wages under subparagraph (A)) paid for services performed in a sheltered workshop or work activities center (as those terms are defined by the Secretary); and";

(b) The amendments made by subsection (a) shall become effective September 1, 1980.

EXCLUSION FROM RESOURCES OF BURIAL PLOTS

SEC. 205. (a) Section 1613(a)(2) of the Social Security Act is amended by inserting "(A)" after "(2)", and by adding at the end thereof the following new subparagraph:

"(B) the value of any plot of land (subject to such limits as to size or value as the Secretary may by regulation prescribe) held for the purpose of providing a burial place for the individual or his spouse;".

(b) The amendments made by subsection (a) shall be effective beginning with the second month beginning after the month in which this Act is enacted, or beginning with October 1979 if later.

EXCLUSION FROM RESOURCES OF FUNDS SET ASIDE FOR BURIAL EXPENSES

SEC. 206. (a) Section 1613 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"Funds Set Aside for Burial Expenses

"(c)(1) In determining the resources of an eligible individual and his spouse who is living with him in the same household, there shall be excluded an amount, not in excess of $1,500 with respect to each of them, that is separately identifiable and has been set aside (as those terms are defined in accordance with regulations of the Secretary) to meet the burial and related expenses of such individual or spouse if the inclusion of any portion of such amount or amounts would cause the resources of such individual, or of such individual and spouse, to exceed the limits specified in paragraph (1) or (2) (whichever may be applicable) of section 1611(a).

"(2) The amount of $1,500, referred to in paragraph (1), with respect to an individual shall be reduced by an amount equal to (A) the total face value of all insurance policies on his life, owned by him or his spouse living with him in the same household, the cash surrender value of which has been excluded in determining the resources of such individual, or of such individual and spouse, and (B) the total of any amounts in an irrevocable trust (or other irrevocable arrangement) available to meet the burial and related expenses of such individual.

"(3) If the Secretary finds that—

"(A) any part of the amount excluded under paragraph (1) was used for purposes other than those for which it was set aside, or

"(B) the eligible individual (or his spouse) obtained the cash surrender value of a life insurance policy on his (or her) life, if that value had been excluded in determining the resources of such individual (and spouse),

he shall reduce any future benefits payable to such individual or spouse by an amount equal to such part or such cash surrender value.".

(b) The second sentence of section 1613(a) of such Act is amended by striking out "except that" and inserting in lieu thereof "except that at the option of the individual (or eligible spouse),".

(c) The amendments made by this section shall become effective with the month after the month in which this Act is enacted or, if later, with the month of October 1979.

EXCLUSION OF CERTAIN REAL AND PERSONAL PROPERTY FROM INCOME

Sec. 207. (a) Section 1612(b) of the Social Security Act is amended—

(1) by striking out "and" at the end of paragraph (11);

(2) by striking out the period at the end of paragraph (12) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new paragraph:

"(13) unearned income received in the form of real or personal property (A) to the extent it meets the criteria for exclusion from the resources of such individual or spouse under section 1613(a), or (B) which is not readily convertible into cash and which cannot be used by the individual (or such spouse) for food or clothing.".

(b) The amendments made by subsection (a) shall be effective beginning with the second month beginning after the date this Act is enacted or, if later, with the month of October 1979.

UNDERPAYMENTS TO INELIGIBLE SPOUSE OF DECEASED SUPPLEMENTAL SECURITY INCOME RECIPIENT

Sec. 208. (a) Section 1631(b) of the Social Security Act is amended by striking out "by recovery from or payment to such individual or his eligible spouse (or by recovery from the estate of either)", and inserting in lieu thereof the following: "by recovery from such individual or his eligible spouse (or from the estate of either) or by payment to such individual or his eligible spouse, or, if such individual is deceased, to the eligible spouse or, if no eligible spouse survives, to any surviving husband or wife (as determined under section 1614(d)) with whom the individual was living at the time of his death or immediately prior to institutionalization by reason of his last illness".

(b) The amendment made by subsection (a) shall become effective September 1, 1980, and shall apply only with respect to individuals whose death occurs on or after the date of enactment of this Act.

INCREASED PAYMENT FOR PRESUMPTIVELY ELIGIBLE INDIVIDUALS

Sec. 209. (a) Section 1631(a)(4)(A) of the Social Security Act is amended by striking out "a cash advance against such benefits in an amount not exceeding $100" and inserting in lieu thereof "cash advances of such monthly benefits for which he is presumptively eligible, including any federally administered State supplementary payments, for each of the first three months of such presumptive eligibility".

(b) The amendment made by subsection (a) shall become effective September 1, 1980.

IN-KIND REMUNERATION

Sec. 210. (a) Section 1612(a)(1)(A) of the Social Security Act is amended by inserting immediately before the semicolon the following: ", except that in determining wages for purposes of this title the exclusions from wages provided by sections 209(g)(1) and 209(h)(1) shall not apply".

(b) The amendment made by subsection (a) shall be effective beginning with the second quarter beginning after the date this Act is enacted.

CONTINUATION OF BENEFITS FOR CERTAIN INDIVIDUALS HOSPITALIZED OUTSIDE THE UNITED STATES

Sec. 211. (a) The second sentence of section 1611(f) of the Social Security Act is amended by striking out the comma after "preceding sentence" and inserting in lieu thereof "(1)", and by inserting before the period at the end of the sentence the following: ", and (2) an individual shall be treated as being inside the United States during any period of absence from the United States which is demonstrated to the satisfaction of the Secretary to be necessary in order to obtain inpatient hospital services, as defined in title XVIII for purposes of section 1814(f), if (A) the requirements of subparagraphs (A) and (B) of section 1814(f)(1) are met, or (B) the inpatient hospital services are emergency services and the requirements of subparagraphs (A) and (B) of section 1814(f)(2) are met".

(b) The amendments made by subsection (a) shall be effective beginning with the second month beginning after the date this Act is enacted, or with the month of October 1979 if later.

EXTENSION OF SPECIAL INCOME AND RESOURCE PROVISIONS

Sec. 212. (a) Section 1611(g)(3) of the Social Security Act is amended by inserting "(or supplementary payments made pursuant to an agreement under section 1616(a) or under section 212(b) of Public Law 93–66)" immediately after "supplemental security income benefits".

(b) Section 1611(h)(4) of such Act is amended by inserting "(or supplementary payments made pursuant to an agreement under section 1616(a) or under section 212(b) of Public Law 93–66)" immediately after "supplemental security income benefits".

(c) The amendments made by this section shall be effective January 1, 1974.

DELETION OF TERM "CHILD"

Sec. 213. (a) Section 1614(c) of the Social Security Act is repealed.

(b)(1) Section 1612(b) of such Act is amended—

(A) by striking out "a child who" in paragraph (1) and inserting in lieu thereof "under age 22 and";

(B) by striking out "a child" in paragraph (9) and inserting in lieu thereof "under age 18"; and

(C)(i) by striking out "a child who is not an eligible individual" in paragraph (10) and inserting in lieu thereof "an individual who is not an eligible individual or eligible spouse", and

(ii) by striking out "child-placement or child-care".

(2) Section 1614(a)(3)(A) of such Act is amended by striking out "a child" and inserting in lieu thereof "an individual".

(3) Section 1614(f)(2) of such Act is amended by striking out "a child under age 21" and inserting in lieu thereof "under age 18".

(4) Section 1615(e)(2)(B) of such Act (as redesignated by section 218 of this Act) is amended by—

(A) striking out "this section to any child" and inserting in lieu thereof "subsection (b)" and

(B) striking out "child involved" and inserting in lieu thereof "individual involved".

(c) The amendments made by this section shall be effective beginning with the second quarter beginning after this Act is enacted.

TERMINATION OF MANDATORY MINIMUM STATE SUPPLEMENTATION IN CERTAIN CASES

Sec. 214. Effective October 1, 1979, section 212(a)(2) of Public Law 93–66 is amended—

(1) by striking out "or" at the end of subparagraph (C);

(2) by striking out the semicolon at the end of subparagraph (D) and inserting in lieu thereof a comma; and

(3) by striking out the matter that follows subparagraph (D) and inserting in lieu thereof the following:

"(E) the first month after September 1979 for which such individual is not a resident of the State to which the provision of subparagraph (B) applies,

"(F) the first month after September 1979 for which the sum of such individual's title XVI benefit plus other income (as determined under paragraph (3)(C)) and any periodic State supplement is equal to or exceeds the amount of such individual's December 1973 income (as determined under paragraph (3)(B)) as reduced by the amount, if any, by which the amount of the supplementary payment payable under the agreement entered into under this subsection to such individual has been reduced under the provisions of paragraph (3)(D),

"(G) the first month after September 1979 for which such individual is ineligible to receive supplemental security income benefits under title XVI of the Social Security Act by reason of the provisions of section 1611(e)(1)(A) (except in the case of an individual who is in a public institution which is a hospital, extended care facility, nursing home, or intermediate care facility), 1611(e)(2) or (3), 1611(f), or 1615(c) of such Act, or

"(H) the first month after September 1979 for which such individual is ineligible to receive supplemental security income benefits under title XVI of the Social Security Act by reason of the provisions of section 1611(a)(1)(B) or (2)(B) of such Act;

except that no individual shall be eligible to receive such supplementary payment for any month if, for such month, such individual is ineligible to receive supplemental security income benefits under title XVI of the Social Security Act by reasons of the provisions of section 1611(e)(1)(A) of such Act as they apply in the case of an individual who is in a public institution which is a hospital, extended care facility, nursing home, or intermediate care facility.".

LIMITATION ON ELIGIBILITY FOR SUPPLEMENTAL SECURITY INCOME OF PERSON. WHO DISPOSE OF RESOURCES

Sec. 215. (a) Section 1611(e) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(4)(A) Except as provided in subparagraphs (B) and (C), no person shall be an eligible individual or eligible spouse for purposes of this title if, within any twenty-four-month period that begins with or after the twenty-fourth month preceding the month in which he files an application for benefits under this title, he (i) disposed of resources which, if retained, would have caused him to be ineligible for such benefits, for the purpose of establishing eligibility for such benefits (and any disposition of resources within such period shall be presumed to have been for such purpose unless such individual or spouse furnishes convincing evidence that the transaction was for some other purpose), and (ii) received compensation therefor in an amount such that the difference between the fair market value of the individual's or spouse's equity interest in such resources and the compensation therefor exceeded $3,000.

"(B) The period for which a person is ineligible for benefits under this title by reason of the application of subparagraph (A) shall be six months if the uncompensated value of the equity interest in the assets involved exceeded $3,000 but not $6,000, twelve months if such value exceeded $6,000 but not $15,000, or twenty-four months if such value exceeded $15,000, beginning with the month following the month in which such disposition occurred, except that subparagraph (A) shall cease to be applicable after the month in which the resources he had previously disposed of are returned to him, or he receives payment equal to the amount described in subparagraph (A)(ii).

"(C) The Secretary, in accordance with regulations prescribed by him, may waive the requirement of subparagraph (A), or reduce the period of ineligibility imposed by subparagraph (B), in cases where he determines that such a waiver or reduction is justified.".

(b) The amendment made by subsection (a) shall become effective with the first month beginning after the Secretary issues rules necessary to its implementation (but in no event before October 1979 or later than the seventh month following the month in which this Act is enacted); and such amendment shall not apply to dispositions of resources that occurred prior to such month.

ROUNDING OF AMOUNT OF COST-OF-LIVING ADJUSTMENTS

SEC. 216. (a) Section 1617 of the Social Security Act is amended by striking out "and rounded, when not a multiple of $1.20, to the next higher multiple of $1.20" and inserting in lieu thereof "and, when not a multiple of $12.00, either rounded to the nearest multiple of $12.00 or, if a multiple of $6.00, increased to the next higher multiple of $12.00".

(b) The amendment made by subsection (a) shall become effective October 1, 1979, and shall apply with respect to increases in benefit amounts occurring as a result of determinations made under section 215(i) of the Social Security Act for months after August 1979.

ATTRIBUTION OF SPONSOR'S INCOME AND RESOURCES TO ALIENS

SEC. 217. (a) Section 1614 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"Income and Resources of Alien's Sponsor

"(g) For purposes of determining eligibility for and the amount of benefits for any individual who is an alien and whose permanent residence in the United States begins after the date of the enactment of this subsection, the income and resources of any person who (as a sponsor of such individual's entry into the United States) executed an affidavit of support or similar agreement with respect to such individual shall be deemed to be the income and resources of such individual, except to the extent determined by the Secretary to be inequitable under the circumstances, for the duration of the assurances of support contained in such affidavit or agreement but for no longer than a period of three years after the individual's entry into the United States; except that (1) the preceding provisions of this subsection shall not apply with respect to any individual who is an 'aged, blind, or disabled individual' for purposes of this title by reason of blindness (as determined under subsection (a)(2)) or disability (as determined under subsection (a)(3)), from and after onset of the impairment involved, if such blindness or disability commenced after the date of such individual's admission to the United States, and (2) the Secretary may waive the requirements of this subsection in any case where he determines that good cause for such a waiver exists.".

(b) The amendment made by subsection (a) shall become effective October 1, 1979.

EXTENSION OF SERVICE PROGRAM FOR DISABLED CHILDREN

SEC. 218. Section 1615 of the Social Security Act is amended by redesignating the second subsection (c) as subsection (e), and by striking out "October 1, 1979" in paragraph (1) of such subsection and inserting in lieu thereof "October 1, 1982".

INDIVIDUALS RECEIVING SUPPORT AND MAINTENANCE IN ANOTHER PERSON'S HOUSEHOLD

SEC. 219. (a) Section 1612(a) of the Social Security Act is amended by adding at the end thereof (after and below paragraph (2)(F)) the following new sentence:

"For purposes of paragraph (2)(A)(i), an individual (and his eligible spouse, if any) shall not be considered to be 'living in another person's household and receiving support and maintenance in kind from such person' if such individual (and spouse) live in a household with one or more other persons and such individual's (or such individual's and spouse's) pro rata share of the expenses of maintaining such household do not exceed the benefit (including any supplementary payments) payable to an individual (or an individual and eligible spouse, as may be appropriate) with no other income who is living in another person's household and receiving support and maintenance from such person.".

(b) The amendment made by subsection (a) shall become effective September 1, 1980.

PART C—IMPROVED ADMINISTRATION OF THE SUPPLEMENTAL SECURITY INCOME PROGRAM

JUDICIAL ESTABLISHMENT OF FEES FOR REPRESENTING SUPPLEMENTAL SECURITY INCOME CLAIMANTS

SEC. 231. (a) Section 1631(d)(2) of the Social Security Act is amended by inserting "(A)" after "(2)", and by adding at the end thereof the following new subparagraph:

"(B)(i) Whenever a court renders a judgment favorable to a claimant under this title who was represented before the court by an attorney, the court may determine and allow as part of its judgment a reasonable fee for such representation, not in excess of 25 percent of the total of the past-due benefits to which the claimant is entitled by reason of such judgment. In the case of any such judgment, no other fee may be payable for such representation except as provided in this subparagraph.

"(ii) Any attorney who charges, demands, receives, or collects for services rendered in connection with proceedings before a court to which subparagraph (i) is applicable any amount in excess of that allowed by the court thereunder shall be guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than $500, or imprisonment for not more than one year, or both.".

(b) The amendment made by subsection (a) shall become effective upon enactment.

MONTHLY COMPUTATION PERIOD FOR DETERMINATION OF SUPPLEMENTAL SECURITY INCOME BENEFITS

SEC. 232. (a)(1) The first sentence of section 1611(c)(1) of the Social Security Act is amended to read as follows: "An individual's eligibility for benefits under this title and the amount of such benefits shall be determined for each month.".

(2) The second sentence of section 1611(c)(1) of such Act is amended by striking out "quarter" and inserting in lieu thereof "month".

(b)(1) Section 1612(b)(3)(A) of such Act is amended—

(A) by striking out "quarter" and "calendar quarter" wherever they appear and inserting in lieu thereof "month"; and

(B) by striking out "$60" and inserting in lieu thereof "$20".

(2) Section 1612(b)(3)(B) of such Act is amended—

(A) by striking out "quarter" and "calendar quarter" wherever they appear and inserting in lieu thereof "month"; and

(B) by striking out "$30" and inserting in lieu thereof "$10".

(c) The amendments made by this section shall be effective on such date as the Secretary of Health, Education, and Welfare determines to be administratively feasible, but not before October 1, 1979, or later than the beginning of the fifth calendar quarter after the calendar quarter in which this Act is enacted.

ELIMINATION OF REQUIREMENT FOR REPRESENTATIVE PAYMENT OF SUPPLEMENTAL SECURITY INCOME TO DRUG ADDICTS AND ALCOHOLICS

SEC. 233. Section 1631(a)(2) of the Social Security Act is amended by striking out the second sentence.

REPLACEMENT OF BENEFIT CHECKS

SEC. 234. (a) Section 1631(a) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(6) The Secretary shall by regulation establish procedures for the prompt replacement of benefit checks which have been lost, stolen, or destroyed or have not been delivered within two mail delivery days following the day regularly designated for their delivery. Such regulations shall limit the availability of the replacement procedures to checks issued in the month in which the request for replacement is made. Such procedures may provide for the issuance of checks or payment in cash by the Secretary from funds available to him for this purpose and shall prescribe such safeguards, such as limitations on the number of times payment may be made to an individual using such replacement procedures, as he finds necessary to prevent abuse of such procedures. The regulations shall specify procedures for the coordination and reconciliation of payments made pursuant to this paragraph with payment for the same month from the Department of the Treasury.".

(b) The amendment made by subsection (a) shall be effective with respect to benefit checks for the earliest month for which the Secretary of Health, Education, and Welfare determines it to be administratively feasible, but in no event before October 1, 1979, or later than the tenth month beginning after the month in which this Act is enacted.

MANDATORY PASS-ALONG OF SUPPLEMENTAL SECURITY INCOME BENEFIT INCREASES

SEC. 235. (a) Section 1618 of the Social Security Act is amended—

(1)(A) by striking out "(including payments pursuant to an agreement entered into under section 212(a) of Public Law 93-66)" in the portion of subsection (a) that precedes paragraph (1),

(B)(i) by striking out "June 30, 1977" in such portion and inserting in lieu thereof "July 1, 1979", and (ii) by striking out "June 30, 1977" in paragraph (1) of such subsection and inserting in lieu thereof "June 30, 1979",

(C) by striking out "have in effect an agreement with the Secretary whereby the State will"; and

(2) by striking out "preceding twelve-month period" in subsection (b) and inserting in lieu thereof "twelve-month period beginning with July 1976".

(b) Section 1618(b) of such Act is further amended by inserting "(1)" immediately after "(b)", and by adding at the end thereof the following new paragraph:

"(2) If a State discontinues making supplementary payments to individuals residing in domiciliary or personal care facilities and, in their place, makes vendor payments to such facilities (or their agents) on behalf of such individuals, the Secretary shall not find that the State has failed to meet the conditions of subsection (a)(3) and (4) (regardless of the level of such vendor payments) and the total of the supplementary payments replaced by such vendor payments within a twelve-month period shall be subtracted from such State's total expenditures for supplementary payments in the twelve-month period beginning July 1976 for purposes of paragraph (1).

(c) Section 1618 of such Act is further amended by adding at the end thereof the following new subsections:

"(c) The Secretary shall not find that, with respect to any applicable twelve-month period, a State has failed to meet the conditions of subsection (a)(3) or (4) (as modified by subsection (b)) if he finds that the State has made reasonable efforts throughout such period to meet the conditions of such subsection including, where necessary, to make adjustments under subsection (b)(2), within such time after the close of the period and in accordance with such criteria as the Secretary may by regulation prescribe. The Secretary shall also specify in regulations the standards he will employ, including the requirements for a detailed showing by the State, to determine that a State is making reasonable efforts to meet the conditions of subsection (a).

"(d) If the Secretary determines that a State has not, throughout any period, made reasonable efforts to meet the conditions of subsection (a), he shall withhold all amounts that would otherwise be payable to the State under section 1903 for quarters beginning after the month in which such determination of the Secretary becomes final until all amounts previously paid under such section for the period with respect to which such determination was made have been recovered.".

NEGOTIABILITY OF SUPPLEMENTAL SECURITY INCOME BENEFIT CHECKS

SEC. 236. (a) Section 1631 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"Negotiability of Checks; Notice to States

"(h)(1) No benefit check issued under this title shall be honored for payment after one hundred and eighty days have elapsed following the day on which it was issued.

"(2) The Secretary of the Treasury shall, on a monthly basis, notify the Secretary of all such benefit checks which have not been presented for payment within one hundred and eighty days after the day on which they were issued.

"(3) The Secretary shall determine the amount of such checks representing the total of all State supplementary payments made pursuant to agreements under section 1616 (a) of this Act and under section 212(b) of Public Law 93-66 included in all unnegotiated checks payable to individuals entitled to benefits under this title and shall pay each State an amount equal to that State's share of all such benefit checks which have not been presented for payment within one hundred and eighty days after the day on which they were issued. Amounts not paid to the States shall be returned to the appropriation from which they were originally paid.

"(4) The Secretary, upon notice from the Secretary of the Treasury under paragraph (2), shall notify any State having an agreement described in paragraph (3) of all such benefit checks issued under that State's agreement which were not presented for payment within one hundred and eighty days after the day on which they were issued.

"(5) The Secretary shall, to the maximum extent feasible, investigate the whereabouts and eligibility of the individuals whose benefit checks were not presented for payment within one hundred and eighty days after the day on which they were issued.".

(b) The amendment made by subsection (a) shall become effective October 1, 1979.

DELETION OF OBSOLETE REFERENCE

SEC. 237. Section 1631(d)(1) of the Social Security Act is amended by striking out "(e), and (f)" and inserting in lieu thereof "and (e)".

CORRECTION OF INCORRECT REFERENCE IN PUBLIC LAW 92-603

SEC. 238. Effective January 2, 1976, section 305(b) of the Social Security Amendments of 1972 (Public Law 92-603) is amended by striking out "section 201(g)(1)(A)" wherever it appears (three places) and inserting in lieu thereof section 201(g)(1)(B)".

TITLE III—AMENDMENTS APPLICABLE TO TWO OR MORE PROGRAMS UNDER THE SOCIAL SECURITY ACT

CONDITIONS GOVERNING AVAILABILITY OF CERTAIN FEDERAL RECORDS

SEC. 301. (a) Part A of title XI of the Social Security Act is amended by adding at the end thereof the following new section:

"CONDITIONS GOVERNING AVAILABILITY OF CERTAIN FEDERAL RECORDS

"SEC. 1132. (a) For provisions relating to the disclosure to State agencies of return information, as defined in section 6103(b) of the Internal Revenue Code of 1954, and the safeguard requirements imposed, see section 6103 of such Code.

"(b) For parallel provisions with respect to information in records of State unemployment compensation agencies, see subsection (a)(10) of section 303.".

(b) Section 1106(a) of such Act is amended by striking out the period at the end of the first sentence and inserting in lieu thereof "or section 6103 of the Internal Revenue Code of 1954.".

(c) Section 411 of such Act is repealed.

(d) Section 402(a)(29) of such Act (as amended by section 105(c)(2) of this Act) is amended to read as follows:

"(29) effective October 1, 1979, provide that return information available from the Social Security Administration under the provisions of section 6103 of the Internal Revenue Code of 1954, and information described in section 303(a)(10) of this Act and available from agencies administering State unemployment compensation laws, shall be requested and utilized to the extent permitted under the provisions of such sections;".

(e) Section 303(a) of such Act is amended—

(1) by striking out "and" at the end of clause (8),

(2) by striking out the period at the end of clause (9) and inserting in lieu thereof "; and", and

(3) by inserting after clause (9) the following new clause:

"(10) In addition to any disclosure authorized or required pursuant to subsection (a)(1), the disclosure on a reimbursable basis, from any data contained in the State agency's files, of information requested with respect to any individual as to (i) whether such individual is receiving, has received, or has made application for unemployment compensation, the amount of and periods for which such compensation was paid or is payable, and the individual's address, and, if specifically requested (ii) whether such individual has refused an offer of employment, and, if so, a description of the employment offered and the terms, conditions, and rate of pay therefor, to—

"(A) the agency of any State that specifically requests such information with respect to such individual for purposes of determining eligibility for or the amount of aid or medical assistance to be provided under a State plan approved by the Secretary of Health, Education, and Welfare under title I, IV (part A), X, XIV, XVI, or XIX of this Act, or approved by the Secretary of Labor under part C of title IV of this Act, or

"(B) any authorized person described in section 453(c)(1) who specifically requests such information with respect to such individual for the purposes of carrying out the State plan approved under part D of title IV of this Act with respect to the enforcement of support obligations and the collection of support payments,

subject to such information being used solely for the purposes for which it was disclosed.".

(f)(1) Subsection (a) of section 508 of Public Law 94-566 is repealed.

(2) So much of subsection (b) of such section 508 as precedes the semicolon is amended to read as follows:

"(b) PROVISION FOR REIMBURSEMENT OF EXPENSES.—Expenses incurred to reimburse agencies administering State unemployment compensation laws for furnishing information requested pursuant to section 303(a)(10) of such Act by a State or local agency administering a State plan approved under title I, IV (part A), X, XIV, XVI, or XIX of such Act shall, for purposes of section 4, 403, 1003, 1403, 1603, or 1903 of such Act, be considered to constitute expenses incurred in the administration of the State plan".

(g)(1) Except as provided in paragraph (2), the amendments made by this section shall become effective upon enactment of this Act. Any references in regulations in effect on that date to section 411 of the Social Security Act shall be considered to be references to section 6103 of the Internal Revenue Code of 1954.

(2) The amendment made by subsection (e) of this section shall become effective upon enactment, and shall become a requirement for State unemployment compensation laws effective not later than July 1, 1981.

DISCLOSURE OF TAX RETURN INFORMATION

SEC. 302. (a)(1) Paragraph (6) of section 6103(l) of the Internal Revenue Code of 1954 is amended to read as follows:

"(6) DISCLOSURE OF RETURN INFORMATION TO FEDERAL, STATE, AND LOCAL CHILD SUPPORT ENFORCEMENT AGENCIES.—

"(A) RETURN INFORMATION FROM INTERNAL REVENUE SERVICE.—The Secretary may, upon written request, disclose to the appropriate Federal, State, or local child support enforcement agency—

"(i) available return information from the master files of the Internal Revenue Service relating to the address, filing status, amounts and nature of income, and number of dependents reported on any return filed by, or with respect to, any individual with respect to whom child support obligations are sought to be established or enforced pursuant to the provisions of part D of title IV of the Social Security Act and with respect to any individual to whom such support obligations are owing, and

"(ii) available return information reflected on any return filed by, or with respect to, any individual described in clause (i) relating to the amount of such individual's gross income (as defined in section 61) or consisting of the names and addresses of payers of such income and the names of any dependents reported on such return, but only if such return information is not reasonably available from any other source.

"(B) RETURN INFORMATION FROM SOCIAL SECURITY ADMINISTRATION.—Officers and employees of the Social Security Administration may, upon request, disclose return information from returns with respect to net earnings from self-employment and wages (as defined in section 1402, 3121(a), or 3401(a)) which has been disclosed to them as provided by paragraph (1)(A) of this subsection or as authorized by section 232 of the Social Security Act to officers and employees of the Department of Health, Education, and Welfare or, upon written request, to the appropriate State child support enforcement agency for purposes of establishing and collecting child support obligations pursuant to the provisions of part D of title IV of the Social Security Act.

"(C) RESTRICTION ON DISCLOSURE.—Return information shall be disclosed under this paragraph only for purposes of, and to the extent necessary in, establishing and collecting child support obligations from, and locating, individuals owing such obligations.".

(2) Section 6103(l) of such Code is further amended by adding after paragraph (6) the following new paragraph:

"(7) DISCLOSURE OF CERTAIN RETURN INFORMATION BY SOCIAL SECURITY ADMINISTRATION TO DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE AND TO CERTAIN STATE AGENCIES.—Officers and employees of the Social Security Administration may, upon request, disclose return information from returns with respect to—

"(A) net earnings from self-employment and wages (as defined in section 1402, 3121 (a), or 3401(a)), and

"(B) payments of retirement income,

which has been disclosed to them as provided by paragraph (1)(A) of this subsection or as authorized by section 232 of the Social Security Act to officers and employees of the Department of Health, Education, and Welfare or, upon written request, to officers and employees of an appropriate State agency for purposes of, but only to the extent that the Secretary of Health, Education, and Welfare determines by regulations to be necessary in, determining an individual's eligibility for benefits, or the amount of such benefits, under the program under title XVI of the Social Security Act or under a State plan approved by the Secretary of Health, Education, and Welfare under title I, IV (part A), X, XIV, XVI, or XIX of the Social Security Act.".

(3) Paragraph (3)(A) of section 6103(p) of such Code is amended by striking out "(l)(1) or (4)(B) or (5)" and inserting in lieu thereof "(l)(1), (4)(B), (5), (6) (B) or (C), or (7)".

(4) Paragraph (4) of section 6103(p) of such Code is amended by striking out "agency, body, or commission described in subsection (d) or (l) (3) or (6)" and inserting in lieu thereof "agency, body, or commission described in subsection (d) or (l) (3), (6), or (7)".

(5) Paragraph (F)(i) of paragraph (4) of section 6103(p) of such Code is amended by striking out "an agency, body, or commission described in subsection (d) or (l)(6)" and inserting in lieu thereof "an agency, body, or commission described in subsection (d) or (l) (6) or (7)".

(6) The first sentence of paragraph (2) of section 7213(a) of such Code is amended by striking out "subsection (d), (l)(6), or (m)(4)(B)" and inserting in lieu thereof "subsection (d), (l) (6) or (7), or (m)(4)(B)".

(7) Paragraph (16) of section 3304(a) of such Code is repealed, and paragraph (17) thereof is redesignated as paragraph (16).

(b) The amendments made by subsection (a) shall become effective October 1, 1979.

TITLE IV—CHILD SUPPORT ENFORCEMENT

COLLECTION OF SUPPORT FOR CERTAIN ADULTS RECEIVING AID TO FAMILIES WITH DEPENDENT CHILDREN

SEC. 401. (a) Section 451 of the Social Security Act is amended by striking out "children" and inserting in lieu thereof "children and the spouse (or former spouse) with whom such a child is living".

(b)(1) Section 452(a) of such Act is amended—

(A) by inserting "and support for the spouse (or former spouse) receiving aid to families with dependent children on behalf of an absent parent's child" immediately following "child support" in paragraph (1);

(B) by inserting "and spousal" immediately following "child" in paragraph (7); and

(C) by inserting "(with separate identification of the number in which collection of spousal support was involved)" immediately following "children support cases" in paragraph (10)(C).

(2) Section 452(b) of such Act is amended by striking out "child support" in the first sentence and inserting in lieu thereof "child or spousal support".

(c) Section 453(c)(1) of such Act is amended by striking out "child support" and inserting in lieu thereof "child support or support for a spouse receiving aid to families with dependent children".

(d) Section 454 of such Act is amended—

(1) by striking out "child support" in the matter preceding paragraph (1) and inserting in lieu thereof "child and spousal support";

(2) by striking out the comma immediately following the first parenthetical phrase in paragraph (4)(B) and inserting in lieu thereof "or from such parent for his spouse receiving aid to families with dependent children with whom such child is living (if a support obligation has been established with respect to such spouse),";

(3) by striking out "children support payments" in paragraph (5) and inserting in lieu thereof "support payments", and striking out "collected for a child" in such paragraph and inserting in lieu thereof "collected for an individual";

(4) by striking out "of a child or children" in paragraph (9)(C) and inserting in lieu thereof "of either the child or children or the spouse"; and

(5) by striking out "child" in paragraph (11).

(f) Section 457 of such Act is amended—

(1) by striking out "child" in the matter preceding paragraph (1) of subsection (a);

(2) by striking out "child" in the portion of subsection (b) that precedes paragraph (1); and

(3) by striking out "child" wherever it appears (four places) in subsection (c).

(g) The amendments made by this section shall become effective October 1, 1979.

CHILD SUPPORT COLLECTIONS FOR NON-AFDC FAMILIES

SEC. 402. (a) Section 455(a) of the Social Security Act is amended by striking out the semicolon at the end of paragraph (2) and all that follows, and inserting in lieu thereof a period.

(b) Section 454(6) of such Act is amended by striking out "(B)" and all that follows and inserting in lieu thereof the following: "and (B) a fee for furnishing such services to any such individual shall be imposed, in an amount equal to 10 per centum of the support collected, and deducted from the amount collected before remitting the remainder to such individual, except that such fee shall not be imposed in any case where the collection of such fee would have the effect of making the individual eligible for assistance under the State plan approved under part A;".

(c) The amendments made by this section shall apply only with respect to amounts paid for services furnished on or after October 1, 1979.

AMENDMENTS REGARDING INCENTIVE PAYMENTS

SEC. 403. (a) Section 458 of the Social Security Act, is amended to read as follows:

"INCENTIVE PAYMENTS

"SEC. 458. (a) When a State or a political subdivision thereof (acting on behalf of that State) makes the enforcement and collection of the support rights assigned under section 402(a)(26), there shall be paid to the State or political subdivision an incentive payment in an amount determined in accordance with subsection (c), but only if it is determined that the enforcement and collection activities are carried out pursuant to the plan of such State approved under this part.

"(b) Where more than one jurisdiction is involved in the enforcement or collection referred to in subsection (a), the amount of the incentive payment determined under subsection (c) shall be allocated among the jurisdictions in a manner to be prescribed by the Secretary.

"(c) The amount of the incentive payment referred to in subsection (a) shall equal 15 per centum of any amount collected as determined prior to the application to such amount of the rules for distribution provided in section 457 to reduce or repay assistance payments.".

(b) The amendment made by subsection (a) shall become effective October 1, 1979.

INCENTIVE PAYMENTS TO TRIBAL GOVERNING BODIES

SEC. 404. Effective October 1, 1979, section 458 of the Social Security Act (as amended by section 403 of this Act) is amended by adding at the end thereof the following new subsection:

"(d) For purposes of making incentive payments under this section, the tribal governing body of any federally recognized Indian tribe shall be treated in the same manner as a political subdivision of a State.".

THREE MONTHS' EXTENSION OF AID TO FAMILIES WITH DEPENDENT CHILDREN ELIGIBILITY

SEC. 405. (a) Section 402(b)(8) of the Social Security Act (as amended by the preceding provisions of this Act) is further amended by adding at the end thereof (after and below subparagraph (G)) the following:

"and in addition to any amounts disregarded under the preceding provisions of this subparagraph the State agency—

"(H) may disregard, for not more than three consecutive months, distributions to recipients of aid under the plan paid by the State under section 457(b) by reason of a support payment assigned pursuant to paragraph (26)(A);".

(b) Paragraph (5) of section 454 of such Act is amended to read as follows:

"(5) provide that in any case where support payments are collected in a month for an individual with respect to whom an assignment under section 402(a)(26) is effective, and where—

"(A) the amount of such payments on the current month's support obligation is not sufficient to make such family ineligible for aid under the State plan approved under part A, or

"(B) the amount of such payments on the current month's support obligation is sufficient to make such family ineligible for such aid but the month is one with respect to which the plan approved under part A provides for disregarding the excess of the amount collected on the current month's support obligation over the amount of such aid paid for that month,

such payments shall be made to the State for distribution pursuant to section 457 and shall not be paid directly to the family;".

(c) Subsections (b) and (c) of section 457 of such Act (as amended by section 401(f) of this Act) are amended to read as follows:

"(b) The amounts collected as support by a State pursuant to a plan approved under this part shall be distributed as follows:

"(1) such amounts as represent payment on the current month's obligation and either—

"(A) are not sufficient to make such family ineligible for aid under the State plan approved under part A, or

"(B) are sufficient to make such family ineligible for such aid for a month, but the month is one with respect to which the plan approved under part A provides for disregarding the excess of the amount collected on the current month's support obligation over the amount of such aid paid for that month,

shall be retained by the State to reimburse it for such aid paid to the family for the current month (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing);

"(2) such amounts as are in excess of the amounts retained by the State under paragraph (1) and are not in excess of the current month's obligation shall be paid to the family; and

"(3) such amounts as are in excess of the amounts required to be distributed under paragraphs (1) and (2) shall be (A) retained by the State (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing) as reimbursement for any past aid paid to the family for which the State has not been reimbursed, or (B) if no aid has been paid by the State which has not been reimbursed, such amounts shall be paid to the family.

"(c) Whenever a family for whom support payments have been collected and distributed under the plan ceases to receive aid under part A, the State may—

"(1) continue to collect support payments for a period not to exceed three months from the month following the month in which such family ceased to receive aid under part A, and pay to the family all amounts so collected which represent payments of the current month's obligation; and

"(2) at the end of such three-month period, if the State is authorized to do so by the individual on whose behalf the collection will be made, continue to collect support payments from the absent parent and pay to the family the net amount of any payments so collected which represent payment on the current month's obligation after deducting any costs incurred in making the collection from the amount of any recovery made,

and so much of any amounts of support so collected as are in excess of the payments required to be made under paragraph (1) or (2) shall be distributed in the manner provided by subsection (b)(3)(A) and (B) with respect to excess amounts described in subsection (b).

"(d) As used in this section—

"(1) the term 'current month' (with respect to the manner of distributing collections of support) means the month in which the amount to be distributed has been collected, and

"(2) the term 'payments on the current month's obligation' means child support payments in full or partial satisfaction of a legal obligation to make payment for the current month, such obligation having been established in accordance with section 456.".

(d) The amendments made by this section shall become effective October 1, 1979.

METHOD OF DETERMINING REIMBURSEMENT OF THE FEDERAL GOVERNMENT

SEC. 406. (a) Section 457(b) of the Social Security Act (as amended by sections 401(f) and 405(c) of this Act) is further amended by adding at the end thereof (after and below paragraph (3)) the following new sentence: "For purposes of this subsection, 'appropriate reimbursement of the Federal Government to the extent of its participation in the financing' shall be determined by application of the rate of Federal financial participation in the State's expenditures for aid to families with dependent children in effect for the quarter in which the support amount is distributed.".

(b) The amendment made by subsection (a) shall become effective October 1, 1979.

METHOD OF PAYMENT FOR CHILD SUPPORT COLLECTION SERVICES

SEC. 407. (a) Section 455(b)(2) of the Social Security Act is amended by striking out "The Secretary" and inserting in lieu thereof "Subject to subsection (e), the Secretary".

(b) Section 455 of such Act is further amended by adding at the end thereof the following new subsection:

"(c) Notwithstanding any other provision of law, no amount shall be paid to any State under this section for any quarter commencing after September 30, 1979, prior to the close of such quarter, unless for the period consisting of all prior quarters for which payment is authorized to be made to such State under subsection (a) there shall have been submitted by the State to the Secretary, with respect to each quarter in such period, other than the last two quarters in such period, a full and complete report (in such form and manner and containing such information as the Secretary shall prescribe or require) as to the amount of child and spousal support collected and disbursed and all expenditures with respect to which payment is authorized under subsection (a).".

(c)(1) Section 403(b)(2) of such Act is amended—

(A) by striking out "and" at the end of clause (A), and

(B) by inserting immediately before the semicolon at the end of clause (B) the following: ", and (C) reduced by such amount as is necessary to provide the 'appropriate reimbursement of the Federal Government' that the State is required to make under section 457 out of that portion of support collections retained by it pursuant to such section".

(2) The amendments made by paragraph (1) shall be effective in the case of calendar quarters commencing after September 30, 1979.

COMMITTEE AMENDMENTS

The committee amendments are as follows:

Page 2 (in the table of contents), after the item relating to section 124A, insert the following new item:

"Sec. 124B. Approval of certain demonstration projects.";

and after the item relating to section 126 insert the following new item:

"Sec. 126A. Implementation of amendments under Federal regulations.".

Page 3 (in the table of contents), strike out the matter relating to part F and insert in lieu thereof the following:

"PART F—EXPERIMENTAL PROJECTS INVOLVING FOOD STAMP CASH-OUT FOR AFDC RECIPIENTS

"Sec. 129. Payments in lieu of food stamp benefits for AFDC recipients.

"PART G—NATIONAL GOAL FOR ERROR RATE REDUCTION

"Sec. 130. Declaration of national goal.

"Sec. 131. Study and report.

"Sec. 132. Regulations.".

Page 4 (in the table of contents), after the item relating to section 302, insert the following new item:

"Sec. 303. Adjustment of retroactive benefits under title II on account of advances of supplemental security income benefits.".

Page 6, strike out "to the extent that" in line 10 and all that follows down through the end of line 12, and insert in lieu thereof the following:

to the extent that such amount (for each such child or individual) does not exceed $160 in the case of any month in the 9-month period beginning October 1, 1979, or $160 adjusted to the extent determined by the Secretary to be appropriate by reason of changes in the cost of such care in the case of any month thereafter; and

Page 8, line 20, strike out "(A), (B), (C), (D), and (E)" and insert in lieu thereof "(A) and (C)".

Page 11, strike out line 18 and all that follows down through line 4 on page 12.

Page 12, line 5, strike out "(3)" and insert in lieu thereof "(2)".

Page 19, strike out "shall include" in line 22 and all that follows down through the period in line 25 and insert in lieu thereof the following: "shall exclude no more than one licensed vehicle in the case of any family (except for a vehicle used to produce earned income or otherwise excludable under the next sentence), and shall exclude only so much of the fair market value of such licensed vehicle as does not exceed $4,500.".

Page 25, line 3, after "(b)" insert "(1)".

Page 25, strike out "in accordance with regulations" in line 6 and all that follows down through the end of line 8, and insert in lieu thereof "in accordance with the second sentence of this subsection".

Page 25, after line 8, insert the following new paragraph:

(2) Section 407(a) of such Act is further amended by adding at the end thereof the following new sentence: "For purposes of determining unemployment under the preceding sentence, the Secretary under regulations shall determine the uniform minimum level of monthly earnings that may be expected to be paid for full-time employment, which level shall be $500 in the case of any month in the 9-month period beginning October 1, 1979, and shall be $500 adjusted by the Secretary in accordance with such regulations, taking into account any changes in the Consumer Price Index and in the Federal minimum wage, in the case of any month thereafter.".

Page 27, line 22, strike out "thirty-day" and insert in lieu thereof "30-day".

Page 31, line 16, after "family" insert ", or that is not less than the amount determined under clause (II) (in the matter which follows) in the case of a family to which such clause applies".

Page 31, line 17, after "that" insert "(I)".

Page 31, line 22, strike out "purpose" and insert in lieu thereof "purposes".

Page 31, line 25, before the semicolon insert the following: ", and (II) in the case of a family which includes one or more dependent children but in which there is no adult whose needs are taken into account in determining the amount of aid payable (unless the application of this clause would result in a larger amount of aid for such family than the amount of aid which would be paid to a family of the same size and income which includes one or more such adults), the monthly cash needs and payment standards established by the State shall be such that each such standard (without taking into account the value of any monthly allotment of food stamp coupons) will equal an amount that is not less than 60 per centum of the difference between the income poverty guidelines (as defined in section 414) for a family with three members and the income poverty guidelines (as so defined) for a family with a number of members equal to three plus the number of such dependent children (and in any such case section 413 shall not apply as to reduce either such standard below the amount required by this clause)".

Page 32, line 4, before "and" insert "each place it appears".

Page 32, line 20, add quotation marks immediately before "(B)".

Page 34, line 23, strike out "The" and insert in lieu thereof "Effective October 1, 1980, the".

Page 35, lines 6 and 7, strike out "not later than one year after the date of the enactment of this Act" and insert in lieu thereof "not later than October 1, 1981".

Page 38, line 14, add quotation marks immediately before "SEC.", and strike out the quotation marks before "415".

Page 56, line 3, immediately after "cash" insert ", and disregarding the amount specified in subparagraph (B) and (D) of subsection (a) (8) to the extent that those subparagraphs apply to such individual".

Page 60, strike out lines 12 through 16 and insert in lieu thereof the following:

for purposes of this part, there shall be

"(b) Of the total amount appropriated available to States for payments under section 403(a) (5) for assistance to meet emergency needs—

"(1) for fiscal year 1982, the sum of $200,000,000, and

"(2) for each fiscal year thereafter, a sum equal to $200,000,000 multiplied by the ratio of (A) the Consumer Price Index for all urban consumers for the month of September immediately preceding such fiscal year, to (B) that Index for September 1981.".

Page 61, line 8, strike out "appropriated" and insert in lieu thereof "available".

Page 61, line 15, strike out "appropriated" and insert in lieu thereof "available".

Page 61, line 21, strike out "sentence" and insert in lieu thereof "paragraph".

Page 65, line 13, after "subsection" insert "or under section 403(a) (4)".

Page 66, strike out "(or," in line 25 and all that follows down through page 67, line 5, and insert in lieu thereof a comma.

Page 70, line 10, strike out "is the ratio" and insert in lieu thereof "is the lesser of 1 or the ratio".

Page 73, line 19, after "Act" insert "(as amended by section 105(c) of this act)".

Page 86, strike out the parenthetical phrase in lines 2 and 3 and the parenthetical phrase in lines 9 through 11.

Page 87, after line 16, insert the following new section:

APPROVAL OF CERTAIN DEMONSTRATION PROJECTS

SEC. 124B. Section 1115(a) of the Social Security Act is amended by inserting at the end thereof the following new sentence: "In the case of any application made by a State to participate in a project under this subsection, the Secretary shall make a final decision to approve or deny such application no later than 4 months after the date on which it is submitted to him.".

Page 89, line 12, strike out "section 101 (a) (2)" and insert in lieu thereof "sections 101(a) (2) and 104(d)".

Page 89, after line 14, insert the following new section:

IMPLEMENTATIONS OF AMENDMENTS UNDER FEDERAL REGULATIONS

SEC. 126A. No proposed regulation of the Secretary of Health, Education, and Welfare for the implementation or administration of any of the amendments made by this title shall become effective, or be published in final form in the Federal Register, unless—

(1) the Secretary has transmitted the text of such proposed regulation to the Congress, at or before the time he publishes such regulation in its proposed form or gives notice or service thereof under section 553 of title 5, United States Code, for referral to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate;

(2) a period of 60 calendar days (not counting any day on which either House of Congress is not in session because of adjournment of more than 3 calendar days to a day certain) has elapsed after the transmittal of such proposed regulation to the Congress under paragraph (1), and the Congress has not (within such period) adopted a concurrent resolution stating in substance that it disapproves of such regulation in whole or in part; and

(3) the regulation in its final form does not contain any changes, from the regulation as transmitted to the Congress under paragraph (1), which are of sufficient substance or magnitude to require (under the administrative procedure provisions of title 5, United States Code) its republication as a proposed regulation and a further opportunity for interested persons to participate through submission of data, views, and arguments;

except that if (within the 60-day period described in paragraph (2)) the Congress adopts a concurrent resolution disapproving of the proposed regulation only in part and specifying the portion or portions disapproved of, or if there are changes of the substance or magnitude described in paragraph (3) but they affect or involve only a specifically identifiable portion or portions of the regulation, this section shall not prevent the remaining portions of such regulation from being published in the Federal Register in final form, and becoming effective, in accordance with the administrative procedure provisions of title 5, United States Code.

Page 90, strike out line 24 and all that follows down through page 91, line 24, and insert in lieu thereof the following:

(b) REVISION OF LIMITATION.—Subsection (b) of section 43 of such Code (relating to limitation) is amended to read as follows:

"(b) LIMITATION.—The amount of the credit allowable to a taxpayer under subsection (a) for any taxable year shall not exceed the excess (if any) of—

"(1) $550, over

"(2) 13.75 percent of so much of the adjusted gross income (or, if greater, the earned income) of the taxpayer for the taxable year as exceeds $7,000."

(c) TECHNICAL AMENDMENTS.—

(1) Paragraph (2) of section 43(f) of such Code (relating to amount of credit to be determined under tables) is amended—

(A) by striking out "$10,000" each place it appears and inserting in lieu thereof "$11,000", and

(B) by striking out "$6,000" and inserting in lieu thereof "$7,000".

(2) Paragraph (2) of section 3507(c) of such Code (relating to advance amount tables) is amended—

(A) by striking out "10 percent" each place it appears and inserting in lieu thereof "11 percent",

(B) by striking out "$6,000 and $10,000" and inserting in lieu thereof "$7,000 and $11,000", and

(C) by striking out "$3,000 and $5,000" and inserting in lieu thereof "$3,500 and $5,500".

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 1981.

(2) AMENDMENTS OF SECTION 3507.—The amendments made by section (c) (2) shall apply to remuneration paid after December 31, 1981.

Strike out part F of title I (beginning on page 92, line 1, and ending on page 95, line 10), and insert in lieu thereof the following:

PART F—EXPERIMENTAL PROJECTS INVOLVING FOOD STAMP CASH-OUT FOR AFDC RECIPIENTS

PAYMENTS IN LIEU OF FOOD STAMP BENEFITS FOR AFDC RECIPIENTS

SEC. 129. Section 17(b) (1) of the Food Stamp Act of 1977 is amended—

(1) by striking out "either";

(2) by inserting "any of whose members is" after "over or";

(3) by inserting "or to aid to families with dependent children under part A of title IV of the Social Security Act" after "Social Security Act"; and

(4) by inserting ", other than any project involving the payment of the value of allotments in the form of cash to eligible households," after "no project".

Page 95, after line 10, insert the following new part:

PART G—NATIONAL GOAL FOR ERROR RATE REDUCTION

DECLARATION OF NATIONAL GOAL

SEC. 130. It shall be the goal of the program of aid to families with dependent children to operate with a national payment error rate not in excess of 4 per centum; and the Secretary of Health, Education, and Welfare, in the Federal administration of the program of aid to families with dependent children, shall treat the achievement of a 4-percent payment error rate in all States, through annual reductions in State error rates as provided for in the regulations promulgated on March 7, 1979 (F.R. Doc. 79–6786), or otherwise, as a paramount objective of such program.

STUDY AND REPORT

SEC. 131. The Secretary of Health, Education, and Welfare shall conduct a complete study of State error rates under the program of aid to families with dependent children, and shall submit to the Congress no later than December 31, 1980, a report of the findings made as a result of such study along with recommendations for reducing State error rates under such program and achieving equitable national standards therefor, including recommendations for improving the measurement and reduction of errors, and for developing a method of more accurately and equitably measuring program performance which takes into account State-by-State variations in program size, benefit levels, program complexity, and other relevant factors. The report shall include or be accompanied by a draft of any proposed changes in the regulations promulgated on March 7, 1979 (F.R. Doc. 79–6786), which may be necessary or appropriate to carry out such recommendations.

REGULATIONS

SEC. 132. Until the study under section 131 is completed and 30 calendar days (not counting any day on which either House of Congress is not in session because of adjournment of more than 3 calendar days to a day certain) have elapsed after the submission to the Congress of proposed changes in the current regulations as provided for in the last sentence of such section, the regulations with respect to State error rates which were promulgated on March 7, 1979 (F.R. Doc. 79–6786), as in effect on the date of the enactment of this Act, shall remain in effect.

Page 95, line 24, after "1616(a)" insert "or an administration agreement under section 212(b) of Public Law 93–66".

Page 96, lines 10 and 11, strike out "supplementary" and insert in lieu thereof "supplemental".

Page 96, line 12, after "1616(a)" insert "or section 212(b) of Public Law 93–66".

Page 100, line 15, after "apart." insert the following new sentence: "Notwithstanding the two preceding sentences, a husband and wife shall be considered to be living together (and to be an eligible individual and eligible spouse) during any period of not more than three consecutive months throughout which one or both of them is in a hospital, extended care facility, nursing home, or intermediate care facility if throughout such period they would be an eligible individual and eligible spouse (as defined in the first sentence of this subsection) if they were living together and if, in the month immediately preceding such period, they were living together as an eligible individual and eligible spouse (as so defined).".

Page 100, line 22, strike out "subparagraphs" and insert in lieu thereof "subparagraph".

Page 101, line 5, strike out "Except as set forth in subparagraph (C), in" and insert in lieu thereof "In".

Page 101, lines 14 and 115, strike out "or eligible spouse".

Page 101, strike out line 19 and all that follows down through line 18 on page 103 and insert in lieu thereof the following:

the fourth consecutive month throughout which, or a month in a continuous period beginning with such fourth consecutive month throughout which, such individual is in a hospital, extended care facility, nursing home, or intermediate care facility (whether or not receiving payments with respect to such individual for each month in such period), the benefit for such individual shall be payable at a rate not in excess of $300 per year (reduced by the amount of any income of such individual which is not excluded pursuant to section 1612 (b)).".

Page 103, line 20, strike out "(e)(1)(B)" and insert in lieu thereof "(e)(1)(C)".

Page 108, strike out lines 7 through 10 and insert in lieu thereof the following:

(b) The amendment made by subsection (a) shall be effective beginning with the month in which this Act is enacted, and shall apply only with respect to individuals whose death occurs in or after such month.

Page 110, line 14, immediately before the period insert "; but no additional or increased payments shall be made by reason of such amendments for any period prior to October 1, 1979".

Page 112, strike out lines 9 through 19 and insert in lieu thereof the following:

"(F) the first month after September 1979 for which the sum of—

"(i) such individual's title XVI benefit plus other income (as determined under paragraph (3)(C)), and

"(ii) any optional State supplementary payment for which he is eligible,

exceeds the sum of—

"(iii) such individual's title XVI benefit plus other income (as so determined) for September 1979, and

"(iv) the State supplementary payment for which such individual was eligible pursuant to the agreement under this subsection as in effect for September 1979,

Page 114, line 11, strike out "fair market value" and insert in lieu thereof "current market value".

Page 121, line 1, strike out "replacement procedures" and insert in lieu thereof "procedures for the replacement of checks under this paragraph".

Page 121, line 2, strike out "in the month" and insert in lieu thereof "for the month".

Page 123, line 2, after "paragraph (1)." insert the following new sentence: "For purposes only of title XIX of this Act and section 212 (a) of Public Law 93-66, a vendor payment under this paragraph with respect to an individual shall be considered a State supplementary payment to such individual.".

Page 129, strike out line 22 and all that follows down through page 134, line 2, and insert in lieu thereof the following:

DISCLOSURE OF TAX RETURN INFORMATION

SEC. 302. (a) Subsection (1) of section 6103 of the Internal Revenue Code of 1954 (relating to disclosure of returns and return information for purposes other than tax administration) is amended by adding at the end thereof the following new paragraph:

"(7) DISCLOSURE OF CERTAIN RETURN INFORMATION BY SOCIAL SECURITY ADMINISTRATION TO DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE AND TO CERTAIN STATE AGENCIES.—

"(A) IN GENERAL.—The Commissioner of Social Security may disclose return information from returns with respect to net earnings from self-employment (as defined in section 1402), wages (as defined in section 3121(a) or 3401(a)), and payments of retirement income which have been disclosed to the Social Security Administration as provided by paragraph (1) or (5) of this subsection—

"(i) upon request, to officers and employees of the Department of Health, Education, and Welfare, and

"(ii) upon written request, to officers and employees of a State administering agency or a State or local child support enforcement agency.

(B) RESTRICTION ON DISCLOSURE.—The Commissioner of Social Security shall disclose return information under subparagraph (A) only for purposes of, and to the extent necessary in—

"(i) determining an individual's eligibility for benefits, or the amounts of benefits, under a program or plan referred to in subparagraph (C), or

"(ii) establishing and collecting child support obligations from, and locating, individuals owing such obligations.

"(C) PROGRAMS AND PLANS IN THE ADMINISTRATION OF WHICH RETURN INFORMATION FURNISHED UNDER THIS PARAGRAPH MAY BE USED.—The programs and plans referred to in this subparagraph are—

"(i) any program under title XVI of the Social Security Act, and

"(ii) any State plan approved by the Secretary of Health, Education, and Welfare under title I, IV (part A), X, XIV, XVI, or XIX of the Social Security Act.

"(D) STATE ADMINISTERING AGENCY.—For purposes of this paragraph, the term 'State administering agency' means the State agency administering a program or plan referred to in subparagraph (C)."

(b)(1) Subparagraph (A) of section 6103 (p)(3) of such Code is amended by striking out "(l)(1) or (4)(B) or (5)" and inserting in lieu thereof "(l)(1), (4)(B), (5), or (7)".

(2) Paragraph (4) of section 6103(p) of such Code is amended by striking out "agency, body, or commission described in subsection (d) or (l)(3) or (6)" and inserting in lieu thereof "agency, body, or commission described in subsection (d) or (l) (3), (6), or (7)".

(3) Clause (i) of section 6103(p)(4)(F) of such Code is amended by striking out "an agency, body, or commission described in subsection (d) or (l)(6)" and inserting in lieu thereof "an agency, body, or commission described in subsection (d) or (l)(6) or (7)".

(4) The first sentence of paragraph (2) of section 7213(a) of such Code is amended by striking out "subsection (d), (l)(6), or (m) (4)(B)" and inserting in lieu thereof "subsection (d), (l)(6) or (7), or (m)(4)(B)".

(5) Subsection (a) of section 3304 of such Code is amended by striking out paragraph (16) and by redesignating paragraph (17) as paragraph (16).

(c) The amendments made by this section shall take effect on October 1, 1979.

Page 1344, after line 2, insert the following new section:

ADJUSTMENT OF RETROACTIVE BENEFITS UNDER TITLE II ON ACCOUNT OF ADVANCES OF SUPPLEMENTAL SECURITY INCOME BENEFITS

SEC. 303. (a) Part A of title XI of the Social Security Act (as amended by section 301(a) of this Act) is further amended by adding at the end thereof the following new section:

"ADJUSTMENT OF RETROACTIVE BENEFITS UNDER TITLE II ON ACCOUNT OF ADVANCES OF SUPPLEMENTAL SECURITY INCOME BENEFITS

"SEC. 1133. Notwithstanding any other provision of this Act, in any case where an individual—

"(1) makes application for benefits under title II and is subsequently determined to be entitled to those benefits, and

"(2) was an individual with respect to whom supplemental security income benefits were paid under title XVI (including State supplementary payments which were made under an agreement pursuant to section 1616(a) or an administration agreement under section 212 of Public Law 93-66) for one or more months during the period beginning with the first month for which a benefit described in paragraph 1 is paid and ending with the month before the first month in which such benefit is paid pursuant to the application referred to in paragraph (1),

"the benefits (described in paragraph (1)) which are otherwise retroactively payable to such individual for months in the period described in paragraph (2) shall be reduced by an amount equal to so much of such supplemental security income benefits (including State supplementary payments described in paragraph (2)) for such month or months as would not have been paid with respect to such individual or his eligible spouse if the individual had received the benefits under title II at the times they were regularly due during such period rather than retroactively; and from the amount of such reduction the Secretary shall reimburse the State on behalf of which such supplementary payments were made for the amount (if any) by which such State's expenditures on account of such supplementary payments for the period involved exceeded the expenditures which the State would have made (for such period) if the individual had received the benefits under title II at the times they were regularly due during such period rather than retroactively. An amount equal to the portion of such reduction remaining after reimbursement of the State under the preceding sentence shall be covered into the general fund of the Treasury.".

(b) Section 204 of such Act is amended by adding at the end thereof the following new subsection:

"(e) For payments which are adjusted by reason of benefits under the supplemental security income program established by the title XVI, see section 1133.".

(c) Section 1631(b) of such Act is amended by—

(1) inserting "(1)" immediately after "(b)" and

(2) adding at the end thereof the following new paragraph:

"(2) For payments for which adjustments are made by reason of a retroactive payment of benefits under title II, see section 1133.".

(d) The amendments made by this section shall be effective with respect to supplemental security income benefits (including State supplementary payments) paid for months after such date as the Secretary of Health, Education, and Welfare determines to be administratively feasible, but not later than the twelfth month following the month in which this Act is enacted.

Page 137, strike out "15 per centum" in line 19 and all that follows down through the end of line 22 and insert in lieu thereof the following:

15 per centum of any amount available for distribution under section 457 to reduce or repay assistance payments. Such incentive payment shall be made from the total amount so available prior to making any distribution from such amount under that section.".

The CHAIRMAN. If there is no debate to be had on the committee amendments, the question is on the committee amendments, en bloc.

The committee amendments were agreed to.

AMENDMENT OFFERED BY MR. JEFFORDS

Mr. JEFFORDS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Is the amendment printed in the RECORD pursuant to the rule?

Mr. JEFFORDS. Yes, it is, Mr. Chairman.

The CHAIRMAN. The Clerk will report the amendment.

The clerk read as follows:

Amendment offered by Mr. JEFFORDS: On page 109, after line 2, insert the following new subsection (c):

"(c) Notwithstanding any other provision of law, the Secretary of Agriculture, at the request of the governor, in accordance with arrangements entered into with the Secretary of Health, Education and Welfare, shall pay each household—

"(1) of which every member is either over sixty-five or is eligible for grants to the blind or disabled in Guam, Puerto Rico, and the Virgin Islands;

"(2) which is eligible to participate in the food stamp program; and

"(3) which is not entitled to a payment under section 1619 of the Social Security Act;

an amount equal to the value of a coupon allotment to which the household is entitled under the Food Stamp Act of 1977. For the purposes of section 8(b) of the Food Stamp Act of 1977 pertaining to benefits provided being excluded as income or resources under other laws, an amount paid under this subsection shall be treated as the value of the coupon allotment. In the administration of such Act, a household which receives payments under this subsection for any month shall not be issued a coupon allotment for such month. Payments under this subsection shall be made at such time or times as the Secretary of Agriculture determines by rule and shall be designated (on any voucher or other record of payment) as 'Nutritional Supplement.'"

Mr. JEFFORDS. Mr. Chairman, this amendment affects a group of people that I will describe, that is the poor and lonely elderly. I think that is the best way to describe them.

Before I go on, I would like to commend the gentleman from Mississippi (Mr. Lott) for arguing to make this amendment in order, because without his help on the Committee on Rules we would not have the opportunity before us to help this group. I know the gentleman's compassion for senior citizens, especially in this group, is well known, but I want to personally commend the gentleman.

This proposal is nothing new to this House. The House approved an amendment almost identical to this one in 1977 by a voice vote; however, it was deleted in conference committee and was replaced by a pilot program. For that reason, when we go back into the full House, in order to help the conference committee in their deliberations with the other body, I will ask for a separate vote. That way we can let everyone go on record in support of the poor and lonely elderly.

I commend the committee for adopting the provisions in the bill that allow elderly people and the blind and the disabled who are receiving SSI benefits to get cash in lieu of food stamps. That means they can adjust their own budgets according to their needs, rather than having to utilize or to obtain food stamps. I will briefly explain why this is a good reason later on; however the important point is that it misses a group of elderly. It misses a group of people between the eligibility level for SSI and the eligibility level for food stamps. In other words, we are still talking about impoverished elderly, but we are talking about elderly who for some reason are not on SSI.

What this amendment would do is allow them also to get cash instead of food stamps.

Let me go into why this is a good idea. First of all, I want to reemphasize that this does not increase the number of people who are eligible for food stamps, but merely says that people who are 65 or older and living alone, with no young people living in their household, can get cash instead of food stamps.

Why? First of all, the current rationale for food stamps, if there is a reason for food stamps, is primarily to make sure at least that young people in a household are provided with food. In other words, it guarantees that families will spend this aid only for food. This argument does not hold for the elderly.

What the elderly need now is more flexibility in their budget, rather than to have to utilize food stamps.

The biggest problem the elderly have now is stretching their budget to meet rampant inflation and the doubling of their fuel oil costs.

Second, the biggest problem our elderly have with participating in the food stamp program is the stigma of using food stamps in the grocery store lines. Elderly people have told me that time and time again; that was also the thrust of numerous pieces of testimony offered on behalf of food stamp reform in 1976 and 1977.

This group in particular has the lowest participation rate of any group in our food stamp program, and yet they are probably the group that needs more help than anyone else. In fact, a study based on Bureau of Census figures at the time of the 1976 food stamp reform debate showed that less than a quarter of the eligible elderly people actually participated in the program.

The unwillingness of this group to participate is due partly to the inconvenience in obtaining the stamps, but the biggest problem is stigma. Older people do not want to have their neighbors know that they are accepting help from a welfare-like program.

Another factor behind this proposal is that right now, as I mentioned earlier, there is pilot project authority in the food stamp law. I would point out that USDA is just now beginning to put this authority into effect. My amendment would allow States that operate these pilot projects either in districts or in the whole State, to continue cash-out after their project authority expires. There is a State option involved here. If the Governor says, "I think this is a good idea," then he can implement within that State a cash-out program for the lonely, and poor elderly.

Again, it is a State option. It is not a mandate. It will help those States that are now going forward with pilot programs. It will mean that once they get senior citizens in this group on cash instead of food stamps, they will not have to take them off cash and put them back on food stamps.

Finally, I would like to say, I do not think there is any group in America that needs our help more than this group at this particular time. With the inflation rate the way it is and with the inflation rate for the necessities of life even exceeding the average inflation rate, and furthermore with the increases in fuel costs, especially in my part of the country more than doubling, this group more than any other group needs more flexibility in their budget.

This amendment will help somewhere between half a million and a million Americans have a better chance to survive in the cold winter ahead.

Mr. GRASSLEY. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I would be happy to yield to the gentleman from Iowa.

Mr. GRASSLEY. Mr. Chairman, as the ranking minority member of the Aging Committee, I want to congratulate the gentleman from Vermont (Mr. Jeffords) for offering this amendment. I will support it gladly. To be entirely fair, since we are allowing some senior citizens—those on SSI—to participate in cash-out, I agree that all senior citizens should have this alternative. The needs of senior citizens are so great and their ability to respond somewhat limited that this measure allows greater flexibility for a class of citizens who deserve this special treatment.

Mr. SOLOMON. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I would be happy to yield to the gentleman from New York.

Mr. SOLOMON. Mr. Chairman, I want to commend the gentleman also.

The CHAIRMAN. The time of the gentleman from Vermont (Mr. Jeffords) has expired.

(By unanimous consent, Mr. Jeffords was allowed to proceed for 1 additional minute.)

Mr. SOLOMON. Mr. Chairman, if the gentleman will yield further, I just wanted a clarification on the criteria the gentleman listed, one, two, and three. In other words, in order for them to be able to cash out, as is the intent of the gentleman, in other words they have to meet all three of these criteria; not one of the three, but two of the three?

Mr. JEFFORDS. That is correct. They have to meet all three, and I will run down through them briefly.

These criteria make sure that the affected individuals are over 65, and that every member of their household is over 65, that they are eligible to participate in the food stamp program, and for some reason or other they would not be eligible to receive a similar payment under the SSI provisions.

Mr. SOLOMON. So the gentleman's intent is that they have to meet all three of those listed criteria.

Mr. JEFFORDS. That is correct.

Mr. SOLOMON. Mr. Chairman, it is an excellent amendment and I commend the gentleman.

Mr. SANTINI. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, as a member of the Select Committee on Aging, I want to commend the gentleman from Vermont for his effort to try and rectify a serious problem.

Recent studies indicate that less than 18 percent of our citizens over 65 who are eligible for food stamps actually participate in the program. The reasons for this poor percentage of participation are two: inconvenience and stigma. Many of our elderly, who encounter problems with transportation, find it difficult to go through the process of obtaining food stamps. The biggest factor, however, is the stigma of using food stamps. Many of our senior citizens, proud of what they have contributed during their working years, are embarrassed to publicly acknowledge that they are receiving assistance by using food stamps in the grocery store.

Representative Jefford's amendment. by allowing States to give cash in lieu of food stamps to senior citizens residing with others over age 65, will encourage many of our most vulnerable citizens to participate in the food stamp program—one of our most important assistance programs.

Mr. JEFFORDS. Mr. Chairman, will the gentleman yield?

Mr. SANTINI. I yield to the gentleman from Vermont.

Mr. JEFFORDS. Mr. Chairman, I really appreciate the gentleman's statement.

I would like to bring up another point, especially since the Committee on Ways and Means is here. In 1977, a provision in the food stamp reform bill authorized—in fact, sort of asked—that the people in the social security offices and the welfare offices get together in order to allow elderly people not to have to go to the welfare office, but rather to go to the social security office, to apply for food stamps. This group of people, the elderly, ought to be given an easier path to participate in the food stamp program. The social security office is where they are used to going. That is where they get SSI; why not food stamps?

□ 1630

Although that provision has been in the law, it is my understanding that the social security people have objected to it and have refused to implement that provision. Along with this amendment, if the administration would just put the pressure on HEW to see that that aspect of the law to use the social security office is implemented, it would also do a great deal to allow this group of senior citizens to participate in the food stamp program. I would just like to bring this to the attention of the members of the Committee on Ways and Means that have jurisdiction over SSI and social security in hopes they will exert pressure as that would do a great deal to help this group.

Mr. Chairman, I thank the gentleman for yielding.

Mr. SANTINI. Mr. Chairman, I think the sponsor of the amendment should be commended both for offering his amendment and for his supplemental remarks.

Mr. Chairman, I yield back the balance of my time.

Mr. BAUMAN. Mr. Chairman, I move to strike the last word.

The CHAIRMAN. Without objection, the Chair recognizes the gentleman from Maryland (Mr. Bauman).

There was no objection.

Mr. BAUMAN. Mr. Chairman, I just want to take this time to congratulate the gentleman from Vermont for being more equal than the 434 other Members of the House.

I say that because under the rule he is the only Member of the House of either party, save for committee amendments, who has the right to offer an amendment to this bill.

We have been told that this is a major welfare bill. I think it speaks volumes about the gentleman's legislative ability and his acumen that he would be able to come up with an amendment that makes him better than any other Member of the House in regard to this legislation.

I realize that this right was bestowed upon the gentleman by the Committee on Rules, but much of the impetus came from the description of the worth of his amendment and the group involved that would benefit if the amendment would pass. Nevertheless, the gentleman today stands second only to the Speaker of the House in his power and ability, thanks to the very great defeat handed the rest of us by the Committee on Rules with its penchant for closing off the rights of the other Members.

Mr. Chairman, I congratulate the gentleman from Vermont on receiving this singular honor, and I will yield to him if he wishes me to yield.

Mr. JEFFORDS. Mr. Chairman, I thank the gentleman for yielding, and I appreciate his remarks.

All I can say, in all candor and honesty, is that I wish I were not in that elite group of two because I believe, as the gentleman does, that this legislation ought to have been open to at least some amendments.

I voted against the rule on this bill, notwithstanding the fact that the gentleman from Mississippi (Mr. Lott) gave me the opportunity to stand in this position. I agree with the gentleman from Maryland (Mr. Bauman) that such a major piece of legislation ought to have the ability to be amended or ought to be considered in a way that would allow other Members to be able to improve upon it. I do not think there is any bill that comes out of any committee that is without the need of some repair or at least we ought to have a chance to think about it.

Mr. BAUMAN. Mr. Chairman, I believe the gentleman's last statement may well apply to the Committee on Ways and Means, I might say, based on the fact that they reported this bill.

Mr. JEFFORDS. Mr. Chairman, I will not say that at this particular time I want to comment on that, but I appreciate the gentleman's remarks.

Mr. BAUMAN. Mr. Chairman, I might add that it gives me some small comfort in this instance that the only amendment permitted by the powers that be that control this Congress comes from the minority party and not from majority party Members. That speaks volumes about where the singular amending talent of this body lies.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Vermont (Mr. Jeffords).

The amendment was agreed to.

The CHAIRMAN. Are there other committee amendments?

Mr. CORMAN. Mr. Chairman, there are no other committee amendments.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. Boland) having assumed the chair, Mr. AuCoin, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4904) to amend the Social Security Act to reform the program of aid to families with dependent children, to make improvements in the standards for eligibility and benefits in the program of supplemental security income, and to provide for the improved administration of both programs, to make related amendments to the Internal Revenue Code of 1954, and for other purposes, pursuant to House Resolution 465, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment?

Mr. JEFFORDS. Mr. Speaker, I demand a separate vote on the so-called Jeffords amendment.

The SPEAKER pro tempore. Is a separate vote demanded on any other amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER pro tempore. The Clerk will report the amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment: On page 109, after line 2, insert the following new subsection (c):

"(c) Notwithstanding any other provision of law, the Secretary of Agriculture, at the request of the governor, in accordance with arrangements entered into with the Secretary of Health, Education and Welfare, shall pay each household—

"(1) of which every member is either over sixty-five or is eligible for grants to the blind or disabled in Guam, Puerto Rico, and the Virgin Islands;

"(2) which is eligible to participate in the food stamp program; and

"(3) which is not entitled to a payment under section 1619 of the Social Security Act;

an amount equal to the value of a coupon allotment to which the household is entitled under the Food Stamp Act of 1977. For the purposes of section 8(b) of the Food Stamp Act of 1977 pertaining to benefits provided being excluded as income or resources under other laws, an amount paid under this subsection shall be treated as the value of the coupon allotment. In the administration of such Act, a household which receives payments under this subsection for any month shall not be issued a coupon allotment for such month. Payments under this subsection shall be made at such time or times as the Secretary of Agriculture determines by rule and shall be designated (on any voucher or other record of payment) as 'Nutritional Supplement'."

Mr. JEFFORDS (during the reading). Mr. Speaker, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Vermont?

There was no objection.

The SPEAKER pro tempore. The question is on the amendment.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. JEFFORDS. Mr. Speaker, I object

to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 406, nays 2, not voting 25, as follows:

[Roll No. 632]

YEAS—406

Abdnor
Addabbo
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Applegate
Archer
Ashbrook
Ashley
Aspin
Atkinson
AuCoin
Badham
Bafalis
Bailey
Baldus
Barnard
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Blanchard
Boggs
Boland
Boner
Bonior
Bouquard
Bowen
Brademas
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burlison
Burton, John
Burton, Phillip
Butler
Byron
Campbell
Carney
Carr
Carter
Cavanaugh
Chappell
Cheney
Chisholm
Clausen
Clay
Cleveland
Clinger
Coelho
Coleman
Collins, Ill.
Collins, Tex.
Conable
Conte
Corcoran
Corman
Cotter
Coughlin
Courter
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, Mich.
Davis, S.C.
Deckard
Dellums
Derrick
Derwinski
Devine
Dickinson
Dicks
Diggs
Dingell
Dixon
Dodd
Donnelly
Dornan
Dougherty
Downey
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Edwards, Okla.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fascell
Fazio
Fenwick
Ferraro
Findley
Fish
Fisher
Fithian
Flippo
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fowler
Frost
Fuqua
Garcia
Gaydos
Gephardt
Gibbons
Gilman
Gingrich
Ginn
Glickman
Goldwater
Gonzalez
Goodling
Gore
Gradison
Gramm
Grassley
Gray
Green
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hanley
Harkin
Harris
Harsha
Heckler
Hefner
Hightower
Hillis
Hinson
Holland
Hollenbeck
Holtzman
Hopkins
Horton
Howard
Hubbard
Huckaby
Hughes
Hutto
Hyde
Ichord
Ireland
Jacobs
Jeffords
Jeffries
Jenkins
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kazen
Kelly
Kemp
Kildee
Kindness
Kogovsek
Kostmayer
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Lederer
Lee
Lehman
Lent
Levitas
Lewis
Livingston
Lloyd
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Lujan
Luken
Lundine
Lungren
McClory
McCloskey
McCormack
McDade
McEwen
McHugh
McKay
McKinney
Madigan
Maguire
Markey
Marks
Marlenee
Marriott
Martin
Mathis
Matsui
Mattox
Mavroules
Mazzoli
Mica
Mikulski
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Mottl
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nelson
Nichols
Nolan
Nowak
Oakar
Oberstar
Obey
Ottinger
Panetta
Pashayan
Patten
Patterson
Pease
Pepper
Perkins
Petri
Peyser
Pickle
Preyer
Price
Pritchard
Pursell
Quayle
Quillen
Rahall
Railsback
Rangel
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Reuss
Rhodes
Richmond
Rinaldo
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Roberts
Robinson
Rodino
Roe
Rose
Rosenthal
Rostenkowski
Roth
Rousselot
Roybal
Royer
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Runnels
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Sabo
Santini
Satterfield
Sawyer
Scheuer
Schroeder
Schulze
Sebelius
Seiberling
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Simon
Skelton
Slack
Smith, Iowa
Smith, Nebr.
Snowe
Snyder
Solarz
Solomon
Spellman
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Steed
Stenholm
Stewart
Stockman
Stokes
Stratton
Studds
Stump
Synar
Tauke
Taylor
Thomas
Thompson
Traxler
Trible
Udall
Ullman
Van Deerlin
Vander Jagt
Vanik
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Waxman
Weaver
Weiss
White
Whitehurst
Whitley
Whittaker
Williams, Mont.
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wolff
Wolpe
Wright
Wyatt
Wydler
Yates
Yatron
Young, Fla.
Young, Mo
Zablocki
Zeferetti

NAYS—2

McDonald
Paul

NOT VOTING—25

Bolling
Bonker
Conyers
Crane, Philip
de la Garza
Flood
Frenzel
Giaimo
Hansen
Hawkins
Heftel
Holt
Jones, N.C.
Leath, Tex.
Leland
Michel
Murphy, Ill.
O'Brien
Stark
Swift
Symms
Treen
Whitten
Wylie
Young, Alaska

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The Clerk announced the following pairs:

Mr. Murphy of Illinois with Mrs. Holt.

Mr. Leland with Mr. Hansen.

Mr. Hawkins with Philip M. Crane.

Mr. Giaimo with Mr. Frenzel.

Mr. Conyers with Mr. Symms.

Mr. Swift with Mr. Wylie.

Mr. Jones of North Carolina with Mr. Young of Alaska.

Mr. Heftel with Mr. O'Brien.

Mr. Whitten with Mr. Stark.

Mr. de la Garza with Mr. Bonker.

Mr. ASHLEY and Mr. COTTER changed their votes from "nay" to "yea."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. ARCHER

Mr. ARCHER. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. ARCHER. I am, Mr. Speaker, in its present form.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. ARCHER moves to recommit the bill H.R. 4904 to the Committee on Ways and Means with instructions to report back the same to the House forthwith with the following amendments: On page 66, after line 18, insert the following new section (and conform the table of contents):

IMPOSITION OF WORK REQUIREMENTS BY STATES AS CONDITION OF AID TO FAMILIES WITH DEPENDENT CHILDREN

SEC. 114. Section 402 of the Social Security Act (as amended by sections 111(a)(2) and 118(b)(2) of this Act) is further amended by adding at the end thereof the following new subsection:

"(f) Nothing in this part or part C, or in any State plan approved under this section, or in any regulation prescribed to implement this part or part C or any such State plan, shall be construed to prevent a State from imposing (on such terms and conditions and in such cases as the State may find to be necessary or appropriate, whether or not such terms, conditions, and cases are consistent with subsection (a)(19) or part C) a requirement that an individual or relative, or any other person (living in the same home) whose needs are taken into account in making the determination under subsection (a)(7), perform employment (as defined by the State) as a condition or additional condition of eligibility for aid to families with dependent children, provided that a single parent or other relative of a child under the age of six who is caring for the child shall not be required to perform employment unless appropriate care is available for such child while the parent or relative is performing such employment.".

Page 104, after line 11, insert the following new part (and conform the table of contents):

PART G—BLOCK GRANT DEMONSTRATION PROGRAM

ESTABLISHMENT OF PROGRAM

SEC. 133. (a) Part A of title IV of the Social Security Act (as amended by the preceding provisions of this Act) is further amended by adding at the end thereof the following new section:

"BLOCK GRANT DEMONSTRATION PROGRAM

"SEC. 419A. (a)(1) In order to provide an effective test of the ability of the various States and counties to create their own welfare programs as an alternative to the program of aid to families with dependent children, there is hereby established a five-year block grant demonstration program under which at least eight participating States and at least three participating counties—

"(A) may receive payments under this section for any quarter beginning on or after October 1, 1981, and ending prior to October 1, 1988, and

"(B) may (except as otherwise provided in this section) use such payments, to benefit and promote the social welfare of children and families with children, without regard to the requirements and limitations applicable under the program of aid to families with dependent children.

The States and counties participating in the program under this section shall be selected in the manner provided in paragraphs (2) and (3). Any State which participates in such program for any quarter shall not receive any payment for such quarter under section 403: and any State that includes a county which participates in such program for any quarter shall have its payment for such quarter under section 403 appropriately reduced so as to exclude the portion thereof otherwise attributable to such county.

"(2)(A) The Governor of any State which

desires to participate in the block grant demonstration program under this section, or which includes a county that desires to participate in such program, may submit a request for such participation to the National Oversight and Evaluation Panel established under subsection (f), at any time during the fiscal year 1980 and in such manner and form as the Panel may prescribe. At the close of such fiscal year the Panel shall transmit to the Secretary, from among all of the States and counties submitting such requests, its nominations (for participation in the program) of specific groups of States and counties which meet the criteria described in the next sentence and which could (if selected) participate in the program in a manner contributing significantly to the achievement of the objectives of this section. In making such nominations the Panel shall to the maximum extent possible (i) assure that all of the various regions of the United States, and areas with differing economic and industrial bases, are appropriately represented and that the participating States and counties reflect as wide a diversity as is possible in their population density, their benefit levels, their per capita income, and the percentage of their population below the poverty level, and (ii) take into account the extent to which the States and counties requesting participation have developed realistic and comprehensive proposals which indicate their ability to manage and administer successfully a test of the type described in this section.

"(B) In order to assist interested States and counties in developing their plans and proposals for participation in the block grant demonstration program, the Secretary is authorized upon application to make planing grants to States and counties which demonstrate a firm intention to seek selection as participants in the program, a need for assistance in the development of such plans and proposals, and a significant potential for successful participation. Such grants shall be made as soon as possible after funds have been made available therefor, and shall be made and allocated among the applicant States and counties on such terms and conditions (consistent with the preceding sentence) as the Secretary may prescribe. No such grant shall exceed $1,000,000; and the aggregate of the grants made under this subparagraph shall not exceed $15,000,000.

"(3) As soon as possible after the nominations are transmitted under paragraph (2)(A) (and in any event no later than 18 months after the date of the enactment of this section), the Secretary shall make the final selection from among such nominations, of the eight or more States and the three or more counties which are to participate in the block grant demonstration program; and any State or county selected to participate in the program shall commence such participation no later than the first day of the third calendar quarter beginning after such final selection (or on October 1, 1982, if that date is subsequent to the first day of such third calendar quarter).

"(4) A State or county may terminate its participation in the block grant demonstration program beginning with any quarter which—

"(A) begins at least three years after the beginning of the quarter for which that State or county first participated in the program, and

"(B) begins at least six months after the date on which the Governor of the State notifies the Secretary of that State's or county's election to terminate participation in the program.

"(b)(1) Each State or county participating in the block grant demonstration program for any quarter shall receive, for such quarter, a payment in an amount equal to 25 percent of its adjusted base period amount for the fiscal year in which such quarter falls. No payment may be made under this section for any quarter beginning after September 30, 1986.

"(2)(A) The base period amount for any State shall be equal to the total amount which the Secretary determines would have been payable to such State for the fiscal year beginning October 1, 1978 (hereinafter in this section referred to as the 'base period'), under paragraphs (1), (3), and (5) of section 403(a), taking into account the provisions of section 1118 of this Act and section 9 of the Act of April 19, 1950 (64 Stat. 47), but computing such total amount without regard to subsections (c) through (j) of section 403, and increasing such total amount by the amount of expenses incurred for social and supportive services provided in accordance with section 402(a)(19)(G).

"(B) The base period amount for a county located in any State shall be equal to the portion of such State's base period amount, as determined under subparagraph (A), which is attributable (under regulations prescribed by the Secretary) to expenditures made in that county during the base period under the State's plan approved under section 402.

"(3)(A) The adjusted base period amount for any State or county—

"(i) for the fiscal year beginning October 1, 1979, shall be equal to its base period amount, and

"(ii) for the fiscal year beginning October 1, 1980, and each fiscal year thereafter, shall be equal to its adjusted base period amount for the preceding fiscal year as adjusted for such State or county in accordance with subparagraph (B); except that the adjusted base period amount for any State for the fiscal year beginning October 1, 1981, shall not be less than the base period amount which would have been determined for such State under paragraph (2)(A) if the amendments made by sections 115 and 116 of the Social Welfare Reforms of 1979 had been in effect throughout the fiscal year beginning October 1, 1978.

"(B) The adjusted base period amount of any State or county as determined under subparagraph (A) shall be increased for each fiscal year, starting with the fiscal year beginning October 1, 1980, by an amount equal to the product of—

"(i) the adjusted base period amount as determined (for such State or county) for the preceding fiscal year, and

(ii) a percentage equal to the percentage increase (if any) in the Consumer Price Index prepared by the Department of Labor, and used in determining cost-of-living increases under section 215(i) of this Act, for the second quarter of the preceding fiscal year as compared to such Index for the second quarter of the second preceding fiscal year (rounded to the nearest one-tenth of 1 percent).

For purposes of this subparagraph the Consumer Price Index for any quarter shall be the arithmetical mean of such index for the three months in such quarter.

"(c)(1) Each State or county participating in the block grant demonstration program shall use the payments made to it under this section to conduct such activities and provide such assistance as in its judgment will most effectively benefit and promote the social welfare of children and families with children in that State or county, without regard to the requirements and limitations which would otherwise apply in the program of aid to families with dependent children under this part; and for this purpose, except as provided in paragraphs (2) and (3), the State or county may waive any or all of such requirements and limitations (other than those relating to fair hearing procedures under section 402(a)(4) and section 415) including the requirements and limitations relating to the work incentive program under part C and the child support program under part D of this title.

"(2) Notwithstanding paragraph (1)—

"(A) the average amount or value of the assistance provided by any State or county to families of a given size and composition and with a given income for any quarter under the block grant demonstration program, and the type or types of assistance available in any State or county to families of a given size and compensation and with a given income under such program, shall be the same throughout the State or county (except that, in the case of a State, the amount or value of such assistance may be varied on a regional basis, with the approval of the Secretary, to reflect differences in living or housing costs); and any State shall have a phase-in period not exceeding six months from the date of its initial participation in the program under this section in which to come into compliance with the requirement of this subparagraph.

"(B) the amount or value of the assistance provided by any State or county to a family for any quarter under the block grant demonstration program, when added to such family's earnings for that quarter, may not be less (as determined by the Secretary), on account of the State's or county's treatment of work expenses or its requirements for disregarding earnings or for any other reason, than the amount of the aid to families with dependent children which would have been paid to such family for that quarter under the State plan approved under this part, in addition to those earnings, if such State or county had continued to be subject to the provisions of such State plan (without regard to this section) as it was in effect immediately prior to the enactment of the Social Welfare Reform Amendments of 1979.

"(C) the total amount or value of the assistance provided by any State or county for any quarter under the block grant demonstration program may not be less (as determined by the Secretary) than the total amount of the aid to families with dependent children which was paid under the State plan approved under this part in that State or county for the corresponding quarter in the base period; and

"(D) the total amount of the expenditures made from State and local funds for assistance provided in any State or county for quarters in any fiscal year under the block grant demonstration program may not be less (as determined by the Secretary) than the total amount of the expenditures made from State or local funds for aid to families with dependent children under the State plan approved under this part of the corresponding quarters in the base period (or, if it would result in a higher total amount, for the corresponding quarters in the fiscal year immediately preceding the fiscal year in which the State's or county's participation in the program begins).

"(3) A State or county may require single parents of children less than 6 years of age to perform work or undergo training, as a condition of their eligibility for assistance under the block grant demonstration program, only if appropriate care is available for such children while the parents are performing such work or undergoing such training.

"(4) Any State or county participating in the block grant demonstration program may utilize up to 25 percent of the funds made available to it under this section in the first four quarters of its participation in such program, up to 35 percent of such funds in the second four quarters of such participation, and up to 45 percent of such funds in any subsequent period of four consecutive quarters for the purpose of providing employment for individuals who are eligible for assistance under the program rather than for the purpose of providing assistance in the form of cash payments or otherwise; but no individual shall be required, as a condition of assistance under the program, to perform employment (under the preceding provisions of this paragraph or otherwise) for remuneration which is less than the Federal minimum hourly rate under the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)).

"(d) As a condition of its participation in the block grant demonstration program, each State and county shall agree to monitor, measure, and report from time to time to the Secretary (for purposes of Federal quality control determinations under section 403 (j) of this Act as well as to assist in the administration of this section) the error rates being experienced under such program as contrasted with the error rates most recently experienced (prior to such participation) under the State plan approved under section 403.

"(e)(1) In order to assure that the block grant demonstration program under this section achieves its objectives and contributes significantly to the improvement of Federal assistance to needy families with children, there is hereby established a national panel to be known as the National Oversight and Evaluation Panel.

"(2) The Panel shall be composed of 11 members, as follows:

"(A) two members selected by the Speaker of the House of Representatives;

"(B) two members selected by the President pro tempore of the Senate;

"(C) three members selected by the President;

"(D) two members selected by the Minority Leader of the House of Representatives; and

"(E) two members selected by the Minority Leader of the Senate.

Members of the Panel shall be chosen (as soon as possible after the date of the enactment of this section but in any event within 6 months after such date) from among persons who are particularly qualified to participate in the establishment of the block grant demonstration program, and to oversee the conduct and administration of such program, by reason of their experience, accomplishments, and expertise in various fields both related and unrelated to welfare assistance.

"(3) In addition to its function of nominating the States and counties to participate in the block grant demonstration program as provided in subsection (a)(2), the Panel shall conduct a continuing comprehensive evaluation of the activities of such States and counties under this section, including assessments of the administrative effects of the program, of the cost implications of the program, and of the impacts of the program upon recipients of assistance, and shall perform such other oversight and evaluation functions (including comparisons of the administration and accomplishments of the program with the administration and accomplishments of the program of aid to families with dependent children in selected States and counties not participating under this section) as may help to carry out the purpose of this section and to achieve the objectives of the block grant demonstration program.

"(4) The Secretary shall provide the Panel with such staff assistance and facilities as it may need in order to carry out its functions under this section.

"(d)(1) Except as otherwise specifically provided, the block grant demonstration program under this section shall be treated for all purposes, with respect to any participating State (or with respect to a participating county in any State), as constituting a program of aid to families with dependent children under such State's plan approved under section 402.

"(2) For purposes of the medical assistance program carried on by any participating State under its plan approved under title XIX of this Act (including determinations of a State's authority under section 1902(h) to deny medical assistance coverage with respect to children deprived of parental support or care by reason of the unemployment of a parent), any individual receiving assistance under the block grant demonstration program under this section shall be deemed to be receiving aid to families with dependent children under the plan of such State approved under this part.".

(b) Section 403 of such Act is amended by adding at the end thereof the following new subsection:

"(k) The provisions of this section shall not apply to any State or county with respect to any quarter for which such State or county is receiving a payment under section 419A of this Act.".

REVIEW AND REPORT BY COMPTROLLER GENERAL

SEC. 134. (a) The Comptroller General of the United States shall conduct a continuing study and evaluation of the block grant demonstration program under section 419A of the Social Security Act, of the Federal regulations and procedures prescribed or established to implement such program and of the activities and accomplishments of the participating States and counties thereunder (including field studies at the operational level).

(b) Within six months after the approval and selection of any State or county for participation in the block grant demonstration program, the Comptroller General shall submit to the Congress an analysis of such State's or county's plans for participation in the program.

(c) The Comptroller General shall submit to the Congress an interim report with respect to the study and evaluation under subsection (a) no less often than once each year during the period when the block grant demonstration program is in operation, and shall submit to the Congress a final report within one year after completion of the program.

(d) No payment may be made under section 419B of the Social Security Act to any State or county which fails to cooperate with the reasonable requests of the Comptroller General in carrying out his duties under this section, for so long as such failure to cooperate continues.

Mr. ARCHER (during the reading). Mr. Speaker, I ask unanimous consent that the motion to recommit be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

Mr. CORMAN. Mr. Speaker, I reserve the right to object.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Texas (Mr. ARCHER).

Mr. ARCHER. Mr. Speaker, this motion, which has been printed in the RECORD already prior to its introduction, does two things. It permits the States to have work requirements under the AFDC program for the relative or parent of children under 6 years of age, so long as those children are able to have day care available.

The second thing that it does is provide a demonstration pilot plant block grant provision in eight States and three counties.

This will give us an opportunity to let States and counties at least on a limited basis use their creativity to develop alternative programs so that we can use them as a standard of comparison to the programs that are involved in this bill.

We have heard in the debate the objections to the bill. If this motion to recommit does not pass, those objections will all be locked into the program on a national basis. But if we have an opportunity to have an alternative in several block grant applications in several States and several counties then in the years ahead we will have the option of comparing alternatives to see which is in actuality the best way to help those who truly need help and prevent help from going to those who do not. We will be able to unleash the creativity and ingenuity of separate States and counties.

The SPEAKER pro tempore. The Chair would state that the gentleman from California (Mr. CORMAN) reserved an objection to the unanimous-consent request that the motion to recommit be considered as read and printed in the RECORD.

Is there objection to the unanimous-consent request of the gentleman from Texas (Mr. ARCHER)?

Mr. CORMAN. I reserve the right to object, Mr. Speaker, because I am uncertain about the motion.

The SPEAKER pro tempore. The gentleman from California is recognized.

Mr. CORMAN. Mr. Speaker, under my reservation, I would respectfully suggest to the gentleman that there was more in the record than there is in the motion to recommit, and I am uncertain as to what parts in that record are included in the motion to recommit.

I do not want to take this body's time for lengthy reading, but could the gentleman delineate the contents of his motion with more specificity or give us a copy of the recommittal? That would be even better.

Mr. ARCHER. The gentleman should have a copy available. Actually what is embodied in the motion to recommit is the so-called Gradison work requirement and the so-called Jones block grant test program.

Those are the two elements that are included in the motion to recommit which has been printed in the RECORD.

Mr. CORMAN. Further reserving the right to object, there are some changes here.

Mr. ARCHER. The only other changes, that there are eight States instead of three, and some technical, perfecting changes.

Mr. CORMAN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the unanimous-consent request of the gentleman from Texas?

There was no objection.

The SPEAKER pro tempore. The Chair now recognizes the gentleman from Texas (Mr. ARCHER) for 5 minutes.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. ARCHER. I yield to the gentleman from Maryland (Mr. BAUMAN).

Mr. BAUMAN. I wanted to ask the gentleman, during the debate on this legislation, the contention was made by the gentleman from Oklahoma (Mr. JONES), that in the bill before us, the Secretary of HEW had in effect the power to curtail the rights of the States to impose work programs and, therefore, by definition using this power he might prevent such programs or a work requirement for welfare recipients.

Does this motion to recommit, therefore, cure that problem?

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Mr. ARCHER. This motion to recommit does cure that problem and does permit the States to specify work requirements. That would be in all 50 States, not just in the States that had the test block grant program. The only limitation on that would be that there would have to be child care available where there were children under 6 years of age.

Mr. BAUMAN. So those who have campaigned repeatedly for welfare reform and pledged their support in favor of some sort of work program for those able-bodied people receiving welfare in return for those benefits would have to honor that commitment by voting in favor of this motion, because to do otherwise would be inconsistent, would it not?

Mr. ARCHER. I would certainly hope so. The gentleman has made an excellent point.

This would, for most purposes, Mr. Speaker, eliminate most of the Federal regulations which are a straitjacket on the States in the bill that is before us, and permit the States the flexibility under a block grant program in the test States that were picked to exercise a degree of flexibility to meet their particular needs and to then have a program that we could compare to the national program that is provided for in this bill. This is not a substitute for the bill before the House, it is an addition.

The addition is twofold: First, to permit the States to have work requirements; and second, to also provide in those limited number of States a demonstration test program on a block grant basis.

I urge its adoption. I highly recommend it to the Members of this House.

Mr. RHODES. Mr. Speaker, will the gentleman yield?

Mr. ARCHER. I am happy to yield.

Mr. RHODES. Mr. Speaker, under the block grant plan which the gentleman has outlined, does that mean eight States which would be picked, I assume by the Secretary of Health, Education, and Welfare, would be enabled to take block grant money which they get from the Federal Government and actually, by innovation, bring about some new ways of adequately caring for welfare recipients?

Mr. ARCHER. Yes. The minority leader is exactly correct.

Mr. RHODES. If that is true, and they are able to save money then, of course, would that savings not redound to the benefit of the States?

Mr. ARCHER. Then we could certainly use their example and their program, perhaps, to rebuild the entire national program, which would save all of the taxpayers of this country money, and would give us an opportunity to give more to those who actually do need help.

Mr. RHODES. I thank the gentleman for offering this motion. I hope it will be adopted.

Mr. ARCHER. Mr. Speaker, I urge the adoption of the motion.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER pro tempore. The gentleman from California (Mr. CORMAN) will be recognized for 5 minutes in opposition to the motion to recommit.

Mr. CORMAN. Mr. Speaker, it is a little difficult to analyze a motion to recommit in the short time we have. But as best I understand it, in eight States, for a period of 5 years, it would remove most of the Federal protections that we have written into the AFDC law. There is absolutely no justification for this.

Mr. ARCHER. Mr. Speaker, will the gentleman yield for just a moment?

Mr. CORMAN. I just have 5 minutes, and if I have time at the end I will yield.

Mr. ARCHER. Mr. Speaker, how much time do I have remaining in my 5 minutes, if I may ask?

The SPEAKER pro tempore. The gentleman from Texas has used all of his time, the 5 minutes.

Mr. CORMAN. Mr. Speaker, let us look at the "workfare" provision in the motion. Basically, this would amount to States and local governments using Federal public assistance money to pay salaries. Now we want people to work. We do not want them on welfare. But we do not want to use welfare money to pay wages. We want local governments and State governments to put these people to work with their own money.

Furthermore, the demonstration authority in the recommittal specifically says that a participating State could use up to 45 percent of their Federal welfare money for jobs. This would mean that we would devote a substantial portion of Federal welfare funds to pay wages for State and local jobs. States ought to be paying these wages out of State and local funds.

What about the work requirement? As I read the bill, it does say that, if the mother has a child under 6, day care would have to be available, with no specification as to the kind, quality or adequacy of this care. But, the motion does not include the other exclusions in current law, such as a child under 16.

Under the recommittal, even a person who is elderly or incapacitated can be required to work. A mother in a family where the father is registered and willing to work may also be required to work.

All of these and many other sound and equitable provisions we have written into the AFDC law over the years to protect the poor would be repealed in up to eight States for a period of 5 years. I urge my colleagues to vote against the motion to recommit.

Mr. ZABLOCKI. Mr. Speaker, will the gentleman yield?

Mr. CORMAN I yield to the gentleman from Wisconsin.

SIGNING OF LETTER TO AYATOLLAH KHOMEINI

(By unanimous consent Mr. ZABLOCKI was allowed to proceed out of order.)

Mr. ZABLOCKI. Mr. Speaker, this morning I had advised our colleagues that a letter has been prepared, an open letter to the Ayatollah Khomeini. Many of our colleagues, Mr. Speaker, have asked where that letter is for them to sign. It is in the lobby. We hope to send it tonight. Anybody interested, please sign.

I thank the gentleman from California for yielding.

Mr. BRODHEAD. Mr. Speaker, will the gentleman yield?

Mr. CORMAN. I yield to the gentleman from Michigan.

Mr. BRODHEAD. Mr. Speaker, I thank the gentleman for yielding. I urge opposition to the motion to recommit. It seems to me this is Federal dollars that we ought to have some basic Federal minimum standards for, and with the absence of any standards at all in the States I think really goes in the wrong direction and would be a waste of Federal money. The fact that 45 percent of this money could be used for salaries I think would present an opportunity for tremendous abuse of Federal money and tremendous waste of Federal money.

I urge opposition to the motion to recommit.

Mr. ARCHER. Mr. Speaker, will the gentleman yield? Just to explain what is in the motion to recommit, which is not exactly as it was presented, the States will be required to keep up the maintenance of what they are actually currently putting into the program.

Mr. CORMAN. That is right. There is a maintenance of effort requirement.

Mr. ARCHER. The benefits may not be reduced. That is a provision that is in the motion to recommit.

Mr. CORMAN. I do not yield further.

Mr. ARCHER. I do not want the House to be misled.

Mr. CORMAN. But there is no requirement that current Federal protections be continued; there is no requirement that there be an unemployed parent program or that benefits be at least some minimum amount.

Mr. Speaker, there is one other protection for little children in the committee's bill that could potentially be repealed in those eight States. That is the unemployed parent or an unemployed father program. In about half of the States we allow all families with children who are very poor to receive public assistance to keep them from going hungry. In the other half we say we will give you public assistance only if one of your parents abandons you. Now, that is no way for us to legislate. That is not an option that we ought to give to the States.

We want to keep families together. We do not want to separate them as a condition for getting food for hungry children. I urge my colleagues to vote against the motion to recommit.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. ARCHER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 200, nays 205, not voting 28, as follows:

[Roll No. 633]

YEAS—200

Abdnor
Anderson, Ill.
Andrews, N. Dak.
Applegate
Archer
Ashbrook
Badham
Bafalis
Barnard
Bauman
Beard, Tenn.
Bedell
Benjamin
Bennett
Bereuter
Bethune
Bouquard
Bowen
Breaux
Brinkley
Broomfield
Brown, Ohio
Broyhill
Buchanan
Burgener
Butler
Byron
Campbell
Carney
Carter
Chappell
Cheney
Clausen
Cleveland
Clinger
Coleman
Collins, Tex.
Conable
Conte
Corcoran
Coughlin
Courter
Crane, Daniel
Daniel, Dan
Daniel, R. W.
Dannemeyer
Davis, Mich.
Deckard
Derrick
Derwinski
Devine
Dickinson
Dornan
Dougherty
Duncan, Tenn.
Edwards, Ala.
Edwards, Okla.
Emery
English
Erdahl
Erlenborn
Evans, Del.
Evans, Ind.
Fenwick
Findley
Fish
Forsythe
Fountain
Frenzel
Gibbons
Gilman
Gingrich
Ginn
Goldwater
Goodling
Gradison
Gramm
Grassley
Green
Grisham
Guyer
Hagedorn
Hall, Tex.
Hammerschmidt
Hance
Harsha
Heckler
Hillis
Hinson
Hollenbeck
Hopkins
Horton
Hubbard
Huckaby
Hyde
Ichord
Jeffords
Jeffries
Jenkins
Johnson, Colo.
Jones, Okla.
Jones, Tenn.
Kelly
Kemp
Kindness
Kramer
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Lee
Lent
Lewis
Livingston
Loeffler
Long, La.
Lott
Lungren
McClory
McCloskey
McDade
McDonald
McEwen
McKay
McKinney
Madigan
Marks
Marlenee
Marriott
Martin
Mathis
Miller, Ohio
Mitchell, N.Y.
Montgomery
Moore
Moorhead, Calif.
Mottl
Myers, Ind.
Neal
Nelson
Nichols
Pashayan
Paul
Petri
Pritchard
Pursell
Quayle
Quillen
Railsback
Regula
Rhodes
Rinaldo
Ritter
Roberts
Robinson
Roth
Royer
Rudd
Satterfield
Sawyer
Schulze
Sebelius
Sensenbrenner
Sharp
Shelby
Shumway
Shuster
Skelton
Smith, Iowa
Smith, Nebr.
Snowe
Snyder
Solomon
Spence
Stangeland
Stanton
Steed
Stenholm
Stockman
Stump
Synar
Tauke
Taylor
Thomas
Trible
Vander Jagt
Walker
Wampler
Watkins
White
Whitehurst
Whitley
Whittaker
Williams, Ohio
Wilson, Bob
Wilson, Tex.
Winn
Wyatt
Wydler
Young, Fla.

NAYS—205

Addabbo
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Annunzio
Anthony
Ashley
Aspin
Atkinson
AuCoin
Bailey
Baldus
Barnes
Beard, R.I.
Beilenson
Biaggi
Bingham
Blanchard
Boggs
Boland
Bolling
Boner
Bonior
Bonker
Brademas
Brodhead
Brooks
Brown, Calif.
Burlison
Burton, John
Burton, Phillip
Carr
Cavanaugh
Chisholm
Clay
Coelho
Collins, Ill.
Corman
Cotter
D'Amours
Danielson
Daschle
Davis, S.C.
Dellums
Dicks
Diggs
Dingell
Dixon
Dodd
Donnelly
Downey
Drinan
Duncan, Oreg.
Early
Eckhardt
Edgar
Edwards, Calif.
Ertel
Evans, Ga.
Fary
Fascell
Fazio
Ferraro
Fisher
Fithian
Flippo
Florio
Foley
Ford, Mich.
Ford, Tenn.
Fowler
Frost
Fuqua
Garcia
Gaydos
Gephardt
Giaimo
Glickman
Gonzalez
Gore
Gray
Guarini
Gudger
Hall, Ohio
Hamilton
Hanley
Harkin
Harris
Hefner
Hightower
Holland
Holtzman
Howard
Hughes
Hutto
Ireland
Jacobs
Jenrette
Johnson, Calif.
Kastenmeier
Kazen
Kildee
Kogovsek
Kostmayer
LaFalce
Lederer
Lehman
Levitas
Lloyd
Lowry
Luken
Lundine
McCormack
McHugh
Maguire
Markey
Matsui
Mattox
Mavroules
Mazzoli
Mica
Mikulski
Miller, Calif.
Mineta
Minish
Mitchell, Md.
Moakley
Moffett
Mollohan
Moorhead, Pa.
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Pa.
Natcher
Nedzi
Nolan
Nowak
Oakar
Oberstar
Obey
Ottinger
Panetta
Patten
Patterson
Pease
Pepper
Perkins
Peyser
Pickle
Preyer
Price
Rahall
Rangel
Ratchford
Reuss
Richmond
Rodino
Roe
Rose
Rosenthal
Rostenkowski
Roybal
Russo
Sabo
Scheuer
Schroeder
Shannon
Simon
Slack
Solarz
St Germain
Stack
Staggers
Stewart
Stokes
Stratton
Studds
Swift
Thompson
Traxler
Udall
Ullman
Van Deerlin
Vanik
Vento
Volkmer
Walgren
Waxman
Weaver
Weiss
Williams, Mont.
Wilson, C. H.
Wirth
Wolff
Wolpe
Wright
Yates
Yatron
Young, Mo.
Zablocki
Zeferetti

NOT VOTING—28

Bevill
Conyers
Crane, Philip
de la Garza
Flood
Hansen
Hawkins
Heftel
Holt
Jones, N.C.
Leath, Tex.
Leland
Long, Md.
Lujan
Michel
Murphy, Ill.
O'Brien
Rousselot
Runnels
Santini
Seiberling
Spellman
Stark
Symms
Treen
Whitten
Wylie
Young, Alaska

□ 1720

The Clerk announced the following pairs:

On this vote:

Mr. Michel for, with Mr. Bevill against.

Mr. O'Brien for, with Mr. Stark against.

Mrs. Holt for, with Mr. Conyers against.

Mr. Jones of North Carolina for, with Mr. Leland against.

Mr. Young of Alaska for, with Mr. Hawkins against.

Until further notice:

Mr. de la Garza with Mr. Philip M. Crane.

Mr. Long of Maryland with Mr. Hansen.

Mr. Seiberling with Mr. Lujan.

Mrs. Spellman with Mr. Symms.

Mr. Whitten with Mr. Rousselot.

Mr. Murphy of Illinois with Mr. Runnels.

Mr. Santini with Mr. Wylie.

Mr. Heftel with Mr. Leath of Texas.

Mr. McKINNEY changed his vote from "nay" to "yea."

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

RECORDED VOTE

Mr. BAUMAN. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 222, noes 184, not voting 27, as follows:

[Roll No. 634]

AYES—222

Addabbo
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Anderson, Ill.
Annunzio
Ashley
Aspin
AuCoin
Bailey
Baldus
Barnes
Beard, R.I.
Bedell
Beilenson
Benjamin
Biaggi
Bingham
Blanchard
Boggs
Boland
Bolling
Bonior
Bonker
Brademas
Brodhead
Brown, Calif.
Burlison
Burton, John
Burton, Phillip
Carr
Carter
Cavanaugh
Chisholm
Clay
Clinger
Coelho
Collins, Ill.
Conable
Conte
Corman
Cotter
D'Amours
Danielson
Daschle
Davis, Mich.
Davis, S.C.
Dellums
Dicks
Diggs
Dixon
Dodd
Donnelly
Dougherty
Downey
Drinan
Duncan, Oreg.
Early
Eckhardt
Edgar
Edwards, Calif.
Ertel
Evans, Ga.
Fary
Fascell
Fazio
Fenwick
Ferraro
Fish
Fisher
Florio
Foley
Ford, Mich.
Ford, Tenn.
Fowler
Frost
Garcia
Gaydos
Gephardt
Giaimo
Gibbons
Gilman
Glickman
Gonzalez
Gore
Gray
Green
Guarini
Hall, Ohio
Hamilton
Hanley
Harkin
Harris
Heckler
Holland
Hollenbeck
Holtzman
Horton
Howard
Hughes
Jeffords
Jenrette
Johnson, Calif.
Kastenmeier
Kazen
Kildee
Kogovsek
Kostmayer
LaFalce
Lederer
Lehman
Lent
Lloyd
Long, La.
Long, Md.
Lowry
Luken
Lundine
McCormack
McDade
McEwen
McHugh
McKinney
Maguire
Markey
Marks
Matsui
Mavroules
Mazzoli
Mica
Mikulski
Miller, Calif.
Mineta
Minish
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Moorhead, Pa.
Murphy, N.Y.
Murphy, Pa.
Myers, Pa.
Natcher
Nedzi
Nolan
Nowak
Oakar
Oberstar
Obey
Ottinger
Panetta
Patten
Patterson
Pease
Pepper
Perkins
Peyser
Price
Pursell
Rahall
Railsback
Rangel
Ratchford
Reuss
Richmond
Rinaldo
Rodino
Roe
Rosenthal
Rostenkowski
Roybal
Russo
Sabo
Scheuer
Schroeder
Seiberling
Shannon
Sharp
Simon
Smith, Iowa
Snowe
Solarz
Spellman
St Germain
Stack
Staggers
Stewart
Stokes
Stratton
Studds
Swift
Tauke
Thompson
Traxler
Udall
Ullman
Van Deerlin
Vander Jagt
Vanik
Vento
Volkmer
Walgren
Waxman
Weaver
Weiss
White
Williams, Mont.
Williams, Ohio
Wilson, C. H.
Wirth
Wolff
Wolpe
Wright
Wyatt
Wydler
Yates
Yatron
Young, Mo.
Zablocki
Zeferetti

NOES—184

Abdnor
Andrews, N.C.
Andrews, N. Dak.
Anthony
Applegate
Archer
Ashbrook
Atkinson
Badham
Bafalis
Barnard
Bauman
Beard, Tenn.
Bennett
Bereuter
Bethune
Boner
Bouquard
Bowen
Breaux
Brinkley
Brooks
Broomfield
Brown, Ohio
Broyhill
Buchanan
Burgener
Butler
Byron
Campbell
Carney
Chappell
Cheney
Clausen
Cleveland
Coleman
Collins, Tex.
Corcoran
Coughlin
Courter
Crane, Daniel
Daniel, Dan
Daniel, R. W.
Dannemeyer
Deckard
Derrick
Derwinski
Devine
Dickinson
Dingell
Dornan
Duncan, Tenn.
Edwards, Ala.
Edwards, Okla.
Emery
English

Erdahl
Erlenborn
Evans, Del.
Evans, Ind.
Findley
Fithian
Flippo
Forsythe
Fountain
Frenzel
Fuqua
Gingrich
Ginn
Goldwater
Goodling
Gradison
Gramm
Grassley
Grisham
Gudger
Guyer
Hagedorn
Hall, Tex.
Hammerschmidt
Hance
Harsha
Hefner
Hightower
Hillis
Hinson
Hopkins
Hubbard
Huckaby
Hutto
Hyde
Ichord
Ireland
Jacobs
Jeffries
Jenkins
Johnson, Colo.
Jones, Okla.
Jones, Tenn.
Kelly
Kemp
Kindness
Kramer
Lagomarsino
Latta
Leach, Iowa
Lee
Levitas
Lewis
Livingston
Loeffler
Lott
Lungren
McClory
McCloskey
McDonald
McKay
Madigan
Marlenee
Marriott
Martin
Mathis
Mattox
Miller, Ohio
Montgomery
Moore
Moorhead, Calif.
Mottl
Murtha
Myers, Ind.
Neal
Nelson
Nichols
Pashayan
Paul
Petri
Pickle
Preyer
Pritchard
Quayle
Quillen
Regula
Rhodes
Ritter
Roberts
Robinson
Rose
Roth
Royer
Rudd
Santini
Satterfield
Sawyer
Schulze
Sebelius
Sensenbrenner
Shelby
Shumway
Shuster
Skelton
Slack
Smith, Nebr.
Snyder
Solomon
Spence
Stangeland
Stanton
Steed
Stenholm
Stockman
Stump
Synar
Taylor
Thomas
Trible
Walker
Wampler
Watkins
Whitehurst
Whitley
Whittaker
Wilson, Tex.
Winn
Young, Fla.

NOT VOTING—27

Bevill
Conyers
Crane, Philip
de la Garza
Flood
Hansen
Hawkins
Heftel
Holt
Jones, N.C.
Leach, La.
Leath, Tex.
Leland
Lujan
Michel
Mitchell, Md.
Murphy, Ill.
O'Brien
Rousselot
Runnels
Stark
Symms
Treen
Whitten
Wilson, Bob
Wylie
Young, Alaska

☐ 1740

The Clerk announced the following pairs:

On this vote:

Mr. Bevill for, with Mr. Jones of North Carolina against.

Mr. Conyers for, with Mr. Philip M. Crane against.

Mr. Leland for, with Mr. Hansen against.

Mr. Hawkins for, with Mrs. Holt against.

Mr. Mitchell of Maryland for, with Mr. Lujan against.

Mr. Stark for, with Mr. Michel against.

Until further notice:

Mr. Whitten with Mr. Rousselot.

Mr. Runnels with Mr. Wylie.

Mr. Leath of Texas with Mr. Symms.

Mr. Murphy of Illinois with Mr. Bob Wilson.

Mr. de la Garza with Mr. O'Brien.

Mr. Heftel with Mr. Young of Alaska.

Mr. McKAY changed his vote from "aye" to "no."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. CORMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore (Mr. ANNUNZIO). Is there objection to the request of the gentleman from California?

There was no objection.

PERMISSION FOR SUBCOMMITTEE ON COAST GUARD AND NAVIGATION OF COMMITTEE ON MERCHANT MARINE AND FISHERIES TO SIT ON THURSDAY, NOVEMBER 8, 1979, DURING 5-MINUTE RULE

Mr. BIAGGI. Mr. Speaker, I ask unanimous consent that the subcommittee on Coast Guard and Navigation of the Committee on Merchant Marine and Fisheries be permitted to sit on Thursday, November 8, 1979, during the 5-minute rule, for the purpose of holding a subcommittee markup of H.R. 5164, a bill relating to the inspection and manning of small commercial vessels.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

PERMISSION TO FILE CONFERENCE REPORT ON H.R. 4930, DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS, 1980

Mr. BOLAND. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tonight to file a conference report on the bill (H.R. 4930) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1980, and for other purposes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

PROVIDING FOR THE PRINTING AS HOUSE DOCUMENT OF PUBLICATION ENTITLED "THE CELLER-KEFAUVER ACT: THE FIRST 27 YEARS"

Mr. BRADEMAS. Mr. Speaker, by direction of the Committee on House Administration, I call up a privileged resolution (H. Res. 196) to provide for the printing as a House document of the publication entitled "The Celler-Kefauver Act: The First 27 Years," and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 196

Resolved, That there be printed as a House document the publication for the Committee on the Judiciary entitled, "The Celler-Kefauver Act: The First 27 Years", and at that time, in addition to the usual number of copies, there shall be printed fifteen hundred additional copies for the use of the Committee on the Judiciary.

Mr. BRADEMAS. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PROVIDING FOR PRINTING OF PROCEEDINGS INCIDENT TO THE PRESENTATION OF A PORTRAIT OF HON. ROBERT N. GIAIMO

Mr. BRADEMAS. Mr. Speaker, by direction of the Committee on House Administration, I call up a privileged resolution (H. Res. 235) to provide for the printing of the proceedings incident to the presentation of a portrait of the Honorable ROBERT N. GIAIMO, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 235

Resolved, That the transcript of the proceedings in the Committee on the Budget of April 30, 1979, incident to the presentation of a portrait of the Honorable Robert N. Giaimo to the Committee on the Budget be printed as a House document with illustrations and suitable bindings.

SEC. 2. In addition to the usual number, there shall be printed one thousand copies of such document with two hundred of that one thousand being casebound for the use of the Committee on the Budget.

The SPEAKER pro tempore. The gentleman from Indiana (Mr. BRADEMAS) is recognized for 1 hour.

Mr. BRADEMAS. Mr. Speaker, I yield myself such time as I may consume.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. BRADEMAS. I yield to the gentleman from Maryland.

Mr. BAUMAN. Mr. Speaker, may I ask a question, Would it not be more appropriate to wait to see the outcome of the budget resolution tomorrow before we consider authorizing the printing of the portrait of the gentleman from Connecticut?

Mr. BRADEMAS. Mr. Speaker, I may say to the gentleman, that point, of course, can be made with respect to any matter brought before the House; but the gentleman has made a constructive contribution.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PROVIDING FOR PRINTING AS HOUSE DOCUMENT OF STAFF REPORT TO COMMITTEE ON FOREIGN AFFAIRS ENTITLED "THE ASSASSINATION OF REPRESENTATIVE LEO J. RYAN AND THE JONESTOWN, GUYANA, TRAGEDY"

Mr. BRADEMAS. Mr. Speaker, by direction of the Committee on House Administration, I call up a privileged resolution (H. Res. 349) providing for the printing as a House document of the staff report to the Committee on Foreign Affairs entitled "The Assassination of Representative Leo J. Ryan and the Jonestown, Guyana, Tragedy," and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 349

Resolved, That there shall be printed as a House document the volume entitled "The Assassination of Representative Leo J. Ryan and the Jonestown, Guyana Tragedy", a report submitted by a staff investigative group to the Committee on Foreign Affairs. In addition to the usual number, there shall be printed for the use of the Committee on Foreign Affairs such number of copies of the report as does not exceed a cost of $1,200.

Mr. BRADEMAS (during the reading). Mr. Speaker, I ask unanimous consent that the resolution be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. BRADEMAS. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

APPROVING PRINTING OF ADDITIONAL COPIES OF REPORT ACCOMPANYING THE DEFENSE PRODUCTION ACT AMENDMENT AND EXTENSION

Mr. BRADEMAS. Mr. Speaker, by direction of the Committee on House Administration, I call up a privileged resolution (H. Res. 396) approving the printing of additional copies of the report accompanying the Defense Production Act Amendment and Extension, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 396

Resolved, That there be printed for use by the House Committee on Banking, Finance and Urban Affairs one thousand additional copies, at a cost not to exceed $1,200, of the House report entitled, "Defense Production Act Amendment and Extension" (H. Rept. 96-165).

Mr. BRADEMAS (during the reading). Mr. Speaker, I ask unanimous consent that the resolution be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. BRADEMAS. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PROVIDING FOR PRINTING OF REPORT OF OFFICIAL VISIT BY THE SPEAKER'S DELEGATION TO THE UNION OF SOVIET SOCIALIST REPUBLICS

Mr. BRADEMAS. Mr. Speaker, by direction of the Committee on House Administration, I call up a privileged resolution (H. Res. 397) providing for the printing of the report of the official visit by the Speaker's delegation to the Union of Soviet Socialist Republics, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 397

Resolved, That there shall be printed as a House document the report of the official visit by the Speaker's United States House of Representatives delegation to the Union of Soviet Socialist Republics from April 13 through April 22, 1979, and that there shall be printed two thousand five hundred additional copies for the use of the Speaker.

Mr. BRADEMAS (during the reading). Mr. Speaker, I ask unanimous consent that the resolution be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. BRADEMAS. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

APPROVING PRINTING OF ADDITIONAL COPIES OF PUBLICATION ENTITLED "A GUIDELINES HANDBOOK ON FEDERAL LOAN GUARANTEE PROGRAMS"

Mr. BRADEMAS. Mr. Speaker, by direction of the Committee on Rules, I call up a privileged resolution (H. Res. 402) approving the printing of additional copies of the publication entitled "A Guidelines Handbook on Federal Loan Guarantee Programs," and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 402

Resolved, That there be printed for use by the House Committee on Banking, Finance and Urban Affairs one thousand additional copies, at a cost not to exceed $1,200, of the publication entitled, "A Guidelines Handbook on Federal Loan Guarantee Programs".

Mr. BRADEMAS (during the reading). Mr. Speaker, I ask unanimous consent that the resolution be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. BRADEMAS. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PROVIDING FOR PRINTING ADDITIONAL COPIES OF COMMITTEE PRINT ENTITLED "SEVENTH EDITION OF THE IMMIGRATION AND NATIONALITY ACT WITH AMENDMENTS AND NOTES ON RELATED LAWS"

Mr. BRADEMAS. Mr. Speaker, by direction of the Committee on House Administration, I call up a privileged concurrent resolution (H. Con. Res. 184) providing for printing additional copies of the committee print entitled "7th Edition of the Immigration and Nationality Act with Amendments and Notes on Related Laws," and ask for its immediate consideration.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 184

Resolved by the House of Representatives (the Senate concurring), That at such time as the committee print entitled "7th Edition of the Immigration and Nationality Act with Amendments and Notes on Related Laws", is printed, there shall be printed an additional twelve thousand copies, of which nine thousand copies shall be for the use of the House Committee on the Judiciary and three thousand copies for the use of the Senate Committee on the Judiciary.

Mr. BRADEMAS (during the reading). Mr. Speaker, I ask unanimous consent that the concurrent resolution be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. BRADEMAS. Mr. Speaker, I move the previous question on the concurrent resolution.

The previous question was ordered.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. BRADEMAS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the resolutions just agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

□ 1740

REQUEST FOR PERMISSION FOR COMMITTEE ON AGRICULTURE TO SIT ON TOMORROW DURING 5-MINUTE RULE

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture may have permission to sit on tomorrow, Thursday, November 8, 1979, while the House is in session under the 5-minute rule.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

Mr. GRASSLEY. Mr. Speaker, I object.

The SPEAKER. Objection is heard. The Chair will state that it requires 10 Members to object. Will all Members who are objecting please stand?

(Messrs. SENSENBRENNER, BAUMAN, DUNCAN of Tennessee, ASHBROOK, GINGRICH, TAUKE, BUCHANAN, WALKER, SOLOMON, McCLORY, and LAGOMARSINO also objected.)

The SPEAKER pro tempore. A sufficient number has objected.

Objection is heard.

EDUCATION AMENDMENTS OF 1980

Mr. FORD of Michigan. Mr. Chairman, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 5192) to amend and extend the Higher Education Act of 1965, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Michigan (Mr. FORD).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 5192, with Mr. SHARP in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Friday, November 2, 1979, title V was open for amendment at any point.

The Chair recognizes the gentleman from New York (Mr. WOLFF).

AMENDMENT OFFERED BY MR. WOLFF

Mr. WOLFF. Mr. Chairman, I offer an amendment, and I ask unanimous consent that the amendment be considered at this time despite the fact that it is an amendment to title IV of the bill.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLFF: Page 77, line 8, strike out "and"; on line 13 insert "and" after the comma; and after line 13 insert the following:

"(v) to carry out coordinated programs with the readjustment counseling program authorized under section 620 of title 38, United States Code, and with the veterans employment and training initiatives authorized under the Comprehensive Employment and Training Act and under chapters 41 and 42 of title 38, United States Code, as may be necessary to serve the unique readjustment, rehabilitation, personal counseling, and employment needs of veterans."

Page 77, line 19, strike out "(iv)" and insert in lieu thereof "(v)".

Page 79, line 12, strike out "(ii), (iii), and (iv)" and insert in lieu thereof "(ii), (iii), (iv), and (v)".

Mr. FORD of Michigan (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. WOLFF. Mr. Chairman, I am bringing this amendment up at this time for two reasons. During the consideration of amendments to title IV in the Committee of the Whole, I was on an official leave of absence representing the United States. Second, the amendment is noncontroversial. It will significantly improve the veterans' cost of instruction program by providing for coordination of its efforts with those of the newly established readjustment counseling program and with the veterans employment, training and supportive services authorized under the Comprehensive Employment and Training Act. The amendment provides for no additional expenditures and has been cleared with the majority and minority floor leaders on the bill.

Mr. Chairman, I rise to offer an amendment to section 420 of H.R. 5192, the Education Amendments of 1980. My amendment is fairly straightforward in that it requires educational institutions participating in the veterans' cost of instruction program (VCIP) to coordinate their efforts with the newly established readjustment counseling program (section 620A of title 38, United States Code), and with the veterans' employment, training, and supportive services authorized under the Comprehensive Employment and Training Act (CETA).

The VCIP program is an HEW funded educational outreach and counseling program for veterans on nearly 1,000 college campuses. This amendment would insure that veterans attending these educational institutions would have access to psychological readjustment and employment assistance services. These services are often necessary to enable the veteran to fully utilize his educational opportunities as well as furthering his effective readjustment or rehabilitation.

Under the auspices of its new readjustment counseling program the Veterans' Administration plans to establish 100 readjustment counseling centers. The VA is making a concerted effort to interface the readjustment counseling program with existing veterans' service delivery systems. The VCIP program is one of the largest networks of veterans' service delivery systems in the country.

As the author of the "Veterans Appropriate Steps: Provisions of CETA" and as the sponsor of the psychological readjustment legislation I believe that coordination of these new programs with the physical facilities and the educational assistance offered by the VCIP program will greatly enhance their effectiveness at no additional cost. I note that in cities such as Denver, Colo., the coordination of these services has effectively aided the participating veterans' return to civilian life. The educational institution in Denver—Community College of Red Rock—has also benefited from this close cooperation in that the pressing needs of its veterans have been more fully met. Unfortunately, these instances of effective coordination are rare indeed.

This amendment would require that educational institutions participating in the VCIP program coordinate their efforts with the veterans' psychological readjustment and employment assistance programs. In this manner we would improve the efficiency of the support programs which help our veterans, at no additional cost to the American taxpayer.

Mr. FORD of Michigan. Mr. Chairman, will the gentleman yield?

Mr. WOLFF. I yield to the gentleman from Michigan.

Mr. FORD of Michigan. Mr. Chairman, both the minority and the majority have had a chance to examine this amendment, and we are pleased to accept the amendment.

Mr. BUCHANAN. Mr. Chairman, will the gentleman yield?

Mr. WOLFF. I yield to the gentleman from Alabama.

Mr. BUCHANAN. Mr. Chairman, we on this side are pleased to accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. WOLFF).

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to title V?

AMENDMENT OFFERED BY MRS. CHISHOLM

Mrs. CHISHOLM. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. CHISHOLM: On page 145 after line 12 add the following:

"(e) Section 513(a) of the Act is amended by adding

(10) make grants to schools, colleges and departments of education and local education agencies with high concentrations of low income students for the purpose of:

(A) developing, improving or expanding curriculum offerings or instructional materials for the purpose of improving instruction in the areas of:

(1) biological sciences, natural sciences and earth sciences,

(2) physical sciences and

(3) mathematics.

(B) providing training opportunities for teachers to increase their effectiveness in developing instructional materials and teaching science and mathematics related subject matter."

Mrs. CHISHOLM. Mr. Chairman, while there is a general decline in student enrollments at all levels of education and a surplus of teachers at the preschool and K–12 levels in many fields, notable exceptions are found in the areas of mathematics, science, and vocational and technical education. Declining enrollments and subsequent teacher surpluses in some areas notwithstanding, close attention must be paid to issues of quality and competence in any consideration of teacher preparation and professional development for those who are already in classrooms, many as permanently tenured teachers.

Closer scrutiny and accumulated research data provide a different and perhaps more accurate view of teachers in many of the Nation's schools. While burgeoning enrollments and generous Federal dollars for teacher training in the post-Sputnik era provided considerable support for educational professional development through NDEA, EPDA, and other programs in the 1960's, there are additional factors to be considered which have and continue to characterize America's teachers:

First. A variety of statistics and research indicate that the "brightest" often do not enter teaching and frequently, the "brightest" of those who do spend several years in a classroom and then leave for other jobs which may be more prestigious, more financially rewarding, provide respite from the constraints of the classroom, or some combination of the above.

Second. Schools of education clients have often included students who were rejects or dropouts from more rigorous and demanding academic disciplines than education and who were taught by professors who themselves received an advanced degree in an "applied field" as opposed to a "purer" academic discipline, particularly in substantive areas such as mathematics or science.

Third. As the school populations have decreased, schools of education find fewer students applying and according to some, these institutions have lowered their standards, admitting less academically gifted students.

Fourth. Many individuals who may have traditionally and historically become and remained teachers; that is, women and minorities of both sexes have, in the past decade, chosen to exercise currently available wider options in making a career choice. The classroom, the hospital nursing station, the library, and the post office are no longer the predominant avenues of employment for college educated minorities and women.

Fifth. A final consideration is the "crisis of confidence in the schools." Increasingly, the annual Gallup poll on education indicates that parents believe the quality and performance of teachers needs to be improved and higher standards must be established and maintained among teachers. There is a clear need for additional training opportunities for these opportunities would enable teachers to better respond to the educational needs of students who live in low-income areas, or are members of the multiethnic or multicultural communities.

Mr. FORD of Michigan. Mr. Chairman, will the gentlewoman yield?

Mrs. CHISHOLM. I yield to the gentleman from Michigan.

Mr. FORD of Michigan. Mr. Chairman, the gentlewoman's amendment is consistent with the amendment that she offered in the past Congress which is now a part of the law in the Elementary and Secondary Education Act amendments.

This amendment adds one additional category to the existing categories in the Teacher Corps. It does not authorize any new expenditures of funds, and we are pleased to accept the amendment. We think it helps to carry out the commitment we made in this area in the last Congress.

Mr. BUCHANAN. Mr. Chairman, will the gentlewoman yield?

Mrs. CHISHOLM. I yield to the gentleman from Alabama.

Mr. BUCHANAN. Mr. Chairman, the gentlewoman from New York (Mrs. CHISHOLM) continues to make a very strong and very constructive contribution to the work of the Committee on Education and Labor, even though she has moved to the Committee on Rules. It was my pleasure to have worked with her on the basic amendments which she now amends.

I believe this is a clear improvement, and, once again, I think the gentlewoman from New York has made a fine contribution to this legislation, as she has in other portions of this bill on the floor.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from New York (Mrs. CHISHOLM).

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to title V?

If not, the Clerk will designate title VI.

Title VI reads as follows:

TITLE VI—ESTABLISHMENT OF A NEW TITLE VI OF THE HIGHER EDUCATION ACT OF 1965

INTERNATIONAL AND FOREIGN LANGUAGE STUDIES

SEC. 601. (a) The Higher Education Act of 1965 is amended by striking out title VI and inserting instead a new title VI as follows:

"TITLE VI—INTERNATIONAL AND FOREIGN LANGUAGE STUDIES

"FINDINGS AND PURPOSES

"SEC. 601. (a) The Congress finds that—

"(1) a knowledge of other countries is important in promoting mutual understanding and cooperation among nations;

"(2) strong American educational resources are a necessary base for strengthening our relations with other countries;

"(3) present and future generations of Americans should be given the opportunity to develop to the fullest extent possible their intellectual capacities in all areas of knowledge pertaining to other countries, peoples, and cultures; and

"(4) the economy of the United States and the long range security of the Nation are dependent upon acquiring such knowledge.

"(b) It is the purpose of this title to assist in the development of resources for international study, international research, and foreign language study and to coordinate programs of the Federal Government in such areas in order to promote the development of resources and trained personnel in academic and professional fields relating thereto.

"LANGUAGE AND AREA CENTERS AND INTERNATIONAL STUDIES

"SEC. 602. (a) The Secretary is authorized to make grants to, or enter into contracts with, institutions of higher education for the purposes of establishing, equipping, and operating graduate and undergraduate centers and programs for the teaching of any modern foreign language, for instruction in other fields needed to provide a full understanding of the areas, regions, or countries in which such language is commonly used, or for research and training in international studies and the international aspects of professional and other fields of study. Any such grant or contract may cover all or part of the cost of the establishment or operation of a center or program, including the cost of faculty, staff, and student travel in foreign areas, regions, or countries, and the costs of travel of foreign scholars to teach or conduct research, and shall be made on such conditions as the Secretary finds necessary to carry out the purposes of this section.

"(b) The Secretary is also authorized to pay stipends to individuals undergoing advanced training in any center or under any program receiving Federal financial assistance under this title, including allowances for dependents and for travel for research and study in the United States and abroad.

"(c) No funds may be expended under this title for undergraduate travel except in accordance with rules prescribed by the Secretary setting forth policies and procedures to assure that Federal funds made available for such travel are expended as part of a formal program of supervised study.

"CENTERS FOR ADVANCED INTERNATIONAL STUDIES

"SEC. 603. (a) The Secretary is authorized to make grants to institutions of higher education, or combinations of such institutions, for the purpose of establishing, strengthening, and operating graduate centers which will be national and international resources for research and training in international studies and the international aspects of professional and other fields of study. Activities carried on in such centers may be concentrated either on specific geographical areas of the world or on particular fields or issues in world affairs which concern one or more countries, or on both. The Secretary may also make grants to public and private nonprofit agencies and organizations, including professional and scholarly associations, when such grants will make an especially significant contribution to attaining the objectives of this section.

"(b) Grants under this section may be used to cover part or all of the cost of establishing, strengthening, equipping, and operating research and training centers, including the cost of teaching and research materials and resources, the cost of programs for bringing visiting scholars and faculty to the center, and the cost of training, improvement, and travel of the staff for the purposes of carrying out the objectives of this section. Such grants may also include funds for stipends (in such amounts as may be determined in accordance with regulations of the Secretary) to individuals undergoing training in such centers, including allowances for dependents and for travel for research and study in the United States and abroad. Grants under this section shall be made on such conditions as the Secretary finds necessary to carry out the purposes of this section.

"GRANTS TO STRENGTHEN UNDERGRADUATE PROGRAMS IN INTERNATIONAL STUDIES AND FOREIGN LANGUAGES

"SEC. 604. (a) The Secretary is authorized to make grants to institutions of higher education, or combinations of such institutions, to assist them in planning, developing, and carrying out a comprehensive program to strengthen and improve undergraduate instruction in international studies and foreign languages. Grants made under this section may be for projects and activities which are an integral part of such a comprehensive program, such as—

"(1) planning for the development and expansion of undergraduate programs in international studies;

"(2) teaching, research, curriculum development, and other related activities;

"(3) training of faculty members in foreign countries;

"(4) expansion of foreign language courses;

"(5) programs under which foreign teachers and scholars may visit institutions as visiting faculty.

"(b) The Secretary may also make grants to public and private nonprofit agencies and organizations, including professional and scholarly associations, when such grants will make an especially significant contribution to attaining the objective of this section.

"GRANT PROGRAM TO PROMOTE CULTURAL UNDERSTANDING

"SEC. 605. (a) The Congress finds that—

"(1) the well-being of the United States and its citizens is affected by policies adopted and actions taken by, or with respect to, other nations and areas; and

"(2) the United States must afford its citizens adequate access to the information which will enable them to make informed judgments with respect to the international policies and actions of the United States.

It is, therefore, the purpose of this section to support educational programs which will increase the availability of such information to students in the United States.

"(b) The Secretary is authorized, by grant or contract, to stimulate educational programs to increase the understanding of students and the public in the United States about the cultures and actions of other nations in order to better evaluate the international and domestic impact of major national policies.

"(c) Grants or contracts under this section—

"(1) may be made to any public or private agency or organization, including institutions of higher education, State and local educational agencies, professional associations, education consortia, and organizations of teachers;

"(2) may include assistance for inservice training of teachers and other education personnel, the compilation of existing information and resources about other nations in forms useful to various types of educational programs, and the dissemination of information and resources to educators and educational officials upon their request, but shall not be used for the acquisition of equipment or remodeling of facilities;

"(3) may be made for projects and programs at all levels of education, and may include projects and programs carried on as part of community, adult, and continuing education programs; and

"(4) may be used by local educational agencies to introduce instruction in foreign languages not offered by their schools in the three academic years preceding the year in which the grant is made.

"GEOGRAPHICAL DISTRIBUTION

"Sec. 606. The Secretary shall award grants under sections 602 through 605 of this title for projects that will best carry out the purposes of such sections. To the extent practicable and consistent with the preceding sentence, the Secretary shall award grants under such sections in such manner as will achieve a broad, equitable distribution of funds under such sections throughout the Nation.

"RESEARCH AND STUDIES

"Sec. 607. Directly or through grants or contracts, the Secretary may—

"(1) make studies and conduct surveys to determine the need for increased or improved instruction in modern foreign languages and in other fields needed to provide a full understanding of the places in which such languages are commonly used;

"(2) conduct research on more effective methods of providing instruction in such foreign languages and other fields; and

"(3) develop specialized materials for use in providing such instruction or for use in training individuals to provide such instruction.

"ADVISORY BOARD

"Sec. 608. (a) Not less than four times each year, the Secretary shall convene meetings of an advisory board on the conduct of programs under sections 602, 603, 604, 605, and 607 of this title. Such board shall consist of the following members:

"(1) One representative selected by the Secretary of Defense.

"(2) One representative selected by the Secretary of State.

"(3) One representative selected by the Secretary of Commerce.

"(4) One representative selected by the Director of Central Intelligence.

"(5) One representative selected by the Director of the International Communications Agency.

"(6) Ten representatives appointed by the Secretary as follows:

"(A) Four from among representatives of the postsecondary educational community.

"(B) Two from among representatives of the elementary and secondary educational community.

"(C) Four from among members of the public.

"(b) The advisory board established under subsection (a) shall review the grants made, or contracts entered into, under sections 602, 603, 604, 605, and 607 of this title and shall advise the Secretary on (1) any weaknesses or contracts entered into, under sections 602, United States, (2) any areas which are duplicative of programs operated under other provisions of law or by other departments or agencies, and (3) changes which should be made in the operation under such sections to ensure that the attention of scholars is attracted to problems of critical concern to United States international relations.

"(c) The Secretary shall prepare and publish an index and analysis of the books and research materials produced with assistance under this title.

"AUTHORIZATION OF APPROPRIATIONS

"Sec. 609. There are authorized to be appropriated for the purpose of carrying out this title $100,000,000 for fiscal year 1981, $105,000,000 for fiscal year 1982, $110,000,000 for fiscal year 1983, $115,000,000 for fiscal year 1984, and $120,000,000 for fiscal year 1985, except that no funds shall be made available in any fiscal year for carrying out programs under section 605 unless at least $16,000,000 is made available for carrying out programs under sections 602, 603, 604, and 607.".

(b) Title VI of the National Defense Education Act of 1958 is repealed.

(c) Title I of the International Education Act of 1966 is repealed.

The CHAIRMAN. Are there any amendments to title VI?

If not, the Clerk will designate title VII.

Title VII reads as follows:

TITLE VII—AMENDMENT TO TITLE VII OF THE HIGHER EDUCATION ACT OF 1965

AMENDMENT

Sec. 701. Title VII of the Act is amended to read as follows:

"TITLE VII—CONSTRUCTION, RECONSTRUCTION, AND RENOVATION OF ACADEMIC FACILITIES

"GENERAL PURPOSES

"Sec. 701. The Secretary shall carry out programs of financial assistance to institutions of higher education and to higher education building agencies for the construction, reconstruction, or renovation of academic facilities and the acquisition of special equipment if the primary purpose of such assistance is—

"(1) to enable such institutions to economize on the use of energy resources;

"(2) to enable such institutions to bring their academic facilities into conformity with the requirements of—

"(A) the Act of August 12, 1968, commonly known as the Architectural Barriers Act of 1968,

"(B) section 504 of the Rehabilitation Act of 1973, or

"(C) environmental protection or health and safety programs mandated by Federal, State, or local law, if such requirements were not in effect at the time such facilities were constructed;

"(3) to enable such institutions to construct, reconstruct, or renovate the Nation's research facilities, including libraries, and to acquire special research equipment; or

"(4) to enable institutions with unusual increases in enrollment (according to data and criteria established by the Secretary) to construct, reconstruct, or renovate their facilities.

"APPROPRIATIONS AUTHORIZED

"Sec. 702. There is authorized $300,000,000 for each fiscal year ending prior to October 1, 1985, for part A; $80,000,000 for such fiscal year for part B; and $200,000,000 for such fiscal year for part C, and such sums as may be necessary for each such fiscal year for section 734.

"Part A—Grants for the Construction, Reconstruction, and Renovation of Undergraduate Academic Facilities

"STATE PLAN

"Sec. 711. (a) Any State desiring to participate in the grant program authorized by this part shall have an agreement pursuant to section 1203 and submit annually to the Secretary, through the State agency designated in such agreement, a State plan which shall—

"(1) provide that the grant shall be administered by the State agency designated pursuant to section 1203;

"(2) set forth objective standards and methods which are consistent with basic criteria established under section 712, for—

"(A) determining the relative priorities of eligible projects submitted by institutions of higher education within the State, and

"(B) certifying the Federal share of the cost of each project;

"(3) provide for every applicant an opportunity for a hearing before the State agency regarding the priority assigned to such project, or any other decision by the State agency adversely affecting such applicant; and

"(4) provide for accounting procedures necessary to assure proper disbursement of Federal funds.

"(b) The Secretary shall not disapprove any State plan, or modification thereof, without first affording the State agency reasonable notice and opportunity for a hearing.

"(c) Whenever the Secretary finds that the State plan substantially fails to comply with this section, the Secretary shall notify the State that it is ineligible to participate in the program under this part until a determination is made that there is no longer a failure to comply.

"BASIC CRITERIA

"Sec. 712. (a) The Secretary shall, by regulation, prescribe basic criteria for the consideration of State plans which ensure—

"(1) flexibility for States to accommodate the varied needs of institutions in the States;

"(2) consideration of the degree to which applicant institutions are effectively using existing facilities; and

"(3) that the Federal share shall not exceed 50 percent of the costs of a project.

"(b) Section 553 of title 5, United States Code, shall apply to the prescription of regulations under this section.

"ALLOTMENT OF FUNDS

"Sec. 713. (a) From the sums appropriated pursuant to section 702 to carry out the purposes of this part, not less than 24 per centum shall be allotted to States under subsection (b) for public community colleges and public technical institutes. The remainder of such sums shall be allotted States under subsection (c) for all other institutions of higher education.

"(b)(1) For the purpose of making grants to public community colleges and public technical institutes, the Secretary shall allot to each State an amount which bears the same ratio to the amount available for allotment under this subsection as the product of—

"(A) the number of persons in the State who have graduated from high school or received an equivalent certificate during the previous school year, and

"(B) the State's allotment ratio,

bears to the sum of the corresponding products for all the States.

"(2)(A) Except as provided in subparagraph (B), the allotment ratio shall be 1.00 less the product of—

"(i) 0.50, and

"(ii) the quotient obtained by dividing the income per person for the State by the income per person for all States (not including Puerto Rico, the Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands, and Guam),

"(B) Notwithstanding subparagraph (A)—

"(i) the allotment ratio shall in no case be less than 0.33⅓ or more than 0.66⅔;

"(ii) the allotment ratio for Puerto Rico, the Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands, and Guam shall be 0.66⅔; and

"(iii) the allotment ratio of any State shall be 0.50 for any fiscal year if the Secretary finds that the cost of school construction in such State exceeds twice the median of such costs in all the States as determined by him on the basis of statistics and data as the Secretary shall deem adequate and appropriate.

"(C) Allotment ratios shall be promulgated annually by the Secretary on the basis of the average personal income in the State and in all the States for the three most recent consecutive calendar years.

"(c) For the purpose of making grants to all other institutions of higher education, the Secretary shall allot to each State—

"(1) an amount which bears the same ratio to 50 per centum of the amount available for allotment under this subsection as the number of students enrolled in institutions of higher education in such State bears to the number of students so enrolled in all States; and

"(2) the Secretary shall allot to each State an amount which bears the same ratio to 50 per centum of the amount available for allotment under this subsection as the number of students enrolled in grades nine through twelve of schools in such State bears to the total number of students so enrolled in all the States.

"(d) The aggregate amount allotted to any State under subsections (b) and (c) for any fiscal year shall not be less than $100,000. If the sums appropriated pursuant to section 702 are not sufficient to make payments to each State, then the amount of each State's allotment shall be ratably reduced.

"(e) Any portion of a State's allotment under subsections (b) and (c) for any fiscal year for which applications from qualified institutions have not been received by the State agency prior to January 1 of such fiscal year shall, by request, be available for payment of the Federal share of cost of other approved projects.

"(f) Amounts allotted under this section for any fiscal year which are not used by the close of the fiscal year, shall be reallotted by the Secretary among the States which are able to use these funds without delay during the next fiscal year.

"(g) Funds available under this part may be used for reconstruction or renovation of combined graduate and undergraduate facilities.

"PART B—GRANTS FOR CONSTRUCTION, RECONSTRUCTION, AND RENOVATION OF GRADUATE ACADEMIC FACILITIES

"GRANTS

"SEC. 721. (a) (1) Funds available for this part shall be used by the Secretary to make grants to institutions of higher education whose applications for assistance are consistent with the objectives of this title.

"(2) The total payment for any fiscal year made to institutions of higher education in any State shall not exceed 12.5 per centum of sums appropriated for this part.

"(b) In making grants under this section, the Secretary shall seek the advice and recommendations of a panel of specialists who are not regular full-time employees of the Federal Government and are competent to evaluate such applications.

"(c) The amount of the grant shall not exceed 50 per centum of the cost of the project.

"PART C—LOANS FOR CONSTRUCTION, RECONSTRUCTION, AND RENOVATION OF ACADEMIC FACILITIES

"ELIGIBILITY CONDITIONS, AMOUNTS, AND TERMS

"SEC. 731. (a) From the sums available for this part, the Secretary shall make and insure loans to institutions of higher education and to higher education building agencies for programs consistent with the purposes of this title. No loan shall be made unless the Secretary finds that—

"(1) not less than 20 per centum of the cost of the project will be financed from non-Federal sources;

"(2) the applicant is unable to secure the loan from other sources upon terms and conditions equally as favorable as those applicable under this part;

"(3) the project will be undertaken in an economical manner; and

"(4) for any project with regard to an infirmary or other outpatient care facility for students and institutional personnel, assistance will not be provided under title IV of the Housing Act of 1950.

"(b) Loans shall be repaid within fifty years and shall bear interest at (1) a rate annually determined by the Secretary which shall be not less than one-quarter of 1 percentage point above the average annual interest rate on all interest-bearing obligations of the United States forming a part of the public debt as computed at the end of the preceding fiscal year, adjusted to the nearest one-eighth of 1 per centum, or (2) the rate of 3 per centum per annum, whichever is less.

"GENERAL PROVISIONS FOR LOAN PROGRAM

"SEC. 732. (a) Financial transactions of the Secretary, except with respect to administrative expenses, shall be final and conclusive on all officers of the Government and shall not be reviewable by any court.

"(b) In the performance of, and with respect to, the functions vested in him by this part, the Secretary may—

"(1) prescribe such rules and regulations as may be necessary to carry out the purposes of this part;

"(2) sue and be sued in any court of record of a State having general jurisdiction or in any district court of the United States, and such district courts shall have jurisdiction of civil actions arising under this part without regard to the amount in controversy, and any action instituted under this subsection by or against the Secretary shall survive notwithstanding any change in the person occupying the office of the Secretary or any vacancy in such office; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Secretary or property under his control, and nothing herein shall be construed to except litigation arising out of activities under this part from the application of sections 507(b) and 517 and 2679 of title 28, United States Code;

"(3) foreclose on any property and bid for and purchase at any foreclosure, or any other sale, any property in connection with which he has made a loan pursuant to this part; in the event of such an acquisition, notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real property by the United States, the Secretary may complete, administer, remodel and convert, dispose of, lease and otherwise deal with, such property; except that (A) such action shall not preclude any other action by him to recover any deficiency in the amounts loaned and (B) any such acquisition of real property shall not deprive any State or political subdivision thereof of its civil or criminal jurisdiction in and over such property or impair the civil rights under the State or local laws of the inhabitants on such property;

"(4) sell, exchange, or lease real or personal property and securities or obligations;

"(5) modify, with respect to the rate of interest, the time of payment of principal, interest, security, or any other term of any contract or agreement to which he is a party, including (A) granting a moratorium on the repayment of principal or interest to a party temporarily unable to make such repayment without undue financial hardship provided the applicant files, and the Secretary approves, a plan to make repayment, and (B) for any party for which a loan has been authorized prior to January 1, 1976, the option to pay into the fund pursuant to section 733, 75 per centum of the party's total obligation if the party desiring to exercise such option makes payment from non-Federal sources prior to October 1, 1985; and

"(6) include in any contract such other covenants, conditions, or provisions necessary to ensure that the purposes of this title will be achieved.

"REVOLVING LOAN AND INSURANCE FUND

"SEC. 733. (a) There is created within the Treasury a revolving loan fund for the purpose of making and insuring loans under this part (hereafter called the 'fund') which shall be available to the Secretary without fiscal year limitation. The total of any loans made from the fund in any fiscal year shall not exceed limitations specified in appropriations Acts.

"(b) (1) The Secretary shall transfer to the fund appropriations provided under section 702 to provide capital for making loans. Interest and principal payments on loans, and any other moneys, property, or assets derived from activities under this part shall be deposited in the fund.

"(2) All loans, expenses, and payments pursuant to operation of this part shall be paid from the fund, including expenses and payments in connection with sale, pursuant to section 302(c) of the Federal National Mortgage Association Charter Act, of participations in obligations acquired under this part. At the close of each fiscal year, the Secretary shall pay interest on the cumulative amount of funds paid out for loans under this part less the average undisbursed cash balance in the fund during the year. The interest rate shall be determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding Treasury obligations of maturity comparable to the average maturity of loans made from the fund during the month preceding each fiscal year. Interest payments may be deferred with the approval of the Secretary of the Treasury, but interest payments so deferred shall themselves bear interest. If the Secretary determines that moneys in the fund exceed the present and prospective needs of the fund, the excess may be transferred to the general fund of the Treasury.

"ANNUAL INTEREST GRANTS

"SEC. 734. (a) To assist institutions of higher education and higher education building agencies in reducing the cost of borrowing from other sources for projects under this part, the Secretary may make annual interest grants to such institutions and agencies with respect to any project made over a fixed period not exceeding forty years, and provision for the grants shall be embodied in the contract guaranteeing their payment. Grants shall not be greater than the difference between (1) the average annual debt service which would be required to be paid during the life of the loan on the amount borrowed from other sources for the construction of such facilities, and (2) the average annual debt service which the institution or agency would have been required to pay during the life of the loan if the applicable interest rate had been determined by the Secretary in accordance with section 732(b).

"(b) The total amount of annual interest grants which may be paid to institutions of higher education and higher education building agencies in any year pursuant to contracts entered into for such year under this section shall not exceed $13,500,000.

"(c) The total payment for any fiscal year made to institutions of higher education and higher education building agencies in any State shall not exceed 12.5 per centum of sums appropriated for this section.

"(d) No annual interest grant shall be made unless (1) assurance is provided that not less than 10 per centum of the costs of the project will be financed from non-Federal sources, (2) the applicant is unable to secure a loan from other sources upon terms and conditions as favorable as those applicable to loans under this title, and (3) the project will be undertaken in an economical manner. Loans for which an interest grant is made shall, for purposes of this section only, not be considered financing from a non-Federal source.

"ACADEMIC FACILITIES LOAN INSURANCE

"SEC. 735. (a)(1) In order to assist institutions of higher education and higher education building agencies to procure loans for programs consistent with the purposes of this title, the Secretary may insure the payment of interest and principal on such loans if such institutions and agencies meet criteria prescribed under section 734 for the making of annual interest grants.

"(2) No loan insurance may apply to any loan principal which exceeds 90 per centum of the development cost of the academic facility.

"(b)(1) The United States shall be entitled to recover from any institution or agency to which loan insurance has been issued under this section the amount of any payment made pursuant to that insurance, unless the Secretary waives its right of recovery. Upon making any such payment, the United States shall be subrogated to all of the rights of the recipient of the payment with respect to which the payment was made.

"(2) Any insurance issued under subsection (a) shall be incontestable in the hands of the institution or agency on whose behalf insurance is issued, and as to any lenders which make or contract to make a loan to such institution or agency in reliance thereon, except for fraud or misrepresentation on the part of such institution or agency or on the part of the lender who makes or contracts to make such loan.

"(c) In surance may be issued by the Secretary under subsection (a) only if he determines that the terms, conditions, maturity, security (if any), and schedule and amounts of repayments with respect to the loan are sufficient to protect the financial interests of the United States and are otherwise reasonable and in accord with regulations, including a determination that the rate of interest does not exceed a per centum per annum on the principal obligation outstanding interest rates prevailing in the private market for similar loans and the risks assumed by the United States. The Secretary may charge a premium for such insurance in an amount determined by him to be necessary to cover administrative expenses and probable losses under subsection (a) and (b). Such insurance shall be subject to such further terms and conditions as the Secretary determines to be necessary.

"PART D—GENERAL

"RECOVERY OF PAYMENTS

"SEC. 741. (a) The Congress declares that, if a facility constructed with the aid of a grant under part A or B of this title is used as an academic facility for twenty years following completion of such construction, the public benefit accruing to the United States will equal in value the amount of the grant. The period of twenty years after completion of such construction shall therefore be deemed to be the period of Federal interest in such facility for the purposes of this title.

"(b) If, within twenty years after completion of construction of an academic facility which has been constructed, in part with a grant under part A or B of this title—

"(1) the applicant (or its successor in title or possession) ceases or fails to be a public or nonprofit institution, or

"(2) the facility ceases to be used as an academic facility, or the facility is used as a facility excluded from the term 'academic facility', unless the Secretary determines that there is good cause for releasing the institution from its obligation, the United States shall be entitled to recover from such applicant (or successor) an amount which bears to the value of the facility at that time (or so much thereof as constituted an approved project or projects) the same ratio as the amount of Federal grant bore to the cost of the facility financed with the aid of such grant. The value shall be determined by agreement of the parties or by action brought in the United States district court for the district in which such facility is situated.

"(c) Notwithstanding the provisions of subsections (a) and (b), no project assisted with funds under this title shall ever be used for religious worship or a sectarian activity or for a school or department of divinity.

"DEFINITIONS

"SEC. 742. The following definitions apply to terms used in this title:

"(1)(A) Except as provided in subparagraph (B) of this paragraph, the term 'academic facilities' means structures suitable for use as classrooms, laboratories, libraries, and related facilities necessary or appropriate for instruction of students, or for research, or for administration of the educational or research programs, of an institution of higher education, and maintenance, storage, or utility facilities essential to operation of the foregoing facilities. For purposes of part A or C, such term includes infirmaries or other facilities designed to provide primarily for outpatient care of student and instructional personnel. Plans for such facilities shall be in compliance with such standards as the Secretary may prescribe or approve in order to insure that projects assisted with the use of Federal funds under this title shall be, to the extent appropriate in view of the uses to be made of the facilities, accessible to and usable by handicapped persons.

"(B) The term 'academic facilities' shall not include (i) any facility intended primarily for events for which admission is to be charged to the general public, or (ii) any gymnasium or other facility specially designed for athletic or recreational activities, other than for an academic course in physical education or where the Secretary finds that the physical integration of such facilities with other academic facilities included under this title is required to carry out the objectives of this title, or (iii) any facility used or to be used for sectarian instruction or as a place for religious worship, or (iv) any facility which (although not a facility described in the preceding clause) is used or to be used primarily in connection with any part of the program of a school or department of divinity, or (v) any facility used or to be used by a school of medicine, school of dentistry, school of osteopathy, school of pharmacy, school of optometry, school of podiatry, or school of public health as these terms are defined in section 724 of the Public Health Service Act, or a school of nursing as defined in section 843 of that Act, except that the term 'academic facilities' may include any facility described in clause (v) to the degree that such facility is owned, operated, and maintained by the institution of higher education requesting the approval of a project; and that funds available for such facility under such project shall be used solely for the purpose of conversion or modernization of energy utilization techniques to economize on the use of energy resources; and that such project is not limited to facilities described in clause (v) of this subsection.

"(2)(A) The term 'construction' means (i) erection of new or expansion of existing structures, and the acquisition and installation of initial equipment therefor; or (ii) acquisition of existing structures not owned by the institution involved; or (ii) a combination of either of the foregoing. For the purposes of the preceding sentence, the term 'equipment' includes, in addition to machinery, utilities, and built-in equipment and any necessary enclosures or structures to house them, all other items necessary for the functioning of a particular facility as an academic facility, including necessary furniture, except books, curricular, and program materials, and items of current and operating expense such as fuel, supplies, and the like; the term 'initial equipment' means equipment acquired and installed in connection with construction; and the terms 'equipment', 'initial equipment', and 'built-in equipment', shall be more particularly defined by the Secretary by regulation.

"(B) The term 'reconstruction or renovation' means rehabilitation, alteration, conversion, or improvement (including the acquisition and installation of initial equipment, or modernization or replacement of such equipment) of existing structures. For the purposes of the preceding sentence, the term 'equipment' includes, in addition to machinery, utilities, and built-in equipment and any necessary enclosures or structures to house them, all other items necessary for the functioning of a particular facility as an academic facility, including necessary furniture, except books, curricular, and program materials, and items of current and operating expense such as fuel, supplies, and the like; the term 'initial equipment' means equipment acquired and installed either in connection with construction as defined in paragraph (2)(A), or as part of the rehabilitation, alteration, conversion, or improvement of an existing structure, which structure would otherwise not be adequate for use as an academic facility; the terms 'equipment', and 'built-in equipment' shall be more particularly defined by the Secretary by regulation; and the term 'rehabilitation, alteration, conversion, or improvement' includes such action as may be necessary to provide for the architectural needs of, or to remove architectural barriers to, handicapped persons with a view toward increasing the accessibility to, and use of, academic facilities by such persons.

"(3)(A) The term 'development cost', with respect to an academic facility, means the amount found by the Secretary to be the cost, to the applicant for a grant or loan under this title of the construction, reconstruction, or renovation involved and the cost of necessary acquisition of the land on which the facility is located and of necessary site improvements to permit its use for such facility. There shall be excluded from the development cost—

"(i) in determining the amount of any grant under part A or B, an amount equal to the sum of (I) any Federal grant which the institution has obtained or is assured of obtaining, under any law other than this title, with respect to the construction, reconstruction, or renovation that is to be financed with the aid of a grant under part A or B, and (II) the amount of any non-Federal funds required to be expended as a condition of such other Federal grant; and

"(ii) in determining the amount of any loan under part C, an amount equal to the amount of any Federal financial assistance which the institution has obtained, or is assured of obtaining, under any law other than this title, with repect to the construction, reconstruction, or renovation that is to be financed with the aid of a loan under part C.

"(B) In determining the development cost with respect to an academic facility, the Secretary may include expenditures for works of art for the facility of not to exceed 1 per centum of the total cost (including such expenditures) to the applicant of construction, reconstruction, or renovation of, and land acquisition and site improvements for, such facility.

"(4) The term 'Federal share' means, except as provided in section 706(b)(2), in the case of anv project a percentage (as determined under the applicable State plan) in excess of 50 per centum of its development cost.

"(5) The term 'higher education building agency' means (A) an agency, public authority, or other instrumentality of a State authorized to provide, or finance the construction, reconstruction, or renovation of, academic facilities for institutions of higher education (whether or not also authorized to provide or finance other facilities for such or other educational institutions, or for their students or faculty), or (B) any corporation (no part of the net earnings of which inures or may lawfully inure to the benefit of any private shareholder or individual (i) established by an institution of higher education for the sole purpose of providing academic facilities for the use of such institution, and (ii) upon dissolution of which, all title to any property purchased or built from the proceeds of any loan made under part C will pass to such institution), or (C) an institution of postsecondary education.

"(6) The term 'public community college and public technical institute' means an institution of higher education which is under public supervision and control, and is organized and administered principally to provide a two-year program which is acceptable for full credit toward a bachelor's degree, or a two-year program in engineering, mathematics, or the physical or biological sciences which is designed to prepare the student to work as a technician and at a semiprofessional level in engineering, scientific, or other technological fields which require the understanding and application of basic engineering, scientific, or mathematical principles or knowledge; and the term includes a branch of an institution of higher education offering four or more years of higher education which is located in a community different from that in which its parent institution is located.

"(7) The term 'public educational institution' does not include a school or institution of any agency of the United States.

"(8) The term 'State' includes in addition to the several States of the Union, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands.".

The CHAIRMAN. Are there any amendments to title VII?

If not, the Clerk will designate title VIII.

Title VIII reads as follows:

TITLE VIII—COOPERATIVE EDUCATION

EXTENSION OF PROGRAM

SEC. 801. (a) Section 801(a) of the Act is amended—

(1) by striking out "fiscal year 1979" in paragraph (4) and inserting in lieu thereof "fiscal years 1979 and 1980";

(2) by striking out "for each of the fiscal years 1980, 1981, and 1982, $25.000.000" in paragraph (5) and inserting in lieu thereof "for each of the fiscal years 1981, 1982, 1983, 1984, and 1985, $30,000,000"; and

(3) by striking out "alternating periods" and inserting in lieu thereof "alternating or parallel periods".

(b) Section 801(b) of the Act is amended—

(1) by striking out "and" at the end of paragraph (3);

(2) by striking out "fiscal years 1978, 1979, 1980, 1981, and 1982," in paragraph (4) and inserting in lieu thereof "fiscal years 1978, 1979, and 1980; and";

(3) by inserting immediately after paragraph (4) the following new paragraph:

"(5) $5.000.000 for each of the fiscal years 1981, 1982, 1983, 1984, and 1985,".

(c) Section 802(a) of the Act is amended—

(1) by striking out "175.000" and inserting in lieu thereof "$250.000"; and

(2) by striking out "$125.000" and inserting in lieu thereof "$200,000".

(d) Section 802(c) of the Act is amended by striking out everything after paragraph (5) and inserting in lieu thereof the following:

"The Commissioner may waive the provisions of paragraphs (1) through (5).".

The CHAIRMAN. Are there any amendments to title VIII?

If not, the Clerk will designate title IX.

Title IX reads as follows:

TITLE IX—GRADUATE PROGRAMS

GRANTS TO INSTITUTIONS OF HIGHER EDUCATION

SEC. 901. (a) Section 901 of the Act is amended—

(1) in subsection (a)(1), by striking out "to strengthen, improve and where necessary expand" and inserting in lieu thereof "to maintain, strengthen, and improve"; and

(2) in subsection (c), by striking out "1980" and inserting in lieu thereof "1985"

(b) Section 903(b)(2) of the Act is amended by striking out "expansion" and inserting in lieu thereof "maintenance and improvement of quality".

(c) Section 904 of the Act is amended to read as follows:

"DATA COLLECTION, RESEARCH, AND STUDIES

"SEC. 904. (a) The Secretary shall, on an annual basis, directly or by contract, in consultation with appropriate higher education associations and representatives from institutions of higher education, gather and maintain data necessary for the periodic assessment of the state of graduate education throughout the United States. The Secretary is authorized, directly or by contract, to conduct studies and research activities in connection with the need for, and improvement of, graduate programs in various fields of study in institutions of higher education throughout the United States. Findings shall be incorporated in each annual report of the Secretary required by section 971, with such recommendations as the Secretary deems necessary.

"(b)(1) Within two years after the enactment of this subsection, the Secretary shall prepare and submit to the Congress and to the National Commission on Student Financial Assistance a special report which—

"(A) analyzes trends and shortcomings in the sources of support available to students for the financing of graduate education, and compares the nature and level of support available in the various academic disciplines, including sources of support from student assistance and research programs sponsored by—

"(i) the Federal Government,

"(ii) State and local governments,

"(iii) foundations, corporations, and other private entities, and

"(iv) institutions of higher education, and in addition, considers the resources of the students and the students' families;

"(B) examines the extent to which students may be dissuaded from pursuing graduate education on financial grounds, to the consequent detriment of—

"(i) the major fields of knowledge which need to attract the most able and talented students of each generation if they are to remain strong and vigorous; and

"(ii) the Nation as a whole, if some of its most promising students are precluded because of financial circumstances from developing their capacities and abilities to the fullest possible extent;

"(C) investigates existing and projected levels of graduate student indebtedness, and considers the implications (for the students involved and for the health of graduate education generally) or existing and projected expectations for borrowing to meet the costs of graduate education; and

"(D) assesses the desirability of modifying existing Federal fellowship and student assistance programs or establishing a new Federal graduate student assistance program in which the selection of students and the amounts of their awards are based on merit or financial need or both, particularly with regard to the special needs of students in the humanities and social sciences or other disciplines.

"(2) In preparing the report described in subsection (a), the Secretary shall consult closely with representatives of the National Science Foundation, the National Endowment for the Humanities, the National Endownment for the Arts, and representatives of higher education institutions and associations, learned societies, and professional organizations.".

FELLOWSHIPS FOR GRADUATE AND PROFESSIONAL STUDY

SEC. 902. (a) Section 922(a) of the Act is amended by striking out "1980" and inserting in lieu thereof "1985".

(b) Section 923(a) of the Act is amended by striking out "have been admitted or who are enrolled in graduate or professional programs approved by the Commissioner and who are pursuing, a course of study leading to a degree of doctor of philosophy, doctor of arts, or an equivalent degree. The Commissioner shall approve a graduate program of an institution of higher education only upon his finding that the application contains a satisfactory assurance that the institution will" and inserting in lieu thereof "are pursuing a course of study leading to a degree of doctor of philosophy, doctor of arts, or an equivalent degree and who are enrolled in graduate or professional programs which".

PUBLIC SERVICE FELLOWSHIPS

SEC. 903. (a) Section 941(a) of the Act is amended by striking out "1980" and inserting in lieu thereof "1985".

(b)(1) Section 942 of the Act is amended by striking out "approved" and inserting in lieu thereof "eligible".

(2) Section 942 of the Act is further amended by striking out "and" at the end of paragraph (3), by striking out the period at the end of paragraph (4) and inserting in lieu thereof "; and", and by adding after such paragraph the following new paragraph:

"(5) attract persons of ability from disadvantaged backgrounds, as determined by the Commissioner.".

(c) Section 943 of the Act is amended—

(1) by striking out "shall approve a graduate or professional program of an institution of higher education" and inserting in lieu thereof "shall designate a graduate or professional program of an institution of higher education to be eligible"; and

(2) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively, and by striking out paragraph (2) and inserting in lieu thereof the following:

"(2) that such program is in effect, or can readily be put into effect;

"(3) that the application describes the high quality or the reasonable expectation of high quality of the program;".

FELLOWSHIPS FOR OTHER PURPOSES

SEC. 904. (a) Section 961(b)(1) of the Act is amended by striking out "1980" and inserting in lieu thereof "1985" and by striking out the second sentence thereof.

(b) The second sentence of section 961(c) of the Act is amended by striking out "approved" and inserting in lieu thereof "designated".

(c) Section 965 of the Act is amended by adding at the end thereof the following new sentence: "In addition, there are authorized to be appropriated, for carrying out section 966, $5,000,000 for each of the fiscal years 1981 and 1982, and $10.000.000 for each of the fiscal years 1983, 1984, and 1985."

(d) Section 966(a) of the Act is amended by striking out "1980" and inserting in lieu thereof "1985".

(e) Section 966(b)(4) of the Act is

amended by striking out "for not more than three months".

AMENDMENT OFFERED BY MR. BUCHANAN

Mr. BUCHANAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BUCHANAN: Page 189, line 8, strike out "and"; on line 16, strike out the period and insert in lieu thereof "; and"; and after such line insert the following:

"(E) examines and assesses the financial and educational needs of individuals from disadvantaged backgrounds in order to enhance their participation in graduate and professional education and their potential for employment in occupational areas where these individuals are underrepresented."

Mr. BUCHANAN. Mr. Chairman, this amendment is, I think, self-explanatory.

Mr. Chairman, with this amendment, Congress will underscore the need to examine and encourage the participation of a larger number of individuals from disadvantaged backgrounds traditionally underrepresented in certain fields of graduate and professional education. Under title IX, we have mandated that a special 2-year study be conducted of graduate student financing to provide the basis for an assessment of the appropriate Federal role in the financing of graduate students and support of graduate programs and institutions. This amendment would provide for the inclusion of an assessment of the financial and educational needs of individuals from disadvantaged backgrounds in that study, with the goal of enhancing their participation in graduate and professional education and their potential for employment in occupational areas where they are underrepresented.

Recent statistics reveal significant underrepresentation of persons from disadvantaged backgrounds in the professions of mathematics, engineering, physical sciences, natural resources and life sciences. For example, of the doctorate degrees—terminal degrees—awarded in 1973–74 within various fields of study, in the area of physical sciences and mathematics, 1.4 percent were awarded to blacks, in engineering 1 percent were awarded to blacks, in the professional fields such as law, architecture, medicine and pharmacy, 3 percent were awarded to blacks, and in the area of arts and humanities, 1.9 percent were awarded to blacks. Although these are 1973–74 figures, the percentages have held fairly constant, with a variance of less than 0.1 percent in either direction.

As might be expected from the aforementioned statistics, enrollment figures reveal striking disparities. For example, black first year enrollment in medical school dropped 1.9 percent from 1977 to 1978, while total first year enrollment was up 2.4 percent, and white first year enrollment was up 2.5 percent. Total enrollment in law schools was positive from 1975 to 1976, up 2.5 percent, with black enrollment up 4.1 percent, and other minorities up 7.5 percent. However, total enrollment between 1976–77 was down 0.8 percent with black enrollment dropping 8.6 percent, and other minorities down 2.7 percent.

Mr. Chairman, these figures exemplify the importance of an examination into the extent to which the financial and educational needs of disadvantaged persons are not being met, and the impact of these factors on their access to graduate and professional education.

I am hopeful that the House will adopt this amendment, and that the study will provide a base leading to the enhancement of participation of disadvantaged individuals in graduate and professional education.

Mr. FORD of Michigan. Mr. Chairman, will the gentleman yield to me?

Mr. BUCHANAN. I yield to the gentleman from Michigan.

Mr. FORD of Michigan. Mr. Chairman, the gentleman from Alabama (Mr. BUCHANAN) makes an additional contribution to the purposes of this section of the act. This amendment is simply consistent with the broad approach we want the Commission to take.

As has been the case so many times in the creation of this legislation, the gentleman from Alabama once more finds a way to make an additional contribution, and we believe his amendment improves the bill and we are pleased to accept it.

Mr. BUCHANAN. Mr. Chairman, I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama (Mr. BUCHANAN).

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to title IX?

If not, the Clerk will designate title X.

Title X reads as follows:

TITLE X—FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION

ESTABLISHMENT OF A NEW TITLE X OF THE ACT

SEC. 1001. (a) Title X of the Act is amended by striking out everything preceding part C and inserting in lieu thereof the following:

"TITLE X—FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION

PART A—ESTABLISHMENT AND OPERATION OF FUND

"AUTHORIZATION OF PROGRAM

"SEC. 1001. Subject to the provisions of section 1002, the Secretary is authorized to make grants to, and contracts with, institutions of postsecondary education (including combinations of such institutions) and other public and private educational institutions and agencies (except that no grant shall be made to an educational institution or agency other than a nonprofit institution or agency) to improve postsecondary educational opportunities by providing assistance to such educational institutions and agencies for—

"(1) encouraging the reform, innovation, and improvement of postsecondary education, and providing equal educational opportunity for all;

"(2) the creation of institutions and programs involving new paths to career and professional training, and new combinations of academic and experiential learning;

"(3) the establishment of institutions and programs based on the technology of communications;

"(4) the carrying out in postsecondary educational institutions of changes in internal structure and operations designed to clarify institutional priorities and purposes;

"(5) the design and introduction of cost-effective methods of instruction and operation;

"(6) the introduction of institutional reforms designed to expand individual opportunities for entering and reentering institutions and pursuing programs of study tailored to individual needs;

"(7) the introduction of reforms in graduate education, in the structure of academic professions, and in the recruitment and retention of faculties; and

"(8) the creation of new institutions and programs for examining and awarding credentials to individuals, and the introduction of reforms in current institutional practices related thereto.

"CONSULTATION WITH STATE COMMISSIONS

"SEC. 1002. No grant shall be made or contract entered into under section 1001 for a project or program with any institution of postsecondary education unless it has been submitted to each appropriate State agency designated under section 1203, and an opportunity has been afforded such agency to submit its comments and recommendations to the Secretary.

"NATIONAL BOARD OF THE FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION

"SEC. 1003. (a) There is established a National Board of the Fund for the Improvement of Postsecondary Education. The Board shall consist of fifteen members appointed by the Secretary for overlapping three-year terms. A majority of the Board shall constitute a quorum. Any member of the Board who has served for six consecutive years shall thereafter be ineligible for appointment to the Board during a two-year period following the expiration of such sixth year.

"(b) The Secretary shall designate one of the members as Chairman. A majority of the members of the Board shall be public interest representatives, including students, and a minority shall be educational representatives. All members selected shall be individuals able to contribute an important perspective on priorities for improvement in postsecondary education and strategies of educational and institutional change.

"(c) The Board shall—

"(1) advise the Secretary and the Director of the Fund for the Improvement of Postsecondary Education on priorities for the improvement of postsecondary education and make such recommendations as it may deem appropriate for the improvement of postsecondary education and for the evaluation, dissemination, and adaptation of demonstrated improvements in postsecondary educational practice;

"(2) advise the Secretary and the Director of the Fund on development of programs to be carried out by the Fund and on selection of projects under consideration for support by the Fund in its competitions;

"(3) advise the Secretary and the Director of the Fund on operation of the Fund, including advice on planning documents, guidelines, and procedures for grant competitions prepared by the Fund; and

"(4) meet at the call of the Chairman, except that it shall meet (A) at least four times during each fiscal year, or (B) whenever one-third of the members request in writing that a meeting be held.

"(d) The Director shall make available to the Board such information and assistance as may be necessary to enable the Board to carry out its functions.

"TECHNICAL EMPLOYEES

"SEC. 1004. The Secretary may appoint for terms not to exceed three years, without regard to the provisions of title 5 of the United States Code governing appointments in the competitive service, not more than five technical employees to administer this title who may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 1005. There are authorized to be appropriated to carry out this title $75,000,000 for fiscal year 1981 and each of the succeeding fiscal years ending prior to October 1, 1985.".

(b)(1) Part C of title X of the Act is redesignated as part B, and sections 1071 and

1072 thereof are redesignated as sections 1021 and 1022, respectively.

(2) Section 1021(a) of the Act (as so redesignated) is amended by striking out "this title,".

(c) Section 404 of the General Education Provisions Act is repealed.

The CHAIRMAN. Are there any amendments to title X?

If not, the Clerk will designate title XI.

Title XI reads as follows:

TITLE XI—ESTABLISHMENT OF A NEW TITLE XI OF THE HIGHER EDUCATION ACT OF 1965

AMENDMENT

SEC. 1101. (a) Title XI of the Act is amended to read as follows:

"TITLE XI—URBAN GRANT UNIVERSITY PROGRAM

"FINDINGS AND PURPOSE

"SEC. 1101. (a) The Congress finds and declares—

"(1) that there exists within the Nation's urban universities an underutilized reservoir of skills, talents, and knowledge applicable toward the amelioration of the multitude of problems that face the Nation's urban centers;

"(2) that these skills, talents, and knowledge must be applied in a systematic and sustained manner to impact successfully upon these problems;

"(3) that the application of these skills, talents, and knowledge is impeded due to the limited funds available to sustain their commitment; and

"(4) that it is the public policy of the United States to encourage and facilitate the application of these skills, talents, and knowledge toward serving the needs of the Nation's urban centers.

"(b) The Secretary shall carry out programs in accordance with the provisions of this title, for the purpose of aiding urban universities to help find answers to urban problems, and aiding such universities to make their resources more readily and effectively available to the urban communities in which they are located.

"APPROPRIATIONS AUTHORIZED

"SEC. 1102. (a) For the purpose of carrying out the provisions of this title there is authorized to be appropriated $50,000,000 for fiscal year 1981, $70,000,000 for fiscal year 1982, $80,000,000 for fiscal year 1983, $90,000,000 for fiscal year 1984, and $100,000,000 for fiscal year 1985.

"(b) Funds appropriated under this section shall remain available to the Secretary for the duration of the period for which funds are authorized to be appropriated under subsection (a), in order to permit multiple-year funding of projects under this title.

"PROJECT ASSISTANCE

"SEC. 1103. (a) The Secretary may make grants to urban universities to assist them in carrying out urban-oriented projects consistent with the purposes of this title.

"(b) An application submitted under this section must show that the chief executive of the local agency or agencies of general government within whose jurisdiction fall the needs to be addressed by the project or projects described has been afforded a reasonable opportunity to review and comment upon the proposed project or projects. In making grants, the Secretary shall consider the degree to which there is evidence in the application of (1) the participation of such local agency or agencies of general government in the development of the project or projects for which assistance is requested under this section; (2) local government and community participation in the implementation of the proposed project or projects; and (3) a commitment by such local agency or agencies of general government to pay a portion of the non-Federal share of the cost of such project or projects required by subsection (d) of this section. Such non-Federal share may be in the form of services, supplies, or equipment.

"(c) The Secretary may request the advice of any Federal agency he considers appropriate before approving an application for project assistance under this section.

"(d) No grant under this section shall exceed 90 per centum of the cost of the project for which assistance is granted.

"(e) An institution which receives a grant under this section shall be designated by the Secretary as an 'urban grant university'. The Secretary shall annually publish a list of the institutions of higher education which have been so designated.

"LIMITATION

"SEC. 1104. (a) The total amount of payments in any fiscal year under section 1103 to institutions within any one State shall not exceed 15 per centum of the total amount paid.

"(b) In allocating assistance under section 1103 of this title, the Secretary shall endeavor to achieve broad and equitable geographical distribution throughout the Nation.

"DEFINITIONS

"SEC. 1105. As used in this title—

"(1) 'urban area' means a standard metropolitan statistical area having a population of not less than five hundred thousand persons; or, in any State which has no standard metropolitan statistical area within its borders which has such a population, the Secretary shall designate one urban area for the purposes of this part;

"(2) 'urban university' means an institution of higher education which (A) is located in an urban area, (B) draws a substantial portion of its undergraduate students from the urban area in which it is located or contiguous urban areas, (C) carries out programs to make postsecondary education opportunities more accessible to residents of such urban area or contiguous areas, (D) has the present capacity to provide resources responsible to the needs and priorities of such urban area and contiguous areas, (E) offers a range of professional or graduate programs sufficient to sustain its capacity to provide such resources, and (F) has demonstrated and sustained a sense of responsibility to such urban area and contiguous areas and its people;

"(3) for the purposes of paragraphs (2) and (4) of this section, 'institution of higher education' includes any combination of such institutions, any one of which meets all the qualifications of paragraph (2);

"(4) 'resources' are programs of institutions of higher education including specialized training, research services, and technical assistance responsible to the needs and priorities of the urban area and contiguous areas.".

(b) Title IX of the Act is amended by adding at the end thereof the following new part:

"PART G—LAW SCHOOL CLINICAL EXPERIENCE PROGRAMS

"PROGRAM AUTHORIZATION

"SEC. 991. (a) The Secretary is authorized to enter into grants or contracts with accredited law schools in the States for the purpose of paying not to exceed 90 per centum of the costs of establishing or expanding programs in such schools to provide clinical experience to students which includes any form of law student work involving performance in the role of a lawyer exercising legal skills and roles such as those of an advocate, counselor, negotiator, investigator, and ethical practitioner, whether by way of the provisions or representation of or services to an identifiable client in actual cases or situations (subject to existing State or local limitations upon such provision) or by way of simulation of such provision through appropriate exercises. The cases and situations handled in actuality or by simulation may encompass any one or more of the following:

"(1) judicial, administrative, executive, or legislative proceedings, including the full range of preparation therefor;

"(2) office or house counsel problems; or

"(3) factual investigation, empirical research or policy or legal analysis.

"(b) Such costs may include necessary expenditures incurred for—

"(1) planning;

"(2) training of faculty members and salary for additional faculty members;

"(3) travel and per diem for faculty and students;

"(4) reasonable stipends for students for work in the public service performed as part of any such program at a time other than during the regular academic year;

"(5) equipment and library resources;

"(6) involving practicing lawyers in the process of training law students to perform as lawyers; and

"(7) such other items as are allowed pursuant to regulations issued by the Secretary.

"(c) No law school may receive more than $75,000 in any fiscal year pursuant to this part.

"(d) For the purpose of this part the term 'accredited law school' means any law school which is accredited by a nationally recognized accrediting agency or association approved by the Secretary for this purpose, including any combination or consortium of State schools.

"APPLICATIONS

"SEC. 992. (a) A grant or contract authorized by this part may be made by the Secretary upon application which—

"(1) is made at such time or times and contains such information as he may prescribe;

"(2) provides for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the applicant under this part; and

"(3) provides for making such reports, in such form and containing such information as the Secretary may require to carry out his functions under this part, and for keeping such records and for affording such access thereto as the Secretary may find necessary to assure the correctness and verification of such reports.

"(b) The Secretary shall allocate grants or contracts under this part in such manner as will provide an equitable distribution of such grants or contracts throughout the United States among law schools which show promise of being able to use funds effectively for the purposes of this part.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 993. There are authorized to be appropriated $10,000,000 for each of the succeeding fiscal years ending prior to October 1, 1985 to carry out the purposes of this part.".

The CHAIRMAN. Are there any amendments to title XI?

If not, the Clerk will designate title XII.

Title XII reads as follows:

TITLE XII—GENERAL PROVISIONS

AMENDMENTS

SEC. 1201. Title XII of the Act is amended by striking out sections 1202, 1203, 1205, 1206, and 1208, by redesignating section 1207 as section 1202, and by adding after such section the following new section:

"FEDERAL-STATE RELATIONSHIP

"SEC. 1203. (a) Any State which desires to receive assistance under applicable programs shall enter into an agreement with the Secretary pursuant to subsection (b) setting forth the terms and conditions for the relationship between the Federal Government and each individual State for the purposes set forth in such applicable programs as described in subsection (f).

"(b) Such agreement shall be submitted to the Secretary and include—

"(1) a designation of the State agency responsible under State law for comprehensive statewide planning or financing for postsecondary education;

"(2) designation and description of the activities of:

"(A) the State agency responsible for carrying out education information programs pursuant to section 104;

"(B) the State agency responsible for carrying out continuing education programs pursuant to section 105;

"(C) the State agency responsible for collection of information required pursuant to section 202;

"(D) the State agency responsible for administration of the student assistance program authorized by subpart 3 of title IV, part A;

"(E) the State agency responsible for undergraduate facilities planning pursuant to section 711.

"(3) a description of the activities of the State agency or agencies, or State or statewide boards, commissions, or councils in the State responsible for—

"(A) programs which provide educational and occupational information services to youth and adults;

"(B) programs which provide continuing education services to persons of all ages;

"(C) administration of student assistance programs;

"(D) licensing, accrediting, approving, or chartering institutions of higher education; and

"(E) statewide coordination or governance of postsecondary education sectors;

"(4) a description of the relationship between the planning activities of the State agencies designated and described in paragraphs (1), (2), and (3);

"(5) an assurance by the State, including a description of the means to be used by the State to fulfill the assurance, that—

"(A) representatives of institutions of higher education in the State (including community colleges, proprietary institutions, and independent colleges and universities), students, other providers of postsecondary educational services, and the general public are involved in the comprehensive statewide planning process and, pursuant to paragraph (1), such process considers—

"(i) the postsecondary education needs of unserved and underserved persons within the State, including those beyond the traditional college age; and

"(ii) the resources of those institutions, organizations, or agencies (both public and private) within the State capable of providing postsecondary educational opportunities in the State;

"(B) the State will provide for such methods of administration as are necessary for the proper and efficient administration of any program in keeping with the purposes of this title as set forth in applicable programs as defined in subsection (f);

"(C) the State will provide such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of, and accounting for, Federal funds paid to the State under any title under this Act; and

"(D) the State will follow policies and practices of administration that will ensure that non-Federal funds will not be supplanted by Federal funds.

"(c) The information and assurances provided by a State in accordance with subsection (b), and regulations issued by the Secretary, shall be satisfactory for the purposes of, and shall be considered in lieu of, any comparable requirements for information and assurances in any applicable program as defined in subsection (f).

"(d)(1) A State's agreement shall remain in effect subject to modification as changes in information or circumstances require.

"(2) Whenever the Secretary, after reasonable notice and opportunity for a hearing has been given the State, finds that there is a failure to comply substantially with the requirements for an agreement established in this section, the Secretary shall notify the State that it is no longer eligible to participate in any applicable program as defined in subsection (f) until he is satisfied that there is no longer any such failure to comply.

"(3)(A) Nothing in this section shall be construed to authorize the Secretary to require any State to adopt, as a condition for entering into an agreement, or for participation in an applicable program as defined in subsection (f), a specific State organizational structure for achieving participation in the planning, or administration of programs, or for statewide planning, coordination, governing, regulating, or administering of postsecondary education agencies, institutions, or programs in the State.

"(B) Nothing in this section shall be construed as a limitation on the authority of any State to adopt a State organizational structure for postsecondary education agencies, institutions, or programs which is appropriate to the needs, traditions, and circumstances of that State, or as a limitation on the authority of a State entering into an agreement pursuant to this section to modify the State organizational structure at any time subsequent to entering into such an agreement.

"(e) For the purpose of this section, definition of the State office or body authorized to act on behalf of the State for the purpose of entering into an agreement with the Secretary shall be in accordance with the State law of each individual State with respect to the authority to make legal agreements between the State and the Federal Government.

"(f) For the purposes of this section an 'applicable program' is defined as—

"(1) title I;

"(2) subpart 3 of part A of title IV; and

"(3) part A of title VII.".

□ 1800

AMENDMENT OFFERED BY MR. PHILLIP BURTON

Mr. PHILLIP BURTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PHILLIP BURTON: Page 210, after line 15, insert the following new section:

TERRITORIAL STUDENT ASSISTANCE

SEC. 1202. Title XII of the Act is further amended by adding at the end thereof the following new section:

"TERRITORIAL STUDENT ASSISTANCE

"SEC. 1205. Pending legislative implementation of the recommendations submitted by the Secretary under section 1204(b), there are authorized to be appropriated $2,000,000 for each fiscal year to support the cost of providing postsecondary education programs on Guam for non-resident students from the Trust Territory of the Pacific Islands, the Northern Mariana Islands, and American Samoa. Such sums shall be allocated by the Secretary among the educational institutions on Guam providing such programs on the basis of the number of students enrolled from the Trust Territory of the Pacific Islands, the Northern Mariana Islands, and American Samoa. Sums authorized under this section shall remain available until appropriated and sums appropriated under this section shall remain available until expended.".

Mr. PHILLIP BURTON (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. PHILLIP BURTON. Mr. Chairman, the amendment which I am offering (on behalf of Mr. WON PAT of Guam and our ranking member, Mr. CLAUSEN, and myself) will provide $2 million annually to those postsecondary institutions of Guam—the University of Guam and Guam Community College—which enroll nonresident students from the Trust Territory of the Pacific Islands, the Northern Marianas and American Samoa.

Since 1952 the University of Guam, as the only senior postsecondary education institution in the Pacific territories region, has enrolled hundreds of students annually from their neighboring islands. The territory of Guam has chosen to maintain extremely low tuition rates at the university in order to accommodate these students. Last year alone there were approximately 500 students from the trust territory and the Northern Marianas attending college on Guam at an average tuition of less than $250. The Federal Comptroller on Guam has determined that the cost per student at the University of Guam is over $4,000. The difference between that figure and the tuition revenues of the off-island students represents a subsidy of approximately $2 million annually which is being absorbed by the territory of Guam to make these low-cost postsecondary education opportunities available to their neighbors.

What I am proposing today is an interim solution to this inequity. The House has already approved section 1204 of title XII which calls for the Secretary of Education to have undertaken an extensive analysis of postsecondary education conditions within the territories and to report back to Congress within 18 months with his findings and recommendations for the most appropriate form of Federal postsecondary education assistance to the territories.

During that interim period, however, something must be done to assist the University of Guam and Guam Community College. The education of students within the Trust Territory is a responsibility vested in the United States by the terms of the United Nations Trusteeship Agreement by which we administer these islands. Such education is the responsibility of all Americans and currently the citizens of Guam are carrying an inordinate share of that responsibility. This measure will temporarily correct that situation pending the completion of the Secretary's study and the implementation by Congress of a more equitable and comprehensive solution to a problem which we have ignored for too long already.

Mr. Chairman, I also want to commend my colleagues who serve on the Postsecondary Education Subcommittee, for the tremendous job they have done in producing a most effective legislative measure, which will, in my opinion, go a long way to serve the needs of our colleges and universities throughout the country.

Mr. Chairman, I want to comment on title XIII of the proposed legislation now before us. Section 1303 is really a technical provision which will provide the Community College of American Samoa an opportunity to participate in certain land grant college educational programs which are presently provided for the colleges of Guam and the Virgin Islands. Under provisions of title V of the Education Amendments Act of 1972, Guam and the Virgin Islands were granted land-grant status for their colleges, and we are now simply changing this law to include the Community College of American Samoa.

Mr. Chairman, this proposed measure will give added dimensions to some of the most critical needs in improving Samoa's educational system, and this is certainly a tribute to our country's commitments to provide as much assistance to promote the educational needs of the people of American Samoa.

I might also note that I am especially pleased in that this measure has the firm support of my colleagues on both sides of the aisle, and I want to thank Mr. FORD, the chairman of the Postsecondary Subcommittee, and the distinguished gentleman from Alabama (Mr. BUCHANAN), the ranking minority member of the subcommittee. I am appreciative also of the fine assistance received from Mr. Wolanin, the subcommittee staff director, and his staff assistants Ms. Vissler and Mr. Cope.

Mr. Chairman, I also want to commend Mr. Peter T. Coleman, the first elected Governor of American Samoa, for bringing this important matter to my attention. I also want to thank Mr. Eni Hunkin, assistant counsel to the House Interior and Insular Affairs Committee, for the fine work that he has done in getting this piece of legislation together. I might also note that Mr. Hunkin is a native of American Samoa, and is probably the only native Samoan who currently works in the Congress, and has done so for about 5 years now. Mr. Chairman, in the years that I have been associated with this young man, I can only say he has served our Interior Committee in a most professional manner, and for that matter, he is certainly a credit to the Samoan people, and we are very fortunate to have him on the committee.

Mr. Chairman, I am including two letters from the distinguished chair of the Postsecondary Subcommittee and the ranking minority member of the subcommittee, which clarifies our intent with reference to first, section 1204, and next, the entire bill as it relates to the Trust Territory of the Pacific Islands. These letters are self-explanatory, and the intent expressed therein is fully concurred in by me, as Chair, and the minority leadership of the Subcommittee on National Parks and Insular Affairs.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., November 6, 1979.
Hon. PHILLIP BURTON,
Chairman, Subcommittee on National Parks and Insular Affairs, Longworth Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: As a Member of the Committee on Education and Labor, and as Chairman of the Interior Subcommittee on National Parks and Insular Affairs, you have always maintained a genuine interest in educational programs for the people of the insular areas of the United States. For this reason, we want to assure you that the provisions of the Higher Education Act Amendments of 1979 (H.R. 5192) relating particularly to the Trust Territory of the Pacific Islands are intended to remain in full force and effect unless and until revised or repealed by affirmative action of the Congress—regardless of any future changes in the political status of the Trust Territory or any of its component districts. Needless to say, the Congress—and only the Congress—is empowered under the Constitution to enact or repeal laws; consequently, the only accurate and reasonable construction of the provisions of the Higher Education Act Amendments of 1979 would be that they remain applicable unless the Congress determines otherwise.

Sincerely,

JOHN BUCHANAN,
WILLIAM FORD,
Members of Congress.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., November 6, 1979.
Hon. PHILLIP BURTON,
Chairman, Subcommittee on National Parks and Insular Affairs, Longworth Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: We appreciate your interest in section 1204, "Treatment of Territories", of the Higher Education Act Amendments of 1979 (H.R. 5192) regarding the authority of the administrative agency to modify educational programs made available by the Congress to the various territories of the United States. We want to emphatically assure you that such authority is intended only to permit such programs to be tailored and adapted to the needs of the citizens of these areas. To read or interpret the section as authority to abolish, terminate or eliminate such programs would be totally erroneous, unacceptable and contrary to the intent of the Congress. Since these programs were expressly authorized by an Act of Congress, it is beyond the authority of any administrative agency to discontinue them—that is a determination which only a future Congress can make.

Sincerely,

JOHN BUCHANAN,
WILLIAM FORD,
Members of Congress.

Mr. FORD of Michigan. Mr. Chairman, will the gentleman yield?

Mr. PHILLIP BURTON. I yield to the gentleman from Michigan.

Mr. FORD of Michigan. Mr. Chairman, we have examined the gentleman's amendment, and the gentleman has discussed it with us. We have no trouble with it. We will be pleased to support it.

Mr. PHILLIP BURTON. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. PHILLIP BURTON).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. WALKER

Mr. WALKER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WALKER: Page 210, after line 15 insert the following new section:

RESTRICTION ON QUOTAS

SEC. 1202. Title XII of the Act is further amended by adding at the end thereof the following new section:

"RESTRICTION ON QUOTAS

"SEC. 1204. The Secretary is authorized to utilize affirmative action programs to promote equal opportunity within higher education, and issue rules, regulations, standards, guidelines, recommendations, and orders for purposes of compliance with such programs provided that such programs do not utilize any ratio, quota or other numerical requirement related to race, creed, color, national origin, or sex to require any individual or entity to take any action with respect to (1) the admission policies or practices of such individual or entity, or (2) the hiring or promotion policies or practices of such individual or entity.".

Mr. WALKER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. WALKER. Mr. Chairman, this is an amendment aimed as specifically an antiquota amendment to this particular piece of legislation. It is an amendment that I feel is necessary. It is an amendment similar to the ones I have offered on previous occasions on the House floor, but one which I think goes to the heart of some of the problems that are taking place right now in higher education, namely, that higher educational institutions, both in terms of their employment and in terms of their student body enrollment, are being asked to submit to mandated quota systems perpetrated by the Federal Government.

I think quota systems are wrong, but that does not mean that I think that affirmative action programs are wrong. I think that the interesting thing about this amendment, compared to some others that I have had the opportunity to offer on the floor, is that this amendment specifically says that the Secretary is authorized to utilize affirmative action programs to promote equal opportunity. It goes on to say that you cannot use quota systems in order to mandate an affirmative action program, but it makes it very plain within the amendment that the affirmative action programs may be utilized. I think that is an important distinction, because I have argued time after time on the floor that I think you can have effective affirmative action—it is being done throughout the country—without utilizing quota systems which exclude people rather than the affirmative action concept, which is to include people.

I think probably the noted black economist Thomas Soul best put it in an article that was in the Washington Post last year. I would like to read a quote from that article if I could, because this is the point that I am trying to make.

As long as admission to colleges and universities is not unlimited, someone's opportunity to attend has to be sacrificed as the price of preferential admission for others. No amount of verbal sleight-of-hand can get around this fact. None of those sacrificed is old enough to have had anything to do with historic injustices that are supposedly being compensated. Moreover, it is not the offspring of the privileged who are likely to pay the price. It is not a Rockefeller or a Kennedy who will be dropped to make room for quotas; it is a De Funis or a Bakke. Even aside from personal influence on admissions decisions, the rich can give their children the kind of private schooling that will virtually assure them test scores far above the cut-off level at which sacrifices are made.

Just as the students who are sacrificed are likely to come from the bottom of the white distribution, so the minority students chosen are likely to be from the top of the minority distribution. In short, it is a forced transfer of benefits from those least able to afford it to those least in need of it.

That is the point with quotas, and that is the point which needs to be emphasized on this piece of legislation with this amendment. This is specifically an antiquota amendment. It is not an antiaffirmative action amendment.

It is also in line with a speech made not too long ago by Bayard Rustin at the University of Delaware, in which he said he is unalterably opposed to the concept of quotas for minorities. He said that he wants blacks to feel that they can do things on their own merits "not because of what somebody may have done to somebody's grandfather. You cannot pass on to other generations anything but the responsibility for their own."

That is the spirit in which this amendment is offered, and this amendment seeks to make certain that higher education in this country is not further submitted to quota-based systems.

Mr. FORD of Michigan. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the gentleman's amendment would not do, if it became law, what the gentleman describes to us. What surprises me a little bit is that he purports to be a person opposed to having the Secretary of HEW meddle in the internal affairs of colleges and universities by imposing or encouraging quotas or affirmative action.

I have here a letter signed on behalf of the major educational lobby groups in this town, which says:

AMERICAN COUNCIL ON EDUCATION,
Washington, D.C., November 7, 1979.
Hon. WILLIAM D. FORD,
Chairman, Subcommittee on Postsecondary Education, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: We understand that an amendment may be offered to H.R. 5192 the intent of which is to restrict the Secretary of Health, Education and Welfare from using admissions or hiring quotas in promoting equal opportunity within higher education. On behalf of the nation's colleges and universities, we oppose this amendment because, in our view, it would grant broad new authority for the Secretary to require all institutions to implement affirmative action plans regardless of whether they have been shown to have discriminated. This would impose major new regulatory and paperwork burdens on the higher education community.

As the attached memorandum indicates, the amendment goes far beyond current civil rights statutes and court rulings by expressly authorizing the Secretary to "utilize affirmative action programs" with specific reference to hiring and promotion as well as admissions policies for all institutions. No statute currently under the Secretary's jurisdiction authorizes the Secretary to issue general rules requiring colleges to develop and comply with such general affirmative action programs. Similarly, no court order of which we are aware grants such authority to the Secretary.

While we do not want to be in the position of seeming to oppose equal opportunity in higher education, or extending civil rights statutory protections, we do not believe this is the proper procedure or vehicle for such purposes.

Therefore we urge that the amendment be defeated, on behalf of American Association of Community and Junior Colleges, American Association of State Colleges and Universities, American Council on Education, Association of American Universities, National Association of Independent Colleges and Universities, and National Association of State Universities and Land-Grant Colleges.

Sincerely,
CHARLES B. SAUNDERS, Jr.,
Vice President for Governmental Relations.

Attachment.

IMPACT OF THE WALKER AMENDMENT

SUMMARY STATEMENT

If passed the Walker Amendment would grant new authority for the Secretary of Health, Education and Welfare to issue rules requiring institutions of higher education to take affirmative action with respect to students and employees. Although it is arguable under existing law that the Secretary may require a college or university to take affirmative action as a remedy where there has been a finding of discrimination, no statute currently under the Secretary's jurisdiction authorizes the Secretary to issue general rules requiring colleges and universities that have not been shown to have discriminated to develop and comply with general affirmative action programs. The Walker Amendment would appear to do just that.

DISCUSSION

The Secretary of Health, Education and Welfare is charged with enforcement of Title VI of the 1964 Civil Rights Act, Title IX of the Educational Amendments of 1972, Section 504 of the Rehabilitation Act of 1973 and Sections 799A and 845 of the Public Health Service Act. With some exceptions and slight variations, each of these civil rights provisions prohibits discrimination against students enrolled at institutions of higher education receiving federal financial assistance. Unlike Section 503 of the Rehabilitation Act and Executive Order 11246, both under the purview of the Secretary of Labor, none of these statutes requires colleges and universities to take affirmative action with respect to students or employees.

The Supreme Court in *Southeastern Community College v. Davis* has affirmed this view expressly holding Section 504 does not authorize the Secretary of HEW to require colleges and universities to take affirmative action with respect to qualified handicapped students. By the clear language of the statutes themselves and by analogy to the Court holding in *Davis*, the Secretary also is not authorized under existing law to require affirmative action under Titles VI and IX and Sections 799A and 845 of the Public Health Service Act. In addition to the Supreme Court holding in *Davis*, a long line of cases interpreting Title IX and Section 504 have held that neither statute was intended to cover employment practices at institutions of higher education except insofar as discrimination in employment has the effect of discriminating against students.

By expressly authorizing the Secretary "to utilize affirmative action programs to promote equal opportunity in higher education" and by referring to the hiring and promotion policies of such institutions, the Walker Amendment grants new statutory authority to the Secretary effectively reversing *Davis* and other related civil rights decisions.

I would also point out that present law, which contains language—permanent law, I must say, not a temporary authorizing statute such as this—and I quote from the law, section 440(c) of the General Education Provisions Act: "It shall be unlawful for the Secretary to defer or limit any Federal financial assistance on the basis of any failure to comply with the imposition of quotas or any other numerical requirement which have the effect of imposing quotas on the student admission practices of an institution of higher education or community college receiving Federal financing assistance."

Now, strangely, the gentleman in the name of opposing quotas would authorize the Secretary, who is presently absolutely prohibited from becoming involved in this field, to impose affirmative action requirements. It goes in exactly the opposite direction of those who generally support the gentleman's amendment.

If you want the other side of it, the gentleman's amendment attempts to drive a tack with a sledgehammer. If in fact it were not redundant and unnecessary, the gentleman goes further and gets us involved in countermanding the already stated public policy of this country with respect to affirmative action in hiring janitors to work on a college campus, in hiring females to work as professors in the field of science, where they have been very rare in the past. Anyone who says that this is going to affect the Bakke case just does not understand it. I think the amendment should be defeated.

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Chairman, could the gentleman tell me if the language he quoted previously as a part of the permanent law is in fact the Eshleman amendment that was adopted, I think, in 1976?

Mr. FORD of Michigan. I believe that that is how it came into the law; it is the Eshleman amendment.

Mr. WALKER. I thank the gentleman for that, because I also worked on that amendment. At that time I was administrative assistant to Congressman Eshleman. I have followed it up since, and I find that the particular part of the permanent law to which the gentleman refers has never had any regulations written and there have never been any kind of attempts to implement that law.

Mr. FORD of Michigan. Mr. Chairman, if I may reclaim my time, the reason we wrote the Eshleman amendment the way it is written—and I supported it, as did the gentleman from Ohio (Mr. ASHBROOK) and, I suspect, the other members of the committee here in the 1976 conference—is that we say to the Secretary, "Stay out of this business."

Now, we do not want the Secretary to write any regulations, and there is nothing for the Secretary to implement. If the gentleman's amendment is adopted, the Secretary will then start trying to decide how many angels can dance on the head of a pin and write regulations to implement the language in the gentleman's amendment, and we will have the Secretary in the business that the Secretary might have been in without the Eshleman amendment.

Mr. WALKER. If the gentleman will yield further, I thank the gentleman for that explanation, but the point I am trying to make is, the fact is that the Secretary has virtually ignored the Eshleman amendment, and on several occasions has imposed quota systems, for instance, at the University of North Carolina.

Mr. FORD of Michigan. Mr. Chairman, I must reclaim my time to tell the gentleman that he has been making that statement informally around the floor, and I challenge him to give me the name of a single institution in this country that has had a quota imposed upon it, directly or indirectly, by the Secretary of HEW with respect to the admission of students.

Mr. ASHBROOK. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from Ohio.

Mr. ASHBROOK. Mr. Chairman, I have been listening to the debate here, and the gentleman from Michigan (Mr. FORD) is absolutely correct. My good friend, the gentleman from Pennsylvania, I think, has it turned around.

The CHAIRMAN. The time of the gentleman from Michigan (Mr. FORD) has expired.

(On request of Mr. ASHBROOK and by unanimous consent, Mr. FORD of Michigan was allowed to proceed for 1 additional minute.)

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Mr. ASHBROOK. The amendment which is now part of the permanent law does not require the Secretary of HEW to do anything. The gentleman makes the point correctly that it prohibits him from doing certain things. Why we want to turn it around, as the Walker amendment would do, and urge the Secretary of HEW to do something the Congress has said we do not want him in, that is where I do not understand the gentleman's amendment.

My friend from Michigan (Mr. FORD) is absolutely correct. To say no regulations have been implemented under that amendment is almost not to read the provision of the General Education Provision Act.

Mr. FORD of Michigan. Will the gentleman give me the name of the institution where the Secretary has caused a quota on admission of students to be applied, and I will see to it that that is corrected tomorrow?

Mr. WALKER. Will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from Pennsylvania.

Mr. WALKER. I thank the gentleman for yielding.

I know, for instance, and have seen documents where what used to be the Pennsylvania State College system, the State teacher college system was asked to submit specific quotas of students they were going to have at particular schools.

The CHAIRMAN. The time of the gentleman from Michigan (Mr. FORD) has expired.

(At the request of Mr. WALKER and by unanimous consent, Mr. FORD of Michigan was allowed to proceed for 2 additional minutes.)

Mr. WALKER. If the gentleman will yield further, that particular system was required to mandate a quota system. I would say to the gentleman that in fact it has been done. That is my concern about what has happened with regard to the permanent law, and what I am seeking to correct here without getting at the problem of affirmative action is just trying to get at the specific problem of quotas.

Mr. FORD of Michigan. The case to which the gentleman refers is a case brought by the Department of Justice pursuant to title VI of the Civil Rights Act, not by HEW, and the gentleman's amendment would have absolutely no impact on this situation.

Mr. CONTE. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

□ 1820

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

The pending business is the amendment offered by the gentleman from Pennsylvania (Mr. WALKER).

The question is on the amendment offered by the gentleman from Pennsylvania (Mr. WALKER).

The amendment was rejected.

The CHAIRMAN. Are there further amendments to title XII? If not, the Clerk will designate title XIII.

Title XIII reads as follows:

TITLE XIII—MISCELLANEOUS PROVISIONS

CONTRACT AUTHORITY

SEC. 1301. The authorization to enter into contracts or other obligations under the act, as amended by this act, shall be effective for fiscal year 1981 and any succeeding fiscal year only to the extent or in such amounts as are provided in advance in appropriation acts.

EFFECTIVE DATE

SEC. 1302. The amendments made by this act shall be effective on October 1, 1980.

AMERICAN SAMOA LAND GRANT COLLEGE

SEC. 1303. (a) Section 506 of the Education Amendments of 1972 is amended—

(1) by inserting ", the Community College of American Samoa," immediately after "The College of the Virgin Islands" in subsection (a);

(2) by striking out "Virgin Islands and Guam" each place it appears in subsection (b) and inserting in lieu thereof "Virgin Islands, Guam, and American Samoa";

(3) by striking out "Guam." in such subsection and inserting in lieu thereof "Guam and an equal amount to American Samoa.".

(b) Section 5 of the act of August 30, 1890 (7 U.S.C. 327), commonly referred to as the Second Morrill Act, is amended by inserting ", American Samoa," immediately after "the Virgin Islands".

(c) Any provision of any Act of Congress relating to the operation of or provision of assistance to a land grant college in the Virgin Islands or Guam shall apply to the land grant college is American Samoa in the same manner and to the same extent.

(d) Nothing in this section shall be construed to interfere with or affect any of the provisions of the April 17, 1900 Treaty of Cession of Tutuila and Aunu'u Islands or the July 16, 1904 Treaty of Cession of the Manua Islands as ratified by the Act of February 20, 1929 (45 Stat. 1253) and the Act of May 22, 1929 (46 Stat. 4).

● Mr. EDWARDS of California. Mr. Chairman, I rise in strong opposition to the amendment offered by the gentleman from Pennsylvania, which has misleadingly been entitled a "Restriction on Quotas." This amendment has, in various guises, been presented often enough so that its true purpose and intended effect are clear. I urge a no vote on this provision because it is overly broad, it will generate excessive litigation, and it will place an agency of the Federal Government in the untenable position of supporting discrimination.

If, as the author has suggested previously, this amendment is directed at the prohibition of quotas, then the language should be limited to quota only. Even if that were the intent, such a prohibition is unnecessary since the Department does not impose quotas or their equivalent in carrying out its civil rights enforcement responsibilities. It does utilize goals and timetables—these are not only permissible but necessary elements to effective civil rights enforcement. The sweeping language of this amendment, baring ratios, quotas, and other numerical requirements, would effectively prohibit the use of these mechanisms.

The Department has and will continue to play a pivotal role in the enforcement of civil rights provisions such as title VI, title IX, and various Executive orders. Enactment of the Walker amendment would hamper effective enforcement of these provisions and generate excessive litigation to resolve the uncertainties engendered by the language of this amendment and its legislative history.

Finally, this language, if retained without further clarification, would place the Federal Government, through one of its agencies, in the conflicting and unsupportable position of aiding discrimination on the basis of race, creed, color, national origin, or sex by preventing it from utilizing those tools necessary to carry out its responsibilities, as set forth in the various and controlling civil rights provisions—this result is clearly unconstitutional.●

● Mr. PURSELL. Mr. Chairman, as a

member of the Appropriations Labor/HEW Subcommittee, which will deal with the appropriations authorized by the bill before us today, I have been following with a great deal of interest the progress of this legislation.

I want to take this opportunity to commend the work of Chairman FORD, my colleague in the Michigan delegation, and the gentleman from Alabama (Mr. BUCHANAN), the ranking Republican on the Postsecondary Education Subcommittee, as well as the other committee members and their very fine staff. They held extensive hearings, conducted a thorough review of the many important programs designed to insure an equal opportunity for all to pursue education beyond the secondary level, and now they have presented us today with a bill that makes needed changes in Federal higher education programs with a minimum of controversy.

As one who has more college and university students in his district than any other Member of Congress, I greatly appreciate the work that has been done in connection with this legislation and rise in strong support of it.●

● Mr. GILMAN. Mr. Chairman, I rise in support of H.R. 5192, the Higher Education Amendments of 1980. This legislation is designed to extend our Nation's major educational programs through 1985, and to maintain, with modifications, some of the most important educational programs which are in effect today.

This bill seeks to increase the amounts of awards which have precluded some students from receiving aid in the past. The BEOG program—basic education opportunity grant—has been increased by 10 percent for the next year, and the maximum award has been increased from $1,800 to $2,160 for this next year and will be increased to $2,700 in 1984. The guaranteed student loan program has been increased to an amount of $3,000 for independent students per year; aggregate amounts have been increased to $12,500 for undergraduates and $25,000 for graduate students. It is heartening to see that these loans and basic educational grants are keeping up with the rising costs of tuition and that students will benefit even more from financial assistance which the Government offers.

One of the most beneficial changes which are offered by this legislation is the single form change whereby a student is required to fill out only a standard form which makes it easier to determine needs for that particular student. In the past, the application process has been time consuming and confusing, and the clarification mandated by this legislation will expedite the processing of these applications.

Mr. Chairman, I urge my colleagues to join in supporting this legislation and hope that we can move this legislation along so that millions of students seeking higher education can take advantage of the programs we have offered them.

It is so necessary today for Americans to be well educated and well equipped to deal with the problems of modern life. I believe that this type of assistance is the best way to alleviate the problems of undereducation and of a lack of opportunity.

Accordingly, I urge my colleagues to support this worthy legislation.●

The CHAIRMAN. The question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose: and the Speaker having resumed the chair, Mr. SHARP, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 5192) to amend and extend the Higher Education Act of 1965, and for other purposes, pursuant to House Resolution 466, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amendment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. FORD of Michigan. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 385, nays 15, not voting 33, as follows:

[Roll No. 635]

YEAS—385

Abdnor
Addabbo
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Applegate
Ashley
Aspin
Atkinson
AuCoin
Badham
Bafalis
Bailey
Baldus
Barnard
Barnes
Beard, R.I.
Bedell
Beilenson
Benjamin
Bereuter
Bethune
Biaggi
Bingham
Blanchard
Boggs
Boland
Bolling
Boner
Bonior
Bouquard
Bowen
Brademas
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burlison
Burton, John
Burton, Phillip
Butler
Byron
Campbell
Carney
Carr
Carter
Cavanaugh
Cheney
Chisholm
Clausen
Clay
Cleveland
Clinger
Coelho
Coleman
Collins, Ill.
Conte
Conyers
Corcoran
Corman
Cotter
Coughlin
Courter
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Daschle
Davis, Mich.
Davis, S.C.
Deckard
Dellums
Derrick
Derwinski
Devine
Dickinson
Dicks
Diggs
Dingell
Dixon
Dodd
Donnelly
Dornan
Dougherty
Downey
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Edwards, Okla.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fascell
Fazio
Ferraro
Findley
Fish
Fisher
Fithian
Flippo
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fowler
Frenzel
Frost
Fuqua
Garcia
Gaydos
Gephardt
Giaimo
Gilman
Gingrich
Ginn
Glickman
Goldwater
Gonzalez
Goodling
Gore
Gradison
Gramm
Grassley
Gray
Green
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hanley
Harkin
Harris
Harsha
Heckler
Hefner
Hightower
Hillis
Hinson
Holland
Hollenbeck
Holtzman
Hopkins
Horton
Howard
Hubbard
Huckaby
Hughes
Hutto
Hyde
Ichord
Ireland
Jacobs
Jeffords
Jeffries
Jenkins
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kazen
Kemp
Kildee
Kogovsek
Kostmayer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Lederer
Lee
Lehman
Lent
Levitas
Lewis
Livingston
Lloyd
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Lujan
Luken
Lundine
Lungren
McClory
McCloskey
McCormack
McDade
McEwen
McHugh
McKay
Madigan
Maguire
Markey
Marks
Marlenee
Marriott
Martin
Mathis
Matsui
Mattox
Mavroules
Mazzoli
Mica
Mikulski
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Mottl
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nolan
Nowak
Oakar
Oberstar
Obey
Ottinger
Panetta
Pashayan
Patten
Patterson
Pease
Pepper
Perkins
Petri
Peyser
Pickle
Preyer
Price
Pritchard
Pursell
Quayle
Quillen
Rahall
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Richmond
Rinaldo
Ritter
Roberts
Robinson
Rodino
Roe
Rose
Rostenkowski
Roth
Roybal
Royer
Rudd
Russo
Sabo
Santini
Satterfield
Sawyer
Scheuer
Schroeder
Schulze
Sebelius
Seiberling
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Simon
Skelton
Smith, Iowa
Smith, Nebr.
Snowe
Snyder
Solarz
Solomon
Spellman
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Steed
Stewart
Stockman
Stokes
Stratton
Studds
Swift
Synar
Tauke
Taylor
Thomas
Thompson
Traxler
Trible
Udall
Ullman
Van Deerlin
Vander Jagt
Vanik
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Weaver
Weiss
White
Whitehurst
Whitley
Whittaker
Williams, Mont.
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Winn
Wirth
Wolff
Wolpe
Wyatt
Wydler
Wylie
Yates
Yatron
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

NAYS—15

Archer
Bauman
Bennett
Chappell
Collins, Tex.
Crane, Daniel
Dannemeyer
Fenwick
Kelly
Kindness
Kramer
McDonald
Nelson
Paul
Stump

NOT VOTING—33

Ashbrook
Beard, Tenn.
Bevill
Bonker
Conable
Crane, Philip
de la Garza
Flood
Gibbons
Hansen
Hawkins
Heftel
Holt
Jones, N.C.
Leath, Tex.
Leland
McKinney
Michel
Murphy, Ill.
O'Brien
Rosenthal
Rousselot
Runnels
Slack
Stark
Stenholm
Symms
Treen
Waxman
Whitten
Wilson, Tex.
Wright
Young, Alaska

□ 1840

The Clerk announced the following pairs:

Mr. Bevill with Mrs. Holt.
Mr. Wright with Mr. McKinney.
Mr. Stenholm with Mr. O'Brien.
Mr. Runnels with Mr. Young of Alaska.
Mr. Charles Wilson of Texas with Mr. Rousselot.
Mr. Rosenthal with Mr. Symms.
Mr. Stack with Mr. Hansen.
Mr. Whitten with Mr. Philip M. Crane.
Mr. Murphy of Illinois with Mr. Conable.
Mr. Jones of North Carolina with Mr. Beard of Tennessee.
Mr. Leland with Mr. Ashbrook.
Mr. Hawkins with Mr. Gibbons.
Mr. de la Garza with Mr. Bonker.
Mr. Heftel with Mr. Leath of Texas.
Mr. Stark with Mr. Waxman.

Mr. **PASHAYAN** changed his vote from "nay" to "yea."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

AUTHORIZING THE CLERK TO CORRECT SECTION NUMBERS AND REFERENCES, PUNCTUATION, AND SPELLING IN ENGROSSMENT OF H.R. 5192

Mr. **FORD** of Michigan. Mr. Speaker, I ask unanimous consent that the Clerk be authorized in the engrossment of the bill H.R. 5192 to correct section numbers and references, punctuation, and spelling.

The **SPEAKER** pro tempore (Mr. FARY). Is there objection to the request of the gentleman from Michigan?

There was no objection.

GENERAL LEAVE

Mr. **FORD** of Michigan. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include extraneous matter, on the bill, H.R. 5192, just passed.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

PERMISSION FOR COMMITTEE ON AGRICULTURE TO SIT TOMORROW DURING 5-MINUTE RULE

Mr. **FOLEY**. Mr. Speaker, because there was some misunderstanding regarding the request I made previously for permission for the Committee on Agriculture to sit tomorrow, I would at this time renew the request and, therefore, ask unanimous consent that the Committee on Agriculture may have permission to sit tomorrow, November 8, 1979, while the House of Representatives is in session under the 5-minute rule.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Washington?

□ 1850

Mr. **BAUMAN**. Reserving the right to object, as I understand it the objection of the gentleman from Iowa and any others have been allayed in the interim period.

Mr. **FOLEY**. I think the gentleman from Iowa was under the impression there would be a subcommittee meeting simultaneously with the full committee meeting and he felt it impossible naturally to be at two places at the same time. I assured the gentleman the full committee would take precedence over the subcommittee meeting and there would not be a conflicting schedule.

Mr. **BAUMAN**. Mr. Speaker, I thank the gentleman, and I withdraw my reservation of objection.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Washington?

Mr. **JEFFORDS**. Mr. Speaker, reserving the right to object, I would like to commend the chairman for the courtesy he has shown me. This is my bill that the committee will be marking up. I just want to say no one has ever given me the courtesy that the gentleman from Washington has in trying to bring forward a bill for the minority to allow people to have an opportunity to express themselves. I sincerely appreciate the tremendous opportunity the gentleman has given me.

Mr. **FOLEY**. I thank the gentleman from Vermont.

Mr. **JEFFORDS**. Mr. Speaker, I withdraw my reservation of objection.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Washington (Mr. FOLEY)?

There was no objection.

COMMUNICATION FROM CHAIRMAN OF COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

The **SPEAKER** pro tempore laid before the House the following communication from the chairman of the Committee on Public Works and Transportation, which was read and referred to the Committee on Appropriations:

COMMITTEE ON PUBLIC WORKS
AND TRANSPORTATION,
Washington, D.C., October 31, 1979.

Hon. THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: Pursuant to the provisions of section 12 of the Water Resources Development Act of 1974 (88 Stat. 12), the Committee on Public Works and Transportation today adopted a resolution stating that the projects listed in the resolution shall continue to be authorized projects. A copy of the resolution is enclosed.

Sincerely,
HAROLD T. (BIZZ) JOHNSON,
Chairman.

RESOLUTION

Resolved by the Committee on Public Works and Transportation of the House of Representatives, United States, That in accordance with the provisions of section 12 of the Water Resources Development Act of 1974 (88 Stat. 12) the following projects shall continue to be authorized projects:

Breton Bay, Maryland.
Newtown Creek, New York.
Vanceburg, Kentucky.

ACID PRECIPITATION

(Mr. **OBERSTAR** asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. **OBERSTAR**. Mr. Speaker, the border regions of the United States and Canada are being subjected to a pervasive and environmentally destructive force in the form of acid precipitation. Sulfuric acid rain and snow destroy plant life, retard and eventually kill trees and cause lakes to become acid, killing fish and aquatic plant life.

Unless the United States and Canada take prompt and decisive action to halt the growing problem of long-range transportation of atmospheric pollutants, we are headed toward the irreversible destruction of life on the North American Continent, turning us into a modern Easter Island, a barren land devoid of life as we know it.

Mr. Speaker, it was my privilege this past weekend to participate in the first International Conference in Toronto, Ontario, on the problem of acid precipitation sponsored by United States and Canadian environmental groups. The Conference included a distinguished gathering of representatives of the two Federal Governments, the provincial governments of Ontario and Quebec, U.S. State governments, scientists, and citizen activists—700 persons in all. I would like to submit for my colleagues' consideration the resolution adopted at that conference which deals in a very thoughtful way with this matter of acid precipitation.

NOVEMBER 3, 1979.

ASAP REVISED RESOLUTIONS

Whereas acid precipitation has caused marked and dramatic damage to ecosystems and regional economies, rendered hundreds of lakes lifeless, decimated sport fisheries, impaired visibility, and threatened agriculture, tourism and forest industries and the public health and welfare of citizens throughout North America; and

Whereas existing atmospheric loads of sulphur and nitrogen oxides are directly contributing to dry deposition and rain and snow fall at least 50 times more acidic than normal, with isolated episodes reaching thousand fold increases in acidity; and

Whereas acid precipitation and its damages will continue to escalate as Canadian and U.S. industries shift toward a greater reliance on coal; and

Whereas existing air quality standards and legal requirements are clearly inadequate to control acid precipitation, having allowed the sharp increase in long-range pollution over the last two decades; moreover, federal, state, and provincial governments, especially in the Ohio River Valley and Ontario have failed to take adequate control actions; and

Whereas both the U.S. and Canadian governments have recognized the need for a cooperative approach to this international problem; but have not yet agreed on specific terms to further regulate sulphur and nitrogen oxide emissions.

Therefore, the citizens participating in this ASAP Conference resolve:

That each country must immediately adopt and implement a control policy for both new and existing sources to reduce the overall atmospheric loads of sulphur and nitrogen oxides to less than 50% of present levels within ten years, with regular incremental reductions during that decade.

That national energy policies are critical to curtailing acid precipitation, with special emphasis placed on:

(a) energy conservation and renewable energy resource development as the highest priority;

(b) the use of national and unconventional gas as a preferred substitute for oil in the transition period;

(c) the direct use of coal encouraged only in utility and industrial boilers with best available control technology;

(d) the conversion of existing facilities from oil to coal only where the resultant emission rates will not increase.

That the international treaty now under negotiation by Canada and the U.S. must establish the goal of reducing transboundary and regional air pollution levels through the adoption and enforcement of stringent emission control strategies.

That the participants are committed to seeing that this treaty is enforced, and that a commission of citizens from both countries should be established to monitor and report publicly on each country's record of compliance.

That research not be a substitute for immediate control action but that investments by both countries be increased particularly with regard to the economic and other effects of acid precipitation and associated pollutants on materials, drinking water quality, crops, forests, rangelands, and aquatic ecosystems.

That both governments educate the general public, and especially the threatened agricultural, tourist, and forestry industries, about the dangers of acid precipitation and encourage public participation in government decision-making.

That new emission standards must emphasize presently available control techniques, such as coal pre-washing, use of low sulphur fuels, flue gas desulphurization and denitrification; and furthermore, that techniques to disperse emission in space or time, such as increased stack height and intermittent control systems should be prohibited.

That each country adopt special siting and control policies and standards to preserve and protect existing pristine air quality parks and wildernesses.

That workers can and must be protected from choosing between their jobs and a healthy environment.

That federal, provincial, and state governments participate in all available legal actions which will reduce sulphur and nitrogen oxide emissions and acid rain.

DUPLICATE CHECKS

(Mr. RUDD asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. RUDD. Mr. Speaker, yesterday's Washington Post carried a story detailing yet another example of why the American people are up in arms about the haphazard manner in which millions of their tax dollars are spent.

The Post reported that the Treasury Department routinely issues second checks to intended recipients who claim that they never received their original Government checks.

Yet Treasury makes no effort to stop payment on the first checks, many of which are subsequently cashed either by recipients or forgers. Additionally, Treasury officials have virtually ceased even attemping to trace the original check despite the fact that these double payments are costing our taxpayers millons of dollars annually—$73 million in the last 2 years.

Such fraud will inevitably increase as unscrupulous recipients of Government checks and forgers learn how easy it is to defraud the Government with little fear of repayment or reprimand.

It is therefore imperative that Treasury officials crack down immediately on these abuses and institute strong antifraud procedures.

I ask that the article "Duplicate Checks Cost U.S. Million" be printed at this point in the Record.

[From the Washington Post, Nov. 6, 1979]

DUPLICATE CHECKS COST U.S. MILLIONS

(By Ronald Kessler)

The Treasury Department makes double payments on more than 100,000 government checks a year and has made no attempt to recover about $73 million in such payments made over the last three years, internal Treasury and Secret Service reports show.

The double payments are made when Treasury is told by intended recipients that their checks never arrived or were lost. If the check has not already been cashed, Treasury issues a replacement check, but does not stop payment on the original check.

The original check is often cashed fraudulently, either by the intended recipient or by a forger. The Secret Service report, dated last July, and the Treasury report, prepared in September, show that Treasury has failed to take steps to recover most of the money lost in this way.

The backlog of such cases now stands at $86 million, nearly all of it representing double payments made in the last three years, Treasury officials acknowledge. About $13 million of this total was wrongly paid out as far back as 1970.

Treasury officials say they do not stop payment on missing checks because they cannot legally do so.

"We are not happy that we built up this backlog, because it increases the chance that we will never recover the money," Dario A. Paglial, commissioner of Treasury's bureau of government financial operations, which issues government checks, said yesterday.

Paglial said double payments are made on about a quarter of the reports of lost checks. He estimated that about a third of those double payments occur because of forgeries.

"The reason for the backlog is because of pressure to get replacement checks out promptly," he said, noting that many of the checks go to destitute individuals. Treasury issues checks on behalf of the Social Security Administration to recipients of welfare and old-age benefits. It also issues payroll, Internal Revenue Service refund and contractor payment checks.

"We've added 100 temporary people (to the unit that handles the double payment cases)," Paglial said. He said this brings the total work force assigned to cleaning up the backlog to 135.

"We have established a target of December 1980 to clean it up," he said.

Treasury now refers 6,800 cases of suspected forgeries to the Secret Service for investigation each month, compared with 2,027 cases last April, he said.

Gerald Murphy, Treasury's deputy fiscal assistant secretary, said Treasury cannot stop payment on checks, the way companies or private individuals stop checks by notifying their banks.

He said Treasury checks are like cashier's checks, meaning the issuer cannot stop payment.

In its report, the Secret Service, which is charged with recovering overpayments that occur because of forgeries, attributed the backlog to the alleged failure of Treasury management to focus on the problem, a lack of staff and adequate training, and an absence of "sound" procedures for dealing with double payments.

Treasury issues 600 million of the nearly 700 million government checks written each year. The average check which is paid twice is estimated by the Secret Service to be $200.

However, an internal Treasury report last August referred to a double payment of $200,000 made to a United Nations organization through the U.S. embassy in Rome. In this case, the money was recovered.

When a double payment is made, the Secret Service may collect the funds from the bank that erroneously cashed a check if it was forged or agencies may withhold future payments from intended recipients of the checks.

Even when Treasury refers a double payment case to a government agency, it may not stop future payments, Paglial said.

When a recipient has been paid twice, "The agency should say, 'you don't get a check until the next month.' The problem is, they're often destitute," Paglial said.

He said it is Treasury policy to immediately issue a substitute check when the first check is reported missing. On welfare checks, he said, no attempt is made to find out if the first check has already been cashed in order to speed issuance of a new check.

"We issue welfare check substitutions in 24 hours," he said.

He estimated a third of the double payments are made because of forgeries, while the rest occur because the intended recipients received a substitute check and cashed the original.

The double payments will be explored at a hearing Thursday by the House Government Operations' Intergovernmental relations subcommittee, headed by Rep. L. H. Fountain (D-N.C.).

The backlog in double payment cases came to light when the Secret Service noticed a dramatic decline in the number of cases referred to it for investigation. The Secret Service assigned a team of agents to investigate last April. According to the Secret Service report, the agents were inundated with complaints from Treasury employes assigned to handle the cases.

The employes alleged that other Treasury officials had deliberately hidden items in the backlog. The agents found a number of cases that should have been disposed of dating back to 1970. They also heard complaints that the Treasury operation was mismanaged, did not stand up to banks that refused to cooperate in efforts to track down fraud, and did not have accurate statistics on its operations.

MORAL COLOSSUS

(Mr. LUNGREN asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. LUNGREN. Mr. Speaker, the starving people of Cambodia—who are staring at us from the pages of every magazine, every newspaper, and every news program—have been refused much in the way of access to U.S. food aid by the Government of Vietnam.

Backing the Vietnamese up in their refusals to let food into Indochina is the Soviet Union—from those borders

Vietnamese officials have steadfastly claimed that "No one is starving in Cambodia."

I find it ironic—to say the least—that the same Soviet Union which is preventing U.S. food from going to Cambodia is pressuring the United States to export 25 million tons of grain to themselves.

As Father Theodore Hesburgh has pointed out—there is a great moral disharmony here. How can we ship grain to the Soviets to improve their diets, when their foreign policy is one of the direct causes of the starvation and possible extinction of an entire race of people in Southeast Asia?

These are the same Soviets, of course, whose good faith we are asked to trust in the current bargaining over the SALT II agreements.

This moral disharmony has characterized the whole debate over the Vietnam war, and the genocide that followed our exit from that part of the world.

For too long in the press, and even in the Halls of this Congress, the United States has been suggested as the one responsible for the continuing problems in Southeast Asia. Yet the Pol Pot regime, the Vietnamese, and the Soviets—the true perpetrators and allies of this terrible policy—must be singled out for moral responsibility.

I would like to enter into the RECORD an article by R. Emmett Tyrrel, Jr., on this subject which appeared recently in the Washington Post.

It eloquently damns the moral blindness and lack of accountability which has let the real perpetrators of this genocide "off the hook."

[From the Washington Post, Nov. 5, 1979]

MORAL COLOSSUS

(By R. Emmett Tyrrell, Jr.)

We live in an age of political giants, which is fortunate. Rarely in world history has there been more exigent need for their services. Momentous issues are being decided in this world of ours, and it is in America that these issues are being articulated most eloquently and audaciously. Here the future of mankind is being formulated and fought for. The world looks on in awe.

Will men and women finally shake their shackles and realize their full personhood? Will American youth overcome the capitalist miasma and successfully seek out its sexuality? Can the junk-foods Camorra be thwarted? Will the subversive cigarette be banished? And what of the returnable bottle crusade? How about nude bathing, civil rights for animals and the solar campaign? Has it a chance? The struggle gains momentum and, as it is waged throughout the Great Republic, millions of the earth's inhabitants light little candles of idealism in their hearts and look on. America remains the moral showcase of mankind, and an incomparable generation of political messiahs performs within.

The Hon. Dick Clark is such a moral colossus. He became a senator in 1972, after walking the length and breadth of Iowa (700 miles all told), listening to the wails of the downtrodden and going through dozens of pairs of socks. There in the great chamber he distinguished himself, according to the Washington commentator, Tom Bethell, as a senator who took "the view that if there was anywhere in the world a Marxist dictator who felt like hollering abuse at the United States, then it was no doubt our fault and we should just curl up and apologize." Unfortunately, Clark lost his bid for for reelection in 1978, possibly because of a papal plot perpetuated on account of his abortion stand.

President Carter had heard of the Hon. Clark's violent humanitarianism, and he made him the administration's coordinator for refugee affairs with the rank of ambassador. On slow days, Ambassador Clark might be expected to issue a poem praising the president's marvels to the folks back in Iowa, but otherwise he was to coordinate Congress, the Justice Department and the State Department in the treatment of fleeing refugees.

What those refugees were fleeing from is a question that Ambassador Clark must have found perplexing. They were not fleeing from Chile or Argentina, and so for a time he could clear his mind of those dark visions of juntas and multinational corporations that have inspired so many of his sonorous oratories, nor were they streaming out of South Africa or Zimbabwe Rhodesia. These were Cambodians, Vietnamese and overseas Chinese. Why would they leave?

Could they be dragging their pitiful belongings across unfriendly roads and perilous seas to escape the fear of unexploded American bombs and the unhealthy conditions caused by American defolients? God knows that in our imperialist madness we recently did much to destroy the quality of life in their homelands. Could they be coming out of Vietnam and Cambodia to protest our soilages? If so, they carried no anti-American placards, and these denunciations were very pianissimo. Perhaps they were leaving in fear of impending right-wing coups or harassment from marauding bands of counterrevolutionaries armed with the residue of American military might. Yet these refugees were suffering from beatings, hunger, terror and ghastly diseases—curious conditions for the citizenry of a progressive regime. Possibly the CIA was again attempting to discredit Hanoi's forces of peace and freedom.

Nonetheless, Ambassador Clark put himself to the task of finding homes, food and medical care for these refugees. Still, their numbers continued to grow, and their conditions worsened. The thing was unusual. No pronunciamento intoned by an American pol seemed to do any good. Erratic waves of pathetic Southeast Asians kept popping up. They appeared in leaky ships in the South China Sea, and those who did not drown—about half—muttered feebly about having been beaten, robbed and raped. Furthermore, these atrocities were not committed by our Americal division, but by Third World cousins. Then along the Thai border the most pathetic refugees of all began appearing—mere skeletons, bearing tales of heretofore unimaginable cruelty. Some held dying babes in their arms. Some had shed loved ones in pitiful expiring heats along their terrible route. Broken and dying, they collapsed in hastily laid out camps just like that. They died by the thousands. None of the Third World rhetoricians at the United Nations did anything. Even Ambassador Andrew Young was relatively noiseless, and Jesse Jackson went off to condole Dr. Yasser Arafat.

Our American political giants relish moments of crisis, but this was too much. The numbers of refugees kept mounting. Their conditions kept growing more critical. Doctors in the refugee camps began talking in tones of panic, and no one could do anything. Finally some of the pols began talking about dropping thousands of tons of food into Cambodia as though there were hundreds of shopping centers and tidy towns over there where people would gather to collect their airborne victuals. But even this scheme was denied the pols. The sovereign governments of Vietnam and Cambodia would not allow such tampering with their internal affairs. And why should they? Has not the United States brought enough misery to these lands? Those who govern in Phnom Penh and Hanoi are reasonable men. They are progressives. They eliminate human misery; they do not cause it.

Thus it must have come as a relief to Ambassador Clark when at the end of October—just as some spoke of another huge Vietnamese invasion of Cambodia—a Mr. Pen Sovan issued his statement. Sovan is the distinguished defense minister of Cambodia's Vietnamese-sponsored government, and from Moscow he declared that "I can say with a full sense of responsibility that no one is starving in our country." Well thank God for that!

And so on Oct. 30 Ambassador Clark quit his post. He would take the struggle for a better world to other parts, to Iowa. There Camelot II was in trouble. People needed him. He had heard the call from Hyannisport. And so off to the Midwest ex-ambassador Clark did go, and in Washington the office of our coordinator for refugee affairs was left empty.

IRANIAN OUTRAGE

(Mr. COUGHLIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. COUGHLIN. Mr. Speaker, I rise today to denounce the well-publicized actions of the mobs in Iran and Iranian sympathizers here in the hostage-seizing outrage in which one of my constituents may be a captive.

The Shah, a man suffering from and perhaps dying of cancer, has been admitted to the United States in a humanitarian gesture. He no longer governs Iran, and the actions of mobs here and in Tehran display little more than a lust for blood.

I congratulate the administration on its flat and uncompromising denial to surrender the Shah in the face of this hysterical and unlawful demand to accede to the pressures of Iranian mobs.

It should not be lost on the Government of Iran that international affairs are not conducted this way.

It should not be lost on the Government of Iran that U.S. officials recognize that a nation is responsible for maintaining control over its people and its students.

It should not be lost on Iranian students and sympathizers that there are more Iranian nationals in the United States than there are Americans in Iran.

The latest figures available to me indicate some 50,000 Iranian students are here—the largest group from any foreign country—and an additional 36,000 Iranians are here on other visas. Both groups are here as our guests. Many are living off the largesse and benefits of our Nation and its economy.

More important, they are enjoying—and many are abusing—the constitutional guarantees of the U.S. Government. These protections were accorded them even when the Shah was governing Iran. These protections are not accorded American citizens or news media representatives in Iran.

In recent months, and with increased frequency, oil is being talked about as a weapon, the threat of withdrawal of which can be a sword placed against our throat to force us to compromise any principle and now to abandon any person. Let us make it clear that oil is not the ultimate weapon some may think it to be.

And, finally, it should not be lost on the Government of the United States that the American people expect and demand that it faithfully execute the law of the land and exert every means at its disposal to insure the safety of the hostages and to demonstrate unequivocally that pusilanimity in the face of pressure can never be the policy of an American President or administration.

AND NOW THE IMPERIAL FIRST LADY

(Mr. ASHBROOK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ASHBROOK. Mr. Speaker, it is becoming increasingly obvious that the open Presidency and the cost cuts promised by Mr. Carter when he was running for the White House in 1976 were pure bunk. Since coming to office in 1977 he has expanded his own staff far beyond the bounds of either Mr. Nixon or Mr. Ford. The White House has once again become a fortress to keep the American public in the dark about Presidential actions, save for well orchestrated media extravaganzas. This week I have learned that the Carter imperial Presidency has now evolved to its logical extreme. We now not only have a man who would be king in Jimmy, but a First Lady who wants to be queen in Rosalynn Carter.

Over the weekend the Washington Post reported that the First Lady has expanded her royal household to a mammoth 21-person staff with a $650,000 annual budget. This is almost as large as Vice President MONDALE'S staff of 26. It is larger than the staffs of the White House Counsel's Office and the White House Public Liaison Office. The salaries are also of imperial proportions. Kit Dobelle, Mrs. Carter's chief of staff, makes $56,000, as much as National Security Adviser Zbigniew Brzezinski. Her press aide, Mary Hoyt, makes $47,500 and her personal assistant, Madeline MacBean, makes $45,175.

I must ask what the First Lady does that warrants two staff directors, three personal assistants, four press secretaries, two project directors, a researcher, a scheduler, and a corps of advance personnel? I also wonder how Mrs. Ford, considered by many to be one of the most activist First Ladies in recent history, was able to get by with only 12 staffers when Mrs. Carter needs 21. According to Faith Collins, Mrs. Carter's deputy press secretary, such questions are not in the public domain. In fact, any information requests about the First Lady's staff are turned down as they are exempted from the Freedom of Information Act. Ms. Collins takes the issue further, however, by stating, "This is not something we feel should be given out. It's just something personal."

I think the American taxpayers would differ with Ms. Collins' view. It is very much the public's business to see how $650,000 of their money is being spent. Especially when they see Mrs. Carter on the campaign stump for her husband every day of the week.

We are watching a new form of public financing of Presidential elections. Every administration has stretched the perks of incumbency into the campaign realm. But all previous Presidents and First Ladies were amateurs compared to the way the Carters have exploited the taxpayers. For all their talk of being down home folks with no pretentions they have brought a new era of free spending and living off the largesse of the American people to the Oval Office. The voters have every right to demand that this use of their money be stopped and that the Carters start living up to their rhetoric or get out of the White House. We should start drawing the line now on tax-subsidized campaigning and royal trappings or we might have to foot an even larger bill if the jet-setting and spendthrift dynasty from Hyannis Port moves into town.

GENERAL LEAVE

Mrs. BYRON. Mr. Speaker, I ask unanimous consent that all Members may have permission to revise and extend their remarks on the subject of the special order today of the gentleman from New Jersey (Mr. RODINO).

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Maryland?

There was no objection.

TRIBUTE TO THE LATE MRS. MAMIE DOUD EISENHOWER

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. GOODLING) is recognized for 60 minutes.

GENERAL LEAVE

Mr. GOODLING. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous matter on the subject of my special order today, the late Mamie Doud Eisenhower.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GOODLING. Mr. Speaker, on Monday of this week I joined with many others at the Fort Myer Chapel to say farewell to a great lady, Mamie Doud Eisenhower. Present among many distinguished guests were Mrs. Carter, our present First Lady, Mrs. Nixon, a former First Lady, and Lynda Robb, the daughter of yet another living First Lady. I found myself asking, and answering, questions about what made Mamie so special. How was she the same, and how was she different from other First Ladies? The answer that kept coming back to me included words such as "gracious," "kind," "unselfish." But I think as the service continued, Dr. Elston, the Senate Chaplain, probably answered my questions best of all when he said:

> Long before she was officially America's First Lady, she was first, last, and always a lady—warm, vibrant, high-spirited, radiant, sensitive, courteous, full of good humor, and quick in repartee.

Mamie Eisenhower provided the tone for the White House, and gave credence to the belief that behind every successful man there stands a woman.

Although I met Mamie and Ike on numerous occasions when my father was a Congressman, I really got to know Mamie quite well during the last 3 years. On two occasions she very graciously offered me the use of the grounds around the house at Gettysburg for a statewide picnic. People came to those picnics from many miles around and from all walks of life. I think they came primarily to have a few moments with Mamie. She did not fail them. She came to both picnics and spent a considerable amount of time talking with her fellow Americans.

I will never forget the last picnic. We sang "America, The Beautiful." Tears came to Mamie's eyes, and when we finished she spoke to all those gathered. She reminded us that America is so beautiful. She indicated that her life was that of a general's wife, and a President's wife. She traveled all over the world, and her trips in other countries always reminded her just how beautiful America is, and she hoped that we would never take America for granted.

So many Americans recognized that Mamie was somebody special. She was chosen as the Woman of the Year in 1953, as the Heart of the Year by the American Heart Association in 1960, and again as the Woman of the Year in 1972. For three decades the Gallup Poll has been asking the American public for a list of the most admired women. They are asked to make their choice without the aid of a list of names. For most of the years between 1953 and 1978, Mamie Eisenhower was named among the top 10, even though in the later years she had withdrawn from public life.

She was extremely pleased to be remembered as a helpmate; always supportive, but never seeking recognition for herself. For 53 years she stood beside Second Lieutenant Ike, General Ike, and President Ike. Her family was her life, but in spite of this one of Mamie's most remarkable qualities was her courage. This was pointed out to me by her long-time secretary, Ethel Wetzel of Adams County, Pa. In conversation recently, Ethel said that even though Mamie devoted her entire life to Ike, she had the courage and determination to carry on after his death.

So many other people who have wrapped their lives around one person have been totally lost when that person was called away. Mamie loved people, particularly young people. She always wanted to meet with Girl Scouts and Boy Scouts who wanted to see her. In my conversations with her, she always spoke of her family—her love for and interest in them, particularly her grandchildren, including David and his wife Julie.

When the Eisenhowers finally had an opportunity to purchase their first home, we in the 19th District were honored to have them choose the Gettysburg area. We were pleased that Ike had a few years to enjoy his beautiful Adams County farm, and that Mamie was able to share her life with those of us in the 19th District for 10 years after his death.

Whenever her health would permit, Mamie was always willing to participate in worthwhile events in my district. Again, she always appeared with that twinkle in her eye and warmth in her smile and her voice. Yes, Mamie Doud Eisenhower was a very special First Lady. All Americans and particularly those of us in the 19th District and in the Gettysburg area are pleased that we could share some moments of her wonderful life. We are all better because we had that opportunity.

Mr. RHODES. Mr. Speaker, will the gentleman yield?

Mr. GOODLING. I yield to the distinguished minority leader, the gentleman from Arizona (Mr. RHODES).

Mr. RHODES. Mr. Speaker, I thank my good friend, the gentleman from Pennsylvania, for yielding.

Mr. Speaker, I join my colleagues in the House in paying special tribute to a truly grand lady, Mamie Doud Eisenhower. Having known her for 27 years, my wife and I are deeply grieved by her passing. When Betty and I talk about "the President and his wife" we still mean Ike and Mamie. I feel a special kinship with her because I entered Congress about the same time she entered the White House. As First Lady, she was always warm and gracious, and an outstanding helpmate to Ike.

Mamie was a shining symbol of the adaptability of American service wives. She followed the career of Dwight Eisenhower as he advanced through the ranks, and served in posts throughout the world. She made 38 household moves during this time, certainly a test of resolve and character. As First Lady she shunned the limelight, but was a most efficient overseer of the complicated social scene at the White House.

She never lost her love for the simple life, and I am pleased that she had so many good years at the farm in Gettysburg that she and Ike loved so much.

Mamie Eisenhower will always be cherished by many Americans who appreciated the charm and grace she displayed during her 8 years at the White House.

Her life, no less than Ike's, was dedicated to the service of this Nation. We all are saddened by her passing, and grateful for the years she spent among us.

Mr. GOODLING. Mr. Speaker, I now yield to my colleague and neighbor, the gentlewoman from Maryland (Mrs. BYRON).

Mrs. BYRON. Mr. Speaker, I rise today in respect, and a very personal respect, because as most of us know, Mamie and Ike transcended political lines. One cannot be so sure that at one point in life they might not have come over to the other side of the aisle.

Mr. Speaker, I would like to say, as a small child, an 8 year old, I had a very personal experience with Mamie because most of us have known the Eisenhowers for years and this country has known them for years and it was never General and Mrs. Eisenhower, it was always Mamie and Ike. Yet, in 1941 when the general was stationed in England my father was then vice president of CBS in Washington and was asked by the general to be his naval aide. At that time, as is so often the case in the military, the first thought is of the wives and the children. As it turned out, I moved into the Wardman Park with my mother and Mamie in an apartment which we shared for 3 years. I feel I had a very personal knowledge. Yet, I was privileged to visit them when they moved from the Wardman Park later on to Quarters 1 at Ft. Meyer and when they lived outside of Paris at Marne La Coquette, when they moved to Morningside Heights at Columbia University, and the White House where they spent 8 years in Washington and further when they first moved to their home in Gettysburg.

□ 1900

I feel that it is only fitting that I as a Member of this body and a very close personal friend today stand and rise with my respects to a woman who has shown this country by her warmth and her charm what meaning it is to be the first lady.

I might say that it always amazed my husband, Goodloe, when he would go to his mother-in-law's during the period when Mamie was first lady and the front door would be open to his knock or when he would ring the bell and in that charming and friendly way with a big smile she would say, "Hi, Goodloe, come on it."

This to me typifies Mamie. It did not make any difference whether she was First Lady, the doorbell rang and she was the one that was closest to the door.

I think we can always take a page from her book, that there was no one too large or too small to take time, to smile or say a few kind words.

So I rise in her memory and I extend my condolences to her family.

Mr. GOODLING. Mr. Speaker, I thank the gentlewoman for that very personal remembrance.

Mr. Speaker, I now yield to the gentleman from Pennsylvania (Mr. WALKER), another good neighbor.

Mr. WALKER. Mr. Speaker, I thank the gentleman for yielding and I thank the gentleman for giving me the opportunity to join with him in paying tribute to Mamie Eisenhower.

Mr. Speaker, in her last public interview, Mamie Eisenhower said she would like to be remembered "just as a good friend." And a good friend she was to her husband, to their son, their grandchildren, great-grandchildren and to the people of this Nation. To her family she gave her love and her support. To the Nation she devoted her time and energy. As First Lady and as an individual Mamie represented the things that are the foundation of our American ideals—her home, her family and her neighbors, which knew no geographic boundaries. To Mamie, everyone was a neighbor and a friend. Her warm smile and open heart will long be remembered and deeply missed.

Mr. GOODLING. Mr. Speaker, I am very pleased for those who have spoken on the floor this afternoon, as well as the many people who have written some remembrances of Mamie.

Mr. Speaker, I am now very pleased to yield to the gentleman from New York (Mr. GILMAN).

Mr. GILMAN. Mr. Speaker, I thank the gentleman for yielding and for arranging this special order as a tribute to a wonderful lady and a good friend.

Mr. Speaker, a gracious lady has passed from our midst during the night. Mamie Eisenhower, America's First Lady during the two terms her late husband served in the White House is now gone, but will not soon be forgotten.

She was kind, gentle, and imaginative * * * a perfect complement to her husband Dwight D. Eisenhower, one of our Nation's great heroes.

Mamie Eisenhower would have made her mark on America even if in 1916 she did not marry a young 2d lieutenant who had gained quite a reputation as a football player on the gridiron at West Point. Mrs. Eisenhower made friends everywhere she went. And as the bride of a young Army officer, his assignments took them throughout the United States and Asia.

The public's first exposure to Mrs. Eisenhower came during the Presidential campaign in 1952. Mamie's sincerity, wholesomeness, and kind manner were qualities that certainly aided her husband's bid to become the Chief Executive. She gained a reputation for delighting audiences throughout America.

This past August I had the pleasure to view a television special on Mamie in which she showed her great sense of humor and her deep love for her departed husband.

"I love to laugh," she said in that interview. "I'm 19 in mind, but unfortunately I'm 83 in my body."

She was also asked how she remembered Ike. She responded by saying she recalled and greatly missed his "honesty, his integrity, and his admiration for mankind."

When asked how she hoped she will be remembered, our First Lady responded: "I hope Americans will think of me as a good friend."

I vividly recall the first time I had the honor to meet Mrs. Eisenhower, at a West Point dedication several years ago when she so warmly talked about her grandson David with my son David. Then, a few years later, we met again at my son Jonathan's graduation from Eisenhower College in Seneca Falls, N.Y., an institution she helped to nurture. Mamie Eisenhower has made a mark on American history that few First Ladies will duplicate.

We have lost a "Good Friend."

Ms. FERRARO. Mr. Speaker, will the gentleman yield?

Mr. GOODLING. I would be delighted to yield to the gentlewoman from New York.

Ms. FERRARO. Mr. Speaker, I would like to commend the gentleman for taking this special order.

I must say, I did not know Mrs. Eisenhower, but truly share the loss that this entire Nation must feel on her death. I consider her a very Republican lady whom this Democrat truly admired very, very much.

Mr. Speaker, I am happy to have this opportunity to join my colleagues in noting the loss of a great lady, and expressing my personal sorrow at the passing of Mrs. Dwight D. Eisenhower—Mamie. It is a loss that the entire country feels, a loss which could not go unnoticed.

We have all heard of Mrs. Eisenhower's skills as a hostess at the White House, her enthusiastic reception for guests of all kinds. During the Eisenhower administration she was a loving companion to the President, showing a loyalty to her husband, and her country.

Although Mrs. Eisenhower's life was not an easy one, she never allowed the difficult times to break her spirit. This is a quality which one must respect, a quality which caused people to warm to Mrs. Eisenhower immediately.

I am sorry I never got to meet Mamie Eisenhower. She represents a spirit of kindness mingled with determination which is rare today. She is a Republican lady whom this Democrat truly admired.

I would like to add my deepest sympathy to the members of the Eisenhower family. I am sure this is a very difficult time for them, but I am sure it is a comfort to know of the love and respect the people of this country felt for Mrs. Eisenhower.

Mr. GOODLING. Mr. Speaker, I thank the gentlewoman for those warm remarks.

● Mr. McDADE. Mr. Speaker, the Congress has set aside time today to honor a special woman, Mamie Eisenhower, who passed away November 1.

Mrs. Eisenhower was the epitom of womanhood, with her gracious and feminine manner, while embodying the best qualities of humanity—strength, courage, dignity and a compassion for her fellow man.

As First Lady, her warm and friendly ways gained her, and our country, the respect of the world. She brought to the White House solid American values learned during her childhood in the Midwest. She truly portrayed the good qualities that we all strive to achieve.

During her years with the President, despite numerous moves in the course of his career, she remained a loving, devoted, and steadfast companion. She was a source of strength to her husband and her family.

Mamie, as we all came to know her, will be sorely missed by all of us. Despite her quiet ways, she made a lasting impression on the world. Her passing is a loss to all Americans.●

● Mr. LEE. Mr. Speaker, I take great pleasure in joining with my colleagues today with remarks about the late Mamie Eisenhower, a First Lady whose memory will be with us for many years.

While we were saddened last week to learn of Mrs. Eisenhower's death, she has left us with a legacy which overshadows the actual length of time which we had to enjoy her company. In my congressional district in upstate New York, Mrs. Eisenhower became a friend and neighbor, a working resource for countless historians and collegians at the institution of learning named after Mrs. Eisenhower's husband, the President.

From its planning stages, through dedication, and well into these first years of life for Eisenhower College in Seneca Falls, the former First Lady was always willing to take part and help. She became a familiar sight, though plagued by advancing age and illnesses.

Mr. Speaker, it is ironic that a woman so totally dedicated to her husband, his work and his image should herself grow to represent something so individual. She was a sprightly, straightforward woman cast in a mold which seems not to have been used again after her. She did not try to carve a niche for herself nor upstage the Presidency, yet always managed to gain high recognition with grace, charm and confidence.

I believe that many of us from the Finger Lakes region of New York State will feel this passing more keenly than those who did not have the opportunity to meet and know this great American woman.

I feel that we have lost a gracious neighbor and friend; America has lost an important individual. On behalf of my family and each of my constituents, I offer sympathy to Mrs. Eisenhower's family and I offer the celebration of thanks for our having had the chance to know her.●

● Mr. JOHNSON of California. Mr. Speaker, we pause today to pay our respects to the memory of Mamie Eisenhower, our former First Lady who is already well-established in the history books.

In 1959, when I came to Washington to begin service in the House of Representatives, President and Mrs. Eisenhower were in the White House, of course. It was another time in history, as we are so well aware.

Mrs. Eisenhower will always be remembered by my wife and me—and, I believe, by the Nation—with respect and affection. She accepted the responsibilities that came during the course of President Eisenhower's long and distinguished career, and she handled them gracefully and well. One reflects that President and Mrs. Eisenhower were able to retain a quiet, private center in their lives, and one realizes that Mamie had a great deal to do with that.

I am pleased to join with my colleagues today in honoring the memory of Mamie Eisenhower.●

● Mr. OBERSTAR. Mr. Speaker, she wanted to be remembered as "a good friend" to the Nation. It was a modest request, characteristic of the gracious lady who served beside her husband during the 8 years of the Eisenhower Presidency.

Mrs. Eisenhower did not seek the public spotlight, but accepted it with dignity. We should not underestimate the contributions to the Nation of this grand woman.

A woman of character and of decency, she provided an example of adherence to principle. In an age where the past is questioned and disregarded, and the vision of the future unclear, she remained a beacon of constancy and of fortitude. She will be missed.●

● Mr. DERWINSKI. Mr. Speaker, I am glad to have this opportunity to join with my colleagues today in paying tribute to a very great woman, a woman whose name will remain in our hearts and memories as a true friend and a gracious First Lady. Mamie Doud Eisenhower's life of goodness, kindness, and compassion will be a continuing inspiration.

Her warmth and integrity were qualities valued by all Americans and by people all over the world. She was not only a loyal companion of an outstanding military leader and a great President, she was a great human being in her own right.

As our First Lady, Mamie Eisenhower worked tirelessly, quietly, and diligently to best represent our country here and abroad. President Eisenhower regarded his wife not only as his helpmate, but as his teammate. Ever present was her air of basic kindness, sympathy, and wisdom which won for Mamie Eisenhower the love and admiration of all who came to know her.

Mrs. Eisenhower, of course, was first and foremost, a wife and a mother. That she was also the wife of a public official and for 8 years, the First Lady of the Land, might well have occupied her to the exclusion of any other activities. She was always involved in noble undertakings. She was joyous when she and her husband retired to "Mamie's Dream House," the Gettysburg farm, after Ike completed his second term of office. It was there that she lived until the gradual onset of ill health forced her to hospital care.

Mamie Eisenhower proved the power and resilience of a calm, unruffled spirit, and the value of that simple human quality—kindness. She will always be remembered as a wise, selfless, and gallant lady.

Mrs. Derwinski joins with me in extending our heartfelt sympathies to her son, John, her four grandchildren, and four great-grandchildren and to her sister, Mrs. George G. Moore. Her memory will never pass from our recollections.●

● Mr. McCLORY. Mr. Speaker, America lost a noble former First Lady this week in the passing of Mamie Doud Eisenhower. I know that I speak for all of my colleagues in extending our sympathies to the Eisenhower family. All of us mourn Mrs. Eisenhower's death.

I enjoyed the privilege of meeting Mrs. Eisenhower and her husband, the late President. Indeed, it has been my good fortune to meet many members of the illustrious Eisenhower family, including Mamie's son, our former Ambassador to Belgium, John S. D. Eisenhower, during the time he served as America's emissary to that country. Further, during World War II, while John and Barbara were stationed at Fort Sheridan, Ill., my niece had occasion to be their babysitter. During this time, she looked after Mamie's grandson, David Eisenhower, who is now married to a special lady from another famous American family—Julie Nixon Eisenhower.

Anyone who knew Mamie Eisenhower

quickly observed her exceptional qualities and her unflagging devotion to her husband. Few realized the extent of her contribution to the Eisenhower family's public service to America.

Mamie Eisenhower was a strong but gentle person—a member of an exemplary family—a family in which all Americans can justifiably take pride.

It is a privilege to pay tribute to one of the great women of our Nation—Mamie Doud Eisenhower—and to extend respect and sympathy to her son, John, and to all members of her family.●

● Mr. PEPPER. Mr. Speaker, I would like to join with several of my colleagues in paying tribute to Mamie Doud Eisenhower. It was with deepest regret and great sadness that I learned last week of her passing away at Walter Reed Army Medical Center here in Washington. I offer my condolences to the family of this remarkable woman whose quiet, unshakable dignity inspired the love and affection of America.

Mamie Eisenhower embodied those staunch qualities of strength and loyalty which enabled her to aid her husband in serving his country with great devotion, first in war and then in peace. When in the Senate, I remember following the heroic efforts of General Eisenhower as Supreme Allied Commander of the European theater during World War II, when he led our forces to victory. Even when separated by an ocean, Mamie gave the general the support and determination he needed to see America victorious. Later, as First Lady, Mamie Eisenhower stood by the President always, particularly sustaining him throughout illnesses he suffered at this time. As I have learned from personal experience with Mildred, my wife of over 40 years, the support Mamie Eisenhower gave to her husband was of tremendous value and a genuine, longstanding contribution to public service.

Mamie Eisenhower also ran her White House staff with the same military precision her husband was noted for. Her White House was always known as an efficient, yet warm, household.

Perhaps the greatest tribute to Mrs. Eisenhower is that she was absolutely comfortable with herself and with what she did. One needed only to meet her once to become aware of the confidence she had in herself and in her husband. Her love and devotion to her family served as an example to all and it is for this, Mr. Speaker, that the loss of Mamie Doud Eisenhower shall be most felt.●

● Mr. QUILLEN. Mr. Speaker, the passing of our former First Lady, Mrs. Mamie Doud Eisenhower is a great loss to this country, and I would like to join my colleagues in paying tribute to her memory.

Mrs. Eisenhower contributed a great deal to this country as our First Lady and was a great helpmate to President Eisenhower, who preceded her in death. She was a loving wife and mother, a gracious hostess, and a dedicated and active First Lady. Mrs. Eisenhower exemplified many of the qualities on which this country prides itself—she was a wonderful person who will be long remembered and greatly missed.

As an Army wife, Mrs. Eisenhower's life was often difficult and lonely, but she met adversity with strength and courage and was always supportive of her husband and family.

My wife joins me in extending our deepest sympathy to her family on their great loss.●

● Mr. SEBELIUS. Mr. Speaker, I wish to join my colleagues in paying tribute to a truly great First Lady, Mamie Eisenhower. Although Mamie was not a Kansan, she holds a special place in the hearts of Kansans by being the wife and helpmate of our favorite son, President Dwight David Eisenhower. But today, I wish to honor her, not for being the wife of a President, but for being the very special person she was.

The words that flash through my mind when I think of Mamie Eisenhower are dignity, courage, and loyalty. Those are the qualities that Mamie personified.

One of my strongest memories of Mamie Eisenhower was that of the General's Lady during World War II. Mamie was the symbol of the soldier's wife, enduring the trials of separation, shortages, and rearing her family alone during those difficult times. She was a personal inspiration to the families of millions of servicemen.

Later, being the wife of a President, Mamie became even more of a public figure and although she was a very private person, it was a role she mastered with a charm and grace that few can equal. When she made the White House her home, everything she did reflected her personality and we felt as though we had an old friend in residence. We felt the warmth she radiated and we all thought we knew her, not just as the First Lady, but as Mamie, a woman proud of her husband, her family and her country.

I suspect most of us would have the same feelings about her if she had never lived in the White House. But because she was the wife of our President she shared many more of her years with us and for that we are grateful. Ike and Mamie have honored Kansas as choosing it as their final resting place and as they have honored us, we will honor their memories.

I know that I speak for all Americans and especially those from Kansas when I extend our sympathies to Mamie's family and friends and I would like to leave one last thought with them—Mamie did not just become First Lady when Ike was elected to the Presidency, for many Americans Mamie had been a real First Lady for a very long time.●

● Mr. McEWEN. Mr. Speaker, we join today in paying tribute to a great American, Mamie Doud Eisenhower. While we are privileged to praise her here in the Nation's Capital, the sense of loss and remorse, felt by millions of Americans who have come to love Mamie, is a far greater tribute than we can hope to express.●

● Mr. DUNCAN of Oregon. Mr. Speaker, I take this opportunity to join with my colleagues in paying a special tribute to our former First Lady, Mamie Eisenhower. We shall feel the loss of this great lady, whose dedication to her husband and country was only superseded by the grace and warmth which has touched so many.

Her graciousness as the country's First Lady was always evident and she was consequently respected by citizens not only of our great Nation, but of all nations of the world. She will always be remembered as a loving wife and mother, a superb hostess, and an able helpmate to her husband.●

● Mr. ABDNOR. Mr. Speaker, in a recent television interview, Mamie Eisenhower was asked how she would like to be remembered.

After a pause, she replied: "Just a friend."

Even those of us who were not privileged to know her well felt she was a friend. Her obvious warmth, her dignity, her dedication, her grace bespoke friendship and loyalty—qualities that we tend to neglect in our hectic lives.

Those of us from the heartland of America—the Plains States—have a special affection and regard for the Eisenhowers. They were from our midst and they came to represent what was good about our country all over the world.

In yesterday's Washington Post, Nick Thimmesch commented that the Eisenhowers were "like people you know."

Indeed they were. And, Mr. Speaker, I would like to share the rest of Mr. Thimmesch's warm remembrance of Mamie Eisenhower with my colleagues.

I REMEMBER MAMIE

(By Nick Thimmesch)

Mamie Eisenhower was worth listening to. The trouble was that, when Ike was alive, she was careful not to talk publicly too often and, after he died, few of us tried to find out what she had to say. Her health was often frail, but she had strong will and had thought life through.

I spent a day with her in the Bicentennial summer when she made a rare public appearance by riding on the Freedom Train from Gettysburg to York, Pa. I had never met her, and my recollections were that she was Ike's smiling, attractive partner, bland of remark, the proper Republican woman. I was to learn something.

The Freedom Train crawled across the countryside, so Mamie had time to see the clusters of people in fields and in small towns. They waved and their mouths formed the word "Mamie," causing her to beam.

"It makes your heart warm," she said. "I am fortunate, because most widows are forgotten."

Ike was her life, and everybody asked about their years together. "When people remark how close I was to him, well, of course we were close," she said. "But you never really know a person; you only understand them. Nobody knows anybody else's inner thoughts."

She saw Ike as the head of the house, as the man who deserved to come home to her and dinner and a pleasant evening with no heavy discussion of the military or the presidency or politics. She had a keen sense of divided responsibilities; his was work and hers was home and hearth.

When he asked, "What should I do about this situation?" she usually turned the question away. And if he ventured toward her territory, he was in trouble. When Ike sent a memo to a White House staffer about menus, Mamie countermanded the order.

She believed in the old values. For instance, children should be given leeway to find themselves, but not before age 20.

"There is too much leniency with children today," she said firmly, "and too much freedom in their dress, especially in church." She was glad that her son John phoned her every week, but she wasn't sure that most mothers got such calls. And she wondered about the feminists. "I don't know about this Ms. business," Mamie told me. "God made you to have children. I feel sorry for people who don't."

She didn't like the way the country was going, either. "We emphasize money too much," she said. "There is no aristocracy in America, only people who are money crazy. We've lost the art of doing a good job. There's no competition these days. Clerks don't want to wait on you.

"I was taught to pay for everything," she said. Nowadays people think about what they can get out of paying for. I was taught to save money and then spend it. I'm still wearing the same clothes I had when we were in the White House. I took care of them."

Though she defended the old-fashioned way, Mamie said she wouldn't give advice to the new generation. "What worked for Ike and me might not work today," she said.

Mamie never claimed she was Ike's quiet strength, but his friends knew she was. Her speech was Midwest-accented, and she seemed to epitomize sweet domesticity. But Mamie came from a sophisticated, wealthy family and knew the way of the world. Farmer boy Eisenhower did not.

"It would have been *Colonel* Dwight David Eisenhower if it weren't for Mamie," Kevin McCann, Eisenhower's speechwriter, once told me. "In their early years, Mamie was a broadening influence."

In her declining years, she was increasingly alone. Sgt. John and Dolores Moaney, the black couple who worked for Ike and Mamie for many years, retired. She tried to cook her own meals and wound up mostly with TV dinners. She saw fewer visitors. Friends persuaded her to take an apartment in Washington, but she only spent a few weeks in it each winter. Out of respect for Ike, she felt a duty to stay at the farm.

"I miss him terribly," she said. "I come down to the porch and remember how he would paint and I would sit and play solitaire. We didn't say a word, but we were together. It was companionship. I had to steel myself to being lonely many times when he was gone—he was away three years once [World War II]. But it was so hard to steel myself when he was really gone."

Nowadays, wives of public men like Mamie seem out of fashion. But in their time there was no more popular couple than the Eisenhowers. Tom Stephens, Eisenhower's White House appointments secretary, once told me why. "Ike and Mamie," he said. "They're like people you know." ●

● Mr. BOLAND. Mr. Speaker, with the death of Mamie Eisenhower, the people of America lost one of their most beloved first ladies.

For over 50 years, in time of war and in time of peace, Mrs. Eisenhower shared her husband's commitment to service to the Nation. As a soldier's wife, and later as the wife of a President, Mamie Eisenhower was called upon to make innumerable personal sacrifices to the demands of that service. While never seeking the limelight, Mrs. Eisenhower discharged her public duties with uncommon graciousness. She viewed her family as her first and greatest responsibility and made it her life's work. President Eisenhower was the first to acknowledge the contribution that Mamie had made to his life and to his career. She was a symbol to millions of Americans of a quieter, more settled era. It is an era that many people long for in our current troubled, turbulent times.

Mr. Speaker, columnist Garry Wills recently described Mamie Eisenhower as "one reason Eisenhower himself remained quintessentially American." That is a fitting tribute and one which Mrs. Eisenhower would certainly have appreciated.

I would like to insert, at this point in the RECORD, Mr. Wills' column, "A Fond Goodbye to Mamie—Ike."

A FOND GOODBYE TO MAMIE—IKE

(By Garry Wills)

WASHINGTON.—It is not mere nostalgia that makes Mamie Eisenhower's death seem like the end of an older, in some ways simpler, in some ways nobler America.

She was an Army wife, moving around for years, raising children from one base assignment to another—Fort Oglethorpe, Camp Meade, (where they lost one boy to scarlet fever), Panama (with their infant son John), the Philippines, Fort Sam Houston; the mere names a kind of patriotic litany of large continual disruption and small nuisances.

Eisenhower, an old-fashioned patriot, made the only apology he could for the hardships of that life, telling Mamie:

"COUNTRY COMES FIRST"

"My country comes first and always will; you come second."—It might have been a selfish creed if she did not share it.

She was serving her country, too, as much at obscure Army posts as later in the White House. She took her smalltown America with her to hostile exotic places, like Manila and the District of Columbia. She was one reason Eisenhower himself remained quintessentially American, not flashy but deracinated in the MacArthur manner.

OLD-FASHIONED PATRIOTISM

Eisenhower's hominess was used against him, as if it were a sign of shallowness, not depth. But the old-fashioned patriotism, the basic decency, went hand in hand with shrewd judgment of men and management of affairs.

Honesty is not often the best policy—but it is, if real honesty is paradoxically combined with a Machiavellian view on honesty's uses.

Eisenhower was sure of himself in ways that involved no defensive boasting (like that of Harry Truman making up non-existent confrontations with both MacArthur and Eisenhower).

IKE'S PRESS CONFERENCES

Ike was the first president to submit to unedited press conferences live on television. Some made fun of the extempore grammar that resulted, but he spoke convincingly to the people.

When John F. Kennedy became the second president to speak without editing, readers of the transcripts found that most oral discourse has a shorthand, telegraphic grammar.

MEDICAL RECORDS

When Ike had his heart attack, the medical records were entirely open to the public—to the point where he was mocked, again, for trying to interest the nation in his personal hygiene.

But Woodrow Wilson and Franklin Roosevelt had covered up their deep medical problems by expensive manipulation of the press. Eisenhower knew that a general's health and sobriety cannot be left in doubt, to his officers or his men, when battle might impend.

AN OPEN PRESIDENCY

In a clear age of rapid communication, he accepted the discipline of exposure. He ran the most open presidency of modern times.

Even if later presidents wanted to abandon his press conference policy, or health reports, they could only hedge on the matter, not renounce Eisenhower's aims (as Lyndon Johnson hedged with his health problems—flashing a scar to hide a more troubling diagnosis).

Even the recently revealed tapes made in the Eisenhower Oval Office will not show us an ignoble secret side—as Nixon's tapes do.

GOOD IMAGE ON TAPES

If anything, Eisenhower comes off better in the tapes than in public—maneuvering to avoid any meeting or sign of reconciliation with Joseph McCarthy, warning Nixon not to play demagogue on the Communist issue, trying to groom young talent in the Republican Party (his list of promising candidates significantly excluded Nixon).

There was more to Eisenhower than met most people's eyes—and that more was intimately connected with his long and happy life as Mamie's husband.

It was a good marriage. They raised a good son. Ike was a good president. Mamie was a good woman.

They stand for a time when the word "good," too, meant more than it seems to mean now. It is a smaller, a shrunken "good" that we have to use in telling them, "Goodbye."●

● Mr. ZABLOCKI. Mr. Speaker, Mamie Eisenhower had a great inner strength and serenity which supported her through the difficulties of life. She had graciousness and charm which endeared her to millions of Americans. She had a love of husband and of family which never wavered despite her rise in the public eye to the pinnacle of being First Lady of the land.

The fact that Mamie avoided the limelight and was content that all prominence be focused on her husband makes it difficult to cite in detail the activities which she undertook as the wife of a national leader. But it was plain to all who knew her that her strength and love were vital to the success story of Gen. Dwight D. Eisenhower. She, along with Ike, deserve credit for every accolade and honor bestowed upon him in his career following their marriage during World War I when he was a first lieutenant.

Mamie doubtless would appreciate at this time a tribute also to all wives of servicemen who are so staunch and devoted in helping their husbands and families. I am pleased to join in this tribute.●

● Mr. ANDERSON of Illinois. Mr. Speaker, I arrived in Congress during the dawning of the "Age of Camelot." The media and the public celebrated the verve of the new administration, and the new First Lady, Mrs. Kennedy, symbolized the style and vogue of those years. To some observers, the former First Lady, Mamie Eisenhower, may have been less glamorous by comparison, but she, too, shone in a special light. Mrs. Eisenhower was loved by Americans because she embodied many of the traits we find most admirable.

Mamie. The name was a household word of the best kind. Her dignity and quiet grace warmed our hearts, and her character and resolve bolstered her husband through the stiffest challenges he faced as a general and as a President and we faced as a nation. Today, whenever more attention focuses on the activities of our First Ladies, I think of the sacrifices Mamie made to her Nation in times of war and peace without seeking title, without seeking fame, without seeking recognition.

Mamie reportedly once said that she wanted to be remembered "only as a friend." Indeed, she was: the Nation's First Friend. And, even though she slipped away quietly the other day, she will never vanish from our hearts or from our memories.●

● Mr. STANGELAND. Mr. Speaker, the death of Mamie Eisenhower truly saddens the hearts of all Americans. This great lady blessed this great Nation throughout her life by displaying a perfect and well respected example of kindness and human decency. Her personality brought warmth and comfort into the lives of millions of people and, like her husband, she will be missed, but memories of this First Lady will last forever.●

● Mr. CONTE. Mr. Speaker, it is with a sad heart but a great sense of honor that I submit my remarks on the passing of former First Lady Mamie Doud Eisenhower. The sadness stems from the sense of loss felt at the death of such a strong but gracious lady, and the honor from the gratitude felt in having been able to share a small part of her warmth and love evident in her public life.

Through wartime and peacetime, Mamie Eisenhower's smile and pleasant manner were her trademarks and true signs of her inner strength; a strength that went beyond the walls of the White House to constitute a public image of unflinching concern and composure in the face of the heavy demands placed on her by her husband, her party, and her country.

Mrs. Eisenhower once stated in an interview that if there were any one way in which she preferred to be remembered, it would be as "just a good friend." This is how we should remember this great lady—as a good friend who always placed others ahead of herself.●

● Mr. CARTER. Mr. Speaker, I am pleased that we are being given this opportunity to pay our respects to a great American, Mamie Eisenhower.

Mamie Eisenhower was our First Lady for 8 years, but first and always she was a lady.

Her life, as a mother and homemaker and as the wife of a great military leader and President, truly was exemplary.

Her example as First Lady won her the admiration, respect and love of millions of Americans which has not dimmed with the passing of the years. She was as dear to this country when she passed away as when she was in the White House, and that demonstrates the affection and esteem in which Mamie Eisenhower was held.

Kathleen and I extend our condolences to her son and family; their loss is our country's as well.●

● Mr. YOUNG of Florida. Mr. Speaker, on the night of October 31, our Nation lost a wonderful person. Mamie Geneva Doud Eisenhower, the widow of Dwight D. Eisenhower, the 34th President of the United States.

Mrs. Eisenhower's contributions toward General Eisenhower's distinguished military career won her two foreign decorations, the Order of Malta and the Southern Cross from Brazil.

Although Mrs. Eisenhower considered herself "nonpolitical," she was introduced to the public in 1952, when she accompanied her husband in his 50,000-mile campaign tour in the Eisenhower train appearing with him in large political rallies. According to many commentors, her presence at these rallies was a large factor in her husband's successful election.

Mrs. Eisenhower was known for her friendly and informal attitude toward others. She proved to be the perfect hostess with her charm and warm smile always managing to make each guest to the White House feel welcome.

Pinellas County, Fla., was honored on a number of occasions with visits by Mrs. Eisenhower and on the behalf of the people of Pinellas, I want to express our sorrow at the loss of such a warm, gracious individual and First Lady.●

● Mr. FISH. Mr. Speaker, this week the country mourns the passing of one of America's finest women, Mamie Eisenhower. She was a warm and dignified First Lady whose charm, vitality, and humor graced the White House and endeared her forever to the American people.

Mrs. Eisenhower was one of those rare individuals who preferred to stand at the side of her husband rather than make a mark on her own of which she would have been more than capable. She was fond of saying, "Ike fights the wars; I turn the lamb chops." Her role as wife and mother, hostess and helpmate to one of our great national heroes warranted for Mamie Eisenhower the admiration and respect of others, nearly unprecedented by her predecessors.

Mrs. Eisenhower will not be forgotten. Her life of goodness, kindness, and compassion will live on as a continuing inspiration to us all. I, therefore, join my colleagues today in expressing my deepest sympathies to her family and loved ones.●

● Mr. LENT. Mr. Speaker, I thank my colleague from Pennsylvania (Mr. GOODLING) for making possible this tribute to a remarkable woman. It is a privilege to join in expressing appreciation for the outstanding contributions of Mamie Doud Eisenhower to our Nation.

Seldom has the White House been occupied by a First Lady with the cheerful good humor, warmth and vivaciousness of Mamie Eisenhower. As First Lady her popularity with Americans was as widespread as that of her husband. Despite that popularity, however, Mrs. Eisenhower never sought a role in politics or Government, except that of "Ike's wife."

Her cheerful smile and unassuming friendliness invited everyone to call her "Mamie," and almost everyone did. She welcomed this informal approach. "That is the American way," she explained to those who voiced concern over a possible breach of stuffy protocol.

It was particularly indicative of her character that one of Mrs. Eisenhower's first acts after she and the general moved into the White House was to hang up a motto, with a prayer beneath it. The motto said, "This Is Our Home." She noted then that she had hung up that motto 28 times in the 53 years of marriage that brought her and her husband from a two-room army lieutenant's apartment to the Executive Mansion. With Mamie Eisenhower husband and family always received first priority.

Mamie Eisenhower's exemplary life gave our Nation—indeed the world—a heartwarming example of dedication, devotion and sacrifice. In return our Nation and the world gave her their love.

We have lost a great lady.●

● Mr. BROYHILL. Mr. Speaker, Mrs. Mamie Doud Eisenhower was a woman of great stature. She is a shining example of dedication, perseverance and dignity before the eyes of the American people.

Her devotion to her husband, family, and country were a constant part of her life. She displayed her affection for her husband and his life all through the years in public service and even after his death.

I commend Mrs. Eisenhower, as a devoted public figure and also as a mother and wife to one of the great leaders of our time.

I join with my colleagues in expressing deepest sympathy to the family and friends of Mrs. Eisenhower—a great lady.●

● Mr. ROE. Mr. Speaker, I take great pride in joining my colleagues today in both honoring and remembering a great American—Mamie Doud Eisenhower.

During her years in the White House, she served as a gracious First Lady to both the Nation and her beloved Ike. Everyone who visited the White House during the Eisenhower years came away with the feeling that they had been in a warm, love-filled home. And that was due to the fact that she never let her position in life interfere with her genuine good nature.

Mamie was an activist First Lady, always displaying a vibrance and vitality that was the envy of much younger women. Even after leaving the White House and following President Eisenhower's death, she continued to lead a very active life, taking part in both political and social service activities. Her life should serve as an inspiration to our Nation's senior citizens.

The death of Mrs. Eisenhower leaves a great vacuum. In our memories, both she and her husband represented America in the 1950's. Her death clearly marks the end of an era in American history. But we can all rest assured that Mamie's spirit will live on with us forever.●

● Mr. CORMAN. Mr. Speaker, I rise to join my colleagues in paying tribute to Mamie Eisenhower. My words, I hope, will reflect the virtue of her life.

Hers was a life of simple dignity. Her marriage to a young Army officer began a shared career marked by increasing success that culminated in the White House. She was not shaken from her moral certitude by the events of her life or by her fame. She adhered to the values that formed her and that have served America in good stead since its founding. Simplicity, humility, hard work, quiet preseverance and faith are attributes that will continue to serve America and Americans in the future as they have in the past. Mr. Eisenhower was a model of these worthy standards, and she will be remembered for them.

Mr. Speaker, it is with respect that I join in paying homage to Mrs. Eisenhower and hope that what she exemplified remains with us.●

● Mr. COUGHLIN. Mr. Speaker, the death of former First Lady Mamie Eisenhower last Thursday has saddened all who admired this gentle and gracious woman. Her life, as she was the first to say, was "Ike" and her family. She devoted herself to them and to Ike's career, never hesitating to make the sacrifices which army life demanded of her, sacrifices which would take on new dimensions as the wife of a beloved national hero and as the wife of the President of the United States.

Throughout her extraordinary life, Mamie Eisenhower remained unchanged, always warm, vivacious, and totally without pretense. Simply by being herself, she set a standard for selfless devotion to husband, family, and country for a whole generation of Americans. It is hardly surprising that she became one of the most admired women of her time.

The people of Pennsylvania developed a special affection for Mamie Eisenhower just as she came to feel a special fondness for the hills of Gettysburg and her neighbors there. Together with the Nation she served so quietly and so well, we mourn her passing.●

● Mr. HUGHES. Mr. Speaker, the country mourns the loss of a lovely First Lady, Mamie Doud Eisenhower.

Mrs. Eisenhower was in many respects, old fashioned. Her career was spent as a loving and helpful wife. She neither sought nor liked the attention that was foisted upon her as First Lady. She was happy to bask in the reflected glory of her husband.

As an Army wife, she moved countless times, setting up housekeeping both in the United States and abroad. Each time she moved she did so without complaint, and formed a homey atmosphere for her husband and son.

Mamie Eisenhower epitomized the ideals of another generation. She was a loyal and devoted companion to her husband and a good mother to her son. Her grandchildren will treasure the fond memories that they have of her, too.

Mrs. Eisenhower was a warm and gracious woman. The qualities that made her so special serve as a reminder to us of simpler, more gentle times. Her memory will evoke pleasant thoughts from all of us who remember her so well as First Lady.●

● Mr. RAILSBACK. Mr. Speaker, when asked in an interview only weeks before her death how she would like to be remembered, she replied simply, "Just as a good friend." This unassuming epitaph epitomizes the life of a lady so loved by the American public that she was affectionately known as Mamie by millions of people from all walks of life.

Though some today might find Mrs. Eisenhower's loyalty to her husband and family, her willingness to sacrifice comfort and convenience for public service, and her unpretentious nature as "old fashioned," it was these very traits which endeared her to close friends and distant admirers alike. In describing her marriage to our 35th President, in 1970 she wrote:

> We had our disappointments and our troubles, some of them devastating, yet between us there was a deep understanding, a feeling of contentment in each other's company.

Perhaps it was this "understanding" and "contentment" which stood her and her husband in good stead during a lifetime of public service, service that required them to pack up and move all over the world on more than 25 occasions.

Regardless of where these moves took them, however, one thing was certain: Mamie took with her a quiet charm and dignity which warmed the hearts of many and served our Nation well. She will be long remembered and loved by the American people.●

● Mr. BROOMFIELD. Mr. Speaker, late last week, Mrs. Mamie Doud Eisenhower passed from our midst, but she left us richer and our lives brighter for having known her.

Her memory evokes a warmness in all our hearts for she brought a dignity, a quiet demeanor, and a disarming personality to her role as the wife of a great military leader, as the First Lady of the Nation, and as an admired and loved grandmother living on a farm in Pennsylvania.

We mourn the death of Mamie Eisenhower, but we also take solace in that we were able to share in a great part of her life. For this, four decades of Americans will always be grateful.

Mr. Speaker, I join my colleagues in extending our heartfelt sympathies to her family.●

● Mr. DICKINSON. Mr. Speaker, I rise to pay tribute to a great woman, Mamie Eisenhower. Throughout her life, through her actions and gestures, Mrs. Eisenhower displayed a quiet air of confidence in America—which inspired not only this country, but the world.

One of the most challenging and successful periods in 203 years of American nationhood occurred during the two decade period 1940–60. During that time, no name was more a part of our history or related with great American achievement than the name Eisenhower.

No American was more responsible for the winning of World War II, maintaining American and free world security during the postwar years, or building an economically independent and strong America during the 1950's than was the general of the Army and President of the United States of America Dwight David Eisenhower. He literally dominated a solid 20-year period when American power and influence in the world were their greatest.

"Ike," as she lovingly called him, was nurtured and supported throughout this period by his beloved wife and life's companion, Mamie. During the war years, she was a patient model for so many other wives and sweethearts whose loved ones were away at war. During the building of the peace in the postwar years and while Ike was President, she was his constant stay and companion. As First Lady, Mamie brought both dignity and grace to the White House. She displayed a gentle spirit that was inspirational to others. She was a success, not only as a wife, but also as a mother, advisor, and confidant.

The President constantly alluded to the fact that Mamie was such a large part of his service to our Nation. Although the concept is considered trite in some circles today, they were a husband and wife team, dedicated to God, family, and Nation, and they served our Nation splendidly. America was lucky to have the privilege of watching President Eisenhower guide this country with his wife as a strong, but silent partner. Mamie was a contributor to our victories and success during this period, and we, the American people, owe her a great debt of thanks and appreciation. All of us will remember the lady we know as "Mamie" for a long, long time.●

● Mr. DONNELLY. Mr. Speaker, I speak not for myself, but for the good people of the 11th District of Massachusetts, when I express my deep sorrow at the loss of one of America's great First Ladies, Mamie Eisenhower.

Mamie Eisenhower was a gentle woman with a great inner strength. Her quiet manner and natural ability to put people at ease made her loved by all.

The people of our Nation will fondly remember Mamie Eisenhower with admiration and affection. We will miss her dearly.●

● Mr. CLINGER. Mr. Speaker, I rise this afternoon in commemoration of a unique and extraordinary American—the late Mamie Eisenhower.

To my delight, many years ago Dwight and Mamie Eisenhower adopted the Commonwealth of Pennsylvania as their home. I had the privilege of attending a picnic at the Eisenhowers' lovely farm in Gettysburg several years ago and was touched by Mamie's warmth and graciousness. In her unassuming, dutiful way, she was a joy to be around.

Mamie Eisenhower endured some of the most violent and tumultuous years in the history of this Republic. Her strength and perseverance during the Second World War must have been an enormous source of inspiration for her husband, the Supreme Commander of Allied Forces in Europe. Mrs. Eisenhower was also a dignified First Lady, and served her country remarkably well in that capacity.

Mr. Speaker, Mamie Eisenhower's life was not an easy one. The pressures and anxieties of World War II and the Presidency must have taken toll on her psyche; yet, she remained steadfast and stoical throughout.

Mr. Speaker, I deeply mourn the loss of the "First Citizen" of the Commonwealth of Pennsylvania—Mamie Eisenhower.●

● Mr. KEMP. Mr. Speaker, last week

our country was saddened by the loss of one of its most legendary women, Mrs. Dwight Eisenhower.

"Mamie." That name, and that name alone, is all that is needed to conjure up visions of one of the most gracious, warm, and friendly First Ladies that this country has ever known.

Through 53 years of marriage and 28 places of residency, as the wife of a young West Point cadet, who in turn was to become Supreme Commander of the Allied Forces in Europe during World War II, president of Columbia University, Chairman of the Joint Chiefs of Staff, and the President of the United States of America, Mamie Eisenhower remained above all loyal to the family and husband she dearly loved.

Mamie was not only the "First Lady" in the life of General Eisenhower and their family, but she was also the First Lady of the American people. From her emergence into the public spotlight during "Ike's" whistlestop tour during the 1952 Presidential Campaign, Mamie immediately captivated the public's attention and inevitably captured the hearts of the people as well. It was a love affair that was to last for the rest of her 82 years. As the resident First Lady of the White House she will long be remembered as a charming hostess who served her guests with a folksy manner and a smile.

Mr. Speaker, I request that my colleagues join with me in extending their deepest sympathy to the Eisenhower family and also to Mamie's sister, Mrs. George Gordon Moore; her son and daughter-in-law, John and Barbara Jean Eisenhower; and her grandchildren David Eisenhower, Barbara Ann Uribe, and Susan Bradshaw, and their families, at this time of loss, not only for them but for the entire country.●

● Mr. MILLER of Ohio. Mr. Speaker, it is with great sadness that we acknowledge the loss of one of our country's finest and most beloved first families.

This past week a gentle, warm, and loving person passed from us. Unpretentious, unassuming, Mamie Doud Eisenhower was to all who knew her a kind and selfless lady.

Mrs. Eisenhower, "Mamie," as she was affectionately known, embodied all that is right with America. A compassionate giving person she exuded warmth and understanding in every act she undertook.

Let us hope the example she set during her rich and active 82 years will be an enduring one.●

● Mr. FORSYTHE. Mr. Speaker, on the morning of November 1, Mamie Doud Eisenhower, former First Lady, passed away in her sleep at the age of 82.

Mamie Eisenhower is most remembered for her loyalty and devotion to her husband, the late former President Dwight D. Eisenhower. Although she never sought the attention bestowed upon the First Lady, Mrs. Eisenhower was nevertheless one of the most identifiable and admired public figures to a generation of Americans.

Her gracious dignity and pleasant demeanor captivated all who knew her. And certainly her unfailing support was invaluable to the successful military and political career of her husband. After the death of President Eisenhower in 1969, Mamie continued to exhibit her devotion to her husband by generously contributing her services to raising funds for the Eisenhower Medical Center, Eisenhower College, and the many other Eisenhower memorials.

Mamie Doud Eisenhower was much more than simply the quiet inspiration behind a great man. Her staunch commitment to principle and tradition made her one of the most popular First Ladies ever to grace our Nation. It is only proper that we recognize not only what America has lost by the death of Mamie Eisenhower, but also how much we prospered by her life.●

● Mr. JEFFRIES. Mr. Speaker, our Nation owes much to the men and women whose lives have been examples for whole generations to follow. Mamie Eisenhower is one of those.

The loss her death represents should make us wonder whether a person of her formidable strength and character, a person of perishable flesh and blood but enduring spirit, is still possible in an America so deeply changed by the wars and social upheavals of the 20th century.

Mamie Eisenhower was born before the First World War, and died after Vietnam. Through those later decades, she became to many of us a symbol of the quiet perseverance and warm goodheartedness Americans have historically displayed to the world.

That is the spirit which endures her death. It is the spirit which America still has, though we have lost the person in which it was embodied.

Mamie Eisenhower's loss is mourned by a grateful nation.●

● Mr. LUNGREN. Mr. Speaker, all Americans must be saddened by the death of Mamie Eisenhower—First Lady for the 8 years Gen. Dwight D. Eisenhower was President.

Mrs. Eisenhower was an anomaly in our age—publicity shy, uninterested in making public statements or using her position for power. She held only one press conference during her years at the White House.

I always thought it was fitting that in her final years she wanted to live at the home for military widows here in Washington, D.C.—just like any other army wife.

I would like to salute her memory today and pay final tribute to this spirited woman who never was an imitation—just the real thing.

Those who knew Mamie well said she was vivacious, enthusiastic, and had a tremendous capacity to enjoy life. She was also very American, very approachable and down to earth. When asked once if she was offended that people always came up to her and called her "Mamie," she said, "No, not at all—that's the American way." Till the end of her life she wore a little rhinestone flagpin every day because Ike told her Americans needed a reminder that they should be proud of their flag.

Mamie never sought any publicity or recognition for herself—she was totally dedicated to her husband and his career. She was Mrs. Dwight D. Eisenhower and proud of it. The last year of Ike's life was spent in a hospital room, and Mamie spent it there with him. She moved into the room adjoining his.

In the last years of her own life she would never use her name for anything except those events that were a memorial to Ike.

She told friends she often thought of him at Gettysburg, and missed him. She once opened a purse she had not used in a long time and found a love note Ike had passed to her at a party.

Mamie was an American original—gracious, vivacious, and unchanged by life in Washington, D.C.

I think this is how she would like us to remember her: As someone who loved life, loved her husband, and loved her country.●

● Mr. GOLDWATER. Mr. Speaker, it can be said simply: Mamie Eisenhower was an extraordinary woman who lent unsurpassed grace and dignity to the White House. I am honored to have the opportunity to speak on behalf of such a great lady.

Throughout her life, she was a charming and gracious person who carried herself with a style and midwestern country manner which won the respect and affection of her family and friends. When events made her a national figure, she stayed the same and proceeded to win the hearts of Americans everywhere.

As General of the Army and as President, Dwight Eisenhower considered Mamie the mainstay of his life. He stated on one occasion, "If I had not listened to Mamie two or three times, I might not have had the opportunities to serve the country that I have had." She served her husband during the many years they spent establishing households around the world, and later during World War II and the creation of NATO, she represented all that was best in this country. She then accompanied Ike on his 50,000-mile Presidential campaign tour, and became a great asset to both him and the campaign. In short, as Ike rose to the occasion, so did Mamie as she continually matched her husband's self-sacrifice and dedication to duty and country.

Mamie had class. People liked her. She took the ordinary virtues of kindness and consideration, and combined them to achieve an extraordinary degree of grace, dignity, and simplicity in performing her official duties. We are going to miss her.●

● Mr. PASHAYAN. Mr. Speaker, Mrs. Eisenhower's death on November 1, 1979, is the Nation's loss. Mamie Doud Eisenhower has been one of our Nation's most admired women for many, many years.

During her years as First Lady, Mamie enjoyed a popularity with the American public that rivaled the esteem accorded her husband. Her genuine warmth and vivaciousness gave us an unparalleled degree of familiarity, which allowed all to call her by her first name.

Her unassuming midwestern folksiness and her warm personality permitted her to meet with grace and simplicity the pressing demands of her very public life.

Mamie, the general's partner, the wife of the Supreme Allied Commander in Europe during World War II, and America's First Lady from 1953 to 1961, was very content to be regarded as a helpmate. In fact, she was fond of saying, "Ike fights the wars; I turn the lamb chops."

Mamie Doud Eisenhower will always have a special place in the hearts of Americans and will be remembered as a lady, charming, devoted to her family and her country, and most of all, a friend.●

Mr. GOODLING. Mr. Speaker, I yield back the balance of my time.

THE UNITED STATES IS NOT A COUNTRY TO SURRENDER ITSELF TO REVOLUTIONARY HYSTERIA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Connecticut, Mr. McKINNEY is recognized for 5 minutes.

● Mr. McKINNEY. Mr. Speaker, the takeover of the American embassy in Tehran and the forcible imprisonment of over 60 U.S. citizens is a threat to this Nation's security and an affront to world stability which cannot be tolerated. The student mobs have vocally upheld their own rightenousness and legitimacy while condemning and stereotyping the United States as an imperialist danger. Yet the real danger is to be found in these recent actions, and the record is now clear that these militants and their misguided ideology have fostered a revolution in the name of human dignity, worth, and progress which casually forsakes human life and liberty.

Since the overthrow of the Shah, U.S. intentions toward Iran have been anything but provocative. Despite the oil embargo imposed on us earlier this year, we have endeavored to establish friendly diplomatic relations with Iran, and notwithstanding our own shortage of petroleum, we responded to Iran's request in August for 1.5 million barrels of residual fuel. Unfortunately, the Ayatollah has proven to be uncompromising and bellicose, his regime unstable. His own leadership is facing a growing crisis of legitimacy among the people of Iran, and his sanctioning of the takeover is an obvious attempt to deflect attention from his own internal problems by creating a defense against an outside "threat." He has declared the United States to be "the great Satan" and "enemy No. 1 of humanity and the Iranian people," yet, a revolutionary who overthrew a government in the name of human rights has himself condoned some of the world's worst violations of those rights. This latest action, taken with his approval as the titular head of the nation of Iran, borders on a declaration of war. U.S. property has been seized and plundered, the lives of our citizens have been threatened, our national sovereignty and freedom have been violated.

I have never been a hawk on foreign policy matters, but these circumstances dictate the question: How much more do we take? Is our position in the world so weak, do we view ourselves so poorly, that we must stand by while a band of ideological zealots blackmail us in the most blatant fashion?

In too many international situations requiring definitive action the present administration has been most notable in its lack of a proper and timely response, and this certainly seems to be no exception. Were I in Mr. Carter's position as President of the United States, I would immediately advise the Iranian Government that it has 48 hours to deliver all U.S. Embassy and consular personnel, unharmed, to the Tehran Airport for transport to the United States. If that is not accomplished the United States should then take the following actions:

First, cut off all U.S. imports of Iranian oil and strongly urge other nations of the free world to act in a similar fashion;

Second, halt all U.S. economic aid to Iran, including food;

Third, order U.S. military personnel to seize the Iranian Embassy in Washington, D.C., and that country's consular offices in Houston, San Francisco, Chicago, New York, and Washington; and

Fourth, seize all other property owned by Iran in the United States.

Anything less than the immediate release of all hostages cannot and will not be tolerated, by this Congress or by the American people. Iran has violated the most basic standards of international law and diplomacy—that is damage which can be repaired. But the lives of those 60 innocent Americans now being held hostage are not negotiable—and it is time now to let the Ayatollah Khomeini know that the United States is not a country to surrender itself to revolutionary hysteria and fanaticism from a mob in Tehran.●

LEGISLATION TO IMPROVE ADMINISTRATIVE PROCESS BY MAKING FEDERAL AGENCIES MORE RESPONSIVE TO WILL OF PEOPLE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Iowa (Mr. GRASSLEY) is recognized for 5 minutes.

● Mr. GRASSLEY. Mr. Speaker, on October 9, I introduced H.R. 5508, a bill to improve the administrative process by making Federal agencies more responsive to the will of the people as expressed by the Congress. This measure is similar to S. 111 and identical to the text of an amendment submitted by Senator BUMPERS, of Arkansas, to S. 1477, the Federal Courts Improvements Act of 1979.

This legislation has two purposes: It would direct the courts to decide for themselves all issues of law and it would eliminate the present presumption that automatically assumes a regulation is within the intent of Congress. Currently, just about every rule or regulation adopted by a Federal agency will be upheld if it is challenged in court. Under my bill, there would be no such presumption, and the burden of establishing validity would lie with the agency. Only if a court were persuaded by evidence that a rule or regulation was within the power mandated by the Congress, would the rule or regulations be upheld. The judiciary would be returned to its traditional role of interpreting those laws passed by the legislative branch.

At the same time, Congress would once again be confirmed as the only source of legislative power in our society. In my opinion, we have been very inept in dealing with the pressing problems of overregulation and the involvement of the Federal bureaucracy in private matters. Neither the appropriations process nor congressional oversight has allowed this body to regain its position as the sole lawmaking branch within our separation of powers.

However, my bill would deal with this problem in two ways. First, regulation writers will know that the burden of proof now lies with them, and therefore, they will be much more careful and circumspect in writing rules and regulations to see that they are within the intent of Congress. Second, the private citizen who feels that regulations are excessive, will be more likely to challenge them, knowing that the burden of proof is with the Federal agency. My measure would give private citizens and industry a "leg up" in contesting regulations in the Federal court system.

In conclusion, Mr. Speaker, I would just add that I realize Congress must delegate certain functions which are necessary to implement its intent. However, every Member of this body has heard regulatory "horror stories" from his constituents, but we have offered little, if any, help. Setting stricter standards of judicial review of Federal rules and regulations seems to be a basic and simple step toward demonstrating to the American people that we are serious about cutting down on the size of Government and the amount of regulation and redtape in their lives.

We have not exercised our oversight responsibilities; we have not assisted the individual citizen or the small business, who are being burdened with this regulation, to be on an even level with the unelected bureaucrats who are doing the regulating; we have not helped the regulated, we have helped the regulators. With all of the talk that goes on around here about regulatory reform and legislative veto, I think it is about time for us to give the average American a break by requiring the judicial branch of our Government to do exactly what their duty is—review and interpret the law.●

WELFARE REFORM TROJAN HORSE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio, (Mr. ASHBROOK) is recognized for 20 minutes.

● Mr. ASHBROOK. Mr. Speaker, today the House created another monumental disaster. This so-called reform bill has all the makings of creating further budgetary chaos in the welfare system of this Nation. The provisions in the bill are poorly thought out and represent an amalgam of bad ideas whose time has, at best, come and gone. To have such a bad bill come to the floor under a closed rule is tragedy. Extensive revision of the provisions of this bill would be needed to even begin to make some sense out of it. It is a Trojan horse, the further implementation of the liberal goal of a guaranteed annual income.

It is becoming a national embarrassment to watch this Chamber destroy the last vestages of democracy in the Congress. Time after time since the 96th Congress was called into session the ability of Members to debate bills and offer amendments has been shackled by a leadership bent on railroading pet proposals. This is not government of the people, this is tyranny of the select few.

Since the August recess only a handfull of substantive bills have come into this Chamber with open rules. In almost every major issue, limitations and constraints have been locked on to assure the will of the Chair prevails over the majority will of the Congress. This runs counter to every established principle on which this Nation rests. What is the future of Congress if dictatorial powers continue to trample freedom of debate? I do not speak just for the minority side of the aisle. I have heard many in the majority express similar concerns over the recent trends from the leadership. The ideals of fairness and open debate transcend partisan consideration. It is time to call a halt to the imperial attitude that has invaded this democratic body.

The bill we have before us today calls for major new initiatives in the area of welfare assistance. This bill breaks new and controversial ground relating to the expansion of eligibility to the poor. Before we embark on a journey further along the road to the welfare state we should be able to address all portions of this new proposal in detail. The rule that was adopted last week prevents such a necessary review. By allowing only one amendment and one motion of recommittal the leadership has successfully destroyed any ability of this Chamber to exercise its duty to legislate. This rule is a sham.

I have a number of problems with this bill that only an open rule would have been able to correct. Part A under title I revises the treatment of certain income and financial resources as part of the AFDC payments. How much will these revisions cost? Are the definitions tight enough or are there some dangerous loopholes? Only an open rule would have allowed complete analysis.

In section 107 the AFDC payments are expanded to include pregnant women "who, upon the birth of the child, would become eligible for aid to families with dependent children." At what month in the pregnancy will benefits be made available? Is the Government now going to try to outbid abortion benefits by saying the fetus is a live and dependent child? What is the price tag going to be on this new area? This breaks new ground and should be carefully defined and the price tag clearly known. If we are going to state that pregnancy means a fetus is eligible for AFDC then we need to stop abortion funding because we have just written into law that pregnancy means life. While I have no problem with this prospect I wonder if my pro-abortion colleagues have pondered this impact?

In section 108, we have the establishment of a minimum AFDC benefit. Are we going to allow the welfare state to open the door for a national income floor without consideration of local variation or, more importantly, strict work requirements? It is a dangerous precedent to let such a major new area of handouts slip by, untouched by congressional scrutiny. When we heard about an oversight Congress back in January I do not think any of us thought it would mean overlooking possible budgetary time bombs. Only an open rule would have allowed the disfusing of this fiscally explosive proposal. This Democratic Congress has become an overlook Congress rather than an oversight Congress.

Without even waiting for this minimum benefit to be put into effect the bill mandates, at the end of section 108, that the Secretary conduct a study regarding raising the benefits. There is no discussion about removal of minimum benefits or about reductions, only increases. This expansionist mentality bodes ill for the American taxpayer who will have to shoulder the commitments laid down in this bill. Unless this entire concept is reviewed we could have one more program that will aid in driving hard working taxpayers into the poor house.

Returning to section 106 we have a new mandate for dependent children of unemployed parents programs to be set up in each State. Where is the need and the money for this new effort? What is the price tag? Once again a closed rule stops these questions from being addressed.

Let us move into the bill a little further. In section 112 there is a revision to the laws relating to recipients of aid who refuse work offers. Should we not consider the impact of this section on future expansions in the numbers of people eligible for AFDC? What about the impact of considering it a justification of unemployment that they would lose money if they took a job? Is not this the ultimate absurdity of the welfare state? I think we could address this perversion of the work ethic if we had an open rule.

One of the most common problems in much of the legislation coming out of the Congress is the vagueness of definitions. The less time Congress spends on tightening up what it really means in law the more abuse can occur in the administration of the law and the more time Congress and the courts must take later on to correct their errors. In section 113 the term "emergency needs" could be better defined. As it is currently drafted a bureaucrat with grand ideas about family life could have a field day with the regulations. Another concern is the very definition of the family. There are strong indications that the upcoming White House Conference on the Family will try to expand this term to the point of having it cover homosexual marriages and communes. Maybe this bill should have safeguards against governmental tampering with the concept of family life as it relates to defining eligibility for AFDC. Only an open rule would provide this opportunity.

The food stamp program has been one of the greatest wastes of tax dollars to ever be foisted on the beleaguered taxpayer. Yet this bill would expand the program to the point of allowing cash payments in lieu of the stamps. When did we ever mandate the food stamp program to open the door to cash payments? I think that we need to carefully review this proposal separately from the overall bill. Only an open rule would let this be done.

In section 129 the new boondoggle of cash for food stamps would be expanded into the AFDC program on a pilot basis. Yet, in looking at the bill and the old section 129, that is crossed out, there was a possibility of just mandating a wholesale implementation of this cash program into AFDC. It seems to me that somebody has already made up their mind that using food stamps as a new way to get money to dubious aid recipients is a fine idea.

I also wonder just how "pilot" this program will be in light of the cashout plans outlined in title II of the bill. Once again I think that we must look at the entire food stamp issue in the bill under both section 129 and section 201. This should really be a separate bill as it is such a major new proposal. Only an open rule would allow at least separate consideration of the matter.

In part C of the bill there is a very good idea concerning recovery of legal fees. This reform is under section 231 of the bill. It is unfair to burden such positive actions with the garbage that makes up the majority of this legislation. This bill should really be three bills: An SSI reform bill, a food stamp expansion bill, and an AFDC eligibility reform bill. To lump apples and oranges together is bad enough, to saddle this shoddy omnibus effort with a closed rule is a crime against commonsense and free expression.

The welfare system in this Nation is the most complicated network of programs and policies encompassed in the Federal Government. Overall reform is needed, but it must be done in an open and unhurried manner. Any decision that is made can affect the welfare of millions of recipients and the tax bills of millions more wage earners. Slipshod bills that are rammed through so the leadership can post another victory on the board before adjournment serves no purpose whatsoever. It can only aggravate the present problems in the welfare apparatus and hurt the Nation as a whole. I urge my colleagues to vote down this bill.●

THE HONORABLE RAY ROBERTS

The SPEAKER pro tempore. Under a previous order of the House the gentleman from Mississippi (Mr. MONTGOMERY) is recognized for 5 minutes.

● Mr. MONTGOMERY. Mr. Speaker, on Monday, October 29, the Honorable RAY ROBERTS, chairman of the Committee on

Veterans' Affairs, informed his constituency that he planned to retire at the close of the 96th Congress. Our Nation will be losing a powerful and dedicated leader.

Mr. Speaker, without question, RAY ROBERTS is the recognized veterans leader in our Nation today. This has come about through hard work and his willingness to fight the establishment in order to attain the status in life our veterans deserve. He has gained the respect of the American Legion, the Disabled American Veterans, the Veterans of Foreign Wars of the United States, the Paralyzed Veterans of America, the Veterans of World War I of the U.S.A., Inc., the AmVETS, and other veterans' organizations.

Our Nation's veterans could have no better leader than the gentleman from Texas, and we are pleased that he will continue to chair the Committee on Veterans' Affairs during the 2d session of the 96th Congress.

The years Mr. ROBERTS has served as chairman of our committee have been tough years. Since he became chairman in January 1975, many issues adversely affecting our Nation's veterans have surfaced. In addition, never have we faced more severe budget problems than we have in the past 2 or 3 years.

When action was essential, RAY ROBERTS responded swiftly and effectively. When the administration recommended the upgrading of bad discharges for many veterans that would have granted automatic entitlement to a select group of veterans at the expense of those who served honorably, RAY ROBERTS intervened. Under his leadership and direction, a reasonable compromise was worked out in the Congress which was agreed to by the President. When Joseph Califano, the former Secretary of the Department of Health, Education, and Welfare, attempted to obtain jurisdiction over the veterans' compensation and pension programs, Mr. ROBERTS let it be known that the Committee on Veterans' Affairs did not condone such action. When the administration gave consideration to including the GI education program under the newly created Department of Education, the gentleman from Texas gave early warning that he would not allow it to happen. When the administration wanted to take away veterans' preference, RAY ROBERTS stood shoulder to shoulder with the Honorable JIM HANLEY of New York in defeating the measure on the floor.

Finally, Mr. Speaker, when the administration wanted to close more than 5,000 operating beds in VA hospitals throughout the country and reduce medical care personnel by more than 6,000 positions, Mr. ROBERTS quickly called for hearings. Such hearings have resulted in a restoration of more than 3,800 positions throughout the VA health care system. These are but a few examples of the very able leadership provided by Mr. ROBERTS in behalf of our Nation's veterans.

Mr. Speaker, next year is going to be a tough year, and I am delighted my friend from Texas will be with us to help guide us through this difficult period of time. More and more pressure will be brought to bear to reduce veterans' benefits and services in the name of economy. I think we can anticipate the reaction of the gentleman from Texas. Mr. ROBERTS will insist that Congress continue to stand by its commitment to those who answered our Nation's call during time of war and national conflict. I pledge my full support to the gentleman from Texas. He has been fair to me and to other members of the committee. Under his leadership, we have helped bring about a number of programs designed to enhance the lives of both service-connected and non-service-connected veterans. He has allowed the chairman of the subcommittees almost complete freedom to handle their affairs and for this we are most grateful. He has supported us in our efforts, and I deeply appreciate his understanding and support in the 5 years I have been privileged to serve under his chairmanship.●

CASE AGAINST SALT II NONEXISTENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. CARR) is recognized for 5 minutes.

● Mr. CARR. Mr. Speaker, we face only one choice in strategic arms control today: We can have SALT II, or we can have no control for many years, followed at some point by an agreement inferior to that presently before us.

The case for ratification is clear. Soviet forces will be substantially constrained, but U.S. forces will be able to do everything we need to do. Under SALT II, we will be able to have a survivable multiple-point ICBM; without SALT II, we will not. And so forth.

SALT opponents argue that SALT II is not the perfect treaty. I agree, but so what? None of the weapons we build are perfect weapons either, but that does not stop us from building them; the choice is no weapons at all.

It is the same thing with SALT II. What is to be gained by rejection? How will we be better off without it? How will we be better off if the Soviets have one-third more deployable strategic weapons, one half more deployable MIRV ICBM's, and twice as many warheads per ICBM?

We are still waiting for the SALT opponents to tell us.●

TRIBUTE TO THE LATE REPRESENTATIVE CHARLES L. BOYLE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. REUSS) is recognized for 5 minutes.

● Mr. REUSS. Mr. Speaker, 20 years ago last Sunday, November 4, Congressman Charles L. Boyle of Illinois was killed in an automobile crash after serving less than 5 years in this House. The melancholy anniversary reminds us of the brilliant promise that was lost in that tragic accident. Although I came to know Charlie Boyle well, to work with him on legislative business and to spend social time with him as well, oddly enough my most vivid, enduring memory of him goes back to early in his all too brief service in this House and in our friendship. It is his maiden speech, one of the finest first efforts I have ever heard in this Chamber. His remarks then are still of value today and I should like to read one excerpt for the edification of Members who were not here when Charlie was and as a reminder to those who were that we lost much when we lost him. He said in part:

> Mr. Speaker, I am happy to be a Member of this House, and I am very happy to be a member of that group who once again asks you and pleads with you to try to do everything possible in both an economic and in a political sense in the interest of peace. We admit we are doing almost everything we can, in a military sense. In our dealings with all nations, it will mean that we must have the modesty to admit that our own national interest is all that we are really capable of knowing and understanding, and the courage to recognize that if our purposes and undertakings here at home are decent ones, unsullied by arrogance or hostility toward other people or delusions of superiority, then the pursuit of our national interest can never fail to be conducive to a better world. Then, by our own conduct, we will be telling the sad and the lonely of the world of the love that is theirs to be, and by the cross of Christ and His passion and the might that is born in brotherhood and unity we will be showing the world that we are doing more than merely paying lipservice to an empty deal—that we are, in fact, trying to live in the community of nations under God.

What he said on March 16, 1955, as the cold war was increasing almost daily in intensity, is just as full of commonsense and wisdom now, when the two sides seem to be stumbling toward some sort of uneasy peace.

After 20 years, those of us in this House who knew him still remember his dedication to the principles so fervently saluted in that maiden speech. We still mourn the loss his death brought to his lovely wife and their eight children, to the Chicago district he represented and, by no means least, to the House of Representatives.●

SANTA BARBARA COUNTY MANDATES SOLAR

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon (Mr. WEAVER) is recognized for 10 minutes.

Mr. WEAVER. Mr. Speaker, there appeared recently in the Energy Daily a most important article. "Santa Barbara County Mandates Solar" by Burt Solomon explains that two large counties in California have so seen the necessity and sensibility of solar energy that they have made solar installations mandatory in new electrically heated homes. This article should dispel any remaining myths that solar energy is not cost-effective or a valuable solution to our energy woes. I commend it to my colleagues:

SANTA BARBARA COUNTY MANDATES SOLAR

(By Burt Solomon)

Santa Barbara County, Calif., has become the second governmental jurisdiction in the nation to adopt a mandatory approach to solar energy.

Under an ordinance approved by the county's board of supervisors on Monday, all new residential buildings which aren't served by natural gas pipelines (that is, all electrically heated homes) must be built with solar hot-water heaters. The ordinance, which is set to take effect in 30 days, will affect only areas within the board's jurisdiction—the county's unincorporated areas, which include about half of the county's population.

According to Edward Maschke, executive director of Sunrae, a California solar lobbying group, the ordinance will affect 17 percent of new homes built in the county's unincorporated areas—an estimated 425 new units a year. Maschke said that the supervisors passed the measure with the approval of the local building contractors' association, which considers solar water-heating to be cost-effective for electrically heated homes.

The ordinance was Santa Barbara County's second foray into mandating the use of solar equipment. A month ago, the county's board of supervisors required that at least half the energy used to heat new swimming pools come from active solar heating equipment. (Last week the California state Assembly put off until next January a decision on establishing a similar requirement statewide.)

In the ordinance passed last week, Santa Barbara County followed the lead of San Diego County, four counties to the south. The San Diego County board of supervisors passed a law last December requiring solar water-heaters in new electrically heated homes starting this October 1 and in new gas-heated homes beginning October 1980. Santa Barbara County stopped short of mandating solar for gas-heated homes, but will move on to that question soon. Maschke expects the board of supervisors to extend the solar requirement to multi-family gas-heated buildings by the end of the year and to gas-heated single homes sometime later.

Meanwhile, San Diego County is in the last stages of preparing for the October 1 start of its solar ordinance. The only remaining duty before the board of supervisors is approval of regulations governing the proper size of solar equipment. The board already has endorsed a "solar access" provision that will exempt from the ordinance any new home that does not have 100 square feet of access to sunlight at a level 10 feet above the ground. This was a compromise between the board's staff, which preferred a solar access provision based on the concept of easements, and the county contractors' association, which chose not to file a court challenge of the ordinance following months of consideration. According to Eric Pulliam, head of the county's energy office, "not very many" homes are likely to be exempted as a result.

On the question of solar performance standards, the San Diego County supervisors decided to use regulations adopted by the California Energy Commission, which has set health-and safety-related criteria for the types of materials that can be used in solar equipment, the size of pipes, etc. "We would rather use existing codes as much as possible because the builders are familiar with them," Pulliam said on Tuesday.

Even before the advent of the new requirement, housing developments are being built in San Diego County that use solar both for water heating and space heating, Pulliam said. "Builders now have had good experience with putting solar in. They are not frightened of it any more."

Pulliam expects the San Diego County ordinance to affect 1,000 to 5,000 new homes a year for the first two or three years, rising to 8,000 to 10,000 homes annually once the ordinance's full impact is felt.

According to Sunrae's Maschke, 28 local governments in California have mandatory solar ordinances under consideration, including both the city and county of Los Angeles. In addition, San Diego County has received visits from officials of two Florida counties that are interested in trying out similar ordinances there.

NEW DOLLAR COIN WILL COST TAXPAYERS MILLIONS

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

● Mr. ANNUNZIO. Mr. Speaker, the Treasury and Federal Reserve have been promoting the new dollar coin as a great moneysaver to the U.S. taxpayer. My research shows that the coin will not save the American taxpayer anything, but will actually cost taxpayers and consumers millions of dollars.

During hearings held last month by the Consumer Affairs Subcommittee, the Federal Reserve claimed that replacement of the $1 bill with the new dollar coin would save the U.S. Government $50 million per year. I ordered the subcommittee staff to investigate this claim, and it turns out that there are substantial errors in the Fed's analysis.

For example, the analysis submitted to the subcommittee claimed dollar bills cost 2 cents to print. Bills actually cost 1.9 cents each. Also, the life of a dollar bill was estimated at 18 months. The same day this figure was quoted to my subcommittee, the Treasury released a study showing the life of a dollar bill to be 22 months. These differences reduce the average annual cost of maintaining a dollar bill in circulation from the 1.3 cents figure used by the Federal Reserve to 1 cent. While this may not seem like much, it must be remembered that there are 3.1 billion $1 notes in circulation. The result of this difference reduces the annual cost of the dollar bill by as much as $9.3 million.

In addition, the Fed projected Government savings based on displacing the large Eisenhower dollar with the new coin. Savings were based on an estimated demand of 80 million coins per year. In fact, the Mint had only averaged 52 million coins for the last 2 years and future demand was projected at 60 million per year. The result is that the Fed figure overestimated demand, and consequently savings, by 25 percent.

These errors not only reduce the alleged savings but lead me to suspect the validity of the other calculations of the analysis.

Even if the Federal Reserve manages to save a few dollars, the Government will make American businesses pay millions to accommodate the new coin. Every consumer will pay these costs every time he or she pays for something. The American taxpayer will also share in these costs when the businesses take tax deductions for their increased expenses in handling the new coin.

In their zeal to reduce their own costs the Treasury and Federal Reserve would raise the cost of doing business for everyone who handles cash. These costs to business have been known to these agencies for years but they have chosen to ignore them. For example, the 1976 Research Triangle Institute Study, which the Government so heavily relied upon in pushing for the new dollar coin, estimated the cost of new coin processing equipment to retailers at $125 million and to commercial banks at $53 million. Adjusted for inflation, those figures now amount to $231 million.

A representative of small, independently owned grocery stores estimated that use of the new coin and abolition of the dollar bill would require the replacement of 1.2 million cash drawers at $35 per drawer. This amounts to another $42 million.

Vending machines and dollar bill changers also must be converted to accept the new coins. There are at least 940,000 machines and 125,000 changers that the vending industry plans on converting. Estimates of the costs vary, but range as high as $400 per machine. Total costs would easily reach $150 to $200 million. There have also been many reports of vending machines being jammed by people mistakenly using the dollar in them. In addition to lost sales, these machines require $20 to $25 service calls. All these costs will be passed on to the consumer in higher prices.

I find it ironic that at the same time the Treasury was telling us what a terrific money saver this coin was going to be, it was requesting an additional $2.4 million in supplemental funds because of the new coin. At the hearings held by the Consumer Affairs Subcommittee late last month, I asked Mint Director Hackel whether we would see the savings claimed for the new coin reflected by a reduction in the Mint's budget request. The proof that this coin is not going to be such a saving to the taxpayer is evidenced by her answer of "No."

The Government apparently planned to force the coin and its costs on taxpayers and consumers by withdrawing the dollar bill from circulation. To prevent this, the ranking minority member of the Consumer Affairs Subcommittee, Mr. EVANS of Delaware, together with myself and 58 other Members of this House have sponsored H.R. 5444, the Dollar Bill Preservation Act. The bill will prohibit the Treasury and Federal Reserve from withdrawing the dollar bill without express congressional approval. This will insure that there is adequate consideration of the costs and benefits to consumers, businesses, and taxpayers of this scheme to "save" the Government money.●

BACK OFF ON DEREGULATION

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Oregon (Mr. ULLMAN) is recognized for 5 minutes.

● Mr. ULLMAN. Mr. Speaker, I would like to share with my colleagues the following editorial which appeared in the October 16 edition of the Oregon Journal. As we move to consider the deregulation of the trucking industry, it is important to keep in mind the concerns expressed in this thoughtful editorial.

Back Off on Deregulation

The legislation proposed to Congress to deregulate the trucking industry is losing glamor as one community after another gets a good look at what deregulation of the airlines is doing.

As the dust settles from the fare wars which followed airline deregulation, we realize that here in Portland we have lost services connecting the smaller cities with each other and with us and we have lost services connecting us with larger American cities and overseas as well.

This is not to say that there have not been alternative services springing up to replace what has been taken away. Feeder airlines have stepped in to fill the need with little lapse of time. However, the same economic laws will have impact on them as they are already beginning to have on major, long-established carriers.

Deregulation of the airlines was supposed to produce a bonanza for travelers—and so it did for a while. But just a few days ago, one of the largest airlines announced that the price of traveling is going to rise by 50 percent in the next two years and that most of the "cheap" air fares will be eliminated.

It stands to reason that expensive energy has to be used profitably. The greatest profit lies in the routes connecting the cities which can provide full payloads for every flight. As the price of energy increases, the cities which do not produce will have to be down-graded in their services.

There are many layers in the trucking industry—far more than in the air carriers of persons and freight. One might call the top of the line the nationwide company which insists on superior maintenance, whose computers are programmed to arrange the most profitable loads back and forth, and whose personnel must meet a high standard of safety.

The bottom of the line could be described as a person with an aging truck whose maintenance is only enough to keep it running, who takes chances with safety in order to deliver a load—which is necessary because a payment on the truck is due.

In between these two extremes lie the regional companies, purely in-city truck firms, individuals who are as careful of their trucks as they are of their children, and a myriad of other trucking entities, as diverse as the goods they haul.

"The movement toward truck deregulation was begun in response to the bureaucratic encrustation of the regulatory apparatus," to quote a Portland executive who has frequently testified in Washington, D.C. on the subject.

Would the consumer benefit from deregulation? Regulation came into being as the result of anguished requests from the shipping public, reacting to the chaotic and unfair rates and routes that had developed without it.

Since the present legislation has come under consideration in Congress, fuel prices have had tremendous impact on the industry. In the past few days, interest rates have changed the picture and skewed the predictions and projections.

One of the changes that is sought in the industry would make it easier to arrange back-haul loads, thus making better use of energy. A re-structuring of the Interstate Commerce Commission may come about, and differences among the regulations of the states which cause confusion and waste in moving interstate shipments may be eased.

The trucking industry, even as it is now, is sufficiently competitive to protect the consumer from gouging freight rates. Only the top shippers in the most productive markets could better their bargains—and freight rates in any event will be heavily influenced by the cost of energy and high interest rates.●

THE HANDGUN CRIME CONTROL ACT OF 1979

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. Rodino) is recognized for 5 minutes.

● Mr. RODINO. Mr. Speaker, I am introducing today, with 16 cosponsors, H.R. 5823, a bill designed to stop the proliferation of handguns which are used by criminals to commit violent crimes. The bill's objective is to substantially improve handgun control without expensive Federal enforcement and regulatory machinery.

I believe that most Americans would agree that the Congress must take action to control the availability of easily concealable handguns. Rising crime statistics reflect a high percentage of crimes committed with handguns. This means that each year more and more American citizens are maimed and killed because of the easy access to weapons which have no other apparent purpose other than to threaten human life.

Clearly there is a need for a rational and effective method to control the distribution and sale of handguns. I believe that this bill presents such an approach.

The bill puts a ban on all so-called Saturday night specials and other easily concealable handguns. It requires every handgun importer, manufacturer, and dealer to serve as information points for recording the transfer and sale of handguns. The bill recognizes that keeping handguns out of the hands of criminals should be as much a matter of State enforcement as Federal enforcement. While the bill mandates a 21-day waiting period for dealers to verify the identity of a person wishing to purchase a handgun, this provision can be waived if the buyer possesses a "license to carry" or a "license to purchase," issued by the State. These State laws are encouraged in the bill.

I want to stress that this bill will not interfere with Americans' right to bear arms. Instead it seeks to protect the fundamental right of every American to live in a peaceful society without the threat of personal harm.

I urge my colleagues to join me in working to enact this legislation, to stop the spread of violence in our country.

Mr. Speaker, I include a section-by-section analysis of the bill in the Record at this point:

Co-Sponsors to the Handgun Crime Control Act of 1979

Congressmen John Fary, Paul McCloskey, Pete Stark, Anthony Beilenson, Ted Weiss, Frank Thompson, Bill Green, Henry Waxman, Don Edwards, Richard Bolling, Robert Garcia, Mickey Leland, Robert Drinan, Toby Moffett, John Seiberling, Shirley Chisholm, William Gray.

Summary of the Various Sections of the Handgun Crime Control Act of 1979

SECTION 1

This is the title of the bill and emphasizes that the legislation is designed to combat handgun crime by: banning the importation, manufacture, sale and transfer of "Saturday Night Specials"; improving the effectiveness of the 1968 Gun Control Act; promoting better enforcement of gun laws; and aiding the victims of handgun crime.

SECTION 2. CONGRESSIONAL FINDINGS

1. "Easily concealable handguns" have no sporting purpose and are used in a large percentage of criminal offenses.

2. The existing ban on the importation of "easily concealable handguns" has been effectively undermined by the importation of their parts, and their domestic assembly.

3. The public, including the majority of handgun owners, favors effective handgun control.

4. That legitimate handgun ownership should not be impeded by these controls.

5. To more effectively enforce gun laws, the authority for handgun regulations should be transferred from the Treasury Department to the Justice Department.

6. There is a need for stronger controls on the handgun industry to combat illegal traffic in handguns.

7. Receipt of firearms by persons barred from possession burdens interstate commerce. This finding is a response to the Supreme Court ruling in U.S. v. Bass, 404 U.S. 336, 1971, which restricted the government's ability to prosecute felons in possession of handguns.

8. Federal licensing provisions for firearms' manufacturers, importers and dealers do not preempt state and local laws.

9. Fees for federal commercial licensees should be determined according to the cost of administration and enforcement of the law.

10. That innocent victims of handgun crime should be compensated.

SECTION 101: AMENDS SECTION 921—DEFINITION SECTIONS

Adds and changes definitions to fit with the new regulatory scheme. Terms defined are: "dealer," "licensed dealer," "ammunition retailer," "gunsmith," "firearms dealer," "handguns," "handgun model," "pistol," "revolver," "pawnbroker," and "Department." "Handgun" is defined to include its parts. "Department" is defined as the Department of Justice, as authority is shifted from the Secretary of the Treasury to the Attorney General.

SECTION 102: UNLAWFUL ACTS

Under current Federal law (18 U.S.C. Section 922):

A. 1. Only a federally licensed individual can engage in the business of importing, manufacturing or selling firearms and ammunition.

2. The commercial licensee cannot ship firearms or ammunition to a non-licensee except:

The commercial licensee can return a firearm or a replacement firearm to a non-licensee.

A non-licensee can mail a firearm to a commercial licensee for repair or customizing.

A commercial licensee can ship to military or law enforcement personnel who are allowed to receive firearms through the mails.

3. The law applies to the United States and its territories, including the District of Columbia and the Commonwealth of Puerto Rico.

4. A non-licensee cannot transport into or receive in the state where he resides, a firearm obtained in another state.

5. A non-licensee cannot transfer a firearm to an individual from another state except to:

Carry out a bequest.

Temporarily loan the individual a firearm for a sporting purpose.

6. No one can make a misrepresentation or present false identification in connection with obtaining a firearm from a licensee.

B. A commercial licensee cannot transfer:

1. A rifle, a shotgun or their ammunition to an individual younger than 18 years old; or a handgun (i.e., a revolver or pistol) and its ammunition to an individual younger than 21 years of age.

2. A firearm to an individual in the state, where purchase would be illegal under the state law, at the place of sale or delivery.

3. A firearm to an individual who does not reside in the state of the commercial licensee except:

This does not apply to the sale of a rifle or a shotgun to an individual from a contiguous state, if that sale would not violate the law of both states.

Does not apply to the temporary loan or rental of a firearm to an individual for a lawful sporting purpose.

Does not apply to replacing a stolen, lost or inoperative rifle and shotgun which is being used for hunting, or in a match or contest.

4. A destructive device, machinegun, short-barrelled shotgun or rifle, to anyone except those specifically authorized.

5. A firearm or ammunition to any person unless the commercial licensee notes in his records the name, age and place of residence of that person.

C. A commercial licensee may transfer a firearm to an individual who does not appear in person if that individual provides a sworn statement; notice is made to law enforcement authorities; there is a seven-day delay before delivery of the firearm; and appropriate records are maintained by the licensee.

D. A commercial licensee cannot transfer a firearm to any person that he has reason to believe is a: felon (under indictment for, or has been convicted in any court of, a crime punishable by imprisonment for a term exceeding one year); is a fugitive from justice; an unlawful drug user or addict; a mental defective.

E–F. Sets requirements for mailing firearms.

G–H. Those prohibited from purchasing a firearm may not transport a firearm in interstate commerce.

I. It is illegal to transport stolen firearms.

J. It is illegal to receive stolen firearms.

K. It is illegal to transport or receive firearms with the serial number removed or altered.

L. It is illegal for an individual to import firearms unless duly licensed.

M. It is illegal for a licensee to keep false records.

This legislation amends Section 922 to focus on unlawful acts involving handguns, particularly "easily concealable handguns."

1. It restricts certain activities with "easily concealable handguns" such as repairing, renting or mailing such handguns.

2. No handguns may be loaned or rented to another person for temporary use for lawful sporting purposes, unless it is done in the presence of the owner, or on the premises of the owner.

3. A commercial licensee may not sell or deliver a handgun to any person if that sale or delivery is in violation of the law, in the place of residence of the purchaser.

4. A commercial licensee may not sell a handgun to any person who does not appear in person at the commercial licensee's place of business.

5. Bans the manufacture, sale or transfer of "easily concealable handguns," except those classified as curios or relics by the Secretary of the Treasury under the 1968 Gun Control Act.

A non-licensee may only transfer a handgun if that individual knows or has reasonable cause to believe that the handgun is not an "easily concealable handgun."

An individual may mail an "easily concealable handgun" to a commercial licensee for modification to meet the legal standards for handguns, if that individual notifies the local law enforcement agency of his intentions prior to mailing the handgun.

6. Prohibits the modification of a handgun if, as a result of such modification, the handgun falls under the "easily concealable handgun" definition.

7. Prohibit felons, fugitives from justice, drug users, mental defectives, illegal aliens, those who have been dishonorably discharged from the Armed Forces, and those who have renounced their citizenship, from possessing, transporting or receiving firearms in interstate commerce.

8. Prohibits an employee from possessing, transporting or receiving any firearm in the course of his employment if the employer is prohibited by law from such activity.

9. Unlawful to ship or transport a firearm if such shipment violates the law of the state to which or through which the gun is shipped, or an ordinance applicable at the place of sale, delivery or other disposition.

10. A commercial licensee may not sell to one person, and one person may not purchase more than three handguns in one year without the special approval of the Attorney General.

11. It is unlawful for any person to fail to report the theft, loss or disappearance of a handgun to the chief law enforcement officer of the place where the handgun was kept, within 24 hours after discovering the loss, theft or disappearance. It is also to be reported to the Attorney General within 5 days. Each report is to contain the serial number, model, caliber, manufacturer of the handgun, date and the place of theft, loss or disappearance, and a complete statement of facts and circumstances surrounding the theft, loss or disappearance.

SECTION 103: TRANSFER OF HANDGUNS

This section sets out special provisions for the transfer of handguns, except in the situations where both parties are commercial licensees, i.e., licensed importers, manufacturers or dealers. The system for transfers provides alternative procedures which require a check on the eligibility of the purchaser to receive the handgun.

1. Any purchaser with a valid state license-to-carry a handgun, which is issued under a state licensing system that meets certain minimum Federal criteria, may purchase a handgun in any state by: the purchaser appears in person at the licensed dealer's premises and (1) shows the dealer the license; (2) the dealer verifies its validity; (3) the purchaser provides sufficient identification to the dealer for him to reasonably believe the individual described on the license is the purchaser; and (4) the dealer maintains specified records of the transaction.

In the event of a transfer occurring between two non-commercial licensees, the would-be-purchaser must provide the seller with a certificate that establishes the current validity of the state license-to-carry. This certificate must be obtained from the local law enforcement agency or a licensed dealer in handguns in a form prescribed by the Attorney General. Upon completion of the transfer, the seller must forward a prescribed form to a licensed dealer for recordkeeping.

2. A purchaser with a valid state license-to-purchase, which is issued under a state licensing program approved by the Attorney General, may purchase or receive a handgun in that state if:

The purchaser appears in person at the licensed dealer's premises and (1) shows the dealer the license; (2) the dealer verifies its validity; (3) the purchaser provides sufficient identification to the dealer for him to reasonably believe the individual described on the license is the purchaser; and (4) the dealer maintains specified records of the transaction.

In the event of a transfer between two non-licensees the purchaser must provide the seller with a certificate which establishes the validity of the license-to-purchase from a local law enforcement agency, or a licensed dealer in handguns on a form prescribed by the Attorney General. Upon completion of the transfer, the seller reports the transaction to a licensed dealer in a form prescribed by the Attorney General.

Under procedure (1), the Attorney General must approve state license-to-carry laws. The standards for approval require the following minimum provisions:

(1) Prior to issuing the license-to-carry, the state must perform an identity and record check and determine that the individual is not barred from possessing a handgun under Federal or state law.

(2) The license-to-carry provides a means of establishing the identification of the licensee (e.g. photograph).

(3) The state shall issue at least monthly to the Department of Justice and to all licensed dealers within the state, a list of cancelled license numbers.

(4) The license-to-carry may only be issued if a person would not be prohibited from purchasing or carrying a handgun under the law at his place of residence.

(5) The state license-to-carry is nonalterable.

(6) The states maintain a record of the names of individuals who have been issued a license-to-carry.

(7) The license-to-carry is only issued to individuals with a legitimate need to carry a handgun outside their residence or place of business.

(8) The state maintains a record of licensees and periodically reviews people's eligibility for licenses-to-carry.

(9) The state provides for a mandatory penalty of six months imprisonment for those found guilty of carrying a handgun outside of their residence/business without a license-to-carry.

As to procedure (2), the Attorney General will use the following standards in approving a state's license-to-purchase program:

(1) The license-to-purchase is only issued after verifying the identity of the individual and determining that he is not barred by local, state or Federal law from possessing a handgun.

(2) The license-to-purchase provides a photograph or other evidence to verify identity of holder.

(3) Each license-to-purchase allows the individual to carry the handgun in a nonfunctional basis outside his home or place of business not more than 24 hours from the date of receipt.

The license expires within two years and must be renewed by redetermining the holder's eligibility. Each month the state provides the Attorney General and the dealers in that state with a list of cancelled licenses.

(4) The license-to-purchase is issued to an individual if he is not barred from purchase under the local law of his place of residence.

(5) The state license-to-purchase is nonalterable.

(6) The state maintains a record of the names of individuals who have been issued a license-to-purchase.

Under both procedures, states submit a list to the Attorney General of cancelled licenses which are sent to dealers for reference, to determine validity of licenses.

3. Unless the purchaser has a valid state license-to-carry or a valid state license-to-purchase, he must undergo a record and identity check. He must appear in person at the business premises of a licensed dealer:

He must submit a sworn statement stating his name and residence; that his purchase will not be in violation of Federal, state, or local law applicable to his place of residence; that he does not intend to resell it to an individual barred from ownership. The statement must also set forth the title, name and address of the chief law enforcement officer of the purchaser's place of residence.

The purchaser must attach a true copy of any permit required to purchase, own, and carry a handgun in his place of residence.

The purchaser must provide sufficient identification to verify his identity.

The dealer, prior to delivery, must forward to the chief law enforcement officer of the purchaser's residence and to the FBI a copy of the sworn statement.

The dealer must wait 21 days for the verification reports from the law enforcement agency and the FBI. The FBI is required to respond in 15 days. These reports are to be maintained by the dealer.

If, after 21 days, the FBI report has been received, and the dealer has received no indication that the purchase is prohibited, the dealer may transfer the handgun even if the local police fail to respond in 21 days.

In the event of a transfer between two non-licensees, the seller may not transfer the handgun unless he has received from the purchaser or licensed dealer a written certification that the dealer has followed the verification procedure set forth above. Upon completion of the transfer, the seller shall notify the dealer that the transfer has taken place.

The provisions of this section shall not apply to loans or rentals of handguns at legitimate shooting ranges. A licensed dealer who arranges for the transfer of handguns between non-licensees shall be entitled to a fee of not more than $10.

SECTION 104: LICENSING

1. This section deals with various commercial licenses and raises fees to support administration and enforcement efforts. The section also provides for several types of licenses for several types of dealers, e.g., gunsmiths (dealers only involved in the repair of handguns), or ammunition dealers, for whom a lower license fee is required.

a. The fee for dealers in handguns is raised from $10 to $500. The fee for manufacturers of handguns is raised from $50 to $5,000; and the fee for importers of handguns is raised from $50 to $5,000.

b. Conditions for commercial licenses:

(1) Present law requires that the applicant be over 21; not prohibited from possessing a handgun under the law; not have willfully violated any of the provisions of the chapter; not provided false information on his application; and have appropriate business premises.

(2) The legislation sets forth the following additional requirements:

A. Commercial licensees must be doing business in compliance with state and local laws.

B. Commercial licensees must take appropriate security precautions to prevent thefts.

C. Commercial licensee must certify that he will not employ individuals in his licensed business who are prohibited from possessing, transporting, shipping or receiving firearms under the law.

D. Procedures for denial, suspension and revocation of licenses, and allows fines in addition to extreme penalty of license revocation.

E. Provides for a system of private, decentralized record maintenance through the commercial network:

Licensed importers, manufacturers, dealers and collectors must keep records of the importation, production, shipment, receipt, sale, or other disposition of all firearms and ammunition as prescribed by the Attorney General.

Licensed importers and manufacturers must keep records by serial number, of each handgun he imports, receives or manufactures for a period of ten years from the date of disposition. These records shall include: the disposition of the handgun, whether it was sold, transferred, destroyed, lost or stolen; the date of the disposition; and for subsequent sales and transfers reported by licensed dealers, the name and address of the transferor, and the name, address or license number of the transferee.

Licensed dealers must keep by serial number a record of each handgun received or transferred by or through them. The record shall include: whether the disposition was through sale, transfer, trade-in, destruction, loss, theft, or other means; the date of such disposition; and for each sale or transfer of that handgun, the model, the name and address of the transferor, and the name and address or license number of the transferee. Each dealer shall monthly transfer such records to the importer or manufacturer whose serial number appears on the handgun.

Each licensed importer and licensed manufacturer shall conduct periodic audits of the records received from licensed dealers to ensure their accuracy.

In the event the licensee sells or transfers his business, the appropriate records are to be transferred to the new owner. If the licensee ceases business, the records are sent to the Department of Justice.

All licensees shall make their records available for inspection by the Attorney General. They shall submit quarterly reports kept according to handgun size and model, but not including the name or address of any noncommercial licensee, to the Attorney General, summarizing the disposition of all handguns transferred by or through that licensee.

SECTION 105: EASILY CONCEALABLE HANDGUNS ILLEGAL

The Attorney General shall approve for manufacture, assembly, importation, sale or transfer any handgun model which satisfies the criteria established by the Handgun Concealability Criteria Commission.

As recommended by the Commission, the Attorney General shall determine handgun models particularly appropriate for law enforcement authorities. By regulation, he can approve certain quantities for manufacture, available only to these authorities.

The Handgun Criteria Commission will be appointed by the Attorney General to evaluate handguns according to frame size and other factors, to determine such handgun models that are easily concealable, are handguns with potential for criminal use and are handguns particularly suitable for sporting purposes, for criminal use, or are particularly suitable for sporting purposes.

The Commission will have 15 members who are representative of the handgun industry, the law enforcement community, the Armed Forces, citizen groups and the general public. Within one year, the Commission will submit to the Attorney General a report setting forth the proposed criteria. The Attorney General within 30 days of receiving the report shall publish the proposed criteria in the Federal Register for comment. Every two years thereafter the Commission shall evaluate the effectiveness of the criteria and shall revise them if necessary.

The criteria established by the Commission shall be transmitted to the Congress. They will become effective at the end of 60 calendar days from the day they are sent to the Congress, unless either House passes a resolution stating in substance that the House does not favor the criteria submitted.

Prior to the time that the criteria established by the Attorney General becomes effective, he shall approve within 120 days the manufacture, assembly, importation, sale or transfer, of any handgun model that:

For a pistol: Has a positive manually operated safety device; a combined length and height of not less than ten inches. The height being at least four inches and the length six inches. Must attain a total of at least 75 points under the criteria of overall length, frame construction, weight, caliber, safety features and miscellaneous equipment.

For a revolver: Must have an overall frame length of four and one-half inches; a barrel length of at least four inches; has a safety device; attains a total of 45 points under the criteria of barrel length, frame construction, weight, caliber, and miscellaneous equipment.

This measure sets forth procedures for testing and evaluating handguns to determine whether they satisfy the aforementioned standards; and provides for an opportunity for retesting or review of any adverse findings. The Attorney General is also obligated to publish a list of approved handguns in the Federal Register.

SECTION 106: PENALTIES

Present law provides criminal penalties for violation of the gun control laws, and transporting a firearm with intent to commit a felony. Using or carrying a firearm during the commission of a felony is punishable as a separate offense, and for the second offense, a mandatory imprisonment is required.

Under this legislation:

(1) A person who possesses, ships, transports or receives firearms or ammunition, while employed by an employer who he has reason to know is prohibited from possessing, shipping, transporting or receiving firearms or ammunition, faces up to a $1,000 fine and imprisonment of not more than one year or both.

(2) If an individual fails to report a theft or loss of a handgun: on the first offense he will face a fine of not more than $500; for the second and subsequent offenses he shall be fined not more than $1,000, or imprisoned not more than six months or both.

(3) If the individual fails to report a theft of loss of a handgun, and it is subsequently used in a felony, the individual faces a fine up to $5,000 or being imprisoned not more than one year or both.

(4) An illegal transfer between non-licensees makes each liable to a civil penalty of $100. If the transferee subsequently uses the handgun in the commission of a felony the transferor shall be fined not more than $1,000, or imprisoned not more than six months.

(5) If someone uses or carries a firearm in the commission of a felony, he will receive a mandatory sentence of 1–10 years for the first offense; and 2–25 years for the second offense.

(6) Any person will be civilly liable to a handgun victim if he negligently sells a handgun to a person in violation of the provision of the act, and that person then uses the handgun in a crime against that victim.

SECTION 9: RELIEF FROM DISABILITIES

This section contains some technical amendments and a provision permitting those who have been found to be mentally ill to purchase handguns once their health has been restored.

SECTION 10: RULES AND REGULATIONS

This section deals with the Attorney General's authority to prescribe rules and regulations. It contains technical amendments and adds a specific power for agents to administer such oaths as are necessary in the enforcement of firearms laws.

SECTION 11: COMPENSATION FOR VICTIMS OF HANDGUN CRIME

This section outlines a system to provide Federal grants to support federally approved state programs for compensation for personal injury and death of victims of handgun crime. Funding is derived from regular appropriations. An Advisory Committee on Victims of Handgun Crime is appointed by the President to advise the Attorney General on policies relating to the compensation of victims of handgun crimes.

SECTION 12: TRANSFER OF FUNCTIONS

All functions relating to the gun control act now performed by the Secretary of the Treasury are transferred to the Attorney General.

There is established in the Department of Justice the Firearms Safety and Abuse Control Administration. It will be headed by an administrator appointed by the President and confirmed by the Senate. The Attorney General will report annually to the Congress on the activities of this agency, the impact of the firearms laws and recommendations for new legislation.

SECTION 13

This section slightly alters the current explosives provisions in order to update the language concerning drug users to conform with the Controlled Substances Act.

SECTION 14

This section revises the provisions dealing with explosives' license holders. It extends to 90 days the time the Attorney General has to approve or disapprove a license application and it permits the Justice Department to impose civil fines or suspensions on licensed dealers for violations of explosives regulations.

SECTION 15

Technical amendments to the postal regulations.

SECTION 16

This repeals part of the existing gun control laws which are made redundant by the provisions to this bill.

SECTION 17

This section contains the effective dates of the legislation.●

● Mr. WEISS. Mr. Speaker, I am joining Chairman RODINO today in introducing the Handgun Crime Control Act of 1979.

Recent FBI statistics indicate that the rate of criminal violence in our Nation has increased by 13 percent for the first half of 1979. Tragically and needlessly, almost 4,000 Americans have died this year as a result of handgun shootings alone.

These appalling figures once again underscore the need for effective and immediate reform of national gun control laws. I believe that the legislation being offered today would move us far in that direction.

The Handgun Crime Control Act would ban all commerce in so-called Saturday night specials. It would also require the handgun industry to take greater responsibility and behave more accountably in the sale of its potentially deadly products. The bill would impose stiffer penalties, would establish mandatory sentencing and would assess civil liability in cases of handgun crime.

Incidents of handgun violence would be further reduced under the legislation through more effective enforcement of existing law and through a needed strengthening of the Federal regulatory process. Finally, the measure tightens distribution of handguns by requiring that owners be more responsible for the possession, use, and ultimate disposition of these weapons. Victims of handgun shootings would also be compensated under the bill.

As the author of New York City's strict gun control law, I have long advocated national legislation to promote domestic disarmament. I know from direct experience in New York that local and State statutes are insufficient to curb a problem that does not recognize jurisdictional borders. Illegal interstate traffic in weapons can be stopped only through tougher Federal enforcement and stronger legislative initiatives.

During the past decade, the body count in our country has steadily increased as bill after bill to control handguns has been proposed, debated, and ultimately defeated by a powerful and unrepresentative special interest lobby. With one American dying every hour of every day as a result of handgun violence, there can no longer be any plausible excuse for delay in this area.

I urge my colleagues to lend their full support to this effort to prevent the slaughter of thousands of Americans.●

DORMAN L. COMMONS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. CORMAN) is recognized for 5 minutes.

● Mr. CORMAN. Mr. Speaker, on November 18, the Anti-Defamation League of the B'nai B'rith will present its prestigious Torch of Liberty Award to Dorman L. Commons. The Torch of Liberty Award is this organization's highest honor and is given in recognition of outstanding community service.

Mr. Commons has been very active in community affairs, with a special concern for public schools. He is currently chairman of the California Friends of Public Education and served with distinction on the California State Board of Education for 8 years.

He has been very active in the field of civil rights and has served as president of the Constitutional Rights Foundation.

Mr. Commons has had a longtime interest in the promotion of exports. He served as a member of the National Advisory Council on Exports during the Johnson administration and is currently a member of the President's Export Council.

The Anti-Defamation League was created in 1913 and is dedicated to translating democratic ideals into a way of life. Periodically, the ADL honors an individual who, through his unique and dedicated public service, has helped to further these goals. Dorman L. Commons is such a man.●

JOHN J. SCHAEFER

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. ADDABBO) is recognized for 5 minutes.

● Mr. ADDABBO. Mr. Speaker, I call to the attention of my colleagues the achievements of my constitutional and longtime personal friend, John J. Schaefer, past commander of Colyer Post 28 American Legion, in South Ozone Park, N.Y.

Born in 1891 in Frankfurt, Germany, and a resident of Queens for over half a century, John Schaefer has devoted much of his life to the American Legion. A veteran of World War I where he served as a private first class in the Medical Corps in Georgia and Virginia, John will soon celebrate his 44th year of continuous and meritorious service to this fine organization.

The last few months have been busy ones for this 88-year activist as he has been showered with a plethora of awards and appointments. On June 6, at the annual election of officers of the Wilbur E. Colyer Post 28 he was reelected chaplain for his 30th year. On that very evening, organized—and was subsequently elected as—the "First President of the Colyer Post Past Commanders Club" for 1979–80. Later in June, at the 61st annual convention of the Queens County American Legion he was reelected for his 11th year as historian. In July at the 61st annual convention of the American Legion of New York held at Rochester, N.Y., John was reappointed for his 10th year as historian and 7th year as ritual chairman of the 10th district American Legion of New York.

Just recently at the Colyer Post executive committee and life membership meeting, John, along with six other past commanders, were chosen to receive the highly coveted life membership cards and plaques.

It should be duly noted that among John's many other accomplishments he had served for the past 20 years as county ritual chairman and is a member of the highly prestigious Honor Society of Queens, serving at one time or another as chaplain, historian, chairman of publicity, and secretary.

Though at an age when many people would be content to sit back and watch the world pass by, John J. Schaefer has refused to do so. He has remained a man of great energy and vigor, a man who loves this Nation and what it stands for. Very often we hear that patriotism is a thing of the past. John Schaefer and the American Legion are living proof that patriotism is alive and well and will continue to flourish in our great country. I wish John and his charming wife Johannah many more years of happiness and service to the community.●

RAY ROBERTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. HEFNER) is recognized for 5 minutes.

● Mr. HEFNER. Mr. Speaker, On October 29, RAY ROBERTS announced that he will not seek reelection to the 97th Congress as a Representative of the Fourth Congressional District of Texas.

This decision by the distinguished gentleman from Texas comes as a personal shock to me. I say this because I am one of the few Members who has the unique opportunity to serve with RAY on two committees. As we all know, RAY is the chairman of the Committee on Veterans' Affairs and chairman of the Subcommittee on Water Resources of the Public Works Committee, of which he is the ranking majority member. It is my honor to be chairman of the Subcommittee on Education, Training, and Employment on the Veterans' Affairs Committee and to serve as a member of the Public Works Committee. Since my election to Congress, I have worked almost continuously with Ray Roberts on issues of intense interest to millions of Americans which have, or will have a profound and lasting effect on the affairs of the Nation. In this regard, I have come to know him as a dedicated public servant who has earned my respect and admiration.

During Ray Roberts' career, he has been intimately associated with a large number of great Americans. Two great Texans were the late President Lyndon B. Johnson with whom he implemented programs before World War II for the late President Franklin D. Roosevelt, and the late Speaker, Sam Rayburn, for whom he served as staff assistant before he was elected to take the seat of Speaker Rayburn when he died in 1962.

Ray Roberts is a great and good friend of countless numbers of veterans and their families. He is held in the highest regard from past Presidents of the United States such as President Gerald Ford, with whom he served many years in Congress to the least known veteran or his dependent. Regardless of the station in life these Americans may occupy, Ray Roberts is held in the highest esteem by all.

Ray Roberts is a veteran of two wars. He served in the United States Navy with distinction in both World War II and the Korean conflict. Following the Korean conflict, Ray continued as an active member in the Naval Reserve until he retired with the rank of captain. This experience has undoubtedly provided Ray with a keen insight into the needs, goals and desires of veterans which has helped him earn the justifiable reputation as the spokesman for veterans in the Congress and throughout the land.

The retirement of Ray Roberts at the end of this Congress will leave a void which will be hard to replace. I know that I personally will no longer have his wisdom and counsel to guide me. Ray Roberts has an outstanding legislative record of achievement during his distinguished career which is too numerous to include in these remarks.

In addition, down through the years, Ray has received many accolades and honors which are too lengthy to enumerate and describe. A most recent and typical one was bestowed by the American Legion, an organization representing 2,700,000 veterans, which occurred in February 1979. Called the Distinguished Public Service Award, the award sums up Ray's public service in these words:

> In recognition of his selfless devotion to the Nation, the preservation of its resources, and his compassionate leadership on behalf of its war veterans.

I will miss Ray Roberts' advice and counsel, but I consider myself most fortunate to have profited from his leadership and counsel during my service in the Congress.●

OPENING OF MAIL BY U.S. CUSTOMS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. Preyer) is recognized for 5 minutes.

● Mr. PREYER. Mr. Speaker, today I am reintroducing a bill, first introduced last fall, which would require customs agents to obtain a search warrant before they can open incoming, sealed international mail that weighs 1 ounce or less.

This legislation will implement the recommendation of the Committee on Government Operations contained in House Report No. 95-1681. The recommendation, endorsed unanimously by the committee, was the product of more than a year's inquiry and evaluation by the Government Information and Individual Rights Subcommittee, which I chair.

The subcommittee investigation and the committee report and recommendation have already achieved considerable success in improving the operations of the Customs Service regarding the opening of mail. As a result of the subcommittee's work, the Customs Service developed a new, detailed policy statement and a set of working procedures which seek to regulate the opening of incoming international mail. The new policies and procedures, coupled with an intensive training and education program for employees who inspect the mail, have resulted in a significant reduction of the opening of "innocent" mail; that is, mail which contains no contraband.

One indication of this improvement has been the continuing decline in the number of complaints received by the Customs Service regarding its mail-opening activities. Customs officials maintain that the improvement is the result of a new sensitivity on the part of employees and officers of the Service to the privacy and other individual rights of citizens.

However effective the current policies and improvements of the Customs Service, though, the fundamental first amendment and privacy interests which are at stake need more certain protection. Where fundamental civil liberties are in question, the good will and sincere intentions of executive officers are not enough. Men change; new administrations and individuals replace the old; and the sensitivity of which the Customs Service is now so justly proud will fade. It is for those reasons that we have a government of laws and that the Committee on Government Operations recommended the limitations on the Customs Service's ability to open mail which this bill seeks to establish.

The bill implements the committee conclusion that a warrant requirement for lightweight mail would better protect first amendment interests without imposing an onerous administrative burden on the Customs Service. Letters weighing 1 ounce or less would be presumed to contain only correspondence. They could be opened only if the customs officer obtained a search warrant based upon a showing of probable cause to believe the letter contains something other than correspondence. The committee reasoned that heavier mail articles can more easily conceal contraband or dutiable merchandise, hence should continue to be subject to opening without a warrant.

In addition to requiring the warrant for lightweight mail, the bill would also elevate from regulation to statute the prohibition on reading any correspondence in sealed mail of any weight without a search warrant.

I urge the earliest consideration of this bill and invite the dialog which will assure its successful passage into law.●

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. Ottinger) is recognized for 5 minutes.

● Mr. OTTINGER. Mr. Speaker, earlier today I missed the vote, rollcall No. 631, on passage of H.R. 4007, repayment of loans to certain unemployment programs, having delayed too long in a conference to make the vote. Had I been present I would have voted "aye."●

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. Drinan) is recognized for 5 minutes.

● Mr. DRINAN. Mr. Speaker, due to a commitment to be in Boston earlier today, I was absent from the House of Representatives for a brief period during consideration of House Resolution 363. This resolution provided for the consideration of H.R. 4007, a bill respecting the repayment of loans made to State unemployment funds. Had I been present for rollcall No. 630, on approval of the resolution, I would have voted "aye."●

SUPPORT REORGANIZATION OF GOVERNMENT TRADE FUNCTIONS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon (Mr. AuCoin) is recognized for 5 minutes.

● Mr. AuCOIN. Mr. Speaker, tomorrow the House will consider the President's plan to reorganize the trade functions of the Federal Government. I urge my colleagues to support the President's proposal by defeating the resolution of disapproval.

As we consider this plan, we must ask not only if the reorganization of Government trade functions is needed, but more important, if this particular plan will make a positive contribution to improving our international trade posture.

Mr. Speaker, there can be no doubt about the need to reorder the Government's trade functions and improve its assistance to exporters. Consider the facts:

In 1978, our trade deficit was nearly $30 billion, the highest in U.S. history. The 1979 deficit has made only a modest improvement and is running at the rate of nearly $25 billion.

Moreover, we are now in the 41st straight month of trade deficits. For the month of July alone, the deficit totaled over $2.4 billion.

In 1978 the ailing dollar weakened

against every major foreign currency except the Canadian dollar. Our continuing enormous trade deficits are putting tremendous downward pressure on the dollar.

Our international trade position, once as the world's largest exporter, has now deteriorated severely. Each year our competitive ability erodes. In 1960 the United States held around 20 percent of international trade. By 1978 our share had declined to around 14 percent. If we could increase our share of world trade by only 1 percent our trade score would nearly be balanced.

The impact of realities is far-reaching. Today, one in nine manufacturing jobs is directly or indirectly dependent on exports. And it is estimated that for every billion dollars of exports, 40 to 50 thousand jobs are created. So making up our current deficit with increased exports would potentially add an additional 1.2 to 1.5 million new jobs to the economy.

For my own State of Oregon, fully one in nine jobs depends on exports and $1 in $5 of farm exports comes from farm sales. The Port of Portland—10th largest in the United States—is clearly a vital force in the State's economy.

We should also note the very important role that export trade plays as one of the great growth sectors of our economy. Between 1960 and 1970, U.S. exports in current dollars increased annually at 8.5 percent. But between 1970 and 1975—just half the time—they grew at a rate of 18.7 percent. When we realize that only 30,000 firms, or less than 10 percent of all manufacturing concerns in the country are responsible for this growth, the potential for American trade assumes dramatic proportions.

There can be no mistake, Mr. Speaker, that international trade is a key to our economic well-being. And it is time that the Federal Government began to lend its constructive efforts toward correcting the imbalance in our international trade. The steps outlined in the President's plan will help to do this.

Now we must ask, are these steps enough? Will they indeed help us to harness the vast potential of American business and industry for the export markets? No reasonable person is going to say unequivocally that the proposed changes will be 100 percent successful. But they are an important first step toward the goal we seek.

The consolidation of authority over policy concerning import remedies, East-West trade, international commodities, and export expansion in the hands of the U.S. Trade Representative will make a significant contribution to the development of a cohesive, national trade policy—so important to our economic future. Vesting the Department of Commerce with the responsibility for policy implementation (antidumping and countervailing duty administration, commercial representation abroad, and implementation of the Multilateral Trade Negotiation Agreements) will allow us to put some muscle behind that policy.

The office of the Special Trade Representative and the Under Secretary of Commerce for Trade will have to work very closely together in order to insure that their efforts are mutually supportive. I trust that this will be the case.

Many had hoped for a broader reorganization and even the creation of a single agency to develop and implement our trade policy. While the present proposal falls short of this, in my view it represents substantial progress and is worthy of support. It is, after all, a beginning. It moves toward a needed centralization of authority and demonstrates an awareness of our requirements for greater trade promotion.

We will want to keep a vigilant eye on how this plan operates and we will want to continue our efforts to reform existing law to enhance further trade opportunities for American business and industry.

Mr. Speaker, we are not going to right our trade imbalance overnight and we certainly will not do it by simple reorganization. But this is an important first step. It is needed now and, coupled with other trade reforms, it will help us to achieve our goal.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. de la Garza (at the request of Mr. Wright), for today, on account of official business.

Mr. Bevill (at the request of Mr. Dan Daniel), on account of official business after 4:30 p.m. today and all day November 8, 1979.

Mrs. Snowe (at the request of Mr. Rhodes), for November 8 and the balance of the week, on account of official business.

Mr. Young of Alaska (at the request of Mr. Rhodes), for today, on account of illness.

Mrs. Heckler (at the request of Mr. Rhodes), for November 8, and the balance of the week, on account of official business.

Mrs. Fenwick (at the request of Mr. Rhodes), for November 8, and the balance of the week, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Solomon) to revise and extend their remarks and include extraneous material:)

Mr. Kemp, for 10 minutes, today.
Mr. Martin, for 30 minutes, today.
Mr McKinney, for 5 minutes, today.
Mr. Grassley, for 5 minutes, today.
Mr. Ashbrook, for 20 minutes, today.

(The following Members (at the request of Mrs. Byron) to revise and extend their remarks and include extraneous material:)

Mr. Montgomery, for 5 minutes, today.
Mr. Carr, for 5 minutes, today.
Mr. McKinney, for 5 minutes, today.
Mr. Weaver, for 10 minutes, today.
Mr. Ashbrook, for 20 minutes, today.
Mr. Gonzalez, for 15 minutes, today.
Mr. Ullman, for 5 minutes, today.
Mr. Rodino, for 5 minutes, today.
Mr. Corman, for 5 minutes, today.
Ms. Ferraro, for 5 minutes, today.
Mr. Addabbo, for 5 minutes, today.
Mr. Hefner, for 5 minutes, today.
Mr. Preyer, for 5 minutes, today.
Mr. Ottinger, for 5 minutes, today.
Mr. Drinan, for 5 minutes, today.
Mr. AuCoin, for 5 minutes, today.
Mr. Long of Louisiana, for 15 minutes, on November 9.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Pepper, to extend his remarks in the body of the Record just before the vote on H.R. 4904.

(The following Members (at the request of Mr. Solomon), and to include extraneous material:)

Mr. Royer.
Mr. Lewis.
Mr. Broomfield.
Mr. Derwinski in three instances.
Mr. Bafalis.
Mr. Kemp.
Mr. Whitehurst in two instances.
Mr. Collins of Texas in three instances.
Mr. Lee.
Mr. Ashbrook in three instances.
Mr. Bereuter.
Mr. Gingrich.
Mr. Shumway.
Mr. Spence.
Mr. Philip M. Crane in two instances.
Mr. Evans of Delaware.
Mr. McDade.
Mr. Daniel B. Crane.
Mr. Rousselot in two instances.
Mr. Bethune in two instances.
Mr. Goldwater.
Mr. Rudd.
Mr. Walker.
Mr. Grassley.
Mr. Michel in two instances.
Mr. Roth.
Mr. Bob Wilson in two instances.
Mr. Ritter.

(The following Members (at the request of Mrs. Byron) and to include extraneous matter:)

Mrs. Spellman.
Mr. Bolling.
Mr. Skelton.
Mr. Long of Maryland in two instances.
Mr. Addabbo.
Mr. Frost.
Mr. Rodino in two instances.
Mr. Hamilton in two instances.
Mr. Dingell in two instances.
Mr. Florio.
Mr. Mazzoli.
Mr. Pepper in two instances.
Mr. Solarz in three instances.
Mr. Drinan in three instances.
Mr. Stark in five instances.
Mr. Montgomery.
Mr. Bailey in three instances.
Mr. Scheuer in five instances.
Mr. de la Garza in 10 instances.
Mr. Charles Wilson of Texas.
Mr. Rahall.
Mr. Mottl.
Mr. Ratchford.
Mr. Udall.
Mr. Harris.

Mr. MATSUI.
Mr. MCDONALD.
Mr. BEDELL.
Mr. DANIELSON in two instances.
Mr. SYNAR.
Mr. PATTERSON in two instances.
Mr. EDWARDS of California.
Mr. DIXON.
Mr. ZABLOCKI.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 405. An act for the relief of Hun Sik Sanderson; to the Committee on the Judiciary;

S. 919. An act for the relief of Jennifer Ferrer; to the Committee on the Judiciary;

S. 1655. An act to designate the building known as the Federal Building, at 211 Main Street, in Scott City, Kans., as the "Henry D. Parkinson Federal Building"; to the Committee on Public Works and Transportation;

S. 1535. An act to name a certain Federal building in Rochester, N.Y., the Kenneth B. Keating Building; to the Committee on Public Works and Transportation;

S. 1655. An act to designate the building known as the Department of Labor Building in Washington, District of Columbia, as the "Frances Perkins Department of Labor Building"; to the Committee on Public Works and Transportation; and

S. 1686. An act to designate the building known as the Federal Building in Wilmington, Del., as the "J. Caleb Boggs Building"; to the Committee on Public Works and Transportation.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 640. An act to authorize appropriations for the fiscal year 1980 for certain maritime programs of the Department of Commerce, and for other purposes;

S. 838. An act to authorize appropriations for fiscal years 1980, 1981, and 1982 to carry out cooperative programs with the States for the conservation of anadromous fish, and for other purposes; and

S. 1281. An act to revitalize the pleasure cruise industry by clarifying and waiving certain restrictions in the Merchant Marine Act, 1936, and the Merchant Marine Act, 1920, to permit the entry of the steamship vessel United States, steamship vessel Oceanic Independence, steamship vessel Santa Rosa, and the steamship vessels Mariposa and Monterey into the trade.

ENROLLED BILLS SIGNED

Mr. THOMPSON, from the Committee on House Administration, reported that the committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 998. An act to amend the Agricultural Adjustment Act of 1938, as amended, to exempt State prison farms from paying of marketing quota penalties;

H.R. 2196. An act to establish a Congressional Award Board to administer a Congressional Award Program designed to encourage initiative and achievement among youths;

H.R. 3319. An act for the relief of Jose Quintana Dominguez Sendelas; and

H.R. 5279. An act to provide for the distribution within the United States of the International Communication Agency film entitled "Reflections: George Meany."

A BILL PRESENTED TO THE PRESIDENT

Mr. THOMPSON, from the Committee on House Administration, reported that that committee did on November 5, 1979, present to the President, for his approval, a bill of the House of the following title:

H.R. 2515. To authorize on a temporary basis certain business and agricultural loans, notwithstanding interest limitations in State constitutions of statutes, and for other purposes.

ADJOURNMENT

Ms. FERRARO. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 11 minutes p.m.), the House adjourned until tomorrow, Thursday, November 8, 1979, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2757. A letter from the Secretary of Agriculture, transmitting a draft of proposed legislation to regulate the production, sale, and shipment of animal biological products, and to repeal the act of March 4, 1913; to the Committee on Agriculture.

2758. A letter from the President of the United States, transmitting proposed supplemental appropriations for fiscal year 1980 (H. Doc. No. 96–218); to the Committee on Appropriations and ordered to be printed.

2759. A letter from the Comptroller General of the United States, transmitting his review of the deferrals and revised deferral of budget authority contained in the message from the President dated September 27, 1979 (H. Doc. No. 96–195), pursuant to section 1014(b) and (c) of Public Law 93–344 (H. Doc. No. 96–219); to the Committee on Appropriations and ordered to be printed.

2760. A letter from the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics), transmitting a report on Selected Reserve recruiting and retention incentives as of August 31, 1979, pursuant to 10 U.S.C. 2134 and section 308b and 308c of title 37, United States Code; to the Committee on Armed Services.

2761. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of Council Act No. 3–113, to amend the District of Columbia Consumer Transmission of Money Act of 1978, and to provide administrative flexibility, pursuant to section 602(c) of Public Law 93–198; to the Committee on the District of Columbia.

2762. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of Council Act No. 3–114, to require the installation of smoke detectors in all nursing homes and residential-custodial care facilities by January 1, 1980; to require the installation of smoke detectors before a certificate of occupancy may be issued; to authorize the Mayor or his designee to enforce the Building Code, Fire Prevention Code, Health Regulations, Housing Regulations and Smoke Detectors Act of 1978; to revise the egress and fire door requirements for community residence facilities and for other purposes, pursuant to section 602(c) of Public Law 93–198; to the Committee on the District of Columbia.

2763. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of Council Act No. 3–119, to raise the interest rate ceiling in the District of Columbia on residential mortgage loans and certain consumer loans, and for other purposes, pursuant to section 602(c) of Public Law 93–198; to the Committee on the District of Columbia.

2764. A letter from the Administrator, Law Enforcement Assistance Administration, Department of Justice, transmitting the third analysis and evaluation of Federal juvenile delinquency programs, covering fiscal year 1978, pursuant to section 204(b)(5) of the Juvenile Justice and Delinquency Prevention Act of 1974, as amended; to the Committee on Education and Labor.

2765. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of the proposed issuance of a license for the export of certain defense articles sold commercially to the Federal Republic of Germany (Transmittal No. MC–1–80), pursuant to section 36(c) of the Arms Export Control Act; to the Committee on Foreign Affairs.

2766. A letter from the Assistant Secretary of State for Congressional Relations, transmitting a report on political contributions made by Ambassador-designate Patricia M. Byrne, and by members of her family, pursuant to section 6 of Public Law 93–126; to the Committee on Foreign Affairs.

2767. A letter from the Assistant Secretary of State for Congressional Relations, transmitting a report on political contributions made by Ambassador-designate Angier B. Duke, and by members of his family, pursuant to section 6 of Public Law 93–126; to the Committee on Foreign Affairs.

2768. A letter from the Assistant Secretary of State for Congressional Relations, transmitting a report on political contributions made by Ambassador-designate Richard C. Matheron, and by members of his family, pursuant to section 6 of Public Law 93–126; to the Committee on Foreign Affairs.

2769. A letter from the Assistant Secretary of State for Congressional Relations, transmitting a report on political contributions made by Ambassador-designate Richard W. Petree, and by members of his family, pursuant to section 6 of Public Law 93–126; to the Committee on Foreign Affairs.

2770. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b; to the Committee on Foreign Affairs.

2771. A letter from the Deputy Secretary of the Treasury, transmitting a draft of proposed legislation to authorize the Bureau of Engraving and Printing to use recording clocks to record time and attendance of employees; to the Committee on Government Operations.

2772. A letter from the Secretary of Health, Education, and Welfare, transmitting a report on the Department's disposal of foreign excess property during fiscal year 1979, pursuant to section 404(d) of the Federal Property and Administrative Services Act of 1949, as amended; to the Committee on Government Operations.

2773. A letter from the Assistant Secretary for Administration, Department of Housing and Urban Development, transmitting notice of two proposed new records systems for the Department, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

2774. A letter from the Comptroller General of the United States, transmitting a report on the examination of financial statements of the Government Printing Office for fiscal year 1978 (LCD-80-4, Nov. 2, 1979), pursuant to 44 U.S.C. 309(c); to the Committee on Government Operations.

2775. A letter from the Acting Assistant Secretary of the Interior, transmitting a draft of proposed legislation to amend the act of October 19, 1973 (87 Stat. 466), relating to the use or distribution of certain judgment funds awarded by the Indian Claims Commission or the Court of Claims, and for other purposes; to the Committee on Interior and Insular Affairs.

2776. A letter from the Deputy Assistant Secretary of the Interior, transmitting notice of the bidding systems to be used and the tracts to be offered in OCS Lease Sale No. 58A, pursuant to section 8(a)(8) of the Outer Continental Shelf Lands Act, as amended; to the Committee on Interior and Insular Affairs.

2777. A letter from the Secretary of Health, Education, and Welfare, transmitting notice of a delay in the submission in the annual reports for fiscal years 1978 and 1979 on the administration of the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970, and part C of the Community Mental Health Centers Act, required by section 102(1) of Public Law 91-616; to the Committee on Interstate and Foreign Commerce.

2778. A letter from the Secretary of Health, Education, and Welfare, transmitting a report on the health professions financial distress grant program, pursuant to section 788 (b) of the Public Health Service Act, as amended; to the Committee on Interstate and Foreign Commerce.

2779. A letter from the Director, Office of Congressional and Public Affairs, Federal Energy Regulatory Commission, transmitting proposed regulations establishing requirements and procedures for a determination of qualifying status for small power production and cogeneration facilities under section 210 of the Public Utility Regulatory Policies Act of 1978; to the Committee on Interstate and Foreign Commerce.

2780. A letter from the Chairman and Chief Executive Officer, Consolidated Rail Corporation, transmitting a draft of an employee stockownership plan and a report on the progress in establishing and administering the plan, pursuant to section 216(f)(5) of Public Law 93-236, as amended; to the Committee on Interstate and Foreign Commerce.

2781. A letter from the Associate Director, Legislative Liaison, Department of the Air Force, transmitting a draft of proposed legislation to amend the Military Personnel and Civilian Employees' Claims Act of 1964, as amended, with respect to the settlement of claims against the United States by members of the uniformed services and civilian officers and employees for damage to, or loss of, personal property incident to their service; to the Committee on the Judiciary.

2782. A letter from the Acting Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting copies of orders suspending deportation under the authority of section 244(a)(1) of the Immigration and Nationality Act, together with a list of the persons involved, pursuant to section 244(c) of the act; to the Committee on the Judiciary.

2783. A letter from the national adjutant, Veterans of World War I of the U.S.A., Inc., transmitting the proceedings of the organization's national convention and its financial statements for the 9 months ended June 30, 1979, pursuant to section 16 of Public Law 85-530, and section 3 of Public Law 88-504 (H. Doc. No. 96-220); to the Committee on the Judiciary and ordered to be printed.

2784. A letter from the Secretary of Transportation, transmitting a report on the feasibility and desirability or designating routes in Alaska and Puerto Rico as part of the National System of Interstate and Defense Highways, pursuant to section 156 of the Surface Transportation Assistance Act of 1978; to the Committee on Public Works and Transportation.

2785. A letter from the Administrator, National Aeronautics and Space Administration, transmitting notice of a proposed redirection of NASA's Galileo project, pursuant to section 4(3) of Public Law 96-48; to the Committee on Science and Technology.

2786. A letter from the director, National Legislative Commission, American Legion, transmitting the proceedings of their 61st annual national convention, a report of activities for the year preceding the convention, and a financial statement and independent audit of the organization, pursuant to section 9 of the act of September 19, 1919, and section 3 of Public Law 88-504 (H. Doc. No. 96-221); to the Committee on Veterans' Affairs and ordered to be printed.

2787. A letter from the Assistant Secretary of State for Congressional Relations, transmitting copies of Presidential Determinations No. 80-2, finding that the waiver of the application of subsections (a) and (b) of section 402 of the Trade Act of 1974 with respect to the People's Republic of China will substantially promote the objectives of the act, pursuant to section 402(c)(2)(A) of the act, and No. 80-2 finding that the Agreement on Trade Relations between the United States of America and the People's Republic of China will promote the purposes of the act and is in the national interest; to the Committee on Ways and Means.

2788. A letter from the Director of Congressional Relations, U.S. Consumer Product Safety Commission, transmitting budget estimates submitted to OMB in response to its request to members of the Interagency Regulatory Liaison Group (IRLG) for a management analysis and operating plan through fiscal year 1981 concerning IRLG activities, pursuant to section 27(k)(1) of the Consumer Product Safety Act of 1972, as amended; jointly, to the Committees on Appropriations and Interstate and Foreign Commerce.

2789. A letter from the Acting General Counsel, Department of Defense, transmitting a draft of proposed legislation to authorize the establishment of a Senior Cryptologic Executive Service and merit pay and awards system within the National Security Agency and to make necessary amendments to title 5, United States Code; jointly, to the Committee on Armed Services, the Permanent Select Committee on Intelligence, and Post Office and Civil Service.

2790. A letter from the Comptroller General of the United States, transmitting a report on the Navy's capacity for depot electronic/electrical maintenance (LCD-80-3, Nov. 2, 1979); jointly, to the Committees on Government Operations and Armed Services.

2791. A letter from the Comptroller General of the United States, transmitting a report on the Air Force's plans to modernize its Air Reserve Forces (LCD-80-11, Nov. 6, 1979); jointly, to the Committees on Government Operations and Armed Services.

2792. A letter from the Chairman, Federal Communications Commission, transmitting an interim report on the Commission's study of public maritime coast station services, pursuant to section 506(b) of the Communications Satellite Act of 1962, as amended (92 Stat. 2395); jointly, to the Committees on Interstate and Foreign Commerce and Merchant Marine and Fisheries.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MURPHY of New York: Committee on Merchant Marine and Fisheries. H.R. 4310. A bill to amend the Federal Boat Safety Act of 1971 to improve recreational boating safety and facilities through the development, administration, and financing of a national recreation boating safety and facilities improvement program, and for other purposes; with amendment (Rept. No. 96-591, pt. 1). Ordered to be printed.

Mr. ULLMAN: Committee on Ways and Means. H.R. 4310. A bill to amend the Federal Boat Safety Act of 1971 to improve recreational boating safety and facilities through the development, administration, and financing of a national recreational boating safety and facilities improvement program, and for other purposes; with amendment (Rept. No. 96-591, pt. 2). Referred to the Committee of the Whole House on the State of the Union.

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 126. A bill to permit the National Park Service to accept privately donated funds and to expend such funds on property on the National Register of Historic Places; with amendment (Rept. No. 96-592). Referred to the Committee of the Whole House on the State of the Union.

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 5182. A bill to amend the Chesapeake and Ohio Canal Development Act to change the termination date of the Chesapeake and Ohio Canal National Historical Park Commission from the date 10 years after the effective date of such act to the date 20 years after such effective date. (Rept. No. 96-593). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BEARD of Tennessee:

H.R. 5806. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income all dividends received by individuals from domestic corporations and to exclude from gross income interest on certain savings; to the Committee on Ways and Means.

By Mr. BEDELL:

H.R. 5807. A bill to deauthorize the construction of the irrigation project for the Oahe unit, James division, Missouri River Basin project in South Dakota, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. BIAGGI:

H.R. 5808. A bill to revise and improve the laws relating to the shipment, discharge, and protection of seamen, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. DERRICK:

H.R. 5809. A bill to amend the Atomic Energy Act of 1954 to authorize States to enter into agreements or compacts with other States for the establishment of regional disposal sites for low-level radioactive waste, to establish certain rules respecting the ownership of low-level radioactive waste, and for other purposes; jointly to the Committees on Interior and Insular Affairs and Interstate and Foreign Commerce.

By Mr. EVANS of Delaware:

H.R. 5810. A bill to amend the Internal Revenue Code of 1954 to provide a refundable tax credit to fuel providers for reductions in the cost of home heating fuel for the low-income elderly and disabled, and for other purposes; to the Committee on Ways and Means.

By Mr. FAUNTROY (for himself, Mr. Barnes, Mr. Dellums, and Mr. McKinney):

H.R. 5811. A bill to allow the Interest Rate Modification Act of 1979 passed by the Council of the District of Columbia to take effect immediately; to the Committee on the District of Columbia.

By Mr. HAMMERSCHMIDT:

H.R. 5812. A bill to amend the Department of Education Organization Act to transfer authority with respect to rural education to the Assistant Secretary for Elementary and Secondary Education, and for other purposes; to the Committee on Education and Labor.

By Mr. HIGHTOWER:

H.R. 5813. A bill to amend the Immigration and Nationality Act to provide for the deportation of nonimmigrant alien students who knowingly participated in a violent political demonstration or otherwise participated in activities inconsistent with the terms of their admittance to the United States; to the Committee on the Judiciary.

By Mr. JACOBS:

H.R. 5814. A bill to require that $50 bills bear a portrait of Georgia Neese Clark Gray, the first woman to serve as Treasurer of the United States; to the Committee on Banking, Finance and Urban Affairs.

By Mr. KEMP:

H.R. 5815. A bill to amend the Internal Revenue Code of 1954 to allow certain married individuals who file separate returns to be taxed as unmarried individuals; to the Committee on Ways and Means.

By Mr. KINDNESS (for himself and Mr. Symms):

H.R. 5816. A bill to replace the program established under the Food Stamp Act of 1977 with a 5-year federally funded program established by the States; to the Committee on Agriculture.

Mr. LAGOMARSINO:

H.R. 5817. A bill to designate certain lands in the Los Padres National Forest, Calif., as the "Dick Smith Wilderness"; to the Committee on Interior and Insular Affairs.

By Mr. LUKEN:

H.R. 5818. A bill to amend title II of Public Law 94–305 to expand the duties of the Office of Advocacy of the Small Business Administration, to amend the Small Business Investment Act of 1958, to promote the viability of small businesses in the sale and distribution of soft drinks, to clarify the status of territorial provisions in licenses to manufacture, distribute, and sell trademarked soft drink products, and to protect the environment from adverse effects which would result from the elimination of returnable, refillable bottles, and for other purposes; jointly, to the Committees on the Judiciary, Interstate and Foreign Commerce, and Small Business.

By Mr. McCORMACK:

H.R. 5819. A bill to provide for research, development, and demonstration of the safe and permanent disposal of low level radioactive wastes from hospitals, medical schools, research facilities, nuclear powerplants, and other sources; jointly, to the Committees on Science and Technology, Interior and Insular Affairs, and Interstate and Foreign Commerce.

By Mr. PREYER (for himself, Mr. Brooks, Mr. Drinan, Mr. Weiss, Mr. Horton, Mr. McCloskey, and Mr. Kindness):

H.R. 5820. A bill to protect the privacy of correspondence in the mails; to the Committee on Post Office and Civil Service.

By Mr. PRICE (for himself and Mr. Bob Wilson) (by request):

H.R. 5821. A bill to amend title 10, United States Code, to allow the military departments to accept voluntary, uncompensated services from persons desiring to provide such services for military department museums; to the Committee on Armed Services.

H.R. 5822. A bill to amend title 10, United States Code, to repeal the requirement that before a member of the Standby Reserve may be involuntarily ordered to active duty in time of war or national emergency the Director of Selective Service must determine that the member is available for active duty; to the Committee on Armed Services.

By Mr. RODINO (for himself, Mr. Edwards of California, Mr. Seiberling, Mr. Drinan, Mr. Beilenson, Mr. Bolling, Mrs. Chisholm, Mr. Fary, Mr. Garcia, Mr. Gray, Mr. Green, Mr. Leland, Mr. McCloskey, Mr. Moffett, Mr. Stark, Mr. Thompson, Mr. Waxman, and Mr. Weiss):

H.R. 5823. A bill entitled: "The Handgun Crime Control Act of 1979"; to the Committee on the Judiciary.

By Mr. ROSE:

H.R. 5824. A bill to amend the Communications Act of 1934 to prohibit the transmission of televised coverage of the floor proceedings of the House of Representatives for the purpose of influencing the outcome of any election for public office; to the Committee on Interstate and Foreign Commerce.

By Mr. ST GERMAIN:

H.R. 5825. A bill to amend the Internal Revenue Code of 1954 to provide individuals a limited exclusion from gross income for interest on deposits in certain savings institutions; to the Committee on Ways and Means.

By Mr. STAGGERS:

H.R. 5826. A bill to repeal the carryover basis provisions added by the Tax Reform Act of 1976; to the Committee on Ways and Means.

By Mr. VANIK (by request):

H.R. 5827. A bill to amend the act of June 18, 1934, regarding the submission by the Foreign-Trade Zones Board of annual reports to Congress; to the Committee on Ways and Means.

By Mr. PATTERSON:

H.R. 5828. A bill to amend the Internal Revenue Code of 1954 to allow individuals who are participants in employer pension plans a deduction for their contributions to individual retirement plans; to the Committee on Ways and Means.

By Mr. ROUSSELOT:

H.J. Res. 438. Joint resolution proposing an amendment to the Constitution of the United States requiring a review by the Congress of each rule and regulation issued to carry out any law and allowing the Congress to approve, modify, or disapprove such rule or regulation; to the Committee on the Judiciary.

By Mr. STAGGERS:

H.J. Res. 439. Joint resolution authorizing the President to proclaim the month of November 1979 as "National REACT Month"; to the Committee on Post Office and Civil Service.

By Mr. LENT:

H. Con. Res. 206. Concurrent resolution expressing the sense of the Congress that the President should take certain actions with respect to Iran; to the Committee on Foreign Affairs.

By Mr. ROUSSELOT:

H. Con. Res. 207. Concurrent resolution requesting the President to publicly condemn the Government of the Socialist Republic of Vietnam, and to request the United Nations to consider the imposition of sanctions against the Government of the Socialist Republic of Vietnam, for violating the fundamental human rights of the people of Vietnam, Cambodia, and Laos; to the Committee on Foreign Affairs.

By Mr. DOUGHERTY (for himself, Mr. Hyde, Mr. Clinger, Mr. Spence, Mr. Gingrich, Mr. Campbell, Mr. Solomon, Mr. Royer, Mr. Davis of Michigan, Mr. Lungren, Mr. Tauke, Mr. Ritter, Mr. Quayle, Mr. Badham, Mr. Montgomery, Mr. Edwards of Alabama, and Mr. Lee):

H. Res. 477. Resolution expressing the sense of the House of Representatives that the Attorney General should immediately revoke all student visas held by citizens of Iran who have engaged in activities prejudicial to the public interest of the United States; to the Committee on the Judiciary.

MEMORIALS

Under clause 4 of the rule XXII, memorials were presented and referred as follows:

318. By the SPEAKER: Memorial of the Legislature of the State of Wisconsin, relative to self-government for the District of Columbia, and ratifying the proposed amendment to the Constitution of the United States to provide for the representation in Congress of the District of Columbia; to the Committee on the Judiciary.

319. Also, memorial of the House of Representatives of the Commonwealth of Massachusetts, relative to developing an over-the-ocean departure procedure for runway 22 right from Logan International Airport; to the Committee on Public Works and Transportation.

320. Also, memorial of the Senate of the Commonwealth of Massachusetts, relative to Vietnam veterans; to the Committee on Veterans' Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. HAMILTON:

H.R. 5829. A bill for the relief of Foundry United Methodist Church; to the Committee on Ways and Means.

By Mr. LUJAN:

H.R. 5830. A bill for the relief of Ken Schultz Buick/GMC, Inc.; to the Committee on the Judiciary.

By Mr. SOLARZ:

H.R. 5831. A bill for the relief of Norman Sirota; to the Committee on the Judiciary.

By Mr. SYMMS:

H.R. 5832. A bill for the relief of Maria Elba Leora Hernandez; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 2074: Mr. Carr, Mr. Corman, Mr. Duncan of Oregon, Mr. Panetta, and Mr. Nolan.

H.R. 2977: Mr. Akaka, Mr. Bereuter, Mr. Cotter, Mr. Daschle, Mr. Dougherty, Mr. Garcia, Mr. Jeffords, Mr. Moffett, Mr. Neal, and Mr. McKinney.

H.R. 3106: Mr. Anthony.

H.R. 3284: Mr. Young of Florida.

H.R. 3967: Mr. Treen.

H.R. 4345: Mr. Derwinski, Mr. Walker, Mr. Nowak, Mr. Andrews of North Dakota, Mr. St Germain, Mr. Cleveland, Mr. Abdnor, Mr. Kildee, Mr. Ambro, Mr. Preyer, Mr. Lagomarsino, Mr. McDade, Mr. Stack, Mr. Rinaldo, Mr Albosta, Mr. Gray, Mr. Fazio, Mr. Coughlin, Mr. Oberstar, Mr. Ritter, Mr. Regula, Mr. Clausen, Mr. Carney, Mr. Marks, Mr. Quillen, and Mr. Hagedorn.

H.R. 4733: Mr. Goodling.

H.R. 4805: Mr. Mitchell of New York, Mrs. Fenwick, Mr. Gilman, Mr. Yatron, and Mr. Stack.

H.R. 4892: Mr. Patterson.

H.R. 5038: Mr. Hubbard.

H.R. 5128: Mr. Whitehurst, Mr. Butler, Mr. Johnson of Colorado, Mr. Lujan, Mr. Corcoran, Mr. Derwinski, and Mr. Burgener.

H.R. 5282: Mr. Nolan and Mr. Tauke.

H.R. 5396: Mr. Albosta, Mr. Bedell, and Mr. Gingrich.

H.R. 5399: Mr. Atkinson and Mr. Pursell.

H.R. 5420: Mr. Hopkins, Mr. Jeffries, Mr. Gingrich, and Mr. Kramer.

H.R. 5428: Mr. Albosta, Mr. Heftel, Mr. Richmond, and Mr. Bonior of Michigan.

H.R. 5499: Mr. Baldus and Mr. Santini.

H.R. 5539: Mr. Bedell, Mr. Nolan, Mr. Gray, and Mr. Wampler.

H.R. 5600: Mr. Bedell, Mr. Hammerschmidt, Mr. Mitchell of New York, Mr. Nolan, Mr. Stangeland, and Mr. Sebelius.

H.R. 5609: Mr. Maguire, Mr. Walgren, Ms. Mikulski, Mr. Leland, Mr. Scheuer, Mr. Ottinger, Mr. Wirth, Mr. Florio, and Mr. Moffett.

H.R. 5610: Mr. Broomfield, Mr. Robert W. Daniel, Jr., Mr. Davis of Michigan, Mr. Dickinson, Mr. Guyer, Mr. Hall of Texas, Mr. Heftel, Mrs. Holt, Mr. Marriott, and Mr. Royer.

H.R. 5766: Mr. Edgar, Mr. Williams of Montana, Mr. Bedell, and Mr. Nichols.

H.J. Res. 379: Mr. Murphy of Pennsylvania, Mr. Won Pat, Mr. Pepper, Mr. Scheuer, Mr. Winn, Mr. Young of Missouri, Mr. Roe, Mr. Murphy of New York, Mr. Thompson, Mr. Horton, Mr. Fazio, Mr. Guarini, Ms. Oakar, Mr. Kostmayer, Mr. Stokes, Mr. Murphy of Illinois, Ms. Mikulski, Mr. Bonior of Michigan, Mr. Goldwater, Mr. Rahall, Ms. Holtzman, Mr. Simon, Mr. Green, Mr. Pashayan, Mr. Bevill, Mr. Edgar, Mr. Oberstar, Mr. Clay, Mr. Yatron, Mr. Whitehurst, Mr. Clinger, Mr. Leland, Mrs. Chisholm, Mr. Hawkins, Mr. Conyers, Mr. Addabbo, Mr. Patten, and Mr. Flood.

H. Con. Res. 203: Mr. Bauman, Mr. Ashbrook, Mr. Roth, Mr. McKinney, Mr. Barnard, Mr. Symms, Mr. Hinson, Mr. Guyer, Mr. Wyatt, Mr. Runnels, Mr. Hall of Texas, Mr. Abdnor, Mr. O'Brien, Mr. Derwinski, Mr. Solomon, Mr. Badham, Mr. Buchanan, Mr. Bethune, Mr. Quayle, Mr. Shumway, Mr. Collins of Texas, Mr. Erdahl, Mr. Lujan, Mr. Lewis, Mr. Hammerschmidt, Mr. Marriott, Mr. Johnson of Colorado, Mr. Duncan of Tennessee, Mr. Ritter, Mr. Erlenborn, Mr. Gilman, Mr. Lagomarsino, Mr. Stump, Mr. Wampler, Mr. Myers of Indiana, Mr. Devine, Mr. White, Mr. Hall of Ohio, Mr. Murtha, Mr. Bailey, Mr. Atkinson, Mr. Murphy of Pennsylvania, Mr. Cavanaugh, Mr. Matsui, Mr. Coelho, and Mr. Cotter.

H. Res. 445: Mr. Anthony.

H. Res. 446: Mr. Edgar, Mr. Heftel, Mr. Fazio, Mr. Simon, and Mr. Price.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

216. By the SPEAKER: Petition of the National Tobacco Tax Association, Columbus, Ohio, relative to cigarette tax enforcement; to the Committee on the Judiciary.

217. Also, petition of the National Association of Civilian Conservation Corps Alumni, Carmichael, Calif., relative to reestablishing a permanent Civilian Conservation Corps and setting aside a day in the calendar year to be known as "National CCC Day"; jointly, to the Committees on Education and Labor and Post Office and Civil Service.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 2626

By Mr. JACOBS:

(To the amendment in the nature of a substitute reported by the Committee on Ways and Means.)

—Page 36, amend the items in the table of contents related to title II to read as follows:

TITLE II—STATE MANDATORY HOSPITAL COST CONTAINMENT PROGRAMS AND ENFORCEMENT

Part A—Approval of State Mandatory Programs and Exemptions From Restrictions

Sec. 201. Approval of State mandatory programs.
Sec. 202. Funding of State mandatory programs.
Sec. 203. Exemption of hospitals engaged in certain experiments or demonstrations.

Part B—Enforcement

Sec. 211. Conformance by certain Federal and State programs.

Page 36, strike out the item in the table of contents relating to section 313 and redesignate succeeding provisions in part B of title III accordingly.

Page 57, amend lines 4 through 8 to read as follows:

(d)(1) Subject to paragraph (2), the Secretary may not enter into an agreement under section 1866 of the Social Security Act with any hospital for any period beginning after the end of the voluntary period of the hospital (as determined under subsection (c)).

Page 57, strike out line 12 and all that follows through page 71, line 17 and insert in lieu thereof the following:

TITLE II—STATE MANDATORY HOSPITAL COST CONTAINMENT PROGRAMS AND ENFORCEMENT

Part A—Approval of State Mandatory Programs and Exemptions from Restrictions

Page 71, line 19, strike out "211" and insert in lieu thereof "201".

Page 72, line 20, strike out "322(4)" and insert in lieu thereof "322(3)".

Page 73, amend lines 19 through 23 to read as follows:

(c)(1) There shall be exempted from any restriction under section 115(d)(1) any agreement, under section 1866 of the Social Security Act of a hospital in a State, which begins in a year in which a State mandatory hospital cost containment program for the State has been approved under this section.

Page 74, line 4, strike out "212" and insert in lieu thereof "202".

Page 75, amend lines 3 through 5 to read as follows:

Sec. 203. The Secretary may exempt hospitals from the application of the restriction of section 115(d)(1) if he determines that—

Page 75, strike out line 13 and all that follows through page 81, line 14 and insert in lieu thereof the following:

Part B—Enforcement

Page 81, line 17, strike out "222" and insert in lieu thereof "211".

Page 81, strike out the dash at the end of line 21 and all that follows through page 82, line 5 and insert in lieu thereof the following: "which is exempted from a restriction under section 115(d)(1) because the hospital is located in a State with a mandatory hospital cost containment program approved under part A, to the extent that the reimbursement exceeds the limit prescribed under such program".

Page 82, strike out the dash on line 11 and all that follows through line 19 and insert in lieu thereof the following: "which is exempted from a restriction under section 115(d)(1) because the hospital is located in a State with a mandatory hospital cost containment program approved under part A, to the extent that the reimbursement exceeds the limit prescribed under such program".

Page 88, line 15, strike out "311(6)(E)" and insert in lieu thereof "321(3)(E)".

Page 89, line 6, strike out "part A of title II" and insert in lieu thereof "section 115(d)(1)".

Page 89, line 17, strike out ", modify,".

Page 90, strike out line 10 and all that follows through page 91, line 18.

Page 91, line 20, strike out "314" and insert in lieu thereof "313".

Page 95, line 4, strike out "315" and insert in lieu thereof "314".

Page 96, line 10, strike out "316" and insert in lieu thereof "315".

Page 98, line 1, strike out "and shall not" and all that follows through "title II" on line 3.

Page 99, amend lines 3 through 5 to read as follows:

(3) restrictions under section 155(d)(1) on entering into agreements under section 1866 of the Social Security Act shall not apply to agreements entered into for periods beginning after 1983; and

Page 99, lines 7, 10, and 13, strike out "316(b)", "314", and "314(c)(1)", respectively, and insert in lieu thereof "315(b)", "313", and "313(c)(1)", respectively.

Page 101, strike out line 11 and all that follows through page 102, line 2, and redesignate succeeding paragraphs accordingly.

Page 103, line 5, strike out "211" and insert in lieu thereof "201".

Page 104, strike out line 13 and all that follows through page 105, line 7, and redesignate succeeding paragraphs accordingly.

By Mr. JACOBS:

(To the amendment in the nature of a substitute reported by the Committee on Interstate and Foreign Commerce.)

—Pages 112 and 113, amend the items in the table of contents related to title II to read as follows:

TITLE II—STATE MANDATORY HOSPITAL COST CONTAINMENT PROGRAMS AND ENFORCEMENT

Part A—Approval of State Mandatory Programs and Exemptions From Restrictions

Sec. 201. Approval of State mandatory programs.
Sec. 202. Funding of State mandatory programs.
Sec. 203. Exemption of hospitals engaged in certain experiments or demontrations.

Part B—Enforcement

Sec. 211. Conformance by certain Federal and State programs.

Page 113, strike out the item in the table of contents relating to section 313 and redesignate succeeding provisions in part B of title III accordingly.

Page 139, amend lines 6 through 11 to read as follows:

(d)(1) Subject to paragraph (2), the Secretary may not enter into an agreement under section 1866 of the Social Security Act with any hospital for any period beginning after the end of the voluntary period of the hospital (as determined under subsection (c)).

Page 139, strike out line 15 and all that follows through page 154, line 3 and insert in lieu thereof the following:

TITLE II—STATE MANDATORY HOSPITAL COST CONTAINMENT PROGRAMS AND ENFORCEMENT

PART A—APPROVAL OF STATE MANDATORY PROGRAMS AND EXEMPTIONS FROM RESTRICTIONS

Page 154, line 5, strike out "211" and insert in lieu thereof "201".

Page 155, line 12, strike out "322(3)" and insert in lieu thereof "322(2)".

Page 156, amend lines 11 through 16 to read as follows:

(c) (1) There shall be exempted from any restriction under section 115(d) (1) any agreement, under section 1866 of the Social Security Act of a hospital in a State, which begins in a year in which a State mandatory hospital cost containment program for the State has been approved under this section.

Page 157, line 15, strike out "212" and insert in lieu thereof "202".

Page 158, amend lines 14 through 17 to read as follows:

SEC. 203. The Secretary may exempt hospitals from the application of the restriction of section 115(d) (1) if he determines that—

Page 159, strike out line 3 and all that follows through page 166, line 11 and insert in lieu thereof the following:

PART B—ENFORCEMENT

Page 166, line 14, strike out "222" and insert in lieu thereof "211".

Page 166, strike out the dash at the end of line 19 and all that follows through page 167, line 5 and insert in lieu thereof the following: "which is exempted from a restriction under section 115(d) (1) because the hospital is located in a State with a mandatory hospital cost containment program approved under part A, to the extent that the reimbursement exceeds the limit prescribed under such program".

Page 167, strike out the dash on line 12 and all that follows through line 23 and insert in lieu thereof the following: "which is exempted from a restriction under section 115(d) (1) because the hospital is located in a State with a mandatory hospital cost containment program approved under part A, to the extent that the reimbursement exceeds the limit prescribed under such program".

Page 171, line 21, strike out "part A of title II" and insert in lieu thereof "section 115(d) (1)".

Page 172, line 8, strike out ", modify,".

Page 173, strike out line 3 and all that follows through page 174, line 20.

Page 174, line 22, strike out "314" and insert in lieu thereof "313".

Page 178, line 15, strike out "315" and insert in lieu thereof "314".

Page 181, line 15, strike out "and shall not" and all that follows through "title II" on line 18.

Page 182, amend lines 20 through 23 to read as follows:

(3) restrictions under section 155(d) (1) on entering into agreements under section 1866 of the Social Security Act shall not apply to agreements entered into for periods beginning after 1984; and

Page 182, line 25, strike out "315(b)" and insert in lieu thereof "314(b)".

Page 183, lines 4 and 8, strike out "314" and "314(c) (1)", respectively, and insert in lieu thereof "313" and "313(c) (1)", respectively.

Page 185, strike out line 7 and all that follows through page 186, line 2, and redesignate succeeding paragraphs accordingly.

Page 103, line 5, strike out "211" and insert in lieu thereof "201".

Page 188, strike out line 23 and all that follows through page 189, line 22, and redesignate succeeding paragraphs accordingly.

EXTENSIONS OF REMARKS

CORA GRAHAM—50 YEARS WITH LEGAL AID FOUNDATION

HON. GEORGE E. DANIELSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. DANIELSON. Mr. Speaker, tomorrow, November 8, 1979, Cora Graham, a most important lady, is being honored with a surprise luncheon to commemorate the 50th anniversary of her employment with the Los Angeles Legal Aid Foundation.

Cora Graham is a symbol of the efforts that the lawyers of southern California and the Los Angeles community have made throughout the last half century to provide legal counsel for those people who could not afford it.

Cora came to Los Angeles from the great State of Montana and began working at the Legal Aid Foundation of Los Angeles as a legal secretary on November 4, 1929, just a short time after the office first opened. She has been the mainstay of that office since that time, becoming office manager in 1957. In the 1950's, she was instrumental in the establishment of the Lawyers' Wives of Los Angeles, a charitable organization, whose principal purpose was to sponsor fund-raising activities for the support of the Legal Aid Foundation.

Over the years the foundation, and Cora, have encouraged countless lawyers to give of their time and knowledge, on a strictly and purely pro bono basis, to provide legal services to those who have needed them, without cost whatsoever. The thousands of lawyers who have been involved in providing legal services to the poor through the Legal Aid Foundation in Los Angeles have come to know and respect Cora Graham.

I am happy to note that in spite of Cora's 50 years with the Legal Aid Foundation, the surprise luncheon today marks only that anniversary. Cora is not retiring, she will continue her valuable contribution to our society. Mr. Speaker, I know that you and my colleagues join me in wishing this dedicated woman, Cora Graham, the best on this occasion and in the years to come.●

THE ELDERLY AND DISABLED HOME HEATING RELIEF ACT OF 1979

HON. THOMAS B. EVANS, JR.

OF DELAWARE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. EVANS of Delaware. Mr. Speaker, today I am introducing legislation which is of major importance to millions of American households. "The Elderly and Disabled Home Heating Relief Act of 1979" will provide assistance to low-income elderly and disabled households to meet the skyrocketing costs of energy used for home heating.

While few Americans are having an easy time adjusting to the tremendous increases in their heating bills, several groups in our society are bearing a disproportionate load of the burden. The soaring prices of home heating oil and other fuels will leave millions of low-income disabled and senior citizens without enough money to heat their homes through the cold winter months ahead. Since OPEC began raising its oil prices 5 years ago, these two groups have been paying increasingly higher prices to meet their basic household needs.

The elderly and disabled, who live from month to month on fixed incomes, are particularly hard hit because their limited budgets already go for only the fundamental necessities of life. They simply do not have the option of cutting back on nonessential items. As the winter heating season begins, prices for certain home heating fuels have already risen as much as 100 percent. Electric costs will also rise in response to the increase in the cost of oil used for generating purposes. Many low-income households will now be paying upwards of 50 percent more of their meager family budgets to heat their homes during the winter season.

The dramatic increases in the price of household energy have thrust millions of elderly and disabled citizens into a frightening dilemma. Since heat is a necessity of life in many parts of the country, rising energy costs will present many of these people with the unacceptable choice of either eating or staying warm. In the 20th century, no one in the United States should have to face this intolerable choice. Because the disturbing economics of energy may easily cause death among the low-income elderly and disabled, the Congress has a clear responsibility to provide financial assistance to those groups in society who are in the greatest danger of freezing, starving or both.

While I am extremely pleased that the Congress has moved so swiftly to increase the amount of funds available for the energy crisis assistance programs, I believe that we should look to the future and begin studying alternative approaches to providing help to the most needy households. The bill I am introducing today would provide such assistance by granting a refundable tax credit to utilities and the suppliers of other forms of heating fuels that reduce their bills to low-income elderly and disabled persons.

Those eligible for assistance would be persons who are age 60 or above or dis-

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

abled and whose household income does not exceed 125 percent of the Federal poverty level. This would include single individuals whose income is up to $4,250 per year and couples whose income is up to $5,625 per year. It is estimated that some 5.5 million individuals and some 1.7 million households would be eligible for assistance under this innovative program. In the event an eligible individual is living as a dependent with their relatives, the income of the head of the household would be applied against this near-poverty threshold.

Eligible persons would have their fuel bills reduced by 25 percent below the regular price during the winter heating season. The utilities or other participating firms could claim a credit that would compensate for the revenues lost as a result of providing the price reductions to such persons. The credit would be refundable so that companies whose tax liability is less than the cost to them of participating in the program would receive a cash refund. This refund could be paid quarterly to lessen the cash flow problems which might hinder some of the smaller companies.

The advantages of this innovative approach to dealing with the annual heating problems of the elderly and disabled are its administrative simplicity, its relatively modest cost, and the fact that it can efficiently and directly provide benefits to all persons who meet the eligibility requirements. The eligibility provisions would be based for the most part on existing programs which verify income, age or disability, namely food stamps, SSI and social security. To the maximum extent possible, administrative procedures would be designed that relied on current records and information to identify eligible individuals and provide them with identification that establishes their eligibility for fuel cost reductions. Thus, a separate income verification procedure would not be necessary for most of those eligible for the programs. Those eligible individuals who are not already known to the various Government agencies would be identified and certified through aggressive outreach programs conducted by these same Federal, State, and local agencies.

The administrative impact on the utilities and other energy suppliers would be minimal since their responsibility would be limited to recording the identities and reducing the bills of the households determined to be eligible and supplied by the designated Government agencies.

Mr. Speaker, the elderly and disabled face a very serious crisis this winter and for the foreseeable future, so long as energy costs remain critically high. The legislation I am introducing today addresses itself in a comprehensive and efficient manner to this crisis. The distribution of benefits is strictly based on established income criteria, and the actual weather patterns and energy usage in a given State. I believe this legislation goes a long way toward reducing the administrative complexities and eliminating the disincentives against participation by eligible individuals which clearly exist in the present energy assistance programs. Perhaps most importantly this proposal will get the greatest amount of the available assistance into the hands of those in our society who need it the most: the low-income elderly and disabled.●

GREATER MIAMI COMMUNITY TO HONOR PETER KOUCHALAKOS

HON. DANTE B. FASCELL

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. FASCELL. Mr. Speaker, on November 24. greater Miami community leaders and friends will pay tribute to Mr. Peter Kouchalakos, with the benefits of the dinner to go to the AHEPA Home and Scholarship Fund in Miami.

Mr. Kouchalakos, known affectionately as "Mr. K," has recently retired after serving 32 years in the greater Miami public school system. Mr. K was that unique member of the teaching profession who established a special rapport with his students. Long after they graduated, those who were privileged to have come under his tutelage remember and respect what they learned from him about growing up, self-discipline and service in behalf of others.

Not only was Mr. K a full-time and dedicated teacher and school administrator, but he was also—and remains—one of the most active and energetic members of the Greek-American civic organization, AHEPA. At the local, State and national levels, Mr. K has been one of the leaders of this fine organization and he has given unstintingly of his time and money to further the many charitable causes which it supports.

Mr. K has also been an active participant in other community matters. Through his leadership and enthusiasm he has rallied the effort and support of his friends to help many activities.

Mr. K and his family have been close friends and associates of the Fascells for many, many years. He has served as chairman and is a member of my citizens rating board, which chooses my nominees to the U.S. service academies. He is also in charge of coordinating with high schools, counselors and parents my selection of pages who will work with the Congress.

He is a fine father, a devoted husband and a great friend. An outstanding teacher and administrator, he has a special place in his life for young people and they for him.

He is proud of his Greek heritage and Greeks are proud of Peter Kouchalakos. That is why it is particularly appropriate that the dinner on the 24th is a tribute to him and the funds will go to the AHEPA Home and Scholarship Fund in Miami. Because of his work in AHEPA, Mr. K has friends all over the United States. I join with these many friends from around the country and the thousands in Miami to say thanks to Peter Kouchalakos for all he has done and to say that the human qualities he possesses are an inspiration to all of us.●

DR. STANLEY J. BRODY SPEAKS ON MENTAL HEALTH AND THE ELDERLY

HON. CLAUDE PEPPER

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. PEPPER. Mr. Speaker, on April 23 and 24 of this year, the Select Committee on Aging held the first National Conference on Mental Health and the Elderly. I would like to recognize the efforts of Dr. Stanley J. Brody, leader of the conference task force on Service Integration and Coordination, who, I believe, did not receive recognition in the task force reports in the recently released transcript of the conference proceedings.

Dr. Brody is a noted and highly respected personality in his field in the Department of Physical Medicine and Rehabilitation at the University of Pennsylvania. The depth of his knowledge and his strong commitment to improving the lives of older people is reflected in the quality of the recommendations which emerged from his task force. Dr. Brody unselfishly contributed 2 days of his valuable time to guiding the task force in shaping the recommendations which follow, and I want to express my sincere gratitude to him.

The task force addressed issues of financing first, in order to make available a sufficient number of alternatives and a spectrum of services to meet the continuum of mental health needs of the elderly. We arrived at a list of seven recommendations, because of a tie in the vote.

The first recommendation calls for adequate funding being provided for acute and chronic mental illness, equal to that provided for acute and chronic physical illness, with increased support for community assessment and outpatient treatment. This is to decrease unnecessary and inappropriate institutionalization.

With regard to this recommendation, it is implied that mental health care should be financed at least equal to physical health care, but does not intend to exclude financing for selected activities unique to mental health needs.

The legislation that would be affected includes titles XVI, XVIII, XIX and XX of the Social Security Act.

The second recommendation is for joint planning and management of mental health, social, and income maintenance services at the State and local levels, including such agencies as the AAA's, community mental health centers, VA's, and HSA's. Again, by "management," it is meant an adherence to a joint planning mechanism among agencies, leading to an arrangement of services, without necessarily requiring, at this point, integration.

The legislation involved would be the

Community Mental Health Centers Act and the Comprehensive Health Planning Act of 1964, Public Law 93-641.

The third recommendation is to create incentives for the encouragement of informal support systems and for the linkage with the formal support systems utilizing established networks.

The informal supports are defined as family, friends, and neighbors; while the formal supports are defined as structured organized services provided by institutions or agencies. Title III of the Older Americans Act and the Internal Revenue Service legislation would be affected to implement this.

The fourth recommendation is that there be fixed leadership responsibility for convening for policymaking at the Federal level.

The fifth recommendation is that individual comprehensive needs and resource assessments be provided with adequate funding. "Assessment" is here defined as evaluation of health, social, and psychological performance, as well as the functional capacity for performance. Title XVIII and XIX of the Social Security Act are the primary pieces of legislation affected.

Recommendation six, uniform eligibility at the Federal level; the task force advises that there be a comprehensive review of all eligibility requirements for access to services supported by Federal funds. Without any specific reference to legislation, the task force wanted to advise Congress to maintain this kind of vigilance in working through future legislation.

The seventh recommendation is that there be shared case management and monitoring on behalf of elderly individuals. "Shared management" was defined as the participation of consumer and provider in the prescription and implementation of the care plans. "Monitoring" was defined as the maintenance of responsibility for addressing the identified problems until the care plan is appropriately implemented.

Title III of the Older Americans Act, the Community Mental Health Centers Act of 1965, as amended, titles XVIII and XIX of the Social Security Act, and the 1978 amendments of the Rehabilitation Act are the legislation affected.●

TRIBUTE TO HON. JUANITA M. KREPS

HON. ROBERT DUNCAN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 31, 1979

● Mr. DUNCAN of Oregon. Mr. Speaker, I would like to join my colleagues in wishing Mrs. Juanita M. Kreps farewell—for I hope that she does "fare well" on her return to North Carolina. It has been an honor for me to work with such a distinguished Cabinet member as Mrs. Kreps, and we all recognize the loss to the U.S. Department of Commerce. I should like to thank her for doing such an excellent job—and to wish her all the very best upon her return to Duke University. ●

DO YOU WANT LESS GOVERNMENT CONTROL? IF SO, THE SOLUTION IS INDIVIDUAL RESPONSIBILITY

HON. DANIEL B. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. DANIEL B. CRANE. Mr. Speaker, on October 17, 1979, the Wall Street Journal published an excellent article about the need for unlimited personal responsibility as a replacement for ever-increasing Government social programs. As a strong believer in limited Government, I am often asked, "who will help the poor people if the Government doesn't continue to subsidize them?" The proper Judaic-Christian response is, of course, that there should be unlimited individual, family, church, and community responsibility.

If people do not step up and assume responsibility for the plight of distressed neighbors, then the people will come to rely exclusively on the Government for whatever moneys, goods and services it cares to give them. This is an extremely dangerous step for, as former President Gerald Ford so often pointed out, the Government that is capable of giving you everything is also the one that can take away everything.

In order to insure that we do not some day have an all pervasive Government in the United States, we must, as individual citizens, assume some social responsibilities. There is an old saying that if you give a man a fish, he can eat for a day, but if you teach a man to fish, he can eat for a lifetime.

We must teach others to fish, for if we do not, then the Government will soon take on the responsibility of supplying us with our daily needs. Thus, the Government will unburden us of our responsibilities, but it will also alleviate us of our freedom.

The choice today is between freedom and responsibility, or complete governmental responsibility and no individual freedom. Mr. Randy Rader, the legislative director for my colleague and brother, Congressman PHILIP M. CRANE, clearly explains the full implications of this choice in his article, "The Burdens of Cutting Back on Government." I commend Mr. Rader's comments to the attention of my colleagues at this point.

The article follows:

[From the Wall Street Journal, Oct. 17, 1979]

THE BURDENS OF CUTTING BACK ON GOVERNMENT

(By Randall R. Rader)

On a recent night I suffered one of those introspective moments when I was compelled to reevaluate if a philosophy of limited government is worth the worry.

I had just returned from an exhausting choir practice. My conscience felt a pang when my eyes fell on the unanswered letter from my parents. Lisa, my adopted black daughter, was loudly vocalizing her displeasure with the circumstances of the moment. Larke, the world's cutest four-year-old blonde, would not wait another minute for her nightly bedtime story. The open Sunday School manual on the kitchen table was a grim reminder that my lesson was not yet prepared. Tomorrow my softball team entered the all-day playoffs in the morning and the evening featured another choir rehearsal.

These various demands converged on me in an instant. Just the thought of straining to reach another high A, composing letters to my parents, changing diapers, putting a new twist into the "Three Bears," searching for elusive Bible passages, or chasing fly balls in centerfield sent me stumbling for my easy chair.

Each of these demands is an integral part of my effort to live according to principles of limited government. If an individual really shares Jefferson's view ("That government is best that governs least"), he must make provision in his own life to take responsibility for essential services that government should not be allowed to monopolize.

For example, no civilized society will deny that art is necessary to inspire and uplift the human mind and spirit. Therefore, if we citizens do not devote ourselves to creativity, the government will tax everyone (force us) to set up an agency to subsidize artists.

But forced government programs cannot satisfy the real need for ennobling art. Creativity cannot be forced; artists need absolute freedom to develop sensitivity (often through personal sacrifice) to the symbols and truths they elucidate. Hence, I sing tenor several nights a week on top of a cramped schedule.

No charitable society will allow the aged to suffer deprivations when they can no longer care for themselves. Therefore, if we do not care for our own parents or the elderly in our greater family units, the government will tax everyone (force us) to set up massive nursing home programs. But forced government programs cannot meet the real needs of the aged. Love cannot be forced; the elderly need the love and respect of their posterity as much as they need food and shelter. Hence, I must strengthen my ties to my own parents.

No enlightened society overlooks that counselling is necessary to train youth to accept responsibility. Therefore, if we do not see that our own children are schooled in the principles we have experienced as the basis for worthwhile living, the government will tax everyone (force us) to subsidize mandatory counselling sessions for teenage youth. But forced government programs cannot meet the real needs of youth. Will to learn and desire to develop a well-rounded attitude toward life cannot be forced; young people need the guidance of loving parents (long before they are teenagers). Hence, Larke gets a nightly dose of love from her father.

No self-respecting society will deny that all men are of equal worth and deserve equal respect. Therefore, if we do not openly welcome all qualified citizens regardless of race into our civic associations, schools, and clubs, the government will tax everyone (force us) to bus students and institute civil rights lawsuits. But government cannot eliminate racial discrimination because by taking sides in any racial conflict it is giving the force of law to, and thereby perpetuating, distinctions based on race.

No merciful society will leave abandoned children without some means of support. Therefore, if we do not open our homes to parentless children, the government will tax everyone (force us) to create a national system of foster homes. But forced government programs cannot meet the real needs of parentless children. Parenting cannot be forced; these children need more than a bed and three meals a day. Hence, Lisa gets an affectionate kiss with every diaper change.

No ethical society will refuse to accept that some moral standards are essential to its survival. Therefore, if churches and families do not teach honesty, the government must tax everyone (force us) to set up expensive crime prevention programs. But government programs cannot meet real needs of youth and mature alike for moral guidelines. Lasting respect for the property and persons of others cannot be forced; youth and mature alike need motivating clergy and friends to care enough about them to present them with constructive alternatives to destructive behavior. Hence, my duty as a Sunday School teacher cannot be taken lightly.

No humane nation wants to leave others to endure poor health, the specter of a life with pain. Therefore, if we do not eat correctly, exercise regularly, avoid harmful agents (cigarets, narcotics and the like) to remain healthy, the government will tax everyone (force us) to create an unwieldy national health program. Hence, softball season will be followed by basketball for me.

I am not suggesting that government has no role in meeting individual and social needs. Instead it should have a very limited role. It should be a last line of defense.

If we profess a philosophy of limited government, we profess in the same breath a faith in unlimited personal responsibility. When I arrived home last night, that thought made me tired. Yet everything worth having in life must be earned: health, respect, creativity, friendship, and so forth. Government cannot meet the need because, in most instances, the need is for personal effort or activity or growth. If we do not believe in pervasive government, we must believe in pervasive individual, family, church and community responsibility.●

DISTRICT OF COLUMBIA MORTGAGE CRISIS

HON. JOSEPH L. FISHER

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. FISHER. Mr. Speaker, I would like to express my support for legislation that is being proposed by members of the House Committee on the District of Columbia to alleviate the crisis in the mortgage lending business in the District of Columbia.

There have been questions raised about the validity of emergency legislation passed by the District of Columbia Council to raise the maximum allowable yield on mortgage loans. Although the city council has now approved permanent legislation on this subject, it cannot go into effect until sometime next year because it must undergo a waiting period while Congress takes 30 legislative days to review it. In the meantime no mortgage loans can be made in the District of Columbia. This is a serious blow to the financial and real estate communities in the Washington area and to all allied businesses as well as to all those seeking such loans.

Similar bills aimed at waiving the 30-day waiting period have been drafted by our colleagues on the District of Columbia Committee. I understand that the committee will meet tomorrow—Thursday—morning to consider this legislation. The specific approach to this problem will have to be decided by the committee. But I want to commend the members for their speedy attention to this serious problem and to offer them my support when a measure has been reported. I hope that the House will be able to take up and act favorably on this mortgage rate legislation for the District of Columbia as quickly as possible.●

MAKE IT IN NEW YORK

HON. JOSEPH P. ADDABBO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. ADDABBO. Mr. Speaker, New York magazine's November 12 issue contains an article, "Make It In New York" which concerns itself with the recent boom of industries and corporations who have established headquarters in New York City. I suggest that all Members of Congress read this article due to its comprehensive study of New York as a world headquarters for finance and business activity.

The article deals with ways of strengthening the city's overall economic base, making it more attractive to other fields of business; such as manufacturers. The article's ideas, suggesting a drive to place more manufacturers and light industry in the city are well substantiated and would be of interest and concern to the reader.

Because of the willingness of the Congress to help give New York a chance to help itself, this good news is a vindication of those policies. The people of my city who have worked hard and long to bring about this good news are and will continue to be grateful to the Congress for its support.

I include this article in the RECORD:

MAKE IT IN NEW YORK

(By Rinker Buck)

Three years ago, it would have sounded like pure fantasy. Just imagine: What if someone had suggested in the months following Gerald Ford's "Drop Dead" speech, while the city's fiscal collapse was front-page news across the country, that "What New York offers your business, the rest of America can't." Executives in corporate boardrooms from Park Avenue to Nob Hill would have laughted—loudly.

In the preceding six years, New York had lost over 600,000 jobs. Capital was fleeing the city for quieter, more secure havens in the suburbs and the Sunbelt. New York taxes were the highest; the job-and-business-expansion incentives offered businesses, the lowest. Only a fool, then, would have ventured to say, "Tests prove business gets better results with [the] new, improved New York." The proposition that New York City would someday soon enjoy a business revival was something that no self-respecting business leader or economist would seriously discuss.

Well, no one's laughing anymore. Those teasers quoted above—and others—have actually appeared in ads for New York in national news and business publications over the past year. They are all part of an increasingly aggressive, targeted economic-development effort which has placed the city in open competition with neighboring states, the Sunbelt, and even foreign countries which, for years, had written New York off. For the first time in more than a decade there is some cause for hope. Led by a boom in tourism and a strong surge in Manhattan corporate business activity, New York, as another ad says, "is making up for letting business down."

Indeed, things have come along so well in Manhattan proper—hotels going up, foreign firms moving in, business costs running lower than in the rest of the country—that experts feel it might be best to leave well enough alone there. Officials see a continued strengthening of New York as the world's corporate center and feel the city can now move on to the resolution of other developmental difficulties. "Manhattan is booming right now," says Lawrence Lachman, the former chairman of Bloomingdale's who now heads up the recently formed Business Marketing Corporation (BMC), a quasi-public city corporation revitalized by the Koch administration to attract new businesses to the city. "It would be absolutely foolish of us right now to concentrate heavily on attracting new business in Manhattan when the need is so great elsewhere in the city. There has been a loss of over 400,000 manufacturing jobs in the boroughs over the last ten years: Despite that, New York is still the single largest manufacturing center in the country. But to keep those jobs, we've got an enormous amount of work to do; that's where the challenge is."

This view, shared by a growing number of economists, business leaders, and state and city officials, is beginning to emerge as the strategy for economic development for the 1980s. As Deputy Mayor for Economic Development Peter Solomon says, "Government ought to be devoting its time and money to exactly those areas where public funds and assistance will make the greatest difference. That isn't in Manhattan right now. The guts of our strategy right now is focused on the boroughs, with small businesses, and with the retention of existing light industry and the attraction of new ones." And as Mayor Koch explained in an interview, "Our policy is north of 96th Street in Manhattan and out in the boroughs. Right now, midtown and downtown are taking care of themselves."

This is an approach, Solomon and others believe, that will complement the three principal areas of growth that show real promise for New York during the next ten years. First, there's the increase in secondary-service jobs (everything from legal services to advertising) tied into New York's corporate-headquarters complex. The second burgeoning area involves foreign corporate concerns now moving to the United States in record numbers. Current studies show that both these areas are already taking off without much government help. But the third area of growth for the new decade—the attraction of both domestic and foreign light industries—will not happen without direct government prodding and assistance. And the success of this enterprise is critical if the ultimate economic health of the city is to stabilize and be maintained.

"Manufacturing is your basic wealth producer," says Peter C. Goldmark, Jr., who has been pushing the idea of attracting new industry to the city ever since he was appointed executive director of the Port Authority of New York and New Jersey two and a half years ago. "The multiplier effects of locating a single factory job are in almost every instance higher than for any other kind of occupation. Also, when a manufacturer makes an investment somewhere, you know you've got him for a while. This corporate-service stuff flies around like kites. It can go anywhere. Look at Citibank and Chase. They have their credit-card service centers out in the suburbs—all it takes is a computer and a few people that can be moved anywhere. To reverse disinvestment in the city, we have to have manufacturing."

No one is arguing yet, of course, that all the obstacles in the way of New York's becoming truly competitive again have been removed. New York's reputation as a city that offered new or expanding businesses virtually no assistance is not an image that can be erased overnight. Despite sweeping reorganization within the city's Office of Economic Development and the State Commerce Department, responsibility for economic development is still spread across a confusing array of almost a dozen state, city, and quasi-public agencies. The city has fallen behind in its capital-construction plans, causing delay for companies depending on essential repairs to roads, sewers, and bridges. Also, little is being done to address serious deterioration of the metropolitan area's most important rail-freight facilities.

There have been, however, some reverses in local policy which promise to go a long way toward improving the city's business climate. Personal and general business taxes have been reduced by $1.5 billion. At the same time, the city has finally gotten around to creating economic-development agencies of the kind other regions have had for years: The Public Development Corporation, which operates the city's two industrial parks, at College Point in Queens and on Staten Island, is empowered to negotiate directly with new or expanding businesses seeking locations in the city; the Industrial Development Agency can offer new or expanding businesses funds raised from tax-exempt revenue bonds; and a recently formed Economic Capital Corporation will coordinate private and public financing for businesses and industries in need of multiple sources of funding to complete their expansion plans.

Perhaps most important, the Industrial and Commercial Incentive Board accepts applications for tax abatements and exemptions from companies that might not choose to locate or stay here without the competitive tax benefits offered elsewhere. The tax benefits here for commercial construction can now be as high as a 50 percent exemption from the assessed value of a new building. New industrial construction is entitled to a 95 percent exemption of the increased assessed value. Also, the city now offers tax credits applied against its General Corporation Tax to offset rising real estate taxes. This credit, which can last for up to ten years, is offered to companies with over 100 employees that move into the city from out of state. All told, it is a truly competitive package.

But, even taking into account all these favorable factors, does New York stand a fair chance of attracting its share of crucial industrial jobs? Especially those jobs expected to be created in the near future by expanding overseas firms?

"What we're trying to stress to foreign investors," says the Commerce Department's Dave Murray, deputy commissioner for advertising and marketing, "is that New York is ideally suited for high-technology light-manufacturing locations out in the boroughs. What do we mean by that? Companies manufacturing small components, precision tools, transistors, pharmaceuticals, tools, and the like—industries requiring skilled crafts that typically offer high rates of pay to their employees and represent real growth potential once they arrive. It's often forgotten that 98 percent of the firms in the city and state, employing over 50 percent of the work force, are small businesses—companies with fewer than 100 employees. That's the battle right now—keeping those we have and attracting new ones."

William Woodward, executive director of the BMC, is currently heading up an effort there to identify seven or eight target industries that have the highest growth potential in New York, to be followed by a campaign to attract just those kinds of companies. "The 'I Love New York' campaign went a long way toward improving New York's image as a headquarters town, but it didn't even begin to deal with New York's image as a manufacturing center. We still have a negative image there.

"The classic deal we hope to put together," Woodward adds, "would be a company that sells a product in some abundance in the metropolitan area already. They may ship parts here from abroad and do their assembly or, alternatively, do light fabrication and construction right here in the city and then assemble to a finished product. Surgical instruments, auto parts, electrical components are all likely candidates. We're looking for energy-efficient, clean operations—ones that will grow without placing inordinate demands on city services."

Figures supplied by the perennially optimistic Herbert Bienstock, regional commissioner for labor statistics with the U.S. Department of Labor, provide other convincing arguments for the necessity of attracting industrial jobs to the boroughs. "Sure, Manhattan is important," says Bienstock. "Two thirds of the city's jobs are here. And certainly Manhattan's current boom will help pull up the other boroughs. But what people often forget is that a job created in Manhattan doesn't always go to a city resident—at least 25 percent go to outsiders. Almost every job created in the boroughs, on the other hand, will go to the people who live there. And who are they? They're people who, because of their current economic situation, will probably be forced to fall back on the welfare rolls if they're not employed. Or they're minority youngsters who would desperately like to work but won't—not until this city offers them a real, genuine incentive in the form of a job that pays more than what they can make in any number of quasi-legal or illegal occupations in the 'underground economy'—drug dealing, numbers running, or gambling.

"The city desperately needs to change the mix of its industrial economy for another reason," Bienstock adds. "Historically, New York has had a high concentration of labor-intensive industries, where productivity gains are modest, or impossible. Look at the garment trade. Those guys pushing those garment racks down Seventh Avenue are doing the same thing they were 30 years ago—there's simply no way, in that business, to make rapid or innovative productivity gains. And what does this mean? It means that for manufacturers their labor component is their single highest cost; to stay here, they have to keep that cost as low as possible. If, instead, we concentrated on capital-intensive, highly skilled industries where productivity gains are practically guaranteed, wages will correspondingly rise. Those are the kinds of jobs that give people a future and return a net gain to the city in terms of its gross output."

Stratagems and rationales aside, the question must be asked: Has New York actually started moving to realize its manufacturing goals?

Over the past year, the Public Development Corporation (PDC) has either begun or completed planning for 40 projects, most of these in outer boroughs and almost all of them involving skilled or semi-skilled industry, wholesaling, or construction. The locations are about equally divided between those concentrated in the city's large industrial parks and so-called "vest-pocket" industrial sites developed from city-owned property. The PDC's track record to date suggests that attracting a new industrial base to these areas may not be as difficult as it sounds.

"Look at the list of deals we've completed or will complete soon," says PDC president Philip E. Aarons, "and what do you find? H-and-D transmissions in College Point, a rebuild shop; Motorola in College Point—they'll be repairing mobile-phone units; IBM is in Bedford-Stuyvesant; all kinds of electric-motor repair work is moving into Brooklyn. The skills required to do the job, the level of pay, and the services those companies require make them manufacturing concerns, really. When you also look at some of the other companies locating or expanding—sheet-metal works, plastics, furniture—it's really not a very long step to attracting more sophisticated, technical industries."

In addition to these efforts, Goldmark and the Port Authority have ideas of their own. Goldmark is moving ahead on plans to take over large parcels of land in areas like Oak Point in the Bronx, Spring Creek in Brooklyn, or Charleston in Staten Island and develop them as industrial parks. "The idea is to give these facilities good security, energy, and ensure transportation links and then let us administer them and bring in the business."

And Goldmark isn't ruling anything out. "New York has got to get down to the nitty-gritty details of exploiting its economic leverage as a major market. Take buses, for example. Buses, you ask? Well, look at the situation. Financing arrangements recently reached by us, the MTA, and the state virtually guarantee that over the next five to seven years the metropolitan area will be buying over 1,000 new vehicles to upgrade our transportation fleet. We're in the process of approaching the two major domestic producers and several foreign bus companies. We're telling them that if they want the contract to sell those buses they're going to have to build them here. Maybe it will end up that we'll only be able to negotiate a contract to assemble them here, but that's still a huge net gain for New York. People can laugh all they want at this idea, but just wait and see. It's going to happen. It's called clout—using our clout to benefit the region."

What emerges from all this—and what amounts to both a philosophical and practical strategy for guiding New York's economic recovery—is what George Weissman, the chief executive officer of Philip Morris, likes to call the "regional country."

"Look at what New York represents to the rest of the world," he says. "Here in the metropolitan region you have, really, a country of 18 million people. They participate in a world capital for financing, communications, and corporations. Within that community you have a natural market for all kinds of light industry to serve its needs. But you can't just relax and hope that will happen—you have to make it happen."●

DELEGATING REVIEW RESPONSIBILITY

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. SOLARZ. Mr. Speaker, I recently introduced H.R. 5756, which provides for the delegation of duties by professional standards review organizations to qualified health care facilities.

The idea for this legislation originated with Sol Kalish, associate executive director of the Kings County health care review organization. This Kings County PSRO has earned a reputation as one of the most cost effective PSRO's in the Nation, which has effectively reduced average length of stays in local hospitals, as well as the number of patient days of care.

After considerable research, I came to support this organization's premise that by delegating some of their review responsibilities to certain highly qualified health care facilities, PSRO's would be able to more effectively discharge their responsibilities.

In addition, it is the feeling of many authorities that nondelegated review costs are considerably higher. These higher costs inevitably show up in the patient's hospital bill and in the cost of Federal health programs—whether for Federal employees' health insurance or medicare-medicaid recipients. Furthermore, I believe that this bill will make some contribution to the containment of health care costs.

I invite my colleagues in Congress to join me in supporting H.R. 5756.●

A CONGRESSIONAL SALUTE TO MICHAEL BERRY

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. DINGELL. Mr. Speaker, friends and members of the Islamic Center of Detroit will join together on November 16, 1979, at a testimonial dinner honoring a proud son and highly respected spokesman for the Arabic community, Michael Berry. In this Congress, many who know Mike, I am sure, will want to extend greetings on this special occasion.

Mike Berry is recognized throughout the Detroit metropolitan area as a friend, distinguished citizen, and outstanding community and business leader. His active involvement in community affairs and public service is reflective of a deep personal commitment to help others and enhance cultural pride and integrity in our community. No one has given as much of his personal time so willingly and so unselfishly to programs and activities directed toward improving the quality of life and fostering understanding and friendship among all mankind.

In his capacity as honorary president of the Southeast Dearborn Civic Association, Mike Berry has been a special friend and counselor to the great numbers of Arabic immigrants resettling in the United States. With great warmth and compassion he has helped thousands of families find hope for a new life in a new land. Enlisting the aid of leading citizens in the civic and business sectors, he has been instrumental in placing these families into the mainstream of our American economy.

I was recently honored to nominate Mike Berry as a delegate to the White House Conference on Small Business. Mike will represent our 16th Congressional District at this national conference seeking avenues to improve the growth and prosperity of small business in our Nation. Mike's associations and long experience with business will bring a vitally needed perspective and input into this conference called by the White House.

It is with pride and pleasure that I join in this salute and fitting tribute to a very special man, Mike Berry.●

DRAW THE LINE WITH MOSCOW ON CAMBODIA

HON. WM. S. BROOMFIELD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. BROOMFIELD. Mr. Speaker, when the House of Representatives recently considered the Zablocki amendment providing for humanitarian assistance to the famished Cambodian people, I had the opportunity to speak out against the ruthless and barbaric actions of the current regime in Cambodia. Backed by Communist Vietnam and the Soviet Union, the so-called Cambodian Government has not only done nothing to help the suffering Cambodian people, but also has denounced the humanitarian efforts of the United States and other Western nations.

Several days ago, I was informed by my distinguished colleague, BILL YOUNG of Florida, that the World Bank will not provide any American assistance to Vietnam in the new fiscal year largely due to congressional efforts to focus attention on the uncivilized acts of the Vietnamese-backed government in Cambodia. At the same time, many distinguished Americans, including the Rev. Theodore Hesburgh and journalist James Reston, have been critical of the Soviet Union's refusal to stop the Cambodian carnage and prevent this second holocaust. In this regard, I call my colleagues' attention to an editorial by James Reston which appeared in the November 4th edition of the Washington Star.

The editorial follows:

[From the Washington Star, Nov 11, 1979]

DRAW THE LINE WITH MOSCOW ON CAMBODIA

(By James Reston)

Two points need to be made about the inexpressible tragedy of the Cambodian people. First, that the present threat to the very existence of that nation is being caused by a conflict between two Communist regimes. And second, that the Soviet Union has not only refused to use its influence to stop the carnage, but won't even cooperate with the civilized nations to save the Cambodian children.

The United States, during the Vietnam War, acquired its own burden of guilt in Cambodia, but at least it has had the decency to try to make amends and respect the sanctity of human life.

The Soviet Union, which has been proclaiming its compassion for the suffering people of the world for over 60 years, and which castigated the Nazis for trying to exterminate the Jews, is not only doing nothing to help, but is denouncing the efforts of the United States and other Western nations as a kind of geopolitical capitalist trick.

On the level of world politics, it might be possible to understand even a savage Moscow policy of establishing its power on the southern flank of its communist rival, China. But Moscow's ally in Hanoi has already won that war. It now has over 200,000 Vietnamese troops in Cambodia and the rag-tag remnant of the former Communist government there is not likely to succeed against the organized Vietnamese forces that, with the help of Moscow, even - prevailed over the modern weapons of the United States.

In short, Moscow and its allies in Vietnam now dominate the strategic positions in the Southeast Asia peninsula. Washington is no longer challenging that. All Washington is asking the Moscow officials is that they save the children.

It's surprising that President Carter has been so slow in taking the lead in this matter. He has run into stern opposition on the SALT treaty, and has been trying to deal with this in such a way as to show that he can stand up to the Soviets as well as any other presidential candidate. But Cambodia was probably a better issue. if ever there was a test of Carter's Christian principles, and his willingness to stand for an accommodation with the Soviet Union for a decent political order in the world, the tragedy of Cambodia was it.

Last month, Carter gave the Soviet Union permission to buy a record 25 million metric tons of U.S corn and wheat during the fiscal year 1979–80. It has, of course, always been a Washington principle never to use food as an instrument of political power when people anywhere in the world were in need. And yet, why should we relieve the Soviet Union of its grain shortages if Moscow will not even help get food to Cambodia?

Belatedly, Carter has come forward with proposals and now has the support of Congress for about $100 million in aid for Cambodia, but Congress is still fiddling. And there is the problem of getting the food into Thailand and, more importantly, into Cambodia. The president and the Congress can provide money and food, but they need permission to get planes and trucks to the starving people. This is a problem that Moscow has the power to resolve. Many have been imploring Carter to take the issue directly to the Soviet government.

A bipartisan group of 68 members of the House appealed to Carter last week to try to set up a joint airlift with the Soviet Union.

The Rev. Theodore M. Hesburgh, president of Notre Dame, made the point more dramatically in an interview with the New York Times. "Why not go to the Russians and say, 'The American people may take a dim view of you buying 25 million tons of grain from us if you refuse to collaborate with us in making 150,000 tons available right now to people who are starving.'

"I'm perfectly willing," Hesburgh said, "to ride in the lead truck and get shot at in the process, rather than sit back and have it on my conscience that I did nothing to stop a second Holocaust."

The Carter administration is sensitive to this rebuke, but it is still not drawing the line in the matter of supplying Moscow with American grain while Moscow refuses to help in Cambodia. The State Department is saying that it has discussed the question with Moscow officials but adds, "We have no guarantee where the relief supplies would end up in that kind of operation."

So the tragedy is left there, in an argument between the president and the Congress—each sensitive to the problem, but neither doing enough to deal with the misery of the Cambodian people.●

MONESSEN RESIDENT HONORED

HON. DON BAILEY

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. BAILEY. Mr. Speaker, on the 17th of this month, John G. Luncas, a Monessen resident dedicated to the continued commitment of a better education for the children of Monessen, will be honored by the community. This special recognition is well deserved by this outstanding citizen as he has actively participated in civic activities for many, many years, including 24 years as a member of the Monessen School Board.

Having been educated in the Monessen public schools, a 1931 graduate, John has continued to exert unwavering dedication toward the continued growth and success of the school system by serving on the school board and, at various times, acting as its president, vice president, and secretary.

But avid interest in Monessen's educational opportunities has not been John's only interest, for 30 years he has been actively involved in local government as a Democratic committeeman and has been a member of various boards connected with the Westmoreland County Juvenile Court, Monessen Recreation Board, Monessen Public Library, and the civic center. In addition, he has devoted 15 years of remarkable service to the Monessen Slovak Home as a trustee and is a charter member of the organization.

John and his wife Angie have two children and are members of the Holy Name Church where John is a member of the board of trustees. Prior to John's 21 years of service at United States Steel's Irvin Works in Clairton, he served in the 9th Armored Division of the U.S. Army during World War II and received a Presidential citation for his brave conduct during the Battle of Bastogne.

It gives me great pleasure to bring these admirable activities of this fine man to your attention and the attention of our colleagues. He has been a great leader in the city of Monessen and I am very pleased that his accomplishments are being recognized by his many friends.●

ALMONDS AND EEC ENLARGEMENT

HON. ROBERT T. MATSUI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. MATSUI. Mr. Speaker, the California Almond Growers Exchange is an agricultural cooperative with plant and offices in Sacramento, Calif., which is in my district. Exports are critical to the almond industry in California. Thus, the industry has worked hard to develop and maintain export markets.

The largest market for California almonds is the European Economic Community (EEC). The value of almond exports to the EEC for fiscal 1980 will amount to one-quarter billion dollars and will surpass exports of cotton, rice, and wheat/wheat flour to the EEC for fiscal year 1978. While we are comparing figures for 2 different years, the constantly expanding value of almond exports cannot be overstated.

Within the EEC, West Germany is the largest importer of U.S. almonds. Walter Rode, Deputy State Secretary of Agriculture for West Germany, attended the annual district meetings of the California Almond Growers Exchange. He emphasized a matter of great concern to me; namely, the potential loss of the EEC market for U.S. almonds upon the entry of Spain into the common market. The United States and Spain are the largest suppliers of almonds to the EEC.

In order to prevent the loss of the one-quarter billion dollar market, the United States must negotiate with the EEC to eliminate its current 7-percent duty on almonds prior to Spanish entry. Otherwise, Spanish almond producers will be handed a growing European market with no restrictions and will use this advantage to become even more price competitive. This could have grave consequences for the U.S. almond industry and would adversely affect the U.S. balance of payments.

It is my understanding that EEC vice president Gundelach has suggested to our U.S. negotiators that the negotiations on the EEC's almond duty should begin. The almond industry has received assurances from our negotiators that they would begin the negotiations this fall. Discussions between the EEC and Spain are imminent. Thus, it is critical that a zero duty from the EEC for almonds be achieved now.●

KNIGHTS OF EQUITY SUPPORT THE ACTIVITIES OF THE AD HOC CONGRESSIONAL COMMITTEE FOR IRISH AFFAIRS

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. BIAGGI. Mr. Speaker, I wish to bring to the attention of my colleagues here in Congress a petition which I received from the members of the Knights of Equity, Court No. 15 in Altoona, Pa. This petition was sent to President Carter, as well as to other Members of Congress.

I would like to point out that this petition contains almost 175 names, collected at an Irish festival. There was no public announcement made about this petition to gather these signatures. Rather, the press release from the Ad Hoc Congressional Committee for Irish Affairs, of which I am chairman, were posted on bulletin boards. The response to these releases was instantaneous and the resulting signatures were placed on the petition by people who truly wanted to get involved on their own.

As chairman of this committee, I am always pleased to learn of activities of concerned Americans around this country in support of our objectives. The ad hoc committee which now boasts 130 Members of Congress, has as its foremost priority the reestablishment of human rights to all people of Northern Ireland. More importantly, this goal can only be enhanced by the work of such concerned people such as the Knights of Equity Council No. 15. I salute their efforts in helping to raise the consciousness in this country with regard to the Irish question.

I would also like to note that the ad hoc committee is also involved in several other activities. Most recently, it was learned that the State Department has decided to continue the ban on arms sales to Great Britain for use by Northern Ireland police authorities. This suspension was largely due to the work of the ad hoc committee in bringing the issue to the forefront.

Additionally, we are seeking additional cosponsors for House Concurrent Resolution 122, which I introduced calling upon the British Government to embark upon a new initiative for Northern Ireland which promotes human rights and self-determination. This measure currently has 78 cosponsors and we welcome the support of all other Members of Congress.

The ad hoc committee will also be investigating allegations of job discrimination by American firms in Northern Ireland against Irish Catholics. Human rights not only include political and civilian rights, but economic rights as well.

The text of this petition follows:

KNIGHTS OF EQUITY

DEAR MR. PRESIDENT: We the undersigned, do hereby call upon you to support the efforts and objectives of the Ad Hoc Congressional Committee for Irish Affairs and to:

1. Speak-out against human rights violations in Northern Ireland; and to

2. Call for a British declaration of intent to withdraw from Northern Island.●

PRESIDENT CARTER'S TRIBUTE

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. RODINO. Mr. Speaker, last month, I informed my colleagues of the passing of Alexandra Tolstoy, at the age of 95. The last of the 13 children of the world-renowned author and philosopher, Ms. Tolstoy died in Valley Cottage, N.Y., at the site of the Tolstoy Foundation which she founded to assist refugees from all corners of the world.

I believe it is only fitting that I also bring to my colleagues' attention the message of condolence extended by President Carter to the foundation, paying tribute to this great humanitarian woman:

THE WHITE HOUSE,
Washington, D.C., October 5, 1979.

Mr. TEYMURAZ K. BAGRATION,
Executive Director,
Tolstoy Foundation, Inc.,
New York, N.Y.

To TEYMURAZ BAGRATION: Rosalynn, and I were saddened to learn of the death of Alexandra Tolstoy. With her passing we have lost one of the last human ties with a great age of Russian culture.

All of us can take solace from the legacy she has left behind. I am mindful not only of her efforts in preserving her father's literary heritage, but also of the enduring monument to her humanitarian work, embodied in the Tolstoy Foundation which she founded some forty years ago.

Alexandra Tolstoy will always be remembered by the thousands who benefited from her assistance when they entered a new life in this country as free men and women.

Sincerely,

JIMMY CARTER.●

DON FRASER, MAYOR-ELECT OF MINNEAPOLIS

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. STARK. Mr. Speaker, there was great news on the front page of the Washington Post this morning: "Fraser Is Elected in Minneapolis." Our former colleague, Don Fraser was elected yesterday by a wide margin to serve as mayor of Minneapolis.

For those of us who know Don well and served with him in this House, his election confirms our view that he is the sort of person who ought to be serving as an elected public official. A recent editorial in the Minneapolis Star succinctly explains why:

> There can be no doubt about Fraser's intellect, his willingness to work hard or his concern for his city and its people.

The editorial was headlined, "Fraser Can Be the Best Mayor Since Humphrey." I have no quarrel with that prediction, but I think I would go one step further and say, Don Fraser will be the best mayor Minneapolis has ever had and I know that his fine city will grow and prosper with his leadership. As the Star points out, Don has a wonderful thing going for him—Minneapolis has a love affair with Fraser.

Mr. Speaker, I would like to place in the Record at this point the Minneapolis Star editorial I have referred to in my remarks. It appeared on Wednesday. October 24, 1979.

The editorial follows:

Fraser Can Be the Best Mayor Since Humphrey

(By Charles Whiting)

Don Fraser may be just the mayor Minneapolis has been looking for ever since Hubert Humphrey left the office in 1948 to become a United States senator. Never in the 30 years since then has the city had a mayor or a mayoral candidate as well-positioned to exercise political leadership as Fraser. The chance to elect him on Nov. 6 is an opportunity Minneapolis voters dare not pass up.

Much of Fraser's leadership promise lies in the national status and reputation he would bring to the mayor's office. That makes him a valuable political property, too valuable for other city DFLers to ignore or defy. If he makes a strong showing at the Nov. 6 polls before a watching nation his often divided party would have little choice but to unite behind him.

But if Fraser carries that kind of clout as mayor, would he know how to use it and would he use it wisely? His excellent congressional record argues strongly in his favor. Gov. Al Quie's early experience has shown, though, that there's a difference between exercising leadership on certain issues in Congress and exercising overall executive leadership at the state or local level. Like Quie, Fraser will have to learn that difference and adjust to it.

He should be able to. There can be no doubt about Fraser's intellect, his willingness to work hard or his concern for his city and its people. If he chooses his advisers well, works with the City Council and keeps in balanced touch with varying community interests, Fraser will be a good and effective mayor of Minneapolis, one who would continue the progress the city has been making and one who would take the lead in correcting the problems that remain.

Fraser would be better at that, certainly, than any of his opponents, including either Independent Charles Stenvig or Independent-Republican Mike Barros. Actually, Barros isn't a bad candidate and Republicans who can't bring themselves to vote for Fraser could cast their ballots for Barros in good conscience. He is bright, has a mayoral manner about him, has taken the trouble to develop a program to govern by and has a useful background in the field of housing. He is campaigning hard for the job. But he remains relatively unknown and therefore has no particular following, even in his own party. Also, his lack of broad, practical political experience shows through. Barros may someday be ready to be mayor, but isn't ready now.

As for Stenvig, Minneapolis already has given him three terms as mayor without noticeable benefit. During his last term he was practically invisible and certainly ineffectual. It would be a mistake to put him back into the mayor's office. To do so would only mean that the rest of city government would again have to figure out a way to work around him. Besides, if Minneapolis citizens really want to get the police out of politics, and vice versa, what worse way to go about it than to elect a policeman as mayor?

So The Star endorses Fraser for mayor, not only because he is the best candidate available this year but because he may be the best one to seek the mayor's office in many years. As an IR alderman recently said, perhaps in envy but also in admiration, "This city has a love affair going with Don Fraser." Nov. 6 is the time to show it.●

A PILOT SPEAKS ON AGE DISCRIMINATION AND MANDATORY RETIREMENT

HON. CLAUDE PEPPER

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. PEPPER. Mr. Speaker, as you know, the Experienced Pilots Act of 1979, H.R. 3948, is scheduled to be considered on the floor of the House within the next week. As chairman of the Select Committee on Aging, I am well aware of the discrimination older pilots have been subject to due to the arbitrary age 60 rule. Ageism is an issue which our committee has been fighting against for years and have succeeded in combating in several areas. With the enactment of the Age Discrimination in Employment Act of 1978, virtually all Americans were allowed to work past their 65th birthday. We would now like to extend this privilege to include airline pilots.

To further our case for the need for this important piece of legislation, I am submitting for the record a study done by Capt. Herbert C. Farnsworth, Delta Air Lines, entitled "Age Discrimination Towards Airline Pilots: The Mandatory Age 60 Retirement Rule." I thought the information contained in this eloquent presentation against the age 60 pilot rule might be useful to my colleagues as they consider this important legislation.

The study follows:

Age Discrimination Towards Airline Pilots: the Mandatory Age 60 Retirement Rule

(By Capt. Herbert G. Farnsworth)

There has never been an accident in the history of the scheduled airlines attributable to pilot incapacitation! This is true of the thirty-odd years prior to the March 1960 inception of mandatory pilot age 60 retirement, as well as the nearly twenty years since.

Why, then, the Federal Aviation Regulation curtailing careers at 60? The truth is, this rule (F.A.R. 121.383c) has never had real justification. Its true origin lies in the fact that in the middle 1950's there were negotiated on many airlines pilot retirement plans permitting retirement at age 60 with no actuarial benefit reduction, but their basic Employment Agreements did not mandate retirement at 60. In the face of these provisions, a major carrier forced four pilots to retire at 60. These four pilots were reinstated as a result of court action. The age 60 rulemaking followed shortly after the court action. It would be the height of naivete to think that the fact that the president of the airline involved and the Administrator of the FAA (Federal Aviation Administration) were brothers-in-law had nothing to do with the promulgation of this rule, and that the mandatory age just happened to agree with the full-benefit age in the new retirement plans. At the ATA (Air Transport Association) meeting held to forward to the FAA the Airlines' position on the proposed Age 60 rule, it developed that airline "A" had wanted those four pilots to retire because two of them were weak on flight proficiency checks. I was at that meeting, and got that information from one of "A's" delegation, who further stated that they didn't want to follow prescribed procedures of failing the two weak pilots because "we didn't want to make the pilot group mad at us" (!) (Incidentally, the FAA Administrator in question later became a vice-president, then a member of the board of directors of airline "A").

In 1978, Congress passed the Age Discrimination in Employment Act (ADEA), which served to raise normal retirement ages to 65 and 70 for certain groups (from 60 to 65 or lower), and which precluded mandatory retirement in certain instances. Pilots were not covered by this legislation on the premise that they have a BFOQ (Bona fide occupational qualification).

The plight of pilots being discriminated against solely because of age came before the House Select Committee on Aging in March of this year, with very favorable results, such that the matter was forwarded to the Aviation Subcommittee of the House Public Works and Transportation Committee. Several bills were presented, providing for increasing the retirement age of pilots to 65 or 70 (or with no age restriction), and also in most cases providing for a study of the aging situation with regard to pilots. More frequent physical exams for over-60 pilots also were a feature of some bills.

These bills were the basis for the House Aviation Subcommittee holding hearings on the age 60 issue on July 18 and 19. Among those testifying were (in this order) the FAA (via the Deputy Administrator and the Federal Air Surgeon); a group of doctors and gerontologists testifying against the age 60 Rule (one, Dr. Mohler, formerly was with the FAA and opposed lifting the age 60 restriction until recent medical testing capabilities persuaded him to oppose the restriction); a group of pilots from the Pilots Rights Association (PRA) who really deserve the credit for getting this legislation moving; the Air Transport Association; and the Air Line Pilots Association.

The case for age 60 mandatory retirement came out a poor second. The FAA's case was very weak. The medical/gerontological group was very impressive. PRA's case was well presented and included testimony by astronaut "Deke" Slayton. Among others appearing on behalf of eliminating the rule were several flight attendants, the Vice President-Operations of Republic Airlines, and the President of Trans International Air Lines. ATA's case started out impressively, but broke down almost completely in the question and answer session following their testimony. ALPA's case against the rule was very effectively presented by their president, J. J. O'Donnell, and held up under questioning. This was consistent with ALPA policy going back as far as 1936, beginning with a Board of Directors policy opposing age limits on a flying career. This was reiterated in 1956 and expanded, in anticipation of possible activity towards mandated retirement by some of the carriers.

The compromise bill now under consideration emerged during mark-up as a result of a bill which surfaced after the hearings (dated the day before the hearings), proposing the same age 60 restriction and also bringing under the rule three groups not now covered: flight engineers, air taxi pilots, and commuter pilots. This appeared to be a ploy to bring the wrath of the Flight Engineers International Association and the taxi and commuter pilots down on the whole effort, thereby killing it with apparent "fairness." The presence of this bill resulted in several compromises. After the two-day mark-up was completed, the bill (HR3948) which emerged for presentation to the "parent" committee provided for (1) an interim raising of the maximum age to 61½ years; (2) a 12-month study of aging by the National Institutes of Health, including an examination of pilot medical criteria, which study is to be returned to Congress for action regarding setting an age limit or eliminating same; (3) medical examinations every three months for pilots over 60; (4) the bill applies to all cockpit crew members, Air Taxi Pilots, and Commuter Pilots, with a 90-day delay for those adversely affected. This is essentially the same bill passed by the Public Works and Transportation Committee, with a $600,000 appropriation attached to fund the NIH study.

One might ask why the long delay between the inception of this rule and the current efforts at legislative correction, particularly when all along the real "control" of a pilot's fitness to fly has been in the recurrent medical examinations and the proficiency flight checks. These factors were and are the reason, along with the previously mentioned safety record, that the existence of any mandatory retirement age is unnecessary and uncalled for. No airline pilot is really assured of his job for any longer than the period between medical examinations and between proficiency checks, both of which are taken at 6-month intervals. The answer to the long delay is that efforts *were* made to persuade the FAA to eliminate the rule, but that the agency engaged in various subterfuges and non-existent "studies" to divert these efforts. Former Administrator Najeeb Halaby admits to just such a maneuver in his recently published memoirs.

Recourse was had to the courts, which in effect ruled that the FAA was within its prerogatives in this type of rulemaking. The Supreme Court denied a hearing. Thus, the merits of the rule itself were not tested in court.

As HR 3948 approaches the House floor, one situation is worthy of comment.

The president of ALPA, J. J. O'Donnell has seen fit to fly in the face of all ALPA policy and take issue with HR 3948 because it allegedly does not meet the guidelines set forth to him by ALPA's Executive Board. His inflexibility in holding to these "guidelines" to the detriment of the interests of ALPA policy and its more senior members is not warranted by the actual Executive Board instructions as borne out in the minutes of its meeting on this topic. Further, he is attempting to arouse all the membership against HR 3948 on the basis that it would cause serious administrative problems. His statements are downright false, or grossly exaggerated and appeal to the selfish motives of the younger pilots seeking advancement by denying employment rights to the older pilots, a situation which he himself pointed to unfavorably in his testimony before the Aviation Subcommittee. (One misleading statement from his latest "fact" sheet: "No money has been appropriated to fund the NIH study. Thus there is a good possibility that the study will not be completed until after the bill's 18-month period of effectiveness has expired." Well, of course no money has been appropriated: the bill is not yet law. But it does carry with it an appropriation of $600,000, and Captain O'Donnnell knows that.)

Most surprising is to see Captain O'Donnell join with the instigators and proponents of this discrimination, the ATA and FAA, in reversing his subcommittee-hearing position. He seems not to understand that, although not perfect by any proponent's standards, HR 3948 provides the occasion for a study which all statistics and common sense indicate will eliminate the present discriminatory situation if the study is truly objective and unbiased. There is no real reason to fear a study of our medical criteria. Even the ATA's own medical witness testified that he sees nothing to be gained by changing the current pilot medical examinations. I don't think a study is necessary, but I don't fear it, and it obviously is politically expedient, which is something President O'Donnell certainly should understand. While O'Donnell is asking his members to express their fear of the "uncertainties" HR 3948 might create for them. It appears that *he* is the *real* source of these uncertainties. One can understand the ATA and FAA opposing this legislation, since they were responsible for the initial injustice. But Captain O'Donnell's reaction to the practicalities of the legislative process is indeed surprising, especially in view of the fact that, insofar as long-standing ALPA policy against any age limit is concerned, there is nothing to be lost from the current situation, and what in justice, should be gained will much more closely approximate that policy.

I should like to state that I have been an airline pilot for almost 34 years of which 15½ years were spent in check airman and administrative status. In that status I spent considerable time at meetings with various committees of the ATA and with the FAA, as well as working with certain industry-wide groups. I also have been a very active member of ALPA, having been involved in several contract negotiations (including our original retirement plan bargaining), and have served as a council chairman on various ALPA committees local and national. My experience with and knowledge of the origin of the age 60 rule is first hand, and is unique in relation to other aspects of work with the ATA and the FAA, which, perhaps, is why it is so memorable. I believe it is incumbent on us to erase this discrimination which is not justifiable on the basis of safety (older pilots are statistically safer), or economics (savings will accrue in retirement plan funding, and training costs will diminish), or convenience (those pilots who so desire may still retire at 60 with no benefit reduction. But the fundamental right of a person to work at his or her profession, so long as he or she is qualified, should be restored to all, and not withheld by bureaucratic action. Any contrary situation seems to me to preclude the right of "pursuit of happiness" and is hardly within the concept of due process, envisioned in the 14th amendment regarding being deprived of property.

Since March 15, 1960, airlines pilots have been presumed "guilty" until proven "innocent." Guilty, that is, of suddenly becoming a risk at age 60. Then they have been denied the means of proving themselves "innocent." These means (medical examinations and proficiency flight checks) have been considered effective right up to age 60. Perhaps the strangest aspect of this "risk" situation is that the FAA considers (and properly so) that they can evaluate and certificate for return to flying pilots who have had heart attacks, coronary by-pass surgery, diabetes, lost an eye, and who have been alcoholics. Yet they claim that all this ability to evaluate is sudddenly non-existent in the case of the 60-year-old pilot who very well might be physiologically ten or fifteen years younger.

It seems evident, then, that mandatory age 60 retirement for airline pilots is unwarranted I trust that those who read this will see fit to work towards alleviating this age discrimination through supporting HR 3948.●

THE VALUE ADDED TAX WOULD NOT IMPROVE TAX SYSTEM

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. DRINAN. Mr. Speaker, I wish to bring to the attention of this House an article by the gentleman from Michigan (Mr. BRODHEAD) that was published by the Washington Star on October 25. Our colleague has effectively articulated many of our concerns about the value added tax (VAT). He points out that such a tax would be regressive and probably inflationary, and would raise revenue in such a way as to prevent taxpayers from knowing how much they pay.

I also direct my colleagues' attention to an editorial that appears in the November 3 issue of the New Republic opposing a VAT. The VAT was last denounced by the New Republic in January 1972, when it was being proposed as a source of public school funding to replace the property tax.

Now VAT, the tax proposal that apparently and unfortunately will not die, is being touted as a supplement to payroll taxes and income taxes. While I deplore the regressivity of the payroll tax and the complexity of the income tax, I suggest that the VAT would be an improvement in neither of these respects. Instead of a value added tax, I suggest that a more simple and progressive income tax—one without unnecessary deductions, credits, exclusions, and exemptions—would be an appropriate way to help finance the social security system.

The article and editorial follow:

[From the Washington Star, Oct. 25, 1979]

THE UNFAIRNESS OF A VALUE ADDED TAX

(By Rep. WILLIAM M. BRODHEAD)

There is much discussion lately of the value added tax (VAT). The rationale for VAT is to encourage people to spend less and save more. This position is not without logic. If every purchase is hit by a 10 percent sales tax, some people may just decide to kick the buying habit, unless it involves the family dinner.

Hardest hit by VAT are those who are having difficulty paying steadily increasing prices for food, clothing, housing and medical care. More affluent citizens would have the option of sheltering a portion of their income from VAT, because money saved or invested would not be taxed.

Supporters justify VAT by pointing out that it applies equally to all types of businesses. Such supporters are easy to please; but with a sales tax, it isn't business but the consumer who pays. Since consumers bear the burden, it is among consumers that we find significant differences in effects.

The regressivity of VAT is its most disturbing feature. The federal income tax, based on ability to pay, is our most progressive tax. VAT, however, is set as a percentage of the value of a purchase. The consumer with a small income pays the same percentage tax as one with a large income, but he pays a higher percentage of his total income.

This new proposal would substitute revenues raised through VAT for a portion of federal income tax and Social Security payroll tax revenues. The effect of this substitution would be to tax consumers to provide a substantial tax break to profitable corporations and individuals in high tax brackets who spend a smaller portion of their income on necessities.

Some VAT supporters are troubled by its inequity. They would change it so there is a lower tax on necessities and a higher tax on luxuries. However, such variations complicate VAT and inflate its cost enormously. Government could decide what are necessities and what are luxuries; and the tax base available for VAT would be seriously narrowed.

I am deeply troubled with a system of taxation which hides the tax from those who foot the bill. VAT wouldn't show up as a charge on the sales slip; at each stage of production, the manufacturer would pay a tax based on the value he adds. Each producer is reimbursed by the government for the tax built into the price he pays his suppliers. In the end, the consumer pays the entire VAT.

VAT would be highly inflationary, because it would force prices up to 10 per cent the moment it takes effect. There would also certainly be demands by workers for substantial wage increases to meet the surge in prices. This is no way to fight inflation.

VAT is supposed to be the solution to the many problems of our income tax system and of financing our Social Security system. Actually, what is needed is the wisdom and courage to undo some of the damage Congress has done to both systems.

The income tax is basically sensible and productive, but it has been loaded with special exemptions, deductions, credits and exclusions. We need to eliminate most of these preferences and substantially lower the tax rates.

Social Security financing can also be accomplished without resorting to the oppressive VAT. We must finance disability insurance and Medicare with general revenues. In this way, we can lower the payroll tax rate and return Social Security to what it was intended to be: a basic retirement system.

[From the New Republic, Nov. 3, 1979]

NOT VAT AGAIN

The announcement last week by House Ways and Means Committee chairman Al Ullman that he would propose a national value-added tax brings to mind Daniel Webster's lament: "Now is the time when men work quietly in the fields and women weep silently in the kitchen. The legislature is in session, and no man's property is safe." The VAT would be essentially a national sales tax, but instead of being imposed simply at the retail level, it would apply at each stage of the production and sales process. It already is widely used in Europe, and Ullman thinks it's high time the U.S. followed suit. He proposes that the VAT be used to reduce personal and corporate income taxes and Social Security payroll taxes. This last may make Ullman's plan especially attractive to Congress, because Social Security taxes are scheduled to increase next year—a measure which is needed to prevent the system from going bankrupt but which is also certain to provoke the wrath of the taxpaying public.

The VAT idea has been kicking around for several years—it was first suggested by President Nixon to replace the property tax as a source of money for public schools, but never went anywhere. Both Ullman and his counterpart in the Senate, Russell Long of Louisiana, endorsed a value-added tax last December, but at the time no one paid much attention. VAT's attractiveness remains a mystery. Doubtless one source of its appeal is simply that it would tap a heretofore unexploited source of money. This alone may make it irresistible to Congress, which can no more ignore a new pool of funds than a rake can rebuff a willing wench. It also would raise lots of money: Ullman's VAT, applied at a rate of 10 percent on everything but necessities like food, clothing, and medical care, which are generously taxed at only five percent, would raise $130 billion. Perhaps most important to Ullman and Long is that the VAT would be considerably less visible than the taxes it would partly replace. In some countries it is simply included in the purchase price of a product, which means the consumer doesn't know how much tax he or she is paying. In others the amount of the tax is spelled out, but it still would be considerably less painful than taxes that take a big bite once every two weeks or once every year. Not many taxpayers are going to sit down and add up their VAT payments at the end of each week. Long himself has candidly praised the VAT precisely because it is "the least painful way of collecting money." It may be in the interest of politicians to keep citizens from knowing how much they are paying in taxes, but it is not in the interest of citizens.

The value-added tax has some crucial drawbacks. One is that it is very complicated. It has an undeserved reputation for simplicity only because in Europe it took the place of a system of business turnover taxes that was even more complicated. It is hard to see the advantage of applying the tax at each of a dozen or more stages of production instead of simply adding it on as a retail sales tax at the last stage. The final effect, and the total revenue raised, would be exactly the same.

A bigger flaw is the VAT's regressive impact. Like any sales tax, it takes a greater share of a poor person's income than of a rich person's, since the poor spend more of their money on consumer goods. Ullman's proposal would mitigate this problem somewhat, but not entirely. It would still raise the cost of necessities. One argument offered by Senator Long is that the VAT would be no more regressive than the Social Security tax, which is true. The Social Security tax is extremely regressive, however, and the VAT would not be much better. But it would be considerably worse than raising the same amount of money through the progressive income tax.

One argument to be made for the VAT, though, does deserve to be taken seriously. Since it functions as a tax on consumption, the VAT would encourage more private savings, which is a worthy goal. The rate of saving in the US is the lowest of all the Western industrial nations. This is due in part to our heavy reliance on the income tax, which gives the taxpayer no incentive to save instead of consume. A good case can be made for a progressive consumption tax, which need not be as complex as the VAT. It could simply be imposed once a year, like the income tax, on total income minus total savings. A tax of this kind would stimulate savings and discourage consumption, thus providing badly-needed funds for capital formation.

But of all the different ways of taxing consumption, the VAT is probably the worst. And it makes no sense to try to encourage saving with the left hand while the right hand is limiting the amount of interest that can be paid on savings deposits. Anyway, the biggest reason Americans don't save is that inflation constantly erodes the value of their money. As long as we have an inflation rate in double digits, no tinkering with the tax laws will make much difference in the savings rate. But the sort of tinkering suggested by Ullman would make some other problems worse.●

GEN. WILLIAM M. HOGE

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. SKELTON. Mr. Speaker, this past Friday, funeral services were held at Arlington National Cemetery for a former neighbor and good friend, Gen. William Morris Hoge. General Hoge was an outstanding American and had one of the most distinguished military careers in our Nation's history.

He was an alumnus of Wentworth Military Academy, and was a graduate of the U.S. Military Academy at West Point. In addition to receiving the Silver Star award for bravery during World War I, he also was awarded the Distinguished Service Cross for "personally and voluntarily reconnoitering the site of a pontoon bridge over the Meuse in broad daylight, and for commanding the movement of a train of heavy wagons under enemy observation."

Bridges became a resounding theme in General Hoge's military career, for in May of 1945, he earned the Distinguished Service Medal for his ingenious and daring leadership during the siege of Remagen Bridge. In fact, it was his tactical maneuvers at this bridgehead that enabled the American First Army to make the initial allied crossing of the Rhine in force.

General Hoge also contributed materially to the war effort through his supervision of the Canadian-Alaskan military highway construction project and the northern sector construction task force. He was awarded the Oak Leaf Cluster to the Distinguished Service Medal for his efforts in this area.

In 1945, he earned the Legion of Merit for his service with the 9th Armored Division for moving his combat unit to the vicinity of St. Vith and preparing its disposition while containing the enemy for 36 hours during a critical period. His citation read:

> The superior judgment and tactical leadership displayed by him throughout these operations, and the discipline and combat efficiency of his command, reflect the highest credit upon himself and the armed forces.

He was awarded the Oak Leaf Cluster to the Silver Star for his gallantry in action in connection with military operations against the enemy in the vicinity of Bodeheim, Germany, on March 4, 1945. He observed that an attack by a task force was not progressing satisfactorily because of heavy mortar, artillery, and small arms fire, so he joined the front line units. Showing no regard for his own safety, he exhibited fearless leadership while he reorganized the attack and personally led the task force to its objective.

He also received the Bronze Star Medal, the Army Commendation Ribbon, the Purple Heart, the British Distinguished Service Order, the French Legion of Honor, the French Croix de Guerre, and the Russian Order of the Fatherland First Class for Service in World War II. He was with the IX Corps in Korea in 1951. In March 1953, General Hoge was appointed commanding general of the 7th Army in Germany, and he subsequently was named commander-in-chief of the U.S. Army, Europe, in September 1953 before retiring in 1955.

After his retirement, General and Mrs. Hoge returned to their hometown of Lexington, Mo. Having lived next door to him, I was fortunate enough to know him not only as a member of the military, but as a warm and congenial neighbor, always willing to share a pleasant word with his friends.

Mr. Speaker, it is with great sadness that I inform my colleagues of this tragic loss, however, I feel confident that General Hoge's many contributions to the defense of this Nation will long be remembered.●

PERSONAL EXPLANATION

HON. DOUGLAS K. BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. BEREUTER. Mr. Speaker, last Thursday I was involved in a meeting being held in my office. Unfortunately, I did not hear the notice of a rollcall vote on a motion to order the previous question on the rule to consider the welfare reform amendments. Because I missed that vote, I wish to state for the record how I would have voted had I been present. My vote would have been "nay."●

TRIBUTE TO JOHN KWOKA AND MARTHA KOZLOSKI

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. FLORIO. Mr. Speaker, I am privileged to share with you, and my colleagues, the south Jersey area's pride in two of its most foremost citizens, John A. Kwoka and Martha (Wanda Bernadette Mroczkowski) Kozloski.

This Saturday, November 10, these two outstanding individuals will share in the Man and Woman of the Year testimonial, offered by the Polish American Congress. The congress' recognition of the two south Jersey residents will highlight their lifelong association with efforts to improve their community and their Nation.

Mr. Speaker, frequently those in government fail to recognize the enormous wealth of services private citizens contribute on their own toward the betterment of their communities. The following articles summarize the dedication and hard work John Kwoka and Martha Kozloski have devoted to a number of worthwhile organizations. I join the Polish American Congress in saluting the achievements of John Kwoka and Martha Kozloski, and express my admiration for their assuredly deserved recognition.

The articles follow:

JOHN KWOKA

A volunteer community worker for nearly 30 years, John Kwoka will share in the Man and Woman of the Year testimonial offered by the Polish American Congress at a dinner and dance Saturday, November 10, at the Polish American Citizen's Club, South Camden.

John A. Kwoka was born and raised in Camden. He attended St. Joseph's Grammar School before graduating from LaSalle High School in Philadelphia. He later earned certificates from Rutgers, the State University, for Collective Bargaining and Modern Supervision.

In 1950, during the Korean conflict, Kwoka enlisted in the United States Air Force. After basic training and special technical training, he was assigned to the Communications Squadron, 85th Air Depot Wing, Erding, Germany, where he served for 30 months.

He was reassigned to NATO Headquarters, Allied Forces Northern Europe, Oslo, Norway, where he assumed duties of a Non-Commissioned Officer in charge of the communications center. He was honorably discharged in 1954 with the rank of Sergeant, and was awarded the national Defense Service Medal, Good Conduct Medal and Occupation Medal in Germany, with device for Humane Action.

A Contracting and Procurement Assistant with the Delaware Valley District, Eastern Region, Kwoka is a 20-year employee of the United States Postal Service. He started his government career as a mailhandler with the Postal Transport Service and progressed through the ranks to the position he now holds.

Through the years he was the recipient of many awards from the Postal Service, notably most recent is the United States Postal Service Bicentennial Award presented at the Postmaster General's Office in the headquarters in Washington, D.C.

As a vice president of the Polish American Congress, South Jersey Division, Kwoka is a National Director of the Polish American Congress, Chicago, Illinois. He was Pulaski Day Chairman for four years and Co-Chairman for several more years, besides a Grand Marshall for the most recent parade.

John Kwoka has a 26 year membership tie with the Kaskowski-Wojtkowiak Post 74 American Legion. He was recently presented with a life membership for many years of devoted service to the organization. He has served in all elective and appointed offices and is presently the Post Commander. He is a past historian of the Camden County Committee of the American Legion and by appointment of the County Commander he is a member of the Budget and Finance Committee.

Kwoka also is a member of Veterans of Foreign Wars Post 980 La Societe Des 40 Hommes Et 8 Chevaux, Voiture 40; and Associate Member of Polish Army Veterans Post 121, Polish American Citizens Club, National Association of Postal Supervisors, American Postal Workers Union AFL-CIO, the Associated Polish Home of Philadelphia, National Rifle Assocation. He is past president of the United Federation of Postal Clerks of Local 526 AFL-CIO and a past delegate to the South Jersey Labor Council AFL-CIO.

The 1979 Honoree is the youngest of seven children born to Joseph and Sophia Kwoka. Other members of his family are sisters Mary and Irene and brothers Walter, Frank, Stanley and Edmund.

MARTHA (WANDA BERNADETTE MROCZKOWSKI) KOZLOSKI

Family: Born and raised in Camden.

Daughter of Mrs. Helen (Karlowicz) Mroczkowski.

Wife of Edward Thomas Kozloski, Formerly of Taylor, Pennsylvania.

Mother Of: Margaret Ann (Peggy) Kozloski Haldeman—Resides in Atco, N.J. with husband Walter. Peg is a graduate of St. Joseph's High School and Peirce Junior College. Presently employed as a secretary at the Archway School in Atco.

Peg has two sons, Montrell, Bradley and Edward (Eddie), Jr., who resides in Mobile, Alabama.

Eddie is a graduate of St. Joseph's High School and the Virginia Polytechnic Institute and University, Blacksburg, Virginia. Eddie is presently employed as a regional sales manager by the Houston Engineering Research Company.

Eddie has two sons—Jesse and Christian.

EDUCATION

Attended St. Joseph's Grammar School and Camden High School.

A Registered Nurse—Graduate of the Pennsylvania Hospital School of Nursing.

Graduate of Camden Commercial College.

EMPLOYMENT

As a Registered Nurse, worked in the operating room at the Pennsylvania Hospital for several years after graduation from that institution.

Served in the Navy Nurse Corps during World War II as an Ensign.

More than half of her lifetime has been spent at West Jersey Hospital: First alternating between General Duty and Private Duty Nursing and, since 1951, within the Department of Medical Records as a Medical Secretary. In 1957, took the qualifying national examination and received the title of Registered Medical Record Administrator (RRA).

In 1974, became Associate Director of the Department for the West Jersey Hospital System.

ORGANIZATIONS

Life member of the Pennsylvania Hospital Nurses Alumni Association.

Member of the American Medical Records Association.

Member of the New Jersey Medical Record Association, Inc. Served as Corresponding Secretary, Member of the By-Laws Committee and nominating committee in the past. Chairman of the Nominating Committee for the current year.

Member of the New Jersey Hospital Association.

Served as a member of the faculty of the Morrestown Adult School.

Presently coadjutant faculty member of the Rutgers University Extension Division.

Past President of the St. Joseph's Grammar School PTA.

Past Historian of Camden Regent (PTA).

Served two terms as Corresponding Secretary—St. Joseph's Parish Council, then a Member-At-Large for one term, and presently again serving as Corresponding Secretary.

Member of the Altar and Rosary Society.

Active in both the Girl Scout and Boy Scout movement in the Parish, Recipient of the St. Anne Medal awarded in Girl Scouting.

Presently a Parish Council Representative in the Polish American Congress.

Member of the Polish Auxiliary to the West Jersey Hospital, has served as either General Chairman or Publicity Chairman of many affairs. 1978 Honary Polka Ball Chairman.

Member of the Union of Polish Women of America, Group 5.

Member of the Polish National Alliance.

Member of the Camden County Eagle Scout Mothers since 1965. Presently serving second term as President.●

PEST MANAGEMENT STRATEGIES IN CROP PRODUCTION

HON. MORRIS K. UDALL

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. UDALL. Mr. Speaker, I am pleased to commend to my colleagues the latest study undertaken by the Office of Technology Assessment. The implications of agricultural pests slowly becoming immune to pesticides are very serious. New approaches to pest control are necessary.

A sharp step-up in the current slow shift to integrated pest management (IPM) for major U.S. agricultural crops can cut pesticide use by as much as 75 percent in some cases, reduce preharvest pest-caused losses by 50 percent, and save a significant amount of the one-third of the world's potential food harvest that is lost to all pests. (The pests include noxious and damaging organisms such as insects, mites, nematodes, plant pathogens, weeds, and vertebrates. Pesticides include insecticides, miticides, nematocides, herbicides, and fungicides.)

IPM involves the coordinated use of a variety of control tactics to prevent economic losses from pest damage while minimizing hazards to humans, animals, plants, and the environment. IPM is the most promising approach to U.S. crop protection over the next 15 years. The international implementation of IPM requires systems that are adopted to local agricultural conditions, social customs, political structures, and economic systems.

U.S. crops have become increasingly vulnerable to pest damage. The present limited number of pest control tactics within the categories of chemical, cultural, plant resistance, and biological are neither completely effective nor universally applicable. The intensive use of only one or two of these tactics can create hazards to human and environmental health and increase pest resistance to controls. Therefore, American agriculture is gradually shifting to IPM strategies, which apply the most broadly effective combination of available methods to particular pest problems. However, technological and administrative obstacles block rapid development and use.

Among the obstacles to rapid adoption of IPM strategies are:

Inadequate knowledge in basic biology, interactions of crop pests, and the economics of pest management.

The lack of an adequate system for disseminating the information needed to make sound pest management decisions.

A shortage of trained personel to conduct research, develop IPM programs, and deliver the needed information.

The lack of coordination and cooperation among Federal and State agencies.

The lack of a clear and comon commitment to and agenda for future IPM activities by agencies involved in the funding of research and extension activities, the regulation of pesticide use, and the marketing of farm products.

The basic option before Congress is whether or not to commit the additional resources needed to speed up the current evolutionary movement toward adopting IPM crop protection systems. Congress can: 1) support the status quo for U.S. pest control which, although including IPM, continues to rely heavily on chemicals, or 2) develop a strategy for accelerating the shift to IPM. With a modest increase in resources, IPM could replace most unilateral pest control programs over the next 20 to 30 years. With a major effort to remove the obstacles to IPM, the shift could be made within 15 years.

Any Member who would like a copy of this report need only contact the OTA, and one will be delivered that day.●

CAMBODIA: THE SUFFERING IS NO QUIRK BUT PART OF A GLOBAL PATTERN

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. STARK. Mr. Speaker, at a time when our only consideration in regard to Cambodia should be the speed with which supplies reach the Cambodian people, criticism of U.S. relief efforts may be a harmful distraction and an act of irresponsible demagoguery. Yet, although I hesitate at this crucial time to offer criticism, there lies within our Government a severe fault in its ability to analyze and respond to crises of starvation around the globe. With public awareness of the plight of the Cambodian people at its peak, it is my hope that constructive criticism may fall on fertile ears.

It is inconceivable that a condition which has wrought mass death and suffering and which threatens the existence of a once peaceful nation has not been met with the creation, in this country, of a special agency entrusted with planning and directing U.S. relief efforts.

Our response has been a series of disjointed, decentralized, and disorganized actions unattributable to any one individual or any one agency. These efforts have not been wasted. But, as Colman McCarthy writes in an article which appeared in the Los Angeles Times and Washington Post, "The job doesn't get done if everyone is asked to do it."

Yet even if a new agency had been formed, we must ask why the need came about. And, how did it come to be that the Cambodian people fell victim, like so many others in recent years, to mass hunger? We must ask if U.S. policies are in a way an indirect cause of hunger in Cambodia and elsewhere. These questions must be asked not only by the United States but by other nations as well. As McCarthy writes:

> For the west to agonize over the picture of starving Cambodians, but not to act to reverse the economic and political causes of world hunger, is to assume that next year, or the year after, another country will host mass death.

Certainly the United States cannot be blamed for the actions of the Vietnamese in Cambodia and the effect that the war has had to forestall the planting of crops. It is not, however, a secret that the United States and other Western countries have pursued policies which have created a global imbalance—an imbalance which has contributed to hunger in many areas.

Policies such as these must be reassessed if we wish not to be revisited "next year, or the year after," by mass death.

I ask at this time that Mr. McCarthy's article, "Cambodia: The Suffering Is No Quirk, But Part of a Global Pattern," be inserted in the Record. I saw it first in the Los Angeles Times of November 2.

The article follows:

Cambodia: The Suffering Is No Quirk, But Part of a Global Pattern; Outmoded Political and Military Schemes Victimize Millions

(By Colman McCarthy)

How many will have starved to death in Cambodia? Even to raise the question is to create the illusion that the issues of starvation and malnutrition are fresh in themselves. It is to cast Cambodia as "a crisis," as though the country was just wheeled into the world's emergency room and the fever chart began ascending in a straight line.

We know better. In the 1970s alone, the West looked on while starvation created death camps in Biafra, Bangladesh and the Sahel. The vastness of the misery meant that even the accounting systems to record the deaths broke down. In America, where overeating is so rampant that millions of citizens spend more money in weight-loss programs in a month than most people in the Third World earn in a year, it is enough merely to remember dimly the standard (and conservative) figure: 500 million of the earth's poor are starving or severely malnourished.

In looking at Cambodia, then, it is crucial to get it straight at the beginning: The current suffering there is part of a long-recognized global pattern, not a quirky disaster.

If anything, Cambodia might have been the one country that was secure from famine. In 1974, six countries—Guinea, Sudan, Sri Lanka, Pakistan, Bangladesh and Cambodia—received one-third of the $748 million budget of an American food-commodity program. Cambodia received a major share—$194 million—of that third.

The country, though, as the National Council of Churches has pointed out, was "one of our major military and political clients" in Southeast Asia. The humanitarian impulse to aid the hungry was less on the minds of American policy-makers than was feeding the emaciated political and military schemes that saw Cambodia as crucial to America's "national interest."

In a few months, perhaps sooner, world attention to starvation in Cambodia will have vanished. In time, another famine—perhaps in Haiti, Indonesia or Madhya Pradesh—will again push the death rate so high that the consciences of the wealthy must pay heed.

To say this is not to heap guilt on the rich nations, which is the one-shot tactic that every speechmaker from the Pope to Fidel Castro has been offering of late. Countless Americans who send checks to Oxfam or support worthy groups like Bread for the World or the Overseas Development Council don't feel guilty, as they shouldn't.

Instead, they feel frustrated and angry. In Washington, no one public figure in the Carter Administration has been given, or has sought, high-level responsibility for dealing with world starvation. Instead of a person, we have a process: It is kept in motion by representatives from Food for Peace, the State Department, Treasury Department, Agriculture Department, Office of Management and Budget, and congressional groups. These are intelligent and often compassionate officials, but unwittingly they are forced to play one of the government's oldest games: The job doesn't get done if everyone is asked to do it.

With no single public official held accountable, and with no comprehensive nutrition policy for itself or the world, the Carter Administration could reach out to the starving Cambodians with nothing better than a last-minute pledge of $70 million. This was belated conscience money.

In 1975, not long after the world food conference in Rome was supposed to put an end to the Biafras, Sahels and what afflicts Cambodian families today, Kenneth Schlossberg of the McGovern hunger committee in the Senate stated the obvious: "Food and nutrition policy are the waifs of national policy matters. Decisions that affect the very existence of millions and compromise the most pressing problem confronting America in the next several decades are left to a policy making process more reflective of the last century than this one."

Even if our government came alive, the victimization of millions would continue. Other rich nations—including the oil countries—are doing little. Developing countries themselves are often run by men who put military development first and agricultural development last. Half the world lives on rice, yet rice requires three times as much water—in water-scarce countries—as does wheat. And hovering above it all is the specter of overpopulation.

For the West to agonize over the picture of starving Cambodians, but not to act to reverse the economic and political causes of world hunger, is to assure that next year, or the year after, another country will host mass death.●

THE QUIET REVOLUTION CONTINUES

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington Report for Wednesday, November 7, 1979, into the Congressional Record:

The Quiet Revolution Continues

There are far-reaching changes taking place in the lives of women today. A "quiet revolution" is well underway in American society.

These facts were made very clear to me at the Women's Forum I sponsored two weeks ago in Southern Indiana. The crowd was large, the guest speakers were greeted with enthusiasm, and the prepared remarks brought forth many more questions than the allotted time permitted for response. Does social security cover a woman who becomes a widow after 15 years of marriage? Is a woman likely to find assistance in starting a small business? Whom should a working mother talk to if she needs help with child care? What is being done to protect women from the serious crimes of rape and domestic violence? These questions and others like them have often been put to me in town meetings and post office visits, but at the Women's Forum they all seemed to come up at once. The participants, however, were asked to concentrate on two areas of concern: women at work (in the home or on the job) and the problems of older women.

One of the most spectacular changes in American society in the past quarter century has been the dramatic rise in the number of women who work for pay outside the home. Women have more than doubled their presence in the nation's labor force in 25 years, and it will not be long before half of all wage earners are women. Even now, more than 50% of all women over age 16 are working outside the home. The figure may be 67% for all married women by 1990, a level much higher than anticipated. The problems faced by these women are formidable. Women earn roughly 60% of what men earn on the average, an "earnings gap" that has persisted unchanged for 20 years, and they labor under the handicap of historic exclusion from apprenticeships and professional studies that lead to better-paying jobs. Women suffer higher unemployment than men do, and they still hit career roadblocks in many "all-male" occupations and professions.

Equitable treatment for wage-earning women is important, but women who work in the home deserve equal attention for the vital role they play. Theirs is the responsibility for the family unit, the basic building block of our society. Homemakers, too, face formidable problems, such as laws that limit property rights, little or no income security in the event of divorce or widowhood, and inadequate provisions in the programs of federal, state, and local governments. The quiet revolution will be incomplete if these problems go unsolved.

A simple demographic fact made the problems of older women an appropriate topic of discussion at the Women's Forum: on the average, female Americans can expect to live 76 years, eight years longer than their male counterparts, so the elderly population of America is and will continue to be predominantly female. The problems of older women, however, are "silent" ones that tend to be pushed aside or ignored altogether. A few of the most serious are loneliness (married women usually live the last 11 years of life as widows), poverty (older women have the lowest incomes of any sex and age grouping in the population), crime (older women are six times as likely as the rest of the population to become victims of crime), and needless institutionalization (three-quarters of the institutionalized elderly are women, yet up to 40 percent of all elderly are kept in institutions for reasons as simple as their inability to feed themselves). I was extremely pleased by the interest shown in the problems of older women. Such interest is the first step on the road to workable solutions.

Congress has considered legislation to deal with some of these and other issues of concern to women. Constitutional actions include an amendment granting women the right to vote, ratified in 1920, and the proposed Equal Rights Amendment (ERA), first introduced in Congress in 1923 and finally approved by Congress in 1972. Only 35 of the 38 states needed for ratification approved the ERA within the original seven-year time limit, but the 95th Congress passed a bill extending the limit to June of 1982. Recent laws of benefit to women have ranged over many issues. Discrimination based on sex was prohibited in the payment of wages and in employment in 1964, and in federally assisted education programs in 1972. Other laws forbid discrimination against pregnant women in employment, and provide for flexitime and part-time employment in the federal civil service. New laws also fund programs for displaced homemakers, family planning services, and rape prevention and control.

Much legislative action of importance to women has yet to be taken. Pending in Congress are bills to include displaced homemakers among those for whom employers may claim the jobs tax credit, provide shelters and other assistance for battered wives, reduce the "tax on marriage" paid by families with two wage earners, eliminate sex-based discrimination in the insurance industry, and allow homemakers to establish individual retirement accounts such as those available to the self-employed.

Congress will not be able to address all the issues that concern women. Changes in attitudes, most particularly, cannot be legislated. I think women are saying that they want to be recognized as the full and equal partners of men, whether in the home, on the job, or in the world at large. To my way of thinking, that is not too much to ask. After all, equality under the law is a fundamental American idea if ever there was one.●

TRIBUTE TO BEVERLY BYRON

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. LONG of Maryland. Mr. Speaker, I pay special tribute to my friend and colleague, Beverly Byron, who continues the tradition of able representation for the sixth congressional district.

During her first year in the House, she has compiled an impressive list of legislative accomplishments, including encouragement of alternative energy sources, improved Federal services for senior citizens, and legislation to make the Federal Government more effective, and to balance the budget.

Beverly Byron works hard for her constituents. Her determination won for Emmittsburg the National Fire Academy. Although the entire congressional delegation was proud to support her in this fight, it was Beverly Byron who really won it for her district.

These impressive accomplishments entitle her to be described as truly a peoples Congresswoman.●

CIVIC LEADER RECOGNIZED

HON. DON BAILEY

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. BAILEY. Mr. Speaker, in my district, the 21st of Pennsylvania, we have 69 communities, each with a great many civic-minded persons that are constantly giving of their time and efforts to better the communities and help them grow and prosper. Orison Faulk, of Greensburg, is one of those very special persons.

At the age of 15 years he took his first step into civic affairs when he took an active role in the campaign of a candidate for township supervisor. But as I said, that was just a start. His interest in local government was followed by a public office of his own, tax collector of Salem Township, which he performed admirably for 32 years. But during this time, his scope was not limited to his tax collecting duties. Being such a giving person, he always found time to organize and participate in a host of political and civic activities. His ability to visualize a project and see to its success is truly remarkable. As a chairman for the March of Dimes, he worked avidly to recruit volunteers and secure donations for this most worthy charity. As a Democratic committeeman, he strived to insure the quality and responsiveness of local government. He also has devoted a great deal of his time to aiding the Sportsmen's Club in many of its endeavors, to the committee for the United Mine Workers as a committee member, and to the Delmont United Presbyterian Church as a member of the board of session, a trustee, and a 25-year choir member.

His music background is quite extensive. For 25 years he has been a member of various musical groups and for some of that time he organized and directed his own orchestra. Today, it is not unusual to find Orison playing his harmonica, banjo, guitar, or singing for senior citizens groups in the surrounding communities. Knowing Orison as I do, it is not surprising that he immediately turns over any money donated for his entertaining to the United Cerebral Palsy in Apollo.

All of his efforts, his ambitions, and his giving to others is a fine example of his compassion and respect for his fellow man and his dedication to our democratic system.

I commend and thank him for his many years of service to the public, his friends, and acquaintances. I sincerely hope that his spirit of giving and good will will continue to touch the lives of so many persons.●

TRIBUTE TO HON. JUANITA M. KREPS

HON. GLADYS NOON SPELLMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 31, 1979

● Mrs. SPELLMAN. Mr. Speaker, it has been said that knowledge gives weight and accomplishments give luster. It is indeed a pleasure for me to join so many of my colleagues in recent days in recognizing one who is abundantly blessed in both these categories.

Juanita M. Kreps, the first woman and first economist to serve as Secretary of Commerce, has won praise from many quarters for her intelligent, sensitive achievement in directing one of our key Federal departments. Before joining the Carter administration, this longtime resident of Durham, N.C., served with equal distinction in academia for three decades.

I can speak from personal experience when I say that Secretary Kreps brought to the Commerce Department a deep commitment and profound concern, not just for the furtherance of foreign trade and free enterprise, but for people as well. Her unique perspective as the first woman Secretary provided numerous unexpected benefits. I am particularly pleased to note, for example, that Secretary Kreps was one of only two Cabinet Secretaries to date who have issued official policy statements on the sensitive subject of sexual harassment in the Federal bureaucracy. Such a concerned, caring attitude exemplified Secretary Krep's tenure at Commerce and has made her stewardship of that Department a high point of the Carter administration.

Of course, Secretary Kreps' most widely recognized achievement in Government was the major trade agreement framed during her May visit to the People's Republic of China. The agreement has been praised almost universally as one that will give an advantage to American businesses, whether they be buyers of Chinese goods or sellers of American ones. It is expected to result in a tripling of American exports to the People's Republic of China during the next 5 years.

Secretary Kreps also negotiated six other major foreign trade agreements during her years at Commerce and met world leaders in such capitals as Moscow, Peking, and New Delhi. She administered, in a tight manner, a far-flung department, whose responsibilities range from assisting the Nation's businesses to mapping the world's oceans. Her professionalism and competence in management were truly unmatched.

Mr. Speaker, I personally do not know all that the future holds for Secretary Kreps now that she has left Government service. But I do know she is not one to sit by idly, resting on laurels and relying on past achievements. I was not surprised to learn that Duke University, which she left to join the Commerce Department in January 1977, was anxious to have her back as academic vice president. I suspect many institutions of higher learning would be more than pleased to obtain the services of so capable, talented and caring an individual.

Whatever her future undertakings, I want to join all my colleagues here today in wishing Juanita Kreps well in the months and years ahead. I also want to join them in officially recognizing her many fine achievements at the Department of Commerce. And most of all, Mr. Speaker, I want to offer my deepest thanks and heartfelt appreciation to Juanita M. Kreps for more than 2½ years of exemplary service to the Carter administration, the Federal Government, and the country as a whole. She truly has been blessed with both knowledge and many outstanding accomplishments. Her luster shines through to all who have had the pleasure of knowing her.●

VETERANS' DAY

HON. RICHARD BOLLING

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. BOLLING. Mr. Speaker, I am pleased to bring to the attention of the Members of the House of Representatives the remarks of an old friend, Gus Tyler, who is currently the chairman of the American Veterans Committee. I found his 1979 Veterans' Day message particularly impressive, reminding us all of the AVC slogan that we are "citizens first."

VETERANS' DAY MESSAGE—1979

Veterans' Day—November 11— is dedicated to the men and women who served in our armed forces and then returned to civilian life. Whether we served in time of war or peace, we shared a common experience, a moment when service to the nation was our overriding commitment.

It is fitting that in our present troublous moment, we—the veterans of our land—recall our dedication to our great common concern, our nation, our oneness as citizens of the United States of America.

We are presently plagued by a devisiveness as dangerous to our nation as any foreign foe. We are torn by economic inequities as riches pile up for a few while the many must do with less. We are ripped by crime as frustrated teen-agers confront a fruitless future. We are fragmented by racial and ethnic hostilities as groups claw for advantage or survival in a stagflated society. We have even cast out our Vietnam vets, shaming the warriors for an unpopular war.

As our sense of community disintegrates, even the traditional pillars of strength—state, church, school, and family weaken and crumble. Man, the social animal, turns antisocial, driven by fear and fury into escapism and narcissism, alienation and apathy.

At such a perilous pass, when we appear to be everything else before we are citizens of this land, it is appropriate to recall the slogan of the American Veterans' Committee that we are "citizens first." It is timely to recall the unifying spirit of wartime to conduct peacetime wars against the inner foes of poverty, prejudice, ignorance, illness and injustice.

Veterans' Day, originally Armistice Day, came out of World War I, a crusade to "make the world safe for democracy." A generation after that 1918 armistice, we were engaged in a Second World War against forces threatening to extinguish the light of liberty forever. We were victorious in that war and yet dictatorship prevails in most lands and the forces of tyranny once more make the world unsafe for democracy. Our victories in war have been repeatedly turned to dross by our failures in peace.

Out of the tribulations of our times, we veterans must learn that our dedication to our nation and its ideals must be as unremitting in peace as in war. To us falls the special call to keep America "one nation, indivisible, with liberty and justice for all." Yes, for "all." ●

MOVING ON AN EAST-WEST PIPELINE

HON. WILLIAM R. RATCHFORD

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. RATCHFORD. Mr. Speaker, following passage of H.R. 4985, the Priority Energy Project Act, last week it seems imperative that we pause again to consider the pressing need for a pipeline to carry Alaskan crude oil from the west coast to the energy-deficient Eastern, mid-Atlantic, and Northern States.

At present, Alaskan crude oil can only reach the east coast by being transported down the west coast and through the Panama Canal. This approach is both costly and time consuming, and has led to an overabundance of crude oil on the west coast which far exceeds the region's refinery capacity.

An east-west pipeline from California to Texas, or along the northern border of the United States, would efficiently and cost-effectively transport a large supply of crude oil to our refineries and to the American public. Such pipelines have been proposed for many years, but have been stymied by potential lawsuits and an incredible maze of Federal, State, and local laws.

For this reason, I welcome the support shown in the House last week for an amendment to the Priority Energy Project Act which would permit the Energy Mobilization Board to consider pipeline projects for fast track status. As amended, H.R. 4985 would enable the President to designate a pipeline project as a priority energy project, and thereby expedite final construction under the powers and protections embodied in the Energy Mobilization Board legislation.

Today, the Congress often feels that its hands are tied on such energy issues as oil shortages, rising prices, or nuclear energy. However, Congress does have the power to expedite some essential energy projects, and I applaud the House for its recognition of the importance of an east-west pipeline in this regard. With the passage of the Priority Energy Project Act, I deeply hope that a pipeline to transport crude oil across the country more cheaply and expeditiously will soon become a reality.●

WORLD VISION INTERNATIONAL AIDS CAMBODIANS

HON. JOHN H. ROUSSELOT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. ROUSSELOT. Mr. Speaker, the situation in Cambodia is growing ever more serious. Since 1975, when the Communists conquered Cambodia, the population has been cut in half, from approximately 8 million to about 4 million. Many have starved and several million innocent people were killed by the new Government for reasons such as former Government or military employment, having a college education, or even knowing a foreign language. The economy was destroyed as people were driven from the cities, stripped of all property, and as knowledge was erased. Like the Nazis, the Communists inflicted a modern holocaust on their people.

Today, another 2 million people face imminent death by starvation. The United States and other Western nations, having been driven from Cambodia, have ironically and magnanimously been willing to provide humanitarian relief. But, until recently, the warring Communist factions refused such aid, preferring to let their people starve.

The United States has now pledged $69 million in aid for the people of Cambodia. Other Western nations have pledged an additional $34 million in aid. To my knowledge, however, not one Communist ally of the Marxist regimes in Cambodia, Laos, and Vietnam has pledged one penny to alleviate the suffering occurring under those regimes.

The free, democratic governments of the West deserve great credit for their humanitarian efforts. But, we should remember that not all aid is being supplied by governments. An outstanding effort is being made by many private groups.

Oxfam-America, for example, has taken the lead in tackling the starvation problem. The Catholic Relief Services have made enormous efforts to help resettle refugees, and a host of other groups are also tirelessly involved. One such organization, World Vision International, is headquartered in my congressional district. I want to commend World Vision and bring its efforts to the attention of my colleagues.

World Vision International is a Christian humanitarian organization which operates in 75 countries, providing relief to the world's disadvantaged, particularly children. A recent "update" from the Indochinese Refugee Action Center reports that World Vision delivered 10 tons of food and medicine on October 20 and 23 to Cambodia. On October 29, a two-man team left for Phnom Penh to prepare for a major effort in which World Vision plans to spend at least $1 million in immediate aid. The October 29 flight to Cambodia included 5 tons of supplies especially earmarked for orphans, including mosquito nets, clothing, food, and educational materials.

It has come to my attention that World Vision has now established a field office in Phnom Penh and, as part of its immediate relief package, 1,000 tons of rice will be shipped up the Mekong River.

In addition to its food program, World Vision International has also been active in providing medical relief to refugees in the Thailand border camps. It has recently unveiled an ambitious plan to provide $5 million in aid to Indochina over the next 2 years.

Mr. Speaker, it is my belief that private efforts to help end the crisis in Indochina deserve our support. Like the other private groups, World Vision International depends on voluntary contributions to make its programs a success. For those who would like to join in helping this worthy group, the address is World Vision International, 919 Huntington Drive, Monrovia, Calif. 91016.●

THE NEED FOR INCREASED DOMESTIC COKE PRODUCTION

HON. NICK JOE RAHALL II

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. RAHALL. Mr. Speaker, yesterday the Industrial Economics Research Institute at Fordham University released their report, an "Analysis of the U.S. Metallurgical Coke Industry."

The report states, "Under current conditions, it seems certain that the Nation's metallurgical coke industry cannot provide a viable source of adequate supply, raising the prospect of increased dependence on imported coke and eventual curtailments of iron and steel production." It further goes on to say that the importation of 5.7 million tons of coke in 1978 resulted in more than 3,400 job losses at the coke ovens and approximately 6,000 jobs in the Nation's coal mines. The need to import substantial quantities of coke on a regular basis is an anomalous situation, since the United States has the largest and best coking coal reserves known in the industrial world.

It has been estimated that the recoverable reserves in the United States total over 40.5 billion tons. In my home State of West Virginia and in the Fourth Congressional District which I represent there have been found to exist by far the largest quantities of premium-grade coking coal, yet, presently there are over 6,000 miners laid off due to lack of demand and excess capacity.

Mr. Speaker our growing dependence on foreign imports of coke is alarming. Dependence on foreign suppliers for coke, particularly in a period when the world steel industry is operating at a high rate of capacity, can have a limiting effect on U.S. steel production. If demand continues to increase at it's present rate the steel industry will have finishing facilities that are idle while the country is in need of steel.

Mr. Speaker, an increase in coke-oven capacity is essential if we are to make the country self-sufficient by reducing imports which, in turn, will improve the balance of payments and increase job opportunities. Without this increase West Germany, the Netherlands, and Japan will become the OPEC of the coke industry, OCEC (Organization of Coke Exporting Countries.) I call upon the proper Government agencies to explore techniques to increase our domestic coke producing capacity and restore American jobs and security to its people.●

RESOLUTION BY CITY OF NORFOLK

HON. G. WILLIAM WHITEHURST

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. WHITEHURST. Mr. Speaker, I am pleased to submit for inclusion in the RECORD today a resolution by the city of Norfolk commemorating the 25th anniversary of the Traffic Division of the Norfolk General District Court.

This court is presided over by a remarkable jurist, Hon. Vernon D. Hitchings, Jr. Judge Hitchings sets a new record every day, since he has already heard over 1 million traffic cases. His courtroom, which is unfailingly lively, is unique primarily because of Judge Hitchings' personality and character. No ordinary jurist could dispose so competently of so many cases, and in a day when our judicial system is often characterized by interminable delays, swift justice is the rule in Norfolk's Traffic Court.

Mr. Speaker, I am pleased to join the mayor and members of the City Council of Norfolk in paying tribute to Judge Hitchings and the members of the Traffic Division of the Norfolk General District Court on a quarter century of service.

CITY OF NORFOLK, VIRGINIA—RESOLUTION

Whereas, 1979 marks the Twenty-Fifth Anniversary of the Traffic Division of the Norfolk General District Court; and

Whereas, in this Twenty-Fifth Anniversary Year, the Judge of the Traffic Division, the Honorable Vernon D. Hitchings, Jr., has been selected by the Guiness Book of Records to be included in their latest edition, with the statement that from January, 1954 until January 19, 1977, Judge Hitchings had disposed of his millionth traffic case, of which some 965,000 of his verdicts were unappealed or upheld on appeal; and

Whereas, the Traffic Division of the Norfolk General District Court works in cooperation with the City of Norfolk's Traffic Engineer and Police Department to promote traffic safety and is the leading traffic court in the Commonwealth of Virginia, therefore, be it

Resolved, That the City of Norfolk urges the people of this City to recognize the contributions made to our community by the Traffic Division of the Norfolk General District Court and pay tribute to the members of this Division for their efforts in promoting traffic safety and upon the celebration of their Twenty-Fifth Anniversary.

Adopted by the City of Norfolk and bearing the signature of the Mayor this 31st day of July, 1979.

VINCENT J. THOMAS, *Mayor*.●

A TRIBUTE TO ROBERT CODY BROWN

HON. L. A. (SKIP) BAFALIS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. BAFALIS. Mr. Speaker, normally, I choose not to use the CONGRESSIONAL RECORD for tributes to constituents and friends in Florida's 10th Congressional District. With more than 750,000 residents, it is too difficult to pick and choose among the hundreds of events and awards that happen daily.

However, the passing of Robert Cody Brown—long-time resident of Fort Myers—is an exception to this rule. Bob Brown was an exception all his life: His outstanding journalistic career under Randolph Hearst; his outstanding business career as representative of a myriad of international firms in this country; his outstanding career of political involvement, constantly striving to make this country live up to its goals as set forth in the Constitution.

Richard Dennis, former business editor of the Fort Myers News Press, was one of those who shared a special friendship with Robert Cody Brown. Mr. Dennis has written a heart-warming tribute to Mr. Brown—one which I commend to my colleagues.

In particular, please note the comments concerning the CONGRESSIONAL RECORD. I sincerely wish each of us had as fine a working knowledge of this publication as did Robert Cody Brown.

RECORD IN THE "ROOMS" STIRS MEMORIES FOR FRIEND

(By Richard P. Dennis)

I spent a lot of time in that wonderful house on Masanabo Lane. The house on the cul-de-sac where the rear wheels of my car always ran a bit over the cement blocks in the narrow driveway.

That house quivered with the vitality of its slight-of-form occupant. His mind, sensitivity, intense opinions and superb intelligence permeated every nook and cranny.

Robert Cody Brown, of Masanabo Lane in Iona-McGregor, is dead. He grew older than time had patience for, and time has its way of dealing with that.

I wonder where his replacement might be . . . or if there can ever really be one.

Behind his swirling brows, hanging amiss over the penetrating eyes, must have been a brain whose "rooms" resembled the sprawling central room and areas of his home.

The main room is big, with a stone fireplace and with tables, shelves, chairs and footstools heaped with books and literature and the research that Robert Cody Brown just had to do. Those items spill over into the sun-room, dining room and to the kitchen countertops.

That research, for example, includes hundreds of copies of the Congressional Record—that gray, stapled account of what the United States Congress does every week.

A lot of people subscribe to the "record". Robert Cody Brown did a hell of a lot more than subscribe.

His copies of Capitol Hill tome are paper clipped at important passages, underlined for highlights, indexed in the margins and the real important sheets are torn out. catalogued and filed.

I'm certain all of that material is still resting on those shelves and bookcases and chairs, waiting for someone to cull from them the vital information they contain and plug that all together with the "rooms" in the mind to give it meaning.

Robert Cody Brown of Masanabo Lane. The names of both the man and the address have their own powerful mystique. We talked a lot about the power of the press and one of the stories I liked best was about the annual income tax audit of a certain New York City daily for which Robert Cody Brown worked.

"Every year," he told me, "the internal revenue boys would call me down to their office and go through this audit thing about my newspaper."

"One year I was met by a lady agent who got up from her desk and shut the door to her office. She quietly said, 'Mr. Brown, my dear mother is suffering from a rare and unusual illness and I need to get her into Johns Hopkins Hospital in Baltimore. But, I'm told the doctor I need is booked for more than a year and she'll be dead by that time . . .'

I picked up the phone and called the publisher of the Baltimore Sun, a sister Hearst newspaper, and the lady was admitted that very week," he said.

He told me his newspaper was never audited again. Then there were stories about Chicago and World War I and presidential politics and the Mafia and local things like the political party's and Lee Memorial Hospital and a certain Florida Governor. I listened and learned and respected and loved.

I stopped on Masanabo a lot of times. Sometimes at his request and at others just when I had the time to pull back into that narrow and shady land across from the north entrance to Tanglewood.

If I am saddened about anything more than the fact that time had to deal with Robert Cody Brown it is simply that there weren't more times when I had the "time" to pay a call.

Journalism buffs shy away from using a person's full name in a story after the first use. But there's no other way to identify Robert Cody Brown.

They also get nervous about repetition and rhetoric and they'll notice a play on a certain word in this column. Maybe you will too.

At least take the time to try and seek it out.●

CONGRESSMAN FROST DENOUNCES PROPOSED KU KLUX KLAN MARCH IN THE CITY OF DALLAS

HON. MARTIN FROST

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. FROST. Mr. Speaker, the scheduled march of the Ku Klux Klan in downtown Dallas on Saturday is offensive to me personally and to the vast majority of my constituents.

The Klan's history of hatred and violence are not only un-American but also contrary to the climate of racial understanding that has been developing in Dallas in recent years.

Under our constitutional system of government, all groups, even those on the outer fringe of society like the Ku Klux Klan, are granted freedom of speech. However, that does not mean that the Klan has the right to intimidate others or to deny anyone the rights it enjoys.

I am confident that the people of Dallas will conduct themselves with restraint Saturday, and that when the day is over, the Klan will have succeeded only in embarrassing itself and not our great city.●

SHIPMENT, DISCHARGE, AND PROTECTION OF SEAMEN

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. BIAGGI. Mr. Speaker, I am introducing a bill today to revise and improve the laws relating to the shipment, discharge, and protection of seamen. This is a continuing effort on my part, as chairman of the Subcommittee on Coast Guard and Navigation, to attempt to reform and improve the antiquated laws relating to maritime safety and the welfare of seamen.

As a result of extensive oversight hearings during the last Congress that evaluated the implementation and effectiveness of the navigation and maritime safety laws, the problem of antiquated laws and the need for their revision was highlighted.

During this Congress, the House has already passed and sent to the Senate three bills consistent with the needs I perceive for statutory reform which in turn will also provide a measure of regulatory reform. One bill clarifies the authority to establish lines of demarcation for the purpose of determining applicability of navigational rules and certain safety statutes (H.R. 1198). Another bill revises and improves the laws relating to the documentation of vessels (H.R. 1196). The third bill revises the laws and simplifies procedures concerned with the tonnage measurement of vessels (H.R. 1197).

The bill I am introducing today continues the drive to modernize antiquated statutes, to simplify bureaucratic procedures, and to provide for regulatory reform. A system for the shipment, discharge, and protection of seamen originated during the early days of sailing vessels when living and working conditions in the merchant service were intolerable. This was particularly true on those vessels that made extended foreign voyages. With the advent of steam-powered vessels, the conditions improved somewhat but still the American seaman carried the burden of involuntary servitude until late in the 19th century.

Various laws were enacted which attempted to protect the seaman from various injustices. However, it was not until the late 1890's when the Honorable Andrew Furuseth promoted legislation that provided the seaman with a number of protective measures and relief from unscrupulous shipmasters that kept seamen locked within a system of bondage that made it almost next to impossible to escape from.

Once again, in 1915, Congress saw a need to pass legislation that tied safety at sea and the emancipation of seamen together in the Seamen's Act of 1915, sponsored by the Abe Lincoln of the American seaman, Senator Robert LaFollette.

Since then, the seaman has enjoyed increasing prosperity and better living conditions. However, it was not until after 1933 that the maritime labor unions were able to successfully organize and bargain collectively through representatives of their own choosing and free from interference, coercion, or intimidation. World War II ended years of waterfront labor unrest and chaos and, after the war, there was an era of improved working standards and better living conditions. In fact, the beneficence of collective bargaining under established unionism has dampened the need for further legislation on behalf of the seaman. Today's maritime unions provide health, welfare, training, and pension programs unimagined by the seaman of the 1800's or early 1900's.

This legislation recognizes the improvements that have been made on behalf of the seaman and the need to remove some antiquated requirements. However, memories of "bucko" mates, hard living conditions, and shoreside exploitation die hard; and there will be no attempt to diminish or reduce the hard-earned rights and privileges that seamen enjoy. The bill will remove the requirement for a Coast Guard shipping commissioner to be present when a crew signs on or signs off shipping articles for a voyage to a foreign port or place. However, the obligations of the master and the relationships between him and the crew will remain the same as they are for vessels engaged in coastwise voyages.

The signing of shipping articles of agreement, the use of allotments, the exemptions from attachments and liens, the requirements for accounting as to wages, the maintenance of service records, the issuance of certificates of discharge, and the provisions for the effects of deceased seamen will all be retained. In addition, the criminal penalty provisions have been increased, and a new provision for the use of civil penalties has been established.

I believe this bill will receive the support of all affected parties and will continue the efforts of our predecessors, Andy Furuseth and Bob LaFollette. I, therefore, am introducing this amendatory legislation for consideration by the Congress.●

MEMBERS SUPPORT REINSTATING OIL LEASES IN THE SANTA BARBARA CHANNEL

HON. JERRY M. PATTERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. PATTERSON. Mr. Speaker, last week I introduced a bill to reinstate certain oil and gas leases in the Santa Barbara Channel. This legislation will allow the Pauley group, a consortium of nine independent oil companies, to resume their drilling activities on these oil-rich Outer Continental Shelf lands. In doing so, domestic production of oil and gas will be increased and we will be one step further down the road toward reaching our national goal of energy self-sufficiency.

Mr. Speaker, at the time I introduced H.R. 5769 many of my colleagues expressed an interest in cosponsoring this legislation. However, because this is a private bill, cosponsors were not permitted. I would, however, like to acknowledge and thank the Members who have expressed their support for this legislation. Those Members are: Mr. JOHNSON of California, Mr. COELHO, Mr. FAZIO, Mr. ANDERSON of California, and Mr. WYATT. Their interest in, and support of, H.R. 5769 is very much appreciated.●

HOSPITAL COST CONTAINMENT IS NECESSARY

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. STARK. Mr. Speaker, over the past 2 years we have engaged in lengthy deliberations over the most appropriate method of controlling the astronomical rise in hospital costs. We are all agreed that hospital cost inflation is a most serious problem. That view is shared by an overwhelming majority of the American public.

It now appears that we will soon have an opportunity to take decisive action on this issue. In the next few days, we will be asked to take up H.R. 2626, the Hospital Cost Containment Act of 1979. I urge my colleagues to join me in support of this important legislation.

I would like to share with my colleagues an editorial that appeared in the San Francisco Examiner on September 15, 1979.

BATTLE OVER HOSPITAL COSTS

Congress has an opportunity in this session to put some teeth in its inflation-fighting rhetoric—by enacting a hospital cost control bill that also maintains the integrity of voluntary industry action and states' rights.

Legislation to accomplish the goal is moving through committees in Congress, despite enormous opposition from the health care industry. The Carter administration and the Democratic leadership in the House have committed themselves to pushing some form of the legislation to enactment.

Hospital costs have been rising at a rate considerably higher than inflation for other goods and services in the United States. Prior to the threat of legislation in Congress, hospital costs were inflating at a rate of 17 percent and more. A voluntary effort by the hospital industry, to counter legislation, has brought hospital inflation down to about 13 percent, close to the rate of inflation for other things.

There are many reasons for hospital costs going up, not all of which would be addressed by the legislation requiring hospitals to hold down costs.

But the fact is, nearly one-third of all hospitals in the country already have been able to slow down inflation, and, under the threat of legislation, the rest of them have shown that costs can be reduced. Without legislation, it is unlikely that the voluntary cost-cutting effort would continue.

California has about 600 hospitals. Three-hundred ninety of them, accounting for nearly 80 percent of the state's total hospital expenditures, reported to the California Hospital Association that they have reduced inflation, on the aggregate, from 16.2 percent in 1977 to 13.2 percent in 1978. The state hospital budget review commission estimates the inflation rate to be about 15 percent, however, which is higher than the national average.

The legislation under consideration by Congress would not impose price controls. It would allow hospitals to account for increased costs, and to compare costs between similar facilities, in determining what is an equitable rate of inflation for comparable services.

The bill would not jeopardize the quality of care, but would stimulate the industry to better management and efficiency. In addition, states would be allowed to impose their own budget control systems and more than half the nation's hospitals would be exempt from having to meet cost control requirements because they already have low inflation rates or special needs.

The legislation will undergo more changes, no doubt, en route through the system. But Congress would be remiss, once again, if it failed to act responsibly on this issue, which has been fought out and debated in great detail for the past several years without any solid legislative results.●

LOW-LEVEL RADIOACTIVE WASTE MANAGEMENT ACT

HON. BUTLER DERRICK

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. DERRICK. Mr. Speaker, I am today introducing a bill that will result in regional storage of low-level radioactive waste. As you know, in recent weeks, two of the three operating disposal sites have closed and the third, located in South Carolina, has reduced the volume it will accept by half. This Nation faces a serious problem as a result of these actions. It is important to note that 25 percent of all low-level radioactive waste is institutional waste—waste from research programs and nuclear medicine. Twenty-four percent of the waste is industrial waste and 8 percent is Government and military program waste. Forty-three percent is created by commercial power reactors.

Without adequate storage for this waste, nuclear medicine programs will have to grind to a halt and research programs currently being carried on in universities and research centers across this country will have to cease.

The issue is not an ideological question of pronuclear versus antinuclear. Even if we turned out all the lights generated by nuclear energy, if we closed down every nuclear reactor, we would still have to confront this problem.

The Federal Government has not accepted the responsibility of dealing with the issue of nuclear waste—whether it be high or low level. If we were to have the Federal Government study the matter, select sites, go through the possible condemnation of property process, site acquisition, and so forth, we will see the nuclear medicine industry brought to its feet. The Department of Energy has estimated that it would take approximately 8 years for the Federal Government to establish regional sites for low-level radioactive waste. Eight years is too long.

The alternative to having the Federal Government create and administer a regional network is to have the States be responsible for their own waste. Each of the 50 States generate low-level radioactive waste; each State should be responsible for their own waste. They should be allowed and authorized to enter into agreements with other States on a regional basis for the disposal of the waste.

The basic provisions of the proposed legislation I am introducing today include:

Provide the authorization to the States to form interstate compacts whereby they can reach agreements for establishing a disposal site under a strict arrangement with other States within a given region.

Provide that the legal title to the waste would be in the generating company—which would be licensed by the NRC—until such time as it is picked up by a transportation company—who would also be licensed by the NRC. At that time, the title would pass to the State where the waste was generated. Legal title and responsibility would remain in that State until the waste was ultimately accepted. At the time of disposal, legal title would pass to the disposal site State.

The generating State would be responsible if the shipment, upon inspection by the disposal State, was determined to be improperly packaged or labeled.

Provides a definition for low-level radioactive waste.

This measure would result in the creation of approximately six or seven regional sites. It would insure that no single State would become the dumping ground for the rest of the Nation and would result in the transportation of this waste within the shortest possible distance. I would urge my colleagues to join me in cosponsoring this measure and would further urge quick enactment of this bill.●

SUTERSVILLE RESIDENT CONDUCTS REGISTRATION DRIVE

HON. DON BAILEY

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. BAILEY. Mr. Speaker, voter registration is one of the most elementary but essential steps in our democratic process. Although every person eligible to vote should be registered, we find that many are not. For one reason or another, some potential voters simply do not capitalize on this precious right to choose the candidate of their choice.

However, it is reassuring to know that there are men in our country like Mr. Tony Bernadowski, a lifelong citizen of the Borough of Sutersville, who are willing to devote their time and bipartisan efforts in the interest of registering voters. Mr. Bernadowski increased the borough's total voter registration by 10 percent this fall in a singlehanded registration drive. Indeed, his outstanding efforts are worthy of our deep esteem and admiration.

I am sure, and I hope that our colleagues in this body will agree, that if this country had more citizens with Mr. Bernadowski's dedication to bettering our democratic system, democracy here and abroad would be safe forever.

It is with sincere and heartfelt pride that I draw your attention to this man and his accomplishment. Sutersville and the 21st District are very fortunate to have such a dedicated and giving person as a resident. I hope that his outstanding civic-minded spirit also will be recognized by his many friends in the community.●

THE PEOPLE SEND A MESSAGE

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. ASHBROOK. Mr. Speaker, I am cheered by the news that California voters have once again sent a message to Washington. By passing proposition 1 and proposition 4 California has built upon the tax revolt of 1978 to show that voter rejection of liberalism and big government is not a temporary phenomenon.

Proposition 1 was a ban on forced busing. The voters showed that they would rather have neighborhood schools and control over their children's education than let some liberal Federal judge or some faceless bureaucrat dictate policy. The ongoing usurpation of freedom by the Federal Government is proving to be increasingly out of step with the popular will of this Nation. The voters think more about the preservation of the American family than allowing the half-baked ideas of some sociologist to nationalize the homelife of this country. This is a victory of the ideals that built this Nation and those who make policy in Washington should heed this mandate.

Proposition 4 was another step in the tax revolt. By placing a lid on taxation the voters drew the line on the confiscation of their hard-earned incomes. Big government has become big brother. The theft of people's wages to finance crackpot ideas and wasteful programs pushed by special interests and ideologues has got to stop. California drew the line yesterday. I hope this Nation continues this trend in the 1980 elections. I will warn my colleagues now that the American public is waking up to the obscene rip-offs the Federal Government is trying to get away with. People are realizing that every day this Congress is in session and every day the Federal Register is published their freedoms are curtailed further. The day is coming when the beleaguered people of this Nation will cry "no more" and will rise up at the polls to put an end to the destruction of this Nation's wealth and freedom by the insatiable desire of the Federal Government to own or control everything in this country. All the constituent work and all of the franked mailing will not insulate incumbents from the voters' wrath once they understand that it is the Congress that promotes, authorizes, funds, and mandates the ongoing power grab by the bureaucrats in Washington. That day is not far off. As long as the leadership of this Government persists in closing out debate, in promoting bigger spending efforts, in apologizing for the headlong efforts of Mr. Carter and company to regulate America to death, the people will have adequate ammunition to throw the rascals out. The sham of Congress being truly concerned about America and its citizenry as it goes on its merry way raising taxes, expanding Government, and sitting back as the petty bureaucrats and regulators build toward 1984 is beginning to be seen for what it really is. California is an omen of things to come. The propositions are only a warning. Freedom will once again ring in this Nation once the voters speak in 1980.●

CONFISCATION OF AMERICAN POSSESSIONS IN NICARAGUA

HON. CHARLES WILSON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. CHARLES WILSON of Texas. Mr. Speaker, as my colleagues surely know, I was highly critical of the way President Carter's State Department dealt with the Sandinista revolution in Nicaragua. For 43 years, Nicaragua was the most dependable, pro-U.S. Government in this hemisphere. Suddenly, the State Department decided it was time to make Nicaragua an example of our human rights policy, and we not only withdrew our support from President Anastasio Somoza, we established a dialog with dissidents and encouraged guerrillas to take to the streets.

Somoza is gone, of course, and we can only hope the new Government will not fulfill our worst expectations and turn Nicaragua toward communism. I respectfully submit for my colleagues' attention the following letter from Mr. W. E. Lanford II, an American businessman who owned and operated a fishing camp in Karawala, Nicaragua. Mr. Lanford estimates that Sandinista soldiers confiscated about $300,000 worth of property and equipment from him after the revolution.

LETTER FROM W. E. LANFORD II RE NICARAGUA

It is my observation that even though the government of Nicaragua appears to be moving in a moderate direction, it is permeated with radicals, and the army is firmly controlled by the most radical elements. It is my opinion that those radical elements will prevail, and that communism will be the eventual outcome of the revolution.

My own experience in Nicaragua is amplified by those of other American businessmen there. Mr. David Stein, operator and part owner of the Hotel Las Mercedes, was jailed for eighteen days without cause, simply because he had been a business associate of Somoza's. When he was released, he was taken from his cell at night, taken by jeep to the U.S. Embassy, and dumped out at the gate.

Many of the Americans I knew in Managua have lost property and equipment. Some of them are trying to recover their losses, and some have simply abandoned what was left and returned to the States. Most of the losses were incurred after the revolution had ended. The Sandinista army has had a free hand in confiscating everything they think might be useful to them.

The Sandinista soldiers who confronted me in Karawala admitted that they had not come to Karawala until after the revolution, which eliminates the possibility that my losses were the result of an act of war. They also admitted that they were the ones who took my possessions, and that they were using the boats and equipment.

When I reported my losses at the U.S. Embassy in Managua, I was not even afforded the courtesy of an interview in an office. Mr. Carl Matthews met me in the lobby, took a few notes, said he was sorry, and dismissed me. I was not even offered a chair in the lobby.

I sincerely hope that our government is not being as casual in its dealings with the Nicaraguan government as our embassy was with me.

Nicaragua owes me just compensation for my losses. Even if it was not an official act of the Nicaraguan government, it was certainly an act of an official arm of that government, making that government liable.

As yet, I have found no recourse for compensation. Mr. Christopher Norrad, of the State Department in Washington has said that he will communicate with our embassy in Managua to inquire as to how I might go about claiming compensation. He said the Nicaraguan government would probably disclaim responsibility in the first place, but even if they did admit their liability, they have no foreign exchange with which to make compensation.

The loss was total and absolute. Even if an attempt was made to recover my equipment, there is no possibility that enough of it could be found for me to return to business there. Nor would it be possible to convince you, or anyone else, that it is safe to go to Nicaragua. I do not believe so myself, and therefore could not promote fishing there in an honest way. With armed soldiers watching every move, the atmosphere is less than relaxing.

Without help from our government, the Sandinistas will pay no attention to my claim. I have already informed the Director of Tourism, Mr. Alejandro Cardenal Caldera, in writing, that Karawala Tarpon Camp was confiscated, and that his government is liable. I am now preparing the details of the loss, and will send them to various offices of the Nicaraguan government in a scattergun attempt to reach someone with the authority to deal with my claim. I have no other way of approaching the problem.

You asked that I make suggestions as to how our government could help me. First, I think I should make an attempt on my own. That attempt will undoubtedly fail, but if I am going to ask for help, I should at least make the first effort. Having made that effort, I can only ask our government to intervene on my behalf. They would know best how to go about that. I have no idea how much importance will be placed on my cause, nor how much leverage might be used to assist me. I do know that Nicaragua will be receiving foreign exchange in the form of loans and aid from the United States. (At least I assume so.) Whether the amount of my claim could be withheld from a loan and paid directly to me is a question I don't presume to be able to answer. I wouldn't think it would be feasible. I only hope that some solution can be found.

Our government should certainly be made aware of the recent trend of confiscation, especially of the possessions of Americans, in Nicaragua, and through your efforts, I am sure they will be. Political and economic disaster brews in Nicaragua.●

AN OFFICE OF FAMILIES: UNWISE AND UNNECESSARY

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. MAZZOLI. Mr. Speaker, I recently noted with regret that President Carter has proposed to establish an Office of Families within the Department of Health, Education, and Welfare.

I have written to President Carter and Secretary Harris asking that the creating of the Office be reconsidered.

I wish to call these letters, and the questions they raise, to my colleagues' attention.

The letters follow:

WASHINGTON, D.C.,
November 5, 1979.

THE PRESIDENT OF THE UNITED STATES,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: I am writing to express my concern over your proposal to establish an Office of Families within the Department of Health, Education, and Welfare.

To my way of thinking the family, along with other institutions such as our Churches, have a unique role to play in our American system of government. The Constitution—and the Amendments to it—remove the federal government from those aspects of our lives which are, at once, most important and most private.

In the connection, our Founders knew—and their writings reflect this—that this nation's society could function only if morality and values were nurtured and preserved from generation to generation. Our Founders' assumption was that the families, churches, and the school would fill the role of maintaining, teaching and enforcing moral judgments for society.

The Founders explicitly kept government out of any active role in sustaining families and, thus, kept government neutral on the moral, personal and religious issues that matter most to people.

This system has worked well for two hundred years. I would not like to see it changed in any way.

I agree that the family is under assault from every side today. Economic and social conditions pose problems that every parent, myself included, cannot ignore.

However, these problems are not answerable to government solutions. In fact, government intervention—however well-intended—would constitute an unwise action.

I have supported, and will continue to support efforts to improve and strengthen the American family such as—nutrition and education programs; removal of the so-called marriage penalty from our tax system; changes in welfare rules that encourage families to break up; counselling programs; programs to support battered and neglected spouses and children; programs to protect the unborn.

Ironically, many of these governmental efforts to help families are necessitated by problems created in the first instance, by this self-same government.

Establishing an "Office of Families" would, in my judgment simply create further problems for the American family creating an agency with capacity for intruding and meddling in the private and personal lives of every American.

For these reasons, I urge you to reconsider your decision to create this Office.

Sincerely,

ROMANO L. MAZZOLI,
Member of Congress.

WASHINGTON, D.C., *November 5, 1979.*
Hon. PATRICIA HARRIS,
Secretary, Department of Health, Education, and Welfare, Washington, D.C.

DEAR MADAM SECRETARY: Enclosed is a copy of a letter sent to President Carter encouraging him to reconsider his decision creating an Office of Families in your Department.

I ask you to read and consider the arguments set forth in this letter.

Also, I would appreciate your answering some basic questions about this proposed Office:

1. Under what statutory authority is the Office to be created? Under what statutory authority would it operate?

2. How large is the Office proposed to be? What would be the size of its budget?

3. Specifically, what programs would the Office manage? What responsibilities would it have?

4. Would these functions duplicate those of other agencies' offices or divisions in federal government? Will existing government be transferred to the Office?

5. Would the Office operated with funds transferred or reprogrammed from other appropriations accounts or line items? If so, which accounts or line items would be affected and by what amounts?

I look forward to your prompt response.

Sincerely,

ROMANO L. MAZZOLI,
Member of Congress.●

STAND UP TO IRAN

HON. RONALD M. MOTTL

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. MOTTL. Mr. Speaker, the recent events in Iran where American citizens are being held hostage with the blessing of a regime which borders on lunacy, demands prompt and forceful action from the administration.

I have written to President Carter urging him to use force, if necessary, to effect the safe release of the hostages.

If the hostages are not released unharmed, I have urged him to take steps to deport the thousands of Iranians who are enjoying our Nation's hospitality.

We should also cut off all exports of food and technology to Iran and break off all relations.

I think the American people would gladly learn to live without Iranian oil if they can be shown that our Government will not be pushed around anymore.

Here is a copy of the letter I sent to the President on Monday. I urge my colleagues in the House to also ask the President to display strong and forceful action in this outrage.

WASHINGTON, D.C., *November 5, 1979.*
President JIMMY CARTER,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: The recent events in Iran, where American citizens are being held hostage, demand a prompt and forceful response on the part of the Administration.

I respectfully suggest that you give the Iranian government 48 hours to release these hostages or take military action to effect their release.

I also urge that if these hostages are not released unharmed, that the United States government break off all relations with the present Iranian regime. The thousands of Iranian students now enjoying the educational advantages of this nation should then be deported. And Iran, now receiving 90 percent of its wheat imports from the United States, should be denied any food, technology or other assistance from this nation.

While such a course of action would deprive us of Iranian oil, I believe the nation would rather tighten its belt—even if it means gasoline rationing—than endure silently yet another international slap in the face. It is possible that Saudi Arabia would at least partially make up for these lost oil imports.

Some may argue that military action would jeopardize the safety of the hostages. But I fear that taking no action will jeopardize their safety even more and will do irreparable harm to the international stature and credibility of the United States.

I believe that Congress, and the American people, will strongly back your decisive response to this latest episode of officially-sanctioned mob rule in Iran.

Sincerely,

RONALD M. MOTTL,
Member of Congress.●

HERE'S A CHANCE TO VOTE FOR REAL SPENDING CUTS—RIGHT NOW

HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. GINGRICH. Mr. Speaker, the conference report on the budget resolution offers House Members a chance to vote for $1.8 billion in real spending cuts—right now.

Or the House of Representatives can decide to turn the final budget resolution into a piece of paper which is meaningless the moment it is printed.

"Reconciliation" is the heart of the budget process. The Senate has voted to uphold the integrity of that process. The House should also. Without reconciliation, the budget could be done on adding machine tape at the end of the year.

Certainly Republicans disagree with the figures contained in the conference report—there is no room for a tax cut to fight the recession or significant spending cuts to fight inflation. But we do have a chance to still make real spending cuts by taking the Senate approach.

And we have the opportunity on the reconciliation issue to challenge conservative and moderate Democrats to match their votes with their rhetoric.

If those Democrats who oppose higher spending can join with us to preserve reconciliation and the budget process, then Republicans can help them beat the pro-inflation forces within their own Democratic party on the final vote.

We must extend this challenge to every Democrat—and make it clear that if you support the Budget Committee chairman's motion to drop "reconciliation" you are voting for more inflation and less take-home pay for American families.

The House must vote to keep reconciliation if we hope to keep the budget real.●

SPEAKING OF OPERATIONS

HON. G. WILLIAM WHITEHURST

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. WHITEHURST. Mr. Speaker, I have never before taken the occasion to place in the CONGRESSIONAL RECORD a personal story of triumph over physical impairment. But because I know the author of the article I am submitting, and further, I am aware of his contributions to our community, I am taking the liberty of sharing his story.

Frank Batten is chairman of Landmark Communications, Inc., which publishes the Virginian-Pilot and the Ledger-Star in the Norfolk, Va., metropolitan area. He has not only been an eminently successful businessman but has given unselfishly of his substance and himself to his community and State. Not long ago, he was honored as Norfolk's "First Citizen," perhaps the most coveted honor in the city.

Mr. Batten has battled cancer of the larynx for 2 years, and some weeks ago he had no choice but to submit to a laryngectomy in order to save his life. I am happy to say that he has completely recovered from his surgery and is now adjusting as one must do following such an operation.

To anyone unfortunate enough to have suffered the same experience, Frank Batten's article, which appeared in the November 2, 1979, Virginian-Pilot, will be an inspiration. Anyone who might have to face such an operation can draw hope and strength from it, and the vast majority of us, who take our voices for granted, will be moved by his courage, self-confidence, and unfailing sense of humor.

SPEAKING OF OPERATIONS

(By Frank Batten)

A month ago, I went through an operation I had been dreading for two years. I had my larynx—my voice box—removed, because there was a cancerous tumor in it. The surgery is called a laryngectomy.

Besides taking out the voice box, vocal cords and all, the surgeon also must reroute your breathing mechanism. He makes a hole in your neck and connects it to your windpipe. From then on you no longer breathe through your nose and mouth, but only through your neck. With no vocal cords, you are left with no voice, not even knowing how to make a sound.

The idea alone scared me stiff. And it was compounded by two years of suspense, as I underwent radiation treatments and less radical surgery in hopes of avoiding a laryngectomy. When my friends heard about the decision to operate, some looked at me sadly as if I would never talk to them again.

A month after surgery, I can say that it's not bad. In fact, there are some advantages to neck breathing and silence, too, if its temporary.

When I woke up from the operation, I felt instantly a sensation of panic as I tried to breathe through my mouth and nose, and no breath came. For some reason, I remembered the breathing exercises taught 36 years ago by my high school track coach. He drummed it into us that proper breathing is done by the lungs and diaphragm, not by the mouth and nose. All I can remember of the first 24 hours was concentrating on filling my lungs, like balloons, with as much air as I could get in and then deflating them completely. Then, I relaxed. The thought that air came in through my neck became irrelevant. Neck breathing had become almost second nature.

When, at last, I was liberated from a spaghetti-like mass of tubes, the doctor and nurses started teaching me how to take care of the hole in my neck (called a stoma). For several months, I will wear a metal tube in the stoma to keep the hole from closing. Taking the tube out for cleaning was a little scary at first (what if the breathing hole should close?), but my hesitation was needless. You soon learn that the stoma is there to stay and not much different from other parts of the body you take special care, like your mouth.

There were other mood brighteners. Somewhere I had heard that I would lose all of my senses of smell and taste after the surgery—no small consideration for a lover of ice cream and banana pudding. Happily, the information turned out to be only half right and I got the better half. My ability to taste has come back quickly. I did lose my sense of smell, a small loss in a polluted world.

The enforced silence has been the most difficult adjustment. For almost a month, my only communication with people was by writing on a magic slate, the kind children draw pictures on and then lift the top sheet to erase the markings. Actually, this was a useful excuse in the hospital when I did not feel like conversation anyway. When I got home and my strength returned, the frustrations of not being able to talk and the change this has made in my life fell upon me hard.

Try staying at home all day for three weeks with two teen-age daughters and your wife, who would prefer to have you at the office, and have to rely on a magic slate to talk to them. Consider that much of your work and contacts with other people are based on voice communication.

What has sustained me in an abiding conviction that I will learn to talk again. This has allowed me hope for the future and permitted a sense of humor in the meantime.

Conversing with people by writing notes to them brings out strange reactions. Some instinctively start writing notes back to you. Others raise their voices and shout at you. Eventually I made up a little sign that I would flash at them—"I AM NOT DEAF."

A number of friends who are doctors dropped in to visit me in the hospital. I would lie in bed thinking of outrageous things to write in response to their questions, which tended to be similar.

Like . . . "How are you doing?"

"Having a ball."

"Are you having trouble getting used to not talking?"

"There's nothing wrong with my voice. You need a hearing aid." Most responded in kind.

On the second day home from the hospital I took a walk along the golf course in my neighborhood and passed a dozen or more golfers. I waved and silently mouthed words to them, and all responded naturally. Some made extended comments about the weather or their golf games. Nobody noticed that I had not uttered a sound. It reminded me that most people talk better than they listen, and it dawned on me that I was acquiring some good habits with this enforced silence. I had not even said anything dumb to my wife . . . if I can somehow remember.

A day or two later the doctor called my wife, and I was listening in on the other phone as he gave her some instructions for me. I burped out, "Okay with me." Both nearly dropped their phones. My wife cried, "He can talk." She didn't realize that I had just finished a big meal, and a liquid diet swallowed without a larynx puts a lot of air into your stomach. I had done what any self-respecting kid learned to do when I grew up—say a few words with a big belch.

Unfortunately, that belch was involuntary; I can't belch from my stomach every time I want to talk. I must learn to initiate speech at will, and that's what I started training to do last week.

With no vocal cords left, I must learn to speak by making vibrations in my esophagus (the tube that connects the mouth and stomach). Since I can no longer inhale and exhale through my mouth, I must learn to trap air in my esophagus by swallowing it or pumping air in with my tongue. Then I must quickly burp it back up as words. This is called esophageal speech.

It is difficult to learn, because people were not built to talk that way. My teacher is Norry Pond, who had his larynx removed 14 years ago; and spent six months struggling to learn to speak before he could produce a word. Today, he inspires other laryngectomees to speak and has taught more than 400 of them.

My first lesson was frustrating for me but apparently a typical first attempt. I could hardly make a sound. Over the weekend, with incessant practice of Mr. Pond's drills, I have learned to speak some words. They are coarse and slow to come, but they are a start. In a few months, I expect to be talking again.

A majority of laryngectomees learn to talk, at least enough to communicate. Some speak quite well, and like Norry Pond, can speak in front of large audiences. All have deep, guttural voices and speak at a slower pace than people with vocal cords.

Last week, I got a speaking aid called an electro larynx. I hold it against my neck to produce an artificial voice; it projects sound into my mouth while I form words with my lips. What comes out is somewhat understandable speech. But because the sound is a monotone, the "voice" sounds like a computer talking or like that little robot, Ar-too De-too, in Star Wars. It is easy to understand on the telephone, but harder in conversation. I'm using the electro larynx as a temporary tool until I can learn esophageal speech. It provides a relief to be able to speak at all, but it is no substitute for a human voice.

When I went back to work last week, I popped in on several people and said "hello" with my electro larynx. In a few minutes, there was a flurry of conversation in the hall. I looked out of my office in time to hear someone say, "Don't worry . . . the computers haven't run amok. It's just Batten."

Later, I was telling an associate about the reactions of shock and silence I get when I answer the phone with my mechanical voice. He said, "Yeah, they're probably saying, 'Now that rich S.O.B. has bought a robot to answer the phone for him.' "

Mr. Batten is chairman of Landmark Communications, Inc.●

PERSONAL EXPLANATION

HON. ELIZABETH HOLTZMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Ms. HOLTZMAN. Mr. Speaker, I was unable to be present for the following votes on Friday, October 8. If I had been present I would have voted as follows:

Rollcall No. 550, "yes."
Rollcall No. 564, "no."
Rollcall No. 567, "yes." ●

COSTS OF RELOCATING ISRAELI AIRBASES IN THE NEGEV DESERT

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. HAMILTON. Mr. Speaker, I would like to bring to the attention of my colleagues some correspondence I had recently with the Department of State regarding the cost of relocating Israeli airbases in the Negev Desert.

Concern had been expressed by members that the State Department had underestimated the actual costs of this redeployment and that it might cost $1.5 billion. It was never the intention of the U.S. Government that the $800 million in grants provided to Israel as part of the Special International Security Assistance Act of 1979 would cover all costs involved in the redeployment, but it is reassuring that current estimates indicate the redeployment will cost $1.04 billion and the $800 million in grants will cover most of the construction costs.

The correspondence with the State Department follows:

OCTOBER 11, 1979.

Hon. CYRUS R. VANCE,
Secretary of State,
Department of State,
Washington, D.C.

DEAR MR. SECRETARY: I noted in the Congressional Record of September 17, 1979 a statement by my colleague, Congressman Kemp of New York, stating that the costs of relocating two airbases in Israel, as a result of the Egyptian-Israeli Treaty, were seriously underestimated by the Department of State and that the actual cost will be close to $1.5 billion.

I would like the Department to clarify this matter and comment on the assertions made. It was my recollection from testimony before the committee that it was never intended that the $800 million in grants provided would cover all costs of airbase redeployments but that it would cover most costs.

I would appreciate your consideration of this matter and your current estimates, if revised, of the costs of this redeployment.

With best regards.

Sincerely yours,

LEE H. HAMILTON,
Chairman, Subcommittee on Europe and the Middle East.

DEPARTMENT OF STATE,
Washington, D.C., October 30, 1979.

Hon. LEE H. HAMILTON,
Chairman, Subcommittee on Europe and the Middle East, Committee on Foreign Affairs, House of Representatives.

DEAR MR. CHAIRMAN: This is in response to your letter of October 11, 1979, asking for the Department's current estimates of the costs of constructing two airbases in the Negev to replace those Israel will be giving up in the Sinai.

Your recollection that the $800 million grant, which represents the U.S. portion of the costs of the airbase construction project, was not intended to cover the entire cost of the airbases is correct. Remaining costs are to be met by the Government of Israel. Our current estimate of the costs of relocating the airbases is $1.04 billion, and it remains our view that the $800 million will cover most of the construction costs.

Sincerely,

J. BRIAN ATWOOD,
Assistant Secretary for Congressional Relations.●

WHAT MAKES A PHYSICIAN RUN?

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. PHILIP M. CRANE. Mr. Speaker, a friend of mine, Dr. Eric G. Anderson of Derry, N.H., recently wrote one of his excellent articles for Physician/East magazine. The subject of the article is our colleague Dr. RON PAUL of Texas. Dr. PAUL is exactly the kind of citizen/politician this House needs, and Dr. Anderson clearly brings this out. I would like to insert the article in the RECORD and call it to all my colleagues' attention.

Dr. Anderson particularly compliments Dr. PAUL for his cosponsorship of the bill to designate "Tax Liberation Day." Tax Liberation Day, the day when Americans finally earn enough to pay all their taxes and begin working for themselves, would have fallen on June 6 this year. As the sponsor of that bill, I share Dr. PAUL's concern that the American people know just how much they are paying in taxes. Dr. PAUL deserves every bit of credit he gets for spreading this and other important messages to the public.

The article follows:

WHAT MAKES A PHYSICIAN RUN?

(By Eric G. Anderson, M.D.)

Ron Paul would rather be running down the sterile corridors of the Lake Jackson Community Hospital to deliver Texas babies than charging down the marble halls of the Longworth office building to tackle the nation's problems. But he has made a commitment to himself and the people he represents. Despite the hardships of distance, travel, and time; Congressman Paul is compelled to serve his master—freedom.

Dr. Paul ran to represent the 22nd District of Texas in the United States House of Representatives in a special election in 1976. He ran again successfully in 1978. Now, along with Rep. Tim Lee Carter (R. Ky.) and Rep. Larry McDonald (D. Ga.) he carries the double honor (or burden) of being both physician and Congressman. Even during the Physician East interview, Congressman Paul disappeared twice to run up the Capitol steps and vote on crucial matters.

"Being here is a pain in the neck," Paul says with characteristic candor, but if citizens stay out of politics, what Washington does to them is a pain in the neck too.

This is no member of a Washington medical corps speaking, nor is he seeking favors for the American medical establishment. Paul is an active, aggressive citizen challenging the Capitol with almost grim determination to return government to the people.

"I enjoy a hard battle," he says, swiveling round in his chair and driving his point home with piercing eyes.

Doctors sell service and confidence, but physician/politicians have to adjust to a different style. "As a doctor," Paul says, "you sit in fairly high esteem, and people seek you out for your services. As a politician, you're rather looked down on by people in general, and they tend not to seek you actively to solve problems. Rather, you have to approach them aggressively and not be uncomfortable saying, I want your vote and I need your money!"

It's probably easier to be a good doctor than a good statesman, but Ron Paul is determined to be both.

Good doctors are sympathetic to the needs of the patient they are dealing with and Dr. Paul's awareness of what people want from their government was sharpened by his campaign for Congress. He personally knocked on 10,000 doors during that campaign, and found a negative or hostile reaction in only 1% of those he encountered.

But another discovery was a surprise and a disappointment to Dr. Paul: the mere 5% of physicians who expressed interest in political involvement.

TIME FOR A CHANGE

Dr. Paul ran because he believed that the time was ripe for new blood in Congress which should be provided by unseasoned politicians, "amateurs" with the intellect and vigor of the average doctor. He thought there were too many lawyers and professional politicians in Washington and that the people's needs were being shuffled around like bureaucratic papers. He believed that physicians and others with nonpolitical images could succeed in an election campaign, especially with colleague support. However, he found that doctors were no more willing to get involved in the issues than the average citizen.

And there are plenty of issues. But this dynamic physician was also compelled to run for office because of the "lack of sensitivity and appreciation from his own representatives." Congress, Paul says, has many narcissistic professional politicians so pampered by the benefits of their office that they become more involved in themselves than their electorate, more interested in what's in it for them than what they should do for others.

TOO MUCH OF A GOOD THING

"You can stay too long in Washington," Paul points out. The worst disease to befall a Congressman is to become complacent, to enjoy the lifestyle and its benefits, to revel in the trips and junkets and forget the average person, the one who sent you there in the first place. The physician/Congressman compares complacency to an addiction that feeds on inflation, increasing paperwork, self-perpetuating systems and, worst of all, is dependent on ever increasing doses of taxpayers' money for the white elephant policies of Congress.

"I came up here to rock the boat a bit," Paul stresses, pushing his boyish mop of hair back from his brow. "People are sick of Federal programs which they feel are corrupt. That's why they hold Congress as a group, in such poor esteem."

The Congressman believes that one solution to the problem is to limit a politician's term to about eight years, enough time for a representative to become effective, but not so long that he loses touch with the electorate.

Asked how a man surrounded by marble halls and obsequious deference from others can relate to the common man and his problems, Paul replied, "He can't. That's why limiting his term is sensible, because the problems the nation faces are immense and if the 'amateurs' are not prepared to run for office to solve these problems, then the citizens' alternative would be to go and hide someplace."

Paul surely isn't hiding. His outspoken "new broom" policies have appeared in print many times. He has called for "the miracle of the market, instead of the dead hand of government, to direct our economy." He has described Washington's economic policies as similar to Idi Amin's and caused by a similar problem: currency backed only by politicians' promises. He recently refused to go on a junket to Jamaica, with true Texas irony, "much as I appreciate the high public purpose served by Congressmen getting tans at taxpayers expense." And, with chilling precognition, he cried out in April of this year that "if we leave energy decisions in the hands of government, we will end up shivering in cold dark homes . . . with empty gas tanks in our cars and silent businesses and industries."

Paul has spoken out strongly against those members of Congress who take care of themselves and not their duties. He has criticized their fringe benefits: subsidized meals, lush pensions, free parking, free emergency medical care, exemption from Social Security taxes and so on. He has sponsored bills to end junketing abuses and even attacked the big Congressional salaries by introducing legislation to freeze them and "provide for regular reductions in politicians' pay checks as the cost of living goes up." He feels this bill would punish those responsible for inflation and soon force Congress to stop expanding the money supply.

TAX LIBERATION DAY

But his most sardonic thrust surely must have been on June 6th, 1979, when he cosponsored a bill to establish a new legal holiday: Tax Liberation Day. He calculated that the average wage-earner paid 44% of his earnings in taxes in 1979, meaning that the taxpayer worked for the government from January 1st to June 5th. Paul suggested that each year the General Accounting Office compute the new holiday—Tax Liberation Day when people would have the day off—the day their taxes were worked off. He has all the figures, and it's difficult not to be startled. "Fifty years ago Tax Liberation Day would have been February 9th; in 1950 it would have been April 15th. If Congress keeps up their spending and taxing, Tax Liberation Day will soon be July 4th. Eventually, it might be Thanksgiving Day."

Paul looks up from his desk and shakes his head, "The Founding Fathers declared that taxation without representation is tyranny. Government is showing us that taxation with representation can be tyranny as well."

Does he feel like a lone voice in the wilderness? No, he considers that others support him because he has credibility. Nothing he fights for is done out of self interest, nor is he trying to get special handling or increased subsidies for his district. If that were so, he would cease to be effective. Neither is he a mouthpiece for organized medicine. In Washington he is careful to avoid involvement in any of the nation's medical matters. He does not want a charge against him that he works for his own or other special interest groups.

And that is one of the problems with doctor, he says.

They sit around as a complacent group, apparently disinterested in the nation's problems until something touches them, then they act out of self interest. And while this is an understandable reaction, it is not the way to save America. Physicians have been criticized by the media for intellectual indifference and economic ignorance. And doctors should not be comfortable living with those charges.

His advice for colleagues? He rubs his chin for a moment then answers:

First—Get involved in preserving the freedom of this great country.

Second—Find your vehicle. Use any comfortable method to fight government policies which you feel are stupid, corrupt, incompetent or unconscionable. Talk to people.

"I'd never bring up the subject of politics in my own office, but if the patient did, I'd jump on the chance." Paul adds. If you are at ease talking to patients do so. If you are not at ease dealing directly, choose other methods. There is a physician in Iowa who fights bad government vigorously with newsletters legal actions, and publicity.

Third—Actively support individuals you feel are right for your nation. Be circumspect about donations from your medical groups or organizations: the reason for the donation might defy common sense.

What makes Ron Paul run? Why would he sacrifice income, endure tedious travel to and from Texas and give up so much of his free time perhaps for a forlorn hope that Congress might improve?

The theme of "Born Free" symbolizes his spirit. He has had a burning compulsion all of his life to be free. He considers that some people are so careless in violating their neighbor's freedom that they may set the stage for the loss of their own.

How would he like to be remembered? What would he like history to say about him? He stands up, looking out at the granite and marble walls beyond his office on Independence Avenue and answers thoughtfully: "I'd like them to say that I understood what freedom was all about and that I was willing to work to preserve it."●

RAIL TRANSPORTATION OF HAZARDOUS MATERIALS

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. FLORIO. Mr. Speaker, rail transportation of hazardous materials is a matter of significant public interest and, at times, of serious concern. A recent study shows that 35 percent of all freight trains contain hazardous materials. While the number of accidents involving trains carrying hazardous materials is very small, it is critically important that derailments or other incidents which may result in the release of hazardous materials be safely, promptly, and effectively handled.

To better prepare for eventualities involving the transportation of hazardous materials by rail, senior executives representing the chemical and rail industries, including the Chemical Manufacturers Association, the Association of American Railroads, the Compressed Gas Association, the National Liquefied Petroleum Gas Association, the Fertilizer Institute, the Chlorine Institute, and rail car manufacturers, formed the interindustry task force on rail transportation of hazardous materials. This action was taken nearly 1½ years ago. Its sole effort is to accelerate present rail safety programs and initiate new steps designed to reduce the number and severity of rail transportation accidents involving hazardous materials.

The conclusions of the task force and a full report of its programs were formally released on June 14, and are being circulated widely in the public and private sector.

The National Governors' Association, at its meeting in Louisville in mid-July, considered and unanimously approved a resolution commending the efforts of industry and various other Federal and State agencies as well as public interest groups in dealing with hazardous materials accidents. The NGA urged the President to designate the Director of the new Federal Emergency Management Agency to coordinate Federal activities in this area.

Mr. Speaker, the interindustry task force is not seeking any Federal moneys in the program which they have developed and are now moving to implement. The Federal Government should support the task force in an effort to address varied aspects of critical training, commodity identification, and communications problems related to the management of hazardous materials accidents.

Mr. Speaker, I commend the interindustry task force and its cochairmen, W. H. Dempsey and W. G. Simeral, for their efforts to help prevent hazardous rail accidents and to do everything possible to minimize their consequence to lives and property. I insert the text of the resolution approved by the National Governors' Association to be printed at this point in my remarks.

HAZARDOUS MATERIALS EMERGENCY RESPONSE MANAGEMENT

Hazardous materials accidents are dramatically increasing in frequency throughout the United States. Two, three, or more sizable emergencies such as trucking and railroad accidents or storage explosions occur daily. Although serious emergencies affecting extensive life and property are rare to date, their potential is great.

Proper response measures quickly applied may help contain a serious incident and minimize risks to life, property, and the environment. Conversely, improper measures can turn a controllable incident into a catastrophic tragedy.

Current immediate action taken by the local response unit (often a fire department or the highway patrol) is vital. The first arriving unit must be able to identify the hazardous cargo and act knowledgeably and quickly, because there is usually no time to wait for technical experts to arrive. Training, then, of local response units and coordination to provide them adequate technical information and resources is paramount.

The National Governors' Association commends the many current efforts of various federal agencies, associations, industry, inter-agency and interindustry task forces, universities, and public interest groups, all of which address varied aspects of critical training, commodity identification and communications problems related to hazardous materials accident management. The very multiplicity of hazardous materials and types of emergencies and organizations involved, however, presents a serious management problem, and the National Governors' Association notes that efforts are often uncoordinated and fragmented.

The National Governors' Association urges the president to designate the Director of the new Federal Emergency Management Agency to coordinate the efforts of all Federal agencies with programs addressing hazardous materials emergency response training, commodity identification and communications to eliminate program caps and overlaps, and to effect cost savings among participants to the extent possible. Such coordination could also facilitate a productive national reporting system to disseminate the results of actual field experience in handling incidents and to evaluate community, state, and national emergency management, and to capitalize on varied available expertise. This vital coordination role is in keeping with FEMA's mandate.

The NCA further urges public interest groups and industry, and Congress in enacting new legislation, to coordinate their efforts through the Federal Emergency Management Agency.●

SHAMEFUL DAY FOR IRAN AND UNITED STATES

HON. FLOYD SPENCE

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. SPENCE. Mr. Speaker, we are struck with a sense of deepest concern when we see pictures of American citizens, military and civilian, being led blindfolded from our own Embassy in Tehran. The events in Iran during the last 3 days underline the true character of the Ayatollah's regime and the animalistic mob actions which he incites. The Iranian students and revolutionary guards who are holding some 60 Americans hostage at the U.S. Embassy in Tehran are demanding the release of the deposed Shah, who is critically and perhaps even terminally ill in a New York hospital. Even the Prime Minister has resigned because of these lawless acts.

This is a shameful day for Iran. Of more concern to me, however, is that this is an even more shameful day for the United States of America. In recent weeks I have voiced on a number of occasions increasing alarm over our deteriorating image before the eyes of the world. Everyone kicks us around, confident that we will do nothing in return. We have, in large measure, invited the contempt that other nations feel unrestrained in demonstrating toward us. Even the leader of another nation now feels free to encourage openly hostile, barbaric acts toward our people and our property. It is interesting that no action was taken against the Mexican people while the Shah was residing in Mexico—when he supposedly enjoyed good health, no less.

I recognize the delicate nature of the present circumstances and in no sense suggest precipitate action. Nevertheless we must keep all options open to assure the release of our people. We must be prepared to back up our position with military action if necessary.

A number of other actions suggest themselves—such as closing the Iranian Embassy in Washington, closing our Embassy in Iran, putting sanctions on Iran like we do on other nations, and sending Iranian students home who lack the proper credentials. All of these have much to recommend them and should be considered. However, for us the most urgent step is to convince the world that we are determined from this moment forward to respond appropriately to the provocations of any nation or mob. Failing in this, there will be more Tehrans.

It is time to show the world that the United States cannot be blackmailed.●

CHRYSLER AID QUEST: THEATER OF ABSURD

HON. NORMAN D. SHUMWAY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. SHUMWAY. Mr. Speaker, as a member of the Banking Economic Stabilization Subcommittee, which has just concluded its hearings on the Chrysler Corp.'s request for a Federal loan guarantee, I have been troubled by the haste with which this matter is being considered. It is becoming increasingly apparent that the minds of many of our colleagues are already made up: It is no longer a question of whether Federal assistance should be provided at all, but rather of how much and with what conditions.

I do not share this view. My mind is not made up. In fact, I have some very real concerns about Chrysler's request.

There can be no doubt that Chrysler is in serious trouble, and that corporate failure is a real possibility. If Chrysler is to survive, it must undertake a painful reassessment of its place in the American auto industry. It must also achieve commitments of assistance and support from those most seriously affected by its problems—in particular, its employees. In this regard, I am certainly not convinced that the wage agreement recently concluded between Chrysler and the UAW is consistent with the spirit of sacrifice and hard work which all involved must share if Chrysler is to survive.

Mr. Speaker, I am afraid that we in Congress are in danger of letting political considerations outweigh common economic sense. This approach may be the path of least resistance in the short run but, in the long run, may well result in policies which are later regretted.

I would like to commend to my colleagues an article by Robert Samuelson which bears lucidly on this subject.

The article follows:

[From the Washington Post, Nov. 6, 1979]

CHRYSLER AID QUEST: THEATER OF ABSURD?

(By Robert J. Samuelson)

When your company is on the brink of bankruptcy, do you give your workers a one-third wage increase over three years? You do if you're the Chrysler Corp. and your workers belong to the United Auto Workers.

Scarcely before it has begun, Chrysler's quest for federal financial assistance has become theater of the absurd. What Congress is being asked to approve is a program that raises car prices, perpetuates inflation and makes it more expensive for Americans to buy fuel-efficient cars.

No one really disagrees that a Chrysler bankruptcy would be a social and economic calamity. Somewhere between 150,000 and 500,000 workers would probably lose their jobs immediately, and only the most reckless forecaster can say how easily they could be re-employed. Nor does anyone really disagree that a federal bailout of Chrysler would constitute a bad precedent, encouraging all sorts of other industries—each in its own way—to seek government relief.

But the Carter Administration, by evading the basic issues raised by Chrysler's request, has not forced the company and its union to do all in their power to minimize the need for federal assistance. At the same time, this ineptness or cowardice has made it more likely that any Chrysler package will be excessively costly and face uncertain prospects of success.

The basic issues are plain enough. To preserve our mobility and limit our dependence on foreign oil, we clearly need to convert our 117-million-auto fleet to more-fuel-efficient vehicles. In the fall of 1980, Chrysler plans to introduce a new line of compact cars with significant mileage gains (seven miles per gallon) over current models. Chrysler could then produce about 800,000 cars annually with 4-cylinder engines. We need those cars; a bankruptcy would jeopardize their production.

A second basic issue involves the relationship among wages, jobs and inflation. The reason why recessions no longer reduce inflation much is that they don't reduce wage pressures much. People expect the slowdown to be shortlived. Even if the permanent level of unemployment rises slightly, most workers aren't affected. We need to re-establish the connection in people's minds between wage demands and jobs.

Chrysler joins the two issues. The severity of its cash squeeze partially reflects the slump in car sales, but if Chrysler needs to sell more cars, America needs to buy them. Even today's models almost invariably get significantly better fuel mileage than the vehicles they replace, and replacement represents two-thirds or more of car demand.

But you do not sell cars by raising their prices, which is precisely what Chrysler, Ford and General Motors are doing. Nor can you keep prices down by increasing labor costs 10 percent or more annually.

Chrysler is simply the prototype of a more general problem for the automobile industry. As the companies attempt to recoup massive retooling investments needed for fuel-efficient cars, their prices threaten to rise even further. At the same time, the conditions underlying the 1976-78 car-buying boom probably won't recur: easy credit (automakers liberalized their credit terms after the 1974–75 recession) and sharply rising "real" personal income.

Together, these factors impel people to hold on to their cars. Stagnant sales then inhibit the companies from generating more investment funds for further retooling. Small wonder that General Motors Chairman Thomas A. Murphy or that Ford is making noises about quotas against Japanese imports. Both want more market share to neutralize these pressures.

Holding down labor expenses (about one-third of total production costs) is the only way to slow this vicious circle. In Chrysler's case, someone—either the president or the secretary of the Treasury, because we pay them to say the unpleasant things that need to be said—had to state: no wage restraint no federal help. In clear, loud language. They didn't. With President Carter desperate to keep union support, does anyone wonder why?

When Douglas A. Fraser, president of the UAW, tells Congress that his union has made "significant concessions" to help Chrysler, he is talking in absurdities, GM Chairman Murphy utters similar absurdities when he insists—as he recently did on "Meet the Press"—that the recent labor settlement isn't inflationary.

At the end of the last contract, the average auto worker earned about $9 an hour, or about $18,700 annually for a 40-hour week (no overtime). Under the new contract—assuming an average 8 percent inflation rate needed to calculate the cost-of-living adjustments—the wage rate will climb to $11.81 in 1982, or $24,600 annually. Non-taxable fringe benefits will also rise by about one-third, and so total labor costs per worker could rise from about $30,000 to $40,000.

The UAW's "significant concessions" to Chrysler are mostly trivial. At the end of the third year, Chrysler's labor costs will not differ from those of Ford or General Motors. Cost-of-living adjustments will be paid right on schedule; the additional annual 3 percent wage increases will be paid somewhat later than at the other firms, but the lag is no more than a half year.

It is not clear that Chrysler needs federal help or, if so, how much. Even the UAW's slight concessions, according to the union and company, will save Chrysler about $200 million over three years. A contract more befitting a firm teetering on bankruptcy—say, a wage freeze—probably would have saved $750 million to $1 billion. But the higher wage bill also means that Chrysler must borrow more (paying more interest) and charge higher prices (selling fewer cars), which further compound the cash squeeze.

None of this should be anyone's idea of an economically efficient or socially just policy. Even if Congress rescues Chrysler, it may do so under conditions that keep automobile sales listless, and that listlessness will spread to related industries, such as steel. The UAW may have bought some of its members wage increases, but it will have bought a lot of other workers unemployment.

Helping Chrysler and its union ought to be justified by broader public purposes than simply rescuing the big and powerful. And assistance ought to be extended on terms sufficiently harsh that others will not be tempted to seek similar relief. That does not seem to be in prospect. This is an episode of many small-minded men—union officials, corporate executives, the president and his Treasury secretary—each trying to protect himself. Who can cover himself with the most mediocrity? So far, it's a close race.●

HAPPY ANNIVERSARY

HON. GARY A. LEE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. LEE. Mr. Speaker, anniversaries are wonderful events in the lives of institutions as well as in the lives of people, and when two important milestones are observed at once, it is a noteworthy and significant occasion I am proud to call to your attention.

This week marks the 150th anniversary of community newspapering in the village of Skaneateles, N.Y., and the 100th anniversary of the founding of the Marcellus, N.Y., weekly newspaper.

Two great institutions in two neighboring communities are now one, and the staff of the combined Skaneateles Press and Marcellus Observer will celebrate the two anniversaries with a special edition November 14.

Throughout the history of our Nation, weekly newspapers have been the anchor of our free press, providing information, sharing opinion, stimulating thought, and fulfilling the public trust inherent in a democracy where freedom of speech is a treasured jewel.

In the village of Skaneateles, the 150-year unbroken chain of weekly publishing began with the first issue of the Telegraph, July 28, 1829. Two years later, it merged into the newly-started Columbian, which in 1847 merged into the Democrat, a competitor since 1839. In 1874, the Skaneateless Free Press appeared, providing lively competition until 1926 when the Democrat and Free Press were merged into today's Skaneateles Press.

The chronology in nearby Marcellus involves but a single newspaper, the Observer, which circulated for the first time on April 6, 1879, and which was combined with the Skaneateles Press in 1972.

As the Skaneateles Press and Marcellus Observer celebrate the twin anniversaries of public service, I am pleased to extend my best wishes to publishers George C. Wortley III and T. Elmer Bogardus; executive editor Barbara S. Rivette; editor Kathy J. Corhalis; contributing editor Wesley C. Clark, and the people who work with them to perpetuate the heritage of a century and a half with dedication, skill, and excellence.●

FEDERALIZED WELFARE

HON. ED BETHUNE

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. BETHUNE. Mr. Speaker, the welfare proposal under consideration was succinctly analyzed in a recent editorial in the Arkansas Democrat. I would like to share that excellent review with my colleagues:

FEDERALIZED WELFARE

Since the House leadership foiled earlier Republican efforts to derail it, Jimmy Carter's version of "welfare reform" may well become one of his reelection-campaign boasts: Folks, meet the man who finally brought a "guaranteed income" to the poor. The conservative answer will be, meet the man who Federalized welfare.

The money involved in Mr. Carter's "reform" isn't anything like what Richard Nixon had in mind when he offered, in his first term, what he called his Family Assistance Plan (FAP). Mr. Carter would spend only $3 billion more for welfare across three years; whereas, the hapless FAP (also called "workfare") would have spent several times more than that amount yearly, also taking in the working poor. More important, though, the principle of Mr. Carter's "reform" differs entirely from that of FAP, which would have made the states a partner and required the ablebodied to work for their welfare. Mr. Carter's plan simply offers the poor a raise.

"Reform" means a cleaning up, a rational reordering, Mr. Carter merely proposes to nationalize basic public charity by equalizing welfare payments ($4,700 a year for a family of four) in all the states. That's about two-thirds of the federal "poverty level" income, and since the sum is indexed to inflation, the dollar amount would rise steadily.

The change would not only standardize the wide variance in welfare payments among the 50 states and halt the welfare shopping that has become a national pastime of the peripatetic poor—it would also wipe out state restraints against waste and fraud. Those who think the states would put an unnameable price on parting with their right to set and police welfare payments and to care for their own poor—a principle reaching back to the Elizabethan Poor Laws—need only look at the pitiful $730 million the bill offers them in exchange for letting Washington do the job.

But social spending has been so long nationalized in principle that if it weren't for the House Republicans the addition of welfare (already federally subsidized) to a long list of centralized social programs might well pass without comment. As it is, quite a number of House Republicans are decrying the takeover (and the new federal rules that go with it) and prophesying that the tests of need that states now apply will become meaningless—and fraud more rampant—under flat federal grants to the individual poor. They argue that any increases in welfare spending should go direct to the states as grants to be administered with the usual safeguards. They see the Carter bill creating a national welfare constituency limited by only such rules as the federal bureaucracy care to apply.

Even in a sea of made-in-Washington social programs, it makes sense to hold out against nationalization. Every abandonment of local control to the central government weakens the states as federal entities and enfeebles the principle of local rule. House Republicans and conservative Democrats are pushing that argument in floor debate, but pre-election-year welfare politics will probably prevail.●

CONCERN FOR PEOPLE LIVING UNDER COMMUNIST REGIMES

HON. ROBERT S. WALKER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. WALKER. Mr. Speaker, I have been contacted by a group of my constituents, the Congress of Russian-Americans, Inc., who are very concerned, as we are, about the destiny of all people living under Communist regimes. The chairman of the Human Rights Committee of the Congress of Russian-Americans, Inc., has developed a statement which explains their concerns which I am pleased to include in the RECORD at this point:

On November 7th the leaders of the Soviet Union will celebrate the 62d anniversary of the "Great October Socialist Revolution". On this tragic anniversary of the Bolshevik takeover in Russia, the Congress of Russian Americans reiterates its continued concern for the destiny of all people living under Communist rule. Sixty two years ago a tragedy occurred which scarred not only the Russian nation, but also the entire free world. Lenin and his minority party overthrew the democratic Provisional Government of Russia and two months later dissolved the freely elected Constituent Assembly, in which the Bolsheviks had polled only 25% of the vote.

Despite the bitter struggle during the Civil War, which lasted more than three years and was followed by numerous peasant and worker uprisings against Communist domination, Lenin and his successors nevertheless were able to keep their iron hold over the peoples that make up the Soviet Union. Since World War II, the Communist leaders have added to their empire most of Eastern Europe. This tyranny has caused millions of deaths, untold suffering in prisons and concentration camps of the Gulag Archipelago, and life at a subsistence level for most of the population.

The Soviet build-up of armaments and foreign policy, aimed at spreading the Communist system wherever possible, has caused the threat of world war to hang over the United States and the free world for several decades. Their meddling in the affairs of the developing nations in support of whatever side they favor in so-called "liberation struggles" continues to cause most of the serious problems of foreign policy faced by the United States and its allies.

For sixty two years, Russian immigrants have repeatedly warned the world of the dangers of Communism. Too often they have been not only misunderstood, but even mistaken for Communists. Ironically, the word Russian has become synonymous with the words Soviet and Communist. Being the first victim of Communism, the Russian nation is not even included on the list of captive nations.

The plight of Soviet dissidents bears witness to the fact that the inhuman nature of Communism has not changed since November of 1917.

To reaffirm our nation's commitment to the basic ideals of human rights the Congress of the United States should impose export-tariffs on strategic goods being sold to the U.S.S.R. Such export-tariff legislation would force the Soviet Union to comply with the Helsinki Accords, mollify the suppression of human rights of Soviet citizens, and ultimately decrease the offensive-military capability of the U.S.S.R.●

APPOINTMENT TO CONGRESSIONAL TOURISM CAUCUS

HON. TOBY ROTH

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. ROTH. Mr. Speaker, I was very pleased recently to be named to the steering committee of the newly-formed Congressional Tourism Caucus. Tourism is not only one of the top three industries in Wisconsin but is also the third largest industry in the Nation. At a time when our country is suffering widespread and severe economic problems, it is important that Congress take any action it can to assist American industry. Moreover, tourism is particularly susceptible to economic decline during these times because it is not an essential item for most Americans when compared with housing, heat, and food. The tourism industry is also likely to suffer unduly because of rising energy prices.

It is worth noting that tourism is responsible for about 7 percent of the Nation's gross national product and as recently as 1976 generated about $8 billion in Federal taxes. Tourism is defined by the caucus as all trips to places 100 miles or more from the traveler's origin. In 1977, households in America took more than 313 million trips of this length.

In these times of high unemployment, tourism during 1976 was directly responsible for almost 4½ million jobs for Americans and indirectly responsible for an additional 2 million jobs. This amounts to 5 percent of the country's total employment and a payroll of almost $27 billion.

It is also worth noting that in 1976, Americans spent $108 billion on tourism and foreign visitors to the United States spent another $6.3 billion. More than $100 billion of this money went into the pockets of American business. Overall, Americans spend more on travel than they do on clothing, accessories and jewelry, or on medicines, drugs, and the professional services of doctors, dentists, and hospitals.

Despite all these expenditures, tourism accounted for only about 10 percent of domestic petroleum consumption and about 5 percent of our total energy consumption.

The Congressional Tourism Caucus was formed with these figures in mind. The caucus will be able to promote the industry and expand its economic viability by providing a forum for Members of Congress to exchange ideas. The caucus can then pass along appropriate information to the executive branch and develop legislation when it is necessary.

I am particularly happy to participate in the caucus since tourism is such a large industry in my home State of Wisconsin. In Wisconsin, tourism generates $5 billion in sales through 32,000 businesses each year.

I hope the tourism caucus will concentrate on developing a national tourism policy, examining energy problems related to the industry, and informing the President and the executive branch about its activities and findings.●

FEDERAL COMMITMENT TO INTELLIGENT AIRCRAFT NOISE REDUCTION

HON. JAMES H. SCHEUER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. SCHEUER. Mr. Speaker, officials from 14 of the Nation's major metropolitan airports visited Washington today to urge the Congress to support the Federal commitment to intelligent aircraft noise reduction.

In 1976, after 7 years of extensive study and debate, the Federal Aviation Administration issued a landmark ruling which required that older generation aircraft be retrofitted or replaced so that there would be a noise certified fleet by 1985.

This ruling represented a compromise which was overly generous to the airlines as noise-impacted communities were told to wait 9 long years for relief. Any further delay in implementing these noise standards would be an unconscionable breach of faith.

While excessive aircraft noise clearly diminishes the quality of life for 6 to 10 million Americans, it also seriously endangers their health. Excessive aircraft noise has been linked to damaged hearing, cardiovascular disease, diabetes, fetal damage, increased heart rate, and high blood pressure.

Excessive aircraft noise has a devastating impact on property values, often affecting communities which were in existence long before the airports were constructed.

Further delay in implementing the FAA noise standards would be an affront to noise-impacted communities and to those carriers who, in good faith and enlightened corporated decisionmaking, have undertaken the costs of complying with the FAA rules.

I urge my colleague to honor the Federal commitment to reduce excessive aircraft noise.●

ARIZONA BANKERS OFFER WISE ADVICE

HON. ELDON RUDD

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. RUDD. Mr. Speaker, the Arizona Bankers Association met last weekend in Tucson and considered a number of important resolutions, several of which I would like to bring to the special attention of my colleagues as we will be considering these issues again soon.

The bankers are especially concerned with the disasterous consequences of continued inflation and urge Congress to address this serious problem forthrightly.

I would also like to include for the RECORD the bankers' resolutions concerning energy and the need for reduced Federal regulation of financial institutions, additional issues which we will be considering again in the near future.

I have found over the past few years that the bankers in my State are exceptionally well versed on the economic problems of the Nation and responsible solutions to them, and I think we would be wise to heed their excellent advice in these matters.

I ask that the following three resolutions of the Arizona Bankers Association be printed at this point in the RECORD:

RESOLUTION

I. INFLATION AND COST OF LIVING

Resolved, That the Arizona Bankers Association recognizes that inflation and its impact on the cost of living is the number one concern of the American people today. We concur in this evaluation.

The government of the world's most industrialized nation has a responsibility to its citizens as well as to our trading partners and allies to enhance the value of our currency.

The erosion of the purchasing power of the dollar, unrealistic prices for goods and services, and a decreasing standard of living, especially for those on fixed incomes, are all unwelcome effects of a disease that erodes the fabric of modern societies, be it further

Resolved, That the Arizona Bankers Association recognizes that the deep rooted causes of inflation will require short-range sacrifices to achieve a longer-term goal. We urge those in positions of leadership responsibility, especially in government, to return to the basic principles of sound finance which produced the strongest nation on earth. Further, we must work to increase productivity and become less dependent on foreign supplies of natural resources.

We pledge our efforts and creativity to assist toward solving this critical problem.

II. ENERGY

Resolved, That the Arizona Bankers Association will encourage conservation of energy within their corporate operations, to their employees and to their customers, be it further

Resolved, That the Arizona Bankers Association urges the Arizona Congressional Delegation to place the highest priority on legislating national energy law which stimulates and encourages energy development, production and distribution through the private sector without the inhibiting and costly burdens of over regulation by government. The Arizona Bankers Association supports federal legislation which would remove controls on domestic oil prices and gasoline immediately.

III. FREEDOM OF COMPETITION

Resolved, That the Arizona Bankers Association urges the Arizona Congressional Delegation to support and to encourage other members of Congress and federal regulators to permit freedom of competition among all financial institutions. Current inequities include differing tax structures, inconsistent reserve requirements and an interest rate structure that grants an unfair competitive advantage to some financial institutions.

A more equitable structure would lead to increased public benefit through the introduction of more competitive factors in the market place. Consumer benefits would be in the form of lower costs and higher returns to users of financial services.

The complex inter-related nature of current regulations requires a comprehensive plan to be placed into effect over a reasonable period of time.●

CLEMENCY FOR IDA NUDEL

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. KEMP. Mr. Speaker, the letters I receive in behalf of Ida Nudel from her sister and friends are written in tones of increasing concern over the state of her health as a prisoner in Siberia, unjustly incarcerated for her efforts to emigrate to Israel. Prison offiials refuse to acknowledge her need for medical assistance, and the Soviet Government continues its efforts to denigrate her character to justify a 4-year prison sentence doled out in place of an exit visa.

Under the leadership of our colleague from Connecticut, CHRISTOPHER DODD, several Members of Congress recently wrote to Secretary Brezhnev, requesting clemency for Ida Nudel in the form of an exit visa so that she can join her sister in Israel. Because the Soviet Government has been known to respond to public pressure in the past, I urge those of you who did not cosign this letter to write to Mr. Brezhnev in behalf of Ida Nudel, expressing your concern over the state of her health and urging him to grant her clemency. Your support in this effort will be gratefully appreciated by Ida's sister and her many friends all over the world, and just may make the difference and tip the scales toward a favorable decision.

Mr. Speaker, we cannot turn our backs out of frustration; our continuing efforts in behalf of Ida Nudel and other so-called prisoners of Zion are extremely important to underscore our commitment to human rights. Any actions you deem appropriate to help Ida and her fellow imprisoned visa applicants would constitute an important contribution to the eradication of human rights abuse.●

HOW TO ACHIEVE AN AMERICAN MIRACLE

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. BOB WILSON. Mr. Speaker, even though the gas lines have disappeared, our energy problem is still with us and will be for some time to come. The solution is simple—produce more energy. It is there and can be got at. But the getting is the sticky point, and there are enough difficulties in that process alone without injecting even more in the form of price controls.

As Chairman of the Price Commission from 1971 to 1973, C. Jackson Grayson saw from a frontline perspective just what effect price controls are having on shortages and inflation, and he did not like what he saw.

Mr. Grayson's recommendations may seem drastic to some, but our energy situation is becoming increasingly grave and demands drastic measures such as he advocates. I commend his thoughtful essay to all my colleagues for their reflection.

The essay follows:

[From Business Week]

HOW TO ACHIEVE AN AMERICAN MIRACLE

(By C. Jackson Grayson, Jr.)

The most frightening aspect of the current gasoline crunch is not the long lines. Nor the price. Nor OPEC. It is not even the shootouts at the service stations.

It's the almost total absence of serious consideration and open support by businessmen, politicians, and economists for a return to the market system to ration demand and increase supplies.

The answer to our problems has to be complete decontrol—decontrol not only of oil, but also of gasoline—and elimination of the price and wage "guidelines" program along with it: a complete dismantling of the increasingly complicated, inefficient, inequitable, and unworkable machinery of energy and wage-price controls.

I recommend this not from blind ideological faith in the market system, but from (1) a reading of the history of the failures of wage-price and allocation controls for over 40 centuries, (2) an observation of the current failures of energy and wage-price guidelines, and (3) my own personal experience in directing controls, during Phase II of President Nixon's wage-price program.

The gasoline situation is a good example. The President blames Congress and scolds the public. The Congress blames the President and lectures the oil companies. Endless and fruitless disputes, investigations, and hearings drain the nation's energies to find out who's to blame: "Is there a shortage? Where is the gasoline?"

At the gas pumps there are hired guards, shootings, thefts, and scams. Hundreds of thousands of hours are spent nonproductively in long lines when the nation's productivity growth is already alarmingly low. New allocation schemes are cooked up almost daily: odd-even days, numbered windshield stickers, minimum purchase amounts, state conservation quotas, coupons. Such controls organize and prolong shortages. And in the process the poor, those with low incomes, and the weak are hurt the most.

BACK TO A MARKET ECONOMY

A good account of the history of controls is chronicled in a recent book by Robert L. Schuettinger and Eamonn F. Butler, *Forty Centuries of Wage and Price Controls* (The Heritage Foundation, Washington, D.C., 1979). It is tragicomic that 40 centuries of price and wage controls and governmentally directed allocation systems for such commodities as flour, corn, wheat, and housing show a record of repeated failures.

Not only do the guidelines violate the basic economic laws of supply and demand, they also violate the basic political laws of consensus, power, and equity. The program has no power base, no real support by business or organized labor, and it is rife with inequities. The program is not fading fast—it is dead. No scraping, painting over, or review is going to change it from being bad law, bad economics, and bad politics.

"We have to continue," says Barry Bosworth, director of the Council on Wage & Price Stability. "There is no alternative."

Yes there is. I offer these recommendations:

Remove all price and allocation controls over gasoline and other fuels.

Remove all wage and price controls.

Abolish the Council on Wage & Price Stability.

Return to a market economy.

A "political impossibility," the conventional wisdom runs. It can't be done. Congress, the President, and the public would never stand for it. Believing this, many businessmen and legislators fail to fight for a return to the market system. Instead, they remain silent or concentrate on compromises and accept what Representative Al Ullman calls "the political equation." That's a mistake, both economically and politically.

Economically, controls are a disaster. As chairman of the Price Commission during Phase II (1971–73), I saw this firsthand. After an initial appearance of gains, the inevitable erosion and inefficiencies began. No matter how good our intentions, how hard we worked, what models we employed, or how ingeniously we designed the regulations, the controls could never handle as efficiently or as effectively the millions of decisions made daily in the marketplace to adjust to the changing conditions of supply and demand. The controls did not reduce shortages or inflation. They increased both.

POLITICAL COURAGE

Bad economics is also bad politics. A very recent example is Britain. Margaret Thatcher rode to power on pledges to reduce much of the governmental economic management, to decontrol prices and wages, and to revive the market system.

The classic example, of course, is West Germany. In July, 1948, virtually all economic controls were removed, including price and wage controls. The Allied powers, then in control, were fearful that it would lead to greater inflation, unemployment, political instability, and more problems for the poor. The bold move was controversial even among those closest to its architect, the economist (later Chancellor) Ludwig Erhard.

The fears proved unfounded. There was higher employment, higher real wages, rising productivity, a disappearance of black markets, an abundance of goods in the shops, and—after an initial spurt in prices—a great reduction in inflation. Apathy and despair turned to hope and energy.

In truth, the "economic miracles" that have followed decontrol were not miracles. They were no more than an end to the economic paralysis and disorder caused by the control mechanisms and a return to the market economy.

President Carter speaks of the need for "political courage" in facing these problems. It's time for an act of political courage that makes both political and economic sense: decontrol.●

VETERANS DAY, 1979

HON. DON RITTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. RITTER. Mr. Speaker, many words are going to be spoken in commemoration of Veterans Day. The meaning of the day will be put into eloquent and moving words, in all parts of the Nation, by many different people. Some Americans will have heard such words so often before that they will fail to really listen. But even if some people may fail to appreciate the meaning of Veterans Day, the Nation as a whole will not and must not.

Today, there are few Americans who personally remember the surge of patriotism that marked American sacrifices to save Europe in the dark days of World War I. And many Americans are too young to remember the way in which our Nation drew together as one and met the gigantic challenge of defending civilization during World War II. The memories of many younger Americans are filled with images of Korea and Vietnam, where war became somehow different and the way in which we as a nation viewed our veterans changed.

The victims of these new attitudes are in large part our American veterans. These are men and women who sacrificed as bravely and unselfishly as any Americans ever have, yet who, tragically, have sometimes gained neither the understanding, nor the respect nor the fair treatment that their sacrifices have earned.

It is this debt to recent veterans, yet unpaid, which challenges us as Americans today.

At the same time, our continuing debt and obligations to veterans of other eras remain as compelling as ever.

The world we live in today, 6 weeks before the start of the 1980's, is as dangerous at it has been at any time in our history—in many ways, it is a more dangerous world than America faced in 1776, or in 1918, or 1941. We face two powerful adversaries, one of which the Soviet Union, is increasing its offensive military capabilities at a terrifying rate while its worldwide adventurism—even in our own hemisphere—is being continually stepped up. We face an increasing dependence on a thin lifeline of oil tankers stretching from the other side of the world at the very time when the Soviets are acting to threaten that lifeline and those oil sources. We face a world filled with very real dangers, both short and long term.

In such a world, honoring those who have served this Nation in previous times of danger becomes much more than an exercise in ceremony. By honoring our veterans we show that America is still a nation that meets her commitments after all—be they commitments to our own citizens, or commitments worldwide.

By honoring our veterans we show that our ties with our history are still strong and that our history still serves as an inspiration and guide. By honoring our veterans we tell future generations of Americans that their country intends to stand by them when they set aside their own lives to put on their country's uniform.

But above all, honoring our veterans ultimately comes down to one word: Respect. If the United States ever reaches the point at which, as a nation, we are unwilling or unable to give sincere respect to those who have given of themselves in service to their country, then we will have lost the right to call ourselves, as we do, the land of the free and the home of the brave.

Mr. Speaker, every citizen of the Lehigh Valley of Pennsylvania joins me in offering our deepest gratitude and, above all, our respect to all Americans, including the more than 75,000 from the Lehigh Valley, who are veterans of military service to their country. They have truly earned more than our respect and gratitude—they have earned the faithful fulfillment of our promises to them.●

CAMBODIANS CRYING FOR LIFE

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. SOLARZ. Mr. Speaker, I would like to commend to the attention of my colleagues an excellent report on the current crisis in Cambodia and the humanitarian response of the international community. This report was prepared by the Indochina Refugee Action Center, which is acting as a clearinghouse on this issue. Mr. Speaker, I insert this document in the RECORD.

REPORT BY INDOCHINA REFUGEE ACTION CENTER

OVERVIEW

War, tyranny, genocide, invasion, famine and epidemic disease—these are tragedies that have often and sadly struck human communities during the long history of the world. It is often hard to imagine the impact of any one of these upon a nation and its people, yet the people of Cambodia have been stricken by each and all of these human disasters in just the last five years.

The result of all these human plagues and tragedies is a decimated and dying people. Famine and epidemic disease have begun their own grim march through Cambodia. A once gentle, neutral and agriculturally lush nation is now threatened with extinction unless there is immediate and decisive world action.

While precise figures are still not possible, it is estimated that of the 8 million Cambodians in 1970, only 4.7 million survived the decade of war and the Pol Pot holocaust. Of those remaining, as many as 2 to 3 million are facing starvation. There are reports that as many as 200,000 people are dying monthly, with hundreds of thousands more racked by malnutrition and disease. Of those Cambodians escaping to refugee compounds in Thailand, 90 percent have malaria, with bleeding dystentary and other diseases rampant. Estimates are that as little as 5 percent of the present food crop is planted and harvestable, with many of the seeds for the next crop eaten by desperate Cambodians. With the infrastructure of transport and communication destroyed, aid officials are finding it incredibly difficult to distribute relief adequately on a scale necessary to reach the needy millions. Many Cambodians are so weak, from sickness or hunger, they are literally unable to load and unload the relief shipments.

ESTIMATE OF NEED

A number of international relief organizations have worked to develop a comprehensive estimate of the needed world relief effort to rescue and rehabilitate the people of Cambodia. The basic needs are food and commodities, health care, unloading and transport equipment for distribution of relief, seed, and equipment to rebuild schools. UNICEF and the International Committee of the Red Cross (ICRC) have undertaken a joint relief effort; they released the following figures on October 19, 1979, in a worldwide appeal for immediate aid:

ICRC/UNICEF forecast plan for 6 months

[In U.S. dollars]

Health	$15,976,000
Education	2,800,000
Logistics	10,837,000
Miscellaneous	3,900,000
Food	58,200,000
Operating costs	3,600,000
Contingency reserve	5,000,000
World food program (food transport)	11,000,000
Total	111,313,000

OXFAM-Britain, working jointly with OXFAM-America and a consortium of other relief organizations, has also conducted an estimate of food and relief aid, with a particular emphasis on agricultural supplies and assistance:

OXFAM assessment of needs

[In U.S. dollars]

General feeding	$24,933,000
Supplementary feeding (hospitals, orphanages)	634,000
General relief (supplies, trucks, unloading equip.)	2,747,000
Seeds—staple	10,565,000
Seeds—vegetable	220,000
Agricultural equipment	1,215,000
Miscellaneous	507,000
Cost of transport	7,395,000
Overhead/contingency	6,867,000
Total	55,083,000

It should be emphasized that the above figures are estimates for immediate relief only, for a period of approximately the next six months. There is a growing awareness that additional world aid will be required to adequately restore and rehabilitate the people of Cambodia.

The above food estimates are based on complex formulations. To assist in understanding these food needs, Jean Mayer, President of Tufts University and a noted expert on both nutrition and famine relief, advanced the following statistics in an October 22, 1979, press conference (held under the auspices of the Federation of American Scientists), at which he called for an immediate and massive U.S. aid effort: 2,000 calories per day are needed to stabilize a malnourished person. A kilogram per day will feed approximately two people; a ton a day will feed 2,000 people. Assuming that two million of the remaining Cambodians are facing starvation, a minimum of 1,000 tons a day of food is required—165,000 tons in the next six months just to stabilize the starving population. Dr. Mayer also pointed out that a diet adequate to rehabilitate and strengthen these Cambodians will eventually require food support of as much as 2,000–2,500 tons a day.

The sheer magnitude of this food tonnage is why planes alone cannot provide a sufficient flow of food aid, since a plane can only carry 20–40 tons at a time. Ships and barges able to carry thousands of tons are needed in order to develop a sufficient delivery capacity. Furthermore, since the internal transportation structure is nearly destroyed, trucks and other vehicles (as well as spare parts) must be imported in order to sustain the delivery of relief within Cambodia.

U.S. GOVERNMENT AND LEGISLATIVE STATUS

In response to the world appeals by UNICEF/ICRC, Oxfam and other groups, the United States government has acted to provide large scale disaster aid. In announcing a package of U.S. assistance on Wednesday, October 24, 1979, President Carter stated: "Thirty-seven years ago, a holocaust began which was to take the lives of more than 6 million human beings. The world stood by silently, in a moral lapse whose enormity still numbs the human mind. We now face, once again, the threat of avoidable death and avoidable suffering for literally millions of people, and this time we must act swiftly to save the men, women and children who are our brothers and sisters in God's family."

President Carter proposed a total aid package of $69 million, including the 7 million already pledged on October 15, 1979. Of the $69 million, $5 million in existing refugee aid funds were provided to UNICEF/ICRC for Cambodian relief. $25 million in commodities will be made available, subject only to assurances that they reach their destination of those human beings in need. (Congress must enact a supplemental appropriation for $20 million of these commodities.) $9 million of additional U.S. refugee assistance funds will be provided to meet approximately one-third of the total cost of Thailand's program to aid the tens of thousands of Cambodian refugees entering Thailand.

Carter asked that the final $30 million be authorized through the Zablocki-Wolff Bill in the House of Representatives for the next phase of relief in Cambodia. This bill, which was actively supported by Congressman Solarz and many others in the House, was passed by the House on October 25, 1979, by a vote of 362–10. (This bill is in the form of an amendment to the supplemental Department of State appropriation for refugee assistance.)

The Senate had already passed a Kennedy-proposed "sense of Congress" amendment on October 11, 1979 in support of Cambodian relief aid. On October 16th the Senate Foreign Relations Committee unanimously passed a McGovern-proposed amendment to the State Department supplemental refugee appropriation, for $30 million in assistance to Cambodia. Since this bill is quite similar to the bill passed by the House, swift passage by the Senate of the final bill is expected.

WORLD PLEDGES

While reports of world pledges to the international effort are still coming in, a total of $34.9 million had been pledged by the end of October.

CAMBODIAN REFUGEE STATUS

If the current plight of famine, disease and destruction in Cambodia can be likened to the Holocaust in the enormity of human suffering delivered on a nation of people, we must also realize a second major factor in the Cambodian tragedy. The combination of tragic events in the past decade has caused an enormous flow of Cambodians out of the country, joining the ranks of the worldwide population of refugees. This enforced dispersal of Cambodians—including many of the most talented and able leaders, fleeing from the Pol Pot tyranny—has resulted in a Cambodian diaspora which has dispersed the culture, civilization and people of this nation.

While precise population figures on the Cambodian refugees are not easily obtainable, we have been able to piece together some estimates. Since 1975 (but not including the recent exodus into Thailand in the past several weeks), approximately 260,000 Cambodians have fled their country. About 150,000 went to Vietnam, where many of them have been assisted in refugee camps by the U.N. High Commissioner for Refugees. There are also unconfirmed reports that as many as 120,000 of these refugees may have crossed back over the Vietnamese-Cambodian border, or have been brought back by the Vietnamese government.

Of the remaining 110,000 refugees, about 20,000 have been resettled in France and 14,000 in the United States. Another 10,000 have been in UNHCR-affiliated refugee camps in Thailand, some for as long as four years. A more recent group of about 60,000 Cambodian refugees entered Thailand during the past year—45,000 of whom were forced back into Cambodia by the government of Thailand this past June. (Thailand has since reversed this policy, and is not now turning away Cambodians fleeing the war and famine in their country.) The remaining 15,000 refugees who crossed the border earlier this year are now in a variety of camps and compounds in Thailand with uncertain refugee status.

The ranks of Cambodian refugees, however, are now rapidly swelling as Cambodians in alarming numbers are attempting to escape the ravages of war, famine and disease by fleeing into Thailand. It is estimated that during the last several weeks alone, 210,000 Cambodians have entered Thailand. No one is certain how many more are ready to flee, but observers feel that hundreds of thousands more Cambodians may attempt to make their way across the Thai border as conditions in Cambodia worsen.

RELIEF SUPPLY STATUS

The two most sizeable efforts to channel food and relief supplies into Cambodia are 1) the joint effort mounted by UNICEF and the International Committee of the Red Cross, and 2) the effort organized by Oxfam, in conjunction with a consortium of other relief organizations. In addition, there are a number of other significant efforts, such as those being carried out by the Catholic Relief Services, Church World Service, the American Friends Service Committee, the International Rescue Committee, and World Vision International, among others.

We have obtained the following data on the status of delivery and supply efforts by the primary organizations involved in providing disaster relief to the Cambodian people:

UNICEF and the International Committee of the Red Cross (ICRC)

The joint operation by UNICEF/ICRC reports that 300 tons of food and relief supplies are being sent from Bangkok to Phnom Penh by 7 chartered Hercules jets. (Hercules jets are being used because they are self-loading and unloading and therefore do not require extensive logistical ground support). Of these 300 tons, 180 tons are food; the remainder of the shipment includes 4 land rovers, 4 trucks, 1 fork lift truck and 13.6 tons of diesel fuel. Another 52 tons of supplies, including 6 land rovers, are being sent by 2 chartered flights from Europe. In addition, 220 tons of relief supplies are being sent on an Oxfam barge (see section on Oxfam below) and an additional 1,000 tons of rice by sea from Bangkok.

Leaving by the end of the month are: 5,000 tons of rice, and 3 trucks, by sea; and 22.4 tons of food, and 5 trucks, by Hercules flights. All of the above are scheduled to arrive by the end of October. UNICEF/ICRC expects to continue to provide 20,000 tons of food and relief supplies per month by ship via the harbor at Kompong Som, and 8,000 tons a month to Phnom Penh.

To aid the Cambodians who have crossed over into Thailand, UNICEF/ICRC is sending 788 tons of rice, fish and oil, 1 ton of medicine, 5 tons of soap, 10 tons of tarpaulin, 4 tons of special children's food, mosquito nets and blankets.

ICRC reports that there is a major problem of maintaining communication between Cambodia and points outside. They have radio equipment and a radio operator in Phnom Penh, but are still awaiting clearance to use them. ICRC has a radio link from Bangkok, Thailand to Geneva, therefore, for the time being, information has to be flown from Phnom Penh to Bangkok.

UNICEF/ICRC also report that they have ten staff people in Cambodia to receive relief supplies and to monitor and oversee their transfer to all trucks and railcars.

Oxfam

Oxfam reports that its first barge of 1,500 tons of relief aid (primarily food) has arrived at the Cambodian port of Kompong Som, where it was met by 3 ministers of the Heng Samrin government. Oxfam officials report that unloading was carried out "with a high degree of cooperation and without a hitch," although they point out that the 120 dock workers were mostly 16–18 year old boys and girls who were undernourished and struggled with the 100 pound bags. The supplies were met by 80 trucks—"all the lorries the country had" and driven to holding facilities in Phnom Penh. The supplies are now being distributed to regional centers using the "infrastructure established by the previous regime."

Oxfam states that their monitors are permitted to accompany the supplies to each destination. They have 5 staff members in Phnom Penh for that reason, and 3 more in Kampong Som and other parts of Cambodia.

A second barge of 2,000 tons (primarily food) scheduled to leave on Oct. 27, will be routed up the Mekong River, with the permission of the Vietnamese government, so that it can arrive in Phnom Penh. Oxfam reports that this is a real breakthrough in cooperation with the Vietnamese, and marks the first time a U.S. ship has travelled up the Mekong since the end of the Vietnam War. This second barge will not only contain food, but also a fork lift truck and a large quantity of seeds.

With its third shipment, scheduled to leave by barge the week of Oct. 29th, Oxfam will shift its major emphasis to agricultural reconstruction, relying on UNICEF/ICRC for major food relief. This third shipment will include 2,000 tons of seed, tools, fish nets, irrigation equipment, etc.

On Oct. 25th, a 30–40 ton flight from Ireland, arranged by Oxfam and backed by the Irish government, was scheduled to carry 4 land rovers, milk, sugar, and edible oil. At the same time, an Australian flight is carrying 30 tons of medical and other emergency supplies. In addition, about Oct. 26th, an airlift from Turkey is scheduled to carry 8 seven-ton British Leyland diesel trucks on a 747 flight to Phnom Penh.

Catholic Relief Services

Since late June, more than 20 convoys of trucks loaded with food, clothing, and medical supplies have traveled to various points along the Thai border, delivering their cargoes to Cambodians who come across the border, pick up this aid, and carry it back to Cambodia. Presently the Catholic Relief Services are attempting to raise at least $1,000,000—through appeals to church, private, and government sources—to continue these operations.

Church World Service

CWS has 5 representatives in Phnom Penh who have met with senior officials of the Heng Samrin government. These representatives are due back on Nov. 4th. There is no word as yet as to the results of the meetings. CWS has sent $25,000 worth of mosquito netting into Cambodia. On Oct. 26 or 27th, an airlift was scheduled to arrive in Phnom Penh carrying 40 tons of supplies—10 tons of medical supplies and 30 tons of fish. CWS has made a request to the U.S. Treasury Department for a license to send in $1 million worth of medical supplies.

American Friends Service Committee

AFSC sent a delegation to Phnom Penh early in September to negotiate a contribution of medical supplies. They are presently pursuing U.S. aid funds to purchase these supplies. In addition, AFSC has provided $100,000 to Oxfam for the purchase of 400 tons of rice. AFSC is committed to raising at least $200,000 for their Cambodian relief effort.

World Vision International

World Vision reports that they delivered 10 tons of food and medicine on Oct. 20th and 23rd, at a cost of $25,000. A two man team leaves on Oct. 29th to prepare for a major effort in which World Vision plans to spend at least $1 million. The Oct. 29th flight to Cambodia will include 5 tons of supplies especially earmarked for orphans, including mosquito nets, clothing, food and educational materials.

International Rescue Committee

The International Rescue Committee has 6 nurses and 4 doctors presently in Thailand; 2 additional doctors and 4 additional nurses are committed. They are also involved in setting up a major facility which will be equipped for large numbers of temporarily displaced Cambodians. In addition, IRC is in the process of buying a van in Thailand to be used as a mobile medical unit.

On November 4th, members of the IRC's Citizens' Committee on Indochina Refugees, which is made up of prominent American civic and religious leaders, will visit Thailand to observe the consequences of the Cambodian tragedy first hand.

Refugees International reports that it has sent 280 tons of food on the second Oxfam barge into Cambodia.

The Mennonite Central Committee contributed funds to the efforts of the Church World Service and the Christian Conference of Asia.

CONTRIBUTION ADDRESSES

The following list of organizations who can accept contributions for the Cambodian relief effort was supplied by the U.S. Committee for UNICEF:

U.S. Committee for UNICEF, 331 E. 38th Street, N.Y., N.Y. 10016.

National Headquarters, American Red Cross, 2025 E Street NW., Washington, D.C. 20005. (The Am. Red Cross asks that donations not be sent to local chapters).

U.N. High Commissioner for Refugees, Region 9, Room C–301, U.N. Plaza, N.Y., N.Y. 10017.

Catholic Relief Services, 1011 First Avenue, N.Y., N.Y. 10022.

Church World Service, 475 Riverside Drive, N.Y., N.Y. 10027.

International Rescue Committee, 386 Park Avenue South, N.Y., N.Y. 10016.

Oxfam America, 302 Columbus Avenue, Boston, Mass. 02116.

American Friends Service Committee, 1501 Cherry Street, Philadelphia, Pa. 19102.

C.A.R.E., 660 First Avenue, N.Y., N.Y. 10016.

Lutheran World Relief, 360 Park Avenue South, N.Y., N.Y. 10010.●

IN SUPPORT OF IDA NUDEL

HON. JOHN F. SEIBERLING

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. SEIBERLING. Mr. Speaker, the House will soon consider House Concurrent Resolution 202, expressing the sense of Congress that the Soviet Union should permit Ida Nudel to emigrate to Israel. Ida Nudel has been sentenced to 4 years of internal exile in Siberia for providing aid to dissidents inside the Soviet Union. As a cosponsor of House Concurrent Resolution 202, I think House action on the bill is important because it reminds the Soviets that they are not complying with either the spirit or the letter of the Helsinki accords. It may, perhaps, be pointless to pick out one individual from the hundreds who deserve global attention, but congressional action on House Congressional Resolution 202 puts the Soviets on notice that they have a long way to go to live up to their obligation to observe basic human rights, including the freedom to emigrate. Permitting Ida Nudel to emigrate would be an important step by the Soviets in the direction of recognizing their responsibilities under the terms of the Helsinki accords.●

VERIFICATION: SCIENCE OR GUESSWORK?

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. MICHEL. Mr. Speaker, the recent debate concerning an enormous explosion which occurred near South Africa should be of concern to all Americans.

Initially it was said that the explosion was caused by a nuclear detonation. The South African Government denied this. Now there are different theories to account for the explosion, chief among which is that it was caused by a superbolt with 100 times more energy than an ordinary lightning bolt.

Those of us who are not scientists are content to leave the inquiry to specialists. But in an important sense this debate over the origin of the explosion concerns us all. If the most sophisticated technology in human history cannot conclusively prove that an explosion of such magnitude was caused by a clear weapon, how can we expect such technology to do the sophisticated and intricate monitoring of the SALT II treaty? We are told by the President that we have the technological means to verify Soviet compliance. But as we have seen in recent months, we cannot even tell if Soviet troops have increased their numbers 90 miles from Miami and, now, we learn that our space satellites cannot verify with any degree of accuracy the origin of a super explosion.

At this point I wish to insert in the record, "South Africa 'Blast' May Have Been Bolt," by Walter Sullivan, from the New York Times, November 1, 1979; "The 'Flash' Seen Round the World," by John K. Cooley, from the Christian Science Monitor, October 331, 1979; "Experts Explore Cause of Flash Near South Africa," by Thomas O'Toole, from the Washington Post. November 2. 1979.

Experts Explore Cause of Flash Near S. Africa

(By Thomas O'Toole)

The White House has gathered seven outside experts on atmospheric science to discuss whether natural events might have caused the atom bomb-like flash in the skies south of South Africa in September.

White House science adviser Frank Press, who convened the first of two days of meetings in his office yesterday in the Old Executive Office Building, declined to identify any of the experts, saying that they might be at work for months and that identifying them might compromise their work.

A U.S. Vela surveillance satellite spotted a double pulse of light characteristic of a nuclear explosion in the vicinity of South Africa in late September, but U.S. intelligence could find no corroborating evidence of an atomic explosion.

Sensors on the satellite that would have detected a release of neutrons, gamma rays and X-rays apparently had been turned off to save power on the satellite and prolong its life. The Vela was aging, having been put into orbit in 1970 to watch for violations of the global treaty banning atmospheric tests.

A few days after the initial reports of the Sept. 22 phenomenon, which was described as a probable nuclear test, the Air Force **Technical Applications Center and the CIA** reported finding acoustic evidence from listening posts in widely separated parts of the world that seems to confirm an explosion. After further study, however, they withdrew this conclusion, according to official sources, and reported that the earlier evidence might simply have been commonplace random background noise.

No seismic evidence was recorded anywhere in the world of a nuclear explosion. More importantly, search aircraft flying over the Indian and South Atlantic oceans have found no evidence of radioactive debris in the atmosphere that would have been left by a nuclear explosion.

The seven experts were brought to Washington to discuss alternate explanations for Vela's observation, such as a "superbolt" of lightning, a meteor entering the atmosphere or a freak combination of the two.

A White House source said the experts so far have not ruled out any of those explanations but cast some doubt on them.

Vela has seen many suprbolts in its nine years in orbit, always as a single flash of light and not the double flash it saw in September. On no fewer than 41 previous occasions did Vela see the double flash, and it always was a French or Chinese nuclear test in the atmosphere.

Regarding the theory of a meteor burning up, there were no reports anywhere that a meteor large enough to generate that much light had entered the atmosphere, the same source said.

The source said the panel also discussed whether the doubleflash was sunlight glinting off another satellite or a spark or electronic malfunction inside the Vela. The source said neither of these possibilities has been ruled out.

"There is a remote chance," the source said, "that the satellite could have malfunctioned once in a way that we did not see again. We're looking at that possibility."

Last week, the State Department announced that the satellite had seen what appeared to be a nuclear explosion and suggested South Africa as the source. South Africa has vehemently denied that it triggered an atomic explosion.

South Africa "Blast" May Have Been Bolt

SOME SCIENTISTS NOW BELIEVE THAT THE 'NUCLEAR' DETONATION WAS SUPER FLASH OF LIGHTNING

(By Walter Sullivan)

A "superbolt," which is a lightning flash so powerful that it can release as much energy as a small nuclear weapon, may account for what was originally thought to be a nuclear detonation near South Africa last month, some scientists now believe.

Several dozen superbolts have been identified in recent years by bomb-monitoring Vela satellites, one of which made the Sept. 22 observation. Such lightning flashes, with 100 times more energy than a normal bolt, occur chiefly over water, which is why their existence had not previously been recognized.

The flashes seem to occur where cold polar air moves in over warm, moist oceanic air under circumstances in which small storms do not relieve the buildup of electric charge. The result is, in effect, many lightning flashes combined into one.

SPECIALISTS TO MEET

Today and tomorrow, specialists in a variety of fields will meet in Washington under White House auspices to review possible explanations of last month's event. The possibilities include such natural causes as superbolts and fireballs plunging from space, a malfunction of the satellite and an unusual nuclear explosion.

Superbolts are seen by some as the most plausible explanation because, as with the Sept. 22, event they produce a very brief flash much like that of a nuclear detonation. However; the recording was of a double pulse, which is characteristic of nuclear explosions, rather than the single flash recorded from superbolts.

Capt. Bobby N. Turman of the Air Force, who has specialized in the phenomenon, said this week in a telephone interview that none of the bolts that he had studied had shown a double flash. The satellites have observed dozens of superbolts, particularly off Japan.

LOS ALAMOS' VIEWPOINT

Specialists at the Los Alamos Scientific Laboratory in New Mexico, which developed the satellites that watch for secret weapons tests in the atmosphere or space, are said to be convinced that last month's flashes were typical of those from a nuclear test and resembled nothing else.

But it is proposed by such proponents of the superbolt hypothesis as Dr. Gordon J. F. MacDonald of the Mitre Corporation, which advises the Government on defense matters, that superbolts, like ordinary lightning, may in fact be preceded by a leader stroke. It is suggested that the leader stroke may be so faint that one was not previously detected.

Another posibility is that while superbolts normally occur singly, this might have been a double event.

The two flashes last month were observed within a fraction of a second, the second flash being far brighter than the first. This is the sequence recorded by the Vela satellites in dozens of bomb tests by the French and Chinese. The initial flash is from the triggering device, followed by the main detonation.

OTHER SIGNS LACKING

Yet the occurrence of a nuclear explosion is questioned because none of its other telltale signs, such as shock waves in the atmosphere or within the earth, have been recorded. Scouting planes have reportedly been unable to find any of the radioactive debris normally left by such an explosion.

While superbolts on land are rare, one apparently occurred along the South Shore of Long Island on Oct. 10. The noise, like that of a great explosion, created consternation in many communities. Police stations were flooded with calls, but no evidence of damage on land was reported.

A destructive superbolt struck Bell Island, off Newfoundland, on April 2 of last year, and scientists from Los Alamos were sent to investigate. Accordingly to Dr. Thomas Gold of Cornell University, who also went there, the bolt left a one-mile swath of damage. Trees were split; television antennas were twisted beyond recognition; transformers were shattered and circuit breakers hung from power-line poles, and there were craters in the new-fallen snow.

SOME LINES VAPORIZED

Also, some power lines were vaporized, and the air in a chicken coop was so heated that the structure exploded. Dr. Gold is among those who lean toward the superbolt explanation of last month's event.

According to Dr. MacDonald, weather conditions near South Africa were "not very different" from those associated with the Bell Island superbolt.

The most obvious explanation for the twin flashes would be a secret nuclear weapons test, perhaps timed and positioned to minimize detection by American satellites. South Africa's vehement denial of a nuclear test has led to suggestions that a missile was inadvertently launched and detonated by a Soviet submarine. However, such an explosion should have produced signs other than the flashes, and none have been detected.

In 1958, a secret oceanic test was carried out by the United States in the South Atlantic. Rockets from a seaplane tender lifted three small nuclear devices to be detonated 300 miles aloft. The purpose was to see if this would envelope the earth in artificial shells of radiation that could screen a missile attack. Not only were such shells produced, but worldwide magnetic effects were recorded. None followed the Sept. 22 event.

THE "FLASH" SEEN ROUND THE WORLD

(By John K. Cooley)

WASHINGTON.—The mystery of the brilliant flash which a United States Vela satellite "saw" in the Southern Hemisphere Sept. 22 poses some serious questions—not only about the origin of the phenomenon, but also about U.S. detection capabilities.

South Africa has denied that it carried out a nuclear test. No evidence has been published that would link the three-phased flash (typical of nuclear tests) to a test by any government or group.

Since no U.S. government agency or other source has so far admitted to detecting radioactive fallout, some scientists believe that if a nuclear device was tested it might have been a fusion explosion—set off not by a fission (uranium or plutonium) trigger, but possibly by a high-powered laser.

Why, the scientists and others are asking, did the U.S. State and Defense departments wait until ABC News correspondent John Scali reported the Vela sighting to make it public?

"We were simply reluctant," said one government official, "to publicize a matter which was vague, unproven, and unresolved."

Does lack of other evidence so far show that the United States—despite its costly worldwide surveillance systems for the oceans, the atmosphere, and space—cannot be absolutely certain about what takes place in the remote southern seas and skies north of Antarctica?

Massachusetts Institute of Technology Prof. Bernard W. Field says that if there was a fission blast, U.S. aircraft and other technical means should have picked up evidence by now to back up the picture from the 170,000-mile-high Vela satellite.

"Such a test," says Dr. Feld, director of MIT's division of nuclear and high energy physics, "would have to leave radioactive traces in the atmosphere. But we haven't heard yet that any were found," despite what U.S. defense officials described as careful searches by specially equipped aircraft.

U.S. Defense Department spokesman Tom Ross said Oct. 30 that no radioactive traces had been found by U.S. surveillance in the Southern Hemisphere, contrary to reports from the Soviet news agency, Tass. Earlier, Tass issued a denial that the flash was caused by explosions aboard a Soviet nuclear submarine.

MIT physicist Costa Tsipis said, "A fusion explosion without a plutonium trigger would probably have to be set off by a huge laser. No one has ever done it, as far as we know. The French have been doing research on laser triggers, and the Chinese have carried out fusion explosion tests most recently."

France normally tests its nuclear devices in the Kerguelen Islands north of Antarctica but eastward of the "flash" area. French tests usually are publicly reported.

South Africa, a major uranium producer, has two known nuclear reactors and since 1975 has operated a pilot plant for enrichment of uranium, with help from West Germany and France.

On Nov. 4, 1977, the U.N. Security Council unanimously voted to embargo arms shipments to South Africa. A year later, the U.S. canceled contracts for delivery of enriched uranium to South Africa. However, U.S. officials say, France did not cancel its nuclear fuel contracts.●

TESTIMONY BEFORE HOUSE JUDICIARY COMMITTEE IN BEHALF OF THE "TAXPAYERS' PROTECTION AMENDMENT"

HON. JOHN H. ROUSSELOT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. ROUSSELOT. Mr. Speaker, the Senate Subcommittee on the Constitution will soon report out a bill proposing a constitutional amendment that will mandate a balanced Federal budget. This step will be of great significance because it will open up another round of debate and news media focus on the lax fiscal ground rules that govern congressional tax and spending policies.

This focus is exactly what we need right now because to even the most casual observer of the congressional tax and spending process, it should be apparent that there is no real restraint holding back excessive spending and taxation. A case in point is the situation we are in now. Here it is November, and we still have not agreed to a binding limit on expenditures for this fiscal year 1980, a fiscal year which started last October 1. The second concurrent resolution, which sets the limit, should have been approved by mid-September. Our tardiness is not surprising to me since last year, the second concurrent resolution had to be revised. The Federal expenditure ceiling was raised by $7 billion last May. The deadline of the previous year meant nothing. As Federal expenditures rose, the Congress simply revised its second concurrent resolution. This time around we can't even get a second concurrent resolution passed. Why? Because there is no binding constraint forcing Congress to act either to meet a deadline, or to live within its means.

Last year the Congress allowed $7 billion more in red ink to spill over the spending limit, and it made no serious attempt to clean up the mess. The same thing is going on this year because there is no effective restraint holding the congressional ink bottle in place. But make no mistake about it, the spending stream cannot go on forever. When the last drop of red ink is spilled, the country will find itself a total shambles.

It is my belief that there is only one way to restrain excessive spending made possible by overtaxation and debt borrowing, and that is by mandate of a constutional amendment that requires a balanced Federal budget and restrains spending. Some of us stalwart fiscal conservatives have been saying this for a long time. Now with deficits mounting and spending skyrocketing, we have an opportunity to send a message to the Senate subcommittee as it prepares to report out a constitutional amendment to the full Senate Judiciary Committee. It is up to those of us who are true fiscal conservatives to make clear to those who profess fiscal conservatism, but whose actions indicate they are spendthrifts, exactly what we mean by the concept of a balanced Federal budget.

We must make it clear that a balanced Federal budget should not be achieved through higher rates of taxation. It should be achieved through less spending and lower rates of taxation.

There are three ways to balance a budget, one way is by raising taxes, the second way is by reducing spending, and the third way is by expanding the tax base through lower tax rates while holding the line on spending. I prefer the second and third methods, particularly the third, and I believe so do the vast majority of Americans. In fact, in a recent Roper poll 73 percent of those questioned said that they would favor a constitutional amendment that would make it harder to raise tax rates by raising the voting majority needed before Congress could pass a tax rate increase. The American people do not want the budget balanced through higher taxes.

Senator ARMSTRONG and I have introduced a constitutional amendment which now has 17 House cosponsors. The amendment would make it harder for Congress to raise tax rates while mandating a balanced Federal budget for each fiscal year. This bill, House Joint Resolution 408, and Senate Joint Resolution 93, also known as "The Taxpayers' Protection Amendment," is the only bill being considered by the Senate subcommittee that actually protects the Nation's taxpayers against a balanced budget achieved through inflation-induced tax increases, by bracket creep, or by imposition of new consumer and produced taxes.

The "Taxpayers' Protection Amendment" not only requires the Congress to reduce all tax rates to offset the effects of inflation. It also raises the majority needed to pass a tax rate increase while mandating a balanced Federal budget. Tax rate increases and spending deficits will require a three-fifths majority of both Houses of Congress. In contrast, tax rate reductions will only require a simple majority, and any temporary deficits which may result as a byproduct of the rate reductions will not be in violation of the balanced budget rule. This bill makes it harder to raise tax rates, easier to lower them, and it has a built-in spending limitation without relying on any complex spending formulas. Spending will not exceed tax collections, and tax collections will be determined solely by the rate of real growth in the economy. Not inflation. If the Congress wants to spend more it will have to raise taxes.

Mr. Speaker, I would like to share with our colleagues the in-depth economic rationale behind the "Taxpayers' Protection Amendment," House Joint Resolution 406—formerly House Joint Resolution 278—which was contained in my testimony before the House Judiciary Committee, Subcommittee on Monopolies and Commercial Law, last June. I insert it in the Record with the hope that our colleagues will consider this new and innovative approach to our Federal tax and spending policies to be worthy of their cosponsorship and active support. It is an approach based on the principles of "supply side" economic theory, a theory which tells us that lower tax rates and less Federal spending will lead to greater economic growth.

STATEMENT OF HON. JOHN H. ROUSSELOT, MEMBER OF CONGRESS, BEFORE THE SUBCOMMITTEE ON MONOPOLIES AND COMMERCIAL LAW, COMMITTEE ON THE JUDICIARY, ON PROPOSED CONSTITUTIONAL AMENDMENTS TO REQUIRE A BALANCED FEDERAL BUDGET, TUESDAY, JUNE 12, 1979

Mr. Chairman and Members of the Subcommittee, thank you for allowing me this opportunity to testify on behalf of a "supply-sider's" approach to the balanced budget, H.J. Res. 278, the Rousselot-Armstrong Taxpayer's Protection Amendment.

This bill, a Constitutional Amendment, has been introduced by Senator Bill Armstrong and myself because we both deeply believe in the need to stimulate economic growth by focusing fiscal policy on the supply side, as opposed to the demand side of the economy.

I think we can all agree that demand has a way of taking care of itself. Yet, for forty years Keynesian economists have been telling us that the way to achieve sustained economic growth is by fine tuning demand the economy through Federal spending programs. Now, as we suffer from high inflation and low productivity, we must get out of the no-growth rut that our economy has fallen into by shoring up the factors responsible for the productive supply of goods and services in our society.

Our Nation is in need of a fiscal program that 1) restrains excessive Federal spending, 2) encourages tax rate reductions, and 3) establishes flexible ground rules for a balanced budget.

To achieve these three objectives, H.J. Res. 278 seeks to eliminate the free-spending binge that Congress has enjoyed because of inflation and the progressive tax code. In addition, H.J. Res. 278 seeks to dampen the rate of growth of Federal spending by raising the voting majority needed in the House and in the Senate to both deficit-spend and to raise taxes.

Specifically, if enacted and subsequently ratified by three-fourths of the states, H.J. Res. 278 would require the Congress to reduce tax rates (duties, excises, and imposts) to offset the effects of inflation. H.J. Res. 278 further stipulates that the Congress may spend more than it collects, but only upon favorable action by a three-fifths majority of both Houses—except during a wartime emergency when this rule does not apply. Tax rate increases will also require a three-fifths majority, but tax rate reductions will only require a simple majority, and they may be passed without violating the requirement of a balanced Federal budget.

This unique approach to the balanced budget will place a heavy but flexible lid on spending increases and tax increases while pointing to tax rate reductions as the preferred fiscal method of stimulating economic growth. Under H.J. Res. 278, the Congress will be telling the people of America that the most beneficial way to achieve a balanced budget is by fueling economic growth through supply-side incentives. It will be our way of saying that we in Congress recognize that we could balance the budget by raising taxes through the vehicle of inflation, but that such a fiscal program would not be in the Nation's best interest because it would just tempt a recession.

Judging by our current fiscal policy, the Congress has no intention of balancing the budget through an expanding economy. Today's high rate of inflation is wiping out all the economic gains that we had been making in response to the tax cuts that were enacted last October.

Day by day, inflation is increasing the tax burden levied on labor and capital. In so doing it is virtually guaranteeing a recession. A recession may be the Administration's solution to inflation, but it is not the solution that is supported by historical results. Inflation is a monetary phenomenon, and until we start "trading tobacco leaves" in the economy, as our forefathers did, inflation will continue to be a monetary phenomenon—caused by too much money chasing too few goods. If we are trying to slow down inflation, we should slow down the Federal Reserve's printing presses—not the productive economy.

When will the Congress realize that we can have slow growth and high inflation, high growth and high inflation, and even a recession and high inflation? The state of the economy depends on the rate of growth of the money supply. It depends on whether the tax code is incentive oriented or whether the tax code is punitive in nature. A punitive tax code, such as the steeply progressive one we have at present, combined with high rates of monetary expansion, guarantees high inflation and either a slow-growth, no-growth, or even negative-growth economy.

It is no big secret that inflation pushes workers into higher tax brackets, that it causes fictional gains on the sale of assets, and results in the underdepreciation of plant and equipment. All this leads to the overtaxation of income, which in turn leads to lower growth. These arguments are not new. Yet, why do we continue to heavily tax work, savings, thrift, investment and entrepreneurship while subsidizing non-work unemployment, leisure, debt, spending and mediocrity? How can we do this and still expect to grow economically?

We can balance the Federal budget on the backs of the taxpayers, but such actions do not confer halos upon our heads for fiscal responsibility when we return to our Congressional districts. Most of us are greeted by irate constituents demanding tax relief and less government. Nor will there be any halos for those who continue to blindly vote against balancing the budget, after having fallen for the kinds of arguments advanced by keynesian economists. Keynesians believe that budget deficits can pump purchasing power into the economy. Therefore, by this theory, economic growth can be stimulated when there is slack in the economy. Many economic observers are now, however, taking a more hard-nosed look at the data. Throughout our history, large Federal deficits, caused by a growing Federal budget, have neither systematically reduced the rate of unemployment, nor have they systematically stimulated the economy. If anything, unemployment tends to be higher and the rate of economic growth lower when deficits are large.

Despite all the myths around, we must face the cold facts as to what budget deficits are, and are not. Budget deficits represent an obligation that the Government has to those citizens from whom it has borrowed. It is an obligation to levy taxes on the General citizenry upon the maturity of the debt. In some instances the budget deficit is financed via the Federal Reserve Bank's printing presses, and this can be inflationary. Historically, however, the Fed's role in financing the debt has not been as great as many people have been led to believe. The blame for our current inflation is only partially attributable to our large deficits—the Fed has other ways to gin up the money supply. The real problem with running budget deficits is that in most cases they are simply an expedient way of redistributing earnings from one segment in our society to another segment for forcing future generations to pay for the tab.

Unfortunately, today's generation of taxpayers is already paying part of the tab. With deficits growing, the Federal Government's obligation to increase tax rates has also been growing. As a consequence, our Nation's financial managers have been systematically turning down high risk projects with paybacks too far off in the future. The bottom line has been that investment has been dropping off over a period of years, and along with it productivity. The only reason investment has not fallen completely out of bed is because of the tax cuts we enacted last session. With after-tax incomes for business and individuals higher after the tax cut, the economy has been growing despite higher inflation. In short, all the things we said last summer about the positive effect tax cuts can have on incentives in the marketplace have come true.

Obviously in light of the positive effects tax cuts can have on the economy, we must not undermine the tax cutting movement by forcing the Congress to raise taxes to balance the budget. Across-the-board tax rate reductions will naturally lead to "paper" deficits because the Treasury is simply not able to calculate the supply-side effects that cutting tax rates have on the economy. Therefore, balanced budget proposals which make tax cutting impossible and tax increases inevitable must be avoided.

Mr. Chairman, there can be no doubt of the need to balance the budget. Large deficits associated with increased Federal spending either contribute to inflation or serve only to stifle investment because of the expectation of higher taxes in future years. Nor can there be any doubt that the drafters of the Constitution ever intended to provide the Congress with a free ride to spend to their heart's content by virtue of inflation and the progressive tax code. They adopted provisions to limit the Federal Government—but adoption of the 16th Amendment has lead to the emergence of powerful special interest groups in society and who are competing for larger and larger shares of a growing Federal spending pie.

This Congress is in need of a new set of fiscal rules which automatically limits the growth and the size of the Federal pie by constraining the power to raise taxes either through inflation or by direct vote. After all, even if the tax code was entirely indexed by statute, there would be no guarantee that the Congress would not find some convenient scapegoat to burden with heavier taxes. Some members of Congress are trying to do this to the oil industry. They are trying to raise revenues for spending programs by burning the "oil witch." The irony is that, historically, the more the Federal Government has spent, the less productive our economy has become.

Congress must renavigate its fiscal course, lower the tax rates and reduce the size and scope of Federal Government. We have the ability in the 96th Congress to put an end to the unconscionable Federal intrusions into the workings of our national economy.

Congress has the power to reduce tax rates, restrain Federal Government spending and balance the budget through the Budget Control and Impoundment Act of 1974, but to date, Congress has not been determined to do this. It is therefore apparent that the only recourse is to call for a mandate from the people to prompt Congress to act in a manner more beneficial to the Nation's working taxpayers.

I urge this Subcommittee, which has recognized the immediate need for consideration of a legislative means to require a balanced Federal budget, to favorably act upon the Rousselot-Armstrong Taxpayer's Protection Amendment (H.J. Res. 278) so as to implement a fiscal policy that will generate more revenues through an expanding tax base and create the incentives that this Nation needs to achieve sustained economic growth.●

TRIBUTE TO COMER J. COTTRELL

HON. JULIAN C. DIXON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. DIXON. Mr. Speaker, I rise today to pay tribute to a man who fought the odds and won. A man whose personal philosophy is as strong as life itself. Comer J. Cottrell is the president and chairman of the board of the Pro-Line Corp., a multimillion-dollar firm which manufactures and distributes black consumer cosmetics.

"Never say, it can't be done," is his motto and it has carried him through life to become the well respected and admired businessman he is today. Members of the Greater Los Angeles area are gathering on November 15 to pay tribute and bid farewell to Mr. Cottrell, who is moving his corporate headquarters to expanded facilities in Texas. His whole life has been an inspiration and a shining example of what can be achieved with the will to succeed.

Starting in 1970, Comer Cottrell built his firm from the ground up into one of the top 100 black businesses in the country today. With an initial investment of only $600, he nurtured his company in less than 10 years into a $12-million-per-year business.

The Pro-Line Corp. found its beginnings in the State of California, and expanded through the years with business sites in Birmingham, Ala.; Nairobi, Kenya; Trinidad, West Indies; and Lagos, Nigeria. This is a long way from home for a man born in Mobile, Ala.

The character of the company reflects the strength and fierce independence of its owner; Pro-Line stands on its own merits. Never in its entire history has the firm been in debt or relied on Government loans. It stands as a model to other businesses with the in-depth interest that is given to developing the talents of its employees. Mr. Cottrell has embodied, through the years, a mandatory reading and seminar program as part of the on-the-job training.

Mr. Cottrell's successes are innumerable but with all his achievments, he never shirked the responsibility of making a contribution to his community. His involvement in Los Angeles civic affairs has been substantial. Over the last 10 years he has served for three terms as chairman of the Black Businessmen's Association of Los Angeles, director of the NAACP Executive Committee, director of PUSH's Executive Committee, executive committee member of the 100 Top Black Businesses, member of the Congressional Minority Business Energy Task Force, member of the district attorney's advisory board, member of the Small Business Administration Advisory Board, and a member of the State Water Quality Control Board.

Comer J. Cottrell has proven that no obstacle or person can stand in the way of reaching your goals. As a businessman and a civic leader, Cottrell is dedicated to building a legacy of hope for today's black youth. I along with fellow members of the metropolitan Los Angeles community wish him the greatest of success at his new home, Dallas. Tex.●

TRIBUTE TO CARL E. WARD

HON. BILL ROYER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. ROYER. Mr. Speaker, I want to add my voice to those honoring Carl E. Ward, a constituent of mine from the 11th Congressional District of California, and for the past 19 years a member of the board of trustees of the San Mateo Community College District.

Mr. Carl Ward has been a resident of San Mateo County since 1937, is married and has three children. He is a retired bank executive and has a degree from the Graduate School of Banking, Rutgers University.

Before becoming a member of the board of trustees in 1960, Carl worked on a 28-member community advisory committee which recommended a master plan for development of the district to meet the growing educational needs of residents of San Mateo County. He served on the board throughout the entire transition from a one-college district to a multicollege operation, and watched enrollment in the district colleges grow from approximately 8,000 in 1960 to more than 30,000 students today. Hundreds of new courses and dozens of vocational-technical programs have been added, as well as pioneering ventures in programs for women, minorities, the handicapped, and students in need of financial aid.

Throughout his tenure on the board, Carl Ward's specialized knowledge of banking finance and taxation have been invaluable in assisting the board of trustees to establish strong budgetary and fiscal controls so that operation of the colleges is in the most efficient manner possible.

In addition to his responsibilities as a trustee, Carl has given generously of his time to a wide variety of community causes, thus working for the betterment of the county on many fronts. He served as president of Mary's Help Hospital Community Advisory Board and as a member of the American Institute of Banking, San Mateo County Chapter, and is a director and member of the Governmental Research Council.

Mr. Ward will be honored at a retirement reception on Friday, November 16, 1979, in San Mateo. Mr. Speaker, I am proud of the outstanding public service rendered by Mr. Ward to the citizens of San Mateo County and am glad to see that he will be so honored.●

TRIBUTE TO LIEUTENANTS JAMES, JOHN, AND THOMAS HUNT

HON. JERRY LEWIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. LEWIS. Mr. Speaker, in a world where mediocrity rather than excellence is becoming the standard, and merely getting by is often more valued than far-reaching accomplishment, it is truly refreshing to be associated with individuals whose hard work and success go much beyond that of the ordinary. Lieutenants James, John, and Thomas Hunt of the U.S. Air Force are such individuals. As it is my privilege to pay tribute to these young Americans, I further commend to the House of Representatives their parents, Philip and Eleanor Hunt who share with us their unique experience of having all three of their sons graduate from the U.S. Air Force Academy.

I have known the Hunts for almost 15 years, during which time I have seen these young men grow to become solid citizens. They all have had outstanding high school and Academy careers and their accomplishments are many.

First Lt. James Hunt, stationed at Elmendorf Air Force Base in Alaska as an aircraft commander and functional test flight pilot was continually at the top of his class at the Air Force Academy and during pilot training. He graduated 87th in his class, was on the dean's list seven of eight semesters and graduated on the Commandant's list from the Academy.

During his undergraduate pilot training he received the Commander's Trophy as the outstanding graduate of Vance Air Force Base's class of 1977–78. He received the academic award, was a distinguished graduate and the outstanding graduate in both the T–37 and T–38 aircraft. During advanced training at George Air Force Base, he received the "Academic Wizard" award for the highest overall test scores. James won the "Top Gun" award for the most accurate air-to-ground deliveries and was the outstanding graduate of the class of 1978 at George Air Force Base.

First Lt. John Hunt, graduated from the Air Force Academy in 1977, was on the Commandant's list and was on the dean's list for 2 years. During his tenure at the Academy, John lettered in varsity wrestling, was the wing champion wrestler as well as a member of the Cadet Drum and Bugle Corps. As a leader in his squadron, he held positions of drug and alcohol representative training officer, executive officer, and squadron commander.

During his undergraduate pilot training John graduated in the T-37 and T-38 aircraft and received his advanced training at George Air Force Base where he won the "Top Strafe" award in the F-4 class. Presently, he is stationed at Moody Air Force Base in Valdosta, Ga., as an aircraft commander.

Second Lt. Thomas Hunt who graduated from the Academy this past spring, is the youngest of the three brothers and perhaps the best athlete of the family. He was a 4-year letterman in gymnastics and won the "Outstanding Cadet in Physical Fitness" trophy. His volunteer work with the handicapped led to involvement in inverted competition, running on one's hands. He holds the world record in the inverted 50 yard sprint at 18.7 seconds. He will travel to Japan to compete against the Japanese national champion and he will also travel to California to appear on the "Guinness Game Show" to attempt to break his own world record.

Thomas was on the dean's list seven of eight semesters, a member of the Catholic Cadet Choir and their solo flutist while at the Air Force Academy. He is presently stationed at Wright Patterson Air Force Base in Dayton, Ohio working in the Environmental Hazards Division, where he is involved in plant and water/fish environmental research.

Mr. Speaker, I hold these gentlemen in the highest esteem, they are truly outstanding Americans who demonstrate that excellence is not a thing of the past. In these men, and those like them, I see the hope and promise of a future that is bright. Far too often we take for granted the contributions of the outstanding in all walks of life. It is certainly fitting that these young men be recognized for their contributions to the Air Force and to our country. Therefore, on behalf of all my colleagues, I take this opportunity to congratulate and commend James, John, and Thomas Hunt.•

TRIBUTE TO RAY ROBERTS

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

• Mr. EDWARDS of California. Mr. Speaker, the announcement by my friend Ray Roberts that he intends to retire at the end of this Congress came as a surprise to me and I regret his decision.

It has been my privilege to serve with Ray on the House Veterans' Affairs Committee. As chairman of that committee he has provided effective and responsible leadership in behalf of our Nation's veterans. Effective in the sense that he has led the defense of every attempt to weaken the quality of care furnished our veterans in the splendid VA hospital system. Responsible in the fact that he has tried to see that the committee recommended to the Congress sound and justified support and benefits for veterans and has withstood pressures to enlarge programs the American people would not accept.

One measure of a committee's effectiveness is its staff. I commend Ray Roberts for the loyal, dedicated, and professional staff he has developed on the Veterans' Affairs Committee. They have been most helpful to me and to others.

I look forward to working with Ray Roberts during the second session of the 96th Congress. He is a man of rock-like integrity, and I appreciate the example he has set for the entire House in his role as chairman of the Veterans' Affairs Committee. When he leaves this Chamber in 1981, we shall all be the poorer.•

THE 20TH ANNIVERSARY OF CAPTIVE NATIONS WEEK

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

• Mr. DERWINSKI. Mr. Speaker, the observance of the 20th Anniversary of Captive Nations Week last July and even after, was, by all reports, a success. Here and abroad, the events that took place and the themes expressed clearly showed that the captive nations idea and its vital importance to the security of the free world are understood by a broad spectrum of our citizenry and friends elsewhere. The annual event is not, as too many mistakenly think, a sort of national ritual, "to remember the captive nations;" but rather, it is and has been, a process of education for our people, both official and private, to learn who are the captive nations, particularly those within the Soviet Union and Mainland China, and what their fundamental importance is to world peace, freedom and the eventual defeat of Soviet Russian imperialism.

I wish to insert for the record some reports on the 20th anniversary observance. They are, first, the proclamation by Mayor Edward Koch of New York City; second, a commentary in America's Future, published in New Rochell, N.Y.; third, an editorial in the St. Louis Globe-Democrat on the "Plight of Captive Nations"; fourth, an editorial in the Manchester Union Leader; fifth, a report in the Indianapolis Star; sixth, an editorial in the Columbia, S.C., State, on "Americans Might Note Thanksgiving in July," and seventh, a letter in the Jackson, Miss., Daily News and an editorial in the Cleveland Press:

MAYOR PROCLAIMS WEEK OF JULY 15, 1979 AS "CAPTIVE NATIONS WEEK"

Mayor Edward I. Koch today issued a proclamation declaring the week of July 15 to 21, 1979 as "Captive Nations Week" in New York to call attention to those countries still under the rule of totalitarian systems and to reaffirm our support and sympathy for them in their efforts for freedom and liberty.

Herbert Rickman, Special Assistant to the Mayor, presented the proclamation, on behalf of the Mayor, at brief ceremonies in the Blue Room at City Hall at 1:30 P.M. today. Members of the Captive Nations Committee of New York attended the ceremony.

PROCLAMATION

The freedom of the individual is the cornerstone of the American system of government. Support for the liberty and freedom of others has always been a basic principle of our democratic society.

By unanimous vote, the Congress of the United States has established the third week of July as Captive Nations Week, inviting all our citizens to observe this week with appropriate prayer and ceremonies to express sympathy and support for the continuing aspirations of captive peoples.

New York City, where so many first experienced individual freedom after fleeing totalitarian systems, continues to maintain a special commitment to those still living in captive nations.

Now, therefore, I, Edward I. Koch, Mayor of the city of New York, do hereby proclaim the week of July 15, 1979, as "Captive Nations Week" in New York City, and call upon all our citizens to rededicate themselves to the cause of freedom for all and continue their support of peaceful efforts to liberate oppressed and subjugated people all over the world.

CAPTIVE NATIONS WEEK

An act of Congress passed 20 years ago found expression again this July, much to the anger of the Kremlin, the annoyance of the White House, and the gratitude of the more than one billion people of the world's Captive Nations. It's called Public Law 86-90 and it has required every president since Dwight Eisenhower to proclaim the third week of each July "Captive Nations Week" and to issue a resolution renewing America's support for the principle of universal human freedom.

The first Captive Nations Week proclamation, issued by President Eisenhower in 1959, forthrightly called for the freedom and independence of the 26 countries that had been taken over by the Communists since the beginning of the Soviet empire in 1920. But in subsequent years, as the illusions of East-West détente took hold, the annual Captive Nations resolutions have been watered down to brief, meaningless doubletalk. On more than one occasion, the customary presidential proclamation was literally tossed over the White House transom at the last moment in hopes it would not "upset" the Kremlin.

Fortunately, there remain those in America who are determined that the Captive Nations and their oppressed peoples will not be forgotten. Foremost among these stalwarts is Dr. Lev Dobriansky, a professor of international relations at Georgetown University and for years the Chairman of Captive Nations Week.

Dr. Dobriansky, who is of Ukranian extraction, also is the chief keeper of the "Captive Nations List," which enumerates the ever-growing roster of countries that have disappeared behind the Iron Curtain of Communism. The list is, as Dr. Dobriansky points out, "realistically open-ended. . . . It shows in scoreboard fashion the incredible strides made by Moscow in the span of only three generations. . . . Significantly, much of this was accomplished long before it became the center of a so-called superpower contesting that of the United States."

The Captive Nations List is more than a mere scoreboard, however. "It serves," says Dr. Dobriansky, "as a constant reminder of the overall trends of Soviet Russian imperialism and Red totalitarianism since their inception in the 1918–20 period. Always banking on memory lapses—or no memory at all—Moscow and its offspring find this utility most disconcerting. Also, one would have to be quite obtuse to miss the corollary message of the Captive Nations List, namely, the fundamental illegitimacy of all Red regimes, conceived and built on conquest, Moscow-supported subversion, terrorism and a methodical exploitation of nations and peoples for what is spuriously called 'the final victory of Communism.'"

[From St. Louis (Mo.) Globe-Democrat, July 14, 1979]

Plight of Captive Nations

In the two decades since Congress designated the third week of July as Captive Nations Week, the number of enslaved countries has increased.

This year the plight of imprisoned nations is underscored dramatically by the bitter fate that is befalling the boat people as they flee the tyranny of Indochina to live amid freedom or die attempting to reach that goal.

But the world, for the most part, does not want to hear their cries. Instead, it turns its back on their problems and brushes aside the refugees' pleas.

Over the years the fervor and the dedication that once marked Captive Nations Week has been diminishing in the United States. In the first proclamation, issued in 1959 by President Eisenhower, the words were barbed in denunciation of the imperialism of Soviet communism and uncompromising on national independence and individual liberties.

Time has eroded the message carried in succeeding proclamations. In 1977 no action on issuing one was taken by the White House until it was besieged by people whose original homelands had been overrun.

The espousal of freedom for all should never be a source of embarrassment. But this year it may become just that to the administration and supporters of SALT II as the proposed treaty is debated in the Senate. Human rights may be a popular issue but not at a moment like this, they seem to believe.

This nation has strayed far from the words and spirit of the 1959 law. Of the 22 enslaved countries mentioned in the legislation, all but four of them were behind the Iron Curtain. Making an issue of the matter at this time might not sit well with the Kremlin and also upset the campaign to ratify the treaty.

Is detente really on a solid foundation when Uncle Sam is required to walk on tiptoes so as not to upset the Soviet tyrants? This approach is not new. The United States has been walking softly and speaking likewise for years. The same policy was followed by President Ford when he declined to invite dissident Alexander Solzhenitsyn to the White House.

This weak-kneed attitude on the part of U.S. leaders should make one suspicious of the benefits of SALT II to this nation. Or is the U.S. permitting itself to be led down the primrose path to eventual subjugation by the Soviet Union?

It is time to turn around and renew the resolve of 20 years ago. One does not have to kowtow to the Reds. Pope John Paul II proved that point during his recent encounter with the Communists in Eastern Europe. A similar approach by the United States would reap greater benefits for this nation and serve as a firmer and more effective voice in support of the downtrodden people of captive nations.

[From Manchester Union Leader, July 13, 1979]

Captive Nations Week 1979

(By Paul H. Tracy, Editor-in-Chief)

We are on the eve of a 20th anniversary which the present occupant of the White House apparently wishes would just fade away.

President Carter beats his breast as a champion of human rights, but what about Captive Nations Week?

You don't hear Carter issuing any proclamation calling attention to our failure to act as the Soviets smashed the Hungarian counter-revolution in 1956. In case you have forgotten there now is a total of 30 captive nations in the world.

Eisenhower proclaimed the first Captive Nations Week in 1959. In 1978 Carter was forced to bow to pressure and four days into the week issued a weakly worded proclamation.

Carter's statement did not include one reference to communism.

He almost gained the unenviable distinction of being the first president since Ike not to declare his support of the 1.5 billion enslaved people.

Not being equipped with ESP, we have no idea if President Carter will take official note of Captive Nations Week, July 15–21. But if he does you can be sure it will be of the mealy-mouth variety!

[From Indianapolis, Star, June 24, 1979]

Carter Sets Week for Captive States

Washington (AP).—President Carter on Friday declared the third week in July as Captive Nations Week, urging Americans "to reaffirm our admiration for all the men and women around the world who are committed to the cause of freedom."

He did not mention any specific nations.

[From Columbia (S.C.) State, July 13, 1979]

Americans Might Note Thanksgiving In July

It is easy enough for Americans to feel sorry for themselves these days, what with inflation, the high cost of living, energy shortages, governmental regulation and other assorted ills—real or fancied.

But such lamentations need to be balanced by an appreciation of the blessings—both natural and contrived—which characterize American life. It seems particularly fitting that all of us should pause for such a reappraisal at this particular time, which falls within that period officially designated by Congress as "Captive Nations Week."

The thrust of that action, and of the resulting Presidential proclamations which it triggered, was aimed at calling national and international attention to the plight of those countries which have fallen captive to communist domination. Regrettably, the list of such nations has increased rather than diminished since their "captivity" first was proclaimed back in 1959.

The roster today extends far beyond the confines of Eastern Europe and to lands as far distant as Cuba, North Korea, Vietnam and elsewhere on the continents of Asia, Africa and South America.

But freedom from communism is not the only notable advantage enjoyed by citizens of the United States. Our good fortune is in sharp contrast with the misery suffered by millions of persons across the fact of the earth—from Iran to Cambodia.

Vast areas of the undeveloped world are inhabited by men, women and children who are chronically without adequate food, shelter, or medical care.

And hundreds of thousands of Southeast Asians who were sustaining themselves in relative peace and security now are being forced—often at considerable expense to themselves—to seek safe haven elsewhere. The average American has no concept of the trauma which goes with the experience of being driven from one's home, crowded upon overloaded and under-supplied boats, and cast adrift upon waters controlled by increasingly hostile governments.

But there are refugees elsewhere—in Africa, in the Middle East, and even in much of ostensibly "civilized" Europe.

Furthermore, the ravages of war here and there about the globe are creating additional refugee problems month after month, to say nothing of the lives which are snuffed out in the course of fighting.

Americans who take the trouble to lift their eyes beyond the immediate horizon, depressing as the surroundings might seem at the moment, can find ample cause for genuine rejoicing. True, there is justification for hoping that our own situation will improve—politically, economically, and socially. But we should never lose sight of the blessings visited upon us—often beyond our just desserts.

Captive Nations Week, coming as it does in 1979 amidst a plethora of worldwide miseries, should prompt Americans to think in terms of another event on the United States calendar—Thanksgiving. In all truth, we have reason to observe that particular occasion every day of the year.

Captive Nations' Week Meaningless

Editor, Daily News:

In 1959 the Congress passed the Public Law 86–90 or Captive Nations' Proclamation declaring the third week of July the Captive Nations' Week. In fact, the Captive Nations' Week has become almost meaningless. In 1977 President Jimmy Carter issued the Captive Nations' Proclamation only after ethnic groups began calling the White House and demanding it. It is almost needless to say that the Captive Nations' Proclamation of President Carter in 1977, 1978 and 1979 failed to list any captive nations or name the Soviet Union as the only privileged colonial empire, in spite of the fact that almost all former colonial peoples of Africa and Asia have obtained thier independence.

Aleksandr I. Solzhenitsyn and Andrei D. Sakharov have repeatedly asked the Russian Communist leaders to dissolve the Soviet Union of the non-Russian Communist republics and to do away with the Russian control of Eastern Europe in general.

Therefore, persons who realize the danger of Communism should urge the Congress to encourage the explosive forces of nationalism of the Ukranians, Georgians, Armenians, Lithuanians, Latvians, Estonians, Poles, East Germans, Czechs, Hungarians, and other Eastern European peoples. The Congress should be likewise urged to oppose the selling of our machinery and wheat to the Soviet Union and to refrain from making any concessions of credit to Russia. The militarism and imperialism for the only colonial empire should be weakened by imposing strong economic sanctions against the Soviet Union.

Sincerely yours,

Dr. Alexander V. Berkis.

Captive Nation Week Proclaimed by Carter

Under an act of Congress passed on July 17, 1959, this week has been proclaimed by President Carter as Captive Nations Week throughout the country.

Joseph V. Bosilievic, president of the local Captive Nations Committee, said a request had been sent to all churches that special prayers be said for people living in iron curtain countries.

At St. John's Cathedral, these prayers will be offered on Saturday evening and Sunday. The Good Friday Cross will be placed into the sanctuary with a crown of thorns and a vigil light.

This year, Pope John Paul II asked that there be prayers during Captive Nations Week "So that the freedom of children of God may be enjoyed by all brothers and sisters throughout the world." ●

MEMORIES, MEMORIES

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. MICHEL. Mr. Speaker, do you remember about 8 or 9 years ago when hundreds of thousands of self-proclaimed idealistic American youths marched down Pennsylvania Avenue, waving North Vietnamese flags, chanting "Ho-Ho-Ho-Chi-Minh" and telling us that nothing could be worse than the Ky-Thieu government in South Vietnam?

And do you remember those television panel discussions at the same time when Southeast Asia experts chuckled at the suggestion that if the Communists triumphed in Vietnam a domino effect would result?

Well, in case you forgot, I wish to remind you that recent reports state that it is the same bunch of thugs in Hanoi, honored by the marchers, who are responsible for stopping food from coming to the starving Cambodians. And I want to remind you that the Carter administration, which contains at many levels those who sneered at the domino theory, is speeding arms to Thailand for fear the Vietnamese Communist invasion of Cambodia will spread.

At this point I wish to include in the RECORD, "U.S., Fearing a Spread of Vietnam Invasion, Speed Arms to Thais" and "Hanoi Is Said to Place Politics Before Lives of Cambodians" from the New York Times, November 2, 1979.

U.S., FEARING A SPREAD OF VIETNAM INVASION, SPEEDS ARMS TO THAIS

WASHINGTON, November 1.—The senior spokesman for the Defense Department said today that the United States was "concerned" that the Vietnamese invasion of Cambodia might spread to other countries, and has accelerated deliveries of weapons to Thailand, which borders Cambodia.

The spokesman, Thomas B. Ross, told reporters that no one in the department was publicly predicting a Vietnamese thrust into Thailand. But other officials here said that Vietnamese raids across the border were likely because Cambodian forces had taken sanctuary there.

Mr. Ross said the United States sped up shipments of weapons over the last few months in response to a request from the Thai Government, as thousands of Cambodian refugees poured across the border. He said the shipments included 15 medium tanks, some armored personnel carriers, two types of antitank missiles, mortars, machine guns, rifles and ammunition. While he did not give numbers beyond the tanks, other officials said the shipment, mostly by air, had been large.

Mr. Ross said that all the weapons had been sold rather than given to Thailand, which bought $400 million worth of American weapons in the fiscal year that ended Sept. 30. He said there were no plans to return American military advisers to Thailand, where they operated until a year after the Communist takeover of Vietnam in 1975.

Mr. Ross also said that shipments of arms to neighboring Malaysia and to the Philippines had gone according to schedule and had not been accelerated. Malaysia bought $34.8 million worth and the Philippines $15.7 million worth in the last fiscal year.

HANOI IS SAID TO PLACE POLITICS BEFORE LIVES OF CAMBODIANS

(By Henry Kamm)

BANGKOK, THAILAND, November 1.—The Cambodian Government has not only rejected a proposal by three American Senators to receive food for its starving people by road from Thailand, but also continues to delay open and full acceptance of a relief program by two international agencies that are acting in effect on behalf of the Western world.

Asian and Western officials can find only one explanation for Phnom Penh's position, which will result in the deaths of great numbers of Cambodians whose lives might be saved by a more receptive attitude. It is that political and military concerns are viewed with such urgency that they override such matters as the life or death of Cambodians.

The officials use the words Phnom Penh and Hanoi interchangeably because they share a general belief, buttressed by observations of visitors to the Cambodian capital, that Vietnam's role goes beyond the usual master-client relationship to approach full power of decision in anything of importance.

The political and military issues that dominate Vietnamese decisions are the continued activity of forces loyal to the deposed Prime Minister, Pol Pot; the appearance along Cambodia's western border of military units opposed to the Vietnamese occupation but not linked to Mr. Pol Pot, and Hanoi's failure to gain international acceptance of its actions in Cambodia and recognition for the regime of President Heng Samrin.

All these concerns are focused on international relief efforts along the Thai-Cambodian border. To Hanoi and Phnom Penh, the efforts challenge their claim that the Heng Samrin Government is legitimate and controls all of Cambodia, because the aid is given directly to Cambodians and not to the Phnom Penh authorities. Moreover, such assistance goes to Cambodians living under the control of Mr. Pol Pot and other anti-Vietnamese factions and thus helps to keep their military forces in the field.

What the world views as humanitarian aid without political strings is regarded by Hanoi and its dependents as a political fact that is harmful to them and helpful to their enemies. Conversely, what the world, as exemplified by the Senators who visited Phnom Penh last week to offer huge food shipments by road, considers an inhuman sacrifice of countless Cambodians is represented by Hanoi as an intolerable interference in the affairs of its client government. The three Senators were Jim Sasser of Tennessee and Max Baucus of Montana, both Democrats, and John C. Danforth, Republican of Missouri.

The International Committee of the Red Cross and the United Nations Children's Fund, which have been negotiating in Phnom Penh and Hanoi for months for acceptance of a large-scale relief program, believe that the principal obstacle is the opposition of Hanoi and Phnom Penh to the agencies' role in feeding and giving medical care to Cambodians not under Vietnamese control.

RELIEF OFFICIALS ARE WARY

In order not to jeopardize the limited aid that Cambodia allows the two groups to deliver by air to Phnom Penh and by sea to Kompong Som, Red Cross officials here do not disclose how much food is being delivered to the border. The International Red Cross coordinates all border relief operations, in which charitable groups from many countries participate.

The hard Vietnamese attitude also leads the two organizations to accept highly restrictive conditions on their operations within Cambodia. The agencies communicate with their 11 representatives, who were admitted to Cambodia after difficult negotiations, by commercial telegrams sent via Vietnam, which take two to three days each way. The radio that the Red Cross installed on one of its Phnom Penh flights to help communications was impounded.

Informed sources report that the international officials have only limited use of the vehicles they imported to monitor aid distribution, and that they are limited in the details of the work they are allowed to communicate to their organizations.

The Cambodian authorities have banned the agencies from allowing journalists to accompany flights to report on the relief operations.

FULL-SCALE AID EFFORT OPPOSED

But the principal restriction on the relief effort, according to informed officials, is the unwillingness of Hanoi and Phnom Penh to agree to a full-scale program. Experts of the two organizations have drawn up a list of minimal food needs that amounts to 165,000 tons over six months.

The Phnom Penh authorities have refused to commit themselves to accepting this. At the moment, a transport plane flies a daily cargo of 15 tons to Phnom Penh, but there is never any assurance that the next day's flight will be admitted.

Vietnamese and Cambodian officials also allow some relief shipments by sea. But the combined air and sea total since shipments began late in August is about 2,500 tons, which includes trucks, other vehicles, fuel and unloading equipment.●

WE'LL TAKE INEFFICIENCY

HON. BARRY M. GOLDWATER, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. GOLDWATER. Mr. Speaker, the October 22 edition of the Camarillo Daily News, of Camarillo, Calif., has a succinct and perceptive message about the substance of this Nation that I would like to share with my colleagues:

The ties that bind the foreign policy of American presidents continue to baffle diplomats from other nations.

A federal court ruling that President Carter could not end this nation's mutual defense pact with Taiwan without congressional approval has left diplomats all over the world shaking their heads.

As upsetting as the matter might be to the diplomatic community, it points out one of the most important safeguards to freedom in our system of government.

There are few, if any, other nations in the world where a judge could tell the chief of state he acted improperly in a matter as vital as foreign affairs.

But that's one reason there are no nations in the world where we would rather live.

The ability of a judge to tell a president, no, you can't do that without Congressional approval, or of Congress to tell a president, no you can't do that, is one of the cornerstones upon which this great nation's government was built.

Our system of checks and balances can be awkward in a world where most heads of state can dictate foreign policy unilaterally. It's an inefficient system compared to most. Unlike Mussolini's Italy, our government trains, literal and figurative, rarely run on time.

But given the choice between inefficient government in a free society or an efficient one without freedom, we will opt for inefficiency every time.●

PENSION PORTABILITY

HON. JERRY M. PATTERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. PATTERSON. Mr. Speaker, a fundamental issue to which I draw the attention of my colleagues today is the need for pension portability. A number of studies have been completed in the recent past emphasizing some of the problems of vesting requirements and the pension needs of a large segment of the work force.

The trend toward shorter vesting periods provides some relief. Yet other steps must be taken to insure that workers will have the ability to save adequately for their retirement years.

The situation we face is that: First, our society is becoming increasingly mobile; second, our senior citizen population is expanding because of lower birth rates and longer life expectancies; third, the social security fund faces long-range problems despite efforts during the last Congress to protect its solvency; fourth, workers and employers continue to complain of the ever-increasing rates of social security contributions deducted from wages; fifth, inflation is running at an annual rate of 13.2 percent now and presents a serious threat to consumer pocketbooks; and sixth, the combination of these factors and the recognition by policymakers of the need to provide new incentives for saving calls for pension system reforms.

The bill that I am introducing would permit individuals in the private and public sectors to contribute to individual retirement accounts (IRA's). The tax-deductible contribution to the IRA for a taxable year would be the lesser of 15 percent of annual income or $1,500 ($1,750 in the case of an eligible individual with a nonworking spouse). Once the employee becomes fully vested, contributions to the IRA would be limited to the lesser of 5 percent of annual income or $500.

Under present law, employer pension plan participants in the public and private sectors are prohibited from making tax-deductible contributions to IRA's. Allowing individuals on a voluntary basis to contribute to an IRA, however, would be a constructive step in the long run. Initially, we may expect Treasury revenues to decline. But more importantly, what are the probable effects on retirement income security? It is my view that granting individuals the ability to make independent decisions on whether or not to contribute a portion of earnings to an IRA will create another option for retirement savings. As employees are given greater opportunities to save, in the future we may be able to relieve some of the burdens on the social security fund. Additionally, tax-deductible contributions to IRA's will enable individuals to make some adjustments in order to compensate for negative earnings from regular passbook savings accounts due to inflation.

There have been various recommendations on achieving pension portability. The approach I suggest is a simple one, involving relatively low costs of implementation. It is a plan deserving the close attention of the House of Representatives as we assess and attempt to deal with the economic and social needs of the next decade.●

WELCOME TO STUDENTS

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. LONG of Maryland. I extend a warm welcome to 90 students, parents, and teachers from the Dundalk Senior High School, Md. My friends and constituents are visiting the Capitol today in connection with a course on "Contemporary America." In what promises to be a memorable day, they will tour the Congress, the Bureau of Engraving and Printing, and the Air and Space Museum. I value this opportunity to meet with the students and faculty of Dundalk Senior High School.

The faculty members are: Robert McCluskey and Sandra Feigley.

The accompanying parent is: Mrs. Betty Eckes.

The students are:

Allen, Jeff; Arkins, Luanne; Arnold, Ann; Asten, James; Bagley, Aaron; Beachum, Don; Bienert, Jeff; Breedlove, Juan; Brice, Tanya; Britt, Sherry; Brown, Gordon; Brown, Muriel; Bullock, Patrica; Cain, Duane; Cifarelli, Rhonda; Damico, Betsy; Danoski, Lora; Denny, Mary; Dickey, Mark; Douglas, Erma; Doyle, Kimberly; Eckes, Cathy; Edmondson, Angel; and Edwards, Brenda.

Also Emmert, Debra; Enders, Matt; Ensinger, Bill; Fulghum, Rex; Gilbert, Doris; Hackman, Kathy; Hagy, Ty; Heier, James; Hronowski, Karen; Jablonski, Carole; Jablonski, Cathy; Jennings, Jan; Jones, John; Jones, Mary; Kalskopf, John; Ki, Moon; Kibler, Bill; Khoerlein, Bob; Krajewski, Claire; and Krakowiak, Bill.

Also Kral, Christina; Leary, Mike; Lupton, Kris; Lyons, Ray; Lyons, Roger; McVey, Dana; Minnick, Margaret; Mondie, Derrick; Morrison, Yvonne; Mullaney, Brenda; Nelson, Rick; Morton, Monica; Oliver, Michelle; Parsons, Patricia; Perrot, Thomas; Pfeifer, Ray; Pope, Ray; Pospisil, Jim; Price, Beth; and Ravenscroft, Patrica.

Also Rosenthal, Carol; Roupe, Charles; Schultz, Cheryle; Seivers, Loretta; Slemp, Robert; Tate, Clinton; Tate, Shari; Thomas, Denise; Tingler, Dave; Vencill, Shawn; Walton, Kim; Watkins, Renaldo; Weaver Dollie; Wedderien, Mike; White, Joe; Wickes, Mike; Wilkins, Charles; Williams, Emory; Wilson, Joyce; Wright, Jackie; Zomoida, Robin; Bragg, Scott; and Michaels, Glen.●

TITLE XI OF THE EDUCATION AMENDMENTS

HON. ED BETHUNE

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. BETHUNE. Mr. Speaker, title XI of the education amendments is the substance of a bill I cosponsored earlier this year which enables urban universities to apply their diverse talents and facilities to help solve problems that are unique to individual communities.

Problems of our Nation's metropolitan areas cut across traditional academic lines, and across city and county limits. For the most part, Federal urban programs lack the flexibility to tackle these problems on a one-on-one basis, and, therefore, are unable to accommodate the unique differences that exist in each region of our country. The distinct needs of a city like Little Rock cannot be met by one institution alone or by any single group, be it Federal, State or local. A vehicle is needed to properly meld and apply the skills of people in Government, industry, business, and academic research to programs that effectively address local, high priority urban needs. This legislation provides that vehicle, and more. It encourages universities and communities to become involved partners in developing cooperative urban projects in much the same way land grant colleges provide support and assistance to rural America. Funds authorized by this title act only as a catalyst to bring all these factions together to help cities help themselves.

Since coming to Congress, I have had occasion to explore the wider utilization of university resources with members of the academic community back home. Dr. G. Robert Ross, chancellor of the University of Arkansas at Little Rock and a strong advocate of this title, has illustrated how our cities can be better served through a cooperative partnership between universities and municipalities on projects aimed at meeting local needs. Educators and city officials alike see enormous value in being able to tap the available resources of universities—their faculties, their students, their research facilities—to achieve this end.

Title XI establishes a well-balanced system of project grants designed to stimulate and provide incentives for multilevel participation in and support of local university-municipal cooperation on urban problems. Specifically, this title authorizes a 5-year grant program and an initial $50 million appropriation to get the program underway the first of the 1981 fiscal year. In order to qualify, universities must be located in, and draw a substantial number of their students from, metropolitan areas of at least 500,000 persons. Since no urban area in Arkansas is that large, the title instructs the Education Secretary to designate at least one urban area in States like Arkansas within which universities may apply for grants. By no means is this legislation intended to interfere with the work of the Department of Agriculture and the State cooperative-extension services under the Morrill, Hatch and Smith-Lever Acts, which established the land grant university program. On the contrary, both the Education and Agriculture Departments are urged to work together to prevent any unnecessary duplication of effort. The title also insures broad geographic representation by giving small urban communities a nearby institution to turn to for assistance. Through consortium arrangements, colleges and universities in those smaller urban areas could participate in service programs for their own communities.

This legislation represents real freedom of choice for municipalities in tackling local problems head on, and I commend my colleagues on the Education Committee for including this worthy program in H.R. 5192. I extend special thanks to Dr. Ross, who recognized the value of cooperation between universities and communities, and enlisted my support in getting the urban grant university program off the drawing board and into action.

I believe this program is the key to urban growth and local home rule. The land-grant colleges have been an excellent example in our rural areas. Cooperative efforts like those called for in this title will encourage ideas that have worked in one city to be tried in others. I think my colleagues would agree that avoiding problems is the best way to go. The time to explore the capacity of an urban-university partnership has come, and I urge my colleagues to unanimously approve this bill.●

DAY OF SORROW

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. McDONALD. Mr. Speaker, today is the 62d anniversary of the Bolshevik revolution in the Soviet Union. A friend of mine gave me a suggested resolution that might be appropriate on this date as a fitting tribute to the biggest arms spender in the world, and also to the nation we can all thank for the present troubles in Cambodia, Vietnam, Laos, Cuba, and elsewhere. The resolution follows for the edification of my colleagues:

RESOLUTION

Whereas, November 7th, 1979 will be commemorated by the leaders of the Soviet Union as the 62d anniversary of the Bolshevik "revolution"; and

Whereas, That "revolution" was nothing but an illegal overthrow of the elected democratic Provisional government of Russia by a small minority political party; and

Whereas, Because of the appearance thus of the first Communist state, born in blood, ruled by a totalitarian regime and characterized by the denial of basic rights and the suppression of opposition; and

Whereas, The ideology of Communism cost Russia, its first victim, and worldwide tens of millions dead and continues to spread around the globe causing further suffering and death;

Now, therefore, I do hereby urge our citizens to become aware of the dangers of Communism and declare November 7, 1979, the 62d anniversary of the Bloshevik usurpation of power, as a "Day of Sorrow".●

DEAUTHORIZING THE INITIAL STAGE OF THE OAHE UNIT

HON. BERKLEY BEDELL

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. BEDELL. Mr. Speaker, today I am introducing legislation that would deauthorize the initial stage Oahe unit of the Missouri River Basin project in South Dakota. I have decided to take this action, which I know is going to be controversial, only after having carefully weighed all of the arguments on both sides. I sincerely believe that the introduction of this measure will ultimately prove to be in the best interests of the Nation's taxpayers as well as the citizens of South Dakota and the rest of the water and power users in the Pick-Sloan system.

Time and space limitations prevent the exhaustive explanation of the circumstances surrounding the need for this deauthorization legislation that its importance warrants. However, I would like to identify the basic elements of the debate, as well as explain how the bill as drafted would address the legitimate concerns of the State of South Dakota, which has justifiably come to expect Federal assistance in meeting its water needs as compensation for past acquisition of land and other resources for the construction of the Missouri River impoundments under the Pick-Sloan plan.

I would like to point out from the outset, Mr. Speaker, that the lines of debate on the deauthorization of Oahe have been clearly drawn as a result of years of intensive scrutiny by interested citizens of the State of South Dakota. Former Senator James Abourezk, who introduced the first deauthorization measure in July of 1978, noted that:

> One would have to search very hard to find any major elected official in South Dakota who believes that the Oahe project, as designed, makes good sense for the State. * * * It is just not a good bargain, even at the highly subsidized rates of Federal water projects. In fact, hundreds of local farmers have come to Washington to ask the Congress and the Interior Department not to build the project. It is rare, indeed, that the supposed beneficiaries of a project come to the Government and say "Don't spend your money on us!"

Even the current Governor of South Dakota, Hon. William J. Janklow—who opposes deauthorization—indicated in a letter to me on October 5 of this year, that:

> * * * The people of South Dakota do not want the original (Oahe) project, and it was partially citizen dislike of the original project that cause President Carter to include Oahe on his "hit list."

Clearly, then, the citizens and elected officials of the State of South Dakota are not supporting the Oahe project as authorized.

Why, then, is there so much controversy surrounding the introduction of legislation to deauthorize a project that seems to be neither in the best interests of the Nation's taxpayers nor the citizens of the State in which the project is to be built? The answer to this question lies in the differing views held by the principals of the ultimate effect of deauthorization. Its proponents claim that it would not only serve to rid the nation of the threat of spending over $500 million for a project that nobody wants, but that it would also break the logjam that presently exists with regard to the identification and development of an alternative water project in South Dakota that is deserving of Federal assistance and that would meet South Dakota's legitimate water needs. The opponents of deauthorization say that such a move would have the effect of forfeiting South Dakota's rights to Federal assistance and that the authorization should be retained as a bargaining device.

Testimony submitted to Congress during appropriations hearings during the past several years and other related public documentation indicates that any project that could be constructed pursuant to the existing authorization would encounter most of the same problems with respect to local opposition that the present proposal now faces. Because of existing contract relationships and obligations, it is questionable whether the existing authorization could be used as the foundation for any similar form of development. In addition, there is reason to believe that the Interior Department and other officials within the administration will not begin to seriously consider alternative plans put forward by the State until deauthorization has occurred.

Mr. Speaker, I would like to briefly highlight the factors which figured most prominently in my decision to proceed with deauthorization legislation.

First, the Oahe project as presently designed fails to meet even the most liberally constructed cost/benefit analysis. On Tuesday, June 14, 1977, I took the floor of the House to register my support for the Derrick-Conte amendment to the fiscal year 1978 public works appropriations bill which would have deleted the funds for 17 projects which were on the President's hit list, one of which was Oahe. At that time, I noted that:

> The Government intends to acquire 110,000 acres of land on which to build the maze of canals and storage pools designed to irrigate some 190,000 acres. The land to be irrigated is now estimated to be worth about $300 an acre and after irrigation will be worth almost $1,100 an acre. The $800-an-acre increase in the value of land will cost the Government $2,323 an acre. Approximately 600 farms will benefit at an estimated cost of $735,655 per farm.

I did not believe then, and I certainly do not believe now, that the benefits justify the cost to the national taxpayer.

Second, the pendulum of public opinion in South Dakota has clearly swung against Oahe. Certainly, there are few, if any, elected officials in South Dakota itself who would say that full funding for Oahe is warranted. For instance, the Spink County Irrigation District Board of Directors, which represents two-thirds of the land area that would benefit from Oahe unit irrigation has formally called for the project's deauthorization. Further indication of the erosion of support within the State for Oahe comes from the composition of the sole legal contracting entity for Oahe, the Oahe Conservancy Subdistrict. In 1972, its board was in overwhelming support of the project; today, its directors have formally called for deauthorization. It is hard to justify spending hundreds of millions of taxpayer dollars for a project no longer supported by the future beneficiaries.

Third, contrary to the claims of those who predict increased power rates to consumers on the Pick-Sloan system, the measure I am introducing here today will actually reduce rates, while saving the taxpayers hundreds of millions of dollars. This legislation would actually result in cost savings from several different perspectives.

First of all, those who contend that deauthorization would result in increased power rates do so on the basis of speculation on the effects of the Bureau of Reclamation's unusual accounting system. Under present law, costs now attributed to the Oahe irrigation system are deferred without interest until payment for the first phase of the project is completed. My bill would mandate retention of this deferral and would attribute all costs incurred so far—some $40 million—to the general fund of the Treasury and not to the Pick-Sloan Missouri Basin program. This would result in large savings to the Nation's taxpayers, since payment on most of the irrigation project is deferred without interest until payment is completed on the first project, which means that the taxpayer would have to put up some $450 million and pay interest on this amount until the first phase payment is completed—well into the 21st century. It can be argued that, with current interest costs, this interest savings to taxpayers brought about by the legislation would actually exceed the $450 million savings on principal.

Under my bill, all costs that have been assigned to the initial stage Oahe unit which have been deferred without interest will be retained as interest free costs of the Pick-Sloan Missouri Basin program. Consequently, power users would not be penalized by increased rates as a result of this deauthorization legislation. On the contrary, in light of the fact that power users are required to pay nearly 90 percent of the cost of the proposed irrigation project—approximately $450 million—this legislation would significantly reduce long-term costs to power users.

Fourth, the legislation I am introducing recognizes the legitimate claims that South Dakota has to Federal assistance with regard to development of needed water projects in that State. While I do not believe that deauthorization of the Oahe unit plan would necessarily foreclose the commitment embodied in the 1944 Flood Control Act that some form of Federal assistance is due the State of South Dakota for water projects that meet both the criteria of cost/benefit viability and local acceptance, I have included a final section in the bill which clearly expresses it to be the sense of Congress that nothing contained in the act should interfere with or negate that commitment. I want to stress again that my objective is not to deprive South Dakota of water development assistance that it is rightfully entitled to by virtue of its past actions. Rather, it is to remove what every one will agree is a bad project so that the State of South Dakota can get on with the complicated, but necessary, task of identifying alternatives to Oahe, and to assure that the Nation's taxpayers will not have to pay for a bad bargain.

Mr. Speaker, I feel that the debate that is sure to engulf the introduction of this bill will be a significant one. It will be significant not just because of the very legitimate procedural and political questions that will be raised by South Dakotans interested in receiving Federal assistance for their water needs, but also because of the implications it has for the way in which Congress has traditionally approached Federal project funding. I have already been severely taken to task by those in South Dakota who express indignation that a Congressman from another district or State would presume to "dabble" in their State's affairs. I recognize that I will hear much more of that type of rhetoric in the weeks to come. I am compelled to respond to some of those elected officials in South Dakota who have warned that that State's delegation may feel forced to "take a hard look at Federal spending for water projects in Iowa" by saying that I would welcome that sort of assistance. The people of my district do not want to see taxpayer dollars wasted regardless of where the waste may occur.

I am fully convinced that the only way that we, in Government—whether it be Federal, State, or local—are going to successfully come to grips with wasteful and excessive spending, and the devastating inflation it engenders, is for us all to put away the notion that water projects or any other type of Federal assistance, are sacrosanct. When millions of Federal taxpayer dollars are at stake, it does not matter in which State or district the project lies: not only does the Nation and its representatives have the right, they have the duty, to question its worth and appropriateness.

Finally, Mr. Speaker, I wish to say that I have nothing but the highest regard for the State of South Dakota, its people, and its elected officials. I would sincerely hope that, regardless of possible differences of opinions on this and other issues, we can continue to work together in solving problems of mutual interest to our States and the Nation.

Mr. Speaker, I ask that the legislation in its entirety be entered in the RECORD at the close of these remarks. Thank you.

H.R. —

A bill to deauthorize the construction of the irrigation project for the Oahe unit, James division, Missouri River Basin project in South Dakota, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the construction, operation, and maintenance by the Secretary of the Interior (hereinafter referred to as the "Secretary") of the initial stage Oahe unit, James division, Missouri River Basin project, South Dakota, authorized by the Acts of August 3, 1968 (Public Law 90–453; 82 Stat. 624), and October 27, 1972 (Public Law 92–577; 86 Stat. 1265), for the purpose of furnishing a surface irrigation water supply and for other purposes, is hereby deauthorized and is no longer an integral physical or financial part of the comprehensive Pick-Sloan Missouri Basin Program that was approved by section 9 of the Act of December 22, 1944 (58 Stat. 891), as amended and supplemented.

SEC. 2. Within 3 months following the date of enactment of this Act, the Secretary shall submit to the Congress his recommendations for the disposition of those Oahe unit works, facilities, and related properties that have been acquired or constructed. Such recommendations shall be developed by the Secretary in cooperation with the local contracting entity Oahe Conservancy Sub-District in consultation with other Federal agencies and the general public. The Secretary is hereby authorized to implement such recommendations, except that no appropriation shall be used for implementing such recommendations for disposition of the Oahe unit works, facilities, and related properties prior to 6 calendar days from the date on which the Secretary's recommendations have been submitted to the Congress.

SEC. 3. Those funds previously expended pursuant to authorities contained in the Acts of August 3, 1968 (Public Law 90–453; 82 Stat. 624), and October 27, 1972 (Public Law 92–577, 86 Stat. 1265), shall be charged against the general fund of the Treasury of the United States and shall not be charged against the Pick-Sloan Missouri Basin Program, except that all costs assigned to the initial stage Oahe unit which are deferred without interest shall be retained as interest free costs of the Pick-Sloan Missouri River Basin Program.

SEC. 4. Those revenues derived from the disposition, under the authority of this Act, of Oahe unit works, facilities, and related properties shall be deposited to the general fund of the Treasury of the United States. Such properties shall not be disposed of at less than fair market value at the time of disposition, as determined by the Secretary. In such disposition, the Secretary is authorized, notwithstanding provisions of law to the contrary, to give first right of refusal for the purchase of such properties to previous owners of acquired property or their heirs, as the Secretary may determine.

SEC. 5. This Act is declared to be a supplement to the Reclamation Act of June 17, 1902 (32 Stat. 388), and acts amendatory and supplementary thereto, which shall govern the implementation of this Act except as otherwise provided herein.

SEC. 6. There are authorized to be appropriated such sums as may be required to carry out the provisions of this Act for fiscal years beginning after September 30, 1980.

SEC. 7. Nothing contained in this Act is intended to interfere with the rights of the State of South Dakota as they pertain to the identification and development of alternative water development projects. It is the sense of Congress that the United States should honor its commitments to the State of South Dakota for financial and technical support of water development as compensation for losses incurred as a result of earlier commitments of resources for the Pick-Sloan Missouri River Basin Development in South Dakota.●

U.S.S. "OLIVER HAZARD PERRY"

HON. CLEMENT J. ZABLOCKI

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. ZABLOCKI. Mr. Speaker, recently the new Navy vessel, the U.S.S. *Oliver*

Hazard Perry, visited the Port of Milwaukee, which is located within the congressional district which I have the honor of representing.

The 445-foot guided missile frigate is expected to be the prototype for about 50 other frigates if it tests out successfully. Its mission will be to escort merchant shipping through hostile waters in the event of war.

Mr. Speaker, Milwaukee firms played a significant role in the development of this magnificent ship. Litton Industries' Louis Allen Division, of Milwaukee, Wis., designed and manufactured the secondary propulsion system motors and other power systems. Because of the innovative propulsion system, the docking of the vessel is greatly simplified.

In addition, the Congoleum Corp. and Allen-Bradley of Milwaukee were involved in the manufacture of this ship.

Mr. Speaker, the U.S.S. *Oliver Hazard Perry* is an innovative seagoing vessel which will greatly enhance the U.S. Navy. I am proud to represent so many citizens who had a part in its development.●

LEGALIZED FRAUD

HON. CHARLES E. GRASSLEY

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. GRASSLEY. Mr. Speaker, I would like to request a letter I received from a constituent be inserted in the RECORD. The topic of the letter deals with a sort of legalized fraud—the ability of senior citizens to transfer their assets to receive public assistance for nursing care under title XIX. Every Member in this body should be familiar with this problem, for it is a national phenomenon. At this point I would like to insert the letter:

ELDORA, IOWA, *October 30, 1979*.

Hon. CHARLES E. GRASSLEY,
House of Representatives,
Washington D.C.

DEAR MR. GRASSLEY: As a lawyer I feel it is my duty to my client to properly advise them on the status of the law, regardless of what my feelings as a taxpayer might be. I have today prepared an assignment of a real estate contract from an individual to his nephew and niece, giving them approximately $3200 and have also prepared a deed to his nephew and niece of a house which is in the process of being sold for $25,000. Upon the execution of these instruments he will be entitled to draw support under the provision of Title XIX for his care at a local nursing home, which is running in the neighborhood of $800 per month.

While I am in favor of programs which provide assistance to those in need, I am at a loss to understand why the law should have been written to permit this type of transaction.

Any explanation which you could give me in this regard would be greatly appreciated.

Very truly yours,

WILLIAM N. DUNN.●

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of all meetings, when scheduled, and any cancellations, or changes in the meetings as they occur.

As an interim procedure until the computerization of this information becomes operational, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Thursday, November 8, 1979, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

NOVEMBER 9

9:30 a.m.

Commerce, Science, and Transportation

To continue hearings on S. 1946, proposed Railroad Transportation Policy Act.

235 Russell Building

Environment and Public Works

Nuclear Regulation Subcommittee

To continue hearings to examine the cost of recovery and cleanup operations as a result of the nuclear reactor accident at Three Mile Island near Harrisburg, Pennsylvania.

4200 Dirksen Building

Judiciary

To resume hearings on S. 1612, to create a statutory charter which defines the policy and intent of the investigative authority and responsibilities in matters under the jurisdiction of the FBI.

2228 Dirksen Building

10:00 a.m.

Labor and Human Resources

Education, Arts, and Humanities Subcommittee

To hold oversight hearings on title III, providing aid to developing institutions, of the Higher Education Act.

4232 Dirksen Building

NOVEMBER 13

9:30 a.m.

Environment and Public Works

Business meeting on pending calendar business.

4200 Dirksen Building

*Judiciary

Business meeting, to resume consideration of S. 1246, to protect against the growth of a monopoly power among major petroleum companies, and to encourage oil companies to invest profits back into oil exploration, research, and development, S. 702, to establish a pretrial diversion program within the Department of Justice, S. 608, a private relief bill; and to begin consideration of S. 414, to allow universities, nonprofit organizations, and small businesses to obtain limited patent protection on discoveries they have made under Government-supported research, and S. 68, a private relief bill, and pending nominations.

2228 Dirksen Building

10:00 a.m.

Appropriations

HUD-Independent Agencies Subcommittee

To receive testimony on efforts being made by the Clifton Terrace Tenants Association for securing good management for that apartment complex.

1318 Dirksen Building

Commerce, Science, and Transportation

To resume hearings on S. 1946, to provide railroads with more pricing rate flexibility and contract provisions.

235 Russell Building

Governmental Affairs

To resume oversight hearings focusing on the organizational and management aspects of the Department of Energy.

3302 Dirksen Building

NOVEMBER 14

9:15 a.m.

*Commerce, Science, and Transportation

To resume oversight hearings to review proposed technical methods for industrial development.

235 Russell Building

9:30 a.m.

Environment and Public Works

Nuclear Regulation Subcommittee

To resume hearings on S. 1521, and to begin hearings on a proposed amendment to S. 1521, and S. 1360, all measures to provide a comprehensive approach to the regulation of nuclear waste disposal.

1114 Dirksen Building

Foreign Relations

To hold hearings on the following international treaties proposing human rights: the International Convention on the Elimination of All Forms of Racial Discrimination Treaty (Exec. C, 95th Cong., 2d sess.); the International Covenant on Economic, Social and Cultural Rights Treaty (Exec. D, 95th Cong., 2d sess.); the International Covenant on Civil and Political Rights Treaty (Exec. E, 95th Cong., 2d sess.); and the American Convention on Human Rights Treaty (Exec. F, 95th Cong., 2d sess.).

4221 Dirksen Building

Judiciary

Antitrust, Monopoly and Business Rights Subcommittee

To hold oversight hearings to review credit policies of the life insurance industry.

6226 Dirksen Building

Judiciary

Jurisprudence and Governmental Relations Subcommittee

To hold hearings to evaluate the impact of legislative actions and court decisions on the Federal judicial system.

318 Russell Building

Judiciary

Limitations of Contracted and Delegated Authority Subcommittee

To hold oversight hearings on the implementation of title 3, entitled "Strengthening Development Institutions Program" of the Higher Education Act under the Department of Education.

5110 Dirksen Building

10:00 a.m.

Agriculture, Nutrition, and Forestry

Agricultural Research and General Legislation Subcommittee

To hold joint hearings with the Committee on Commerce, Science, and Transportation on S. 1408 and 1650, bills to provide for the development of aquaculture in the United States.

324 Russell Building

Banking, Housing, and Urban Affairs

To hold hearings on S. 1937 and 1965, bills authorizing Federal loan guarantees to the Chrysler Corp.

5302 Dirksen Building

Commerce, Science, and Transportation

To hold joint hearings with the Subcommittee on Agricultural Research and General Legislation of the Committee on Agriculture, Nutrition, and Forestry on S. 1408 and 1650, bills to provide for the development of aquaculture in the United States.

324 Russell Building

Governmental Affairs

To continue oversight hearings focusing on the organizational and management aspects of the Department of Energy.

3302 Dirksen Building

Labor and Human Resources

Business meeting, to mark up S. 1725, to provide grants to assist low- and middle-income individuals to meet the rising home energy costs.

4232 Dirksen Building

Joint Economic

Economic Growth and Stabilization Subcommittee

To hold hearings to examine the potential impact of an accelerated coal-based synfuel development program on the water resources of the Northern Great Plains region.

457 Russell Building

NOVEMBER 15

9:00 a.m.

Agriculture, Nutrition, and Forestry

Agricultural Research and General Legislation Subcommittee

To hold hearings on S. 770, to prohibit further abuse and trade price manipulation within the potato futures market.

324 Russell Building

9:30 a.m.

Foreign Relations

To continue hearings on the following international treaties proposing human rights: the International Convention on the Elimination of all Forms of Racial Discrimination Treaty (Exec. C, 95th Cong., 2d sess.); the International Covenant on Economic, Social and Cultural Rights Treaty (Exec. D, 95th Cong., 2d sess.); the International Covenant on Civil and Political Rights Treaty (Exec. E, 95th Cong., 2d sess.); and the American Convention on Human Rights Treaty (Exec. F, 95th Cong., 2d sess.).

4221 Dirksen Building

*Governmental Affairs

Intergovernmental Relations Subcommittee

To resume oversight hearings to examine the scope of the general revenue sharing policy.

1114 Dirksen Building

10:00 a.m.

Banking, Housing, and Urban Affairs

To continue hearings on S. 1937 and 1965, bills authorizing Federal loan guarantees to the Chrysler Corporation.

5302 Dirksen Building

Commerce, Science, and Transportation

To hold hearings on the nomination of James V. Day, of Maine, to be a Federal Maritime Commissioner.

235 Russell Building

Energy and Natural Resources

Parks, Recreation, and Renewable Resources Subcommittee

To hold hearings on S. 1567, to protect and restore certain coastal lands on Yaquina Head in Oregon.

3110 Dirksen Building

Governmental Affairs

To continue oversight hearings focusing on the organizational and management aspects of the Department of Energy.

3302 Dirksen Building

Judiciary

To resume hearings on S. 1612, to create a statutory charter which defines the policy and intent of the investigative authority and responsibilities in matters under the jurisdiction of the FBI.

2228 Dirksen Building

2:00 p.m.

Judiciary

To hold hearings on pending nominations.

2228 Dirksen Building

NOVEMBER 16

9:30 a.m.

Foreign Relations

To continue hearings on the following international treaties proposing human rights: the International Convention on the Elimination of All Forms of Racial Discrimination Treaty (Exec. C, 95th Cong., 2d sess.); the International Covenant on Economic, Social and Cultural Rights Treaty (Exec. D, 95th Cong., 2d sess.); the International Covenant on Civil and Political Rights Treaty (Exec. E, 95th Cong., 2d sess.); and the American Convention on Human Rights Treaty (Exec. F, 95th Cong., 2d sess.).

4221 Dirksen Building

Judiciary

To continue hearings on S. 1612, to create a statutory charter which defines the policy and intent of the investigative authority and responsibilities in matters under the jurisdiction of the FBI.

2228 Dirksen Building

10:00 a.m.

Banking, Housing, and Urban Affairs

To continue hearings on S. 1937 and 1965, bills authorizing Federal loan guarantees to the Chrysler Corporation.

5302 Dirksen Building

Commerce, Science, and Transportation

To resume hearings on S. 1946, to provide railroads with more pricing rate flexibility and contract provisions.

235 Russell Building

Finance

Public Assistance Subcommittee

To hold oversight hearings on alleged fraud and mismanagement practices within HEW directed toward erroneous State payments to recipients of the Aid to Families with Dependent Children and Medicaid programs under the Social Security Act.

2221 Dirksen Building

Joint Economic

To resume hearings to examine the current unemployment trends and any relation thereto to the increase in criminal activity.

340 Cannon Building

NOVEMBER 19

10:00 a.m.

Banking, Housing, and Urban Affairs

To resume hearings on S. 1937 and 1965, bills authorizing Federal loan guarantees to the Chrysler Corporation.

5302 Dirksen Building

NOVEMBER 20

9:30 a.m.

* Commerce, Science, and Transportation

Science, Technology, and Space Subcommittee

To resume hearings on S. 1250, to develop techniques for analyzing and stimulating technological and industrial innovation by the Federal Government.

5110 Dirksen Building

10:00 a.m.

Banking, Housing, and Urban Affairs

To continue hearings on S. 1937 and 1965, bills authorizing Federal loan guarantees to the Chrysler Corporation.

5302 Dirksen Building

Commerce, Science, and Transportation

Merchant Marine and Tourism Subcommittee

To resume hearings on S. 1460, 1462, and 1463, bills to facilitate and streamline the implementation of the regulatory part of the U.S. maritime policy.

235 Russell Building

Energy and Natural Resources

Energy Regulation Subcommittee

To resume hearings on S. 1684, to provide for the development, improvement, and operation of domestic refinery capabilities.

3110 Dirksen Building

Select on Indian Affairs

To hold hearings on S. 1730 and 1832, bills to declare certain lands in the States of Arizona and New Mexico to be Indian reservation lands.

1202 Dirksen Building

NOVEMBER 21

10:00 a.m.

Banking, Housing, and Urban Affairs

To continue hearings on S. 1937 and 1965, bills authorizing Federal loan guarantees to the Chrysler Corporation.

5302 Dirksen Building

Rules and Administration

Business meeting, to consider legislative and administrative business.

301 Russell Building

NOVEMBER 26

10:00 a.m.

Select on Indian Affairs

To hold hearings on S. 1855, authorizing funds through fiscal year 1982 to provide technical assistance for tribally controlled community colleges.

5110 Dirksen Building

NOVEMBER 27

10:00 a.m.

Banking, Housing, and Urban Affairs

International Finance Subcommittee

To hold hearings to examine U.S. and East-West trade and technological competitiveness, focusing on S. 339, to provide identical requirements for determining the eligibility of any Communist state for "most favored nation" status and Export-Import Bank credits, and for reviewing and limiting such credits; S. Con. Res. 47, to approve the extension of nondiscriminatory treatment with respect to the products of China; and to review a report prepared by the Office of Technology and Assessment entitled "Technology and East-West Trade".

5302 Dirksen Building

NOVEMBER 28

9:30 a.m.

Agriculture, Nutrition, and Forestry

Agricultural Production, Marketing, and Stabilization of Prices and Foreign Agricultural Policy Subcommittees

To hold joint hearings to examine the implications of grain sales to the Soviet Union on the U.S. transportation system.

457 Russell Building

10:00 a.m.

Select on Indian Affairs

To hold hearings on S. 1466, to provide for distribution of certain judgment funds in favor of the Delaware Tribe of Indians and the absentee Delaware Tribe of Western Oklahoma.

1202 Dirksen Building

NOVEMBER 29

9:30 a.m.

Agriculture, Nutrition, and Forestry

Agricultural Production, Marketing, and Stabilization of Prices and Foreign Agricultural Policy Subcommittees

To continue joint hearings to examine the implications of grain sales to the

Soviet Union on the U.S. transportation system.

457 Russell Building

DECEMBER 3

10:00 a.m.

Select on Indian Affairs

To hold hearings on S. 341, 1795, and 1796, bills authorizing certain Indian tribes to file claims for damages for delay in payment for lands claimed to be taken in violation of U.S. laws.

5110 Dirksen Building

DECEMBER 7

10:00 a.m.

Joint Economic

To resume hearings on the employment-unemployment situation and price data information for November.

Room to be announced

JANUARY 15, 1980

10:00 a.m.

Banking, Housing, and Urban Affairs
International Finance Subcommittee

To hold hearings to examine U.S. trade and technological competitiveness with other industrialized countries, focusing on a report by the International Trade Commission on international trade in integrated circuits relating to the electronics industry.

5302 Dirksen Building

CANCELLATIONS

NOVEMBER 9

10:00 a.m.

Environment and Public Works
Environmental Pollution and Resource Protection Subcommittees

To resume joint markup of S. 1480, 1325, and 1341, bills to provide for adequate and safe treatment of hazardous substances being released into the environment.

4200 Dirksen Building

DECEMBER 4

10:00 a.m.

Select on Indian Affairs

To hold hearings on S. 1507, to provide for the purchase of certain facilities, lands, and water rights in and around the San Luis Rey River and Lake Henshaw, Calif., to be operated and maintained by specified bands of Mission Indians.

Room to be announced

HOUSE OF REPRESENTATIVES—*Thursday, November 8, 1979*

The House met at 10 a.m.

Msgr. Zaven Arzoumanian, pastor, Armenian Orthodox Church, Wynwood, Pa., offered the following prayer:

The fear of the Lord is the beginning of wisdom, and they who live by it grow in understanding.—Psalms 111: 10.

God our Father, who art the source of our strength and refuge of those who put their trust in You, sustain us with Your spirit and steady us with Your grace, lest we allow differences and disagreements to hide Your face from us.

As we pause in Thy presence, O Lord, make us listen to Thy voice and help us receive upright strength for this day, wisdom for our decisions to be made, and peace in our hearts all the way. Thou art ever with us, and behold Thou hast called us again to work with Thee this day in making justice and freedom and good will live in our world. May Thy spirit be so real to us that we can develop in our land a moral strength and a spiritual power to which people can turn for healing and help in time of need.

We pray for our country, our leaders, and our people. Remove from within us, O Lord, all harsh misunderstandings and hostile attitude which are the seeds of strain and strife. Make us ready to welcome every effort for cooperation and every endeavor to strengthen our relationship with each other. Open the door of opportunity and give us the courage to walk through it to a greater life together in the harmony of our freedom and Your unfailing wisdom.

In Thy holy name we pray O Lord. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment joint resolutions of the House of the following titles:

H.J. Res. 199. Joint resolution to amend the act of October 21, 1978 (92 Stat. 1675; Public Law 95–498); and

H.J. Res. 428. Joint resolution designating December 1979 as "National Child Abuse Prevention Month."

The message also announced that the Senate agrees to the amendment of the House to a joint resolution of the Senate of the following title:

S.J. Res. 117. An act to provide for a temporary extension of certain Federal Housing Administration authorities, and for other purposes.

The message also announced that the Senate agreed to the further conference report on the concurrent resolution (S. Con. Res. 36) entitled "Concurrent resolution revising the congressional budget for the U.S. Government for the fiscal years 1980, 1981, and 1982," and that the Senate concurred in the House amendment with an amendment in the nature of a substitute, to the foregoing bill.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 1143) entitled "An act to extend the authorization for appropriations for the Endangered Species Act of 1973, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. CULVER, Mr. MUSKIE, Mr. HART, Mr. CHAFEE, and Mr. STAFFORD to be the conferees on the part of the Senate.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 1374. An act for the relief of Lynn Rufus Pereira; and

S. 1682. An act to amend the act of August 9, 1955 (69 Stat. 539) (25 U.S.C. 415), as amended, to authorize a 99-year lease for the Moses Allotment Numbered 10, Chelan County, Wash.

REFLECTIONS ON PAST SALES OF HEATING OIL TO IRAN

(Mr. MOAKLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOAKLEY. Two short months ago, Mr. Speaker, the State Department announced that this country had sent a shipment of home heating oil to Iran. I was among a number of Congressmen who objected—rather angrily, I am afraid—to that sale. I was very concerned about people in this country—the elderly and the poor, the schools and the hospitals—who were going to be faced with limited supplies of incredibly expensive heating oil.

The State Department seemed astonished that anyone could possibly see anything wrong with selling heating oil to Iran. The Washington Post implied that any objections to the sale came strictly from jingoists.

The argument was that this sale was necessary for humanitarian reasons (never mind that Iran soon announced they intended to sell the heating oil on the spot market for more than they paid for it), and that the sale was necessary to help encourage the friendship of the Government of Iran.

Now, Mr. Speaker, we can see how wise that policy was. Just think, if we had not encouraged the friendship of the Iranian Government, there might be dozens of Americans being held hostage in Tehran at this very moment. The Government of Iran might even go so far as to encourage the mobs that are holding hostages, rather than working to help set them free.

And worst of all Mr. Speaker, the Ayatollah and his officials might refuse even to meet with other Americans sent to negotiate to try to secure the release of the hostages.

Now, Mr. Speaker, I would like to acknowledge that the State Department and the Washington Post were right after all. It really was important to encourage the friendship of the Ayatollah. Imagine where we would be today without it.

☐ This symbol represents the time of day during the House Proceedings, e.g., ☐ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

NEW LEGISLATION WOULD INSURE SAFETY AND NUTRITIONAL VALUE OF INFANT FORMULA

(Mr. GORE asked and was given permission to address the House for 1 minute.)

Mr. GORE. Mr. Speaker, recently the Subcommittee on Oversight and Investigations of the Committee on Interstate and Foreign Commerce completed an investigation of infant formulas in the United States, concentrating on an incident in which at least 150 infants around the country became seriously ill because of a defective formula that was sold in interstate commerce.

As a result of that hearing, I have introduced legislation this morning to authorize the Food and Drug Administration to require pretesting of infant formulas, to require that infant formulas include a minimum of 32 ingredients recommended by the American Society of Pediatrics, and to give the FDA mandatory recall authority when an infant formula is found to be defective.

These formulas should not be looked upon simply as a food which is one among many but, rather, as the sole source of nourishment for babies. As such, it should be made carefully, and we should be able to give American parents some assurance that these products are safe and nutritious.

NO ONE WINS WHEN FREEDOM FAILS

(Mr. DAN DANIEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DAN DANIEL. Mr. Speaker, today we are witness to an international irony. Mrs. Carter is presently in Southeast Asia attempting to pick up the pieces left by the mischief of Ramsey Clark, while Mr. Clark with his Munich mentality waits outside the door of another murderer to practice his brand of appeasement.

Hiram Mann put it aptly:

> No one wins when freedom fails. The best men rot in filthy jails, and those who cry "appease, appease" are hanged by those they try to please.

The President should state firmly that under no circumstances will the Shah be deported.

PERMISSION FOR SUBCOMMITTEES OF COMMITTEE ON SCIENCE AND TECHNOLOGY TO SIT TODAY DURING 5-MINUTE RULE

Mr. BROWN of California. Mr. Speaker, I ask unanimous consent that the Subcommittee on Science, Research, and Technology and the Subcommittee on Natural Resources and Environment of the Committee on Science and Technology be permitted to sit today despite the fact that the House will be in session under the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

AN ANSWER TO THE IRANIAN CHALLENGE

(Mr. FOWLER asked and was given permission to address the House for 1 minute.)

Mr. FOWLER. Mr. Speaker, all the world is watching to see how we will respond to this direct challenge in Iran. The world awaits a demonstration of our national will and our national courage. For it is not only the fate of the 65 Americans held hostage that is at stake. We are all the hostages of terrorism and fanaticism, should we fail to act immediately with unity and clarity of purpose.

The United States must not cower under the threat of an oil cut-off from Iran. Our Nation should today state with unmistakable clarity that we will not purchase a single additional drop of Iranian oil until this blackmail ceases, until our countrymen are set free, and until a stable government in Iran emerges.

This is our weapon against aggression. It is the weapon of sacrifice and conservation. Without Iranian oil, yes, we will all be a bit colder this winter than we would like to be, and, yes, we will be a bit warmer in the summer. But as we endure the discomfort of the gaslines, we can take comfort and pride in the fact that we are directly minimizing the changes of blackmail from other nations and acts of terrorism against other Americans around the world.

We are all hostages, Mr. Speaker, unless we say to Khomeini and to the world, "Keep your precious oil." The human price is already too high. We can do without it and be stronger as a nation for doing so.

□ 1010

PRESIDENT URGED TO SUPPORT YASSER ARAFAT'S RESCUE MISSION

(Mr. FINDLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks and to include extraneous matter.)

Mr. FINDLEY. Mr. Speaker, it is clear to me that the very best course for the safe rescue of U.S. nationals in Tehran lies in the rescue mission that has been sent there by Yasser Arafat, the chairman of the PLO. Accordingly, I have sent the following wire to President Carter this morning:

NOVEMBER 8, 1979.

Hon. JIMMY CARTER,
The President,
The White House,
Washington, D.C.

I strongly urge that you send a personal message to Yasser Arafat, Chairman of the Palestine Liberation Organization, stating your appreciation and support for any efforts his organization may be able to undertake in behalf of the safety and release of U.S. hostages in Tehran. Based on conversations I have had with the PLO the last 48 hours I am convinced that Chairman Arafat decided to undertake the mission entirely without preconditions or the promise of favors in return. Nevertheless it would be only simple courtesy for you to encourage his help with a personal message, and indeed it may well facilitate the mission.

It is possible that the Iranian authorities may be insisting on a signal of this sort from you before proceeding with the PLO mission now in Tehran.

Chairman Arafat sent word to me yesterday explaining the complexity of this project, and news reports today indicate that a statement from you may be required.

Certainly no harm would be done, and I am confident the American people would respect and support this action on your part. I cannot believe any quarters would protest this action. I have examined carefully the nature of the 1975 understanding with Israel which limits our government's contacts with the PLO. Clearly there is nothing in this understanding which would limit in any way communication on a humanitarian undertaking of this nature.

Sincerely yours,

PAUL FINDLEY,
Member of Congress.

AMERICA SHOULD NOT COWER BECAUSE OF IRANIAN OIL

(Mr. LUNGREN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LUNGREN. Mr. Speaker, as I drove in today, I heard on the radio that a representative from the Iranian Embassy has stated publicly that they are awaiting some concrete evidence of good faith from the United States before they proceed any further relative to the situation in the American Embassy in Tehran. Evidently 1984 is here, and now we have diplomatic doublespeak. Truth has now been turned on its head. And now we have to show some good evidence on our side before the terrorists—and that is what they are, terrorists—will set our people free. We should make the message very clear that it is only because of this country's regard for human life that military action has not already taken place.

Let our message be clear, let our answer to the nonsense from the Ayatollah cockamamie and his underlings, be very, very clear that America will not cower because of Iranian oil. Let it be clear that the only thing we will negotiate is that our people be set free and be set free without any other requirements on the part of the Iranian Government. To do less is to fail to fulfill our commitment to the American people.

Mr. FISH. Mr. Speaker, will the gentleman yield?

Mr. LUNGREN. I yield to the gentleman from New York.

Mr. FISH. Mr. Speaker, the gentleman from California (Mr. LUNGREN) serves with me on the Subcommittee on Immigration, Refugees, and International Law of the Committee on the Judiciary, and I look forward to meeting with the gentleman later this morning with the view toward introducing legislation pertaining to the status of Iranian students in the United States.

Mr. LUNGREN. Mr. Speaker, I think that should be done immediately. I thank the gentleman.

BREAKING OLD BUDGET HABITS

(Mr. THOMAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. THOMAS. Mr. Speaker—

> Today this House must decide whether to live by the rules of our budget controls or put them on a shelf to show taxpayers when they complain about big spenders.

That is the opening paragraph of an editorial in this morning's Los Angeles Times entitled "Breaking Old Budget Habits."

The editorial continues:

> After more than 3 weeks in conference with the Senate, the House still cannot bring itself to force a change in the old habit of spending more money than the Federal Government has on hand.

The editorial goes on to explain what reconciliation is, then continues:

> The House finds the decision difficult because it means ordering some of its committee chairmen to cut spending, ordering them to be frugal takes nerve.

Mr. Speaker, the Senate has passed this test of nerve. Will the House be equal to the task as well? Will this House break old budget habits and live within the rules?

Mr. Speaker, with your leadership—I doubt it.

DISPOSAL SITES FOR LOW-LEVEL NUCLEAR WASTES

(Mr. GOLDWATER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GOLDWATER. Mr. Speaker, why bother having a President of the United States? Yesterday I sat with the Science and Technology Subcommittee on Energy Research on the issue of disposal sites for low-level nuclear waste. With the closing down of dumps in Washington State, Nevada, and South Carolina, hospitals, university laboratories, and scientific research centers around the country have only a few days of storage capacity left for discarding their contaminated materials.

What has the administration done about this? Absolutely nothing. "We're continuing our studies," energy officials tell us. "We're considering several alternative courses of action," we are informed.

Where is our leadership? In July I offered an amendment to the energy bill on this floor to press ahead with the settlement of federally administered sites. Chairman McCormack offered another amendment to this effect last month. We have a proposal to establish 12 regions in the country for site selection. If the States cannot decide on a policy for themselves, the Federal Government will step in. I have yet to see any action taken by the White House to get this sort of program moving. And this is typical of vacuum of leadership we are experiencing on the energy front. What is the purpose of even having a President if he is not going to do anything?

WELCOME, IRISH PRIME MINISTER LYNCH

(Mr. BIAGGI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BIAGGI. Mr. Speaker, today, President Carter welcomes to the United States the Prime Minister of Ireland, Mr. Lynch, who is here on an official 10-day state visit.

As chairman of the 130-member ad hoc Congressional Committee on Irish Affairs, I, too, welcome the Prime Minister. In advance of his arrival, Mr. Lynch had been interviewed by major U.S. news magazines and newspapers. Whereas the many concerned Irish-Americans in this Nation were hoping to read of Mr. Lynch's plans for peace in Ulster, they instead saw him attack those in America who are working for peace in Ireland.

The Prime Minister has charged that I and my "associates" are supportive of the Provisional Irish Republican Army. Let me state categorically for the record that I and the entire ad hoc Congressional Committee for Irish Affairs deplore all violence whether it be that of the IRA, the Protestant Paramilitaries or that of the British or Irish security forces.

I am for peace and justice in Ireland—nothing more, nothing less. That is my message. Prime Minister Lynch would be hard pressed to attack this message. It is far safer and easier to attack the messenger.

BIAGGI-LYNCH DIALOG

(Mr. GILMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GILMAN. Mr. Speaker, I read with great interest and concern reports that Prime Minister Lynch of the Republic of Ireland has taken exception to the invitation extended by the White House to Mario Biaggi, the chairman of our ad hoc committee on Irish Affairs. I believe that Mr. Lynch is poorly advised in this matter, and I would hope that instead of deploring the fact that he will be in Mr. Biaggi's company tonight that he would look at this as an opportunity to engage in some constructive dialog and would use this and other opportunities to exchange some positive thoughts in their search for peace in Northern Ireland.

Mr. Lynch's comments about Mr. Biaggi's support of violent activities is becoming old hat. It is time to shed the misconception that has continually clouded the Irish issue—that anyone who speaks on the topic of human rights in Northern Ireland is an IRA sympathizer. I would hope that Mr. Lynch would look a little more closely at the facts—our ad hoc Committee on Irish Affairs has worked diligently and sincerely to bring peace and justice to Northern Ireland.

I hope that Mr. Lynch and Mr. Biaggi have the opportunity to speak together tonight and on future occasions, not as adversaries but in working toward the same end—ultimate peace in Northern Ireland.

WELCOME TO THE IRISH PRIME MINISTER

(Mr. FISH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FISH. Mr. Speaker, I join my colleagues in welcoming the Prime Minister of the Republic of Ireland. I hope that in today's sessions with Members of Congress we will learn more precisely what the policy is of the Irish Republic toward Northern Ireland, what steps the Republics perceive will lead to a political solution and what proposals it has for a role for the United States. I think that on our part we can demonstrate the deep concern of Americans of Irish descent, an issue which I do not believe is fully appreciated by either governments abroad or by our own Government.

I hope, Mr. Speaker, that this will be but the first of many meetings between elected officials of the United States, Great Britain, the Republic of Ireland and the North of Ireland. The situation today is intolerable. It calls for more than passive acceptance, and I hope that we start on the road today of being of help in the solution to this problem.

□ 1020

UNITED STATES SHOULD ELIMINATE DEPENDENCE ON IRANIAN OIL

(Mr. HILLIS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HILLIS. Mr. Speaker, the United States currently receives approximately 7 percent of its imported oil from Iran. The current crisis in Iran has placed that supply of oil in jeopardy of being terminated at a moment's notice.

The present crisis in Iran is partly due to the President's failure to cope with the changing situation in that country. However, the genesis of our troubles with Iran is our over dependence on imported oil. The Department of Energy should develop immediate contingency plans to replace further imports of Iranian oil. As long as the United States remains dependent on Iranian oil, the Ayatollah Khomeini can use the threat of a boycott as leverage against us.

The American people are demanding action. They are demanding that the United States no longer be placed in a situation where we are even unable to protect our own citizens overseas. This Nation must begin today to eliminate its dependence on Iranian oil. The United States cannot afford to be ruled by Iranian mobs.

PERMISSION FOR COMMITTEE ON THE DISTRICT OF COLUMBIA TO FILE REPORT, ALONG WITH ANY MINORITY OR SEPARATE VIEWS, ON H.R. 5811, ALLOWING INTEREST RATE MODIFICATION ACT OF 1979 TO TAKE EFFECT IMMEDIATELY

Mr. DELLUMS. Mr. Speaker, I ask unanimous consent that the Committee on the District of Columbia may have until midnight tonight to file a report, along with any minority or separate views, on the bill (H.R. 5811) to allow the Interest Rate Modification Act of 1979, passed by the Council of the District of Columbia, to take effect immediately.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

CALL OF THE HOUSE

Mr. SOLOMON. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members responded to their names:

[Roll No. 636]

Abdnor
Addabbo
Akaka
Albosta
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Anthony
Applegate
Ashley
Aspin
Atkinson
AuCoin
Badham
Bafalis
Bailey
Baldus
Barnard
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Biaggi
Bingham
Blanchard
Boland
Bolling
Boner
Bonior
Bowen
Brademas
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burlison
Burton, Phillip
Butler
Byron
Campbell
Carney
Carr
Carter
Chappell
Cheney
Clausen
Clay
Cleveland
Clinger
Coelho
Coleman
Collins, Ill.
Collins, Tex.
Conable
Conte
Corcoran
Corman
Cotter
Coughlin
Courter
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, Mich.
Davis, S.C.
Deckard
Dellums
Derrick
Derwinski
Devine
Dickinson
Dicks
Dodd
Donnelly
Dornan
Dougherty
Downey
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Edgar
Edwards, Ala.
Edwards, Calif.
Emery
English
Erdahl
Erlenborn
Evans, Del.
Evans, Ind.
Fary
Fascell
Fazio
Ferraro
Findley
Fish
Fisher
Fithian
Flippo
Florio
Ford, Tenn.
Forsythe
Fountain
Fowler
Frenzel
Frost
Garcia
Gephardt
Giaimo
Gibbons
Gilman
Gingrich
Ginn
Glickman
Goldwater
Gonzalez
Goodling
Gore
Gradison
Gramm
Grassley
Gray
Green
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hanley
Hansen
Harkin
Harris
Harsha
Hefner
Hightower
Hillis
Hinson
Holland
Hollenbeck
Hopkins
Horton
Howard
Hubbard
Huckaby
Hughes
Hutto
Hyde
Ichord
Ireland
Jacobs
Jeffords
Jeffries
Jenkins
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kazen
Kelly
Kildee
Kogovsek
Kostmayer
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Lederer
Lee
Lehman
Leland
Lent
Levitas
Lewis
Livingston
Lloyd
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Luken
Lundine
Lungren
McClory
McCormack
McDade
McEwen
McHugh
McKay
McKinney
Madigan
Maguire
Markey
Marks
Marlenee
Marriott
Martin
Matsui
Mattox
Mavroules
Mica
Michel
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Mottl
Murphy, Ill.
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nelson
Nichols
Nolan
Nowak
Oakar
Oberstar
Obey
Panetta
Pashayan
Patten
Patterson
Paul
Pease
Pepper
Perkins
Petri
Peyser
Pickle
Price
Pritchard
Pursell
Quillen
Rahall
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Richmond
Rinaldo
Ritter
Roberts
Robinson
Roe
Rostenkowski
Roth
Roybal
Royer
Rudd
Russo
Sabo
Satterfield
Sawyer
Schulze
Sebelius
Seiberling
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Simon
Skelton
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solomon
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Stark
Steed
Stewart
Stockman
Stokes
Stratton
Studds
Stump
Swift
Synar
Tauke
Taylor
Thomas
Thompson
Traxler
Treen
Trible
Udall
Ullman
Van Deerlin
Vander Jagt
Vanik
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Weaver
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wolff
Wolpe
Wright
Wyatt
Wydler
Yates
Yatron
Young, Mo.
Zablocki
Zeferetti

□ 1040

The SPEAKER pro tempore (Mr. Brown of California). On this rollcall, 369 Members have recorded their presence by electronic device, a quorum.

Under the rule, further proceedings under the call are dispensed with.

REQUEST TO APPOINT CONFEREES ON H.R. 2440, AVIATION SAFETY AND NOISE ABATEMENT ACT OF 1979

Mr. JOHNSON of California. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 2440) to repeal the prohibition against the expenditure of certain discretionary funds under the Airport and Airway Development Act of 1970, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

Mr. MINETA. Mr. Speaker, reserving the right to object, if I could get an explanation from the chairman of the Committee on Public Works and Transportation relative to the nongermane Senate added provisions on the aviation noise bill aspect of this I would appreciate it, because I think that is an integral part of our discussion here. I would like to hear from our distinguished chairman relative to that portion of it.

I yield to the gentleman from California for that purpose.

Mr. HARSHA. Mr. Speaker, I have a motion to instruct at the desk.

The SPEAKER pro tempore. The gentleman is not in order at this point.

Mr. JOHNSON of California. Mr. Speaker, I thank the gentleman for yielding. I might say that when H.R. 2440 cleared the House of Representatives and came to the floor of the House here under suspension of the rules, it was taken off the suspension list. The committee took it back and we amended it with three minor amendments. We brought it back to the floor under the suspension rule, passed the bill, and sent it to the other body. The other body took its action, amended the bill by striking all after the enacting clause and inserting their version of the aviation noise bill; they named conferees, requested a conference with the House. It has laid on the desk now for 2 weeks.

I do not agree with much of the other body's bill. We have named a very fine conference committee. It has been my experience in 21 years of service here that meeting with the Senate on various conferences, we have never failed to agree and bring a bill back that has been acceptable to both the House and to the other body. We brought them back, modified and sent them on to the President.

I know that there are people in the House who do not agree with my position on aviation noise.

Certainly all of us as conferees will go to the conference on this bill and represent the House position to the *n*th degree. This conference follows the format of many other conferences, we have named the Aviation Subcommittee chairman of the Public Works and Transportation Committee the gentleman from California (Mr. Anderson) as the chairman of the conference.

I have always been fair with every Member who has ever served on a conference committee. I have never tried to coerce anyone to do anything against his or her best judgment. When the conference report is agreed on, one can sign or not sign. It still must clear both bodies.

The Ways and Means Committee is involved to an extent in this bill. I have talked this over with the chairman of the Ways and Means Committee, and we are going to give their position every consideration we possibly can.

We have performed in a way that is proper as far as the Committee on Public Works and Transportation is concerned, and the conferees that we have recommended, if they are appointed, I am sure will do a good job representing the House position.

Mr. MINETA. Mr. Speaker, I would like to further ask the distinguished chairman of the Committee on Public Works and Transportation whether or not the conferees have been named.

Mr. JOHNSON of California. I have recommended a list of conferees which is at the Speaker's desk now. It consists of Mr. Anderson of California, myself, Mr. Roberts, Mr. Levitas, Mr. Young of Missouri; and on the Republican side the ranking minority member, Mr. Harsha, the ranking minority member on the subcommittee, Mr. Snyder. So, both chairmen of the subcommittee are on the conference, and there are people on the Conference Committee who do not agree with the noise provision of the Senate bill.

Mr. MINETA. And the portion of the bill where the Commerce Committee and the Ways and Means Committee have indicated their interest in it, are they going to have any conferees on this conference?

Mr. JOHNSON of California. The Ways and Means Committee has not asked for any conferees.

I do believe the bill is strictly a public works bill that came out of our committee, and we are going to try to maintain our position. It was a bill that was referred to our committee when it was introduced, dealing with ADAP discretionary funds. That is the way our committee considered it, held the hearings, passed the bill, placed it on suspension.

As I stated, it was taken off the suspension list for a further committee consideration of a minor amendment dealing with a three-part amendment that was taken en bloc, brought to the floor, and passed. There was nothing in the bill whatsoever when it left the House that pertained to any other committee but our committee.

Mr. MINETA. Mr. Speaker, I object.

The SPEAKER pro tempore. Objection is heard.

CONFERENCE REPORT ON SENATE CONCURRENT RESOLUTION 36, SECOND CONCURRENT RESOLUTION ON THE BUDGET, FISCAL YEAR 1980

Mr. GIAIMO. Mr. Speaker, I call up the conference report on the Senate concurrent resolution (S. Con. Res. 36), revising the congressional budget for the U.S. Government for the fiscal years 1980, 1981, and 1982.

The Clerk read the title of the Senate concurrent resolution.

The SPEAKER pro tempore. Pursuant to the provisions of clause 2, rule XXVIII, the conference report and the Senate amendment in disagreement are considered as having been read.

(For conference report and statement, see proceedings of the House of November 2, 1979.)

□ 1050

MOTION OFFERED BY MR. GIAIMO

Mr. GIAIMO. Mr. Speaker, I offer a motion.

The Clerk read as follows:

> Mr. Giaimo moves to concur in the Senate amendment with an amendment as follows: Strike out section 3 and renumber the following sections accordingly.

The SPEAKER pro tempore. Pursuant to the order of the House of November 1, 1979, the gentleman from Connecticut (Mr. Giaimo) will be recognized for 1½ hours, and the gentleman from Ohio (Mr. Latta) will be recognized for 1½ hours.

Prior to recognizing the gentleman from Connecticut (Mr. Giaimo), the Chair will ask the gentleman from Kentucky (Mr. Natcher) to take the chair.

The SPEAKER pro tempore (Mr. Natcher). The Chair now recognizes the gentleman from Connecticut (Mr. Giaimo).

GENERAL LEAVE

Mr. GIAIMO. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include extraneous matter, on Senate Concurrent Resolution 36.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. GIAIMO. Mr. Speaker, I yield myself 11 minutes.

Mr. Speaker, as Members know, House and Senate conferees reached agreement on all the particulars of the second budget resolution for fiscal year 1980, except one—the issue of reconciliation. If my motion is successful, the House and Senate will have agreed on the budget aggregates and the functional spending levels. The resolution would then go back to the Senate for concurrence in, or rejection of, our action. I would hope that at this late date—well over a month into fiscal year 1980, the other body would see fit to concur.

Leaving aside for the moment the issue of reconciliation, I believe we have reached sensible compromises and produced a conference report which protects all of the important priorities assumed in the House resolution.

The conference was a difficult and arduous one. It was the most protracted in the history of the congressional budget process—stretching over a period of more than 3 weeks, during which conferees met almost daily.

There were two basic reasons for the lengthy conference:

First, the resolutions as passed by the two Houses showed wider than usual variations in spending levels in a number of important areas. Second, the issue of reconciliation simply did not lend itself to compromise.

But, as I have said, conferees agreed on aggregates which continue the congressional policy of spending restraint to combat inflation while meeting vital national needs.

These are the aggregates agreed to in the conference report:

Revenues: $517.8 billion—$1.45 billion less than in the House resolution.

Budget authority: $638 billion—$6.19 billion more than in the House resolution.

Outlays: $547.6 billion—$575 million less than in the House resolution.

Deficit: $29.8 billion—$875 million more than in the House resolution.

From the outset of the conference, it was apparent that in order to reach agreement, compromises would have to be made in two broad budget areas—defense and social programs.

In the end, House conferees moved toward the Senate's higher defense spending levels. But in return, House conferees insisted that the Senate move substantially toward the House levels in functions 500—education, training, employment, and social services; 550—health; 600—income security; and 700—veterans benefits.

Senate conferees were united on their defense position. They argued that higher defense spending should be approved because of the Senate's concern with real growth in defense and the debate over ratification of the SALT II treaty.

In return, however, House conferees successfully insisted on major concessions in the four budget functions I have mentioned.

As a result, the conference agreement maintains the following critical House priorities:

A total of 200,000 countercyclical public service jobs under CETA title VI and 250,000 public service jobs for the structurally unemployed under title II–D at the end of the fiscal year.

Funding for an antirecession targeted fiscal assistance program to help cities and other local governments suffering fiscal distress because of high unemployment.

Funding to increase the title XX social services program ceiling to $3 billion, including $200 million for child care.

The policy of full funding of the basic educational opportunity grants program to enable all undergraduate students to obtain the full assistance for which they are eligible.

Funding to accommodate a variety of energy-related transportation initiatives.

Funding to liberalize the trade adjustment assistance program to provide protection to workers who become unemployed as a result of foreign trade competition.

It was the belief of the House conferees that the lower funding levels in the Senate-passed resolution would have jeopardized these vital programs, all of them made even more vital by increasing evidence of recession and rising unemployment ahead.

Let me briefly outline some other highlights of the conference agreement:

It assumes $39.5 billion in budget authority and $7.25 billion in outlays in function 270—energy—sufficient to accommodate a wide range of new initiatives—a major synfuels program; increases over the amounts recommended by the President for energy conservation and solar programs; a variety of energy-related transportation measures, as well as a program of assistance to low-income families to offset the effects of higher energy costs in the income security function.

House conferees believe strongly that these initiatives should only be funded from receipts from a windfall profits tax on oil corporations, the enactment of which is assumed in the revenue total in the conference report.

It provides for increased food assistance and disaster relief in response to the emergency in Cambodia and a greatly expanded level of assistance for Indochinese and Soviet refugees.

It will accommodate the child health

assurance program (CHAP) legislation to expand the existing medicaid program to provide screening and follow-up care for nearly 5 million more children of low-income parents as well as pre- and post-natal care for some 220,000 low-income pregnant women. In addition, it will accommodate medicare expansions to improve psychiatric benefits for the elderly, expand home health services, and improve coverage for disabled persons.

It will accommodate lifting the appropriations ceiling in the food stamp program to insure that benefits to the needy are not jeopardized because of higher food costs and unemployment.

It will accommodate a 9.9-percent cost-of-living adjustment for veterans with service-connected disabilities and their survivors.

In short, the conference report provides sufficient funding to meet urgent national needs. At the same time, it calls for a minimum few new programs, with energy initiatives a notable and pressing exception. The deficit remains under $30 billion, close to that projected in the House-passed resolution. And projections of current policy in the conference report—that is, a continuation of present programs with no new starts and no tax cut—show that a budget surplus could be achieved in fiscal year 1981 if the economy is stable.

I urge support of the amendment on both sides of the aisle. The conference report, of course, bears the stamp of the majority party, as it should in our congressional system. I would hope, however, that some minority members will find it possible to support the budget, as they do consistently and in large numbers in the other body. I find it difficult to believe that minority members of the House are in total philosophic disagreement with the mainstream of their party in the Senate.

Let me turn now to the issue of reconciliation.

The Congressional Budget and Impoundment Control Act of 1974 provided that the Budget Committees can recommend and the two Houses can direct committees of jurisdiction to make changes in revenue and spending legislation, including legislation already enacted, to meet the fiscal needs as set forth in the second budget resolution.

The Senate chose to invoke this provision for fiscal year 1980. It voted to instruct six Senate and seven House committees to report legislation reducing budget authority by $850 million and outlays by $1.8 billion, and it voted a ceiling on the appropriations committees.

The reconciliation provision is complex, controversial, and potentially cumbersome. After thorough discussion of the issue, the House Budget Committee during markup decided not to invoke the provision because it felt the procedure was not appropriate for the House at this time, and the House adopted the resolution without it.

In conference with the Senate, House conferees made these points in upholding the House position:

First, while Senate committees in some cases breached the targets set in the first budget resolution, most House committees were remarkably successful in observing the targets. We did not deem it appropriate to hold House committees responsible for increases in outlays necessitated by changes in the economy or unforeseen new national needs.

Second, the complexities of the reconciliation process could consume an enormous amount of time in both Houses at a time when action is pending this month and next on a range of major legislation.

Third, and most important, House conferees believe that reconciliation is unnecessary if further progress can be made on a number of legislative reforms in current law recommended by the committee and assumed in both the first and second resolutions.

These reforms, which would change a number of entitlement programs to remove inequities or provisions which have outlived their need, could save much more than the amounts in the Senate's reconciliation directive.

Already, either the House or the Senate or both have reported reforms which would save more than $1.6 billion in outlays in fiscal year 1980 and even larger amounts in subsequent years.

The largest of these is the House-reported hospital cost containment bill, which could save some $620 million. Others include reforms in the medicare and medicaid programs, in social security disability provisions, in cash assistance programs, in child nutrition programs, impact aid to schools, and veterans programs.

Under the leadership of our colleague, Leon Panetta, a Budget Committee task force has worked tirelessly throughout the session with House committees on the entire package of reform recommendations. The response of the committees has been most encouraging. Their attitude, almost without exception, has been one of cooperation. We have made important breakthroughs, and our task for the remainder of this session and the next will be to carry these reforms forward to final enactment.

We have all heard it said that only about one-quarter of the total Federal budget is "controllable" by the Congress. What is meant by that statement is that a good portion of the remaining three-quarters involves "entitlement" programs previously mandated by the Congress.

But let us not mislead ourselves. We can control Federal spending. We can make changes in entitlement programs. And when provisions in those programs work unfairly or have outlived their usefulness, it is our duty to change them.

It is not easy. We all know that every entitlement program has its organized and vocal constituency. We all know that once a provision is on the books, it is difficult to remove, regardless of whether or not it still fulfills the purpose its framers intended.

But it can be done. We have made more progress in this connection this year than perhaps ever in history. But we need to follow through on the excellent start we have made in this session.

I should point out that while the House disagreed with the Senate on reconciliation for fiscal year 1980, the conference report contains the statement that the House conferees "strongly support the reconciliation process set forth in the Budget Act." We believe it should not be invoked this year. It remains a potential tool for future use, however, if circumstances warrant and if we are unable to restrain spending and to effect long overdue legislative savings.

I would be remiss if I did not at least briefly pay tribute to those who labored through the long conference, representing both the House and Senate. While agreement was arrived at only with great difficulty, a spirit of marked good will, tolerance, and patience prevailed on both sides. While we disagreed fundamentally on reconciliation, I have the greatest respect for the viewpoint of my counterpart, Senator Muskie, and his conferees, and for their dedication to making the budget process work.

Explanation of Conference Report, Second Budget Resolution for Fiscal Year 1980

Revenues

[In millions of dollars]

House resolution	$519,250
Senate resolution	514,700
Conference agreement	517,800
Conference over (+) under (−) House	−1,450

The House Resolution provided $519,250 million in revenues through current law and new legislation.

The Senate Resolution provided $514,700 million through current law and new legislation.

The conference substitute provides $517,800 million in revenues, $1,450 million below the House level. The conference substitute assumes that new legislation will result in an increase in revenues on a net basis of $2,400 million. This number does not represent a policy position on tax legislation but a compromise on revenues; there is no intent to prejudge the outcome of the conference on the windfall profits tax.

FUNCTION 050: NATIONAL DEFENSE

[In millions of dollars]

	Budget authority	Outlays
House resolution	138,156	128,587
Senate resolution	141,200	130,600
Conference agreement	141,200	129,900
Conference over (+) under (−) House	+3,044	+1,313

The House Resolution provided $138,156 million in budget authority and $128,587 million in outlays.

The Senate Resolution provided $141,200 million in budget authority and $130,600 million in outlays.

The conference substitute provides for $141,200 million in budget authority and $129,900 million in outlays for the National Defense function. The budget authority amount represents the administration request and the amount in the Senate Resolution. It is $3,044 million higher than the amount contained in the House Resolution.

The outlay estimate is $700 million below the Senate Resolution and $1,313 million higher than the House Resolution.

FUNCTION 150: INTERNATIONAL AFFAIRS

[In millions of dollars]

	Budget authority	Outlays
House resolution	12,593	8,522
Senate resolution	13,100	8,300
Conference agreement	13,100	8,400
Conference over (+) under (−) House	+507	−122

The House Resolution provided $12,593 million in budget authority and $8,522 million in outlays.

The Senate Resolution provided $13,100 million in budget authority and $8,300 million in outlays.

The conference substitute provides $13,100 million in budget authority and $8,400 million in outlays which is an increase of $507 million in budget authority and a decrease of $122 million in outlays from the House Resolution. The level provided is assumed to accommodate final action on foreign assistance appropriations for fiscal year 1980. The conferees also agreed that the amounts provided were consistent with funding food and disaster assistance in connection with the current emergency in Cambodia.

FUNCTION 250: GENERAL SCIENCE, SPACE, AND TECHNOLOGY

[In millions of dollars]

	Budget authority	Outlays
House resolution	5,833	5,662
Senate resolution	5,900	5,700
Conference agreement	5,850	5,700
Conference over (+) under (−) House	+17	+38

The House Resolution provided budget authority of $5,833 million and outlays of $5,662 million.

The Senate Resolution provided budget authority of $5,900 million and outlays of $5,700 million.

The conference substitute provides $5,850 million in budget authority and $5,700 million in outlays. These amounts are slightly higher than the House Resolution in budget authority and outlays because of rounding. However, the policy assumptions adopted in the House Resolution are maintained.

FUNCTION 270: ENERGY

[In millions of dollars]

	Budget authority	Outlays
House resolution	36,266	8,801
Senate resolution	41,000	7,000
Conference agreement	39,500	7,250
Conference over (+) under (−) House	+3,234	−1,551

The House Resolution provided budget authority of $36,266 million and outlays of $8,801 million.

The Senate Resolution provided budget authority of $41,000 million and outlays of $7,000 million.

The conference substitute provides $39,500 million in budget authority and $7,250 million in outlays. These amounts are basically consistent with the policy assumptions in the House Resolution with two exceptions. First, the conferees agreed to a higher allowance in budget authority for new initiatives such as the Energy Security Corporation, conservation, solar, etc. Second, the conferees transferred the allowance for energy-related low-income assistance from function 270, as assumed in the House Resolution, to function 600. This is merely a technical adjustment between functional categories. Additionally, the conferees agreed to leave the allowance for energy-related transportation initiatives in function 270 as it was reflected in the House Resolution.

The House managers further assume that the new energy initiative and tax expenditure programs assumed in this compromise will not be supported to their full extent if the windfall profits tax on the oil industry finally enacted by the Congress is significantly weakened from the House-enacted H.R. 3919.

FUNCTION 300: NATURAL RESOURCES AND ENVIRONMENT

[In millions of dollars]

	Budget authority	Outlays
House resolution	12,525	11,926
Senate resolution	12,700	11,900
Conference agreement	12,600	11,900
Conference over (+) under (−) House	+75	−26

The House Resolution provided budget authority of $12,525 million and outlays of $11,926 million.

The Senate Resolution provided budget authority of $12,700 million and outlays of $11,900 million.

The conference substitute provides $12,600 million in budget authority and $11,900 million in outlays. The level of budget authority provided in the conference substitute reflects a compromise of about half the difference between the House and Senate Resolutions and maintains the policy assumptions of the House Resolution. There is no significant difference in outlays.

FUNCTION 350: AGRICULTURE

[In millions of dollars]

	Budget authority	Outlays
House resolution	4,983	2,542
Senate resolution	5,000	2,600
Conference agreement	5,000	2,550
Conference over (+) under (−) House	+17	+8

The House Resolution provided budget authority of $4,983 million and outlays of $2,542 million.

The Senate Resolution provided budget authority of $5,000 million and outlays of $2,600 million.

The conference substitute provides $5,000 million in budget authority and $2,550 million in outlays. These amounts reflect rounding of budget authority and outlays and are policy consistent with the House Resolution.

FUNCTION 370: COMMERCE AND HOUSING CREDIT

[In millions of dollars]

	Budget authority	Outlays
House resolution	6,778	2,828
Senate resolution	6,800	3,000
Conference agreement	6,800	2,850
Conference over (+) under (−) House	+22	+22

The House Resolution provided $6,778 million in budget authority and $2,828 million in outlays.

The Senate Resolution provided $6,800 million in budget authority and $3,000 million in outlays.

The conference substitute provides $6,800 million in budget authority and $2,850 million in outlays. This is $22 million in budget authority and $22 million in outlays above the House Resolution. The agreement represents appropriations and other spending actions already completed by the House, plus estimates of mortgage credit program activity consistent with the economic assumptions agreed upon by the conferees.

FUNCTION 400: TRANSPORTATION

[In millions of dollars]

	Budget authority	Outlays
House resolution	19,610	18,651
Senate resolution	19,500	18,600
Conference agreement	19,500	18,600
Conference over (+) under (−) House	−110	−51

The House Resolution provided $19,610 million in budget authority and $18,651 million in outlays.

The Senate Resolution provided $19,500 million in budget authority and $18,600 million in outlays.

The conference substitute provides $19,500 million in budget authority and $18,600 million in outlays. This is $110 million in budget authority and $51 million in outlays below the House-passed resolution.

The conference agreement generally provides for the transportation funding levels included in the House-passed Transportation Appropriations Bill, the conference-agreed-upon HUD Appropriations bill and the State-Justice Appropriation bill which has been signed into law. The conference agreement continues the House assumption that air noise legislation will not be enacted in the current session of Congress and in addition, assumes small reductions from the highway funding and appropriated transportation program levels assumed in the House-passed Resolution.

The conference agreement also includes in the Energy Function: 270, $1,300 million in budget authority and $200 million in outlays to accommodate congressional consideration of the President's transportation-energy initiative.

Overall the conference agreement in general reflects the House transportation actions to date with a small program reduction assumed. This is a tight transportation budget but one which provides for our national transportation needs on a priority basis in all modes.

FUNCTION 450: COMMUNITY AND REGIONAL DEVELOPMENT

[In millions of dollars]

	Budget authority	Outlays
House resolution	8,991	8,289
Senate resolution	8,900	8,400
Conference agreement	8,900	8,350
Conference over (+) under (−) House	−91	+61

The House Resolution provided $8,991 million in budget authority and $8,289 million in outlays.

The Senate Resolution provided $8,900 million in budget authority and $8,400 million in outlays.

The conference substitute provides $8,900 million in budget authority and $8,350 million in outlays. This is $91 million in budget authority below the House-passed Resolution and $61 million in outlays above the House-passed Resolution.

The conferees agreed on budget authority which is $91 million below the House Resolution and the same as the Senate Resolution; outlays are the same as the Senate Resolution and $61 million above the House Resolution. The changes relate primarily to the Small Business Administration Disaster Loan program. The agreement reflects the strong support of the conferees for legislation to rationalize the several Federal programs of disaster assistance in order to reduce demands upon the Federal Treasury.

FUNCTION 500: EDUCATION, TRAINING, EMPLOYMENT AND SOCIAL SERVICES

[In millions of dollars]

	Budget authority	Outlays
House resolution	31, 391	31, 371
Senate resolution	29, 700	30, 500
Conference agreement	30, 900	31, 000
Conference over (+) under (−) House	−491	−371

The House Resolution provided budget authority of $31,391 million and outlays of $31,371 million.

The Senate Resolution provided budget authority of $29,700 million and outlays of $30,500 million.

The conference substitute provides budget authority of $30,900 million and outlays of $31,000 million.

EDUCATION

The conference substitute provides budget authority of $14,600 million and outlays of $14,100 million for education programs, including elementary and secondary school programs, assistance for higher education programs and general aids and research activities. These amounts represent a reduction of $367 million in budget authority and $250 million in outlays from the House-passed Resolution reflecting a reestimate of the costs to provide full funding for the Basic Educational Opportunity Grants (BEOGs) program.

The reduction in BEOGs' budget requirements is based on a recent downward reestimate of student participation in the fiscal year 1979 program which results in a lower level of obligations than had been assumed in the House-passed Resolution. The lower level of fiscal year 1979 obligations results in a greater-than-anticipated carryover of funds into fiscal year 1980 which can be utilized to reduce new BEOGs budget authority. In addition, it is assumed that the fiscal year 1980 program will not exceed the fiscal year 1979 participation rate, thereby also reducing the estimate of fiscal year 1980 budget requirements below the House-passed level. Despite these reductions, the conference substitute provides $500 million in budget authority above the amounts for the BEOGs program included in the Conference Report on the Labor-HEW Appropriations bill.

It is the intention of the House conferees that the policy of full funding for the BEOGs program be maintained in fiscal year 1980. Should the funds included in the conference substitute prove insufficient to fully fund all eligible students, it is assumed that additional funds will be provided through a supplemental appropriation to achieve the full funding objective.

For the remainder of education programs, the conference substitute provides funds at all levels included in the House-passed interior Appropriations bill and the conference agreement on the Labor-HEW Appropriations bill. The conference substitute also provides additional funding, above the amount included in the Guaranteed Student Loans program. For education programs included in the Legislative Branch Appropriations bill, the conference substitute provides funds consistent with the First Budget Resolution assumptions.

TRAINING AND EMPLOYMENT PROGRAMS

The conference substitute provides $10,600 million in budget authority and $11,450 million in outlays for training, employment and other programs administered by the Department of Labor. These totals are the same as in the House-passed Resolution. The totals assume funding for 250,000 average and year-end title II–D structurally unemployed persons and 200,000 year-end title VI cyclically unemployed persons and include room for an anticipated supplemental of $471 million in budget authority and $351 million in outlays for the Public Service Employment (PSE) programs. Further, the totals assume funding the remainder of the training, employment, and other Labor Department programs at the levels established in the Labor-HEW Appropriations Conference Report, which included $2.1 billion in budget authority for youth employment and training programs.

For the title VI countercyclical program, the conference substitute assumes funding for an average of 235,000 jobs. The conference substitute assumes that the title VI program will phase down from a 1979 end-of-year strength of 300,000 to 200,000 at the end of fiscal year 1980. In order to meet this goal, the conference substitute assumes a supplemental of $237 million in budget authority and $129 million in outlays based on recent estimates of average per-participant costs and revised amounts of funds available from prior years. Further, the conference substitute assumes that CETA prime sponsors, in operating both the titles II–D and VI PSE programs, will carry over 10 percent of their available funds in fiscal year 1981. Over the past two years the national average percent of carryover for CETA PSE programs has ranged from 13 percent to 35.5 percent. While the need for prime sponsors to carry over funds from one year to the next in order to maintain program continuity is recognized, the conference substitute assumes that the carryover will not exceed 10 percent of each prime sponsor's available PSE funds as prescribed in Labor Department regulations.

SOCIAL SERVICES

The conference substitute provides $5,700 million in budget authority and $5,550 million in outlays for social services programs. These totals represent a $100 million reduction in both budget authority and outlays from the House-passed Resolution. The conference substitute provides sufficient funds for a $3.0 billion title XX social services ceiling, as well as sufficient supplemental funds for ACTION. The title XX ceiling of $3.0 billion would be $100 million above the fiscal year 1979 level, $100 million below the House-passed H.R. 3434, Social Services and Child Welfare Act Amendments of 1979, and $300 million above both the Senate Resolution and the Senate-passed H.R. 3434. Finally, the totals assume the funding included for other social services programs in the Labor-HEW Appropriations conference agreement.

[In millions of dollars]

	First Budget Resolution		House-passed Second Budget Resolution		Conference agreement		Conference difference over (+)/ under (−) House First Resolution	
	Budget authority	Outlays	Budget authority	Outlays	Budget authority	Outlays	Budget authority	Outlays
Education	14, 996	13, 966	14, 952	14, 324	14, 585	14, 074	−411	+108
Training and employment	10, 289	11, 234	10, 637	11, 454	10, 637	11, 454	+348	+220
Social services	5, 727	5, 471	5, 814	5, 606	5, 690	5, 485	−37	+14
Across-the-board reduction (Fisher amendment)	−150	−159					+150	+159
Offsetting receipts	−12	−12	−12	−12	−12	−12		
Total	30, 850	30, 500	31, 391	31, 371	30, 900	31, 000	+50	+500

Note: Totals may not add due to rounding.

FUNCTION 550: HEALTH

[In millions of dollars]

	Budget authority	Outlays
House resolution	58, 767	54, 715
Senate resolution	58, 800	54, 200
Conference agreement	58, 800	54, 450
Conference over (+) under (−) House	+33	−265

The House Resolution included $58,767 million in budget authority and $54,715 million in outlays.

The Senate Resolution provided $58,800 million in budget authority and $45,200 million in outlays.

The conference substitute provides budget authority of $58,800 million and $54,450 million in outlays for fiscal year 1980.

MEDICARE

The conference substitute includes $35,600 million in budget authority and $32,600 million in outlays for Medicare. The substitute assumes that mandatory hospital cost containment legislation will be enacted in accordance with bills already reported by the House Ways and Means and Interstate and Foreign Commerce Committees.

In addition, the Ways and Means and Finance Committees have each reported a number of different legislative changes which will modify the program and lower costs. These include mandatory reimbursement for the elderly covered under private liability insurance policies, expanded Professional Standards Review Organizations (PSRO) responsibilities, lower reimbursement to hospitals when nursing home care is provided, and increased use of outpatient surgery when medically appropriate. The conference substitute assumes enactment of these measures designed to reduce Medicare outlays by $581 million.

The conference substitute also assumes that needed services for the elderly will be expanded under Medicare. An allowance of

$171 million is included in the substitute for bills reported by the Ways and Means and Finance Committees to provide additional coverage for home health services and elimination of certain restrictions in coverage for disabled persons.

MEDICAID

The conference substitute provides $13,600 million in budget authority and $12,850 million in outlays for Medicaid. This is approximately the same amount as the House Resolution. The substitute assumes the enactment of mandatory hospital cost containment legislation. It also assumes that supplemental funding will be required in fiscal year 1980 to meet program requirements resulting from higher inflation and to replace budget authority borrowed to comply with the fiscal year 1979 Michel Amendment to the Labor-HEW Appropriations bill. The substitute also assumes enactment of legislative reforms, which are being considered by the Interstate and Foreign Commerce Committee, to lower costs in Medicaid. The Senate Finance Committee already has reported amendments which will lower expenditures in fiscal year 1980 by revising letter of credit payments to States and extending PSRO review to additional services. Outlay savings of $376 million are assumed from these reforms in fiscal year 1980.

The substitute also includes $206 million needed in fiscal year 1980 to expand benefits under Medicaid, including implementation of the proposed Child Health Assurance Program which will provide eligibility to comprehensive ambulatory health services to an additional five million low-income children and an additional 220,000 pregnant women.

DISCRETIONARY HEALTH

The conference substitute includes $9,600 million in budget authority and $9,000 million in outlays for health programs other than Medicaid and Medicare. Consistent with the Labor-HEW Appropriations Conference Report, increases are included for community and migrant health centers, family planning services, disease investigation and control activities, health professions student assistance, biomedical research, and health maintenance organizations. Of the total, $800 million in budget authority and $300 million outlays are included to maintain the current level for programs which were unauthorized when the Labor-HEW Appropriations bill was considered. It is assumed that these programs, including nurse training, health planning and alcoholism and drug abuse prevention and treatment will be funded through a fiscal year 1980 supplemental appropriation. The conference substitute includes outlays at the fiscal year 1979 level for these health programs.

The following table provides a more specific comparison of the First Budget Resolution, the House-passed Second Resolution, and the conference substitute.

FUNCTION 550: HEALTH—COMPARISON OF FIRST AND SECOND BUDGET RESOLUTIONS, FISCAL YEAR 1980

			Second Budget Resolution					
	First Budget Resolution		House-passed		Conference substitute		Difference conference over/ under First Resolution	
	Budget authority	Outlays	Budget authority	Outlays	Budget authority	Outlays	Budget authority	Outlays
Medicare, current law	35,745	33,456	35,618	33,739	35,600	33,550	−145	+94
Proposed legislation:								
Hospital cost containment		−1,300		−540		−540		+760
Other legislative savings		−266		−578		−581		−315
Benefit improvements		156		171		171		+15
Subtotal, medicare	35,745	32,046	35,618	32,792	35,600	32,600	−145	+554
Medicaid, current law	12,795	12,552	13,665	13,083	13,670	13,100	+875	+548
Proposed legislation:								
Hospital cost containment	−100	−100	−50	−80	−50	−80	+50	+20
Other legislative savings	−138	−138	−229	−387	−226	−376	−88	−238
Benefit improvements	312	312	206	206	206	206	−106	−106
Subtotal, medicaid	12,869	12,626	13,592	12,822	13,600	12,850	+731	+224
Discretionary health programs	9,500	9,000	9,571	9,115	9,614	9,014	+114	+14
Offsetting receipts	−14	−14	−14	−14	−14	−14		
Across-the-board reduction		−58						
Total, health	58,100	53,600	58,767	54,715	58,800	54,450	+700	+850

FUNCTION 600: INCOME SECURITY

[In millions of dollars]

	Budget authority	Outlays
House resolution	217,658	188,795
Senate resolution	216,600	188,700
Conference agreement	218,500	190,000
Conference over (+) under (−) House	+842	+1,205

The House Resolution provided $217,658 million in budget authority and $188,795 million in outlays.

The Senate Resolution provided $216,600 million in budget authority and $188,700 million in outlays.

The conference substitute provides budget authority of $218,500 million and outlays of $190,000 million, which is an increase of $842 million in budget authority and $1,205 million in outlays above the House-passed Resolution.

The largest adjustment is the consolidation of the $1,600 million in budget authority and outlays for low-income energy assistance in the income security function. The House Resolution had included $250 million for this program in the income security function. This is the same as the amount included in the conference agreement on the Labor-HEW Appropriations bill. The remaining $1,350 million proposed for this activity by the President was included in the energy function. The Senate had included $572 million in budget authority and $543 million in outlays for low-income energy assistance in the income security function and no funds for this purpose in the energy function.

The conference substitute reduces the estimate for subsidized housing by $200 million in budget authority below the House-passed Resolution, which had included the amount in the conference agreement on the HUD-Independent Agencies Appropriations bill for fiscal year 1980. The Senate Resolution assumed a reduction of $700 million in budget authority below the conference agreement on the appropriations bill. Because the Senate Resolution did not include language which would require reconciliation by the Appropriations Committee, the assumed reduction of $700 million in the Senate Resolution agreement would not have necessarily occurred in subsidized housing. Similarly, the conference substitute does not include a reconciliation directive which would require the reduction to be made in subsidized housing. If the $200 million reduction in the conference substitute were to be made in subsidized housing, however, there would be 2,000 less units available than the 257,000 assumed in the House Resolution.

The conference substitute provides $100 million in budget authority and outlays for legislation under the jurisdiction of the Committee on Ways and Means, a reduction of $100 million in budget authority and outlays from the House-passed Resolution. Because that Committee has reported legislative savings which exceed the target in the House Resolution by $100 million, this reduction does not jeopardize funding for legislative initiatives, such as the Trade Adjustment Assistance Amendments (H.R. 1543), which had been reported when the House approved the Second Budget Resolution.

The conference substitute accommodates the extension of the Indochinese Refugee Assistance program. A reduction to the House estimates of $129 million in budget authority and $27 million in outlays reflects the approach in the extension approved by the Senate (S. 643) which funds the program through annual appropriations. The conference substitute accommodates the program level of 14,000 admissions a month assumed in the House Resolution.

The conference substitute includes several estimating adjustments which total $79 million in budget authority. The largest of these is a reduction of $67 million in budget authority for public assistance, reflecting the fact there was not a drawdown of fiscal year 1980 appropriations to finance the fiscal year 1979 program as assumed in the House Resolution.

Attached is a table which provides more detail on the House allocation of the conference agreement:

FUNCTION 600: INCOME SECURITY—HOUSE/SENATE DIFFERENCES, 2D BUDGET RESOLUTION, FISCAL YEAR 1980

[In millions of dollars]

	House 2d resolution		House allocation of conference agreement 2d resolution		Difference (passed plus conference)	
	Budget authority	Outlays	Budget authority	Outlays	Budget authority	Outlays
General retirement/disability (601):						
Social security	115, 368	118, 615	115, 368	118, 615		
Proposed legislation		−17		−17		
Railroad retirement	4, 161	4, 657	4, 145	4, 643	−16	−14
Special benefits to coal miners	1, 935	1, 943	1, 935	1, 943		
Other	11	11	11	11		
Subtotal (601)	121, 475	125, 209	121, 459	125, 195	−16	−14
Federal employee retirement (602)	23, 645	14, 531	23, 645	14, 531		
Proposed legislation		−97	4	−97	+4	
Housed-passed legislation	23	12	23	12		
Subtotal (602)	23, 668	14, 446	23, 672	14, 446	+4	0
Unemployment insurance (603)	15, 880	15, 279	15, 880	15, 279		
Proposed legislation	177	177	177	177		
Subtotal (603)	16, 057	15, 456	16, 057	15, 456	0	0
Public assistance and other (604) cash assistance:						
SSI	6, 323	6, 267	6, 323	6, 267		
AFDC	7, 357	7, 180	7, 290	7, 180	−67	
Legislation:						
Initiatives	126	126	116	116	−10	−10
Impact from social security	23	23	23	23		
Savings	−146	−146	−236	−236	−90	−90
Subtotal, cash assistance	13, 683	13, 450	13, 516	13, 350	−167	−100
Housing assistance	27, 479	5, 334	27, 279	5, 331	−200	−3
Food stamps	6, 189	6, 263	6, 189	6, 263		
Legislation:						
Removal of cap	2, 008	1, 907	2, 008	1, 907		
Savings	−250	−250	−250	−250		
Public Law 95–58	18	18	18	18		
Subtotal, food stamps	7, 965	7, 938	7, 965	7, 938		
School lunch:						
Child nutrition	4, 644	4, 403	4, 644	4, 403		
Proposed legislation	−165	−165	−165	−165		
Refugee assistance	76	138	76	138		
Proposed legislation	76, 454	264	325	237	−129	−27
Low-income energy assistance	250	250	1, 600	1, 600	+1, 350	+1, 350
Earned income tax credit	1, 874	1, 874	1, 874	1, 874		
Other	198	197	198	197		
Subtotal (604)	56, 458	33, 683	57, 312	34, 903	+854	1, 220
Grand total	217, 658	188, 795	218, 500	190, 000	+842	+1, 205

Note: Additional allowance of $1,350,000,000 in budget authority and outlays included in function 270: Energy.

FUNCTION 700: VETERANS BENEFITS AND SERVICES

[In millions of dollars]

	Budget authority	Outlays
House resolution	21, 607	20, 851
Senate resolution	21, 200	20, 600
Conference agreement	21, 450	20, 800
Conference agreement over (+) under (−) House	−157	−51

The House Resolution provided $21,607 million in budget authority and $20,851 million in outlays.

The Senate Resolution provided $21,200 million in budget authority and $20,600 million in outlays.

The conference substitute provides $21,450 million in budget authority and $20,800 million in outlays. The conference substitute accommodates veterans programs levels established in the HUD-Independent Agencies Appropriations bill and reflects recent House passage of a 9.9 percent cost-of-living adjustment in compensation to service-connected disabled veterans, as well as a 17 percent increase in the payment rate for vocational rehabilitation for service-disabled veterans. In addition, legislative savings from hospital and medical care reforms are assumed.

[In billions of dollars]

	First Budget Resolution		House-passed Second Budget Resolution		Conference agreement Second Budget Resolution		Conference difference over (+) under (−) First Budget Resolution	
	Budget authority	Outlays	Budget authority	Outlays	Budget authority	Outlays	Budget authority	Outlays
Income security	12.3	12.0	12.5	12.15	12.4	12.1	+0.1	+0.1
Education, training, and rehabilitation	2.3	2.2	2.3	2.2	2.2	2.1	−.1	−.1
Hospital and medical care	6.1	6.0	6.2	6.1	6.2	6.1	−.1	+.1
Housing and other	.6	.4	.6	.4	.7	.5	+.1	+.1
Function total	21.2	20.6	21.6	20.85	21.5	20.8	+.25	+.2

Note: Figures may not add to totals due to rounding.

FUNCTION 750: ADMINISTRATION OF JUSTICE

[In millions of dollars]

	Budget authority	Outlays
House resolution	4, 269	4, 468
Senate resolution	4, 200	4, 400
Conference agreement	4, 200	4, 400
Conference over (+) under (−) House	−69	−68

The House Resolution provided $4,269 million in budget authority and $4,468 million in outlays.

The Senate Resolution provided $4,200 million in budget authority and $4,400 million in outlays.

The conference substitute provides $4,200 million in budget authority and $4,400 million in outlays. This is $69 million in budget authority and $68 million in outlays below the House-passed resolution.

FUNCTION 800: GENERAL GOVERNMENT

[In millions of dollars]

	Budget authority	Outlays
House resolution	4, 484	4, 301
Senate resolution	4, 400	4, 200
Conference agreement	4, 450	4, 200
Conference over (+) under (−) House	−34	−101

The House Resolution provided $4,484 million in budget authority and $4,301 million in outlays.

The Senate Resolution provided $4,400 million in budget authority and $4,200 million in outlays.

The Senate Resolution provided $4,400 million in budget authority and $4,200 million in outlays. This is $34 million in budget authority and $101 million in outlays below the House Resolution. The agreement provides for sufficient funding to accommodate enacted appropriations bills affecting this function.

FUNCTION 850: GENERAL PURPOSE FISCAL ASSISTANCE

[In millions of dollars]

	Budget authority	Outlays
House resolution	9, 076	9, 075
Senate resolution	9, 300	9, 300
Conference agreement	9, 050	9, 050
Conference over (+) under (−) House	−26	−25

The House Resolution provided $9,076 million in budget authority and $9,075 million in outlays.

The Senate Resolution provided $9,300 million in budget authority and $9,300 million in outlays.

The conference substitute provides $9,050 million in budget authority and $9,050 million in outlays. This is $26 million in budget authority and $25 million in outlays below the House-passed Resolution. The agreement provides for funding of an antirecession/targeted fiscal assistance program and full funding of the revenue sharing program at $6,900 million in fiscal year 1980.

FUNCTION 900: INTEREST

[In millions of dollars]

	Budget authority	Outlays
House resolution	58,038	58,038
Senate resolution	58,100	58,100
Conference agreement	58,100	58,100
Conference over (+) under (−) House	+62	+62

The House Resolution provided $58,038 million in budget authority and $58,038 million in outlays.

The Senate Resolution provided $58,100 million in budget authority and $58,100 million in outlays.

The conference substitute provides $58,100 million in budget authority and $58,100 million in outlays. This is $62 million in budget authority and $62 million in outlays above the House-passed resolution. The agreement recognizes estimating adjustments to reflect the assumed deficit amounts and changes in the general level of interest rates.

FUNCTION 920: ALLOWANCES

[In millions of dollars]

	Budget authority	Outlays
House resolution	482	453
Senate resolution	−100	−100
Conference agreement	−200	−200
Conference over (+) under (−) House	−682	−653

The House Resolution provided $482 million in budget authority and $453 million in outlays.

The Senate Resolution provided −$100 million in budget authority and −$100 million in outlays.

The conference substitute provides −$200 million in budget authority and −$200 million in outlays. This is $682 million in budget authority and $653 million in outlays below the House-passed resolution. The agreement assumes that the reductions required by the Michel amendment in the Labor-HEW Appropriations bill and the reduction in travel and transportation required by the recent continuing resolution will more than offset the costs of pay raises in non-defense agencies, assuming absorption of 40 percent of gross costs of the recent 7 percent pay raise.

FUNCTION 950: UNDISTRIBUTED OFFSETTING RECEIPTS

[In millions of dollars]

	Budget authority	Outlays
House resolution	−19,700	−19,700
Senate resolution	−19,700	−19,700
Conference agreement	−19,700	−19,700
Conference over (+) under (−) House		

The House Resolution provided −$19,700 million in budget authority and −$19,700 million in outlays.

The Senate Resolution provided −$19,700 million in budget authority and −$19,700 million in outlays.

The conference substitute provides −$19,700 million in budget authority and −$19,700 million in outlays. This is the same as in the House-passed resolution.

□ 1100

Our Appropriations Committee stayed under the spring target to the budget resolution in every instance but one. That was energy and that was necessitated because of the massive new initiatives that took place in energy this summer. We did not think at this late stage in the legislative year that it was either wise or feasible to mandate reconciliation.

Mr. Speaker, let me say I believe in reconciliation as a budget process. I agree with the Senator from Maine who very strongly has argued in favor of the tool of reconciliation as a budget process. I know that there may be times when we will have to have reconciliation built into a budget resolution. I suggest, however, that, given the efforts of our committees this year, in trying to accommodate and accomplish legislative savings, that it would not be wise to mandate reconciliation in this budget resolution.

For example, Mr. Speaker, the Committee on Veterans' Affairs has tried hard to come up with reforms to save some money in veterans' entitlement. The committee is to be complimented for the efforts which it has made in that regard.

Therefore, Mr. Speaker, I do not think it would be wise or proper for us now to make an order of reconciliation to the Committee on Veterans' Affairs and say to them if "You go and find another $100 million that you can cut out of expenditures in the entitlement program for veterans." That is what is in this issue of reconciliation.

The other body mandated the Committee on Armed Services, the Committee on Education and Labor, the Committee on Finance, the Committee on Veterans' Affairs, the Committee on Agriculture, and some other committees to do that.

We do not think it is the wise moment to do it in this resolution. However, I want to stress again reconciliation is a very real part of the Budget Act. It is a very real part of Congress decision and ability to order its committees and its Members to take certain steps, steps designed to cut down on expenditures, to cut down on entitlements, or steps designed to either increase or reduce revenue. We should not treat this issue lightly. It is a serious question. It is a valid question. I urge and recommend that we do not support the concept of reconciliation in this resolution because of the fact that our House committees have acted notably and effectively in coming forth with legislative reforms which accomplish the same purpose and which will, in fact, reduce expenditures.

The SPEAKER pro tempore. The Chair now recognizes the gentleman from Ohio (Mr. LATTA).

Mr. LATTA. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, at the outset I want to commend my good friend from Connecticut, the chairman of the Committee on the Budget, for his hard work and for holding up so well under what has been a most difficult year in the brief history of the budget process.

Surely through no fault of the chairman of the Committee on the Budget the House spent nearly 3 weeks debating the first budget resolution for fiscal year 1980 last spring. Now, here we are 6 weeks into the fiscal year and we have yet to adopt a budget. Three weeks were spent in conference with the Senate on this report only to come back with one of the most important parts; namely, reconciliation, in disagreement.

Mr. Speaker, I would like to turn to the issues before us today. While the conference report on the second budget resolution does not have a great deal to recommend it, there are a few isolated things which I can strongly support. Unfortunately, the chairman has moved to strike the good things and keep most of the bad. I refer, of course, to the motion now pending which endorses acceptably high budget figures while eliminating reconciliation. Such a move is designed to give us the worst of both worlds. Certainly it is a little like throwing out the baby with the bath.

Mr. Speaker, let me explain what I mean. As far as the budget numbers go, the conference agreement is nothing but bad news. The deficit on paper is $29.8 billion or $2.2 billion above the deficit for the year just ended; $6.8 billion above the deficit target in the first resolution for 1980 adopted by the Congress in the spring of this year. It is fully $10 billion above the level contained in the budget substitute I offered on September 19.

Mr. Speaker, notice I said the deficit on paper would be $29.8 billion. There are two things which will likely push the figure far higher. One, the failure to include reconciliation language will mean that the deficit will grow by $3 to $4 billion by the time the year is out and, second, deteriorating economic conditions will add billions more to the deficit.

The President's Office of Management and Budget has, according to Newsweek magazine, reportedly calculated that the deficit for fiscal year 1980 will exceed $40 billion not the $29.8 billion mentioned in this resolution. Moreover, this resolution provides no room for a tax cut of any kind, even though inflation and higher social security taxes will cause taxes to rise by over $20 billion in fiscal year 1980.

Mr. Speaker, we all know that the President will propose and the Congress will undoubtedly approve an election-year tax cut early next spring. Failure to accommodate that fact of life in this budget resolution is simply not facing up to reality.

I have had Members ask me why the

deficit is going up when taxes are now taking the highest percentage of Americans' income in history. The answer, of course, is that the majority in this Congress cannot contain their appetite to spend more and more.

Just in the few months between the passage of the first resolution this spring and our consideration of the second resolution at this time, spending rose by over $15 billion. Most of that comes from higher social security payments and interest on the national debt.

Mr. Speaker, the majority makes no effort to offset these higher mandatory payments with reductions in programs of lower priority. Mentioning interest alone, if you look at the figures brought forth by the conferees, the interest remains the same, $58 billion. Everybody knows that the interest payments are going to go up substantially because of the high cost of money right now to the Federal Government. This is not taken into consideration in any meaningful way in this budget resolution.

Mr. Speaker, this is just one of the problems we face.

I might say, Mr. Speaker, that the matter of reconciliation is something with which this Congress should come to grips. What really surprises me about the pending amendment of the chairman to strike reconciliation from this budget resolution is that he is acting as if reconciliation were something foreign to the budget process. Naturally, he says he is for it. Well, if he is for it, let us adopt it and do something about it. Reconciliation is a part of the Budget Act.

Mr. Speaker, we are supposed to uphold the law. Section 310(c) provides for reconciliation.

□ 1110

Let me read it to you, in case you have forgotten about it:

> (c) RECONCILIATION PROCESS.—If a concurrent resolution is agreed to in accordance with subsection (a) containing directions to one or more committees to determine and recommend changes in laws, bills, or resolutions, and—
>
> (1) only one committee of the House or the Senate is directed to determine and recommend changes, that committee shall promptly make such determination and recommendations and report to its House a reconciliation bill or reconciliation resolution, or both, containing such recommendations; or
>
> (2) more than one committee of the House or the Senate is directed to determine and recommend changes, each such committee so directed shall promptly make such determination and recommendations, whether such changes are to be contained in a reconciliation bill or reconciliation resolution, and submit such recommendations to the Committee on the Budget of its House, which upon receiving all such recommendations, shall report to its House a reconciliation bill or reconciliation resolution, or both, carrying out all such recommendations without any substantive revision.

Now, my colleagues, if we do not want to abide by the law, we ought to amend, don't you think? Until such time as we delete that language from the law, it is incumbent upon us to make this budget process work by obeying the law; but we are now being asked by my good friend, the gentleman from Connecticut, not to abide by the law and to strike reconciliation from the report. One of the biggest holdups in the conference was the matter of reconciliation. The Senate is insisting on it and they voted on this conference report last night overwhelmingly, 65 to 27, to keep reconciliation in the process and to make this budget process really work; but no, we are asked today to delete it.

Let me say, there is no quicker way to guarantee that the budget process will be rendered useless than to remove the one real weapon we have to combat excessive spending from it.

While the chairman alluded to his reasoning in his opening statement, I think it is important to examine why it is that the gentleman is asking us to eliminate reconciliation from this budget resolution.

We ought to understand that the numbers in the budget before us, the same numbers the chairman is urging us to accept, are a net of approximately $3 billion in spending cuts, none of which have yet passed the Congress.

In other words, if the Congress does not adopt these legislative changes or savings, the deficit will be $3 billion or more higher than the $29.8 billion being shown in the conference report.

When we talk about legislative savings, we mean savings which can result if and only if certain existing laws are changed. In order to insure that these changes do take place, the Senate courageously included reconciliation in its version of this budget, as I pointed out earlier.

The SPEAKER pro tempore (Mr. NATCHER). The time of the gentleman from Ohio (Mr. LATTA) has expired.

Mr. LATTA. Mr. Speaker, I yield myself 4 additional minutes.

Mr. Speaker, reconciliation forces committees to report out measures which will reduce spending and accomplish these legislative savings; so we note the difference in the two processes. This is what the budget is all about, discipline. Until such time as we come to grips with this matter, we are going to have continuing Federal deficits.

The House, on the other hand, wants to eliminate the $3.6 billion of savings that the Senate wishes to achieve through reconciliation. House leaders want us to believe that the spending committees of the House and of the Senate will voluntarily on their own report out bills which would change laws under their jurisdiction and, thereby, save approximately $3 billion. I have to ask, if this is what is going to happen, when is it going to start? They are talking about adjourning this Congress in December and they had better get started.

Now, let us look at the record. The committees of the House were asked when the first budget resolution was passed to report out legislative savings totaling over $4 billion. Yet, 5 months later, already 6 weeks into the fiscal year, not one dollar of legislative savings has been enacted.

More than that, many committees have not even held hearings or reported out legislation which would be required to make the necessary savings, even though they have had all summer and fail to do it.

In spite of this, the chairman urges us to reject reconciliation in favor of such a voluntary approach.

Now, I understand the chairman's reasoning. He is afraid that if we force a vote on reconciliation alone, he may lose, but the alternative is to continue to adopt budget resolutions which exert no discipline, which bless spending decisions already made independent of budget restraints which have heretofore been really meaningless. That means we have the appearance of a budget process, but in fact we have no real process at all.

After 5 years, I think it is time to lay the cards on the table. If this House does not want to be constrained by a self-imposed budget, let us take a vote and establish that fact once and for all. Let the American people see which Members are really serious about cutting back on spending and balancing the budget and let them see which ones are for spending cuts only when they do not affect his or her own special interests.

The issue before us today is simple. If we believe the committees of the House and the Senate should reduce spending by $3.6 billion in fiscal year 1980, and I remind you this is only six one-thousandths of the total amount in this budget, you should vote against striking reconciliation from the report.

This is the only question, regardless of how complicated the leadership will try to make it. Either we live within the budget or we should do away with the sham of having one in the first place. Either we accept the reconciliation as a necessary and a vital part of the budget process or we tell the voters of this country that deficit spending and tax increases are going to continue.

Mr. Speaker, I urge all of my colleagues to join with me today in defeating the Giaimo motion to strike.

Now, $3.6 billion may not be a great deal of money when compared with the public debt of $886 billion, but it is a small and long overdue step in the right direction.

Mr. ICHORD. Mr. Speaker, will the gentleman yield on that?

The CHAIRMAN. The time of the gentleman from Ohio (Mr. LATTA) has again expired.

Mr. LATTA. Mr. Speaker, I yield myself 1 additional minute.

I would be delighted to yield to the gentleman from Missouri.

Mr. ICHORD. Mr. Speaker, the distinguished gentleman from Ohio stated that $3.6 billions are involved in legislative savings. Would the gentleman specifically state just what legislative savings we are talking about, what programs are involved in that $3.6 billion?

Mr. LATTA. It is contained in a whole list of programs and rather than take the time of the House to recite them all, I will pass a copy of them to the gentleman.

They are proposed savings that the committee has come up with but they would require changes in the law.

Mr. PANETTA. Mr. Speaker, will the gentleman yield?

Mr. LATTA. I would be happy to yield to the gentleman from California.

Mr. PANETTA. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, in responding to the question of the gentleman from Missouri, I would like to respond as to what some of those proposals are on legislative savings. They include annualized cost-of-living increases for Federal retirees; decreasing operating differential subsidies; they include eliminating indexing of vocational rehabilitation State grants; they include capping title 20 State and local training grants; they include impact aid reforms.

The SPEAKER. The time of the gentleman from Ohio (Mr. LATTA) has again expired.

Mr. LATTA. Mr. Speaker, I yield myself 1 additional minute.

Mr. PANETTA. Mr. Speaker, if the gentleman will yield further, they include hospital cost containment as one of those legislative reforms, medicare, medicaid, food stamp reforms, cash assistance, and child nutrition reforms.

In total there are about 14 areas that are included in the legislative savings there.

Mr. ICHORD. Mr. Speaker, if the gentleman will yield further, all of them total up to be about $3.6 billion?

Mr. PANETTA. Actually, they total up to $2.7 billion; but what the Senate has done in addition to that is added the appropriations area. The total comes to in excess of $3 billion, because the Senate has, indeed, added the appropriations ceilings to that package as well. We consider about $2.7 billion to be included in this budget resolution on legislative savings per se.

Mr. ICHORD. Mr. Speaker, I thank the gentleman.

Mr. LATTA. Mr. Speaker, may I further answer the question and point out again, there is a difference between legislative savings, as has already been outlined, and the reconciliation process. In the reconciliation process, they are only talking in dollar amounts, rather than specific programs.

Mr. GIAIMO. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, will the gentleman from Missouri give me his attention?

One of the reconciliation items which the other body mandated was to the House and Senate Armed Services Committees to reduce expenditures by $100 million.

□ 1120

Mr. ICHORD. In what area?

Mr. GIAIMO. Whatever the areas are that the committees would determine, but the suggested area, of course, is in the cost-of-living adjustment.

Mr. ICHORD. Mr. Speaker, how does the gentleman reconcile that with the position of the Senate in having increased spending in the area of defense as compared to the House?

Mr. GIAIMO. That is a good question, but the point is they have mandated in the other body the Armed Services Committees to find $100 million, and suggested finding savings by adding cost-of-living adjustments once a year rather than twice, which, as the gentleman knows, is a legislative reform we have been trying to accomplish here but have not yet been able to accomplish.

Mr. ICHORD. And I have supported that.

Mr. GIAIMO. And they are ordering the committee to do that.

The SPEAKER pro tempore. The time of the gentleman from Connecticut (Mr. GIAIMO) has expired.

Mr. GIAIMO. Mr. Speaker, I yield 10 minutes to the gentleman from California (Mr. PANETTA).

Mr. PANETTA. Mr. Speaker, I rise to urge support of the Giaimo amendment and support of the resolution as it is brought back to the floor.

With regard to the functional categories and how the numbers are divid-I will allow others to speak to those issues. It suffices to say that this resolution is probably not the kind of resolution that I would have drafted and it is probably not the kind of resolution each individual Member would have wished to have adopted. But the heart and soul of the budget process, if it is to survive, is in the area of compromise and balancing a number of different viewpoints and priorities.

This resolution, I do believe, reflects that kind of balance between defense and the social programs and at the same time tries to maintain as low a deficit as possible.

I would like specifically to address the area of reconciliation because this is a complex issue and a confusing issue. I think it is subject to a number of misconceptions.

What is reconciliation? Reconciliation is provided for under the Budget Act, whereby the Budget Committees can in fact order authorizing committees and Appropriations Committees to act with regard to certain legislation to effect certain savings in line with the budget resolution. It orders those committees to act. When those committees have acted, a bill of reconciliation then comes to the floor. The House and the Senate then have to act on a bill of reconciliation that includes all of the savings proposals that have been so ordered.

It is important to remember here that the position of the conferees is not one opposed to reconciliation as a tool in the budget process. It is in the budget process. We accept it as a part of the budget process. But our approach has been to use reconciliation selectively by targeting at those committees that have failed to come forward with legislative savings. That is the distinction.

We do not think we should take reconciliation and attack all committees regardless of what they have achieved with regard to legislative savings. We think it ought to be used selectively.

Mr. REGULA. Mr. Speaker, will the gentleman yield?

Mr. PANETTA. If the gentleman will just allow me to complete my statement, then I will be pleased to yield.

Mr. Speaker, we think reconciliation ought to be used selectively with regard to those committees which do not in fact produce the legislative savings reflected in the budget resolution.

That is not what the Senate has done. The Senate has in fact recommended and directed seven of its committees to report legislative savings and has in turn directed seven of the House committees to do the same. To the Committees on Armed Services, Ways and Means, Veterans' Affairs, Post Office and Civil Service, Education and Labor, Public Works and Transportation, and Appropriations, it has said to them, "Regardless of what you have achieved in this area, we direct you to report certain savings back to the floor in a reconciliation bill."

We reject that approach because we think that tool ought to be used selectively.

The second issue and the most important issue is achieving legislative savings. The point of reconciliation and all the talk about reconciliation means nothing if in the end we do not achieve legislative savings. That is the name of the game.

In this budget resolution we have targeted $2.7 billion in legislative savings. We agree that this is an area that has to be focused on. At the present time we know that 75 percent of the budget is virtually labeled "uncontrollable" because of entitlement programs that are not subject to review by authorizing Appropriations Committees.

We think that we need to have committees go back to these various entitlement programs and reform them. We think we have to enact legislation to improve legislation and tighten up on these programs to produce the kind of savings that hopefully will give us a handle on the budget.

The House committees have in fact responded. We developed this strategy on the House side that says we are going to target legislative savings as a very important part of the budget process. We developed a task force in the Budget Committee; we developed the support and cooperation of the Speaker; and we developed tremendous cooperation among the various chairmen. The fact is that out of a target of $2.7 billion we have action that has taken place on roughly $1.7 billion. In the House alone, $1.4 billion has been acted on by the committees or by the House. Mr. Speaker, let me describe some of those proposals. We have disability reform legislation that was adopted by the Committee on Ways and Means, brought to the floor, and passed by the House. Those disability reforms provided savings of $17 million. That has been passed by the House; it is over in the Senate.

The cash assistance bill and welfare reform bill has savings in it of roughly $150 million. That was passed by the House and is now with the Senate.

Impact aid legislation has been adopted in a conference report, and that reflects $29 million in savings.

We have a cap on title 20 grants, with

$18 million in savings. That has been passed by the House.

We have had veterans' legislation that has produced $13 million in savings. That has been passed by the House.

We have a hospital cost containment bill that has been reported both by the Committee on Ways and Means and the Committee on Interstate and Foreign Commerce. The savings in that bill would be $640 million if it is passed by the House of Representatives and by the Congress.

In addition to that, today the Committee on Agriculture is working on food stamp legislation that would produce roughly $300 million in savings.

The Committee on Post Office and Civil Service is looking at the issue of annualizing cost-of-living provisions for Federal retirees that would produce $200 million in savings.

The Committee on Education and Labor is looking at nutrition reforms that could produce in excess of $100 million in savings.

The point is this: That the House committees are working with regard to legislative savings, and that we have a record that supports the fact that they are working in this area. I do not know what the final result will be, whether the Congress will in fact adopt many of these legislative savings when we get to the end of this year. But I do know that it makes more sense, if we are going to pass these savings, to work on them with the committees, to allow time to debate these issues, to allow the House the opportunity to amend these issues, to discuss them, and then to support them or vote against them than it does to package them all in one bill of reconciliation.

Let me say that I am somewhat amused by those who say the answer to this is packaging all of these proposals in a bill of reconciliation and bringing them to the floor. Let me tell the Members what proposals are likely to be part of a bill of reconciliation. That bill would probably contain hospital cost containment. How many Members who are opposed to hospital cost containment in itself would vote for that if it is incorporated in a bill of reconciliation?

That bill would contain reductions in veterans' benefits in terms of burial benefits, and it would contain cost-of-living annualization for Federal retirees. It would contain reductions in child nutrition programs, and it would contain other reductions in highway programs. Those proposals would all be a part of a bill of reconciliation. We would antagonize every major constituency in this country, and no one can tell me that such a bill of reconciliation would not be rejected by the House or the Senate.

The fact is that the end result of that action would be that we would undermine the reconciliation process itself.

So let us not play games here. A bill of reconciliation would be a very controversial issue on this floor. It is far better to go to the individual committees and ask them to work on the legislative savings, report them to the House, and have the House work on these proposals individually.

Mr. LATTA. Mr. Speaker, will the gentleman yield? If the gentleman runs out of time, I will give him additional time.

Mr. PANETTA. I am pleased to yield to the gentleman from Ohio.

Mr. LATTA. Mr. Speaker, did I misunderstand the gentleman to say that reconciliation mandates the committees to come out with recommendations to make those specific cuts he is talking about?

Mr. PANETTA. It mandates these committees to produce savings.

Mr. LATTA. But not in any particular program, as the gentleman has outlined?

Mr. PANETTA. But surely, as the gentleman knows, the way the Senate has designed this is that they have given the committees 30 days to produce savings.

If we go to the Committee on Veterans' Affairs and say to them, "Where are you going to come up with $100 million in savings?" the area is going to be in burial benefit reductions and it is going to be in other benefit reductions. Those are the only savings that have been targeted.

Mr. LATTA. Mr. Speaker, if the gentleman will yield further, that is what the gentleman is saying; that is not specifically what the Committee on Veterans' Affairs would have to do to produce the necessary savings.

Mr. PANETTA. Mr. Speaker, does the gentleman have any idea where else in the Committee on Veterans' Affairs these legislative savings could be effected?

Mr. LATTA. I am not saying where the Committee on Veterans' Affairs should make cuts to come up with particular savings. We are talking about numbers under the reconciliation process but under your legislative savings proposal $57 billion in veterans' benefit reductions would be mandated in given programs.

☐ 1130

Now we are not doing that. We do not list the programs like the gentleman says they have got to come up with. We are giving them the options.

Mr. PANETTA. Surely the gentleman knows you are not going to get legislative savings out of the air. You have to come up with some kind of proposals that in fact reduce programs or achieve these savings. That is what we are talking about. Where is the Veterans' Committee going to come up with those reductions? In 30 days, I might add. The fact is that there are very limited areas that they could respond to. The same thing is true with Ways and Means.

The SPEAKER pro tempore. The time of the gentleman from California (Mr. PANETTA) has expired.

Mr. SOLARZ. Mr. Speaker, I yield 4 additional minutes to the gentleman from California.

Mr. PANETTA. We have the Committee on Ways and Means that has already reported out in excess of $1 billion in legislative savings. Where are they going to turn for additional savings when, in fact, they have reported it out?

So let us not kid ourselves. Reconciliation may sound good in terms of rhetoric, but when it comes down to bread-and-butter issues that we have to deal with on the floor, it is another question. We are talking about cutbacks. We are talking about reductions in benefits. We are talking about hospital cost containment. We are talking about proposals that this institution is going to have to vote on. And it does not make it any easier to incorporate it in a bill of reconciliation. We have to deal with these issues individually, as we have been doing on the House side, and that I think is the most successful way to achieve legislative savings.

Mr. REGULA. Mr. Speaker, will the gentleman yield?

Mr. PANETTA. I yield to the gentleman from Ohio.

Mr. REGULA. Mr. Speaker, first of all I want to say that I appreciate the gentleman's support on the entitlement language that is still part of the bill and the gentleman's support generally for reconciliation.

My question is that I am intrigued when the gentleman says that collectively the majority is going to target savings. By what technique, in the absence of reconciliation language, or in other words, what discipline is there to achieve these "selectively targeted savings" unless there is some discipline in the bill, namely, reconciliation?

Mr. PANETTA. Mr. Speaker, I am pleased to respond to the gentleman's question, because I think the question goes to the very heart of the budget process. The fact is that we set budget goals. We hope that the House and the Congress will abide by those goals. These targets are there. The Budget Committee tries to influence the committees to stick by those targets. The public pressure of sticking by a tight budget also plays a role here. But the fact is that this year for the first time, in setting these legislative savings targets, we have had committees that have been responsive to that. These committees have been responsive. In fact, the Speaker has refused to bring legislation here under the suspension calendar if that legislation did not pay attention to legislative savings. It has been achieved because chairmen have been willing to look at these issues and have begun to consider them.

By taking the position now that we are now going to stuff it down their throats, when in fact they have been responsive, will not be a positive approach to trying to achieve these legislative savings.

The House is a diverse body. We have a number of committees. Each of the Members likes to consider these issues on their own. Does it help for the Budget Committee to say, "You will do this as of a certain date"? And will that, therefore, produce any results? I do not think it will. I think we have produced results through the legislative savings process, and I am asking the House to stick by that until we are convinced that the committees say to us, "We are not going to act at all." And if those committees say that, then I say we should proceed with reconciliation as to those committees without question.

Mr. LATTA. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, the gentleman from California (Mr. PANETTA) has indicated in his legislative savings proposal that under hospital cost containment there will be a savings of $640 million. Under the gentleman's legislative savings he has indicated $640 million in fiscal year 1980.

We have just considered hospital cost containment legislation in the Committee on Rules. On page 31 of the Ways and Means Committee report, the Ways and Means Committee only says $340 million will be saved. Is that a misprint of $300 million, or is there a difference in figures? These are CBO estimates.

Mr. PANETTA. Mr. Speaker, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from California.

Mr. PANETTA. Mr. Speaker, we have had, of course, a number of estimates as to what exactly would be the savings. When we first built this into the first budget resolution, the savings that would result from hospital cost containment was $1 billion 400 million. As a result of delays in the enactment of that legislation it is now down to roughly $640 million, and I would assume that the longer that legislation is delayed, the less the savings will be in terms of the final results. So the figure that CBO has presented to the gentleman I cannot quarrel with, but the longer this issue is delayed, obviously, the less the savings will be.

Mr. LATTA. This is a report of the House Ways and Means Committee on the Hospital cost containment bill now before the Committee on Rules.

Mr. PANETTA. I understand that.

Mr. LATTA. These are the latest figures we have available.

Mr. PANETTA. Our figures that we built into the resolution were based on the estimates on the bill as reported by the Commerce Committee, and that was $640 million.

Mr. LATTA. I thank the gentleman.

Mr. Speaker, I yield 5 minutes to the gentleman from Ohio (Mr. REGULA).

Mr. REGULA. Mr. Speaker, we have had good discussion terms for the reconciliation process. I would urge all of the Members, prior to voting on this issue—because the basic question before us at this point is whether or not we have a budget with reconciliation—to read the language that is in issue, starting on page 5 of the conference committee report. The Members will note in there, contrary to what we have heard this morning, that the reconciliation language only deals with aggregates. That is the budget process—aggregates only. We leave it to the authorizing and the Appropriations Committee to make the priority decisions within the aggregates. But if the Members are not willing to face up to the need to set some type of aggregate amount, you are ignoring the need to establish fiscal policy with the budget. So I hope all of the Members will read the reconciliation language prior to voting on this question.

Second, I hope also the Members will read the language on page 10 that was added by my amendment in the House Budget Committee and supported by the gentleman from California (Mr. PANETTA) who preceded me in the well. It states there as follows:

> In 1980, each standing committee of the House of Representatives having jurisdiction over entitlement programs shall include in its March 15 report to the Budget Committee of the House of Representatives specific recommendations as to what changes, if any, would be appropriate in the funding mechanisms of such programs to enable Congress to exercise more fiscal control over expenditures mandated by these entitlements.

This language is a very important feature in this resolution and one that was not in issue in the conference. I merely draw it to the attention of the Members.

My colleague, the gentleman from Ohio, the ranking minority member, has pointed out that the budget process requires reconciliation, and he quoted from the law. I would also add to that that it provides that Congress may not adjourn until action is completed on the budget, including reconciliation.

Very briefly, I would like to make three points. First, that the numbers before us presume reconciliation. Therefore, if we are going to scuttle reconciliation by the vote that is coming up as soon as this debate is finished, we are in effect, adding at least $3 billion to the deficit. Keep that in mind, that the deficit number that is in this resolution before you includes the reductions that will result from reconciliation. If we take out the reconciliation language, that vote will add at least $3 billion to the deficit and it will take it to $32.8 billion, rather than the $29.8 billion that is represented in this conference report.

Second, I would point out to the Members that without reconciliation the budget process becomes a charade, we are back where we started from, and that is adding up the numbers produced by the authorizing and appropriations committees. We then have in effect no discipline on the fiscal policies of this Nation.

Therefore, we have an opportunity today, by rejecting this deletion of reconciliation language, to say that we are really going to measure up, that we are going to put some teeth in the budget process.

Third, we have heard a lot—not as much now as earlier in the year—about a constitutional amendment to balance the budget. The response I keep hearing from this body is, "Give us a chance, do not mandate a balanced budget by legislative action at the various State capitals, give us a chance, we are going to get a balanced budget, we are going to work in that direction." And yet I say to the Members today that if we fail to reconcile, if we fail to adopt reconciliation language in this budget, we are not going to get to a balanced budget, we are not adopting the kind of technique that will lead us there and, ultimately, we are going to invite a continuation of these resolutions, we are going to invite having a constitutional amendment requiring a balanced budget and, in effect, the States, by doing that, will be requiring us to reconcile to the point that we get to a balanced budget.

□ 1140

I think it is much more responsive for us to adopt the language of reconciliation to give validity to the proposed deficit rather than to add the $3 billion that will result from the failure to reconcile.

A vote for reconciliation will say to the people of this Nation that we are serious about adopting a responsible fiscal policy and achieving a balanced budget.

Mr. GIAIMO. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts (Mr. MAVROULES).

Mr. MAVROULES. Mr. Speaker, I rise in support of the amendment offered by the gentleman from Connecticut, which strikes the reconciliation instructions from the conference report.

This proposal is fair and realistic.

It also reflects the painstaking efforts that this body has made to keep the budget within manageable bounds without sacrificing critical domestic programs.

Indeed, the Giaimo amendment reflects as tight a budget as we can draft and as great an obsession with dollar signs as is possible, given our exploding inflation, the decline in our economic growth, and our rising energy prices.

In short, it is the best we can do in circumstances that have called for increased Federal spending to save our people programs. Since coming to Congress this past January from a mayor's office, I have listened intently to the talk about balanced budgets and spending cuts: two goals I have totally committed to. And I have seen this body do much to cut waste out of the many Federal programs over which we have oversight. The amendment offered by Mr. GIAIMO, in fact, contains further legislative savings squeezed out of our committees, to the tune of over $2 billion.

To concur with the reconciliation instructions of the conference report, for this reason, then, flies in the face of the reality of this body's efforts to cut down spending without exacting a pound of flesh from the people we represent.

We, in this Chamber, have been conscientious in our efforts to save money. And we have been diligent.

If the proposed deficit of $29.8 billion is in fact larger than the May figure of $23 billion, that does not reflect an increase in wasteful spending on our behalf. Rather, it reflects again that our economy has made a turn for the worse.

Balanced budgets may be a foreseeable goal, something we are all striving for and, hopefully, will attain in a few years, but a balanced budget is something that takes time to realize and to work toward.

It is not something that appears on command, like a genie, to solve all our problems.

But given the state of our flagging economy and our commitment to our people at the lower rungs of the economic scale, this is not the time to balance the books. It is, however, the time to tighten up our programs, and this has been done and is reflected in the proposal now before us.

What is particularly noteworthy of this compromise budget proposal is that it left the conference with the intent of the House not to shortchange our Nation's domestic programs still intact.

I am talking about such important programs as our educational and job-training programs and, of course, our new fuel assistance program.

These are great gains and a significant victory for our House conferees. And they should not be jeopardized either by the Senate-imposed reconciliation instruction or, for that matter, by those of us who have cluttered their vision with dollar signs instead of the faces of their constituents.

I am not only addressing those of us who still want to cut and cut, indiscriminately, across the border on this side of the aisle. I am also addressing my colleagues on my side who would bite their noses, threatening the domestic programs they worked so hard for, to spite their collective faces. Both sides, it seems, have failed to recognize the first law of Government: Compromise.

Mr. LATTA. Mr. Speaker, I yield 5 minutes to the gentleman from New York (Mr. CONABLE).

Mr. CONABLE. Mr. Speaker, I would like to review briefly the history of the performance of the Budget Reform Act in this House.

The cry for budget reform arose from the fact that this body and the Congress as a whole, had no fiscal policy. The President had a fiscal policy always, whoever was in the White House. He could say to his Office of Management and Budget, "Here is the fiscal goal I want to achieve for the year." He could tell the Director of OMB, for instance, that he wanted to keep the expenditures under a certain level or that he wanted to make room for a tax cut or that he wanted to reduce the deficit in some way.

The OMB then moved to try to achieve that fiscal goal, acting as the budgeting arm of the executive branch of the Government.

Now, over a period of time, this body had come unfortunately through the separation of powers, through resistance to Executive leadership, to feel that they really owed no great obligation to the executive budget prepared under this process by the President and his Office of Management and Budget. There was deemed a lack in our process that was intended to be met by the Budget Reform Act. If we are a coequal separate branch of Government, we should have some way of injecting fiscal policy into our process, also, so that we would not be able to do whatever lovely thing we wanted to do whenever we wanted to do it, and that was the goal of the Budget Reform Act.

The goal was understandable and needed. In performance, unfortunately, we have found in the work of the Budget Committee great concern about program protection, and the tendency that we have followed has been to start with the various elements of Government, add them up, and conclude from that what our expenditure level and our revenue level should be rather than starting with the idea of a fiscal goal, as the President must when he gives his instructions to the Director of the Office of Management and Budget.

Now, I would be the first to acknowledge that the budget reform process has been of some value. It has at least set up a procedure whereby if we are going to vary the pattern of Government arrived at, even through program protection practices of one sort or another, we at least have to go through a procedure to do it. It has been some drag on spending in what I described earlier as doing whatever lovely thing we wanted to do whenever we wanted to do it.

The element of fiscal goal, the element of fiscal discipl'ne, the process of establishing what the blueprint of Government shall be, and then trying to cut the cloth to fit that pattern has been sadly lacking. We on the Republican side, have put great emphasis on that in our efforts to overturn earlier budgets. We have felt that because we failed to establish fiscal discipline, we inevitably wound up with a larger deficit than we should have.

The best way to do this would be to start with the goal in mind at the beginning of the budget process, but a substitute of some value in fiscal terms would be to go through a reconciliation process, if, when we get the entire procedure completed, we find we have not wound up with a fiscal situation adequately constructive so that we can have some confidence in the value of the dollar and the relative position of the Government and the private economy.

□ 1150

Reconciliation is an important alternative. It could be an after-the-fact way of imposing a fiscal goal, if we are unwilling to do it before the fact. Frankly, it would be better to do it before, but it is better to do it after the fact than not at all.

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. LATTA. Mr. Speaker, I yield the gentleman from New York 2 additional minutes.

Mr. CONABLE. I would gladly accept reconciliation as a substitute for the prior adoption of a fiscal goal. If that is the best we can do, I will support reconciliation, if we can get the principle of reconciliation established and go through a real reconciliation process. Then I will be willing to swallow hard and accept the figures in the budget. Frankly, I do not like having to do that because I think there is as much gamesmanship in the figures because of the unified budget concept, because of the off-budget items, as there has ever been. Clearly the deficit is already too big.

However, a step toward a fiscal policy procedure would give me some reassurance about the future of the budget process. Unless we do that, we clearly are not achieving anywhere what we can in the way of needed discipline to keep the Government off the backs of the people.

Mr. REGULA. Mr. Speaker, will the gentleman yield?

Mr. CONABLE. I yield to the gentleman from Ohio.

Mr. REGULA. First I want to say I agree with the gentleman. I, too, while strongly disagreeing on the figures will support the resolution if we can get the reconciliation process included.

My question to the gentleman is: Is it not inevitable that there will be additional budget resolutions in the absence of reconciliation as we accommodate to spending that exceeds what is provided for in the budget?

Mr. CONABLE. I do not see how we can avoid it. In addition, I would have to say I think some of the figures are quite unrealistic. The gentleman from Ohio (Mr. LATTA) pointed out, for instance, the interest figure, which has not been adjusted in the realities. So I think a third budget resolution is inevitable. It is regrettable that we must do that because it further erodes confidence in the budget process which ought to be an important part of our responsibilities as legislators.

Mr. GIAIMO. Mr. Speaker, I yield such time as he may consume to the gentleman from Mississippi (Mr. WHITTEN).

Mr. WHITTEN. Mr. Speaker, I rise in support of the motion of the gentleman from Connecticut (Mr. GIAIMO). I want to say to him and to the members of his committee that they have done a wonderful job. I do not know of anyone who has taken more heat and who has stood up stronger and more effectively than Mr. GIAIMO and the members of his committee.

I have listened to the debate and listened to the arguments of some of those who oppose the gentleman's amendment. Some of their arguments may sound good but should they win, it simply is not workable.

I oppose implementing the reconcilation proposal of the Senate in this fashion and at this stage of the legislative process.

The ramifications of undertaking to redo much of the work of the House in mid-November or later are just not workable from the standpoint, at least, of the appropriation bills.

I wish to point out, Mr. Speaker, that in the appropriation bills we are within the totals contemplated in the budget resolution, and your Budget Committee has properly recognized this in assuming the position they have taken with the Senate in opposition to reconciliation in the proposed manner at this time.

I would also state, Mr. Speaker, that in the 13 regular appropriations for 1980, we are presently some $9.3 billion under the President's budget. That is on the basis of budget authority and counts the enacted version of seven bills and the House-passed version of the remaining six bills which are either in conference or pending in the Senate. We have shown further restraint in dealing with other appropriations business by reducing the 1979 supplemental by some $3.2 billion and by rescinding some $700 plus, million of budget authority in a separate measure.

In fact the Committee on Appropriations has a long record of restraint. Of the portion of the budget handled by the committee, for every year since World War II—35 years—appropriations have been well below the budget requests with one exception. And in that year, it was less than $400 million above the budget request. It is evident the Committee on Appropriations has done its part in holding the line through the years.

So, Mr. Speaker, I support the motion of the gentleman from Connecticut for these and other reasons.

While the efforts of the conferees have been commendable, I do have some serious reservations with respect to some features of the resolution that is before us. I am concerned that certain recent trends in the economy have not been given adequate attention. Part of the problem, of course, is that these trends have now become more viable since the drafting of the resolution was initiated in midsummer.

For instance, the interest rates assumed in the resolution for certain key Treasury issues is 8.2 percent. The most in the range of 12.1 percent. If such an interest rate prevails for most of this fiscal year, I am advised the interest figure in the budget resolution may be understated by some $5.3 billion. Even if interest rates immediately begin to moderate as many predict and return to the 8 percent bracket by next September, interest in the resolution will be understated by some $4.0 billion. This is because of the Treasury mechanics for financing the debt.

Further, Mr. Speaker, it is my judgment that, for a number of reasons, the resolution has not taken fully into account the impact of the current inflation rate on the budget by means of escalator clauses contained in basic legislation. Such programs represent 58 per cent of the spending budget. The bellwether program, of course, is social security where increases in benefit payments are triggered by inflation as measured by the Consumer Price Index.

I am advised that the inflation increase assumed in the budget resolution is 10.3 percent, but more recent calculations indicate that a figure of 13.5 percent might be more realistic at this time. If this is near the mark, the allowance for programs directly indexed to inflation and those responding to inflation may be understated to the extent of some $3.2 billion. This figure would be larger except that various increased benefit payments tend to occur late in the fiscal year and thus the full impact of the current inflation rates would not be felt in the Federal budget until next fiscal year.

On the other side of the ledger, unemployment, thankfully, is running less than what was assumed in the budget resolution by about half of 1 percent. If this situation continues, there may not be a requirement for spending in the range of $4 billion. This would be an offset to the increases I have cited. There are other volatile factors and uncertainties in the budget which will cause fluctuations in the aggregates in the budget resolution. This is inevitable. The Budget Committee has done the best they could within the time frame in which they have operated.

The principal point I wish to make, Mr. Speaker, is that this budget resolution is very tight—from the standpoint of budget outlays, it is extremely tight.

Our figures show that in terms of outlays and measured from where we stand now, this resolution would leave room for about $5.1 billion for anticipated mandatory programs and about $2.4 billion for supplementals for the entire fiscal year 1980 which ends next September 30. The appropriation bills which are not enacted but which have passed the House and are pending before the Senate or in conference are $1.7 billion net over the House in terms of outlays.

Further, there is pending before the Committee on Appropriations supplemental budget requests and deferred budget requests submitted by the President which total some $2.3 billion in outlays.

Added to that is the very distinct possibility that the pending budget resolution understates outlays in the range of perhaps $3 billion net because of the economic assumptions, as I outlined earlier. In view of this situation and considering that the President's January budget traditionally includes a considerable amount of supplemental requests, I feel that the committee and the Congress should proceed with great caution in considering any further additions to the budget for the current fiscal year. I feel that there must be an indication as to what plans need to be made for a third concurrent resolution on the budget. We must also know what further proposals the President may transmit in his January budget before we begin to consider additional spending proposals beyond those presently in the legislative pipeline. All proposals must be given an opportunity to compete for the amounts available within the total congressional ceilings. Mr. Speaker, there will no doubt be compelling and meritorious budget proposals before us in the months between now and the end of the fiscal year next September 30. To a considerable extent we are propelled into this position under the congressional budget system by uncontrollable features of the budget in the form of escalator provisions in basic law which add inflation to fight inflation.

Mr. Speaker, as I have pointed out to the House on several occasions since I had the honor to become chairman of the Appropriations Committee earlier this year, the enactment of legislative provisions providing for benefits under entitlement programs to increase automatically as the various inflation indexes increase has had an enormous adverse impact on the ability of both the Congress and the executive to control the budget. With the exception of Federal pay, all such adjustments become effective automatically without the requirement of any current action by the executive or Congress.

All major entitlement programs involving payments for individuals are now affected by price indexes. About 58 percent of the budget authority this year involves programs which are adjusted automatically or indirectly by price indexes. Such programs include food stamps, school lunch, veterans and survivors pensions, civil service retirement, railroad retirement, social security, supplemental security income, black lung benefits, older Americans and child nutrition.

The impact of escalator clause adjustments in any one fiscal year differs by program because of variances in effective dates and escalation percentages. However, a recent study by the Appropriations Committee found that, if it is assumed, for example, that a 7-percent adjustment was in effect for all the applicable programs uniformly over a 12-month period, the increased cost would be in excess of $20 billion. I am advised that the current inflation rate as measured by the CPI would generate an additional increase of about $46 billion in the Federal budget. Through these escalator clauses, additional inflation is added to match inflation through devises over which Congress exercises no effective annual review and control.

The committee on Appropriations continues to be concerned that the Congress will never achieve adequate and equitable control of the budget if massive spending features and large segments of the budget are ignored. All Federal programs must compete on the same basis whereby choices can be made and priorities determined on the whole budget not just on a smaller and smaller number of controllable items. Efforts directed at improved congressional control cannot be isolated to that shrinking portion of the budget presently classified as controllable.

In summary, Mr. Speaker, I support the motion of the gentleman from Connecticut. At the same time, I caution the House and others interested in and concerned about additional funds for Federal programs, that we cannot proceed until we have a better view of what is ahead of us in terms of finalizing the pending spending measures and reviewing any additional proposals as may be forthcoming from the President. And in terms of the congressional budget process, it now appears that we might have to await a further concurrent resolution on the budget before we begin to consider the many supplemental requests that will be pending before us.

Mr. GIAIMO. Mr. Speaker, I yield 5 minutes to the gentleman from Texas (Mr. ROBERTS).

Mr. ROBERTS. Mr. Speaker, I will vote for the conference report and hope it will be adopted. I think the distinguished gentleman from Connecticut, the chairman of the Committee on the Budget, Mr. GIAIMO, and all the House conferees have done an excellent job during the past several weeks in resolving the differences between the House and Senate.

As chairman of the Committee on Veterans' Affairs, I can tell you the compromise funding level established for veterans' benefits and services is reasonable given the current budget situation. Budget authority has been reduced by about $150 million from that contained in the budget resolution as passed by the House. Although we would have preferred the House version, we can live with the reduction.

I would be very concerned, however, should the House accept the reconciliation instructions imposed by the other body that would direct six House and Senate committees to cut $850 million in budget authority and $1.8 billion in outlays.

Of this amount, the Veterans' Affairs Committee would be required to come up with another $100 million in cost-savings. To those who would suggest that we should adopt the reconciliation instructions, I want to make sure all Members understand how veterans would be affected. Although we have already cut back the cost-of-living increase in compensation rates by $83 million, we would either have to cut back another $100 million in the cost-of-living increase in the rate of compensation paid to service-connected disabled veterans, or the committee would have to terminate current ongoing veterans' benefits and services.

What are our options? We could save $50 million by eliminating the $300 we pay the widow to help her offset some of the funeral expenses at the death of her veteran husband; we could provide substantial savings by reducing the delimiting date for Vietnam veterans to complete their education program from 10 to 8 years. I can tell you there are many pending bills that would extend the delimiting date from 10 to 12 years. Others would eliminate the delimiting date entirely. We could provide cost savings by eliminating the 3,800 FTEE we recently passed in the VA 1980 appropriations bill to help offset some of the losses we recently experienced in VA's medical care program.

Last year some 6,800 positions were lost and the VA closed more than 5,000 beds. We fought long and hard to get the 3,800 FTEE into the appropriations bill but we could save about $76 million by not proceeding with this action. I doubt that few Members would accept it. The fact is, our options are very limited and some of the suggestions made would, in my opinion, never be accepted by the vast majority of the Members of the House.

No matter how you cut it, veterans are going to be adversely affected, make no mistake about it.

Mr. Speaker, I have received letters from the American Legion, the Disabled American Veterans and the Veterans of Foreign Wars urging that the conference report be adopted and that the reconciliation instructions be rejected. This is a critical issue as far as veterans are concerned, and I strongly support Mr. GIAIMO and thank him for his efforts in behalf of our Nation's veterans.

I include the letters I have received from these veterans organizations in the RECORD following my remarks:

THE AMERICAN LEGION,
Washington, D.C., November 7, 1979.

Hon. RAY ROBERTS,
Chairman, House Committee on Veterans' Affairs, Cannon House Office Building, Washington, D.C.

DEAR CHAIRMAN ROBERTS: The American Legion opposes any efforts to instruct the House Committee on Veterans Affairs to reconciliate $100 million cost savings cuts.

It would be unfair to ask those who are already victims of astronomical inflation to take a cut in existing benefits or to forfeit a cost-of-living increase that closely approximates the actual cost-of-living index.

We are convinced that your Committee has recognized existing budgetary restraints and has been responsive to these conditions by approving legislation which seeks only modest benefit level increases. To pursue further cost reductions by instructing the Committee to reconsider its decisions would punish those veterans who benefit most from properly staffed hospitals and the maintenance of high quality medical care.

The American Legion applauds the position of House conferees on the budget in opposing this attempt to instruct. We ask the defeat of any maneuver to decrease the funding level of the veterans function.

Sincerely,
MYLIO S. KRAJA,
Director,
National Legislative Commission.

DISABLED AMERICAN VETERANS,
Washington, D.C., November 6, 1979.

Hon. RAY ROBERTS,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN ROBERTS: In the very near future the House and Senate Budget Committees will bring to the floor of both bodies, the Conference Report on the Second Concurrent Resolution on the Budget for Fiscal Year 1980.

The Disabled American Veterans strongly supports the Conference Committee's Budget recommendations which include $21.45 billion in Budget Authority and $20.8 billion in Outlays for Veterans' Programs and Services in FY 1980. We urge your support for the budget totals as contained in the Conference Report.

However, House and Senate Conferees were unable to resolve their differences on the Reconciliation Instructions contained in the Senate version of the Second Concurrent Budget Resolution. In this connection, when the Budget Committees bring the Conference Report to the floor, members will be given the opportunity to (1) adopt the Budget Conference Report and (2) to accept or reject the Reconciliation Instructions.

Simply stated, the Disabled American Veterans is opposed to the Senate proposed Reconciliation Instruction as its adoption would have a severe adverse impact on Function 700—Veterans' Programs and Services—by reducing spending for new initiatives proposed by the Veterans Affairs Committees by $100 million.

As you know, service-connected disabled veterans in receipt of VA compensation payments already are suffering the ill-effects of ever-rising inflation. The Budget Conference totals for veterans' programs provide enough funding for a 10.9 percent increase in VA disability compensation payments. It is conceivable, then, that the $100 million reduction proposed in the Reconciliation Instruction could affect the percentage of increase in these benefits.

Just last week, however, the House passed a measure (H.R. 2282) which calls for a 9.9 percent adjustment in VA compensation benefits for service-connected disabled veterans. If enacted, as expected, the difference (savings) between the Budget Committee's projected increase and the Veterans Affairs Committee bill, H.R. 2282, is $83 million.

Realizing the fiscal restraint that has been placed upon the Congress, it remains, however, our opinion that this nation's 2.2 million service-connected disabled veterans have already borne their fair share of the austerity burden.

Finally, we view the Reconciliation Instructions as an attempt by the Senate Budget Committee to dictate to the Standing Committees of the Congress on just what legislation they may enact and on the scope of these proposals. The effort of the Senate Budget Committee to specifically define substantive legislative proposals and to mandate passage of cost-saving legislation is, clearly, not what the Congress had in mind when it originally conceived the Budget Act—P.L. 93–344.

Accordingly, on behalf of the 630,000 members of the Disabled American Veterans, I strongly urge that you vigorously oppose the adoption of the Reconciliation Instructions as proposed by the Senate.

Sincerely yours,
PAUL L. THOMPSON,
National Commander.

VETERANS OF FOREIGN WARS,
November 2, 1979.

To: All Members of the U.S. House of Representatives.

From: Howard E. Vander Clute, Jr., National Commander-in-Chief, Veterans of Foreign Wars of the United States.

Subject: Veterans' Administration budget for fiscal year 1980.

It is my understanding the Conference Report on the Veterans Administration Budget, for the Second Concurrent Budget Resolution for the Fiscal Year 1980, includes reconciliation instructions directing the Veterans Affairs Committees to reduce spending in reported, enrolled, or enacted legislation by $100 million in both budget authority and outlays. In my opinion, this is not a function of the Budget Committee but, rather, the authorizing committee.

As you must be aware, the Veterans Administration has been the victim of repeated inadequate diminishing budgets, as compared to the Federal Budget, having fallen in recent years from 5.1 percent of the Federal Budget to 3.7 percent in Fiscal Year 1980, at a time when the veteran population is the largest in the history of our nation, standing at 30 million. The result has been a general deterioration of the hospital and medical care system, the denial of medical care to our veterans in need and, for the second consecutive year, no cost-of-living increase for our Vietnam veterans availing themselves of educational benefits under the GI Bill.

I believe the Veterans Affairs' Committees of both Houses have exhibited great restraint and fiscal responsibility and are cost-conscious to the extent we already have a most austere budget.

In view of the foregoing, I urge each and every one of you to vote to accept the Conference Report, as amended, which in essence leaves undisturbed the substance thereof, but deletes the reconciliation instructions.

With best wishes and kind regards, I am,

Sincerely,
HOWARD E. VANDER CLUTE, Jr.,
National Commander-in-Chief.

Mr. LATTA. Mr. Speaker, will the gentleman yield?

Mr. ROBERTS. I will be happy to yield to the gentleman from Ohio.

Mr. LATTA. Mr. Speaker, I would like to thank my good friend for yielding. I would ask the gentleman is he aware of the fact that under the proposal of the gentleman from Connecticut there are assumed legislative savings of approximately $92 million?

Mr. ROBERTS. Not specifically.

Mr. LATTA. The gentleman is not aware of that?

Mr. ROBERTS. I am aware of the $100 million contained in the reconciliation instructions.

Mr. LATTA. The legislative savings contained in the report before us call for $92 million in savings in the veterans area.

Mr. ROBERTS. Over and above what we already have saved?

Mr. LATTA. That is right.

Mr. ROBERTS. Over the millions we have already recommended and passed by the House?

Mr. LATTA. That is correct. They have suggested changes under section 700, veterans third-party reinbursement. Has the gentleman done anything on that in his committee?

Mr. ROBERTS. Yes, I am aware of those provisions and I am delighted the gentleman has brought it up. We have not, and we have no intention of doing anything about most of those recommended cost-saving proposals.

Let me tell the gentleman what is involved.

The SPEAKER pro tempore. The time of the gentleman from Texas has expired.

Mr. LATTA. Mr. Speaker, I yield 3 minutes to the gentleman from Texas (Mr. ROBERTS).

Mr. ROBERTS. I thank my colleague for yielding me this time, and I want him to know I share his concern.

On its face this proposal looked like a good opportunity to save some money, and for the insurance companies to avoid getting a free ride. We looked into it, we held hearings, and we had our investigative staff to meet with the VA, the insurance carriers, and others regarding the proposal. We found that the vast majority of veterans receiving treatment had no private insurance coverage at all. Many had coverage under medicare or medicaid. It is costing about $135 a day to treat a veteran in a veterans hospital including physician services; it costs much more than that in the private sector. So the savings, when we looked at them, were actually in reverse. It would cost us a lot more money to treat these veterans in a private hospital, under medicare and medicaid. Most of them would be eligible for care and treatment under these programs.

But I share the gentleman's concern and I hope that he will look into it. But those are the results that we found.

□ 1200

Mr. LATTA. I appreciate the comments of the gentleman, because I think they are very important.

Mr. ROBERTS. It is very important.

Mr. LATTA. The conference report assumes $57 million in savings, which the gentleman savs is not going to occur.

Mr. ROBERTS. That is correct.

Mr. LATTA. Then on other veteran reforms they assume $35 million in savings is going to take place, and I just wonder whether or not the gentleman's committee is considering $35 million additional savings.

Mr. ROBERTS. Not by enacting these specific proposals. I think we have saved everything we can unless we want to do some of those things that I listed earlier; cutting the delimiting date for Vietnam veterans educational benefits from 10 years back to 8 years. We could take out the burial benefits completely just because a veteran happens to have social security benefits. It is simply unrealistic and I do not see how we can do it. I think the Members would laugh me off the floor if I brought out some of these proposals for savings of veterans benefits. We can cut the 3,800 people in the hospitals we brought back and put in with the help of both sides. That would save $76 million, but it would not be the thing to do.

Mr. LATTA. I just wonder whether these veteran organizations the gentleman said are supporting this conference report were aware of these assumed savings in this conference report.

Mr. ROBERTS. Yes. They are aware that we have made certain reductions already and have, in fact, included some cost-savings in bills already passed by the House. They are responsible people and understand what we have done is necessary given the current budget situation; however, they are not prepared to accept another $100 million in savings in addition to those savings we have already accepted.

Mr. REGULA. Mr. Speaker, will the gentleman yield?

Mr. ROBERTS. I yield to the gentleman from Ohio.

Mr. REGULA. What percent of the veterans budget is for administration as opposed to direct benefits to the veteran?

Mr. ROBERTS. The administration's appropriations budget request for fiscal year 1980 for general operating expenses was $592.8 million. This request was $51.1 million less than the amount requested for fiscal year 1979.

The HUD, independent agencies appropriations bill recently sent to the President, contains $587.4 for general operating expenses.

Mr. LATTA. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois (Mr. MICHEL).

Mr. MICHEL. Mr. Speaker, to reconcile or not to reconcile; that is the question really before us today. I would like to direct the first part of my remarks, if I might, primarily to our Republican side of the aisle.

Lower taxes is not the issue here. We on our side have talked ourselves hoarse about lowering the tax burden. It was not empty or negative rhetoric. We have suggested innumerable ways of cutting taxes, across the board cuts, specialized cuts, tax incentives, tax credits, and indexing. Time and time again this Democrat Congress has said "no" to our proposals.

A smaller deficit is not the issue today. We on our side offered the American people a balanced budget, and this body said, "no." We offered them a $15 billion deficit, and this body said, "no." We offered them an $18 billion deficit, and again they said, "no." We offered budget reforms, spending ceilings, and even a different set of economic projections, and this Democrat-controlled Congress said no.

Now, is there any doubt where we Republicans have stood on these issues? Is there any doubt about what we have tried to do and who has stopped us? If there is still some doubt, we are not going to erase it by our action today.

We made our stand; we fought our battles. Now, there is only one left. We have only one shot to bring about significant savings, to make significant reform, and this is it.

The issue here today is something foreign and meaningless to the public. It is reconciliation, the process by which we force the House to do what it promised it would do in adopting the Budget Act. As the gentleman from Ohio (Mr. REGULA) and the gentleman from New York (Mr. CONABLE) so eloquently pointed out earlier, it is keeping spending in line with budget projections.

As outnumbered Republicans, it seems to me that we cannot change those projections any more. The hour is past, but we can make the projections stick.

Now, let me say something, if I might, appropriate to both sides of the aisle. Reconciliation, in my judgment, has nothing to do with who chairs what committee or whether any chairman has to be told what he can or what he cannot do. Reconciliation is an integral part of the budget process that was meant to endure long after the tenure of any one of us serving in this body. That is the way I perceived this whole budget control act when it was put together. It is a check in the series of checks and balances in the budget process. It serves as a signal to the American people that we take the budget process seriously and that there will be no passing of the buck or shifting of the blame or hiding spending excesses.

Reconciliation is in the law. It has always been in the law. It is an exercise in self-discipline, whether in any given Congress we need the discipline or not. I submit that we still need that discipline.

We really do not have the luxury of rejecting reconciliation. By doing so, we would be saying to the American people, "Oh, don't worry, you can trust us. You don't need it in writing. We are not going to let you down. After all, we are the government, and we are here to help you."

Well, my friends, our popularity as a body is lower than the President's in any public opinion poll I have read, and I am here to tell you that we had better see that it is put in writing today as a format for years to come.

Reconciliation is a simple, significant step we can take at this late date as partial compensation for what we have done all year.

We have ignored budget procedures and controls. We have tinkered and toyed with the budget process until there is little left, and we have made a mockery of the appropriations process with runaway entitlements, and bloated in supplementals.

So, what is left? Reconciliation is left. Why would not your responsible Members of the majority throw us this bone, give the taxpayers this little crumb. I would urge my colleagues to vote down this move by the majority to scuttle a most important part of our new budget procedures.

Mr. GIAIMO. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois (Mr. SIMON).

Mr. SIMON. Mr. Speaker, last night we voted and passed the Higher Education Act, which was an act of compromise because there were serious differences. This is part of the legislative process. There is no piece of legislation that is more a part of compromise than the budget resolution, because every Member in the House and every Member in the Senate has strong views.

There are portions of this resolution I do not like. I think, for example, that realistically the defense budget authority and outlay are higher than they need to be. There are areas where I would like to see the figure a little higher; there are areas where I would like to see the figures a little lower, but compromise is the essence of legislation. It is particularly the essence of working out a budget resolution.

Now, let us get to some of the specific criticisms that have been aired here today. On the deficit figure, where have we gone? In fiscal year 1976, the deficit voted in the second budget resolution was $74 billion; in fiscal year 1977, it was $69 billion; in fiscal year 1978, it was $61 billion; in fiscal year 1979, it was $38 billion. We are coming down. We are going in the right direction, and in every one of those years, in fact, there has been a shortfall so that the deficit was lower than the second budget resolution.

There is every reason to believe that come the end of fiscal year 1980, in fact the deficit will be lower than we are projecting right now. I would point out one other important point, because budgets have to be fairly conservative documents. That is, if we were to have unemployment for fiscal year 1980 at the level we have had in fiscal year 1979, the deficit for fiscal year 1980 would be below $8 billion.

That is a fairly dramatic figure. We are assuming in this second budget resolution an unemployment figure of 7.2 percent. I hope and pray we do not come anywhere near achieving it. But we are playing a conservative role, I will say to my friends on the minority side, as we put these figures together, and I think it is proper that we play it conservatively as we put these figures together.

□ 1210

There are three other points, very quickly, that have been raised on the opposite side: No. 1, they say we are going to have to have a third budget resolution. I think the minority Members are right, but we have done it before. We cannot massively, after we have 13 days of conference, as the Members know, suddenly recalculate everything. I think in February we are going to have to take a look at where we are, where inflation is, where unemployment is, and where a lot of things are, and we are going to have to have a third budget resolution. I concede the point. I think it is nothing against this particular second budget resolution.

Another point raised by my colleague, the gentleman from New York (Mr. Conable), was that the off-budget matters are not part of this. I agree with him. I think they ought to be part of it, but that is a matter of fundamental legislation that has to be passed, and we ought to change that.

Finally, there is the reconciliation process. We are not, if we adopt the Giaimo motion, rejecting reconciliation. We are wise to have that on the statute books, and we may, one of these years, have to use it. We may have to use it in the third budget resolution. But the appropriation committees and the authorizing committees of this House have by and large done an excellent job of trying to restrain themselves and to act responsibly.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. GIAIMO. I yield 1 additional minute to the gentleman from Illinois (Mr. Simon).

Mr. SIMON. I thank the gentleman. Here let me pay tribute to my colleague, the gentleman from California (Mr. Panetta) for his leadership in the legislative savings area. But he and I agree that we should not throw salt in the wounds of our colleagues and the committee chairmen who have done a good job, and particularly the Committee on Appropriations, which with the one exception of energy where we knew the synthetic fuels program was coming along and we went in excess of the first budget resolution—in all other cases we have lived within the budget resolution. I think this motion is a solid one. I hope the House gives us a majority so we can go back and work out a compromise with the Senate on this one last obstacle that faces us in the budget process.

Mr. LATTA. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania (Mr. Shuster).

Mr. SHUSTER. Mr. Speaker, I would suggest that there are two reasons for rejecting this motion which is before us. The first reason is the argument over reconciliation. That argument has been stated most persuasively here, and I will not dwell on it except to say that I endorse completely the view that reconciliation is vital to the budget process and we, therefore, should not set it aside. It is nice to say in theory we are for it but then on the floor to urge voting against simply does not wash. We should support reconciliation, and that is a vital reason for opposing this motion which is before us.

There is, however, a second reason, and that second reason is the resolution itself and the dollar figures which it contains. Two hundred and six Members of this body saw fit to vote against the second budget resolution when it passed through the House, and one of the weightier reasons, I believe, that many Members voted against it was because of the size of the deficit—a $28.9 billion deficit. But what do we have before us today? We no longer have a $28.9 billion deficit; we have a $29.8 billion deficit, almost an additional billion dollars in deficit. But that really does not even tell the whole story.

The whole story is told when one turns to the responsible national news media and reads, as we saw a week or so ago, in one of the national magazines and in several of the newspapers that OMB is recalculating these expenditures, and that the real deficit—the real deficit—is not going to be the $30 billion we are told but it is going to be closer to $40 billion. So we are not voting today on a resolution that provides for roughly a $30 billion deficit. The harsh fact is that we are voting on a resolution which is going to end up providing a $40 billion deficit.

So I say that there are two reasons for voting against the resolution we have before us today. The second reason is because the deficit is increased further. It is increased over the resolution this House voted on just a few weeks ago, and it is going to go still higher and beyond the actual numbers. The first reason to oppose this resolution is because it sets aside the principle of reconciliation. It sets aside a vital part of the budget process, a part which is written into the law. It sets it aside, and that is a good reason for setting aside this resolution. I urge a vote against the resolution which is before us.

Mr. GIAIMO. Mr. Speaker, I yield 5 minutes to the gentleman from Oklahoma (Mr. Jones).

Mr. JONES of Oklahoma. Mr. Speaker, I rise in support of this budget conference report, and I especially urge my colleagues to vote for the Giaimo motion which adopts the conference report and disagrees with the other body on the question of reconciliation. In taking this position I want to address my comments especially to my colleagues on both sides of the aisle who have worked long and hard this year to place into the law some meaningful binding provisions that would force Congress to develop tight fiscal budgetary policies.

The Members recall that our first effort at budget discipline took place in March when the balanced budget amendment to the debt ceiling bill, led by such Members as the gentleman from Texas (Mr. Gramm), the gentleman from Mississippi (Mr. Lott), and others, was considered on a procedural motion to the rule. Although we lost that procedural motion, we won a commitment from the leadership that the House could have a substantive vote this year. Since that time a great deal of study and a great deal of conversation has taken place, and a number of bills have been introduced to require fiscal discipline. I guess the one that has received the most attention is H.R. 5371 which has a number of cosponsors on both sides of the aisle. It amends the Budget Act and ultimately limits Federal spending to 20 percent of the gross national product. As I say, this legislation has received balanced and bipartisan cosponsorship.

Here is where we are on the leadership's commitment. The bill and other bills have been referred to the Committee on Rules. The chairman, the gentleman from Missouri (Mr. Bolling), has appointed a special task force to begin hearings on the budget discipline proposals. This morning I received a reconfirmation from the Speaker's office, from the majority leader, and from the others in the House leadership, that the spending limit amendment to the Budget Act would be voted on this year before we complete this session. It is on the Speaker's list of "must" legislation to be considered by the House. So to those who have gone along with the budget resolution this year, and to those who have insisted to me that they want a chance to vote on a substantive proposal to limit that portion of the GNP spent by the Federal Government, I say that you will have that chance before this session adjourns.

□ 1220

I am fully confident that once the Budget Act spending limit amendment is presented to this House that we will pass it. I fully expect that this new fiscal discipline will be in place before we consider the fiscal year 1981 budget next spring and we will have the tools in place to positively respond to our constituents who are demanding spending restraints by the Congress.

To keep this momentum going it is vitally important that we support the gentleman from Connecticut (Mr. Giaimo) and adopt this conference report with the Giaimo motion.

Mr. Speaker, developing budget discipline is an evolutionary process. Most of that meaningful evolution has taken place this year by this Congress. Look at what we have begun to do, and look at the things included in this budget conference report. We have taken two important first steps necessary to get a meaningful handle on Federal spending. First, we have recognized that entitlement programs are the uncontrollables which must be controlled if we are to reduce Federal spending.

This conference report adopts the Regula amendment to require that we begin to bring entitlement programs under control and we will make more progress on that next spring when we deal with the 1981 budget.

Second, we have found that tremendous waste occurs during the last quarter of the fiscal year when departments and agencies all across the executive branch obligate funds willy-nilly in order, in my judgment, to exhaust their appropriations so they can come back to Congress and say, "We spent what you gave us last year, we need that much plus some add-ons for next year."

Mr. Speaker, this conference report recognizes for the first time this bad fiscal process and takes some first halting steps toward changing that.

Mr. Speaker, in addition to these two items, as I have already mentioned, we have a firm commitment, again for the first time, that we will have a substantive vote on the overall spending limitation amendment, the kind of discipline that will be built into the budget before we take up the fiscal year 1981 budget.

I think those of us who have been pushing hard for these types of advances and fiscal disciplines, should support this budget conference report.

Let me mention briefly the question of reconciliation. I support the concept of reconciliation. I think we should not hesitate to use it whenever we find a recalcitrant committee flatly refusing to abide by fiscal discipline. However, that is not the case here. It is not the case with the 1980 budget as it applies to the House of Representatives. In my judgment, the only reason that we have reconciliation considered at all and the only reason it is used in such a sledgehammer manner is because the other body was not as successful as the House in cutting spending, was not as successful, and apparently this bludgeon of a broad-base reconciliation was the only tool available to them to achieve budget discipline as well as we have done in the House.

Mr. Speaker, it has already been pointed out that the House's record in achieving savings through specific legislative actions has been exemplary indeed. For example, the Committee on Ways and Means was asked to save $1.1 billion and we have already achieved nearly $1 billion in savings. I think that is a record that is unmatched by any committee in either body.

The reconciliation amendment on which the House and Senate disagree will be meaningless in the House because it cannot possibly be achieved in the 30-day period required. If that happens, if reconciliation becomes meaningless, if it becomes just a political football, if that happens, it weakens the whole reconciliation process, the whole reconciliation tool which can and should be used on selective occasions. Weakening reconciliation weakens the budget discipline that we are trying to achieve.

Finally, let me mention the size of the budget deficit, $29.8 billion. That is much larger than I wanted. Were I solely in charge of the budget it is much larger than it would be. None of us, including the chairman of the committee, the ranking Republican member nor any other has the sole control over what that budget will be. It is a political process and the political process works.

We have been arguing differences for nearly 4 weeks with the other body in conference. This budget conference report is the very best we can achieve this year and still muster enough votes to pass the budget. Failure to pass the budget would be a monumental step backward and I do not believe the American people will look kindly on a total dismantling of the budget process.

I urge approval of this conference. I urge approval of the Giaimo motion.

Mr. LATTA. Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania (Mr. Shuster).

Mr. SHUSTER. Mr. Speaker, I commend the gentleman for his efforts to place a limitation on Federal Government spending but I would ask the gentleman whether he thinks such language in the law would be worth the paper it is written on when, indeed, we have today language in the law which requires reconciliation, yet we are proposing to set that aside. Why would we not set aside a requirement for a limitation on Government spending, given the same logical thinking?

Mr. JONES of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from Oklahoma.

Mr. JONES of Oklahoma. There is always the possibility we would set aside language on a spending limitation but the limitation of which I speak is the very thing that the gentleman from Pennsylvania and his colleagues on that side of the aisle have been saying for years is what we need. We need to start out with an overall spending limit and then divide up the pie. We do not do that today, and I think that is the kind of discipline we need.

Reconciliation is an afterthought. What we need is reconciliation in advance and that is what a spending limitation would be.

Mr. SHUSTER. It is part of the budget process.

Mr. JONES of Oklahoma. It is part of the budget process and deals with things to be set aside and that is what we propose to do.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Ohio (Mr. Latta).

Mr. LATTA. Mr. Speaker, I yield 5 minutes to the gentleman from Arizona (Mr. Rhodes).

Mr. RHODES. Mr. Speaker, I think that the Giaimo motion to delete reconciliation should be defeated. The gentleman from Oklahoma (Mr. Jones) who preceded me in the well has just given us many good reasons why it should be defeated, and I echo that part of his speech.

The gentleman from Oklahoma also used the word "political" several times. The gentleman is quoted in the Congressional Quarterly as having said that the Republican substitute for the second concurrent budget resolution was political and I suggest that the gentleman has just made a remarkable political speech of his own. He said that he is supporting the Giaimo motion, and then he dissected the motion and disagreed with practically every one of its individual parts. I admire the gentleman's legerdemain—disagreeing with the parts but supporting the whole. I am sure the fact that the gentleman represents a very conservative district in Oklahoma has absolutely nothing to do with it.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. RHODES. I yield to the gentleman from Maryland.

Mr. BAUMAN. I compliment the gentleman from Oklahoma for his speech though I disagree with his conclusion.

Mr. Speaker, I have read a great deal in recent months about the gentleman's leadership of the conservative bloc on the Democratic side. By his stand on this motion I was sorry to hear him abdicate that position today.

Mr. RHODES. If the gentleman ever occupied that position.

Mr. REGULA. Mr. Speaker, will the gentleman yield?

Mr. RHODES. I yield to the gentleman from Ohio.

Mr. REGULA. I think the intriguing

part of all this debate this morning is that almost without exception those on the other side of the aisle have prefaced their remarks by saying, "I favor reconciliation," and have then gone on to say, "Vote against it."

Mr. RHODES. Mr. Speaker, I think that is a very interesting comment.

Mr. GINGRICH. Mr. Speaker, will the gentleman yield?

Mr. RHODES. I yield to the gentleman from Georgia.

Mr. GINGRICH. I also would like to comment that I cannot help but be struck by the fact that both the Members on the other side who are now standing have each said, "I favor reconciliation, I want a spending limit, but not now, not today, not on this occasion."

Mr. Speaker, if we do not stop spending now, then always there is a promise in the future.

Mr. GIAIMO. Mr. Speaker, will the gentleman yield?

Mr. RHODES. I would like to yield to the gentleman from Connecticut so he can tell me why reconciliation is even an issue when it is part of the law.

☐ 1230

Mr. GIAIMO. Mr. Speaker, I wanted the gentleman to yield to me, and that is all right, I will answer the gentleman's question, I will respond to the gentleman's question; but I do want to ask the gentleman to yield to me and I will get the gentleman time if the gentleman needs it to speak about the gentleman from Oklahoma; but there is no question but that reconciliation is part of the law.

There is no question that reconciliation is a very real budget tool.

There is no question that there are times when you need reconciliation to be put into a resolution, and there are times when you do not.

Now, let me say to the gentleman from Arizona, our committees have tried via the legislative reform route to accomplish the same thing. Our Committee on Ways and Means passed out of the committee $1.4 million in legislative savings, which incidentally I hope the gentleman and the Members on the gentleman's side will support when it comes to the floor next week, one of which will be hospital cost containment.

Does the gentleman intend to support that, may I ask the gentleman? Does the gentleman intend to support hospital cost containment?

Mr. RHODES. Well, now, Mr. Speaker, it is my time.

May I comment on what the gentleman just said?

Mr. GIAIMO. Yes.

Mr. RHODES. It seems to me if, indeed, we have done such a great job on reconciliation already that the gentleman from Connecticut would not fight it so hard. If it is meaningless, then what is the problem?

Of course, the facts are, as the gentleman well knows, that if we adopt the principle of reconciliation as it appears in the Senate amendment, we will actually save about $3.6 billion. Now, I guess the gentleman from Connecticut does not want to do that; so I can understand that. The gentleman has done a good job of talking a balanced budget game, but not a very good job of doing much about it in his respected position of chairman of the Budget Committee.

The gentleman from Connecticut has never been anywhere near me or, as far as I know, any other Member of the Republican side asking for help on the budget or passage of the resolution. The gentleman has completely followed his own line of working only with the majority. The minority gets nothing but the back of the gentleman's hand. I suggest that that is really not a very good way to legislate.

Now, Mr. Speaker, I yield to the gentleman from Oklahoma.

Mr. JONES of Oklahoma. Mr. Speaker, I appreciate the gentleman yielding. I appreciate the gentleman's comments on my legerdemain.

I would say that I appreciate the gentleman's artful and elusive semantics in trying to dissect what the gentleman said. I still do not understand what it is, but I am sure there was a message somewhere.

Let me just say on reconciliation——

Mr. RHODES. The thing that the gentleman did, I say to my good friend, is to say that the gentleman was in favor of the Giaimo amendment and then completely dissect it and say that the gentleman is against all the parts.

The SPEAKER pro tempore. The time of the gentleman from Arizona (Mr. RHODES) has expired.

Mr. LATTA. Mr. Speaker, I yield 5 additional minutes to the gentleman from Arizona (Mr. RHODES).

Mr. RHODES. Mr. Speaker, I thought that deserved comment.

Mr. JONES of Oklahoma. Mr. Speaker, if the gentleman will yield further, what I said and what I believe is that reconciliation should be used when any committee in either body fails to respond to what is asked of it.

In the House of Representatives, the committees have responded.

Let me give the gentleman an example in the Committee on Ways and Means. The only way we can achieve the reconciliation called for, for example, is to pass both a hospital cost containment bill and to do away with prepayment programs for hospitals. This comes to about $1.1 billion.

I think that I am a political realist. I know the gentleman from Arizona is a political realist. We know that both of those will not pass the Congress. If they do not, then it makes reconciliation meaningless and that takes away and weakens a very important tool in the budget process.

Mr. RHODES. Mr. Speaker, the gentleman from Oklahoma and the gentleman from Connecticut have both very artfully tried to indicate that the only thing that would happen with reconciliation has to do with hospital cost containment. That is not the situation at all.

Mr. JONES of Oklahoma. I am talking only about the committee jurisdiction with which I am familiar.

Mr. RHODES. Well, I understand that, but the gentleman should become familiar with more things if the gentleman expects to become an authority on reconciliation.

Mr. JONES of Oklahoma. Mr. Speaker, I would suggest the same for the gentleman from Arizona.

Mr. RHODES. I suggest that the motion offered by the gentleman from Connecticut should be defeated, and then proceed to have an up or down vote on the question of keeping reconciliation in the budget resolution.

I cannot believe that the other body is completely out of its collective mind in wanting reconciliation. They do claim that, although the committee system on our side might have worked very well, that maybe their committee system has not worked so well, and therefore if they want to have reconciliation, why should they not have it? Then you can go to conference again and rereconcile the reconciliation.

The facts are, and the gentleman from Connecticut knows this very well, that when we set up the congressional budget system, the centerpiece of it was reconciliation. Everybody knew it would not work unless you were able to re-examine the work of the Appropriations Committee and the Committee on Ways and Means after all appropriations had been made, and to reconcile them with the macroeconomics that are necessary in order to do the best job that we can for the country; but we have neglected that. The congressional budget process has completely neglected this very important centerpiece of the whole matter, which is why the congressional budget system does not work. If we keep doing what we are doing and if we keep having the types of shows that we have every time we have the first concurrent and the second concurrent budget resolutions on the floor with everybody making amendments to this line item and that line item, the Congressional Budget Act is going to be abolished, and it will deserve to be abolished because it will not have done the job.

Now, the only way to make it work is to go back to the original philosophy under which we set it up and to provide for reconciliation at the end of the process.

The gentleman from New York (Mr. CONABLE) has for many months tried to get the House and the Senate to adopt a principle which I think is absolutely important; that is, not to allow an appropriations bill to become law until after the reconciliation process has already taken place. Then you do not have to go through the agony of "unappropriating" funds which have already been appropriated and which is very clumsy, to say the least, if not impossible.

So I think it is absolutely necessary that the gentleman from Connecticut and his committee get together and make some recommendations to the House and to the other body as to how we can do a better job on the budget process than we are doing now.

I suggest that as of now we are not doing the job that this country expects to be done. I hope that we will someday do that job.

Mr. GIAIMO. Mr. Speaker, I yield 8 minutes to the gentleman from Ohio (Mr. STOKES).

Mr. STOKES. Mr. Speaker, I rise to offer my full support for the conference report on the second budget resolution for fiscal year 1980.

Mr. Speaker, I was a member of the conference on the second budget resolution and I can personally attest to the struggle that the House conferees went through to sustain an adequate level of funding for social programs. The objectives of the Senate conferees were to cut CETA, inadequately fund BEOG's, abdicate our commitment to provide housing for low-income families, and cut back in social services to the poor, elderly, and disabled. The House conferees opposed the Senate's position on social programs and, in the main, prevailed.

The outcome of the conference is a good resolution. I repeat, it is, on balance, a good resolution. It does not contain everything that I want, or that many other liberals would want; it contains funding levels for some programs that I consider excessive and unnecessary. I readily concede that it is not perfect. However, the desire for something better may blind us to the values of what we have achieved and the reality of what is attainable. I submit to you, my colleagues, that the conference agreement before us represents a budget plan for fiscal year 1980 that is realistic, balanced, and should be acceptable to all liberals.

Permit me to run through again some of the programs that the chairman of the committee discussed in his statement to impress on you the positive aspects of the conference agreement.

In education programs, the resolution provides sufficient funds to permit a supplemental appropriation of $500 million for the basic educational opportunity grants program, should such funding become necessary, to enable all undergraduate students to obtain the full assistance to which they are eligible. In contrast, the Senate would have provided for an inadequate supplemental of $200 million. The position of the Senate did not prevail.

In training and employment programs, the conference agreement provides no change from the House-passed resolution. The totals included in the conference report permit funding for 200,000 countercyclical public service jobs under CETA title VI and 250,000 public service jobs for the structurally unemployed under CETA title II-D at the end of fiscal year 1980. To achieve these job levels, it is estimated that a supplemental appropriation of almost $500 million will be required. The conference agreement provides for this level of supplemental funding. By contrast, the Senate had proposed to reduce the number of title VI jobs to 100,000 by the end of fiscal year 1980 and completely terminate the program in 1981. The position of the Senate did not prevail.

In social services programs, the conference agreement provides funds to sustain a title XX program level of $3 billion. This is an increase of $100 million over the fiscal year 1979 level. The Senate, in contrast, would have reduced the funding level for title XX by $200 million from the fiscal year 1979 level. The position of the Senate did not prevail.

Overall, in function 500, the education, training, employment, and social services function, the Senate was $1.7 billion below the House when we went into conference. At the conclusion of our negotiations, the House had reduced its total by $500 million; the Senate had agreed to increase its total by $1.2 billion.

In function 550, the health function, the conference agreement provides sufficient funds to cover the costs of the child health assurance program (CHAP) designed to provide screening and follow-up care to about 5 million additional poor children not now covered by medicaid and to enable over 200,000 low-income pregnant women annually to obtain prenatal and postnatal care. In addition, under the conference agreement, the medicare program can be amended to provide additional psychiatric coverage for the elderly, expand home health services and enable additional disabled persons to obtain the benefits of medicare coverage.

In function 600, the income security function, the conference agreement includes $1.6 billion to provide relief to low-income families from the escalation in the cost of home heating fuel. The Senate resolution had provided less than $600 million for this purpose. Here again the Senate did not prevail.

In addition, the income security function contains sufficient funds to lift the existing ceiling on appropriations for the food stamp program to insure that this vital benefit to the needy is not jeopardized because of higher food costs and increased unemployment. The conference agreement also accommodates the national policy of admitting and providing assistance to 168,000 Indochinese and 36,000 Soviet refugees in fiscal year 1980. Finally, the Senate had provided no funds in the income security function to accommodate House-passed legislation to liberalize assistance to American workers who become unemployed as a result of foreign trade competition. The House insisted that funds for the trade adjustment assistance program be included. Here again, the House prevailed.

In the veterans function, the conference agreement accommodates a cost-of-living adjustment totaling 9.9 percent for veterans with service-connected disabilities and their survivors.

Overall, Mr. Speaker, the conference agreement protected the programs that many of us on this side of the aisle had insisted had to be protected when the resolution was adopted by the House back in September. For that I commend our chairman and the other members of the House conferees. Of course, concessions had to be made to the position of the Senate. That is inherent in a congressional conference. The House accommodated the Senate in the level of funding for the national defense. We also included more budget authority for energy programs than will probably be necessary; these were concessions necessary for agreement to be reached and I do not fault our side for having made them.

In conclusion, Mr. Speaker, let me repeat that we have a good resolution before us. It is one which no Member on the Democratic side of the Chamber should hesitate to support. I urge my colleagues to vote in favor of the Giaimo motion.

□ 1240

Mr. GRAY. Mr. Speaker, will the gentleman yield?

Mr. STOKES. I am pleased to yield to my distinguished friend and colleague, the gentleman from Pennsylvania (Mr. Gray).

Mr. GRAY. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I would like to join with the gentleman in what he has said in terms of the difficult situations that we faced in the conference, and I speak as a member of that conference committee.

I would also join the gentleman in the praise that has been given to the chairman of the committee, the gentleman from Connecticut (Mr. Giaimo).

I certainly acknowledge, as the gentleman has pointed out, that there were difficult decisions to be made, but in the end I believe we have come up with the best conference report we could, one that will meet the needs of this Nation in terms of security and at the same time serve the people of this Nation who are unemployed and the people who are in need of housing.

So, Mr. Speaker, I would like to identify myself with the comments of my colleague, and I urge strong support of the Giaimo amendment.

Mr. GIAIMO. Mr. Speaker, I thank the gentleman from Pennsylvania (Mr. Gray).

The SPEAKER pro tempore. The time of the gentleman from Ohio (Mr. Stokes) has expired.

Mr. GIAIMO. Mr. Speaker. I yield 30 additional seconds to the gentleman from Ohio (Mr. Stokes).

Mr. Speaker, will the gentleman yield?

Mr. STOKES. I yield to the gentleman from Connecticut.

Mr. GIAIMO. Mr. Speaker, I just want to take this time to thank the gentleman from Ohio (Mr. Stokes), and I want the House to know of the work that the gentleman from Ohio (Mr. Stokes) did as a member of this conference committee.

All the members of this conference committee worked harder than I have ever seen any members work on a Budget Committee conference. No member worked harder than the gentleman from Ohio (Mr. Stokes). He attended every session, and he participated completely in the give-and-take of the conference.

Mr. Speaker, I say without any hesitation that urban America is indebted to the gentleman from Ohio (Mr. Stokes) for the effort and the hard work that he put into protecting the programs of urban America.

Mr. STOKES. Mr. Speaker, I thank my distinguished committee chairman.

Mr. LATTA. Mr. Speaker, I yield 5 minutes to the gentleman from Maryland (Mr. Bauman).

Mr. BAUMAN. Mr. Speaker, the term "reconciliation" smacks of the arcane jargon that quite often is used in the House of Representatives and the other body to describe our parliamentary activities. But what if we were to admit candidly to the American people today that our vote on this issue will mean that their cost of living will go up if we do not reconcile the budget, that inflation will increase, and that everything they do economically will suffer because of the lack of will on the part of the Members of the Congress of the United States? It is as simple as that.

The motion offered by the gentleman from Connecticut (Mr. GIAIMO) will increase the budget deficit to a level higher than last year's, reversing a trend which he personally has repeatedly crowed about on this floor as being something to encourage. In other words, we are not only going to have a deficit of nearly $30 billion but one in excess of $33 billion by the operation of this one motion.

I heard the gentleman make an excellent speech here a few days ago against a new Federal program that would cost roughly $2 billion, and this motion alone will cost more than the program about which he complained a few days ago.

So I urge the Members of this House to vote down the motion and allow the Budget Act to work as it was intended.

The question is whether or not the majority of this House wants the Budget Act to work. I do not think they do. I do not think that there is any collective will on the part of the majority—and some of the wrong votes come from my side of the aisle on these budget issues—to cut Federal spending or hold down inflation. It is a good issue for lip service and for speeches, but the way you vote is not very good when you must face the hard decisions.

That is what reconciliation is really all about. Will we make the budget that Congress authorized fit the available money? And the pending motion says, "No."

It would have been more honest to come in and just advocate a further increase in the deficit. That would have been the straightforward thing to do. But, no, the other body has been more willing in this instance, by a few billion dollars, to cut down spending; the House has not been willing to follow.

Mr. GIAIMO. Mr. Speaker, will the gentleman yield?

Mr. BAUMAN. Mr. Speaker, I will finish first, and I will yield in just a moment, if the gentleman wishes, since I have mentioned his name.

Mr. Speaker, let me hark back to a day long ago when the gentleman from Maryland had only been in the House about 8 or 9 months. At that time there was drawing to a close the distinguished career of some 20 years of a Member of Congress from Iowa. On the afternoon of June 18, 1974, the gentleman from Iowa, Mr. Gross, rose briefly and said this:—and I quote from what he said—

> Mr. Speaker, a great day is about to dawn in the House of Representatives. There has been a lack, we are told today, of will, discipline, and restraint, and this budget control bill is going to cure all things.
>
> Bless your hearts and souls. . . .

Then Mr. Gross went on to say this:

> . . . . with this bill, everything and everybody is going to be reformed. Everything is going to be hunky-dory, and the goose is going to hang high. If we just pass this bill, we will have brought into play all the will, all of the restraint, and all of the discipline that is necessary to balance the budget, stop inflation, and restore fiscal sanity.

Then he paused and said this:

> Do not believe it for 1 minute.

Well, the gentleman from Iowa was a prophet in many ways. And today his prophecy comes true again. He went on to discuss how, as he said, the other body and this body "will quickly find ways to warp and bend the reform rules laid down here today" in the Budget Act. Some of the Members, he said, who were on the floor at that very moment in 1974—and that was many years ago—"will be a part of that bending and warping."

Then, Mr. Speaker, he was asked to yield by the gentleman from Maryland, and I agreed with his remarks.

□ 1250

I said then; "I hope that will be engraved in stone so that we can present them in the future, after the gentleman has retired and after the many who have made glowing speeches here about budget control will probably end up voting for more backdoor spending and bigger budget levels and more deficits even if we approve this Act."

Well, I hesitate to remind the Members of the House today that I told you so then. But the fact of the matter is that inherent in the motion offered by the gentleman from Connecticut (Mr. GIAIMO) is the lack of will, the lack of restraint, the desire to bend the process.

I do not know why we have 200 or more employees between the Senate and the House Budget Committees and the plus-200 that the Congressional Budget Office has, I do not know why we are spending millions of dollars on this process if, when you come down to the hard place, you make the decision to chuck the whole budget process into the ashcan. That is what the gentleman's motion entails here.

I suggest that if we are going to follow the direction that the gentleman from Connecticut suggests, it would do the House a service to offer a resolution to repeal the entire budget process. A competent adding machine from any reputable manufacturer can do the same thing that the gentleman is suggesting we do, and that is, go through the whole budget process, add up the cost, and then approve any deficit that results with no restraints applied.

I urge a vote against the motion.

Mr. GIAIMO. Mr. Speaker, I yield 7 minutes to the gentleman from New York (Mr. SOLARZ).

Mr. SOLARZ. Mr. Speaker, when we went to conference with the Senate on the second budget resolution, it was very clear that there were many disagreements which would have to be resolved if we were going to reach agreement on a budget for the 1980 fiscal year. But it was also clear that there were two differences between the House and Senate which, in terms of their political and programmatic consequences, far transcended all of the other relatively minor differences between the two Houses. I am referring to the fact that the Senate was over the House by $3 billion in budget authority and $2 billion in outlays for defense, while the House was over the Senate by $4.1 billion in budget authority and $2.3 billion in outlays for a whole variety of desperately needed and vitally important social programs in functions 500 and 600. And it was obvious that, if there was going to be an agreement between the House and the Senate which would make possible the passage of a second budget resolution for the 1980 fiscal year, the House would, almost by definition, have to move toward the Senate in defense, while the Senate would have to move toward the House in the social programs for functions 500 and 600. This is precisely what happened.

The fact of the matter is that the House conferees drove a very hard bargain with our Senate counterparts on the conference committee. I think it is important to say here that the very distinguished and enormously effective chairman of the Committee on the Budget, the gentleman from Connecticut (Mr. GIAIMO), deserves much of the credit. He was tenacious in squeezing every conceivable concession out of the Senate conferees. He bargained like a rug merchant in the great bazaar in Istanbul. If the President had any sense, he would dispatch the gentleman from Connecticut today to Tehran, and I can tell the Members that if he was admitted to that city and had an opportunity to discuss the current crisis in that country with the Ayatollah, I have absolutely no doubt, based on his performance as chairman of the House conferees, that he would not only be able to secure the release of the 60 Americans who are being held captive in the American compound in Tehran at this moment, but he probably would be able to get the Ayatollah to double oil production in the process.

So we drove a hard bargain, and the proof of the pudding is in the fact that, while the House agreed to go up by $3 billion in budget authority and $1.3 billion in outlays for defense, the Senate went up by $3.1 billion in budget authority and $1.8 billion in outlays for the social programs that were of such special importance to our colleagues here in the House.

As a consequence of the bargain which we struck with the Senate, we have managed to protect and preserve every one of the vitally important social programs that are of such great concern not only to the Members of the House but to the people of this country. We were able to keep full funding for the 200,000 job level in the CETA program. We were able to keep full funding for the title XX social services program. We were able to keep full funding for the BEOG's program which provides educational loans to low- and middle-income college students. We kept the section 8 subsidies for housing.

We were able to keep in the budget resolution the low-income energy assistance program which will be of such great importance to millions of Americans in the winter season this year. We kept the funds for the countercyclical revenue-sharing program, which will hopefully make up to one-half billion dollars of desperately needed Federal funds to depressed communities around the country as we move into a recession later next year.

We were also able to provide in the budget resolution for the substantial increase in Federal funds for the mass transportation component of the President's energy initiative.

So all of these programs are in the budget resolution. The question before us today is not whether we are going to include reconciliation or not include reconciliation; the real issue is whether we are going to have a budget resolution for the 1980 fiscal year at all.

The truth of the matter is that, however theoretically desirable the reconciliation procedure may be—and personally I have no problems with it—the fact is that there is no way to pass a budget resolution in this House so long as we include mandatory reconciliation provisions in it. The reason we cannot pass a budget resolution with the reconciliation provision is that whatever the Republican leadership may say, the truth is that the overwhelming majority of the Members on the other side of the aisle will not vote for a budget resolution even if it has reconciliation in it. To the extent that we include mandatory reconciliation instructions which obligate several committees of this chamber to do things which they may not want to do, we are going to lose the support of a substantial number of Democrats who would otherwise vote for the budget resolution who belong to these committees and who do not want to be in the position of being instructed to do something to which they are fundamentally opposed.

So I would submit that the real question that confronts us is whether we are in fact going to have a budget resolution. Because if the motion offered by the gentleman from Connecticut (Mr. GIAIMO) is defeated, I see no realistic way in which we can go back to conference and get an agreement with the Senate which would then be acceptable to this Chamber. Oh, yes, we could cut $50 million from this function and maybe add $100 million to that function, but with a Federal budget of $550 billion, how do you justify voting down a budget resolution today and then voting in favor of a budget resolution next week in which you have changed less than one-tenth of 1 percent of the total figures in the entire Federal budget?

The truth of the matter is that there is no way in which we can get a substantial reduction in defense and get the support of the Senate or to provide for an even greater increase in social programs and get the support of the Senate as well.

In a similar sense, if we were to substantially reduce the budget authority in outlays for the social programs so important to the House, we would not be able to muster the support necessary for the passage of the budget resolution over here.

So I think that what is really at stake is the viability of the budget process itself. And in a time of double-digit inflation, if we were unable to reach an agreement on the budget for the next fiscal year, then I fear that the political and institutional implications of that failure would have devastating consequences for the Congress and for the county at large.

So in conclusion, recognizing that if the motion offered by the gentleman from Connecticut (Mr. GIAIMO) is defeated, the most likely consequence is not that we will pass the same budget resolution but with reconciliation, or that we will go back to conference and be able to get agreement with substantial changes in the budget, but that we will not be able to pass a budget resolution at all.

Consequently, I want to urge my colleagues to vote in favor of the motion offered by our chairman, the gentleman from Connecticut (Mr. GIAIMO).

Mr. LATTA. Mr. Speaker, I yield 1 minute to the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Speaker, I must, of course, vote against the motion of the chairman of the Budget Committee. He is asking us to abandon an important feature of the budget process, that of reconciliation, in favor of ephemeral legislative savings which will never come to pass.

If we support the Giaimo motion, we will have completely abandoned the use of the budget process as a tool of fiscal policy. During the life of the Budget Act, the budget process has been a simple compilation of committee desires for spending—a wish list of the advocates of our various spending programs.

As we have used it, the budget process has been an engine to increase spending rather than any retardant to congressional openhandedness.

The principle of reconciliation will work no miracles, but it will be another helpful force to make some spending reductions.

Anyone who has been here very long knows that significant spending reductions cannot be made on a program basis. Only by holding down total spending—using the aggregate spending figures as a lid—can we make any fiscal progress. It is much more preferable to establish aggregates as the first step in the budget process, but reconciliation is the next best way to meet the problem.

This budget is too expensive. It has been characterized as a budget of despair, and I concur in that description. It has no tax cut to indemnify the average taxpayer from inflation—escalation of his or her taxes. It contains $10 to $15 billion of spending that is unnecessary. It will not lead us to a balanced budget.

I have voted against every budget resolution this House has ever passed because they all contain too much spending. This one has the same drawbacks, but if we could ratify the principle of reconciliation, I would cast a reluctant vote for the budget because it would give hope for at least some savings in the future.

As indicated earlier, I do not support spending at the $547 billion level contemplated in this budget. I know interest costs are understated. I know inflation will boost costs of entitlement programs. I know the sum of these factors will produce a deficit closer to $40 billion than to the $30 billion dollars shown in this resolution.

Nevertheless, in an effort to achieve some potential tiny future progress, I will vote for the budget if the Senate's reconciliation is included. Without reconciliation, I believe that this budget resolution is wholly irresponsible and wholly unacceptable.

□ 1300

Mr. LATTA. Mr. Speaker, I yield 4 minutes to the gentleman from Arizona (Mr. RUDD).

Mr. RUDD. Mr. Speaker, as a member of the Budget Committee, I am disappointed with the budget levels recommended by the conference report. Budget authority and outlay levels remain unsatisfactorily extravagant.

The House is presented with a budget which has a deficit almost $1 billion larger than the already exorbitant level agreed upon in September.

While actual outlays have been trimmed, budget authority has swelled by $6 billion, portending ever-increasing expenditures in the future.

The conference report perpetuates the negligence of the House and Senate individually in its failure to recommend reforms which would reduce the gargantuan expenditures required by domestic entitlements programs.

These runaway expenditures are controllable if Congress will exercise the policy controls necessary for prudent fiscal management.

It appears, however, that yet another year's budget is about to pass without these needed reforms. Our Nation will suffer greater deficit spending and subsequent inflation as a consequence of continued congressional negligence to control these spending programs.

The one bright spot in the conference report is the 3 percent real growth in defense spending—an increase of $3 billion in budget authority and $400 million in outlays.

While I had proposed a larger 5 percent real growth level when the House earlier considered the budget resolution, I am pleased to see that at least some real increase is being recommended.

I was disappointed that the House narrowly defeated such an increase when the second concurrent budget resolution was considered in September. I believe the conference recommendation is a significant step in the right direction, although larger increases are desperately needed in order to strengthen our defense capabilities for the 1980's.

I congratulate the other body for having recommended the implementation of the reconciliation procedure whereby committees are directed to reduce spending in bills already reported or enacted.

This procedure was included within the Budget Act in order to provide real authority for requiring spending restraints rather than simply making hollow "recommendations" for lower spendings levels or other meaningless gestures of restraint.

The decision the House must face is whether to support this frugal budget procedure, or to increase the deficit by another $3.6 billion, outlays which will be required without it.

The reconciliation process should be upheld. I urge a "no" vote on the Giaimo motion.

Mr. GIAIMO. I yield 4 minutes to the gentleman from Texas (Mr. Brooks).

Mr. BROOKS. Mr. Speaker, I rise in support of Chairman Giaimo's motion to concur with the other body with an amendment to strike the reconciliation provision and thereby set the revenue floor and spending ceilings for fiscal year 1980.

The hour is late. We have already passed the September 15 deadline and we are over a month beyond the beginning of the fiscal year 1980. The public expects the Congress to take the budget process seriously and to act responsibly.

Chairman Giaimo's motion should be supported for two principal reasons: First, the deficit agreed to by the conferees is below $30 million. This may be optimistic given the state of our economy, but it does show that the Budget Committee has made every effort to exercise fiscal restraint and curtail excessive spending.

Furthermore, the figures in this budget resolution will provide for more than adequate funding for both our national defense and the human resources programs so important to the Members of this body.

Second, this motion moves to strike the reconciliation provision which would direct the committees of the House of Representatives and the Senate to take certain specific actions with regard to spending programs within their jurisdiction.

I believe the House should reject reconciliation at this time. In the House of Representatives, since the Budget Act's inception, we have used the approach of negotiation and persuasion, rather than mandatory instructions requiring committees to act in a specific way at a specific time. On balance, the committees of the House have been cooperative and have already reported many of the legislative savings set forth in this resolution.

I believe it is imperative to maintain the integrity of the budget process through a continuation of the policy of self-discipline based upon mutual trust and cooperation. To abandon this approach at this time is neither practical nor advisable.

For these reasons, then, Mr. Speaker, I urge all Members to join me is support of the Giaimo motion.

Thank you.

Mr. LATTA. Mr. Speaker, I yield 5 minutes to the gentleman from California (Mr. Lungren).

Mr. LUNGREN. Mr. Speaker, one sometimes thinks what would happen if an individual who was not aware of our process here came in and sat in the galleries for a moment and tried to figure out what was happening. Would they wonder whether they were observing a strong debate on one of the most crucial questions before us, that is, the control of the budgetary process or whether they were seeing a political lovefest?

I think it is all well and good for us to congratulate ourselves on the very hard work we have done and to say, "Boy, no one worked harder, and we put in more hours here, and we have done more work than has ever been done before"; but I would like to remind my colleagues that good efforts do not necessarily mean good results.

It seems to me if we follow the reasoning some suggested, including the chairman, the gentleman from Connecticut (Mr. Giaimo), that somehow because we have tried so hard on this, we must vote for it, we would transfer that same logic to the area of professional football. Then I could convince the Members today that the Washington Redskins are leading the National Football League because they have tried harder than anybody else. As a matter of fact, they probably tried as hard or harder than the Pittsburgh Steelers the other day. The problem is that their score was less than Pittsburgh's.

The score here, the bottom line here, is what do we have as a work product? What are we asked to vote on? Are we talking about giving an "A" for effort?

Are we talking about giving out report cards because we worked so hard?

Or are we talking about results for the American people?

Since I was just recently the target of a letter that was sent out by the Democratic Congressional Campaign Committee attempting to solicit funds so they could return a number of Members to the other side of the aisle to this august body, I would like to share with my colleagues some of the words mentioned in there.

For instance, it suggested that there is a major difference between the freshman Republicans this year and the freshman Democrats of 1974.

In pointing that out, one of the Members of this House in the letter said, "Working with veteran Members, the class of 1974 helped establish a revolutionary new budget process."

I agree we did set up a budgetary process, but what good is a process if we do not use it? What good is a tool if it is never used? What good is the revolution about this whole process if we do not have really the guts and the will to use this process? Believe me, the freshman Republicans are willing to use the process.

Also, it says here that, in contrast to their Democratic counterparts from 1974, the Republican freshmen of 1978 "are waiting for the problems of inflation and energy to vanish through neglect." Well, where is the neglect here?

What are we talking about here? The majority talking about neglecting the No. 1 problem the American people have today. That is inflation.

They are saying today, "Forget about reconciliation. Forget about the fact that our promise was going to be a real promise." The fact is we have already told the American people: "Here is a budget; this is the budget we are bound by."

My God, we went through three different steps in this procedure. We have spent weeks on it. We are saying here is the budget concept we have. Yet we know that the budget, without reconciliation, is a phony deal.

I ask whether we can say with a straight face to the American people, "Yes, we are really interested about inflation," when we know that is not occurring here.

I have heard Member after Member come here and say, "Look at the great job we did. We didn't cut here. We didn't cut there. We didn't cut anywhere else. Therefore, it is a great job."

I would suggest maybe we did not do the job we set out to do. What we are attempting to do here is to pass a bill of which the numbers will mean nothing—if reconciliation does not follow.

Now someone said before that perhaps we should send one of the Members of this body over to negotiate in Iran. I would suggest if we cannot even deal with the ayatollah of inflation, how are we going to deal with the ayatollah of Iran?

In inflationary terms, we have done nothing here. At best, this is just a meager step. Now we should make an attempt to do what the other body has done, which is, to stand tough. We should know, as many newspaper articles have pointed out, that reconciliation is a tool of self-discipline. As such, we should utilize it. But some say we do not want to subject the chairman of different committees or the members of different committees, to discipline. It was said here a minute ago we do not want to force them to do something they do not want to do.

☐ 1310

I thought we were part of a larger body here that is supposed to be making collective judgments for the American people. We must reject the idea that we must have turf fights, that we must be afraid of stepping on toes. It is ironic that the other side of the aisle is sending out letters suggesting that, because we had the tremendous leadership of a freshman class several years ago we were able to get rid of seniority and to change our system in some other aspects, somehow we have made things very, very different. If this resolution is any evidence, I would suggest that is not true and suggest that we vote down this resolution.

The SPEAKER pro tempore. Time of the gentleman from California has expired.

Mr. GIAIMO. Mr. Speaker, I yield the gentleman 1 more minute.

Mr. LUNGREN. I am happy to yield to the gentleman from Connecticut.

Mr. GIAIMO. Mr. Speaker, inherent in the reconciliation process is the issue of hospital cost containment. Does the gentleman intend to support hospital cost containment?

Mr. LUNGREN. Let me say two things on that. No. 1, I do not intend to support it for a number of reasons.

Mr. GIAIMO. Exactly.

Mr. LUNGREN. Second, I am dismayed that the figures that are given here are apparently at variance with the facts.

Mr. GIAIMO. I do not yield any further.

Mr. LATTA. Mr. Speaker, I yield the gentleman 1 more minute.

Mr. LUNGREN. Mr. Speaker, we have already heard that the suggestion we are going to save $650 million a year is not the correct assessment when compared with the CBO authorization. Moreover, I believe that there are strong suggestions that the hospital cost containment bill would not save us one dime.

Mr. LATTA. Will the gentleman yield to me?

Mr. LUNGREN. I am happy to yield to the gentleman from Ohio.

Mr. LATTA. I just want to correct the record. The gentleman asked a question and inferred that under reconciliation we would have to go with hospital cost containment. That is not true. That is not true.

Mr. LUNGREN. I agree with the gentleman from Ohio. But I would also point out the erroneous nature of the principle invoked that somehow we merely have to wave the wand of cost containment and thereby save tremendous amounts of money.

Mr. GIAIMO. Mr. Speaker, I yield 5 minutes to the gentleman from Maryland (Mr. MITCHELL).

Mr. MITCHELL of Maryland. I thank the gentleman.

Mr. GIAIMO. Will the gentleman from Maryland yield to me?

Mr. MITCHELL of Maryland. Yes, I yield to the gentleman from Connecticut.

Mr. GIAIMO. Mr. Speaker, I just want to briefly point out to my colleagues on the minority side that they cannot have it both ways. The gentleman who was just in the well is up here bleating about reconciliation when he himself tells us that when one of the most major portions of the legislation will come up dealing with reconciliation, hospital cost containment, which will save us $600 million, the gentleman will vote against it.

Mr. MITCHELL of Maryland. Mr. Speaker, I would like to reclaim my time if I may.

Let me start off by saying I support the Giaimo proposition. I would urge all of the Members of the House to vote "aye."

Having said that, let me add very quickly that I, too, want to express my appreciation to the chairman of the Budget Committee and the members who worked so hard to insure that certain social programs would not be ruthlessly slashed. I have served on several conference committees with the Budget Committee, and I know what a hard job it is to try and get any yielding at all from the other body in terms of our social programs.

I would like to announce that I am a liberal. I am a liberal in the House and I make no bones about it. Mine is a liberal political philosophy. I believe government ought to intervene in every process in terms of housing, and business, and everything else when the private sector fails us.

So the question is: What is a good liberal like PARREN MITCHELL doing standing in the well of the House to support this budget resolution, the Giaimo proposition, when there is a $3 billion increase in the military that is totally unnecessary. A $3 billion increase which apparently is a down payment for facilitating the SALT treaty? What is a good liberal like PARREN MITCHELL doing in the well of the House calling on other liberals to support the Giaimo proposition?

The answer is simple. You can be a good liberal, but you have also got to be a pragmatist, and you have got to be a realist. The reality is that in the event the Giaimo proposition does not prevail, I am not at all sure, first, that we will even get a budget resolution. I am sure, however, if we go back to the other body that cuts will be made in social services, human survival programs, functions 500 and 600, because they are the most vulnerable ones. Nobody is really going to touch the big budget busters in this resolution, the DOD and some others. But these programs will be the ones that will be cut.

With reference to the reconciliation language, obviously the other body has made it clear what committees will be banged the hardest by the process of reconciliation. For example, the Committee on Education and Labor is directed to cut $100 million in programs under their jurisdiction. What do they cut? The school lunch program? Child nutrition programs? Vocational rehabilitation programs? Is that what we really want to do?

Mr. GIAIMO. Mr. Speaker, will the gentleman yield at that point?

Mr. MITCHELL of Maryland. I yield to the gentleman.

Mr. GIAIMO. I would say to the gentleman not only that, but they are ordered to do it and to report back and accomplish all of this within 30 days.

Mr. MITCHELL of Maryland. Yes. It is mechanically impossible to accomplish that.

Let us face it, every economist now says we are either in a recession or we are moving toward a recession. The economists are predicting we will have 7.2 percent unemployment. Some are predicting 8 percent unemployment. Others are predicting 9 percent unemployment by September of 1980. I do not know who is right and who is wrong, but I do know we have unemployment; and how in the name of God could we go about the process of reconciliation, which will zero right in on those jobs and job training programs, at the very time when we are anticipating an increase in unemployment?

I would suggest to my colleagues on this side of the aisle and the Members on the other side, who have said we have failed in terms of carrying out a reconciliation process, that that is not quite accurate. Indeed, what has been done in the years that I have served on the Budget Committee, and I am sure it was done this year, in fact I know it was done this year, was to mandate our House committees to come back with some further cuts.

The SPEAKER pro tempore. The time of the gentleman from Maryland has expired.

Mr. GIAIMO. Mr. Speaker, I yield 1 more minute to the gentleman from Maryland.

Mr. MITCHELL of Maryland. The truth of the matter is that the House has done a better job than the other body in reducing spending. The truth of the matter is that the reconciliation on the part of the other body is clearly an attempt to somehow or another cover up the fact that their committees failed to do as significant a job as the House committees did in reducing expenditures.

I appeal to my colleagues on this side of the aisle and on that side of the aisle, and I appeal especially to the liberals of the House, "the endangered species," this is the best proposition that we can get. We can retain our liberal philosophies, but let us be pragmatists, let us be realists, and let us vote "aye" on the Giaimo proposition.

There is some confusion in the minds of some of the Members about whether they should vote "aye" or "no". The answer for the liberals and for the people who care about human beings is to vote "aye" on the Giaimo proposition.

Mr. LATTA. Mr. Speaker, I yield 5 minutes to the gentleman from Georgia (Mr. GINGRICH).

Mr. GINGRICH. Mr. Speaker, I think the distinguished gentleman from Maryland just brought great clarity to this dialog when he said that the vote for liberals is yes. I think those Democrats who think of themselves as not being liberal, therefore, face a problem.

It is little wonder the American people vote in fewer numbers as the years go on because the majority increasingly specializes in words without meaning and promises without performance. The hope is always for tomorrow, but somehow Congress never gets around to real change.

Yet the majority leadership cannot admit how bad a job is being done. In fact, they go the extra mile and boast of the opposite of reality. I quote again from the letter that the gentleman from California cited from the Democratic Congressional Campaign Committee by Mr. UDALL, the gentleman from Arizona, where he said: "Working with veteran members of the class of 1974 helped establish a revolutionary new budget process."

Now, I could understand this letter last year or 6 months ago, but to send a letter out this month, while we are in the process of destroying the very process that they are so proud of, is amazing.

The reality is that today the majority leadership is fighting to destroy the very budget system that its committee quotes and supports. The chairman of the Budget Committee, in a scare tactic unworthy of this body, is distorting the budget reconciliation process with his hospital cost containment argument. It is very clear, and I suggest to my colleagues page 375 of the Congressional Budget and Impoundment Control Act of 1974, it is very clear that each committee on its own, once the totals are given to it by the budget process, is able to find those ways to cut spending that are appropriate to recommend, and it is ludicrous to use a scare tactic of defining a specific cut or a specific action which each Member would be pledged to because we decided to be fiscally prudent.

□ 1320

The gentleman from Connecticut earlier said—and I paraphrase because I have not seen the quote, "I believe in reconciliation as a budget process. I agree with the Senator from Maine."

Yet, again they consider waiting until tomorrow and telling us, "Let us reconcile next year. Reconciliation does not matter because we are doing it anyway, but since we are doing it anyway we cannot afford to put it in."

The gentleman from New York suggested sending the chairman to Iran. It is true that we are giving in to the ayatollah of inflation. It is a process of greater and greater spending, of less and less control.

It must be embarrassing to have a true liberal stand up and explain why he wants to destroy reconciliation, to have a chairman explain why we should destroy reconciliation, and the gentleman from Oklahoma explain, because of his personal agreement with the leadership that transcends the principle of reconciliation because he supports in the long run a proposal to limit spending, that he will today vote against limiting spending.

The choice today is clear. Earlier, we were offered a choice between a budget of hope and a budget of despair; between cutting taxes and raising taxes; between cutting spending and raising spending; between less inflation and more inflation. Today, we are offered a choice between a process of hope and a process of despair. An aye vote on this proposal is a vote for inflation, a vote for irresponsible budget process, a vote for an unmanaged, chaotic House, a vote for turning the budget process into a running joke with no meaning, a vote for meaningless promises of action tomorrow. It is truly a process of despair.

A no vote on this motion fights inflation, cuts spending and forces the budget process in the House into the world of reality.

Mr. GIAIMO. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, I take this time primarily to stress to the Members of the House what the vote will be. There are not going to be two votes—I want to make that eminently clear. There are some Members who believe they are going to get a vote on reconciliation and then get a vote on whether or not to adopt the budget. That is not the parliamentary situation.

They speak of the Giaimo amendment, but we should not think of it as an amendment in the sense that following it there will be a vote on the resolution. The vote is on adopting the conference report with an amendment knocking out reconciliation. That is the vote. There will be just one vote, on a conference report without reconciliation.

I urge you, I plead with you, to vote for this resolution. If you do not, we will not have adopted a budget and we will undoubtedly have to go back to conference or some other things that are just too dreadful to contemplate.

Mr. PANETTA. Mr. Speaker, will the gentleman yield?

Mr. GIAIMO. I yield to the gentleman from California.

Mr. PANETTA. Mr. Speaker, I thank the gentleman for yielding. I think it has to be made clear, when we are talking about reconciliation, what that interprets out as. We are not talking about simply a reduction in spending as if we were going to take a 2-percent reduction in terms of appropriations. That is not the case at all.

If we are going to do reconciliation as proposed by the Senate, it mandates that we come to the floor with a bill of reconciliation in 30 days, and directs committees to come up with proposals to meet a certain saving level. The fact is, in 30 days the only proposal we are going to be able to move forward with is not this resolution included in the budget resolution. They will include reconciliation in cost containment, reduction for veterans benefits, highway program reductions. Let us not kid ourselves, those are going to be part of a bill of reconciliation.

The fact is, I tend to believe that those who are saying they are for reconciliation may well wind up voting against the bill of reconciliation. That is the reality we are dealing with. We have to deal with legislative savings on an individual, programmatic basis if we are going to service legislative savings. That is what is projected in this process so far.

Mr. GIAIMO. Now, if you vote down the Giaimo amendment, which is the conference report—it is more than just an amendment dealing with reconciliation—if you vote that down, then we will not have adopted a budget resolution. It would be possible for the gentleman from Ohio to move to concur in the Senate amendment, which means we would adopt a budget resolution with reconciliation. The difficulty with that is that I very much doubt, and in fact I am quite certain, that you will not have sufficient votes to pass that resolution; in which case we will again go down to defeat and we will not have adopted a budget for the U.S. Government. Here it is in November already, when the deadline was September 15.

Now, reference was made by the minority leader to the fact that I have treated the minority cavalierly. Those were not his words, but that I did not treat them properly and that I gave them sort of the back of my hand. I would hope that I have never given the minority the back of my hand. I tried to cooperate and work with them, but, you know, the interesting thing is that in the other body, where they voted on this resolution, 60 percent of the Republican Members voted for the resolution. Now, 60 percent of the Republicans in the House is about 95 Members, and I would like to ask the gentleman from Ohio, have you got 95 votes for this resolution? Have you?

Mr. LATTA. Absolutely not, 95 Members.

Mr. GIAIMO. Exactly, and that is the difference. That is the difference, I will say to my friend from Georgia, in the other body, where 60 percent of the Republicans, the minority party, support the budget process. When the budget came up in this House several months ago, not one Republican voted for the budget process.

The SPEAKER pro tempore. The time of the gentleman from Connecticut has expired.

Mr. GIAIMO. Mr. Speaker, I yield myself 2 additional minutes.

Now, they tell me they do not like the process. It costs too much money. Well, I do not like the fact that it costs too much money either. But I think the process has resulted in holding down Federal expenditures. There are many priorities and they do not please everyone. There are priorities in this budget resolution that I fought for, and you know I do not agree with, but I respect the right of others and I respect the right of a majority to have its will accomplished in a budget resolution.

Some do not like it because it is high in defense. Others like it because it is high in defense. Some do not like it because it has taken good care of necessary urban programs, programs which assist poor people and people who need help from their Government. We have covered all of these various priorities.

Now, you cannot please everyone 100 percent. That is what the art of government is, and that is what makes this Government of our, with all of its faults, the greatest government in the world. This is a compromise. A budget resolution is by definition a compromise. For the life of me, I cannot understand why the same resolution which passes the other body with 60 percent support by the same Republican party cannot get one Republican vote in the House of Representatives. I will say to you that when we get some bipartisan support demonstrated from that side of the aisle, you will have greater inputs into the makeup of a resolution.

Mr. GINGRICH. Mr. Speaker, will the gentleman yield?

Mr. GIAIMO. I would be delighted to yield to the gentleman from Georgia.

Mr. GINGRICH. As the gentleman knows, since he has been here all day, the minority leader spoke and said that he would vote for this with reconciliation, and other Republicans said that they would vote for it.

The SPEAKER pro tempore. The time of the gentleman from Connecticut has again expired.

Mr. GIAIMO. Mr. Speaker, I yield myself 1 additional minute.

□ 1330

Mr. GINGRICH. Would the distinguished chairman, the gentleman from Connecticut (Mr. GIAIMO) vote for it with reconciliation, if his amendment should fail and it should be offered with reconciliation?

Mr. GIAIMO. It was stated to me that if reconciliation were in there, there would be Republican support for it—about 30 or 40 votes. What about the rest of the Republican votes here? You have about 159.

Mr. LATTA. Mr. Speaker, I yield 3 minutes to the gentleman from New York (Mr. SOLOMON).

Mr. SOLOMON. Mr. Speaker, at the outset before the gentleman from Maryland (Mr. MITCHELL) leaves, I would like to say that when he was on the floor before, there was no one in this House whom I admired and respected more because that gentleman went to the well and he told the truth. He was sincere. He said, "I am a liberal." He said, "I believe that government ought to intervene in all facets of our life," and he meant every word he said here. And I admire him for doing that because he is sincere. But, Mr. Speaker, he goes home and he says the same thing. And I admire him even more.

Mr. Speaker, what I do not admire is Members of this House, who go home and talk like Governor Ronald Reagan, and then come back here and vote like Senators McGOVERN and KENNEDY. That is the thing I do not understand here today.

I go home every weekend, and each week more and more people come to me, and talk about the things that the gentleman from Connecticut (Mr. GIAIMO), was talking about the other day when we were debating the fuel assistance bill, that inflation is breaking the backs of all of the American people. No matter how much we give to the needy people, if we are doing it through printing counterfeit money, through deficit-spending processes as we are doing now, we are not helping those people because any small increase they may receive is wiped out by oppressive inflation which is caused by this Congress.

When we enact a deficit budget of $33 billion, which is really, as the gentleman admits and everybody admits, probably closer to $40 billion because of inflation and the increased cost of defense construction—we are not helping those people.

I would urge all of the Members to vote against this deficit budget resolution because if we are ever going to get back on the right track, and if we are ever going to get some fiscal sanity around here, we have got to balance the budget. We cannot balance the budget this year but we can take a step in that direction by cutting back on last year's deficit figure.

Inflation this year is running at about 14 percent and even higher when you consider the increased cost of basic necessities such as food, fuel, medicine, and gasoline.

My colleagues, this cannot continue. Inflation must be brought under control. If this budget resolution passes, the Congress will have once again fueled the fire of inflation. Don't let that happen—defeat this bill.

Mr. LATTA. Mr. Speaker, I yield myself 5 minutes.

Let me say to my good chairman, the gentleman from Connecticut (Mr. GIAIMO), that I am glad that he, after an interruption had occurred, went on to explain to the House there could be a second vote, rather than only one vote, and that the budget process and the budget itself will not go down the drain if we fail to adopt his motion. I am glad he finally got around to that, because if this motion is defeated, there will be an opportunity to vote on exactly—exactly—the same set of figures with one slight exception: one dealing with future years where we have to make a small amendment to be consistent with the rules of the House, we will have an opportunity to vote on the same proposition the Senate passed yesterday 65 to 27. It has already been passed by the U.S. Senate. So we are not going to be voting on something that was hastily cooked up; we would have an opportunity to vote to keep reconciliation in the budget process. But before we get there, we have to vote against the motion of the gentleman from Connecticut (Mr. GIAIMO).

Let me say to the gentleman from Connecticut (Mr. GIAIMO) absolutely and positively we are more conservative on this side of the aisle than the Members are on his side of the aisle, and until such time as they get their outlay figures within reason and lower their deficit, you are not going to get my vote. Let me say to my good friend, let us look at the record. Let us look at the record since this budget process has been in being, and find out whether it is accomplishing anything. Certainly on that side of the aisle they are saying, we want to keep it but we do not want to keep it all; we only want that part which permits us to continue our spending ways. That is what they want. They do not want reconciliation, even though it is in the law.

Let us look at the record. This process came into being back in 1976. In 1975 we had outlays of $326 billion. But with this process in being and going along with all of these requested additional outlays, we are now up to $547 billion in outlays.

This increase just since 1976 when this process became effective. The reason for this is the thinking among a majority of the Members of this House. Typical of this thinking was displayed here today when one individual got up here on the floor and said, "Well, we have given this group all they wanted. We have given this group all they wanted. We have given this group all they wanted. We have given this group all they wanted." But he forgot about the taxpayers. He did not say one single word about the taxpayers of this country.

And during this time how have the taxpayers of the future fared? They have not fared very well, because we have seen an increase in deficit spending of $216 billion. We have seen the public debt during this short period of time go from $544 billion to a requested $886.4 billion. Is that a record we can be proud of? I do not think so.

I go home and I face my constituents. I go home and I face my kids. I do not like to look at them and say, "Look at what we have done with your money. Look at what we have done to your future." It is shameful. It is absolutely shameful.

We have had opposition on the Democrat side of the aisle continuously against any constitutional amendment to balance the budget. This would help in our effort to curb spending but we have not succeeded. And now on this little bittie item of reconciliation in this proposal, which only amounts to $3.6 billion, we get the same kind of opposition, and we hear the story, "We can't cut spending." We cannot force this reconciliation process on the committees. "Why we can't go the legislative savings route." That does not mean a thing. That does not mean a thing, because not one piece of the legislation they have alluded to to bring about savings has become the law of the land. Until it becomes the law of the land, we are not going to have any legislative savings. So if we really want to do anything about $3.6 billion, we have to do it through the reconciliation process. That is what it is all about, and when we have enough people on our side of the aisle who say that we will vote for this resolution to pass it, if we put into the law what the law says should be there—reconciliation—I think it is high time we adopt it and set a precedent so we can take a step toward stopping this deficit financing which has been going on in this country for far too long.

Mr. RUDD. Mr. Speaker, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Arizona.

Mr. RUDD. I thank the gentleman for yielding. I would like to point out that what he has just stated belies what our distinguished chairman said indicating that outlays have been reduced or saved since the budget process has been instituted under the Budget Act. There have been no savings, outlays have enormously increased. Why cannot the budget be based on the amount of money that we think we have, the estimated revenues available, in the way we would do from our own pocketbooks for our personal budgets, and then put the budget together? If this were done there would be no need for reconciliation.

□ 1340

It appears that the Budget Act is being used as a tool to continue to spend, spend, and spend, rather than hold down profligate Government spending as was intended by the Budget Act.

Mr. LATTA. Let me just conclude by saying all during the conference the Senate took the position it wanted reconciliation. It was an open conference. That is on the record. And all during the conference my friend from Connecticut took the position: We cannot pass it in the House. Not an effort was made.

I think the House should have had an opportunity to vote on this matter as presently in the law. And today we have that opportunity. The only way you are going to get a vote on that is to vote down the question that the gentleman from Connecticut has put and then vote for the report as passed by the Senate without his motion to strike.

As I said earlier, we will have an opportunity to vote on the same report the Senate passed yesterday (65 to 27) if we vote down this Giaimo motion.

Mr. Speaker, I yield back the balance of my time.

● Mr. FISHER. Mr. Speaker, I would have liked to support the conference report on the second concurrent budget resolution for fiscal year 1980. I support the congressional budget process. I believe that it represents a substantial improvement over the haphazard and uncoordinated system of appropriating in the blind, which had been the normal procedure for the preceding decades.

I favor the approach outlined by Mr. Giaimo, the chairman of the House Budget Committee, in his motion to strike the Senate language which would have required the House to utilize the reconciliation process. I agree that this substantial authority of the Budget Committee to order authorizing or appropriating committees to report out legislation which would have an impact on the size of the budget and the deficit should only be used selectively.

I support the chairman particularly in this instance because it is quite possible that the reconciliation process will be unnecessary with respect to the House for fiscal year 1980. The House has already passed legislation which will produce savings of over $1.4 billion. These measures include social security disability reforms, medicare and medicaid reform, and the capping of title XX State and local training grants. In doing so, the House has nearly matched the Senate's target for legislative savings already. Furthermore, legislative savings by the House of another billion dollars may yet be possible with respect to fiscal year 1980.

In light of the actions already taken by the House, I believe that it would have been an error to agree to the Senate's language in favor of utilizing the reconciliation process. Simply, it is too powerful a club to wave gratuitously. If we reconcile in anticipiation, what added suasion will there be when we may one day have to reconcile in desperation? I feel strongly on this issue and wish that it would have been possible to have a separate vote on it so that I could have expressed my support for the committee's position.

However, the issue was not presented in this manner. Instead, we were asked to vote on the budget figures, in terms of budget authority, outlays and deficit, at the same time we were asked to vote on the reconciliation question. It was a package deal which I could not accept.

When the second concurrent budget resolution was considered by the House in September, I opposed it because I believe that the committee's reduction of the fiscal year 1979 deficit by $900 million did not demonstrate as determined a commitment to reduce Government spending as is necessary during this inflationary period. At that time I offered an amendment to reduce the committee's spending totals by one-half of 1 percent and would have done so again if the parliamentary procedure had permitted it. This amendment would have reduced the Federal deficit by approximately $2.7 billion from the projected deficit for fiscal year 1979. It would have represented a more steadfast commitment to move in the direction of a balanced budget in the early 1980's.

Inflation remains the major economic problem facing the Nation; a tighter, more restrained budget for 1980 will help in fighting inflation.

As it is now, the conference agreement on the second budget resolution does not project any reduction in the budget deficit from fiscal year 1979 to fiscal year 1980. At a time when a concerted, yet responsible, attack is called for, we are merely marching in place. I do not believe that we can afford to waste another fiscal year without cutting expenditures. I believe that the deficit is too high. I believe that it can be reduced, and I believe that we must act now.●

● Mr. HARRIS. Mr. Speaker, I would like to call the attention of my colleagues to the language in the second concurrent resolution on the budget conference report on wasteful yearend spending. The conferees state that they "are very concerned about wasteful Government spending which may result from agency practices of obligating substantial amounts of funds during the last weeks and months of the fiscal year in order to avoid lapse of unneeded funds at yearend."

I would like to commend them for pointing out this serious problem which is costing the taxpayers billions of dollars and for recommending that this Congress and the executive branch take remedial action.

As chairman of the Human Resources Subcommittee, I have held extensive hearings on this spending spree as it relates to Federal contracting and the evidence of waste in this area is well documented. H.R. 4717, which I introduced to stop waste in Federal contracting, will stop this yearend spending spree. The Post Office and Civil Service Committee will consider H.R. 4717 next Wednesday. I urge my colleagues to join with me to insure that taxpayers dollars are not wasted.●

● Mr. MATTOX. Mr. Speaker, the second budget resolution which establishes spending ceilings and a revenue floor is long overdue. It should have been passed under the law by September 15; it certainly should have been passed by the beginning of the fiscal year 1980 on October 1. Fiscal responsibility requires that we enact our budget immediately.

In my view, this resolution carries too much deficit spending. Although I support our commitment to a strong national defense and our desire to protect the welfare of our people, particularly the poor and unemployed, I still believe we could have done much better by eliminating some of these new and ill-conceived programs, such as countercyclical assistance.

I shall vote for this resolution today, not because I agree with all of the decisions that have been made, but because it does represent a ceiling: it does say no more spending beyond this point. For that reason, I can support it, because without such a ceiling, we could continue to spend our way into bankruptcy.

We have made some movement toward the necessary fiscal restraint to balance the budget. We have not done enough and I hope next year we can continue to make progress, but at a much more rapid pace.●

Mr. GIAIMO. Mr. Speaker, I yield back the balance of my time, and I move the previous question on the motion.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Connecticut (Mr. Giaimo).

The question was taken; and the Speaker pro tempore announced that he was in doubt.

Mr. GIAIMO. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 205, nays 190, not voting 38, as follows:

[Roll No. 637]

YEAS—205

Addabbo
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Annunzio
Anthony
Ashley
Aspin
Bailey
Baldus
Barnes
Beard, R.I.
Bedell
Beilenson
Bennett
Biaggi
Bingham
Blanchard
Boland
Bolling
Bonior
Bonker
Bouquard
Brademas
Breaux
Brodhead
Brooks
Brown, Calif.
Burlison
Burton, Phillip
Byron
Chappell
Chisholm
Clay
Coelho
Collins, Ill.
Corman
Cotter
Danielson
Daschle
Davis, S.C.
Derrick
Dicks
Diggs
Dingell
Dodd
Donnelly
Downey
Drinan
Duncan, Oreg.
Early
Eckhardt
Edgar
Edwards, Calif.
English
Fary
Fascell
Fazio
Ferraro
Florio
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Fowler
Frost
Fuqua
Garcia
Gephardt
Giaimo
Gibbons
Ginn
Gonzalez
Gore
Gray
Guarini
Gudger
Hall, Ohio
Hanley
Harkin
Harris
Hefner
Hightower
Holland
Howard
Hubbard
Hutto
Ireland
Jenkins
Jenrette
Johnson, Calif.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kazen
Kildee
Kogovsek
Kostmayer
Lederer
Lehman
Leland
Lloyd
Long, La.
Long, Md.
Lowry
Luken
McCormack
McHugh
McKay
Maguire
Markey
Matsui
Mattox
Mavroules
Mica
Miller, Calif.
Mineta
Minish
Mitchell, Md.
Moakley
Moffett
Mollohan
Montgomery
Moorhead, Pa.
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Pa.
Natcher
Nedzi
Nelson
Nichols
Nolan
Nowak
Oakar
Oberstar
Obey
Ottinger
Panetta
Patten
Patterson
Pease
Pepper
Perkins
Peyser
Preyer
Price
Rahall
Ratchford
Reuss
Richmond
Roberts
Rodino
Roe
Rose
Rostenkowski
Roybal
Russo
Sabo
Scheuer
Seiberling
Shannon
Simon
Skelton
Slack
Smith, Iowa
Solarz
St Germain
Stack
Staggers
Steed
Stewart
Stokes
Stratton
Studds
Swift
Synar
Thompson
Traxler
Udall
Ullman
Van Deerlin
Vanik
Vento
Watkins
Weiss
White
Whitley
Whitten
Williams, Mont.
Wilson, C. H.
Wirth
Wolff
Wolpe
Wright
Wyatt
Yates
Yatron
Young, Mo.
Zablocki
Zeferetti

NAYS—190

Abdnor
Andrews, N. Dak.
Applegate
Archer
Atkinson
AuCoin
Badham
Bafalis
Barnard
Bauman
Beard, Tenn.
Benjamin
Bereuter
Bethune
Bowen
Brinkley
Broomfield
Brown, Ohio
Broyhill
Buchanan
Burgener
Butler
Campbell
Carney
Carr
Carter
Cheney
Clausen
Cleveland

Clinger
Coleman
Collins, Tex.
Conable
Conte
Conyers
Corcoran
Coughlin
Courter
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Dannemeyer
Davis, Mich.
Deckard
Dellums
Derwinski
Devine
Dickinson
Dornan
Dougherty
Duncan, Tenn.
Edwards, Ala.
Edwards, Okla.
Emery
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ind.
Findley
Fish
Fisher
Fithian
Flippo
Forsythe
Frenzel
Gaydos
Gilman
Gingrich
Glickman
Goldwater
Goodling
Gradison
Gramm
Grassley
Green
Grisham
Guyer
Hagedorn
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hansen
Harsha
Hillis
Hinson
Hollenbeck
Hopkins
Horton
Huckaby
Hughes
Hyde
Ichord
Jacobs
Jeffords
Jeffries
Johnson, Colo.
Kelly
Kemp
Kindness
Kramer
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Lee
Lent
Levitas
Lewis
Livingston
Loeffler
Lott
Lungren
McClory
McCloskey
McDade
McDonald
McEwen
McKinney
Marks
Marlenee
Marriott
Martin
Mathis
Mazzoli
Michel
Miller, Ohio
Mitchell, N.Y.
Moore
Moorhead, Calif.
Mottl
Murphy, Pa.
Myers, Ind.
Neal
O'Brien
Pashayan
Paul
Petri
Pickle
Pritchard
Pursell
Quillen
Railsback
Regula
Rhodes
Rinaldo
Ritter
Robinson
Roth
Royer
Rudd
Santini
Satterfield
Sawyer
Schulze
Sebelius
Sensenbrenner
Sharp
Shelby
Shumway
Shuster
Smith, Nebr.
Snyder
Solomon
Spence
Stangeland
Stanton
Stark
Stockman
Stump
Tauke
Taylor
Thomas
Trible
Vander Jagt
Volkmer
Walgren
Walker
Wampler
Weaver
Whitehurst
Whittaker
Williams, Ohio
Wilson, Bob
Winn
Wydler
Wylie
Young, Fla.

NOT VOTING—38

Anderson, Ill.
Ashbrook
Bevill
Boggs
Boner
Burton, John
Cavanaugh
Crane, Philip
de la Garza
Dixon
Evans, Ga.
Fenwick
Flood
Hawkins
Heckler
Heftel
Holt
Holtzman
LaFalce
Leath, Tex.
Lujan
Lundine
Madigan
Mikulski
Quayle
Rangel
Rosenthal
Rousselot
Runnels
Schroeder
Snowe
Spellman
Stenholm
Symms
Treen
Waxman
Wilson, Tex.
Young, Alaska

☐ 1350

The Clerk announced the following pairs:

On this vote:

Mr. Hawkins for, with Mr. John L. Burton against.

Mrs. Boggs for, with Mr. Rousselot against.

Mr. Rangel for, with Mrs. Snowe against.

Mr. Waxman for, with Mrs. Holt against.

Mr. Rosenthal for, with Mr. Madigan against.

Ms. Holtzman for, with Mr. Lujan against.

Mrs. Spellman for, with Mr. Runnels against.

Ms. Mikulski for, with Mr. Ashbrook against.

Mr. Dixon for, with Mrs. Heckler against.

Mr. Flood for, with Mrs. Fenwick against.

Until further notice:

Mr. Bevill with Mr. Anderson of Illinois.

Mr. Heftel with Mr. Leath of Texas.

Mr. Boner of Tennessee with Mr. Quayle.

Mrs. Schroeder with Mr. Young of Alaska.

Mr. de la Garza with Mr. Symms.

Mr. Evans of Georgia with Mr. Lundine.

Mr. LaFalce with Mr. Cavanaugh.

Mr. Charles Wilson of Texas with Mr. Philip M. Crane.

Mr. RICHMOND and Mr. DINGELL changed their votes from "nay" to "yea."

Messrs. CONTE, CONYERS, and CARR changed their votes from "yea" to "nay."

So the motion was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 2222, AMENDING NATIONAL LABOR RELATIONS ACT

Mr. FROST, from the Committee on Rules, submitted a privileged report (Rept. No. 96-594) on the resolution (H. Res. 479) providing for the consideration of the bill (H.R. 2222) to amend the National Labor Relations Act to clarify the scope of its coverage, which was referred to the House calendar and ordered to be printed.

☐ 1400

PROVIDING FOR CONSIDERATION OF H.R. 3398, AGRICULTURE ADJUSTMENT ACT OF 1979

Mr. FROST. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 364 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 364

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3398) to amend the Food and Agriculture Act of 1977 relating to increases in the target prices of the 1979 crops of wheat, corn, and other crops under certain circumstances, and for other purposes, and the first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the five-minute rule. At the conclusion of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER pro tempore. The gentleman from Texas (Mr. FROST) is recognized for 1 hour.

Mr. FROST. Mr. Speaker, for purposes of debate only, I yield 30 minutes to the gentleman from Tennessee (Mr. QUILLEN), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 364 is an open rule providing for the consideration of H.R. 3398 which amends the Food and Agriculture Act of 1977 relating to increases in the target prices of the 1979 crops of wheat, corn, and other crops under certain circumstances.

The rule provides for 1 hour of general debate to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture. House Resolution 364 is a simple open rule and any germane amendment to the bill will be permitted when H.R. 3398 is considered under the 5-minute rule.

Mr. Speaker, H.R. 3398 amends the 1977 Agriculture Act to increase the 1979 target prices for wheat, corn and feed grains by seven percent over 1978 levels. The bill, as reported by the Committee on Agriculture, would raise the 1979 target prices for wheat from $3.40 per bushel to $3.63 per bushel and for corn from $2.20 per bushel to $2.35 per bushel. In addition, the bill gives the Secretary of Agriculture the discretion to make proportional adjustments in the target prices for feed grains. I might point out that only those farmers who participate in the set-aside program for the commodity can take advantage of the increases in target prices and such increases affect only deficiency payments made to such farmers. Deficiency payments are provided only if the market prices are below target prices.

Mr. Speaker, target prices do not affect market prices. By adopting a 7 percent increase in target prices, we are not driving up the market price of wheat, corn and feed grains, instead we are providing assurances necessary for the American farmer so that he can plant full acreages despite increased costs of production. I would urge my colleagues to adopt this rule so that the House may proceed to the consideration of H.R. 3398.

Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may use.

Mr. Speaker, this rule is in crystal-clear language. It provides for 1 hour of debate. It is an open rule. Most recently the Committee on Rules has been hammering out modified closed rules, but I think the open rule process is better.

Mr. Speaker, the gentleman from Texas (Mr. FROST) has ably explained in some detail the provisions of the resolution and the provisions of the bill itself. It is a very modest measure, allowing only a 7-percent increase—the inflationary figure that has been used throughout the country—on the 1979 crops. The 1980 crops are not included, but I understand there is going to be a push to do so in the conference.

Mr. Speaker, I have no requests for time, and I reserve the balance of my time.

Mr. FROST. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PERMISSION TO FILE CONFERENCE REPORT ON H.R. 4930, DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATION, 1980

Mr. YATES. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tonight to file a conference report on the bill (H.R. 4930) making appropriations for the Department of the Interior and related agencies for fiscal year 1980.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

CONFERENCE REPORT ON S. 1319, MILITARY CONSTRUCTION AUTHORIZATION ACT, 1980

Mr. NEDZI submitted the following conference report and statement in the Senate bill (S. 1319) to authorize certain construction at military installations, and for other purposes:

Conference Report (H. Rept. No. 96-595)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1319) to authorize certain construction at military installations, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

That this Act may be cited as the "Military Construction Authorization Act, 1980".

TITLE I—ARMY

AUTHORIZED ARMY CONSTRUCTION PROJECTS

SEC. 101. The Secretary of the Army may establish or develop military installations and facilities by acquiring, constructing, converting, rehabilitating, or installing permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment, for the following acquisition and construction:

Inside the United States

UNITED STATES ARMY FORCES COMMAND

Fort Bragg, North Carolina, $1,250,000.
Fort Campbell, Kentucky, $18,200,000.
Fort Drum, New York, $690,000.
Fort Greely, Alaska, $820,000.
Fort Hood, Texas, $13,650,000.
Fort Hunter Liggett, California, $2,900,000.
Fort Lewis, Washington, $7,400,000.
Fort Meade, Maryland, $18,500,000.
Fort Ord, California, $17,380,000.
Fort Polk, Louisiana, $26,810,000.
Fort Richardson, Alaska, $5,250,000.
Fort Riley, Kansas, $28,350,000.
Fort Sheridan, Illinois, $1,200,000.
Schofield Barracks, Hawaii, $2,750,000.
Fort Stewart/Hunter Army Air Field, Georgia, $39,900,000.
Yakima Firing Center, Washington, $1,100,000.

UNITED STATES ARMY TRAINING AND DOCTRINE COMMAND

Camp Perry, Ohio, $1,000,000.
Fort Belvoir, Virginia, $2,420,000.
Fort Benning, Georgia, $12,800,000.
Fort Bliss, Texas, $30,000,000.
Fort Eustis, Virginia, $6,410,000.
Fort Benjamin Harrison, Indiana, $4,450,000.
Fort Knox, Kentucky, $22,815,000.
Fort Leavenworth, Kansas, $540,000.
Fort Lee, Virginia, $3,960,000.
Fort Rucker, Alabama, $2,080,000.
Fort Story, Virginia, $2,450,000.
Fort Leonard Wood, Missouri, $6,350,000.

UNITED STATES ARMY MATERIEL DEVELOPMENT AND READINESS COMMAND

Aberdeen Proving Ground, Maryland, $8,400,000.
Anniston Army Depot, Alabama, $4,850,000.
Badger Army Ammunition Plant, Wisconsin, $650,000.
Corpus Christi Army Depot, Texas, $1,560,000.
Crane Army Ammunition Activity, Indiana, $2,490,000.
Detroit Arsenal, Michigan, $4,400,000.
Harry Diamond Laboratories, Maryland, $2,800,000.
Dugway Proving Ground, Utah, $520,000.
Indiana Army Ammunition Plant, Indiana, $1,010,000.
Iowa Army Ammunition Plant, Iowa, $2,060,000.
Joliet Army Ammunition Plant, Illinois, $5,800,000.
Kansas Army Ammunition Plant, Kansas, $650,000.
Lake City Army Ammunition Plant, Missouri, $3,800,000.
Letterkenny Army Depot, Pennsylvania, $1,200,000.
Lexington-Blue Grass Army Depot, Kentucky, $1,500,000.
McAlester Army Ammunition Plant, Oklahoma, $1,470,000.
Michigan Army Missile Plant, Michigan, $2,550,000.
Fort Monmouth, New Jersey, $1,650,000.
Newport Army Ammunition Plant, Indiana, $1,550,000.
Picatinny Arsenal, New Jersey, $9,750,000.
Radford Army Ammunition Plant, Virginia, $6,100,000.
Red River Army Depot, Texas, $8,600,000.
Redstone Arsenal, Alabama, $7,200,000.
Riverbank Army Ammunition Plant, California, $1,100,000.
Rock Island Arsenal, Illinois, $5,900,000.
Rocky Mountain, Arsenal, Colorado, $6,500,000.
Scranton Army Ammunition Plant, Pennsylvania, $3,750,000.
Seneca Army Depot, New York, $8,350,000.
Sharpe Army Depot, California, $1,650,000.
Sierra Army Depot, California, $770,000.
Tobyhanna Army Depot, Pennsylvania, $10,410,000.
Tooele Army Depot, Utah, $1,050,000.
Volunteer Army Ammunition Plant, Tennessee, $810,000.
Watervliet Arsenal, New York, $1,300,000.
White Sands Missile Range, New Mexico, $5,750,000.
Yuma Proving Ground, Arizona, $4,300,000.

AMMUNITION FACILITIES

Holston Army Ammunition Plant, Tennessee, $830,000.
Indiana Army Ammunition Plant, Indiana, $10,490,000.
Lake City Army Ammunition Plant, Missouri, $140,000.
Lone Star Army Ammunition Plant, Texas, $1,890,000.
Longhorn Army Ammunition Plant, Texas, $170,000.
Louisiana Army Ammunition Plant, Louisiana, $670,000.
Milan Army Ammunition Plant, Tennessee, $450,000.
Radford Army Ammunition Plant, Virginia, $67,350,000.
Riverbank Army Ammunition Plant, California, $280,000.
Scranton Army Ammunition Plant, Pennsylvania, $720,000.

UNITED STATES ARMY COMMUNICATIONS COMMAND

Fort Huachuca, Arizona, $1,150,000.
Fort Ritchie, Maryland, $7,850,000.

UNITED STATES MILITARY ACADEMY

United States Military Academy, West Point, New York, $13,350,000.

UNITED STATES ARMY HEALTH SERVICES COMMAND

Walter Reed Army Medical Center, District of Columbia, $650,000.

MILITARY TRAFFIC MANAGEMENT COMMAND

Bayonne Terminal, New Jersey, $920,000.
Oakland Army Base, California, $1,100,000.
Sunny Point Terminal, North Carolina, $31,290,000.

Outside the United States

KWAJALEIN MISSILE RANGE

National Missile Range, $2,900,000.

UNITED STATES ARMY FORCES COMMAND

Panama Area, Canal Zone, $26,060,000.

UNITED STATES ARMY, JAPAN

Okinawa, $2,700,000.

UNITED STATES ARMY, EUROPE

Germany Various Locations, $128,490,000.

UNITED STATES ARMY INTELLIGENCE AND SECURITY COMMAND

Various Locations, $2,800,000.

EMERGENCY CONSTRUCTION

SEC. 102. The Secretary of the Army may establish or develop installations and facilities by proceeding with construction made necessary by changes in missions and responsibilities which have been occasioned by (1) unforeseen security considerations, (2) new weapons developments, (3) new and unforeseen research and development requirements, (4) improved production schedule, or (5) revisions in the tasks or functions assigned to a military installation or facility or for environmental considerations, if the Secretary of Defense determines that deferral of such construction for inclusion in the next Military Construction Authorization Act would be inconsistent with interests of national security and, in connection therewith, may acquire, construct, convert, rehabilitate, or install permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment, in the total amount of $20,000,000. The Secretary of the Army, or the Secretary's designee, shall notify the Committees on Armed Services of the Senate and House of Representatives, immediately upon reaching a final decision to implement, of the cost of construction of any public work undertaken under this section, including those real estate actions pertaining thereto. This authorization shall expire on October 1, 1980, or on the date of the enactment of the Military Construction Authorization Act for fiscal year 1981, whichever is later, except for those public works projects concerning which the Committees on Armed Services of the Senate and House of Representatives have been notified pursuant to this section prior to such date.

MINOR CONSTRUCTION

SEC. 103. The Secretary of the Army is authorized to accomplish minor construction projects under section 2674 of title 10, United States Code, in the amount of $52,270,000.

TITLE II—NAVY

AUTHORIZED NAVY CONSTRUCTION PROJECTS

SEC. 201. The Secretary of the Navy may establish or develop military installations and facilities bv acquiring constructing, converting, rehabilitating, or installing permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment, for the following acquisition and construction:

Inside the United States

MARINE CORPS

Marine Corps Base, Camp Lejeune, North Carolina, $24,630,000.

Marine Corps Base, Camp Pendleton, California, $14,200,000.

Marine Corps Air Station, Cherry Point, North Carolina, $8,410,000.

Marine Corps Air Station, Kaneohe Bay, Hawaii, $4,800,000.

Marine Corps Recruit Depot, Parris Island, South Carolina, $4,500,000.

Marine Corps Development and Education Command, Quantico, Virginia, $7,300,000.

Marine Corps Air Station, Tustin, California, $3,400,000.

Marine Corps Base, Twentynine Palms, California, $5,700,000.

Marine Corps Air Station, Yuma, Arizona, $9,700,000.

CHIEF OF NAVAL OPERATIONS

Naval Submarine Support Base, Kings Bay, Kingsland, Georgia, $20,330,000.

Naval Support Activity, Mare Island, California, $1,050,000.

COMMANDER IN CHIEF, ATLANTIC FLEET

Naval Station, Charleston, South Carolina, $3,600,000.

Naval Amphibious Base, Little Creek, Virginia, $1,670,000.

Naval Submarine Base, New London, Connecticut, $15,850,000.

Naval Air Station, Oceana, Virginia, $14,700,000.

COMMANDER IN CHIEF, PACIFIC FLEET

Naval Station, Adak, Alaska, $19,950,000.

Naval Amphibious Base, Coronado, California, $1,600,000.

Naval Air Station, Lemoore, California, $6,300,000.

Naval Magazine, Lualualei, Hawaii, $15,700,000.

Naval Air Station, Miramar, California, $4,050,000.

Naval Air Station, North Island, California, $1,450,000.

Naval Station, San Diego, California, $9,200,000.

Navy Submarine Support Facility, San Diego, California, $3,200,000.

Naval Air Station, Whidbey Island, Washington, $2,650,000.

CHIEF OF NAVAL EDUCATION AND TRAINING

Fleet Combat Training Center, Atlantic, Dam Neck, Virginia, $720,000.

Naval Training Center, Great Lakes, Illinois, $6,300,000.

Naval Air Station, Memphis, Tennessee, $4,700,000.

Fleet Anti-Submarine Warfare Training Center, Atlantic, Norfolk, Virginia, $1,200,000.

Naval Air Station, Pensacola, Florida, $820,000.

Fleet Training Center, San Diego, California, $8,300,000.

BUREAU OF MEDICINE AND SURGERY

Naval Regional Medical Center, Camp Pendleton, California, $2,050,000.

Naval Regional Medical Center, San Diego, California, $5,900,000.

CHIEF OF NAVAL MATERIAL

Naval Air Rework Facility, Alameda, California, $3,500,000.

Puget Sound Naval Shipyard, Bremerton, Washington, $2,545,000.

Puget Sound Naval Supply Center, Bremerton, Washington, $1,000,000.

Charleston, Naval Shipyard, Charleston, South Carolina, $2,250,000.

Naval Weapons Station, Charleston, South Carolina, $5,000,000.

Polaris Missile Facility Atlantic, Charleston, South Carolina, $7,500,000.

Naval Air Rework Facility, Cherry Point, North Carolina, $750,000.

Naval Weapons Center, China Lake, California, $4,350,000.

Naval Weapons Station, Concord, California, $3,950,000.

Naval Weapons Support Center, Crane, Indiana, $690,000.

Naval Air Rework Facility, Jacksonville, Florida, $3,600,000.

Navy Fuel Depot, Jacksonville, Florida, $1,400,000.

Portsmouth Naval Shipyard, Kittery, Maine, $6,250,000.

Long Beach Naval Shipyard, Long Beach, California, $8,250,000.

Naval Air Engineering Center, Lakehurst, New Jersey, $700,000.

Naval Ordnance Station, Louisville, Kentucky, $1,850,000.

Navy Ship Parts Control Center, Mechanicsburg, Pennsylvania, $2,400,000.

Naval Supply Center, Norfolk, Virginia, $25,960,000.

Naval Air Rework Facility, North Island, California, $3,200,000.

Naval Air Test Center, Patuxent River, Maryland, $4,540,000.

Pearl Harbor Naval Shipyard, Pearl Harbor, Hawaii, $7,300,000.

Navy Public Works Center, Pearl Harbor, Hawaii, $1,000,000.

Philadelphia Naval Shipyard, Philadelphia, Pennsylvania, $510,000.

Naval Construction Battalion Center, Port Hueneme, California, $1,200,000.

Norfolk Naval Shipyard, Portsmouth, Virginia, $19,200,000.

Naval Ocean Systems Center, San Diego, California, $8,800,000.

Navy Supply Center, San Diego, California, $11,600,000.

Naval Weapons Station, Seal Beach, California, $960,000.

Naval Surface Weapons Center, Solomons Island, Maryland, $860,000.

Mare Island Naval Shipyard, Vallejo, California, $16,220,000.

Naval Weapons Station, Yorktown, Virginia, $2,270,000.

NAVAL TELECOMMUNICATIONS COMMAND

Naval Communications Unit, Cutler, Maine, $950,000.

NAVAL SECURITY GROUP COMMAND

Naval Security Group Activity, Adak, Alaska, $6,505,000.

OUTSIDE THE UNITED STATES

MARINE CORPS

Marine Corps Base, Camp Smedley D. Butler, Okinawa, Japan, $11,700,000.

OFFICE OF NAVAL RESEARCH

Al Ghardaqa Marine Laboratory, Hurgada, Arab Republic of Egypt, $30,000.

COMMANDER IN CHIEF, ATLANTIC FLEET

Naval Air Station, Bermuda, $860,000.

Naval Station, Keflavik, Iceland, $17,650,000.

Naval Station, Roosevelt Roads, Puerto Rico, $1,300,000.

NAVAL FORCES EUROPE

Naval Station, Rota, Spain, $6,600,000.

Naval Air Facility, Sigonella, Italy, $9,700,000.

CHIEF OF NAVAL MATERIAL

Navy Public Works Center, Guam, Mariana Islands, $3,700,000.

NAVAL TELECOMMUNICATIONS COMMAND

Naval Communication Station, Harold E. Holt, Exmouth, Australia, $2,500,000.

NAVAL SECURITY GROUP COMMAND

Naval Security Group Activity, Edsell, Scotland, $1,400,000.

EMERGENCY CONSTRUCTION

SEC. 202. The Secretary of the Navy may establish or develop installations and facilities by proceeding with construction made necessary by changes in missions and responsibilities which have been occasioned by (1) unforeseen security considerations, (2) new weapons developments, (3) new and unforeseen research and development requirements, (4) improved production schedules, or (5) revisions in the tasks or functions assigned to a military installation or facility or for environmental considerations, if the Secretary of Defense determines that deferral of such construction for inclusion in the next Military Construction Authorization Act would be inconsistent with interests of national security and, in connection therewith, may acquire, construct, convert, rehabilitate, or install permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment, in the total amount of $20,000,000. The Secretary of the Navy, or the Secretary's designee, shall notify the Committees on Armed Services of the Senate and House of Representatives, immediately upon reaching a final decision to implement, of the cost of construction of any public work undertaken under this section, including those real estate actions pertaining thereto. This authorization shall expire on October 1, 1980, or on the date of the enactment of the Military Construction Authorization Act for fiscal year 1981, whichever is later, except for those public works projects concerning which the Committees on Armed Services of the Senate and House of Representatives have been notified pursuant to this section prior to such date.

MINOR CONSTRUCTION

SEC. 203. The Secretary of the Navy is authorized to accomplish minor construction projects under section 2674 of title 10, United States Code, in the amount of $33,160,000.

AL GHARDAQA MARINE LABORATORY, EGYPT

SEC. 204. The Secretary of the Navy is authorized to expend excess foreign exchange funds in the amount of $580,000 for the construction of a multipurpose marine biological laboratory at the Al Ghardaqa Marine Laboratory, Hurgada, Arab Republic of Egypt.

TITLE III—AIR FORCE

AUTHORIZED AIR FORCE CONSTRUCTION PROJECTS

SEC. 301. The Secretary of the Air Force may establish or develop military installations and facilities by acquiring, constructing, converting, rehabilitating, or installing permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment, for the following acquisition and construction:

INSIDE THE UNITED STATES

AIR FORCE LOGISTICS COMMAND

Hill Air Force Base, Utah, $6,990,000.

Kelly Air Force Base, Texas, $6,350,000.

Newark Air Force Station, Ohio, $860,000.

Robins Air Force Base, Georgia, $10,750,000.

Tinker Air Force Base, Oklahoma, $15,600,000.

Wright-Patterson Air Force Base, Ohio, $15,500,000.

AIR FORCE SYSTEMS COMMAND

Arnold Engineering Development Center, Tennessee, $6,500,000.

Eglin Air Force Base, Florida, $5,100,000.

Hanscom Air Force Base, Massachusetts, $8,600,000.

Johnson Space Center, Texas, $12,400,000.

Maui Optical Site, Hawaii, $3,650,000.

White Sands Missile Range, New Mexico, $2,100,000.

AIR TRAINING COMMAND

Keesler Air Force Base, Mississippi, $840,000.

Lackland Air Force Base, Texas, $5,400,000.

Laughlin Air Force Base, Texas, $4,500,000.

Mather Air Force Base, California, $1,650,000.

Maxwell Air Force Base, Alabama, $6,600,000.

Sheppard Air Force Base, Texas, $2,050,000.

Vance Air Force Base, Oklahoma, $1,500,000.

ALASKAN AIR COMMAND

Elmendorf Air Force Base, Alaska, $13,400,000.

MILITARY AIRLIFT COMMAND

Andrews Air Force Base, Maryland, $1,900,000.

Kirtland Air Force Base, New Mexico, $2,170,000.

Little Rock Air Force Base, Arkansas, $510,000.

McChord Air Force Base, Washington, $4,100,000.

Pope Air Force Base, North Carolina, $5,400,000.

Richards-Gebaur Air Force Base, Missouri, $1,100,000.

Scott Air Force Base, Illinois, $10,060,000.

Travis Air Force Base, California, $6,300,000.

STRATEGIC AIR COMMAND

Castle Air Force Base, California, $5,300000.

Ellsworth Air Force Base, South Dakota, $17,000,000.

Griffiss Air Force Base, New York, $8,080,000.

Grand Forks Air Force Base, North Dakota, $4,900,000.

Grissom Air Force Base, Indiana, $4,700,000.

K. I. Sawyer Air Force Base, Michigan, $5,200,000.

March Air Force Base, California, $6,600,000.

Minot Air Force Base, North Dakota, $5,100,000.

Offutt Air Force Base, Nebraska, $2,190,000.

Vandenberg Air Force Base, California, $122,800,000.

Various Locations, $14,200,000.

TACTICAL AIR COMMAND

Bergstrom Air Force Base, Texas, $7,850,000.

Cannon Air Force Base, New Mexico, $5,750,000.

Davis-Monthan Air Force Base, Arizona, $5,540,000.

England Air Force Base, Louisiana, $6,390,000.

George Air Force Base, California, $18,350,000.

Holloman Air Force Base, New Mexico, $2,600,000.

Homestead Air Force Base, Florida, $9,870,000.

Langley Air Force Base, Virginia, $2,500,000.

MacDill Air Force Base, Florida, $2,350,000.

Moody Air Force Base, Georgia, $1,990,000.

Mountain Home Air Force Base, Idaho, $60,000.

Myrtle Beach Air Force Base, South Carolina, $970,000.

Nellis Air Force Base, Nevada, $3,690,000.

Seymour Johnson Air Force Base, North Carolina, $2,650,000.

Shaw Air Force Base, South Carolina, $2,780,000.

AIR NATIONAL GUARD

Buckley Air National Guard Base, Colorado, $1,950,000.

OUTSIDE THE UNITED STATES

AEROSPACE DEFENSE COMMAND

Thule Air Base, Greenland, $3,150,000.

AIR FORCE SYSTEMS COMMAND

Mahe Tracking Station, Seychelle Islands, $550,000.

Various Locations, $2,350,000.

MILITARY AIRLIFT COMMAND

Roberts International Airport, Liberia, $4,950,000.

PACIFIC AIR FORCES

Kadena Air Base, Japan, $1,100,000.

Kunsan Air Base, Korea, $4,010,000.

Osan Air Base, Korea, $20,080,000.

Taegu Air Base, Korea, $510,000.

TACTICAL AIR COMMAND

Howard Air Force Base, Canal Zone, $4,485,000.

UNITED STATES AIR FORCES IN EUROPE

Germany, Various Locations, $13,990,000.

United Kingdom, Various Locations, $14,920,000.

Various Locations, $10,770,000.

EMERGENCY CONSTRUCTION

SEC. 302. The Secretary of the Air Force may establish or develop installations and facilities by proceeding with construction made necessary by changes in missions and responsibilities which have been occasioned by (1) unforeseen security considerations, (2) new weapons development, (3) new and unforeseen research and development requirements, (4) improved production schedules, or (5) revisions in the tasks or functions assigned to a military installation or facility or for environmental considerations, if the Secretary of Defense determines that deferral of such construction for inclusion in the next Military Construction Authorization Act would be inconsistent with interests of national security and, in connection therewith, may acquire, construct, convert, rehabilitate, or install permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment, in the total amount of $20,000,000. The Secretary of the Air Force, or the Secretary's designee, shall notify the Committees on Armed Services of the Senate and House of Representatives, immediately upon reaching a final decision to implement, of the cost of construction of any public work undertaken under this section, including those real estate actions pertaining thereto. This authorization shall expire on October 1, 1980, or on the date of the enactment of the Military Construction Authorization Act for fiscal year 1981, whichever is later, except for those public works projects concerning which the Committees on Armed Services of the Senate and House of Representatives have been notified pursuant to this section prior to such date.

MINOR CONSTRUCTION

SEC. 303. The Secretary of the Air Force is authorized to accomplish minor construction projects under section 2674 of title 10, United States Code, in the amount of $29,310,000.

REALLOCATION OF PREVIOUSLY AUTHORIZED FUNDS TO NATO INFRASTRUCTURE

SEC. 304. (a) Section 301 of the Military Construction Authorization Act, 1978 (Public Law 95–82; 91 Stat. 368), is amended by striking out "$97,905,000" in the item relating to the authorization for acquisition and construction at various locations under the heading "UNITED STATES AIR FORCE IN EUROPE" and inserting in lieu thereof $77,905,000".

(b) Section 602(3) of such Act is amended by striking out "$147,942,000" and "$421,249,000" and inserting in lieu thereof "$127,942,000" and "$401, 249,000", respectively.

INCREASE IN AUTHORIZATION FOR AEROSPACE CORPORATION

SEC. 305. Section 301 of the Military Construction Authorization Act, 1975 (Public Law 93–552; 88 Stat. 1754), is amended by striking out "$9,000,000" in the item relating to the authorization for acquisition and construction for the Aerospace Corporation at Los Angeles, California, and inserting in lieu thereof "$20,500,000".

CONTRIBUTION FOR UPGRADING WASTE TREATMENT FACILITIES AT LITTLE ROCK, ARKANSAS

SEC. 306. (a) Subject to subsection (b), the Secretary of the Air Force is authorized to contribute to the appropriate local authorities the sum of $2,400,000 for the share of the Department of Defense for the upgrading of the waste treatment facility that serves Little Rock Air Force Base, Little Rock, Arkansas.

(b) No amount may be contributed pursuant to the authorization in subsection (a) until (1) the President, after consideration of the decision of the Comptroller General relating to Federal facility contributions to capital costs of sewage treatment projects, dated October 4, 1979, determines whether, in order to comply with the Federal Water Pollution Control Act, the Federal share of the cost of upgrading local waste treatment facilities shall be borne solely through grants from the Environmental Protection Agency or through contributions by the Federal departments and agencies using such facilities, and (2) a copy of the decision of the President is transmitted to the Committees on Armed Services of the Senate and House of Representatives.

TITLE IV—DEFENSE AGENCIES

AUTHORIZED CONSTRUCTION PROJECTS FOR THE DEFENSE AGENCIES

SEC. 401. The Secretary of Defense may establish or develop military installations and facilities by acquiring, constructing, converting, rehabilitating, or installing permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment, for defense agencies for the following acquisition or construction:

INSIDE THE UNITED STATES

DEFENSE LOGISTICS AGENCY

Defense Depot, Memphis, Tennessee, $670,000.

Fuel Terminal, Ozol, California, $3,650,000.

Fuel Terminal, Escanaba, Michigan, $600,000.

DEFENSE MAPPING AGENCY

Defense Mapping Agency Hydrographic/Topographic Center, Bethesda, Maryland, $825,000.

OFFICE OF THE SECRETARY OF DEFENSE

Classified Activity, Fort Belvoir, Virginia, $2,800,000.

OUTSIDE THE UNITED STATES

DEFENSE LOGISTICS AGENCY

Defense Fuel Support Point, Wake Island Air Force Base, $11,400,000.

OFFICE OF THE SECRETARY OF DEFENSE

DEPARTMENT OF DEFENSE OFFICE OF DEPENDENTS' EDUCATION

Alconbury Royal Air Force, United Kingdom, $2,340,000.

Atsugi Naval Air Facility, Japan, $580,000.

Bad Hersfeld, Germany, $770,000.

Baumholder, Wetzel Housing Area, Germany, $1,920,000.

Grafenwoehr, Germany, $1,640,000.

Keflavik Naval Air Station, Iceland, $1,700,000.

Ludwigsburg, Germany, $570,000.

Pruem Air Station, Germany, $1,000,000.

Schwaebisch Gmuend, Germany, $575,000.

Seoul, Yongsan, Korea, $3,290,000.

Soesterberg, Camp New Amsterdam, Netherlands, $3,300,000.

Yokota East Air Base, Japan, $2,450,000.

NORTH ATLANTIC TREATY ORGANIZATION

INFRASTRUCTURE

Various Locations: For the United States share of the cost of multilateral programs for the acquisition or construction of military facilities and installations (including international military headquarters) for the collective defense of the North Atlantic Treaty Area, $185,000,000. Within thirty days after the end of each calendar-year quarter, the Secretary of Defense shall furnish to the Committees on Armed Services and on Appropriations of the Senate and House of Representatives a description of obligations incurred by the United States for the United States share of the cost of such multilateral programs.

EMERGENCY CONSTRUCTION

SEC. 402. The Secretary of Defense may establish or develop installations and facilities which he determines to be vital to the security of the United States and, in connection therewith, may acquire, construct, convert, rehabilitate, or install permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment, in the total amount of $15,000,000. The Secretary of Defense, or the Secretary's designee, shall notify the Committees on Armed Services of the Senate and House of Representatives, immediately upon reaching a final decision to implement, of the cost of construction of any public works undertaken under this section including real estate actions pertaining thereto.

MINOR CONSTRUCTION

SEC. 403. The Secretary of Defense is authorized to accomplish minor construction projects under section 2674 of title 10, United States Code, in the amount of $5,250,000.

DEFICIENCY AUTHORIZATION FOR HIGH ENERGY LASER FACILITY, WHITE SANDS, NEW MEXICO

SEC. 404. (a) Section 401 of the Military Construction Authorization Act, 1978 (Public Law 95–82; 91 Stat. 369), is amended by striking out "$33,449,000" in the item relating to the High Energy Laser Facility at White Sands, New Mexico, and inserting in lieu thereof "$40,749,000".

(b) Section 602(4) of such Act is amended by striking out "$55,909,000" and inserting in lieu thereof "$63,209,000".

INCREASE IN PRIOR YEAR AUTHORIZATION FOR NATO INFRASTRUCTURE

SEC. 405. (a) Section 401 of the Military Construction Authorization Act, 1979 (Public Law 95–356; 92 Stat. 576), is amended by striking out "$120,000,000" in the item relating to North Atlantic Treaty Organization Infrastructure and inserting in lieu thereof "$140,000,000".

(b) Section 602(4) of such Act is amended by striking out "$217,610,000" and inserting in lieu thereof "$237,610,000".

TITLE V—MILITARY FAMILY HOUSING AND HOMEOWNERS ASSISTANCE PROGRAM

AUTHORIZATION TO CONSTRUCT OR ACQUIRE HOUSING

SEC. 501. (a) The Secretary of Defense, or the Secretary's designee, is authorized to construct or acquire sole interest in existing family housing units in the numbers and at the locations hereinafter named, but no family housing construction shall be commenced at any such location in the United States until the Secretary shall have consulted with the Secretary of Housing and Urban Development as to the availability of suitable private housing at such location. If agreement cannot be reached with respect to the availability of suitable private housing at any location, the Secretary of Defense shall notify the Committees on Armed Services of the Senate and the House of Representatives, in writing, of such difference of opinion, and no contract for construction at such location shall be entered into for a period of thirty days after such notification has been given. This authority shall include the authority to acquire land, and interests in land, by gift, purchase, exchange of Government-owned land, or otherwise.

(b) With respect to the family housing units authorized to be constructed by this section, the Secretary of Defense is authorized to acquire sole interest in privately owned or Department of Housing and Urban Development held family housing units in lieu of constructing all or a portion of the family housing authorized by this section, if he, or his designee, determines such action to be in the best interests of the United States, but any family housing units acquired under authority of this subsection shall not exceed the cost limitations specified in this section for the project nor the limitations on size specified in section 2684 of title 10, United States Code. In no case may family housing units be acquired under this subsection through the exercise of eminent domain authority, and in no case may family housing units other than those authorized by this section be acquired in lieu of construction unless the acquisition of such units is hereafter specifically authorized by law.

(c) Family housing units:

Fort MacArthur, California, two hundred units, $11,500,000.

Tinker Air Force Base, Oklahoma, three hundred thirty-two units, $12,000,000.

(d) The amount specified in this section may, at the discretion of the Secretary of Defense, or the Secretary's designee, be increased by 10 per centum, if he determines that such increase (1) is required for the sole purpose of meeting unusual variations in cost, and (2) could not have been reasonably anticipated at the time such estimate was submitted to the Congress. The amounts authorized include the costs of shades, screens, ranges, refrigerators, and all other installed equipment and fixtures, the cost of the family housing unit, design, supervision, inspection, overhead, land acquisition, site preparation, and installation of utilities.

LEASING OF FAMILY HOUSING

SEC. 502. (a) Section 2686(c) of title 10, United States Code, relating to leases for military family housing, is amended by striking out "$300" in clause (1)(A) and inserting in lieu thereof "$310".

(b) Section 2675(d) of title 10, United States Code, relating to leases in foreign countries, is amended—

(1) by striking out "$485" and "$850" in the first sentence of paragraph (1) and inserting in lieu thereof "$550" and "$970", respectively; and

(2) by striking out "18,000" in paragraph (2) and inserting in lieu thereof "17,000".

AUTHORIZATION OF APPROPRIATIONS

SEC. 503. (a) There is authorized to be appropriated for fiscal year 1980 for use by the Secretary of Defense, or the Secretary's designee, for military family housing as authorized by law for the following purposes:

(1) For construction of, or acquisition of sole interest in, family housing, including minor construction, an amount not to exceed $15,000,000, and for planning, an amount not to exceed $900,000.

(2) For support of military family housing, including operating expenses, leasing, maintenance of real property, payments of principal and interest on mortgage debts incurred, payment to the Commodity Credit Corporation, and mortgage insurance premiums authorized under section 222 of the National Housing Act (12 U.S.C. 1715m), an amount not to exceed $1,662,525,000.

(3) For homeowners assistance under section 1013 of the Demonstration Cities and Metropolitan Development Act of 1966 (42 U.S.C. 3374), including acquisition of properties, an amount not to exceed $5,000,000.

(b) The amounts authorized to be appropriated in subsection (a) may be increased to the extent additional funds are appropriated to defray increased pay costs associated with actions taken pursuant to law.

TITLE VI—AUTHORIZATION OF APPROPRIATIONS AND ADMINISTRATIVE PROVISIONS

WAIVER OF RESTRICTIONS

SEC. 601. The Secretary of each military department may proceed to establish or develop installations and facilities under this act without regard to section 3648 of the Revised Statutes, as amended (31 U.S.C. 529), and sections 4774 and 9774 of title 10, United States Code. The authority to place permanent or temporary improvements on land includes authority for surveys, administration, overhead, planning, and supervision incident to construction. That authority may be exercised before title to the land is approved under section 355 of the Revised Statutes, as amended (40 U.S.C. 255), and even though the land is held temporarily. The authority to acquire real estate or lands includes authority to make surveys and to acquire land and interests in land (including temporary use), by gift, purchase, exchange of Government-owned land, or otherwise.

AUTHORIZATION OF APPROPRIATIONS

SEC. 602. There are authorized to be appropriated for fiscal year 1980 such sums as may be necessary for the purposes of this Act, but appropriations for public works projects authorized by titles I, II, III, IV, and V, shall not exceed—

(1) for title I: inside the United States $552,925,000; outside the United States $162,950,000; minor construction $52,270,000; for a total of $768,145,000;

(2) for title II: inside the United States $400,990,000; outside the United States $55,440,000; minor construction $33,160,000; for a total of $489,590,000;

(3) for title III: inside the United States $432,530,000; outside the United States $80,865,000; minor construction $29,310,000; for a total of $542,705,000;

(4) for title IV: a total of $245,330,000, including $5,250,000 for minor construction; and

(5) for title V: military family housing and homeowners assistance program, $1,694,925,000, including $3,000,000 for minor construction.

COST VARIATIONS

SEC. 603. (a) OVERALL TITLE TOTAL LIMITATION.—Notwithstanding the provisions of subsections (b), (c), (d), and (g), the total cost of all construction and acquisition in each of titles I, II, III, and IV may not exceed the total amount authorized to be appropriated in that title.

(b) VARIATIONS IN INSTALLATION TOTALS—UNUSUAL VARIATIONS IN COST.—Except as provided in subsections (c) and (d), any of the amounts specified in titles I, II, III, and IV of this Act (other than in sections 103, 203, 303, and 403) may, at the discretion of the Secretary of the military department or Director of the defense agency concerned, be increased by 5 per centum when inside the United States (other than Alaska or Hawaii), and by 10 per centum when outside the United States or in Alaska or Hawaii, if the Secretary of the military department or Director of the defense agency concerned determines that such increase (1) is required for the sole purpose of meeting unusual variations in cost, and (2) could not have been reasonably anticipated at the time such estimate was submitted to the Congress.

(c) VARIATIONS IN INSTALLATION TOTALS—ONLY ONE PROJECT AT AN INSTALLATION.—When the amount named for any construction or acquisition in title I, II, III, or IV of this Act involves only one project at any military installation and the Secretary of the military department or Director of the defense agency concerned determines that the amount authorized must be increased by more than the applicable percentage prescribed in subsection (b), the Secretary of the military department or Director of the defense agency concerned may proceed with such construction or acquisition if the amount of the increase does not exceed by more than 25 per centum the amount named for such project by the Congress.

(d) VARIATIONS IN INSTALLATION TOTALS—REPORTS BY THE SECRETARY OF DEFENSE.—When the Secretary of Defense determines that any amount named in title I, II, III, or IV of this Act must be exceeded by more than the percentages permitted in subsections (b) and (c) to accomplish authorized construction or acquisition, the Secretary of the military department or Director of the defense agency concerned may proceed with such construction or acquisition after a written report of the facts relating to the increase of such amount, including a statement of the reasons for such increase, has been submitted to the Committees on Armed Services of the Senate and House of Representatives, and either (1) thirty days have elapsed from the date of submission of such report, or (2) both committees have indicated approval of such construction or acquisition. Notwithstanding the provisions in prior Military Construction Authorization Acts, the provisions of this subsection shall apply to such prior Acts.

(e) COST AND SCOPE VARIATIONS OF INDIVIDUAL PROJECTS; REPORTS TO CONGRESS.—No individual project authorized under title I, II, III, or IV of this Act for any specifically listed military installation for which the current working estimate is greater than the statutory upper limit for minor construction projects, may be placed under contract if—

(1) the approved scope of the project is reduced in excess of 25 per centum; or

(2) the current working estimate, based upon bids received, for the construction of such projects exceeds by more than 25 per centum the amount authorized for such project by the Congress;

until a written report of the facts relating to the reduced scope or increased cost of such project, including a statement of the reasons for reduction in scope or increase in cost, has been submitted to the Committees on Armed Services of the Senate and House of Representatives, and either thirty days have elapsed from the date of submission of such report, or both committees have indicated approval of such reduction in scope or increase in cost, as the case may be.

(f) ANNUAL REPORT TO CONGRESS.—The Secretary of Defense, or the Secretary's designee, shall submit an annual report to the Congress identifying each individual project (other than a project authorized under section 103, 203, 303, or 403) which has been placed under contract in the preceding twelve-month period and with respect to which the then current working estimate of the Department of Defense based upon bids received for such project exceeded the amount authorized by the Congress for that project by more than 25 per centum. The Secretary shall also include in such report each individual project with respect to which the scope was reduced by more than 25 per centum in order to permit contract award within the available authorization for such project. Such report shall include all pertinent cost information for each individual project, including the amount in dollars and percentage by which the current working estimate based on the contract price for the project exceeded the amount authorized for such project by the Congress.

(g) COST AND FLOOR AREA VARIATIONS—SOLAR ENERGY.—The Secretary of Defense shall encourage the utilization of solar energy as a source of energy for projects authorized by this Act where utilization of solar energy would be practical and economically feasible. In order to equip any project authorized by this Act with solar heating equipment, solar cooling equipment, or both solar heating and solar cooling equipment, the Secretary of Defense may authorize increases in the cost limitations or floor area limitations for such project by such amounts as may be necessary for such purpose. Any increase under this section in the cost or floor area of a project authorized by this Act shall be in addition to any other increase in such cost or variation in floor area limitations authorized by this or any other Act.

CONSTRUCTION SUPERVISION

SEC. 604. Contracts for construction made by the United States for performance within the United States and its possessions under this Act shall be executed under the jurisdiction and supervision of the Corps of Engineers, Department of the Army; the Naval Facilities Engineering Command, Department of the Navy; or such other department or Government agency as the Secretaries of the military departments recommend and the Secretary of Defense approves to assure the most efficient, expeditious, and cost-effective accomplishment of the construction herein authorized. The Secretaries of the military departments shall report annually to the President of the Senate and Speaker of the House of Representatives a breakdown of the dollar value of construction contracts completed by each of the several construction agencies selected together with the design, construction supervision, and overhead fees charged by each of the several agents in the execution of the assigned construction. Further, such contracts (except architect and engineering contracts which, unless specifically authorized by the Congress shall continue to be awarded in accordance with presently established procedures, customs, and practice) shall be awarded, insofar as practicable, on a competitive basis to the lowest responsible bidder, if the national security will not be impaired and the award is consistent with chapter 137 of title 10, United States Code. The Secretaries of the military departments shall report annually to the President of the Senate and Speaker of the House of Representatives with respect to all contracts awarded on other than a competitive basis to the lowest responsible bidder. Such reports shall also show, in the case of the ten architect-engineering firms which, in terms of total dollars, were awarded the most business; the names of such firms; the total number of separate contracts awarded each firm; and the total amount paid or to be paid in the case of each such action under all such contracts awarded such firm.

REPEAL OF PRIOR YEAR AUTHORIZATIONS; EXCEPTIONS

SEC. 605. (a) As of October 1, 1980, or the date of the enactment of the Military Construction Authorization Act for fiscal year 1981, whichever is later, all authorizations for military public works, including family housing, to be accomplished by the Secretary of a military department in connection with the establishment or development of installations and facilities, and all authorizations for appropriations therefor, that are contained in titles I, II, III, IV, and V of the Military Construction Authorization Act, 1979 (Public Law 95-356; 92 Stat. 565), and all such authorizations contained in Acts approved before September 8, 1978, and not superseded or otherwise modified by a later authorization are repealed except—

(1) authorizations for public works and for appropriations therefor that are set forth in those Acts in the titles that contain the general provisions; and

(2) authorizations for public works projects as to which appropriated funds have been obligated for construction contracts, land acquisition, or payments to the North Atlantic Treaty Organization, in whole or in part, before October 1, 1980, or the date of the enactment of the Military Construction Authorization Act for fiscal year 1981, whichever is later, and authorizations for appropriations therefor.

(b) Notwithstanding the repeal provisions of subsection (a) of this section and section 605 of the Military Construction Authorization Act, 1979 (Public Law 95-356, 92 Stat. 583), authorizations for the following items shall remain in effect until October 1, 1981, or the date of the enactment of the Military Construction Authorization Act for fiscal year 1982, whichever is later;

(1) Barracks Complex—Trainee construction in the amount of $14,967,000 at Fort Benning, Georgia, authorized in section 101 of the Military Construction Authorization Act, 1978 (Public Law 95-82; 91 Stat. 358).

(2) Brooke Army Medical Center Hospital alternation in the amount of $10,000,000, at Fort Sam Houston, Texas, authorized in section 101 of the Military Construction Authorization Act, 1978 (Public Law 95-82; 91 Stat. 358).

(3) Reception Station construction in the amount of $5,886,000 at Fort Benning, Georgia, authorized in section 101 of the Military Construction Authorization Act, 1978 (Public Law 95-82; 91 Stat. 358).

(4) POMCUS Maintenance Complexes in the amount of $33,768,000 at Kaiserslautern, Pirmasens, Germersheim, Gerzweski Barracks, Mannheim, Miesau, Nahbollenbach, and Neureut Kaserne, all in Germany, authorized in section 101 of the Military Construction Authorization Act, 1978 (Public Law 95-82; 91 Stat. 360).

(5) Morse Training Building construction in the amount of $2,400,000 at Naval Technical Training Center, Pensacola, Florida, authorized in section 201 of the Military Construction Authorization Act, 1978 (Public Law 95-82; 91 Stat. 362).

(6) Medical/Dental Branch Clinic construction in the amount of $4,350,000 at the Navy Regional Medical Center, Pearl Harbor, Hawaii (Naval Station, Midway Island), authorized in section 201 of the Military Construction Authorization Act, 1978 (Public Law 95-82; 91 Stat. 362).

(7) Relocation of the weapons range from the Culebra Complex in the amount of $12,000,000 for the Atlantic Fleet Weapons Range, Roosevelt Roads, Puerto Rico, authorized in section 204 of the Military Construction Authorization Act, 1974 (Public Law 93-166; 87 Stat. 668) and extended in section 605(b)(H) of the Military Construction Authorization Act, 1976 (Public Law 94-107; 89 Stat. 565) and in section 605 (b)(4) of the Military Construction Authorization Act, 1978 (Public Law 95-82; 91 Stat. 376).

(8) Industrial Waste Collection in the amount of $2,650,000 at the Naval Torpedo Station, Keyport, Washington, authorized in section 201 of the Military Construction Authorization Act, 1978 (Public Law 95-82; 91 Stat. 363).

(9) Municipal Sewer Connection in the amount of $2,100,000 for the Long Beach Naval Shipyard, Long Beach, California, authorized in section 201 of the Military Construction Authorization Act, 1978 (Public Law 95-82; 91 Stat. 369).

(10) Municipal Sewer Connection in the amount of $4,150,000 for the Navy Public Works Center, Norfolk, Virginia, authorized in section 201 of the Military Construction Authorization Act, 1978 (Public Law 95-82; 91 Stat. 363).

(11) Municipal Sewer Connection in the amount of $2,200,000 for the Philadelphia Naval Shipyard, Philadelphia, Pennsylvania, authorized in section 201 of the Military Construction Authorization Act, 1978 (Public Law 95-82; 91 Stat. 363).

(12) Alter Sewage Treatment and Disposal Facilities in the amount of $631,000 at King Salmon Airport, Alaska, authorized in section 301 of the Military Construction Authorization Act, 1978 (Public Law 95-82; 91 Stat. 366).

(13) Small Aircraft Maintenance Facility in the amount of $1,928,000 for Moody Air Force Base, Georgia, authorized in section 301 of the Military Construction Authorization Act, 1978 (Public Law 95-82; 91 Stat. 367).

(14) High Energy Laser Facility construction in the amount of $33,449,000 at White Sands, New Mexico, authorized in section 401 of the Military Construction Authorization Act, 1978 (Public Law 95-82; 91 Stat. 369).

(15) CIDC Field Operations Building at Fort Hood, Texas, in the amount of $890,000 authorized in section 101 of the Military Construction Authorization Act, 1978 (Public Law 95-82; 91 Stat. 358).

(16) Radar Operations Facility at Redstone Arsenal, Alabama, in the amount of $962,000 authorized in section 101 of the Military Construction Authorization Act, 1978 (Public Law 95-82; 91 Stat. 359).

UNIT COST LIMITATIONS

SEC. 606. None of the authority contained in titles I, II, III, and IV of this Act shall be deemed to authorize any building construction projects inside the United States in excess of a unit cost to be determined in proportion to the appropriate area construction cost index, based on the following unit cost limitations where the area construction index is 1.0:

(1) $48 per square foot for permanent barracks; or

(2) $52 per square foot for unaccompanied officer quarters;

unless the Secretary of Defense, or the Secretary's designee, determines that, because of special circumstances, application to such project of the limitations on unit cost contained in this section is impracticable. Notwithstanding the limitations contained in prior Military Construction Authorization Acts on unit costs, the limitations on such costs contained in this section shall apply to all prior authorizations for such construction not heretofore repealed and for which construction contracts have not been awarded by the date of the enactment of this Act.

TITLE VII—GUARD AND RESERVE FORCES FACILITIES

AUTHORIZATION FOR FACILITIES

SEC. 701. Subject to chapter 133 of title 10, United States Code, the Secretary of Defense may establish or develop additional facilities for the Guard and Reserve Forces, including the acquisition of land therefor, but the cost of such facilities shall not exceed the following amounts:

(1) For the Department of the Army—

(A) for the Army National Guard of the United States, $18,237,000; and

(B) for the Army Reserve, $24,824,000.

(2) For the Department of the Navy, for the Naval and Marine Corps Reserves, $16,090,000.

(3) For the Department of the Air Force—

(A) for the Air National Guard of the United States, $29,500,000; and

(B) for the Air Force Reserve, $9,500,000.

WAIVER OF CERTAIN RESTRICTIONS

SEC. 702. The Secretary of Defense may establish or develop installations and facilities under this title without regard to section 3648 of the Revised Statutes, as amended (31 U.S.C. 529), and sections 4774 and 9774 of title 10, United States Code. The authority to place permanent or temporary improvements on lands includes authority for surveys, administration, overhead, planning, and supervision incident to construction. That authority may be exercised before title to the land is approved under section 355 of the Revised Statutes, as amended (40 U.S.C. 255), and even though the land is held temporarily. The authority to acquire real estate or land includes authority to make surveys and to acquire land and interests in land (including temporary use), by gift, purchase, exchange of Government-owned land, or otherwise.

CONTRIBUTIONS FOR GUARD AND RESERVE FORCES FACILITIES

SEC. 703. Section 2233 of title 10, United States Code, is amended—

(1) by striking out "and" after clause (3);

(2) by striking out the period at the end of clause (4) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new clause:

"(5) contribute to any State or Territory, Puerto Rico, or the District of Columbia, such amounts for the acquisition, construction, expansion, rehabilitation, or conversion by the failure of existing facilities to meet the purposes of this chapter. A contribution made for an armory may not be more than 75 percent of the cost of construction of which it is applied.".

INCREASE IN MAXIMUM CONTRIBUTION FOR GUARD AND RESERVE FORCES FACILITIES WITHOUT NOTIFICATION TO CONGRESS

SEC. 704. Paragraph (1) of section 2233a of title 10, United States Code, is amended by striking out "$100,000" and inserting in lieu thereof "$175,000".

TITLE VIII—GENERAL PROVISIONS

REVISIONS TO MINOR CONSTRUCTION AUTHORITY

SEC. 801. Section 2674 of title 10, United States Code, relating to minor construction, is amended—

(1) by adding at the end of subsection (b) the following new sentence: "Approvals under the preceding sentence are not required for projects at specified locations that have been identified in the annual military construction program submitted by the Department of Defense to the Committees on Armed Services of the Senate and the House of Representatives."; and

(2) by adding at the end of subsection (f) the following new sentence: "Such notice is not required for projects at specified locations that have been identified in the annual military construction program submitted by the Department of Defense to the Committees on Armed Services of the Senate and the House of Representatives.".

AMENDMENT WITH RESPECT TO DEVELOPMENT OF SOURCES OF ENERGY ON MILITARY LANDS

SEC. 802. Section 803 of the Military Construction Authorization Act, 1979 (30 U.S.C. 1002a), is amended as follows:

(1) The section heading is amended to read as follows:

"DEVELOPMENT OF SOURCES OF ENERGY ON OR FOR MILITARY INSTALLATIONS".

(2) Subsection (b)(1) is amended by inserting "or on private property" after "jurisdiction".

USE OF ROI-NAMUR ISLAND

SEC. 803. (a) The Secretary of Defense may pay to the owners of the land of Roi-Namur Island, Marshall Islands District of the Trust Territory of the Pacific Islands, such amount as the Secretary of Defense determines to be in the public interest for the use after 1960 of Roi-Namur Island by the Government of the United States.

(b) Subsection (a) shall take effect on October 1, 1979, and shall be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.

USE OF SOLAR ENERGY SYSTEMS IN NEW CONSTRUCTION

SEC. 804. (a)(1) Chapter 159 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"§ 2688. Use of solar energy systems in new facilities

"(a) The Secretary of Defense shall require that all new facilities (including family housing) placed under design after the date of the enactment of the Military Construction Authorization Act, 1980, shall include consideration of solar energy systems in those cases in which solar energy has the potential to save fossil-fuel-derived energy. All contracts for construction resulting from such design shall include the requirement to furnish and install solar energy systems if such systems can be shown to be cost effective.

"(b) For the purposes of this section, a solar energy system shall be considered to be cost effective if the original investment cost differential can be recovered over the expected life of the facility.".

(2) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"2688. Use of solar energy systems in new facilities.".

(b) Section 804 of the Military Construction Authorization Act, 1979 (42 U.S.C. 5504a), is repealed.

PREPARATION OF ENVIRONMENTAL IMPACT STATEMENTS WITH RESPECT TO CERTAIN BASE CLOSURES AND REALIGNMENTS

SEC. 805. (a) No action with respect to the closure of, or the realignment of, the Army Training Command at Fort Dix, New Jersey, may be taken unless and until the Secretary of the Army has prepared an environmental impact statement in accordance with the requirements of the National Environmental Policy Act of 1969 with respect to the proposed closure or realignment. Such environmental impact statement shall place special emphasis on socio-economic factors in the affected area.

(b) No action with respect to the closure of, or the realignment of, the Air Training Command at Goodfellow Air Force Base, San Angelo, Texas, may be taken unless and until the Secretary of the Air Force has prepared an environmental impact statement in accordance with the requirements of the National Environmental Policy Act of 1969 with respect to the proposed closure or realignment. Such environmental impact statement shall place special emphasis on socio-economic factors in San Angelo, Texas, and the affected area.

(c) No action with respect to the closure of, or the realignment of, Fort Indiantown Gap, Annville, Pennsylvania, may be taken unless and until the Secretary of the Army has prepared an environmental impact statement in accordance with the requirements of the National Environmental Policy Act of 1969 with respect to the proposed closure or realignment. Such environmental impact statement shall place special emphasis on socio-economic factors in the affected area.

(d) No action with respect to the closure of, or the realignment of, New Cumberland Army Depot, New Cumberland, Pennsylvania, may be taken unless and until the Secretary of the Army has prepared an environmental impact statement in accordance with the requirements of the National Environmental Policy Act of 1969 with respect to the proposed closure or realignment. Such environmental impact statement shall place special emphasis on socio-economic factors in the affected area.

(e) No action with respect to the closure of, or the realignment of, Fort Monroe, Hampton, Virginia, may be taken unelss and until the Secretary of the Army has prepared an environmental impact statement in accordance with the requirements of the National Environmental Policy Act of 1969 with respect to the proposed closure or realignment. Such environmental impact statement shall place special emphasis on socio-economic factors in the affected area.

LEASE OF REMAINING PORTION OF FORMER ENT AIR FORCE BASE TO THE UNITED STATES OLYMPIC COMMITTEE

SEC. 806. The Secretary of the Air Force is authorized to lease the excess 5.6 acres of land and improvements on the remaining portion of the former Ent Air Force Base, Colorado Springs, Colorado, to the United States Olympic Committee.

USE OF MASS TRANSIT ON MILITARY INSTALLATIONS

SEC. 807. (a) Subsection (a) of section 2632 of title 10, United States Code, is amended to read as follows:

"(a) Whenever the Secretary of a military department determines that it is necessary for the effective conduct of the affairs of that department, he may, at reasonable rates of fare under regulations to be prescribed by the Secretary of Defense, provide assured and adequate transportation by motor vehicle or water carrier—

"(1) among places on any military installation (including any subinstallation thereof) under the jurisdiction of that department; and

"(2) to and from their places of employment—

"(A) for persons attached to, or employed in, that department; and

"(B) during a war or national emergency declared by the Congress or the President, for persons attached to, or employed in, a private plant that is manufacturing material for that department.".

(b) Subsection (b) of such section is amended—

(1) by inserting "(1)" after "(b)";

(2) by striking out "subsection (a)" and inserting in lieu thereof "subsection (a)(2)";

(3) by redesignating clauses (1), (2), and (3) as clauses (A), (B), and (C), respectively; and

(4) by adding at the end thereof the following new paragraph:

"(2)(A) The Secretary of Defense shall require that, in determining whether to provide transportation at any military installation under subsection (a)(1), the Secretary of the military department concerned shall give careful consideration to the potential for saving energy and reducing air pollution.

"(B) In providing transportation at any military installation under such subsection, the Secretary of the military department concerned may not require any fare for the transportation of members of the armed forces if the transportation is incident to training or other operational activities on such installation.

"(C) The authority under subsection (a)(1) to enter into contracts under which the United States is obligated to make outlays shall be effective for any fiscal year only to the extent that the budget authority for such outlays is provided in advance by appropriation Acts.".

(c)(1) The heading of such section is amended to read as follows:

"§ 2632. Transportation to and from certain places of employment and on military installations".

(2) The item relating to such section in the table of sections at the beginning of chapter 157 of such title is amended to read as follows:

"2632. Transportation to and from certain places of employment and on military installations.'.

BOLLING AIR FORCE EXTENSION

SEC. 808. Section 607(b) of the Military Construction Authorization Act, 1966 (Public Law 89–188; 79 Stat. 818), is amended by striking out "January 1, 1980" both places it appears and inserting in lieu thereof "October 1, 1984".

LAND CONVEYANCE, SAN DIEGO, CALIFORNIA

SEC. 809. (a) The Secretary of the Navy (hereinafter in this section referred to as the "Secretary") is authorized to acquire, by condemnation or otherwise, all right, title, and interest of the city of San Diego, California (hereinafter in this section referred to as the "City"), in and to a tract of land consisting of 40 acres, more or less, in the Balboa Park in San Diego, California. Land acquired pursuant to this section shall be used as the site for construction of any new Navy hospital or medical center that is authorized to be constructed in the greater San Diego area after the date of the enactment of this Act and for related purposes.

(b) The Secretary is authorized to convey to the City, in consideration for the acquisition under subsection (a), all right, title, and interest of the United States in and to all or any part of the real property (including improvements thereon) of the Naval Regional Medical Center, San Diego, that has been conveyed, leased, or otherwise made available to the United States by the City.

(c) The exact acreage and legal description of any land acquired or conveyed under this section shall be determined by surveys which are satisfactory to the Secretary.

(d) The authority of the Secretary to obligate funds under this section shall be effective only to the extent that appropriated funds are available for that purpose.

LAND, CONVEYANCE, TUSTIN, CALIFORNIA

SEC. 810. (a) Subject to subsection (b), the Secretary of the Navy (hereinafter in this section referred to as the "Secretary") is authorized to convey to the Irvine Company, a Michigan corporation, all right, title, and interest of the United States in and to a parcel of land consisting of approximately 84 acres located in the northeastern portion of the Marine Corps Air Station (Helicopter), Tustin, California, together with the improvements on such land. Such conveyance shall be made subject to such terms and conditions as the Secretary considers to be in the public interest.

(b) In consideration for the conveyance by the Secretary under subsection (a), the Irvine Company shall—

(1) convey to the United States land and interests in land that the Secretary considers to be equivalent in value to the land conveyed by the Secretary under subsection (a) and that are otherwise acceptable to the Secretary,

(2) pay the costs of relocating the Military Affiliate Radio Station (MARS) radio facilities and the skeet range facilities located on the land conveyed under subsection (a), and

(3) pay all costs of surveys, appraisals, and evidence of title involved in both such conveyances.

(c) The exact acreages and legal descriptions of the lands to be conveyed under subsections (a) and (b) shall be determined by surveys which are satisfactory to the Secretary.

(d) The Secretary is authorized to accept any land conveyed under subsection (b), and any such land shall be administered by the Secretary.

LAND CONVEYANCE, CHARLESTON, SOUTH CAROLINA

SEC. 811. (a) The Secretary of the Air Force (hereinafter in this section referred to as the "Secretary") is authorized to acquire by exchange all right, title, and interest of the Charleston County Aviation Authority (hereinafter in this section referred to as the "Authority") in and to a replacement hazardous cargo handling area to be constructed by the Authority at the Charleston County Airport, South Carolina, for the Air Force.

(b) As consideration for the acquisition under subsection (a), the Secretary is authorized to convey to the Authority all right, title, and interest of the United States in and to land (and improvements thereon) having a fair market value not more than the fair market value of the property to be acquired.

(c) The exact acreages and legal descriptions of the properties to be acquired or conveyed under this section shall be determined by surveys which are satisfactory to the Secretary and to the Authority.

LAND EXCHANGE, KING COUNTY, WASHINGTON

SEC. 812. (a)(1) Subject to subsection (b), the Secretary of the Air Force (hereinafter in this section referred to as the "Secretary") is authorized to convey to King County, Washington, all right, title, and interest of the United States in and to that parcel of land, together with improvements thereon, at Boeing Field, Seattle, Washington, occupied on the date of the enactment of this Act (under a lease from the Department of the Air Force) by the 143d Combat Squadron, Washington Air National Guard.

(2) The conveyance authorized by paragraph (1) shall be made subject to such terms and conditions as the Secretary determines necessary to protect the interests of the United States, but in no event may be made until a replacement facility for the 143d Combat Squadron, Washington Air National Guard, has been made available in accordance with subsection (b).

(b) In consideration for the conveyance authorized under subsection (a), King County shall—

(1) make available to the Secretary a leasehold interest in land acceptable to the Secretary as a site for a replacement facility for such Air National Guard unit, together with funds in an amount sufficient to purchase or make improvements on such land for such replacement facility; or

(2) convey to the United States unencumbered fee simple title to land in the area of Seattle, Washington, which contains improvements acceptable to the Secretary as a replacement facility for such Air National Guard unit.

(c) Any funds made available under subsection (b)(1), and any land conveyed under subsection (b)(1) or (2), shall be subject to terms and conditions to be agreed upon by the Secretary and King County and which the Secretary considers to be in the public interest.

(d) If the cost of the replacement facility provided under subsection (b)(1) is less than the fair market value of the existing facility of such Air National Guard unit, King County shall pay the amount of the difference to the United States, and such amount shall be deposited in the Treasury as miscellaneous receipts.

LAND CONVEYANCE, HUNTSVILLE, ALABAMA

SEC. 813. (a) Subject to subsection (b), the Secretary of the Army (hereinafter in this section referred to as the "Secretary") is authorized to convey, without monetary consideration, to the Alabama Space Science Exhibit Commission (an agency of the State of Alabama) all right, title, and interest of the United States in and to the real property described in subsection (c). Any real property conveyed under the preceding sentence shall be conveyed for use as a permanent site, in addition to the real property conveyed under Public Law 90–276, for the Alabama Space Science Exhibit.

(b) The conveyance authorized by subsection (a) shall be subject—

(1) to the condition that the real property so conveyed shall be used by the State of Alabama (A) as a permanent site for an Alabama Space Science Exhibit to display suitable public exhibits of United States weaponry and allied subjects, developments of the National Aeronautics and Space Administration, and space-oriented exhibits of other United States Government departments, agencies, and instrumentalities, (B) for educational and recreational purposes related to the purposes described in subclause (A), or (C) for the purposes described in subclauses (A) and (B);

(2) to the condition that if such property is not used for one or more of the purposes described in subclause (A) or (B), all right, title, and interest in and to such real property shall revert to the United States, which shall have the right of immediate entry thereon; and

(3) to such other conditions as the Secretary may prescribe to protect the interest of the United States.

(c)(1) The real property referred to in subsection (a) is a certain tract or parcel of land containing 300 acres more or less (less that land occupied on the date of the enactment of this Act by the Department of the Navy), lying within range 1 west, township 4 south, parts of sections 8 and 9, and more particularly described as beginning at the established northeast corner of the Alabama Space and Rocket Center, running east along the Redstone Arsenal northern boundary, thence south along the Redstone Arsenal eastern boundary to a point north of the northwest corner of the intersection of Patton Road and Goss Road, thence west parallel to the north site of Goss Road to MacDonald Creek, thence northwesterly parallel to the east bank of the creek to the northern line of the Tennessee Valley Authority easement, thence west along the easement to the Alabama Space and Rocket Center established corner, thence north and east along the Alabama Space and Rocket Center boundary to point of beginning.

(2) The exact description of such property shall be determined by a survey approved by the Secretary.

(d)(1) The real property conveyed by the United States to the Alabama Space Science

Exhibit Commission under the authority of Public Law 90–276 may, in addition to the use authorized by section 3 of such Public Law, be used for educational and recreational purposes related to the use authorized by such section.

(2) Use of such property under this section shall be subject to the same condition as the condition prescribed in section 3 of such Public Law.

TECHNICAL AMENDMENT TO THE MILITARY CONSTRUCTION AUTHORIZATION ACT, 1979

SEC. 814. Section 603(a) of the Military Construction Authorization Act, 1979 (Public Law 95–356; 92 Stat. 565), is amended by striking out "(a), (b), (c)" and inserting in lieu thereof "(b), (c), (d)".

And the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the bill and agree to the same.

Melvin Price,
Lucien Nedzi,
Chas. H. Wilson,
Jack Brinkley,
Mendel J. Davis,
Won Pat,
Vic Fazio,
Bob Wilson,
G. William Whitehurst,
Robin Beard,
Donald J. Mitchell,
Managers on the Part of the House.

Gary Hart,
Henry M. Jackson,
Howard W. Cannon,
Harry F. Byrd,
Sam Nunn,
Strom Thurmond,
John Tower,
J. Warner,
Gordon Humphrey,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1319) to authorize certain construction at military installations, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendment to the text of the bill struck out all of the Senate bill after the enacting clause and inserted a substitute text.

The Senate recedes from its disagreement to the amendment of the House with an amendment which is a substitute for the Senate bill and the House amendment. The differences between the Senate bill, the House amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

COMPARISON OF HOUSE AND SENATE BILLS

As passed by the Senate, S. 1319, provided $3,730,566,000 in new authorization.

The bill as amended by the House provided $3,843,449,000 in new authorization.

SUMMARY OF RESOLUTION OF DIFFERENCES

As a result of the conference between the House and Senate on the differences in S. 1319, the conferees agreed to a new adjusted authorization for military construction for fiscal year 1980 in the amount of $3,838,846,000.

Originally, the Department of Defense and the respective military departments had requested a total of $3,721,356,000 for new construction authorization for fiscal year 1980. Subsequently, the Department submitted an amended fiscal year 1979 supplemental request of $147,480,000 (consideration of which was combined with the fiscal year 1980 request) and an additional request of $57,000,000 for fiscal year 1980. The total requested authorizations were $3,925,836,000. The action of the conferees therefore decreases the Department's combined requests by $86,990,000 in new authorization.

Total authorization granted, fiscal year 1980

Title I (Army)	
Inside the United States	$552, 925, 000
Outside the United States	162, 950, 000
Minor construction	52, 270, 000
Subtotal	768, 145, 000
Title II (Navy)	
Inside the United States	400, 990, 000
Outside the United States	55, 440, 000
Minor construction	33, 160, 000
Subtotal	489, 590, 000
Title III (Air Force)	
Inside the United States	432, 530, 000
Outside the United States	80, 865, 000
Minor construction	29, 310, 000
Subtotal	542, 705, 000
Title IV (Defense Agencies)	240, 080, 000
Minor construction	5, 250, 000
Subtotal	245, 330, 000
Title V (Military Family Housing)	1, 694, 925, 000
Title VII (Reserve Forces facilities)	
Army National Guard	18, 237, 000
Army Reserve	24, 824, 000
Naval and Marine Corps Reserve	16, 090, 000
Air National Guard	29, 500, 000
Air Force Reserve	9, 500, 000
Subtotal	98, 151, 000
Total granted by titles I, II, III, IV, V and VII	3, 838, 846, 000

GENERAL TOPICS

Solar energy systems

Section 804 of Public Law 95–356 required the Defense Department to conduct solar system analyses on new facilities and to install solar systems if they could be shown to be cost effective.

As originally written, Section 804 required solar analyses on 25 percent of all new facilities (other than family housing, all of which was included). This was done to get some experience with solar design and costing. From testimony it appears that solar systems will play a significant role in future Defense Department construction. Section 804 has been revised this year to require solar system analyses on all new facilities, including family housing where solar energy may have the potential to save fossil fuel derived energy.

The conferees noted that, in implementing the original Section 804, the Department of Defense in its instructions had directed that operating and maintenance (O&M) costs of the solar system should be disregarded. In effect, this infers that any increase in O&M costs for the solar system will be offset by decreased O&M costs for the conventional system, an inference which the conferees endorse and direct be continued until actual O&M costs associated with solar systems can be gathered. The conferees further noted that solar cost analyses were being based on undiscounted dollars associated with future costs and savings; this practice should continue.

Section 804, as it is included in this bill, requires life cycle costing of solar systems in all new facilities. In conducting this life cycle costing the solar system operating and maintenance cost differential will be considered zero and all calculations will be based on undiscounted, non-constant dollars over the expected life of the facility. The conferees intend that the Department of Defense not change its current implementing directives on cost analyses of solar systems except that such analyses should now be performed on all facilities where there is potential for solar energy to reduce fossil fuel requirements.

Mass transit systems

To further promote energy conservation and pollution abatement the conferees agreed to authorize the use of mass transit systems on military installations by amending 10 U.S.C. 2632.

In doing so it is not the intent of the conferees that the authority be used to establish military mass transit systems in competition with private enterprise. The conferees envision mass transit systems within a military installation or in some cases between sub-installations that are within reasonable proximity.

Costs of the mass transit system should be recovered through a fare system. Costs include capital investment costs, salaries, and operating and maintenance costs. If a mass transit vehicle is to be used for operational purposes as well as administrative purposes, only that portion of the costs directly associated with the mass transit system for administrative purposes need be recovered.

The conferees expect the Department of Defense to keep the Committees on Armed Services advised of the regulations implementing this provision and Defense witnesses should be prepared to report on the estimated impact of the program at the time the next budget request for military construction is considered.

Base realignments

The conferees were faced with three different provisions regarding base realignments—Section 810 of the House amendment and Sections 809 and 812 of the Senate bill. These provisions demonstrate the deep concern that Congress has for base realignments. While the Congress recognizes the prerogatives of the Executive Branch in the base realignment area, the basic law governing base realignments, 10 USC 2687, places an oversight responsibility on the Congress. In order for the Congress to influence base realignment decisions that may be faulty or unjustified, legislation is necessary. In agreeing to retain some base realignment provisions in this bill, the conferees are *not* seeking to dampen the prospect of future realignments which have the potential for improved management and dollar savings, the conferees are singling out specific decisions which in their view need to have a careful second look.

Section 809 of the Senate's bill prohibited the base realignment of Loring Air Force Base, which had been announced by the Secretary of the Air Force in March 1979, due to the significant strategic value of the Base and the complex set of evolving decisions regarding U.S. strategic programs.

The House amendment did not include this provision.

On the basis of the Secretary of Defense's decision of October 31, 1979, wherein he announced that Loring Air Force Base would remain a fully operational Strategic Air Command (SAC) base, the conferees withdrew this provision. The conferees agree with the decision of the Secretary of Defense that the reduction of Loring to a forward operating base should not occur because of the need for maintaining maximum flexibility in strategic and tactical forces in the 1980's and due to the evolving strategic basing requirements such as decisions on the beddown of the air launched cruise missile, a follow-on penetrating bomber, and a new air defense interceptor. While a full discussion of the strategic considerations of Loring Air Force Base would get into classified information, the need for Loring can be justified by its significant contribution as a strategic asset. The conferees further agree that construction and O&M funds to upgrade and maintain this base should be planned and programmed for FY 1980 and future years in order that the base retain a high level of strategic and tactical capability.

Section 810 of the House amendment prohibited the closure or realignment of certain military installations until the respective service secretary prepared an environmental impact statement in accordance with the requirements of the National Environmental Policy Act (NEPA). The impact statement must include special emphasis on the socioeconomic factors of the areas surrounding the installations.

The Senate bill did not include this provision.

The conferees agreed to accept the House language. In accepting this language, the conferees wanted to make clear their position with respect to the NEPA requirements as they relate to base realignments. In general, each base realignment proposal must be carefully assessed to determine if it will significantly affect the quality of the human environment. Socio-economic impacts must be assessed together with physical impacts and if these impacts, when considered collectively, are significant, then the preparation of an Environmental Impact Statement is necessary. Not all base realignments will require the preparation of Environmental Impact Statements; on the other hand, it is difficult to envision a base realignment that triggers the threshold of 10 USC 2687 that does not have a significant impact on the surrounding area.

In the case of the installations named in Section 805 of the conference report, there is serious question as to whether the socioeconomic impacts have been adequately assessed. The Secretary of Defense should take a second look. This second look may or may not trigger the requirement to prepare an Environmental Impact Statement in accordance with NEPA.

In the case of Fort Dix, New Jersey, the Secretary of the Army has announced that previously stated plans to close the Army Training Center have been suspended pending a further review of Army recruit training needs over the next twelve to eighteen months. That review should include an ongoing assessment of potential environmental impacts with heightened emphasis on the socio-economic impacts.

In the case of Fort Monroe, Virginia, the existing Environmental Impact Statement should be carefully reviewed, especially with regard to the socio-economic impacts, and if necessary in accordance with NEPA, the EIS should be revised or amended.

Facilities appropriate for construction with non-appropriated funds

The conferees noted the disparity between services with regard to the use of non-appropriated funds for the construction of certain facilities. Some facilities such as, commissaries, exchanges, and bowling alleys are now built exclusively with non-appropriated funds. Other facilities such as child care centers, gymnasiums, and auto hobby shops are built with both appropriated and non-appropriated funds with each service determining its own programming approach. The conferees believe that the Department of Defense must resolve this inconsistent programming policy.

In general the conferees feel that those facilities (1) which do not directly support a military mission or provide a required amenity for the service person and/or (2) which are revenue-producing facilities, should not be constructed with taxpayers' money. This is a matter of simple priority. As the construction backlog grows in real terms, the available construction dollars must go to support the direct military requirements.

The conferees will expect the Defense Department to have established a consistent programming policy for this class of facilities in their Fiscal Year 1981 budget request and such policy will be examined during hearings on next year's bill.

Dollar revaluation

The fiscal year 1979 supplemental request included nearly $100 million for previously authorized projects in Europe and Japan that had been affected by the declining value of the dollar. The Defense Department supplemental request was based on the change in the dollar exchange rates that occurred between the time of the original budget request and the date of the supplemental request. The House had granted part of this request; the Senate had not.

The Senate position which the conferees adopted, was that the services had sufficient flexibility within each title to execute the most essential projects even at revised exchange rates. This will require the services to manage their programs carefully, building only the highest priority requirements and using the cost flexibility provided by Section 603. Despite repeated requests, the Services were unable to provide specific information as to the impact of not receiving the dollar revaluation authority. The conferees recognize that constraining the services to title total authorizations will mean that certain lower priority projects will not be built. The conferees feel that management of the program within title total constraints, considering the flexibility within the title total, is appropriate and insures the optimum return on available dollars.

Prior year authorizations

The conferees considered eight projects previously authorized where authorizations had not expired. In agreeing to direct the services to utilize existing authorization it is recognized that scope changes may be involved with some of the projects. The conferees do not object to justified changes and expect the services to use Section 603 authority when required in reporting revised costs to the committees after project bids have been received.

Miscellaneous report requirements

In their respective reports on the bill, both the Senate and the House Armed Services Committees included items of "special emphasis". The conferees hereby endorse the language on items of "special emphasis" found in both reports and, unless some modification to that language is contained in this joint statement of the committee of conference, the positions and requirements contained under items of "special emphasis" in both Senate and House reports on the fiscal year 1980 military construction authorization bills are concurred in by the conferees.

TITLE I—ARMY

The Senate approved new construction authorization in the amount of $747,695,000, including $51,970,000 in minor construction for the Department of the Army. The House approved new construction authorization for the Army in the amount of $780,514,000, including $52,620,000 in minor construction. The conferees agreed to a new total for Title 1 in the amount of $768,145,000, which is $20,450,000 above the Senate figure and $12,369,000 below the House figure. Among the major items considered in conference and acted upon by the conferees were the following:

Child care centers

The House authorized $3,200,000 for two child care centers. The Senate did not provide authorization for the projects.

In the absence of a uniform Department of Defense funding policy for such facilities the conferees agreed to defer the projects without prejudice. (See previous discussion.) Presently, each of the services has different methods of providing funds for child care centers. In the case of the Army, centers are built with both nonappropriated and appropriated funds. The Department of Defense is directed, therefore, to have a standard policy established on child care center funding in time for committee consideration during the hearings on the fiscal year 1981 military construction request.

Health clinic—Fort Hunter-Liggett, California

The House authorized $1,350,000 for a health clinic at Fort Hunter-Liggett. The Senate questioned the scope of the project in view of the limited number of permanent personnel at the installation and did not provide authorization.

It was agreed to provide contingent authorization. The Army is directed to reexamine the scope of the project, revalidate it and advise the Armed Services Committee of its revalidation before any funds are obligated.

Dollar revaluation

The House authorized $31,434,000 to compensate for inflation and dollar devaluation with overseas construction.

The Senate did not provide such authorization.

The Department of the Army has approximately $41 million in either unfunded or unutilized fiscal year 1979 authority and a number of projects have been deferred because of technical problems. As discussed previously, the Army needs to review its construction and establish priorities for executing authorized projects before receiving additional authorization.

In conjunction with the fiscal 1981 military construction hearings, the Army should be prepared to discuss with the Armed Services Committees those previously authorized projects which are to be undertaken and those projects which are to be deferred as a result of title total limitations.

TITLE II—NAVY

The Senate approved $462,210,000 in new construction authorization, including $33,080,000 in minor construction for the Department of the Navy. The House approved new construction authorization for the Navy in the amount of $489,745,000, including $33,325,000 in minor construction. The conferees agreed to a new total for Title II in the amount of $489,590,000, which is $27,380,000 above the Senate figure and $155,000 below the House figure.

Among the major items considered in the conference was the following:

Sanitary sewage treatment facility—Midway Island

The House provided $3,900,000 in authorization for a sanitary sewage collection and treatment facility on Midway Island. The Senate withheld authorization questioning the requirement for the facility at such a remote location.

The permanent population of this base has been reduced from 1500 to 343; therefore, the House recedes. The conferees agreed that the Navy should revalidate the requirement for this project considering the reduction in the base population.

TITLE III—AIR FORCE

The Senate approved $482,450,000, including $29,310,000 in minor construction, in new construction authorization for Department of Air Force. The House approved $543,438,000 in new construction authorization including $28,960,000 for minor construction authorization.

The conferees agreed to a new total in the amount of $542,705,000 which is $60,255,000 above the Senate figure and $733,000 below the House figure.

Among the major items resolved in conference were:

Space Shuttle—Thrust augmentation

The Senate authorized $13,500,000 for the thrust augmentation component of the space shuttle launch complex at Vandenberg Air Force Base, California. The House did not provide authorization. Questions were raised about the design level of the project being sufficiently advanced to accommodate a subsequent decision by the National Aeronautics and Space Administration (NASA) on the power booster system for the space shuttle.

It was determined later that the design effort had been completed and that the thrust augmentation component could accept any auxiliary power system NASA selected. The House recedes.

MX test facilities

The Department of the Air Force with the concurrence of the Department of Defense submitted an additional $57,000,000 request for fiscal 1980 for the construction of four MX-missile system test facilities at Vandenberg Air Force Base.

To meet the presidential timetable of an initial test flight of January 1983 and an initial operating capability of mid-1986 for the MX missile, the House approved the authorization. The Senate had passed the military construction bill prior to the request being submitted by the Air Force; however, Senate hearings were held and the conferees supported the request.

It should be emphasized that in authorizing this construction, the conferees are supporting only the developmental effort of the MX missile itself. The decision to proceed with the production of the missile is still to be made. Likewise, nothing in the approval of this construction effort should be construed as supporting any particular basing mode; and the developmental facilities authorized should be designed to accommodate the widest range of possible basing modes.

Operational facilities, Roberts International Airport, Liberia

The Senate had deferred an Air Force request for $4,950,000 for various operational facilities at Roberts International Airport (IAP) in Liberia. These facilities, including aircraft parking aprons and refueling facilities, would improve the utility of Roberts IAP as a contingency airfield for requirements in Africa or the Middle East. The Senate deferred the project because a facilities improvement agreement covering the United States rights to use the facilities had not been negotiated between the governments of the United States and Liberia.

The conferees learned that such an agreement which would grant the United States priority access to the airfield in return for the construction of the facilities was under preparation. Therefore, the conferees agreed to provide contingent authorization of this project subject to the following conditions.

Before any of the funds authorized are obligated:

1. An acceptable agreement must be negotiated between the two governments which will assure that the United States may have priority access to these facilities subject only to reasonable prior notice, and
2. A period of thirty calendar days must expire following receipt of the Armed Services Committees of the Senate and the House of Representatives of the completed agreement.

European construction

The House authorized $13,000,000 for collocated operating bases (COB's) in Europe. The Senate did not provide authorization, indicating that the North Atlantic Treaty Organization (NATO) Infrastructure fund should be used to finance the projects.

The House conferees, agreeing that the use of NATO Infrastructure funds should be maximized, argued that two COB's on the northern flank of NATO were of such strategic importance that they should be constructed at the earliest possible time. The Senate receded to $3,600,000 with the understanding that every effort will be made to recoup these funds from the NATO Infrastructure program.

Sewage treatment facility, Little Rock Air Force Base, Arkansas

The Senate bill authorized $2,400,000 for the Air Force share of a sewage treatment facility upgrade project serving Little Rock Air Force Base in the Jacksonville, Arkansas area. The House amendment did not contain authorization for the project.

Subsequent to Senate passage of S. 1319, the Comptroller General issued a decision stipulating that the Environmental Protection Agency should provide a 75% Federal grant to upgrade a regional sewage treatment plant even though a Federal facility uses the sewage treatment system. Previously EPA contributed 75% of the non-Federal share.

The conferees believe that the ruling of the Comptroller General is proper. Under previous EPA grant procedures, a regional sewage treatment upgrade project received more than 75% Federal money, since the using Federal agency paid 100% of its "share" and EPA provided grant money for 75% of the remaining "non-Federal share."

The conferees believe that the issue must be resolved before the Air Force is permitted to fund any portion of the project. Contingent authorization is provided for the project subject to a review of the decision by the President. The conferees would expect such a decision within 90 days of the date of enactment of this bill.

TITLE IV—DEFENSE AGENCIES

The Senate approved $256,635,000 in new construction authorization for the Defense agencies, including $5,250,000 for minor construction. The House approved $214,707,000, including $5,250,000 for minor construction.

The conferees agreed to a new total of $245,330,000, which is $11,305,000 below the Senate figure and $30,623,000 above the House figure.

Defense Mapping Agency, Panama

One of the major items resolved by the conference in this title was the question of authorizing the relocation of the Defense Mapping Agency's Inter-American Geodetic Survey activities within Panama as a result of the Panama Canal Treaty. The Senate authorized $2,600,000 for such purposes.

The House did not provide authorization. Testimony revealed that the mapping activity is not essential to the canal's defense. Also, it was shown that relocating the activity within Panama could be more costly than moving it to the United States.

The conferees agree with the House position and expect the Defense Mapping Agency to relocate its Inter American Geodetic Survey Headquarters and activities to a more cost efficient location.

Dependent's schools

The conferees agreed to authorize $12,115,000 for overseas school construction but are aware that a new Department of Education now has the responsibility for supervision of such schools. It is recognized that a transition period of up to three years has been established for the new Department of Education to assume responsibility for the overseas dependents school system. The conferees expect construction supervision for the overseas school program to remain within the Department of Defense during the transition period. Further, the conferees serve notice that unless it can be fully justified and demonstrated that a transition period of more than one year is necessary, authorization of school construction projects will not be considered for inclusion in future military construction authorization programs.

Miscellaneous

Other items agreed to by the conference were the following:

$4,250,000 for procurement of two fuel terminals.

$15 million for the Secretary of Defense's emergency construction fund.

$185 million for the NATO Infrastructure Fund.

TITLE V—MILITARY FAMILY HOUSING

The Senate approved $1,683,425,000 for construction, operation, maintenance, leasing and debt payment for military family housing. The House approved $1,736,894,000.

The conference agreed to a new total in the amount of $1,694,925,000, which is $11,500,000 above the Senate figure and $41,969,000 below the House figure.

The conferees approved the following authorizations:

$11,500,000 for construction of 200 units of family housing, Ft. MacArthur, California.

$12,000,000 for acquisition and conversion of 332 units of family housing for Tinker Air Force Base, Oklahoma.

$1,662,525,000 for operation and maintenance, debt payment, and homeowner's assistance.

TITLE VI—AUTHORIZATION OF APPROPRIATION AND ADMINISTRATIVE PROVISIONS

The Senate bill provided for extension of authorization for seven projects not included in the House amendment. The House recedes.

The conferees agreed to delete the October 1, 1979, effective date for project authorizations in Titles I through V of S. 1319, since the new fiscal year had begun prior to the conference.

TITLE VII—GUARD AND RESERVE FACILITIES

In its bill the Senate provided lump sum authorization of $98,151,000 for the Guard and Reserve construction program. The House approved $78,151,000. The conferees agreed to the higher authorization.

The Senate agreed to the House provision broadening the Secretary of Defense's authority in 10 U.S.C. 2233 to assist the Reserve components facilities development program.

TITLE VIII—GENERAL PROVISIONS

Ent Air Force Base

Section 806 of the conference report provides authorization for the Secretary of the Air Force to lease 5.6 acres of land and improvements which were formerly part of Ent Air Force Base, Colorado Springs, Colorado. The Olympic Committee is currently using the remainder of former Ent Air Force Base under a lease for one dollar per year from the city of Colorado Springs. The 5.6 acre portion included in this section is also being used by the Olympic Committee without cost by agreement with the Air Force. The purpose of this legislation is to insure that the Olympic Committee has the continued use of this 5.6 acre portion of Air Force land at token cost.

The conferees agreed to the following major items in addition to those previously discussed:

Five land conveyances

Extension of authority for exclusive military use of the Bolling/Anacostia complex.

MELVIN PRICE,
LUCIEN NEDZI,
CHAS. H. WILSON,
JACK BRINKLEY,
MENDEL J. DAVIS,
WON PAT,
VIC FAZIO,
BOB WILSON,
G. WILLIAM WHITEHURST,
ROBIN BEARD,
DONALD J. MITCHELL,
Managers on the Part of the House.

GARY HART,
HENRY M. JACKSON,
HOWARD W. CANNON,
HARRY F. BYRD,
SAM NUNN,
STROM THURMOND,
JOHN TOWER,
J. WARNER,
GORDON HUMPHREY,
Managers on the Part of the Senate.

CHIEF AND CERTAIN OTHER PERSONNEL OF THE CAPITOL POLICE

Mr. ANNUNZIO. Mr. Speaker, by direction of the Committee on House Administration, I call up the bill (H.R. 5651) to establish by law the position of Chief of the Capitol Police, and for other purposes, and ask unanimous consent for its immediate consideration in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Clerk read the bill, as follows:

H.R. 5651

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 1821 of the Revised Statutes of the United States (40 U.S.C. 206) is amended by adding at the end thereof the following new sentence: "The Capitol Police shall be headed by a Chief who shall be appointed by the Capitol Police Board and shall serve at the pleasure of the Board.".

(b) The individual serving as Chief of the Capitol Police on the effective date of this Act shall be deemed, effective on such date, to be appointed to the position established by the amendment made by subsection (a).

(c) The Chief of the Capitol Police shall receive compensation at a rate determined by the Capitol Police Board, but not to exceed the annual rate of basic pay payable for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

SEC. 2. (a) Any member of the Metropolitan Police Force detailed to the Capitol Police (other than the individual referred to in subsection (b) of the first section)—

(1) who on August 31, 1980, has completed 20 years or more of police service shall be reassigned to the Metropolitan Police force effective October 1, 1980, unless during the 30-day period beginning on September 1, 1980, such member makes an election under subsection (b); or

(2) who after August 31, 1980, completes 20 years of police service shall be reassigned to the Metropolitan Police force effective at the end of the 30-day period beginning on the date of such completion, unless, during such period, such member makes an election under subsection (b).

(b)(1) A member of the Metropolitan Police force described in subsection (a) may elect to transfer to the Capitol Police with the rank, pay, and seniority that are most nearly equivalent to the rank, pay, and seniority of such member on the day before the date of such transfer, as determined by the Capitol Police Board.

(2) A transfer to the Capitol Police under this subsection shall be effective on the date on which the electing member would have been reassigned to the Metropolitan Police force but for the election by such member under paragraph (1).

(3) An election under paragraph (1) shall be made in writing to the Chairman of the Capitol Police Board in such form and manner as may be prescribed by the Board.

(c) In each case in which a member of the Metropolitan Police force transfers to the Capitol Police under subsection (b), the position occupied by such member immediately before the effective date of such transfer shall, beginning on such date, be a position on the rolls of the Capitol Police for the purpose of providing for the assimilation of such member.

SEC. 3. (a) Any police service—

(1) of the individual referred to in subsection (b) of the first section shall be treated, effective on the effective date of this Act; and

(2) of a member of the Metropolitan Police force transferred to the Capitol Police under section 2(b) shall be treated, effective on the effective date of such transfer;

as creditable service as a congressional employee for purposes of determining eligibility under subchapter III of chapter 83 of title 5, United States Code.

(b) Effective on the date on which police services is first treated as creditable service as a congressional employee under subsection (a), the individual or member involved shall forfeit all annuity rights under the Policemen and Firemen's Retirement and Disability Act (D.C. Code, sec. 4–521 et seq.).

SEC. 4. (a) An amount equal to the total amount of—

(1) deductions and withholdings from pay for retirement under the Policemen and Firemen's Retirement and Disability Act (D.C. Code, sec. 4–521 et seq.) for police service treated as creditable service as a congressional employee under section 3; and

(2) sums paid by the Congress to the District of Columbia as a retirement contribution for any such police service performed while detailed to the Capitol Police;

shall be paid by the Mayor of the District of Columbia into the Treasury to the credit of the Civil Service Retirement and Disability Fund. For purposes of section 8334 (c) of title 5, United States Code, such payment shall constitute the required deposit for police service treated as creditable service as a congressional employee under section 3.

(b) Payments into the Treasury required by subsection (a) shall be made not later than the date on which police service is first treated as creditable service as a congressional employee under section 3 with respect to the individual or member involved.

SEC. 5. As used in this Act—

(1) the term "Metropolitan Police force" means the Metropolitan Police force of the District of Columbia; and

(2) the term "police service" means creditable service under subdivision (c) of the Policemen and Firemen's Retirement and Disability Act (D.C. Code, sec. 4–23).

SEC. 6. Until otherwise provided by law, the contingent fund of the House of Representatives shall be available to carry out this Act.

SEC. 7. This Act shall take effect on the first day of the second month after the month in which this Act is enacted.

Mr. ANNUNZIO (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the bill be dispensed with, and that it be printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The gentleman from Illinois (Mr. ANNUNZIO) is recognized for 1 hour.

Mr. ANNUNZIO. Mr. Speaker, I yield myself such time as I may consume, and I will, when I have finished, yield such time as he may desire to the distinguished ranking minority member of the subcommittee.

Mr. Speaker, this bill was adopted unanimously by the Committee on House Administration. It establishes the position of Chief of the Capitol Police by statute and provides an orderly and equitable system for phasing out the Metropolitan Detail to the Capitol Police Force. In the process it eliminates a 61.4-percent surcharge against salaries which the District of Columbia levies for our use of these officers. In fiscal year 1980 this surcharge amounts to a total of $521,000.

The present Chief of the Capitol Police is assigned to Capitol Hill from the District of Columbia where he holds the rank of Assistant Chief on the Metropolitan Police Department. Enactment of H.R. 5651 makes the Chief a congressional employee and allows the present Chief, James M. Powell, who has been assigned to Congress since 1958, to continue in that capacity.

The other 28 officers of the metropolitan detail who, like the Chief, have given loyal and dedicated service to Congress for many years can, after 20 years of service, elect to be assimilated into the Capitol Police Force with rank and seniority intact; or they can retire under the D.C. Policemen and Firemen's Disability Act; or they can return to the Metropolitan Police Force and continue their career with the city government.

Mr. Speaker, I want to point out to the House that H.R. 5651 provides Congress with its own self-contained professional police department. All of its officers will be congressional employees for the first time in many decades and, this legislation will save the taxpayers approximately $600,000.

Mr. Speaker, I now yield such time as he may consume to my distinguished colleague, the gentleman from Georgia (Mr. GINGRICH), who has ably assisted me and the entire committee to realize this goal.

Mr. GINGRICH. Mr. Speaker, I thank my colleague for yielding this time to me.

I would like to make the comment that I think this is a very well worked out and a very minor piece of legislation, one which does require the District of Columbia to pay back to the Federal Government those moneys which have been accrued in the pension funds. It does allow us to work out the details, with a minor amount of money, in a way which I think is of benefit to the U.S. Government and this particular body.

Mr. Speaker, this is a bill that we should pass forthwith.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. GINGRICH. I am happy to yield to my colleague, the gentleman from Maryland.

□ 1410

Mr. BAUMAN. Mr. Speaker, I listened carefully to the gentleman's explanation, and I believe I heard him say that those with 20 years of service could elect certain alternatives, either returning to the D.C. force or being assimilated into the Capitol force upon retirement.

Mr. ANNUNZIO. That is right.

Mr. BAUMAN. What about those with less than 20 years of service, and how many fall into that category?

Mr. ANNUNZIO. We are talking about 29 men in the police department. Those who do not have 20 years of service will stay here until they reach 20 years of service, and then they can make the choice.

But I also want to assure the gentleman from Maryland—and I want the record to show this—that as far as the Subcommittee on Personnel and Police is concerned, the present complement of police is about 1,200. When all of the selections have been made by these officers to either go back to the D.C. Police Force or to be assimilated into our own police force, the chairman of this committee does not intend to create any additional positions. I want to make that absolutely clear. We will not only realize a $600,000 saving, as the Congressional Budget Office Director, Mrs. Rivlin, notified us in her letter, ultimately it could reach over $1 million by not filling these positions. We do not need more positions. We have enough.

Mr. BAUMAN. If the gentleman will yield, I compliment the gentleman on his determination not to increase the cost of the police force but, based on the legislation that you have been passing here in recent years, you may need a great many more police to protect Congress from the taxpayers' wrath. But that is another matter.

I thank the gentleman.

Mr. ANNUNZIO. I thank the gentleman for his contribution.

Mr. Speaker, I move the previous question on the bill.

The previous question was ordered.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. ANNUNZIO. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

AGRICULTURE ADJUSTMENT ACT OF 1979

Mr. FOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3398) to amend the Food and Agriculture Act of 1977 relating to increases in the target prices of the 1979 crops of wheat, corn, and other crops under certain circumstances, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Washington (Mr. Foley).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 3398, with Mr. Harris in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from Washington (Mr. Foley) will be recognized for 30 minutes, and the gentleman from Kansas (Mr. Sebelius) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Washington (Mr. Foley).

Mr. FOLEY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of H.R. 3398, the Agriculture Adjustment Act of 1979. H.R. 3398, as reported by the House Committee on Agriculture, would amend the Food and Agriculture Act of 1979 to provide increases of 7 percent in the target prices for wheat and feed grains. Thus, the bill would raise the target prices for wheat from $3.40 per bushel to $3.63 per bushel, and for corn from $2.20 per bushel to $2.35 per bushel. Target prices for grain sorghums and barley would be adjusted accordingly.

This legislation is made necessary by the inflation which continues to plague the U.S. economy. H.R. 3398 is a stopgap measure which provides a modest increase in the target prices to the American grain producers. These increases in target prices are made available only to those producers who participated in the set-aside program for the commodity and would affect only deficiency payments, if any are made to such producers, and disaster payments. The deficiency payments are based on the difference between the target price and the higher of the market price during the first 5 months of the marketing year or the loan level. Disaster payments based on a specified percentage of the target price are made to producers who because of a disaster were prevented from planting or suffered a low yield in their production of the crop.

The bill would have no affect on consumer prices for the commodities since the loan rates are left unchanged. H.R. 3398 is not expected to result in substantial Government costs because current expectations are that the prices of the major grains covered by the bill would remain above the proposed target prices. The increase in target prices provided by H.R. 3398 is consistent with the President's inflationary guidelines.

The 7-percent increase in target prices provided by H.R. 3398 is far less than warranted by the actual increase in costs of farmer inputs. In the year since the 1978 crop was harvested, the prices paid by farmers for commodities, services, interest, taxes, and wage rates have increased 14 percent or twice the increase in target prices provided by H.R. 3398. In the absence of legislation, the 1978 target prices would continue unchanged for 1979 grain crops despite these increased costs. A comparable situation applies for the other commodities covered by this bill.

A major source of the problem faced by grain producers stems from the steadily increasing cost of energy. The cost-price squeeze on U.S. agriculture has been accelerating and the adjustment provisions contained in the Food and Agriculture Act of 1977 have not been adequate to accommodate the type of changes that have occurred in the farm economy during the past 2 years.

H.R. 3398 was reported by the Committee on Agriculture on May 30, 1979. Because of other priority measures before the House the bill has been delayed until now in coming to the floor. I hope the Members will join me in supporting this modest increase in target prices.

Relief is needed for the 1980 crop even more than for the 1979 crop. In the absence of legislation for 1980, the target price for wheat would fall substantially from the 1979 crop level of $3.40 per bushel—or $3.63, if this bill is passed—to less than $3.10 per bushel in 1980 according to current estimates. Thus far in 1979 the cost of farmer inputs have increased an additional 14 percent, or approximately 28 percent in the last 2 years.

In an amendment I had hoped to offer, the target prices provided in H.R. 3398—$3.63 per bushel for the 1979 crop of wheat and $2.35 for corn—would be extended without change to the 1980 crop. Under my amendment, farmers would receive this modest protection against the inflationary cost pressures that they have endured in the last 2 years. The amendment posed some problems under the rules on the issue of germaneness and because of a technical issue under the Budget Act. The Rules Committee was unable to act on my amendment in time so that it could be considered in order during these proceedings today. If this bill is adopted, the Senate may well provide an amendment dealing with the 1980 crop, in which event, we will be able to address the issue in conference.

In summary, although the market price circumstances have improved somewhat since this bill was reported out of committee in May, passage of this legislation is still very important. Passage now means keeping faith with the producers by providing some additional income support to producers at a minimal cost to the Treasury.

But what is even more important, House action on H.R. 3398 today will make it possible to quickly get this legislation over to the Senate side so that they can add the language providing similar target price levels for the 1980 crops of wheat and feed grains. This will assure producers that in the event the cost-price squeeze worsens in 1980 under full production, these producers will have at least this much additional income protection.

Mr. SEBELIUS. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia (Mr. WAMPLER), the distinguished ranking minority member on the Committee on Agriculture.

Mr. WAMPLER. Mr. Chairman, I rise in support of H.R. 3398, the Agriculture Adjustment Act of 1979. This legislation to amend the Food and Agriculture Act of 1977 increases the target prices of the 1979 crops of wheat, corn, and other feed grains by 7 percent. This would raise the target prices on wheat from $3.40 per bushel to $3.63 per bushel; for corn from $2.20 per bushel to $2.35 per bushel; and for grain sorghum and barley, the target price would be adjusted to such levels as the Secretary of Agriculture deems fair and reasonable in relation to corn.

The target price concept provides income security for farmers. Target prices are not designed to be a guaranteed income program or to cover total costs of production or to guarantee profits to farmers at the expense of taxpayers but is designed to give the farmer a safety net should prices decline precipitously when supplies are in excess of market requirements.

The 1977 farm bill contained a cost of production formula to adjust target prices each year, but obviously the formula has not been working due to rampant inflation that has been occurring. Consequently, this legislation, as originally introduced by the gentleman from Oklahoma (Mr. ENGLISH) last April, is designed to comply with the President's anti-inflation guidelines by providing a 7-percent increase. Costs of production have increased about 14 percent this year so this is considered to be a modest increase. Farm income is up but anyone familiar with rising production costs at the farm level for fuel, fertilizers, pesticides, and farm equipment, recognizes that per bushel costs of production are still above the target prices as set forth in this legislation.

This Nation needs the farmer in order that its citizens may eat. The latest figures I have seen shows that the average citizen in the United States spends 16½ percent of his disposable income for food which is a figure for which there should be no complaint. The farmer also helps with our balance-of-payments problems in paying for our imported oil by exporting the grain surplus to our domestic needs. Agriculture exports also help support the full utilization of land, labor, and capital resources in farming. Surely with what the farmer does for the Nation, we should be willing to provide a bit of security for him when we ask him to gamble on the weather as well as gambling as to prices he receives for his crops. We encourage the farmer to participate in the price support and production adjustment program that the Congress has devised so that this Nation can be assured of abundant supplies of cheap food so we must be prepared to provide the farmer with some protection as he makes his decisions to participate in the program.

As we all know, grain prices this year have been increasing so the exposure of the Federal Government will not be as great as we expected when the bill was originally passed last spring, nevertheless, it is a principle we are considering here today. As I stated previously, we need the farmer, so I am prepared to provide this income security, small as it may be, to help the farmer meet his production costs and stay on the farm. I urge my colleagues to join me in support of H.R. 3398.

□ 1420

Mr. FOLEY. Mr. Chairman, I yield such time as he may consume to the gentleman from Oklahoma (Mr. ENGLISH).

Mr. ENGLISH. Mr. Chairman, the past year would appear to have been a good one to farmers. Not only have grain prices generally been strong, due mainly to increased export demand, but, farmers have been harvesting record crops. Wheat farmers this year harvested over 2.1 billion bushels, the second largest crop in history and corn growers are now completing another record crop estimated to be well over 7 billion bushels.

Although these circumstances would appear to paint a rosy picture, there are serious problems facing American farmers. Production expenses in 1979 will total nearly $114 billion, an increase of over 16 percent from 1978. Most of this increase is due to feed, livestock, fuel, and interest expenditures. Fuel expenses alone have increased nearly 40 percent since 1978. The outlook for 1980 is becoming increasingly more alarming. Just this week USDA has predicted that farmers can expect a substantial reduction in net farm income in 1980. The reduction predicted by USDA, from $31 billion in 1979 to around $24 billion in 1980, is a drop of almost 20 percent. This substantial decline in net farm income could be devastating to the farm structure of this Nation.

Mr. Chairman, the purpose of this legislation, providing a 7-percent increase in the target price for wheat and corn, is not to create an exception for the farmer or treat him differently. The adjustment we are seeking is much less than warranted by the increases in production costs. However, we have held to this level to abide by the President's 7-percent guideline in his anti-inflation program. The purpose of this modest proposal is only to allow the farmer the same consideration as other segments of our economy.

In urging the passage of this bill, I would like to remind Members that deficiency payments are not likely to be made in 1979 so the Government outlay will be minimal. Also, this legislation will have no effect on consumer prices since the loan rates are left unchanged.

This bill merely recognizes agriculture as an important segment of our economy that should be given the same consideration as business and labor in the President's anti-inflation program.

Mr. SEBELIUS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the bill before us today is an extremely modest attempt by the Agriculture Committee to deal with the problem of rapidly rising farm production costs. According to the latest figures published by USDA, the index of prices paid by farmers for commodities and services, interest, taxes, and wage rates now stands at about 251. A year before, it stood at 220. That means farm production costs rose 14 percent during 1 year.

In September 1978, farmers were paying 46 cents a gallon for diesel fuel. According to USDA, in September of this year, farmers were paying 81 cents; an increase of 76 percent. Seed wheat cost $5.90 per bushel last year. This year that price increased 25 percent to $7.40. A two-wheel-drive tractor that cost $25,900 last year increased in price by 12 percent to $29,000 this year.

Mr. Chairman, I could go on and on.

How did the Committee on Agriculture respond to this overall 14-percent increase in production costs? By reporting a bill to raise the target prices for wheat and feed grains by a mere 7 percent.

To understand the committee's restraint, it is important to review events of the past year. In October 1978, President Carter unveiled his voluntary wage and price guidelines. While the guidelines allowed as much as a 9.5-percent increases in prices, it generally was accepted that the administration's objective was to limit wage and price increases to 7 percent.

In February, farmers from across the Nation came to Washington to express their deep concern that increases in production costs were outstripping increases in prices they received for their products. Making matters worse, farm prices had trended downward during the past few years, while production costs went one way—up.

Because of my concern, I introduced H.R. 2416, the Agriculture Inflation Protection Act of 1979. This would have increased wheat and feed grain target prices by 9.5 percent, the maximum then allowed under the President's wage and price guidelines. It was then, and still is, my feeling that past downward price trends in agricultural commodities justified the maximum increase consistent with a responsible effort to keep a lid on inflation.

We all know what became of the President's guidelines. We all know that inflation is expected to continue at a double digit rate for the remainder of this year. It seems to me that it is only fair to give the people who work and grow our food protection similar to that given to the food stamp recipients who eat that food.

Earlier this year, we increased the

"cap" on food stamp spending by about 10 percent. If inflation continues, we will be back next year increasing it again. The same thing will happen in farming and we will be back again next year with another target price bill.

Let us take a look at the bill before us. H.R. 3398 would increase 1979 wheat and corn target prices to $3.63 per bushel and $2.35 per bushel, respectively. The target prices are now set at $3.40 for wheat and $2.20 for corn.

Because the bill gives the Secretary authority to adjust the target prices for grain sorghum and barley to levels that are "fair and reasonable" with respect to corn, we can assume that targets for these crops also will be increased by 7 percent to avoid distortions in the feed grain market.

How much will all this cost? The Congressional Budget Office estimates that it could add $115 million to the budget in fiscal year 1980. At this point in time that is a speculative amount or cost but a paltry sum when compared to our increase in the budget for food stamps.

Mr. Chairman, we do not even anticipate making deficiency payments on wheat and corn, and the CBO estimates for barley and grain sorghum payments are based on recent price relationships which might not hold true in the future. If this turns out to be the case, one could argue that this bill is superfluous. However, disaster payments are computed on the basis of the target price. Thus, farmers who suffer losses due to circumstances beyond their control stand to recover more if the target price is increased.

Some persons contend that even this disaster protection is excessive and that farmers should assume some of the costs of this protection. The crop insurance bill (H.R. 4119) now pending before this body is an attempt to address this situation.

Mr. Chairman, about the only thing I can say against this bill is that it does not go far enough in protecting the farmer. I think the level of protection contained in this bill should be increased at least another 7 percent and extended to cover the 1980 crops, some of which have now been planted.

In addition, the extra protection afforded in this bill should be available only to those who plant within their normal crop acreages. Some farmers are trying to take advantage of the Agriculture Secretary's decision not to implement a set-aside for 1980 crop wheat and feed grains.

By breaking out new ground, these farmers are bringing about more soil erosion, leading to more sedimentation in the Nation's waterways. This action also increases the likelihood of growing surplus stocks, bringing a greater potential for future deficiency payments and storage costs for Government-acquired stocks.

Because of parliamentary problems, it recently was decided to address 1980-crop issues in separate legislation. It is my hope that the Senate, in its deliberations on this bill, will see fit to amend this bill to correct these deficiencies.

Mr. Chairman, the parity prices for wheat and corn were $6.09 per bushel and $4.25 per bushel, respectively, in mid-October. The target prices contained in this bill fall far short of these levels. I urge my colleagues to support this bill for what it is: A modest attempt to address a growing problem in farm country.

□ 1430

With parity at the levels I have just cited, that means that wheat parity today is about 64 percent. If we apply that figure out in GLENN ENGLISH's district, or my district, or JIM ABDNOR's district, it is far less than that, because we have to knock off 35 cents or 40 cents for transportation. If you have the Rock Island Railroad or the Milwaukee Railroad which is in or near bankruptcy going through your district, it is going to discount you 20 more cents just to try to get it to market. So I think this bill falls far short of anything near cost of production. I think we probably have shirked our responsibility if we meant to attain a target price somewhere near parity.

But GLENN ENGLISH is trying to deal with the realm of the possible in offering a target price above which the administration threatens a veto. When I came up with my first bill and we discussed it after he had flown with the President out to his home State, he thought it was something we could get done. We have had it laying around for quite some time and it should be cleaned up on the Senate side. An assurance should be given to the farmer and his banker and that his heavy cost-intensive business will be given at least one peg that he can look to for support on his 1980 crop.

Mr. Chairman, I think this is desirable legislation. It should be passed here today and sent over to the other body.

Mr. ABDNOR. Mr. Chairman, will the gentleman yield?

Mr. SEBELIUS. I yield to the gentleman from South Dakota.

Mr. ABDNOR. Mr. Chairman, I want to associate myself with the gentleman's very excellent remarks. Also I want to commend the gentleman from Oklahoma for this piece of legislation and all of the committee, for that matter. I especially want to commend the gentleman from Kansas for setting out the problems that are confronting many of our grain farmers and our farmers throughout the United States.

While we are all concerned about the rising expenses and costs, I do not know of any profession or business that incurs as great a rise as those in agriculture when, as the gentleman said, in speaking of energy no one uses more energy in the course of a day than a family farmer who gets on his tractor at 7 o'clock in the morning and goes until dark.

The gentleman also neglected to mention interest rates. I frankly cannot understand how farmers today can add to their farm or help their sons and daughters go into the farming business with the cost of interest. I have talked to bankers and they expect businesses to reap at least a 15 percent profit if they are going to borrow money on an investment.

I think I am relatively safe in saying, at least in South Dakota that farmers, if they take the current value of their farm and all of their expenses into consideration, actually net 3 or 4 percent, without their labor and management involved, they are, indeed, fortunate. I think probably farmers, without many people realizing it, in many instances find themselves in as big a bind today as at any time over a great many years.

So I greatly appreciate the comments of the gentleman from Kansas for bringing to the attention of this body what the farmers are really up against.

Mr. SEBELIUS. I thank the gentleman for that contribution.

Mr. ENGLISH. Mr. Chairman, will the gentleman yield?

Mr. SEBELIUS. I yield to the gentleman from Oklahoma.

Mr ENGLISH. Mr. Chairman, much has been said, the gentleman stated in his statement, and I stated in mine, that this is a very modest measure, particularly considering 1979 and the fact that market prices have been over the target prices included in this bill. But I think we should also state that this legislation is extremely important from the standpoint of 1980. The gentleman from Kansas and I and others of the committee had hoped that we would have a rule that would allow the inclusion of 1980 in this particular measure. There is agreement by the Agriculture Committee, very solid agreement, that we should include and extend protection of this bill into and including 1980, because we have an unprecedented type of situation taking place; namely, that the target prices for 1980 will not remain at $3.40 a bushel for wheat. In fact, I understand that those target prices will drop as low as $3.06 or $3.07 a bushel.

So, this bill is extremely important and very critical for the farmer's income that year.

I think we should also point out last week the Secretary of Agriculture was noting the fact that there had been substantial erosion taking place throughout the country; namely, because farmers had been breaking out fragile and marginal ground, due to the fact that there is no set-aside for 1980, and there is no restriction to the normal crop acreage. In fact, the program that is in place today for 1980 encourages farmers to break out that marginal land.

What we hope to do by extending this bill to 1980, and I am sorry to say that we are going to have to rely on the other body to do it, is the simple act of including a normal crop acreage provision to promote good farming practices once again and also maintain, some control on the surplus of wheat and other grains that this Nation has.

So this legislation is critical to avoid, once again, finding ourselves in 1980 struggling to deal with potential catastrophe.

Mr. SEBELIUS. I thank the gentleman for that contribution.

It is certainly true, and we are attempting to deal with that potential catastrophe and hope it has been addressed to some extent in this bill and may be further addressed for the 1980 crops in the Senate.

I join the chairman of our Agriculture Committee and compliment him for getting this on the calendar and getting it to the Senate so that we can work on it in a House-Senate conference. Because the gentleman knows and I know that last winter the farmers poured into our offices, they poured into my office as they did his, and the winter before that as well and not without good cause in most cases. Unless we respond to a greater extent to these legitimate producer needs, and to a far better degree than we have in this bill by adding a provision for 1980 crops in the Senate, then we are going to have them in Washington again come January, February, March.

So I do recommend this bill to my colleagues for their earnest and good consideration. The farmers work for all of us, they are highly productive, their agriculture exports aid all Americans by helping us with our balance-of-payments problem. They need a safety net for prices when inflation is running at 14 percent per year.

Mr. WAMPLER. Mr. Chairman, will the gentleman yield?

Mr. SEBELIUS. I yield to the gentleman from Virginia.

Mr. WAMPLER. Mr. Chairman, I thank my colleague for yielding. I want to compliment the gentleman from Kansas for his very effective work in helping to fashion the 1977 farm bill and for his continued interests in this vital area of target prices for wheat, corn, and other feed grains.

As one of the senior members of the committee and as the ranking minority member of the Livestock and Grain Subcommittee, I know of his very strong interest that something should have been done in this bill to help in the year 1980. But under the rule granted by the Rules Committee which governs how we consider this bill, that is impossible. It would be my hope that when the bill goes to the other body some action might be taken in that regard and it would come back to us in that form.

If it does not, I want to assure the gentleman from Kansas and, in fact, the entire committee that it would be my purpose to try to move legislation to help in that regard. No one can predict with certainty what the economy will be in the months ahead, but I think any reasonable rationalization would indicate that we are going to continue to have rampant inflation. The question is at what rate. It is currently running about 14 percent.

Again I want to commend the gentleman for his statement and for his continuing interest, and assure him that it will be my purpose to work with him and the other members of the committee to address ourselves to this vital need of keeping our target prices at reasonable levels. I thank the gentleman.

Mr. SEBELIUS. I thank the gentleman for those remarks.

Mr. GLICKMAN. Mr. Chairman, will the gentleman yield?

Mr. SEBELIUS. I yield to my colleague from Kansas (Mr. GLICKMAN).

Mr. GLICKMAN. Mr. Chairman, I want to associate myself with the gentleman's remarks and express my appreciation for the leadership as well as the leadership of the gentleman from Oklahoma (Mr. ENGLISH). This is a very minimal bill and may provide some protection in the event that cash grain prices go down.

I hope we can up the bill either now or sometime later in the future. I appreciate the gentleman's efforts to try to provide some meaningful relief for our Kansas wheat farmers.

Mr. SEBELIUS. I thank the gentleman.

Mr. Chairman, I have no further requests for time.

□ 1440

Mr. FOLEY. Mr. Chairman, I yield 1 minute to the gentleman from Minnesota (Mr. NOLAN).

Mr. NOLAN. Mr. Chairman, I rise in support of the bill.

Mr. Chairman, Agriculture Department statistics reveal that the production expenses incurred by farmers in 1979 will be 16 percent higher than in the previous year. H.R. 3398 increases the target prices for wheat and corn by only 7 percent. Obviously, this bill is hardly adequate to meet the needs of farmers. I think everybody should know why the House Agriculture Committee reported such an inadequate bill to the House floor. Simply enough, the Carter administration threatened to veto any bill with more realistic support levels. Indeed, the Carter administration opposes H.R. 3398—which indicates how far out of touch this administration is when it comes to farm policy.

I urge my colleagues to support H.R. 3398. By anyone's standards, it is about the least the House can do.

Mr. FOLEY. Mr. Chairman, I yield 1 minute to the gentleman from South Dakota (Mr. DASCHLE).

Mr. DASCHLE. Mr. Chairman, I rise in support of the bill currently before the committee, H.R. 3398, the Agriculture Adjustment Act of 1979, legislation which would provide for a modest increase in wheat and feed grains target prices.

Mr. Chairman, it should not be a secret to anybody in this body that our Nation's agricultural producers are caught in a severe cost-price squeeze, forcing the decline of nearly 866,000 family farming operations from 1963 to 1977.

The farm population has traditionally received a lower per capita disposable personal income than nofarm people. A recent General Accounting Office study indicated that by 1976, farmers have received an average income of only 81 percent of that of their urban counterparts.

It is not a mystery to the farmers and ranchers throughout the country why their city counterparts cannot understand their plight when attention is focused only on the price increases that farmers receive. This makes the news, simply because the prices received by farmers have a direct effect upon consumers.

Unfortunately, one can imagine the consternation experienced by farmers who ask why equal billing is not given to the expenses paid by farmers to receive that "massive profit." It is these expenses that brings this legislation to the House floor today.

There is not one Member in this body who has not heard from their constituents regarding the effect that spiriling energy costs have had on their lifestyles. But how many Members are aware that nearly 22 percent of the country's total energy supply is consumed to grow, harvest, process and market our country's supply of food, fiber, and forest products?

With agriculture commanding such a great percentage of the country's energy resources, one does not have to live on a farm to realize the effect that these rising energy costs have had on our country's agriculture economy.

According to USDA figures, in 1974 energy use on the farm included 3.7 billion gallons of gasoline at a cost of $1,870 million and diesel fuel of 2.6 billion gallons, for a cost of $950 million. These figures obviously do not take into account the tremendous price increases experienced since 1974. That cost today has reached the astronomical level of $6 billion.

It is very important that every member of the Committee keep these facts in mind during the consideration of the legislation before us today. What we are asking for is a modest 7-percent increase in target prices. Many Members representing rural areas believe that this legislation does not even get us to first base considering production costs have more than doubled, increasing from $31.6 million in 1963 to $83 million in 1976.

H.R. 3398, which was introduced by my friend and colleague on the House Agriculture Committee, Mr. ENGLISH, would increase target prices for 1979 wheat from $3.40 to $3.63, and the target prices for corn from $2.20 to $2.35. Grain sorghums and barley would be increased in relation to corn

This bill, while providing only modest relief to the cost price, is designed to comply with the President's inflation guidelines, with hopes that the same consideration will be granted to our country's family farmers that is available to every other segment of our economy.

● Mr. HAGEDORN. Mr. Chairman, I rise in support of H.R. 3398, the Agriculture Adjustment Act of 1979. This legislation received my support during both subcommittee and full committee debate and I commend my fellow colleagues on the House Agriculture Committee for their favorable consideration of this proposal.

This legislation is designed to help farmers cope with rising costs by mandating a 7-percent increase in Federal target prices for 1979 grain crops. H.R. 3398 would raise the price for wheat to $3.63 per bushel and corn to $2.35 per bushel with barley and grain sorghum determined in relation to the rate for corn. These increased targets will not directly affect commodity market prices or consumer food costs. Rather, they will provide income protection to farmers who have been squeezed by higher production costs, skyrocketing interest rates, inflation, and energy.

Farmers in Minnesota have been hard pressed with increased fertilizer costs, fuel shortages combined with increased costs, and severe transportation problems. I need not remind my colleagues of the devastating effects the Duluth/Superior grain handlers' strike had on grain prices in the Midwest. This strike coupled with the perpetual bottleneck at locks and dam 26 and the strike against the Rock Island Railroad caused grain prices to plunge. Grain producers in Minnesota, as well as the Nation, need this legislation in the event wheat and feed grain prices plunge precipitously because world supplies are in surplus.

On the other hand, let me point out that at this late date passage of this bill for only 1979 is somewhat meaningless. However, it is imperative that it pass. While the House Rules Committee did not see fit to allow for an amendment to include higher target price coverage for 1980, I am hopeful that acceptance of this bill in the House will serve as a vehicle for the Senate to consider such a proposal.●

● Mr. ALBOSTA. Mr. Chairman, I rise in support of H.R. 3398, the Agricultural Adjustment Act of 1979. This bill provides for a 7-percent increase in target prices for the U.S. Department of Agriculture's price support program for wheat and feed grains.

In a time when this country is experiencing an annual inflation rate of more than 12 percent, we cannot expect farmers to operate under a target price system enacted over 2 years ago. The real issue here is whether the Government is going to encourage the continued vitality of the American family farm or allow more agricultural land to go out of production thereby creating greater corporate farming. The family farm has efficiently produced an abundant supply of food for this country and the world for over 2 centuries. Agriculture exports will total approximately $30 billion this year. Without our agricultural exports, the United States would have a much higher balance-of-payments deficit in foreign trade.

By adjusting target prices upward by 7 percent, H.R. 3398 is a first step in keeping the family farm strong, and a strong family farm is vital to producers and consumers alike. Earlier this year, I sponsored legislation which would have raised the loan rate gradually to 90 percent of parity over a 3-year period. I believe passage of H.R. 3398 is important if we are to reach the goal of 90 percent of parity. Let us not forget the farmers who have been in Washington the last two winters. Now is the time to pass the Agricultural Adjustment Act of 1979 and keep American agriculture strong.●

● Mr. ALEXANDER. Mr. Chairman, as a cosponsor of this legislation, I rise in strong support of its passage. Though the farm outlook is generally good for the foreseeable future, the production costs of this Nation's most efficient producer—the family farmer—continue to escalate. Chief among those costs are energy requirements and energy-derived products such as fertilizer, pesticides, and farm equipment.

The legislation before us today is a response to those rising production costs. This bill will increase by 7 percent, in line with the President's anti-inflationary guidelines, the target price for wheat and corn for the 1979 crop. Consumer prices will not be adversely affected by the increase, as the bill makes no changes in the loan rates for these commodities.

And since the market price of wheat and corn currently is above the target price, it is highly unlikely that the Federal Government will be required to make deficiency payments.

The increase contained in this bill is necessary to protect the producer from the cost-price squeeze that continues to grip the agricultural sector due to our dependence on foreign energy. This increase will also motivate producers to remain in the current set-aside program to lessen total supplies and keep market prices healthy.

Mr. Chairman, this bill is not inflationary. The modest 7-percent increase in the target price simply affords the agricultural producer with the same consideration granted to other sectors of the U.S. economy.

I urge its adoption.●

Mr. FOLEY. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

H.R. 3398

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Agriculture Adjustment Act of 1979".

Sec. 2. Section 1001 of the Food and Agriculture Act of 1977 (7 U.S.C. 1309) is amended by adding at the end of subsection (b) the following: "Notwithstanding any other provision of law, whenever a set-aside is in effect for the 1979 crop of wheat, the Secretary shall increase the established price for such crop to $3.63 per bushel, and whenever a set-aside is in effect for any 1979 crop of feed grains, the Secretary shall increase the established price for the 1979 crop of corn to $2.35 per bushel. The payment rate for grain sorghums and barley shall be such rate as the Secretary determines fair and reasonable in relation to the rate at which payments are made available for corn.".

Sec. 3. The provisions of this Act shall become effective October 1, 1979, and the Secretary of Agriculture shall pay beginning on such date any person, who would have been entitled to an increase in payments on the 1979 crop of wheat and feed grains if the provisions of this Act had been in effect during the period beginning on the date of the enactment of this Act and ending September 30, 1979, an amount equal to the amount of such increase.

Mr. FOLEY (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the bill be dispensed with, and that it be printed in the Record and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

There was no objection.

● Mr. HIGHTOWER. Mr. Chairman, this bill, H.R. 3398, the Agriculture Adjustment Act of 1979, will not solve the problems of the wheat and feed grain farmer. It will, however, keep this portion of our farm program from getting farther out of balance. If we were passing target prices that reflected the farmers' true cost of production, we would be talking about an increase of at least a dollar to a dollar and a half a bushel instead of a mere 7-percent increase.

This bill is in keeping with the President's guidelines for other sectors of the economy. It will not reflect the increases farmers are facing daily. The price of diesel fuel alone has increased over 300 percent since January. This bill does not mean an increase in Federal tax outlays. The market price is above the levels in this legislation. The target prices do not influence food prices. This bill does keep a viable farm program that is aimed at providing a stable food supply and keeping the family farm in existence.

The Secretary of Agriculture is now holding hearings all over the Nation asking for input on the structure of agriculture. Let us keep the program as current as possible until the 1981 farm program is written. If we do not keep programs abreast of changes in the sectors the programs effect, they do no good at all.

Inflation has battered the farmer harder than almost any part of our economy. The farmer faces unknown problems with weather and pests and variables of nature. This bill is an attempt to let farmers know the Congress had not forgotten their problems.●

● Mr. MARLENEE. Mr. Chairman, I rise in support of the Agricultural Adjustment Act of 1979 (H.R. 3398). I must commend the Agriculture Committee and my colleague from Oklahoma (Mr. English) for bringing this bill before the House in spite of opposition expressed by the administration.

This legislation is sorely needed by grain producers who have been squeezed by increased costs of production, transportation, and energy. Recently, rail transportation costs for grain rose by over 8 percent in the West, the fertilizer industry warned farmers that prices will rise in the near future, and middle distillates have skyrocketed in price, as have equipment prices.

Recent increases in interest rates have also restricted farmers' ability to produce. Agriculture, the primary industry in this country, cannot remain the most productive segment of the economy if there is continual erosion of its financial base. The 7-percent increase proposed in this legislation does not go far enough in stemming the tide of economic erosion and decline experienced not only by the producer, but by the rural communities which depend upon the farmer as a source of income.

Agriculture cannot continue to be held by Congress to the 7-percent inflation guidelines proposed by the administration, while the inputs needed for food production have been increasing at a much faster rate. While the 7-percent stopgap proposal is welcome, I respectfully request that the Agriculture Committee and the House consider additional legislation in the near future which would provide more realistic target prices for the agricultural community.

While I am sure that many of my colleagues would like to see a higher target price established, including the author of the legislation, I urge that we pass this legislation and move forward with additional measures to assist the grain producers.●

The CHAIRMAN. Are there any amendments? If not, under the rule the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. GIAIMO) having assumed the chair, Mr. HARRIS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3398) to amend the Food and Agriculture Act of 1977 relating to increases in the target prices of the 1979 crops of wheat, corn, and other crops under certain circumstances, and for other purposes, pursuant to House Resolution 364, he reported the bill back to the House.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The bill was passed.

The title was amended so as to read: "A bill to amend the Food and Agriculture Act of 1977 relating to increases in the target prices for the 1979 crop of wheat, corn, and other commodities under certain circumstances, and for other purposes."

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks in the RECORD on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

(By unanimous consent Mr. FOLEY was allowed to speak out of order.)

ANNOUNCEMENT OF HEARINGS

(Mr. FOLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FOLEY. Mr. Speaker, I wish to announce the scheduling of a hearing for Thursday, November 15, 1979, on implementation of the Agricultural Trade Act of 1978. The hearing will be held jointly by the Committees on Agriculture and Foreign Affairs, at 10 a.m., November 15, in room 2172, Rayburn House Office Building. The U.S. Department of Agriculture will be testifying at the hearing. Representatives of agricultural producer, exporter and cooperator groups who may wish to do so are invited to testify or submit statements expressing their views on the operations under this act since it became law a year ago. Those interested should contact Christine Abram, House Agriculture Committee, 202/225-2171.

CALL OF THE HOUSE

Mr. FOLEY. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members responded to their names:

[Roll No. 638]

Abdnor
Addabbo
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Archer
Ashley
Aspin
Atkinson
AuCoin
Bafalis
Bailey
Baldus
Barnard
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Benjamin
Bennett
Bereuter
Bethune
Biaggi
Bingham
Blanchard
Boland
Bolling
Bonior
Bouquard
Bowen
Brademas
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burlison
Butler
Byron
Campbell
Carney
Carr
Carter
Chappell
Cheney
Chisholm
Clausen
Cleveland
Clinger
Coleman
Collins, Ill.
Collins, Tex.
Conable
Conte
Conyers
Corcoran
Corman
Cotter
Coughlin
Courter
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, Mich.
Deckard
Dellums
Derrick
Derwinski
Devine
Dickinson
Dicks
Dingell
Dodd
Donnelly
Dornan
Dougherty
Downey
Duncan, Oreg.
Duncan, Tenn.
Early
Edgar
Edwards, Ala.
Edwards, Okla.
Emery
Erdahl
Ertel
Evans, Del.
Evans, Ind.
Fary
Fazio
Ferraro
Findley
Fish
Fisher
Fithian
Flippo
Florio
Foley
Ford, Tenn.
Forsythe
Fountain
Fowler
Frenzel
Frost
Fuqua
Garcia
Gaydos
Gephardt
Giaimo
Gilman
Gingrich
Ginn
Glickman
Goldwater
Gonzalez
Goodling
Gore
Gradison
Gramm
Grassley
Gray
Green
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hanley
Hansen
Harkin
Harris
Hefner
Hightower
Hillis
Hinson
Holland
Hollenbeck
Hopkins
Horton
Howard
Hubbard
Huckaby
Hughes
Hutto
Hyde
Ichord
Ireland
Jacobs
Jeffords
Jeffries
Jenkins
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kazen
Kelly
Kildee
Kindness
Kogovsek
Kostmayer
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Lederer
Lee
Lehman
Leland
Lent
Levitas
Lewis
Lloyd
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Luken
Lungren
McClory
McCormack
McDade
McEwen
McHugh
McKinney
Madigan
Maguire
Markey
Marks
Marlenee
Marriott
Martin
Matsui
Mattox
Mavroules
Mica
Michel
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Mottl
Murphy, Ill.
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nelson
Nichols
Nolan
O'Brien
Oakar
Oberstar
Obey
Panetta
Pashayan
Patten
Patterson
Paul
Pease
Pepper
Perkins
Petri
Peyser
Pickle
Preyer
Price
Pritchard
Pursell
Quayle
Quillen
Rahall
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Richmond
Rinaldo
Ritter
Roberts
Robinson
Roe
Rostenkowski
Roth
Roybal
Royer
Rudd
Russo
Sabo
Santini
Satterfield
Sawyer
Schulze
Sebelius
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Simon
Skelton
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Solomon
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Stark
Steed
Stewart
Stokes
Studds
Stump
Synar
Tauke
Taylor
Thomas
Thompson
Traxler
Trible
Udall
Ullman
Vander Jagt
Vanik
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Weaver
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Williams, Ohio
Wilson, Bob
Wilson, Tex.
Winn
Wirth
Wolff
Wolpe
Wright
Wyatt
Wydler
Wylie
Yates
Yatron
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

□ 1500

The SPEAKER pro tempore (Mr. LEHMAN). On this rollcall 360 Members have recorded their presence by electronic device, a quorum.

Pursuant to the rule, further proceedings under the call are dispensed with.

PERMISSION TO HAVE UNTIL MIDNIGHT TOMORROW TO FILE CONFERENCE REPORT ON H.R. 4440, DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS, 1980

Mr. DUNCAN of Oregon. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tomorrow to file a conference report on the bill (H.R. 4440) making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1980, and for other purposes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oregon?

Mr. DINGELL. Mr. Speaker, reserving the right to object, I have the highest regard for my dear friend, the gentleman from Oregon (Mr. DUNCAN).

Mr. Speaker, as my good friend from Oregon well knows the House adopted by a rather large vote a prohibition against the Department of Transportation taking steps to implement or enforce its airbag standards while providing that the Department conduct further tests to evaluate the safety and effectiveness of passive restraints.

Mr. Speaker, I trust that the conferees are keenly aware of the position of the House and the position of the Senate. Am I correct on that point?

Mr. DUNCAN of Oregon. If the gentleman would yield, there is no item in dispute. The Senate does not dispute the amendment that was added. The bill is intact in that respect.

Mr. DINGELL. I thank the gentleman.

Mr. Speaker, I assume the gentleman and the conferees expect we will follow the ancient rule of legislative construction and that is, where the language is clear that extraneous matters will not be injected into the deliberations of the courts for purposes of determining what the intent of the Congress might be?

Mr. DUNCAN of Oregon. Mr. Speaker, if the gentleman will yield, I am committed to working out some language in the committee report and I have been trying to confer as closely as possible with the gentleman as the prime sponsor of the amendment in question, in order to arrive at satisfactory language in the committee report.

Mr. DINGELL. I thank the gentleman for that.

I have a concern that over the past few years the Department of Transportation has been suppressing information, concealing its investigations, denying Congress access to its books, records, papers and memorabilia relating to the air-bag testing in which it has been engaged.

Am I correct that it is the intention of the committee that the Congress will have full access to all books, records, papers, memorabilia, films, computer readouts, et cetera, relative to the testing?

Mr. DUNCAN of Oregon. The gentleman has made his statement. I have no basis to either incur in or disapprove of what the gentleman says. I personally have had no difficulty in obtaining information that I directly requested from any agency of this Government and I would be terribly distressed if that were to have occurred.

Mr. DINGELL. Then I understand the gentleman is saying that the books, records, papers, memorabilia, films, documents, computer printouts and so forth relative to testing will be available to the Congress, to individual Members of Congress on demand? Am I correct on that?

☐ 1510

Mr. DUNCAN of Oregon. Mr. Speaker, if the gentleman will yield further, I have no more control over the administrative branch of this Government than does the gentleman from Michigan. I see no reason why the reports of the testing ought not to be made available fully to all members of the committee.

Mr. DINGELL. Mr. Speaker, I really appreciate that and I assume that the testing will be done to get a truthful answer as to what constitutes the real information as regards the best points and liabilities of the air-bag restraint and different forms of passive restraint.

Now I yield to my good friend, the gentleman from Oregon.

Mr. DUNCAN of Oregon. If the gentleman would yield, I would assume that to be the intention of the administrative branch of the Government and certainly any funds that we put in in order to test, we expect the testing to be fair and accurate within human capabilities.

Mr. DINGELL. Leading toward an honest evaluation of a different system.

Mr. DUNCAN of Oregon. I see no reason to have the test unless you are going to have an honest evaluation.

Mr. DINGELL. Well, I want to express my high regard to the gentleman. I want the gentleman to understand that my questions are not critical of the gentleman. They are, as the gentleman well knows, highly critical of the irresponsible behavior of the Department of Transportation on the passive restraint matter, which reflects no credit on it. It is an attempt to see to it that the testing is openly done and to see that the information is available to the Congress and to see that the tests are directed at getting the facts and the information. I am sure the gentleman concurs with me in that.

Mr. DUNCAN of Oregon. I have no disagreement with that statement.

Mr. DINGELL. I thank the gentleman.

Mr. DUNCAN of Oregon. Mr. Speaker, if the gentleman will yield further, I would like to also suggest that no language in the committee report as far as I am concerned or as far as any court is concerned can change the express language of the statute.

Mr. DINGELL. I do thank the gentleman. I have the highest regard for the gentleman. I am satisfied the gentleman is doing his best to represent the House.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oregon (Mr. DUNCAN)?

There was no objection.

TO DISAPPROVE REORGANIZATION PLAN NO. 3 OF 1979

Mr. BROOKS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of House Resolution 428 to disapprove Reorganization Plan No. 3 transmitted by the President on September 25, 1979; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate on the resolution may continue not to exceed 1 hour, the time to be equally divided and controlled by the gentleman from New York (Mr. HORTON) and myself.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas (Mr. BROOKS).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of House Resolution 428, with Mr. CHARLES WILSON of Texas in the chair.

The Clerk read the title of the resolution.

By unanimous consent, the first reading of the resolution was dispensed with.

The CHAIRMAN. Pursuant to section 912, Public Law 95–17, and under the unanimous-consent request, the gentleman from Texas (Mr. BROOKS) will be recognized for 30 minutes, and the gentleman from New York (Mr. HORTON) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Texas (Mr. BROOKS).

Mr. BROOKS. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, House Resolution 428 provides for the disapproval of the President's Reorganization Plan No. 3 of 1979. The resolution was introduced by me to allow the Members of this body to have a vote on this plan which comes to us under the reorganization authority granted the President by the Congress under Public Law 95–17.

By recommending that this resolution be disagreed to, the Committee on Government Operations is supporting the reorganization plan as submitted by the President.

Reorganization Plan No. 3 of 1979 restructures the international trade functions of the executive branch with the general goal of improving the capacity of our Government to increase the exports of U.S. products and services and to develop a framework within which fair international trade practices will be maintained.

At present, our international trade performance leaves much to be desired. All of us are aware of our continuing and increasing negative trade balances—our growing dependence upon foreign oil—and international pressures on the dollar. These conditions underscore the importance of restructuring the Government's trade machinery.

During the course of 4 days of hearings, we actively sought the views of all interested parties concerned with the problem of consolidating the trade functions of the U.S. Government. We heard from administration spokesmen, as well as Members of the House and Senate who had previously introduced trade reorganization legislation. At a full committee meeting on October 30, this plan was supported by a vote 30 to 1, a quorum being present.

The plan changes the name of the Office of the Special Representative for Trade Negotiations to the Office of the U.S. Trade Representative and the U.S. Trade Representative is given primary authority, with the advice of an interagency Trade Policy Committee, for developing and coordinating the implementation of U.S. international trade policy. As the principal adviser to the President on international trade, the Trade Representative is given "lead" responsibility on all matters of trade policy. Moreover, the Trade Representative has lead responsibility for conducting international trade negotiations and has the authority to issue "policy guidance" to all departments and agencies which will provide the policy framework within which all trade functions are exercised.

Reorganization Plan No. 3 gives the Department of Commerce general operational responsibility for major nonagricultural trade functions. It transfers from the Department of the Treasury all monitoring and enforcement authorities related to our antidumping and countervailing duty laws. In addition, the Department of Commerce will be responsible for export development and commercial representation abroad. To accomplish this, Reorganization Plan No. 3 transfers all full-time commercial posts abroad from the Department of State to the Department of Commerce. This will immediately involve the transfer of 162 foreign service positions and 499 local national employees to a newly organized career Foreign Commercial Service within the Department of Commerce. American businessmen generally feel this move will insure that their interests in developing new markets for American goods and services will be well represented abroad.

Reorganization Plan No. 3 also places the Trade Representative and the Secretary of Commerce on the Board of Directors of the Export-Import Bank as nonvoting ex officio members. In addition, the plan makes the Trade Representative vice chairman and voting member of the Board of Directors of the Overseas Private Investment Corporation. Together, these decisions are aimed at achieving greater coordination between the development and implementation of trade policy and the financing of American exports.

If approved here today and by the Senate, Reorganization Plan No. 3 will be swiftly implemented by both the Office of the U.S. Trade Representative and the Department of Commerce in order that our Nation may take advantage of the new trade opportunities opened up by the new MTN codes.

While the plan does not go as far as some Members would prefer—for example, it clearly does not create a separate Department of Trade—it nevertheless creates an organization which should strengthen our Nation's ability to compete in international commerce.

For this reason, I urge Members to support this plan and to vote no to the resolution of disapproval under consideration.

Mr. HORTON. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I rise in support of Reorganization Plan No. 3 of 1979 regarding Trade Reorganization for several reasons. First, there is no question in my mind that the trade functions of our Government must be reorganized into a more rational structure. Approximately one dozen departments and agencies in the Federal Government are currently responsible for some aspect of the formation and implementation of U.S. Foreign Trade Policy. As a consequence, no one is really in charge of trade matters. With this proposal, there is little doubt that the Special Trade Representative will be in charge of trade policy, coordination, and negotiations. And, there is little doubt that the Department of Commerce will be in charge of implementation and given new responsibilities for trade export promotion which leads into the second reason I support this proposal.

Foreign trade is vitally important to this country, but unfortunately, it is shrinking. Let me cite just a few statistics:

In 1968, the United States had a trade surplus of $1 billion. In 1978, the United States had a trade deficit of approximately $28.5 billion.

In 1960, the United States had a 20-percent share of the world export market. In 1978, that U.S. share had shrunk to just 14 percent.

In 1968 the value of U.S. exports was twice that of Japan's and slightly greater than West Germany's. In 1978, Japan's exports exceeded U.S. exports and German exports were almost 25 percent greater than those of the United States.

In 1978, U.S. imports of oil alone totaled $54 billion. By 1990, experts estimate that, in current dollars, the U.S. oil bill will reach $175 billion, meaning our trade balance will worsen unless something is done.

In the manufacturing goods area, the United States dropped from a $20 billion surplus in 1975 to a deficit of almost $6 billion last year.

Finally, let me cite two statistics that show even more that our economy needs trade. These are:

The Congressional Budget Office has estimated that for every billion dollars worth of exports, 40,000 to 50,000 additional American jobs are created, and

The United States has approximately 250,000 manufacturing firms, but only 25,000 are exporters. It has been estimated that this figure could double if they tried, or were encouraged.

Mr. Chairman, the plan before us is not a panacea, and no one, not even the administration claims that it is. However, when you look at the present organization, and the increasing problems in the trade area, I think you have to conclude that something should be done and that this is a good, positive, first step.

Therefore, I urge my colleagues to support this proposal by voting against the resolution of disapproval.

Mr. Chairman, I yield 3 minutes to the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Chairman, the proposal before us is an extension of the MFN conforming legislation which this House and the other body passed this summer. At that time the committees who are most responsible for trade policy were greatly concerned by the fact that responsibility for the creation and the conduct of trade policy was split through many agencies of our executive department.

So when we were hearing the MFN implementation bill, we called in our friends and colleagues, the experts from the Committee on Government Operations, the distinguished gentleman from Texas and the distinguished gentleman from New York, and asked for their help in trying to move a reorganization plan forward. Their cooperation has been splendid and I must compliment them, and their entire committee, for doing a first-rate job of helping to create this reorganization, and for moving it forward.

The reorganization consolidates most of the trade operating functions in the Department of Commerce and most of the policy functions in the STR. It does not give us a single responsibility, but it gives us a much greater consolidation of responsibility.

I believe it will be a great step forward. Maybe sometime in the future we will want a single department, but first we will have a chance to see if this new, more concentrated reorganization will work.

One of the key elements here is that we take the commercial counselors out of the control of the State Department and put them under the control of Commerce. We are hopeful that putting trade-oriented personnel into our embassies will not only signal our increased interest in trade but will also render real assistance to American exporters.

A second important part of this reorganization is that we take the antidumping and countervailing duty enforcement out of the Treasury Department and put it in the Commerce Department. U.S. industry and labor had been very critical of Treasury's administration of these laws. Consensus testimony favored transfer to Commerce for more prompt, and more even-handed, administration.

□ 1520

Mr. Chairman, I think altogether the House can be proud of this reorganization plan and proud of the work of the committee that produced it.

Mr. VANIK. Mr. Chairman, will the gentleman yield?

Mr. FRENZEL. I yield to the distinguished chairman of the Subcommittee on Trade.

Mr. VANIK. Mr. Chairman, I want to thank my distinguished colleague for yielding. I concur in the remarks the gentleman has made. I think this bill is a step in the right direction.

I want to thank the chairman of the Government Operations Committee the gentleman from Texas (Mr. BROOKS), and the Committee on Government Operations for so promptly and so effectively dealing with this issue. It is very, very important that we put into operation a meaningful system of managing trade, especially because of the multilateral agreement which will be in full operation next year.

Mr. Chairman, I want to express my support for the legislation and my gratitude to the committee for working it out. I certainly think the case the gentleman has made in support of the legislation is a good one. There is no partisan difference involved in this matter at all.

Mr. FRENZEL. Mr. Chairman, I thank the distinguished gentleman from Ohio (Mr. VANIK) for his contribution.

I would only say further that when we were engaged in working out the MTN bill, Representatives of the other body were very nervous about our ability to move this plan through the House. The distinguished chairman of the Committee on Government Operations told them, and us, that he would do his part. Not only has he done what he said he would do, but he has done it before the other body, which had the greatest enthusiasm for this change, acted.

Mr. Chairman, I am very proud of the committee's activities.

Mr. BROOKS. Mr. Chairman, I yield 4 minutes to the gentleman from Georgia (Mr. LEVITAS).

Mr. LEVITAS. Mr. Chairman, I rise in support of the position taken by the distinguished chairman of the Committee on Government Operations and the ranking minority member of the committee, and I would like to associate myself with their remarks.

I think it is very important to have this reorganization because it does give more emphasis to the U.S. Trade Policy which is so important in providing jobs at home and rectifying the unfavorable balance of trade that we now experience.

I have, however, one or two reservations about this reorganization plan, and I would like to make note of them now so that as we reevaluate this program in the next few years, we can ascertain whether some of these concerns are in fact legitimate concerns.

The first is that there is no single agency or department which will have responsibility for trade matters. Although we are upgrading the role of the Department of Commerce, we are still separating its trade role from that of the U.S. Trade Representative.

I would much rather have seen this important function put together in one place because I am quite concerned that when we separate policy from implementation, we create a situation in which the policymakers will blame the implementers for poor policies and the implementers will blame the policymakers for lack of adequate response to the programs which are developed.

Consequently, I think we need to be looking down the road to bringing these functions together in a single agency or department.

The second concern I have relates to the Trade Policy Committee which is established under this plan. It is an interagency committee consisting of the major Secretaries and heads of government departments affected by trade policies. My concerns are twofold.

The first concern is that with all these important officials as part of this committee, the committee will in fact rarely meet and its functions will be turned over to staff. I hope that will not be the case. I would certainly hope that we would be sensitive to this possibility, and that the trade policy committee will function as a committee with the highest policy makers involved.

Also I noted that the Department of Transportation is not included on the Policy Committee. I am informed by Director McIntyre of OMB that the Trade Representative will be meeting with Mr. Goldschmidt, the Secretary of Transportation, to ascertain whether that Department should also be included in the Trade Committee. I trust they will conclude that our domestic and international transportation policies have a major impact on trade and that the Secretary of Transportation should be on the Policy Committee.

Finally, I should like to make note of the fact that the Committee on Government Operations has for several years held oversight hearings on these trade programs. Many of the recommendations made by the Committee on Government Operations have been incorporated in this plan, upgrading the commercial counsellors and placing them under the jurisdiction of the Department of Commerce, making certain the regional outreach projects are included to assure that the small- and medium-sized business can take advantage of foreign trade opportunities, and making sure the plan will be implemented.

Mr. Chairman, I think if we do this, we will have accomplished a great deal and the U.S. Trade Policy in this plan will have served its purposes.

Mr. HORTON. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania (Mr. SCHULZE).

Mr. SCHULZE. Mr. Chairman, the House is now considering reorganization plan No. 3, transmitted to Congress by the president on September 25, 1979. Let me begin with a little history.

After 5 years, the Tokyo round of multilateral trade negotiations concluded on April 12, 1979, in Geneva, Switzerland. It contained for the first time international agreements, or codes of conduct, emphasizing non-tariff barriers to trade. Included were rules on Government subsidization, dumping, Government procurement, procedures, product standards, and licensing procedures which in the past have impeded fair international trade.

The Congress, working with the administration, deliberated for months developing the legislation to implement this important trade pact. The legislation addresses some of the deficiencies in our current dumping and countervailing duty laws. Procedures have been improved, time schedules for action have been tightened, and the rules and standards have been clarified. I believe it is a step in the right direction and I have supported it.

But enactment of the trade agreements act was only a first step. Perhaps the most serious problem over the years in efforts to use this country's unfair trade laws has been their administration—the will on the part of our Government to enforce the laws. In this respect, I was heartened to read in the Wall Street Journal on November 5, 1979, an article which indicates that our new Trade Representative Mr. Askew favors vigorous enforcement of our domestic trade laws. Mr. Chairman, I would like to have that article included in the RECORD following my statement.

The President has submitted to this body his Reorganization Plan No. 3, for restructuring the international trade functions of the executive branch by expanding trade responsibilities of the Department of Commerce and strengthening the trade policy role of the Office of the Special Trade Representative.

The reorganization plan, although not ideal, deserves our support. On balance it should substantially enhance the importance of international trade. It attempts to stress development of long-term United States trade strategies and policies.

After 5 years of negotiations, and the many months of deliberations over implementing legislation and reorganization plans, you would think we were all finished. But a number of questions and issues still will need to be answered. Will the new time constraints prove to be realistic? Will the appeal procedure work as Congress intended it to work? Will there be too great a burden on Commerce staff, petitioners and importing interests with regard to the handling of antidumping and countervailing duty cases? Will the international dispute settlement mechanisms prove to be as effective as they were originally contemplated?

There are some of the questions on the MTN and its accompanying implementing legislation to be addressed in the future.

Turning to the trade reorganization plan before us, was the judgment of the administration correct in transferring the antidumping and countervailing duty enforcement responsibilities from Treasury to Commerce? Or should the responsibilities be transferred to an independent agency as was suggested by several members? Was it wise to have a reorganization proposal which separates the policy function in STR from the enforcement responsibility in Commerce? Or should we have embraced the proposed Department of International Trade which would put all executive branch trade functions into one cabinet-level department? How will the STR interpret its policy oversight responsibilities with regard to the enforcement of unfair trade statutes? Will STR's interpretation of that responsibility conflict with congressional intent? Finally, will the enlarged sectoral analysis capabilities proposed by the President in his reorganization plan be increased satisfactorily?

The complexity of the new trading rules, and the potential unknown involving the administration of the new statutes almost mandates some type of oversight by the Congress. I would like to request from the gentleman from Ohio (Mr. VANIK), chairman of the House Ways and Means Subcommittee on Trade, and the gentleman from Texas (Mr. BROOKS), chairman of the House Government Operations Committee, that regular oversight hearings be held in the committees you chair. There must be some type of follow-up to all the efforts of this body on the MTN and its implementing legislation and the trade reorganization now before us to insure that the expectations of Congress as well as the responsibilities of the administration are met.

[From the Wall Street Journal, Nov. 5, 1979]

MULTILATERAL TRADE ACCORD TO TAKE EFFECT BY JANUARY 1, U.S. ENVOY ASKEW IS CONVINCED

(By Richard J. Levine)

WASHINGTON.—Reuben Askew, the U.S. trade representative, is convinced that the multilateral trade agreement concluded earlier this year will go into effect by Jan. 1.

Despite some recent delays, he said: "I don't sense in any way a lack of will or commitment of our major trading partners" to approve the agreement. "Too much effort has been put into this" to contemplate failure at this point, he added.

Mr. Askew's comments came in an interview a month after he was sworn in as the U.S. special trade representative, succeeding Robert Strauss. Mr. Askew's optimism about the timetable for the massive trade agreement which aims at reducing both tariff and nontariff barriers to trade, contrasts with views expressed last week by Anthony Solomon, Under Secretary of Treasury for monetary affairs.

PLANS NOVEMBER SIGNING

Mr. Solomon noted that the U.S. is the only major trading nation that has "completed the necessary procedures to bring its legislation into accord" with the trade agreement. The U.S. plans to sign the agreement in late November and put it into effect by Jan. 1, he said, adding: "This timetable could be jeopardized, however, if other trading nations fail to sign the agreement during this period."

It is Mr. Askew's expectation that they

won't. His office, he said, is keeping in close contact with the European Common Market, Japan and Canada. He added, "I think the European community will work out its internal differences."

Mr. Askew, who served eight years as governor of Florida, said his "immediate goal" is to oversee the start-up of the agreement and the reorganization of the U.S. government's trade bureaucracy, a reorganization that will give Mr. Askew's office as well as the Commerce Department increased power and responsibility.

One of his aims, he said, is to ensure that a "good representative sample" of developing nations sign the multinational trade agreements. Most developing nations have been unenthusiastic about the agreement, contending that it was designed by and for the major industrial countries.

CONTACTING MAJOR ACTORS

While the job of putting the trade agreement into effect lacks the "drama" of the negotiations of recent years, Mr. Askew said it could prove even more difficult. "You've got to get down to 'interpreting the are's and the aren'ts" of complex rules, he explained.

In his early days in Washington, Mr. Askew has been busy reaching out to major actors on the U.S. trade scene such as the steel industry, the textile industry and the AFL–CIO. He recently wrote AFL–CIO President George Meany that "those who produce goods and those who work in related services mustn't be disadvantaged" by the new trade accord.

Mr. Askew, who is learning the technical complexities of the trade field, emphasized that he favors vigorous enforcement of U.S. laws and rights in the trade field to protect the interests of American manufacturers and workers. "The strict enforcement of the (trade) codes shouldn't be considered protectionist," he declared.

TAKES TOUGH STANCE

Mr. Askew took a tough stance on the issue of Chinese textile imports into the U.S. In the absence of a bilateral agreement limiting these imports, he said, the U.S. will maintain "unilateral" restraints. "They have the ability to swamp us" with textile goods, he said.

A self-described "trade advocate" at the highest levels of government, Mr. Askew made it clear during the interview that he favors "more aggressive" export promotion and deeper "market penetration" in order to improve the U.S. "competitive position" in the world. We must make sure that "we pursue our rights," he said.

"If you don't do that," he continued, "you don't retain the (political) base" for trade-liberalization moves.

The former Florida governor, who President Carter had asked to join his original cabinet, agreed that the sluggish world economic outlook could generate new protectionist pressures in the months ahead. These pressures will "make our job a little more difficult." Mr. Askew said, though "I feel reassured by the commitment of Congress" to the new trade agreement.

Mr. Askew said it's too early to start talking about the next round of multilateral trade talks. "As a practical matter we have to make work what we've already done," he said.

Mr. HORTON. Mr. Chairman, I yield 4 minutes to the gentleman from New York (Mr. CONABLE).

Mr. CONABLE. Mr. Chairman, I appreciate the work that the Committee on Government Operations has done on this reorganization plan, and I intend to support the plan. It is a good measure as far as it goes, but the proof of the pudding is in the eating.

Unless this signals a new interest in or new support for export policy and a new policy on the part of our Government in the promotion of exports and in the facilitating of export trade in world markets, then I am afraid that all the work done in the multilateral trade negotiation, with the removal of obstacles that that effort implied, is going to come to nothing.

Our own Government has given a major harassment to the export trade. We in this body have contributed to that by passing a large number of legislative enactments, to some degree tying the President's hands. Whether it is with respect to the extraterritorial applications of the Antitrust Act, the Corrupt Practices Act, the Anti-Arab Boycott Act, the Export Administration Act, or the steps implementing the human rights policies of the American Government, whether it is section 911 of the tax code or whatever, we have thrown all kinds of obstacles in the way of our companies doing business overseas.

We must find some way of reviewing these legislative enactments and seeing if there is not some way that they can be molded together into a more rational export policy. We must also develop, on the part of the administration and the Government itself, ways of facilitating rather than obstructing the export trade.

This reorganization is a step in the right direction, and I support it, but we must find a new dedication to trade outreach following the passage of MTN or we are going to continue to have an imbalance of trade that will be quite damaging as we continue to increase our purchases of energy from abroad.

Mr. VANIK. Mr. Chairman, will the gentleman yield?

Mr. CONABLE. I yield to the gentleman from Ohio.

Mr. VANIK. Mr. Chairman, I want to thank the gentleman from New York (Mr. CONABLE) for his very fine contribution to the debate on this bill.

I am concerned personally about the USTR and the small staff which is going to be provided. It will not exceed 116. We have felt in the subcommittee that it should be in the neighborhood of 135 to 150. I hope, that the USTR will draw on the expertise and the talents of other Government agencies to carry out these functions.

Mr. CONABLE. Mr. Chairman, I thank the gentleman from Ohio (Mr. VANIK) for the point he has made. That is perhaps illustrative of the point I was making also.

We must have a new dedication to trade outreach. It has to be expressed in a number of ways. There is no panacea. Structural change of this sort is important, but, as I say, the proof of the pudding is in the eating.

Mr. Chairman, I think we must have legislative oversight to see that we are taking the steps necessary in fact to extend our export trade.

Mr. VANIK. Mr. Chairman, I thank the gentleman from New York (Mr. HORTON).

□ 1530

Mr. BROOKS. Mr. Chairman, I yield 1 minute to the distinguished gentleman from Oklahoma (Mr. JONES).

Mr. JONES of Oklahoma. Mr. Chairman, I want to add my congratulations to the Committee on Government Operations and to the Carter administration for a truly bipartisan effort in taking this very important second step to make some rational sense out of America's trade policy. Others have tried to bring together a coherent trade policy and they have failed. I think it is a tribute to this Congress and to this administration that we have made this step. I hope that we will continue, as the gentleman from New York said, to try to erase as many other impediments and barriers to trade so that we can go on with an aggressive export policy that will carry our economic growth into the next generation.

Mr. HORTON. Mr. Chairman, I yield 1 minute to the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Chairman, as I was saluting the Committee on Government Operations, I should also have made the same comment just made by the distinguished gentleman from Oklahoma.

The Carter administration gets precious little praise from this side of the aisle, but it deserves copious praise for its work in trade. I think its fine work on the MTN negotiations, and the successful conclusion of those negotiations, has been largely overlooked both by the press and by the public. It did splendid work on MTN, and it also did a splendid job on this bill.

At the request of our subcommittee the administration was asked to bring in a plan. Working with the Committee on Government Operations it produced this fine bill. For its prompt effective work the administration should be saluted as well.

● Mr. LONG of Louisiana. Mr. Chairman, I want to join a number of my colleagues in support of Reorganization Plan 3. Mr. BROOKS and the Committee on Government Operations deserve our special thanks for handling the reorganization of our trade functions in an expeditious and thoughtful manner.

The plan itself takes a number of steps in the right direction. The renamed U.S. Trade Representative is made the principal spokesman on trade matters and charged with the formulation of U.S. trade policy. Full responsibility for trade negotiations in all international forums will now be centralized in the USTR.

Under the trade reorganization plan, responsibility for the operational side for export of promotion and a wide variety of other trade matters has been placed in the Commerce Department. I am particularly pleased that the Commerce Department has coupled its added trade responsibilities with the creation of a new Bureau of Industrial Analysis.

Over the past two decades, Congress has become increasingly concerned about America's ability to maintain a strong position in international trade. In the recent efforts at trade reorganization, it was Congress that first sensed the need for a more efficient trade bureaucracy. Effective reorganization, like effective implementation of the new multilateral trade agreements, will require skillful administration and constant congressional scrutiny. I want to add my voice to those of my colleagues who have called for the Congress to exercise its oversight responsibilities in the trade area.

Once again, I want to thank Chairman Brooks and his committee for moving so quickly on such a delicate matter after having already undertaken a heavy reorganization burden in this Congress.●

Mr. BROOKS. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. If there are no further requests for time, the Clerk will report the resolution.

The Clerk read the resolution, as follows:

H. Res. 428

Resolved, That the House of Representatives does not favor the Reorganization Plan Numbered 3 transmitted to the Congress by the President on September 25, 1979.

Mr. BROOKS. Mr. Chairman, I move that the Committee do now rise and report the resolution back to the House with the recommendation that the resolution be not agreed to.

The motion was agreed to.

Accordingly the committee rose; and the Speaker pro tempore (Mr. Mineta) having assumed the chair, Mr. Charles Wilson of Texas, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the resolution (H. Res. 428) to disapprove Reorganization Plan No. 3 transmitted by the President on September 25, 1979, had directed him to report the resolution back to the House with the recommendation that the resolution be not agreed to.

The Clerk reported the resolution.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the resolution.

There was no objection.

The SPEAKER pro tempore. The question is on the resolution.

The resolution was rejected.

GENERAL LEAVE

Mr. BROOKS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include extraneous matter, on the resolution just considered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

PRIVILEGES OF THE HOUSE—ALLEGED CONSTITUTIONAL VIOLATION OF SENATE AMENDMENT TO HOUSE AMENDMENT TO S. 1871

Mr. VANIK. Mr. Speaker, I rise to a question of the privileges of the House, and I send to the desk a privileged resolution (H. Res. 478) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That the Senate amendment to the House amendment to the text of the bill (S. 1871), an act to extend the existing antitrust exemption for oil companies that participate in the agreement on an international energy program, in the opinion of this House contravenes the first clause of the seventh section of the first article of the Constitution of the United States and is an infringement of the privileges of this House, and that said bill, with the amendments, be respectfully returned to the Senate with a message communicating this resolution.

POINT OF ORDER

Mr. BAUMAN. Mr. Speaker, I have a point of order.

The SPEAKER pro tempore. The gentleman will state his point of order.

Mr. BAUMAN. Mr. Speaker, has the Chair ruled on whether this is a matter of privileges of the House?

The SPEAKER pro tempore. The Chair is about to do that at this time.

The Chair has examined the resolution submitted by the gentleman from Ohio (Mr. Vanik) and finds that it presents a question of the privileges of the House pursuant to rule IX of the Rules of the House of Representatives.

The gentleman from Ohio (Mr. Vanik) is recognized for 1 hour.

PARLIAMENTARY INQUIRY

Mr. BAUMAN. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. BAUMAN. Mr. Speaker, on what basis does the action of the other body contravene rule IX? It seems to me that this is a matter ordinarily handled through other rules of the House dealing with disagreements of the two bodies on legislation.

The SPEAKER pro tempore. The Chair will advise the gentleman from Maryland that what has been raised is a question of the constitutional prerogatives of the House, and that is to be decided by the House by a vote on this resolution. The Chair has only ruled that the resolution raises a question of privilege of the House, not that the Senate has infringed the House's prerogatives.

Mr. BAUMAN. Dealing with the House's right to originate appropriation bills?

The SPEAKER pro tempore. A revenue matter, yes.

Mr. BAUMAN. Revenue matters.

I thank the Chair.

The SPEAKER pro tempore. The gentleman from Ohio (Mr. Vanik) is recognized for 1 hour.

Mr. VANIK. Mr. Speaker, the problem has occurred with a Senate amendment to Senate bill 1871. Without going into the merits of the language of that amendment, the problem is that the Senate has added an amendment directly dealing with the power over importation involving matters which traditionally have been considered to be within the revenue powers of the House. It added these to the Senate bill and sent the amendment to this body in that posture.

Mr. Speaker, the action infringes upon the constitutional authority of this House to originate this kind of legislation.

Mr. CONABLE. Mr. Speaker, will the gentleman yield?

Mr. VANIK. Mr. Speaker, for purposes of debate only, I yield such time as he may require to the gentleman from New York (Mr. Conable).

Mr. CONABLE. I thank the gentleman for yielding.

Mr. Speaker, it is my impression that we do not wish to discuss the substance of this matter.

Mr. VANIK. That is correct.

Mr. CONABLE. I quite agree that as a nongermane amendment it involves origination by the Senate of legislation that is within the province of this body.

Mr. VANIK. That is correct.

Mr. CONABLE. And as such it should be returned to the Senate.

Mr. VANIK. It infringes on the constitutional rights of this body.

Mr. CONABLE. I agree with the conclusion the gentleman has arrived at. Without discussing the substance of the measure, I urge the House to follow his lead on this matter.

Mr. FRENZEL. Mr. Speaker, will the gentleman yield?

Mr. VANIK. Mr. Speaker, for the purposes of debate only, I yield to my colleague, the gentleman from Minnesota.

Mr. FRENZEL. Mr. Speaker, I agree that if we put aside the substance of the Senate action, which I support, the point that the gentleman from Ohio is making is correct. It is a violation of lawful procedures, and the gentleman's motion should be adopted.

Mr. VANIK. Mr. Speaker, for the purposes of debate only, I yield such time as he may consume to the gentleman from Michigan (Mr. Dingell).

Mr. DINGELL. Mr. Speaker, I rise in support of the resolution. The Senate has placed in S. 1871 a provision relating to import quotas and fees on legislation relating to antitrust immunities for activities under the international energy program.

The Senate amendment would subject to a congressional veto process any Presidential decision to impose quotas or fees on imported crude oil and petroleum products. I take no position on the merits of the provision at this time. However, I do find that the provision is an infringement of the privileges of the House. The provision contravenes article I, section 7, of the Constitution, which requires that "all bills for raising revenue shall originate in the House of Representatives." In amending this legislation to include the matter of import fees, the Senate has contravened the Constitution. The House has the responsibility to protect its constitutional prerogatives. Therefore, it is necessary to send the bill, with its amendments back to the Senate.

Although the privileges of the House could also be protected by refusing to further consider this bill, such a course would be unwise. The provisions of existing law relating to the international energy program will expire at the end of this month if this legislation is not passed. Both Houses agree that the provisions should be extended. Therefore, this procedure will keep the legislation alive so that the provisions relating to the internal energy program may be enacted.

The Subcommittee on Energy and Power is deeply interested in the Nation's oil import policy. Decisions relating to import quotas and fees are intertwined with energy issues such as refinery policies, pricing and allocation policies, and the regulation of the energy industry. The Energy Policy and Conservation Act includes provisions on oil import authorities, and bills such as those requiring the Government to be the sole importing authority have been referred to our committee and to the Ways and Means Committee.

I do not view this resolution as an issue of committee jurisdiction. It is an issue of the privileges of the House under the Constitution. The Senate provision clearly infringes on those privileges and I support the resolution for that reason.

Mr. VANIK. I thank the distinguished gentleman from Michigan.

The Ways and Means Committee and its Subcommittee on Trade have been doing a great deal of work on the issue of oil import quotas and the impact of the Tokyo summit quota commitments and the President's import proposals. We have held 3 days of hearings on July 16 and 17 and October 10 on oil import policy. We plan additional hearings in the very near future. We have obtained from the Library of Congress the first and only detailed economic studies of the impact of the President's plan. We have been monitoring the Department of Energy's hearings on the proposal, and Congressman SHANNON, a member of the subcommittee, testified before the Boston regional hearing conducted by DOE. I am testifying tomorrow.

I suspect that many of our committee's members would support the amendment to require a congressional vote prior to the imposition of any quota. But others, such as myself, view this as an opportunity to make certain additional changes in the manner in which we control oil imports. Legislation affecting the manner in which we import oil offers a natural and logical opportunity to consider various bills establishing oil import purchase authorities and oil import corporations. These types of bills have been sponsored by some 82 Members of the House and should be given serious consideration. I have proposed, and plan to introduce shortly, legislation which would provide for a much more flexible, less disruptive, year-by-year quota system that would help educate Americans on the importance in holding down the volume of imports.

The President's quota program will not "bite" or take effect for some time. The Library of Congress predicts that it will have no effect until 1982. Therefore, there is no rush to strip the President of this authority. We have time. Your committee is working on this issue. I simply ask for some additional time so that the House may have the input into this issue which is called for in the Constitution.

Mr. Speaker, I have no further requests for time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. VANIK. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the action just taken.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

MILK PRICE SUPPORT ACT

Mr. BALDUS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 4167) to amend section 201 of the Agricultural Act of 1949, as amended, to extend until September 30, 1981, the requirement that the price of milk be supported at not less than 80 per centum of the parity price therefor.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Wisconsin (Mr. BALDUS).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 4167, with Mr. LEVITAS Chairman pro tempore in the chair.

The Clerk read the title of the bill.

The CHAIRMAN pro tempore. When the Committee rose on Monday, October 29, 1979, all time for general debate on the bill had expired.

The Clerk will read.

The Clerk read as follows:

H.R. 4167

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the second sentence of subsection (c) of section 201 of the Agricultural Act of 1949, as amended (7 U.S.C. 1446(c)), is amended by striking out "March 31, 1979" and inserting in lieu thereof "September 30, 1981".

(b) The first sentence of subsection (d) of such section (7 U.S.C. 1446(d)) is amended by striikng out "March 31, 1981" and inserting in lieu thereof "September 30, 1981".

□ 1540

Mr. JEFFORDS. I move to strike the last word.

Mr. MOORE. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from Louisiana.

Mr. MOORE. Mr. Chairman, when the last general farm bill, the Food and Agriculture Act of 1977, won Senate approval, the 4-year minimum milk price support of 80 percent of parity earlier approved by the House was trimmed to 2 years. I served on the House Agriculture Committee at that time and fully supported a 4-year program as was given other commodities. It was with reluctance that I accepted the 2-year limitation imposed by the Senate as I felt milk was being subjected to unfair and prejudicial treatment. Nonetheless, those who supported the 2-year limitation did so as a means to test the 80 percent level of parity to assure the proper level of milk supply between surplus and scarcity would be maintained.

By any benchmark, the 80 percent of parity level wins with flying colors. It merits extension for another 2 years without alteration or limitation to complete the legislative cycle permitted other commodities under the 1977 farm bill.

In approving H.R. 4167 as the means to continue the 80 percent of parity price support for milk for another 2 years, the House Agriculture Committee wisely observed this level of support runs below actual market prices and Commodity Credit Corporation purchases have barely run more than those needed for foreign and domestic distribution programs. This shows the 80 percent of parity figures serves the consumer, the dairy farmer and the taxpayer with equal and full benefit. In fact, the Agriculture Committee noted that only 3 days of milk production stood between a condition of surplus and one of shortage in dairy products used daily by American families.

High beef prices will likely continue through the next 2 years offering the dairy farmer the option of quick cash for slaughter should milk prices decline. Agricultural investment would then be diverted to crops or other livestock where more price stability exists as is encouraged by the 4-year term of the 1977 farm bill for other commodities. The result would be cyclical price and supply conditions in milk instead of the even and steady predictability that has existed at minimal cost to taxpayer and consumer alike for the last 2 years.

The Congressional Budget Office, very neutral on this issue, has determined that the 80 percent of parity rate would not cause any major changes in consumer prices or Federal budget outlays but it would assure steady and adequate supplies of milk. For the price and the assurance of milk availability, H.R. 4167 is a bargain. I have always supported a support at least at this rate and do now as our dairy farmers badly need this assistance to stay in production, which the consumer badly needs. I have watched the dairy industry closely and firmly believe it will not continue to exist without this support. I urge the bill's passage.

Mr. JEFFORDS. Mr. Chairman, I would just like to echo the comment of the gentleman from Louisiana. This is nothing new to this House. This House approved identical language 2 years ago for a 4-year bill; however, in conference committee it was agreed to see what would happen after 2 years and then see if we ought to continue the 80-percent floor for an additional 2 years.

We looked at it after 2 years have gone by and found things are in fine shape. In fact, things have improved.

Our milk equivalent supplies are down by some 55 percent. We have a program which is working well for the farmers, the taxpayers, and well for the consumers. It is a program which has brought the taxpayer expense to a very, very minimum. It also has some additional advantages which we must take into consideration at this time, which I will bring out more fully later. The multinational trade negotiations have created a new situation for the dairy industry in that imports will be allowed in under different criteria. This bill will give the kind of insurance which is necessary to insure those imports do not disrupt the market.

Also, this is a time of inflation, and a program that we presently have is working toward a stable milk supply and available program and fairly level prices.

It is a good program. It is going well now. It is a good bill, and it ought to be supported.

AMENDMENT OFFERED BY MR. FINDLEY

Mr. FINDLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FINDLEY: On page 2, immediately after line 7, add a new subsection (c) as follows:

(c) Subsection (d) of such section is further amended by adding at the end thereof a new sentence reading as follows: "Notwithstanding any other provision of this Act, if thirty days before the beginning of the marketing year or thirty days before the beginning of each semiannual period after the beginning of each marketing year, the quantity of milk or the products of milk acquired by Commodity Credit Corporation during the previous 12 calendar months exceeds the quantity of the products of milk sold by Commodity Credit Corporation for unrestricted use during the same period by at least 350 million pounds of nonfat dry milk or a quantity of butter and cheese equivalent to at least 3.5 billion pounds of milk, the Secretary may continue to effect the then current support price for milk or modify the amount of any increase which might otherwise be required: *Provided,* That at the beginning of any marketing year the level of support for milk shall be not less than 75 per centum of the parity price therefor."

Mr. FINDLEY. Mr. Chairman, while the attendance in this Chamber is very light, just about as light as I can recall in my experience here, we have the hope that some of the Members are watching by television and therefore even though——

The CHAIRMAN. The gentleman will suspend.

The Chair will admonish the gentleman to address the Chair and the Members in the body and not to make reference to the television.

Mr. FINDLEY. I thank the chairman for the admonition, but if he will recall my words he will realize I was not addressing Members outside the Chamber. I am aware of no prohibition against reference to television.

It is important that we keep clearly in mind certain facts about the dairy support program, facts that are not mentioned often enough.

For one thing, total production of dairy products in the United States is supported by the Government. There are no exceptions, no matter how much in the way of dairy products a dairy farmer produces, total production is supported at the level of 80 percent of parity under this bill.

There is no other commodity that I can cite whose price is fixed by Government support in the absence of some sort of production control.

We have support prices for other commodities but, without exception, the other commodities are under some form of production control device of one sort or another. Here there is a price support for unlimited production.

To my knowledge, there is no one other commodity that is supported as high as 80 percent of parity.

Now, parity is hardly a scientific way to measure profit and loss, but nevertheless it is widely used, and there is not one other commodity that is supported as high as 80 percent of parity. I am not sure about peanuts. They may be supported at 75 percent of parity, but certainly not at 80 percent. Most commodities are supported at a level considerably lower than the 75-percent level.

This bill would mandate the 80-percent parity price support for total production of the dairy industry of the United States for the next 2 years, no matter what happens in the way of accumulation of Government holdings of dairy products.

We all know that over the years, dairy production has often been a burdensome item, costly to the taxpayers and costly to the consumers.

The amendment that I have offered is a complicated set of words. I wish it were not so complicated. I believe I can explain it in very simple terms. I accepted the language, because it was drafted by the Secretary of Agriculture's office.

Mr. Bergland, of course, coming from a dairy area, is not apt to be offering amendments that are injurious to the long-term or even short-term interest of dairy producers; so the language I have presented here is language recommended to the Committee on Agriculture by the Department of Agriculture.

Mr. Chairman, the amendment I offer would give the Secretary of Agriculture the necessary flexibility in setting milk price supports to provide a "relief value" for taxpayers should dairy surpluses develop and yet it would still encourage the Nation's dairy farmers to sustain future production to meet consumer demands.

The bill before us, H.R. 4167, would mandate at 80 percent of parity the minimum level of support prices for milk for the next 2 years—raising the 75 percent of parity price floor of present law to this higher minimum. Under this bill there is no downward flexibility allowed the Secretary of Agriculture in the event that burdensome surpluses of milk occur, which is a distinct possibility.

In such a situation, a mandated floor of 80 percent of parity would restrict the Secretary of Agriculture's ability to reduce the support price in the event of a marked rise in milk production, a rise which would require excessive Federal spending for supports.

For the sake of taxpayers and dairy farmers themselves, the milk price support program ought to have enough flexibility to serve as an early warning system against surplus buildups and excessive Government spending to support milk prices.

The present dairy price support program has such flexibility. The basic 1949 Agricultural Act requires that the price of milk to producers be supported at such level between 75 and 90 percent of parity as will assure an adequate supply, reflect changes in the cost of production, and assure a level of farm income to maintain productive capacity sufficient to meet future needs.

As my colleagues know, the Secretary of Agriculture just recently used his administrative authority to set milk supports at 80 percent of parity for the 12 months beginning October 1. This brings the support price to 16 percent above last year's support. In fact, it takes the support level to about $1 a hundred pounds above the Agriculture Department's estimate of 1979 milk production cost—certainly a huge increase to be effected by Government decree in these inflationary times.

As concerned as I am about that decision, I am even more concerned about the effects of H.R. 4167 in the second half of its 2-year life—the marketing year of October 1980 to September 1981. It would require the Secretary of Agriculture to keep price supports at the 80 percent of parity level a year from now, through September 1981, irrespective of what happens to milk production, farm production costs, or Federal budget expenditures. Many experts believe that the already high support prices are likely to stimulate increased milk production and thereby result in substantial surpluses and high Government costs in the future. Under public law, all production is supported. In other words, the price is supported for unrestricted production. There are no quotas, set-asides, or other devices to limit production.

The amendment I have introduced would not interfere with the 80 percent of parity minimum support level of H.R. 4167, unless substantial stocks accumulate.

The amendment gives the Secretary of Agriculture the authority to maintain the support price or to adjust the amount of any increase which might otherwise be required as of October 1 or April 1 if the total of CCC purchases in the preceding year exceed either of two trigger levels—350 million pounds of nonfat dry milk or 3.5 billion pounds of butter-cheese milk equivalent. In no case could the support level be put at less than 75 percent of parity.

This means that this relief valve for taxpayers and consumers could not be utilized unless the accumulation of new surplus stocks of dairy products amounted to about $350 million worth of nonfat dry milk or about $480 million worth of butter-cheese milk equivalent, based on present price support levels.

The above figures are calculated as follows: 350 million pounds of nonfat dry milk times 84 cents per pound (the present support price) plus 20 percent (estimated purchasing and handling cost) equals $353 million. 3.5 billion pounds of milk equivalent times $11.49 per hundredweight (the present support price) plus 20 percent (estimated purchasing and handling cost) equals $483 million.

This amendment is the very least we owe to the taxpayers of this country. Instead of locking in dairy price supports at not less than 80 percent of parity regardless of where the Government holdings go, there should be this reasonable condition, this very reasonable relief valve to enable the Secretary of Agriculture to adjust the level of price supports if surpluses become mountainous.

This double trigger level system, in fact the wording of my amendment, is the same as was recommended to both the House and Senate Agriculture Committees by Secretary of Agriculture Bob Bergland.

According to Mr. Bergland's testimony to both committees, and I quote:

> If the "trigger" were activated, the Secretary would have authority to make a smaller adjustment than would otherwise be required by law, either in the form of an annual adjustment on October 1 or in the form of a semiannual, April 1 adjustment. The Secretary would determine the adjustment to be made by considering two additional factors—first, whether the trend in removals is moving up or moving down. If the problem is worsening, a signal to the industry in the form of a scheduled increase not made would be appropriate. If, on the other hand, the problem is about to correct itself, the opposite signal would be appropriate.
>
> The second factor to be considered would be the cost of production. If costs are above support levels because, for example, the parity index is not responding adequately to cost increases, it would not be appropriate to hold down supports, even if removals exceeded the trigger at that point.

Those comments were contained in letters from Secretary Bergland to House Agriculture Committee Chairman Thomas S. Foley on May 24, 1979, and to Senate Agriculture Committee Chairman Herman T. Talmadge on September 14, 1979. As the Secretary indicated in these letters, the trigger system would be a mechanism that—

> . . . would add important flexibility and that having it would help both producers and consumers. It could not be used unless needed. When needed, it would give producers a clear but moderate signal that there is a problem and that changes are needed. It would prevent unnecessary expenditures by consumers and taxpayers, and avoid undesirable criticism of the dairy program. (End of quote from Secretary Bergland's letters.)

As I stated earlier, the Secretary of Agriculture has exercised the rather ample flexibility accorded him by present law to raise milk price supports to 80 percent of parity as of October 1, the beginning of the milk marketing year. This raised the support level for milk to $11.49 a hundred pounds, based on the U.S. annual average milkfat content of 3.67 percent.

I want to point out that this support price increase amounted to $1.62, or 16 percent, higher than a year ago when an 80 percent of parity support level also was in effect. That 12-month increase of 16 percent compares with a 10-percent gain in consumer prices for all foods, meaning that the parity level has gone up more than food inflation. According to U.S. Department of Agriculture data, that support price increase is equivalent to 6 cents per gallon of milk, 10 cents per pound of butter, 8 cents per pound of cheese, and 5 cents per pound of instant nonfat dry milk. That is just the cost increase of raw milk ingredients and does not reflect the multiplier effect as the increases go through the processing and distribution system. You can add another 30 percent at least to the increased costs I have cited to get an idea of the price increases to consumers.

The support increase of $1.62 for this marketing year in effect guarantees that consumer costs for milk products will be at least $2 billion more than would otherwise have been the case had the Secretary not raised the support price.

As to Government costs, USDA recently revised its estimate for Commodity Credit Corporation net expenditures for milk price supports for the October 1979 to September 1980 marketing year. CCC net expenditures now are estimated at $557 million. That compares to the previous estimate of $217 million. The increased cost of CCC purchases is attributed to increased milk production and to consumption at stable to declining levels. In fact, this suggests that the Secretary of Agriculture made a costly mistake in announcing an 80 percent of parity support level for the current marketing year.

More importantly, that estimate of $557 million in CCC net expenditures this marketing year compares with last year's net expenditures of $230 million. In other words, CCC net expenditures for milk supports in the current year will more than double the amount of last year.

That, I submit, indicates that we have a potential problem facing us if we vote to mandate an 80 percent of parity price floor for 2 years without regard to production levels.

With my amendment in effect, if CCC purchases exceed the trigger level, the Secretary of Agriculture may or may not reduce support levels. However, without this amendment, the Secretary would be compelled to maintain 80 percent of parity price supports irrespective of the cost to the Government or how much surplus production developed.

If this bill is adopted without the trigger level amendment, some industry sources estimate that net expenditures by Government in the 1980–81 marketing year (the second year covered by this bill) will cost about $1 billion.

Mr. Chairman, I do not believe this Congress ought to enact such a rigid price support system as is provided by H.R. 4167. That system is a mandated 80 percent of parity minimum support level with which taxpayers would have to live for the coming 2 years without regard to probable milk surpluses and without regard to assured high Government costs.

Mr. Chairman, I would be hopeful that in the summer of 1980, as we look toward adjournment, we are not faced with the vexing problem of explaining to our constituents why dairy food prices continue to rise at a time when our Government is purchasing large dairy surpluses at great Government expense.

The trigger level amendment I have offered provides a "relief valve" for taxpayers and an "early warning system" for dairy producers. This trigger level system, advocated by the administration, is geared to preventing excessive and unnecessary Government expenditures yet still encouraging the Nation's dairy farmers to sustain production for future needs.

Mr. VANIK. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Ohio.

Mr. VANIK. I thank the gentleman for yielding.

As I understand the gentleman's amendment, it would specifically allow the Secretary to forego or modify the amount of support increase which would otherwise be required if Commodity Credit Corporation acquisitions during the preceding 12 months exceeded CCC sales of milk for unrestricted uses by 350 million pounds of nonfat dry milk or a quantity of butter and cheese equivalent to at least 3½ billion pounds of milk.

I think this is a very, very important amendment. I think the taxpayers of America have a great stake in this legislation.

Am I correct in believing, if the gentleman's amendment is not adopted, that it is estimated that the net expenditures by the Government in October 1980 to September 1981 marketing year will cost in the neighborhood of a billion dollars?

Mr. FINDLEY. I will say to the gentleman the information I have supports that estimate. There are probably arguments in the forecasting field. Experts often disagree, but I think it is quite clear that, given the present trend of prices and price support levels, the probability is that it will reach up toward the $1 billion level, and that is an item of considerable consequence, even in this day.

The CHAIRMAN. The time of the gentleman from Illinois (Mr. Findley) has expired.

(At the request of Mr. Vanik and by unanimous consent, Mr. Findley was allowed to proceed for 5 additional minutes.)

Mr. VANIK. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Ohio.

Mr. VANIK. Am I correct in understanding during the current marketing year the net Government expenditures are about $557 million compared with last year's expenditures of $230 million?

Mr. FINDLEY. The gentleman is correct. It is also correct to state that the level of price support is up, I believe, about 16 percent, 16 percent over last year's support level.

☐ 1550

Mr. VANIK. If the gentleman will yield further, this is a hidden tax on milk. That is really what we are talking about if the amendment is not adopted.

Mr. FINDLEY. This is price fixing on a major, important food item on a grand scale, price fixing at a very high level. The consumer simply had no choice but to pay the price. We are legislating higher food costs here today, that is what it comes down to.

Mr. VANIK. I support the gentleman's amendment. I certainly hope the members of the committee will vote for it.

Mr. FINDLEY. I would like to explain in just a few words the effect of my amendment. I would like to say what my amendment does not do. My amendment does not give the Secretary of Agriculture any authority to reduce the dollar value of price supports. He cannot under this amendment or under existing law reduce the dollars and cents value that the farmer will get for selling his milk products. The only effect is to permit him to avoid raising the dollar and cents level of price supports if the accumulation of Government holdings gets up to around $350 million.

Mr. BALDUS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, first I wish to commend the gentleman from Illinois for correctly stating that the amendment is a product the Secretary of Agriculture brought to the committee. Furthermore, the committee and the Dairy and Poultry Subcommittee gave this amendment serious consideration. However for good reasons this amendment was not adopted.

This amendment was not adopted because the testimony as given by the Secretary of Agriculture indicated that it was new and untried. He could not assure us that it would benefit either the producer or consumer. Furthermore, the Secretary has repeatedly stated that in recent months to many including myself that a trigger may be beneficial. I think the dairy industry generally, and many of the members of the Committee on Agriculture feel that something like this may be beneficial and should be considered during the interval of time that we have before consideration of the 1981 farm bill.

There was a colloquy about a worst case situation, not a probability. The probability is, that production during the year 1980 will probably be 123.5 billion pounds. The Congressional Budget Office estimate was 125 billion pounds, considerably above that, which would put the cost estimate considerably below that, but still the CBO supported the 80-percent level.

It is necessary for members to understand that we will have a system of stabilization, under 80 percent parity. I agree with the gentleman from Illinois that this is a system of stabilization that has been enforced for something like 40 years. The purpose is and has been to assure an adequate supply; to take what is a very fragile product, which has to be produced on a daily basis, and make it available on a daily basis; to have an adequate supply, because when the supply runs out the price goes up quickly. It takes just a little shortage to influence an increase in price. Certainly a little shortage goes a long way.

During the period of time that I have been in Congress, I have seen coffee prices go from $1 a pound to $3 or more per pound. I have seen sugar go from 6 cents a pound to over 60 cents a pound. Obviously this is what happens when there is a shortage: The price goes up quickly.

This legislation is to continue a stabilization program that has been in progress for many, many years. We want to maintain the program for 2 more years during which time we can study amendments to those offered by my colleague from Illinois (Mr. FINDLEY). In fact, that amendment might well be adopted 2 years from now. It is premature to adopt that amendment now. Thus, I urge the Members to resist it.

Mr. JEFFORDS. Mr. Chairman, will the gentleman yield?

Mr. BALDUS. Yes, I yield to the gentleman from Vermont. But first let me take this opportunity to say that the ranking member of the Dairy and Poultry Subcommittee has been very helpful and constructive in putting together this dairy legislation. I appreciate his help a great deal.

Mr. JEFFORDS. I appreciate the comments and certainly feel the same way about my esteemed chairman.

I would like to get to the essence of this amendment and say that it is very subtle and yet very deceptive. I would hope the gentleman would agree with me that the particular trigger level set in the amendment is actually no trigger level at all, but really a complete abrogation of the 80 percent of parity.

☐ 1600

As I understand the amendment, the trigger level is at about 3.5 billion pounds milk equivalent. The Government purchases about 2.5 billion pounds milk equivalent for its own programs. This is where most of the costs to the taxpayers come from. Is that correct?

Mr. BALDUS. The gentleman is correct.

Mr. JEFFORDS. With the increased imports that are anticipated under the MTN, it is quite likely that with normal Government purchases for domestic programs and anticipated imports, we could well have the trigger level reached with no change in present circumstances. Is that correct?

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

(At the request of Mr. JEFFORDS and by unanimous consent, Mr. BALDUS was allowed to proceed for 5 additional minutes.)

Mr. BALDUS. The latest reports I have are that it would not even, under the worst case scenario, reach the trigger level. That is an uncertainty.

Mr. FRENZEL. Mr. Chairman, will the gentleman yield on the anticipated increase in imports?

Mr. BALDUS. I yield.

Mr. FRENZEL. The gentleman from Vermont anticipates some increase in imports. I would like to know, if there are any milk imports increased, as I understand the results of the MTN negotiations which were of concern to milk producers, is that they will in fact result in lower imports of cheese when we get out a few years in this dangerous period. It may be somewhat confusing to talk about increased imports.

Mr. BALDUS. I agree that it is confusing because the Multilateral Trade Negotiations would theoretically allow a billion pounds milk equivalent increase in imports. However, the latest report I just read shows the level of those imports during this last year is very close to the amount of imports that may be coming in.

Mr. FRENZEL. I thank the gentleman.

Mr. JEFFORDS. Mr. Chairman, if the gentleman will yield, I would like to indicate that the United States had significant, if not substantial, imports of casein, which is not under the normal dairy import restriction. This has resulted in an increase in purchase of nonfat dry milk by this Government. Is that correct?

Mr. BALDUS. There is a considerable concern in the increase in the amount of casein that is coming into the country. The Multinational Trade Commission is currently looking into it. We do not know the result of that, but there is a concern.

One of the things I fear about this amendment is that, if this amendment were accepted, it could be a signal to dairy farmers that the support program, the stabilization program that has been built up over the years, is being abandoned. With current prices of beef; with the average age of dairy farmers being 57 years of age, it might signal to them that this is a good time to sell out. So, again I want to say that a little bit of shortage can go a long way. What may seem like an amendment that would be very good for the consumer side of the equation may be just the opposite.

Mr. JEFFORDS. I think that is the essence of the situation. What the dairy farmer needs is a program which is working. I think when the Secretary of Agriculture first came to our committee, he stated that the program was working well, and no changes were needed. OMB, however, wanted a safety value, the Secretary responded. This is what we are talking about.

The Secretary's testimony and the CBO estimates of the consumer impact, indicate that the program is working and that there is no need to change the program. If a program is working why put it in a situation of peril.

The Secretary may not exercise the trigger, but it is there. If we remember what happened back in 1973 and 1974, in a time of high inflation when Government picked on the dairy industry to show some symbolic action and it totally backfired. The price of milk went up 20 percent. When the Government realized what was happening it was too late and it took a long time to get the supply.

The CHAIRMAN. The time of the gentleman from Wisconsin has again expired.

(At the request of Mr. JEFFORDS and by unanimous consent, Mr. BALDUS was allowed to proceed for 2 additional minutes.)

Mr. JEFFORDS. When that occurred and farmers came back to give us the supply needed, the price to the farmers came down 20 percent and the price to the consumer came down 2 percent. That action resulted in both a substantial unnecessary increase to the consumer which would not have happened if we had a milk marketing act supported by 80 percent of parity. If we had not fooled with the program for demagoguery in order to gain favor with the American public. Am I correct?

Mr. BALDUS. Correct. The gentleman is correct.

Mr. SENSENBRENNER. Mr. Chairman, will the gentleman yield?

Mr. BALDUS. I yield to the gentleman from Wisconsin.

Mr. SENSENBRENNER. Mr. Chairman, I would like to commend the gentleman from Wisconsin and the gentleman from Vermont for the excellent analysis of how bad this amendment will be to the dairy price support program. One thing this Congress cannot change is the law of supply and demand. If there is a little bit of shortage, the price of milk and other dairy products will skyrocket up all out of proportion to the shortage that would exist.

I would like to emphasize the statements that have been made by the gentleman from Vermont and the gentleman from Wisconsin. The rules governing the dairy industry have been changed somewhat with the passage of the multinational trade negotiation bill, which becomes effective as of January 1. In 1977, for example, there was 93,000 metric tons of cheese imported into the United States. That will be increased under MTN to 125,000 metric tons. That means that there is an increased supply, there is increasing competition, but it also means that there are many dairy farmers that might think that the time has come to pull up stakes and get out of the business, particularly with beef prices being as high as they are, herds being liquidated at a very pleasant price, and the farmer simply retires.

So, I would hope that this amendment would be defeated, and I congratulate the gentleman from Wisconsin for his opposition.

Mr. JOHNSON of Colorado. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, after listening to this debate I cannot resist commenting on the irony of this situation. It seems to me that the agriculture policy in this country is not developed in a rational, logical method.

□ 1610

It is developed on the basis of where people are and where Representatives come from, and how many Representatives we have who represent particular commercial interests. We do not develop a sugar policy on the basis of whether or not we need sugar or the sugar industry. We really get a sugar policy on the basis of how many Representatives we do not have for people who are growing sugar.

We have a dairy industry that is in the process of having perhaps a billion dollar program, and the people from the dairy regions of this country voted practically unanimously against a sugar bill that only involved $50 million.

I am not pointing the finger at any individual speaking here today, but I am trying to point out that when we were trying to deal with a sugar policy that meant $50 million, people were standing up here on the floor screaming about how much money was going to be taken out of the consumers' pockets and the taxpayers' pockets, and what a ripoff it was and, my goodness. It was an immoral program. Now we have people from the same regions, not the same individuals—one does not have to get upset as an individual. The point is that here is a billion dollar program,and I do not see any of these marvelous statements about the taxpayer being ripped off or about the foreign consumers or the foreign producer who can ship milk in here at a cheaper price. I do not see any of the individuals standing up here today who spoke on behalf of the sugar industry a couple of weeks ago.

My point is that if we are going to have an agriculture policy develop, it should be on a nationwide basis, and if we have sugar people who are coming here with a reasonable policy, it should not be approached as a regional ripoff. We should also be a little bit vulnerable, it seems to me, when you come from a dairy producing region, whether you have 80 percent of parity, 85 percent of parity, or 90 percent of parity if the Secretary chooses to give it during an election year, and nobody else gets that much.

We do not see any of the dairy individuals who get up during the course of debate in other commodities trying to say why we have got to have this agriculture policy; it is on a regional approach. The wheat producer gets up and talks on behalf of wheat and tells the tobacco producer to go hang. The sugar producer gets up and talks about sugar and tells the dairy producer to go hang, and vice versa. This is the most flagrant example one can imagine.

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Colorado. I yield to the gentleman from Wisconsin.

Mr. OBEY. I thank the gentleman for yielding.

I would just like to correct something the gentleman said. No. 1, we did not vote nearly unanimously in opposition to the sugar bill. I used to have a lot of sugar beets in my State in my district, and that is one of the reasons why I did not speak on the floor in favor of the sugarbeets in my State in my district, sectional interests they were nuts to be opposing the legislation because they did not understand what the problem was in developing production capability in the sugar industry, and I think the sugar bill should have passed. I think you will find some of the people leading the support for the Findley amendment today who voted for the legislation.

Mr. JOHNSON of Colorado. I will take back my time. There is no reason for us to get involved in personal dialog because I am not pointing a finger at the gentleman or anybody who has spoken today. The point is instead of having a national approach to agricultural problems, it is a regional approach. If the gentleman will evaluate the votes cast on the sugar bill, almost unanimously those people who come from the dairy regions of this country voted against it. I did not say totally but almost.

Mr. OBEY. Mr. Chairman, will the gentleman yield further?

Mr. JOHNSON of Colorado. I yield to the gentleman.

Mr. OBEY. I think the gentleman is right. There ought to be a national policy. Frankly, the reason this Member does not speak on issues pertaining to wheat is because I consider myself to be a total ignoramus on that subject. I do not understand the issues, and I am not in the habit of speaking on issues that I do not understand very well. I think the gentleman is right. We do need a national food production policy geared to national interests, not to sectional interests, and I think the gentleman's point is well taken.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Colorado. I yield to the gentleman from Illinois.

Mr. FINDLEY. I thank the gentleman for yielding. I want to mention to the gentleman that the amendment which I offered is the amendment recommended by the administration. I hope at the tail end of the gentleman's remarks he will express his support for my amendment.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. JOHNSON of Colorado was allowed to proceed for 1 additional minute.)

Mr. JOHNSON of Colorado. I am going to support the gentleman's amendment. There have been many times when the gentleman and I have been on opposite sides of the agriculture policy, but I do not see anything wrong with having the Secretary have this kind of discretion for the milk industry.

The milk industry has been protected in a way no other commodity has been protected. The Secretary—and this is a result of the majority party's policy on agriculture—and the President have almost total discretion to set the levels of support for every other commodity, and that has not been given in the case of milk. The milk people have received higher and higher supports, primarily again because of the political power that they have here, and it has no relationship to the rest of agricultural policy.

I happen to disagree with the policy that turns over total authority to the administration to decide what the loan levels and support levels are going to be. I think if we are going to have it for wheat, corn, cotton, and the other commodities, we should have the same policy for milk, and ultimately we will take back the authority we should have in this body and make policy here.

Mr. SOLOMON. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I would also like to commend the chairman and the ranking minority member of the subcommittee, but I would also like to take exception to the remarks of my good friend, the gentleman from Ohio (Mr. VANIK) when he says that the milk support price bill is an anticonsumer bill, when in actuality it is just the opposite. Let me tell you why.

My good friend, the gentleman from Kentucky (Mr. CARTER) also spoke about this bill, worrying about the price that young children are going to have to pay for milk. Let me tell all of the Members in this body here that the vast majority of all the milk that is produced in the United States that children drink is produced in areas such as I come from. I represent an area which is about the 25th largest milk-producing congressional district in the United States—in New York State.

The herds in the area where I live range from 20 to 80 head of cattle that produce milk, and if we keep an existing parity, we are going to keep those farmers in business.

I think the chairman mentioned that the average age of a farmer in this country is 57 years. In my State the average age is 58 years, and there is extreme difficulty in getting the younger generation to continue the farming business to produce milk. If we allow them to dwindle at the rate of 500 farms a year, what is going to happen when there is less competition and less milk being produced? The price is going to go up even higher.

All of these small dairy farmers are faced with increasing costs, environmental costs, the OSHA costs, the labor costs and when we consider that all of these small farms throughout this country have an average mean income of $15,000, it is absolutely imperative that we give them price support insurance in order to encourage the continuance of these small farms.

We are not talking about peanuts. You may not plant peanuts 1 year, but if you let a dairy herd, whether it is 20, 80, or 200 head of cattle, go down the drain in 1 year, it takes 5 years to build that herd back up. That is what is going to happen to the milk industry if we do not maintain and let these farmers know they can have confidence and security in the programs we maintain here.

I commend the chairman and the minority member for the work they have done. Whether a Member of this House represents a dairy district or a large city of milk consumers, every Member should support this legislation and I urge its passage.

□ 1620

Mr. RICHMOND. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of H.R. 4167, the Milk Price Support Act. As chairman of the House Agriculture Subcommittee on Consumer Relations, I am concerned that we encourage farm production and maintain adequate supplies of commodities at reasonable prices for consumers. H.R. 4167 will help assure my concerns are met by setting the milk price support at 80 percent of parity. Lower support prices would lower milk production and result in shortages of dairy products for consumers. The short supply and increased demand for one of our most essential and nutritious foods would increase the costs for consumers who are already strapped with rising food prices. Since milk and milk products are necessary for the health and well-being of all, we should do all we can to assure adequate and affordable supplies.

The milk price support program has been working well. This is particularly evident at a time when high beef prices provide an economic incentive for dairy farmers to sell their herd for a fast profit rather than maintain the herd for milk. The program works for the benefit of the consumer, as well. CCC sales of dairy products in the last year helped to keep down retail prices of dairy products at a time when beef shortages were inflating food industry prices.

Stability for dairy farmers and those considering dairy farming is becoming critical. Since 1950, farms, including dairy interests, have been going out of business at the rate of 2,000 per week. The average dairy farmer is in his mid-fifties. We must do all we can to stabilize the market and encourage younger farmers to invest in dairy farming. And, I do mean invest. Dairy farmers long ago relegated the milk bucket, three-legged stool and 10 gallon milk can to antique dealers. Today's dairy farmer employs automatic milking equipment to provide us with wholesome dairy products. Like other American businessmen, he must pay higher prices for the modern equipment he needs, higher interest rates to banks, and higher fuel bills.

H.R. 4167 is the vehicle we need to achieve our objective of stability in the marketplace for farmers and consumers.

Mr. JEFFORDS. Mr. Chairman, will the gentleman yield?

Mr. RICHMOND. I yield to the gentleman from Vermont.

Mr. JEFFORDS. I want to commend the gentleman on his statement. I know that at times we have been at odds on these questions. I know we have agreed on 80 percent of parity for when we tried to get above it, 85 percent, the gentleman fought us and defeated us. However, I think the gentleman recognizes that 80 percent of parity is a figure that has really stabilized the market, kept the consumer price fairly level. It has been as much of a benefit to the consumer as to the farmer.

Mr. Chairman, again to echo the remarks of the gentleman from New York (Mr. SOLOMON), it is the small, independent dairyman we are talking about here. He is the one who needs this insurance policy, to keep him in business, to keep that supply coming, to keep that price down to where it is a reasonable price for the consumers. I support the gentleman's statement. I think it was courageous and I appreciate it.

Mr. RICHMOND. Mr. Chairman, I thank the gentleman from Vermont.

Mr. MITCHELL of New York. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I represent a large dairy district in upstate New York. Through the years I have represented it, I have gained a great deal of respect for the family farmer. I think he is a special breed of man. He has a very large investment. He works long hours. Usually the family helps out in the barn. It is not unusual for the wife and the kids to help with the other chores. A survey I ran in my district demonstrated that the average farm family in my district, worked about 150 hours a week. 7 days a week. It is hard, physical labor for the most part. The family farmer has to be his own veterinarian, his own plumber, carpenter, and mechanic. He makes very little money. I think if we divide the number of hours the whole family works into the annual income they would be earning far less than the minimum wage.

Mr. Chairman, I do not think they are compensated sufficiently at 80 percent of parity. I remember when 75 percent of parity prevailed and the family farmers in my district were going out of business right and left.

Mr. Chairman, that is the big danger to the consumer, the fact that the family farmer just is not going to be there because he can't make a living. We are not going to have that family farmer—a person whose prime motivation is the love of his land and the thrill of seeing a family work together to accomplish a common goal. We are going to have the big business operators come in whose primary motivation is profit. They are going to take over and will have to abide by a lot of labor laws that are going to cost their operation a lot more money and eventually the price of milk is going to increase markedly.

Mr. Chairman, the Findley amendment has to hurt the consumer, if it passes. I urge my colleagues to vote against it. It is certainly not in the best interests of the hard-working, backbone of America-type farmer. This is one of those rare instances where we can vote for price supports and vote for the consumer all in one vote.

Mr. Chairman, I urge my colleagues to support the bill.

Mr. Chairman, I do not need to go into greater detail here about the uncertain future of the family farm. We have all heard the arguments on this issue, and I am sure your memories of the tractors on the Mall last January are as vivid as mine.

What I would like to underscore here is that we cannot only exercise a reasonable amount of foresightedness by supporting this bill to protect the dairy farmers, but that we are not hurting the consumer by doing so. The Agriculture Committee has already determined that the 80-percent price support level established 2 years ago has worked very well. The retail dairy price has increased less than the consumer price index, consumers have had an adequate supply of milk, and dairy farmers have been able to get a fair price for their product.

By establishing the milk price support level at 80 percent of parity, we have maintained, and can continue to maintain, a stable dairy industry. That is tremendously important, and not only because it will provide a stable price for consumers.

Several years ago, I held hearings in my district on the dairy industry and its concerns. I took an informal survey that showed many family dairy farmers, in the business for over 20 years, had an income below the national poverty level. They work an average of 80 hours per week, 7 days a week, and the rest of the family pitches in to cut down on the cost of hired labor. Vacations are extremely rare, and dairy cows do not recognize any Federal holidays.

The point is that these people are

farmers because they want to be. They are dedicated to farming as a way of life, despite the long hours and the low returns. By maintaining price supports at 80 percent of parity, we can enact a reasonable measure that will protect consumers by protecting the farmers who will preserve the stability of the dairy industry.

Retail milk prices have increased as a result of the shortage of beef cows. If we help to make the liquidation of dairy herds into beef products more attractive than the production of milk, we are going to see increasing dairy prices and fewer dairy farmers. The 80 percent minimum price support level will help avert this situation. Dairy farmers have already had to accept higher levels of import competition under the Multilateral Trade Agreement we recently approved. The maintenance of the 80 percent level will help the farmers recoup some of the losses they will suffer from increased import competition.

There is some concern that the 80 percent price support level will promote excess production and cost the Government, through the Commodity Credit Corporation, millions of extra dollars in purchases to stabilize the market. However, the Congressional Budget Office indicates that we will not be concerned with dairy surpluses over the next 2 years. We do have to be concerned with how the dairy farmers will survive if they are not guaranteed a fair price for their milk, and we must be concerned with the consequences of losing, during the next 2 years, hundreds of dedicated dairy farmers who insure the stability of the market, if we do not defeat the Findley amendment and then approve this measure.

● Mr. GILMAN. Mr. Chairman, I rise in support of H.R. 4167, the Milk Price Support Act, which would extend until September 30, 1981, the requirement that the price of milk be supported at not less than 80 percent of parity.

Mr. Chairman, the 26th Congressional District is an important milk producing area for the New York metropolitan region. The price that milk fetches in New York is above the current support level, but dairy farmers in our region are interested in the health of the industry as a whole, and have asked that I support this legislation.

This bill is a simple extension of a program which has been in effect for 2 years. In the absence of the bill, the provisions of the Agricultural Act of 1949 which require that milk be supported between 90 and 75 percent of parity would take effect, and the requirement for semiannual adjustments would terminate on March 31, 1981.

The purpose of the milk support program is to assure an adequate supply of pure and wholesome milk to meet current needs, reflect changes in the cost of production and assure a farm income adequate to maintain productive capacity to meet anticipated future needs.

Mr. Chairman, in recent years there has been growing recognition that short-term price instabilities which may benefit consumers or producers may, in the long term, damage both the dairy industry and the consumer. Therefore, it is in the national interest to seek stability in both supplies and prices of dairy products at the 80 percent of parity level that has been effective the past 2 years.

The Congressional Budget Office estimates that this bill would have not any budgetary impact, since the administration is expected to maintain the support level at 80 percent of parity, regardless of whether or not this legislation is enacted.●

● Mr. TRAXLER. Mr. Chairman, I want to express my complete support for the passage of H.R. 4167, the Milk Price Support Act of 1979. This measure will insure the continued stability of milk prices for both farmers and consumers, and will not increase milk prices to consumers by virtue of its adoption.

The Secretary of Agriculture has maintained milk price supports at 80 percent of parity for some time now under his existing authority. The legislation before us will allow 80 percent to continue as the minimum support level for milk, and it will also allow the Secretary to readjust support levels on a semiannual basis, as is the current practice.

Consumers and producers share a common goal: fair and stable prices. Price support programs have historically helped to keep prices within a reasonable range while avoiding the terrible cyclical swings that have been associated with the prices of nonsupported commodities.

Farmers need to be assured of a fair price for any commodity, including milk, if they are to continue producing the quantities that we need. I think all of my colleagues must understand that price support programs do not make anyone rich; they simply provide the same kind of insurance for income that we expect from minimum wage legislation for wage earners.

Consumers are really the primary beneficiaries of price support programs. Prices while supported rarely fluctuate in any appreciable amount. Since one of our primary concerns is food price inflation—a problem that is created by the middleman and not the farmer—we must do all we can to assure consumers that we are attempting to limit food price fluctuations that have caused so many problems, especially for those on fixed incomes.

The gentleman from Wisconsin (Mr. BALDUS) eloquently pointed out that our milk production is fairly consistent with demand. Surpluses are rarely known, and adequate supplies of milk have been guaranteed by milk price-support programs over the years. I want to compliment the gentleman for his excellent work as chairman of the Subcommittee on Dairy and Poultry of the House Agriculture Committee on this essential piece of agricultural legislation.

My congressional district is one of the primary dairy areas in the State of Michigan. Our farmers provide Michigan's consumers with adequate supplies of milk and the resultant dairy products, and I know that their expenses have risen faster than the general rate of inflation. The support levels provided in this bill help ease that inflationary burden somewhat, but they do not totally cover the cost increases they have incurred. I want to emphasize this point so that all of my colleagues who believe that farm price-support programs are efforts to help farmers get rich understand that these programs just about keep our farmers in business.

I also want to point out at this time that it is rare that we get to vote on several important pieces of agricultural legislation in a short time, but we will have an amendment offered by my good friend from North Dakota, Mr. ANDREWS, to the FTC authorization bill in order to allow agricultural cooperatives to continue their operations in a reasonable fashion with the supervisory powers of the Department of Agriculture, the Agency most familiar with the historical significance of agricultural cooperatives.

The co-op concept has been essential to the dairy industry. Co-ops have helped their members survive the good times and the bad, and I want my colleagues to keep this in mind as we approve this dairy parity price bill today. This traditional agricultural co-op concept must be preserved for the benefit of agriculture and the people who depend on agriculture: The consumers of this Nation.

I urge all of my colleagues to vote in support of the passage of H.R. 4167, the Milk Price Support Act of 1979.●

● Mr. NOLAN. Mr. Chairman, I strongly support passage of H.R. 4167 in order to assure dairy producers of 80 percent of parity price supports for their milk production.

This legislation is vital to America's dairy farmers because the Carter administration is not fully committed to maintaining the 80 percent of parity support level. The administration's support for a measure to reduce the support level if stocks of butter, cheese, and nonfat dry milk increased beyond a certain point clearly illustrates the need for legislation to keep the milk support level at 80 percent of parity.

Dairy producers need 80 percent of parity price supports in order to stay in the business and I urge my colleagues to support H.R. 4167.●

● Mr. DASCHLE. Mr. Chairman, I rise in strong support of H.R. 4167, the Milk Price Support Act, and urge its adoption by my colleagues.

Until the Food and Agriculture Act of 1977 temporarily raised the minimum price support level for milk to 80 percent—through March 31, 1979—a 75-percent minimum price support level for milk was established.

Essentially, this legislation would set into law what the Secretary of Agriculture has seen fit to do in two instances by administrative authority—extend the 80-percent support level past the March 31 deadline.

A review completed by the House Agriculture Committee indicates that the 80-percent price support level has been working to the benefit of both the producer and the consumer, with actual market prices running, in most instances, continually higher than the price support level.

Second, this legislation provides for Commodity Credit purchases in instances of milk product surpluses. However, one must keep in mind that in the first year that the 80-percent support level was in effect, domestic production exceeded consumption by a mere 3 million pounds of milk products, an equivalent of 2 or 3 days of production. Because of this, the Commodity Credit Corporation has been able to sell most of its stock rather than turning to large purchases of dairy products.

Another very important fact to keep in mind when considering this bill is that dairy product real costs have decreased steadily since 1950. According to House Agriculture Committee figures, butter is down 52 percent; milk, down 44 percent; American cheese, down 19 percent; and ice cream, down 60 percent.

It is obvious that the statistics indicate the effectiveness of this 80-percent level of price supports. We must remember that short-term price fluctuations, while they might seem attractive to consumers on the face, work to the detriment of the consumer and the producer over the long term.

I want to commend my colleague and the distinguished chairman of the House Agriculture Subcommittee on Dairy and Poultry, Mr. Baldus, and the subcommittee's ranking member, Mr. Jeffords, for their diligence in pressing this legislation through the committee, and, Mr. Chairman, urge the adoption of this most important legislation.●

● Mr. HAGEDORN. Mr. Chairman, I rise in support of H.R. 4167, the Milk Price Support Act, to extend until September 30, 1981, price support levels for milk at not less than 80 percent of parity.

As a Representative from Minnesota, I strongly feel that this legislation is needed to provide a consistent level of support for this country's dairy farmers. Minnesota is one of the leading milk-producing States in this country, second only to Wisconsin in number of dairy farmers, in the production of manufacturing milk, and in the processing of dairy products. Minnesota and Wisconsin are the lifeblood of this Nation's milk shed.

Passage of H.R. 4167 is needed to assure an adequate supply of milk, to reflect changes in the cost of production and to assure dairy farmers an income that will enable them to maintain sufficient productive capacity to meet anticipated future needs.

Favorable consideration of this legislation will be beneficial to dairy farmers and consumers alike.●

● Mr. ALBOSTA. Mr. Speaker, I rise in support of H.R. 4167, the Milk Price Support bill now before the House. This legislation, which extends the milk program through September 1981, is vital to the dairy industry in this country. Over the years, the milk price support program has operated effectively and efficiently. Actual market prices have run higher than the 80 percent of parity minimum in this bill and because of this, surplus milk production has been held close to demand. This slight surplus gives this country a cushion against an unexpected drop in production due to a natural disaster or some other unforeseen event.

At the same time, the retail price index for dairy prices has increased less than the consumer price index despite the facts that the cost of goods and services dairymen buy has increased continuously. This dairy program has given the American people a plentiful supply of nutritious dairy products at reasonable prices compared to other foods on the market today.

I therefore urge my colleagues to vote for this important piece of legislation affecting not just farmers but consumers as well. It is in everyone's interest to have a stable production of dairy products produced in this country.●

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Illinois (Mr. Findley).

The question was taken; and the Chairman pro tempore announced that the noes appeared to have it.

Mr. FINDLEY. Mr. Chairman, on that I demand a recorded vote, and pending that I make the point of order that a quorum is not present.

The CHAIRMAN pro tempore. Evidently a quorum is not present. Pursuant to the provisions of clause 2, rule XXIII, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the pending question following the quorum call. Members will record their presence by electronic device.

The call was taken by electronic device.

The following Members responded to their names:

[Roll No. 639]

Abdnor
Addabbo
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Applegate
Ashley
Aspin
Atkinson
AuCoin
Badham
Bafalis
Bailey
Baldus
Barnard
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Biaggi
Bingham
Blanchard
Boland
Bonior
Bouquard
Bowen
Brademas
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Broyhill
Buchanan
Burgener
Burlison
Burton, Phillip
Butler
Byron
Campbell
Carney
Carr
Carter
Cheney
Chisholm
Clausen
Clay
Cleveland
Clinger
Coleman
Collins, Ill.
Collins, Tex.
Conable
Conte
Corcoran
Cotter
Coughlin
Courter
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, Mich.
Davis, S.C.
Deckard
Dellums
Derrick
Derwinski
Devine
Dickinson
Dicks
Dodd
Donnelly
Dornan
Downey
Early
Eckhardt
Edgar
Edwards, Calif.
Edwards, Okla.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ind.
Fary
Fascell
Fazio
Ferraro
Findley
Fish
Fisher
Fithian
Flippo
Florio
Foley
Forsythe
Fountain
Fowler
Frenzel
Frost
Fuqua
Garcia
Gaydos
Gephardt
Gilman
Gingrich
Ginn
Glickman
Goldwater
Gonzalez
Goodling
Gore
Gradison
Gramm
Grassley
Gray
Green
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hanley
Hansen
Harkin
Harris
Hefner
Hightower
Hillis
Hinson
Holland
Hollenbeck
Hopkins
Horton
Howard
Hubbard
Huckaby
Hughes
Hutto
Ichord
Jacobs
Jeffords
Jeffries
Jenkins
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kazen
Kelly
Kemp
Kildee
Kindness
Kogovsek
Kostmayer
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Lederer
Lee
Lehman
Leland
Lent
Levitas
Lewis
Lloyd
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Luken
McClory
McCloskey
McCormack
McDade
McHugh
McKay
McKinney
Madigan
Maguire
Markey
Marks
Marlenee
Marriott
Martin
Mathis
Matsui
Mattox
Mavroules
Mica
Michel
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Mottl
Murphy, Ill.
Murphy, N.Y.
Murphy, Pa.
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nelson
Nolan
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Panetta
Pashayan
Patten
Patterson
Paul
Pease
Pepper
Perkins
Petri
Peyser
Pickle
Price
Pritchard
Pursell
Quayle
Quillen
Rahall
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Richmond
Rinaldo
Ritter
Robinson
Rodino
Roe
Rostenkowski
Roth
Roybal
Rudd
Russo
Sabo
Satterfield
Sawyer
Schulze
Sebelius
Seiberling
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Simon
Skelton
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Solomon
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Stewart
Stockman
Stokes
Stratton
Studds
Stump
Swift
Tauke
Thomas
Traxler
Trible
Van Deerlin
Vander Jagt
Vanik
Vento
Volkmer
Walker
Wampler
Watkins
Weaver
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Williams, Ohio
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wolff
Wolpe
Wright
Wyatt
Wydler
Wylie
Yates
Yatron
Young, Fla.
Young, Mo.
Zeferetti

□ 1640

The CHAIRMAN pro tempore. Three hundred and fifty-three Members have answered to their names, a quorum is present, and the Committee will resume its business.

The pending business is the demand of the gentleman from Illinois (Mr. Findley) for a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

The CHAIRMAN pro tempore. Are there further amendments?

If not, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. Wright) having assumed the chair, Mr. Levitas, Chairman pro tempore of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4167) to amend section 201 of the Agricultural Act of 1949, as amended, to extend until September 30, 1981, the requirement that the price of milk be supported at not less than 80 per centum of the parity price therefor, pursuant to House Resolution 385, he reported the bill back to the House.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. FINDLEY

Mr. FINDLEY. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. FINDLEY. I am opposed to the bill, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

> Mr. FINDLEY moves to recommit the bill, H.R. 4167, to the Committee on Agriculture with instructions to report it back forthwith with the following amendment: On page 2, immediately after line 7, add a new subsection (c) as follows:
>
> "(c) Subsection (d) of such section is further amended by adding at the end thereof a new sentence reading as follows: 'Notwithstanding any other provision of this Act, if thirty days before the beginning of the marketing year or thirty days before the beginning of each semiannual period after the beginning of each marketing year, the quantity of milk or the products of milk acquired by Commodity Credit Corporation during the previous 12 calendar months exceeds the quantity of the products of milk sold by Commodity Credit Corporation for unrestricted use during the same period by at least 350 million pounds of nonfat dry milk or a quantity of butter and cheese equivalent to at least 3.5 billion pounds of milk, the Secretary may continue to effect the then current support price for milk or modify the amount of any increase which might otherwise be required: *Provided*, That at the beginning of any marketing year the level of support for milk shall be not less than 75 per centum of the parity price therefor.' "

Mr. FINDLEY (during the reading). Mr. Speaker, I ask unanimous consent that the motion to recommit and the amendment be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The gentleman from Illinois (Mr. FINDLEY) is recognized for 5 minutes in support of his motion to recommit.

Mr. FINDLEY. Mr. Speaker, each Member of this body will have an opportunity to vote on this amendment very soon, and I would think it would be in the interest of the membership to know what is in the amendment.

The amendment was not drafted by myself; it was drafted by the Department of Agriculture and recommended to the Congress by the Secretary of Agriculture, Bob Bergland. Mr. Bergland, as we all know, is a former Member of this House who represented the dairy heart of the State of Minnesota, so we can believe that he is not about to recommend to this body an amendment to a dairy bill that is harmful to the interests of the dairy farmer.

This amendment is not a Findley amendment; it is a Bergland amendment. It is supported on a bipartisan basis. I would like to explain the amendment to the Members.

☐ 1650

Mr. Speaker, let me mention, first of all, what the amendment does not do. It does not permit a reduction in the price support of milk at any time during the 2-year life of this bill. No matter what happens, the Secretary of Agriculture cannot reduce the price support.

The only thing it does permit its discretion in the hands of the Secretary to keep the price of milk from going still higher, and then only for the second year of this bill, and then only if a very important condition is met; that condition is that there be an accumulation of Government-owned dairy products valued at $350 million during the 12-month period preceding his decision to keep the price from going up. That is all it does. It is discretion authority to the Secretary to keep the price of milk products from going still higher during that second year of the life of this bill, and he can use that discretion only if Government accumulations of dairy products increases during the 12 months preceding that time by $350 million.

Mr. Speaker, this amendment is fair to the dairy producer, it is fair to the consumer, and it gives some modest consideration to the interest of the taxpayer. If you have more taxpayers and more consumers of dairy products in your home district than you have dairy cows, I would recommend that you vote for the amendment.

The SPEAKER pro tempore. The gentleman from Wisconsin (Mr. BALDUS) is recognized for 5 minutes in opposition to the motion.

Mr. BALDUS. Mr. Speaker, I will be very brief. I simply rise to ask the Members to vote against the motion to recommit. The motion to recommit with instructions would write a new bill, something into law that has never been tried.

Yes, it is an amendment that the Secretary brought to the committee. The subcommittee and the full committee rejected it. Even the Secretary said it was new and untried. He was unsure about the trigger level, he was unsure about the numbers, he was unsure about the final result.

Economic studies made show that in several cases in the past it would have given the wrong signal to dairy farmers and the wrong result would have occurred.

A little bit of shortage can go a long way. This is what might occur if this amendment and the motion to recommit were to pass.

Mr. Speaker, I urge the Members to vote against the recommital and for the bill.

Mr. JEFFORDS. Mr. Speaker, will the gentleman yield?

Mr. BALDUS. I yield to the gentleman from Vermont.

Mr. JEFFORDS. I thank the gentleman for yielding.

Mr. Speaker, I want to agree with the gentleman's statement and to point out that all we are asking you to do is to do again what this body did 2 years ago in saying that 80 percent of parity is the right figure. We have taken another look at it because the Senate required us to do that, and it is working. This body overwhelmingly approved this program 2 years ago. Let us keep the program going and vote no on this recommital.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. FINDLEY. Mr. Speaker, I demand a recorded vote.

A recorded vote was refused.

Mr. FINDLEY. Mr. Speaker, I demand a division.

On a division (demanded by Mr. FINDLEY) there were—yeas 53, nays 202.

Mr. FINDLEY. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

Mr. FINDLEY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. The Chair will advise the gentleman from Illinois (Mr. FINDLEY) that a quorum has just been established on the division vote, 255 Members having arisen. A quorum is present.

So the motion to recommit was rejected.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. YATES. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 310, nays 64, not voting 59, as follows:

[Roll No. 640]

YEAS—310

Abdnor
Addabbo
Akaka
Albosta
Alexander
Ambro
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Applegate
Archer
Ashley
Aspin
Atkinson
Bafalis
Bailey
Baldus
Barnard
Bauman
Beard, Tenn.
Bedell
Benjamin
Bennett
Bereuter
Bethune
Biaggi
Bingham
Blanchard
Boland
Bolling
Bonior
Bouquard
Bowen
Brademas
Breaux
Brinkley
Brooks
Brown, Calif.
Broyhill
Buchanan
Burgener
Burlison
Burton, Phillip
Butler
Byron
Campbell
Carr
Carter
Chappell
Chisholm
Clausen
Clay
Cleveland
Clinger
Coleman
Collins, Ill.
Conable
Conte
Conyers
Cotter
Coughlin
Courter
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, Mich.
Davis, S.C.
Deckard
Derrick
Dickinson
Dicks
Diggs
Dingell
Dodd
Donnelly
Dornan
Dougherty
Downey
Duncan, Tenn.
Eckhardt
Edgar
Edwards, Calif.
Edwards, Okla.
Emery
English
Erdahl
Ertel
Evans, Del.
Evans, Ind.
Fary
Fazio
Ferraro
Fish
Fithian
Flippo
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Fowler
Frenzel
Frost
Fuqua
Garcia
Gaydos
Gephardt
Giaimo
Gilman
Gingrich

Ginn
Glickman
Goldwater
Gonzalez
Goodling
Gore
Gramm
Grassley
Gray
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hanley
Harkin
Harsha
Hefner
Hightower
Hillis
Hinson
Holland
Hopkins
Horton
Hubbard
Huckaby
Hughes
Hutto
Ichord
Ireland
Jeffords
Jeffries
Jenkins
Johnson, Calif.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kazen
Kildee
Kindness
Kogovsek
Kramer
LaFalce
Latta
Leach, Iowa
Leach, La.
Lederer
Lee
Lehman
Leland
Levitas
Lewis
Lloyd
Loeffler
Long, La.
Lott
Lowry
Luken
McClory
McCloskey
McCormack
McDade
McHugh
McKay
McKinney
Madigan
Marks
Marlenee
Marriott
Martin
Mathis
Matsui
Mattox
Mavroules
Mazzoli
Mica
Michel
Miller, Ohio
Mineta
Mitchell, Md.
Mitchell, N.Y.
Moakley
Mollohan
Montgomery
Moore
Murphy, Ill.
Murphy, N.Y.
Murphy, Pa.
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nelson
Nolan
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Panetta
Pashayan
Patterson
Pease
Perkins
Petri
Peyser
Preyer
Price
Pursell
Quayle
Quillen
Rahall
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Richmond
Ritter
Robinson
Rodino
Roe
Rostenkowski
Roth
Roybal
Rudd
Russo
Sabo
Santini
Satterfield
Sawyer
Schulze
Sebelius
Seiberling
Sensenbrenner
Sharp
Shelby
Shumway
Shuster
Simon
Skelton
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Solomon
Spence
Stack
Staggers
Stangeland
Stanton
Steed
Stewart
Stokes
Stratton
Stump
Swift
Tauke
Thomas
Thompson
Traxler
Trible
Vander Jagt
Vento
Volkmer
Walker
Wampler
Watkins
Weaver
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wolpe
Wright
Wyatt
Yatron
Young, Mo.
Zablocki
Zeferetti

NAYS—64

Anderson, Calif.
AuCoin
Badham
Barnes
Beard, R.I.
Beilenson
Brodhead
Broomfield
Carney
Cheney
Collins, Tex.
Corcoran
Crane, Daniel
Dellums
Derwinski
Devine
Drinan
Early
Erlenborn
Fascell
Findley
Fisher
Florio
Forsythe
Gibbons
Green
Hall, Ohio
Hansen
Harris
Hollenbeck
Howard
Hyde
Jacobs
Johnson, Colo.
Kelly
Kemp
Kostmayer
Lagomarsino
Lent
Long, Md.
McDonald
Maguire
Markey
Minish
Moffett
Moorhead, Calif.
Mottl
Patten
Paul
Pritchard
Rinaldo
Scheuer
Shannon
St Germain
Stockman
Studds
Van Deerlin
Vanik
Weiss
Wolff
Wydler
Wylie
Yates
Young, Fla.

NOT VOTING—59

Anderson, Ill.
Ashbrook
Bevill
Boggs
Boner
Bonker
Brown, Ohio
Burton, John
Cavanaugh
Coelho
Corman
Crane, Philip
de la Garza
Dixon
Duncan, Oreg.
Edwards, Ala.
Evans, Ga.
Fenwick
Flood
Gradison
Hawkins
Heckler
Heftel
Holt
Holtzman
Jenrette
Leath, Tex.
Livingston
Lujan
Lundine
Lungren
McEwen
Mikulski
Miller, Calif.
Moorhead, Pa.
Murtha
Nichols
Pepper
Pickle
Roberts
Rose
Rosenthal
Rousselot
Royer
Runnels
Schroeder
Snowe
Spellman
Stark
Stenholm
Symms
Synar
Taylor
Treen
Udall
Ullman
Walgren
Waxman
Young, Alaska

☐ 1710

The Clerk announced the following pairs:

Mr. Corman with Mr. Young of Alaska.
Mr. Bevill with Mrs. Snowe.
Ms. Holtzman with Mr. Philip M. Crane.
Mr. Jenrette with Mr. Taylor.
Ms. Mikulski with Mr. Brown of Ohio.
Mr. Pepper with Mr. Anderson of Illinois.
Mr. Roberts with Mrs. Holt.
Mr. Rosenthal with Mr. Livingston.
Mr. Stenholm with Mrs. Heckler.
Mr. Ullman with Mr. Lujan.
Mr. Waxman with Mr. Ashbrook.
Mrs. Spellman with Mr. Gradison.
Mr. Runnels with Mrs. Fenwick.
Mrs. Schroeder with Mr. Lungren.
Mr. Udall with Mr. McEwen.
Mr. Leath of Texas with Mr. Royer.
Mr. Stark with Mr. Edwards of Alabama.
Mr. Synar with Mr. Rousselot.
Mr. Miller of California with Mr. Symms.
Mr. Moorhead of Pennsylvania with Mr. Nichols.
Mrs. Boggs with Mr. John L. Burton.
Mr. Coelho with Mr. Bonker.
Mr. Cavanaugh with Mr. Dixon.
Mr. de la Garza with Mr. Duncan of Oregon.
Mr. Evans of Georgia with Mr. Hawkins.
Mr. Heftel with Mr. Rose.
Mr. Murtha with Mr. Pickle.
Mr. Boner of Tennessee with Mr. Walgren.

Mr. MICA changed his vote from "nay" to "yea."

Mr. KOSTMAYER changed his vote from "yea" to "nay."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. BALDUS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore (Mr. Danielson). Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

CONFERENCE REPORT ON H.R. 3354, NAVAL PETROLEUM AND OIL SHALE RESERVES AUTHORIZATION ACT, 1980

Mr. STRATTON submitted the following conference report and statement on the bill (H.R. 3354), to authorize appropriations for fiscal year 1980 for conservation, exploration, development, and use of naval petroleum reserves and naval oil shale reserves, and for other purposes:

Conference Report (H. Rept. No. 96–596)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3354) to authorize appropriations for fiscal year 1980 for conservation, exploration, development, and use of naval petroleum reserves and naval oil shale reserves, and for other purposes having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows: That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

Sec. 2. The Secretary of the Navy, in coordination with the Secretary of Energy, shall insure that commissioned officers of the Navy on active duty continue to be assigned to key management positions within the Office of Naval Petroleum and Oil Shale Reserves in the Department of Energy. The position of Director of such Office shall continue to be filled by a qualified officer of the Navy on active duty in the grade of captain.

Sec. 3. (a) Section 7422(c) of title 10, United States Code, is amended by striking out the last sentence of paragraph (1).

(b)(1) Section 7432 of such title is amended to read as follows:

"§ 7432. Authorizations of appropriations

"(a) Funds for the following purposes may not be appropriated unless such appropriations have been specifically authorized by law:

"(1) Exploration, prospecting, conservation, development, use, operations, and production of the naval petroleum reserves as authorized by this chapter.

"(2) Production (including preparation for production) as authorized by this chapter or as may be authorized after April 5, 1976.

"(3) The construction and operation of facilities both within and outside the naval petroleum reserves incident to the production and the delivery of petroleum, including pipelines and shipping terminals.

Sums appropriated for such purposes shall remain available until expended.

"(b) Contracts under this chapter providing for the obligation of funds may be entered into for a period of five years, renewable for an additional five-year period; however, such contracts may obligate funds only to the extent that such funds are made available in appropriation Acts.".

(2) The item relating to section 7432 in the table of sections at the beginning of chapter 641 of such title is amended to read as follows:

"7432. Authorizations of appropriations.".

(c) The naval petroleum reserves special account established by section 7432 of title 10, United States Code, as in existence on the day before the date of the enactment of this Act, is abolished. Unappropriated balances of funds in the naval petroleum reserves special account on the date of enactment of this Act shall be transferred on the books of the Treasury into miscellaneous receipts, and all moneys accruing to the United States after such date under chapter 641 of title 10, United States Code, shall be covered into the Treasury as miscellaneous receipts.

And the Senate agree to the same.

Samuel Stratton,
Robert H. Mollohan,
Dan Daniel,
Bob Beard,
Robert W. Daniel, Jr.,
Managers on the Part of the House.

Gary Hart,
Henry M. Jackson,
Howard W. Cannon,
Strom Thurmond,
John Tower,
Managers on the Part of the Senate.

Joint Explanatory Statement of the Committee of Conference

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R.

3354) to authorize appropriations for fiscal year 1980 for conservation, exploration, development, and use of naval petroleum reserves and naval oil shale reserves, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment to the bill struck out section 2 and substituted therefor a new section 2 containing a permanent authorization of appropriations for the naval petroleum and oil shale reserves and certain "housekeeping" provisions requested by the Administration.

The Senate recedes from its disagreement on the assignment of commissioned officers of the Navy to the Office of Naval Petroleum and Oil Shale Reserves in the Department of Energy. The House recedes from its disagreement on the "housekeeping" provisions contained in the Senate bill and they are included in section 3 of the Conference Report. The conferees agreed to substitute a requirement for specific authorization of appropriations for the conservation, exploration, development and use of the naval petroleum and oil shale reserves.

The House had included in its bill the requirement for the Navy to assign 16 Naval Officers to the Office of Naval Petroleum and Oil Shale Reserves during Fiscal Year 1980. The Senate amendment did not include this provision. Administration witnesses had testified against the House provision, preferring instead to "civilianize" the management of the Office of Naval Petroleum and Oil Shale Reserves.

The conferees are mindful that the naval petroleum and oil shale reserves were originally set aside for national defense contingency purposes. The Congress, in drafting the Department of Energy Organization Act, had sought to continue this emphasis, requiring that the Secretary of Energy "take into consideration the requirements of national security" in administering these reserves. The conferees continue to feel strongly that these reserves are a unique national asset that should be carefully managed with primary consideration being given to the national defense requirements. The historic connection between the reserves and the Department of Defense through the Navy is more than a tradition; it is a clear reminder of our armed forces' crucial dependence on mobility fuels. That connection must be maintained. Under the provisions of the Naval Petroleum Reserves Production Act, there will be a key decision in 1982 regarding continued production of the reserves. National defense needs must drive that decision.

In view of the above, the conferees agree that Navy management of the reserves should continue. The specific House requirement for 16 naval officers has been dropped in favor of a general requirement that Navy officers be assigned to key management positions. The position of Director of the Office of Naval Petroleum and Oil Shale Reserves is required to be filled by a Navy captain. The remaining numbers and positions to be filled by naval officers are left to the joint determination of the Secretaries of Energy and Defense. As a minimum, the conferees would expect to see naval engineers assigned to all of the field sites.

The conferees noted that the Navy no longer trains officers, engineers, or lawyers to take a management role in the reserves. The Navy should correct this shortcoming.

SAMUEL STRATTON,
ROBERT H. MOLLOHAN,
DAN DANIEL,
BOB BEARD,
ROBERT W. DANIEL, Jr.,
Managers on the Part of the House.

GARY HART,
HENRY M. JACKSON,
HOWARD W. CANNON,
STROM THURMOND,
JOHN TOWER,
Managers on the Part of the Senate.

FEDERAL FIRE PREVENTION AND CONTROL AUTHORIZATION, 1980

Mr. FUQUA. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the Senate bill (S. 1160), an act to authorize appropriations for the Federal Fire Prevention and Control Act of 1974, and for other purposes, with a Senate amendment to the House amendment thereto, and concur in the Senate amendment to the House amendment.

The Clerk read the title of the Senate bill.

The Clerk read the Senate amendment to the House amendment, as follows:

In lieu of the matter proposed to be inserted by the House engrossed amendment, insert:

SECTION 1. Section 17 of the Federal Fire Prevention and Control Act of 1974 (15 U.S.C. 2216) is amended to read as follows:

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 17. (a) There are authorized to be appropriated to carry out the foregoing provisions of this Act, except as otherwise specifically provided, with respect to the payment of claims, under section 11 of this Act, an amount not to exceed $25,210,000 for the fiscal year ending September 30, 1980, which amount includes—

"(1) $4,781,000 for programs which are recommended in the report submitted to the Congress by the Administrator pursuant to section 24(b)(1);

"(2) $9,430,000 for the National Academy for Fire Prevention and Control;

"(3) $307,000 for adjustments required by law in salaries, pay, retirement, and employee benefits;

"(4) $500,000 for additional rural firefighting technical assistance and information activities;

"(5) $500,000 for the study required by section 26 of this Act; and

"(6) $110,000 for the study required by section 27 of this Act.

"(b) There are authorized to be appropriated for the additional administrative expenses of the Federal Emergency Management Agency, which are related to this Act and which result from Reorganization Plan Numbered 3 of 1978 (submitted June 19, 1978) and related Executive orders, an amount not to exceed $600,000 for fiscal year ending September 30, 1980.".

SEC. 2. Section 21(b)(4) of the Federal Fire Prevention and Control Act of 1974 (15 U.S.C. 2218(b)(4)) is amended by striking out: "$100 a day" and inserting in lieu thereof "the daily equivalent of the maximum, annual rate of basic pay then in effect for grade GS-15 of the General Schedule (5 U.S.C. 5332(a))".

SEC. 3. Section 16(b) of the Act entitled "An Act to establish the National Bureau of Standards", approved March 3, 1901 (15 U.S.C. 278f(b)), is amended to read as follows:

"(b) AUTHORIZATION OF APPROPRIATIONS.—For purposes of this section, there are authorized to be appropriated an amount not to exceed $5,650,000 for the fiscal year ending September 30, 1980, which amount includes—

"(1) $525,000 for programs which are recommended in the report submitted to the Congress by the Administrator of the United States Fire Administration pursuant to section 24(b)(1) of the Federal Fire Prevention and Control Act of 1974 (15 U.S.C. 2220(b)(1)); and

"(2) $119,000 for adjustments required by law in salaries, pay, retirement, and employee benefits.".

SEC. 4. The Federal Fire Prevention and Control Act of 1974 (15 U.S.C. 2201 et seq.) is further amended by adding at the end thereof the following new section:

"SEC. 26. (a) The Administrator shall, within ten months of the date of enactment of this section, complete a study of the effectiveness of smoke detectors, heat detectors, and sprinkler suppression systems in saving lives, preventing injuries, and limiting property damage in fires, which report shall be submitted to the Congress and the President. In conducting such study, the Administrator shall consider, among other factors—

"(1) whether and the extent to which such devices and systems have been and are effective in reducing the severity of fires, including estimates with respect to the potential for savings in lives, and injury prevention attributable to the operation of such systems and devices;

"(2) the experience of Federal organizations, States, localities, and other political subdivisions which have required the use of such systems and devices; and

"(3) a description of Administration programs regarding smoke detectors, heat detectors, sprinkler suppression systems and other systems, together with an analysis of the utilization of these systems and devices as a result of these programs.

"(b) If the Administrator determines, as a result of the study conducted pursuant to subsection (a) of this section, that smoke detectors, heat detectors, sprinkler suppression systems or other similar systems or devices either have been or may be of assistance in the detection and control of fire, the Administrator shall include, as part of the report conducted pursuant to this section, recommendations regarding what should be the Federal role, if any, with respect to creating incentives for the use of such devices or systems by the public, by business concerns, and by Federal, State, and local governments. In making such recommendations, the Administrator shall consider—

"(1) the incentives, including financial incentives, which might be developed to require or facilitate installation within new or existing buildings of smoke detectors, heat detectors, sprinkler suppression systems, or any combination of such systems, or other similar systems and devices; and

"(2) the benefits, if any, of demonstration or other such programs directed at residents in high impact fire areas in order to increase the use of smoke detectors, heat detectors, sprinkler suppression systems, or other systems or devices.

"(c) As part of its report submitted pursuant to this section, the Administrator shall provide specific legislative proposals to the Congress for implementing any recommendation made pursuant to this section.

"(d) Upon request of the Administrator, each Federal department and agency shall furnish to the Administrator such information, data, estimates, and statistics, and allow the Administrator access to all information in its possession, as the Administrator may reasonably determine to be necessary for the conduct of the study required by this section.".

SEC. 5. The Federal Fire Prevention and Control Act of 1974 (15 U.S.C. 2201 et seq.) is further amended by adding at the end thereof the following new section:

"FIREFIGHTER SAFETY STUDY

"SEC. 27. (a) The Administrator shall conduct a review of firefighter safety. Such review shall include, but need not be limited to—

"(1) an analysis of the current situation with respect to the safety of firefighters;

"(2) an analysis of the effectiveness of protective garments, firefighting breathing equipment, personal communications systems, and other protective subsystems, together with recommendations for improving such equipment in order to further firefighting safety;

"(3) development of a plan for increased technology transfer to firefighting units of more effective technologies in the areas identified in paragraph (2) of this subsection.

"(b) The Administrator shall submit to Congress the results of such review, together with appropriate recommendations for legislation, not later than March 31, 1980.".

Mr. FUQUA (during the reading). Mr. Speaker, I ask unanimous consent that the amendment—Senate amendment to the House amendment—be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

Mr. HOLLENBECK. Mr. Speaker, reserving the right to object, I would yield to the gentleman from Florida for the purpose of explaining the amendment.

Mr. FUQUA. Mr. Speaker, I rise in support of S. 1160 to authorize fiscal year 1980 appropriations for the U.S. Fire Administration and the Center for Fire Research at the National Bureau of Standards. My colleague, the gentleman from California, spells out the details of the bill in his remarks. Let me say that I commend him and the other members of our Science, Research and Technology Subcommittee for their efforts in fashioning a compromise between the House and Senate versions of this bill.

I will just make a few points on my own. First, the Senate initiatives on home fire detectors, rural firefighting, and firefighter safety are valuable and bring out explicitly several concerns expressed in testimony. I wholeheartedly recommend their authorization.

The bill also represents our determination that new programmatic initiatives, such as those I just mentioned, must be scrutinized carefully. For example, in connection with the firefighter safety item we negotiated a very substantial budget reduction with the Senate. We did so because we believe that effective transfer of new technology developed by Federal research is fundamentally product marketing involving close personal contact. Selling a product involves more than distributing glossy brochures, and technical papers, or conducting isolated field tests. In its proposal the Senate would have authorized $955,000 for additional field tests of new firefighter protection equipment first developed by NASA and now being adapted in a collaborative effort with the U.S. Fire Administration.

While I commend this collaboration, we urged, and the Senate graciously accepted our suggestion to authorize $110,000 to permit the Fire Administration to develop a comprehensive program of technology transfer in this area. Therefore, I hope the Administrator of the U.S. Fire Administration will exploit this mandate to develop an outstanding and innovative technology transfer program involving close personal contact between itself, NASA, and State and municipal fire departments. As chairman of our Space Subcommittee, I know well that their experience could benefit many Federal agencies.

Mr. Speaker, I strongly support S. 1160 and hope the House will accept this compromise.

Mr. HOLLENBECK. Mr. Speaker, further reserving the right to object, I would yield to the gentleman from California (Mr. BROWN).

Mr. BROWN of California. Mr. Speaker, I rise in support of S. 1160. S. 1160 authorizes $25,210,000 for the U.S. Fire Administration, $5,650,000 for the Fire Research Center of the National Bureau of Standards, and $600,000 for administrative expenses of the Federal Emergency Management Agency required for implementation of the 1974 Federal Fire Prevention and Control Act for the fiscal year 1980. I think that we have arrived at a fair and responsible agreement with the Senate which incorporates the best features of the Senate's programmatic initiatives while not substantially increasing the amount authorized by the House. I think the substantive contributions of the Senate are an improvement on our bill.

Mr. Speaker, the bill divides the authorization between two agencies, the Fire Research Center of the National Bureau of Standards and the U.S. Fire Administration which is part of the new Federal Emergency Management Agency. It is perhaps simpler if I combine these two authorizations to give the overall figures authorized under this bill and compare them with the President's budget.

First, the authorization includes $17,896,000 representing the basic request of the President to operate the programs of the U.S. Fire Administration and the Center for Fire Research. That figure represents an increase of $395,000 over the amount authorized by the House. Essentially in our compromise with the Senate, we agreed to match the President's request although the marginal difference of $395,000 itself represents a certain confusion within the President's budget as to whether base pay increases and FEMA management expenses would be allocated within the funds for the U.S. Fire Administration or as a separate line item. Given the important objectives of this act, I think it is suitable that we go along with the Senate's feeling that approval of the President's meager request be accepted.

In addition there is another consideration. Since the initial authorization hearings on this bill, the rate of inflation has nearly doubled. This very small increased authorization ($395,000) may offset somewhat, problems which would occur from the unanticipated growth in the rate of inflation. In making this allowance, however, I want to make it very plain that I think the administration should do its utmost to tackle the problem of inflation. By that I mean going far deeper than minor tinkering with monetary policy.

We must get at the root of inflation, that is the basic stagnation of the U.S. economy as a result of declining innovative capacity in the face of spreading resource shortages. These have set us at a distinct economic disadvantage with foreign competitors. I will leave that subject for further discussion in the context of other legislation. I note it here simply as a reservation to the acceptance of the cost-escalator inflation which has unfortunately increased during the last several months, since this authorization process began.

The next item consists of $6,122,000 to operate the U.S. Fire Academy. At the time of the preparation of the President's budget, the Academy had not yet been purchased and thus was submitted as a supplemental appropriation request. This figure incidentally is nearly $1 million less than the estimated expenditure provided to us by the Fire Administration last April. I am glad that the Administration has examined its estimates more closely.

The next item consists of $426,000 for base pay increases mandated by law. This is the figure contained in our original bill, H.R. 4016. It should be noted that the Senate bill, through an oversight, did not contain this amount. I feel it would be unfair to penalize our legislative partners for this temporary lapse; however, we did use it to good advantage in negotiating careful scrutiny of the rationale for initiatives which the Senate desired.

Next the bill authorizes $600,000 for Federal Emergency Management Agency (FEMA) management expenses. This figure, too, is based on an estimate provided to us in April by representatives of the U.S. Fire Administration. This line item also was left out through oversight by the Senate. My rationale for accepting this figure is the same as for the previous case of base pay increases. Nevertheless, I note again that we impressed upon the Senate the need to draft their legislation carefully and to justify fully those programmatic increases which they desired.

The next line item consists of $5,306,000 for programs connected with arson prevention and control. These grew out of a report requested by the Congress in the fiscal year 1979 authorization. That report has now been received although somewhat late—an occurrence we hope will not be repeated. This item represents a genuine increase over the President's request since all the previous items were included in the form of "as necessary" in the President's request bill.

As I mentioned last spring I believe the area of arson prevention and control is one of the few areas where there exists evidence to suggest that a small infusion of Federal money could leverage very substantial benefits in the reduction of arson. Arson is growing to epidemic proportions throughout the country; it represents a major killer and a major loss of property. I believe the administration has done a reasonably good job in preparing this report. However, as I emphasized last spring I hope they will report back to us on the success of this first year trial program and will not hesitate to deal frankly with both the successes and the difficulties which they have encountered. At that time we can judge, based on the evidence, whether the program should be continued.

The next three items represent requests by the Senate. All, I believe, have sound aims, and I do hope that the Fire Administration can achieve them.

The first authorizes $500,000 for a study of the effectiveness of smoke detectors, heat detectors, and sprinkler systems, particularly in residences.

Mr. Speaker, the major cause of fire deaths and property losses are fires in residences. Many of these fires occur when people are asleep, as a result of fires started in mattresses or in couches following cigarette smoking. There is every reason to believe that smoke detectors and home sprinkler systems could make a substantial reduction in this cause of fire deaths and fire property losses. Indeed, until recently, at least, the sale of smoke detectors has been one of the fastest growing industries in the country. Yet, how effective are smoke detectors and home sprinkler systems?

Research by the Fire Administration and the National Bureau of Standards indicates the latter are now reaching the cost level where they can be afforded by the individual homeowner. But how many deaths do they really prevent? Furthermore, how effective have been the nearly 2 million public brochures distributed by the U.S. Fire Administration which urge homeowners to purchase and install smoke detectors. These are the questions for which we seek answers in this line item initiated by the Senate. I heartily approve the intent, and I hope that the Administration will respond to this challenge. The report is to contain, among other things, a description of Administration programs regarding fire and smoke detectors and should analyze how Federal programs have increased the use of smoke detectors above and beyond what would have occurred without the Federal program. In addition, the study requests that the experience of States and cities which have required the use of smoke and fire detectors should be examined.

The next line item consists of $500,000 for rural fire protection assistance. Mr. Speaker, as the Senate report rightly notes, fire statistics developed by the Fire Administration have shown that the per capita death rate in rural areas may far exceed the national average. This situation may even be exacerbated by the current U.S. energy problems. For example, the increased use of wood to heat rural homes, which I thoroughly approve, nevertheless opens up the hazard of chimney fires started in improperly maintained chimney flues.

In addition, the vast majority of the fire departments of this country are smalltown volunteer fire departments; they are not the big city fire departments. We must make a much greater attempt to reach out to these small departments and provide them with the technical assistance and information which is beyond their technical and personnel resources to acquire on their own.

In this connection, new developments in communications technology, particularly satellite communications, make it possible to imagine a "disaster proof" emergency information network which could supply vital information and communication links to isolated fire departments during large-scale emergencies. These links could also be used to provide direct class participation in advanced training courses to rural fire departments. I specifically urge the Fire Administration to investigate the feasibility of applying advanced communication technology, especially satellites, to developing a comprehensive emergency management information network. Concern for rural fire protection, Mr. Speaker, was expressed by several members of our subcommittee during the markup in full committee, I am glad that the Senate has explicitly recognized this need.

I hope the Fire Administration will also provide technical assistance and information to establish training and practice centers designed to meet the special needs and conditions of rural firefighters. In addition, we must obtain better data on the true extent, nature, and causes of rural fires, and I hope the Fire Administration will apply some of this funding to that aim above and beyond current activities. Obviously, $500,000 does not go very far, but I hope the Fire Administration will take this additional authorization and apply it as seed money for exciting and innovative projects to reduce the deplorable high toll of rural fires.

The final item in the bill consists of $110,000 for a review of firefighter safety. Mr. Speaker, firefighting is one of the most hazardous occupations surpassed only, I believe, by deep sea diving, and there are, of course, many fewer divers than there are firefighters. This hazard to firefighters derives from two general causes: First, firefighters are subject to extreme stress and heavy physical exertion in smoke-filled environments, but also spend much time in a sedentary condition while waiting for the next alarm to sound. Second, a great deal of firefighters' protective equipment is outmoded—jackets are heavy and stiff, thus making it extremely hard to move about.

Mr. Speaker, I should note that the Senate requested $955,000 for increased field testing of protective garments developed by the National Aeronautics and Space Administration (NASA) and being adapted with the U.S. Fire Administration to civilian specifications.

I heartily approve this type of effort. Our Science, Research, and Technology Subcommittee has held numerous hearings to try to discover and foster better mechanisms for applying and disseminating the products of Federal research. But if there is one thing we have learned, it is that technology transfer from Federal laboratories to State and local governments occurs on a personal basis. It does not occur because some agency publishes a brochure or because there is one field test. It seems to occur most effectively when individuals go out and make contacts selling the product like any other business with potential clients. These "technology transfer agents" find the individual clients and adapt the agency product to their needs.

Therefore, in our negotiations with the Senate, we urged them not to authorize more money for a few additional field tests, but to authorize the Fire Administration to undertake a substantial study to develop a program of effective technology transfer to State and local governments, as soon as practical. Such a program might include further field tests but, I believe, should strongly emphasize the recruitment and training of personnel who can go out acting almost in the capacity of a consultant to determine individual fire department's needs with regard to firefighting protective garments, breathing equipment, personal communications systems, and other protection devices.

If some of these devices are not now being manufactured, I hope that NASA and the U.S. Fire Administration, having perhaps surveyed potential market demands, will find ways to stimulate the private sector to undertake production. It is seed money for this future technology transfer program which we authorize here. The figure of $110,000 was chosen based on the fact that last year we authorized $100,000 for an arson study. After compensating for inflation over the intervening years, we have set the figure at $110,000 as the reasonable amount to undertake this proposal.

I congratulate the Senate for pointing out this important initiative, but I want to emphasize that the Fire Administration should recognize that a critical element in successful technology transfer is personal contact from agency to the client. Technology transfer is the business of promoting Federal technology. That requires just as much a selling job as does marketing any product. We should accept that fact and stimulate the right attitude within Federal agencies. I hope the U.S. Fire Administration will take the lead in setting an example to other agencies in FEMA and throughout the Federal Government.

Mr. Speaker, that concludes my speech except to mention two deleted items from the House and Senate bills.

First, the Senate requested $594,000 in additional funds in the Center for Fire Research. We could not find anv satisfactory record to justify this request and, hence, we urged them to focus the program where demonstrated needs exist. They have been more than reasonable in concurring.

Second, the bill as passed by the House made the authorization for the FEMA management expenses contingent upon completion of the reorganization of that agency and upon the appointment of a Director. Both conditions have now have fulfilled. I am glad they have taken the step of bringing separate Federal emergency agencies together, and I am glad that there is now a Director after many months of delay. Let me also say that the need for comprehensive planning program design within the agency is still there. Emergency management must be planned as a comprehensive, systematic effort to better prevent catastrophes and emergencies such as fire, earthquake, flood and nuclear war.

To summarize the bottom line, the Senate asked for $33,899,000; the House authorized $31,049,000 representing a difference of $2,850,000. The compromise bill authorizes $31,460,000; that is $411,000 above the House proposal, but $2,439,000 below the Senate proposal. Mr. Speaker, I believe we have done very well in our negotiations. I wish to thank my colleagues on the Science Committee and the staff for their assistance in preparing this bill.

I urge the House to accept (S. 1160) the Senate amendment to the House bill.

Mr. HOLLENBECK. Mr. Speaker, I join my colleague, the distinguished gentleman from California and rise in support of S. 1160 which authorizes appropriations for the Federal Fire Prevention and Control Act. Let me say that this is a time of financial limits. In the course of reaching this compromise, we examined closely the aims and purposes of this act to arrive at an excellent compromise between our two bills without busting the budget. I agree that the Senate initiatives on rural firefighting protection, on firefighter safety and on the test of the effectiveness of smoke detectors and home sprinkler systems are excellent. On the latter subject I should note that I have for many years supported legislation which would grant a tax deduction for homeowners who install smoke detectors. I hope that this study would provide some information as to how effective such measures might be while giving us, at the same time, insight on the effectiveness of public education programs run by the U.S. Fire Administration.

Mr. Speaker, from my point of view, in one of its most important provisions this legislation authorizes $5,306,000 for a program of arson prevention and control. As I noted in my remarks on H.R. 4016 this spring, in 1 month recently 28 people were killed in my State of New Jersey in arson fires. In other States as well, arson has risen dramatically over the past 4 years. Annual losses are $1.4 billion a year in property and over a thousand lives out of total fire deaths in this country of 8,700 per year. Mr. Speaker, I think it is very important that antiarson efforts be pursued vigorously.

I would like to emphasize how important it is that the Federal program take a comprehensive view to the solution of our arson problem as a total community effort. It is not one which can be solved solely by investigative forces with more efficient sniffers but involves the creation of community attitudes which frown upon arson and which take pride in maintaining and preserving buildings.

I hope that we will also receive recommendations as to how we might remove incentives for arson which exist in Federal, State, and local laws. For example, I understand that some unscrupulous landowners are taking advantage of Federal insurance programs in ghetto areas to destroy properties through arson for insurance benefits. This situation must be corrected. I would stress here that this authorization is on a trial basis, however, and we want to receive continued reports as to the effectiveness of the program so that it may be adjusted upward or downward as appropriate.

Mr. Speaker, I also concur with the remarks of my colleague, Chairman Fuqua, in insisting upon the importance of personal contact in effective technology transfer. I urge the Fire Administration to be bold and innovative in designing this novel technology transfer program for firefighter safety which we will authorize here today if this bill passes. As he wisely notes, technology transfer is nothing other than a fancy term for marketing a product. If agencies need new legislative mandates to undertake this sort of activity, so be it. We should grant it to them. We should not have the results of Federal research and development lying idle on the shelves of Government laboratories.

I commend the NASA and USFA initiatives in this regard, but recognize that it must go much further than the printing of glossy colored brochures. As we all know, it is a good sales effort which sells us and convinces us of the need of a new product. The situation is no different because this is a public technology as opposed to one developed by the private sector.

Mr. Speaker, I urge my colleagues to pass this bill. I think it contains a fiscally sound compromise with the Senate. We have made the Senate examine its priorities while recognizing the important initiatives which they undertook; I can wholeheartedly recommend S. 1160 from a substantive as well as a fiscal point of view. I wish to commend Chairman Brown, Chairman Fuqua, Mr. Wydler, my colleagues on the subcommittee and the staff for arriving at this compromise. I urge the Senate bill be adopted.

Mr. Speaker, I withdraw my reservation of objection.

● Mr. WYDLER. Mr. Speaker, I join my colleagues, Cap Hollenbeck, Chairman Fuqua, Chairman Brown, and rise in support of S. 1160 which authorizes fiscal year 1980 appropriations for the Federal Fire Prevention and Control Act of 1974. Since the arguments have been well presented, I will be brief.

Let me say that this bill does represent a real effort at tough bargaining with the Senate. We have reduced their authorization request from $33,899,000 to $31,460,000—which is $411,000 above the amount authorized in our bill, H.R. 4016. But, let me say, this process has been highly constructive as well. As the remarks of my colleagues on the firefighter safety program illustrate, this bargaining forced both the Senate and House committee members and staff to examine closely the real priorities which were involved in these bills.

While fully recognizing the tremendous importance of improving firefighter safety, for firefighting is one of the most hazardous occupations in this country, I do not believe that simply undertaking more field tests of new equipment is the way to proceed. It is most important that the U.S. Fire Administration develop an aggressive sales force, as they say in the private sector, to get out and market these new inventions to State and local fire departments. It may be necessary to custom design and adapt this new equipment to meet particular local needs.

I look forward to hearing next year of the type of program which the U.S. Fire Administration intends to put forward. I hope it will live up to my expectations. We need to develop far better methods for applying the result of federally sponsored research and development—not only in fire protection but all scientific fields.

Mr. Speaker, in conclusion let me say that I support the proposed S. 1160. I urge the House to support the compromise too. I commend my colleagues, Cap Hollenbeck and Chairman Brown, as well as the staff of the Subcommittee on Science, Research and Technology for their efforts in preparing this legislation for our consideration today.●

● Mr. ERTEL. Mr. Speaker, this authorization for the U.S. Fire Administration is an important one. The bill authorizes funding for two necessary and long-neglected programs: Arson prevention and rural fire protection. I am extremely pleased to see that much needed attention is being focused on these programs.

The Nation's arson problem is growing seriously. It has been termed "a national epidemic fanned by criminal involvement, urban decay, social change, and economic trends." While arson has traditionally been viewed as a local problem, its patterns, the criminals' operations, and the magnitude of the problem extend beyond municipal boundaries. Only through a coordinated effort by Federal, State, and local agencies can arson be reduced. This is the type of effort envisioned in this authorization.

Arson is the fastest growing crime in America—rising at a national average rate of 23 percent each year. More than 1,000 lives are lost to arson each year. The national annual direct loss to arson is estimated at $65 billion. This is comparable to larceny-theft ($1.1 billion) and robbery ($1.3 billion). Tax losses could multiply that figure as much as four times.

Arson motives range from arson-for-profit to revenge. It is committed to stop business losses, to collect insurance moneys, to remove low-income tenants, to create new parcels for construction, and to settle fights. The funding under this legislation for an arson program should make an important contribution to our efforts to deal with this serious problem.

This legislation also provides funds for a rural fire protection program. This is an area which has been neglected for too long. The funds will be used, among other things, to provide technical assistance and information to establish training and practice centers designed to meet the special needs and conditions of rural firefighters. The program will also analyze the quality of data on rural fires. At this time we do not really have any accurate statistics in this area. There are indications, however, that rural fires are a much greater problem than has previously been thought.

Finally, the rural fire protection program will also be active in public education activities to delineate what steps are needed to deal with rural fire problems and strengthen fire protection efforts.

Mr. Speaker, this bill is an important one which addresses itself to significant needs. I urge my colleagues to join me in support of this legislation.●

GENERAL LEAVE

Mr. FUQUA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida to dispense with reading of the Senate amendment to the House amendment?

There was no objection.

The SPEAKER pro tempore. Is there objection to the original request of the gentleman from Florida?

There was no objection.

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON S. 1037, DISTRICT OF COLUMBIA RETIREMENT REFORM ACT

Mr. DELLUMS. Mr. Speaker, I call up the conference report on the Senate bill (S. 1037), to establish an actuarially sound basis for financing retirement benefits for police officers, firefighters, teachers, and judges of the District of Columbia and to make certain changes in such benefits.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Pursuant to the provision of clause 2, rule XXVIII, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of November 2, 1979.)

The SPEAKER pro tempore. The gentleman from California (Mr. DELLUMS) will be recognized for 30 minutes, and the gentleman from Connecticut (Mr. MCKINNEY) will be recognized for 30 minutes.

The Chair recognizes the gentleman from California (Mr. DELLUMS).

Mr. DELLUMS. Mr. Speaker, I yield myself such time as I may consume.

The House and Senate have reached agreement in conference on a thorough reform of the District of Columbia pension system for police officers, firefighters, judges, and teachers. This legislation is a landmark in municipal pension reform.

This conference report is the result of over 6 years of study and hard work by the House and Senate District of Columbia Committees and the government of the District of Columbia.

Since 1975, the House District Committee alone has taken testimony on this proposal from over 100 witnesses. Further, in its current form this bill represents a carefully crafted compromise between the District's employees and retirees, the District government, and the Federal Government.

The conference report adopts a substitute for both the Senate bill and the House amendment to the text of the bill. The major agreements reached in the conference include:

S. 1037 would establish 3 separate retirement funds for D.C. police officers and firefighters, teachers, and judges—all to be managed by one 11-member Retirement Board with 6 members elected by active and retired employees and 5 appointed by the city. The Board would control and manage the three funds according to standards, including reporting and disclosure, modeled on the Employment Retirement Income Security Act.

Funding would be provided by the District government, the Federal Government, and employee contributions. The conference report would set the Federal contribution at $52.07 million a year for 25 years as the Federal share of the unfunded liability for employees who retired before "home rule" began in January 1975. The funding figure is a compromise between Senate and House figures. The total includes $34 million for the police officers and firefighters' fund, $17.68 million for the teachers' fund and $220,000 for the judges' retirement fund.

The conference report would set the effective date of funding at fiscal 1980, accepting the House's position on the date.

The conference report would commit the Federal Government to provide funding for 80 percent of the unfunded liability for service retirements and 33⅓ percent of the unfunded liability for disability retirements as of the date of "home rule," with interest accrued to October 1, 1979, a compromise between House and Senate versions.

The conferees adopted a Senate provision to require a reduction in the Federal contribution in any year when the estimated cost of disability retirements for police officers and firefighters hired prior to enactment exceed by more than 2 percent the cost of disability retirements they would have been entitled to if they had been hired after enactment and subject to reforms made by the bill. Also accepted by conferees was a House amendment to guide the actuary.

The conferees accepted a House amendment which would require that all those who retire in the future and then accept employment with the District would have their salaries reduced to insure that combined retirement and active service pay would not exceed the salary for the new position.

The conferees agreed to provisions, which would terminate disability benefits for persons reemployed by departments from which they retired, for persons medically determined to have recovered, for persons whose earning capacity has been restored, or for police officers and firefighters, hired in the future, who are retired, and then refuse an offer of reemployment from their department.

COST

The conference report would authorize a total of $1,301,750,000 for fiscal 1980 through 2004.

Mr. Speaker, I would like to conclude by thanking my distinguished colleague, the Delegate from the District of Columbia (Mr. FAUNTROY), and my distinguished colleague, the gentleman from Kentucky (Mr. MAZZOLI), and certainly we appreciate the extraordinary work of my colleague on the other side of the aisle, the gentleman from Connecticut (Mr. MCKINNEY).

□ 1720

Mr. MCKINNEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am pleased to join with the chairman of the House Committee on the District of Columbia in bringing to the floor the long overdue District of Columbia Retirement Reform Act. What we have before us today is the end product of many months of hard work.

The original D.C. pension reform bill was introduced by our former colleague from California, the Honorable Tom Rees, in the 93d Congress and the resultant delay in getting it this far has been both frustrating and costly. Last year, in the closing days of the 95th Congress, we were confident that we had laid this issue to rest only to have the President, acting on what I and many of my colleagues considered ill advice, pocket veto this legislation.

As proves to be the case with many pieces of legislation which are debated for an extensive period of time, the bill which has emerged from conference is a better bill overall. It is a better bill because the Federal contribution, that amount to be carried by the American taxpayer, is significantly less. Admittedly, the final annual Federal authorization of $52.07 million is $2.33 million more than the $49.74 million contained in the original House bill (H.R. 3939). However, this final figure is $12.93 million less than the annual Federal authorization contained in the original Senate bill, S. 1037.

Also, in using simple mathematics without adjustments for inflation, this represents an annual $12 million savings for the Federal Government over the bill passed last year. These savings were arrived at by a readjustment of the formula for ascertaining the Federal/District contribution to the unfunded liabilities for service retirements and disability retirements.

In addition to the adjustments in the funding formulas, the compromise bill which we bring to the floor today has also succeeded in plugging some of the loopholes which have been the avenues for abuse of the present D.C. retirement system. I refer in particular to the disability retirements of the District's police and firefighters. Whereas, we ended with 99 percent of the firefighters and 98 percent of the police officers retiring on disability in 1969, a figure which has since been lowered to 44 percent, passage of this legislation will assure that we in the Congress and the citizens of the District of Columbia will never have to witness such exorbitant figures in the future.

Mr. Speaker, I know that it has been said many times in relation to this issue, but Congress created the problem we face today by ignoring this issue for far too long. Last year, the 95th Congress gave its overwhelming approval to the conference report on the D.C. pension bill. I am hopeful that the Members of the 96th Congress will recognize their responsibility to resolve this issue once and for all.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. McKINNEY. I yield to the gentleman from Maryland.

Mr. BAUMAN. Mr. Speaker, I wanted to rise in support of the conference report, and also to express my personal pleasure with being able to cosponsor and support legislation along with the gentleman from Connecticut and the gentleman from California, the distinguished chairman of the District of Columbia Committee. It is a rather rare juxtaposition of support for legislation. I hope it does not damage the chances of passage.

Mr. McKINNEY. I will think of this moment often. I thank the gentleman.

Mr. DELLUMS. Mr. Speaker, I yield such time as he may consume to my distinguished colleague from Kentucky (Mr. Mazzoli), a gentleman who worked very hard to bring this legislation before us today.

Mr. MAZZOLI. Mr. Speaker, I would like to rise very briefly to commend my chairman, the gentleman from California (Mr. Dellums), for his very diligent work now through two Congresses in shepherding this bill to final passage today. Second, I would like to commend, as I am sure my chairman already has, the excellent staff work we have had throughout this entire effort on both sides of the aisle. Our staff has been superb and has done a job that this House can be proud of.

Mr. Speaker, I rise in support of the conference report.

This bill, S. 1037, is the result of over 4 years of study and hard work by the House and Senate District of Columbia Committees, and the government of the District of Columbia.

Since 1975, the House District Committee alone has taken testimony on this proposal from over 100 witnesses. Further, in its current form this bill represents a carefully crafted compromise between the District's employees and retirees, the District government, and the Federal Government.

Also, the conference report before the House reflects the hard work and care with which the committee and its distinguished chairman, the gentleman from California (Mr. Dellums), approached this problem.

The conference report contains, as its central feature, a funding system that will—with a Federal contribution of slightly more than $50 million per year—put the District's pension plans well on the road to financial health.

Adoption of this conference report, by creating an actuarially sound funding system, by recognizing a Federal responsibility for part of the cost of District pensions, and by reducing the cost of disability retirements will be a considerable step forward.

I must emphasize this point though: this conference report is only the first step on the road to financial health for these pension plans. Budgetary concerns and restraints have mandated that this first step be a small first step.

The conference report would have the Federal Government assume 80 percent of the liability for normal retirements which occurred prior to home rule and 33⅓ percent of the liability for disability retirements which occurred prior to home rule.

The conference report also calls for an annual actuarial report on the amount of the unfunded retirement liabilities which is not identified as a Federal responsibility.

In addition to the 20 percent of regular retirements and 66⅔ percent of disability retirements occurring prior to home rule, the unfunded retirement liability includes 100 percent of the pension liability accruing for employees in District's employ as of the date of home rule.

The conference report puts the control of these pension funds under an independent board, a majority of whose votes are controlled by District employees. This board will invest funds subject to careful guidelines and disclosure requirements to prevent abuses.

The conference report makes two provisions to reform disability retirements which have been the subject of much abuse in the past.

First, for all future employees, disability retirements benefits will be based on the extent of the actual disabling injury.

Second, no employee—including current employees—will be able to receive a service-connected disability retirement on the basis of on-duty aggravation of an off-duty injury.

The House District Committee's investigations have indicated these two changes will lead to dramatic savings in disability retirements costs.

Also, since last year's conference report was adopted by the House, the District of Columbia has taken a number of administrative steps which have greatly reduced the cost and number of disability retirements. The conference report adopts House language which should facilitate this welcome process of administrative reform.

In short, Mr. Speaker, this is a good conference report. I urge that my colleagues give it their support.

Mr. DELLUMS. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. DELLUMS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the conference report just agreed to.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

NATIONAL FAMILY WEEK

Mr. HANLEY. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the joint resolution (H.J. Res. 68) to authorize the President to issue a proclamation designating the week beginning on November 18, 1979, as "National Family Week," and ask for its immediate consideration.

The Clerk read the title of the joint resolution.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from New York?

Mr. MARRIOTT. Mr. Speaker, reserving the right to object, as a sponsor of this joint resolution along with my good friend from Indiana, Congressman John Myers, who has been a champion of this cause, I rise to voice my strong support of this joint resolution and of the committee for taking it up and bringing it before this body.

Mr. Speaker, once again we have before this body a bill to designate a National Family Week. And once again, as its sponsor, I stand before you to plead the cause for the survival of the family in America.

House Joint Resolution 68 will establish the week of November 18 through 24 as National Family Week. I urge the President of the United States, Governors of the individual States, mayors of our cities and towns, as well as community leaders of all civic and religious organizations, to use that week as a platform in calling attention to the importance of family life in America.

The family is the basic unit of society. It is the most important institution in the world and the very lifeblood of America. It has by far the most influence in shaping our children's destiny and in forming their attitudes and habits.

Experts tell us that a child's psychological development is determined almost entirely by parents in the family relationship—and that the most critical years are the first 6 years of life.

The family relationship should provide for every child a place of peace, a refuge from sarcasm, criticism, and loneliness. The family relationship instills a sense of purpose to life. A healthy family relationship can provide training, learning, spirituality, patriotism, and love unequaled by any other institution.

As policymakers deliberate and act, whether on the National, State, or local level, they should have concern for the effect their decisions might have upon the family—because family relationships are deteriorating in America.

The deterioration of the family relationship is having a devastating effect on the well-being of our Nation. In addition to the loss of internal tranquility, the deterioration of the family relationship is costing the taxpayers billions of dollars annually.

The causes of family breakdowns include: Alcohol and drunkenness, pregnancy before marriage, physical abuse, society's emphasis on self-fulfillment first, greed, social acceptance of divorce, deemphasis of the family in religion, financial burdens due to inflation and social pressure, government policies on welfare, and mobility. The average American moves 14 times in a lifetime, and 20 percent of the population move each year.

It is time we identify problems for what they are. Divorce is a national crisis. And not an acceptable standard. Yet today's statistics tell us that 96 percent of adults will marry, and 38 percent of them will be divorced—79 percent will remarry, and 44 percent will divorce again. Forty percent of all marriages now end in divorce. Divorces exceed a million per year. That is twice as many as in 1966 and three times as many as in 1950.

Family breakups are also having a negative effect on the crime rate and the welfare of our children. There are 66 million children under age 18 in American families; 11 million of them live with one parent. Crimes involving children—including murder, assault, robbery, rape—have jumped over 200 percent in the last 5 years. And the suicide rate among children has tripled. Suicide is now the second leading cause of death among persons 15 to 24.

A great spiritual leader, David O. McKay, said:

> No success in life can compensate for failure in the home.

Do we want national security, national tranquillity, national will, and peace in our daily lives? The family is is where it is at.

I urge this Congress and our leaders in every State and community to proclaim National Family Week and work to strengthen the family unit throughout the coming year.

> Only men to whom the family is sacred will ever have a standard by which to criticize the state, because they alone can appeal to something more holy than the gods of the city.—G. K. CHESTERTON.

Mr. MYERS of Indiana. Mr. Speaker, will the gentleman yield?

Mr. MARRIOTT. I yield to my colleague from Indiana.

Mr. MYERS of Indiana. Mr. Speaker, as the author of National Family Week when it was first introduced back in 1970, I urge my colleagues to approve House Joint Resolution 68. This resolution was introduced by the gentleman from Utah (Mr. MARRIOTT) and me, and it has been cosponsored by more than 218 Members of the House. A similar resolution was introduced in the other body by Senator BURDICK and it passed on August 3.

All Americans were impressed by the warmth and honesty of the words of Pope John Paul II when he toured our Nation just a few weeks ago. I was moved by his comments during his Mass on the Mall when he said:

> When the value of the family is threatened because of social and economic pressures, we will stand up and reaffirm that the family is not only necessary for the private good of every person, but also the common good of every society, nation and state.

His Holiness was reaffirming a simple thought put forward by the late Margaret Mead who once said, "As the family goes, so goes the Nation." Their words succinctly state the importance of the family in our society and the worthiness of observing National Family Week.

The purpose of National Family Week is simple: It sets aside a specific time during the year to pay homage to the one institution which has given so much meaning to human life and provided a stable structure to our society. It recognizes the importance of the family as the foundation of American life and the fundamental role the family has played in securing those values upon which our Nation was founded.

National Family Week is appropriately observed during the week including Thanksgiving, a time when American families are reunited for the purpose of giving thanks for the blessings which have come to them. It is a time to recognize the contribution the family has made to the Nation's shared values of liberty, justice, equality, freedom, and compassion.

A wise philosopher observed thousands of years ago, "the root of the state is in its family." The pressures of our modern age make this a time of challenge for families in America, but we can take time this Thanksgiving and this National Family Week to offer our thanks for keeping families strong and united and our Nation's people strong and united for the good of all mankind.

In the American family lie the seeds of greatness for tomorrow.

If illiteracy is finally to be banished, it will be by families who fear ignorance.

If poverty is truly abolished, it will be because families cared about others.

If war is ever to become past history and peace see the light of day, the families of the world will have seen to it.

If prosperity is ever to be a natural part of our daily living, it will emerge first from homes where the family flourishes and where materialism is of second importance.

If harmony is to return to our land, it will come only because families have practiced tolerance, patience, understanding, and affection toward their own and others.

National Family Week has the support of a number of national service organizations. They include the American Family Society, American Home Economics Association, American Legion, National Red Cross, B'nai B'rith, Boy Scouts and Cub Scouts of America, National Exchange Club, Center for the Family, Community Family Life Services, Community Group Health Foundation, Family Service Association of America, Future Homemakers of America, General Federation of Women's Clubs, Individual Psychology Association, Masonic Service Association, National Catholic Community Services, National Council of Catholic Women, National Council of Jewish Women, Salvation Army, Washington Urban League, Big Sisters of Washington, D.C., Black Silent Majority Committee, Church of Jesus Christ of Latter-day Saints, Lions Clubs, National Congress of Parents and Teachers, National Society of Daughters of the American Revolution, Veterans of Foreign Wars, and American Association of Doctors' Nurses.

In addition, National Family Week has been recognized by the Governors of more than 40 States and territories of the United States. It has passed both Houses of Congress and been proclaimed by three different Presidents of both parties in 1972, 1976, 1977, and 1978.

I urge my colleagues to join me in honoring the family by celebrating National Family Week 1979 during the week of Thanksgiving, November 18–24.

□ 1730

Mr. MARRIOTT. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. DERWINSKI. Reserving the right to object, Mr. Speaker, I do so merely to commend my chairman, the gentleman from New York (Mr. HANLEY) for his special attention to this resolution and seeing to it that it did clear the committee and reach the floor.

I am pleased to join with the distinguished gentleman from Utah (Mr. MARRIOTT) in support of House Joint Resolution 68, designating the week of November 18–24, 1979, which includes Thanksgiving Day, as "National Family Week."

The backbone and strength of our country or any free society is the family. In my opinion Thanksgiving Week is the most appropriate time for us to honor family loyalties and ties. Thanksgiving is the traditional time in America when families are rejoined for the purpose of giving thanks to God for the blessings which have come to them.

National Family Week is a positive response in keeping with our great traditions.

National Family Week would serve as the focal point for millions of American parents to appreciate the wants and needs of their children and to encourage the children to better understand their duties and obligations to their parents to perpetuate and strengthen the quality of the family unit.

I urge my colleagues to adopt this resolution.

Mr. DERWINSKI. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York (Mr. HANLEY)?

There was no objection.

The Clerk read the joint resolution, as follows:

H.J. RES. 68

Whereas the family is the basic strength of any free and orderly society; and

Whereas it is appropriate to honor the family as a unit essential to the continued well-being of the United States; and

Whereas it is fitting that official recognition be given to the importance of family loyalties and ties: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is hereby authorized and requested to issue a proclamation designating the week beginning on November 18, 1979, as "National Family Week," and inviting the Governors of the several States, the chief officials of local governments, and the people of the United States to observe such day with appropriate ceremonies and activities.

● Mr. COURTER. Mr. Speaker, I rise in support of House Joint Resolution 68, designating the week of November 18–24, 1979, as "National Family Week."

The purpose of the resolution is to restore the family to its rightful place in society by enlisting the millions of American parents and children in an effort to understand the significance of the family in the development of this Nation.

Thanksgiving Day, which coincides with National Family Week, is also a time when American families traditionally unite and reflect on the meaning and importance of family life in America.

The designation of November 18–24 as National Family Week recognizes the family as the cornerstone and the foundation of our society.

It is my hope that the designation and promotion of Family Week will serve to focus the thoughts and actions of Americans toward the importance of the family unit. It is also my hope that this focus will lead to sustained action on the part of Americans throughout the year. The passage of this bill is a most effective way of remembering our families as well as enhancing our family ties.

I urge my colleagues to join me in supporting this legislation.●

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A GIANT LEAP BACKWARD IN AIRPORT NOISE ABATEMENT

(Mr. ADDABBO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ADDABBO. Mr. Speaker, I would like to voice my displeasure at S. 413 and H.R. 2440 which would push back the deadlines for bringing two, three and four-engine subsonic aircraft into compliance with noise standards over the next several years. Should it be successful, it will mean another decade of noise abuse for our citizens.

Today, millions of Americans live in noise-impacted zones around major airports. Many of them, such as people in my district, were living there long before the airports were thrust upon them. They had no choice then and it seems, if this measure is passed, they will have no choice now.

Let us recall that the Federal commitment to a quieter skies was not made casually. In 1976, after long years of inquiry and debate it was determined that retrofitting of noisy subsonic aircraft over a 6- to 8-year span was technologically and financially feasible from within the airline industry. Under the terms of the existing Department of Transportation/Federal Aviation Administration regulation, one-half of the two and three-engine planes in the domestic fleet must be in compliance with Federal Aviation Regulation part 36 noise levels by 1981 and the remainder by 1983. For four-engine aircraft, the dates are one-quarter of the fleet by 1981, one-half by 1983 and the remainder by 1985. Airport operators are hopeful that all aircraft in international service also will be brought under the Federal noise reduction criteria by 1985.

But that regulation stands to fall by the wayside because of a move that has permitted the modified noise abatement provisions to be added on to an airport aid bill, which would all but nullify the present schedule for quieting the aircraft fleet, prolonging the use of noisy aircraft beyond 1985 through wavers that would extend the life of these aircraft.

This move, if successful, would represent a giant leap backward in our goal of quieter aircraft. It would mean that communities living near airports would continue to suffer at the hands of these aircraft. This undue inconvience should not be tolerated and urge my colleagues to defeat any measure that would hinder compliance with these noise standards.

Yesterday I participated in a press conference with other Members of the House and many airport operators from around the country who fear they will suffer the brunt of criticism from the general public if present law is watered down. They are right because the American people are fed up with the stalling techniques used by the airlines to get around legislation put on the books by this Congress. It is time that we in this House hang tough on this important issue.

CAMBODIAN FOOD AID SUPPORTING VIETNAMESE ARMY?

(Mr. ROTH asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. ROTH. Mr. Speaker, I have been very touched, as many of my colleagues have been, at the tragic circumstances existing in war-torn Cambodia. On October 25, this body voted to appropriate $30 million to assist in alleviating the devastating starvation and disease running rampant in that country. I supported that action. Many other charitable and humanitarian groups have been organized to gather funds also designed to provide some relief.

However, I recently read a most disturbing article in the Friday, November 2, Christian Science Monitor, Opinion and Commentary page written by Mr. Scott Thompson, that I would like to commend to the attention of my colleagues, and request that it be printed in the RECORD in full.

Mr. Thompson is a former White House fellow assigned to the Pentagon and is a visiting scholar at Harvard's Center for International Affairs. If what Mr. Thompson reports in this article is true, then much of the food that is supposedly going to help the civilian population is in reality going to support the Vietnamese Army. I am very much in favor of providing relief to the thousands of helpless, innocent victims caught in the middle of a political struggle between two warring factions. On the other hand, I do not believe we are helping our cause or the Cambodian people by sending food and medical supplies if it is in fact being seized to support the Vietnamese Army. Perhaps, we should take another look at the logistics involved in the transfer of these supplies and, before we send any more, be assured that they are going to the destination we seek.

The Christian Science Monitor article is as follows:

[From the Christian Science Monitor, Nov. 2, 1979]

HOW VIETNAM USES FOOD TO FIGHT A WAR

(By Scott Thompson)

The Vietnamese Army in Cambodia launched a dry season offensive in mid-September, with the obvious purpose of mopping up remaining Pol Pot resistance in the area along the Eastern Thai border. What the Army's tactics would be was less obvious.

Cambodia in the past nine years of war, most people would agree, has witnessed almost every known variety of barbarity. But in fact the Vietnamese tactic chosen this year seems to have exceeded them all, according to a lifelong Western student of and authority on Indo-China who recently talked to local officials in Thailand. That tactic, as confirmed by Vietnamese defectors, and "Democratic Kampuchean" (DK) forces of Pol Pot now in Thailand, is to seize relief food supplies and Cambodian food stocks for the Vietnamese Army and disrupt further food production in the contested areas.

Hanoi sent in four divisions in September, but they were spread over such a wide area that experts in Bangkok concluded the objective could not possibly be to engage DK forces, as they are called. Then reports streamed in that the Vietnamese Army was even seizing cooking utensils in DK villages as a means of forcing the villagers to resettle in Vietnamese controlled areas. While at it the Army also destroyed rice crops in the fields and in many villages, seized the relief supplies outright. Hanoi's tactic thus became evident.

Confirmation of the tactic was supplied by the artillery shelling in that Malai mountain area near the border where relief supplies were widely supplied to civilians—the families of the DK forces who have been fighting Vietnamese forces on the important Route 5. About 35,000 civilians were pushed into Thailand as a result, forcing them to abandon the food that had begun to pour in and thus also preventing the families from supplying DK soldiers with desperately needed provisions.

According to a report from Thailand, one Vietnamese defector from the 75th Division, claims that the food of his own units had the words "World Food Program" on it—suggesting that the Vietnamese Army has itself become increasingly dependent on relief supplies from humanitarian organizations.

As the world gears up to mitigate the suffering of Cambodians, note must be taken of the preeminent political fact about this dying nation. No organized network has survived the destruction of the country's commercial transport system. There remains only the network of the Vietnamese force. Therefore the only way relief supplies are going to get to the suffering people themselves is through the Vietnamese Army, so long as it occupies most of the country. But the Army's priority is to bring Cambodia under full military control, a goal jeopardized by relief supplies going to the Pol Pot resistance.

Moreover, the evidence from the Thai border makes clear that the Vietnamese Army is having trouble feeding its own troops. As things are going now, it obviously intends to continue to use the world food program and other humanitarian-supplied food stocks for its own sustenance first. It is difficult to see, in the circumstances, how relief supplies can get to where they are most needed—in the populous outer areas beyond immediate Vietnamese Army control.

The United States is now undertaking a gigantic program to pour millions of dollars' worth of relief supplies into Cambodia. Reports from Washington make clear that all the above information has been reported to senior administration officials. Yet this has not deterred them from charging ahead irrespective—or, in the case of some, because of—the consequences. This preeminently means the strengthening of Hanoi's occupation Army (and, ultimately, further destruction of Cambodia's long-suffering people).

Only the most compelling international campaign to force Vietnam to allow international supervision of the distribution of relief supplies will bring any real help to the Cambodian people. But with officials in Jimmy Carter's administration turning a blind eye to the obvious effect of American actions, this does not seem about to happen.

STATEMENT ON IRAN

(Mr. DICKINSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DICKINSON. Mr. Speaker, how time marches on. It was just 2 years ago that the Shah of Iran was lectured by President Carter at the White House about human rights in what was supposed to be welcoming remarks for a state visit. As the President lectured the Shah, violent, masked Iranian demstrators were allowed to break our laws by marauding in earshot of the White House welcoming ceremony. This process, perhaps, signaled to the Shah's enemies that the Carter administration would not stand behind the Shah and the time was ripe to move against him.

Following this event, and up until the Shah exited Iran, our Government continued to look the other way as many of the 85,000 Iranians, in this country on student and other types of visas, violated our hospitality and civil laws by participating in violent demonstrations. In Houston, they overturned and burned cars. In California, they attacked our police and attempted to burn the home of the Shah's mother.

Our Government seemed to do all the wrong things as Iran slid into anarchy. As violent Iranians demonstrated both here and in Iran, one of our generals was sent to Iran to advise the Iranian military not to oppose the Shah's demise. They followed our advice and are now dead, the victims of the Ayatollah Khomeini's firing squads. Even as the Ayatollah was failing to practice the type of compassion and human rights the President had lectured the Shah about, United Nations Ambassador Andrew Young, President Carter's appointee and friend, canonized the Ayatollah by saying he "will be some kind of a saint when we finally get over the panic of what is happening in Iran."

These kinds of action and thinking have brought us to where we are today—the chickens have come home to roost. There is not much we can do about past mistakes except not commit them again.

As I view the television pictures and newsphotos of American citizens in Iran—diplomatically immune officials of our Nation—being paraded around like animals, I say that we had better turn over a new leaf, start a new beginning, rebuild our lost strength and morale, and begin again to act like the world leader and power we once were.

Our first order of business, of course, is to get our citizens safely out of Iran, but at the same time, we should begin immediately to deport all Iranians who violate our hospitality and laws. This should be done without delay.

I am told by the State Department that visas can be revoked when visitors violate the terms of their visas or violate our laws. Certainly arson, assaulting policemen, violent demonstrations, and many other factors violate the strict features of the student visa. I call on the State Department and the Immigration and Naturalization Service to get cracking, cut the redtape, and get the bums out of our country.

How can we command any respect in the world, or even of ourselves, if we do not begin again to act like the powerful and morally strong Nation we once were, and should be?

INTERPARLIAMENTARY UNION 66TH CONFERENCE, CARACAS, VENEZUELA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. PREYER) is recognized for 60 minutes.

GENERAL LEAVE

Mr. PREYER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of my special order today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. PREYER. Mr. Speaker, I take this special order to report on the 66th Conference of the Interparliamentary Union which was held in Caracas, Venezuela, between September 13 and 21 of this year. Attending were members of parliaments from 82 countries, as well as international observers from United Nations organization and other international bodies. Our delegates from the House appointed by the Speaker included myself as chairman, the gentleman from Illinois (Mr. DERWINSKI) as vice chairman, the gentleman from Florida (Mr. PEPPER), the gentlemen from Texas (Messrs. PICKLE and DE LA GARZA), the gentleman from Oregon (Mr. DUNCAN), the gentleman from Guam (Mr. WON PAT), the gentleman from Illinois (Mr. MCCLORY), the gentleman from Virginia (Mr. BUTLER), the gentleman from Pennsylvania (Mr. GOODLING), and the gentleman from Michigan (Mr. VANDER JAGT), and from the Senate (Mr. STAFFORD). I want to thank all of these Members of Congress for their very effective participation and their dedicated hard work at this meeting.

I also wish to thank the Navy and Captain McDaniel and his staff for their superb escort service. I want to thank the House and Senate staffs that accompanied us, and in the House particularly, Mr. Edmund L. Henshaw, Ellen Rayner, Diane Stoner, and Vance Hyndman for very efficient work. I am afraid they saw very little of Venezuela outside of the control room.

I also want to thank from the Department of State John Ward who accompanied our group, and the Congressional Research Service for preparing very valuable briefing papers for us.

In Venezuela we do thank particularly Ambassador William Luers and his staff who gave us service far beyond the call of duty. I think even hardened and veteran, perhaps a little cynical even, IPU members were impressed by the superlative briefing which Ambassador Luers gave us and the reception which he held for IPU delegates. It was not only a pleasure but it was also very useful to us in our relations with the other IPU countries. I will include in the RECORD, Mr. Speaker, the details of our delegation's participation.

I might briefly mention that our delegation spoke on six occasions. The opening address was given by the gentleman from Texas (Mr. DE LA GARZA) for our delegation, and I think it was particularly impressive to our host since he delivered the opening address in Spanish.

Looking to future meetings, I think we should recognize some problems in our relations with the IPU. For one thing, other countries have been much more active in interim meetings between the two full scale annual meetings than the United States. We lose the opportunity by not attending the interim meetings to put forward our views at these meetings. As a result, we are often faced with almost a fait accompli with the issues already framed, sometimes worked out, when we arrive at the full IPU meeting, and then it is an uphill struggle to prevail on an issue.

Second, there has been concern over the difficulty we have had in elisting participation from the Members of Congress. I think there are several problems that cause this. One, these meetings cannot be scheduled to suit the benefit of any one country and, therefore, they do not always fall during congressional recesses, and it is difficult for Members of Congress to leave when they are in session.

□ 1740

Also, press attention which has been given to foreign travel in this country tends to describe every trip as a junket and that discourages participation. I want to point out on the Venezuelan trip there were no side trips, there were no stopovers, no shopping junkets. It was hard work.

The basic purpose of the Inter-Parliamentary Union is to strengthen parliamentary domocracy. I think the IPU needs to strengthen the real parliaments of the world, compared with those parliaments of the world which are really just technically parliaments. The United States being a great democratic society that it is, certainly should be taking a lead in this area.

The next meeting of the Inter-Parliamentary Union will be in Oslow, Norway, about Easter time next spring and I welcome hearing from Members of Congress who are interested in attending that meeting. It should be a very interesting meeting.

Mr. DERWINSKI. Mr. Speaker, will the gentleman yield?

Mr. PREYER. I am glad to yield to the gentleman from Illinois (Mr. DERWINSKI), our vice chairman who is Mr. Inter-Parliamentary Union in this Congress. We are always impressed with the respect in which the other 82 countries of the world hold him. We appreciate all his contributions.

Mr. DERWINSKI. Mr. Speaker, I thank the gentleman for yielding. I commend the gentleman for emphasizing the practicality of this assignment, the fact that there are over 80 countries participating. The U.S. Congress as a most respected parliamentary group has to be represented. I think it is most practical that the gentleman emphasizes we need the positive support and cooperation of enough Members to make up a strong delegation, since we do not control the schedule for the meetings and they often conflict with our own schedules here and it is a burden, then, for the Members to leave but it is a duty and they do undertake it.

I also commend the gentleman from North Carolina for the leadership he gave as chairman, the balanced delegation that the gentleman was able to develop, the way the gentleman was able to cover the issues effectively. This is in keeping, I think, with the necessary rule of leadership that the United States must exercise in any international organization. That is especially so of the Inter-Parliamentary Union.

Mr. BUTLER. Mr. Speaker, will the gentleman yield?

Mr. PREYER. I yield to the gentleman from Virginia. I thank the gentleman for all of his contributions to the IPU.

Mr. BUTLER. Mr. Speaker, this is the third such conference I have attended and I found it quite beneficial as always.

The committee to which I was assigned in both sessions this year was concerned with the law of outer space.

A system of international law to govern activities in outer space is developing in a slow but orderly manner. Of particular concern at this time, for example, are the problems of remote sensing and the transmission of television or radio signals via satellite.

Next year's agenda includes a review of problems and laws concerning international refugees, certainly a matter of global concern involving legislation of many nations.

As is the practice in most international bodies, the votes are very much weighted in favor of the smaller countries. The United States is always prepared to be outvoted by the aggregation of votes of delegations from smaller states, but it is not always a comfortable position in which to be.

Resolutions of the IPU, however, are not binding on the participating nations. An effort is generally made to find a consensus of all delegations on the questions involved in a particular resolution. Whether the consensus is found or not, an Interparliamentary Union is valuable as a forum for Representatives of all nations, large and small, to become acquainted with one another, to share views, express concerns, and suggest solutions to problems which affect each of them.

Other nations of the world take the deliberations of IPU a good deal more seriously than do we. For example, the conference in Venezuela was 10 days long. Almost every nation represented had a full delegation of the same delegates present the entire time. By contrast, it is almost impossible to persuade the Members of our Congress to take that much time off from their duties in Washington. We work in shifts, and I was present in Caracas for only the last 3 days. It is easy to see why the continuity of the Conference is lost for much of the American delegation, and much of the impact we could reasonably expect to have as well.

Generally speaking our technical staff members have limited experience and are spread too thin as well. Many of the Members of Congress who should be a part of the American delegation decline to attend because of the unfortunate impression that the American people have about foreign travel by elected representatives.

In short, the IPU is an important international forum, of which the U.S. Congress is a participating member. As such, we are putting the prestige of our Nation on the line, with other nations of the world. But we are coming off as unprofessional and indifferent, the effect of which cannot be helpful. If we are to participate in a conference of this nature, we cannot afford to do it with less than total commitment.

Unfortunately lacking is a commitment by the leadership of the Congress to the high standards of performance which the rest of the world expects of us. As a practical matter, this means we need more and earlier staff participation, preparation and research, more careful and earlier selection and encouragement of participation by the membership, and possibly more considerate congressional legislative scheduling.

Mr. PREYER. Mr. Speaker, I thank the gentleman from Virginia for his comments. The gentleman has made some excellent points. I certainly think that all the points the gentleman mentions are those we should work on. We do not want the IPU just to become the world's largest travel agency. It can be a very effective forum. If we do not do our part of the job on it along the lines indicated by the gentleman from Virginia, it is not going to have the kind of effectiveness we want.

Mr. McCLORY. Mr. Speaker, will the gentleman yield to me?

Mr. PREYER. I am delighted to yield to the gentleman from Illinois. Again, the gentleman has certainly been one of our most faithful Members and is most respected by parliamentarians all around the world. We appreciate the gentleman's contribution.

Mr. McCLORY. Mr. Speaker, I thank the gentleman for yielding. I commend the gentleman on his leadership of our IPU group and for his performance at Caracas and the fact that he has undertaken this extremely important responsibility.

Mr. Speaker, I am pleased to participate in this special order relating to the recent Inter-Parliamentary Union Conference in Caracas, Venezuela.

While our participation in this Conference was limited because of the press of business here in the House, by dividing our American delegation into two groups we were able to cover the entire work of the Plenary Conference as well as the committee sessions.

I was privileged to address the General Conference in behalf of our Nation, taking particular note of the report of the Secretary General regarding the activities of the IPU. In this connection I pointed out the expansion of the parliamentary library in the IPU headquarters in Geneva, an initiative which was undertaken some years ago by our former colleague and former chairman of our American group, Mrs. Katharine St. George of New York.

Likewise I took occasion to emphasize the importance of these conferences between parilamentarians from around the world as a method for promoting representative government and international understanding. While progress in this direction appears frequently to be slow, it is only throught the medium of the IPU, including both the formal sessions and individual contacts, that these objectives of the IPU may be eventually achieved.

Mr. Speaker, it would be misleading to suggest that our tasks at this or other recent IPU meetings have been easy, or that all of the objectives which we sought to achieve were fulfilled. Instead, I would hasten to point out that the problems we encountered at this and other recent IPU meeings are far more complex and are fraught with far greater difficulties than was the case in earlier years.

The IPU now includes more than 90 member nations, including such recent member countries as Surinam, Comores, South Yemen, and other small Third World countries. The demands of the Third World countries are great—and its attacks against our country and other economically wealthy nations of the Western free world are contagious.

In light of experiences such as this, some might conclude that it would be preferable for us to withdraw from the IPU. However, I would reject this suggestion as it would be a negative response to a genuine and continuing problem—and would certainly be counterproductive to our aims as a leader of the free world. Instead, I would encourage our more active participation in the IPU and other such gatherings of representatives of sovereign nations. It is only through our communication with both friendly and unfriendly nations, between the East and the West, and between the economically wealthy nations of the free world and those representatives of so-called Third World countries, that improved human understanding can result and our long-term national interests can be attained.

Mr. Speaker, I commend our chairman, Congressman Richardson Preyer, on his leadership of our American group, and all of my colleagues who participated in the recent Caracas Conference. My Illinois colleague, Edward Derwinski, and our counterpart in the other body, Senator Bob Stafford of Vermont, who is our U.S. representative on the Executive Committee of the IPU are also entitled to special commendation.

Mr. Speaker, I look forward to our next IPU meeting in Oslo in April 1980, and to our continued and enhanced participation in the activities of the Inter-Parliamentary Union.

☐ 1750

Mr. PREYER. Mr. Speaker, I want to thank the gentleman. The gentleman made one of our six speeches made by our delegation, and I think of all the speeches made at the IPU the one of the gentleman from Illinois was the only one which dealt with the question of the meaning of the IPU, that we were there to strengthen parliamentary democracy. Most of the speeches were sometimes heated discussions, and the gentleman did us all a favor by reminding us why we were there. We appreciate the gentleman's contribution.

● Mr. PICKLE. Mr. Speaker, at the recent Inter-Parliamentary Union meeting in Caracas, Venezuela, I was privileged to serve on the Subcommittee on Education, Science, Culture, and Environment. During the considerations of that subcommittee a resolution was drafted which was contrary to the recommended position of the United States. The meeting in Caracas was a continuation of a similar meeting held in Prague, Czechoslovakia, in the spring, at which our delegation also voiced objection to this approach.

Basically the amendment would provide prior consent on any matter relating to broadcasting by satellite from space, and this is obviously contrary to the longstanding position of the United States. I feel, and I am sure that our delegates felt, that those nations which do participate in the space program, and particularly to nations which broadcast information for anyone in the world, it would be a free expression of public comment and thus not have to get permission from any or all nations before such broadcasts can be transmitted into that particular country. This is much the same as the freedom-of-speech or freedom-of-press principle we have always advocated in a democratic government. Since members of the Inter-Parliamentary Union are members of a parliamentary body, we thought that the principle of free speech and free expression ought to be extended to outer space.

I am attaching a statement in essence that I made to the Inter-Parliamentary Union body in full plenary session in which we voiced our objection to the resolution as drafted. Later the United Kingdom was in agreement with the United States and asked for a rollcall vote.

I regret to say that the United States and England lost that vote, and even our normal allies from Canada, Australia, New Zealand and some of the European blocs did not vote to strike that particular section from the resolution. But I think that was primarily because the able Chairman of that Committee was a delegate from Canada and had recommended the resolution. As it was, the United States lost this amendment almost unanimously, although several nations did abstain from voting. I accept this defeat as a normal consequence of any parliamentary body, although, of course, I was disappointed. I believe very strongly that the United States was correct and that we must pursue the principle of freedom of speech and expression in the years ahead. And ultimately I think we can win the argument.

What bothers me most about the session in Caracas, however, is that, in my opinion the United States of America is not fully prepared to either attend or participate in these IPU meetings as I think we should. Perhaps this is an admission of weakness on my part or on our particular delegation, or previous delegation. Admittedly, our delegation was not a unified delegation this year because a group of some 10 delegates attended the first 3 days of the session and then another group of delegates attended the last half of the session.

I am sure this gives the impression to the delegates from other nations that we were not serious in our attendance or at least that we were willing to split the delegations, which in effect meant that the new group had to start all over and literally play catchup on the proceedings. We must admit that this was not a good practice and that other nations would know that we could not have one delegate to tell them something on Monday and then send another delegate to talk with them on Friday. I am afraid our practice was almost a laughing matter, but our country dutifully tried to have at the conclusion enough votes to cast our full complement.

I also feel that more planning and dedication should be put into attending these meetings so that the United States could more effectively visit with and attempt to have IPU relations with other nations in a more straightforward and friendly manner. I am sure that some of the nations feel that we might think we are not as concerned as they are with the problems being discussed. There is an additional factor in that a delegate from the United States, a Member of Congress, must under the present general plan be willing to go to an IPU meeting and attend for 1 full week. That is a very difficult commitment for a Member of Congress to make because critical votes usually are going on back in the Congress and it is a definite sacrifice for a Member to go to one of these IPU meetings and stay for a week.

Many people may think that these are "junkets," but I submit to you that staying a full week in Prague, Czechoslovakia, is not a junket, and staying in Caracas, Venezuela, as lovely as both Caracas and Prague might be, is not a fancy junket. It is an attempt to make a serious contribution to a world parliamentary body that was created by statute and which has been ongoing for nearly 75 years. The IPU's predated the U.N. by 30 to 40 years and were designed to make much the same kind of contribution for parliamentary bodies that the United Nations does today.

Mr. Speaker, I speak now as an individual Member of the Congress and not representing our delegation or the Congress itself. I am convinced that the United States, however, must decide whether we wish to continue on a full-fledged, fully dedicated basis to participate in the IPU meetings, or else we should withdraw. Except for a few Members of the Congress who are unbelievably dedicated to the success of these meetings, most of the Congress—and I would imagine the U.S. citizens in general—think that the Inter-Parliamentary Union meetings are merely a means for a few Members of Congress to make a trip or to go on a junket.

It is quite the contrary, Mr. Speaker. As we operate today, however, I do not think our country is nearly as effective as we should be and that we should have a full reappraisal of our participation in IPU meetings. Again, I say that we should either get in all the way or get out. In making that decision I think we should ask ourselves whether these types of meetings are important to our country.

Is it important for the United States to be in full attendance and to attempt to have our say in matters which affect world parliamentary groups? I wonder what the parliamentary bodies of the world would think if the United States simply said that we have decided to express ourselves on these matters solely through the U.N. Would our people care? Sometimes I doubt that they would and perhaps we should seriously debate this question. I do feel personally, however, that our participation has not been as effective as it should be and that the only way we are going to settle this question is to have a national or congressional discussion of the issue.

I am submitting the specific resolution we submitted in Caracas, as follows:

U.S. EXPLANATION OF THE VOTE ON SPACE LAW RESOLUTION

Mr. Chairman, fellow Parliamentarians, the contentious issues in this paragraph are not new. We had the same problems with them earlier in Prague. In fact the basic problem is as old as mankind. It is whether or not freedom of speech and expression in all its forms is to be respected by all.

The primary reason for our inability to support this resolution is that it endorses the concept of "prior consent" which means that a state which would transmit television broadcasts from space to another country must have the receiving states' permission to do so. That would permit controls over the content of such broadcasts. This, in the U.S. view, would constitute an abrogation of the right of free speech and international communication.

The same problem exists with respect to the remote sensing of the earth by satellites, as shown in 4(b).

The U.S., and no one else, as far as we are aware, has no intention of using the valuable technologies—direct broadcasting from space (and/or remote sensing) to the disadvantage of any other state.

Therefore, it is difficult for us to comprehend the obvious mistrust many delegations have over the use of these valuable space tools.

Let me point out that:

No one has done anything to create such mistrust;

These limitations could hurt, not help, in making available the benefits of space technology;

"Prior consent" is not part of space legislation and it should not be;

The U.S. believes that it would be sufficient to have "prior consultations." Thus, we should remove this "prior consent" paragraph and consider it further at the next session of this body.●

● Mr. DERWINSKI. Mr. Speaker, I would like to commend the distinguished gentleman from North Carolina (Mr. PREYER), for taking the time this afternoon to allow those Members of the House who participated in the fall Interparliamentary Union Conference, held in Caracas, Venezuela, to report on their activities.

I attended the first week of the Conference and represented the United States as a member of the Executive Committee substituting for Senator STAFFORD. During these meetings, a number of preliminary resolutions and draft proposals were offered and later adopted. In addition, a number of new national groups were voted affiliation status with the Interparliamentary Union, bringing the total to 82 groups participating in the organization. Another procedural question of allowing nongovernmental groups observer status with the IPU was debated.

This Conference was concerned with a number of important topics including the overall human rights situation, Indochina refugees, and assistance for Nicaragua. Additionally, the issues surrounding the Middle East question and the Palestinian problem were debated and a resolution was adopted on this subject. The legislative aspects of space law, the role of the protection of the family and general care of children in connection with the International Year of the Child, and recommending initiating negotiations leading to a measure for cessation of the conventional arms race and declaring a resolution against any form of aggression, were matters debated in committee meetings.

The IPU is the oldest and most broadly representative interparliamentary association in the world. It dates its existence from 1889. Its aim is to promote personal contacts between members of all parliaments and democratic governments and to unite them in common action to secure the full participation of their respective governments in the advancement of the work of international peace and cooperation.

In this regard, there has been a valuable international exchange between various countries. Following our fall Conference, several delegates from Ireland, the United Kingdom, Sweden, Turkey, Lebanon, Egypt, Morocco, and Belgium, to name a few, have visited Washington, and held informal discussions with Members of Congress. It is vital for our national leaders to develop these broad-based contacts with leaders of other nations with whom we have the opportunity to develop ties of peace and mutual understanding.

In closing, I would also like to take this time to pay special tribute to Chairman PREYER for his overall leadership and effectiveness during this fall session, in lieu of the fact that Congress was in session at the time of the Conference, thus causing a "split" delegation process in order for the U.S. Congress to field a delegation. And of course, Senator STAFFORD is to be commended for his outstanding representation of our U.S. delegation, the Congress, and our country at the Caracas meetings. Both these gentlemen brought much needed expertise and broad understanding of international affairs, and an ability to cultivate good diplomatic relations with officials throughout the world.●

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. RAILSBACK) is recognized for 5 minutes.

● Mr. RAILSBACK. Mr. Speaker, on Monday, July 30, 1979, I cochaired a hearing of the House Select Committee on Narcotics Abuse and Control, on which I serve as the ranking minority member. The hearing was held in Chicago, Ill., and focused on the Chicago Tribune task force series on the abuse of prescription drugs. Because of this official business, I was unavoidably absent from the House on that date.●

WILL SBA SHUFFLE SUCCEED?

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. MARTIN) is recognized for 15 minutes.

● Mr. MARTIN. Mr. Speaker, once again I call to our colleagues' attention the shabby shuffle by which this administration is deporting 16 Small Business Administration district directors to force them to resign. Despite the protest of the SBA that no politics is involved, the fact is that 15 are Republicans, the other one is Independent.

I offer the following new articles as clear proof that politics is all it is.

Read the June 8 article from the Columbus Citizen-Journal. The county Democratic chairman has openly sought the post to deal out for a patronage plum, claiming "it has always been a patronage job."

In March of last year, President Carter vowed to take it out of politics. At his recommendation we passed a law to prohibit such abuse and provide reforms to protect civil service jobs, which these are.

Look at the SBA claim in the October 24 issue of the same paper, denying politics. Then examine the sordid scramble among rival Democratic honchos in the October 29 Columbus Dispatch, all of whom assert their patronage rights as a justification for deporting the current district director, a Republican.

Mr. Speaker, this is a clear violation of the 1978 Civil Service Protection Act, and amounts to collusion to thwart this law. Notice closely that if, despite righteous denials from the SBA, they succeed in dumping these 16 non-Democrats, a clear precedent will be set for nullifying the 1978 reform law, not just for this administration, but for those eventually to come.

The articles follow:

[From the Columbus Citizen-Journal, June 8, 1979]

DEMOCRATS CONSIDER MEN FOR SBA POST

The Franklin County Democratic Party, wanting a Democrat as district director of the Small Business Administration, has a former state senator, the president of Columbus City Council and the county finance director in mind as candidates.

Interested in the job are former state Sen. Robert O'Shaughnessy, Council President M. D. Portman, and County Finance Director Don Brown.

John E. Jones, county Democratic chairman, said Thursday he hopes to hear by the end of this month from state party headquarters regarding his efforts to replace current district director Frank Ray.

"It has always been a patronage job," complained Jones.

Ray, who describes himself as nonpartisan, was appointed to the post in 1971. Ray said Thursday he was unaware of any change contemplated.

Starting pay is $38,160 a year.

[From the Columbus-Citizen Journal, Oct. 24, 1979]

Small Business Administration: Ray's Transfer Was Not Political

(By Jerry Condo)

A Republican shouted "politics."

A Democrat smiled.

Why?

Because the Republican director of the federal Small Business Administration office in Columbus has been transferred to Helena, Mont.

District director Frank Ray, who has held the $47,500-a-year job since 1971, had little to say about the transfer which is effective Nov. 19.

"It really hasn't had a chance to sink in yet," Ray said.

The transfer of Ray is part of the shakeup involving top officials in SBA offices in 16 cities across the U.S. The SBA office in Washington said it has not selected a replacement for Ray in Columbus.

"This sounds political to me," said Terry Casey, executive director of the Franklin County Republican Party.

County Democratic Party Chairman John E. Jones agreed.

"I'm surprised it took President (Jimmy) Carter this long to transfer him," said Jones, who has been lobbying intensively for the last several months to put a Democrat in the SBA job.

Jones added that the Nixon Administration quickly got rid of Democrat Richard C. Sensenbrenner the same way back in the late 1960's. Sensenbrenner, son of former Mayor M. E. Sensenbrenner, was appointed SBA director here on March 1, 1968, only to be transferred to Salt Lake City in late 1969.

Sensenbrenner resigned rather than accept the transfer.

There is considerable speculation that one of three local Democrats may wind up with the SBA job here.

Jones has forwarded the names of City Council President M. D. Portman, former State Senator Robert O'Shaughnessy and County Finance Director Don Brown to the state Democratic party headquarters for consideration.

"In turn, the state headquarters sent those names to the White House," said Jones.

However, a spokesman for the SBA office in Washington said Tuesday afternoon that politics had nothing to do with Ray's transfer, Chuck Searcy, assistant administrator for public communications, said the Ray transfer is part of a new policy of rotating district directors.

"This rotation is the most recent in a series of management initiatives," said Searcy. The spokesman said SBA has been busy reorganizing itself in recent months from the top level on down. "Politics has not been a consideration," said Searcy.

The local SBA office is responsible for a 60-county area of Ohio, including the northwest, central and southern parts of the state.

Casey, told of SBA's claim that the transfer had no political motivation, said the claim was nonsense.

"Democratic party chairman Jones has been yelling for months that he wants the heads of some Republicans like Ray. Apparently his buddies in the Carter administration gave him what he wants," Casey said.

[From the Columbus Dispatch, Oct. 29, 1979]

White House Considering Sweeney To Fill SBA District Director's Post

The White House is seriously considering rejecting recommendations from the Franklin County Democratic Party and naming Randall Sweeney as the new district director for the Small Business Administration (SBA), informed sources reported Monday.

Sweeney, director of the Ohio Vietnam Veterans Bonus Commission, is the choice of Ohio House Speaker Vernal G. Riffe Jr., D-New Boston. The White House is reportedly leaning toward Riffe's choice because he is one of President Carter's staunchest supporters in Ohio.

If Sweeney gets the $47,500-a-year post, it would mark a defeat for county Democratic Chairman John E. Jones. Jones has recommended that either County Finance Director Don Brown, Columbus Council President M. D. Portman or former State Sen. Robert O'Shaughnessy be named to replace Frank Ray.

Ray, a Republican, was transferred last week from his job as SBA district director for central Ohio to the agency's Helena, Mont., office.

Jobs as SBA district directors generally are considered political posts. Some local Democrats have been surprised that it took Carter's Democratic White House almost three years to transfer Ray.

Ray was appointed to the SBA post by President Richard M. Nixon in 1971. Local Democrats expected Ray to be fired shortly after Carter took office in 1977.

Riffe's behind-the-scenes backing of Sweeney stems from a promise the House speaker made to the bonus commission director last year, sources reported.

At the time, Sweeney, son of Ohio Supreme Court Justice A. William Sweeney, was seriously considering running in the June 1978 Democratic primary for secretary of state.

However, Riffe backed then-State Sen. Anthony J. Celebrezze Jr. for the nomination. Sweeney finally decided to drop out of the primary contest after Riffe and Celebrezze offered him a job in the secretary of state's office if Celebrezze won the November general election, sources reported.

Although Celebrezze won the November election, the secretary of state-elect reportedly defaulted on his promise of a job for Sweeney. However, Riffe's commitment to Sweeney remained.

Jones confirmed his nominations and said that his efforts prompted the transfer of Ray in a move to open the post for a Democratic appointment.

Jones said that Sweeney "made an end run" and got letters of support from numerous state officeholders, including Riffe.

He indicated he wasn't happy with Sweeney's maneuvering and bypassing of the county party. Brown, he said, has applied for the job, too.

THE SITUATION IN IRAN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. KEMP) is recognized for 10 minutes.

● Mr. KEMP. Mr. Speaker, the takeover of American diplomatic missions in Iran reflects the Nation's collapse into a state of anarchy. Although the formal apparatus of a government exists, it is incapable of governing. All political power in Iran is concentrated in Ayatollah Khomeini. Although Khomeini has not assumed formal responsibility for the taking of U.S. diplomatic personnel as hostages by a student mob, it appears that they were encouraged to do so by Khomeini.

We must take every reasonable measure to safeguard the lives of the hostages, but we cannot give in to terror and blackmail. The mob-rule which now prevails in Iran will not be appeased for long by delivery of the Shah for whom I hold no brief—nor to satisfy the number of remaining demands relating to Israel, and so-called American imperialism.

There appear to be no remaining organized entities in Iran capable of governing; not the armed forces, not the police, not the business community, and certainly not what now passes for the Iranian Government. Hence, the U.S. Government is facing a case of bargaining with a terrorist group with all of the difficulties such negotiations imply. The lessons learned from other terrorist incidents over the past decade by the United States, West Germany, Israel, and other nations facing a terrorist challenge show that there is nothing to be gained from appeasement, indeed, it is counterproductive.

A dimension of the problem, thus far receiving little notice is the announced effort of the Palestinian Liberation Organization to intervene in the negotiations in progress between the U.S. Government and the forces sponsoring the student mob now controlling the U.S. Embassy. Such an effort could be a contrived effort to "cover" the PLO's lengthy record of terrorist activities with a politically expedient effort to negotiate the end of a terrorist activity for the benefit of the United States. It is too early to tell whether or not the PLO had any direct or indirect role in the assault on the U.S. Embassy, but it is an interesting coincidence that the mob holding the Embassy prominently displays PLO slogans.

The United States should hold the Khomeini group responsible for the fate of the American hostages now being held. As the Khomeini group is unwilling to respect the elementary rules of diplomatic behavior and the treatment of diplomatic personnel, the President could provide Khomeini with some helpful incentives to change his behavior.

First, and most important, the U.S. Government should order a freeze on all physical and financial assets in the United States or in the custody of U.S. financial institutions anywhere in the world, held by the Iranian Government or by institutions owned or controlled by the Iranian Government. These assets amount to billions of dollars, and account in large measure for the current revenues of the Iranian state. These revenues are the principle source of the remaining vitality in the Iranian economy, and thus are a major weapon for the support of U.S. diplomacy in Iran.

Second, the President should immediately stop the flow of spare parts for the Iranian Armed Forces. The cutoff of these spare parts would sharply reduce the effectiveness of the Iranian Armed Forces to the point where they would become increasingly vulnerable to the separatist revolt of the Kurds, thereby threatening the breakup of the Iranian state.

Third, the President should stop sales of heating oil now being sold to Iran. It was doubtful whether this carrying of coals to Newcastle was ever a wise policy, but it is clearly unwise under the present circumstances.

Fourth, the United States should attempt to mobilize international opinion, including opinion in the Islamic world against the barbaric behavior of the Khomeini group in their assault on American diplomatic representatives. Every nation, including Arab nations and Iran itself, benefits from the custom of affording protection to diplomatic representatives; if Khomeini's mob rule is allowed to prevail, every nation will suffer.

The United States cannot permit acts of organized terror against its diplomatic representatives or citizens to pass without resolute action. To allow the Iranian student mob to triumph would make the United States vulnerable to every terrorist organization with a grudge against the United States to inflict grave damage to U.S. interests throughout the world.●

LEGISLATION TO INDEX CONSUMER PRICE INDEX TO TAX TABLES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. COURTER) is recognized for 10 minutes.

● Mr. COURTER. Mr. Speaker, inflation has made each day in the life of a New Jersey citizen a hopeless and losing struggle to stay even financially, not to mention getting ahead.

The major cause of inflation is the massive deficit spending Congress engages in year after year. Deficit spending uses money in excess of revenues and that money must be made up somewhere. The gap is closed by borrowing, which raises interest rates, or by monetization which creates money out of thin air via the Federal Reserve System.

This oversupply of money deflates what "real" money we have left. Hence, inflation will continue, and get worse, as long as the Government spends money it does not have.

The normal reaction is to get a raise to "get ahead" of inflation. But unfortunately, Mr. Speaker, a raise that is equal to the rate of inflation does not even keep you even because the tax brackets become more steeply graduated as they go up. The tax tables were created when a dollar was a true measure of buying power. Those days are long gone, our taxes go up at a faster rate than inflation. For every 1-percent increase in the Consumer Price Index there is a 1.6 percent increase in taxes.

Simply getting a raise puts you further behind in the game. For example, if inflation goes up 10 percent and a family's income is unchanged, they are 10 percent worse off than before. However, if they get a 10 percent pay raise to offset inflation, the resulting increased taxes actually leave them with less real buying power.

To correct this situation, I am a cosponsor of a bill introduced by Congressman JACK KEMP of New York that will index the Consumer Price Index to the tax tables. This way, a raise will be used to fight the ravages of inflation without having lost any ground to the ever-seductive Federal Treasury.

Mr. Speaker, this bill should be passed because we, as Members of Congress, have a responsibility to help people with the symptoms while we work on the cure to America's all-consuming illness.

The situation of taxes fueling inflation and inflation fueling taxes is doubly distressing to me because it is an automatic tax increase that allows the White House and the majority leadership of both Houses the charade of claiming to reduce deficit spending. In reality, they actually increase Federal revenues by reaching deeper into the pockets of all Americans with this hidden tax. It is my firm belief that all tax increases should be subject to the normal legislative process in the House rather than be the result of Government-caused inflation.

Mr. Speaker, if this Congress is serious about doing something about inflation, this hidden, growing tax situation must be changed.●

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York (Ms. FERRARO) is recognized for 5 minutes.

● Ms. FERRARO. Mr. Speaker, due to personal medical reasons, I was unable to be on the floor of the House for part of the session on Thursday, November 1, and Friday, November 2. Had I been present, I would have voted as follows:

Rollcall No. 623: Eckhardt amendment to eliminate the authority of the Energy Mobilization Board to waive substantive law. "No."

Rollcall No. 624. Final passage of H.R. 4985, to establish an Energy Mobilization Board. "Aye."

Rollcall No. 625: Ordering the previous question on House Resolution 465, the rule providing for the consideration of H.R. 4904, the Social Welfare Reform Amendments of 1979. "Yea."

Rollcall No. 626: Passage of House Resolution 465. "Aye."

Rollcall No. 627: Approving the Journal of Thursday, November 1. "Yea."

Rollcall No. 628: Petri amendment to H.R. 5192, Higher Education Act amendments, to provide for a program of student loan forgiveness for services as an enlisted member of the Selected Reserve of the Ready Reserve or on active duty as an enlisted member of the Armed Forces. "Aye." ●

LATVIAN INDEPENDENCE DAY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

● Mr. ANNUNZIO. Mr. Speaker, on November 18, 1918, the courageous people of Latvia received their independence from Russian domination and with it their goal of self-determination, along with the privilege of developing and enriching their social and cultural institutions without the interference of foreign conquerors.

On Friday, November 16, a commemorative ceremony in observance of the 61st anniversary of Latvian Independence Day will be held at the Chicago Latvian Community Center, 4146 North Elston Avenue, in Chicago, sponsored by the United Latvian Associations of Chicago, Ilmars Bergamis, chairman; and the Chicago Latvian Community Center, Viktors Viksnins, president. The Chicago Latvian Association has issued a statement entitled, "The Latvian Flag," which follows:

THE LATVIAN FLAG

The time: Early 12th century. The place: Latvia. A band of Latvian tribesmen have engaged a troop of the German Order of the Sword. They have managed to capture the white flag of the German Knights. However, during the battle the chief of the tribe is mortally wounded. The tribesmen lay their chief on the white flag and his blood slowly colors the edges of the flag crimson. Dying, he summons his captains and bids them to fight until the last invader is driven from their land. The chief dies, his people raise high the crimson-white-crimson flag and beat the German Knights. . . . Thus says the legend on how the Latvian flag was born in an ancient battle.

However, besides legend, there is also fact that makes the Latvian flag one of Europe's oldest, almost rivaling the Danish flag. This fact can be found from a contemporary chronicle, dated 1279. The chronicler tells of a Latvian troop that carries a crimson-white-crimson flag, and assures the reader that this is indeed the flag of the Latvians. This fact gives rise to the celebration of the 700th anniversary of the Latvian flag.

Before this flag could be adopted as an official banner of a Latvian state, many centuries passed. Latvia became a battle-field again and again. The Russians, the Swedes, the Poles, the French and the Germans, all fought on Latvian soil. Independence came at the end of World War I, when many Eastern European peoples asserted the right to be free.

It was almost six years after Latvia proclaimed its independence, but on January 22, 1923, the Latvian government adopted a flag, drawn by the artist, Ansis Cīrulis. It was very much like the flag the legend or the chronicler tell about. It is crimson-white-crimson in a proportion of 2:1:2. This flag is revered by Latvians everywhere. In occupied Latvia the flag is strictly forbidden. Soviet occupational authorities have forced on their colony a flag of their choosing.

The Latvian flag has survived 700 years. It will survive to lead Latvians again.

Latvia, a nation situated on the eastern side of the Baltic Sea, was privileged to enjoy only a brief period of national independence between the world wars. In 1920 the Soviet Union signed a treaty which recognized Latvia as a sovereign nation "forever," but only 20 years later, in 1940, Stalin cynically broke this agreement and the Red army marched in and began a brutal occupation of the country, accompanied by forced deportations of Latvians to Siberia and other remote parts of the Soviet empire in addition to wholesale jailings and executions of Latvian patriots, cultural and Government leaders, and other non-Communists.

Latvia continues to be governed from Moscow, not from Riga, the country's capital. Freedom of expression in religion, literature, and art is suppressed, and the Russians steadily continue their efforts to destroy the Latvian people as a nation and as a cultural entity. It was for this reason that I have cosponsored House Concurrent Resolution 200, recently reported by the House Foreign Affairs Committee and expressing the sense of the Congress with respect to the Baltic States and with respect to Soviet claims of citizenship over certain U.S. citizens, and I urge the strong support of all my colleagues in the House of Representatives for this vital bill. The text of House Concurrent Resolution 200 follows:

H. CON. RES. 200

A concurrent resolution expressing the sense of the Congress with respect to the Baltic States and with respect to Soviet claims of citizenship over certain United States citizens

Whereas the United States since its inception has been committed to the principle of self-determination; and

Whereas the United States as a member of the United Nations has pledged to uphold the provisions of the United Nations Charter and to take joint and separate action to promote universal respect for, and observance of, human rights and fundamental freedoms for all without distinction as to race, sex, language, or religion; and

Whereas the United Nations and the United States delegation to the United Nations have consistently upheld the right of self-determination of people of those countries in Asia and Africa that are, or have been, under foreign political rule;

Whereas the United States, as a signatory to the Final Act of the Conference on Security and Cooperation in Europe, endorsed Principle VIII concerning equal rights and self-determination of peoples; and

Whereas in 1940 the Soviet Union unilaterally and forcibly annexed the Baltic States (Lithuania, Latvia, and Estonia), which were sovereign members of the League of Nations; and

Whereas in 1954 the House of Representatives Select Committee to Investigate Communist Aggression concluded that the Baltic States "were forcibly occupied and illegally annexed by the Union of Soviet Socialist Republics" and that "the continued military and political occupations of Lithuania, Latvia, and Estonia by the Union of Soviet Socialist Republics is a cause of the dangerous world tensions which now beset mankind and therefore constitute a serious threat to the peace"; and

Whereas the desire of the citizens of the Baltic States for national independence remains strong despite efforts by the Soviet Union to destroy the Baltic peoples as distinct cultural, geographical, ethnic, and political entities through dispersions and deportations to Siberia, replacing them with ethnic Russians; and

Whereas the peoples of the Baltic States are entitled to equal rights and self determination as set forth in Principle VIII of the Helsinki Final Act and should be allowed to hold free elections conducted under the auspices of the United Nations after the withdrawal of all Soviet military forces and political, administrative, and police personnel from the Baltic States; and

Whereas the United States has consistently refused to recognize the unlawful Soviet occupation of the Baltic States, and continues to maintain diplomatic relations with representatives of the independent Republics of Lithuania, Latvia, and Estonia; and

Whereas in past years this policy has received strong support in the Congress; and

Whereas, in addition, the United States since its inception has been committed to the protection of its citizens, whether naturalized or native born; and

Whereas the Soviet Union recently promulgated a law designating as a Soviet citizen any person who was born in the Soviet Union, was naturalized as a Soviet citizen, or is the child of parents who were Soviet citizens at the time of the child's birth, irrespective of whether the child was born on Soviet territory; and

Whereas this law which went into effect on July 1, 1979, states that a person who is a Soviet citizen is not recognized as having the citizenship of a foreign state, and thus specifically does not recognize United States citizenship in such cases; and

Whereas this law applies to millions of Americans, including those who, under United States law, are native-born citizens of the United States; and

Whereas this Soviet law intimidates many United States citizens who might otherwise travel to the Soviet Union or come under Soviet authority or control: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That (a) it is the sense of the Congress that the President, in order to assure true and genuine peace in the Baltic region and in Europe in general, should instruct the United States delegation to the 1980 Madrid meeting of the Conference on Security and Cooperation in Europe to seek full implementation of Principle VIII of the Helsinki Final Act concerning equal rights and self-determination of peoples.

(b) It is further the sense of the Congress that the President should, through such channels as the International Communication Agency and other information agencies of the United States Government, do his utmost to bring the matter of the Baltic States to the attention of all nations by means of special radio programs and publications.

(c) It is further the sense of the Congress that the President should use his good offices to make every effort to gain the support and cooperation of other nations for the realization of the independence of the Baltic States.

SEC. 2. (a) The Congress views with deep concern the action on the part of the Soviet Union making citizenship claims on millions of Americans who were born in the United States or naturalized.

(b) It is the sense of the Congress that the President should warn the Soviet Union against taking any action under this new Soviet citizenship law which would be detrimental to the interests of the United States and its individual citizens, and that the Secretary of State should inform United States citizens planning to visit the Soviet Union of the implications of this law.

Mr. Speaker, the determined spirit of the Latvian people is still unbroken and I was glad to appeal to Soviet authorities to urge the release of Zanis Skudra, a Latvian who is being held in a Soviet prison and who was sentenced to 12 years of hard labor only because he took pictures of ruined churches to publish abroad. I have also contacted the Soviets on behalf of two brothers in Latvia, Maris and Janis Tilgals, who were sent to prison for speaking out too frankly on matters considered controversial by Soviet occupation authorities.

This 61st anniversary of Latvian Independence Day is a most appropriate occasion to proclaim our precious heritage of liberty and remain firm in our sympathy for the aspirations of the Latvian people in their struggle to resist the vicious Communist system, and I am proud to join with Americans of Latvian descent in the 11th Congressional District, which I am honored to represent, in the city of Chicago, and all over this Nation, as they observe this commemoration of Latvia's freedom and continuing dedication to freedom's ideals.●

WORLD ADMINISTRATIVE RADIO CONFERENCE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. FASCELL) is recognized for 5 minutes.

● Mr. FASCELL. Mr. Speaker, the World Administrative Radio Conference is presently meeting in Geneva, attended by 142 nations with approximately 1,800 delegates and observers. This is the first such conference in 20 years with the power to consider all uses of the radio frequency spectrum as well as related technical and procedural provisions. Since the outcome of the conference is vital to U.S. interests, I thought my colleagues would be interested to read the progress reports prepared by the Department of State:

WORLD ADMINISTRATIVE RADIO CONFERENCE

(Summary Report No. 1)

This report covers the period September 24–October 6. It is planned that subsequent reports will be issued on a weekly basis.

On September 27 the World Administrative Radio Conference (WARC) held its first Plenary Session, thereby officially opening the Conference. The opening had been delayed since September 24 due to the lack of a consensus regarding selection of the Conference chairman. The following is the slate of conference officials approved by the opening Plenary:

Conference Chairman: R. J. P. Severini (Argentina);

Vice-Chairmen: Glen O. Robinson (USA), A. L. Badalov (USSR), J. Jipguep (Cameroon), A. Petti (Italy). Li Linchuan (China), H. Kieffer (Switzerland). Kieffer was designated as special coordinator for Committees 4, 5, and 6;

Committee 1 (Steering): Consists of the Conference Chairman and Vice-Chairmen, and the Chairmen and Vice-Chairmen of the other Committees;

Committee 2 (Credentials): Chairman—C. J. Martinez (Venezuela), Vice-Chairman—Amer Jomard (Iraq);

Committee 3 (Budget Control): Chairman—Z. Kupczyk (Poland), Vice-Chairman—K. P. R. Menon (Malaysia);

Committee 4 (Technical Regulations): Chairman—N. Morishima (Japan), Vice-Chairman—M. M. Cisse (Senegal);

Committee 5 (Frequency Allocations): Chairman—M. Harbi (Algeria), Vice-Chairman—J. J. Hernandez (Mexico);

Committee 6 (Regulatory Procedures): Chairman—M. Joachim (Czechoslovakia), Vice-Chairman—E. J. Wilkinson (Australia);

Committee 7 (General Administrative): Chairman—P. O. Okundi (Kenya), Vice-Chairman—H. L. Venhaus (Fed. Rep. of Germany):

Committee 8 (Reorganization of the Radio Regulations): Chairman—O. Lundberg (Sweden), Vice-Chairman—G. I. Warren (Canada);

Committee 9 (Editorial): Chairman—P. Bassole (France), Vice-Chairmen—V. Quintas (Spain), D. E. Baptiste (United Kingdom).

The majority of comments by participants during the opening Plenary were directed toward items on the WARC agenda. Three countries, however, digressed to flavor the session with political commentaries. Comments of the three countries, Colombia, Costa Rica, and Afghanistan, are summarized below.

As expected, Colombia made its claim regarding sovereignty over the geostationary orbit. They pointed out that the WARC is not competent to allocate positions on the geostationary orbit to individual countries, and that the U.N. Committee on the Peaceful Uses of Outer Space is dealing with the legal aspects of this matter. In general, they noted that communications has gained political importance and that ITU conferences no longer have mere technical implications. Colombia stated that politics is increasing in the ITU, and that this trend cannot be avoided.

Costa Rica commented about the injustice of the present communications system and the distribution of frequencies among nations. They spoke of the control and exploitation of the geostationary orbit by a few nations (not identified) at the expense of the developing nations. While briefly stating that the Conference does indeed have a technical base, Costa Rica declared that the distribution of frequencies and the regulatory structure is obviously political. They said that social, economic and political factors must now set the priorities for the WARC.

Most of the speech by the Afghanistan delegate was devoted to praise for his new government. Mention was made, however, of Afghanistan's underdeveloped condition and the need for the Conference to give it special concessions in the HF and VHF bands.

The Committees had their initial meetings on September 28 and 29. The meetings were organizational in nature.

The first full week of Conference activity, October 1-6, moved at a very slow pace, often as a result of minor points being debated in both full committee and working group levels.

Two problem areas have arisen at the working group level in Committee 4. First, in band 2.5-2.655 GHz, the United Kingdom wants to lower the PFD by 7 dB and the United States wants to raise it by 10 dB. Secondly, comments reflect strong opposition to the United States sharing proposals at 7/8 GHz between mobile satellite and fixed services.

In general, except as noted above, U.S. objectives are being met in all committees on the relatively few issues that have been considered. These are generally minor issues except for 1215–40 GHz where U.S. proposals for the GPS satellite navigation system were approved at the working group level.

WORLD ADMINISTRATIVE RADIO CONFERENCE

(Summary Report No. 2)

There was an increase in activity during the third week of the Conference (October 8–13), although consideration of specific proposals was often painfully slow. Four simultaneous meetings of committees and/or working groups were held each morning and afternoon, as well as on Saturday morning. No plenary sessions were held, and at the present time none are scheduled until the sixth week.

Committee 4 (Technical). Three working groups have been established, *i.e.*, 4A (Definitions), 4B (Space Coordination and Space-Terrestrial Sharing) and 4C (Miscellaneous). There is general agreement on matters of substance, consistent with U.S. objectives, with regard to Appendix 28 (procedure for determination of the coordination area around an earth station in frequency bands between 1 and 40 GHz shared between space and terrestrial radiocommunication services) and Appendix 29 (method of calculation to evaluate the degree of interference between geostationary satellite networks sharing the same frequency bands.)

Committee 5 (Allocations). Five working groups have been established:

5A (Definitions).
5B (Below 27.5 MHz).
5C (27.5–960 MHz).
5D (960 MHz–50 GHz).
5E (above 40 GHz).

Working group 5A has developed, and Committee 5 has approved, a set of standard texts for footnotes to the allocation table that should be used to the maximum extent possible.

Most work in 5B has been below 285 kHz. Minor activity has started above MHz, with preliminary discussions of the bands 4000–4063 kHz and 25–27.5 MHz.

In 5C, the U.S. national VHF allocations for domestic service have so far not been affected by WARC. Our objective of maximum flexibility in the international table, however was not maintained in all bands, as a majority preferred separate allocations for fixed, mobile, and broadcasting services as opposed to co-equal primary status. The UHF bands (470–890 MHz) have not yet been considered.

In 5D, the U.S. proposal for an aeronautical radionavigation satellite in the 960–1300 MHz band was rejected. The USSR has proposed extension of the GPS radionavigation satellite band to include 1240-1260 MHz. The U.S. is attempting to meet this request while satisfying other requirements in the 1215–1300 MHz band. The language of the U.S. footnote in regard to a solar power satellite has met strong resistance, primarily due to environmental concerns; a compromise text is being developed. On the topic of mobile service satellites, the U.S. proposal at 7/8 GHz continue to encounter considerable opposition, while the proposals at 20/30 GHz are gaining a more favorable reaction. Discussions of increased allocations for the fixed-satellite service have been deferred pending the results of an ad hoc group that has been asked to analyse and present all such proposals in a convenient form for discussion. The U.S. proposals at 12 GHz have not yet been discussed; in the meantime, U.S./Canada discussions are continuing in an effort to resolve differences.

Committee 6 (Regulatory). Consideration of the existing regulatory provisions is proceeding in a slow, methodical fashion. There has been only a minor discussion of principles concerning planning of the fixed-satellite service, with nothing contrary to U.S. objectives to date. There have been only behind-the-scene discussions of the Algerian proposal that the HF fixed-service bands be split on a 70–30 basis in favor of the developing countries; the Algerians may be studying the shortcomings of their proposal as pointed out by the U.S. and others.

Committee 7 (Administrative). The medical transport topic is being treated to the satisfaction of U.S. objectives.

Committee 8 (Reorganization of the Radio Regulations). The work is nearing completion. U.S. objectives are being met.

Miscellaneous. The latest count shows 150 countries now represented at the WARC. Approximatey 1,600 delegates and observers are physically present. Over 14,000 individual proposals have been submitted by 91 countries.

WORLD ADMINISTRATIVE RADIO CONFERENCE

(Summary Report No. 3)

Re Summary Report No. 2. The first sentence of the last sub-paragraph on the first page should be corrected to read: "In 5C, the U.S. national VHF allocations for domestic service have so far not been affected by WARC." The next sentence should be amended to read: "Our objective of maximum flexibility in the international table, however, . . ."

Activity during the fourth week of the Conference (October 15–20) was maintained at a moderate pace. The level of activity will have to increase if all items on the agenda are to be fully covered within the allotted period of time for the Conference.

Committee 4 (Technical). Work on appendices 28 and 29 continues to be compatible with the U.S. objectives. In the area of definitions, agreement has been reached on some technical definitions (e.g., radiation, emission, harmful interference, etc.) while some problems have arisen in the consideration of definitions for permissible and acceptable interference.

Committee 5 (Allocations). An ad hoc group has been set up to examine all proposals related to high frequency (HF) broadcasting (excluding proposals for frequency allocations) in the context of an HF broadcasting conference. The terms of reference include the approaches to and the possibilities of planning the HF bands allocated to broadcasting, and the preparatory work necessary to organize such a conference including the development of principles and technical basis for planning. The U.S. supported the idea of a future HF broadcasting conference but stressed, along with Sweden, that a meaningful conference would depend on a substantial increase in HF allocations for broadcasting.

In 5B, the U.S. is attempting to resolve differences with Canada and Mexico regarding the expansion of broadcasting and protection of radiolocation in the 1605–2000 kHz band. The U.S. seeks protection of radiolocation in the lower half of the band, while Canada and Mexico want an exclusive allocation for broadcasting from 1605 to 1705 kHz. The U.S. proposal for broadcasting in the 1800–1860 kHz band has no support in Region 2.

In 5C, concerning 470–890 MHz, most Region 2 administrations oppose the U.S. concept of shared allocations below 806 MHz. U.S. domestic allocations, however, are not in jeopardy. As with the VHF area, the preference in Region 2 is for discrete allocations in the VHF bands for the mobile, broadcasting and fixed services.

In 5D, at 7 and 8 GHz the exclusive bands for the fixed-satellite service were eliminated by virtue of the inclusion of the terrestrial fixed and mobile services. The U.S. was successful in its compromise objectives, i.e., footnote recognition of the mobile-satellite service in the 7250–7375 and 7900–8025 MHz bands, and, a yet unknown number of European and Asian countries are joining in a footnote which indicates that the terrestrial fixed and mobile allocations would be on a secondary basis in their respective countries. At 12 GHz, the U.S. delegation had discussions with Brazil and Canada, and is attempting to satisfy the Canadian desire to allow at least limited broadcasting-satellite access to the lower band (11.7–12.2 GHz) and limited fixed-satellite access to the upper band (12.2–12.7 GHz), while still maintaining separate frequency allocations for the two services.

Committee 6 (Regulatory). The U.S. has presented the concept for a geostationary orbit access procedure (GOAP). Canada has an almost identical concept which has been submitted as a formal proposal. The U.S. delegation believes that the introduction of improved procedures may alleviate some concerns of the developing countries.

Committee 7 (Administrative). Provisions in regard to medical transports have been approved for submission to the plenary. U.S. objectives have been met.

Committee 8 (Reorganization of the Radio Regulations). Virtually all U.S. proposals have been accepted. The Additional Radio Regulations have been deleted.

WORLD ADMINISTRATIVE RADIO CONFERENCE

(Summary Report No. 4)

Re Summary Report No. 3. The last sentence of the first full sub-paragraph on page 2 should be corrected to read "____, the preference in Region 2 is for discrete allocations in the UHF bands ______."

The following are highlights of the fifth week (updated through October 29, 1979).

Committee 4 (Technical).

In working group 4A, the table on nomenclature of the frequency and wavelength bands was expanded to 3000 THz. Definitions agreed by the working group include: frequency tolerance, reference frequency, characteristic frequency, acceptable interference, effective radiated power, radio frequency channel, and definitions of various expressions of power (e.g., peak, mean and carrier).

In 4B, the draft revision of Appendix 28 is virtually complete and generally acceptable to the U.S. Appendix 3 (Table of Frequency Tolerances) has been completed and all U.S. objectives have been met. Appendix 4 (Table of Permitted Levels of Spurious Emissions) is under review and is very contentious. A new Appendix 5 has been developed for classification of emissions and determination of necessary bandwidths.

Committee 5 (Allocations).

In 5B, the treatment of HF allocations is proceeding slowly. The amateur service is retained at 7000–7300 kHz in Region 2. A small increase for broadcasting was agreed (by a narrow margin) in 7300–7400 kHz. There is strong opposition to the expansion of allocations for HF broadcasting.

In 5D, the delegation expects that U.S. objectives at 1535–1600 MHz will be met.

Several proposals to accommodate the fixed-satellite service (FSS) are controversial and unresolved. Three bands are at the center of the controversy: 3400–3600 MHz, 4400–4490 MHz and 14.5–15.35 GHz. The band 3400–3600 MHz is already allocated for FSS but on a shared basis with radiolocation in Regions 2 and 3; the working group agreed, over strong U.S. objections, to reduce radiolocation to a secondary status, and the U.S. is now seeking restoration of the primary status. In the 4400–4490 MHz band there is a move by the LDC's to allocate some or all of the band for the FSS downlink; the U.S. and NATO are opposed. At 14.5–15.35 GHz there is a strong effort by LDC's to add either the FSS or a feeder link for the broadcasting-satellite service; the U.S. is opposed and has suggested alternative bands (10/11 GHz, 12/13 GHz and 17/18 GHz). In each case the strength of support for the U.S. position is uncertain and the ultimate outcome is not predictable.

For passive remote sensing, it appears that the U.S. proposal at 10.6 GHz will be accepted, but there is strong opposition to our proposal at 18.6 GHz by countries having conflicting terrestrial services.

The 12 GHz problem has been kept out of 5D while the U.S. delegation continues to have discussions with Canada and Brazil.

Committee 6 (Regulatory.)

There were non-conclusive discussions of the procedures relative to replacement satellites. India raised the matter of FSS planning and wants it taken up in Committee 5, while the U.S. and several other delegations want it kept in Committee 6 on the basis that planning is a regulatory question. Progress was made toward a compromise of the Algerian "70–30" proposal; the compromise would involve a combination of procedural matters and assistance by the IFRB in the satisfaction of the LDC's specific requirements.

FTC FUNERAL RULE WOULD PROTECT CONSUMERS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. DRINAN) is recognized for 5 minutes.

● Mr. DRINAN. Mr. Speaker, in several days we will consider H.R. 2314, the Federal Trade Commission authorization. During consideration of this legislation, the gentleman from Illinois (Mr. RUSSO) will offer an amendment that would prohibit the Federal Trade Commission from spending funds to promulgate or enforce any rule regulating the funeral industry.

I will rise in strong opposition to that amendment. The FTC's proposed funeral rules are a moderate attempt to offer the 1,900,000 persons who arrange funerals each year—at a cost of $5.4 billion—at least a modicum of protection from unscrupulous trade practices. These rules, which are based on 6 years of study and a 45,000-page rulemaking record, have been endorsed by a wide spectrum of religious leaders, labor unions, and consumer, senior citizen, and public interest groups.

I am convinced that the FTC's rulemaking procedure has been fair and that its proposed regulation of the funeral industry will not interfere significantly with the operation of any reputable funeral home. The FTC's proposed rules will, however, address industrywide problems by ensuring that consumers will have access to full information about funeral prices and options, and by prohibiting funeral directors from embalming without permission. Promulgation and enforcement of these rules would protect consumers from unfair trade practices and could save them many millions of dollars annually.

At this point, Mr. Speaker, I would like to include in the RECORD for the benefit of my colleagues a compelling article about the funeral industry and the FTC's proposed regulations, which was written by Father Thomas J. Reese and published in the June 23, 1979, issue of America magazine. The article follows:

THE FUNERAL INDUSTRY: LIVING OFF THE DEAD

(By Thomas J. Reese)

At some point in your life, you will probably have to deal with a funeral parlor to prepare for burial of a friend or relative. Someday, someone will have to do the same for you. With the average cost of a funeral over $2,000, for many families this will be the third most costly purchase—after buying a home and a car—you or your loved ones will make. But the arrangements are usually made with much less thoughtful consideration than the costs warrant. The deceased's family are not in a position to make very intelligent decisions because of grief, time pressures for arranging the funeral and general lack of knowledge about death-related legal and religious requirements.

Most families depend on the funeral director's advice and counsel for the funeral. But the Federal Trade Commission (F.T.C.) has found that many members of this $5.4 billion industry take advantage of the family's grief and ignorance and, like maggots, live off the dead.

Many funeral directors, for example, refuse to give specific price information over the telephone or in the funeral home until after a purchase has been made. Some directors fail to inform families accurately about the legal requirements for funeral merchandise such as coffins or for services such as embalming.

These directors are, of course, a disgrace to the industry and perhaps a small minority, but the industry itself has done little to discourage them. In fact, it has actively opposed attempts by the F.T.C. to stop these abuses through regulations.

The industry argues that the abuses are not widespread and that consumers are in fact well treated by funeral homes. A survey sponsored by the National Funeral Directors' Association found that 88 percent of the respondents were very satisfied with the funeral director's service, and 90 percent thought the funeral director adequately explained the choices the consumer could make. The F.T.C. felt, however, that consumer satisfaction was not a good indicator of abuses because purchasers frequently do not know what is being done to them.

My own experience with the funeral industry when my father died confirms the findings of the F.T.C. Luckily, my father had threatened to come back and haunt us if we dared have anything but the cheapest funeral possible. Such instructions from the deceased—preferably in writing and filed away with his will—are extremely important in alleviating guilt feelings. It is difficult to deal with an irrational relative who wants to give nothing but the best—the most expensive—to the deceased. The only definitive antidote to such nonsense is the expressed wishes of the deceased.

When I saw the funeral director, I explained that my mother wanted my father's body cremated. "Oh, we can have that done, but I won't guarantee that the Catholic cemetery will accept the ashes." Since I was a priest, I told him I would take care of that. Since the body was to be cremated, I saw no reason to have it embalmed or put in a coffin. "No, I'm sorry, but the law requires embalming and a casket." Thus, rather than being cheaper, I found that cremation was going to cost as much as a regular funeral plus $50 for the crematory. Finally we picked out the second cheapest coffin in the showroom. The cheapest was a disgusting pink, and I did not care what my father said, he was not going to be buried in that!

I later found out, while reading the F.T.C. June 1978 study of funeral industry practices, that I had been subjected to a classic case of the way in which many funeral directors treat their customers. While laws governing the care of the dead vary from state to state, in general here are some things you should know about them before you see a funeral director.

EMBALMING

Prior to the Civil War, embalming was not commonly practiced in this country. Embalming began at that time in order to preserve the bodies of deceased soldiers so that they could be shipped home. In earlier times, it was common for members of the family or friends to wash and prepare the body for burial. Frequently a member of the family or the local carpenter would make the coffin.

Today, according to the F.T.C., "no state has an absolute legal requirement that remains must be embalmed in all circumstances. . . . The special circumstances under which embalming may be required include death by communicable disease, interstate transportation, holding the body beyond a specified length of time and, in Kansas, burial in a mausoleum and intercounty transportation of the remains."

Embalming has been defended by some in the funeral industry as a public health measure. But the F.T.C. reported: "A review of the evidence suggests that the empirical basis for the public health necessity claimed for embalming is at best dubious." Dr. Bruce Dull, assistant director for programs at the Public Health Service's Center for Disease Control, said: "We have yet to see any data indicating that there is a public health problem in the United States today associated with unembalmed or ineffectively embalmed cadavers."

Even the embalming of those who have died of communicable disease has been criticized by public health officials. "In those few cases where a person dies of a highly infectious disease," commented a British Columbia Department of Health official, "a far better procedure would be to wrap and securely seal the body in heavy plastic sheeting before removing it from the room where death occurred." The City of Vancouver Health Department reached a similar conclusion "There does not seem to be any indication that embalming is necessary from the public health point of view, except when it is necessary to preserve the body for some time, for example, to permit its shipment abroad for disposal."

There is, of course, no religious requirement for embalming. In fact, it is forbidden by Orthodox Jews, who consider it a desecration of the dead. Thus, the women who came to Jesus' tomb on Easter morning came to anoint His body with spices but not to embalm it.

Some funeral directors have falsely claimed that embalming would protect the deceased from decay forever. But the purpose of embalming is really only to preserve the body for a short period of time. No matter how well embalmed, the body will eventually decay. At best, it will end up looking like King Tut—not a pretty sight once the gold and jewels are removed.

The F.T.C. is considering requiring funeral directors to provide a written statement explaining that embalming would not prevent the eventual decay of the deceased's body. The funeral industry objects to such a requirement, and the staff of the F.T.C. is having trouble drafting a statement that might not be offensive and distasteful to the deceased's family, The F.T.C. rules does forbid any misrepresentation of the preservative value of embalming or of using sealed (supposedly watertight or airtight) caskets, but this rule is more difficult to enforce.

Caskets. The casket is usually the most expensive item purchased for the funeral. Since funeral homes make a commission from the sale of caskets, they give careful consideration to how the caskets are presented to their customers. The F.T.C. found that many funeral homes display their cheapest casket in a soiled condition or in an unattractive color.

Worse yet, many do not even put their cheapest coffin in the showroom. As a Texas state legislator explained: "The family sees that apparently the cheapest priced casket and service is $600. How is the family to know that sitting in the back room are caskets and services for as little as $200?" A survey of 116 funeral homes in Maine found that one-third failed to display their least expensive casket.

One Washington consumer reported: "When I inquired if they did have any caskets for sale under $500, I was told, 'Oh, we have a few out in the garage that are just plain black and for use with welfare cases only. They are so dusty, you surely would not want to look at them.'" A former casket manufacturer, funeral director and Texas state legislator noted that funeral directors tell the manufacturer to "make it look as bad as you can," and that manufacturers do produce ugly caskets which the funeral directors point to with a shrug, saying, "Well, here is our least expensive one."

These merchandising strategies have been developed into a science that is taught in some mortuary schools. Besides displaying cheap caskets in the worst light, some directors intimidate the deceased's family with comments like: "This is the last act you can perform for your mother." "He deserves better than that." "Consider what the neighbors will think when they see the casket." Spend enough to do credit to the deceased."

Some organizations have been formed to provide people with cheap coffins. The St. Francis Burial and Counseling Society, for example, provides a pine coffin for as little as $160 (or $115 for a coffin kit) plus shipping costs. The Society also provides "How To Build Your Own Coffin" plans ($2.50) together with suggestions on practical uses for the coffin as a storage chest, book shelf, coffee table, wine rack or bench until it is needed as a coffin. I must admit, using a coffin as a coffee table is a bit much, but the other suggestions are not unreasonable.

Regular caskets vary greatly in price. Sales statistics maintained by the Casket Manufacturers Association showed the following average wholesale charges in 1975: cloth-covered wood, $98; steel, $224; hardwood, $300; copper or bronze, $955. These prices must be adjusted upward for inflation by approximately 8.5 percent a year. Price can also vary depending on whether the casket is "sealed," that is, supposedly watertight. But no matter how well embalmed the body and how airtight the casket, the body will decay.

CREMATION

Many Catholics are still under the false impression that their dead must be buried and not cremated. This is no longer true, although the church's "preference" is "for the custom of burying the dead in a grave or tomb. . . ." But as is explained in the introduction to the *Rite of Funerals:* "Christian funeral rites are permitted for those who choose to have their bodies cremated unless it is shown that they have acted for reasons contrary to Christian principle." Thus, unless the reason for choosing cremation is a disbelief in the Resurrection or some other Christian principle, cremation is permitted. The officiating priest can deal with the problem of "denial of Christian principles" or scandal or confusion by making a proclamation of belief in the Resurrection through the prayers and/or homily. And the rites ordinarily performed at the cemetery chapel or at the grave may be used in the crematory building.

Numerous people, myself included, have been told that a casket is required even if the body is going to be cremated. However, no state has an explicit casket requirement. Statutes in Maine and New Hampshire require a body to be shipped to a creamatory in a casket or other suitable container. Florida law permits crematories to require "a container in the form of a cardboard container * * * or a wooden box or casket. * * *" Five states (California, Maryland, Minnesota, New Mexico and Wisconsin) have specifically prohibited any requirement of a coffin.

Funeral directors will often say that a casket is required to ship the body to the crematory or that the crematory requires a casket. The Cremation Association of North America has indicated that caskets are definitely not necessary for cremation. In fact, there are many other types of containers suitable for holding and transporting a body that are available to funeral directors. Under the general heading of "alternative containers" are rigid boxes made of pressed wood, heavy cardboard or composition and opaque canvas or polyethelene pouches (such as were used in Vietnam). These containers are less expensive than caskets, some wholesaling for as little as $5.

The cost of the cremation itself is usually between $50 and $150. Containers or urns for the ashes are priced between $50 and several hundred dollars. Final disposition costs vary with the type of disposition chosen: A niche in a columbarium can cost from $50 to $750; a burial in a cemetery may cost between $50 and $150 (less expensive than a full-sized plot); scattering can cost as much as $250 if done through a commercial service.

Sometimes a casket may be needed for services prior to cremation. Thus, families who desire public viewing of the deceased and a funeral service prior to cremation may wish to purchase a casket, but this is not always necessary. Visitation or viewing might utilize a "viewing dais" instead of a casket. A service may be held with the cremation container covered by a pall. Finally, it is also sometimes possible to rent a casket for the viewing and funeral.

FTC PROPOSED REGULATIONS

After a five-year study of the funeral industry, the F.T.C. staff drafted a series of regulations in 1978 to protect consumers from unfair and anticompetitive practices by funeral home operators. These regulations were then subject to public comment and were weakened because of complaints from the funeral industry. In March of 1979, the F.T.C. met to consider the regulations, and it hopes to promulgate final rules by next fall.

The F.T.C. regulations require that funeral directors give price information over the telephone. They must also provide a written price list by mail or at the funeral home to anyone requesting it. The purpose of this requirement is to allow consumers to do comparative shopping.

The price list must disclose the retail prices of all caskets offered which do not require special ordering. In addition, the following notice must be printed on the price list: "1. No law requires that you buy a sealer or protective casket except in special circumstances. 2. You do not have to buy a casket if you want cremation. Caskets are listed from least expensive to most expensive. If you want to see a listed casket which is not on display, please ask."

The funeral home must also provide a price list for other services: embalming, transportation, use of the funeral home for services or viewing, use of hearse, limousine, etc. The funeral director must also disclose the cost (with and without his commission) of services provided by others: clergy, florist, death certificate, newspaper notices, etc.

Each customer must also be provided with a written agreement listing the services and merchandise selected by him together with the price for each item.

Consideration was given to requiring funeral homes to display in their casket selection rooms the cheapest casket they carried, but the commission feared that such a requirement would be counterproductive since some funeral homes would merely discontinue carrying the cheaper models.

The regulations do forbid requiring a casket for cremation. They also are considering a requirement that funeral directors who offer cremation must make available an alternative container to any consumer who desires to purchase one instead of a casket for cremation. The F.T.C. likes the idea, but it is not sure it has the legal authority to demand that merchants carry a certain type of merchandise.

The commission also forbade the embalming of a body without permission from a legally authorized family members or representative. The commission has found that embalming without permission was a not uncommon practice. Under the proposed regulations, if the body is embalmed without approval, the family does not have to pay for it.

The original regulations also forbade false or misleading statements regarding legal or religious requirements dealing with funerals. This rule was dropped but later it was restored except for the "religious" requirements. The F.T.C. felt that it was possible to police false claims about legal requirements, but it did not want to get into deciding what was or was not a false or misleading statement about religious requirements. Because of the variety of religious customs, the F.T.C. probably made an intelligent decision here. At the same time, this now leaves to churches the responsibility of policing funeral homes to make sure that they do not misrepresent religious requirements on customs like cremation.

It should be remembered that these are proposed regulations subject to approval and change by the F.T.C. The final regulations will probably not go into effect until next year.

CHURCHES' RESPONSIBILITIES

That some members of the funeral industry have been able to treat the public unfairly, while working with churches to bury the dead, is a disgrace. Most pastors will not give their parishioners advice about funeral services. Some do not want to appear to favor one funeral director over another. Most do not know the field themselves and, therefore, would not want to give advice on something in which they have no expertise. Others, perhaps, are influenced by the lucrative donations or advertising in the parish bulletin that come from funeral homes.

Dioceses are no better. Funeral homes advertise in the diocesan paper, which may be reluctant, as a result, to run an exposé of the local funeral industry. Since churches or dioceses frequently own cemeteries, they have a conflict of interests because of their relationships with the industry. An average sized cemetery can easily net a quarter of a million dollars a year. It is not surprising, then, that although churches take positions on everything from the Panama Canal Treaty to SALT II, most have avoided the issue of regulating the funeral industry. Individual members of the clergy were very active on both sides of the issue. The U.S. Catholic Conference did not comment. This is surprising, considering that burying the dead is a very traditional corporal work of mercy about which the church should have something to say. The National Council of Churches is in the process of preparing a position on the funeral industry.

One director of a major Catholic cemetery testified against regulatory overkill by the F.T.C. He feared that funeral practices would be hemmed with such detailed operating regulations that they could adversely affect costs. His experience over the years with funeral directors indicated that the shortcomings were hardly endemic.

After studying the final proposed regulations, he concluded, however, that "they are all reasonable as they stand now. Whether they are *necessary* is difficult to answer. Individually, some of them don't address any particular major flaw of which I am aware; collectively, as a body of rules, they address a certain historical mind set that needed to be modified. A mystique had developed around funeral service, that it was gauche if not immoral to question prices or to do any preshopping. Funeral directors played a part in that, but I believe some of it was built by the public itself. I have tried to look at these rules as though they had been imposed on cemeteries, but virtually all of them recommend practices that we ourselves follow, so it is difficult to find major fault with them. Probably a major irritant is a sense of stigma that attaches to having the Government step in and legislate industry practices."

PREPARING YOUR OWN FUNERAL

If after reading this article you decide to prepare your own funeral, there are a number of things you should keep in mind. It is best to leave written instructions for your funeral, since that will avoid arguments among the family over what you wanted. Make sure someose knows where you have left these instructions.

The instructions should specify whether you want to be cremated or not, whether you want a casket and at what cost, whether you want to be embalmed, how much should be spent on flowers and where your remains should be placed. Some people also wish at this time to donate their bodies or some organs of it to a hospital or medical school. If a body is accepted by a medical school, the cost for burial or cremation is, of course, eliminated. Since many medical schools have received in this way more bodies than they need, alternative plans should be made in case your body is rejected.

These decisions can have a tremendous financial effect on the family you leave behind. As the F.T.C. noted: "Funeral costs vary enormously among different funeral homes and among different kinds of dispositions and ceremonies. For example, the cost of donating a body to medical science may be only a minimal fee for transportation of the body; an immediate cremation may cost $250–$350; an immediate ground bural may cost $420–$500; a cremation after a funeral service may cost $650–$800; and a typical traditional funeral with ground burial may cost $2,200–$2,400 for both funeral and burial expenses." The sky is the limit, of course, for extras.

It is your body. Plan now, die later. ●

STATEMENT OF CONGRESSMAN CHARLES A. VANIK, 22D DISTRICT OF OHIO, BEFORE THE HOUSE WAYS AND MEANS COMMITTEE, THE VALUE ADDED TAX, AND TESTIMONY OF THE HONORABLE G. WILLIAM MILLER, SECRETARY OF THE TREASURY BEFORE THE HOUSE COMMITTEE ON WAYS AND MEANS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. VANIK) is recognized for 10 minutes.

Mr. VANIK. Mr. Speaker, today the Ways and Means Committee began hearings on Chairman AL ULLMAN's bill to provide a new value-added tax to provide a lower rate of corporate income taxes and as a substitute for certain portions of the social security taxes.

Secretary G. William Miller made one of the most persuasive presentations I have heard in my time on the Ways and Means Committee. It was a profound, dustless, and noiseless demolition of the value-added tax plan. The administration does not support the idea—at least at this time.

As bad as our tax system is, I contend that it is infinitely better than almost anything it can be compared with from abroad. The value-added tax would multiply, not reduce inequities. It would shift the tax burdens to the shoulders of those seldom represented by lobby groups in the committee room.

The value-added tax would not have any significant effect on our trade posture. Our trade balance and our capacity to export could be improved in more effective ways with low-cost tax incentives for new technology.

The value-added tax is not a simple tax plan. It would require 13 to 15 million new filings and an entire new range of bureaucratic reports and regulations. It could overwhelm and bring about the last stand of small business in America. It would not reverse or affect the problem of underground, unreported income.

I consider the value-added tax an unwise import from abroad. It is, indeed, alien to American concepts. It would be a burden on consumers. It would raise prices. It would multiply tax burdens on those who support others. It would be a new tax on the family.

At this point, I would like to place Secretary Miller's statement in the RECORD. I hope that Members of this body will carefully review the value-added tax proposal and react quickly to the Ways and Means Committee deliberation before the idea takes root for unwarranted reasons.

TESTIMONY OF THE HONORABLE G. WILLIAM MILLER, SECRETARY OF THE TREASURY, BEFORE THE HOUSE COMMITTEE ON WAYS AND MEANS

Mr. Chairman and Members of this distinguished Committee: It is a pleasure to appear before this Committee to discuss the important issues raised by H.R. 5665, the "Tax Restructuring Act of 1979." This bill would result in fundamental changes in our Federal tax structure. Income taxes on corporations and individuals, as well as social security taxes, would be cut by $130 billion in 1981. A Federal value added tax would offset this revenue loss. This testimony will not concentrate on the specifics of H.R. 5665, but on the basic issue which the bill raises: whether the United States should replace some of its income taxes with a consumption tax. That is, whether the Federal tax system should weigh more heavily on consumption and less heavily on saving and investment. Many believe that such a change would contribute significantly to improved capital formation, higher productivity, and a more competitive position for American business in world markets. Others express concern that a consumption tax would have only small effects on investment and would place an unfair burden on lower income families already plagued by high prices for energy, food, housing, and other basic necessities of life. Higher consumption taxes, they believe, would mean still higher prices. These hearings will serve the valuable function of focusing the discussion on these significant economic and social issues.

An important element in this discussion is the role of a value added tax in the Federal tax structure. A value added tax is a multistage tax on consumer goods and services. Unlike a retail sales tax, it is collected at each stage in the production and distribution process. But since it is levied only on the amount of value added (the difference between sales and purchases) at each stage, rather than on the full selling price, it avoids the cascade, tax-on-tax, effects of a turnover sales tax. A value added tax is similar to a retail sales tax in that the total tax paid by the consumer is equal to the final price of the product multiplied by the tax rate.

Many European countries have value added taxes. Typically, they are imposed at a rate of about 15 to 20 percent and generate about 15 percent of a country's total national and local tax revenue. In contrast, state and local retail sales taxes raise about 7 percent of the total Federal, state, and local tax revenue in the United States. The $130 billion in value added tax revenue estimated to be raised by H.R. 5665 would be about 14 percent of total Federal, state, and local 1981 tax liabilities, assuming it is accompanied by the proposed income and social security tax cuts.

In nearly all cases, the European value added taxes replaced sales taxes, frequently of the cascade turnover type which, unlike the value added tax, taxed the full sales price at each stage, without allowing a credit for tax on previous transactions. The Europeans found the cascade tax objectionable because it discriminated against nonintegrated firms and because the export rebate and import tax could not be accurately estimated for border adjustment purposes. Thus, in the European case, the adoption of a value added tax was regarded as a reform of an unwieldy and distortionary system of indirect taxation. This characterization does not apply to the present indirect tax system in the United States. Only the United Kingdom has used the value added tax to reduce income taxes, as Chairman Ullman is suggesting for the United States.

The popularity of the value added tax is not universal. The voters of Switzerland have twice rejected it by referendum. The latest rejection was based in part on a perceived threat to local autonomy since a Federal value added tax would have replaced some of the local Swiss taxes. Most recently, Japan, largely as a result of its parliamentary elections, appears to have postponed the planned introduction of a value added tax.

For the United States, a value added tax raises a number of important questions. Would it encourage capital formation? What impact would it have on the price level? Would it improve the trade balance? Would it be regressive? No one is seriously suggesting the value added tax solely as an additional Federal tax. Consequently, the answers to these questions, as well as others, depend upon which taxes the value added tax replaces. By way of illustration, two of the proposals made by Chairman Ullman call for reducing the corporate income tax and the social security taxes.

CAPITAL FORMATION

Taxes on capital income, such as the corporate income tax and the individual income tax on interest and dividends, reduce the after-tax return on savings. Put another way, an income tax encourages present, as compared to future, consumption. With no taxes, a person with $100 of income could choose between buying $100 of consumption goods this year or saving now and buying $110 of consumption goods next year, assuming the interest rate is 10 percent. Thus, a person can consume 10 percent more next year by saving now. Similarly, with a consumption tax, which exempts the earnings from capital, a person with $100 of income could consume $50 this year and pay $50 in tax or, by saving the income this year, could consume $55 next year and pay $55 in tax. Thus, a person could still consume 10 percent more next year by saving now.

If a 50 percent income tax, rather than a consumption tax, is imposed, however, the individual, after paying the tax, can buy $50 of consumption goods this year or can save the $50 and, after paying the tax on the interest earnings, buy $52.50 of consumption goods next year. Because of the income tax, a person can buy only 5 percent, rather than 10 percent, more consumption goods next year. Because of this lower return, the individual may decide to consume now rather than save for future consumption. It is important to recognize, however, that the responsiveness of saving to more favorable taxation is an unsettled issue. If one concludes that savings will rise in response to reduced taxation, then substituting a value added tax for the corporate income tax should encourage saving.

There are other considerations in assessing the mechanism that leads to an increase in investment. First, an increase in savings must be channeled into domestic financial markets in order to lower interest rates and therefore the cost of capital. Second, producers must respond to the lower cost of capital by using more capital intensive methods of production. There probably will be some response, but its magnitude is open to discussion. Third, the mix of new investment must be considered; it may be concentrated in housing, consumer durables, or fixed business capital. Thus, the substitution of a value added tax for the corporate income tax will increase capital formation only if savings increase, the cost of capital falls, and business responds by investing in the United States.

Finally, it bears noting that the potential of the value added tax for promoting capital formation may be exaggerated by an analysis that compares a "pure" consumption tax with a "pure" income tax levied on all returns to capital. The current income tax does not apply with full force to all types of saving and investment. For example, home ownership, pension reserves, and assets eligible for the investment tax credit or the asset depreciation range receive relatively favorable tax treatment. Similarly, not all forms of consumption would be taxed the same under any likely value added tax.

In contrast to an income tax, neither the social security tax nor a value added tax applies directly to the return from saving. Consequently, substituting a value added tax for the social security tax would be unlikely to affect savings decisions.

PRICE LEVEL IMPACT

A value added tax, by itself, will probably increase prices, since the tendency for business to pass the tax on to consumers is unlikely to be offset by an unduly restrictive monetary policy. The result would be a "one-shot" increase, not a recurrent increase, in the price level, although the subsequent price effects of adjustments in wage contracts, social security payments, and other indexed items may occur over time. In this regard, it is noteworthy that the Thatcher government's program of increased value added taxation and reduced individual income taxation has been accompanied by a significant increase in the consumer price index in the United Kingdom.

The important question, then, is whether the inflationary impact of the value added tax would be offset by reductions in other taxes. In the short run, the corporate income tax reduces the after-tax rate of return to capital, rather than increases product prices. Accordingly, prices will probably not fall as corporate income taxes are cut. Thus, substituting a value added tax for the corporate income tax is likely to increase prices. This is a serious drawback to the value added tax.

Substituting a value added tax for the social security tax may be less inflationary. Reducing the employer portion of the social security tax would tend to reduce business labor costs and possibly prices. Reducing the employee portion of the social security tax, however, would probably have no effect on the price level. Thus a value added tax, accompanied by an equivalent reduction in employer and employee social security taxes, would result in some increase in the price level. This would be particularly distressing to individuals least able to protect themselves from rising prices.

The impact of a value added tax on prices is largely independent of whether it is hidden in the price of the product or whether it is quoted separately to consumers. While it is not customary in Europe to quote the value added tax separately, this need not be the case in the United States. State retail sales taxes are quoted separately because the merchants persuaded legislators to require it, and the same could occur in the case of a United States value added tax. Furthermore, nonseparate quotation of the value added tax might be viewed as an attempt to hide the tax from public scrutiny.

BALANCE OF TRADE

Many have expressed the view that a value added tax would improve our trade balance. This is based on the observation that current international rules allow indirect taxes, such as sales or value added taxes, to be imposed on imports and rebated on exports. These adjustments are not allowed for direct taxes, such as the corporate income or social security taxes. It is doubtful, however, that the U.S. trade balance would improve significantly from substituting a value added tax for the corporate income tax.

The impact of the value added tax on trade is closely related to what happens to prices. Quite simply, one must ask the question: will the substitution of the value added tax for some other tax increase prices? It seems likely that the immediate impact of substituting a general value added tax of 5 percent for part of the corporate income tax would be to increase prices by about 5 percent. Since the new tax would be rebated on exports, just like our state retail sales and Federal excise taxes, exports would leave the country tax free. While domestic prices would be 5 percent higher, export prices would remain unchanged. Foreign consumers, therefore, would find U.S. products no more attractive than before; there would be no increase in demand for U.S. exports.

Since imports would be subject to the value added tax their prices also would increase by about 5 percent, the same as for domestic goods and services. As a consequence, domestic consumers would find imports just as attractive as before; there would be no incentive to reduce the demand for imports. Thus, on both the export and import side, there would be little immediate impact on the U.S. trade balance if a value added tax were substituted for the corporate income tax. There might, of course, be a positive trade impact in the long run if the substitution led to an improved investment climate, enhanced capital formation, and a more productive and competitive U.S. economy.

A modest trade balance improvement might result from replacing the social security tax with a value added tax, if the price level increased by less than the value added tax. Because of the price-dampening effect of reducing the employer portion of the social security tax, this is a possibility.

Regardless of which tax it replaces, many believe that a value added tax rebate, in itself, will expand exports and that a value added tax levy will retard imports. This belief might have a positive effect on trade if it encourages businesses to compete more vigorously in international markets. This result would depend upon the importance of nonprice considerations in explaining export activity.

It is also important to recognize that other countries could restructure their own tax systems if they felt the United States was gaining an unfair trade advantage. Relative to other countries, the United States has a moderately high corporate income tax, but a low social security tax. Thus, the possibility exists that other countries might maintain their competitive position by increasing their existing value added taxes and reducing their corporate income or, especially, their social security taxes. This outcome is by no means certain. After all, a country's tax structure is not determined solely by international considerations. Moreover, except for Japan, U.S. indirect taxes, as a share of gross domestic product, are the lowest of the major developed countries. Other countries may believe that the United States should be allowed to "tilt" its tax structure to reach some "reasonable" or "average" level of indirect taxation.

This issue has been studied before. Both the President's Task Force on Business Taxation, in its 1970 review of tax policy, and the Advisory Commission on Intergovernmental Relations, in its 1973 value added tax study, considered the trade issue. Both expressed doubt over any trade benefits resulting from substituting a value added tax for the corporate income tax both noted the possibility of foreign retaliation.

DISTRIBUTION OF TAX BURDEN

Lower income taxpayers, who must spend all their income on consumption, may find a value added tax burdensome because of its regressivity. While a value added tax, by itself, is regressive, one must consider which tax it replaces. The immediate impact of the corporate income tax is probably progressive since it falls on income from capital. Therefore, substituting a value added tax for the corporate income tax would make the tax structure less progressive. The social security tax, on the other hand, also is regressive because it is limited to the first $22,900 of wages and applies only to labor income. Accordingly, subtituting a value added tax for the social security tax would not make the tax system noticeably less progressive. One regressive tax would be substituted for another. Retired individuals, however, who do not pay social security tax, would be distressed by having to pay value added tax. They could justifiably say that they already had paid for their retirement during their working years and that higher prices and taxes in retirement were unfair. Their distress might be partially assuaged by the fact that social security payments are indexed.

One way to illustrate possible distributional effects is to ask what would happen to tax burdens if a value added tax completely replaced the individual income and social security (employee portion) taxes. The combination of the current income and social security taxes is progressive while a value added tax, even with necessities excluded, is regressive. As a share of income, the present individual income and social security taxes are only 2 percent for families with less than $5,000 in income, but increase throughout the income range to 33 percent for families with over $100,000 in income.

This may be contrasted with a value added tax with no exclusions at a 23.2 percent rate, sufficient to equal the revenue raised by the individual income and employee social security taxes in 1978. As a share of income, such a value added tax would be 35 percent for families with less than $5,000 in income, but fall to 6 percent for families with over $100,000 in income.

No one, of course, is proposing the complete substitution of the value added tax for the income and social security taxes. A more realistic alternative would be to substitute a value added tax for part of the combined individual income and social security taxes. One possibility would be to reduce income and employee social security taxes by $100 billion, keeping the same degree of progressivity for these taxes as under present law, and offset the revenue loss with a $100 billion value added tax with no exclusions. The resulting distribution of tax burdens would be regressive at the lowest income levels and mildly progressive elsewhere. As a share of income, families with less than $5,000 in income would pay 17 percent in taxes, families with between $5,000 and $10,000 in income would pay 14 percent, and taxes would then increase throughout the income range so that families with over $100,000 of income would pay 21 percent of their income in taxes. The overall distribution is significantly less progressive than the present combination of income and employee social security taxes.

The regressivity of the value added tax can be moderated, but not eliminated, by special measures. One possibility is the use of exemptions and reduced rates for necessities, as in Chairman Ullman's proposal and in some European countries. These reduce the tax burden of the value added tax at the lowest income levels, but the tax remains aggressive. Exemptions and reduced rates, moreover, create administrative problems. A tax with two, three, or four rates is more complex than a tax with one rate. The specially-taxed items must be identified. Does a lower rate for food, for example, apply to such items as chewing gum, soda pop, candy, or caviar? Experience with the income tax shows that even medical services and drugs are not easy to define. Beyond the definitional problems, total or partial exclusions erode the value added tax base and its revenue potential.

The regressivity of a value added tax also can be reduced by a refundable income tax credit for tax paid on a necessary amount of consumption. This avoids the need to define exempt commodities and can be implemented at a lower revenue cost than a complete exemption for certain "essential" commodities. It can, for example, be phased out at increased income levels. In effect, middle and upper income groups would still pay tax on purchases of food and other necessary items. On the other hand, a refundable credit is effective only if it reaches the roughly 25 million individuals who do not appear on an income tax return. These tend to be individuals most in need of the credit, mainly recipients of social security benefits and of transfer payments under social and welfare programs. Unlike lower rates and exemptions, if the credit was not paid until the end of the year, the consumer would have to finance the tax during the year.

ADMINISTRATIVE AND DESIGN CONSIDERATIONS

Both the European value added taxes and the tax suggested by Chairman Ullman have certain basic similarities:

They are broad based, applying to services as well as goods;

Tax liability is determined by the credit method with tax paid on purchases deductible from tax due on sales;

They are consumption type taxes, any tax paid on capital equipment purchases is immediately deductible; and

They extend through the retail stage.

A value added tax of this type for the United States would involve about 15 million taxpayers. This number might be reduced by 5 million if exemptions were provided for very small proprietorships and farming. But under a value added tax, nearly all transactions are taxed. Even a firm that is tax exempt on its sales will have paid tax on its purchases. If it is to receive credit for tax paid on its purchases, it either would have to file a return or the credit would have to be made available to its customers.

Even 10 million taxpayers would add about 30 percent to the number of returns filed with the Internal Revenue Service, assuming quarterly returns are required. Since the value added tax would not totally replace any other tax and would be a new tax, requiring new returns, new regulations, and a new body of case law, this would be a net addition to the work of taxpayers, the Internal Revenue Service, and the courts. This differs sharply from the typical European case where the value added tax completely replaced another sales tax.

Reporting and payment requirements for a value added tax would be similar to those for Federal excises, which require liability to be computed on a semimonthly basis with payment due 9 days later. The actual excise tax return is filed quarterly and is accompanied by the payment of any remaining balance. Liquor and tobacco excises, however, have slightly different rules. A value added tax payment system which would fit more neatly with ordinary bookkeeping would be a monthly liability period with payment due at the end of the next month. This would be similar to that proposed by Chairman Ullman.

OTHER CONSIDERATIONS

A Federal value added tax would raise a number of other issues. Forty five states and the District of Columbia impose general sales taxes, a revenue source which they tend to view as belonging exclusively to them. Sales and gross receipts taxes account for about 30 percent of state tax revenue. In contrast, excise taxes generate less than 4 percent of Federal tax collections. Nevertheless, while a Federal value added tax may make it more difficult for the states to raise their sales taxes, it should not prevent such increases. All levels of government, for example, impose income taxes. Moreover, total Federal, state, and local sales tax collections are lower in the United States than in most developed countries.

Because of likely differences in the tax bases, it is doubtful that a Federal value added tax could be coordinated with the state sales taxes. Separate taxes, admittedly, would mean higher administrative and compliance costs. Each level of government would require a collection and audit capability. Taxpayers would have to become familiar with separate tax bases and separate returns. Revenue departments and taxpayers, however, already face this problem with Federal and state income taxes. Efforts aimed at Federal-state cooperation and coordination have not been successful.

As shown by Chairman Ullman's proposal, even a broad-based value added tax may not apply to all forms of final consumption. Practical considerations may require special treatment for many items. In the area of housing, for example, homeowners and tenants should be treated equally. But if rental payments are taxed, how should homeowners be taxed? It may be difficult to value the so-called "imputed rent" on owner occupied housing. Taxing the purchase price of a home is one alternative, but this may aggravate the problems of many families already hard pressed to cope with high housing prices. The treatment of interest in the housing area also is troublesome. If it is exempt, what part of a rental payment should a landlord be allowed to exclude from the tax base? These and other problems will require careful study.

The value added tax is a very potent revenue source. At 1979 levels of consumption, a value added tax would raise roughly $10 billion in revenue for each percentage point. Thus, a 7 percent value added tax would raise about as much revenue as the corporate income tax and a 12 percent value added tax would raise as much revenue as the social security taxes. With such a powerful instrument for raising revenue, many are concerned that the value added tax eventually will be used to add to the total Federal tax burden.

CONCLUSION

Mr. Chairman, you are to be commended for initiating an examination of the very important, but complex, issues of how the Federal tax structure affects our national well being. This is a time of great change. It is also a time of troublesome and unfamiliar economic conditions. The combination of high inflation, slow growth, and persistent trade deficits must make us wonder if the traditional economic remedies still work. In this sense, your decision to study a broad range of new initiatives could not come at a better time. But changes of such major consequences require careful and deliberate study. We welcome the opportunity to particate with you in that study.

ANNEX A

FEDERAL, STATE, AND LOCAL TAX REVENUES FOR SELECTED COUNTRIES AS PERCENT OF GROSS DOMESTIC PRODUCT, BY TYPE OF TAX, 1975

[Country rankings in parentheses]

Country	Total	Indirect taxes, sales and excise[1]	Direct taxes							
			Social security[2]							
			Total	Employer	Employee and self-employed	Corporate income	Noncorporate income[3]	Property[4]	Other[5]	Total direct taxes
Belgium	41.43 (5)	10.87 (6)	13.14 (5)	8.44 (4)	4.70 (5)	3.07 (6)	13.24 (4)	1.01(12)	0.10 (8)	30.56 (4)
Canada	33.98 (9)	10.94 (4)	3.22(12)	NA	NA	4.67 (2)	11.32 (7)	3.13 (3)	.70 (4)	23.04(11)
Denmark	43.05 (4)	14.71 (1)	.48(13)	.31(12)	.17(12)	1.37(13)	23.86 (1)	2.57 (4)	.06(10)	28.34 (5)
France	36.90 (6)	12.44 (2)	14.72 (3)	10.61 (2)	4.11 (6)	2.00 (9)	4.58(13)	1.46 (9)	1.70 (2)	24.46 (9)
Germany (Federal Republic)	35.22 (8)	9.37 (8)	12.03 (6)	6.60 (7)	5.43 (4)	1.56(12)	10.60 (8)	1.09(11)	.57 (6)	25.85 (7)
Italy	32.34(10)	9.34 (9)	14.83 (2)	11.92 (1)	2.91 (9)	2.04 (8)	4.95(12)	1.17(10)	.01(11)	23.00(12)
Japan	20.23(13)	3.67(13)	5.09(11)	2.63(11)	2.46(10)	3.43 (4)	5.07(11)	1.94 (7)	1.03 (3)	16.56(13)
Luxembourg	46.74 (2)	9.72 (7)	14.05 (4)	7.80 (6)	6.25 (2)	7.22 (1)	12.78 (5)	2.34 (5)	.63 (5)	37.02 (1)
Netherlands	46.90 (1)	10.91 (5)	17.99 (1)	8.40 (5)	9.59 (1)	3.61 (3)	12.66 (6)	1.48 (8)	.25 (7)	35.99 (2)
Sweden	45.96 (3)	11.48 (3)	8.89 (7)	8.47 (3)	.42(11)	1.99(10)	21.17 (2)	.51(13)	1.92 (1)	34.48 (3)
Switzerland	29.49(12)	5.90(11)	8.49 (8)	3.05(10)	5.44 (3)	2.46 (7)	10.51 (9)	2.13 (6)	----------	23.59(10)
United Kingdom	36.77 (7)	9.24(10)	6.71(10)	3.75 (9)	2.96 (8)	1.92(11)	14.29 (3)	4.54 (1)	.07 (9)	27.53 (6)
United States	30.31(11)	5.49(12)	7.42 (9)	4.18 (8)	3.24 (7)	3.29 (5)	9.98(10)	4.13 (2)	----------	24.82 (8)

[1] Includes general sales, value added, and specific excise taxes.

[2] Include contributions of employers, employees, and self-employed. Category is broadly defined to include all tax payments to institutions of general government providing social welfare benefits, provided they are levied as a function of pay or a fixed amount per person. Thus, for the United States this category includes contributions to the railroad retirement fund, unemployment insurance fund, workman's compensation fund, and civil service retirement program in addition, of course, to the more familiar social security-type payments made pursuant to the Federal Insurance Contributions Act (FICA).

[3] Includes income taxes on individual and unincorporated enterprise, such as propietorships and partnerships.

[4] Includes taxes on net wealth, immovable property, estates, and gifts.

[5] Includes taxes on employers based on payroll or manpower and miscellaneous taxes which cannot be classified within a specific direct tax category.

[6] Computed by subcontracting sales and excises from total.

Source: Revenue Statistics of OECD Member Countries, 1965–75.
Office of the Secretary of the Treasury, Office of Tax Analysis.

EFFECTIVE DATE OF REGISTRATION REQUIREMENTS FOR BONDS ISSUED UNDER H.R. 5741

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon (Mr. ULLMAN) is recognized for 5 minutes.

● Mr. ULLMAN. Mr. Speaker, on October 30, 1979, I, with Mr. CONABLE, Mr. CORMAN, and Mr. MOORE as cosponsors, introduced H.R. 5741, the Mortgage Subsidy Bond and Interest Exclusion Tax Act of 1979. There is a technical error that appears in the bill relating to the application of the registration requirement for qualified veterans' bonds and for industrial development bonds for low- or moderate-income rental housing. As in H.R. 3712, as reported, we intended that the registration requirement apply only to bonds issued after the date of enactment. Accordingly, H.R. 5741 should have read as follows:

On page 20 strike out lines 1 through 4 and insert in lieu thereof the following:

(g) REGISTRATION REQUIREMENTS.—

(1) IN GENERAL.—Notwithstanding any other provision of this section, the amendments made by sections 2 and 3, insofar as they require obligations to be in registered form, shall apply to obligations issued after the date of the enactment of this Act.

(2) BONDS UNDER TRANSITIONAL RULES.—Any obligation issued by reason of subsection (b), (c), (d), (e), or (f) of this section after the date of this Act shall be in registered form.●

CATASTROPHIC HEALTH AND PREVENTION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. ADDABBO) is recognized for 10 minutes.

● Mr. ADDABBO. Mr. Speaker, the cost of extended health care is rapidly reaching the point where it will soon be beyond the grasp of many Americans. Until a comprehensive national health insurance plan is carefully developed we must devote our energy to filling the gaps with immediate legislation.

The first and foremost gap in our "health system" is to provide insurance for every citizen against catastrophic illness or accident. With thousands of Americans facing financial ruin every year because of an illness that wipes out life savings, we must tackle the problem head-on and without undue delay. We have to face the realization that health care costs associated with a major illness or accident could cause financial ruin for all but the wealthiest of families and that a comprehensive health plan may not be enacted for several years.

In general, expenditures that exceed 10 or 15 percent of an individual's gross income are considered catastrophic. The Congressional Budget Office estimates that 21.4 million families—or 28 percent of total families—experienced expenses exceeding 15 percent of family income in fiscal year 1978. Ninety percent of these costs were expected to be paid by third party sources, such as private industry and insurance. If out of pocket expenses only were considered, an estimated 6.9 million families—9 percent—were expected to have expenses exceeding 15 percent of family income. The burden falls primarily on the low income with 2.3 million or 28 percent of those families with incomes under $5,000 incurring catastrophic expenses.

In addition, although many persons not covered under private insurance plans receive assistance for their health care expenses through public programs such as medicare, medicaid, and the Veterans' Administration, an estimated 22 million people, or 12 percent of the American population, have no health insurance protection under either public or private programs.

Let us not be fooled because a person is under a health plan that guarantees that he or she is covered if major expenses begin to mount. Although 75 percent of the population under age 65 is covered under a major medical or comprehensive health plan, many of these plans contain certain limits on maximum benefits per episode or per lifetime that prove inadequate in the face of long-term illness or the need for exotic medical treatments. The elderly, as usual, take the brunt of long-term costs head on and with full force.

For example, the medicare program is an example of partial coverage and deficiencies. Medicare provides good protection for basic health expenses but less than adequate coverage for catastrophic costs. Less than 1 percent of the aged have hospital stays that exceed medicare limitation; however, for stays beyond 60 days, the beneficiary becomes liable for daily coinsurance payments. The program's coverage of other institutional services is less adequate.

Protection is available for only 100 days of posthospital care in skilled nursing facilities. Thus, the primary catastrophic expense of the elderly long-term institutional care is not fully addressed by the program. This 20 percent can be a severe burden. The long illness that exhausts inadequate insurance is a terror that haunts the middle class and aged of our country.

I am not blind to the fact that a catastrophic health plan will cost money. But I am also aware that we can cut our costs for such a plan if we change our present system of health care. We have a health care system that treats sickness but does very little to encourage us to stay healthy. If it is a major concern that we protect the poor, the middle class, and the elderly from financial ruin we should act to reduce the likelihood of crippling disease and accidents from taking place.

If the big killers in this country are coronary heart disease, cancer, and stroke, and if the treatment is very costly, financially as well as spiritually, then we ought to consider that incidence is related in part to lifestyle, such as sedentary living, poor diet, obesity, and smoking. We have to understand that the way to lower health costs and longevity is through prevention, not diagnosis. Public and private insurance plans pay more than 90 percent of hospital bills, and 70 percent of doctor's bills.

Yet, medicare, which will provide coverage for an estimated 27 million aged and disabled persons in 1980, paying 80 percent of treatment costs for people over 65—with certain limits—is explicitly forbidden to pay a nickel for preventive measures. Neither Blue Cross-Blue Shield nor most commercial insurance plans pay for vaccination against such diseases as measles, whooping cough, and polio, though they will usually pay at least part of the much greater cost of treating those diseases. If you get sick, your insurance carrier will usually pick up at least part of the tab; if you try to avoid getting sick, you are on your own.

Whether or not insurance companies and hospitals like it, people should be encouraged to do everything not to get sick. They should be encouraged and rewarded when they take the proper steps and keep them out of costly hospitals. If adequate nutrition reduces the incidence of disease, if environmental contaminents cause disease, and if smoking, obesity, drinking, lack of exercise, and sleep reduce longevity and are related to the incidence of disease, then we should start at that point, not on the operating table. We can have a fighting chance to reduce sickness and cut our medical bills if we think of doctor's visits and surgery as our last resort, not our first.

Catastrophic health plans and a fundamental reshaping of our system of medical care is urgently needed. If we cannot stop a catastrophic event from taking place then we must do all we can to insure that the anguish and utter helplessness a family suffers when a loved one is seriously ill is not further compounded by the fear of being financially as well as spiritually broken.●

RECLAMATION REFORM ACT OF 1979

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arizona (Mr. UDALL) is recognized for 5 minutes.

● Mr. UDALL. Mr. Speaker, today a bill is being introduced by the chairmen of the Committees on Ways and Means and Interior and Insular Affairs for the purpose of amending the Reclamation Act of 1902. We seek to quell the great consternation that has been generated by the proposed enforcement of this 75-year-old law. We seek to update and modernize a program that has served us well, but which has not been rigorously applied for decades.

Our bill is not notable for altering the spirit of the original act; we wish to preserve the family farm. Our bill is not a "giveaway"; we have effectively banned large corporate agriculture from the reclamation program—as did the Senate. Our bill is notable for the long-term stability and security it provides those who farm the reclaimed desert lands of the West.

It has inevitably taken the administration a very long time to prepare the environmental impact statement on the rules and regulations it is promulgating to enforce the reclamation law. In the meantime many thousands of farmers—not to mention mortgage companies and financial institutions—have been kept hanging—not knowing if they would still be in the agricultural business when the next growing season came around.

We have heard excellent arguments about the efficiency of corporate agribusiness. It is clear that some economies of scale can be achieved with much larger farms. But we do not believe that these corporations belong in the reclamation program. As the Supreme Court has stated, the program is "designed to benefit people, not land. * * * It is a reasonable classification to limit the amount of project water available to each individual in order that benefits may be distributed in accordance with the greatest good to the greatest number of individuals." We must insure that the enormous expenditures involved in the reclamation program will not go in disproportionate share to a few individuals with large land holdings.

Over 90 percent of the farmers in the reclamation program will be completely unaffected by this legislation. The hue and cry of the remainder, we feel, comes from those who would try to monopolize the benefits of the reclamation program. We feel we have been generous: what was a 160-acre restriction has been expanded to 1,120. According to the administration over 97 percent of irrigated farms are smaller than 1,000 acres, and over 91 percent are smaller than 500 acres. Nothing could more clearly demonstrate the economic viability of our acreage figure. Landholders who are in compliance when the construction charges are paid off would be permanently excused from the acreage restrictions. This insures that the Federal Government, having achieved the objectives of the program, does not needlessly retain control of farm size.

We have done away with the residency requirement because of its incompatibility with the way Americans live; ours is a mobile people, and it would not make sense to set down an arbitrary limit between a person's farm and his or her home. But this is not to say we are going to permit absentee landlords to continue to reap the benefits of the reclamation program. Beginning with all new owners, there must be a 5-year period when that farmer actually manages the farm, and derives most of his or her income from agriculture.

We have attempted to reconcile the many divergent views of our colleagues on this subject. We invite them, and we especially invite the farmers of the West to analyze this bill and let us know in what ways they feel it succeeds in its purpose to reconcile modern-day agriculture with the spirit and intent of the reclamation program.

Some of the basic provisions of our bill are:

First. Acreage limitation/eligibility requirements: The bill will replace existing acreage restrictions with a maximum eligible farm size of 1,120 acres owned or leased in any combination per qualified recipient. An eligible landholding is one owned by an individual or any entity benefiting 18 persons or less.

This acreage level vastly expands the present acreage limitation. The size of the family would no longer determine the size of the farm. This approach also explicitly insures that we are only providing enough flexibility for the modern family farm, or a small family corporation or partnership. Large corporations are ruled out.

Second. Equivalency: The bill would apply a class 1 project land equivalency formula for projects having a growing season of 180 days or less. It would also give the Secretary discretion to provide equivalency for high elevation lands, and poor land classifications. The equivalency formula would be based on the most optimal national 180 day or less growing season.

Third. Residency/agricultural participation test: The residency requirement no longer necessarily assures that the benefits of the program go to people involved in agricultural production. With the growth of population in western towns and cities many potential speculators are now easily within the perimeters of residency radii. While speculators within these areas could acquire lands without ever intending to farm them, this law might create significant problems for young farmers trying to break in, or old farmers who decide to retire and lease their lands. This bill would abolish the residency requirement.

The bill would replace a residency requirement with an agricultural participation test. This test would require those who acquire a significant parcel of land in the future to directly participate and derive a significant part of their income from the day to day agricultural production of their land. This test would apply for a period of 5 years after which an operator could lease the land. Exemptions or postponement provisions would be allowed for hardship, problems pertaining to certain agricultural crops, and so forth.

Fourth. Public participation: The bill would require public notice of proposed district contracts and amendments, offer the opportunity for public comment, and provide for the review of proposed contracts or amendments by the Secretary.

Fifth. Disposition of excess lands: The bill would limit the classes of eligible purchasers from whom the seller could choose to three groups: relatives, tenants and employees of more than 10 years standing, or adjoining neighbors. If a seller is unable to sell his excess land to an eligible purchaser by the end of the recordable contract period the Secretary would sell the remaining lands by lottery.

The bill also places additional nonspeculation requirements on the purchase price and sale of excess lands to assure divestment in an equitable manner.●

CONDEMNATION OF IRAN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Virginia (Mr. HARRIS) is recognized for 5 minutes.

● Mr. HARRIS. Mr. Speaker, the time has come for congressional voices of reason and justice to speak out. In Iran today, violence and anarchy are reality. Every American is outraged by the hideous behavior of the Iranian students who are holding American Embassy personnel hostage at this time and I condemn the actions of the Ayatolla Khomeini.

Every U.S. citizen must be freed immediately and the United States must draw the line against these ruthless and unstable individuals. America will not stand for this type of treatment. Certainly the Iranian Government has the responsibility, under international law, to protect a foreign embassy and respect its inviolability. Many of the Americans now being held hostage are members of the Foreign Service and many of these are career Federal employees who have unselfishly given of their time and efforts to serve their country. These individuals should be able to know that when they are serving America in a foreign country they will not be faced with a student seige on the U.S. Embassy.

Previously, the Ayatollah Khomeini helped to resolve a crisis at the American Embassy in Tehran. Now he must again act to see that our personnel are released to safety and that the U.S. compound is secured. These barbaric actions must come to an end and the United States must make it crystal clear that although this Government will watch while the various revolutionary forces struggle, we will never again play a part in their heavy-handed justice or political infighting. Nor will we let oil be a bargaining agent.

As a Member of Congress, I have spoken out repeatedly against international terrorism and I will continue to do so. The United States must strengthen its security at all embassies throughout the world so that these countries who will not use diplomatic channels to convey their positions will meet total failure when they stoop to crude terrorist tactics. Certainly unlawful detention is one of these tactics.●

LOBBYING ATTACK

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. ECKHARDT) is recognized for 30 minutes.

● Mr. ECKHARDT. Mr. Speaker, in 1974, the business community came to the Congress and complained that FTC actions against individual companies were unfair because other similarly situated companies did not have to comply with these orders. In response, I supported legislation to give the FTC authority to issue rules of general applicability.

The business lobbyists spent hours of my time discussing the matter of due process in rulemaking proceedings. As a result, my colleague, JIM BROYHILL and I drafted the most due process-oriented rulemaking procedure that has ever been enacted into law.

The resulting legislation, the Magnuson-Moss Act of 1975, permits affected individuals to present their views at a hearing, to cross-examine witnesses, and to have any rule reviewed by Federal court on the standard of whether or not the rule is supported by substantial evidence—not whether the agency acted arbitrarily and capriciously.

But despite the fair process provided in the Magnuson-Moss Act, we now see the business community attempting to attack and circumscribe the Magnuson-Moss Act on many fronts and in many areas.

It is a lobbying attack, and a special kind of lobbying operation. Heretofore, the lobby has attempted to convince the Congress on the basis of certain principles. For instance, the lobby attacked Congressman BEN ROSENTHAL's consumer agency on grounds that the Federal Trade Commission actually constituted an agency dealing with consumer protection questions. The lobby also promoted, again on a rational argumentative basis, the Levitas concept calling for a review of administrative rules by Congress with a right to legislatively veto such rules as Congress deemed inappropriate or beyond the intended scope of the Federal Trade Commission's authority.

Though I disagreed with the lobbyists position on each of these issues, it cannot be denied that there was a respectable body of support for both of them. The important point, however, is that the lobby was acting in its most legitimate manner: As an advocate for a reasoned legislative approach to the problem.

The lobbyists prevailed on both these points: The consumer agency is now dead, and the Levitas amendment is contained in the FTC authorization bill now coming before the House. But the lobby is now acting in its less reputable capacity of sharpshooter, attempting to strike down politically a rule that has been established by due and proper statutory process, respecting, in each case, a very special interest or to strike down even the authority to consider such a rule.

In October, the lobby had a field day in an appropriations subcommittee. There it was argued that, since no FTC authorization bill had been passed, it was proper for the appropriations subcommittee to achieve some direct limitations on the FTC's authority. In preliminary discussions, various members of the subcommittee and lobbyists present took a shot at each of their favorite targeted consumer rules.

I do not accuse any Member of any impropriety here because it is quite understandable that some are affected by constituents, of one kind or another, who have interest quite legitimately impacting the consumer. But in the aggregate, all the attacks by of these interests, if successful, would simply dismantle the statutory authority of the Federal Trade Commission to protect consumers in the marketplace.

The used car industry would prevent any appropriation to the Federal Trade Commission to enforce a used car rule.

The morticians would destroy the funeral rule.

The manufacturers of sugar coated children's food products would destroy rules affecting their industry.

The banks would dismantle the holder in due course rule.

The vocational schools would prevent a vocational school rule.

The optometrists would prevent an eyeglass rule.

The mobile home manufacturers would prevent rules applicable in their field.

Credit merchants would prohibit a credit practices rule.

Drug manufacturers would invalidate any OTC drug rule.

Franchisors would prohibit a franchise rule.

In addition, other proposed rules like the insulation R-value rule, the standards and certification rule, the protein supplement rule, the antacid rule, the appliance rule, the care labeling rule and the warranty rule were all attacked by proposing that the Commission be denied the funds to even go forward with consideration of matters which present a crying need for some action to afford consumer protection.

This is not to say that all of these matters should be settled in the manner originally proposed by the Commission, but to deny the Commission the funds to even consider such areas of consumer complaint is simply to surrender to the lobby.

The meeting referred to was an informal meeting which was attended by the very lobbyists that represented many of the interests referred to above. A consensus was arrived at that these limitations would be included in the recommendations to the Appropriations Committee. Had such recommendation ultimately been followed by the House, the FTC would not have been permitted even to consider these areas of deep consumer concern. Fortunately, this movement was stopped when Chairman SCHEUER insisted that his authorization bill, which had already passed out of the Commerce Committee, receive a rule. This destroyed the argument that the Federal Trade Commission was proceeding without an authorization bill and therefore the matter was to be left open for a field day of limitations in the appropriations process.

However, unfortunately, the lobby is continuing its attempt to a dismantling of FTC authority by single shotting a variety of rule proposals.

The funeral rule will be attacked by an amendment which has been made an order which would prevent the Federal Trade Commission from finalizing a rule which essentially simply provides that funeral homes identify the separate costs of various funeral services, refrain from false advertising and from giving misleading information.

Another amendment, specially identified and made in order, would prohibit the Federal Trade Commission from engaging in its traditional role in antitrust enforcement in any manner in which an Agricultural co-op was involved, even if the co-op were engaged in anticompetitive practices with other businesses. Practically speaking, this amendment does not favor farm co-ops by which farmers produce and use goods and services, but rather very large industrial entities which stand between the farmer and the consumer, like Farmland Industries, Inc., with consolidated sales of over $3 billion per year, which stands as number 78 in the Fortune 500.

In addition, it must be said that there is one type of special interest already protected in the bill. As was pointed out by four of the six subcommittee chairmen in dissenting views, the bill would provide anticompetitive protection for manufacturers who use trademark protection from competition even though their product has become one whose trade name is synonymous with the name in common uses for many products in the marketplace, as in the case of formica. In so providing, the bill has materially altered the Lanham Act, and this was done without hearings on the subject.

If we should proceed to satisfy the two special interests through the amendments I have described above, we will set the stage for other lobbies' further dismantling the Federal Trade Commission's authority in many of those areas which I have identified as being under attack.

Senators CANNON and FORD, it is understood, are bringing to the Senate floor a companion FTC authorization bill which would prohibit the Federal Trade Commission from making rules affecting: First, standards and certification; second, children's advertising; third, over-the-counter drugs; fourth, food advertising; fifth, antacids; and sixth, eyeglasses. Other areas may be added. When asked why the funeral rule has not also been outlawed in the Senate draft, lobbyists have indicated their confidence that such limitation will be placed on the bill in the House. I hope you will see that that confidence is not warranted.

The question is: Are we for the interests with the long memories and intense concern, or are we for the people. They may not notice, and they may forget. But in these days of price gouging and royal ripoffs, I would not bet on it.●

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Washington (Mr. SWIFT) is recognized for 5 minutes.

● Mr. SWIFT. Mr. Speaker, this afternoon I did not respond to a recorded quorum (rollcall No. 638) because I was deeply involved in a hearing of the Subcommittee on Communications, which was dealing with telecommunications common carrier issues. I was here and concerned with substantive issues and did not interrupt that for the nonsubstantive quorum call.●

HEARINGS ON COPYRIGHT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. KASTENMEIER) is recognized for 5 minutes.

● Mr. KASTENMEIER. Mr. Speaker, November 15 and 26 have been set aside by the Judiciary Subcommittee on Courts, Civil Liberties and the Administration of Justice for hearings on two separate issues involving copyright law: performance rights in sound recordings and the compulsory license for cable retransmission of copyrighted broadcast programing. The issue of performance rights in sound recordings is reflected in pending legislation, H.R. 997, sponsored by Congressman GEORGE DANIELSON and 48 colleagues. An identical Senate bill, S. 1552, has been introduced by Senator HARRISON WILLIAMS and five cosponsors.

There is presently no legislation on the question of copyright liability for cable retransmission. Therefore, the hearings will simply focus on the two primary areas of controversy surrounding cable television—the adequacy of the royalty revenue generated by the 1976 copyright law and the possible impact of deregulation by the Federal Communications Commission on the existing compulsory copyright license.

Only two witnesses are scheduled for November 15, the Honorable Henry Geller, Assistant Secretary of Commerce for Communications Policy and the Honorable Barbara Ringer, U.S. Register of Copyrights. Ms. Ringer will address both issues and Mr. Geller will address only the cable television issue. The November 15 hearing will be held in room 2226, Rayburn House Office Building, at 10 a.m.

On November 26 the subcommittee will receive testimony from interested industry associations and private experts.

Exact details of the November 26 hearing will be made available at a later time.●

THE SEIZURE OF OUR EMBASSY IN IRAN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. HUGHES) is recognized for 5 minutes.

Mr. HUGHES. Mr. Speaker, I have today introduced a resolution expressing the sense of Congress that the seizure of our Embassy in Iran be brought before the United Nations.

Even now, as I speak, some 60 or 65 Americans continue to be held hostage by students in Iran, with the Government of Iran doing absolutely nothing to achieve their freedom. In fact, this seizure, and the taking of hostages, has been condoned and encouraged by those exercising control of the Government of Iran.

This state-sanctioned takeover of our Embassy is not merely an attack upon the United States. It also represents an attack upon the most fundamental and universal principle of international law; namely, the respect and protection that must be accorded by every nation to the embassies and ambassadors of others. Without such respect and protection, the entire structure of communication, and peaceful resolution of disputes among nations, is seriously jeopardized.

Every nation in the world has a deeply rooted and vital interest in assuring the safety of its ambassadors and protecting the orderly exchange of views that are the underpinnings of modern diplomatic communication.

The tactics being used in Iran cannot be allowed to achieve legitimacy without undermining the very pillars upon which rest the structure of international diplomacy.

Despite some past failures, the United Nations now has a unique opportunity to bring the weight of world opinion to bear on the Government of Iran. The world community must insist that Iran act responsibly, and in accord with universally accepted principles of international law—or suffer the consequences.

My resolution calls upon our Ambassador to the United Nations to bring this matter either before the Security Council, as a threat to the maintenance of international peace and security, or before the General Assembly, in order that the community of nations may take any and all action necessary to bring this outrageous breach of international law to an immediate end.

The hopes and prayers of the people of the United States are with the hostages in Iran tonight. But this by itself will not be enough.

The entire community of nations must now speak out with a single voice against those who would break down the traditions based on centuries of experience in order to achieve a narrow selfish goal.

SCHOOL BREAKFAST HEARINGS

(Mr. PERKINS asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. PERKINS. Mr. Speaker, during this week and next, the Subcommittee on Elementary, Secondary, and Vocational Education is conducting oversight hearings on the school breakfast program. We will be looking at what efforts have been made to expand the program and what barriers still exist limiting the program's availability.

The fact that breakfast has a tremendous effect on a child's mental and physical development is not news to any of us. And we have all read or heard data extolling the positive impact of a nutritious breakfast on a child's academic achievements. However, studies indicate that one-fourth of the Nation's children are arriving at school either hungry or having eaten a breakfast of empty calories. With two-thirds of the Nation's mothers working, the need for an expansion of the breakfast program is critical in my view.

It seems, however, that we have a long way to go. I was saddened when I learned that of the 27.4 million children eating school lunches last year, only 3 million were also eating school breakfasts. And of the 94,500 schools that have lunch programs, only 38,400 also have breakfast programs.

It baffles me that glaring inconsistencies still exist between rate of participation in the lunch and breakfast programs, despite 13 years of outreach efforts on the part of Congress and breakfast advocates across the country. Even the administration, which is doggedly trying to cut back the lunch program and other child nutrition programs, is making efforts to expand the breakfast program.

Just last year, Congress passed legislation with built-in incentives to encourage schools to implement a breakfast program. One amendment provides that schools with either a State law requiring the service of breakfast or with a high percentage of needy children may receive an increased reimbursement to cover the costs of serving breakfast to large numbers of poverty children. Another amendment allows schools with both breakfast and lunch programs to combine the accounting for costs incurred in these programs. In addition, schools that are planning to implement a breakfast program are given first priority when applying for equipment funds.

There may be more that we can all do to promote the breakfast program. During the 2 days this week and the 1 day next week, we will be learning the problems and accomplishments of the program from the Department and individuals in the field. Not every child is going to want a school breakfast, however, we would surely like the choice to be theirs.

If any Member would like to testify at our hearing tomorrow or at our hearing next week on November 15, or if any Member knows of an individual who would want to contribute to our oversight on the school breakfast expansion, please contact the subcommittee so that we may schedule you at that time. We will also schedule additional days of testimony on the breakfast program if any Member wishes to testify and cannot appear next week.

RELIEF FOR THE GUILLAIN-BARRE VICTIMS OF THE SWINE FLU PROGRAM OF 1976

(Mr. MAZZOLI asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. MAZZOLI. Mr. Speaker, today I am introducing legislation to bring about expeditious settlement of Guillain-Barre syndrome (GBS) claims which result from the national swine flu immunization program of 1976.

Three years have elapsed since the Federal Government initiated a campaign to immunize every American against swine flu. The expected outbreak of swine flu never materialized but some Americans, who acted on their Government's request and received inoculations, died or became paralyzed by a rare neurological disorder known as GBS. Most of these people have yet to be compensated by the Government.

Former Health, Education, and Welfare Secretary, Joseph A. Califano, announced in June 1978 that the Government would not require GBS plaintiffs to prove negligence on the part of the Government in order to establish a successful claim for damages.

Unfortunately, GBS plaintiffs' hopes for timely settlement for their damages have been frustrated by the Justice Department's interpretation of Secretary Califano's policy announcement.

In the opinion of District Court Judge Gerhard A. Gesell, who is presiding over pretrial discovery for all GBS cases, the Justice Department's handling of these cases has transformed Mr. Califano's pledge into nothing more than a "public relations ploy."

I believe that these delays in settlement are a striking failure to deal equitably and humanely with those who acted upon the Government's request to be inoculated. Further, failure to settle these cases undermines the good faith upon which any inoculation program is based, thereby casting doubt on the ability of the Government to gain the cooperation of the public for any future immunization program.

Mr. Speaker, the legislation I am introducing will establish a seven-member tribunal to settle claims from the injuries and death of individuals who contracted GBS after receiving immunizations in accordance with the national swine flu immunization program. This legislation stipulates that once a claim is filed, the tribunal will have a maximum of 240 days in which to conduct hearings, make determinations, and award payments.

I urge my colleagues to give this measure full consideration.

CONFERENCE REPORT ON H.R. 4930

Mr. YATES submitted the following conference report and statement on the bill (H.R. 4930) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1980, and for other purposes.

CONFERENCE REPORT (H. REPT. No. 96–604)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4930) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1980, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows: That the Senate recede from its amendments numbered 2, 18, 21, 26, 46, 60, 83, 88, 96, 98, 99, 101, 102, 103, 104 and 105.

That the House recede from its disagreement to the amendments of the Senate numbered 5, 7, 10, 12, 13, 19, 23, 27, 28, 33, 35, 36, 39, 42, 44, 55, 57, 68, 69, 70, 71, 72, 81, 85, 92, 93, and 106, and agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$30,781,000"; and the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert $15,351,000"; and the Senate agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$509,194,000"; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$300,000,000"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$22,373,000"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$152,928,000"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$9,000,000"; and the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$55,000,000"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$206,641,000"; and the Senate agree to the same.

Amendment numbered 29: That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$382,775,000"; and the Senate agree to the same.

Amendment numbered 32: That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$112,154,000"; and the Senate agree to the same.

Amendment numbered 41: That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$132,753,000"; and the Senate agree to the same.

Amendment numbered 43: That the House recede from its disagreement to the amendment of the Senate numbered 43, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$84,687,000"; and the Senate agree to the same.

Amendment numbered 45: That the House recede from its disagreement to the amendment of the Senate numbered 45, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$789,051,000"; and the Senate agree to the same.

Amendment numbered 61: That the House recede from its disagreement to the amendment of the Senate numbered 61, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$108,795,000"; and the Senate agree to the same.

Amendment numbered 62: That the House recede from its disagreement to the amendment of the Senate numbered 62, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$72,879,000"; and the Senate agree to the same.

Amendment numbered 63: That the House recede from its disagreement to the amendment of the Senate numbered 63, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$825,532,000"; and the Senate agree to the same.

Amendment numbered 64: That the House recede from its disagreement to the amendment of the Senate numbered 64, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$186,725,000"; and the Senate agree to the same.

Amendment numbered 65: That the House recede from its disagreement to the amendment of the Senate numbered 65, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$423,412,000"; and the Senate agree to the same.

Amendment numbered 66: That the House recede from its disagreement to the amendment of the Senate numbered 66, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$28,835,000"; and the Senate agree to the same.

Amendment numbered 75: That the House recede from its disagreement to the amendment of the Senate numbered 75, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$746,627,000"; and the Senate agree to the same.

Amendment numbered 76: That the House recede from its disagreement to the amendment of the Senate numbered 76, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$103,250,000"; and the Senate agree to the same.

Amendment numbered 77: That the House recede from its disagreement to the amendment of the Senate numbered 77, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$111,221,000"; and the Senate agree to the same.

Amendment numbered 78: That the House recede from its disagreement to the amendment of the Senate numbered 78, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$88,750,000"; and the Senate agree to the same.

Amendment numbered 79: That the House recede from its disagreement to the amendment of the Senate numbered 79, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$628,702,000"; and the Senate agree to the same.

Amendment numbered 80: That the House recede from its disagreement to the amendment of the Senate numbered 80, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$141,250,000"; and the Senate agree to the same.

Amendment numbered 84: That the House recede from its disagreement to the amendment of the Senate numbered 84, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$152,879,000"; and the Senate agree to the same.

Amendment numbered 86: That the House recede from its disagreement to the amendment of the Senate numbered 86, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$538,874,000."; and the Senate agree to the same.

Amendment numbered 95: That the House recede from its disagreement to the amendment of the Senate numbered 95, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$4,200,000"; and the Senate agrees to the same.

Amendment numbered 97: That the House recede from its disagreement to the amendment of the Senate numbered 97, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$6,250,000"; and the Senate agree to the same.

Amendment numbered 100: That the House recede from its disagreement to the amendment of the Senate numbered 100, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$22,241,000"; and the Senate agree to the same.

Amendment numbered 112: That the House recede from its disagreement to the amendment of the Senate numbered 112, and agree to the same with an amendment, as follows: In lieu of the sum named by said amendment insert "$240,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 3, 15, 17, 24, 25, 30, 31, 34, 37, 38, 40, 47, 48, 49, 50, 51, 52, 53, 54, 56, 58, 59, 67, 73, 74, 82, 87, 89, 90, 91, 94, 107, 108, 109, 110, and 111.

Sidney R. Yates,
Gunn McKay,
Clarence D. Long,
R. Duncan,
J. P. Murtha,
Norm D. Dicks,
Bo Ginn,
Jamie L. Whitten,
Joseph M. McDade,
Ralph S. Regula,
Clair W. Burgener,
Silvio O. Conte,
Managers on the Part of the House.

Robert C. Byrd,
Ernest F. Hollings,
Birch Bayh,
J. Bennett Johnston,
Walter D. Huddleston,
Patrick J. Leahy,
Quentin Burdick,
John A. Durkin,
Ted Stevens,
Milton R. Young,
Mark O. Hatfield,
Henry Bellmon,
James A. McClure,
Paul Laxalt,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4930), making appropriations for the Department of the Interior and Related Agencies for the fiscal year ending September 30, 1980, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

TITLE I—DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

Amendment No. 1: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment appropriating $301,896,000 for management of lands and resources instead of $295,361,000 as proposed by the House and $295,836,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The net increase over the amount proposed by the Senate consists of the following: $250,000 for natural and cultural resource management; $920,000 for off-road vehicle management; $200,000 for management and protection of ancient sites at Escalante, Colorado; $500,000 for interim management and protection of the California Desert; $390,000 for supervision of special recreation area permits; $1,000,000 for wilderness management; and $2,800,000 for cadastral survey.

The managers are in agreement on the following: that the Spanaway Distribution Center in the State of Washington shall continue operations; that the Secretary of the Interior is urged to designate the Forest Service as competent to conduct cadastral surveys on Federal lands and develop an inventory of the highest priority survey needs of all land management agencies; that funds be committed to carry out an adequate controlled burning program in the Cow Mountain area of Mendocino and Lake Counties in California; and that, within available funds, $150,000 be made available to plan, survey, and design a trail for use by handicapped persons located along the Old Excelsior Mining Ditch in Nevada County, California.

Amendment No. 2: Provides that not less than $62,700,000 available from receipts shall be obligated in fiscal year 1980 for Oregon and California grant lands as proposed by the House instead of $55,400,000 as proposed by the Senate.

Amendment No. 3: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter proposed by said amendment, insert the following: ": *Provided further,* That the Secretary of the Interior and Secretary of Agriculture shall (a) review Federal agricultural financial assistance programs to determine to what extent such programs provide opportunities to assist livestock operators adversely affected by reductions in grazing allotments on public rangelands, as defined in the section 3 of the Public Rangelands Improvement Act of 1978 (43 U.S.C. 1902); and (b) submit the results of this review to the Committees on Appropriations of the House of Representatives and the Senate within ninety days of the effective date of this Act, together with details on available programs, opportunities for more effective use of such programs, additional budget requirements needed to augment such programs, and any legislation needed to improve opportunities for assistance: *Provided further,* That the Secretary of the Interior shall develop criteria for extending, on a case-by-case basis, the period allowed for phased livestock reductions on public rangelands administered through the Bureau of Land Management up to five years. Such criteria shall take into account available agricultural assistance programs, the magnitude of projected livestock reductions, alternative pasturage available, and ability of such public rangelands to sustain such phasing in of livestock reductions without damage to rangeland productivity: *Provided further,* That an appeal of any reductions in grazing allotments on public rangelands must be taken within 30 days after receipt of a final grazing allotment decision or 90 days after the effective date of this Act in the case of reductions ordered during 1979, whichever occurs later. Reductions of up to 10% in grazing allotments shall become effective when so designated by the Secretary of the Interior. Upon appeal any proposed reduction in excess of 10% shall be suspended pending final action on the appeal, which shall be completed within 2 years after the appeal is filed".

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The managers are in support of BLM efforts to improve range conditions through required reductions in grazing but are concerned over the economic impact of sizeable cutbacks without adequate reviews. The language adopted is designed to minimize livestock production losses and to assure full and fair review of management decisions through administrative appeals before large reductions are implemented.

OFFICE OF WATER RESEARCH AND TECHNOLOGY

Amendment No. 4: Appropriates $30,781,000 for salaries and expenses instead of $30,977,000 as proposed by the House and $30,522,000 as proposed by the Senate. The net decrease under the amount proposed by the House consists of increases of $150,000 for new processes research and $50,000 for identification of a third desalting demonstration site and a decrease of $396,000 for desalting demonstration plant design.

Amendment No. 5: Provides that $11,464,000 for salaries and expenses shall remain available for obligation until September 30, 1981, as proposed by the Senate instead of $11,660,000 as proposed by the House.

HERITAGE CONSERVATION AND RECREATION SERVICE

Amendment No. 6: Appropriates $15,351,000 for salaries and expenses instead of $15,656,000 as proposed by the House and $15,289,000 as proposed by the Senate. The decrease under the amount proposed by the House consists of $105,000 in the rural recreation needs study and $200,000 for demonstration assistance, evaluation, and Federal surplus real property. The total amount available includes $65,000 for phase III of the Walpi archeological project on the Hopi reservation in Arizona. The managers recommend that the Secretary reexamine the delegation of authorities for river and trail studies between HCRS and the NPS to determine (1) whether the Department's responsibility should be divided and (2) if so, that any vestige of overlap or duplication be eliminated.

For the Urban Park and Recreation Fund, the managers agree to the distribution as recommended by the Senate with the understanding that contracting for State administrative support does not include the authority for the State to recommend approval or disapproval of projects proposed by the applicants. The managers also agree that priority should be given to innovative grant projects which benefit the handicapped and the elderly and to adaptive reuse projects.

The managers further agree that HCRS and the State of Mississippi should accelerate action on determining the eligibility of the Lyric Theatre in Oxford, Mississippi, to be placed on the National Register of Historic Places.

Amendment No. 7: Provides $7.393,000 for Land and Water Conservation Fund administrative expenses as proposed by the Senate instead of $7.693.000 as proposed by the House. The reduction of $300,000 is in Federal administrative expenses.

Amendment No. 8: Appropriates $509,194,000 for the Land and Water Conservation Fund instead of $447.059.000 as proposed by the House and $554,547,000 as proposed by the Senate.

Amendment No. 9: Provides $300.000,000 for payments to the States instead of $200,000.000 as proposed by the House and $359,307,000 as proposed by the Senate. The amount recommended, along with $6.693,000 to administer the state programs, totals $306,693.000, or 61.7 per cent of the total appropriation.

Amendment No. 10: Provides $2,750,000 for the Bureau of Land Management as proposed by the Senate instead of $3,690,000 as proposed by the House. The managers have no objection to the acquisition of the Sleeping Giant site within available funds following normal reprogramming guidelines.

Amendment No. 11: Provides $22,373,000 for the Forest Service instead of $41,573,000 as proposed by the House and $21,953,000 as proposed by the Senate. The net decrease below the amount proposed by the House consists of reductions for Alpine Lakes ($7,000,000), wild and scenic river slippage ($3,500,000), large unobligated balances ($10,000,000); and an increase of $1,300,000 for the Crescent Moon Ranch properties in the Red Rock Composite in Arizona. The managers urge the Forest Service to utilize approved reprogramming procedures to take funds for specified areas where acquisition problems develop and apply them to areas where unbudgeted acquisition opportunities arise.

Amendment No. 12: Provides $11,750,000 for the Fish and Wildlife Service as proposed by the Senate instead of $20,600,000 as proposed by the House. The managers recommend the Service acquire any specific areas denied with available unobligated balances following normal reprogramming procedures. The managers encourage the efforts of the authorizing committees in their review of Fish and Wildlife Service land acquisition and refuge establishment procedures and policies.

Amendment No. 13: the word "and" as proposed by the Senate.

Amendment No. 14: Provides $152,928,000 for the National Park Service instead of $173,503,000 as proposed by the House and $149,394,000 as proposed by the Senate. The net decrease under the amount proposed by the House consists of the following: an increase of $225,000 for Frederick Law Olmstead NHS and decreases of $200,000 for preauthorization, $600,000 for Point Reyes NS, $1,000,000 for Virgin Islands NP, $1,000,000 for War in the Pacific NP and $15,000,000 because of slippage in proposed acquisitions.

Amendment No. 15: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides $12,000,000 (including $800,000 for planning) for Pinelands National Reserve from the Land and Water Conservation Fund.

Amendment No. 16: Provides that $9,000,000 of state assistance funds may be available as a contingency reserve to be administered by the Secretary instead of $12,000,000 as proposed by the House and $6,000,000 as proposed by the Senate.

Amendment No. 17: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows: Restore the matter stricken by said amendment amended to read as follows: *"Provided further,* That the $12,500,000 available to the Forest Service in fiscal year 1979 for acquisition of the Kahle and Jennings properties may be used to acquire the Jennings property and other in the Tahoe Basin of California and Nevada without regard to the matching requirements and zoning restrictions included in the 1979 appropriation act".

The managers understand that private interests and Douglas County, Nevada, intend to purchase the Kahle site. This meets the intent of the managers in having the Federal contribution matched. Managers were informed that the Nevada legislature, by legislative action effective May 4, 1979, has precluded issuing any additional unrestricted gaming permits in the Tahoe Basin.

Amendment No. 18: Deletes language proposed by the Senate regarding a general $10,000,000 reduction.

Amendment No. 19: Deletes House language appropriating $12,000,000 for Pinelands National Reserve land acquisition from the general fund.

Amendment No. 20: Appropriates $55,000,000 for the Historic Preservation Fund instead of $50,000,000 as proposed by the House and $67,500,000 as proposed by the Senate. The amount recommended by the managers includes $5,200,000 for the National Trust for Historic Preservation, $48,022,000 for grants to states, and $1,778,000 for administrative expenses.

Amendment No. 21: Restores House language stricken by the Senate which prohibits industrial facilities from being added to the list of National Historic Landmarks without the consent of the owner.

UNITED STATES FISH AND WILDLIFE SERVICE

Amendment No. 22: Appropriates $206,641,000 for resource management instead of $207,055,000 as proposed by the House and $205,421,000 as proposed by the Senate. The net decrease under the amount proposed by the House consists of the fololwing: Increases of $2,000,000 for grants for state cooperative endangered species program and $28,000 for legislative liaison; and decreases of $570,000 for resource development planning, $696,000 for migratory bird refuge operation (House general increase —$525,000; Grasslands NWR, Ca. —$50,000; Butte Sink NWR, Ca. —$46,000; Elkhorn Slough NWR, Ca. $50,000; and Oyster Bayou NWR, Tx. —$25,000), $269,000 for mammal and nonmigratory bird refuge operation (Minnesota Prairie NWR, Mn. —$37,000; Bogue Chitto NWR, La. & Ms. $118,000; and Atlantic Coast areas, N.C. —$114,000), $21,000 for blackbird research and control (providing a total of $300,000 over the budget to be divided equally between Arkansas and Louisiana), and $886,000 in travel.

The managers share the concern expressed in the Senate report about Service practices in establishing or expanding refuges with minimal Congressional review. The managers note that the House legislative committee has agreed to review the Service practices and procedures in this area. The managers agree that up to $38,000 in available funds may be used to manage Conboy Lake NWR and that $6,000 is within available funds for additional feed at Bowden NFH. The Service must assure itself that hatchery managers acquire such basic materials as fish food.

The support level of the western energy land use team at Fort Collins, Colorado, provided in the FY 1979 bill should be maintained, but this does not extend to providing funds for budgeted increases specifically denied. The managers also agree that significant changes should not be made in current fish stocking allocations for state-owned or managed waters.

Amendment No. 23: Provides that $5,000,000 for state cooperative endangered species grants will remain available until expended as proposed by the Senate instead of $3,000,000 as proposed by the House.

Amendment No. 24: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment providing $58,757,000 for construction and anadromous fish instead of $56.327,000 as proposed by the House and $56,945,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The net increase over the amount proposed by the House consists of the following: Decreases of $225,000 for the Suquamish Indian Hatchery and a $212.000 pay cost reduction; and increases of $970,000 for the White River NFH, $105,000 for the White Sulphur Springs NFH, $43.000 for the Bowden NFH. $318,000 for the Wolf Creek NFH, $431,000 for the Frankfort NFH, and $1,000,000 for a striped bass recovery research program.

Amendment No. 25: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides that $4,712,000 for anadromous fish grants to states and the striped bass recovery research program shall become available only upon enactment of S. 838 or similar legislation.

Amendment No. 26: Appropriates $15,000,000 to the Migratory Bird Conservation Account as proposed by the House instead of $8,400,000 as proposed by the Senate. The managers agree that the Service should acquire the McFaddin Marsh area in the Texas Gulf Coast area.

Amendments Nos. 27 and 28: Provide for the purchase of two aircraft by the Fish and Wildlife Service as proposed by the Senate instead of three as proposed by the House.

NATIONAL PARK SERVICE

Amendment No. 29: Appropriates $382,775,000 for operation of the national park system instead of $383,512,000 as proposed by the House and $380,244,000 as proposed by the Senate.

The net decrease under the amount proposed by the House consists of the following: Increases of $105,000 for the Harpers Ferry, W. Va. police force, $600,000 for cooperative agreements with the Folger Theatre and the Corcoran Gallery, and $30,000 for the Congressional Affairs Office; and decreases of $125,000 for the Park Police helicopter third shift, $207,000 for land cost studies, $100,000 for water resource studies with no reduction in the $295,000 budgeted for specific park studies, $400,000 for the Alaska Native Claims Settlement Act with no reduction in the $800,000 budgeted to validate native selections, and $640,000 in budgeted travel.

Should it be designated as an historic site, a portion of the $600,000 shall be made available for maintenance funding of the Arena Stage.

The managers agree that no funds will be provided for the Folger Theatre and Corcoran Gallery cooperative agreements in the future without specific legislative authority. The managers also agree that, within available funds, $85,000 may be used to augment Park Police patrols along the C&O Canal and that the Service should submit detailed quarterly reports on expenditures from the "Director's Reserve Fund."

Amendment No. 30: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows: In lieu of the matter proposed to be stricken by said amendment, insert the following: ": *Provided further*, That the Park Service shall not enter into future concessionaire contracts, including renewals, that do not include a termination for cause clause that provides for possible extinguishment of possessory interests excluding depreciated book value of concessionaire investments without compensation."

This replaces language supporting a Park Police third shift helicopter operation as proposed by the House and deleted by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The amendment precludes the Service from entering into future concessions contracts unless termination for cause with possible extinguishment of possessory interest is provided.

Amendment No. 31: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides $105,000 to the Town of Harpers Ferry, West Virginia, for police force use. The managers agree that this grant shall be subject to the same criteria, restrictions, and overview requirements as other Federal grants administered by the National Park Service. The grantee shall be required to seek overview and coordination with the NPS law enforcement officials and/or any other State or Federal law enforcement specialists whom NPS deems appropriate in areas of law enforcement operations and concomitant community relations activities.

Amendment No. 32: Appropriates $112,154,000 for construction instead of $97,144,000 as proposed by the House and $119,938,000 as proposed by the Senate. The net increase over the amount proposed by the House consists of the following: Increases of $15,000,000 for the Yellowstone NP concessions purchase; $2,360,000 for structural repairs to the National Visitors' Center; $200,000 for Piscataway development; $1,300,000 for Harpers Ferry NHP townhouse restoration; $185,000 for furnishings for Andrew Johnson NHS; $150,000 to complete restoration of Sewall-Belmont House NHS; and $1,090,000 for Cowpens NB; and decreases of $275,000 in travel and $5,000,000 related to anticipated slippage and savings.

The managers agree to consider reprogramming proposals for any costs above the $15,000,000 provided for the Yellowstone concession buyout and that $50,000 is provided for fencing at Indiana Dunes within available funds. The managers also agree that, within available funds, the following project planning is approved: Glen Canyon NRA, Lone Rock Marina, $200,000; Sleeping Bear Dunes NL, $291,000; Fort Smith NHS Commissary, $44,000; Harpers Ferry NHS footbridge, $70,000; and Harpers Ferry NHS townhouse restoration, $50,000. The managers are concerned that the Service planning estimates appear excessive. The Service must take every action to ensure that planning for the above projects and all projects be accomplished at the lowest possible cost.

The managers are distressed that the Park Service has little or no recourse when a Park concessionaire provides inadequate service. Although termination is possible, the concessionaire must still be compensated for any possessory interest. The managers have therefore included language in the operation of the National Park System account which provides for the inclusion of a clause that gives the Service the capability of extinguishing some or all of any possessory interest if there is a termination for cause. The managers request that the appropriate legislative committees review the present concessions legislation to eliminate this and other problems that have become apparent.

Amendment No. 33: Appropriates $15,500,000 to liquidate contract authority as proposed by the Senate. The contract authority, provided by section 105(a) (8) of Public Law 94–280, is for work associated with a tunnel to bypass Cumberland Gap NHS as authorized by section 160 of Public Law 93–87.

Amendment No. 34: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides for rescission of $5,552,000 in unexpended appropriations to liquidate road construction contract authority.

Amendment No. 35: Appropriates $16,217,000 for planning, development, and operation of recreation facilities as proposed by the Senate instead of $15,781,000 as proposed by the House. The $436,000 increase over the House is for initiation of visitor transportation systems. The managers agree that, within available funds, up to $80,000 is for an authorized study of historic Camden, South Carolina.

Amendment No. 36: Appropriates $4,030,000 for the John F. Kennedy Center for the Performing Arts as proposed by the Senate instead of $3,875,000 as proposed by the House. The increase of $155,000 over the House provides for repairs to the sea wall.

GEOLOGICAL SURVEY

Amendment No. 37: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment providing $452,055,000 for surveys, investigations, and research instead of $448,290,000 as proposed by the House and $450,805,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The net increase over the amount proposed by the Senate consists of the following increases and decrease: Increases of $1,200,000 for regulation of Outer Continental Shelf (OCS) operations, and $550,000 for the Earth Resources Observation System; and a decrease of $500,000 for the OCS information program.

The managers agree that $2,000,000 from within available funds should be used to begin the use of side-looking airborne radar imagery for topographic and geological mapping, and geological resource surveys in promising areas, particularly Alaska.

The managers agree further that up to $300,000, within the allowance for the Federal-State cooperative water program, should be available for a cooperative Arizona flood mapping program.

The managers also agree that $100,000 within funds for water resources investigations should be available for a baseline uranium hydrology study in the Powder River Basin of Wyoming.

Amendment No. 38: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment providing that $39,027,000 shall be available only for cooperation with states or municipalities for water resources investigations instead of $39.227.000 as proposed by the House and $39.814,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The decrease under the amount proposed by the House is a $200,000 general reduction in the Federal-State cooperative water program.

Amendment No. 39: Appropriates $175,627.000 for exploration of the National Petroleum Reserve in Alaska as proposed by the Senate instead of $145,927,000 as proposed by the House. The increase of $29.700.000 is for development of the Barrow area gas fields.

The managers agree that, within the $141.5 million for exploration of the Reserve, reprogramming requests will be considered, if necessary, to adjust the amounts specified in both House and Senate reports for the various elements of the exploration program, based on actual program needs as exploration proceeds.

Amendment No. 40: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter proposed by said amendment insert the following: ": *Provided*, That the Secretary of the Interior shall review the rates being charged to the residents of Barrow for natural gas to determine if a proceeding should be instituted to revise such rates,".

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

BUREAU OF MINES

Amendment No. 41: Appropriates $132,753.000 for mines and minerals instead of $134,883.000 as proposed by the House and

$131,603,000 as proposed by the Senate. The increase over the amount proposed by the Senate consists of $700,000 for wilderness and public land assessments, and $450,000 for common program services.

Amendment No. 42: Provides that $106,151,000 for mines and minerals shall remain available until expended as proposed by the Senate instead of $107,501,000 as proposed by the House.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

Amendment No. 43: Appropriates $84,687,000 for regulation and technology instead of $85,520,000 as proposed by the House and $82,625,000 as proposed by the Senate. The net decrease under the amount proposed by the House consists of the following increase and decreases: An increase of $2,500,000 for Federal inspection and enforcement; and decreases of $1,000,000 for State regulatory program grants, and $2,333,000 for development of permanent Federal programs.

With regard to grants to states under section 705 of P.L. 95-87, the Surface Mining Control and Reclamation Act of 1977, the managers note that eligibility for grants under that section is not conditioned upon prior submission or approval of a state program for the grantee state. Such grants should be fully available to the states for the development of state programs.

The managers agree that $270,000 for a Mining and Mineral Research Institute in the state of Indiana should be made available within funds in this account, provided that the state applies for funds by March 15, 1980, for a school that is eligible under current criteria.

Amendment No. 44: Appropriates $94,916,000 for the Abandoned Mine Reclamation Fund as proposed by the Senate instead of $111,416,000 as proposed by the House.

The managers agree that up to $300,000 should be made available for a study of mine subsidence in the Tri-state Mining District which includes parts of Kansas, Missouri, and Oklahoma, within the amount provided.

BUREAU OF INDIAN AFFAIRS

Amendment No. 45: Appropriates $789,051,000 for operation of Indian programs instead of $792,753,000 as proposed by the House and $770,835,000 as proposed by the Senate. The net decrease under the amount proposed by the House consists of the following increases and decreases: Increases of $1,000,000 for tribally controlled community colleges; $2,500,000 for implementation of the Indian Child Welfare Act (total FY 1980 program of $5,500,000); $300,000 to operate four new detention facilities on the Pine Ridge Reservation, South Dakota; $1,000,000 for the Papago farms agriculture project, Arizona; $375,000 for operation of the Lummi salmon culture facilities, Washington; and $500,000 for natural resources development for fishery restoration at Pyramid Lake, Nevada; and decreases of $565,000 for central office comprehensive planning; $1,051,000 for law enforcement; $401,000 for self-determination grants; $871,000 for the Indian Action program; $393,000 for natural resources, general; $1,000,000 for lease compliance; $268,000 for executive direction and equal employment opportunity functions; $400,000 for Indian intake and development program; $3,328,000 for facilities operation and maintenance; $500,000 for trust responsibility for the Pyramid Lake fishery; and $600,000 for travel.

The managers are in agreement on the following: that the amount provided for tribally controlled community colleges includes $400,000 for feasibility studies, $600,000 for technical assistance, and $4,000,000 for direct grants; that the Bureau pay more attention to the law enforcement needs of the Papago Reservation, Arizona; that the amount provided for the Indian Action program shall include assistance to the Coushatta Tribe of Louisiana and the Miccosukee Tribe of Florida; that an appraisal be performed by the BIA and the Department of Interior of Indian preference regulations and policies to develop remedies, if necessary; that development of early childhood programs should be a part of a total comprehensive plan in cooperation with tribes; that the BIA report by February 1, 1980, on the progress the Bureau has made on the development of accurate enrollment statistics and establishment of a system for tracking educational expenditures under the new education formula; that, within the business enterprise allowance, no more than $70,000 be available for support of the Jojoba agriculture project on the San Carlos Indian Reservation; that, within available funds, $60,000 be provided to enable the Ute Mountain Tribe to meet its commitments under the recent hunting agreement and consent decree with the State of Colorado; that $30,000 shall be available to determine the true north boundary of the Quinault Indian Reservation; that none of the funds appropriated under the Johnson-O'Malley education assistance program shall be used for other than supplemental support of public school districts; and that no relocation of the Juneau area office is to occur without prior approval of the House and Senate Appropriations Committees.

The managers are also in agreement that before a contract secondary school is begun on the Pyramid Lake Paiute Tribe Reservation, a feasibility study be performed to determine, among other items, the responsibility and commitment of the State of Nevada to provide for the education of those students, the costs, both current and future, to the BIA to assume this responsibility, and the ability of the tribe to operate a school. If, based on the feasibility study, and with approval of the House and Senate Appropriations Committees, it is determined to begin a contract school funds are to be provided from within the total amount available for school operations and facility operations and management.

The managers agree that transfer of the Albuquerque Indian School (AIS) to the Santa Fe campus of the Institute of American Indian Art (IAIA) is not a permanent solution. The BIA must be prepared to return AIS to the Albuquerque campus and improve facilities there if an agreement cannot be reached which guarantees the integrity of the programs and facilities of the IAIA national program.

Amendment No. 46: Provides $58,753,000 for higher education scholarships and assistance to public schools as proposed by the House instead of $58,553,000 as proposed by the Senate.

Amendment No. 47: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides that funds appropriated by this Act may be used to reimburse school districts for educating Indian students who reside in Federal boarding facilities and who are residents of the State in which such school districts are located but do not normally reside in such districts.

Amendment No. 48: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows: In lieu of the sum proposed by said amendment, insert the following: "including a $5,000,000 interest free loan to the Confederated Tribes of the Warm Springs Reservation of Oregon to be repaid to the Revolving Fund for Loans established in the Bureau of Indian Affairs at the end of a 20 year period after the effective date of this Act, $89,374,000".

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The net increase over the amount proposed by the Senate consists of $5,000,000 for the facility improvement and repair program; $16,000,000 for irrigation facilities; and $1,500,000 for renovation, Office of Technical Assistance and Training.

The managers are in agreement on the following:

That the Bureau should carefully review the Ft. Totten school project before committing any of the construction funds. Revised BIA estimates now raise the total project cost from the $14,812,000 provided to as high as $20,000,000. The review should cover the alternatives of refurbishing the existing facility and construction of a smaller new structure. An analysis of all reasonable alternatives and costs should be submitted to the Committees on Appropriations as soon as possible;

That available funds should be used to plan new school facilities at Fort Hall, Idaho, and Navajo Mountain, Utah. Design and construction funds will be given priority consideration when reliable project estimates are available;

That project costs of the Headgate power plant should be repaid to the extent of revenues collected on any sale of power outside the Colorado River Indian Reservation;

That within available funds $100,000 is for continuing the proposed White River Reservoir study in Utah;

That of the total funding available for facility improvements and repairs; $3,000,000 is earmarked for advance engineering and design; and

That $250,000 of available funds shall be for renovation of the Duckwater Shoshone Elementary School, Nevada, without taking priority over critical life safety projects.

Amendment No. 49: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment providing $66,479,000 for road construction instead of $60,379,000 as proposed by the House and $46,479,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The increase over the amount proposed by the House consists of the following: $5,000,000 for road construction in the Four Corners area, a joint project with the State of New Mexico; and $1,100,000 for construction of the Inchelium Ferry on the Colville Reservation, Washington.

The managers are in agreement on the following: That, in addition to the increase of $2,000,000 for the road from Mexican Water to Bluff, Utah, $2,000,000 be provided from existing funds of the Navajo road construction program, for a total expenditure in fiscal year 1980 of $4,000,000; and that the BIA develop a priority system for road projects based on the greatest need to determine funding priorities for fiscal year 1981 and be integrated into the fiscal year 1982 budget development process.

Amendment No. 50: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows: In lieu of the matter proposed by said amendment, insert the following: ": *Provided*, That no part of any appropriations to the Bureau of Indian Affairs shall be available to continue academic and residential programs of the Chilocco and Seneca boarding schools, Oklahoma beyond June 15, 1980.". The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

OFFICE OF TERRITORIAL AFFAIRS

Amendment No. 51: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment providing $86,661,000 for administration of territories instead of $84,161,000 as proposed by the House and $63,061,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The net increase over the amount proposed by the House consists of an increase of $6,500,000 for a penitentiary on Guam and a decrease of $4,000,000 for a power plant in the Northern Marianas.

Amendment No. 52: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment providing that $82,589,000 be available for expenses of the Governments of American Samoa, Guam, the Virgin Islands, the Northern Marianas, and the Northern Mariana Islands Federal Laws Commission instead of $80,089,000 as proposed by the House and $58,989,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The net increase over the amount proposed by the House consists of an increase of $6,500,000 for a pentitentiary on Guam and a decrease of $4,000,000 for a power plant in the Northern Marianas.

Amendment No. 53: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the sum proposed insert the following: "$113,785,000, and of the amount appropriated under this head in P.L. 95–355, $1,400,000 shall be for an *ex gratia* payment to the people of Bikini Atoll".

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The net increase over the amount proposed by the House consists of an increase of $1,925,000 for construction of an upgraded communications system, and a decrease of $900,000 for transition expenses of local government units.

The managers agree that revised reprogramming guidelines are necessary in the Trust Territory construction program. On a district-by-district basis, savings from one project may be applied to a shortfall on another without prior Appropriations Committee approval. The managers expect, however, that timely reports on these reprogrammings will be forwarded to the Committee by the Department. The managers emphasize that this is the sole exception to the Committee's established reprogramming guidelines agreed to in the Conference.

Amendment No. 54: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides a permanent indefinite appropriation for such sums as are authorized to be remitted to the Territories of Guam and the Virgin Islands under sections 1(c) and 4(c)(2) of P.L. 95-348, 92 Stat. 487. The House-passed bill contains no such appropriation.

This appropriation accelerates payments of amounts already due by law to Guam and the Virgin Islands. Current estimates of payments are $17,500,000 for Guam and $24,000,000 for the Virgin Islands. The budget estimate was $44,000,000.

OFFICE OF THE SOLICITOR

Amendment No. 55: Appropriates $15,741,000 for salaries and expenses as proposed by the Senate instead of $15,500,000 as proposed by the House. The increase over the House includes $241,000 and 7 positions to administer additional responsibilities arising from the enactment of the OCS amendments of 1978 (2 positions and $75,000) and the Sufrace Mining Control and Reclamation Act of 1977 (5 positions and $166,000).

OFFICE OF THE SECRETARY

Amendment No. 56: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows: In lieu of the sum proposed, insert the following matter: "including not less than $9,000,000 for an Office of Construction Management, $49,344,000".

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The net increase over the amount proposed by the House consists of the following: Decreases of $400,000 for the Assistant Secretary for Indian Affairs; $116,000 for hearings and appeals; $4,800,000 for the National Mine Health and Safety Academy; and $100,000 for travel; and an increase of $9,000,000 for construction management.

While agreeing to restore Senate reductions in congressional and public affairs, the managers are of the opinion that the Department continues to operate outside the limitations contained in Section 304. In addition to the explicit prohibition in the bill against influencing legislative proposals, the managers further direct that the same prohibition shall be applied to influencing proposed administrative actions on which a final determination has not been made.

Amendment No. 57: The managers agree with the action of the Senate in deleting a separate account for the Office of Construction Management and including funds for it in the departmental management account.

Amendment No. 58: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter proposed by said amendment insert the following:

SEC. 108. No appropriations made in this title shall be available for implementation of any decision with regard to any lease, administrative transfer, or withdrawal not now existing of lands and waters comprising Wild Horse Reservoir, Nevada, or any lands immediately adjacent thereto: *Provided*, That this limitation is not applicable to water necessary for current or future irrigation practices.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The managers have no objection to the continuation of the present decision process underway regarding Wild Horse Reservoir, Nevada. However, no decision should be implemented until the Congress has had an opportunity to review that decision. The Secretary's final decision is scheduled for early February 1980 and will be reviewed in the appropriation hearings on the fiscal year 1981 budget.

Amendment No. 59: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter proposed by said amendment, insert the following:

SEC. 109. No appropriations made in this title shall be available for the identification of lands not now so identified or acquisition (by withdrawal, transfer or purchase) of lands for or associated with the Unique Wildlife Ecosystem Program as now defined by the United States Fish and Wildlife Service not authorized by law under an existing program.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The managers are concerned over the expanded concept of habitat preservation established without Congressional review and approval under the recently implemented Unique Wildlife Ecosystem Program. Activities of the Fish and Wildlife Service tend to promote public support for land acquisition and management proposals whose scope has not been clearly identified nor fully defined. Many aspects of the Unique Ecosystem Program resemble those considered but not approved during Congressional consideration of the proposed natural diversity legislation. Bill language approved by the managers is intended to prevent any further expansion of this program in the absence of Congressional review and authorization. It is not designed to interfere with accepted wildlife refuge acquisition and management practices. Nor is it intended to dismantle currently established unique ecosystem programs.

The managers recommend the legislative committees of jurisdiction consider specific authorizations for these and other programs that depart from normal wildlife conservation programs. Any appropriation requests for unique ecosystem programs should be clearly identified as such in the future.

Amendment No. 60: Deletes language proposed by the Senate preventing funds in the bill from being used to acquire a tract of land at Cape Lookout National Seashore by condemnation. The managers agree that the Park Service shall review carefully the land acquisitions from the Reeves family to determine whether there was an agreement that the tract involved would continue to be titled to and used by the Reeves family. Should such an agreement be verified, the managers agree that the pending condemnation should be withdrawn and an alternative such as lifetime occupancy be explored with the Reeves family.

TITLE II—RELATED AGENCIES

DEPARTMENT OF AGRICULTURE

FOREST SERVICE

Amendment No. 61: Appropriates $108,795,000 for forest research instead of $109,490,000 as proposed by the House and $105,414,000 as proposed by the Senate. The decrease under the amount proposed by the House consists of $100,000 for renewable resource economics research and $595,000 for forest recreation research.

The following project additions are provided within the appropriation: $300,000 for forest residues reduction system, Portland, Oreg.; $260,000 for the range validation program, LaGrande, Oreg.; $50,000 for wood products insect research, Gulfport, Miss.; $170,000 for silviculture of hardwoods of the Cumberland Plateau, Sewanee, Tenn.; $165,000 for urban forestry, Chicago, Ill.; $100,000 for scleroderris canker disease research, St. Paul, Minn.; $57,000 for sand pines research, Marianna, Fla.; $50,000 for southern pine beetle research, Alexandria, La.; $50,000 for insect control ecology, Moscow, Idaho; and $104,000 for chestnut blight research, Morgantown, W. Va.

Amendment No. 62: Appropriates $72,879,000 for state and private forestry instead of $65,964,000 as proposed by the House and $73,518,000 as proposed by the Senate. The net increase over the amount proposed by the House consists of the following increases and decreases: Increases of $450,000 to initiate a 4-year program with the State of Vermont to develop a model comprehensive forest resources plan and $7,500,000 for rural fire control; and decreases of $675,000 for dutch elm disease control and tree utilization program, and $360,000 for travel.

Amendment No. 63: Appropriates $825,532,000 for national forest system instead of $847,151,000 as proposed by the House and $796,824,000 as proposed by the Senate. The decrease under the amount proposed by the House consists of the following: $4,823,000 for general land activities; $1,493,000 for cooperative law enforcement; $3,126,000 for wildlife and fish habitat management; $5,573,000 for range activities; $4,564,000 for soil and water management; and $2,040,000 for travel.

The managers are in agreement on the following: That, except in cases of emergency, the Forest Service should make a public announcement in advance of any forest road closures; that a plan should be prepared for transferring Forest Service land now used for an administrative site to the city and borough of Juneau, Alaska, for construction of a convention center. The arrangement includes providing the Forest Service space for a visitor information service in the convention facility. If this arrangement is not fulfilled, the land should revert to the Forest Service.

Amendment No. 64: Provides that $186,725,000 shall remain available for obligation until September 30, 1981, for reforestation, timber stand improvement, cooperative law enforcement, and maintenance of forest development roads and trails instead of $188,218,000 as proposed by the House and $180,746,000 as proposed by the Senate.

Amendment No. 65: Appropriates $423,412,000 for construction and land acquisition instead of $425,823,000 as proposed by the House and $409,458,000 as proposed by the Senate. The decrease under the amount proposed by the House consists of $1,900,000 for construction of nurseries, and $511,000 for travel.

The following projects have been included within the amount appropriated for construction and land acquisition: $3,625,000 for construction of a headquarters/laboratory at Asheville, North Carolina; $2,097,000 for development of Angeles High Country; $3,500,000 for Mount Nebo Scenic Loop Road, Uinta National Forest; $300,000 for LaSal Loop Road, Manti-LaSal National Forest; $251,000 for recreation improvements, Monongahela National Forest, West Virginia; $40,000 for construction of the Highland Scenic Highway Picnic and Overlook, Monongahela National Forest, West Virginia; $1,510,000 for Lake Kincaid recreation development, Louisiana; and $100,000 for site planning and facility design on Mount Magazine recreation area, Arkansas.

The managers are in agreement that a minimum of $12,500,000 provided for construction and land acquisition be allocated for recreation roads to provide better access to the nation's forests; and that $300,000 is included in the amount provided for nursery construction for the Ashe Nursery in Mississippi.

Amendment No. 66: Provides $28,835,000 for construction and acquisition of buildings and other facilities instead of $30,735,000 as proposed by the House and $24,881,000 as proposed by the Senate.

Amendment No. 67: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment earmarking $401,242,000 for construction of forest development roads and trails and construction and maintenance of forest development roads by timber purchasers instead of $384,910,000 as proposed by the House and $383,076,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The managers are concerned that Forset Service Road Specifications impose a higher standard than necessary, making construction too costly. Funds could be more efficiently utilized and logging areas returned to their natural state more quickly if road specifications are drafted to meet logging requirements only.

Amendment No. 68: Provides langauge as proposed by the Senate combining amounts provided for construction of forest development roads, timber purchaser roads, and trails.

Amendment No. 69: Deletes House language as proposed by the Senate.

Amendment No. 70: Appropriates $54,000,000 for the youth conservation corps as proposed by the Senate instead of $27,400,000 as proposed by the House.

Amendment No. 71: Provides that $27,000,000 of the amount appropriated for the youth conservation corps shall be available to the Secretary of the Interior as proposed by the Senate instead of $13,700,000 as proposed by the House.

Amendment No. 72: Provides that $27,000,000 of the amount appropriated for the youth conservation corps shall be available to the Secretary of Agriculture as proposed by the Senate instead of $13,700,000 as proposed by the House.

Amendment No. 73: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides that funds available to the Forest Service may be advanced for the emergency rehabilitation of burned-over lands under its jurisdiction.

DEPARTMENT OF ENERGY

Amendment No. 74: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter proposed by said amendment insert the following:

ALTERNATIVE FUELS PRODUCTION

In order to expedite the domestic development and production of alternative fuels and to reduce dependence on foreign supplies of energy resources by establishing such domestic production at maximum levels at the earliest time practicable, there is hereby established in the Treasury of the United States a special fund to be designated the "Energy Security Reserve", to which is appropriated $19,000,000,000, to remain available until expended: *Provided*, That these funds shall be available for obligation only to stimulate domestic commercial production of alternative fuels and only to the extent provided in advance in appropriations Acts: *Provided further*, That of these funds $1,500,000,000 shall be available immediately to the Secretary of Energy to carry out the provisions of the Federal Nonnuclear Energy Research and Development Act of 1974, as amended (42 U.S.C. 5901, et seq.), to remain available until expended, for the purchase or production by way of purchase commitments or price guarantees of alternative fuels: *Provided further*, That the Secretary shall immediately begin the contract process for purchases of, or commitments to purchase, or to resell alternative fuels to the extent of appropriations provided herein: *Provided further*, That of these funds an additional $708,000,000 shall be available immediately to the Secretary of Energy, to remain available until expended, to support preliminary alternative fuels commercialization activities under the Federal Nonnuclear Energy Research and Development Act of 1974, as amended, of which (1) not to exceed $100,000,000 shall be available for project development feasibility studies, such individual awards not to exceed $4,000,000: *Provided*, That the Secretary may require repayment of such funds where studies determine that such project proposals have economic or technical feasibility; (2) not to exceed $100,000,000 shall be available for cooperative agreements with non-Federal entities, such individual agreements not to exceed $25,000,000, to support commercial scale development of alternative fuels facilities; (3) not to exceed $500,000,000 shall be available for a reserve to cover any defaults from loan guarantees issued to finance the construction of alternative fuels production facilities as authorized by the Federal Nonnuclear Energy Research and Development Act of 1974, as amended: *Provided*, That the indebtedness guaranteed or committed to be guaranteed under this appropriation shall not exceed the aggregate of $1,500,000,000; and (4) not to exceed $8,000,000 shall be available for program management.

This Act shall be deemed to satisfy the requirements for congressional action pursuant to sections 7(c) and 19 of said Act with respect to any purchase commitment, price guarantee, or loan guarantee for which funds appropriated hereby are utilized or obligated.

For the purposes of this appropriation the term "alternative fuels" means gaseous, liquid, or solid fuels and chemical feedstocks derived from coal, shale, tar sands, lignite, peat, biomass, solid waste, unconventional natural gas, and other minerals or organic materials other than crude oil or any derivative thereof.

Within ninety days following enactment of this Act, the Secretary of Energy in his sole discretion shall issue a solicitation for applications which shall include criteria for project development feasibility studies described in this account.

Loan guarantees for oil shale facilities issued under this appropriation may be used to finance construction of full-sized commercial facilities without regard to the proviso in section 19(b)(1) of said Act requiring the prior demonstration of a modular facility.

In any case in which the Government, under the provisions of this appropriation, accepts delivery of and does not resell any alternative fuels, such fuels shall be used by an appropriate Federal agency. Such Federal agency shall pay into the reserve the market price, as determined by the Secretary, for such fuels from sums appropriated to such Federal agency for the purchase of fuels. The Secretary shall pay the contractor, from sums appropriated herein, the contract price for such fuels.

All amounts received by the Secretary under this appropriation, including fees, any other monies, property, or assets derived by the Secretary from operations under this appropriation shall be deposited in the reserve.

All payments for obligations and appropriate expenses (including reimbursements to other Government accounts), pursuant to operations of the Secretary under this appropriation shall be paid from the reserve subject to appropriations.

For the establishment in the Treasury of the United States of a special fund to be designated the "Solar and Conservation Reserve", $1,000,000,000 to remain available until expended: *Provided*, That these funds shall be available for obligation only to stimulate solar energy and conservation: *Provided further*, That the withdrawal of said funds shall be subject to the passage of authorizing legislation and only to the extent provided in advance in appropriations Acts.

Beginning six months after the date of enactment of this Act, and every six months thereafter, the Secretary is required to submit to the Congress a written report detailing the activities carried out pursuant to this appropriation.

The managers or the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The House originally provided $1.5 billion for the purchase or production of synthetic fuels under the Defense Production Act of 1950, and further provided for the derivation of such funds from the Energy Trust Fund or equivalent mechanism if established by law. If no such fund were established, the House bill would have provided the funds from general funds of the Treasury. No facility construction was allowed from funds appropriated.

The Senate amendment struck the House language and substituted therefor a $20 billion "Energy Security Reserve" for synthetic or "alternative" fuels and further appropriated $2.2 billion from the reserve for beginning a comprehensive program of purchases, purchase commitments, price supports, loan guarantees, loans, and cooperative agreements under the basic authority of the Federal Nonnuclear Research and Development Act of 1974, as amended. The Senate amendment also established a "Solar and Conservation Reserve" of $1,000,000,000.

The major provisions of the Senate amendment are as follows:

1. Establishes an "Energy Security Reserve" of $20 billion in the Treasury of the United States.

2. Provides that $1.5 billion of the reserve be derived by transfer from previously appropriated funds in the "strategic petroleum reserve" account.

3. Provides that funds be available only for stimulation of commercial production of alternative fuels and only to the extent provided in advance in appropriations Acts.

4. Provides $1.5 billion out of the reserve for purchase commitments or price guarantees for alternative fuels under the authority of the Federal Nonnuclear Research and authorizes the Secretary of Energy to contract for such purchases to the extent of appropriations provided.

5. Provides an additional $708,000,000 from the reserve of which:

(a) not to exceed $100,000,000 shall be available for direct loans for project development feasibility studies, with individual loans not to exceed $4,000,000, and provides that the Secretary may waive repayment if studies determine that the project has no economic or technical feasibility.

(b) not to exceed $100,000,000 shall be available for cooperative agreements with non-Federal entities, such agreements not to exceed $25,000,000 each.

(c) not to exceed $500,000,000 shall be available for a reserve to cover any defaults from loan guarantees issued to finance construction of facilities authorized by the Federal Nonnuclear Research and Development Act of 1974. Indebtedness guaranteed shall not exceed $1,500,000,000.

(d) not to exceed $8,000,000 shall be available for program management.

6. Provides that the Act satisfies the requirements of the Federal Nonnuclear Research and Development Act of 1974 for specific congressional action on price guarantees, purchase commitments, or loan guarantees.

7. Defines alternative fuels.

8. Provides that within 60 days of enactment the Secretary of Energy shall establish and publish final criteria for loans previously described.

9. Establishes a "Solar and Conservation Reserve" of $1 billion to be available only subject to passage of authorizing legislation and to the extent provided in advance in appropriations Acts.

10. States that nothing in this appropriation precludes further Senate action on synthetic fuels or sets a binding pattern for these items in the future.

The managers are in agreement that the increased emphasis on alternative fuels production and the broad authorities contained in the Senate amendment are necessary for the expeditious development of domestic alternative fuels capacity in a reasonable time frame. It is urgent that action begin immediately to establish such capacity to offset the Nation's unacceptable and increasing dependence on foreign sources of energy.

The managers emphasize that, in view of projected increasing dependence on imports, alternative fuels production should reach maximum levels as soon as practicable. Testimony before the Congress differs with regard to levels of production that can be achieved by various dates. Minimum and maximum goals of 500,000 barrels per day by 1986 and 6,000,000 barrels per day by 1995 have respectively been projected. The managers agree that maximum levels should be pursued within the reasonable constraints of environmental concerns and the Nation's economic and productive capacity.

The substitute amendment agreed to by the managers contains nearly all the substantive provisions of the Senate amendment. The differences are as follows:

1. Introductory language is included stating a goal of "domestic production at maximum levels at the earliest time practicable". As discussed previously, production should be at levels consistent with reasonable economic benefits, available industrial productive capacity of the Nation, and environmental and other regulatory constraints.

2. The "Energy Security Reserve" appropriation is $19 billion instead of $20 billion in the Senate amendment. Including the $1 billion for a "Solar and Conservation Reserve" the total of this account is $20 billion, the amount of the amended budget, instead of $21 billion in the Senate bill.

3. The $1.5 billion transfer from the "Strategic petroleum reserve" account is deleted. The managers agree that sufficient funds should be retained in the "Strategic petroleum reserve" account to allow the Secretary to begin immediate purchase of oil for the reserve, to adjust for increased oil prices, and to allow for more flexible, longer contract terms for purchase if justified.

4. The word "domestic" is added to commercial production language to clarify the intent of both houses on the source of alternative fuels.

5. Language is added directing that the Secretary begin the contract process for purchase commitments and price guarantees immediately rather than "authorizing the Secretary to contract."

6. Loans for project development feasibility studies are changed to regular procurement awards in order to expedite the process of receiving and processing requests for assistance. The Secretary may require repayment of these awards if the projects are determined to be economically and technically feasible. Loans would have required establishment of a new administrative system complete with regulations.

7. Within 90 days the Secretary is directed to issue solicitations for project development feasibility studies, instead of a 60 day period for issuing loan criteria.

8. Loan guarantees for oil shale facilities provided for in the Senate amendment can be issued for full-sized commercial facilities, without first demonstrating a modular facility as required in section 19 of the Federal Nonnuclear Reserve and Development Act of 1974. This provision will expedite by several years the development of any oil shale facilities which apply for loan guarantees. It does not waive any substantial requirements of environmental law.

9. Operation of the reserve is further defined in the Senate amendment by:

(a) Providing that Federal agencies pay into the reserve the market price for alternative fuels purchased by the government under this appropriation, thus replenishing budget authority in the reserve.

(b) Providing that all funds derived by operations under this appropriation be deposited in the reserve.

(c) Providing that all payments out of the reserve must be from appropriations from the reserve.

10. Lastly, the agreement provides a secretarial report to Congress every six months after enactment.

The managers believe that this program is necessary to begin the expeditious pursuit of alternative fuels capacity as one of the main efforts in alleviating our ruinous dependence on foreign sources of energy.

The managers agree further that for project development feasibility studies, interest rates on repayment should be five percent. The managers also agree that the Secretary should establish definitive criteria for deciding the economic and technical feasibility of such studies prior to repayment decisions on such awards.

The managers also agree that $22,000,000 of the funds provided for cooperative agreements should be made available for an agreement with Great Plains Gasification Associates for preliminary work on a commercial coal gasification facility.

Amendment No. 75: Appropriates $746,627,000 for fossil energy research and development instead of $699,377,000 as proposed by the House and $798,302,000 as proposed by the Senate. The net increase over the amount proposed by the House consists of the following increases and decreases: Increases of $3,000,000 for underground coal mining; $1,500,000 for chemical coal cleaning; $5,000,000 for SRC–II; $29,500,000 for the H-coal pilot plant; $7,500,000 for an H-coal commercialization study; $4,000,000 for coal materials handling in advanced research and supporting technology; $4,500,000 for low grade heat recovery; $5,000,000 for university coal research; $2,000,000 for heavy oil refining; and $2,500,000 for enhanced gas recovery; and decreases of $5,000,000 for surface mining R&D; $1,000,000 for a gasification test facility; $4,000,000 for coal materials handling in gasification; $3,700,000 for peat gasification; $1,000,000 for a utility technology program plan; $2,000,000 for automotive engine combustion technology; $300,000 for improved oil and gas burners; and $250,000 for coal-oil mixture research.

The managers agree that within the amounts provided for high Btu entrained bed gasification $250,000 is available for preliminary evaluations related to the establishment of an entrained bed test facility on the site of the BIGAS plant.

The managers support the rapid development of thermionic energy converters suitable for improving power plant performance. An aggressive research and development program leading to evaluation of utility scale power modules should be pursued by the Department. The Department should evaluate the program and submit a request for reprogramming or supplemental funding in FY 1980 if necessary.

The managers further agree that $1,500,000 is available, within the amount provided, for demonstration of innovative small atmospheric fluidized bed technology as originally proposed by the Senate.

Funds for automotive engine combustion technology, deleted in this account, are transferred to the conservation account in the amount of $1,500,000.

The managers agree that the $5,000,000 added for university coal research is for research at universities having existing laboratories capable of coal research, and is not to be used to establish a system of "University Coal Laboratories", as authorized by P.L. 95–87, the Surface Mining Control and Reclamation Act of 1977.

The managers agree that up to $1,000,000 within available funds should be provided for a feasibility study on the further use of the Cresap, West Virginia, test facility to be completed as soon as possible, but no later than June 1, 1980.

Amendment No. 76: Appropriates $103,250,000 for fossil energy construction instead of $71,250,000 as proposed by the House and $105,250,000 as proposed by the Senate. The decrease under the amount proposed by the Senate consists of $2,000,000 for a second high-Btu gasification demonstration plant.

The managers agree that the Department of Energy should use the $2 million provided in fiscal year 1979 for project 77–1–b to continue preliminary work on a second high-Btu synthetic pipeline gas demonstration plant. DOE, in selecting a process technology, shall consider processes of a second-generation technology that will advance the state-of-the-art.

DOE shall report to the Appropriations Committees on plans for initiating construction of a second plant prior to FY 1981.

Amendment No. 77: Appropriates $111,221,000 for energy production, demonstration and distribution instead of $125,971,000 as proposed by the House and $106,971,000 as proposed by the Senate. The net increase over the amount proposed by the Senate consists of the following increases and decreases:

Increases of $1,000,000 for coal bed methane; and $11,750,000 for the Federal buildings solar program; and decreases of $2,000,000 for coal policy studies; $2,000,000 for naval shale reserves; $1,500,000 for oil shale commercialization; and $3,000,000 for solar commercialization.

The managers agree that coal policy studies should be accomplished within existing departmental funds for policy and evaluation activities.

Within the funds provided for solar commercialization, $3,000,000 is for wood combustion and gasification. Additional funding for commercial wood utilization is provided within the alternative fuels account.

Lastly, the managers agree that funds recommended by the House for urban waste projects should be reduced to $3,000,000 and transferred to the energy conservation account.

Amendment No. 78: Provides that $88,750,000 of the funds provided for energy production, demonstration, and distribution remain available until expended instead of $104,500,000 as proposed by the House and $78,000,000 as proposed by the Senate. The net under the amount proposed by the House consists of the following increase and decreases: An increase of $2,000,000 for shale reserves development; and decreases of $11,750,000 for the Federal buildings solar program; and $6,000,000 for urban waste conversion.

Amendment No. 79: Appropriates $628,702,000 for energy conservation instead of $566,052,000 as proposed by the House and $692,502,000 as proposed by the Senate. The net decrease under the amount proposed by the Senate consists of the following increases and decreases:

Increases of $3,000,000 for urban waste research, development and demonstration; $200,000 for the federal energy management program; $1,050,000 for heat pumps; $3,375,000 for projects with the aluminum and steel industries; $3,250,000 for industrial cogeneration; $1,500,000 for diesel propulsion research; and $2,500,000 for administration of the schools and hospitals grant program; and decreases of $3,675,000 for the emergency buildings temperature restriction program; $2,000,000 for steam engine propulsion research; $3,000,000 for the National Alcohol Fuels Commission; and $70,000,000 for energy impact assistance.

The managers note that $3,000,000 provided for urban waste shall be transferred into this account from energy production, demonstration, and distribution. Also, $1,500,000 allowed for diesel production has been transferred from the fossil energy research and development account. Funding proposed by the House for urban waste loan guarantees has been deleted from this account, because it is included within loan guarantees provided by the proposed alternative fuel production account.

The managers agree that any formcoke demonstration project initiated by the department must include a provision for industrial cost sharing of project construction.

Amendment No. 80: Reappropriates $141,250,000 for energy conservation grants instead of $180,000,000 as proposed by the House and $102,500,000 as proposed by the Senate. The decrease is $38,750,000 of FY 1978 funds proposed by the House for reappropriation to the schools and hospitals grant program.

Amendment No. 81: Deletes language proposed by the House earmarking $5,000,000 for a reserve to cover defaults from loan guarantees issued for financing the construction of facilities to convert municipal waste into synthetic fuels.

Amendment No. 82: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides that none of the funds provided for State energy conservation grants shall be available to any jurisdiction that has not implemented section 362(c)(5) of Public Law 94–163.

Amendment No. 83: Deletes language proposed by the Senate which would have provided $3,000,000 for the National Alcohol Fuels Commission.

Amendment No. 84: Appropriates $152,879,000 for the Economic Regulatory Administration instead of $125,697,000 as proposed by the House and $154,264,000 as proposed by the Senate. The net increase over the amount proposed by the House consists of the following increases and decrease:

Increases of $10,000,000 for coal conversion prohibition orders; $4,200,000 for major refiner compliance; $10,000,000 for non major refiner compliance; and $4,182,000 for fuels regulation; and a decrease of $1,200,000 for innovative rate structure pilot studies.

While the managers support the purposes and goals of the Fuel Use Act, and to that end are including increased funding to expedite conversions, some conferees have expressed concern over the regulations promulgated by the Department of Energy to implement the Fuel Use Act and wish to make clear that increased funding for this program does not necessarily imply that all of those concerns have been alleviated.

Amendment No. 85: Deletes House language appropriating $8,391,000 for the strategic petroleum reserve.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

HEALTH SERVICES ADMINISTRATION

Amendment No. 86: Appropriates $538,874,000 for Indian health services instead of $541,449,000 as proposed by the House and $536,580,000 as proposed by the Senate. The net increase over the amount proposed by the Senate consists of the following increases and decrease: A decrease of $400,000 to operate and equip the Colville Convalescent Center, Washington; and increases of $2,000,000 for Indian health manpower and $694,000 for health education.

The managers are in agreement on the following: That, within available funds, $300,000 be used to undertake a feasibility study to determine if the Alaska Hospital and Medical Center in Anchorage meets current health care requirements of the beneficiary population; that IHS not support any facility constructed by EDA unless it intends to seek necessary operating funds and has departmental clearance to do so in advance; that, within available funds, $70,000 be allocated to the Indian Development District of Arizona for the establishment of a training program for emergency medical personnel; that, within available funds, $77,000 be allocated to Fort Berthold for a physical extender service; that IHS provide technical assistance to the Tulalip Tribe, Washington, to develop a health care delivery system; that the IHS develop a priority ranking system for health services and submit the system to the House and Senate Appropriations Committees for review by February 1, 1980; that IHS report to the House and Senate Appropriations Committees within 60 days on the resources available to the Indians of the various states and on the impact of the health care and funding commitment implicit in the recently adopted IHS regulations on contract care delivery areas; and that funds reprogrammed from the Fort MacArthur Clinic be distributed on the following basis: 80% to reservation programs and 20% to urban program.

Amendment No. 87: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides for construction, repair, and improvement of Indian health facilities and related activities as proposed by the Senate.

Amendment No. 88: Appropriates $74,302,000 for Indian health facilities as proposed by the House instead of $26,062,000 as proposed by the Senate.

The managers are in agreement on the following: That of the amount provided for sanitation facilities, $4,000,000 be made available for design and initial construction of a rural water distribution system for the Turtle Mountain Indian Reservation, North Dakota; that the Indian Health Services and the Department of Health, Education, and Welfare develop a sound priority system for the sanitation program; that IHS and the Department develop firm estimates for both construction and leasing for the Bethel housing project and include those recommendations in the FY 1981 budget justifications; that the Department carefully review the adequacy of cost estimates for IHS construction projects and the actual housing needs for the Red Lake facility and report to the House and Senate Appropriations Committees by February 1, 1980; and that a 60-bed facility, not including a school of optometry sponsored by Northeastern Oklahoma State University, be constructed at Tahlequah, Oklahoma.

Amendments No. 89 & 90: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides language clarifying the use of funds collected under the authority of the Indian Health Care Improvement Act.

Amendment No. 91: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter proposed by said amendment, insert the following: ": *Provided*, That none of the funds appropriated under this Act to the Indian Health Service shall be available for the lease of permanent structures without advance provision therefor in appropriations Act".

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

OFFICE OF EDUCATION

Amendment No. 92: Provides language proposed by the Senate earmarking funds for Parts B and C of the Indian Education Act.

Amendment No. 93: Appropriates $75,900,000 for Indian education as proposed by the Senate instead of $75,875,000 as proposed by the House. The increase over the amount proposed by the House is to provide a total of $200,000 for the operation of the National Advisory Council on Indian Education.

INSTITUTE OF MUSEUM SERVICES

Under the provisions of Section 413(a) of Public Law 96–88, the Secretary of Education is authorized to consolidate various educational and related agencies within the newly established Department of Education. One agency, funded in this bill, identified as eligible for such action, is the Institute of Museum Services. The Managers have no objection to merging this unit with other comparable units if this will help the Secretary develop and manage a viable Department. The managers further agree that oversight of the programs of the Institute would be continued wherever it may be situated.

SMITHSONIAN INSTITUTION

Amendment No. 94: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment providing $103,781,000 for salaries and expenses instead of $103,498,000 as proposed by the House and $102,710,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The increase over the amount proposed by the House consists of $233,000 for the Tropical Research Institute as recommended by the Senate for fence construction ($22,000), two game wardens ($98,000), increased utility costs ($81,000), and two administrative positions ($32,000) and $50,000 for American and Folklife Studies.

Amendment No. 95: Appropriates $4,200,000 for museum programs and related research (special foreign currency program) instead of $3,700,000 as proposed by the House and $4,700,000 as proposed by the Senate. The managers agree that the establishment of a substantial reserve fund for future year programs should be reviewed within the context of the 1981 priorities.

Amendment No. 96: Restores House language stricken by the Senate that limits the total amount of museum programs and related research grants to Smithsonian employees to $500,000.

Amendment No. 97: Appropriates $6,250,000 for construction and improvements, National Zoological Park instead of $6,500,000 as proposed by the House and $6,000,000 as proposed by the Senate. The decrease under the amount proposed by the House deletes $250,000 budgeted for redesign of the parking facility addition.

Amendment No. 98: Appropriates $5,250,000 for restoration and renovation of buildings as proposed by the House instead of $5,150,000 as proposed by the Senate. The managers agree this amount should be adequate to renovate and repair the buildings associated with the newly acquired African Museum of Art.

Amendment No. 99: Appropriates $20,600,000 for construction of the Museum Support Center as proposed by the House instead of $10,850,0000 as proposed by the Senate. No funds are included for South quadrangle planning.

Amendment No. 100: Appropriates $22,241,000 for salaries and expenses of the National Gallery of Art instead of $22,311,000 as proposed by the House and $21,978,000 as proposed by the Senate. The decrease under the amount proposed by the House deletes funds for the direct funding of the Repertory of International Literature of Art (RILA).

Amendment No. 101: Appropriates $1,611,000 for salaries and expenses of the Woodrow Wilson International Center for Scholars as proposed by the House instead of $2,611,000 as proposed by the Senate. No funds are provided for a one time appropriation to establish the Hubert H. Humphrey fellowship in social and political thought.

NATIONAL ENDOWMENT FOR THE HUMANITIES

Amendment No. 102: Appropriates $111,700,000 for salaries and expenses as proposed by the House instead of $109,400,000 as proposed by the Senate.

Amendment No. 103: Provides $100,300,000 for program funds as proposed by the House instead of $98,900,000 as proposed by the Senate.

Amendment No. 104: Provides $11,400,000 for administrative expenses as proposed by the House instead of $10,500,000 as proposed by the Senate.

The managers urge both Endowments to confine their grants to programs and organizations whose purposes are closely identified with the arts and humanities. Support for general operations, such as those for public television stations, should be left to those Federal programs specifically established for such purposes. A special effort should be made to insure that museum grants are directed at distinct arts and humanities programs and not those supported by the National Institute of Museum Services.

ADVISORY COUNCIL ON HISTORIC PRESERVATION

Amendment No. 105: Appropriates $1,350,000 for salaries and expenses as proposed by the House instead of $1,460,000 as proposed by the Senate.

PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION

Amendment No. 106: Appropriates $1,856,000 for salaries and expenses as proposed by the Senate instead of $1,811,000 as proposed by the House.

Congress has approved the overall plan for the Pennsylvania Avenue Development Corporation. As part of that plan, interim regulations have been published containing specific goals that assure an affirmative action plan guaranteeing the participation of minority businesses. The affirmative action plan adopted by the Corporation provides for equity participation only where such equity contribution exists. The managers strongly support that concept and we expect the PADC to report progress in implementing the plan to the Committee as well as any pressures being exerted from other units of government urging otherwise. The Committees expect the Pennsylvania Avenue Development Corporation to report back to the Congress as soon as possible its progress in this matter.

FEDERAL INSPECTOR FOR THE ALASKA GAS PIPELINE

Amendment No. 107: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter proposed by said amendment insert the following:

Federal inspector for the Alaska gas pipeline

Permitting and Enforcement

For necessary expenses of the Federal Inspector for the Alaska Gas Pipeline, $10,600,000, of which $3,600,000 shall remain available until expended.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The Federal Inspector is recognized by the managers as a representative of the President in conducting negotiations with Canada, the Provinces of Canada and other interested entities in obtaining approval of the financing and construction of the pipeline. As such, he may expend such funds as may be provided by the President or his duly authorized representative for official reception and representation expenses.

COMMUNITY SERVICES ADMINISTRATION

Emergency fuel assistance

Amendment No. 108: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment which appropriates $1,350,000,000, instead of $1,200,000,000 as proposed by the Senate. There were no funds for this purpose in the House bill, as the House has passed a separate bill (H.J. Res. 4430) containing $1,350,000 for emergency heating assistance. The amendment reads as follows:

Community Services Administration

Community Services Program

For an additional amount for "Community services program", $1,350,000,000: *Provided*, That of this amount $1,200,000,000 shall be transferred by allocation to the Secretary of Health, Education, and Welfare for payment of energy grants and allowances and related administrative costs: *Provided further*, That energy allowances shall not be considered as income or resources under any other public or publicly assisted income tested program, but shall be taken into consideration in determining eligibility for energy crisis assistance: *Provided further*, That the States shall, in awarding funds, give priority to those households experiencing significant increases in heating fuel costs over the levels of the previous year: *Provided further*, That States shall, in establishing such priority, provide for determining the extent to which increases in rents are caused by increases in heating fuel costs and consider such portions of increases in rents to be increases in heating costs: *Provided further*, That proof of income eligibility shall be required of all applicants: *Provided further*, That an annual audit shall be made of this program and all of its components: *Provided further*, That no awards to applicants shall be made after June 30 1980: *Provided further*, That $400,000,000 shall be paid as a special one-time energy allowance to recipients of Supplemental Security Income distributed among the States according to the following formula: (1) 33⅓ per centum based on the number of heating degree days squared times the number of households below 125 per centum of poverty; (2) 33⅓ per centum based on the difference in home heating energy expenditures between 1978 and 1979; (3) 33⅓ per centum based on the number of Supplemental Security Income recipients (other than those receiving no more than $25 because of their presence in a Medicaid institution) in each State relative to the national total: *Provided further*, That no Supplemental Security Income recipient shall receive more than $250 from the funds provided for Supplemental Security Income recipients: *Provided further*, That the remainder of any funds that would have been allotted to any State for Supplemental Security Income recipients if no maximum payment limitation had been in existence shall be allocated based on the State determination previously made in regard to funds provided for special energy allowances to recipients of Aid to Families with Dependent Children (AFDC) or block grants to States: *Provided further*, That $942,600,000 shall be distributed among the States according to the following formula: (1) 50 per centum based on the number of heating degree days squared times the number of households below 125 per centum of poverty; (2) 50 per centum based on the difference in home heating energy expenditures between 1978 and 1979: *Provided further*, That, in the State Funding Plan, the Governor shall provide assistance for those who pay fuel bills indirectly as well as directly: *Provided further*, That from revenues received from any windfall profit taxes imposed by Federal law on producers of domestic crude oil, there shall be reimbursed to the general fund of the Treasury an amount equivalent to the amount of funds appropriated to carry out the purposes of this paragraph: *Provided further*, That for the purposes of this paragraph, the term "States" shall include the "insular areas" of the United States.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conferees have agreed to provide the full amount requested by the President for low-income energy assistance. The budget request in this amount is contained in the House Document Nos. 96-188 and 96-207. This amount, together with $250 million appropriated earlier will provide a total of $1.6 billion for the upcoming winter.

The amount in the conference agreement (less Federal administrative costs) will be allocated as follows: $400,000,000 will be distributed to Supplemental Security Income (SSI) recipients, according to the State in which they live, by a three-part formula consisting of (1) one-third based upon heating degree days squared times the number of households below 125 percent of poverty (2) one-third based upon the difference in home heating energy expenditures betwen 1978 and 1979 and (3) one-third based upon the number of SSI recipients in a State compared to the total number of such recipients in all the States; and $942,600,000 will be allocated to the States under a two-part formula consisting of (1) 50 percent based upon heating degree days squared times the number of households below 125 percent of poverty and (2) 50 percent based upon the difference in home heating energy expenditures between 1978 and 1979.

The conference agreement includes $150,000,000 for the energy crisis assistance program administered by the Community Services Administration. That amount, together with $250,000,000 appropriated earlier, will provide a total of $400,000,000 for fiscal year 1980. The funds will be distributed among the States as block grants for the same purposes specified in the conference report to accompany the Labor-HEW Appropriation Bill for 1980 (House Report 96–400). Included in the amount approved by the conferees is $3,400,000 for administrative expenses, as requested in the budget, to enable CSA to maintain current employment levels and to add 50 temporary positions to assist in the administration of the program.

The conference agreement includes $1,200,000,000 which will be transferred to the Department of Health, Education, and Welfare for administration by that Department. Of that amount, $400,000,000 will be paid as a special one-time energy allowance to recipients of Supplemental Security Income. No SSI recipient may receive more than $250 in this manner. Any SSI funds that cannot be utilized by a State because of the maximum payment limitation shall be allocated based upon the State determination previously made in regard to funds provided for special energy allowances for AFDC recipients or block grants to the States. Federal administrative costs of $4,000,000 are also included. The budget proposed to utilize the remainder of the funds for special energy allowances to recipients of Aid to Families with Dependent Children (AFDC). The conferees direct that States be given the option of either participating in the AFDC payment plan presented in the budget request or of receiving their share of those funds in the form of a block grant. The block grant would be used to provide assistance to households with incomes below 125 percent of the poverty level. States wishing to receive a block grant will have 30 days from enactment of this bill to submit a plan for approval to HEW; HEW will then have 15 days from the date the plan is submitted to approve it. If HEW fails to act on a plan within 15 days, it will automatically be considered as approved. If HEW rejects a State plan, the State will have 5 days to submit a new plan; HEW will then have 5 more days to either accept or reject that plan.

The conferees direct that HEW consider any plan that has been submitted by a State for energy assistance to CSA and that has been approved be automatically considered as approved for the purpose of that State's participation in the HEW block grant program. The conferees intend that this provision will expedite the implementation of this program and that minor modifications necessary to be consistent with the new provisions in this conference report shall not be considered as requiring new plan approval.

The States can use the block grant in a variety of ways, including, but not limited to the following: retain all or part of the funds for crisis intervention; target households with higher energy costs rather than distributing it broadly; establish a vendor line of credit; make payments to those already participating in other income assistance programs (AFDC, food stamps).

The conferees expect HEW and CSA to work together as closely as possible in carrying out this program to reduce duplication and overlap to a minimum and to ensure that the funds are made available to the intended recipients as quickly and expeditiously as possible. States may use up to 10 percent of the block grants for administrative expenses.

The conferees direct the Community Services Administration to amend its regulations to provide equal treatment of paid fuel bills and unpaid fuel bills. Cash payments for bills already paid shall be equivalent to payments for unpaid bills. Although the conferees agree on the need to impose a ceiling on the funds available to each eligible household, the conferees are also aware of the unique heating requirements of each State. The conferees therefore recommend that regulations be amended to allow the Governor of each State to request the authority to increase this ceiling.

The conferees direct that there be no duplication of payments from any funds contained in this program.

The conferees are deeply concerned about unemployed individuals and their families. Accordingly, the States are directed to notify individuals receiving unemployment compensation benefits regarding the availability of funds under the Community Services Administration energy crisis assistance program for emergency fuel needs. In regard to the block grant program to the States, HEW or CSA, as appropriate, shall make adequate provisions for the participation of Native Americans.

The conference agreement also provides for the following: that the States shall, in awarding funds, give priority to those households experiencing significant increases in heating costs over the levels of the previous year; that the States shall, in establishing such priority provide for determining the extent to which increases in rents are caused by increases in heating costs and consider such portions of increases in rents to be increases in heating costs; that the States shall provide assistance for those who pay fuel bills indirectly as well as directly; that proof of income eligibility shall be required of all applicants; that an annual audit shall be made of this program and all of its components; and that no awards to applicants shall be made after June 30, 1980.

The conferees feel that time is of the essence in this matter. For this reason, they have agreed to provide the funds on an emergency basis in this bill.

TITLE III—GENERAL PROVISIONS

Amendment No. 109: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter proposed by said amendment insert the following:

None of the funds appropriated under this Act shall be available to implement any amendment to, or provision of, the regulation under section 4(a) of the Emergency Petroleum Allocation Act of 1973 providing for an increase or decrease in any month beginning after the date of the enactment of this Act in the ratio of the number of entitlements issued any firm with respect to any imported refined petroleum product to the number of barrels of such product imported by such firm in such month above the ratio in effect on April 30, 1979 unless the President has transmitted such amendment or provision to the Congress as an "energy action" under section 551 of the Energy Policy and Conservation Act (Public Law 94–163) and neither House of Congress has disapproved (or both Houses have approved) such request in accordance with the procedures specified in such section 551 of such Act.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The provision allows for a 50% entitlement for imported residual fuel oil for the State of Michigan and the East Coast market instead of the 30% entitlement included in the Senate-passed bill. This entitlement is identical to that provided for the past year in the fiscal year 1979 Interior and Related Agencies Appropriations Act. Additionally, any changes to imported residual fuel oil entitlements or entitlements for any other imported refined petroleum products are made subject to "energy action" procedures under the Energy Policy and Conservation Act, Public Law 94–163.

Amendment No. 10: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides that funds may be used to contract with private firms to provide plant care or watering services except for indoor plants.

Amendment No. 111: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides an exemption to the State of Alaska from application of certain provisions of the Export Administration Act of 1979.

It is the intent of the managers to continue to encourage the Forest Service to restrict administratively the export of unprocessed western red cedar logs from Alaska as soon as the capability develops to process such logs in Alaska.

Amendment No. 112: In lieu of the sum named insert $240,000.

The Bureau of Indian Affairs is currently providing contract support for attorneys' fees to four Pueblos in New Mexico in the case of *State of New Mexico* v. *Aamodt*. The Bureau determined that separate representation is required for each Pueblo to settle conflicts of interest between the Indians.

The Secretary shall request the Attorney General to determine if the trust responsibility of the government requires Federal financial support for legal representation to settle intertribal disputes.

The Secretary shall report back to the Committee within six months.

CONFERENCE TOTAL—WITH COMPARISONS

The total new budget (obligational) authority for the fiscal year 1980 recommended by the Committee of Conference, with comparisons to the fiscal year 1979 amount, the 1980 budget estimates, and the House and Senate bills for 1980 follow:

New budget (obligational) authority, fiscal year 1979	$12,325,226,000
Budget estimates of new (obligational) authority, fiscal year 1980	[1] 30,079,538,000
House bill, fiscal year 1980	10,231,970,000
Senate bill, fiscal year 1980	29,571,647,000
Conference agreement	30,304,887,000
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 1979	+17,979,661,000
Budget estimates of new (obligational) authority, fiscal year 1980	+225,349,000
House bill, fiscal year 1980	+20,072,917,000
Senate bill, fiscal year 1980	+733,240,000

[1] Includes $21,626,768,000 of budget estimates not considered by the House.

Sidney R. Yates,
Gunn McKay,
Clarence D. Long,
R. Duncan,
J. P. Murtha,
Norm D. Dicks,
Bo Ginn,
Jamie L. Whitten,
Joseph M. McDade,
Ralph S. Regula,
Clair W. Burgener,
Silvio O. Conte,
Managers on the Part of the House.
Robert C. Byrd,
Ernest F. Hollings,
Birch Bayh,
J. Bennett Johnston,
Walter D. Huddleston,
Patrick J. Leahy,
Quentin Burdick,
John A. Durkin,
Ted Stevens,
Milton R. Young,
Mark O. Hatfield,
Henry Bellmon,
James A. McClure,
Paul Laxalt,
Managers on the Part of the Senate.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. de la Garza (at the request of Mr. Wright), for November 8 and 9, 1979, on account of official business.

Ms. Holtzman, Ms. Mikulski, Mrs. Boggs, and Mrs. Schroeder (at the request of Mr. Wright), for November 8 through 13, 1979, on account of the official delegation to urge the Cambodian Government to permit food shipments for the starving children of that country.

Mrs. Spellman (at the request of Mr. Wright), for today, on account of illness.

Mr. Pepper (at the request of Mr. Wright), after 4:45 p.m. today, and for November 9, on account of official business.

Mr. Young of Alaska (at the request of Mr. Rhodes), for today, on account of illness.

Mrs. Snowe (at the request of Mr. Rhodes), for November 8 through 13, 1979, on account of official business.

Mrs. Heckler (at the request of Mr. Rhodes), for November 8 through 13, 1979, on account of official business.

Mrs. Fenwick (at the request of Mr. Rhodes), for November 8 through 13, 1979, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Solomon) to revise and extend their remarks and include extraneous material:)

Mr. Railsback, for 5 minutes, today.

Mr. Collins of Texas, for 15 minutes, today.

Mr. Martin, for 15 minutes, today.

Mr. Kemp, for 10 minutes, today.

Mr. Courter, for 10 minutes, today.

Mr. Courter, for 5 minutes, on November 9, 1979.

(The following Members (at the request of Mr. Mineta) to revise and extend their remarks and include extraneous material:)

Ms. Ferraro, for 5 minutes, today.

Mr. Weaver, for 10 minutes, today.

Mr. Gonzalez, for 15 minutes, today.

Mr. Annunzio, for 5 minutes, today.

Mr. Fascell, for 5 minutes, today.

Mr. Drinan, for 5 minutes, today.

Mr. Vanik, for 10 minutes, today.

Mr. Ullman, for 5 minutes, today.

Mr. Addabbo, for 10 minutes, today.

Mr. Harris, for 5 minutes, today.

Mr. Udall, for 5 minutes, today.

Mr. Bingham, for 5 minutes, today.

Mr. Eckhardt, for 30 minutes, today.

Mr. Swift, for 5 minutes, today.

Mr. Kastenmeier, for 5 minutes, today.

Mr. Hughes, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Zeferetti, and to include extraneous matter.

Mr. Marlenee, to revise and extend his remarks prior to passage of H.R. 3398, today.

Mr. Hightower, to revise and extend his remarks prior to the vote on H.R. 3398, today.

Mr. Schulze, and to include extraneous matter, following his remarks during consideration of House Resolution 428 in the Committee of the Whole today.

Mr. Daschle, to revise and extend during debate of H.R. 4167 in the Committee of the Whole today.

Mr. Ertel, to insert remarks immediately following Mr. Fuqua's comments on S. 1160.

(The following Members (at the request of Mr. Solomon) and to include extraneous material:)

Mr. Fish.
Mr. Williams of Ohio.
Mr. Edwards of Alabama.
Mr. Daniel B. Crane.
Mr. Derwinski in two instances.
Mr. Michel in three instances.
Mr. Wydler in two instances.
Mr. Campbell.
Mr. Whitehurst.
Mr. Collins of Texas in two instances.
Mr. Corcoran.
Mr. Livingston.
Mr. Lent.
Mr. Kemp.
Mr. Schulze.
Mr. Findley in two instances.
Mr. Paul in six instances.
Mr. Stockman.
Mr. Symms in two instances.
Mr. McClory.
Mr. Courter.

(The following Members (at the request of Mr. Mineta) and to include extraneous matter:)

Mr. Yatron in two instances.
Mr. Jacobs in two instances.
Mr. Wolff in two instances.
Mr. Roe.
Mr. Pepper in two instances.
Mr. Roberts.
Mr. Addabbo.
Mr. Nowak.
Mr. Dellums.
Mr. Ullman in two instances.
Mr. Richmond in two instances.
Mr. Bolling.
Mr. Solarz.
Mr. Mazzoli in two instances.
Mr. Myers of Pennsylvania.
Mr. Mottl.
Mr. Williams of Montana.
Mr. Gudger.
Mr. McCormack.
Mr. Murphy of Illinois.
Mr. Ford of Michigan.
Mr. Waxman.
Mr. McDonald in two instances.
Mr. Lloyd.
Mr. Rosenthal.
Mr. Long of Maryland in three instances.
Mr. Lundine.
Mr. Chappell.
Mr. Frost.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 1374. An act for the relief of Lynn Rufus Pereira; to the Committee on the Judiciary; and

S. 1682. An act to amend the Act of August 9, 1955 (69 Stat. 539) (25 U.S.C. 415), as amended, to authorize a 99-year lease for the Moses Allotment Numbered 10, Chelan County, Wash.; to the Committee on Interior and Insular Affairs.

SENATE ENROLLED JOINT RESOLUTION SIGNED

The SPEAKER announced his signature to an enrolled joint resolution of the Senate of the following title:

S.J. Res. 117. Joint resolution to provide for a temporary extension of certain Federal Housing Administration authorities, and for other purposes.

ENROLLED JOINT RESOLUTIONS SIGNED

Mr. THOMPSON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled joint resolutions of the House of the following titles, which were thereupon signed by the Speaker:

H.J. Res. 199. Joint resolution to amend the Act of October 21, 1978 (92 Stat. 1675: Public Law 95–498); and

H.J. Res. 428. Joint resolution designating December 1979 as "National Child Abuse Prevention Month."

BILLS PRESENTED TO THE PRESIDENT

Mr. THOMPSON, from the Committee on House Administration, reported that that committee did on the following dates present to the President, for his approval, bills of the House of the following title:

On November 7, 1979:

H.R. 998. To amend the Agricultural Adjustment Act of 1938, as amended, to exempt State prison farms from paying of marketing quota penalties; and

H.R. 2196. To establish a Congressional

Award Board to administer a Congressional Award Program designed to encourage initiative and achievement among youths.

On November 8, 1979:

H.R. 3319. For the relief of Jose Quintana Dominguez Sendejas; and

H.R. 5279. To provide for the distribution within the United States of the International Communication Agency film entitled "Reflections: George Meany."

ADJOURNMENT

Mr. PREYER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 56 minutes p.m.), under its previous order, the House adjourned until tomorrow, Friday, November 9, 1979, at 9 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2793. A letter from the Acting Secretary of Agriculture, transmitting a table showing the final Public Law 480 Title I country allocations for fiscal year 1979; to the Committee on Foreign Affairs.

2794. A letter from the Comptroller General of the United States, transmitting a report on the financial condition of public housing agencies (CED-80-2, November 7, 1979); jointly, to the Committees on Government Operations, and Banking, Finance and Urban Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ULLMAN: Committee on Ways and Means. Supplemental report on H.R. 3755 for the relief of St. Paul's Episcopal Church, Riverside, Conn. (Rept. No. 96-561, Pt. II). Referred to the Committee of the Whole House.

Mrs. CHISHOLM: Committee on Rules. House Resolution 479. Resolution providing for the consideration of H.R. 2222 to amend the National Labor Relations Act to clarify the scope of its coverage. (Rept. No. 96-594). Referred to the House Calendar.

Mr. NEDZI: Committee of conference. Conference report on S. 1319. (Rept. No. 96-595). Ordered to be printed.

Mr. STRATTON: Committee of conference. Conference report on H.R. 3354 (Rept. No. 96-596). Ordered to be printed.

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 4084. A bill to provide for a cooperative agreement between the Secretary of the Interior and the State of California to improve and manage the Suisun Marsh in California; with amendments (Rept. No. 96-597, P & I). Ordered to be printed.

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 552. A bill to provide for the alleviation of high ground water conditions in and adjacent to the town of Moses Lake, Wash., and for other purposes; with an amendment (Rept. No. 96-598). Referred to the Committee of the Whole House on the State of the Union.

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 1967. A bill, to modify the boundary of the White River National Forest in the State of Colorado; with an amendment (Rept. No. 96-599). Referred to the Committee of the Whole House on the State of the Union.

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 2111. A bill to extend the service area for the Sacramento Valley Canals, Central Vallejo project, California, and for other purposes; with an amendment (Rept. No. 96-600). Referred to the Committee of the Whole House on the State of the Union.

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 2757. A bill to authorize the Secretary of the Interior to engage in a feasibility study; with amendments (Rept. No. 96-601). Referred to the Committee of the Whole House on the State of the Union.

Mr. JOHNSON of California: Committee on Public Works and Transportation. H.R. 5481. A bill, to amend the Federal Aviation Act of 1958 in order to promote competition in international air transportation, provide greater opportunities for United States air carriers, establish goals for developing United States international aviation negotiating policy, and for other purposes; with an amendment (Rept. No. 96-602). Referred to the Committee of the Whole House on the State of the Union.

Mr. DELLUMS: Committee on the District of Columbia. H.R. 5811. A bill to allow the Interest Rate Modification Act of 1979, passed by the Council of the District of Columbia, to take effect immediately (Rept. No. 96-603). Referred to the Committee of the Whole House on the State of the Union.

Mr. YATES: Committee of conference. Conference report on H.R. 4930 (Rept. No. 96-604). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X, and clause 4 of rule XXII, bills and resolutions of the following titles were introduced and severally referred, as follows:

By Mr. GAYDOS:

H.R. 5833. A bill to improve the administration of Federal firearms laws, and for other purposes; jointly to the Committees on the Judiciary and Rules.

By Mr. GIBBONS:

H.R. 5834. A bill to provide lump sum death benefits for certain Federal law officers and firefighters killed in the line of duty; to the Committee on Education and Labor.

H.R. 5835. A bill to provide criminal penalties for assaults on certain Federal law officers and firefighters; to the Committee on the Judiciary.

By Mr. GORE:

H.R. 5836. A bill to amend the Federal Food, Drug, and Cosmetic Act to require infant formulas to provide certain nutrient levels and to require seizure actions to be instituted against an adulterated infant formula if the manufacturer has not initiated a satisfactory recall; to the Committee on Interstate and Foreign Commerce.

By Mr. HANLEY (by request):

H.R. 5837. A bill to authorize payment from the Civil Service Retirement and Disability Fund for the expenses of retirement appeals; to the Committee on Post Office and Civil Service.

By Mr. MAZZOLI:

H.R. 5838. A bill to establish a Commission to hear, determine, and pay claims against the United States for money damages for the injuries to individuals who contracted the Guillain-Barre Syndrome after receiving immunizations under the national swine flu immunization program, and for other purposes; to the Committee on the Judiciary.

By Mr. MOTTL (for himself and Mr. GORE):

H.R. 5839. A bill to amend the Federal Food, Drug, and Cosmetic Act to strengthen the authority under that Act to assure the safety and nutrition of infant formulas; to the Committee on Interstate and Foreign Commerce.

By Mr. NOLAN:

H.R. 5840. A bill to amend the Internal Revenue Code of 1954 to permit certain farmers to obtain the investment credit for used section 38 property acquired from a related party; to the Committee on Ways and Means.

By Mr. NOLAN (for himself and Mr. PHILLIP BURTON):

H.R. 5841. A bill to develop a plan for a "National Hostel System" to encourage the development of hostels, and for other purposes; jointly, to the Committees on Interior and Insular Affairs and Banking, Finance, and Urban Affairs.

By Mr. PAUL:

H.R. 5842. A bill to make all Iranian students in the United States ineligible for any form of federal aid; jointly, to the Committees on Education and Labor and Government Operations.

By Mr. PERKINS:

H.R. 5843. A bill to amend title 28 of the United States Code to maintain the filing fee of $15 for any civil action commenced in a Federal district court relating to eligibility for or the amount of social security benefits, supplemental security income, or black lung benefits; to the Committee on the Judiciary.

By Mr. PURSELL:

H.R. 5844. A bill to establish a Federal program to provide public information on wildlife preservation and the endangered species; to the Committee on Merchant Marine and Fisheries.

By Mr. UDALL (for himself and Mr. ULLMAN):

H.R. 5845. A bill to revise requirements under the Federal reclamation laws relating to acreage limitations, equivalency, and residency, to provide for validation of repayment contracts and written representations, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. WHITEHURST:

H.R. 5846. A bill to amend the Immigration and Nationality Act to provide for the deportation of certain nonimmigrant alien students; to the Committee on the Judiciary.

By Mr. GIBBONS:

H.R. 5847. A bill relating to the application of section 103(b) of the Internal Revenue Code of 1954 to certain bonds for harbor improvements; to the Committee on Ways and Means.

By Mr. MATHIS:

H.R. 5848. A bill to amend the Immigration and Nationality Act to provide for the deportation of nonimmigrant alien students who knowingly participated in a violent political demonstration or otherwise participated in activities inconsistent with the terms of their admittance to the United States; to the Committee on the Judiciary.

By Mr. STRATTON (for himself, Mr. FISH, Mr. GILMAN, Mr. OTTINGER, and Mr. PEYSER):

H.R. 5849. A bill to amend title I of the Federal Water Pollution Control Act to authorize a demonstration project for the reclamation of the Hudson River; to the Committee on Public Works and Transportation.

By Mr. SYMMS (for himself and Mr. DUNCAN of Oregon):

H.R.5850. A bill to approve dimethyl sulfoxide for the relief of inflammation from arthritis, bursitis, rheumatism, and other disorders of the muscular-skeletal system; to the Committee on Interstate and Foreign Commerce.

H.R. 5851. A bill to approve dimethyl sulfoxide for the treatment of acute brain and spinal cord injuries; to the Committee on Interstate and Foreign Commerce.

By Mr. CHARLES WILSON of Texas:

H.R. 5852. A bill to provide for the deportation from the United States of certain aliens who engage in demonstrations in support of acts of anti-American terrorism; to the Committee on the Judiciary.

By Mr. HUGHES:

H. Con. Res. 208. Concurrent resolution expressing the sense of the Congress that the Ambassador of the United States to the United Nations should take such steps as are necessary to bring the matter of the seizure of the U.S. Embassy in Tehran before either the Security Council, as a threat to the maintenance of international peace and security, or the General Assembly, in order that the community of nations may take any and all action which is necessary to bring this breach of international law to an immediate end; to the Committee on Foreign Affairs.

By Mr. BEARD of Rhode Island:

H. Res. 480. Resolution urging the Attorney General to revoke immediately student visas held by Iranian citizens who participate in political demonstrations in the United States and to require that all Iranian citizens in the United States submit to the Immigration and Naturalization Service a statement of their intention to respect the laws of the United States; to the Committee on the Judiciary.

By Mr. MOAKLEY:

H. Res. 481. Resolution authorizing the consideration of reports from the Committee on the District of Columbia on days other than those designated by rule, subject to prior announcement, and for other purposes; to the Committee on Rules.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 1603: Mr. Hyde, Mr. Gephardt, Mr. Swift, Mr. Quayle, and Mr. Broomfield.

H.R. 2248: Mr. Kemp, Mr. Bethune, Mr. McDade, Mr. Tauke, Mr. Hammerschmidt, and Mr. Gore.

H.R. 4513: Mr. Lungren, Mr. Brodhead, and Mr. Cavanaugh.

H.R. 4782: Mr. Kelly, Mr. McEwen, and Mr. Simon.

H.R. 4796: Mr. Heftel and Mr. Whitten.

H.R. 5000: Mr. Whitehurst, Mr. Petri, Mr. Sebelius, Mr. Davis of Michigan, Mr. Wolff, and Mr. Coughlin.

H.R. 5206: Mr. Hansen.

H.R. 5327: Mr. Holland, Mrs. Fenwick. Mr. Dannemeyer, Mr. Frost, Mr. Wirth, and Mr. Wolpe.

H.R. 5371: Mr. Hopkins, Mr. Neal, Mr. Fazio, and Mr. Shumway.

H.R. 5394: Mr. Stanton, Mr. Rahall, Mr. Fithian. Mr. Guyer, Mr. Addabbo. Mr. Flood, Mr. Fazio. Mr. Coughlin, Mr. Jenrette, Mr. Roe. Mr. Reuss. Mr. Slack. and Mr. Zeferetti.

H.R. 5396: Mr. McKinney.

H.R. 5407: Mr. Moakley, Mr. Clinger, Mr. Lagomarsino. Mr. Carney, Mr. Flood, Mr. Philip M. Crane. Mr. Roe, Mr. Benjamin, Mr. Horton, Mr. McDonald, and Mr. Lederer.

H.R. 5477: Mr. Pursell.

H.R. 5504: Mr. Nolan and Mr. Fish.

H.R. 5571: Mr. Luken.

H.R. 5586: Mr. Burgener.

H.R. 5610: Mr. Beard of Tennessee, Mr. Corcoran. Mr. Courter. and Mr. Vento.

H.R. 5694: Mr. Beilenson, Mr. Bonior of Michigan, Mr. Dickinson, Mr. Edwards of California. Mr. Edwards of Oklahoma. Mr. Erdahl, Mr. Hughes, Mr. Ichord. Mr. Kostmayer. Mr. Johnson of Colorado, Mr. Mathis, Mr. Mazzoli, Mr. Pepper, Mr. Rahall, and Mr. Vento.

H.R. 5697: Mr. Edwards of California.

H.R. 5752: Mr. Akaka, Mr. Weaver, Mr. Scheuer, Mr. Charles H. Wilson of California, Mr. Jeffords, Mr. Bedell, and Mr. Frost.

H.R. 5823: Mr. Vanik.

H.J. Res. 389: Mr. Lent, Mr. Panetta, Mr. Richmond, Mr. Blanchard, Mr. Lowry, Mr. Stark, Mr. Gray, Mr. Nolan, Mr. Neal, Mr. Alexander, and Mr. Goodling.

H.J. Res. 407: Mr. Moorhead of Pennsylvania.

H. Con. Res. 160: Mr. Downey, Mr. Lloyd, Mr. Miller of California, Mr. Vento, Mr. Won Pat, and Mr. Dornan.

H. Res. 477: Mr. Whitehurst, Mr. Devine, Mr. Hopkins, Mr. Fuqua, Mr. Carter, Mr. Murphy of Pennsylvania, Mr. Trible, Mr. Loeffler, Mr. Charles Wilson of Texas, Mr. Rousselot, Mr. Hinson, Mr. Goldwater, Mr. Mathis, and Mr. Duncan of Tennessee.

PETITIONS, ETC.

Under clause 1 of rule XXII,

218. The SPEAKER presented a petition of the Federal of Western Outdoor Clubs, Bozeman, Mont., relative to logging in the Tongass National Forest, Alaska; and protection of bald eagles; to the Committee on Interior and Insular Affairs.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 2626

By Mr. JACOBS:

(To the amendment by Mr. Jones of Oklahoma.)

—The substitute would consist of the text of the amendment in the nature of a substitute reported by the Committee on Ways and Means with the following changes:

In lieu of lines 4 through 8 on page 57, insert the following:

(d) (1) Subject to paragraph (2), the Secretary may not enter into an agreement under section 1866 of the Social Security Act with any hospital for any period beginning after the end of the voluntary period of the hospital (as determined under subsection (c)).

On page 57, strike out line 12 and all that follows through page 71, line 15, that is, strike out part A of title II, and redesignate succeeding provisions, the table of contents, and cross-references thereto, accordingly.

Page 73, amend lines 19 through 23 to read as follows:

(c) (1) There shall be exempted from any restriction under section 115(d)(1) any agreement under section 1866 of the Social Security Act of a hospital in a State which begins in a year in which a State mandatory hospital cost containment program for the State has been approved under this section.

Page 75, amend lines 3 through 5 to read as follows:

Sec. 213. The Secretary may exempt hospitals from the application of the restriction of section 115(d) (1) if he determines that—

Page 75, strike out line 14 and all that follows through page 81, line 14. that is, strike out section 221 (civil penalties).

Page 81, strike out lines 22 through 24.

Page 82, line 1, strike out "such a limit" and insert in lieu thereof "a restriction under section 115(d) (1)".

Page 82, strike out lines 12 through 14.

Page 82, line 15, strike out "such a limit" and insert in lieu thereof "a restriction under section 115(d) (1)".

Page 89. line 6, strike out "part A of title II" and insert in lieu thereof "section 115 (d) (1)".

Page 90, strike out line 10 and all that follows through page 91, line 18, that is, strike out section 313 (consolidated treatment of certain hospitals with common ownership).

Page 98, line 1, strike out "and shall not" and all that follows through "title II" on line 3.

Page 99, amend lines 3 through 5 to read as follows:

(3) restrictions under section 155(d)(1) on entering into agreements under section 1866 of the Social Security Act shall not apply to agreements entered into for periods beginning after 1983; and

Page 101, strike out lines 11 through 13 (and redesignate succeeding provisions, and cross-references thereto, accordingly).

H.R. 2727

By Mr. FRENZEL:

—On page 5, line 21, strike out the words "1,200,000,000 pounds" and insert in lieu thereof: "1,250,000,000 pounds".

By Mr. GRADISON:

—On page 5, line 21, strike the words "1,200,000,000 pounds." and insert in lieu thereof "1,300,000,000 pounds."

—On page 8, strike line 20 and all that follows thereafter through line 19 on page 10, and insert in lieu thereof the following new subsection:

"(g) The President may suspend any proclamation made under subsection (f), or increase the total quantity proclaimed under such subsection, if he determines and proclaims that—

"(1) such action is required by overriding economic or national security interest of the United States, giving special weight to the importance to the nation of the economic well being of the domestic livestock industry;

"(2) the supply of meat articles will be inadequate to meet domestic demand at reasonable prices; or

"(3) trade agreements entered into after the date of enactment of the Act insure that the policy set forth in subsections (c) and (d) will be carried out.

Any such suspension shall be for such periods, and any such increase shall be in such amount, as the President determines and proclaims to be necessary to carry out the purposes of this subsection."

Relabel subsections "1" through "1" accordingly.

—Strike all after the enacting clause, and insert in lieu thereof:

"That section 2 of the Act of August 22, 1964, entitled "An Act to provide for the free importation of certain wild animals, and to provide for the imposition of quotas on certain meat and meat products" (19 U.S.C. 1202 note, Public Law 88–482) is repealed."

H.R. 5297

By Mr. SEIBERLING:

—On page 7, make the following changes:

Lines 18 and 19, strike "by October 1, 1979" and insert in lieu thereof: "within 90 days of enactment of this legislation";

Line 22, after the period, insert the following: "Such notice shall not be treated as 'safeguards information' for the purposes of section 147 of the Atomic Energy Act of 1954. The Commission may require each Governor receiving notice to comply with the procedures and the standard of confidentiality respecting such notice as the Commission deems necessary to prevent any unauthorized disclosure of information where such disclosure could have a significant adverse effect on the health and safety of the public or the common defense and security by facilitating the theft, diversion, or sabotage of the waste to be transported.".

SENATE—*Thursday, November 8, 1979*

(Legislative day of Monday, November 5, 1979)

The Senate met at 10 a.m., on the expiration of the recess, and was called to order by Hon. David L. Boren, a Senator from the State of Oklahoma.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Let us pray.

Merciful Father, who sufferest in the pain and fear and woe of Thy children, take under Thy protection and surround by Thy love our fellow countrymen, now captive to violent and unpredictable forces abroad. Protect them from injury. Give them courage for every exigency. Strengthen their faith in Thee. Guide the leaders of this Nation in the measures taken for their release and future safety.

O God of justice and Protector of the helpless, grant in mercy a speedy deliverance from the tyranny and terror of evil forces wherever such exists. Hasten the reign of righteousness, justice, and truth under Thy sovereignty.

Grant us Thy higher wisdom and a measure of Thy grace as we work in this place.

We pray in the name of Him who was a man of sorrows, acquainted with grief, who was wounded for our transgressions and by whose stripes we are healed. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. Magnuson).

The legislative clerk read the following letter:

U.S. Senate,
President pro tempore,
Washington, D.C., November 8, 1979.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable David L. Boren, a Senator from the State of Oklahoma, to perform the duties of the Chair.

Warren G. Magnuson,
President pro tempore.

Mr. BOREN thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from West Virginia is recognized.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Journal of the proceedings be approved to date.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I yield back my time.

RECOGNITION OF THE ACTING MINORITY LEADER

The ACTING PRESIDENT pro tempore. The acting minority leader, the Senator from Alaska, is recognized.

Mr. STEVENS. Mr. President, I yield our leadership time to the Senator from New Mexico.

VETERANS DAY: A VIEW AHEAD

Mr. SCHMITT. Mr. President, I want to take this opportunity to ask that all of us here step away for a moment from our immediate concerns of energy and think about a time not too long ago when this Chamber was dealing with a very different, yet overriding, trauma, in our history.

That period of time was the Vietnam war and, with Veterans Day approaching, I would like to make you all aware of what I consider to be a truly magnificent tribute to those who lived, fought, and died in Vietnam, whatever one's feelings about that unfortunate war may be.

There exists, in Eagle Nest, N. Mex., in the beautiful Moreno Valley, the only monument built solely to celebrate the memory of the victims of Vietnam—the Vietnam Veterans Peace and Brotherhood Chapel.

Built almost singlehandedly, and with his own money, by a man named Victor Westphall from Springer, N. Mex., this chapel not only reminds us of the love Victor and Jeanne had for their son lost in Vietnam, but of the strong character and youthful spirit of Americans and Vietnamese alike who engaged in that conflict so far from home.

Now, to think of the atmosphere and the structure is to be filled with hope and optimism that one ordinarily would not expect at other such places. That is why, whenever I return to the Sangre de Cristo Mountains, I remember that day in October of 1977 when I spoke before a group assembled at the chapel.

I pay tribute to the Westphalls, their son, and all veterans with those words. They describe for you a family's suffering, a beautiful piece of New Mexico, and a view ahead from that time in our lives not many years ago.

I ask unanimous consent that that statement be printed in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

The View Ahead

(By Senator Harrison Schmitt)

Those of us who traveled here today could see once again that Summer is losing its yearly battle with Winter.

We could see that the battlefield is covered with the beautiful fall casualties of that conflict.

Moving through the mountains which our ancestors called the "Sangre de Cristos," and into this lovely Moreno Valley, we rested our minds in the colors of the earth's reminders of change.

In the valleys of the Rio Grande and its tributaries are now the splashes of yellow cottonwoods, the last skirmishes of fall having left the mountains. Only days ago the golden aspen, accented by the always blue spruce and Winter's first capping of dusty snow, made the fir and ponderosa appear like a deep green Indian blanket over this special land.

"Sangre de Cristos." Those are ancient words, the sounds of which reflect their deep meanings to all the religions of Christ.

As mountains, they have helped modern man learn about billions of years of Earth's history.

As observers of our ancestors and ourselves, these mountains have seen the struggles of men and women as they created a New Mexico cherished by all she shelters.

Now, as the home of this chapel, these same mountains remind us of history; the recent history of suffering, of heartache, of change and of challenge.

At times, the citizen, the politician and the child forget the value of history. There is a tendency to look back on history as a source of shame and disappointment.

History, including that terrible period immortalized by this chapel, should be viewed rather as a source of hope. From such history we gain the lessons and insights by which we survive the present and secure our future.

By opening our minds and hearts to these lessons we become truly human; we plan for better times.

Today, we should stand in awe and in respect of history but not as slaves to history.

In the past, freedom was preserved by men who were peaceful, but not passive. Freedom was preserved when peaceful men discarded peace in the face of threats to their freedom. Our fathers and brothers who fought in World War II may have seen the last clearly definable threat to our freedom; a threat to which they could react without question.

Equally great but less obvious threats to our freedom still exist. However, we seem to be in a period of historical transition; a period in which war may be disappearing as an instrument of international competition. Competition is not disappearing, but the permissible outlets for competition are now elsewhere—in economics, in technology, and in space. We are moving through this transition with difficulty, but the alternatives to not moving through it are unacceptable. Korea, Vietnam, Sinai, Angola and other names remain all too familiar reminders of how slow is our progress.

We are, then, in a period of paradox. The realities of world power mean that strength cannot remove threats to freedom, but without strength we cannot preserve freedom. We must have great power to survive, but if we must lose that power, we have lost.

Our generation's challenge may be even greater than that of preceding generations. We must learn to meet competition among nations without war. We must learn economic unity among free peoples without subordination. We must learn to help peoples who are not free without destroying them or ourselves. The Vietnam era has written the historical text from which we must learn.

Many of us felt shame over the actions of this great nation in Vietnam. The greater shame will be that of not recognizing the positive lessons from that period and then using those lessons to build a better future.

A part of that future was created in the 1960's at the same time as we agonized over war's bloody pictures, peace's student riots, and the awakenings of forgotten minorities. At the same time as our evening's news pounded us toward depression and guilt, that same news showed us brighter paths to the future as we explored the earth's frontier in space. If we are to maintain our perspective, the eras of Vietnam and space must be viewed together as they happened together. We found relief from depression and guilt, however briefly, through the excitement and pride of Mercury, Gemini and Apollo.

We found, if we looked deeply enough, that the course of human history had been altered by hundreds of thousands of other Americans who fought a different kind of war; a war against the dark past of human suffering and conflict; a peaceful war, the legacy of which may someday put an end to future Vietnams and the graves of youthful dreams.

We found, if we looked far enough, that we had started a revolution in mankind's ability to do things for himself; a technological revolution that has brought light at the end of the dark tunnels of human misery called hunger, ignorance, poverty, disease and misunderstanding. It has been in the darkness of these tunnels that mankind has fought its wars against itself.

American voices from space and American footprints on the moon heralded this revolution. They brought hope to all of us as well as to much of a less fortunate world.

Now we have been told that dim echoes of those voices and faint shadows of those footprints brought hope and pride to P.O.W.'s when Hanoi's wall of silence about the moon landing was broken by a postage stamp on a long-delayed and much-censored letter from home.

My friends, I have taken on an irregular journey today. From the beauty of our surroundings, into war, into space and now back to this quiet chapel. I hope that I have shared the belief that by fighting, by suffering, and far too often by dying, the men and women we honor here gave opportunity, not shame or guilt. They gave us the opportunity to see, through the clouds of war, that we can change the trend of history and still remain free. They have given us the perspective necessary to open a new road to greatness.

The view back along the road to the sacrifices of our loved ones must always be used to understand the view ahead.

Mr. SCHMITT. Mr. President, I ask unanimous consent to have printed in the Record an article that appeared in last Sunday's Albuquerque Journal Parade Magazine, and other newspapers, about Victor and Jeanne Westphall and their years of love and dedication to build the Vietnam Veterans Peace and Brotherhood Chapel. It is hoped that some way will be found to recognize this monument as a national shrine.

There being no objection, the article was ordered to be printed in the Record, as follows:

One Man's Shrine to All Who Fell in Vietnam

(By Michael Satchell)

In May 1968, two Marine officers arrived at the New Mexico home of Victor and Jeanne Westphall with sad news. Their son, Lt. David Westphall—poet, musician, athlete and professional soldier—had been killed in action in Vietnam.

Many parents, wives and relatives of the 47,000 American servicemen slain in that bitter struggle took various actions in response. Some joined the peace movement. Some began supporting the war vociferously. Some did volunteer work at V.A. hospitals. Some became political activists.

Victor Westphall, too, shared the deep feeling that he must respond in some way if his son's death was to have any meaning. But his reaction was unique.

From the wellspring of his grief and anger emerged the Vietnam Veterans Peace and Brotherhood Chapel—a beautiful, awe-inspiring structure near Eagle Nest, N. Mex., and a statement of his commitment to the idea that the lessons of Vietnam must never be forgotten.

Almost singlehandedly—and with mostly his own money—Westphall has spent the last 11 years building the chapel. While it has been open to visitors since May 1972, small parts are still incomplete.

The chapel is dedicated to all victims on both sides of the conflict and to the ideal of international peace and brotherhood. On one of the interior walls, photographs of American war dead are displayed and Westphall insists: "If there were any way to learn the identity of the Vietnamese who killed my son, and if he too died and it were possible to get a photograph of him, I would display it right alongside David's picture. This memorial is for all Vietnam veterans, of any nationality."

In creating the nation's only permanent national memorial chapel to the dead of the Vietnam era, Westphall has overcome a lack of funding, public apathy, government indifference and skepticism about his motives.

Says Westphall, shaking his head, "Some people just don't understand and probably never will."

The chapel, which cost $100,000 to build—and which is probably worth three or four times that amount today—needs $20,000 a year to pay for utilities, maintenance and repairs. The Disabled American Veterans organization in 1977 pledged $10,000 a year for a decade to help defray expenses. Visitors leave $2000 or $3000 a year in the contributions box.

But the chapel needs some form of perpetual care arrangement and source of funds, for the 65-year-old Westphall has neither the financial resources nor the years ahead of him to assure its continued existence. Despite attempts by the New Mexico Congressional delegation to introduce legislation to have the National Park Service take over the memorial, and repeated approaches to various foundations, help is nowhere in sight.

The chapel had its genesis when the Westphalls pondered what to do with $30,000 in life insurance they received after David's death.

"I suggested to Victor that some form of memorial to all of the Vietnam war dead might be an appropriate gesture, although I was thinking of some small thing," says Jeanne Westphall.

Victor, a retired high school and college history teacher and owner of a small construction company, agreed, and Santa Fe architect Ted Luna was commissioned to design an appropriate memorial to be built on land owned by the Westphalls on U.S. Highway 64, about 25 miles northeast of Taos.

After four years, with $60,000 of his own funds added to the insurance money and with $10,000 in contributions from others, Westphall had completed the chapel to the point where it could be opened to the public. Dedication was held on May 22, 1972, the fourth anniversary of his son's death. And since then, he has continued work on the unfinished portions as time and finances have allowed.

Almost every day, he drives the 120-mile round trip from his home in Springer, N. Mex., to open the chapel, greet visitors and make sure everything is clean and in order. The chapel is built into the side of a hill in the Moreno Valley, dominated by snowclad 13,160-foot Wheeler Peak, highest point in the state. The Sangre de Cristo Mountains form a spectacular backdrop. Visitors can spot the edifice from miles away, for its graceful lines rise out of the hillside like the prow of a ship breaking through the waves.

The interior—designed more as a secular sanctuary than a religious shrine—is a single, large room of triangular shape with concave walls and a starkly simple design. The only religious motif is a 13-foot-tall white cross with a bowl of flowers at the foot and an eternal flame at the peak. One wall is devoted to the display of 125 photographs of Vietnam war dead. The pictures have been mailed by parents and relatives who have heard about the chapel, and some have been hand-carried to be placed in the display. Music, played on tapes, floats through the chamber—not religious works, but tunes popular during the Vietnam era, the music of Bob Dylan, Joan Baez, John Denver, the Beatles, Jimi Hendrix and others. The overall effect is stunning.

New Mexico Sen. Pete Domenici twice has introduced legislation in Congress to provide for a feasibility study to have the chapel declared a national monument to be administered by the National Park Service, which operates most of the nation's monuments, memorials and historic battlefields.

Both times, however, the agency's advisory board rejected the proposal, saying that the chapel does not have the necessary national significance and pointing out that the only war memorials it administers outside of Washington, D.C., are located in historical parks, mostly Civil War battlefields.

Dismissing the chapel in this way angers many of those familiar with the project, particularly Vietnam veterans. A group in Washington, D.C., recently formed the Vietnam Veterans Memorial Fund, Inc., to raise funds to support the chapel and to build a suitable monument in Washington. The government's only memorial recognition to Vietnam veterans was a plaque dedicated last year in Arlington National Cemetery.

"I hope this doesn't sound trite," says Victor Westphall, "but I hope it will encourage mankind to preserve rather than destroy. Vietnam came along at a critical juncture in our history, and it marked the decline of morale for our nation. I want people to visit the chapel to remember the war dead and to be reminded that they forget the lessons of Vietnam at their own peril."

S. 1989—MILITARY MANPOWER STUDY ACT OF 1979

Mr. SCHMITT. Mr. President, I am introducing today a bill designed to begin the process of meeting this country's military manpower needs. One reason that we have gotten ourselves into trouble in the past has been that we have been unprepared or, at least, insufficiently prepared, to protect ourselves.

The most serious issue facing our Nation is our defense posture in the broadest sense of that expression. The SALT II treaty has brought to the attention of the American people what many Members of Congress have been concerned about for many years; that is, the growing problems of our national defense. These problems relate to both our strategic and our tactical forces, our nuclear and our conventional forces; however, the conventional threat is much more serious from the strategic threat at this time. The problems include the lack of sufficient equipment, our failure to modernize existing equipment over the years, and logistical problems, as well as the number of men and women in our military services.

By far the most serious problems we are facing in the conventional defense arena are manpower and manpower mobilization in time of need. The fact is the All-Volunteer Force is not working in its present form. The Congress has already begun debating this issue and will have to deal with it further in the near future. This is not to say that the All-Volunteer Force cannot work, but if it is to work, some adjustments must be made.

Suggestions and recommendations have been made to return to the draft. Others have recommended a national service approach. All of these proposals have serious technical and political problems. The Congress will have to study all the options, but study them soon and well, before we embark on a program to meet the military manpower needs of the Nation for the 1980's.

During the Senate discussion of the draft registration issue, it became obvious that conflicting information was presented during the debate. The important questions, it seems, are: First, are we meeting our military manpower requirements; and second, can we mobilize quickly in an emergency situation.

In my opinion, the Senate debate has answered these questions in the negative, but without establishing the true nature of our problems or how to solve them.

Today, I am joining with Senators Inouye, Domenici, Simpson, Matsunaga, Helms, and Armstrong in introducing a bill which would begin to provide the Congress with necessary manpower information now and systematically in the future. The first section of the bill would require the Secretary of Defense to report to the Congress within 6 months on the immediate manpower needs of the Nation. This report would include the present status of our military forces as well as the projected needs for the next decade.

The Secretary would also report on the potential threats our Nation faces related to manpower as well as the ability of our allies to contribute to our mutual defense. The cost, feasibility, and effectiveness of four alternatives to meeting our military manpower needs (conscription, universal service, an improved all-volunteer military, and an improved all-volunteer military augmented by an improved Reserve and National Guard) will be addressed in the report.

The second and most important section of the bill would create a National Commission for Military Manpower Needs, with a 5-year mandate to study many of these issues but in much greater depth and with more independence than can the administration. The Commission would draw on our total national expertise with membership from the Congress, the executive branch, and the private sector. In addition, the Commission would study and report annually to the Congress on the development and solutions of problems with our military manpower and the adequacy of any actions which the Congress may take during this period.

Let me stress that this bill in no way is meant as a substitute for any concrete actions dealing with this pressing problem, be they changes to the all volunteer military, draft registration, an improved Reserve and National Guard force or any other proposal. This bill is intended to provide comprehensive, accurate, and systematic information to Congress, both in the short- and long-term.

Congress will be forced to deal with the manpower problems in our military in the very near future or the rational conduct of our foreign policy will become impossible. Proposals to reinstate draft registration have already come before us. I have serious doubts that this would be any solution at all; however, I hope that we can enter the debate and decisionmaking with as much information and as accurate information as possible. This bill will be a step in that direction. I ask unanimous consent that the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1989

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Military Manpower Study Act of 1979."

STUDY BY THE SECRETARY OF DEFENSE

Sec. 2. (a) The Secretary of Defense shall conduct a comprehensive study of the immediate and long range military manpower needs of the Nation.

(b) In carrying out such study the Secretary of Defense shall specifically consider—

(1) the present status of the military manpower of the Nation and whether such status is adequate to meet the missions of the various components of the armed forces;

(2) the nature of any threat to the national security of the United States presented by the military manpower and conventional military weapons and equipment of potential adversaries and their allies;

(3) the projected military manpower needs of the Nation for the next five and ten year periods and what actions should be taken in order to insure that those needs can be met;

(4) the ability of the allies of the United States to help the United States meet potential military threats against the free world;

(5) the state of the Reserve forces and the National Guard, including—

(A) an assessment of the equipment available to the Reserve forces and the National Guard and the extent to which such equipment is out-of-date or insufficient in quantity,

(B) the quality and adequacy of the training programs of the Reserve forces and the National Guard,

(C) the degree of readiness of the Reserve forces and the National Guard in the event of partial or total mobilization, and

(D) the projected manpower and equipment needs of both the Reserve forces and the National Guard and the ability of the Department of Defense to meet those needs;

(6) the cost, benefits, liabilities, feasibility, and effectiveness of reliance upon each of the following means of providing the military manpower needs of the United States:

(A) conscription;

(B) a universal service program;

(C) an improved all volunteer military service program; and

(D) an improved all volunteer military service program augmented by an improved Reserve force and National Guard;

(7) the various actions that feasibly can be taken to substantially upgrade the Reserve forces and the National Guard;

(8) the probable cost of providing the incentives necessary to obtain increased voluntary participation in the Reserve forces and National Guard, the probable cost of improving the training and readiness state of the Reserve forces and the National Guard, and the probable cost of providing adequate quantities of modern equipment to the Reserve forces and the National Guard; and

(9) the desirability and feasibility of broadening the peacetime missions of the Reserve forces and the National Guard.

The Secretary of Defense shall submit a written report on the results of the study required by this section to the President and to the Congress not later than one hundred eighty days after the date of enactment of this Act, together with such comments and recommendations as he deems appropriate.

NATIONAL COMMISSION FOR MILITARY MANPOWER NEEDS

Sec. 3. (a) There is hereby established a commission to be known as the National Commission on Military Manpower Needs (hereinafter in this section referred to as the "Commission").

(b) The Commission shall be composed of fifteen members as follows:

(1) four members to be appointed by the Speaker of the House of Representatives not more than two of whom may be from the same political party.

(2) four members to be appointed by the President pro tempore of the Senate, not more than two of whom may be from the same political party;

(3) the Secretary of Defense;

(4) the Assistant to the President for National Security Affairs;

(5) the Director of the Central Intelligence Agency; and

(6) four members to be appointed by the President, by and with the advice and consent of the Senate, from private life.

(c) (1) The term of office for members of the Commission shall be for the life of the Commission. A vacancy shall not affect the powers of the Commission but shall be filled in the same manner in which the original appointment was made.

(2) The President shall designate one member of the Commission to serve as chairman and one member to serve as vice chairman.

(3) The first meeting of the Commission shall be held within thirty days after all members have been appointed.

(4) Eight members of the Commission shall constitute a quorum, but a lesser number may hold hearings.

(5) Each member of the Commission who is not otherwise employed by the United States Government shall receive compensation at a rate equal to the daily rate prescribed for GS–18 under the General Schedule contained in section 5332 of title 5, United States Code, including traveltime, for each day he or she is engaged in the actual performance of his or her duties as a mem-

ber of the Commission. A member of the Commission who is an officer or employee of the United States Government shall serve without additional compensation. All members of the Commission shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties.

(d)(1) It shall be the duty of the Commission to conduct a comprehensive study of the short and long term military manpower needs of the Nation and of how such needs can be most effectively and practically met. In carrying out such study the Commission shall examine each of the means specified in clauses (A) through (D) below with a view to determining which means, in terms of military preparedness and cost effectiveness, would be the most practicable to provide the military manpower needs of the United States:

(A) conscription;

(B) a universal service program;

(C) an all volunteer military service program; and

(D) increased reliance on the Reserve forces and the National Guard.

(2) The Commission shall also examine the organizational structure of the military forces of other countries with a view to determining whether the organizational structure of the military forces of the United States should be modified.

(e)(1) The Commission or, on the authorization of the Commission, any subcommittee or member thereof, may, for the purpose of carrying out the provisions of this section, hold such hearings and sit and act at such times and places, and request the attendance and testimony of such witnesses and the production of such books, records, correspondence, memoranda, papers, and documents as the Commission or such subcommittee or member may deem advisable.

(2) The Commission may acquire directly from the head of any department, agency, independent instrumentality, or other authority of the executive branch of the Government, available information which the Commission considers useful in the discharge of its duties. All departments, agencies, and independent instrumentalities, or other authorities of the executive branch of the Government shall cooperate with the Commission and furnish all information requested by the Commission to the extent permitted by law.

(f) The Commission is authorized to—

(1) appoint and fix the compensation of such personnel as may be necessary, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates;

(2) obtain the services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code;

(3) enter into agreements with the General Services Administration for procurement of necessary financial and administrative services, for which payment shall be made by reimbursement from funds of the Commission in such amounts as may be agreed upon by the Chairman and the Administrator of General Services;

(4) procure supplies, services, and property, and make contracts, without regard to the laws and procedures applicable to Federal agencies; and

(5) enter into contracts with Federal or State agencies, private firms, institutions, and agencies for the conduct of research or surveys, the preparation of reports, and other activities necessary to the discharge of its duties.

(q)(1) The Commission shall submit a final report to the President and to the Congress on the results of its study not later than the fifth anniversary of the date on which the Commission holds its first meeting. The Commission shall include in such report such recommendations for legislative action for meeting the short and long term military manpower needs of the Nation as the Commission deems appropriate.

(2) The Commission shall also submit interim reports to the President and to the Congress on the results of its study at the end of each of the first four years following the date of the first meeting of the Commission together with such comments and recommendations as the Commission deems appropriate.

(h) The Commission shall cease to exist 30 days after the date on which it submits its final report to the President and the Congress.

AUTHORIZATION OF APPROPRIATIONS

SEC. 4. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

CONSTITUTIONALITY OF THE LEGISLATIVE VETO

Mr. SCHMITT. Mr. President, the Senate will soon be considering S. 1020, the Federal Trade Commission authorization bill, and amendment No. 212, which would provide for proposed FTC rules to be subject to possible review and disapproval by the Congress. It is surprising that the concept embodied in this amendment has aroused so much controversy; its intent is decidedly democratic. It would simply allow the elected Representatives of the American public to do their job—which is to pass judgment on what is to be the law of the land.

Several objections have been raised to providing Congress with the power of the legislative veto. The most frequent is the claim that the legislative veto is somehow unconstitutional. It is clear, however, that if it were unconstitutional, we would surely know it by now; since 1932, Congress has enacted over 295 provisions of law with legislative review or veto powers many of which are comparable to those in amendment 212.

It is interesting to note that on September 18 of this year, the Congress exercised its prerogative to veto one of the proposed rules of the Federal Election Commission. When it passed a resolution of disapproval over a rule concerning the funding and sponsorship of candidate debates. This veto resolution was passed with no mention of the constitutionality of the procedure. There was no debate on the workability of the legislative veto. The specter of the Congress becoming overburdened with reviewing FEC rules was not raised. On the contrary, the veto action was considered to be appropriate by both the chairman and the ranking minority member of the Senate Rules Committee.

I ask unanimous consent that the text of their debate be reprinted in full at the conclusion of my remarks.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibit 1.)

Mr. SCHMITT. It is an enigma to me why the legislative veto procedure should be thought appropriate when used to deal with the rules of the Federal Election Commission which regulate Members of Congress—but highly objectionable when it might be used to exercise oversight over the rules of the Federal Trade Commission which regulates our constituents.

If an FEC rule is objectionable to a single Member of Congress then a resolution of disapproval may be introduced and the concerns of that Member can be given fair consideration by the appropriate committee. However, the rules of the Federal Trade Commission, which may impose tremendous costs, paperwork, and inconvenience on small business, general business, local government and the public are beyond the reach of the Congress. The public must bear the cost and wait a year or two or more before an amendment to an authorization bill may be considered or a bill of repeal acted upon. This inconsistency is troubling to many. It suggests that we, as Members of Congress, believe we should live by different rules than the ordinary citizen. We must reject this notion. I am convinced that given the opportunity, the Members of the Senate will find the legislative veto procedure as appropriate and efficient when it is directed toward the concerns of the public about FTC rules as it is when it is directed toward the concerns of the Congress about FEC rules.

Mr. President, there are a number of occasions in which the constitutionality of the legislative veto has been reviewed by the courts. I think it will be instructive to review for a moment some of these cases.

Mr. President, in *Atkins* v. *United States*, 556 F. 2d 1028 (Ct. Cl. 1977), 140 Federal judges challenged the constitutionality of the congressional veto provision contained in the Federal Salary Act, 2 U.S.C. 351 et seq. Under that provision, all or part of the Presidential recommendations to Congress regarding executive, legislative, and judicial branch rates of pay become effective automatically within a specified time unless neither House of the Congress has enacted legislation which specifically disapproves all or part of such recommendations.

The Senate exercised its prerogative under section 359(1)(B) and passed a disapproving resolution. The judges argued that one-House veto was unconstitutional because it violated: first, article I, section 1, which vests the legislative authority of the United States in Congress as a body and not in one House alone; second, article I, section 7, which reserves to the President the power to veto every order, resolution, or vote to which the concurrence of both Houses is necessary; and third, the principle of separation of powers and article II, section 1, which vests all executive power in the President.

The Court of Claims rejected each of these contentions. The principle of bicameralism is not violated, it ruled, because rejecting Presidential recommendation to increase or decrease salaries is a form of legislative activity which does not require the affirmative concurrence of both Houses since the effect of such action is not to make law but rather to preserve the status quo. Similarly, there is not usurpation of the Presidential veto power since the Chief Executive had his opportunity to veto the creation of the mechanism in the first instance; and, in any event, the concurrence of both Houses is not constitutionally necessary where only Presidential recommendations are involved.

Finally, the court held that the doctrine of separation of powers was not being infringed. It noted that the Constitution nowhere dictates a strict compartmentalization of powers between branches. What the Constitution seeks to avoid is the accumulation of too much of all powers in one branch. It further noted that paysetting is basically a legislative function. In this instance, the function has been conditionally delegated to the executive. Such delegation does not irrevocably commit authority to the executive because in exercising the function the executive merely acts as an agent of the Congress. The legislature retains the right of supervision or oversight. The particular legislative veto in question does not seek to enforce any law or appoint any agents to enforce the law and thus does not call upon the legislature to administer the laws. It is, therefore, a device used in aid of legislation on a matter historically within the legislative power. The court concluded on a practical note, emphasizing that the legislative veto is an appropriate response to the changing circumstances of modern government.

Mr. President, I ask unanimous consent that the portion of the opinion of the court in that regard be printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

> We end this part III of the opinion by reiterating that the one-House veto present in the Salary Act is a device authorized by article I, section 1, coupled with the necessary and proper clause, and that it contravenes neither the broad principle of the separation of powers nor any specific provision of the Constitution. In particular, we note that the necessary and proper clause, which has sanctioned the massive delegation; of legislative functions over the past century, provides a firm grounding for this legislative veto. Congress plainly felt the need for this veto device instead of relying solely on the power to override presidential recommendations by a full-fledged statute. In McCulloch's phrases, Congress exercised "its best judgment" in the selection of this measure and sought to "accommodate its legislation to circumstances." In the world of reality, the mechanism, as we have underscored, was a fair substitute for full bicameral concurrence, did not materially invade the Executive's own sphere, and took due account of the limited presidential participation. It was a permissible accommodation of competing interests, reflecting both on appropriate check by Congress upon the Executive and some check by the Executive upon the action which could be taken by one House alone. To borrow the Supreme Court's language, some 50 years ago, in upholding congressional delegation, this particular one-House veto seems to us to pass the test of "common sense and the inherent necessities of the governmental coordination." *Hampton & Co.* v. *United States*, supra, 276 U.S. at 406.

Mr. SCHMITT. Mr. President, the recent Supreme Court decision in *Buckley* v. *Valeo*, 424 U.S. 1 (1976), provided an opportunity for the Court to address the legislative veto.

While the full Court did not decide the case on the basis of the legislative veto, Justice White in his separate opinion expressed the attitude in dicta that it is constitutional:

> I am also of the view that the otherwise valid regulatory power of a properly created independent agency is not rendered constitutionally infirm, as violative of the President's veto power, by a statutory provision subjecting agency regulations to disapproval by either House of Congress. For a bill to become law, it must pass both Houses and be signed by the President or be passed over his veto. Also, "Every Order, Resolution, or Vote to which the Concurrence of the Senate and House of Representatives may be necessary . . ." is likewise subject to the veto power (U.S. Constitution, Art. I, § 7, cl. 3). Under § 438(c) the FEC's regulations are subject to disapproval but for a regulation to become effective, neither House need approve it, pass it, or take any action at all with respect to it. The regulation becomes effective by non-action. This no more invades the President's power than does a regulation not required to be laid before Congress. Congressional influence over the substantive content of agency regulation may be enhanced, but I would not view the power of either House to disapprove as equivalent to legislation or to an order, resolution or vote requiring the concurrence of both Houses. Buckley, 284, 285.

Mr. President, of particular importance in this debate, I think, will be a question of the meaning of the necessary and proper clause, which reserves the right to the Congress to do what is necessary and proper in its legislative functions as designated by the Constitution.

THE NECESSARY AND PROPER CLAUSE

As the cases cited above indicate, the Congress has ample authority to exercise a legislative veto. This authority is grounded in the necessary and proper clause of the institution, article I, section B, clause 18. That clause rests in the Congress the power "to make all laws which shall be necessary and proper for carrying into execution the foregoing powers vested by this Constitution in the Government of the United States."

In McCullough against Maryland Chief Justice Marshall wrote that this clause must be interpreted as providing the national legislature "that discretion, with respect to the means by which the powers it—the Constitution—confers are to be carried into execution, which will enable that body to perform the high duties assigned to it, in the manner most beneficial to the people. Let the end be legitimate, let it be within the scope of the Constitution, and all means which are appropriate, which are plainly adapted to that end, which are not prohibited, but consistent with the letter and spirit of the Constitution, are constitutional."

Marshall made clear that the Congress has wide discretion in the means it chooses to carry out the powers vested in it by the Constitution. The legislative veto is a procedure that has evolved over time as a means of dealing with legislative authority that the Congress has delegated to the President, the executive agencies or the so-called independent agencies which, in reality, are arms of the Congress. It is particularly appropriate to note, Mr. President, at this point, that the Federal Trade Commission is such an arm of the Congress, or independent agency.

Its purpose is simply to insure that although such legislative powers may be delegated, they are not abandoned. The procedure insures that the final authority over changes in the law of the land shall rest with the Congress.

Both the Senate and the House of Representatives have hired distinguished legal counsel to represent the interests of Congress before the courts with regard to several legislative veto cases. Eugene Gressman, who represented the House, and Cornelius Kennedy, who was engaged by the Senate, both contend that the legislative veto is constitutional, provided it is structured appropriately. Mr. Gressman recently testified before the Senate Commerce Committee, and his statement is a clear and forceful presentation of the constitutional basis for the legislative veto.

Mr. President, I think my colleagues would learn a great deal by reading Mr. Gressman's statement, and I ask unanimous consent that his testimony be printed in full at the conclusion of my remarks.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. (See exhibit 2.)

Mr. SCHMITT. Mr. President, if the actions of the FTC are to become consistent with congressional intent, if its regulatory activities are to become subject to the will of the people as expressed through their elected representatives, then Congress must act to provide for congressional review and possible disapproval of proposed and existing FTC rules.

In the 95th Congress, the House of Representatives passed an FTC authorization bill providing for a mechanism for the disapproval of proposed FTC rules. The Senate did not act on a similar provision. The conferees twice returned a conference report to the House which did not contain a legislative veto. On both occasions, it was rejected. This action shows the depth of the commitment in the House to restraining the regulatory bureaucracy. The result was that there was no FTC authorization bill in the 95th Congress, nor had there been one in the 94th Congress.

It is clear that the House, the other body, is concerned that if we do not soon authorize a continuation of the Federal Trade Commission, that it is becoming inappropriate to provide appropriations to that body.

In the current Congress, the House Committee on Interstate and Foreign Commerce has included a legislative veto provision in the FTC authorization bill. The House will almost certainly send a bill to conference with the Senate with this provision intact.

I urge my colleagues to join me and the cosponsors of this amendment in a bipartisan effort to curb the regulatory abuses of the Federal Trade Commission and, in reality, in a bipartisan effort to share the burden with the body that created the Federal Trade Commission, to provide some of the laws we are unwilling to make ourselves.

I think it is highly inappropriate for Congress to continue to create regulatory authority in these bodies and then turn its back on them until one or more of our constituents screams. We must share that responsibility at the outset of the rulemaking procedure.

The House of Representatives has heard the call of the American people on this issue, and we can only hope that the Senate will do the same.

EXHIBIT 1

RESOLUTION RELATING TO FUNDING AND SPONSORSHIP OF CANDIDATE DEBATES

Mr. PELL. Mr. President, I wish to make a brief comment on the resolution of disapproval of the debate regulations submitted by the Federal Election Commission which I submitted. This resolution is submitted pursuant to the FECA which reserves to the Congress the power to disapprove regulations.

The Senate's action today should not be construed to prohibit, in any way, organizations such as the League of Women Voters, or broadcasters from sponsoring candidate debates. Debates have been a beneficial means of presenting the views of the candidates on issues of concern and should continue.

Rather, it is my hope, in introducing this resolution with Senator HATFIELD, not to discourage such debates, but to encourage them. Consistent with my support of debates, I feel that any regulation which could be interpreted as being burdensome to organizations which are likely to sponsor candidate debates, or which could in any way impede the heretofore successful debate procedure that has evolved through direct arrangements made between sponsors and candidates should not be allowed to take effect.

I feel that this resolution is necessary to keep the candidate debate process which has evolved workable, open, and accessible to candidates. I would strongly support the passage of legislation or the promulgation of any regulation which would encourage candidate debates. However, I am of the opinion that we must disapprove these regulations for the reasons previously set forth.

Mr. HATFIELD. Mr. President, I am concerned that the Federal Election Commission's proposed regulations on the funding and sponsorship of candidate debates represent an unwarranted intrusion of new Federal regulation into the political process, and are not in keeping with Congress intent in enacting Federal election campaign laws.

Letters to both the Rules Committee and the FEC from the Federal Communications Commission, CBS, NBC, and the National Association of Broadcasters have voiced the criticism that the regulations as they are written would prohibit the broadcast media's sponsorship of candidate debates. Broadcast stations are already subject to regulation by the FCC, and to provisions of the Communications Act. The FCC has urged that the proposed regulations be rejected, saying that local broadcasters would devote less time to the discussion of public issues, when faced with the problem of complying with the new regulation. Pointing to the broadcast industry's role in informing the electorate during Federal elections campaigns, the FCC stressed that such a result would be contrary to the public interest.

Another serious question raised by the regulations is their restriction of newspapers' sponsorship of candidate debate.

A representative of the Gannett newspaper chain, in a letter to the FEC's General Counsel, described the experience of a selected handful of local papers which had sponsored candidate debates—and stated strongly that such debates enriched citizen knowlege of elections issues and candidates, and were conducted in as fair and impartial a manner as the sponsors could devise. I express my own concern on this point that the record is bare of evidence of abuse by the thousands of newspapers in the States and communities across the country which have in the past sponsored candidate debates.

It was Congress intent in enacting Federal election laws to safeguard the integrity of the electoral process largely by means of campaign finance disclosure. The laws were not intended to impede the free flow of information to the voters, or disrupt the dialog among candidates for political office.

Principles of restraint should guide us when considering the reach of the laws that Congress enacted into a new area in the form of regulation. I question whether Congress ever intended to involve the Federal Election Commission in determining the format for candidate debates, or in deciding who may sponsor them.

The Senate has received no statement from the Commission offering to amend the regulations in response to the serious criticisms which have been leveled at them. It is my understanding that in light of the controversy surrounding the proposed regulations, that this matter has been discussed at several Commission meetings without resolution. Given all the facts and circumstances, I feel it is appropriate for the Senate to act to disapprove the proposed regulations.

In my view they would, if enacted, place yet another burden on participants in the political process, on the pretext of remedying abuses which have not been shown.

For this reason, I support the resolution disapproving the proposed regulations, and urge my colleagues to do the same.

Mr. PELL. Mr. President, I call for the motion on the resolution.

Mr. BAKER. Mr. President, will the Senator yield to me a moment?

Mr. PELL. I yield.

Mr. BAKER. Mr. President, I am on the Rules Committee, as the Senator knows, and I, of course, respect the decision of the ranking member, but I must say I was not aware of this nor that it was going to come up this morning.

I wish just a few minutes to look into this matter, if the Senator does not mind.

Mr. PELL. Certainly.

Mr. BAKER. If the Senator will withhold, then, his request, I assure the Senator that with the concurrence of the majority leader I will be glad to consider it at some point soon, meaning this morning, but I wish just a few minutes to check into this.

Mr. ROBERT C. BYRD. I thought it was cleared on the minority side.

Mr. BAKER. It may have been. It was not cleared with me.

Mr. PELL. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BAKER. Mr. President, will the Senator from Rhode Island yield to me?

Mr. PELL. I yield to the Senator from Tennessee.

Mr. BAKER. I appreciate the Senator from Rhode Island's accommodation to me in permitting me to try to check with Members on this side to see what kind of condition we were in on this matter.

Let me say for the record that the fault does not lie with the distinguished Senator from Rhode Island nor the distinguished majority leader. Word was given to my staff in my office; it was simply that there was another commitment outstanding in this respect that they were not aware of. That caused this complication; but I am ready to proceed now, although in view of the situation I would hope that the distinguished majority leader and the Senator from Rhode Island would not proceed through the step of reconsideration.

Mr. PELL. Yes, of course.

Mr. ROBERT C. BYRD. I am agreeable to that.

Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Senate Resolution 236.

The ACTING PRESIDENT pro tempore. Is there objection? Without objection, it is so ordered.

The resolution will be stated.

The legislative clerk read as follows:

The Senator from Rhode Island (Mr. PELL) for himself and Mr. CANNON submits a resolution (S. Res. 236) to disapprove of the regulations proposed by the Federal Election Commission relating to the funding and sponsorship of candidate debates.

Mr. PELL. I move the adoption of the resolution.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the resolution.

The resolution (S. Res. 236) was agreed to, as follows:

RESOLUTION

To disapprove of the regulations proposed by the Federal Election Commission relating to funding and sponsorship of candidates debates

Resolved, That the Senate disapproves of the regulations proposed by the Federal Election Commission relating to the funding and sponsorship of candidate debates, submitted to the Senate pursuant to section 315(c) of the Federal Election Campaign Act of 1971, and received by the Senate on July 2, 1979.

EXHIBIT 2

THE CONSTITUTIONALITY OF THE ONE-HOUSE VETO DEVICE

This statement is directed to the proposition that the device known as the legislative or one-House veto can be structured and used in a manner consistent with the letter and the spirit of the Constitution. That proposition rests upon a constitutional rationale established by Chief Justice Marshall in *McCulloch* v. *Maryland*, 4 Wheat. (17 U.S.) 316 (1819), a rationale revived and applied by the Court of Claims to sustain a version of the so-called one-House veto in *Atkins* v. *United States*, 556 F. 2d 1028, 1057–1071 (Ct. Cl. 1977), certiorari denied, 434 U.S. 1009 (1978).

My commitment to that proposition is thus something more than academic or theoretical, however relevant those factors may be.[1] It is a commitment forged in the fires of litigation respecting the constitutionality of this legislative device. I have had the honor of representing the House of Representatives in all five cases that to date have involved serious challenges to the use of the device.[2] In that capacity, I have observed and hopefully contributed to the development of a viable constitutional footing for the use of this legislative technique.

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[1] In my role as a professor of constitutional law at the North Carolina Law School at Chapel Hill, I have studied and taught the entire spectrum of the Constitution. I have yet to find anything therein supporting the frequently expressed academic view that the one-House veto device, in all its manifestations, necessarily violates the lawmaking procedures set forth in Article I, Sections 1 and 7, of the Constitution, as well as the basic principles of bicameralism, separation of powers and the presidential role in legislation established by those constitutional provisions. See, e.g., Watson, Congress Steps Out: A Look at Congressional Control of the Executive, 63 Cal. L. Rev. 983 (1975).

The arch critics of the one-House veto device, including every President since the days of President Hoover, have yet to achieve any degree of success within judicial arenas. None of the four judicial decisions thus far rendered have indicated any tolerance or acceptance of their constitutional criticisms.[3] True, the Clark and McCorkle courts found compelling reasons for not addressing the constitutional issue, but such avoidance affords no comfort for the critics. The three-judge court in Pressler rejected, without extended discussion, a somewhat belated claim that the one-House veto provision in the Federal Salary Act, 2 U.S.C. § 359(1), was invalid, a claim that was renewed on the appeal to the Supreme Court. Without comment, the Supreme Court summarily affirmed the lower court's ruling in Pressler. 434 U.S. 1028.

However opaque may be the Pressler rulings with respect to the validity of the Salary Act veto provision, the Atkins decision of the Court of Claims leaves no doubt as to the speciousness of the constitutional assaults on that Salary Act provision. By any standard, the Atkins opinion is a model of judicial statesmanship and craftsmanship. It is a comprehensive analysis of the historic and pivotal role that Congress plays in the effective functioning of all three branches of the federal government. And it is a convincing demonstration of the enduring quality of John Marshall's "necessary and proper" analysis of the constitutional powers of Congress.

The impressiveness of the Atkins approach to the so-called one-House veto problem has seemingly stunned the critics of the veto. The chief critic, the Department of Justice, rarely if ever mentions the existence of the Atkins decision in its public statements, preferring simply to reiterate the constitutional objections that were so roundly analyzed and repudiated by the Court of Claims. When pressed, the Department brushes aside the Atkins ruling as merely "the view of four of the judges on the Court of Claims, upholding the one-House veto provision of the Federal Salary Act."[4]

Some references are also made to the fact that the Court of Claims dealt only with the veto provision in the Salary Act and expressly disclaimed any "overarching attempt to cover the entire problem of the so-called legislative veto, or even a large segment of it." 556 F.2d at 1059. And the "necessary and proper" analysis that so permeates the Atkins decision is generally disposed of by the Department, if it is mentioned at all, by a footnote comment that the Necessary and Proper Clause does not authorize Congress to legislate by unconstitutional means, a proposition that is said to be "so self evident as not to require extended discussion."[5]

But the intrinsic importance of the Atkins ruling and its constitutional analysis rises above all attempts to ignore or understate the decision. The powerfulness of the constitutional concepts expressed in this ruling, particularly in its use of Chief Justice Marshall's perspective on the Necessary and Proper Clause, has completely shifted the focus and the nature of what until now has been a purely academic debate swirling about the constitutional propriety of the legislative oversight technique known popularly as the "one-House veto." That this first judicial declaration on the matter has been rendered by a federal court inferior to the Supreme Court does not detract from the force of the reasoning and analysis employed therein. A constitutional idea can have an importance and an impact without regard to the status of the court that first articulated the idea.

Because the Atkins rationale is so instructive as to how Congress may properly exercise some of its oversight functions through use of this so-called veto technique, it becomes appropriate briefly to summarize the sweep as well as the limits of the Atkins ruling. It must be emphasized at the outset of this recapitulation that Atkins does not purport to give Congress a blank check to review, revise or veto any and all forms of final executive or administrative action. One must begin this review, therefore, with a firm understanding of the kind of "one-House veto" provision that was put into issue in Atkins, as well as in the other four cases involving similar constitutional challenges.

THE NATURE OF THE VETO IN QUESTION

The term "one-House veto" or "legislative veto" is not a precise term of art, legislatively of constitutionally speaking. It is simply a popular shorthand term that covers a variety of forms of legislative oversight, some of which may not involve any attempt by Congress to "veto" or second-guess some final executive or administrative action.

It is a fact, doubtless coincidental, that all three statutes that have been challenged in courts for their embodiment of the so-called "one-House veto" are not true examples of the "veto" technique of oversight. The Atkins-Pressler-McCorkle trilogy of cases all involved the Salary Act provision that reserved to Congress its vested power to make final determinations as to the pay scales of the three branches of government. That power was exercisable by giving approval by inaction, or disapproval by resolution of either House, of salary recommendations that Congress had authorized the President to make.

In a word, the Salary Act provision at issue in the Atkins was not a true "one-House veto" provision. Disapproval of the President's recommendations did not mean a "veto" of a pay scale that had become final and effective upon issuance of the President's recommendations. His recommendation was simply a recommendation, nothing more, nothing less. Disapproval of such a recommendation, like disapproval of a legislator's proposal for salary increases, simply meant that the recommended or proposed new salary scale was not approved by Congress, leaving in effect the status quo as to salary scales. Since the President's salary recommendations under review in Congress merely had "the potentiality of becoming law—if neither House objects within 30 days of their announcement," 556 F.2d at 1063, neither House was in position to "veto" any final Presidential action that had acquired the force of law.

The same kind of "non-veto" situation pertained in the Clark and Chadha litigation. Clark involved the issuance of proposed regulations by the Federal Election Commission, regulations that could not become effective until Congress had reviewed them and given its approval by failure of either House to adopt a disapproval resolution within the prescribed 30 legislative days. Likewise, Chadha involved a recommendation by the Attorney General that Congress permit a deportable alien to acquire permanent residential status in the United States, a recommendation that could be rejected by a disapproval vote in either House. In neither instance was Congress seeking to upset or veto any final action of the Federal Election Commission or of the Attorney General. In both instances the Congress was using the device of one-House disapproval as a means of exercising its reserved and vested power not to alter the status quo.

THE SCOPE OF THE NECESSARY AND PROPER CLAUSE

An understanding of the peculiar and misnamed kind of "one-House veto" prescribed in the Salary Act is the key that opens the constitutional path followed by the Atkins court in validating that so-called veto technique. The problem was to discover and define the power of Congress to affirm by inaction, or disapprove by a one-House resolution, a recommendation made to it by the President respecting a matter that lay within the exclusive legislative power of the Congress. The answer to that problem was found in the Necessary and Proper Clause of the Constitution, Article I, Section 8, Clause 18. That Clause vests in the Congress the power—

"To make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers, and all other Powers vested by this Constitution in the Government of the United States, or in any Department or Officer thereof."

It is immediately apparent that this Clause enables Congress to make whatever laws are necessary and proper for carrying into execution two basic categories of vested powers: (1) those powers that are vested in Congress by Article I or any other provision of the Constitution; and (2) those powers that are vested by the Constitution in other organs of the Government of the United States, be it the executive or the judicial branch or any department or officer of the Government. The power to implement the execution of Congressional vested powers constitutes the "vertical effect" of the Necessary and Proper Clause, while the Congressional power to carry into execution the powers vested in other branches and agencies of the Government is known as the "horizontal effect" of the Clause. See Van Alstyne, The Role of Congress in Determining Incidental Powers of the President and of the Federal Courts: A Comment on the Horizontal Effect of "The Sweeping Clause," 36 Ohio State L. J. 788 (1975).

The classic delineation of the meaning and scope of the Necessary and Proper Clause was provided by John Marshall in the famous case of *McCulloch* v. *Maryland*, 4 Wheat. (17 U.S.) 316, 421 (1819), where he wrote that the sound construction of this Clause—

". . . must allow to the national legislature that discretion, with respect to the means by which the powers it [the Constitution] confers are to be carried into execution.

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[2] The five cases in which the validity of the one-House veto has been put into issue are:

(1) Clark v. Valeo, 559 F.2d 642 (App. D.C. 1977), affirmed *sub nom.* Clark v. Kimmitt, 431 U.S. 950 (1977);

(2) Pressler v. Simon, 428 F.Supp. 302 (D.D.C., three-judge court, 1976), affirmed *sub nom.* Pressler v. Blumenthal, 434 U.S. 1028 (1978);

(3) McCorkle v. United States, 559 F.2d 1258 (C.A. 4, 1977), certiorari denied, 434 U.S. 1011 (1978);

(4) Atkins v. United States, 556 F.2d 1028, 1057–1071 (Ct.Cl. 1077), certiorari denied, 434 U.S. 1009 (1978);

(5) Chadha v. Immigration and Naturalization Service, C.A. 9, No. 77-1702, pending for decision since May 1978.

A few other challenges to the one-House veto have been made but not pursued or processed through to a court decision.

[3] While the Ninth Circuit has yet to resolve the *Chadha* case, that court in April of 1978 ordered that post-argument briefs be submitted on a narrow jurisdictional issue. If that issue is deemed dispositive, the court might feel it unnecessary to reach the question as to the validity of the one-House veto provision in § 244(c)(2) of the Immigration and Nationality Act.

[4] Brief for the Immigration and Naturalization Service, p. 19, filed in Chadha v. Immigration and Naturalization Service, C. A. 9, No. 77-1702. This brief was prepared and signed by an Assistant Attorney General and an Assistant to the Solicitor General.

[5] *Ibid.*, p. 18, fn. 17, *supra*, note 4.

which will enable that body to perform the high duties assigned to it, in the manner most beneficial to the people. Let the end be legitimate, let it be within the scope of the Constitution, and all means which are appropriate, which are plainly adapted to that end, which are not prohibited, but consistent with the letter and spirit of the Constitution, are constitutional."

The essential point of Marshall's great decision is that Congress has complete discretion, consistent with all other provisions of the Constitution, to select the means to carry into effect and execute all powers vested by the Constitution in Congress or in any other branch, department or office of the Government. Once a vested power has been properly identified, the Necessary and Proper Clause gives Congress an affirmative power to help execute that vested power through the enactment of whatever laws are deemed by Congress to be necessary or appropriate to that legitimate or vested end. As the Atkins opinion noted, this Clause "can authorize a given method of obtaining a desired result, as well as ground a substantive provision (as in *McCulloch*)." 556 F. 2d at 1061.

Following John Marshall's conception of the Necessary and Proper Clause, the Atkins court first identified the end sought to be achieved by the legislative technique in question. That end, that vested power, was identified as the vested power of Congress to fix the compensation of federal judges. And to that end, Congress has wide discretion to select the method of obtaining or executing that desired result. In that case, the Necessary and Proper Clause was found to authorize Congress "to choose, first, to delegate the initial power to make [salary] proposals to the President, and, then, to select for itself the appropriate method for checking and monitoring the President's action." 556 F. 2d at 1061. That appropriate method, of course, was embodied in the so-called "one-House veto" provision of the Salary Act, whereby one House could disapprove any finalization of the President's recommendations respecting judicial salaries.

The affirmativeness of the grant of power to Congress given by the Necessary and Proper Clause is what the legal opponents of the "one-House veto" technique will not concede. They seek to dispose of the entire "necessary and proper" argument by slipping immediately to the last item in John Marshall's "necessary and proper" methodology—the requirement that the means selected by Congress be "not prohibited, but consistent with the letter and spirit of the Constitution." But Marshall obviously meant that the actual means selected by Congress be tested against other provisions of the Constitution, not that such other provisions be deemed controlling without regard to the affirmative powers granted Congress by the Necessary and Proper Clause.

In other words, only after the end has been found legitimate and the means appropriate to that end can the means properly be tested against other provisions of the Constitution. That is precisely what the Atkins court did. It identified the legitimate end, the Congressional power to set judicial salaries. And it interpreted the means selected in the Salary Act as appropriate to that end, at least in the minds of Congress. It is at this point that the proper delineation of the means selected becomes critical. Once the court realized that Congress had not delegated to the President its total or final authority to set judicial salaries, but retained that final authorization unto itself, the court was able to test such a carefully limited means against the constitutional challenges that have so long been indiscriminately made against all forms of the "one-House veto" device. The Atkins court had little difficulty in disposing of those challenges once the means selected by Congress in the Salary Act was understood.

THE CONSISTENCY WITH OTHER PROVISIONS

It bears reiteration that the Atkins court was confronted with "necessary and proper" means selected by Congress that amounted to nothing more than the ability of one House to block Congressional approval or acceptance of a Presidential salary recommendation that bore no elements of a final executive determination. So identified, such means were found not to be prohibited by other provisions in the Constitution. To wit:

(1) The provision in Article I, Section 1, vesting all legislative power in a two-House Congress, does not require that all activities of a legislative nature be accomplished by bicameral action. And there is certainly no requirement that the refusal to accept the recommendations of the President respecting judicial salaries must be with the concurrence of both Houses. Just as one House can vote down a proposal for new legislation, which involves no changing of the status quo, so too one House can vote down acceptance of a Presidential recommendation.

(2) The Presidential power under Article I, Section 7, Clause 3, to approve or veto new legislation enacted by both Houses in the traditional bicameral fashion, is simply not implicated by the refusal of one House to approve a Presidential recommendation.

(3) The exclusivity of the executive power vested in the President by Article II, Section 1, is not compromised by a statutory procedure whereby Congress calls upon the President to assist it, by way of making studies and recommendations, in the execution of its vested authority to establish judicial salaries. Moreover, whatever power the President exercises in connection with judicial salary recommendations, that power stems not from Article II but from a statutory delegation from Congress, acting pursuant to the Necessary and Proper Clause. The horizontal thrust of that Clause would confer vast power upon the Congress to assist the President in the execution of this delegated function. And since the ultimate power with respect to setting judicial salaries is vested in and retained by Congress, the President cannot be heard to complain that some kind of unconstitutional conditions have been placed upon his execution of an exclusively executive power.

In sum, the Court of Claims decision in Atkins is an unusually clear blueprint for the constitutional structuring of the device commonly known as the "one-House veto." It warrants the most careful consideration by all who propose or oppose continued use of this oversight device.

RECOGNITION OF SENATOR JAVITS

Mr. JAVITS. Mr. President, I ask the Chair to notify me when I have used 5 minutes of my time.

The ACTING PRESIDENT pro tempore. The Senator from New Mexico still has time remaining.

Mr. SCHMITT. Mr. President, I yield to the Senator from New York, for use at his discretion, the remaining time and the time of the assistant minority leader which was yielded to me.

Mr. JAVITS. I thank the Senator.

The ACTING PRESIDENT pro tempore. The Senator has approximately 1 minute remaining.

Under the previous order, the Senator from New York is now recognized for a total of 16 minutes.

SENATE RESOLUTION 277—SUBMISSION OF A RESOLUTION RELATING TO CAMBODIAN RELIEF

Mr. JAVITS (for himself, Mr. Sasser, Mr. Danforth, Mr. Baucus, Mr. Boschwitz, Mr. Pell, Mr. Exon, Mr. Bentsen, Mr. Goldwater, Mr. Heinz, Mr. Durenberger, Mr. Helms, Mr. Melcher, Mr. Ford, Mr. Chiles, Mr. Inouye, Mr. Schweiker, Mr. Weicker, Mr. Tsongas, Mr. Sarbanes, Mr. Williams, Mr. Hatfield, Mr. Moynihan, Mr. Cranston, Mrs. Kassebaum, Mr. Pressler, Mr. Morgan, Mr. Nelson, Mr. Packwood, Mr. Randolph, Mr. Ribicoff, Mr. Riegle, Mr. Magnuson, Mr. Pryor, Mr. Metzenbaum, Mr. Gravel, Mr. Hayakawa, Mr. Percy, Mr. McGovern, Mr. Bradley, Mr. Burdick, Mr. Chafee, Mr. Church, Mr. Cohen, Mr. DeConcini, Mr. Domenici, Mr. Glenn, Mr. Jackson, Mr. Lugar, Mr. Humphrey, Mr. Stafford, Mr. Dole, Mr. Matsunaga, and Mr. Biden) submitted the following resolution, which was referred to the Committee on Foreign Relations:

S. Res. 277

Whereas, inside Cambodia today, and in refugee camps located in Thailand near the Cambodia border, there is a tragedy of enormous and appalling proportions in which hundreds of thousands of Cambodians face imminent death by starvation and disease; and

Whereas, up to two million other Cambodians face serious food shortages; and

Whereas, the very survival of the Khmer race is threatened by a genocide greater than the world has seen in 35 years; and

Whereas, the international intergovernmental and voluntary organizations should be highly commended for their persistent efforts to reach agreements with the authorities in Phnom Penh on the supply of food, medicine, and other needed provisions for the Cambodian people; and

Whereas, political obstacles have hampered these organizations in their efforts to launch the massive relief effort required to save the Cambodian people; and

Whereas, the needs of the Cambodian people are estimated to be 30,000 tons of food and medical supplies each month; and

Whereas, the current means of supply via sea and air cannot meet these needs; and

Whereas, most of the nations of the world, at the special U.N. November 5th pledging conference, have promised support for the relief efforts; and

Whereas, every day of delay in providing the needed assistance will mean the death of thousands of Cambodians: Now, therefore, be it

Resolved, that it is the sense of the Senate that all countries and all people be urged to respond generously to the international and intergovernmental and voluntary relief efforts for the people of Cambodia, and

That the authorities in Cambodia be encouraged on humanitarian grounds to allow all possible avenues for delivering food and medical supplies to be used by the international agencies in these efforts, and

That the United States and the United Nations should express to the great power supporters of the factions in Cambodia, in the strongest terms possible, our concern and expectation that they will use their good offices to ensure that one of the great human tragedies of the century does not occur and that they share in the international responsibility for averting a famine.

Mr. JAVITS. Mr. President, I have sent to the desk, for appropriate reference, a resolution on behalf of myself and 53 Senators—32 on the Democratic side of the aisle and 22 on this side of the aisle—dealing with the danger of genocide in Cambodia and our desire to do something effective.

The principal sponsors of the resolution with me, are what I call our three heroes—Senator Sasser, Senator Baucus, and Senator Danforth—who went over there and publicized this situation in an unparalleled way.

The reason I have submitted the resolution is that last Friday, I joined in managing the refugee bill which passed the Senate unanimously, and I developed in the course of that debate this idea of an appropriate resolution. I therefore submitted this resolution, and I will do my utmost to bring it out of the Foreign Relations Committee at the earliest possible moment, perhaps even as early as tomorrow, and certainly next week.

The ACTING PRESIDENT pro tempore. The resolution will be received and appropriately referred.

Mr. JAVITS. Mr. President, we have taken this action because of three obstacles which we see in the way of effective action. One is financial.

Last week, we approved a $30 million authorization for Cambodian relief, bringing the U.S. contribution for the first 6 months to $69 million.

Last Monday, at a U.N. pledging conference of 76 nations, in which Secretary of State Vance participated, $210 million in cash and supplies was raised. This is still $100 million short of the annual expected total costs. So we need, very urgently, contributions from other nations and private citizens throughout the world.

The second difficulty, Mr. President, is the attitude of the authorities in Cambodia. Phnom Penh's recent decision to allow food shipments on the Mekong River is an auspicious beginning, but the situation calls for more. Senators Danforth, Sasser, and Baucus have proposed the only really feasible solution to the problem of immediately delivering large quantities of food to the people most in need of it—a truck convoy from Thailand into Cambodia.

So our resolution urges the Cambodian authorities to lay aside political questions, which too often in our world, unhappily, are held above human considerations, and to put the needs of their starving people first. All possible means of bringing in food should be embraced by the Cambodian authorities.

The third problem—and to me a very important one on which I spoke last Friday—is the dominant role of the Soviet Union in the unfolding Cambodian tragedy. It seems incomprehensible to me that the presence of 200,000 Vietnamese troops is not a clear indication of the complete control of Vietnam over the Heng Samrin regime and, therefore, the complete control of Vietnam's protector and ally, the Soviet Union over that regime. It is very hard to believe that the Soviet Union's influence over the Vietnamese and the Cambodian authorities would not open the door to the most effective way to feed the Khmer people rather than let them die and become the latest in the world's genocides.

Mr. President, if the Soviet Union had actually contributed the 200,000 tons of food it allegedly has given to Cambodia, and if that really were being given to the starving people, they would not be starving today. There is no evidence that the Soviet Union has pledged even one ruble to international relief efforts nor to the international refugee efforts of the U.N. High Commission.

Mr. President, the Soviet Union wants to be a superpower, and it certainly has achieved that in the military sphere. But a superpower has to have compassion for a starving population threatened with extinction. Let us judge if the Soviet Union really is a superpower by how it performs in this situation.

I submit an article which appeared in Sunday's New York Times, by James Reston, which expressed the problems inherent in "Moscow's Deaf Ear." I ask unanimous consent to have the article printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Moscow's Deaf Ear

(By James Reston)

Washington, November 3.—Two points need to be made about the inexpressible tragedy of the Cambodian people. First, that the present threat to the very existence of that nation is being caused by a conflict between two Communist regimes. And second, that the Soviet Union has not only refused to use its influence to stop the carnage, but won't even cooperate with the civilized nations to save the Cambodian children.

The United States, during the Vietnam War, acquired its own burden of guilt in Cambodia, but at least it has had the decency to try to make amends and respect the sanctity of human life.

Meanwhile, the Soviet Union, which has been proclaiming its compassion for the suffering people of the world for over 60 years, and which castigated the Nazis for trying to exterminate the Jews, is not only doing nothing to help, but is denouncing the humanitarian efforts of the United States and other Western nations as a kind of geopolitical capitalist trick.

On the level of world politics, it might be possible to understand even a savage Moscow policy of establishing its power on the southern flank of its Communist rival, China. But Moscow's ally in Hanoi has already won that war. It now has over 200,000 Vietnamese troops in Cambodia and the rag-tag remnant of the former Communist government there is not likely to succeed against the organized Vietnamese forces that, with the help of Moscow, even prevailed over the modern weapons of the United States.

In short, Moscow and its allies in Vietnam now dominate the strategic positions in the Southeast Asia peninsula. Washington is no longer challenging that. All Washington is asking the Moscow officials is that they save the Cambodian children, and that they don't, like the ghouls in the Middle Ages, allow the wounded to be stripped on the battlefield.

It's surprising that President Carter has been so slow in taking the lead in this matter. He has run into stern opposition on the SALT treaty, and has been trying to deal with this in such a way as to show that he can stand up to the Soviets as well as to Ronald Reagan, Howard Baker, or any other Presidential candidate.

But Cambodia was probably a better issue. If ever there was a test of Mr. Carter's Christian principles, and his willingness to stand for an accommodation with the Soviet Union for a decent political order in the world, the tragedy of Cambodia was it.

Last month, Mr. Carter gave the Soviet Union permission to buy a record 25 million metric tons of U.S. corn and wheat during the fiscal year 1979–80.

It has, of course, always been a principle in this city never to use food as an instrument of political power when people anywhere in the world were in need. Yet why should we relieve the Soviet Union of its grain shortages if Moscow will not even help to get food to Cambodia to save the children there?

Belatedly, Mr. Carter has come forward with proposals and now has the support of the Congress for about $100 million in aid for Cambodia, but the Congress is still fiddling with this. And there is still the problem of getting the food into Thailand and, more importantly, into Cambodia.

The President and the Congress can provide money and food, but they need permission to get planes and trucks to the starving people. This is a problem that Moscow has the power to resolve. The women and other members of the Congress and also others outside the Government have been imploring President Carter to take the issue directly to the Soviet Government.

A bipartisan group of 68 members of the House of Representatives appealed to Mr. Carter this week to try to set up a joint airlift with the Soviet Union. "We urge you to take immediate steps to launch a joint U.S.-Soviet airlift of trucks, food, medicine and other humanitarian and relief supplies," they said.

The Rev. Theodore M. Hesburgh, president of Notre Dame University, made the point more dramatically in an interview with Graham Hovey of The New York Times. "Why not go to the Russians and say, 'The American people may take a dim view of you buying 2 million tons of grain from us if you refuse to collaborate with us in making 150,000 tons available right now to people who are starving.'

"I'm perfectly willing," Father Hesburgh said, "to ride in the lead truck and get shot at in the process, rather than sit back and have it on my conscience that I did nothing to stop a second Holocaust."

The Carter Administration is sensitive to this rebuke, but it is still not drawing the line in the matter of supplying Moscow with American grain while Moscow refuses to help in Cambodia. The State Department is saying that it has discussed the question with Moscow officials but adds, "We have no guarantee where the relief supplies would end up in that kind of operation."

So the tragedy is left there, in an argument between the President and the Congress—each sensitive to the problem, but neither doing enough to deal with the misery of the Cambodian people.

Mr. JAVITS. Mr. President, I ask that I may yield the remaining time I have to Senator Danforth, who will control it in respect to this resolution.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The Senator from Missouri is recognized.

Mr. DANFORTH. I thank the senior Senator from New York.

Mr. President, this resolution is absolutely correct in all respects, and it is part of a series of events which further call the attention of our country and the world to the situation in Cambodia.

Mrs. Carter has just arrived in Bangkok. She will be touring the refugee camps.

That trip obviously will focus the attention of our country and the world on this crisis.

This morning a group of Congresswomen very appropriately began the trip to Bangkok. They will also visit the refugee centers and perhaps go to Phnom Penh.

All of these are positive steps focusing attention of the country and the world on this situation.

This resolution is absolutely correct in all respects. It is correct in its whereas clauses and it is correct in the resolution itself. The whereas clauses appropriately point out the tragedy, and that is the word that is used, the tragedy of enormous and appalling proportions that is occurring in Cambodia.

The resolution points out very clearly that the survival of an entire race, the Khmer race, is at stake. It further points out that international and intergovernmental voluntary organizations should be highly commended for the role that they have played, the international Red Cross and UNICEF and a host of other organizations, which are doing a splendid job delivering food and medical supplies to as many people as they can reach. The resolution points out that the needs of about 30,000 tons of food and medical supplies a month greatly outstrip what can be provided by present methods of transportation, namely, air and ship.

The resolution itself urges all countries and all peoples to respond generously to the needs of Cambodia.

This response, Mr. President, has been forthcoming. At the pledging conference at the United Nations on Monday approximately 70 to 80 countries from all over the world pledged their support and exceeded the estimates of what would be provided at that pledging conference.

Money, food, trucks, medical supplies, all are available. The problem is not availability. The problem is not generosity of the rest of the world. The problem is the politics of the situation and the fact that politics is standing in the way of logistics, standing in the way of delivery of the necessary tonnage which can only be accomplished by truck.

So the resolution in addition to calling on all countries to respond generously calls on the authorities in Cambodia to be encouraged on humanitarian grounds to allow all possible avenues for delivering food and medical supplies. It calls on the authorities in Cambodia to open up the truck routes which is so very necessary if this job is going to be done.

Finally, the resolution focuses on the role of the great world powers, and as Senator Javits points out in his remarks he had in mind specifically the Soviet Union.

Mr. President, the Soviet Union is deserving attention in this regard. There is no question that the Soviet Union stands behind Vietnam, that the Soviet Union supported the Vietnamese invasion of Cambodia last Christmas Day, and that the Soviet Union has the power, has the clout, and has the ability to open up those truck routes if it has the will to do so.

Therefore, the Soviet Union which has been allowed to lurk in the corners, to hide behind the curtains, is now coming onto center stage of world attention. The spotlight of attention is on the Soviet Union, and the United States and the rest of the world are waiting for the Soviets to use the full authority which they have to get these trucks rolling and to save hundreds of thousands and even millions of lives that are involved.

Mr. President, I yield to the Senator from Montana.

Mr. BAUCUS. Mr. President, I very deeply thank the Senator from Missouri who has been the leading force in efforts in the Senate to try to focus world attention and opinion on the problem in Cambodia.

Mr. President, we all know what the problem is. We all know that there is a tragic drama unfolding in Southeast Asia, not only because of the massive suffering that we have seen in pictures and evening news and read about in the newspapers, but also because of the insensitivity of authorities who are in a position in Southeast Asia, including the Soviet Union, to do something about the problem, that is, open up the borders so that food and supplies and aid can go into Cambodia to relieve the suffering that is presently there.

This resolution here this morning will help keep the pressure on those who are responsible.

But it is my fervent hope that we do not stop here today. I know we will not stop here today. I know that our efforts in the last 2 weeks will continue. But I strongly urge my colleagues in the Senate and anyone else who has any sensitivity to the problem of Southeast Asia to begin to work even more diligently, more imaginatively, and more aggressively than we have in the past until the famine, the starvation, the disease, and the suffering of the Cambodian people, who are very warm and generous people but who were caught in a very tragic set of circumstances, is alleviated and prevented.

It is easy to talk about a problem. It is much more difficult to do something about it. Action does speak louder than words. We are doing all we can here today by talking about the problem, focusing world attention and opinion upon the problem. It is my fervent hope that all of us here today will keep working as diligently as in the past and, as I said, even more so, particularly focusing attention upon the Soviet Union which is in the position to talk to the Vietnam and the Phnom Penh authorities in order to open up the border.

Mr. President, I thank my colleague from Missouri for yielding. He has been the guiding light and the guiding force here and without his efforts I do not know where we would be today.

Thank you very much.

Mr. DANFORTH. Mr. President, I thank the Senator from Montana and appreciate his comments. There were at least three guiding lights in this effort.

I yield to the Senator from Minnesota.

Mr. BOSCHWITZ. I thank my friend from Missouri.

Mr. President, I always have a difficult time determining what the motivation is that allows people to commit such atrocities as we see taking place in Cambodia today. I just have an impossible task of trying to fathom what human beings will do to one another, in seeking political advantage.

It is time once again to speak up against these kinds of actions no matter where they take place in the world. I have listened to the distinguished senior Senator from Wisconsin speak daily about his proposed genocide treaty of which I am proud to be a cosponsor. I am also pleased that I am one of the initiators of the efforts to provide funding to help the starving people of Cambodia as well as a supporter and cosponsor of this resolution under consideration today.

I am particularly pleased that this resolution points its finger at the Russians who share a great responsibility for this tragedy. It is the clients of the Russians—the Vietnamese—with their 200,000 troops who are allowing this massive tragedy to occur in Cambodia and who are blocking the attempts of the outside world to bring food to starving people. There is just no justification whatsoever for such action.

I also think it is appropriate that we point our fingers in the direction of the Russians at this particular time as they are attempting to negotiate peace with us through SALT II. The record must show that even under those circumstances they do not allow the most humane efforts to take place with respect to starving people.

So, Mr. President, I am very pleased to be a cosponsor of this resolution, and I look forward to speaking time and time again in the future against such cruelty and genocide wherever it takes place in the world.

I thank the Chair.

● Mr. DOLE. Mr. President, tragic events do not occur in orderly fashion with one succeeding the other, leaving sufficient breathing space for one problem to be solved, before the next one arises. Instead, crises tend to overlap one another in this world of political upheavals and widespread instability.

And so it is, that in recent days, headlines on Cambodia have been replaced by the events that have occurred in Iran, events that, in their own seriousness have somewhat overshadowed the tragic situation in Cambodia. Yet, the famine that is slowly but surely decimating an entire people has not gone away. People are still dying while the world is watching.

The United States has increased funds in order to do its share in trying to alleviate the situation, but more, much more, needs to be done. Serious problems remain that must be solved in order for help to be effective in reaching those who need it, the thousands, perhaps millions, who are lying in camps, not faced with starvation and death but dying of it.

We must awaken the rest of the world to the magnitude of the tragedy. The entire international community must be encouraged to do more; it must be encouraged to emulate our own efforts.

The puppet regime of Cambodia, headed by Heng Samrin and controlled by Vietnam, must be encouraged in no uncertain terms to allow humanitarian concerns to transcend political considerations. It is imperative that authorization by Cambodian and Vietnamese authorities be obtained in order that trucks carrying medicine, food, and other supplies be able to cross over the border from Thailand into Cambodia.

It is doubtful that Cambodians and Vietnamese authorities, who have until now refused such permission, will change their position, unless they are persuaded to do so by their supporters abroad. The United States and the United Nations can and must use their influence in persuading these powers that their intervention is absolutely necessary if the tragedy is to be averted at all.

It is in the belief that we are all responsible that I support and cosponsor the resolution submitted today by my distinguished colleague, Senator JAVITS.●

RECOGNITION OF SENATOR BUMPERS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Arkansas is recognized.

Mr. BUMPERS. Mr. President, I agree in all magnanimity to yield to the Senator from Virginia (Mr. HARRY F. BYRD, JR.). I might inquire how much time does the Senator have allocated to us?

Mr. HARRY F. BYRD, JR. Fifteen minutes.

Mr. BUMPERS. That is fine.

Mr. HARRY F. BYRD, JR. I thank the Senator.

Mr. BUMPERS. We are simply trading places, Mr. President.

RECOGNITION OF SENATOR HARRY F. BYRD, JR.

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Virginia (Mr. HARRY F. BYRD, JR.) is recognized for not to exceed 15 minutes.

THE CHRYSLER BAILOUT: NEW DIMENSIONS IN CORPORATE WELFARE

Mr. HARRY F. BYRD, JR. Mr. President, in a few weeks, the Senate will be called upon to decide whether or not to authorize large-scale loan guarantees for Chrysler Corp.

President Carter has asked the Congress to approve up to $1.5 billion in assistance for Chrysler. Even before he made his recommendation, Members of the Michigan delegation introduced legislation authorizing loan guarantees for the Nation's No. 3 automobile manufacturer, with no limit specified.

The negotiations leading to the recommendation by the President followed a most interesting pattern. After talks between Chrysler officials and the Secretary of the Treasury narrowed the potential forms of assistance to guarantee for loans, Chrysler proposed that the amount be $1.2 billion. Secretary Miller rejected that request as "way out of line."

The Chrysler group then went back to the drawing board and returned with a request for $750 million. This was greeted as being more reasonable.

Then, without warning Secretary Miller on November 1 announced that the administration would propose loan guarantees of $1.5 billion—exactly double Chrysler's most recent request, and $300 million larger than the proposal which the Secretary had rejected out of hand.

This sequence of events can be reduced to a fascinating dialog:

> CHRYSLER. How about $1.2 billion?
>
> Secretary MILLER. That's way out of line.
>
> CHRYSLER. Well, what do you think of $750 million?
>
> Secretary MILLER. That won't do the job. You may not know it, but you need $1.5 billion.

It would appear that Mr. Miller, in his relatively brief tenure in Washington, already has learned a favorite bargaining trick of our State Department: To wrap up a negotiation, offer the other side more than they are asking.

It never fails.

The legislation introduced earlier by Members of the Michigan delegation, with cosponsors from other States, likewise has a fascinating feature.

Often in Senate debate I have heard a bill described as a "blank check." Usually, however, this has been a rhetorical flourish on the part of the speaker.

But the sponsors of the Chrysler bailout bills have produced what must be the first honest-to-goodness "blank check" legislation in congressional history. These bills literally have blanks. I refer my colleagues in the Senate to page 12 of S. 1927, and our friends in the House to page 11 of H.R. 5630.

There they are. Two blank spaces.

The sections of the legislation which I am citing purport to prescribe a limit on the amount of loan guarantees which can be proffered to Chrysler Corp. But the amount is left blank.

I have filled in my blank. I wrote in $1.50. I believe we can take that much of a chance, but no more.

One can see that the prelude to the debate on aid to Chrysler has had, to say the least, some interesting features.

Let us look for a moment at the facts of the Chrysler situation.

During the most near recent quarter, Chrysler posted a loss of $460.6 million, a near record for a U.S. corporation in a single 3-month period. It is anticipated that the firm's total loss for 1979 will approximate $1 billion, which will shatter all records for a year.

Chrysler is a big company. It is our 10th largest corporation, with assets of some $7 billion. Its difficulties are correspondingly large and complex.

Many reasons have been cited for Chrysler's current financial plight. Proponents of aid to the ailing corporation tend to emphasize a combination of the effects of Government emission, safety, and mileage requirements, the generally unfavorable economic conditions now prevailing, and increased foreign penetration of the U.S. car market. Opponents stress what they term bad management decisions, notably an insistence on competing with General Motors and Ford across the full range of automotive production, and a failure to capitalize upon the surge in demand for small automobiles.

I see no reason to deny the validity of either side's analysis. In all probability, each of these factors has played a part in creating Chrysler's current crisis.

But the issue before the Congress will not be, "Who is to blame?" It will be, rather, "What, if anything, should the Government do?"

In deciding this question, we must look both at precedents and at probable results.

At this point I want to pay a special tribute to the senior Senator from Michigan, Mr. RIEGLE. Earlier in my remarks I referred to the "blank check" in his bill, in a light vein, but now I want to say seriously that the speech which he gave upon introduction of that legislation was thoroughly researched and brilliantly articulated.

(Incidentally, Senator RIEGLE has since introduced the administration's proposal.)

I mention Senator RIEGLE's speech of October 24 at this point because he so ably set forth his arguments in terms of the precedents for Government assistance and the impact of a Chrysler failure.

Let us look first at the matter of precedent.

There is no questioning the fact that the Federal Government is heavily involved in supporting business in this country. Senator RIEGLE cataloged many types of loan guarantees afforded to business by the Government, but if anything he understated his case. He omitted more than $5 billion guaranteed through the facilities of the Export-Import Bank to promote U.S. exports, and his figure of $300 million for guarantees to railroads is about one-third the total given in the President's budget document (Special Analysis F).

Furthermore, Washington lends vast sums directly to business (as opposed to guaranteeing loans by private lenders). My own review of the budget indicates that the Federal Government has some $30 billion outstanding in loans of direct benefit to business, and I have made this estimate as conservative as possible.

Little effort, then, is required to establish the precedent of Federal assistance to business through loans and guarantees.

The tradition goes back to the middle of the last century, when the Government gave the railroads 131 million acres of land and lent them $64 million (which would be about $10 million in today's budgetary terms) to open up the West.

But neither the size nor the antiquity of these Federal programs is a true precedent for the proposal to bail out Chrysler.

The fundamental reasons are two: First, Chrysler is a single corporation, not an industry; and second, the proposed assistance to Chrysler serves no positive national purpose.

In the past, nearly all Federal assistance has been made available to entire industries, such as railroads and steel, or to whole classes of enterprises, such as small farms and small business generally. The only previous large-scale aid to a single company of which I am aware is the guarantee of $250 million in loans to Lockheed Aircraft Corp. in 1972. I opposed that guarantee because I felt it would set an unfortunate precedent, and sure enough, it is being trotted out as the leading precedent for aid to Chrysler.

It is true that, in financial terms, the Lockheed bailout was a success. Lockheed has been restored to health, and the Government made a profit on the deal. But that certainly does not insure that all such assistance by the Government will end so happily.

A number of analysts have suggested that Chrysler's officials, in projecting a surge in market share and profitability with the benefit of Government aid, may be looking at the future through glasses of a rosy tint. Alan Greenspan, former chairman of the Council of Economic Advisers, has flatly termed Chrysler's assumptions overly optimistic. Similar skepticism was expressed at hearings before the Senate Committee on Banking, Housing, and Urban Affairs by officials of the Federal Trade Commission and the Department of Transportation.

In short, many competent observers see the Federal guarantees of loans to Chrysler as risky. And the risk is of huge dimensions: If the President's plan were approved, the amount guaranteed by the Government would be six times the largest previous pledge for a single firm; namely, the $250 million for Lockheed.

So it would appear that despite a long history of Federal assistance to private enterprise, a guarantee of $1.5 billion for Chrysler would depart from tradition not only in focusing on a single company, but also in scale and degree of risk.

I mentioned previously the issue of national purpose, and this too should be explored.

To the best of my knowledge, all past Federal aid to business has been advanced on the basis of some rationale connected with large and positive public purposes. Thus, the Government supported the railroads in the 1800's to open a continent; it supported defense producers, including Lockheed, primarily to insure timely availability of military hardware; it formed ConRail to keep alive a rail freight system in the Northeast; it supported farm prices to maintain a strong capacity for production of food and fiber, and to prevent collapse of small-scale farming; it supported small business to preserve economic opportunity and competition; it supported American shipbuilding and ship operators to insure a shipyard capacity and a merchant fleet in time of war.

But what national purpose is served by risking the taxpayers' money to bail out Chrysler?

The Chrysler Corp. as presently structured is not essential to national defense, to our transportation system, or to our industrial capacity. The attempt to salvage this particular company is not an effort to preserve anything vital to our security or our way of life. It is, pure and simple, a bailout of one company for its own sake.

This brings me to the second major point argued by Senator RIEGLE and other advocates of assistance to Chrysler, namely, the economic consequences of the company's collapse.

In this phase of the debate, we move into an area of speculation. The economists who have studied the matter do not pretend to have absolute answers, and indeed, there is not solid agreement among them.

This is not surprising. The present rate of inflation in the United States, unforeseen by any of the major economic forecasters, reminds us—once again—that predicting the course of economic events is less than an exact science. Moreover, there are many imponderables in the Chrysler case: Would the present corporation be entirely liquidated, or could it be reorganized on a lesser scale? Would some of Chrysler's facilities survive under other ownership, domestic or foreign? To what extent would the skills of Chrysler employees be of value to other auto manufacturers, or to other firms needing persons with similar qualifications?

These and other questions are difficult to answer. Chrysler officials have provided their own answers, painting a very bleak picture, but we must bear in mind that it is in their interest to paint a bleak picture.

The analysis of a Chrysler failure done for the Congressional Budget Office by Data Resources, Inc. projects an increase in unemployment of as much as 600,000 by late 1980, dropping off to 200,000 by the end of 1981. The peak direct job loss would be 340,000; the rest is an estimate of "ripple effect" throughout the economy.

DRI also estimates a 1980 loss of about 0.6 percent in real gross national product, which loss also would decline in 1981.

But among the stated assumptions of the DRI study are these: All Chrysler employees released over the first half of 1980, no corresponding short-term expansion by other domestic auto firms, and 40 percent of the Chrysler market going to imports. None of these assumptions is a certainty.

Moreover, we have seen that some analysts believe that Government aid to Chrysler may not rescue the firm. If assistance is given and Chrysler nevertheless fails, the Government will have borne the costs of a bailout and both the Government and the economy as a whole will have suffered the setback occasioned by collapse of the company.

One further point must be considered in connection with the Chrysler case. That is the attitude of the financial community, specifically the banks which are Chrysler's leading creditors.

For some time now, the banks have been chilly to Chrysler requests for funds. This circumstance is a leading cause of the corporation's appeal to the Government for assistance. Put another way, this means that the banks do not regard further extension of money to Chrysler as a sound risk. They demand a Government guarantee.

This in turn raises the question as to what happens if the Government does guarantee loans to Chrysler, and the firm nevertheless fails? Who has first claim on assets—or, in financial parlance, who has seniority?

Throughout the discussion of guarantees, the administration has said it would insist on seniority for its own claims; that is, the taxpayers' interest would come first. Also, the administration said it would require an increase in unguaranteed financial support for Chrysler by other parties, presumably including the banks.

But as of November 1, the administration's rhetoric on this matter suddenly changed. Treasury Department spokesmen now say that the Government may yield seniority in claims to make further financing possible. Now we find that while the guarantee of loans by the Government is to be firm, the guarantee of protection for the taxpayer has become negotiable.

And as to increased bank participation, we now find the Treasury Department talking in terms of creditors "maintaining their position." What does that mean?

Furthermore, we find that the Chrysler bailout plan has become a longer term affair than advertised earlier. Whereas in the past we have heard discussion in terms of a 4-year plan of recovery, now we discover that under the administration's proposal, Chrysler would not have to complete repayment of guaranteed loans until December 31, 1990. The 4-year plan has become an 11-year plan.

The Congress is going to have to take a long, hard look at this proposal.

Let me summarize the points I have covered:

First. The administration's proposal offers Chrysler twice as much in loan guarantees as the company's most recent request, $1.5 billion as opposed to $750 million. It is even $300 million above Chrysler's highest previous appeal.

Second. The proposed Chrysler bailout would be six times as large as the biggest previous loan guarantee to a single company.

Third. Competent economists regard Chrysler's projections for return to profitability as too optimistic.

Fourth. The proposed Chrysler bailout departs radically from the general tradition of Federal aid to business, which usually has been to entire industries or sectors of the economy.

Fifth. There is no national security justification for aiding Chrysler with Government funds.

Sixth. The economic impact which would result from an actual collapse of Chrysler is uncertain and may be overstated by proponents of Government assistance.

Seventh. The banking community does not regard Chrysler as a sound investment.

Eighth. The administration has backed down from its earlier insistence that Government claims on Chrysler assets would have priority in the event of collapse.

Ninth. A bailout plan of 4 years has been extended to 11 years.

I cannot support any such program as this. I do not believe that the Congress has the right to take a $1.5 billion plunge on a shaky manufacturer with the taxpayers' money.

I would not object to the Government's extending help to Chrysler along the lines of the assistance earlier granted to American Motors Corp., such as tax benefits, Government purchasing arrangements, and deferral of emission standards.

We may expect the administration to push very hard for the Chrysler loan guarantee. Everyone is aware that there are crucial primary elections next year in several of the States where Chrysler facilities are concentrated.

Political considerations suggest that the rescue plan for Chrysler may be approved. But should that occur, new and dangerous ground will have been broken.

There is no large firm in the country whose failure would not result in a measurable increase in unemployment and a decline in production and profits. If Chrysler is bailed out, who can be turned away?

Approval of the Chrysler bailout would mean the creation of a risk-free environment for every major employer in the United States, at the expense of the taxpayer.

In my view, that is totally incompatible with the free enterprise tradition of our Nation.

Mr. President, I want to call the attention of the Senate to several recent articles and editorials concerning the Chrysler situation.

First, an editorial which appeared in the September 19 edition of the Norfolk Virginian-Pilot, entitled "No to Chrysler," which opposes the bailout plan.

Second, an editorial from the New York Times of November 4, which raises serious questions about the Government aid plan and urges the Congress to insist on more help for Chrysler "from those with the most to lose."

Third, three news articles from the Wall Street Journal, dated September 26, October 11, and November 2, which contain facts of great importance to us in reaching a decision on the Chrysler issue. Two of the articles contain statements by qualified authorities questioning Chrysler's projections of its future with Government aid, and the third details the retreat by the Treasury Department on the issue of protecting the taxpayers' stake in the event assistance should be granted.

I ask unanimous consent that these articles be printed at this point in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Norfolk Virginian-Pilot, Sept. 19, 1979]

NO TO CHRYSLER

The Carter administration would do well to hang tough with Chrysler Corporation. The public is in no mood to watch Uncle Sam coddle big business, much less big, sick business.

That was smart teamwork last weekend on the part of two new Carter Cabinet members. On Saturday, Treasury Secretary G. William Miller rejected as "way out of line" Chrysler's request for $1.2 billion in federal loan guarantees. In Sunday's second act, Transportation Secretary Neil Goldschmidt refused Chrysler exemption from federal pollution and fuel-mileage standards.

Chrysler would have us believe that federal regulations are the root of its woes, that bigger GM and Ford can spread the cost of new fuel-economy standards over larger numbers of cars, and that since the federal government buried Chrysler, we taxpayers have the duty to exhume it.

There is truth to those assertions. But it has been compromised by Chrysler's unwillingness to accept its fair share of fault. After the 1973–74 Arab oil embargo, Chrysler could have built its own four-cylinder engine plant to power the popular sub-compact Dodge Omni and Plymouth Horizon. Instead, it contracted with Volkswagen for 300,000 engines a year, not nearly enough for today's robust small car market. One has but to survey Chrysler's August inventory of 80,000 unsold vehicles to understand the problem: the company has been making too many big cars that buyers don't want.

Chrysler is bleeding Mr. Carter politically. It warns that unless Federal assistance is forthcoming, "360,000 workers would face immediate job loss, and the full number could reach as high as one million jobs."

High unemployment in politically crucial Michigan during an election year would terrify any incumbent president. Beyond that, there is the poignant question of why mismanagement in Detroit should cost a Tidewater dealer or worker his livelihood.

Yet every business failure claims its unfair victims. If the prospect of unemployment becomes the litmus test for taxpayer assistance, we will soon see innumerable ailing businesses—large and small—at the federal trough. Moreover, Chrysler's jobless figures may themselves be scare statistics. Were the company to fail, other auto manufacturers would expand production and hire many Chrysler workers in the process.

The company's puff sheet assures us that a bailout won't cost us one nickel "because Chrysler will repay the government out of future profits." But the public may justly ask why confidence is justified in a company whose share of the domestic auto market plummeted from 16.2 percent in 1968 to 9.1 this year. Are we to be told each year by management that profitability lies just around the corner, only another billion dollars of assistance away?

For us, the principle is the precedent. In Britain, huge subsidies for steel and shipbuilding created permanently sick industries. Is our government henceforth to reward inefficiency and subsidize incompetence? Does the least successful competitor merit the most public props? Do the weak become the special favories of commercial law? What kind of free enterprise is that? Failure is the free market's way of flushing out those companies on whose useful life the twilight falls. Nostalgia for the great Chrysler of the Forties and Fifties must not blind us to the facts today.

[From the New York Times, Sept. 4, 1979]

NOT SO FAST ON CHRYSLER

The route to Federal aid for the Chrysler Corporation is now greased. With President Carter signed on, there is little chance that Congress will be able to resist the opportunity to win friends and votes by guaranteeing loans for the beleaguered auto giant.

Good politics, however, doesn't always make for good economics. Chrysler's problems are largely of its own making, and so should be the solutions. Helping the company out of its jam is a bad precedent, one that will make it harder to resist the next corporate bailout, and the next. The only way Congress can discourage the precedent is to condition aid on major sacrifices by Chrysler's creditors, workers and suppliers—something the Administration seems unwilling to do.

True, the Administration would attach some conditions. In return for $1.5 billion in loan guarantees, it would require Chrysler to come up with an additional $1.5 billion from other sources. The company would also have to satisfy the Treasury that it has a fighting chance to stay afloat through 1983. But these ties have been left deliberately loose, so much so that they would not bind.

Consider, for example, the requirement that Chrysler obtain sizable private lines of credit. Last month, Treasury Secretary William Miller asserted that he would insist on protecting taxpayers' interests in any aid package by retaining a first claim on Chrysler's assets for the Government. But the auto maker's bankers seem reluctant to risk more money under these conditions. And now President Carter and Secretary Miller would oblige them. The Treasury proposes to waive its status as senior creditor should Chrysler's other creditors insist.

The Administration has also been quick to assign the largest part of the aid package to the taxpayer. Everyone who has studied its books agrees that Chrysler needs at least $3 billion more to develop cars that will be competitive in the 1980's. It is not so clear, however, that half this amount must come from Uncle Sam. Besides bank creditors, two other sources remain to be tapped: Chrysler's suppliers and its employees.

In the course of business, the auto maker pays its suppliers one month after delivery. Since Chrysler spends about $800 million a month for materials and fabricated components, that one-month delay effectively creates a permanent $800-million line of supplier credit. If suppliers would simply extend credit for an extra month, the company would gain an extra $800 million to help it through the cash squeeze.

As for employees, Chrysler has reduced the salaries of 1,700 executives and laid off about 8,000 white-collar workers. But the United Automobile Workers, which represents 111,000 Chrysler employees whose jobs are said to be on the line, has been unwilling to accept more than a token sacrifice. Under the latest contract negotiated for the Big Three automobile companies, labor costs will reach $20 an hour by 1982—at least a third more than the average industrial worker can expect. Yet all the union has really offered is $203 million over two years—less than a dollar an hour.

No one should lightly advocate bankruptcy for Chrysler. But by the same token, no one should want to set the precedent of bailing out a huge industrial corporation except as a last resort. Before coming to Chrysler's rescue, Congress has an obligation to ask more from those with the most to lose.

[From the Wall Street Journal, Sept. 26, 1979]

CHRYSLER IS PINNING PROFITABILITY HOPES ON LINE OF COMPACTS SIMILAR TO GM CARS

(By Charles B. Camp and Andy Pasztor)

DETROIT.—Chrysler Corp.'s initial hopes for returning to profitability, if it gets federal help, clearly hinge on a line of 1981 compact cars that appear to be designed to catch up with the fast-selling front-wheel-drive small cars that General Motors Corp. put on the market last spring.

The struggling No. 3 auto maker, which is seeking federal loan guarantees to help finance its new-product program through 1982, gave a rare preview of some of its future models to a group of newspaper publishers here yesterday. Lee A. Iacocca, Chrysler chairman, and Harold K. Sperlich, executive vice president, left little doubt that the crucial step in the company's recovery strategy will be its line of 1981 compacts. They are stunningly similar in size, concept and styling to the widely publicized compacts being sold by GM.

In their comments to the newspaper executives, the Chrysler officials reiterated statements made in a detailed "survival plan" presented to the Treasury Department that they expect two new models to increase

Chrysler's overall car sales, its share of the total U.S. auto market, and its per-unit profit margins when they arrive in showrooms about a year from now.

Chrysler has told the government that it expects to improve its per-car profit margin nearly $600 by 1982, and that the new front-wheel-drive compacts will help push its share of the auto market to 12% by then from about 10% now. Previously, Mr. Iacocca has estimated that each percentage point gain in market share is worth $150 million in profit to Chrysler.

By 1982, Chrysler hopes to have on the market its new Dodge and Plymouth compacts, a luxury version that will carry the Chrysler name, and a new, conventional-design luxury car that will revive the Imperial name and will compete with models such as the Cadillac Eldorado. Several current models also will be continued.

But the compacts are clearly intended as bread-and-butter autos for Chrysler. Mr. Sperlich said that Chrysler plans to build them at two of the company's five domestic assembly plants at a volume of about 600,000 units a year. Coupled with the company's current subcompact Omni and Horizon models and the line of Japanese small cars Chrysler imports, that should put Chrysler's sales of small, front-wheel-drive fuel-efficient autos at more than one million units in 1981, Mr. Sperlich said.

The Chrysler compacts, code-named "K" cars for now, will be produced in two-door, four-door and station-wagon versions. The sedans resemble the current Buick and Oldsmobile versions of GM's front-wheel-drive compacts, exhibiting a stubby rear trunk, flat sides, and square roof and fender lines. The similarity to GM's cars may not be a disadvantage, however, because currently the GM cars are the hottest-selling autos built by Detroit, propping up GM and industry sales at a time when overall auto demand is weak.

The obvious comparisons that will be made with the GM cars haven't escaped Chrysler, either. Mr. Sperlich pointedly told the publishers that the cars will be practically the same size inside and out as the GM cars, 135 pounds lighter and will average one-mile-a-gallon better fuel economy. (That, he said, means they will be 27 inches shorter than Chrysler's current compacts, 1,030 pounds lighter, and get seven more miles a gallon.)

Perhaps even more important to Chrysler's strategy than catching up with the changing auto market and increasing its volume, however, is its effort to increase its profit per car. Mr. Sperlich said the auto maker has a "gigantic program" in progress to improve per-car profit.

Although he didn't spell out the specific profit-improvement goals for the new compacts, the plan Chrysler submitted to the government said that by 1982 it expects to realize $593 more a car than it does currently. Of this amount, the company expects to gain $257 a car because its products will be more "competitive" and thus sell better, and because of design changes that will allow use of less-costly materials and manufacturing techniques.

Chrysler also expects to earn $89 more per unit by pushing more optional equipment such as tilt steering wheels, sophisticated sound systems and other electronic gadgets.

The balance of this improvement in "variable profit margins" is supposed to come from other manufacturing efficiencies, less-costly parts and reduced warranty expenses stemming from design and manufacturing improvements, according to Chrysler's plan.

Chrysler hopes to apply the same strategy to improve the profitability of its trucks, though it won't come out with all-new, scaled-down pickup trucks until 1983 and a new, small van until 1986. Chrysler also plans to replace its continuing line of larger cars in 1984 and 1985 with front-wheel-drive versions that will be smaller and more fuel-efficient.

The auto maker didn't display those models yesterday. However, Mr. Iacocca and Mr. Sperlich stressed that Chrysler intends to fight for a piece of the lucrative luxury-car market, too, with its 1981 Imperial, styled to partly resemble the Cadillac Eldorado and partly the Cadillac Seville, and its 1982 Chrysler luxury compact.

If Chrysler's strategy works, the auto maker estimates that it will produce $393 million profit in 1981, compared with this year's projected loss of more than $1 billion and a 1980 projected deficit of $482 million. By 1985, Chrysler projects continued sales gains, growth in market share to 12.4%, and profit of $996 million.

However, there are some skeptics, including some government officials and even some Congressmen sympathetic to Chrysler's plea for government help, who question whether Chrysler can increase its volume and market share in an increasingly competitive small-car sales environment.

Both GM and Ford Motor Co., for example, are also scrambling to bring out more small, thrifty front-wheel-drive cars. Foreign auto makers, too, are expected to offer a variety of new models in the next few years.

That, critics say, could call into question some of Chrysler's profit projections and ultimately the amount of help it may need from outside sources to bring its product plan to fruition. It is understood, for example, that the management-consulting firm of Booz Allen & Hamilton Inc., which has been retained by Chrysler to help with its planning, thinks Chrysler's market-share projections may be too optimistic.

Sources say that, as a result, the firm has privately indicated to Chrysler and the Treasury Department that it is uncertain about how much public backing it might give Chrysler's detailed plan if it reaches Congress in the form originally drawn.

[From the Wall Street Journal, Oct. 11, 1979]

U.S. HELP FOR CHRYSLER WOULDN'T ASSURE REVIVAL, FEDERAL AIDES TELL SENATE UNIT

(By Andy Pasztor)

WASHINGTON.—Chrysler Corp.'s claim that speedy federal help will enable it to return to profitability hasn't won many converts among federal officials who monitor the auto industry.

During the first day of congressional hearings on the cash-starved company's plea for federal loan guarantees, officials of the Federal Trade Commission and the Department of Transportation said they aren't convinced of Chrysler's long-term ability to continue to compete as a full-line auto maker. And they made it clear that even if the No. 3 auto producer receives government help in the next few months—which isn't at all certain—both agencies are skeptical about the company's argument that it expects to increase its market share substantially and revive its finances with the introduction of new, fuel-efficient compacts, starting with the 1981 model year.

The testimony, before the Senate Banking Committee, could hurt Chrysler's chances of convincing the Carter administration and Congress that it needs only a one-time infusion of federal aid to help pay for development of new products.

ROLE OF UAW

Meanwhile, it is understood Chrysler is considering possible concessions by the United Auto Workers union in the company's labor negotiations as the key factor in assembling a recovery strategy acceptable to the Treasury Department. Chrysler's chairman, Lee A. Iacocca, has been meeting periodically with the union's president, Douglas Fraser, and another private session between the two is slated for tomorrow.

During the three-hour hearing before the Banking Committee yesterday, Alfred P. Dougherty, director of the FTC's Bureau of Competition, said it "may be impossible to judge the soundness" of Chrysler's forecast for improved sales starting next year unless the company provides more detailed information to the government. Moreover, Mr. Dougherty said Chrysler's scenario for recovery could be hurt by changes in future marketing and production plans by other auto makers, also working to come out with smaller, more fuel-efficient vehicles in the 1980s.

In his testimony, Mr. Dougherty questioned Chrysler's claim that many of its dealers, suppliers and customers would abandon the company if it failed to get federal help and was forced into bankruptcy or reorganization. He said it isn't clear what impact such a step would have on Chrysler's ability to continue making and selling cars, and he urged a "serious examination" of the risks of such a strategy compared with the risks of supplying Chrysler with federally backed loans.

INTEREST COSTS CITED

Later in the hearing, several federal transportation officials told the Senators they were skeptical about Chrysler's argument that it needs federal help by the beginning of 1980 or it will have to slash future production plans. Martin Anderson of the Transportation Systems Center, a Cambridge, Mass., study group, said that the information obtained from Chrysler and other sources so far doesn't indicate that the company faces such an urgent need for outside cash. He also said that if Chrysler's projections of future sales turn out to be unduly optimistic, additional interest costs could hurt the company's chances of survival even if the loans were backed by the government.

Despite the lukewarm reaction to its initial proposal for help in some government circles, Chrysler is clearly hoping to gain a speedy concession from the UAW. The company hopes that cooperation from its employes will provide momentum to help it procure critical concessions from its banks, state governments and other groups the Treasury wants to see represented in a revised financing plan.

Among other things, sources said Chrysler is negotiating with Michigan and the city of Detroit for an aid package of roughly $200 million that could include tax relief and direct cash help from the sale of state-backed bonds. Also, Chrysler executives for some time have been talking with representatives of the company's more than 4,000 dealers about sources of additional money, including a special stock issue that would be purchased primarily by certain dealers and suppliers. Although those discussions are continuing, it is understood that the company considers the stock issue an outside possibility at best.

[From the Wall Street Journal, Nov. 2, 1979]

CARTER PLAN TO AID CHRYSLER URGES U.S. LOAN GUARANTEE OF $1.5 BILLION

WASHINGTON.—The Carter Administration, showing more generosity and flexibility than it said it would, proposed a $1.5 billion federal loan guarantee for Chrysler Corp., if the automaker can raise an equal amount and meet other conditions.

Treasury Secretary G. William Miller said that under the proposed legislation Chrysler would receive the federal assistance if its creditors "maintain their position" and the company raises an additional $1.5 billion of "new unguaranteed capital" through additional borrowing, the sale of assets and concessions from those with an economic stake in the company.

Chrysler also would have to provide the government with a four-year operating plan showing in detail how it would remain viable through Dec. 31, 1983. Mr. Miller said the $3 billion package would make the rescue effort "more certain of success" than the earlier, far smaller plan the government had suggested.

Indeed, the administration's proposed guarantee is double what the company currently is requesting. Last July the company first asked for a $1 billion government cash infusion, but Mr. Miller turned down that request as well as a second one in September for up to $1.2 billion in loan guarantees. So Chrysler last month lowered its federal loan guarantee request to $750 million, although most analysts considered this too small to meet its needs.

Chrysler's chairman, Lee Iacocca, called the proposal "good news for Chrysler and all the people of this country." In a statement released in Washington, he said the administration's backing "should insure that we get a loan guarantee passed in this session of Congress and that Chrysler's future as a strong competitor will be assured."

Mr. Miller's long-awaited formal support for the beleaguered No. 3 auto maker's aid request came in the wake of commitments of help from Chrysler's unionized employees, the state of Michigan and some key congressional supporters. For some time, Chrysler has been accelerating its efforts on Capitol Hill to try to pressure the administration to speak out strongly in its behalf and to increase the total amount of loan guarantees the Treasury would be willing to support.

SEVERAL FACTORS INVOLVED

Mr. Miller said several factors caused the administration to recommend significantly more aid. Among them he cited a "changed outlook for the auto industry" that will lead to "reduced levels of activity in this industry." Many economists believe that the credit-tightening moves announced by the Federal Reserve Board Oct. 6 will put a greater crimp in economic activity than had been previously expected. Mr. Miller said "current economic conditions are more uncertain" than in September.

In addition, referring to the $460.6 million third quarter loss Chrysler reported earlier this week, Mr. Miller said the company's "outlook clearly calls for greater resources than were apparently required in August." Earlier, Mr. Miller had indicated that he thought the company might be able to survive without any federal aid.

Mr. Miller also said the auto industry is an important one that "deserves attention from the federal government." A Chrysler failure, he added, would have a "serious impact on localities around the country." He said the alternative to aiding the company could be costly to the government because of the loss of tax revenue and federal payments for unemployment and other forms of compensation. A Chrysler failure would also reduce to two the number of major domestic auto makers, he noted.

The administration's proposed bill doesn't mean that the road ahead is clear for Chrysler. Congress will have the chance to alter the proposal, and some members of Congress have expressed strong opposition to any federal assistance. Mr. Miller expressed confidence that a bill would clear the House "fairly promptly," and would be approved by both houses "in this session." He said it would be "somewhat of a setback" if the legislation were held over until next year.

The administration's bill was prompted in part by congressional pressure. A House Banking subcommitee has held hearings on aid to Chrysler and planned to begin drafting a bill yesterday. The session was postponed, however, when the administration announced its bill. The bill hadn't been expected to be ready for about a week, a Treasury spokesman said.

Chrysler's congressional supporters were optimistic about the measure's chances, and House Speaker Thomas O'Neill (D., Mass.) said the bill would be on a list of priority legislation for this year.

But Sen. William Proxmire (D., Wis.), chairman of the Senate Banking Committee, said he was "deeply disappointed" by the administration's request for twice the amount of guarantees Chrysler was asking for. His committee will hold hearings on the legislation beginning Nov. 19 and Mr. Proxmire, who opposes federal aid for the company, said he intends "to see that the terms of any legislation reported by the committee are as tough and protective of the public interest as possible."

Also, a Chrysler failure would create political problems for President Carter by raising unemployment at a time when he will be fighting for renomination. Mr. Miller said Chrysler "would have a difficult road ahead without the assistance."

GREATER FLEXIBILITY

In addition to increasing the amount of the guarantee, the administration's bill shows far more flexibility than Mr. Miller had demonstrated earlier. For example, Mr. Miller said in August that the administration's approval would be dependent upon Chrysler's submission "of an acceptable overall financial and operating plan."

Deputy Treasury Secretary Robert Carswell said in an interview yesterday that details of such a plan "will be worked out over a period of months at the earliest." And he conceded that "every one of the contributions by those with a stake in Chrysler's future will present a problem."

The proposed plan also takes some pressure off the United Auto Workers union regarding its future contribution to Chrysler's recovery. The proposed bill says the $1.5 billion raised or saved by the company will include actions taken after Oct. 17, the day Chrysler submitted its revised plan to the government. Last Thursday the union agreed to a two-year wage settlement that will cost Chrysler $203 million less than if the company had had to accept an accord similar to other auto makers. Mr. Miller said this saving would count toward the $1.5 billion, and Mr. Carswell agreed that "you could argue" that this takes some pressure off the union.

Attempting to show that the company is willing to make maximum concessions before accepting federal help, Chrysler's board yesterday decided to ax the quarterly dividend on the auto maker's 10 million shares of preferred stock outstanding. That move is expected to save the cash-starved company about $27.5 million a year.

In its announcement, Chrysler confirmed reports that it is considering issuing additional preferred shares "in the near future." If that happens, the company said, the board will "consider the desirability of resuming payment of the preferred" stock dividend. It is understood that one plan the company is studying calls for the purchase of millions of dollars of new preferred stock by some of the company's dealers and suppliers.

In response to questions, however, Chrysler didn't indicate the current status of those discussions.

The legislation is hazy about what further assistance is expected from the concern's bankers and what their status as lenders would be. Mr. Miller had been saying that the banks would have to make a greater contribution before federal assistance would be provided. The proposed bill, however, says lenders must "maintain their position" but doesn't say specifically how much more lending is expected.

BANKER'S VIEW

Earlier this week, the chairman of Manufacturers Hanover Trust Co., Chrysler's lead bank, said additional, unsecured loans weren't "feasible to the banking community" in view of Chrysler's financial health. Mr. Carswell said yesterday, "I assume that they will contribute some part of the $1.5 billion." He said Mr. Miller spoke yesterday with the bank's chairman, John McGillicuddy, and "suggested they start thinking about it." Mr. McGillicuddy didn't make a firm commitment, Mr. Carswell said.

Further, the bankers are concerned about their status as lenders if the federal government has top priority on Chrysler's assets, and Mr. Miller indicated that this, too, would be used as a bargaining chip in attempting to negotiate the total rescue package.

Under the proposal, other loans would be subordinated to the ones guaranteed by the federal government unless the government waives this provision to "facilitate the ability" of Chrysler to obtain financing. This option hadn't been previously mentioned by Mr. Miller, who has said for several months that a prime concern would be to protect taxpayers from possible losses if Chrysler defaults.

Mr. Carswell said, "We'll try to stay with senior status," but he conceded that "there may be areas where we have to" waive it. The Treasury said a similar waiver was contained in the government's guarantee of New York City lending, and was used on several occasions. Mr. Carswell said, "It was done (with Chrysler) knowing that this is a negotiation and we want it to be successful."

Earlier this week, Mr. McGillicuddy told a House Banking subcommittee it wasn't certain whether banks would agree to make additional loans if the federal government had senior status. Most members of Congress had assumed the government would demand that other loans be subordinated to the ones it guarantees, sources said.

Mr. Miller also made clear that the federal government, like "any good lender," would have a voice in some of the company's future actions. He said that "certain approvals" of sales of assets to raise cash "normally are subject to creditor consultations." But he added that the federal government wouldn't get involved in the details of managing the company, or in its rescue plan. He said those with a stake in Chrysler must find "appropriate levels" of further aid and concessions.

Under the plan, the government would receive yearly a fee of at least 0.5 percent of the amount of loans guaranteed. And although the bill speaks of a four-year rescue plan, Chrysler would have until Dec. 31, 1990 to repay the guaranteed loans fully.

Trading halted in the various notes and debentures of both Chrysler and its Chrysler Financial Corp. unit following announcement of the Treasury's loan-guarantee plan. The parent concern's debt securities recently had fallen to prices at which they yielded almost 20 percent and the better-protected finance subsidiary's issues to levels yielding more than 15 percent.

Those notes and debentures are certain to stage a strong price rebound when normal trading resumes according to several market specialists, who all declined to make any investment recommendation. "Fundamentally, it would be easy to conclude that Chrysler is going bust so you should short the issues" by selling borrowed securities, one dealer remarked. "However, investment and financial logic don't matter any more because Chrysler's fate is in the unpredictable hands of politicians, just as in the case of New York City bonds," he added.

The ACTING PRESIDENT pro tempore. The time of the Senator has expired.

Mr. HARRY F. BYRD, JR. I thank the Senator from Arkansas for yielding me additional time.

The PRESIDING OFFICER (Mr. LEVIN). The Senator from Arkansas is recognized under previous order.

BIENNIAL BUDGETING

Mr. BUMPERS. Mr. President, I want to take a few minutes today and express my concern over the existing budgeting authorizing and appropriations process in the Congress. Currently, under the Congressional Budget and Impoundment Control Act of 1974, we have to pass two budget resolutions, the last of which is to be enacted by September 15 of each year. Also, under the Budget Act the authorizing legislation for a particular program has to be reported by May 15. And, for the fiscal year 1980 the appropriations bills were to have been enacted by September 10 of this year. These deadlines are designed to insure an orderly flow of the Government fiscal process.

However, Mr. President, today is November 8, we are near the end of the first session of the Congress, we still have not enacted all appropriations bills and the second concurrent budget resolution is still unresolved. We are already 5 weeks into fiscal 1980 and still have six appropriations bills to pass this fiscal year. We are required by law to have passed these bills 2 months ago. Now, we have extremely important energy legislation before us and also, the SALT II treaty, which will consume much of the rest of this year. So we are into the month of November and still working on the budget process.

Mr. President, because of my concern over the increasing problem the Congress faces each year in the budgeting process, I introduced Senate Resolution 197 in July of this year. My resolution would require the Senate Budget and Governmental Affairs Committees to study the feasibility of conducting our Government's fiscal affairs on a biennial basis. Under this resolution these committees will be required to submit their recommendations to the Senate by February 29, 1980.

In introducing this resolution, Mr. President, I do not intend to minimize the fine job the Senate Budget Committee and its distinguished chairman, Mr. MUSKIE, have performed. They have worked long hours on the budget and related fiscal matters. However, I do believe that because of the increasingly heavy workload of the Congress, biennial budgeting is an idea whose time has come.

The annual budget cycle poses a severe dilemma for Congress. On the one hand, annual review of authorizations and appropriations provides Congress with an opportunity to influence programs and policies, in addition to performing the oversight function. On the other hand, as annual authorizations and appropriations increase the workload of Congress, the quality and time spent on congressional oversight has diminished.

The study to be performed under Senate Resolution 197 could apply to all of the components of our budget processes—authorizations, appropriations, and the budget resolutions.

Annual authorizations place severe time restrictions on the legislative committees who must report the authorizing legislation by May 15 of each year. By using a biennial authorization cycle, these committees would have increased time to spend on their oversight responsibilities.

The only time we really perform our oversight responsibilities well around here is when there is a gigantic story in the press about some terrible aberration, how the Government has been ripped off. If it gets press and television camera attention, then, of course, we go right to work on it. But we are not performing the mundane chore of oversight responsibility. This has generated much hostility across the country at the local levels where people are having to deal with the way we appropriate money and the purposes for which we appropriate it.

Before World War II authorizations were usually permanent. It has been estimated that at the end of World War II, 95 percent of Federal spending, exclusive of one-time projects, was under permanent authorization. Therefore, Mr. President, this Government has recently moved toward an annual authorizations and appropriations process. Today, annual authorizations comprise approximately 15 percent of the Federal budget, which will be $638 billion in fiscal 1980.

A biennial authorization procedure would help to alleviate the tremendous workload of Congress. If we could relieve the burden of annual authorizations, the Congress could spend more time in its oversight responsibilities. A 2-year authorization would free the legislative committees to investigate and review governmental agencies and programs more effectively. The biennial authorization procedure would also encourage the orderly consideration of authorizations and appropriations and relieve the scheduling problems caused when authorizations are not enacted on time. Indeed, Mr. President, this orderly consideration of authorizations is provided for in section 607 of the Congressional Budget and Impoundment Control Act of 1974. The section reads:

> In the case of a request for the enactment of legislation authorizing the enactment of new budget authority for a new program or activity which is to continue for more than one fiscal year, such request shall be for at least the first two fiscal years.

Finally, Mr. President, biennial authorizations would help relieve the scheduling and time problems that annual authorizations present. A study by the Congressional Research Service of authorizations which had created bottlenecks for appropriations acts, authorizations requiring budget waivers, bills with a large number of separate authorizations, and authorizations for large dollar amounts shows the time sequence for these bills. In the sampling for authorization bills in the 95th Congress almost half were not enacted until after the appropriations bills had been enacted.

Let me repeat that. Half of the authorization bills in the sampling had not been enacted at the time the appropriations were passed. You and I both know, Mr. President, that no money is supposed to be appropriated until it has been authorized.

Further, a majority of the authorization bills were not completed by early September. The study concludes:

> The sample indicates that the legislative process involved with some authorization bills has been too lengthy to be accomodated within the prescribed schedule in the Budget Act.

Everybody recognizes that we have a serious problem. Therefore, Mr. President, a biennial authorization procedure is necessary to give the Congress more time for oversight responsibilities and also, to have an orderly consideration of authorizations and appropriations.

The second component of biennial budgeting is the appropriations process. Congress has traditionally encouraged and used annual appropriations to exert more control over the budget. For example, in 1966 the Joint Committee on the Organization of the Congress declared:

> We strongly believe that an annual review is the best means of insuring that Federal spending received adequate congressional attention.

Also, section 253 of the Legislative Reorganization Act encourages the Congress to make appropriations for continuing programs on an annual basis. Finally, section 402 of the Congressional Budget Act requires the committees of both Houses to study permanent appropriations and recommend terminations or modifications.

With the legislative directives I just mentioned, Mr. President, we are moving toward an increased number of annual appropriations. This can only mean an increased workload and additional time spent on appropriations. The result of this increased time on appropriations will be a diminished role for legislative oversight. I do not intend to diminish the vital part that the appropriations process plays in the Congress responsibilities. Mr. President, it is just that we are spending too much time on appropriations and not nearly enough time on seeing how that money is being spent.

The final part of a biennial fiscal cycle, Mr. President, could be the application of the biennial cycle to our existing budget resolution process. Instead of enacting the budget resolutions for a single fiscal year the Budget Committeees could report the resolutions on a biennial basis. The Congressional Budget Act contains provisions to encourage the Budget Committees and Congress to look beyond the immediate fiscal year. Some of the requirements are:

First. The Congressional Budget Office must project the 5-year impact for every spending bill reported by the House and Senate Committees;

Second. At the beginning of each fiscal year the Congressional Budget Office must report to Congress on spending, revenue, surplus or deficit, public debt and tax expenditures for the coming 5 years; and

Third. The President must project the effects of his annual budget over 5 years. Further, the new Public Debt Limit Act signed in April of this year directs the

Budget Committees to submit two alternative multiyear budget plans.

I voted for it, Mr. President, and a vast majority of my colleagues in the Senate voted for it.

The report from the Senate Budget Committee provides:

> The dynamism of multi-year budgeting is a dramatic advancement over the static limits of single year planning. Multi-year planning alone can allow Congress to exert firm control over spending, revenues, and the size of the deficit or surplus.

Two-year budget resolutions would still provide Congress with budget control and permit planning and flexibility to adjust to changing economic conditions. Congress could enact 2-year budget resolutions and still retain some annual appropriations, while enacting 2-year appropriations on a selective basis.

We would not be locked in stone. We pass supplemental appropriations all year long.

The selective use of biennial appropriations with 2-year budget resolutions offers Congress the opportunity to study the effectiveness of the 2-year cycle without sacrificing much short-term control of the budget. It could also help in determining how the congressional workload and floor scheduling would be affected by a change to the 2-year cycle as well as whether a decrease in workload would encourage greater oversight.

In conclusion, Mr. President, I firmly believe that biennial budgeting is a procedure which can be effectively implemented and will alleviate many of the difficulties the Congress encounters in carrying out its very important oversight function.

When I was Governor of my State we used biennial budgeting. Most States in the country use it. I know the State of Arkansas is not the Federal Government and I promise you our budget does not approach it. However, we ran our government very efficiently and we did not have any problems budgeting on a biennial basis. We made some mistakes. We almost always had legislative sessions to correct them but, they did not take very long. One of the reasons Government is bogging down is because Congress is not overseeing and supervising the expenditure of this $600 billion we are appropriating. We are appropriating it, but we are not following it up to see how it is being spent.

If I have any time remaining, I yield to my distinguished colleague from Indiana, Mr. BAYH.

The PRESIDING OFFICER. There are 2 minutes remaining.

Mr. BAYH. Mr. President, I appreciate the courtesy of my good friend from Arkansas.

SENATE RESOLUTION 278—RECOGNITION OF GEORGE ROGERS CLARK

Mr. BAYH. Mr. President, almost 200 years ago, a great man from Virginia led one of the most daring and successful wilderness campaigns in the Revolutionary War. This almost forgotten hero, George Rogers Clark, was responsible for a victory in 1779 that nearly doubled the size of the United States after the war. The extraordinary courage Clark and his heroic regiment of frontiersmen showed enabled Indiana, Illinois, Michigan, Wisconsin and parts of Ohio and Minnesota to become U.S. States rather than Canadian territories.

Along with a companion in the spring of 1773, Clark descended the Ohio River on an exploration of the area. They explored nearly 175 miles. The two spent the winter alone on Fish Creek, part of the Ohio River, devoting their time to preparing for the cultivation of land. The next season, Clark also gave attention to surveying farms for the settlers who were coming to the region in increasing numbers.

By 1776, Clark was accorded a place of leadership among Kentuckians, and was commissioned the task of organizing a militia for defense against the British and Indian expeditions. He bound them together to form a small troop of men. These brave, young frontiersmen captured, by surprise, a line of British-controlled forts in the Mississippi and Wabash Valleys by rowing down the Ohio River and marching across the Illinois plains. Clark, a man of high moral character, easily won the faith of the French inhabitants. He also negotiated agreements with various Indian tribes which had, up to that time, been supporting the British. Long a friend of the Indians, they respectfully called him "Long Knife."

In the greatest triumph of his campaign, Clark gained control of the vast Northwest Territory for America. This task was accomplished by attacking Fort Sackville at Vincennes on the Wabash in midwinter. Eighteen hours after Clark's riflemen attacked, Governor Hamilton surrendered, thus smashing his scheme for invading the colonies' Western frontier.

As a Senator from Indiana, I am pleased to be able to honor the memory of George Rogers Clark because of the tremendous impact he had on the history and development of my State.

George Rogers Clark deserves more national attention for the public service to which he devoted his life. The enormous energies and admirable traits which this man possessed should be considered a shining example to all Americans. Several Midwestern cities and States have commemorated the Bicentennial of Clark's deeds. Let us as a Nation, follow their lead and recognize this man of great American ideals.

The victory at Vincennes, Mr. President, has long been overlooked for its significance.

With the permission of my colleagues, I send to the desk a resolution which memorializes and recognizes the exploits of George Rogers Clark and recommends the traits that he possessed—courage, fortitude, and dedication—to America for subsequent generations to consider and to emulate. I suggest that the Senate recognize November 19, 1979, as the anniversary of the birth of George Rogers Clark, in tribute to the memory of this great man.

The PRESIDING OFFICER. The resolution will be stated by title.

The assistant legislative clerk read as follows:

> A resolution (S. Res. 278), in recognition of George Rogers Clark.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

Mr. ROBERT C. BYRD. Mr. President, the resolution has been cleared with the leadership, and there is no objection.

Mr. BAYH. Mr. President, one last word. I express my deep appreciation to our leader for making it possible to work in this most worthwhile resolution for the recognition of George Rogers Clark at this time. I realize the burden that he and the Senator from Louisiana are carrying and their effort to try to accommodate me.

There being no objection, the Senate proceeded to consider the resolution.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 278) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, is as follows:

S. RES. 278

Resolved, Whereas, George Rogers Clark dedicated his life to the establishment of orderly government and public service through courageous leadership and demanded political and religious freedom for the colonists; and

Whereas, George Rogers Clark, respected by the American Indians and known by them as "Long Knife," devoted much of his life and energy toward the exploration of the Ohio River region, surveying and preparing land for cultivation by incoming settlers for farms, enabling Indiana and other states to become the world's leading producers of agricultural products which contributed to the prosperity and independence of this Nation; and

Whereas, he was commissioned with organizing a militia for the defense of the colonies against British expeditions in the Midwest and Northwest territories; and

Whereas, he led one of the most daring and successful wilderness campaigns during the American Revolution that assisted in doubling the size of the United States after the War; Therefore, be it

Resolved, That George Rogers Clark be recognized for his patriotism, accomplishments and outstanding contributions to the development and ideals which this great Nation represents to the world; and

SEC. 2, that the Senate recognize November 19, 1979, the anniversary of the birth of George Rogers Clark, in tribute to the memory of this great man.

DEFENSE PRODUCTION ACT AMENDMENTS OF 1979

The PRESIDING OFFICER. The Senate will now resume consideration of the unfinished business, S. 932, which the clerk will state by title.

The assistant legislative clerk read as follows:

> A bill (S. 932) to extend the Defense Production Act of 1950, as amended.

The Senate resumed consideration of the bill.

Mr. JOHNSTON. Mr. President, I want to announce to all Senators that our plan today is to try to finish this entire bill and all its titles before the night is out. In other words, to do that, everyone who has an amendment must put it in, be ready to discuss it, and hopefully, we shall be able to get it rejected by the Senate. There is a lot of work to do because we have a huge amount of subject matter involved in the bill.

Speaking for myself, and I know for Senator DOMENICI, we shall try to be reasonably succinct in our arguments. I hope that, where we accept amendments, we shall not have to discuss them for a long time but be able to accept them and do that immediately without detailed explanation.

I say that because, as I look at the clock, we started at 10, and it is now 11:15. I can see a long night coming. I urge all Senators who have amendments, beginning with the synfuels section—we are going to try to take this bill title by title. I urge them to bring those amendments forth and let us get cracking.

Mr. GARN. Mr. President——

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. DOMENICI addressed the Chair.

Mr. GARN. I am happy to yield to my most distinguished colleague from New Mexico.

Mr. DOMENICI. I am most appreciative.

Mr. President, on our side, we know of some of the amendments. We have looked at them, and I am sure there are others. I hope the Senators will get us their amendments as soon as possible so we can expedite matters. I do want everybody to know that there is no agreement on title-by-title consideration, so amendments are authorized any time on any of the measures.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that Frank Shaffroth of the Committee on Banking, Housing and Urban Affairs, have the privilege of the floor during the consideration of S. 932, to amend the Defense Production Act of 1950.

UP AMENDMENT NO. 739

(Purpose: To provide for live television and radio coverage of the Senate consideration of the Strategic Arms Limitation Treaty)

Mr. GARN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read as follows:

The Senator from Utah (Mr. GARN) proposes an unprinted amendment numbered 739.

Mr. GARN. I ask unanimous consent that further reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place insert:

SEC. . (a) The Committee on Rules and Administration of the Senate shall provide for television and radio coverage (including videotapes and radio broadcast recordings) of proceedings in the Senate Chamber during consideration of the Strategic Arms Limitation Treaty. Such coverage shall be provided for continuously at all times while the Senate is considering the treaty, except for any time when a meeting with closed doors is ordered.

(b) Under such terms and conditions as the Committee on Rules and Administration of the Senate may prescribe—

(1) television and radio coverage of proceedings in the Senate Chamber provided for in the first section shall be made available to public and commercial television and radio broadcasting and networks; and

(2) videotapes and recordings shall be made available to such stations and networks, to Members of the Senate, and to such other organizations and persons as the committee may authorize.

(c) The television and radio coverage of proceedings in the Senate Chamber under this section shall be carried out in such manner as the Committee on Rules and Administration of the Senate shall prescribe.

(d) This section is enacted as an exercise of the rulemaking power of the Senate.

Mr. GARN. Mr. President, I should like the attention of the majority leader at this time.

This is an amendment that I am bringing up rather precipitately. I am glad the majority leader is on the floor. I would have requested his presence had he not been here.

Mr. ROBERT C. BYRD. The majority leader is usually on the floor. I am sorry to say I have to spend hours and hours here.

Mr. GARN. I understand that he is.

Mr. ROBERT C. BYRD. I certainly get tired of it.

Mr. GARN. Mr. President, this is an amendment that would authorize radio and TV coverage of the SALT debates. The reason I do this, Mr. President, in a precipitate fashion is that we are running out of time.

Mr. President, the Senate will almost certainly soon have before it the SALT II treaty, presently nearing the completion of its consideration by the Forern Relations Committee. The debate on the treaty, and its instrument of ratification, will be before this body, at least. This amendment will see to it that the treaty debate is brought before the American people, as well.

As my colleagues examine the language of this amendment, they will find that it is not new. It is essentially identical to the resolution I introduced on May 10 of this year, just over 5 months ago. The Rules Committee, to which that resolution, Senate Resolution 158 was referred, has been a very busy committee. They have been unable to schedule hearings on this resolution, and so nothing has been done to bring this proposal to the floor.

As I said, Mr. President, we are running out of time. There is much to be done before television cameras and microphones can begin broadcasting the SALT debate. My sole purpose in calling up this amendment today is to relieve the Rules Committee of the extra burden of evaluating the merits or demerits of broadcasting the SALT debate. That is, after all, an issue that the entire Senate must decide directly. I propose that we make that decision today, so that, if it is the will of the Senate, the Rules Committee can proceed directly to the question of the terms and conditions of the debate broadcast, which this amendment directs and empowers them to do.

That, Mr. President, is the essence of my amendment today: To start the ball rolling. To let the American people know, today, that they can expect this body to share with them its historic and vitally important consideration of the SALT treaty and all of its various implications for this Nation's security.

This amendment does not attempt to answer questions about the specific details of the procedures necessary to broadcast the SALT debate. No such amendment should do that. We have a very competent and thoroughly professional staff serving the Rules Committee, and very capable and diligent Members serving on that committee, under their distinguished Chairman, Senator PELL. Several of them have examined aspects of this issue before, at least partially, when the Senate chose to allow the radio broadcast of the Panama Canal treaty debate. They have been studying various aspects of the concept of televised broadcasts from the Senate Chamber for several years. They are certainly capable of evaluating the present state-of-the-art in cameras and lighting technology and establishing guidelines for implementing the will of the Senate in broadcasting this debate. I would hope that during our consideration of this amendment today we will be able to perhaps establish some sense of the direction those guidelines might take.

Ultimately, however, this amendment entrusts the Rules Committee with the responsibility of insuring comprehensive broadcast coverage of the debate in a manner which preserves the integrity of the Senate and the legislative process while at the same time providing the maximum level of exposure of this important debate to the American people.

There has been some suggestions in recent weeks that the broadcasting of the SALT debate might be conditioned upon the establishment of a time agreement, limiting the length of debate on SALT II. Let me say very clearly, Mr. President, that I would have no objection to reaching such a time agreement. I am, quite literally, prepared to bring the debate to a close at the earliest possible moment, after the broad range of viewpoints on the treaty have been adequately discussed before the Senate and the public. I do not favor endless debate.

We have a decision to make about this treaty, and we must get on with the task of making it. But I am only one Senator, and such a time agreement requires the unanimous consent of all Senators. I am convinced that such unanimity cannot be achieved, or, at least, that it is not very likely that an agreement could be reached that would satisfy all concerns.

But I do not believe, Mr. President, that the question of whether or not the American public are able to witness this historic debate should be used as the stakes in some parliamentary poker game. We are talking about the fundamental right of the American people to know what their Government is doing. We have had enough of Washington behind closed doors. There can be no time limit on the public's right to be informed.

As I have said, there can, and perhaps should, be a time limit on the amount of time the Senate should take in debating the SALT treaty on the floor. Much has already been said about it, and there is other important legislation pending before the Senate. But I feel very strongly that such a limit should not be obtained as a quid pro quo for the broadcasting of the SALT debate. I do not believe any of us can truly justify using the widespread support for broadcast of the debate as a tool for limiting it.

That support is genuine, Mr. President, and it is widespread. It grows out of an awareness on the part of the American people that they do not know enough about this treaty.

Despite many months of hearings, debate and seemingly nonstop rhetoric, a recent Harris poll indicated that only about one-half of all Americans considered themselves adequately informed to express an opinion about the proposed SALT II treaty.

That disturbing finding provides an ideal backdrop for the following letter I received from Paul M. Davis, president of the Radio-Television News Directors Association, in support of Senate Resolution 158:

> The Radio-Television News Directors Association, representing more than 2,000 persons in network and local radio and television newsrooms around the country, applauds your efforts to open the historic debate on the SALT treaty to the vast broadcast audience in the United States.
>
> A democracy thrives on a well-informed public, and for issues as grave as those involved in our arms limitation talks with the Soviet Union, it seems to us urgent that the American voters have the opportunity to see and hear for themselves, the vital arguments debated by the Senate as it strives for a decision that will best protect the futures of our nation.
>
> You and your colleagues in the Senate have the gravest responsibility in the months ahead. We believe that a major element in this responsibility is to create an informed public opinion which can understand the extremely complex issues which must be thrashed out by the Senate.
>
> Radio and television, through which the American public receives more of its news than through any other medium, can help immeasurably in this process.
>
> The Senate, we feel, cannot afford to lose this opportunity for both public education and to a greater public understanding of how the Senate truly functions. To allow the Senate's traditional ban on broadcast coverage of the floor to block this opportunity would be short-sighted for the Senate—and damaging to its constituents throughout the land.

Since I introduced Senate Resolution 158 last May, I have received numerous letters from radio and television stations across the Nation, echoing Mr. Davis' concern about allowing the public to participate fully in one of the most important decisions of this century, which can only occur if radio-television coverage is authorized. Here is a brief sampling:

From WVUT and WVUB in Vincennes, Ind.:

> (We) continue to go on record in full support of any legislation which expands the public right to full access to Congressional proceedings, including live coverage. The significant impact of the SALT II treaty makes such coverage even more imperative.

From WGOW in Chattanooga, Tenn.:

> Putting it simply, we wholeheartedly endorse the passage of Senate Resolution 158, giving full radio and television coverage to the floor debate of SALT II. We agree that the American public needs to know the full story behind SALT II and as a journalist, the passage of Senate Resolution 158 would make the job easier.

From KCRG-TV in Cedar Rapids, Iowa:

> We believe (radio and television) coverage is highly desirable and would be of great benefit to the American people. The arms limitation agreement will have an enormous effect on the future of our country and the public has the right and the obligation to as much as possible. Radio and TV coverage could go far in providing that knowledge.

From WGN radio and television in Chicago, Ill.:

> The nation has been able to hear presidential addresses to Congress on radio for fifty years and has been able to see them on television for nearly thirty years. Over the past three decades, committees of both the House and Senate have opened their proceedings to broadcasting. And, earlier this year, sessions of the House itself have become available.
>
> Now, it's the turn of the Senate. Debate on the SALT treaty is likely to begin in the fall. It is a subject of great public interest. It is also a subject which could play a major role in the 1980 elections. Yet, unless the Senate changes its rules, we won't be able to see or hear our senators—learn their positions first-hand—as this significant treaty is debated . . . it is time to convince Senate conservatives that it is past time to allow the electorate electronic access to the Senate chamber.

I am sure that the majority of my colleagues would agree with the general principle voiced in these letters: that SALT II is too important an issue to be discussed behind closed doors, which is exactly what the public perception will be if we do not allow radio-TV coverage. The Roper organization has found consistently that most Americans get most of their news from television—and consider it to be most believable. A vote against radio-TV coverage, then, would be tantamount to telling the majority of Americans that they have no right to monitor the SALT debate on the news media which they prefer.

There have been several previous resolutions calling for a trial of floor broadcasts, including one in 1973 which prompted our distinguished senate majority leader to say:

The time has come for a new look at the possibility of using the electronic media to bring the Senate and the people closer together.

While radio coverage was allowed during the Panama Canal treaties debate in 1978, the other resolutions were undermined by worries about technical difficulties as well as concern about maintaining the traditional "dignity" of the Senate.

With respect to possible technical problems, I have received assurances from the four major television networks—ABC, CBS, NBC and PBS—that recent advances in camera technology have virtually eliminated traditional worries about "glaring lights" and "noisy equipment." In a letter from Edward M. Fouhy, vice president and Washington bureau chief for CBS, on behalf of the other networks, he outlines the technical procedures which would be followed in televising the SALT debate:

> In response to your request for specific details, we thought it would be useful to outline the proposals we are prepared to make should the Senate decide to move forward on Senate Resolution 158. We feel our proposals are consistent with the public's right to know and the dignity of the U.S. Senate.
>
> We believe the best approach is to form a four network pool consisting of ABC, CBS, NBC and PBS to take responsibility for the coverage. This network pool would make available the output of the pool cameras and microphones to all bona fide broadcasters. We would propose continuous coverage of the debate, which we understand would last four to six weeks.
>
> One company would undertake to set up the technical equipment, including lights, cameras and associated control room equipment, but the operation of the pool would be rotated regularly among the four participants.
>
> As you know, there has not been a demonstration of television technology in the Senate chamber since 1977, and in that time there have been some important technical achievements in the matter of camera and lens systems which permit us to reduce the amount of light necessary to produce an acceptable picture. We stand ready to demonstrate the new technology at a time of the Senate's choosing and we think that such a demonstration would be persuasive to those who have found the light levels uncomfortable in the past. The new cameras could be placed unobtrusively, since they are smaller than previous models, in fixed positions. The pool would operate totally at the expense of the broadcasting industry. And the pool would provide, at no cost to the government, a complete visual record of this historic debate to the National Archives for study by scholars yet unborn. I personally favor the previously mentioned pool approach, since it will not cost the taxpayer's money and preserves the important independent nature of the news media.

As I mentioned in my opening statement, I asked the Rules Committee several weeks ago to authorize a demonstration of the technical aspects of radio-TV coverage. I am confident that such a test would allay most of the concerns my colleagues may have. The other historical arguments against radio-TV coverage of the Senate can be typified by this statement from a study by Mr. Len Allen for the Congressional Research Service:

> Opponents say: We don't want TV dictating our way of business. We don't want the Senate floor turned into Ringling Brothers, Barnum and Bailey with the flamboyant atmosphere of the Big Tent. We don't want showboats in the chamber hogging the cameras and talking endlessly for their personal glory or re-election hopes. We don't want any Senator inhibited during spontaneous debate by the knowledge that words recorded on radio-TV tapes cannot be called back and later clarifications may never catch up with the original statement.

Recent experience in the House of Representatives, the Canadian House of Commons, and in State legislatures across the country has demonstrated that most of these arguments are groundless.

For example, in the House of Representatives, ego-trippers quickly incur the wrath of their peers, as well as of their home constituents, who are often embarrassed by their representatives' love affair with the television camera—and let them know it. Once the Members become used to the cameras, they no longer feel impeded from pursuing their normal activities.

Stephen Hess, a senior fellow at the Brookings Institute, noted in a recent Philadelphia Inquirer article that the Canadian House of Commons has experienced similar positive results since allowing television coverage in October, 1977.

"If anything," Hess wrote, "the decorum of Canadian parliamentarian, has improved. At first one Member of Parliament was viewed picking his teeth and another was seen ogling an attractive employee. But the lawmakers have now caught on to what is considered proper behavior by the folks back home, and act accordingly. In fact, Ottawa reporters say that the politicians even have improved their wardrobes."

The quality of debate also has improved, Hess noted. "According to Morris Wole, writing the Canadian magazine Saturday Night, 'Questions and answers are becoming more direct and concise, and those members who are long-winded tend to come off worst.' "

State-by-State reports to CRS, as reported in Mr. Allen's study, indicate that legislators, broadcasters, and the public alike are strongly favorable to the televising of legislative sessions. Summing up its findings on TV in legislatures to date, the Twentieth Century Fund task forces stated:

> Despite what many legislators initially fear, experience seems to indicate that television coverage of legislative sessions can be good for the institution, useful to the viewer and not annoying to the member. Certainly coverage can be provided by means that are acceptable to both the broadcaster and the institution.

Supporters of floor TV, says Mr. Allen, also claim the Senate will reap additional benefits from permitting cameras in the Chamber. "Simply making the public more aware of the Senate as an institution could help build public trust," he says. One only has to look at public opinion surveys—in which Congressmen score very low—to recognize that improving the Nation's trust should be one one of our definite goals, and TV coverage could not hurt. "The more the Senate as a whole is seen performing its constitutional duties in a responsible manner, the more you eliminate the ignorance of Senate procedures, which some believe underlie low ratings of Congress," Allen stated.

I believe any objective analysis will suggest the Senate should enter the electronic age and allow full gavel-to-gavel radio-TV coverage of the SALT II debate. This historic confrontation is too important to be hidden from view of Americans by a closed-door mentality, based on traditional concerns whose validity is questionable, at best. The American people have a right to know; we have an overriding obligation to recognize that right by approving this amendment.

Mr. President, I have no desire to delay the Senate's consideration of the energy bill. I think the issue is very clear cut. Again, I bring it up precipitately only because I have patiently waited for 5 months for some consideration and we are running out of time. There are technical issues that must be considered. The Rules Committee, I think, is the one that should decide the terms and conditions of the broadcast. The Senate should make the decision that we go forward with this now, so that the Rules Committee can have the time to explore the methods in which the broadcast can be produced.

I do not intend to take a lot of time. I simply would like to have a vote and get back to the energy business and let the will of the Senate be done.

Mr. DOMENICI. Will the Senator yield for a question?

Mr. GARN. I am happy to yield for a question.

Mr. DOMENICI. I know that yesterday, the Senator from Utah was kind of angry at this bill. Did we do something to cause him to bring this matter to our attention on this bill? Senator JOHNSTON and I did not want to do that.

Mr. GARN. No; absolutely they did not. It would make no difference what bill is being brought up today. Again, I repeat, I am perfectly willing to have a vote now, after the majority leader or anyone else has spoken. I have no desire to have any prolonged debate. This is a clear-cut question of whether we want to allow the debate to be televised or not and we can have it all over in 15 minutes. I am willing to abide by the decision of the Senate.

Mr. JOHNSTON. Mr. President, I love and respect each and every one of my colleagues to an almost unlimited extent. I think their ability to speak and to hold the floor here and stir passions and to instruct the Members of this body as well as the country is almost without limitation.

Having said that, however, Mr. President, there are times when some of our colleagues, as much as we love them and as articulate and as persuasive as they are, are prone to speak maybe just a minute or two longer than is necessary.

I fall into that category and say that I am, as well, guilty of speaking too long.

But, Mr. President, we have never seen anything like what we would see on the floor of this Senate if we had the TV cameras up there filming our activities.

Mr. ROBERT C. BYRD. Well, we should have them here right now. We have entered the silly season. I wish we had TV cameras so the American people could see just what is happening on the Senate floor.

Mr. JOHNSTON. Mr. President, I can say that we would be here until virtually midnight every night.

When I was in the Louisiana legislature, and they had cameras in there, we could tell when the cameras came on because a little red eye would blink at us.

We never heard such speeches as my colleagues made when that camera was on. But let the light go out and reason would return and debate would then make a little sense, and the unnecessary speeches would not be made.

Not only would some of our more grandiloquent colleagues tend to speak longer than they would ordinarily, but some of us——

Mr. DOMENICI. What was that word? What kind of colleagues?

Mr. JOHNSTON. Republican.

Mr. DOMENICI. Oh, Republican.

We hardly ever get to talk. Maybe we need the cameras.

Mr. JOHNSTON. But, Mr. President, even those of us who try to be succinct and try not to take the Senate's time, if the cameras were in and our constituents from back home were writing and calling and saying, "Where were you, where were you when it was time for Louisiana"—or New Mexico—"to stand up and be heard and you were not there?"

It would, therefore, cause us in self-defense to make some additional unnecessary speeches. Perhaps this speech of mine, Mr. President, is, indeed, unnecessary.

I am wondering whether my colleague will want a record vote on this matter.

Mr. GARN. Oh, absolutely. I want a record vote.

Again, I have no desire to get into a long debate. That would occur only if the opponents of the SALT debate wish to engage in one. Again, it should be clear that I am only speaking of the SALT debate, I am not talking about general coverage of the Senate by television.

I would suggest to my distinguished colleague from Louisiana that his fears about grandstanding were expressed initially in the House of Representatives. They have had TV for some time now.

Mr. JOHNSTON. And those fears were vindicated.

Mr. GARN. I do not believe that is true.

The Canadian Parliament experienced the same thing, and the same fears proved unfounded.

On the Panama Canal debate, we found that with the radio coverage, during the first 2 or 3 days, some of our colleagues got rather long winded, and spoke more often and longer than they may have without it. But I think we found that pretty soon we got back to the normal routine.

So I do not have those fears, other than I would agree that perhaps for a very brief initial time we might see that happen. But I think it will simmer down.

That has been the experience in many other legislative bodies. It has been the case in courts, where attorneys initially did that. But this is a different story. I am not advocating permanent television coverage.

I am not advocating that we televise the energy bill, or anything else, but the SALT debate.

This, in my opinion, regardless of how we feel about SALT, whether for or against, we must agree is probably the most important foreign policy issue that has been debated before this Senate in the last 30 or 40 years, or maybe in this century.

I think the American people are entitled to hear that debate, to hear both sides of that debate.

Now, I am one, as the majority leader knows, who, as an individual, has been willing to agree to a time limit on the SALT debate from the very beginning.

I would be willing to consider that. As far as I am concerned, as one who spent 2½ years on the issue, I can say all I know and it will not take 2 weeks. I can guarantee that. It simply is not necessary to repeat over and over and over again, as we did on the Panama Canal debate, the same things that were said in the first 2 or 3 days.

So I, personally, would agree to a time limit. I do not know about my other colleagues.

But I do not feel we should hold hostage to a time agreement the question of allowing the American people to see the debate.

Once again, I want to emphasize that I do not care to delay the Senate in its consideration of the energy bill. I would like to finish it tonight, as well.

So I am willing, anytime, to have a vote on this issue and let the will of the Senate be heard.

Mr. ROBERT C. BYRD addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROBERT C. BYRD. Has the Senator yielded the floor?

Mr. GARN. I am happy to yield.

Mr. ROBERT C. BYRD. Has the Senator yielded the floor?

Mr. GARN. I am happy to yield the floor.

Mr. ROBERT C. BYRD. I thank the Senator.

Mr. President, I am no Johnny-come-lately when it comes to advocating television coverage for the Senate, the Senate debate.

It was I who authorized the first television cameras that were ever put into the Senate Chamber at the time the late Nelson Rockefeller was inaugurated as Vice President of the United States. The then-majority leader Mansfield was in China and the press approached me with the request that the inauguration be televised, and I gave that approval.

So let the record show, until the crack of doom, that it was this Senator who authorized television originally.

Second, it was this Senator who led the way to have radio coverage of the Panama Canal treaties debate.

I think, as Woodrow Wilson once said, and I may paraphrase, that the informing function of the Senate is as important as the legislative function.

So I thought we ought to have radio coverage so that the American people could be informed as to the merits of the Panama Canal treaties. The Senate agreed to that judgment and we had excellent radio coverage.

May I say that public broadcasting performed in a way that was most admirable. Each evening they capsuled the developments of the day. I think that a great contribution was made by public broadcasting to that debate.

There is no doubt in my mind, and there never will be any doubt in my mind, and there will never be any force on Earth, or in Heaven, or in the place below, that will change my mind, I will always maintain that the fact that that debate was broadcast not only performed a good function of informing the American people, but also resulted in an unnecessary extension of the debate.

That debate went on for 8 weeks. It could have been completed in 4 weeks or 5 weeks. It would have been the same decision, undoubtedly. We ran the great risk in that instance—by virtue of inflammatory statements that were made on the floor from time to time and were being heard in Panama by the people there who were listening to the radio—ran the great risk of seeing some unfortunate situation develop in Panama that would have destroyed the chance for approval of the treaties.

Now, Mr. President, as to televising the debates on the SALT treaty, I personally favor this. I will say why. I believe that if the American people could be shown the merits of this treaty the support for the treaty would grow.

It was only after thoroughly reading the transcripts of the hearings and having read the treaty time and time and time again, and having read almost everything else I could get my hands on with respect to the treaty, that I reached my own decision to support the treaty.

But it was in the course of reading those transcripts that I became alert to the fact that this country is, in the early to mid-1980's, going to be in a situation in which the land-based ICBM's, the land-based leg of the triad, are going to become increasingly vulnerable.

There were other things that I learned that I did not know, about the shortcomings of our national defense program.

So I think the American people need to know these facts.

But, Mr. President, to have a televised debate of this treaty without there being a time limitation would merely open the treaty up to prolonged, protracted debate and redundant and repetitious statements, and this would not be in the interest of the Senate or of reaching a considered, sound judgment on the treaty.

The thing that is of primary importance in connection with the treaty is that it be thoroughly debated and that the Senate reach a considered, sound judgment on the treaty.

Television is important; it is a fascinating and gripping idea; but television is not of primary importance here. Whether the debate on the treaty is televised or not is of secondary importance, not of primary importance. That is of secondary importance.

I favor it as a means of better informing the people, but only if we have a time agreement, so that the time can be controlled. All Senators would then have an opportunity to have a part of the time, and the time would not be by one, two, three, or a half dozen Senators, to the disadvantage of other Senators who wish to speak. It is a gripping idea; it is fascinating. I would like to see this experiment take place.

However, do we want this experiment to take place on something which may be the most important issue on which any of us will ever vote in the Senate and under circumstances that may not be most conducive to the arrival of that sound, considered judgment on that treaty? I would like to have this experiment. I am perfectly willing to have the debate televised, but under the condition that we have a time agreement.

I have talked with representatives of the commercial networks and public television. I have talked with my colleagues on both sides of the aisle, going back over a period of months. So I have been working, exploring, trying to develop the situation; so that if indeed it is considered to be the judgment of the Senate that we should have televised debate of the treaty, we could do it in an orderly way and in a way that would be conducive to the creating of an atmosphere that is not filled with political partisanship, which would be most unfortunate, in my judgment.

Mr. STEVENS. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. I will yield shortly.

This matter is not closed, Mr. President, and it is not a matter that should be decided on the floor of the Senate today.

I have no doubt that there are Senators who are opposed to televising this debate. I have talked with many Senators: Some are opposed; some are for it. Those who are opposed to televising the debate are fearful that it would contribute to political partisanship, and that it would contribute to extending, prolonging, protracting the debate, and to the detriment of the Senate and the treaty.

So, Mr. President, I support the idea, under the condition that there be a time agreement. I am not prepared to vote on that today, and I will vote against this amendment.

First, Mr. President, I send to the desk an amendment to the amendment.

UP AMENDMENT NO. 740 (TO UP NO. 739)

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

> The Senator from West Virginia (Mr. ROBERT C. BYRD) proposes an unprinted amendment numbered 740 to unprinted amendment numbered 739.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

Mr. STEVENS. Would the majority leader allow us to hear it?

Mr. GARN. Could I have a copy of the amendment?

Mr. ROBERT C. BYRD. Yes.

First, I ask unanimous consent that the amendment be read and that I not lose my right to the floor.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read as follows:

> In lieu of the language proposed to be inserted, insert the following:
>
> "SEC. . Subsection 133(f) of the Legislative Reorganization Act of 1946, as amended is hereby repealed."

Mr. ROBERT C. BYRD. Mr. President, my amendment is offered not in the spirit of anything other than the utmost sincerity. I want to see where the Senate stands on the repeal of the 3-day rule. I have had my problems with the 3-day rule here all too long. So my amendment would repeal the 3-day rule.

Mr. STEVENS. Mr. President, will the Senator yield now?

Mr. ROBERT C. BYRD. Mr. President, without losing my right to the floor, I yield only to my good friend from Alaska, for the purpose of a statement.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, the majority leader has shown his usual ability to be quite incisive in terms of some of the problems he deals with daily. I admire his amendment to the amendment.

First, if I may, let me talk about the amendment of the Senator from Utah. The minority leader and I have been seeking coverage for the SALT debates. For myself, I have sought that coverage only on the basis of an agreement, because I also want to get to the other subjects that are pending before this body, before the end of the year.

I am afraid that the traditional "flame and moth" problem comes with televised debates of the SALT treaty, with one-third of our Members up for election; and these proceedings, being covered by the networks and by public broadcasting, would be the greatest single contribution to all the candidates that I can think of.

Mr. ROBERT C. BYRD. And I might be catapulted into the Presidential sweepstakes, myself, if we were to televise this debate. [Laughter.]

Mr. President, I feel that I can hold my own when it comes to showmanship, if that is what it takes, and playing to the cameras. I believe I can hold my own. It might be a good idea. We might have another entry into the Presidential sweepstakes.

Mr. STEVENS. Could we have a week off to get a suntan before we appear on the tube? It always makes you look pale if you do not have a suntan.

Mr. President, this is a serious amendment by the Senator from Utah. I want to tell him that we support his objective. He knows that we support the objective. But I hope he will not pursue this amendment on this bill, because we do need some time to continue the negotiations. My good friend and I have been talking for some time, and we have been talking among ourselves, as to what would be a fair agreement to enter into in terms of not only the time limit for the debate but also the allocation of that time on the tube.

Mr. ROBERT C. BYRD. Yes.

Mr. STEVENS. I think that is as important as anything else.

That leads to the question of how many Senators will have an opportunity to present their amendments and at what time.

We have the consideration of the fact that what is prime time is one part of the country is not prime time in another part of the country. I am afraid that we would be in late every night.

Mr. ROBERT C. BYRD. No doubt about that. We might be in many nights.

Mr. STEVENS. The Senator understands that in order for me to hit prime time, we would have to be here at 11 o'clock at night. [Laughter.]

Mr. ROBERT C. BYRD. We would not want to deny the distinguished Senator from Alaska his shot at the cameras.

Mr. STEVENS. I understand that. I would not want to be denied. That is why I would like to be involved in this negotiation.

We are talking about a very serious problem, a controversial subject, about not having coverage in the West and on into my area.

As a matter of fact, in Adak, we would have to have 7 hours. We want the people in Adak to know what is going on here. When they are off from work, we have to have 7 hours.

So the majority leader would not mind, I am sure, being in session at 1 a.m. to assure equal coverage for the people of Adak.

It is a very serious problem, I think, that should be negotiated out so that we know what we are doing. I think we need representatives of the networks involved in those negotiations as well as public broadcasting, as well as the Members of the Senate who are deeply interested—and I am deeply interested in seeing it done because I think it would be a unique experience—on probably the most controversial subject before the Senate this year; that is, if we forget about windfall profits tax, this bill, the water resources bill, the Alaska lands bill, and a few other bills.

What I am saying is I think if we open the door on this one we are going to face similar demands for the future, and we better know where we are going and what the time frames are for control of the time.

With due regard to my friend, I do not want to delegate that to the Rules Committee, and I think this amendment will do that as I understand it.

The PRESIDING OFFICER. The Senator from West Virginia has the floor.

Mr. ROBERT C. BYRD. Mr. President, without losing my right to the floor, I yield now to the distinguished Senator from Utah.

Mr. GARN. I thank the distinguished majority leader.

Mr. President, I say first of all to my distinguished colleague from Alaska as well—he was not here when I called up this amendment—I repeat to those colleagues who have since arrived, that I originally introduced this amendment as Senate Resolution 158 on the 10th of May, and in 6 months, nothing has happened with it. My concern is that time is running out.

I agree with the vast majority of what the majority leader has said about this, and I certainly did not in any way indicate that he was personally opposed to having a SALT debate on TV. Quite the contrary. I recognize his past leadership on this issue.

Mr. ROBERT C. BYRD. The Senator will agree that I am a man of honor.

Mr. GARN. Yes, if we do not have a Saturday session.

[Laughter.]

Mr. ROBERT C. BYRD. I think that is what Anthony said about Brutus. "Brutus is an honorable man."

Mr. GARN. We both agree that we are both honorable.

Mr. ROBERT C. BYRD. We start with that premise that all Senators are men of honor.

Mr. GARN. I have the utmost admiration for the distinguished majority leader and I think he knows that.

Mr. ROBERT C. BYRD. I was just reminding the Senator of what he said last evening.

Mr. GARN. I understand that.

Mr. President, in making the decision to bring this amendment today up, I considered the fact that 3 or 4 weeks ago, if I may address some of the concerns that were brought up by the Senator from Alaska, I wrote the Rules Committee a letter simply asking that we conduct a test; that we get into some of the technical issues factors and we find out what the technical feasibility is of televising the floor proceedings. It may not be that the lighting is sufficient for example, and there are other kinds of mechanical details.

I did not think that was an unreasonable request that we begin to answer those technical questions. Then we would know. But I received no assurance at all that that would be done. In fact, the letter back from the Rules Committee did not really address the question of a test. So I brought this up today, to demonstrate my great concern for this question.

In bringing it up, to show the great respect I have for the majority leader, there was no doubt in my mind that I would not be able to get a vote on this amendment, not because the majority leader is opposed to TV. I understand he wants a time agreement with it, and I can accept that. I do not disagree with him at all. I tried to think of all the things he would do to keep me from bringing up and getting a vote, and I did not know what, but I knew that he would find something and I would not get a vote, because he wants to wait for a time agreement.

Nevertheless, I wanted to bring it up and discuss it and bring out my concerns about the need to have this debate brought to the American people. We can make light of it, if we want, though I am sure some of the things Senator STEVENS pointed out about time difference and all of that are correct. But forgetting all the levity, and I enjoy it, too, I do think this is a serious matter, and I would really like for us to proceed. We are running out of time. I expect the Foreign Relations Committee will complete its consideration of the treaty soon. I expect it will be ready for action later this month. If we are going to have TV, regardless of the fact that, as the minority whip indicated, these negotiations have been going on, we have got to test the technical feasibility. I would appreciate it if we could at least get some commitment to proceed with making some of the technical tests and decisions that would then allow us to make the political or the philosophical decision of whether we want to allow the cameras. Otherwise, we might make the decision and find out that, although most of the networks assure me with new cameras' low light capabilities are adequate, they may be unable to do it with existing lights. We have not tested that.

I feel very, very strongly that we should do it, but at the very least at this time we should start pressing along, taking those steps that would make it possible for us to make that decision.

Is there any possibility that we could get the Rules Committee to conduct a test?

Mr. ROBERT C. BYRD. Mr. President, the Senator is asking me that question. We have had tests in the Senate. I have been present when the tests were conducted, and Senator CANNON was present when the tests were conducted. Others have been present. We have not had any, recently. But we have had some tests not too long ago, which brought out some problems.

I was amazed when I found that after we had those tests and we were talking about having television we got about 30 objections, I am told by my staff, 30 objections from the print media to having television because all the cables and other equipment up there would get in their way. The print media objected. That was just an indication of the fact that there are problems. Maybe the print media expressed concerns. I should not say they objected. In any event, there were those problems.

May I say to the distinguished Senator I have attempted to proceed in an orderly fashion to explore this matter. Has the Senator discussed it with representatives of public television?

Mr. GARN. I have discussed it with representatives of the three networks and public television, and I think the majority leader is well aware that they have proposed jointly that the four of them would pool the coverage. So, yes, I have met with representatives of the three commercial networks and also public television.

Mr. ROBERT C. BYRD. Mr. President, I have attempted to explore it, as I say, in an orderly fashion. I have attempted to discuss it with my colleagues, also. I wanted to know how they felt about it. I do not think that this is the appropriate bill to bring up this amendment or the appropriate time.

I think the Senator knows that with all due respect to him, I love him and am fond of him as I am of the distinguished Senator from Wisconsin, whom I love and respect, as I said yesterday. But this is the wrong time and the wrong bill.

I regret to vote to table my own amendment to repeal the 3-day rule. Who would have ever thought that the day would come when I would vote to table an amendment to repeal the 3-day rule. Oh, that thorn in my side. Oh, my back, my aching back—that 3-day rule.

Now I have the opportunity to vote to repeal the 3-day rule, and who would have thought it? I am about to move to table the amendment.

Mr. GARN. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. Yes, I yield.

Mr. GARN. As I said, I really never cease to be amazed at the majority leader's ingenuity with the rules. The 3-day rule is one that the majority leader knows is very valuable to the minority and if it ever switches and we are in the majority——

Mr. ROBERT C. BYRD. It is not going to switch.

Mr. GARN. If we are ever in the majority, he will wish the 3-day rule was there.

Let me say what I said to begin with, Mr. President: It was not my intention in bringing this up to delay the Senate. We have important business. I wanted to make a point about my feelings, the fact that since May 10 I had received no indication of any intention to act on my resolution. I have learned at least one thing in 5 years in the Senate—how to count. I do not think it is necessary even to waste 15 minutes of the Senate's time voting on a motion to table. Therefore, I withdraw my amendment.

Mr. ROBERT C. BYRD. Mr. President, the Senator cannot withdraw it. Action on his amendment——

The PRESIDING OFFICER. There has been no action.

Mr. ROBERT C. BYRD. I have offered an amendment to it.

I ask for the yeas and nays.

Mr. GARN. Mr. President, parliamentary inquiry. I suggest the absence of a quorum.

Mr. ROBERT C. BYRD. The Senator does not have the floor and he cannot suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from West Virginia does have the floor.

Under the Senate precedents, the Senator from Utah may withdraw his amendment.

Mr. GARN. That is right.

Mr. ROBERT C. BYRD. I hate to see the Senator withdraw his amendment. I want to get a vote on the 3-day rule, and a vote to table the Senator's amendment would table mine.

Mr. GARN. I understand exactly what the majority leader wants to do, and I wish to withdraw my amendment.

The PRESIDING OFFICER. The Senator from West Virginia has the floor.

Mr. ROBERT C. BYRD. Mr. President, did the Senator wish me to yield? I yield without losing my right to the floor.

The PRESIDING OFFICER. The Chair will rule now that the Senator from Utah must have the floor if he wishes to withdraw his amendment.

Mr. ROBERT C. BYRD. That is right. I yield to the Senator from Utah for the purpose only of allowing him to withdraw his amendment.

Mr. GARN. I thank the distinguished majority leader. For the third time I withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn, and with it the amendment of the Senator from West Virginia falls.

Mr. ROBERT C. BYRD. Oh, there goes my amendment.

Mr. MELCHER addressed the Chair.

Mr. ROBERT C. BYRD. I yield to the Senator from Montana without losing my right to the floor.

Mr. MELCHER. I thank the Senator.

I want to get back to a part of the bill dealing with energy. On page 67, at the bottom it states:

> *Provided further*, That such term (synthetic fuel project) shall include for the sole purpose of financial assistance pursuant to subtitle D any commercial magnetohydrodynamics facility located in the United States.

The relevance of my statements that are to follow, Mr. President, is that included in the bill dealing with this point on magnetohydrodynamics is that MHD, as it is commonly called, has received some appropriations from Congress beginning—with slight amounts prior to 1971—but in fiscal year 1971 the amount appropriated was $500,000 for MHD research and development. The program increased rapidly percentage-wise, because it was such a small amount, through the next fiscal years, and eventually in 1976 we got to where we thought there was a breakthrough because Congress appropriated $41.3 million for the program.

Now in 1977 that amount was increased to $58.9 million; in 1978 to $71.5 million; and in fiscal year 1979 $80 million.

This year in the Senate appropriation bill dealing with the program the Senate appropriated $130 million, while the House only appropriated $75 million. Right now on this very day a conference committee is meeting to try to finalize action on the conference report.

I am taking the floor at this time to demonstrate to the Senate what we would be losing if we did not move forward with MHD research and development.

I am sure there are plenty in the Senate and in the public-at-large who have no comprehension of what the MHD program is. Let me read to you a report which clearly——

Mr. ROBERT C. BYRD. Mr. President, I have the floor. How long does the Senator wish to speak, may I ask?

Mr. MELCHER. I would think about 15 minutes.

Mr. ROBERT C. BYRD. Mr. President, I ask that I may be permitted to yield for that length of time without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MELCHER. I thank the leader. The report states:

> A conventional fossil fuel generator now gets around 35 to 40 per cent efficiency and nuclear power plants have an even poorer track record, about 33 per cent efficiency. Present technologies waste more potential energy than they convert for use.
>
> MHD's potential for up to 60 per cent efficiency gives it an edge of about 50 per cent over all presently-used methods. Obvious environmental and economic advantages result from increased efficiency.
>
> When you are able to produce more electricity from the same amount of coal, you save money. When you are able to produce more electricity from a certain amount of coal, the ratio of environmental effects to amount of energy produced is balanced a little more toward Mother Nature's side.
>
> Researchers across the country largely concur that sulphur dioxides and the vapor from potassium salt will combine at the high temperatures required in the MHD cycle. The potassium is costly and must be recovered. So, too, would the sulphur emissions. Researchers continue to study a possible sulphur dioxide problem in the MHD process, but, to date, studies still indicate sulphur dioxides will be contained from 92 to 99 plus

per cent if enough potassium is used in the seeding process.

MHD's other major environmental selling point—that it requires little cooling water—makes it attractive to areas concerned with thermal pollution. Figures of heat rejected per kilowatt-hour of electricity produced in a study done at Avco Everett Research Laboratory show an MHD-steam turbine plant would release 30 per cent of what the present nuclear plant releases; 36 per cent of what an advanced nuclear plant will release, and 45 per cent of what other fossil fuel steam plants release.

However promising it appears, MHD is not a messiah of energy conversion. Although it has obvious advantages over present technologies, it still is a process that burns coal, and may be caught in typical pitfalls experienced by other fossil fuel burners.

Research shows particulate matter will be emitted from an MHD plant at a rate equal to conventional fossil fuel plants. A study recently completed by the Montana Energy and MHD Research and Development Institute (MERDI) noted that the high temperatures necessary to complete the MHD cycle may increase emittance of sub-micron particles.

Researchers agree that nitrogen oxides will form at a much higher rate in the MHD cycle than other fossil fuel plant. But researchers have generally agreed that nitrogen oxide emissions could be controlled in the HMD cycle to less than present Environmental Protection Agency (EPA) standards.

Two processes are being studied presently to handle the high formation of nitrogen oxides. First, and most probable at this time, are combustion techniques that will set a ratio of air to fuel to allow for the least formation of nitrogen oxides. A radiant boiler downstream from the MHD channel could allow slight cooling of the gases to the point where the nitrogen and oxygen will decompose.

The other possibility is to encourage the formation of nitrogen oxides and remove them for production of fertilizer. Although the idea is widely discussed in the MHD community, technology has not been developed to the point where it is considered a workable option now.

India and Japan, two of about 20 countries interested in and presently researching MHD's possibilities, are interested in the process largely because of its potential as a fertilizer supplier. Decreasing availability of natural gas, the prime element in fertilizer production, may make recovery of nitrogen oxides so attractive economically that technologists will respond with a means of recovering the nitrogen.

Dr. F. A. Hals, an Avco scientist who has done substantial research and testing in the environmental effects of MHD, believes controlled combustion can decrease the level of nitrogen oxide emissions to a third of the present EPA standards, possibly to as little as one fifth of the present standards.

Nitrogen oxides are more easily controlled in an MHD process, Hals said, because the MHD channel is small (a commercial plant's channel is comparable in size to a typical family garage) and combustion is achieved in a smaller volume because of the high temperatures.

Research done by Pittsburg Energy Research Center (PERC), Avco, and Stanford University has shown nitrogen oxides can be controlled to EPA standards, possibly considerably less than present standards.

However, research being carried out at the Exxon Research and Engineering division under contract with the EPA indicates nitrogen oxides could be a problem. Figures taken from a computer analysis of the chemical reaction of nitrogen oxides in the MHD cycle show the effluents in an MHD plant could just meet present EPA standards.

Standards for nitrogen oxides are expected to tighten, and if they do and the Exxon figures are correct, nitrogen oxide effluents will exceed the limit. One study done under contract to Exxon showed nitrogen oxide effluents to be about 400 to 600 parts per million. Present standards allow 500 parts per million.

Dr. Henry Shaw, a physical chemist who is researching the environmental aspects of MHD for the Exxon study, said he has become less optimistic about MHD as the study has progressed. He is about half way through the 30-month project.

"It is a unique technology in many respects," he said. "But it has, in our opinion, many problems in development."

Shaw is concerned about control of nitrogen oxides, as well as regeneration of the seed. The potassium is separated from the sulphur because of its high cost. Methods of effectively doing that on a large scale have not been proven and may not be cost-effective. Shaw hopes the Exxon study will encourage the federal government to allocate funds to areas in need of more research. He said Exxon would not design a plant with the information it now has available, but that concerted and immediate research could solve the problem.

MERDI senior staff engineer Roman J. Kramarsic said he was not surprised Exxon would not build an MHD plant with the information they have now. He noted they did not have expertise in MHD technology. Avco, Westinghouse Research Laboratories and General Electric have contracted with the Department of Energy (DOE) to do a preliminary design of an MHD pilot plant. Westinghouse and G.E. previously contracted with the federal government in the Energy Conversion Alternative Study (ECAS) to evaluate the prospects of MHD.

Most research today is directed toward open-cycle MHD with a steam bottoming plant. However, other options exist. A gas turbine could be used as a bottoming cycle for an open-cycle plant. A closed-cycle MHD system would involve separate treatment of the seed material and coal. The seed gases would be recirçulated. The main problems involved with the use of a closed cycle center around development of feasible heat exchangers. Other processes could work in conjunction with a closed-cycle MHD system. For example, it has been suggested that the waste heat from a nuclear power plant could be used in a closed-cycle MHD plant.

However, a closed-cycle MHD plant is much further in the future than the open cycle and most of the MHD research being done today is directed toward use of an open cycle.

Although MHD may have more problems environmentally than was first visualized, it has on its side time—in terms of research and development—and a more concerned public as well as government. Unlike the "old days," when technologies were developed and environmental effects were evaluated far down the road, DOE policy calls for technological and environmental research to proceed hand in hand. That gives MHD and 10 other advanced technologies under study a head start environmentally.

And for MHD, more so than most of the other technologies, increased efficiency is an added advantage. Researchers at MERDI say MHD's potential efficiency means that given the same amount of coal, an MHD generator will produce 4,500 kilowatt-hours of electricity, while a conventional plant will produce 3,000 kilowatt-hours.

Dr. Ralph Detra, Vice President in MHD power generator at Avco, testified before a Senate committee for increased MHD funding a year or two ago. He pointed to the NASA ECAS study that evaluated the six most promising advanced energy conversion technologies. He said it showed MHD to be the most efficient studied. And, he said, MHD received the highest environmental rating for cleanliness and projected capital costs were less with MHD than other methods studied.

"If, for example, in 1976 fossil fuel power plants in Massachusetts had been operating with the MHD system," Detra said, "fuel savings alone would have been nearly $300 million."

Why, given its promise, at least on paper, hasn't MHD become a reality? For one thing, although the ECAS study showed it to be least expensive to operate, costs and time of research and development necessary were higher with MHD than most of the other advanced methods.

A closer look at the history of MHD research and governmental allocations should cast more light on the subject.

It seems there is nothing new under the sun; not even in advanced technology. Michael Faraday first theorized on the MHD concept in 1832. He speculated that electricity could be generated by passing a plasma (or gas) through a magnetic field. Then he left the idea on the shelf. No one picked it up until more than a century later when American scientists began to take a closer look at the concept.

By 1958 Avco had built a small MHD generator intended to demonstrate the basic ideas of the principle were sound. An early leader in the field, Avco built other models and continued research through the 1960s, joined by the Arnold Engineering Development Center, the University of Tennessee Space Institute, PERC and other universities and research institutes.

Occasional grants were obtained for research from various governmental agencies. The agency that seemed the most appropriate source for research allocations for MHD was the Office of Coal Research (OCR) under the Department of the Interior, and they were notably non-pulsed by the MHD concept.

Initial research had been financed partly by private industry, but MHD research proved costly. In 1967 private companies were willing to share half the costs of a pilot plant program with the federal government. But just as research and interest in MHD was gathering momentum, governmental interest and funding turned to other energy providers—notably nuclear power—and MHD was back on the shelf.

Montana Energy and MHD Research and Development Institute (MERDI) in Butte, Mont. has played an important role. MERDI was to coordinate MHD research in Montana, and eventually the country through the federally-funded Component Development and Integration Facility (CDIF) at Butte.

The CDIF will be used to test components for an MHD plant and its successor, the ETF, to be built by the mid-1980s, is planned to produce 80 to 100 megawatts of power. A commercial plant is planned after that.

Possible problems in the technological aspects of the MHD process persist. Most of them deal with the effects of burning coal at such high temperatures—up to 5000 degree farenheit——and the velocity of the gases as they pass through the channel at nearly the speed of sound.

The MHD process has been described as a rocket firing into a magnet. Finding materials that will withstand such high temperatures and corrosive conditions is of prime importance. The seed material and slag carry over will cause both erosion and corrosion in the MHD channel. And coal slag buildup on the electrodes in the channel could be a problem. However, research at Avco indicates the slag may be a blessing in disguise. Its buildup could protect the walls of the channel and eliminate worry about the effects of high temperatures.

Despite its early pioneering in MHD technology, the United States is not the leader in MHD research today. USSR scientists became interested in MHD in the 1960s. When the results of Avco's Mark V generator were declassified in 1964 Soviet scientists reviewed the tests. Then they went back to Russia and began work on a full-scale program. Within seven years they had built an MHD pilot plant, the U–25.

The U–25 has operated at more than 20 megawatts for about 30 minutes and in the spring of 1975 it produced 12.4 megawatts of power, enough to supply energy to a central power grid to meet the demands of 100,000 Moscow residents for half an hour. Since then a 200 megawatt thermal plant is on line and Russia has started construction on a 500-megawatt plant.

MHD presently is the largest technological exchange between the U.S. and the USSR. U.S. scientists sent a $2.5 million superconducting magnet to Russia for use in their pilot plant. The Soviets plan to have a commercial plant operating in the early 1980s that will produce 400 to 500 megawatts of power. Presently they are burning natural gas, but they plan to use coal in the future and they are looking with increasing interest at U.S. research in coal use.

The primary reason the Soviets have jumped ahead of this country in MHD development is that their approach has been toward a whole program, with no delays because of inadequate funding, according to a Soviet engineer and MHD specialist who recently visited MERDI. Valeriy Ovcharenko, who represents the USSR in the energy policies and projections branch of the United Nations, said our system of private enterprise and federal spending has resulted in research funded on a yearly basis and directed at developing separate elements—such as the superconducting magnet—whereas the Soviets have gone ahead with a full-scale program aimed at building a commercial plant.

"It happens the conditions for cooperation are very favorable," he said. "The Soviet Union agrees to build a U–25 by-pass loop for experiments and the U.S. agrees to supply some of the elements."

The development of MHD as a technology obviously is benefitted by joint cooperation between the two countries, as well as several other countries also involved in MHD research. More importantly, in terms of its environmental aspects, is the research of potential environmental problems and effects that is going on in concert with the development of the technology.

Dr. Hals, Avco researcher, noted the difference in approaches: "I think what one did in the past was because you had a cheap source of energy in this country. As we are proceeding we are getting more and more concerned with the environment. You can't neglect the environmental impact of any proposed power system. It ought to be included in whatever costs you are projecting."

Hals noted the costs of installing environmental controls after a plant is built. Although costs are always high, he said, "you can't dismantle a conventional power plant very easily. To dismantle a nuclear power plant the costs are almost as much as putting it together."

MERDI's recent contribution to DOE's environmental development plan for MHD notes the importance of environmental research and technological research progressing hand in hand. And DOE's policy for developing technologies clearly states environmental problems will be tackled not after the fact, but as part of the fact—part of the process.

Don Brelsford, head of the environmental research division at MERDI, agrees with the concept. But he remembers a time when technology went ahead without environmental considerations. "We were just doing the hardware and the environmental sides were saying, 'Why don't you clean up your act?' The public has made it plain they won't accept technology not compatible with health and quality of life," he said.

"With integrating environmental and technological factors, the technology can be optimally adopted so that environmental problems can be minimized, or the technology is dropped," he said. "It would have been interesting if that would have been done with atomic energy. It probably would have been dropped way back then."

The Exxon study also noted the new approach: "The pollution caused by existing energy conversion processes has contaminated our environment and caused serious health problems. Control of these effluents within reasonable limits is a goal sought by both government and industry. However (present) methods used for pollution abatement also cause some reduction in energy conversion efficiencies and add to the costs. Thus, while considering new energy conversion cycles, it is essential to investigate related pollution problems and their control."

With the cost of energy seemingly rising every day, the concept of cost-effectiveness in energy processes changes. Energy will not be cheap in coming decades, no matter what courses are taken. Environmental considerations in developing technologies may increase the cost of energy, but decisions—taking into consideration both technological and environmental aspects—may be made during research and development. If environmental problems are addressed along the way, instead of as an afterthought, and the promise of MHD and other advanced technologies proves out, increased efficiency and environmental cleanliness will be a financial boon when the systems become a reality.

Mr. President, of all the research and development programs we have concerning coal this is a technology that we look to for central station generation of electricity.

In my State of Montana and in the State of Utah, the question of getting steam generating plants approved burning coal under conventional methods has been a very time-consuming and often not successful effort.

We have just approved in Montana the so-called colstrip 3 and 4 plants, but it took 4 or 5 years to get that approval. Approval was delayed to prove that effluents from the stacks would be acceptable in terms of air quality. Approval envisions getting sufficient quantities of water for the cooling process, and in every instance of a steam generating plant using the conventional method of generating electricity in the West that has come up in the past several years it has been an extremely long, drawn-out process for approval and permits.

What we are looking for in Montana and other Western States is a clean method of generating electricity using coal, where the air quality is not sacrificed, where the water demands are low, and where the efficiency of the operation is increased. MHD research and technology so far has indicated that this technology is the most promising of all for such generation of electricity using coal.

Now, Senators might ask what are other countries doing with it? Well, let me point out that the Soviet Union has on line a 250-megawatt thermal MHD plant.

They have started construction of a 500-megawatt electrical generating plant, to be located some 100 kilometers south of Moscow. That plant would actually produce electricity in terms of 250 megawatts, and could be used for the additional generation of 250 megawatts on the other cycle, if they so chose, but it would appear that the plans right now are to use the great amounts of heat provided by the MHD cycle to heat buildings in the area.

It is important for the Senate to understand that the Russian technology on MHD does use natural gas, but it is their intention that in the future plants they will start to construct using the MHD process they will change to coal.

Why do we have a reluctance in Congress to move toward a meaningful effort in MHD research and development? That answer must lie within the Department of Energy. We have had some difficulty in the past in getting acceptance of upping or increasing the amount of research and development within the Department. However, this year, as a result of the Senate's request of last year, the Department has prepared a capability study to indicate what they could do if the amount appropriated by Congress for the MHD research and development program were increased.

They assumed the figure of $120 million, which was slightly below the amount that we passed in the Senate version of the appropriation bill dealing with this research and development, but it is considerably greater than the amount that the House has seen fit so far to agree to. They have indicated that the additional funds for fiscal 1980 to accelerate the technology and development, to enhance the engineering test facility, in title I, starting phase, of fiscal year 1984, could be improved upon.

Their capability study indicates that the budget for MHD is categorized in five different areas. First of all, the component development integration facility project; second, the engineering development; third, the engineering test facility; fourth, systems engineering; and fifth, supporting research.

Taking an additional amount of about $28 million over last year's appropriation they would increase the component and development integration facility project by $14 million during fiscal year 1980. They indicate how they would break that down. They would augment the iron-core and superconducting magnet development by $4 million, increase the operation for this component development integration facility by $8 million, and augment first and second generation flow train development by about $2 million.

Engineering development would be increased by $11 million. Increasing the operations capability of the coal-fired flow facility in Tennessee, with modification of that facility in Tennessee to accept low-slagging HRSR and power train subsystems, operating on both eastern and western coals, a small increase in coal combustors, and several other items. They would increase specific priorities for engineering development by about $11 million, and that would, in effect, demonstrate the wise use of an additional $28 million increase in outlays above the amount that was appropriated and was spent for fiscal 1979.

Now, Mr. President, with all of the positive notes I have listed, it seems incomprehensible to me how any conference dealing with this subject could ignore the national interest that is involved in furthering our research and development capabilities for this very fine program.

The fact that we are trailing the Russians in this technology is of concern to us, but it is not just a matter of competition between two countries. It is a question of whether the United States, relying on coal as one of the greatest and most significant sources of energy to solve our energy needs in this country, is going, with cohesion and directness, into the technologies that will solve those very problems.

I think we can safely say that with a few million dollars more than was appropriated in fiscal 1980 we can move the program forward on its time frame by at least 1 year. The capability study developed by the Department of Energy seems to bear that out; at least, in my judgment, convinces me that that is the case.

If the House amendment of $75 million would be adhered to and that is the final amount that the conference agrees to, we are dropping back in the research and development for MHD by a significant amount. Remember that $80 million was the amount expended for this purpose in fiscal 1979. Seventy-five million dollars would represent a $5 million decrease. But, in addition to that, when the effect of inflation is figured in, it would be an additional decrease of about $8 million—a step backward of at least $13 million from what we did in 1980, a serious jolt to the MHD research and development program, and one serious enough to move it back a full year.

So the options are, by moving forward with at least a $28 million increase over fiscal 1980, which would be about $108 million, we have the option of moving forward 1 year. If we settle on the House's position of $75 million, we would move back 1 year. We would lose, in effect, 2 years.

I cannot believe that Congress can assert leadership in energy research and development, particularly with coal, by moving backward in one of the key areas for our research and development efforts.

I would hope that the conferees, when they meet this afternoon, will keep these thoughts in mind and be constructive on the MHD research and development program for the coming fiscal year.

Mr. President, I thank the majority leader for yielding me this time.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished Senator from Montana.

UP AMENDMENT NO. 741

Mr. President, I call up an amendment and I ask that it be stated by the clerk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from West Virginia (Mr. ROBERT C. BYRD) proposes an unprinted amendment numbered 741.

On page 151, strike lines 20-24, and insert the following:

(5) "Alcohol" means—

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 151, strike lines 20-24, and insert the following:

"(5) "alcohol" means methanol, ethanol, or any other alcohol which is produced from coal or renewable resources and which is suitable for use by itself or in combination with other fuels as a motor fuel;"

METHANOL FROM COAL: AN IMPORTANT FUEL OPTION

Mr. ROBERT C. BYRD. Mr. President, the Senate has made a clear decision on synthetic fuels in title I of S. 932—we will have a strong and aggressive development effort of substitutes for crude oil.

That decision must be extended to title II. My amendment will fill a gap in the gasohol title by including methanol made from coal in the definition of alcohol fuels.

The purpose of the amendment is to make certain that methanol from coal is not excluded from the jurisdiction of the Office of Alcohol Fuels in the Department of Energy, which title II establishes. More importantly, the amendment insures that coal-based methanol will not be excluded from the financial assistance available to other alcohol fuels.

Purchase agreements, price guarantees, and loan guarantees are provided in title II for the production of alcohol fuels. These financial arrangements will greatly aid those seeking to produce clean-burning substitutes for gasoline and diesel fuel.

The technology to produce methanol from coal already exists. In fact, studies by the Department of Energy and by the Office of Technology Assessment conclude that methanol can be produced for between 40 and 80 cents per gallon.

The studies estimate that gasoline costs about 80 to 85 cents per gallon to produce at current prices. Most ethanol made from farm products costs about 80 cents to $1.50 per gallon to produce.

The advantages of methanol from coal extend beyond production costs. Methanol is far cleaner than gasoline when it is produced and when it is burned. It can be substituted for gasoline, diesel fuel, kerosense, and home heating oil. Methanol production is clean and free from hydrogen emissions, which makes it cleaner than a typical oil refinery.

The potential of a fuel which has these advantages and possibilities must not be dismissed. I believe it is sound policy to move ahead with the development of this substitute for imported crude oil and refined products.

I urge that my amendment be adopted.

Mr. DOMENICI. Mr. President, I regret to tell the majority leader that there is strong opposition to this amendment in committee. I will have to ask for a quorum call while we advise Senators it is the pending amendment and determine whether they desire to be heard.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that my amendment may be laid aside temporarily so that Senator MATSUNAGA may call up some amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Hawaii (Mr. MATSUNAGA) is recognized.

UP AMENDMENT NO. 742

Mr. MATSUNAGA. Mr. President I send to the desk an unprinted amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from Hawaii (Mr. MATSUNAGA) proposes an unprinted amendment numbered 742.

Mr. MATSUNAGA. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendment is as follows:

At page 311 at line 17, delete '.' and insert in lieu thereof ', with a minimum of $10,000,000 specifically for energy self-sufficiency initiatives.'

Mr. MATSUNAGA. Mr. President, this is an amendment which was discussed in committee. Since it was thought the committee report might be insufficient to clarify the matter, it was felt that language in the bill itself might be a safer way to do it. It makes no change in the total amount to be authorized, which remains at $50 million, in title 6. It merely identifies $10 million to initiate a program which will enable the Department of Energy to develop a comprehensive plan and to implement projects to combine synergistically the available renewable energy resources at sites which have already been studied to reduce fossil fuel importation.

I have discussed this matter with the majority and the minority and it is my understanding that there is no objection to the amendment.

Mr. JOHNSTON. Mr. President, I am sorry not to be acquainted with the amendment. Will the Senator repeat precisely what this does?

Mr. MATSUNAGA. The various titles and sections of S. 932 largely promote the utilization of individual technologies. Section 607 of the renewable energy initiatives title attempts to bring together all the renewable energy alternatives in commercial applications to demonstrate the total system.

As the Senator knows, the authorization calls for $50 million total. My amendment will not in any way change that total. It merely identifies $10 million to initiate this program, which will enable the Department of Energy to develop a comprehensive plan and to combine synergistically the implementation of the available renewable energy resources at sites which have already been studied, to reduce fossil fuel importation.

At the staff level, this has been discussed and the language agreed to.

Mr. JOHNSTON. Unfortunately, staff has not discussed it with me. I am hopeful that we can accept it here.

Does the minority manager wish to say anything?

Mr. DOMENICI. No, Mr. President, we have discussed this amendment at the staff level and they have shared their views with me. We have no objection to this amendment.

Mr. MATSUNAGA. I might say to the Senator from Louisiana that this measure was taken up in committee and agreed to. No objection was raised in committee. I see no reason why this would not be acceptable now.

Mr. JOHNSTON. Mr. President, as I understand it, what the Senator wants to do is take some of the money that is presently allocated to renewables and put it in a special office designed to promote energy self-sufficiency in Hawaii or on an island. Is that correct?

Mr. MATSUNAGA. That is correct.

Mr. JOHNSTON. What would this money be spent for? Why should we have $10 million in a special fund for Hawaii?

Mr. MATSUNAGA. It is not for Hawaii strictly. It is up to the Department of Energy to select a site, a locality—it could be an island, it could be a State, it could be a county—to make that specific selected site energy self-sufficient in order to prove that energy self-sufficiency can be attained. As the Senator knows, we have a great possibility of making perhaps one of the islands in Hawaii or Puerto Rico, or even areas in Florida and California, energy self-sufficient by use of those resources which are available within that area.

I cite one example: The big Island of Hawaii, which was largely dependent upon foreign imported oil only a few years ago, today generates 40 percent of its electricity from biomass; that is, sugar cane waste.

Then we have had a breakthrough in OTEC, ocean thermal energy conversion. By an accelerated program in this area, we hope to produce another 10 or 20 percent of the total electricity produced.

We also have a geothermal well which will be producing, by August 1 of next year, about 3 megawatts.

I might point out to the Senator from Louisiana that this is within, definitely, the concept of the bill itself, that there is definitely a policy expressed in the existing language of the bill that this will be one of the objectives of this bill to attain energy self-sufficiency.

Mr. JOHNSTON. Mr. President, I wonder if the Senator, in lieu of the kind of language that says, "with a minimum of $10 million," specifically for self-sufficiency initiatives, would be willing to put "with not more than $10,000,000," and have a colloquy here that will urge the Department of Energy in submitting their budget to set aside a sufficient amount?

My hesitancy is this, that for us to pick a special figure and say that it must be a minimum of $10 million may be misallocating the funds instead of putting them where they can do the best good for the purpose of self-sufficiency.

In other words, it may be better to put more money into wind energy research and development, for example, than to spend $10 million a year for office expenses, in effect.

I mean, I want to go along with the Senator in what he is trying to do because it is a constructive thing and we are for it in the committee, I think. But to specify a hidebound figure of $10 million concerns me.

Mr. MATSUNAGA. I might point out to the Senator from Louisiana that this is not for the purpose of actual office expense. It is implementation of projects.

We are quite advanced to a point where, as the Senator well knows, we can definitely work toward energy self-sufficiency in some sites that the Department of Energy has in mind.

This, as the Senator knows, is not opposed by the Department of Energy. As a matter of fact, it is supported by the Department of Energy.

I regret the staff had not had a chance to brief the Senator. I thought it had been done.

Mr. JOHNSTON. I think we can work something out here because I know what the Senator is driving at.

I do not think we have got a problem of $10 million so long as it is used on initiatives which may be useful in, I think, energy self-sufficiency, because that would include a broad range of initiatives.

I wonder if this kind of language would be suitable to the Senator, "with a minimum of $10 million to be spent on initiatives which may be used, or useful, to attain energy self-sufficiency"?

Mr. MATSUNAGA. I would be happy to accept that modification.

Mr. JOHNSTON. If the Senator would perhaps temporarily lay this aside, I think we can draw this language and bring up the next amendment.

Mr. MATSUNAGA. I agree.

Mr. President, I ask unanimous consent that the amendment be set aside temporarily and that I may offer a second amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, this means we are still temporarily setting aside the leader's amendment, is that correct?

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that my amendment continue to be set aside temporarily so that other amendments may be called up.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 743

(Purpose: To amend S. 932, to extend the Defense Production Act of 1950, as amended)

Mr. MATSUNAGA. Mr. President, I send to the desk an unprinted amendment.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from Hawaii (Mr. MATSUNAGA) proposes an unprinted amendment numbered 743.

Mr. MATSUNAGA. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At page 288 between lines 22 and 23 insert the following:

"SEC. 542. Section 1141(b) of the Act is further amended by

"(1) striking out the period at the end of paragraph (5) and inserting in lieu thereof a semicolon and 'or;' and,

"(2) adding at the end of paragraph (5) the following new subparagraph:

"'(6) in the case of a geothermal facility, the principal purpose of which is the generation of electrical power, the construction of electrical transmission lines, whether land or marine based, from the generating facility to the intertie with an existing transmission line.' "; and,

At page 288 at line 23, delete "Sec. 542" and insert in lieu thereof "Sec. 543" and renumber each succeeding section accordingly.

Mr. MATSUNAGA. Mr. President, this amendment is a very simple one. The Senator from Louisiana, the floor manager, and the Senator from New Mexico, I am sure, are familiar with this because they were at the committee meeting when this matter was discussed.

Very briefly, this amendment would provide the Department of Energy with specific authority under the geothermal loan guarantee program to insure that the loan guarantee program is available to cover the transmission lines that will be constructed from geothermal powerplants to intertie with existing transmission lines.

I believe the Senators will recall this. This is purely a clarifying amendment to what was agreed in committee, so it will not be misinterpreted.

Mr. JOHNSTON. Mr. President, we are happy to accept the amendment.

As the Senator from Hawaii says, we thought that this was clear in the original text adopted in committee. But, indeed, upon checking with it, it is not clear that we can have transmission from the geothermal source to the powerplant, as in Hawaii, where it is remote from the location.

What this amendment does is make very clear we can build those transmission lines in the situations that exist in Hawaii, where the geothermal source is some distance from the powerplant.

So we are happy to accept it. I appreciate the Senator's watchfulness in the language.

Mr. MATSUNAGA. I thank the Senator.

Mr. DOMENICI. Mr. President, we have no objection so long as it is understood we are only talking about the lines that are necessary.

We cannot have outside lines that are not necessary for the new source to the grid. That is the line we are talking about.

Mr. MATSUNAGA. That is definitely my understanding.

Mr. DOMENICI. We commend the Senator for the amendment and have no objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Hawaii.

The amendment (UP No. 743) was agreed to.

Mr. MATSUNAGA. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 742, AS MODIFIED

Mr. MATSUNAGA. Mr. President, we come back now to the earlier amendment which I offered. I ask unanimous consent that we may return to the consideration of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MATSUNAGA. Mr. President, as I understand it, the floor manager on the majority side would be willing to accept the amendment with the modification he has suggested.

I am happy to accept the modification.

The PRESIDING OFFICER. Would the Senator send the modification to the desk?

He has a right to modify his amendment.

Mr. MATSUNAGA. Mr. President, I send the modification to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The modified amendment reads as follows:

At page 311 at line 17, delete "." and insert in lieu thereof ", with a minimum of $10,000,000 to be used for initiatives which may be useful in attaining energy self-sufficiency."

Mr. JOHNSTON. Mr. President, this is the amendment just discussed. Simply, it makes clear that the $10 million may be spent on a wide range of initiatives, from geothermal to OTEC to wind energy to solar energy—even to a wider than that, perhaps some biomass initiatives—which would be useful in attaining energy self-sufficiency.

I think it is a constructive amendment, and we are glad to accept it.

Mr. DOMENICI. Mr. President, we think it improves the bill. The modification speaks for itself. It is very clear as written. We have no objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified.

The amendment, as modified, was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MATSUNAGA. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 744

(Purpose: To provide certain technical amendments and clarifying language relating to the terms and conditions of the loan program contained in Title VII of S. 932)

Mr. MATSUNAGA. Mr. President, I send to the desk an unprinted amendment.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from Hawaii (Mr. MATSUNAGA) proposes an unprinted amendment numbered 744.

Mr. MATSUNAGA. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Page 318:

In Sec. 705(c)(2)(B), on line 12, insert after the word "system", the words ", which, for the purposes of this subsection only, shall include any new transmission system which the Secretary determines is required to be constructed in order to connect the wind energy system into the electrical system,".

Page 318:

In Sec. 705(c)(2)(C), on line 21 after the word paragraph", omit "(a) and (b);" and substitute in lieu thereof "(A) and (B);".

Page 318, following line 21:

In Sec. 705(c)(2), immediately after Sec. 705(c)(2)(C) and before Sec. 705(c)(3), add two new subsections as follows:

"(D) Loans shall mature 5 years after: the close of the fiscal year in which the Secretary determines that the annual capital, operation and maintenance costs of the wind energy system as determined in paragraphs (A) or (B) has become competitive with available conventional energy sources, as determined in paragraphs (A) or (B); or the close of fiscal year 1990, whichever comes first."

"(E) Each loan made pursuant to this section shall bear interest commencing on the first day of the fiscal year following the fiscal year in which the Secretary makes such determination that the wind energy system is competitive, said interest to be payable from that date until maturity at a rate determined by the Secretary to be equal to the interest obtainable on the commercial credit market by the debtor for investments in power production facilities. Such loans can be prepaid at any time without prepayment penalty and shall be contingent upon such other terms and conditions as may be prescribed by the Secretary hereunder.

In Sec. 705(d), on line 19, omit the word "Title" and substitute in lieu thereof the words "For the purposes of paragraphs (c) (3), (4) and (5), title".

Mr. MATSUNAGA. Mr. President, the purpose of this amendment is to provide certain technical amendments and clarifying language relating to the terms and conditions of the wind energy loan program contained in title VII.

With the world oil situation in such a volatile state, both with respect to prices and stability, we must do all that we can as a country to reduce our national dependence on oil. To accomplish this, we must look for other means to meet our country's energy needs. There is no simple solution to the problem, but that does not mean we can afford to delay taking action right away.

Because many of the alternatives available to us as a country are still in the early stages of development—some still in the research and development phase—it is imperative that Congress take a leadership role in providing the necessary incentives to provide viable energy alternatives, particularly in helping to bring alternate energy from the research and development stage to the commercialization stage.

Wind energy holds great promise to meet our energy needs in the 1980's. Today, wind programs are still primarily in the research and development stage and the costs of these systems are not yet commercially competitive with conventional energy sources. However, all indications to date show that wind systems can soon become commercially feasible. Rather than do nothing and wait for this to happen, thus further delaying the commercialization of the wind program, we can take a positive step to bring this about at the earliest practicable date. Title VII provides the necessary economic incentive to make this possible.

Turning to the amendments themselves, the first two amendments are technical in nature, amending section 705(c)(2)(B) and (C). Added to section 705(c)(2)(B) is the same identical language which appears in section 705(c)(2)(A), relating to the Secretary of Energy's determination. Section 705(c)(2)(C) has been changed to correct a typographical error by capitalizing the references to sections 705(c)(2)(A) and (B).

Section 705(c)(2) is amended by adding clarifying language to cover the terms and conditions of the loan program referred to in section 705(c)(2). It is my understanding that these two new subsections were inadvertently left out of the original bill, S. 1844.

Subsection 705(c)(2)(D) and (E) add provisions inadvertently omitted, relating to the duration, rate and repayment of loans under the program. These provisions track generally similar provisions in title V, sections 512 and 513 relating to geothermal reservoir confirmation loans.

Subsection (D) relates to the maturity dates of the loans; subsection (E) contains provisions on the interest rates and repayment of interest.

Maturity of the loans is set at the earlier of 5 years after 1990 or 5 years after the year in which the system is commercially competitive with conventional energy sources.

Loans will bear interest at the discount or interest rate used at the time the loan is made for water resource planning projects under section 80 of the Water Resources Development Act of 1974 (42 U.S.C. 1962(d)-17(a)). The loans may be prepaid without penalty.

Summarizing these two amendments, subsections (D) and (E) contain necessary provisions on loan duration, interest rates and repayment that were inadvertently left out of the original bill, and generally track similar provisions in title V on geothermal loans.

The last amendment is a technical one to section 705(d) relating to title of the wind and energy systems. Since the question of conveyance of title does not apply to the loan program, section 705(d) has been amended to limit the application of the title conveyance section to section 705(c) (1), (2) and (3).

Finally, I would like to explain what is meant by several of the terms contained in title VII.

First, the definition of "cost effective" starting on line 17 of page 315 does not refer to the loan program set forth in section 705(c)(2). Rather, this definition relates primarily to Federal acquisitions of wind energy systems.

Second, the phrase "displacement for conventional fuels" set forth in section 705(c)(2)(A) on line 20 of page 317 is meant to cover that type of situation when the wind energy system replaces a conventional fuel oil fired system on a nonfirm basis—in other words only when the wind is blowing—as contrasted to a base load generating system referred to in section 705(c)(2)(B).

Third, I would like to explain what is meant by the formula on lines 5 and 6 of page 318 of the bill that refer to "The annual cost of available conventional fuel." Here we are referring only to the cost of the fuel oil, for example, that would otherwise be used to provide a comparable amount of kilowatt hours of energy as the wind system. Since subsection (A) does not involve a wind system that is a substitute for baseload generation, we are only talking about the kilowatt hour cost of the fuel in this part of the formula and not the costs associated with capital or operation and maintenance expenses.

Fourth, I would like to explain how the cost differential is determined in section 705(c)(2)(C). As stated on page 215 of the committee report accompanying this bill. "The costs and differences which determine the maximum size of the loan should be completed on a cost per Btu basis" (cents per kilowatt hour).

Let me give an example.

Assume that the total costs associated with one wind machine in a wind energy system at the time of the loan are, say, $5 million, and the total annual energy costs for that machine at the time are estimated to be, say, 7 cents per kilowatt hours. These costs would include capital, operation and maintenance, and also transmission costs if included by the Secretary of Energy. Assume also that the energy cost of the fuel oil component taken by itself, is say, 5 cents a kilowatt hour (which incidentally would be equivalent to approximately $31.85 per barrel). To determine the amount of the loan, the kilowatt hour energy cost of fuel oil (5 cents) is subtracted from the equivalent kilowatt hour energy cost of the wind machine (7 cents) and the difference is divided by the kilowatt hour energy cost of the wind machine (7 cents). This ratio of 2/7 represents the cost differential percentage of 28.6 percent. This percentage is then multiplied by the total dollar cost of the wind machine ($5 million) resulting in a sum of $1,428,591, which represents the amount of the loan for one machine under section 705(c)(2)(A). This figure ($1,428,591) is then multiplied by the number of wind machines in the wind energy system, say, 10, to determine the total amount of the loan which would then be $14,285,710.

Finally, I would like to explain what is involved in the Secretary of Energy's determination that the wind energy system is "competitive with available conventional energy sources." First of all "competitive" means that the total energy costs of the wind energy system is economically equivalent to the energy cost of say, fuel oil, which was used in the previous example. It should also be pointed out that the phrase "conventional energy" is modified by the word "available" to insure that the determination of competitiveness of each loan is made on the basis of the cost of that particular wind energy system compared to the current average cost of all the conventional energy sources which are currently available to that entity. For example if an entity is using only fuel oil, and the energy cost of that fuel oil is equivalent to 8 cents per kilowatt hour, this is the figure that is used in determining the competitiveness of the two sources of energy and not the cost of some other source of conventional energy such as nuclear or coal at some other place in the country.

Mr. President, I have discussed this with the managers on both sides—at least, the staff has taken it up, I presume—and I understand that there may not be any objections to the amendment.

Mr. JOHNSTON. Mr. President, will the Senator yield for a question?

Mr. MATSUNAGA. I yield.

Mr. JOHNSTON. I see some language here which indicates that each loan, "pursuant to this section, shall bear interest commencing on the first day of the fiscal year following the fiscal year in which the Secretary makes such determination that the wind energy system is competitive."

Is that language still in the bill? If so, does it mean that the loan is interest-free until the wind energy is competitive?

Mr. MATSUNAGA. That is correct.

Rather than provide for grants, as we frequently do, it was believed that interest-free loans would be much more beneficial to the taxpayers as well.

Of course, this is an area in which grants would be appropriate. However, in talking with the business people who will be involved in this area, they prefer to have outright grants rather than interest-free loans. What I am proposing would be less of a burden to the taxpayer.

Mr. JOHNSTON. Mr. President, I would have to object to having an interest-free loan, certainly one that does not have a cap date.

For example, if it takes until 1990 for wind to become competitive, there would be perhaps as much as a 10-year interest-free loan. When that is applied to present inflation rates, it could mean that the Federal Government would pay in excess of 90 percent of the value of that loan. To pay 90 percent for a technology which is not competitive, which is not producing energy, I believe is going in the wrong direction.

I think we need to encourage wind energy, and indeed we do in the original bill. But that kind of massive subsidy, that kind of encouragement to technologies which have not yet matured, is not the proper direction to go, it seems to me.

I wonder whether the distinguished Senator would allow us to delete that subsection (E) dealing with those interest rates; so that in his amendment, we would maintain his first paragraph, dealing with transmission, keep subsection (D), dealing with the maturity of the loan, but eliminating subsection (E)—that is, eliminating on page 1 of his amendment, line 19 through the rest of the page and lines 1 through 9 on the second page.

Would the Senator agree to that?

What I am asking the Senator is simply to eliminate his subsection.

Mr. MATSUNAGA. I cannot agree with the Senator. Perhaps we can discuss this matter.

Mr. DOMENICI. Mr. President, we find section (E) unacceptable, because there could be periods when no interest would be charged; and under one scenario, they could get by and pay no interest ever.

We do not think that is what the Senator intended, so we hope he will modify it.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. JOHNSTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 744, AS MODIFIED

(Purpose: To provide certain technical amendments and clarifying language relating to the terms and conditions of the loan program contained in Title VII of S. 932)

Mr. MATSUNAGA. Mr. President, I send to the desk a modification to my amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Hawaii (Mr. MATSUNAGA) proposes a modification to unprinted amendment numbered 744.

Mr. MATSUNAGA. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment, as modified, is as follows:

Page 318:

In Sec. 705(c)(2)(B), on line 12, insert after the word "system", the words ", which for the purposes of this subsection only, shall include any new transmission system which the Secretary determines is required to be constructed in order to connect the wind energy system into the electrical system,".

Page 318:

In Sec. 705(c)(2)(C), on line 21 after the word "paragraph", omit "(a) and (b);" and substitute in lieu thereof "(A) and (B);".

Page 318, following line 21:

In Sec. 705(c)(2), immediately after Sec. 705(c)(2)(C) and before Sec. 70–(c)(3), add two new subsections as follows:

"(D Each loan shall be for a term which the Secretary deems appropriate, but no loan shall exceed twenty years beyond the date the wind energy system is energized into the electrical system."

"(E) Each loan made pursuant to this section shall bear interest at the discount or interest rate used at the time the loan is made for water resource planning projects under section 80 of the Water Resources Development Act of 1974 (42 U.S.C. 1962(d)–17 (a))." Such loan can be prepaid at any time without prepayment penalty and shall be contingent upon such other terms and conditions prescribed by the Secretary.

In Sec. 705(d), on line 19, omit the word "Title" and substitute in lieu thereof the words "For the purposes of paragraphs (c) (3), (4) and (5), title".

Mr. MATSUNAGA. Mr. President, during the brief quorum call we talked about this, and the modification, as I understand it, is now acceptable to both the majority and minority floor managers.

I call attention of the Senate to that initial section there which calls for insertion after the word "system" the words "which for the purposes of this subsection only, shall include any new transmission system which the Secretary determines is required to be constructed in order to connect the wind energy system into the electrical system," . . .

This, of course, meets with the satisfaction of both managers and instead of the interest-free loan we have the standard low interest loan, just as we do now in existing law for water projects and other authorized projects. By agreeing to this modification, I would expect the Secretary of Energy to give favorable consideration to granting these loans for the full twenty year period authorized by the amendment. This would carry out our intent of promoting alternate energy programs such as the wind program.

Mr. JOHNSTON. Mr. President, the distinguished Senator from Hawaii has accurately stated the amendment. It does require that the loans bear interest at the rate in the water resources legislation, under which I believe the present rate is 7.8 percent or 7.25 percent or 7. something percent, and provides that it shall not rise, as I recall, more than a half percent a year.

This is the same kind of treatment which we have given to low head hydro and to geothermal, and I think it is appropriate, particularly when we consider that with the powerplants that use, for example, fossil fuels they can deduct from their income tax the amount of fuel used, which is a real help to those kind of fossil fuel plants. So a subsidy for wind energy of the difference between whatever the market rates are and the rates paid under this water resource bill is I think appropriate, and we are glad to accept it.

I congratulate the Senator from Hawaii for being the real champion not only of energy self-sufficiency but as well for wind energy.

Mr. MATSUNAGA. I thank the Senator from Louisiana.

Mr. DOMENICI. Mr. President, we have no objection. We think it is a warranted amendment and commend the Senator for offering it and urge its adoption.

Mr. MATSUNAGA. I thank the Senator from New Mexico.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, of the Senator from Hawaii.

The amendment was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MATSUNAGA. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 741

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOMENICI. Is not the amendment of Senator ROBERT C. BYRD now the pending business again?

The PRESIDING OFFICER. The Senator is correct.

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. JOHNSTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. BRADLEY). Without objection, it is so ordered.

UP AMENDMENT NO. 745

Mr. LEVIN. Mr. President, first, I ask unanimous consent that the amendment of Senator BYRD be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LEVIN. Mr. President, I send to the desk an unprinted amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Michigan (Mr. LEVIN) proposes an unprinted amendment numbered 745.

Mr. LEVIN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 82 add a new subsection 122(e) as follows:

"Sec. 122(e)(1) Notwithstanding the provisions of subsection (c), if at the expiration of such time as the Corporation is permitted for submission of its comprehensive energy strategy to the Congress, the Corporation determines that an adequate basis of knowledge has not yet been developed upon which to formulate and implement a comprehensive energy strategy for the achievement of the goals of this Title, the Corporation shall report the reasons for such determination to the Congress, and may request such additional time up to one year as the Corporation considers necessary for the formulation of its proposed strategy.

"(2) Such request shall be deemed approved after 30 calendar days of continuous session of the Congress have expired following the date of its submission, unless either House of Congress has, during such 30-day period, adopted a resolution disapproving such request pursuant to this section. If such request is disapproved pursuant to this subsection, the Corporation shall submit its proposed comprehensive energy strategy to the Congress within 90 days of such disapproval."

Mr. LEVIN. Mr. President, the Energy Committee amendment which we have adopted requires the Energy Security Corporation to submit to Congress its proposed comprehensive energy strategy within 5 years of the date of the enactment of the act.

There is, however, a possibility that the Corporation will not have accumulated adequate information at that point to formulate such a strategy.

In that event, Mr. President, this amendment would allow the corporation to request from Congress an extension of time up to 1 year for submitting its proposed strategy if it determines that an adequate basis of knowledge has not yet been developed for formulating the strategy.

The request of the corporation would be subject to one-House disapproval by the Congress. It would be deemed approved if not disapproved within 30 days. If the request was disapproved, the corporation would be required to submit a strategy to Congress within 90 days.

Any extension beyond that mechanism, Mr. President, would have to come through amendment of this legislation by Congress.

I believe this amendment is acceptable to both managers.

I yield the floor.

Mr. JOHNSTON. Mr. President, this is a good amendment because it gives to the Corporation more flexibility if needed and more time if needed to put together the comprehensive strategy. I hope they will be able to come in with the comprehensive strategy with advice from Congress much sooner than contemplated by this amendment. But this does give an extra year of fail-safe time. And, frankly, if for some good and sufficient reason they cannot do it within this period of time, they can always request us and we, I am sure, would consent to additional time.

But this at least enshrines their flexibility in the statute. We are glad to accept this amendment. We want to thank the distinguished Senator from Michigan for his help, not only in this amendment but other amendments, which have helped make this bill a better bill.

Mr. DOMENICI. Mr. President, the minority has no objection. In fact, we commend the Senator. In a broader sense than merely the language of the amendment, it is obvious that the distinguished Senator is concerned because he has learned that it is going to be rather difficult for this country to assess, based upon the first go-around, the broad spectrum of synthetic fuels and its effect on our country, both on the positive and the negative side, and he is concerned that we want to make well-considered opinions with plenty of time. It is that that promotes the amendment, I am sure.

We think the additional year of flexibility is a good addition. We hope that they will be able to do so and to have their plan much ahead of the 5 years, but in case they need more time this is a good mechanism. We urge the adoption of the amendment.

Mr. LEVIN. Mr. President, I am very grateful to both floor managers, the majority and the minority, for their cooperation in this regard.

The PRESIDING OFFICER. The

question is on agreeing to the amendment.

The amendment (UP No. 745) was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. LEVIN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOMENICI. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOMENICI. Is the amendment of the distinguished majority leader the pending business?

The PRESIDING OFFICER. The Senator is correct.

Mr. DOMENICI. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 572, AS MODIFIED

(Purpose: To determine the causes and effects of acid precipitation throughout the United States and to develop and implement solutions to this problem)

Mr. MOYNIHAN. Mr. President, I call up my amendment No. 572, as modified, which is at the desk.

The PRESIDING OFFICER. Without objection, the pending amendment of the Senator from West Virginia will be laid aside once again. The amendment of the Senator from New York will be stated.

The assistant legislative clerk read as follows:

The Senator from New York (Mr. MOYNIHAN) for himself and Mr. BAUCUS, Mr. COHEN, Mr. DURENBERGER, Mr. DURKIN, Mr. HEINZ, Mr. LEAHY, Mr. METZENBAUM, Mr. NELSON, Mr. RIBICOFF, Mr. SCHMITT, Mr. WARNER, Mr. WEICKER, Mr. WILLIAMS, Mr. DOMENICI, and Mr. BOSCHWITZ, proposes amendment numbered 572, as modified.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place insert the following:

SEC. . (a) STATEMENT OF FINDINGS AND PURPOSE; GENERAL DEFINITION.—(1) The Congress finds that acid precipitation—

(A) contributes to the increasing levels of heavy metal concentrations in public reservoirs, water distribution systems, and waterways which often exceed recommended standards for human health;

(B) causes a retardation of a wide variety of forest growth;

(C) is responsible for the fact that hundreds of lakes no longer support fish life;

(D) is a growing concern in many areas of the country;

(E) may significantly reduce wildlife presence and productivity in both aquatic and terrestrial environments;

(F) damages natural ecosystems;

(G) is associated with the corrosion of metals caused by atmospheric sulfur pollutants, costing approximately $7 per person in the United States in 1970;

(H) especially damages such materials as galvanized steel, nickel-plated steel, painted woodwork, antirust painted steel, limestone, and sandstone;

(I) apparently results from combinations of sulfur, nitrate, and chloride emissions in upwind locations which are often remote from the authority and control of affected States;

(J) comes from such diverse sources as auto exhausts, powerplants, home heating plants, and industrial processes;

(K) has increased in its areas of impact and effects as a result of increased fossil fuel combustion and may relate to certain regulatory pollution abatement efforts such as the increase of stack heights and the removal of particulates;

(L) will increase as alternative energy sources such as coal and synthetic fuels replace oil and natural gas in combustion;

(M) has long- and short-term effects that are not clearly understood or documented;

(N) is a serious problem in Europe, Canada, and the United States, where studies in these countries indicate that there are no simple or quick solutions to the acid precipitation problems;

(O) is an interstate and international problem that must be dealt with over vast airsheds encompassing many jurisdictional boundaries and requires interstate and international solutions; and

(P) is presently addressed by the Federal Government inadequately and in a manner lacking interagency coordination.

(2) The Congress declares that it shall be the policy of the United States to—

(A) identify the sources of acid precipitation;

(B) understand the airborne chemistry resulting in acid precipitation;

(C) determine the environmental, social, economic, and human impacts of acid precipitation;

(D) develop and implement a comprehensive plan to mitigate the harmful effects of acid precipitation in this Nation;

(E) utilize universities and other research and demonstration centers to encourage public participation in activities to influence the causes of acid precipitation and to rehabilitate affected areas; and

(F) to encourage State participation in solving acid precipitation problems.

(3) For purposes of this Act the term "acid precipitation" means the wet or dry deposition from the atmosphere of chemical compounds, usually in the form of rain or snow, having the potential to form an aqueous compound with a pH level lower than the level considered normal in natural conditions, or lower than 5.6.

(b) INTERAGENCY TASK FORCE AND COMPREHENSIVE PLAN.—(1) There shall be formed an Acid Precipitation Task Force which shall consist of the Administrator of the Environmental Protection Agency as the head of the task force, and one representative each from the Department of the Interior, the Department of Health, Education, and Welfare, the Department of Energy, the Department of Commerce, the Department of Agriculture, the National Science Foundation, and the Tennessee Valley Authority. There shall also be an additional four members who are to be appointed by the President with the concurrence of the appropriate congressional committees, and who shall represent all regions of the United States.

(2) The members of the task force shall prepare a comprehensive plan of action (hereafter in this Act referred to as the "comprehensive plan"), which shall be a coordinated plan to ameliorate the harmful effects of acid precipitation by the end of the ten-year life of this Act by focusing the combined efforts of Federal agencies, State agencies, universities, other research entities and private and public corporations on this problem. In the preparation of the comprehensive plan the members of the task force shall review similar efforts such as the plan prepared by the President's Council on Environmental Quality.

(3) The comprehensive plan shall include but not be limited to programs for—

(A) establishing and operating a nationwide monitoring network similar to the Organization for Economic Cooperation and Development (OECD) Programme on Long Range Transport of Air Pollutants employed in western Europe, which would cooperate with similar programs in Canada and Mexico;

(B) identifying and measuring the sources of acid precipitation;

"(C) understanding the airborne chemistry responsible for acid precipitation;

(D) assessing the economic, social, human health, and environmental impacts of acid precipitation;

(E) developing recommendations to eliminate or reduce the adverse impacts of acid precipitation;

(F) effecting scientific and management interchanges and agreements with appropriate foreign governments and with public and private multinational organizations such as the OECD, which is currently recognized as an effective coordinator of European acid precipitation programs, and bilateral efforts between Canada and the United States on the transboundary air pollution problem;

(G) commenting on the adequacy of the provisions and funding levels authorized in this Act;

(H) documenting all current Federal activities related to acid precipitation efforts and recommending steps to assure that efforts which are compatible with the comprehensive plan are maintained;

(I) considering, evaluating, and, as appropriate, recommending both regulatory and nonregulatory solutions such as—

(i) economic sanctions against sources of acid precipitation including, but not limited to, compensatory payments to individual victims, governmental jurisdictions, corporations, businesses, and others who are harmed by such acid precipitation,

(ii) rehabilitation of habitats, buildings, and areas already harmed by acid precipitation,

(iii) adjusted pollution standards and regulations for proven sources of acid precipitation, and

(iv) alternative means of control of acid precipitation source areas where existing or adjusted uniform standards have contributed to such a problem;

(J) developing a methodology to assess the benefits and costs of alternate solutions to the problem, the cost effectiveness of recommended options vis-a-vis other options, and the social and institutional mechanisms available to implement recommended options;

(K) establishing performance evaluation standards for the recommended options;

(L) making recommendations as to the appropriate role of universities, public and private organizations and individuals to carry out the work set forth in the comprehensive plan through such action as—

(i) offering courses, assistantships, fellowships, and scholarships for acid precipitation related subjects,

(ii) developing centers and projects to demonstrate solutions or alternatives for those affected by acid precipitation,

(iii) interpreting available research findings to groups who can use the information, and

(iv) establishing extension services to businesses, homemakers, corporations, resort owners, foresters, farmers, fishermen, and other affected groups to involve them in the overall program;

(M) describing a role for affected and contributing States to participate in this national effort to reduce acid precipitation and to rehabilitate affected areas by encouraging those States to—

(i) coordinate current actions associated with acid precipitation,

(ii) develop future programs to deal with acid precipitation,

(iii) integrate current and future State actions with Federal efforts to attain the national goal, and

(iv) develop counterparts to the task force where appropriate;

(N) recommending to the Congress potential Federal-State cost-sharing opportunities for worthwhile capital expenditures to control sources or rehabilitate affected areas;

(O) identifying State agencies that should be encouraged to develop and implement acid precipitation programs with funding authorized under this Act; and

(P) utilizing and coordinating programs and expertise in public and private corporations relevant to the solution of the acid precipitation problem.

(4) All of the subjects to be addressed in the comprehensive plan shall be dealt with on the basis of our presently limited knowledge, and the fact that there may be insufficient data to make certain determinations at this time shall not be grounds for postponing the completion of the comprehensive plan by the required deadline.

(5) The comprehensive plan shall be—

(A) the basis for determining goals and for determining who is to receive the funds authorized under this Act;

(B) the basis for establishing diplomatic initiatives and bilateral treaties with other countries involved in acid precipitation programs;

(C) submitted to the Congress and for public review one year after the date of the enactment of this Act. In the Senate it shall be submitted to the Committee on Environment and Public Works.

(D) available for public comment for a period of sixty days;

(E) revised if appropriate as a result of consideration of public comment; and

(F) considered in final form, with respect to the first, second, and third year expenditures recommended, thirty days after the close of the public comment period.

(6) The task force shall convene as necessary during the period of eleven fiscal years which begins with the fiscal year in which the plan is submitted.

(7) The members of the task force shall be responsible for the implementation of all recommendations after public and congressional review and modification.

(8) The task force shall submit to Congress, on the annual anniversary date of the submission of the comprehensive plan, an annual report which shall be referred to the Senate Committee on Environment and Public Works and shall—

(A) summarize and evaluate, vis-a-vis the goals of this Act, all Government-sponsored acid precipitation activities to date;

(B) summarize and evaluate, vis-a-vis the goals of this Act, the expenditure rate for all funds authorized under this Act;

(C) summarize and evaluate, vis-a-vis the goals of this Act, the progress to date in implementing the comprehensive plan and in reaching the national goal;

(D) document the results of the analysis of alternatives and performance evaluation actions conducted pursuant to subparagraphs (J) and (K) of subsection (b)(3) of this section;

(E) contain recommendations for additional funding needs where appropriate; and

(F) contain recommendations for cost-sharing capital expenditures with State governments to control sources or rehabilitate affected areas.

(9) The task force shall modify the comprehensive plan to reflect current knowledge and performance evaluations of overall progress. Such a modified plan shall be submitted to Congress and for public review and comment for a period of sixty days.

(c) AUTHORIZATION OF APPROPRIATIONS.—(1) For the purpose of establishing the task force and developing the comprehensive plan there are authorized to be appropriated $1,000,000 for the first fiscal year beginning after the date of the enactment of this Act.

(2) For the purpose of carrying out the duties of the task force in each of the ten fiscal years following the fiscal year referred to in subsection (c)(1), there are authorized to be appropriated $200,000 for each such fiscal year.

(3) For the purpose of implementing those provisions of the comprehensive plan which require Federal action under subparagraphs (A) through (K) of subsection (b)(3) of this section, there are authorized to be appropriated—

(A) $1,000,000 for each of the first three fiscal years following the fiscal year described in subsection (c)(1);

(B) $2,500,000 each year for the fourth and fifth fiscal years following the fiscal year referred to in subsection (c)(1);

(4) For the purpose of implementing those provisions of the comprehensive plan relating to the utilization of university and other research and demonstration centers, as described in subsection (2)(3)(L) of this section, including the making of grants to such entities, there are authorized to be appropriated—

(A) $1,500,000 for each of the first four fiscal years following the fiscal year referred to in subsection (c)(1);

(B) $2,000,000 each year for the fifth, sixth, and seventh fiscal years following the fiscal year referred to in subsection (c)(1);

(5) For the purpose of implementing those provisions of the comprehensive plan relating to the encouragement of State participation, as described in subparagraph (M) and (O) of subsection (b)(3) of this section, including the making of grants to States, there are authorized to be appropriated $5,500,000 for each of the first six fiscal years following the fiscal year described in subsection (c)(1).

(6) All funds authorized under this Act shall be appropriated to the Environmental Protection Agency, which shall carry out the provisions of this Act, including the making of grants as authorized under subsections (c)(4) and (c)(5) of this section.

(7) The Administrator of the Environmental Protection Agency, after agreement by the members of the task force, may, beginning with the fourth fiscal year following the fiscal year referred to in subsection (c)(1), shift amounts authorized under one subsection of this section for use as provided under another such subsection if he determines, based upon research and rate of attainment of goals under the comprehensive plan, that the funds would be more usefully spent if so shifted. No amount in excess of 15 per centum of the amount authorized for any fiscal year under any subsection may be so shifted, except that up to 30 per centum of the amount authorized for any fiscal year under any subsection may be so shifted by the Administrator if given approval by each of the chairmen of the committees of the House and Senate having jurisdiction over this Act.

Mr. MOYNIHAN. Mr. President, I rise today to offer as an amendment to the synthetic fuels legislation under discussion, a modified version of my bill, S. 1754, the Acid Precipitation Act of 1979, now submitted as printed amendment No. 572. As many of you know, on September 14 of this year I first introduced this bill and it has since been gathering support. In virtually all respects this amendment is identical to my original bill. The two exceptions are that this amendment specifies funding levels slightly lower than in S. 1754 and expands membership on the task force to include regional representatives.

In the course of this debate that bears so directly on our energy future, I believe that it is particularly important that the problem of acid precipitation be addressed now, and I offer my bill as a vehicle for doing so.

Acid precipitation, formally defined as that with a pH of under 5.6, affects broad areas throughout the country, though its effects are most pronounced in the East. Sulfur and nitrogen compounds in the environment, much of it the result of fossil fuel combustion, chemically combines with moisture in the atmosphere to form acids. These substances travel long distances and finally fall to Earth in the form of rain or dry particulates. It is suspected that the acid rain problem in Europe is caused in part by pollutants from the east coast of this country which travel across the entire Atlantic before falling. We also know that emissions in certain parts of this country can result in acid rain several States away. In short, the phenomenon of acid precipitation extends far beyond borders and boundaries, be they between States or nations.

What are these environmental effects of acid precipitation? Although there is as yet a great degree of uncertainty associated with its effects, it is nonetheless clear that certain damage is attributable to this phenomenon. Perhaps the most well known effect is the gradual acidification of streams and lakes, eventually resulting in the death of fish populations. In the Adirondacks, the crystalline lakes in the uplands are dead, no longer sustaining plant or animal life; all has been poisoned, killed by acid rain.

Acid rain has other ill effects as well. It erodes marble and limestone buildings—even the columns of the Greek Parthenon and the flying buttresses of the Cathedral of Notre Dame in Paris. It eats at the metal in water and waste pipes—adding lead and other metals to our drinking water, with consequences to health not yet fully understood. Beyond this, it may also be responsible for a decline in crop and forest productivity.

And let me stress that not only the East is suffering from the harmful effects of acid rain. Similar problems plague the Boundary Waters Canoe Area in Minnesota, where granite bedrock and shallow soil cannot counteract the acid effects of the rain. Recent studies show that the problem is also evident in the Rockies. One map prepared by the Environmental Protection Agency indicates that well over half the country has local conditions that tend to either moderate or high sensitivity toward acid deposition.

Our knowledge of the exact nature and extent of these detrimental effects is uncertain and incomplete but it can be stated that the trends are already evident; acid precipitation is likely to increase and spread as our pattern of energy usage rests more heavily on high sulfur content fossil fuels. In most cases, future emissions are likely to have an even more devastating effect than do present emissions because natural buffers that neutralize the acid in the air, land, and waters are gradually being exhausted. Much like the suddenly high acid levels found each spring when the winter's acid snow melts en masse, this future acidity may well create effects strikingly worse than those we are now feeling. Already some sources predict that over 50,000 lakes in North America will become sterile, perhaps by the end of the decade. All of these trends are disturbing.

Today we are debating the nature of our energy future, and the extent to which synthetic fuels will play a part in that future. It is clear given our limited range of energy options and given our energy demand, that synthetic fuels will be a necessary and increasing source of energy in the coming years. I see this and I agree that such a synfuels effort should be undertaken.

Yet, while we plan our energy future, we must not forget the byproducts of this new energy supply. Acid precipitation, is in part caused by the combustion of fossil fuels. So, for that matter, is carbon dioxide, a separate but similar issue addressed by Senator RIBICOFF and other of my colleagues. As we set this country on a path that will increase its dependence on fossil fuels—particularly those of higher sulfur content than the imported oil from which we seek to wrest ourselves—I say that it is appropriate at this time to look closely at the effects of such a step, and to increase our understanding of the consequences of our actions.

My amendment would do precisely this. It will establish a comprehensive and long-term effort to understand and solve the problems of acid rain, and in the interim will encourage short-term efforts to ameliorate the effects of the problem.

In outline, the amendment I am now proposing will provide the following:

It will establish a Federal Acid Precipitation Task Force composed of representatives of the Departments of the Interior; Energy; Health, Education, and Welfare; Commerce; Agriculture; the National Science Foundation; the Tennessee Valley Authority, and four persons appointed by the President to represent all regions of the Nation.

The task force will be chaired by the Administrator of the Environmental Protection Agency;

It directs this task force to develop a comprehensive plan to coordinate the efforts of Federal and State agencies, localities, university, other research and demonstration centers, and public and private corporations.

At the Federal level the amendment proposes that the task force programs be designed to:

Understand the complex meteorological and chemical process involved in the acid rain phenomena;

Determine and document the effects of acid rain, and develop recommendations for the redressing of these effects;

Foster scientific and management interchanges and agreements with foreign governments and public and private multinational organizations;

Consider and recommend regulatory and nonregulatory solutions to the problem, which may include compensatory payments or effluent charges to industry, rehabilitation of affected areas, adjustment of pollution standards, and other emission control techniques.

At the State level, this legislation would:

Encourage Federal and State cost-sharing opportunities for the capital expenditures needed for controlling pollution sources and rehabilitating affected areas;

Authorize Federal funds for the States to implement such recommendations.

In addition, this legislation will authorize Federal funds to be allocated to universities and other research and demonstration centers to carry out activities set out for them by the Acid Precipitation Task Force. Such actions should include:

Developing course curricula on acid precipitation problems;

Establishing university centers to evaluate the effectiveness of proposed solutions to the acid rain problems; and

Establishing university extension services in local communities to involve local groups in the overall program set out by this legislation.

The Federal task force is also directed to assess the effectiveness of all its programs in meeting the overall objectives of the act. Each year a report will be submitted to Congress documenting the progress made to date toward finding solutions to the acid rain problem. While research is the emphasis in the early years of the act, implementation programs are given greater incentives in the later years of the act.

Listening to me, some of my distinguished colleagues may wonder of the need for this amendment, given the President's recent initiatives in acid precipitation research, as detailed in his environmental message of August 2. And indeed, I am not unaware of his effort. However, the program I propose here goes beyond that of the administration, in several ways. First, in adopting this amendment, the Congress would be establishing a Federal program that would continue for the 11-year life of the Acid Precipitation Task Force. This would be the case regardless of administration or the currents of environmental awareness. Then too, this legislation would provide additional funds for the study of this issue while the President merely reprograms some funds and arrives at a study of a smaller magnitude than this one. Importantly, much of the funding in my proposal is targeted for specific research efforts, including State and local programs and universities and other research and demonstration efforts.

Public and congressional scrutiny also plays a greater role under this proposal than under the President's policy. In the case of the program I advocate, the task force would formulate its recommendations, after study and analysis, and would then have the authority to implement them, subject to congressional and public review. Similar authority is not conveyed under the President's proposal.

It is clear that the difference between the two programs centers in the degree of concern, direction and serious long-term study and resolution of this problem. I am offering more than a token effort, and I ask my colleagues to support me in this effort. For all the uncertainty involved, it is clear that the problem can only grow, and we are already overdue in our effort to understand it, and in the long term, to resolve it.

Mr. President, as the distinguished managers of this legislation know, this is a bill which has been referred to the Committee on Environment and Public Works. Along with a companion measure, which the distinguished senior Senator from Connecticut has already successfully introduced, we are proposing to add it to the present legislation because of the intimate relationship between the national enterprise to produce more energy and the simultaneous need to cope with environmental aspects of increasing energy use. These environmental consequences of energy use have reached the point of being profoundly troublesome.

The Senator from Connecticut has proposed an inquiry into the effects of increasing CO_2 atmospheric concentrations on the climate in the prospective future. This relates to the so-called greenhouse effect, which has absorbed scientists for the last 10 or 15 years. Increasing CO_2 levels are suspected to trigger climatic changes and the probable or at least the possible changes of much higher orders which simply have to be comprehended more than we do. We have learned to measure these concentrations but have not learned to judge what will finally be their impact or how that impact might be offset.

Similarly, in recent years we have begun to notice the increasing acidity rain and the extraordinary effects which acid precipitation can bring about. It is this concern which prompts me and Senators BAUCUS, COHEN, DURENBERGER, DURKIN, HEINZ, LEAHY, METZENBAUM, NELSON, RIBICOFF, SCHMITT, WARNER, WEICKER, WILLIAMS, DOMENICI, and BOSCHWITZ to move this measure now.

I would note, Mr. President, that this is an aspect not only of national but of international concern.

This week the President will be visiting with the new Prime Minister of Canada. One of the principal topics of discussion between them will be acid rain.

There are industrial parts of the world where rain has fallen with the acidity of vinegar. Even more striking than this is that this is an environmental effect that can be felt oftentimes tens of thousands of miles from its source. The simple fact is that the chemical aftermath of combustion of fossil fuels is carried high into the air and thence by winds to distant parts of the globe. Rain carries these acids to the ground, and with it a variety of harmful environmental consequences.

In the Adirondacks, particularly in areas of higher altitudes in the northern part of my State, most of the lakes have, in effect, been "killed." One of the great natural resources and wonders, if you will, of the Northeastern United States are the high lakes of the Adirondack Mountains. Almost a century ago the State of New York bought up these areas and declared them to be a forest preserve which our State constitution says shall be kept forevermore—it is unbelievably difficult to try to straighten out a road in a forest preserve; you need a constitutional amendment to cut down a tree. This designation of the Adirondacks as a forest preserve was the first great environmental protection event in the history of the United States. The idea of wilderness, the idea that has made the national parks what they are, the idea of wild rivers and such as that—all this began with the effort in the Adirondacks, the effort that would insure that they would be untouched by modernization and by economic exploitation. They would remain a wilderness for men on foot, on horseback, or in canoes, to enjoy. Yet 80 years later we looked up and found the lakes to be dead, killed by chemicals from other countries and other States.

Mr. President, this particular problem is a scientific inquiry for which a solution can be expected, that the application of resources will bring answers. The answers may be that there is nothing that can be done, though that is unlikely. In any event, the application of resources will produce results, and it is time we began doing so. The resources involved are paltry. The sums of money are a few million dollars each year for the next decade, but it could be the beginning of a data base and of a technological understanding of the meteorological, hydrological, and ecological aspects of the acid rain phenomenon.

Mr. JOHNSTON. I wonder if the Senator will yield for me to say that I think his amendment is an excellent one. Acid rain is a phenomenon that we know very little about, except that the consequences of acid rain are very serious and we must find out about it. This study is to be operated within the Environmental Protection Agency and I think it is very appropriate for that purpose.

We are glad to accept the amendment and congratulate the Senator and his cosponsors for their leadership in bringing this to our attention and making it part of this bill.

Mr. SCHMITT. Will the Senator yield further?

Mr. MOYNIHAN. I am happy to yield to my friend, of whom I often have occasion to say that, since Thomas Jefferson presided, he is the first scientist to be in the U.S. Senate.

Mr. SCHMITT. The Senator is, once again, very kind and his kindness is appreciated.

Mr. President, the minority joins with the Senator from Louisiana in his enthusiastic acceptance of this amendment.

I am a cosponsor of this amendment. I can only add to the very appropriate remarks of the Senator from New York that what he said is true: If we can just define the problem, we can more than likely find a solution or at least understand better the consequences of not finding a solution or not searching or being willing to pay for such a solution.

As a geologist, I can say, I think, with 4½ billion years of time to back me up, that the Earth is a very resilient place. Unbelievably catastrophic things have happened to this place, either very quickly or over periods of time. Vast populations of species have died out because of it.

We need to understand better whether mankind has reached that point where it can overcome the resilience that the Earth has shown in the past. If we overcome it by an excessive pollution of our atmosphere, lower as well as upper, we must be willing to pay for those consequences. I believe, on the other hand, that once we fully understand this problem, we shall be willing to pay the price or find the alternatives that will eliminate them.

The sulfur, nitrates—we know pretty much what the elements are that are causing the problem. The question is, are we going to develop the technologies and allocate the resources to eliminate those products at their source before they reach the atmosphere, before they become products that can go into solution in the rain?

The Senator, having brought this to everyone's attention, certainly should be complimented. I support him completely, as does the minority of the committee.

Mr. MOYNIHAN. I thank my friend from New Mexico. I thank him for confirming, in as courteous a way as he thought he could do that this kind of problem will respond to inquiry and that the Senate is proposing to learn something about the subject before it mandates solutions.

It will be possible to make profoundly gross mistakes here if we do not do some research first, mistakes that would cost billions. It may be that countermeasures here, buffering measures here, as yet unimagined, will turn out to be just the trick we need. This is work for good brains, given a certain amount of resources and a certain amount of time.

I see the Senator from Pennsylvania is on the floor. He is a cosponsor, my neighbor and friend. I hope that he would like to speak to this matter.

Mr. HEINZ. The Senator is correct in his observation and his surmise. I thank the Senator for yielding.

Mr. MOYNIHAN. I am happy to yield.

Mr. JOHNSTON. Mr. President, I hope we can pass this amendment that has been accepted on both sides. We have to finish this whole bill by midnight tonight and I am afraid it will take every minute of that.

Mr. HEINZ. Mr. President, I shall be brief.

I rise in support, very strong support, of the amendment offered by Senator MOYNIHAN, of which amendment I am a cosponsor. I commend him for his leadership on this issue. He was the first to introduce substantive legislation in this body, a very comprehensive bill, I had the privilege to work with him and his staff to make a few very modest suggestions, which have been incorporated into this amendment.

SYNFUELS PROGRAM NOT COMPLETE WITHOUT FUNDING TO COMBAT PROBLEM OF ACID RAIN

Mr. President, as the Senate considers the synthetic fuels bill, I cannot overemphasize the importance of including in this measure a program to deal with the growing threat to plant and aquatic life, farmland, property, and human health posed by acid rain. As you may be aware, acid rain is the result of emissions of nitrogen and sulfur dioxide which combine with water molecules to form two of the most corrosive substances known to man: Nitric acid and sulfuric acid. In turn, this acid rain retards forest growth, damages crops and cropland, renders lakes and rivers sterile by acidification, deposits toxic metals in water supplies, and corrodes buildings and automobile paint. Acid rain is borne at such high altitudes that much of the Scandinavian rain problem comes from other western European nations and even from North America. Similarly, Canada receives three times as much sulfur dioxide from the United States as it sends back.

Because of the national commitment to energy independence—a commitment necessitating greater coal utilization and a demonstration program of synfuels development—the phenomenon of acid rain is likely to worsen without some form of decisive action to deal with a problem that respects no State or national boundaries. The synfuels development program would thus seem to be a logical place to include a program of acid rain research and demonstration projects which I have previously cosponsored in the form of a bill, S. 1754, along with my distinguished colleague from New York, Senator MOYNIHAN.

Briefly, this program would:

First. Establish a Federal Acid Precipitation Task Force chaired by the Administrator of EPA and composed of representatives from the Departments of Agriculture; Commerce; Health, Education, and Welfare; and Interior; from the National Science Foundation and the Tennessee Valley Authority, and from the various regions of the country.

Second. Direct the task force to develop a plan to coordinate the efforts of Federal and State agencies, localities, universities, and research and demonstration centers, and public and private corporations; and

Third. Authorize $125 million to be spent by the Federal Government over the next 11 years.

This amendment is also extremely timely in view of an international conference on acid rain held in Toronto on November 1, 2, and 3 which attracted more than 700 scientists, government officials, industrialists, and environmentalists from Canada, the United States, and Europe. In fact, this conference provided the impetus for the excellent New York Times article of November 6 documenting what is known about the hazards of acid rain and what remains to be discovered.

My interest in the problem of acid rain was first sparked by scientific reports establishing that Pennsylvania is in the "eye of the acid rain storm." In fact, samples taken during the past year at the Northeastern Forest Experimental Station at Kane, Pa., have recorded on a continuing basis some of the most potent acid precipitation anywhere in the United States and possibly in the world. Since that time, I have encountered numerous other reports documenting the effects of acid rain—effects so severe that Sweden and Norway are considering taking the issue before the World Court to try to collect damages from other countries, and Mexico and Canada would like to negotiate treaties with the United States to deal with the problem. Therefore, last month I testified before the National Commission on Air Quality about the growing threat posed by acid rain and urged passage of S. 1754. I ask unanimous consent that a copy of my testimony before the Commission be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HEINZ. Mr. President, in short, I feel that the Senate would be remiss if it were to enact a synfuels development program without also including provisions to deal with the environmental problems which such a program would exacerbate. I urge my colleagues to join me in supporting this measure.

Mr. President, this amendment addresses an extremely timely problem and, like some things, now is the time to address a problem of modest seriousness before it becomes a very serious problem that is much more costly to address. I urge my colleagues to accept the amendment.

EXHIBIT 1

STATEMENT OF SENATOR JOHN HEINZ, NATIONAL COMMISSION ON AIR QUALITY MEETING ON ACID PRECIPITATION, OCTOBER 5, 1979

Mr. Chairman, I am most grateful for this opportunity to appear today before the National Commission on Air Quality as it investigates the problem of acid rain. I shall not occupy too much of the Commission's time as I understand you have several expert witnesses appearing before you today and I have pressing business at the Finance Committee. I would, however, like to take a few minutes to express my concern about the acid rain problem and offer a few suggestions for its resolution.

As you know, my interest in environmental issues is a longstanding one, dating back to my days in the House of Representatives when I helped organize the Environmental Study Conference and was one of the principal authors of the Clean Air Act Amendments. I am particularly interested in the topic of your meeting today because whatever solution the Commission and others now studying the acid rain problem ultimately produce will have a significant effect on the state which I represent, Pennsylvania.

First, although much remains to be discovered about the causes and potentially harmful effects of acid rain, preliminary investigation has established that Pennsylvania is in the "eye of the acid rain storm." According to an article in a recent issue of Pennsylvania Forests, which I am asking be inserted in the RECORD, samples taken during the past year at the Northeastern Forest Experimental Station at Kane, Pennsylvania, have recorded on a continuing basis some of the most potent acid precipitation anywhere in the United States and possibly in the world. As evidence of the mounting concern in my state about acid rain, at a recent meeting of conservation groups in Pittsburgh which I convened to discuss the issues of Alaska lands and RARE II wilderness areas in the Allegheny National Forest, several spokesmen for environmental groups wanted to know what Congress intended to do about the acid rain problem. And just last week, the Philadelphia Inquirer ran a front-page article on the growing threat posed by acid rain.

Not only is Pennsylvania disproportionately affected by acid rain, some of its key industries such as coal and steel may well be called upon to bear the brunt of whatever solution to the acid rain problem that the Commission and others studying the problem may propose. As part of the national goal of energy independence, of which I am in full support, the nation's output of coal is to be doubled by 1985 to replace imported oil and scarce natural gas reserves, and air quality standards may be eased. Yet frequently cited as a cause of acid rain are particles of sulfur dioxide produced mainly by power generating plants and large industrial smelters—which use the coal so abundant in Pennsylvania and other states and so necessary if the dependence on imported oil now crippling the nation's economy is to be reduced. I am thus concerned that in the process of attaining energy independence, the health of our people and the productivity of our forest, agricultural, and water resources are not sacrificed. At the same time, I would hope that in attaining the equally worthy goals of air quality and reduced acid rain, we do not place an unreasonable burden on those industries whose continued vitality is crucial to meeting the nation's energy needs.

I shall not dwell at length on the effects of acid rain, leaving such a discussion to the expert witnesses from whom you will be hearing today. Suffice it to say that the reports I have seen, several of which I am inserting into the hearing record for the benefit of Commission members and staff, have established the following:

Scandinavian studies have demonstrated decreased forest growth in areas of acid rain. This phenomenon has been documented to a lessser extent in the Northeastern United States.

Farmers find themselves forced to counteract the effects of acid rain by adding fertilizer to replace nutrients leached from the soil and lime to neutralize acid. A strong acid rain can result in holes in lettuce, spots on tomatoes, damage to leaves, and retardation of plant growth.

Acidification of lakes and rivers can render them sterile. Not only does acidity adversely affect the reproductive capability of adult fish and the survivability of eggs and young fish, a sudden acid-laden snow melt may kill thousands of fish in a single day by acid shock or aluminum poisoning. In Scandinavia, there are already 15,000 fishless lakes. In Canada, scientists fear that as many as 50,000 lakes may become sterile over the next two decades. And in the Adirondack Mountains of New York, over 300 lakes are now sterile.

The quality of drinking water is harmed by acid rain as it deposits toxic metals into reservoirs, leaches metals out of the soil and into the water table, and picks up metal from pipes. Last year Dr. William E. Sharpe at Pennsylvania State University studied drinking water in Clarion, Pennsylvania, where residents depend on cisterns for drinking water. In several instances drinking water exhibited dangerously high levels of lead. Snow in the area showed high levels of lead and cadmium, both of which are toxic in sufficient quantities. "And those were just the ones we checked for," observed Dr. Sharpe. "There could have been other things—arsenic, mercury . . . we didn't check for those."

Acid rain has a corrosive effect on buildings and automobile paint. In fact, during the same week that the highest acid precipitation rate yet observed was recorded at Kane, Pennsylvania, over 200 cars in the Harrisburg area alone received damage to painted surfaces from acid dew. Even nylon stockings deteriorate more rapidly from acid rain.

Ironically, efforts to meet air quality standards by building taller smokestacks have contributed to the acid rain problem and spread it across vast distances. As a result, acid rain in Europe is borne by Atlantic air currents from North America. In fact, Norway and Sweden are considering taking the issue before the World Court to try to collect damages from other nations. Similarly, Canada receives three times as much sulfur dioxide from the United States as it sends back and therefore wants to negotiate an air pollution treaty with the United States. And here in the U.S., evidence suggests that much of the acid rain problem in the Northeastern states originates in the Midwest.

Because of the scope of the acid rain problem—and the fact that it respects no state or national boundaries—a nationwide research effort is needed to determine the origins of acid rain, identify its hazardous effects, and suggest solutions. In recommending such an effort I do not intend to denigrate the ongoing research of the Acid Precipitation Experiment (APEX); the National Atmospheric Deposition Program (NADP) at the Department of Agriculture; the Multistate Atmospheric Power Production Pollution Study (MAP3S) at EPA; and the Sulfate Regional Experiment (SURE) sponsored by the Electric Power Research Institute (EPRI).

However, I feel that a more comprehensive approach is warranted. In his 1979 Environmental Program President Carter has proposed a ten-year Acid Rain Assessment Program, an approach whose concept I support. That is why I am cosponsoring, along with my distinguished colleague from New York, Senator Moynihan, S. 1754, the Acid Precipitation Act of 1979. This bill would, among other things, do the following:

(1) Establish a Federal Acid Precipitation Task Force chaired by the Administrator of EPA and composed of representatives from the Departments of Agriculture, Commerce, Health, Education and Welfare, and Interior, and from the National Science Foundation and the Tennessee Valley Authority.

(2) Direct the Task Force to develop a plan to coordinate the efforts of federal and state agencies, localities, universities and other research and demonstration centers, and public and private corporations.

(3) Authorize $152 million to be spent by the federal government over the next eleven years.

There are some modifications to the measure, however, which I would like the Environment and Public Works Committee to consider. First, I am concerned about the cost of the program and would want assurances that its work would not duplicate the ongoing research efforts which I cited previously. Second, there exists a more serious omission in the bill as introduced which is that representatives of state governments which will be called upon to implement the recommendations of the Task Force are not included among its membership. Similarly, I feel that the Task Force should include representatives of industries likely to be affected by its findings. Third, I would like to direct the Task Force to seek solutions to the acid rain problem which do not place an unreasonable burden on those industries whose continued vitality is crucial to meeting the nation's energy needs. The provision in S. 1754 for capital grants to states is a step in this direction.

More importantly, in calling for this long-term research effort I do not mean to suggest that there are not immediate steps which can be taken to reduce the environmental and health hazards posed by acid rain. Although additional scientific research is needed to demonstrate conclusively the causes and effects of acid rain, any reasonable man—or woman—can infer on the basis of evidence already available that:

(1) acid rain has harmful effects on plant and aquatic life, farmland, property, and human health; and

(2) the primary source of acid rain is emissions of sulfur and nitrogen from such sources as fossil fuel burning power plants.

I therefore suggest that the following steps be taken to alleviate the effects of acid rain:

First, the use of stopgap measures such as liming of acidified lakes to reduce the immediate hazards of acid rain while long-term solutions are being devised;

Second, a ban on further construction of tall stacks which heretofore have been used by many air pollution sources to comply with clean air standards;

Third, economic feasibility studies of retrofitting existing tall stacks and other pollutant sources with scrubbers;

Fourth, requiring that new power plants and other contributors to the acid rain problem not be sited where they will exacerbate the acid rain problem; and

Fifth, including funding in the national energy program of increased coal utilization and synthetic fuels development for emissions control equipment and other programs to combat acid rain.

In conclusion, I hope that this meeting of the Commission and proposals such as I have outlined today will help draw further attention to the problem of acid rain and expedite the development of much-needed solutions. I hope that the Commission has found my remarks today enlightening in this respect.

Acid Rain on Pennsylvania Forests, Waters

(By Larry J. Schweiger)

A young tree planter clad in blue jeans and a cotton plaid shirt bends over a newly created hole in the ground. With the last of many White Pine transplants to be set into the soil this spring day, his hands spread the fine root system throughout the hole. While carefully pressing excavated soil back around the roots, sticky clay particles cling to his hands.

Completing the task, he unconsciously rolls the clay globs into a ribbon and looks over the day's work. Scattered throughout this clearcut can be seen small but ubiquitous mixed pine seedlings midst downed tree tops. He ponders about future fruits of his effort, knowing fullwell these seedlings must fend against a miriad of natural enemies including insects, wildlife and forest fires.

Their future unfortunately, will be out of the planter's control and increasingly threatened. For on top of a number of natural enemies to tree seedlings, modern civilization is stacking many more insidious threats. One very critical to the future forest is acid rain from air pollution.

Worldwide concern has been growing in recent years about forest productivity that may be reduced by far away air pollution emissions. The rate of forest growth has declined in Southern Scandinavia and in the Northeastern United States between 1950 and 1970. Documentation of the cause of the decline is lacking, but acid precipitation is increasingly suspect.

Numerous laboratory experiments have shown that acid rain can damage leaves; alter trees responses to both beneficial and disease causing organisms; effect the germination of conifer seeds and interfere with the establishment of seedlings effect the availability of needed nitrogen and potassium in the soils; decrease soil respiration; and increase leaching of nutrient ions from the soil.

A report entitled: "Environmental Effects of Increased Coal Utilization," by the Environmental Protection Agency, sites the above laboratory results but warns: "It has not yet been possible to demonstrate unambiguously decreased tree growth in the field." But in all probability, it is happening now.

Pennsylvania appears to be in the eye of the acid rain storm. Samples taken at the Northeastern Forest Experimental Station during the past year show its station at Kane to be recording on a continuing basis some of the most potent acid precipitation anywhere in the United States and possibly in the world.

Debilt station in the Netherlands had a pH of 3.78 as a yearly weighted average in 1966–67 which is considered the highest acid precipitation rate in the world. The lowest pH reading at Kane occurred on the nineteenth of September of 1978 when a sample collected showed a pH reading of 2.32. During the same week over 200 cars in the Harrisburg area alone, received damage to painted surfaces from acid dew.

In a statement before the Environmental Quality Board on January 1979, Ralph Abele the Executive Director of the Fish Commission said, "As more data are received on this subject, it becomes clear that Pennsylvania is now a full partner with the problem of acid precipitation which was first observed in Scandinavia and in upper New York State.

Maps developed by researchers indicate that large areas of Pennsylvania are receiving the brunt of the acid precipitation in the eastern United States. The evidence seems to indicate that this may be the result of long-distance transport of pollutants from the midwestern industrial centers. In all probability, the problem has been intensified by states to the west of us allowing the construction of tall stacks without the use of scrubbers which would eliminate the source of much of the acid rain.

PH isophleths from 1955–56 to 1972–73 in the northeastern portion of the United States indicate the average annual pH has been decreasing steadily. The most recent data shows that this trend is continuing. In response to this problem, several networks of acid rain stations are being formed in the United States and more stations should be considered.

A thorough study of existing information and data has already caused the President's Council on Environmental Quality to call acid precipitation one of the two most critical environmental problems. (The other is the buildup of atmospheric carbon dioxide with it's long-term potential for profound climatic alteration. Atmospheric carbon dioxide has increased 12% since 1850.)

An acid rain report prepared by the National Atmospheric Deposition Program to the Council on Environmental Quality states: "The increasing acidity of precipitation has already caused measurable damage to aquatic ecosystems and has the potential for longer-term injury over decades to forest systems.

"It can severely impoverish sensitive soils and degrade the natural ecosystem so important to human welfare. The continuing, unchecked environmental degradation caused by acid precipitation could reach a stage where the damage to natural ecosystems would be irreversible."

There basically appears to be four forces in eastern United States to cause acid rainfall increases:

1. Increased consumption of high sulfur fuels to solve the energy crisis.—Pennsylvania, for example, has increased coal production by 23 million tons since 1961. Between 1960 and 1980, nationwide sulphur oxide emissions to the atmosphere will have nearly doubled. SO_3 emissions amounted to twenty-three million tons in 1960, thirty-three million tons in 1970 and estimates indicate emissions will reach forty-one million tons by 1980.

2. Increasing acid loads from the automobile.—Gasoline contains small quantities of thiophene which is an organosulfur compound. Thiophene is oxidized through combustion to form sulphur dioxide in the automobile engine. In new autos equipped with catalytic converters, some of the SO_2 may be converted to SO_3, which readily reacts with water vapor in the exhaust system to form H_2SO_4 or sulfuric acid.

Small quantities of acid then are emitted from the converter as acid aerosol. Despite this fact, the Environmental Protection Agency after study recommends that no automotive devices be added or altered to curb the sulfur related emissions primarily because this source is thought to be "minor".

3. Loss of buffering potential from fly ash reductions.—Fly ash is neutral to slightly basic in nature and has a tendency to act as a buffer against acids. The struggle to meet established air quality standards has been much more successful in the area of controlling particulates than that to control sulfates.

Electrostatic precipitators have been the primary device for controlling fly ash from coal burning power plants. First used in 1923, precipitators were increasingly applied to control particulates through the fifties and sixties. Today, the average particulate removal efficiency is 99.5%.

On the other hand, sulfur controls are moving much slower. As of May of 1978, only thirty - six scrubber - equipped - coal - fired plants were in operation nationwide, representing less than 5% of all coal generation. It has been estimated that only one hundred and thirty-eight flue gas scrubber-equipped-coal-fired utilities will be operational by 1986.

Additionally, a recent inter/agency study on Ecological Effects of Increased Coal Utilization concluded that this trend will continue over the next twenty years as sulfur oxide emissions will increase 25% over 1975 levels by the year 2000 while the particulates will continue to be reduced to about 80% of the 1975 levels.

Since fly ash is known to have buffering effect on rainfall pH, the contention is made by many experts that high particulate loading from the combustion of coal in the past could have caused a buffering of acids. A study of Lichen and Borman of Cornell University for example, conclude that the installation of partical removing devices eliminates these alkaline substances consequently permitting appreciable quantities of SO^2 to be converted to free acid. Free acid is now believed by some to account for up to 80–100% of total acid.

4. The role of nitrogen oxide in the formation of acid is believed to be on the increase in eastern United States.—

Nitrogen oxides are favored during high temperature combustion and come from atmospheric nitrogen that becomes part of combustion air. (Nitrogen makes up 78% of the atmosphere.)

In the past, nitrogen oxides play a larger role in the formation of western acids but have played a much smaller role in the formation of those in the east. However, NO_x is currently believed to be increasing from 22% of the total to 30% of the total acid load.

With the National energy goal of double coal output by 1985 to replace imported oil and scarce natural gas reserves, we can only expect short and long-term impacts of acid rain to become more damaging to sensitive forest and water ecosystems. Further softening of air quality standards also appears imminent.

The Environmental Protection Agency is under pressure from many forces, and is proposing to relax air pollution standards for new coal fired plants by shifting from full to partial scrubbing on a sliding scale of 70–90% depending on sulfur content of coal consumed. The scale will be based upon meeting the ceiling of 1.2 pounds of sulfur per million Btu's.

This proposal is in violation of the 1977 Clean Air Act amendments which mandate the Environmental Protection Agency to require "best available control technology" (full scrubbing) on new facilities. According to estimates, this move may reduce future electric bills by an average of fifty-five cents per month. But the costs will be passed along to the owners of forest lands in terms of damage to natural reproductivity.

Thus, acid rain has already become a destructive intruder into Pennsylvania's forests, frustrating the young tree planter and forest land manager alike. Over the past seventy years, foresters have made great strides in the direction of better forest resource management. It now appears that this work might be severely marred by forces largely out of the hands of those responsible for the resource.

There are however, many things that foresters can do to help win the battle against forest damages caused by acid deposition. The forest industry should support research projects to determine the long-term impacts and costs of acid on various soils and tree species. Foresters may also be helpful by supporting the various environmental groups' efforts to prevent relaxation of air quality standards.

This Nation needs to minimize the dependence on foreign sources of energy. But in pursuit of that goal, we must also minimize the environmental damage caused by air pollution.

In the short-term, it might appear wise to relax air quality standards to burn more coal. In the long pull however, coal's future will largely depend on our ability to clean it to acceptable levels.

In 1976, Dr. Lichens of Cornell University suggested that desulfurization was the only realistic and viable alternative to minimizing the sulfur oxide problem. He estimated that the United States could cut sulfur emissions in half by spending four billion dollars in control measures.

Other researchers indicate the cost can further be reduced by the generation of "producer gas" from coal and by further "fine tuning" the combustion process to minimize emissions.

A study by Dr. Cooper in 1976, envisioned a system of sulfur recovery which included transporting sulfur wastes to western agricultural areas to supplement sulfur deficient soils thus increasing soil productivity and turning a liability into an asset.

The United States vitally needs coal-produced energy! However, we do not need energy at the sacrifice of paper, wood, food, fish and wildlife resources or environmental quality. With careful management and planning, we can have sufficient energy and a healthy environment at the same time.

[From the Philadelphia Inquirer, Sept. 12, 1979]

EPA Sees Danger of "Acid Rain" Rising Daily

(By David Hess)

Washington.—Evidence is mounting that the smokestacks of the Midwest are endangering the health and property of millions of Americans and Canadians in the northeastern quarter of the continent.

Environmental Protection Agency (EPA) scientists, although admittedly far from reaching definite conclusions on the extent of the danger, say that the threat is rising daily. It will get "a helluva lot worse before it gets better," one scientist said.

They have a shorthand description of the threat: "acid rain."

EPA researchers believe that it is contaminating public drinking water supplies, reducing some farm crops and damaging certain forests, especially deciduous hardwoods.

Here's what happens:

Sulfur-laden smoke, laced with nitrogen oxides, plumes skyward from thousands of coal-fired boilers in Ohio, Indiana, western Pennsylvania and other Great Lakes states.

Wafting at high altitudes, the plumes bear north by northeast, impairing visibility and mixing slowly with clouds.

Combined with moisture, the sulfur and nitrogen oxides capture the hydrogen atoms in the water. When atmospheric conditions are right, they plummet to earth as rain or dust in Canada, in the Adirondack and Allegheny mountains and in New England.

And what goes up as smoke is not the same as what comes down as rain and dust. The bond between the hydrogen and sulfur-nitrogen oxides forms two of the most corrosive substances known to man, sulfuric and nitric acids.

Over the last few years, the northeastern United States and vast tracts of eastern Canada have been bathed increasingly by these acid rains.

Already, hundreds of mountain lakes in New York, Pennsylvania and New England have been "killed" by the acidic downpour, and no longer can support fish or other aquatic life. In Canada, thousands of pristine lakes have been similarly destroyed.

EPA scientists also have found evidence that acidic contamination of lakes and streams increases the amount of dangerous heavy metals such as mercury and aluminum by suspension. This poses a serious threat to some drinking water supplies.

Acidic contamination of water supplies has corroded the pipes of some public water systers in upstate New York, the EPA says, causing harmful metal particles to flake off into drinking water.

"The long-term effects of this contamination could be horrendous," said EPA deputy administrator Barbara Blum.

EPA officials say the exact extent and severity of the pollution has not been established.

In Pennsylvania, the Department of Environmental Resources has brought suit against the EPA for allowing two power plants in West Virginia to burn high-sulphur coal, arguing that its use will worsen the acid rain problem in Pennsylvania.

"The Pennsylvania Fish Commission has been studying streams throughout the state and found that the water in them is becoming more acidic, as a result of acid rain," said David Milne, spokesman for the Department of Environmental Resources.

"Farmers have been finding that their soil is more acidic, so they have to lime more, and it has an effect on automobile paint and buildings, and even causes nylon stockings to deteriorate."

EPA is mounting a $5 million research program, starting Oct. 1, to begin a systematic collection and evaluation of evidence of the pollution draft. The Agriculture Department and President's Council on Environmental Quality, among others, also are involved in the hunt.

In his Aug. 2 environmental message, President Carter committed an additional $10 million, over the next decade, to the research effort.

Much of the money is expected to go for research on the direct and indirect effects of acid rain and dust on people, land, plants, surface and underground water supplies, and man-made structures.

EPA admits that it does not fully understand the basic physical processes involved in the formation, spread and deposit of the acidic residues.

East of the Mississippi River, the principal source of the pollutants is the electric utility industry, whose coal-fired boilers spew millions of tons of sulfur and nitrogen oxides into the air yearly.

Ohio is the major source of the pollution, EPA experts say, accounting for about 11 percent of the nation's total polluted smoke.

The EPA has been battling with Ohio officials and utilities for years in an effort to bring the state into compliance with current air quality rules.

Mr. MOYNIHAN. Mr. President, I thank the Senator from Pennsylvania for his generous remarks. He is a full partner in this endeavor.

I see the Senator from Montana, who is also a cosponsor of this legislation. He has a modification of my amendment that strikes me as being altogether appropriate in this enterprise. I yield to the Senator from Montana.

Mr. BAUCUS. I thank the Senator from New York.

Mr. President, I think that it should be made very clear to the American people that Senator Moynihan's proposal to attack the problems associated with acid precipitation is a good one.

Many in this country are simply not aware of the seriousness of the problem, and that bold and energetic initiatives such as this one are necessary if this country is to head off what is clearly a very formidable threat to its environment.

Not only do I uphold what Senator Moynihan is proposing, but I ask other Senators here in this Chamber to consider very carefully the potentially beneficial implications to their own States if this measure is adopted, and especially those Senators representing Western States.

Many of our children in the Eastern United States are already aware of the serious challenge that acid precipitation poses to the environment.

Without our realizing it, acid precipitation has killed literally thousands of lakes and streams in the Northeast, and, to no mean or insignificant degree, has poisoned many of the best agricultural lands throughout this country.

As serious as acid precipitation is, it is a subtle threat. It pollutes slowly, and in the past we have awakened to its challenge when it was too late. As a Nation, we have failed to understand acid precipitation, and as a result, we have not made the decisions necessary to curb its effects.

The cost has been the death of many of our lakes and streams, especially in the Northeast. But before it is too late this country, particularly the West, we must act in concert to attack this problem.

The peoples who inhabit other portions of the country apart from the Northeast must be aware of the threat that acid precipitation poses to them also, and they must understand this now.

I want to stress that Senator Moynihan's proposal has significant and positive implications for more than just the Northeast. It calls for widespread action, and over a period of several years. It calls for research which will reveal sources and solutions.

It calls for initiatives which will spare all portions of America this terrible threat. Speaking as a westerner, and one who is a strong supporter of our environment, I urge my colleagues to support Senator MOYNIHAN in his most important efforts.

This is especially true for the Western interests of this country. Senator MOYNIHAN has agreed to accept my proposal for four regional representatives, to be appointed by the President and approved by the appropriate committees of Congress, to the task force which his measure will establish. This means that the South, Southwest and Northwest will have an important voice in this decisionmaking body.

Regional representation on the task force will also enable Western States to voice concerns and solutions in addition to providing the hard data required for domestic and international solutions.

At this time, Senator MOYNIHAN endorses an amendment I propose, which will give the Governments of Canada and Mexico the option to appoint one adviser each, who will have no decisionmaking capacity, to the acid precipitation task force.

This is an acknowledgement that acid precipitation will require international as well as domestic cooperation. It gives our neighbors an opportunity to share directly any information they deem necessary and beneficial to our common interests and our common concerns.

I applaud Senator MOYNIHAN for his wisdom and eagerness to accept the revisions I have made to his important measure, and speaking as a westerner, and as a Senator who believes that the United States must further cooperate with its foreign neighbors, I firmly endorse Senator MOYNIHAN'S measure to bring an end to the problem of acid precipitation.

UP AMENDMENT NO. 746

Essentially, Mr. President, the modification which the sponsor of the amendment has so graciously agreed to provides that the Governments of Mexico and Canada, at their option, may appoint a person to the commission, the task force, without any decisionmaking authority—as advisers only—due to the international implications of the development of synthetic fuel plants, not only in America but certainly in southern Canada and Mexico as well.

I urge the distinguished Senator from New York to accept it. I know he has already, for which I thank him.

Mr. MOYNIHAN. Mr. President, I send to the desk a modification of the amendment before us, which has been offered by the Senator from Montana.

Mr. JOHNSTON. Mr. President, the Senator has the right to amend his amendment, of course. As amended, we shall accept it.

The PRESIDING OFFICER. The clerk will state the modification.

The assistant legislative clerk read as follows:

The Senator from New York (Mr. MOYNIHAN) further modifies his amendment with an unprinted amendment numbered 746:

Add to page 5, line 3 in (b) (1):

Recognizing that the solutions to the problems of acid precipitation will require international as well as domestic cooperation, and recognizing that the Acid Precipitation Task Force is required to share research and other information with appropriate foreign governments, the government of Canada, and the government of Mexico, may, if they so chose, designate one representative each who would serve as members of the Acid Precipitation Task Force as advisers only, and who would not have any decision making function.

Mr. MOYNIHAN. Mr. President, I yield further to the Senator from Montana.

Mr. BAUCUS. Mr. President, I rise for a point of clarification. Being from the Northwestern part of the United States, I want to be sure that it is the understanding of the Senator from New York that one of the four regional representatives on the Commission will represent the Northwestern United States.

Mr. MOYNIHAN. The Senator is entirely correct. If I may say, we have the unimaginative but not impractical proposal of having four regions—meaning Northeast, Northwest, Southeast, Southwest.

Mr. BAUCUS. I thank the Senator for his impeccable logic and for his assistance.

Mr. DURENBERGER. Mr. President, I am pleased to cosponsor this amendment to S. 932 and to urge the support of the Senate for a program to research acid rain. For it is fast becoming one of the most significant and dangerous environmental problems, not only in the United States but throughout much of the industrialized world.

Indeed, the trend is painfully clear. Measurements of the acidity of rain and snow reveal that in Western Europe and in parts of the United States, precipitation has changed from a nearly neutral solution 200 years ago, to a much stronger solution of sulfuric and nitric acids. In the most extreme example yet recorded, a storm in Scotland in 1974, the rain was the acidic equivalent of vinegar.

Acid rain is created when sulfur dioxide and nitrogen oxides, two gaseous pollutants, are further oxidized to the acid form and fall in rain or snow. The phenomenon was first noted in industrial England during the early part of this century. Today, rain falling over the Eastern United States is concentrated 50 times greater in dilute sulfuric and nitric acid than 30 years ago. Sulfur from industry-refineries, metal smelters, and power plants contributes 60 to 70 percent of the acidity. Most of the remaining acidity, nitrogen oxides, comes from auto emissions and powerplants.

The United States discharges 50 million tons of sulfur and nitrogen into the air each year. And this amount is expected to increase. For example, despite strict new air quality standards established for new powerplants, EPA tentatively predicts that emissions of sulfur dioxides by utilities will rise from 18.6 million metric tons in 1975 to 23.8 million metric tons in 1995 under existing regulations. This increase is due to the expected increase in the use of coal as a replacement for oil. Emissions of nitrogen oxide are also expected to increase substantially.

Acid rain is an international problem respecting no boundaries. Carried for days by global winds, acid rain falls to Earth in definite patterns along major weather routes. It causes acidification and degradation of soil, severe disruption of fresh-water ecosystems, and architectural damage and corrosion (estimated at $2 billion a year in the United States). Over the long term forest productivity may be damaged, and public health may also be at risk from acid aerosols and the contamination of food and drinking water.

Some areas are especially vulnerable to the effect of acid rain, particularly those underlaid by highly siliceous types of bedrock such as granite and quartzite. These rock types are resistant to weathering, and the characteristic soft waters of such areas have a low buffering capacity—a low ability to neutralize additions of acid. Bedrock geology, therefore, provides a rough indication of the location of sensitive areas.

The more than 1,000 vulnerable lakes in the Minnesota Boundary Waters Canoe Area, northern Wisconsin and Michigan are very sensitive to acid rain. In fact, they are comparable in vulnerability to other systems which have been severely impacted by acid rain and snow in Europe and in other parts of North America. Most of these surface waters have little ability to neutralize acid inputs from acid precipitation. Already atmospheric loadings near the Boundary Waters Canoe Area and Voyageurs National Park region in Minnesota are at levels associated with the onset of severe lake acidification in Sweden.

Indeed, research conducted by Dr. Gary E. Glass and others at the U.S. Environmental Protection Agency's Environmental Research Laboratory in Duluth, Minn., has indicated that at least 35 percent of the lakes in northeastern Minnesota and up to 15 percent of the lakes in Wisconsin have reached critical acidity levels, even without the addition of new pollutants. These lakes are literally on the verge of destruction from acid precipitation.

The diverse and valuable fishery of this area of Minnesota includes species which have been greatly reduced or eliminated by acid rain and snow in other parts of the United States and Canada. While damage there has been less than in the Northeast, studies have shown increased levels of mercury in trout, Walleye Pike and Northern Pike, which may well have resulted from acid rain. Fish kills not only result from the direct effects of acidic lake water, but also from the toxic metals—such as aluminum—that are released as acid rain is transported through surrounding soils. These same chemical processes could cause toxic substances to enter drinking water supplies.

The threat to the forests of Minnesota is also of great concern. Acid rain in the Voyageurs National Park, Boundary Waters Canoe Area and Superior National Forest may affect the growing rates of sensitive pine species, cause detrimental effects on other vegetation, and increase toxic element impacts on entire food chains.

Mr. President, the need for immediate legislative action to address this major problem has been clearly demonstrated.

The amendment which I have cosponsored would establish the importance of: First, identifying the sources of acid precipitation; second, understanding the atmospheric chemistry resulting in acid precipitation; third, determining the environmental, social, economic, and health impacts of acid precipitation; fourth, developing and implementing a comprehensive plan to mitigate the harmful effects of acid precipitation in this Nation; five, utilizing universities and other research demonstration centers to encourage public participation in activities to remove the causes of acid precipitation and rehabilitate affected areas; and six, encouraging State participation in solving acid precipitation problems.

Mr. President, acid rain affects our entire country and, as a national and international issue, must be addressed by the Congress.

We urgently need to know if what we now suspect, and what we fear, is true regarding this global phenomenon. We must carefully monitor the trends and determine the extent of the sulfur dioxide and nitric oxide emissions. The decisions we make regarding the future must be made on the basis of the best information we can obtain. Unfortunately, we do not have much of the information that is vitally needed to solve the acid rain problem, and a major research effort is urgently needed to provide it. We must have this information if we are to make rational decisions regarding energy production and avoid severe impacts on the environment.

I strongly support this amendment and urge passage of this response to the critical problem of acid rain.

I ask that materials analyzing the effects of acid rain be printed in the RECORD following my remarks.

The materials follow:

Acid Rain

(By Gene E. Likens, Richard F. Wright, James N. Galloway and Thomas J. Butler)

Measurements of the acidity of rain and snow reveal that in parts of the eastern U.S. and of western Europe precipitation has changed from a nearly neutral solution 200 years ago to a dilute solution of sulfuric and nitric acids today. In the most extreme example yet recorded—a storm in Scotland in 1974—the rain was the acidic equivalent of vinegar (*p*H 2.4). The main reason for this trend is the rise in the emission of sulfur and nitrogen oxides to the atmosphere accompanying the rise in the burning of fossil fuels. Partly because acid precipitation has a variety of harmful effects on plant and animal life, efforts have been made to curb the emission of such oxides. Notwithstanding these efforts the level of emissions is expected to rise further under the present policy of turning increasingly to coal as a source of energy. At the very least the prospect suggests that a more substantial effort should be made to determine more precisely the effects of acid precipitation; it might also suggest a more vigorous exploration of ways to reduce the release of both sulfur and nitrogen oxides into the atmosphere.

Acidity in a solution such as rain is synonymous with the presence of hydrogen ions (H^+). A common measure of acidity is *p*H, which is defined as the negative logarithm of the hydrogen ion concentration. The *p*H scale ranges from 0 to 14, with a value of 7 representing a solution that is neutral, values below 7 indicating greater acidity and values above 7 indicating greater alkalinity. One should bear in mind that the *p*H scale is logarithmic, so that solutions of *p*H 6, 5 and 4 contain respectively one, 10 and 100 microequivalents of acidity (H^+) per liter (abbreviated μeq/1).

What determines the chemistry of rain and snow? The water comes from evaporation and transpiration (water vapor lost by plants) and is essentially distilled, or pure. Once the vapor reaches the atmosphere, however, it condenses on solid particles and soon reaches equilibrium with atmospheric gases. One of the gases is carbon dioxide (CO_2), and as carbon dioxide dissolves in the water carbonic acid (H_2CO_3) forms. Carbonic acid, being a weak acid, dissociates only slightly in distilled water, yielding hydrogen ions and bicarbonate ions (HCO_3-). At normal concentrations and pressures of carbon dioxide in the atmosphere the *p*H of rain and snow would be 5.6.

Other substances reaching the atmosphere tend to shift the *p*H one way or the other. For example, small amounts of dust and debris are swept from the ground into the atmosphere by the wind. Soil particles are usually slightly basic, or alkaline, in distilled water and release into solution base cations (positive ions) such as calcium, magnesium, potassium and sodium (Ca^{++}, Mg^{++}, K^+ and Na^+), with bicarbonate usually the corresponding anion, or negative ion. Ammonia gas in the atmosphere originates largely from the decay of organic matter. The ammonium ion (NH_4) in rain and snow tends to increase the *p*H. In coastal areas sea spray may contribute significantly to the chemistry of precipitation. Here the important ions added are the ones most abundant in seawater, namely the cations Na^+ and Mg^+ (sodium and magnesium), the anion Cl^- (chloride) and to a lesser extent cations of calcium and potassium (Ca^{++}. K^+) and anions of sulfate (SO_4--).

Gases such as sulfur dioxide (SO_2) and hydrogen sulfide (H_2S), which come from volcanoes and from other natural sources, can also alter the chemistry of precipitation locally. Sulfur dioxide and hydrogen sulfide are oxidized and hydrolyzed in the atmosphere to sulfuric acid. Nitrogen oxides are similarly converted into nitric acid. If these acids are present in significant quantities, they can acidify precipitation to below *p*H 5.6.

The chemistry of natural precipitation, then, depends on the relative amounts of these various substances in the atmosphere. The precipitation in coastal areas can be generally characterized as very dilute seawater if winds are toward the shore. In areas with high winds and sparse vegetation, such as deserts, the precipitation may contain relatively large amounts of base cations. Precipitation in regions with calcareous soils often contains calcium and bicarbonate, presumably as a result of the incorporation of dust, and the *p*H of rain and snow is usually well above 6.

The *p*H of precipitation that fell before the Industrial Revolution and has been preserved in glaciers and continental ice sheets is generally found to be above 5. Swiss workers in Greenland recently measured the *p*H of ice that had originated as snow some 180 years ago; it had a *p*H ranging from 6 to 7.6.

Human activities have significantly changed this picture on a continental scale and perhaps a global one. Large quantities of sulfur and nitrogen oxides are emitted into the atmosphere by the combustion of fossil fuels and the smelting of sulfide ores, particularly in the heavily industrialized and urbanized North Temperate Zone. These oxides are converted into strong acids (sulfuric and nitric) in the atmosphere and fall to the ground in rain and snow. Strong acids dissociate completely in dilute aqueous solutions and lower the *p*H to less than 5.6. The definition of acid precipitation is rain and snow at a *p*H below that value.

An irony in this matter is that the trend toward building taller stacks to relieve local pollution problems has turned the local problems into regional ones. In 1955 only two stacks in the U.S. were higher than about 180 meters; now essentially all stacks being built in the world. In the United Kingdom 45 stacks taller than 300 meters had been built in the world. In the United Kingdom tall stacks were an integral part of measures employed to reduce the severity of smog in London after episodes of life-threatening pollution in the 1950's.

The copper-nickel smelter in Sudbury, Ont., has a superstack more than 400 meters tall. Some 1 percent of the total annual emissions of sulfur throughout the world (from both natural sources and human activity) come from this one smelter complex. During the past decade the annual emissions of sulfur from Sudbury have about equaled the amount thought to have been emitted by all the volcanoes of the world.

It is beyond argument that such pollutants are transported over long distances through the atmosphere. Studies of the deposition of sulfur, lead and other materials on the Greenland ice cap and in other remote places demonstrate such mechanisms of dispersal. What is a matter of sometimes heated discussion, particularly when it is alleged that pollution is crossing a political boundary, is the proportion of pollutants that can be attributed to remote sources.

On an annual basis rain and snow over large regions of the world are now from five to 30 times more acid than the lowest value expected (*p*H 5.6) for unpolluted atmospheres. The rain of individual storms can be from several hundred to several thousand times more acid than expected. Concern over the environmental effects of acid precipitation has led to major research efforts in Sweden, Norway, the U.S. and Canada.

Acid precipitation has been known for many decades in the vicinity of large cities and industrial plants such as smelters, but the phenomenon is now much more widespread. In large areas of the eastern U.S., southeastern Canada and western Europe the annual average *p*H of precipitation ranges from about 4 to 4.5. Since the data are fuller for Europe than for North America, we shall discuss Europe first.

The discovery that precipitation in large regions of Europe had become decidedly acidic followed the establishment in the 1950's of the European Atmospheric Chemistry Network (also known as the IMI Network, for the International Meteorological Institute in Stockholm). At times the network encompassed up to 175 stations in northern and western Europe, from which monthly samples of bulk precipitation (a method of collecting with sampling apparatus that is always open) were analyzed for the concentration of 11 major ions. Although many of the stations are no longer in operation, the data provide a record for the *p*H of precipitation on a regional scale in Europe more than 20 years ago.

In 1968 Svante Odén of Sweden pointed out that precipitation in Europe had clearly become more acidic since the network was established. Maps of volume-weighted mean annual *p*H in precipitation showed that a central region of high acidity (*p*H 4 to 4.5) had spread from the area of Belgium, the Netherlands and Luxembourg in the late 1950's to most of Germany, northern France, the eastern British Isles and southern Scandinavia by the late 1960's.

The Organization for Economic Cooperation and Development (OECD) recently concluded a three-year study that gives a more detailed picture of the present acidity of precipitation in Europe. The results of the study appear in Long-Range Transport of Air Pollutants, Measurements and Findings, a summary of the daily sampling done at 67 stations from 1973 to 1975 as part of the OECD project. The resulting map shows that acid precipitation has continued to spread and today encompasses nearly all of northwestern Europe. (The situation in eastern Europe is unclear for lack of long-term data; clarification may be at hand from data from a new network for precipitation chemistry initiated by the United Nations Economic Commission for Europe.)

The lowest pH value reported for an individual storm in Europe up to now is 2.4 on April 10, 1974, at Pitlochry, Scotland. In the same month values of 2.7 and 3.5 were reported respectively on the west coast of Norway and at a remote station in Iceland. The lowest annual pH yet recorded is 3.78 in 1967 at De Bilt in the Netherlands.

At some stations the increase in the annual concentration of hydrogen ions in precipitation since 1955–56 has been about tenfold. This increase in acidity is matched by increases in the concentrations of sulfate and nitrate over the past 20 years. In northern Europe the excess sulfate concentration (in excess of contributions of sea salt) rose markedly from 1955 to about 1963 and has remained virtually constant since then; overall the rise from 1955 to 1975 was about 2 percent per year. The concentration of nitrate in precipitation has increased quite steadily since 1955 at the rate of about 4 percent per year. Both increases parallel rises in the emission of sulfur and nitrogen oxides from the combustion of fossil fuels.

Emissions of sulfur dioxide in Europe were estimated at about 25 million metric tons of sulfur in 1973. A map showing the regional sources was prepared as part of the OCED study; it revealed regions with particularly high emissions in central Britain, the Ruhr area of West Germany, the coal areas of southern East Germany, southern Poland and Czechoslovakia. It is estimated that human activity accounts for about 90 percent of the sulfur emissions.

It is also estimated that the annual anthropogenic emissions of nitrogen oxides from the 11 OECD countries of Europe totaled about two million metric tons of nitrogen in 1973. The OECD study indicated that these emissions almost doubled from 1959 to 1973. A similar trend might be expected for eastern Europe. In addition biological processes supply oxides of nitrogen to the atmosphere, but the magnitude and significance of these emissions are not known.

The general pattern of the deposition of acid in European rain and snow reflects the long-range transport of air pollutants from the sources of emission. The *p*H of precipitation is generally lowest near the sources and increases with distance. The normal flow of air from southwest to northeast results in an asymmetrical pattern, with acid precipitation reaching far up into northern Scandinavia. Swedish investigators have calculated that more than 70 percent of the sulfur in the atmosphere over southern Sweden is from human activity, and 77 percent of it is believed to originate from sources outside Sweden.

The gradient of acidity is accentuated in mountainous areas that are generally downwind of urban and industrial sources. Mountains enhance precipitation, which continuously removes pollutants from passing masses of air. This situation is found in southernmost Norway, where air masses from the major source areas in the British Isles and central Europe travel many hundreds of kilometers over the North Sea and over land areas of relatively low relief before most of the pollutants are removed in the precipitation over a belt from 100 to 200 kilometers wide along the mountainous Norwegian coast. By the time the air masses have passed over mountainous areas with an elevation of 1,000 meters or so the *p*H of the precipitation has changed from an average of 4.2 at the coast to 4.6 or 4.7, representing a decrease in the concentration of hydrogen ions from about 60 microequivalents per liter to about 20.

Since mountains enhance precipitation, their windward flanks receive large amounts of acid. Data from the OECD project show that the annual deposition of acid in rain and snow in 1974 was highest along the mountain slopes of southernmost Norway, southern Germany and Switzerland. Values ranging from 88 milliequivalents per square meter per year to 120 were observed in those areas.

Dry deposition of sulfur dioxide gas and particulate sulfate also represents the deposition of an equivalent amount of hydrogen ions. Data from the OECD study show maximum values of dry deposition of 10 grams of sulfur per square meter per year in central Europe, or four times the deposition rate by rain and snow, with rates decreasing rapidly with increasing distance from the emission sources to values of about .1 gram in northern Scandinavia. Wet deposition of sulfate in rain and snow begins at three grams of sulfur per square meter per year near the major sources and decreases less rapidly to .5 gram in northern Scandinavia. Dry deposition of sulfur is therefore the dominant mode near the emission sources, whereas wet deposition dominates in remote areas of northern Europe.

The record of changes in precipitation chemistry over North America is much less clear. No monitoring network has been maintained from the 1950's to the present. Even today the monitoring that is done is not sufficient to give a detailed picture.

It is known that before about 1930 relatively large amounts of bicarbonate were found in samples of precipitation in Virginia, Tennessee and New York. Although no determinations of *p*H were made, the presence of bicarbonate in the samples shows that they could not have had a *p*H of less than 5.6. The earliest measurement of precipitation *p*H in the U.S. that we know of was made during a rainstorm in Maine in 1939 by Henry G. Houghton of the Massachusetts Institute of Technology. He obtained a value of 5.9.

If accurate chemical data are available and the hydrogen-ion concentration is more than about three microequivalents per liter, reliable *p*H values can be calculated from a detailed chemical analysis of dilute aqueous solutions. Such chemical data were collected for precipitation at 24 sites in the eastern U.S. in 1955–56 by C. E. Junge of the Air Force Cambridge Research Laboratory. The data have been employed to calculate the *p*H distribution at the time. Although the density of sampling points was low, the general pattern is quite clear: a large area of the northeastern U.S. was receiving acid precipitation by 1955.

From 1959 through 1966 the U.S. Public Health Service and then the National Center for Atmospheric Research operated a sampling network for precipitation chemistry throughout the 48 contiguous states of the U.S. During the latter part of the period (1964–66) some 30 stations, 17 of them east of the Mississippi, collected monthly samples of rain and snow with automatic samplers that were open only during precipitation. The majority of the stations west of the Mississippi consistently showed monthly *p*H values above 5.6; most commonly the values were above 6.5. East of the Mississippi the precipitation was much more acidic. Notwithstanding the paucity of the data from this now discontinued network, the general pattern was quite obvious: areas of acid precipitation were widespread in the eastern U.S., with the most acidic rain and snow falling on New England, New York and Pennsylvania.

Even today there is no high-density, synoptic coverage of the chemistry of precipitation in North America. The situation may soon improve, however, because both the U.S. and Canada have started long-term programs for measuring the composition of atmospheric deposition. The Canadian Network for Sampling Precipitation (CANSAP) began operating in 1976 and the U.S. National Atmospheric Deposition Program (NADP) was initiated in 1978.

In an effort to obtain synoptic data on the current *p*H of precipitation in the eastern U.S. we personally communicated with all the individuals, groups and state and Federal agencies we knew to be studying precipitation chemistry. Although the density of sampling points is still low (46 stations east of the Mississippi, 19 more in Canada), it is much higher than it was in 1955–56 or 1964–66. The data reveal a southward and westward extension of the area receiving acid precipitation and an intensification of acidity in the Northeast and Southeast since 1955. (We wish to acknowledge in this context the contributions from Gerald M. Aubertin and J. Currier of data for West Virginia; Patrick L. Brezonik for Gainesville, Fla.; T. Burton for Tallahassee, Fla.; D. Charles for Ray Brook, N.Y.; K. G. Dickson for the Lake Okeechobee area in Florida; M. J. Duever for Corkscrew Swamp in Florida; the Environmental Data and Information Service for Caribou, Me., Wake County and Macon County in North Carolina, Lauderdale County in Mississippi, Salem, Ill., and Atlantic County in New Jersey; Donald F. Gatz for Urbana, Ill.; Bruce L. Haines for Athens, Ga.; Evelyn B. Haines for Sapelo Island, Ga.; G. S. Henderson for Oak Ridge, Tenn.; Jay S. Jacobson for Yonkers, N.Y.; K. Kuntz for Ontario; J. G. McColl and David F. Grigal for Minnesota; J. M. Miller for Washington, D.C.; M. P. Olson for Ontario and Sable Island in Canada; Rosa de Pena for State College, Pa.; C. J. Richardson for Michigan; W. T. Swank for Asheville, N.C.; the U.S. Geological Survey for sites in the Northeast, and Herbert L. Volchok for Argonne, Ill., New York, N.Y., Chester, N.J., and Woods Hole, Mass.)

It is worth noting that the most rapid increase in precipitation acidity over the past two decades has been in the Southeast. (The trend is more apparent than it is in the Northeast because a smaller amount of acid is required to cause a change of *p*H from, say, 6 to 5 than from 5 to 4.) In the same period the Southeast has had a large expansion of the urban and industrial activities that give rise to emissions of sulfur and nitrogen.

As in Europe, nitrate concentrations in precipitation have increased severalfold in the northeastern U.S. during the past decade or so. Although sulfuric acid is the dominant acid in acid precipitation, nitric acid appears to be contributing about 30 percent (and an increasing proportion) of the hydrogen ions in acid precipitation.

Measurements of the dry deposition of sulfur in the U.S. and Canada are highly scattered. A recent report by the National Academy of Sciences on sulfur oxides suggests that the dry deposition of sulfur is approximately equal to the wet deposition in the eastern U.S.

Since there are large sources of emissions in the middle-western U.S. and the general flow of air is from west to east, it is understandable that acid precipitation is a phenomenon of eastern North America. The phenomenon could become national, however, in the view of the planned increases in the combustion of fossil fuels in the western regions of the continent.

What effect has the increased acidity had on the environment? The question has not been fully answered, but certain freshwater ecosystems seem to be particularly sensitive to inputs of acid. Such ecosystems are generally in areas underlain by highly siliceous types of bedrock such as granite, some gneisses, quartzite and quartz sandstone. These rock types are highly resistant to dissolution through weathering, with the result that surface waters in such areas contain very low concentrations of ions derived from weathering. Characteristically such soft waters have a low buffering capacity (a low ability to neutralize additions of acids or alkalis). Hence when acid precipitation falls on such an area, the acids are not fully neutralized in the terrestrial watershed or catchment, and so streams and lakes become acidified.

Bedrock geology therefore provides a rough indication of the location of such sensitive areas. Maps of the bedrock, however, do not take into account the mineralogy of overlying, unconsolidated deposits such as glacial till, glaciofluvial materials and marine sand, which may have been transported far from their source and may have a mineralogy quite different from that of the bedrock. Local variations in the chemistry of surface waters then may result from differences in these two geological substrates, in soil type and in vegetation.

Areas of highly siliceous bedrock are widespread on the Precambrian Fennoscandian Shield in Scandinavia, the Canadian Shield, the Rockies, New England, the Adirondacks, the Appalachians and smaller areas elsewhere. Fresh waters acidified to below *p*H5 as a result of acid precipitation are found in southern Norway, southern Sweden, Britain, the Netherlands, East Germany, Nova Scotia, Ontario, northern New England, the Adirondacks and Florida. One clear effect has been on the fish populations, which have been virtually wiped out or severely reduced in acidified lakes in some of these regions.

For example, in southern Norway the acidification of thousands of freshwater lakes and streams has affected fish populations in an area of 33,000 square kilometers. In addition several other ecological changes have been observed as a result of the acid stress in such lakes. The rate of decomposition of organic matter is slowed, presumably because of changes in the predominance of bacteria and fungi. Bacteria, which are efficient decomposers, generally do worse in an acid environment. Changes occur at all levels of the food web: phytoplankton, zooplankton and fishes, all of which decrease in number of species. Even the behavior of organisms may change because of changes in their environment.

The distribution of acid lakes is congruent with the distribution of acid precipitation. Further evidence of the impact of acid precipitation is that acid fresh waters are normally not found in regions that would be sensitive to acid (being nutrient-poor and poorly buffered) but lie outside the regions of highly acid precipitation. These observations lead to the conclusion that both the amount of acid in precipitation and the geological characteristics of the area are important in determining the sensitivity of fresh waters to acid precipitation.

Working with water-chemistry data from more than 1,000 lakes in Norway, Arne Henriksen of the Norwegian Institute for Water Research has recently developed an empirical relation by which the sensitivity of a given freshwater system to inputs of acid precipitation can be estimated. For example, he predicts that a calcium bicarbonate softwater lake of the kind found by the thousands in North America and northern Europe with about 80 microequivalents per liter of bicarbonate (corresponding to about 1.7 milligrams of calcium per liter and a *p*H of about 6.5) will lose its bicarbonate buffer to the point where the pH drops below 5 and fish are eliminated if the long-term average *p*H of precipitation is below about 4.3. It would take precipitation even less acidic to give rise to similar conditions in lakes with originally lower concentrations of bicarbonate.

Summer rains are appreciably acid in large areas of North America and Europe, particularly the first part of a rainstorm. They are certainly within the range of acidity where laboratory studies indicate that harmful effects could be expected on growing vegetation if it were exposed and sensitive. It is difficult, however, to isolate the effects of one environmental stress from all the others affecting vegetation, and so the overall effect of acid precipitation on plants has to be regarded as ambiguous in the light of the present state of knowledge.

A natural ecosystem is extremely complex, with numerous interactions at all levels of organization. Evaluating the effects of acid precipitation on such a system is difficult and expensive. The social, economic and political aspects of acid precipitation are particularly vexing because air, rain and snow are not confined by political boundaries. For example, Norway is now completing a $10-million study of the effects of acid precipitation on its forests and lakes. In the U.S. a recent report by the National Atmospheric Deposition Program to the President's Council on Environmental Quality (CEQ) concluded that a program of research costing $9 million per year will be necessary to evaluate the phenomenon of acid precipitation and its effects.

It seems unlikely that the combustion of fossil fuels will decline in the industrialized countries over the next 30 years or so. It is more likely to increase because of the increased reliance on coal as a replacement for oil. The question of the broad environmental effects must be faced. In the U.S. the President's Committee on Health and Environmental Effects of Increased Coal Utilization has identified acid precipitation as one of the two major global environmental problems, the other being the increased emissions of carbon dioxide with their potential effects on climate.

In the U.S. the Environmental Protection Agency (EPA) has ruled that from 70 to 90 percent of the gaseous sulfur must be removed from the emissions of all new coal-based power plants. Old plants remain largely uncontrolled. The control in new plants would be achieved by the installation of scrubbers: flue-gas desulfurization units.

Even so, the EPA predicts that emissions of sulfur dioxide by utilities, which are by far the largest single source in the U.S., will rise from 18.6 million metric tons in 1975 to between 20.5 (with conservation and the best available controls) and 23.8 million (under existing regulations) in 1985. Although such projections are dependent on a variety of known and unknown factors and hence are tenuous, with increased emissions of sulfur dioxide (and nitrogen oxides) it can generally be expected that the deposition of hydrogen ions with precipitation will increase.

The installation of scrubbers is expensive, but the environmental costs of inadequately controlled emissions are also large. Many costs are hidden, particularly the ones associated with the synergistic effects of the stresses that acid puts on organisms (for example, increasing their susceptibility to pathogens and predators). The easy solutions, such as burning low-sulfur coal and oil, have already been applied in the control of emissions in some areas. Nevertheless, in some areas the *p*H of rain and snow has already been pushed through the "easy" part of the scale (from 7 to 4). Reductions in acidity will now be more difficult and far costlier to effect. Ultimately the solution to the acid-precipitation problem lies in the decrease in emissions of sulfur and nitrogen oxides to the atmosphere. This objective can be achieved with a combination of improved control technology and the conservation of fuel.

[From the New York Times, Nov. 11, 1979]

ACID RAIN: AN INCREASING THREAT

(By Bayard Webster)

TORONTO.—The rapid rate at which rainfall is growing more acidic in more areas has led many scientists and governmental officials to conclude that acid rain is developing into one of the most serious worldwide environmental problems of the coming decades.

Rainfall with an acidity level of vinegar that can have a deleterious effect on aquatic and terrestrial ecosystems has been reported in widely separated areas of the earth in recent years. And the trend toward more acidic rain has been accelerating in eastern Canada, the northeastern and northwestern United States, the southern Appalachians, parts of Florida, and in Europe and sections of Asia.

A three-day conference here last week on acid precipitation and its movement across national boundaries attracted more than 700 scientists, government officials, industrialists and environmentalists from Canada, the United States and Europe. In more than a score of seminars and meetings, discussions and lectures were held on the sources and causes of acid rain, the extent of its air pollution role, possible corrective measures and the outlook for the future.

John Fraser, Canada's Minister of the Environment, who addressed the conference, said in an interview that acid rain was "the most serious environmental problem that Canada faces." He noted that toxic fumes from Canada's smokestacks that caused acid rain were transported across the border to the United States, where they had a damaging impact, just as American emissions carried northward had a major impact in Canada.

"The problem can't be solved without an agreement between the two countries," he said, adding that diplomats were working on a treaty and that President Carter and Canadian Prime Minister Joe Clark were scheduled to discuss joint action when they meet in Ottawa next weekend.

Gus Speth, the chairman of the United States Council on Environmental Quality, told the conference that "too much damage has already been done by acid rain—too many trout lakes and salmon streams have already been rendered lethal to fish, and valuable wilderness areas are beginning to show signs of acidification."

Although many aspects of the physical and chemical actions that occur in the formation of acid rain are not known, scientific research has pinpointed the major events that take place. Acid rain is formed when the gases of nitrogen oxide and sulfur oxide are emitted into the atmosphere and, as they are carried along by wind currents, they combine with water vapor molecules and are transformed over a period of hours or days into microscopic drops of nitric and sulfuric acids. These are returned to earth when they encounter rain- or snow-producing clouds, sometimes hundreds or thousands of miles from their original point of emission.

Sulfur dioxide, which comprises about 60 percent of the acid components of acid rains, is created almost entirely by the combustion of coal and oil in power plants, smelters, steel mills, factories and space heaters. Nitrogen oxide, which makes up about 35 percent of the acid in the rains, originates in the exhausts of internal combustion engines, mostly in automobiles, and in the emissions resulting from high-temperature fossil fuel combustion processes.

TROUT AND SALMON AFFECTED

In North America, surveys by chemists, biologists and nature conservation groups such as the National Wildlife Federation have shown that the United States and Canada discharged some 50 million tons of sulfur and nitrogen oxides into the air each year. In Europe, industrialized countries such as Britain, Germany and France produce millions of tons that affect their neighbors, particularly Scandinavia.

The effects of acid rains include the decimation or malformation of fish, particularly trout and salmon, in acidified streams and lakes in North America and Europe. It has been estimated that some 50,000 lakes in the Adirondacks and Canada have become acidified to the point that the fish population has declined or been destroyed.

Several scientists at the conference said that acid rains can cause the leaching of essential plant nutrients from the soil and can reduce nitrogen fixation by microorganisms, causing the soil to be less fertile. They also reported that above-normal amounts of acids in lakes and streams tends to cause the extraction from the bottom sediments of toxic metals such as cadmium, lead and aluminum. These, like sulfuric and nitric acid, can destroy fish and contaminate drinking water.

RELATIVELY LITTLE RESEARCH

The acidity or alkalinity of water is commonly measured by the pH scale, which ranges from 0 to 14. A reading of 7 is neutral; readings above 7 are alkaline and below 7 are acidic. Biologists consider that rainfall or water with a pH lower than 5.6 can be harmful to plant, animal and human life. The average pH of normal rainfall, 5.6, is slightly acidic but harmless because of the naturally and human-generated carbon dioxide in the air, which forms mild carbonic acid when united with water molecules.

The advent of acid rains that have lowered the pH of some lakes and streams to levels ranging from 5 to 2.8 has become most noticeable in the last 10 years as the number of power plants, ore smelters and automobiles has multiplied in industrialized countries. As a result, there has been comparatively little scientific research into the effects of sulfur dioxide and nitrogen oxides on soil and on animal and plant life. More has been discovered about the impact of sulfur oxides than that of nitrogen oxide because the latter chemical involves a more complicated series of chemical actions in the formation of acid rain than does its constant companion, sulfur dioxide.

Attempts have been made to disperse or detoxify the emissions that cause acid rain to offset the rain-caused acidity of lakes, streams and soils, and to breed new plant or animal species that would be acid-resistant. Biologists, agronomists and industrial concerns have devised various systems, devices and breeding programs, most of which, ironically, have had effects opposite to those intended.

SCRUBBERS ARE EFFECTIVE

Smokestack scrubbers, which remove much of the sulfur at the point of emission, have been found to be an effective but expensive way of alleviating the problem at the source. But the following methods and plans have proved counterproductive or hold little hope for the future:

Tall smokestacks. Originally built to disperse acid emissions that fell on surrounding urban areas, the stacks have been found to send the offending chemicals high in the atmosphere, providing them with the air currents that transport them to rain clouds miles away. A copper smelter smokestack in Sudbury, Ontario, is 1,200 feet tall and has been found to be the cause of acid rains that fall miles away.

Liming of acidified lakes. In attempts to decrease the acidification of lakes, tons of lime have been added to the water. But the lime has combined with heavy metals in the bottom sediment, freeing them and increasing the toxicity of the water.

Breeding acid-resistant fish. Dr. Harold Harvey, a University of Toronto zoologist, told the conference that "it makes no sense to breed acid-resistant fish," adding, "Would we breed a gas-resistant canary for miners?"

Many scientists told the audience that perhaps the most serious problem would turn out to be the long-range irreversible effects of acid rains. In an interview Dr. Jay Jacobsen of the Boyce Thompson Institute at Cornell University said of acid rain: "It occurs repeatedly, it affects large regions and it falls on different political arenas. So it's going to be hard to cope with. What happens when you change the soil's chemistry for example? We're going to have to institute a long-range monitoring program for air, soil and water before we really find out the extent of the problem."

[From the Minneapolis Tribune, Nov. 7, 1979]

POLLUTION DISPUTE UNSETTLED AS ATIKOKAN PLANT GOES UP

(By Dean Rebuffoni)

ATIKOKAN, ONTARIO.—In the woods seven miles north of Atikokan, in the middle of a triangle formed by three lakes, a wide swath of land has been cleared of its trees, stripped of its brush and bulldozed smooth.

Right over there, said Don Beckett, is where the powerhouse will be built. And there, just beyond the site of the administrative building, will be the lignite coal stockpile, he said. The smokestack, 650 feet tall, will be over there, he said.

And there, right there, he said, is where the cooling water from Moose Lake will be pumped into the plant, circulated through it and discharged over there, into Snow Lake.

"It's almost an ideal situation," he said. "We'll be making use of something—water—which was already altered for use by the iron mines. We can do that without buggering up more ground."

Beckett has this nice, very-y-y Canadian, title—Superior Supervisor Managing Construction—and he's the man that Ontario Hydro has hired to build a $600 million, coal-burning, electrically-producing power plant.

It is, of course, the same plant that for the last three years has been the target of heavy criticism by environmentalists in Canada and the United States. They charge that it will pour a particularly harmful form of pollution—acid rain—on portions of both nations.

The environmentalists pointed out that the plant would be built 11 miles from Quetico Provincial Park, 35 miles from the Boundary Waters Canoe Area Wilderness (BWCA) and 45 miles from Voyageurs National Park. They charged that sulfur dioxide emitted from that tall plant smokestack would combine with water vapor and turn up in rain as sulfuric acid. And that, they said, would be particularly damaging to the region's soft water lakes and coniferous forests.

At first, the environmentalists tried to prevent the plant's construction and failed. Then, aided by U.S. officials, they tried to convince the Canadian government that the two nations' dispute over the plant should be resolved by an international advisory body. Again, they failed.

Then the environmentalists tried another approach. Since you're going to build the darned thing anyway, they told the Canadian government, at least install sophisticated air pollution control equipment on it. And, again, they failed.

So work on the plant began in earnest in January 1978 and now there are about 100 construction workers busy in the woods north of Atikokan. That will increase to 180 workers next year and to 780 in 1982, when construction is at its peak. Within five years the plant should be producing electricity.

But it won't be producing as much power or as much pollution as the environmentalists had feared that it would—at least not in the foreseeable future.

Ontario Hydro, the electric utility owned by the provincial government, originally planned to build an 800-megawatt plant at Atikokan. That would have cost $800 million.

However, the utility decided in April to scale down the plant to a $600-million version because of a decline in demand for power in Ontario. The scaled-down plant will consist of two 200-megawatt generating units. The first unit is to be operating by 1984; the second by 1988.

Still, Ontario Hydro readily admits that an additional 400 megawatts could later be added at the plant, depending on future electrical demands.

While the environmentalists worry about the plant's impact on the wilderness, most of Atikokan's 6,000 residents look forward to having the plant as a neighbor. In part, that's simply because there's so much wilderness in Ontario, and the potential harming of some of the province's woods and waters seems to be a small price to pay for having a new source of electricity.

But a key reason for Atikokan's enthusiasm is the fact that the plant is creating jobs in a town where new jobs are at a premium.

For years, Atikokan's economy has been based on the wages paid by two major iron-ore mining operations: Steep Rock Iron Mines and Caland Ore Co. Together, they employed about 1,200 workers.

But Steep Rock shut down last year, and Caland is phasing out its operations. Those mines made use of the same set of lakes from which the power plant will draw its cooling water. As Beckett said, that means Ontario Hydro won't be buggering up more ground."

Some supporters of the plant have suggested that its 650-foot smokestack will be tall enough to disperse pollutants over a wide area and thus reduce their harmful impact. That argument has particularly angered environmentalists, who contend that "dilution is the solution to pollution" is an old argument that has been thoroughly discredited by new research.

They have pointed out that International Nickel Company's 1,200-foot-tall smokestack on its copper smelter at Sudbury, Ontario, has been found to be the cause of acid rain that falls miles away.

The answer, environmentalists say, is for Ontario Hydro to install sophisticated scrubbers on the smokestack that will trap sulfur dioxide and other pollutants before they are released into the atmosphere.

Beckett said it may be possible, although he is not certain, that scrubbers could be added to the Atikokan plant in the event that the two nations reach some sort of international air quality agreement calling for such equipment. An agreement is under discussion between top U.S. and Canadian officials.

But scrubbers would cost up to $70 million, depending on the ultimate size of the plant. Ontario Hydro has not been too excited about paying such a high price, in part because the plant as it is now designed will meet Canadian and Ontario environmental standards. Also, the provincial utility simply doesn't agree with U.S. studies that contend the plant will cause severe environmental harm.

For example, at an international conference on acid rain in Toronto last week, an American researcher said that acid rain from the smaller version of the Atikokan plant could significantly damage waters in the BWCA and Voyageurs Park.

The researcher, Gary Glass, is a chemist at the U.S. Environmental Protection Agency's research laboratory in Duluth. His recently-completed study on the impact of the power plant on Minnesota wilderness areas has been frequently cited by environmentalists in the United States and Canada.

Glass said that new projections show that the plant will increase acid rain falling in northeastern Minnesota by 25 percent. He said that even relatively small amounts of additional acid could push some of the region's lakes, which now are teetering on the brink of acidification, over the edge.

But his figures were disputed at the Toronto conference by W. R. Effer, Ontario Hydro's manager of environmental studies.

"The effects of the Atikokan plant on air quality and acid rain have been grossly exaggerated," he said, adding that his research shows that the plant will not violate Canadian, Ontario or U.S. air-quality standards.

Mr. COHEN. Mr. President, I rise in support of the amendment offered by the Senator from New York (Mr. Moynihan).

One of the most deadly environmental problems we face in the industrial world today is, sadly enough, among those we know the least about.

Every day of the year, our food crops, fish, trees, lakes, soil and buildings are poisoned by deadly chemicals which rain on them from the sky. These deadly compounds, which are created when sulfur dioxide and nitrogen oxides, two gaseous pollutants, react and combine with rain water, know no boundaries. Carried for days by global winds, the "acid rain" falls to Earth in definite patterns along major weather routes. Recipients of acid rain may be thousands of miles away from the original source of the pollutants.

Canada, for example, estimates that wind carries some 4 million tons of U.S. sulfur dioxide up the St. Lawrence corridor each year. However, every year 1.3 million of the 8 million tons generated by Canada drift south over our border.

The effects of this deadly precipitation are acidification and demineralization of the soil, reduction in crop and forest productivity, architectural damage and corrosion—estimated to cost the United States $2 billion annually—health effects—estimated to cost at least $1.7 billion—and the disruption of freshwater ecosystems.

While our European neighbors have long had their own air quality monitoring system in order to accumulate data to cope with this problem, we in the United States have only begun to understand the phenomenon and the potential remedies.

Federal responsibility for this problem must increase as the Government encourages the burning of coal and synthetic fuels rather than oil. for combustion of these fuels will only continue to aggravate the spread of acid rains.

I believe the time has come for us to formulate a comprehensive plan to deal with acid precipitation. Only by coordinating national, State, local and private efforts to reduce acid rain can we begin to understand meaningful ways to combat this problem.

For these reasons. I wholeheartedly support the amendment offered by the Senator from New York. which under the guidelines of the Acid Precipitation Act of 1979 introduced earlier this year, would establish a task force to study the acid rain phenomenon over an 11-year period.

The task force would be directed to develop a comprehensive plan to coordinate the efforts of different Government agencies, university and other research and demonstration centers and public and private corporations.

At the Federal level, the task force would establish programs designed to not only research the complex meteorological and chemical processes involved in acid rain, but foster scientific and management interchanges and agreements with foreign governments and international organizations. At the State level, this legislation would encourage Federal and State cost-sharing programs to produce the capital expenditures needed for controlling pollution scources and rehabilitation in affected areas.

The Federal task force is also directed to assess the effectiveness of all of its programs in meeting the overall objectives of the amendment. Each year a report would be submitted to Congress documenting the progress made to date toward finding solutions to the acid rain problem.

In the meantime, the Federal Government must assume the responsibility for a more vigorous program to detoxify our lakes and streams. At present over half of the lakes in the Andirondacks and Canada—some 50,000—are so acidified that the fish population has declined or been destroyed.

In my own State of Maine, researchers have begun to find sharp increases in the acidity levels in hundreds of lakes, making it difficult for plants and fish to survive, and threatening trout and salmon populations.

Additional effects of acid rains which have been detected include the leaching of plant nutrients from soils, and the extraction from lake and stream beds of toxic metals such as cadmium, lead and aluminum which can destroy fish and contaminate drinking water.

I cannot emphasize strongly enough the importance of identifying and tackling this serious problem, and I urge my colleagues to support this amendment.

● Mr. NELSON. Mr. President, I am pleased to cosponsor the amendment offered by my distinguished colleague from New York (Mr. Moynihan).

The threat to our Nation's lakes, forests, and agricultural lands, buildings, and even our own health posed by the present and growing danger of acid rain is far too serious to receive any less than the immediate attention proposed by this amendment. According to yesterday's New York Times, many scientists and government officials have concluded that:

> Acid rain is developing into one of the most serious worldwide environmental problems of the coming decades.

We have no choice but to act now to prevent any further escalation of this danger into a worldwide calamity.

At the same time, I need not remind you of the multiple threats to the external and internal national security posed by our current energy situation. Everyone of us recognizes the absolute necessity of reducing our dependence on foreign sources of oil. And none of us doubts that our energy status quo will fail to achieve energy independence.

Over the past weeks, Congress has voted to cast aside the energy status quo, with legislation on several energy development and related issues. During each debate, scientists, physicians, and others have identified potential dangers and urged that an extra measure of caution and care for the health of our environment be included in any formula to speed up the pace of our march toward energy independence.

This is the case today. Acid rain is produced, primarily, by the interaction of emissions from our fossil fueled powerplants, factories, and automobiles with moisture in the atmosphere. The problem was first identified as early as 1880 in industrial England, but only recently have we realized the full potential for destruction of acid rain. We cannot allow this danger to go unchecked. The consequences are far too great.

Last week in Toronto. scientists from all over the world gathered to share their research into this phenomena. According to these and other scientists, acid rain:

Leaches essential plant nutrients from the soil and reduces nitrogen fixation by microorganisms, causing the soil to be less fertile;

Causes the release of toxic metals from bottom sediments in lakes, destroying aquatic and terrestial life and contaminating drinking water, often beyond recommended standards for human health;

Reduces forest yields;

Damages crops and reduces agricultural yields;

Corrodes metal. painted woodwork. limestone, and sandstone, at a cost of $7 per person in the United States in 1970.

In my own State of Wisconsin, a recent study of 350 lakes by the Environmental Protection Agency found that fish in 80 percent of them are in danger of being wiped out by acid rain. The recreation industry is vital to Wisconsin's economy and the destruction of our recreational fishing resources would devastate that industry. The study results were described in a recent Milwaukee Journal article. I ask that the text of the article be inserted in the Record at this point.

The text follows:

Acid Rains Peril High, EPA Reports

Duluth, Minn.—An Environmental Protection Agency study of 350 lakes in northern Wisconsin has found that fish in 80% of the lakes are in danger of being wiped out if acid rain continues.

The problem is far greater than expected before the study was started, according to Gary Glass, senior research chemist at the EPA Water Control Laboratory in Duluth.

The acid rain is caused by automobile exhaust, burning of coal—particularly by power plants—and other sources of chemicals that react with water vapor to form sulfuric, nitric and hydrochloric acids.

Most of the lakes in which problems were found were in Vilas and Oneida Counties. A smattering of lakes with acid conditions were found in Lincoln, Langlade, Taylor and Price Counties in the new survey.

NOT JUST PUDDLES

"These are not puddles or swamps, but lakes of 20 acres and larger," said Glass.

Glass said that 15%, or 50 of the 350 lakes, had acid PH conditions that were putting fish under stress. That does not mean that the fish are dead or dying, but in the PH range encountered, they no longer reproduce, he said.

PH is the symbol used to measure the relative acidity or alkalinity of water. The PH scale runs from 0 to 14, and a PH of 7 is normal.

"We are not saying that these lakes are dead," Glass emphasized. He said fish might be caught in the endangered waters for 10 years, but that new fish might not be produced.

Studies have not been done on the fish, themselves, Glass said, but the EPA and Wisconsin authorities are trying to obtain money for a study of the effect of acid rain on fish.

BIGGEST SURPRISE

The biggest surprise was the 15% figure of threatened lakes, he said.

Other researchers have found that an acid PH of 6 to 5.5 means that walleye and smallmouth bass stop reproducing.

If a lake PH falls between 5.5 and 5.2, lake trout would no longer breed. If an acid PH of 4.5 is reached, fish eventually would die out.

Another recent EPA study of the Boundary Waters Canoe Area of northern Minnesota found that about 66% of those clearwater lakes had acidity problems. That is considerably lower than the 80% of troubled clearwater lakes found in the Wisconsin survey.

Both surveys indicate that there are problems in regions where problems with pollution are seldom expected.

BUILDUP CONTINUES

Acid rain, if it continues to fall, continues to build up in lakes. The ecological impact of acid rain on fish populations was not reported until recent years when it was found that acid conditions had caused ecological damage or fish dieoffs in 15,000 lakes in Sweden and about 90 lakes in upper New York State.

There was a report this past summer by the International Joint Commission that all parts of the Great Lakes watershed were receiving snow and rain that was 5 to 40 times more acid than normal.

OTHER VULNERABLE LAKES

At that time, Stanley Kmiotek, a DNR fish management specialist, said the most susceptible lakes were in Iron, Oneida and Vernon Counties because they already were very acidic.

Less acid, but still vulnerable, he said then, were some lakes in Washburn, Burnett, Sawyer and Polk Counties.

Another DNR specialist, William Threinen, said last summer that the lakes had only low levels of magnesium carbonates and alkaline calcium that were able to buffer the acids.

As a result, female fish may fail to spawn after acid rain buildups.

The obvious answer to the problem is lowering the amount of pollutants that enter the air, and eventually fall with rain.

That is a political problem.●

Mr. LEAHY. Mr. President, yesterday the Senate approved a massive, $88 billion program to support the development of a synthetic fuels industry.

Synthetic fuels may very well play an important role in our energy consumption well into the next century. The production and consumption of synthetic fuels from coal and oil shale will also have a potentially profound effect on our environment, most notable in the form of air pollutants and acid rain.

If we are to push forward with our desire to accelerate the consumption of these fuels, we must take similar, if not more aggressive, steps to protect our environment from further degradation—to protect the air we breathe, our water supplies, agricultural and forestry commodities, and our wildlife. We must assess the potential for irreversible damage before we are faced with these losses.

Mr. President, I am pleased to join Senator MOYNIHAN and our other colleagues in cosponsoring this amendment.

As the United States moves to cut its consumption of imported oil, we must carefully weigh the environmental impact that these alternative fuels pose. Just as reduced energy consumption will affect our standard of living, the alternative sources being proposed can adversely affect our quality of life. The time for studying these impacts is before we make the headlong plunge into synthetic and alternative fuel production—a plunge we are now making as the world runs out of oil. Mr. President, we have made significant progress in recent decades in our battle for clean air and water. We must not lose sight of these goals as we explore and develop new energy sources. The push for synthetic fuels, the increasing use of wood and conversion from oil to our most abundant fuel, coal, poses many problems.

One of the least understood problems is "acid rain." Precipitation forming in the atmosphere absorbs airborne pollutants such as sulfur, chloride, and nitrate. In combination with water these compounds form acids that fall in rain and snow. These mild acids erode buildings, eat away metals and bleach the soil of nutrients. The impact on food production and timber harvests must be studied now. Some air pollution regulations have contributed to this problem. Particulate removal, with stack scrubbers, removes the grit that many of these compounds attach themselves to. They now become airborne into the upper atmosphere where before they fell in soot. Stack height regulations have also contributed to the problem by giving these compounds a lofty head start.

The acid rain problem is international and is already showing up in Europe, Canada, and many urban areas in the United States. The Northeast is particularly hard hit. New York has documented over 100 lakes in the Adirondack region that no longer support fish life. The acid rain has dissolved metals in the soil and washed them into streams and lakes retarding fish spawning. Neighboring New Hampshire is also uncovering such problems. In Vermont, there is concern being expressed by environmental officials but as yet no State program is studying the impact.

The second problem associated with synthetic and fossil fuels is the buildup of carbon dioxide (CO_2) in the Earth's atmosphere. The source of this buildup is man's burning of fossil fuels, coal, gas, and oil. CO_2 is being released faster than plants and ocean life can absorb it. The buildup is beginning to create a so-called "greenhouse effect" that eventually could raise the Earth's temperature as it traps the Sun's heat closer to the surface.

The consequences of this problem could become acute within the next century. Raising the Earth's temperature to a high enough level could melt the "Southern Antarctic Ice Sheet" releasing a tremendous amount of water that could raise the ocean level by as much as 20 feet. The warming of the atmosphere would disrupt weather patterns, trigger droughts and affect worldwide food production.

The accelerated use of fossil fuels, the extraction of oil from coal and shale, and the production of synthetic fuels will increase CO_2 emissions. To remove carbon dioxide from exhausts takes almost as much energy as was originally produced. It is expensive and right now is impractical. There are only two solutions, increase the biotic sink (plant more trees) and reduce emissions. These solutions are expensive and long-range.

There are other problems associated with synthetic fuel production but the acid rain problem and CO_2 buildup need to be our two immediate areas of concern and action.

I am pleased to join with Senator MOYNIHAN of New York in sponsoring this amendment to create an interagency task force on acid rain. This group would collect further data and would recommend steps to reduce the incidence of acid rain that adversely affects our crops, forests, and structures. The massive Federal synthetic fuel program must be studied because it would create new sources of pollution and CO_2 emissions. While the short-term energy crunch could be alleviated through this program, we must move with caution and knowledge of the consequences.

We have only one atmosphere from which to draw our needed breath. Let us not ignore our present progress in cleaning it up and let us not foul it up in the future.

Mr. MOYNIHAN. Mr. President, I believe there are no further Senators wishing to speak on the matter. Since the managers of the bill have accepted it, I move the adoption of the amendment as modified.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified.

The amendment, as modified, was agreed to.

Mr. MOYNIHAN. I move to reconsider the vote by which the amendment, as modified, was agreed to.

Mr. JOHNSTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER OF BUSINESS

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that my amendment continue to be laid aside temporarily.

I hope that Senators who have amendments will call them up. This is going to be a long day. I can say that with some belief that my prophecy will come true. I hope the Senators will come and call up their amendments and that the amendments will be disposed of as expeditiously as possible.

The PRESIDING OFFICER. Without objection, the amendment will continue to be laid aside.

Mr. ROBERT C. BYRD. It was a long day when Joshua commanded the Sun to stand still, but this is going to be another long day.

Mr. President, I want to protect Senators who have amendments. I do not want the Chair to put the question on third reading.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. JOHNSTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I do not mean to give carte blanche consent to lay my amendment aside. But as each amendment comes up, I would like to have the opportunity to determine at that point whether I continue to lay my amendment aside.

I ask unanimous consent that my amendment be laid aside temporarily to take up an amendment by the Senator from Wyoming (Mr. SIMPSON).

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 747

(Purpose: To provide that the Corporation pay certain taxes)

Mr. SIMPSON. Mr. President, I send an amendment to the desk and ask it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Wyoming (Mr. SIMPSON), for himself and Mr. WALLOP, proposes an unprinted amendment numbered 747:

On page 115, line 23, strike "and".

On page 116, line 5, strike the period and substitute "; and".

On page 116, insert the following between lines 5 and 6:

(3) the Corporation shall be subject to any mineral severance, sales or use tax levied or imposed by any State, county, municipality, or local taxing authority.

Mr. SIMPSON. Mr. President, I thank the floor managers of the bill for this opportunity to briefly state that I wish to review, briefly, an amendment offered jointly by myself and my very good friend and colleague (Mr. WALLOP).

Senator WALLOP has already clearly addressed the need to authorize State government the ability to assess mineral severance taxes on the mining and mineral extraction activities associated with enterprises directly or indirectly associated with the development efforts of the Energy Security Corporation; formerly the Energy Security Corporation, now the Synfuel Corporation.

I endorse his statement completely. Creation of this federally chartered entity, such as the Energy Security Corporation, and I have deep reservation about the entire concept, raises complex constitutional issues of immunity from State and local taxation. I believe it was the intent of the Committee on Energy and Natural Resources—from reading the report—to structure this legislation in order that the tax base and revenue of State and local government would not be jeopardized by ESC projects.

My reading of the committee transcripts discloses the intention to exempt "intangible and incorporeal" interests of the ESC from State taxation. I do not profess to be an expert on taxation—only a consumer of it while serving here, and an expender—but certainly we should provide that State sales and use taxes shall be assessed on ESC activities. The assessment of a sales and use tax is the most efficient mechanism for generating "up front" revenue for the towns and counties where the social and economic impact from the construction of synthetic fuel projects will be most clearly focused.

I should like to share with my colleagues a recent experience that Converse County, Wyo., has had in dealing with a federally chartered corporation not at all unlike the mascent ESC. Recently, the Tennessee Valley Authority acquired 30,000 acres of uranium property in central Wyoming. Development plans by TVA called for the opening of several mines to service a central processing mill.

As a Federal entity, TVA was statutorily immune from State and local taxation. This peculiar twist of the law meant that not only would the tax base and revenues drop, but the bonded debt limit for the county and school district would also decrease. And all this to come at a time when the need would be most paramount to raise revenues to meet the increased demand for community facilities and social services to accommodate the population growth that would be engendered by the project.

I may tell you candidly that we are a State which welcomes responsible industrial development, and much of this synfuel development will come in our State of Wyoming. We have all the natural resources that this country is searching for and this possible loss of local tax revenues was totally alienating public support for this project. Fortunately, the diplomacy, commonsense, cooperation and good will of State officials and TVA's officers and directors has very nearly resolved this issue. But the example stands and the precedent is there.

As it now stands, the ESC is exempt from State and local taxes, except those assessed on real property. This provision is most helpful. But new plants will not go on the ad valorem property tax rolls until they are in substantial final stages of completion.

The purchase of the required heavy equipment, construction materials and fabricated industrial components for synthetic fuel projects will indeed be major commercial transactions. The ability to levy a sales or use tax on these transactions will assure that revenue vitally needed by State and local government may be secured when the need is at its very greatest—in the early construction phases where population impact is the most dramatic.

I feel we must provide the State and local government with all the tools to meet their needs and governmental objectives and not bind their hands behind their backs—an allusion my friend and colleague from New Mexico makes so well in these synfuels discussions.

Any other result might require that the Congress certainly be expected to make up the loss in local revenue that we will create—and then only by direct payments from the Federal Treasury. I would hope to avoid that. This method will guide us away from that result.

Mr. JOHNSTON. Will the Senator yield?

Mr. SIMPSON. Yes.

Mr. JOHNSTON. The Senator certainly means nondiscriminatory taxes, does he not?

Mr. SIMPSON. I do.

Mr. JOHNSTON. Would the Senator have any objection to putting in the word "nondiscriminatory" there on line 4, right before "minerals," so that we could make it clear it is nondiscriminatory?

Mr. SIMPSON. Mr. President, I will ask the Senator the definition of nondiscriminatory as he states it, if he would share that with me. What is the Senator stating when he states "nondiscriminatory"?

Mr. JOHNSTON. I think in this context it would be relatively clear it is not a tax which is not generally applicable. In other words, not a tax specifically designed for the project.

Mr. WALLOP. If the Senator will yield for a clarification on this, I have been working with the Senator and I think I can clarify what it means.

Essentially, what he is saying is the tax cannot be levied against projects of the Security Corporation alone in excess of what it would be by a corpopration undertaking the same activity.

Mr. JOHNSTON. That is exactly correct. Nondiscriminatory here would be used similarly to equal protection or due process.

The same kind of concept is that the States cannot make a special deal for these projects.

Mr. WALLOP. Projects of the Security Corporation, that would not be the same kind of tax levied against other similar projects of the private sector.

Mr. JOHNSTON. That is right. But we want to make it clear we cannot define nondiscriminatory too carefully without reference to the factual context.

We do not want to allow the State to come in and say, as the Louisiana legislature used to do, any city above 250,000 population, and with the idea that was nondiscriminatory. But when we looked at the facts, we found out that applied only to the city of New Orleans.

So we mean nondiscriminatory here in the real sense of the word.

Mr. SIMPSON. If the Senator will yield and let me withdraw this particular amendment without prejudice to its later consideration, I understand the staffs are working on this issue and several other points that might be of clarification.

So, without prejudice, I move that this amendment be removed from the desk at this time.

Mr. JOHNSTON. I thank the Senator.

The PRESIDING OFFICER. The Senator has a right to withdraw the amendment.

The question occurs on the amendment of the Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be a 1-hour time liimitation on an amendment by Mr. PERCY and that there be a time limitation of 30 minutes on any amendment to that amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PERCY. Would that be the next pending business?

Mr. ROBERT C. BYRD. If the Senator gets recognition, yes.

Mr. PERCY. Could we ask unanimous consent?

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the amendment by Mr. PERCY be the next amendment, following the Jackson amendment, and that my amendment be laid aside temporarily.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 748

(Purpose: To authorize assistance for synfuel projects in the Western Hemisphere)

Mr. JACKSON. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. Is there objection to setting aside the amendment of the Senator from West Virginia? The Chair hears none.

The amendment will be stated.

The assistant legislative clerk read as follows:

> The Senator from Washington (Mr. JACKSON) proposes an unprinted amendment numbered 748.

Mr. JACKSON. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

> On page 140, after line 14, insert the following new section:
>
> WESTERN HEMISPHERE PROJECTS
>
> SEC. 179. The Corporation may use its authority for financial assistance pursuant to subtitle D for not more than two synthetic fuel projects located in the Western Hemisphere outside the United States if the Corporation determines that (1) the project will use a class of resource that is located in the United States but that such class of resource will not be subject to timely commercial production in the United States even if the Corporation provided financial assistance, or (2) the fuel produced will be available to users in the United States at prices and in quantities the Corporation determines to be equitable considering the nature and amounts of its financial assistance.

Mr. JACKSON. Mr. President, the amendment I am proposing would authorize the synfuels corporation to provide financial assistance for not more than two synfuel projects located in the Western Hemisphere but outside the United States. This authority could be exercised only if first, the project will use a class of resource that is located in the United States but that such class of resource will not be subject to timely commercial production, even with financial assistance from the corporation; or second, the fuel produced will be available to users in the United States at prices and in quantities which are equitable considering the nature and amount of the financial assistance.

Mr. President, as currently drafted, S. 932 limits the corporation's authority to projects located in the United States. I am in full agreement with this limitation as a general rule. However, I believe strongly that the corporation should have the authority to participate in a limited number of projects outside the United States which are located in the Western Hemisphere under the conditions provided by my amendment.

The tar sands and the heavier oils of the United States, Canada, and Venezuela dwarf the remaining recoverable reserves of ordinary oil in the world.

With these, there is no need for original exploration. But great financial, technical, logistical, and political problems do stand in the way of their exploitation. A beginning has already been made. Research ventures in unconventional oil processing are underway between Venezuela and the United States, Canada and Venezuela, and the United States and Canada. The Canadian private sector has done even more. We must now deepen and extend these initiatives without delay. Of course, these synfuel projects will be launched only if both parties believe them to be in their own national interest.

Mr. President, I recognize that some may may argue that Federal assistance for synfuel projects should not involve any projects outside the United States. They will say, "Why should we risk our capital in a situation where if we have a successful project a foreign government may prevent us from reaping the benefits of it?" I would answer that we must recognize that the nations of the Western Hemisphere—whether exporters or importers of oil—have a strong common interest in maintaining the security of the Western Hemisphere Relationships among Western Hemisphere nations will not always be smooth. There is no doubt, however, that in the long run, our national interests far outweight our differences. I believe my amendment will make it possible to foster these common interests.

Mr. President, I offer this amendment particularly in the context of the President's visit to Canada tomorrow.

Canada has developed a tremendous synfuel program. The two plants in Alberta are two of the largest of their kind in the world. I think Canada is an example—it is not confined to Canada—of how a country can be assisted by some of our technology, and at the present time we can be assisted by their technology and the developments that have been made there.

I hope the amendment will be agreed to.

Mr. DOMENICI. Mr. President, I ask the Senator from Washington this: In the bill as presently drawn, there is a phase 1 and a prospective phase 2. Are we talking about these two synthetic fuel projects being under phase 1?

Mr. JACKSON. In general, I should say. It is a general authority.

Mr. DOMENICI. But, as an example, if there are none in phase 1, then part of the comprehensive plan would include a recommendation that there could be up to two in phase 2.

Mr. JACKSON. Yes.

Mr. DOMENICI. But if two arrive on the scene in phase 1, there would be none left.

Mr. JACKSON. That is right.

Mr. DOMENICI. Second, these would not necessarily be GOCO's, would they? The private sector could build them.

Mr. JACKSON. They cannot be; they are not GOCO's.

Mr. DOMENICI. Then, why do we want to have the Corporation setting the price? Would not the price be set by the marketplace?

Mr. JACKSON. We do not set a price. It is set by the market.

Mr. DOMENICI. It says:

> The fuel produced will be available to users in the United States at prices and in quantities the Corporation determines to be equitable.

I do not think the Senator really intends that, does he?

Mr. JACKSON. The point is that we are trying to determine an equitable price. It may not be the market price.

Mr. DOMENICI. I do not know why we need that.

If one is going to make a financial transaction that is economical in Canada, I think the company that builds it up there should determine the price. Why should the Corporation do that?

Mr. JACKSON. For example, just from a selfish standpoint, we want to be sure that the price situation is such that not all of it will end up in Canada. That is why there has to be some determination on price.

Mr. DOMENICI. I say to the Senator that we could do that by saying in the amendment that, as condition to the financial arrangement, the Corporation shall insist on an equitable share of the product for the United States.

Mr. JACKSON. That is all right.

Mr. DOMENICI. If we do that, I have no objection.

Mr. JACKSON. That is the purpose of it. That is the purpose of the amendment, so there will be equitable sharing. I think the colloquy here will cover it.

Mr. DOMENICI. If the Senator strikes the words "at prices," it will read appropriately:

> Available to users in the United States in quantities the Corporation determines to be equitable, considering the nature and amounts.

Mr. JACKSON. Mr. President, I ask unanimous consent that my amendment be so modified.

The PRESIDING OFFICER. The amendment is so modified.

Will the Senator send his modification to the desk?

Mr. JACKSON. On line 9, strike "at prices and" after "United States."

The modified amendment is as follows:

On page 140, after line 14, insert the following new section:

WESTERN HEMISPHERE PROJECTS

SEC. 179. The Corporation may use its authority for financial assistance pursuant to subtitle D for not more than two synthetic fuel projects located in the Western Hemisphere outside the United States if the Corporation determines that (1) the project will use a class of resource that is located in the United States but that such class of resource will not be subject to timely commercial production in the United States even if the Corporation provided financial assistance; or (2) the fuel produced will be available to users in the United States in quantities the Corporation determines to be equitable considering the nature and amounts of its financial assistance.

Mr. DOMENICI. With that, we have no objection.

Mr. JOHNSTON. Mr. President, the committee accepts the amendment. It is a good amendment, and we are glad to accept it.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified.

The amendment, as modified, was agreed to.

Mr. JACKSON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. JOHNSTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Under the previous order, the Senator from Illinois is recognized.

AMENDMENT NO. 576

Mr. PERCY. Mr. President, I call up my amendment No. 576.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Illinois (Mr. PERCY), for himself, Mr. CRANSTON, Mr. ARMSTRONG, and Mr. PROXMIRE proposes an amendment numbered 576:

Beginning on page 106, line 1, through page 111, line 19, strike subtitle E, "CORPORATION CONSTRUCTION PROJECTS", and making conforming amendments striking references thereto throughout the bill.

Mr. PERCY. Mr. President, it is quite apparent to my colleagues that I have benefited from the discussion last evening in the Chamber. To remove the problems that some Senators felt were present in the technical amendments that were incorporated all the way through to change and clean up some of that language, I have simply stripped out those technical amendments and will leave it to the committee to make whatever technical changes might be necessary in the bill if this amendment prevails.

Mr. President, the element of Government ownership of synthetic fuels facilities, so-called GOCO's, has surfaced in the Energy Committee's version of the Energy Security Corporation. This is in spite of the fact that the strong support for the concept originally shown by the administration has been largely withdrawn. I see no real enthusiasm whatsoever in the administration for this concept.

I think they have been listening to many practical voices, many voices of concern. There are reasons to believe that this concept might even delay implementing the end goals of, which we all agree, may some day lower our dependence on foreign oil. But GOCO's are, in my judgment, not the right way to go.

Synthetic fuel technologies will require massive amounts of money and considerable time before they can be brought into commercial application. Some of them may not prove commercially viable, and must not be allowed to become white elephants. GOCO's, however, would encourage white elephants. We know from the SST experience in other countries what an abysmal job governments typically do in commercializing new and untried technologies.

I can see a situation developing where a GOCO-run synthetic fuels plant, located in a particular congressional district, would be supported for political reasons long after economics called for the project's termination.

We have all seen this happen with military installations. Any time there is a Government installation, economic factors are not the key thing. It is the political impact which becomes solely important.

The question is, should we allow all of these political factors with Government-owned corporations to intervene in an energy program when we really have one clearcut goal, the reduction of our dependence on foreign oil? Economics should reign, not politics. Yet we are creating a labyrinth of Government-owned corporations, whether it is 1, 3, 10, or 20. The minute you get them started, there is going to be a political momentum that develops to continue, not economic forces that force companies out of business if they are not doing well. Politics is going to reign, not economics.

This is why I have authored this amendment to delete Government ownership or operation authority from the Energy Committee bill. The basic development and commercialization of synthetic fuels in the United States should remain in the private sector.

Direct intervention by the Government will only further distort an already distorted energy market. The private sector, not the Federal Government, is best able to manage the commercialization of these new technologies. It is highly likely that only the private sector would be able to abandon a technology if it turned out that the chosen project is not as promising as it first appeared.

I believe that Government can play an important role by providing the private sector with a variety of economic incentives for the accelerated development of alternative fuel technologies. The establishment of GOCO's, however, would lead to excessive Government involvement and poor decisionmaking.

Mr. President, I am hopeful that my distinguished colleagues will support this amendment to remove Government ownership and operation authority from the Energy Committee bill.

Mr. President, I ask unanimous consent that the following Senators be added as cosponsors. In addition to my principal Democratic cosponsor, Senator CRANSTON, and Senator ARMSTRONG and Senator PROXMIRE, I ask unanimous consent that Senators HATCH, DECONCINI, BOREN, BOSCHWITZ, and JEPSEN be added as cosponsors.

The PRESIDING OFFICER (Mr. INOUYE). Without objection, it is so ordered.

Mr. ARMSTRONG. Mr. President, will the Senator yield?

Mr. PERCY. Yes, I am happy to yield.

Mr. ARMSTRONG. Mr. President, I compliment the Senator from Illinois for the amendment. There is little that can be added to the well-reasoned and persuasive arguments which he has advanced in support of this amendment which I am proud to cosponsor.

I wish to make two observations:

First, yesterday a substantial minority of this body made it plain that we have very great reservations about this bill. By a close vote, the Senate declined to strike from this legislation the Energy Security Corporation, but it is obvious that here in the Chamber and around the country there are some serious reservations. I believe that if the Senate were to adopt the amendment, which has been brought to the floor under the leadership of the Senator from Illinois, it would go a long, long way towards quieting the fears which have been so forcefully expressed about the concept of this bill. So, for that reason, I hope it will be adopted.

Second, I emphasize and underscore the Senator's concern that having the GOCO fallback position could well slow down development of synthetic fuels in the private sector. So long as the Government is hovering in the background with even a fallback or a standby authority to get directly into the energy producing business, the temptation to drag our feet in fostering private sector initiatives will be very great and so we may actually impede rather than stimulate synfuel production.

So again I associate myself with the leadership of the Senator from Illinois and join with him in urging adoption of this amendment.

Mr. PERCY. I thank my distinguished colleague who is one of the early cosponsors. I know the Senator believes very deeply in the principle involved.

GOCO's could make this such a misleading venture. We are talking about Chrysler Corp., and $1½ billion, in a known field that we have been in for years. What could be the cost if Uncle Sam is writing the check and we have all these so-called free windfall dollars pouring in on this synthetic fuel operation? The potential for waste and the potential for backing projects that are not economically sound is simply horrendous.

We are talking about potentially having 10 Chryslers on our hands.

I can point to countries like Italy that went that route. Italy, during World War II, took common stock holdings in companies it wished to give assistance. The

United States, in contrast, gave debt assistance to troubled corporations. Italy took common stock; they ended up owning half of their industrial base. This slowed their economic recovery down 10 to 15 years.

Why do we now try to say there is only one way to solve our problems? Why do we copy the system of government ownership that has not worked all these years in other countries?

I am delighted to yield to my distinguished colleague from Utah, Senator HATCH.

Mr. HATCH. Mr. President, I would like to congratulate the Senator from Illinois, my friend.

Mr. PERCY. May I interrupt the Senator? I ask unanimous consent that my distinguished colleague, Senator HATCH, be added as a cosponsor, and also my distinguished colleague, Senator McCLURE.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATCH. Mr. President, I want to congratulate the distinguished Senator from Illinois for this great amendment. I agree with everything he had to say. Anytime the Federal Government gets involved in any of these organizations, it seems we go to the inefficiencies of Federal Government and we ignore the efficiencies of the private sector that are, it seems to me, much better.

I commend the Senator from Illinois. I think that his amendment certainly should be supported, and I hope everybody does support it. If it is not supported on the floor of the Senate, I think we should all consider further steps that must be taken with regard to this bill.

I am very concerned. May I ask the Senator from Illinois what is his attitude with regard to Government-owned and Government-operated companies? Will the Senator's amendment go to that, or does it need to go to that, so that we can clear that up on the floor at this time?

Mr. PERCY. Government-owned and Government-operated would be even worse. I would tend to think at least in a company-owned plant you do have a vestige of the private management and the techniques they have developed in the private sector. But with Government-operated you have the same horrendous problem that we have in increasing efficiency and meeting market conditions because Government is too far removed from the market to really be sensitive to it. I feel that would be an even worse step.

Mr. HATCH. It is my understanding that the distinguished Senator from Illinois' amendment does not go to Government-owned and Government-operated companies with regard to the bill.

Mr. DOMENICI. Mr. President, will the Senator yield for a question? Is the Senator under the impression that this bill permits Government-owned and Government-operated?

Mr. HATCH. I am not, and I understand the administration is not going to advance it at this point; is that correct?

Mr. DOMENICI. The bill does not permit Government-owned and Government-operated, and I know of no amendment by anyone to expand upon the Government-ownership, contract operated provisions.

Mr. HATCH. I think that clarifies the matter. That is my understanding of the purpose of the bill.

Mr. PERCY. The purpose of the Senator from Illinois' amendment is to make impossible both types, Government-operated and contractor-operated as well.

Mr. HATCH. That is my understanding, and I am glad it has been brought out on the floor.

I commend the Senator for the amendment he brought forth. I certainly support it and I ask all of my colleagues to do likewise.

Mr. PERCY. Mr. President, I ask unanimous consent to add Senator WALLOP as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PERCY. I reserve the remainder of my time, Mr. President.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. JOHNSTON. Mr. President, if you made a list of Senators of from one to a hundred ranked according to who loves the oil companies most or more properly who hates them the least, I would certainly be on the top or bottom of this list, depending on which is more appropriate.

But, Mr. President, if we eliminate the possibilities of GOCO's, let me tell every Member of this body that in the context of this bill it could make it a very bad deal for the American public and a very sweetheart deal for principally big oil companies.

Let me tell you why, Mr. President. We have given to this corporation appropriate but very sweeping powers. First of all, we invest the Corporation with $19 billion in budget authority, plus another $1 billion to be in the Department of Energy for biomass, but in this corporation itself $19 billion. We give them a mandate to put on line the most promising of the one-of-kind commercial demonstration technologies so that they will have the money, they will have the mandate to go out and get the plants built.

The reason we have wanted this corporation is not only because of the skill of the people, their business judgment, their experience, but because we can give them a mandate, insulate them from changes in politics, and tell them to get the job done. That is what we want.

But the obverse side of that, Mr. President, is that we do not want to put the corporation in a position to have to accept the first deal they are offered by, for example, Exxon. I do not mean to use the word "Exxon" in a deprecatory sense because I think that big oil companies do a great job for this country, and I do not cry as much as my colleagues when they make big profits. I cry more for Chrysler when they make no profits.

Nevertheless——

Mr. PERCY. Mr. President, will the Senator yield for a question on that point? Will it not still be possible for the Government to enter into joint ventures?

Mr. JOHNSTON. I will address that in just a moment.

Mr. President, Exxon, for example, is what you might call the owner of a process called Exxon donor solvent, which is a coal liquefaction process. They are further along than anybody else. It is a good process, and I think it may well be one of those processes that ought to be demonstrated by the Synfuel Corporation.

What we want to do is to give the members of the board of this corporation the power to sit across the table with, for example, Exxon and work out a tough-minded deal that will get that process, if it is appropriate, built and demonstrated on a commercial basis for the American people.

But what happens, Mr. President, if Exxon says, "Your deal is not good enough. Our corporation knows it is not good enough, and knows it can make a profit with it." They simply say, "No deal. You play according to our rules, according to our prices, or you do not get a deal."

What we want to have, Mr. President, is the possibility of a GOCO, a Government-owned, company-operated plant.

Call it an ace in the hole or a club in the closet as a bargaining chip available to this Corporation so that if all else fails they have the possibility of demonstrating the commercial technology through the GOCO.

We make it very difficult indeed to get a GOCO demonstration. In the first place, we set up a hierarchy of the kinds of financial assistance that shall be given to the private sector. A preferred list of priorities. At the top are price guarantees; the second are loan guarantees, and then you come on down the list, to loans, completion guarantees, joint ventures, and at the bottom of the list is GOCO. Under the Bentsen amendment adopted yesterday they will have to advertise notice of any GOCO plan in the Federal Register, and I believe it is a period of 30 days that must go by before they can make a deal. So there are all kinds of injunctions and mandates to the corporation not to go in the direction of GOCO unless all else fails and unless the technology needs to be demonstrated.

Mr. CHILES. Mr. President, will the Senator yield?

Mr. JOHNSTON. Yes, I yield.

Mr. CHILES. I was listening to the comments of the Senator from Utah (Mr. HATCH) and the Senator from Illinois (Mr. PERCY) about the inherent evils of Government-owned, company-operated plants. I certainly would be against that as a normal thing. It seems that is the way it is as opposed to private enterprise.

But if my memory serves me a little bit—and I was kind of at a tender age—in World War II when we were trying to get this country producing rubber synthetically, and when we were trying to make cannon shells, and we were trying to produce all kinds of other materials for the war effort, did we not have something like these plants at that time?

Mr. JOHNSTON. This country has a long and rich history with respect to GOCO's. For example, going back to World War I, take the U.S. Shipping Board Emergency Fleet Corporation, for example. We were in a deficit situation with ships, as the Senator will remember from his history books. Because we had been observing the shipping conventions, maritime treaties and because our opponents had not, we had to get some ships built, and built quickly. So we gave that corporation $2.5 billion and told them to do the job, and they did it.

Other examples are the War Finance Corporation in 1918; Amtrak; COMSAT; and the Reconstruction Finance Corporation. Now, that was in 1932 and I know it was well before the Senator was born, but the RFC started in 1932 and spent $54.4 billion, and many of us think it got us out of the depression. So, yes, there are plenty of them.

Mr. CHILES. What happened to those plants in World War II that were Government owned and privately financed, or Government owned and Government operated? As soon as the emergency was over, the war was over, I do not remember a lot of those continuing in Government ownership. It seems to me that those were converted over or sold to private companies.

I remember early on reading that we could not get a sale for certain ones, those that were still making cannon shells, because nobody wanted to buy them. Aside from that, did not most of those plants all go to the private sector?

Mr. JOHNSTON. The Senator is correct.

Mr. CHILES. The Government does not own any rubber plants today, does it?

Mr. JOHNSTON. No. There are some GOCO's still in existence. For example, in the munitions field.

Mr. CHILES. In the munitions field, but that is where there were not any private seekers.

Mr. JOHNSTON. The Senator is correct. Virtually all of these operations have gone back to private enterprise. The GOCO approach is taken only in unusual circumstances. But in virtually every circumstance, which called for this extraordinary action, it has been done with success.

I think it is particularly appropriate here, not because we want to move in their direction. Frankly, I hope we do not get a single GOCO built. I hope private enterprise is there to respond to the generous, but not overly generous, subsidies available under this bill.

But I do not want to subject this country and this Corporation to an exorbitant holdup by any American corporation. And that is what we are going to do.

Mr. CHILES. The Senator said American corporation. That holdup could be by multinational corporations, could it not?

Mr. JOHNSTON. Absolutely.

Mr. CHILES. Not just an American corporation?

Mr. JOHNSTON. Absolutely. I want a tough-minded bunch of corporation members to be able to go into a bargaining session with a full deck, so that they are on an equal basis with large companies. I keep using the example of Exxon, only because they happen to be one of the companies that has a process that we probably want to develop. I want this corporation to be able to look at Exxon eye-to-eye on an equal basis.

Mr. CHILES. But you want them to look Shell in the eye, too?

Mr. JOHNSTON. I want them to look Shell in the eye, too.

Mr. CHILES. It is not exactly an American corporation.

Mr. JOHNSTON. And any other companies.

Mr. CHILES. Or British Petroleum?

Mr. JOHNSTON. Sure; all of them.

Because otherwise, with the power and the mandate we give this corporation, they are likely to get skinned; not on purpose, but simply because they do not have the right cards in their deck.

Let me say one more thing, Mr. President. The distinguished Senator from Illinois asked about joint ventures. Under our joint venture language, such ventures are restricted to synthetic fuel modules. Now, a module is something less than a commercial demonstration. That is where you have a technology that is not ready to go into full swing. It is not a 50,000-barrel-a-day demonstration. It might be, for example, in the case of oil shale, a 5,000-barrel-a-day demonstration as opposed to commercialization.

Further, under the bill you may have a joint venture for the module only if it can, at the same time, be expanded into a synthetic fuel process. So the joint venture is a different concept at a lower level than full commercialization. It is no answer, I think, to the GOCO.

I would hope that the distinguished Senator from Illinois would, perhaps, agree with us in this matter, understanding that we do not want GOCO's to be built. But we want to vest this corporation with bargaining strength; with a full deck at the bargaining table, so they can extract the best deal for the American people.

I hope the Senator will look at it in that light, and while he is thinking about it also consider that his amendment is subject to a point of order, which we are very reluctant to make. I hope we can work this whole matter out.

Mr. President, how much of my time is remaining?

The PRESIDING OFFICER. The Senator has 18 minutes remaining.

Mr. DOMENICI. Will the Senator yield 5 minutes?

Mr. JOHNSTON. I yield 5 minutes to the distinguished Senator from New Mexico.

Mr. DOMENICI. Mr. President, let me say to my good friend from Illinois and those who are cosponsors of this amendment that I certainly do not want the Federal Government to be involved in an ownership or equity position in the first phase of synthetic fuel development to any extent other than that which might be absolutely necessary to accomplish the goals and purposes of the bill.

I believe, with the adoption of the Bentsen amendment and the language in the bill, which is found on pages 78 and 79, it is absolutely clear that it is the intention of the committee that we not have any GOCO's unless there is absolutely no way to get the diversification and the technology with all of the other tools available. The Bentsen amendment makes that even clearer.

Second, there is a prohibition against any of them being involved in phase 2. We are only talking about phase 1.

Now, there is a problem that we should address, and that is the way the bill is drawn. The three that I have just described, kind of last-option, "only-way-to-get-done" proposals, is not the only way to get GOCO's in phase 1. Because there is language that says if more are deemed necessary the Corporation recommends them, and then Congress has the right to veto.

Now, what I am going to do, and the Senator from Louisiana agrees, is offer an amendment here shortly, not in any way to deny the Senator from Illinois an up-or-down vote on his amendment, but I will offer an amendment striking that optional language, and thus the bill will unequivocally be for three only, under those extreme circumstances, which are kind of "if ever, probably never" sort of circumstances.

I want to say, from my standpoint, in the debates in committee I favored GOCO's under extreme circumstances. I thought it best to have Congress pass them, even as to three. I believe, however, with the Bentsen language, with the clear formula in the bill as to the previous things that must first be used, that we ought to leave the option there in phase 1, which is demonstration, bring on board commercial in a demonstration manner, prohibit anything beyond it, and continue the prohibition in phase 2, which is the American broad-based commercialization of synthetic fuels.

I am positive that if this program proceeds right, if energy continues as scarce as it is—and I see no abatement—if the price of crude oil continues to rise—and I see no relief from that—we will be able to demonstrate each of these technologies with the private sector making a fair and square deal with this corporate board, without us ever needing GOCO's.

I cannot support the Senator's amendment. I will offer one to make it absolutely impossible to go beyond the three, and I think we are adequately protected. I commend the Senator from Illinois for raising the issue. I think it is one that all Senators should vote on and express their views. I think it is not unheard of; it is not unprecedented.

I do not believe the private sector ought to be fearful. We need this corporation to get these started. If it works, the private sector will have a brand new industry that they can be involved in, and we will have tried the technology for them.

Mr. JOHNSTON. Mr. President, the distinguished Senator from Illinois has proposed an amendment. The distinguished Senator from New Mexico has proposed a compromise which, when, read in tandem with the amendment of the distinguished Senator from Texas adopted yesterday, goes, I think, most of the way in the direction being taken by the Senator from Illinois. I would hope that he would take the suggestion of the distinguished Senator from New Mexico in that light. Under that set of circumstances, as to the compromise offered by the Senator from New Mexico, I would be happy to accept that. We can avoid the point of order and we can tie the whole thing up into a neat little package. I hope we can do so.

Mr. METZENBAUM addressed the Chair.

Mr. JOHNSTON. Will the Senator withhold to see if we are going to get an affirmative answer?

Mr. PERCY. Mr. President, my comments will be very brief. I think your question, Senator Johnston, is a question of principle, really.

In the bill we are already limited to three projects. In section 142 during phase 1 up to three such projects could be authorized.

I will come back to this, after Senator Metzenbaum has finished his comment, as to why I feel very deeply.

This is the wrong path. It would really mislead us. It would create all kinds of problems for the Energy Committee. Obviously, the goal the Senator has ahead of him, and the job that lies ahead of him, will take a lifetime.

I appreciate the fact that we can have an up or down vote. I think it will send a message to the Department of Energy as to how many Senators feel strongly on this subject.

Should my amendment pass, we would then have an effective limitation. Those administering these programs will be extraordinarily cautious before going ahead with GOCO's. We will be putting tight guidelines on them and not letting them run away with this.

I prefer to have an up and down vote. I appreciate the fact that we can.

I would be delighted to hear from Senator Metzenbaum on the time of the Senator from Louisiana.

Mr. JOHNSTON. I yield 5 minutes to the distinguished Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. METZENBAUM. Mr. President, I know of no issue in this bill that has had more working over, more amendments, and more consideration by the Energy Committee than this particular aspect of the bill. I well understand the concern of my friend from Illinois who expresses himself on the whole question of a free enterprise system and whether the Government is going into business.

The fact is that because there were many members of the Senate committee who were concerned in the same manner that the Senator has indicated he was concerned, there were great limitations put upon the bill.

Senator Bellmon's amendment provided that only after all other incentives have been tried can there be GOCO's. Senator Bentsen's amendment provided only after notice of intent has been published with 30 days for response. Senator Domenici's provided no more than three without congressional approval, and we know he is about to offer an amendment to limit it to three, period, without a new act of Congress.

Actually, the issue is: How are we going to develop the synthetic fuels of this Nation? I say to Senator Percy that is the most challenging aspect of the entire legislation. Can we do it? If so, how can we do it? We all know we have to have synthetic fuels developed.

I never thought I would be on the floor of the Senate speaking on behalf of the Columbia Gas Co., which is the world's largest independent natural gas producer, seller, marketer. I have in my hands a letter from the Columbia Gas Co. of Ohio in which they are urging us to keep the GOCO's in. They write as follows:

> As you know, the Senate will begin floor consideration of the synthetic fuels legislation next week. Columbia Gas of Ohio supports the Energy and Natural Resources Committee bill particularly because it provides for GOCO's if the other forms of financial assistance prove inadequate.

They go on to say:

> We believe GOCO's are vital in the development of commercial-scale plants to turn bituminous coal into pipeline quality gas.

The interesting thing about this is the fact that the Senator from Illinois represents a State that has much of the inventory of bituminous coal in this Nation, and we are talking about making that bituminous coal available for conversion into natural gas.

Columbia Gas addresses themselves to this issue and says:

> Commercial gasification of bituminous coal has not been accomplished, and will not be accomplished, on the basis of loans, loan guarantees, price guarantees, or purchase commitments alone.
>
> GOCOs hold the most promise for breaking the bottleneck now precluding commercial gasification of bituminous coal, just as they successfully led to development of synthetic rubber during World War II.

The Senator and I represent two of the major States in the Nation which have bituminous coal resources. I am not sure whether Columbia Gas serves the Senator's State or not. It is the major marketer in my State. Here is this company, certainly a major factor in the entire business community, telling us that they need GOCO's if they are going to be able to get natural gas as a result of the conversion of bituminous coal.

I believe this is the only road we can go. I believe the Senator from Illinois has a concept and a concern which has been well expressed. But having said that, I think it is an imperative from the Senator's own State standpoint that his amendment be withdrawn. I think it would be wrong to a company such as this one, actually the largest natural gas company in our Nation, telling us that it will not be produced unless you have GOCO's, that the private sector is not in a position to provide the funding for it.

That, I believe, is why the GOCO's are so important. Not many, but enough to provide the possibility that we can develop synthetic fuels that we need so badly in this Nation and that we will not have unless we have the GOCO's.

In addition to that, the remarks of the Senator from Louisiana certainly were most persuasive, that this gives us a negotiating tool, a means of dealing with those who are interested in developing their technologies, and gives some form of protection in the negotiating process to the American people.

I say to Senator Percy that I think in the interests of Illinois and in the interests of the Nation, I would truly hope he would consider withdrawing his amendment.

Mr. President, I ask unanimous consent that the letter to which I referred as well as the supporting documents be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Columbia Gas of Ohio, Inc.,
Washington, D.C., November 1, 1979.

Attention: Mark Messing.
Hon. Howard Metzenbaum,
Russell Senate Office Building,
Washington, D.C.

Dear Senator Metzenbaum: Attached is a paper discussing Columbia Gas of Ohio's reasons for supporting the government-owned, contractor-operated (GOCO) provisions of S. 932 as reported by the Senate Energy and Natural Resources Committee.

As you know, the Senate will begin floor consideration of the synthetic fuels legislation next week. Columbia Gas of Ohio supports the Energy and Natural Resources Committee bill particularly because it provides for GOCOs if the other forms of financial assistance prove inadequate. As the attached paper outlines, we believe GOCOs are vital to the development of commercial-scale plants to turn bituminous coal into pipeline-quality gas.

I urge you to support the Energy and Natural Resources Committee bill and oppose any efforts to delete or weaken its GOCO provisions.

Thank you for your consideration. If you have any questions concerning our position please don't hesitate to contact me.

Sincerely,

Daniel R. Helmick,
Manager, Federal Governmental Affairs.

Issue Paper—GOCO's Role in Synfuels Legislation

Bituminous coal represents approximately 70 percent of the nation's coal reserves, a strategic resource the nation must utilize if it is to reduce dependence on imported oil. The key is the effective development of commercial gasification of bituminous coal.

Commercial gasification of bituminous coal has not been accomplished, and will not be accomplished on the basis of loans, loan guarantees, price guarantees or purchase commitments alone.

Substantial up-front financing in the form of self-terminating government-owned contractor-operated provisions (GOCOs) are necessary to absorb the considerable risk inherent in determining the most effective technology for commercial scale demonstration of bituminous coal gasification.

Bituminous coal is medium hard, sticky and tends to clog up Lurgi gasifiers which are best suited to western coals. New technologies (2nd or third generation) will be required for the effective gasifying of bituminous coal on a commercial scale basis.

The chance that any one such project will fail is significant and the costs substantial (approximately $2 billion). Thus, these projects are beyond the means of all but the few largest corporations.

GOCOs hold the most promise for breaking the bottleneck now precluding commercial gasification of bituminous coal, just as they successfully led to development of synthetic rubber during World War II.

CONCLUSION

1. The Senate Energy Committee bill should be enacted with its present GOCO provision.

That provision makes GOCOs available only if other forms of financial assistance are inadequate to enable the Synthetic Fuels Corporation to meet Congress' production goals.

It limits them to three, unless Congress should specifically approve more.

2. If retention of the complete GOCO provision is impossible, it should be retained for biomass and pipeline quality coal gasification on a commercial scale demonstration basis. This could be accomplished by changing Sec. 141, as follows:

SUBTITLE E—CORPORATION CONSTRUCTION PROJECTS

CORPORATION CONSTRUCTION AND CONTRACTOR OPERATION

SEC. 141. (a) Subject to the requirements of sections 122(a)(1)(D) and 142, the Corporation is authorized to own, and shall contract for the construction and operation of commercial scale demonstration plants for pipeline quality coal gasification and for biomass (hereinafter referred to as a "Corporation construction project"); *Provided*, That, prior to the adoption of a comprehensive strategy pursuant to section 122 (b) and (c), the Corporation may undertake such contracts only if, in the judgment of the Board of Directors, the Corporation construction project is necessary to meet the objectives of section 122(a)(2) and would not otherwise be constructed pursuant to subtitle D.

The **PRESIDING OFFICER.** The Senator's time has expired. Who yields time?

Mr. **PERCY.** Mr. President, I yield myself such time as I may require.

I would like to first answer one of the arguments raised by Senator JOHNSTON. Senator JOHNSTON mentioned the Exxon donor solvent program, and he could not have raised a better argument to support the position of the Senator from Illinois. This was never done in a GOCO. This was a process developed through Goverment-industry cooperation partially funded by the Senate Energy Committee and carried out through DOE. That is exactly the kind of project that I think can and should be done and would be done, but you do not need a GOCO for that.

My distinguished colleague from Ohio (Mr. METZENBAUM) has made reference to the effects on my home State. I have very much in mind those 19,000 coal miners and the huge deposits of coal. What I have in mind also, as the Senator well knows, is the direct use of coal. We ought to mandate that 119 public utility boilers be directed to convert over to the direct use of coal and away from gas and oil. That would help a tremendous amount, the equivalent of a million barrels a day being saved, I think, before 1990.

What we need is more direct usage.

If a synthetic fuel appears to have the possibility of a market, there is no lack of private enterprise ready to go to work. It may require some Government grants and help, and assistance with technology, all of which the Department of Energy is prepared to do.

Coal gasification in the State of Illinois, mentioned by the Senator from Ohio, is something we are very much interested in. But we are simply saying that we would much rather have a private sector company than a Government-owned company in the State of Illinois. We would much sooner have the consortium of German manufacturers who are now making a presentation to the city of East St. Louis, for whom we made a presentation to the Department of Energy. It would not require a Government corporation—Germany is willing to bring into Illinois all the technology and know-how they have built up over a score of years to build a gasification plant there. We are not asking for a Government-operated facility or a Government-owned facility.

Also, Food Machinery Corp., now known as FMC of Chicago, has put together a consortium of companies that are making a similar bid, as is an Ohio group. I hope both of them can be awarded contracts to go ahead in the private sector, using American technology and know-how, in the coal gasification field.

I do think, Mr. President, that we have every possibility to move ahead. I concur with the conclusions of the Committee on Banking. They unanimously opposed granting authority to Government construction for synthetic fuel plants, even as a last resort. I served on that committee for many years. The men who serve on that committee are men who have looked at the problem with extraordinary care. They concurred that there should be a vast limitation on GOCO's. The Energy Committee has agreed to some restrictions. The only difference is whether we have no option for Government plants, so that all the incentive is given to the private sector to move ahead with Government help and assistance, or whether there is going to be a potential for, possibly, three plants. Who gets those three plants, what States get those three plants, what goes into those three plants, how significantly can those three Government-operated plants operate, and what will the eventual cost be?

There is a risk, with a Government-owned plant, that we are going to go into a process when everyone else has turned it down.

We must ask if the taxpayers of this country should be asked to take a risk that no one else in the country will take. I think it is wrong to make them take that risk and, at the same time, tell them we are creating an industry which will be sensitive to market pressures.

Also, I think we have to be very concerned about the fact that Government construction would transfer the cost and technological risk from private venture to the Government, even if we do limit it to three plants. It simply removes the program from the primary question that should be looked at: What are the market forces? Again, market forces have been used to stimulate one area that is moving ahead now with tremendous speed in synthetic fuel. That is gasohol. Illinois is the leading State in the Union—not as a Government-operated program at all. Archer-Daniels of Decatur, Ill., has gone into it because the Government has provided some of the incentives.

The amendment that I put in, that was accepted, exempted any gasohol of a 10-percent blend from Federal taxation making 4 cents of difference in the cost structure. That showed that the Government symbolically wanted to do everything it could to encourage gasohol. We can do other things to stimulate it and if we do, there will be plenty of companies coming into that field. Archer-Daniels is not going to be in there alone. There are other companies moving in.

Shell Oil, 6 months ago, during a tour of their research laboratories, told me that their top management was not interested in gasohol. That is the same thing Standard Oil of Indiana had told me. They are now taking a look at it. In 6 months, Standard Oil has moved in. And Shell Oil has said they are going to take a whole new look at this.

Archer-Daniels is not going to have this field alone because the process is profitable, it is marketable, and the product can be gotten out. Not a Federal penny, really, of the construction costs, bricks and mortar, will have to go into that field. The same thing can happen in other areas.

The reason I dislike Government operation so much is that when the Government accepts the ultimate risk, it reduces the incentive for efficient operation. The Banking Committee came to this conclusion: The incentive is removed. I should like to read, finally, a quote by Alice Rivlin, Director of the Congressional Budget Office, who testified on this very point:

> If the Federal Government itself were to build these plants, it would then absorb all the risks—that is, the technological and cost risks, as well as the risk associated with any future changes in OPEC prices. This would give contractors less incentive to build the most cost-effective plants, since no private sector money would be at risk. Overall efficiency would, therefore, be reduced.

Finally, a report prepared for the Senate Budget Committee by ICF, Inc., discussed this same problem. It said:

> The President proposes to allow the ESC to initiate GOCO's as a last resort. GOCO's contradict every one of the guidelines just cited from the MIT work. The demonstration would be removed from the normal workings of the private sector; project managers (most likely working on a cost plus fixed fee basis) would not be subject to serious market or cost reduction pressures, and full federal financing would provide no information about the likely financing cost for a commercial project . . .

Finally, Mr. President, on a lot of the decisions that we make on this floor we can ultimately determine whether we made the right decision. We shall have a chance in time to determine who was right in this case. Certainly, even if this amendment does not prevail, I would enthusiastically support any further tightening, any further limitation on GOCO's that we can do. We are all concerned about this.

Let us admit it, we are all concerned about going down this path. The administration, originally for it, now really has totally retreated from it. I think they just do not want any part of it. I think for that reason, we want to approve this amendment.

By proposing this amendment, I in no way wish to detract from what I think is a magnificent job the Energy Committee has done. I do not think anybody in the country realizes the time and effort that have been committed to solving this problem. We have some of the best minds and the best men and women that I have known working on this problem in the Senate of the United States. We just disagree on this particular point. But I do not want that to detract a bit from my deep appreciation for the work of my distinguished colleagues, particularly those managing this bill, Senators DOMENICI and JOHNSTON, and the rest of the subcommittee.

The PRESIDING OFFICER. Who yields time?

Mr. JOHNSTON. Mr. President, how much time remains?

The PRESIDING OFFICER. Seven and one-half minutes.

Mr. JOHNSTON. I yield myself 4 minutes, Mr. President.

Mr. President, the distinguished Senator from Illinois has said that we should let market forces work their will in synthetic fuels.

Now, nobody is taking that approach today, not even the Banking Committee. The Banking Committee proposed some $3 billion worth of financial assistance, which is far from market forces.

The fact of the matter is that, left to market forces, it has been 52 years since the Federal Government built the first two experimental retorts in oil shale near Rifle, Colo. Fifty-two years later, we have no commercial demonstration at all.

The fact of the matter is that there must be Government involvement.

The House bill, the Banking Committee bill in the Senate, and the Energy Committee bill, all recognize that.

If market forces could do it, Mr. President, we would not be proposing this legislation. We not only want it to be done, but we want it to be done as quickly as possible in phase 1. Phase 1 being one-of-a-kind commercial demonstrations, about 10, perhaps 12, in number.

Mr. President, I wish the distinguished Senator from Illinois would look down the list of possible candidates and note the possible candidates. I just name one. Exxon's donor process is more or less the property of one company.

It is not true with every process, but in many of these areas we have, in effect, a process, a technology, developed by one company.

Another example that is high in the news now is the SASOL company's Fisher-Tropsch process now in use in South Africa. They have developed and pioneered the process. They have a commercial demonstration. They are moving now into a second phase of commercial demonstration.

Mr. President, why then a GOCO? Because when our Corporation sits down across the table from Exxon and Exxon says, "Yes, we are anxious to build our process, but we insist on a loan guarantee of 90 percent and we insist on a price guarantee of $100 a barrel," I want our Corporation to be able to say, "Well, please do not give me an offer I cannot refuse. Please do not give me a take-it-or-leave-it proposition." I want this Corporation to have the ability to say, "Well, if you will not make a reasonable offer, then we will do it, because it is a process that needs to be developed."

That is what this is all about, Mr. President, not that we want the Government to build the GOCO's. I hope there is not a single GOCO built. But if we do not have the possibility of a GOCO, we are going to severely deprive this Corporation of its bargaining power. That is what this is all about. Bargaining power.

Mr. President, I am willing, as the manager of the bill, to accept the Domenici amendment, the Domenici compromise just mentioned, where we will limit this to three GOCO's with no possibility of any other GOCO's.

I know the Senator wants a vote on his amendment, but it is subject to a point of order.

The PRESIDING OFFICER. The time has expired.

Mr. JOHNSTON. Mr. President, I yield myself 1 additional minute.

I would ask the Senator to consult with the Parliamentarian who will advise him that the point of order is well taken. In that spirit, both of compromise and of parliamentary exigency, I hope he will join with us, lock arms and march into the sunset, in agreement on the matter of the GOCO's.

Mr. PERCY. I hope my distinguished colleague will not ask for a point of order on the amendment. I think that although it is an issue that was argued in the committee, there are many Senators who feel strongly about it. I would hope the distinguished Senator would give the Senate a chance to have the same kind of vote the committee had.

As I have already indicated, if this amendment fails, the Senator from Illinois will fully support the amendment of the distinguished Senator from New Mexico (Mr. DOMENICI) to limit it to three.

The PRESIDING OFFICER. The Senator's time has expired.

Who yields time?

Mr. PERCY. How much time has the Senator from Illinois remaining?

The PRESIDING OFFICER. Two minutes and thirty-four seconds.

Mr. PERCY. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOMENICI. Will the Senator from Louisiana yield me 1 minute?

Mr. JOHNSTON. Yes.

Mr. DOMENICI. I hope the Senator from Louisiana will not press for the point of order. I believe the distinguished Senator can make an amendment not subject to a point of order that will accomplish the same goal.

I think we would be wasting time. Those of us who want an opportunity to vote should be given that chance.

I do want to make clear that the amendment which I suggested to the Senator, and have cleared with most members of the committee, merely makes it absolutely clear that in phase 1 and phase 2, all combined, the entire American program, as promoted by this bill, will have only three GOCO's possible under the most stringent circumstances.

That is what my amendment will do, delete any language that indicates under some other circumstance we may have more pressure proscribed on Congress, not vetoing a plan. They are all gone. There is no way under mine but for the three.

But that does not take care of the issue of whether we should have the possibility of three, or not. I think we ought to let the Senate vote on that issue. I hope the Senator from Louisiana will do that.

The PRESIDING OFFICER. Who yields time?

Mr. JOHNSTON. Mr. President, I will not press the point of order. The distinguished Senator from Illinois has importuned me as to the importance of letting the Senate express itself on this amendment.

I would just urge the Senate in the strongest possible way to defeat the Percy amendment because, otherwise, Mr. President, we are going to denude this corporation of that essential bargaining power which it needs.

The Percy amendment completely strips out of the bill any authority whatsoever, even the possibility of a GOCO. If that happens, we are going to subject the Corporation and, in turn, the American public to being taken to the cleaners, to have to pay exorbitant loan guarantees, or exorbitant price guarantees.

Remember, Mr. President, we have given this corporation the mandate to go out and put on line the most promising of the synthetic fuel technologies.

Without this bargaining power, Mr. President, we can just expect the market forces to work. The companies that own these technologies will try to get the best deal they can, and that is going to be a sweetheart deal unless we have the possibility of a GOCO.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. MUSKIE. Mr. President, I cannot support the Percy amendment to bar the construction of synthetic fuel facilities by the Synthetic Fuels Corporation.

I would like to reiterate some of the thoughts I have about the concept of a Government corporation, as well as the concerns I have about the structure of the corporation authorized in the pending legislation.

The establishment of a Government corporation to build a few "yardstick" plants is worthy of consideration, particularly in the synthetic fuels area.

A Government corporation with all of the powers inherent in a private corporation could play an important role in the development of synthetic fuels. This kind of corporation would inject important social, economic, and environmental objectives into its decisionmaking that would not necessarily be present in a private enterprise.

The corporation construction projects would provide the Government with full information on all aspects of the development of these new technologies. This would then provide a yardstick by which to measure proposals for private construction and requests for financial support from the private sector. These requests could be measured against the Government's own experience with its own plants.

Unfortunately, the kind of corporation and the kind of Government construction projects available in the Energy Committee bill do not contain the characteristics I have discussed. A Government construction project would not be allowed unless all other means of bringing the project into construction had failed. In other words, the Government would be given the right to build the projects most likely to fail, and be barred from constructing facilities when private interests would undertake such projects.

I fear that this limitation may result in Government construction of projects with a high likelihood of failure for economic or environmental reasons.

Nevertheless, these plants will still provide a proving ground for technologies which may be successful. I do not think we can foreclose this avenue of technology development. And, if the projects constructed by the corporation are unsuccessful, this knowledge also will be a yardstick by which to measure other proposed facilities and other unproven technologies.

For these reasons, Mr. President, I will oppose the Percy amendment to prohibit construction of synfuels facilities by the Synthetic Fuels Corporation.

Mr. DOLE. Mr. President, I agree with the amendment proposed by the distinguished Senator from Illinois (Mr. PERCY). While title I would authorize GOCO's only as a last resort to develop synthetic fuels, this is not an option we ought to make available. Our goal is to find a commercially viable technology for developing synfuels, and the Government is not known for engaging in commercially viable enterprises. The GOCO's would be an unfortunate hybrid, sufficiently insulated from market pressures to be useless in providing information about the commercial potential of synthetic fuel technologies. We need an energy bill that is tightly focused and carefully constructed to encourage new enterprises that can stand on their own feet. We cannot afford to keep energy options open, and we need to make choices. The GOCO's are one option that we ought to eliminate right now.

Mr. FORD. Mr. President, I rise in opposition to the amendment and in support of the Government owned/company operated (GOCO) last resort option in S. 932.

Certain promising technologies or abundant domestic energy resources may not be developed if the GOCO option is not available to the Synthetic Fuels Corporation (SFC). It is possible—but far from certain—that the SFC may need to use a GOCO to commercialize the gasification/liquefaction or other energy use of municipal or agricultural waste, peat, eastern oil shale, or highly caking eastern coal.

The GOCO provision is a last resort alternative. Sufficient safeguards exist—including Senator BENTSEN's amendment—to prevent its abuse. As S. 932 is presently drafted, the SFC could build a GOCO only if no private sector party is interested in constructing that project in spite of the availability of all other SFC incentives—including the joint ownership incentive. In addition, the Corporation is limited to three GOCO's, after which it needs two-House approval to build another GOCO.

The Corporation can only build a GOCO if the construction of that plant is necessary to achieve its overall plan.

GOGO's constructed by the SFC will be subject to all Federal and nondiscriminatory State and local environmental land use and siting laws to the same extent as private sector projects.

Small and regulated companies cannot use the front-end incentives (that is, price and purchase guarantees) that are provided in the SFC. In certain cases, the technological risk associated with a key process or resource such as highly caking eastern coal will prevent use of the back-end incentives provided for in S. 932 (that is, loan guarantees, loans, and joint ventures).

In these special cases a GOCO incentive may be needed to allow the complete and competitive development of a comprehensive synfuels industry. For a number of industries, particularly regulated industries such as the gas and electric utilities, it may prove difficult to raise the investment capital needed to construct the synthetic fuels facilities. This is particularly true during periods of tight money.

Therefore, it may be necessary in the SFC to have a limited GOCO incentive available to assist technologies which supply energy to our Nation's regulated utility systems and smaller companies.

For example, in previous synthetic fuels hearings before the Congress, members of the investment banking community have testified that synthetic gas plants would not be built without some form of front-end incentive, such as loan guarantees, loans, joint ventures, and GOCO's.

Mr. President, the Percy amendment should be defeated in order to provide the similar massive undertaking that our great Nation did in World War II to develop the aluminum and rubber industries with Government financing. The South African Government is often cited as a model for the synthetic fuels industry.

Additionally, I have been advised that GOCO's will allow the chemical industry to participate in synthetic fuels development through their considerable operating expertise. This additional industry participation helps diversify the type involvement in our Nation's energy production.

North Carolina and Minnesota peat, coal in Pennsylvania, Ohio, Kentucky, West Virginia, and other eastern States, New Jersey municipal waste, Midwestern States' agricultural waste—all these resources across the United States could move faster through this limited GOCO provision.

Mr. PERCY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. PERCY. If the Senator from Illinois removes the last two lines of the amendment, if he removes the following wording, "and making conforming amendments striking references thereto throughout the bill," would the point of order be withdrawn?

Mr. JOHNSTON. Mr. President, I have told the Senator that I will not press the point of order.

Mr. PERCY. I thank the Senator.

I am prepared to yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. JOHNSTON. Mr. President, I move to table the amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON), the Senator from Massachusetts (Mr. KENNEDY), the Senator from New York (Mr. MOYNIHAN), the Senator from Connecticut (Mr. RIBICOFF) and the Senator from Tennessee (Mr. SASSER) are necessarily absent.

I further announce that the Senator from Delaware (Mr. BIDEN) is absent because of illness.

I further announce that, if present and voting, the Senator from Connecticut (Mr. RIBICOFF) would vote "nay."

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from South Dakota (Mr. PRESSLER) and the Senator from Rhode Island (Mr. CHAFEE) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 47, nays 44, as follows:

[Rollcall Vote No. 393 Leg.]

YEAS—47

Bayh
Bentsen
Bradley
Bumpers
Burdick
Byrd, Robert C.
Chiles
Church
Culver
DeConcini
Domenici
Durkin
Eagleton
Exon
Ford
Hatfield
Heflin
Hollings
Huddleston
Inouye
Jackson
Javits
Johnston
Leahy
Levin
Long
McGovern
Magnuson
Mathias
Matsunaga
Metzenbaum
Morgan
Muskie
Nelson
Nunn
Pell
Pryor
Randolph
Riegle
Sarbanes
Stennis
Stevenson
Stewart
Stone
Talmadge
Tsongas
Williams

NAYS—44

Armstrong
Baucus
Bellmon
Boren
Boschwitz
Byrd,
Harry F., Jr.
Cochran
Cohen
Cranston
Danforth
Dole
Durenberger
Garn
Glenn
Goldwater
Gravel
Hart
Hatch
Hayakawa
Heinz
Helms
Humphrey
Jepsen
Kassebaum
Laxalt
Lugar
McClure
Melcher
Packwood
Percy
Proxmire
Roth

Schmitt
Schweiker
Simpson
Stafford
Stevens
Thurmond
Tower
Wallop
Warner
Weicker
Young
Zorinsky

NOT VOTING—9

Baker
Biden
Cannon
Chafee
Kennedy
Moynihan
Pressler
Ribicoff
Sasser

So the motion to table was agreed to.

Mr. JOHNSTON. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. METZENBAUM. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question now recurs on agreeing to the amendment of the Senator from West Virginia.

Mr. DOMENICI. Mr. President, can we set the Senator's amendment aside while we take up another amendment?

Mr. ROBERT C. BYRD. Yes. I ask unanimous consent that my amendment be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 749

(Purpose: To remove any authority for the Corporation to build more than three Corporation Construction Projects)

Mr. DOMENICI. Mr. President, I send an unprinted amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from New Mexico (Mr. DOMENICI) proposes an unprinted amendment numbered 749.

Mr. DOMENICI. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 108, stirke subsection 142(b), lines 8 through 17. Renumber succeeding subsections accordingly and make any necessary technical conforming changes to the bill.

Mr. JOHNSTON. Mr. President, point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSTON. Did the Chair say a moment ago that the motion to lay on the table was agreed to?

The PRESIDING OFFICER. The Chair did.

Mr. DOMENICI. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will come to order.

The Senator from New Mexico.

Mr. TALMADGE. Mr. President, will the Senator yield 30 seconds to me?

Mr. DOMENICI. I would be pleased to yield

Mr. TALMADGE. Mr. President, I ask unanimous consent that the following staff members of the Committee on Agriculture, Nutrition, and Forestry be granted the privilege of the floor during consideration of S. 932, including all rollcall votes thereon: Henry Casso, Carl Rose, Phil Fraas, Bill Bates, Bill Lesher, Jim Giltmier, George Dunlop, and John Bode.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TALMADGE. I thank my friend from New Mexico.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield to me?

Mr. DOMENICI. I would be pleased to yield to the majority leader.

Mr. ROBERT C. BYRD. Mr. President, may we have order in the Senate? Mr. President, can we determine how many Senators still have amendments? Mr TALMADGE, Mr. EXON, Mr. BRADLEY, Mr. CHURCH, Mr. CRANSTON——

Mr. DOMENICI. Are we talking about the whole bill?

Mr. ROBERT C. BYRD. Amendments to the bill.

Mr. DOMENICI. I have one

Mr. ROBERT C. BYRD. Mr. NELSON, Mr. HATCH, Mr. GARN. Senator DOLE has five.

Mr. NELSON. Senator FORD from Kentucky has an amendment

Mr. ROBERT C. BYRD. Can we get some time agreements on some of these amendments? Mr. CRANSTON?

Mr. CRANSTON. Fifteen minutes to the side.

Mr. ROBERT C. BYRD. Fifteen minutes to the side on Mr. CRANSTON's amendment.

Mr. DOMENICI. What is his amendment?

Mr. JOHNSTON. Mr. President, reserving the right to object——

The PRESIDING OFFICER (Mr. MATSUNAGA). The Senate will be in order.

Mr. JOHNSTON. Mr. President, reserving the right to object, and I shall not object, I wonder if the majority leader might be in a position to again ask unanimous consent to take up the bill title by title. Have we got——

Mr. JAVITS. I object. Right now I have told those who have inquired—and a number have, and I have to consult another Senator—I wish to be protected on my own amendment which I am now checking, so I cannot agree to the unanimous-consent request.

Mr. DOMENICI. I wonder if the Senator can agree——

Mr. JAVITS. No, he cannot. I would like to wait a few minutes.

Mr. ROBERT C. BYRD. Would the managers of the bill be agreeable to 30 minutes?

Mr. DOMENICI. I have been informed on our side that unless we know exactly what the amendment is and properly identified, we cannot.

Mr. CRANSTON. It is in relationship to heavy oil.

Mr. DOMENICI. We cannot agree to a time limit on that.

Mr. HELMS. Mr. President, will the majority leader excuse Senator HATCH?

Mr. ROBERT C. BYRD. Mr. GARN; how much time, Mr. DOLE?

Mr. DOLE. I ask for about 4 minutes.

Mr. RANDOLPH. Mr. President, the Senate is not in order.

The PRESIDING OFFICER. The point of order is well taken. The Senate will be in order. The Senate will come to order. Members will clear the aisles and staff members will return to the designated area. The Senate will be in order.

Mr. ROBERT C. BYRD. Mr. President, it is hoped the Senate can complete its work on this bill today and it is for that reason I am attempting to see if we can get some time agreements. We would like to take up the DOD appropriations bill tomorrow and not Saturday, and we would like to finish this today.

Mr. JAVITS. Will the Senator finish this bill tonight?

Mr. ROBERT C. BYRD. We hope to finish it tonight.

Mr. JAVITS. We hope too. Do you expect that you will?

Mr. ROBERT C. BYRD. Yes.

Mr. JAVITS. Because if you want a time agreement you will not finish tonight. I will not break an important engagement just for the purpose of making a time agreement.

Mr. ROBERT C. BYRD. Mr. President, I have seen many situations in which there are more amendments than I have seen indicated here today, and we finished. So I hope we can finish. I cannot say categorically we will.

Mr. McCLURE. Mr. President, will the Senator yield? I will reserve the right to object unless we have some idea about how the order is in proceeding on this bill. Until we have got some idea of the order, it is unwise from my standpoint to agree to any time agreement.

Mr. STEVENS. Mr. President, will the Senator yield? I have asked Senators on our side who have amendments to offer to come to the floor, and they are on their way now. They would like to participate in an agreement not only as to time but as to order so we might find a way to finish tonight. I would urge the Senator let us get all of the Members here who will offer amendments and see if we can divide the time between 3:30 and midnight so we can finish.

Mr. ROBERT C. BYRD. All right. I think that is a good idea.

Mr. METZENBAUM. I do not know what amendments will be forthcoming. It will be difficult to assess those amendments on the floor. Some amendments may necessitate subsequent amendments to be offered, and in order that the leader will be advised, I will object to any time limit or any agreement on such a basis until I ascertain where we are going.

Mr. ROBERT C. BYRD. Mr. President, we will attempt to see if we can work out time agreements with Senators who have amendments and then attempt to get the sequential order cleared.

I yield the floor. I hope a Senator will call up an amendment.

The PRESIDING OFFICER. The Senator from New Mexico has the floor.

Mr. DOMENICI. I have an amendment pending, Mr. President.

This amendment is the one I told the Senate about immediately prior to the vote on Senator PERCY's that I would offer. It is now pending. It makes it absolutely clear that there can only be up to three GOCO's under any circumstance under this Senate bill, three only. It strikes all language so as to extraordinary circumstances which may permit additional ones, and that is precisely what it does. It strikes that language. That is all it does.

Mr. PERCY. Mr. President, will the Senator yield?

Mr. DOMENICI. I would be pleased to yield.

Mr. PERCY. I would just like to say that the Senator from Illinois fully supports the amendment and is very pleased indeed that apparently it will be accepted by the majority floor manager of the bill. I think it is much better to limit this to three projects. That would certainly permit a decisionmaking process so that the three most efficient technologies that cannot be done in any other way, will be selected.

Mr. DOMENICI. Mr. President, does the Senator from New York have a question?

Mr. JAVITS. I do. I have a question about the amendment.

Is the effect of the amendment to cause the law, if enacted as the Senate will have dealt with it, to state that if there are more than three GOCO's they have to be authorized by law like any other measure or any other bill; therefore, the number that we have permitted by tabling the Percy amendment is three, period?

Mr. DOMENICI. The Senator is absolutely right. When we say "authorized by law," what we mean is that there is no provision for anything but up to three. Here we would have to have a whole new national piece of legislation to increase that number.

Mr. JAVITS. One other question. The up to three means three different types of synfuels, not three of the same?

Mr. DOMENICI. That is absolutely correct.

Mr. JAVITS. I thank the Senator from New Mexico very much.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico still has the floor.

Mr. WARNER. Will the Senator yield?

Mr. DOMENICI. I am pleased to yield, if it is on the amendment.

Mr. WARNER. Yes; I am the author of amendment No. 575. Mr. President, the subject of this amendment is identical to an earlier piece of legislation, S. 1403, passed by this body. Accordingly, I am willing to assist the leaders of this legislation by saying 5 minutes to a side for it.

Mr. JOHNSTON. Mr. President, the Domenici amendment is now pending. Senator METZENBAUM is off the floor and asked me to protect him on any time agreements, but I would not expect that we would have any long debate on it, anyway. It will help if the Senator will let us agree to the Domenici amendment, the amendment discussed earlier in the debate, which I am prepared to do. It has precisely the effect that he indicated it did; that is, it further limits the possibility of a GOCO. I am willing therefore, to accept the amendment, on behalf of the committee.

Mr. DOMENICI. Mr. President, I move the adoption of my amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Mexico.

The amendment (UP No. 749) was agreed to.

Mr. DOMENICI. I move to reconsider the vote by which the amendment was agreed to.

Mr. McCLURE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Several Senators addressed the Chair.

The PRESIDING OFFICER. Is the Senator from Louisiana still seeking recognition?

Mr. JOHNSTON. No, Mr. President.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The question now recurs on agreeing to the amendment offered by the Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that my amendment be temporarily laid aside and that the Senator from Nebraska may proceed with his.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Nebraska is recognized.

UP AMENDMENT NO. 750

(Purpose: To increase the amount authorized in S. 932, title II, subtitles D and E, for the purpose of encouraging the production, development, and commercialization of alcohol fuels)

Mr. EXON. I thank the Senator from West Virginia, the managers of the bill, and the Chair.

Before I proceed, Mr. President, I would like to ask the managers of the bill if it is in order at this time for me to offer an amendment that I have discussed with them on section 2 of S. 932.

Mr. JOHNSTON. Mr. President, under the rules it is certainly in order. I had hoped that we could get unanimous consent to take this bill up title by title, and dispose of one title and move on to the next. We have not been able to get that agreement. So, without prejudice to our strong desire to get that agreement agreed to in a matter of moments, I will yield to the Senator's desire and hope that that is the only amendment that we will take up out of order.

Mr. EXON. I thank the manager of the bill.

Mr. President, I send to the desk an unprinted amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read as follows:

The Senator from Nebraska (Mr. EXON) proposes an unprinted amendment numbered 750:

On page 167, line 3, strike "20" and substitute "10".

On page 176, line 19, strike "$650,000,000" and substitute "$1,200,000,000".

Mr. EXON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 167, line 3, strike "20" and substitute "10".

On page 176, line 19, strike "$650,000,000" and substitute "$1,200,000,000".

On page 178, line 14, strike "$450,000,000" and substitute "$800,000,000".

On page 179, line 8, strike "$200,000,000" and substitute "$400,000,000".

On page 179, line 15, strike "$650,000,000" and substitute "$1,200,000,000".

Mr. EXON. Mr. President, I believe that we can disperse of this matter in fairly rapid order and save time.

Mr. President, Senator STEWART, Senator BAYH, and I are offering this amendment today to increase the authorization levels for the overall gasohol production program on a larger scale to increase production development, commercialization and needed technological improvements. Gasohol is a blend of 10 percent alcohol and 90 percent gasoline. It is proven technology which can offer some relief to our crippling dependence on imported oil almost immediately as we develop our "mixed energy economy" of tomorrow.

The Department of Energy's "Report of Alcohol Fuels Policy Review," June 1979, concluded that new ethanol facilities are more energy efficient than existing facilities which were built when energy costs were much lower than they are now, and can yield a net gain of 5 percent in liquid fuels when ethanol is produced. In addition, the report stated that ethanol conversion facilities can readily be designed to use fuel sources other than oil or gas.

The September 1979 "Technical Memorandum" prepared by the Office of Technology Assessment (OTA) has concluded that if alcohol is produced using coal, solar power, or other nonpremium fuels to supply energy for the distillation plant, currently planned ethanol capacity could save 35 to 80 million gallons of gasoline equivalent per year by the end of 1980.

Mr. President, gasohol provides an almost immediate access to extensions for our tight gasoline supplies. To improve and advance on this, however, we need sufficient flexibility in terms of authorization levels to encourage the development of small, medium, and large size gasohol production facilities. Without enough money to establish the broad spectrum of plant sizes we will not adequately tap the gasohol potential.

Small gasohol production facilities provide a broad-based effort at expanding the availability of gasohol throughout our entire country. To do this, however, we need sufficient authorization levels to insure that the needed technological advice and information is available to different parts of the country where different systems may be required. For instance, the feedstocks available in Nebraska or Indiana may be different than the feedstock available in Alabama and therefore this information must be available to each individual producer wanting to establish a project, together with needed studies and efforts to improve the existing "state of the art."

We have succeeded in convincing the American public that gasohol is an excellent fuel that is a step toward solving our immediate problems. From its humble beginnings in Nebraska, which pioneered the use of grain fuels in recent years and even popularized the name "gasohol" sales have increased dramatically nationwide. There are now more than 1,000 stations in 29 States selling gasohol. There are only optimistic reports about its feasibility as a readily available, renewable source of solution to recurring gas lines. The Senate must move rapidly to spark sufficient production of domestic ethanol to meet ever-increasing demands.

Mr. President, as a U.S. Senator from Nebraska, the State which piloted much of the research we now have on gasohol, I strongly urge my colleagues in the Senate to give their support to this measure, reminding all, once again, that this is an energy bill which employs the resources of our own Nation to reduce our crippling dependence on foreign energy sources.

Mr. President, I ask unanimous consent that the name of the senior Senator from West Virginia (Mr. RANDOLPH) be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EXON. Mr. President, we are agreed that all this amendment does—and I think we have worked it out and have a general agreement on it—is simply increase the amount of money in title II of S. 932 from the stated figure of $650 million to $1.2 billion.

Many of us feel that the bill that was brought out of the Energy Committee was a good one, and we have supported it down the line. But I sincerely believe we should put a little more money into gasohol than was originally provided. I have no further statement at this time. I reserve the remainder of my time. I would like, if I could, to recognize the Senator from Georgia.

The PRESIDING OFFICER. Is the Senator yielding to the Senator from Georgia?

Mr. EXON. I am yielding to the Senator from Georgia.

Mr. STEWART. Alabama.

Mr. EXON. Alabama, I am sorry.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. STEWART. Mr. President, the amendment we are offering today, Senator EXON, Senator BAYH, Senator RANDOLPH, and myself, will do just as he said. It will increase the amount of moneys that are contained in the bill from $650 million to $1.2 billion.

This title will provide the needed financial assistance to build a strong and viable alcohol fuel industry in the United States. Alcohol can provide one of the many parts of the puzzle that is needed to solve this country's energy problem in the coming years. With the financial assistance contained in this amendment, alcohol can reach its full potential as a significant contributor to the energy supply of America.

No one in this body needs to be reminded of the difficult situation in the Middle East. Our Nation is placing its entire security in the hands of a small number of oil producing nations. Though we cannot escape from this situation immediately, we can take major steps with the passage of a strong energy bill. And, alcohol fuel must be an essential element of that program. While we are moving toward a synthetic fuels industry, the United States can take a more immediate step toward energy independence by passing a solid alcohol fuels bill.

Title II of this bill is such a bill. I would like to strongly commend the distinguished Senator from Idaho, Mr. CHURCH, for his strong leadership on this issue. His subcommittee and the full energy have produced a good section on alcohol fuel. This amendment would strengthen the bill by adding more financial assistance.

One of the strengths of this legislation is that it allows for the development of alcohol fuel production from all sized plants, from smaller facilities to very large plants. The amendment we are offering would increase the authorization levels, so that all the various technologies are given a chance to develop. This bill already provides technical assistance to people and companies who wish to get into the alcohol fuel production business. If we are not to have a high rate of failure, I believe it is essential that the Office of Alcohol Fuels have the necessary funds to develop the necessary technological information and to provide that information to whoever would need it. This amendment would help accomplish that objective.

Finally, the amount we are seeking is a minimum amount that will enable this country to reach the production goals established by this legislation. I am therefore pleased to be able to join Senator EXON and Senator BAYH and others in offering this amendment. Both of these distinguished Senators have long been leaders in the fight for alcohol fuels. Senator EXON actively fought for alcohol fuels while Governor of Nebraska and Senator BAYH has been a national leader on this issue.

Mr. President, this amendment is vitally needed for alcohol fuels to make its maximum contribution to our Nation's energy effort. I strongly urge my colleagues to join in the support of this amendment.

Mr. EXON. Mr. President, I yield to the senior Senator from West Virginia.

Mr. RANDOLPH. I commend the leadership of Senator EXON as he points to the value of gasohol as a substitute for gasoline made from foreign oil.

This sum of money is not exorbitant. Frankly, it is perhaps a lesser amount than is actually needed. But, it is a realistic increase, as the able Senator from Nebraska (Mr. EXON), the diligent Senator from Alabama (Mr. STEWART), and others have stated.

The American people will respond affirmatively to this amendment. I hope it will be accepted by the capable managers of the bill. I embrace the opportunity to cosponser this amendment.

Interest in the use of alcohol as a motor fuel is not new. Beginning with the invention of the automobile and proceeding to the present time, alcohol has been used in various forms. Henry Ford recommended its use and predicted that eventually the United States would rely exclusively on alcohol as a motor fuel. Race car drivers have used alcohol as a fuel or fuel additive from the inception of the sport.

Agriculture has shown interest in alcohol fuels from time to time. Enthusiasm for its use has increased each time grain surpluses have developed or when agriculture was in a depressed condition. Basically three factors have revived the discussion on this issues.

The United States has become increasingly dependent on imports of foreign oil at an ever increasing cost.

Coal and grain are in abundant supply.

Metropolitan areas are seeking an answer to their municipal wastes and air pollution.

Much testimony has been presented to the Congress in 1978 and 1979 concerning alcohol production and marketability.

There are sufficient raw materials in our Nation to supply enough alcohol for a significant percentage of our liquid fuel needs. It can be used as an additive or by itself as a motor fuel, while decreasing exhaust emissions.

Expanded use of methanol and ethanol I believe can be produced and sold for profit on a national basis. This $1.2 billion will be seen as money well spent as oil, both domestic and foreign become more scarce, and the price of these fuels continue to increase.

Mr. EXON. I thank the Senator from West Virginia. I yield to the Senator from Indiana.

Mr. BAYH. Mr. President, I am pleased to rise today to speak on behalf of title II, the Gasohol Motor Fuel Act of 1979, a critical section of S. 932, the Defense Production Act amendments. I introduced this bill on October 4, along with Senators CHURCH and JOHNSTON, as a printed amendment to S. 932. The Energy Committee subsequently adopted it as part of the energy bill before us.

The Gasohol Motor Fuel Act directs the President to set up an independent Office of Alcohol Fuels in the Department of Energy responsible for administering a program of financial incentives for alcohol production and responsible for achieving certain production goals. The bill, as reported by the committee, authorizes $200 million of Federal outlays, in the form of price guarantees, purchase guarantees and loan guarantees to enable us to reach the goal of 920 million gallons of alcohol, for blending with gasoline, by 1982.

Further, the bill directs the Office to develop a plan for submission to the Congress, indicating how we can reach the goal of replacing 10 percent of our gasoline with alcohol by 1990. Finally, it provides for coordination between the Department of Energy and other departments and agencies with related responsibilities, in order to coordinate Federal efforts in this area, and directs Federal use of gasohol in the Federal fleet. I am hopeful that the Office of Alcohol Fuels will provide a focal point for this activity and finally bring the focus and priority to this promising energy alternative that has been sorely lacking to date.

Mr. President, I am also joining with Senators EXON and STEWART in offering an amendment to title II to increase the funding level provided in the committee bill. As it now stands, title II provides for $200 million in Federal outlays for alcohol fuel development, and obligational authority of up to $650 million. The bulk of these obligations represent backing for loan guarantees, and not actual expenditures by the Government unless borrowers default on their loans, an unlikely prospect.

Our amendment increases this level to $400 million in outlays and $1.2 billion in obligational authority, a level we feel is sufficient to meet the production goals in the bill. The floor managers of this bill, Senators JOHNSTON and CHURCH, have agreed to accept it. I believe, Mr. President, that with this one change, we will truly launch an aggressive and successful alcohol fuel development program.

Mr. President, I believe title II sets up a workable Federal program to get this ball rolling. Title II recognizes that future alcohol producers will be drawn from a number of different players: Large commercial producers such as agribusiness and food processing and marketing companies, distillers, and maybe even oil companies; smaller community-based organizations, such as farm cooperatives, small refiners, jobbers, and small businesses; and individual farmers interested in producing alcohol for their own on-farm use. I believe the Office of Alcohol Fuels will be able to efficiently and quickly assist all of these interested parties, with their very different needs, and I urge all those out there interested in harnessing our vast renewable resources to join this effort to make America more energy independent. The time is long past gone that we can afford to wait any longer. We have a critical liquid fuels problem in this country, that can only get worse without decisive action. The gravity of this situation has been underscored once again by recent events in Iran. We must get going now.

Mr. President, an adequately funded alcohol fuels program is a necessary supplement to S. 932. Alcohol fuels work. They are a versatile fuel suited for use in automobiles, utility peaking units, boilers, and industrial heating units, as well as for a variety of on-farm uses. They are also a valuable feedstock for the petrochemical industry and may well serve as an environmentally acceptable additive for the refining industry. Perhaps most importantly, alcohol fuels are a domestic energy source made from diverse renewable resources and wastes available in abundant quantities in every region of this country. We must turn our agricultural surpluses, and wastes, into opportunities. This will be a boon to our farmers, local economies, all across the land, and relieve taxpayers from paying farmers not to grow crops—on which we spent over $10 billion last year. It can also free the drain on urban budgets caused by municipal waste disposal costs.

Mr. President, alcohol fuels will reduce our dependence on imported oil. If we make a substantial commitment now, ethanol can be available in the near future, and is in fact the only immediately available liquid fuel supplement on the horizon. Alcohol prices are not prohibitive in the short run, and can be brought down significantly in the long run. Alcohol fuels can result in a net energy gain, and particularly a net liquid energy gain.

Our present situation, Mr. President, is this. We have a growing market for gasohol, evidenced by the number of new outlets selling gasohol opening each day. We have distributors anxious to market gasohol, and we have sufficient feedstocks to supply a major effort. But we are in a chicken-egg situation to this extent: Our potential producers are ambivalent about investing in production facilities because they are uncertain about market potential and security. Banks are hesitant to loan money to alcohol producers. Sales are therefore limited because our production has been limited. Adoption of title II will provide a means of breaking out of this circle, and make sure that interested alcohol producers can get financing. I urge my colleagues to adopt this amendment and hope that we will begin to see positive results in the very near future.

Mr. President, I very much appreciate the opportunity to join as a cosponsor of this amendment with my distinguished friend from Nebraska. As we look at the potential for increasing our sources of liquid fuel, there are not very many sources that we can bring on line in any short period of time. We are talking about 5 or 10 years for the synfuels projects in the synfuels program we adopted yesterday. The one opportunity to bring liquid fuel on line very quickly is to develop alcohol fuels. I think it is important to move as quickly as we can.

I appreciate the opportunity to join with my friend from Nebraska, and I am hopeful we can agree to this amendment very quickly.

Mr. EXON. I thank the Senator from Indiana for his comments. I yield to the Senator from Alabama.

Mr. STEWART. Mr. President, I ask unanimous consent that my colleague from Alabama (Mr. HEFLIN) be listed as a cosponsor to this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EXON. Mr. President, I now yield to the Senator from Kansas.

Mr. DOLE. Mr. President, I ask that I be made a cosponsor of the amendment, and I associate myself with the remarks made by the distinguished Senator from Nebraska (Mr. EXON), the distinguished Senator from Alabama (Mr. STEWART), the distinguished Senator from Indiana (Mr. BAYH), and the distinguished Senator from the great State of West Virginia (Mr. RANDOLPH).

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EXON. I am delighted to have the Senator as a cosponsor.

Mr. President, now I yield to the Senator from Idaho.

Mr. MAGNUSON. Will the Senator yield?

Mr. CHURCH. I yield.

Mr. MAGNUSON. Will the Senator from Nebraska add me as a cosponsor?

Mr. EXON. Mr. President, I ask that the Senator from Washington be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHURCH. Mr. President, title II in the pending bill represents the end product of the work of the Energy Committee in fashioning a program for stimulating the production of alcohol for fuel.

Nearly 2 years ago I introduced the initial measure that, in its original form, would have mandated the principal oil companies of this country to commence mixing alcohol with gasoline, giving them a schedule within which to bring that mixture up to a 10-percent blend.

Hearings were held on that proposal. After we had heard from the experts, both here in Washington and in the field, it appeared to us that the provisions of the original bill should be changed and that the Government should stimulate the production of alcohol by loan guarantees, by price guarantees, and by purchase arrangements so as to expand this country's capacity to produce alcohol for mixing with gasoline as rapidly as possible.

Few of us really appreciate the enormity of the task. As I recall the figures, the United States is producing annually no more than 50 million gallons of alcohol suitable for fuel. In order to achieve 10 percent blend, we will have to increase our production from 50 million gallons a year to 11 billion gallons a year.

That is why I feel that the Senator from Nebraska, along with his able colleagues, the Senator from Alabama (Mr. STEWART), the Senator from Indiana (Mr. BAYH) and the Senator from Kansas (Mr. DOLE), who all have taken a personal interest in gasohol and worked with the rest of us who are so inclined to get the program moving, are doing the right thing this afternoon. They fully appreciate the enormity of the task, to expand our alcohol production sufficiently so that it will begin to make a difference within the next few years.

I think the amendment they offer, which roughly doubles the authorized levels for loans and other forms of Government participation to stimulate this production, is in order. I commend them for bringing this amendment to the floor. Since I am with them in spirit, I should like to join them as a cosponsor of the amendment. I ask unanimous consent that my name be added to the others on the list.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EXON. I thank my friend from Idaho. We are delighted to have him as a cosponsor.

Mr. President, in addition, I ask that Senator MELCHER and Senator LEVIN be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EXON. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. There is no time limitation.

Mr. EXON. Mr. President, I just want to comment that it is interesting and heartening to see those who have been pioneers in the gasohol efforts at the national level stand up and support this proposal. I remember a few years ago when we were working so hard. Members who have talked about this on the floor today—and others who have not spoken yet, who are attending other duties—were the ones who led the fight in the Senate to get the exemption from the Federal tax, which was tremendously instrumental in bringing gasohol along to the place where it is right now.

I wish to also point out, Mr. President, that I sincerely feel, and most of the experts feel, that as we move forward in cutting down our reliance on imports of foreign petroleum products, gasohol is one of the most effective forms in which we can move. Therefore, Mr. President, I hope the amendment will be agreed to. Mr. President, I would also request that the Senator from New York (Mr. Javits) and also the Senator from New Jersey (Mr. Bradley) be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Does the Senator yield the floor?

Mr. EXON. Mr. President, I ask for the adoption of the amendment.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. JOHNSTON. Mr. President, I congratulate the Senator from Nebraska (Mr. Exon) who has worked in this field for 10 years and knows a great deal about it. I congratulate the Senator from Alabama (Mr. Stewart), who introduced the first bill in the Agriculture Committee; also, Senator Church, the author of the section now contained in the bill; Senator Bayh, who has worked for a long time in this area; as well as Senator Dole, who has been a real leader in this field.

This amendment, Mr. President, has been worked out with us. While it substantially increases the funds which we provide in the Energy Commitee bill I think honestly it is a responsible amount. We accept it not just in the spirit of going along but because I think it is a proper amount. This is so particularly when you consider that some of the larger plants which provide economies of scale would, but for the increase here tend to sop up the funds leaving insufficient funds available to fund not only the small plants but all of those which could appropriately be brought on line to meet the specified goals. The goals are 10 percent alcohol fuels by the year 1990, with a specific goal for the year 1982 of not less than 60,000 barrels a day at that time, and we hope considerably more.

So, Mr. President, we accept the amendment with thanks to the strong group of Senators who have sponsored it.

Mr. McCLURE. Mr. President, I thank the Senator from Nebraska for offering the amendment. It has my strong support. I shall not take the time to make all the speeches I have made over the last 10 years in Congress in regard to alcohol and gasohol, but I strongly support this program. We accept the amendment on this side of the aisle.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. JOHNSTON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. McCLURE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question now recurs on the amendment offered by the Senator from West Virginia.

Mr. JOHNSTON. Mr. President, I do not see the Senator from West Virginia on the floor. I ask unanimous consent that that amendment be laid aside for the purpose of considering the amendment of the Senator from Georgia.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSTON. Will the Senator from Georgia withhold for a moment for a parliamentary inquiry?

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSTON. Mr. President, have we adopted the committee-recommended amendments with respect to gasohol, subtitle K and subtitle L?

The PRESIDING OFFICER. The amendment offered to that title was passed. That is the amendment offered by the Senator from Nebraska. Other amendments have not yet been offered to that title.

Mr. JOHNSTON. I thank the Chair.

UP AMENDMENT NO. 751

(Purpose: To add to S. 932 provisions for a rural energy program in the Department of Agriculture coordinated with other Federal energy policies and programs)

Mr. TALMADGE. Mr. President, in behalf of myself, Mr. Helms, Mr. McGovern, Mr. Boschwitz, Mr. Dole, and Mr. Stewart, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Georgia (Mr. Talmadge), for himself and Mr. Helms, Mr. McGovern, Mr. Boschwitz, Mr. Dole, and Mr. Stewart, proposes an unprinted amendment numbered 751.

Mr. TALMADGE. Mr. President, I ask unanimous consent that further reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 147, between lines 12 and 13, insert a new title II as follows:

"TITLE II—AGRICULTURAL, FORESTRY, AND RURAL ENERGY

"Sec. 201. This Act may be cited as the 'Agricultural, Forestry, and Rural Energy Act of 1979'.

"Sec. 202. The table of contents in the first section of the Food and Agriculture Act of 1977 is amended by adding at the end thereof the following:

"TITLE XX—AGRICULTURAL, FORESTRY, AND RURAL ENERGY ACT

"Sec. 2001. Short title.

"Subtitle A—Findings, Purposes, and Definitions

"Sec. 2002. Findings.
"Sec. 2003. Purposes.
"Sec. 2004. Definitions.

"Subtitle B—Agricultural, Forestry, and Rural Energy Production, Use, and Conservation Program

"Sec. 2011. Duty of the Secretary.
"Sec. 2012. Agricultural, Forestry, and Rural Energy Board.
"Sec. 2013. Program development.
"Sec. 2014. Agricultural, Forestry, and Rural Energy Production, Use, and Conservation Program.
"Sec. 2015. Annual reports to Congress.

"Subtitle C—Agricultural, Forestry, and Rural Energy Research and Extension

"Sec. 2021. Agricultural, forestry, and rural energy research.
"Sec. 2022. Agricultural, forestry, and rural energy extension.
"Sec. 2023. Coordination of research and extension.

"Subtitle D—Wood Energy Development

"Sec. 2031. Definition.
"Sec. 2032. Wood Energy Centers.
"Sec. 2033. Cost sharing for production of timber for wood energy.
"Sec. 2034. Forest management loan pilot program.
"Sec. 2035. Assistance to State forestry agencies.
"Sec. 2036. State advisory committees.
"Sec. 2037. National Forest System assistance in wood energy development projects.
"Sec. 2038. Forest land restoration.

"Subtitle E—Agricultural Biomass Energy Development

"Sec. 2041. Definition.
"Sec. 2042. Agricultural Biomass Energy Centers.
"Sec. 2043. Small-scale agricultural biomass production assistance.

"Subtitle F—Agricultural, Forestry, and Rural Energy Production, Use, and Conservation Loans, Demonstration Grants, and Cost Sharing

"Sec. 2051. Loans and demonstration grants.
"Sec. 2052. Consolidated Farm and Rural Development Act amendments.
"Sec. 2053. Rural electrification demonstration grants for alternative energy sources.
"Sec. 2054. Lending for energy production and conservation projects by production credit associations, Federal land banks, and banks for cooperatives.
"Sec. 2055. Agricultural Conservation Program energy conservation cost sharing.

"Subtitle G—Forest Service Leases and Permits

"Sec. 2061. Forest Service leases and permits.

"Subtitle H—Effective Date

"Sec. 2071. Effective date.".

"Sec. 203. The Food and Agriculture Act of 1977 is amended by adding at the end thereof a new title XX as follows:

"TITLE XX—AGRICULTURAL, FORESTRY, AND RURAL ENERGY ACT

"SHORT TITLE

"Sec. 2001. This title may be cited as the 'Agricultural, Forestry, and Rural Energy Act'.

"Subtitle A—Findings, Purposes, and Definitions

"FINDINGS

"Sec. 2002. Congress finds that—

"(1) the dependence of the United States on imported petroleum and natural gas must be reduced by all economically and environmentally feasible means, including the use of domestic biomass energy sources;

"(2) the agricultural, forestry, and rural sectors of our economy must conserve energy and substitute renewable sources of energy for imported petroleum and natural gas to the extent consistent with the maintenance of agricultural and forest productivity and a healthy rural economy;

"(3) agricultural commodities, forest products, and their wastes and residues are renewable biomass resources that, when properly used for the production of industrial hydrocarbons, alcohol fuels, and other energy sources, can substantially assist in reducing United States dependence on imported petroleum and natural gas and in making the agricultural, forestry, and rural sectors of our economy more energy self-sufficient;

"(4) the Secretary of Agriculture and the agencies under the direction of the Secretary of Agriculture administer programs and exercise authorities affecting the production of energy from, and management of, renewable biomass resouces;

"(5) the programs and authorities of the Department of Agriculture also serve other national needs, including the production of food, animal feed, wood and wood products for housing and other uses, and other necessities; and

"(6) a national program for increased production and use of energy from biomass that does not impair the Nation's ability to produce food and fiber on a sustainable basis for domestic and export use, and for rural energy conservation, must be formulated and implemented within a multiple-use framework.

"PURPOSES

"SEC. 2003. The purposes of this title are to—

"(1) facilitate the development and production of fuels from biomass by use of appropriate technology for direct application in on-farm and rural energy situations, and research, extension, and conservation activities related to agricultural, forestry, and rural energy;

"(2) assure the development and implementation of an agricultural, forestry, and rural energy production, use, and conservation program that will enable the United States to meet the goals of net energy independence for agriculture and forestry, and a 50 percent reduction in petroleum and natural gas use by rural residents and communities, by the year 2000;

"(3) create within the Department of Agriculture an Agricultural, Forestry, and Rural Energy Board to assist the Secretary of Agriculture in developing and implementing the agricultural, forestry, and rural energy production, use, and conservation program; and

"(4) make changes in existing programs and authorities of the Department of Agriculture, consistent with, and not duplicative of programs and authorities of the Department of Energy, related to research, technology transfer, and operational activities, in order to conform such programs and authorities to the needs of the agricultural, forestry, and rural energy production, use, and conservation program, and establish new programs and authorities necessary for the effective implementation of that program.

"DEFINITIONS

"SEC. 2004. As used in this title, the term—

"(a) 'biomass' means agricultural commodities, forest products, and their wastes and residues that can be used as fuel or for the production of industrial hydrocarbons, or alcohol fuels or other energy sources, that will assist in reducing petroleum and natural gas imports. Biomass, without limiting its meaning, includes grain and stalks of corn, wheat, rice, and sorghum, cottonseed and peanut hulls, fruits and vegetables and their processing byproducts and residues, aquatic plants, specific energy-farm crops, animal wastes, wood and wood products, bark, wood pulp and chips, residues from logging and paper manufacturing, and animal waste products;

"(b) 'Board' means the Agricultural, Forestry, and Rural Energy Board created under section 2012 of this title;

"(c) 'Program' means the Agricultural, Forestry, and Rural Energy Production, Use, and Conservation Program developed under section 2014 of this title; and

"(d) 'Secretary' means the Secretary of Agriculture.

"Subtitle B—Agricultural, Forestry, and Rural Energy Production, Use, and Conservation Program

"DUTY OF THE SECRETARY

"SEC. 2011. In order to enable the United States to achieve net energy independence for agricultural and forest production, processing, and marketing, and to reduce the petroleum and natural gas consumption of rural residents and communities by 50 percent by the year 2000, the Secretary, in coordination with the Secretary of Energy, shall implement the Program developed under section 2014 of this title.

"AGRICULTURAL, FORESTRY, AND RURAL ENERGY BOARD

"SEC. 2012. (a) The Secretary shall establish an Agricultural, Forestry, and Rural Energy Board to perform, and assist the Secretary to perform, the functions and duties required by this title.

"(b) The Board shall be composed of four members, as follows—

"(1) the Secretary,

"(2) the Secretary of Energy,

"(3) the Deputy Secretary of Agriculture, and

"(4) the Deputy Secretary of Energy.

"(c) The members of the Board may authorize designees to represent them at meetings of the Board.

"(d) The Secretary shall be Chairperson of the Board.

"(e) The Secretary shall designate an executive director for the Board, to be paid at a rate not in excess of the rate prescribed for grade GS-18 in the General Schedule set out in section 5332 of title 5 of the United States Code, and shall provide for such additional professional and clerical assistance as may be necessary for the Board to perform its responsibilities under this title.

"(f) Beginning October 1, 1980, the Board may use, to the extent provided in appropriation Acts, the resources of all Department of Agriculture agencies (except the Commodity Credit Corporation), and outside consultants, as may be necessary to perform its responsibilities under this subtitle. In fiscal year 1980, the Board may use the funds and facilities of the Commodity Credit Corporation to carry out its responsibilities under this subtitle. There are hereby authorized to be appropriated, for each of the fiscal years 1981, 1982, 1983, and 1984, such sums as may be necessary for the Board to carry out its responsibilities under this subtitle.

"(g) The Board shall meet at the call of the Secretary, but at least quarterly.

"PROGRAM DEVELOPMENT

"SEC. 2013. (a) The Board shall assist the Secretary in carrying out section 2011 of this title by—

"(1) assessing the Nation's agricultural, forestry, and rural energy needs, resources, practices, legal authorities, programs, and related elements;

"(2) preparing the Program based upon such assessment; and

"(3) preparing the reports required by section 2015 of this title.

"(b) In performing the agricultural, forestry, and rural energy assessment, the Board shall—

"(1) identify agricultural, forestry, and rural energy objectives, consistent with the goals contained in section 2011 this title;

"(2) determine the quality and quantity of biomass that is potentially available for energy production;

"(3) identify the ways in which biomass can be used to meet United States energy needs and especially promising areas of development;

"(4) identify and assess practices to conserve energy in agricultural and forest production, processing, and marketing and in rural communities;

"(5) identify and evaluate agricultural, forestry, and rural energy production, use, and conservation systems and technologies;

"(6) identify the policies and procedures necessary to ensure that the production of agricultural commodities and forest products will not be interrupted by energy shortages;

"(7) identify the practices necessary to conserve and enhance the productivity of soil resources, while pursuing the goals contained in section 2011 of this title;

"(8) identify ways to minimize the adverse consequences of energy production on agricultural, forest, and rural lands and related natural resources, and rural communities;

"(9) analyze the comparative economic value of biomass materials within a framework that takes into account the various uses to which these materials can be put, including, in addition to potential energy use, alternative uses such as the production of food, animal feed, housing and other construction materials, fertilizer, and petrochemical substitutes;

"(10) assess existing and anticipated Federal and State laws, policies, programs, and regulations relating to the production and use of biomass energy and the conservation of energy in agriculture, forestry, and rural communities;

"(11) evaluate the effectiveness of existing Department of Agriculture programs and policies in achieving the goals contained in section 2011 of this title; and

"(12) analyze the adequacy of existing legal authorities and funding, and recommend changes in such authorities and funding necessary, to achieve the goals contained in section 2011 of this title.

"(c) The assessment required under subsection (b) of this section shall be completed by September 30, 1980, and updated when necessary, but at least every five years. The initial assessment and the updated assessments shall be submitted to Congress.

"(d) In performing its duties under this section, the Board shall use, to the maximum extent feasible, the information, analyses, assessments, and evaluations available from other Federal agencies, in order to avoid duplication of effort.

"AGRICULTURAL, FORESTRY, AND RURAL ENERGY PRODUCTION, USE, AND CONSERVATION PROGRAM

"SEC. 2014. (a) The Board shall prepare an Agricultural, Forestry, and Rural Energy Production, Use, and Conservation Program setting forth measures, actions, funding levels, and other means to achieve the goals contained in section 2011 of this title without reducing the ability of United States agriculture or forestry to meet other national needs, or adversely affecting rural communities. The Program shall include, but not be limited to—

"(1) an inventory of the specific needs and opportunities for public and private investment in agricultural, forestry, and rural energy production, use, and conservation projects;

"(2) identification of the estimated costs, returns, results, and benefits associated with investments in such a manner that the estimated costs can be directly compared with the total related benefits; and

"(3) a discussion of the priorities and options for the accomplishment of the Program, specifying estimated costs, results, and benefits.

"(b) The Program shall use and be based on the Board's assessments made under section 2013 of this title, as well as other relevant data (including the renewable resource assessments and renewable resource programs prepared under the Forest and Rangeland Renewable Resources Planning Act of 1974 and appraisals and national soil and water conservation programs prepared under the

Soil and Water Resources Conservation Act of 1977). The Program shall be consistent with any energy policies and programs developed by the Department of Energy.

"(c) The Program shall be developed in cooperation with Federal, State, and local agencies and organizations in accordance with such procedures as the Board may prescribe to ensure public participation.

"(d) The Program shall be completed and submitted to the President and Congress by December 31, 1980, and shall be reviewed and revised when necessary, but shall be reviewed at least every five years, and resubmitted to the President and Congress.

"ANNUAL REPORTS TO CONGRESS

"SEC. 2015. For the purpose of providing information that will aid Congress in its oversight responsibilities and improve the accountability for agency expenditures and activities, the Secretary, with the assistance of the Board, shall prepare annual reports that evaluate the implementation of the Program and submit them to Congress by February 1 of each year, the first such report to be submitted by February 1, 1982.

"Subtitle C—Agricultural, Forestry, and Rural Energy Research and Extension

"AGRICULTURAL, FORESTRY, AND RURAL ENERGY RESEARCH

"SEC. 2021. (a) To facilitate the development of agricultural, forestry, and rural energy production, use, and conservation, the Secretary shall implement an agricultural, forestry, and rural energy applied research program within the Department of Agriculture in accordance with the Program, using the programs and authorities established under this title and other programs and authorities available to the Secretary. The Secretary shall use, to the extent practicable, existing facilities of the Department of Agriculture and the Wood Energy Centers and the Agricultural Biomass Energy Centers established under this title, to implement the applied research program. Applied research under this subsection, to the extent that such research does not duplicate to any significant degree any program of the Department of Energy, shall include, but not be limited to, applied research to develop—

"(1) economical and energy-efficient fuel, industrial hydrocarbons, and petrochemical substitutes from biomass;

"(2) techniques for using energy derived from biomass in the production, processing, and marketing of agricultural commodities and forest products, especially techniques that farmers and owners of private forest land may use;

"(3) economical ways in which rural residents and communities can use energy derived from biomass;

"(4) the use of wood as an economical and energy-efficient material in building construction; and

"(5) energy conservation systems and techniques for farmers, owners of forest land, rural residents, and rural communities.

"(b) Section 1 of the Act of June 29, 1935 (49 Stat. 436, as amended; 7 U.S.C. 427), is amended by inserting after 'irrigation);' in the third sentence the following: 'in coordination with the Department of Energy, applied research to develop agricultural, forestry, and rural energy production, use, and conservation;'.

"(c) Effective October 1, 1980, section 3 of the Act of March 2, 1887 (24 Stat. 441, as amended; 7 U.S.C. 361c), is amended by—

"(1) in subsection (a), inserting '(1)' immediately after the subsection designation and adding at the end thereof a new paragraph (2) as follows:

"'(2) Subject to the requirements and restrictions of section 2023 of the Food and Agriculture Act of 1977, there are further authorized to be appropriated such sums, not in excess of $50,000,000 annually, as Congress determines necessary for the purpose of applied research at State agricultural experiment stations and eligible colleges and universities to develop agricultural, forestry, and rural energy production, use, and conservation. This authorization is in addition to any other authorization provided in this Act or in other law. As used in this paragraph, "eligible colleges and universities" means those institutions eligible to receive funds under the Act of August 30, 1890 (26 Stat. 417–419, as amended; 7 U.S.C. 321–326 and 328), including Tuskegee Institute, and the Act of October 10, 1962 (76 Stat. 806–807, as amended; 16 U.S.C. 582a and 582a–1—582a–7).';

"(2) in subsection (b)(1), striking out 'such sums' and inserting in lieu thereof 'the sums appropriated under subsection (a)(1) of this section'; and

"(3) in subsection (c), striking out 'subsection (b)' where it first appears and inserting in lieu thereof 'subsections (a) and (b)'.

"(d) Section 3(a)(1) of the Forest and Rangeland Renewable Resources Research Act of 1978 is amended by inserting 'energy production and conservation of energy (subject to the requirements and restrictions of section 2023 of the Food and Agriculture Act of 1977),' immediately after 'for timber,'.

"(e) Because biomass energy production must be balanced with food, fiber, and wood production and the land on which these types of production take place is finite, consideration must be given to the land available for such production. To ensure that land availability is given appropriate consideration in developing biomass energy production, the Secretary shall (1) include in the research performed under this section analyses of the possible restrictions to biomass energy production due to the limited availability of land, and (2) coordinate such analyses with similar activities conducted under the Soil and Water Resources Conservation Act of 1977 and the Forest and Rangeland Renewable Resources Planning Act of 1974.

"(f) The Secretary shall conduct a study of the feasibility of crop-livestock production systems to produce both food and fiber for domestic and export markets and biomass for use in the production of energy. The study shall include, but not be limited to, determination of—

"(1) the technical feasibility of such systems;

"(2) the proper use and conservation of soil and water resources under such systems;

"(3) potential fuel, livestock, and grain production under such systems;

"(4) the practical farm-level applicability of such systems; and

"(5) the potential economic and Government policy initiatives to promote the development of such systems.

The study shall be completed, and a report of the Secretary's findings submitted to Congress, by December 31, 1982.

"AGRICULTURAL, FORESTRY, AND RURAL ENERGY EXTENSION

"SEC. 2022. (a) In order to facilitate the development of agricultural, forestry, and rural energy production, use, and conservation, the Secretary shall implement an agricultural, forestry, and rural energy extension program in accordance with the Program using the programs and authorities established under this title and other programs and authorities available to the Secretary, to disseminate the results of research performed under this title and encourage farmers, owners of forest land, rural residents, and rural communities to adopt projects for the production and use of energy from biomass, and energy conservation techniques. The extension program shall be coordinated with the Energy Extension Service of the Department of Energy and shall include onsite demonstrations of techniques by which farmers and owners of forest land may produce their own energy supplies, energy consumption per unit of production may be minimized, and rural residents, businesses, and communities may reduce their energy consumption.

"(b) Effective October 1, 1980, the Act of May 8, 1914 (38 Stat. 372–374, as amended; 7 U.S.C. 341–349), is amended by—

"(1) striking out in section 1 (7 U.S.C. 341) 'and home economics' and inserting in lieu thereof 'home economics, and rural energy';

"(2) striking out in section 3(c) (7 U.S.C. 343(c)) 'subsection (b)' and inserting in lieu thereof 'subsections (b) and (f)'; and

"(3) adding at the end of section 3 (7 U.S.C. 343) a new subsection (f) as follows:

"'(f) There are further authorized to be appropriated such sums, not in excess of $50,000,000 annually, as Congress determines necessary for rural energy cooperative extension work at eligible colleges and universities. This authorization is in addition to any other authorization provided in this Act or other law. As used in this subsection, "eligible colleges and universities" means those institutions eligible to receive funds under the Act of July 2, 1862 (12 Stat. 503–505, as amended; 7 U.S.C. 301–305 and 307–308), the Act of August 30, 1890 (26 Stat. 417–419, as amended; 7 U.S.C. 321–326 and 328), including Tuskegee Institute, and the Act of October 10, 1962 (76 Stat. 806–807, as amended; 16 U.S.C. 582a and 582a–1—582a–7). Such funds shall be used—

"'(1) to establish working groups at the State level to—

"'(A) train extension agents in agricultural, forestry, and rural energy production, use, and conservation techniques, and

"'(B) perform such other activities as the Secretary of Agriculture determines necessary for the rural energy cooperative extension program,

"'(2) to implement a program to provide onsite farm and rural residential energy audits and energy conservation plans to farmers and rural residents, and

"'(3) for the conduct of workshops and provision of similar training, dissemination of information, and provision of technical assistance with respect to the small-scale production of energy from agricultural biomass, as provided in section 2043 of the Food and Agriculture Act of 1977.

These activities shall be coordinated with the Energy Extension Service of the Department of Energy.'.

"(c) Effective October 1, 1980, the first sentence of section 6 of the Renewable Resources Extension Act of 1978 is amended to read as follows: 'There are hereby authorized to be appropriated to implement this Act $15,000,000 for the fiscal years ending September 30, 1979, and September 30, 1980, and $20,000,000 for each of the next eight fiscal years, including for each fiscal year beginning with the fiscal year ending September 30, 1981, $5,000,000 for forest energy production, use, and conservation work under this Act. Such forest energy production, use, and conservation work shall be coordinated with the Energy Extension Service of the Department of Energy.'.

"COORDINATION OF RESEARCH AND EXTENSION

"SEC. 2023. (a) The applied research and extension programs conducted under this title shall be coordinated with the programs of the Department of Energy and the food and agricultural research and extension activities conducted under title XIV of this Act.

"(b) The Board shall consult on a continuing basis with—

"(1) the Subcommittee on Food and Renewable Resources of the Federal Coordinating Council for Science, Engineering, and Technology.

"(2) the Joint Council on Food and Agricultural Sciences, and

"(3) the National Agricultural Research and Extension Users Advisory Board,

for the purpose of coordination of research and extension activities.

"Subtitle D—Wood Energy Development

"DEFINITION

"SEC. 2031. For the purposes of this subtitle, 'wood energy' means energy produced from wood and wood products, bark, wood pulp and chips, wood waste and residues, and residues from logging and paper manufacturing.

"WOOD ENERGY CENTERS

"SEC. 2032. (a) The Secretary shall establish not less than four nor more than eight Wood Energy Centers, each in a different geographic region of the United States and located in an area containing substantial amounts of forest land. To the extent practicable, the Centers shall be established at existing Department of Agriculture facilities for forest research.

"(b) Under the direction of the Board and in coordination with the programs of the Department of Energy and without significant duplication of such programs, each Wood Energy Center shall—

"(1) conduct applied wood energy production and use and energy conservation research projects that recognize the needs and opportunities of the region in which the Center is located;

"(2) develop and maintain a wood energy research information bank;

"(3) field-test promising research findings on wood energy production and use and energy conservation;

"(4) in cooperation with the State extension services and State foresters or equivalent State officials, and other appropriate State agencies, and through contracts with local entities having the necessary technical resources, provide technical assistance to farmers and other interested persons in its region on agricultural, forestry, and rural energy production, use, and, conservation and commercialization of rural energy projects;

"(5) demonstrate wood energy production and use and energy conservation projects, using, to the extent feasible, applied research performed under this title, including, but not limited to, demonstrations of—

"(A) the production, transportation, and handling of fuel from wood;

"(B) the use of wood energy for industrial parks, rural businesses, and rural communities;

"(C) wood pyrolysis and gasification for crop and lumber drying, poultry housing, and other uses;

"(D) the direct burning of wood for industrial and home use;

"(E) in cooperation with institutions of higher learning and State foresters or equivalent State officials, using privately owned land voluntarily offered or land available to the Forest Service, wood energy plantations; and

"(F) in cooperation with institutions of higher learning, engineering techniques that efficiently use wood for fuel;

"(6) in cooperation with the State extension services and State foresters or equivalent State officials, and other appropriate State agencies, disseminate information on new energy technologies through the conduct of conferences, seminars, and training programs;

"(7) perform energy need analyses for rural residents and communities and State governments within the region;

"(8) where appropriate, provide recommendations to the Secretary on the technical feasibility and potential benefit of demonstration projects for which applications for grants are made under section 2051 of this title; and

'(9) where appropriate, conduct similar research, field-tests, and demonstration programs with respect to agricultural commodities and waste products.

"(c) Where appropriate, the Secretary may authorize the Wood Energy Centers to implement the provisions for solar energy model farms and demonstration projects contained in subtitle H of title XIV of this Act.

"(d) Where appropriate, the Wood Energy Centers shall share resources and coordinate efforts with the regional solar energy research, development, and demonstration centers established under section 1455 of this Act and appropriate elements of the Department of Energy as designated by the Secretary of Energy.

"(e) Effective October 1, 1980, there are authorized to be appropriated such sums, not in excess of $30,000,000 annually, as Congress determines necessary for the Wood Energy Centers. Such sums shall be in addition to appropriations for forest research facilities that house the Centers.

"COST SHARING FOR PRODUCTION OF TIMBER FOR WOOD ENERGY

"SEC. 2033. (a) The Cooperative Forestry Assistance Act of 1978 is amended by—

"(1) in section 2(b), striking out the semicolon after 'timber' and substituting in lieu thereof a comma and the following: 'including timber produced for wood energy;';

"(2) in the second sentence of section 4 (a), inserting ', including timber produced for wood energy,' after 'production of timber'; and

"(3) in section 4(b), inserting 'or timber used for wood energy' after 'industrial wood'.

"FOREST MANAGEMENT LOAN PILOT PROGRAM

"SEC. 2034. (a)(1) In order to encourage owners of private forest land to implement and maintain forest management programs, and thereby increase the production of wood for energy and other uses, the Secretary shall conduct a pilot program of financial assistance to owners of private forest land. The program shall include, but not be limited to, insured loans and guaranteed loans that provide periodic loan disbursements to participating landowners.

"(2) The pilot program shall operate for five consecutive calendar years, beginning with the first full calendar year in which funds are first made available under this section. No new loans shall be insured or guaranteed under this section after the fifth calendar year of operation of the pilot program.

"(3) The Secretary may defer the repayment of principal and interest on loans to landowners insured under this section under such conditions as the Secretary shall deem appropriate.

"(4) Any contract of insurance or guarantee executed by the Secretary under this section shall be an obligation supported by the full faith and credit of the United States and incontestable except for fraud or misrepresentation of which the holder of the contract has actual knowledge.

"(5) The provisions of section 310B(d)(6) of the Consolidated Farm and Rural Development Act shall apply to loans insured or guaranteed under this section.

"(b) Any individual, group, Indian tribe or other native group, association, partnership, corporation, or other legal entity owning five thousand acres or less of private forest land capable of producing wood for energy or other purposes designated by the Secretary shall be eligible to receive insured or guaranteed loans under this section if the applicant certifies in writing, and the Secretary determines, that the applicant is unable to obtain sufficient credit elsewhere at rates and terms comparable to those provided in this section.

"(c)(1) The Secretary shall not insure or guarantee a loan in excess of $50,000 to any one landowner under this section.

"(2) The total period of time permitted for repayment for a loan insured or guaranteed under this section shall not exceed forty years.

"(3) The Secretary may guarantee to any Federal or State chartered bank, savings and loan association, cooperative lending agency, Federal land bank, or other legally organized lending institution not to exceed 90 percent of that portion of the overall loan to a landowner that exceeds the market value of the assets securing the loan in the event of default by the landowner.

"(4) Insured or guaranteed loans under this section shall be made on the personal liability of the borrower and shall be secured by (A) the land, (B) the timber grown thereon, or (C) the land and timber, with respect to which the loan is made, and such other security as the lender may require. If such loans are secured by the timber alone, additional security may include insurance on the timber crop against natural hazards if, such insurance is available, or a performance bond on the outstanding loan obligation.

"(5) Loans guaranteed under this section shall bear interest at rates agreed on by the lender and landowner, but not in excess of such rate as may be determined by the Secretary. Loans insured under this section shall bear interest at rates determined by the Secretary, but not less than such rates as determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted in the judgment of the Secretary of the Treasury to provide for rates comparable to the rates prevailing in the private market and considering the Secretary's insurance of the loans, plus an additional charge prescribed by the Secretary to cover the Secretary's losses and cost of administration, and further adjusted to the nearest one-eighth of 1 percent.

"(6) The landowner shall prepare, keep current, and adhere to an individual forest management plan that shall (A) be developed in cooperation with, and approved by, the State forester or equivalent State official, (B) describe the activities needed to maintain or increase the productivity of the owner's forest land for the production of wood, and (C) include estimates of the volume of timber to be harvested during the term of the loan and the value thereof. The Secretary shall ensure that such management plans include adequate ecological safeguards to protect the forest resources. The estimated value so determined shall serve as the basis for determining the principal amount of the loan. The landowner may use the balance of any periodic disbursement received, after bringing interest and any other charge current, in any manner the landowner deems appropriate, so long as the provisions of the management plan and loan agreement are observed.

"(7) Borrowers who sell the forest land with respect to which an insured or guaranteed loan is made before the loan term is completed or who do not carry out the activities prescribed by the forest management plan required by paragraph (6) of this subsection shall make immediate repayment of all principal and accrued interest, plus costs that may have been incurred by the Secretary in insuring or guaranteeing the loan, except as provide in paragraph (10) of this subsection. In addition, the Secretary may assess penalties the Secretary deems appropriate on the termination of the loan prior to the time agreed upon by the borrower and the Secretary or, in the case of guaranteed loans, the lender as provided in this paragraph.

"(8) The amount of the periodic loan disbursements to a landowner under this section shall be based upon the future expected market value of the timber produced on the land, but in no case shall the total principal and interest obligation of the loan exceed 80 percent of the future expected market value of the timber as estimated in the forest management plan.

"(9) Individual loan agreements and forest management plans shall be periodically reviewed by the lender and the * * * comparable to those provided in this section, the landowner shall, upon request by the Secretary, apply for and accept such loans in an amount sufficient to repay the Secretary and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such loan.

"(d) To assist in the development of the pilot program conducted under this section and aid in preparing recommendations regarding the continuation and expansion of the program, the Secretary shall appoint a committee, to be in existence through the period of the pilot program under this section, of not less than five persons, including, but not limited to, representatives from public agencies, private lending institutions, private forestry concerns, and individual landowners. The Secretary shall consult with the committee in the preparation of reports required under subsection (f) of this section. The Secretary shall establish procedures for the selection of members and operation of the committee. Individuals who serve on the committee and are not employed by the Federal Government shall be paid such compensation for their services as the Secretary shall determine, but such compensation shall not exceed the equivalent of the rate prescribed for grade GS–18 in the General Schedule set out in section 5332 of title 5 of the United States Code per day, and actual necessary traveling and subsistence expenses, or a per diem allowance in lieu of subsistence expenses, as authorized by section 5703 of title 5 of the United States Code for persons in Government service employed intermittently, when assisting in the development of the pilot program away from their homes or regular places of business. The committee established under this subsection shall coordinate its activities with the Board.

"(e) The Secretary may issue such regulations as are necessary to implement this section.

"(f) The Secretary shall annually report to Congress on the progress of the pilot program conducted under this section. The first such report shall be submitted upon the completion of the first year of operation of the pilot program. A final report shall be submitted prior to completion of the fifth year of operation of the pilot program and include an evaluation of the pilot program and the Secretary's recommendations on the need for, and the nature and scope of, a permanent forest management loan program.

"(g)(1) The loan program authorized under this section shall be funded using moneys drawn from the Rural Development Insurance Fund established under section 309A of the Consolidated Farm and Rural Development Act and shall be subject to the provisions of that Act governing that fund. Effective October 1, 1980, and only to the extent provided by appropriations Acts, the Secretary may use such moneys to (A) make insured loans to eligible landowners under this section, but not in excess of $5,000,000 in total may be obligated for such loans annually, and (B) guarantee loans to eligible landowners under this section, but not in excess of $5,000,000 in total may be obligated for such loans annually.

"(2) Effective October 1, 1980, there are authorized to be appropriated such sums as Congress determines necessary for administrative and operating expenses under this section and reimbursement to the Rural Development Insurance Fund for funds withdrawn for the operation of the program.

"ASSISTANCE TO STATE FORESTRY AGENCIES

"SEC. 2035. (a) The Secretary may make grants to State foresters or equivalent State officials for the employment of additional foresters or equivalent State officials, including consultants, to provide technical assistance to owners of private forest land (1) in identifying the opportunities for, and increasing, the production of wood or energy, and (2) in developing individual forest management plans under the cost sharing program authorized under section 2033 of this title and the forest management loans pilot program authorized under section 2034 of this title, and as necessary and appropriate to ensure the efficient application of forest management practices under such programs.

"(b) The Secretary may take such actions as the Secretary deems necessary to make training programs on the production of wood energy available to State foresters or equivalent State officials. The Secretary shall consult with the Secretary of Energy on training materials and other assistance available from the Department of Energy.

"(c) The Secretary may provide management and planning assistance under section 8 of the Cooperative Forestry Assistance Act of 1978 to State foresters or equivalent State officials, upon their request, on State programs relating to the production of wood for energy.

"(d) Effective October 1, 1980, there are authorized to be appropriated such sums, not in excess of $8,500,000 annually, as Congress determines necessary to carry out the purposes of this section.

"(e) In determining the amount of financial assistance to be provided to any State under this section, the Secretary shall consider the quantity of forest growth that is underused and the potential for use of this material in the production of energy in each State, using as a basis for such consideration the renewable resource Assessment prepared under section 3 of the Forest and Rangeland Renewable Resources Planning Act of 1974, along with other pertinent information.

"STATE ADVISORY COMMITTEES

"SEC. 2036. The Secretary shall establish State advisory committees in States in which there are significant amounts of private forest land. Each committee shall (1) advise the Secretary and the State forester or equivalent State official on its determinations as to the effectiveness of Federal programs designed to assist owners of private forest land in producing wood for energy, (2) determine the potential for the development of markets for wood energy and (3) report its findings on these matters to the Secretary and State forester or equivalent State official periodically. The Secretary shall establish procedures for the selection of the members and operation of the committees. State forestry planning committees where they exist shall serve as advisory committees.

"NATIONAL FOREST SYSTEM ASSISTANCE IN WOOD ENERGY DEVELOPMENT PROJECTS

"SEC. 2037. The Secretary shall make available wood and its wastes and residues from the National Forest System to assist in the research field-tests and demonstrations authorized under sections 2032 and 2042 of this title. The Secretary may make available the timber resources of the National Forest System in accordance with appropriate timber appraisal and sale procedures to commercial energy production enterprises established with loans or grants provided under sections 2051, 2052, and 2053 of this title.

"FOREST LAND RESTORATION

"SEC. 2038. Section 4 of the Cooperative Forestry Assistance Act of 1978 is further amended by—

"(1) in the second sentence of subsection (a), inserting 'clearing and' immediately before 'reforestation' and inserting 'or forest lands on which trees have been destroyed or severely damaged by natural disaster' immediately after 'understocked forest lands'; and

"(2) in subsection (g), inserting 'clearing the land,' immediately after '(4) the need for'.

"Subtitle E—Agricultural Biomass Energy Development

"DEFINITION

"SEC. 2041. For purposes of this subtitle, 'agricultural biomass energy' means energy produced from biomass materials other than wood or wood products, bark, wood pulp or chips, wood wastes or residues, or residues from logging and paper manufacturing.

"AGRICULTURAL BIOMASS ENERGY CENTERS

"SEC. 2042. (a) The Secretary shall establish not less than four nor more than eight Agricultural Biomass Energy Centers, each in a different geographic region of the United States and located in an area in which there is intensive use of the land for producing agricultural commodities. To the extent practicable, the Centers shall be established at existing Department of Agriculture facilities for agricultural research.

"(b) Under the direction of the Board and in coordination with the programs of the Department of Energy and without significant duplication of such programs, each Agricultural Biomass Energy Center shall—

"(1) conduct applied agricultural biomass energy production and use and rural energy conservation research projects that recognize the needs and opportunities of the region in which the Center is located;

"(2) develop and maintain an agricultural biomass energy research information bank;

"(3) field-test promising research findings on agricultural biomass energy production and use and rural energy conservation;

"(4) train extension personnel to conduct workshops on the production of agricultural biomass energy, as provided in section 2043 of this title, and develop model training programs for the workshops;

"(5) in cooperation with the State extension services and other appropriate State agencies, and through contracts with local entities having the necessary technical resources, provide technical assistance to farmers and other interested persons in its region on agricultural, forestry, and rural enegy poduction, use, and consevation, and energy production, use, and conservation, and

"(6) demonstrate agricultural biomass energy production and use and energy conservation projects using, to the extent feasible, applied research performed under this title including, but not limited to, demonstrations of—

"(A) the production, transportation, and handling of fuel from agricultural biomass;

"(B) the use of agricultural biomass energy for rural businesses and rural communities;

"(C) the use (directly or through generation of electricity needed in agricultural biomass energy production) of direct solar, passive solar, wind, and geothermal energy to convert agricultural commodities to fuel;

"(D) in cooperation with institutions of higher learning, engineering techniques that efficiently use agricultural biomass for energy; and

"(E) solar power for crop drying, irrigation pumps, and other purposes;

"(7) in cooperation with the State extension services and other appropriate State agencies, disseminate information on new energy technologies through the conduct of conferences, seminars, and training programs;

"(8) perform energy need anaylses for rural residents and communities and State governments within the region;

"(9) where appropriate, provide recommendations to the Secretary on the technical feasibility and potential benefit of demonstration projects for which applications for grants are made under section 2051 of this title, and

"(10) where appropriate, conduct similar research, field-tests, and demonstration programs with respect to wood and waste products.

"(c) Where appropriate, the Secretary may authorize the Agricultural Biomass Energy Centers to implement the provisions for solar energy model farms and demonstration projects contained in subtitle H of title XIV of this Act.

"(d) Where appropriate, the Agricultural Biomass Energy Centers shall share resources and coordinate efforts with the regional solar energy research, development, and demonstration centers established under section 1455 of this Act and appropriate elements of the Department of Energy as designated by the Secretary of Energy.

"(e) Effective October 1, 1980, there are authorized to be appropriated such sums, not in excess of $30,000,000 annually, as Congress determines necessary for the Agricultural Biomass Energy Centers. Such sums shall be in addition to appropriations for agricultural research facilities that house the Centers.

"SMALL-SCALE AGRICULTURAL BIOMASS PRODUCTION ASSISTANCE

"SEC. 2043. (a) In order to enable the United States to produce sufficient agricultural biomass energy to meet the goal of net energy independence for agricultural and forest production, processing, and marketing contained in section 2011 of this title, the Secretary shall implement a program, using the State extension services, to conduct workshops and provide similar training, disseminate information, and provide technical assistance with respect to the small-scale production and use of ethanol, methanol, low and medium British thermal unit gas, and other energy forms from agricultural biomass, as provided in this section. The program shall be conducted, under the direction of the Board, in areas of the United States in which there is intensive use of the land for producing agricultural commodities.

"(b) The State extension service shall conduct agricultural biomass energy workshops that provide instruction to (1) interested persons on the construction and operation of small-scale agricultural biomass energy production facilities, and (2) county extension agents on the conduct of agricultural biomass energy extension at the local level. The State extension services shall use personnel trained at the Agricultural Biomass Energy Centers for the conduct of the workshops, but may also contract with colleges and universities, junior colleges, and vocational schools, including vocational agricultural schools, for facilities and additional personnel needed for the workshops. To the extent feasible, each workshop shall be conducted at a location at which an operational agricultural biomass energy production unit is available. To the extent feasible, not less than one hundred workshops shall be conducted annually. At least 5 percent of the county extension agents in each State in which there is intensive use of the land for producing agricultural commodities shall be trained through the workshops to provide the practical training, information, and technical assistance on agricultural biomass energy production required under subsection (c) of this section.

"(c) The State extension services shall, at the local level and on a continuing basis, make available practical training, information, and technical assistance to farmers and other interested persons in the economical and energy-efficient small-scale production of ethanol and other agricultural biomass energy. Such assistance shall include educational programs to inform persons of Federal laws affecting the production, transportation, and handling of agricultural biomass energy products.

"(d) For the purpose of this section, 'small-scale production' means production annually of not more than two million gallons of ethanol or, for other forms of agricultural biomass energy, its energy equivalent.

"Subtitle F—Agricultural, Forestry, and Rural Energy Production, Use, and Conservation Loans, Demonstration Grants, and Cost Sharing

"LOANS AND DEMONSTRATION GRANTS

"SEC. 2051. (a) To accelerate the development of biomass as a source of rural energy and improved rural energy conservation practices and reduce the Nation's need for imports of petroleum and natural gas, the Secretary shall establish projects for efficient use of energy in rural areas and rural production of energy from biomass through direct, insured, or guaranteed loans as provided in this section to finance the construction, establishment, renovation, or operation of projects.

"(b) In order to encourage the adoption of systems and techniques for rural biomass energy production and efficient use of energy in rural areas, the Secretary may make grants for the construction, establishment, renovation, or operation of projects for rural production of energy. There are hereby authorized to be appropriated $100,000,000 for each of the fiscal years 1981, 1982, 1983, and 1984 for the purpose of making such grants.

"(c) The Board shall establish, and the Secretary shall use, a program for the selection of projects to receive financial assistance under this section. To the extent practicable, the Secretary shall select for financial assistance under this section projects that (1) show promise of success based on research, field-testing, and demonstrations performed by the Wood Energy Centers and Agricultural Biomass Energy Centers established under this title or by any other federally assisted demonstration program and (2) carry out the Program. Priority shall be given to any project that uses a fuel other than petroleum or natural gas in producing the biomass fuel.

"(d) Loans may be made, insured, or guaranteed, and grants made for projects located in rural areas under this section—

"(1) with respect to on-farm projects, to any farmer or rancher in the United States or on-farm, cooperative, or private domestic corporation or partnership that is owned or controlled by farmers or ranchers and engaged primarily and directly in farming or ranching in the United States; and

"(2) with respect to other projects, to any domestic agricultural cooperative association owned or controlled by farmers or ranchers, domestic public or private organization organized for profit or not for profit, or individual who is a United States citizen.

"(e) No loan may be made, insured, or guaranteed, and no grant may be made, under this section for a biomass energy production project unless the Secretary determines that the total energy content of the biomass fuel to be produced under the project will exceed the total energy from the petroleum and natural gas used in producing the biomass fuel.

"(f)(1) Subject to the provisions of subsection (l) of this section, the total amount of loans made or insured under this section in any fiscal year may not exceed $250,000,000. Not less than one-third of the total amount of loans made or insured under this section in any fiscal year shall be allocated for projects that use wood biomass, and not less than one-half of the total amount of loans made or insured under this section in any fiscal year, including loans for projects that use wood or agricultural biomass, shall be allocated for projects for small-scale production facilities.

"(2) Subject to the provisions of subsection (l) of this section, the total amount of loans guaranteed under this section in any fiscal year may not exceed $500,000,000. Not less than one-third of the total amount of loans guaranteed under this section in any fiscal year shall be allocated to projects that use wood biomass, and not less than one-fourth of the total amount of loans guaranteed under this section in any fiscal year, including loans for projects that use wood or agricultural biomass, shall be allocated for projects for small-scale production facilities.

"(3) For the purpose of this subsection, 'small-scale production facilities' means facilities that annually produce not more than two million gallons of ethanol or, for other forms of biomass energy, its energy equivalent.

"(g) The Secretary shall establish such terms and conditions for loans and grants under this section as the Secretary determines necessary to implement this section and ensure the prompt repayment of loans.

"(h) Insofar as practicable, not less than 75 percent of the loans, loan guarantees, and grants made under this section in any fiscal year shall be executed by May 31 of such fiscal year.

"(i) The Secretary may use any agency of the Department of Agriculture to carry out the loan and grant program under this section.

"(j) The Secretary shall coordinate the loan and grant program under this section with (1) the industrial hydrocarbon and alcohol loan and grant programs conducted under section 1419 of this Act and section 509 of the Rural Development Act of 1972, as added by section 1420 of this Act; (2) the loan programs conducted under the Consolidated Farm and Rural Development Act, as amended by section 2052 of this title; and (3) the program for solar energy model farms and demonstration projects conducted under sections 1452 through 1454 of this Act.

"(k) The Secretary may issue such regulations as are necessary to implement this section.

"(l) The Secretary shall carry out the provisions of this section regarding direct, insured, and guaranteed loans through the Commodity Credit Corporation. The Commodity Credit Corporation (1) may not make, insure, or guarantee loans under this section after September 30, 1984, and (2) beginning October 1, 1980, may make, insure, or guarantee loans under this section only to the extent authorized in appropriation Acts. Any contract of insurance or guarantee executed under this section shall be an obligation supported by the full faith and credit of the United States and incontestable except for fraud or misrepresentation of which the holder of the contract has actual knowledge.

"(m) In the case of a project that will produce more than one million gallons of alcohol (or, for other forms of biomass energy, such amounts of energy products determined by the Board to be appropriate) annually, the Secretary shall obtain the concurrence of the Secretary of Energy before awarding a grant, loan, or loan guarantee under this section.

"CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT AMENDMENTS

"SEC. 2052. Effective October 1, 1980, the Consolidated Farm and Rural Development Act is amended by—

"(1) in section 303(b)(1), inserting 'in any farm operation or' after 'system';

"(2) in section 306(a)(14)(A), inserting before the second sentence the following: 'The Secretary may also make or insure loans in the full amount thereof for rural electric systems for the construction and operation of electric generating facilities that use energy sources other than petroleum or natural gas, including, but not limited to, biomass and hydropower from small streams and rivers in rural areas, but not in excess of $25,000,000 in total may be expended annually for such loans for facilities that use alternative energy sources.';

"(3) in the first sentence of section 310B (a), inserting 'commercially feasible projects for biomass energy production,' after 'control,';

"(4) in section 312(a)(2), striking out 'solar energy' and inserting in lieu thereof 'biomass or solar energy or increases energy conservation'; and

"(5) adding at the end of section 346 a new subsection (c) as follows:

"'(c) In addition to amounts otherwise authorized, loans for each of the fiscal years ending September 30, 1981, and September 30, 1982, are authorized to be insured, or made to be sold and insured, or guaranteed—

"'(1) under the Agricultural Credit Insurance Fund as follows:

"'(A) real estate loans, $50,000,000 for farm improvements that establish nonfossil energy systems on the farm; and

"'(B) operating loans, $20,000,000 for equipment that uses biomass or solar energy or promotes energy conservation,

which amounts, in the discretion of the Secretary, may be used either for insured or guaranteed loans; and

"'(2) under the Rural Development Insurance Funds as follows:

"'(A) industrial development loans, $270,000,000, of which $20,000,000 may be for insured loans and $250,000,000 may be for guaranteed loans, with authority to transfer amounts between such categories, to be used for commercial biomass energy production projects; and

"'(B) community facility loans, $25,000,000 for loans for rural electric systems for electric generating projects that use energy sources other than petroleum or natural gas, which amount, in the discretion of the Secretary, may be used either for insured or guaranteed loans.'.

"RURAL ELECTRIFICATION GRANTS FOR ALTERNATIVE ENERGY SOURCES

"SEC. 2053. (a) The Administrator of the Rural Electrification Administration may make grants to rural electric borrowers eligible for loans under the Rural Electrification Act of 1936, or federations of these borrowers, for projects using alternative energy and energy conservation technologies including, but not limited to, small-scale hydropower, geothermal, wind, solar, and biomass projects.

"(b) Grants may cover all or a portion of the cost of such projects, including, but not limited to, expenditures for construction and operation, and required economic, environmental, technological, planning, or other studies. Grants may be made alone or in combination with other governmental assistance or private funding.

"(c) Grants shall be made on such terms and conditions as the Administrator considers appropriate to further the purposes of this title.

"(d) There are authorized to be appropriated such sums, not in excess of $10,000,000 for the fiscal year ending September 30, 1981, $20,000,000 for the fiscal year ending September 30, 1982, $25,000,000 for the fiscal year ending September 30, 1983, and $30,000,000 for the fiscal year ending September 30, 1984, as Congress determines necessary for the purposes of this section.

"LENDING FOR ENERGY PRODUCTION AND CONSERVATION PROJECTS BY PRODUCTION CREDIT ASSOCIATIONS, FEDERAL LAND BANKS, AND BANKS FOR COOPERATIVES

"SEC. 2054. The Farm Credit Administration shall encourage the production credit association, Federal loan banks, and banks for cooperatives to use the existing authority in the Farm Credit Act of 1971 to make loans to farmers for the establishment or operation of commercially feasible biomass energy production or energy conservation projects.

"AGRICULTURAL CONSERVATION PROGRAM ENERGY CONSERVATION COST SHARING

"SEC. 2055. Section 8 of the Soil Conservation and Domestic Allotment Act is amended by—

"(1) inserting after the word 'conservation' in the first sentence of subsection (b) the following: '(including energy conservation)'; and

"(2) inserting after the first two sentences of subsection (b) a new paragraph as follows:

"'The Secretary may provide financial assistance to agricultural producers for the purpose of encouraging energy conservation by sharing the costs and providing technical assistance for (1) the establishment, restoration, and better use of shelter belts to conserve energy on farmsteads and feed lots, (2) the establishment and use of minimum tillage systems, (3) the efficient storage and application of manure and other suitable wastes to the land for land fertility and soil improvement, (4) the use of integrated pest management, (5) the use of energy-efficient irrigation water management, (6) the establishment of water conservation measures necessary for the improvement of crop yields in relation to the amount of energy used in crop production, and (7) such other land, water, and related resource management practices that the Secretary may determine to have significant energy conserving effects.'.

"Subtitle G—Forest Service Leases and Permits

"FOREST SERVICE LEASES AND PERMITS

"SEC. 2061. (a) It is the intent of Congress that the Secretary of Agriculture shall proceed to process applications for leases on National Forest System land in an expeditious manner, notwithstanding the current status of any plan being prepared under section 6 of the Forest and Rangeland Renewable Resources Planning Act of 1974, and shall report progress in this regard to the appropriate committees of Congress within ninety days after the enactment of this Act, and annually thereafter through 1985.

"(b) It is also the intent of Congress that applications for permits to explore, drill, and develop resources on land leased from the Forest Service shall also be processed in an expeditious manner, with due regard for environmental standards.

"Subtitle H—Effective Date

EFFECTIVE DATE

"SEC. 2071. Except as otherwise provided in this title, the provisions of this title shall become effective upon enactment.".

And redesignate all titles that follow accordingly.

Mr. TALMADGE. Mr. President, the amendment is based on the language of S. 1775—the Agricultural, Forestry, and Rural Energy Act of 1979—as reported by the Committee on Agriculture, Nutrition, and Forestry. The amendment incorporates changes in S. 1775 that have been suggested by the Committee on the Budget and the Committee on Energy and Natural Resources.

They are good changes—improvements that recognize budgetary constraints and eliminate any chance of duplication with other energy programs that have been proposed or enacted into law. I appreciate the cooperation of Senators JACKSON, HATFIELD, and MUSKIE.

This substitute represents the best possible bill that provides, at a minimum cost, a central focus and a stimulus to the energy-related activities of the Department of Agriculture. The amendment builds, as does S. 1775, upon the unique capabilities of the Department of Agriculture's agencies for research, development, information transfer, and financial assistance to farmers, woodlot owners, and rural residents.

It requires, as does S. 1775, that the Secretary of Agriculture implement a comprehensive agricultural, forestry, and rural energy production, use, and conservation program for the development and production of alternative fuels from biomass, and for research, extension, and conservation activities related to agricultural, forestry, and rural energy. These policies and program activities are to be compatible with, and protect the basic functions of, the agricultural and forestry sectors. The goal of the program is to achieve net energy independence for the agricultural and forestry sectors, and a reduction of 50 percent in petroleum and natural gas consumption of rural residents and communities, by the year 2000.

The amendment also establishes an Agricultural, Forestry, and Rural Energy Board, as does S. 1775. The Board's membership, however, has been changed to reflect the importance of coordinating the energy-related activities of the Department of Agriculture with the Department of Energy. The amendment provides that the Board be composed of the Secretary of Agriculture, the Secretary of Energy, the Deputy Secretary of Agriculture, and the Deputy Secretary of Energy. The Board will assist the Secretary of Agriculture in developing and carrying out the program in an efficient and effective way—one that is coordinated with other energy programs within the Federal Government.

To assure achievement of the goals of the program, the amendment authorizes $50 million to be appropriated annually to support applied research by colleges and universities to develop renewable resources energy production and rural energy conservation practices. An additional $55 million is authorized to be appropriated annually for rural energy extension work by cooperative State extension services. Identical research and extension funding is provided for in S. 1775.

To help realize the full energy potential from wood and wood wastes, the amendment would establish at least four wood energy centers, each in a different region of the Nation, in areas in which there are large amounts of forest land. Where feasible, each center would be located at an existing forest research facility of the Department of Agriculture. Under the direction of the Agricultural, Forestry, and Rural Energy Board, each center would perform research, provide technical assistance, and operate demonstration projects relating to wood energy production and use, and energy production, use, and conservation in the rural areas within the region. Each wood energy center could also provide expert advice to the Agricultural, Forestry, and Rural Energy Board in making decisions on the production of biomass energy and on rural energy conservation.

These centers would be centers of excellence, central places to go for the best technical expertise on energy conservation and the development of wood and wood wastes as a source of energy tailored to the local and regional potential and needs. As does S. 1775, the amendment provides up to $30 million to be annually authorized for appropriations for the operation of the wood energy centers.

The amendment also provides, as does S. 1775, that timber produced for wood energy be included as an eligible activity for cost-sharing agreements currently carried out under the forestry incentives program. It also establishes a 5-year pilot program under which the Secretary would make loans to owners of 5,000 acres or less of forest land to support forest management practices designed to increase the production of wood for energy and other uses. Up to $5 million in direct loans and $5 million in guaranteed loans are authorized for this program annually.

To further the use of wood and wood wastes for energy, the amendment authorizes the Secretary of Agriculture to provide personnel, training, and management assistance to State foresters. Up to $8.5 million annually is authorized to be appropriated for this program. S. 1775 provides for a similar program.

To help realize the great potential for energy production from agricultural products and residues, the amendment establishes at least four agricultural biomass energy centers, each in a different region of the Nation, in areas in which there is intensive use of the land for growing agricultural commodities. Where feasible, each center would be located at an existing agricultural research facility of the Department of Agriculture.

Under the direction of the Agricultural, Forestry, and Rural Energy Board, each center would perform research, provide technical assistance, and operate demonstration projects relating to agricultural biomass energy production and use, and energy production, use, and conservation in rural areas within the region, and train extension personnel to conduct agricultural biomass energy workshops. Up to $30 million is authorized for appropriations annually for the operation of these centers.

To increase the amount of the energy produced from agricultural commodities and residues, the amendment directs the Secretary of Agriculture to implement a workshop, training, information dissemination, and technical assistance program on small-scale agricultural biomass energy production for farmers and rural residents and communities. The program would be conducted by the cooperative State extension services in areas in which there is intensive use of the land for agricultural production. To the extent feasible, at least 100 workshops would be conducted annually. S. 1775 has a similar provision.

To provide the financial assistance to meet the goals of the rural energy program, the amendment provides discretionary authorities to the Secretary of Agriculture to assist projects for agricultural and forestry energy production and use and energy conservation in rural areas that warrant Federal grants, loans, or loan guarantees. The amendment provides annual funding of up to $100 million for demonstration grants, $250 million of direct or insured loans, and $500 million of guaranteed loans for this assistance.

Unlike S. 1775, the amendment requires that the demonstration grants and direct or insured loans be subject to the appropriations process and only authorizes these programs through fiscal year 1984. The loan guarantees are reduced from $1 billion to $500 million annually, using the Commodity Credit Corporation as the funding source and subject to the appropriations process after fiscal year 1980. Like S. 1775, this amendment earmarks one-third of all loans and loan guarantees for wood energy projects.

To emphasize the potential of small-scale energy production projects, one-half of the direct and insured loans are earmarked for small-scale projects. In addition, one-fourth of the $500 million in loan guarantees are earmarked for small-scale production projects. A small-scale production facility is defined as any facility that annually produces not more than 2 million gallons of alcohol or its energy equivalent for other forms of biomass energy.

Like S. 1775, the amendment requires that the amount of petroleum and natural gas used for such projects not exceed the amount of the alternative fuel produced. It further provides that priority for financial assistance must be given to those projects that use agricultural and forestry biomass as a process fuel in the production of alternative fuels.

To avoid any duplication of financial assistance for large-scale alcohol projects available through other programs of the Federal Government, the amendment requires that no alcohol project that would produce more than 1 million gallons of alcohol annually be approved for financial assistance without the concurrence of the Secretary of Energy. Criteria for the concurrence of the Secretary of Energy with respect to other biomass projects would be developed by the Secretary of Agriculture and Secretary of Energy.

To further assist in producing alternative fuels and in conserving the use of existing fossil fuels, the amendment provides for loans targeted specifically for farmers, rural industries and communities, and rural electric systems similar to those provided for in S. 1775. The amendment authorizes farm ownership loans for nonfossil fuel energy systems used in farm operations, and farm operating loans for equipment that uses energy derived from renewable resources or that increases energy conservation. For each of the fiscal years 1981 and 1982, the amendment specifically authorizes the use of $50 million for farm ownership loans, and $20 million for farm operating loans.

Also authorized are rural industrialization loans for commercially feasible projects for renewable resources energy production. For each of the fiscal years 1981 and 1982, the bill specifically authorizes the use of $20 million for direct loans and $250 million for guaranteed loans for such projects.

In addition, the amendment authorizes loans for rural electric systems for projects to generate electricity using nonfossil fuel sources. For each of the fiscal years 1981 and 1982, the bill specifically authorizes the use of $25 million for these loans.

The amendment would also authorize the Administrator of the Rural Electrification Administration to make grants in fiscal years 1981 through 1984 to rural electric borrowers for projects demonstrating alternative energy and conservation technologies, including small-scale hydropower, geothermal, wind, solar, and biomass projects. Appropriations would be authorized for such grants as follows: $10 million for fiscal year 1981, $20 million for fiscal year 1982, $25 million for fiscal year 1983, and $30 million for fiscal year 1984.

In addition, the amendment directs the Secretary to provide cost-sharing and technical assistance to farmers under the agricultural conservation program for energy conservation measures such as shelterbelts around farmsteads and feedlots, establishment of minimum tillage systems for crop production, and energy-efficient irrigation water management.

Mr. President, I am convinced that agriculture, forestry, and rural United States can do much in making this Nation less dependent, in the near term, on petroleum and natural gas—the two major energy sources we import today. What is needed is for the Federal Government to implement the proper set of technical and financial incentives so that we can get started on this crucial mission.

Initially, the program will involve a Federal investment—perhaps $200 to $300 million annually for the next few years. But once it is shown that energy production, use, and conservation on farms and in rural areas are practicable and profitable, private enterprise will do the rest. The benefits from the money spent today could prove to be immeasurable.

Again, I want to express my appreciation to those who helped shape this amendment into its present form—especially Senator HELMS, the distinguished minority member of the Senate Committee on Agriculture, Nutrition, and Forestry. Many long and hard hours have been spent refining S. 1775—the amendment is truly a consensus bill. I urge all of my colleagues to support its adoption.

A COMPREHENSIVE DESCRIPTION OF THE AGRICULTURAL, FORESTRY, AND RURAL ENERGY AMENDMENT

The energy crisis is one of the most important domestic issues this Nation faces.

Energy production in the United States depends on large quantities of petroleum and natural gas. Today, more than 75 percent of our energy requirements are filled by these fuels. This dependence has been brought about primarily by the low cost and abundance of these energy sources during the last four decades.

The supplies of these fuels are dwindling, however, both domestically and worldwide. No matter how large the quantity of untapped fossil fuels, the supply is limited and will become exhausted within a few decades.

In addition, we rely heavily on imported petroleum. Currently, we import about one-half of our liquid fuels at a cost of about $50 billion annually. In all likelihood, the price of imported energy will escalate in the future.

In order to reduce our dependence upon foreign sources of energy, we must pursue every appropriate means to conserve oil and gas and to increase the domestic production of energy from new or renewable sources.

One means of increasing our domestic energy production is to produce alcohol, processed wood, methane gas, and other combustible materials from agricultural and forest biomass, of which we have plentiful domestic supplies. Energy would be an additional output from the Nation's already productive farms and forests.

This approach need not be viewed as a dramatic and new initiative because much of the technology needed for renewable resources energy production is already available, and the Nation already has sufficient agricultural and forest production capability to produce energy feedstocks in abundance.

Indeed, the Department of Agriculture estimates that the existing supply of agricultural and forestry biomass that could be used for alternative fuels is equivalent to one-fourth of the Nation's total current energy consumption as follows:

Energy production from biomass

Current energy production from biomass:

Source:	*Quads*
Forest sources:	
Residue recovery by industry	.9
Home heating and other industry	.2
Total	1.1
Agricultural sources (negligible).	

Potential:

Estimated total availability of energy from biomass on a strictly biological basis (assuming sound forestry and agricultural practices but not including economic or other factors):

Source:	*Quads*
Forest sources	9.1
Agricultural residues from existing cropland	1.0
Livestock wastes	.1
Total	10.2
Non-cultivated agricultural lands including pasture	10.0
Total	20.2

The amount of energy actually achievable by 1990 depends upon many factors that are unclear at this time. Perhaps a realistic goal, assuming provision of the required economic incentives, and other necessary support such as soil conservation practices, would be 5 quads from both forestry and agricultural sources—with forestry serving as the primary source. This amount would, in effect, place the agricultural and forestry sectors on a net energy self-sufficiency basis by 1990.

Total U.S. energy consumption is now about 80 quads annually. The 20.2 quads therefore represents 25 percent of total current energy usage; the five quads represents 6 percent of total usage.

Because there is no need for a lengthy startup period, biomass energy can fill the gap until other alternative fuel sources are developed and advanced.

There is every indication that a carefully focused and sustained commitment result in making the agricultural and forest biomass for energy, in combination with the continued production of food, feed, fiber, lumber, and paper products, and rural energy conservation, can result in making the agricultural and forestry sectors of our economy energy independent on a net basis by the year 2000.

This achievable goal recognizes that some of the energy produced from agricultural and forest biomass will be retained and used within these sectors, while another portion of that energy will be made available to the transportation sector and other uses throughout the economy. It is possible, however, that by the year 2000, the total production of energy from all types of agricultural and forest biomass can equal or exceed the total energy used in the agricultural and forestry sectors.

It is a goal of great importance to agriculture and rural America. A continuous and reasonably priced energy supply is vital to the production of food, fiber, and forest products and the economic and social well-being of every rural resident.

COMMITTEE'S FINDINGS

The Committee on Agriculture, Nutrition, and Forestry has held extensive hearings over the last 2 years on the issue of energy as it pertains to agriculture and rural America. The testimony from a number of experts with diversified backgrounds was that small-scale production of alternative fuels from agricultural and forest biomass offers one of the most practicable and least costly ways for the Nation to respond immediately to the energy crisis and that the technologies for the efficient production of alternative fuels from wood, grain, and other agricultural biomass materials are becoming available now for on-farm and small- and intermediate-scale commercial application. Also, it was pointed out during these hearings that methods to conserve the amount of energy used by farmers, rural residents, and rural communities are now ready for adoption and can substantially reduce the Nation's overall energy consumption.

What is needed, the committee has learned through these hearings, is an effort by the Department of Agriculture to provide the necessary applied research, technical know-how, and financial assistance in these areas. The Department already has in place an efficient delivery system that can be used for this effort.

The amendment meets this need. It amends the Food and Agriculture Act of 1977 to establish a coordinated program of research and technical and financial assistance within the Department of Agriculture to help farmers and ranchers and rural businesses and communities develop renewable resources energy production and use. It also promotes rural energy conservation practices on farms and in rural areas.

The amendment is expressly tailored to meet the needs of agriculture and rural America, using the agencies of the Department of Agriculture that serve rural United States. It builds upon the unique capabilities of the Department of Agriculture for research, development, information transfer, and financial assistance to farmers, woodlot owners, and rural residents, businesses, and communities. To the extent feasible, it uses current programs of the Department of Agriculture, rather than creating new programs to compete with other Federal activities.

The amendment will not duplicate or lessen the effect of other energy activities within the Federal Government.

Many uses are, and can be, made of agricultural commodities and forestry products to meet the needs of the Nation—for food, animal feed, fiber, paper, and housing and other construction material, as well as for biomass energy. The development of policies and programs to produce and use biomass for fuel will, therefore, have to be considered as part of overall agricultural and forestry policies and programs. The amendment is designed to provide this focus to the renewable resources energy effort.

A COMPREHENSIVE RURAL ENERGY PROGRAM

The amendment mandates the development and implementation of a comprehensive agricultural, forestry, and rural energy production, use, and conservation program that provides for the development and production of alternative fuels from biomass, and for research, extension, and conservation activities related to agricultural, forestry, and rural energy, to be coordinated with the Nation's other energy programs.

The Department of Agriculture's activities under the rural energy program called for under this amendment are to protect the basic functions of the agricultural and forestry sectors and achieve the goals of net energy independence for the agricultural and forestry sectors, and a reduction of 50 percent in petroleum and natural gas consumption by rural residents and communities, by the year 2000.

AGRICULTURE, FORESTRY, AND RURAL ENERGY BOARD

The amendment also establishes an Agricultural, Forestry, and Rural Energy Board composed of the Secretary of Agriculture, the Secretary of Energy, the Deputy Secretary of Agriculture, and the Deputy Secretary of Energy. The Board will assist the Secretary of Agriculture in developing and carrying out the rural energy program in an efficient and effective way.

In establishing the Agricultural, Forestry, and Rural Energy Board as the primary unit for the coordination of energy-related activities of the Department of Agriculture, with the Department of Energy, the amendment recognizes that these activities are not operations that can be consolidated into a single operating agency. Instead, the Department of Agriculture's energy-related activities tend to be dispersed through separate agricultural, forestry, and rural programs and functions. Creation of the Board recognizes the necessary dispersion of energy-related activities throughout the Department, and provides a coordinating unit for central direction and focus for the energy effort with other energy programs of this Nation.

The use of the Board will increase the extent to which competing demands for agricultural and forestry products, such as demands for corn both for food and alcohol or wood both for lumber and heating buildings can be reconciled and agricultural and forest commodities used most productively.

The Board will be authorized to use the resources of all Department of Agriculture agencies in developing and implementing the rural energy program. It is intended that the activities under the rural energy program be integrated with other programs in the Department of Agriculture and in the Department of Energy.

RESEARCH AND EXTENSION

The amendment authorizes the use of $50 million annually to support applied research by colleges and universities to develop renewable resources energy production and use and rural energy conservation practices. An additional $55 million annually would be authorized for rural energy extension work. New renewable resources energy production and use and rural energy conservation technologies must be developed and refined, and the information developed must be disseminated to our Nation's farmers, ranchers, and rural businesses and communities.

At present, there are many farmers who wish to produce biomass energy, but they do not know how to begin. Questions must be answered concerning the appropriate technology, the scale of operation, and other such fundamental matters. An applied research and extension program will provide these answers.

Federal funding of agricultural research and extension activities over the years is a major reason why our farmers and ranchers are so productive today. With the necessary funding, there is little doubt that similar impressive results would occur with respect to renewable resources energy and rural energy conservation.

WOOD ENERGY

There are about 488 million acres of commercial forest land producing wood. Wood is one of the most versatile natural resources available. Historically, our Nation has relied on its forests to build its homes and to provide its paper products.

Forests can also supply a significant amount of the energy the Nation needs. Our Nation's forests have great potential in providing substitutes for petroleum fuels, natural gas, and substitutes for petroleum feedstocks used in the chemical and plastics industries.

The potential exists to satisfy completely the entire energy needs of the wood products industry and provide energy to the general economy through increased wood production, increased use of wood residue to produce energy, and conservation in logging and milling activities.

In fact, the lumber and paper industries have used wood for energy on a large scale, by burning waste wood to generate steam and electricity in their plants, for years. At present, these industries use about 1.1 quadrillion Btu's of energy derived from wood—more than the energy produced from all other renewable energy sources combined.

Outside of the forest products industries, wood has not been extensively used as fuel. Yet, six and one-half quadrillion Btu's of energy exist in excess growth, noncommercial timber, logging residue, and standing cull and dead timber—wood that now never leaves the forest. An additional 3.2 quadrillion Btu's of energy exist in the form of material that could be produced from thinning and mill waste. Further, there are several technologies now emerging that will allow wood to be used for energy to a much greater extent than now if the necessary incentives are provided.

Wood biomass, available on an annual basis, can produce 9.6 quadrillion Btu's of energy—over 10 percent of our Nation's yearly needs. In addition, using waste wood as an energy source will permit a new forest industry to take its place alongside the lumber and paper industries, one that would not do away or threaten the present timber supply.

The most promising and immediate prospect for converting wood to energy is the use of solid wood and wood chips and pellets in newly developed wood-burning furnaces and boilers that are efficient and virtually pollution free. Such units are particularly suited for commercial and institutional uses. Two wood-fired utility plants now produce energy for public consumption—one in Vermont and one in Oregon. Work is under way to develop similar units to heat small buildings such as private homes.

Another technology for converting wood to energy is through the process of pyrolysis. This is not a new technology, but builds upon knowledge developed with coal in World War II. By pyrolyzing wood, the solid fuel can be transformed into char, oil, and gas suited for large energy users who can refit existing oil and natural gas furnaces.

Technology for the total gasification of wood is also rapidly being developed. Wood gas produced by gasifiers can be burned in boilers and dryers or converted into alcohol.

In addition to industrial-scale pyrolysis and gasification units, home heaters are now available that operate 5 to 10 times more efficiently than old-fashioned fireplaces.

Specialized equipment is also being developed that will put raw wood into pellet or briquette forms. This processing will allow wood to be handled as a fuel commodity with fixed energy values and greatly reduced storage and handling costs.

The economic benefit of wood energy is perhaps as important as the energy benefit. If we build a new market for waste wood, rural jobs will be created and rural incomes will be increased, strengthening our rural economy. Nationally, it is estimated that wood can produce $8 to $10 billion in energy sales, or about $20 billion in total economic activity. This is nearly one-half the cost of the foreign oil that we buy today.

We must continue to strive for net increases in volume from every timber stand. We must be careful to see that timber products are directed toward their highest use and that we get maximum use from every tree.

WOOD ENERGY CENTERS

To help realize the full energy potential of wood, the bill would establish at least four Wood Energy Centers, each in a different region of the Nation, in areas in which there are large amounts of private forest land. Where feasible, each Center would be located at an existing forest research facility of the Department of Agriculture. Under the direction of the Agricultural, Forestry, and Rural Energy Board, each Center would perform research, provide technical assistance, and operate demonstration projects relating to wood energy production and use, and energy production, use, and conservation in the rural areas within the region. Each Wood Energy Center could also provide expert advice to the Agricultural, Forestry, and Rural Energy Board in making decisions on the production of renewable resources energy and on rural energy conservation.

These facilities would be centers of excellence, where the best technical expertise on energy conservation and the development of wood as a source of energy, tailored to local and regional needs and potential, would be made available. Expenditures of $30 million would be authorized for the annual operating costs of the Wood Energy Centers.

PILOT WOODLAND MANAGEMENT LOANS

It is clear that small, privately owned woodlots can be better managed to increase wood supplies for energy and other uses.

In order to encourage the production of wood by small private landowners, the amendment would make timber stand improvement practices, carried out by private landowners producing wood for energy, eligible for cost sharing under the forestry incentives program.

In addition, the amendment would establish a 5-year pilot program under which the Secretary of Agriculture would make loans to owners of 5,000 acres or less of forest land to support forest management practices designed to increase the production of wood for energy and other uses. As it stands now, it is not economically feasible for many landowners, especially owners of small woodlots, to engage in better forest management practices because the initial costs of reseeding and timber stand improvement are great and the expected economic return may not be forthcoming for 20 to 30 years. The pilot loan program is designed to determine if the economic restraints can be overcome with Federal assistance.

The amendment authorizes the Secretary of Agriculture to provide personnel, training, and management assistance to State foresters. Eight and one-half million dollars would be authorized to be appropriated for this program annually. As I have noted, this Nation has available wood and wood wastes capable of meeting 10 percent or more of our annual national energy needs.

To reach this potential, technical assistance is necessary; and this new authority is aimed at providing such assistance to States in which there is potential for using forest resources for energy. This aid would encourage States to initiate their own wood energy development programs.

AGRICULTURAL BIOMASS ENERGY

Agricultural residues constitute a large tonnage of biomass. According to Department of Agriculture estimates, plant wastes—such as cereal straw, corncobs and stalks, and sugarcane bagasse—total about 40 million tons of organic solids per year. Farm animals, many of which are confined in feedlots or broiler operations, generate another 210 million tons of organic solids yearly. These residues represent an important, and at present largely untapped, energy source. The net energy yield from 1 ton of dry organic waste is equal to approximately 1.3 barrels of oil. Assuming that only a portion of the potential energy in agricultural biomass is recovered, it is estimated that the annual energy yield could come close to the energy supplied by 160 million barrels of oil, not only a significant contribution to our energy supplies, but the equivalent of all gasoline and diesel fuel now used in farming.

In addition to the use of residues for energy, agricultural commodities can be processed to yield both high-value ingredients for food, animal feed, and fiber and feedstocks for energy production. For example, corn can be processed to remove the germ, gluten, oil, and other products for food uses, while using the remaining starch to make alcohol.

A technique involving agricultural biomass energy that has received wide attention is the manufacture of gasohol, a mixture of 90 percent gasoline and 10 percent alcohol. Alcohol can be produced from a wide variety of agricultural crops and waste residues—all the way from commodities such as corn and sorghum to waste products such as sugarcane bagasse, peanut hulls, citrus pulp, or commodities that have gone out of condition in storage.

AGRICULTURAL BIOMASS ENERGY CENTERS

To help realize the great potential for energy production from agricultural commodities and residues, the amendment establishes at least four Agricultural Biomass Energy Centers, each in a different region of the Nation, in areas in which there is intensive use of the land for growing agricultural commodities. Where feasible, each center would be located at an existing agricultural research facility of the Department of Agriculture.

Under the direction of the Agricultural, Forestry, and Rural Energy Board, each center would perform research, provide technical assistance, and operate demonstration projects relating to agricultural biomass energy production and use, and energy production, use, and conservation in rural areas within the region, and train extension personnel to conduct agricultural biomass energy workshops. Like the Wood Energy Centers, these would be centers of excellence making the best technical expertise available to farmers and others in the region. Expenditures of $30 million would be authorized for the annual operating costs of these centers.

To accelerate production of energy from agricultural commodities and residues, S. 1775 would direct the Secretary of Agriculture to implement a workshop, training, information dissemination, and technical assistance program on small-scale agricultural biomass energy production for farmers and rural residents and communities. The program would be conducted by the cooperative State extension services in areas in which there is intensive use of the land for agricultural production. To the extent feasible, at least 100 workshops would be conducted annually.

LOANS AND DEMONSTRATION GRANTS

It appears that farmers, ranchers, and rural businesses may have problems in convincing banks to loan them money for rural energy projects that are new and innovative. For example, a poultry farmer in Georgia is presently thinking about purchasing corn, using the starch in the corn to make alcohol on a small scale, and feeding the residual material, called distiller's dried grain, which is high in protein, to poultry. The corn primarily would be used for feed. However, alcohol would also be produced—increasing the farmer's income while reducing our dependence on imported oil.

Since the feedstock used to furnish the heat to distill the alcohol from the corn would be wood, every gallon of alcohol produced from this small-scale unit would be replacing its energy equivalent of imported oil. There is only one problem—private lenders remain skeptical about this new idea. Either a Federal loan or loan guarantee is needed before private capital will participate in financing this innovative project.

To spur the investment of private capital in rural energy projects needed to meet the goals of the rural energy program under this amendment, the bill provides discretionary authority to the Secretary of Agriculture to assist projects for agricultural and forestry energy production and use, and energy conservation in rural areas, through grants, loans, and loan guarantees. The amendment provides annual funding of up to $100 million for demonstration grants, $250 million for direct or insured loans, and $500 million for guaranteed loans for this assistance.

The amendment requires that the demonstration grants and—beginning in fiscal year 1981—direct or insured loans be subject to the appropriations process and only authorizes these programs through fiscal year 1984. The loan guarantees use the Commodity Credit Corporation as the funding source and are subject to the appropriations process after fiscal year 1980.

With respect to the use of wood for energy, a tremendous potential for energy production exists based upon the amount of material available for use. In recognition of this great potential, one-third of all loans and loan guarantees would be earmarked for wood energy projects.

The $100 million authorized for demonstration grants primarily would be used as seed money to get new and promising projects started. Each grant would most likely be used for planning and design purposes, although some of these funds may be used for a portion of the actual cost of constructing the projects. Used in this manner, many projects could be assisted with grants.

With an adequate amount of grants used as seed money, a direct loan and loan guarantee program is the best and most cost-effective way the Federal Government can stimulate renewable resources energy production and rural conservation efforts.

Under the loan guarantee program, private capital will be used to finance the projects. The Federal Government would only guarantee loans against default. The loan guarantee program should cost the Government little or nothing since only those projects with demonstrated potential would be approved.

With direct loans, the interest charged would be at least the cost to the Government of borrowing money, so that the direct loan program should have minor effect on the budget.

The grant, loan, and loan guarantee programs will stimulate the development of new techniques, especially those well suited for small-scale application, that will lead to greater availability and increased use of alcohol and other biomass fuels on a nationwide basis. They could assist significantly in reducing our dependence on foreign oil—the goal that President Carter has now set as the highest national priority. But there would also be direct benefits to farmers, consumers, and taxpayers with the development of new markets for farm products, lower costs of Government price support programs for the agricultural commodities that are used for energy, and increased fuel supplies.

To avoid any duplication of financial assistance for large-scale alcohol projects available through other programs of the Federal Government, however, the amendment requires that no alcohol project that would produce more than 1 million gallons of alcohol annually be approved for financial assistance without the concurrence of the Secretary of Energy. Criteria for the concurrence of the Secretary of Energy with respect to other biomass projects would be developed by the Secretary of Agriculture and Secretary of Energy.

The amendment also requires that the amount of petroleum and natural gas energy used for such projects may not exceed the amount of energy in the alternative fuel produced. It further provides that priority for financial assistance must be given to those projects that use agricultural forestry biomass as the fuel used in the production of alternative fuels.

CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT LOANS

To further assist in developing the production and use of alternative fuels and in conserving the use of existing fossil fuels, the amendment authorizes the use of the Consolidated Farm and Rural Development Act loan program for energy-related loans to farmers, rural industries and communities, and rural electric systems.

The amendment authorizes farm ownership loans for nonfossil fuel energy systems used in farm operations and farm operating loans for farm equipment that uses energy derived from renewable resources or that increases energy conservation. The use of $50 million for such farm ownership loans, and $20 million for such farm operating loans, would be authorized for each of the fiscal years 1981 and 1982.

Also authorized would be rural industrialization loans for commercially feasible projects to produce renewable resources energy. The use of $20 million for direct loans, and $250 million for guaranteed loans, for such projects would be authorized for each of the fiscal years 1981 and 1982.

The amendment authorizes loans for rural electric systems for projects to generate electricity using nonfossil fuel sources. The use of $25 million for such loans would be authorized for each of the fiscal years 1981 and 1982.

REA GRANTS

The amendment would also authorize the Administrator of the Rural Electrification Administration to make grants in fiscal years 1981 through 1984 to rural electric borrowers for projects demonstrating alternative energy and energy conservation technologies, including small-scale hydropower, geothermal, wind, solar, and biomass projects. Appropriations would be authorized for such grants as follows: $10 million for fiscal year 1981, $20 million for fiscal year 1982, $25 million for fiscal year 1983, and $30 million for fiscal year 1984.

CONSERVATION COST SHARING

The Department of Agriculture estimates that 15 to 20 percent of all energy used in farming can be saved through the application of conservation measures. The amendment directs the Secretary of Agriculture to provide cost sharing and technical assistance to farmers under the agricultural conservation program to encourage the application of energy conservation measures such as shelter belts on farmsteads and feedlots, establishment of minimum tillage systems for crop production, and energy-efficient irrigation water management.

CAUTION NEEDED

While there is great promise in wood and agricultural biomass as alternative forms of fuel, we must exercise caution because the land does not issue its bounty without extracting a price.

We must continue to stress conservation—conservation of fuels, conservation of materials, conservation of our soils, and conservation of our water.

We must not take so much biomass material from the land that the soils are depleted and eroded. Obviously, research is needed to determine what the biological limitations of the use of biomass for energy may be.

We must be careful that we do not jeopardize the Nation's food and timber supply in our zeal for alternative sources of fuel. But even with these considerations in mind, I believe that there are many opportunities that we must begin to take advantage of in order to lessen our dependence on foreign oil.

MEETING RURAL AMERICA'S ENERGY NEEDS

This amendment is tailored to fit the needs of agriculture and rural America. It is not designed to compete with or duplicate, in any way, the energy efforts of other Federal agencies. It sets in place the necessary programs within the Department of Agriculture to tap the potential that our farmers, ranchers, and other rural residents, businesses, and communities have in moving to the use of alternative energy sources and reducing energy consumption.

The various agencies of the Department of Agriculture already work closely—face to face—with rural individuals and groups. The local and decentralized delivery system of the Department of Agriculture's agencies for research, development, information transfer, and financial assistance is well suited to get the job done. No other Federal agency or Department has the delivery system to develop the potential that exists in rural areas to reduce our dependence on imported oil and natural gas.

In summary, Mr. President, this amendment represents the view that small-scale production of alternative fuels from agricultural commodities and forestry products offers one of the most practicable and least costly ways of filling the Nation's energy gap. I believe it will greatly benefit not just rural America but the entire Nation.

Mr. President, as I have stated, the amendment incorporates changes in S. 1775 that have been suggested by the Committee on the Budget and the Committee on Energy and Natural Resources. I believe it has been discussed with the distinguished floor managers of the bill on both sides of the aisle. I hope that they are ready to accept the amendment.

Mr. JOHNSTON. Mr. President, will the Senator yield?

Mr. TALMADGE. I yield.

The PRESIDING OFFICER (Mr. Exon). The Senate will please be in order.

Mr. JOHNSTON. Mr. President, there has been a great deal of discussion over a long period of time and a lot of work in the Agriculture Committee which, of course, the distinguished Senator from Georgia chairs, as well as in our committee. The fruit of much of that staff work is represented by this amendment. I am frank to say, Mr. President, that I have not read the amendment. It is rather lengthy, 60-some pages, I think, in length. However, I have been given a brief description of this program.

From the description, Mr. President, and from what the staff has briefed me on, it appears to be a constructive and worthwhile program. I do not believe it duplicates the work of the Committee on Energy and particularly does not replicate that which we have already done in the amendment just adopted.

I make that statement, not with great confidence as to its accuracy, but simply representing a quick judgment on my part. Therefore, Mr. President, I am willing to accept that amendment, of course with the understanding that we shall have to get into the amendment as we go to conference. If there are some things to be reconciled, some amounts to be dealt with, we shall simply do the best we can. I know the Senator understands that.

I congratulate the senior Senator from Georgia for his work in gasohol in rural America. He is the Senate's recognized leader in agricultural matters, the champion of rural America. Of course, this amendment of his has the goal of making rural America to the extent of 50 percent energy self-sufficient by the year 2000. The amendment moves in that direction.

With that understanding, Mr. President, we shall accept the amendment.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. TALMADGE. Mr. President, I am grateful to the distinguished Senator from Louisiana, the floor manager of the bill. I point out that this country is in an economic war. We have only two alternatives. One is to send troops to the Middle East and take the energy; the other is to develop the energy resources of this country.

The one viable, immediate alternative that we have that is short range is to develop alcohol and other fuel from biomass—agricultural products, wood, and agricultural waste products. That can be done in a matter of months. I think there is overwhelming support throughout the country for moving and moving now. We have delayed far too long.

This bill was reported unanimously from the Committee on Agriculture and Forestry, is cosponsored by 35 Members of the U.S. Senate, and has overwhelming interest throughout this country. The time to act is now, not later. We should have done it years ago. We have been dilly-dallying around.

I appreciate very much that the distinguished floor manager of the bill accepts the amendment. I yield to my distinguished friend from North Carolina, the ranking minority member of the committee.

Mr. HELMS. I thank the Chair. I thank the distinguished Senator from Georgia.

RENEWABLE ENERGY FROM AMERICA'S FARMS

Mr. HELMS. Mr. President, as ranking minority member of the Senate Committee on Agriculture, Nutrition, and Forestry, and as an original cosponsor of S. 1775 with Senator Talmadge, I commend this amendment to the distinguished managers of the bill. I hope they will accept it.

Our committee, under Senator Talmadge's able leadership, has worked hard to refine this proposal into the best possible form. It has been my pleasure to work with the Senator from Georgia and other members of the committee.

The amendment now before the Senate reflects that effort and the changes made to accommodate concerns expressed to us by the Committee on the Budget and the Committee on Energy and Natural Resources.

S. 1775 on which this amendment is based, is a sound proposal designed to encourage production of alternate fuels and to promote energy conservation in the near future on our farms and rural areas.

The amendment requires the Secretary of Agriculture to assess agricultural, forestry, and rural energy needs and resources. And, it stipulates that the Secretary will assess the potential for the production and conservation of energy from those renewable resources. The amendment then provides for a program to meet rural energy goals through research, extension, demonstration projects, loans, grants, and cost-sharing programs.

There is a tremendous potential for America to work itself out of the energy crisis. But that potential does not lie with the Government or in Washington; it lies in the private sector and on the farms in our rural areas.

This country can have the benefit of abundant biomass and alcohol fuels if we will just let the free enterprise system function. If we do that, the tremendous creative energy of our people will allow this country to have the energy resources it needs for continued growth and prosperity. Indeed, we are already witnessing the success of several forms of biomass conversion. Already developed are such things as gasohol distilled from grain crops, methane distilleries, and production of forestry wastes into pellitized fuel.

The wood and biomass energy centers provided for in this amendment will serve as research banks that will facilitate a coordinated approach to the advancement of technology to more efficiently produce and make use of agricultural energy. Building upon activities at existing institutions, these wood and biomass energy centers will perform research, provide technical assistance in cooperation with agricultural extension service workers, and operate and supervise demonstration projects. Their work on energy production, use, and conservation in the rural areas within their respective regions will make these centers one of the best bargains the taxpayers will have going.

Of course, this important research would all be for naught without extension's activities to deliver the knowledge and techniques now existing and soon to be developed at the energy centers and elsewhere. Through an extension program of workshops, training, information dissemination, and technical assistance, interested local citizens will be instructed in the latest methods of producing and conserving agricultural energy.

These extension activities will make use of an existing network of skilled personnel. As a result of extension's past successes the American farmer stands unquestionably among the world's most productive.

Parallelling the efforts of extension will be the equally capable State forestry agencies, which are authorized grants for additional State foresters who will provide technical assistance to forest landowners in producing wood for energy and, in turn, energy from wood.

The amendment also provides for incentives in the form of loans and some very limited cost sharing so that those who are otherwise capable might be financially able to undertake the creative activities that this legislation is intended to promote.

A program of direct and guaranteed loans is established, with appropriate restrictions to assure there is no duplication between the Departments of Agriculture and Energy. The Consolidated Farm and Rural Development Act is amended to permit existing loan programs to accommodate rural energy production and conservation needs. The forestry incentives program is changed so cost-sharing assistance provided under that program may be used for timber to produce wood energy. A pilot program is authorized for the Secretary of Agriculture to make loans to private forest landowners who use forest management practices designed to increase the production of wood. And, the Administrator of the Rural Electrification Administration is authorized to make grants to rural electric borrowers for projects demonstrating alternative energy and energy conservation technologies.

Mr. President, the point that must be made about this legislation is that it addresses our energy problems in a very reasonable manner. It does not ignore existing agencies and programs; it does not give rise to a new bureaucracy; and it does not call for the exorbitant Federal outlays we find in other energy bills in Congress today. Excessive Government regulation in the past has swamped energy production in a mire of debilitating redtape. This amendment does not repeat that mistake. It correctly recognizes the private sector as the appropriate vehicle for pulling ourselves out of the energy crisis into which excessive Federal regulation has thrown us.

This is a sound, reasoned approach to one major aspect of our energy predicament. America could have been energy independent decades ago if the kinds of things we anticipate happening because of this legislation were not prevented by Federal rules and regulations. There is no advantage in further delay in getting about the business of encouraging the free enterprise system to work our way out of our energy shortages.

Mr. CHURCH. Mr. President, I want to say a word in commendation to the distinguished Senator from Georgia for this proposal. As I understand it, it is not offered as a substitute for title II in the bill.

Mr. TALMADGE. The Senator is entirely correct. It is a new title of the bill.

Mr. CHURCH. It is meant to be supplementary to the provisions of the bill.

Mr. TALMADGE. Exactly.

Mr. CHURCH. I notice in the purposes, the first purpose stated is "To facilitate the production for direct application in on-farm and rural energy situations," where there is a great opportunity to do this on a small-scale basis.

Mr. TALMADGE. The Senator is entirely correct.

We can have thousands and thousands of these small plants on forks of every creek in the Nation, where they have the most available and the most cost-effective material source that can be found.

Mr. CHURCH. Moreover, there is a very real need for alcohol for on-farm uses.

Mr. TALMADGE. The Senator is entirely correct.

Thousands and thousands of farmers throughout the United States now want to produce their own energy to use on their own farm, which they can do now.

Mr. CHURCH. I think this is a very badly needed program. I congratulate the Senator for offering it.

I notice on page 6 of his proposal that, once again, the statement is made that part of the purpose of this proposal is to make changes in existing programs and authorities of the Department of Agriculture consistent with and not duplicative of programs and authorities of the Department of Energy.

Mr. TALMADGE. The Senator is entirely correct.

Mr. CHURCH. It underscores the supplementary aspect of the proposal.

Mr. TALMADGE. The Senator is entirely correct.

I appreciate the support of the distinguished Senator from Idaho. I am grateful, indeed, for the enormous amount of work he has done in this particular field.

Several Senators addressed the Chair.

Mr. TALMADGE. Mr. President, I do not have the floor.

Mr. CHURCH. I have the floor and I will yield the floor.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. CULVER. Mr. President, as an original cosponsor of S. 1775, the Agricultural, Forestry and Rural Energy Act of 1979, I wish to express my strong support for this amendment. It is now clear that this country will be embarking on a program that will provide us with synthetic fuels to relieve our crippling dependence on foreign oil. While the synfuels program may offer a long-term solution we all recognize that it will be years before the first commercial quantities will flow to the consumer.

Alcohol fuels from renewable resources offer much earlier relief from motor fuel shortages through gasohol and diesohol. Ethanol production technology is well developed; and with the use of nonpetroleum fuels, cogeneration of process heat, solar and other energy sources, gasohol use may save 1 gallon of gasoline or natural gas equivalent for each gallon of ethanol used. The Office of Technology Assessment has estimated that the potential exists to replace 18 percent of our gasoline use with gasohol using crops, crop residues, forage grass and considerably more if we add wood as a feed stock.

Having the potential, Mr. President, is one thing. Reaching it is another. Our current ethanol capacity is 15-20 million gallons per year. To reach our potential, we need 100 times that amount. The program being proposed can provide the support that is needed for on-farm production that can help assure that oil shortages will not endanger our food supply. The proposed research centers will be able to improve the efficiency of small stills and develop improved feedstocks.

Mr. President, the Nation is ready for gasohol now. The largest gasohol plant in the country is being built in Sioux City, Iowa. Phillips Petroleum is test-marketing gasohol in two Iowa cities and many small independents are blending their own gasohol. The demand is now so great that a major gasohol company in New York will be importing 120 million gallons of ethanol from Brazil, a country that is converting to gasohol now and is looking toward a future with automobiles using alcohol alone.

Mr. President, just as we must speed the development of synthetic fuels, we must move quickly to expand our capacity to produce fuel from renewable resources.

Mr. DOLE. Mr. President, the Senator from Kansas is pleased to join with the distinguished chairman of the Senate Agriculture Committee, Mr. TALMADGE, the ranking minority member, Mr. HELMS, and the other members of the Senate Agriculture Committee in introducing this amendment, the Agricultural, Forestry, and Rural Energy Act of 1979. Being a member of the National Alcohol Fuels Commission, I am particularly interested in the purpose of this measure and the benefits it will bring to this Nation at a time when domestic energy production is so desperately needed.

GOAL OF THE PROGRAM

Mr. President, this bill addresses the needs of each and every farmer whose farming operation has been touched by the shortages in diesel and gasoline. The bill also addresses the production of alternate fuels on a small scale from agricultural and forestry products in a practical and less costly approach than the massive synfuel programs the Senate now has under review. In addition, methods to conserve the amount of energy used by farmers, rural residents, and rural communities are provided in this legislation.

Simply, Mr. President, this bill requires the Secretary of Agriculture to implement within the Department of Agriculture an agricultural, forestry, and rural energy production program of utilization and conservation. Its goal is to enable the United States to reach net energy independence by the year 2000 and a 50-percent reduction in petroleum and natural gas use by rural residents and communities.

This bill will establish research, extension, demonstration, loan, grant, and cost-share programs necessary for the effective implementation of the program.

ENERGY FROM WOOD AND ITS WASTES

It is estimated today that 2 percent of our energy needs come from wood. It is also estimated that our forests can produce up to 8 quadrillion Btu's or one-tenth of our national energy needs for this year and every year in the future. With this bill enacted, those figures could go even higher. It should be made clear that this bill would not call for supplies of wood which are now being used for construction or paper, but the residues of those products. With this use of timber wastes, we are utilizing valuable materials once thought to be waste and also are building a new forest industry alongside of the timber and paper industries today.

There are many technologies for utilizing wood into energy form—the most promising method is the use of chips and solid wood in newly developed wood-burning furnaces and boilers which are highly efficient and pollution free. Another technology is the process known as pyrolysis. This process takes the solid form and transforms it into char, oil, and gas and can be used by large energy users who can refit existing oil and natural gas furnaces. There is also a developing technology in total gasification of wood and also home heaters on the market that can operate 5 to 10 times more efficiently than old-fashioned fireplaces. All of these technologies are workable in converting wood to energy cleanly, efficiently, and economically.

ENERGY FROM COMMODITIES

Another alternative fuel this bill addresses is that of alcohol. This alternative, ethyl alcohol, or ethanol, can be produced with existing technology from a wide variety of crops and waste products. The commodities which can be used range from corn to waste products such as peanut hulls. These new processes can be refined and put to on-farm and small scale commercial applications. In Kansas, there are numerous gasohol operations and the interest in setting up large-scale operations is growing day by day. This alternative fuel, alcohol, will create a new crop for the farmer—an energy crop—which can be grown profitably. The implementation of these operations on many farms across this Nation could forseeably change the net income of the U.S. agriculture industry.

As my colleagues know, I have been a long-time supporter of gasohol—during my first year in the Senate, I introduced a bill which would allow for development of gasohol fuels with farm commodities by providing funding for pilot projects. Years later, Mr. President, the gasohol industry has seen many advancements made, such as the inclusion in the Food and Agriculture Act of 1977 the requirement that the Secretary of Agriculture provide for four pilot projects for the production of gasohol from agriculture and forest products through Commodity Credit Corporation loan guarantees of up to $60 million.

Since the passage of that measure, I have been contacted at least once a day by individuals interested in alcohol production and plans they have designed to increase alternative energy production utilizing farm and forest products.

Mr. President, this country has gone through a trying period in regards to our energy supplies and the energy outlook to the future. There are many bills before the committees in both the House and Senate which promise to bring fuels from sources such as tar sands, shale oil, and even the sea. However, Mr. President, all these technologies have been accompanied by high prices and time constraints. What this measure presents to us is technology that has been developed and is ready now. The sources for the fuels—agricultural and forest commodities and wastes—are here now. What is needed is the structure provided in this measure for these commodities and technology to work effectively together.

Mr. President, I urge my Senate colleagues to join me in supporting this measure.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. BOSCHWITZ. Mr. President, I, also, join in support of this amendment. I join with the distinguished Senator from Georgia who says that this is a quick way to implement an energy program, a quick way with quick resources, renewable resources.

Through the Department of Agriculture which has already in place a system through which much of it can be implemented, I believe that we will make a meaningful impact on reducing the necessity for foreign oil and putting self-dependence back in our country.

AGRICULTURAL FORESTRY AND RURAL ENERGY ACT OF 1979

Mr. President, the United States is dependent upon huge quantities of oil and natural gas. Over three-fourths of this Nation's energy needs are filled by petroleum and natural gas. The supplies of these fuels are finite and will eventually be exhausted.

The United States is currently heavily dependent on foreign sources for these fuels. About half of the oil consumed in this country is imported. This Nation, since 1973, has become painfully aware that foreign sources of oil are very uncertain. The only certainty about foreign oil is that prices since 1973 have skyrocketed. There is every indication that there will be continued wild and sudden price hikes.

This heavy dependence on foreign oil has taken a heavy toll on the Nation's economy. The rising cost of energy imports has been the major factor in the U.S. trade deficit. This has depreciated the value of the dollar and has served as a major contributor to inflation in this country.

It is absolutely essential that the United States reduce its dependence on foreign oil. Every reasonable means of increasing domestic production of energy must be pursued.

The President, and most of the Members of Congress, in wrestling with this energy problem, have placed most of their emphasis on synthetic fuels—tar sands, oil shale, et cetera. I am quite sure that synthetic fuels have some potential for reducing the Nation's dependence on foreign oil. But these synthetic fuel technologies are essentially unproven, very costly, potentially damaging to the environment and require large plants which would take several years to construct and become operational.

Congress must not overlook or underestimate the potential for other less exotic means of adding to the Nation's energy supply.

Production of energy from agricultural and forest producers will of course not provide the total answer to the Nation's energy problem. But agriculture and forestry do offer good potential to increase domestic energy production.

In a recent study conducted at Purdue University it was estimated that between 1.5 and 2.3 billion gallons of alcohol could be produced from agricultural crop residues in this country. This estimate takes into account crop residues necessary to control erosion and maintain fertility. This estimate is also based on the assumption that it would only be feasible to collect crop residues in States with the highest concentrations of crop residues—13 States mostly in the Corn Belt and Great Plains. In addition, the study also assumes that it would be feasible to use only two-thirds of these residues for alcohol production. So you can see this is a reasonable and conservative estimate.

In addition, in the same study, it was estimated that from 5.2 to 8.7 billion gallons of alcohol could be produced from bringing additional land into production. It was also estimated that 2.7 to 6 billion gallons of alcohol could be produced through improved production of forage crops.

The study's total estimate of technically feasible alcohol production potential from agricultural crops and residues ranges from 11 to 18.6 billion gallons. These estimates are technical in nature and do not consider the economics of energy production from agricultural crops and residues. But this Nation should not, and really cannot, afford to ignore this energy production potential.

Big Farmer magazine in its August 1979 issue reviews some of the currently available farm level technologies for manufacturing alcohol from biomass and methane gas from livestock manure. The equipment and methods discussed in this magazine article were all developed by innovative farmers, usually in an attempt to become energy self-sufficient in their farm operation. Most of the equipment discussed in this article is currently, or in the near future will be, available for sale to other farmers.

There is tremendous interest in producing energy from agricultural and forest products. My office, and I am sure the offices of many of my colleagues, have received inquiries about Government efforts to promote development of alternative sources of energy from agriculture and forestry.

Enactment of this amendment will allow Government to do more. This bill gives the Department of Agriculture the authority to provide the applied research, technical assistance necessary to push this country toward development of agriculture's full energy production potential. In addition the bill gives the Department the authority to undertake initiatives to encourage conservation of energy in agriculture.

SUMMARY OF MAJOR PROVISIONS

This amendment establishes a Rural Energy Board to implement an agricultural, forestry, and rural energy production use and conservation progam.

It authorizes research, extension, demonstration, loan, loan guarantee, grant, and cost share programs to carry out implementation of this overall agricultural, forestry, and rural energy program.

RURAL ENERGY BOARD

The amendment establishes an Agricultural, Forestry, and Rural Energy Board made up of the top officials of the Department of Agriculture and the Department of Energy. This Rural Energy Board is mandated to assess agricultural, forestry, and rural energy needs. Upon completion of the assessment of needs and resources, the Board is to develop an agricultural, forestry, and rural energy production use and conservation program which will enable the United States to meet the goals set in this legislation—net energy independence for agriculture and forestry and a 50-percent reduction in the use of petroleum and natural gas by rural residents and communities, by the year 2000.

AGRICULTURAL RESEARCH AND EXTENSION

The amendment provides for applied research and extension programs in energy production and conservation to be carried out by the Department of Agriculture and at the State level, by universities and State extension services. The amendment provides for appropriations of up to $50 million annually for applied research by colleges and universities. Our amendment authorizes appropriations of up to $50 million annually under the Smith Lever Act and annual appropriations of up to $5 million under the Renewable Resources Extension Act of agricultural, forestry, and rural energy extension work by the State extension services. It also directs the Secretary of Agriculture to implement a workshop, training, information dissemination, and technical assistance program on small scale agricultural biomass energy production for farmers to be carried out by the State extension services.

In addition, it authorizes the establishment of Wood Energy Centers and Agricultural Biomass Centers. Up to $30 million is authorized to be appropriated annually for not less than four nor more than eight of each of these types of centers—$60 billion total. Each of these centers would be located in a different forest region in the case of Agricultural Biomass Energy Centers. Each of these centers would perform research, provide technical assistance, and operate demonstration projects relating to energy production, use, and conservation within the respective region of the country the center serves.

LOAN, GRANT, AND COST SHARING PROGRAMS

The amendment authorizes the Secretary of Agriculture to make direct loans of $250 million, and to provide $500 million in loan guarantees for on-farm or commercial projects for the production of energy from agricultural commodities and forestry products. This program would be carried out through the Commodity Credit Corporation with one-third of these loans allocated to wood energy projects. In addition, up to one-half of the direct loans and one-fourth of the loan guarantees would be allocated to small scale projects.

It also authorizes $50 million in farm real estate loans for non fossil fuel energy systems and $20 million for operating loans for these systems in fiscal years 1981 and 1982.

Also, in fiscal years 1981 and 1982, the bill authorizes $20 million in direct loans and $250 million in loan guarantees for commercially feasible energy projects using renewable resources and $25 million to rural electric systems for projects to generate electricity using sources of energy other than petroleum and natural gas.

The amendment also establishes a 5-year pilot loan program for improving forest management practices on privately held forest land. Up to $5 million in direct loans and $5 million in guaranteed loans could be obligated annually with no loan or loan guarantees made in excess of $50,000 per landowner.

Several grant programs are authorized by this amendment. It provides for grants of up to $100 million annually for demonstration projects producing energy from renewable resources. The amendment also authorizes grants of $8.5 million annually to State forestry agencies for hiring additional foresters to provide technical assistance to private landowners in producing wood for energy. In addition it provides for grants to rural electric utilities for projects demonstrating alternative energy technologies such as wind, solar, biomass, and so forth. These grants would be for $10 million, $20 million, $25 million, and $30 million in fiscal years 1981 through 1984, respectively.

The amendment also provides for cost sharing assistance under already existing programs for energy production and conservation. The amendment makes land used to produce wood for energy eligible for cost sharing assistance for reforestation under the forestry incentives program. In addition, it will provide cost sharing under the agricultural conservation program for energy conservation measures such as establishment of shelter belts, use of integrated past management, use of minimum tillage methods, and so forth.

Alcohol fuel skeptics continually raise questions about the wisdom of developing a national alcohol fuels program. Two of the frequently raised questions concern net energy balance and the feasibility of small farm scale production technology.

FEASIBILITY OF FARM-SCALE TECHNOLOGY

The Office of Technology Assessment (OTA) in a recent report expressed general optimism about the potential for alcohol production to add to the Nation's supply of motor fuel.

But OTA was very pessimistic about the economic feasibility of farm-scale biomass conversion to alcohol. Yet at the same time OTA reports that the Bureau of Alcohol, Tobacco, and Firearms (BATF) expects to receive 5,000 applications for on-farm alcohol distillation permits.

Apparently the OTA believes that farmers are not rational economic people. OTA apparently believes that they possess knowledge or information that farmers do not possess. I can assure you that farmers are the most rational of economic men. They operate in a competitive business environment, not in an office building here in Washington.

Farmers are interested in alcohol production for fuel because it will open up a whole new market for their products. They are particularly interested in farm-scale production because it would give them the opportunity to move up the marketing chain—to earn a return for marketing and processing the product as well as producing it. Of even more importance to farmers, is that on-farm production of alcohol would allow farmers to become energy self-sufficient.

NET ENERGY BALANCE

Almost from the time people began to consider alcohol as an alternative fuel, oil company executives and others have cited figures to show that alcohol production yields an energy loss, that it takes more energy to produce the alcohol than the energy contained in the alcohol itself.

The figures cited were based upon beverage alcohol production in older, less-energy-efficient plants. Fuel-grade alcohol needs less refining than beverage-grade alcohol, thus requiring less energy input. In addition, most beverage alcohol distilleries were built many years ago when energy costs were less, and efficient energy use was not nearly so important.

In a recent Department of Energy publication it is reported that when using corn as a feedstock, even considering the energy used in the production of the corn, a distillation plant using modern technology will yield a positive net energy balance.

Although absolute energy balance is important in deciding whether to convert a product into alcohol, an even more important consideration is how much petroleum or natural gas can be displaced in the process. In the recent OTA report it was cited that every gallon of ethanol—grain alcohol—used for fuel could save between ⅓ and 1 gallon of gasoline, depending upon the energy source used in producing the alcohol.

I have explained very briefly what the amendment does, and why it is needed, and I have attempted to answer some of the questions directed at the amendment. I now ask my colleagues to support the amendment. Our Nation needs it.

Mr. President, this amendment provides for $500 million in loan guarantees and $250 million in direct loans to be used specifically for the production of biomass energy. I have become very concerned about what agency, within USDA or the Department of Energy, will be responsible for administering these loans.

Under the 1977 Food and Agriculture Act, four pilot projects were funded for the production of alcohol from different agricultural commodities. The Office of Energy was chosen to be the agency within USDA to handle these four pilot projects.

Today, now over 2 years since the passage of the 1977 Farm bill, only one of the four loan guarantees have been granted.

Mr. President, it would be my hope that the Office of Energy would not be the agency responsible for the administration of these loan guarantees. Rather, it would be my hope that the Farmers Home Administration within USDA would be the agency to administer these loans.

I feel that the Farmers Home Administration should administer the loans because they already have a well defined review and distribution process for the loans they make. Each State has a Farmers Home Administration office, which stands ready to handle this new lending authority.

Mr. President, I feel that it is very important to handle this new loan authority through an agency which already has a well defined distribution process. I feel it is very important to handle this new loan authority through an agency which is currently making loans to agricultural and forestry interests. And, Mr. President, the likely choice for this new authority is the Farmers' Home Administration.

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. McGOVERN. Mr. President, I am pleased to join with Senator TALMADGE in offering this amendment.

As the members of the Committee on Agriculture know, this bill was a marriage of Senator TALMADGE's proposal relative to the wood energy legislation with the grain alcohols proposal I introduced some time ago.

The measure was reported out of the Committee on Agriculture, Nutrition, and Forestry unanimously. It has some 35 sponsors. I think it is an excellent formula to get us quickly into the production of alcohol fuels.

It does provide, as pointed out, some $250 million in direct loans and $500 million in Federal loan guarantees, with the amendments specifying that half of that money has to be designated for smaller plants.

I am very hopeful, Mr. President, that the amendment will be adopted. I think it strengthens the measure now before us and it is in the interest of the country.

Mr. President, I am pleased to join with the Senator from Georgia in offering this amendment to the alcohol fuels provision of this bill. Although I realize considerable effort was given to the development of the original language, I believe this amendment will better serve our Nation's needs to quickly commercialize alcohol fuels and gasohol technology.

Mr. President, unlike questionable synthetic fuel technologies, we have the technology and materials available today to immediately produce alcohol fuels and wood energy. Given our Nation's great need to take action which will reduce our dependence on foreign fuels both in the near future as well as through the next century, it is imperative that any energy legislation we enact contain strong provisions to develop these alternative energy resources.

The amendment we are proposing is the result of months of effort on the part of the Senate Agriculture Committee. This amendment contains the major provisions of the Agricultural, Forestry, and Rural Energy Act which was reported unanimously from the committee and has more than 25 sponsors. The support for this legislation particularly from agricultural States has been overwhelming.

Mr. President, many of my colleagues and I prefer the language of this amendment over the present provisions of title II, because of the emphasis the amendment places on small-scale alcohol-fuels development. The Agricultural, Forestry, and Rural Energy Act provides $250 million in direct loans for the construction of alcohol fuel plants as well as $500 million in Federal loan guarantees. One-half of the direct loans and loan guarantees must be allocated for the development of small-scale plants which are defined as plants producing less than 2 million gallons annually.

The availability of small scale assistance is vital to the thousands of farmers who want to construct these facilities using their own farm products or waste as the fuel source. The allocation of these funds for small scale plants will not only allow our country to make immediate progress in reducing our fuel import dilemma, but will provide a critically needed market for agricultural commodities, and stimulate rural economies.

In addition this amendment would establish a total of eight wood energy and agricultural biomass centers throughout the Nation. These centers, similar to the regional solar energy centers would provide technical assistance and training in wood energy and alcohol fuels technology. This provision of the bill is especially important in light of the minimal alcohol fuels training presently available at a reasonable cost.

I firmly believe that the Congress would be redundant in enacting both the existing language of this title and the Agricultural, Forestry and Rural Energy Act. However, I am equally convinced that the provisions drafted by the Senate Agriculture Committee are a more comprehensive response to the energy supply problems we face and will provide more benefits to our Nation's farmers.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. STEWART. Mr. President, I join my colleagues in commending the distinguished Senator from Georgia for his excellent work in the field of alcohol fuels.

His particular emphasis on rural energy independence exemplifies, I think, the kind of contribution he has made on behalf of the people from the rural areas, not only of his State of Georgia, but all across America.

It is my pleasure to serve with him on the Agriculture Committee, which he chairs. It is my pleasure to join with him in cosponsoring this amendment. I hope it is accepted.

The PRESIDING OFFICER. The Senator from Maine.

Mr. MUSKIE. Mr. President, I wonder if I might address myself to the distinguished floor manager of the bill.

Amendments are being offered and accepted by the managers of the bill and by the Senate. I want to be sure that we have not lost sight of our budget targets.

With respect to this particular legislation, I understand that the compromise which the distinguished Senator from Georgia is offering represents a reduction in grants, direct loans, and loan guarantees, from those in the original bill. Am I correct in that impression?

Mr. JOHNSTON. The question of the Senator—what is the level of the——

Mr. MUSKIE. I understand it is smaller than the levels provided in the original Talmadge bill. As I add it up, it is about $100 million in grants in the first year, about $250 million in direct loans——

Mr. TALMADGE. That is correct with respect to grants, direct loans, and loan guarantees to be made through the Commodity Credit Corporation.

Mr. MUSKIE. And $500 million in loan guarantees.

Mr. TALMADGE. That is correct.

Mr. JOHNSTON. The original level of authorization in the bill was $623.5 million per year in loans and grants in various programs. That has now been reduced to an authorization for loan guarantees by $500 million annually, which would leave, if I am correct—excuse me. First of all, these have been limited to 4-year programs.

It is now $750 million in loan guarantees and $500 million for energy production and conservation, but for the 4-year limit. It has been reduced below what it was as originally introduced.

Mr. MUSKIE. As I understand it, each of these programs is subject to the appropriations process?

Mr. JOHNSTON. They are subject to the appropriations process.

Mr. TALMADGE. That is correct except that CCC funding may be used for loan guarantees and direct loans during the first year.

Mr. BELLMON. Will the Senator yield?

Mr. MUSKIE. Yes.

Mr. BELLMON. That is not the case for 1980. There is a provision that allows $250 million of direct loans, and $500 million of loan guarantees, for the current fiscal year, which is not subject to the appropriation process. I am going to offer an amendment to cure that.

Mr. TALMADGE. The Senator is correct.

Mr. MUSKIE. We have approved the Exon amendment. I have discussed the effect of doubling or increasing the budget authority for a larger program of gasohol.

How does that fall within the budget totals provided in the second budget resolution?

Mr. JOHNSTON. I say to my distinguished friend, we are going to have to reconcile all these amounts. As I mentioned to the distinguished chairman of the Agriculture Committee, we took this amendment in the spirit that we are going to have to go to conference and get all these programs which, altogether, will not fit within the authorization as provided by the Budget Committee resolution.

Therefore, we are going to have to do some paring and shaving and fit them within that authorization.

The outlay impact, of course, is not very great. But the authorization is rather great.

Of course, that must conform to the budget resolution, as well.

So it is within that spirit that we have accepted the amendment.

Mr. MUSKIE. I appreciate what the Senator has said. He said it to me privately as well as in this colloquy.

The Senator was a member of the conference on the budget, and he recalls, I am sure, quite vividly, the struggle we had with House conferees in establishing the Senate numbers, both for budget authority and outlays.

So, having come out of that struggle, the Senator and I are particularly sensitive to the concern of the House about these numbers. It is difficult to add them up as we go along, but I am reassured by what the Senator has said about his intentions in this respect.

Mr. JOHNSTON. I thank the Senator. We will have to pare them down. Then, the $39.5 million in budget authority is provided in that resolution.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. JOHNSTON. I yield.

Mr. MAGNUSON. I say to the Senator from Maine that all these items are subject to appropriation.

Mr. MUSKIE. Except for the first year.

Mr. MAGNUSON. I do not understand what the Senator from Oklahoma said about the first year.

Mr. JOHNSTON. I believe he has an amendment he is ready to submit.

UP AMENDMENT NO. 752 (TO UP NO. 751)

Mr. BELLMON. Mr. President, I have an amendment at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

> The Senator from Oklahoma (Mr. BELLMON) proposes an unprinted amendment numbered 752 to the unprinted amendment by Mr. TALMADGE numbered 751:
>
> On page 50, strike "October 1, 1980" and insert in lieu thereof "October 1, 1979".

Mr. BELLMON. Mr. President, the purpose of this amendment is to make the 1980 fiscal year direct loans and loan guarantees subject to the appropriation process in the same way that the grants, direct loans, and loan guarantees are subject to the appropriations process in fiscal years 1981, 1982, 1983, and 1984.

Members should realize that this is a major spending thrust we are undertaking here, and I support in a general way what is being undertaken. But the total amount of the grants over the next 5 years, including 1980, are $400 million; the total of direct loans, $1.250 billion; and loan guarantees for the 5 years total $2.5 billion.

I believe the Talmadge amendment is entirely appropriate in making these large expenditures subject to the appropriations process; but I believe a mistake is being made here in not making the fiscal year 1980 direct loans of $250 million and the $500 million of loan guarantees also subject to the appropriations process.

In fact, if we adopt this amendment as it now stands, we are authorizing and appropriating in the same bill, and I believe that is a serious mistake for the Senate.

Mr. TALMADGE. Mr. President, I ask unanimous consent that the names of Senator SIMPSON, Senator LUGAR, and Senator JEPSEN be added as cosponsors of my amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TALMADGE. Mr. President, will the distinguished Senator from Oklahoma yield?

Mr. BELLMON. I yield.

Mr. TALMADGE. I read from the conference report on the Agriculture Appropriations Act for fiscal year 1980:

> Amendment No. 56 provides a limitation of $500 million on the amount of loans that can be guaranteed by the Commodity Credit Corporation for the production and marketing of industrial hydrocarbons and alcohols from agricultural commodities and various products as proposed by the Senate.

Does the Senator's amendment contravene this conference report?

Mr. BELLMON. Will the Senator tell me if that language also includes direct loans?

Mr. TALMADGE. No.

Mr. BELLMON. Then, the answer I have is that my amendment does not contravene; it supplements.

Mr. TALMADGE. If it supplements it, I have no objection.

The Senator has served on the Agriculture Committee with great distinction for many years. I know of his strong desire to make this country energy independent as rapidly as we can. The only way we can move short term to produce an alternative source of energy is, as the Senator knows, from alcohol. So if the Senator is not contravening this particular amendment, I have no objection.

What I want to do is to get our country in the business of producing alcohol and get it in that business fast. The Senator is not denying that right, is he?

Mr. BELLMON. The Senator is correct.

I am in support of what the Senator is trying to do, but I feel that we are moving rapidly in this area of energy legislation; that unless these activities are subject to the appropriation discipline, we are going to wind up with a lot of duplicating programs.

Mr. TALMADGE. What we are doing here, only for fiscal year 1980, is letting them guarantee loans up to $500 million. Thereafter, it is subject to the appropriation process.

Mr. BELLMON. But there also are direct loans of $250 million.

Mr. TALMADGE. That is correct.

Mr. BELLMON. My amendment would make that subject to the appropriations process.

I do not believe that this program necessarily will be slowed down by this amendment, because we will have a supplemental appropriations bill this spring and it will take a good length of time to get this program geared up, in any event.

Mr. TALMADGE. If the Senator will amend his amendment to make the $250 million in direct loans subject to the appropriations process, I would have no objection.

Mr. BELLMON. You based that on the limitation already contained in the fiscal year 1980 appropriations bill dealing with the loan guarantees?

Mr. TALMADGE. That is correct.

Mr. MAGNUSON. I say to the Senator from Georgia that we will have a supplemental, I imagine, early in January or February, and we can take up this matter. I do object to the legislative committees legislating and appropriating at the same time.

Mr. TALMADGE. No, I am trying to avoid that. What we are trying to do here is not to appropriate at the same time. But we do have a provision for loan guarantees for fiscal year 1980 to be made through the Commodity Credit Corporation.

I have no objection to the amendment of the distinguished Senator from Oklahoma about the direct loans. If he wants to modify it and strike that provision, I will not object to it.

We are quibbling about $250 million, and we will import $70 billion worth of energy from OPEC next year. So what we are doing is really quibbling over a small amount of money in trying to get something done.

Mr. MAGNUSON. We are not objecting to what the Senator is trying to do with the figures. We merely want them subject to the appropriation process.

Mr. TALMADGE. I have no objection, if the Senator from Oklahoma will modify his amendment to make the direct loans of $250 million subject to the appropriation process.

Is the Senator from Oklahoma agreeable to that?

Mr. BELLMON. The suggestion by the distinguished Senator from Georgia is based on the fact that the $500 million of loan guarantees already has been dealt with by the Appropriations Committee?

Mr. TALMADGE. That already has been done.

Mr. BELLMON. As soon as we get the language ready, I will be glad to offer it.

Mr. TALMADGE. If the Senator will do that, I have no objection.

Mr. BELLMON. To make my amendment pertain only to the $250 million in direct loans.

Mr. TALMADGE. I appreciate the cooperation of the distinguished chairman of the Appropriations Committee. I know that he is anxious to get this matter completed in a hurry.

Mr. BELLMON. Mr. President, I suggest the absence of a quorum, so that we can get the language ready.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. McCLURE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCLURE. Mr. President, I ask unanimous consent that the amendment of the Senator from Oklahoma be laid aside temporarily, in order that I may offer an amendment to this title; that upon disposition of the amendment I offer, the amendment of the Senator from Oklahoma be the pending business.

The PRESIDING OFFICER. It would require that both amendments be laid aside.

Mr. McCLURE. I want to offer an amendment to the Talmadge amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

UP AMENDMENT NO. 753 (TO UP NO. 751)

Mr. McCLURE. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Idaho (Mr. McClure) proposes an unprinted amendment numbered 753 to the unprinted amendment by Mr. Talmadge numbered 751.

Mr. McCLURE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 56, insert the following after subtitle:

SUBTITLE I—AGRICULTURE COMMODITIES UTILIZATION PROGRAM

SEC. 2020. Notwithstanding any other provision of law—

(a) The Secretary of Agriculture shall permit, subject to such terms and conditions as he shall prescribe, all or any part of the acreage set aside or diverted from the production of a commodity for any crop year under this title to be devoted to the production of any commodity for conversion into industrial hydrocarbons and blending with gasoline or other fossil fuels for use as motor or industrial fuel, if the Secretary of Agriculture determines that such production is desirable in order to provide an adequate supply of commodities for such purpose, is not likely to increase the cost of the price support programs, and will not adversely affect farm income.

(b)(1) During any year in which there is no set aside or diversion of acreage under this title, the Secretary of Agriculture may formulate and administer a program for the production, subject to such terms and conditions as he may prescribe, of commodities for conversion into industrial hydrocarbons and blending with gasoline or other fossil fuels for use as motor or industrial fuel. Under the program, producers of wheat, feed grains, upland cotton, and rice shall be paid incentive payments to devote a portion of their acreage to the production of commodities for conversion into industrial hydrocarbons and blending with gasoline or other fossil fuels for use as motor or industrial fuel.

(2) The payments under this subsection shall be at such rate or rates as the Secretary of Agriculture determines to be fair and reasonable, taking into consideration the participation necessary to ensure an adequate supply of the agricultural commodities for conversion into industrial hydrocarbons and blending with gasoline or other fossil fuels for use as motor or industrial fuels.

(3) The Secretary may issue such regulations as necessary to carry out the provisions of this subsection.

(4) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this subsection.

Mr. McCLURE. Mr. President, I have discussed this amendment with the distinguished Senator from Georgia, the chairman of the Agriculture Committee, who is the author of the pending amendment, and with Mr. Helms, the ranking minority member of the Agriculture Committee.

This deals with the Agriculture Commodities Utilization program, and it is what the Energy Committee recommends as subtitle L and appears on page 161 of the committee report on the pending measure.

This is language which was identical to language which was heretofore passed by this body and was later modified in conference with the other body and is now a part of Public Law 95–279.

Mr. President, very briefly, it allows us to use the diverted acres that are diverted under the diversion programs to be used for the production of crops that can be utilized in the alcohol production program.

The Energy Committee looked at this amendment and discussed it. We decided rather than try to adopt it in the committee and, therefore, have some conflict with the Agriculture Committee, we would come to the Chamber and offer it as a committee recommended amendment when we reached the Chamber.

Mr. TALMADGE. Mr. President, this authority is in existing law. I believe, however, it is discretionary at the present time, and I believe the Senator's amendment would make that mandatory.

Mr. McCLURE. Yes.

Mr. TALMADGE. I have no objection to it.

Mr. McCLURE. I thank the Senator from Georgia.

Mr. HELMS. I certainly have no objection to it.

Mr. BAYH. Mr. President, I only rise to say that this amendment makes good sense. Last year we spent $10 billion to pay farmers not to grow crops. Hoosier farmers do not like this, and city people justifiably cannot understand it.

In 1977 I authored the bill, now law, to give the Secretary of Agriculture authority to permit farmers to grow energy crops on their set-aside acreage.

Why the Secretary of Agriculture has not used this discretion, I do not know.

This will certainly remedy that and begin to put those acres into corn and other kinds of crops that we can use to make alcohol.

Mr. JOHNSTON. Mr. President, we accept and agree to the amendment.

Mr. TALMADGE. Mr. President, what is the parliamentary situation?

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Idaho.

(Putting the question.)

All those in favor signify by saying aye.

Those opposed, no.

The ayes appear to have it. The ayes have it.

The amendment was agreed to.

Mr. McCLURE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HELMS. I move to lay that motion on the table.

Mr. METZENBAUM. Mr. President, before acting on the motion to reconsider may I ask the Senator——

Mr. HELMS. Mr. President, will the Senator use his microphone?

The PRESIDING OFFICER. The motion before the Senate is to table, and that motion is not debatable.

Mr. METZENBAUM. Mr. President, I do not think the motion to table was made prior to the time I was recognized.

The PRESIDING OFFICER. The Chair feels the Senator from Ohio is incorrect.

Mr. METZENBAUM. Mr. President, I suggest the absence of a quorum.

Mr. HELMS. Mr. President, if the Senator will withhold that, I made the motion to table. I shall withhold that so the Senator may speak.

Mr. METZENBAUM. I thank the Senator.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. METZENBAUM. Mr. President, I only wish to be certain that the amendment by the Senator from Idaho that was just agreed to was an amendment to the Talmadge amendment having to do with gasohol. Is that my understanding?

Mr. McCLURE. That is correct.

Mr. METZENBAUM. I have no objection.

Mr. HELMS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 752

The PRESIDING OFFICER. The question occurs on agreeing to the amendment of the Senator from Oklahoma.

Mr. BELLMON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. BELLMON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 752, AS MODIFIED

Mr. BELLMON. Mr. President, I have a revised amendment at the desk and I ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Oklahoma (Mr. BELLMON) proposes to modify his unprinted amendment numbered 752, as follows:

Mr. BELLMON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 50, lines 2–5, strike "and (2) beginning" through "appropriation Acts" and insert in lieu thereof, "(2) beginning October 1, 1980, may guarantee loans under this section only to the extent authorized in appropriations Acts, and (3) beginning October 1, 1979, may make or insure loans under this section only to the extent authorized in appropriation Acts"

Mr. BELLMON. Mr. President, the amendment as redrafted does the things that the distinguished Senator from Georgia has requested. The new language would apply only to direct loans and would not cover guarantee loans which are already under an appropriations limitation.

Mr. TALMADGE. I understand that your amendment makes the $250 million direct loan program for fiscal year 1980 subject to the appropriations process.

Mr. BELLMON. That is exactly right.

Mr. TALMADGE. I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oklahoma.

The amendment was agreed to.

Mr. McCLURE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BELLMON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. TALMADGE. I believe the amendment, as amended, is now in order.

The PRESIDING OFFICER. The Senator is correct.

Mr. BUMPERS. Mr. President, is there a time agreement on this amendment?

The PRESIDING OFFICER. There is no time agreement.

Mr. BUMPERS. Mr. President, will the Senator from Georgia yield to me for some questions?

Mr. TALMADGE. Yes, I yield.

Mr. BUMPERS. Under the Senator's amendment, are there any loans, loan guarantees, or grants for the development of alcohol plants from urban waste?

Mr. TALMADGE. No.

Mr. BUMPERS. There are not?

Mr. TALMADGE. No.

Mr. BUMPERS. No. 1, how much is provided for loan guarantees under the amendment?

Mr. TALMADGE. The sum of $500 million per year for 5 years.

Mr. BUMPERS. How much in direct loans?

Mr. TALMADGE. The sum of $250 million per year for 5 years.

Mr. BUMPERS. How much in grants?

Mr. TALMADGE. The sum of $100 million per year for 4 years.

Mr. BUMPERS. That is a total of $850 million in direct loans, grants, and loan guarantees?

Mr. TALMADGE. The Senator is correct. We are, of course, talking only about grants, direct loans, and loan guarantees to be made through CCC.

Mr. BUMPERS. What are the limitations in the feedstocks to be used in the production of either methanol or alcohol under the Senator's amendment?

Mr. TALMADGE. Will the Senator repeat the question?

Mr. BUMPERS. My question is, I assume there is a limitation since the Senator has already said there is no provision in here for the amount of active alcohol from urban waste, so let me rephrase the question to ask the Senator what feedstocks may be used in the production of alcohol and still qualify for assistance under any one of those three authorizations? Does it have to be an agricultural product? Does it have to be a product such as timber or chips?

Mr. TALMADGE. Biomass is defined in section 2004 of the new title, and I quote: "Biomass, without limiting its meaning, includes grain and stalks of corn, wheat, rice, and sorghum, cottonseed and peanut hulls, fruits and vegetables and their processing byproducts and residues, aquatic plants, specific energy-farm crops, animal wastes, wood and wood products, bark, wood pulp and chips, residues from logging and paper manufacturing, and animal waste products."

Mr. BUMPERS. Let me ask one additional question. Are there any grants provided in this as an incentive for the production of any of those crops for the use of manufacturing alcohol?

Mr. TALMADGE. No.

Mr. BUMPERS. Finally, could the Senator tell me how his amendment differs from any provisions in the Energy Committee bill so far as creating incentives to produce alcohol are concerned? How does it differ from the Energy Committee bill?

Mr. TALMADGE. My amendment is related primarily to the farm. It includes rural energy research and extension. We want to get energy plants in operation, and we want to get technical information directly to the farm level and encourage everyone who can to produce his own energy and to save energy. My amendment, in contrast with the Energy Committee bill, is more oriented toward agriculture and forestry.

Mr. BUMPERS. Would somebody who was interested in developing a biomass conversion facility be eligible for assistance under the Senator's amendment?

Mr. TALMADGE. Will the Senator repeat the question, Mr. President?

Mr. BUMPERS. Will somebody who was interested in building what is often called a biomass conversion facility—that is, I assume, when we talk about biomass conversion that takes in a multitude of feedstocks, including agricultural waste. Is the word "biomass" used anywhere in the Senator's amendment?

Mr. TALMADGE. It is.

Mr. BUMPERS. Does that mean then that anybody who wanted to build a biomass conversion facility would be eligible for assistance at least under one of those authorizations?

Mr. TALMADGE. As stated in my amendment, "biomass" means, and I quote: "Agricultural commodities, forest products, and their wastes and residues that can be used as fuel for the production of industrial hydrocarbons, or alcohol fuels or other energy sources, that will assist in reducing petroleum and natural gas imports."

Mr. BUMPERS. That satisfies me. I thank the Senator.

One other question: Does the Senator have any objection so far as he is personally concerned to a program not as extensive or expensive as this but one which would also provide some incentives for the production of alcohol from urban waste?

Mr. TALMADGE. Certainly not.

Mr. McCLURE. Mr. President, will the Senator yield?

Mr. BUMPERS. I would be happy to.

Mr. McCLURE. Of course, there is such incentive under title I, title II. This one would not apply to urban waste, but it would apply to cellulosic materials that put the definition within this title. But there are provisions in two other titles of the legislation that would cover the urban waste question.

Mr. BUMPERS. If you separated urban waste from cellulose and noncellulose, that part of your urban waste would qualify under the amendment of the Senator from Georgia, would it not?

Mr. McCLURE. I do not think it would qualify under this title, but it would under title I and title II of the bill.

Mr. BUMPERS. Wait just a moment. Why would it not qualify? For example, I live in Montgomery County and we are forced to separate all paper products in our garbage there, and I assume it is going to be used for the creation of energy in some form, maybe alcohol as long as it is a cellulose product, whether it is a finished product or a raw material. Would that make a difference?

Mr. TALMADGE. I think that qualifies under title I of the existing bill I am amending, Senator.

Mr. BUMPERS. But it is not the Senator's intention to cover, say, paper waste under his amendment; is that correct?

Mr. TALMADGE. No. I am trying to relate it to agricultural products, biomass forest products, and things of that nature.

Mr. BUMPERS. Is the Senator from Idaho saying those products would qualify under title I of the bill?

Mr. McCLURE. The Senator is correct.

Mr. BUMPERS. Would that be classified as a synthetic fuel?

Mr. McCLURE. It is biomass.

Mr. BUMPERS. I thank the Senator.

Mr. McCLURE. Under title I.

Mr. LEAHY. Mr. President, I rise to give support to the amendment. If enacted, this legislation will greatly reduce our dependence on foreign oil and give this Nation the kind of renewable energy resources it so desperately needs.

The chairman and ranking minority member of the Senate Committee on Agriculture, Nutrition and Forestry, Senators TALMADGE and HELMS, deserve much credit for the development and expedient movement of this legislation in the Senate. By sampling a wide range of ideas and often conflicting interests, a major renewable resource energy package was developed and quickly earned, on its merits, the unanimous support of the Agriculture, Nutrition, and Forestry Committee.

Mr. President, for clarification I would like to briefly discuss section 2034 and section 2035 in the amendment with the distinguished Senator from Georgia.

On September 6 of this year I introduced S. 1718, the Woodlot Management for Energy Act of 1979. It is my understanding that the two major components of S. 1718, a pilot loan program for private woodlot owners and a grant program for the hiring of additional State foresters, are both contained in essence in the amendment as section 2034 and section 2035 of the Food and Agriculture Act of 1977, respectively. Is this accurate?

Mr. TALMADGE. The Senator from Vermont is correct. Although the full committee in considering S. 1775, made some changes in sections 2034 and 2035, changes which the Committee on Agriculture, Nutrition, and Forestry unanimously supported, these are essentially the same sections as contained in the Woodlot Management for Energy Act of 1979 as introduced by the junior Vermont Senator.

Mr. LEAHY. Mr. President, I would like to clarify some of the changes made in sections 2034 and 2035 by the full committee, changes which I fully support.

First, I ask the Senator from Georgia if my interpretation of the purpose of the pilot loan program is accurate. My interpretation is that the primary purpose of the loans are to develop wood for energy. However, recipients of the loans may use their woodlot timber for other purposes as well. Is this an accurate statement?

Mr. TALMADGE. Yes it is. While the primary purpose of these loans is to develop forests for the production of fuelwood, the loans are also available for private owners of nonindustrial woodlots who desire to make other uses of their forestry resources.

Mr. LEAHY. Mr. President, finally I would like to clarify with the Senator from Georgia that section 2035, which provides grants for the employment of additional State foresters, is essentially the same as section 8 of S. 1718. Both bills, mine and the committee's, give these grants to the States to allow them to better manage their forest resources. It is my understanding that while the primary job of these new State foresters will be to aid in developing wood for energy, their services will be available for other woodlot management purposes as well. Is this correct?

Mr. TALMADGE. This is an accurate assessment. As with the loans provided under section 2034, grants to States to hire additional State foresters under section 2035 are primarily provided to increase the availability of fuelwood. However, State foresters hired by these grants will have the latitude to initiate forest techniques for other uses of woodlot resources as well.

Mr. LEAHY. Mr. President, I thank the Senator for discussing these clarifications with me. This amendment is a very sound and very good approach to solving our rural energy problems. The full Committee on Agriculture, Nutrition, and Forestry, and especially the accomplished chairman of that committee, should be complimented for this bill. I would urge all of my Senate colleagues to support its adoption.

Mr. STENNIS. Mr. President, I am pleased to support the amendment offered by the distinguished Senator from Georgia. The adoption of this amendment would be a very important step in our drive for energy independence and I highly commend the Senator from Georgia for his informed and timely interest in this important matter.

As the Senator from Georgia has explained, the amendment would require the Secretary of Agriculture to implement, within the Department of Agriculture, an agricultural, forestry, and rural energy production, utilization, and conservation program. The goal would be to assist the United States in achieving energy independence for agricultural and forestry production, processing, and marketing, and a 50-percent reduction in the petroleum and natural gas used by rural residents and communities. It would establish the research, extension, demonstration, and grant programs necessary for the effective implementation of the program and require that the Secretary of Agriculture coordinate these programs.

Mr. President, I believe that we must actively pursue and develop all possible alternatives for petroleum products as sources of energy. For example, I have announced my support for the large-scale program directed at the development and production of synthetic fuels. However, I believe that it is essential that all programs and measures that will lend encouragement to research into and development and production of alternate fuels be fully explored. The extent and gravity of the energy crisis confronting this country today demands that we leave no stone unturned in our quest for alternative sources of energy.

I share the view of the Senator from Georgia that biomass, or the production of fuels from wood, grain, and other products of field and forest, is one of the avenues which must be explored. The production of alternate fuels from agricultural and forestry products offers a practical and relatively inexpensive way of reducing our dependence on foreign oil. The technology for the efficient production of such fuels from wood, grain, and other biomass materials is already substantially developed and is ready for almost immediate application on the farm and in small commercial activities.

Mr. President, the State of Mississippi has an abundance of agricultural and forestry products which would be used and useful in a biomass development and production program. Despite our rapid progress in other areas, agriculture remains the backbone of our economy. Therefore, if this amendment becomes law, as I hope it will be, I anticipate that my State will play a significant part in the programs which it would provide. We are already very deeply involved in research and experimentation in agriculture and forestry and participation in the biomass program would be a natural and easy step for us to take. This would enable Mississippi to make a further contribution toward solving the energy problem and, at the same time, by providing new and increased use of and markets for products of the field and forest, it would contribute significantly to the economic development as well as industrial expansion of the State and thus would result in added employment opportunities and increased income.

Mr. President, this is a very important and significant amendment. I hope that it will be adopted by the Senate and will ultimately become law.

Mr. MUSKIE. Mr. President, the Senate now is considering the Talmadge amendment of S. 932. This amendment incorporates many provisions of S. 1775, the Agricultural, Forestry, and Rural Energy Act of 1979, and addresses an important national need for the development of small scale energy production from renewable resources.

The emphasis on small scale production would be particularly attractive to farmers and rural communities. Increased energy self-sufficiency at the farm level would assure the uninterrupted production of food during any future oil shortage. At the national level, the benefits from this type of energy can be significant in decreasing our dependence on imported oil.

We have much positive evidence on the potential for energy production from renewable resources. In Maine, wood has long been an important energy source in our pulp and paper industry and even in home heating. This amendment will help to insure that our Nation achieves the full potential of its renewable energy resources.

In the amendment before the Senate there are several technical changes from the original Agriculture Committee reported bill which are of budgetary significance. These changes have not altered the substance of the bill but have removed some potential backdoor spending provisions. This action will assist both the Budget and Agriculture Committees in their mutual responsibility to oversee and control Federal spending.

Mr. President, I want to commend Senator TALMADGE and the Agriculture Committee for incorporating the Budget Committee recommendations in their amendment and I recommend its adoption.

Mr. TALMADGE. Mr. President, I urge the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Georgia, as amended.

The amendment (UP No. 751), as amended, was agreed to.

Mr. TALMADGE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. McCLURE. Mr. President, I ask unanimous consent that the amendment of the Senator from West Virginia be temporarily laid aside.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

UP AMENDMENT NO. 754

(Purpose: To expand the Motor Vehicle Study)

Mr. JAVITS. Mr. President, I send an amendment to the desk and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from New York (Mr. JAVITS) proposes an unprinted amendment numbered 754:

On page 183, line 8, insert the following before the period: "including, requirements that would mandate specified proportions of alcohol in all motor gasoline sold".

Mr. JAVITS. Mr. President, I would greatly appreciate it if the managers of the bill would tell me whether they are ready to consider it now. It is a gasohol amendment. If they are not, I will hold it out until they are ready. The only question is whether or not the Senators are willing to include in the study a section for gasohol, the requirements, and they advise as to whether or not it is desirable or undesirable, and if so in what percentage and in what way they would mandate a specific element in the gasoline to be alcohol. If that is acceptable, that is all right. If not, I do not want to detain the Senators now and other Senators if they have other amendments. It is the same subject, and I thought it was the right time to propose it.

Mr. JOHNSTON. Mr. President, as I understand it, this amendment simply requires that as part of a study that DOE study the question of the requirement of putting in specified levels of ethanol to mix with gasohol. I think that is an appropriate matter to be studied, and we would, therefore, accept the amendment.

Mr. JAVITS. I thank my colleague.

Mr. McCLURE. Mr. President, I think it is worth noting that the question of how much should be mandated is a serious question.

Mr. JAVITS. Of course.

Mr. McCLURE. It ought to be studied, and from that standpoint I think the Senator from New York has made a constructive addition to the bill, and I am happy to accept it.

Mr. JAVITS. I thank my colleagues very much.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York.

The amendment was agreed to.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. JOHNSTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. JAVITS. I thank the Senator very much.

Mr. WALLOP. Mr. President, I ask unanimous consent that the pending amendment of the Senator from West Virginia be temporarily laid aside for the purpose of considering another amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 755

(Purpose: to provide for consultation with States in which projects will be located)

Mr. WALLOP. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Wyoming (Mr. WALLOP) for himself, Mr. DOLE, and Mr. SIMPSON, proposes an unprinted amendment numbered 755.

On page 83, line 17—

Mr. WALLOP. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 83, line 17, insert "(1)" after "(e)".

On page 83, insert the following between lines 23 and 24:

(2) The Corporation shall consult with the Governors of the States in which proposed projects would be located with regard to the manner in which the project would be developed and regularly licensing and related governmental activities pertaining to such project. The States shall have the opportunity to provide written response to the Corporation on all aspects of project development, licensing and operation.

Mr. WALLOP. Mr. President, I have spoken with the managers of the bill on this amendment. It simply requires that the Energy Security Corporation consult with the Governors of the States in which these projects are to be located about the project, the nature of it, about their plantsiting laws, and their other laws which will be affected by it and provide those Governors the opportunity to submit written comments about the proposal.

It does not, in fact, require the Energy Security Corporation to perform any other function than to consult and to have the written comments submitted to them and to consider them. They do not, in fact, have to perform anything thereafter. But I think what we will do by way of this is provide a means of easing these projects along and maintaining a circumstance in which people are not necessarily head to head in an adversarial posture when it comes to the establishment of the project.

It will also provide information for the Energy Security Corporation about the types of laws, about the types of impact that the project which they might be proposing would have within the State. Many of these States will find that these projects are, perhaps, the biggest undertaking ever to happen within the boundaries of that State.

I do this only to try to ease the posture between the States and the Energy Security Corporation and to make the process go more smoothly.

It is an important component to synthetic fuels development because some projects sponsored by the corporation may become the largest undertaking ever attempted in a State. By adopting this amendment, a State will have the opportunity to provide written response to the corporation on all aspects of the project development, licensing, and operation.

The Energy Committee is to be complimented in its effort to make State and local environmental, land use, and siting laws applicable to synthetic fuels projects that are sponsored by the corporation. This amendment would compliment those provisions by insuring that States have the opportunity to participate in multibillion-dollar decisions that will affect its citizens.

States are making major strides in developing plans for the siting of energy developments and for the delivery of needed public facilities and services to communities affected by new energy development. By providing mandatory consultation with Governors, this legislation will insure that State plans and efforts are integrated with plans and projects developed by the Synthetic Fuels Corporation. Consultation with Governors will also insure that State expertise will be drawn into the process of selecting and planning projects and sites and will help to avoid any conflicts between State/local officials and the Synthetic Fuels Corporation.

Mr. President, this amendment has the support of the National Governor's Association and I urge its adoption.

Mr. JOHNSTON. Mr. President, I would ask the Senator, does this requirement of consultation pertain to the Government on projects or does it pertain to the privately owned projects, as well?

Mr. WALLOP. The privately owned projects presumably would be subject to all the laws and criteria of the States themselves.

So it primarily refers to the Government-owned projects. But if there were to be some conclusion on the part of the Security Corporation that the project that they were funding in some manner would not be subject to the laws of the State, it would apply in that instance, as well.

Mr. JOHNSTON. Mr. President, I certainly support what the Senator wants to do here. My only concern is that we have the Corporation consulting about a privately owned project. So I wonder if the Senator will agree, if this comports with his intent, to putting in the following language: After "proposed" and before "projects", put in the phrase "Government-owned" to make it clear that this does apply only to Government-owned projects. Because otherwise the Corporation would be consulting for the privately owned projects; and the privately owned projects are, of course, under the terms of the bill, subject to State law anyway.

Mr. WALLOP. Well, to the extent that that is made clear in the report—what I do not want is to have a quasi-joint venture kind of project to be outside of this. And, really, this is not an impossible requirement for them to do. It is simply a means of notification and consideration, rather than anything else.

So, to the extent that a joint venture might be considered by the Security Corporation as a means around it, I do not think it would be in the interest of either party to do that.

Mr. JOHNSTON. How about putting "Government-owned or joint venture"?

Mr. WALLOP. I would be happy with that. I think that would solve the problem.

Mr. President, I ask that my amendment be so modified.

The PRESIDING OFFICER. The amendment is so modified.

Mr. JOHNSTON. Mr. President, with that modification, I will agree to the amendment.

Mr. DOMENICI. Might I ask, how are you modifying it?

The PRESIDING OFFICER. Will the Senator please send the modification to the desk?

Mr. JOHNSTON. Mr. President, I send the proposed modification to the desk.

Mr. WALLOP. The modification reads:

in which proposed Government-owned or joint venture projects.

Mr. DOMENICI. Could I ask my friend from Wyoming, are we now saying that the process you are talking about applies to some, but not to others?

Mr. WALLOP. Well, it is the understanding of the Senator from Wyoming that all private ventures, even though they may have loan guarantees for products, purchase arrangements, or other kinds of arrangements with the Government, that are not joint venture and are not Government-owned are subject to the laws of the States in which they are to be located without regard to this process.

Mr. JOHNSTON. It is simply a consultation process.

Mr. DOMENICI. I know it is a consultation process.

If the Senator is satisfied with that as you were talking about it; it ought to apply to them all.

Mr. WALLOP. I agree with the Senator. But I do not really think that it is incumbent upon the Energy Security Corporation to consult with the State of Wyoming, should Carter Mining want to get into a gasification project within the State, when they are going to be subject to the laws of the State anyway.

Mr. DOMENICI. All right. That is fine. We have no objection.

The PRESIDING OFFICER. The amendment is so modified.

The amendment, as modified, is as follows:

On page 83, line 17, insert "(1)" after

On page 83, line 17, insert "(1)" after "(e)".

On page 83, insert the following between lines 23 and 24:

"(2) The Corporation shall consult with the Governors of the States in which proposed Government-owned or joint venture projects would be located with regard to the manner in which the project would be developed and regulatory licensing and related governmental activities pertaining to such project. The States shall have the opportunity to provide written response to the Corporation on all aspects of project development, licensing and operation."

Mr. WALLOP. Mr. President, I move my amendment be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified by the Senator from Wyoming.

The amendment (UP No. 755), as modified; was agreed to.

Mr. WALLOP. I move to reconsider the vote by which the amendment was agreed to.

Mr. JOHNSTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question now recurs on agreeing to the amendment of the Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that my amendment be temporarily laid aside, and that the Senator from Wyoming (Mr. SIMPSON) be recognized to call up an amendment.

Mr. SIMPSON. Mr. President, I thank the majority leader for his courtesy.

UP AMENDMENT NO. 756

(Purpose: To provide that the Corporation pay certain taxes)

Mr. SIMPSON. Mr. President, I have an amendment at the desk, which I ask be read in full.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Wyoming (Mr. SIMPSON), for himself and Mr. WALLOP——

Mr. SIMPSON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 115, line 23, strike "and".

On page 116, line 5, strike the period and substitute "; and".

On page 116, insert the following between lines 5 and 6:

(3) the Corporation shall be subject to any nondiscriminatory tax levied or imposed by any State, county, municipality, or local taxing authority on those assets of a corporation construction project pursuant to subtitle E, including only,

(i) the extraction or severance of minerals owned or leased by the Corporation, and

(ii) on the purchase or lease of tangible personal property.

Mr. SIMPSON. Mr. President, earlier in the consideration of this legislation, I submitted an amendment which was later withdrawn at my request, to draft language which would be more appropriate to accomplish the result desired.

Mr. JOHNSTON. Mr. President, if I may interrupt the distinguished Senator, let me say this: This amendment as now drafted does comport with our discussion, and we accept it, with congratulations to the Senator from Wyoming.

Mr. SIMPSON. Mr. President, I appreciate that, and resubmit my remarks.

Mr. President, I now understand that this amendment relating to State and local taxation of Energy Security Corporation mining and project construction activities is in a form that is acceptable to both sides of the aisle.

The importance is the need to waive tax immunity for those State and local revenue measures, such as mineral severance, sales and use taxes, which reach those commercial transactions associated with the purchase or lease of heavy equipment, and industrial components specifically connected with synthetic fuel projects initiated or under-written by the Synthetic Fuels Corporation.

These revenues are then immediately available to State and local governments to defray the cost of public services and facilities required by the impact of industrial development. That, Mr. President, is the intent of the second subsection of this amendment.

The nature of major construction and mining projects are such that there is a period of critical lead time before revenues come to the local governments from the taxation of mineral extraction or the addition of a plant to property tax rolls.

I appreciate the courtesy of the able floor manager of this bill and their capable staff for accepting this amendment.

I would simply conclude by saying it is a very important amendment, to provide for certain tax immunity for these particular corporations, and that they be subject to State and local taxes, including State sales, use, and mineral severance taxes. I move the adoption of the amendment.

Mr. WALLOP. Mr. President, will the Senator yield?

Mr. SIMPSON. I shall indeed.

Mr. WALLOP. Mr. President, the amendment that I am cosponsoring with my distinguished colleague from Wyoming will correct an oversight in the current version of the synthetic fuels title of S. 932. The amendment will require that any Corporation construction project will be subject to mineral severance, sales, or use taxes.

It has been repeatedly stated that this synthetic fuels initiative is needed to provide economic incentives. In other words, it is designed to complement the private sector and not compete with it. Yet if Corporation projects are exempt from these excise taxes, they would not only enjoy a significant competitive advantage over non-Government projects but it would hamstring the ability of State and local governments to provide the services necessary to cope with the problems of impact.

This amendment simply states that Corporation construction projects shall be subject to excise taxes. In essence, they will be treated like a non-Government entity that is trying to develop synfuels.

Mr. McCLURE. Mr. President, we have examined the amendment offered by the distinguished junior Senator from Wyoming with his colleague, and, as it has been amended, it seems to me to carry out the intention that he has expressed, and is acceptable to us.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wyoming (Mr. SIMPSON).

The amendment (UP No. 756) was agreed to.

Mr McCLURE. Mr. President, has the amendment of the Senator from Wyoming been agreed to?

The PRESIDING OFFICER. The Senator is correct.

Mr. McCLURE. I move to reconsider the vote by which the amendment was agreed to.

Mr. JOHNSTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question now recurs on agreeing to the amendment of the Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that my amendment be temporarily set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 757

Mr. DOLE. Mr. President, I send an unprinted amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment of the Senator from Kansas.

The legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE) proposes an unprinted amendment numbered 757:

On page 75 line 19 through page 78 line 7: Strike subsection 116(a) following the first sentence, and substitute the following:

"For purposes hereof, administrative expenses shall be that portion of the Corporation's account for general and administrative expenses, including salaries of personnel and consultants, expenses for computer usage, space needs of the Corporation, and similar expenses."

Mr. DOLE. Mr. President, this is not a highly significant amendment, but I hope the chairman of the Appropriations Committee and the authorizing committee chairman will at least focus their attention on this proposal.

In the committee version, section 116, subsection (A), provides an automatic cost-of-living increase in authorized cash outlays for administrative expense of the Energy Security Corporation. In short, the authorization of administrative expenses is indexed to inflation. My amendment would strike the indexing feature, and instead Congress can increase the authorization each year if it deems that necessary.

Mr. President, every Government agency, authority, department or what-have-you would like to have its funding indexed.

This is a bad example to set, particularly when the Government speaks constantly about the need for belt-tightening, austerity, and wage restraint. It will not be a great burden on Congress to review this funding authorization when necessary, but it would be an insult to the taxpayer to provide an automatic increase. We do not adjust income tax liabilities for inflation, although we ought to—the windfall in tax revenues from inflation encourages the kind of automatic, unthinking spending growth we have here. It may be a small amount of money, but it is symbolically important. We could not possibly set a worse precedent for future expense authorizations, and we ought to reject, here and now, the notion of providing automatic increases in funding of Government programs.

I urge the adoption of my amendment.

I reserve the remainder of my time.

Mr. JOHNSTON. Mr. President, the Senator from Kansas addressed the same issue that the Senator from Oklahoma addressed yesterday from a little bit different standpoint. That is the fact that we do not want this corporation to be continually growing and also increasing the number of employees. It seems to me that the approach of the Senator from Oklahoma, which has been incorporated in this bill, is a better approach. What he does is to put a strict limit, with no indexing, of 300 employees in the professional category on the personnel limit of the corporation. That, Mr. President, I think, is the proper approach.

What this proposed amendment would do is to make this corporation subject to annual appropriations and, in effect, an annual veto by the Congress. We want to give this corporation an independence, but not the ability to grow in employees; not the ability to grow in scope, and a limited authorization—$35 million in real dollars each year, and that amount cannot grow beyond a $35 million real dollar figure.

I would hope with the understanding now that the amendment of the Senator from Oklahoma having been adopted and the strict limit of 300 employees put on, that the Senator from Kansas will consider this sufficient protection and might consider withdrawing his amendment.

Mr. DOLE. The Senator from Kansas will not withdraw the amendment but he is willing to have a voice vote. I know the Senator from Louisiana has worked long and hard on this legislation. I will not insist on a rollcall, but it seems to me it is a concept that at least ought to be noted as we gear up this $88 billion monster.

Mr. JOHNSTON. Mr. President, the bill has also been modified to make clear that it is not an $88 billion corporation. Phase 2, which is anything above $20 billion, would be subject to authorization by both Houses of Congress, in addition to the appropriation process.

I am willing to accept a voice vote, Mr. President, and I am willing to put the question at this point.

Mr. METZENBAUM. Will the Senator from Kansas or the Senator from Louisiana advise me? I have no objection to the new language but what is all the language being deleted on page 76, line 8, through page 78, line 7? Is that applicable only to this very matter?

Mr. DOLE. Right.

Mr. METZENBAUM. And it covers nothing but the question of administrative expenses?

Mr. DOLE. That is correct. This amendment would require the corporation to come to the Congress. It seems to me maybe they should be totally independent, but it is not a precedent I want to join in. If I am defeated, I am willing to accept that and I will not delay the Senate.

Mr. METZENBAUM. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. UP 757) was rejected.

Mr. JOHNSTON. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. DOMENICI. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from West Virginia.

Mr. MELCHER. Mr. President, I ask unanimous consent that the amendment of the Senator from West Virginia be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 758

Mr. MELCHER. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Montana (Mr. MELCHER) for himself and Mr. BOSCHWITZ, proposes an unprinted amendment numbered 758.

Mr. MELCHER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 274, after line 21, add a new Subtitle as follows:

Subtitle J—Amendments to the Weatherization Grant Program

(a) LIMITATIONS ON EXPENDITURES.—Section 415 of the Energy Conservation in Existing Buildings Act of 1976 is amended—

(1) by striking out "except that not more than 5 percent of any grant made pursuant to section 413(a)" in subsection (a) and all that follows through the period at the end of such subsection and inserting in lieu thereof the following: "except not to exceed 10 percent of a grant made under this part and not to exceed 5 percent of a grant made to a State pursuant to section 413(a), may be used for administration in carrying out the duties under this part."

(2) by deleting in subsection (c)(1) the words "paragraph (2)" and inserting in lieu thereof "paragraphs (2) or (3)," and adding the following new paragraph (3) to the end of subsection (c):

"(3) the Administrator may use financial assistance provided under this part or increase the limitation of $800 described in paragraph (1) to secure installation of weatherization materials where the Administrator, with the concurrence of the Secretary of Labor, determines that there is an insufficient number of volunteers and training participants and public service employment workers, pursuant to the Comprehensive Employment and Training Act of 1973, available to work on weatherization projects under the supervision of qualified supervisors and foremen."

Mr. MELCHER. Mr. President, the draft legislative language, which is attached, provides two changes to the weatherization assistance program for low-income persons ("WAP"):

First. The 10-percent restriction on administrative expenditures is revised to permit States to pass on up to the full 10 percent, but not less than 5 percent, of a grant to local program operators for administrative costs. As presently enacted, local operators only receive 5 percent of a grant for administration even though a State would be willing to provide more by passing on a portion of the State's administrative funds.

Mr. President, we thought the original statute would permit this, but find out that is not the case. This is to correct that provision.

Second. Language is provided to clarify DOE's authority to pay for the installation of weatherization materials where program operators are unable to obtain labor from CETA or other sources. Specifically DOE is authorized to raise the present limitation of $800 per dwelling unit where it is demonstrated labor is unavailable to weatherize dwelling units. This language does not alter the current requirement that, to the maximum extent practicable, labor is to be used from the CETA program. However, where labor is unavailable from CETA or other sources, DOE would be able to take immediate action, such as authorizing program operators to: hire CETA eligible labor; supplement CETA wages to attract employees; hire experienced laborers for jobs requiring a special skill; and use contractors to install materials on a short-term basis where there is temporary unavailability of labor.

Mr. President, I move adoption of the amendment.

Mr. JEPSEN. Mr. President, I ask unanimous consent that I be listed as a cosponsor on the amendment to authorize installation of weatherization material by non-CETA employees in communities which have a shortage or absence of CETA workers.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JEPSEN. Mr. President, the Senator's amendment is worthy of our support because of the severe shortage of CETA employees to install weatherization material in the homes of eligible citizens, primarily elderly citizens.

The main objective of the amendment is to allow non-CETA employees in communities which have a shortage or absence of CETA workers to install weatherization materials in eligible homes.

Mr. President, I know that other Senators have expressed concern over this particular issue, such as Senator NELSON. It is most distressing to me to hear from my State of Iowa that thousands of homes are not being weatherized because of the lack of workers. What is more distressing is that the shortage of workers is due to an administrative policy put into force by the Departments of Energy and Labor.

I do not want to take the Senate's time pointing the finger of blame at an administrative agency. I have been informed that legislation is forthcoming to address the problem with the Departments of Energy and Labor.

Instead, Mr. President, I simply urge my colleagues here to support this amendment. Materials are literally lying on the ground in many States. Money which has already been appropriated since 1975 is still unspent as a result of the shortage of CETA workers. Therefore, in order to weatherize the homes of eligible citizens, elderly citizens, I support this amendment.

Mr. JOHNSTON. Mr. President, the existing weatherization program has not worked because, frankly, there has been a dispute between the Department of Labor and OMB as to how the Davis-Bacon Act will be applied and how it will operate.

What this amendment does is straighten out that dispute. It has been agreed to by the Department of Labor and OMB, and it will make a workable program out of the existing weatherization program.

In the committee we considered this matter but were not able at that point to offer the amendment to straighten it out because there had been no agreement between the Department of Labor and OMB, and the other parties involved. This does solve that problem which we discussed in committee. It is an appropriate amendment and I think it will make the weatherization program work. We accept the amendment.

Mr. DOMENICI. Mr. President, we have no objection to the amendment. This is one of the suggested ways to make the weatherization program work better. The suggestion was not ready in time to get up to the committee when we were discussing it. It will improve the program as it relates to CETA. It gives more discretion to the States that have indicated they need more discretion to make the program work. We commend the Senator for offering it, and have no objection to its adoption.

Mr. MELCHER. I thank the Senators.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. MELCHER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOMENICI. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question now recurs on the amendment of the Senator from West Virginia.

Mr. DURKIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HATCH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. TSONGAS). Without objection, it is so ordered.

Mr. HATCH. Mr. President, I call up my printed amendment No. 578 and ask for its immediate consideration.

The PRESIDING OFFICER. The Chair states that it will take unanimous consent to lay aside the pending amendment, which is the amendment of the Senator from West Virginia.

Mr. HATCH. It is my understanding that the Senator from West Virginia—I ask unanimous consent that the Senator from West Virginia temporarily lay his amendment aside.

Mr. METZENBAUM. Reserving the right to object, and I do not intend to object, will the Senator from Utah be good enough to tell me what his amendment is?

Mr. HATCH. Yes. My amendment is to authorize the Secretary of the Interior to issue prospecting permits for coal, tar sands, oil shale, and phosphate, which cover lands subject to mining claims. Basically, I have a short, two-page statement on it that will describe it further. If we could get the pending amendment temporarily laid aside, I shall discuss it further.

The PRESIDING OFFICER. Is there objection?

Mr. JOHNSTON. Mr. President, reserving the right to object, I am advised that the majority leader wanted to protect his amendment. Am I correct that the majority leader wanted an objection to be made?

Mr. HATCH. Mr. President, I am not asking to have it set aside except by the majority leader. If he does not want to have it set aside, I shall be happy to suggest the absence of a quorum.

Mr. DOMENICI. Mr. President, may I say that we have had a sort of gentleman's understanding here that we are setting it aside for the purpose of considering amendments. Why would we not do it now?

Mr. JOHNSTON. It is perfectly all right with me. I am advised that it is OK.

I have no objection, Mr. President.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 578

(Purpose: To authorize the Secretary of the Interior to issue prospecting permits for coal, tar sands, oil shale, and phosphate which cover lands subject to mining claims)

Mr. HATCH. Mr. President, I call up my amendment No. 578 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Utah (Mr. HATCH) proposes an amendment numbered 578.

Mr. HATCH. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 140, between lines 14 and 15 insert the following new section:

CONFLICTS BETWEEN LEASABLE AND LOCATABLE MINERALS

SEC. 180. (a) Notwithstanding any other law or rule of law, the provisions of the Act entitled "An Act to amend the mineral leasing laws and the mining laws to provide for multiple mineral development of the same tracts of the public lands, and for other purposes," approved August 13, 1954 (68 Stat. 708), shall be deemed to include within its purview authority for the Secretary of the Interior to have issued prospecting permits for coal, tar sands, oil shale, and phosphate which cover lands subject to a valid mining claim, if such permits could have otherwise been issued but for such claim.

(b) Delete from section 9(b) of the Mineral Leasing Act of 1920, (30 U.S.C. 211(b)), the words "unclaimed, undeveloped".

Mr. HATCH. Mr. President, I do not want to take up a lot of time with this amendment. It does not involve a controversial consideration. I hope that, once I have made clear what it is supposed to do, the Energy and Natural Resources Committee will accept it as an extension of this measure we are debating today.

The Mineral Leasing Act of 1920 originally provided for leasing of public lands for the exploration and development of energy minerals so long as the lands in question were "unclaimed and undeveloped." When the demand for uranium, oil, and gas rapidly increased after World War II, the conflicts between mineral leases and mining claimants became significant because many areas that were potentially valuable for uranium were also valuable for oil and gas leasing. In 1954, Congress passed the Multiple Mineral Development Act as a permanent solution to this problem. The purpose of that legislation was to eliminate conflicts between those claiming under the Mineral Leasing Act and those claiming minerals under the Mining Law of 1972.

In spite of this clear statement of congressional intent, in 1977, the solicitor of the Interior Department issued an opinion that explicitly reversed that intent for coal and phosphate preference-right lease tracts.

My amendment, Mr. President, simply reaffirms the intent of the 1954 law and extends the concept to other leasable minerals.

I assure my colleagues that the mining industry is well accustomed to sharing surface occupancy and exploration rights amongst themselves simultaneously on the same lands for different mineral commodities. I urge my colleagues to adopt this amendment in the interest of removing one of many potential impediments to the development of the resources that this entire synfuels program is going to require to operate.

I reserve the remainder of my time, Mr. President.

Mr. JOHNSTON. Mr. President, the Senator from Utah may have a very good bill here, and I say "bill" advisedly because it is a matter which lies within the jurisdiction of our committee but which, unfortunately, has had no hearings. It raises a number of questions, one of which we cannot answer from the face of the amendment, that it may have the effect of validating mining permits that have already been ruled invalid by the Solicitor but which, in turn, would take away existing rights from other permit holders. So it might have that effect, Mr. President, and it is the kind of amendment that ought to be heard.

I certainly would not want to prejudge it and I am sure there are probably strong cases to be made in individual instances, where we could find out whether there really is a question.

I urge the Senator to submit this as a bill to us and we shall try to give it expeditious hearing in the Committee on Energy and Natural Resources and give him an answer that way. But I would not want to accept this amendment on this bill, Mr. President, with those questions outstanding.

Mr. DOMENICI. Mr. President, I say to my friend from Utah that he raises a significant issue that cries out for an answer and we ought to answer it. We ought to resolve the dispute that he described here.

As he indicates, there are many, perhaps an overwhelming number of people who know who indicate that there is no reason for the differing treatment here. You cannot be mining uranium and coal on the same Federal land. Many industry people would say if you do no harm to anyone, that is a kind of ridiculous, long-term distinction with no rationale.

I, too, hope that not only would the majority indicate that this deserves a hearing but that they would commit to the Senator that we have early hearings to get this matter resolved.

That does not mean committed to hearings next week, but as soon as possible to ask the subcommittee to have hearings, listen to the experts the Senator has obviously heard, resolve this issue and let it come to the floor as soon as possible.

I, for one member of the committee, would agree that is what we ought to do. I hope the Senator from Louisiana would agree to ask the chairman to have early hearings on this matter.

Mr. JOHNSTON. The Senator is correct.

I would concur in that request.

Mr. HATCH. Mr. President, I appreciate the comments of my colleagues.

As they know, it is pretty tough to get people to invest with conflicts of this kind unresolved, and this is a major one that we should resolve.

With the understanding that if we submit this as a bill, that members of the committee will hold hearings at the earliest convenience of the committee, I certainly accept my colleague's assertions in that regard, and, Mr. President, I withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. HATCH. I thank my colleagues for their kindness.

Mr. DOMENICI. I thank the Senator from Utah for his excellent issue and for withdrawing the amendment at this time.

Mr. JOHNSTON. I thank the Senator.

The PRESIDING OFFICER. The question recurs on the amendment offered by the Senator from West Virginia.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, I am not certain that the distinguished Senator from West Virginia is prepared to move ahead, or not. I ask unanimous consent the amendment be temporarily set aside.

The PRESIDING OFFICER. Is there objection to the request?

Without objection, it is so ordered.

UP AMENDMENT NO. 759

(Purpose: To require the President to purchase oil for the Strategic Petroleum Reserve)

Mr. DOLE. Mr. President, I send an unprinted amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE) proposes an unprinted amendment numbered 759.

Mr. DOLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 147, following line 12, insert the following new sections:

SEC. . (a) Notwithstanding any other provision of law the President shall immediately resume the purchase of crude oil, by contract, for the Strategic Petroleum Reserve established in the Energy Policy and Conservation Act, at a minimum average rate of 100,000 barrels per day per year.

(b) Any import quotas imposed under section 107 of the Energy Policy and Conservation Act shall not apply to the Strategic Petroleum Reserve buildup.

(c) There are authorized to be appropriated to carry out the purposes of this section such sums as may be necessary.

(d) The Department of Energy is authorized to contract for consideration of facilities needed to store the additional reserves.

SEC. . Paragraphs (1) and (4) of section 160(b) of the Energy Policy and Conservation Act are repealed.

Mr. DOLE. Mr. President, I ask unanimous consent that the Senator from New Jersey (Mr. BRADLEY) be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, last week when the Senate had before it S. 1871, I had hoped to offer an amendment dealing with the strategic petroleum reserve. I did not offer it at that time because the Senate was working under strict time constraints and I did not want to jeopardize quick passage of that legislation dealing with the international energy agreement.

During debate on S. 1871, I engaged in a colloquy with the distinguished Senator from Louisiana (Mr. JOHNSTON), the result of which was that he supported my contention that we as a nation need to restore priority status to the SPR program and that we should address this particular problem on the next appropriate vehicle. The Senator from Kansas, as well as Mr. JOHNSTON, thought that the DOE authorization bill would be the natural vehicle. Purchases of crude for the SPR affect the world market and the prices paid by consumers.

These are certainly legitimate concerns and it is my intention to address these head on.

My original intention was to offer this amendment, as I stated earlier, to the DOE authorization bill. However, after reviewing the pending legislation it became apparent that S. 932 was a much better vehicle. S. 932 itself amends and extends the Defense Production Act of 1950, which assigns priority ratings to important defense procurement. EPCA implements the Defense Production Act of 1950 by establishing an energy priority system which includes the SPR.

In addition, the current bizarre events in Iran have highlighted the urgency of the SPR question, at least for this Senator. The Ayatollah Khomeini is now officially supporting the takeover of the U.S. Embassy in Tehran, and is directly attempting to use the threat of an oil embargo to dictate U.S. policy with regard to the Shah.

The ayatollah's embargo threats must be taken seriously by the administration because we do not have a viable strategic oil reserve to enable us to withstand a temporary interruption in the supply of OPEC oil. Thus, when OPEC talks Washington listens. Even though we import only between 700,000 and 800,000 barrels of oil from Iran each day, we would be seriously damaged by an Iranian oil embargo since even such a minor shortage will have serious consequences, and would inevitably bring back the long gaslines of last spring and summer. Moreover, the embargo by Iran could be joined by other OPEC states.

Our SPR was abruptly terminated by President Carter last November in deference to the wishes of OPEC's oil sheiks. Although our SPR was supposed to hold 1 billion barrels—good for 3 months—by the early 1980's, according to the original Gerald Ford plan, President Carter has halted the SPR at 92 million barrels—barely enough to keep us going for 12 days.

Without a strong SPR, we will be negotiating with OPEC from a position of weakness and dependence. Since oil is the lifeblood of our economy, OPEC has a perpetual sword of Damocles hanging over our heads, by virtue of their control of our crude oil faucet.

No matter how much the Carter administration tries to conceal the true reason for their unilateral termination of our SPR program, by stating specious argument after specious argument about continued purchases "adversely driving up the price of world oil," and by "cost," they cannot successfully mask the fact that they have put us in a dangerous state of dependence and vulnerability to another oil embargo, as the current events in Iran have shown.

LOOPHOLE IN EPCA

Mr. Carter has used a glaring loophole in the Energy Policy and Conservation Act (EPCA), section 160(b), to justify his decision to indefinitely suspend building up the SPR. Under section 160(b)(4) of EPCA, the Secretary of Energy is granted a loophole to arbitrarily stop building the reserve, if he finds that such a buildup would have "an adverse impact on supply levels and market forces," and he is required to build the SPR only "to the extent practicable."

These phrases are so vague that virtually any external market conditions can be characterized by the President and his energy bureaucracy to "have an adverse impact on supply levels and market prices." And virtually any excuse can be seized upon to declare that it is not practicable to build up the SPR.

DOLE AMENDMENT

Mr. President, this section 160(b)(4) has got to go. My amendment would repeal this loophole section and would require the President to immediately resume purchasing crude oil for the SPR at an average minimum rate of 100,000 barrels per day, per year.

In addition, my amendment would repeal section 160(b)(1) which now gives the President the excuse to stay out of the spot market to buy oil for the SPR. Third, the amendment would require that any purchase of foreign crude oil for the SPR would not be included in any quotas imposed by the President under section 107 of EPCA.

CARTER "MARKET PRICE" EXCUSES NOT VALID

President Carter has argued that to resume purchasing oil for the SPR would cause an "adverse impact on world oil prices." However, the slightest knowledge of economics and mathematics shows the absurdity of this argument.

There are today about 50 million barrels of oil sold in the world market each day. If we buy only 100,000 barrels per day for the SPR, this would represent only 0.2 percent of the world oil sales—hardly enough to have a serious impact on world prices.

The President could transfer oil from our naval oil reserves at Elk Hills and Teapot Dome to the SPR, instead of selling it to private oil companies, as he has been doing since 1977, thus depleting this important reserve. Obviously, transferring oil from Elk Hills to the SPR would not cause a serious adverse impact on the world oil prices. This oil is "sweet crude," and is of the highest quality oil. One can only wonder whether it was OPEC pressure here too which convinced Mr. Carter to deplete this Elk Hills reserve.

Even if for some reason the President chooses not to transfer oil from Elk Hills to the SPR, we could still buy the oil for the SPR from the spot market or contract market. There are always cargo ships full of "distress oil cargo" which have missed their delivery so such oil is available for sale by brokers on the spot. If we are willing to pay the price for 100,000 barrels per day, we can and will get the oil for the SPR.

However, if we do not buy oil on the spot market, other countries will anyway, so we will not be driving up world oil prices.

Furthermore, Mr. President, those who say that the spot market price of $40 a barrel is too much to pay for SPR oil are telling us that our national security is not worth the price.

I disagree with these voices. Some would have us strip down our energy and military defenses, while lavishly spending billions of dollars on frivolous new Federal bureaucracies.

The money for buying 248 million barrels of SPR oil has been already appropriated and the facilities have been built. What a shame it is that facilities and money sit idle, waiting to be used, when we need security so badly. Resuming purchase of oil for the SPR would neither involve huge budget drains nor would it develop the world market price of oil.

Despite these economic facts, the President insists that the reason he halted the program is that buying oil for the reserve would drive world market prices up, and would therefore have an adverse impact on market forces. The administration has also employed budgetary arguments to support the SPR termination decision. When our national security is at stake, these arguments are at best specious. Our Nation can no longer afford policies like these. Today the strategic petroleum reserve holds only 92 million barrels—barely enough to last 12 days. One need not have a very active imagination to envision what would result if our energy faucet were turned off—total economic upheaval and the abandonment of our society as we know it today.

Mr. President, I am not in the habit of using scare tactics to secure the needed votes to pass a proposal. The aforementioned is a real risk; my scenarios are not mere tactics but very real possibilities. By not building a viable SPR we are holding ourselves ransom to OPEC's whims. No matter what we do with synfuels, biomass, solar, or any other alternative energy source, we will be dependent on foreign sources to a great extent over the next decade and possibly longer. Should OPEC shut off our oil faucet, we will be left only with the alternative of accepting economic disaster or using military force to seize the Arab oil fields. With a viable SPR we could withstand a temporary embargo during which we could negotiate with the Arabs from a position of strength and credibility.

When President Carter made the decision to unilaterally terminate our reserve—the very minute he made that decision—he placed the United States behind the energy eight ball. The opponents of my proposal are quite right; to begin now to make up for lost time we would be forced to purchase so much oil that the world market may very well be upset. I recognize this, just as all Senators do; but, unlike some, I will not simply lay down and play opossum; nor will I join the silent minority who call for appeasement to OPEC, using any excuse they can find to mask the fact of their appeasement.

The United States should never have totally stopped buying SPR oil, but we did. What is needed now is to embark on a course of action that will focus the President's attention as to the importance of the SPR and secondly to direct the President to purchase oil, even if on a very small scale, for our reserve. Had we not stopped the program our reserve today would have had upward of 300 million barrels in it, as President Ford's original timetable proposed.

Finally, Mr. President, I point out that the very credibility and viability of the synthetic fuels program which S. 932 proposes will be placed in serious doubt if we fail to build up our reserves. The SPR is an integral part of any energy proposal. Since increasing our domestic synfuels serves the same purpose as building up our SPR—that is, it reduces our dependence on OPEC—is it illogical to assume that OPEC will eventually complain as bitterly over our synfuels program as it does over our SPR? Will we then find another excuse to suspend development of our synfuels program? What will be the final result?

Once a policy of acquiesence is initiated and our credibility is in question, the road to recovery is a difficult one to travel. There is no limit as to where the process of appeasement will lead us. Tomorrow, OPEC may express displeasure at our 6th Fleet floating around in the Mediterranean Sea. Will we then acquiesce and withdraw the fleet in order to please the OPEC countries?

If we cannot stand up to OPEC on the relatively modest, when considered in context with all aspects of the energy crisis, issue if the SPR now, how can we hope to stand up to them in a military emergency.

If the Soviet Union starts to buy OPEC oil soon, as a CIA report says it will, We can expect to see an "OPEC-Soviet axis" pressing for all sorts of demands on the United States to yield on Middle East policy, or else suffer the havoc a slowdown in production will cause.

Already we see candidates for the highest office in the land recommending that we reduce our commitment to Israel in order to please OPEC. If we fail to build up our SPR, we can only expect to hear more voices of appeasement in the future, recommending we do anything to please the Arab oil men.

It seems to me that this is a matter that should be addressed, and I hope the amendment will be accepted by the managers of the bill.

Mr. President, I yield to the distinguished Senator from New Jersey.

The PRESIDING OFFICER. The Senate will be in order.

Mr. BRADLEY. Mr. President, I support the amendment by the Senator from Kansas. I think it is a particularly timely amendment, one long overdue.

The fact is that this country is perilously dependent upon insecure sources of oil; 25 percent of all the oil we consume comes from the Persian Gulf area; 75 percent of Japan's oil comes from that region. Close to 40 percent of Europe's oil comes from that region.

We have discontinued filling the strategic petroleum reserve and therefore have nothing to cushion us in the event of a supply cutoff.

Mr. President, the Government anticipated by 1985 to have 1 billion barrels of oil in storage. As of tonight, we have 94 million barrels of oil in storage, which is the equivalent of about 13 days' supply of the oil we import every day in order to make our economy run in this country.

Mr. President, it is important beyond any emphasis that a Senator could place on this measure that we move to fill that strategic petroleum reserve. This bill addresses long-term energy problems, with the passage of the synfuels bill, 10 or 15 years down the road, before we get anything. Solar energy is a shorter distance away than that. Conservation is a shorter distance away than that. Yet, we have nothing to cushion us in the event of a supply cutoff in the near term.

The argument that has been offered against the buildup of a strategic petroleum reserve is that the economic costs would be too great, that the prices would escalate, because we would be taking oil and putting it away for the eventuality of a cutoff.

Mr. President, recent studies just completed by Stanford University convey to us that if we had a cutoff about the size of our dependence on Persian Gulf oil, 3.3 million barrels a day, and if that cutoff lasted for about 12 months, the economic costs of that cutoff would be $110 billion to the economy of this country.

Mr. President, this is an essential act we must take. We must begin to fill that strategic petroleum reserve. Not only must we look at it from the standpoint of economic cost, which I believe justifies filling the strategic petroleum reserve, but also, we must consider the national security implications.

This is a long overdue amendment, which I strongly support, and I applaud the Senator from Kansas for offering it at this time, on this bill.

Mr. DOLE. Mr. President, I thank the distinguished Senator from New Jersey. I think he is exactly right.

We talk about cost and wring our hands. It would be reasonable to look ahead, as the distinguished Senator from New Jersey has indicated, and consider what would happen in the event of an interruption, and consider the cost and the burden that would place on the American people. I think it is time we take some action to assure that we start again to build up this strategic petroleum reserve.

Mr. President, I ask to modify my amendment in subparagraph (b), by inserting after the word "section," "232(b) of the Trade Expansion Act of 1962 as amended," striking out "107 of the Energy Policy and Conservation Act."

I think that is correct, and I sent that modification to the desk.

The PRESIDING OFFICER. The amendment is so modified.

The amendment as modified, is as follows:

On page 147 following line 12, insert the following:

SEC. . (a) Notwithstanding any other provision of law the President shall immediately resume the purchase of crude oil, by contract, for the Strategic Petroleum Reserve established in the Energy Policy and Conservation Act, at a minimum average rate of 100,000 barrels per day per year.

(b) Any import quotas imposed under section 232b of the Trade Expansion Act of 1962 as amended shall not apply to the Strategic Petroleum Reserve build up.

(c) There are authorized to be appropriated to carry out the purposes of this section such sums as may be necessary.

(d) The Department of Energy is authorized to contract for construction of facilities needed to store the additional reserves.

SEC. . Paragraphs (1) and (4) of section 160 (b) of the Energy Policy and Conservation Act are repealed.

Mr. DOLE. I do not know whether the managers will be willing to accept the amendment.

Mr. JOHNSTON. Mr. President, I have looked at the amendment in its original form with care, because I was not aware of import quotas under EPAC. They are imposed under the Trade Expansion Act.

However, we just adopted on the floor of the Senate a limitation on the President's power to impose quotas and fees under the Trade Expansion Act; and I am advised that the House blue-slipped our action, stating that that was a matter dealing with the jurisdiction of the House as to possible revenue measures. Therefore, they blue-slipped us.

The senior Senator from Louisiana is very cognizant of this matter.

There are other objections as well, but I hope that objection will be sufficient for the Senator from Kansas to withhold his amendment until another day and another vehicle.

Mr. DOLE. I am not certain I understand the House suggestion that this would be subject to a point of order.

Mr. JOHNSTON. It might be subject to a point of order, because the Trade Expansion Act deals with quotas and fees. The House takes the position that those matters, under the Constitution, must originate in the House. I wish it were otherwise, but they just blue-slipped us on this act.

Mr. DOLE. One way to deal with that is this: The Senator from Kansas further modifies the amendment to strike out that subsection and reletter the other paragraphs. I will send the modification to the desk. That would take care of that.

The PRESIDING OFFICER. Will the Senator restate the modification?

Mr. DOLE. The Senator would strike out the section just referred to by the distinguished Senator from Louisiana.

Mr. JOHNSTON. Subsection (b).

Mr. DOLE. Subsection (b). Subsection (c) would be (b), and subsection (d) would be (c).

I send that modification to the desk.

The PRESIDING OFFICER. The amendment is so modified.

The amendment, as further modified, is as follows:

On page 147 following line 12 insert the following:

SEC. . (a) Notwithstanding any other provision of law the President shall immediately resume the purchase of crude oil, by contract, for the Strategic Petroleum Reserve established in the Energy Policy and Conservation Act, at a minimum average rate of 100,000 barrels per day per year.

(b) There are authorized to be appropriated to carry out the purchases of this section such sums as may be necessary.

(c) The Department of Energy is authorized to contract for construction of facilities needed to store the additional reserves.

SEC. . Paragraphs (1) and (4) of section 160(b) of the Energy Policy and Conservation Act are repealed.

Mr. JOHNSTON. Mr. President, as the Senator from Kansas knows and as I have stated in this Chamber before, I strongly support his view that the strategic petroleum reserve is a matter of first priority for this Nation in dealing with energy shortages should we get into that kind of difficult situation which is becoming more and more thinkable. Just yesterday it seemed it was almost unthinkable that this Nation would be subjected to a severe cut off. It is becoming more and more thinkable, more and more possible, in fact it looms on the horizon like a sword of Damocles over our head.

The Senator from Kansas will be pleased to know that just yesterday the conference committee on the Interior appropriations bill deleted that section of the bill as provided by the Senate which transferred $1.15 billion from SPR to the Department of Energy. That has been deleted so that $1.5 billion is still with SPR.

However, I urge the Senator not to put in this amendment in its present form for two reasons:

First of all, it requires a minimum average rate fill-up of that reserve at 100,000 barrels per day per year.

I think this might, first of all, exceed the capacity we have at some assumed point because we have to leach out those caverns in order to receive the oil. Of course, there is room for some days now, but, nevertheless they need to leach out those caverns in order to make room for more capacity.

Second, and more seriously, to require and enshrine in the statutes a requirement of 100,000 barrels per day without the authority and the ability of the President to modify that in the event, for example, of a cutoff, an embargo, or a shortage, might have a statutory effect that would exacerbate the gasoline lines which might be extant at any particular time.

Certainly, we would need to suspend any activity to fill up the SPR during such a shortage.

Finally, as to the last section which says, "Paragraphs (1) and (4) of section 160(b) of the Energy Policy and Conservation Act are repealed,". Those are the provisions that state that in filling up this reserve the President shall seek to minimize the cost and minimize the impact of such acquisition upon supply levels and market forces. Of course, what this means is that in the cyclical business of oil pricing under present law the President must look to those market cycles in picking the best time to fill SPR. We do not want to require him to buy at the top of the market, to buy in times of short supply, to perhaps even exacerbate a worldwide shortage.

I wish there were another formulation of this amendment because I am very sympathetic to what the Senator is trying to do. I wish at least to have some expression of sentiment by this body that we wish the President to resume that fill-up. I think if we had that expression of sentiment incorporated in the bill perhaps that would accomplish what we are after.

But to do it under the conditions stated under this amendment I believe is the wrong thing to do.

Mr. DOLE. Mr. President, I certainly respect the views of the distinguished Senator from Louisiana. The last thing I want to do is frustrate or to set some rigid figure. I think we might work out some way to express the sense of the Senate and at the same time accommodate some of the objections raised by the floor manager of the bill. If the cosponsors of the amendment do not object to that, perhaps this amendment could be set aside temporarily and we could work on some modification that might be acceptable to the distinguished Senator from Louisiana and the distinguished Senator from Idaho. I am perfectly willing to do that if that is satisfactory with the floor managers.

Mr. JOHNSTON. Yes. I am happy to work with the Senator on getting an acceptable amendment.

Mr. DOLE. Mr. President, I ask unanimous consent that this amendment be set aside temporarily so we may work out some accommodation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAYH addressed the Chair.

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from West Virginia.

Mr. BAYH. Mr. President, is it appropriate to send an amendment to the desk at this time?

The PRESIDING OFFICER. The Chair states that it will take unanimous consent.

Mr. McCLURE. Mr. President, I ask unanimous consent that the amendment of the Senator from West Virginia be temporarily laid aside so the Senator from Indiana may offer his amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Indiana is recognized.

Mr. BAYH. I thank my colleague from Idaho.

UP AMENDMENT NO. 760

(Purpose: To revise provisions relating to natural gas priorities)

Mr. BAYH. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Indiana (Mr. BAYH), for himself and Mr. DOLE, proposes an unprinted amendment numbered 760.

Mr. BAYH. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 183, line 25, insert the following:

(c) For the purposes of section 401 of the Natural Gas Policy Act of 1978 (Public Law 95–621) the term "essential agricultural use" shall include use of natural gas in the distillation of fuel-grade alcohol from food grains or biomass by existing facilities.

Mr. BAYH. Mr. President, for the past few days we have been dealing with very important legislation to address our liquid fuel problems. Those of use who are supporting these efforts as strongly as we can have to be a bit frustrated by the reality that the liquid energy production we hope to stimulate by S. 932 is not going to come on line for 5 to 10 years from now.

However, there is one liquid energy source that can be brought on line almost immediately—and I mean alcohol produced by the idle distilling capacity that exists in abundance in our country.

The amendment I am offering will make it possible for gas-fired distilleries, that are presently idle, to get the natural gas they need to produce alcohol.

More specifically, it would guarantee that those distilleries that are willing to incur the added costs of retrofitting their plants to produce 190 plus proof alcohol have the natural gas to do so. The language would affect only those plants that are currently producing beverage spirits or those that have been mothballed—like the Hiram Walker plant in Peoria, Ill. The amendment is not intended to guarantee natural gas for any new plants. As a matter of policy, we probably shouldn't be encouraging the new plants to rely on gas; they should be looking for ways to use coal, waste steam, waste electricity, or renewable resources for the heat necessary for the distillation process.

During one of his last visits to the Hill, DOE Secretary Schlesinger testified before the Interior Appropriations Subcommittee, in response to my questions, that this country's best near-term opportunity to bring more ethanol into production rests in the hands of our distillers. Even if we broke ground today on some of the alcohol plants that will be built thanks to S. 932, it would be at least 2 years before the first drop of ethanol was produced. In contrast, it would take distillers only 2 to 3 months to retrofit their plants to upgrade the proof of their product. And the way things are going, Mr. President, we may need this liquid supplement that soon.

Schenley Distillers, with plants in Indiana and Kentucky, have 10 million gallons of excess capacity by themselves. A survey by the Kentucky Bureau of Energy Research conservatively estimates the idle distilling capacity in that State at 15 to 20 million gallons, of which about 8 million gallons comes from gas-fired facilities. This represents about 80 million gallons of gasohol for Kentucky. The projected consumption of gasohol in Kentucky for calendar year 1979 is 13 to 15 million gallons. So we see that in Kentucky alone we have the opportunity with this amendment to increase the market availability of gasohol fivefold.

Likewise with my State. This amendment would make it possible for Schenley to retrofit an idle distillery near Lawrenceburg, Ind., with an investment of $500,000—which they are willing to make. The only thing stopping them is the Natural Gas Act. This amendment will allow them to begin manufacturing up to 7 million gallons of alcohol fuel per year in a matter of months, hopefully using Hoosier farm products. Right now, our Farm Bureau Co-op is selling gasohol statewide, but buys it from Illinois. I would like to see that alcohol produced in Indiana.

And look at the national impact. There are no firm figures on national idle distilling capacity. The estimates range from a low of 40 million gallons to a high of 270 million gallons—with the distillers running 24 hours a day/7 days a week. An industry source estimates idle capacity at about 65 million gallons. If we use Kentucky as a benchmark, we can estimate that about half of that 65 million gallons—or 32.5 million gallons—is produced by gas-fired distillers. Using the 32.5 million figure as the estimate—and this is probably conservative—we see that 325 million gallons of gasohol could be brought onto the marketplace. This figure is particularly dramatic because the estimated 1979 national production of fuel-grade alcohol is estimated at around 40 million gallons. Distillers have the capacity to at least double the market availability of gasohol and inject some price competition into a distinctly seller's market which is now pretty much monopolized by one producer.

Mr. President, the amendment would divert almost no natural gas from other users. Sticking with the figure of 32.5 million gallons of alcohol, we can give a ballpark estimate of how much natural gas distillers would consume. The ADM plant in Decatur, Ill., which I toured with Secretary of Energy Duncan last week, uses about 75 cubic feet of gas to produce 1 gallon of ethanol.

The ADM process does not, however, involve the drying of the final byproduct, which is the protein-rich distillers dried grain (DDG). Therefore, another 25 percent should be added to that 75-cubic-foot figure, or about 19 additional cubic feet. So, with a baseline of 94 cubic feet of gas to produce ethanol and DDG, an estimated 3 million Mcf of gas would be consumed. Three million Mcf of natural gas represents one ten-millionth of the projected 1979 national consumption of natural gas. One ten-millionth of the natural gas to double the market availability of gasohol. Mr. President, if there was ever a good use to which the so-called "gas bubble" should be put, this is it.

I hope that my colleagues will support my amendment.

I see my distinguished colleague from Kentucky here.

Mr. FORD. Mr. President, will the Senator yield?

Mr. JOHNSTON. Mr. President, will the Senator yield?

Mr. BAYH. I yield.

Mr. JOHNSTON. Mr. President, we have discussed this amendment in some detail and are willing to take this amendment to conference.

I hope we can retain it in conference. I think it is a good amendment. It will promote gasohol by giving the corn distillers appropriate relief under the Natural Gas Act and we are, therefore, ready to accept it.

Mr. DOLE. Mr. President, the Senator from Kansas is pleased to support this amendment offered by my colleague from Indiana, Mr. BAYH. The purpose of this amendment is to enforce the provisions enacted under the Natural Gas Policy Act of 1978 to provide natural gas in the production of alcohol fuels in existing facilities.

We all know that America is in dire need of an alternative, renewable source of fuel and I believe that alcohol fuel production will provide a significant part of the solution to this Nation's energy problem. Even though these fuels cannot in the near term be a major solution to our national energy needs, they do represent an important energy component and building block for the longer term. Our national energy needs must be met by developing contributions from a large number of energy supplies, building on this Nation's abundant resources. Alcohol fuels represent important supplies based on the American agriculture community and the potential for the production and marketing beyond 1985 will be quite large—especially if we develop further the existing facilities that are needing this natural gas for operation. The project facilities in operation and under construction today will lead to providing a greater proportion of our energy supply in the future.

In less than 1 year, this Nation has witnessed an explosion of interest and involvement in the alcohol fuels industry. The number of retail outlets have increased to over 800. Gasohol is currently being sold in California, Colorado, Delaware, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Montana, Nebraska, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, South Dakota, Virginia, Wisconsin, and Wyoming. Only if we expand existing technologies and the capabilities of existing plants, will sales continue.

Mr. President, I urge my colleagues to join with me in supporting this amendment. By providing this natural gas to existing facilities we will reach our goal in establishing alcohol fuels as one of the energy components in the future, alongside such energies as nuclear, solar, and wind. As a result our fuel costs will go down, our supplies will be replenished and increased, and our balance of payments will through a decrease in our inflation, become more equitable.

We need to master our energy problem and the production and utilization of these alternative fuels will help us do just that.

Mr. McCLURE. Mr. President, I certainly agree with the objectives of the amendment of the Senator from Indiana, and I commend him for identifying a possible source of energy that could be utilized in the near term where that is one of the most critical needs.

So we are very happy to accept the amendment.

Mr. BAYH. Mr. President, I thank my colleagues for their tolerance, and I shall not continue my remarks. I might unsettle them.

Mr. FORD addressed the Chair.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana.

The amendment was agreed to.

Mr. JOHNSTON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. McCLURE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. FORD. Mr. President, I appreciate the efficiency of the Chair but I wanted to be a part of the amendment of the distinguished Senator from Indiana, since I was a cosponsor of his bill when it was introduced, and to lend my support to that direction and to enforce his position.

I congratulate the floor managers of the bill for making a wise decision to help the immediate future by helping the distilleries.

I do thank the Senator from Indiana.

Mr. BAYH. Mr. President, will the Senator yield?

Mr. FORD. Yes, I yield.

Mr. BAYH. I think it is only fair that the Senator's name be added, because he joined in a letter to try to free up some of this distilling capacity.

Mr. FORD. I would be most pleased to have my name added.

Mr. BAYH. It is one of the things we can do in the short term to get liquid energy, and I congratulate the Senator from Louisiana, the Senator from Kentucky, and the Senator from Idaho.

Mr. FORD. Mr. President, I ask unanimous consent that my name be added to the amendment of the distinguished Senator from Indiana.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question now recurs on agreeing to the amendment of the Senator from West Virginia.

Mr. McCLURE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 761

(Purpose: To provide for a study of the effects of the production of synthetic fuels on health and environment)

Mr. METZENBAUM. Mr. President, I call up an amendment at the desk and ask for its immediate consideration.

Mr. McCLURE. Mr. President, I ask unanimous consent that the amendment of the Senator from West Virginia be temporarily laid aside so that the Senator from Ohio can offer his amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Ohio (Mr. Metzenbaum) proposes an unprinted amendment numbered 761.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 147, insert the following between lines 12 and 13:

SUBTITLE L—STUDY

Sec. 196. (a) The Secretary of Energy shall conduct a comprehensive and ongoing study of the effects on the environment and on health related to the production and use of synthetic fuels.

(b) There are authorized to be appropriated to carry out the purposes of this section a minimum of $5,000,000 to remain available until expended.

Mr. METZENBAUM. Mr. President, I am proposing an amendment which would direct the Department of Energy to undertake research studies, simultaneously with synfuels development, to examine the impact of the production and use of synfuels on the environment and on health.

This amendment is not a statement of skepticism about the development of new technologies to deal with the energy problem in this country. Rather, this proposal is an attempt to avoid some of the unforeseen problems that new products and technologies have created in the past.

All this amendment would do is insure that the byproducts of synfuel production be assessed as to their impact on the workers involved with their production, on the Americans who use the product, and on the environment.

Tomorrow, the National Academy of Sciences will publish a report of their October Conference on Synfuels. This report will recommend that as pilot plants are built to develop and demonstrate new processes, we should at the same time carefully assess the impact of synfuels production. Such assessment, the report will suggest, should be an integral part of the synfuel development process. I think the recommendations of the prestigious academy will speak for themselves.

I urge your support on this proposal. For a mere $5 million of a $20 billion plan, we determine early on what, if any, effects synfuel production will have on the health and safety of all Americans.

I hope the floor managers of the bill will see fit to accept the amendment.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. JOHNSTON. Mr. President, my only concern is this phrase "a minimum of." Would the Senator be willing to strike those three words "a minimum of" so that we know what the authorization is?

Mr. METZENBAUM. I accept the suggestion.

The PRESIDING OFFICER. The amendment is so modified.

The amendment, as modified, is as follows:

On page 147, insert the following between lines 12 and 13:

SUBTITLE L—STUDY

Sec. 196. (a) The Secretary of Energy shall conduct a comprehensive and ongoing study of the effects on the environment and on health related to the production and use of synthetic fuels.

(b) There are authorized to be appropriated to carry out the purposes of this section $5,000,000 to remain available until expended.

Mr. JOHNSTON. Mr. President, we are happy to accept this amendment to study the environmental and health effects of synfuels. We hope this first phase of the Synfuels Corporation will show that they do not have a great effect, but we will not know that until we try and until we study it. So I support this amendment.

Mr. METZENBAUM. I thank the Senator.

Mr. President, before acting upon it, I ask unanimous consent that the distinguished senior Senator from West Virginia (Mr. Randolph), and the chairman of the Environment and Public Works Committee, be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCLURE. Mr. President, we have no objection. I think we ought to know what the effects may be, and I think it is a constructive amendment. I am happy to agree with it.

Mr. METZENBAUM. I thank my friend from Idaho.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Ohio.

The amendment was agreed to.

Mr. METZENBAUM. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. JOHNSTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER (Mr. Baucus). The question now recurs on the amendment of the Senator from West Virginia.

Mr. McCLURE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. McCLURE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCLURE. Mr. President, I ask unanimous consent that the amendment of the Senator from West Virginia (Mr. Robert C. Byrd) temporarily be laid aside and that the Senator from Massachusetts (Mr. Tsongas) be recognized to offer six amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 762

Mr. TSONGAS. Mr. President, I call up my amendment at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Massachusetts (Mr. Tsongas) proposes an unprinted amendment numbered 762.

Mr. TSONGAS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 341, line 7 add the following; "and $275,000,000 for the fiscal year ending September 30, 1983. In any year no more than $10,000,000 shall be available to carry out the provisions of section 810."

Mr. TSONGAS. Mr. President, the first amendment authorizes $275 million for fiscal year ending September 30, 1983. What happened in committee was that we agreed to level funding after 1982, and that figure was simply not put in the deliberations. So that is the same figure that is there for fiscal year 1982 and it would be continued at the same level through fiscal year 1983.

Mr. JOHNSTON. Mr. President, the Senator is correct. We accept the amendment.

Mr. McCLURE. Mr. President, the $275 million figure on the third year of authorization has our acceptance. We accept this amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 762) was agreed to.

UP AMENDMENT NO. 763

Mr. TSONGAS. Mr. President, I call up my second amendment.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from Massachusetts (Mr. TSONGAS) proposes an unprinted amendment numbered 763.

On page 225, line 20, strike the words "and $450 million for fiscal year ending—"

The amendment is as follows:

On Page 225, line 20, strike the words "and $450,000,000 for the fiscal year ending September 30, 1985." and replace the number "$450,000,000" on lines 15, 16, 17, and 19 with "$800,000,000".

Add at the end of Sec. 415 the following: "In any year no more than $20,000,000 shall be available to carry out the purposes of Sec. 411."

Mr. TSONGAS. Mr. President, this amendment authorizes for 1980 through 1985—the authorization is raised from $450 million to $800 million and reflects the authorization for the conservation bank.

Mr. JOHNSTON. Mr. President, the Senator correctly states the amendment. It is acceptable.

Mr. McCLURE. Mr. President, I do want to confirm that this amendment has been reviewed on this side and it is acceptable.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 763) was agreed to.

UP AMENDMENT NO. 764 (en bloc)

Mr. TSONGAS. Mr. President, I send to the desk the third and fourth amendment. I ask unanimous consent that these two amendments be considered en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments en bloc will be stated.

The legislative clerk read as follows:

The Senator from Massachusetts (Mr. TSONGAS) proposes an unprinted amendment numbered 764.

On page 213, strike lines 4 through 14 and insert in lieu thereof:

Section 405(a)—

The amendments en bloc are as follows:

On page 213, strike lines 4 through 14 and insert in lieu thereof:

"Sec. 405. (a) There is hereby created the Energy Conservation Bank (hereafter referred to as 'the Bank') which shall be in the Department of Housing and Urban Development and shall have the same corporate powers given the Government National Mortgage Association in section 309(a) of the National Housing Act. The Bank Shall have succession until September 30, 1984.

"(b) There is established in the Department of Housing and Urban Development the position of President, Solar and Conservation Banks, which shall be filled by the President with the advice and consent of the Senate and which shall be compensated at the rate now or hereafter prescribed for Executive Level V by Section 4316 of Title 5 United State Code. Subject to the direction of the Secretary of HUD and the consultation of the Advisory Board, the President, Solar and Conservation Banks shall as part of his duties, manage, and supervise the affairs of the Bank with the assistance of an Executive Vice President, Conservation Bank, appointed by him to carry out such functions, powers, and duties as he shall prescribe.

"(c) The General Accounting Office shall periodically audit the financial transactions of the Bank, and, for this purpose, shall have access to all of its books, records, and accounts.

"(d) The Bank may impose fees or charges for its services which shall be deposited into the miscellaneous receipts of the Treasury.

"(e) No officer, attorney, agent, or employee of the Energy Conservation Bank may participate, directly or indirectly, in any manner in the deliberations upon, or the determination of, any matter affecting his personal interest, or the interests of any corporation, partnership, or association with which he is directly or indirectly associated.

"(f) Where deemed appropriate the administrative functions of the Conservation Bank shall be performed jointly with those of the Solar Bank.

"(g) The Secretary of Housing and Urban Development may permit the Bank to utilize the services of personnel within the Department of Housing and Urban Development, including the personnel of the Government National Mortgage Association, for the purpose of carrying out the provisions of this subtitle."

On page 330, strike lines 14 through 24, and on page 331, strike lines 1 through 20 and insert in lieu thereof:

"Sec. 804. (a) There is hereby created a Solar Energy Development Bank (hereafter referred to as the Solar Bank) which shall be in the Department of Housing and Urban Development and shall have the same corporate powers given the Government National Mortgage Association in section 309(a) of the National Housing Act. The Bank shall have succession until September 30, 1985.

"(b) There is established in the Department of Housing and Urban Development the position of President, Solar and Energy Conservation Banks, which shall be filled by the President with the advice and consent of the Senate and which shall be compensated at the rate now or hereafter prescribed for Executive Level V by Section 4316 of Title 5 of U.S.C. Subject to the direction of the Secretary of HUD and in consultation with the Advisory Board, the President, Solar Energy Conservation Banks shall, as part of his duties, manage and supervise the affairs of the Solar Bank with the assistance of an Executive Vice President, Solar Bank, appointed by him to carry out such functions, powers and duties as he shall prescribe.

"(c) The General Accounting Office shall periodically audit the financial transactions of the Solar Bank, and, for this purpose, shall have access to all of its books, records, and accounts.

"(d) The Solar Bank may impose fees or charges for its services which shall be deposited into the miscellaneous receipts of the Treasury.

"(e) No officer, attorney, agent, or employee of the Solar Bank may participate, directly or indirectly, in any manner in the deliberations upon, or the determination of, any matter affecting his personal interest, or the interests of any corporation, partnership, or association with which he is directly or indirectly associated.

"(f) Where deemed appropriate the administrative functions of the Solar Bank shall be performed jointly with those of the Conservation Bank.

"(g) The Secretary of Housing and Urban Development may permit the Solar Bank to utilize the services of personnel within the Department of Housing and Urban Development, including the personnel of the Government National Mortgage Association, for the purpose of carrying out the provisions of this title.".

Mr. TSONGAS. Mr. President, in consideration of the Solar Bank and Conservation Bank, there was some concern expressed by the floor manager and others as to the structure. These two amendments reflect a series of negotiations with the floor manager and the ranking minority member. The solar and conservation banks are united under one president. The solar and conservation banks shall have high visibility in HUD and there is a chance to streamline what may otherwise have been an awkward administrative setup. In this way, they are both under the same structure with similar chains of command and, therefore, we think will be more efficient.

Mr. JOHNSTON. Mr. President, the Senator correctly states the amendment. We concur in it.

Mr. McCLURE. Mr. President, we have no objection to the amendments and concur in the amendments considered en bloc.

The PRESIDING OFFICER. The question is on agreeing, en bloc, to the amendments.

The amendments, en bloc (UP No. 764) were agreed to.

UP AMENDMENT NO. 765

Mr. TSONGAS. Mr. President, I send a fifth amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Massachusetts (Mr. TSONGAS) proposes an unprinted amendment numbered 765.

On page 332 add section 805(c)—

The amendment is as follows:

On page 332 add sec. 805(c) that with respect to any expenditures for which a loan under this title is sought, the sum of the subsidy paid by the Solar Bank to the financial institution, appropriately discounted over the life of the loan, and the amount of any solar tax credits claimed by the applicant for such expenditures, pursuant to section 101 of Public Law 95–618, does not exceed 50 percentum of the amount of such expenditures. In the case of passive solar systems, which might involve performance based subsidies, the Secretary is authorized to promulgate regulations which provide comparable subsidies.

Mr. TSONGAS. Mr. President, this amendment and the one that will follow referred to the concerns expressed by the Senator from Louisiana that on the solar loan program that there is not some kind of a cap. So we agreed there would be two amendments, one which places the cap of income at $50,000 after the second year of the program and the second amendment says that the subsidy cap is to equal 50 percent of the total expenditure. So the loan program and tax credits, whatever, would add up to a maximum of 50 percent. I think this is a reasonable amendment. I thank the chairman for his time and consideration.

Mr. JOHNSTON. Mr. President, this whole series of amendments reflects an agreement between both the minority and majority floor managers of the bill and Senator TSONGAS and Senator DURKIN. I think they make a better solar bank bill.

First of all, they do put that income test on the solar bank loans. In the committee bill, there was no income test, so it was literally possible for a millionaire to get an 82-percent subsidy on a solar installation, which was not appropriate, in my view. So what we have done is put an income test, but after the second year.

The Senator from Massachusetts has a point that we need to get the solar industry started. So this will give them a chance to get started for 2 years, with the more wealthy people being able to come in and sort of break the ice and get the industry started, but thereafter the income test will be at $50,000 a year indexed, which I think is an appropriate level.

Then we do have now a subsidy cap so that all subsidies, tax credits, loans, grants, whatever, they will all be limited to 50 percent of the total expenditures.

We will have some work to do in the conference committee to provide for some of the details of the matter as to which Federal agency has responsibility for overseeing the whole matter.

We have here a package which strengthens the solar conservation bank, elevates its status, increases somewhat its funding, and, in amendments to be offered, provides for a workable discount rate on the solar installations on Federal buildings, and other definitions which make, I think, a good package to strengthen the solar bank concept.

So, Mr. President, I would concur with the amendment.

Mr. TSONGAS. If I may, I would like to explain to the Senator from Idaho that the way the bill is written now there are no caps at all, which is my preferred position. I can understand the position of the Senator from Idaho and the Senator from Louisiana.

This is an attempt to put on caps.

Mr. McCLURE. Mr. President, I want to make clear that we have cleared the amendment on this side of the aisle, but the Senator from Idaho has reservations concerning the income cap or the income test being applied here. The majority of the Members on my side of the aisle supported the idea of an income test in the committee deliberations. The Senator from Idaho did not. I agreed at that time with my colleagues who were arguing that it should not be put on. I am not sure in my mind that this is a step forward.

I think the subsidy cap that has been proposed is a good idea. It is administratively difficult to do under the language as submitted. I think the agreement is that we agree to that in concept and we will do what is necessary in redrafting, if that proves to be the case, as we take it to the conference. But we accept the concept of the subsidy cap.

Mr. President, with respect to the solar bank, if our objective is to get a lot of solar use in order to substitute for imported oil, we do not further that objective by putting artificial limits on the encouragement to use it. So the Senator from Idaho wants to clearly state that while on behalf of the minority as a whole he will accept it, the junior Senator from Idaho finds it objectionable.

Mr. TSONGAS. It is my understanding that the House does not have such a cap so it can be resolved in conference.

Mr. McCLURE. I appreciate that statement. I just wanted to make clear that, speaking for the minority, I speak for them with one voice but for myself with another.

Mr. RANDOLPH. Mr. President, who has privilege of the floor?

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

Mr. RANDOLPH. Mr. President, I take this occasion to commend the diligent Senator from Massachusetts (Mr. TSONGAS) for his efforts on the subject of solar experimentation and the potential for solar use in volume prior to what is thought to be possible. In the State of West Virginia, as in other States, we participate during the experimental stage and have many projects underway, under the set-aside of the Department of Energy. At the location of the National Fish Hatchery, which is 70 miles west of the Capitol, we have, for example, an installation.

I am a believer in solar energy. Certainly, I might be fairly accused and I accept the assertion that I am strongly woven into the subject matter of coal. I do believe, however, that so far as the alternatives to petroleum now being brought in from abroad at the price we have to pay and in the amounts we receive, that this legislation is properly oriented, overall, to an aggressive synthetic liquid fuels program. I would not want it to be understood because of my fight for this bill, with its emphasis on coal and oil shale, that I do not believe there are other alternatives. In fact, these alternatives will be moving into the energy picture in a few years, hopefully, to provide greater proof for the role for solar energy as a valuable asset in our effort to establish independence, energywise, for our country and our people.

Mr. TSONGAS. Mr. President, I thank the Senator from West Virginia (Mr. RANDOLPH) for his very kind remarks. I must say I feel better about coal all the time.

Mr. President, a parliamentary inquiry. There were two amendments. Are they both before the body?

The PRESIDING OFFICER. There is one amendment.

Mr. TSONGAS. Inasmuch as we have discussed both, I ask that they be considered as one amendment.

Mr. McCLURE. Let us identify the subject matter.

Mr. TSONGAS. The income limits and the subsidy.

Mr. McCLURE. The income test and the subsidy cap?

Mr. TSONGAS. That is correct.

Mr. McCLURE. We are combining those to be considered en bloc?

The PRESIDING OFFICER. The Chair will have to examine the amendments in order to answer that.

The Chair informs the Senator that the previous amendment deals with the solar bank and subsidy cap.

Mr. McCLURE. I wonder if the Chair would repeat that comment.

The PRESIDING OFFICER. It is the understanding of the Chair that the amendment presently under consideration deals with the solar base subsidy cap. The second amendment is the income test amendment.

Mr. McCLURE. And it is those two amendments on which it is asked that they be considered en bloc?

The PRESIDING OFFICER. That is correct.

Mr. McCLURE. I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the amendments.

The amendments (No. UP 765) were agreed to.

Mr. TSONGAS. Mr. President, I move to reconsider the votes by which the six amendments were agreed to.

Mr. McCLURE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. TSONGAS. Mr. President, I ask unanimous consent that the amendment of the Senator from West Virginia be laid aside temporarily so that Senator DURKIN may call up the last of the solar amendments. I ask unanimous consent that I be added as a cosponsor.

The PRESIDING OFFICER (Mr. STEWART). Without objection, it is so ordered.

The Senator from New Hampshire.

UP AMENDMENT NO. 766

Mr. TSONGAS. Mr. President, I will call up the amendment for Senator DURKIN and myself and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New Hampshire (Mr. DURKIN), for himself and Mr. TSONGAS, proposes an unprinted amendment numbered 766.

Mr. DURKIN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

SEC. 606 is amended by deleting subsection (b) and inserting in lieu thereof:

(b) For the purposes of this section, a solar energy system shall be considered cost-effective if the simple sum of all capital and operating expenses associated with the system can be recovered over the expected life of the system or during a period of thirty years, whichever is shorter, using noninflating dollars, marginal fuel costs as determined by the Secretary, and a real discount rate of 3 per centum per year.

(c) For the purposes of this section, the marginal fuel cost shall be the equivalent of the cost of oil in international markets plus fees for international transportation, refining, and domestic delivery. In the case of natural gas, coal, and nuclear fuel, the marginal cost shall be the cost of the most expensive 10 per centum of fuel supplies in the region purchased or contracted for during the previous quarter. In the case of electricity, the marginal price shall be the least cost new supply which would have been charged by the utility in the service area supplying the facility. Least cost new supply may, if appropriate, include externally purchased power and demand management. In the case where new capital is required the assumption shall be that the new capital plant and equipment in the service area is financed at the average cost of new capital available to the utility, that equipment is purchased at the prices expected for new plants ordered in the region, and that fuel used by the utility is purchased at the marginal prices described previously.

Subsections (c), (d), (e), (f), (g), (h), and (i) are amended to become subsections (d), (e), (f), (g), (h), (i), and (j).

Mr. TSONGAS. Mr. President, one of the issues related to solar system was the issue of cost-effectiveness over the life of the facility. This amendment reads:

(b) For the purposes of this section, a solar energy system shall be considered cost-effective if the simple sum of all capital and operating expenses associated with the system can be recovered over the expected life of the system or during a period of thirty years, whichever is shorter, using noninflating dollars, marginal fuel costs as determined by the Secretary, and a real discount rate of 3 per centum per year.

(c) For the purposes of this section, the marginal fuel cost shall be the equivalent of the cost of oil in international markets plus fees for international transportation, refining, and domestic delivery. In the case of natural gas, coal, and nuclear fuel, the marginal cost shall be the cost of the most expensive 10 per centum of fuel supplies in the region purchased or contracted for during the previous quarter. In the case of electricity, the marginal price shall be the least cost new supply which would have been charged by the utility in the service area supplying the facility. Least cost new supply may, if appropriate, include externally purchased power and demand management. In the case where new capital is required the assumption shall be that the new capital plant and equipment in the service area is financed at the average cost of new capital available to the utility, that equipment is purchased at the prices expected for new plants ordered in the region, and that fuel used by the utility is purchased at the marginal prices described previously.

Mr. President, the language which has been worked out is simply to define what is meant by life cycle cost effectiveness.

Mr. JOHNSTON. Mr. President, this amendment establishes a life cycle cost at 3 percent real; that is, 3 percent over and above inflation. So that, in order to determine whether an insulation has energy efficiency, you would take the price of energy, the top 10 percent of your energy, project that out as to what that energy will cost over the life cycle of the insulation, and then decrease it by a factor which equals inflation plus 3 percent. That, I think, establishes a realistic yardstick for determining whether the insulation, solar insulation, is life cycle cost effective. I think it is better, probably, than the Secretary of Energy is now using. I understand he is now using 10 percent.

Mr. TSONGAS. That is correct.

Mr. JOHNSTON. This is much more realistic and we accept the amendment.

Mr. TSONGAS. Mr. President, I only add that one of the issues to be raised next year before the Banking Committee is the question of HUD using similar analyses in the instance of using solar equipment in its section 8 facilities and others. I hope that the officials of HUD will take a look at this language and consider it for their programs next year.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. TSONGAS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. JOHNSTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from West Virginia.

Mr. DOLE. Mr. President, I ask unanimous consent that that amendment be temporarily set aside and that we consider at this time the Dole amendment that was set aside earlier.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 759

The modified amendment will be read.

The legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE) reproposes his unprinted amendment numbered 759, as modified.

Mr. DOLE. Mr. President, I send a modification of that amendment to the desk.

The PRESIDING OFFICER. The Senator has a right to modify his amendment and the amendment is so modified.

The amendment, as modified further, is as follows:

On page 147 following line 12 insert the following:

SEC. . (a) Notwithstanding any other provision of law, including paragraphs (1) and (4) of Sec. 160(b) of EPCA, the President shall immediately resume the purchase of crude oil, by contract, for the Strategic Petroleum Reserve established in the Energy Policy and Conservation Act, no later than 4 months after the date of enactment of this Act, at a minimum average rate of 100,000 barrels per day per year, subject to the availability of adequate storage capacity.

(b) There are authorized to be appropriated to carry out the purposes of this section such sums as may be necessary.

(c) The Department of Energy is authorized to contract for construction of facilities needed to store the additional reserves.

Mr. DOLE. Mr. President, I ask unanimous consent that this amendment be temporarily set aside so the distinguished Senator from New York may bring up an amendment.

Mr. JAVITS. I ask unanimous consent for that purpose.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

UP AMENDMENT NO. 767

(Purpose: To require a study of the impact on fuel economy of passenger cars and light duty trucks with regard to certain types of tires and oils)

Mr. JAVITS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New York (Mr. JAVITS) proposes an unprinted amendment numbered 767.

Mr. JAVITS. I ask unanimous consent that further reading of the amendment may be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place insert the following:

SEC. . (a) The Administrator of the Environmental Protection Agency in consultation with the Secretary of Energy and the Secretary of Transportation shall conduct a study with regard to the impact of (1) low rolling resistance tires, (2) slippery oils, and (3) underinflated tires, on the fuel economy of passenger cars and light duty trucks.

(b) The Administrator of the Environmental Protection Agency shall prepare a report on the results of the study required by subsection (a) and submit such report and recommendations to the Congress not later than six months after the date of enactment of this Act.

Mr. JAVITS. Mr. President, I am deeply concerned that we as a nation are not doing all we can to reduce automobile fuel consumption, which is the single largest contributor to our Nation's current and prospectively worsening energy shortage and dependence on foreign supplies.

My concern was heightened recently by a number of reports which indicated that substantial energy savings could be realized through implementation of measures designed to increase the fuel efficiency of the existing automobile fleet.

Attention in the Congress and within the administration has focused almost exclusively on reducing gasoline consumption by requiring automobile manufacturers to produce more fuel efficient cars. However, the fuel inefficiency of the existing fleet of cars has gone almost unnoticed. I am convinced that while reducing the energy consumption of new automobiles in the long term will assist our energy conservation effort, it will not in itself resolve our present energy crisis. However, if we are able to increase the fuel efficiency of the existing fleet, we can have a direct and immediate impact on fuel consumption.

The existing automobile fleet represents 90 percent of the passenger cars and light duty trucks on the road today. In addition, these cars and trucks consume approximately 5 million barrels of oil per day compared to 500,000 barrels of oil per day consumed by new cars. These figures demonstrate the need, to focus our attention on reducing the energy consumption of the existing fleet. In addition, we cannot claim to have a national comprehensive automobile fuel economy program, until the existing automobile fleet is incorporated into our conservation efforts.

This amendment is designed to be a first step toward including the existing fleet in our automobile fuel conservation effort. It would require the Environmental Protection Agency, in consultation with the Department of Energy and the Department of Transportation, to examine the impact on the fuel economy of passenger cars and light duty trucks of: Low rolling resistance tires; slippery oils; underinflated tires.

These areas have been identified by researchers as offering the best method for reducing the gasoline consumption of the existing fleet.

Should EPA find that these three factors would make a substantial contribution to the reduction of fuel consumption, its report and recommendations could serve as a basis for legislative action. In addition, I hope that this amendment will focus attention on this most important issue within Congress and the administration.

Mr. President, as I have said, this amendment seeks a study by the Environmental Protection Agency, in consultation with the Department of Energy and the Department of Transportation, to examine what can be saved in fuel economy for passenger cars and light duty trucks if we go to low rolling resistance tires and slippery oils. These areas have been identified by researchers as offering the best method for reducing gasoline consumtion of the existing fleet. The estimate is that it could affect a reduction of 10 percent in the use of oil which is turned into gasoline, which would be 600,000 barrels a day by 1985.

Mr. President, the only reason I interrupted Senator DOLE and sent this amendment to the desk is, if it is found acceptable by the managers, fine. Otherwise, I shall pull it out because I do not believe an amendment of this kind should be contested.

The staff has had this amendment for a week, I say to Senator JOHNSTON, so perhaps they could advise the Senator and the other manager.

I yield to Senator BUMPERS.

Mr. BUMPERS. Mr. President, is the Senator asserting that a study such as this is not in existence now?

Mr. JAVITS. I have checked with the staff and I understand that no such research exists.

Mr. BUMPERS. I understand from the Department of Energy, especially with regard to the inflated tires, that they do have a study.

Mr. JAVITS. I have checked with my own researcher, who is sitting next to me. Apparently, this is an area that should be looked into and apparently has not been.

Mr. McCLURE. Mr. President, I think the study is useful and would provide some information that we ought to have. I commend the Senator from New York for offering the amendment, and I support the amendment.

Mr. JAVITS. I thank the Senator very much.

I ask the Senator from Louisiana if it is all right with him.

Mr. JOHNSTON. Mr. President, this is the amendment that directs the Secretary of EPA to study the effect on fuel economy of low rolling resistance tires?

Mr. JAVITS. Exactly.

Mr. JOHNSTON. Mr. President, it is a good amendment and we accept it.

Mr. JAVITS. I move the amendment, Mr. President.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. JAVITS. I move to reconsider the vote by which the amendment was agreed to.

Mr. McCLURE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 759

Mr. DOLE. Mr. President, are we now back to the modified Dole amendment?

The PRESIDING OFFICER. That is correct.

Mr. DOLE. Mr. President, the Senator from Kansas has heard what I consider to be real objections and reasonable objections to my original amendment. I have made a number of modifications. I have discussed these modifications with the distinguished Senator from New Jersey (Mr. BRADLEY). We believe that the amendment as modified does serve a purpose. We believe that we should continue purchases for the special petroleum reserve. We have now modified the amendment to read "no later than 4 months after the date of enactment of this act," so there would be some lead time.

We also suggest that, because the distinguished Senator from Louisiana objected to the 100,000 barrels per day because of the availability of storage, we have added the provision "subject to the availability of adequate storage capacity." We have removed controversial section (b) and then this last section, which was also objected to.

It seems to the Senator from Kansas, and I hope my distinguished cosponsor will agree, that we have made about all the modifications we can. I am prepared to have an up or down vote on the amendment in its present form.

I yield to my distinguished colleague from New Jersey.

Mr. BRADLEY. Mr. President, I think the modifications that have been made should meet the objections that were voiced in the Chamber by the distinguished manager of the bill.

We have made the purchase of 100,000 barrels a day subject to adequate storage capacity.

I know that over the years there has been a continuing debate on where that capacity should be, how dispersed it should be, in what form it should be. I think they are legitimate questions that should be raised.

I think probably in the next year or so they will be raised again and storage capacity will be increased because the difficulty will be broadened. But, again, it being subject to the availability of adequate storage.

I think the other changes that have been made in conjunction with the Senator from Kansas, are adequate to meet my purposes. I am prepared to have an up or down vote on this issue.

Mr. DOLE. Mr. President, I appreciate the comments of the Senator from New Jersey.

I emphasize that we do provide to resume the purchase of crude oil by contract. If made today, for delivery at some later time, we could take up some storage and cut problems on delivery a year from now.

I am prepared to vote up or down.

Mr. BRADLEY. Will the Senator yield?

Mr. DOLE. Yes.

Mr. BRADLEY. The Senator has just made an important point. That is, that we at least begin to purchase by contract, perhaps not delivered for a while. But I think as we are not purchasing, we are sending a message to the suppliers of our oil, to the insecure suppliers of our oil.

I think by having the Congress state affirmatively that we are going to begin purchases again, that we will be telling them we will no longer be so vulnerable as we are tonight.

Mr. DOLE. I thank my colleague.

I am prepared to hear from the managers on the modified amendment, if it is acceptable. If not, I am prepared to ask for the yeas and nays.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. JOHNSTON. Mr. President, the formula of this amendment rearranges the words, but it still is subject to the same disability that we had previously. That is, it is a mandatory matter.

It does, of course, make it subject to availability of adequate storage. But it, nevertheless, mandates that filling proceed at a minimum average daily rate of 100,000 barrels per day per year.

So, Mr. President, as much as I concur with the desire of the Senator from Kansas to see this program continued, and certainly will work with him on another bill, or maybe on another amendment, I would hope he would not press this amendment at this point.

Mr. DOLE. Let me say to my friend, the Senator specifically mentioned four problems with the amendment on strategic building of reserves.

One was, technically, with subparagraph (b), so I took it out.

One was the inflexibility of the reserve purchases. So Senator Bradley and I stated that purchases would begin 4 months after enactment. So that is some flexibility.

The third objection was storage capacity may eventually conflict with our daily goal of 100,000 barrels a day. So we added "subject to the availability of adequate storage capacity."

The fourth objection was that the paragraphs originally set forth for repeal were necessary, so we retained those, but with the thought in mind the minimum fill rate is the primary objective.

So I only say that we have attempted in every respect to make reasonable adjustments in the amendment.

Mr. JOHNSTON. Will the Senator yield?

Mr. DOLE. Yes.

Mr. JOHNSTON. The Senator stated the last matter respecting paragraphs 1 and 4 of that section. Actually, that has been rearranged and put up in section (a). So the effect is precisely the same.

Mr. DOLE. With that totally removed, we have the same—well, some would call it a loophole.

But it seems to me it is a matter that deserves our attention. Certainly, not today, but maybe 2 weeks ago. We would just like to follow on it.

I do not want to take the time of the

Senate, I can understand there may be very logical objection, but we would like the Senate to express its will and I ask for the yeas and nays.

Mr. JOHNSTON. If the Senator will withhold that, I will move to table and get the yeas and nays on that.

Mr. DOLE. Yes.

Mr. JOHNSTON. Mr. President, I move to table the amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment of the Senator from Kansas. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON), the Senator from Arizona (Mr. DECONCINI), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Connecticut (Mr. RIBICOFF), and the Senator from Tennessee (Mr. SASSER) are necessarily absent.

I also announce that the Senator from Delaware (Mr. BIDEN) is absent because of illness.

I further announce that, if present and voting, the Senator from Connecticut (Mr. RIBICOFF) would vote "nay."

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Arizona (Mr. GOLDWATER), the Senator from Illinois (Mr. PERCY), the Senator from South Dakota (Mr. PRESSLER), and the Senator from South Carolina (Mr. THURMOND) are necessarily absent.

I further announce that, if present and voting, the Senator from South Carolina (Mr. THURMOND) would vote "nay."

The PRESIDING OFFICER. Are there any other Senators who wish to vote?

The result was announced—yeas 36, nays 53, as follows:

[Rollcall Vote No. 394 Leg.]

YEAS—36

Bellmon
Boschwitz
Burdick
Byrd,
Harry F., Jr.
Chiles
Church
Cranston
Culver
Eagleton
Glenn
Hart
Hollings
Huddleston
Humphrey
Jackson
Johnston
Leahy
Long
Magnuson
Mathias
McClure
Metzenbaum
Morgan
Moynihan
Muskie
Nelson
Nunn
Randolph
Riegle
Stafford
Stennis
Stevenson
Stone
Tsongas
Wallop
Warner

NAYS—53

Armstrong
Baucus
Bayh
Bentsen
Boren
Bradley
Bumpers
Byrd, Robert C.
Chafee
Cochran
Cohen
Danforth
Dole
Domenici
Durenberger
Durkin
Exon
Ford
Garn
Gravel
Hatch
Hatfield
Hayakawa
Heflin
Heinz
Helms
Inouye
Javits
Jepsen
Kassebaum
Laxalt
Levin
Lugar
Matsunaga
McGovern
Melcher
Packwood
Pell
Proxmire
Pryor
Roth
Sarbanes
Schmitt
Schweiker
Simpson
Stevens
Stewart
Talmadge
Tower
Weicker
Williams
Young
Zorinsky

NOT VOTING—11

Baker
Biden
Cannon
DeConcini
Goldwater
Kennedy
Percy
Pressler
Ribicoff
Sasser
Thurmond

So the motion to table was rejected.

Mr. JOHNSTON. Mr. President, I moved to table this amendment because this amendment is a very inflexible means of requiring the President to fill the strategic petroleum reserve at a minimum average rate of 100,000 barrels a day, notwithstanding embargoes, prices, and an overwhelming need on behalf of the American people.

We could have lines at the gas pump, and this amendment requires by statute with no discretion that the President proceed to put oil in the strategic petroleum reserve at the rate of 100,000 barrels per day minimum average rate.

Second, it repeals that protection in the Energy Policy and Conservation Act of 1975 which requires the President to seek the best price. In other words to acquire the oil at a time when the market is in a suitable condition to buy the oil.

What we have here is a requirement that the President might have to go out at spot market prices, and the highest spot price I have heard of recently is $48, and acquire oil for that petroleum reserve.

Mr. President, I support the strategic petroleum reserve as strongly as anyone in this body, but to require under these inflexible conditions the President to proceed, notwithstanding anything else, to fill up that reserve I think is wrong.

Nevertheless, the Senate has spoken, and I will not ask for a rollcall on acceptance of the amendment. I think the Senator understands that the House of Representatives will have a chance to look at this in conference committee. If there is a way we could make this amendment less inflexible so it does not require by statute that we shoot ourselves in the foot, I would be delighted to go along with it, and I have told the Senator from Kansas that.

But in any event for the time being the Senate has spoken and I will not further object.

Mr. METZENBAUM. Mr. President, will the Senator from Kansas yield for a question?

Mr. DOLE. Yes.

Mr. METZENBAUM. Does the Senator from Kansas feel any cause for concern that if we accept this amendment, in view of the Saudis representations to us that they would cut back their production if we continue to go forward with the strategic petroleum reserves, it might do more harm than good and might actually cause the Saudis to cut back their production? Is the Senator not concerned about that?

Mr. DOLE. Mr. President, the Senator from Kansas is concerned about a lot of things around the world, including the Saudis and what is happening in Iran.

We can buy, if we wish, from Elk Hills, from some domestic source. The same threat was made to President Ford, but he kept buying these reserves, to his credit, and had we continued that practice, we would have about 300 million barrels in reserve now instead of 92 million barrels, enough for only 12 days.

But we modified the amendment in four different ways because we believed some of the objections raised by the distinguished floor manager, Senator JOHNSTON, should have been raised, but we believe now we have satisfied and we have made it flexible. We say that no later than 4 months we make it available subject to the availability of storage. We have taken out a couple of sections that were objected to.

I believe as the Senator from New Jersey believes, and I want him to respond to this question the Senator raised because it is a good question. We can talk about price, and we can talk about supply, but, in fact, if there is an interruption what are we going to do in this country? We talk about the cost today of $40 a barrel or $30 a barrel, or $26 a barrel. But, in fact, if there is an interruption we have 12-days supply. It seems to me that this is the right way to go. I am not threatening anyone. The Senator from Kansas wishes to be realistic, and I believe this is a realistic amendment.

I yield if the Senator from Ohio will yield to the Senator from New Jersey.

Mr. METZENBAUM. I am glad to yield the Senator from New Jersey.

Mr. BRADLEY. Mr. President, in response to the question of the Senator from Ohio about the Saudis, I do not think that the energy security policy of this country should be determined in another country. I think, in fact, that is what this amendment is directed toward. As of tonight we are dependent for about 600,000 barrels of oil per day on Iran. What if that is cut off tomorrow?

We only have 94 million barrels in storage, which is 13 days' supply. Sooner or later we are going to have to address the question of energy security because 25 percent of our oil comes from insecure Persian Gulf sources.

We talk about the Energy Security Corporation, synfuel, solar, whatever. That does not protect us with the supply cut off. If your worry is higher prices, what would the prices be if Iran was cut off again, with the 600,000 barrels a day? What would be the prices if the Persian Gulf area lost production of 3.3 million barrels per day and we had no strategic petroleum reserve? In my opinion—and it is only one Senator's opinion—we have gone too long since last November for any purchases for the strategic petroleum reserve. This would be a small effort to show the world that we have begun to develop an energy security policy.

Mr. METZENBAUM. Mr. President, will the Senator from New Jersey yield? Would the Senator care to relate to the Senator from Ohio how many barrels of oil per day we import from Saudi Arabia?

Mr. BRADLEY. Our level of import from Persian Gulf States, including Iran, Saudi Arabia, Kuwait, Iraq, comes to a total of about 3.3 million to 3.8 million barrels a day.

Mr. METZENBAUM. I specifically addressed myself to Saudi Arabia's oil minister, Sheikh Yamani who made it very clear that if we continue to build up this strategic petroleum reserve they may not continue with their oil exports at the same rate to our country. There is not much question since they have increased their production level by about a million barrels per day that the Saudis have been a stabilizing force with respect to price, and what concerns me is that the proposal of the Senator from New Jersey and the Senator from Kansas is very attractive.

We have to build up our own strategic petroleum reserve, and I could not agree more with that. But we also have to be pragmatic in the world in which we live, and our major supplier of oil from an import standpoint is Saudi Arabia, and Saudi Arabia has accommodated this Nation with respect to increasing its production and Saudi Arabia has continued to maintain a price level lower than the rest of the OPEC nations.

What I am concerned about is whether this action of the Senate flies in the face of friendly advice and concern expressed by a nation with which we have a good working relationship vis-a-vis the subject of oil imports, and whether it does more harm than good. I wonder whether or not the timing of the Senate action fails to serve our Nation's interests.

Mr. BRADLEY. In response, I say to the Senator, I, too, had a meeting with the oil minister, and he felt our OECD allies would not want that, want that we build petroleum reserves, and I can understand why he would say that, because if we build a strategic petroleum reserve that will mean there will be a somewhat greater pressure on Saudi Arabia to increase production for world consumption.

I think there should be a line drawn somewhere. I mean the thrust of our energy security policy should be diversification of our suppliers of oil and not increasing dependence to the point where one supplier is controlling the foreign policy of this country.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. I will say, in response to the distinguished Senator from Louisiana's comments to the Senator from Kansas, that the Senator from Kansas did make a statement earlier, and will not repeat that now. I believe with the modifications made by the Senator from Kansas and the Senator from New Jersey we have tried to answer those objections we felt should have been addressed, and I hope further flexibility can be accommodated in the conference.

We have appropriated money now for 248 million barrels of SPR oil. That money is already appropriated. I know what has happened in the Budget Committee and the Appropriations Committee, but it is my understanding there is money now—maybe not quite that now because of the increase in cost—but I hope, in the spirit suggested by the Senator from Louisiana, if there is more flexibility needed, we can work it out in conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kansas.

The amendment was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. McCLURE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MUSKIE. Mr. President, what is the parliamentary situation?

The PRESIDING OFFICER. The pending question is on agreeing to the amendment of the Senator from West Virginia.

Mr. McCLURE. Mr. President, I ask unanimous consent that the amendment of the Senator from West Virginia be temporarily laid aside and that the Senator from Virginia be permitted to offer an amendment.

Mr. MUSKIE. Mr. President, was I not recognized? I tried to get recognition before final action on the Dole amendment. It may have serious budget implications which I thought needed to be discussed. As I was hearing the figures it was apparent that the Senate was moving toward a vote, and I just want to find out what the parliamentary situation is on the Dole amendment.

Mr. McCLURE. The Dole amendment has been agreed to.

The PRESIDING OFFICER. The Dole amendment has been agreed to.

Mr. MUSKIE. I am sorry to hear that. I came off the floor just momentarily. This may be a real budget buster that we just approved, and I merely want to inquire.

Mr. McCLURE. Mr. President, will the Senator yield?

Mr. MUSKIE. Yes, I yield.

Mr McCLURE. Mr. President, I wonder if the Senator from Maine might be accommodated by setting aside the action by which the Senate adopted the Dole amendment in order to permit this discussion to take place prior to the consideration of the vote. Would the Senator from Kansas object to that?

Mr. DOLE. I do not think the Senator from Kansas objects because I know the Senator from Maine is going to make a point that is probably worth listening to. But I only say before that that we discussed with the distinguished floor manager, who had agreed after the motion to table failed, that he would not ask for the yeas and nays.

Mr. MUSKIE. I understand that, may I say to the Senator. I simply should have been on the floor. I understand that, too.

Mr. DOLE. I am willing to vacate the action. I have been here long enough to respect my colleagues, and I am very pleased to set aside the action taken and let the Senator from Maine proceed without any prejudice.

Mr. McCLURE. Mr. President, I ask unanimous consent that the action of the Senate in adopting the Dole amendment and having tabled the motion to reconsider to set aside, and that the Dole amendment therefore be the pending business before the Senate.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MUSKIE. Mr. President, may I have Mr. McCLURE's attention? May I have a quorum call for just a couple minutes so that I can get my facts straight? Mr. President, I suggest the absence of a quorum.

Mr. DOLE. Mr. President, will the Senator from Maine permit us to set aside the amendment and then move on to another. I ask unanimous consent that we temporarily set aside the embattled Dole-Bradley amendment and move on to something else.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Chair understands that this would also require setting aside the amendment of the Senator from West Virginia.

Mr. McCLURE. Mr. President, I ask unanimous consent that that be done, temporarily.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Virginia is recognized.

AMENDMENT NO. 575

(Purpose: To amend the Surface Mining Control and Reclamation Act of 1977 (Public Law 95–87) to provide an extension of time for the submission and approval of State programs or the implementation of a Federal program, to clarify the contents of a State program, to provide for increased cooperation between the Secretary of the Interior and the States with respect to the regulation of surface coal mining operations, and for other purposes)

Mr. WARNER. Mr. President, I send to the desk my printed amendment No. 575.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Virginia (Mr. WARNER) proposes an amendment numbered 575.

At the end of title I——

Mr. WARNER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of title I insert a new subtitle as follows:

SUBTITLE L—SURFACE COAL MINING OPERATIONS

SEC. 197. Sections 502(d), 503(a), and 504(a) of the Surface Mining Control and Reclamation Act of 1977 (hereafter referred to as "the Act") are amended as follows:

(a) in section 502(d) of the Act in the last sentence, strike the words "forty-two months" and substitute the words "fifty four months";

(b) in section 503(a) of the Act, strike the words "eighteenth-month" and substitute the words "thirtieth month";

(c) in section 504(a) of the Act, strike the words "thirty-four months" and substitute the words "forty-six months";

(d) in section 504(a)(1) of the Act, strike the words "eighteen-month" and substitute the words "thirtieth month".

SEC. 198. Sections 503(a)(7) and 701(25) of the Act are amended as follows:

(a) in section 503(a)(7) of the Act, strike the phrase "regulations issued by the Secretary pursuant to";

(b) in section 701(25) of the Act, strike the phrase "and regulations issued by the Secretary pursuant to this Act".

SEC. 199. Section 523(a) of the Act is amended by striking the words "and implement" in the first sentence thereof, and by adding at the end of the subsection a new sentence as follows: "Subject to the provision of section 523(c), implementation of a Federal lands program shall occur and coincide with the implementation of a State program pursuant to section 503 or a Federal program pursuant to section 504, as appropriate.".

SEC. 200. Section 502 of the Act is amended by adding a new subsection "(g)" as follows:

"(g) Notwithstanding any other provision of this section, each State shall, to the greatest extent possible, have principal responsibility for the inspection of mines during the period of time prior to the submittal of State plans for approval. Such responsibility shall remain with each State until such time as the Secretary disapproves the State plan. The Secretary shall furnish personnel assistance to the States in carrying out this responsibility upon request of the State regulatory agency.".

Mr. **WARNER**. Mr. President, I ask unanimous consent that the name of our distinguished colleague from West Virginia (Mr. ROBERT C. BYRD) be added as a cosponsor of the amendment.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. **WARNER**. Mr. President, on September 11, the Senate reinforced Congress original intent concerning the Surface Mining Control and Reclamation Act of 1977 when it overwhelmingly passed S. 1403, the Surface Mining Amendments of 1979.

One of the primary purposes of S. 1403 was to reiterate Congress conviction that the primary governmental responsibility for developing regulations for surface mining and reclamation operations subject to the Surface Mining Act should rest with the States.

Congress had concluded in 1977 that, due to basic geographic differences in the physical properties of land and in local environmental concerns, there could not be one Federal program which could be reasonably or prudently imposed upon the diverse coal producing States. Congress clear intention on this matter was codified within section 101(f) of Public Law 95-87, the Surface Mining Act.

However, experience under Public Law 95-87 has overwhelmingly shown that what Congress unquestionably intended by written law was not being implemented in actual practice.

Extensive oversight hearings held by Congress have indicated that the States are being forced to comply, not only with very strict requirements called for by the Surface Mining Act, but also with much more burdensome regulations written by the Office of Surface Mining. These Executive regulations, contrary to the intent of Congress, did not take into consideration the individual States widely differing characteristics.

This basic inconsistency with the law, coupled with an unfortunate delay in the implementation of the act, created uncertainty among the States in formulating their individual reclamation plans—and was, indeed, one of the major reasons for a delay in this Nation's coal production program.

Accordingly—in an effort to clear up this problem and unfetter the Nation's ability to produce enough coal for meeting current and future energy needs under proposed energy programs—the Senate considered and passed S. 1403.

The vote on S. 1403 was 69 to 26. It was bipartisan and nonideological. The Senate's message to the House was clear: This legislation was vital and necessary to the Nation's energy program, and prompt action was required.

In the House, S. 1403 was referred to the House Interior Committee, chaired by Congressman MORRIS UDALL, of Arizona.

Chairman UDALL, upon receipt of S. 1403, indicated that he would not allow his committee to consider it.

In response to Mr. UDALL's stated intentions, 25 members of the Interior Committee, spanning both sides of the aisle, wrote him a letter requesting committee action on the amendment.

The committee members letter, dated September 30, stated:

> S. 1403 is of great concern to all of us as it very much affects the welfare of our districts and the energy independence of our country. In recent weeks considerable interest has been shown regarding much needed amendments to the Surface Mining and Reclamation Act. As you recall, the Senate and House held oversight hearings and at both hearings most of the testimony pointed to the problems with the current mining regulations and the great need for legislation to correct them.

Congressman UDALL, in written correspondence, indicated that he could not support any attempt to take action on S. 1403.

Thereupon, a majority of the House Interior Committee, acting under committee rules which had been previously approved by Chairman UDALL, attempted to discharge its Subcommittee on Energy and Environment from further consideration of this legislation, and thus bring the bill before the full committee for prompt action.

The chairman, however, vitiated the committee procedures, to which he had earlier agreed and which would have allowed for the committee to discharge this bill. By his actions, the chairman made it abundantly clear that his personal preferences would prevail over the will of the majority of his committee, as well as the overwhelming will of the U.S. Senate. As a result, S. 1403, still is bottled up in committee in the House.

But, Mr. President, the circumstances which existed on September 11, and which called for the passage of S. 1403, still exist today. This measure is of such importance to the Nation and to the mining community that I feel it is only appropriate for Congress to take unusual steps, if necessary, to secure enactment of this bill.

Consequently, I am introducing as an amendment to S. 932 the provisions passed by the Senate as S. 1403.

The provisions of my amendment, which would be contained in a new subtitle entitled "Surface Mining Operations," have already been debated extensively and agreed to by the Senate. The purposes of my amendment are fourfold:

First. To extend the deadlines for submission and approval of State programs by 12 months;

Second. To delay implementation of a Federal lands regulatory program from October 23, 1979 until State programs are implemented in mid-1980 or early 1981;

Third. To eliminate the requirement that State regulations be identical to those of OSM—thus allowing the States to tailor their regulations to take into account the special needs and unique features of each State, so long as those regulations conform to the strict standards of the act;

Fourth. Until a State plan has been approved or disapproved, to reserve to the State regulatory agency the responsibility for controlling reclamation problems.

These purposes were embodied in S. 1403.

It is not the purpose nor the intention of this Senator—nor has it been the intention of the Senate—to overturn the existing Federal law controlling surface mining. On the contrary, as was stated on September 11, my present amendment, which was then being considered as S. 1402, reinforces the requirement that States must comply with the very stringent standards and procedures of the Surface Mining Control and Reclamation Act of 1977.

While my amendment would give the States the lead in implementing and enforcing the Surface Mining Control Act, the Federal Government would continue to exercise its secondary oversight responsibilities as set forth under the act.

Arguments have been mounted against S. 1403, that the bill would somehow subvert the intent of Congress to protect this Nation's environment when dealing with surface mining lands.

Mr. President, this is simply not the case. This Senator, and the Senate, are very concerned that the environmental requirements set forth in the law are observed and honored to the letter.

My amendment and S. 1403 merely reassert the clear intent of Public Law 95-87—that each State must be allowed to take into consideration its own individual characteristics in formulating its own individual plan. However, this State plan must comply with those environmental requirements hammered out in the Surface Mining Act of 1977.

Mr. President, I reject the implication that State officials, either in the formulation of the State plan or in its implementation, would not abide by the strict Federal environmental law requirements set forth in the act.

I firmly believe that State reclamation officials are as concerned about our environment as are Federal reclamation officials.

Moreover, State officials must live in the very environment which they are regulating. As a result, they may be expected to be, if anything, even more concerned that Federal environmental standards are met than would the more remote Federal bureaucrats in Washington, D.C., who are less directly affected by the regulations that they write.

In addition, of course, the Federal Government, in exercising its oversight authority under the act, has the clear responsibility to assure that Federal environmental standards are adhered to by the States.

Mr. President, today we are considering a synthetic fuel bill which will call for the use of coal or coal byproducts as the primary source of feed stock. Any amendment which will help to facilitate the increased production of coal in compliance with the environmental laws of this country is surely in the best interest of this program and the Nation.

In the hearings and meetings that I have attended and held in the Senate and in my own State of Virginia, respectively, I have heard many stories of overregulation by Federal reclamation officials—actions which have increased the cost of coal, decreased the production of coal, and forced the layoff of thousands of coalfield workers.

My State of Virginia currently has some 2,000 miners out of work in its coalfields—roughly 10 percent of Virginia's coalfield work force. The distinguished majority leader's home State of West Virginia has some 9,000 workers currently unemployed in its coalfields. Other coal-producing States are similarly affected.

I find it incredible, Mr. President, that at this very moment—as this body is debating synfuels legislation, as our President is calling for increased coal production, as we are facing massive unemployment in the coalfields—at this very moment, our Nation is importing foreign coal and foreign coke/coal to be utilized by our domestic utilities and industries because it is so inexpensive.

However, one of the major reasons that our Nation's domestically-produced coal is more expensive than the foreign product is because of the multiplicity of our own governmental regulations. My amendment—which, I repeat, would not harm the environment, and would merely allow the States to implement their own plans according to their own individual circumstances—would help to do away with unnecessary regulation. Thus, it would help to lower the price of our domestic coal, making it more competitive in today's markets, and in turn increase employment in our Nation's coalfields.

I ask unanimous consent that there be inserted in the RECORD, at the conclusion of these remarks, an article which appeared in the Bluefield, W. Va. Daily Telegraph dated October 26, 1979. It points out that complying with Federal regulations will cost one major coal company $1.7 billion over the next 11 years.

The PRESIDING OFFICER. Without objection it is so ordered.

(See exhibit 1.)

Mr. WARNER. This is an enormous price to pay—particularly when, as it appears, it is not really necessary to expend such sums in order to comply with the basic intent of Federal environmental laws.

Mr. President, I would note that, on October 3, 1979, subsequent to Senate passage of S. 1403, the Southern Governors Association unanimously passed a resolution on "National Coal Policy," endorsing the proposals embodied in S. 1403. I ask unanimous consent that the text of this resolution be printed at the end of my remarks.

The PRESIDING OFFICER. Without objection it is so ordered.

(See exhibit 2.)

Mr. President, I believe that I have shown that my amendment will not harm the environment, will offer the States the flexibility to produce coal according to their individual conditions in keeping with the intent of Congress, will help provide the increased feed stocks necessary for a synfuels program such as we are considering today, will reduce coalfield unemployment, and will promote a stronger, healthier coal industry in the United States.

For these reasons, I invite my colleagues to join with me in reiterating the Senate's continued and overwhelming support for this needed legislation.

Now, Mr. President, as an act of courtesy, I yield to the distinguished Senator from Ohio (Mr. METZENBAUM), who has asked that I yield to him before I proceed further.

EXHIBIT 1

GUESS WHO WILL PAY?

Consolidation Coal Co. has spent a lot of time and money on a study designed to demonstrate that the federal Office of Surface Mining has developed a nightmarishly complicated regulatory program which is going to cost all of us dearly. The study clearly demonstrates exactly that.

The Consol study involved thousands of man-hours of analysis of just 21 of the hundreds of regulations developed by OSM. The conclusion backed by a raft of statistics, is that these 21 regulations over the next 11 years (1980 through 1990) will add an astonishing $2.7 billion to the cost of coal produced by Consol under the regulations. That additional money will be paid not by Consol in the long run, of course, but by the consumers of the coal Consol produces, assuming they can afford to buy coal at the price it will be necessary to charge for it.

The study also demonstrated, to the satisfaction of the scientists and technicians, at least, that every objective of the federal surface mining law could be achieved at a cost to Consol of just $1 billion over the same period, by using standard "good engineering practices." The difference between the two figures, $1.7 billion, is created by the manner in which OSM propounded rigid, inflexible regulations to carry out the law. Consol maintains that the study proves that this $1.7 billion expenditure is "unnecessary, unjustified and inflationary."

The figures Consol cites, applying only to its own operations, are horrifying enough. We are then led to consider, since Consol produces only 8 percent of the nation's coal output, what the OCM regulatory burden will add to the U.S. coal industry as a whole.

The Consol study takes that into account. It says the industry-wide cost of complying with the same 21 OSM regulations over the next 11 years will be $34.8 billion, of which at least $22.1 billion is totally unnecessary to comply with the requirements of Congress, but will have to be spent to satisfy the demands of the OSM regulation-makers.

All of us should understand that this really is more important to the rest of us than it is to Consol, which, as the energy crunch steadily worsens in coming years, will be able to sell its coal at any price. Those of us who consume coal-produced energy, meaning practically all of us, are going to be the ones who will have to fork over the unnecessary $22 billion, and probably a good bit more, to satisfy the OSM regulators. It is going to be an unavoidable part of the cost of mining coal.

What is even more galling is that we also are going to have to continue to pay the additional millions and billions necessary to keep thousands of federal regulators in business, busily enforcing old regulations and inventing new ones which will cost us still more. This is just one of the vicious circles created by the increasing federal presence in every area of the nation's life.

Consol is asking both Congress and President Carter to consider its study and correct the problem before too many more billions of coal dollars are wasted. We doubt that the company is very optimistic about the outcome of its plea, but it is to be commended for making the effort, at least.

EXHIBIT 2

NATIONAL COAL POLICY

Whereas, the nation's coal industry today suffers from massive unemployment and underutilized production capabilities of well over one hundred million tons; and

Whereas, since the 1973 oil embargo coal consumption has increased at a rate of only two percent per year while oil imports have increased almost eight percent per year; and

Whereas, electric utilities and large industrial users of oil and natural gas have not been able to convert to coal because of unduly restrictive federal regulatory policies; and

Whereas, the cost of producing coal is unnecessarily increased by wholly unnecessary and inflexible surface mining regulations; and

Whereas, the states, in order to permit conversions to coal in the public interest and in order to reduce the cost of production of coal, believe that the present inflexibility in administering both the Federal Surface Mining Act and the Federal Clean Air Act must be altered in order to permit the states the flexibility to achieve these mandated statutory goals by more flexible state regulation; and

Whereas, the goals can be achieved without environmental degradation because the Clean Air Act Amendments will maintain federally mandated health standards and the Surface Mining Act Amendments will require that the Federal Surface Mining Act be fully implemented in accordance with the statute.

Now, therefore, be it resolved that the Southern Governors in convention assembled support and endorse bills designed to amend the Clean Air Act to permit greater flexibility in enforcing the state implementation plans; and also endorse and support the legislation which will permit the states greater flexibility in implementing the Federal Surface Mining Act; we also urge the President and his Administration to support the enactment of such bills.

Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, Missouri, North Carolina, Oklahoma, Puerto Rico, South Carolina, Tennessee, Texas, Virgin Islands, West Virginia.

Mr. METZENBAUM. Mr. President, I know that the Senator from Virginia has prepared to offer and has offered this amendment having to do with vitiating the impact of the strip mining laws that were passed by the last Congress, in the previous session. I know that the Senator from Virginia feels very strongly with respect to the merits of making that change, along the lines of an amendment heretofore considered by the Senate and passed by the Senate.

I have indicated to the Senator from Virginia that I believe this is not the right place to add this amendment, that I think it is the wrong bill to add it to, that I think that the issue of strip mining is a subject that Senators did not fully appreciate and consider when they first acted on this legislation, and I further indicated to my good friend from Virginia that I am prepared to spend an extended period of time discussing and explaining the negative aspects of this proposed amendment. As a matter of fact, I have on my desk here a considerable amount of material that I had hoped to make available to Members of the Senate, in order to edify them concerning the issues.

I now yield to my friend from Virginia.

Mr. WARNER. I thank the distinguished Senator from Ohio.

Mr. President, I take issue with the statement that this is not the right place for this particular piece of legislation. It is legislation that has previously been before the Senate and fully debated, and the Senate has, I might say, almost overwhelmingly, by a 69 to 26 vote, adopted it not more than a few weeks ago. The Senate has fully considered it, and has expressed its will; but our distinguished colleague from Ohio has made it clear that he is prepared tonight to initiate a filibuster.

Therefore, after consultation with my colleagues and the managers of the legislation on the floor, I have decided, together with my cosponsor, the Senator from West Virginia (Mr. Robert C. Byrd), to withdraw this amendment.

However, in so doing, I wish to advise the Senator from Ohio that I accept his challenge. At a future date, filibuster or no filibuster, to pursue this matter and to let the Senate exercise its will. This is a matter which, in our judgment, unfairly handicaps many miners across the country, particularly the Eastern part of the United States, who will be or are losing their jobs at the very time that the United States needs the coal which their hands are ready and willing to produce.

I assure my colleagues that my cosponsor, Senator Robert C. Byrd, and I will soon select another piece of legislation to which we will attach S. 1403, which is the legislation passed by this body not long ago, and that we will welcome the opportunity to meet the Senator from Ohio (Mr. Metzenbaum) head-on and let the Senate exercise its will.

Mr. METZENBAUM. Mr. President, I am very pleased to learn that the distinguished Senator from Virginia is going to take down his amendment. I understand his desire to bring it up at a later date.

I do want to say that, heaven forbid, I would never think of participating in a filibuster; but I did think that the Senate was entitled to learn all about the lack of merit of this proposed amendment, and thought it might take me more than a little while to explain it. But I certainly would not think of using a filibuster to resist the efforts of my friend from Virginia.

However, since he is taking it down, we will not quibble about the terminology.

Mr. WARNER. Well, Mr. President, in colloquy in the cloakroom it was made clear to me that it would require the Senator from Ohio and his distinguished colleagues the better part of tonight, well into tomorrow, and perhaps through Saturday in which to acquaint me with the merits of his position. In the light of that and the importance of this legislation, and in deference to my colleagues who have worked so hard to get this legislation to its present point, which I hope will result in its adoption later tonight, and my willingness to take this matter up at a very early opportunity henceforth, the merits being balanced, I feel that I should go ahead and withdraw this amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

The question is on agreeing to the amendment (UP No. 759) of the Senator from Kansas.

The Senator from Kansas is recognized.

UP AMENDMENT NO. 759

Mr. DOLE. Mr. President, I yield to the distinguished Senator from Maine, the chairman of the Budget Committee.

Mr. MUSKIE. Mr. President, I think that the problem which I feared might exist with respect to the Dole amendment is not a problem from the budget point of view.

I would simply like to say this for the record, so that the Senate may understand why I was interested in making the record on what I thought might be a budget problem. Both the Senate and House Budget Committees, after carefully looking into the SPRO program in our separate markups, concluded that the likelihood of making substantial progress on meeting the objectives of that program were pretty dim in fiscal year 1980.

So, without making any policy judgment, simply anticipating how much might be spent, given the progress or lack of progress in the program up to date, both committees reduced the amount allocated to this program below what had been the traditional levels.

As a matter of fact, both Houses called for a $1 billion rescission of the available $2.6 billion. And even assuming the $1 billion rescission, a rapid calculation of the cost of implementing the Dole amendment suggests that it would come within the $1.6 billion that is available. That being the case, it is not my prerogative, as Budget Committee chairman, to challenge the Senate's decision on the policy question that is involved. I simply wanted to be sure that we stayed within the budget constraints.

It seems to me that even if the administration has to turn to the spot market, there is enough flexibility in the Dole amendment to permit the administration to live within the amount allocated by the budget resolution.

I thank the distinguished Senator from Kansas for his patience in permitting me to get to the facts. I hope the facts are helpful to him and the other Members of the Senate.

Mr. DOLE. I thank the distinguished Senator from Maine. I would say that it is helpful to the Senate, and we do have an obligation in the Senate, certainly the Budget Committee has an obligation, to take a look at everything that is offered on this floor. So I think it improves the record. It indicates that there are no budget problems. And I think the Senator from New Jersey shares that view. We thank our colleague for raising the question.

Now, we can vote.

The PRESIDING OFFICER (Mr. Metzenbaum). The question is on agreeing to the amendment of the Senator from Kansas.

The amendment (UP No. 759) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. McCLURE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question now recurs on the amendment of the Senator from West Virginia.

Mr. JAVITS. Mr. President, I ask unanimous consent, if it is agreeable to the managers, that that amendment be temporarily laid aside so I may call up an amendment.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

UP AMENDMENT NO. 768

(Purpose: To revise provisions relating to energy conservation improvements)

Mr. JAVITS. Mr. President, I send an amendment to the desk and ask for its immediate consideration, an amendment on behalf of myself and Senators Moynihan, Williams, Ribicoff, Durkin, and Melcher.

The PRESIDING OFFICER (Mr. Metzenbaum). The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from New York (Mr. Javits) for himself and Mr. Moynihan, Mr. Williams, Mr. Ribicoff, Mr. Durkin, and Mr. Melcher, proposes an unprinted amendment numbered 768.

Mr. JAVITS. Mr. President, I ask unanimous consent to dispense with further reading of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 220, between lines 2 and 3, insert the following:

(d) (1) The Bank may subsidize loans upon application by owners or lessees pursuant to cooperative agreements between such owners and one or more lessees to finance energy conservation measures in a residential building which agreements may include sharing of costs and benefits of such measures, between such owner and lessee.

(2) The Secretary may promulgate, for use by participating lending institutions, a model contract which provides for owners and lessees to enter into an agreement for the owner to share in the costs of conservation measures by either—

(1) reducing lessees' rent if the energy conserved is paid as an undesignated part of the rent; or

(2) reimbursing the lessees at a future time or when the lessees vacate the unit for the value of installed conservation measures.

Mr. JAVITS. Mr. President, this amendment goes with two other amendments, and I would like to ask unanimous consent—though I am not asking it at this minute, I will—that they be considered en bloc when I explain what I have in mind because it is a logical way to approach this and will save the Senate a lot of time.

Mr. President, I propose these three amendments only because they go to different subsections of the same part of the bill. These subsections relate to subsidized loans and grants. The purpose of my amendments which, as I say, are individual amendments because they go to different sections of the same title of the bill, is to bring into the conservation programs of the bill multifamily dwellings over and above the minimum number which is specified in the bill for the purpose of conservation assistance. That is my purpose.

I believe the managers of the bill have copies of my amendment. My office tells me that many copies have been made available, but I apologize if the managers have not actually received them.

Mr. FORD. Will the Senator yield? I do not seem to have a copy.

Mr. JAVITS. We will have more made. This will probably be debated for a little while.

I might say to the managers when ever they are ready to look them over, if they will let me have the amendments considered en bloc——

Mr. McCLURE. Will the Senator reserve that request until we have had a chance to look at them?

Mr. JAVITS. Of course.

Mr. President, the reason I raise this issue is because it is a big issue. The fact is that multifamily dwellings were included in the Banking Committee's bill. I voted with the Energy Committee on the synfuels matter. I knew what I was doing because, after all, we have to keep our eye on the main point. I believe that the Energy Committee's approach to the whole production proposition was much more advisable in the interests of the country. But the amendment process is intended to enable us to raise just such issues as I propose to raise. The issue has to be raised. Mr. President.

One-third of American families live in dwelling units which are multifamily; hence, it would be out of the question just to pass them by.

The figures show that there are some 67.5 million aggregate number of family units who occupy separate quarters. The total rental units out of that total of 67.5 million, is 23.5 million.

Under the provisions of the bill relating to 4-family units which are allowed into the scheme of the bill for subsidized loans, and 8-family units, which are allowed into the bill for grants, that amounts to 2,283,000 units of renter-occupied. So that is 10 percent of the total renter-occupied units. Hence, Mr. President——

Mr. FORD. Mr. President, could we have order?

The PRESIDING OFFICER. Will Senators please return to their seats or retire to the cloakroom for their conversations?

The Senator from New York.

Mr. JAVITS. So, Mr. President, this involves the exclusion of 21.25 million units from any benefit respecting conservation. That, Mr. President, is a pretty big slice. It is almost one-third of the total. The number of renters allowed to benefit by the bill is not very great. That is a pretty big slice of American families that are excluded. It certainly deserves consideration and a vote by the Senate.

As is generally true around here, you have to have an interest to take something on. We certainly have an interest in New York. That is, we have just about one-third of our families housed in these excluded units. But also, Mr. President, it is not an exclusive New York interest. Indeed, the District of Columbia has more renter-occupied units than the State of New York, and the average throughout the United States, Mr. President, is that 13 percent of all multifamily buildings have more than four units. Hence it becomes a very major and appreciable problem.

To give the situation in the bill first and also what the Banking Committee did, with both factors being necessary to understand the situation, I state the following: This bill provides that renter-occupied units, which would include condominia and co-ops of four or less, may have the benefit of subsidized loans for conservation purposes, and that renter-occupied units of eight or less may have the benefit of grants. The criteria are that for loans the family or rental units may not have an income of more than $40,000 per year, in round figures, and for grants such a family may not have an income of more than $16,000 a year.

The Banking Committee in its provision deals solely with the category of subsidized loans and did not deal with grants at all, but it admitted for subsidized loans all rental units.

Of course, that takes, as I said, 21¼ million new units, which is a big slice of this whole question.

Mr. President, it is very interesting to me that some of our States which are not big States have very heavy interest in a matter of this kind. For example, Colorado has 13 percent of its rental housing units with more than four units. Interestingly enough, aside from the great big States, Hawaii has about 19 percent of its units in this status. Maryland has 17.5 percent; Massachusetts has 15 percent. Nevada, a relatively sparsely settled State, has 14 percent. New Jersey, for example, has 17 percent. Those are States which are hardly identified with the kind of problem I have described.

Now, what does my amendment seek to do? It would, first, make tenants in the larger apartment buildings eligible for subsidized loans and Federal grants for apartment alterations for energy conservation. These, of course, are excluded by the bill, for subsidized loans, to families living in multifamily units over four and for grants to those living in multifamily units over eight.

So, point one, it would make these tenants in the multifamily buildings eligible. Two, it would remove the requirement that tenants must pay their own heating bills to qualify for, clearly, only tenants who can save money will spend money. As the grant is a matching grant, a tenant has to spend if he is going to get something out of it. As the subsidized loan first has to be made by a bank, which has to have assurance of getting its money back because the subsidization is only for interest over 6 percent, we can assume that the banks will only make loans that they consider sound. So these are self-operative protections.

The second thing, we do not have to require separate meters to be installed in buildings which, in many cities, including my own New York City, have as many as 100 apartments. It would, first, be impractical and, second, highly unlikely that any such thing would be done. But we can rely upon the fact that either the tenant will find it worth while or, by arrangements with his landlord, as are contained and carried in my amendment, a deal will be made which will be worthwhile for the purpose of installing conservation measures.

Finally, my amendments would make an apartment building owner eligible for subsidized loans of $2,000 per unit for energy conservation improvements up to a ceiling of $250,000 per building.

Mr. President, the real points that my amendment makes are: One, shall those who happen to live in large multifamily buildings be excluded from the benefits of the law? That seems to me to be discriminatory, unless there is some very good reason for it. But that is the situation which I think we face.

Second, Mr. President, are we engaged in a social exercise to benefit only a certain class of American, or are we engaged in trying to save oil and other forms of energy because we wish to encourage, by subsidy and subsidized loans, conservation and conservation practices?

The figures, Mr. President, are very large. We are losing a lot of energy by the failure to give adequate incentives to those who happen to live in apartments. We have available—Members are invited to look at it—a Department of Energy study made in May 1979 on conservation in multifamily dwellings. According to that study, the equivalent of 4.4 million barrels of oil per day—that is one-quarter, roughly, or close to one-quarter of the total consumption of the United States in oil—is used in these multifamily buildings. So this is not a conservation objective which we ought to kick away.

Much of that 4.4 million barrels per day is residual fuel oil, of which 80 percent is imported at a cost of $25 per barrel. The Department of Energy study indicates, Mr. President, that there can be a saving. The target saving could be 30 percent of that oil. So, Mr. President, we are talking about a saving, if it is fully used, of 1,200,000 barrels, the equivalent of 1,200,000 barrels of oil per day if we do something intelligent about this situation.

Finally, Mr. President, I understand from my staff, which has done a very careful and effective job in this matter, that a question arose in the debate in the Energy Committee, which considered this matter, as to what could be done to conserve energy in this type of building. Fortunately, we have received, as part of this Department of Energy study, which is very recent—May 1979—a list which was an exhibit in that study of what can be done.

Mr. JAVITS. Mr. President, I should

like to give the headings to indicate its relevance: "Space Heating Energy Conservation Measures," which include boiler and furnace efficiency improvements, improvements through controls, thermostats, valves, and so forth; insulation; the reduction of the admission of outside air; and building envelope thermal performance improvements, which includes caulking and weather stripping, attic-roof insulation, storm windows, and an increase in winter solar gain.

The next heading is "Domestic Water Heating Conservation Measures." That includes various types of insulation as well as reduction of the temperature of domestic water heating, faucet flow reducers, and so forth.

The next heading is "Lighting Energy Conservation Measures." That includes reduction of lamp wattage, installation of timers on exterior lighting, converting incandescent to fluorescent lighting.

Mr. President, talking about the installation of timers on exterior lighting, who has not been appalled by the glowing buildings at night as one flies over any big city? We are talking about saving energy and cutting out imports and they are ablaze with light, most often because the cleaning ladies may not turn off the lights or because the landlord thinks it is great, or for whatever reason. But there it is. So, Mr. President, a lot can be done which is not being done today.

The next heading is "Space Cooling Energy Conservation Measures." The last is "Behavioral Measures;" for example, conversion to individual metering for electricity and the possibility, where it is possible—I dealt with that a minute ago—of decentralizing heating, cooling, and domestic water heating systems, as well as an energy cost indicator to give a reading on exactly what is used in terms of energy.

Mr. President, there is plenty of room for action in this matter, plenty of room for inducements and incentives, just as for individual owners, they can do a lot, which we are just letting go by the board.

Mr. President, now I come to my final point. I do not think this issue can be passed over. I talked with the managers of the bill, publicly as well as privately. I do not know what can feasibly be worked out. But I do not see how we can pass an energy conservation bill and simply strike out one-third of the housing units of the United States which are using such a large volume of oil equivalent, and just forget about it.

Mr. President, I just do not see how we can do that.

I would be very sympathetic to whatever the managers feel they could do about working out a system which will give this enormous constituency some kind of recognition. But to just leave it out completely is not the way we ought to operate. I do not think that is the way our country would feel.

There are too many people and too many units involved.

So if my particular approach has some difficulties or bugs the managers do not like, I do not think that is any reason for defeating it.

I think this is something we have to do. We have to find some way of accommodating this constituency which is absolutely blocked out, omitted, from this whole bill.

I do not believe that is just, or right, or the way in which it is our legislative purpose to legislate.

For all those reasons, Mr. President, I hope the Senate will look with favor on this amendment.

Now, Mr. President, may I inquire of the managers whether I may submit the rest of my amendments which I have explained and ask it all be considered en bloc so we may have one vote?

Mr. JOHNSTON. Mr. President, I would be willing to have it submitted en bloc.

I would have to oppose the amendment, but I will certainly not oppose having it submitted en bloc.

Mr. McCLURE. Mr. President, let me suggest, the same way, that I have no objection to it being submitted en bloc.

UP AMENDMENT NO. 769

(Purpose: To remove the limitation on the number of units contained in a residential building for the purposes of loans and grants)

Mr. JAVITS. Mr. President, I send it to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from New York (Mr. JAVITS) proposes an unprinted amendment numbered 769, en bloc.

Mr. JAVITS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 217, line 7, insert "other" after "any".

On page 217, lines 8 and 9, strike "which contains two, three, or four units".

On page 217, line 8, insert "(not to exceed $250,000 per building loan)" after "building".

On page 217, strike lines 14 through 20.

On page 217, line 21, strike "(7)" and substitute "(5)".

On page 218, line 4, strike ";" and substitute ", unless the loan is made to an owner of a residential building of 5 or more units for improvements in such buildings".

On page 218, line 5, strike "(8)" and substitute "(6)".

On page 218, strike lines 9 through 20.

On page 218, line 21, strike "(10)" and substitute "(7)".

On page 219, line 3, strike "(11)" and substitute "(8)".

On page 219, line 5, strike "(12)" and substitute "(9)".

On page 219, line 9, strike "(13)" and substitute "(10)".

On page 231, line 17, insert "and" after the semicolon.

On page 231, lines 19 and 20, strike "two, three, or four units" and substitute "more than one unit".

On page 231, line 22, strike "expenditures; and" and substitute "expenditures.".

On page 231, strike lines 23 through 25.

On page 232, insert a colon at the end of line 1, and strike lines 2 through 9.

On page 232, lines 17 and 18, strike "not more than eight units and".

On page 232, strike lines 22 through 24.

On page 233, lines 14 and 15, strike "containing not more than four dwelling units".

Mr. JAVITS. Mr. President, I ask unanimous consent the three amendments may be considered en bloc.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. JAVITS. I thank the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. JOHNSTON. Mr. President, the Committee on Energy and Natural Resources gave great time and attention in the markup, as well as in the hearing part of our deliberations, to the question of how to apply the amount of dollars we had with respect to energy conservation.

I am somewhat embarrassed to tell the Senator how many dollars we have in this bill for energy conservation. It is $6.295 billion for energy conservation.

So, Mr. President, please let no one accuse our committee of being stingy, of being niggardly, with the conservation dollar. We have been very generous and, for good reason, Mr. President. We think that there is good reason to believe that energy conservation can pay off in real terms to this country, and in saving energy on a cost-effective basis.

However, Mr. President, we had to determine how to maximize the payoff from energy conservation.

Our first consideration, Mr. President, was, what is the ability of the conservation, particularly the insulation market, to service the amount of dollars we were willing to put into the conservation effort?

We found, Mr. President, that at present the insulation market is operating at an average of 85 percent capacity. At certain times of the year, because insulation is so much a seasonal program, it is operating above 95 percent.

So that almost every dollar we add on of the $6.295 billion will have to come out of incremental capacity not now existing, which must be added to the insulation base.

Now, that is not bad. We want the insulation business in this country to expand. But it highlights the fact, Mr. President, that there is not enough to go around right now.

So that to the extent that we apply money to the vendors, as described in the Javits amendment, we take it away from that which we have already provided for.

Now, what did the Senate Energy Committee do, Mr. President? It provided loans and grants to individuals who own their own homes, with an income limit of $40,000 apiece, to businesses with $1 million in annual gross sales, loans of up to $2,500 for detached buildings, of $2,000 for two- to four-unit buildings, and $50,000 for commercial buildings.

Mr. President, these are generous loans for individual buildings as well as for commercial buildings.

With respect to the grants, Mr. President, we provided that they could be made to individuals who made not more than the national median income because, after all, Mr. President, we are going to be taking money from poor taxpayers in this country—indeed, all taxpayers, including poor taxpayers—and redistributing that income to others.

To the extent we redistribute that income, albeit for the worthy purpose of conservation, we did not want that money to go to those who are already better off than average.

So we put a limit on that of not more than the national median average income.

We also provided that where a renter is a grantee of a grant, that he must pay the fuel bill, because we wanted the grant to go to the person who is responsible for the bill; that is, the renter.

We were also generous with those over 65 by giving them 150 percent of the grants provided for others.

Having dealt generously with those classes of people, and having provided for renters of four units or less, we then considered, Mr. President, whether the owner of a high-rise apartment should be able to get a grant on that high-rise building.

We specifically, and I think, if I recall, unanimously, or close to unanimously, rejected making the owners of high-rise apartments eligible for these grants. The reasons were several.

First, a high-rise building is not nearly as good a candidate for energy conservation as are detached buildings. With detached buildings, one can insulate walls and ceilings, apply insulation around the doors, and that kind of thing, whereas with a high-rise building, the individual renter only has access to the outside from his outside wall. It hardly does any good to insulate between the other walls. There is very little opportunity to insulate a high-rise building.

Second, Mr. President, we were concerned that the opportunity for what would amount to, if not fraud, then perhaps skirting on the edge of the intent of this bill, by making grants to owners of high-rise apartments for such things as thermal curtains, which involve very little more than paying for a redecoration of the apartment-owner's premises. A redecoration under the guise of energy conservation, with taxpayers' dollars, is something we do not want to do.

Third, we were concerned with the problem of rich apartment owners being eligible for grants made up from taxes collected from across-the-income spectrum, including the poor people, as I mentioned earlier.

In the Javits amendment, as I understand it, there is no income limitation for the owner of an apartment, is that correct?

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. JOHNSTON. I yield.

Mr. JAVITS. On grants, there are. There is the median income level which is in the bill. In other words, you cannot get a grant unless your income is below the median level.

Mr. JOHNSTON. Is there a grant availability for the owner of the apartment?

Mr. JAVITS. If he has a median-level income of less than $16,000, he is hardly a rich landlord.

Mr. JOHNSTON. Does he need the renters consent to get the grant?

Mr. JAVITS. They have to make a contract with him as to what it is going to be used for, and so forth. Remember, they have to match a grant 50–50.

You can do that with a single-family dwelling. You can make a deal with somebody to repair a lot of houses.

Mr. JOHNSTON. But there is no income limit with respect to loans.

Mr. JAVITS. There is no income limit with respect to loans, on the subsidization of the loans.

I want to explain. We thought the limit was so high, anyhow—$40,000—that it is the old story: It just is not worth winnowing beyond that, so we eliminated it.

Mr. JOHNSTON. Mr. President, I know what the distinguished Senator from New York wants to do, and we certainly are more than sympathetic. We are enthusiastic about energy conservation in our committee; but we simply do not think that a subsidized loan to a very wealthy apartment owner is a proper expenditure of funds, particularly when we are clawing and scrambling to try to find every dollar we can to apply in the place where it will do the most good.

For those three reasons, Mr. President, these dollars will not do the most good in apartment buildings: Because there are not many opportunities for making savings, because there is limited availability of insulation materials, because this violates a principle of not giving money to those who are wealthy. For the reasons I have stated, we would have to oppose this amendment.

I also point out that if we went this route and approved the Javits amendment, it simply would make less available to individual homeowners who are below the median income and to apartment renters in four units or less who are below the income level, namely those who are helped under our bill.

It would be taking money away from them, taking available insulation away from them, and giving it to those who are less worthy in terms of ability to save energy and who are considerably higher up on the income scale.

Does the Senator want a record vote on this matter?

Mr. JAVITS. Yes.

Mr. JOHNSTON. Mr. President, if the Senator is ready for the vote, and I hope he is—is the Senator ready for the vote?

Mr. JAVITS. I have to answer a good many things the Senator from Louisiana has said. It is late, and I do not want to keep Members here all night. So far as I am concerned, I can finish within 15 minutes.

Should the leader wish to limit our time now, I am perfectly willing to do anything reasonable on that.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that a vote in relation to the amendment occur no later than 8 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. I will take 10 minutes, and the Senator from Louisiana can have 5, if he wishes.

Mr. President, with all the goodwill in the world, there are a good many fallacies in the argument made against this amendment. In the first place, there is the fallacy of bulk. You cannot argue that one-third of the American people are so rich that they do not need any help for conservation. No matter what else you might think, it is not so. It cannot be so.

In addition, how can you talk about not dealing with the wealthy, when this bill provides that you can get a subsidized loan if your income is under $40,000 a year. That is not a bad income in most places in the United States.

That is just confined, however, to individual property owners and to occupiers of multifamily units of less than four. Why not 8, 10, 12, 14, or 19, if it can save energy? I do not see it.

In addition, the argument absolutely fails to take account of the only authoritative study that has been made, that of the Department of Energy, which finds that 30 percent of the oil equivalent used in these very buildings we are talking about can be saved. That is not an argument on the Senate floor. That is an authoritative finding of a possible saving of 1.2 million barrels a day—the biggest single saving I have heard talked about here in this whole debate—found by the Department of Energy as possible in this situation.

Finally, Mr. President, we settled the matter of grants. A grant can only go, under my amendment, to an owner or a renter who has less than the median income. There is no other way. Remember, a grant must be matched; so that these people are not out of their right minds if they want to make a contract with their landlord to match and use the grant for conservation purposes. They should have the same right to do it as any other grantee who lives in a multifamily structure which has less than nine units. That is permitted under this bill, but it is not permitted if you live in a multifamily unit of more than eight units, and I think that is unfair.

The argument is made that the payer of the bill—to wit, the renter who pays the heat bill or the light bill—should be the only one benefited. Why? He pays just the same in his rent or in his maintenance for his condominium or for his co-op. Why should he be discriminated against simply because he pays money for heat and light in a different way, or he pays to the utility company in the case of light?

So, Mr. President, I do not believe that that is a proper argument against this bill.

The argument is made that we are taking money away from them. What that argument means, just turned around, is that we are giving money to others—only a certain section of the population belonging to the other section—just because one set of people happens to live in housing circumstances which are different. A multifamily building can be right next to a four-family building or an eight-family building, right next door, and not get help. But the eight-family and the four-family do get it. It can be on the same street, in the same location, with the same class of people, right next door. One gets it; the other does not.

Mr. President, let us remember this also: More and more, these buildings around the country which are multifamily structures are being converted to condominiums and to co-ops. The reason for their conversion is that they are not making money. Therefore, let alone conservation, they are not being maintained adequately. That is one of our big problems, for example, in the operation of buildings. Here is an opportunity for a cooperative tenant-landlord effort to maintain buildings.

Mr. President, we have just had on this floor the increase of the conservation bank by about $1 billion. The amendment by Senator TSONGAS increases the conservation bank by $950 million.

If there is to be a reason for that increase that is a mighty good reason: instead of distributing more to those who are already getting it, to let in those who are not considered by this bill at all.

This involves a very large number of people. I wish to again, because I think it is so critically important, refer to these figures of the number of people who are involved. Twenty-one-and-a-quarter million family units, out of a total of 67 million family units in the United States; one-third of the client population is excluded.

Finally, and very importantly, we talk about giving to those who have. I have already dealt with those arguments. But it seems to me that is the crowning blow of all. Listen to who is benefited under this bill: Producers of gasohol, renewable resource equipment, coal, oil shale, stripper oil, tertiary recovery oil, geothermal heat, and of course small refineries.

Mr. President, are those the poor of our country, the underprivileged, those who need help in this bill as if they were welfare cases? Of course that is not true, and there are millions of people among the 21 million whom I have named who are far more deserving, if you are going to put it on that basis.

Mr. President, let us remember this is an energy conservation bill, not an effort to readjust the society or the incomes of the United States. We want conservation and in addition, as to this argument of insulation, in a multifamily dwelling the least amount of insulation is used because it is used essentially for the exterior facing.

I have put into the RECORD and read and I refer again to the many things which can be done in conservation if these people get some break as do the others who are covered by the bill under the terms of this bill.

Let me go over it again: Space heating energy conservation measures, boiler and furnance efficiency, controls improvements dealing with thermostats and valves, et cetera; insulation for piping and ductwork, which handles the distribution of heat and hot water in a building; building envelope thermal performance improvements, including calking and weatherstripping, attic/roof insulation, storm windows, and winter solar gain. The next heating is domestic water heating conservation measures, everything that has to do with domestic water heating, including the temperature, the timers on the recirculation pumps, faucet flow reducers, et cetera; lighting energy conservation measures, which include reduction of lamp wattage and what I emphasized when I made my argument in chief, the installation of timers on exterior lighting, which is a very, very important manifestation of how we waste energy today. Space cooling energy conservation measures of all kinds, including equipment and control improvements.

Finally, individual metering, and decentralizing the costs of payment for heating, cooling, and domestic water heating systems.

It seems to me that having heard the arguments in opposition we have not had a rational explanation for why one-third of the American people should be excluded from these conservation measures in which I thoroughly believe, especially when it can be done efficiently and when there is a relationship between the recipient and what he gets based upon his own performance as, for example, in grants where there has to be a 50–50 matching and in loans where a liability has to be undertaken a lender and the only thing that the Federal Government is subsidizing is the interest.

Mr. President, for all of those reasons I deeply believe that as a matter of elementary justice the Senate should approve this amendment.

Mr. President, I ask unanimous consent that excerpts from the DOE study I have cited appear in the RECORD following my remarks. I reserve the balance of my time.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

STRUCTURAL AND ENERGY CONTROL MEASURES POTENTIALLY APPLICABLE TO EXISTING APARTMENTS

Space Heating Energy Conservation Measures:

Boiler/furnace efficiency improvements.

Control improvements: high temperature limit thermostats, thermostatic radiator values, clock thermostats, energy monitoring and control systems.

Insulate distribution piping and ductwork.

Reduce excess outside air*.

Building envelope thermal performance improvements: caulking and weather stripping, attic/roof insulation, storm windows, increase winter solar gain.

Equipment conversion from electric to fossil fuel (may save primary energy).

Domestic Water Heating Conservation Measures:

Insulate DHW tank and distribution piping.

Reduce DHW temperature*.

Timer or DHW recirculation pump*

Faucet flow reducers.

Solar energy*.

Lighting Energy Conservation Measures:

Reduction of lamp wattage.

Installation of timers on exterior lighting.

Convert incandescent to fluorescent lighting.

Space Cooling Energy Conservation Measures:

Install shading devices to avoid solar gain in summer.

Use light color when repainting facades and replacing roofs.

Equipment efficiency improvements.

Controls improvements.

Behavioral Measures:

Convert to individual metering for electricity and decentralized heating, cooling, and DHW systems.

Energy cost indicator (feedback meter) for individually metered units.

Appropriate measures differ from building to building.

Not all of the measures shown in Exhibit E–1 will be applicable to any specific building, and not all applicable measures will be cost-effective to the apartment owner or tenant.

1. Applicability of Measures to a Specific Building Is Determined by:

Location—which determines climatic conditions and applicable building codes.

Type and condition of energy using systems including heating, hot water, cooling, lighting, and related control systems.

Construction and condition of the building envelope including thermal insulation, air leakage, and fenestration.

Conservation measures already existing which may reduce the need for, or performance of, other possible measures.

2. Cost-Effectiveness of Applicable Measures Is Determined By:

Cost of the measure including design, construction, and maintenance.

Savings from the measure which in turn is determined by the amount of energy saved and the price which would be paid for the energy if it is not saved.

Because there is substantial variation in the above factors from one building to another, cost-effective measures will differ significantly for different buildings. Exhibit E–2 shows measures were found by energy audits to be cost-effective (i.e., meet owners investment criterion) for apartment buildings in various U.S. locations. As illustrated in this exhibit, cost-effective measures differ significantly from building to building. Therefore, it is not possible to say definitively which measures are best for apartments. However, it is possible to make some generalizations with regard to the relative potential of different types of measures. The remaining sections of this appendix provide such assessments.

3. Heating System Measures Offer the Largest Conservation Potential.

In general, heating system modification measures offer the greatest potential for significant energy savings. Review of energy audits shows that substantial heating energy savings can often be achieved—sometimes exceeding 50 percent of original heating energy consumption—through a combination of heating system conservation measures. Many of these measures are cost-effective—often with paybacks less than three years. The types of measures which offer the most attractive potential are:

Boiler efficiency improvements.

Controls improvements.

Insulation of distribution piping.

Boiler efficiency improvements range anywhere from simple burner cleaning to complete replacement. Simple low cost operations and maintenance measures are particularly cost-effective and should be undertaken before any other measures.

A major waste of energy occurs in the over heating of buildings, particularly older ones with central systems, because of lack or improper functioning of temperature controls. This waste is aggravated by overheated tenants opening windows to get rid of the excess heat—in turn causing the heating system to supply still more heat. It is suspected—without any supporting data unfortunately—that this situation may represent the single greatest energy waste problem in the older buildings in the Northeast and elsewhere. To reduce overheating two types of measures are most effective:

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*Code compliance requirements applicable in some locations.

Improved temperature controls.

Insulation of exposed distribution piping.

One temperature control measure in particular appears quite promising—thermostatic radiator valves. These valves are retrofitted to existing radiators and prevent introduction of hot supply water or steam if the temperature in the space does not require heat, by simply bypassing the radiator.

4. Building Envelope Measures are Less Cost-Effective.

Energy audits of apartments indicate that building envelope conservation measures—such as insulation and storm windows—are often less cost-effective than other measures to save heating energy and often do not meet the payback criteria limits of apartment owners. Several factors contribute to this situation.

If overheating is a major cause of heating energy waste, envelope measures will not save any energy and may even increase the severity of the problem resulting in even greater energy waste as windows are opened to offset excess heat.

The exterior envelope surface of apartment buildings, particularly larger ones, is mostly wall surface, which is costly or impractical to retrofit with insulation. By contrast, a significant portion of the envelope of single family houses is attic space which is relatively inexpensive to insulate.

Apartment windows are not as standardized as those of single family houses. This causes storm windows for apartments to be more expensive. In addition, installation of storm windows for high-rise buildings is more difficult, thus more costly, than in single family houses.

It is important to point out that these general findings about envelope measures do not apply to all situations. For example, in poorly insulated low rise, gable roof apartment buildings, attic insulation may be very cost-effective.

Interestingly, the NAA survey of apartment owners described in Appendix D indicates that building envelope measures are among the most frequently installed measures by owners who have taken conservation actions. Since most of these owners probably had not had a professional energy audit, it appears that many owners may have installed insulation and storm windows as a result of marketing efforts on the part of vendors of these products, rather than on the basis of sound engineering economic analysis.

5. Water Heating Energy Conservation Potential is Limited.

Domestic hot water heating (DHW) accounts for the second largest portion of energy consumption in apartments. Unlike heating, domestic hot water energy use is not significantly affected by location and thus represents a conservation opportunity in all areas of the country. Several DHW measures are often found to be cost-effective, where they are applicable:

Flow reducers at faucets.

Reduction of DHW temperature—but not below limits (if any) set by code.

Installation of timer to reduce hot water recirculation during low usage hours, however, this may be prohibited by codes in some jurisdictions.

Insulation of DHW storage tanks and distribution piping, although for larger central systems tanks are almost always already insulated and piping is usually inaccessible.

Although the above measures are often cost-effective to apartment owners, they save a relatively small percentage of water heating energy—even in combination. This is true because there is an unavoidable energy need to raise water temperature from normal supply temperatures of around 55° F. to minimum acceptable residential DHW temperatures of at least 125° F. Therefore, the only means of obtaining substantial reduction in DHW energy consumption is through utilization of alternative energy sources, such as solar or waste heat recovery, to displace fossil fuels.

The opportunity for solar energy for water heating is most favorable in the Southern region for several reasons. Availability of sunlight is greatest and water heating is the largest component of apartment energy use in the South (37 percent). In the Southern region about 25 percent of water heating energy is presently provided by electricity and solar systems are most cost-effective as a substitute for electricity than for fossil fuels.

In most cases solar energy water heating systems do not meet the cost-effectiveness criteria of apartment owners at present system cost levels, even in the South. Federal solar tax credit incentives enacted as part of the National Energy Act help somewhat but are still not sufficient to make solar cost-effective to most apartment owners.

6. Lighting and Cooling Conservation Measures Offer Little Savings Potential.

Several lighting and cooling conservation measures are cost-effective where they are applicable. However, these two end-uses constitute such a small percentage of national energy consumption that the aggregate savings potential is small.

7. Metering Conversion Has Limited Applicability.

Conversion from master metering to individual metering is done to make tenants pay directly for energy used and thereby to encourage conservation behavior. While this is probably effective, the applicability of metering conversion is limited because metering conversion is not practical for the central fossil fuel heating and hot water systems which account for the bulk of energy consumption in apartments. This factor sometimes leads to an undesirable situation in which apartment owners desiring to individually meter tenants convert heating systems having central fossil fuel systems to decentralized electric systems. Such conversions may result in increased primary energy consumption in cases where fossil fuels are used by the utility company to generate power.

The issues related to metering conversion are complex. For further information, these are dealt with in much greater depth than is possible here in a concurrent study conducted by the DOE Office of Buildings and Community Systems.[1]

Mr. McCLURE. Just very briefly, Mr. President, because I tend to be sympathetic with the goals of the Senator from New York, I find it very difficult for me at this hour to say I oppose the amendments but I must because we wrestled with all of these balances at great length. Although I did not agree with all the balances that were struck in the committee measure, I have to say that I think that they dealt with a number of the problems that have been identified by the Senator from New York in a slightly different fashion. But, nevertheless, they were considered and after consideration the committee did vote on each of those items and in some instances I was on the side of the Senator from New York and would have tended to move in that direction. But it does not make sense to me to put an income limit on a man who owns a house, an individual home, or a small residence and then have no income limit on the great big multiple unit residence, and that is what the Senator's amendment would do.

That is just an example, I think, of the tendency in which the amendments fail to keep the kind of balance that we tried to strike in the committee. Therefore, I must reluctantly oppose the amendment.

Mr. JOHNSTON. Mr. President, I move to table the Javits amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Do Senators yield back the remainder of their time?

Mr. JAVITS. I yield back the remainder of my time.

Mr. JOHNSTON. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Louisiana to lay on the table the amendments en bloc of the Senator from New York.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Texas (Mr. BENTSEN), the Senator from Arkansas (Mr. BUMPERS), the Senator from Nevada (Mr. CANNON), the Senator from Arizona (Mr. DECONCINI), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Connecticut (Mr. RIBICOFF), and the Senator from Tennessee (Mr. SASSER) are necessarily absent.

I also announce that the Senator from Delaware (Mr. BIDEN) is absent because of illness.

I further announce that, if present and voting, the Senator from Texas (Mr. BENTSEN) would vote "yea."

I further announce that, if present and voting, the Senator from Connecticut (Mr. RIBICOFF) would vote "nay."

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Maine (Mr. COHEN), the Senator from Arizona (Mr. GOLDWATER), the Senator from Kansas (Mrs. KASSEBAUM), the Senator from South Dakota (Mr. PRESSLER), and the Senator from South Carolina (Mr. THURMOND), are necessarily absent.

I further announce that, if present and voting, the Senator from South Carolina (Mr. THURMOND) would vote "yea."

The PRESIDING OFFICER (Mr. SARBANES). Are there any Senators in the Chamber desiring to vote who have not yet voted?

The result was announced—yeas 45, nays 39, as follows:

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[1] *Alternative Metering Practices: Implications for Conservation in Multifamily Residences*, Report prepared for DOE by Booz, Allen & Hamilton under Contract EC–77–003–1693, March, 1979.

[Rollcall Vote No. 395 Leg.]

YEAS—45

Armstrong
Baucus
Bellmon
Boren
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Chiles
Church
Cochran
Durenberger
Eagleton
Exon
Ford
Garn
Gravel
Hart
Hatch
Heflin
Helms
Hollings
Humphrey
Jackson
Johnston
Leahy
Long
Lugar
McClure
Magnuson
Matsunaga
Metzenbaum
Morgan
Muskie
Nelson
Nunn
Proxmire
Pryor
Randolph
Stafford
Stennis
Stewart
Talmadge
Wallop
Young
Zorinsky

NAYS—39

Boschwitz
Bradley
Chafee
Cranston
Culver
Danforth
Dole
Domenici
Durkin
Glenn
Hatfield
Hayakawa
Heinz
Inouye
Javits
Jepsen
Laxalt
Levin
McGovern
Mathias
Melcher
Moynihan
Packwood
Pell
Percy
Riegle
Roth
Sarbanes
Schmitt
Schweiker
Simpson
Stevens
Stevenson
Stone
Tower
Tsongas
Warner
Weicker
Williams

NOT VOTING—16

Baker
Bayh
Bentsen
Biden
Bumpers
Cannon
Cohen
DeConcini
Goldwater
Huddleston
Kassebaum
Kennedy
Pressler
Ribicoff
Sasser
Thurmond

So the motion to lay on the table Mr. JAVITS' amendments was agreed to.

Mr. HEINZ. Mr. President, I send an amendment to the desk.

Mr. McCLURE. Mr. President, I ask unanimous consent that the amendment of the Senator from West Virginia be temporarily laid aside.

The PRESIDING OFFICER. The motion to table having been agreed to, under the precedents of the Senate, the question now is on——

Mr. HEINZ. Mr. President, I ask unanimous consent that the amendment of the Senator from West Virginia be temporarily laid aside, for the purpose of offering another amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSTON. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HEINZ. Mr. President, I renew my request.

The PRESIDING OFFICER. The question now is on agreeing to the unanimous-consent request of the Senator from Pennsylvania that the amendment of the Senator from West Virginia be temporarily set aside. Is there objection to the request of the Senator from Pennsylvania? The Chair hears none, and it is so ordered. The Chair recognizes the Senator from Pennsylvania.

UP AMENDMENT NO. 770

(Purpose: To stimulate the utilization of abandoned or underutilized industrial facilities for the generation of energy from any locally available renewable resource)

Mr. HEINZ. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from Pennsylvania (Mr. HEINZ) proposes an unprinted amendment numbered 770.

Mr. HEINZ. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 309, line 9, strike "and";

On page 309, line 12, strike "." and insert in lieu thereof, "; and";

On page 309, after line 12, insert the following new paragraph:

"(4) to stimulate the utilization of abandoned or underutilized industrial facilities for the generation of energy from any locally available renewable resource, such as municipal solid wastes, agricultural wastes, or forest products waste."

Mr. FORD. Mr. President, will the Senator yield for a point of information?

Mr. HEINZ. I am pleased to yield to the Senator from Kentucky.

Mr. FORD. Can we determine how many more amendments will be offered to this piece of legislation before the evening is over? Can the floor manager give me some kind of indication of how many more amendments there will be tonight?

Mr. HEINZ. Mr. President, may we have order so that we can hear the Senator from Kentucky?

The PRESIDING OFFICER. The Senator's point is well taken. The Senate will be in order. Senators will please take their seats. Staff members will clear the aisles.

Mr. FORD. Mr. President, I will repeat my question. Can the floor manager give us some idea of how many amendments there will be? I have one; it may take some little time. That is not my fault. But I am wondering how many other amendments there will be.

Mr. JOHNSTON. Mr. President, I think the Senator from New Hampshire has three. I hope he has eliminated all the amendments we cannot take.

Mr. DURKIN. Yes, I have three that there is no objection to.

Mr. JOHNSTON. I hope the Senator is correct. The Senator from Ohio (Mr. GLENN) has one.

Mr. GLENN. I have one, and probably one with the majority leader, if you are counting that one. We are working on it now.

Mr. JOHNSTON. Yes. The Senator from Michigan (Mr. LEVIN) I think has three, which we are working to try to make acceptable. We have not yet worked that out.

The Senator from Idaho has three. Are those the three that we have agreed upon?

Mr. McCLURE. And one the committee recommended.

Mr. JOHNSTON. I do not believe we are going to require a vote on the amendments of the Senator from Idaho.

Mr. McCLURE. I do not believe so.

Mr. JOHNSTON. I do not know of other amendments.

Mr. FORD. Mr. President, that is 10 or 11 amendments, plus the amendment that is before the Senate, which makes 12. So we have 12 amendments, then, that will be pending before we leave here tonight, on this bill

Mr. JOHNSTON. I hope that is all we have.

Mr. FORD. I suspect there may be more. There are some developing.

Mr. JOHNSTON. Please do not consider that as an invitation from the floor manager for more amendments.

Mr. FORD. Mr. President, I have one final question. I appreciate the patience of the Senator from Pennsylvania.

Is the manager first going to take the amendments that apparently will be acceptable?

Mr. JOHNSTON. I hope we could take the acceptable amendments first before we vote.

Mr. FORD. We have already lost 16 Members so far, and with 11 amendments still to go I expect there might not be quite 84 Members remaining.

Mr. HEINZ. Mr. President, we are an affluent people; we are, however, also a wasteful people. In years past our failure to reuse vital resources has caused little immediate harm but, we are now faced with the cumulative effects of our neglect. Our reserves of nonrenewable fossil fuels have dramatically dwindled and we are in an age when we must reconsider our management of all of our resources. I am today offering an amendment to S. 932 which will begin to redirect our attention to the understanding of America's full potential and ingenuity. This amendment will quite simply encourage the development and distribution of information which will aid local governments and private decisionmakers in their planning for and implementation of programs which will develop an alternative energy industry, using existing and renewable human, natural, industrial, and commercial resources.

Each year this Nation produces: 140 million tons of municipal solid waste; 277 million dry tons of agricultural waste; 124 million dry tons of forest waste; and, 26 million tons of fecal waste.

These products are not in fact waste but raw materials capable of producing heat, electricity, steam, gas, and oil.

Within all of our States there exist abandoned or underutilized industrial or commercial facilities which could again be turned to productive purposes. As was recently brought to my attention, in a study prepared by the Northeast Solar Energy Center, the similarities between the physical plants necessary to produce steel and those to produce such renewable energy sources as pelletized wood are remarkable.

Within a 50-mile radius of the towns and cities which make up our States there exists an unemployed labor force, who with little training can turn an area's municipal solid waste into the fuel which heats its homes.

To date, there have been various parties who have spoken against our utilization of waste materials as natural resources. Today's economy, however, requires a reevaluation of this policy.

What I am today suggesting in my amendment is the rudimentary beginnings of a Federal program which will aid local jurisdictions in evaluating their potential natural wealth and in planning for its utilization.

Basically, this program will provide for the development of a handbook which will give local decisionmakers a "recipe" for increasing their energy independence. It will show them how to evaluate abandoned facilities for their potential as energy factories; it will offer a procedure by which market potential may be estimated; it will suggest changes in local zoning and use regulations so that a community may both produce and use locally derived energy in a manner compatible with human health; it will suggest the private and public mechanisms which a town can use to finance its own energy development; and, finally, if successful, it will offer the Congress another vital option in its attempt to deal with the energy crisis.

This amendment does not support a massive construction program nor even a small pilot plant. It expands on the program in section 607 of the bill, which directs the Secretary to research, collate and publish information necessary for local action. It does not create new programs but augments existing ones. It will allow such agencies as the Northeast Solar Energy Center to play the role for which it was established. The identification and brokerage of private sector alternative energy generation opportunities—not pilot plants, demonstrations nor grants—but technically and economically feasible money-making propositions.

Mr. President, I urge adoption of this amendment.

I will summarize and only say that the purpose of this amendment is to provide for a utilization of an additional energy self-sufficiency initiative under section 607. It is essentially a permissive amendment in order to stimulate the utilization of abandoned or underutilized industrial facilities for the generation of energy through any locally available renewable resource, in other words, biomass.

I have discussed this with the managers of the bill and I understand it is acceptable to them.

Mr. JOHNSTON. Mr. President, this is, in fact, a permissive amendment, authorizing the establishment of a program for the purposes stated, and we accept the amendment.

Mr. McCLURE. Mr. President, we are pleased to accept the amendment and we are ready to vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 770) was agreed to.

Mr. HEINZ. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. McCLURE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. McCLURE. Mr. President, I ask unanimous consent that the amendment of the Senator from West Virginia be temporarily laid aside so that the Senator from Idaho may offer two amendments.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

UP AMENDMENT NO. 771

Mr. McCLURE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Idaho (Mr. McCLURE) proposes an unprinted amendment numbered 771:

Page 282, line 2, strike the period and insert in lieu thereof,

"or section 883–1 (a) through (e) of Title 46, United States Code."

Mr. McCLURE. Mr. President, this deals with the eligibility test in the geothermal section of the bill. We unfortunately had one amendment that needs to be added to the test that we had applied there. This amendment would supply the additional test on eligibility. I think it is agreeable on both sides.

Mr. JOHNSTON. Mr. President, this simply makes clear that Shell Oil meets the citizenship test with respect to a geothermal installation and is a good candidate. We accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 771) was agreed to.

Mr. McCLURE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. JOHNSTON. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 772

Mr. McCLURE. Mr. President, I send a second amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Idaho (Mr. McCLURE) proposes an unprinted amendment numbered 772.

Mr. McCLURE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Page 67, line 9, after the period insert the following: "Specifically, the project shall include the facility which converts the domestic resource to the liquid, gaseous or solid hydrocarbon which can be used as a substitute for supplies of petroleum or natural gas and any facilities and equipment to be used in the extraction of a mineral directly for such conversion, which are co-located with the conversion facility: *Provided, That* facilities and equipment used in extraction of a mineral for any other use shall not be included in the project: *And provided further,* That property or services obtained for the facility in a transaction with a person who has or will have a substantial ownership or profits interest in the facility shall be valued at the lower of cost to the project or fair market value disregarding any portion of such market value which is attributable to the prospect of receiving financial assistance under this title."

Page 81, line 12, after the period, insert the following: "The comprehensive strategy shall directly address and give emphasis to private sector responsibilities in the efforts necessary to achieve such goal, and additionally shall specifically address how any federal involvement recommended in the strategy will be expressly limited and ultimately terminated upon a date or event certain in the future."

Page 88, line 16, after the period insert the following:

"The Corporation shall not make such requirement unless the Board determines that such recipient has made a full, good faith effort to satisfy all the requirements for such regulatory action, that the regulatory action or lack of a final agency action without further pending judicial review, and that the regulatory action or lack of action is, in fact, an absolute bar to construction of the project (rather than merely an additional requirement for action by the recipient associated with such construction)."

Page 91, line 2, after the period insert the following:

"The Corporation shall not award more than a single form of financial assistance under this title unless the Board determines that multiple forms of financial assistance are required for the viability of the project, and further that the project is necessary to satisfy the goals and objectives of this title."

Page 91, line 2, insert a new subsection 131(p), which reads as follows:

"(p) The Corporation shall make awards of loan guarantee assistance pursuant to section 133 only upon a determination by the Board that price guarantees and purchase agreements will not adequately support the construction and operation of the synthetic fuels project or will restrict the available participants for that project. Additionally, the Corporation shall not award financial assistance in the form of loans pursuant to section 132 or joint ventures pursuant to section 136 unless the Board determines that price guarantees, purchase agreements and loan guarantees will not adequately support the construction and operation of the synthetic fuels project or will restrict the available participants for that project."

Page 91, line 2, insert a new subsection 131(q), which reads as follows:

"(q) The Corporation, in consultation with the Secretary of Treasury, shall insure to the maximum extent feasible that the timing interest rate and substantial terms and conditions of any financial assistance will have the minimum possible impact on the capital markets of the United States, taking into account other Federal activities which directly or indirectly impact on such capital markets. Additionally, the Corporation shall impose such terms and conditions on any financial assistance under this title (after analyzing the financing of the facility, the tax benefits which would be available to investors in the facility, and any regulatory actions associated with the facility) as may be necessary to assure that any investors having an ownership or profit interest in the facility bear a substantial risk of after tax loss in the event of any default or other cancellation of the project."

Page 91, line 2, insert a new subsection 131(r), which reads as follows:

"(r) The Corporation shall insure that financial assistance awarded under this title encourages and supplements, but does not compete with nor supplant any private capital investment which otherwise would be available at a viable cost for a proposed, specific synthetic fuel project. To that end, the Corporation shall establish internal procedures, standards and criteria for the timely review for compliance with such requirement of each new award of financial assistance for a specific proposed synthetic fuel project, and further the Board shall determine that any financial assistance by the Corporation for the project will not compete with or supplant such available private capital investment and that adequate financing for the project would not otherwise be available at a viable cost for the project without financial assistance under this title."

Page 91, line 11, strike the period and insert in lieu thereof ": *Provided That,* a loan under this section shall be limited to the lesser of the maximum of 49% of the project costs or not more than a minority financial position in the project, unless the Board determines that the borrower has satisfactorily demonstrated that such limits would prevent the financial viability of the proposed project and therefore additional loan assistance is necessary."

Page 94, line 2, strike the period and insert in lieu thereof, ":, *Provided further,* that loan guarantee assistance pursuant to this section shall be limited to concern or concerns which by virtue of their size and assets otherwise would be unable to finance such a project."

Page 96, line 20, after the period, insert the following:

"In awarding financial assistance under this section, the Corporation shall establish such specified sales price at the level which will provide the minimum subsidy determined by the Board to be necessary to provide an adequate incentive, in light of projected prices of competing fuels and the requirements for economic and finanical viability of the synthetic fuels project."

Page 91, line 2, insert a new subsection 131(s), which reads as follows:

"(s) Any price guarantee pursuant to section 134 or purchase agreements pursuant to section 135 shall include an express provision to the effect that the price or purchase agreement shall be the subject of review and possible renegotiation in not less than ten years from the date of initial production by the project, at which point the Corporation shall specifically determine the need for continued financial assistance pursuant to such agreement."

Page 101, line 4, insert the following new subsection (e) as follows:

"(e) The Corporation participation in any joint venture pursuant to this section shall be limited to financial participation only and shall not include any direct role in the management, construction or operation of the module. Additionally, the Corporation's participation in any joint venture shall, pursuant to partnership law applicable to such joint venture, be limited to limited partnership status, with only financial participation in the venture. Additionally, such limited partnership shall not exceed a minority equity position in such joint venture and under no circumstance shall provide for the Corporation to obtain a majority equity position in the project."

Page 91, line 2, insert a new subsection 131(t), which reads as follows:

"(t) Any specific tax credit directly associated with a synthetic fuels project shall be taken into consideration in determining the need for financial assistance awarded pursuant to this title.

Page 102, lines 14 and 15, strike "concern anticipates going into default or is in default" and insert in lieu thereof "the Board determines that the concern is in default or immediately will go into default".

Page 103, line 2, strike the period and insert in lieu thereof, ":, *provided* additionally that authorities in this subsection shall not be available for synthetic fuel projects which are the subject of price guarantees and purchase agreements."

Page 104, line 7, after the period, insert a new subsection 137(e) which reads as follows:

"(e) Any Congressional review and disapproval pursuant to subsections (b) and (c) shall utilize the procedures specified in the Energy Policy and Conservation Act, section 551."

Page 104, line 7, after the period, insert a new subsection 137(f) which reads as follows:

"(f) Any control of synthetic fuel projects obtained pursuant to subsections (b) or (c) must be disposed of within not more than five years after acquisition of such control."

Page 105, line 22, after the period, insert:

"The Corporation shall by public sale dispose of any security within one year after the Corporation obtains title to the security (except this shall not apply to securities held as collateral for financial assistance).

Page 121, line 22, after the comma, insert:

"or upon petition of the Comptroller General of the United States,"

Page 125, line 25, Section 171(b)—General Powers.

On line 25, strike the period and insert in lieu thereof "and, notwithstanding any other provision of law, the Corporation shall have no legal authority, power, or purpose pursuant to this title or any other law to engage in any other activities of a business, commercial, financial, or investment nature or perform any governmental function; and any violation of this subsection shall be subject to punishment pursuant to section 166, additional penalties pursuant to section 166 and equitable relief pursuant to section 167.

TECHNICAL AMENDMENT—FUNDING AUTHORIZATION

At page 146, strike lines 9 through 11 and insert in lieu thereof the following:

"the 'Energy Security Reserve' established in the Treasury of the United States by the Department of the Interior and Related Agencies Appropriation Act, 1980, which account, and the appropriations therefor, shall be available to the Secretary for the purpose of carrying out the purposes of this title. The appropriations and authorities provided for alternative fuels production in said Appropriations Act are hereby authorized without fiscal year limitation."

At page 146, line 16, strike "synthetic fuel account" and insert "Energy Security Reserve account."

At page 146, line 24, strike "synthetic fuel account" and insert "Energy Security Reserve account."

Mr. McCLURE. Mr. President, this amendment is a series of technical amendments to the language of the bill which were negotiated with the Senator from New Mexico, the Senator from Louisiana, and myself, starting before the vote yesterday and culminating just a few minutes ago. I think in each instance the entire language is acceptable to the managers of the bill on both sides. It deals only with title 1 of the bill.

Mr. JOHNSTON. Mr. President, I would first ask of the Senator from Idaho, and I think this is clear from his language, that this does not create a set of criteria for lawsuits against the corporation, but, rather, describes in greater detail and with more restriction the conditions under which the subsidization, whether by loans, price guarantees, et cetera, could be made.

Mr. McCLURE. The Senator is correct.

Mr. JOHNSTON. Mr. President, we have approved this language and we accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 772) was agreed to.

Mr. McCLURE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. JOHNSTON. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. DURKIN. Mr. President, I ask unanimous consent that the amendment of the Senator from West Virginia be temporarily laid aside so that I can proceed with an amendment.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

UP AMENDMENT NO. 773

Mr. DURKIN. Mr. President, I send four amendments to the desk and ask for their immediate consideration.

The PRESIDING OFFICER. Is the Senator requesting that the amendments be considered en bloc?

Mr. DURKIN. Yes.

The PRESIDING OFFICER. Is there objection to the request?

Mr. JOHNSTON. I have no objection to considering these en bloc, Mr. President, if I can get copies. I think these are the ones I am ready to accept.

Mr. DURKIN. The Senator has all of my copies now. I am down to the last one.

The PRESIDING OFFICER. Without objection, the four amendments sent to the desk by the Senator from New Hampshire will be considered en bloc, and the clerk will report the amendment.

The legislative clerk read as follows:

The Senator from New Hampshire (Mr. DURKIN) proposes an unprinted amendment numbered 773.

Mr. DURKIN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 337, line 4 add:

The Solar Bank may make payments reducing the principal obligations of loans to builders of residential and commercial buildings. No more than 20% of the funds available to the bank shall be made directly to builders during the first year of the bank's operation. In the case where the builder receives a payment, the total payment to the builder and any subsequent owners, on qualifying systems, shall not exceed 40 percent of the amount of such expenditures.

On page 337, line 19 add: (except in the case of loans or payments made to builders, where no such minimum term shall apply)

On page 340, after the word program, add the following sentence: This report shall also assess the relative effectiveness of subsidies made to builders and subsidies made to purchasers.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Defense Production Act Amendments are amended by adding at the end thereof the following new section:

"Small-Scale Hydropower Initiatives

"SEC. 1. That the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2708) is amended as follows:

"(a) In section 408 by deleting paragraph (1) and inserting in lieu thereof—

"(1) small hydroelectric power projects means any hydroelectric power project which has not more than 30,000 kilowatts of installed capacity;".

"SEC. 3. (a) The Secretary of Energy shall establish, within six months after the date of enactment of this part, such rules and regulations necessary to fully implement Title IV of the Public Utility Regulatory Policies Act of 1978 (92 Stat. 3117).

"(b) Not later than 3 months after the date of the enactment of this part, the Secretary of Energy shall complete a study of the existing federal programs and policies relating to the development and commercialization of small-scale hydropower which contains (1) a survey and description of such federal programs and policies, (2) an assessment of the efficacy of such federal programs and related policies, and (3) the need for consolidation, reorganization or change in such programs and policies in order to improve and insure their effectiveness.

"SEC. 4. (a) There is hereby authorized to be appropriated in each of the fiscal years 1981 and 1982 not to exceed $10,000,000 in addition to the amounts authorized by the Public Utility Regulatory Policies Act of 1978 for purposes of loans to be made pursuant to section 402, such funds to remain available until expended.

"(b) There is hereby authorized to be appropriated in each of the fiscal years 1981 and 1982 not to exceed $100,000,000 in addition to the amounts authorized by the Public Utility Regulatory Policies Act of 1978 for purposes of loans to be made pursuant to section 403, such funds to remain available until expended.".

Mr. DURKIN. Mr. President, the first amendment is a technical amendment to provide eligibility for passive solar with respect to the solar bank. It takes care of the special problems of builders using the subsidized loans of the solar bank. One of the problems has been that the builder has no incentive to incorporate passive solar design. This amendment clarifies the provision in the bill which provides for the builders.

Mr. JOHNSTON. Will the Senator yield for a question?

Mr. DURKIN. I yield.

Mr. JOHNSTON. Does the Senator have the 40 percent limitation?

Mr. DURKIN. Forty percent in the next to the last line.

Mr. JOHNSTON. Mr. President, my copy of that amendment has 50 percent.

Mr. DURKIN. Mr. President, the one I sent to the desk has 40 percent.

Mr. JOHNSTON. Mr. President, I have no objection to this amendment. I have some reservations about grants of this size to builders but I would not impose any objection at this time. We will try to make this acceptable in whole or in part in the conference committee.

Mr. McCLURE. Mr. President, we are prepared to accept the amendment.

Mr. DURKIN. Mr. President, I move adoption of the amendment.

The PRESIDING OFFICER. Earlier the unanimous-consent request of the Senator from New Hampshire was for all four amendments to be considered en bloc.

Mr. DURKIN. The Chair is correct.

Mr. President, the second amendment changes the definition of small scale hydro from 15,000 to 25,000 kilowatts. Similar legislation has been introduced in the past by Senator JACKSON and myself earlier in the year.

I do not believe there is any objection.

Mr. JOHNSTON. Mr. President, will the Senator yield?

Mr. DURKIN. I yield.

Mr. JOHNSTON. I ask, did the Senator take out section 2, authorizing FERC to surrender licensing authority to State agencies?

Mr. DURKIN. Yes.

Mr. JOHNSTON. That has been stricken.

That amendment is acceptable, Mr. President.

Mr. President, I am advised by the clerk that section 2 has not been taken out of the bill.

Mr. McCLURE. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. McCLURE. The Senator from New Hampshire would have the right to modify it by striking section 2, would he not?

Mr. DURKIN. I think the Senator could look at that copy.

Mr. JOHNSTON. I am advised that the Senator has in fact stricken it.

The PRESIDING OFFICER. It will take unanimous consent to strike section 2.

Mr. JOHNSTON. I am advised by the clerk, Mr. President, that section 2 has been stricken.

Mr. DURKIN. I ask unanimous consent to strike section 2.

The PRESIDING OFFICER. Section 2 has been stricken from the amendment offered by the Senator.

Mr. DURKIN. The third amendment, Mr. President, requires DOE to establish such rules and regulations as it requires to assess the effectiveness of the loan program. I do not believe there is any objection to that.

The fourth part extends the authorization on DOE loan programs through 1982.

Mr. McCLURE. Mr. President, we have no objection. I commend the Senator for accomplishing with this amendment something we have been trying in the committee to get accomplished for a year. We accept the amendment.

Mr. JOHNSTON. Mr. President, the Senator is referring, when referring to amendments 3 and 4, to sections 3 and 4 on the amendment given to me, is that correct?

Mr. DURKIN. The Senator is correct.

Mr. JOHNSTON. Mr. President, we have no objection to the amendment.

Mr. DURKIN. Mr. President, I move the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the four amendments en bloc.

The amendments were agreed to en bloc.

Mr. DURKIN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. McCLURE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from West Virginia.

Mr. JOHNSTON. Mr. President, I ask unanimous consent that the amendment of the Senator from West Virginia be temporarily set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 774

Mr. JOHNSTON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Louisiana (Mr. JOHNSTON) proposes an unprinted amendment numbered 774.

Mr. JOHNSTON. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

SEC. 704. is amended by deleting paragraph (7) and inserting in lieu thereof:

(7) the term "cost-effective" means the simple sum of all capital and operating expenses associated with the system can be recovered over the expected life of the system or during a period of thirty years, whichever is shorter, using noninflating dollars, marginal fuel costs as determined by the Secretary, and a real discount rate of 3 per centum per year. The marginal fuel cost shall be the equivalent of the cost of oil in international markets plus fees for international transportation, refining, and domestic delivery. In the case of natural gas, coal, and nuclear fuel, the marginal cost shall be the cost of the most expensive 10 per centum of fuel supplies in the region purchased or contracted for during the previous quarter. In the case of electricity, the marginal price shall be the least cost new supply which would have been charged by the utility in the service area supplying the facility. Least cost new supply may, if appropriate, include externally purchased power and demand management. In the case where new capital is required the assumption shall be that the new capital plant and equipment in the service area is financed at the average cost of new capital available to the utility, that equipment is purchased at the prices expected for new plants ordered in the region, and that fuel used by the utility is purchased at the marginal prices described previously.

Mr. JOHNSTON. Mr. President, this is a technical correction of an amendment numbered 766, passed earlier today, by the Senator from New Hampshire. It simply rearranges some numbers and some technical data in the bill which did not fit in the bill. There is no substantive change whatsoever.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. DOMENICI. Mr. President, we have no objection on this side.

The amendment was agreed to.

Mr. DURKIN. I move to reconsider the vote by which the amendment was agreed to.

Mr. FORD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question now recurs on the amendment of the Senator from West Virginia.

Mr. BAUCUS. Mr. President, I ask unanimous consent that the amendment be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 775

Mr. BAUCUS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

> The Senator from Montana (Mr. BAUCUS) proposes an unprinted amendment numbered 775.

Mr. BAUCUS. I ask unanimous consent that further reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

> On page 260, on line 25, at the end of the line, add the following sentence:
>
> The Secretary may in consultation with appropriate state officials provide for definitions of energy audits that differ from region to region to account for regional variations in energy use.

Mr. BAUCUS. Mr. President, this is a simple amendment. It simply gives the Secretary authority to define energy audits that are required in the bill. Essentially, it allows the Department of Energy to consult with various States to provide for regional differences in energy audit criteria because of different conditions in different parts of the country. It is entirely discretionary with the Secretary of Energy.

Mr. JOHNSTON. Mr. President, will the Senator yield for a question?

Mr. BAUCUS. I yield to the Senator from Louisiana.

Mr. JOHNSTON. Mr. President, the Senator's amendment provides for definition of energy audits that differ from region to region. Would it not be better to say "provide for criteria for energy audits?" It is not the definition but the criteria in the definition that we are concerned with.

Mr. BAUCUS. That is fine.

Mr. JOHNSTON. If the Senator will modify that, we are delighted to take it.

Mr. BAUCUS. Mr. President, I ask unanimous consent that the amendment be so modified.

Mr. JOHNSTON. That is by striking the word, "definition," and inserting in lieu thereof, "criteria for energy audits."

The PRESIDING OFFICER. Upon the request of the sponsor of the amendment, the amendment is so modified.

The amendment, as modified, is as follows:

> On page 26, on line 25, at the end of the line, add the following sentence:
>
> The Secretary may in consultation with appropriate state officials provide for criteria for energy audits that differ from region to region to account for regional variations in energy use.

Mr. FORD. Mr. President, I should like to say that this would be a logical place to bring up my amendment to amend the amendment of the distinguished Senator from Montana, that already has a unanimous-consent agreement. I am trying to work out something here and I do not want keep the Senate in very long. I should like to have a vote on my little amendment. Apparently, there is a gun at my head. I just wanted to make the parliamentary point that I could have amended this amendment.

Mr. JOHNSTON. We sincerely thank the distinguished Senator from Kentucky, who is always noted for his courtesy and forbearance.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Montana.

Mr. DOMENICI. Mr. President, we have reviewed this amendment. We think it is a good amendment and we have no objection. We urge its adoption.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BAUCUS. I move to reconsider the vote by which the amendment was agreed to.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAUCUS. Mr. President, I ask unanimous consent that the amendment of the Senator from West Virginia be temporarily set aside.

Mr. DURKIN. Reserving the right to object, is there a second amendment?

Mr. BAUCUS. The Senator is correct.

Mr. DURKIN. On audits as well?

Mr. BAUCUS. No.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 776

Mr. BAUCUS. Mr. President, I have an amendment which I send to the desk and ask to have considered.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

> The Senator from Montana (Mr. BAUCUS) proposes an unprinted amendment numbered 776:
>
> On page 88, on line 4 at the end of the line, add comma, to be followed by "and appropriate State agencies."

Mr. BAUCUS. Mr. President, very simply, I am suggesting that any contract for financial assistance required under the bill, where the boards of directors of the corporation and the synfuel plants have to consult with EPA or DOE, also be required to consult with the States. It is merely a provision to provide for consultation with States. There is no requirement that States have to give approval, no veto authority. It is merely consultation.

Mr. JOHNSTON. Mr. President, the Senator from Montana accurately states the amendment. We approve of it and accept it.

Mr. DOMENICI. Mr. President, we have not seen the amendment. We do not want to delay things, but could we see it?

Mr. President, we have no objection. Our staff had cleared that. They were confused as to whether it was the amendment which had been cleared. We urge its adoption.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BAUCUS. I move to reconsider the vote by which the amendment was agreed to.

Mr. FORD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question now recurs on the amendment offered by the Senator from West Virginia, amendment No. 741.

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. JACKSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JACKSON. Mr. President, I yield to the Senator from Georgia (Mr. TALMADGE).

UP NO. 751 (MODIFICATION)

Mr. TALMADGE. Mr. President, early in the afternoon, the Senate agreed to an amendment I offered. Due to a printing error, certain words were omitted from one sentence of the amendment. I ask unanimous consent that the amendment be corrected to include the words that I send to the desk at this time.

This is a technical amendment. It has been cleared on both sides of the aisle.

Mr. JOHNSTON. Mr. President, the Senator is correct. It is a technical amendment, and we support it.

Mr. BELLMON. There is no objection on the minority side.

The PRESIDING OFFICER. Without objection, the amendment will be stated.

Mr. TALMADGE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

> On page 45 of unprinted amendment No. 751, insert after line 21 the following: "from biomass or efficient use of energy in rural areas, as provided in this section.".

The PRESIDING OFFICER. The question is on agreeing to the modification of the amendment.

The modification to the amendment was agreed to.

Mr. TALMADGE. Mr. President, I move to reconsider the vote by which the modification to the amendment was agreed to.

Mr. JACKSON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. TALMADGE. I thank the distinguished floor manager of the bill.

Mr. JOHNSTON. I thank the distinguished Senator from Georgia.

ORDER FOR ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, while Senators are working on amendments, I ask the Chair whether there has been any period for morning business today.

The PRESIDING OFFICER. The Chair informs the majority leader that there has not been a period for the transaction of morning business.

Mr. ROBERT C. BYRD. I thank the Chair.

Mr. President, I ask unanimous consent that there now be a brief period for the transaction of routine morning business, not to exceed 10 minutes, and that Senators may speak therein up to 3 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

A ROGUE GOVERNMENT RUN AMOK

Mr. LEVIN. Mr. President, I am appalled by the situation in Iran. I am angered by the callous and irrational behavior of the Ayatollah and I am frustrated by the inability of the United States to quickly and cleanly remove the threat to American citizens now being held in the Embassy.

A number of Members of the Senate, including myself, met with Secretary of State Vance about this situation yesterday and I have directed my staff to stay in contact with the State Department in an effort to keep abreast of what is a rapidly changing situation. The primary goal of our Government must be to protect the lives of the Americans being held hostage. The best way to accomplish that goal, at this point, is by continuing to pursue every available diplomatic option open to us. The State Department is doing that now. I support their efforts.

While the temptation to move in and attempt a rescue of the Americans now being held captive is great, I am not persuaded that we have exhausted other more promising alternatives, and if I believed that military action would save American lives, I would support it. But military action would cost the lives of our people already there plus additional lives.

This Nation will support any reasonable action which is designed to resolve this situation—but we cannot give in to blackmail or force. Our commitment, as a nation, to human rights and individual liberty cannot be bought by a threat to our oil supply, nor can our faith in American strength be broken by the immoral and irrational acts of blackmail being perpetrated by a rogue government run amok.

THE 60TH ANNIVERSARY OF JUNIOR ACHIEVEMENT PROGRAM

Mr. LEVIN. Mr. President, I am delighted to add my support to Senator RIBICOFF's Senate Joint Resolution 66 to honor the 60th anniversary of the junior achievement program.

In our present society, both parents are required to work, in order to provide a financially viable homelife. In some cases, this situation creates a lack of parental guidance. I recognize the need for programs such as junior achievement, which not only helps to rehabilitate the delinquent but also provides incentive for youths to work and help to reduce the dependency on the welfare system.

If this Nation is to prosper, we need to encourage more programs like junior achievement. I am sure junior achievement will continue for many more than 60 years to produce productive, civic-minded citizens.

ORDER FOR RECESS UNTIL 10 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 10 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF CERTAIN SENATORS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow, after the two leaders are recognized under the standing order, Mr. JEPSEN be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the order for the recognition of Mr. JEPSEN on tomorrow, Mr. RIEGLE be recognized for not to exceed 15 minutes, to be follow-by Mr. ROBERT C. BYRD for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CONSIDERATION TOMORROW OF DEPARTMENT OF DEFENSE APPROPRIATION BILL

Mr. ROBERT C. BYRD. Mr. President, if the Senate completes the energy bill before the close of business today, I ask unanimous consent that when the orders for the recognition of Senators are completed on tomorrow, the Senate return to the consideration of the Department of Defense appropriation bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BRADLEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

DEFENSE PRODUCTION ACT AMENDMENTS OF 1979

The Senate continued with the consideration of the bill, S. 932.

Mr. BRADLEY. Mr. President, I ask unanimous consent that the amendment of the Senator from West Virginia be temporarily set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 777

Mr. BRADLEY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New Jersey (Mr. BRADLEY) proposes an unprinted amendment numbered 777.

Mr. BRADLEY. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On Page 311, at the end of title VI add the following:

"Sec. (a) The Secretary of Energy (hereinafter referred to as "Secretary") may enter into price support loan agreements with the owner or operator of a resource recovery facility pursuant to the terms of which quarterly disbursements to such owner or operator shall be made in an amount calculated by multiplying the quantity (measured in millions of Btu's) of recovered fuel products or electricity or steam produced by the resource recovery facility by the support price as determined with reference to:

"(1) (A) in the case of recovered fuel products except as provided in subparagraph (B), the lesser of—

"(i) the difference between the standard support price as determined under subsection (b) (1) and the average cost per million Btu value during the previous four fiscal quarters for fuel previously purchased by the customer who now intends to purchase, and thereby substitute, the recovered fuel products from the resource recovery facility, or

"(ii) $2.00 per million Btu value; or

"(B) Notwithstanding the above, in the case where a recovered fuel product displaces the use of oil, the amount of price support shall be the difference between the customer's actual cost of oil during the previous four fiscal quarters and the standard support price plus $0.80 per million Btu value; or

"(2) (A) in the case of electricity or steam produced by the resource recovery facility except as provided in subparagraph (B), the lesser of—

"(i) the difference between the adjusted support price, as determined under subsection (b) (2), and the average cost per million Btu value during the previous four fiscal quarters for electricity or steam previously purchased by the customer who now intends to purchase, and thereby substitute, the electricity or steam purchased from the resource recovery facility, or

"(ii) $2.00 per million Btu value; or

"(B) Notwithstanding the above, in the case where a recovered fuel product displaces the use of oil, the amount of price support shall be the difference between the customer's actual cost of oil during the previous four fiscal quarters and the standard support price plus $0.80 per million Btu value.

"(b) (1) For purposes of this section the term "standard support price" means, that price set by the Secretary which reflects the average cost per million Btu value over the preceding three months, as measured from that date when the Secretary determines such price, of imported 0.7% sulfur No. 6 fuel oil F.O.B. in New York harbor. *Provided that:* The Secretary shall determine the standard support price within six months of the enactment of this section, and such price shall be set on a cost per million of Btu value basis.

"(2) For purposes of this section the term "adjusted support price" means that price which is determined by the Secretary by multiplying the standard support price by such price support factors as are determined by the Secretary. The adjusted support price shall be applicable where electricity or steam produced by a resource recovery facility is sold to any customer.

"(3) For purposes of this section the term "price support factor" means those factors which take into account any operating efficiencies, other cost savings and any other economic benefits realized in producing such electricity or steam as determined by the Secretary pursuant to published regulations.

"(c) The value of the price support determined pursuant to subsection (a) shall be reduced each fiscal quarter beginning with the fifth consecutive fiscal quarter during which the resource recovery facility has maintained commercial operation at substantially the level for which it is designed and, *Provided that:* The value of such price support shall be zero by the end of the twenty-eighth fiscal quarter as measured from the first of the four consecutive fiscal quarters referenced above.

"(d) The amount of disbursements made pursuant to this section and which remains outstanding at the end of the twenty-eight consecutive fiscal quarters during which this price support loan program is utilized by the owner or operator of any resource recovery facility shall bear interest at a reasonable rate determined by the Secretary, in consultation with the Secretary of the Treasury, but in no case shall such interest rate exceed five percent, and, *Provided that:* Such interest shall not begin to accrue until the final disbursement has been made.

"(e) The terms of the agreement between the Secretary and the owner or operator of the resource recovery facility shall require full repayment of the cumulative total of the amounts disbursed by the Secretary thereunder, *Provided that:* Such repayment shall commence at a date no later than one year after the date of the last disbursement by the Secretary and shall be completed no later than the earlier of fifteen years after such date or the time at which the indebtedness incurred to acquire the resource recovery facility has been repaid, and shall provide for a repayment schedule as mutually agreed upon by the Secretary and the owner or operator of the resource recovery facility after taking into account the impact of the timing and amount of annual repayment on the economic stability of the resource recovery facility and the integrity of the financing agreements.

"(f) Price support loan agreements undertaken by the Secretary pursuant to this section are hereby expressly limited to the use and sale of recovered fuel products and electricity or steam produced by a resource recovery facility and shall not extend to the sale of other recovered materials produced by such a facility.

"(g) Notwithstanding any other provision of this section, the Secretary shall have no authority to disburse amounts pursuant to any price support loan agreement made under this section after December 31, 1994.

"(h) For purposes of carrying out the provisions of this section, the amounts of $36,000,000 are authorized to be appropriated for the fiscal year 1981; $67,000,000 are authorized to be appropriated for fiscal year 1982; $93,000,000 are authorized to be appropriated for fiscal year 1983."

Mr. BRADLEY. Mr. President, this is an amendment to legislation which had been introduced on October 24. Specifically, the amendment would authorize a price support loan program for providing financial incentives for the development of municipal solid waste to energy systems. The incentive is in the form of a price support which will be applied to each unit of fuel or energy that is actually produced from the garbage processing or conversion facility.

After a designated period of time the total amount of the price support given to the program is repayable to the Federal Government.

Mr. President, this is a proposal which is intended to authorize a program to utilize the best features of both price support and loans.

The incentive is tied to specifically the production of energy; thus, the private party working in the marketplace is still required to assume the risk of construction and operation of the garbage processing and conversion process. But once the project is operational, then a Government incentive is provided for a limited period of time to support the price of the product and make the garbage-derived energy or fuel cost competitive with conventional fuels. Anticipating that the cost of conventional fuels will continue to rise, the price support to a given project will be terminated on a date certain and the total value of the price support provided to that time by the Federal Government will be made repayable to the Government along with interest.

In this way, the repayable feature of the proposal incorporates the idea of a loan in lieu of an outright Government grant but provides the possibility of the loan being used directly to construct the garbage-to-energy facility.

Mr. President, our country is facing a very serious crisis and there is need to diversify our sources of energy supply, and we have in our country the possibility of over 129 million barrels of oil annually from the production of garbage energy systems.

I suggest that this amendment provides an adequate way to get at that supply of energy. It is built on the concept of no Government grant but a Government payment that will be repaid as the garbage energy facility becomes competitive. As the price of other energy sources rise garbage becomes much more competitive as an energy source.

I suggest that the managers of the bill carefully look at this and respond.

Mr. JOHNSTON addressed the Chair.

The PRESIDING OFFICER (Mr. HEFLIN). The Senator from Louisiana is recognized.

Mr. JOHNSTON. Mr. President, the Senator from New Jersey has put out a most interesting amendment here, the purpose of which we totally concur with. It is a complicated mechanism, involving payment to the producers of energy from garbage which I think may well be an appropriate subject on which we will want to legislate in the terms that the Senator from New Jersey has stated.

However, we have not been able to have hearings on this measure, and I think it is the kind of measure that should have hearings. I urge that the Senator give us a chance in the Committee on Energy and Natural Resources to hold hearings on this matter. I for one, and I think I speak for the committee, will look very sympathetically on the purpose of this amendment and perhaps the precise mechanism, but in any event, it should have hearings. I say that in an encouraging way to the Senator because it is a most interesting idea that I think has great promise for not only doing away with municipal garbage but producing useful energy from that garbage as well.

Mr. DOMENICI. Mr. President, I agree with the majority manager of the bill and I say to my good friend from New Jersey I recall 4 years ago we started hearings on a bill that was aimed at trying to promote the utilization of garbage for electrical energy. I remember quite vividly that it was then said that there was enough energy to produce lights for all the homes in America. That was the equivalent if we could find a way to make this conversion. We have had all kinds of energy shortages and we have still made very few strides in converting refuse and garbage to energy.

I think the Senator's approach has great merit. I hope that the Energy Committee will immediately begin hearings.

We know that this is not a problem only in States such as New Jersey. We note that States like Idaho are concerned. Senator McCURE has indicated that he would like to have people from his State testify as to the validity of this conversion and to get on with helping to see that it takes effect.

So I commend the Senator for it. I hope he will withdraw it, and I will join with Senator JOHNSTON in urging that we have early hearings to get something to the Chamber that will make this a reality.

Mr. BRADLEY. Mr. President, I point out that in the energy bill that we are presently considering we have basically authorized over $88 billion for synthetic fuels and after this afternoon's action a little over $1 billion for gasohol, about $5.5 billion for conservation, about $750 million for geothermal, about $50 million for renewables, about $100 million for wind and $475 million for solar bank, and of this virtually nothing for garbage.

I suggest that the important point to make here is that we are not banking on a new technology being developed. We have at this time in this country a number of facilities that are producing energy directly from urban solid waste. It is a known technology with a known return, a known oil equivalent.

I also suggest that because of that there is a very short time for payback or payout of oil equivalent amounts of energy.

I hope that the Senate will consider movement on this amendment, as it is important and in the national interest, in as speedy a manner as we have considered movement in all of these other areas.

I yield to my colleague from Massachusetts.

Mr. TSONGAS. I thank the Senator.

Mr. President, I would like to commend the Senator from New Jersey on his initiative. Judging from the reaction we just heard here with reference to the word "garbage" I would say to you that a rose by any other name would still smell as sweet. The technical term is pyrolysis, and I think if we had introduced it by that name there would have been more enthusiasm.

Mr. METZENBAUM. There is a lot of garbage in the bill now. [Laughter.]

Mr. TSONGAS. There seems to be a tendency—and I suppose it is human nature—that the more esoteric it is, the more attractive it is. Here we are dealing with oil shale, tar sands, and coal liquefaction. This is something immediate and does not seem to have the same attractiveness.

In the State of Massachusetts, there is going to be the same kind of facility privately financed in which the city of Worcester is going to provide the solid waste so that the Norton Co., which is a major user of energy, can have an infinite supply of energy. The economics clearly are there, and we are much closer to those economics than we are to any of the alternatives we have been discussing in the last 2 days.

I would just like to commend the Senator, and I am pleased to see that Senators JOHNSTON and DOMENICI are prepared to support hearings and that some time early next year this will become law.

Mr. BRADLEY. I yield to the Senator from Michigan.

Mr. LEVIN. Mr. President, I, too, want to join my voice in support of this amendment. It not only will have a tremendous potential—it could have a tremendous potential—in terms of energy production but an important side effect is the reduction of municipal waste and, therefore, it has a very strong environmental flavor to it as well.

The volume of waste can be reduced by 95 percent. The waste could be reduced by 80 percent if we make greater use of waste for the production of energy. So energy production, environmental production are both the results of this amendment.

Each year the United States lives up to its deserved reputation as the most wasteful country in the world by throwing out more than 135 million tons of municipal solid waste. This waste is dumped in the oceans, dumped on the ground, dumped in landfills or openly incinerated. However it is dealt with, it creates environmental problems and effectively eliminates the possibility of reusing many valuable materials.

This waste, the product of our throwaway society, is a constant drain on world resources and energy. While little can be done about our society's disposable attitude, we can deal more effectively and efficiently with the wastes we produce. If Senator BRADLEY's amendment is passed, we will be encouraging the development of a technology that turns a social liability into a socially productive commodity.

The concept and objectives of municipal waste recovery are clear. First, it will dispose of waste in an efficient and environmentally sound way. The volume of waste could be reduced by 95 percent, and the weight could be reduced by 80 percent, making disposal of what remains a vastly simpler task; Second, the project should be economically sound in the long-run, eventually helping to pay for itself through fees charged for waste disposal and energy sales; Third, an energy product will be produced, helping to relieve our energy bind; and Fourth, a waste recovery plant may recycle metals and glass, conserving raw materials and additional energy.

This bill has provided billions of dollars for the production of alcohol from agricultural products. We are asking for a much smaller amount of money for the development of energy from urban waste, which we consider to be another usable resource.

Municipal waste recovery can stand alone on its merits as an energy saver and producer. It could stand on its own for its environmental considerations. One amendment which helps to achieve both of these things represents a one-two punch and that is why I take particular delight in joining Senator BRADLEY as a cosponsor of this amendment.

I ask unanimous consent that I be listed as a cosponsor of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BRADLEY. Mr. President, I hope I can receive a commitment from the two distinguished floor managers of the bill for early hearings and support of the general concept of price supports in the area of garbage as it relates to energy systems.

Mr. JOHNSTON. Mr. President, I certainly support hearings for the Senator's bill, and I support the concept of incentives, whether they are price supports or whatever the particular mechanism is. That would be a proper subject for hearings. But I think they certainly need some incentive, and price supports may be the appropriate role.

I commend the Senator for putting in the amendment and for withdrawing it as well, and I would certainly work with him to see that this matter is brought to an early and, hopefully, successful resolution.

Mr. BRADLEY. Mr. President, since the distinguished floor manager is his usual persuasive self, I will withdraw the amendment.

Mr. JOHNSTON. I thank the Senator.

The PRESIDING OFFICER. The amendment is withdrawn.

The question recurs now on agreeing to the amendment of the Senator from West Virginia.

Mr. DOMENICI. I suggest the absence of a quorum, Mr. President.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask for the yeas and nays on passage of the pending bill.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. McCLURE addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. McCLURE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCLURE. Mr. President, I ask unanimous consent that the amendment of the Senator from West Virginia be temporarily laid aside and that the Senator from Idaho be recognized to offer an amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 778

Mr. McCLURE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Idaho (Mr. McCLURE) proposes an unprinted amendment numbered 778.

Mr. McCLURE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 185, line 19, insert the following:

SUBTITLE K

SEC. 2010. (a) The Internal Revenue Code of 1954 is amended by redesignating section 5181 as section 5182 and by inserting in lieu thereof the following new section 5181.

"SEC. 5181. DISTILLED SPIRITS FOR FUEL USE

"(a) Notwithstanding any other provision of this Title or of any other provision of law, the Secretary, upon application, shall issue operating permits for distilled spirit plants established solely for producing, processing, storing, using, and distributing distilled spirits exclusively for fuel use.

"(b) Such application shall include the name and address of the applicant, the location of the plant, and the volume of distilled spirits anticipated to be produced. Based on such application, the Secretary shall issue within 30 days of receipt of such application said operating permit.

"(c) 'If, based on the application, the Secretary determines that said permit should not be issued, the Secretary shall, within 30 days of receipt of such application, give notice in writing to the applicant of the Secretary's determination; and such notice will include, in detail, the circumstances resulting in the Secretary's determination.

"(d) No determination made pursuant to subsection (c) of this section shall prejudice any further application for permit made by the same individual, individuals or organization whose application for permit had previously been denied.

"(e) If, within 30 days from the Secretary's receipt of said applications, said permit has not been received by the applicant and said notice of permit denial has not been received by the applicant, the applicant shall assume said permit has been issued and may lawfully commence operation.

"(f) Distilled spirits produced under this section shall not be withdrawn, used, sold, or disposed of for other then fuel use. Distilled spirits produced under this section shall be rendered unfit for beverage use by addition of substances which will not impair the quality of the spirits for fuel use. Such substances must be added prior to withdrawal from the premises of a distilled spirits plant.

"(h) For purposes of this section, the term 'distilled spirits' does not include distilled spirits produced from petroleum or natural gas.

"(i) Notwithstanding any other provision of this Title or of any other provision of law, no bond shall be required for the production, processing, storage, use, or distribution of distilled spirits manufactured for fuel use.".

"(j) If more than one application is submitted by a person in any one calendar quarter, the provisions of this section shall apply only to the first application submitted by such person in such quarter." For purposes of this provision, a corrected or amended application shall not be considered as a second application, and the 30 day period referred to in subsection (b) shall commence with receipt of the said corrected or amended application."

(b) Section 5601(a) of the Internal Revenue Code of 1954 is amended by adding the word "or" after paragraph 14 and by adding a new paragraph 15 to read as follows:

"(15) UNAUTHORIZED WITHDRAWAL, USE, SALE, OR DISTRIBUTION OF DISTILLED SPIRITS FOR FUEL USE.—Withdraws, uses, sells, or otherwise disposes of distilled spirits produced under section 5131 for other than fuel use;".

(c) Section 5214(a) of the Internal Revenue Code of 1954 is amended by striking from paragraph (10) the period and inserting in lieu thereof a semicolon and the word "or" and by adding a new paragraph (12) to read as follows:

"(12) free of tax in the case of distilled spirits produced under section 5181.".

(d) Section 5004(a)(2)(B) of the Internal Revenue Code of 1954 is amended by striking out "or (a)," and inserting "(a) or (12).".

(e) Section 5005(d) of the Internal Revenue Code of 1954 is amended by striking out "or (A)," and inserting "(a), or (12).".

(f) Section 5025 of the Internal Revenue Code of 1954 is amended by redesignating paragraph (m) as (n) and by adding a new paragraph (m) to read as follows:

"(m) DISTILLED SPIRITS FOR FUEL USE.—The processing of distilled spirits exclusively for fuel use produced under section 5181 shall not be deemed to be rectification within the meaning of sections 5021, 5081, and 5082.".

(g) Section 5083 of the Internal Revenue Code of 1954 is amended by adding a new paragraph (16) to read as follows:

"(16) Processing distilled spirits for fuel use, see section 5025(m).".

(h) The table of sections for subchapter B of chapter 41 of the Internal Revenue Code of 1954 is amended by redesignating section 5181 as section 5182 and by inserting after section 5180 the following:

"Sec. 4181. Distilled spirits for fuel use."

Mr. LONG. Mr. President reserving the right to object is this an amendment to amend the Internal Revenue Code?

Mr. McCLURE. Mr. President I would say to the Senator from Louisiana yes, it is. It is the amendment which the committee considered, did not enact in the committee, recommended the amendment, and it appears on page 159 and 160 of the committee report.

Mr. LONG. Mr. President, I have looked at that amendment of the committee, since it is in the committee report, and I am really not qualified to pass judgment on the merits of the amendment, but of this much I am convinced: That that amendment is clearly within the jurisdiction of the Committee on Finance, and we would like the opportunity to look at it and study it, and give the Senate the benefit of our judgment.

After this bill is passed, there will be, I believe, one other important appropriation bill to pass, and then we will move on to the energy tax bills next week. The windfall profit tax legislation will be before this body, and it will be perfectly in order and I would have no objection to the Senator offering the amendment on the windfall profit tax bill.

Meanwhile, I would like to urge our staff to study the amendment, and urge Senators on the Finance Committee to look at it, so we could give the Senate the benefit of our judgment. It may very well be that I will favor the Senator's amendment. I am not prepared to pass now on the merits of it; all I can say is that it is clearly within our jurisdiction, and we would like to discharge our duty to the Senate; and I would hope the Senator would not insist on the amendment tonight, but consider offering it as an amendment to the windfall profit tax bill.

Mr. McCLURE. I thank the Senator from Louisiana for his comments.

Mr. President, I might say just this much about the amendment: This amendment does deal with a section of the Internal Revenue Code that deals with the issuance of permits by the Bureau of Alcohol, Tobacco, and Firearms, a bureau within the Department of the Treasury, with respect to the permits issued to those who produce alcohol. It is in the Internal Revenue Code because alcohol is heavily taxed, and that is the regulatory regime for the production of alcohol.

This amendment which I propose does not affect the revenue aspect, it affects only the procedural aspects of the granting of such a permit. We have found in practice that while the BATF says it is going to expedite the handling of these permits, the people who are out there actually trying to get into the business of producing alcohol, many of them very small producers, many times on the farm, for their own consumption or that of their neighbors, will experience some difficulty in getting their permits, because the BATF is used to dealing with moonshine bootleggers, I guess, and they are afraid somebody is going to get away with a gallon of moonshine and they will drink it instead of putting it in their tractor. So they have been very slow about granting these permits.

It was my desire, in dealing with this legislation dealing with the production of alcohol, to deal with one of the major impediments to the small unit production and what that could contribute.

I appreciate the suggestion that has been made by the Senator from Louisiana. We have discussed this. Of course, I would like to have it included in this measure, but I understand what the Senator from Louisiana is saying. With the assurance that it will get that kind of treatment, if the manager of the bill on behalf of the majority has no objection, I would withdraw the amendment, and I ask for that concurrence on his part simply because this was considered by the committee, was recommended by the committee, and was offered tonight on behalf of the committee.

Mr. JOHNSTON. Mr. President, I certainly concur with the suggestion of my senior colleague from Louisiana and the Senator from Idaho. I think that is the appropriate way to deal with this amendment.

Mr. McCLURE. Again, I thank the Senator from Louisiana for his consideration.

Mr. LONG. I thank the Senator from Idaho.

I may say that the Senator from Kansas (Mr. DOLE), who is a member of the Finance Committee, is equally as much interested in gasohol as any Senator in this body. I believe all of us who represent the States which produce a lot of farm commodities or have a lot of forestry products are very much interested in moving forward with gasohol, because it is a recurring source of energy; it is there year after year and it is not depletable.

So we think that it would have tremendous prospects and we put a lot of emphasis on it in the windfall profits tax bill. We have a lot of tax credits for it. I believe the Senator's purpose is to expedite the program of producing gasohol and I believe he can rely on a sympathetic ear for his amendment when he offers it on the other bill.

Mr. McCLURE. I will be happy to yield to the Senator from Kansas, because I do know of his interest in this subject.

Mr. DOLE. I just want to concur in the statement of my chairman. We cannot accept it yet, because we do not have the bill on the floor. But I would think the Senator will find us a very understanding group, notwithstanding his views on other portions of the windfall profit tax bill.

Mr. McCLURE. Mr. President, we have spent a great deal of time in this legislation trying to further alcohol production. We have done a number of things in a number of areas trying to make it possible for us to move alcohol from theory into the fuel tanks.

One of the major deterrents is this procedural hangup. If we were not going to be moving very soon to an appropriate vehicle for such legislation, I would be pressing harder to have it considered here tonight on this legislation. But since we will be moving very soon to other legislation where the chairman of the committee has assured me, at least, of a sympathetic hearing, Mr. President, I ask unanimous consent to withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

GASOHOL: ITS TIME HAS COME

• Mr. CHURCH. Mr. President, rampant inflation, our increasing trade deficit, gasoline lines, and growing numbers of citizens unable to pay spiraling heating costs, are all symptoms of an energy crisis with which we must come to grips.

A crash program for developing synthetic fuels is one way to reduce our country's dependence on imported oil. Yet, the full potential of this ambitious program will not be realized until the turn of the century. With spot shortages of gasoline, diesel, and heating oil already occurring with alarming frequency, we must find energy prescriptions that will get us through the next two decades. The stakes are tremendous.

Shortages of diesel fuel which occurred in Idaho last August are illustrative of the fragility of the situation; the summer drought brought Idaho severe forest fires and an early wheat harvest, placing additional strains on an already short supply of diesel fuel. Had not late August brought with it cooler and damper weather, diesel shortages could have become so severe as to have resulted in the loss of large quantities of unharvested wheat and other crops.

Stretching available fuel supplies by mixing into our gasoline alcohol from renewable resources could significantly reduce the potential occurrence of such disastrous events. That is why I sponsored title II for incorporation in this bill, the Gasohol Motor Fuels Act of 1979, along with my distinguished colleagues, the Senator from Louisiana, Mr. Johnston, the Senator from Indiana, Mr. Bayh, and 17 other cosponsors.

The most encouraging aspect of the alcohol fuels' technology is that it is not a pipedream—it is in fact an existing technology waiting to be tapped. The frustrating part is that, although it is available, it has yet to be used. While the recently published "Report of the Alcohol Fuels Policy Review," prepared by the Department of Energy, characterized alcohol fuels as "the only alternative fuel commercially available now, and the only one likely to be available in quantity before 1985," we find the actual production of alcohol from renewable resources just a tiny fraction of what it needs to be.

The minuscule use of alcohol fuels, to date, is neither indicative of the lack of entrepreneurial interest nor to the lack of public acceptance of the fuel. To the contrary, witness after witness at hearings I conducted in both Boise, Idaho, and Washington, D.C., expressed a tremendous amount of enthusiasm for the increased production and use of alcohol fuels. One Idaho witness indicated that a poll he had just completed showed that "almost to a man, the farmers of Idaho are willing to commit, on a long range basis, a portion of their production for gasohol."

General Motors testified that most of their gasoline engines would operate satisfactorily on gasohol and that they would be able to solve whatever problems that might arise. GM, Ford, and Volkswagen have already responded to such a market demand in Brazil, where a highly successful alcohol production program will put 1.7 million alcohol-powered cars on the road over the next 5 years.

With such enthusiasm, wherewithal, justification and need, there is absolutely no reason why an alcohol fuels' program should not proceed with the greatest of speed. As another witness at the Boise hearing declared: "those farmers who fired the first shots at Lexington and Concord have the ability today to deliver a salvo for energy independence. Our future is tied to alcohol; by the jug, if we despair, or by the bushel if we succeed."

The production goals of the gasohol title to S. 932 subscribe to the ambitious "bushel" approach. As they must if we are to overcome the anticipated energy supply shortfalls of the 1980's. The loan guarantees and purchase agreements authorized in title II are a small price to pay for the increased energy independence such an investment can provide. With these assurances of a guaranteed market for alcohol, producers will be less hesitant to move into the production of alcohol, made from renewable resources. With such an inducement, there is every reason to believe that we can attain our 1982 goal of 920 million gallons of alcohol, and by 1990 have 10 percent of all our motor fuel made from this domestically produced alcohol.

In addition to the financial incentives, it is essential that an alcohol fuels program be properly directed and coordinated if the production goals are to be attained. To date, alcohol programs have been dispersed between many different agencies with negligible results. The gasohol title provides for an independent Office of Alcohol Fuels to be established within the Department of Energy to coordinate the production goals of the program.

By creating such an office, greater emphasis can be placed on alcohol fuels' production in the Energy Department's order of priorities. The title, at the same time, permits the Department of Agriculture to deliver the program benefits to the agricultural community through the agricultural extension service and soil conservation service. In this manner, the Office of Alcohol Fuels will make maximum utilization of existing agencies while providing, at the same time, the needed program coordination from one central source.

I urge Senators, many of whom are cosponsors of this and other alcohol fuels' legislation, to actively support the creation of this urgently needed, centrally coordinated alcohol fuels' production program. The billions of gallons of alcohol that will be produced through this program will greatly assist in avoiding spot shortages of gasoline during the next few years; it will stimulate competition among gasoline suppliers, it will provide markets for agricultural products, including surplus potatoes, sugar, sorghum, corn, wheat, and many other crops; it will provide relief for the solid waste problems of urban areas, and it will, as a new domestic energy source, reduce our heavy reliance on imported oil. With the program's potential for providing so many benefits to all parts of this country. I ask that title II, the Gasohol Motor Fuels Act of 1979, be approved.

Mr. President, I request that a section-by-section analysis of title II be included here in the Record.

The material follows:

TITLE II—GASOHOL

Sec. 201. The name of this title is the "Gasohol Motor Fuel Act of 1979".

Sec. 202. Findings.

Sec. 203. Purposes.

One of the primary purposes of this bill is to achieve the displacement of imported foreign oil.

Sec. 204. General Definitions.

This Title is concerned with the production of alcohol from renewable resources, which is defined to mean any substance which is a source of energy, and which is available in an inexhaustible supply in the foreseeable future, such as timber, crops and crop waste, animal and timber waste, cellulosic waste, food processing waste, municipal and industrial waste, sewage, sludge, oceanic and terrestrial plants, and other organic matter. This definition therefore excludes petroleum, natural gas, coal and other fossil fuels as feedstocks for alcohol fuel projects qualifying under this title. Petroleum and natural gas production of alcohol, or synthetic alcohol production, is a well known and well established industry in the United States. Coal to methanol production involves capital formation problems similar to other large coal conversion facilities, and therefore the Committee has decided to include any coal to methanol project under the aegis of the Synthetic Fuels Corporation. The Committee intends that the term "alcohol fuel project" will include distilleries that are retrofitted to produce alcohol fuel, distilleries that will use unused capacity to produce alcohol fuel, and other facilities that have the opportunity to produce alcohol fuel.

Subtitle B—Establishment of the Office of Alcohol Fuels

Sec. 210. This section requires the President to establish the Office of Alcohol Fuels Production as an independent office in the Department of Energy. The office will be headed by a Director, as provided in this section.

Sec. 211. This section provides for the responsibility of the Director over the terms and conditions of the contracts for financial assistance and the selection of recipients thereof. The Secretary shall have general supervision over the Director for these matters. For all other matters, the Director shall be subject to the Secretary. In no case may the Secretary delegate his responsibility under this section to another office of the Department.

Sec. 212. This section requires the Office to submit a separate report in the annual budget submission of DOE. It also requires the Office to submit copies of all of its extra-departmental commitments on legislation to the Congress.

Sec. 213. This section requires the submission of an annual report. On or before September 30, 1990, the Corporation is required to submit a report on the status of alcohol fuel projects and a plan for the termination of the Office. Rather than require the Office to terminate by a date certain, this section would require the Office to first prepare a plan for termination which the Congress could then consider in evaluating the subsequent utility of this Office.

Sec. 214. The Director, acting through the Secretary, is required to consult with named heads of other Departments and agencies, or their appointed representatives, and to coordinate the programs under the Director's responsibility with other progams within the Department of Energy and in the named Departments and agencies.

This requirement focuses the efforts of the Federal Government in the Department of Energy and thereby centralizes Federal policy for the purpose of achieving the national goal established herein. Each Department mentioned has either regulatory or programmatic responsibilities directly affecting alcohol fuel production; this section does not affect the responsibilities or authorities which these agencies are now utilizing. However, consistent with the DOE Organization Act, Public Law 95-91, this centralizes Federal energy policy for alcohol fuels in the Department of Energy.

Sec. 215. The Secretary is required to make available public information relative to the production of alcohol fuel and construction of alcohol fuel plants, which is at his disposal.

Sec. 216. The Secretary is required to submit a report on incentives for alcohol motor fuel to the Congress, within 120 days.

Subtitle C—Alcohol Fuel Production

Sec. 220. The President shall seek to achieve a national goal of a volume of alcohol fuel from renewable resources equal to 10 percent of the estimated gasoline consumption in the United States by 1990. As a first step in achieving this goal, the President shall achieve a production level as high as is technically and economically feasible, but at least 60,000 barrels per day of alcohol fuels from renewable resources, by 1982.

Sec. 221. The Office shall solicit proposals from the general public and, if insufficient proposals are received, it shall then seek to negotiate proposals with qualified applicants. In the process of selecting recipients for financial assistance, the Office shall give a first priority to achieving the national production goal for 1982 of, at a minimum, 60,000 barrels per day. As a second priority, the Office shall seek to assure the availability of new technologies which will be able to utilize new feedstocks for the production of alcohol or which will have the capability of utilizing multiple feedstocks, at least some of which are not now considered to be commercially usable. This second priority is of importance because new feedstocks will be needed for use in order to achieve the national goal for alcohol fuel production. The national goal will require the conversion of a large volume of renewable resources. In order to achieve this goal, new feedstocks, such as municipal solid waste, must be utilized.

By September 30, 1982, the Office shall submit a comprehensive strategy for the achievement of the national goal for alcohol fuel production and report on the feasibility of achieving this goal.

Sec. 222. The Office is directed to solicit proposals, beginning within 6 months of the date of enactment of the Title. The Office is also required to set up a two-step procedure for handling and expediting applications for financial assistance. This expeditious procedure will require that all DOE Offices, Agricultural Extension Services Offices, and Energy Extension Services Offices, or other Federal Offices designated by the Director, shall be utilized for the distribution and collection of applications for financial assistance. After an applicant correctly files his necessary forms, the Office will then review the form according to previously issued guidelines and regulations, and certify whether or not the applicant can proceed to negotiations for financial assistance. This certification procedure shall be completed within 90 days. After that certification, the Office shall enter into negotiations with the applicant with the objective of providing whatever financial assistance the Office can make available.

In cooperation with the Department of Agriculture and the Energy Extension Service, the Office shall provide technical assistance and educational projects.

Subtitle D—Financial Assistance

Sec. 230. This section authorizes the Office to issue financial assistance, and requires certain terms and conditions thereof.

This section also requires that one-third of the amount authorized for contractual obligations shall be used for small alcohol producers. Small alcohol producers are defined elsewhere in the bill to be plants producing less than 2 million gallons of alcohol annually. This would, for example, include plants supplying typical farmer cooperatives.

The Director is required to give priority to those alcohol fuel projects which will displace more motor fuel than they consume in the production of the alcohol fuel. The Director shall establish guidelines for his or her use in making this determination of priority and these guidelines should be updated to reflect the state of the art of alcohol fuel projects. In establishing the guidelines, the Director may establish categories based on size and types of alcohol fuel projects. In utilizing the guidelines the Director shall seek recipients so as to achieve the guidelines and thereby achieve an increasing substitution of alcohol fuel for motor fuel derived from petroleum.

Sec. 231. Authorizes the Office to issue loan guarantees.

Sec. 232. Authorizes the Office to issue price guarantees.

Sec. 233. The Office is authorized to enter into agreements to guarantee the purchase of alcohol fuel produced by an alcohol fuel project. Therefore, if an applicant wishes, the Federal government will be in the position of a purchaser of last resort for his alcohol fuel.

Sec. 234. The Office is allowed to acquire an alcohol fuel project only by foreclosure pursuant to a contract for loan guarantee assistance under this Title. This title does not authorize the Office to operate any project. The Office shall seek to dispose of the alcohol fuel project in as expeditious a manner as possible and pursuant to existing law. In the process of disposing of the project, the Office shall seek to assure that the project will continue in operation where feasible, and will result in the least adverse impact to the host community.

Sec. 235. The Office may charge up to a one-percent fee for financial assistance.

Sec. 236. The Secretary of Treasury may sell any notes, bonds, or other evidences of indebtedness which the Office may own, pursuant to this Title.

Sec. 237. The provisions for the treatment of patents made or conceived in the course of or under financial assistance agreements pursuant to this Title reflects the patent treatment which will be given by the Synthetic Fuels Corporation in the program under that authority. The intent is to give alcohol fuel projects the same treatment as will be derived by producers of synthetic fuels pursuant to financial assistance from the Synthetic Fuels Corporation.

Subtitle E—Authorization and Fund

Sec. 240. The Office is authorized to incur obligations or made commitments not to exceed $1.2 billion in the aggregate. This authority does not encompass any provision for roll-over of any previously obligated amount; therefore, the total program authorized cannot exceed this sum. The Committee provided this amount of contractual authority which must be provided in order for the Office to support the additional alcohol fuel production which will be necessary to achieve the minimum 1982 goal of 60,000 barrels per day. DOE estimates that 20,000 barrels per day of alcohol fuel will be produced in 1982 under the present Federal system of incentives.

Sec. 241. The fund is authorized to a level of $400 million. This should be sufficient budget authority to assure bankers and investors that the Office will be able to provide for all contingencies. In addition, the Director is authorized $800 million in borrowing authority to cover the contractual obligations he is authorized to write.

In the event that the Synthetic Fuels Account is created, pursuant to the enactment of Title I of this bill, the above authorizations, to whatever extent they have not been exercised, will no longer be available. In lieu thereof, $1.2 billion, less any other amount already appropriated, pursuant to this Title, will be transferred to the fund. Therefore, if both the Synthetic Fuels Account and the fund are created in the same Act, as is contemplated, no appropriations will be required pursuant to the authorized amounts contained in subsections (d) and (e): a simple transfer of the entire amount authorized in (f) will occur from the Account to the fund.

Subtitle F—Utilization of Excess Sugar

Section 250. Subsection (a) deals with the sugar stocks obtained by the Commodity Credit Corporation during crop years 1977 and 1978. The CCC is directed within 3 months after the date of enactment to make every reasonable effort to sell that surplus sugar in accordance with 7 U.S.C. 1427, which enumerates the authorities and restrictions on the CCC sale of surplus commodities.

After that 3 month period, the CCC is directed to sell the remaining sugar for the restricted use of processing into ethanol for use in motor fuel or for livestock feed. The restrictions in 7 U.S.C. 1427 regarding the price for which the sugar is sold do not apply in this post-three-months effort to sell the sugar. The sugar would be sold by competitive bid without regard to the support price for sugar.

Subsection (b) deals with sugar surpluses from crop years after 1978, treating them as under subsection (a) except that the CCC has one year from the time of acquisition to sell these stocks under normal procedures before they are directed to sell the stocks for processing into ethanol for use in motor fuel or for processing into livestock feed.

Subsection (c) is triggered only if attempts at selling an annual sugar crop surplus under subsection (a) or (b) for the restricted uses of processing into ethanol for use in motor fuel or as a livestock feed have continued for the applicable period but failed to result in substantial sales of that sugar surplus.

Subsection (c) requires the CCC to enter into processing agreements to convert the sugar to ethanol and to make this ethanol available for purchase for use as a motor fuel in motor vehicles owned or leased by the Federal government.

Subsection (d) addresses the extent to which 7 U.S.C. 1427 applies to this section.

SEC. 260. USE OF GASOHOL IN FEDERAL MOTOR VEHICLES

The intent of this section is clear. The Secretary will define the term "gasohol" including the percentage blend of alcohol in gasoline that will constitute gasohol for purposes of this section.

SEC. 270. MOTOR VEHICLE STUDY

The intent of this section is clear.

SEC. 280. PRIORITIES

Section 401 of the Natural Gas Policy Act of 1978 (Public Law 95–621) grants a priority for supply of natural gas in the event of a supply curtailment to any "essential agricultural use", as defined in that section. This section provides that the use of natural gas in sugar refining for production of alcohol is an essential agricultural use. Similarly, this section provides that the use of natural gas for agricultural production on set-aside acreage or diverted acreage is an "essental agricultural use", where the acreage is devoted to the production of any commodity for conversion into industrial hydrocarbons and blending with gasoline or other fossil fuels for use as a motor or industrial fuel.

SEC. 290. STANDBY AUTHORITY

This section amends section 4 of the Emergency Petroleum Allocation Act of 1973 to require the President to exercise standby authority if he finds that significant quantities of alcohol suitable for use in motor fuel are not being used for that purpose because of an unavailability of refined petroleum product in which to blend to alcohol.

His standby authority is to allocate crude oil to refiners of petroleum products and to petroleum product marketers where such special allocation would result in the blending of the available alcohol into motor fuels so as to stretch supplies of motor fuel.

The definition of alcohol adopted for purposes of this section includes any alcohol produced from any source, whether renewable or not, so that, for example, methanol made from coal would qualify under the definition of alcohol.●

Mr. DOMENICI. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending question is on agreeing to the amendment of the Senator from West Virginia.

Mr. DOMENICI. Mr. President, I ask unanimous consent that that amendment be temporarily set aside so that an amendment that I will send to the desk can be offered.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 779

Mr. DOMENICI. I send to the desk an unprinted amendment.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from New Mexico (Mr. DOMENICI) proposes an unprinted amendment numbered 779:

On page 296, line 12—

Mr. DOMENICI. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Page 296, line 12, strike the parenthetical clause beginning, "except", through line 15 ending, "capacity)."

Page 296, line 19, strike the parenthetical clause beginning, "(except", through line 22 ending, "capacity)."

Page 296, line 24, insert new subsection (3) as follows,

"(3) inserting "and multiple geothermal project units at a site with a total maximum of not more than 140 MWe capacity" after the matter inserted by subsection (1) and after matter inserted by subsection (2).

Mr. DOMENICI. Mr. President, this amendment inserts on page 296 of the bill a separate and new section providing for multiple geothermal project units at a single site, and permits a total of not more than 140 megawatt capacity for that particular and specific kind of project. We have increased the size in the main bill, in the body of the bill, and I did not want to raise that to 140 megawatts. But there are certain projects contemplated that need between 120 and 140 megawatts, and they would be multiple units on a site.

In section 548 of S. 932 the Committee on Energy and Natural Resources amended section 210 of The Public Utility Regulatory Policies Act of 1978. The amendment extended the regulatory exemption of geothermal facilities from 30 MWe to 80 MWe. The reason for the 30 MWe exemption from utility regulation in the PURPA legislation was to encourage the development of geothermal resources by private resource developers. The limit of 30 MWe in PURPA was insufficieint to cover even the smallest facilities which are now being contemplated. The present state of the art is such that a single geothermal unit is at least 55 MWe. By extending the regulatory exemption to 80 MWe the committee took single unit facilities into account, but failed to cover the more likely instance where two unit facilities are contemplated.

Now, my amendment would extend the exemption to 140 MWe to cover those private developers who wish to build two unit facilities and it would also cover several plants presently being constructed at the Geysers in California, which are 135 MWe.

Who are these private developers and why do they need such an exemption? These private developers are mining and drilling concerns who wish to enter into geothermal development and have the unique expertise to do so. They need this exemption because if they do not have it they will become a fully regulated concern once they begin to produce geothermal power. They will not pursue geothermal development if their entire operations are to become regulated under utility regulations.

Who will protect the energy consumers? Let me point out that these developers do not wish to market their geothermally produced energy. They will sell that energy to already regulated utilities. In that way the guarantee that power will be sold at a reasonable rate is made because the power can only be bought if it is reasonably priced.

Thus, I am offering a separate section. I ask that the floor manager on the majority side and the distinguished Senator from Idaho (Mr. MCCLURE), the prime mover of the geothermal section, accept my amendment.

I have constructed it in such a way that if we have to drop it in conference because of the size, we will do no harm to the basic provisions in the bill. It can be dropped separately and still the new limits set in the bill can be retained.

I would like to do it this way and see if there is serious objection. If there is, I am willing to relinquish. If not, I believe that there are certain projects in the country that might get built if we will permit this size, and they would be clusters and multiple units on a single site.

Mr. JOHNSTON. Mr. President, I do have serious misgivings about the exemption for a 140-megawatt cluster of geothermal projects to be exempted under the Federal Power Act. However, the Senator does make a point that this is a detachable amendment which may be separately dropped in conference if, indeed, it does spark the kind of opposition which I think is possible. But I think it will be an appropriate matter to consider in conference and to have the various parties let us hear from them between now and the time of the conference.

In the spirit that the Senator from New Mexico has offered the amendment, that is, to take it to conference with the understanding that it may spark great opposition which would require its dropping, with that understanding, Mr. President, we will accept the amendment.

Mr. MCCLURE. Mr. President, I want to express my appreciation to the Senator from New Mexico for having formulated the amendment in the manner in which he has. There was my concern that if it were not as a separate amendment, it might very well cloud the effort which we had already made. I appreciate the fact that he has drawn it in this manner.

I echo the sentiments expressed by the majority floor manager of the bill. I am pleased to concur in the acceptance of this amendment and take it to conference.

Mr. DOMENICI. Mr. President, I am most appreciative of the consideration of the Senator from Idaho. I know of his hard work in preparing the geothermal section and his genuine interest in seeing that kind of energy move ahead in our country.

My motives, as the Senator knows, are clear. I think this size is needed for clusters. I am pleased that the Senator will support me.

Mr. President, I move adoption of the amendment.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MCCLURE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, as we conclude debate on this omnibus energy production bill, the importance of this legislation cannot be overemphasized. The Senate has fashioned a response to the energy supply crisis. The number of measures to increase production of domestic energy resources and to conserve energy which are included in this bill will serve as the best national insurance policy against OPEC price increases and supply shortages. Some of these measures will afford short term energy savings; others will set in motion the machinery to develop over the long run our own plentiful domestic energy resources. Together, these initiatives will lessen our dangerous dependence on foreign oil. This must be our first priority.

Current events underscore the immediate need to develop our own energy resources.

The potential loss of oil imports from Iran and the large OPEC price increases we have recently witnessed demonstrate our vulnerability. Moving toward energy self sufficiency is more critical than ever.

I want to congratulate and commend the distinguished chairman of the Energy Committee for his outstanding leadership on this bill. The tireless efforts of the distinguished Senator from Louisiana (Mr. JOHNSTON) and the distinguished Senator from New Mexico (Mr. DOMENICI), who managed this bill must be commended. Their valuable expertise guided this legislation through committee and through this sometimes heated debate and they deserve congratulations.

Strong opinions on the Government's role in the development of synthetic fuels were aired during this debate. Some members believed that the Federal Government's participation in this effort should be minimized, with private industry taking the lead in the development of synfuels from coal and oil shale. Those who held that position are to be respected and I would hope that their concern for the direction of the synfuels program will continue. In particular, I must commend the distinguished chairman of the Banking Committee for his outstanding work and cooperation on this legislation. The complexity of these issues demanded the expertise of many Senators in a bipartisan effort to forge this legislation.

I believe we have created a blueprint for this Nation's energy security. First we have created a synthetic fuels corporation for the purpose of guiding and supporting private industry investment in this initiative. This new financing institution will undertake the responsibility of administering the Federal financial aid which will be necessary to encourage the construction of commercial scale synthetic fuels plants. This unique undertaking—the development of oil substitutes from coal, oil shale, and biomass—will require the private investment of billions of dollars. The enactment of this legislation will provide the evidence of national commitment to make synthetic fuels a reality. It is an important indication to the financial community that the risks entailed in such an enterprise will be worthwhile.

This bill also provides the authority to appropriate the funds which the Senate approved earlier to get the synthetic fuels program underway. The $20 billion provided in the Interior appropriations bill is complementary to this legislation. This would allow for the construction of a number of synthetic fuel plants, which will demonstrate the commercial feasibility of a variety of technologies. This will be accomplished with a minimum of Federal expenditure through a diverse program of price and loan guarantees, direct loans, joint ventures, and as a last resort, direct Government investment. Successful production of synthetic fuels will be realized with this type of comprehensive committed effort.

The Senate adopted provisions related to the development of alcohol fuels made from renewable resources in title II of this bill. A reasonable framework for stimulating both small and large alcohol fuel plants was arrived at between the chairman and members of the Energy Committee, and the chairman and members of the Agriculture Committee. Under S. 932 as passed, the Department of Energy will be responsible for the development of large ethanol plants, or methanol from wood plants of substantial size.

The Department of Agriculture will oversee small on-farm or self-sufficient alcohol facilities. Farmers are likely to use most of the output of the small facilities themselves, so the USDA is the appropriate body to be involved with these small producers.

Senator TALMADGE has worked well with Senator JACKSON on the resolution of the jurisdictional problems related to gasohol, and his hard work in this area is to be commended.

The bill also enacts a far-ranging conservation program which will provide a variety of financial incentives to consumers to install conservation equipment. Conservation may be our best energy resource in the short term and significant energy savings can be achieved if the proper encouragement is provided. The combination of loans and grants which will be available to property owners and renters will allow significant investment by citizens of all economic means. Such investment in conservation will effectively combat rising energy costs and fuel shortages.

Mr. President, this legislation is momentous and urgently needed. Throughout debate this week, we have crafted a national program to accelerate the development of domestic energy supplies. There will be no more important vote which can be cast to insure this Nation's strategic and economic security.

I urge my colleagues support of this critical legislation.

UP AMENDMENT NO. 780

Mr. ROBERT C. BYRD. Mr. President, I withdraw my amendment and send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from West Virginia (Mr. ROBERT C. BYRD), for himself and Mr. GLENN, proposes an unprinted amendment numbered 780.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 83, between lines 9 and 10, insert the following new subsection:

"(d) Thirty days after enactment of this Title, the Secretary of Energy on behalf of the corporation and pursuant to the authorities granted in this Title, shall make a solicitation for commercial scale methanol from coal plants which shall be reviewed and acted upon by the corporation pursuant to this Title.

Mr. ROBERT C. BYRD. Mr. President, my intention in offering this amendment with my distinguished colleague, Senator GLENN, is to insure that the production of methanol from coal is given early and certain consideration in the synthetic fuels program established by title I of S. 932.

As you know, title II of this measure provides a program for assistance to projects for the production of alcohol fuels from renewable resources. For the most part these projects assisted by title II will be relatively small and will produce an alcohol for direct blending with gasoline.

The production of methanol from coal will also offer a very attractive source of high-value alcohol fuels. The projects involved, however, are expected to be larger, more sophisticated, and more costly. They are, therefore, best assisted by the Synthetic Fuels Corporation established in title I which has far more extensive financial resources and better ability to deal with the financial complexities of large investments.

I wish to be certain, however, that the Corporation is well aware of the congressional intent that this form of alcohol production will be an important objective of the Corporation and that this technology will be given early and specific consideration.

My amendment requires an early solicitation of proposals for methanol projects for consideration of the Corporation.

Does the manager of the bill share my objection and my understanding of this amendment?

Mr. President, this amendment has been discussed with the managers of the bill, and I hope they will support it.

Mr. JOHNSTON. Mr. President, I can assure you that it is the firm intention of the committee that the Corporation is empowered and expected to give full consideration and assistance to acceptable proposals for methanol projects using coal.

The amendment offered by the majority leader insures that such proposals will be invited and the committee expects that if such proposals are viable the Corporation will proceed with financial assistance expeditiously.

Methanol offers an opportunity for an inexpensive, clean burning fuel which can be especially valuable in displacing scarce heating oil and diesel fuel at an early date. It is also an option which is not limited by raw materials and which could be expanded to several longer term applications such as fuel cells.

I commend the majority leader for lending this additional emphasis to an important alternative, and I reemphasize the committee's expectation that methanol from coal be an important objective of the Corporation.

Mr. GLENN. Mr. President, it pleases me greatly to cosponsor this amendment with the distinguished majority leader, Senator ROBERT C. BYRD, and I wish to associate myself fully with his remarks.

It is important to recognize that one of our major near term and intermediate term energy problems is going to be a shortage of liquid fuels. We have already seen evidence of the impact of such shortages whenever we find ourselves waiting in a gas line. This amendment requires that the Synthetic Fuels Corporation give explicit recognition to this problem by assuring that early consideration be given to an award for financial assistance for at least one commercial scale methanol-from-coal plant under the synfuel demonstration program. Indeed, it should be the Corporation's objective to put such a plant on line as soon as possible.

Such plants will provide us with the technical, regulatory, and financial facts we will need to better understand the problems associated with the commercialization of this technology. When those problems are worked out, we will not only be in an excellent position to make good use of high-sulfur eastern coal while reducing the problem of air pollution from sulfur dioxide, but we will have taken a giant step toward increasing our production of liquid fuels without further dependence on imported oil.

Mr. DOMENICI. Mr. President, I join with the majority manager of the bill and associate myself with his remarks.

I commend the Senator from West Virginia for bringing this matter to our attention. I believe it adds significantly to the bill.

I might just say in passing, the bill has been pending long enough. I am glad we are going to get it passed.

Mr. ROBERT C. BYRD. I thank the distinguished Senator.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. ROBERT C. BYRD. Mr. President, I earlier asked for the yeas and nays on passage of the bill. I have forgotten what we are going to vote on is a motion to concur in the House amendment with an amendment in the nature of a substitute.

I ask that the yeas and nays on "passage of the bill" be vitiated.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I ask unanimous consent that it be in order to order the yeas and nays on the motion at this time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask for the yeas and nays on the motion.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 781

The PRESIDING OFFICER. The Senator from Michigan.

Mr. LEVIN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Michigan (Mr. LEVIN) proposes an unprinted amendment numbered 781.

Mr. LEVIN. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 212, line 16, insert the following: "(16) 'financial institution' means a lending entity which appears on a list pursuant to section 213(a)(3) of P.L. 95–619, or any utility providing financing for the purchase and installation of energy conservation measures pursuant to subtitle E;".

Mr. LEVIN. Mr. President, I ask unanimous consent that the amendment be temporarily laid aside.

The PRESIDING OFFICER. Which amendment is the Senator speaking of? The one he just introduced?

Mr. LEVIN. Yes.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 782

Mr. LEVIN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read as follows:

The Senator from Michigan (Mr. LEVIN) proposes an unprinted amendment numbered 782.

Mr. LEVIN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 229, line 13, change the semi-colon to a comma, and insert the following: "which plan shall include a requirement that each utility notify all of its residential customers of the availability of, and method of application for, grants and loans under this Title;".

Mr. LEVIN. Mr. President, this amendment would require that utilities notify all of their customers of the availability of Federal loan and grant assistance for financing conservation investments, and of the procedures for applying for such assistance. The bill already requires the State supplemental plan to include a program for notifying all eligible persons of the Federal assistance which is available, and the most efficient method—at least one of the most efficient—for dissemination of that information is through the utilities, who already are in regular contact with their customers and are required by Public Law 95–619 to distribute other information on a regular basis.

I understand that this amendment is agreeable to the managers of the bill.

Mr. JOHNSTON. Mr. President, this can be complied with by utilities by simply putting a notice on the bill which they send out every month. It is appropriate and helpful, at least for communicating the availability of loans and grants to customers. It improves the bill and we accept the amendment.

Mr. McCLURE. Mr. President, may I direct a question to the distinguished Senator from Michigan?

The Senator has a series of amendments that deal with the availability of financing for these improvements. The first such amendment, which was offered and then set aside, would permit a utility to make that loan to the consumer. The second one that we are discussing now will direct the utility to give notice to their customers of the availability of the program. Is that provision that we are now discussing limited only to the utilities that have such a program under subtitle C of the bill?

Mr. LEVIN. No, Mr. President, all available loans and grants.

Mr. McCLURE. So that all utilities, regardless of whether they are involved in such a program or not, would be required to give that information to their consumers?

Mr. LEVIN. To put that into their bills, as the Senator from Louisiana said, to insert that notice into their bill.

Mr. McCLURE. Mr. President, let me say I am not terribly enthusiastic about requiring a utility to do something that is unrelated to their own business and which they are not involved in. I would have no objection at all if it were confined to those utilities notifying their own customers where they were involved in such a program. But I shall not object to the adoption of the amendment this evening. I really think it ought to be so limited.

Mr. LEVIN. I suggest to the Senator that the wording might be viewed as utilities giving a preference to their own programs. That is the reason why it was made more general.

Mr. McCLURE. I say to the Senator it is not a question of whether they are talking about their own program or not; it is a question of whether or not utilities that have no program are to be required to notify their consumers of programs in which they are not involved. So it is quite the opposite of the suggestion that the Senator from Michigan has made but I shall not object.

Mr. LEVIN. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

UP AMENDMENT NO. 783

Mr. LEVIN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read as follows:

The Senator from Michigan (Mr. LEVIN) proposes an unprinted amendment numbered 783.

Mr. LEVIN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 229, line 23, add the following:

"(6) a plan for dispersing grants, upon the joint request of a qualified applicant and a contractor listed pursuant to the provisions of section 213(a)(2) of Public Law 95–619 who supplies or installs residential energy conservation measures for such qualified applicant, directly to such contractor who certifies that the grant has been credited in full to the qualified applicant.

Mr. LEVIN. Mr. President, the bill requires that a State supplemental plan for eligibility for Federal grant money must include a plan for dispersing grants to homeowners qualified to receive them. This amendment would allow grants to be dispersed directly to contractors making the conservation improvements, thereby requiring a smaller cash outlay by the homeowner than would be required if he were forced to make the entire payment before being reimbursed by the Government. Direct payments could only be made to contractors meeting the requirements of the program, and only upon a joint request from the applicant and the contractor.

I believe this amendment has been cleared with both managers.

Mr. JOHNSTON. Mr. President, this is a good amendment. It has a double protection in it because, even though the check may be made jointly to the contractor and the homeowner, it provides that only such contractors as are qualified under the law may be eligible for this benefit, and there are rules provided for on the qualifications of the contractors so we can insure that contractors will be open and above board in the way they treat this money.

In addition, they must certify that the grant has been credited in full to the qualified applicant. This is a double protection.

With those two qualifications and protections, Mr. President, I think this amendment will make it easier to get people into the program. Therefore, we enthusiastically accept the amendment.

Mr. McCLURE. Mr. President, I congratulate the Senator from Michigan for offering this amendment and for the constructive changes that were made in it to guarantee that the benefit of the program would pass through to the consumer. This is a mechanism by which the consumer and a contractor can jointly become involved and, are therefore, more likely become involved in the program. I think it is a constructive amendment. I am happy to accept it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Michigan.

The amendment (UP No. 783) was agreed to.

Mr. LEVIN. I thank my friends from Idaho and Louisiana.

UP AMENDMENT NO. 781

Mr. LEVIN. Mr. President, the amendment which was temporarily laid aside is still going to have to be temporarily laid aside while we work out some additional changes.

Mr. JOHNSTON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LEVIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LEVIN. Mr. President, I ask unanimous consent that the amendment which was laid aside before be withdrawn.

The PRESIDING OFFICER. The Senator has the right to withdraw his amendment.

The amendment is withdrawn.

UP AMENDMENT NO. 784

Mr. LEVIN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Michigan (Mr. LEVIN) proposes unprinted amendment numbered 784.

Mr. LEVIN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 212, line 16, insert the following:

"(16) 'financial institution' means a lending entity which appears on a list pursuant to section 213(a)(3) of Public Law 95–619, or any utility providing financing for the purchase and installation of energy conservation measures pursuant to subtitle E;".

On page 219, following line 22, add a new paragraph:

"(14) in the case of a payment to a utility, the utility passes through the value of the subsidy to the loan applicant."

Mr. LEVIN. Mr. President, the bill elsewhere repeals the prohibition on utility financing of conservation investments made by homeowners.

This amendment would permit those utilities which voluntarily decide to embark on such a financing program to pass along loan subsidies to their customers for conservation investments.

This amendment does not require utilities to become so engaged in the finances of conservation investments. But, if they do so, with approval of State public service commissions, of course, the loan subsidy would become available to them for the purpose of passing it along to their customers.

This amendment would not disrupt established relationships between utilities and lenders and would not exclude loan lenders from the financing process because bank subsidies would be available, regardless of the source of the utility's funds.

Mr. President, I believe that this amendment is now approved by the managers.

Mr. JOHNSTON. Mr. President, this modifies the definition of financial institutions so as to permit utilities to act as financial institutions in making subsidized loans. But only in those limited circumstances as provided for in the section of the bill offered in committee by Mr. HATFIELD where, under the public utilities commission, the utility as well as the Governor or other appropriate party designated under State law have all consented to this arrangement.

It also provides that to the extent there is a subsidized loan, the full amount of the subsidy must inure to the benefit of the customer or the lendee and the utility cannot scrape off a half percent, or any other amount, as a fee for servicing the loan.

In that light, Mr. President, I think it may be a mechanism that may be very useful, and may help this program work more easily and more efficiently, to the benefit of the consumer.

We, therefore, accept the amendment and thank the Senator for offering it.

Mr. McCLURE. Mr. President, I thank the Senator from Michigan for having made the changes that were suggested in the discussions about this amendment.

First, to limit it to those that qualify under subtitle (e) of the title and, secondly, to make certain that there was a guaranteed passthrough of the benefits, and that has been added.

I think with those two changes, the amendment is acceptable.

I congratulate the Senator for having offered it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Michigan.

The amendment (UP No. 784) was agreed to.

Mr. LEVIN. I thank my friend for helping in support of the amendment and clarifying and improving it.

UP AMENDMENT NO. 785

(Purpose: To delete the requirement for an energy audit at time of transfer of a residence)

Mr. FORD. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Kentucky (Mr. FORD) for himself, Mr. WALLOP, Mr. ROTH, and Mr. DURKIN, proposes an unprinted amendment numbered 785:

Strike out all beginning on page 272 with line 9 and ending on page 274 with line 21.

Mr. FORD. Mr. President, I ask unanimous consent that the Senator from New Hampshire (Mr. DURKIN) be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FORD. Mr. President, the amendment that Senators WALLOP, ROTH, and I are offering today is to delete section 481 of title IV. Section 481 would require, as a general rule, that energy audits be performed on transfer of residence.

First of all, I would like to commend the sponsor of this provision, the able Senator from Ohio (Mr. METZENBAUM), for the changes that he made in committee with respect to "time of transfer" energy audits. The time for audits, both before and after transfer, was extended. Provisions were made for exemptions by the Secretary of Energy. The requirement for a performance affidavit was deleted because of its possible perjury consequences. A provision was added to attempt to write around the real danger that a loan or transfer might be invalidated and a title clouded by nonperformance.

The able sponsor of the section recognized the "uncertainty" of the section's effects by making these changes. However, uncertainty of effect remains, and for that reason I believe that the section should be struck.

Mr. President, first of all the apparatus is not in place for energy audits. Existing law calls for utilities to provide for audits, but not until final rules and regulations are promulgated and State plans are approved. The DOE has until January 1, 1980, or 6 months after the State plan is approved to issue final rules.

The director of the residential energy conservation program recently stated audits would be available to homeowners "when the program begins operation in the next year or two." He further stated that—

> The rules take effect officially next December 6, starting a 15-month timetable of deadlines in which states may choose to draw up their own specific plans for managing the program, subject to department approval.

Evidently Mr. Tanck does not think the audits will be available for every home sold within 1 year of the program's initiation.

Existing law mandates HUD to study residential energy efficiency standards. The subjects to be examined shall include, but not be limited to, mandatory notification to purchasers, and policies to prohibit exchange or sale, of properties which do not conform to such standards.

The study, among other things, is to consider the very uncertainties that section 481 poses—the extent to which such a requirement would affect the real estate, home building, and mortgage banking industries; the effect of such a requirement on availability of credit in the housing industry; and the extent to which the imposition of mandatory Federal requirements would temporarily reduce the number of residential dwellings available for sale and the resulting effect of such mandatory actions on the price of those remaining dwelling units eligible for sale.

The study has not been completed. It is needed before section 481 should be enacted.

Mr. President, I have asked for VA and FHA position papers on the effects of section 481. They have not been forthcoming.

I have been informed that there are almost 4 million housing transfers every year. Now I ask you, who is going to be out there ready to go with 4 million energy audits when we are talking about a program that has not been implemented yet, a program the effects of which are very uncertain?

Utilities do not have the required energy auditors. I know that section 481 recognizes this and limits its provisions to buildings served by a utility offering an audit program. Section 481 actually may impede the program if utilities are reluctant to become involved in home transfer transaction problems—the section could well be counterproductive.

S. 932 recognizes that the apparatus is not in place. Our bill provides for an auditor-training program. This certainly is needed before we begin to impede home transfers.

Mr. President, in summary I can see only uncertainty resulting from section 481, and Heaven knows we have enough uncertainty in the market that governs home transfers. Financial institutions are reluctant to make the loans because the legality of their actions is subject to doubt because of the provisions in other laws. Section 481 would introduce yet another suspect of legality, even with the refinements made in it by its sponsor. Section 481 would result in one of two things—either the seller automatically will put up the $50 if he does not want an energy audit, thus once again retarding the purpose of energy audits, or the buyer will insist on so many contingencies in the contract that home transfers will be impeded.

Mr. President, I have been fooling around. I was called to come over at 3 o'clock this afternoon. Everyone had amendments. Here I am at 10 o'clock at night, 6 hours later, because I have a gun at my head.

I had a little amendment to start out with, that would not hurt anybody and would help 4 million people, to take off a $50 bond that had to be placed on every transaction of a real estate sale that did not have an energy audit, and that $50 bond was on the mortgage or that deed subject to the energy audit within 12 months.

That house could have been sold again, and you would have two bonds on it.

I am not an attorney. My daddy always told me, "A little knowledge of the law is dangerous. Get you a good lawyer and stay with him."

Well, my good lawyers—and there are several of them in this Chamber—have told me that this bond puts a cloud on that transaction, particularly the second.

So, Mr. President, maybe we may have an agreement as to modification of this amendment. I have not received a signal yet as to whether we are going to do it or not, and I got the signal to go ahead and talk.

I do not want to talk very much if we have an agreement. I want to go home. I do not want to filibuster. I want to let these Senators go home to a cold meal and a mad wife. [Laughter.]

Mr. METZENBAUM. I appreciate the cooperative effort of the Senator from Kentucky. I think we do have an agreement, but I am not certain whether it needs a little clarification. If the Senator does not mind, I would like to suggest the absence of a quorum, so that I might speak with him.

Mr. WALLOP. Mr. President, will the Senator withhold that request?

Mr. FORD. I yield to the Senator from Wyoming.

Mr. WALLOP. Mr. President, I ask unanimous consent that the names of Mr. HELMS, Mr. STEVENS, Mr. JEPSEN, and Mr. SCHMITT be added as cosponsors of the amendment.

The PRESIDING OFFICER (Mr. WILLIAMS). Without objection, it is so ordered.

Mr. WALLOP. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FORD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FORD. Mr. President, I send a modification of my amendment to the desk and ask that the clerk read the modification.

The PRESIDING OFFICER. The modification will be stated.

The legislative clerk read as follows:

AMENDMENT No. UP 785 (MODIFIED)

The Senator from Kentucky (Mr. FORD) modifies his unprinted amendment numbered 785 as follows:

On Page 274, line 21, insert a new subsection 233(a) which reads as follows.

(e) The provisions of this section shall apply only in major metropolitan areas in excess of 500,000 people and only in each such area upon a certification by the Secretary of Energy that energy audits as defined under Section 215 (b) (1) (A) or 217 (a) (2) (A) are available in a timely and sufficient manner to all residential buildings served by a public utility offering a utility program or served by a participating home heating supplier.

For the purposes of this subsection (e), "major metropolitan area" means an urban area within a large metropolitan area as those terms are used by the Bureau of the Census in the 1978 Edition of the Statistical Abstract of the United States.

Mr. FORD. Mr. President, I want to be sure it is understood that in modifying my original amendment, I eliminated the language in that original amendment, and it no longer is a part of the proposed amendment.

Mr. JOHNSTON. Mr. President, I congratulate the Senator from Kentucky and the Senator from Ohio for working out this matter, for saving us from long hours of debate, and particularly for saving the floor manager from the very uncomfortable position of having to defend the committee in resisting an amendment with which I partially concurred. I think this is a very good solution. Therefore, we accept the amendment, with gratitude.

Mr. BENTSEN. Mr. President, will the Senator yield?

Mr. JOHNSTON. I yield.

Mr. BENTSEN. Some of us are not part of the deal. We would like to know what was done.

Mr. JOHNSTON. If the Senator would wait outside the door——

Mr. BENTSEN. No. I would like to know, because I am concerned about the amendment. I would like to understand what was done here in the way of a compromise. I favored the Senator's position from the very beginning.

Mr. FORD. We did not want to stay all night because of my amendment. With the cloud that was hanging over this amendment, the leadership made an effort—as well as the chairman of the committee and the floor manager—to work out something that would be acceptable so that we could complete our business tonight.

Mr. JOHNSTON. If the Senator will yield, I will explain what the amendment does.

It makes the requirement of the energy audit applicable only in major metropolitan areas in excess of 500,000 people, and only in such areas where the Secretary certifies that energy audits are available in a timely and sufficient manner to all residential buildings served by a public utility offering a utility program or served by a participating home-heating supplier.

A major metropolitan area is defined in the same way as in the statistical abstract of the census.

Mr. BENTSEN. It means that my friend has taken care of his State.

Mr. FORD. I have taken care of a lot of them. But in the latter part, it means an urban area within a large metropolitan area, as those terms are used by the Bureau of the Census. It extends it a little further.

If the Senator from Texas wants to object to this, it will tickle me to death, because I wanted my other amendment. But in order to try to work things out, this is the closest thing I could get to an agreement.

Mr. BENTSEN. Is this part of the House bill?

Mr. JOHNSTON. It is not part of the House bill.

Mr. BENTSEN. I would hope, then, that the conferees would have the good judgment to drop it.

Mr. WALLOP. Mr. President, I ask unanimous consent that the names of Senators DOMENICI, HATCH, MCCLURE, and DOLE be added as cosponsors of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WALLOP. Mr. President, as an original cosponsor of the original amendment, and a reluctant party to the compromise, I point out that I think we are launched on a course that will provide a greater level of irritation to the average American involved in a home sale transaction than almost anything we could have conceived of, except to have done it to everybody.

We have moved it down to a standard metropolitan statistical district; but, frankly, I think that any semblance of voluntarism that might well have provided the kind of incentive we needed is gone from it.

I agree with the Senator from Texas: I hope there is a clear and substantial look at it on the part of the conferees and perhaps on the part of the House, before they get too overly enthusiastic about this program.

Mr. DOLE. Mr. President, I want to be a cosponsor of the original, not the compromise.

Mr. WALLOP. I assume that is what I have been adding cosponsors to. But the Senator from Kentucky has modified his own amendment, which he is entitled to do.

Mr. FORD. Mr. President, I ask unanimous consent that the names of the junior Senator from Georgia (Mr. NUNN) and the senior Senator from Georgia (Mr. TALMADGE) be added as cosponsors of the original amendment.

Mr. BENTSEN. I ask unanimous consent that my name be added as a cosponsor of the original amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSTON. I hope the Chair will go ahead with the vote on this amendment, before they change their minds.

Mr. WALLOP. All the names the Senator from Wyoming has mentioned are to be cosponsors of the original amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified.

The amendment, as modified, was agreed to.

AGRICULTURE, FORESTRY, AND RURAL ENERGY TITLE

Mr. TALMADGE. Mr. President, I am pleased that the language of S. 1775, as modified, has been accepted as an addition to S. 932.

S. 1775 represents the ideas and efforts of many Senators. I am proud of the fact that 35 Members of the Senate joined as cosponsors of the bill. I am particularly pleased that all 18 members of the Committee on Agriculture, Nutrition, and Forestry joined me in introducing and developing this legislation.

Mr. President, I especially want to compliment and commend the Senator from North Carolina, Mr. HELMS, the ranking minority member of our committee, for his support and guidance in this legislation. He contributed in a major way to the development of the bill and to its acceptance here on the floor. Once again, Senator HELMS has demonstrated his total commitment to the welfare of American agriculture and his dedication to the goal of achieving energy independence for the American farmer.

I also wish to commend the Senator from South Dakota, Mr. MCGOVERN, for his unstinting efforts to develop a national energy program focusing on alcohol production from agricultural commodities and waste residues. He has never lost sight of what this can mean to the family farms of America. He has performed a yeoman service in a great cause.

I again want to thank the Senator from Washington, Mr. JACKSON, the chairman of the Committee on Energy and Natural Resources, and the Senator from Oregon, Mr. HATFIELD, the ranking minority member of that committee, for their cooperation and support. Also, I am grateful to the Senator from Louisiana, Mr. JOHNSTON, and the Senator from Idaho, Mr. MCCLURE, for accepting our amendment.

Finally, Mr. President, I want to thank the Senator from Maine, Mr. MUSKIE, and the Senator from Oklahoma, Mr. BELLMON, for their assistance in clearing up any questions the Budget Committee had concerning the financing of the programs authorized by the agriculture, forestry, and rural energy amendment.

Mr. PRESSLER. Mr. President, I rise in support of S. 932, "The Energy Security Act." It pays substantial attention to the development of gasohol. I do not like some of the spending levels in this bill, but we have done nothing up to this point. It is time for some action.

I have studied and worked on gasohol, ethynol and methanol during my 5 years in Congress. In fact one of the first bills I sponsored upon coming to Congress in 1975 was to stimulate the production of alcofuels.

In title I, II, and III of this bill there is potentially $6.45 billion in this bill for gasohol and alcofuels. This is a step forward. Now we must be certain that the agencies properly administer these programs.

Recently I discovered that the Department of Energy does not have readily available plans to build gasohol stills. We need to have research and development so that individuals, cooperatives, and corporations can build gasohol stills. The great oil companies do not need to control this—it can be controlled by entrepreneurs at every level.

The President must instruct his agencies and departments to spend this money in a fashion as to ultimately have free enterprise develop an abundant supply of energy for our Nation.

TITLE V

Mr. CHURCH. Mr. President, I am happy to support title V of S. 932 as reported by the Energy Committee, which contains a number of amendments which will help speed the development of our vast geothermal resources. The amendments I have proposed in title V are from the "Omnibus Geothermal Commercialization Act of 1979," S. 1388, introduced by myself and Senator DURKIN.

The title before the Senate contains provisions from the bill and S. 1330, introduced by Senator MCCLURE:

First. Reservoir confirmation loans, convertible to grants;

Second. An amendment to the geothermal loan guarantee program, increasing to 90 percent the amount which may be covered by a Government loan guarantee;

Third. A reservoir insurance program;

Fourth. Loans for feasibility studies of geothermal reservoirs;

Fifth. An extension of the geothermal loan guarantee program;

Sixth. Authority for other specified agencies to use money from the Geothermal Resources Development Fund for loan programs in those agencies;

Seventh. A provision to require that information utilized in the preparation of one EIS will not be questioned subsequently in another EIS, as part of the application for a loan guarantee;

Eighth. A provision requiring the Secretary of Energy to establish expedited procedures for handling applications for loan guarantees;

Ninth. Provisions mandating research and development programs in geopressured methane, hot dryrock systems, and environmental control technology; and

Tenth. A requirement to utilize geothermal wherever possible in Federal buildings.

After 8 months of discussion with industry, State and local energy officials and the Department of Energy, it has become clear to me that drilling risks would be sufficiently lowered if forgivable loans for drilling exploration and confirmation wells were made available at reasonable terms to the drilling industry.

My intention in establishing this loan program is not to remove all risk. Clearly, geothermal developers stand to gain much by finding a viable reservoir, and they should be expected to share significantly in the risk. On the other hand, the very low number of wells drilled to date clearly demonstrates the need for the Government to also share the risk. I have, therefore, set the loans at 50 percent of project costs. I believe that this percentage is sufficiently low to stop wildcat drilling which would waste the taxpayers' money and most likely would not lead to the confirmation of major new reservoirs, and yet it is sufficiently high to entice a rapid expansion in much needed drilling activity.

In the area of space heating or cooling and process heat from geothermal resources, this title will allow reservoir confirmation loans up to 90 percent of the project costs. This is a new and exciting area for the application of geothermal resources, which has not yet been fully investigated. The people who will be utilizing geothermal resources will have to be on-site users, as opposed to electrical generation systems for long distance transmission. Therefore, the economics are quite different from the higher temperature projects. In order to give more incentive to the discovery and utilization of this valuable, lower temperature resource, I believe that a higher percentage is necessary.

In addition, I have also proposed in this title an amendment to the geothermal loan guarantee program already in existence. This would also provide a 90-percent assumption of risk for a geothermal project which is to be used for space heating or cooling, or for process heat. Once again, the infancy of this industry and the different financial characteristics involved justify the increased share of the risks on the part of the Federal Government.

The authorization for this program and for other programs are made to the Geothermal Resources Development Fund. Depositing all appropriated amounts into this fund will serve a valuable function by assuring investors that the Government will be able to quickly respond to any liability which may occur due to the guarantee and loan programs which are established pursuant to this title. The amounts authorized are the recommended levels of funding which should cover the costs associated with each program.

I urge my colleagues to adopt this title.

Mr. LEVIN. Mr. President, I ask unanimous consent that my name be added as a cosponsor of UP amendment No. 763 by the Senator from Massachusetts (Mr. TSONGAS).

The PRESIDING OFFICER. Without objection, it is so ordered.

The PRESIDING OFFICER. Are there further amendments?

Mr. JOHNSTON. Mr. President, I hope we are ready for final passage. Is there a further amendment?

The PRESIDING OFFICER. Are there further amendments?

Mr. METZENBAUM addressed the Chair.

The PRESIDING OFFICER. The question is on agreeing to the amendment in the nature of a substitute by the Committee on Banking, Housing, and Urban Affairs.

Mr. JOHNSTON. Mr. President, I move that we reject the substitute from the Committee on Banking, Housing, and Urban Affairs, and concur in the House amendments with an amendment in the nature of a substitute.

The PRESIDING OFFICER. That is not in order. It is coupling.

The first question is on the amendment that is first stated, which is the Banking substitute.

Mr. JOHNSTON. Then it would be appropriate, I believe, in view of the previous actions for us to reject that amendment. Am I correct?

The PRESIDING OFFICER. That is the option before the Senate.

Mr. JACKSON. Vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment in the nature of a substitute.

(Putting the question.)

The amendment in the nature of a substitute was rejected.

Mr. JOHNSTON. Mr. President, I move that the Senate concur in the House amendments with an amendment in the nature of a substitute.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Louisiana to concur in the House amendments with an amendment in the nature of a substitute.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. Mr. President, I have supported this bill throughout its consideration, but we have an absent Member, the Senator from South Carolina, who wishes to be recorded in favor of the bill.

Although I would normally vote in favor of this bill, in this instance I am going to announce a pair with the Senator from South Carolina (Mr. THURMOND). If he were present, he would vote "aye." I would vote "nay" under these circumstances, and I withhold my vote.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON), the Senator from Arizona (Mr. DECONCINI), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Connecticut (Mr. RIBICOFF), the Senator from Tennessee (Mr. SASSER), the Senator from Indiana (Mr. BAYH), the Senator from Arkansas (Mr. BUMPERS), the Senator from Alaska (Mr. GRAVEL), the Senator from Arkansas (Mr. PRYOR), and the Senator from Illinois (Mr. STEVENSON) are necessarily absent.

I also announce that the Senator from Delaware (Mr. BIDEN) is absent because of illness.

I further announce that, if present and voting, the Senator from Indiana (Mr. BAYH), the Senator from Nevada (Mr. CANNON), the Senator from Arizona (Mr. DECONCINI), and the Senator from Connecticut (Mr. RIBICOFF) would each vote "yea."

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Maine (Mr. COHEN), the Senator from Arizona (Mr. GOLDWATER), and the Senator from South Carolina (Mr. THURMOND) are necessarily absent.

The PRESIDING OFFICER. Are there other Senators in the Chamber wishing to vote?

The result was announced—yeas 65, nays 19, as follows:

[Rollcall Vote No. 396 Leg.]

YEAS—65

Bellmon
Bentsen
Boren
Bradley
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Chafee
Chiles
Church
Cranston
Culver
Danforth
Domenici
Durenberger
Durkin
Eagleton
Exon
Ford
Glenn
Hart
Hatfield
Hayakawa
Heflin
Heinz
Hollings
Huddleston
Inouye
Jackson
Javits
Johnston
Leahy
Levin
Long
McClure
McGovern
Magnuson
Mathias
Matsunaga
Melcher
Metzenbaum
Morgan
Moynihan
Muskie
Nelson
Nunn
Packwood
Pell
Percy
Pressler
Randolph
Riegle
Roth
Sarbanes
Schweiker
Stafford
Stennis
Stewart
Stone
Talmadge
Tsongas
Warner
Williams
Young
Zorinsky

NAYS—19

Armstrong
Baucus
Boschwitz
Cochran
Dole
Garn
Hatch
Helms
Humphrey
Jepsen
Kassebaum
Laxalt
Lugar
Proxmire
Schmitt
Simpson
Tower
Wallop
Weicker

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Stevens, against.

NOT VOTING—15

Baker
Bayh
Biden
Bumpers
Cannon
Cohen
DeConcini
Goldwater
Gravel
Kennedy
Pryor
Ribicoff
Sasser
Stevenson
Thurmond

So the motion to concur was agreed to.

The title was amended so as to read:

An Act to extend the Defense Production Act of 1950, as amended, and for other purposes.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, the distinguished Senator from Florida (Mr. CHILES) had planned to call up an amendment, and through inadvertence, the final vote occurred before the Senator had an opportunity to call up his amendment. I believe I am stating the situation correctly, and I will say that the manager of the bill and the ranking minority member were aware of this, but I must say that the Senate has considered 47 unprinted amendments today, and in the course of all this the Chiles amendment was overlooked.

With the concurrence of the manager and the ranking minority member, and out of fairness to Mr. CHILES, I ask unanimous consent that the measure be returned to the mesasge from the House being before the Senate, that the Senator from Florida be permitted to call up his amendment, that no amendments to that amendment be in order, that there be 2 minutes on the amendment, and then that, upon the disposition of the amendment, the measure be considered as having been voted up as amended further, and a motion to reconsider laid on the table.

Mr. STEVENS. Mr. President, reserving the right to object, and I shall not object, it is my understanding that this amendment, incorporating the sunshine law, is limited solely to title I. Is that correct?

Mr. ROBERT C. BYRD. That is correct.

Mr. STEVENS. And it would extend to just the Energy Security Corporation and no farther; is that correct?

Mr. JOHNSTON. That is correct.

Mr. STEVENS. I have no objection.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia? Without objection, it is so ordered.

The Senator from Florida.

UP AMENDMENT NO. 786

(Purpose: To subject the Synthetic Fuels Corporation to the provisions of 5 U.S.C. 552(b))

Mr. CHILES. Mr. President, I send to the desk an amendment and ask for its consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Florida (Mr. CHILES) proposes an unprinted amendment numbered 786:

On page 70, line 21—

Mr. CHILES. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 70, line 21, delete everything after "(f)" through page 71 line 17; insert the following in lieu thereof:

"The provisions of section 552b of Title 5 of the United States Code shall apply to the Corporation notwithstanding any other provision of law."

Mr. CHILES. Mr. President, I think the purpose of the amendment has been expressed accurately by the Senator from Alaska. It does apply the sunshine provisions that are in the general law now to title I, which would be to the Energy Security Corporation itself.

Mr. President, this amendment would place the Board of Directors of the Synthetic Fuels Corporation under the provisions of the Government in the Sunshine Act.

The Board of Directors will be a collegial body composed of five voting members appointed by the President with the advice and consent of the Senate, and three nonvoting members. As such, the board would statutorily fall within the definition of "agency" contained in the Sunshine Act and thus be fully subject to the act's provisions.

Subsection (f) section 112 of S. 932, however, removes the Board from the coverage under the Sunshine Act. The provision for open meetings contained in subsection (f) is significantly more limited than the provisions of the Sunshine Act. For example, it fails to provide:

First, the procedures for closing a meeting; second, the same carefully drawn, specific exemptions to the open meeting requirement; third, the requirement for a week's public notice, absent a need for earlier action; fourth, maintenance of transcripts or recordings of closed meetings; fifth, procedures for promptly releasing transcripts, recordings or minutes to the public; and sixth, of great significance, S. 932 fails to provide the presumption of openness contained in the Sunshine Act,

The Sunshine Act was enacted by Congress more than 3 years ago as our firm commitment to open Government. It declares that the public has a right to the fullest practicable information regarding the decisionmaking process of the Federal Government. It clearly expresses as our national policy that the public is entitled to observe and be fully informed on what the Federal agencies are doing, how they operate, and equally important, why they make the decisions they do.

Sunshine's primary objective is to make government more accountable and responsive to the people it serves. The first amendment of the Constitution embodies the profound national commitment to the principle that debate on public issues should be uninhibited, robust, and wide open. To accomplish this, the public must know what government is doing and how it is conducting the public's business.

I can think of no other public issue that our citizens have more of an interest in right now than energy. In recent months, with gas lines, rising fuel costs, and the ongoing public controversy over nuclear energy, the public has become keenly aware of our serious energy situation. Energy is an issue that directly affects each and every member of the public in his or her everyday life. Moreover, it has a direct impact on our Nation's current and future economic condition, on the economic condition of every person in this country.

The public's current confidence level in government and its ability to effectively deal with the energy situation is rather low. The need for broad public access to information on the Government decisions being made for the public on energy supplies and alternative sources is critical. It is important for the public to have an opportunity to be fully informed and to better understand government actions. This is especially true with respect to energy-related decisions. The citizens need to understand the reasons for our energy actions before they will be willing to accept our judgments and comply with them.

I understand that S. 932 contains an abridged open meeting provision. It fails, however, to place the necessary emphasis on openness and access to information. It contains no presumption of openness, nor does it carefully restrict and regulate closing.

I also understand that there is occasionally a need to exempt certain meetings, due to their sensitive nature, from the open meeting requirement. There is also a need for flexibility in other aspects, such as public notice. I strongly feel that the Sunshine Act has adequately taken care of all of the reasonable legitimate problems that may arise with respect to the Board's activities. We must keep in mind that several agencies which deal with sensitive matters, such as the Federal Reserve Board, the Securities and Exchange Commission, and the Nuclear Regulatory Commission, are covered by the Sunshine Act and have operated under it for nearly 3 years.

The provision in S. 932 is a step backward for open Government. A number of the provisions already in the Sunshine Act assure that the board of directors will be able to conduct its business, with efficiency and discretion. There are 10 exemptions in the Sunshine Act which allow for an agency to close meetings of a sensitive nature.

For example, the Sunshine Act now contains the following provisions to meet any objections raised with respect to the activities of the Corporation:

First. Exemption 4 provides that a meeting may be closed to avoid disclosure of trade secrets and commercial or financial information.

Second. Exemption 6 provides that a meeting may be closed to avoid disclosure of information of a personal nature where disclosure of information would constitute an unwarranted invasion of personal privacy.

Third. Exemption 9 allows an agency to close a meeting to avoid premature disclosure of information which could lead to significant financial speculation or significantly endanger the stability of any financial institution. Exemption 9 also allows closing a meeting if premature disclosure is likely to significantly frustrate implementation of a proposed agency action.

Fourth. Section (e)(1) of the act allows for flexibility in the requirement for a week's advance notice to the public. Any fear of time delays due to Sunshine is without basis because flexibility is built into the Sunshine Act.

Fifth. Section (d)(4) allows an agency, a majority of whose meetings may be closed pursuant to exemptions 4, 8, 9a or 10, to provide by regulation for expedited closings. This category of meetings may also be exempt from certain other procedural requirements, such as maintenance of a transcript. It is required, however, that detailed minutes be kept of meetings exempt from the open meeting requirement under exemptions 4, 8, 9a, or 10.

Sixth. Although a transcript of recording is required in the case of a closed meeting under all exemptions except 4, 8, 9a or 10, the agency can withhold portions of the transcript or recording if they may be withheld under one of the 10 exemptions from the open meeting requirement.

The effect of these provisions is to let the board of directors close any meeting it must close due to particularly sensitive subject matter. Many of the meetings the Corporation may close will deal with matters which can subsequently be made public. The current abridged provision in S. 932 does not require that a transcript or recording be maintained and the public may unnecessarily be denied access to much information about the Corporation and its thinking and actions. The experience with the Federal Reserve Board and other similar agencies indicates that the board will be able to operate efficiently and effectively within the provisions of the Sunshine Act.

With the Sunshine Act, Congress has taken every reasonable step to accommodate any problems that the board of directors may experience. After almost 3 years of experience of agencies operating in the Sunshine, it is clear that it does not hinder an agency with regard to any sensitive matters it may have to deal with.

The Corporation as run by the board of directors will be making important decisions which will impact everyone in America. It will have significant authority and responsibilities directly relating to the welfare of our Nation and its economy. In view of this, I do not think it should be treated differently and allowed to operate without the safeguards contained in the Sunshine Act.

I do not think that any agency should be exempted from any of the specific provisions in the Sunshine Act, which are designed to foster openness and disclosure, while allowing for information to be withheld when necessary.

For these reasons, I am offering an amendment to S. 932 to bring the Corporation's board within the Sunshine Act and thus open it up to the public.

Mr. JOHNSTON. Mr. President, the committee dealt at some length and in some detail with the subject matter of the so-called sunshine legislation, feeling that it was necessary to have the negotiations of the Corporation with private companies in camera, because of the obviously private nature of those negotiations.

However, in consultation with the Senator from Florida, we have found that the Sunshine Act actually permits all those things we spelled out in detail in the bill; so, in effect, what we have done in the bill was to repeat the provisions of the sunshine law as interpreted.

We do not want to do that unless it is necessary, because we understand the necessity of preserving the sunshine law and not having a new one written for every law we pass. So in that spirit. Mr. President, we will accept the amendment.

Mr. DOMENICI. Mr. President, I want to say to the Senator from Florida that I personally apologize. I knew he had an amendment, and somehow during the day I thought maybe it had been taken care of, and it slipped my mind.

Mr. CHILES. I certainly accept that, and I also thank you for your courtesy, and the majority leader for his. I have been on the floor all day. I have put my name on every list that came up to have an amendment, and I was waiting for the rollcall on the Ford amendment to occur and then demand my time on the floor, and I found that the rollcall on the Ford amendment was actually on the final passage of the bill. So I left the floor 5 minutes too early. I guess, before they worked out the Ford amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida.

The amendment (UP No. 786) was agreed to.

Mr. ROBERT C. BYRD. Mr. President, am I correct in stating that the motion made by Mr. JOHNSTON earlier has been voted up by virtue of the rollcall, and that the motion to reconsider has been laid on the table?

The PRESIDING OFFICER. The Senator is correct.

Mr. JOHNSTON. I ask unanimous consent that S. 932, as passed by the Senate, be printed, and that 1,000 copies be made available to the Committee on Energy and Natural Resources.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I made a statement earlier commending the managers of the bill, so I will not repeat that statement now. I do commend them and personally thank them.

Mr. JOHNSTON. Mr. President, I want to thank the staff of the Committee on Energy and Natural Resources. I will not name them all: Dan Dreyfus, Dick Grundy, Pete Smith—I was trying to think of all the majority members and particularly the minority members who have been so helpful to us: Chuck Trabant—would the Senator from New Mexico name all the rest of them?

Mr. DOMENICI. Dave Swanson, Steve Hickok.

Mr. McCLURE. Mr. President, I hope the Senator would include in that some members of my own staff: Frank Cushing and Ron Shiflett.

Mr. JOHNSTON. And the members of my staff, as well.

Mr. President, this has been a monumental task for members of the staff of both the majority and the minority. It has been an unusual bipartisan effort.

The Senator from New Mexico has been outstanding in his management of the bill for the minority, as he always is. And I do not think we would have lost the one amendment we did lose today if he had not sneaked off the floor to entertain some New Mexicans. Next time, we will chain him to his desk so that we will insure that we win on all the amendments.

The Senator from Idaho (Mr. McCLURE), as usual, has added a great deal, as well as all members of the majority and the minority of the Committee on Energy and Natural Resources. We are grateful to the Members of the Senate for endorsing the legislation as promulgated. And I can say that the legislation retains all of the essential elements and is only improved by the floor action today and on previous days.

Mr. DOMENICI. Mr. President, let me just say that I am most appreciative of the kind remarks that my good friend from Louisiana had not only for me but for our staff and for our other minority Senators who have helped.

I would say that the truth about the amendment we lost is not that I left the floor, but rather that I just disagreed with the Senator from Louisiana, and so he lost. He did not want to say it that way, but that is the truth of the matter; and we want the record to be truthful. Senator McCLURE has taught me that since I first came here. We have been truthful in the record.

Mr. McCLURE. Mr. President, since my name has been used, I wonder if the Senator will yield.

Mr. DOMENICI. I am pleased to yield to the Senator from Idaho.

Mr. McCLURE. I obviously have failed in that effort, and I think the last few remarks bore the truth of my comment.

Mr. President, I think we should also thank the leadership and the other staff of the Senate for having accommodated, through rather unusual and difficult circumstances, the unusual number of staff who were present on the floor. I do appreciate that accommodation. It was sometimes difficult, but we had many different subjects and the staff responsibility was divided among subjects. We could not tell when we were shifting from one area of the bill to another, in spite of the good efforts of the majority leader earlier to get some order in that. That made it necessary for us to have an unusual number of staff assistants here on the floor at any one time. I do appreciate the willingness of the rest of the staff of the Senate to accommodate that requirement on our part.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished Senator for his comments with respect to the leadership.

May I express my appreciation to the distinguished acting Republican leader who, as usual, has been most cooperative, understanding, and helpful.

Mr. President, I must say again that the managers of the bill are to be highly commended. This was a bill which was supposed to have taken a long time. But, as Mr. JACKSON said many days and weeks ago, the time that was being spent in committee on this bill was going to be helpful when the bill came to the floor. And he proved to be right again.

Mr. DOMENICI. Mr. President, will the distinguished Senator yield 1 minute?

Mr. ROBERT C. BYRD. I yield.

Mr. DOMENICI. I wanted to commend one other member of the staff, of my staff, Steve Bell. I remember when we were not serious about using the corporate entity and well before the President announced that he wanted to use this as a vehicle. I am very pleased that his work yielded much of the framework from whence this Corporation came.

I also want to say that when it got down to the real push and shove of keeping the corporate entity or moving to a lesser approach, we could not have won this without the help of the distinguished majority leader. For those of us committed to that proposition, we thank him for his help and his remarks on the floor. We only hope that this will yield something significant and good for the people of our country.

Mr. JOHNSTON. Mr. President, I associate myself with those remarks. The leadership of the majority leader is so stalwart and so often that sometimes we neglect to say it. I should have said that first of all because we could not have passed this bill without his outstanding leadership. I thank him and I know the Senate does.

Mr. ROBERT C. BYRD. I thank the distinguished Senators.

I yield to the distinguished minority leader.

Mr. STEVENS. Mr. President, being from Alaska, I understand the sunshine rule does not apply in here on the floor of the Senate, but I think it is appropriate that I offer the last piece of sort of the midnight sunshine and commend all parties by presenting my statement for the RECORD at this point.

Mr. President, the synthetic fuels bill will go a long way in helping to make this country more energy self-sufficient. I realize many Members of the Senate are not completely happy about investing the amount of money we on the Energy Committee have recommended. Yet, in the end, I think it will have proven itself a wise investment in meeting our future energy needs.

It is my opinion that this bill represents a good compromise as a result of the amendment by our chairman, Senator JACKSON, and others on the committee. The Congress has the power to OK the final go-ahead, and the bill insures a role for the Congress to play in monitoring the progress of the program.

I want to commend Senators HATFIELD and DOMENICI for their part in forging this complicated and controversial measure through the Senate.

Senator DOMENICI, in particular, deserves credit for promoting the program through his cogent arguments in support of the legislation. His contribution was a necessary element toward successful passage of the synthetic fuels bill and, on behalf of the minority, I thank him for his efforts.

I also appreciate the work of the distinguished Senator from Louisiana (Mr. JOHNSTON) who on behalf of the chairman, has done an outstanding job during consideration of the many amendments proposed to this bill. The majority leader's strong support for this legislation, as well as the impassioned speech by Senator JACKSON, was the key to getting the bill passed in its final form.

Again, this bill represents the sincerity of the efforts of the Senate to deal with the problems this Nation faces with respect to our energy policy, and I commend the Senators mentioned for their important roles in achieving this end.

Let me also express my appreciation to staff members Chuch Trabandt, Dave Swanson and Steve Hickok for their fine assistance to all Members on our side of the aisle.

Mr. President, I would add that I think we should commend Senators WALLOP and FORD for their last-minute concession in agreeing to the modification of their amendment which I believe terminated the consideration of this bill and led to its final approval.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a brief period for the transaction of routine morning business not to exceed 15 minutes with Senators being permitted to speak therein.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE CRISIS IN IRAN

Mr. HARRY F. BYRD, JR. Mr. President, the present situation in Iran is a most perilous one. The President is faced with difficult decisions, and of course, like all Americans, I hope the efforts which he has undertaken are successful.

Yesterday I met with Vice President MONDALE and Secretary Vance, who urged that Members of the Senate, because of the extreme delicacy of the situation with regard to the hostages, be very careful in any public statements they might make.

The safety of the 60 to 65 Americans held hostage at the U.S. Embassy in Teheran must be this nation's first concern. The resignation of the Bazargan government makes communication and negotiations extremely difficult, and one can only hope that the representatives sent to Iran by the President will be able to secure the safe passage of the hostages.

In view or the tumultuous situation in Iran, which appears to extend beyond the crisis at the Embassy to all aspects of the nation's life. I think it is important that while negotiations are going forward—if, indeed, they do go forward—our Government simultaneously take other precautionary measures.

I hope that the administration is making adequate preparations for circumstances which may arise. I am not recommending any rash action, but rather sensible contingency planning. The upheaval in Iran strongly suggests that we cannot count on the success of any one course of action.

I am particularly hopeful that there are ongoing discussions with the Government of Saudi Arabia and her Arab neighbors in the Persian Gulf region with regard to what must be seen as mutual security concerns.

During my visit to several of the moderate Arab countries earlier this year, I found concern in every capital about the overthrow of the Shah, the instability of the regime of the Ayatollah Khomeini and what was widely perceived as the inadequacy of mutual security arrangements in the gulf region. Clearly the United States must share these concerns, and the current Iranian crisis illustrates the importance of a continuing dialog with the moderate Arabs.

The tumult in Iran must not be permitted to become a menace to her neighbors, or to the very real interests of the United States in the region.

EXPEDITIOUS DEVELOPMENT OF SYNTHETIC FUELS

Mr. DOLE. Mr. President, yesterday the Senate voted on the approach of the Banking Committee as sponsored by Senator PROXMIRE and others.

I strongly support the expeditious development of synthetic fuels. Reliance on foreign oil and gas saps our economy, weakens the dollar, and endangers our national security. We must move rapidly to develop our vast domestic alternative energy supplies, including coal, oil shale, tar sands, agricultural and forestry sources, and other energy resources.

The Finance Committee considered ways to develop alternative energy sources as part of its deliberations on the windfall profits tax. As ranking Republican on the Finance Committee, I must say I believe the committee adopted a sound approach by providing incentives for private industry to invest in the development and application of alternative energy production methods, including a $3 per barrel tax credit for production of synthetic fuels through a variety of methods. The Finance Committee would also provide tax incentives for use of solar, wind, and geothermal energy, and for development of hydroelectric projects. This is a sensible approach because it recognizes that the fastest way to diversify energy sources is to encourage private industry to develop and use these various technologies. Industry will have every reason to move quickly and efficiently toward energy diversification, whereas efficiency is not a common characteristic of most government programs.

In light of his experience on the Finance Committee, the Senator from Kansas would like to focus on title I of the two committee bills before us. At the appropriate time, I will have further remarks on other portions of these bills, particularly those dealing with development of the energy potential of the agriculture and forestry sectors of our economy. I would just note here that I am grateful that the Energy and Banking Committees acknowledge that our farms and forests can make a major contribution to our energy needs.

Both the Energy Committee bill and the Banking Committee bill recognize in title I the importance of developing expeditiously these so-called synfuel sources. Each bill seeks to encourage projects using diverse technologies to exploit our domestic energy potential.

But, Mr. President, there is a very fundamental difference in the approach of the two bills to development of alternative energy. In essence, the Banking Committee approach says, "Let the private sector develop synfuels, but with important support from the Government in the form of purchase and loan guarantees linked to the marketplace." The Energy Committee approach is to create yet another energy bureaucracy, endow it now with some $88 billion, and allow it to plunge into the synfuels industry.

Mr. President, I have no difficulty deciding that the Banking Committee approach is far preferable. Whether it is perfect in all details, the thrust is certainly correct. The expertise to develop synfuels lies in the private sector and should remain there. Through purchase commitments and loan guarantees, and with the incentives recommended by the Finance Committee, the Government can give the needed extra push to assure more rapid development by the private sector. But rapid development does not mean we should throw billions of dollars and masses of bureaucrats at a hodgepodge of unconsidered projects.

The Banking bill contains important safeguards against massive commitments to white elephants. Government commitments will not be open ended. Loan guarantees are made available only for 75 percent of the funding of a project. The Government cannot directly run or finance a project. These and other safeguards help to assure that private business and technological expertise will develop synfuels, with a needed element of market discipline, expedited by limited but important governmental guarantees.

I recognize that the Energy Committee approach is more spectacular, and therefore more appealing to some. We would have a new bureaucracy—the Energy Security Corporation. That bureaucracy would be endowed with some $88 billion and empowered, not just to provide purchase or loan guarantees for projects, but to make direct loans and even own energy projects.

The motivation of each of these features of the Energy Committee bill is well intended. Proponents promise that the new bureaucracy will be lean and tight. They tell us it is necessary because the existing bureaucracy is large and unwieldy. The Senator from Kansas agrees that the bureaucracy is strangling our Nation. The answer, however, is certainly not to create yet one more agency. The unwieldiness of the bureaucracy was the justification, we may remember, for the creation of the Department of Energy. The failure of that body should not lead us to try to solve the problem by creating a new organization. The answer is not more, but less, Government.

I know that proponents are also well-intentioned in proposing that we now authorize some $88 billion for this program. They tell us that this is justified by the degree of our energy problem, and that furthermore we can veto $68 billion of that amount in 3 years if it then appears unwise.

The response, I think, is quite simple. As we should have learned from the past, the answer to every problem this country faces is not to throw the taxpayer's dollars at it. We need to take a hard and continuing look at money we authorize for this or any other purpose. It may be that $88 billion will be amply justified for synfuels. If so, you may be sure that the Senator from Kansas will be supportive. But right now none of us knows what is justified. Indeed, a major point of these bills is that we do not yet know.

But let us come to these decisions in an orderly way through our proper legislative budgetary procedures. The opportunity for a legislative veto is not the way to authorize $68 billion. I share the concerns and applaud the wise words of the senior Senator from Mississippi, who warned us on Monday of legislating by congressional veto. We should also bear in mind that, like new bureaucracies, major financial commitments take on a life of their own. The energy bill would severely limit our ability to give this massive funding the careful congressional scrutiny it will need.

The final major point of criticism of the Energy Committee bill that I have at this time is that it would empower this new Energy Security Corporation to make direct loans, to purchase failing projects from the private sector, and to own its own projects whether government-owned and company-operated or government-owned and government-operated. This is probably the worst feature of this approach. Before we have even seen what can be done in the private sector backed by appropriate Federal purchase or loan guarantees, we will be authorizing the Government to go into the energy production business.

Let us not be deluded by the stated intent that such Government involvement be a last resort under the Energy Committee bill. We will have a new and wealthy bureaucracy whose only purpose is to dispense its vast billions. If there is one thing Government agencies know how to do well, it is spend every dime they have available. If there are not enough sound private sector projects, you can be sure we will have GOCO's and GOGO's (Government-owned/contractor-operated and Government-owned/Government-operated) sprouting everywhere until the last dollar is gone. Further, we may well dry up sound private sector initiatives, since the availability of direct Government money will diminish the normal market incentives. You also would increase the risk of interference by bureaucrats who believe they know more than private industry.

Mr. President, let me return to my initial point. We need to encourage development of synfuels. My quarrels with the Energy Committee bill are in no sense a disagreement with this fundamental objective. But, in pursuing this objective, let us not create new bureaucracies, engender expectations of instant miracles through Government monies, and dispense with proper legislative procedures. Most fundamentally, let us not lose sight of the fact that our country and our economy has been built by private citizens, not State-run enterprise. We can move quickly toward our objectives and avoid these pitfalls by building on the sound approach of the Banking Committee bill.

IT IS USELESS TO BLAME ARABS FOR CRIPPLED DOLLAR

Mr. HELMS. Mr. President, the October 12 edition of a fine newspaper in my State, the Durham Morning Herald, contains an editorial entitled, "It's Useless to Blame Arabs for Crippled Dollar."

I have listened with regret as prominent national leaders—who surely know better—have blamed the decline and fall of the U.S. dollar on oil prices, or on the skyrocketing price of gold, or on farm prices, or big unions or big business.

Surely these people know that OPEC could not effectively function had not the United States so rapidly destroyed the value of the dollar in the early 1970's—and along with the dollar, its purchasing power in exchange for every barrel of oil purchased from oil exporting nations. In fact, when we look at the prices of oil and gold back then, the ratio worked out to about 17 barrels of oil per ounce of gold—about $2 per barrel, and $35 per ounce of gold. Today, gold is over $375 per ounce, and oil is $25 per barrel.

In other words, it is the dollar that has collapsed. It has collapsed because the United States abandoned the gold standard. It has collapsed because the Federal Government has been spending billions more than it has been taking in, year after year. It has collapsed because the Federal Reserve has monetized those deficits—turning them into billions of unneeded dollars.

Mr. President, I commend the perceptive editor who wrote this editorial, and I ask unanimous consent that it be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

[From the Durham (N.C.) Morning Herald, Oct. 12, 1979]

It's Useless To Blame Arabs For Crippled Dollar

Americans, not Arabs or any other foreigners, have the power to stop the depreciation of the dollar. They can stabilize prices by not spending more money than they have and by paying taxes for all the goods and services they demand from government. All efforts short of this will lead to more inflation, higher prices and greater unemployment.

So says the American Economic Foundation of New York.

Its supportive arguments lend weight to this conclusion.

In 1944, the foundation says, the International Monetary Fund (IMF) was established and all member nations except the United States were relieved of the obligation to make their currency convertible into gold. They were entitled to make it convertible merely into dollars. This meant that any IMF nation could receive one ounce of gold from the United States Treasury for every 35 paper dollars turned in. Redemption of paper dollars lasted until August 15, 1971, when the international stampede out of dollars became so great it forced President Nixon to shut the gold window. Foreigners realized that the American people would not stop their 40-year deficit spending policy which was inflating the money supply and decreasing the value of each unit of its purchasing power.

Arab nations held large quantities of paper dollars when the United States reneged on its promise to redeem them for gold. Their holdings had grown as a direct result of U.S. government regulatory interference, high taxes and inadequate depreciation allowances that made it more economical and profitable for American oil companies to explore and develop Arab oil fields instead of American oil fields. To maintain the same amount of purchasing power in terms of depreciating dollars, Arabs were forced to increase the dollar price for each barrel of oil.

The price of Arab light, the most desirable oil, rose from $1.80 per barrel in August 1970 to $18 per barrel in August 1979. In that same period—1970 to August 1979—the price of gold rose from $35.90 per ounce to more than $300 per ounce. And we all know it topped $400 per ounce recently. Therefore, it took more than 300 paper dollars to buy the same ounce of gold that 35 paper dollars could buy in 1970. In other words, the value of each paper dollar, measured against a set weight of gold, has declined by almost 1,000 percent—the same percentage increase reflected in today's higher oil prices.

Money must be a store of value as well as a medium of exchange. The late economist James C. Dolley explained that its store of value depends entirely upon public expectation of the future value of the currency. If the expectation is nil, then the value of the currency is nil, and the economy collapses for want of a medium of exchange. Rising prices and unemployment are economic distortions aggravated in large part by the growing number of people who have shrinking expectation of the future value of the dollar.

As we said—and the American Economic Foundation said—in the beginning, Americans have the power to stabilize their economy. Sylvia Porter, in her recent series in the Herald, underscored the need to quit spending excessively and to carry only manageable debt loads.

It's a clear lesson in economics for the individual, which, when multiplied many times over, becomes our destiny as a nation.

JAPAN AIR LINES WANTS TO SERVE CHICAGO

Mr. PERCY. Mr. President, on October 10, 1979, Monte Lazarus, senior vice president—public affairs for United Airlines, gave a speech before the Midwest-Japan Association in Chicago on the need to reach a new international aviation agreement with the Japanese Government. The speech makes a compelling case for the approval of Chicago as a new landing point for Japan Air Lines. Such service would be of great benefit to the 2,500 Japanese businessmen and their families who now live in Chicago as well as making the Midwest much more accessible to a growing Japanese market. It will also provide more competitive service for nonstop flights between Chicago and Tokyo.

It is my hope that discussions with the Japanese Government will go well so that lower fares and liberalized charter rules will be accepted by the Japanese in exchange for additional landing points in the United States for Japan Air Lines.

I ask unanimous consent that the speech by Mr. Lazarus be placed in the Record.

There being no objection, the remarks were ordered to be printed in the Record, as follows:

Remarks by Monte Lazarus

Thank you for the opportunity to be with you today. On behalf of United Airlines I'm honored to be with you because of our strong ties to Japan and our great interest in providing service to Japan. Beyond that, as a major corporation based in Chicago United is vitally interested in developing business relationships between the city of Chicago and Japan. We see tremendous opportunities starting right now to build those opportunities.

Looking backward for a moment, United has enjoyed strong and long friendship with Japan Air Lines; 25 years ago United helped establish Japan Air Lines' route between Tokyo and San Francisco. In fact, we provided assistance on JAL's inaugural flight. Ever since, United has provided the ground servicing for JAL at San Francisco, and we are now also providing ground servicing at Los Angeles and Kennedy Airport in New York. We helped train Japan Air Lines' pilots. We're extremely proud of our long history of friendship and cooperation. We have many friends and colleagues at Japan Air Lines, and we value their friendship dearly.

The close ties between Japan and the United States—and most important to us today, Chicago—have been made possible in large part by air transportation. It's no coincidence that economic development and transportation go hand-in-hand. As our friends at the Boeing Company remind us, transportation is second only to education in influencing economic growth.

In Chicago we are deeply interested in expanding our business ties with Japan, and we at United are anxious to promote those closer relationships. I hope it is not too much to expect that businessmen in Japan feel a similar way about expanding their business ties with Chicago. It's been said many times, but it bears repeating that Chicago is the heartland of America. We are blessed with great companies, banking interests, universities and others who have a vital interest in promoting trade and commerce with Japan.

Let me turn then to our key point—how to expand our mutual business opportunities through better air transportation. As I mentioned earlier, transportation is vital to economic development. Our industrial and business nerve center in Chicago can benefit from better service to Japan; and Japanese business interests can obviously benefit from better service to the United States, particularly Chicago.

At United we know that our friends at Japan Air Lines have, for many years, wanted a route between Japan and Chicago. And, for many years the air transport policies of both the U.S. and Japanese governments have effectively prevented Japan Air Lines from getting that route to Chicago—or U.S. carriers from getting new routes to Japan.

The world is changing, however. In the past two years in the United States there have been very significant changes:

> We have a new law which recognizes the benefits of competition. That law deregulates domestic air transportation, and allows air carriers to compete freely in the marketplace. The benefits of this new law to the public, to American business, to the airlines, will be enormous.

In international aviation we have a new U.S. international aviation policy which emphasizes the benefits of competition and lower fares. Under that new policy the U.S. has successfully negotiated new bilateral air transport agreements which benefit the public, the business communities and the governments and the airlines of both nations by expanding route opportunities and allowing the air carriers to be more innovative in the marketplace. Again, I emphasize the benefits to both sides.

We believe the time has come for the U.S. and Japan to take advantage of the new and very real opportunities for both sides. At United we support the entry of Japan Air Lines to Chicago. We also support the entry of Japan Air Lines to other cities in the United States. With Japan Air Lines serving Chicago our community will make even greater strides in bringing Japanese and American business ties even closer together.

You may be asking about now, what's in all of this for United Airlines? Is United simply being nice because of its long friendship with Japan Air Lines? Not at all. We have a business interest, too. United has long wanted a route between our Pacific Northwest—Seattle and Portland to Japan. After years of trying, we were finally awarded that route by the U.S. in October of 1978. However, the Japanese Government appears very reluctant to give us the authority we need to begin operations. To us this is unfortunate. We are missing a tremendous opportunity to improve conditions for both sides, and the business community in both countries loses as a result. We can only hope that business leaders in Japan and the United States can overcome the reluctance to expand those very important business ties that bind us together.

This all sounds very simple, but aren't there any problems? Of course there are—some very serious problems. But, the problems will be overcome within the next couple of years, and now is the appropriate time to begin moving.

Let's look at some of those problems that affect both sides:

First—Fuel. The price of jet fuel has risen faster this year than at any time in history. And, there are supply problems. We are fully aware of the fuel situation at Narita airport, but we are confident that those problems will be resolved satisfactorily.

Second—Airport limitations. We have the same view with respect to the airport facilities at Narita. There is no apparent reason why a strong effort with the full cooperation of airlines serving Japan should not produce solutions to any airport problems.

Third—the concerns of Japan Air Lines about low fares, competition, capacity and route exchanges. We understand the concerns of our friends at Japan Air Lines. But, we sincerely believe that the concern is not warranted. Both factors of low fares and increased competition serve to expand the market to the benefit of both sides. With the new market opportunities for Japan Air Lines in places like Chicago, they stand to benefit tremendously by the kind of agreement we're talking about. On the subject of capacity, let's understand that United Airlines is as much interested in sound business actions as any other sensible business. We believe in healthy competition, not destruction.

Finally—The possibility of route improvement for Japan Air Lines is significant—the greatest opportunity for expansion in many, many years.

In short, the way is open for Japan Air Lines to come to Chicago—to further their own interests, and the joint business interests of Japanese and U.S. industry. All that is really needed is for the Japanese Government to adopt a less restrictive policy in the area of air transportation and to permit greater freedom for the forces of competition to work. The Japanese business community has shown an unmatched ability to compete in worldwide markets in other fields. We are convinced they can be equally successful in a more competitive transportation environment.

MIDWAY AIRLINES OFF TO FLYING START

Mr. PERCY. Mr. President, on November 1, 1979 the first all-jet interstate airline to be created in U.S. history began service from Chicago's Midway Airport. Midway Airlines initially will serve Cleveland, Detroit, and Kansas City with fares 25 to 50 percent below those offered by the airlines flying out of Chicago's congested O'Hare International.

The creation of the new airline has already generated close to 200 jobs with an annual payroll of $4.2 million. By next October the work force is expected to climb to 485 with an annual payroll of $7.2 million. Hundreds of new off-airport jobs are expected to be created on the southwest side of Chicago, giving the area a much needed economic boost.

The creation of these jobs and infusion of new economic life did not cost a penny of taxpayer funds. This is truly a tribute to airline deregulation legislation which I and others supported and which has reaped so many benefits. Attending the inaugural events on October 30, 1979 was Alfred E. Kahn, President Carter's chief inflation adviser. Mr. Kahn said all he did was step aside to allow Midway Airlines to operate when he was chairman of the Civil Aeronautics Board. Typically, Fred Kahn has downplayed his role in cutting through redtape that would still have the CAB meeting to determine if additional service should be approved for Midway Airport.

Also present was Marvin Cohen, current chairman of the Civil Aeronautics Board, who has done so much to carry out the wishes of Congress in deregulating the airline industry. Regrettably, J. Phillip Bakes, a native of Chicago and former General Counsel to the CAB was not present. Mr. Bakes worked long and hard to make certain that Midway Airlines got off the ground. Representative John Fary, of the Fifth Congressional District was there. He supported Midway's revitalization, along with Representative Morgan Murphy. On the dais at the October 30, 1979 inaugural ceremony were: the Reverend Leonard A. Martin, pastor of the Nazareth Evangelical Lutheran Church, 3250 W. 60th Street, Chicago; Mayor Richard L. Barkley of Kansas City, Mo.; Fred Warren of Brentwood Associates of Los Angeles; the Honorable J. Patrick Dunne, commissioner of aviation for the city of Chicago; Frank Considine, president, National Can Co.; the Honorable John Fary; Thomas Nayder, president, Chicago Building Trades Council; John Robson, former chairman of the Civil Aeronautics Board; Ken Carlson, vice president-marketing, Midway Airlines; Robert Donohue, director of aeronautics for the State of Illinois; Jack Bowen, vice president-public affairs, Midway Airlines; Irving Tague, president, Midway Airlines; Marvin Cohen, chairman of the Civil Aeronautics Board; Wayne Barlow, Midwest director for the Federal Aviation Administration; Bruce Sagen, publisher, Economist newspapers; Thomas Coulter, executive director, Chicago Association of Commerce and Industry; Thomas Moloney, representing the Chicago Superintendent of Education; Alderman John Madrzyk, of the 13th Ward and chairman of the Aviation Committee of the Chicago City Council; Howard S. Marks, of my staff; Mayor Jack Reardon, of Kansas City, Kans.; Malcolm Dade, executive assistant to Mayor Coleman Young of Detroit; and Father Joseph Bowen, president of St. Ignatius High School, 1076 W. Roosevelt Road, Chicago.

The list of Midway Airport revitalization supporters is endless and could fill many pages.

No wonder Midway Airlines is off to a flying start. Even before its first flight took off, plans were underway to expand its reservation staff from 15 to 35 to handle thousands of unanswered calls. Understandably, its phone lines have been jammed with requests on low fares. It is anticipated it will save travelers $15.2 million during its first year of operation alone.

Midway Airlines is also a fuel-efficient carrier. It is anticipated that it will divert enough motorists from interstate highways to result in a 5.4 million gallon fuel savings during its first year of operation alone. It will start us on the road to contain air carrier congestion at O'Hare which wastes 67 million gallons of fuel annually as planes are left in lengthy holding patterns or wait on the ground for take-off clearances. Several interesting articles have been written about Midway including one by Ms. Carole Shifrin, a reporter for the Washington Post; another by David Young, transportation editor and Storer Rowley both of the Chicago Tribune; and an editorial that appeared in the October 28, 1979 Southtown Economist newspaper. I also commend to my colleagues a superb analysis written by Representative MORGAN MURPHY.

Mr. President, I ask unanimous consent that these articles be printed in the RECORD at this point.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

MIDWAY AIRLINES READY FOR A CROWD

(By Carole Shifrin)

CHICAGO, October 30.—Midway Airlines set up a luncheon for 450 today in the middle of the lobby of Midway Airport without disturbing a soul.

If Midway Airlines is successful, however, the lobby will hustle with airline passengers in the future, not diners.

The luncheon celebrated the inauguration of Midway's scheduled service from Chicago's little used airport to Cleveland, Detroit and Kansas City. Thursday, Midway Airlines will begin service of the nation's newest airline and the first all jet interstate airline to be created since the Airline Deregulation Act.

Midway will operate 184 flights a week, using DC-9 aircraft, at air fares that are 25 to 50 percent less than competitors' flights to and from O'Hare International, a congested airport Midway officials hope prospective passengers will want to avoid.

Marvin S. Cohen, chairman of the Civil Aeronautics Board (CAB) told Midway's well-wishers here that "the commencement of service . . . brings together in one operation so many of the promises of deregulation—new entry, satellite airport development, low fares and innovative services."

The festivities started this morning when Midway's three planes—bright stripes of navy, yellow, orange and red on white—arrived within 15 minutes of each other, bringing civic leaders from the three cities the new airline will serve.

"It was a pleasure not to be held up at O'Hare," Jack E. Reardon, mayor of Kansas City, Kan., said after the easy arrival.

Midway Airport was once the world's busiest, accommodating 20 million passengers a year before the airlines abandoned it in 1973 for O'Hare. Only Delta Airlines continued service there with two flights a day.

City officials who have supported the airport's revitalization hope that Midway's low fare service will bring more business to the airport and to the southwest area of Chicago, where it is located.

Midway Airlines said that response has been so enthusiastic over the low rates that many flights are already sold out and waiting lists have been started.

As an example of the savings, Midway offers a regular coach fare to Kansas City of $55 and a fare of $37 for all weekend flights and some off-peak weekday flights. The two unrestricted fares compare with a $86 coach fare of its O'Hare competitors.

"As someone whose monthly job is to explain what has happened in the past months to the Consumer Price Index, I find this is a particularly happy occasion," Alfred E. Kahn, President Carter's chief inflation advisor, told the gathering here today. Kahn served as chairman of the CAB when it gave Midway federal permission to operate as an airline into Midway airport.

"I hope you make a billion dollars," Kahn told Midway president Irving T. Tague.

Kahn sported a Chicago tie given him by Chicago's aldermen the week after he blasted them for taking a 40 percent increase in pay that he said violated the wage-price standards. Kahn gave President Carter credit for supporting deregulation of the airline industry, which Midway officials say allowed them to get started.

"So you see, my wearing my Carter-Mondale button is not a political act," he said. "It is a historical statement."

Conspicuously absent was Chicago Mayor Jane Byrne, who was scheduled to take part in today's activities but canceled to hold a press conference to endorse Sen. Edward M. Kennedy for president.

Midway President Tague says the airline expects to carry about 700,000 passengers during its first year and nearly double the second year. In the spring, the airline will take delivery of two more planes. It is considering adding Midway services to Washington, D.C., and Minneapolis-St. Paul.

AN AIRLINE THAT DOESN'T GO TO O'HARE

(By Carole Shifrin)

CHICAGO.—Last year, nearly 50 million passengers—many of them swearing—pushed through busy O'Hare International Airport while fewer than 100,000 walked easily through Midway Airport located just across town.

Once the world's busiest airport with 20 million passengers a year, Midway fell on hard times when the major airlines pulled out to go to the newer, bigger O'Hare in 1973. Because it has been nearly a ghost-town ever since, it was not surprising at all to hear a man in the small bar at Midway a couple of weeks ago exclaim to his companions, "This is an airport," when the sound of a descending airplane intruded on Midway's normal silence. The plane was one of just three daily scheduled flights that broke the quiet here.

But things may be changing now with the birth last week of a brand new airline named after the airport that will serve as the center of its activities. Aided by deregulation and a surrounding community that is uncharacteristically enthusiastic about the sound of roaring jets above, Midway Airlines may succeed in putting Midway Airport back on travelers' itineraries.

The time appears right for it: Many business and other travelers who dread the delays and congestion that have become practically synonymous with O'Hare, and others who will be attracted by the unrestricted cut-rate air fares that the new Midway Airlines offers on all its flights, may find Midway a godsend.

Passengers will find it takes less time to get to Midway from downtown Chicago by cab or bus than to O'Hare, less time to park a car in the 1,300-space, nearly empty parking lot in front of the terminal, less time to buy a ticket with the airline's simplified ticketing system, less time to get to the gates which are nearly adjacent to Midway Airline's ticketing counters, less time waiting on the ground in the plane while the pilot waits his or her turn to take off and less time for baggage retrieval.

And where possible, Midway plans to fly to other convenient in-town airports such as Cleveland's Burke Lakefront Airport, located just minutes—and even within walking distance of downtown Cleveland.

"If we do our jobs, once people travel with us and see how easy it is compared with O'Hare, word will spread," Irving T. Tague, president of the new Midway, said confidently.

Midway initially will offer 28 daily flights—184 a week—between Chicago and Cleveland, Detroit and Kansas City on 83-passenger DC9 aircraft. Midway's regular coach fare on weekday flights is about 25 percent lower than its competitors, and its weekend and some offpeak weekday fares run 50 percent lower. For instance, it will cost $49 to fly between Chicago and Cleveland on weekdays during peak hours and $33 during off-peak hours and the weekends. The established airlines charge between $66 and $72 for the same service.

Even before Midway's service began on Thursday, word had spread so fast that its initial reservations staff of 15 could not answer the calls that began to pour in each day. For instance, last Monday—the day before Midway's inaugural festivities—1,599 calls were answered and 1,074 reservations were made, but 3,453 calls were lost, a computerized counter indicated. The number of calls, and lost calls, continued to build, and Midway decided to double its reservations staff and increase the number of phone lines.

"This is our problem," a beaming Kenneth Carlson, vice president of marketing, said during a tour of Midway's facilities, including the room with two long tables of phones that serves as the reservations center. "It's one Irv and I always hoped to have."

One significant attention-getter was Midway's announcement of a promotional "pocket change" fare for the first weekend—when passengers, on a first-come, first-served basis—would be able to fly literally for "pocket change." The promotion, which reduces the $33 weekend fare to Cleveland, for instance, to 33 cents, and so on, swamped Midway with 17,000 calls.

But more important, on Wednesday the level of daily bookings reached 1,200—the number Tague and Carlson believe they need daily to make Midway a success. On Thursday, there were 1,600 bookings. Four flights were sold out for Friday; a total of 31 flights were sold out for around Thanksgiving.

Tague jokes that Carlson scheduled a "brilliant marketing coup" by arranging the Thanksgiving and Christmas holidays—periods already solidly booked on other airlines—during Midway's first two months of operations. Midway expects to carry 700,000 passengers the first year, and double that the second.

If enough people travel on Midway in the next two months and are happy about it, Midway's officials believe the airline will be able to draw on its success to sustain loads through the winter—when travel traditionally is slow and weather often bad—not to mention the recession that many believe may cut travel budgets.

"If I have any concern at all, it's with the first quarter," Tague said. But some "Tague economic theory" gives him hope: "In the last recession, the short-haul carriers did better than they had done before and better than the larger carriers," he said.

Barely off the ground, Midway already has plans to expand—very likely to Washington, D.C., and Minneapolis/St. Paul—when two more DC9s are delivered in the spring. The first five planes are leased, but Midway has placed orders with McDonnell Douglas for five new 120-passenger DC9s for delivery in 1982 and after. So far, Midway has authority to fly to another 26 cities from Midway Airport.

The first airline to be created since the Airline Deregulation Act and the first in U.S. history to start passenger operations as an all-jet interstate carrier, Midway was three very long years in the making. After the Civil Aeronautics Board authority was granted, it took Tague and Carlson a full year to raise the $5.7 million needed to start operations from 16 different sources, mostly venture capital firms. None of the money came from Chicago, despite the city's and state's interest in revitalizing the airport and the depressed environs surrounding it. (Midway's initial payroll is $3.2 million annually, and many of the 200 hires came from neighborhoods around the airport.)

Besides using convenient satellite airports when possible and offering low fares, Midway has also come on board with an innovative ticketing program. Passengers can buy a book of 10 tickets that are good for a year, protecting them against fare boosts and giving frequent travelers the pleasure of bypassing the ticket counter.

Midway is offering the same books of 10 tickets for the price of nine to travel agents, giving them a 10 percent commission on their sales. The tickets are refundable, but Midway is insisting that the agents pay for the tickets up front. Initially the agents resisted but interest in Midway from their customers has made some of the larger agencies decide to buy the books and offer Midway's tickets to their customers.

The first couple of days of operation went off without a hitch—"It's working beautifully," Carlson crowed—but there are problems that have to be worked out. For instance, not having any operating experience, Midway declined initially to "overbook," that is, give passengers more confirmed reservations than there are seats on a flight to compensate for the "no-shows"; in the first few days, between 10 percent and 20 percent of the passengers with confirmed reservations failed to show. After it collects some accurate statistics, Midway probably will begin overbooking as other airlines do.

(There is another problem Midway's officials will have to resolve: During the inaugural ceremonies last week, a group of the new flight attendants were complaining in the restroom that the newly issued shoes hurt their feet.)

Because of its simple route, fare, ticketing and corporate structure—its "corporate offices" are plain rooms in the airport off the concourse near their gates—Midway won't need as many passengers as others do to make money. It estimates that it will break even when just 47 percent of its seats are filled systemwide with its mix of 60 percent regular coach, 40 percent off-peak economy. Right now, 65 percent of its advance reservations are for the off-peak "pleasure" fares and 35 percent are booked for its normal coach fares.

Safety First, Then License For Midway

(By David Young)

About 30 minutes before he was scheduled to land his DC–9 jetliner in Chicago, pilot Doug Erickson was handed a note telling him to keep his hands off the controls and to stare out the window for the remainder of the flight.

Though somewhat surprised, Erickson did exactly as he was told.

The incident was not a skyjacking or an aerial event staged to dramatize the demands of some foreign radical group.

It was an attempt by the federal government to find out whether Chicago's newest airline is safe to fly.

Midway Airlines is the first new airline to be formed since the industry was deregulated by Congress last year. In fact, when its first planes take off for Detroit, Kansas City, and Cleveland early Thursday morning, it will be the first interstate airline in more than 30 years to be started from scratch.

Officials of the new airline, which gets it name from the fact that it flies from Midway Airport, hope to lure passengers to their jets by offering budget fares substantially below those of airlines flying from O'Hare International Airport.

The Midway fare to Detroit, for example, will be $42 during the week and $33 during weekends. The regular one-way fare from O'Hare is $61 for coach and $76 for first class.

Before a new airline can carry its first passenger, however, its safety must be checked thoroughly by the Federal Aviation Administration.

Erickson complied meekly with the note's demand because Larry Niemann, the FAA's principal operations inspector in Chicago, had given it to him.

Niemann was trying to determine whether the copilot, William French, was capable of flying the airplane should Erickson suddenly suffer a seizure in the cokpit. Since DC'9s have only two men in the cockpit, versus three on larger jetliners, it is important that the copilot keep an eye on the pilot.

"It went just fine," said Niemann, who grew up in west suburban Hinsdale before getting into military aviation after college. "The copilot took only a few seconds to figure out what was wrong," he added.

While Niemann was testing the cockpit crew, at least three other FAA inspectors were in the cabins, testing the crews.

On one flight, the harried crew had to put up with an FAA-sponsored hijacking, a drunk passenger, and a bomb threat.

"We kept changing problems so they wouldn't know what to expect," Niemann said.

At one point he secretly arranged with the FAA control tower at Midway to tell the DC–9 crew to abort the flight as they were rolling down the runway to take off. On an aborted takeoff, the crew must safely stop the plane on the ground before they run out of runway.

The in-flight inspections were conducted for four days ending last weekend during what is known as "proving runs." Midway Airlines was required to operate its three DC–9 jets on regular schedules to Detroit, Kansas City, and Cleveland, just as it would on Thursday when it begins carrying passengers.

However, the FAA inspectors actually began their work on the new airline two months ago, when it officially applied for certification as an air carrier.

If Midway passes its tests, and FAA officials say that looks like a good bet, it will be handed a certificate by the FAA sometime Wednesday, permitting it to begin carrying passengers on Thursday.

The new airline was given the authority by the Civil Aeronautics Board in July, 1978, to operate several routes from Midway Airport. The CAB regulates airline routes and fares, but not aviation safety. That is the FAA's job.

It was not until Aug. 1 that Irving Tague, president of Midway, was able to round up $5.7 million from investors to enable him to begin service. A month later, he applied to the FAA for a certificate to operate, and that is when Niemann got into the act.

Niemann works for the FAA's flight standards department—one of the less glamorous branches of the federal agency that is constantly left standing behind others, such as air traffic control, when it comes time to budget money. The flight standards unit is in charge of making sure airplanes and airlines are safe.

With only 60 days to get the job done on Midway Airlines, the FAA's Chicago field office had to assign 11 of its 15 inspectors to the certification of the new carrier.

"We couldn't put everyone on the Midway job because we have other jobs to do," said Niemann.

Five inspectors were assigned to look into the operation of the airline, four to check on its maintenance and planes, and one each to inspect its electronics and security systems.

Even then, there weren't enough men for the job, so FAA inspectors in other cities were asked to help, and at least two Midway pilots were pressed into service as "check airmen" to run tests on their colleagues, a sometimes controversial practice the FAA has adopted, because it does not have enough manpower in its flight standards department.

The first task faced by the FAA's Chicago office was to wade through Midway's foot-thick application for certification. The application included the airline's maintenance and operating manuals—the documents critical to the safe operation of any airline because they become the laws by which pilots and ground crews operate.

Another early check by both the airline and FAA were the rear walls, or bulkheads, in the passenger cabins of the three DC–9s that Midway is leasing. The bulkhead is in the rear of the passenger cabin and contains a pressurized door which leads to the tail cone.

Meanwhile, Midway's 20 pilots and copilots were being given a week of classroom instruction on the new operations manual. They were then sent to two weeks of ground school at the Douglas factory in Long Beach, Cal., to learn everything they could about the plane.

Each flight crew member was then put in a complex, computer-driven simulator for several days to test his ability to fly the plane.

The simulators are airline cockpit mockups rigged to a computer and a complex hydraulic system so that they act like real airplanes in flight. The inspectors shut down engines in flight, cause hypothetical fires, and cause various systems to fail to see how the crews would react.

The final stage before FAA certification was the proving flights, which began Thursday and ended Sunday.

Although his office has never before certified a new airline, Niemann said what he has seen has convinced him Midway will be safe to fly.

"The airline will do everything safely, or we won't certify it," he said.

Lot of Groundwork Preceded First Flight of New Airline

(By David Young)

Irving Tague and Kenneth Carlson sat anxiously in a room in the Oak Lawn Towers last July 31 and began to make notes on a legal pad.

"The first thing we put on the list was 'planes'," Carlson recalled. "Then 'people,' and then 'facilities'."

Some 130 items later they had managed to scratch out the master plan for the nation's first new interstate airline in three decades. That airline, they hoped, would be flying passengers in just 90 days between Chicago's Midway Airport, Detroit, Kansas City, and Cleveland.

If Tague and Carlson were anxious, it was because in less than 24 hours they would be signing the papers to finance the new Midway Airlines.

Until then, the airline had unofficially existed for nearly three years on some route applications filed before the Civil Aeronautics Board in Washington and on prospectuses submitted to various venture capital sources.

At 6 a.m. Thursday, Midway will become a reality when two of its red, orange, yellow, and blue-striped jetliners simultaneously take off from Cleveland and Detroit for flights to Chicago. At 7 a.m. the new airline's first flight from Midway Airport will take off for Detroit.

For Tague, 51, former head of Hughes Airwest and now Midway president, and Carlson, 35, those first flights represent a successful three-year struggle to get a budget airline operating from Chicago's nearly abandoned Southwest Side airport.

It also represents a $5.7 million gamble on the part of Tague and his investors that the new airline will work. Nearly $2 million of that has already been spent.

The idea behind Midway Airlines is to duplicate the success formula of two budget intrastate airlines in California and Texas by offering no-frills service at fares below what the airlines using O'Hare International Airport can offer. Tague says the success of Pacific Southwest Airlines [PSA] in Los Angeles and Southwest Airlines in Dallas inspired him.

Midway was chosen because it has available space, is closer to the Loop, and has less congestion than O'Hare.

Tague claims that despite the softening of the air travel market in recent months and gloomy projections for the coming months, his new airline will survive. "If we can acquire the aircraft we need, we should be grossing $50 million a year within 18 months to two years," he predicted.

Even before it has flown its first passenger, Midway had placed an order with McDonnell Douglas Corp. for five new DC–9 jetliners. The 120-seat planes, which are scheduled for delivery in late 1982, will cost $10.2 million apiece.

Opinions in the rest of the airline industry vary over whether Midway can survive and prosper. "I think they're going to make it," said an official of another airline. "With all the congestion and parking problems at O'Hare, people are looking for alternatives."

He pointed to the success of Delta Airline's two-flight a day budget service between Midway and St. Louis. Delta charges a $60 round trip fare from Midway, versus the $112 coach fare for its eight daily round trips between O'Hare and St. Louis.

Although the Midway service draws about 30 percent of its 5,500 to 6,000 monthly passengers from the O'Hare route, Darrell C. Hatton, Delta marketing director in Chicago, considers 70 percent of the Midway passengers to be "new business"—people who used to drive.

"If you look at the new airlines, like Southwest, they didn't take passengers from the existing airlines. They took people off the roads," said one Midway executive. "We have more opportunity to take people off the roads here than they did in Texas because we have worse weather."

Not all airline officials are optimistic about Midway's chances for success, however. "They are going to have a tough time, especially since we are running into decreased traffic projections because of the recession," said one official. "They also have a hell of a problem with fuel costs. They are running airplanes with only 83 seats—not the most efficient to operate."

Industry projections show that jet fuel will climb to 70 cents per gallon by Dec. 1—about a nickel a gallon over the mid-October price.

Possibly the biggest imponderable is whether an airline serving Chicago can survive without business connecting from other cities. An estimated 50 to 60 percent of the airline passengers using O'Hare are transferring between flights.

Such business will be extremely limited at Midway, but officials of the new airline are convinced there are enough travelers to and from Chicago to support them.

"The San Francisco Bay Area has a population of 3.5 million and three airports [San Francisco International, Oakland, and San Jose]," said Tague. "If you draw a line through the middle of the Chicago area, there are 3.5 million people living on our [the south] side."

To lure some of those people to Midway, the airline is offering fares substantially below those at O'Hare. A coach passenger from O'Hare to Cleveland must pay $67. From Midway he will pay $49 at rush hour, and $33 during mid-day or on weekends.

Besides, Midway Airlines will fly to Burke Lakefront Airport—much closer to downtown Cleveland than Hopkins International, the airport used by most airlines. Midway Airlines is also negotiating with officials in Kansas City to use either the old Kansas City Municipal Airport near downtown or the Fairfax Airport across the Missouri River in Kansas City, Kan. For the time being, however, Midway flights will go to Kansas City International.

"I'll beat the Cleveland portal to portal time of any O'Hare airline by an hour because Midway and Burke are closer to downtown and less congested," said Tague.

"At Midway you can park your car in the lot in front of the terminal, buy your ticket in two minutes, and be in the plane in less time than it takes you to find a parking space at O'Hare," he added.

The story of Midway Airlines began on Oct. 13, 1976, when Tague and his colleagues applied to the CAB for permission to start budget airline service between Midway and six cities. At the time, Mayor Daley had been attempting to induce the scheduled airlines using O'Hare to transfer some flights to Midway to revive the airport, but the airline in early 1977 vetoed the idea.

Meanwhile, the Midway Airline case dragged on through the CAB administrative process until July 13, 1978, when that agency gave the green light to Midway, the Texas-based Southwest Airlines, and the airlines using O'Hare to operate budget flights from the Southwest Side airport.

With CAB certification, Tague, who had been waiting in his California home, could finally try to round up financing. "We didn't even try for financing until we got CAB approval," he said. "We started out by trying for $6 million. It was my first venture into the world of venture capital."

Two big Chicago banks—Continental and First National—turned him down flat, as did one of Chicago's wealthier families. It became obvious that Tague would have to look to other cities for the money to start his Chicago airline.

"The venture capital world does very few startups, and the airline industry is unfamiliar to them. We're a high technology industry," Tague added.

The first break came in October, 1978—a month after he entered the market—when he came up with $750,000 from a Los Angeles capital firm. Then came a lag, and Midway officials admit they considered giving up.

"None of us are wealthy, and we had our doubts. How long can you live without a paycheck?" Tague added. "I made 100 trips that year trying to get money."

The second investor finally agreed to provide some money early this year, then others fell in line. By July, it was obvious Tague would have enough money to get Midway rolling.

On Aug. 1 when the deal was finally closed, Tague, Carlson, and their colleagues could finally begin putting together an airline.

Jack Bowen, former Chicago deputy aviation commissioner, had been hired to work out any problems that developed with the city, but the problem remained to put together a competent staff, acquire planes, and lease ground facilities—all in 90 days.

It was arranged to lease five older DC–9s—three immediately and two more next year.

Midway struck a deal with United Airlines to take over its long dormant counter, offices, and gates at the airport. United had been paying rent on the unused facilities since an ill-fated attempt to revive Midway flopped in the early 1970s, and Midway got them at "near cost."

Tague also began to put together a staff with impressive credentials. Robert L. Smith, a retired Air Force colonel, was hired away from Douglas, where he had been a test and production pilot on the DC–9 since 1976, to become Midway's new vice president of flight operations.

Smith began hiring veteran air crews available from Douglas and the Air Force. Midway officials boast that the day they start service, the average age of their pilots will be 43 years, with 9,000 hours flying experience. About 3,000 of those hours will be in DC–9s.

Edwin A. Leiser, who once headed Overseas National Airways' DC–9 program, came to Midway to head the maintenance department.

Smith and Leiser had the new airline's operating and maintenance manuals drafted within a month of the date they reported for work, then began screening potential employees. The 20 pilots Smith hired were sent to Douglas in Long Beach, Cal., and Hughes Air West in Phoenix for additional training.

Meanwhile, other Midway officials were wrestling with the problem of hiring another 160 employees—flight attendants, ramp and passenger service agents, maintenance crews, reservations clerks, and ticket agents.

More than 1,800 persons applied for just 28 flight attendant jobs, and a total of 5,000 for all 160 positions.

The 28 flight attendants were promptly sent to TWA's Kansas City school for training.

Carlson, vice president of marketing, was wrestling with the problem of attracting passengers to an airline that did not yet exist; and Brian M. Campbell, 37, vice president of finance, was worried about how to keep costs down.

Carlson's $300,000–$400,000 marketing budget meant there would be no television advertising. "We couldn't afford it," he said. He decided to split it evenly between billboards, radio spots, and newspaper advertising.

"We didn't have a name recognition problem in Chicago, but who under 35 years old in Kansas City, Cleveland, and Detroit ever heard of Midway?" Carson said.

The airline's reservation office [actually nothing more than a room with a long table and lots of telephones] was handling about 100 calls a day after opening in mid-September. But when the first of the 660 billboards appeared Oct. 10, calls went to 250. An average of about 100 of those daily callers booked flights.

When the radio spots began running on Oct. 15, the calls doubled to 500—about half of them reservations.

"We already have sold out nine flights

around Thanksgiving, but we'll need 1,500 calls a day to break even," Carlson added.

To hype the economy weekend service, Midway officials decided to offer flights for pocket change. On a first-come, first-served basis with no reservations, travelers Saturday and Sunday can board a flight to Cleveland for 33 cents, Detroit for 28 cents, and Kansas City 37 cents.

Keeping the costs down is not simple. Tague estimates that Midway has already spent $1.9 million to get ready, and will be spending $1.3 million a month once it starts to fly.

[From the Southwest Economist Newspapers, Oct. 28, 1979]

MIDWAY'S REBIRTH AUGURS PROSPERITY FOR SOUTHWEST

The start of service from Midway Airport by Midway Airlines on Nov. 1, coupled with other service which can develop in coming months, presages a period of economic development for the South Side.

One only has to look at the tremendous growth in recent years in the vicinity of O'Hare to gain an idea of what can happen—but on a more limited scale—through utilization of Midway. Rosemont and other areas near O'Hare have burgeoned, with new hotels, an exposition center and a convention center, along with office buildings, in recent years.

The most complete assessment of the potential of Midway Airport, found in the 1974 study prepared for the Federal Aviation Administration, shows the field could serve a potential annual passeger volume of 10 million by the mid 1980s, should full use of its facilities be made by the airlines.

This would increase the Chicago air transportation system capacity by almost 20 per cent and would help relieve the air and groundside congestion at O'Hare.

In order for Midway to realize its growth potential, the FAA study relates, the airlines must institute a time-phased plan to move some operations to Midway. So far the carriers have been reluctant to do so.

Moderate growth to approximately 5 million passengers and 97,000 annual air carrier operations by the mid 1980s can be accommodated with no significant physical changes. An additional 2,600 parking places would be needed, however.

Should the growth be such that 10 million passengers were handled annually, a more efficient terminal would be desirable, along with 6,200 more parking spaces, the report continues.

Growth of Midway to 10 million annual passengers would result in more than 10,000 new jobs, approximately $79 million in increased personal income and an increased demand for residential and business property amounting to $27 million.

Noise impacts on the community will increase as traffic volumes increase, although preferential use of runways can minimize it, the study says.

There will be need for improved road access if Midway growth is to be achieved. At one time the hope was the Crosstown Expressway would provide a corridor to Midway. In absence of such a project there will be need for other roadway adjustments, the study points out.

Energy consumption impacts from use of Midway would be significant, it is clear. By the mid 1980s there could be a saving of 7,730 barrels of fuel daily though elimination of traffic delays at O'Hare, with moderate growth, and a total of 10,820 barrels daily through full utilization of Midway.

There would be significant gas saving by carriers, as well. O'Hare is 23 miles from the Loop, while Midway is only eight miles, according to a report prepared by the staff of Congressman John Fary of the 5th District.

"Midway can once again become an integral part of the Chicago airport system," Fary's reports points out. Midway also will help the nation as a whole, it goes on, by saving energy and stimulating the economy.

Midway Airlines will begin operations with a fleet of three DC–9s. They will be one-class planes, each with a capacity of 85 passengers.

MIDWAY REVIVAL—ANOTHER GAIN FROM AIRLINE DEREGULATION

(By Representative MORGAN F. MURPHY)

The revitalization of Midway Airport began today. As of Nov. 1, Midway Airlines has started 14 round trip, low-fare flights daily to Kansas City, Detroit, and Cleveland, with plans to expand service to Minneapolis next year. Fares on these flights will be 25 to 50 per cent lower than standard fares charged to the same cities by airlines serving O'Hare Airport.

That's good news for Chicagoans, particularly those living on the South Side, who for the past decade have been pushing for more flights out of Midway. The struggle to get this needed service to Midway, which for years has had only two or three daily flights to St. Louis operated by Delta Airlines, was long and hard. But the persistence of people with confidence in Midway's future paid off.

That list includes Mayors Daley, Bilandic, and Byrne; Jack Bowen, former deputy city aviation commissioner; Bob Swaney, president of the Chicago South Chamber of Commerce; members of the Illinois congressional delegation, notably Sen. Charles Percy and Rep. John Fary; and, of course, Irv Tague, president of the airline company that is launching the $5.7 million business venture.

In addition to the efforts of individuals, airline deregulation—which started under President Ford, continued under President Carter, and was finally enacted into law by Congress in October, 1978—helped spur the revitalization of Midway Airport. That legislation, which I cosponsored, helped create a favorable climate for starting up service at Midway. It did this by giving airlines their greatest freedom since 1938 to compete for passengers by cutting fares and serving new routes.

What has, in fact, been the overall impact of airline deregulation during the last year?

To be sure, there have been some problems and complaints. Congestion and noise have increased at some of the larger airports. Passenger safety is more of a concern because of the growth in air traffic. There have been objections to reduce service at some small community airports. And nobody likes the 25.9 per cent rise in standard coach fare that has occurred since January [an increase prompted by rising jet fuel costs].

But according to a new study by the Civil Aeronautics Board, the impact of airline deregulation has been, in general, very good. The CAB report states that the first year of airline deregulation has been marked by greater productivity, more service, lower fares, higher profits, and more jobs.

The CAB notes the following:

Productivity increases for the airline industry over the last 18 months have far exceeded increases in most U.S. industries.

Keener competition has stimulated the airlines to offer a wide variety of discount fares, including a $108 flight from New York to Los Angeles, and a $22 trip from Houston to New Orleans. While standard coach fares have risen, about half of all air travelers take advantage of low-fare alternatives that range from 10 to 70 percent below normal coach fare.

As a result, the CAB estimates that in the first 11 months since Congress passed the airline deregulation bill, consumers saved approximately $1.5 billion in current [inflation-eroded] dollars over what they would have had the board's traditional pricing policies been in effect. And despite rising fuel and labor costs, the average fare paid in August, 1979, was actually lower—even in dollars not adjusted for inflation—than it was in 1977.

Lower fares have stimulated more airline travel, which rose more than 16 percent in 1978 and was up another 14 percent through August of this year. Last June domestic airlines carried 2 million more passengers than they did in June, 1978, even though the Federal Aviation Administration grounded all DC–10s during the early part of the peak travel season.

Despite fears once raised that competition would hurt the financial position of the airline industry, company profits hit an all-time high of $1.4 billion in 1978. And for the period covering July, 1978 through July, 1979—a period riddled by rising fuel costs, the DC–10 groundings, and a strike against United Airlines—profits still reached $904 million.

Under deregulation, which makes it possible for airlines to enter and exit markets more quickly, airlines started flights on 176 new routes as of Sept., 1979. Although some communities have experienced cutbacks in flights, none has lost essential service. In fact, CAB has used its authority under the airline deregulation bill to prevent airlines from reducing or suspending service at 45 points. This contrasts with the 10 years preceding the bill's passage when 129 communities lost all service.

Very importantly, employment in the airline industry grew 10 percent from July, 1978, to July, 1979. That certainly has been one of the law's best effects. Chicago will soon be benefiting from it, since Midway Airlines plans to hire 200 people with an annual payroll of $4.2 million.

There are, of course, problems in any industry, regulated or unregulated. The airline industry, the Federal Aviation Administration, and the CAB must work to solve those resulting from deregulation. But on the whole, the results of deregulation—lower fares, more service, higher profits, and more jobs—have been unusually good.

It's not often that Congress enacts a law that fights inflation, creates jobs, and spurs new business, all at the same time.

[From the Chicago Tribune, Nov. 4, 1979]

POCKET CHANGE FLIGHTS PULL CROWDS TO MIDWAY

(By Storer Rowley)

Pressed by spiraling inflation and an offer they couldn't refuse, hundreds of Chicagoans queued up Saturday at an airport that has seen lean times in recent years.

On a first-come first-served basis, with no reservations, travelers Saturday and Sunday could fly from Midway Airport to Cleveland for 33 cents, to Detroit for 28 cents, and to Kansas City for 37 cents. It was part of a promotion by newly formed Midway Airlines.

For a short while, airfares fell below telephone rates—at least for 22 flights, 11 each day, this weekend.

And Midway Airport—the world's busiest airport before O'Hare International came along and one of the world's idlest since—had a burst of activity.

By 8 a.m. Saturday, 1,000 people, some of whom had camped at the terminal overnight, were awaiting that day's 11 flights. Those handing the clerk a dollar would get change with their ticket.

Some were bound to be disappointed. Each plane could hold only 83 passengers, and the total for the 11 flights was 913 people.

The first three flights, one to each city, were filled.

The Stratton clan—19 strong—found it cheaper to fly than to phone their mother in Kansas City, Mo., so they went to Midway 15 hours ahead of time to beat the crowds.

They spent more getting to the airport than they would on plane fares.

For the first time in four years, all seven brothers and sisters were going to see their mother, Dorothy, 58, along with their spouses and eight children. Joan Stratton Tonkinson, 26, and her son, Craig, 19 months, came all the way from Los Angeles for the reunion.

"We've all been down to K.C. separately," said Marilyn Stratton, 29, of Maywood. "But it's the first time we're all going together—and for 74 cents round-trip we can't afford not to go, even if we lose a night's sleep."

The "pocket change" flights are a promotion by Midway Airlines—the first new interstate airline in three decades—which started low fare service to those cities Thursday. Economy flights are $33, $28, and $37, respectively—which prompted their penny counterparts.

Families, friends, and funseekers started showing up as early as 4 p.m. Friday, lining up at ticket counters with luggage, backpacks, sleeping bags, blankets, and pillows. By midnight, the terminal resembled a campsight and playground.

Babies slept and cried in strollers, children played catch with Frisbees and balls, and adults passed the time chattting, snacking, reading, and listening to radios and tape players.

The Strattons typified a predominant spirit of family reunion, but the small change fares were reason enough for many to travel.

Joanne O'Leary, 41, of Chicago, brought two of her children and picked the longest line, waiting to go to Kansas City. "The majority of people were going there and it looked like they had something," she said.

South Sider Andrew Patner, 19, a student at the University of Chicago, had something else in mind as he waited in the Kansas City line. "We're going for ribs," he said. Patner and fellow students Jake Levine, 21, and Leslie Wick, 21, both of Chicago, were headed for Arthur Bryant's restaurant in Kansas City. Patner said, "They're supposed to have the greatest ribs in the world."

North Siders John Connelly, 11, and his brother, Tristam, 9, were headed for Detroit to see aunts and uncles. They said it was cheaper than driving. "I'm excited," said John, "we have to stay up all night."

Midway Airlines Will Run With 3 Leased DC–9 Jets

The three early-model DC–9 jetliners Midway Airlines has leased will permit it comfortably to handle its schedule of 28 daily flights between Midway Airport and Kansas City, Detroit, and Cleveland's Burke Lakefront Airport.

Each of the 13-year-old twin-jets has approximately 25,000 hours of flying time.

In the world of aviation, which measures age of a plane by its flying time, that is not particularly old. The typical jetliner should be able to log 50,000 hours or more without major maintenance, aviation experts claim.

The major drawback of the planes is their seating capacity. They are among the Series 10 DC–9s, built by Douglas Aircraft Co. in 1966 [prior to its merger into McDonnell Corp.] and contain only 83 seats, meaning they are not as fuel-efficient as later model DC–9s. They will give the new airline a daily passenger capacity of 2,324.

Midway has already placed orders with Douglas for five later-model DC–9–30 aircraft—a stretched version of the plane. The Series 30 planes, which will cost Midway $10.2 million apiece and are scheduled for delivery in late 1982 have 120 seats apiece.

The existing planes were acquired through an unusual deal involving Trans World Airlines, their original owner, Douglas, and Midway. Douglas bought back the three planes from TWA for $3.5 million, then had TWA put them through their heavy maintenance overhaul before leasing them to Midway with an option to buy.

The deal was so favorable to Midway that it has ordered two more DC–9s from the TWA fleet for delivery in the spring to enable it to expand service to Minneapolis, and possibly Washington National Airport, Memphis, or St. Louis.

Midway has scheduled the airplanes for nine hours a day of flying time—a figure higher than the industry average—with turnaround times of only 30 to 40 minutes between flights. "In theory, the less time you let an airplane sit on the ground, the more money you'll make as an airline," said one aviation official.

The new airline will operate on a hub-spoke system. That means all flights will either originate or end in Chicago, and a person wishing to travel between Cleveland and Kansas City for example, will have to change planes at Midway Airport.

FREE PARKING FOR CONGRESSIONAL EMPLOYEES MUST END

Mr. PERCY. Mr. President, on April 9, 1979, I introduced S. 930, the Federal Employee Parking Act of 1979. Senators Durenberger, Zorinsky, Tsongas, Chafee, Morgan, and Domenici joined me in cosponsoring this bill. S. 930 provides for a system of parking fees that would cover all Federal employees and be determined by the Administrator of the General Services Administration, the Director of the Administrative Office of the U.S. Courts and the Architect of the Capitol. The Federal parking fees for each location would be based on fees charged for similar commercial facilities in the same general area. This is a fair and equitable system that requires Federal employees to pay no more or no less than the private sector pays in the same area. In suburban and rural areas where no parking fees are customarily charged for parking and public transportation is often unavailable, no fee would be required. The Federal Government of Canada instituted a similar fee schedule a few years ago and this was followed by a measurable decrease in the use of the private automobile for commuting during rush hours.

Mr. President, as we are all aware, President Carter issued an Executive order requiring employees of the executive branch to begin paying parking fees as of the 1st of November. I commend the President for his action. This places Congress, however, in a very embarrassing position. While calling on the public to conserve energy and to cut the wasteful use of gasoline, we continue to include ourselves in a small, elite group of Federal Government employees and officials who are provided with free parking.

Late last month I received an excellent letter from David Cohen of Common Cause—a group for which I have high regard—calling for quick passage of the Federal Employee Parking Act. I, too, ask my colleagues to work for the speedy passage of this bill and ask unanimous consent that David Cohen's letter be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Common Cause,
Washington, D.C., October 22, 1979.

Dear Senator Percy: Common Cause strongly supports S. 930, the legislation you have introduced, which would eliminate free parking for Congress and its staff as well as for judicial and executive branch employees. We find it deeply disturbing that, at a time of energy shortages, and dwindling reserves, Congress continues a practice that encourages energy use, while the American people are being asked to sacrifice. While most citizens pay commercial parking rates or take public transportation to work, Congress and its staff, through taxpayer subsidized parking, get a free ride. It is time that Congress end the double standard which it has set for itself regarding energy conservation policy.

Last April, President Carter issued an executive order requiring executive branch employees to begin paying commercial parking rates by October 1. Your proposal would put the President's executive order into law and broaden its scope to cover employees in all three branches of the government. Common Cause believes that it is now up to Congress to show that it has a serious commitment to conservation and the country's energy needs by passing S. 930.

S. 930, which amends the National Conservation Policy Act, goes beyond correcting the obvious inequity of giving special privileges to a select group. By removing the free parking privileges for federal employees in all three branches of government, this legislation would have a substantial impact on energy conservation and would help protect the environment. In his testimony before the Senate Governmental Affairs Committee, D.C. Mayor Marion Barry estimated that there are 40,000 federal parking spaces in the District of Columbia alone. He also estimated that if a pay parking plan equal to commercial rates were enacted, it could result in 27,000 fewer people driving to work everyday. This reduction in traffic in turn could save up to 3.7 million gallons of gas annually and eliminate 3.5 million tons of pollutants from the environment.

We appreciate your leadership on this issue and urge the Governmental Affairs Committee to move expeditiously on the bill and report it favorably to the full Senate.

Sincerely,

David Cohen,
President.

MONITORING AND VERIFICATION PROCEDURES UNDER SALT II

Mr. GOLDWATER. Mr. President, a number of months ago I made the statement on the floor of the Senate that I felt that the monitoring and verification procedures called for in SALT II could be accomplished, although I placed limitations with that statement. I was depending, to a great extent, on the availability of new equipment. This new equipment has not come through and the chances of it coming through do not look immediate or good to me at this time. Mr. President, I wish to correct my position that I took at the time I have referred to and state that I have doubts now of a sufficient nature to cause me to say that I do not feel that we can depend on the verification capabilities of this country and, I might add, those capabilities are not up for criticism where monitoring is needed that are not exactly 100 percent. If any Members of the Senate would like a more detailed explanation of my reason I will be glad to talk with them.

THE HELSINKI ACCORDS

Mr. JAVITS. Mr. President, the United States has examined its compliance with the Helsinki accords, and the Commission on Security and Cooperation in Europe has released a thorough and objective report on U.S. implementation on the Helsinki final act.

Any Senator interested in this may communicate with me or with DANNY FASCELL of the other body to obtain a copy of this report.

THE GENOCIDE CONVENTION: A SUPPLEMENT TO FOOD

Mr. PROXMIRE. Mr. President, we are all aware of the events transpiring in Cambodia. Thousands are dying every day. Even if the horrors end soon, millions will have perished in the most gruesome display of inhumane behavior since the Hitler-directed holocaust of World War II.

Countries around the world have initiated massive food shipments into the impoverished nation. The United States is among these. If this desperately needed food is delivered, perhaps many of the lives presently in danger can be saved. But many more will die before the horror ends.

Mr. President, the United States and other nations are to be commended for quickly coming to the rescue of the ill-fated Cambodians. These nations have shown compassion in this crisis, setting aside political differences and acting in the name of humanity.

In this connection, we have seen a fine demonstration of Senate compassion, which was a great tribute to the Senator from Missouri, the Senator from Montana, and the Senator from Tennessee, who played such a great role in that respect.

As was reported yesterday, 76 nations have joined together to raise $210 million in cash and supplies, demonstrating broad political support for internationally sponsored relief efforts.

But this crisis highlights the fact that while food may save many who are presently starving, the shipments cannot help those who have already perished.

However, there is known today one measure which might work to prevent tragedies similar to Cambodia. This remedy is not food to save famished millions—it cannot be eaten.

Mr. President, I refer to the Genocide Convention of 1949; 30 years later, it is still pending before the Senate. Ratification might help discourage atrocities such as the one going on in Cambodia from reoccurring and would certainly strengthen our Nation's moral leadership.

Mr. President, it is ironic that we can quickly win a unanimous Senate vote to try to feed those starving in Cambodia but have not acted in 30 years to ratify the Genocide Convention which would help prevent such a tragic waste of human lives from occurring in the first place. I urge my distinguished colleagues to join me in supporting this treaty.

MESSAGES FROM THE HOUSE

ENROLLED JOINT RESOLUTION SIGNED

At 11:53 a.m., a message from the House of Representatives delivered by Mr. Gregory, one of its reading clerks, announced that the Speaker has signed the following enrolled joint resolution:

S. J. Res. 117. A joint resolution to provide for a temporary extension of certain Federal Housing Administration authorities, and for other purposes.

The enrolled joint resolution was subsequently signed by the President pro tempore (Mr. MAGNUSON).

The message also announced that the House has passed the following bill, in which it requests the concurrence of the Senate.

H.R. 4007. An act to amend the Internal Revenue Code of 1954 to provide that the provisions which increase the Federal unemployment tax in States which have outstanding loans will not apply if the State makes certain repayments.

ENROLLED JOINT RESOLUTIONS SIGNED

At 2:20 p.m., a message from the House of Representatives delivered by Mr. Berry, one of its reading clerks, announced that the Speaker has signed the following enrolled joint resolutions:

H. J. Res. 199. A joint resolution to amend the Act of October 21, 1978 (92 Stat. 1675; Public Law 95–498); and

H. J. Res. 428. A joint resolution designating December 1979 as "National Child Abuse Prevention Month".

The enrolled joint resolutions were subsequently signed by the President pro tempore (Mr. MAGNUSON).

At 4:10 p.m., a message from the House of Representatives delivered by Mr. Berry, announced that the House agrees to the amendment of the Senate to the amendment of the House to the resolution (S. Con. Res. 36) revising the congressional budget for the U.S. Government for the fiscal years 1980, 1981, and 1982, with amendments in which it requests the concurrence of the Senate.

HOUSE BILL REFERRED

The following bill was read twice by its title and referred as indicated:

H.R. 4007. An act to amend the Internal Revenue Code of 1954 to provide that the provisions which increase the Federal unemployment tax in States which have outstanding loans will not apply if the State makes certain repayments; to the Committee on Finance.

ENROLLED BILLS SIGNED

The ACTING PRESIDENT pro tempore (Mr. BOREN) announced that on today, November 8, 1979, he signed the following enrolled bills, which had previously been signed by the Speaker of the House of Representatives:

H.R. 3319. An act for the relief of Jose Quintana Dominguez Sendelas; and

H.R. 5279. An act to provide for the distribution within the United States of the International Communications Agency film entitled "Reflections: George Meany."

ENROLLED JOINT RESOLUTION PRESENTED

The Secretary of the Senate reported that on today, November 8, 1979, he had presented to the President of the United States the following enrolled joint resolution:

S.J. Res. 117. A joint resolution to provide for a temporary extension of certain Federal Housing Administration authorities, and for other purposes.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–2447. A communication from the Secretary of Agriculture, transmitting, pursuant to law, the fifth report on rural development progress; to the Committee on Agriculture, Nutrition, and Forestry.

EC–2448. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Rental Housing: A National Problem That Needs Immediate Attention," November 8, 1979; to the Committee on Banking, Housing, and Urban Affairs.

EC–2449. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Prospects for Cooperation and Trade of Energy Resources Between the United States and Canada," November 8, 1979; to the Committee on Energy and Natural Resources.

EC–2450. A communication from the Secretary of the Interior, transmitting, pursuant to law, a report on money spent by the Commonwealth of Massachusetts, the City of Lowell, and nonprofit entities for activities at Lowell National Historical Park; to the Committee on Energy and Natural Resources.

EC–2451. A communication from the Assistant Secretary for Congressional Relations, Department of States, transmitting, pursuant to law, the President's determinations regarding the People's Republic of China; to the Committee on Finance.

EC–2452. A communication from the Assistant Secretary of Housing and Urban Development (Administration), transmitting, pursuant to law, a report of a new system of records; to the Committee on Governmental Affairs.

EC–2453. A communication from the Administrator, Law Enforcement Assistance Administration, Department of Justice, transmitting, pursuant to law, the Third Analysis and Evaluation of Federal Juvenile Delinquency Programs; to the Committee on the Judiciary.

EC–2454. A communication from the Assistant Secretary for Congressional Relations, Department of State, transmitting, pursuant to law, a report on environmental and nuclear power program activities abroad; to the Committee on Energy and Natural Resources, the Committee on Foreign Relations, and the Committee on Governmental Affairs, jointly, by unanimous consent.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that a communication transmitted by the Assistant Secretary for Congressional Relations, Department of State, reporting on environmental and nuclear power program activities abroad, be referred jointly to the Committee on Energy and Natural Resources, the Committee on Foreign Relations, and the Committee on Governmental Affairs.

The PRESIDING OFFICER. Without objection, it is so ordered.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. HUDDLESTON, from the Committee on Appropriations, with amendments:

H.R. 4391. An act making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1980, and for other purposes (Rept. No. 96–407).

By Mr. LONG, from the Committee on Finance, with an amendment and an amendment to the title:

H.R. 3236. An act to amend title II of the Social Security Act to provide better work incentives and improved accountability in the disability insurance program, and for other purposes (Rept. No. 96–408).

MILITARY CONSTRUCTION AUTHORIZATIONS—CONFERENCE REPORT

Mr. HART, from the committee of conference, submitted a report on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1319) to authorize certain construction at military installations, and for other purposes (Rept. No. 96–409).

NAVAL PETROLEUM AND OIL SHALE RESERVES AUTHORIZATION ACT, 1980—CONFERENCE REPORT

Mr. HART, from the committee of conference, submitted a report on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3354) to authorize appropriations for fiscal year 1980 for conservation, exploration, development, and use of naval petroleum reserves and naval oil shale reserves, and for other purposes (Rept. No. 96–410).

By Mr. HATCH, from the Committee on the Judiciary, with amendments:

S. 43. A bill to promote safety and health in skiing and other outdoor winter recreational activities (Rept. No. 98–411).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. RANDOLPH, from the Committee on Environment and Public Works:

Inez Smith Reid, of New York, to be Inspector General, Environmental Protection Agency. Referred to the Committee on Governmental Affairs for not to exceed 20 days pursuant to order of March 1, 1979.

(The above nomination from the Committee on Environment and Public Works was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. MELCHER, from the Select Committee on Indian Affairs:

William Edward Hallett, of Colorado, to be Commissioner of Indian Affairs.

(The above nomination from the Select Committee on Indian Affairs, was reported with the recommendation that it be confirmed, subject to the commitment of the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Mr. MELCHER. Mr. President, from the Select Committee on Indian Affairs, I report favorably the nomination of William E. Hallett, to be the Commissioner of Indian Affairs, and I ask unanimous consent that a financial statement and biographical sketch of the nominee be printed at this point in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Statement for Completion by Presidential Nominees

Name: Hallett, William Edward.

Position to which nominated: Commissioner, Bureau of Indian Affairs.

Date of nomination: Sept. 27, 1979.

Date of birth: May 18, 1942.

Place of birth: Red Lake Indian Reservation, Minnesota.

Marital status: Married.

Full name of spouse: Kathryn (Johannsen) Hallett.

Name and ages of children: Peter William Age 8, Mary Kathryn Age 7.

Education: Institution, dates attended, degrees received, and dates of degrees:

Red Lake Indian High school, 1956–1960, High School, 1960.

Brigham Young University, 1960–1962.

Bemidji State College, 1963–1965, BA–Bus. Admin., 1965.

Univ. of New Mexico, 1974–1975.

PERSONAL RESUME OF WILLIAM E. HALLETT

Present Address: 1065 W 154th Ave., Broomfield, Colorado 80020.

Telephone: 303–452–4850 Home; FTS–327–2963 Office.

EDUCATION

High School: Red Lake Indian High School, Red Lake, Minnesota. Graduated June 1960.

College: Brigham Young University, Provo, Utah. September 1960 to June 1962 and Summer session 1964. Major field of study was accounting.

Bemidji State College, Bemidji, Minnesota. January 1963 to June 1963. Received a Bachelor's Degree in Business Administration with Minor's in Economics and Psychology.

University of New Mexico, Albuquerque, New Mexico. August 1974 to August 1975. Attended the University under the HUD Career Education Program. Areas of study included Business and Public Administration, with emphasis upon Organizational Behavior. Grade point average was 3.67.

WORK EXPERIENCE

9–75 to Present: Assistant Regional Administrator, Office of Indian Programs, (GS 15/4) Region VIII. Administers and directs the delivery of all HUD resources and services available to Indian Tribal Governments. Resources consist of the Low-Rent Public Housing Program (Production, Management, ACC Amendments, Modernization and Management Initiatives For Indian Housing); and the Community Planning and Development Programs (701 Planning and the Community Development Block Grant Programs).

8–70 to 9–75: Special Assistant to the Regional Administrator for Indian Affairs, (GS 13 and GS 14) Region VIII. Principal advisor to the Regional Administrator and to other divisions and units within the Regional Office on overall policy and administrative aspects of the programs affecting Indian communities.

4–70 to 8–70: Independent Consultant to the following:

1. National Council on Indian Opportunity, Washington, D.C. "Project Outreach," an evaluation of the delivery of Federal resources to Indian Reservations.
2. George Washington University, Washington, D.C. Review and comment on various reports.
3. IDEAS, INC., Washington, D.C. "Submarginal lands and Indian Reservations."
4. President's National Advisory Council on Minority Business Enterprise, Washington, D.C. Developed report on Indian business enterprise.

11–68 to 4–70: Director, Industrial Development, National Congress of American Indians, Washington, D.C. Supervised and directed a National effort to attract developmental investments for American Indian Reservations.

6–67 to 11–68: Director, Housing and Manpower Programs, Red Lake Band of Chippewa Indians, Red Lake, Minnesota. Set up and directed the Tribal Home Construction Company and developed and secured funding for various training programs.

8–65 to 6–67: Personnel Technician, Chicago Police Department, Chicago, Illinois. Conducted various classification studies, supervised various special projects and developed and conducted various Departmental examination and evaluation programs.

HUD AWARDS AND PROMOTIONS

December 1971: Quality Within-grade Step Increase.

May 1972: Promotion from GS–13 to GS–14.

June 1973: Quality Within-grade Step Increase.

June 1974: Selected to participate in the HUD Career Education Program.

September 1975: Promotion from GS–14 to ARA GS–15.

PERSONAL DATA

Full Name: William Edward Hallett.

Date of Birth: May 18, 1942.

Place of Birth: Red Lake Indian Hospital, Red Lake, Minnesota.

Social Security No.: [redacted].

Marital Status: Married to Kathryn Rae (Johannsen) on November 8, 1968. Two children, Peter William born September 19, 1971 and Mary Kathryn, born November 20, 1972.

Activities: Football, basketball, baseball and track at Red Lake High; football and wrestling at Brigham Young University; football at Bemidji State College.

Background: Born and raised on the Red Lake Indian Reservation. I am ¾ Chippewa Indian. Both parents still reside on the reservation.

References: All Tribal Councils of Region VIII and Roger Jourdain, Chairman, Red Lake Band of Chippewa Indians, Red Lake, Minnesota.

Military service: Enter all military service if not included above: service, dates, rank, type of discharge. None.

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement:

December 1971, Quality Within-Grade Step Increase.

May 1972, Promotion from GS–13 to GS–14.

June 1973, Quality Within-Grade Step Increase.

June 1974: Selected to participate in the HUD Career Education Program.

September 1975, Promotion from GS–14 to GS–15.

Memberships: National Congress of American Indians, Director—Economic Development, 1968–1970.

Colorado Arabian Horse Club, Chairman—Trails, 1978–1979.

Published writings: None.

Qualifications: See Cover Letter.

Future employment relationships:

1. Indicate whether you will sever all con-

nections with your present employer, business firm, association or organization if you are confirmed by the Senate. Yes.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your current or any previous employer, business firm, association or organization. No.

3. Has anybody made you a commitment to a job after you leave government? No.

4. (a) If you have been appointed for a fixed term, do you expect to serve the full term? Yes.

(b) If you have been appointed for an indefinite term, do you have any known limitations on your willingness or ability to serve for the foreseeable future? No.

Potential conflicts of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated. None.

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated. None.

3. Describe any business relationship, dealing or financial transaction (other than taxpaying) which you have had during the last 10 years with the Federal Government, whether for yourself or relatives, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated. None.

4. List and describe any lobbying activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or for the purpose of affecting the administration and execution of national law or public policy. None.

5. Explain how you will resolve any potential conflict of interest that may be disclosed by your responses to the above items. Refer to the Assistant Secretary—Indian Affairs.

6. Explain how you will comply with conflict of interest laws and regulations applicable to the position for which you have been nominated. Attach a statement from the appropriate agency official indicating what those laws and regulations are and how you will comply with them. See Attached (A).

ATTACHMENT A

In accordance with the provisions of 43 C.F.R. 735-14, Department of the Interior Employee Responsibilities and Conduct, Mr. Hallett will refer to this office any decision which might result in a conflict or appearance of conflict because of his membership in the Red Lake Band of Chippewa Indians. This provision is specifically stated in 43 C.F.R. 735-14(b)(3):

"An Indian or Alaska Native employee of the Department shall not make nor participate in a substantial manner in any decision of the Department if he has a private direct interest as defined in paragraph 20.735-15(b) in the results of the decision. If the decision is one which the employee would be expected to make if he or she had not direct interest, the matter shall be referred to the next higher authority of the Department which does not have such private direct interest in an appropriate form but without recommendation by the employee having a private direct interest."

FORREST J. GERARD,
Assistant Secretary—Indian Affairs.

FINANCIAL STATEMENT

Name: Hallett, William Edward.

Position to which nominated: Commissioner—Bureau of Indian Affairs.

Provide a complete, current financial net worth statement which itemizes all assets (including bank accounts, real estate, securities, trusts, investments, and other financial holdings) and all liabilities (including debts, mortgages, loans, and other financial obligations) of yourself, your spouse, and other immediate members of your household.

ASSETS

Cash on hand and in banks, $900.

U.S. Government securities—add schedule, $200.

Listed securities—add schedule

Unlisted securities—add schedule

Accounts and notes receivable: $300.

Due from relatives and friends

Due from others

Real estate interests—add schedule No. 2, $113,000.

Personal property

Life insurance—cash value, $100,000.

Other assets—itemize:

Horses, $10,000.

Farm Equipment, $2,000.

Total assets, $241,400.

LIABILITIES

Notes payable to banks—secured, $2,200.

Notes payable to banks—unsecured

Notes payable to relatives

Notes payable to others

Accounts payable

Unpaid income tax

Other unpaid tax and interest

Real estate mortgages payable—add schedule No. 3, $34,000.

Chattel mortgages and other liens payable, $5,000.

Other debts—itemize:

Master Charge, $2,500.

CONTINGENT LIABILITIES

As endorser, comaker or guarantor

On leases or contracts

Legal Claims

Other

Total liabilities, $43,700.

Net worth, $197,700.

1. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, uncompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services and firm memberships or from former employers, clients, and customers. None.

Schedule No. 1:

U.S. Government Series "E" Bonds.

Schedule No. 2:

(a) Lot. Ocean City, Maryland Purchased 3/69 @ $5,000. Present value, estate @ $8,000.

(b) Residence in Broomfield, Colorado. Purchased 8/72 each @ $45,000. Present value estate each @ $105,000. Total real estate: $113,000.

Schedule No. 3:

United Mortgage Company, Denver, Colorado. Unpaid principal is approximately $34,000.

2. Are any assets pledged? (Add schedule.) See schedules for net worth statement.

3. Are you currently a party to any legal action? No.

4. Have you ever declared bankruptcy? No.

5. Have you filed a Federal income tax return for each of the last 10 years? If not, please explain. Yes.

6. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit? No.

FOREIGN CURRENCY REPORTS

In accordance with the appropriate provisions of law, the Secretary of the Senate herewith submits the following reports of standing committees of the Senate, certain joint committees of the Congress, delegations and groups, and select and special committees of the Senate, relating to expenses incurred in the performance of authorized foreign travel:

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY THE COMMITTEE ON FINANCE, U.S. SENATE, EXPENDED JULY 1 TO SEPT. 30, 1979

		Per diem		Transportation		Miscellaneous		Total	
Name and country	Name of currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Senator Bradley:									
France	Franc				$1,697.00				$1,697.00
Belgium	Franc	5,575	$190.13					5,575	190.13
U.S.S.R. (Leningrad)	Ruble	106.59	164.73					106.59	164.73
U.S.S.R.	Dollar		150.00						150.00
Great Britain	Pound	45.88	103.23	456	1,005.48			501.88	1,108.71
Senator Boren:									
Belgium	Franc	4,419.26	150.71					4,419.26	150.71
U.S.S.R. (Leningrad)	Ruble	126.59	195.64					126.59	195.64
U.S.S.R.	Dollar		150.00						150.00
Great Britain	Pound	87.94	198.74					87.94	198.74
Michael Stern:									
Israel	Israeli pounds	3,765.00	150.00					3,765.00	150.00
Egypt	Egyptian pounds	210.00	300.00	30.00	42.86			240.00	342.86
Saudi Arabia	Riyals	516.80	152.00					516.80	152.00
Total			1,905.18		2,745.34				4,650.52

RUSSELL B. LONG,
Chairman, Committee on Finance.

Nov. 5, 1979.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY THE COMMITTEE ON APPROPRIATIONS, U.S. SENATE, EXPENDED APRIL AND JUNE 1979

Name and country	Name or currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency [1]	Foreign currency	U.S. dollar equivalent or U.S. currency [1]
Senator Sam Nunn:									
Italy	Lire	64, 275	$75.00					64, 275	$75.00
Israel	Pounds	7, 042	291.71					7, 042	291.71
Jordan	Dinars	19, 205	62.77					19, 205	62.77
Egypt	Pounds	157, 500	225.00					157, 500	225.00
Reimbursement of $147.50 by personal check provided for expenditures of a personal nature.									
Total			654.48						654.48

Note: Supplement to Consolidated Report of Expenditure of Foreign Currencies and Appropriated Funds, Committee on Appropriations, published in the Congressional Record, July 12, 1979.

WARREN G. MAGNUSON,
Chairman, Committee on Appropriations.

Nov. 2, 1979.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. SCHMITT (for himself, Mr. INOUYE, Mr. DOMENICI, Mr. SIMPSON, Mr. MATSUNAGA, Mr. HELMS, and Mr. ARMSTRONG):

S. 1989. A bill to provide for a comprehensive study and evaluation of the military manpower needs of the Nation and how best to meet those needs; to the Committee on Armed Services.

By Mr. WARNER:

S. 1990. A bill to amend the Internal Revenue Code of 1954 with respect to the treatment for purposes of the consolidated return regulations of stock in certain railroads which transferred property to ConRail; to the Committee on Finance.

By Mr. FORD:

S. 1991. A bill to amend the Federal Trade Commission Act to change procedures for agency adjudications and rulemaking, to extend authorizations for appropriations for the Federal Trade Commission, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. MATHIAS:

S. 1992. A bill to allow the Interest Rate Modification Act of 1979, passed by the Council of the District of Columbia, to take effect immediately; to the Committee on Governmental Affairs.

By Mr. HART:

S. 1993. A bill to increase small business participation in energy research and development; to the Committee on Energy and Natural Resources.

By Mr. MATHIAS (for himself, Mr. BAKER, Mr. MCGOVERN, Mr. CHURCH, Mr. JACKSON, Mr. RANDOLPH, Mr. GOLDWATER, Mr. BAYH, Mr. NUNN, Mr. WARNER, Mr. HATFIELD, Mr. HEINZ, Mr. INOUYE, Mr. COCHRAN, Mr. LEVIN, Mr. GARN, Mr. HUDDLESTON, Mr. BOREN, Mr. JOHNSTON, Mr. HUMPHREY, Mr. EXON, Mr. DECONCINI, Mr. CRANSTON, Mrs. KASSEBAUM, Mr. JAVITS, and Mr. EAGLETON):

S.J. Res. 119. A joint resolution to authorize the Vietnam Veterans Memorial Fund, Inc. to erect a memorial; to the Committee on Rules and Administration.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. SCHMITT (for himself, Mr. INOUYE, Mr. DOMENICI, Mr. SIMPSON, Mr. MATSUNAGA, Mr. HELMS, and Mr. ARMSTRONG):

S. 1989. A bill to provide for a comprehensive study and evaluation of the military manpower needs of the Nation and how best to meet those needs; to the Committee on Armed Services.

(The remarks of Mr. SCHMITT when he introduced the bill appear earlier in today's proceedings.)

By Mr. FORD:

S. 1991. A bill to amend the Federal Trade Commission Act to change procedures for agency adjudications and rulemaking, to extend authorizations for appropriations for the Federal Trade Commission, and for other purposes; to the Committee on Commerce, Science, and Transportation.

FEDERAL TRADE COMMISSION ACT OF 1979

Mr. FORD. Mr. President, last May I announced my intention for the Senate's Consumer Subcommittee to hold extensive oversight hearings on the Federal Trade Commission before the year was over. Those hearings are now history. The various testimony has now been digested, and I am now ready to make my initial legislative recommendations to the full Commerce, Science and Transportation Committee in the form of this bill I am introducing today.

As those of you who attend these hearings know, there was no shortage of ideas, recommendations and suggestions from the various witnesses concerning the FTC. It was crystal clear from the hearings that the FTC certainly is one agency which is suffering from no identity crisis as far as the general public is concerned.

Let me make it clear at the start that it is not my intent to go so far with these recommendations as to take the proverbial "teeth out of the tiger." The basic mission of the FTC is an important one. aimed at protecting both consumers and industry against unfair methods of competition and unfair or deceptive acts or practices.

However, recently we have seen the Commission take its broad statutory mandate—enforcement and administrative authority under 27 separate acts since 1914—and push it above and beyond the limit. Congress created the Commission, but in recent years the Commission has acted as though it is the lone public policymaker—a development which I believe to be contrary to congressional intent. From my perspective, the proper role for the FTC is, as an arm of Congress, to carry out the public policy objectives of that body and be a strong law enforcement agency over business.

The only way Congress can be assured that this agency—or, for that matter, any agency—is following through on its congressional mandate is through regular and vigorous oversight. If it is determined that congressional intent is not being met, then steps must be taken to put the agency back on the proper course.

The 8 days of oversight I conducted in September and October revealed that the FTC indeed strayed in several areas from what I perceived to be the prescribed course. The legislation I am recommending attempts to address various problem areas that we were able to identify. I might add that our oversight is far from completed and will be continued by the subcommittee every 6 months under provisions of my legislation.

The legislative package that I am proposing primarily addresses the actions taken by the committee under the Magnuson-Moss Act enacted in 1975. This act clarified the Commission's authority to issue industry-wide trade regulation rules.

My recommendations are broad-based, changing the procedures under the act as well as clarifying and limiting the statutory authority under this rulemaking provision. I have been especially troubled by the FTC's action in issuing indefinite subpenas amounting to a "fishing expedition," and topping this off by the release of confidential subpenaed information, placing companies in an unfair competitive position.

It is my hope that the amendments will result in an agency that acts in a responsible manner while being responsive to the concerns of Congress.

In summary, here are my recommendations:

STANDARDS AND CERTIFICATION

An amendment prohibiting the FTC from issuing antitrust rules under its Magnuson-Moss authority would strike the proposed standards and certification rule.

CHILDREN'S TV ADVERTISING

An amendment requiring that the FTC publish the "text" of a rule at the commencement of a rulemaking proceeding, and making this amendment retroactive would require the Commission to reinstitute this rulemaking. In addition, an amendment would limit the FTC's advertising authority to cases of "false and deceptive advertising." (Unfairness would be deleted.)

USED CAR RULE

An amendment would make it clear that the FTC does not have authority to require mandatory warranties in connection with the sale of used cars.

SUBPENA POWER

The FTC's subpena power would be narrowed in investigations of unfair or deceptive acts or practices. The Commission would be required to specify the conduct they are investigating and why the Commission believes that the conduct violates the FTC Act. This should force the Commission to draft narrower and more reasonable subpenas, and also establish criteria for judicial review of these subpenas. Procedures in issuing and complying with subpenas comparable to the CID of the Department of Justice would be required.

CONFIDENTIALITY

An amendment would impose strict confidentiality requirements on the Commission with respect to any confidential business information obtained under a subpena. In addition, information obtained under a subpena would be exempt from the Freedom of Information Act. Third, an amendment to section 6 would prevent the disclosure of confidential information relating to a particular business under the Commission's section 6(f) reporting authority. Finally, an amendment would protect "line of business" information by restoring provisions of law that had been previously incorporated in appropriations bills, but which have lapsed.

REGULATORY ANALYSIS

This amendment would require the Commission to publish an analysis of rulemaking options when they begin a rulemaking proceeding and in connection with the publication of a final rule. The Commission would be required to estimate the benefits and the adverse effects of the proposed rule and its alternatives. The analysis will be subject to judicial review as part of the rulemaking record.

OVERSIGHT HEARINGS

The bill would require the Consumer Subcommittee to hold oversight hearings on the FTC at least once every 6 months during the life of the authorization.

REGULATORY AGENDA

This amendment would require the Commission to publish semiannually an agenda of all planned rulemaking activities. This will give the public and the Congress a better picture of the overall regulatory plans of the FTC.

ATTORNEY'S FEES

This amendment would incorporate the substance of S. 265, previously passed by the Senate, which would provide for the recovery of attorney's fees by small businesses in cases in which they prevail against the FTC.

PUBLIC PARTICIPATION

This amendment would restrict the amount any one group can receive in a rulemaking proceeding to $75,000 and impose the same restriction on any one group on the amount they can receive in any one year. This amendment is comparable to a provision in the House authorization bill.

ADVANCE NOTICE OF PROPOSED RULEMAKING

This amendment would require the Commission to publish an advance notice of rulemaking investigation outlining the areas they have under investigation and requiring the Commission to consult with the parties on the matters they have under investigation. The Commission must report to the committee and wait 30 days before publishing a notice of proposed rulemaking.

EX PARTE CONTACTS

This amendment would preclude meetings between the FTC rulemaking staff and the Commissioners unless they were on the record. Also, the Commissioners would be encouraged to have more on the record meetings with industry and announce these meetings in advance through the public calendar.

PRESIDING OFFICER

This amendment would separate the Presiding Officers from the General Counsel's office to assure their independence and also require them to make findings and conclusions at the close of rulemaking hearings.

CEASE AND DESIST

This amendment would limit the effect of affirmative requirements of cease and desist orders to 3 years.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1991

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Trade Commission Act of 1979".

COMMERCIAL ADVERTISING

SEC. 2. (a) Section 5(a)(1) of the Federal Trade Commission Act (15 U.S.C. 45(a)(1)) is amended by inserting immediately before the period at the end thereof the following: ": *Provided, however,* That this paragraph shall not apply to acts or practices with respect to commercial advertising".

(b) Section 5(a) of such Act is amended by redesignating paragraph (2) as paragraph (3), and by inserting immediately after paragraph (1) the following new paragraph:

"(2) False and deceptive acts or practices with respect to commercial advertising in or affecting commerce are hereby declared unlawful.".

(c) Section 5(a)(3) of such Act, as redesignated by subsection (b) of this section, is amended by inserting immediately before the period at the end thereof the following: "and false and deceptive acts or practices with respect to commercial advertising in or affecting commerce".

(d) Section 5(b) of such Act is amended by inserting immediately after "unfair or deceptive act or practice in or affecting commerce" the following: "or false and deceptive act or practice with respect to commercial advertising in or affecting commerce".

(e) Section 5(m) of such Act is amended to read as follows:

"(m)(1)(A) The Commission may commence a civil action to recover a civil penalty in a district court of the United States against any person, partnership, or corporation which violates any rule under this Act respecting unfair or deceptive acts or practices or false and deceptive acts or practices with respect to commercial advertising (other than an interpretive rule or a rule violation of which the Commission has provided is not an unfair or deceptive act or practice or false and deceptive act or practice in commercial advertising in violation of subsection (a)(1) or (a)(2) of this section) with actual knowledge or knowledge fairly implied on the basis of objective circumstances that such act is unfair or deceptive or that such act or practice with respect to commercial advertising is false and deceptive and is prohibited by such rule. In such action, such person, partnership, or corporation shall be liable for a civil penalty of not more than $10,000 for each violation.

"(B) If the Commission determines in a proceeding under subsection (b) of this section that any act or practice is unfair or deceptive, or that any act or practice with respect to commercial advertising is false and deceptive, and issues a final cease and desist order with respect to such act or practice, then the Commission may commence a civil action to obtain a civil penalty in a district court of the United States against any person, partnership, or corporation which engages in such act or practice—

"(i) after such cease and desist order becomes final (whether or not such person, partnership, or corporation was subject to such cease and desist order), and

"(ii) with actual knowledge that such act or practice is unfair or deceptive or that such act or practice with respect to commercial advertising is false and deceptive and is unlawful under subsection (a)(1) or (a)(2) of this section.

In such action, such person, partnership, or corporation shall be liable for a civil penalty of not more than $10,000 for each violation.

"(C) In the case of a violation through continuing failure to comply with a rule or with subsection (a)(1) or (a)(2) of this section, each day of continuance of such failure shall be treated as a separate violation, for purposes of subparagraphs (A) and (B) of this paragraph. In determining the amount of such a civil penalty, the court shall take into account the degree of culpability, any history of prior such conduct, ability to pay, effect on ability to continue to do business, and such other matters as justice may require.

"(2) If the cease and desist order establishing that the act or practice is unfair or deceptive or that the act or practice with respect to commercial advertising is false and deceptive was not issued against the defendant in a civil penalty action under paragraph (1)(B) of this subsection, the issues of fact in such action against such defendant shall be tried de novo.

"(3) The Commission may compromise or settle any action or a civil penalty if such compromise or settlement is accompanied by a public statement of its reasons and is approved by the court.".

(f) Section 12(b) of the Federal Trade Commission Act (15 U.S.C. 52(b)) is amended to read as follows:

"(b) The dissemination or the causing to be disseminated of any false advertisement within the provisions of subsection (a) of this section shall be a false and deceptive act or practice with respect to commercial advertising in or affecting commerce within the meaning of section 5 of this Act.".

DISCLOSURE OF COMMERCIAL OR FINANCIAL INFORMATION

SEC. 3. Section 6(f) of the Federal Trade Commission Act (15 U.S.C. 46(f)) is amended to read as follows:

"(f) To make public from time to time such portions of the information obtained by it hereunder as is in the public interest; and to make annual and special reports to the Congress and to submit therewith recommendations for additional legislation; and to provide for the publication of its reports and decisions in such form and manner as may be best adapted to public information and use: *Provided, however,* That the Commission shall not disclose trade secrets, or confidential commercial or financial information which is not in the public domain, or any information protected against disclosure pursuant to any other act of Congress, except that the Commission may disclose such information to the Department of Justice or a State law enforcement agency upon such agency's prior certification that such information will be maintained in confidence and will only be used for official law enforcement purposes.".

CONFIDENTIALITY OF LINE-OF-BUSINESS REPORTS

SEC. 4. Section 6 of the Federal Trade Commission Act (15 U.S.C. 46) is amended by adding at the end thereof the following new subsection:

"(i) No employee of the Commission or any Commissioner may publish or disclose information to the public, or any Government agency, whereby the line-of-business data furnished by a particular establishment or individual can be identified. No one other than designated sworn officers and employees of the Commission may examine the line-of-business reports from individual firms, and information provided in the line-of-business program shall be used only for statistical purposes. Information for carrying out specific law enforcement responsibilities of the Commission shall be obtained under existing practices and procedures or as changed by law.".

ADVERTISING RULEMAKING

SEC. 5. (a) Section 18(a)(1)(B) of the Federal Trade Commission Act (15 U.S.C. 57a (a)(1)(B)) is amended to read as follows:

"(B) rules which define with specificity—

"(i) false and deceptive commercial advertising in or affecting commerce within the meaning of section 5(a)(1) of this Act, or

"(ii) other unfair or deceptive acts or practices in or affecting commerce (within the meaning of section 5(a)(1) of this Act).

Rules under this subparagraph may include requirements prescribed for the purpose of preventing such acts or practices.".

(b) Section 18(b)(1) of the Federal Trade Commission Act (15 U.S.C. 57a(b) (1)) is amended by inserting immediately after "particularity" the following: "the text of the rule, including alternatives, which the Commission proposes to prescribe, and".

(c) The amendments made by subsections (a) and (b) of this section shall take effect on the date of enactment of this Act, except that any rulemaking currently in progress (1) which is not in compliance with subsection (b) of this section and (2) in which all hearings have not been completed shall be discontinued. Any rulemaking initiated under section 18 of the Federal Trade Commission Act after the date of enactment of this Act shall be conducted in acordance with the provisions of this section.

ANTITRUST RULEMAKING

SEC. 6. Section 18(a)(2) of the Federal Trade Commission Act (15 U.S.C. 57a(a)(2) is amended by striking the second sentence and inserting in lieu thereof the following: "Nothing in this section authorizes the Commission to prescribe any trade regulation rules with respect to unfair methods of competition. This paragraph shall not affect any other authority of the Commission to prescribe rules (including interpretive rules), and general statements of policy, with respect to unfair methods of competition in or affecting commerce.".

PREVALENCE OF UNLAWFUL ACTS AND PRACTICES

SEC. 7. Section 18(a) of the Federal Trade Commission Act (15 U.S.C. 57a(a)) is amended by inserting at the end thereof the following new paragraph:

"(3)(A) The Commission shall issue a notice of proposed rulemaking only where it has reason to believe that the unfair or deceptive acts or practices or false and deceptive commercial advertising acts or practices which are the subject of the proposed rulemaking are prevalent.

"(B) A determination of prevalence shall be made by the Commission only if:

"(i) it has issued cease and desist orders regarding such unfair or deceptive acts of practices or false and deceptive commercial advertising acts or practices, or

"(ii) any other information available to the Commission indicates a pattern or practice of unfair or deceptive acts or practices or false and deceptive commercial advertising acts or practices.

"(C) This paragraph applies only to rules for which initial notices are published after the date of enactment of this paragraph.".

ADVANCED NOTICE OF PROPOSED FEDERAL TRADE COMMISSION RULES

SEC. 8. Section 18(b) of the Federal Trade Commission Act (15 U.S.C. 57a(b)) is amended by adding at the end thereof the following: "Prior to the publication of notice of proposed rulemaking pursuant to paragraph (1) of this subsection, the Commission shall publish an advance notice of proposed rulemaking in the Federal Register. The notice shall contain a brief description of the area of inquiry under consideration, the objectives which the Commission is interested in achieving and possible regulatory approaches under consideration, and shall invite the response of interested parties with respect thereto, including any suggestions or alternative methods for achieving the State objectives. The Commission shall submit such advance notice of proposed rulemaking to the Committee on Commerce, Science, and Transportation of the Senate and to the Committee on Interstate and Foreign Commerce of the House of Representatives. In addition, the Commission may use such mechanisms as it finds useful to obtain suggestions regarding the content of the area of inquiry prior to the publication of general notice of proposed rulemaking under such paragraph. The Commission shall, 30 days prior to the publication of a notice of proposed rulemaking pursuant to paragraph (1) of this subsection submit such notice to the Committee on Commerce, Science, and Transportation of the Senate and to the Committee on Interstate and Foreign Commerce of the House of Representatives.".

PRESIDING OFFICER

SEC. 9. Section 18(c) of the Federal Trade Commission Act (15 U.S.C. 57a(c)) is amended by adding at the end thereof the following:

"(5) The officer who presides over the rulemaking proceedings should not be responsible to or subject to the supervision or direction of any officer, employee, or agent engaged in the performance of investigative or prosecuting functions for the Commission. The same officer who presides over the rulemaking proceeding shall make a recommended decision based upon findings and conclusions as to all relevant and material evidence except where such officer becomes unavailable to the Commission. Except as required for the disposition of ex parte matters as authorized by law, no such officer shall consult any person or party on any fact in issue unless upon notice and opportunity for all parties to participate.".

PUBLIC PARTICIPATION

SEC. 10. (a) Section 18(h) of the Federal Trade Commission Act (15 U.S.C. 57a(h)) is amended by redesignating paragraph (3) as paragraph (4), and by inserting immediately after paragraph (2) the following new paragraph:

"(3) The amount of compensation which may be paid to any person under this subsection in connection with the participation by such person in any particular rulemaking proceeding under this section may not exceed $50,000. The aggregate amount of compensation paid under this subsection in any fiscal year to any person for all rulemaking proceedings in which such person participates during such fiscal year may not exceed $50,000.".

(b) Section 18(h)(4), as redesignated in subsection (a) of this section, is amended by striking "$1,000,000" and inserting in lieu thereof "$750,000.".

(c) Section 18(h)(2) of the Federal Trade Commission Act (15 U.S.C. 57a(h)(2)) is amended by striking "25" and inserting in lieu thereof "50".

EX PARTE MEETINGS

SEC. 11. Section 18 of the Federal Trade Commission Act (15 U.S.C. 57a) is further amended by adding at the end thereof the following:

"(i)(1) Within 60 days after the date of enactment of this subsection, the Commission shall promulgate a proposed rule, and within 180 days after the date of enactment of this subsection, shall promulgate a final rule, which shall authorize the Commission or any Commissioner to meet with any outside party concerning any rulemaking proceeding or any investigation preliminary to a contemplated rulemaking proceeding. This regulation shall provide that notice of any such meeting be included in the weekly calendar of the Commission and that a verbatim record or summary of any such meeting be kept, made available to the public, and included in the rulemaking record.

"(2) As used in the subsection, the term 'outside party' means any person who is not a Commissioner, not an employee, not under contract to do work for the Commission, or not a consultant to the Commission.

"(j) Within 60 days after the date of enactment of this subsection, the Commission shall promulgate a proposed rule, and within 180 days after the date of enactment of this subsection, shall promulgate a final rule, which, except to the extent required for the disposition of ex parte matters as authorized by law, shall prohibit any employee or agent of the Commission who performs investigative or prosecuting functions in rulemaking proceedings from making or knowingly causing to be made to any member of the Commission, or to the presiding officer of such rulemaking proceeding, or to the personal staff of any Commissioner, any communication relevant to the merits of that or any factually related rulemaking proceeding, unless notice of any such meeting is included in the weekly calendar of the Commission and a verbatim record or summary of any such meeting is kept, made available to the public, and included in the rulemaking record.".

CIVIL INVESTIGATIVE DEMAND

SEC. 12. The Federal Trade Commission Act, as amended, is further amended by redesignating sections 20 and 21 as sections 27 and 28, respectively, and by inserting immediately after section 19 thereof the following new section:

"SEC. 20. (a) For the purposes of this section—

"(1) The term 'Commission investigation' means any inquiry conducted by a Commission investigator for the purpose of ascertaining whether any person is or has been engaged in any unfair or deceptive acts or practices or false and deceptive acts or practices in commercial advertising in or affecting commerce under section 5 of this Act.

"(2) The term 'violation' means any act or omission in violation of unfair or deceptive acts or practices or false and deceptive acts or practices in commercial advertising in or affecting commerce under section 5 of this Act.

"(3) The term 'Commission investigator' means any attorney or investigator employed by the Commission who is charged with the duty of enforcing or carrying into effect any provisions of section 5 of this Act relating to unfair or deceptive acts or practices or false and deceptive acts or practices in commercial advertising in or affecting commerce under section 5 of this Act.

"(4) The term 'person' means any natural person, partnership, corporation, association, or other legal entity, including any person acting under color or authority of State law.

"(5) The term 'documentary material' includes the original or any copy of any book, record, report, memorandum, paper, communication, tabulation, chart, or other document.

"(6) The term 'custodian' means the document custodian or any deputy custodian designated under section 21(a)(1) of this Act.

"(b) For the purpose of investigations performed pursuant to this section with respect to unfair or deceptive acts or practices or false and deceptive acts or practices in commercial advertising under section 5 of this Act, all actions of the Commission taken under section 6 and section 9 of this Act shall be conducted pursuant to subsection (c) of this section. No information obtained pursuant to any other investigatory process under this Act may be used to enforce section 5 of this Act for the purposes of investigating unfair or deceptive acts or practices.

"(c)(1) Whenever the Commission has reason to believe that any person under investigation may be in possession, custody, or control of any documentary material relevant to unfair or deceptive acts of practices or false and deceptive commercial advertising acts or practices in or affecting commerce under section 5 of this Act, the Commission may, prior to the institution of the appropriate action under such sections, issue in writing, and cause to be served upon such person, a civil investigative demand requiring such person to produce such material for examination.

"(2) Each such demand shall state the nature of the conduct constituting the alleged violation which is under investigation and the provision of law applicable thereto.

"(3) Each such demand for production of documentary material shall—

"(A) describe the class or classes of documentary material to be produced thereunder with such definiteness and certainty as to permit such material to be fairly identified;

"(B) prescribe a return date or dates which will provide a reasonable period of time within which the material so demanded may be assembled and made available for inspection and copying or reproduction; and

"(C) identify the custodian to whom such material shall be made available.

"(4) Each such demand for answers to written reports or answers in writing to specific questions shall—

"(A) propound with definiteness and certainty the reports or answers to be answered;

"(B) prescribe a date or dates at which time answers to written reports or answers in writing to specific questions shall be submitted; and

"(C) identify the custodian to whom such answers shall be submitted.

"(5) Each such demand for the giving of oral testimony shall—

"(A) prescribe a date, time, and place at which oral testimony shall be commenced; and

"(B) identify a Commission investigator who shall conduct the investigation and the custodian to whom the transcript of such investigation shall be submitted.

"(6) Any such demand may be served by any Commission investigator at any place within the territorial jurisdiction of any court of the United States.

"(7) Service of any such demand or of any petition filed under this subsection may be made upon a partnership, corporation, association, or other legal entity by—

"(A) delivering a duly executed copy thereof to any partner, executive officer, managing agent, or general agent thereof, or to any agent thereof authorized by appointment or by law to receive service of process on behalf of such partnership, corporation, association, or entity;

"(B) delivering a duly executed copy thereof to the principal office or place of business of the partnership, corporation, association, or entity to be served; or

"(C) depositing such copy in the United States mails, by registered or certified mail, return receipt requested, duly addressed to such partnership, corporation, association, or entity at its principal office or place of business.

"(8) A verified return by the individual serving any such demand or petition setting forth the manner of such service shall be proof of such service. In the case of service by registered or certified mail, such return shall be accompanied by the return post office receipt of delivery of such demand.

"(d) Materials received as a result of a civil investigative demand made pursuant to this section shall be subject to the procedures of section 21 of this Act.

"(e) Whenever any person fails to comply with any civil investigative demand duly served upon him under this section, or whenever satisfactory copying or reproduction of material requested pursuant to such demand cannot be accomplished and such person refuses to surrender such material, the Commission, through such officers or attorneys at it may designate, may file, in the district court of the United States for any judicial district in which such person resides, is found, or transacts business, and serve upon such person, a petition for an order of such court for the enforcement of this section.

"(f) Within twenty days after the service of any civil investigative demand upon any person under subsection (c) of this section, or at any time before the return date specified in such demand, whichever period is shorter, or within such period exceeding twenty days after service or in excess of such return date as may be prescribed in writing, subsequent to service, by any Commission investigator named in the demand, such person may file with the Commission a petition for an order by the Commission modifying or setting aside such demand. The time permitted for compliance with such demand in whole or in part as deemed proper and ordered by the Commission shall not run during the pendency of such petition in the Commission. Such petition shall specify each ground upon which the petitioner relies in seeking such relief, and may be based upon any failure of such demand to comply with the provisions of this section, or upon any constitutional or other legal right or privilege of such person.

"(g) At any time during which any custodian is in custody or control of any documentary material delivered by any person in compliance with any civil investigative demand made under the provisions of this section, such person may file, in the district court of the United States for the judicial district within which the office of such custodian is situated, and serve upon such custodian, a petition for an order of such court requiring the performance by, such custodian of any duty imposed upon him by this section or section 21 of this Act.

"(h) Whenever any petition is filed in any district court of the United States under this section, such court shall have jurisdiction to hear and determine the matter so presented, and to enter such order or orders as may be required to carry into effect the provisions of this Act. Any final order so entered shall be subject to appeal pursuant to section 1291 of title 28, United States Code. Any disobedience of any final order entered under this section by any court shall be punished as a contempt thereof.

"(i) Notwithstanding any other provision of the law, the Commission shall have no authority to issue a subpena or make a demand for information, under authority of this Act or any other Act, unless such subpena or demand for information is signed by a Commissioner acting pursuant to a Commission resolution. The Commission shall not delegate the power conferred by this section to sign subpenas or demands for information to any other person or persons.

"(j) This section shall not apply to any proceeding under section 5(b) of this Act where the Commission has issued its complaint.

"(B) The custodian may prepare copies of the documentary material or transcripts of oral testimony as may be required for official use by any duly authorized official or employee of the Commission under regulations which shall be promulgated by the Commission. Notwithstanding subparagraph (C) of this paragraph, this material and transcripts may be used by any such official or employee in connection with the taking of oral testimony under this section.

"(C) Except as otherwise provided in this section, while in the possession of the custodian, no documentary material shall be available for examination by an individual other than a duly authorized official or employee of the Commission without the consent of the person who produced the material or transcripts. Nothing in this section is intended to prevent disclosure to either body of the Congress or to any authorized committee or subcommittee of Congress, except that the Commission shall immediately notify the owner or provider of any such information of a request for information designated as confidential by the owner or provider.

"(D) While in the possession of the custodian and under such reasonable terms and conditions as the Commission shall prescribe, (i) documentary material shall be available for examination by the person who produced the material, or by any duly authorized representative of that person, and (ii) transcripts of oral testimony shall be available for examination by the person who produced the testimony, or his counsel.

CONFIDENTIALITY

SEC. 13. The Federal Trade Commission Act (15 U.S.C. 41 et seq.) is amended by inserting immediately after section 20, as added by section 12 of this Act, the following:

"SEC. 21. (a) With respect to any document or transcript of oral testimony received by the Commission pursuant to compulsory process in an investigation, a purpose of which is to determine whether any person may have violated any provision of the laws administered by the Commission, the following procedures shall apply:

"(1) The Commission shall designate a duly authorized agent to serve as custodian of all such documentary evidence and transcripts of oral testimony, and such additional duly authorized agents as the Commission shall determine from time to time to be necessary to serve as deputies to the custodian.

"(2)(A) Any such documentary evidence and transcripts of oral testimony shall be delivered to the custodian, who shall take physical possession of them, and who shall be responsible for the use made of them and for the return of documentary material, under the requirements of this subsection.

"(3) Whenever the Commission has instituted a proceeding against a corporation or other person, the custodian may deliver to any official or employee of the Commission documentary material or transcripts of testimony for official use in connection with that proceeding. Upon the completion of the proceeding, the official or employee shall return to the custodian any such material or transcripts so delivered which have not been received into the record of the proceeding.

"(4) If any documentary evidence has been produced in the course of any investigation by any person pursuant to compulsory process and—

"(A) any proceeding arising out of the investigation has been completed; or

"(B) no proceeding in which the material may be used has been commenced within a reasonable time after completion of the examination and analysis of all such documentary material and other information assembled in the course of the investigation; the custodian shall, upon written request of the person who produced the material, return to the person any such material which has not been received into the record of any such proceeding (other than copies thereof, made by the Commission pursuant to paragraph (2)(B) of this subsection).

"(5) The custodian of any documentary material, written reports or answers in writing to specific questions, or transcripts of oral testimony may deliver to the Department of Justice, in response to a written request, copies of such material, answer, or transcripts for use in connection with an investigation or proceeding under the Department's jurisdiction. Such material, answers, or transcripts may only be used by the Department in such manner and subject to such conditions as apply to the Commission under this act. In addition, the custodian may make such materials available to any State law enforcement agency upon such agency's prior certification that such information will be maintained in confidence and will only be used for official law enforcement purposes.

"(6) In the event of the death, disability, or separation from service in the Commission of the custodian of any documentary material or transcripts of oral testimony produced under any demand issued under this section, or the official relief of the custodian from responsibility for the custody and control of the material or transcripts, the Commission shall promptly (A) designate another duly authorized agent to serve as custodian of the material or transcripts, and (B) transmit in writing to the person who produced the material or testimony notice as to the identity and address of the successor so designated. Any successor designated under this subsection shall have with regard to such material or transcripts all duties and responsibilities imposed by this section upon his predecessor in office with regard to that information, except that he shall not be held responsible for any default or dereliction which occurred prior to his designation.

"(b) All information reported to or otherwise obtained by the Commission which is not the requirements of subsection (a) of this section shall be considered confidential when so marked by the person supplying the information and shall not be disclosed except in accordance with the following procedures:

"(1) If the Commission determines that a document marked confidential by the person supplying it should be disclosed, it shall notify in writing that person that it intends to disclose the document at a date not less than 10 days from the date of receipt of notification.

"(2) Any person receiving such notification may, if he believes disclosure of the document would cause disclosure of a trade secret or confidential commercial or financial information, which is not in the public domain, before the date set for release of the document, bring an action in a United States district court to restrain disclosure of the document. The document shall not be disclosed during the pendency of any such proceeding and any appeal, if taken.

"(c) Nothing in subsection (b) of this section shall prohibit—

"(1) the disclosure of information to either body of Congress or to any authorized committee or subcommittee of Congress, except that the Commission shall immediately notify the owner or provider of any such information of a request for information designated as confidential by the owner or provider;

"(2) the disclosure of the results of investigations or studies prepared by the Commission, except that no information shall be identified nor shall information be disclosed in such a manner as to disclose a trade secret or confidential commercial or financial information, which is not in the public domain, of any person supplying the confidential information.

"(d) Any documentary material, answers to written reports or answers in writing to specific questions, or transcripts of oral testimony provided pursuant to any demand issued under this section or section 6 of this Act shall be exempt from disclosure under section 552 of title 5, United States Code.".

DEFINITIONS

SEC. 14. The Federal Trade Commission Act, as amended, is further amended by adding immediately after section 21, as added by section 13 of this Act, the following new section:

"SEC. 22. For purposes of section 23, 24 and 25 of this Act:

"(1) The term 'rule' means any rule prescribed by the Commission under section 6 or section 18 of this Act (15 U.S.C. 46, 57a), except that such term does not include interpretive rules, rules involving Commission management or personnel, general statements of policy, or rules relating to Commission organization, procedure, or practice. Such term does not include any amendment to a rule unless the Commission—

"(A) estimates that such amendment will have an annual effect on the economy of $100,000,000 or more;

"(B) estimates that such amendment will cause a substantial change in the cost or price of goods or services which are used extensively by particular industries, which are supplied extensively in particular geographic regions, or which are acquired in significant quantities by the Federal Government, or by State or local governments; or

"(C) otherwise determines that such amendment will have a significant impact upon persons subject to regulations under such amendment and upon consumers.

"(2) The term 'rulemaking' means any Commission process for formulating or amending a rule.".

REGULATORY AGENDA

SEC. 15. The Federal Trade Commission Act, as amended, is further amended by adding immediately after section 22, as added by section 14 of this Act, the following new section:

"SEC. 23. (a)(1) The Commission shall publish at least semiannually a regulatory agenda. Each regulatory agenda shall contain a list of rules which the Commission intends to propose or promulgate during the 12-month period following the publication of the agenda. On the first Monday in October of each year, the Commission shall publish in the Federal Register a schedule showing the dates during the current fiscal year on which the semiannual regulatory agenda of the Commission will be published.

"(2) For each rule listed in a regulatory agenda, the Commission shall—

"(A) describe the rule;

"(B) state the objectives of and the legal basis for the rule; and

"(C) specify any dates established or anticipated by the Commission for taking action, including dates for advance notice of proposed rulemaking, notices of proposed rulemaking, and final action by the Commission.

"(3) Each regulatory agenda shall state the name, address, and telephone number of the Commission official responsible for responding to any injury relating to each rule listed.

"(4) The Commission is authorized to propose or promulgate a rule which was not listed on a regulatory agenda only if the Commission publishes with the rule an explanation of the reasons the rule was omitted from an agenda.".

REGULATORY ANALYSIS

SEC. 16. The Federal Trade Commission Act, as amended, is further amended by adding immediately after section 23, as added by section 15 of this Act, the following new section:

"SEC. 24.(a) In any case in which the Commission publishes notice of a proposed rulemaking, the Commission shall issue a preliminary regulatory analysis relating to the proposed rule involved. Each preliminary regulatory analysis shall contain—

"(1) a concise statement of the need for, and the objectives of, the proposed rule;

"(2) a description of any reasonable alternatives to the proposed rule which may accomplish the stated objective of the rule in a manner consistent with applicable law; and

"(3) for the proposed rule, and for each of the alternatives described in the analysis, a preliminary analysis of the projected benefits and adverse economic and other effects, and of the effectiveness of the proposed rule and each alternative in meeting the stated objectives of the proposed rule.

"(b) In any case in which the Commission promulgates a final rule, the Commission shall issue a final regulatory analysis relating to the rule. Each final regulatory analysis shall contain—

"(1) a concise statement of the need for, and the objectives of, the rule;

"(2) a description of any alternatives to the rule which were considered by the Commission;

"(3) an analysis of the projected benefits and the adverse economic and other effects of the rule;

"(4)(A) an explanation of the reasons for the determination of the Commission that the rule will attain its objectives in a matter consistent with applicable law and the reason the particular alternative was chosen, if other alternatives to the rule would attain these objectives in a manner consistent with applicable law and had significantly less economic and other adverse effects; and

"(5) a summary of any significant issues raised by the comments submitted during the public comment period in the response to the preliminary regulatory analysis, and a summary of the assessment by the Commission of such issues.

"(c)(1) In order to avoid duplication or waste, the Commission is authorized to—

"(A) consider a series of closely related rules as one rule for the purposes of this section; and

"(B) whenever appropriate, incorporate any data or analysis contained in a regulatory analysis issued under this section in the statement of basis and purpose to accompany any rule promulgated under section 18 (a)(1)(B) of this Act (15 U.S.C. 57a (a)(1)(B)), and incorporate by reference in any preliminary or final regulatory analysis information contained in a notice of proposed rulemaking or a statement of basis and purpose.

"(2) The Commission shall include, in each notice of proposed rulemaking and in each publication of a final rule, a statement of the manner in which the public may obtain copies of the preliminary and final regulatory analyses. The Commission may charge a reasonable fee for the copying and mailing of regulatory analyses. The regulatory analyses shall be furnished without charge or at a reduced charge if the Commission determines that waiver or reduction of the fee is in the public interest because furnishing the information primarily benefits the general public.

"(d) The Commission is authorized to delay the completion of any of the requirements established in this section by publishing in the Federal Register, not later than the date of publication of the final rule involved, a finding that the rule is being promulgated in response to an emergency which makes timely compliance with the provisions of this section impracticable. Such publications shall include a statement of the reasons for such findings.

"(e) The requirements of this section shall not be construed to alter the substantive or procedural standards otherwise applicable to any action by the Commission.".

JUDICIAL REVIEW

SEC. 17. The Federal Trade Commission Act, as amended, is further amended by adding immediately after section 24, as added by section 16 of this Act, the following new section:

"SEC. 25. (a) Any regulatory analysis by the Commission under this Act shall be subject to judicial review only upon review of a rule pursuant to section 18(e) of this Act (15 U.S.C. 57a(e)). Such regulatory analysis shall be available to the reviewing court as a part of the whole record in connection with the court's review of the rule to determine whether the rule shall be set aside on any ground specified in subparagraphs (A), (B), (C), or (D) of section 706(2) of title 5, United States Code (taking due account of the rule of prejudicial error).".

AWARD OF ATTORNEY FEES AND OTHER EXPENSES

SEC. 18. The Federal Trade Commission Act, as amended, is further amended by adding immediately after section 25, as added by section 17 of this Act, the following new section:

"SEC. 26. (a) Whenever the Commission conducts an adjudication, fees and other expenses incurred in connection with the proceeding by a prevailing party other than the Commission shall be awarded to such party, unless the Commission finds that the position of the Commission as a party to the proceedings was substantially justified or that special circumstances would make an award unjust. The Commission may reduce the amount to be awarded, or deny an award, to the extent that the prevailing party during the course of the proceedings engaged in conduct which unduly and unreasonably protracted the final resolution of the matter in controversy. A decision of the Commission under this section shall be made a part of the record and shall include written findings and conclusions and the reasons or basis therefor.

"(b)(1) For the purposes of this section—

"(A) 'fees and other expenses' includes the reasonable expenses of expert witnesses, the reasonable cost of any study, analysis, engineering report, test, or project which is found by the court to be necesary for the preparation of the party's case, and reasonable attorneys fees. The amount of fees awarded under this subsection shall be based upon prevailing market rates for the kind and quality of the services furnished, except that (i) no expert shall be compensated at a rate in excess of the highest rate of compensation for experts paid by the United States, and (ii) attorney fees shall not be awarded in excess of $75 per hour unless the court determines that an increase in the cost of living or a special factor, such as the limited availability of qualified attorneys for the proceedings involved, justifies a higher fee; and

"(B) 'party' means any individual whose net worth is less than $1,000,000 at the time the civil action was filed, and any sole owner of an unincorporated business, or any partnership, corporation, association, or organization whose net worth was less than $5,000,000 at the time the civil action was filed.

"(c)(1) The Commission shall by rule establish procedures for submission and consideration of applications for an award of fees and other expenses. If a court reviews the underlying decision of the adjudication of the Commission, an award of fees and other expenses may only be made pursuant to subsection (f) of this section.

"(2) A party dissatisfied with a determination by the Commission with respect to the award of fees and other expenses may petition for leave to appeal to the court of the United States having jurisdiction to review the merits of the underlying decision of the adjudication of the Commission. If the court denies the petition for leave to appeal, no appeal may be taken from the denial. If the court grants a petition, it may modify the determination of the Commission only if it finds the failure to make an award, or a calculation of the award, was an abuse of discretion.

"(d) Fees and other expenses awarded under this section shall be paid by the Commission from any sums appropriated to the Commision, except that no sums shall be appropriated to the Commission specifically for the purpose of paying fees or expenses awarded under this section.

"(e) The Commission shall report annually to the Congress on the amount of fees and other expenses awarded during the preceding fiscal year pursuant to this section. The report shall describe the number, nature and amount of the awards, and any other relevant information which may aid the Congress in evaluating the scope and impact of such awards.

"(f)(1) In addition to the costs awarded pursuant to subsection (a) of this section and except as may otherwise be specifically provided by statute, a court shall award fees and other expenses to any party other than the Commission which prevails in any civil action brought by or against the Commission in any court which has jurisdiction of that action, unless the court finds that the position of the Commission was substantially justified or that special circumstances may make an award unjust. The court, in its discretion, may reduce an amount to be awarded pursuant to this subsection, or deny an award, to the extent that the prevailing party during the course of the proceedings engaged in conduct which unduly and unreasonably protracted the final resolution of the matter in controversy. A party seeking an award of fees and other expenses shall, within 30 days of final judgment in the action, submit to the court an application which provides evidence of such party's eligibility for the award and the amount sought, including an itemized statement from attorneys and experts stating the actual time expended in representing such party and the rate at which fees were computed.

"(2) In awarding fees and other expenses under this subsection to a prevailing party in any action for judicial review of an agency adjudication, the court shall include in such award the fees and other expenses for services performed during the administrative proceedings unless the court finds that during such proceedings the position of the Commission was substantially justified, or that special circumstances make an award unjust.

"(g) For purposes of this section, fees and other expenses may be awarded against the Commission without regard to section 2412 of title 28, United States Code, or any other provision of law.

"(h) Nothing in this section modifies, repeals, invalidates, or supersedes any other provision of State or Federal law which authorizes an award of such fees and other expenses to any party, other than the Commission, who prevails in any civil action brought by or against the Commission.

"(i) The provisions of this section shall apply to any adjudication or civil action which is pending on the date of enactment of this section, or which is commenced on or after the date of the enactment of this section.".

AUTHORIZATION OF APPROPRIATIONS

SEC. 19. Section 27 of the Federal Trade Commission Act, as redesignated by section 12 of this Act, is amended—

(1) by striking "and" after "1976;"; and

(2) by striking "1977. For fiscal years ending after 1977, there may be appropriated to carry out such functions, powers, and duties, only such sums as the Congress may hereafter authorize by law.", and inserting in lieu thereof "1977; not to exceed $70,000,000 for the fiscal year ending September 30, 1980; and not to exceed $75,000,000 for the fiscal year ending September 30, 1981.".

OVERSIGHT

SEC. 20. The Consumer Subcommittee of the Senate Committee on Commerce, Science, and Transportation shall hold an oversight hearing of the Federal Trade Commission at least once during the first 6 calendar months, and at least once during the last 6 calendar months, of each year for the period of the authorization provided in section 19 of this Act.

USED CAR WARRANTY AUTHORITY

SEC. 21. Section 109(b) of the Magnuson-Moss Warranty—Federal Trade Commission Improvement Act (15 U.S.C. 2309(b)) is amended by inserting immediately before the period at the end thereof the following: ", but any such rule may not require a mandatory warranty in connection with the sale of a used motor vehicle".

By Mr. MATHIAS:

S. 1992. A bill to allow the Interest Rate Modification Act of 1979, passed by the Council of the District of Columbia, to take effect immediately; to the Committee on Governmental Affairs.

● Mr. MATHIAS. Mr. President, I am today introducing legislation that would waive the 30-day congressional review period mandated by section 602(c) (10) of the District of Columbia Self-Government and Governmental Reorganization Act, commonly known as the D.C. Home Rule Act (Public Law 93-198, as amended by Public Law 95-526). This legislation is needed because of a situation that has arisen in the District regarding the availability of mortgage funds.

As my colleagues may know, on October 19, 1979, the D.C. Superior Court ruled that repeated use by the District City Council of its emergency legislation power under section 412 of the Home Rule Act on a single issue was invalid. Because of this ruling, and because of the fact that the D.C. City Council has relied on this emergency power to temporarily raise the usury limits in the city several times, the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corp. (Freddie Mac) have both ceased buying mortgage loans in the District of Columbia. They have taken this action because they question the legality of the current usury limits established by the City Council under its 90 day emergency powers. The closing off of the secondary mortgage market to the District of Columbia has had the effect of halting residential mortgage lending in the District. An estimated $66 million in mortgage commitments are thus frozen at this time. Buyers, sellers, and lenders, have been unable to go to settlement or transact business since the D.C. secondary mortgage market closed down.

On Tuesday of this week, the City Council passed and the Mayor signed permanent legislation that would increase the city's usury limit to 15 percent. Under the normal course of events, such legislation must come to the Congress for a 30-day review period. If the Congress does not enact a resolution disapproving the act of the Council within those 30 days, it would become effective.

The emergency nature of the situation now before the Congress arises because of the fact that the 30 days, which began to run November 6, will not be reached until sometime in January, assuming that the Congress stays on its current adjournment schedule.

The bill that I introduce today would waive the requirements of section 602(c)(1) of the Home Rule Act in this instance only, so that the 30-day layover period for the act raising the D.C. usury limit can take effect as soon as possible. Similar legislation has been introduced in the House, and in an emergency session of the House District Committee this morning was considered and ordered reported to the full House.

Mr. President, I urge the expedited consideration of this legislation by my colleagues. The situation that has arisen is very serious and only speedy and deliberate action by the Congress will alleviate the residential mortgage lending situation in the District of Columbia.●

By Mr. HART:

S. 1993. A bill to increase small business participation in energy research and development; to the Committee on Energy and Natural Resources.

SMALL BUSINESS ENERGY R. & D.

● Mr. HART. Mr. President, as Congress acts on new measures aimed at achieving energy self-sufficiency, we must not overlook the important role that small business can play. Legislation I am introducing today, identical to that adopted by the House on October 18, 1979, would require 12 percent of all DOE research and development to be awarded to small business unless the Secretary of Energy formally notifies Congress this would be impractical. I commend Representative KOSTMAYER, who introduced this in the House, for his fine work on this issue.

This legislation will double the level of small business participation in the Nation's energy development program. At the same time, it insures flexibility by allowing the Secretary of Energy to waive the requirement if he finds that meeting the target would be impractical or would interfere with the selection of the most technically competent candidate for the job. If the Secretary waives the requirement, however, he must report to Congress to explain why the goal cannot be met.

At a time when the rate of productivity growth in the United States lags behind many of our competitors in the world economy, and our country is suffering from unemployment, inflation, and a negative balance of payments, it is essential that we encourage productivity in our Nation's most productive sector: small business. The goal of this legislation, however, is not merely to help small business, although it surely will. Rather, this legislation encourages us to use small business to help solve our energy problems.

A study conducted by the National Science Foundation has shown that, of the major innovations introduced into the marketplace in the past 25 years, small firms were found to produce about 24 times more per R. & D. dollar than large firms and four times as many as medium firms. In this time of fiscal austerity, Congress must take this into account when determining how to spend money in the most productive manner. It is time to let the agencies know that Congress wants the most from every R. & D. dollar spent. This amendment is one way to get it.

I am concerned that the small business share of the Federal research program may be declining. For example, the percentage of Federal solar research dollars awarded to small firms declined from 17 percent in fiscal year 1977 to 14 percent in 1978. During the same period, the share of solar funds awarded to large corporations increased from 29 to 24 percent. This trend raises disturbing questions about competition and concentration in energy R. & D. which Congress should address.

Mr. President, when this legislation was before the House, it was endorsed by the National Federation of Independent Businessmen, whose Washington Counsel Mike McKevitt explained:

> The Department of Energy has the key responsibility for administering the Federal government's financial incentives for energy research and innovation. DOE research and development contracts provide important opportunities for small firms to demonstrate their ingenuity and capacity in the field of energy research.

Mr. President, this legislation is a sensible, flexible, and meaningful way of increasing the level of small business participation in the Nation's energy development program. I am also introducing this proposal as an amendment to the Department of Energy authorization bill, and I urge my colleagues to support it when it comes to the Senate floor. I ask unanimous consent that the text of the legislation be printed in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1993

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) in order to carry out a policy that the Department of Energy maximizes procurements of research and development from small businesses, not less than 12 percent, determined on the basis of value, of research and development projects and services procured by the Department of Energy with funds authorized to be appropriated for the purposes of the Department of Energy shall be procured from small businesses, except as provided in subsection (b).

(b) If the Secretary determines that compliance with the 12 percent requirement set forth in subsection (a) is impracticable, the Secretary shall transmit to the Committees on Science and Technology, Interstate and Foreign Commerce, Small Business, Interior and Insular Affairs, and Government Operations of the House of Representatives, and to the Committees on Energy and Natural Resources, Governmental Affairs, and Small Business of the Senate, a report which—

(1) apprises such Committees of the impracticability of compliance with such requirement, and

(2) lists the reasons for such determination of impracticability.

(c) For purposes of this section, the term "small business" shall have the meaning given such term under section 3 of the Small Business Act.●

By Mr. MATHIAS (for himself, Mr. BAKER, Mr. MCGOVERN, Mr. CHURCH, Mr. JACKSON, Mr. RANDOLPH, Mr. GOLDWATER, Mr. BAYH, Mr. NUNN, Mr. WARNER, Mr. HATFIELD, Mr. HEINZ, Mr. INOUYE, Mr. COCHRAN, Mr. LEVIN, Mr. GARN, Mr. HUDDLESTON, Mr. BOREN, Mr. JOHNSTON, Mr. HUMPHREY, Mr. EXON, Mr. DECONCINI, Mr. CRANSTON, Mrs. KASSEBAUM, Mr. JAVITS, and Mr. EAGLETON):

S.J. Res. 119. Joint resolution to authorize the Vietnam Veterans Memorial Fund, Inc., to erect a memorial; to the Committee on Rules and Administration.

VIETNAM VETERANS MEMORIAL

Mr. MATHIAS. Mr. President, this Sunday we will observe Veterans Day and in anticipation of that occasion I am today introducing a joint resolution authorizing the Vietnam Veterans Memorial Fund, Inc., to construct a memorial on public grounds in the District of Columbia in recognition of the men and women of the Armed Forces of the United States who served in the Vietnam war. The memorial would be financed by public subscription and will provide a long overdue acknowledgment by the American people of the sacrifice and service of Vietnam veterans. It will contribute greatly toward resolving the real and continuing divisions in our society as a result of that war.

On Veterans Day 1979, it seems appropriate to turn our thoughts to the youngest crop of American veterans, the men who fought in Vietnam. They are the freshman class of American veterans. That does not mean we should not think about that remnant of veterans from the Spanish-American War or the larger group from World War I or the many millions from World War II and from the Korean war.

Only 10 years ago, however, the involvement of the United States in Vietnam was at its zenith. At that time, over 500,000 members of our Armed Services were in Vietnam. That war became the longest in our history. Eventually more than 2.7 million Americans served in it. Over 57,000 died and the fate of many is still unknown. The 300,000 who were wounded bear the scars of Vietnam to this day.

The Vietnam war provoked a bitter debate at home. It divided generations and families; it severed friendships. Today, Vietnam is now far enough in the past that we can look hopefully to the reconciliation of the country after the divisions caused by the war.

I have long supported measures to improve and upgrade the pension programs for veterans and their survivors, to improve veterans' housing, educational benefits, and to provide quality health care and readjustment counseling. In my opinion, however, such assistance to veterans—while certainly necessary—is not the end of our responsibilities. There should also be a symbol of our Nation's gratitude for honorable service rendered. It is for this reason that a group of dedicated Vietnam veterans came together in April of this year to form the Vietnam Veterans Memorial Fund, Inc., a nonprofit corporation. The primary purpose of the fund is to raise, through contributions from the American people, the money necessary to create an appropriate national memorial in West Potomac Park to all American veterans of the Vietnam war, especially those who gave their lives. The Vietnam Veterans Memorial Fund proposes a landscaped garden as the memorial. It will enhance and be in harmony with the natural beauty of its surroundings. The names of the 57,414 who gave their lives will be appropriately displayed.

My resolution designates a site of two acres in Constitution Gardens, adjacent to the Reflecting Pool northeast of the Lincoln Memorial.

A location on the mall is symbolically appropriate. We can all recall when the Mall was the battleground of opinion and dissent regarding America's role in Vietnam. Its proximity to the Lincoln Memorial is also fitting for not since the Civil War had this Nation suffered wounds and divisions as grievous as those endured over Vietnam.

In the Lincoln Memorial these words, from Lincoln's Second Inaugural Address, are inscribed for posterity:

> Let us strive . . . to bind up the nation's wounds to care for him who shall have borne the battle and his widow and his orphan.

I believe that our Nation has come to that point where the bitter experiences of Vietnam can be confronted, accepted and resolved. Our national wounds can now be healed.

By contributing to this project, Americans, irrespective of their views regarding U.S. policy in Vietnam, may acknowledge the sacrifice of those who served there. For Vietnam veterans, the memorial will stand as testimony that the American people care about them and respect their service and their sacrifice. For all Americans this memorial will be a symbol of the reconciliation and reunion that preserves us as a nation.

Mr. President, I ask unanimous consent that the text of the resolution be printed in the RECORD, and that it be followed by the text of the remarks made today by Jan Scruggs of Maryland, the president of the Vietnam Veterans Memorial Fund.

There being no objection, the joint resolution and address were ordered to be printed in the RECORD, as follows:

S.J. RES. 119

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Vietnam Veterans Memorial Fund, Inc., a nonprofit corporation organized and existing under the laws of the District of Columbia, is authorized to erect a memorial on public grounds in West Potomac Park in the District of Columbia, in honor and recognition of the men and women of the Armed Forces of the United States who served in the Vietnam War.

SEC. 2. (a) As the site upon which may be erected the memorial authorized in the first section of this Resolution, there is hereby designated a parcel of land of not less than two acres in the area known as Constitution Gardens in West Potomac Park in the District of Columbia, which parcel the Secretary of the Interior, in consultation with the Vietnam Veterans Memorial Fund, Inc., is authorized and directed to select.

(b) The design and plans for such memorial shall be subject to the approval of the National Commission of Fine Arts, in consultation with the Secretary of the Interior and the National Capital Planning Commission.

(c) Other than as to the land authorized for the erection of the memorial in subsection (a), neither the United States nor the District of Columbia shall be put to any expense in the erection of this memorial.

SEC. 3. The authority conferred pursuant to this resolution shall lapse unless the erection of such memorial is commenced within five years from the date of enactment of this resolution.

SEC. 4. The maintenance and care of the memorial erected under the provisions of this resolution shall be the responsibility of the Secretary of the Interior.

REMARKS OF JAN SCRUGGS

I am Jan Scruggs, president of the Vietnam Veterans Memorial Fund, and I would like to begin by thanking my Senator from Maryland for his introduction and for the time that he has put into helping us with this important project.

Just as the Vietnam war was unique in the way that it was fought—so too has been our Nations treatment of the men and women who served in that brutal conflict. American servicemen were subjected to unparalleled pressures, not only in the close quarters combat of Vietnam, but tragically, also upon our return home. The unpopularity of the war did little in the way of creating a supportive societal atmosphere for the returning veterans. By and large the war created a sharp division in our generation, not one of enmity, but one in which those of us who did go to Vietnam were cast into a void with little or no acknowledgement or appreciation of the honest service we rendered.

I was one of a handful of graduates from a nearby Maryland high school who volunteered for combat in 1968. I was barely 19 when I was assigned to an infantry company in Vietnam. By the end of my tour, half of the men in my company would be killed or wounded. Some are now in wheelchairs or have other disabilities which they would not have— . . ., had they not served this country. About 90 percent of the Army Infantrymen I served with were drafted to do the fighting in that unpopular war. Yet, if the war was unpopular at home, it was probably liked even less by those who were on the front lines.

Upon returning home, I soon found that being a veteran of that war was a dubious distinction at best. The true story of the Vietnam amputee being told "It serves you right, for going there!" This epitomizes the psychological quagmire that Vietnam veterans have for too long endured. I have testified before the Senate and published the results of a research project on Vietnam veterans. Those who served in combat units had statistically higher rates of divorce, evidenced low faith in human nature, and many had low self esteem and continued to dream of Vietnam combat. My study is one of many that documents an unhappy legacy of a war that our country would like to forget. But it should not be forgotten and the needs of Vietnam veterans must not be forgotten.

The Vietnam Veterans Memorial Fund was formed in April of this year to provide a special tribute from the people of this country to those who served. It is a project that can be supported by everyone regardless of how they felt about the war. We especially want this Memorial to be a symbol of reconciliation . . . of our Nation's determination to restore the unity that has been lacking since the divisive Vietnam war.

It is especially appropriate that this monument stand in Constitution Gardens in the shadow of the Lincoln Memorial. President Lincoln many times spoke of his concern for reconciliation and regaining national unity after the Civil War. Although the circumstances were different, certainly the need for unity after a divisive era is just as great.

The money for this landscaped memorial will come from the American people. The former Secretary of the Navy, and the Senator from Virginia, John Warner, has agreed to assist us in raising the initial capital for our national campaign.

I have been asked whether the money for this memorial is really worth it. Well, in the audience today is an esteemed Marylander and a Virginian who are former presidents of the Gold Star Mothers. Each of these women gave this country a courageous son who laid down his life in Vietnam. There are over 52,000. The women in her organization have some very strong feelings about this project, because on that memorial the name of each American who made the ultimate sacrifice in that war will be perpetually displayed.

In closing let me state that we want this memorial to stand not only as a symbol of our country's gratitude.to Vietnam vets but also as a symbol of national unity and as a focal point for all the American people to remember the tragedies wrought by that war, and the lessons taught us thereby.

If the present and future generations can be reminded of these things, then this memorial will indeed be a wise investment.

VIETNAM VETERANS MEMORIAL

Mr. HUDDLESTON. Mr. President, I am extremely pleased to join with my distinguished colleague from Maryland, Senator MATHIAS, in introducing this resolution authorizing the Vietnam Veterans Memorial Fund, Inc., to erect a memorial in the District of Columbia by public subscription to honor the U.S. men and women who served in the Vietnam war. I am particularly gratified to participate in this effort since I believe it is a natural follow on to a similar resolution which I submitted and which passed the Senate in the 93d Congress. Specifically Senate Joint Resolution 45, authorizing and directing the Secretary of the Interior to erect a memorial passed the Senate on April 12, 1973.

Unfortunately, we were unable to gain House approval for the resolution. Now, however, I believe there is a much clearer recognition of the real need for a memorial of the nature being suggested by Senator MATHIAS.

As I said on introduction and passage of Senate Joint Resolution 45, the monument is not designed to honor or glorify war. Rather it is designed to pay tribute to the thousands of brave men and women who were called on to fight a long, unpopular, and little understood war.

Hopefully, the monument would also

stand as a significant gesture toward healing some of the great divisions that arose, indeed still exist, in this country as a result of the Vietnam experience. Vietnam represents a truly painful chapter in our Nation's history. However, before the memory of that expensive and divisive war fades, we must salute those who served and recognize the unique nature of the difficulties they have faced as a result of their participation.

The American people can do no less than demonstrate a deep respect and honor for the sacrifices and bravery of those who served.

As I stated earlier, the public consciousness has been elevated recently as a result of such events as "Vietnam Veterans Week" earlier this year and the release of numerous movie and television productions depicting many aspects of the overall impact of the war. Construction of the monument called for in this resolution will be yet another step in that process.

The monument will not bring back the dead; it will not heal the wounded; or will it erase the scars of war suffered by thousands. But it will symbolize and serve as a constant reminder to all of us of the courage and bravery of thousands of our countrymen. It will also be a symbol of the unity of our Nation after the divisions and differences which the war had generated.

For these reasons I urge my colleagues to join those of us who are supporting this very timely and appropriate effort.

ADDITIONAL COSPONSORS

S. 655

At the request of Mr. WEICKER, the Senator from New Hampshire (Mr. DURKIN) was added as a cosponsor of S. 655, the Small Business Investment Incentive Act.

S. 1179

At the request of Mr. BAYH, the Senator from Ohio (Mr. GLENN) was added as a cosponsor of S. 1179, a bill to incorporate the Gold Star Wives.

S. 1382

At the request of Mr. BENTSEN, his name was removed as a cosponsor of S. 1382, the Family Welfare Improvement Act.

S. 1629

At the request of Mr. JACKSON, the Senator from New York (Mr. JAVITS) was added as a cosponsor of S. 1629, the Civil Air Patrol supply bill.

S. 1861

At the request of Mr. STONE, the Senator from New York (Mr. JAVITS) was added as a cosponsor of S. 1861, a bill to amend the Internal Revenue Code of 1954, and for other purposes.

S. 1925

At the request of Mr. WILLIAMS, the Senator from South Carolina (Mr. HOLLINGS) and the Senator from Indiana (Mr. LUGAR) were added as cosponsors of S. 1925, the Savings of Income for Retirement Act.

AMENDMENTS SUBMITTED FOR PRINTING

HOME ENERGY ASSISTANCE ACT—S. 1724

AMENDMENT NO. 581

(Ordered to be printed and to lie on the table.)

Mr. PELL (for himself, Mr. CHAFEE, Mr. HEINZ, Mr. LEAHY, Mr. RANDOLPH, Mr. RIEGLE, Mr. STAFFORD, and Mr. WEICKER) submitted an amendment intended to be proposed by them, jointly, to S. 1724, a bill to authorize the Secretary of Health, Education, and Welfare to make grants to States in order to provide assistance to households which cannot meet the high cost of fuel, and for other purposes.

● Mr. PELL. Mr. President, on behalf of Senators CHAFEE, HEINZ, LEAHY, RANDOLPH, RIEGLE, STAFFORD, WEICKER, and myself, I am submitting an amendment to S. 1724, the Home Energy Assistance Act, to insure that increases in State public assistance payments specifically earmarked for energy-related expenses will not be offset by automatic cuts in food stamp benefits.

Because it is the middle of November, and the Federal Government is only now acting on a proposal to provide energy assistance to low- and moderate-income individuals, some States have increased their public assistance payments to help low-income beneficiaries meet the dramatic increase in home heating costs that has occurred over the past year. In my own State of Rhode Island, for example, energy costs have increased over 70 percent during this period, and the State is increasing welfare payments to help meet those costs.

Unfortunately, these increases in State public assistance payments are making many low-income families and individuals ineligible for the food stamp benefits they have been receiving. For others, this monthly energy supplement decreases their food stamp allotment and, paradoxically, larger families who necessarily spend more to heat their homes lose a greater proportion of assistance. For these families the choice between food and fuel will become a horrible reality.

To prevent this unintended hardship, I am offering this amendment which would hold current food stamp beneficiaries harmless, so that what has been designed as a mechanism to lessen the economic burden for one of the necessities of life will not threaten their eligibility for other essential programs.

This amendment would not require any additional Federal spending, since we are not increasing program eligibility. The amendment, however, would enable the elderly and low-income individuals who receive energy assistance from the State to maintain their current food stamp allotment.

Without this amendment, we will be robbing Peter to pay Paul. What the State government giveth, the Federal Government will taketh away.

I believe this amendment is essential to permit Federal and State governments to work in tandem instead of at opposite ends.

Mr. President, I ask unanimous consent that the text of the amendment, together with a factsheet, be printed in the RECORD.

There being no objection, amendment and fact sheet were ordered to be printed in the RECORD, as follows:

AMENDMENT No. 581

On page 39, between lines 3 and 4, insert the following new paragraph:

(2) Section 5(d) of the Food Stamp Act of 1977 is amended by striking out "and (10)" and inserting in lieu thereof the following: "(10) any income attributable to an increase in State public assistance grants which is intended primarily to meet the increased cost of home energy, and (11)".

FACT SHEET ON FOOD STAMP AMENDMENT

1. What does it do? In an effort to respond to the need for some type of energy assistance payments this winter, Rhode Island has increased welfare payments. This provides some protection for low-income individuals against the rising cost of home heating oil. The problem is that this is considered additional income for these households and makes many of them ineligible for food stamps. This is the classic case of robbing Peter to pay Paul, because what the states have done to help individuals meet the rising cost of one of the necessities, threatens their eligibility for Federal assistance to meet the cost of another necessity.

2. How much does it cost? Nothing. This is a hold-harmless provision to insure that state action for one purpose (i.e., to provide monthly supplements to welfare beneficiaries to meet the rising cost of energy) does not threaten their eligibility for another program (i.e., food stamps).

3. What states have done this? Rhode Island, Colorado and Iowa. Other states are in the process of doing this, and others have not done it because of the problem it creates—without this amendment—for food stamp eligibility.

4. Is their a need to treat renters separately under this amendment? No. They may not all pay fuel bills directly, however, they bear the brunt of rising energy costs through rent increases.

5. How does increases in welfare payments threaten food stamp eligibility dollar for dollar? For every $10 increase in public assistance, on the average, beneficiaries will lose $3 out of their food stamp allotment.

WINDFALL PROFIT TAX—H.R. 3919

AMENDMENTS NOS. 582 AND 583

(Ordered to be printed and to lie on the table.)

Mr. MELCHER submitted two amendments intended to be proposed by him to H.R. 3919, an act to impose a windfall profit tax on domestic crude oil.

At the request of Mr. MELCHER, the amendments were ordered to be printed in the RECORD, as follows:

AMENDMENT No. 582

Insert where appropriate.

Section 904(a) (relating to the limitation on the foreign tax credit) is amended to read as follows:

"(a) LIMITATION.—The total amount of the credit taken under section 901(a) shall not exceed the excess of—

"(1) the same proportion of the tax against which such credit is taken which the taxpayer's taxable income from sources without the United States (but not in excess of the taxpayer's entire taxable income) bears to his entire taxable income for the same taxable year, over

"(2) 17.5 percent of an amount equal to the excess of the taxpayer's taxable income from sources without the United States (but not in excess of a taxpayer's entire taxable income) over the amount of the credit which could be taken under section 901(a) if this section did not apply.

For purposes of the preceding sentence, in the case of an individual the entire taxable income shall be reduced by an amount equal to the zero bracket amount."

Amendment No. 583

Insert where appropriate

Taxation of Earnings and Profits of Controlled Foreign Corporations.

(a) General.—Part III of subchapter N of chapter 1 (relating to income from sources without the United States) is amended by inserting after subpart II thereof the following:

"Subpart I—Controlled Foreign Corporations

"Sec. 983. Amounts included in gross income of United States shareholders.
"Sec. 984. Definitions.
"Sec. 985. Rules for determining stock ownership.
"Sec. 986. Exclusion from gross income of previously taxed earnings and profits.
"Sec. 987. Adjustments to basis of stock in controlled foreign corporations and of other property.
"Sec. 988. Records and accounts of United States shareholders.
"Sec. 989. Election by individuals to be subject to tax at corporate rates.
"Sec. 990. Records and accounts of United States shareholders.
"Sec. 990A. Transition rules for period before subpart I is completely phased in.

"Sec. 983. Amounts Included in Gross Income of United States Shareholders.

"(a) Amount Included.—

"(1) In general.—If a foreign corporation is a controlled foreign corporation for an uninterrupted period of 30 days or more during any taxable year, every United States shareholder of such corporation which owns (within the meaning of section 985(a)) stock in such corporation on the last day in such year on which such corporation is a controlled foreign corporation shall include in its gross income, for its taxable year in which or with which such taxable year of the corporation ends, its pro rata share of the corporation's earnings and profits for such year.

"(2) Pro rata share of earnings and profits.—A United States shareholder's pro rata referred to in paragraph (1) is the amount—

"(A) which would have been distributed with respect to the stock which such shareholder owns (within the meaning of section 985(a)) in such corporation if on the last day, in its taxable year, on which the corporation is a controlled foreign corporation it had distributed pro rata to its shareholders an amount (i) which bears the same ratio to the earnings and profits for the taxable year, as (ii) the part of such year during which the corporation is a controlled foreign corporation bears to the entire year, reduced by—

"(B) an amount (i) which bears the same ratio to the earnings and profits of such corporation for the taxable year, as (ii) the part of such year described in subparagraph (A)(ii) during which such shareholder did not own (within the meaning of section 985(a)) such stock bears to the entire year.

"(b) Earnings and Profits.—For purposes of this subpart, under regulations prescribed by the Secretary, the earnings and profits of any foreign corporation, and the deficit in earnings and profits of any foreign corporation, for any taxable year—

"(1) except as provided in section 312(m)(3), shall be determined according to rules appropriate to carry out the rules of this subpart.

"(2) shall be reduced (or in the case of a deficit, shall be increased) by the amount, if any, by which the sum of the deficits in earnings and profits of such corporation for any prior taxable years beginning after December 31, 1979, exceed the sum of the earnings and profits of such corporation of such prior taxable years.

"(3) shall not include any item of income which is effectively connected with the conduct by such corporation of a trade or business within the United States unless such item is exempt from taxation (or is subject to a reduced rate of tax) pursuant to a treaty obligation of the United States, and

"(4) shall not include any amount of earnings and profits which could not have been distributed by such corporation because of currency or other restrictions or limitations imposed under the laws of any foreign country but any such amounts shall be included in earnings and profits for the first taxable year in which such restrictions or limitations are terminated or modified to permit distribution of such amounts.

"(c) Coordination With Election of a Foreign Investment Company to Distribute Income.—A United States shareholder who, for his taxable year, is a qualified shareholder (within the meaning of section 1247(c)) of a foreign investment company with respect to which an election under section 1247 is in effect shall not be required to include in gross income, for such taxable year, any amount under subsection (a) with respect to such company.

"(d) Coordination With Foreign Personal Holding Company Provisions.—In the case of a United States shareholder who, for his taxable year, is subject to tax under section 551(d) (relating to foreign personal holding company income included in gross income of United States shareholders) on income of a controlled foreign corporation, the amount required to be included in gross income by such shareholder under subsection (a) with respect to such company shall be reduced by the amount included in gross income by such shareholder under section 551(b).

"(e) Consolidation of Earnings and Profits From Multiple Foreign Corporations.—(1) Subsection (a) shall be applied to a United States shareholder who owns stock in more than one controlled foreign corporation, or who owns stock in other foreign corporations (whether controlled foreign corporations or not) through stock owned by a controlled foreign corporation, by taking into account the aggregate earnings and profits of all such foreign corporations.

"(2) The Secretary shall prescribe Regulations to carry out the purposes of subparagraph (1).

"Sec. 984. Definitions.

"(a) United States Shareholder Defined.—For purposes of this subpart, the term 'United States shareholder' means, with respect to any foreign corporation, a United States person (as defined in section 957(d)) who owns (within the meaning of section 985(a)), or is considered as owning by applying the rules of ownership of section 985(b), 1 percent or more of the total combined voting power of all classes of stock entitled to vote of such foreign corporation.

(b) "Controlled Foreign Corporation Defined.—For purposes of this subpart, the term 'controlled foreign corporation' means any foreign corporation—

"(1) of which more than 50 percent of the total combined voting power of all clases of stock entitled to vote is owned (within the meaning of section 985(a)), or is considered as owned by applying the rules of ownership of section 985(b), by United States shareholders on any day during the taxable year of such foreign corporation, or

"(2) over which United States shareholders exercise actual control, as determined by the Secretary, from all facts and circumstances in the case.

"(c) Limitation on Actual Control Determination.—In the case of a foreign corporation of which not more than 20 percent of the total combined voting power of all classes of stock entitled to vote is owned (within the meaning of section 985(a)), or is considered as owned by applying the rules of ownership of section 985(b), by one or more United States shareholders on any day during the taxable year of such foreign corporation, the burden of proof in respect of the issue, for purposes of subsection (b)(2), as to whether such United States shareholders exercise actual control shall be upon the Secretary.

"Sec. 985. Rules for determining stock ownership.

"(a) Direct and Indirect Ownership.—

"(1) General Rule.—For purposes of this subpart, stock owned means—

"(A) stock owned directly, and

"(B) stock owned with the application of paragraph (2).

"(2) Stock ownership through foreign entities.—For purposes of subparagraph (B) of paragraph (1), stock owned, directly or indirectly, by or for a foreign corporation of foreign estate (within the meaning of section 7701(a)(31)) or by or for a partnership or trust shall be considered as being owned proportionately by its shareholders, partners, or beneficiaries. Stock considered to be owned by a person by reason of the application of the preceding sentence shall, for purposes of applying such sentence, be treated as actually owned by such person.

"(b) Constructive Ownership.—For purposes of section 984, section 318(a) (relating to constructive ownership of stock) shall apply to the extent that the effect is to treat any domestic corporation as a United States shareholder within the meaning of section 984(a), or to treat a foreign corporation as a controlled foreign corporation under section 984(b), except that—

"(1) In applying subparagraphs (A), (B), and (C) of section 318(a)(2), if a partnership, estate, trust, or corporation owns, directly or indirectly, more than 50 percent of the total combined voting power of all classes of stock entitled to vote of a corporation, it shall be considered as owning all of the stock entitled to vote.

"(2) In applying subparagraph (C) of section 318(a)(2), the phrase '10 percent' shall be substituted for the phrase '50 percent' used in subparagraph (C).

"Sec. 986. Exclusion from gross income of previously taxed earnings and profits.

"(a) Exclusion from gross income.—For purposes of this chapter, the earnings and profits for a taxable year of a foreign corporation attributable to amounts which are, or have been, included in the gross income of a United States shareholder under section 983(a) shall not, when such amounts are distributed directly, or indirectly through a chain of ownership described under section 985(a), to—

"(1) such shareholder (or any person which acquires from any other person any portion of the interest of such United States shareholder in such foreign corporation, but only to the extent of such portion, and subject to such proof of the identity of such interest as the Secretary may by regulations prescribe), or

"(2) a trust (other than a foreign trust) of which such shareholder is a beneficiary, be again included in the gross income of such United States shareholder (or of such domestic corporation or of such trust).

"(b) Exclusion From Earnings and Profits of Certain Foreign Subsidiaries.—For purposes of section 983(a), the earnings and profits for a taxable year of a controlled foreign corporation attributable to amounts which are, or have been, included in the gross income of a United States shareholder under section 983(a), shall not, when distributed through a chain of ownership described under section 985(a), be also included in the earnings and profits of another controlled foreign corporation in such chain for purposes of the application of section 983(a) to such other controlled foreign corporation with respect to such United States shareholder (or to any other United States shareholder who acquires from any person any portion of the interest of such United States shareholder in the controlled foreign corporation, but only to the extent of such portion, and subject to such proof of identity of such interest as the Secretary may prescribe by regulations).

"(c) Allocation of Distributions.—For purposes of subsections (a) and (b), section 316(a) shall be applied by applying paragraph (2) thereof, and then paragraph (1) thereof—

"(1) first, to earning and profits attributable to amounts included in gross income under section 983(a), and

"(2) then to other earnings and profits.

"(d) Distributions Excluded From Gross Income Not To Be Treated as Dividends.—Any distribution excluded from gross income under subsection (a) shall be treated, for purposes of this chapter, as a distribution which is not a dividend.

"Sec. 987. Adjustments to basis of stock in controlled foreign corporations and of other property.

"(a) Increase In Basis.—Under regulations prescribed by the Secretary, the basis of a United States shareholder's stock in a controlled foreign corporation, and the basis of property of a United States shareholder by reason of which it is considered under section 985(a)(2) as owning stock of a controlled foreign corporation, shall be increased by the amount required to be included in its gross income under section 983(a) with respect to such stock or with respect to such property, as the case may be, but only to the extent to which such amount was included in the gross income of such United States shareholder.

"(b) Reduction In Basis.—

"(1) In general.—Under regulations prescribed by the Secretary, the adjusted basis of stock or other property with respect to which a United States shareholder or a United States person receives an amount which is excluded from gross income under section 986(a) shall be reduced by the amount so excluded.

"(2) Amount in excess of basis.—To the extent that an amount excluded from gross income under section 986(a) exceeds the adjusted basis of the stock or other property with respect to which it is received, the amount shall be treated as gain from the sale or exchange of property.

"Sec. 988 Special rules for foreign tax credit.

(a) Taxes Paid By Foreign Corporation.—

"(1) First tier foreign subsidiary.—For purposes of subpart A of this part, if there is included, under section 983(a), in the gross income of a domestic corporation any amount attributable to earnings and profits of a foreign corporation at least 1 percent of the voting stock of which is owned by such domestic corporation then, under regulations prescribed by the Secretary, such domestic corporation shall be deemed to have paid the same proportion of the total income, war profits, and excess profits taxes paid (or deemed paid) by such foreign corporation to a foreign country or possession of the United States for the taxable year on or with respect to the earnings and profits of such foreign corporation which the amount of earnings and profits of such foreign corporation so included in the gross income of the domestic corporation bears to the entire amount of the earnings and profits of such foreign corporation for such taxable year.

"(2) Second tier foreign subsidiary.—If the foreign corporation described in paragraph (1) (hereinafter in this subsection referred to as the 'first foreign corporation') in the gross income of which there would be included (under section 983(a) applied as if the first foreign corporation were a domestic corporation) any amount attributable to the earnings and profits of a second foreign corporation in which it owns 10 percent or more of the voting stock the first foreign corporation shall be deemed to have paid the same proportion of any income war profits, or excess profits taxes paid or deemed to be paid by the second foreign corporation to any foreign country or to any possession of the United States for the taxable year on or with respect to the earnings and profits of the second foreign corporation as the amount of earnings and profits of the second foreign corporation included (under rules similar to the rules prescribed under paragraph (1)) in the gross income of the first foreign corporation bears to the entire amount of the earnings and profits of the second foreign corporation for such taxable year.

"(3) Third tier foreign subsidiary.—If the first foreign corporation owns 10 percent or more of the voting stock of a second foreign corporation in the gross income of which there would be included (under section 983(a) applied as if the second foreign corporation were a domestic corporation) any amount attributable to the earnings and profits of a third foreign corporation in which it owns 10 percent or more of the voting stock, the second foreign corporation shall be deemed to have paid the same proportion of any income, war profits, or excess profits taxes paid by such third foreign corporation to any foreign country or to any possession of the United States for the taxable year on or with respect to the earnings and profits of the third foreign corporation as the amount of earnings and profits of the third foreign corporation included (under rules similar to the rules prescribed under paragraph (2)) in the gross income of the second foreign corporation bears to the entire amount of the earnings and profits of the third foreign corporation for the taxable year.

"(b) Taxes Deemed Paid.—

"(1) Taxes previously deemed paid by domestic corporation.—If a domestic corporation receives a distribution from a foreign corporation, any portion of which is excluded from gross income under section 986, the income, war profits, and excess profits taxes paid or deemed paid by such foreign corporation to any foreign country or to any possession of the United States in connection with the earnings and profits of such foreign corporation from which such a distribution is made shall not be taken into account for purposes of section 902, to the extent such taxes were deemed paid by a domestic corporation under subsection (a) for any prior taxable year.

"(2) Taxes paid by foreign corporation and not previously deemed paid by domestic corporation.—Any portion of a distribution from a foreign corporation received by a domestic corporation which is excluded from gross income under section 986(a) shall be treated by the domestic corporation as a dividend solely for the purposes of taking into account under section 902 any income, war profits, or excess profits taxes paid to any foreign country or to any possession of the United States, on or with respect to the accumulated profits of such foreign corporation from which such distribution is made, which were not deemed paid by the domestic corporation under subsection (a) for any prior taxable year.

"(c) Special Rules for Foreign Tax Credit in Year of Receipt of Previously Taxed Earnings and Profits.—

"(1) Increase in section 904 limitation.—In the case of any taxpayer who—

"(A) either (i) chose to have the benefits of subpart A of this part for a taxable year in which he was required under section 983(a) to include in his gross income an amount in respect of a controlled foreign corporation, or (ii) did not pay or accrue for such taxable year any income, war profits, or excess profits to any foreign country or to any possession of the United States, and

"(B) chooses to have the benefits of subpart A of this part for the taxable year in which he receives a distribution or amount which is excluded from gross income under section 986(a) and which is attributable to earnings and profits of the controlled foreign corporation which was included in his gross income for the taxable year referred to in subparagraph (A), and

"(C) for the taxable year in which such distribution or amount is received, pays, or is deemed to have paid, or accrues income, war profits, or excess profits taxes to a foreign country or to any possession of the United States with respect to such distribution or amount, the applicable limitation under section 904 for the taxable year in which such distribution or amount is received shall be increased as provided in paragraph (2), but such increase shall not exceed the amount of such taxes paid, or deemed paid, or accrued with respect to such distribution or amount.

"(2) Amount of increase.—The amount of increase of the applicable limitation under 904(a) for the taxable year in which the distribution or amount referred to in paragraph (1)(B) is received shall be an amount equal to—

"(A) the amount by which the applicable limitation under section 904(a) for the taxable year referred to in paragraph (1)(A) was increased by reason of the inclusion in gross income section 983(a) of the amount in respect of the controlled foreign corporation, reduced by

"(B) the amount of income, war profits and excess profits taxes paid or deemed paid, or accrued to any foreign country or possession of the United States which were allowable as a credit under section 901 for the taxable year referred to in paragraph (1)(A) and which would not have been allowable but for the inclusion in gross income of the amount described in subparagraph (A).

"(3) Cases of which taxes not to be al-

LOWED AS DEDUCTION.—In that case of any taxpayer who.—

"(A) chose to have the benefits of subpart A of this part for a taxable year in which he was required under section 983(a) to include in his gross income an amount in respect of a controlled foreign corporation, and

"(B) does not choose to have the benefits of subpart A of this part for the taxable year in which he receives a distribution or amount which is excluded from gross income under section 986(a) and which is attributable to earnings and profits of the controlled foreign corporation which was included in his gross income for the taxable year referred to in subparagraph (A), no deduction shall be allowed under section 164 for the taxable year in which such distribution or amount is received for any income, war profits, or excess profits taxes paid or accrued to any foreign country or to any possession of the United States on or with respect to such distribution or amount.

"(4) INSUFFICIENT TAXABLE INCOME.—If an increase in the limitation under this subsection exceeds the tax imposed by this chapter for such year, the amount of such excess shall be deemed an overpayment of tax for such year.

"Sec. 899. Election by individuals to be subject to tax at corporate rate.

"(a) GENERAL RULE.—Under regulations prescribed by the Secretary or his delegate in the case of a United States shareholder who is an individual and who elects to have the provisions of this section apply for the taxable year—

"(1) the tax imposed under this chapter on amounts which are included in the gross income under section 983(a) shall (in lieu of the tax determined under section 1) be an amount equal to the tax which would be imposed under section 11 if such amounts were received by a domestic corporation, and

"(2) for purposes of applying the provisions of section 988 (relating to foreign tax credit) such amounts shall be treated as if they were received by a domestic corporation.

"(b) ELECTION.—An election to have the provisions of this section apply for any taxable year shall be made by a United States shareholder at such time and in such manner as the Secretary or his delegate shall prescribe by regulations. An election made for any taxable year may not be revoked except with the consent of the Secretary or his delegate.

"(c) SURTAX EXEMPTION.—For purposes of applying subsection (a)(1), the surtax exemption provided by section 11(c) shall not exceed, in the case of any United States shareholder, an amount which bears the same ratio to the surtax exemption as the amounts included in his gross income under section 983(a) for the taxable year bears to his pro rata share of the earnings and profits for the taxable year of all controlled foreign corporations with respect to which such United States shareholder includes any amount in gross income under section 983(a).

"(d) SPECIAL RULE FOR ACTUAL DISTRIBUTIONS.—The earnings and profits of a foreign corporation attributable to amounts which were included in the gross income of a United States shareholder under section 983(a) and with respect to which an election under this section applied shall, when such earnings and profits are distributed, notwithstanding the provisions of section 986(a)(1), be included in gross income to the extent that such earnings and profits so distributed exceed the amount of tax paid under this chapter on the amounts to which such election applied.

"Sec. 990. Records and accounts of United States shareholders.

"(a) RECORDS AND ACCOUNTS TO BE MAINTAINED.—The Secretary may by regulations require each person who is, or has been, a United States shareholder of a controlled foreign corporation to maintain such records and accounts as may be prescribed by such regulations as necessary to carry out the provisions of this subpart.

"(b) TWO OR MORE PERSONS REQUIRED TO MAINTAIN OR FURNISH THE SAME RECORDS AND ACCOUNTS WITH RESPECT TO THE SAME FOREIGN CORPORATION.—Where, but for this subsection, two or more persons would be required to maintain or furnish the same records and accounts as may by regulations be required under subsection (a) with respect to the same controlled foreign corporation for the same period, the Secretary may by regulations provide that the maintenance or furnishing of such records and accounts by only one person shall satisfy the requirements of subsection (a) for such other persons.

Technical and Conforming Amendments.—

(1) Section 864(c)(4)(D) is amended to read as follows:

"(D) No income from sources without the United States shall be treated as effectively connected with the conduct of a trade or business within the United States if it consists of dividends, interest, or royalties paid by a foreign corporation in which the taxpayer owns (within the meaning of section 958(a)), or is considered as owning (by applying the ownership rules of section 958(b)), more than 50 percent of the total combined voting power of all classes of stock entitled to vote.".

(2) Section 951 is amended by adding at the end thereof the following:

"(c) TAXABLE YEARS BEGINNING ON ENACTMENT OF THIS ACT.—No amount shall be required to be included in the gross income of a United States shareholder under subsection (a) (other than paragraph (1) of such subsection) with respect to a taxable year of a controlled foreign corporation beginning after December 31, 1979, to the extent that such amount is required to be included in the gross income of a United States shareholder under section 983(a).".

(3) Section 1016(a)(19) is amended by striking out "section 961" and inserting in lieu thereof "sections 961 and 987".

(4) Section 1246(a)(2)(B) is amended by inserting "or 983" after "section 951" and by inserting "or 986" after section 959".

(5) Section 1248 is amended by amending subsection (d)(1) to read as follows:

"(1) AMOUNTS INCLUDED IN GROSS INCOME UNDER SECTION 951 OR 953.—Earnings and profits of the foreign corporation attributable to any amount previously included in the gross income of such person under section 951 or 983, with respect to the stock sold or exchanged, but only to the extent the inclusion of such amount did not result in an exclusion of an amount from gross income under section 959 or 986.".

(6) Section 78 (relating to dividends received from certain foreign corporations by domestic corporations choosing foreign tax credit) is amended by striking out "or under section 960(a)(1) (relating to taxes paid by foreign corporation)" and inserting in lieu thereof the following: ", under section 960(a)(1) (relating to taxes paid by foreign corporation), or under section 988(b) (relating to taxes deemed paid by corporations)".

EFFECTIVE DATE.—The amendments made by this section shall apply with respect to taxable years of foreign corporations beginning after December 31, 1979, and to taxable years of United States shareholders which end within or with such taxable years of such foreign corporations.

DEPARTMENT OF ENERGY CIVILIAN AUTHORIZATIONS—S. 688

AMENDMENT NO. 584

(Ordered to be printed and to lie on the table.)

Mr. HART submitted an amendment intended to be proposed by him to S. 688, a bill to authorize appropriations to the Department of Energy for civilian programs for fiscal year 1980 and fiscal year 1981, and for other purposes.

(See the remarks of Mr. HART when he introduced S. 1993 under "Statement on Introduced Bills and Joint Resolutions" earlier today.)

NOTICE OF HEARINGS

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. JAVITS. Mr. President, I wish to announce that the Governmental Affairs Committee will have a hearing on medical records privacy, on Tuesday, November 13, 1979, at 9:30 a.m., in room 3302, Dirksen Office Building. Anyone wishing further information, will please contact the committee staff.

SUBCOMMITTEE ON ANTITRUST, MONOPOLY AND BUSINESS RIGHTS

Mr. METZENBAUM. Mr. President, the Judiciary Subcommittee on Antitrust, Monopoly and Business Rights will hold a hearing on credit life insurance on November 14. The hearing will begin at 9:30 a.m. in room 6226 of the Dirksen Senate Office Building.

SELECT COMMITTEE ON INDIAN AFFAIRS

● Mr. MELCHER. Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of a public hearing before the Select Committe on Indian Affairs.

The hearing is scheduled for December 4, 1979, beginning at 10 a.m. in room 5110, Dirksen Senate Office Building. Testimony is invited regarding S. 341, S. 1795, and S. 1796, bills to confer jurisdiction upon the U.S. Court of Claims to hear claims of the Three Affiliated Tribes of Fort Berthold Reservation, the Gros Ventre Tribe, the Assiniboine Tribe, and the Blackfeet Tribe.

For further information regarding the hearing you may wish to contact Max Richtman of the committee staff on extension 224–2251. Those wishing to testify or who wish to submit a written statement for the hearing record should write to the Senate Select Committee on Indian Affairs, room 6313, Dirksen Senate Office Building, Washington, D.C. 20510.●

SELECT COMMITTEE ON INDIAN AFFAIRS

● Mr. MELCHER. Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of a public hearing before the Senate Select Committee on Indian Affairs.

The hearing will be held on January 4, 1980 at 9 a.m. in the Maricopa County Board of Supervisors' auditorium, Phoenix, Ariz. Testimony is invited regarding the Indian Health Service and Indian health related issues.

For further information regarding the hearing you may wish to contact Max Richtman of the committee staff on extension 224–2251. Those wishing to testify or who wish to submit a written statement for the hearing record should write to the Select Committee on Indian Affairs, U.S. Senate, Washington, D.C. 20510.●

ADDITIONAL STATEMENTS

ADDITIONAL VIEWS ON WINDFALL PROFITS TAX LEGISLATION

● Mr. DOLE. Mr. President, the Senate Finance Committee has finally, after months of deliberation, reported the so-called windfall profits tax bill. The legislation is complicated, combining the intricacies of the tax code with the most confusing aspects of oil price regulations. The role of two new Senators to the Finance Committee proved significant. Their knowledge of our energy situation was a valuable committee resource throughout the consideration of the bill. Senator WALLOP, of Wyoming, and Senator BOREN, of Oklahoma, worked diligently toward a balanced, production-oriented bill. Although not successful in all of their efforts to amend the House bill, both Senator WALLOP and Senator BOREN made constructive contributions. The supplemental views of these two Finance Committee members provide valuable insight to the committee bill. I would like to call to the attention of my colleagues their thoughts. I request that supplemental views of Senators WALLOP and BOREN, and the additional views of Senator WALLOP, be printed in the RECORD.

The material follows:

SUPPLEMENTAL VIEWS OF SENATORS BOREN AND WALLOP

The Finance Committee's windfall profits tax bill is a significant improvement over the House-passed bill in addressing the Nation's energy problem. The committee bill provides greater incentives for conventional oil production while offering new incentives for development of synthetic fuels and the conservation of energy. Nevertheless, it should be recognized that the imposition of a windfall profits tax will significantly reduce the amount of domestically produced energy which would have resulted from decontrol. The tax will diminish incentives for domestic oil production and retard the ability of the industry to finance exploration. One source estimates that the Finance Committee's windfall profits tax will reduce domestic oil production by 1 million barrels per day in the late 1980's. This is compared to a production loss of 2 million barrels per day that would result if the House-passed windfall profits tax were enacted into law.

Most of the changes made by the Senate Finance Committee are in the best interest of American consumers. They will result in the production of more energy at a far lower per unit cost than OPEC oil or synthetic fuels produced with government inducements.

One of the most positive steps taken by the Finance Committee was the exemption of newly discovered oil from the tax. It will help to reduce our dependence upon foreign sources of energy. It is expected that this exemption will increase oil production by as much as 1½ million barrels per day by 1990. This exemption would cover oil which was first produced on a property after January 1, 1979. The whole rational for having a "windfall profits tax" has been that it would be a tax on inventory profits. Obviously there can be no windfall profits on something which has yet to be discovered.

More positive action was taken with the exemption of incremental tertiary oil from this excise tax. An exemption of this kind is necessary to provide maximum incentives for producers to make the large investments required for tertiary projects. The Department of Energy has testified that with proper inducement over 2 million barrels of oil production per day could be recovered by 1990.

To practice these enhanced recovery methods and to recover the large amounts of oil which remain in the ground after primary production, there must be special incentives to keep these wells in production. If they are prematurely abandoned, the resource may be lost forever. It was with this thought in mind that the Finance Committee provided for the exemption of stripper oil owned by independent producers. There is well documented proof that special treatment for stripper wells produces constructive conservation results. Since the price for stripper oil was decontrolled in 1975, the abandonment rate on stripper wells has decreased by 500 percent. It is estimated that exempting stripper wells from the tax will increase production of oil in this country by ½ million barrels per day by 1990, and maintain millions more in reserve which otherwise might not be saved for enhanced and tertiary recovery methods.

The committee also recognized the importance of keeping marginal properties on line by expanding the definition of marginal wells to include properties which produce a high ratio of water to oil. These properties are operated at a very high cost and are often prematurely plugged, resulting in a loss of production. By giving high water producing wells marginal well treatment, it is estimated that 11,000 barrels per day of production could be saved at a cost of about one-third the price of OPEC oil. For example, there is a field in Garvin County, Okla., where nine wells produce 350 barrels of oil per day and 9,133 barrels of water per day. The operator of the field has estimated that with marginal oil tax treatment an additional 700,000 barrels of oil could be produced during the life of the field.

Percentage depletion was also reinstated on the oil taxed by the windfall profits tax. Independent producers are the only producers entitled to the use of this deduction. They are already facing a 32 percent increase in their tax burden over the next four years resulting from the scheduled reduction in the depletion rate from 22 percent to 15 percent. To deny percentage depletion on that portion of oil taxed by windfall profits is to even further increase the income tax independent producers and royalty owners must pay on top of the windfall profits tax which would also be imposed on this portion of their income. It is estimated that this action by the committee will encourage the drilling of over 630 new wells a year.

The tax was also made subject to a phase-out once 90 percent of the revenue from the tax is raised. The phase-out of the tax would begin at a rate of 3 percent per month over a 10 year period. The committee decided that it made no sense to structure a tax which takes into the government coffers more money than is actually needed to provide revenue for conservation and alternative energy programs.

While the committee improved the bill and provided a much more balanced approach, there are still other changes which were not made by the committee which would have benefited all Americans.

It was a mistake for the committee to reject the exemption for the first 3,000 barrels per day of production owned by the independent producer. The windfall tax will have a greater impact upon independent producers than on the large oil corporations. Because the independent producer derives his income from a single activity, the discovery and production of oil and gas, any capital loss resulting from increased taxes will mean that fewer wells can be drilled. During the five year period from 1969 through 1973 independent producers accounted for 89.2 percent of the wildcat wells drilled, 75 percent of the new field found, and 54 percent of the total oil and gas discovered. These producers plow-back 105 percent of their wellhead revenues from both crude oil and natural gas production into more exploration, drilling, and production activities.

An exemption for these producers would also have helped to reduce the heavy administrative burdens under which independents must operate. Although the first purchaser collects the tax, the operator must certify the applicable pricing and tax classifications for each barrel of crude oil. Before oil is completely decontrolled in 1981 the producer must constantly reclassify his oil for pricing according to the decontrol schedule. He must also keep a separate accounting for tax purposes.

For example, it requires countless attorneys and accountants to figure out what the legal price and tax would be when the oil can be priced at a lower tier rate and taxed on an upper tier base. There are countless other complex situations.

The exemption of independent producers from the tax would have eliminated most of the regulatory maze. These smaller producers are not equipped, as are large international corporations, to deal with complex regulations. These regulations become a significant deterrent to exploration and production, sometimes surpassing pricing restrictions and tax rates in importance.

Another major flaw in the bill as reported is the failure to exempt all stripper oil from the windfall tax. The United States needs to maintain and increase stripper production. The soundest conservation policy of all is the preservation of a resource which we now have. Every time a well is prematurely plugged we have lost oil now being produced on which the environmental costs have already been paid. In additional, for secondary and tertiary recovery to be possible, the life of the stripper must be prolonged. Wells which are plugged are gone.

In addition, there is a substantial production response to increased stripper price. CBO estimates that a stripper exemption would increase production by 235,000 barrels per day by 1985 and a study by Dr. William Talley estimates an additional 497,000 barrels by 1990, if all stripper production were exempt.

Although the language in the bill exempts about 50 percent of the stripper wells (those owned by independent producers) the remaining stripper wells are facing what is in effect a roll-back in price from the world price of $23 a barrel to the Tier III base price of $16. In addition, the provision against avoiding a net loss on a property (the net income limitation) won't provide enough help to stripper wells. Individual stripper wells which are losing money will be shut down even if the total property is not losing money. In addition, stripper wells periodically must be shut down for workovers. On the average, workovers cost $3,000 for a 3,000 foot well. Costs may run much higher. A new surface pump costs $17,500, for example. Even if a well is doing better than breaking even, it still might not justify a major workover because the pay out period would be too long and uncertain. Without proper pricing and tax incentives, it may be plugged prematurely in this situation.

The economics and operational problems associated with stripper wells are real for all producers, independents and major companies alike. The cost of materials and labor for workovers and maintenance are the same for all producers. Pumps still fail and wells need to be reworked, no matter who owns the well. Half of all stripper wells are not exempt from this tax and may be shut in for failing to pay their own way.

The greatest shortcoming of the committee bill was the outright refusal to address the near term supply problems facing America. The only measures adopted by the committee which can help reduce our dependence on foreign energy supplies in the early 1980's are the energy conservation tax incentives. The committee should be commended for recognizing the contribution that energy conservation can make to reducing our dependence on imported oil over the next few years. Unfortunately, the committee abandoned support for measures that would increase energy production in the near term, thereby losing an increasingly rare opportunity to affect the national energy supply picture in a coordinated manner.

The bill reflects a tragic misunderstanding of how various categories of oil respond to price and incentives over time. A commonly held belief is that the exemption for newly discovered oil is a panacea, creating abundant new energy sources immediately. The exemption for newly discovered oil is perhaps the most significant production oriented provision in the committee bill, but the benefits of this action will not accrue to the nation until the mid 1980's. Bringing production on line from newly discovered properties is a process of several years, even under the most favorable conditions.

In the immediate future, domestic oil production can only be increased by allowing properties to realize the benefits of decontrol. Lower and upper tier of properties could provide the most immediate response to improve prices. Imposing a 60 percent tax on upper tier oil, a harsher levy than the one originally proposed by the President, will reduce the incentive to develop these properties to their full potential. Penalizing lower tier oil with the 75 percent tax and a 1.5 percent decline curve will not only end the hope of increased production from these properties, but will also cause the premature abandonment of old oil wells. How painfully short sighted.

Lower tier oil represents the properties discovered prior to 1973, and has the highest production decline rates among the major categories of oil. The production objectives for this category are similar to those for stripper wells. Investments must be made to arrest or slow the production decline in each well. The adoption of a 75 percent tax and 1.5 percent decline curve on Tier I oil will give producers little incentive to reduce the declining oil production. Since the lower tier properties were placed under price controls, economic returns from these wells have not been adequate to support the full cost of the well workovers, infield drilling, or the replacement of old equipment. These investments are needed if the declining production of these wells is to be arrested.

The 2 percent decline rate originally adopted by the administration offers promising production incentives for more than half of the lower tier properties. The committee adopted the 1.5 percent decline rate contained in the House bill. By selecting a 1.5 percent decline rate a significant number of properties, those with faster than average decline rates, will not be able to realize the benefits of phased decontrol. The 1.5 percent decline rate leaves many producers with little alternative but to let their production decline naturally with no additional incentives to increase production. This production could have been available to help meet our acute short term shortages.

Our current energy crisis in this country is not primarily economic. It is certainly not a shortage of energy resources. We have enough coal, for example, to last for more than 100 years. Our problem is political.

It is obvious that we produce too little energy within the United States and that we consume too much, yet we continue to follow a policy of taxing production while subsidizing consumption. It makes no sense economically even though it plays well politically.

It is always popular to tell people what they want to hear. Many wish to believe that we can have more energy by paying less for it. Unfortunately, the only way that we can free ourselves from dependence upon OPEC is to invest more money to produce energy here at home. Oil wells cannot be drilled, or coal mined, or solar panels built for free. Someone must pay the bill.

The truth is that the public will pay the bill. New energy production must be financed either by the profits of private companies or by the government through money collected in taxes.

History clearly shows that the free enterprise system produces goods and services much more cheaply than the government. Private companies can move a barrel of oil through pipelines from the Gulf of Mexico to New York City for a fraction of the cost to the U.S. Postal system for delivering a letter from Houston or New Orleans to New York.

In the long run, the only way to bring down the high cost of energy, is to invest now to produce more here within the United States.

Regional rhetoric also will not do the job. All Americans should favor more oil production whether that oil lies beneath Texas or Oklahoma or Massachusetts or Connecticut. We should all be for mining more coal whether it comes from Rhode Island or West Virginia or Wyoming. We should all be for developing mass transit where it is feasible, even those of us from areas where population density makes it unlikely that we will receive mass transit funds. We must pull together to help ease the burdens for the elderly who can't protect themselves against the rapidly rising costs of heating oil, even if heating oil isn't used in our States.

In short Americans must stand together and have the will to face the truth and meet it head on. The "windfall" tax is a retreat from that goal. The government will already reap hundreds of billions of dollars, over 60 percent of every dollar generated in profits as a result of decontrol without "windfall" tax. It will already have enough to adequately pay for aid to the poor, proper conservation programs, and the development of alternate energy sources.

If our job is to produce more energy and to reduce the wasteful consumption of energy, the windfall tax has no economic justification. Politically, it may have its short term benefits, but economically the best that can be said of the bill as reported by the committee is that it isn't as destructive of the national interest as it was before the committee amended it.

ADDITIONAL VIEWS OF SENATOR WALLOP

Upon passage of the House windfall profits tax bill, the legislation was projected to raise $105 billion in net windfall profits tax revenues using a price assumption of $22 per barrel for imported oil. The President declared his support for the House-passed bill, because it provided adequate funds for the aide to the poor, the Energy Security Corporation and incentives for conservation and transportation programs.

The Finance Committee bill would raise $138 billion in net windfall tax revenues over the next decade, but the committee faces accusations that its bill provides inadequate revenues. This accusation fails to recognize the dynamics of the windfall tax, and the constantly changing position of the administration in regard to how much revenue is in fact needed to address the problems which President Carter identified in his proposals.

The windfall tax is tied to the world price of oil, so that as oil prices increase, there is an increase in revenue from the tax. Over the last six months, every oil price increase or change in the future price of oil creates a windfall to the government in projected tax revenues. As oil price assumptions and revenue projections rose, the Administration made corresponding increases in its estimates of how many billions in tax revenues must be spent without so much as a backward glance at their original purpose. This procedure and the policy rationale behind its conflict with the prevalent economic belief that higher energy prices will induce more private investments in conservation and cost competitive synthetic energy development, thereby reducing the need for government subsidies and windfall profits tax.

The committee bill commits the nation to a windfall profits tax with a limited revenue goal and a specific policy purpose. The bill is designed to raise funds to be used to encourage energy conservation, synfuels production, and help Americans make the transition from an era of low cost energy. The phaseout provision provides a guarantee that the tax will raise adequate revenues while avoiding the consequences of establishing a permanent tax.

There is no reason to establish a tax that raises more revenue than is actually needed to address these identified problems of the nation. If we need revenue to fund other programs, unrelated to our energy problems, Congress can consider raising taxes or establishing a new tax. The windfall tax should not be established to fund an expanding federal government or shelter future administrations from the national cry for greater fiscal responsibility.

The tax must nonetheless be criticized for its complexity and its costly administrative burdens for both government and industry. The maddening structural complexity of different categories of oil, base prices, decline curves and tax rates demonstrates that phased decontrol of oil prices will not solve the administrative burdens facing oil producers. If anything, the complexity and cost of the administrative burden will only increase as the windfall tax imposes a new form of price controls on the oil industry. Where oil was previously controlled by the Department of Energy through the regulation of price, future controls will be maintained through a tax mechanism. All private industry should be concerned by this precedent. Given the national aversion to price controls, future administrations may be tempted to selectively control the returns of industry through a similar excise tax.

The Senate and the public should be aware that the "windfall profits" tax bears no relation to profits in the oil industry. As an excise tax, it applies only to domestically produced oil and it will have no effect on the profits earned by international oil companies in their overseas operations. Under the Finance Committee bill, the House bill, and the President's original proposal, not one penny's worth of tax will ever be paid on foreign OPEC oil, or by those who broker it. Can anyone cite the logic behind a policy which penalizes domestic production and subsidizes foreign imports? That is precisely what we will do and through existing legislation as well. Despite the rhetorical speeches calling for energy independence, this tax will perpetuate a circumstance that makes it a better business deal to explore for, produce, and import foreign oil than to solve America's energy problems. If the public feels deceived, it is because it has been.●

A NEW AMERICAN DIPLOMACY FOR SOUTHEAST ASIA

● Mr. McGOVERN. Mr. President, the international community is finally making available the resources necessary to avert a horrible crisis of human suffering in Cambodia. The outcome of the United Nations pledging Conference this week, the congressional action last week on the Danforth and McGovern amendments to the refugee assistance bill and other actions of private agencies all are grounds for encouragement. The response of America has been moral and nonpartisan.

However, we must match our humanitarian efforts with diplomatic initiatives. We need parallel humanitarian and diplomatic strategies for several reasons. First, effective diplomacy can insure that humanitarian efforts are implemented more swiftly and effectively. Whether food is distributed by air lift, land bridge, or river transport is not primarily a logistical issue—it is a diplomatic question Drawing the Cambodian authorities into an effective distribution scheme may require diplomatic answers.

Second, diplomacy is needed to lessen the basic regional tensions which seem to cause perpetual crises in Southeast Asia. The people of this region recently have experienced not only starvation, but invasions, genocide, and a refugee crisis. Unless we address ourselves to the fundamental issues we may be able only to ameliorate the present crisis while standing by helplessly waiting for the next crisis.

Finally, diplomacy is needed because the United States alone among the great powers has the capacity to influence the shifting power relationships in the region. We can contribute not only our food and medicines and airlift. We can also use our diplomatic leverage. All the countries of the region want better relations with us. All of them seek our participation. It is time to put our influence to work constructively. The United States has not caused these crises or been directly involved in the struggles between Asian Communist powers. But we are uniquely well positioned to help find solutions to the conflicts.

Looking beyond the immediate humanitarian situation to the broader diplomatic context is difficult because the region has become an extremely complex geopolitical puzzle. But it is clear that the basic cause of the crises in Southeast Asia is the dramatic new political realinements which have emerged in the region in the past decade. The primary conflict is not between East and West, between Communist and anti-Communist. The primary conflict is between China and Vietnam, two Communist powers, who are fighting Asia's new cold war.

The recent events in the region are a consequence to one degree or another of this primary conflict. Unless this primary conflict can be resolved or reduced, there can be no stability, no peace, and no progress toward a more humane living standard in the region. There will be instead a series of military conflicts, human disasters, and international crises.

Our diplomacy must evolve in response to this long-term regional conflict. I believe the United States can affect the primary conflict through a combination of positive incentives and negative pressures. Our good offices should be made available to facilitate compromises on the major issues, including Cambodia.

China has viewed Vietnam as a threat both to its regional influence in Asia and to its anti-Soviet policy. It supported the Pol Pot regime's aggressive border policy to increase tensions between Vietnam and Cambodia while, at the same time, it attempted to destabilize the Vietnamese regime by recalling Chinese technicians, cutting off aid, and encouraging ethnic Chinese in northern Vietnam to leave. Last year China invaded Vietnam to punish it for the Cambodian invasion. All of these Chinese moves have been directed against Vietnam as a Soviet proxy. Rightly or wrongly, China is obsessed with the Soviet Union as a geopolitical competitor.

China apparently still seeks a military solution in Cambodia by its support for the Pol Pot guerrilla warfare in Cambodia. And it is reserving the right to invade Vietnam again, perhaps this time to overturn the regime in Hanoi by imposing a military defeat.

Vietnam has reacted to Chinese pressure with intense fear and irrationality. Obsessed with the threat of a Chinese invasion from the north, the Vietnamese began to expell ethnic Chinese much as ethnic Japanese were interned in World War II. The Vietnamese invasion of Cambodia followed after negotiations on the border disputes failed. At the same time, Vietnam began to abandon its traditional policy of remaining equidistant from the great powers by intensifying its formal military and economic ties with the Soviet Union as a deterrent against a Chinese invasion.

The result is a vicious cycle of fear and reaction, insecurity and counter-reaction in the area. China pressures Vietnam as part of its anti-Soviet policy. Fearing an alliance between China, Pol Pot, Thailand, and the United States, Vietnam responds to protect its security by taking measures which compound human tragedy, force refugees to leave, and exacerbate the food problem. China responds with more pressure to back Vietnam into a corner which reduces Vietnam's incentives to be flexible on humanitarian relief measures.

Thus, the starvation crisis, the refugee crisis, and the boat people crisis are being generated by this exploding chain reaction of geopolitical realinements.

And it is the Cambodian people who suffer as a result. For China views Cambodia's future as an instrument of its anti-Soviet and anti-Vietnam policy while Vietnam views Cambodia's fate as an instrument of its anti-Chinese fears and insecurities.

The role of the United States should be to induce China and Vietnam to moderate their basic conflict. We have the diplomatic leverage to induce this moderation because both China and Vietnam seek normalization of relations with the United States. China seeks U.S. support to modernize its economy and armed forces, to prevent U.S. military withdrawals from Asia which would create a power vacuum for the Soviets to enter, and to join in an anti-Soviet front with Japan, Western Europe, and China. Since early 1978, Vietnam has sought normal diplomatic and trade relations with the United States to maintain a balance in its relations with the three superpowers, to reduce its dependence on the Soviet Union and to have access to our technology, trade, and oil exploration.

For almost 2 years, the United States has had a unique diplomatic opportunity to stabilize the region and enhance the prospects for peace. An American policy of evenhanded relations in the area would have given Vietnam on alternative to a dependency relationship with the Soviet Union while lessening Chinese fears of Soviet encirclement. As a result, different alternatives could have opened up for Cambodia.

But instead of playing a balanced role to stabilize the area and to increase our influence in Southeast Asia, the United States has tilted visibly toward China. This basic orientation has been evident through a series of moves, including Dr. Brzezinski's confirmation in China in 1978 that the United States and China would engage in "parallel pursuit of our similar objectives," the mild U.S. reaction to the Chinese invasion of Vietnam, American support for Pol Pot's genocidal regime in the United Nations, and most recently Vice President MONDALE's assertion in Peking of mutual security interests. All of these events indicate a pro-China tilt in American policy.

As a result of trying to "play the China card," against the Soviet Union globally, the United States indirectly has contributed to the geopolitical tensions in Southeast Asia which are the backdrop of the human tragedies we see today.

The pro-China tilt to American policy has encouraged China to feel it has a free hand to use its diplomatic and military power recklessly in the region whatever the political or human consequences. As a result, the Chinese may have become more aggressive toward Vietnam—and thus made Vietnam more irrational and inhumane in defending its security—than it would have if the United States had taken an even-handed stance in the Sino-Vietnamese conflict.

Unfortunately, the United States is now in the uncomfortable position of tactically encouraging irresponsible Chinese policies by offering what amounts to unconditional political, economic and diplomatic support for China. This will be the message to China and Vietnam if Congress approves unconditionally China's request for most-favored-nation status, Export-Import Bank credits, and Overseas Private Investment Corporation guarantees.

On the other hand, the United States has not held out serious incentives to the Vietnamese to moderate or change its behavior toward Cambodia, either before the invasion or afterward. Once the Vietnamese believe that American policy is alined with China against it, there is little influence or credibility we can have. In addition, the Vietnamese response to the absence of any American gestures concerning lifting the trade embargo or normalizing relations has been to increase its reliance on the Soviet Union—a move which, in turn, feeds Chinese paranoia about Vietnam acting as a pawn of the Soviets.

The consequences of "playing the China card" in Southeast Asia have been damaging as well to regional stability and to American interests. First, the instability caused by the refugees from Indochina has generated concern and resentment among ASEAN nations. Second, the apparent detente between Vietnam and the ASEAN nations evident last summer has fallen apart, thus delaying regional stability. Third, it has made the Vietnamese more dependent on the Soviet Union, thus raising fears of our

ASEAN allies. Fourth, it has put the United States in the embarrassing position of acquiescing in Chinese actions—such as the invasion of Vietnam—which are detrimental to our objectives in Asia and which raise doubts in the minds of our European allies about the future of United States-Soviet relations. Fifth, economic deterioration in Vietnam caused by constant military mobilization will exacerbate the human rights problems there. Sixth, and perhaps most importantly, a renewed Chinese invasion would raise the serious danger of Soviet intervention in order to protect the Vietnamese Government—and the risk of Soviet preemptive military action against China's northern border. The United States would be drawn into this great power conflict. The risk of nuclear war in this area is greater than in any other area of the world today.

There is an important additional danger to mention. Thailand is being subjected to enormous pressures from all sides which threaten to break the Thai Government apart and directly involve the United States in another war in Asia. The vast numbers of Cambodian refugees now in Thai camps which are close to the border with Cambodia are a source of friction. China continues to pressure Thailand to funnel arms to the Pol Pot guerrilla forces in Cambodia or in Thai camps. Getting the Thais to fight against Vietnam even covertly will increase Thailand's political and military dependence on China. To the extent that Thailand becomes a party to the Chinese effort in Cambodia, the Vietnamese will come to regard Thailand as a potential enemy.

These external pressures are having serious political repercussions within Thailand. There is a group of rightists generals in Thailand who favor stronger attacks against Vietnam and who are encouraged by the Chinese. A coup is considered a possibility in Bangkok. If a coup were to take place, or if Chinese support to Pol Pot continued through Thailand, it is not inconceivable that Vietnam would lash out against Thailand to wipe out the Pol Pot camps or to try to bloody Thailand's nose. This in turn raises the issue of U.S. guarantees under the Manila Pact for Thai security and the specter of new American military intervention. These are some of the major waves spreading out from the Sino-Vietnamese conflict.

This is but a brief background to some of the geopolitical issues involved. The shifting alliances, historical animosities and ethnic rivalries are too complex to summarize in such a brief statement.

In my view, a new American diplomatic role in the region is necessary. There are reasonable policy alternatives available to the United States which can improve the prospects for a mediated settlement in Cambodia, for an end to the direct military Sino-Vietnamese confrontation and faster progress on humanitarian aid implementation.

First, the United States must return to a balanced view of great power alinements in Southeast Asia. We should be neither pro-China or pro-Vietnam in the region. The China card—which has amounted to American accommodation to the Chinese interests in the region—should be returned to the deck. Tilting toward China has had many costs and few gains. The region cannot escape turmoil as long as we remain the silent partners of the Chinese. We need to make clear that we will pursue a balanced relationship between the Soviet Union and China. In Southeast Asia, such a policy means moving to strengthen stability and to secure U.S. interests in a way clearly independent of China. No other step will have such a profound affect on our ability to work effectively for short-term humanitarian relief or for long-term stability in the region.

Second, we must work for a solution to the Sino-Vietnamese security problem and to their direct military confrontation.

This problem cannot be solved without the United States. The State Department should seek a nonintervention or a nonaggression pledge by China. Solutions to all other problems await this resolution. In addition, agreement should include a cease-fire and troop pullback from the border areas. It is important that the United States make clear to China that the United States-China relationship will depend on greater restraint and responsibility on China's part than has been shown in the first 9 months of normal relations. The extension of these new economic benefits without assurance of moderation of China's policies would signify the abandonment of U.S. interests in stability and peace in Southeast Asia in pursuit of the global "China card."

Third, we must offer Vietnam positive incentives to moderate its behavior in the region, to provide an alternative to its dependence on the Soviet Union and to accept a political solution in Cambodia. It is in the region's interest, in our interest, and in the Vietnamese interest to establish normal diplomatic and trade relations between Vietnam and the United States. The President should consider making an opening gesture by resuming normalization negotiations with Vietnam by an offer of diplomatic relations and a lifting of the trade embargo. We need an embassy in Hanoi to serve as a listening post and as an improved channel of communications in a crisis like Cambodia. If we can have proper diplomatic relations with the big communist powers of the Soviet Union and China, there is no reason we cannot have them with smaller powers like Vietnam.

Fourth, we must press for a diplomatic solution to restore Cambodia's independence and neutrality. The Chinese still envision a military solution to Cambodia. As long as China is committed militarily to Pol Pot, it seems unlikely that Vietnam will make the compromises necessary to negotiate a solution. Thus, we must begin to conceptualize an independent American alternative to the Chinese approach for the purpose of creating the conditions necessary for a long-term solution. The steps I have recommended already should facilitate this new alternative. Additional elements would include:

We need to make clear the United States is opposed to all forms of military or intervention in Cambodia. The Vietnamese must withdraw their forces and permit the Cambodians to determine their own destiny. The Chinese must stop shipping arms to Pol Pot through Thailand.

We should support an international conference to arrange for demilitarization of Cambodia and free elections under international supervision. A compromise solution would involve a coalition beginning with the Sihanouk Forces and the Phnom Penh authorities. Observers believe that later on it could include individuals from the Pol Pot regime. The narrow Phnom Penh regime has recently been broadened somewhat with individuals associated with Sihanouk. This should be encouraged. The United States should pressure China to accept this move while the Soviet Union would be approached to encourage Vietnamese acceptance; and

The Vietnamese last summer sent diplomatic signals that they might be willing to be flexible on Cambodia's future government if a shift occurred in U.S. Asian diplomacy. The respected Far Eastern Economic Review journalist Nayan Chandra reported in July that Vietnam would be willing to settle for a compromise on Cambodia if the United States were to make a gesture toward Vietnam, such as lifting the trade embargo. He quotes a source close to Hanoi as saying:

> Vietnam wants to see evidence that the United States is not tied to China in a "holy alliance" against Vietnam before accepting a compromise over Kampuchea. (Hanoi's Peace Feeler to Washington, FEER, July 6, 1979).

It is difficult to know how much weight should be given to this report. The response from Vietnam may not be immediate. But we have to create the conditions from which a neutral Cambodia, which is neither anti-Chinese nor anti-Vietnamese, will emerge. A more independent American posture will lay the groundwork for Vietnamese perceptions of alternatives.

We would make it clear that our goodwill gesture toward normalization should be accompanied by reciprocal gestures by Vietnam on Cambodia's future.

Fifth, Thailand's stability and security must be assured. Here again there are several elements:

American sales of military equipment to Thailand should occur on a reasonable and prudent basis with a minimum of direct U.S. military personnel present. The goal should not be to turn Thailand into a major military power. Our diplomacy can do more to insure Thailand's security than can big new arms shipments.

China's political pressure on the Thai Government should be moderated to permit the Thais to evolve their own policy of balancing relations between Vietnam and China. Thailand need not be pressured into carrying out China's support for Pol Pot;

Thailand should reconsider whether it is in its best interest to serve as an arms and supply conduit for Pol Pot's forces in Cambodia.

Humanitarian relief to the refugees in Thai camps should be stepped up pending a political solution to Cambodia's future.

These are the essential elements of a new positive diplomatic role for the United States. It involves a reconsideration of our policy toward China and toward Vietnam. These steps will be difficult and will involve political leadership and courage at home. But if these steps will help remove obstacles to both short-term humanitarian relief and to long-term diplomatic resolution of the causes of conflict—they should be taken to make a critical breakthrough.

A recent editorial from the Washington Post sums up this new outlook very well. It concludes:

> It is all too likely, however, that little can be done for the Cambodians while China and Vietnam, the generators of the conflict, remain in a state of undeclared war. That is all the more reason for the United States to unhook itself from a policy that makes it a backdoor partner of Pol Pot, a proven mass butcher; it should float free. And it is all the more reason to reconsider a policy so fixed upon enhancing geopolitical accommodation with China that it makes the United States an arm of Chinese policy in Southeast Asia."

I have been deeply impressed by the humanitarian response of the American people and Members of Congress to the Cambodian famine. Overwhelming votes have been taken to send food and medicines. Proposals have been sincerely put forward for a land bridge, an air drop, and other distribution arrangements. International pressure is being put on the Soviet Union and on Vietnam to agree to support and facilitate the accomplishment of a major international relief effort. I strongly support these efforts. All of them can and should be done.

But if the threat of starvation is severe, if the survival of the Khmer race is at stake, how can we refuse to reconsider our policies toward China or overcome our animosities toward normalizing relations with Vietnam if these steps would help prevent a monumental tragedy of human suffering.

Humanitarian relief programs are essential. They must be pressed with full financial and political backing. But at the same time, we should place these efforts in a larger context and try to moderate or resolve the contending regional forces which erupt to produce major human crises.●

THE COAST OF MAINE

● Mr. COHEN. Mr. President, 80 years ago Charles W. Eliot, a former president of Harvard University, wrote of the scenic beauty along Maine's coast and the hardy life of its residents.

In "John Gilley of Baker's Island," Eliot wrote:

> They always had before them some of the most splendid aspects of nature. From their sea-girt dwelling they could see the entire hemisphere of the sky; and to the north lay the grand hills of Mount Desert, with outline clear and sharp when the northwest wind blew, but dim and soft when southerly winds prevailed. In every storm a magnificent surf dashed up on the rockbound isle. In winter the low sun made the sea toward the south a sheet of shimmering silver; and all the year an endless variety of colors, shades and textures played over the surfaces of the hills and sea.

Residents along much of Maine's 3,478-mile coast continue to enjoy an identical vision. They are now struggling to preserve this gift of nature and the traditional way of life it has nurtured for 200 years.

The pressures of development along the coast, however, are endangering local efforts to determine their own future. Ongoing plans for heavy industries—refineries, deep water tanker ports and oil rigs—may defeat their hopes.

Maine has long realized that its future will be determined by the appropriate development of its coast. The goal is to preserve the essential beauty of the region while permitting adequate development to guarantee Maine people rewarding livelihoods. The survival of this area, unique to the east coast, may well depend on the revitalization of its most traditional industry—fishing.

The potential for increasing harvests from the sea is immeasurable. Maine's catch rose from 138 million pounds in 1975 to 182 million in 1977. Statewide, 15,000 people are employed on the sea and an additional 3,000 are employed in processing plants. Only 14 years ago, however, there were 50 fish canneries along the coast. Today there are 15. Thirty years ago Maine fishermen hauled 350 million pounds of fish, but Canadian competition, subsidized by their government, has severely hindered Maine's industry.

Today, the State's fishing and lobstering vessels are undergoing much needed modernization, without much assistance from the U.S. Government. Maine fishermen might qualify for Government aid if they agreed to fish designated species such as pollock and hake, which are widely considered underutilized and undesirable fish.

It appears today, rather than assisting a vital industry of Maine, the Government is determined to endanger its existence through promotion of oil exploration on Georges Bank. The chronic spillage of oil along the coast, if rigs and tankers become common sights here, could do irreparable damage to the best fishing grounds off the Atlantic seaboard. Sulfuric dioxide wastes from oil refineries could stimulate acidic rainfall, seriously distorting the ecological balance of the coast.

The following articles, which appeared recently in the Boston Globe, describe in greater detail Maine's promising, but still uncertain future. I request that they be printed in the Record.

The articles follow:

[From the Boston Globe, Nov. 4, 1979]

CAN MAINE TURN BACK COASTAL BLIGHT?

(By Jack Thomas)

Drawn by the sea, Americans in record numbers are settling within the narrow strip of land along the nation's 88,633 miles of shore. For three months. Globe reporter Jack Thomas has studied the growing pressures on this environmentally sensitive area of the country. This article, to continue in Monday's Globe, focuses on the Maine coast. It is another in a series of reports on threats to one of America's most valuable resources.

On the pier at Eastport, Maine, where the United States coastline begins, it was damn cold.

The wind blew in icy gusts across Passamaquoddy Bay, a warning of winter, and a fishing boat, the Laura Lee, churned past the pier, riding the tide to sea the way fishermen have to the Gulf of Maine for nearly five centuries. Overhead, gulls played noisily on an updraft as Dick Stevenson, 42, set his fishing pole down on the pier and huddled away from the wind to light his cigarette.

Having already dug two bushels of clams that morning, Stevenson now was standing on a pier at the edge of the United States, fishing for flounder for dinner and sculpin for the cat.

"When I retired as a master sergeant a few years ago," he said, shifting from one foot to the other to keep warm, "I was sure of only one thing—I wasn't going back to North Dakota to live. I wanted to be near the ocean, and it had to be in either Oregon or Maine, so, here I am, living on the most beautiful coastline in the most beautiful state in the United States. What more could I ask for?"

Stevenson is not the first person to be seduced by the coastline of Maine.

No other state along the Atlantic, Gulf or Pacific coasts mingles mountains, ocean, islands, inlets, bays, rocks, rock pools, sand, seaweed, the pungent fragrance of pine and balsam and the grandeur of desolation in such a stunning composite, one that makes California, the Carolinas, and even Cape Cod, despite their beauty, seem bland by comparison.

The coast of Maine is like two sisters. The northern portion is a beauty, the southern something of a beast, at least in parts.

The northern sister, from Canada to Portland, is more attractive because of her natural beauty. She needs no makeup.

But, unless she resists the temptation to welcome the growing hordes of suitors attracted by her virginity, she's certain to suffer the abuse and indignity that afflicts her sister to the south, the stretch from Portland to New Hampshire, once upon a time as pretty as the north, but now worn down too soon by careless lovers who've neglected her for several decades.

The north, in short, is struggling to retain its natural beauty, the south to regain it.

For northern Maine, the problem is to protect the coastline from too much growth too soon, from giant industries, oil refineries, and ticky-tacky tourist development. For southern Maine, the challenge is to repair the damage caused by decades of development that was unplanned, uncontrolled and uncoordinated.

The difference between Maine and other states along the Atlantic is that, while the rest have lost the chance to preserve so large a section of their coasts in a natural state, Maine still has the opportunity.

In the past 15 years, though, excessive development along the southern coast has resulted in the same competition for resources and the same resulting deterioration that has plagued most of the United States coastline. Between 1966 and 1974, for example, in some communities in Maine, the amount of land allotted for residential commercial or industrial use jumped by 100 percent, most of it strip development, much of it along the coast.

Already, nearly half the state's population of one million is bunched along the coastline, which comprises only 12 percent of state's land. From 1970 to 1975, while the national population was growing by 4 percent, the population in the coastal counties of Maine was growing by up to 16 percent.

Of the eight million tourists who come to Maine every year, the number visiting the coast is six million, says the Chamber of Commerce, nearly six times the population of the state.

In 1970, Maine had the nation's highest percentage of second homes, one in five. In the summer, many communities triple their population, and for some, like Chebeague

Island off Yarmouth, the increase is sevenfold, from 350 in the winter to 2,500 in the summer.

In Hancock County, near Mt. Desert Island, growth was so rapid in some communities that citizens asked for a moratorium on further development until a long-term plan could be devised.

But the greater threat to the coast may come, not from population growth and tourism, but rather from heavy industries, particularly those involved in producing energy. As the nation's need for energy increases, the industry looks more covetously at the Maine coast, with its deep harbors and long, undeveloped stretches of shoreline.

In the last decade, for example, there have been proposals for the Maine coast to accommodate four electric generating plants, increased mining operations, three oil refineries and additional development of deep water ports.

"What we're afraid of here in Maine," says Frank Gramlich, of the Fish and Wildlife department in Augusta, "is not necessarily the oil refineries or other heavy industry, but the spinoffs. First thing you know, you find yourself without a coastline, not only in Maine but everywhere along the Atlantic. There'll be no place to go to relax. This is the end of it here in Maine, and you can't go out and build a new coastline. There's just no way or replacing what we've got here now."

Crossing the line from New Hampshire, a visitor enters the old state of Maine and a new state of mind. Nature created the 3478-mile Maine coast from Kennebunk to Eastport with the skill of a playwright, scattering 2000 islands along the way to make it the most picturesque, most photographed shore on the East Coast. The scenery is unforgettable, with one of Nature's exciting episodes here to contrast with an interlude of peace there, all building dramatically to climax in the lonely isolation of northern Maine.

The healthiest coastlines in the continental United States are in Oregon, Washington and Maine, all for the same reason—because their three coastlines are less developed than the other 19, and fewer houses and fewer people mean less pressure on the fragile ecology of the coastline.

The coast of Maine is less crowded than the coast of Florida, the air purer than it is along the Southern California coast, the water sweeter than it is in Massachusetts, less fouled with oil than it is in Texas and the fish caught in the Gulf of Maine contain fewer PCPs and pesticides than those caught in New York.

But as shorelines from Florida to Massachusetts become more crowded, more people begin to look to the coast of Maine for their escape, with the result that the state's greatest challenge during the '80s will be to cope with the influx of residents, tourists and industry without losing the very beauty of the coast that attracts them.

"What's exciting," said Edward Kaelber, president of the College of the Atlantic in Bar Harbor, "is that Maine is up for grabs. But there are a lot of questions. Do we want to encourage big business and develop like, say, New York or New Jersey? How do we build an economic base? Muskie says the aquaculture industry here is a potential $2 billion.

"But if we harvest the waters, should it be a General Motors type operation, or should we concentrate on helping the small fisherman? How heavily do we invest in tourism? And what kind—resident, summer or transient? The omens are good, but there's reason to be cautious."

New England is, in a sense, the womb of the nation, the starting place, and no other region has a stronger identity. As John Gunther pointed out, every schoolboy knows the boundaries of New England, but who can say where the Midwest begins or where the Southeast ends?

Like other coastal states in New England, Maine turned to the sea early, and for good reason.

New England had none of the iron, gold, silver or copper that boosted the economies of other regions, and no mineable coal, oil or gas reserves. Indeed, even the oil discovered in Georges Bank a few years ago was judged by the courts in 1975 to be under the control of, not New England, but the federal government.

Therefore, it was Maine's natural landscape, and particularly her coastline, with its potential for fishing and tourism, that became crucial to the economic stability of the state.

"We're lucky," says Benjamin Emory director of the Maine Coast Heritage Trust. "Relative to the rest of the nation, Maine is in pretty good shape. We're less developed than any other state on the East Coast. That doesn't mean we don't have problems. We have 3500 miles of coast, but most of the problems are on the 40 miles nearest the New Hampshire border."

There is disagreement as to where the impairment of the south ends and the beauty of the north begins, but clearly Maine is her pristine self along the northern third of the coast, from Bar Harbor north.

That is where, driving south from Canada, one first senses the change in the mood of Maine. The splendid isolation of the north gives way to the busyness of Bar Harbor where tourists with Nikons around their necks browse in elegant shops that sell Australian glace apricots, and those in the know show no surprise at estates advertised at a million dollars or so.

The stores in Bar Harbor still sell the traditional Maine shirts, plaid and woolen, except that they are imported these days from Hong Kong. Displayed in the window of one gift shop are a buoy and lobster pot, covered by glass and suitable as a coffee table, for $125. Fifty miles north, however, on Beals Island, Willis Beal, the lobsterman, will sell you the same combination, minus the glass, for $6.

Bar Harbor provides delicacies unheard of in the poor fishing village to the north. Jamaica coffee is $2.50 a cup, and a Crabtree hairbrush is $22.50. An employee at one of the better restaurants at Bar Harbor boasts that Rockefeller's mother died downstairs, and at groovy bars, like Geddy's Pub, the conversation is oh, so chic.

He: You've got a lot of hangups.

She: Those aren't hangups, those are morals.

He: You mean laurels.

The differences between north and south Maine are evident in the cost of shorefront property. In the north, in Machias, a 200-foot oceanfront lot sells for about $13,000, says Robert Wright, a Machias broker. In the south, says John Downing, a broker in Wells, a 200-foot oceanfront lot in Ogunquit will bring $65,000.

"But remember," says Downing, "Ogunquit is 85 miles from Boston, and Machais is 325 miles from Boston, and the further you go from Boston, the cheaper the lot."

The problems along the southern shore are similar to, if less serious than, those common in overdeveloped coastal communities elsewhere in the United States—lack of public access, erosion of sand dunes, and too many houses built too close to the water and, therefore, vulnerable to storms and expensive to taxpayers who finance the rebuilding through federal subsidies.

"Public access here in Maine is a big problem," said Cheryl Ring of the Maine Audubon Society, "and no one, I repeat, no one, can come to a decision about it. People who live inland, who actually live in Maine can't get to the water because so much of the coast is owned by people who live elsewhere. It's not fair."

The Maine Coast Heritage Trust says that 96 percent of the coastline, including islands, is privately owned, and, once again, the problem is more severe along the southern coast.

"Public access? That's not even an issue here in Machias," said real estate broker Robert Wright. "Anybody who wants to go swimming can go, so why should the state buy up a lot of land? The state owns a 3500-acre pond nearby, and if you can't vent your frustration on 3500 acres, well then, you just better head for Nova Scotia."

Of Maine's 3478-mile coast, only 36 miles, or one percent, is sandy beach, and virtually all of that is south of Boothbay Harbor. The beaches and dunes are the outstanding attraction of southern Maine, drawing tourists from as far away as Canada, an eight-hour drive.

No beach in southern Maine is more popular, nor more intensely developed, than Old Orchard, nine miles of perhaps the finest beach in New England, a Coney Island of Maine, where the pressures to develop land are so severe that there are now houses situated within 20 feet of the ocean.

"On some beaches," said Ring, "like Camp Ellis, near Riddeford, and Higgins Beach, near Scarborough, the problem is not just one row of houses too close to the water. There are as many as four rows built too close to the water, and, therefore, in danger every year of being washed away.

"And you can't develop a beach," said Ring. "There's no sense suggesting that, to be on the safe side, people ought to move back from the water, to get out of harm's way so they won't be sitting ducks."

Efforts are under way to restore the dunes, and to teach people their importance, Stunned by the extent of damage from storms in 1978. Marcel Moreau of Ocean Park enlisted the aid of a geologist to help the town restructure the damaged dunes. Volunteers planted more than 100,000 dune-grass seedlings to reinforce the dunes over a one-mile stretch, and then put up a fence to protect them. In addition, the Audubon Society distributes a brochure to tourists, describing the value of dunes and warning that, without the grass, the dunes will disintegrate.

Already, though, 62 percent of the sand dunes are developed, leaving the area increasingly vulnerable to northeast storms. Indeed, in 1978, two such storms caused $47 million damage to public and private property.

The extent of damage is seen as a warning to Maine that the state must take a more active role in determining how private land along the coast will be used. Existing laws were not designed to protect the remaining 38 percent of sand dunes that provide a natural buffer against storms.

[From the Boston Globe, Nov. 15, 1979]

Maine Worries About Jobs, Lobsters, Oil, Big Industry

(By Jack Thomas)

Harmon Tibbetts of Boothbay Harbor, ordinarily a patient man, was waspish this sunny day, worried that he'd miss the afternoon tide, and irritated at a reporter's request that he explain why he might have to quit the lobster business after 40 years and five generations of living off the sea.

"You used to be able to survive just by lobstering," said Tibbetts, spearing a sea perch and pitching it into the trap. "But now, you gotta get a winter job to make ends meet, and around here there's nothing, no work. You can't buy a job."

Tibbetts doesn't mind getting up at 4 in the morning six days a week, or the long hours at sea hauling 325 pots a day. But the profit margin for lobstermen these days is smaller, and without the winter job . . .

"I don't know what's going to happen," he said. "Last winter I couldn't get a job, and I went in the hole something awful, borrowing and charging, and I gotta make it up or get out of the lobster business.

"Everything's gone up except the price of lobster," he said, stacking the traps at the end of his 30-foot boat. "I was getting $1.70 a pound last year, and it's only up to $1.90 now. But rope's way up, bait's up, and it used to be $15 to haul a boat for painting, and now it's $40 to $45. So you figure it out."

"You buy a lobster dinner in Boston, and it's gone from $7 to $8 a few years ago to $12 to $14 now. The lobsterman's like the poor old farmer. Somebody in the middle's making all the money.

Lobstering is not only a big business in Maine, it's a big problem, too, these days, one of the many problems along the 3478-mile coast of Maine.

While the eastern coast has retained its pristine beauty, the southern shore is now paying the price for decades of unrestrained growth. Sand dunes are eroded. Beaches are crowded. Tourist attractions are ticky-tacky, and the fishing and lobster industries are outdated and vulnerable now to proposed oil refineries.

Eight thousand people in Maine are employed in lobstering, and the 1977 catch exceeded 18 million pounds. But the figures are misleading because it takes nine times as many traps today to catch a little more than twice the harvest of 40 years ago.

Tibbetts was interrupted by his friend, Murray Pinkham, vice president of the lobster co-op in Boothbay Harbor. "You got three choices here," he said, spitting his tobacco off the pier. "You got the shipyard at Bath, the Central Maine Power or the telephone company. Otherwise, you're stuck on a 40-hour job that pays $120, and you take home $85. Hell, that wouldn't even pay my booze bill. I take in $42,000 a year lobstering, and I'm left with $15,000, and, poundage-wise, I'm in the top five percent. Hey, I got five kids. In New York City I'd be living at the poverty level."

Like most people in Maine these days, lobstermen worry about the coming of the oil industry, which is attracted to the Atlantic because of oil in Georges Bank and to the coastline of Maine because of its deepwater ports and long stretches of relatively undeveloped shoreline.

Oil spills are certain to affect the lobster industry, Lorraine L. Stubbs says in a study for the Department of Marine Resources. "A concentration of oil as small as one-tenth of one percent is lethal to larval lobsters," her report stated, "and . . . an oil spill along the coast could reduce the lobster population for as much as five years."

The future of the Maine coast may well depend on which new energy facilities are located where, and how much damage they cause.

"A lot of future development here is energy related," said Benjamin Emory of the Maine Coast Heritage Trust, "and that raises a philosophical question: We don't need all that much additional energy in Maine; most of the energy would be exported, be it liquefied natural gas, oil or electricity, and the question is this: To what extent does Maine want to be a power platform for the rest of New England?"

Maine, however, as part of New England, doesn't have the political clout in Washington to block heavy industry along the coast. In 1800 one out of four Americans lived in New England, and the region had a strong voice in Washington. By 1900 the percentage of Americans living in New England had dropped to seven percent, and today it is less than six percent.

The energy industry has shown little interest in tidal power, which is feasible in eastern Maine, where tidal polls average up to 20 feet. Instead, it is pursuing sites along the Maine coast for oil, LNG and nuclear power facilities.

In the next 25 years the Maine coast will be proposed as a location for LNG terminals, nuclear power plants, oil terminals, oil refineries, coal-fired power plants, coal storage and handling yards, and construction sites for offshore oil platforms.

For six years environmentalists have blocked plans by the Pittston Oil Co. to build a $750 million facility on Passamaquoddy Bay in Eastport to refine 250,000 barrels of crude oil a day.

"That refinery is a tremendous threat," said Emory. "Sure, we've got a responsibility. We use energy and oil, too, and we've got to do some refining, but we say, put it in the Portland area.

"If heavy industry goes the wrong way in Maine, there's going to be an environmental disaster on this coast. If you're going to have a refinery, you're going to have spills, possibly even a blowout. It's something you have to worry about. We ought to be taking time to make decisions that do not damage our natural resources. If you take a problem that is essentially biological and make a decision based on popularity, then you're going to have trouble.

"You take a heavy oil refinery and put it into the middle of Casco Bay and you are going to turn it into another New Jersey."

Environmentalists argue that the refinery would imperil the American bald eagle, already an endangered species. Last year, 50 pair bred in the Passamaquoddy region, one of the few nesting areas in the East.

Emissions of sulphuric dioxide from the refinery might fall back to land and ocean in acidic rain, say the environmentalists, at great risk to fish and wildlife, including the endangered eagles.

One proposal has been for the state to confine heavy industry along the coast to specific areas like Casco Bay or Searsport.

"Sure it's analogous to statewide zoning," said Cheryl Ring of the Maine Audubon Society, "but you've got rocks and fog at Eastport, and the danger of oil spills is tremendous. Just the chronic spillage alone could damage our fishing industry."

The future of Maine coastline also depends on a rebirth of her oldest, most traditional industry, fishing, vital even today in many seacoast towns.

Statewide, 15,000 people are employed in the business of catching fish, and another 3000 in processing. Every year fishing adds about $250 million to the economy of Maine.

In Kennebunkport, for example, a community of only 2200 people, more than 6.4 million pounds of fish valued at $2.3 million were landed last year by 109 lobster boats and 18 fin fish boats.

Recent figures are impressive but, once again, misleading. Statewide, the catch went from 138 million pounds in 1975 to 182 million in 1977. Thirty years ago, however, the catch totaled 350 million pounds.

"You compare the fishing industry in Maine and the fishing industry in Canada, and you'll see one hell of a difference," said Otto Miller, who teaches commercial fishing at a vocational school in Eastport."

The poverty in little eastern fishing villages like Eastport and Lubec is painful because across the bay into Canada, fishermen, greatly subsidized by the federal government, can earn up to $50,000 a year.

By comparison, Eastport, once the sardine canning capital of the world, now has little to distinguish itself. What the tourist guides show is that it's the eastern-most point in the United States. What the residents know, though, is that the unemployment rate exceeds 40 percent.

In Canada, federal subsidies enable Canadian fishermen there to learn the latest techniques and to purchase the most modern equipment. "When a Canadian fisherman wants to buy a fishing boat with the latest equipment," said Miller, "he puts in 10 cents and the government furnishes the other 90, and the fisherman pays back in stock, so, if you don't catch anything, you don't pay back anything.

"Young men in Maine just don't have the same opportunities," said Miller. "Here, most of the time, they just go out on their boat and work."

Fishing boats have been greatly modernized in recent years. For example, because of their sophisticated gear, Canadian fishermen can switch from bottom to midwater fishing in 30 minutes while at sea. The same adaptation for most American boats takes up to a week in port.

There are signs, though, of a revitalization.

In Eastport 94 students are enrolled at the vocational school, where Miller is teaching commercial fishing, boat building, marine mechanics and marine fishing, and the use of hydraulic systems and electronic fishfinders that will enable them to catch more fish with fewer men.

"Our goal," said Miller, "is to teach American young people to fish the way the Canadians do.

"It's not an easy life, but I tell students that, depending how hard they work, they can earn $25,000 a year as deck hands."

By comparison, oldtimers like Reid Wilson of Eastport earn about $4000 a year, using a simple hand line, the way fishermen have for thousands of years.

There are other good signs. The largest fish cannery in the state, Stinson Co., with factories in Southwest Harbor, Belfast, Bath, Prospect Harbor and Rockland, has invested $3 million in the most modern vessel possible, a 135-foot vessel due to be christened in Jacksonville, Fla., next week.

"We have great confidence in the future of the fishing industry in Maine," said the president, Calvin Stinson. "The world needs protein; fishing is one of the best sources, and I think we can compete with the foreign fleets."

In 1965 there were 50 canneries on the Maine coast, and today there are only 15. "We have fewer fishermen making a better living," said Stinson.

Stinson's firm, which grossed $20 million last year, is paying for the vessel without the kind of government assistance available in Canada. "In order to be eligible for government help here," he explained, "we would have had to agree to catch the species the government specifies—underutilized fish like pollock and hake.

Once upon a time Maine was known world over for her seamen and the quality of her boats. At the end of the 19th century, for example, 10 percent of the nation's sea captains were said to come from Bucksport, Maine.

And for nearly a half century after the war of 1812, Maine led the nation in shipbuilding, turning out every kind of craft from fishing smacks and dredges to six masters and, later, destroyers and submarines. By the mid-19th century, shipbuilding was the chief industry in 50 coastal towns in Maine, supporting 200,000 workers.

Ironically, though, Stinson's new fishing vessel was built in Florida, where the climate is milder and the costs lower. "I can't even remember whether there were any bids from Maine," said Stinson.

For the eastern part of Maine, tourism is not seen as a threat, partly because of the absence of sandy beaches and partly because of the coldness of the water.

Are environmentalists asking for no development at all?

"No," said Emory. "Our philosophy is that we would like to see the essential scenic quality of the Maine coast and the essential ecological quality maintained in the face of the development that we know is going to come."

The quiet life of eastern Maine does not appeal to everyone.

After medical school George Nackley, a surgeon, moved to Machias because while there was one doctor for every 97 people in Boston, there was only one for 3,300 people in Machias. "Schools are a problem here," he said. "Most high school graduates in Maine couldn't pass a seventh grade test at Boston Latin School, and the SAT scores are consistently lower than the national average."

Young people complain that life is too slow in eastern Maine. Cathy Burns, 18 for example, works at a tourist information center in a model lighthouse by the side of the road in Lubec, a few miles from the Canadian border.

"Why do people come to Lubec?" she said, repeating the question. "I haven't the slightest idea. Everything in Lubec's getting boarded up because there's no business anymore. It's a dying town."

Indeed, once a thriving fishing town, Lubec looks dead these days. In the middle of the afternoon of a working day, a visitor can look up and down the main street and not see another person. As many as seven consecutive stores are boarded up. "You can clam here and get about $4000 a year," said George Eaton, who works at the Coast Guard station, "but basically it's a quiet town for old people who just exist here."

Millions of years ago the coastline of Maine was made up of sandy beaches similar to the rest of the Atlantic Coast. But during the Ice Age ice caps two miles thick scraped the beaches into the sea and the coastline of yesterday became today's Continental Shelf. When the ice cap melted, the entire coastal plain from Long Island north became submerged.

The rocks that remained make the eastern Maine coast exceptionally rugged. Estuaries are narrow and deep, squeezing the coastal ecosystem into narrow, horizontal bands. The ocean is working to restore the beaches, but it has been only 10,000 years, the twinkling of an eye geologically.

To preserve the coast, environmentalists seem content with Maine's laws, as long as they're enforced. "Next year is the year of the coast around the nation," said Ring, "giving people a chance to focus on the problems of the coast. But here in Maine we've been having our own year of the coast for the past four years or so."

It's true. Maine saw the problems of the coast long before the federal government and established a coastal planning program in 1969, three years before Congress approved the national Coastal Zone Management program.

On Beal's Island near Addison a few weeks ago Willis Beal was repairing a pot hauler on his lobster boat, and trying to explain why he would never move or give up the lobster business.

"My family has been here for five generations, and we work ourselves to the bone, but we have to survive. Money isn't everything, though. I like to be pretty much on my own, and 'round here we do pretty much as we please, and it's no matter to anyone else. Most people feel things are just right the way they are.

"I had a chance to leave once. Some man liked the design of the lobster boat I build, and he offered me a chance to move to Greece, and I'd have been a supervisor. I told him no, that I liked it here. Did I think about it? No, I didn't think about it at all. I didn't have to. I just told him flat out, 'no.' I don't think you'll find anything better than we have it here in Maine."●

VETERAN SENIOR CITIZEN HEALTH CARE

● Mr. CULVER. Mr. President, I am pleased to join as a cosponsor of S. 1523, the Veteran Senior Citizen Health Care Act of 1979. This bill is designed to provide specific statutory authority for the Veterans' Administration (VA) to meet the demand for geriatric health care posed by the advent of record numbers of elderly veterans.

The statistics indicate that America is graying. The 65-and-over population group in the United States will increase from 23 million in 1976 to 32 million in the year 2000, and to 45 million in 2020. Because of the large numbers of veterans of World War II and Korea, more than 50 percent of the males over the age of 65 in the year 1990 will be veterans. This figure will exceed 60 percent by 1995.

The rapidly expanding veteran population above the age of 60 requires increased attention to both the acute and long-term medical care needs of this group of individuals in the health care delivery system of the Veterans' Administration. Unfortunately, the VA has not shown sufficient leadership in elevating geriatric medicine to a high priority position within its Department of Medicine and Surgery. The development of geriatric care capabilities in the VA has been in an embryonic stage since the establishment in 1973 of a limited geriatric research, education, and clinical centers (GRECC) program. The GRECC's current program status as a low-visibility, low-priority, administratively authorized program does not allow it to meet the growing demand for geriatric care among the Nation's elderly veterans. Veterans must be assured that the VA's health care system will be capable of handling their needs in the future. They only way to assure this is to begin planning for the future today.

The purpose of S. 1523 is to elevate geriatric medicine into its proper position as a major concern of higher visibility and priority within the VA. Specifically, the bill would establish the position of Assistant Chief Medical Director of Geriatrics and Extended Care and direct that official to coordinate all VA geriatric care operations.

It would also require the VA Administrator to establish a Geriatrics and Extended Care Task Force to assess the VA's capability to provide high-quality geriatric care on a sustained and growing basis as well as the current and projected needs among eligible veterans for such services. The VA Administrator would be required to designate 7 to 12 additional Veterans' Administration hospitals as locations for demonstration centers of geriatric research, education, and clinical operations and authorize increased appropriations for these centers over the next 4 years.

The House of Representatives has passed this legislation by a unanimous vote, and the Senate Veterans' Affairs Committee has begun hearings on this bill. I hope the committee and the full Senate will expeditiously approve this important legislation.●

THE PRESIDENT'S LAWYERS TRY TO RUN FOREIGN POLICY

● Mr. GOLDWATER. Mr. President, I rise to protest the attempt by civil servants to steal from the President and Congress control of the foreign policy of this country.

I am referring to the words which President Carter's lawyers have put in his mouth in the brief they filed on Monday with the appellate court in the case I have brought to uphold the Senate's treaty power.

For the first time anywhere, these lawyers, many of them entrenched employees at the State and Justice Departments, declare for the United States that the Mutual Defense Treaty with Taiwan became "inoperative" on January 1. They declare further that it became impossible to have a military alliance with Taiwan once the President switched embassies from Taipei to Peking.

Mr. President, these are serious foreign policy statements. They are completely contradicted by everything President Carter has said previous to this time. They hold grave consequences for the credibility of America's word in the outside world and may endanger world peace.

At page 63 of their brief, the President's lawyers argue that "the Defense Treaty became inoperative upon derecognition of Taiwan."

They repeat this historic fabrication at least two more times in their paper.

Mr. President, does this mean that if Communist China should attack shipping in the Taiwan Straits or mount an invasion of Taiwan, we would do nothing because the treaty is not in operation? Does it mean that if the Soviet Union is tempted to acquire use of strategic ports and airbases in Taiwan by threats or actual force, the United States will sit back and say: "The treaty is inoperative; Taiwan does not exist so we cannot have a military alliance with her"?

Of course, these are absurdities. But they are the logical consequences of the erroneous statements announced as government policy by the President's lawyers.

Mr. President, I call upon President Carter to repudiate this blatant attempt by his subordinates to run the Nation's foreign policy. The position taken by his lawyers in court would, if it stands, make Jimmy Carter the biggest liar in American history. I am convinced he would never have said these things himself, based on his own past statements.

The fact is that President Carter has never said the defense treaty is inoperative. He has never said we cannot have an alliance with Taiwan. In fact, he has said exactly the opposite.

President Carter has claimed solely that he was seeking to terminate the treaty under one of its provisions that allows either "party" to revoke it after giving 1 year's notice.

Before actually giving notice to Taiwan of his desire to terminate the treaty, President Carter went so far as to admit that:

> Had I cancelled the treaty or abrogated the treaty peremptorily as of the first day

> of January . . . there may have been some justification for that court challenge.

He made this statement in a CBS Report interview with Walter Cronkite on December 19, 1978.

Later, on January 17, 1979, President Carter informed the American people at a news conference:

> The treaty will be terminated in accordance with its own provisions—with a one year's notice to Taiwan. 37 Congressional Quarterly Weekly Report 101 (Jan. 20, 1979).

Now, it is important to notice that in each of these statements President Carter made no mention or claim that the treaty was inoperative or in any way less than fully applicable.

The President's lawyers also ignore the President's own action when he issued a directive to all Government agencies and departments claiming to preserve the validity of all treaties and agreements with Taiwan after derecognition (44 Fed. Reg. 1075, Jan. 4, 1979). His memorandum directs that these agreements—

> . . . shall continue in force and shall be performed and enforced by departments and agencies beginning January 1, 1979, in accordance with their terms.

No exception is made in this directive indicating that the defense treaty is to be inoperative.

The President's lawyers also ignore the express language of the Taiwan Relations Act, which preserves the operation and forces of all laws, treaties, and other agreements with respect to Taiwan. The pertinent part of section 4 of this act reads:

> (c) For all purposes, including action in any court in the United States, the Congress approves the continuation in force of all treaties and other international agreements, including multilateral conventions, entered into by the United States and the governing authorities on Taiwan recognized by the United States as the Republic of China prior to January 1, 1979, and in force between them on December 31, 1978, unless and until terminated in accordance with law." (P.L. 96–8, 93 Stat. 16)

The entire scheme of section 4 of the Taiwan Relations Act is focused on preserving the status quo of relations and dealings with the authorities and people on Taiwan. Taiwan is not a puff of smoke, regardless of what these bureaucrats may say. Congress, with the President's signature, specifically provided that Taiwan continues to exist and shall be given the status of an independent nation under our laws. No representative of the President argued or informed Congress before enactment of this law that Taiwan was a nonstate or that the defense treaty had become inoperative on January 1, 1979. It is far too late now for anyone to retract what has been said and done and to rewrite the plain import of the Taiwan Relations Act.

True, dealings between the two countries are superficially being carried out through two "private institutes." But everyone knows this is a transparent scheme.

For example, the Taiwan Relations Act openly allows transfer of U.S. Government personnel for employment with the Institute and protects all their benefits and promotion rights, including coverage of Government health and life insurance, during and after service with the Institute, as if they were still Government civilian officers and employees (Public Law 96–8, 93 Stat. 18–19). In fact, the American Institute in Taiwan is staffed with individuals who are career Foreign Service and Government officers and employees. The President's lawyers put mere semantics over substance.

Mr. President, I will read at this point from a description of the American Institute as it has been reported in the Washington Post of July 9.

> Although the American Institute is allegedly a private organization, it uses the offices of the old U.S. military command and is staffed by U.S. Foreign Service officers on 'temporary leave.' The State Department employees have been assured that their salaries, benefits and seniority rights will continue and that they may immediately reenter official U.S. government service once they leave Taiwan.
>
> [T]he American Institute, with a staff of about 50, is still the largest foreign representation in Taipei, official or otherwise.
>
> The diplomats at the Institute do nearly all the same jobs they used to do at the embassy, including political and economic reporting back to Washington. Although the last U.S. military personnel were officially withdrawn early this month, the Institute has a staff capable of handling Taiwan's purchases of U.S. military equipment.

Mr. President, I would also add that there is nothing incompatible in continuing to have a military alliance with a friendly people and governing authorities, especially when those authorities are officially recognized as continuing to exist for all purposes of U.S. law under a formal statute signed by the President after derecognition.

Section 15(2) of the Taiwan Relations Act provides that the term "Taiwan" includes—

> . . . the governing authorities on Taiwan recognized by the United States as the Republic of China prior to January 1, 1979.

Further proof that derecognition is not incompatible with a military alliance between the United States and Taiwan is given by President Carter himself, who has announced that the option of giving and carrying out exactly such a defense commitment to Taiwan is a viable feature of U.S. policy, now and after the treaty might expire. He has announced to the American people that his policy on China—

> . . . does nothing to prohibit a future president or a future congress, if we feel that Taiwan is unnecessarily endangered, from interposing the American Pacific fleet between the island and the mainland (or) from even going to war, if (we) choose, to protect the people of Taiwan.

This statement is reported in the Washington Post of February 11, 1979.

As a practical matter, Mr. President, dealings with, and life in, Taiwan are continuing as they existed prior to derecognition. Total United States-Taiwan trade has increased 37 percent this year, Taiwanese and American citizens are freely visiting each nation, the American investment of more than $500 million in Taiwan is being increased, U.S. Export-Import Bank credits have been increased by hundreds of millions of dollars, and over 10,000 American civilians are living in Taiwan. In these circumstances, it is entirely logical and realistic for two friendly peoples and governmental entities, with such an enormous range of on-going and expanding contacts, to have a continuing defense alliance.

Finally, Mr. President, I again request President Carter to repudiate the lies which his lawyers have put in his mouth.●

TAXPAYERS WILL SACRIFICE FOR A WINDFALL PROFIT TAX

● Mr. HATCH. Mr. President, it appears as though we may be debating shortly the matter of a windfall profit tax on our Nation's oil producers. In my opinion, this legislation is shortsighted, political, and extremely costly to our constituents. It is not a tax on the oil industry, but a tax on consumers. This legislation will cost the taxpayers billions of dollars and it will make the Federal Government the sole beneficiary of rising energy prices, providing little incentive for a more stable, permanent solution to our energy problem.

The multiple costs of this tax were enumerated very effectively in an editorial from the Wall Street Journal on Friday, October 19. I commend it to the attention of my colleagues and request that it be printed in the RECORD.

The editorial follows:

SCRAP THE "WINDFALL PROFITS" TAX

When Congress passed the Natural Gas Policy Act with its 23 natural gas categories, we thought the lawmakers had reached the limit in unbelievable complexity and bad law—an "unintelligible piece of legislation that will generate tons of regulatory paperwork and litigation." That was before we observed the Senate Finance Committee at work on the oil "windfall profits" tax.

In principle a windfall profits tax is simple enough. First you apply the income tax to profits, and then you apply the windfall profits tax to what is left—a straightforward procedure that ordinary humans can understand. In fact, it's so simple you wouldn't believe what webs of bafflement the Finance Committee can weave with it in practice.

Begin with an ordinary category that people can comprehend—oil producers. Differentiate them into different categories so they can be treated differently. Then do the same thing to oil. And—presto—depending on who they are and what kind of oil they own you can tax them differently.

As the web is now woven domestic oil producers each face a different bite from the tax spider. They may pay a tax of 50 percent, 60 percent, 75 percent, or escape altogether, on a multiplicity of crude oil categories arbitrarily base-priced at six (or more) levels ranging between $7.50 and $17 a barrel. And if that's not enough complexity to feed a jillion lawyers, accountants and bureaucrats, the tax on "upper tier" and "lower tier" oil is variable and changes monthly during the first two years.

Now imagine thousands of producers, independents and multinationals tracking these categories through crude oil gathering, storage and pipeline systems in order to report accurately to their various customers and the IRS the precise amounts of oil in each of the multiple categories that are mixed together in a common stream. Then tell us it is possible for the government to monitor this system for compliance.

The political process has not created a windfall profits tax but what the Independent Petroleum Association calls a "mecca for manipulators seeking to gerrymander categories to beat the tax." It offers greater rewards to people adept at changing oil from higher taxed to lower taxed categories than it does for finding new oil. By creating artificial distinctions that make it profitable to cheat, the tax begets years of scandal, corruption and litigation.

These costs must be set against the revenues raised, and there are other costs as well. One is the cost of removing future energy development from efficient private hands to inefficient government hands. Another is the cost of rending the fabric of property rights by confiscating oil owners' equity. Then there is the cost of the enormous increase in the regulatory burden that comes with the Finance Committee's bill. The "regulatory tax," already running at over $100 billion a year, is a senseless tax that raises costs and discourages output without raising a cent in revenues.

Moreover, by adding to the regulatory morass it will add to the difficulty people already face in going about their business without being vulnerable to the charge that they are violating some law or regulation. It will make it easier for government to bring charges of wrong-doing, making it more costly for private business to resist Washington's will.

When all these costs are taken into account, the cost of this tax is going to be greater than any benefits from the revenues it raises. At this point the best thing that can be done with the tax is to scrap it. Congress should be content with the vast windfalls in additional income tax revenue that it can reap just by decontrolling the price of oil. The Congress's own Joint Committee on Taxation says that simple act alone will bring in $148–275 billion in new revenues over the coming decade. And if that's not enough largess for the proteans on the Hill to rain on their constituents, they can draw on the $1 trillion in new tax revenues that the Joint Committee on Taxation forecasts over the next decade from existing tax law.

You can tax an activity to death or you can regulate the life out of it. Before Congress does both to the oil industry, it should back off and take a fresh look at the "windfall profits" tax.●

HISTORIC PRESERVATION: AN ECONOMIC BOOST

● Mr. CULVER. Mr. President, the economic benefits which are possible when communities engage in historic preservation projects have not always been recognized. In my own State of Iowa, many towns have begun to acknowledge the important economic resources which are contained in the original storefronts and buildings of the American "Main Street." By preserving these buildings, the cities are able to strengthen their existing tax base, provide attractive and convenient shopping for residents, and maintain the regional character of the community as seen in the architecture and design.

In addition, it is often true that renovation is cheaper than new construction and is more energy efficient.

The current issue of Historic Preservation, the publication of the National Trust for Historic Preservation, contains an article outlining these benefits. I believe the article is helpful and instructive.

Mr. President, I request that the following article, "Preservation Can Make a Profit," be printed in the Record.

The article follows:

Preservation Can Make a Profit

(By Paul Edward Parker, Jr.)

In 1969, the Chemical Bank hired me to help New York City's poor. As director of Urban Affairs, I had a staff of two and a budget of $300,000 to upgrade poor neighborhoods. The assignment reflected the mood of the business community at that time: "It is up to businessmen to make common cause with reformers . . . to initiate necessary reforms that will make it possible for business to continue to function in a new climate as a constructive force in our society," wrote Chase Manhattan Bank Chairman David Rockefeller in the *New York Times* after the urban riots.

I soon discovered that I was not really a part of the Chemical staff but an outsider; I was "social." My fellow workers made money; I spent it. I was a "cost center"; they were a "profit center." Acting on the well-tested theory, "If you can't lick 'em join 'em," I set out to become a profit center and a member of the team.

The first year I made $250,000 on a single project—an $11 million rehabilitation project in central Harlem. What is more, I supplied more aid to the poor than anyone had imagined and without spending all my $300,000 budget. I became a profit center and a member of the team.

I encourage you to become profit centers and members of the team because business may still consider your historic preservation activities "social." My evidence and experience support the claim that preservation is a good investment opportunity, one that makes a profit. Throughout the country, too, business has found that historic preservation can be financially rewarding.

Preservation has grown up. Once considered a harmless hobby of bleeding hearts and dreamers, it has become an integral part of the country's economy. What used to be a cultural nicety has unexpectedly burgeoned into an economic necessity. The preservation movement is still growing because its advocates are being drawn from the nation's wide variety of ethnic groups, income levels and localities. This widespread following means that preservation has voter appeal. Politicians, always looking for extra votes, have responded by passing favorable legislation. To the business community, voter appeal translates into buyer appeal. Always looking for extra profits, the private sector has responded with an increasing amount of favorable financing.

What is behind this new popularity? Over the past 20 years, the preservation movement has been responding steadily to ordinary citizens' unfolding needs. Along with the so-called bleeding hearts and dreamers, many ordinary people wanted to preserve their historic buildings and old neighborhoods, their roots, their sense of place, their sense of time. And evidence is mounting from all over the nation that preservation is popular with business, too, and good for the entire economy.

Take the case of Rutland, Vt. The Downtown Development Corporation initiated a preservation project that produced 60 full-time jobs, the equivalent of 3 percent of the city's unemployed work force, and reduced city welfare costs by $360,000. By matching a $350,000 grant from the Economic Development Administration, (EDA) with a $180,000 loan from six local banks, $1.5 million in construction was created in 1977. This coordinated effort produced rewards for the entire community: a financial return for business, jobs for labor, a revitalized center for the city and historic buildings for the preservationists.

Projects such as Rutland's carry economic rewards that can stimulate business involvement. Some of these rewards may be useful to keep in mind when you seek business cooperation for your own projects. Briefly, preservation projects:

Are less expensive than new construction because they use less materials.

Save energy (23 percent) and natural resources by recycling original materials.

Take a third the time of new construction. Fewer work days are lost because workers are shielded from the weather.

Create more jobs for the same amount of money, an average of 109 jobs per $1 million spent, against 70 jobs for new construction, according to the EDA.

Reduce land costs. Undeveloped land for new construction used to be much less expensive than it is today. Inflation has eroded this cost advantage.

Can be rented more quickly than new buildings that have to be almost finished before being put on the market.

Allow costs to be written off more quickly than the costs of building replacement.

Save on personal investment by enlisting government and business support.

Generate tax money by making obsolete real estate productive again.

Offer tax savings for preservation of historic structures listed in the National Register of Historic Places.

Aid from government and business lets you spend less of your own money on preservation. For a complete list of what government can do, contact your elected representatives—local, state and federal. They will be glad to help. When you do, keep in mind that government money is best used when it stimulates local investment. Its purpose is not to pay for projects but to get them going. Government's role is to provide an economic opportunity so that business will take over and assume the major financing. Government simply does not have enough money to pay for all preservation needs. Business does.

Urban renewal (or "removal") used to be based on new construction. The idea was to demolish buildings perceived to be outdated. Vast sums of government funds—our tax money—were expended, but the results were not always successful. A sense of place was swept away. Now, a new breed of city dwellers has halted the tide of urban removal by purchasing and rehabilitating. Once forgotten corners of the city have been transformed, with and without government help, into good places in which to live and bring up a family.

Before approaching any of the resource groups—business, government, foundations or whatever—be sure you know what you want. Plan first. Collecting information about available funds can be confusing without a plan. In any case, do not get money and commitments just because they are available and then make or adapt your plans to fit them.

Contact only prospective financiers with a natural interest in your project. For instance, if you wish to convert a landmark into a hospital, the U.S. Department of Health, Education and Welfare may have construction money; it certainly has funds for the staff and for patient care.

Remember that the most important contribution you can provide is your knowledge of community needs, which are not always known to the people who can help. This knowledge is invaluable for any successful preservation project. Grass-roots knowledge spearheaded the conversion of an obsolete church in Brooklyn Heights into a modern residential and commercial neighborhood amenity. Here community people, like yourselves, took the lead in saving the Spencer Memorial Presbyterian Church, a city landmark built in 1850. There was a profit of $730,000.

With all this citizen, business and government involvement, it is not surprising that preservation has mushroomed. A decade ago, the U.S. Department of the Interior found that the construction industry was estimated at more than $10 billion. The 1977 issue of Building Design and Construction, a trade publication, reported that the rehabilitation of nonresidential buildings had increased from 3.5 percent of the construction market in 1970 to almost 25 percent in 1977, representing approximately $20 billion-worth of construction. According to 1976 Census Bureau estimates, residential property rehabilitation may soon reach 38 percent of the construction market, an expenditure of $32 billion. That is big money and further enticement for your potential partner in the corporate boardroom.

So, pick your project, involve your community, make your plans and share them with business. Remind business that preservation is an economic opportunity, a profit center, a good investment. You have a sound proposition to sell. You are not bleeding hearts and dreamers. You are realists.●

DIPLOMATIC EARTHQUAKE

● Mr. GOLDWATER. Mr. President, as the Members know, a Federal court recently declared null and void President Carter's unilateral action terminating our defense treaty with Taiwan. Presently the administration is appealing this decision in attempt to gain for the Chief Executive legal sanction for the right to terminate treaties without consulting Congress. Should it succeed, U.S. Presidents would have the right to terminate any American treaty anyplace in the world at their personal whim. It would set a dangerous foreign policy precedent for years to come.

In this connection, the Tempe (Ariz.) Daily News recently carried an excellent editorial entitled "Diplomatic Earthquake." The editorial was distributed by the Copley News Service and I request that the following article be printed in the RECORD.

The article follows:

DIPLOMATIC EARTHQUAKE

The federal court's ruling that struck down President Carter's independent termination of the Mutual Defense Treaty with Taiwan has jolted diplomatic seismographs around the world and particularly in Asia.

Amidst the ensuing torrent of comments, the reaction voiced by the first secretary of Peking's Washington embassy, Yu Zhizhong, most aptly perhaps summarized the new situation. He simply observed that the United States now has a "serious problem" in its relationship with the Republic of China. And so we have.

U.S. District Judge Oliver Gasch agreed with Sen. Barry Goldwater, R-Ariz., and others whose lawsuit contended that, as the Constitution requires the president to obtain consent of two-thirds of the Senate to make a treaty, the same Senate approval is required to break one. Judge Gasch ruled, in effect, that treaty-making is a contractual undertaking between president and Congress and "neither the executive nor the legislative branch has the exclusive power to terminate treaties."

Thus, a federal court has declared null and void President Carter's surprise decision announced last Dec. 15 to scrap the defense pact signed with Taiwan 25 years ago and to derecognize that ally in order to achieve full diplomatic relations with mainland China. The problem worrying the Chinese and the State Department, not to say others, is that the court decision legally restoring U.S. recognition and the defense treaty to Taiwan automatically calls into question the status of U.S. relations with China. Washington, Peking and Taipei all agree on the convenient fiction that there is but one China. Everyone knows there shouldn't be two U.S. ambassadors to one country.

This unexpected can of worms, as Washingtonians are wont to call such problems, is stupefying.

The Carter administration's response is to file an appeal with the Circuit Court of Appeals in the hope that Judge Gasch's decision will be overturned.

We believe this course is a mistake and we agree with Sen. Goldwater that Mr. Carter should seek congressional approval of his China-Taiwan policy "rather than continue to battle Congress over an issue of constitutional power."

As a practical matter, it would appear there are good chances for quick approval of either two-thirds of the Senate or a majority of both houses of Congress to ratify existing arrangements between the United States, Taiwan and the Republic of China, with perhaps only minor amendments. Congress would be under enormous pressure to resolve the complications and preserve the status quo.

But even if the administration should win its appeal, there is no reason to expect Sen. Goldwater et al won't go to the US Supreme Court. The outlook then for the administration's legal route is, at best, for protracted litigation that could last months and even years.

And another urgent consideration, it seems to us, is whether the higher courts will sustain the administration's position, which already has a strike against it.

The Constitution is silent on how treaties can be terminated and, indeed, the question has never before been tested in the courts during the life of this country. It stands to reason that the presidential-congressional partnership set forth in the Constitution for the making of treaties would extend to the unmaking of them.

Obviously, should the administration prevail on this and should US Presidents thereby gain the right to terminate treaties at their convenience, no US treaty could be counted on to last long or be worth much.

In fact, President Carter should tremble at the consequences of winning such authority. If, say, Ronald Reagan should be elected president in 1980, what would restrain him from scrapping the SALT II treaty, assuming it is ratified, or the treaties with Panama on the status of the canal?

The President should have the authority to terminate any treaty considered to be not in the best interest of the United States. But such a decision should be subject to congressional consultation and consent. If the China-Taiwan episode can nail down this concept, then Mr. Carter's hasty, independent policy, which radically altered the US relationships in Asia, will have served a useful and historic purpose despite its complications.●

ADDITIONS TO THE TECHNICAL CORRECTIONS ACT OF 1979

● Mr. HARRY F. BYRD, JR. Mr. President, the Subcommittee on Taxation and Debt Management of the Senate Finance Committee, of which I am chairman, on Wednesday, November 7, held hearings on H.R. 2797, the Technical Corrections Act of 1979. This measure makes technical corrections to tax legislation which passed the 95th Congress.

In addition to the provisions of the House bill, the Department of the Treasury, in cooperation with the staffs of the Joint Committee on Taxation and the Committee on Finance, proposed at the November 7 hearing various technical amendments to the House bill.

For public comment, I am submitting for the RECORD a summary of the proposed changes.

The Subcommittee on Taxation and Debt Management welcomes public comment on these additional proposals from interested members of the tax community. The committee record will be held open for 2 weeks.

The material follows:

SUMMARY OF PROPOSED CHANGES

Treatment of Earned Income Credit in AFDC and SSI Programs: (Section 101(a)(2)(A) and (B) of the Technical Corrections Act and sections 402 and 1612 of the Social Security Act).

The Technical Corrections Act, as passed by the House, amends the Social Security Act to specify that the earned income credit—including both the portion received in advance payments and the portion received as a tax refund—is to be treated as earned income for the purposes of the AFDC and SSI programs. The proposed amendment would make it clear that, if advance payments of the earned income credit exceed the actual credit so that the individual must return the difference, the welfare agency would give some reconciling increase in AFDC or SSI benefits. The procedures for computing this increase would be provided in regulations by the Secretary of Health and Human Services.

Clarification of Effective Dates of Coordination of Investment Credit Rules for Pollution Control Equipment: (Section 103(a)(2) of the Technical Corrections Act and sections 46(c)(5)(B) and 48 (*l*)(1) of the Code).

Section 103(a)(3) of the Technical Corrections Act deals with coordinating the changes made to the general limitation on credits for pollution control equipment (Code section 46(c)(5)(B)) with a specific limitation for purposes of the energy credit for energy property, including certain pollution control equipment (Code section 48(*l*)(11)). If both limitations apply to pollution control equipment eligible for the energy credit, this credit is reduced to an effective rate of 2.5 percent. The Technical Corrections Act, as passed by the House, would make the general limitation inapplicable for purposes of the energy credit. This technical correction is effective on January 1, 1979.

However, the energy credit became effective 3 months earlier, on October 1, 1978, and the interaction of the old (pre-1979) general limitation and the energy credit limitation will also cause the effective rate of the energy credit for pollution control equipment to be only 2.5 percent during the period from October 1, 1978 through December 31, 1978.

The proposed amendment would address this problem by making the effective date for the technical correction as if it were included in the relevant provision of the Energy Tax Act of 1978, rather than the Revenue Act of 1978, so that it would become effective at the same time as the energy credits on October 1, 1978.

Rules for Work Incentive Credit and Targeted Jobs Credit for Cooperatives: (Section 103(a)(4) of the Technical Corrections Act of 1979 and sections 50B(f), 52(f), and 52(h) of the Code.

Prior to the Revenue Act of 1978, special rules applied for purposes of determining the amounts of work incentive (WIN) credit and general jobs credit which could be used by cooperatives. These special rules applied the same rules under which the amount of investment credit for cooperatives was determined. The Revenue Act of 1978 revised the rules pertaining to the investment credit for cooperatives. However, it did not change the rules pertaining to the WIN and jobs tax credits for cooperatives. The Technical Corrections Act, as passed by the House, provided that the new rules for investment credit of cooperatives would also apply to the WIN and jobs tax credits. This amendment was accomplished by adding a cross reference in the WIN credit (Code section 50B(f)) and the jobs tax credit (Code section 52(f)). This amendment is to be effective for taxable years ending after October 31, 1978 (the same effective date as the change in treatment of investment tax credit). However, the provision now described in section 52(f) of the Code was numbered section 52(h) of the Code. This renumbering was effective for wages paid or incurred after December 31, 1978, in taxable years ending after that date. As a result, the amendment in the Technical Corrections Act, as passed by the House, does not cover wages paid or incurred in the period between October 31, 1978 and December 31, 1978. The proposed amendment would correct this result so that wages paid or incurred by a cooperative during the period from October 31, 1978 to December 31, 1978 would qualify for the new treatment.

Application of Withholding Tax to Medical Reimbursements: (Section 103(a)(10)(A) of the Technical Corrections Act and section 3401(a)(19) of the Code).

Prior to the Revenue Act of 1978, medical reimbursements paid to, or on behalf of, an employee under a self-insured medical reimbursement plan of an employer generally were excluded from the employee's gross income and were not subject to withholding tax. Under the Act, such payments may be fully or partly includable in an employee's gross income for a year if the medical reimbursement plan discriminates in favor of highly compensated individuals for the year, and such payments are subject to withholding tax and reporting if they are includable.

The Technical Corrections Act, as passed by the House, povides an exclusion from withholding tax for amounts paid under a medical reimbursement plan for an employee if it is reasonable to believe that the employee will be allowed to exclude the payment from gross income under the rules applicable to such plans. The proposed amendment would provide an exclusion from withholding tax for all amounts paid under such a plan regardless of whether it was reasonable to believe that such payments would be excludable from gross income. However, reporting of taxable payments would continue to be required.

Clarification of Effective Date for Medical Reimbursement Plans: (Section 103(a)(10)(D) of the Technical Corrections Act and section 366(b) of the Revenue Act of 1978).

Under the rules provided by the Revenue Act of 1978 for self-insured medical reimbursement plans, excess reimbursements made during a plan year are includable in the gross income of a highly compensated individual for the taxable year in which (or with which) the plan year ends.

The Technical Corrections Act, as passed by the House, provides that the medical reimbursement plan rules apply only to reimbursements paid after December 31, 1979. However, the legislative history indicates that, in determining the taxability of reimbursements made under a fiscal year plan, the employee coverage and benefits provided by a plan for its entire plan year beginning in 1979 will be taken into account. The proposed amendment would provide that payments made in 1979 would not be taken into account in determining whether payments made after 1979 are taxable.

Clerical Amendment Relating to Capital Gains Changes: (Section 104(a)(3)(C) of the Technical Corrections Act and section 593(b)(2)(E)(iv) of the Code).

For purposes of computing the addition to reserves for bad debts of a thrift institution, taxable income is determined by excluding the effective amount of net capital gains not subject to tax. The Technical Corrections Act, as passed by the House, would change the computation to conform to the reduction in the top corporate tax rate and in the alternative tax rate on corporate capital gains. However, that change does not take into account the different rates in effect during a transitional period prescribed in the Revenue Act of 1978. The proposed amendment would correct this error.

Clarification of Tax Treatment of Cooperative Housing Corporation Upon Death of Promotor: (Section 531 of the Revenue Act of 1978, section 105(a)(6) of the Technical Corrections Act, and section 216(b)(6) of the Code).

A tenant-stockholder in a cooperative housing corporation is entitled to deduct amounts paid to such a corporation to the extent such amounts represent his or her proportionate share of allowable real estate taxes and interest relating to the corporation's land and buildings (section 216). In general, for a corporation to qualify as a cooperative housing corporation (which can pass through these deductions to tenant-shareholders), 80 percent or more of the gross income of the cooperative housing corporation must be derived from individual tenant-stockholders.

Under the Revenue Act of 1978, as modified by the House version of the Technical Corrections Act, if an original seller (*e.g.*, promoter) acquires stock of a cooperative housing corporation either from the corporation or, in certain cases, by foreclosure, the original seller shall be treated as a tenant-stockholder for a period of not to exceed 3 years from the date of the acquisition of the stock.

Neither the 1978 Act nor the Technical Corrections Act, as passed by the House, indicate the tax treatment of the corporative housing corporation where the original seller dies within the 3-year period. The proposed amendment would allow the estate of the promotor to qualify the cooperative housing corporation for the same tax treatment as if the promotor had not died.

Cash distributions from Employee Stock Ownership Plans After December 31, 1978: (Section 101(a)(6)(B) of the bill and sections 409A(h) and 4975(e)(7) of the Code.

The tax credit employee stock ownership plan provisions of the Revenue Act of 1978 generally applied with respect to qualified investment for taxable years beginning after December 31, 1978. The Technical Corrections Act, as passed by the House, specifies the effective date of the provisions with respect to ESOPs. Under the Technical Corrections Act, the cash distribution option provided in section 409A(h) of the Code would not apply to ESOPs until after December 31, 1979.

The proposed amendment would provide that cash distributions made from an ESOP after December 31, 1978 and before July 16, 1979, would be permissible.

Limitation on Election to have New Tax Credit Employee Stock Ownership Plan Rules Apply 1 Year Early: (Section 101(a)(6)(B) of the bill).)

The Technical Corrections Act would allow taxpayers to elect to have the new tax credit employee stock ownership plan rules apply to taxable years beginning after December 31, 1977, rather than December 31, 1978. The proposed amendment would limit this election to plans adopted after December 31, 1978.

Election to have New Put Option Rules Apply in Employee Stock Ownership Plans: (Section 101(a)(6)(B) of the Technical Corrections Act).

Under the Technical Corrections Act as passed by the House, an employer would be permitted to elect to have the new put option rules apply to all employer securities held by a tax credit employee stock ownership plan which are not readily tradable on an established market. The election could be revoked only with the consent of the Secretary.

The proposed amendment would delete this provision from the Technical Corrections Act because there is no need for legislative action. It is understood that the Secretary of the Treasury, under regulations, can, under present law, allow such an election (and revocation of election) of the new put option rules with respect to both tax credit employee stock ownership plans and employee stock ownership plans.

Definition of Employer Securities for Employee Stock Ownership Plans: (Section 101(a)(6)(C) of the Technical Corrections Act and Section 4975(e)(8) of the Code).

The Technical Corrections Act, as passed by the House, amends the definition of qualifying employer securities for purposes of the prohibited transaction loan exemption available to employee stock ownership plans. The proposed amendment would make clear that this change in the definition of qualifying employer securities does not affect the status of employer securities acquired before December 31, 1979, which constituted qualifying employer securities as defined in section 4975(e)(8) of the Code at the time they were acquired.

Special Effective Date for Certain Deferred Compensation Payments to Independent Contractors: (Section 133 of the Revenue Act of 1978).

Prior to the Revenue Act of 1978, section 404(a)(5) of the Code provided that where an employer deferred payment of compensation to an employee pursuant to a nonqualified plan, the employer could deduct the compensation only in the year in which the compensation was includable in the employee's gross income. If the payment was not made pursuant to a qualified plan, but pursuant to a "method of employer contributions or compensation [having] the effect of a stock bonus, pension, profit-sharing, or annuity plan, or similar plan deferring the receipt of compensation. . . ," the deduction-timing limitations of section 404(a) were also applicable.

Section 133 of the Revenue Act of 1978 added a new Code section 404(d) which extends the deduction-timing limitation of section 404(a) to payments of deferred compensation made to independent contractors. Section 133 of the Revenue Act of 1978 also amended Code section 404(b) by changing the words "or similar plan" to read "or other plan." The provisions apply to deductions for taxable years beginning after December 31, 1978.

The proposed amendment would generally provide that the changes made by section 133 of the Revenue Act of 1978 would not be effective until taxable years beginning after December 31, 1979, in the case of a plan which defers payment of certain commissions by a title insurance company to its members.

Employee Stock Ownership Plans Name Change: (Section 141 of the Revenue Act of 1978 and sections 46, 48, 56, 401, 409A, 415, 4975 and 6699 of the Code).

The Revenue Act of 1978 changed the names given to employee stock ownership plans. Under the Act, employee stock ownership plans were renamed "leveraged employee stock ownership plans," and TRASOP's were renamed "ESOP's."

The proposed amendment would again change these names. A leveraged employee stock ownership plan would be called an "ESOP" (as it was before the 1978 Act). An ESOP (TRASOP), as it was known before the 1978 Act) would be called a "tax credit employee stock ownership plan."

Amount of Matching Employer Contributions to a Tax Credit Employee Stock Ownership Plan: (Section 141 of the Revenue Act of 1978 and section 48(n)(1)(B)(i) of the Code).

The 1978 Revenue Act continued the provision of prior law which allows a taxpayer to elect an additional one-half of 1 percent investment tax credit if employer securities (or cash used to acquire employer securities) are transferred to a tax credit employee stock ownership plan and are matched by employee contributions. However, the Code, as amended by the Revenue Act, does not provide an effective limitation on the qualified employee matching contributions which must be matched by the employer in order to obtain the credit. The proposed amendment would provide that in order for the taxpayer to be eligible for the additional one-half percent credit, the taxpayer must transfer securities having an aggregate value at least equal to the lesser of the sum of qualified matching employee contributions or one-half of 1 percent of the taxpayer's qualified investment for the taxable year.

Time for Contribution of Matching Employer Contributions to Tax Credit Employee Stock Ownership Plan: (Section 141 of the Revenue Act of 1978 and section 48(n) (1) (C) of the Code).

Prior to the Revenue Act of 1978, employers were generally required to contribute any matching employer contributions to a tax credit employee stock ownership plan within 30 days after the time for filing the corporate income tax return for the taxable year for which the investment credit was taken. Employees were given up to 24 months after the close of that taxable year to make matching employee contributions.

The proposed amendment would clarify the rule relating to the time for making matching employer contributions to a tax credit employee stock ownership plan by allowing employers to make the matching employer contributions at the time the matching employee contributions are made.

Voting Rights for Participants in Employee Stock Ownership Plans: (Section 141 of the Revenue Act of 1978 and section 409A(e) of the Code).

Under the Revenue Act of 1978, employee stock ownership plans are required to allow participants to direct the trustee in the manner in which employer securities allocated to the participants accounts are to be voted. Full voting direction is required where the employer has a registration-type class of securities. Limited voting direction (*i.e.*, only on major corporate issues) is required where the employer does not have a registration-type class of securities.

The amendment would repeal the requirement for limited direction of voting under an employee stock ownership plan where the employer does not have a registration-type class of securities. However, employee stock ownership plans would still be subject to the general rule that a defined contribution plan which is established by an employer whose stock is not publicly traded and which has more than 10 percent of the plan assets invested in securities of the employer will be required to pass through voting rights to employees on major corporate issues.

Rules for Time of Establishing a Tax Credit Employee Stock Ownership Plan: (Section 141 of the Revenue Act of 1978 and section 409A(f) of the Code).

The proposed amendment would clarify section 409A(f) in two ways. First, it would provide that a tax credit employee stock ownership plan will not fail to meet the requirements of Code section 401(a) merely because it is not established by the close of the employer's first taxable year for which the employer claims a tax credit for contributions to the plan. Second, it would provide that a tax credit employee stock ownership plan will fail to meet the requirements of section 409A of the Code unless it is established before the due date for filing the employer's tax return (including extensions) for the first taxable year for which the employer claims a tax credit for contributions to the plan.

Definition of Employer Securities for Employee Stock Ownership Plan Purposes: (Section 141 of the Revenue Act of 1978 and section 409A(l) of the Code).

The Revenue Act of 1978 added to the Code a definition of employer securities for purposes of tax credit employee stock ownership plans and ESOP's.

The proposed amendment would make three changes in this definition.

First, the proposed amendment would make clear that where an employer has not issued readily tradable common stock, the term "employer securities" will include common stock issued by the employer which has a combination of voting power and dividend rights equal to the class of common stock with the greatest voting power and the class of common stock with the greatest dividend rights.

Second, the proposed amendment would provide that, under regulations to be issued by the Secretary, convertible preferred stock would be included in the definition of employer securities where such stock is subject to a call which would either (1) cause the preferred stock to be exchanged for other employer securities, or (2) cash out the preferred stock subject to the right of the holder of the preferred stock to convert the preferred stock into common stock.

Finally, the proposed amendment would make clear that the definition of employer securities would include preferred stock which is convertible into common stock which is not readily tradable.

Unrealized Appreciation in Employer Securities: (Section 142 of the Revenue Act of 1978 and sections 402 and 2039 of the Code).

The proposed amendment would make it clear that in order for a lump sum distribution from a pension plan to qualify for the estate tax exclusion, it is not necessary to include in gross income the net unrealized appreciation in employer securities received in such distribution.

Integration of Simplified Employee Pensions with Social Security: (Section 152 of the Revenue Act of 1978 and section 408(k) of the Code).

The provisions relating to simplified employee pensions, as added by section 152 of the Revenue Act of 1978, allow an employer to take into account contributions or benefits provided by the employer under the Federal Insurance Contribution Act, and in certain cases, require an employer to take into account payments made with respect to the tax on self-employment income. However, this provision was not intended to allow an employer to maintain both a conventional pension plan qualified under section 401(a) of the Code and a simplified employee pension where each plan is integrated with social security. Therefore, under the proposed amendment, a SEP could be integrated with social security only in those situations where the employer does not maintain any other tax-qualified plan which provides for integration of employer contributions or plan benefits with social security contributions or benefits.

Reporting Requirement for Simplified Employee Pensions: (Section 152(b) of the Revenue Act of 1978 and sections 408(1) and 6693(a) of the Code).

The Revenue Act of 1978 created a new type of retirement plan, known as a "simplified employee pension" ("SEP"). The Revenue Act requires an employer who makes contributions on behalf of an employee to a SEP to provide reports to the employee with respect to such contributions. However, no express provision is currently included in the Code to impose penalties if an employer fails to furnish required information to an employee.

Unless employers timely report the amount contributed to the SEP, employees will lack the information required to take the appropriate deduction on their tax returns. Therefore, the proposed amendment would extend to SEP's the current penalty relating to failure to provide reports on individual retirement accounts or annuities. This penalty is $10 for each failure unless the failure is due to reasonable cause.

Aggregation of Simplified Employee Pensions with Other Plans. (Section 152(g) (3) of the Revenue Act of 1978 and section 415(e) (5) of the Code).

The Code limits the "annual additions" (employer contributions, forefeitures and, in some circumstances, a portion of employee contributions) that may be allocated to a participant's account in a defined contribution plan for any year. For this purpose, an individual retirement account or annuity ("IRA") is aggregated with other defined contribution plans of an employer if the participant for whom the IRA is maintained is in "control" of the employer. As drafted, the Revenue Act treats simplified employee pensions ("SEP's") the same as IRA's under the aggregation rule, so that a SEP for the benefit of a participant will be aggregated with the defined contribution plan of an employer only where the participant is in "control" of the employer.

A broader aggregation rule was intended with respect to SEP's. The legislative history of the Revenue Act of 1978 contemplates that employer contributions to a SEP are to be taken into account as employer contributions to a defined contribution plan under the "annual addition" limitations in all cases, without regard to whether the employee is in control of the employer. The proposed amendment would effect this change.

Penalty for Failure to File a Partnership Return for Underwriting Syndicates: (Section 211 of the Revenue Act of 1978 and section 6698 of the Code).

The Revenue Act of 1978 imposed a penalty on the failure to file a partnership return Historically, partnership returns have not been filed in the case of syndicates of dealers in securities formed for the purpose of underwriting, selling or distributing securities. The proposed amendment would provide an exception to the penalty for failure to file a partnership return in such a case.

Computation of Tax Form Foreclosure Property of a Real Estate Investment Trust: (Section 301 of the Revenue Act of 1978 and section 857(b) (4) (A) of the Code).

Under present law, a tax is imposed on the net income from foreclosure property of a real estate investment tax. The tax is determined using the corporate rates with a surtax exemption of zero. The Revenue Act of 1978 removed the surtax exemption for corporation and replaced it with a graduated rate schedule. The proposed amendment would make a conforming amendment providing that the tax on net income from foreclosure property of a real estate investment trust is to be computed at the highest rate applicable to corporations.

WIN Credit for Subchapter S Corporations and Estates and Trusts: (Section 322 of the Revenue Act of 1978 and section 50B(d) and (e) of the Code).

The Revenue Act of 1978 provides that an employer's deduction for wages is reduced by the amount of WIN credit allowable (Code section 280C(a)). However, for estates, trusts, and subchapter S corporations, the credit is computed by individual beneficiaries and shareholders, who are not allowed deductions for the wages paid by the estate or corporation. Thus, the new provision is inconsistent with the current law method for the computation of the WIN credit by beneficiaries and shareholders. The proposed amendment would provide that the WIN credit is to be computed by the estate, trust or subchapter S corporation, rather than by individual shareholders and beneficiaries. The deduction of the estate, trust or subchapter S corporation will be reduced by the amount of WIN credit allowable.

WIN Credit for Child Care Expenses Between October 1, 1978, and December 31, 1978: (Section 323 of the Revenue Act of 1978 and section 50B(a) (2) (B) of the Code).

The WIN credit, as in effect before the amendments of the Revenue Act of 1978, contained a provision denying the credit in connection with services performed after October 1, 1978, in connection with a child day services program. The Revenue Act permits a WIN credit for such services performed after December 31, 1978. The proposed amendment would repeal the termination date under prior law to avoid a 3-month gap in WIN credit coverage.

Correction of Typographical Error: (Section 337(a) of the Revenue Act of 1978).

The proposed amendment would correct a typographical error in section 337(a) of the Revenue Act of 1978 by changing "or a refund profit" to "of a refund profit."

Clarification of the Limitation on the Nondeductibility of Certain Entertainment Facility Expenses Includable in Income: (Section 361 of the Revenue Act of 1978, and section 274(e) of the Code).

Prior to the enactment of the Revenue Act of 1978, expenses incurred with respect to entertainment facilities* were deductible if they were ordinary and necessary, the facility was used primarily for the furtherance of the taxpayer's business (*i.e.*, more than 50 percent of the time that it was used), and the expense in question was related directly to the active conduct of the taxpayer's business. For this purpose, entertainment facility expenses included dues or fees paid to any social, athletic, or sporting club or organization. Dues or fees paid to professional associations, civic organizations, or to clubs operated solely to provide meals under circumstances normally considered to be conducive to business discussions generally were not considered to be entertainment facility expenses.

The Revenue Act of 1978 provided generally that no deduction was allowable for any entertainment facility expense. However, the Act retained a number of exceptions to the general rule that existed under prior law. One of these relates to expenses treated as employee compensation which are subject to withholding (section 274(e)(3)). The proposed amendment provides an exception from the facility expense deduction disallowance rule in the case of expenses for individuals who are not employees if the taxpayer files an information return with respect to the amount includable in the individual's gross income (regardless of the amount involved).

Clarification of Treatment of Liabilities of Controlled Corporation: (Section 365(a) of the Revenue Act of 1978 and section 357(c)(3) of the Code).

The Revenue Act of 1978 provided that where a cash basis taxpayer transfers property to a controlled corporation subject to certain liabilities, then certain "accounts payable" would not be taken into account in determining the amount of gain recognized by the transferor on the transfer. The legislative history indicates that the taxpayer could also qualify under this provision where he was using a hybrid method of accounting. The legislative history also indicates that "accounts payable" would include trade accounts payable and other liabilities (*e.g.*, interest and taxes) which relate to the transferred trade or business. Thus, the legislative history indicates that the scope of the provision as intended by Congress is broader than the literal language of the statute would seem to indicate. The proposed amendment clarifies the statutory language consistent with the intent of Congress by deleting the requirement and that the taxpayer be using the cash method of accounting and that the liabilities to be disregarded must be "accounts payable".

Relationship of the Recapture of the Investment Tax Credit and WIN Credit and the Alternative Minimum Tax: (Section 421(a) of the Revenue Act of 1978 and section 55(b)(2) of the Code).

The Revenue Act of 1978 imposed a new alternative minimum tax on individuals. The tax is the amount by which the gross alternative minimum tax exceeds the "regular tax" on the taxpayer. In determining the taxpayer's regular tax, certain penalty taxes are not taken into account. However, no adjustment to regular tax is made for the recapture of investment tax credit or WIN credit. As a result, there is no additional tax by reason of the recapture of the investment tax credit or WIN credit in any year where the alternative minimum tax occurs. The proposed amendment would correct this problem by excluding recapture of investment tax credit and WIN credit from the definition of regular tax.

Allocation of Tax Preference Items in the Case of Trusts and Estates: (Section 421(c) of the Revenue Act of 1978 and section 58(c) of the Code).

The Revenue Act of 1978 imposed a new alternative minimum tax on individuals including trusts and estates. In the case of a trust or estate, items of tax preference are to be apportioned between the estate or trust and the beneficiaries on the basis of income of the estate or trust allocable to each. This rule does not work well in the case of the preference for adjusted itemized deductions. The proposed amendment would provide that the allocation of items of tax preference would be made in accordance with Treasury regulations.

Recapture of Depreciation of Certain Subsidized Low-Income Housing: (Section 701(f)(3)(E) of the Revenue Act of 1978 and section 1250(a)(1)(B) of the Code).

The Revenue Act of 1978 added a provision to clarify that in computing the depreciation recapture under section 1250 of the Code for property on which rehabilitation expenditures were amortized under Code section 191, the amount of "straight line" depreciation is to be computed without regard to the 5-year useful life under section 191. This amendment may inadvertently have caused additional recapture to apply to certain subsidized low-income housing. The proposed amendment would negate this inadvertent impact by providing that subsidized low-income housing remains eligible for the special phase-out of recapture even though rehabilitation expenditures for that housing have been amortized under Code section 191.

Employee of Grantor or Beneficiary Treated as Related Person for Purposes of the Tax on Generation Skipping Transfers: (Section 702(n)(2) of the Revenue Act of 1978 and section 2613(e) of the Code).

Under the generation skipping provisions, an individual is a beneficiary of a trust if he has a present or future power or interest in it. "Power" means "any power to establish or alter beneficial enjoyment of the corpus or income of the trust." A person has an "interest" if the person has either "a right to receive income or corpus from the trust" or "is a permissible recipient of such income or corpus." Thus, one can be a beneficiary by satisfying either or both of the tests.

The Tax Reform Act of 1976 excluded certain independent trustees from being treated as beneficiaries solely because of powers which they held to distribute trust corpus and income. The original language in section 2613(e) was found too restrictive and section 702(n)(2) of the Revenue Act of 1978 expanded the categories of individuals to whom independent trustees could make distributions without being treated as beneficiaries.

The 1978 Act excluded from the independent trustees any person who is an employee of a corporation in which the stockholdings of the grantor, the trust, and the beneficiaries of the trust are significant from the viewpoint of voting control, an employee of a corporation in which the grantor or any beneficiary of a trust is an executive, an employee of a corporation in which the grantor or any beneficiary of the trust is an executive, and an employee of a partnership in which the grantor or any beneficiary of the trust is a partner. However, the provision did not exclude a person who is directly employed by the grantor or any beneficiary of the trust. The proposed amendment would exclude an employee of the grantor or any beneficiary of the trust from being an independent trustee.

Certain Powers of Independent Trustees Not Treated as a Power for Purposes of the Tax on Generation-Skipping Transfers: (Section 702(n)(2) of the Revenue Act of 1978 and section 2613(e) of the Code).

Under the generation-skipping provisions, an individual is a beneficiary of a trust if he has a present or future power or interest in it. "Power" means "any power to establish or alter beneficial enjoyment of the corpus or income of the trust." A person has an "interest" if the person has either "a right to receive income or corpus from the trust" or "is a permissible recipient of such income or corpus." Thus, one can be a beneficiary by satisfying either or both of the tests.

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The statute presently provides that an individual will not be treated as having a power if such an individual "is a trustee who has no interest in the trust." Thus, an individual trustee who was the permissible appointee of trust assets under an unexercised power of appointment held by another would be deemed to have an interest in the trust and would therefore be treated as having a power over the trust. The trustee would be a beneficiary of the trust and the independent trustee exemption would be negated.

The legislative history of the Revenue Act of 1978 states that an individual trustee will not be treated as a beneficiary if "he has no interest in the trust other than as a potential appointee under a power of appointment held by another." The proposed amendment would adopt this result by providing that, solely for purposes of the independent trustee exemption, a trustee will not be treated as having an interest in the trust if his only interest is as a permissible appointee under an unexercised power of appointment held by another.

Correction of Cross Reference: (Section 4(d)(7) of Public Law 95-227 and section 7454(b) of the Code).

The cross reference in section 7454(b) of the Code to section 502(c)(21) would be corrected to section 501(c)(21).

Correction of Cross References in Code Section 401(a)(20): (Section 4 of Public Law 95-458).

Public Law 95-458 amended Code sections 402(a)(5) and 403(a)(4). Code section 401(a)(20) includes cross references to sections 402(a)(5) and 403(a)(4), but these cross references were not amended to reflect the changes made by Public Law 95-458. The proposed amendment would correct the cross references to reflect these changes.

Security for Recapture of Estate Tax Reduction from Farm Valuation Where Property had been Involuntarily Converted: (Section 4 of Public Law 95-472 and section 6324B(c) of the Code).

The Tax Reform Act of 1976 provided that certain property used for farming or in a closely held business may be valued for estate tax purposes at its current use value instead of its highest and best use value. However, if the property is disposed of within a 15-year period all or part of the estate tax benefit is recaptured. A lien is placed on the property for the amount of the recapture tax. Section 4 of Public Law 95-472 provides that if an involuntary conversion of qualified real property takes place, no recaputre of the estate tax benefit will occur if the property is replaced by other real property of at least equal value acquired for the same use. However, the property acquired in the involuntary conversion may be more highly leveraged so that the lien on the equity interest is insufficient for the recapture of tax benefits. The proposed amendment would provide that, if at any time the value of the property subject to the lien is less than the amount of the potential recapture tax, the Treasury Department may require the additional of additional property subject to the lien or other security (such as a bond) which would bring the total amount of the security up to the amount of the potential recapture tax.●

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*An entertainment facility generally is any item of personal or real property owned, rented, or used by a taxpayer during the taxable year for, or in connection with, an activity normally considered to be of an entertainment nature.

THE FIRST AMENDMENT

● Mr. NUNN. Mr. President, on October 19, 1979, my good friend Gene Methvin, senior editor of the Washington office of Reader's Digest, delivered a very thoughtful address on the controversy that has been generated by recent decisions of the Supreme Court involving interpretations of the First Amendment.

Mr. Methvin's remarks were delivered during the national conference on "Public Views of Doctors and Lawyers—Media, Images and the Professions" which was held at the University of Pennsylvania Annenberg School of Communications, Philadelphia, Pa.

I commend the entire text of his address to the careful review of my colleagues and ask that it be printed in the RECORD.

His remarks follow:

JOURNALISTS VS. JUSTICES

Abraham Maslow ranked near the top of his hierarchy of human needs the so-called "love needs" of self-esteem, respect and approval from others. Everybody wants to be admired and loved, and I suppose that's why we have conferences like this one at a school of mass communications. The doctors and lawyers must have a faint hope that they will find the secret key to universal esteem here in the manger of journalists.

Trouble is, journalists can never provide a portrait that will allow people to see themselves as they would like to be seen. That gift is not in their power, as Robbie Burn's little poem "To a Louse" suggests. By nature, they are creatures of the unusual, the extraordinary—muckrakers for the most part, alas and hooray! That great pioneer of American urban sociology, Robert E. Park, who started out as a muckraking newspaperman himself, defined "news" as "anything that makes people talk." Unfortunately, much of it is bad: violence, conflict, fraud, the bizarre, the sordid, much more often than the saintly and sublime. Thorstein Veblein coined the phrase "trained incapacity" to refer to the inability of those with sociology or engineering training to understand certain issues they would have seen without their professional education. Similarly, we journalists suffer a "trained incapacity" to accentuate the positive. The very process of acquiring journalistic expertise involves selective indoctrination and a very special intellectual environment. That process equips us with the eye of the critic and with enlarged, hyperactive outrage glands.

One great old city editor for whom I once labored in Washington had a standing rule, "If you can't make 'em mad by the third paragraph, forget it!" The result is that journalists tend to come out of this training process resembling Goethe's depiction of Mephistopheles in Faust. Goethe's Mephistopheles, Thomas Carlyle points out, "is a philosophe and doubts most things. . . . He is the Devil, not of Superstition, but of Knowledge. . . . He despises all things, human and divine. . . . He calls himself the Denier . . . detecting the false, but without force to bring forth, or even to discern, any glimpse of the true. . . . A combination of perfect Understanding with perfect Selfishness. . . ."[1]

Now, just like doctors and lawyers, we journalists are subject to Maslow's basic human desire to be loved, admired and approved. And I would not want anyone at this conference to think that, just because I am criticizing my fellow journalists, I think generally ill of our breed. By and large, we are excellent fellows (and gals), and we do a highly essential, strategic job in our democratic body politic. And we do it well. I often linger in American newsstands before the array of newspapers and magazines just marveling at the magnificent flood of brilliantly packaged and textured information that we ink-stained wretches lay before John Q. Public; and television newsmen, both network and local stations, have, I think, finally arrived on a near par with the print media at real journeyman status in news and "documentary" coverage. I want to say these words of approbation simply because, in turning my trained critical eye upon my fellow journalists, I might be accused of the same sin of omission we are all so often indicted for: failing to mention the good while dissertating on the warts, with a consequent loss of "perspective."

In other words, I'm like old "Mar'se Henry" Watterson, the flaming 19th-century editor of the Louisville Courier-Journal, who was an ardent Democrat and kingmaker in his party and who constantly wrote editorials excoriating this or that Democrat or party policy. One lady wrote a letter to the editor demanding to know why he never criticized or even mentioned the Republicans, while constantly denouncing his fellow Democrats. Watterson answered her with a two-line couplet:

"Things have come to a helluva pass,
When a man can't flog his own jackass."

Now this conference is focusing on public images of doctors and lawyers, not journalists. But the mind-set of journalists I have been describing is a major dynamic in the view that the mass media generally bring to and transmit on any subject. I want to focus for a moment on the way that dynamic is affecting one particular small group of lawyers: the five or seven members of the United States Supreme Court who have been spooning out some very distasteful medicine to the journalists in recent years, and particularly in the Court's last two terms, which produced 16 major First Amendment decisions, more than in any other area except criminal law.

I've said that journalists too want to be loved and admired. And they cannot understand or accept very gracefully when the many publics they perform for do not praise and stroke them. Hurt turns to outrage when the criticism comes from judges. Let the judges give them bad marks or suggest they are not the penultimate paragons of virtue in our society, and above all, let the judges call them to court to answer for their conduct occasionally, and journalists get a terribly acute case of "cognitive dissonance." Hell hath no fury like a journalist subpoenaed.

The Fourth Estate's reaction to Supreme Court decisions involving its interests has been generally infantile and hysterical, unrestrained and unfair. This reaction can only confirm the worst fears of justices, judges, lawyers and laymen alike that the media needs external restraints if it is not to run roughshod over the rights of everyone else in the name of that shibboleth "the people's right to know." We have given the world a demonstration of how to make things worse than they really are by crying "Wolf" so loudly we may indeed attract the wolf, plus a public audience cheering him on to give the uppity journalists a deserved comeuppance. I can only hope that the justices' professional habit of detachment, objectivity and balance in judging will prove stronger than our own.

In our constitutional scheme, increasingly since a famous footnote in the 1938 Carolene Products case gave rise to a "preferred freedoms" theory with the justices as the chosen guardians, liberty of the press consists of what any five members of the Supreme Court can agree on for the moment—at least until a new justice with a different view comes along. They constitute what one law professor whose identity I would go to jail to protect as a confidential source has called "the Big Brother Club" in Washington. And—this is important—almost every step of the way, for the last 40 years, most of the moguls of the media have been applauding the Court's continued enlargement of its power. Under color of "interpreting the Constitution," and specifically the Fourteenth Amendment's due process and equal protection clauses, the justices have steadily claimed vast new powers that once lodged exclusively and largely unchallenged in other domains: state legislatures, city councils, school boards, college presidents, trial judges and juries and thousands of other power centers in our society. In 1961—the Mapp case—they claimed the right to edit the evidence jurors could receive in deciding criminal cases. It should have been clear that they would one day claim the right to edit the news that prospective jurors might read—but the notion escaped most of us at the time. When we back away and look at the long history of the American people's defense of grassroots government, it is really amazing to see how we have acquiesced in the great acquisition of power by a continuing committee of nine lawyers, any five of whom can change the signals. They are the only non-elected body among the three power pinnacles in our political edifice. They truly constitute the "oldest established floating constitutional crap game" in Washington.

The Fourth Estate shot a "natural" in the 1964 case of *New York Times* v. *Sullivan*. That case destroyed the settled law of libel and imposed new rules very favorable to the media. And we had an amazing run of luck, winning several straight "passes." Succeeding court decisions vastly enlarged our power and privilege. But it should have been clear to everyone that sooner or later we had to "crap out."

Now, I don't want to ride the logic of this metaphor to hell, so I'll change horses in the middle of the stream and go back to Professor Maslow. It has fallen the lot of the U.S. Supreme Court to blow the whistle and call journalists to account for their exercise of our power and privilege in our society. And the Fourth Estate's reaction has been little short of hysterical, if you judge by the statements of leading publishers, commentators and cartoonists.

Let me cite just a few examples picked randomly from the September issue of the Quill, the magazine of the Society of Professional Journalists, Sigma Delta Chi, which embraces some 25,000 or so of us ink-stained and pancake makeup-besotted wretches:

The cover consists of a small photo of the nine Supreme Court justices, with the large black legend: "For the Nation's Press, October will come too soon."

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[1] "Goethe's Helena," Carlyle's *Critical and Miscellaneous Essays,* Centenary edition 157-58. Quoted, *Sartor Resartus* (Indianapolis: Odyssey Press edition, 1938), p. 157n.

Quill's pages are dotted with cartoons excoriating the Supreme Court. One depicts six Supreme Court justices as vultures sitting on a limb above bones picked clean, symbolizing the First Amendment after the latest Supreme Court press libel decision. Another shows the Burger Court tossing the First Amendment into a waste basket and adjourning, and all the justices hop away as kangaroos.

Reuven Frank, former NBC News president, has an article entitled "The lawyer's adversary system is adverse to a journalist's thinking." His first sentence announces grimly: "Freedom of the press is threatened by lawyers." He depicts reporters as the last free spirits, survivors of King Arthur's golden roundtable, crusaders for truth and justice. And lawyers and judges—"And, don't forget, a judge was first a lawyer," Frank warns—are trained in the adversary system. And that, wunderbar means they generally believe there may be two or 20 sides to every story, and sometimes journalists don't get them all right. Ergo, says Frank, "The law business and the news business in this country are on a collision course."

Finally, Al Neuharth, chairman of the American Newspaper Publishers Association and of the Gannett Newspapers, which lost a close 5–4 decision on the last day of the Court's term in July, called the decision "another chilling demonstration that the majority of the Burger Court is determined to unmake the Constitution." Neuharth's chain promptly launched a series of advertisements with cartoons and text denouncing the Court up one side and down the other.

It's plain to see, from the reactions of Reuven Frank and Al Neuharth, that journalists are generally inclined to take a jaundiced view of lawyers as a breed as a result of the drift of Supreme Court decisions these days.

The whole journalistic profession, it seems, is up in arms. A dozen journalism organizations are sponsoring a "First Amendment Congress" in Philadelphia next January, with Walter Cronkite keynoting it in the Hall of Congress where the First Amendment Bill of Rights was adopted. A second "First Amendment Congress" will be held on James Madison's birthday in Williamsburg to develop "educational programs" that will reflect the journalists' constitutional interpretations, not the justices'.

It is still a fact, as that magnificent newspaper critter Mr. Dooley observed, that "the Supreme Court follows the election returns." And over the last ten years the polls have shown the repute of journalists generally to be falling, while the justices have climbed considerably from their nadir in 1969—in other words, from the time Chief Justice Warren retired and the Senate rejected the Fortas nomination and Warren Burger took the center place on the High Bench.

Nobody paid any attention to the fact, but Justice Fortas' opinions indicate he probably would have led the Court faster and farther than Burger in curtailing the latitude given the Fourth Estate in its 1964–69 run of luck with the justices. I was not generally an admirer of Justice Fortas and did everything I could to help bring about the change of the climate of opinion that defeated his nomination as chief justice. But I thought one dissent he wrote against the Court's expansion of press privilege was both prescient and sound and in the long run far better for the health of the press than the prevailing opinion. That was in the 1967 case of *Time, Inc.* v. *Hill* in which the Court ruled 7–2 that private persons deemed "newsworthy" could not recover for invasions of privacy without proof of malice or reckless disregard of truth.

Fortas wrote:

"The courts may not and must not permit either public or private action that censors or inhibits the press. But part of this responsibility is to preserve values and procedures which assure the ordinary citizen that the press is not above the reach of the law—that its special prerogatives, granted because of its special and vital functions, are reasonably equated with its needs in the performance of these functions.

"For this Court to rally to immunize the press . . . in areas far beyond the needs of news, comment on public persons and events, discussion of public issues and the like would be no service to freedom of the press but an invitation to the public hostility to that freedom."

Let me note a historic irony about this decision. Fortas' dissent supported the position of a plaintiff's lawyer, who was arguing his first and only case before the High Court, a man who later was back as a defendant in a very important case: Richard M. Nixon. And if Fortas' nomination had prevailed, we journalists probably would be in a lot deeper gulch today than we are with the so-cálled "Nixon Court"! I can think of several cases in which Fortas' vote probably would have come down against the press, while Chief Justice Burger wrote resounding opinions for the press. (Burger in fact was once an aspiring journalist, an editor of his high-school newspaper and budding cartoonist who used to originate ideas for cartoons for the St. Paul Pioneer-Press.)

THREE RECENT CASES

Lawyers are concerned with limits, and journalists are after license; and so the clash is inevitable. A court that will not allow absolute privilege to a President of the United States is hardly going to concede it to the press or broadcasters, regardless of who sits on its bench. American jurists have never given anyone absolute privilege—except themselves—and so they are not about to give it to journalists either. Nor are the legislators going to do it; there's a large question whether they can, since the Sixth Amendment grants an accused defendant the right to compulsory process to secure witnesses in his behalf.

Where the Sixth and the First Amendments clash, the judges must balance (though under Section 5 of the Fourteenth Amendment, Congress can shift the balance to suit).

Farber v. *New Jersey*. In the New York Times-Farber-Jascalevich case there was a head-on clash between the Sixth and First, and Farber went to jail. Nothing new about that; reporters have been going to jail to protect sources since 1896. What is new is the notion that we can go crying to Washington and get the Supreme Court to change the state laws and court decisions governing such contests. And this Supreme Court refused to hear the case, which puts the issue right back in local legislatures and courts where we of the media ought to be able to exercise maximum influence.[2]

In the Farber case, had I been a legislator or judge, I would have wanted the defendant to make some kind of minimal showing that there really might be something material to Jascalevich's defense to be obtained from Farber's notes or sources; there was absolutely no showing of materiality, so far as I could see. But New Jersey's Supreme Court decided defendants did not need to bear that burden because their sixth Amendment privilege outweighs ours under the First. Even so, without any help from Farber's notes, Jascalevich won acquittal. But any fair-minded, objective person will have to concede that where the journalist's claim of privilege clashes with the right of an accused man trying to defend himself in a murder trial to compulsory process, it is a very close question.

Herbert v. *Lando*. In the Lando case, again, the media lawyers were after a new privilege—after virtual total immunity, almost untouchability.

Let me cite the account in the Quill by Lyle Denniston, Supreme Court reporter for the Washington Star and one of the most respected, venerable "regulars" on the beat:

In *Herbert* v. *Lando* the Court significantly raised the professional costs of being sued for libel by a "public figure." In the process, it raised to constitutional dignity the process of forcing answers from the press about gathering news.

Now, virtually every step in the newsgathering process is subject to compelled disclosure before trial, on pain of losing by default for refusing to reply. Lawyers for a "public figure" may probe the origin of the story idea, the choices on how it was to be pursued, the questions asked or unasked, the persons interviewed or bypassed, the office talk about the story (in conference or in idle chatter or gossip), the choice of what to tell or not in the story, the decisions on how to phrase it, the judgments made in editing–plus what everybody thought along the way.

All due respect to my friend Lyle Denniston, this just plain ain't so! The Court did not change anything. All it did was reject an assertion by lawyers for CBS of a privilege never heretofore granted to make journalists immune to questioning on their motives and editorial process. Justice White's opinion cited more than 40 cases in which such questioning has been accepted in defamation suits in the past. Yet here is the Society of Professional Journalists' own magazine giving journalists the notion that the Court has somehow stripped them of a right they have enjoyed in the past!

If proving malice is the standard to which we journalists as defendants may hold plaintiffs, a great advantage given us by the Warren Court in *New York Times* v. *Sullivan*, then defendants are obliged to undergo this kind of psychological pelvic examination. Or else there will be no libel law left. And I would hate to live in a society where journalists had such license. We would all be in general ill repute, as Justice Fortas. Unchecked power is not good for anybody, be it justices, presidents—or journalists.

Gannett v. *DePasquale*. The reaction of both journalists and judges to Gannett leaves me wondering if either group knows how to read or bothers to read Supreme Court decisions. Freshmen law students learn on Day One to know the difference between holding and dictum: what the Court actually decides, distinguished from what the dominant opinion may say, that is not really necessary to the result. Gannett was a 5–4 decision, and only two justices agreed unreservedly with Justice Stewart's opinion for the Court, which said as dictum that there was in the Sixth Amendment no right on the part of the public to attend trials—only that the defendant is entitled to have his trial in public if he wishes. Chief Justice Burger concurred separately, saying he was going along only because the case involved a pretrial hearing, and he found in the history behind the Sixth Amendment that pretrial hearings had been closed. That's fair notice to all that Burger is not likely to vote to close trials themselves.

Yet in the first month following the decision, judges across the land closed at least eight trials, according to the Reporters Committee for Freedom of the Press. They did so in the face of clear warning by two of the five justices in the Gannett majority that there is no majority for that conclusion. The Richmond newspapers in August brought the justices an appeal over a secret murder trial a year earlier in Hanover County—surely a positive litmus test of disregard for the First Amendment.

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[2] Cert. denied 11/27/78. As the New York Times itself pointed out in its news account (11/28/78), the justices might have declined to review the New Jersey Supreme Court's interpretation of the federal constitutional question because Justice Brennan did not take part in the Court's consideration of the case, apparently because his son, a New Jersey lawyer, had some professional connection with Jascalevich's lawyer; that would have left only eight justices to decide the case and might have ended in a 4–4 deadlock. So the refusal to take up the issue does not mean the Court might not do so at some future date and overrule the position taken by the New Jersey justices.

I hope the intemperance of much of the Fourth Estate's reaction to the Gannett decision has not prejudiced the Richmond newspapers' appeal by convincing the two justices who were almost with us in Gannett that we're such a rowdy bunch we need to go sit in the courthouse corner and meditate upon our sinfulness. The New York Times' Linda Greenhouse reported in September that Powell at one stage actually voted with Justice Blackmun, whose dissent would have carried the day had not Powell changed at the last minute and voted instead for Stewart's position. Even so, Powell wrote a separate concurrence emphasizing the press's constitutional right to have access in the courts. Let's hope he switches again in the closed-trial case.

The closing of pretrial hearings is one case in which I feel we journalists have a legitimate beef. Even though five justices do not think our right to monitor these often decisive hearings rises to the level of a constitutional right, I think we should strive to impress all and sundry that it is, nevertheless, a very important right. We should wage an all-out campaign with any judge and public prosecutor who agrees to any such closed proceeding. Where they are elected, we ought to call them to account at the polls. Where they are appointed, we ought to reason with them editorially, at length, until they see the error of their ways. And we must never forget the constitutional history and source of the cause of most defense efforts to close pretrial hearings: the exclusionary rule. This judicial abomination was forced upon the states in the 1961 Warren Era Mapp decision in which six justices claimed vast new powers to "edit" the evidence jurors are allowed to see in criminal cases. In the 1977 case of *Brewer* v. *Williams*, decided 5 to 4, Chief Justice Burger openly declared his intent to campaign for the one convert needed to junk the whole fetid exclusionary rule. When that is done, as I am sure ultimately it will be, pretrial hearings will shrink in importance—though however unimportant, they should be open absent truly egregious circumstances.

A FAILURE OF PROFESSIONALISM

Most journalists insist that "the First Amendment is absolute." Their idols on the Supreme Court bench, now gone, were Justices Black and Douglas, who propounded and defended this view. But few journalists know or note that, in the long history of the Court, of all the 101 justices who have served on it, only those two have been First Amendment absolutists. The rest realized that the rights of scribes often conflict with the rights of others and must be balanced in that quintessential process of judging.

In sum, I have to say that Reuven Frank is right: journalists and lawyers do not think alike, and the law business and the news business are indeed on a collision course. Our rights and privileges and immunities are inevitably going to be decided in the courts and legislatures and ultimately in the court of public opinion, where we are not, after all, exactly defenseless. But no power has "the gift given us to see ourselves as others see us," and neither public nor courts see us as the shining white knights of flawless plume that Reuven Frank depicts. So it is inevitable that we are going to get our feelings hurt by the courts and lawyers whose destiny it is to tell us that we cannot have all the rights and privileges and immunities we want for ourselves.

I doubt that journalists generally will grow up enough to accept and like and respect the role of the Supreme Court in defining their limits. So I expect we will see the justices continually depicted as buzzards or kangaroos or scoundrels in robes, carving up the Constitution and throwing it in the waste basket and running roughshod over the liberties of the American people. The concept of liberties without limits is as nonsensical as the concepts of fried ice and horsefeathers. And this jejeune journalistic response is sad, really, because while we journalists chant constantly about "the people's right to know," the people also have the right to some unbiased lenses through which to view an institution so crucial to the maintenance of ordered liberty. And we of the Fourth Estate are certainly not generally giving such an uncracked view where our interests are at stake. We are not living up to our own canons of objectivity and fairness.●

SUBSTITUTE FOR THE MX RACETRACK SCHEME

● Mr. STEVENSON. Mr. President, since the President decided to move ahead with the so-called racetrack basing mode for the MX missile, we have seen the beginnings of what promises to be an extended debate on the strategic wisdom, the technical feasibility and the financial implications of this scheme. An important part of that debate should be the careful scrutiny of alternative basing modes.

The October 12 issue of Science contains an article by Eliot Marshall entitled "MX Missile to Roam 200 Racetracks," which offers a critique of the racetrack plan and suggests an alternative in the form of a shallow underwater missile (SUM) system. Small conventional submarines, fitted with two or three missiles and operating close off our shores with a high degree of invulnerability, could provide with greater certainty and at much lower cost the security we lose because of the growing vulnerability of Minuteman III missiles.

This is a proposal that deserves careful study, and I ask that the entire text of Mr. Marshall's article be printed in the Record.

The article follows:

MX Missile to Roam 200 Racetracks

Jimmy Carter announced on 7 September that he had made the most important decision for America's nuclear forces in more than a decade, likening it to President Truman's decision to create the Strategic Air Command and Kennedy's creation of the Minuteman missile force. Carter endorsed a plan drawn up by the Defense Department to install the newest and most lethal nuclear missile, called the MX, on movable launchers and have them hauled about by 3000-horsepower locomotive-like trucks. These will be sent to roam over 5000 miles of as yet unbuilt military highway in the Southwest, where they will play hide-and-seek with Soviet satellites. As soon as it was announced, the scheme began to draw critical fire from the arms control community.

Debate over the basing system for the MX, which became quite frenetic within the government this year, is now officially at an end. But some independent defense analysts say the decision should not be considered final, for they believe it was a serious mistake and will soon be recognized as such. They argue that, in the interest of national security, the debate should be resumed, because there are simpler and safer approaches than the one the President has taken. Furthermore, there is time to reconsider, they say; the MX will not be ready for deployment until 1985.

The Administration's basing system, nicknamed the "racetrack," will call for an enormous construction project in the Southwest's desert valleys, where water, labor, and support facilities are scarce or nonexistent. The basic plan calls for building 200 road loops, each 15 to 20 miles long, in the deserts of Nevada and Utah. In each loop there will be one missile aboard a mobile launching vehicle (called a transporter-erector-launcher or TEL). A motorized shed on wheels will surround the TEL and accompany it whenever it moves along the loop. The shed will be used to hide the missile's true location from the Soviets.

Around each road loop, at 7000-foot intervals, will be 23 underground garages made of thick concrete to resist the blast of incoming missiles. When it is time to install the missile in a garage, the TEL will drive into its appointed loop with the shed moving along above it. The shed will drive up to each garage on the loop as though to install the TEL at each one. But in reality the TEL will slip out under the shed and park surreptitiously in only one of the garages. At monthly or bimonthly intervals, the shed will visit all the garages and move the missile to a new site. At greater intervals—perhaps once every 6 months or every year—slats in the roofs of the sheds and the garages will slide open to reveal that there is, in fact, only one missile in each loop. On notice of a Soviet missile attack, the TEL's, without their sheds, will "dash" from their garages at 30 miles an hour, park in a new garage, and prepare for launching.

The Defense Department estimates that it will cost $2 million to build each garage and that the total program, missiles and all, will cost about $33 billion in 1980 dollars. The entire network of 4600 garages should be in place, barring unforeseen political, legal, or environmental problems, by 1989 or 1990.

"It's a Rube Goldberg scheme," says Sidney Drell, a defense analyst and deputy director of the Stanford Linear Accelerator Center: "I've never heard of anything so rococo in my life. It's absurd." Richard Garwin, another veteran defense consultant, former director of applied research at IBM, and professor at the Kennedy School of Government at Harvard University, says Carter's choice for MX basing is "absolutely wrong." The racetrack, he claims, is "a vulnerable system; I will bet that within 2 years it will be regarded as just as vulnerable as the Minuteman it is replacing."

Drell and Garwin have looked closely at the proposals for basing the MX and have become vocal critics of the racetrack scheme. In 1978 Drell headed a study on the future of U.S. missile policy that was conducted at the Stanford Research Institute for the Defense Department. He concluded that mobile missiles should be based on small submarines patrolling off the east and west coasts. Garwin sat on a task force on missile modernization put together by the White House Office of Science and Technology Policy, and, like Drell, he concluded that submarines offered the best solution to the problem of missile basing in the 1980's. This conclusion was rejected by the Pentagon, although defense officials agree there is merit in it. As Garwin put it, "Mostly they say it's a very good idea for the 1990's after we finish building Trident [the new nuclear submarine] and get the MX deployed." Understandably, the authors of the minisub proposal have an interest in defending their own research. But their criticism of the racetrack is so fundamental it can hardly be brushed aside as sour grapes.

Drell and Garwin argue that the President has opted for an unnecessarily costly and cumbersome program that will not even come to grips with the problem it is supposed to solve. They agree that the problem requires action: by 1982 or thereabouts, America's most accurate big missiles—the land-based Minuteman-III force—will become vulnerable to a Soviet first-strike attack. This will occur because Soviet missiles will have better guidance systems by then. If the Soviets wished to start a nuclear war, they would be able to use their land-based missiles to destroy over 90 percent of the U.S. Minuteman arsenal. For this to happen, the United States would have to leave its missiles in the ground after being warned that the Soviet missiles were in the air. And even if this first strike were successful, the Soviets would not be able to destroy simultaneously all American bombers and submarines. These would still be free to shower several thousand warheads on the Soviet Union—enough to end civilized life there.

Thus, "Minuteman vulnerability" is a largely theoretical problem. But it is worrisome because it diminishes confidence in the most accurate, heaviest, and best-controlled segment of the U.S. nuclear triad. (Submarines and bombers are the other segments.) This may not be the most important practical problem confronting our strategic forces, Garwin says, but it is the one which the Defense Department has advertised most and seems most concerned about.

Garwin points out that there are several quick and relatively cheap measures that could be taken to restore full confidence in our nuclear forces, and he recommends that all of them be followed. They involve such things as improving the guidance and communications for submarine-based missiles to make them as threatening to the Soviets as Minuteman, installing simple nonnuclear defenses around Minuteman silos, and developing an airborne missile equivalent to Minuteman. But, he says, the Pentagon does not like to solve problems with technical fixes; it prefers to buy whole systems. For this reason, the only solution that meets the Pentagon's terms of acceptability is one that creates a new and truly invulnerable heavy missile system—one which, like Minuteman, is highly accurate and securely linked with a central command post.

According to Garwin and Drell, one of the glaring flaws in the racetrack scheme is that it will be just as vulnerable to a Soviet first strike as Minuteman during the early part of its construction. This is so because the Soviets will have enough warheads to aim two at each missile garage during this period. Only when the construction program enters the final stage—in 1988 or 1989—will U.S. missile garages be so numerous as to present targeting problems for the Soviets. There is another catch: the SALT II treaty, now being considered by Congress, is due to expire in 1985. If it is allowed to lapse, the Soviets will be free to place more warheads on their missiles and, of course, to build more missiles beginning in 1985. Yet the racetrack system will not be finished until 4 or 5 years later. The invulnerability of the race track scheme thus depends on persuading the Soviets to limit the number of warheads on their missiles, or alternatively, on building $2-million garages in the Southwest faster than the Soviets can place warheads on their missiles.

Garwin recently wrote that the United States is buying itself an "anti-bargaining chip" for the next round of negotiations with the Soviets: "Can you imagine that in 1983 as SALT III negotiations are coming down to the wire, the U.S. says to the Soviet Union, 'Please Mr. Soviet Union, we have committed $30 billion to the deployment of the [new missile] system, which will be vulnerable if you deploy a lot more warheads. Therefore, won't you be so good as to agree in SALT III not to have enough warheads to threaten the MX?' No doubt the Soviet Union will be only too glad to agree, but what price will they exact as a condition of that agreement?"

Garwin says he has been warning Defense officials for years that if they say that the Soviet Union is going to imperil Minuteman in 1982 but then provide no solution until 1988, "they're just going to be laughed out of court." He continued: "They get everybody to feel that Minuteman vulnerability is unacceptable and a terrible political threat, and then they say, 'By the way, you have 7 to 10 years of assured vulnerability.' What kind of business is that?"

When asked about this weakness in a press conference, William Perry, undersecretary of defense for research and engineering, said he doubted the Soviets would try to place more warheads on their missiles, because the United States would be able to expand and accelerate its racetrack construction program, building 10,000 rather than 4600 shelters by 1989.

"We can do that while still maintaining the final operational date—1989—provided we know what is happening by about 1983 or 1984. It's a matter of how many shelters we build and how many missiles we build. We can build about 2000 shelters a year without going into a war emergency kind of a footing. . . . We can demonstrate, not only to you and to the Congress, but I believe to the Soviets, that . . . they cannot win that sort of a race. . . ."

A second major flaw in the racetrack, Drell says, is its dependence on deception. For the system to work, it must contain more garages than the Soviets have warheads, but it must also deceive the Soviets about the missile's location. This will require elaborate security controls to keep information from the crews that operate the missile bases, and it will mean that the garages and the sheds that hide the TEL's must be designed to give the Soviets the impression that each one has a missile in it. The Defense Department, for example, has not yet decided whether it will be necessary to install huge concrete weights (at a total cost of $1.4 billion) in each shed to deceive seismic sensors. In an article written for the Arms Control Association, Drell says that in adopting deception as a defense (rather than a straightforward concealment), the United States will be trying to compete on the Soviets' home turf: "The Soviet system is far better adapted to the imposition of controls, secrecy, and limitations on their population. The Soviets also have 2½ times the territory of the continental U.S. . . . in which to deploy and 'hide' mobile ICBMs. We should prefer to compete with the Soviets on our own home turf of mobility based on new system and reliable technologies."

A third flaw in the racetrack plan, say Garwin and Drell, is that it will make arms control more difficult. It may magnify fears of a surreptitious "breakout" strategy, in which surplus missiles are stockpiled slowly and then, in a surprise move, rushed to preconstructed launching sites. If the Soviet Union were to copy the U.S. racetrack and put 200 missiles in 4600 concrete shelters, Garwin claims, there would be no way to assure the public that the Soviets were not building a threatening stockpile of more than 200 missiles. Fears of this sort could frighten both sides into producing more warheads.

A submarine missile system based near the coast would eliminate or diminish nearly all of these problems, according to Drell and Garwin. They claim that most of the technology is available and could be adapted for an operational system much sooner than the racetrack scheme will be ready—perhaps by 1985 or 1986. Germany already has built 18 modern subs weighing 450 tons each (as compared with 8000 tons for the Poseidon and 18,000 tons for Trident), and uses them in the Baltic Sea. In the Garwin-Drell scheme, the small vessels would be fitted with two or three external missile capsules, a power system already in use on commercial surveying subs, and a new communications system. About 100 of these little subs could be built in fairly short order, the proponents say, at a much lower cost than the racetracks proposed by the Defense Department. In terms of security, their most important feature is invulnerability: unlike the land missiles which are safe only in the aggregate, the submarines are individually invulnerable. Each one, as it puts to sea, diminishes the perceived Soviet threat to Minuteman. They do not require a massive program of deception. They have a distinct advantage in terms of arms control; because they are easy to count as they are assembled in shipyards, they would create no fear of a breakout.

Air Force officials say the idea has technical flaws. For example, they argue that the submarines might be rolled over or destroyed in the turbulence that could be caused by a Soviet barrage of American coastal waters. And they fear that—no matter how sophisticated—the communications link with the little subs would be markedly inferior to the one planned for the racetrack. Garwin disputes both points.

Perhaps even more important than the technical criticism is the feeling, as one Air Force officer put it, that moving into subs would be like telling the Soviets they had "chased us off the land." In this context, it is useful to keep in mind the Defense Department's doctrine of the strategic triad: America must have invulnerable nuclear forces in the water, in the air, and on the land. Under this doctrine, one does not solve the weakness of a land-based force by putting a new force underwater. Besides, the Air Force, which is due to get the MX, is not eager to go underwater, and certainly not in diminutive German submarines. The Navy is bored with the idea. Drell suspects, because it would siphon off funds from the Trident construction program, which is already a huge financial burden, and slow the pace of the ambitious new conventional shipbuilding plan. As Drell claims, "The principal obstacle to the [submarine] system at this time is that it has no institutional home or constituency."●

REPORT ON DOMESTIC COMPLIANCE ISSUED BY HELSINKI COMMISSION

● Mr. PELL. Mr. President, as cochairman of the Commission on Security and Cooperation in Europe, I am pleased to announce that the Commission has today issued its report on U.S. implementation of the Helsinki Final Act. The detailed report, entitled "Fulfilling Our Promises: The United States and the Helsinki Final Act," is a comprehensive review of the progress—or lack of progress—that the United States has made in implementing the provisions of the Helsinki accord.

Preparation of the report has been a major staff project during the past year. The Commission had the assistance of U.S. Government agencies and departments who—at the direction of President Carter—designated a high-level official to cooperate with the Commission in this domestic compliance monitoring effort. Information obtained through extensive staff research, 3 days of public hearings, and contacts with individuals and private organizations interested in various aspects of domestic compliance was incorporated into the report.

The report—issued 4 years after the signing of the Helsinki Final Act and 1 year before the Madrid review meeting—establishes the good faith of the United States in conscientiously examining its own compliance record. Not only will it encourage greater efforts at improved implementation at home but, we hope, it will prompt other signatory countries to undertake similar public assessments of their performance. I know my colleagues in the Senate—who have supported the Commission's efforts to encourage compliance in other CSCE countries—will be greatly interested in this report.●

SURVIVABILITY OF OUR STRATEGIC DETERRENT

● Mr. CRANSTON. Mr. President, I am not yet convinced that the MX missile basing mode which the President has chosen, or that any engineering solution, will guarantee survivability for U.S. land-based forces in the long run. That question and others will be explored as we continue the research, development, testing and evaluation programs for the MX missile and basing modes.

TIME FOR FULL CONSIDERATION OF MX-HORIZONTAL DASH, ALTERNATIVES, ARMS CONTROL SOLUTIONS

We—the Congress and the Executive—have ample time and opportunity to consider how best to insure the overall survivability of our strategic deterrent. I am pleased that the Carter administration has rejected the theory that our deterrent to nuclear war vanishes the day that Soviet ICBM's have the theoretical capability to destroy most of our ICBM force. Rather, as Dr. William Perry, Under Secretary of Defense for Research and Engineering, stated on September 12:

> Fortunately, the future vulnerability of the Minuteman force does not imply the concurrent vulnerability of the United States. We can afford some temporary degradation in the ICBM force because our overall strategic capability will remain strong. The other two legs of the strategic triad are not now threatened in the same way as our ICBMs. But we have decided to build up the leg of the triad that is temporarily weak so that should other parts of our strategic forces become more vulnerable at some later time, our overall strategic deterrent will not be eroded.

Both the U.S. bomber force, deployed with air-launched cruise missiles, and our SLBM force are expected to remain survivable well into the 1990's and perhaps beyond.

Thus, we need not be panicked into making a commitment to any basing system which may or may not insure long-term survivability of our ICBM's, which are, after all, only part of our strategic triad deterrent. I wish to emphasize that the decision Congress is making in providing $670 million for the MX in fiscal year 1980 is only the decision to continue research and development. This is not a production decision. It is not a commitment to build any specific number of MX missiles in the future. We are funding only the continuing search for a possible engineering solution to the problem of ICBM force vulnerability.

WORKING FOR AN ARMS CONTROL SOLUTION

In the coming years we should pursue with equal effort and vigor arms control solutions to the problems of ICBM vulnerability. If the SALT III negotiations could eliminate the threat to land-based forces through major mutual reductions, that clearly would be vastly preferable to deploying the very expensive and potentially destabilizing MX missile.

The MX will not even begin to be deployed until 1985—the year SALT II terminates. Both the United States and the Soviet Union have commited themselves in the SALT II Treaty to finalizing a SALT III agreement before SALT II expires. Even if the 1985 deadline should pass, it would still be years before the MX is fully deployed. In the years ahead, I will be working hard in the Senate to insure a good SALT III agreement.

Thus, I believe there is ample time for the United States to pursue an arms control solution as well as to continue to try to find an engineering solution as a further hedge.

SENATOR HATFIELD'S AMENDMENT

I do not believe this continuing exploration process would be served best by eliminating most of the $670 million requested for fiscal year 1980, as proposed by my distinguished colleague from Oregon, Senator HATFIELD. However, I do strongly support Senator HATFIELD's view that the Department of Defense should fully consider the alternative basing mode called "SUMS," or a shallow underwater mobile system using submarines. As recently as October 23, Dr. Perry discussed with me the pros and cons of the SUMS alternative and the further studies on SUMS which are underway in his department. If additional moneys are needed to continue these studies in fiscal year 1980, I will certainly join with my colleague from Oregon in seeking to insure that those funds are available. At this time, I have as many questions about SUMS as I do about the so-called racetrack or horizontal dash shelter system. For example, I am concerned that submarines operating in shallow water, may be as vulnerable to the same pin-down barrage-type attack as land-based missiles.

Another concern is that communications with submarines tend to be less secure and noncontinuous than those with our land-based missile system. We must have, to the maximum extent possible, prompt and continuous control over our strategic forces.

Finally, it is not self-evident that SUMS would be less expensive than the shelter basing system. There may well be technical solutions to these and other problems regarding SUMS. My only point is that there are many unknowns and that further exploration is both necessary and desirable. I believe the Department of Defense is willing to continue these explorations and I pledge to work with my distinguished colleague from Oregon and the other Senators on both sides of the aisle and of diverse political persuasions who are dissatisfied with the current MX basing scheme to insure that the Department of Defense keeps its options open for the best practical solution.●

WAGE AND PRICE CONTROLS

● Mr. PELL. Mr. President, on October 25 I introduced legislation giving the authority to impose controls on wages, prices, rents, and salaries.

Today, we have evidence that a clear majority of the American people, facing the ravages of continued inflation, want and support wage and price controls.

A national poll, conducted by the New York Times and CBS News, shows that 58 percent of the people favor Government-enforced wage and price limits to combat inflation.

The poll shows further that wage and price controls are not a matter of contention or division between poor and rich, whites and blacks, Republicans or Democrats. Support for wage and price controls is nearly uniform.

This is in marked contrast to other proposals to combat inflation, which are either clearly divisive or do not command strong public support at all.

I believe this indication of strong, uniform public support for wages and price controls is important because the success of any program to control inflation relies very heavily on public support and acceptance.

If an inflation-control program is seen by the poor or the rich or by any racial or ethnic group as unfair or discriminatory, the programs chances of succeeding are seriously damaged.

This is what the Time/CBS poll showed:

Only about one third of those polled accept the idea of letting unemployment increase as part of a program to combat inflation. Among blacks and persons with incomes below $15,000 the number willing to accept higher unemployment rates is substantially lower.

While a large percentage of the public is willing to cut back on Government social programs to combat inflation, there are huge differences between blacks and whites, and between rich and poor on this question. It is clear that blacks and lower income individuals believe that such a policy would make them bear an unfair share of the burden of combating inflation.

Indeed, of all the solutions tested in the poll, only wage and price controls command strong, uniform support from all groups involved.

With inflation continuing to rage unchecked, with interest rates soaring weekly to unprecedented levels, there is growing public demand for more vigorous Government action to halt inflation.

I believe the time is rapidly approaching when wage and price controls will be seen, not only among the general public, but among economists, Government officials, and here in the Congress, as vastly preferable to the damage being done daily to our economy by continued inflation.

I hope my colleagues will pay particular attention to this latest report of the public view of what should be done to control inflation, and I ask that an article from the New York Times today reporting on the Times/CBS poll be printed in the RECORD.

The article follows:

POLL FINDS PUBLIC SUPPORTS VARIETY OF MOVES IN FIGHT ON INFLATION

The American people say they want to do almost anything to control inflation, including cutting their own standard of living, but the richer half of the population is much readier to accept a variety of social hardships than is the poorer half, according to the latest New York Times/CBS News Poll. Whites were also more prepared for overall sacrifice than blacks.

Wage and price controls were equally supported by those above and below the median income level and by blacks and whites. Fifty-eight percent of the public wanted them imposed.

Clear majorities of the public also supported reducing government social programs and cutting regulation of business and industry. But two out of three said they did not believe in "letting unemployment go up"—the effect almost all economists think would follow from using traditional forms of budgetary and monetary restraint to cool the economy.

Only two Americans in five said they believed "an effective President would be able to control inflation," but four out of five thought the problem could be controlled "if Congress and the President worked together." Only a fifth of the public thought they worked together now.

INFLATION ISSUE STRESSED

This Times/CBS Poll of 1,385 voting-age Americans, based on telephone interviews from Oct. 29 to Nov. 3, followed an early October poll in which 40 percent of the public identified inflation as the issue on which they most wanted Presidential candidates to concentrate. The new survey followed up by asking the public's willingness to accept solutions proposed by candidates and others.

Besides the marked differences by family income, the poll also showed very strong racial differences in responses. While 33 percent of the whites, for example, said they would accept greater unemployment to curb rising prices, only 17 percent of the blacks found that acceptable. Over all, 31 percent of the public favored that course, and 63 percent did not.

In a similar pattern, twice as high a percentage of whites as blacks said they would, to curb inflation, be willing to "cut back the number of government social programs." Seventy-five percent of the whites said they would, but only 36 percent of the blacks did.

Those respondents in roughly the upper income half of the population, with family incomes of $15,000 or more, gave that idea solid support, with 79 percent of them agreeing. But the lower half also favored the idea, at 63 percent approval. For the public as a whole, the percentage was 71 percent.

LETTING UNEMPLOYMENT RISE

Partisan differences on the suggested inflation remedies were generally slight. On the question of letting unemployment rise, 37 percent of Republicans and 28 percent of Democrats said they would accept such a step.

The biggest partisan difference, however, came on a remedy that Republican Presidential candidates have been stressing. The respondents were asked if they would accept having "less government regulation of business and industry." While half the Democrats said they would be willing, two-thirds of the Republicans approved.

Aside from wage and price controls, that issue produced the smallest income differential, with 54 percent of the poorer half saying yes to it and 60 percent of the richer half. That issue did strike home with the respondents having family incomes over $25,000, where it again got two-thirds approval.

That wealthier group was also most willing to say it would accept a reduction in its own standard of living to curb inflation. Seventy-seven percent of those with family incomes of $25,000 or more said yes to that proposition, while those with less than $15,000 in family income were considerably less enthusiastic, with only 57 percent agreeing.

The question of a reduction in one's own standard of living also produced the single sharpest age difference in responses. In contrast to the 65 percent of the general public who said they would cut back their own standard of living, 40 percent of the respondents 65 and over said they would. Of those from 45 to 64, 72 percent said they would accept such belt-tightening.●

ADDITIONAL VIEWS OF SENATOR GRAVEL ON WINDFALL PROFITS TAX

● Mr. GRAVEL. Mr. President, the so-called windfall profits tax bill will be coming to the Senate floor soon from the Finance Committee. This bill would siphon over $100 billion from the oil industry in the United States during the next 10 years at a time when hundreds of billions must be invested in oil and gas exploration and development just to keep our domestic production up to the current levels.

The bill will effectively keep the market price of domestic oil below that of foreign production. This will continue to discourage domestic production while doing nothing to stem the tide of foreign imports.

This tax is unnecessary. Enough revenues will be raised by the corporate income tax on oil companies as a result of the deregulation of domestic oil to pay for any programs presently being proposed for the development of alternative fuels, low-income energy assistance, mass transit, and conservation.

I believe that this bill represents a serious threat to our economy. I was the only member of the Finance Committee to vote against referring this bill to the floor and I continue to oppose its passage. My position on this legislation is set out fully in my committee report statement and, in order to make that position clear to this body, I ask that it be printed in the RECORD.

The material follows:

ADDITIONAL VIEWS OF SENATOR GRAVEL

HISTORY OF DOMESTIC OIL PRICE CONTROLS

The price of oil since its discovery at Titusville, Pa., in 1859, has been low in relation to other commodities. Initially, farmers considered the black goo a liability and sold oil rich lands as worthless. As industrial economies began to realize the attractiveness of oil as a fuel source the commodity became marketable and eventually the search for oil expanded beyond the United States. Throughout the first half of this century world oil reserves expanded faster than consumption. Major discoveries in Texas, the American Southwest and the Near East added huge reserves to the world stock of oil.

The major multinational oil companies are predominantly American owned and operated. These companies opened up the large foreign oilfields which now form the bulk of OPEC production. During the decades of the fifties and sixties the majors, controlling production from the huge fields of the Middle East, kept the price of oil low. In fact, the price of foreign crude was so low that import quotas were placed on foreign oil to prevent it from driving higher cost domestic oil out of the market.

At the beginning of the 1970's the countries which had provided us so abundantly with cheap oil began to realize that they were selling their birthrights for less than they might receive. Reacting in a perfectly logical fashion they joined together to seek higher prices for their crude oil. Because of the gluttony of the industrialized West, OPEC became a success and has continued to set the world price for oil since its formation in 1973.

The United States responded to the OPEC challenge in a most unsatisfactory way. Instead of acknowledging our dependence on imported oil and adjusting to price increases through encouraging domestic production of hydrocarbons, we levied price controls on domestic oil in an effort to delay the consequences of the OPEC price increases. Price controls on oil were initiated by President Nixon on August 15, 1971, as part of a general program of price controls. Prices were frozen at May 15, 1971, levels and not allowed to rise with the world price for oil.

By early 1973 price controls lapsed to voluntary guidelines. Due to heating oil shortages the Cost of Living Council imposed mandatory controls on the oil industry alone. We decontrolled the price of all other commodities, but continued controls on domestic oil with President Nixon freezing all oil prices. This was phase IV of the price control program which became the forerunner of the DOE programs of today.

In 1973 the Arab-Israeli war led to prices rising faster and higher than expected. In the United States, domestic crude prices were allowed to rise in response to supply shortfalls. The Cost of Living Council targeted regulations more specifically on the functions of the industry. Production, refining, marketing, and ceiling prices were set and mandatory allocations began. New oil was decontrolled. Producers increasing their production above 1972 levels were allowed one barrel of old oil at world price for every new barrel produced.

In November 1973, Congress passed the Emergency Petroleum Allocation Act which enacted into law most of the Cost of Living Council regulations. In addition, that act created the Federal Energy Administration to regulate prices and allocate production. It also created a cost equalization program for purchasers of crude oil bringing with it the "entitlements" program. President Ford imposed two $1 per barrel tariffs on imported crude oil under the Trade Expansion Act of 1960. These tariffs did not require congressional approval.

In 1975 the Energy Policy and Conservation Act was passed; largely continuing EPAA price regulations. This bill allowed FEA to establish "old" and "new" domestic oil prices such that the weighted average of domestic oil prices would not exceed $7.66 per barrel. The bill also placed stripper oil under controls, disallowed the release of oil to uncontrolled status, and authorized the President to initiate major regulatory program changes with congressional oversight.

In August 1976, the Energy and Conservation Act was passed by the Congress. This act decontrolled stripper well output allowing this oil to rise to world price. Authority was granted to raise the EPCA composite price by 10 percent per year although this action has never been taken by either FEA or DOE to the full extent allowed by law.

The dominant theme in this history of domestic oil price controls in the United States is one of increasing complexity. Starting with a general price control program on all goods we have developed in less than a decade a price control program for one domestic commodity which requires thousands of people and billions of dollars to administer. These price controls have helped keep the price of oil to U.S. industry and consumers below that paid by other countries. But the controls have not been without cost. We have continued our energy gluttony, our oil imports have risen, domestic production has been discouraged by artificially low prices, and we have lost face in the world by hiding from our energy problems.

Efforts to establish a domestic energy policy in the field of oil have centered around increasing the consumer price of oil to the market price established by OPEC while denying producers the revenues from higher retail prices. The crude oil equalization tax proposed by President Carter in 1977 and rejected by the Congress would have taxed the price of domestic oil to the world price. It, like the windfall profits tax, was deregulation without decontrol. Congress wisely rejected this tax, understanding that it promised higher prices with no hope for increased domestic production.

President Carter took a courageous step earlier this year when he announced a plan for the phased decontrol of domestic oil prices. As pointed out in his announcement, decontrol of domestic oil prices will contribute significantly to increased domestic production of oil. However, in a proposal which takes back with the left hand that which has been given with the right, the President asked the Congress to impose a "windfall profits tax" on the revenue flowing to domestic petroleum producers as a result of decontrol. The proposed tax has nothing to do with profits of domestic oil producers but simply places an excise tax on each barrel of oil produced domestically from certain categories. It is a punitive tax which does nothing to reduce our reliance on foreign oil, but reduces the incentive to produce American oil. Most discouragingly the crude oil severance tax is unnecessary since a rational national energy policy for the United States can be financed out of increased corporate income tax revenues resulting from decontrol.

THERE ARE NO WINDFALL PROFITS

The question of oil company profits has been thoroughly demogogued. Political and media denunciations of oil industry profits ring with moral outrage and colorful adjectives. What most of these denunciations lack is any reference to the facts. Prices of oil and related products are not exceptionally high, nor are oil companies abnormally profitable.

OIL PRICES ARE NOT OUT OF LINE

There have been allegations that much of the inflation in our economy is due to the rapid OPEC price increase in crude oil. It is interesting to compare the price of crude oil and related products with the Consumer Price Index to determine just how much the price of oil has risen in real terms. The relationship between the CPI and the price of gasoline and motor oil for the years 1972–78 is shown by the following chart:

[Chart not reproducible in RECORD]

Prior to the first quarter of 1974 the price of these commodities lagged behind the increases in the general level of prices. Following the oil embargo in 1974 gasoline and motor oil prices rose above the general level of prices. But, by 1978 prices fell back to a point where, in real terms, they were no higher than the general level of prices measured by the CPI

In addition to dramatic price increases in the nominal cost of energy other goods have inflated rapidly. President Carter's economic report to Congress relates the cost of energy and all other items in a chart set forth below:

[Chart not reproducible in RECORD]

In terms of dollars and increased outlay for gasoline and oil was far down the list, less than the increased expenditures for furniture. A further illustration of the status of domestic energy costs can be shown by comparing the cost of a gallon of gasoline with the average hourly earnings of American workers. The following chart shows dramatically that the cost of fuels in the United States fell significantly between 1928 and 1978 in relation to wages.

This discussion is not intended to suggest that all is well with U.S. energy policy, but merely to put the discussion of "windfall profits" into perspective. Since World War II the cost of petroleum based energy products in the United States has fallen in terms of real dollars until only very recently. It has been only since the beginning of 1979 that the cost of oil based hydrocarbons fuels in the United States has risen in real dollars. This is an exemplary record for the industry which our leaders have chosen to vilify.

PRICE INCREASES ARE DUE TO OPEC

The argument is made that domestic oil should not receive the current world price of oil because that price is an artificial one established by the OPEC cartel. However, from the standpoint of the United States the cost of a barrel of domestic oil which is not produced is the OPEC price because we must import that barrel from abroad. We must give up the goods and services from our domestic economy necessary to pay the OPEC price.

Because we must pay the OPEC price for imported oil the real cost of an additional barrel of oil, regardless of its source, is the OPEC price. If we are unwilling to pay this price for domestic production we use more of our resources to purchase foreign oil than domestic oil. But, clearly, it is preferable from the viewpoint of our economy to encourage domestic production to its fullest. Even at the OPEC price a barrel of domestic oil is preferable to a barrel of imported oil because the domestic production brings employment, income and tax revenues which foreign production exports.

Because of price controls, continued in de facto form by the crude oil severance tax, the United States is not producing those quantities of oil which could be produced with fewer resources than we use to purchase oil abroad; that is the oil which could be produced above the domestic controlled or tax base price and below the full world price. For every additional barrel of domestic oil we produce costing less than the world price, we obtain a net resource savings, which can then be used for the production of additional goods and services for consumption within the United States. If the price of oil received by domestic oil producers is permitted to rise to the world price, we could get more oil for the resources used at home and reap increased real income at the same time.

This is not to say that OPEC is not important with respect to a determination of domestic crude oil profits. If domestic prices are decontrolled increases in world prices will increase domestic oil prices and the profits of petroleum companies. This increase in profits is desirable in that it will encourage capital to flow to the domestic oil industry expanding domestic production until the cost of purchasing an additional barrel abroad. As the committee substitute is currently drafted an incentive remains to purchase oil abroad rather than to produce it at home.

INFLATION NOT CAUSED BY OIL PRICES ALONE

Many people in the United States blame the chronic increases they are witnessing in the cost of living on skyrocketing oil prices. By association, they place much of the onus for inflation on oil companies taking advantage of OPEC pricing practices. But rising oil prices are not the whole explanation for the inflation we are now experiencing in the United States. The predominant responsibility lies with the deplorably low productivity experienced in the United States since the early 1960's.

Japan, which is almost totally dependent on oil imports from OPEC, has far surpassed U.S. productivity in manufacturing and other non-farm business since 1960. Likewise, many European nations and Canada have experienced higher productivity than the United States. The economic slowdown associated with rising oil prices has not occurred nearly as fast in those countries as in the United States. The table below shows the low productivity in U.S. manufacturing from 1960–76, contrasted with that of several European countries and Japan.

The committee substitute concentrates on punishing the oil companies for profiting from oil price increases over which they have no control. This does nothing to resolve the problem of inflation in our economy. Instead, the Committee should be addressing the problem of inflation by stimulating productivity through the growth of capital stock and supplies of primary resources at home. Efforts to reduce the tax and regulatory barriers to growth will be far more constructive than creating additional programs for removing corporate profits from the economy.

PETROLEUM COMPANY PROJECTS

Many of America's major oil companies operate worldwide and their costs and investments as well as their profits are measured in billions of dollars. But, their return on investment and their profits are not unfair. In fact, oil companies make about the same return on their investments as most other segments of American industry. Over the past 10 years the return on capital invested by U.S. petroleum companies has been about 10 percent. Ten percent return on invested capital is similar to publishing, slightly less than the automotive average, and considerably less than the office equipment industry (13 percent) or the drug industry (16 percent). Until 1974 the return on equity in the oil industry was below that of average manufacturing. As a result of the OPEC price increases of 1973–74 the returns in the oil industry increased slightly above that of average manufacturing, but by 1977 were back to their earlier levels. The following chart traces the return on equity of a number of major oil companies from 1965 through 1978.

Our financial magazines, such as Forbes, Fortune, and Business Week, report regularly on corporate profitability and a glance at their charts will show that oil company profits average only in the middle range. Time and Newsweek have also pointed this out in recent editions.

Even with the current surge in oil and gas prices, profits have not become excessive. Television reports have emphasized the percentage increase of profits in the third quarter of 1979 over profits in the same quarter a year ago. But this can't tell the whole story unless we're aware that last year's profits were relatively low. Exxon's profits in the recent quarter were reported up 118 percent, but at that rate Exxon's return on investment for the year would be only 18 percent. Gulf's profits were reported up 97 percent for the third quarter, but at that rate, annualized return on investment for Gulf would be only 10.8 percent. Boeing, by contrast, had earnings for the second quarter up 139 percent with an annualized return of 19.3 percent. On a 5-year average, Exxon's profits at the current rate would yield only 12.9 percent return on invested capital; Gulf's would yield only 10.8 percent. Lockheed makes an interesting comparison with a 5-year return based on recent earnings of 24.8 percent. On the same basis the Washington Post is earning a 16.5 percent return on capital.

The highest profit year for the oil industry in recent decades was 1974, the result of price increases by OPEC, not the industry. In 1974, according to the Salomon Bros. investment firm, return on investment for large oil companies averaged 17.5 percent. This compares interestingly with performance by the most profitable of the Fortune 500, America's 500 largest corporations. More than 30 percent of these companies earned better than 20 percent last year as defined by return on equity and/or return on total capital.

OIL EXPLORATION AND DEVELOPMENT

Oil reserves in the United States have been shrinking in the past decade. Our reserves in 1978 were sufficient for only 4 years of production while in 1970 reserves had been sufficient for over 7 years of production. Much of this decline in reserves has been due to a smaller rate of reserve addition per foot of well drilled in the past decade. In the period 1973 to 1976 the barrels of oil discovered per foot of well drilled dropped from 52 to 18. This large drop has come since the regulation of domestic oil prices was instituted in 1973. The decrease in domestic reserves occurred in the face of a 53-percent increase in the footage of wells drilled during this same period.

Oil in the United States is becoming more difficult to find as the best prospects are drilled and more land is closed to drilling through environmental legislation and regulation. What this means is that a massive investment program in the exploration for new oil will be required to maintain and increase both domestic reserves and production. Chase Manhattan Bank estimates that just to replace domestic reserves produced currently will require capital expenditures of $350 to $400 billion in the period 1979–85.

PRICING POLICIES ARE NOT THE ONLY PROBLEM

The price controls on domestic oil are not the only impediment to increased domestic exploration for oil. The United States is the most thoroughly explored country in the world. As of the end of 1975 exploration wells in the United States had been drilled to a density of .20 per square mile, nearly 10 times the density of our closest competitor, the Soviet Union. The density of exploration in the United States as compared with the rest of the world is graphically demonstrated in the following chart in which each black circle represents 50,000 wells and the space for each country or region represents its petroleum prospective areas (sedimentary basins) both onshore and offshore to the depth of 200 meters.

In spite of the considerable density of exploratory wells drilled within the United States 98 percent of our potential oil and gas bearing lands remain totally unexplored. Many of the most favorable areas for the exploration of oil and gas in America may never be drilled. Our environmental laws place heavy burdens on companies seeking to drill for oil and gas. We have set aside thousands of acres of potentially oil rich sedimentary basins in national parks, refuges and wilderness areas. In Alaska alone the President has adversely impacted 40 million acres of potentially oil rich but unexplored lands. Compare this to Prudhoe Bay, which sits on only 190,000 acres of land and provides one-third of all U.S. oil and one-fourth of U.S. gas reserves.

PROFITS HAVE BEEN REINVESTED IN OIL

We have already pointed out that oil company profits are not "extreme", "outrageous", "obscene" or any of the other invectives which have been used to describe them. In fact, oil companies earn returns on their investments which are comparable to manufacturing companies operating in the United States. But then, one must ask, what do oil companies do with these profits? The answer is that they reinvest them in the search for and production of oil. The following chart compares oil company profits and oil company investments for a group of 27 of the largest domestic oil companies.

In all the years shown in the chart capital expenditures exceed net income. This means that oil companies in this group were investing more each year than they were earning. They were borrowing to invest. Between 1973 and 1976, when U.S. petroleum profits expanded rapidly, investment expenditures increased even more rapidly than profits in both absolute and percentage terms. Since 1976 as the growth rate in petroleum profits fell and earnings leveled off investment declined.

This increased investment has been concentrated in the oil and gas production and transportation fields. The following chart gives the breakdown of oil company investment by type for the years 1968–77:

Comparison of petroleum company investment by type

	1968–72		1973–77	
	Amount (billions)	Percent of total	Amount (billions)	Percent of total
Production	$17.2	51.4	$36.6	53.2
Transportation	1.7	5.2	11.1	16.2
Refining and petrochemicals	6.9	20.6	13.7	19.9
Marketing	5.8	17.5	3.0	4.4
Other	1.8	5.3	4.3	6.3
Total	33.4	100.0	68.7	100.0

Source: Chase Manhattan Bank for the Chase group of companies.

It can be seen that oil company investment in the 1973–77 period was much more oriented toward production and transportation than in the earlier period. Since 1973 the bulk of the transportation investments were directly related to the movement of crude oil from the producing areas. The expenditures for production and transportation grew from 57 percent of total capital expenditures in the earlier period to 69 percent in the later period.

Allegations have been made that oil companies are using their profits to invest heavily in nonoil industries diversifying their operations and getting out of the oil business. Analysis of the situation by Chase Manhattan Bank indicates that the magnitude of capital expenditures outside the industry is extremely small in comparison to total expenditures made within the oil industry. The share of capital expenditures going to "other" in the chart has remained constant over the period at approximately 6 percent. Stock acquisitions are not reported as capital expenditures but a review of SEC filings over the last 5 years indicates that the major noncapital acquisitions have been the Mobil acquisition of Marcor, ARCO's acquisition of Anaconda, and SoCal's acquisition of 20 percent of AMAX. Chase analysis suggests that such acquisitions represent a small fraction of the amount of funds that these firms reinvested in the oil business and that, on an industry basis, the outside investment has been very small. By and large the oil industry is the least likely of American industries to invest outside its own industry.

THE UNITED STATES: AMERICA'S LARGEST OIL COMPANY

The largest owner of potential oil reserves in the United States is the Federal Government. Through its ownership of millions of acres of Federal lands, our Government, and indirectly the American people, control a large share of the as yet unexplored or undeveloped petroleum potential in the United States. Yet, the Federal Government has acted to close off large portions of these lands to exploration through national parks, wildlife refuges and wilderness areas.

The Alaska experience is illustrative of the problem. At a time of grave energy shortages, the President of the United States, the same President who now calls for massive synfuels development, established by administrative action 17 new national monuments in Alaska. By this act alone, he withdrew from oil exploration and development 56 million acres of land. Additional withdrawals made at the same approximate time and the blocking of access to remaining lands significantly reduces the likelihood of exploration of an additional 100 million acres. In all, on December 19, 1978, he jeopardized oil development in an area nearly the size of Texas.

Over 10 million of the acres in monuments fall within sedimentary basins having potential for oil and gas discovery. That is 15,000 square miles of sedimentary basins. Little exploration has been carried out in these areas, and virtually no wells have been drilled. In fact, outside of known fields, less than 30 exploration wells have been drilled throughout Alaska.

Throughout Alaska there have been less than 1,000 oil and gas wells drilled to date, or about one well for every 375,000 acres in Alaska. In the lower 48 States there have have been more than 2 million oil and gas wells drilled, or about one well for every 1,000 acres. With this level of exploration it is absurd to "write off" any area as having no potential for oil and gas.

In addition to the potential areas within the monuments, these designated areas, because of their vast size, effectively block access to adjacent areas having oil and gas potential. As an example, the combined Noatak/Gates of the Arctic Monuments form an interlocking barrier stretching nearly 400 miles across the central and western Brooks Range. This prohibits any surface access route through this area to reach nearly 30 million acres of State, Native corporation, and Federal lands within the petroleum reserve to the north, all of which have high potential for oil and gas.

What is happening in Alaska is just the most outrageous of administrative and congressional actions which are taking a resource rich nation and making it a net importer of strategic materials, oil among them. The administration takes the position that even if the petroleum industry were to receive the full revenues from the sale of its domestic oil heavy reinvestment of those revenues in the search for oil and gas would not produce major increases in supply. As can be seen from the examples pointed out here the administration position is a self-fulfilling prophecy. Through environmental closures and delays in Federal leasing the administration is assuring that their predictions of "no more oil" will come true.

FEDERAL DEVELOPMENT IS TOO SLOW

Even when the Federal Government decides to develop the oil and gas potential on Federal lands the process is so slow as to be absurd. The United States has been engaged in a program to determine the quality of reserves in the national petroleum reserve in Alaska. The Naval Petroleum Reserve Act of

1976 authorized the President to study the best way to produce and transport the NPR–A reserves. As part of this study the Department of Interior has undertaken through private contractors a drilling program on NPR–A.

To date 14 wells have been drilled and 11,000 miles of seismic data collected. The administration has recommended a 19-well program with a cost of over $600 million. The Congress is suggesting an even more extensive program stretching well into the 1980's. In a time of gravest national emergency, we are taking a costly, go slow approach to the development of the Government-owned oil resources. Immediate lease sales on the Naval Petroleum Reserve-Alaska would bring private bidders to develop the resources in the shortest possible time.

The administration's position on NPR–A is to terminate the Government exploration program and seek the necessary legislative authority to open portions to private exploration. It is the view of the administration that:

Petroleum would be discovered sooner using different exploration strategies rather than a single government exploration strategy;

The high cost of Government exploration places an unnecessary burden on the Federal Treasury; and,

Additional drilling information would not significantly improve the accuracy of the overall resources estimate.

Yet, in spite of these conclusions drawn by the Department of Interior, the Congress has refused to terminate the Federal exploration program and put leases on the NPR–A out to private bid. Many of the same elected officials who voted not to develop the NPR–A in the most expeditious and inexpensive manner are among those first to rail against the petroleum companies for failing to solve our energy supply problems. Thus, we see that even when the Federal Government chooses to develop a portion of its oil resources it acts slowly, failing to take what steps it can to contribute solutions to our energy shortage.

THE COMMITTEE SUBSTITUTE—INCENTIVES FOR OIL PRODUCTION

The best incentive for the production of domestic oil has already been taken. President Carter, in his decision to decontrol the price of domestic oil, has done more for the production and conservation of oil in this country than any provision of this bill. By permitting prices to rise to world levels, the President will encourage conservation by individuals and businesses. Price is the appropriate means of encouraging conservation in a free economy because it allows each individual to determine where he wishes to conserve. The alternative is a bureaucratic regulatory system inevitably causing shortages and misallocation of resources. However, what the President has done through decontrol of oil prices he would undo through the adoption of the crude oil severance tax. The crude oil severance tax effectively continues the control of domestic oil prices for the production subject to the tax. To the producer of oil the world price is irrelevant except as that price is reflected in the price which he receives for his oil. If a portion of the selling price is taxed away in the form of a severance tax on his production, it is the same as if the price controls on his oil were never lifted, or as if the controlled price were merely increased to something below the world price.

The committee chose to impose a crude oil severance tax in order to shift decontrol revenues away from the petroleum companies to the Government for programs involving transfer payments and alternative energy development. However, the committee recognized that the tax constituted a significant disincentive to the production of domestic oil. Domestic oil and gas provides the only short and mid-term solution to the energy problems of the United States. Alternative energy sources cannot hope to provide sufficient energy during the 1980's to alleviate the crisis which we are experiencing today. Thus, the committee decided that it was necessary to give back to producers a portion of that incentive which was initially granted by the President and then taken away again by the proposed tax.

"The incentive which the committee adopted in the form of exemptions from the tax are good as far as they go. These incentives will prevent the crude oil severance tax from having an effect as drastic as might otherwise be. However, they do not go far enough. They tend to favor one type of oil over another. Stripper oil remains favorably priced and, although no examples have been given of reduced production to obtain stripper status, the economic incentive still remains on a marginal well to reduce production rather than increase it. With respect to high cost oil the committee has failed to take into account the high production costs associated with some tier one oil which may result in deferred maintenance on many wells further decreasing their production.

The committee made some progress in the treatment of Alaskan North Slope crude oil when it voted to increase the base price at which the tax would begin to apply. The committee rejected the better solution of exempting Arctic oil from the tax altogether and as a result of that decision as much as 3 billion barrels of reserves may remain in the ground because at the lower price they will be uneconomic.

When one considers what needs to be done in the exploration and development of oil and gas in the Arctic and other frontier regions, the tax treatment of Alaska North Slope crude oil is inappropriate. Taxing the only major project contributing to domestic energy supplies in the last 10 years is counterproductive. There remains a great deal of work to be done on Prudhoe Bay to have that oil field realize its full potential in both oil and natural gas production. Estimates of future capital expenditures required to maintain the productivity of Prudhoe Bay exceed $12 to $15 billion.

It is generally agreed that there is a greater degree of risk in exploration and development in frontier areas, such as the Alaska North Slope than there is in the traditional lower 48 oil exploration. Major factors contributing to these increased risks are severe weather conditions, remoteness, sensitive environmental and geological characteristics, and a lack of normal social and industrial infrastructure.

Future exploration for significant oil and gas finds in this country will need to be in frontier areas. Frontier oil development in such locations as the Alaskan North Slope, the Baltimore Canyon, Gulf of Alaska, and deep drilling on the Overthrust Belt and the Beaufort Sea require a recognition of the higher risk of exploration of these frontiers and commensurate returns to those willing to take the risks. It does not make any sense to tax away the returns to producers who are knowledgeable in frontier exploration and expect those same companies or other companies to turn around and take the significant risks for further frontier exploration.

Frontier oil is characteristically distant from the marketplace and requires expensive transportation costs to bring the oil to market. Savings in these transportation costs should not be subject to the ravages of both inflation and the windfall profits tax. Adjustments recognizing the changes in transportation costs, such as the TAPS tariff adjustment should receive the same protection from the ravages of inflation as the wellhead price of oil and, therefore should be adjusted for changes in inflation.

As pointed out in earlier discussions, incentives for the production of oil are only a part of the necessary structure for successful exploration and development of domestic oil. Incentives without capital sources will never produce oil. By taxing existing oil at the levels proposed in the committee substitute the capital required for additional exploration and development of new domestic reserves is impaired. Since exploration for new oil is a very risky proposition, lenders are unwilling to finance such projects. By taxing away revenues of existing oil production, we assure that the petroleum industry's sole source of finance for exploration is impaired.

CONSERVATION AND ALTERNATIVE ENERGY TAX INCENTIVES

In general, my position on the committee substitute does not arise as a result of committee action on tax incentives for conservation and alternative energy production. While disagreeing with the committee's approach on a number of these issues, I voted against referral of the committee substitute because the committee sought to fund these credits and incentives with the proceeds of an unnecessary tax on the domestic production of oil. Even with its faults, the committee substitute would have been an acceptable bill if the committee had relied on increased revenues from the corporate income tax on petroleum companies to finance its programs and rejected the call for a crude oil severance tax.

One of the greatest concerns which must be dealt with in fashioning energy policy for America is to avoid reliance on uneconomic energy sources for our future supplies. Nuclear generation of electricity was America's first synthetic fuel. Because of our national pride and guilt over the destructive use of the atom, Government force fed the development of peacetime nuclear power. When it became clear that private investors would not assume the large risks inherent in the construction of nuclear generating facilities, the Government removed the liability. We now have significant nuclear generation and, after 25 years, are just beginning to discover what nuclear power really costs. The Three Mile Island accident is only the tip of the iceberg. Plants all over the country are shut down for long periods while consumers pay their high cost but without increases in energy supply. Storage of atomic wastes is a bureaucratic horror story waiting to explode into our national consciousness.

The lesson which should be learned from the open ended cost of nuclear power is that the market, not the Government, should be making the decisions with respect to our energy future. Bureaucratic force feeding of one or several alternatives will assure the United States of power in the future priced far above our competitors who rely on free market forces to shape their energy futures. If we shackle our factories and homes with exotic energy sources generated by large subsidies or price supports. America will be left at a serious competitive disadvantage in international trade, and we will have simply exchanged one problem for another.

One of the bright spots in the committee substitute is the provision extending the privilege of tax exempt financing to all hydroelectric facilities. This provision promises to encourage and facilitate construction of environmentally sound hydroelectric facilities. Hydroelectric generation has been with us for over 100 years and has proved to be a clean and efficient source of renewable electric energy. In addition, hydroelectric generation provides the lowest cost power per kilowatt of any alternative source. The Washington Post, in an article of Sunday, October 29, 1979, noted that the utility rates in the Pacific Northwest are the cheapest in the Nation. In August, the cost of 500 kilowatt-hours of electricity was $9.45 in Seattle and

$46.72 in New York City. This differential is due to the heavy use of hydroelectric power in the Northwest. The reason hydroelectric power proves so inexpensive in spite of large capital costs is that there are no fuel costs involved in generating hydroelectric power. Operating costs for hydroelectric facilities are extremely low, allowing rapid retirement of construction costs and low fees for power thereafter. The United States should move quickly to develop to its fullest extent our capacity for generating hydroelectric power.

The use of tax exempt financing for hydroelectric construction is attacked by the administration on the grounds that expansion of the use of tax exempt financing into this field will increase interest rates, driving out other tax exempt borrowers such as schools and hospitals. The administration position has no basis in fact. Historically, when the investments eligible for tax exempt financing have been expanded, the markets have expanded to absorb the new issues without affecting interest rates. In recent years two major new markets for tax exempt bonds have developed without affecting interest rates. These two major new markets were pollution control facilities and housing mortgage bonds.

The tax exempt bond market has consistently expanded in volume year by year without affecting interest rates on tax exempt bonds. The interest rate on tax exempt bonds is not tied to the volume of bonds issued but to the cost of money generally. The Treasury and the Federal Reserve System do more to affect the interest rate on tax exempts than any conduct in the market. The market for tax exempt bonds is not a closed market with a limited volume all its own, but a market like other markets, which interacts with markets for other financial assets. The Treasury appears to view this market as closed, with a finite possible size in spite of historical evidence to the contrary.

LOW-INCOME ENERGY ASSISTANCE

Low-income people are particularly hard hit by rising energy prices. Although the price of energy generally has tracked with the cost of living, the the heating problems of the poor are exacerbated by the sheer size of heating bills. The poor of America felt the harsh rise in the price of home heating oil last year through prices which began the steep upward trend during the winter. This winter promises to be even worse for the poor and any effort we in the Congress can take to alleviate the problem is important.

The low-income energy assistance provisions of the committee substitute are a step in the right direction. The committee substitute will help soften a portion of the higher fuel costs experienced by low-income individuals. The direct benefit payment to individuals and households will be a welcome addition to this winter's budgets. The fuel budget will also benefit from the tax credits which low-income taxpayers will receive. Together these provisions give a wide range of energy assistance and allow the States to administer programs which are already underway or under consideration by the various States. The committee was properly concerned that funds be available for distribution this winter so that America's poor need not suffer through another winter without some help. For that reason it was very encouraging to see the Senate act expeditiously to appropriate funds for this purpose.

While the committee substitute provides an acceptable form of low-income energy assistance it is unfortunate that the committee chose to rely on the crude oil severance tax to finance the low-income energy assistance program. Testimony before the full committee and the Subcommittee on Energy and Foundations indicated that sufficient revenues would be generated by the corporate income tax to adequately fund this low income energy assistance program, as well as the other programs and credits adopted by the committee in its committee substitute.

FINANCING THE PROGRAMS

The committee substitute relies on the crude oil severance tax to finance the programs for energy conservation and alternative energy production as well as the programs for low-income assistance. The committee has completely ignored the $340 billion in additional corporate income tax revenues which will accrue to the Federal Government. as a result of deregulation. All of the programs which the committee substitute provides and many other programs as well could be financed in their entirety without the adoption of any new taxes. Why then, one must ask, do we find the committee substitute proposing a massive new tax on an essential industry. The conclusion can only be drawn that the committee and the Congress seeks to penalize the petroleum industry in the United States for the actions of OPEC because of our colossal national misperception with respect to corporate profits and their function in our free enterprise system. Such a course of action is irrational, for the petroleum industry in the United States has served us well. It has provided us with the cheapest energy in the world for over half this century and provided this energy in abundance. These companies are not disembodied spirits, but representatives of their millions of shareholders in the United States and the world upon whom this massive new tax will fall. By taxing the petroleum companies and the consumers of energy in this unnecessary manner we tax millions of our own people in an effort to draw capital from the only industry which can solve our short and medium term energy problems.

Time and time again during consideration of the committee substitute the question was asked regarding the use of the revenues accruing to the Federal Government above and beyond those raised by the crude oil severance tax. No satisfactory answer was given. The committee substitute raises $138.2 billion in revenues over the 10-year period to 1990; $141 billion in new taxes at a time when the Federal Government anticipates additional revenues of $340 billion with no new taxes. Until a satisfactory answer is given to the question of what is to be done with the additional income tax revenues the committee left lying on the table when it passed this crude oil severance tax the Congress should be loath to enact any new tax.

Thus, I voted against adoption of the committee substitute for the following reasons:

1. It discourages production of domestic oil.
2. It levies an additional $141 billion in unnecessary taxes on American companies, shareholders and consumers.
3. It provides incentives for the production of uneconomic energy alternatives.
4. It will do nothing to reduce our reliance on foreign oil.
5. It will destroy our already impaired productivity.
6. It will create additional governmental interference within the U.S. economy.

I support provisions in the committee substitute encouraging the development of mass transit, hydroelectric power and conservation. I also support provisions for low-income energy assistance to help the poor in our Nation bridge the long jump into an energy expensive future. In spite of these attractive features of the committee substitute, I find I must oppose this legislation as extremely detrimental to the Nation because it will launch us into a decade of economic difficulties. Therefore, I encourage its defeat by the Senate.●

SUCCESS OF THE HEAO PROGRAM

● Mr. STEVENSON. Mr. President, in recent weeks there has been ample coverage of the problems that still afflict development of the space shuttle. But there has been little, if any, recognition of the National Aeronautics and Space Administration's highly successful high energy astronomy observatories (HEAO) program. It is appropriate to draw attention to this program that is well within its budget, on time, and producing a wealth of scientific information.

The HEAO's are the heaviest unmanned Earth satellites orbited to date by the U.S. satellites. Following a redesign of the initial concept to scale down the size and cost of the observatories, the three-spacecraft HEAO program began in 1975. A 7,000-pound spacecraft that could be launched by an Atlas-Centaur, instead of the more powerful and expensive Titan III, was developed.

The three-mission HEAO program was completed at a cost under the $250 million originally projected. The contract between the Marshall Space Flight Center and TRW, Inc., the prime contractor, called for a schedule of launches in consecutive years—1977, 1978, and 1979. That schedule was met. HEAO–1 operated for 11 months longer than its design lifetime of 6 months. HEAO–2 is near completion of its 1-year mission and is expected to continue operating for another 2 years; 6 months is the goal for the HEAO–3 mission launched on September 20 of this year, but the first two satellites give promise that HEAO–3 will operate for at least 18 months.

Throughout the HEAO program, approaches were taken to minimize the amount of test hardware that was needed and to achieve a maximum degree of commonality for the three missions. For example, the HEAO subsystems took full advantage of existing hardware designs developed in other programs. The HEAO's were built with approximately 80 percent "off-the-shelf" flight-qualified hardware, a tremendous cost savings. A common equipment module was used on all three spacecraft. It contained all of the functional systems necessary to operate and control each HEAO and its experiments.

The first two HEAO's have produced significant advances in astronomy, particularly in our knowledge of celestial X-ray and gamma-ray sources. The catalog of X-ray sources has been increased by HEAO from 350 previously known sources to about 1,500. HEAO–1 discovered a new black hole candidate to increase the number to four. Another discovery was a dust and gas cloud with a mass equal to a million billion suns enveloping a supercluster of galaxies. This might be part of the "missing" mass of the universe needed to support the closed universe theory.

HEAO–2 carries the largest X-ray telescope ever built and has transmitted to Earth the first really good X-ray generated images of celestial objects other than the Sun. One of these X-ray images is of a known quasar more than 10 billion light years away at the very edge of the observable universe. Until HEAO, it was not known that any source that far from the Earth would emit X-rays.

Since its near-perfect launch in September, HEAO–3 has been operating exactly as planned, with every indication that its systems and experiments will satisfy all requirements and all expectations.

NASA's programs include many which have made outstanding contributions to mankind's knowledge of the Earth, the solar system, the universe. Near the top of that list are the high energy astronomy observatories.

Mr. President, I congratulate NASA, its contractors, and principal investigators.●

LOOPHOLES REMAINED UNCHECKED

● Mr. HATCH. Mr. President, very shortly the Foreign Relations Committee will be reporting the SALT II treaty to the floor of the Senate. At that time the Senate as a body will be charged with the duty of insuring that the treaty is in the best interests of the security of the United States.

While the treaty has been before the committee we have witnessed a reluctance on the part of the committee to approve any amendment which may result in renegotiation with the Soviet Union. What we have seen is a parade of "understandings" on the part of the United States, none of which have any legal application with respect to the Soviet Union.

Mr. President, we have allowed the dictums of the Kremlin to dictate our actions toward the SALT II treaty. Statements by various Soviet leaders have been used time and time again to explain why we must ratify the treaty with exactly the same text as presented. What is the point of the constitutional mandate for the Senate to give its advice on such matters? Is the role of the Senate to be a "rubber stamp"? Are we to be mentioned in the same group as the Soviet "legislature" which, according to these same Soviet leaders, will give their assent to the treaty without any major complications? These are questions that we as a body had better start asking ourselves before it is too late.

The point of the matter is that there are some serious problems with this treaty. There are loopholes that will permit the Soviets to exploit the language to their benefit. Several of these loopholes have been outlined in an editorial in the San Diego Union. In the October 25 issue of the paper an editorial entitled "SALT II's Gaping Loopholes" appeared and listed some serious faults of the treaty.

The first item mentioned is the failure of the treaty to deal with the Backfire bomber. This is an issue that all of us have heard before and for some reason we fail to come to grips with the problem. Are the American people willing to accept the so-called unilateral statement of the Soviet Union on such a crucial issue? I don't think the people of Utah are willing to do so.

Another of the dangers that is mentioned concerns the stockpiling of missiles. The editorial points out that the Soviets have in excess of 1,000 missiles which remain available through cold launch techniques and quick platform technology. The editors state that:

> It would be sheer folly to assume that the Soviets might not suddenly deploy these missiles on easily concealable launching pads at the critical moment of some future crisis. Why else would they retain such large numbers of supposedly superfluous missiles?

There are other loopholes.

Mr. President, the dangers of the treaty are clear to everyone, yet we remain passive in our actions. I recommend this editorial to all of my colleagues and therefore ask that it be printed in the RECORD.

The editorial follows:

SALT II's GAPING LOOPHOLES

The SALT II treaty is supposed to establish a stable nuclear equilibrium by limiting the United States and the Soviet Union to 2,250 strategic-weapon launchers each. But, in fact, this seeming parity is mostly cosmetic. Treaty loopholes allow the Soviets an additional and unregulated arsenal that already exceeds 2,000 nuclear missiles and delivery systems, all capable of reaching the United States.

It doesn't require a special grasp of nuclear strategy to imagine what this strategic bonus does to a Soviet-American military balance already shifting in Moscow's favor.

The most celebrated of these loopholes is the exemption from treaty limits granted the Soviets' supersonic Backfire bomber. By the time SALT II expires in 1985, this concession alone will have provided the Soviets the equivalent of a strategic air command—375–400 Backfires armed with nuclear missiles and bombs, all outside treaty ceilings.

Menacing as the Backfire threat is, however, it may be less destabilizing to the strategic balance than the stockpiling of intercontinental ballistic missiles, a critical issue ignored by the treaty. This loophole goes to the heart of SALT II's failure as an alleged "arms-control" treaty.

In general, the treaty limits the numbers of missile launchers and not the missiles themselves. Yet one searches the treaty in vain for a comprehensive definition of a missile "launcher." A mere technicality? Hardly.

For treaty purposes, ICBM launchers are considered to be the fixed, underground silos utilized by both sides for intercontinental-range missiles.

But no law of physics requires that ICBMs be launched from concrete holes in the ground. The U.S. Air Force has successfully test fired a Minuteman ICBM from a simple concrete pad with nothing more than a transportable erector and a portable electrical power source. The technology is elementary and certainly within Soviet capabilities.

What makes this significant is the fact that the Soviets have already replaced some 1,500 of their older ICBMs with more modern missiles. By 1985, an estimated 2,200 Soviet ICBMs will have been withdrawn from their silos in favor of more accurate, lethal versions.

Nothing in the 1972 SALT I agreements or in the SALT II treaty requires that these "surplus" missiles be dismantled. So, no one should have been surprised last April when a new U.S. intelligence study of Soviet strategic forces concluded that the Soviet Union possess at least 1,000 stockpiled ICBMs in addition to the 1,398 housed in fixed launchers.

It would be sheer folly to assume that the Soviets might not suddenly deploy these missiles on easily concealable launching pads at the critical moment of some future international crisis. Why else would they retain such large numbers of supposedly superfluous missiles?

Moreover, about one-fourth of the Soviet Union's ICBM silos employ the so-called "cold launch" technique that permits rapid reload and launch of additional missiles, a capability U.S. silos lack. Inasmuch as the cold-launch feature is useless without a supply of stockpiled missiles, Soviet intentions are as ominous as they are apparent.

Other treaty loopholes permit the Soviets to maintain up to 300 ICBM launchers not counted toward SALT II ceilings. U.S. negotiators agreed to exempt 150 Soviet silos as "test and training" launchers although the United States manages to get by with only 14. Another 150 Soviet silos are exempted because, say the Russians, they are "command and control" facilities, not launchers.

Finally, the SALT II treaty inexplicably exempts 69 Soviet submarines armed with a total of 454 nuclear-tipped cruise missiles and 26 additional Soviet submarines carrying an aggregate of 78 ballistic nuclear missiles.

While it is true that many of these submarines are older models equipped with relatively short-range missiles, every one of these weapons could reach U.S. targets from offshore stations along the Atlantic, Gulf, and Pacific coasts. The SALT II treaty's arbitrary definitions of what does and does not constitute a strategic weapon cannot obviate the threat these weapons pose nor lessen their impact on the actual military balance.

The Carter administration, and the Kremlin, insist that any attempt by the U.S. Senate to close these loopholes would effectively kill the entire treaty and rekindle the Cold War. But unless these and the treaty's other manifest flaws are corrected, SALT II will stand as a cruel, dangerous betrayal of the legitimate hopes for equitable arms control.●

SECOND CONGRESSIONAL BUDGET RESOLUTION—CONFERENCE REPORT

● Mr. BOREN. Mr. President, yesterday, I voted against the compromise agreement reached by the two budget committees on Concurrent Resolution 36, the second concurrent budget resolution setting permanent ceilings on spending for this first session of the 96th Congress.

There are at least three major areas in which the compromise agreement lets down the American people—defense spending, the deficit and the apparent failure of the reconciliation process to keep us on the road to a balanced budget.

At the insistence of the House conferees, increases in defense spending will be held to 2½ percent real growth. That is $700 million below the figure I have viewed as the minimum figure required to meet both our commitment to our NATO allies, and, more importantly in my view, the 3 percent real growth effort this country must make to achieve and maintain adequate defense strength in the face of the long and continuing threat to our security posed by the military buildup of the Soviet Union.

The only way to insure peace, Mr. President, is through strength. Defense spending at the level contained in this budget is not enough. This budget resolution will cause me to view even more critically the 5 year projections for defense spending the administration is to provide the Congress before we vote on SALT II.

Secondly, Mr. President, the projected deficit, $29.9 billion, is $2 billion higher than the deficit for the fiscal year which ended last month.

I realize that in terms of real growth these figures represent a decline in Government spending from the 3.4 percent average increase of the last 5 years to 1.8 percent increase for fiscal year 1980.

However, Mr. President, the deficit figure is higher and that reverses a steady trend the Senate and its Budget Committee has established over the last few years. That reversal sends absolutely the wrong message to the people of the United States. It tells our constituents that the Congress is apparently unwilling to take the hard steps necessary to continue reductions in deficit spending—reductions that must be continued if we are to balance the Federal budget.

This brings me to my third disappointment with this budget proposal, Mr. President, the apparent failure of the reconciliation process.

Last May when the pressure was low and budget balancing rhetoric was high, we instructed our Budget Committee, Mr. President, to bring before the Senate two budget proposals that would lead to a balanced budget.

They did. We then debated those proposals and with great flourish adopted spending limits that were to lead to a balanced budget and tax cuts in fiscal year 1981.

When the second budget resolution was brought to us in September, the Budget Committee properly reminded us of our May promises, Mr. President, and asked us to live up to them through the reconciliation process—the first time in the short history of the budget act that the reconciliation process has been employed.

We grumbled a little, Mr. President, and some modifications were made, but in the end we passed the resolution.

Now it all may be lost. Now the House conferees tell us that insistence on reconciliation will doom the budget in the House.

Again I say, Mr. President, we are sending the wrong signals to the American people. If we are to ask the American people to believe our willingness to balance the budget—if we are to ask the American people to sacrifice in the name of fighting inflation—then we must do our part, we must lead the way with our own example.

The example shown in this budget proposal is not the best we could or should do.●

THE PARMA REVIEW: A REVIEW OF 70 YEARS

● Mr. CHURCH. Mr. President, the Parma Review, a small weekly newspaper in Idaho, celebrates its 70th anniversary of publication on December 15. I mention this anniversary because of an unusual project the paper plans to undertake over the next year in celebration of this anniversary: The compilation of historical articles on the community it serves, complete with old photographs. The entire community has been asked to help prepare the material.

Two things I believe are significant in this undertaking. First, in an era where many people receive their news from electronic media, which leaves no permanent record, weekly newspapers have to struggle to survive. Yet historians cherish and value the news they find in such periodicals for the perspective they provide in tracing the legacy of any community. Thus, I believe this project will be welcomed not only by the people of Parma, but by future historians as well.

Secondly, I wish to say a personal word about an old friend, Mrs. Theron Gough, the editor and publisher of the Review. Mrs. Gough's husband died earlier this year, leaving Mrs. Gough to take over and manage the paper. Rather than selling the paper, or folding it, she decided to continue its operation as a family enterprise. In these days of increasing chain ownership of both daily and weekly newspapers, that is a development to be welcomed. The project of publishing a compilation of historic articles on her community fulfills a plan her husband had begun.

Mr. President, I request that a brief article on this project that appeared in the November 1 issue of the Parma Review be printed in the Record.

The article follows:

Parma Review Celebrates Anniversary Year With Historic Edition and Articles

The Parma Review will celebrate its 70th anniversary of publication on December 15, 1979. It began publication in December of 1909 under the management of a lady, Miss Lillian Dickinson.

The Parma Review will also be celebrating another anniversary in November of 1980, commemorating 60 years of publication by a member of the Gough family.

Theron's father, Thomas McParlin Gough, purchased the newspaper started by Miss Dickinson, and took possession on November 1, 1920.

It had been Theron's plan, prior to his death, to publish an Historical Anniversary Edition of The Parma Review this November, commemorating these two historic events in the history of this community. With the complications of a change in Editor and Publisher and the problems of learning the business and coping with a new direction to our lives as a family, it has not been possible to carry out this plan this month.

However, your new editor-publisher would like to carry out her husband's plan, but use the whole year from November 1, 1979 until November of 1980 as an Anniversary Year.

Parma Historians Lucile Peterson and Helen Lowell, as well as Jean Stone and many others, have been compiling historical articles about Parma as requested by Theron. We will take a year to put together the next 70 years of Parma History beginning where "The First Hundred Years" left off which was compiled and written in book form by Lucile and Helen and Published in 1976 as part of our country's 200th birthday anniversary.

We will be publishing an historical article each month beginning this November as part of the year-long celebration. These will not be in the Anniversary publication except in some cases, perhaps in a condensed form. We are anxious to have the histories of every organization and business in Parma during the past seventy years as well as old pictures of people, places and events. Anyone having material they think would be of interest and importance in Parma's history, please call us or bring them in to the office. Our goal is to publish a 70 page tabloid size supplement to the Parma Review on book paper which will be free to all subscribers. We will also publish an extra 600 anniversary issues which will be for sale. It will be necessary to sell at least 22 pages of advertising to finance the project and these ads may contain the histories and pictures of businesses, families and organizations, so as to be a contributing part of the historic record.

It is hoped that the community will find this project of special interest and a worthwhile contribution to the historic record of our area.

Further information may be obtained at The Parma Review. (The following is reprinted from the October 21, 1920 issue of the Parma Review).

T. M. Gough Buys Review

(Note.—Former Midvale editor becomes owner of Parma Review plant and building—editor goes to Seattle.)

T. McPharlin Gough of Payette has purchased the Parma Review newspaper plant and building and will take possession of his new property on November 1st. Mr. Gough is a newspaper man of wide experience in every department. He came to Idaho in January 1909 from Los Angeles, California, where he had been engaged in the printing business up to that time. Since arriving in Idaho he has worked on the Vale Enterprise, Ontario Argus and Midvale Reporter, purchasing the last named newspaper and assuming entire control in 1914. Until March of this year Mr. Gough remained at Midvale as editor and publisher of the Midvale Reporter.

While there he took prominent part in town affairs serving as town clerk and justice of the peace, four years, as postmaster for two, as clerk of the school board and member of the town board. Recognition of his ability in public affairs was his election to the state legislature as representative from Washington County in 1919, on the Republican ticket.

Under Mr. Gough's ownership the Midvale Reporter maintained a high editorial standard and was known as an influential Idaho weekly. His decision to cast his lot with the future of Parma is a distinct gain for the town. The newspaper as published under his management will undoubtedly be one of which Parma may well be proud. Mr. and Mrs. Gough and three small children will move to Parma about November 1st. The present editor, Miss Lillian Dickinson, leaves later in the month to make her home at Seattle, where she resided before coming to Parma.●

LIBRARIES: THE QUIET NATIONAL RESOURCE

● Mr. CHURCH. Mr. President, in August I was pleased to keynote the 69th annual conference of the Pacific Northwest Library Association in Boise, Idaho. As the White House Conference on Library and Information Services begins next week, I thought it might be timely to publish this address. Accordingly, I request that it be printed in the Record.

The address follows:

Libraries: The Quiet National Resource

Most American institutions have become stereotyped, and libraries, of course, are no exception. When I accepted Rich Wilson's invitation to keynote this 69th Annual Conference of the Pacific Northwest Library Association, I found myself conceptualizing libraries in their stereotype as the quiet national resource.

On learning of the invitation, one of my assistants told me that his uncle, Dr. Norman Stevens, had written a book entitled Library Humor. Somehow—stereotypically, I am sure—Library Humor struck me as odd.

My curiosity having been aroused, I asked for a copy of Library Humor from that very special repository, the Library of Congress.

Well, my preconditioning led me to expect that Library Humor would be a slim monograph, but I was pleasantly surprised to find that Dr. Stevens has compiled a large number of selections covering over 400 pages. One quaint selection was written by Edmund Lester Pearson in 1915—more than 60 years ago. Mr. Pearson relates a lecture given to the senior class of a school for children's librarians:

"Young ladies," said Miss Tush, principal of the Philander School for Children's Librarians, addressing the senior class, "remember that the future of the country is, in the larger sense, in your hands. A wrong decision on any point may be very grave. Consider carefully are you sure when you put up a picture bulletin that it is in the right spirit? It represents daffodils, let us say, against a pale green background. Would honeysuckles be better? Do not make a false step. Ponder everything.

"You will meet with opposition, of course. In every library, I am glad to say, the children's department maintains a gentle but firm opposition to all others. They have not received the light yet, so we must be patient. Patient and sweet. Be very sweet. They are rude, of course, and uncouth, and it is by sweetness that we conquer them in the end.

"Hold firm to the ideal. The most significant department of the library must receive its due recognition. And that is what we represent—the most significant department. How picturesque, ladies, is the well-equipped children's room! How pleasing to all who follow the ideal! How educational! How well adapted to the photographer's art!

"The story-hour—can anything be sweeter than the young lady with the eager little ones about her, listening to her recital of that charming tale—Section 12, Group 2, Plan 8, Story A, of the prescribed Course for Armenian and Italian Children, mixed, from 9 to 10 and a half years, during the Easter Vacation, afternoons only.

"I will now assign the subjects for four more of the graduation theses. Miss Dipsy will take as her theme: The Cultural Value of White Crocuses on the Charging Desk as Contrasted with Pink Azaleas, Miss Pippin will write on: Should the Assistant-Children's Librarian-in-Charge-of-Story-Telling wear Mauve or Pale Blue? Miss Bunn will discuss: Dealing with the Scoffer. And Miss Lippitt will treat: The Cooing Voice, and How to Cultivate it. That is all today. At the next lecture please all bring a sprig of forsythia, in order to be in the right mood toward what I have to say."

Story hours and even forsythia still have their place in our nation's libraries, but even more substantive services for adults as well as children are the order of the day.

The rising illiteracy rate among our children is a startling development. It is being met with the battlecry: "Back to the basics." Well, in my eyes, back to the basics includes libraries.

It is simply not enough to teach children the basic skills of reading: The desire to read must be instilled in the young at the very same time that the skill is taught. Libraries—story hours and all—stress the pleasure of reading.

How well I remember, as a youngster, my first library visit. I recall the awe with which I was struck by the library silence, a stark counterpoint to the noisy exuberance of youth. And I wondered why so many adults were sitting there reading when they obviously had no class assignments.

We all understand the importance of this experience for our children. Libraries are the quiet resource which must be sustained or any reading skills will wither from neglect.

Unfortunately, however, libraries are far too often among the first to feel the budgetcutter's ax. At the same time they are being counted upon to help overcome illiteracy, their funds are being chopped off.

Public funding for libraries is a legitimate government obligation, one that people expect government to perform. No one can say that such expenditures have ever been extravagant. Certainly, at the federal level, library dollars have always been few and far between.

This year, however, the Senate Appropriations Committee made an extraordinary recommendation: No funds for the college library program. While a compromise struck with the House of Representatives does restore some funding from this program, it is only half the level of last year.

This development underscores the very bleak handwriting on the wall which I am certain all here today have already read. There are no "untouchables" left in the federal budget. Spending levels of the past may no longer be relied upon to serve as guidelines for the future.

But I regret that Congress is showing so little discrimination in its legitimate effort to achieve a balanced budget. When it comes to the husbandry of our national resources, our forests, our grasslands, the quality of our water, air and soil, too little money spent today can only make us poorer tomorrow. So it is also with our most precious resource of all, the human resource. Children must learn to read, and libraries are a crucial part of that learning. Scholars must learn, and libraries are at the heart of self-preservation for any civilization, including our own.

In direct contrast to the "know-nothingism" of reducing support for libraries in the face of increasing illiteracy among the young, there is the bright phenomenon of a renewed emphasis on continuing education among adults in every strata of our society. During the several years I served as Chairman of the Senate Committee on Aging, the phenomenon of older Americans in record numbers engaging in the continuation of their educations give birth to the phrase "life-long learning."

Whether it's called life-long learning for seniors, or "continuing education" for professionals, or characterized as general "adult education," Americans of all ages are seeking out classrooms and libraries to enrich and expand their lives. The demand for library services is greater than ever before, and libraries are doing their best to meet the challenge, as pointed out in the following statement from a recent background paper for the White House Library Conference:

"Public libraries are changing from passive repositories to active purveyors of information and knowledge to all those who need it."

How can libraries meet these increased demands when nearly all publicly funded programs are on the chopping-block, and the ax must fall if balanced budgets are to be achieved. The Pacific Northwest Library Association itself provides part of the answer.

It is one of many organizations in the Northwest promoting regional cooperation. In fact, we must be in the forefront of regional cooperation, if I can judge from the inquiries I receive from other parts of the country on our many regional successes. Established 69 years ago, your group has been a model for regional cooperation.

The first lesson you have taught is that regional cooperation must be established from the top down. Initial efforts at the local level are the cornerstone of every cooperative success.

A few years ago, I was working with the Washington and Oregon Congressional delegations for Federal funding to compliment state and local efforts to promote the education and training of librarians. A meeting was held with Congressmen and Senators from other regions who occupied key positions on the Congressional Committees involved. With no similar regional cooperation in their own areas, they were obviously reluctant to go along.

Instead, they pulled a program out of the committees' oven which was half-baked. One of the prominent universities in their part of the country would become a regional education center for librarians. No locally interested individuals had ever been contacted. The proposed program would simply be imposed from the federal level by dumping money on a single campus.

Northwest libraries understand that a plan so concocted is doomed to frustration and failure. Local parties must be united if the savings and rewards of regional cooperation are to be achieved. With the long and successful history of your organization, Northwest libraries have a sturdier umbrella to withstand the storm of government spending reductions which may come in the years ahead.

In addition, I have noted that it was 28 years after the founding of the Pacific Northwest Library Association before your Pacific Northwest Bibliographic Center was begun. And it is especially noteworthy that it was funded first through a private grant. Furthermore, it was only after its establishment that the Bibliographic Center and its emulations in other parts of the country received any Federal funds.

The approach of self-reliance has persisted in the Northwest to this day. Another recent example is WAMI, a program of cooperation in medical education among the states of Washington, Alaska, Montana and Idaho also centered at the University of Washington, but with facilities in each of the other states.

Self-reliance and regional cooperation are going to remain of paramount importance in the years to come. Rising illiteracy among the young is a national embarrassment that must be corrected. The gratifying growth in the desire of adults for educational opportunities must be fulfilled. The Pacific Northwest Library Association will be pivotal in these efforts. Libraries are indeed the quiet national resource, and you can be assured of my continued support.●

ARRESTS OF SOVIET DISSENTERS

● Mr. CHURCH. Mr. President, I wish to call the attention of the Senate to a very disquieting development in the Soviet Union last week, the simultaneous arrest of three active figures in the campaign for civil and human rights. Their names—Mrs. Tatiana Velikanova, Rev. Gleb Yakunin, and Anatanas Terletskas—are little known in the United States, but the contributions they have made over the years to the cause of human dignity in the U.S.S.R. have long since earned them the respect and affection of many Soviet citizens. Their arrests now earn them our concern as well.

The concern is first of all for three courageous individuals. Mrs. Velikanova, a grandmother, has been in the forefront of the open, law-abiding protest movement in Moscow since it first found public voice some 14 years ago. She has long been a member of the Initiative Group for Human Rights, founded and led by Nobel Peace Prize winner Andrei Sakharov. In 1974 she was one of three individuals to take public responsibility for the reappearance of the briefly suppressed information journal, the Chronicle of Human Rights, a remarkably objective and accurate source of news on dissent and its repression in the Soviet Union.

Reverend Yakunin is also a veteran of

the effort to make the Russian Orthodox Church a voice to the faithful, not a subordinate to the Soviet state. He has been instrumental in getting the World Council of Churches to take note of the persecution of religion in the Soviet Union, and as a founder of the Christian Committee for the Defense of Believers' Rights, he has helped Orthodoxy reach out to the other church communities in the U.S.S.R. Mr. Terletskas, too, has long been active in the struggle of Lithuanians to preserve their national identity and the integrity of the Lithuanian Catholic Church. In recent years he has been close to the Lithuanian Helsinki Watch group, as well.

While these three Soviet citizens matter to us as individuals who have given much to the cause of human rights, their simultaneous arrest are cause, as well, for deep anxiety about Soviet conduct. The arrests followed a familiar, ominous pattern in which extensive searches of the apartments of many human rights activitists are made the prelude to detention and then trial and conviction of a limited number from the same, embattled community. The purpose of the Soviet authorities is to use such tactics to intimidate the friends and acquaintances of those who are singled out for arrest. The procedure is calculated to obtain the maximum repressive effect at the cost of minimal protest within and outside the Soviet Union.

Remarkably, however, these tactics have failed time and again. The courage of Soviet dissenters seems contagious and these arrests only serve to bring forth new sympathizers, new adherents to the continuing campaign for justice. They should also serve, however, to galvanize new protest in the West over the cynical disregard some Soviet officials show for the solemn undertakings their leaders gave in ratifying the International Covenants on Human Rights and in signing the 1975 Helsinki agreement.

It is to voice such protest that I speak today. This week the Soviet Union celebrates the anniversary of the 1917 revolution that promised the citizens of the Russian Empire a freer, better life. That promise has yet to be redeemed, and in the arrests of dissenters last week we see—yet again—how deeply it is being dishonored.●

WITH TAXFLATION, DO NOT EXPECT TO GET AHEAD

● Mr. DOLE. Mr. President, much attention has been focused lately on the amount of debt held by American citizens. The emphasis is on personal debt, from things like auto loans and other financing for consumer purchases, and mortgages on homes. The concern at this time is that, as Federal Reserve tightening causes restriction of credit sources, some debtors may not be able to meet payments on outstanding debt. Some commentators have also argued that the high debt burden of our citizens is a major contributing factor to inflation.

Why is that debt burden so high? Psychology is important here, and we should take a close look at what makes people believe they can handle a high level of debt. One reason may be illusory income gains. Over the last 30 years or so, people have become accustomed to a slow but steady rise in their standard of living, and to incremental, but real, gains in income. On paper it looks as though this trend has continued, or even accelerated, in the 1970's. From 1972 to 1979, the median family (one fulltime wage earner, nonworking spouse, two children) experienced a gain in income from $11,152 to about $18,467. It looks as though the wage earner is getting ahead, and ought to be able to afford more consumer goods. But after inflation and taxes take their toll, the real purchasing power of that median family has declined $700. The working man or woman may rightly be disturbed by the fact that this "gain" in income is actually a loss. If they want to advance their standard of living, working people may as well borrow now and repay their debt later in inflated dollars.

If we want to discourage this trend, the obvious thing to do is to restrain inflation by cutting the size of the Government and reducing the deficit. That will be a long and difficult process, but it must be done. But there is another step we can take immediately to restore some real income gains to taxpayers.

We can eliminate taxflation by passing the Tax Equalization Act, S. 12. I proposed this legislation in order to halt the automatic tax increases that result when inflation pushes people into higher tax brackets. The tax system does not take account of the income distortions caused by inflation, but it ought to. My bill would adjust the tax brackets, and the zero bracket amount and personal exemption, according to the rise in the Consumer Price Index. Income would be measured accurately and consistently for purposes of income tax, and people would have a better notion of where they stand.

Mr. President, the Tax Equalization Act would restore equity to the tax code and help people to manage their personal finances in these times of high inflation. It requires our immediate attention.●

ORDER FOR RECESS UNTIL 10 A.M. TOMORROW

Mr. ROBERT C. BYRD. Now, Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 10 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR REDUCTION OF TIME OF THE TWO LEADERS UNDER THE STANDING ORDER

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the time for the two leaders on tomorrow be reduced to 3 minutes each.

Mr. STEVENS. There is no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER TO PROCEED TO THE CONSIDERATION OF H.R. 4391

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that upon the disposition of the Defense Department appropriations bill, the Senate proceed to the consideration of the military construction appropriations bill, H.R. 4391, with the understanding that no action be taken on the military construction bill before Tuesday.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, on tomorrow, the Senate will come in at 10 o'clock. I believe there are three special orders, are there not?

The PRESIDING OFFICER. The Senator is correct.

Mr. ROBERT C. BYRD. I thank the Chair.

Upon the consummation of the special orders, the Senate will resume consideration of the Department of Defense appropriations bill, Calendar Order No. 420. There is a time agreement on that bill. There will be rollcall votes throughout the day. It could be a long day tomorrow, but the leadership expects to finish action on that bill tomorrow, in which case the Senate would go over until Tuesday.

There is one other thing, and that is I hope the Senate will be able to complete action on the Interior appropriations conference report.

Mr. STEVENS. Mr. President, I join in the hope that we can get to that bill, upon which we have all worked. It is my understanding that it may not be available for presentation tomorrow, but I hope it will be.

I also join with the majority leader in expressing the hope that we will finish the Department of Defense appropriations bill tomorrow so that there will be no Saturday session. I think all Members ought to be advised of the statement made by the majority leader that that is a possibility. If we can finish that bill tomorrow, we will not be in session, as I understand, on Saturday.

Mr. ROBERT C. BYRD. Mr. President, I hope it will be possible to cut down the time on amendments tomorrow. There seems to be a willingness, as I assessed the situation tonight, to do that. Does the distinguished acting Republican leader feel that is a good prospect?

Mr. STEVENS. With the time agreements already in place, this Senator, for myself, cannot contemplate that bill not being finished tomorrow, but one can never tell. I do believe it will be finished tomorrow.

RECESS UNTIL 10 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the order previously entered, that the Senate stand in recess until 10 o'clock tomorrow morning.

The motion was agreed to, and the Senate, at 10:47 p.m., recessed until Friday, November 9, 1979, at 10 a.m.

EXTENSIONS OF REMARKS

HOSPITAL COST CONTAINMENT AND THE ELDERLY

HON. CLAUDE PEPPER

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. PEPPER. Mr. Speaker, a few days ago several organizations representing this country's senior citizens held a local rally in which I and other Members of Congress participated to protest the continued rise in the cost of hospital care, and to express their firm support for passage of H.R. 2626, the Hospital Cost Containment Act of 1979. While the opponents of this legislation would have us believe that rising hospital costs are not keenly felt by the American people, our Nation's elderly continue to be victimized by this insidious inflationary spiral. A majority of our citizens over 65 live on fixed incomes, and are already beset by exorbitant increases in the price of other basic necessities, such as food and fuel. Now they must face a 12.2 percent statutory increase in the medicare hospital deductible effective January 1. This deductible, which by law must be increased to reflect the average cost of a day in the hospital, has risen 40 percent over the past 10 years—an intolerable pace by any standard.

H.R. 2626 offers an immediate means of addressing this national problem. We cannot afford to set this measure aside for still another year. I would like to share with my colleagues a recent article from the St. Petersburg Times which illustrates the importance of immediate legislative action and insert it in the RECORD at this time.

[From the St. Petersburg Times, Oct. 14, 1979]

PAINFUL HOSPITAL BILLS

The Medicare hospital deductible, the minimum that Medicare patients must pay for each hospital confinement, will go up from $160 to $180 on January 1. The increase imposes a burden on the elderly poor, but it's only a small reflection of the soaring national cost of hospital care, which now amounts to almost $85 billion a year.

The increased Medicare deductible should help to focus public demand that Congress pass the hospital cost-containment bill proposed by President Carter. The bill has been approved by two House committees, Commerce and Ways and Means, and is due for a floor vote this session. If passed by the House, Senate approval is believed likely.

A clear expression of public support is needed to counter the well-financed medical lobby. The Federation of American Hospitals (1,000 privately owned hospitals), the American Hospital Association and the American Medical Association are among the potent lobbies that are actively opposing the bill.

Toleration by the public of hospital cost increases well in excess of the national inflation rate has a simple explanation.

The patient, who might scream and protest, frequently doesn't even see the whole bill, though the part he is required to pay may be painful enough.

Hospitals receive payment from insurance companies that, as "third parties," have little incentive to exercise control. They can simply pass the cost along in higher health insurance premiums charged to individuals and employers. Medicare charges, administered in Florida and many states by Blue Shield, are paid out of receipts from the Social Security tax on workers and employers.

The public, which finally pays, is not stingy about paying necessary medical costs. In Framingham, Mass., last week, a special town meeting voted overwhelmingly for a small increase in local property taxes to enable a retired fireman to receive a heart transplant operation without which he will die.

But the public should demand that restraint be imposed on the rapid escalation of hospital costs, as proposed in the pending administration bill.

Under the bill, mandatory government controls would be imposed only if hospital costs nationwide grow more than 11.6 percent this year.

In that event, mandatory limits would be set on revenues in future years, with allowances for the higher cost of labor, food and other supplies that are beyond the hospitals' control. If a hospital receives revenues in excess of its limit, it would be subject to a penalty of 150 percent of the excess.

Beyond its immediate objective, passage of the cost-containment bill is essential before Congress can seriously consider establishment of an inclusive national health plan.

In its consideration of the bill, the House faces this challenge from President Carter:

"This is undoubtedly the single most important anti-inflation and budget-saving bill the Congress will face this session. Every member's seriousness in dealing with excessive inflation and wasteful federal spending will be judged—correctly—in large part by his or her vote on this issue."●

NEW AMPHIBIOUS ASSAULT LANDING CRAFT

HON. BOB LIVINGSTON

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. LIVINGSTON. Mr. Speaker, many Members who are concerned about the continued maintenance, growth, and technological improvement of U.S. military hardware, particularly in light of America's narrowing lead over the Soviets, will be interested in a recent news release issued by Bell Aerospace Textron noting their development of the new amphibious assault landing craft:

PANAMA CITY, FLA.—From the sea, through the surf and onto the beach at Tyndall Air Force Base, came America's largest military air cushion vehicle in an operational demonstration recently conducted here by the U.S. Navy.

The new Amphibious Assault Landing Craft (AALC JEFF(B)) skimmed waves at a speed of 45 knots, topped surf and sand dunes as high as 10 feet, then continued inland to the drop point while carrying a 60-ton main battle tank, a jeep, and a detachment of Marines.

It maneuvered through an unprepared beach area threading its way through trees, brush, and seagrass to disembark its load in a simulated beach attack.

These dramatic operational demonstrations of the Navy's new Amphibious Assault Landing Craft took place in August at the Naval Coastal Systems Center here it was announced today by the Naval Sea System Command.

In related tests, the 47-foot wide LC JEFF (B) maneuvered in and out of the 48-foot wide well dock of the USS *Spiegel Grove* while it was underway at eight knots on the Gulf of Mexico. The JEFF(B) also performed similar maneuvers with the LSD 32 at anchor with its well deck flooded to six feet of water. Subsequent tests proved the JEFF(B) could also carry an "overload" payload of 70 tons over the beach to an inshore drop point.

The JEFF(B) has achieved an over-water speed of 62 knots in the Gulf of Mexico with a full 60-ton payload, as well as operations at full weight with two of its six engines shut down.

Designed and built by Bell Aerospace Textron, New Orleans Operations, the JEFF(B) was delivered to the Navy in July of last year and has been undergoing intensive tests since then. The 160-ton air cushion vehicle rides on a five-foot air "bubble" and is operated by a four man crew. In addition, three technicians were on board during the August tests to measure and record results.

The operational demonstration tests involved more than 30 government and contractor organizations including the U.S. Marine Corps, Naval Beach Group II, Naval Cargo Handling and Port Group, Operational Test and Evaluation Force, Naval Coastal Systems Center, and David Taylor Naval Ship Research and Development Center. Additional agencies are Naval Ship Engineering Center and Naval Sea Systems Command.●

IN SUPPORT OF IDA NUDEL

HON. MICHAEL O. MYERS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. MYERS of Pennsylvania. Mr. Speaker, I would like to join with my many colleagues in the House of Representatives who have raised their voices in support of Ida Nudel, the Moscow activist who is now in Siberia.

It is not necessary at this time for me to dwell on Ida Nudel's plight. Her story is well known to the Members of this body, and I am sure my fellow legislators in the Congress share my deep concern for Ida's well-being.

Ida Nudel is a 48-year-old Soviet Jew who has spent a major part of her life in constant fear for her life and without the opportunity of expressing her religious beliefs. These difficult physical and moral conditions have taken their toll on Ida Nudel and she has aged rapidly and her health has begun to fail.

This fine woman has been banished to Krivosheino, an isolated and inaccessible village in Siberia, to serve her term of exile. Her one request of the government is that she be granted a visa to join her sister who is now living in Israel.

Mr. Speaker, as a matter of conscience, I join with my friends in the House in their support of Ida Nudel's request.●

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

TRIBUTE TO MAMIE EISENHOWER

HON. JOHN P. HAMMERSCHMIDT

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. HAMMERSCHMIDT. Mr. Speaker, Mamie Doud Eisenhower, the widow of President Dwight D. Eisenhower, and one of the Nation's most admired women, died of cardiac arrest on November 1. It is indeed a special privilege to join with my colleagues to honor our former First Lady, Mrs. Eisenhower, who served her country with such grace, courage, and dignity. I am sure I will echo the many fine things that have already been said.

Mrs. Eisenhower still led an active life well into her eighties. In fact, her appearance over the years remained the same as it did when she first entered the national scene as the wife of the man who became the Supreme Allied Commander in Europe during World War II; bangs, carefully matched coat and hat, and the cheerful smile that were her trademarks.

As the General's partner, she came to be known for her personable nature, vivaciousness and her contentment to be in the background, supportive of her husband's career. She often quipped that "Ike is my life," a fact that could not be easily overlooked. She pictured herself in the role of public emissary to her husband.

Throughout her marriage, Mamie got used to having no permanent address, and moved with her husband from one Army post to another. In fact, Time reported in its January 19 issue back in 1953 that "Mamie learned to clean, decorate and move out." These quarters were widely scattered parts of the globe, including Paris, the Panama Canal Zone, and the Philippines.

With great competency, Mrs. Eisenhower ran the many households into which her husband's political and military careers placed her. Although she resided in over 28 homes throughout these years, she labored arduously to make each and every one a true home—where her heart was—for her husband and her family. In fact, the Eisenhowers did not purchase their first home until 1950 in Gettysburg, Pa.

General Eisenhower credited his wife's role in his own success. He was once quoted as saying that—

> If I had not listened to Mamie on two or three occasions, I might not have had the opportunities to serve the country that I have had the fortune to have.

Mrs. Eisenhower once stated that—

> She knew almost from the date that I married Dwight that he was destined to become a great man. He was always dedicated, serious, and purposeful about his job. Nothing came before his duty. I was forced to match his spirit of personal sacrifice as best I could. Being his wife meant that I must leave him free from personal worries to conduct his career as he saw it.

Mamie endured long, difficult, and lonely years during World War II while the general was winning the war overseas. At home in Washington, she contributed to the war effort through her extensive volunteer services at the Soldiers, Sailors, and Marines Club.

Although the First Lady considered herself "nonpolitical," she personally accompanied her husband on his 50,000-mile Presidential campaign tour and thus her warm smile became a familiar figure to the Nation.

In her official capacity as First Lady, she brought to the White House her many years of experience as hostess for other leading European political figures while her husband was stationed abroad.

As a charming hostess, Mrs. Eisenhower was famous for having an amazing memory for names and faces. When necessary, she could shake more than 1,500 guests' hands without seeming fatigued. She felt that she had an obligation to greet as many citizens who wanted to see the President's wife as she was able. Mamie managed to have something to say to each guest at the White House to make them feel welcome. By the end of her husband's first term of office, Mrs. Eisenhower had rightfully earned the title of "Top Hostess in Washington." During her White House years, Mamie's popularity was second only to her husband's fame. Her down-to-earth attitude led the press and general public to fondly refer to her as simply "Mamie." Since 1960, many first ladies have occupied the dwelling at 1600 Pennsylvania Avenue and all have tried to emulate Mamie's personal style that endeared her to most Americans.

In her last interview with Barbara Walters, when asked how she would like to be remembered, she responded as "just a good friend." In my judgment, Mrs. Eisenhower was truly a good friend to the American people. She will be remembered as a special part of our history during an era when our country was at its best, and through a period of our heritage to which all Americans can be proud.●

CONGRESSIONAL SALUTE TO THE HONORABLE MARIE A. FITZGERALD OF PASSAIC, N.J., DISTINGUISHED CHARTER MEMBER OF THE PATERSON DIOCESAN COUNCIL OF CATHOLIC WOMEN

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. ROE. Mr. Speaker, on Saturday, November 10 residents of my congressional district, State of New Jersey will join with His Excellency, the Most Reverend Frank J. Rodimer, D.D., Bishop of the Diocese of Paterson and other esteemed members of the clergy and laity at the 35th Annual Convention of the Paterson Diocesan Council of Catholic Women in testimony to the lifetime of good works of the council's most distinguished charter member and good friend, the Honorable Marie A. FitzGerald, whose standards of excellence in the activities of the diocesan council as well as her public service career in the administrative offices of the County of Passaic have truly enriched our community, State and Nation.

Mr. Speaker, the 35th Annual Convention of the Paterson Diocesan Council of Catholic Women is designated as a tribute to "the gracious woman who wins esteem" (Prov. 11–16)—Marie A. FitzGerald—and is dedicated to the theme, "Focus on Family."

Marie is an outstanding individual who throughout her lifetime has earned the respect and esteem of all of us who have had the good fortune to know her. She was born in Passaic, N.J. on December 24, 1902, the daughter of the city of Passaic's fire chief, William FitzGerald, and was educated in local schools.

She is a graduate of the St. Nicholas Parochial School and attended Passaic High School. She completed her high school curriculum evenings at Paterson Prep and obtained her business training at the Holy Trinity Business School. In 1931 she attended evening classes at Washington Square College of New York University which led to her enrollment as a practice teacher at the local high school.

In 1922 Marie commenced her career with the office of the Passaic County clerk. In 1936 she received her bachelor of arts degree in English, French, and psychology and returned to her career with the county of Passaic where she continued her public service endeavors until her retirement in 1972.

Miss FitzGerald was actively involved in civic and community endeavors and particularly in Catholic action with her parish, St. Nicholas of Passaic. In 1945 she became the second president of the Passaic-Clifton district of the newly formed Paterson Diocesan Council of Catholic Women, one of the seven districts of the diocesan council, and in 1970 was elected president of the Diocesan Council of Catholic Women.

In seeking ways to express the esteem of her associates for her many, many accomplishments—the richness of her wisdom, warmth of her friendship, and sincerity of purpose in everything she set out to do, the Paterson Diocesan Council of Catholic Women has planned the following program in her honor at the 35th annual convention to be held in my hometown of Wayne on Saturday, November 10:

THIRTY-FIFTH ANNUAL CONVENTION

OF THE

PATERSON DIOCESAN COUNCIL OF CATHOLIC WOMEN

(Under the Patronage of His Excellency the Most Reverend Frank J. Rodimer, DD. Bishop of Paterson, N.J.)

PROGRAM

Convention Chairman, Mrs. Harold Van Winkle.

9:00 a.m. Eucharistic Liturgy. Theme: "Mary, the Heart of the Family" prepared by Mrs. James Barrett, Church Community Chairman Immaculate Heart of Mary Church, Wayne, N.J.

Celebrants—Rt. Rev. Monsignor John J. Shanley, Ph.D., P.A., Diocesan Moderator and the District Moderators.

10:00 a.m. Continental Breakfast—Wayne Manor.

10:15 a.m. Formal Opening of Business Meeting—Mrs. Thomas Bay, Diocesan President.

Scripture Reading—Monsignor John Shanley.

Salute to the Flag and National Anthem—Entire Assembly.

11:15 a.m. Introduction of Theme: "Focus on Family"—Mrs. Harold Van Winkle.

Speakers—Commission Chairmen

Mrs. John McManus, Organization Services.

Mrs. Joseph Levendusky, Family Affairs.

Mrs. James Barrett, Church Community.

Mrs. Anthony Radioe, Community Affairs.

Mrs. Frank Bollerman, International Affairs.

Miss Marie A. FitzGerald, Legislative Information.

Closing Remarks—Monsignor John J. Shanley, Mrs. Thomas Bay.

Review of Exhibits—Mrs. Andrew Metzger. Coordinator of Events—Mrs. Peter Sagan.

1:00 p.m. Luncheon—Mrs. Sal Donatiello, Chairman.

Introductions—Mrs. Thomas Bay.

Tribute and Presentation to Miss Marie A. FitzGerald by Mrs. Thomas Bay, Bishop Rodimer, Monsignor John Shanley.

Report of Election of Officers—Mrs. John McManus.

Installation of Officers—Monsignor John J. Shanley.

Address—The Most Reverend Frank J. Rodimer, D.D., Bishop of Paterson.

Remarks—Monsignor John J. Shanley.

Closing—Mrs. Thomas Bay.

Executive Board of the Paterson Diocesan Council of Catholic Women:

Diocesan Moderator, Msgr. John J. Shanley, Ph.D., P.A.

President, Mrs. Thomas Bay.

Vice President, Mrs. Norman Sergeant.

Recording Secretary, Mrs. Paul Chorney.

Treasurer, Mrs. Elmer Dutcher.

Corresponding Secretary, Mrs. George Murphy.

Sussex

President, Mrs. L. DeLima.

Moderator, Rev. S. B. Dabkowski.

Directors at Large, Mrs. P. Chorney, Miss A. Blahut, Mrs. F. Keslo.

Madison—Chatham

President, Mrs. J. Stewart.

Moderator, Msgr. J. J. Shanley.

Directors at Large, Mrs. T. Bay, Mrs. J. McManus, Mrs. L. Tyler.

Boonton—Dover

President, Mrs. L. Cifaldi.

Moderator, Rev. J. Doyle.

Directors at Large, Mrs. P. DiRupo, Mrs. S. Zimmerman, Mrs. C. Konyak.

Morristown

President, Mrs. J. Daniels.

Moderator, Msgr. C. Haas.

Director at Large, Mrs. A. Radice, Mrs. J. O. Keefe, Mrs. H. de Mena.

Paterson—Hawthorne

President, Miss A. Geerinck.

Moderator, Rev. Ciampaglic.

Directors at Large, Mrs. E. Dutcher, Mrs. A. Macchiarella, Mrs. A. Metzger.

Passaic—Clifton

President, Mrs. P. Sagan.

Moderator, Rev. J. Demkovick.

Directors at Large, Mrs. K. Kirtchner, Miss M. O'Malley, Mrs. F. Volpe.

Butler

President, Mrs. K. Moore.

Moderator, Rev. E. McQuaic.

Directors at Large, Mrs. N. Sergeant, Mrs. H. O'Keefe, Mrs. Bollerman.

Past Diocesan Council Presidents

Mrs. Robert Donaldson, Mrs. Richard Gormley,* Mrs. Leo Sweeney, Mrs. George Kirchner, Mrs. John Eggert, Mrs. Eugene Klein, Mrs. Daniel Mustic, Mrs. Paul Cannezzo.

Mrs. Thomas Reilly, Mrs. Tracy Cortright, Mrs. Marda Haas*, Mrs. James Sebold, Mrs. Kermit Sidle, Mrs. Michael Gelormino, Miss Marie FitzGerald, Mrs. Harold Van Winkle, Mrs. Casimir Pokyrwka.

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*Deceased.

TRIBUTE TO MARIE FITZGERALD

"Wisdom is more precious than corals." (Prv. 3:15).

Generous Father, we thank You for Your gift of coral—our Council's thirty-fifth anniversary. Though the ancients esteemed coral, holding it as mysteriously sacred, because of its unique branched beauty, still they recognized that wisdom was a more precious possession.

During our thirty-five years, we have grown and branched in wisdom, through Your gift of grace. And who is wise among us? She who has been mentor, peacemaker, and tireless worker. Marie FitzGerald. Marie who has been "heart" of our Council family from its very beginning.

Lord, we thank You for Your lavish gifts to us—the gift of coral; thirty-five years of Council service; the gift of Marie, whose friendship and example of Christian living continues to inspire us; the gift of Mary, who is "heart" in every family. Father, we are grateful. Amen.

Mr. Speaker, it is most significant that this year's convention theme dedicated to "Focus on Family" has been selected to commemorate a most distinguished charter member whose faithful and active participation in the most noble endeavors of the diocesan council has been of inestimable value to all of our people.

Pope John XXIII described the family as "the first and essential cell of human society." The family is indeed the basic fabric of our society—the foundation of a healthy and vibrant communion of people—who nurture, support and care for their own members, in many different cultures, providing irreplaceable strength and shelter for one another.

Family life provides a forum for the sharing of the unique gifts of family tradition among our people. And so it is with the membership of the Paterson Diocesan Council of Catholic Women who have chosen Marie as this year's honoree to applaud her service, particularly through legislation, which has helped to chart the path that will lead our citizens toward the fullest development of their potential.

Mr. Speaker, it is indeed a great privilege for me to echo the sentiments of the officers and members of the diocesan council with deepest of appreciation for the quality of her leadership and sincerity of purpose throughout her lifetime in devoted and dedicated service to her fellowman.

We do indeed salute a grand lady—a distinguished citizen, a compassionate and benevolent worker for the public good, esteemed friend and great American—the Honorable Marie A. FitzGerald.●

CHAIRMAN'S RETIREMENT

HON. RONALD M. MOTTL

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. MOTTL. Mr. Speaker, it was with regret that I learned of Chairman RAY ROBERTS' decision to not seek reelection. His leadership in both veterans' affairs and public works will be sorely missed by the Congress. Experience is always a good teacher; and when this is combined with the qualities of leadership possessed by Chairman ROBERTS, it is the people of this great Nation who reap the benefit.

Mr. Speaker, I have had the privilege of serving as a member of the Committee on Veterans' Affairs under the chairmanship of RAY ROBERTS since I came to the 94th Congress. He has always displayed the unusual qualities that younger members appreciate so much as they go about the business of learning the legislative and oversight functions required of them. When I became the chairman of the Special Investigations Subcommittee of the House Committee on Veterans' Affairs, Chairman ROBERTS assured me of his complete support. Mr. Speaker, that is exactly what he has given me.

Under Chairman ROBERTS' stewardship, the veterans of this Nation have always been treated fairly. At the same time, he has never lost sight that these programs must be financed through tax revenue, and they have been contained within reasonable limits rather than becoming unrestricted as some have advocated. He has helped lead us through a most difficult period.

His retirement will mean a great loss to veterans and to the Congress as a whole. He has earned his retirement, if this is his choice. On this occasion, I want to convey to him my sincere thanks for his friendship and the limitless assistance he has provided to me personally and to the entire Committee on Veterans' Affairs. He is a very effective leader and I look forward to working with him next year as a member of the Committee on Veterans' Affairs.●

URANIUM, COAL, OIL—WHICH?

HON. HAMILTON FISH, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. FISH. Mr. Speaker, I believe that our Nation must press forward now with the development of an effective energy conservation program. The benefits of energy conservation are enormous—it is economic, nonpolluting and environmentally acceptable.

The advantages and benefits of energy conservation are made clear in an editorial which appeared in the Washington Post of November 8. The editorial sheds much light on the benefits of holding down our energy consumption to wise levels. I urge my colleagues to read this editorial.

The editorial follows:

URANIUM, COAL, OIL—WHICH?

The outlook for nuclear power is, post-Kemeny, somber at best. But burning coal throws toxic gases into the atmosphere and, while technology can lower the risks to health, it cannot entirely eliminate them. Natural gas is needed for higher uses than firing utility boilers. As for oil, you have only to follow events in Iran to perceive that it has become the least certain of all sources of energy.

Uranium, coal, gas and oil: the country's four principal ways of generating electricity each lies under a shadow. Each is, for its own reasons, dangerous, uncertain or unavailable. How does the country avoid being left in the dark?

The first truth is that there is no entirely safe way to generate electricity. Any large power station, regardless of its technology, carries with it some degree of damage to the environment and some element of risk to public health. It's not a matter of finding a safe solution—but of finding the safest among several choices.

The second truth is that the choices have to be made. The idea of at least a conditional moratorium on new reactors seems to be gaining momentum in Congress. But if you don't like nuclear power, what kind of power do you like? The most available alternative is coal—but there is a death rate associated with the heavy use of coal. That is a thought for Congress and its constituents to keep in mind during the coming debates on nuclear regulation.

Fortunately, in most of the country, the need for new generating plants is not immediate. There is time—although not unlimited time—for reflection. It is the result, quite simply, of rising prices for power. Before the first oil crisis, six years ago, consumption of electric power in this country was rising 7 percent a year—a phenomenal rate at which the total load doubles every 10 years. At that pace, utilities were under ferocious pressure to keep building plants and to keep building them constantly bigger.

But in the past several years, the pattern has sharply changed. The load is currently rising less than 4 percent a year—hardly more than half the pre-1973 rate. That's why some companies have, temporarily, excess capacity. It's also why a lot of companies have cancelled some of their construction plans. For purely economic and financial reasons, sales of nuclear reactors had dropped off sharply even before the Three Mile Island accident. Utilities are now being pushed toward building smaller plants—easier to locate and easier to manage safely.

Low rates of increase in consumption mean easier choices of power sources. A wise public policy for power will insist on a balance among different kinds of sources, avoiding total reliance on any one of them. But wise public policy will also recognize that conservation, to hold down consumption, reduces the risk from all of them.●

KENNEDY OIL BILL RECKLESS

HON. DANIEL B. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. DANIEL B. CRANE. Mr. Speaker, a bill pending in the other body restricts American oil companies from the exploration and recovery of oil in foreign countries.

At a time of oil shortages, the introduction of this bill is not only mindless; it is reckless.

What purpose will be accomplished except to raise the price of oil—if we can get it?

The Decatur (Ill.) Herald has rightly criticized this irresponsible bill, and I offer this October 12, 1979, editorial for my colleagues' review.

The editorial follows:

GIVE OIL FIRMS LATITUDE

Oil legislation can be as slippery as a greased pig.

Before the Senate Judiciary Committee is a bill sponsored by Sen. Edward Kennedy to prohibit oil companies from being involved in mergers or acquisitions worth more than $120 million.

Also in the bill is a provision restricting foreign investment pegged to a notion that American oil companies should spend their money at home.

This intricate maneuver has left Great Britain's prime minister, Margaret Thatcher, sputtering almost as furiously at young Ted as Winston Churchill once did at the father of the clan, Joseph Kennedy, for saying the British were about to be conquered by Germany.

British objections are simple enough. Whether intended or not, Kennedy's bill would prohibit American companies from participating in the development of North Sea oil fields. For Britain, as well as the United States, this would be an economic and social disaster.

"No self-respecting government of a foreign country would be likely to sit idly by while the largest oil company in that country—a subsidiary of Exxon or Mobil, for example—rejected that government's request on the ground that it was forbidden by United States law to undertake such an operation," George W. Ball, an international lawyer and former deputy secretary of state, told the Senate Judiciary Committee of which Kennedy is chairman.

Unfortunately, Kennedy was absent, being, perhaps, too busy fending off demands that he run for president.

President Jimmy Carter's folks were at the meeting with "helpful hands," including an amendment to allow "transactions likely to enhance the production or development of energy." This provides a loophole nice enough to make the law virtually worthless.

In reality there is a kind of fatuous quality to that part of Kennedy's proposal, similar in some respects to the catchy "food for crude" slogan earlier this summer.

Restricting foreign investment by domestic corporations sounds good as a way of promoting domestic production. It might make some sense if huge pools of untapped oil reserves were just awaiting an exploratory drill in the United States.

But this hasn't been the case for the better part of two decades. To find oil and develop oil fields, one must go where the oil is likely to be found.

Right now this means taking rigs to the North Sea, the Middle East, the South Pacific and other out of the way ports of call around the world.

To say by law that American companies shouldn't participate in this quest is to try to gain energy by drilling dry wells.

Kennedy should go back to the drafting board before Mrs. Thatcher slops buckets of North Sea oil over the family retreat at Hyannis Port.●

REPEAL OF THE CARRYOVER BASIS RULE

HON. JACK EDWARDS

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. EDWARDS of Alabama. Mr. Speaker, I would like to take this opportunity to commend the House Ways and Means Committee for their plans to hold hearings on the carryover basis rule for estate taxes. I have introduced one of the several bills which have been sponsored this year to repeal the carryover basis provision, and I urge the committee to approve that legislation.

I would also like to bring to the attention of committee members that the Southern Governors' Association, at its annual meeting in New Orleans, October 1–3, adopted a resolution in behalf of the repeal of the carryover basis. The text of that resolution is as follows:

REPEAL OF THE CARRYOVER BASIS RULE

Whereas, the practice of bequeathing possessions of value to one's heirs is a cherished right of Americans; and

Whereas, providing security for one's spouse, children and other relatives is a prime incentive for Americans to invest, thereby creating capital for business and jobs for the public; and

Whereas, the tradition of handing down property from one generation to the next is threatened by the carryover basis rule, a capital gains tax process that will greatly diminish the estates of many Americans; and

Whereas, the complexities of this carryover basis rule will place an additional costly burden on those faced with tracing the history of each asset, piece of property, and family heirloom in an estate subject to capital taxation.

Now, therefore, Be It Resolved in the Southern Governors' Association duly convened in New Orleans, Louisiana, that this Association urges all members of the United States Senate and House of Representatives to support and vote for the repeal of the carryover basis rule. Be It Further Resolved that this Association entreats President Jimmy Carter to endorse the will of the Congress of the United States in repealing this confiscatory, complex tax rule.●

SOCIAL REFORM AMENDMENTS OF 1979

HON. HERBERT E. HARRIS II

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. HARRIS. Mr. Speaker, although the United States is a land of great natural resources and inherent wealth, it is an unfortunate fact of life that many Americans are in legitimate need of financial assistance. The American people have extended their hands to those of our population truly in need, and have made a commitment to provide them with assistance to enable them to live with some semblence of dignity.

Despite the best of intentions, however, what began as a sincere effort to help the needy has grown into one of the worst Federal-State-local boondoggles ever imagined. The welfare system that we live with is a patchwork, piecemeal program without direction or design. Most taxpayers are highly critical of how the welfare program operates—and justifiably so. They are convinced that much of their hard-earned tax dollars are being wasted through mismanagement and fraud.

Today, the Congress has the opportunity to take a giant step toward cleaning up the welfare mess. By passing the Social Reform Amendments of 1979 we will enhance the cost-effectiveness of the U.S. taxpayer's dollar.

I believe that anyone who is capable of holding a job should not receive welfare benefits. I also believe that any benefits received should be based on the legitimate needs of the individual or family.

However, it is no secret that the welfare system is rampant with fraud and abuse.

This legislation is designed to drastically curtail the instances of welfare cheating. For example, benefits will be based on actual, rather than projected, income. The income of the recipients will be required to be reported on a monthly basis. The income of all people residing in the household will be taken into account when computing benefits. By standardizing and coordinating certain procedures in the aid to families with dependent children and food stamps programs, the bill will streamline administration and reduce error and fraud. In addition, the Federal Government would provide financial incentives to the States to develop computerized information systems so that they can more effectively administer their programs.

Besides curbing abuses, this bill will remove many of the work disincentives that currently exist. For some people, it is often more beneficial to go on the welfare rolls rather than the work rolls. This legislation seeks to remedy that situation to insure that anyone who is capable of handling a job does just that. The welfare system should not be a subsidy for the lazy, and I am very pleased to see that this bill addresses this issue.

In closing, I urge my colleagues to look at the beating the American taxpayer is already taking at the hands of inflation, and then look at how many of their tax dollars are being wasted through mismanagement and fraud in the welfare system. How then can we justify not passing this bill—a bill that will give the American taxpayers more for their money? ●

NEWS OF THE DAY

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. MICHEL. Mr. Speaker, when big oil companies announce gains in profits the story is on the front page of every newspaper.

When a certain candidate for the Presidency does so much as bend over to tie his shoelaces, dozens of reporters breathlessly watch to see how he does it. Diagrams of his charismatic shoe-lace techniques are shown to readers on the front page, along with learned analysis on what it all means.

When President Carter and his traveling array of goodie-dispensers visit a community and just happen to have brought along a new dam, the news is thundered from one end of the country to the other.

But when Central Intelligence Agencies Office state in congressional testimony that the Soviet Union is spending about 50 percent more on military spending than the United States, this news just manages to make it to page 3 of the Washington Post in a wire service story. The New York Times does not even bother to carry it.

Does not anyone care what is really happening to our Nation?

At this time I wish to insert in the RECORD, "Soviet Military Spending Up," from the Washington Post, November 2, 1979:

SOVIET MILITARY SPENDING UP

The Soviet are spending about 50 percent more on military outlays this year than the United States, CIA analysts told Congress yesterday.

They predicted Soviet military spending will continue to increase at least through 1985 despite the strain on the Russian economy.

A private analyst and two members of the Senate Armed Services Committee said they thought the CIA statistics were too low.

Sen. Robert C. Byrd, (D-W.Va.), chairman of a Senate Armed Services subcommittee, said the panel was seeking to learn if the "massive surge of unprecedented military procurement" by the Soviets in the 1970s was likely to be matched in the 1980s.

Byrd said, "we must have facts to formulate the fiscal 1981 (defense) budget"—which, with increases promised by President Carter or demanded by sectors of Congress, may run as high as $160 billion.

"In 1979, the Soviet total will be about $150 billion, about 50 percent higher than U.S. outlays," said Donald Burton, chief of the CIA's Military Economics Analysis Center.

Total Soviet defense activities for the 1970s, he said, exceeded comparable U.S. outlays by almost 30 percent.

Estimated costs of Soviet defense activities "caught up with U.S. defense outlays in 1971 and have exceeded them by a widening margin in each succeeding year," Burton said.

Byrd scheduled another hearing for Thursday.●

COMMON CAUSE: PRACTICE WHAT YOU PREACH

HON. CARROLL A. CAMPBELL, JR.

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. CAMPBELL. Mr. Speaker, last Friday's Washington Post contained a most interesting article about the self-styled citizens' lobbying group, Common Cause. While I have consistently applauded the efforts and intentions of local Common Cause chapters, I have and do seriously question whether the national headquarters accurately reflects grassroots opinion. The Post article, describing a power grab by the Washington Common Cause office, calling attention to such abuses as salary discrimination based on sex and closed-door decisionmaking, certainly adds credence to my contention.

Mr. Speaker, particularly in view of the sincerity of Common Cause's membership around the Nation, I deplore this hypocritical "do as I say, not as I do" attitude on the part of the national office. I comment the Post article to the attention of my colleagues, and ask that it be included in the RECORD at this point.

[From the Washington Post, Nov. 2, 1979]

COMMON CAUSE RACKED BY CONFLICT IN REORGANIZATION

(By Glenn Frankel)

Closed-door meetings, conflicts of interest, sex discrimination in pay scales—those are the kind of practices Common Cause, which calls itself a citizens lobbying group, has long deplored and sought to purge from government.

But in the last few weeks, Common Cause itself has been racked with allegations that the leaders of the Washington-based organization have engaged in those same practices.

At issue is a proposal to consolidate the organization's 40 state offices into a dozen or so regional ones, a move that the group's national staff contends is needed to help keep Common Cause solvent, but that state activists claim would, as one state memo put it, "emasculate state organizations."

"Our view is that it kills us," and Virginia Common Cause Chairman Warren Dahlstrom of the proposal which was distributed to the states three weeks ago and is due for a final vote at meetings in Washington today and tomorrow. "It's already had a demoralizing effect on many people," he said.

"It's being rushed through and I don't understand the reasons for that," said Michigan Chairman Stephen Carter. For someone who for five years has fought for open government meetings and open decision-making, this is awfully hard for me to swallow.

Behind it all is the question of survival for an organization that struggles to keep the public interested in questions like campaign financing and government ethics at a time when pocketbook issues like inflation, energy and taxes claim a large share of the public's attention.

Founded nine years ago by former Health, Education, and Welfare secretary John Gardner, Common Cause took on "the task of opening up government," as Gardner once put it. In the aftermath of the Watergate scandals, the movement attracted strong and loyal support and boasted as nationwide membership that in 1974 exceeded 300,000.

Membership and financial strength have eroded in recent years to the point where last August Common Cause reported having about 220,000 members.

Looking for a way to retrench and cut expenditures, the group's national governing board earlier this year authorized a study committee to examine reorganization. The committee quickly targeted state organizations, which had mushroomed in the mid-1970s and some of which had developed strong and independent programs for lobbying state legislatures.

The Virginia group is considered to have one of the strongest state programs. Much of the credit has gone to Judy Goldberg, who started as a volunteer in Richmond six years ago and later became a full-time, paid executive director. Under Goldberg's leadership, the state group lobbied successfully at the Virigina General Assembly over the last four years for stiffer financial discolsure, lobbying and open meeting laws.

But insiders say Goldberg and activists from other states clashed several times with the organization's national staff over direction and legislative priorities.

Last summer Goldberg submitted a salary study that concluded that female state executive directors received an average of $2,000 a year or 16 percent less pay than their male counterparts, and that all state executive directors averaged considerably less pay than national staff members. Even administrative assistants on the national level averaged $1,000 a year more than the state directors.

Goldberg, who usually is willing to talk freely to reporters on any pertinent subject, refuses to comment on the survey. She won't even acknowledge that she worte it, although other Common Cause members say she did.

Common Cause President David Cohen says state salaries are set by the state organizations, which accounts for the disparities, even though funding is channeled through national headquarters.

The salary disparities were one of the reasons cited by the study committee in its recent report advocating consolidation. It also cited a growing deficit, in state expenditures—projected to reach at least $400,000 next year—and what it called "enormous strains between the staff and volunteers as well as between the state and national organizations."

The report, mailed to state leaders Oct. 14, has triggered a reaction that New York Chairman Howard Hoffman says "has been on the verge of hysterics."

State leaders say they are convinced the report's adoption will mean quick elimination of Goldberg and others who have offended the national staff. They are particularly incensed by a charge that the committee drafted its final report in a closed-door session early last month in Cincinnati without notifying organization members. An Ohio Common Cause official contended that committee chairman Kathleen Sebelius told her she could not attend the meeting.

"Would Common Cause tolerate a government agency's going behind closed doors to prepare recommendations of such consequences?" asked a memo circulated to state organizations by Common Cause of Virginia. "Does not our commitment to the principle of open government extend to our own governance?"

Sebelius was en route to Washington from her Topeka, Kans., home yesterday and was not available for comment.

Arthur Cecelski, another committee member who says he investigated the incident who says Sebelius told him she discouraged attendance but never told anyone the meeting was closed.

Cecelski, a Springfield resident, is himself the subject of another allegation—that his participation in drafting the proposals constitutes a conflict-of-interest because his wife Dorothy is a member of the national staff, which stands to benefit if the report is approved.

Not true, says Cecelski: "I'm very sensitive to conflict-of-interest issues and I don't think this is one at all."

Most of all, state leaders say they are concerned that the proposal will be rammed through this weekend by a governing board that rarely fails to approve proposals supported by the national staff.

For his part, Common Cause President Cohen denies the proposal is part of a power play or a purge of dissidents by the national staff. He notes that several heads of smaller state organizations favor the plan, which he says is necessary to maintain Common Cause's financial stability.

Cohen contends Common Cause has just as big a role to play in the 1980s as it did in the Watergate era.

"The question is still how to end the sour relationship between citizens and government, how to make sure government is accountable," he said. "For me, it's an exciting time."●

VETERANS DAY

HON. RAY ROBERTS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. ROBERTS. Mr. Speaker, at 11 a.m. on November 11, 1918, representatives of the Allied forces and the German Imperial Army sat down together in a railroad car on a siding outside of Paris and brought to an end 5 years of bloody warfare that had ravaged the continent of Europe and split the entire world. We have remembered that occasion ever since as a moment that signaled instant jubilation across this land. Bells rang, and men and women poured into the streets. They danced and they sang. They cheered that the "War to End All Wars" had finally come to an end. They cheered that the American boys, across the Atlantic Ocean, would soon be coming home.

We have kept November 11 as a special day ever since: First, as "Armistice Day" to recognize the courage of those who fought "The Great War" and witnessed the United States emerge as a world power for the first time. Later, November 11 became Veterans Day to honor all Americans who have been called to arms, so often in this century, that our country might always remain both strong and free.

Mr. Speaker, there are over 30 million veterans from five wars living in the United States today. Over the years our Government has provided for those who served in its defense the most progressive and beneficial assistance program of any nation on Earth. The impetus behind these veterans benefits and services has normally accompanied a great upsurge of gratitude following a period of prolonged war.

For example, on that first Armistice Day, and on V-E Day and V-J Day, all were heroes and deservedly so. Our Nation was unified in its support for those who had fought and especially for those who had paid a price of their own because of their service in defense of our country. However, from an historical standpoint, as we as a Nation go farther down the road in peace and farther away from the immediate memory of war, the priorities which once seemed so absolute in the minds of many fade with the passage of time.

The plight of our Nation's veterans is surpassed by new problems and complex exigencies of a more immediate nature. Indeed, we face many difficult problems in the United States today: Inflation, energy, military strength just to name the top three. We must meet these problems head on, and we will, but in doing so we must not forget our continuing obligation to the veteran.

There are almost 600,000 World War I veterans, average age 83, in the United States today. World War II and even Korean conflict veterans also are reaching the point in their lives where they will need that assistance, rightfully provided by our Government, more than ever before. This will mean that in future years we will have to maintain a program of equitable compensation for their needs, and a medical care system second to none. Our youngest veterans, the 9 million who served during the Vietnam era have different expectations.

The vast majority returned from war proud of their service and eager to get on with the business of living. However, in many instances, Vietnam veterans came back from military service without the adulation and the universal gratitude of the American people experienced by their fathers and their grandfathers. We salute them, and we are determined to care for their disabilities and provide the necessary readjustment assistance to bring them all home again at full potential. Doing so will be worth all the ticker-tape parades in the world rolled into one.

This year the Congress has returned the observance of Veterans Day to its original date, November 11. No longer will this important occasion be shifted on the calendar and be considered a casual holiday to accommodate a 3-day weekend. Veterans Day should remain a traditional day of remembrance and thanksgiving for the dedication and special sacrifice of all Americans who have served their country in time of war. This is as it should be, not only for this day, but for every day.

This Sunday at 11 a.m., precisely the time the guns fell silent throughout Europe 61 years ago, ceremonies will begin at Arlington National Cemetery to pay tribute to the veterans of this country. Let us join all Americans in the spirit of this occasion. Our veterans did not let America down before; America should not abandon them now or in years to come.●

DEPRECIATION AND CAPITAL FORMATION PROBLEMS OF SMALL BUSINESS

HON. HENRY J. NOWAK

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. NOWAK. Mr. Speaker, the House Small Business Subcommittee on Access to Equity Capital and Business Opportunities which I chair, held hearings ings September 12 and 13, on the capital formation problems of small business. One of the issues addressed was depreciation reform. Depreciation is generally defined as a capital recovery concept. This concept suggests that a businessman should be able to recover the money he invests in a capital asset over the useful life of the asset. It gives the businessman the capital necessary to replace worn out plant and equipment with newer, more efficient productive capacity.

The major bill before the Congress on depreciation reform is the Capital Cost Recovery Act of 1979, introduced by Representatives JONES and CONABLE as H.R. 4646. H.R. 4646 has acquired the nickname of the "10-5-3 proposal," as it provides for a 10-year writeoff for commercial buildings, 5 years for equipment and 3 years for automobiles and light trucks.

Consistently, throughout the summer and fall, national newspapers and business periodicals have portrayed the 10-5-3 bill as a consensus measure. Offhand, it would appear that business is united in support of H.R. 4646.

Several small business groups, however, have problems in supporting this measure as presently drafted. It was brought out by witnesses such as National Tool, Die, & Precision Machinery Association and the National Small Business Association, that they fully support the need for depreciation reform and the abandonment of the useful life concept.

This is consistent with the original intent of H.R. 4646; but they are concerned with the impact of H.R. 4646 on small business should it be enacted in its present form.

In order to give a proper airing to the views of these groups, and because of the vital importance of this subject to the American business community and to the Congress, I am submitting for insertion in the RECORD a statement presented at the hearings by the National Tool, Die, & Precision Machinery Association.

The statement follows:

STATEMENT OF NATIONAL TOOL, DIE & PRECISION MACHINING ASSOCIATION

Mr. Chairman and Members of the Committee: Good morning. My name is William E. Hardman. I am Executive Vice President of National Tool, Die and Precision Machining Association, an association of 3,000 small businesses who manufacture tooling, dies, precision machined parts, molds and special machines. With me is Mr. Herb Liebenson, Vice President, Governmental Affairs with the National Small Business Association. NSBA represents over 50,000 small businesses in 1,000 of 1,200 SIC codes in the United States. Mr. Liebenson is also Associate Director of the Small Business Legislative Council, which represents 72 national trade associations. Also sitting with us is the special tax counsel for the National Small Business Association, Mark Weinberg, who will discuss technical aspects. Mr. Weinberg was formerly an attorney advisor with the Office of the Chief Counsel of the IRS and is now with the Washington Law Firm of Arent, Fox, Kintner, Plotkin and Kahn.

I am grateful for the opportunity to share our thoughts on depreciation. This area is absolutely critical to the survival of small business in America. Basically what is needed is legislation that will do two things. First, it should encourage small business to increase capital investment and thus help close the gap between capital investment in the U.S. and foreign countries.

Second, since big business is steadily increasing its share of the Nation's economic activity, the legislation should attempt to reverse the disturbing trend towards economic concentration by providing enough stimulus to small business to enable it to regain some small share of the American dream.

Nineteen years ago, small business manufacturers under $10 million in assets accounted for 20 percent of the total business assets. Now they account for 10 percent. In the same period those U.S. corporations with over $1 billion in assets increased their assets from under 30 percent of total business assets to over 50 percent of total business assets.[1] Moreover, total United States investment in R & D and capital investment is far below most competing industrialized countries. I'm also sure that small businessmen don't invest as much on a percentage basis as does big business.

Many of our members got into the tool and die business after rising up through the ranks as apprentices. In earlier days a person who was willing to work hard could save a little money and start his own business with a reasonable chance of success. Today 55 percent of new businesses in the U.S. fail within the first five years.[2]

We have some great toolmakers in this industry.

A top toolmaker can easily earn over $30,000, and some gross $40,000.[3] But with the cost of today's machine tools and today's property and buildings he probably couldn't save enough to enter this business in his lifetime. When today's American has to face these kind of odds, odds that are getting worse each year, how much longer do you think the Horatio Alger concept of a free enterprise United States economy will last? How will minorities and women ever attain their share in American business?

Two of the proposals originally mailed to us by the committee promise real help for the small businessman. The first of these good proposals is H.R. 5096, introduced by Mr. Nowak on August 2. It provides each company with the same maximum dollar expense deductions for office equipment and pollution control equipment, and allows rapid amortization for machinery and equipment and motor vehicles. The beauty of the Nowak bill is that it offers help to the retail and service segment of small business and it softens the costs of mandated pollution control equipment whose entire cost does not contribute to productivity. Moreover, in terms of loss of U.S. revenue, it is a modest bill whose cost would be reasonable. If anything, its limits could be raised. We wholeheartedly support it.

Likewise, S. 110 introduced by Senator Nelson on January 23, is also fair and evenhanded to all business. It allows a straight line depreciation based over 36 months for business property with a useful life of three years or more and a basis not in excess of $25,000. Like Mr. Nowak's bill it helps all business. It is a modest bill whose cost could be about $200 million in 1980 rising to $2.7 billion in 1983 and then settling down to an average of $1.7 billion per year by 1986.[4]

Another valuable point about these approaches is that they focus the benefits on the segment which creates the jobs. (It has long been acknowledged that small business creates 66 new jobs for every one provided by big business.)[5] Neither of these bills would foster the continuing decline of small business. Both, in fact, should contribute to the restoration of small business in this country.

On the other hand, H.R. 4646 will do nothing but enhance the ability of U.S. corporate giants to expand and engulf what little of the market remains for small business. The revenue loss in 1984 is estimated to be about 30.2 billion dollars.[6] Over 75 percent of those benefits, or $22.5 billion will go to 1.3 percent of businesses which are the corporate giants in this country. The 98.7 percent remaining small businesses will get to split less than one-fourth of the benefits.[7]

We think that this is outrageous. Small business is dying anyway and H.R. 4646 would provide 75 percent of the benefits to the big businesses which are killing us as it is. What good are the benefits to a small town shoe store owner when he arrives to his shop one morning and sees Kinneys building a new store on one side of him and Thom McAn on the other? What good will it do our industry when our major customers decide to use the new tax advantages to build their own captive shops?

And what else can happen when 75 percent of the benefits are given to the 24,876 largest and best financed companies in the country? How much good will 25 percent of the benefits do the 1,912,140 small companies who must compete with them?

It's not that we are opposed to big business. In our industry our customers are major corporations and we want them to grow. But we want them, and us, to grow at the expense of foreign competitors who have more favorable economic and tax structures. The present trend has been for imports and U.S. big business both to grow at the expense of small business in this country. Any change in tax laws must bring a balance to it so that small business can again be competitive with imports and with big business. A tax bill increasing the competitive edge now held by big business could destroy the small subcontractors manufacturers and retailer dealers upon whom large concerns depend for supplies and outlets. Giant corporations would substitute their own manufacturing and retail operations. The result would be even greater economic concentration and the acceleration of the extinction of small business in this country.

This is not to say the economic principles developed in H.R. 4646 are invalid. The work of the Business Roundtable, the Chamber of Commerce of the U.S. and the National Association of Manufacturers, and the NFIB should be praised.

They have recognized a key economic fact of life in this modern interlocking world economy. That fact is that the present concept of "useful life" makes about as much economic sense as a buggy whip in an interdependent world trade environment. The international technological explosion often makes new machinery and equipment obsolete before its installed. Businesses in other countries are investing much more in capital and in research and development than the U.S. The reason for the difference is due to incentives in the tax structure. Whether their mix of incentives incorporates lower tax rates or better depreciation rates, it makes no difference. The fact is that our competitors have a better mix of incentives and as a result invest more in capital. Since we trade openly with those countries, the failure of this government to encourage a similar level of development will spell doom for American small business and the American economy.

What is needed is an approach which combines the economic concepts developed by the proponents of H.R. 4646 with the evenhanded approach employed in H.R. 5096 introduced by Mr. Nowak and S. 110 introduced by Senator Nelson. We support a 10 year write-off for buildings and fixtures. We think there should be a four year maximum write-off for machinery, equipment, furnishings, autos and light trucks. Any new legislation should preserve a 10 percent investment tax credit and an advanced depreciation rate for machinery, equipment, furnishings, autos and light trucks.

In order to bring down the cost and provide the same benefits to all it should have ceilings like Mr. Nowak's bill and Senator Nelson's S. 110. The accelerated depreciation should only be taken up to a certain maximum level per year. Over that amount, any remaining amount to be depreciated would be taken at conventional existing rates. An additional advantage is that this maximum level could be adjusted upward or downward to produce a balance between the need for an economic stimulus and the effect of the revenue loss. The maximum limit should be high enough so that every small business would have only one schedule to worry about. That way those businesses having to revert to the existing schedules based on useful life for excess amounts of their depreciation would be sophisticated enough to cope with the complexity of two schedules. The bulk of business depreciation would still be taken under current schedules based on the present concept of useful life.

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[1] Future of Small Business in America, Committee on Small Business, U.S. House of Representatives, November 9, 1978, page 44.

[2] National Small Business Administration.

[3] NTDPMA Confidential Wage & Fringe Benefit Survey, April 30, 1979.

[4] Congressional Record, January 23, 1979.

[5] Future of Small Business in America, Committee on Small Business, U.S. House of Representatives, November 9, 1978, page 8.

[6] Accelerated Capital Recovery—A Simulation Study, Data Resources Inc., June, 1979.

[7] U.S. Treasury Data, Depreciation Deductions by U.S. Firms, 1974.

A preliminary and unscientific look at the IRS depreciation data suggests that a $1 million ceiling on the amount of annual depreciation taken on the accelerated rate would reduce the revenue loss to around $10 billion. It would also change the balance so that 75 percent of the benefits went to 98.7 percent of U.S. companies which are small business and 25 percent of the benefits went to the 1.3 percent of companies which are large.[8] We are working to develop some hard data and we request that the record be held open so that we may supply it.

In light of the $30 billion projected cost of H.R. 4646, we wonder if our approach isn't more realistic. Our last major tax cut was around $30 billion and two-thirds of it went to individuals. This balance in tax cuts existed for some time.

There are other approaches as well. Some tax experts have suggested job credits for each employee on the payroll, up to a certain number of employees. Perhaps a special higher credit could be provided for new jobs created in a company.

We certainly would welcome any efforts by Mr. Smith, Mr. Nowak, and Senator Nelson to combine the sound tax approaches in each of these bills into a badly needed omnibus small business tax bill. NSBA and NTDPMA would certainly support such efforts and would be glad to offer any assistance we could.

Thank you.●

OUR CHALLENGE: GLOBAL, POLITICAL, MILITARY, ECONOMIC, SPIRITUAL

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. MICHEL. Mr. Speaker, from October 9–13, 1979, the 25th Annual Assembly of the Atlantic Treaty Association was held in Washington. The prestigious Foreign Affairs Research Institute of London has published a paper summarizing the reports made at this conference.

The theme of the conference was that the NATO forces are faced with a global, not just a regional, threat. When you consider—to take just two of the more chilling statistics—that "at current Soviet deployment rates there is one new SS–20 warhead deployed roughly every second day" and that the "Soviets are building nuclear submarines at the rate of one every 7 weeks," you realize the grave danger the West is in.

It is my hope that all of our colleagues take the few minutes needed to read the following. It will scare you, but I hope—as was the case when I read it—it will also inspire you to do all you can to see to it that all Americans realize that we are threatened not only militarily but economically as well.

At this point I wish to insert in the RECORD, "NATO Experts Consider the Survival of the West", by Geoffrey Stewart-Smith, published by the Foreign Affairs Research Institute:

NATO EXPERTS CONSIDER THE SURVIVAL OF THE WEST

(By Geoffrey Stewart-Smith)

The 25th Annual Assembly of the Atlantic Treaty Association was held in Washington DC from 9–13 October. Some 400 delegates and observers attended from the 15 NATO nations and I was present as a British delegate. Our hosts, the Atlantic Council of the United States organized the conference admirably and the United States Government allowed the proceedings to be held in the State Department.

The main theme of the conference was 'The Golbal Nature of the Threat against the West', but while the consensus agreed overwhelmingly that the main threat to the Alliance came from outside the NATO area, the same consensus rather lamely concluded that for political purposes it was imposisble to extend its boundaries beyond those agreed in 1949. It was felt—probably quite rightly—that the 15 NATO nations would never agree amongst themselves politically about a joint NATO intervention outside their present treaty boundaries, and that any such intervention would have to be undertaken by one or more NATO nations acting together on their own initiative.

In his opening remarks the Chairman of the Atlantic Council of the United States, Mr. Kenneth Rush set the scene by stating "I do believe that NATO must get into the habit of thinking more in global terms and that NATO, or some of its members acting together, should be ready and willing to take appropriate action to stem this insidious expansion of Soviet power and influence."

He went on to remind the audience that "the threat we face in the Western world is by no means confined to armed forces and military establishments. It has equally important political, economic and psychological aspects which we ignore at our peril. The Russians frequently refer to 'the correlation of forces' in the world, by which they mean the various components of power at the disposal of a modern industrial nation. This should remind us in the West that our approach to security must be total as well as global. We all agree that we need greater strength on land, on the sea and in the air. But we also need to tackle our political and economic problems with equal intensity."

Representing President Carter, the U.S. Vice President Mr. Walter F. Mondale attended and gave the delegates a valuable assurance of American intentions, "the history of our country has shown that consistently from the beginning and including today, the commitment to NATO by our Nation is a bipartisan American commitment that is permanent and lasting and complete in terms of total public support."

POLITICAL INTIMIDATION

Dr. Zbigniew Brzezinski, Assistant to the President for National Security Affairs, gave a forceful description of the reality of Soviet military might and chilled the audience with the revelation of the scale of the missile threat against Western Europe "At current Soviet deployment rates there is one new SS–20 warhead deployed roughly every second day."

Appreciating that the world is getting smaller every day, he went on "Western Europe, the Far East and the Middle East represent three interrelated strategic zones of central importance to the survival of the West as a whole and to global economic stability. This is an important strategic reality, and it has political as well as military implications. The United States must work with the countries in all three zones to protect the independence of these regions . . . Moreover, the momentum of the Soviet nuclear build-up does pose the possibility that the Soviet Union may be seeking a genuine nuclear war fighting capability. . . .

"The challenge we now confront is not only a military one. I believe that we have far more to fear from the possibility of political intimidation. Should NATO be viewed as unwilling or unable to respond to threats of nuclear warfare confined to the European area—as the lack of any effective theater forces would almost certainly make it appear to be—the opportunity for Soviet political pressure would be correspondingly enlarged."

Turning to the Third World, he observed "It is important that the inevitable tensions associated with basic sociopolitical change should not be exploited by major powers either directly or indirectly. The export of revolution through proxies or by direct military power has to be resisted, for otherwise global change will become global anarchy."

The Secretary General of NATO, Dr. Joseph Luns, stressed the vulnerability of Western Europe, and increasingly North America, to imported raw materials "For the West, an oil shortage alone spells economic crisis. But the same phenomenon of asphyxia could arise in connection with other sensitive and strategic raw materials. This situation clearly calls for consultation among the Western countries, which are largely dependent on external sources of supply."

SOVIETS SEEK SEA CONTROL

A very competent maritime view was given by Vice-Admiral Sir David Loram, the British Deputy Supreme Allied Commander, Atlantic. He revealed that "The Soviets are currently building nuclear submarines at the rate of one every seven weeks, and the number of their nuclears will double within a decade . . .

"We are beginning to see emerging from Soviet shipyards a deep water navy, designed for sea control rather than sea denial. It has sophisticated logistic support and increasing access to overseas bases. It poses a substantial and credible open-ocean surface threat to the trade routes not only in the North Atlantic but also in the other oceans of the world.

"Just imagine what one or two of these battle groups could do or threaten to do to our oil supplies if they were at large off the Cape of Good Hope. Imagine what they could do to the supply of other vital raw materials—bauxite, manganese, sugar, if they were free to roam the Caribbean. Imagine what they could do to the supply of raw rubber, of tin, or other minerals, if they were in the Pacific . . .

"The materials I have mentioned are necessary for many of our countries. But they are particularly important to the United States, which is the power house of our Alliance."

He then went on to consider the growing naval deployment of the Soviet Backfire bomber which has been used by the Soviet naval air arm since 1975. "There are now some 40 of these highly sophisticated, swing-wing, Mach 2 aircraft with the navy and this number could be trebled by the mid 80s—even if production is limited by treaty . . .

"In sum the Soviets with an avowed policy of world domination are creating a maritime capability which will assist this achievement. They have gone to sea—they have become seaminded—they are challenging us for world-wide sea control. We, on the other hand remain in a straightjacket, focusing only on a small geographical area . . .

"Against the backcloth that it is the West who are dependent on the sea routes of the world and not the Soviet Union, I find this Alliance entering the dangerous 80s encumbered by the straitjacket of its maritime boundaries while trying to combat a threat which has not only immeasurably increased but has become global."

Reflecting on this challenge, the Admiral opined "I need hardly stress the danger to the West if Moscow perceives a weakness in leadership, a public indifference, a paralysis of will."

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[8] Future of Small Business in America, Committee on Small Business, U.S. House of Representatives, November 9, 1978, p. 44 and U.S. Treasury Data, Depreciation Deductions by U.S. firms, 1974.

MODERNISATION OF TNF ESSENTIAL

The new Supreme Commander of NATO, General Bernard W. Rogers gave a thoughtful presentation which naturally concentrated on the military aspects of the Alliance. Dryly he observed of the declining US strategic nuclear deterrent that "We can take no comfort that the present situation is as much a function of Western design as Soviet development." Echoing Dr. Henry Kissinger's remarks in Brussels in September, he continued "With the onset of strategic equivalence the West can no longer rely on American strategic nuclear superiority as the ultimate arbiter in every crisis which directly or potentially involves the Soviet Union. . . .

"Today over 100 mobile SS 20 launchers with the multiple and highly accurate MIRVed missiles and reload capability and 90 Backfire bombers are deployed against Allied Command Europe . . .

"Despite the many attempts being made to turn our nations from this (theater nuclear force) modernisation, we must proceed with the vital Alliance decision to deploy long range theater nuclear systems, coupled with the parallel arms control approval, if we are to demonstrate the cohesion and solidarity of the Alliance in the face of the threat. I would hope that our member nations will never permit propaganda and pressures from the East—especially the Soviet Union—to prevent the Alliance from taking whatever actions it deems necessary—to include the deployment of appropriate theater weapons systems—to deter the threat for which the Soviet Union itself is responsible. Surely the West must not put itself in the position of letting the Soviet Union decide for us the means we should use to deter the growing threat posed by the Soviet Union and Warsaw Pact . . .

"Weakness, unpreparedness and equivocation are provocative. Equivalence, force readiness and determination are protective."

A QUESTION OF WILL

The paper presented by Lt. General Brent Scowcroft, former Assistant for National Security to the President contained some very valuable observations on Soviet military trends.

"In the strategic field, the Soviets are well into the deployment of third generation missiles. In addition, there are strong indications that, notwithstanding the SALT II treaty, they are preparing to begin testing on at least four new or substantialy modernised ICBMs. Observed qualitative improvements planned for the currently deployed missile forces are such that within two or three years the Soviets, utilising only a small proportion of their own land-based missiles, will be able to pose a mortal threat to U.S. ICBMs."

Turning to the risk of a surprise attack in Europe, he noted

"If the Soviets have developed their forces to the point where they could mount a successful attack against NATO with little or no detectable prior reinforcement from the western military districts of the USSR, a fundamental underpinning of NATO strategy—that we would receive sufficient warning of a major attack to undertake our time-consuming but essential measures of mobilisation and force deployment—is destroyed. The impact is obviously of catastrophic proportions. . . ."

"It now is not simply a case of the Soviets having to estimate whether or not the US would risk its cities by responding strategically to an attack on Europe which appeared to be succeeding. There is now as well the consideration for the Soviets that we are no longer able to reverse the war outcome through escalation either through the use of theater nuclear weapons or the use of US strategic forces. This is a development of profound significance for the West."

General Scowcroft then described the enormous additional resources allocated to the Soviet armed forces and concluded "The overall impact is likely to be that the Soviets will feel less deterred, more self confident, that they will push harder, dare more. We may already be witnessing such a change in behaviour, a change which spells increased danger to us all . . .

"The Soviet problem is structural, if not systemic. The NATO problem is fundamentally one of will. If we do not succumb to the prophets of doom, if we accept that our task may be without end, if we will work together to use our minds to take advantage of the many currents flowing in our rapidly changing world and turn them to our own purposes, surely we will prevail."

RAPID REINFORCEMENT PROGRAMME

Happily specific solutions were offered as to what should be done to rectify the military situation in Europe in a witty speech by Mr. Robert W. Komer, Advisor to the Secretary of Defense for NATO Affairs when he addressed the participants at the National War College.

"One of the most critical deficiencies in NATO's vital Center Region is the relative thinness of our widely stretched ground forces. Once penetrated, they lack operational reserves to restore the situation. Let me tell you what we Americans are finally doing about this. . . .

"We are spending billions today on a massive Rapid Reinforcement Program, designed to more than double our in-place ground forces in Europe within less than two weeks, and triple our tactical airforce. To give you some idea of magnitude within two weeks we plan to have in Europe more US firepower than the entire German Army, European NATO's strongest ground force, and air squadrons double the number of the entire RAF or Luftwaffe. This is not two weeks after the war starts but after the decision to reinforce is taken. . . .

"This will give the NATO commanders vitally needed operational reserves to prevent a breakthrough well forward or pinch it off if it occurs. Our technique is to preposition full sets of equipment in Europe, and fly over the troops by passenger airlift. Since our tactical aircraft can self-deploy, all they need is enough well-stocked Allied bases to receive them; negotiations to this end are well underway.

"But timely provision of this massive reinforcement is critically dependent upon our European allies doing two things. First, you must provide storage sites and warehouses for our prepositioned equipment, collocated operating bases for our air squadrons, ammunition depots to store much more ammunition and the like. . . . Second, we simply cannot simultaneously deploy to Europe the equally massive logistic support forces needed to back them up. Hence we have turned to an innovative concept called Host Nation Support, whereby our European Allies will help provide us, out of the same mobilised civilian resources which you use to support your own forces, with the airlift and sealift, port and airfield reception and unloading, transport forward to the battle area, depot, construction and medical facilities, fuel storage and tank trucks etc. vital to our ability to fight. . . .

"In short, America has proposed a Transatlantic bargain to its European partners. We'll deploy rapidly massive combat reinforcements if you'll help provide the European facilities and Host Nation Support to enable us to do so. If you don't, we can't. . . .

"Again we are spending several billions to develop and field long range mobile cruise and ballistic missile systems to maintain the continuum of NATO's deterrent spectrum. But it is up to Europe to agree to receive them and help support them for the common defense. . .

"The days of defense on the cheap for Europe are over, with nuclear parity at hand. But we need not disrupt our economies or neglect social needs either, if we will rise above national parochialism and collaborate more effectively in the common defense."

STATUTORY COMMITTEES NEEDED

The paper presented by the British Conservative Member of Parliament, Mr. Eldon Briffiths returned to the global theme of the conference, and he felt that "It may be assumed that a Soviet invasion of Europe quite likely would be combined with a thrust to seize the oil states of the Gulf and to interdict the Cape Route and vice versa. . . .

"The threat has changed in two important respects:

"1. It is global, not regional. No longer can it be contained within the geographic limits of the North Atlantic Treaty.

"2. It is political, economic, indeed spiritual. The Alliance cannot any longer hope to defend its interests by a wholly or even largely military response."

He then went on to make some specific recommendations:

"Some actions perhaps can be taken within the present structure of the Alliance. One possibility might be 'standby' forces to assist in peace-keeping, disaster relief, help for refugees, e.g. the Vietnamese 'boat people', and in the rescue of Allied citizens caught up in crisis situations outside the NATO Alliance . . .

"To ensure success for such limited activities, the cooperation of non-member states nearly always is indispensable . . ."

Turning to Africa, Mr. Griffiths pointed out that:

"The Soviet Union has established a military presence in the Red Sea and the Horn of Africa. Together with its Cuban allies, it has extended Soviet influence to Angola and Mozambique. Meanwhile, through Africa—the 'Saudi Arabia of minerals'—a large share of the Alliance's sources of minerals could be at risk to political instability and possibly racial war, backed by Soviet and other outside forces. . . .

"To focus Allied attention on these areas of mutual concern, it is proposed that NATO should set up four Statutory Committees. These would be concerned with:

"(a) The oil producing areas of the Middle East.

"(b) The South Atlantic.

"(c) Relations with South East Asia and Japan.

"(d) Latin America.

"The duties of each committee would be to monitor, study and report on all aspects of the possible threat to Alliance interests in its area, political, military and economic; to advise on closer relationships, should these seem desirable, between members of the Alliance and specific countries outside NATO and with their defence establishments and, as appropriate, to recommend action . . .

"If Soviet strategy is now intercontinental, so must NATO's be. The threat has become global. To be effective our response must be global too."

It was a joy to witness the change of attitude in Washington. The American people are very resilient and they have shaken off their post-Vietnam depression and regained their self-confidence. As manifest leaders of the Free World, they bear a terrible responsibility to world history.

The Secretary General of NATO, Dr. Joseph Luns ended his speech with these words to describe the duties of all NATO nations in the future:

"May I conclude by saying that the most immediate menace to the West would arise from any lessening of our resolve to look to our own defence. This would be all the more paradoxical since the Western countries have at their disposal as incomparable human potential and an economic capability unsurpassed by any other country or group of countries. Future generations would not forgive our nations if, for want of vigilance or moral courage, they failed to take up the challenge confronting their civilization and ideals." ●

AMBASSADOR MIKE MANSFIELD REVIEWS AMERICA'S JAPANESE RELATIONS

HON. PAT WILLIAMS

OF MONTANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. WILLIAMS of Montana. Mr. Speaker, I urge each of my colleagues to read this address by Ambassador Mike Mansfield. Former Senate Majority Leader and now Ambassador Mansfield presented this address to the Foreign and Domestic Issues Council in Tokyo on September 12, 1979:

When I first arrived in Japan in June of 1977, I felt strongly that the framework of close and friendly ties between our two countries was firmly established. After many years in the U.S. Congress, and on the basis of a long and enthusiastic interest in Asia, I had concluded that our two democracies had much in common and that a U.S.-Japan partnership was vital to our mutual well-being.

There were some problems in our relationship—for example, the concern here about the disposition of U.S. ground forces in Korea, and differences concerning the initial operation of the nuclear fuel reprocessing plant at Tokai Mura—but I felt confident that those questions could be managed and resolved with goodwill and cooperation on both sides. That confidence was well placed. We have worked out good understandings on those and other issues, testifying to the basic strength of our relationship.

The state of our economic relations in June of 1977, however, was not good. We were in serious difficulty. The U.S. was heading into a period of severe trade deficits, while Japan was having record breaking surpluses. There was a long list of problems and complaints relating to particular industries. Color television exports to the U.S. were arousing strong objections from industry and labor. Some TV trade issues were being tested in U.S. courts. We had problems in our trade in special and carbon steel. The multilateral trade negotiations had been going on for four years, but had made virtually no substantive progress. The mood in the U.S. Congress was problematical and there were increasing pressures for protectionist actions which would have left serious long-term damage.

In short, while there was no doubting our strong ties of friendship and our ability to talk to each other frankly, our ties were deeply troubled by many difficult issues. The next two years, consequently, were among the most difficult period in our relationship since the end of world War II.

Today the picture is markedly different—and the change has been for the better. Our two countries have developed a broader and more productive political partnership and are cooperating actively in a growing variety of areas. The breadth and depth of our relations were demonstrated by the highly successful visits to Washington by former Prime Minister Fukuda last year and Prime Minister Ohira last May, and that of President Carter to Tokyo in June. The Joint Communique agreed to between President Carter and Prime Minister Ohira on May 2 did not concern only bilateral issues. It mirrored in its scope and variety the fact that our two countries have a growing mutual concern about world issues and that our bilateral relationship has a growing multilateral dimension. President Carter's state visit just before the Tokyo Summit demonstrated a new maturity and balance in our relations. In addition to the very good discussions he held with the Prime Minister, and the important formal aspects of his stay, the President was particularly gratified to have had the opportunity to meet and talk directly with the Japanese from all walks of life at his town meeting in Shimoda which dramatized the close ties and common interests which characterize U.S.-Japan relations. In some respects that meeting was the highlight of the bilateral visit.

Japan seems to me to be reaching out, taking on a new and more active international role—and I believe this is good, for Japan and the world. As it does so, the United States will remain a consistent partner and fellow activist, for we believe in the old saying that far more can be achieved by two nations—no less than two persons—working together than by the sum of our separated efforts. We welcome Japan's new activism and leadership, whether in coordinating our approaches to the energy crisis, or in dealing with the tragedy of Indochina refugees. I should add that Japan's performance as host for the Economic Summit in June demonstrated clearly its stature as a leading country in the free world.

One of the most rewarding and satisfying aspects of our ties in the time I have been here has been U.S.-Japan security relations, which have never been better. In the last two years, a number of steps have been taken which enhance them. Japan is going ahead with the procurement of modern defense systems such as the F–15 fighter, the P3C anti-submarine warfare aircraft, and the E2C early-warning aircraft which lend credibility to its defensive posture. Japan has contributed a substantial share to the cost of U.S. Defense Forces located in Japan for mutual security purposes. Representatives of our two governments have developed guidelines for defense planning, which will add a new and important dimension to our cooperation in the security field. We are also engaged in intensive and high-level consultations on a broad range of defensive issues; the recent successful meeting between JDA Director General Yamashita and Defense Secretary Brown in Washington is a good example.

But perhaps the most impressive improvement has been in the area of our trade and economic relations. I think the extent of the change is not fully appreciated, so I would like to cite the record.

In the first half of 1979 U.S. exports to Japan were up 46 percent compared to a year ago. U.S. imports from Japan were also up, but only by 8 percent. When in the past U.S. representatives said they were seeking a correction of the trade imbalance, but not restrictions on imports, this was precisely the trend they had in mind.

Japan's global current account surplus has disappeared and Japan had a deficit of $1.8 billion for the first seven months of 1979. In part that is the result of sharply higher oil prices, but it also reflects import increases across the board. By the end of 1979 we may well see more increases in Japanese exports, but there is no reason why the problem of burdensome Japanese surpluses should not be behind us.

Some of Japan's traditionally strong exports have declined or levelled off, at least in volume terms. Color TV shipments to the U.S. so far in 1979 are down by 52 percent compared with the similar period in 1978. Steel is down by 6.8 percent, and autos are down 3.2 percent. Because of strong demand in the U.S. for smaller, energy efficient cars it is certain that Japanese auto exports will rise to some extent. This trade is beneficial to both countries, and we should expect increases in response to demand, but I hope that they are smooth and in accord with market developments.

U.S. agriculture continues to be a bright spot in our world trade, and Japan is our best foreign market. In 1978 we shipped $4.4 billion in agricultural products to Japan, up by a half a billion dollars from the year before, and the total should be over $5 billion this year. We are also doing well in capital goods, up 29 percent in 1978, and in consumer goods which were up 33 percent.

There are many reasons for this improvement, but one of them is that we Americans are following your advice and working harder at selling in Japan. You sent a record-breaking trade development mission to the U.S. in the spring of 1978, and we reciprocated by sending a mission of over 100 members to Japan in October. This year we and the Japanese Government are cooperating in a project to use the Japanese exhibit ship, the Shin Sakura Maru, to bring U.S. consumer products to 13 port cities in Japan beginning in October for two months. One hundred forty eight U.S. firms will be represented and we will find local distributors for them to develop their sales in the future. U.S. products will be sold, not just shown, and I hope all of you will find the time to visit the ship and see what we will have to offer.

The successful completion of the Multilateral Trade Negotiations is another major achievement. Japan made a splendid contribution, agreeing to lower duties on industrial goods from applied rates by 28 percent and much more from statutory rates, while the U.S. cut will be 31 percent. As a result, Japan's average tariff on dutiable industrial goods will be 4.9 percent, the lowest of any major industrial country. Japan also contributed greatly in the negotiation of new codes governing international trade, and I hope Japan will ratify them expeditiously. The success of the MTN and continuing benefit of all is our best answer to protectionism.

As trade expands and more and more business is conducted across national boundaries, the rules of international conduct become more important. The Lockheed scandal which shook Japan is an example of how things can go wrong. We must be sure that international business is carried on in accordance with the highest ethical standards. However, I do not think that any one country can or should dictate what is ethical behavior in international business. Therefore, I firmly support Senator Proxmire's proposal last month for a conference of leading industrial countries to consider an international convention on business conduct. This idea is not new; the need for multilateral action is clear, and I think all industrialized countries should act on this without delay.

We still have much to do. Our problems really have not all disappeared. I have heard it said, for example, that Japan's payments surplus has not gone away for good, but is only hiding for awhile and will soon be back. There is no reason for that to happen; surely we have all learned that a balanced course is a wiser course, and that all countries share the responsibility for avoiding excessive surpluses or deficits. The Carter-Ohira Communique of May 2 confirms that we must take a common approach which will contribute to a stable payments pattern. It is clearly in our interest to do so.

The success of the MTN also imposes obligations on us all to make it work. The U.S. Congress has already passed our implementing legislation by an overwhelming vote. The Japanese Diet will have to act soon in accordance with Japanese law. The MTN codes and the agreement of June 2 between Ambassador Ushiba and Ambassador Strauss also commit both countries to clear up some difficult problems relating to import standards, sales of tobacco to the Japan tobacco monopoly, and procurement by government controlled agencies, especially NTT. We must approach these issues in a spirit of compromise and with the will to settle them in a manner consistent with the principles of reciprocity and open trade. The objective is to assure reciprocal access and expanded opportunities for business.

Japan also needs to develop a better image in the U.S. as a business partner. The task is not easy. Much of the difficulty lies in our different approaches to trade expansion. We see our market as fully open to all, and only after imports in one category grow too fast or too large, do we seek to restrain them. When that happens Japanese exporters feel that they are blamed for being "too successful". When we try to sell to Japan the most severe problems arise before the entry of a new company or product. Sometimes the result is that a would-be American exporter fails before he even gets started. To him that seems unfair—as if he had never even had a chance. We need to find a way to avoid giving such an impression to newcomers to Japan.

Changing our attitudes and styles of behavior is not easy. We Americans need to take a longer view, and not give up in the face of initial resistance. We also need to invest our resources and energy for benefits received over a long time. Japanese need to recognize how damaging it can be to them when an American is given a bad impression at the start. American exporters know that they must market competitive products and meet Japanese standards. They should be given to understand that they can export to Japan on the same basis as Japanese export to the U.S.

Such problems can rise owing to the cultural and societal differences between us. Despite our friendship, partnership and interdependence, we are separated by cultural gaps which have to be understood if they are to be bridged. To help that process along I would like to propose a program of work-study grants to help Americans understand Japan better. Many Japanese learn English and spend many years in America really learning American ways firsthand and conducting profitable business as American experts. They make a tremendous contribution to better understanding, but there are few Americans who do the same in Japan. We need more. I would like to see U.S. businesses operating in Japan devote a portion of their profits to supporting several top U.S. graduate students in Japanese studies each year who would come to Japan for a year or two of language study and academic preparation, followed perhaps by a three-year assignment in the Japan offices of an American company. They would live and work in a business environment in Japan for a long period. Having learned something of Japanese language, culture, history and society first, they would move on to learning firsthand how modern business and life in Japan really works. This would represent a long-term investment, both for the individuals and for the organizations which would participate, but in time it would pay great dividends.

Another theme I wish to emphasize is the importance of increasing U.S. productivity. Productivity is a major determinant of how competitive any country is in world trade, and also of the general welfare of workers themselves. In the United States our record has been poor. U.S. productivity has risen only 0.3 percent annually since 1973, and in recent months has actually gone down. Japan during the 1970's has increased productivity by an average of 7.7 percent every year. Japan has continued to save and invest a high proportion of personal income and substantial gains in that income have resulted. This is an example Americans should study. In a spirit of friendship and cooperation there is much we can learn from you. In such an environment we can solve problems, increase the welfare of people in both our countries, and work to build a more peaceful and prosperous world. We can all be proud of our major achievements to date, but I do not think we should let that make us too complacent. For, as our experience has shown, by working together we can make the most of the many opportunities ahead.●

THE LESSON OF TEHRAN

HON. LAMAR GUDGER

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. GUDGER. Mr. Speaker, in recent years, American Ambassadors have been kidnaped and even murdered in the line of duty. In Iran today, scores of American diplomats and staff are being held hostage in the Embassy in Tehran by radical Moslem students who want the United States to deliver the ailing Shah of Iran for trial. Moreover, the Ayatollah Ruhollah Khomeini has endorsed the students' action of storming the Embassy. These violations of diplomatic immunity are part of a continuing pattern of international brigandage that has shaken the world in this decade. This brigandage has included the murder of Israeli athletes at the Munich Olympics by terrorists from the Palestine Liberation Organization (PLO), the skyjacking to Cuba and elsewhere of commercial airliners by PLO agents, and other incidents involving diplomats and private citizens of many nations.

While some might be prompted to view the Tehran situation as a cause for rash unilateral action, we should recall the restraint we have exercised earlier with the skyjackings. We mounted no assault on Cuba or elsewhere but rather began policing our own aircraft as well as working out agreements with Cuba, despite having no public relations with that country. We continue this protective action with our aircraft and because of this type of action, attempts to take over aircraft have become rare.

The situation in Tehran also seems to call for restraint, at least so far. We want no confrontation with Iran despite Khomeini's endorsement of the student move on the Embassy. The situation seems to call for quiet diplomacy carried out through whatever channels promise to be most fruitful. In short, restraint may well be the better part of valor. Consequently, we welcome the news that President Carter has sent a former attorney general and a Senate Intelligence Committee staff member to Tehran to try to find a solution to the trouble. We are also aware of reports that the PLO is going to intercede on behalf of the American hostages—although we do not know the PLO's motives for such action. Meanwhile, let me quote from the New York Times editorial of November 6, 1979, which sums up the situation in this way:

> In any case, a regime bent on irrational conduct cannot be appeased. The avowed purpose of the embassy takeovers is to force the United States to return the ailing Shah to face a revolutionary tribunal. The idea is unconscionable. The right of political asylum is another valued tradition that the Ayatollah seems to consider diabolic now that he no longer needs his own revolutionary platforms of asylum in Iraq and France. Whatever the merits of admitting the Shah for medical treatment, after discouraging his residence in the United States, the turmoil in Iran requires all nations to reaffirm their respect for asylum and immunity.
>
> Many previous exiles from the Shah, including some of the Ayatollah's closest associates, once took refuge in the United States. Many may want to seek it again, from the Ayatollah. While pressing for the release of our own citizenry, the United States should feel no shame in resisting outrageous demands. A multitude of devils swarm in the bottle that the Ayatollah has recklessly uncorked.

Missing from the New York Times editorial is the idea of what to do when an embassy is denied protection by a host country. In my opinion, the United States would be wise to begin a search for the machinery to cope with such breaches of diplomatic immunity as the takeover of the Tehran Embassy. We also must explore the possibility of developing unilateral techniques for the emergency evacuation of beleaguered diplomatic posts. Naturally, we all remember a few years ago when the Israelis rescued 100 or so victims from the skyjacked Air France plane. However, the Israeli raid on the airport in Entebbe, Uganda was a stroke of great brilliance difficult to duplicate. Other similar operations, such as the Egyptian mission at the airport in Nicosia, Cyprus, and our own recapture of the American vessel *Mayaguez*, were far less successful. Nevertheless, our diplomatic missions must be protected. If host governments will not or cannot protect them, as they are supposed to do by ancient usage, then we have no alternative but to do the job ourselves. Perhaps, this is the lesson to be learned from Tehran.●

CRACKDOWN ON IRANIAN STUDENTS IN THE UNITED STATES

HON. LEO C. ZEFERETTI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. ZEFERETTI. Mr. Speaker, I want to join other Members of Congress in expressing shock and outrage at the seizure of the U.S. Embassy in Iran. Even more unconscionable is the fact that the Iranian Government has refused to permit American envoys entry into Iran to negotiate the safety of American hostages.

I would be remiss if I failed to express my dissatisfaction at the response of the Carter administration during this crisis. The American Government must take a staunch stand against this terrorism, and we should also take the necessary actions here in the United States against the protests and demonstrations of Iranian students.

Earlier this week a number of Iranian students occupied the Statue of Liberty in New York City, chaining themselves inside the monument for several hours. Federal Park officials were forced to close the landmark and to evacuate more than 1,000 tourists from the island.

Mr. Speaker, under title VIII of the United States Code, the Attorney General of the United States has the authority to deport these lawbreakers. Today, I have forwarded a telegram to Benjamin Civiletti, Attorney General of the United States, urging him to instruct agents of the Immigration and Naturalization Service to closely monitor the activities of these activists—within the framework of U.S. law—to determine if they are fulfilling the terms of their visas. Those that represent a danger to public welfare and safety should have deportation proceedings initiated against them.

In addition, I have contacted President Carter and urged him to join in this effort to quell these outrageous protests against our Government.

The following is a text of my telegram to the Attorney General:

NOVEMBER 8, 1979.

Hon. BENJAMIN CIVILETTI,
Attorney General,
Department of Justice,
Washington, D.C.

DEAR ATTORNEY GENERAL: In light of the continuing stalemate involving American hostages at the U.S. embassy in Iran and the unlawful activities of a number of Iranian students in this country, I strongly urge you to take the steps necessary to identify those lawbreakers and, where possible, to undertake deportation proceedings against them.

The occupation of the U.S. embassy in Tehran and the taking of American citizens as hostages is an unconscionable act of barbarism. Even more incredible is the fact that the Ayatollah Khomeini has condoned this act of terrorism through his refusal to permit American envoys to enter the country to negotiate the safe release of those hostages.

This crisis must be met both forcefully and expeditiously by the President and the State Department to ensure the safe return of those hostages. In this country, the Immigration and Naturalization Service must make every effort to enforce all American immigration laws that pertain to Iranian students and temporary residents as a sign to the Iranian government that we will not stand idly by while this debacle in Tehran continues.

In the tradition of American goodwill toward the international community, our government has welcomed students from around the globe—including several thousand Iranian students—in order to permit them to participate in our institutions of higher learning. This privilege does not grant these temporary visitors the right to disrupt American society through unruly protests and demonstrations.

Earlier this week, a number of Iranian students occupied the Statue of Liberty in New York City—our great monument symbolizing liberty and opportunity for the people of all lands. Chaining themselves inside the monument for several hours, federal park officials were forced to close the landmark and to evacuate more than 1,000 tourists from the island. Other Iranian students throughout the United States have also held disruptive demonstrations of support for the despicable acts of their countrymen.

Title VIII, Subsection 1182, paragraph 27 of the U.S. Code states that aliens "shall be ineligible to receive visas and shall be excluded from admission into the United States" if "the consular officer or the Attorney General knows or has reason to believe (they) seek to enter the United States solely, principally or incidentally to engage in activities which would be prejudicial to the public interest or endanger the welfare, safety, or security of the United States."

I interpret this statute to mean that the students who occupied the Statute of Liberty can and should be deported. In addition, Immigration and Naturalization Service officials must now make every effort to more closely monitor the activities of all Iranian activists residing in the United States to determine whether they are upholding the terms of their visas and the laws of the land. Immigration and Naturalization Service agents in Washington and in the field offices throughout the Nation must be given notice to crack down on the illegal activities of Iranian demonstrators. Those that represent a danger to public welfare and safety should have deportation proceedings initiated against them.

Obviously, it is imperative that this job be carried out within the framework of American law to ensure that the civil rights of any individual are honored. However, the current situation demands that our immigation laws are diligently upheld.

The time for leniency toward these culprits has passed and the patience of the American people has reached the breaking point. It is time for the United States government to take a staunch stand against lawlessness perpetrated by these temporary visitors to our great country. I urge you in the strongest possible terms to make every effort to ensure that the lives and liberties of the American people are protected.

Sincerely,

LEO C. ZEFERETTI,
Member of Congress.●

TREATMENT OF VIETNAM VETERANS A SHAMEFUL CHAPTER FOR NATION

HON. RICHARD BOLLING

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. BOLLING. Mr. Speaker, I draw the attention of my colleagues to a column appearing in the AFL–CIO News, October 27, 1979, written by Gus Tyler, chairman of the American Veterans Committee. As we approach the national observance of Veterans' Day, it is crucial that we recognize the special problems faced by our Vietnam veterans.

The column follows:

FORGOTTEN MEN AND WOMEN: TREATMENT OF VIETNAM VETERANS A SHAMEFUL CHAPTER FOR NATION

(By Gus Tyler)

Most Americans believe that the Vietnam veterans have been treated in a shabby, even shameful, way. Three out of four Americans believe that the Viet vets should be getting more aid and benefits and that they have a harder time adjusting to civilian life than veterans of other wars.

Two out of three Americans believe that people have not treated Viet vets as well as veterans of other wars and that we have been mean to Viet vets because the war was unpopular. These are the findings of a poll conducted by the New York Daily News.

Most Americans believe what most Viets feel with passion. They feel it, yet they hesitate to sound off because somehow they have been made to feel ashamed of themselves.

If you are not a Viet vet, it is hard to get under his skin to feel as he feels unless you are fortunate enough to spend an hour or two with Bobby Muller as he pours out his heart on the plight of his erstwhile fellows-in-arms.

Bobby is an ex-Marine who agonized through the decimation of a platoon under his command. He is a one-man crusade to get America to understand the men—and women—who fought in Vietnam. From his wheelchair, he speaks out with fire and finely honed fury.

The Vietnam veteran is different, he insists. He was engaged in a war he never understood that was fought in a way he never understood.

There were those who said that we should just blow those Communists right off the map—with bombs or A-bombs or whatever it took. And there were those who said that we had no business there in the first place.

But practically nobody knew what they were doing there or why. So, to keep going, they drowned their doubt in alcohol and narcotics.

Back home, people began to make judgments about them. They were hopheads and junkies. They were sadistic Lt. Calleys. They were jerks for having allowed themselves to get drafted. They were no damn good, without morals or mind.

Then to top it all off, "they" lost the war. Nobody loves a loser, especially since this was the first war we have ever lost. (We lost the war of 1812, but Andrew Jackson's victory at New Orleans after the war was over gave the country the feeling of victory.)

Rotten as many of them felt about themselves over there, they felt even worse about themselves when they returned not as conquering heroes to be welcomed by banners and bands, but as the defeated, confronted with silence and a sneer. Coming home was numbing; but as the numbness passed with time, hurt and hostility set in.

Bobby was speaking to me because he wants to send a message to America to open its heart to the Viet vet. He was speaking to me because he knows that the American Veterans Committee I chair is deeply concerned that no element in our society, especially veterans, shall be pariahed out of our national community. He was speaking because he is a man of courage who fears, who fears what will happen to the country for which he has given much as the stormy clouds of disappointment, disrespect and disorder accumulate among the Viet vets.●

AN ENERGY VIEWPOINT FROM BANKERS TRUST

HON. JOHN W. WYDLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. WYDLER. Mr. Speaker, the movement of the recent synthetic fuels legislation through the Congress, of course, raises the question about the levels of Federal and private sector investment required to develop a synthetic fuels industry and at the same time enhance our domestic oil and gas supplies.

The Bankers Trust Co. of New York last month published an energy newsletter which is a valuable contribution to the national debate over the economics of energy supply. Its conclusions are that if we are to maintain today's level of oil and gas production in 1990, given major growth in coal and nuclear for electricity, it will require much greater capital investment than we see today.

I suggest that the following two sections of the newsletter would be particularly interesting to Members in shaping the congressional pieces of a major energy policy. The report certainly raises questions about current economic policy and outlines major changes which must be made to insure financing for adequate energy supply.

The newsletter follows:

Oil and Gas Share

Based on these inflation rate estimates and on the constant dollar expenditures projected earlier, oil and gas capital requirements would rise from $20 billion in 1978 to $142 billion in 1990 in current dollars. Meanwhile, total business investment would increase from $223 billion in 1978 to $690 billion by 1990. As a result, the oil and gas industry's capital needs in 1990 would climb to 21 percent of the nation's total investment, up from only 6 percent in 1973 and 9 percent last year.

It is obvious that the oil and gas industry is extremely unlikely to capture such a high proportion of total business investment. If the industry actually managed to do this, all other business investment would be limited to about 1½ percent real annual growth through 1990. This is completely incompatible with our fundamental assumption of GNP growing at 3 percent; a 1½ percent growth in business investment cannot be expected to propel GNP at 3 percent. Our energy needs would have the investment sector seriously out of balance.

The inescapable conclusion, as we see it, is that the United States must devote a larger share of its gross national product to fixed business investment, if it is to maintain its economic strength. This need not become an unbearable sacrifice as other industrialized nations can demonstrate. For example, in Germany the ratio of investment to GNP is currently 15 percent while in Japan it is 20 percent. If our present 10.2 percent share in the U.S. were increased by 1½ percentage points, then some $104 billion would be transferred to the investment sector in 1990. In this case the oil and gas industry's proportion would still be 18 percent, but the remaining capital supply would be sufficient to support the predicated 3 percent real growth rate in all other business investments.

SUMMARY AND CONCLUSION

To avoid economic stagnation during the 1980's, we will need a maximum effort both to produce and conserve energy in the United States. Merely to stabilize U.S. oil imports will require enormous growth in available capital over the next decade. Not only will expenditures for oil and gas be increasing, but also massive expenditures for replacing capital stock to improve energy efficiency and utilize alternative energy sources will be necessary. This suggests that the investment share of GNP will have to increase to meet the balanced needs of both the energy and other industries through the coming decade.

This means more savings will be required. The government could encourage savings with tax incentives which recognize the need for more rapid depreciation rates for industry to cover soaring replacement costs. Moreover, tax credits for energy conservation, which are already in place, may have to be increased. Personal savings could be encouraged by the moderation of interest rate ceilings and taxes on savings deposits. Similar treatment for dividend earnings would also be helpful. Other strategies are available.

Most importantly, because inflation discourages both business and personal savings, a greater effort to curb inflation is mandatory. This translates into fiscal responsibility on the part of the Federal Government and prudent monetary growth on the part of the Federal Reserve Board, two conditions which have not prevailed in the recent past. ●

TOSSING A DROWNING MAN AN ANCHOR

HON. TOM CORCORAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. CORCORAN. Mr. Speaker, the House last week passed H.R. 4985, the Priority Energy Project Act. This fast track legislation would establish an Energy Mobilization Board with broad powers at all levels of Government. Soon, the full House will be debating the creation of yet another agency, the Energy Security Corporation. I have argued that what we really need is not more bureaucracy, but a comprehensive review of existing statutes which are perceived by many to hinder the planning and implementation of energy projects.

Recently, I received a letter from the president of the American Mining Congress in which the establishment of an EMB and an ESC is seriously questioned. AMC president J. Allen Overton states that—

> Mismanagement by existing federal agencies has contributed largely to the energy crisis, and to argue that creation of one more agency is part of the solution, seems on a par with tossing a drowning man an anchor.

He also calls for the reform of the "oppressive regulatory regime already in being." I agree with this assessment and commend the letter to my colleagues.

October 23, 1979.

Re: Energy Mobilization Board; Energy Security Corporation

Hon. Tom Corcoran,
U.S. House of Representatives,
Washington, D.C.

Dear Congressman: The growing dependence of the United States on foreign sources of oil is now generally recognized as perilous in the extreme. The volatility of these foreign sources poses stark geopolitical risks for our national security, while our bondage to these sources tends to fetter American foreign policy. At the same time, the rising cost of oil imports due to higher volume and prices stimulates inflation at home and undermines the economic order of the globe.

There is no alternative on the immediate horizon other than making greater and better use of energy resources domestically available, including oil, gas, coal and nuclear power. In the short term, at least for the next decade or two, expanded use of the nation's abundant coal reserves is essential.

For these reasons, the American Mining Congress favors a vigorous program of synthetic fuels development, provided it is properly constituted.

We believe the amendment offered by Majority Leader Robert Byrd and approved by the Senate last week, establishing a $20 billion trust fund for synfuels development, sets an appropriate level of public funding at this time.

We further believe that government funding should be restricted to assisting initial commercial-scale plants that demonstrate synfuels technology. This could include loans, loan guarantees and purchase contracts. It is our view that a new Energy Security Corporation is not required to accomplish these goals.

In opposing the establishment of an Energy Security Corporation or similar type body, one of our main reasons is the fear that it would pave the way for government-owned facilities, which we regard as a hindrance to the sound development of a synthetic fuels industry. This fear has been realized in the bill approved by the Senate Energy and Natural Resources Committee, which would authorize up to three government owned plants.

Mismanagement by existing federal agencies has contributed largely to the energy crisis, and to argue that creation of one more agency is part of the solution, seems on a par with tossing a drowning man an anchor. We can only envision another cadre of officials who will seek the utmost limits of their authority and maximum interference in the marketplace. While it is theroretically possible to have a federal agency that does not try to extend its domain, in reality such an agency has been seen with about the same frequency as a unicorn.

In point of fact, no synthetic fuels program is likely to work unless the oppressive regulatory regime already in being is reformed. This holds true for development of other domestic energy resources as well.

Federal regulations governing the minerals industry of the nation are vague where they should be precise . . . rigid where they should be flexible . . . arbitrary where they should be equitable . . . and legalistic where they should embody common sense. They are prime culprits in the energy crisis.

An Energy Mobilization Board that can cut through the regulatory labyrinth to clear a path for priority energy projects is a critically needed reform. Such a Board is provided for in the bill approved by the Senate Energy and Natural Resources Committee, but its powers are too severely circumscribed. Rather than being the rogue elephant some of its critics claim, it is a toothless tiger in the regulatory jungle.

The Board would have power only to accelerate the strictly procedural requirements of regulations, but it could do nothing about the substantive bias of the underlying laws and the prejudicial mind-set of their enforcers. What it would amount to, then, is the promise of a speedy trial for a man who's predestined to hang. This offers him scant solace.

A much preferred version of the bill is being sponsored by Rep. John Dingell and has been approved by the House Interstate and Foreign Commerce Committee, but unfortunately it veers to the opposite extreme. It grants the Energy Mobilization Board authority to waive all federal, state and local laws, as well as to clear procedural roadblocks to priority energy projects.

Such sweeping powers are neither necessary nor wise. The fact is that the major impediments lie in federal laws and in actions imposed on the states by these laws, and the Board certainly should have authority to waive these provisions. Beyond that, however, it is important to preserve states' rights in determining issues that necessarily vary from state to state, and it is particularly vital not to allow interference with the water laws in the West, which have evolved through long experience and practical testing.

If the Dingell bill were modified to meet these requirements, it could lead to a regulatory climate in which industry and government collaboration, rather than the stalemate of confrontation, could produce a synthetics fuels program of marked success.

It must be emphasized, however, that the need for action is urgent, because American dependence on foreign oil plus its attendant perils is growing daily. It took only about a decade of misbegotten governmental policies to produce this sorry situation, but the nation doesn't have another ten years to begin extricating itself from it. Already Washington has spent over half a decade debating a national energy policy, without any notable progress to date.

Production of energy resources cannot be increased like the flow of water from a faucet, and the requisite facilities can take years to build. The sooner we get started, the sooner we will win our freedom from the tyranny of economic and national security instability at the hands of OPEC. The time to act is now.

Sincerely,

J. ALLEN OVERTON, Jr.,
President.●

THE UNITED STATES HAS "THE RIGHT STUFF"

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. MICHEL. Mr. Speaker, a few years ago Americans were treated to the unintentionally hilarious antics of fashionable liberals when Tom Wolfe wrote "Radical Chic." Can anyone forget the near total fatuousness of those who played patron to the Black Panthers because it seemed the "in" thing to do? Wolfe singlehandedly demolished the pretensions of the limousine liberals, political dilettantes and assorted high-fashion revolutionaries.

Since then Wolfe has continued to cast a skeptical eye on the lunacies of the fashionmakers. But recently he has written a book of praise. This book, "The Right Stuff," praises the kind of people the radical chic crowd had no use for: The astronauts.

In a recent interview Wolfe explained his views on art, politics and the future of our Nation. I am glad to say that this superb writer feels we are "in America's Elizabethan period and don't know it * * * this is our season of the rising sap * * *."

At this point I wish to include in the RECORD, "Tom Wolfe Examines Why The New Left Disappeared" in U.S. News and World Report, November 5, 1979:

TOM WOLFE EXAMINES WHY "THE NEW LEFT DISAPPEARED"

(By Tom Wolfe)

"WE DON'T HAVE ANY UNIVERSAL HEROES"

We still have heroes in America, although not in the sense of national heroes. We only have national heroes when there is a real external threat to the country.

In the case of the astronauts, who certainly were heroes, the threat was the cold war. It's hard to remember now how much of a threat the cold war seemed. That was why the first seven astronauts were instant heroes and why the astronauts selected later, when the cold war had faded, were not.

Ethnic and racial heroes exist today. All you have to do is go to a closed-circuit-television showing of a Muhammad Ali fight and you will quickly find out that he is a real hero to colored peoples of all sorts.

We don't seem to have any universal heroes. I don't think of show-business and sports figures as heroic, except in the case of Ali, who actually represents a great deal more than just sports. But I think there would be a great flood of heroes coming up if we really thought the country was in danger.

"IT SEEMS EASY TO GO BACKWARDS IN THE ARTS"

I look upon the arts as one of the chief areas that disapproves our assumption about constant progress. We're so used to progress in the scientific and technical side of things, we often think there's going to be progress in every area. In fact, it seems to be very easy to go backwards in the arts.

I'll just mention two areas that I'm personally interested in:

One is caricature. I do a page of caricature every month in Harper's magazine, and I'm acutely aware that caricature has reached its lowest ebb in the last hundred years. The reason is that most artists today are no longer trained in many fields, as they once were—in anatomy, architecture and landscapes, just to mention three.

Those who couldn't make a go of it in the higher forms of painting would make a living doing illustrations and caricatures. They tended to be awfully good at it because you cannot do caricature well unless you can deal with human form, human raiment and the trappings of rooms and buildings. Now many art schools do not emphasize such broad studies, and the result is that we have a very sad lot of caricaturists, over all.

"THE LAST LITTLE OBEDIENT COLONY OF EUROPE"

In literature, something similar has happened. Realism in fiction was mainly an invention of the 18th century, when writers began to portray the everyday life of all types of people with detailed attention to dialogue and natural surroundings. It turned out to have a power that no other written literature had ever had. The most sophisticated British critic of his day, Lord Jeffrey, confessed to having broken down and cried upon reading of the death of Little Nell in The Old Curiosity Shop by Charles Dickens.

Now, you don't have to like Dickens or The Old Curiosity Shop to see the power of a form using realism that can actually move people to tears. But many writers have given up realism in the novel. That is like an engineer saying: "We've been using electricity for a hundred years. We're going to do something else from now on."

Since the second World War, there's been a fashion reigning in the universities, where most writers come from, that has turned away from realism and has begun what I think of as the "new fabulism." In that form, you tell modern fables, usually nihilistic in tone. There are many talented writers operating in this area—people like John Gardner, John Barth and Thomas Pynchon. I think they've put themselves in a corner. They're using a tenth of the wattage that is available with realism.

I'm just getting ready to write a sequel to The Painted Word, which will deal with architecture and serious music, and a little with dance and philosophy. In all of these areas, as with painting, I think, for the past 40 to 60 years artists have been devoting all of their talents not to some vision that they themselves have had but to theoretical concepts that usually came from Europe. When it comes to the arts, we're the last little obedient colony of Europe. In architecture, for example, we have often looked toward Europe for the lead, ignoring even great American architects like Frank Lloyd Wright and Louis Sullivan.

The European intellectuals who fled to the United States in the '30s were bowed down to—like white gods in jungle movies of that period. This country, which seemed so maverick and self-confident in almost every other area, was intellectually timid in the arts.

BLACK PANTHERS, THE WEATHERMAN AND RADICAL CHIC

There is no more radical-chic society.

The people who were involved in what I call radical chic were always much more interested in the chic part than the radical part. They were not anxious to endure the heat if it became unpleasant. So they were quite ready to jettison the Black Panthers of the Weatherman or any of those groups when it became known that they were supporting those causes.

UNNOTICED: A "MOST IMPORTANT" DROPOUT

In 1970, the New Left disappeared within six months. The New Left had reached a kind of second great peak of power in 1970 after the shootings at Kent State and the invasion of Cambodia. Many leaders of the student movement of that time were saying they were going to take a very active part in the congressional elections in the fall of 1970. But they didn't; they just faded from sight.

Since then, there has really been no left in the United States. The only thing you really find is the antinuclear movement. But even that is very broad based, including many people who 10 years ago were simply referred to as conservationists. It also attracts those with left-wing sympathies. But there really is no left. This is one of the most important things that's happened in the 1970s, and yet very little note has been made of it.

"FADING INTELLECTUAL ANTAGONISM" IN THE WEST

One of the reasons for the disappearance of the left is the influence of Alexander Solzhenitsyn and his Gulag Archipelago. I have the feeling that that book will be seen eventually as one of the most influential pieces of writing in history.

What Solzhenitsyn did was to establish once and for all that there were concentration camps in the Soviet Union. Others had said it before, but he had cultural cachet: He was a respected novelist. And Nikita Khrushchev gave Solzhenitsyn even more credibility by putting his arm around the author at the time of the publication of One Day in the Life of Ivan Denisovich and saying: "Yes, this is true. This happened." So there was no denying after that that socialism can lead to the concentration camp.

I feel rather optimistic about the 1980s in the West because a lot of intellectual antagonism in the United States and the other Western democracies is fading. There's still a strong left wing in Italy, but I think it's slowly diminishing and has diminished considerably in France and England.

It really can be traced to Solzhenitsyn.

LET'S CELEBRATE "OUR SEASON OF THE RISING SAP"

We are in America's Elizabethan period and don't know it.

We have been told so often that capitalism and the West are in their twilight and the best we can hope for is to make the remaining years as comfortable as possible. In fact, this is our season of the rising sap.

This is the century in which the United

States became the most powerful country on earth militarily, the wealthiest country on earth, the country that developed the capacity to exterminate mankind with the atomic bomb but then went ahead and developed an escape route to the stars through the space program.

This is the country that started the phenomenon—which Europe is beginning to catch up with—of wealth at every class level except the class that doesn't work at all. This is our Bourbon Louis period. It's been a time of tremendous exuberance, tremendous energy, tremendous growth. Yet people of influence in this country so often act as if it were the opposite.

Because of these achievements, it's hard for me to be terribly pessimistic about the rest of this century.●

LONGVIEW OBJECTS—MASSIVE PAPERWORK

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. COLLINS of Texas. Mr. Speaker, energy and inflation are the major domestic concerns before Congress. Down in Texas, we have worked to conserve oil and gas so we turned to coal. The Texas Utility Co. was way ahead of the congressional mandate and has for years been developing and turning to a lignite program. Texas utilities has an excellent record of returning the top soil so the land is in better shape after they left than before they came in for the lignite.

When Congress discussed Government strip mining legislation, we did not have a single complaint from Texas. Every community spoke well of the fine strip mining job of the Texas utilities.

Yet, Congress passed a law that is burdensome, top heavy, and places tremendous additional costs upon the consumer. I remember discussions about the need to make this law comprehensive because they had heard of some abuse in West Virginia; and the law for the entire Nation must cover the West Virginia situation. It reminds me of the principal of the school who had heard one pupil had misbehaved and to correct the situation, he lined up every youngster in the school and beat the daylights out of them.

An excellent editorial on this subject was written by the Longview Daily News in east Texas. You will be interested in reading the viewpoint on excessive paperwork by the Longview Daily News:

PERMIT APPLICATION COST HALF MILLION

Changes in Texas Railroad Commission rules governing surface mining operations will force lignite users into vastly heavier costs and more voluminous reporting systems, but that will be the price of keeping Uncle Sam's nose out of Texans' private business.

A recent application by Texas Utilities Company for a permit to mine lignite in Panola county weighed 474 pounds and was prepared at a cost of half a million dollars. But the waste involved in these application processes is not all the state agency's fault. Compliance with federal guidelines also is a big factor, and the recent move came as the commission sought to bring its system into compliance with the federal statutes.

The Congress enacted the legislation to begin with and then made a provision that if the various states wished to exercise authority and resume responsibility for compliance in mining operation in their own boundaries they must submit a set of rules by which they propose to operate. This was done by the Texas body and the rules have been tentatively approved. A hearing is due shortly by the federal Office of Surface Mining to determine the rules' adequacy. If they are found acceptable they will be adopted, perhaps in February.

But the pathway which the utility had to follow in securing a permit to operate was a bureaucratic nightmare. In 1976 the utility got a permit to do the surface mining in Panola county and the questionnaires and reports required for the permit weighted 77 pounds and cost $50,000 to prepare. The commission required 10 copies.

The most recent weighted 474 pounds, cost half a million dollars and there were 20 copies this time. These are the kinds of things about which business, large and small, has complained for years. There is no way that all this material can be assimilated by three members, and certainly requiring 20 copies of anything represents the waste of more than half of them. We might hope that at the compliance hearing on the matter, some of the 330-page volume of present requirements may be deleted as superfluous.

But if the federal government is involved, and it certainly is here, the chances are that if changes are made it will be to add pages, not to subtract anything. It has been years since Uncle Sam used a modus operandi like that.●

THE "GARDEN OF EATING" PROGRAM

HON. FREDERICK W. RICHMOND

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. RICHMOND. Mr. Speaker, in the past two sessions, the Congress has enacted pioneering legislation in the area of nutrition and food marketing—legislation designed not only to protect but to enable and encourage the American consumer to understand and to act intelligently on those diet and nutrition matters that directly impinge on health. Nutrition has become a matter of public policy—and that is as it should be.

Of course, there is still a large job to be done—there are still critical needs that the Congress will be asked to help meet. In the session ahead we will be considering a number of these urgent food and nutrition issues—and I am confident that we will act on them with foresight and full sensitivity to the national interest.

What prompts these remarks at this time is a recent development that touches on my own particular interests in a very real way. I want to share with you a report I have just received describing the "Garden of Eating" program—a nutrition education program for kindergarten and first grade sponsored as a public service by the Weight Watchers organization.

So the "Garden of Eating" program was born—a set of interrelated classroom resources and educational aids—designed to enable the primary grade teacher to help children understand the relationship of food to the body; develop a sense of excitement and adventure in learning about food; and begin to assume personal responsibility for food selection and to understand the probable consequences of individual food choices.

The "Garden of Eating" materials are fresh, child centered, colorful and innovative. They permit the teacher to introduce young children to an exciting way of exploring food through stories, poetry, songs, educational games, creative art projects and other activities, in the classroom and in the home.

This past spring semester these resources were field tested in 161 classrooms across the country. The curriculum specialists and teachers who participated in the field test were particularly enthusiastic about the observed effect of the program on children. For instance, school food service personnel reported children making wiser food choices in the lunchroom, and parents commented on improved eating habits at home, such as insistence on breakfast and the unacceptability of junk foods for snacks.

Are not these the very concerns that this Congress has been addressing itself to for some time now?

This is the first year of the program. In this year, the "Garden of Eating" materials are being provided free to the schools by Weight Watchers area directors.

This program exemplifies the best aspects of American education and of socially responsible American business. What I feel is particularly commendable about the "Garden of Eating" is that it provides a clear guidepost to ways the private sector and public education can work cooperatively to strengthen the curriculum.

The strength of America is American public education—and the strengths of American education are many. It is universal, it is free, and it is responsive to the aspirations and goals of the citizens whose children it enrolls.

This ability of the schools to respond to citizen concerns is extraordinary. When Sputnik went up, Americans demanded a new emphasis in the physics and science curriculum, and the schools responded, and have been responding to public concern on public issues ever since. Witness: The national consumerist movement, and the introduction of consumer education as a major curriculum area in the Nation's schools; the energy crunch followed by incorporation of energy education in the classroom; public focus on the environment and on an economy of shortages and the enormous push for conservation education.

While nutrition education has long been a school concern, particularly among the professional leadership, today's widespread public interest in all aspects of food and nutrition has given the subject a new, highly emphasized position in the curriculum—at all grade levels from kindergarten through high school.

Accordingly, schools across the United States are now gearing up to meet the new mandates to strengthen their classroom nutrition education programs—and school administrators and curriculum specialists acknowledge they need help with this challenge—from all appropriate sources—from both the public and private sectors. Indeed, the degree of help that will be forthcoming from the public sector is defined and limited, and so support from the private sector, if appropriate and educationally sound is eagerly sought and willingly accepted.

Weight Watchers "Garden of Eating" program gives me hope that other responsible American business will undertake appropriate support of the curriculum in similar fashion. Indeed, a number of companies and trade organizations already are doing so. Obviously, neither Weight Watchers nor any other corporation is in a position to take on the sole responsibility for providing nutrition education materials for all grade levels and all schools. They are not even in a position to do that for a single grade level. Nor, in my judgment, would it be appropriate for any company to take on a continuing burden of that dimension. But it seems to me that what the Weight Watchers nutrition education program does do—as do a few other similar public service efforts—is to point the way in which corporations working cooperatively with educators can share in meeting our schools' curriculum needs. These needs are large but so is businesses' capacity. The challenge today is to motivate the private sector to take on responsibilities in this arena.●

HOUSE OF REPRESENTATIVES—*Friday, November 9, 1979*

The House met at 9 a.m. and was called to order by the Speaker pro tempore, Mr. BRADEMAS.

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

NOVEMBER 8, 1979.

I hereby designate the Honorable JOHN BRADEMAS to act as Speaker pro tempore on Friday, November 9, 1979.

THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives.

PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

God is our refuge and strength, a very present help in trouble.

Therefore we will not fear, though the Earth be removed, and the mountains be carried into the midst of the sea.

The Lord of hosts is with us; the God of Jacob is our refuge.—Psalms 46: 1–3, 7.

Bless our Nation, and all the people, O Lord, and may Your spirit give us confidence and patience in the face of adversity. We pray for all those who are anxious or have special need that You will comfort them by Your presence. Encourage them with the promise of hope and the abiding assurance of the unity of our people. In Your name, we pray. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

A MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 668. An act to permit the Cow Creek Band of the Umpqua Tribe of Indians to file with the U.S. Court of Claims any claim such band could have filed with the Indian Claims Commission under the act of August 13, 1946 (60 Stat. 1049).

ACTION URGED TO COUNTER IRANIAN THREAT TO U.N. CHARTER

(Mr. HUBBARD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HUBBARD. Mr. Speaker, as the Ayatollah Khomeimi-incited revolutionaries continue to threaten and hold hostage 60 Americans in Tehran, at this point we do need to give President Carter what he asks of us regarding this tragic crisis—"the continued support of the American people."

Yes, I admit I am humiliated and very angry about the events in Tehran. Iran is in obvious violation of the first principle of the United Nations Charter—that force or the threat of force should not be used to achieve national political objectives.

When will the world leaders of the United Nations take strong action against Iran's current mob rule—a dangerous affront to the U.N. Charter?

I have never been impressed by the ability of the United Nations to solve crises, but it would be refreshing to see the United Nations prove now they are capable of intervening to bring about a peaceful settlement of the conflict in Iran.

FURTHER DEMONSTRATIONS SEEN AS THREAT TO LIVES OF HOSTAGES IN TEHRAN

(Mr. BROOMFIELD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BROOMFIELD. Mr. Speaker, I am deeply concerned at reports that District of Columbia officials may permit anti-American demonstrations today by Iranian students.

At a time when every American is deeply concerned about the lives of those U.S. Embassy employees being held hostage in Tehran, such a decision is not only ill-advised but dangerous.

While I am vitally concerned about preserving every citizen's right to free speech, the potential for violence in such demonstrations could only further inflame the situation, hinder the President's diplomatic efforts and endanger the lives of those American hostages.

I am much more concerned about preserving the rights—and the lives—of those Americans held hostage in Tehran than I am about the rights of those Iranian noncitizens who are, after all, guests in our country.

The President is to be commended for the restraint he has shown in dealing with this difficult situation. He clearly has placed the safety of the hostages ahead of all other considerations and I fully support the diplomatic initiatives he has undertaken to win their freedom.

There are indications that those efforts may now be making some progress and we all have a responsibility to make certain they are not upset.

ANOTHER PERSONNEL RESHUFFLING AT SSA

(Mr. CONABLE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CONABLE. Mr. Speaker, Social Security Commissioner Stanford Ross recently announced his resignation, after barely a year on the job.

Serious questions can be raised about such short tenure in such an important post. But an overriding question, Mr. Speaker, is whether the Social Security Administration can stand another reorganization, which a new Commissioner understandably might wish to effect.

Over the past 5 years, this agency has been through three different reorganizations—plus the added burden of the supplemental security income program, and other duties assigned by Congress. It takes time for people to adjust to new work situations, and Social Security people have not had enough time to adjust to any of the three reorganizations.

They need that time. A fourth reshuffling could have a demoralizing effect. The work of the agency could be disrupted to the point of creating administrative chaos.

That should not be allowed to happen. There is too much at stake. The interests of 35 million beneficiaries and 110 million contributing taxpayers will not be well served by a Social Security Administration rendered less efficient through excessive reorganization.

Therefore, Mr. Speaker, I urge the President and the Secretary of HEW to exercise great care in the choice of a successor to Mr. Ross, and to take personal interest in the stability, morale, and administrative efficiency of the SSA's personnel.

Our constituents have the right to expect the thoughtful attention and consideration skilled and well-organized Social Security workers are capable of giving them. The new Commissioner should not be asked to make no changes at all, but to be aware of the SSA's history of recent organizational turmoil.

UNITED NATIONS INACTION IN IRAN SUGGESTS WITHDRAWAL OF SUPPORT

(Mr. DEVINE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DEVINE. Mr. Speaker, while our State Department officials nervously sit around a table and look at each other and wonder what to do, I wonder what has happened to the United Nations Security Council. What has happened to the peacekeeping function of the United Nations?

It seems to me if they, too, are going to sit around and do nothing, we should seriously consider whether there is any value in belonging to this organization. I think that unless the United Nations makes a positive move to release the hostages in Iran, we should seriously consider withdrawing any further financial support from the United Nations and perhaps go the next step of disassociating from the organization altogether and moving the U.N. out. Most of the members vote against the U.S. positions anyway, and are interested only in our money.

ALMONDS AND EEC ENLARGEMENT

(Mr. THOMAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. THOMAS. Mr. Speaker, I followed the course of the multilateral trade negotiations closely because of their importance to the State of California and to my district. Overall the trade package brought home by our negotiators represented distinct gains for U.S. agriculture, and I was pleased to vote for passage of the Trade Agreements Act of 1979.

The almond industry in California, however, was very disappointed in the outcome of the negotiations with the European Economic Community. Its primary negotiating objective was to obtain a zero duty for exports of almonds to the EEC. It is my understanding that our U.S. negotiators requested this, but were unable to accomplish it. Our negotiators assured the almond industry that it would begin negotiations on almonds again this fall. Based on these assurances, the almond industry also supported passage of the Trade Agreements Act of 1979.

Spain, the largest competitor for California almond growers, is soon to begin negotiations leading toward membership in the EEC. I would urge our negotiators to resume immediately negotiations with the EEC on almonds. Once negotiations between the EEC and Spain begin, it may well be too late. I feel certain that the United States still wants to achieve this important concession on almonds from the EEC.

LOW-LEVEL RADIOACTIVE WASTE SITES

(Mr. McCORMACK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. McCORMACK. Mr. Speaker, the Nation is facing a difficult problem caused by the closing of low-level radioactive waste sites. Recently we have had three sites in operation; one in South Carolina, one in Nevada, and one in Washington State. Two of these have been closed, either temporarily or permanently, and one is operating on limited regulations.

The major constituents of these low-level radioactive wastes come from hospitals, medical schools, pharmaceutical manufacturers, trace elements removed in the water cleanup at nuclear powerplants, and many uses in industry.

We simply cannot allow the medical treatment of millions of Americans to stop and the diagnoses of thousands of Americans needing care to stop because of the inadequate management and policy in handling these low-level radioactive wastes. We cannot allow the many benefits of nuclear power and the many beneficial uses of radioactive materials to be reduced or interrupted by a lack of adequate facilities or by the lack of a national policy or program for managing and disposal of low-level radioactive wastes.

We have this week held hearings on this matter in the Subcommittee on Energy Research and Production, and I have this week submitted legislation that would create about 12 regional low-level radioactive waste disposal sites in this country. The gentleman from South Carolina (Mr. DERRICK) has also submitted legislation which has a similar goal.

I call this matter to the attention of the Members of the House at this time because it is a critical matter. We must direct our attention to it at once. We must have these low-level radioactive waste disposal sites in operation in this country in the very near future.

UNITED STATES SHOULD ACT ON AMERICAN HOSTAGES IN TEHRAN

(Mr. BAUMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BAUMAN. Mr. Speaker, the surest way to compound the danger of the hostages being held in the U.S. Embassy in Tehran is to continue to display weakness on the part of the Government of the United States.

There are a number of options available to the President of the United States which would at least affirm that we are serious in doing something serious about this predicament. We could, for instance, close the Iranian Embassy and all of its consulates in the United States. We could embargo all trade. We could deport all of those Iranian students who act in an illegal manner, and we could deny demonstration permits, as I call upon the Mayor of this city, the District of Columbia, to do immediately this morning. But most of all, the President of the United States could open his mouth and say something. He could stand up and make the world understand that we mean to act as a strong nation instead of acting like the doormat of the world.

DESIGNATING FEDERAL BUILDING LOCATED AT 727 EAST DURANGO, SAN ANTONIO, TEX., AS THE JOHN H. WOOD, JR., BUILDING

Mr. LEVITAS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the Senate bill (S. 1728) to designate the U.S. Federal Courthouse Building located at 655 East Durango, San Antonio, Tex., as the "John H. Wood, Jr., Federal Courthouse," with House amendments thereto, and recede from the House amendments.

The Clerk read the title of the Senate bill.

The Clerk read the House amendments, as follows:

> Strike out all after the enacting clause, and insert:
>
> That the Federal Building located at 727 East Durango, San Antonio, Texas, shall hereinafter be called and designated as the "John H. Wood, Jr., Building". Any reference in law, map, regulation, document, record, or other paper of United States to such building shall be held to be a reference to the John H. Wood, Jr., Building.
>
> Amend the title so as to read: "An Act to designate the Federal Building located at 727 East Durango, San Antonio, Texas, as the 'John H. Wood, Jr., Building'.".

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

Mr. BAUMAN. Mr. Speaker, reserving the right to object, are the House amendments germane to the bill, and what do they do?

Mr. LEVITAS. If the gentleman will yield, this is a bill which names a Federal courthouse in San Antonio, Tex., after the late John H. Wood, Jr. The differences between the Senate and the House bills are these: The Senate designated a courthouse building as the appropriate place to be named. The House had designated a Federal building. It was agreed that we would designate the courthouse as the building to be named after the late John H. Wood, Jr.

Mr. Speaker, I rise today to concur in the fact that in honor of Federal Judge John H. Wood, Jr., who was assassinated last May 29, 1979, in the middle of a brilliant career that it is fit and proper that a building where he served with great distinction for 8 years be named in his honor. Namely, the U.S. Federal courthouse building located at 655 East Durango, San Antonio, Tex., shall be designated the "John H. Wood, Jr., Federal Courthouse."

This will, indeed, symbolize by such designation Judge Wood's lifelong devotion to the law, the course of justice, and vigorous law enforcement.

Mr. BAUMAN. Mr. Speaker, I thank the gentleman for his explanation, and I withdraw my reservation of objection.

● Mr. JOHNSON of California. Mr. Speaker, I would like to lend my strong endorsement to this legislation to designate the U.S. Federal courthouse building in San Antonio, Tex., as the "John H. Wood, Jr. Federal Courthouse." The untimely death by an assassin's bullet of Judge John H. Wood on May 29 last took from the ranks of the judiciary one of its most distinguished and able members. Judge Wood served the western district of Texas for 8 years and he exemplified the Federal judiciary working at its best, and I believe this is a fitting tribute to an outstanding jurist.●

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

A motion to reconsider was laid on the table.

PROVIDING FOR CONSIDERATION OF H.R. 2603, DEPARTMENT OF ENERGY NATIONAL SECURITY AND MILITARY APPLICATIONS OF NUCLEAR ENERGY AUTHORIZATION ACT OF 1980

Mr. DERRICK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 471 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 471

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 2603) to authorize appropriations for the Department of Energy for national security programs for fiscal year 1980, and for other purposes, and the first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services, the bill shall be read for amendment under the five-minute rule by titles instead of by sections. It shall be in order to consider the amendment recommended by the Committee on Armed Services now printed on page 14, lines 4 through 25 of the bill, and all points of order against said amendment for failure to comply with the provisions of clause 7, rule XVI are hereby waived. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit. After the passage of H.R. 2603, it shall be in order in the House to take from the Speaker's table the bill S. 673 and to move to strike out all after the enacting clause of the said Senate bill and to insert in lieu thereof the provisions contained in H.R. 260 as passed by the House.

The SPEAKER pro tempore. The gentleman from South Carolina (Mr. DERRICK) is recognized for 1 hour.

Mr. DERRICK. Mr. Speaker, I yield 30 minutes to the gentleman from Mississippi (Mr. LOTT), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 471 provides for the consideration of H.R. 2603, which authorizes appropriations for the Department of Energy for national security programs for fiscal year 1980, and for other purposes.

This is an open rule providing for 1 hour of general debate on the bill. The time is to be equally divided and controlled by the chairman and the ranking minority member of the Committee on Armed Services. A motion to recommit is in order upon completion of the consideration of the bill.

It shall be in order to consider the amendment recommended by the Committee on Armed Services now printed on page 14, lines 4 through 25 of the bill, and all points of order against said amendment for failure to comply with the provisions of clause 7, rule XVI, the germaneness rule, are hereby waived.

After passage of the bill, it shall be in order in the House to take from the Speaker's table the bill S. 673 and to move to strike out all after the enacting clause of the Senate bill and insert in lieu thereof the provisions of H.R. 2603 as passed by the House.

Mr. Speaker, H.R. 2603 authorizes appropriations of $2.9 billion for the operating expenses and plant and equipment expenses of the national security programs for the Department of Energy. The bill authorizes appropriations for such programs as defense waste management, nuclear materials security and safeguards, weapons activities, naval reactors development, and so forth.

Mr. Speaker, for 30 years now we have enjoyed the benefits of nuclear power. Yet we have not come to grips with the problem of nuclear waste management. We must develop means for the safe and permanent disposal of nuclear waste. This bill authorizes appropriations for nuclear waste management programs and other essential nuclear energy programs. I urge my colleagues to adopt House Resolution 471 so that we may proceed to the consideration of this very important legislation, H.R. 2603.

□ 0920

Mr. LOTT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this is a 1-hour, open rule, making in order that consideration of H.R. 2603, Department of Energy National Security and Military Applications of Nuclear Authorization Act of 1980. The bill is to be read for amendment by titles, instead of by sections. Under the terms of the rule, an amendment recommended by the Armed Services Committee on the last page of the bill is made in order notwithstanding clause 7, rule XVI, the germaneness rule. After passage of H.R. 2603, it will be in order to take S. 673 from the Speaker's table, strike out all after the enacting clause, and insert in lieu thereof the text of H.R. 2603.

The bill would authorize appropriations for the use of the Department of Energy in the amount of $2,946,427,000 for fiscal year 1980. The DOE programs included involve national security matters including research, development, and production in support of the armed services, the production of strategic, and critical materials, and the military applications of nuclear energy.

The DOE National Security and Military Applications of Nuclear Energy Authorization Act of 1979 requires the Secretary of Energy to submit to the Congress for fiscal year 1980 and thereafter, a single request for authorizations for appropriations for all programs of the Department of Energy involving national security and national defense matters. The DOE request for fiscal 1980 is the first authorization request submitted under that statute.

The Committee on Armed Services on May 8, 1979, approved H.R. 2603 by a rollcall vote of 41 to 0. I have no objection to the rule and support the bill's immediate consideration.

Mr. DERRICK. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

CALL OF THE HOUSE

Mr. BAUMAN. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members responded to their names:

[Roll No. 641]

Abdnor
Addabbo
Akaka
Albosta
Alexander
Anderson, Calif.
Annunzio
Anthony
Aspin
Atkinson
Badham
Bafalis
Bailey
Baldus
Barnard
Barnes
Bauman
Beard, Tenn.
Bedell
Benjamin

Bennett
Bereuter
Bethune
Biaggi
Bingham
Blanchard
Boner
Bonior
Bonker
Bouquard
Brademas
Breaux
Brinkley
Brodhead
Broomfield
Brown, Calif.
Broyhill
Burgener
Burlison
Butler
Byron
Campbell
Carney
Carr
Carter
Chappell
Coleman
Collins, Ill.
Collins, Tex.
Conable
Conte
Corcoran
Coughlin
Courter
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, Mich.
Davis, S.C.
Deckard
Dellums
Derrick
Derwinski
Devine
Dickinson
Donnelly
Dornan
Dougherty
Downey
Drinan
Duncan, Tenn.
Early
Edwards, Calif.
Emery
Erdahl
Ertel
Evans, Del.
Evans, Ind.
Fary
Fascell
Fazio
Ferraro
Fish
Fisher
Fithian
Flippo
Florio
Ford, Tenn.
Forsythe
Fountain
Fowler
Frenzel
Frost
Fuqua
Gaydos
Gibbons
Gilman
Gingrich
Glickman
Gonzalez
Goodling
Gore
Gramm
Grassley
Green
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hanley
Hansen
Harkin
Hefner
Hightower
Hillis
Hollenbeck
Hopkins
Horton
Howard
Hubbard
Huckaby
Hughes
Hutto
Hyde
Ireland
Jacobs
Jeffords
Jeffries
Jenkins
Johnson, Colo.
Jones, Tenn.
Kazen
Kelly
Kildee
Kindness
Kogovsek
Kostmayer
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Lederer
Lehman
Levitas
Lewis
Lloyd
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Luken
McClory
McCormack
McHugh
Madigan
Markey
Marks
Marlenee
Marriott
Martin
Mathis
Matsui
Mavroules
Mica
Michel
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mollohan
Montgomery
Moore
Moorhead, Calif.
Mottl
Murphy, Ill.
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nelson
Nowak
O'Brien
Oakar
Oberstar
Obey
Panetta
Pashayan
Patten
Patterson
Paul
Pease
Perkins
Peyser
Preyer
Price
Quillen
Rahall
Railsback
Ratchford
Regula
Rinaldo
Ritter
Robinson
Rodino
Rose
Rostenkowski
Roth
Roybal
Rudd
Russo
Sabo
Sawyer
Schulze
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Simon
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solomon
Spence
Stack
Staggers
Stangeland
Stanton
Stenholm
Stewart
Stockman
Stratton
Studds
Stump
Swift
Tauke
Thomas
Thompson
Traxler
Trible
Van Deerlin
Vanik
Vento
Volkmer
Walgren
Wampler
Watkins
Weaver
Weiss
White
Whitehurst
Whitley
Whittaker
Williams, Mont.
Williams, Ohio
Wilson, Bob
Wirth
Wolff
Wolpe
Wyatt
Wylie
Yates
Yatron
Young, Mo.
Zablocki
Zeferetti

☐ 0930

The SPEAKER pro tempore. On this rollcall, 282 Members have recorded their presence by electronic device, a quorum.

Under the rule, further proceedings under the call are dispensed with.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Chirdon, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and a joint resolution of the House of the following titles:

On October 31, 1979:

H.R. 1825. An act to protect archaeological resources on public lands and Indian lands, and for other purposes;

H.R. 5386. An act to amend the Higher Education Act of 1965 to provide that any reduction in the amount appropriated for fiscal year 1980 pursuant to section 101(a) of such act from the amount so appropriated for fiscal year 1979 shall be borne equally by all the States; and

H.R. 5506. An act to amend the Energy Policy and Conservation Act to extend for 2 months certain authorities relating to the international energy program.

On November 1, 1979:

H.R. 3923. An act to amend chapter 25 of title 44, United States Code, to extend for one year the authorization of appropriations for the National Historical Publications and Records Commission, and for other purposes.

On November 2, 1979:

H.J. Res. 3. Joint resolution designating November 4, 1979, as "Will Rogers Day."

On November 5, 1979:

H.R. 4394. An act making appropriations for the Department of Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1980, and for other purposes; and

H.R. 2515. An act to authorize on a temporary basis certain business and agricultural loans, notwithstanding interest limitations in State constitutions or statutes, and for other purposes.

☐ 0940

PROVIDING FOR CONSIDERATION OF H.R. 2335, SOLAR POWER SATELLITE RESEARCH, DEVELOPMENT, AND EVALUATION PROGRAM ACT OF 1979

Mr. FROST. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 458 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. Res. 458

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 2335) to provide for a research, development, and evaluation program to determine the feasibility of collecting in space solar energy to be transmitted to Earth and to generate electricity for domestic purposes, and the first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Science and Technology, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Texas (Mr. FROST) for 1 hour.

Mr. FROST. Mr. Speaker, for purposes of debate only I yield the customary 30 minutes to the gentleman from Tennessee (Mr. QUILLEN), pending which I yield myself such time as I may consume.

Mr. Speaker, I ask unanimous consent to amend the rule to make a technical change on page 2, line 7, of House Resolution 458 to correct a printing error. The rule mistakenly calls for "on hour" of general debate instead of "one hour" of general debate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. FROST. Mr. Speaker, House Resolution 458 is an open rule providing for the consideration of H.R. 2335 to provide for a research, development, and evaluation program to determine the feasibility of collecting in space solar energy to be transmitted to Earth and to generate electricity for domestic purposes.

The rule provides for 1 hour of general debate to be equally divided and controlled by the chairman and ranking minority member of the Committee on Science and Technology. House Resolution 458 is a simple open rule permitting any germane amendment when H.R. 2335 is considered under the 5-minute rule.

Mr. Speaker, H.R. 2335 authorizes appropriations of $25 million for fiscal year 1980 to the Department of Energy for a solar power satellite research, development, and evaluation program to test the feasibility of electrical power generation by solar satellites. The funds authorized in H.R. 2335 are in addition to the $5 million already appropriated in the fiscal year 1980 energy appropriation bill for an existing NASA-DOE paper study of the solar power satellite concept. H.R. 2335 requires the Department of Energy, in consultation with NASA, to go beyond the ongoing study to formulate a comprehensive solar power program plan, including on-the-ground tests of the technology used in the satellite.

Mr. Speaker, I would urge my colleagues to adopt this resolution so that the House may proceed to the consideration of H.R. 2335.

Mr. QUILLEN. Mr. Speaker, I yield myself as much time as I may use.

Mr. Speaker, the provisions of the resolution have been adequately explained. Mr. Speaker, what is happening in Iran at this very moment clearly demonstrates the need for research and development for alternative sources of energy. The threat of cutting off the oil supply from that country, with the high-rising cost of crude oil from the other Mideast countries mandates that this Nation must go forward and be self-sufficient energywise, and solar energy is one of those alternatives that we must go forward and develop.

This is a modest bill of only $25 million. We passed it almost in the same form last year by a tremendous majority, but the Senate did not take it up. So whenever we consider here on the floor of the House alternative sources of energy such as solar, geothermal, more production of coal and coal gasification, and nuclear—you name it—we should go forward without delay and develop an energy program satisfactory to the people of America, and say to those countries over there who would blackmail us, "We can stand on our own two feet."

Mr. Speaker, I have no requests for time on the rule, but I reserve the remainder of my time.

Mr. FROST. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. MOTTL. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 319, nays 1, answered "present" 1, not voting 112, as follows:

[Roll No. 642]

YEAS—319

Abdnor
Addabbo
Akaka
Albosta
Alexander
Anderson, Calif.
Annunzio
Anthony
Applegate
Archer
Aspin
Atkinson
AuCoin
Badham
Bafalis
Bailey
Barnard
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Blanchard
Boland
Boner
Bonior
Bonker
Bouquard
Brademas
Breaux
Brinkley
Brodhead
Broomfield
Brown, Calif.
Broyhill
Buchanan
Burgener
Burlison
Burton, Phillip
Butler
Byron
Campbell
Carney
Carr
Carter
Chappell
Chisholm
Clay
Coleman
Collins, Ill.
Collins, Tex.
Conable
Conte
Corcoran
Courter
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, Mich.
Davis, S.C.
Deckard
Dellums
Derrick
Derwinski
Devine
Dickinson
Dingell
Dixon
Donnelly
Dornan
Dougherty
Downey
Drinan
Duncan, Tenn.
Early
Eckhardt
Edwards, Calif.
Emery
English
Erdahl
Ertel
Evans, Del.
Evans, Ind.
Fary
Fascell
Fazio
Ferraro
Fish
Fisher
Fithian
Flippo
Florio
Foley
Ford, Tenn.
Forsythe
Fountain
Fowler
Frenzel
Frost
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Gingrich
Glickman
Gonzalez
Goodling
Gore
Gramm
Grassley
Green
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hanley
Hansen
Harkin
Hefner
Hightower
Hillis
Hinson
Hollenbeck
Hopkins
Horton
Howard
Hubbard
Hughes
Hutto
Hyde
Ichord
Ireland
Jacobs
Jeffords
Jeffries
Jenkins
Johnson, Colo.
Jones, Tenn.
Kastenmeier
Kazen
Kelly
Kildee
Kogovsek
Kostmayer
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Lederer
Lehman
Leland
Lent
Levitas
Lewis
Lloyd
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Luken
Lundine
McClory
McCormack
McDade
McHugh
Madigan
Markey
Marks
Marlenee
Marriott
Martin
Mathis
Matsui
Mattox
Mavroules
Mica
Michel
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Mottl
Murphy, Ill.
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nelson
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Panetta
Pashayan
Patten
Patterson
Paul
Pease
Perkins
Petri
Peyser
Preyer
Price
Pursell
Quillen
Rahall
Railsback
Ratchford
Regula
Reuss
Rinaldo
Ritter
Robinson
Rodino
Rose
Rostenkowski
Roth
Roybal
Rudd
Russo
Sabo
Santini
Satterfield
Sawyer
Schulze
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Simon
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Solomon
Spence
St Germain
Staggers
Stangeland
Stanton
Steed
Stenholm
Stewart
Stockman
Stokes
Stratton
Studds
Stump
Swift
Tauke
Thomas
Thompson
Traxler
Trible
Van Deerlin
Vander Jagt
Vanik
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Weaver
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Williams, Ohio
Wilson, Bob
Wirth
Wolff
Wolpe
Wyatt
Wylie
Yates
Yatron
Young, Mo.
Zablocki
Zeferetti

NAYS—1

McDonald

ANSWERED "PRESENT"—1

Stack

NOT VOTING—112

Ambro
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Ashbrook
Ashley
Baldus
Boggs
Bolling
Bowen
Brooks
Brown, Ohio
Burton, John
Cavanaugh
Cheney
Clausen
Cleveland
Clinger
Coelho
Conyers
Corman
Cotter
Coughlin
Crane, Philip
de la Garza
Dicks
Diggs
Dodd
Duncan, Oreg.
Edgar
Edwards, Ala.
Edwards, Okla.
Erlenborn
Evans, Ga.
Fenwick
Findley
Flood
Ford, Mich.
Garcia
Gephardt
Ginn
Goldwater
Gradison
Gray
Hance
Harris
Harsha
Hawkins
Heckler
Heftel
Holland
Holt
Holtzman
Huckaby
Jenrette
Johnson, Calif.
Jones, N.C.
Jones, Okla.
Kemp
Kindness
Leath, Tex.
Lee
Livingston
Lujan
Lungren
McCloskey
McEwen
McKay
McKinney
Maguire
Mazzoli
Mikulski
Mitchell, Md.
Murphy, N.Y.
Nedzi
Nichols
Nolan
Pepper
Pickle
Pritchard
Quayle
Rangel
Rhodes
Richmond
Roberts
Roe
Rosenthal
Rousselot
Royer
Runnels
Scheuer
Schroeder
Sebelius
Seiberling
Skelton
Snowe
Spellman
Stark
Symms
Synar
Taylor
Treen
Udall
Ullman
Waxman
Wilson, C. H.
Wilson, Tex.
Winn
Wright
Wydler
Young, Alaska
Young, Fla.

□ 1000

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

REFUGEE ASSISTANCE APPROPRIATIONS, 1980 AND 1981

Mr. FASCELL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 4955) to authorize additional appropriations for migration and refugee assistance for the fiscal years 1980 and 1981 and to authorize humanitarian assistance for the victims of the famine in Cambodia, with a Senate amendment thereto, and concur in the Senate amendment with an amendment.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The Clerk will report the Senate amendment and the proposed House amendment to the Senate amendment.

The Clerk read the Senate amendment and the House amendment to the Senate amendment, as follows:

Strike out all after the enacting clause and insert: That section 102(a)(4) of the Department of State Authorization Act, fiscal years 1980 and 1981 is amended for fiscal year 1980 by striking out "$248,951,000" and inserting in lieu thereof "$456,241,000" and for fiscal year 1981 by striking out "$254,188,000" and inserting in lieu thereof "$457,798,000".

Sec. 2. Section 610(a) of the Foreign Assistance Act of 1961 is amended by striking the period at the end thereof and inserting the following: "except that for the purpose of providing food, medicine, and other humanitarian assistance to the people of Cambodia up to $30,000,000 may be transferred to, and consolidated with, the funds made available for section 491.".

Sec. 3. (a) Section 2(b) of the Indochina Migration and Refugee Assistance Act of 1975, as amended, is further amended to read as follows:

"(b) None of the funds authorized to be appropriated by subsection (a) may be available for obligation after September 30, 1981.".

(b) The amendment made by this section shall take effect on October 1, 1979.

Sec. 4. Chapter 9 of part I of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following:

"Sec. 495H. Cambodian Disaster Relief Assistance.—(a) The Congress, recognizing that prompt United States assistance is necessary to alleviate human suffering arising from famine, disease, and war in Cambodia, authorizes the President to furnish humanitarian assistance, on such terms and conditions as he may determine, for the people of Cambodia. Such assistance may include food, medicine and medical care, clothing, housing and other forms of shelter, and transportation for emergency supplies and personnel. In addition to amounts otherwise available for such purposes, there is authorized to be appropriated for the fiscal year 1980 for the purposes of this section $30,000,000, which amount is authorized to remain available until expended.

"(b) Assistance under this section shall be provided in accordance with the policies and general authority contained in section 491.

"(c) Obligations incurred prior to the date of enactment of this section against other appropriations or accounts for the purpose of providing humanitarian assistance to the people of Cambodia may be charged to the appropriations authorized under this section.

"(d) Nothing in this section shall be interpreted as endorsing the Vietnamese invasion of Cambodia or as recognizing any group claiming to be the Government of Cambodia.".

SEC. 5. All funds authorized under this or any other Act to provide humanitarian assistance to the people of Cambodia shall, to the maximum extent practicable, be provided through international agencies and private voluntary organizations, among others, such as the World Relief Committee, World Medical Missions, Inc., Cama Services, World Vision, Food for the Hungry, Thailand Baptist Mission, Catholic Relief Services, OXFAM, and International Rescue Committee.

SEC. 6. Within sixty days after the date of the enactment of this Act, the President shall report to the Senate and the House of Representatives—

(1) the estimated total costs to the United States, during fiscal year 1980 and fiscal year 1981, of domestic and foreign assistance to refugees under all programs of the United States Government, and

(2) the estimated total costs to State and local governments during such fiscal years for assistance to refugees which is attributable to such programs.

House amendment to Senate amendment: In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

SUPPLEMENTAL MIGRATION AND REFUGEE ASSISTANCE AUTHORIZATION

SECTION 1. Section 102(a)(4) of the Department of State Authorization Act, Fiscal Years 1980 and 1981 (title I of Public Law 96-60), is amended by striking out "$248,951,000 for the fiscal year 1980, and $254,188,000 for the fiscal year 1981" and inserting in lieu thereof "$456,241,000 for the fiscal year 1980, and $457,798,000 for the fiscal year 1981".

CAMBODIAN DISASTER RELIEF ASSISTANCE

SEC. 2. Chapter 9 of part I of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following:

"SEC. 495H. CAMBODIAN DISASTER RELIEF ASSISTANCE.—(a) The Congress recognizes that prompt United States assistance is necessary to alleviate the human suffering arising from famine and disease in Cambodia. Accordingly, the President is authorized to furnish assistance, on such terms and conditions as he may determine, for disaster relief to alleviate the suffering of the victims of famine and disease in Cambodia. Assistance provided under this section shall be for humanitarian purposes and limited to the civilian population, with emphasis on providing food, medicine and medical care, clothing, temporary shelter, transportation for emergency supplies and personnel, and similar assistance to save human lives.

"(b) Assistance provided under this section or any other provision of law to alleviate the human suffering caused by famine and disease in Cambodia shall be provided, to the maximum extent practicable, through international agencies and private voluntary organizations such as (among others) the World Relief Committee, World Medical Missions, Inc., Cama Services, World Vision, Food for the Hungry, Thailand Baptist Mission, Catholic Relief Services, Oxfam, and the International Rescue Committee.

"(c)(1) In providing assistance under this section, the President shall satisfy himself that adequate procedures have been established to ensure that such assistance reaches the innocent victims of famine and disease for whom it is intended. Such procedures shall include end use monitoring of deliveries on a periodic basis by individuals having freedom of movement where the assistance is being distributed within Cambodia.

"(2) Not later than 90 days after the enactment of this section, the President shall report to the Congress on compliance with this subsection.

"(d)(1) In addition to amounts otherwise available for such purposes, there is authorized to be appropriated for purposes of this section $30,000,000 for the fiscal year 1980, which amount is authorized to remain available until expended.

"(2) Obligations incurred, prior to the enactment of appropriations to carry out this section, against other appropriations or accounts for the purpose of alleviating the human suffering caused by famine and disease in Cambodia may be charged to the appropriations authorized by paragraph (1) of this subsection.

"(3) The President may exercise the authority of section 610(a) of this Act (without regard to the 20 percent limitation contained in that section on increase in accounts) in order to transfer, for use in carrying out this section, up to $30,000,000 of the funds made available for the fiscal year 1980 to carry other provisions of this Act.

"(4) Priority shall be given in allocating assistance under the Agricultural Trade Development and Assistance Act of 1954 to furnishing agricultural commodities for use in carrying out this section.

"(e) Assistance under this section shall be provided in accordance with the policies and utilizing the general authorities provided in section 491.".

INDOCHINA MIGRATION AND REFUGEE ASSISTANCE PROGRAM

SEC. 3. (a) Section 2(b) of the Indochina Migration and Refugee Assistance Act of 1975 is amended by striking out "1979" and inserting in lieu thereof "1981".

(b) The amendment made by subsection (a) shall be effective as of October 1, 1979.

REPORT ON COST OF REFUGEE ASSISTANCE PROGRAMS

SEC. 4. Not later than 60 days after the date of enactment of this Act, the President shall report to the Congress—

(1) the estimated total costs to the United States Government, during fiscal year 1980 and fiscal year 1981, of domestic and foreign assistance to refugees under all programs of the United States Government, and

(2) the estimated total costs to State and local governments during such fiscal years for assistance to refugees which is attributable to such programs.

Mr. FASCELL (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendment to H.R. 4955 and the proposed House amendment thereto be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

The SPEAKER pro tempore. Is there objection to the initial request of the gentleman from Florida?

Mr. BUCHANAN. Mr. Speaker, reserving the right to object, I reserve the right to object in order that the distinguished subcommittee chairman might explain these amendments.

First of all, let me ask the gentleman, is there any additional authorization involved beyond that which the House authorized earlier in this legislation?

Mr. FASCELL. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. FASCELL. There is not. The money amounts are exactly the same as in the House-passed version and as the gentleman knows, the appropriation has already been adopted for the full amount.

Mr. BUCHANAN. Mr. Speaker, would the chairman then explain what changes are involved in the Senate amendment?

Mr. FASCELL. The first change, I will say to the gentleman, was one which would allow an additional $30 million for Cambodian relief to be transferred from other accounts. It is not mandated, but it simply provides the President with additional flexibility.

Mr. BUCHANAN. Are there any other changes?

Mr. FASCELL. Well, there is a provision extending until September 30, 1981, the authority on reimbursement in the Indochinese program for State and local governments until such time as a new Refugee Act is passed. H.R. 2816 is expected to come to the floor of the House shortly. Until such time as that passes, this bill extends until September 30, 1981, the reimbursement provisions of that act.

Mr. DERWINSKI. Mr. Speaker, will the gentleman yield.

Mr. BUCHANAN. Yes, certainly.

Mr. DERWINSKI. Mr. Speaker, I think this is a necessary step we are taking. It is consistent with what I believe is the overwhelming intent of the Congress and certainly the intent of the public, that we show the kind of leadership that we are expected to in this Cambodian tragedy.

I commend the gentleman for this expeditious handling.

Mr. BUCHANAN. Mr. Speaker, continuing to reserve the right to object, I think there is much merit in what the gentleman says.

Mr. ZABLOCKI. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. Yes, I yield to the distinguished chairman of the Committee on Foreign Affairs.

Mr. ZABLOCKI. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I rise in support of the unanimous-consent request that the House agree to the Senate amendment to H.R. 4955, with an amendment.

The distinguished gentleman from Florida (Mr. FASCELL) has thoroughly described the contents of the Senate version of this legislation and the proposed amendment thereto. So I will not take the time of the House to discuss those details any further.

I do, however, want to emphasize the importance of quick action on this legislation. Not only is there a need for the refugee funds authorized in this bill, but there is also a more urgent need to provide immediate and massive humanitarian assistance to the millions of Cambodian people who are being victimized by a terrible famine which, if not reversed, could result in the extinction of an entire people.

Mr. Speaker, at a special U.N. General Assembly session on this urgent matter last Monday, 51 nations pledged more than $200 million to relieve the famine and disease now ravaging Cambodia. This legislation, by providing authorization to appropriate $30 million for this purpose and by providing appropriate transfer authority, will enable the United States to meet its pledge of $69 million for the famine relief program.

Mr. Speaker, I urge the House to support this procedure so that we may facilitate enactment of this urgently needed legislation.

Mr. WOLFF. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. Yes. I yield to the gentleman from New York.

Mr. WOLFF. Mr. Speaker, I thank the gentleman for yielding.

Let me concur in what the chairman has just said on the U.N. Conference. It far exceeded the amount that we anticipated and it was due to the leadership of the Congress that really this conference was called.

Mr. BRINKLEY. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. Yes, I yield to the gentleman from Georgia.

Mr. BRINKLEY. Mr. Speaker, I thank the gentleman for yielding.

I wish also to add my voice and my support to this legislation. I do rise in support of it.

I would inquire as to the nature of this unanimous-consent request. It is only for the reading, this is not a unanimous consent concerning final passage of the measure, is it?

Mr. BUCHANAN. Yes; I would say to the gentleman, the unanimous-consent request is to make possible an agreement between the House and the Senate pertaining to the legislation we have already passed. It is the refugee authorization and the only changes pertain to the Cambodian program. As the chairman has explained, there is no new authorization, rather we are agreeing to transfer authority in addition to the additional funds we authorized for Cambodian relief earlier; also, there are certain other changes.

Let me yield to the chairman.

Mr. FASCELL. Mr. Speaker, this is the same bill we passed just a little while back 362 to 10.

Mr. BRINKLEY. Mr. Speaker, if the gentleman will yield further, I understand that. I do not object at all to that. I support that, but I understood the nature of this unanimous-consent request was as to the reading. It is not as to final passage.

Mr. BUCHANAN. Mr. Speaker, I will say the gentleman made two unanimous-consent requests. I did not object to the first, nor did anyone else, which was for the amendment to be considered as read. That followed a unanimous-consent request which is the basic proposition before us the chairman has just described, to which I did reserve the right to object. So, the gentleman did make two requests, but there was no objection to the request pertaining to the reading.

Mr. SOLOMON. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. Yes, I yield to the gentleman from New York.

Mr. SOLOMON. Mr. Speaker, I did not understand the last amendment that the chairman explained extending the time to 1981. That deals with something other than just the $30 million that we are talking about?

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Mr. BUCHANAN. Mr. Speaker, I will say—and the chairman of the subcommittee can explain it further—that we are dealing with the entire refugee package passed recently by the House by an overwhelming vote. All of that is before us. This is the only item in disagreement that does not pertain strictly to Cambodian refugee relief.

There is no new authorization involved. This is simply a Senate variation on what we had included in the overall package in the earlier refugee bill.

Mr. SOLOMON. Mr. Speaker, if the gentleman will yield further, I supported that bill, but I just wanted to make sure that this amendment concurring with the Senate action does not deal with giving direct aid to Vietnam or to the Cambodian Government.

Mr. FASCELL. Mr. Speaker, if the gentleman from Alabama will yield, I can assure the gentleman from New York that it does not.

Mr. BUCHANAN. No; it does not. Mr. Speaker, I will assure the gentleman from New York (Mr. SOLOMON) that if that were the case, I would indeed object to this request. That is not the case, and I support the proposition.

Mr. Speaker, I withdraw my reservation of objection.

● Mr. WOLFF. Mr. Speaker, I am pleased to join with the chairman in support of the proposed legislation. The passage of this bill marks the culmination of congressional efforts to provide humanitarian assistance to the people of Cambodia.

As you know, those efforts began in June when eight Members of the House and Senate joined in a letter to the President calling for immediate humanitarian assistance to the countless thousands of Cambodian refugees then along the Thai-Cambodian border.

Legislative action began on September 26, with the introduction by the members of the Subcommittee on Asian and Pacific Affairs of House Resolution 431, a resolution calling on the President to seek an emergency agenda item before the United Nations General Assembly to inaugurate an emergency food and medical relief program for the people of Cambodia.

On September 27, the Honorable JOHN ANDERSON of Illinois, and the Honorable STEPHEN SOLARZ, of New York, introduced H.R. 5443 and on October 9, I joined with the chairman of the House Foreign Affairs Committee, the Honorable CLEMENT J. ZABLOCKI, of Wisconsin, to introduce H.R. 5199. Both bills authorized the appropriation of funds for U.S. participation in an international emergency relief program for the people of Cambodia.

On October 10 and again on October 17, the Subcommittee on Asian and Pacific Affairs met to take public testimony on the proposed legislation and at the conclusion of the October 17 hearing, unanimously recommended favorably consideration of the legislation by the full Foreign Affairs Committee.

And, on October 24, the legislation was reported out by the Foreign Affairs Committee and passed the House the following day.

Also on October 24, President Carter announced that the United States would participate in an international relief effort for Cambodia. And, on November 6, at the United Nations General Assembly, Secretary of State Cyrus Vance pledged a total of $69 million as the U.S. contribution to the international relief program.

Today's action is the culmination of all our efforts. Today the Congress and the people of the United States join with the administration and the international community in an effort to save the people of Cambodia. As I have noted elsewhere, the issue of famine relief for the people of Cambodia is, quite simply a matter of life and death for 3 million human beings. And, our response today is an affirmation of our finest traditions and values.

Finally, as chairman of the Subcommittee on Asian and Pacific Affairs, let me take this occasion to express my appreciation to the members of the subcommittee, to the chairman and members of the Foreign Affairs Committee, and to my colleagues in the House for their efforts in this truly humanitarian cause.●

The SPEAKER pro tempore. Is there objection to the initial request of the gentleman from Florida (Mr. FASCELL)?

There was no objection.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. FASCELL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the legislation just adopted.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

DEPARTMENT OF ENERGY NATIONAL SECURITY AND MILITARY APPLICATIONS OF NUCLEAR ENERGY AUTHORIZATION ACT OF 1980

Mr. PRICE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 2603) to authorize appropriations for the Department of Energy for national security programs for fiscal year 1980, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois (Mr. PRICE).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 2603, with Mr. BRODHEAD in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from Illinois (Mr. PRICE) will be recognized for 30 minutes, and the gentleman from California (Mr. BOB WILSON) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Illinois (Mr. PRICE).

Mr. PRICE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, on behalf of the Committee on Armed Services it is my privilege to bring before the House the bill H.R. 2603 with the unanimous recommendation of the committee for its passage, as amended.

H.R. 2603 would authorize appropriations only for the national security and military applications of nuclear energy programs administered by the Department of Energy for fiscal year 1980. Other programs of the Department are included in another bill, H.R. 3000, which has been reported by other committees.

The Committee on Armed Services has been mindful of its jurisdiction, and has sought to eliminate from H.R. 2603 those programs which do not have national defense and national security applications.

In my brief comments, I will explain the highlights of the bill and the committee amendments. But first, by way of background, I will say that the President's fiscal year 1980 budget request has been most thoroughly reviewed by the Subcommittee on Procurement and Military Nuclear Systems which I have the honor to chair.

The subcommittee held 8 full days of hearings during which we heard more than 20 witnesses. In addition, a great deal of information was supplied for the record.

In arriving at its recommendations, the committee considered the paramount objectives of the DOE's national security programs. These objectives are the production and maintenance of a reliable offensive and defensive nuclear deterrent for the United States. The committee gave first priority to the programs essential to these primary missions and made adjustments within a tight budget.

The committee also considered certain situations which came about subsequent to the preparation of the budget request and which, in the committee's judgment, required a change in priorities for the next fiscal year.

The bill as reported by the committee is much more responsive to national security requirements than the budget request.

HIGHLIGHTS OF H.R. 2603

The bill, as amended by the committee, would authorize appropriations totaling $2.946 billion—which is $107.5 million below the amount requested.

Principal increases were made by the committee in operating expenses for weapons testing and production, and for special materials production. These programs were substantially underfunded by the budget request.

The committee recommends other reductions in operating expenses requested for long-term and terminal waste management research and development programs which were poorly defined and justified by the information presented. Reductions are also recommended in several construction projects for which authorizations were requested in excess of required appropriations. These changes are summarized on pages 6 and 7 of the report, and are explained in detail in other parts of the report.

In addition to authorizations for research and development, testing and production of weapons, the bill would continue the very important inertial confinement fusion research program. The bill would also authorize appropriations for the development of improved naval propulsion reactors, and for technology to improve our ability to monitor foreign nuclear tests.

The committee adopted three amendments to title II, the general provisions of the bill.

The first of these amendments, section 210, prohibits the use of authorized appropriations for the licensing of DOE defense activities by the Nuclear Regulatory Commission.

The second, section 211, would bar the use of funds authorized to be appropriated for the purposes of paying fines and other penalties under the provisions of the Clean Air Act where it is physically impossible to comply with the act by July 1, 1979, or where the President has asked for the funds to permit compliance and the Congress has not provided appropriations.

The third amendment to title II would require the Secretary of Energy to renegotiate an existing contract with the Washington public power supply system for the delivery of byproduct steam in order to assure that the Federal Government receives the fair market value of the steam.

As the committee's report emphasizes, the nuclear arsenal of the United States exists only for the purpose of supporting our national security policy. This policy includes the deterrence of a nuclear attack upon the United States or its allies. It includes the deterrence of war against our NATO allies. It includes the protection of Japan. H.R. 2603 is in support of that policy.

H.R. 2603 would authorize appropriations in support of the President's decisions to develop the MX and Trident strategic missiles, the air-launched strategic cruise missile, and the ground-launched and sea-launched cruise missiles. The bill also supports the Presidents pledge to modernize NATO's tactical nuclear forces.

While this authorization bill represents only 2 percent of the President's total request for national defense for fiscal year 1980, its importance and contribution to our future strategic posture is much greater than its percentage indicates.

The bill deserves the support of the House and I ask for its overwhelming approval.

Mr. BOB WILSON. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of H.R. 2603 and wish to associate myself with the remarks of the distinguished chairman of the Committee on Armed Services and of the Subcommittee on Procurement and Military Nuclear Systems.

As Chairman Price has explained, this bill would authorize appropriations for a national security program of the Department of Energy (DOE) for fiscal year 1980. This bill is most important to the national security and to the defense of the United States.

While the defense programs of the DOE have little visibility, it is these programs which have provided and will continue to provide all of the deterrent power which resides in our strategic nuclear systems and in our tactical nuclear forces. All of the strategic missiles in our ICBM and SLBM forces would be useless unless they were supported by the research, development, testing, and maintenance effort which this bill would support.

In addition, this bill supports the important naval reactor development program which is constantly improving the propulsion plants of our nuclear-powered Navy and the very important task of training naval reactor operators and supervisory personnel. One goal of the naval reactor development program is to develop a powerplant which will not have to be refueled during the 30-year life of a naval vessel. I predict that Admiral Rickover and his team of engineers and contractors will reach this goal eventually.

Also supported by this bill are the nuclear materials security and safeguards program and the program for management of radioactive wastes in an environmentally safe manner.

The Committee on Armed Services reported H.R. 2603 on May 15 of this year, more than 5 months ago. The Subcommittee on Procurement and Military Nuclear Systems conducted thorough hearings on the budget request and made certain structural changes in several programs. In addition, title II contains several housekeeping items which are needed for congressional oversight purposes.

Mr. Chairman, since H.R. 2603 was reported in May, several new requirements have emerged with respect to Department of Energy national defense programs. These requirements were not known and could not be addressed when H.R. 2603 was reported. For the same reason, these requirements were not addressed by the Senate counterpart to H.R. 2603. I understand that several amendments will be offered by Chairman Price at an appropriate time to provide for additional authorization for three programs. I will support these amendments when they are offered. This bill is noncontroversial. H.R. 2603 was reported unanimously by the subcommittee and by the full Armed Services Committee. We have brought out a good bill. I support it and strongly recommend its passage.

Mr. PRICE. Mr. Chairman, I yield such time as he may require to the gentleman from South Carolina (Mr. Derrick).

Mr. DERRICK. Mr. Chairman, I thank the gentleman for yielding me this time.

I would like to engage in a colloquy with the chairman of the Armed Services Committee, if he would be so kind.

Mr. PRICE. If the gentleman from South Carolina would yield, I would be happy to engage in a colloquy with my colleague.

Mr. DERRICK. With regard to the

waste presently being stored in tanks at the Savannah River plant in South Carolina, can the chairman advise me of the committee's intention to pursue alternatives for the permanent disposal of the waste?

Mr. PRICE. It is the intention of the committee to see that a long-term waste management program is developed for the Savannah River plant that will result in the waste being processed in the safest and most economical manner. It is further the committee's desire to see that this matter is actively pursued, so that the waste can be permanently disposed of as quickly as is technically feasible.

Mr. DERRICK. It is my hope that the committee shares my concerns that the waste not remain in the tanks for 50 or 60 years, but rather, that through continued research and through plant engineering and design work, a process can be developed that will allow the facility to proceed with due speed toward long-term waste management. Toward that goal, I plan on offering an amendment that will provide the Savannah River plant with the authority to proceed with plant engineering and design work on a waste solidification process. This will allow the plant to not only continue with its research work, but also work toward the design of the waste processing facility. This will help insure that the waste will be properly taken care of, but does not commit the Department of Energy to any one particular process.

Mr. PRICE. The committee shares your concerns and will agree to the gentleman's amendment when it is offered.

Mr. DERRICK. Mr. Chairman, I thank the gentleman for his considerations and also wish to commend the distinguished chairman for the most capable manner in which he has served this Chamber.

Mr. PRICE. Mr. Chairman, I yield such time as he may consume to the gentleman from Texas (Mr. GONZALEZ).

Mr. GONZALEZ. Mr. Chairman, I thank the very distinguished chairman of this very important committee for yielding me this time.

Mr. Chairman, I rise to ask a question in order that I may more fully understand the meaning of the language in section 205, on page 12 of the bill, which reads as follows:

> When so specified in an appropriation Act, funds authorized to be appropriated by this Act may be transferred to other agencies of the Government for the performance of the work for which the appropriation is made, and in such cases the sums so transferred may be merged with the appropriations to which they are transferred.

The question I have is this: Does this transcend the national defense aspect? I ask the question because it does not limit it to what agency these authorizations may be transferred in an appropriation act over which, of course, this committee would not have any control.

Mr. PRICE. Mr. Chairman, if the gentleman will yield, I would say to the gentleman from Texas (Mr. GONZALEZ) that this language has been in this bill for at least the last 10 years.

It has been requested by the Committee on Appropriations, and evidently it helps them in the normal process of handling these funds.

Mr. GONZALEZ. But it is not the understanding of the committee that such transfer would be to another agency unconnected with a defense or security situation?

Mr. PRICE. The language states, currently for the performance of the work for which the appropriation is made. So it is tied down specifically to language in the appropriation bill.

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Mr. GONZALEZ. So that that in effect really would have reference to the defense appropriation?

Mr. PRICE. That is right. I would say so, because it is limited to the purpose of the appropriation.

Mr. GONZALEZ. Because you do not specify which appropriation act. And I assume that we would then have a common understanding that it would refer to the defense or the military appropriation act.

Mr. PRICE. Yes; at the present time, at least this year, the appropriation act is the energy and water developemnt appropriation bill.

Mr. GONZALEZ. I thank the gentleman very much.

Mr. PRICE. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

Mr. BOB WILSON. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. Pursuant to the rule, the Clerk will now read the bill by titles.

The Clerk read as follows:

H.R. 2603

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Department of Energy National Security and Military Applications of Nuclear Energy Authorization Act of 1980".

TITLE I—NATIONAL SECURITY PROGRAMS

OPERATING EXPENSES

SEC. 101. Funds are hereby authorized to be appropriated to the Department of Energy (hereinafter in this title referred to as the "Department") for fiscal year 1980 for operating expenses incurred in carrying out national security programs, including scientific research and development in support of the armed services, strategic and critical materials necessary for the common defense, and military applications of nuclear energy, in the amount of $2,394,364,000.

PLANT AND CAPITAL EQUIPMENT

SEC. 102. Funds are hereby authorized to be appropriated to the Department for fiscal year 1980, for plant and capital equipment, including planning, construction, acquisition, or modification of facilities (including land acquisition), and for acquisition and fabrication of capital equipment not related to construction, necessary for national security programs, as follows:

(1) For inertial confinement fusion:

Project 80–PE&D–1, plant engineering and design, $1,500,000.

Project 75–3–b, high energy laser facility, Los Alamos Scientific Laboratory, New Mexico, an additional sum of $8,000,000, for a total project authorization of $62,500,000.

(2) For naval reactors development:

Project 80–AE–1, fluids and corrosion test facilities upgrading, various locations, $17,900,000.

Project 80–GPP–1, general plant projects, $3,300,000.

(3) For weapons activities:

Project 80–AE–4, addition to computer facility, Sandia Laboratories, Livermore, California, $2,800,000.

Project 80–AE–5, ground launched cruise missile (GLCM) warhead production facilities, various locations, $7,000,000.

Project 80–AE–6, utilities and equipment restoration, replacement and upgrade, various locations, $69,300,000.

Project 80–AE–7, relocate water towers, Mound Facility, Miamisburg, Ohio, $1,400,000.

Project 80–AE–8, advanced size reduction facility, Rocky Flats, Golden, Colorado, $10,000,000.

Project 80–AE–9, new polymer production facility, Bendix Plant, Kansas City, Missouri, $1,400,000.

Project 80–AE–10, additional loading facilities, Savannah River Plant, Aiken, South Carolina, $3,500,000.

Project 80–GPP–1, general plant projects, $25,400,000.

Project 80–PE&D–1, plant engineering and design, $3,600,000.

Project 71–9, fire, safety, and adequacy of operating conditions projects, various locations, an additional sum of $7,000,000, for a total project authorization of $287,000,000.

Project 77–11–c, 8'' Artillery Fired Atomic Projectile (AFAP) production facilities, various locations, an additional sum of $4,600,000, for a total project authorization of $27,200,000.

Project 78–16–d, weapons safeguards, various locations, an additional sum of $2,000,000, for a total project authorization of $28,000,000.

Project 78–16–g, radioactive liquid waste improvement, Los Alamos Scientific Laboratory, New Mexico, an additional sum of $6,200,000, for a total project authorization of $12,500,000.

Project 79–7–b, fire protection improvements, Los Alamos Scientific Laboratory, New Mexico, an additional sum of $2,500,000, for a total project authorization of $4,500,000.

Project 79–7–c, proton storage ring, Los Alamos Scientific Laboratory, New Mexico, an additional sum of $16,100,000, for a total project authorization of $21,100,000.

Project 79–7–l, system research and development laboratory, Sandia Laboratories, Albuquerque, New Mexico, an additional sum of $12,000,000, for a total project authorization of $13,000,000.

Project 79–9–n, utility system restoration, Y–12 plant, Oak Ridge, Tennessee, an additional sum of $15,800,000, for a total project authorization of $18,000,000.

Project 79–7–o, universal pilot plant, Pantex Plant, Amarillo, Texas, an additional sum of $3,900,000, for a total project authorization of $7,400,000.

(4) For materials production:

Project 80–AE–2, replace obsolete processing facilities, HB Line, Savannah River, South Carolina, $19,000.000.

Project 80–AE–3, steam generation facilities, Idaho Chemical Processing Plant, Idaho, $23,500,000.

Project 80–GPP–1, general plant projects $15,000,000.

Project 80–PE&D–1, plant engineering and design, $3,400,000.

Project 77–13–a, fluorinel dissolution process and fuel receiving improvements, Idaho Chemical Processing Plant, Idaho National Engineering Laboratory, Idaho, an additional sum of $84,400,000, for a total project authorization of $149,400,000.

Project 78–18–e, environmental, safety and security improvements to waste management and materials processing facilities, Richland, Washington, an additional sum of $11,500,000, for a total project authorization of $40,000,000.

Project 79–7–h, utilities replacement and expansion, Idaho Chemical Processing Plant, Idaho Falls, Idaho, an additional sum of $5,500,000, for a total project authorization of $10,500,000.

Project 79–7–i, transmission and distribution systems upgrading, Richland, Washington, an additional sum of $7,000,000, for a total project authorization of $14,000,000.

(5) For defense waste management:

Project 80–GPP–1, general plant projects, $8,880,000.

Project 80–PE&D–1, plant engineering and design, $21,320,000.

Project 77–13–f, Waste Isolation Pilot Plant, Delaware Basin, southeast New Mexico (A–E, land lease acquisition and long-lead procurement), an additional sum of $55,000,000, for a total project authorization of $93,000,000.

(6) For capital equipment not related to construction, $179,924,000.

Mr. PRICE (during the reading). Mr. Chairman, I ask unanimous consent that title I be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

COMMITTEE AMENDMENTS

The CHAIRMAN. The Clerk will report the first committee amendment to title I.

The Clerk read as follows:

Committee amendment: Page 2, line 10, strike out "in the amount of $2,394,364,000." and insert in lieu thereof "as follows:".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment to title I.

The Clerk read as follows:

Committee amendment: Page 2, line 12, insert the following:

(1) For the defense inertial confinement fusion program—

(A) for glass laser experiments, $44,200,000;

(B) for gas laser experiments, $29,300,000;

(C) for electron and particle beam experiments, $12,200,000;

(D) for supporting research and experiments, $15,500,000, of which no more than $2,800,000 may be used to finance contract modification numbered ED–78–C–08–1598 or any revision or modification thereof; and

(E) for personnel, $1,090,000.

(2) For the naval reactor development program—

(A) for the naval reactor development program, $232,600,000; and

(B) for personnel, $8,767,000.

(3) For weapons activities—

(A) for research and development, $421,143,000;

(B) for weapons testing $225,000,000;

(C) for production and surveillance $772,000,000; and

(D) for personnel, $37,098,000.

(4) For verification and control technology (including personnel), $36,800,000.

(5) For materials production, to be administered by the Assistant Secretary for Defense Programs—

(A) for production reactor expenses, $180,300,000;

(B) for the processing of nuclear materials, $82,400,000;

(C) for supporting services, $59,714,000;

(D) for fluorinel processing of nonproduction fuels and related activities, $21,390,000;

(E) for advanced isotope separation research, $5,000,000; and

(F) for personnel, $944,000.

(6) For defense waste management (including $1,691,000 for personnel) $211,250,000, of which no funds may be used for the Waste Isolation Pilot Plant, Delaware Basin southeast New Mexico.

(7) For the nuclear materials security and safeguards technology development program (defense program), including $3,560,000 for personnel, $43,227,000.

Mr. PRICE (during the reading). Mr. Chairman, I ask unanimous consent that the committee amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

AMENDMENT OFFERED BY MR. PRICE TO THE COMMITTEE AMENDMENT

Mr. PRICE. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. PRICE to the committee amendment: In paragraph (5) (C) of the matter proposed to be inserted by the committee amendment (page 3, line 19), strike out "$59,714,000" and insert in lieu thereof "$67,714,000, of which $15,000,000 shall be used for the fiscal year 1980 increment of startup costs for the Purex chemical processing plant at Richland, Washington".

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. PRICE) to the committee amendment.

The amendment to the committee amendment was agreed to.

AMENDMENT OFFERED BY MR. STRATTON TO THE COMMITTEE AMENDMENT, AS AMENDED

Mr. STRATTON. Mr. Chairman, I offer an amendment to the committee amendment, as amended.

The Clerk read as follows:

Amendment offered by Mr. STRATTON to the committee amendment, as amended: In paragraph (1) (D) of the matter proposed to be inserted by the committee amendment (page 2, line 19), strike out "$15,500,000" and insert in lieu thereof "$38,300,000".

Mr. STRATTON. Mr. Chairman, I will be offering two closely related amendments in relation to the inertial confinement fusion program. The first amendment would increase the authorization for operating expenses for the ICF program which is included in section 101 of the committee amendments. The other amendment, which will be offered later, would decrease the amount authorized for capital equipment for the ICF program which is included in section 102 of the committee amendments.

Mr. Chairman, these amendments will add $22.8 million to the operating expenses line for the inertial confinement fusion program of the Department of Energy, while at the same time reducing the inertial confinement fusion equipment line by $7.3 million. This amounts to a net increase in the whole authorization of only $15.5 million.

My purpose in introducing these amendments is to take care of requirements which have emerged since H.R. 2603 was reported by the Armed Services Committee.

As the committee points out in its report, the amount requested for this important field of inertial confinement fusion research was insufficient to support needed programs and to offset the unexpected double-digit inflation which has occurred and which we can expect to continue. These programs are carried out primarily at the Government-owned laboratories at Livermore, Calif., at Los Alamos, N. Mex., and in Albuquerque, N. Mex.

Other Government supported laser fusion programs have also been carried out by KMS Fusion at Ann Arbor, Mich., and at the National Laser Fusion Users Facility at the University of Rochester in New York.

Discussions I have had with Dr. Deutch, the Under Secretary of Energy for Defense Programs, indicate that the Department wants to expand the role of the Rochester facility in support of the basic research program at the Livermore Laboratory. This, however, will require a modest supplemental appropriation, probably during the next session.

In addition, Mr. Chairman, the House Armed Services Committee has been advised that all inertial confinement fusion programs will suffer as a result of inflation and underfunding unless such a supplemental appropriation is received. The Secretary of Energy, I understand, will be submitting a supplemental request. The laser fusion program is now estimated to require a total budget of $135.2 million for fiscal year 1980. This bill, H.R. 2603, presently provides only $119.7 million. My amendments therefore provide a needed additional authorization of $15.5 million.

I have discussed these amendments with DOE officials and they support them. I have also discussed the amendments with the distinguished chairman of the committee, Mr. PRICE, and with the ranking minority member, Mr. WILSON. I have also discussed the matter with the chairman of the Committee on Science and Technology, Mr. FUQUA, and the gentleman from Washington (Mr. MCCORMACK) who also have a great interest in this research program.

Mr. Chairman, I move the adoption of the first amendment.

Mr. OBERSTAR. Mr. Chairman, will the gentleman yield?

Mr. STRATTON. I yield to the gentleman from Minnesota.

Mr. OBERSTAR. I thank the gentleman for yielding.

Mr. Chairman, I rise in strong support of the gentleman's amendment. I commend him for offering this amendment. I think it is a very modest amount to offer, in view of the tremendous potential that the inertial confinement fusion program has to offer for civilian energy application needs. For a public leery and concerned about the radioactivity aspect of our conventional nuclear program, I think the laser fusion program is a tremendous contribution to make to this country for our future energy supplies. I am very pleased that the gentleman recognizes the KMS Co. in Ann Arbor, Mich., an area that I am familiar with, which on its own independently has initiated research in this field, and I certainly hope the gentleman's amendment will be accepted.

Mr. STRATTON. Mr. Chairman, I want to thank the gentleman for his support. There is no question about the fact that laser fusion offers a new type of energy which, hopefully, will be available by the year 2000, and it would be in many ways an improvement on nuclear fission that we are already familiar with. As the gentleman knows, the projects at KMS and at Rochester do provide an opportunity for the civilian community to understand these important new developments.

Mr. BOB WILSON. Mr. Chairman, will the gentleman yield?

Mr. STRATTON. I yield to the gentleman from California.

Mr. BOB WILSON. I thank the gentleman for yielding.

Mr. Chairman, as the gentleman indicated in his remarks, we have examined the gentleman's amendments, and we find full concurrence with them. I urge the adoption of this amendment.

Mr. STRATTON. I thank the gentleman.

Mr. PRICE. Mr. Chairman, will the gentleman yield?

Mr. STRATTON. I yield to the gentleman from Illinois.

Mr. PRICE. Mr. Chairman, I, too, have carefully examined this amendment, and I have discussed it with the gentleman from New York. I find no problem with the amendment, and I respectfully urge that the Committee adopt the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. STRATTON) to the committee amendment, as amended.

The amendment to the committee amendment, as amended, was agreed to.

The CHAIRMAN. The question is on the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

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COMMITTEE AMENDMENTS

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk proceeded to read the committee amendment.

Mr. PRICE (during the reading). Mr. Chairman, I ask unanimous consent that the committee amendments 3 through 11 of the bill be considered en bloc and, further, that they be considered as read, and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The committee amendments are as follows:

Committee amendments: Page 4, after line 20, insert the following:

Project 80-AE-11, target fabrication facility, Los Alamos Scientific Laboratory, New Mexico, $1,000,000.

Project 80-AE-12, target fabrication facility, Lawrence Livermore Laboratory, California, $1,000,000.

Page 5, line 16, strike out "$7,000,000" and insert in lieu thereof "$4,000,000".

Page 5, line 19, strike out "$69,300,000" and insert in lieu thereof "$39,400,000".

Page 5, strike out lines 20 and 21.

Page 5, line 3, strike out "$10,000,000" and insert in lieu thereof "$5,000,000".

Page 7, line 7, strike out "$16,100,000, for a total project authorization of $21,100,000" and insert in lieu thereof "$11,700,000, for a total project authorization of $16,700,000".

Page 8, line 2, strike out "23,500,000" and insert in lieu thereof "$10,000,000".

Page 8, line 11, strike out "$84,400,000 for a total project authorization of $149,400,000" and insert in lieu thereof "$54,400,000, for a total project authorization of $119,400,000".

Page 8, strike out lines 19 through 22.

The committee amendments were agreed to.

The CHAIRMAN. The Clerk will report the remaining committee amendment.

The Clerk read as follows:

Committee amendment: Page 9, line 7, strike out "$21,320,000" and insert in lieu thereof "$5,000,000".

AMENDMENT OFFERED BY MR. DERRICK TO THE COMMITTEE AMENDMENT

Mr. DERRICK. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. DERRICK to the committee amendment: In lieu of the matter proposed to be inserted by the committee amendment, insert page 9, line 7: "'$8,000,000, of which $3,000,000 shall be available only for plant engineering and design at the Savannah River Plant Aiken, South Carolina".

Mr. DERRICK. Mr. Chairman, for 30 years now we have enjoyed the benefits of nuclear power. Yet we have not come to grips with the long-term problem of nuclear waste disposal. What I propose today is a modest step, and yet a very important one, toward addressing this problem. We must accept the responsibility for developing a means to safely and permanently dispose of our Nation's nuclear wastes.

I am offering today an amendment authorizing $3 million for fiscal year 1980 for the engineering and design of vitrification project at the Savannah River plant in South Carolina. This project ultimately lead to the solidification of high-level nuclear waste, so that it may then be put in a permanent dispository rather than continued to be stored in temporary storage tanks, as it is today.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. DERRICK. I yield to the gentleman from Washington.

Mr. McCORMACK. Mr. Chairman, I congratulate the gentleman for his amendment and for his desire to move forward with the program of glassifying or vitrifying the wastes at Savannah River. This is an important step. These high level military wastes that have been accumulating there since the Second World War. The Savannah River storage area must be considered as a temporary facility because of the geologic and hydrologic conditions there.

The wastes must be glassified for permanent deep geologic burial. This provides us with an excellent opportunity to demonstrate to the entire world that we can convert these old military wastes to glass for permanent geologic disposal. We will also demonstrate how we will eventually handle the high-level wastes for our nuclear energy program, which will evolve in the future after we establish a reprocessing program.

Accordingly, I congratulate the gentleman from South Carolina on his amendment, and urge its acceptance.

Mr. DERRICK. I thank the gentleman.

Mr. BOB WILSON. Mr. Chairman, will the gentleman yield?

Mr. DERRICK. I yield to the gentleman from California.

Mr. BOB WILSON. Mr. Chairman, I congratulate, also, the gentleman and commend him for his amendment.

I think the gentleman is approaching and facing a problem that is, if anything, the Achilles heel of the entire nuclear program in this country.

I think his amendment would go a long way toward solving that problem. We support it enthusiastically on this side.

Mr. DERRICK. Mr. Chairman, I thank the gentleman.

Mr. PRICE. Mr. Chairman, will the gentleman yield?

Mr. DERRICK. I yield to the gentleman from Illinois.

Mr. PRICE. Mr. Chairman, I have had an opportunity to discuss the amendment with the gentleman from South Carolina (Mr. DERRICK), and since it would require no additional funds to be appropriated, I see no reason why we should not approve the amendment.

Mr. DERRICK. Mr. Chairman, I thank the distinguished gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Carolina (Mr. DERRICK) to the committee amendment.

The amendment to the committee amendment was agreed to.

The CHAIRMAN. The question is on the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

COMMITTEE AMENDMENTS

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 9, beginning on line 10, strike out "an additional sum of $55,000,000, for a total project authorization of $93,000,000" and insert in lieu thereof "a reduction in the amount previously authorized of $30,000,000, for a total project authorization of $38,000,000".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 9, line 16, strike "$179,924,000" and insert "as follows."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 9, after line 17, insert the following:

(A) For inertial confinement fusion, $17,400,000 of which $9,400,000 shall be used for a high energy national laser fusion users facility.

(B) For naval reactors development, $15,800,000.

(C) For weapons activities, $104,164,000.

(D) For verification and control technology, $1,060,000.

(E) For materials production, $35,000,000.

(F) For defense waste management, $12,000,000.

(G) For nuclear materials security and safeguards, $3,400,000.

Mr. STRATTON (during the reading). Mr. Chairman, I ask unanimous consent that the committee amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

AMENDMENT OFFERED BY MR. STRATTON TO THE COMMITTEE AMENDMENT

Mr. STRATTON. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. STRATTON to the committee amendment: In subparagraph (A) of the matter proposed to be inserted by the committee amendment (page 9, beginning on line 17), strike out "$17,400,000, of which $9,400,000 shall be used for a high energy national laser fusion users facility" and insert in lieu thereof "$10,100,000".

Mr. STRATTON. Mr. Chairman, this is the other amendment which goes along with the one that was approved a moment ago to take care of the national laser fusion users facility. This amendment reduces the amount for equipment for inertial confinement fusion by some $7 million. I urge its immediate approval.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. STRATTON) to the committee amendment.

The amendment to the committee amendment was agreed to.

The CHAIRMAN. The question is on the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

The CHAIRMAN. Are there further amendments to title I?

AMENDMENTS OFFERED BY MR. PRICE

Mr. PRICE. Mr. Chairman, I offer two amendments.

The Clerk read as follows:

Amendments offered by Mr. PRICE: After line 5, page 6, insert the following language:

Project 80-AE-11. Pershing II warhead production facilities, various locations. $5,000,000.

After line 14, page 9, insert the following language:

Project 75-1-c, new Waste Calcining Facility, Idaho Falls, Idaho, an additional sum of $25,000,000, for a total project authorization of $90,000,000.

Mr. PRICE. Mr. Chairman, I ask unanimous consent that the amendments be considered en bloc, and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. PRICE. Mr. Chairman, both of the amendments I am offering now are to take care of urgent requirements of the Department of Energy defense program which have emerged subsequent to May 15, when H.R. 2603 was reported.

PERSHING II PRODUCTION FACILITIES

The first amendment would provide a $5 million authorization for Pershing II missile warhead facilities. The fiscal year 1980 budget, submitted in January, supported production of the Pershing II warhead beginning in 1984. After the budget was submitted, a very high national priority was assigned to the Pershing II missile and the Department of Energy must now support a production schedule which has been accelerated by 16 months.

To meet this new schedule, an additional line item authorization is required. The Department is not requesting new appropriations for fiscal year 1980. Funds will be allocated from lower priority programs for these facilities. This line item authorization is required before funds can be reprogramed for these facilities.

NEW WASTE CALCINING FACILITY

The second amendment deals with a nuclear waste treatment facility at the Department of Energy facility in Idaho Falls, Idaho. The amendment would provide an additional authorization of $25 million for this 1975 project.

This project is now authorized at the level of $65 million. However, under the cost variation provisions of the law, $81 million has been appropriated to date. The project is now 75 percent complete.

To prevent a work stoppage and a delay of from 1 to 2 years which would result in very high cost increases, it is prudent to provide an additional authorization above the amount which has already been appropriated. Without this additional authorization the Department could not legally reprogram funds in order to keep the project going.

Mr. Chairman, I move the adoption of the amendments.

Mr. BOB WILSON. Mr. Chairman, will the gentleman yield?

Mr. PRICE. I yield to the gentleman from California.

Mr. BOB WILSON. Mr. Chairman, we concur in these amendments on this side of the aisle.

Mr. PRICE. I thank the gentleman.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Illinois (Mr. PRICE).

The amendments were agreed to.

The CHAIRMAN. Are there further amendments to title I? If not, the Clerk will read title II.

The Clerk read as follows:

TITLE II—GENERAL PROVISIONS

SEC. 201. Except as otherwise provided in this Act—

(1) no amount appropriated pursuant to this Act may be used for any program in excess of either (A) 105 percent of the amount authorized for that program by this Act, or (B) $10,000,000 more than the amount authorized for that program by this Act, whichever is the lesser, and

(2) no amount appropriated pursuant to this Act may be used for any program which has not been presented to, or requested of, the Congress,

unless a period of thirty calendar days (not including any day in which either House of Congress is not in session because of adjournment of more than three calendar days to a day certain) has passed after the appropriate committees of Congress receive notice from the Secretary of Energy containing a full and complete statement of the action proposed to be taken and the facts and circumstances relied upon in support of such proposed action, or unless each such committee before the expiration of such period has transmitted to the Secretary written notice to the effect that such committee has no objection to the proposed action.

SEC. 202. The Secretary of Energy is authorized to start any project provided for under the general plant projects provisions set forth in this Act only if—

(1) the then maximum currently estimated cost of such project does not exceed $750,000 and the then maximum currently estimated cost of any building included in such project does not exceed $300,000, except that the building cost limitation may be exceeded if the Secretary determines that it is necessary to do so in the interest of efficiency and economy, and

(2) the total cost of all projects undertaken under all general plant projects provisions in this Act does not exceed the estimated cost of all such projects by more than 25 percent.

SEC. 203. (a) Whenever the currently estimated cost of a line item construction project for which appropriations are authorized in section 102 of this Act exceeds by more than 25 percent the estimated cost for such project on the date of the enactment of this Act, such project may not be started or additional obligations incurred in excess of the amounts currently appropriated, as the case may be, unless (1) a period of thirty calendar days (not including any day in which either House of Congress is not in session because of adjournment of more than three days to a day certain) has passed after the appropriate committees of Congress receive a notice from the Secretary containing a full and complete statement of the action proposed to be taken and the facts and circumstances relied upon in support of such proposed action, or (2) each such committee before the expiration of such period has transmitted to the Secretary of Energy written notice to the effect that such committee has no objection to the proposed action.

(b) The provisions of this section shall not apply to any project which has a currently estimated cost of less than $5,000,000.

SEC. 204. Subject to the provisions of appropriation Acts, amounts appropriated pursuant to this Act for management and support activities and for general plant projects are available for use, when necessary, in connection with all national security programs of the Department of Energy.

SEC. 205. When so specified in an appropriation Act, funds authorized to be appropriated by this Act may be transferred to other agencies of the Government for the performance of the work for which the appropriation is made, and in such cases the sums so transferred may be merged with the appropriations to which they are transferred.

SEC. 206. The Secretary of Energy is authorized to perform construction design services for any construction project of the Department of Energy in support of national security programs which have been presented to the Congress, in amounts not in excess of the amounts specified in section 102 for plant engineering and design. In any case in which the estimated design cost for any project is in excess of $300,000, the Secretary shall notify the appropriate committees of Congress in writing of the estimated design cost for such project at least thirty days before any funds are obligated for design services for such project.

SEC. 207. In addition to construction design services performed with plant engineering and design funds, the Secretary of Energy is authorized to perform construction design services for any Department of Energy construction project whenever (1) such construction project has been included in a proposed authorization bill transmitted to the Congress by the Secretary, and (2) the Secretary determines that the project is of such urgency in order to meet the needs of national defense or protection of life and property or health and safety that construction of the project should be initiated promptly upon enactment of legislation appropriating funds for its construction.

SEC. 208. Appropriations authorized by this Act for salary, pay, retirement, or other benefits for Federal employees may be increased by such amounts as may be necessary for increases in such benefits authorized by law.

SEC. 209. When so specified in an appropriation Act, amounts appropriated for "Operating expenses" or for "Plant and capital equipment" may remain available until expended.

Mr. PRICE (during the reading). Mr. Chairman, I ask unanimous consent that title II be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois (Mr. PRICE)?

There was no objection.

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COMMITTEE AMENDMENTS

The CHAIRMAN. The Clerk will report the first committee amendment to title II.

The Clerk read as follows:

Committee amendment: Page 12, line 1, insert "of Energy" after "Secretary".

The committee amendment was agreed to.

Mr. HALL of Ohio. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would ask the distinguished chairman of the committee to engage in a colloquy for one or two questions.

Mr. Chairman, on page 16 under the weapons testing program, with specific reference to U.S. nuclear weapons testing, I see where the administration, asked for $198 million and the committee, through deliberation, increased that sum to $225 million.

My first question is how will this additional sum be used relative to nuclear testing? Will there be more underground testing?

Mr. HALL of Ohio. My question is, Mr. Chairman, what is the increased funding going to be used for?

Mr. PRICE. For additional tests, to get additional information and test data that is needed, of course, for keeping the stockpile in the most modern condition and to be certain that the weapons are reliable after years of storage.

Mr. HALL of Ohio. My second question, Mr. Chairman, is, Did the Armed Services Committee receive any kind of testimony from any of the witnesses relative to any kind of an environmental impact concerning underground testing?

Mr. PRICE. Yes, we did. In addition to receiving testimony from any outside witnesses—I would make this clear, the Armed Services Committee has never been closed to any group, and anyone who requested to testify on any subject before the Armed Services Committee has always been heard by the Armed Services Committee.

Environmental considerations receive a great deal of attention in the nuclear weapons test field. Every proposed test is reviewed in the greatest detail to assure that detrimental environmental effects will not result. In addition, the test site is monitored to assure that any unforeseen environmental effects result from the tests.

Mr. HALL of Ohio. I thank the gentleman for yielding.

The CHAIRMAN. The Clerk will report the next committee amendment to title II.

The Clerk read as follows:

Committee amendment: Page 13, line 11, insert "defense activity" after "Department of Energy".

The committee amendment was agreed to.

Mr. PRICE (during the reading). Mr. Chairman, I ask unanimous consent that sections 210, 211, and 212 be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The committee amendment was agreed to.

The CHAIRMAN. Are there further amendments to title II?

The CHAIRMAN. The Clerk will report the next committee amendment to title II.

The Clerk read as follows:

Committee amendment: Page 14, after line 3, insert the following new sections:

SEC. 210. None of the funds authorized to be appropriated by this or any other Act may be used for any purpose related to licensing of any defense activity or facility of the Department of Energy by the Nuclear Regulatory Commission.

SEC. 211. None of the funds authorized to be appropriated by this or any other Act may be used to pay any penalty, fine, forfeiture, or settlement resulting from a failure to comply with the Clean Air Act (42 U.S.C. 7401 et seq.) with respect to any defense activity of the Department of Energy if (1) the Secretary of Energy finds that compliance is physically impossible within the time prescribed for compliance, or (2) the President has specifically requested appropriations for compliance as a part of the budgetary proces and the Congress has failed to make available such appropriations.

SEC. 212. Beginning in fiscal year 1980, the Secretary of Energy shall ensure that the contract for the delivery of byproduct steam to the Washington Public Power Supply System is renegotiated in such a manner that the United States will recover the fair market value of the steam so delivered.

AMENDMENT OFFERED BY MR. PRICE

Mr. PRICE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PRICE: At the end of the bill, add the following new section:

SEC. 213. (a) The Secretary of Energy shall proceed with the Waste Isolation Pilot Plant construction project authorized to be carried out in the Delaware Basin of southeast New Mexico (project 77–13–f) in accordance with the authorization for such project as modified by this section. Notwithstanding any other law, the Waste Isolation Pilot Plant is authorized as a defense activity of the Department of Energy, administered by the Assistant Secretary of Energy for Defenes Programs, for the express purpose of providing a research and development facility to demonstrate the safe disposal of radioactive wastes resulting from the defense activities and programs of the United States exempted from regulation by the Nuclear Regulatory Commission.

(b)(1) In carrying out such project, the Secretary shall consult and cooperate with the appropriate officials of the State of New Mexico, with respect to the public health and safety concerns of such State in regard to such project and shall, consistent with the purposes of subsection (a), give consideration to such concerns and cooperate with such officials in resolving such concerns.

(2) The Secretary of Energy may not enter into any agreement or make any commitment under which the State of New Mexico, or any official of such State, could in effect veto such project.

(c) No law enacted after the date of the enactment of this Act shall be held, considered, or construed as amending, superseding, or otherwise modifying any provision of this section unless such law does so by specifically and explicitly amending, repealing, or superseding this section.

Mr. PRICE (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. PRICE. Mr. Chairman, the consideration of the waste isolation pilot plant, or WIPP, project has consumed a very large share of time of the Committee on Armed Services for the past 2 years. We have held extensive hearings on this project since it was first submitted to our committee early in 1977. We held our last hearing on the project on July 18 of this year.

Unfortunately, the WIPP project has become embroiled in bureaucratic politics within the current administration and in the politics of the State of New Mexico. I think that even those in the highest level of management in the Department of Energy (DOE) will admit that the project has been mishandled by the Department.

Mr. Chairman, this amendment will simply return the project to the same status that it was in when it was first presented to our committee. The amendment specifically authorizes this project as a defense activity of the DOE for the express purpose of providing the Department with a research and development facility.

The purpose of the project is to demonstrate whether or not the radioactive wastes which have been and will be generated as a result of the nuclear weapons program and other defense programs of the Department of Energy can be safely stored and isolated from the environment in deep-lying salt beds. The amendment simply restates current law, that is, section 202 of the Energy Reorganization Act of 1974, Public Law 93–438. That section exempts research and development projects such as the WIPP from the regulatory authority of the NRC. The amendment makes no change in existing law nor does the amendment give the project any special consideration with respect to environmental laws.

The amendment recognizes and reiterates the responsibility of the Secretary of Energy to consider the environmental health and safety concerns of the State in which the facility will be located. In addition, Mr. Chairman, I would expect the Secretary of Energy and State officials to arrive at an understanding and procedures by which State and Federal officials may cooperate with each other on these matters. The amendment makes clear, however, that these understandings and procedures will not serve to thwart the purpose of the Congress in authorizing this project by means of a veto by State officials. This part of the amendment merely recognizes and reinforces the so-called "supremacy" and "property" clauses of the Federal Constitution. I do not believe that any Member of this body would agree to the expenditure of Federal funds for the purpose of constructing any kind of a Federal project which, after its completion, could not be used as a result of political action within a State.

Mr. Chairman, this R. & D. project is the only one in the entire country which is now in progress and which can begin to demonstrate the means to more safely isolate the radioactive wastes which now exist. It is important that we get on with the project and that is the purpose of this amendment. If this amendment is adopted, I can support negotiation with Senate conferees as to the level of authorization for the project. If the amendment is not adopted, I cannot support further funding of the project because it would have little chance of success in the future.

This amendment is a responsible exercise of congressional power and represents, I believe, a response to the desire of the public that something be done about radioactive wastes. I urge its adoption.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. PRICE).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. BOB WILSON OF CALIFORNIA

Mr. BOB WILSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BOB WILSON of California: At the end of the bill, add the following new section:

SEC. 213. (a) As soon as practicable and not later than February 1, 1980, the Secretary of Energy shall submit to the Congress a plan for the termination of the performance of work of the Department of Energy at the Ernest Orlando Lawrence Livermore Laboratory and at the Los Alamos Scientific Laboratory under contracts numbered W-7405-ENG-36 and W-7405-ENG-48 between the United States and the Regents of the University of California (a corporation of the State of California). Such plan shall include provisions to assure that such a termination of work would be conducted in accordance with the terms of such contracts.

(b) The Secretary of Energy shall study the types of contracts that would best provide for the continued performance of the work performed under the contracts referred to in subsection (a). The Secretary shall include in any contract proposed to replace such contracts terms to assure that—

(1) the paramount objectives and missions of such laboratories continue to be in the field of national security;

(2) the transition from management of such laboratories by the University of California to management by any new contractor will be orderly, involve a minimum of uncertainty, and provide employee rights and benefits (including rights and benefits with respect to pensions and retirement) reasonably comparable to those currently provided employees of the laboratories by the Regents of the University of California; and

(3) any new contractor may retain as many of the current management officials and employees of the laboratories as may be consistent with maintaining and fostering excellence in carrying out the functions assigned to the laboratories.

(c)(1) The Los Alamos Scientific Laboratory at Los Alamos, New Mexico, shall after the date of the enactment of this act be known and designated as the "Los Alamos National Scientific Laboratory". Any reference in any law, map, regulation, document, record, or other paper of the United States to the Los Alamos Scientific Laboratory shall after such date be considered to be a reference to the Los Alamos National Scientific Laboratory.

(2) The Ernest Orlando Lawrence Livermore Laboratory at Livermore, California, shall after the date of the enactment of this act be known and designated as the "Ernest Orlando Lawrence Livermore National Laboratory". Any reference in any law, map, regulation, document, record, or other paper of the United States to the Ernest Orlando Lawrence Livermore Laboratory shall after such date be considered to be a reference to the Ernest Orlando Lawrence Livermore National Laboratory.

(3) The Sandia Laboratories at Albuquerque, New Mexico, and Livermore, California, shall after the date of the enactment of this act be known and designated as the "Sandia National Laboratories". Any reference in any law, map, regulation, document, record, or other paper of the United States to the Sandia Laboratories shall after such date be considered to be a reference to the Sandia National Laboratories.

Mr. BOB WILSON (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. BOB WILSON. Mr. Chairman, this amendment, in all modesty, should be called the Wilson amendment because it was drafted by Representative CHARLES WILSON who is unable to be here this morning, and I am offering it in his name.

Mr. Chairman, the amendment I have offered will add a new section 213 to the committee bill. The purpose of the amendment is very simple.

Since the creation of the Department of Energy's nuclear weapons laboratories at Los Alamos, N. Mex., in 1943 and at Livermore, Calif., in 1952, these weapons facilities have been managed under contracts with the regents of the University of California. Over the years the Atomic Energy Commission, the Energy Research and Development Administration, and to some extent the Department of Energy have enjoyed a harmonious relationship with the university.

In recent years, pressures have developed within the university, and outside the university which now make it undesirable and no longer in the best national interest for the Government to maintain the current management relationship. The laboratories now being managed by the regents were originally authorized, funded, and supported by the Congress for the sole purpose of research, development, design, testing, and evaluation of the U.S. nuclear weapons stockpile. While it is true that these laboratories now do other types of work on a not-to-interfere basis, weapons work remains as their No. 1 reason for existence. This is in accord with the longstanding policy of the United States that defense and national security objectives are paramount where nuclear energy is concerned.

The weapons laboratories at Los Alamos and Livermore are absolutely essential to the maintenance of the nuclear deterrent of the United States. They will remain essential for as long as world conditions require this country to have a nuclear weapons arsenal. These laboratories, with their sophisticated equipment, are national assets. The greatest assets, however, are the more than 10,000 dedicated and highly trained scientists, engineers, technicians, and other people who work at the laboratories.

The management of weapons laboratories by the university is now strongly opposed by California's Governor, Edmund G. Brown, Jr., and his position is supported by a considerable number of the regents themselves, and by a considerable number of the university's faculty. This opposition has placed a considerable burden on the personnel at the laboratories, the laboratories' management and management personnel within the Department of Energy. On May 18, 1979, Governor Brown proposed that the board of regents withdraw from its contract with the Federal Government for the development of nuclear weapons. However, he proposed that the Livermore Laboratory remain under the university's management for non-weapons purposes. This is an impossible suggestion since the removal of weapons work from the Livermore Laboratory would disrupt the U.S. weapons program, cripple the laboratories, and cost hundreds of millions of dollars.

Governor Brown and certain of the university's regents, by their statements and actions, have created serious uncertainties in the minds of the management and the employees of the laboratories. This amendment will resolve those uncertainties if it is necessary to bring about new management for the laboratories.

My amendment directs the Secretary of Energy to submit a contingency plan by February 1, 1980, to terminate the existing contracts with the university regents when they expire on September 30, 1982, and plan to implement alternative arrangement for the management of the laboratories. The Secretary is directed to assure that the primary national defense objectives and missions of the laboratories are continued, and that the transition be orderly and adequately preserve employee rights and benefits, including their pension rights. The amendment is intended to preserve the excellent laboratory work force.

The amendment further would change the names of the laboratories by adding the word "national" to each laboratory designation. The purpose of these changes is to emphasize the character of these laboratories as national laboratories.

I believe that my amendment is in the best interest of the country and is the only sensible way for the government to proceed. I have discussed the amendment with the chairman of the committee and I hope he will accept it. An identical amendment was adopted by the House to H.R. 3000, which applies only to the Lawrence Berkley Laboratory. This amendment was offered by the distinguished chairman of the Committee on Science and Technology.

Mr. Chairman, I urge the adoption of the amendment.

☐ 1050

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. BOB WILSON. I will be happy to yield to the gentleman from Washington.

Mr. McCORMACK. I thank the gentleman for yielding. I would like to ask the gentleman if he would explain to me and to the members of the Committee whether or not the amendment assumes that the existing contractual relationships will be terminated, or whether it simply sets up a mechanism by which this matter can be resolved as to whether or not they shall be terminated.

Mr. BOB WILSON. No, it does not assume anything, I would say to the gentleman from Washington. The management of the weapons laboratories by the university is now strongly opposed by the Governor of California, Edmund G. Brown, Jr., and his position is supported by a considerable number of the regents themselves and by a considerable number of the university's faculty. This opposition has placed a real burden on the personnel of the laboratories—the laboratories' management and the management personnel within the Department of Energy.

On May 18, 1979, Governor Brown proposed that the board of regents withdraw from its contract with the Federal Government for the development of nuclear weapons. So I would say that clearly the State of California would like to disassociate itself from weapons development and weapons maintenance.

Mr. McCORMACK. If the gentleman will yield further, I would like to suggest that I believe he is reading a little more into this, into the situation, than is my interpretation of the situation.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. McCormack, and by unanimous consent, Mr. Bob Wilson was allowed to proceed for 3 additional minutes.)

Mr. McCORMACK. If the gentleman will yield further, it is quite legitimate to open this matter to discussion, but I am deeply concerned with the presumption that relationships between the University of California and the laboratory should be terminated, and that seems to be the thrust of the amendment the gentleman is offering.

Mr. BOB WILSON. No. The thrust is merely to set up a commission that would study the proposition and report back to us. This is not a statutory change; it is merely the setting up of a study to see if this meets with the concurrence of the regents of the University of California. From all we can see from prior evidence, that is the case.

Mr. McCORMACK. All right, then, if there is no presumption that the contract should be terminated, and there is no presumption in the amendment of the position of the people of California, then I have no objection to it. I think it is perfectly acceptable to open the discussion from both ends, an arm's length discussion between the people of the government of California and the Department of Energy or the Department of Defense.

Mr. BOB WILSON. As I said, all we are asking for is that the Secretary of Energy submit a contingency plan by February 1 with regard to the contract with the university regents. At that time we will have a chance to argue the merits of the plan that will be submitted.

Mr. McCORMACK. I thank the gentleman.

Mr. BOB WILSON. Mr. Chairman, I yield back the remainder of my time.

Mr. BROWN of California. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rose in connection with a similar amendment which was proposed in the DOE bill, the other portion of it, and I wanted to make clear in the record what my views are with regard to this specific amendment so that there would be no misunderstandings about the matter. I am well aware of the history of discussion within the academic community at the University of California with regard to the desirability of continuing with the contractural relationships. That has been a matter, as has happened on most campuses, where there is a defense relationship. It has been a matter of debate amongst some of the students and amongst the faculty and has been going on for several years in California.

The distinguished gentleman from California, the ranking minority member (Mr. Bob Wilson), said that the State of California had clearly indicated its views on this matter, and I think he was referring to this debate that has been going on and to the position of the Governor, which was for canceling the contract. But the actual position of the State of California is clearly represented by a vote of the board of regents to continue with this contract, after years of debate. There is no question about the position of the State of California, which is not always, as I think the Members of this House know, set forth accurately by the Governor of the State. So my concern is that we not misunderstand this. The regents, the governing body of the University of California, have overwhelmingly voted to continue with these contracts. Any presumption to the contrary is unwarranted, and the merit of this amendment is only as a contingency measure in the event that there should be some change in a situation, which I do not anticipate and I do not think anyone else anticipates.

Furthermore, I am deeply concerned, and I think sufficiently concerned, to vote against this amendment because of the fact that it singles out the University of California, when this same identical foment with regard to defense contracts and DOE contracts managed by universities exists wherever those contracts are. Hence, this contingency plan, which I concur with the gentleman is valuable, should be extended to all situations where circumstances of this sort might develop. I would hope the gentleman would concur with me in that.

Mr. BOB WILSON. Mr. Chairman, will the gentleman yield?

Mr. BROWN of California. Yes, I would be happy to yield to the gentleman.

Mr. BOB WILSON. Yes. I would say I would concur with the gentleman. As I said before, this is a proposal that they bring in a contingency plan and let us investigate it and study it. There is a problem, as the gentleman knows, among the requests. Some of the regents want to cancel the program entirely; some want to cancel just the military aspects of it and separate out the nonmilitary, and we cannot do it that way. It just does not work, and it is really an impossible suggestion. To have this thing sort of stirred up constantly is, I think, degrading somewhat the capability of the laboratories. I am very hopeful that when the Secretary of Energy does submit a contingency plan that we can have debate on the floor that will clear up this thing so that we will know that the Laboratories themselves can go ahead with the very good work that they are doing, not only in defense matters but in nondefense-related matters.

Mr. BROWN of California. I thank the gentleman for his point, with which I happen to agree. The personnel at the laboratory are disturbed by this foment. They are even going to be more disturbed by this amendment, I might say, because it is going to lead them to feel that despite the firm position taken by the regents and their own views for continuing the contract, the Congress may, because it has singled them out, singled the labs out with this amendment, feel that the situation ought to be changed. In other words, their fears are going to be changed from being directed at the regents to being directed at the Congress, and I would regret that very much. I would hope that the members of the committee, who I know are concerned with the best interests of the laboratories as well as with the defense of the country, could make it clear that this is merely prudent contingency planning and that it should be extended to every situation, we will say at least where there is a university-administered contract where this possibility is equally possible as it is at the University of California. I hope the committee will consider these points.

Mr. PRICE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, the gentleman from California (Mr. Brown) I think analyzed and stressed the fact that these conditions exist. I certainly will go along with the amendment, and I urge the Committee to approve the amendment.

☐ 1100

The CHAIRMAN. The question is on

the amendment offered by the gentleman from California (Mr. BOB WILSON).

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to the bill? If not, under the rule the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. BRODHEAD, Chairman of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2603) to authorize appropriations for the Department of Energy for national security programs for fiscal year 1980, and for other purposes, pursuant to House Resolution 471, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. THOMAS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 304, nays 28, not voting 101, as follows:

[Roll No. 643]

YEAS—304

Abdnor
Addabbo
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Annunzio
Anthony
Applegate
Archer
Aspin
Atkinson
Badham
Bafalis
Bailey
Baldus
Barnard
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Blanchard
Boland
Boner
Bonker
Bouquard
Brademas
Breaux
Brinkley
Brodhead
Broomfield
Brown, Calif.
Broyhill
Buchanan
Burgener
Burlison
Butler
Byron
Campbell
Carney
Carter
Chappell
Coleman
Collins, Ill.
Collins, Tex.
Conable
Conte
Corcoran
Coughlin
Courter
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, Mich.
Davis, S.C.
Deckard
Derrick
Derwinski
Devine
Dickinson
Diggs
Dingell
Dixon
Dodd
Donnelly
Dornan
Dougherty
Drinan
Duncan, Tenn.
Edwards, Okla.
Emery
English
Erdahl
Ertel
Evans, Del.
Evans, Ind.
Fary
Fascell
Fazio
Ferraro
Fish
Fisher
Fithian
Flippo
Foley
Ford, Tenn.
Fountain
Fowler
Frenzel
Frost
Fuqua
Gaydos
Gephardt
Gibbons
Gilman
Gingrich
Glickman
Goldwater
Gonzalez
Goodling
Gore
Gramm
Grassley
Green
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hanley
Hansen
Harkin
Harsha
Hefner
Hightower
Hillis
Hinson
Hollenbeck
Hopkins
Horton
Howard
Hubbard
Hughes
Hutto
Hyde
Ichord
Jacobs
Jeffords
Jeffries
Jenkins
Johnson, Colo.
Jones, Tenn.
Kazen
Kelly
Kildee
Kindness
Kogovsek
Kostmayer
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Lederer
Lehman
Leland
Lent
Levitas
Lewis
Lloyd
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Luken
Lundine
McClory
McCormack
McDade
McDonald
McHugh
McKinney
Madigan
Marks
Marlenee
Marriott
Martin
Matsui
Mattox
Mavroules
Mica
Michel
Miller, Ohio
Mineta
Minish
Mitchell, N.Y.
Moakley
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Mottl
Murphy, Ill.
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nelson
Nowak
O'Brien
Oberstar
Obey
Panetta
Pashayan
Patten
Patterson
Pease
Perkins
Petri
Peyser
Preyer
Price
Pritchard
Pursell
Quillen
Railsback
Rangel
Ratchford
Regula
Reuss
Rinaldo
Ritter
Robinson
Rodino
Roe
Rose
Rostenkowski
Roth
Roybal
Rudd
Russo
Santini
Satterfield
Sawyer
Scheuer
Schulze
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Solomon
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Steed
Stenholm
Stewart
Stockman
Stratton
Studds
Stump
Swift
Tauke
Thomas
Thompson
Traxler
Trible
Van Deerlin
Vander Jagt
Vanik
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Williams, Ohio
Wilson, Bob
Wirth
Wolff
Wolpe
Wyatt
Wylie
Yates
Yatron
Young, Mo.
Zablocki
Zeferetti

NAYS—28

AuCoin
Beilenson
Bingham
Bonior
Burton, Phillip
Chisholm
Clay
Conyers
Dellums
Downey
Eckhardt
Edwards, Calif.
Forsythe
Gray
Kastenmeier
Maguire
Markey
Miller, Calif.
Moffett
Ottinger
Paul
Rahall
Sabo
Seiberling
Simon
Stokes
Weaver
Weiss

NOT VOTING—101

Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Ashbrook
Ashley
Bedell
Boggs
Bolling
Bowen
Brooks
Brown, Ohio
Burton, John
Carr
Cavanaugh
Cheney
Clausen
Cleveland
Clinger
Coelho
Corman
Cotter
Crane, Philip
de la Garza
Dicks
Duncan, Oreg.
Early
Edgar
Edwards, Ala.
Erlenborn
Evans, Ga.
Fenwick
Findley
Flood
Florio
Ford, Mich.
Garcia
Giaimo
Ginn
Gradison
Hance
Harris
Hawkins
Heckler
Heftel
Holland
Holt
Holtzman
Huckaby
Ireland
Jenrette
Johnson, Calif.
Jones, N.C.
Jones, Okla.
Kemp
Leath, Tex.
Lee
Livingston
Lujan
Lungren
McCloskey
McEwen
McKay
Mathis
Mazzoli
Mikulski
Mitchell, Md.
Murphy, N.Y.
Nedzi
Nichols
Nolan
Oakar
Pepper
Pickle
Quayle
Rhodes
Richmond
Roberts
Rosenthal
Rousselot
Royer
Runnels
Schroeder
Sebelius
Skelton
Snowe
Spellman
Stark
Symms
Synar
Taylor
Treen
Udall
Ullman
Waxman
Wilson, C. H.
Wilson, Tex.
Winn
Wright
Wydler
Young, Alaska
Young, Fla.

☐ 1110

The Clerk announced the following pairs:

Mr. Richmond with Mr. Anderson of Illinois.

Mrs. Boggs with Mr. Gradison.

Mr. Corman with Mr. Quayle.

Mr. Hawkins with Mr. Andrews of North Dakota.

Mr. Giaimo with Mr. Brown of Ohio.

Mrs. Spellman with Mr. Hance.

Mr. Ullman with Mrs. Holt.

Mr. Murphy of New York with Mr. Rousselot.

Mr. Mitchell of Maryland with Mr. Royer.

Mr. Jones of North Carolina with Mr. Young of Florida.

Mr. Jenrette with Mr. Wydler.

Mr. Cotter with Mr. McEwen.

Mr. John L. Burton with Mr. Lujan.

Mr. Brooks with Mr. Clinger.

Mr. Ashley with Mr. Clausen.

Mr. Ford of Michigan with Mr. Kemp.

Ms. Holtzman with Mr. Symms.

Mr. Ireland with Mr. Taylor.

Mr. Johnson of California with Mr. Cheney.

Mr. Mazzoli with Mr. Cleveland.

Mr. Nedzi with Mr. McCloskey.

Mr. Wright with Mr. Livingston.

Mr. Charles H. Wilson of California with Mr. Philip M. Crane.

Mr. Nichols with Mr. Edwards of Alabama.

Mr. Pepper with Mr. Erlenborn.

Ms. Oakar with Mr. Wynn.

Mr. Roberts with Mr. Synar.

Mr. Rosenthal with Mrs. Snowe.

Mrs. Schroeder with Mrs. Fenwick.

Mr. Stark with Mr. Findley.

Mr. Pickel with Mr. Sebelius.

Mr. Udall with Mr. Young of Alaska.

Mr. Waxman with Mr. Huckaby.

Ms. Mikulski with Mr. Leath of Texas.

Mr. Mathis with Mr. Lee.

Mr. Heftel with Mr. Lungren.

Mr. Garcia with Mr. Andrews of North Carolina.

Mr. Bedell with Mrs. Heckler.

Mr. Ginn with Mr. Jones of Oklahoma.

Mr. Harris with Mr. Skelton.

Mr. Nolan with Mr. Charles Wilson of Texas.

Mr. Runnels with Mr. Holland.

Mr. McKay with Mr. Ashbrook.

Mr. Florio with Mr. Coelho.

Mr. Early with Mr. Dicks.

Mr. de la Garza with Mr. Edgar.

Mr. Bowen with Mr. Evans of Georgia.

Mr. Carr with Mr. Flood.

Mr. Cavanaugh with Mr. Duncan of Oregon.

Mr. BINGHAM and Mr. SIMON changed their votes from "yea" to "nay."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. PRICE. Mr. Speaker, pursuant to the provisions of House Resolution 471, I call up from the Speaker's table the Senate bill (S. 673) to authorize appropriations for the Department of Energy for national security programs for fiscal year 1980, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

MOTION OFFERED BY MR. PRICE

Mr. PRICE. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. PRICE moves to strike out all after the enacting clause of the Senate bill, S. 673, and to insert in lieu thereof the provisions of the bill, H.R. 2603, as passed, as follows:

That this Act may be cited as the "Department of Energy National Security and Military Applications of Nuclear Energy Authorization Act of 1980".

TITLE I—NATIONAL SECURITY PROGRAMS

OPERATING EXPENSES

SEC. 101. Funds are hereby authorized to be appropriated to the Department of Energy (hereinafter in this title referred to as the "Department") for fiscal year 1980 for operating expenses incurred in carrying out national security programs, including scientific research and development in support of the armed services, strategic and critical materials necessary for the common defense, and military applications of nuclear energy, as follows:

(1) For the defense inertial confinement fusion program—

(A) for glass laser experiments, $44,200,000;

(B) for gas laser experiments, $29,300,000;

(C) for electron and particle beam experiments, $12,200,000;

(D) for supporting research and experiments, $38,300,000, of which no more than $2,800,000 may be used to finance contract modification numbered ED–78–C–08–1598 or any revision or modification thereof; and

(E) for personnel, $1,090,000.

(2) For the naval reactor development program—

(A) for the naval reactor development program, $232,600,000; and

(B) for personnel, $8,767,000.

(3) For weapons activities—

(A) for research and development, $421,143,000;

(B) for weapons testing, $225,000,000;

(C) for production and surveillance, $772,000,000; and

(D) for personnel, $37,098,000.

(4) For verification and control technology (including personnel), $36,800,000.

(5) For materials production, to be administered by the Assistant Secretary for Defense Programs—

(A) for production reactor expenses, $180,300,000;

(B) for the processing of nuclear materials, $82,400,000;

(C) for supporting services, $67,714,000, of which $15,000,000 shall be used for the fiscal year 1980 increment of startup costs for the Purex chemical processing plant at Richland, Washington;

(D) for fluorinel processing of nonproduction fuels and related activities, $21,390,000;

(E) for advanced isotope separation research, $5,000,000; and

(F) for personnel, $944,000.

(6) For defense waste management (including $1,691,000 for personnel) $211,250,000, of which no funds may be used for the Waste Isolation Pilot Plant, Delaware Basin, southeast New Mexico.

(7) For the nuclear materials security and safeguards technology development program (defense program), including $3,560,000 for personnel, $43,227,000.

PLANT AND CAPITAL EQUIPMENT

SEC. 102. Funds are hereby authorized to be appropriated to the Department for fiscal year 1980, for plant and capital equipment, including planning, construction, acquisition, or modification of facilities (including land acquisition), and for acquisition and fabrication of capital equipment not related to construction, necessary for national security programs, as follows:

(1) For inertial confinement fusion:

Project 80–PE&D–1, plant engineering and design, $1,500,000.

Project 80–AE–11, target fabrication facility, Los Alamos Scientific Laboratory, New Mexico, $1,000,000.

Project 80–AE–12, target fabrication facility, Lawrence Livermore Laboratory, California, $1,000,000.

Project 75–3–b, high energy laser facility, Los Alamos Scientific Laboratory, New Mexico, an additional sum of $8,000,000, for a total project authorization of $62,500,000.

(2) For naval reactors development:

Project 80–AE–1, fluids and corrosion test facilities upgrading, various locations, $17,900,000.

Project 80–GPP–1, general plant projects, $3,300,000.

(3) For weapons activities:

Project 80–AE–4, addition to computer facility, Sandia Laboratories, Livermore, California, $2,800,000.

Project 80–AE–5, ground launched cruise missile (GLCM) warhead production facilities, various locations, $4,000,000.

Project 80–AE–6, utilities and equipment restoration, replacement and upgrade, various locations, $39,400,000.

Project 80–AE–8, advanced size reduction facilities, Rocky Flats Plant, Golden, Colorado, $5,000,000.

Project 80–AE–9, new polymer production facilities, Bendix Plant, Kansas City, Missouri, $1,400,000.

Project 80–AE–10, additional loading facilities, Savannah River Plant, Aiken, South Carolina, $3,500,000.

Project 80–AE–11, Pershing II warhead facilities, various locations, $5,000,000.

Project 80–GPP–1, general plant projects, $25,400,000.

Project 80–PE&D–1, plant engineering and design, $3,600,000.

Project 71–9, fire, safety, and adequacy of operating conditions projects, various locations, an additional sum of $7,000,000, for a total project authorization of $287,000,000.

Project 77–11–c, 8'' Artillery Fired Atomic Projectile (AFAP) production facilities, various locations, an additional sum of $4,600,000, for a total project authorization of $27,200,000.

Project 78–16–d, weapons safeguards, various locations, an additional sum of $2,000,000, for a total project authorization of $28,000,000.

Project 78–16–g, radioactive liquid waste improvement, Los Alamos Scientific Laboratory, New Mexico, an additional sum of $6,200,000, for a total project authorization of $12,500,000.

Project 79–7–b, fire protection improvements, Los Alamos Scientific Laboratory, New Mexico, an additional sum of $2,500,000, for a total project authorization of $4,500,000.

Project 79–7–c, proton storage ring, Los Alamos Scientific Laboratory, New Mexico, an additional sum of $11,700,000, for a total project authorization of $16,700,000.

Project 79–7–l, system research and development laboratory, Sandia Laboratories, Albuquerque, New Mexico, an additional sum of $12,000,000, for a total project authorization of $13,000,000.

Project 79–7–n, utility system restoration, Y–12 plant, Oak Ridge, Tennessee, an additional sum of $15,800,000, for a total project authorization of $18,000,000.

Project 79–7–o, universal pilot plant, Pantex Plant, Amarillo, Texas, an additional sum of $3,900,000, for a total project authorization of $7,400,000.

(4) For materials production:

Project 80–AE–2, replace obsolete processing facilities, HB Line, Savannah River, South Carolina, $19,000,000.

Project 80–AE–3, steam generation facilities, Idaho Chemical Processing Plant, Idaho, $10,000,000.

Project 80–GPP–1, general plant projects, $15,000,000.

Project 80–PE & D–1, plant engineering and design, $3,400,000.

Project 77–13–a, fluorinel dissolution process and fuel receiving improvements, Idaho Chemical Processing Plant, Idaho National Engineering Laboratory, Idaho, an additional sum of $54,400,000, for a total project authorization of $119,400,000.

Project 78–18–e, environmental, safety and security improvements to waste management and materials processing facilities, Richland, Washington, an additional sum of $11,500,000, for a total project authorization of $40,000,000.

Project 79–7–i, transmission and distribution systems upgrading, Richland, Washington, an additional sum of $7,000,000, for a total project authorization of $14,000,000.

(5) For defense waste management:

Project 80–GPP–1, general plant projects, $8,880,000.

Project 80–PE&D–1, plant engineering and design, $8,000,000, of which $3,000,000 shall be available only for plant engineering and design at the Savannah River Plant, Aiken, South Carolina.

Project 77–13–f, Waste Isolation Pilot Plant, Delaware Basin, southeast New Mexico (A–E, land lease acquisition and long-lead procurement), a reduction in the amount previously authorized of $30,000,000, for a total project authorization of $38,000,000.

Project 75–1–c, new Waste Calcining Facility, Idaho Falls, Idaho, an additional sum of $25,000,000, for a total project authorization of $90,000,000.

(6) For capital equipment not related to construction, as follows:

(A) For inertial confinement fusion, $10,100,000.

(B) For naval reactors development, $15,800,000.

(C) For weapons activities, $104,164,000.

(D) For verification and control technology, $1,060,000.

(E) For materials production, $35,000,000.

(F) For defense waste management, $12,000,000.

(G) For nuclear materials security and safeguards, $3,400,000.

TITLE II—GENERAL PROVISIONS

SEC. 201. Except as otherwise provided in this Act—

(1) no amount appropriated pursuant to this Act may be used for any program in excess of either (A) 105 percent of the amount authorized for that program by this Act, or (B) $10,000,000 more than the amount authorized for that program by this Act, whichever is the lesser, and

(2) no amount appropriated pursuant to this Act may be used for any program which has not been presented to, or requested of the Congress,

unless a period of thirty calendar days (not including any day in which either House of Congress is not in session because of adjournment of more than three calendar days to a day certain) has passed after the appropriate committees of Congress receive notice from the Secretary of Energy containing a full and complete statement of the action proposed to be taken and the facts and circumstances relied upon in support of such proposed action, or unless each such committee before the expiration of such period has transmitted to the Secretary written notice to the effect that such committee has no objection to the proposed action.

SEC. 202. The Secretary of Energy is authorized to start any project provided for under the general plant projects provisions set forth in this Act only if—

(1) the then maximum currently estimated cost of such project does not exceed

$750,000 and the then maximum currently estimated cost of any building included in such project does not exceed $300,000, except that the building cost limitation may be exceeded if the Secretary determines that it is necessary to do so in the interest of efficiency and economy, and

(2) the total cost of all projects undertaken under all general plant projects provisions in this Act does not exceed the estimated cost of all such projects by more than 25 percent.

SEC. 203. (a) Whenever the currently estimated cost of a line item construction project for which appropriations are authorized in section 102 of this Act exceeds by more than 25 percent the estimated cost for such project on the date of the enactment of this Act, such project may not be started or additional obligations incurred in excess of the amounts currently appropriated, as the case may be, unless (1) a period of thirty days (not including any day in which either House of Congress is not in session because of adjournment of more than three days to a day certain) has passed after the appropriate committees of Congress receive a notice from the Secretary of Energy containing a full and complete statement of the action proposed to be taken and the facts and circumstances relied upon in support of such proposed action, or (2) each such committee before the expiration of such period has transmitted to the Secretary of Energy written notice to the effect that such committee has no objection to the proposed action.

(b) The provisions of this section shall not apply to any project which has a currently estimated cost of less than $5,000,000.

SEC. 204. Subject to the provisions of appropriation Acts, amounts appropriated pursuant to this Act for management and support activities and for general plant projects are available for use, when necessary, in connection with all national security programs of the Department of Energy.

SEC. 205. When so specified in an appropriation Act, funds authorized to be appropriated by this Act may be transferred to other agencies of the Government for the performance of the work for which the appropriation is made, and in such cases the sums so transferred may be merged with the appropriations to which they are transferred.

SEC. 206. The Secretary of Energy is authorized to perform construction design services for any construction project of the Department of Energy in support of national security programs which have been presented to the Congress, in amounts not in excess of the amounts specified in section 102 for plant engineering and design. In any case in which the estimated design cost for any project is in excess of $300,000, the Secretary shall notify the appropriate committees of Congress in writing of the estimated design cost for such project at least thirty days before any funds are obligated for design services for such project.

SEC. 207. In addition to construction design services performed with plant engineering and design funds, the Secretary of Energy is authorized to perform construction design services for any Department of Energy defense activity construction project whenever (1) such construction project has been included in a proposed authorization bill transmitted to the Congress by the Secretary, and (2) the Secretary determines that the project is of such urgency in order to meet the needs of national defense or protection of life and property or health and safety that construction of the project should be initiated promptly upon enactment of legislation appropriating funds for its construction.

SEC. 208. Appropriations authorized by this Act for salary, pay, retirement, or other benefits for Federal employees may be increased by such amounts as may be necessary for increases in such benefits authorized by law.

SEC. 209. When so specified in an appropriation Act, amounts appropriated for "Operating expenses" or for "Plant and capital equipment" may remain available until expended.

SEC. 210. None of the funds authorized to be appropriated by this or any other Act may be used for any purpose related to licensing of any defense activity or facility of the Department of Energy by the Nuclear Regulatory Commission.

SEC. 211. None of the funds authorized to be appropriated by this or any other Act may be used to pay any penalty, fine, forfeiture, or settlement resulting from a failure to comply with the Clean Air Act (42 U.S.C. 7401 et seq.) with respect to any defense activity of the Department of Energy if (1) the Secretary of Energy finds that compliance is physically impossible within the time prescribed for compliance, or (2) the President has specifically requested appropriations for compliance as a part of the budgetary process and the Congress has failed to make available such appropriations.

SEC. 212. Beginning in fiscal year 1980, the Secretary of Energy shall ensure that the contract for the delivery of byproduct steam to the Washington Public Power Supply System is renegotiated in such a manner that the United States will recover the fair market value of the steam so delivered.

SEC. 213. (a) The Secretary of Energy shall proceed with the Waste Isolation Pilot Plant construction project authorized to be carried out in the Delaware Basin of southeast New Mexico (project 77-13-f) in accordance with the authorization for such project as modified by this section. Notwithstanding any other law, the Waste Isolation Pilot Plant is authorized as a defense activity of the Department of Energy, administered by the Assistant Secretary of Energy for Defense Programs, for the express purpose of providing a research and development facility to demonstrate the safe disposal of radioactive wastes resulting from the defense activities and programs of the United States exempted from regulation by the Nuclear Regulatory Commission.

(b) (1) In carrying out such project, the Secretary shall consult and cooperate with the appropriate officials of the State of New Mexico, with respect to the public health and safety concerns of such State in regard to such project and shall, consistent with the purposes of subsection (a), give consideration to such concerns and cooperate with such officials in resolving such concerns.

(2) The Secretary of Energy may not enter into any agreement or make any commitment under which the State of New Mexico, or any official of such State, could in effect veto such project.

(c) No law enacted after the date of the enactment of this Act shall be held, considered, or construed as amending, superseding, or otherwise modifying any provision of this section unless such law does so by specifically and explicitly amending, repealing, or superseding this section.

SEC. 214. (a) As soon as practicable and not later than February 1, 1980, the Secretary of Energy shall submit to the Congress a plan for the termination of the performance of work of the Department of Energy at the Ernest Orlando Lawrence Livermore Laboratory and at the Los Alamos Scientific Laboratory under contracts numbered W-7405-ENG-36 and W-7405-ENG-48 between the United States and the Regents of the University of California (a corporation of the State of California). Such plan shall include provisions to assure that such a termination of work would be conducted in accordance with the terms of such contracts.

(b) The Secretary of Energy shall study the types of contracts that would best provide for the continued performance of the work performed under the contracts referred to in subsection (a). The Secretary shall include in any contract proposed to replace such contracts terms to assure that—

(1) the paramount objectives and missions of such laboratories continue to be in the field of national security;

(2) the transition from management of such laboratories by the University of California to management by any new contractor will be orderly, involve a minimum of uncertainty, and provide employee rights and benefits (including rights and benefits with respect to pensions and retirement) reasonably comparable to those currently provided employees of the laboratories by the Regents of the University of California; and

(3) any new contractor may retain as many of the current management officials and employees of the laboratories as may be consistent with maintaining and fostering excellence in carrying out the functions assigned to the laboratories.

(c) (1) The Los Alamos Scientific Laboratory at Los Alamos, New Mexico, shall after the date of the enactment of this Act be known and designated as the "Los Alamos National Scientific Laboratory". Any reference in any law, map, regulation, document, record, or other paper of the United States to the Los Alamos Scientific Laboratory shall after such date be considered to be a reference to the Los Alamos National Scientific Laboratory.

(2) The Ernest Orlando Lawrence Livermore Laboratory at Livermore, California, shall after the date of the enactment of this Act be known and designated as the "Ernest Orlando Lawrence Livermore National Laboratory". Any reference in any law, map, regulation, document, record, or other paper of the United States to the Ernest Orlando Lawrence Livermore Laboratory shall after such date be considered to be a reference to the Ernest Orlando Lawrence Livermore National Laboratory.

(3) The Sandia Laboratories at Albuquerque, New Mexico, and Livermore, California, shall after the date of the enactment of this Act be known and designated as the "Sandia National Laboratories". Any reference in any law, map, regulation, document, record, or other paper of the United States to the Sandia Laboratories shall after such date be considered to be a reference to the Sandia National Laboratories.

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill to authorize appropriations for the Department of Energy for national security programs for fiscal year 1980, and for other purposes."

A motion to reconsider was laid on the table.

A similar House bill (H.R. 2603) was laid on the table.

□ 1120

APPOINTMENT OF CONFEREES ON S. 673

Mr. PRICE. Mr. Speaker, I ask unanimous consent that the House insist on its amendments to the Senate bill, S. 673, and request a conference with the Senate thereon.

The SPEAKER pro tempore (Mr. KAZEN). Is there objection to the request of the gentleman from Illinois? The Chair hears none and, without objection, appoints the following conferees: Messrs. PRICE, CHARLES H. WILSON of California, DAN DANIEL, CARR, STUMP, BOB WILSON, Mrs. HOLT, and Mr. ROBERT W. DANIEL, JR.

There was no objection.

AUTHORIZING CLERK TO MAKE CORRECTIONS IN ENGROSSMENT OF HOUSE AMENDMENTS TO S. 673

Mr. PRICE. Mr. Speaker, I ask unanimous consent that in the engrossment of the House amendments to the Senate bill, S. 673, the Clerk be authorized to make necessary technical corrections, including section numbers, punctuation and cross references, as may be necessary, to reflect the actions of the House in amending the bill, H.R. 2603.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

MOTION TO CLOSE CONFERENCE COMMITTEE MEETINGS ON S. 673 AT CERTAIN TIMES

Mr. PRICE. Mr. Speaker, I offer a motion.

The SPEAKER pro tempore. The Clerk will report the motion.

The Clerk read as follows:

> Mr. PRICE moves that, pursuant to rule XXVIII, paragraph 6. (a) of the House rules, the conference committee meetings between the House and the Senate on the Senate bill, S. 673, be closed to the public at such times as national security information is under consideration: *Provided, however,* That any sitting Member of Congress shall have the right to attend any closed or open meeting.

The SPEAKER pro tempore. The Chair will advise the House that this motion will require a rollcall vote.

The gentleman from Illinois (Mr. PRICE) is recognized for 1 hour.

Mr. PRICE. Mr. Speaker, I ask for a vote, and I yield back the balance of my time.

Mr. Speaker, I move the previous question on the motion.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois (Mr. PRICE).

All those in favor of the motion will vote, "yea," those opposed will vote "nay."

The vote was taken by electronic device, and there were—yeas 325, nays 0, answered "present" 1, not voting 107, as follows:

[Roll No. 644]

YEAS—325

Abdnor
Addabbo
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Annunzio
Anthony
Applegate
Aspin
Atkinson
AuCoin
Badham
Bafalis
Bailey
Baldus
Barnard
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Blanchard
Boland
Boner
Bonior
Bouquard
Brademas
Breaux
Brinkley
Brodhead
Broomfield
Brown, Calif.
Broyhill
Buchanan
Burgener
Burlison
Burton, Phillip
Butler
Byron
Campbell
Carney
Carr
Carter
Chappell
Clay
Coleman
Collins, Ill.
Collins, Tex.
Conable
Conte
Conyers
Corcoran
Coughlin
Courter
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, Mich.
Davis, S.C.
Deckard
Dellums
Derrick
Derwinski
Devine
Dickinson
Dingell
Dixon
Dodd
Donnelly
Dornan
Dougherty
Downey
Drinan
Duncan, Tenn.
Eckhardt
Edgar
Edwards, Calif.
Edwards, Okla.
Emery
English
Erdahl
Ertel
Evans, Del.
Evans, Ind.
Fary
Fascell
Fazio
Ferraro
Fish
Fisher
Fithian
Flippo
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fowler
Frenzel
Frost
Fuqua
Gaydos
Gephardt
Giaimo
Gibbons
Gilman
Gingrich
Goldwater
Gonzalez
Goodling
Gore
Gramm
Grassley
Gray
Green
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Tex.
Hamilton
Hammerschmidt
Hanley
Hansen
Harkin
Harsha
Hefner
Hightower
Hillis
Hinson
Hollenbeck
Hopkins
Horton
Howard
Hubbard
Hughes
Hutto
Hyde
Ichord
Jacobs
Jeffords
Jeffries
Jenkins
Johnson, Colo.
Jones, Tenn.
Kastenmeier
Kazen
Kelly
Kildee
Kindness
Kogovsek
Kostmayer
Kramer
LaFalce
Lagomarsino
Leach, Iowa
Leach, La.
Lederer
Lehman
Leland
Lent
Levitas
Lewis
Lloyd
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Luken
Lundine
McClory
McCormack
McDade
McDonald
McHugh
McKinney
Madigan
Maguire
Markey
Marks
Marlenee
Marriott
Martin
Matsui
Mattox
Mavroules
Mica
Michel
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Mottl
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nelson
Nowak
O'Brien
Oberstar
Obey
Ottinger
Panetta
Pashayan
Patten
Patterson
Paul
Pease
Perkins
Petri
Peyser
Preyer
Price
Pritchard
Pursell
Quillen
Rahall
Railsback
Rangel
Ratchford
Regula
Reuss
Rinaldo
Ritter
Robinson
Rodino
Roe
Rose
Rostenkowski
Roth
Roybal
Rudd
Russo
Sabo
Santini
Satterfield
Sawyer
Scheuer
Schulze
Seiberling
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Simon
Smith, Iowa
Smith, Nebr.
Snyder
Solomon
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Steed
Stenholm
Stewart
Stockman
Stokes
Stratton
Studds
Stump
Swift
Tauke
Thomas
Thompson
Trible
Vander Jagt
Vanik
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Weaver
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Williams, Ohio
Wilson, Bob
Wirth
Wolff
Wolpe
Wyatt
Wylie
Yates
Yatron
Young, Mo.
Zablocki
Zeferetti

NAYS—0

ANSWERED "PRESENT"—1

Van Deerlin

NOT VOTING—107

Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Archer
Ashbrook
Ashley
Bedell
Boggs
Bolling
Bonker
Bowen
Brooks
Brown, Ohio
Burton, John
Cavanaugh
Cheney
Chisholm
Clausen
Cleveland
Clinger
Coelho
Corman
Cotter
Crane, Philip
de la Garza
Dicks
Diggs
Duncan, Oreg.
Early
Edwards, Ala.
Erlenborn
Evans, Ga.
Fenwick
Findley
Flood
Garcia
Ginn
Glickman
Gradison
Hall, Ohio
Hance
Harris
Hawkins
Heckler
Heftel
Holland
Holt
Holtzman
Huckaby
Ireland
Jenrette
Johnson, Calif.
Jones, N.C.
Jones, Okla.
Kemp
Latta
Leath, Tex.
Lee
Livingston
Lujan
Lungren
McCloskey
McEwen
McKay
Mathis
Mazzoli
Mikulski
Mitchell, Md.
Murphy, Ill.
Murphy, N.Y.
Nedzi
Nichols
Nolan
Oakar
Pepper
Pickle
Quayle
Rhodes
Richmond
Roberts
Rosenthal
Rousselot
Royer
Runnels
Schroeder
Sebelius
Skelton
Slack
Snowe
Solarz
Spellman
Stark
Symms
Synar
Taylor
Traxler
Treen
Udall
Ullman
Waxman
Wilson, C. H.
Wilson, Tex.
Winn
Wright
Wydler
Young, Alaska
Young, Fla.

☐ 1130

So the motion was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. PRICE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include extraneous matter, on the bill just passed and on the motion to close the conference.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

PERMISSION FOR COMMITTEE ON APPROPRIATIONS TO FILE REPORT ON HOUSE JOINT RESOLUTION 440, FURTHER CONTINUING APPROPRIATIONS, 1980

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tonight to file a report on the joint resolution (H.J. Res. 440) making further continuing appropriations for fiscal year 1980.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

MAKING IN ORDER ON TUESDAY NEXT, OR ANY DAY THEREAFTER, CONSIDERATION IN THE HOUSE, AS IN COMMITTEE OF THE WHOLE, HOUSE JOINT RESOLUTION 440, FURTHER CONTINUING APPROPRIATIONS, 1980

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that it may be in order on Tuesday next, or any day thereafter, to consider in the House as in the Committee of the Whole the joint resolution (H.J. Res. 440) making further continuing appropriations for fiscal year 1980, and for other purposes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

CONFERENCE REPORT ON S. 239, DOMESTIC VOLUNTEER SERVICE ACT AMENDMENTS OF 1979

Mr. PERKINS submitted the following conference report and statement on the Senate bill (S. 239) to authorize

appropriations for programs under the Domestic Volunteer Service Act of 1973, to amend such act to facilitate the improvement of programs carried out thereunder, and for other purposes:

Conference Report (H. Rept. No. 96–606)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 239) to authorize appropriations for programs under the Domestic Volunteer Service Act of 1973, to amend such Act to facilitate the improvement of programs carried out thereunder, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

That this Act may be cited as the "Domestic Volunteer Service Act Amendments of 1979".

ASSIGNMENT OF VOLUNTEERS

Sec. 2. (a) Section 103(b) of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4951 et seq.) (hereinafter in this Act referred to as "the Act") is amended by—

(1) striking out in the second sentence "Prior to" and inserting in lieu thereof "Not later than 30 days after"; and

(2) adding at the end the following new sentence: "The Director shall offer to provide each volunteer enrolled for a period of full-time service of not less than one year under this title, and, upon the request of such volunteer, provide such volunteer with an individual and updated plan as described in the preceding two sentences.".

(b) Section 103(d) of the Act is amended by—

(1) inserting "in a program or project" after "work";

(2) inserting "or project" after "program"; and

(3) striking out in the first sentence "has not" and all that follows through the end of such subsection and inserting in lieu thereof "such Governor or other chief executive officer has not, within 45 days of the date of such submission, notified the Director in writing, supported by a statement of reasons, that such Governor or other chief executive officer disapproves such program or project. In the event of a timely request in writing, supported by a statement of reasons, by the Governor or other chief executive officer of the State concerned, the Director shall terminate a program or project or the assignment of a volunteer to a program or project not later than 30 days after the date such request is received by the Director, or at such later date as is agreed upon by the Director and such Governor or other chief executive officer."

SUPPORT SERVICES

Sec. 3. The first sentence of section 105(a)(2) of the Act is amended to read as follows: "Stipends shall be payable only upon completion of a period of service, except that under such circumstances as the Director shall determine, in accordance with regulations which the Director shall prescribe, the accrued stipend, or any part of the accrued stipend, may be paid to the volunteer, or, on behalf of the volunteer, to members of the volunteer's family or others during the period of the volunteer's service.".

LIMITATION ON USE OF FUNDS FOR CERTAIN GRANTS

Sec. 4. (a) Section 108 of the Act is amended by—

(1) striking out "20" and inserting in lieu thereof "16"; and

(2) adding at the end the following new sentence: "During the fiscal year ending September 30, 1980—

"(1) in no event may in excess of $5,800,000 be used pursuant to grants and contracts under this part for the direct cost of supporting such volunteers; and

"(2) funds obligated pursuant to such grants and contracts for such cost may be used to support no greater number of years of volunteer service than the number of such years supported during the fiscal year ending September 30, 1979, pursuant to grants and contracts for such cost.".

(b) Section 108 of the Act, as amended in subsection (a), is further amended by inserting "(a)" after "Sec. 108." and by adding at the end the following new subsection:

"(b) No funds shall be obligated under this part pursuant to grants or contracts made after the date of the enactment of the Domestic Volunteer Service Act Amendments of 1979 for new projects for the direct cost of supporting volunteers unless the recipient of each such grant or contract has been selected through a competitive process which includes—

"(1) public announcements of the availability of funds for such grants or contracts, general criteria for the selection of new recipients, and a description of the application process and the application review process; and

"(2) a requirement that each applicant for any such grant or contract identify, with sufficient particularity to assure that the assignments of volunteers under such grants and contracts will carry out the purpose of this part, the particular poverty or poverty-related human, social, or environmental problems on which the grant or contract will focus, and any such grant or contract shall specifically so identify such problems.".

SERVICE IN UNIVERSITY YEAR FOR ACTION PROGRAMS

Sec. 5. Section 113(a) of the Act is amended by striking out "and" and inserting in lieu thereof "except that volunteers serving in the University Year for ACTION program may be enrolled for periods of service of not less than the duration of an academic year, but volunteers enrolled for less than 12 months shall not receive stipends under section 105(a)(1). Volunteers serving under this part".

SPECIAL SERVICE-LEARNING PROGRAMS

Sec. 6. Section 114(a) of the Act is amended by—

(1) striking out in the first sentence "10" and inserting in lieu thereof "22"; and

(2) striking out in the last sentence "$6,700,000" both places it appears and inserting in lieu thereof "$4,000,000".

SPECIAL VOLUNTEER PROGRAMS

Sec. 7 (a) Section 122(a) of the Act is amended by—

(1) inserting "in urban and rural areas" after "programs" the first place it appears;

(2) striking out "and" the first place it appears, and by inserting after "abusers" a comma and "a program of assistance to victims of domestic violence, a program to provide technical and management assistance to distressed communities, a program designed to provide personal and group financial counseling to low-income and fixed-income individuals (utilizing volunteers with specialized or technical expertise), and a Helping Hand program"; and

(3) adding at the end the following new sentence: "In carrying out programs authorized by this part, the Director is authorized to provide for the recruitment, selection, and training of volunteers.".

(b) Section 122(a) of the Act, as amended in subsection (a), is further amended by inserting "(1)" after "Sec. 122. (a)" and by adding at the end the following new paragraph:

"(2) For purposes of this subsection, the term 'Helping Hand' program means a program utilizing person-to-person services to reduce the necessity for institutionalization (in hospitals, mental institutions, nursing homes, other extended-care settings, and other facilities) and to ameliorate residential isolation (through senior centers, half-way house facilities, and other residential settings) of older persons, handicapped persons, and other affected persons, stressing interactions between persons from various age groups, particularly young and old, and carried out in coordination with the appropriate State system for the protection and advocacy of the rights of persons with developmental disabilities established pursuant to section 113 of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6012).".

(c) Section 122(c) of the Act is amended to read as follows:

"(c)(1) The Director, in accordance with regulations which the Director shall prescribe, may provide to volunteers enrolled for periods of part-time service of not less than 20 hours per week for not less than 26 consecutive weeks under this part such allowances, support, and services as are described in section 105(b) and as the Director determines are necessary to carry out the purpose of this part, and shall apply the provisions of sections 104(c) and 105(b) to the service of volunteers enrolled for full-time service under this part.

"(2) The Director, in accordance with regulations which the Director shall prescribe with respect to volunteers enrolled for periods of full-time service of not less than one year under this part—

"(A) may provide to such volunteers such stipends, in total amounts not in excess of stipends provided under section 105(a) to volunteers serving under part A of this title, as the Director determines are necessary to carry out the purpose of this part; and

"(B) to the extent that the terms and conditions of the service of such volunteers are of similar character to the terms and conditions of the service of volunteers enrolled under part A of this title, shall apply to the service of such volunteers enrolled under this part the provisions of sections 103(b) relating to low-income community volunteers, 103(d), 104(d), and 105(a) to the extent such provisions are applied to the service of volunteers enrolled under such part A.".

(d) Not later than 18 months after funds are first made available to carry out activities under the amendments to part C of title I of the Act made by this section, the Director of the ACTION Agency shall submit to the appropriate committees of the Congress a report on programs, activities, grants, and contracts so carried out, including a description of all programs established and contracts and grants made under such amended provisions, the amounts of funds obligated for such programs, activities, grants, and contracts under such amended provisions, and the specific arrangements for the conduct of evaluations of such programs, activities, grants. and contracts pursuant to section 417 of the Act.

PROHIBITION OF USE OF FUNDS FOR CERTAIN POLITICAL OR LOBBYING ACTIVITIES

Sec. 8. (a) Section 403(a) of the Act is amended by—

(1) inserting in the first sentence "or the outcome of any election to any State or local public office," after "Federal office,"; and

(2) inserting in the last sentence "(when referring to an election for Federal office)" before "has the same meaning" the first place it appears.

(b) Section 403(b) of the Act is amended by—

(1) inserting "(1)" after "(b)";

(2) redesignating clause (1), clause (2), and clause (3) as clause (A), clause (B), and clause (C), respectively;

(3) designating the last sentence of such subsection as subsection (c); and

(4) inserting after paragraph (1) (as so redesignated in clause (1) of this subsection), and before subsection (c) (as so designated in clause (3) of this subsection), the following new paragraph:

"(2) No funds appropriated to carry out this Act shall be used by any program assisted under this Act in any activity for the purpose of influencing the passage or defeat of legislation or proposals by initiative petition, except—

"(A) in any case in which a legislative body, a committee of a legislative body, or a member of a legislative body requests any volunteer in, or employee of, such a program to draft, review, or testify regarding measures or to make representations to such legislative body, committee, or member; or

"(B) in connection with an authorization or appropriations measure directly affecting the operation of the program.".

SPECIAL LIMITATIONS

SEC. 9. Section 404(g) of the Act is amended by—

(1) inserting "(1)" after "(g)";

(2) inserting before the period at the end of such paragraph (as so redesignated in clause (1) of this section) a comma and "except that this paragraph shall not apply in the case of such payments when the Director determines that the value of all such payments, adjusted to reflect the number of hours such volunteers are serving, is equivalent to or greater than the minimum wage then in effect under the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.) or the minimum wage, under the laws of the State where such volunteers are serving, whichever is the greater"; and

(3) adding at the end the following new paragraph:

"(2) Nowithstanding any other provision of law, a person enrolled for full-time service as a volunteer under title I of this Act who was otherwise entitled to receive assistance or services under any governmental program prior to such volunteer's enrollment shall not be denied such assistance or services because of such volunteer's failure or refusal to register for, seek, or accept employment or training during the period of such service.".

COORDINATION WITH OTHER PROGRAMS

SEC. 10. Section 410 of the Act is amended by adding at the end the following new sentence: "The Director, in consultation with the Director of the Office of Personnel Management and the Secretaries of Labor, Commerce, and the Treasury and officials of other appropriate departments and agencies, shall take all appropriate steps to encourage State and local governments, charitable and service organizations, and private employers (1) to take into account experience in volunteer work in the consideration of applicants for employment; and (2) to make provisions for the listing and description of volunteer work on all employment application forms.".

APPLICATION OF FEDERAL LAW

SEC. 11. (a) Section 415(b) of the Act is amended by—

(1) striking out in the first sentence "in programs under title I of this Act for periods of service of at least one year" and inserting in lieu thereof "as volunteers for periods of full-time service, or, as the Director deems appropriate in accordance with regulations, for periods of part-time service of not less than 20 hours per week for not less than 26 consecutive weeks, under title I of this Act";

(2) striking out in clause (3) "and";

(3) striking out in clause (4)(A) "the monthly pay of a volunteer shall be deemed that received under the entrance salary for a grade GS-7 employee," and inserting in lieu thereof "the annual rate of pay of a volunteer enrolled for a period of full-time service under such title I shall be deemed to be that received under the entrance salary for a grade GS-7 employee, and the annual rate of pay of a volunteer enrolled for a period of part-time service under such title I shall be deemed to be such entry salary or an appropriate portion thereof as determined by the Director,"; and

(4) inserting before the period at the end a comma and the following: "and (5) be deemed employees of the United States for the purposes of section 5584 of title 5, United States Code (and stipends and allowances paid under this Act shall be considered as pay for such purposes)".

(b) Section 415 of the Act is amended by adding at the end the following new subsection:

"(f)(1) The remedy—

"(A) against the United States provided by sections 1346(b) and 2672 of title 28, United States Code, or

"(B) through proceedings for compensation or other benefits from the United States as provided by any other law, where the availability of such benefits precludes a remedy under section 1346(b) or 2672 of such title 28,

for damages for personal injury, including death, allegedly arising from malpractice or negligence of a physician, dentist, podiatrist, optometrist, nurse, physician assistant, expanded-function denial auxiliary, pharmacist, or paramedical (for example, medical and dental technicians, nursing assistants, and therapists) or other supporting personnel in furnishing medical care or treatment while in the exercise of such person's duties as a volunteer enrolled under title I of this Act shall be exclusive of any other civil action or proceeding by reason of the same subject matter against such person (or such person's estate) whose action or omission gave rise to such claim.

"(2) The Attorney General of the United States shall defend any civil action or proceeding brought in any court against any person referred to in paragraph (1) of this subsection (or such person's estate) for any such damage or injury. Any such person against whom such civil action or proceeding is brought shall deliver, within such time after date of service or knowledge of service as determined by the Attorney General, all process served upon such person or an attested true copy thereof to such person's immediate supervisor or to whomever is designated by the Director to receive such papers, and such person shall promptly furnish copies of the pleading and process therein to the United States attorney for the district embracing the place wherein the proceeding is brought and to the Attorney General.

"(3) Upon a certification by the Attorney General that the defendant was acting in the scope of such person's volunteer assignment at the time of the incident out of which the suit arose, any such civil action or proceeding commenced in a State court shall be removed without bond at any time before trial by the Attorney General to the district court of the United States of the district and division embracing the place wherein it is pending and the proceeding deemed a tort action brought against the United States under the provisions of title 28, United States Code, and all references thereto. After removal the United States shall have available all defenses to which it would have been entitled if the action had originally been commenced against the United States. Should a district court of the United States determine on a hearing on a motion to remand held before a trial on the merits that the volunteer whose act or omission gave rise to the suit was not acting within the scope of such person's volunteer assignment, the case shall be remanded to the State court.

"(4) The Attorney General may compromise or settle any claim asserted in such civil action or proceeding in the manner provided in section 2677 of title 28, United States Code, and with the same effect.".

NONDISCRIMINATION PROVISIONS

SEC. 12. (a) Section 417(a) of the Act is amended by—

(1) inserting "handicap," after "age,"; and

(2) adding at the end the following new sentence: "For purposes of this subsection, and for purposes of title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.), section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and the Age Discrimination Act of 1975 (Public Law 94-135, title III; 42 U.S.C. 6101 et seq.), any program, project, or activity to which volunteers are assigned under this Act shall be deemed to be receiving Federal financial assistance.".

(b) Section 417 of the Act is amended by adding at the end the following new subsection:

"(c)(1) The Director shall apply the nondiscrimination policies and authorities set forth in section 717 of the Civil Rights Act of 1964 (42 U.S.C. 2000e-16), in title V of the Rehabilitation Act of 1973 (29 U.S.C. 791 et seq.), and in the Age Discrimination Act of 1975 (Public Law 94-135, title III; 42 U.S.C. 6101 et seq.) to applicants for enrollment for service as volunteers, and to volunteers serving, under this Act and the Peace Corps Act (22 U.S.C. 2501 et seq.). Any remedies available to individuals under such laws, other than the right of appeal to the Civil Service Commission authorized by section 717 of the Civil Rights Act of 1964, and transferred to the Equal Employment Opportunity Commission by Reorganization Plan Number 1 of 1978, shall be available to such applicants or volunteers.

"(2) Not later than 90 days after the date of the enactment of the Domestic Volunteer Service Act Amendments of 1979, the Director, after consultation with the Equal Employment Opportunity Commission with regard to the application of the policies set forth in section 717 of the Civil Rights Act of 1964 (42 U.S.C. 2000e-16) and with the Interagency Coordinating Council, established by section 507 of the Rehabilitation Act of 1973 (29 U.S.C. 797), and the Interagency Committee on Handicapped Employees, established by section 501(a) of the Rehabilitation Act of 1973 (29 U.S.C. 791(a)), with regard to the application of the policies set forth in title V of the Rehabilitation Act of 1973 (29 U.S.C. 791 et seq.), and, not later than 90 days after the Secretary of Health, Education, and Welfare or the Secretary of Health, and Human Resources, as the case may be, publishes final general regulations to carry out the Age Discrimination Act of 1975 (Public Law 94-135, title III; 42 U.S.C. 6101 et seq.), and after consultation with the Secretary with regard to the application of the policies set forth in such Act, shall prescribe regulations establishing the procedures for the application of such policies and the provision of such remedies so as to promote the enrollment and service of persons as volunteers without regard to the discriminatory factors described in such laws.".

REQUIREMENTS FOR PRESCRIBING REGULATIONS

SEC. 13. (a) Section 420 of the Act is amended to read as follows:

"Requirements for Prescribing Regulations

"Sec. 420. (a) For purposes of this section—

"(1) the term 'regulation' means any rule, regulation, guideline, interpretation, order, or requirement of general applicability prescribed by the Director pursuant to this Act; and

"(2) the term 'Committees' means the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

"(b) Regulations prescribed by the Director or by any other officer of the ACTION Agency, in connection with, or affecting, the administration of any program carried out under this Act shall contain, immediately following each substantive provision of such regulations, citations to the particular section or sections of statutory law or other legal authority upon which such provision is based.

"(c)(1) Except as provided in paragraph (2)(B) of this subsection, no proposed regulation prescribed pursuant to this Act for the administration of any program carried out under this Act may take effect until 30 calendar days after it is published in the Federal Register.

"(2)(A) During the 30-day period before the date upon which such regulation is to be effective, the Director shall, in accordance with the provisions of section 553 of title 5, United States Code, offer any interested party an opportunity to make comment upon, and take exception to, such regulation and shall reconsider any such regulation upon which comment is made or to which exception is taken.

"(B) If the Director determines that the 30-day requirement in paragraph (1) of this subsection would cause undue delay in the implementation of a regulation, thereby causing substantial hardship for the intended beneficiaries of any program carried out under this Act, the Director may waive the application of such requirement and shall immediately submit a notice of such determination and waiver, including a statement of the reasons therefor, to the Committees.

"(d) Concurrently with the publication in the Federal Register of any final regulation, a copy of such final regulation shall be transmitted to the Speaker of the House of Representatives and the President of the Senate. Except as is provided in the following sentence, no such final regulation may take effect until 45 calendar days after such transmission. If the Director determines that such 45-day requirement would cause undue delay in the implementation of the regulation, thereby causing substantial hardship for the intended beneficiaries of any program carried out under this Act, the Director may waive the application of such requirement and shall promptly submit a notice of such determination and waiver, including a statement of the reasons therefor, to the Committees.

"(e) Not later than 60 days after the date of the enactment of any Act affecting the administration of any program carried out under this Act, the Director shall submit to the Committees a schedule in accordance with which the Director has planned to prescribe final regulations implementing such Act or part of such Act. Such schedule shall provide that all such final regulations shall be prescribed not later than 180 days after the submission of such schedule. Except as is provided in the following sentence, all such final regulations shall be prescribed in accordance with such schedule. If the Director determines that, due to circumstances unforeseen at the time of the submission of any such schedule, the schedule submitted pursuant to this subsection cannot be met, the Director shall submit a notice of such determination, including a statement of the reasons therefor, to the Committees and shall submit a new schedule which shall then be considered, for the purposes of this subsection, as the schedule originally submitted in connection with the enactment of the Act involved.".

(b) The table of contents for the Act is amended by striking out the item relating to section 420 and inserting in lieu thereof the following new item:

"Sec. 420. Requirements for prescribing regulations.".

REDUCTION OF PAPERWORK; REVIEW OF PROJECT RENEWALS

SEC. 14. (a) Title IV of the Act is amended by adding at the end the following new sections:

"REDUCTION OF PAPERWORK

"SEC. 423. In order to reduce unnecessary, duplicative, or disruptive demands for information, the Director, in consultation with other appropriate agencies and organizations, shall continually review and evaluate all requests for information made under this Act and take such action as may be necessary to reduce the paperwork required under this Act. The Director shall request only such information as the Director deems essential to carry out the purposes and provisions of this Act.

"REVIEW OF PROJECT RENEWALS

"SEC. 424. If the executive authority of any State or local government submits to the Director, not later than 30 days before the expiration of any contract or grant to carry out any project under this Act, a statement which objects to the renewal of such contract or grant, then the Director shall (1) review such statement and take it into account in determining whether to renew such contract or grant; and (2) submit to such executive authority a written statement of reasons regarding the Director's determination with respect to such renewal and specifically with respect to any objection so submitted.".

(b) The table of contents for the Act is amended by inserting after the item relating to section 422 the following new items:

"Sec. 423. Reduction of paperwork.

"Sec. 424. Review of project renewals.".

AUTHORIZATIONS OF APPROPRIATIONS

SEC. 15. (a) Section 501(a) of the Act is amended by—

(1) striking out in the first sentence "and" after "September 30, 1977,", and by inserting "September 30, 1979, September 30, 1980, and September 30, 1981," after "September 30, 1978,"; and

(2) striking out in the second sentence "this title" and inserting in lieu thereof "this section for the purpose of carrying out title I of this Act".

(b) Section 501 of the Act, as amended in subsection (a), is further amended by adding at the end the following new subsection:

"(c)(1) Of the funds appropriated for each of the fiscal years 1980 and 1981 for the purpose of carrying out title I of this Act (A) not less than $28,000,000 shall first be available for carrying out the VISTA program under part A of such title, and (B) of the funds appropriated for each such fiscal year for the purpose of carrying out such title which are in excess of $28,000,000 (i) not less than $2,300,000 for fiscal year 1980 and not less than $1,600,000 for fiscal year 1981 shall be available for carrying out the University Year for ACTION program under part B of such title, and (ii) not less than $500,000 for each such fiscal year shall be available for carrying out service-learning programs under section 114.

"(2) Of the funds appropriated for each of the fiscal years 1980 and 1981 for the purpose of carrying out part C of title I of this Act which are in excess of $2,500,000 but not in excess of $10,000,000, not less than 50 per centum for each such fiscal year shall be available for carrying out the fixed-income counseling and Helping Hand programs under section 122.".

(c) Section 504 of the Act is amended by striking out "and" after "September 30, 1977,", and by inserting "September 30, 1979, September 30, 1980, and September 30, 1981," after "September 30, 1978,".

RURAL PROGRAMS REPORT

SEC. 16. Not later than February 1, 1980, the Director of the ACTION Agency shall submit to the appropriate committees of the Congress a report specifying the special needs and circumstances to be addressed in designing programs under the Domestic Volunteer Service Act of 1973 for implementation in rural areas. Such report shall include a detailed statement of the manner in which the Director intends to address such needs and circumstances, together with a timetable for designing and implementing such programs.

AMENDMENT TO OTHER LAW

SEC. 17. Subsection (b) of section 5 of the Act entitled "An Act to amend further the Peace Corps Act, and for other purposes", approved November 14, 1975 (Public Law 94–130; 89 Stat. 684), is amended by striking out the last sentence of such subsection.

TECHNICAL AMENDMENTS

SEC. 18. (a)(1) The table of contents for the Act is amended by striking out the items relating to title III, section 301, section 302, and section 503.

(2) Section 418 of the Act is amended by striking out "titles II and III" and inserting in lieu thereof "title II".

(b) Section 221 of the Act is amended by striking out "Office of Economic Opportunity" and inserting in lieu thereof "Community Services Administration".

(c)(1) Section 403(c) of the Act, as so designated in section 8(b)(3) of this Act, is amended by striking out "Civil Service Commission" and inserting in lieu thereof "Office of Personnel Management".

(2) Section 415(c)(2) of the Act is amended by striking out "Civil Service Commission" and inserting in lieu thereof "Office of Personnel Management".

And the House agree to the same.

That the House recede from its amendment to the title of the bill.

CARL D. PERKINS,
PAUL SIMON,
JOHN BRADEMAS,
EDWARD P. BEARD,
GEO. MILLER,
AUGUSTUS F. HAWKINS,
MARIO BIAGGI,
EDWARD J. STACK,
ARLEN ERDAHL,
Managers on the Part of the House.

HARRISON A. WILLIAMS, Jr.,
ALAN CRANSTON,
GAYLORD NELSON,
DON RIEGLE,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 239) to authorize appropriations for programs under the Domestic Volunteer Service Act of 1973, to amend such Act to facilitate the improvement of programs carried out thereunder, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendment to the text of the bill struck out all of the Senate bill after the enacting clause and inserted a substitute text.

The Senate recedes from its disagreement to the amendment of the House with an amendment which is a substitute for the Senate bill and the House amendment. The provisions of the Senate bill, the House amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

CAREER DEVELOPMENT PLAN FOR VISTA VOLUNTEERS

Time when provided

Both the Senate bill and the House amendment provide that the post-service career development plan required by existing law for all low-income VISTA volunteers be provided within 30 days after the volunteer's assignment, rather than, as at present, prior to such assignment.

The conference agreement includes this provision.

Provision to other volunteers

The Senate bill requires the Director to offer and provide, upon request, such a career development plan to any other VISTA volunteer enrolled in a program under title I for a period of full-time service of one year or more.

The House amendment does not contain a comparable provision.

The House recedes.

ASSIGNMENT OF VISTA VOLUNTEERS AND TERMINATION AND RENEWAL OF PROJECTS

The Senate bill adds the following requirements to the provision in existing law regarding the disapproval by a Governor or other chief executive officer of a State of the assignment of VISTA volunteers: (1) that such a disapproval of a proposed project by the chief executive officer must be made in writing within 45 days after submission of notice to him, supported by a statement of reasons for the disapproval, and (2) that the Director shall terminate an ongoing project or program, or the assignment of a particular volunteer, not later than 30 days after a request to do so is made, in writing supported by a statement of reasons, by the chief executive officer, or at such later date as is agreed upon by the Director and the official.

The House amendment provides for disapproval of VISTA projects and termination of volunteers at the request of local officials, and adds a new section prohibiting the Director from renewing any contract or grant to carry out any project under the Act if the chief executive officer of the State involved does not concur in such renewal, and providing that if any mayor or other local authority objects to a renewal the Director take this objection into account in deciding whether to renew the project.

The conference agreement includes the Senate provision relating to assignment of VISTA volunteers and a new section 424 relating to all programs carried out under the Act which provides that if the executive authority of any local or State government submits to the Director, not later than 30 days before the expiration of any contract or grant, a statement objecting to the renewal of such contract or grant, the Director shall review such statement and take it into account in determining whether to renew such contract or grant and shall submit to such executive authority a written statement of reasons regarding the Director's determination with specific references to any objection so submitted.

VISTA VOLUNTEER STIPENDS

Both the Senate bill and the House amendment provide that accrued stipends may be payable during the period of a volunteer's service, in accordance with regulations prescribed by the Director.

The conference agreement includes this provision.

VISTA GRANTS AND CONTRACTS

The House amendment reduces from 20 percent to 15 percent the limitation in existing law on obligation of title I, part A (VISTA), funds for grants and contracts under section 402(12).

The Senate bill provides for a ceiling of $5,800,000 for fiscal year 1980 for such purpose and that in no case shall funds obligated in fiscal year 1980 support a greater number of volunteer service years than during fiscal year 1979. In addition, the Senate bill requires that the recipients of any new VISTA project administered through such a grant or contract be selected through a competitive process which shall include (1) public announcement and (2) a requirement that each applicant and any resultant grant or contract clearly identify the poverty problems on which the project will focus.

The conference agreement includes both provisions, but raises the percentage in the House amendment from 15 percent to 16 percent to be consistent with the effects of the restrictions in the Senate bill.

SERVICE IN UNIVERSITY YEAR FOR ACTION PROGRAMS

The House amendment provides that volunteers serving in University Year for ACTION (UYA) programs may be enrolled for periods of service of not less than the duration of an academic year, rather than the existing law requirement of a full year.

The Senate bill does not contain a comparable provision.

The Senate recedes with an amendment providing that volunteers so enrolled for less than 12 months may not receive stipends under section 105(a)(1). The conferees believe that the practice of enrolling students for a full-year commitment with the expectation that they will resign after nine months should be discontinued and that any UYA contract or grant should provide that, except in extraordinary circumstances, academic credit should be reduced for those students who make a full-year commitment, receive stipends in connection therewith, and then resign early.

SERVICE-LEARNING PROGRAMS

The House amendment (1) authorizes the Director to establish a national office for service-learning to provide technical assistance and financial support for the assignment of non-UYA title I, part B, volunteers in service-learning programs, and (2) expands the Director's authority to provide support and allowances to title I, part B, volunteers beyond the authority in existing law to provide support other than living allowances only in unusual or special circumstances.

The Senate bill does not contain a comparable provision.

The House recedes.

SPECIAL VOLUNTEER PROGRAMS

Rural programing

The Senate bill adds emphasis on development of discretionary and demonstration projects in rural as well as urban areas.

The House amendment does not contain a comparable provision.

The House recedes.

Specific demonstration programs

Both the Senate bill and the House amendment add, as examples of special volunteer or demonstration programs, programs providing for financial and consumer counseling for low- and fixed-income persons, and a program to reduce the necessity of institutionalization and ameliorate residential isolation of older, handicapped, and other similarly isolated persons (called "Helping Hand" in the Senate bill).

The Senate bill, but not the House amendment, adds programs of assistance to domestic violence victims. The House amendment, but not the Senate bill, adds programs to provide technical and management assistance and to provide volunteers and neighborhood organizations with materials, tools, supplies, and administrative support to carry out community betterment projects.

The House recedes with an amendment adding programs to provide technical and management assistance to distressed communities. It is the intention of the conferees that the conditions set forth in the new part D which would have been added to title I by S. 239 as introduced and by H.R. 2859 as reported be applied to the carrying out of any urban volunteer activities that would have been authorized by that new part.

Recruitment, selection, and training of special volunteers

The Senate bill restates and clarifies the authority in existing law for the Director to provide for the recruitment, selection, and training of volunteers for programs authorized by title I, part C.

The House amendment does not contain a comparable provision.

The House recedes.

Support for and conditions of service of part-time, short-term volunteers

Both the Senate bill and the House amendment authorize the Director to provide support for part-time, short-term volunteers and clarify the status of full-time title I, part C, volunteers. The Senate bill, but not the House amendment, provides that full-time volunteers enrolled for periods of 1 year or more shall be subject to the provisions of section 103(d) relating to veto by the Chief Executive officer of a State.

The House recedes.

Report on programs established

The Senate bill requires a report to the appropriate committees of Congress, not later than 18 months after funds are first made available after the date of enactment of this legislation, on the programs, activities, grants, and contracts made, and the specific arrangements for the evaluations of such programs, activities, grants, and contracts.

The House amendment does not contain a comparable provision.

The House recedes.

POLITICAL ACTIVITIES

State and local elections

The Senate bill adds a prohibition on the use of funds to finance, directly or indirectly, any activity designed to influence the outcome of any election to "State or local", as well as (at present) Federal, office.

The House amendment does not contain a comparable provision.

The House recedes with a technical amendment.

Lobbying

The Senate bill amends section 403(a) to add to the prohibitions there a prohibition on the use of ACTION Agency funds or programs for the purpose of financing any activity designed to influence a member of a State or local legislative body on any legislative or appropriation measure, with the proviso that this shall not prevent communication with or provision of information to any such member by a part-time volunteer when not serving as a volunteer or, at the request of such member, committee, or legislative body, by any full-time volunteer.

The House amendment amends section 403(b) to (1) provide that programs assisted under the Act may not be carried out "in any manner for the purpose of providing assistance for" any of the activities prohibited in section 403(b) rather than the provision in existing law which prohibits the carrying out of those activities "in a manner supporting or resulting in the identification of such programs" with the prohibited activities, and (2) add a prohibition on programs furnishing any assistance in connection with partisan or non-partisan attempts to influence the passage or defeat of any Federal, State, or local legislation, referenda or other ballot initiatives, or any rulemaking or regulatory action.

The conference agreement provides that no funds appropriated to carry out this Act shall be used by any program for activities for the purpose of influencing the passage or defeat of legislation or proposals by initiative petition, and clarifies that this antilobbying provision does not preclude (1) communications where a legislative body, a committee of a legislative body, or a member of a legislative body requests any volunteer in, or employee of, such a program to draft, review, or testify regarding measures or to make representations to such legislative body, committee, or member, or (2) in connection with an authorization or appropriation measure directly affecting the activities of the program. It is the intention of the conferees that "measure directly affecting the activities of the program" not be interpreted to be limited solely to a measure affecting the ACTION-Agency-funded portion of a particular program's activities, but rather be interpreted to mean any measure affecting the existence or basic structure or operation of the program.

RECEIPT OF ASSISTANCE OR SERVICES UNDER OTHER FEDERAL PROGRAMS

Clarification of status of low-income VISTA volunteers

Both the Senate bill and the House amendment provide that full-time volunteers under title I otherwise entitled to receive assistance under Federal Government programs before their enrollment shall not be denied assistance because of a failure to seek or accept employment or training during periods of volunteer service.

The conference agreement contains this provision.

Effective date

The House amendment establishes an effective date of October 1, 1979 for the provision.

The Senate bill does not contain a comparable provision.

The House recedes.

Limitation on income-disregard provisions

The Senate bill adds an exception to the income-disregard provisions in existing law to limit the application of that provision to volunteer payments with a value of less than the Federal minimum wage.

The House amendment does not contain a comparable provision.

The House recedes with an amendment providing that the income-disregard provisions shall continue to apply as long as the Director determines that the value of such payments does not exceed the State's minimum wage if higher than the Federal.

VOLUNTEER EXPERIENCE

Both the Senate bill and the House amendment provide for the Director, in consultation with the heads of other departments and agencies, to take appropriate steps to encourage employers to take into account experience in volunteer work in the consideration of applicants for employment and in preparing employment application forms. The Senate bill, but not the House amendment, specifically includes consultation with the Director of the Office of Personnel Management and the Secretaries of Labor, Commerce, and the Treasury.

The House recedes.

REGIONAL DISTRIBUTION

The Senate bill provides that benefits and services under the Act be distributed equitably among the various regions of the country in addition to the requirement in existing law for equitable distribution between residents of rural and urban areas.

The House amendment does not contain a comparable provision.

The Senate recedes.

APPLICATION OF OTHER FEDERAL LAWS

Volunteers covered

The House amendment provides that, in addition to the full-time volunteers presently deemed to be Federal employees for the purposes of the Hatch Act, the Internal Revenue Code of 1954, title II of the Social Security Act, the Federal Tort Claims Act, and the Federal Employee's Compensation Act, all other full-time volunteers who serve 8 weeks and part-time volunteers enrolled for at least 20 hours per week for 26 or more consecutive weeks shall also be deemed Federal employees as the Director determines appropriate for the purposes of these Acts.

The Senate bill provides for the same coverage but does not limit coverage of full-time volunteers in terms of the length of their service.

The House recedes.

Levels of compensation

Both the Senate bill and the House amendment provide that, for the purpose of treating volunteers as Federal employees for the purposes of the Federal Employee's Compensation Act, the annual rate of pay for a full-time volunteer shall be deemed to be the entry salary for a GS–7 employee.

The Senate bill provides that the annual rate of pay for a part-time volunteer shall be deemed to be the entry salary for a GS–7 or an appropriate portion thereof as determined by the Director. The House amendment provides that the annual rate of pay for a part-time volunteer shall be deemed to be the entry salary for a GS–2.

The House recedes.

Application of Federal Tort Claims Act

Both the Senate bill and the House amendment, with technical differences, add a new provision to the Act to make the Federal Tort Claims Act the sole available remedy of an individual claiming medical malpractice as a result of actions by a volunteer serving in a health-care capacity. The House amendment, but not the Senate bill, applies the new provision to only full-time volunteers.

The House recedes.

NONDISCRIMINATION PROVISIONS

Both the Senate bill and the House amendment expand the various nondiscrimination provisions in existing law to cover volunteer applicants and volunteers serving in ACTION Agency programs under title I of the Act, and provide for a remedy process. The Senate bill, but not the House amendment, extends coverage to all volunteer applicants and volunteers serving in ACTION Agency programs. The Senate bill requires the Director, in preparing the handicapped discrimination regulations, to consult with the Rehabilitation Act title V Interagency Coordinating Council, whereas the House amendment specifies such consultation with the Secretary of Health, Education, and Welfare.

The House recedes.

LEGISLATIVE VETO AND REPORTING REQUIREMENTS

The House amendment adds a provision including the requirements of section 431 of the General Education Provisions Act (20 U.S.C. 1232), relating to the Congressional review and veto of regulations, with two differences: (1) section 420(a)(1) adds that any regulation, as defined, prescribed by the Director shall not have the standing of a Federal statute and (2) section 431(f) of the General Education Provisions Act is not included.

The Senate bill does not have a comparable provision.

The Senate recedes with a substitute amendment requiring the publication in the Federal Register of regulations prescribed under the Domestic Volunteer Service Act of 1973, submission of such proposed regulations to the Education and Labor Committee of the House of Representatives and the Labor and Human Resources Committee of the Senate, delaying the effective date of regulations until 30 days after publication in the Federal Register (and final regulations until 45 days after submitted to such Committees) unless the Director waives such requirement on the basis of a determination (and so notifies the Committees) that such delay would cause substantial hardship for the intended beneficiaries of a program, requiring the Director to submit to those Committees, not later than 60 days after the date of the enactment of any part of any Act affecting the administration of any program under the Domestic Volunteer Service Act of 1973, a timetable for promulgation of all regulations implementing such former Act or part of such Act which timetable shall provide that all final regulations be prescribed within 180 days after submission of the schedule, unless the Director determines that, due to circumstances unforeseen at the time of submission of such a schedule, the schedule submitted cannot be met, and providing that, under such circumstances, the Director need not comply with the original schedule but rather shall submit a notice of such determination, including a statement of reasons, to the Committees along with a new schedule which shall be considered as the schedule originally submitted, thereby beginning anew the submission-of-schedule process.

REDUCTION OF PAPERWORK

Both the Senate bill and the House amendment provide for the Director to take such action as may be necessary to reduce paperwork under the Act. The House amendment, but not the Senate bill, makes references to chapter 35 of title 44, United States Code, relating to coordination of Federal reporting services.

The House recedes. It is the expectation of the conferees that the Director will adhere to the provisions of 44 U.S.C. 3501 *et seq.*, relating to the coordination of Federal reporting services, in carrying out this provision.

AUTHORIZATION OF APPROPRIATIONS

Title I

The Senate bill authorizes the appropriation of such sums as may be necessary under section 501 for title I programs for fiscal years 1979, 1980, and 1981.

The House amendment authorizes the appropriation for this purpose of $42,413,000 for fiscal year 1980 and such sums as may be necessary for fiscal year 1981.

The House recedes.

Poverty earmark in title I

The Senate bill strikes out $29,600,000 and inserts in lieu thereof 80 percent as the minimum amount of appropriated funds to be expended on title I programs designed to eliminate poverty and poverty-related problems.

The House amendment does not contain a comparable provision.

The Senate recedes.

VISTA earmark

The Senate bill strikes out a provision referring to a minimum amount of funds ($22,300,000) to be expended on programs authorized under part A of title I and strikes out the requirement that funds appropriated in excess of $37,600,000 be allocated so as to provide for a commensurate increase in the funds available for part A.

The House amendment does not contain a comparable provision.

The Senate recedes.

Earmark of title I, part B, funds

The Senate bill (1) allows up to 13 percent of the first $4,000,000 in title I, part B, appropriations to be used for programs other than UYA, rather than not more than 10 percent of the first $6,700,000 as in present law, and (2) notwithstanding that limitation, allows for one-third of the first $1,000,000 appropriated for part B programs to be used for continuation of programs, other than UYA, of demonstrated effectiveness.

The House amendment eliminates the existing 10-percent limitation and provides (1) that not less than $873,000 (the amount of the Administration fiscal year 1980 budget request) shall be available for the operation of service-learning programs under section 114 for each of fiscal years 1980 and 1981 and (2) that not less than $3,200,000 shall be available for UYA programs for fiscal year 1980 and not less than $2,200,000 for fiscal year 1981.

The conference agreement provides that (1) up to 22 percent of part B appropriations may be used for programs other than UYA and (2) of the funds appropriated for each of fiscal years 1980 and 1981 for carrying out title I not less than $28,000,000 shall first be available for the purpose of carrying out part A of the title, and, of the funds appropriated in excess of $28,000,000, not less than $2,300,000 and $1,600,000 in the two fiscal years, respectively, shall be available for the operation of UYA in each such year, and not less than $500,000 in each such year shall be available for the operation of other service-learning programs.

Earmark of title I, part C, funds

The Senate bill requires that not less than 50 percent of title I, part C, funds exceeding the fiscal year 1979 level of appropriations shall be used to carry out the fixed-income counseling and "Helping Hand" programs.

The House amendment does not contain a comparable provision.

The House recedes with a substitute amendment providing that not less than 50 percent of the funds appropriated for title I, part C, in fiscal years 1980 and 1981 in excess of $2,500,000 but not more than $10,000,000 shall be used to carry out the fixed-income counseling and "Helping Hand" programs.

Title III

The Senate bill authorizes the appropriation of such sums as may be necessary for fiscal year 1979 for title III programs now reauthorized in the Small Business Act as a result of P.L. 95-510.

The House amendment does not contain a comparable provision.

The Senate recedes.

Title IV

The Senate bill authorizes the appropriation of such sums as may be necessary for title IV—Program Administration—for fiscal years 1979 and 1980. The House amendment authorizes such appropriations for fiscal years 1980 and 1981.

The conference agreement authorizes the appropriation of such sums as may be necessary for title IV for fiscal years 1979, 1980, and 1981.

REPORT ON RURAL PROGRAMING

Both the Senate bill and the House amendment provide for the Director of the ACTION Agency to report to Congressional Committees on special needs and circumstances to be addressed in designing programs under the Act in rural areas. The House amendment, but not the Senate bill, specifies that the report be submitted only to the authorizing Committees and spells out the content of the report in more detail.

The conference agreement incorporates the Senate provision with the House description of the report contents.

STIPEND INCREASES FOR FULL-TIME VOLUNTEERS

Both the Senate bill and the House amendment amend section 5(b) of Public Law 94-130 (the 1975 Peace Corps Act Amendments) by striking out the last sentence thereof in order to permit appropriations for the increase in the stipend for full-time volunteers to $75 per month, as authorized in that law, without specifically providing for the increase in any appropriations Act.

The conference agreement contains this provision.

REHABILITATION AMENDMENTS

The Senate bill authorizes the Commissioner of Rehabilitation Services to continue funding until December 31, 1980, from funds appropriated under section 100(b)(2) of the Rehabilitation Act of 1973 (P.L. 93-112). This amendment addresses a situation which arose when the statutory authorities under which such entities were receiving grants were struck by certain provisions of the Rehabilitation, Comprehensive Services, and Developmental Disabilities Act of 1978 (P.L. 95-602).

The House amendment does not contain a comparable provision.

The Senate recedes.

LIMITATION ON CONTRACTS AND PAYMENTS

The House amendment provides that the Director may enter into contracts or make payments under the Act only to the extent or in such amounts as are provided in appropriations Acts.

The Senate bill does not contain a comparable provision.

The House recedes.

COMMISSION ON VOLUNTEERISM

The Senate bill authorizes the establishment of a Commission on Volunteerism.

The House amendment does not contain a comparable provision.

The Senate recedes.

TITLE OF THE BILL

The House recedes from its amendment to the title of the bill.

Carl D. Perkins,
Paul Simon,
John Brademas,
Edward P. Beard,
Geo. Miller,
Augustus F. Hawkins,
Mario Biaggi,
Edward J. Stack,
Arlen Erdahl,
Managers on the Part of the House.

Harrison A. Williams, Jr.,
Alan Cranston,
Gaylord Nelson,
Don Riegle,
Managers on the Part of the Senate.

CSCE COMMISSION ISSUES REPORT ON DOMESTIC COMPLIANCE

(Mr. BUCHANAN asked and was given permission to address the House for 1 minute an to revise and extend his remarks.)

Mr. BUCHANAN. Mr. Speaker, yesterday, the Commission on Security and Cooperation in Europe issued a report on U.S. compliance with the provisions of the Helsinki Final Act. The result of extensive staff research, public hearings, and the assistance of U.S. Government agencies and departments, this is the first comprehensive review by any CSCE signatory of its own compliance record. In preparing this report, the CSCE Commission has taken note not only of criticism from domestic groups, but also from the media and from other CSCE signatory states such as the Soviet Union and Eastern Europe.

Issued some 4 years after the signing of the Helsinki accords, the report is a thorough examination of U.S. compliance in such areas as human rights—including the status of women and minority groups, economic and scientific cooperation with nonmarket countries, and the free flow of people and ideas between East and West. Although there are certainly some areas in which improvement is needed, the report finds that, overall, the United States has taken its Helsinki obligations seriously and is in general compliance with the Final Act.

The aim of the report is twofold: To encourage better implementation by the United States, and to stimulate other Helsinki signatories to undertake similar serious assessments of their own compliance records. Such assessments of domestic performance—in tandem with thorough examinations of the records of all the Helsinki partners—are essential elements in any meaningful CSCE review meeting, the next of which will take place in Madrid in 1980.

□ 1140

MAKING IN ORDER ON TODAY CONSIDERATION OF CONFERENCE REPORT ON H.R. 4930, DEPARTMENT OF INTERIOR AND RELATED AGENCIES APPROPRIATIONS, 1980

Mr. YATES. Mr. Speaker, I ask unanimous consent that it may be in order later today to call up the conference report on the bill, H.R. 4930, making appropriations for the Department of the Interior and related agencies.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

PARLIAMENTARY INQUIRY

Mr. BAUMAN. Mr. Speaker, I reserve the right to object.

The SPEAKER pro tempore. The gentleman from Maryland (Mr. Bauman) reserves the right to object.

Mr. BAUMAN. Mr. Speaker, I would like to make a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state his parliamentary inquiry.

Mr. BAUMAN. Mr. Speaker, if this permission is granted, any proper points of order would lie against the conference report later today if it is called up; is that correct?

The SPEAKER pro tempore. This is correct, except for the 3-day rule.

Mr. BAUMAN. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois (Mr. Yates)?

There was no objection.

HELSINKI COMMISSION RELEASES REPORT ON U.S. COMPLIANCE WITH HELSINKI FINAL ACT

(Mr. FASCELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FASCELL. Mr. Speaker, I am pleased to announce the release of the Commission on Security and Cooperation in Europe's comprehensive report on U.S. compliance with the provisions of the Helsinki Final Act. The report, entitled "Fulfilling Our Promises: The United States and the Helsinki Final Act," was formally adopted by the Commission yesterday and released to the press today. It is the first review by any CSCE signatory of its own compliance record which takes into account criticism from other Helsinki states as well as from domestic observers.

While the Commission believes that the U.S. record of implementation has been second to none among the 35 signatory countries, as this report illustrates, our work is not complete. The Final Act pledges us to strive constantly for improvement both in the achievement of civil, political, economic, and social rights as well as in the expansion of our cooperation with other CSCE states. Other signatories will better understand the depth of our concern for the full realization of the Helsinki promises if we demonstrate that we are working hard at home to fulfill our side of the bargain.

Many of my colleagues in the Congress have made valuable contributions to the work of the Commission and have assisted us in our efforts to encourage compliance by all the signatories. I am sure that this latest report, which will be distributed to Members of both the House and the Senate within the next few weeks, will be of great interest to my colleagues.

GENERAL LEAVE

Mr. FUQUA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous material on the bill, H.R. 2335.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

SOLAR POWER SATELLITE RESEARCH, DEVELOPMENT, AND EVALUATION PROGRAM ACT OF 1979

Mr. FUQUA. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 2335) to provide for a research, development, and evaluation program to determine the feasibility of collecting in space solar energy to be transmitted to Earth and to generate electricity for domestic purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Florida (Mr. FUQUA).

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. SEIBERLING. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 311, nays 13, not voting 109, as follows:

[Roll No. 645]

YEAS—311

Abdnor
Addabbo
Akaka
Albosta
Anderson, Calif.
Andrews, N.C.
Annunzio
Anthony
Ashley
Aspin
Atkinson
AuCoin
Badham
Bafalis
Bailey
Baldus
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Blanchard
Boner
Bonior
Bouquard
Brademas
Breaux
Brinkley
Brodhead
Broomfield
Broyhill
Buchanan
Burgener
Burlison
Burton, Phillip
Butler
Byron
Campbell
Carney
Carr
Carter
Chappell
Chisholm
Clay
Coleman
Collins, Ill.
Collins, Tex.
Conte
Conyers
Corcoran
Coughlin
Courter
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, Mich.
Davis, S.C.
Dellums
Derrick
Derwinski
Devine
Dickinson
Dixon
Dodd
Donnelly
Dornan
Dougherty
Downey
Drinan
Duncan, Tenn.
Eckhardt
Edwards, Calif.
Edwards, Okla.
Emery
English
Erdahl
Ertel
Evans, Del.
Evans, Ind.
Fary
Fascell
Fazio
Ferraro
Fish
Fisher
Fithian
Flippo
Florio
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Fowler
Frenzel
Frost
Fuqua
Gaydos
Gephardt
Gibbons
Gilman
Gingrich
Goldwater
Gonzalez
Goodling
Gore
Gramm
Grassley
Gray
Green
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hanley
Hansen
Harkin
Harris
Hefner
Hightower
Hillis
Hinson
Hollenbeck
Hopkins
Horton
Howard
Hubbard
Hughes
Hutto
Hyde
Ichord
Ireland
Jacobs
Jeffords
Jeffries
Jenkins
Johnson, Colo.
Jones, Tenn.
Kastenmeier
Kazen
Kelly
Kildee
Kogovsek
Kostmayer
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Lederer
Lehman
Leland
Lent
Levitas
Lewis
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Lundine
McClory
McCormack
McDade
McHugh
McKinney
Madigan
Maguire
Marks
Marlenee
Marriott
Martin
Matsui
Mattox
Mavroules
Mica
Michel
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Mottl
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nelson
Nowak
O'Brien
Oberstar
Obey
Ottinger
Panetta
Pashayan
Patten
Patterson
Pease
Perkins
Petri
Peyser
Preyer
Price
Pritchard
Pursell
Quillen
Railsback
Rangel
Ratchford
Regula
Reuss
Rinaldo
Ritter
Robinson
Rodino
Roe
Rose
Rostenkowski
Roth
Roybal
Rudd
Russo
Sabo
Santini
Sawyer
Scheuer
Schulze
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Simon
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Solomon
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Steed
Stenholm
Stewart
Stockman
Stokes
Stratton
Studds
Stump
Swift
Tauke
Thomas
Thompson
Traxler
Trible
Van Deerlin
Vander Jagt
Vanik
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Ohio
Wirth
Wolff
Wolpe
Wyatt
Wylie
Yates
Yatron
Young, Mo.
Zablocki
Zeferetti

NAYS—13

Conable
Deckard
Edgar
Kindness
Lloyd
Luken
McDonald
Paul
Rahall
Seiberling
Weaver
Weiss
Wilson, Bob

NOT VOTING—109

Alexander
Ambro
Anderson, Ill.
Andrews, N. Dak.
Applegate
Archer
Ashbrook
Barnard
Boggs
Boland
Bolling
Bonker
Bowen
Brooks
Brown, Calif.
Brown, Ohio
Burton, John
Cavanaugh
Cheney
Clausen
Cleveland
Clinger
Coelho
Corman
Cotter
Crane, Philip
de la Garza
Dicks
Diggs
Dingell
Duncan, Oreg.
Early
Edwards, Ala.
Erlenborn
Evans, Ga.
Fenwick
Findley
Flood
Forsythe
Garcia
Giaimo
Ginn
Glickman
Gradison
Hance
Harsha
Hawkins
Heckler
Heftel
Holland
Holt
Holtzman
Huckaby
Jenrette
Johnson, Calif.
Jones, N.C.
Jones, Okla.
Kemp
Leath, Tex.
Lee
Livingston
Lujan
Lungren
McCloskey
McEwen
McKay
Markey
Mathis
Mazzoli
Mikulski
Mitchell, Md.
Murphy, Ill.
Murphy, N.Y.
Nedzi
Nichols
Nolan
Oakar
Pepper
Pickle
Quayle
Rhodes
Richmond
Roberts
Rosenthal
Rousselot
Royer
Runnels
Satterfield
Schroeder
Sebelius
Skelton
Snowe
Spellman
Stark
Symms
Synar
Taylor
Treen
Udall
Ullman
Waxman
Williams, Mont.
Wilson, C. H.
Wilson, Tex.
Winn
Wright
Wydler
Young, Alaska
Young, Fla.

☐ 1150

Mr. DASCHLE changed his vote from "nay" to "yea."

So the motion was agreed to.

The result of the vote was announced as above recorded.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 2335, with Mr. HIGHTOWER in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from Florida (Mr. FUQUA) will be recognized for 30 minutes, and the gentleman from California (Mr. DORNAN) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Florida (Mr. FUQUA).

Mr. FUQUA. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I rise in support of H.R. 2335, the Solar Power Satellite Research, Development, and Evaluation Program Act of 1979. This bill is similar to H.R. 12505 which passed the House in the 95th Congress, however there is less emphasis on the demonstration aspects in the current bill. The Subcommittee on Space Science and Applications held 3 days of hearings on H.R. 2335 in March 1979. Testimony was taken from engineering societies, environmental groups, cognizant Federal agencies, and industry. During previous hearings the witnesses included representatives of the scientific community with expertise in environmental areas such as long-term, low-level exposure to microwave energy; effects of microwave energy transmission through the ionosphere; and effects of large scale launch operations on the atmosphere.

There currently exists a joint Department of Energy/NASA solar power satellite program which involves mostly paper studies on systems definition, environmental issues, and economics. These studies are based on existing information and involve no new research or experimentation.

However, testimony at these hearings confirmed that the technical, environmental, economic, and other issues cannot be resolved without an adequate technology verification program. Studies to date have not identified any barriers with regard to technical feasibility. Although solar power satellites represent a large engineering endeavor, I am told by a number of respected scientists and engineers that there are no scientific breakthroughs required.

Additional experimental research and technology development is needed to resolve issues, such as effects of long-term, low level exposure to microwave energy; effects of microwave energy transmission through the ionosphere; and effects of large scale launch operations on the atmosphere.

As reflected by the bill, there is no attempt at this time to commit the Nation to construction of full-scale commercial solar power satellites. The thrust of this bill is to formally establish a program office within the Department of Energy; to assign roles to both DOE and NASA; to require a comprehensive program plan which identifies the basic elements of the program, establishes a program schedule, and identify a series of decision points to evaluate further program commitments; and finally the bill would authorize $25 million for the program in fiscal year 1980.

Mr. Chairman, conservation, rapid development of known and new fossil fuel deposits, and refinement of nuclear fission reactors will play dominant roles in meeting the needs for primary energy for the remainder of this century. Inevitably, however, mankind must turn to new sources, preferably nondepletable sources, for much of his energy. Material resources, such as natural gas, will eventually prove to be of more value for the products they yield than for use as fuel. The search of nondepletable energy sources of sufficient potential contribution is therefore of vital importance to avoiding long-range energy shortages. For example, nuclear fusion research is progressing in the scientific laboratories of the world. The difficult plasma-containment problems may eventually be resolved sufficiently to permit large-scale replication on Earth of the fusion process which drives the Sun.

Direct engineering application of the solar energy potential is beginning, with major emphasis upon low-temperature heating of water and air, and lesser emphasis upon the more difficult and larger challenge of supplying a part of the industrial energy supply. Tax credits, mass production, distribution economics, and rising fuels prices should increase these uses of solar systems for domestic and light-commercial space conditioning and thus permit this source to make a modest but important contribution to the total energy supply in the near future. The conversion of solar energy into baseload electricity at centralized generating plants will also be necessary if solar energy is to support the energy density of our industrial structure.

If the solar energy systems are to capture a significant portion of the investment in new electrical power generation capacity, the power generation concept should fulfill several criteria:

Provide nonintermittent, baseload power;

Provide power at costs which are competitive with alternative sources;

Be nonregional in its geographical availability and cost; and

Be environmentally acceptable.

One of the options for transforming solar energy into electricity is the subject of this bill. This concept employs space satellites to collect and transfer solar energy to Earth. The concept has been under evaluation at a very low level of effort for several years and now appears, from this limited body of information, to hold promise of meeting all four of the criteria cited.

The solar power satellite is an opportunity for the application of the space technology and engineering competence of the United States toward a partial solution to the imminent shortage of primary energy. The elements of the SPS are logical extensions of the photovoltaic cell development program and of our space capabilities. Significant advances in knowledge of the component efficiencies, costs, and weights and of environmental effects may be obtained within the next few years by an aggressive program of analysis and technology development.

Solar power satellite concept may well be one important ingredient in the future energy systems mix and may help to minimize economic dislocations. It needs to be accelerated to insure that the energy potential of the Sun may be applied to drive our industrial complex as well as to provide warmth for our buildings. Current programs are making progress in understanding of the SPS, but much more rapid progress is both possible and desirable.

Mr. Chairman, in summary I want to again state that the thrust of the bill is to provide for a technology verification program which will attempt to resolve the technical, environmental, economic, and institutional issues. I want to emphasize that there is no commitment to the construction of a demonstration solar power satellite. In addition the bill provides for an annual review of the program progress and resolution of issues.

In reporting the bill, the Committee on Science and Technology adopted two language amendments:

First. In section 4(b)(2), the committee acted to broaden the types of terrestrial alternatives to be considered in comparative assessments; and

Second. The committee added a new section 5(1)(D) to direct the Department of Energy to coordinate, and when appropriate, contract with the Environmental Protection Agency and other agencies for environmental, safety, and institutional studies.

Prior to concluding my statement Mr. Chairman, I would like to point out to the Members two typographical errors in the report No. 96–151 accompanying the bill. On page 9 under sectional analysis of section 1, the title should read "Solar Power Satellite Research, Development, and Evaluation Program Act of 1979." On page 10 of the report under cost and budget data, line 3 of that paragraph should read "program in the amount of $25,000,000 for fiscal year 1980." The year dates referred to in both page citations were incorrect.

Mr. Chairman, I congratulate the gentleman from Alabama (Mr. FLIPPO) in his foresight in introducing this legislation. I would also like to recognize the gentleman from New York (Mr. WYDLER) and the gentleman from Kansas (Mr. WINN) for their efforts in guiding this legislation through committee.

H.R. 2335 deserves the support of this body as we search for a solution to future energy supplies and I urge its passage.

□ 1200

Mr. DORNAN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, it is a pleasure for me to rise in support of H.R. 2335, the Solar Power Satellite Research, Development, and Evaluation Act of 1979. I want to thank the committee chairman, the gentleman from Florida (Mr. FUQUA) for his spirited and aggressive support for this excellent legislation and also to the gentleman from Alabama (Mr. FLIPPO) for his vision and his leadership in introducing it, the minority on the Committee on Science and Technology, including the gentleman from New York (Mr. WYDLER) and the gentleman from Kansas (Mr. WINN). I might add that the gentleman from New York (Mr. WYDLER) had pressing business in his district. Everyone in this Chamber knows how seriously committed he is to this bill. So also the gentleman from Kansas (Mr. WINN) has pressing business at the United Nations, and there is no more important focus than that, given the tragedy in Iran going on at this time.

This should lead no one to think that the gentleman from Kansas (Mr. WINN) is not forcefully behind this bill also. They are both strongly alined, and it was an honor that they would ask me to sit in their stead as the chairman on this bill on our minority side.

As our colleagues will recall, a similar piece of legislation was passed in this body during the 95th Congress with overwhelming support, 267 to 96. As a result of the hearings which were conducted a year ago, plus the additional hearings conducted this year, I feel confident that we have objectively reviewed both perspectives and the merits of this bill.

The Space Science and Applications Subcommittee, of which I am a member, has received testimony from economists, physicists, environmentalists, citizens groups of all kinds, professional societies, and industry. We have heard views that vary from strong support to absolute total opposition. The result of hearing these views is reflected in the legislation. The way in which this is reflected is quite unique in that it does not allow either extremity of the positions to dominate. Obviously, the strong advocates of this concept would like total commitment to build a demonstration satellite.

However, it is far too early, as the gentleman from Florida (Mr. FUQUA) has pointed out. The design is too premature for such a total commitment. On the other hand, opponents would like to destroy this project before it even gets started. This is equally as irrational because of the vast energy potential that it holds. Instead of fostering either of these proposals, this legislation is designed to provide a logical and objective step-by-step method for evaluating the advantages and the disadvantages as the concept matures. This is accomplished by explicitly stating that passage of H.R. 2335 does not in any way commit this nation to build a demonstration satellite. It is clearly stated that this is a separate decision point.

The bill further states that it will be the responsibility of the Department of Energy and NASA—and here I use an exact quotation—"to identify a series of decision points within the program to evaluate the major technological achievements and uncertainties and to justify a further program commitment." I submit to my colleagues that this is powerful language. This means that this program is being formulated in such a way that each progressive step of commitment can be thoroughly debated, and if the program cannot stand on its own merits, then it will and should die.

This is an important and necessary aspect of the legislation but, in my opinion, it is certainly not the most important view. The most significant aspect is that this legislation represents an aggressive mood toward assuming our role of technological leadership.

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This Nation has a technological expertise which is second to none. Yet everyday we read headlines about burgeoning trade deficits and growing dependence upon foreign energy sources. This should make any red-blooded American man or woman fume to see a Nation that originated phrases like "Yankee ingenuity"—and that phrase was used and respected all over the world particularly during and after World War I—or phrases like "Damn the torpedoes, full speed ahead," and here we slink off like a cowering dog from this area of high technology. It is time we face reality.

Our Nation is no stronger than our economy and our economy is no stronger than our technology.

In a recent Washington Post article entitled "A Prod to Productivity," the author made the following statement, short but powerful. He said:

> Our country is at a cross-roads in economic policy. We can try to solve our inflation problem by restricting economic growth to avoid demand pressures or we can be bold and look to expand and develop high technology industries.

I wholeheartedly agree with that Post clear observation. It is time we face the facts. High technology is one of the most valuable resources we have available to us in our Nation. We must turn to this resource if we expect to solve the problems of energy dependence, trade deficits, and environmental pollution. It is time we displayed some of the courage and leadership that has been our heritage. We need to face these problems squarely and to bring to bear our best tools to solve them.

Mr. Chairman, this legislation demonstrates exactly that type of leadership. This concept may seem overly bold to a few but that should not be a reason for the rest of us to turn our backs on it. If that logic were used against my own State of California we would never have grown out there to be the sixth largest governmental entity on the face of the Earth with an economy to match. The aspect we should be concentrating on is the potential this bill provides for the development of a nondepletable energy resource, an energy source that could conceivably provide an unlimited supply of baseload electrical power to operate our factories and, yes, our homes, not only in our Nation but throughout the world.

Mr. Chairman, we must realize that the only way we are going to heal our economic problems is to guarantee our future energy supplies and as long as we are dependent upon foreign sources, that is never going to happen. We can conserve and we should, we must, but that does not contribute at all to the long-term future of the energy supply.

Mr. Chairman, this is good legislation. This is solid legislation. The program establishes a position of leadership in an exciting area of high technology. Let us get on with it.

Mr. Chairman, I again commend the leadership on the majority side of this futuristic and visionary committee upon which I am proud to serve. I encourage my colleagues to give their support wholeheartedly to H.R. 2335 and let us have an even bigger vote of support than we had last year.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. DORNAN. I yield gladly to the distinguished gentleman from Ohio.

Mr. SEIBERLING. It certainly would not surprise me, coming from the district the gentleman represents, that he would support this program because it is going to be an incredible subsidy to the aerospace industry. But the amount of money that would be spent on the project envisioned here, which is in the range of a trillion dollars, would be enough money to give every single home in this country a solar-energy installation that would make this whole thing unnecessary.

Mr. Chairman, it seems to me this is a very serious misallocation of resources and in this particular bill it is, too, because there is already $16 million in the works that is paying for a study, and we should wait until that study is completed before we authorized another $25 million for another study.

Mr. Chairman, I suggest while it might benefit the district of the gentleman from California (Mr. DORNAN), that it would be a waste of money of the United States as a whole.

Mr. DORNAN. The distinguished gentleman has made an important point about cost and the care we should use in respect for the taxpayers' money these days, particularly since this body before I came here and since I have been here along with the other body has studied some things to death. However, I can stand here, open-faced, before God, this body and the distinguished gentleman and tell him I do not know to a dollar if this will benefit my district or not.

Mr. Chairman, I know I represent an aerospace district and I would be surprised if some of the action here did not have something for my district but when I joined and asked to be on the Subcommittee on Space Science and Applications of the Committee on Science and Technology, I did it with the same spirit of vision that motivates the ranking members on the majority side. I repeat, I honestly do not know if $1 will go to the great 27th District of California.

Mr. SEIBERLING. Mr. Chairman, if it did not, I would be very surprised.

Mr. DORNAN. I might be, too.

Mr. FUQUA. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan (Mr. WOLPE), a member of the committee.

Mr. WOLPE. Mr. Chairman, I rise in reluctant opposition to the bill before us, reluctant because it is always difficult to oppose my chairman, the gentleman from Florida.

It has been a privilege to serve on the gentleman's committee and there is no one in the House for whom I have deeper respect. Likewise, I have only the warmest feelings for the chief sponsor of the legislation, the gentleman from Alabama, who is one of the most valuable members of the committee and with whom I have enjoyed working this year. However, Mr. Chairman, I must strongly oppose this bill because in my judgment it is simply bad public policy. It makes no sense for the American taxpayer, it makes no sense in terms of energy policy, it makes no sense in terms of the technology assessment of this project that is already under way at the direction of the Congress, the findings of which will be submitted to the Congress by the middle of next year.

Mr. Chairman, I think it is important in the beginning that we understand the ultimate concept of the satellite power system as envisioned by its proponents.

Let me briefly describe what is involved. What the proponents of the satellite power system are proposing is to put into space 60 satellites, each 55 square miles in size—the size of Manhattan—covered with photovoltaic cells. These must be built in space some 22,000 miles from Earth. To put into space the construction materials and the personnel would require something in the neighborhood of 15,000 rocket launches over a 30-year period. That is a launch a day for 30 years. It would require the development of a rocket that is 5 times larger than our largest existing rocket, the Saturn rocket. Once constructed in space, the photovoltaic cells on the satellites would convert sunlight into electricity, the electricity into microwaves, which would then be beamed to Earth to receiving antennas, each of which would require approximately 74 square miles of land. The microwaves would be reconverted to electricity and then transmitted over thousands of miles of high-voltage transmission lines to population centers. That, briefly, is the concept.

Mr. Chairman, what about the question of ultimate cost? DOE/NASA and aerospace industry studies show that the construction of the entire solar powered satellite system as I have described it would cost between $500 billion and $800 billion. Those conservative figures. The lowest figures that have come out in the course of the studies have been in the $500 billion range. Other estimates go into the trillions of dollars.

Mr. FUQUA. Mr. Chairman, will the gentleman yield?

Mr. WOLPE. I would be pleased to yield to the chairman.

Mr. FUQUA. Mr. Chairman, the gentleman is making a statement but I do not think it is related to this bill. This bill does not authorize figures in the neighborhood the gentleman is referring to.

Mr. WOLPE. The gentleman is quite correct and I will be glad to address that point in just a moment.

Just to put the first satellite in place, Mr. Chairman, under the program envisioned by the proponents, would cost between $60 billion and $80 billion in Federal research and development money. To put that in perspective, that amounts to over 15 times the total Department of Energy fiscal year 1980 research and development budget. All of this would be happening at a time when we are talking about fiscal restraint and the need to curtail wasteful Federal spending.

Mr. Chairman, what do we get in the end, given the concept I have just described? Can we justify beginning the development of a project—and I concur with my chairman that we are talking about the beginning of that development in this bill not its completion—which has a projected ultimate cost of at least $500 billion to $800 billion, when this technology is expected to provide no more than 10 percent of our Nation's energy needs by the year 2025?

Mr. Chairman, not only does this technology represent a potentially tremendous drain on the National Treasury and on limited capital resources, but the prospective investment of such an enormous sum on one energy source threatens to dangerously distort our national energy research and development priorities.

Mr. Chairman, we have been told we ought to attend to what is happening in Iran today and to the importation of oil and our dependence on that oil. The strongest reason to be opposed to this legislation is that we need to be taking measures that will address that dependence on oil today. I would like to emphasize that this technology cannot make a sizable contribution to the Nation's energy needs until well into the next century. If the dollars go into this project they will not be available to encourage the development of a wide range of more immediately available, and less costly alternative energy technologies to address the urgent problem of our dependence on imported petroleum.

Now, Mr. Chairman, I want to address the point that was raised directly by the chairman of my committee. We are told this bill will not commit us to the entire solar power satellite project. We are told it is only a modest $25 million as a research effort. One of the central issues in the committee debate on the bill was the effort I made to eliminate any reference to the word, and concept, of development in the bill.

Mr. DORNAN. Mr. Chairman, I yield the gentleman 2 additional minutes.

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Mr. WOLPE. Mr. Chairman, the effort to delete the concept of development from the legislation was strongly and unfortunately, in my judgment, successfully resisted by the bill's sponsors.

I submit that this bill is, in fact, the first step in an effort to commit us to the premature development of the entire solar power satellite concept.

Let me quote from a letter that I received from the National Taxpayer's Union, which has come out in strong opposition to the bill:

> Once we buy the hardware connected with this research, and have people working on it, we will find the valve to the Federal Treasury permanently stuck in the "open" position.

I submit that once the "foot is in the door," it will be extremely difficult to close again. Every development dollar spent this year will yield that much greater political and economic pressure for increased spending in following years.

All of that begs the point that right now we have in place a Department of Energy and National Aeronautics and Space Administration study—for which $16 million has been already appropriated—the initial recommendations of which are to be presented to this Congress in the middle of next year. This bill is an attempt to move this highly questionable technology into the development stage prior to the completion of the feasibility study that was mandated by the Congress.

This DOE/NASA study is examining the various technological, economic, societal, and environmental questions relating to satellite power station development.

We are told that there are many questions that cannot be answered, and that is correct; but the reason the Congress has commissioned the initial preliminary study is to determine whether we ought to be pursuing a further direction and, moreover, in what direction that research should be focused, if any.

To pass this legislation before the release of that study—while the jury is still out, and fundamental questions remain to be answered—would preempt this fiscally sound technology assessment process which the Congress itself has created.

The passage of this bill will increase pressure to continue the development of the SPS concept, regardless of the outcome of the DOE/NASA study. I strongly urge my colleagues to oppose this attempt to prematurely develop this costly and highly questionable technology.

Mr. FUQUA. Mr. Chairman, I yield 5 minutes to the gentleman from New York (Mr. OTTINGER), who is also a member of the committee.

Mr. OTTINGER. Mr. Chairman, I thank my chairman for yielding the time and I would echo the sentiments of the gentleman from Michigan. I have the highest regard for our chairman, the gentleman from Florida (Mr. FUQUA). It is only with great reluctance that I oppose the gentleman and it is because I very genuinely do disagree with him on this issue.

I would also like to acknowledge the really able work that has been done on this bill by the gentleman from Alabama (Mr. FLIPPO). The gentleman has pursued this very sincerely and very diligently for over a period of years now, and very ably. We just do not agree with respect to the advantages of the pace at which this project is being pursued.

I think that the so-called paper studies that are being conducted are proper to try and ascertain whether or not it would be advantageous for us to proceed further with this kind of a project and to be able to get much harder figures than we have at the present time with respect to its ultimate cost.

Indeed, in the hearings I indicated that I would support this bill if the money authorized would be confined to just further feasibility studies or studies on some of the very severe environmental problems that are likely to result from this technology if we ever put up a solar power satellite—as an example, microwave studies that would be useful to the Government, regardless of whether we proceeded with the solar power satellite—but the sponsors of the legislation were unwilling to make that limitation. They took out the word "demonstration" from the bill and said there is no intent here to demonstrate the technology; but they put in instead the words "technology verification."

I read from the report. Mr. Frosch, who is head of NASA, was asked what this technology verification amounted to and he said, "I can't really tell you."

The report says that the purpose of this bill is to augment the paper studies being conducted by the Department of Energy and NASA with a technology verification program. It says that the present studies are focused on establishing the overall feasibility of the solar power satellite concept through system definition studies and environment and socio-economic evaluations so that development program directions can be defined, and I support that.

It says further:

> These studies are based on existing and projected information. Technology verification and technology advancement for the solar power satellite systems definition, en-

> vironmental assessment, and socioeconomic assessment will require laboratory investigations, terrestrial testing, limited space experiments and continuing in-depth evaluation of environmental effects. . . .

And so forth.

Then the report says that the ground-based technology verification program that would be included in this extra $25 million, includes "energy conversion, materials, structures, electrical systems, radio frequency systems, flight control, space transportation, space construction operations," and so forth, and so what we are doing here is going far beyond merely studying the feasibility of this. We are getting into this technological verification area, which is going to involve procurement of materials, involve a certain amount of space testing and space experiments. It is going to involve construction, and what you are going to get is a vast increase in the commitment to this kind of a program. Once you get thousands of people who are working on this, you begin to get vested interests and it is very hard to stop.

Now, I fear that the National Taxpayer's Union, from which the gentleman from Michigan quoted, is right, that the real push from this comes from the aerospace industry and its desire to continue its operations at Federal expense.

The Taxpayer's Union letter says:

> H.R. 2235 comes at a time of a slowdown in space programs and that industry has been desperately seeking new wells to slake its thirst. We will be irretrievably committed to gargantuan Federal expenditures in the future. For once we buy the hardware connected with this research and have people working on it, we will find the valve to the Federal Treasury permanently stuck in the "open" position.

Mr. Chairman, I genuinely urge that this $25 million addition is going to get us too committed and we should not proceed with it at this time.

What we are getting committed to if we pass this bill and proceed with the project would be the largest Federal commitment in the history of our Government. We would contemplate a Federal R. & D. commitment of $40, to $80 billion and eventual costs of $500 billion to $2.5 trillion to put the system into operation. The capital required would drain the country of capital needed for other uses including alternate energy options. The environmental problems are horrendous. Other communications and defense problems are also serious and unresolved.

To make a major commitment now to proceed, in advance of completion of the feasibility studies this summer, would be unwarranted and unwise.

I urge defeat of the bill.

Mr. DORNAN. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from New Jersey (Mr. HOLLENBECK).

Mr. HOLLENBECK. Mr. Chairman, I rise in support of the solar power satellite legislation, H.R. 2335. The Nation's so-called energy policy has lacked emphasis on the energy producing aspects for some time. This legislation will provide another step toward emphasizing the energy producing capability by embarking on a program that could conceivably provide a significant portion of our baseload electrical power requirements. Power that can be used to operate our factories, and run the dishwashers, and televisions in our homes.

The logical question to ask is why do we need this legislation now? The answer of course is obvious—we cannot afford to allow this Nation to become more and more dependent upon foreign energy sources. Every year we delay to develop our own environmentally acceptable energy supply contributes 1 more year to the ever increasing problem of international trade deficits. We cannot continue to turn our backs on this problem. We must face this problem squarely. This Nation possesses the most powerful technological enterprise in the world. This unique capability must be applied to resolving this problem.

Solar power satellites epitomize the utilization of high technology. Technology brought to bear not only to generate baseload electrical power, but produce to it in an environmentally and socially acceptable manner. The draftees of H.R. 2335 recognized the myriad of environmental and social problems which face a concept such as SPS and have addressed those concerns with reason and logic.

It is imperative that this body recognize this and does not fall into the trap of thinking passage of this legislation will mean acceptance of an enormous Government pork barrel. This Congress will have an opportunity to judge the merits of this program each and every year.

I urge my colleagues to support this bill, H.R. 2335.

Mr. FUQUA. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Ohio (Mr. PEASE), also a member of the committee.

Mr. PEASE. Mr. Chairman, I rise also in reluctant opposition because of my loyalties to my committee and to my chairman and to my friend, the gentleman from Alabama.

Mr. Chairman, as a member of the House Science and Technology Committee which reported H.R. 2335, the Solar Power Satellite Research and Development Act, I signed the dissenting views in the committee report because of my conviction that the $25 million that the bill authorizes for fiscal year 1980 for a study of the satellite is an unconscionable waste of Federal money. In addition, the implementation of a solar power satellite is premised on a pie-in-the-sky expectation of the development of extraordinary technology. It would not only be unbelievably expensive, but the concept reaches science fiction proportion in its conception.

Although H.R. 2335 calls for $25 million this year to conduct a study of the solar power satellite by the Department of Energy and the National Aeronautics and Space Administration, the lowest estimate of total costs involved in implementing a full-scale system is $500 billion. Other estimates range to over $2.5 trillion.

Our major consideration today should be what is the best use of our Federal money to develop solar energy as a cost-effective alternative to oil, gas, and coal? How can we generate the most solar energy for the lowest cost? The Congress had already embarked on a very prudent decisionmaking course when it authorized the Department of Energy 2 years ago to assess the environmental, cost and societal aspects of the SPS and to compare it with alternative methods of generating energy. This study is expected to be reported to Congress in June 1980. At that time we will have a common basis of definitions and cost figures with which to determine the next logical steps in researching and developing the solar power satellite.

To approve H.R. 2335 today, without waiting for the results of the 3-year study we have already commissioned, renders our previous decision meaningless. Not only that, but we have already paid $16 million to study the concept of SPS including an appropriation of $5.5 million this year for operating expenses and for capital equipment for the study. Now supporters of the SPS would urge you to add $25 million for this year to bring the grand total to approximately $41 million. I cannot approve this waste of Federal dollars at a time when the Congress has had so much trouble setting spending priorities for this fiscal year because of the effects of inflation on our economy.

To center the debate on this legislation on the merits of a solar power satellite compared to other energy forms or to a terrestial solar installation is putting the cart before the horse. The 3-year study will be available in June, and at that point Congress will have information to debate the next logical step in researching and developing this proposal.

Next-to-nothing is now known about the cost/benefit ratio of SPS or the effects of microwave exposure on humans. Thus, it is pointless to compare SPS to other systems at this time or to offer this proposal to a desperate nation as a solution to all our energy problems. For example, it is my understanding that comparative studies between SPS and terrestial solar projects will be included in the findings of the present study.

An important and significant difference between H.R. 2335 and the current study is the inclusion of the word "development" in this bill. We are all aware that once development is underway—once equipment is purchased and people are hired—it is going to be exceedingly difficult to turn off the Federal funding spigot. We will then be asked to approve the Government expenditure of $60 to $80 billion that is estimated to be necessary to put up the first experimental satellite. I ask you to compare this $60 to $80 billion figure to the total amount the Federal Government spends today on energy research and development which is by contrast, an anemic $4½ billion. The politics of this proposal, as we are all aware, are that the more money there is in the pipeline, the more difficult it is to reverse the decision.

The administration is opposed to this bill because it is unnecessary at this time in light of the presence of the current study. H.R. 2335 would be a totally premature commitment on our part.

It is also interesting to note that the cost of photovoltaic cells, that are crucial to both SPS and the terrestial solar installations, is expected to be diminishing over the next 30 years. This is interesting because the lower the cost of these cells, the lower will be the cost of land-based solar systems. On the other hand, the cost of photovoltaic cells for SPS is quite small in relation to its total financial expenditures. Therefore, any argument for SPS couched in economic terms will become less attractive in the coming years.

I am a long-standing proponent of prompt and widespread development of solar energy. The positive features of solar energy are obvious and numerous. However, the SPS is taking a simple and benign solution and exaggerating it into exotic and possibly health-threatening technology. This program is a creature of the space industry—it is predicated on the development of satellites that are 12 miles long and 6 miles wide—to be constructed in space. These satellites will have to be built on space platforms with an estimated 400 people working in space or possibly, as some scientists have suggested, on the Moon. It will be necessary to build rockets that are five times the size of our largest existing Saturn rocket. It is estimated the launch vehicle will cost $10 billion just to develop—we are talking about a fantastically large enterprise and I ask you once again to consider whether these astronomical costs and this science fiction variety technology is the most efficient and most cost-effective method of fulfilling man's centuries-old dream of harnessing the energy of the Sun.

To decide how we can most wisely and efficiently go about the development of solar energy is a challenge before each of us here today. A thoughtful seeker of solutions to the problems posed by our dependence on foreign sources of energy can only conclude that approval of H.R. 2335 is premature and without justification at this time.

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Mr. FLIPPO. Mr. Chairman, will the gentleman yield?

Mr. PEASE. I am happy to yield to my friend, the gentleman from Alabama.

Mr. FLIPPO. Mr. Chairman, the gentleman is using dollar figures. He has not told us the source of his cost estimates. It is awfully hard for us to talk about dollar cost figures when unsubstantiated figures are presented.

Would the gentleman offer us some idea about the source of his figures?

Mr. PEASE. Mr. Chairman, I rely for my information on my good friend, the gentleman from Michigan (Mr. WOLPE).

Mr. FLIPPO. Mr. Chairman, I thank the gentleman very much.

Mr. OTTINGER. Mr. Chairman, will the gentleman yield?

Mr. PEASE. I am happy to yield to my friend, the gentleman from New York.

Mr. OTTINGER. Mr. Chairman, the gentleman from Michigan (Mr. WOLPE) and I have, along with the gentleman from Alabama (Mr. FLIPPO), done an extensive investigation as to what the real research and development costs are, and I think the facts of the matter are that there are no real costs at this point.

There is a JPL study that estimated $60 billion to $80 billion. The sponsors of the project estimated $40 to $80 billion. We have had an OMB study, and they have indicated those figures are perhaps too low, and that it would cost $70 billion to $80 billion just for research.

The gentleman from Alabama will undoubtedly quote a letter he just received from Donald Beattie, of NASA, indicating the costs in the JPL study are very much outdated. I think that is probably true. We talked to Mr. Beattie this morning, and he confirmed to me that he thinks those JPL studies are out of date, "but," he said, "I can't tell you what the real costs are—the range of $40 to $80 billion is probably still correct."

The fact is that this will be an enormously expensive project and we will not have firmer figures until the study commissioned by DOE and NASA is complete.

Mr. DORNAN. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from New York (Mr. FISH).

Mr. FISH. Mr. Chairman, I rise in support of the Solar Power Satellite Research, Development and Evaluation Program Act of 1979. This bill provides for a research, development and evaluation program to determine the feasibility of collecting in space solar energy to be transmitted to Earth. It allows the Department of Energy and NASA to carry out needed research and development activities to consider the technical, environmental and socioeconomic issues regarding the viability of the solar power satellite concept.

There is no question that we must examine the feasibility of developing all practical, renewable energy sources if we are to satisfy our future energy demands. I have long been an advocate and strong supporter of our Federal programs to help us tap the great potential offered by the Sun. Collection of solar energy in space is one such option, and offers us a potentially attractive method that deserves further consideration.

I believe that we would be remiss if we did not further study the solar power satellite concept. Solar power satellites may one day prove to be a cost-efficient way of solving our future energy problems. Mr. Chairman, I do not think that any of my colleagues would disagree with the fact that there are still numerous and important questions—environmental, safety, health—that have to be resolved before we can proceed with the actual construction of a solar satellite.

However, I believe that we must now try to answer these questions. While solar power satellites represent a huge financial undertaking by any standard, I would like to point out that H.R. 2335 only authorizes $25 million to determine if we should pursue this particular application of solar energy. It does not commit us to any imprudent, huge expenditure of funds at this time, but only calls for the formulation of a national program plan to determine the feasibility of solar power satellites. Today, we are not embarking on any long range commitment. Should we ever decide to build these satellites on a huge scale, it will only be after a detailed evaluation of their economics, and after it is clear that they would be more cost effective than other ways to generate electricity.

H.R. 2335 reaffirms our willingness to examine the merits of all possible energy sources. Today we are limited to paper studies. This bill allows us to investigate in more detail an energy source of unlimited potential. The solar power satellite program shows enough promise to warrant further consideration now. These satellites may one day prove to be a viable alternative to the construction of additional conventional central generating plants, fossil or nuclear.

Part of our energy dilemma today is our late start in developing alternative sources. Let us not repeat this mistake, but rather have the vision to look decades into the future.

Mr. FUQUA. Mr. Chairman, I yield 7 minutes to the distinguished gentleman from Alabama (Mr. FLIPPO), the prime sponsor of the bill and one Member who has worked very hard on this bill. I will not take up the time of the committee too long, but I do want to commend the gentleman from Alabama (Mr. FLIPPO) personally for the dedication and hard work he has done in spearheading this effort and bringing this bill to the floor.

Mr. FLIPPO. Mr. Chairman, I thank the chairman of the committee.

Mr. Chairman, the recent history of our Nation in dealing with energy is replete with missed opportunities. For more than 40 years the Congress and the executive branch have been trying to develop programs and policies that would reduce our dependence on oil and increase our use of our vast coal resources and other energy alternatives.

We have, on a number of past occasions, started down the road toward a viable synfuels program, or a conservation program or other energy research and development programs only to turn back before reaching our goal. At times we simply caved in to powerful groups protecting their own special interests. At other times, we foolishly stopped because the search for an energy alternative seemed to be too costly, unnecessary, or environmentally unsound. We are now at the point where this Nation can ill afford to cast aside a potential source of energy.

The short-term outlook for energy is bleak. The OPEC nations are increasing the price of oil with impunity. The OPEC pricing decisions are based on their own peculiar political and economic reasons. The spot price of oil has recently reached $48 per barrel.

Sheikh Yamani of Saudi Arabia recently stated that we would probably not have any gasoline lines in the United States in 1980. This sounds like good news until you consider the underlying assumptions of this forecast. The oil minister's prediction of no shortages in 1980 is predicated on no disturbances in the Middle East and the adoption of strong conservation measures in this country.

The sheikh went on to predict serious spot shortages of oil in the United States in 1981 and 1982. In 1982 these shortages will be chronic, deep, and of long duration.

We are in this deplorable position of costly dependence on foreign suppliers because we have failed to seize the opportunities offered to us in the past to develop energy alternatives. We are now in the position of paying more for less, jeopardizing our national economy and security simply because we failed to reject specious arguments of those who opposed new energy initiatives in the past.

The long-term outlook for energy is not much better. We are now taking the steps necessary to improve our energy situation over the next 20 years. We are just beginning now, this session, to create the programs and invest the funds necessary to help us develop synfuels and other alternative sources that will come on stream soon.

We are not, however, giving enough attention to the energy needs we will have after the turn of the century. This Nation is pursuing one long-term option—nuclear fusion—but, not with the vigor and financial support necessary to insure that it will be available when needed.

The only other long-term option now in view is the solar power satellite. It is time we moved ahead on this program so that we will have an opportunity to make a wise decision on the use of solar power satellites as a means to provide a clean and inexhaustible supply of energy. The current paper studies are inadequate to provide us with the necessary information to make an intelligent decision about the role of SPS in meeting our future needs. Current energy policies provide only short-term answers to long-range problems.

It is a great risk for our Nation to continue to depend on nuclear technology, shrinking supplies of expensive fossil fuels and undependable foreign sources of oil without having a viable alternative source of energy. We must begin to control our own destiny by using our immense scientific and technological capabilities to develop long-range solutions. SPS is one option which shows great promise. But, here we are today, listening to individuals who want to block the basic research necessary to fully and adequately investigate this energy alternative. Their arguments are based on exaggerated cost and erroneous environmental consideration. These arguments sound like excerpts from CONGRESSIONAL RECORDS of the 1940's and 1950's with sinister conspiracies lurking behind any attempt to explore something new or investigate something different. Then, just as here today, opponents of nontraditional energy research and development posed similar arguments against progress, new concepts, and the future. That old maxim is still relevant today—"Those who fail to read history are doomed to repeat it."

The arguments of the opponents of this bill remind me of the statement Dr. Vannevar Bush said in December 1945 about the possibility of developing intercontinental missiles. Dr. Bush said:

> I say, technically, I don't think anyone in the world knows how to do such a thing, and I feel confident that it will not be done for a very long period of time to come . . . I think we can leave that out of our thinking. I wish the American public would leave that out of their thinking.

I urge you to reject the negative views of the few who want to delay or stop research on this important energy concept. This Nation cannot afford the luxury of stopping research on any energy option, particularly one which shows such great promise as a means to plug into the vast energy resource, the Sun. A vote for H.R. 2335 is not a vote for an expensive new space program. It would not be a mandate for an expensive demonstration unit. A vote for H.R. 2335 simply would be a vote for a ground-based exploratory research and technical verification. It would be a vote for additional research on a promising source of energy. I urge your support.

□ 1240

Mr. DORNAN. Mr. Chairman, I yield 7 minutes to the distinguished gentleman from California (Mr. GOLDWATER).

Mr. GOLDWATER. Mr. Chairman, I think it is ironic to hear some of my colleagues, such as the gentleman from Michigan (Mr. WOLPE), the gentleman from New York (Mr. OTTINGER), and, certainly, the gentleman from Ohio (Mr. SEIBERLING), stand up here and speak against solar energy, when year after year they were standing in the well doing just the opposite. It is difficult for me to understand their complete opposition to another solar program here which has the possibility, certainly as much possibility, as such programs as wind energy that is being funded to the tune of $43 million just this year and especially in relationship to the cost/benefit ratio.

Mr. OTTINGER. Mr. Chairman, will the gentleman yield?

Mr. GOLDWATER. I yield to the gentleman from New York.

Mr. OTTINGER. I thank the gentleman for yielding.

Mr. Chairman, one of our real concerns is that this is a question of the space industry trying to jump on the bandwagon of solar's popularity. They are going to use up all of the capital that would be available for development of terrestrial solar energy, as well as the capital that is needed for all kinds of other purposes in this country. If the estimates are anywhere near in the ballpark, putting up such a system would cost, say, more than $1 trillion. That is an astronomical sum of money, and I think it would prevent us from going ahead with the sound solar energy programs which the gentleman has very strongly supported and which I have very strongly supported.

Mr. GOLDWATER. Mr. Chairman, I will point out to my colleagues that NASA is very much involved in the whole energy picture. They are running our complete engine program. They are very much involved in the wind program and other energy sources. But nevertheless, I recall sitting with my friends back in 1974, when the solar budget was less than several million dollars, and today it is close to $1 billion, and certainly the gentleman and others were a driving force behind building this budget up to $1 billion to investigate, to research, and develop solar energy. So I am just kind of amused to find that now, all of a sudden, they are reversing themselves and they are appearing to be opponents of solar energy. I am not sure where the rationale really stands.

I think, Mr. Chairman, that this is a good program and it is certainly worthwhile exploring it. I think there is a question of the level of spending. So far we have spent about $20 million since 1977 exploring this solar power satellite concept. I am curious as to what this money is going to be spent for. I am always curious, from the standpoint of solar energy, that we are not going too fast and, in essence, wasting money. I would be hopeful that if in fact this bill is accepted and it becomes law that the committee will follow up with a great deal of oversight to make sure that this money is being spent wisely and not just as another employment bill. I think the solar power satellite certainly has potential. Any potential I think we should be exploring with basic research and development. But nevertheless, I think just throwing money at some of these programs is not going to bring us any closer to a solution.

Mr. Chairman, I will support this bill, even though I perhaps have some reservations as to the amounts of money. I have no reservation over the program itself. I would only be hopeful that the members of the committee who are following this, such as the gentleman from Alabama (Mr. FLIPPO), and others, will watch it very carefully to make sure we are in fact getting our money's worth.

In addition to that, Mr. Chairman, I think a viable question is, from here, what happens in 1981 and 1982? What are the funding levels projected and what are the projects envisioned? We have not heard any dissertation or clarification of this, and I am wondering if my colleague, the gentleman from California, can shed any light on what it is we are going to be doing with this money and what do we see projected for the future.

Mr. DORNAN. If the gentleman will yield, Mr. Chairman, I am glad the gentleman asked the question. As the gentleman has already pointed out, in a period of our Federal history when every single tax dollar is important, total honesty and sunshine in every piece of legislation is beneficial, and that is the way to get the proper support of the American people.

What I have liked about this program from the beginning is that no one on either side of the aisle has ever said that it would not be expensive. Next year's projection will be somewhere in the neighborhood of $25 million, the following year, $50 million, then $75 million, and $75 milllion, and $45 million. That is a 5-year program totaling $270 million. However, the important aspect here is that all the way along in this program there are decision points where, if some aspect of the program, including a decision that it is a total waste of time, that we are on a dead-end street, then all money and funding stops at that point.

In this first funding cycle, in 1981, there are several areas we will go into. For example, selecting a preferred system, maybe solid state to amplifiers, or a laser power beam would be better than the microwave route. Under conducting a definitive environmental analysis and all of the experiments and systems there involved, we would be looking at the health and ecology aspects, the atmospheric impacts.

At every single point, the way this bill has been structured—and that is why I complimented the gentleman from Florida (Mr. FUQUA) and the gentleman from Alabama (Mr. FLIPPO) for their leadership—there is an opportunity to evaluate exactly where we are going year by year so that we do not go off on some sort of an approach where we take a serendipity attitude and say, "Well, let us just spend the money because it is futuristic, it is space and exciting."

In other words, I would say to my distinguished colleague, the gentleman from California, there is no Governor Moonbeam, if I may refer to our own Governor, there is no Governor Moonbeam of just playing around with a million dollars just so you can talk about how visionary you are.

Mr. GOLDWATER. I thank the gentleman for his contribution.

Mr. Chairman, there have been a lot of people who have been a driving force behind solar power satellites in this country. There is no one who has made a greater contribution than Christopher Kraft, Director of the Houston Space Flight Center, and one of the originators of our space program. He has taken an intelligent approach and certainly has presented the necessary arguments that make it viable to proceed.

Mr. DORNAN. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Pennsylvania (Mr. WALKER).

☐ 1250

Mr. WALKER. Thank you, Mr. Chairman. I thank the gentleman for yielding.

I think it is important to deal with this question of cost, because I think that it may be one of the key reasons for Members of Congress to support the particular bill we have before us.

I think what we should be talking about is an investment to build upon investments already made in space. We have invested a great deal of money in the space program over the years. The promise of the space program has been that some day we would be able to use space for the benefit of this country and for the benefit of the world. That is billions of dollars we have put forward toward an attempt to some day commercialize outer space. This program, the solar power satellite, is one of the real hopes that we have of early commercialization of space that can be used for the benefit not only of this Nation, but all mankind.

What we propose is to get something out of an investment that the American taxpayers have already made to a substantial degree.

I also think that it is important to recognize the kind of investment that is already in place in our energy systems across the country.

Solar has to be viewed as a mode of the future for energy, not only in narrow categories but in the broadly based categories that build upon our present energy systems.

I do not think that we can only regard solar energy as that which we can put onto a roof.

I think solar energy can be something which is a broadly based kind of energy source for our future.

What am I saying? We have already made an investment in massive utility grids across this country. Here is an opportunity to use solar power to tie into those utility grids and give industry and home owners and everyone an opportunity to utilize the benefits of the Sun.

What I am afraid is that much of the opposition to this particular brand of solar energy development is more based upon social philosophy rather than economic considerations, because the social philosophy being represented is one of, if it is not an individualized solar reflector upon the roof, it somehow does not fit with what we think solar should be.

I do not think solar is one-directional. I think it can be multidirectional. I think an investment at this time to study the concept, to do some research on the concept, to find out whether it is feasible, whether further investment should be made, is perfectly appropriate.

I think it would be well for this Congress to approve this legislation.

● Mr. WOLFF. Mr. Chairman, I rise in support of H.R. 2335. This bill authorizes $25 million in fiscal year 1980 for the Department of Energy to conduct research and evaluate the merits of solar satellite power. The measure calls for DOE to work with NASA to resolve any major technical problems associated with solar satellites, and to plan for a comprehensive solar satellite program.

The concept of a solar satellite involves positioning a satellite with photoelectric panels so that it is continuously illuminated by the Sun and transmits electricity to the Earth via microwaves.

I believe that in this time of high energy demand, our Nation must explore all the options available to us in the energy field. Solar energy is a very viable alternate energy source for the future, and an option which we cannot afford to ignore. A solar power satellite system (SPS) can offer us a substantial portion of our Nation's energy supply without the pollution problems and dangers associated with fossil fuels and nuclear power respectively. In addition, a solar power satellite system would stimulate U.S. industry and the development of high technology, as well as enable the United States to export energy.

I am well aware of the fact that the SPS concept has problems ranging from environmental impacts, to economic costs and social consequences. For just this reason, I urge my colleagues to support this measure. Now is the time to carry out an extensive research and development program in order to answer the many questions and solve the problems associated with SPS. Let me make it clear that this bill calls for the continuation of research on SPS, not a commitment to build a satellite system. I emphasize that our Nation's energy situation demands that we explore every possible energy alternative. Thus, we certainly cannot afford to disregard as attractive an option as solar energy, which could provide us with a nonexhaustive generator for heat and electricity.

I have long advanced the efforts to expand solar energy, and am happy to have the opportunity to lend my continued support for research in this area. I commend the gentleman for introducing this legislation, enabling us to keep all of our options open and explore an avenue which has great potential for our future energy situation.●

● Mr. HARKIN. Mr. Chairman, I rise in support of H.R. 2335 to provide for research, development, and evaluation activities to examine the feasibility of collecting in space solar energy to be transmitted to the Earth and to generate electricity to meet the world's energy needs. In the years ahead this Nation and the world will need an inexhaustible and reliable energy source to replace our conventional energy supply which can only diminish with time. Clearly, no single source of energy will serve to meet our needs. We need to have a number of feasible options so that we may choose those energy sources which are efficient, socially, and environmentally acceptable.

The bill before us today, H.R. 2335, will help us determine if solar power satellites have a place in meeting our future energy requirements. It is a simple bill which defines roles in our executive branch, calls for a detailed plan, and establishes a technology verification program to help assure that no long-term commitment to the solar power satellite system is made until we have reasonable answers to the environmental and economic questions which need to be answered not only for the solar power satellite concept, but also, for any and all energy concepts which this body will reconsider in the years ahead.

Questions have been raised as to the soundness of such a system. These questions are serious and important. Only through undertaking the technology verification program, proposed in this legislation, will the Congress obtain the answers it needs to make a decision to proceed or not to proceed with development of the solar power satellite concept. To not explore a potential solution to meet our energy needs such as the solar power satellite concept would mean that we would be ignoring a potentially inexhaustible energy supply which could be made readily available to any part of the world. Safeguards have been placed in H.R. 2335 to assure that the plan to be developed by the Department of Energy and NASA will not commit our Nation to an energy system which fails to meet sound economic and environmental standards.

I urge the support of every Member of this body for this important legislation.●

● Mr. WINN. Mr. Chairman, I rise in support of the legislation, H.R. 2335, and encourage my colleagues to do the same. This bill represents a very rational method for answering the technological questions associated with the solar power satellite concept.

In the very early stages, this concept seemed so far out that it did not require much attention. After 10 years of preliminary studies it is obvious that this is the furthest from the truth. This system has a great potential of providing a major portion of the baseload electrical power requirements of this Nation. In fact, some estimates indicate that 30 percent of the required electrical power could be provided by the solar power satellite system between the year 2000 and 2025. This represents a potential that cannot be ignored.

This legislation will establish a joint effort between the Department of Energy and the National Aeronautics and Space Administration directed at answering many of the technological questions relative to the solar power satellite. However, it must be emphasized that this legislation in itself does not make a commitment to a demonstration satellite. In fact, the legislation specifically states that this will be a separate decision point.

At the present time, the paper studies have revealed that there are no technological barriers to the concept. This implies that we do not have to develop any basic science to construct such a system. This represents the real advantage to the solar power satellite concept. Every scientific principle required in this system has been demonstrated from the photovoltaic conversion of sunlight to electricity to the microwave transmission of the power.

The questions that remain to be answered are engineering questions; such things as optimum microwave transmission frequencies, best microwave beam density, effects of low-level microwave exposure, fabrication techniques for large satellites in orbit. These are just a few of the engineering questions that this legislation will address—questions which are not presently being answered. The current NASA/DOE program is addressing some of the technological questions but it is predominantly paper studies—we must perform some critical laboratory-type experiments to answer these essential questions—questions which must be answered before decisions can be made about the integrity of the concept.

Mr. Chairman, it is time that we give this concept the attention that its potential warrants. We must face the fact that solar power satellites and nuclear power are the only sources that offer the potential of providing long-term base load electrical power. For this reason, this concept should not be viewed as being competitive with such concepts as terrestrial solar or wind. On the contrary, they should be viewed as complementary.

In closing, I would like to comment on the cost of such a system. I have heard the opponents of this concept quoting cost of a commercial system as a primary deterrent to pursuing this technology. These cost figures vary from $400 to $500 billion dollars. There are two points which I would like to make regarding those figures. First, these figures are very inaccurate due to the maturity of the concept. There are many technological questions which must be answered before a good estimate can be made. In fact, that is one of the primary justifications for the legislation.

Secondly, anytime we discuss figures we must keep those figures in proper perspective. For example, the current electric power producing capability of this Nation was built at an investment of approximately $200 billion in fiscal year 1975 dollars. To increase that capability by approximately 50 percent, using conventional techniques, would cost nearly $500 billion which is quite comparable to the solar power satellite estimates, the point being that there are no inexpensive techniques for generating base load electrical power.

This legislation is needed. We have an obligation to the American taxpayer to develop the potential of this high technology system. Consequently, I urge my colleagues to support this legislation.●

● Mr. WYDLER. Mr. Chairman, I rise in support of H.R. 2335, the Solar Power Satellite Research, Development, and Evaluation Program Act of 1979. The legislation has strong committee support, as indicated by the unanimous voice vote to report the bill from committee.

In the past years, I have witnessed continued attacks on nearly every energy producing concept which has been brought before this body. We have seen the use of coal attacked because of the air pollution; nuclear is attacked because of the safety; hydroelectric power is attacked due to the impact on the wilderness and land usage in general. The only conclusion I can draw from this response is that there is no perfect energy source that will satisfy all of the needs and concerns of every interest group. Further, I feel that what this implies is that future energy sources must be diverse. We cannot allow ourselves to fall further into the energy trap of foreign dependence that we find ourselves in today. We must develop a diversified approach to energy supply that takes advantage of the natural resources and technological capability of this Nation. The solar power satellite, if the research and evaluation process shows positive results, could play an integral role in resolving that problem by providing baseload electrical power to the Nation and even the world.

This legislation is unique because it lays out a very rational, step-by-step plan to not only evaluate the energy-producing systems but also consider the environmental concerns, utility interfacing and societal problems. In addition, the legislation is very explicit in stating that passage does not commit the Nation to a multibillion-dollar demonstration program. That is an entirely separate decision and would be faced no sooner than 5 to 10 years in the future. In the meantime, this program will be reviewed by the Congress on an annual basis and will provide an opportunity for serious scrutiny.

Mr. Chairman, this is a good piece of legislation that warrants the support of the Congress. Similar legislation was passed with overwhelming support from the House in the 95th Congress and similar action will hopefully encourage the other body. I urge my colleagues to support this legislation.●

Mr. BAUMAN. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The call will be taken by electronic device.

The call was taken by electronic device, and the following Members responded to their names:

[Roll No. 646]

Abdnor
Addabbo
Akaka
Albosta
Ambro
Anderson, Calif.
Andrews, N.C.
Annunzio
Anthony
Applegate
Aspin
Atkinson
AuCoin
Bafalis
Bailey
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Blanchard
Boner
Bonior
Bouquard
Breaux
Brinkley
Brodhead
Broomfield
Brown, Calif.
Broyhill
Buchanan
Burgener
Burlison
Burton, Phillip
Butler
Byron
Campbell
Carney
Carr
Carter
Chappell
Coleman
Collins, Ill.
Collins, Tex.
Conable
Conte
Corcoran
Coughlin
Courter
Crane, Daniel
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, Mich.
Deckard
Dellums
Derwinski
Devine
Dixon
Dodd
Donnelly
Dornan
Dougherty
Downey
Drinan
Duncan, Tenn.
Eckhardt
Edgar
Edwards, Okla.
Emery
English
Erdahl
Ertel
Evans, Del.
Evans, Ind.
Fascell
Fazio
Ferraro
Fish
Fisher
Fithian
Flippo
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Frenzel
Frost
Fuqua
Gavdos
Gephardt
Gibbons
Gilman
Gingrich
Goldwater
Gonzalez
Goodling
Gore
Gramm
Grassley
Gray
Green
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hanley
Hansen
Harkin
Harris
Hefner
Hightower
Hillis
Hinson
Hollenbeck
Hopkins
Howard
Hubbard
Hughes
Hutto
Hyde
Ichord
Ireland
Jacobs
Jeffords
Jeffries
Jenkins
Johnson, Colo.
Jones, Tenn.
Kastenmeier
Kazen
Kelly
Kildee
Kindness
Kogovsek
Kostmayer
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Lederer
Lehman
Leland
Lent
Levitas
Lewis
Lloyd
Loeffler
Long, La.
Lott
Lowry
Luken
Lundine
McClory
McCormack
McDade
McDonald

McHugh
Madigan
Maguire
Markey
Marks
Marlenee
Marriott
Martin
Matsui
Mattox
Mavroules
Mica
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, N.Y.
Moakley
Mollohan
Moore
Moorhead, Calif.
Mottl
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nelson
Nowak
O'Brien
Oberstar
Obey
Ottinger
Panetta
Pashayan
Patten
Patterson
Paul
Pease
Perkins
Petri
Peyser
Preyer
Price
Pritchard
Pursell
Quillen
Rahall
Rangel
Ratchford
Regula
Reuss
Rinaldo
Ritter
Robinson
Rodino
Roe
Rose
Rostenkowski
Roth
Roybal
Rudd
Russo
Sabo
Satterfield
Sawyer
Schulze
Seiberling
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Simon
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solomon
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Steed
Stenholm
Stewart
Stockman
Stokes
Stratton
Studds
Stump
Swift
Tauke
Thomas
Traxler
Trible
Van Deerlin
Vander Jagt
Vanik
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Weaver
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Williams, Ohio
Wirth
Wolff
Wolpe
Wyatt
Yates
Yatron
Young, Mo.
Zablocki
Zeferetti

☐ 1300

The CHAIRMAN. Three hundred and one Members have answered to their names, a quorum is present, and the Committee will resume its business.

Mr. FLIPPO. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. HIGHTOWER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2335) to provide for a research, development, and evaluation program to determine the feasibility of collecting in space solar energy to be transmitted to Earth and to generate electricity for domestic purposes, had come to no resolution thereon.

☐ 1310

CONFERENCE REPORT ON H.R. 4930, DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS, 1980

Mr. YATES. Mr. Speaker, I call up the conference report on the bill (H.R. 4930) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1980, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Clerk read the statement.

(For conference report and statement see proceedings of the House of November 8, 1979.)

Mr. YATES (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER. The gentleman from Illinois (Mr. YATES) will be recognized for 30 minutes, and the gentleman from Pennsylvania (Mr. MCDADE) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Illinois (Mr. YATES).

Mr. YATES. Mr. Speaker, first, may I express my gratitude to the leadership on the minority side and to my colleagues in the House for their cooperation in permitting me to bring up the conference report on the bill ahead of its normal legislative schedule. Ordinarily I would not have requested the indulgence of the House, but the report that we are talking about contains funds for the fuel assistance program.

Mr. Speaker, we are already much too late in having taken action on that bill. I heard this morning as I listened to the radio driving to the House that the first snowfall of the winter is already expected in my home city of Chicago tomorrow. I think it is well that we pass this report today. I am told that the other body expects to consider it later in the day, and from then on we hope that the executive branch will be expeditious in taking action on the bill.

Mr. Speaker, this is a good conference report. It provides a total of $30,304,887,000, which is $17,979,661,000 above the 1979 appropriations. It is $225 million above the budget estimate. It is $733,240,000 above the Senate bill and $20,072,917,000 above the bill that was approved by the House. It must be noted in connection with the figure above the House, Mr. Speaker, that the Senate considered $21,676,768,000 in budget estimates that were not considered by the House. The estimates included $20 billion for an alternative fuels reserve and $1,350,000,000 for low-income fuel assistance.

Mr. Speaker, I propose now to describe what the conference did on the fuel assistance program. Of the $1,350,000,000 made available for the low-income fuel assistance program, $150 million is for the Community Services Administration to be distributed to the States on a block grant basis, along with $1,200,000,000 for the Social Security Administration. Of that amount $400 million is to be distributed to the States for energy replacement costs for supplemental security income recipients. This $400 million is distributed, one-third based on heating degree days squared, times the number of households below 125 percent of poverty. One-third is distributed on the basis of the difference between heating energy expenses that occurred between 1978 and 1979, and the remaining one-third is distributed in proportion to the number of SSI recipients in a State to the total number of SSI recipients in the United States. There is a cap of $250 per SSI recipient. The $800 million remaining in the Social Security Administration is distributed to States as follows: 50 percent based on the heating degree day squared times households below 125 percent of poverty, and the remaining 50 percent based on the difference between heating energy expenditure changes between 1978 and 1979.

In the event the State provides an approved distribution plan, the money to the State may be distributed on the basis of that plan. If the State does not have an approved plan, the State's allocation would be distributed to AFDC recipients within the State. In my opinion, this is a better bill than the one which passed the House a few weeks ago.

It is our intention with respect to low-income fuel assistance that HEW be responsible for auditing the program. The Secretary should make available the necessary administrative funds to accomplish that from funds available for State block grants.

Mr. Speaker, may I in passing express my gratitude to the distinguished chairman of the Labor-HEW Subcommittee of the Committee on Appropriations of the House, the gentleman from Kentucky (Mr. NATCHER), for his outstanding cooperation in connection with our working out the formula, and also to my good friend, the gentleman from Massachusetts (Mr. CONTE) who presented the amendment that was accepted by the conferees that resulted in breaking a deadlock that seemed to be growing in the conference committee.

Mr. VENTO. Mr. Speaker, will the gentleman yield?

Mr. YATES. I yield to the gentleman from Minnesota.

Mr. VENTO. I thank the gentleman for yielding. I want to commend the chairman of the Interior Appropriations Subcommittee and the gentleman from Kentucky (Mr. NATCHER), the gentleman from Mississippi (Mr. WHITTEN) and, of course, the gentleman from Massachusetts (Mr. CONTE) for their work on this crisis intervention fund and the emergency assistance program. It is terribly important, I think, that the House has prevailed in terms of the amount in terms of House Concurrent Resolution 430, and in terms of the distribution formula which is much more equitable.

I wish to commend all the members of the conference committee for maintaining the House position regarding the low-income energy assistance provision.

There are two aspects of this section which deserve special note. The conference approved the higher funding level as contained in House Concurrent Resolution 430. The report also contains the House version of the allocation formula. This is critically important because this provision gives the appropriate recognition to cold weather factors which any low-income energy assistance program should reflect. This report also maintains the dual nature of assistance. It provides for a general energy assistance program for low income and elderly persons specifically assuring assistance for AFDC and SSI recipients who will be faced with increasing energy bills. In addition, the crisis intervention program funding is expanded and formula revised to insure that those individuals faced with severe financial problems can prevent their source of heat from being discontinued. I have heard objections from some on the formula change that CSA initially used, but in all fairness to that formula, the only legislative guidance that CSA had, was misconstrued. Those that demand that we adhere to it fail to point out that it considered all household energy cost increases rather than just heating costs. If there is sentiment for such meaningful energy assistance let's not try to pass it off as cold weather assistance.

Mr. Speaker, there is no way that we can totally make up the outrageous price increases that are resulting from OPEC and the multinational oil companies conduct, rather we should address effectively and realistically the problems inherent in decontrol of oil and middle distillate products rather than follow the path of accommodation. This program of emergency fuel assistance, hopefully to be funded by the windfall profits tax which is languishing in the U.S. Senate, will obviously not meet all the needs, but it is the best we can do at this point.

The Congress can be justifiably proud of our swift action to attempt to prevent the tragedy which could affect millions of people in this country. It has only been 3 weeks since the Javits' amendment was added to the Interior appropriation, and in that short period of time this Congress has responded. Because this legislation will not serve all the families and individuals who are adversely affected by the rising costs of home heating, it is incumbent upon the States to design and provide sufficient funding for their own unique situations.

Mr. Speaker in addition to the members of the conference committee, I wish to commend the House leadership. It is a result of the visable advocacy of the leadership that this issue was brought, so swiftly, to a resolution.

Mr. YATES. I thank the gentleman.

In the field of energy, Mr. Speaker, the conferees have agreed to a $19 billion energy security reserve to stimulate the domestic commercial production of alternative fuels and a $1 billion solar and conservation reserve. That figure is important in view of the debate on the bill that was in the Committee of the Whole a few minutes ago and which resulted in the Committee's rising.

Of the $19 billion in the energy security reserve, $2,208,000,000 will be appropriated immediately. The balance of the reserve will be provided in subsequent appropriation acts.

May I say, Mr. Speaker, in passing that the $19 billion in the reserve will only be available on the basis of further appropriations.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield for a question?

Mr. YATES. I would be glad to yield to the gentleman from Maryland. I may say in passing that I appreciate the gentleman's cooperation in permitting us to bring this bill to the floor.

Mr. BAUMAN. I thank the gentleman for yielding. I appreciate the gentleman's cooperation regarding certain funds contained in this bill. I had a question about some other matter, and that is amendment No. 74 which the gentleman has just mentioned. As I understand the language that he proposes or will propose, it says that there is hereby established in the Treasury a special fund to be designated as the energy security reserve to which is appropriated $19 billion to remain available until expended. That appears to the gentleman from Maryland to be an appropriation of $19 billion; yet the gentleman contends that that will not be available until another appropriation occurs in the future.

Mr. YATES. The gentleman from Illinois makes that contention. There is specific language in the conference report to that effect, that until further appropriation bills are approved by the Congress, no funds will be made available from that reserve.

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Mr. BAUMAN. Does that mean, if the gentleman will yield further, that if the so-called synfuels program does not produce the kind of activity that we foresee that we could withhold further approval of funds in the future, despite this $19 billion appropriation?

Mr. YATES. May I say to the gentleman whatever program, respecting synfuels, is adopted by the Congress, no funds will be made available for that program out of the $19 billion reserve until the Congress approves the money through the appropriations process.

Mr. BAUMAN. To begin that program this year the gentleman proposes in excess of $1 billion?

Mr. YATES. We propose $2,208,000,000 to initiate the synfuel program.

Mr. BAUMAN. Mr. Speaker, the last question I have of the gentleman is, if neither of these programs, the fuel assistance program or the synfuels program, are authorized by current law, what will happen when the Congress addresses itself finally and those laws, the authorizing bills, are signed? Does your appropriation language govern how the programs will be conducted?

Mr. YATES. It is my opinion that the appropriations language will govern, I will say to the gentlean. This is an appropriations bill.

Mr. BAUMAN. Well, then what the gentleman is saying is that we are about to vote on the major energy initiative we will ever address in this Congress. This is the authorizing bill and appropriating bill——

Mr. YATES. May I say to the gentleman, this is a major energy initiative but it is in the appropriations process. It is the beginning of the energy program and subsequent authorizing legislation will also control the direction of that program. For example, the bill that was passed by the House and which is now over in the other body provides certain standards and legislative formula for the energy program. They will control. In the meantime, this language that is in the appropriation bill will govern.

Mr. Speaker, I would like to make one further point: The definition in the bill is important. We make available purchase commitments and price guarantees for alternative fuels. These are defined as gaseous, liquid, or solid fuels and chemical feedstocks derived from coal, shale, tar sands, lignite peat, biomass, and, may I say that biomass includes alcohol to extend gasoline in the form known as gasohol solid waste, unconventional natural gas, and other minerals, or organic materials other than crude oil or any derivative thereof; $700,000,000 is provided, including $100,000,000 for project development feasibility studies, $100,000,000 for cooperative agreements to support commercial scale development of alternative fuels facilities and $500,000,000 for a reserve to cover any defaults from loan guarantees issued to finance the construction of alternative fuels production facilities as authorized by the Federal Nonnuclear Energy Research and Development Act of 1974 as amended. This reserve is one-third of a total loan guarantee or commitment not to exceed $1,500,000,000. This is a significant change from the bill as passed the House which included only $1,500,000,000 for purchase, commitments, or price guarantees as authorized by the Moorhead Act. The program, as agreed by the managers, will expedite the domestic development and production of alternative fuels to reduce the dependence on foreign supplies of energy resources by establishing domestic production at the earliest time practicable.

In addition to those two major changes, the conferees made many changes in the balance of the bill which deals primarily with the resource management agencies of the United States. The conferees agreed to provide $300,000,000 for land and water conservation fund grants to States. This is $100,000,000 above the amount proposed by the House and $59,307,000 below the amount proposed by the Senate. The State share is 61 percent of the total amount appropriated which is subject to sharing. Additional information on agreements reached by the managers is contained in House Report 96–604, which is printed in the CONGRESSIONAL RECORD, November 8, 1979, p. 31565.

I should like to make reference to one item relating to the Smithsonian Institution—the proposed south quadrangle complex. The conferees struck out planning funds of $250,000 in order to provide an opportunity for further reviews of certain aspects of the project.

Mr. Speaker, I include at this point in the RECORD a table comparing new obligational authority recommended in the bill for 1980, and the respective recommendations contained in the House and the Senate bills in comparison thereto.

[Fiscal years]

	New budget authority					Conference compared with—			
	Enacted, 1979	Estimates, 1980	House, 1980	Senate, 1980	Conference, 1980	Enacted, 1980	Estimate, 1980	House bill	Senate bill
TITLE I—DEPARTMENT OF THE INTERIOR									
LAND AND WATER RESOURCES									
Bureau of Land Management									
Management of lands and resources	$342, 756, 000	$296, 231, 000	$295, 361, 000	$295, 836, 000	$301, 896, 000	−$40, 860, 000	+$5, 665, 000	+$6, 535, 000	+$6, 060, 000
Acquisition, construction, and maintenance	19, 011, 000	16, 343, 000	16, 343, 000	16, 343, 000	16, 343, 000	−2, 668, 000			
Payments in lieu of taxes	105, 000, 000	108, 000, 000	10, 000, 000	108, 000, 000	108, 000, 000	+3, 000, 000			
Oregon and California grant lands (indefinite, appropriatiion of receipts)	55, 000, 000	55, 000, 000	55, 000, 000	55, 000, 000	55, 000, 000				
Range mprovements (indefinite, appropriation of receipts)	8, 665, 000	10, 900, 000	10, 900, 000	10, 900, 000	10, 900, 000	+2, 235, 000			
Recreation development and operation of recreation facilities (indefinite, special fund)	300, 000	300, 000	300, 000	300, 000	300, 000				
Service charges, deposits, and forfeitures (indefinite, special fund)	13, 750, 000	13, 750, 000	13, 750, 000	13, 750, 000	13, 750, 000				
Miscellaneous trust funds (indefinite)	100, 000	100, 000	100, 000	100, 000	100, 000				
Total, Bureau of Land Management	544, 582, 000	500, 624, 000	499, 754, 000	500, 229, 000	506, 289, 000	−38, 293, 000	+5, 665, 000	+6, 535, 000	+6, 060, 000
Office of Water Research and Technology									
Salaries and expenses	28, 357, 000	30, 739, 000	30, 977, 000	30, 522, 000	30, 781, 000	+2, 424, 000	+42, 000	−196, 000	+259, 000
Total, Land and Water Resources	572, 939, 000	531, 363, 000	530, 731, 000	530, 751, 000	537, 070, 000	−35, 869, 000	+5, 707, 000	+6, 339, 000	+6, 319, 000
FISH AND WILDLIFE AND PARKS									
Heritage Conservation and Recreation Service									
Salaries and expenses	15, 174, 000	14, 954, 000	15, 656, 000	15, 289, 000	15, 351, 000	+177, 000	+397, 000	−305, 000	+62, 000
Urban park and recreation fund	20, 000, 000	150, 000, 000	125, 000, 000	125, 000, 000	125, 000, 000	+105, 000, 000	−25, 000, 000		
Land and water conservation fund (indefinite)	737, 025, 000	598, 000, 000	447, 059, 000	554, 547, 000	509, 194, 000	−227, 831, 000	−88, 806, 000	+62, 135, 000	−45, 353, 000
Pinelands National Reserve		12, 000, 000	12, 000, 000				−12, 000, 000	−12, 000, 000	
Historic preservation fund	60, 000, 000	45, 000, 000	50, 000, 000	67, 500, 000	55, 000, 000	−5, 000, 000	+10, 000, 000	+5, 000, 000	+12, 500, 000
Total, Heritage Conservation and Recreation Service	832, 199, 000	819, 954, 000	649, 715, 000	762, 336, 000	704, 545, 000	−127, 654, 000	−115, 409, 000	+54, 830, 000	−57, 791, 000
U.S. Fish and Wildlife Service									
Resource management	200, 439, 000	208, 055, 000	207, 055, 000	205, 421, 000	206, 641, 000	+6, 202, 000	−1, 414, 000	−414, 000	+1, 220, 000
Construction and anadromous fish	97, 856, 000	47, 574, 000	56, 327, 000	56, 945, 000	58, 757, 000	−39, 099, 000	+11, 183, 000	+2, 430, 000	+1, 812, 000
Migratory bird conservation account (definite, repayable advance)	10, 000, 000	10, 000, 000	15, 000, 000	8, 400, 000	15, 000, 000	+5, 000, 000	+5, 000, 000		+6, 600, 000
Development and operation of recreation facilities (indefinite, special fund)	150, 000	200, 000	200, 000	200, 000	200, 000	+50, 000			
Total, U.S. Fish and Wildlife Service	308, 445, 000	265, 829, 000	278, 582, 000	270, 966, 000	280, 598, 000	−27, 847, 000	+14, 769, 000	+2, 016, 000	+9, 632, 000
National Park Service									
Operation of the national park system	387, 806, 000	394, 177, 000	383, 512, 000	380, 244, 000	382, 775, 000	−5, 031, 000	−11, 402, 000	−737, 000	+2, 531, 000
Construction	118, 488, 000	87, 718, 000	97, 144, 000	119, 938, 000	112, 154, 000	−6, 334, 000	+24, 436, 000	+15, 010, 000	−7, 784, 000
Appropriation to liquidate contract authority					(15, 500, 000)	(+15, 500, 000)	(+15, 500, 000)	(+15, 500, 000)	(+15, 500, 000)
Rescission of an appropriation to liquidate contract authority				(−5, 552, 000)	(−5, 552, 000)	(−5, 552, 000)	(−5, 552, 000)	(−5, 552, 000)	
Planning, development, and operation of recreation facilities (indefinite, special fund)	15, 478, 000	28, 465, 000	15, 781, 000	16, 217, 000	16, 217, 000	+739, 000	−12, 248, 000	+436, 000	
John F. Kennedy Center for the Performing Arts	4, 055, 000	4, 287, 000	3, 875, 000	4, 030, 000	4, 030, 000	−25, 000	−257, 000	+155, 000	
Total, National Park Service	525, 827, 000	514, 647, 000	500, 312, 000	520, 429, 000	515, 176, 000	−10, 651, 000	+529, 000	+14, 864, 000	−5, 253, 000
Total, Fish and Wildlife and Parks	1, 666, 471, 000	1, 600, 430, 000	1, 428, 609, 000	1, 553, 731, 000	1, 500, 319, 000	−166, 152, 000	−100, 111, 000	+71, 710, 000	−53, 412, 000

[Fiscal years]

	New budget authority					Conference compared with—			
	Enacted, 1979	Estimates, 1980	House, 1980	Senate, 1980	Conference, 1980	Enacted, 1980	Estimate, 1980	House bill	Senate bil
ENERGY AND MINERALS									
Geological Survey									
Surveys, investigations, and research	$418, 606, 000	$459, 321, 000	$448, 290, 000	$450, 805, 000	$452, 055, 000	+$33, 449, 000	−$7, 266, 000	+$3, 765, 000	+$1, 250, 000
Exploration of national petroleum reserve in Alaska	231, 048, 000	4, 427, 000	145, 927, 000	175, 627, 000	175, 627, 000	−55, 421, 000	+171, 200, 000	+29, 700, 000	
Total, Geological Survey	649, 654, 000	463, 748, 000	594, 217, 000	626, 432, 000	627, 682, 000	−21, 972, 000	+163, 934, 000	+33, 465, 000	+1, 250, 000
Bureau of Mines									
Mines and minerals	148, 507, 000	135, 194, 000	134, 883, 000	131, 603, 000	132, 753, 000	−15, 754, 000	−2, 441, 000	−2, 130, 000	+1, 150, 000
Helium fund (permanent contract authority)		47, 500, 000					−47, 500, 000		
Total, Bureau of Mines	148, 507, 000	182, 694, 000	134, 883, 000	131, 603, 000	132, 753, 000	−15, 754, 000	−49, 941, 000	−2, 130, 000	+1, 150, 000
Office of Surface Mining Reclamation and Enforcement									
Regulation and technology	53, 944, 000	81, 320, 000	85, 520, 000	82, 625, 000	84, 687, 000	+30, 743, 000	+3, 367, 000	−833, 000	+2, 062, 000
Abandoned mine reclamation fund (definite, trust fund)	61, 451, 000	113, 916, 000	111, 416, 000	94, 916, 000	94, 916, 000	+33, 465, 000	−19, 000, 000	−16, 500, 000	
Total, Office of Surface Mining Reclamation and Enforcement	115, 395, 000	195, 236, 000	196, 936, 000	177, 541, 000	179, 603, 000	+64, 208, 000	−15, 633, 000	−17, 333, 000	+2, 062, 000
Total, Energy and Minerals	913, 556, 000	841, 678, 000	926, 036, 000	935, 576, 000	940, 038, 000	+26, 482, 000	+98, 360, 000	+14, 002, 000	+4, 462, 000
INDIAN AFFAIRS									
Bureau of Indian Affairs									
Operation of Indian programs	792, 052, 000	792, 020, 000	792, 753, 000	770, 835, 000	789, 051, 000	−3, 001, 000	−2, 969, 000	−3, 702, 000	+18, 216, 000
Construction	126, 554, 000	67, 721, 000	83, 395, 000	66, 874, 000	89, 374, 000	−37, 180, 000	+21, 653, 000	+5, 979, 000	+22, 500, 000
Road construction	79, 253, 000	58, 379, 000	60, 379, 000	46, 479, 000	66, 479, 000	−12, 774, 000	+8, 100, 000	+6, 100, 000	+20, 000, 000
Alaska native fund	30, 000, 000	30, 000, 000	30, 000, 000	30, 000, 000	30, 000, 000				
Trust funds (definite)	3, 000, 000	3, 000, 000	3, 000, 000	3, 000, 000	3, 000, 000				
Trust funds (indefinite)	23, 000, 000	23, 000, 000	23, 000, 000	23, 000, 000	23, 000, 000				
Eastern Indian land claims fund	3, 500, 000					−3, 500, 000			
Salt River Pima-Maricopa settlement			3, 917, 000	3, 917, 000	3, 917, 000	+3, 917, 000	+3, 917, 000		
Total, Bureau of Indian Affairs	1, 057, 359, 000	974, 120, 000	996, 444, 000	944, 105, 000	1, 004, 821, 000	−52, 538, 000	+30, 701, 000	+8, 377, 000	+60, 716,000
TERRITORIAL AFFAIRS									
Office of Territorial Affairs									
Administration of territories	55, 410, 000	46, 804, 000	84, 161, 000	63, 061, 000	86, 661, 000	+31, 251, 000	+39, 857, 000	+2, 500, 000	+23, 600, 000
Trust Territory of the Pacific Islands	114, 706, 000	99, 010, 000	112, 760, 000	105, 799, 000	113, 785, 000	−921, 000	+14, 775, 000	+1, 025, 000	+7, 986, 000
Micronesian claims fund, Trust Territory of the Pacific Islands	12, 600, 000					−12, 600, 000			
Total, Office of Territorial Affairs	182, 716, 000	145, 814, 000	196, 921, 000	168, 860, 000	200, 446, 000	+17, 730, 000	+54, 632, 000	+3, 525, 000	+31, 586, 000
SECRETARIAL OFFICES									
Office of the Solicitor									
Salaries and expenses	15, 085, 000	15, 860, 000	15, 500, 000	15, 741, 000	15, 741, 000	+656, 000	−119, 000	+241, 000	
Office of the Secretary									
Departmental management	43, 100, 000	48, 761, 000	45, 760, 000	45, 144, 000	49, 344, 000	+6, 244, 000	+583, 000	+3, 584, 000	+4, 200, 000
Construction management			9, 400, 000					−9, 400, 000	
Salaries and expenses (special foreign currency program)	1, 000, 000	1, 000, 000	1, 000, 000	1, 000, 000	1, 000, 000				
Total, Office of the Secretary	44, 100, 000	49, 761, 000	56, 160, 000	46, 144, 000	50, 344, 000	+6, 244, 000	+583, 000	−5, 816, 000	+4, 200, 000
Total, Secretarial Offices	59, 185, 000	65, 621, 000	71, 660, 000	61, 885, 000	66, 085, 000	+6, 900, 000	+464, 000	−5, 575, 000	+4, 200, 000
Total, title I, new budget (obligational) authority, Department of the Interior	4, 452, 226, 000	4, 159, 026, 000	4, 150, 401, 000	4, 194, 908, 000	4, 248, 779, 000	−203, 447, 000	+89, 753, 000	+98, 378, 000	+53, 871, 000
Consisting of:									
Appropriations	4, 452, 226, 000	4, 111, 526, 000	4, 150, 401, 000	4, 194, 908, 000	4, 248, 779, 000	−203, 447, 000	+137, 253, 000	+98, 378, 000	+53, 871, 000
Definite appropriations	3, 598, 758, 000	3, 381, 811, 000	3, 584, 311, 000	3, 520, 894, 000	3, 620, 118, 000	+21, 360, 000	+238, 307, 000	+35, 807, 000	+99, 224, 000
Indefinite appropriations	853, 468, 000	729, 715, 000	566, 090, 000	674, 014, 000	628, 661, 000	−224, 807, 000	−101, 054, 000	+62, 571, 000	−45, 353. 000
Permanent contract authority		47, 500, 000					−47, 500, 000		

[Fiscal years]

	New budget authority					Conference compared with—			
	Enacted, 1979	Estimates, 1980	House, 1980	Senate, 1980	Conference, 1980	Enacted, 1980	Estimate, 1980	House bill	Senate bill
TITLE II—RELATED AGENCIES									
DEPARTMENT OF AGRICULTURE									
Forest Service									
Forest resources management:									
Forest research	$110, 947, 000	$105, 064, 000	$109, 490, 000	$105, 414, 000	$108, 795, 000	−$2, 152, 000	+$3, 731, 000	−$695, 000	+$3, 381, 000
State and private forestry	80, 611, 000	37, 938, 000	65, 964, 000	73, 518, 000	72, 879, 000	−7, 732, 000	+34, 941, 000	+6, 915, 000	−639, 000
National forest system	815, 308, 000	752, 137, 000	847, 151, 000	796, 824, 000	825, 532, 000	+10, 224, 000	+73, 395, 000	−21, 619, 000	+28, 708, 000
Total, Forest management, protection and utilization	1, 006, 866, 000	895, 139, 000	1, 022, 605, 000	975, 756, 000	1, 007, 206, 000	+340, 000	+112, 067, 000	−15, 399, 000	+31, 450, 000
Construction and land acquisition	430, 010, 000	337, 438, 000	425, 823, 000	409, 458, 000	423, 412, 000	−6, 598, 000	+85, 974, 000	−2, 411, 000	+13, 954, 000
Youth conservation corps	60, 000, 000		27, 400, 000	54, 000, 000	54, 000, 000	−6, 000, 000	+54, 000, 000	+26, 600, 000	
Forest roads	243, 466, 000					−243, 466, 000			
Forest roads and trails	231, 392, 000					−231, 392, 000			
Timber salvage sales	3, 000, 000					−3, 000, 000			
Acquisition of lands for national forests:									
Special acts (special fund, indefinite)	385, 000	325, 000	325, 000	325, 000	325, 000	−60, 000			
Acquisition of lands to complete land exchanges (special fund, indefinite)	239, 000	155, 000	155, 000	155, 000	155, 000	−84, 000			
Rangeland improvements (special fund, indefinite)	5, 400, 000	5, 900, 000	5, 900, 000	5, 900, 000	5, 900, 000	+500, 000			
Assistance to States for tree improvement	1, 522, 000					−1, 522, 000			
Construction and operation of recreation facilities (indefinite, special fund)	3, 459, 000	3, 850, 000	3, 850, 000	3, 850, 000	3, 850, 000	+391, 000			
Rights-of-way (indefinite)	100, 000					−100, 000			
Total, Forest Service	1, 985, 839, 000	1, 242, 807, 000	1, 486, 058, 000	1, 449, 444, 000	1, 494, 848, 000	−490, 991, 000	+252, 041, 000	+8, 790, 000	+45, 404, 000
DEPARTMENT OF ENERGY									
Alternative fuels production		20, 000, 000, 000	1, 500, 000, 000	19, 500, 000, 000	20, 000, 000, 000	+20, 000, 000, 000		+18, 500, 000, 000	+500, 000, 000
By transfer				(1, 500, 000, 000)					(−1, 500, 000, 000)
Fossil energy research and development	659, 112, 000	714, 092, 000	699, 377, 000	798, 302, 000	746, 627, 000	+87, 515, 000	+32, 535, 000	+47, 250, 000	−51, 675, 000
Fossil energy construction	99, 709, 000	140, 050, 000	71, 250, 000	105, 250, 000	103, 250, 000	+3, 541, 000	−36, 800, 000	+32, 000, 000	−2, 000, 000
Energy production, demonstration, and distribution	171, 763, 000	146, 299, 000	125, 971, 000	106, 971, 000	111, 221, 000	−60, 542, 000	−35, 078, 000	−14, 750, 000	+4, 250, 000
Energy conservation	632, 138, 000	641, 195, 000	566, 052, 000	692, 502, 000	628, 702, 000	−3, 436, 000	−12, 493, 000	+62, 650, 000	−63, 800, 000
Reappropriation		200, 000, 000	197, 500, 000	120, 000, 000	158, 750, 000	+158, 750, 000	−41, 250, 000	−38, 750, 000	+38, 750, 000
Economic Regulatory Administration	99, 233, 000	183, 263, 000	125, 697, 000	154, 264, 000	152, 879, 000	+53, 646, 000	−30, 384, 000	+27, 182, 000	−1, 385, 000
Strategic petroleum reserve	3, 007, 071, 000	8, 391, 000	8, 391, 000			−3, 007, 071, 000	−8, 391, 000	−8, 391, 000	
Energy Information Administration	65, 644, 000	88, 657, 000	87, 273, 000	87, 273, 000	87, 273, 000	+21, 629, 000	−1, 384, 000		
Total, Department of Energy	4, 734, 670, 000	22, 121, 947, 000	3, 381, 511, 000	21, 564, 562, 000	21, 988, 702, 000	+17, 254, 032, 000	−133, 245, 000	+18, 607, 191, 000	+424, 140, 000
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE									
Health Services Administration									
Indian health services	492, 193, 000	535, 116, 000	541, 449, 000	536, 580, 000	538, 874, 000	+46, 681, 000	+3, 758, 000	−2, 575, 000	+2, 294, 000
Indian health facilities	76, 960, 000	50, 240, 000	74, 302, 000	26, 062, 000	74, 302, 000	−2, 658, 000	+24, 062, 000		+48, 240, 000
Total, Indian health	569, 153, 000	585, 356, 000	615, 751, 000	562, 642, 000	613, 176, 000	+44, 023, 000	+27, 820, 000	−2, 575, 000	+50, 534, 000
Office of Education									
Indian education	71, 735, 000	76, 875, 000	75, 875, 000	75, 900, 000	75, 900, 000	+4, 165, 000	−975, 000	+25, 000	
Office of the Assistant Secretary for Education									
Institute of Museum Services	7, 852, 000	10, 900, 000	10, 900, 000	10, 900, 000	10, 900, 000	+3, 048, 000			
Total, Department of Health, Education, and Welfare	648, 740, 000	673, 131, 000	702, 526, 000	649, 442, 000	699, 976, 000	+51, 236, 000	+26, 845, 000	−2, 550, 000	+50, 534, 000
NAVAJO AND HOPI INDIAN RELOCATION COMMISSION									
Salaries and expenses	8, 752, 000	950, 000	950, 000	950, 000	950, 000	−7, 802, 000			
SMITHSONIAN INSTITUTION									
Salaries and expenses	98, 202, 000	104, 740, 000	103, 498, 000	102, 710, 000	103, 781, 000	+6, 579, 000	−959, 000	+283, 000	+1, 071, 000
Museum programs and related research (special foreign currency program)	3, 700, 000	7, 700, 000	3, 700, 000	4, 700, 000	4, 200, 000	+500, 000	−3, 800, 000	+500, 000	−500, 000
Science Information Exchange	2, 063, 000					−2, 063, 000			
Construction and improvements, National Zoological Park	3, 900, 000	6, 550, 000	6, 500, 000	6, 000, 000	6, 250, 000	+2, 350, 000	−300, 000	−250, 000	+250, 000
Restoration and renovation of buildings	2, 1001000	4, 900, 000	5, 250, 000	5, 150, 000	5, 250, 000	+3, 150, 000	+350, 000		+100, 000
Construction	575, 000	21, 100, 000	20, 600, 000	10, 850, 000	20, 600, 000	+20, 025, 000	−500, 000		+9, 750, 000
Subtotal	110, 540, 000	144, 990, 000	193, 548, 000	129, 410, 000	140, 081, 000	+29, 541, 000	−4, 909, 000	+533, 000	+10, 671, 000

[Fiscal years]

	New budget authority					Conference compared with—			
	Enacted, 1979	Estimates, 1980	House, 1980	Senate, 1980	Conference, 1980	Enacted, 1980	Estimate, 1980	House bill	Senate bill
Salaries and expenses:									
National Gallery of Art	$19,041,000	$22,577,000	$22,311,000	$21,978,000	$22,241,000	+$3,200,000	−$336,000	−$70,000	+$263,000
Woodrow Wilson International Center for Scholars	1,588,000	1,648,000	1,611,000	2,611,000	1,611,000	+23,000	−37,000		−1,000,000
Total, Smithsonian Institution	131,169,000	169,215,000	163,470,000	153,999,000	163,933,000	+32,764,000	−5,282,000	+463,000	+9,934,000
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES									
National Endowment for the Arts									
Salaries and expenses	102,310,000	97,000,000	97,000,000	97,000,000	97,000,000	−5,310,000			
Administrative expenses	9,775,000	10,500,000	12,000,000	12,000,000	12,000,000	+2,225,000	+1,500,000		
Subtotal	112,085,000	107,500,000	109,000,000	109,000,000	109,000,000	−3,085,000	+1,500,000		
Matching grants (indefinite)	37,500,000	46,900,000	45,400,000	45,400,000	45,400,000	+7,900,000	−1,500,000		
Total, National Endowment for the Arts	149,585,000	154,400,000	154,400,000	154,400,000	154,400,000	+4,815,000			
National Endowment for the Humanities									
Salaries and expenses	98,485,000	100,300,000	100,300,000	98,900,000	100,300,000	+1,815,000			+1,400,000
Administrative expenses	10,246,000	10,800,000	11,400,000	10,500,000	11,400,000	+1,154,000	+600,000		+900,000
Subtotal	108,731,000	111,100,000	111,700,000	109,400,000	111,700,000	+2,969,000	+600,000		+2,300,000
Matching grants (indefinite)	36,500,000	39,000,000	38,400,000	38,400,000	38,400,000	+1,900,000	−600,000		
Total, National Endowment for the Humanities	145,231,000	150,100,000	150,100,000	147,800,000	150,100,000	+4,869,000			+2,300,000
Total, National Foundation on the Arts and the Humanities	294,816,000	304,500,000	304,500,000	302,200,000	304,500,000	+9,684,000			+2,300,000
COMMISSION OF FINE ARTS									
Salaries and expenses	263,000	271,000	268,000	268,000	268,000	+5,000	−3,000		
ADVISORY COUNCIL ON HISTORIC PRESERVATION									
Salaries and expenses	1,204,000	1,672,000	1,350,000	1,460,000	1,350,000	+146,000	−322,000		−110,000
NATIONAL CAPITAL PLANNING COMMISSION									
Salaries and expenses	2,019,000	2,193,000	1,975,000	1,975,000	1,975,000	−44,000	−218,000		
FRANKLIN DELANO ROOSEVELT MEMORIAL COMMISSION									
Salaries and expenses	20,000	10,000	40,000	40,000	40,000	+20,000	+30,000		
JOINT FEDERAL-STATE LAND USE PLANNING COMMISSION FOR ALASKA									
Salaries and expenses	594,000					−594,000			
PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION									
Salaries and expenses	1,659,000	1,856,000	1,811,000	1,856,000	1,856,000	+197,000		+45,000	
Land acquisition and development fund (borrowing authority)	33,000,000	17,000,000	17,000,000	17,000,000	17,000,000	−16,000,000			
Public development	30,255,000	20,110,000	20,110,000	20,110,000	20,110,000	−10,145,000			
Total, Pennsylvania Avenue Development Corporation	64,914,000	38,966,000	38,921,000	38,966,000	38,966,000	−25,948,000		+45,000	
FEDERAL INSPECTOR FOR THE ALASKA GAS PIPELINE									
Permitting and enforcement		14,850,000		13,433,000	10,600,000	+10,600,000	−4,250,000	+10,600,000	−2,833,000
COMMUNITY SERVICES ADMINISTRATION									
Community service program		1,350,000,000		1,200,000,000	1,350,000,000	+1,350,000,000		+1,350,000,000	+150,000,000
Total, title II, new budget (obligational) authority, related agencies	7,873,000,000	25,920,512,000	6,081,569,000	25,376,739,000	26,056,108,000	+18,183,108,000	+135,596,000	+19,974,539,000	+679,369,000
Consisting of:									
Appropriations	$7,840,000,000	$25,703,512,000	$5,867,069,000	$25,239,739,000	$25,880,358,000	+$18,040,358,000	+$176,846,000	+$20,013,289,000	+$640,619,000
Definite appropriations	7,756,417,000	25,607,382,000	5,773,039,000	25,145,709,000	25,786,328,000	+18,029,911,000	+178,946,000	+20,013,289,000	+640,619,000
Indefinite appropriations	83,583,000	96,130,000	94,030,000	94,030,000	94,030,000	+10,447,000	−2,100,000		

	New budget authority					Conference compared with—			
	Enacted, 1979	Estimates, 1980	House, 1980	Senate, 1980	Conference, 1980	Enacted, 1980	Estimate, 1980	House bill	Senate bill
TITLE II—RELATED AGENCIES—Con. COMMUNITY SERVICES ADMINISTRATION—Con.									
Reappropriation		200,000,000	197,500,000	120,000,000	158,750,000	+158,750,000	−41,250,000	−38,750,000	+38,750,000
Borrowing authority	33,000,000	17,000,000	17,000,000	17,000,000	17,000,000	−16,000,000			
By transfer				(1,500,000,000)					(−1,500,000,000)
RECAPITULATION									
Total, new budget (obligational) authority, all titles	12,325,226,000	30,079,538,000	10,231,970,000	29,571,647,000	30,304,887,000	+17,979,661,000	+225,349,000	+20,072,917,000	+733,240,000
Consisting of:									
Appropriations	12,292,226,000	29,815,038,000	10,017,470,000	29,434,647,000	30,129,137,000	+17,836,911,000	+314,099,000	+20,111,667,000	+694,490,000
Definite appropriations	(11,355,175,000)	(28,989,193,000)	(9,357,350,000)	(28,666,603,000)	(29,406,446,000)	(+18,051,271,000)	(+417,253,000)	(+20,049,096,000)	(+739,843,000)
Indefinite appropriations	(937,051,000)	(825,845,000)	(660,120,000)	(768,044,000)	(722,691,000)	(−214,360,000)	(103,154,000)	(+62,751,000)	(−45,353,000)
Reappropriations		200,000,000	197,500,000	120,000,000	158,750,000	+158,750,000	−41,250,000	−38,750,000	+38,750,000
Borrowing authority	33,000,000	17,000,000	17,000,000	17,000,000	17,000,000	−16,000,000			
Permanent contract authority		47,500,000					−47,500,000		
By transfer				(1,500,000,000)					(−1,500,000,000)
TITLE I—DEPARTMENT OF THE INTERIOR									
Bureau of Land Management	544,582,000	500,624,000	499,754,000	500,229,000	506,289,000	−38,293,000	+5,665,000	+6,535,000	+6,060,000
Office of Water Research and Technology	28,357,000	30,739,000	30,977,000	30,522,000	30,781,000	+2,424,000	+42,000	−196,000	+259,000
Heritage Conservation and Recreation Service	832,199,000	819,954,000	649,715,000	762,336,000	704,545,000	−127,654,000	−115,409,000	+54,830,000	−57,791,000
United States Fish and Wildlife Service	308,445,000	265,829,000	278,582,000	270,966,000	280,598,000	−27,847,000	+14,769,000	+2,016,000	+9,632,000
National Park Service	525,827,000	514,647,000	500,312,000	520,429,000	515,176,000	−10,651,000	+529,000	+14,864,000	−5,253,000
Geological Survey	649,654,000	463,748,000	594,217,000	626,432,000	627,682,000	−21,972,000	+163,934,000	+33,465,000	+1,250,000
Bureau of Mines	148,507,000	182,694,000	134,883,000	131,603,000	132,753,000	−15,754,000	−49,941,000	−2,130,000	+1,150,000
Office of Surface Mining Reclamation and Enforcement	115,395,000	195,236,000	196,936,000	177,541,000	179,603,000	+64,208,000	−15,633,000	−17,333,000	+2,062,000
Bureau of Indian Affairs	1,057,359,000	974,120,000	996,444,000	944,105,000	1,004,821,000	−52,538,000	+30,701,000	+8,377,000	+60,716,000
Territorial Affairs	182,716,000	145,814,000	196,921,000	168,860,000	200,446,000	+17,730,000	+54,632,000	+3,525,000	+31,586,000
Office of the Solicitor	15,085,000	15,860,000	15,500,000	15,741,000	15,741,000	+656,000	−119,000	+241,000	
Office of the Secretary	44,100,000	49,761,000	56,160,000	46,144,000	50,344,000	+6,244,000	+583,000	−5,816,000	+4,200,000
Total, Title I—Department of the Interior	4,452,226,000	4,159,026,000	4,150,401,000	4,194,908,000	4,248,779,000	−203,447,000	+89,753,000	+98,378,000	+53,871,000
TITLE II—RELATED AGENCIES									
Forest Service	1,985,839,000	1,242,807,000	1,486,058,000	1,449,444,000	1,494,848,000	−490,991,000	+252,041,000	+8,790,000	+45,404,000
Department of Energy	4,734,670,000	22,121,947,000	3,381,511,000	21,564,562,000	21,988,702,000	+17,254,032,000	−133,245,000	+18,607,191,000	+424,140,000
Indian Health	569,153,000	585,356,000	615,751,000	562,642,000	613,176,000	+44,023,000	+27,820,000	−2,575,000	+50,534,000
Indian Education	71,735,000	76,875,000	75,875,000	75,900,000	75,900,000	+4,165,000	−975,000	+25,000	
Institute of Museum Services	7,852,000	10,900,000	10,900,000	10,900,000	10,900 000	+3,048,000			
Navajo and Hopi Indian Relocation Commission	8,752,000	950,000	950,000	950,000	950,000	−7,802,000			
Smithsonian	110,540,000	144,990,000	139,548,000	129,410,000	140,081,000	+29,541,000	−4,909,000	+533,000	+10,671,000
National Gallery of Art	19,041,000	22,577,000	22,311,000	21,978,000	22,241,000	+3,200,000	−336,000	−70,000	+263,000
Woodrow Wilson International Center for Scholars	1,588,000	1,648,000	1,611,000	2,611,000	1,611,000	+23,000	−37,000		−1,000,000
National Endowment for the Arts	149,585,000	154,400,000	154,400,000	154,400,000	154,400,000	+4,815,000			
National Endowment for the Humanities	145,231,000	150,100,000	150,100,000	147,800,000	150,100,000	+4,869,000			+2,300,000
Commission of Fine Arts	263,000	271,000	268,000	268,000	268,000	+5,000	−3,000		
Advisory Council on Historic Preservation	1,204,000	1,672,000	1,350,000	1,460,000	1,350,000	+146,000	−322,000		−110,000
National Capital Planning Commission	2,019,000	2,193,000	1,975,000	1,975,000	1,975,000	−44,000	−218,000		
Franklin Delano Roosevelt Memorial Commission	20,000	10,000	40,000	40,000	40,000	+20,000	+30,000		
Joint Federal-State Land Use Planning Commission for Alaska	594,000					−594,000			
Pennsylvania Avenue Development Corporation	64,914,000	38,966,000	38,921,000	38,966,000	38,966,000	−25,948,000		+45,000	
Federal Inspector for the Alaska Gas Pipeline		14,850,000		13,433,000	10,600,000	+10,600,000	−4,250,000	+10,600,000	−2,833,000
Community Services Administration		1,350,000,000		1,200,000,000	1,350,000,000	+1,350,000,000		+1,350,000,000	+150,000,000
Total, Title II—Related Agencies	7,873,000,000	25,920,512,000	6,081,569,000	25,376,739,000	26,056,108,000	+18,183,108,000	+135,596,000	+19,974,539,000	+679,369,000
Grand total	12,325,226,000	30,079,538,000	10,231,970,000	29,571,647,000	30,304,887,000	+17,979,661,000	+225,349,000	+20,072,917,000	+733,240,000

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. YATES. I yield to the gentleman from Washington.

Mr. McCORMACK. I thank the gentleman for yielding.

Mr. Speaker, my question goes to the community services program, the heating cost amendment. There is some ambiguity in the wording of this particular portion of the bill.

I should like to see if we can get resolution of it in the RECORD.

When the authorizing legislation was before the House it was amended so that in all cases it talked about heating costs instead of fuel costs so as to be absolutely certain we were talking about all expenditures involved in heating, including electricity, as well as liquid fuels, for instance.

Mr. Speaker, in the measure before the House, we have one reference to heating fuel costs, another one to increases in rents caused by increases in heating fuel costs, and another for heating energy expenditures.

I wonder if the subcommittee chairman could tell us if this appropriations bill is consistent with the authorizing bill and that this funding is for heating costs broadly interpreted, which would include electricity, rather than just for fuel costs?

Mr. YATES. It is the understanding of the gentleman from Illinois that the gentleman's interpretation is correct.

The SPEAKER. The Chair recognizes the gentleman from Pennsylvania.

Mr. McDADE. Mr. Speaker, the chairman of the subcommittee, the distinguished gentleman from Illinois (Mr. YATES), has gone to some length in explaining this bill. We on this side of the aisle unanimously support the adoption of this conference report. It is a major bill that has to do with the resources of this Nation. It contains the urgently needed fuel assistance program. It also contains major initiatives with respect to energy in this country.

Mr. Speaker, I reserve the balance of my time.

● Mr. FRENZEL. Mr. Speaker, because this appropriation is several hundred million dollars over budget, I am obliged to vote against it. But there are many parts of it I favor.

The emergency fuel assistance program, for which I voted when it was presented in a separate bill, has an improved distribution formula. As noted previously, there are many things wrong with this program, including the hazard that it could become another permanent welfare program. But, since we have chosen the decontrol policy, I think it is reasonable to provide assistance to the poor—out of windfall tax revenues.

This conference report also provides a beginning, and necessary, appropriation of $2.2 for our alternative fuels development program.●

Mr. YATES. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. BAUMAN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 271, nays 46, answered "present" 1, not voting 115, as follows:

[Roll No. 647]

YEAS—271

Abdnor
Addabbo
Albosta
Alexander
Anderson, Calif.
Andrews, N.C.
Annunzio
Anthony
Applegate
Ashley
Aspin
Atkinson
AuCoin
Bailey
Barnes
Beard, R.I.
Beard, Tenn.
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Blanchard
Boner
Bonior
Brademas
Breaux
Brodhead
Broomfield
Brown, Calif.
Broyhill
Buchanan
Burgener
Burlison
Burton, Phillip
Byron
Campbell
Carney
Carr
Carter
Chappell
Chisholm
Coleman
Collins, Ill.
Conte
Corcoran
Coughlin
Courter
D'Amours
Daniel, Dan
Danielson
Davis, Mich.
Davis, S.C.
Deckard
Dellums
Derrick
Derwinski
Dickinson
Dingell
Dixon
Dodd
Donnelly
Dornan
Dougherty
Downey
Drinan
Eckhardt
Edgar
Edwards, Okla.
Emery
Erdahl
Ertel
Evans, Del.
Fascell
Fazio
Ferraro
Fish
Fisher
Fithian
Flippo
Florio
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fowler
Frost
Gaydos
Gephardt
Gibbons
Gilman
Goldwater
Gonzalez
Goodling
Gore
Grassley
Gray
Green
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hanley
Harkin
Harris
Hefner
Hightower
Hillis
Hinson
Hollenbeck
Hopkins
Howard
Hubbard
Hughes
Hutto
Hyde
Ichord
Ireland
Jeffords
Jenkins
Johnson, Colo.
Jones, Tenn.
Kastenmeier
Kazen
Kildee
Kogovsek
Kostmayer
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Lederer
Lehman
Leland
Lent
Lewis
Lloyd
Loeffler
Long, La.
Long, Md.
Lowry
Luken
Lundine
McClory
McCormack
McDade
McHugh
McKinney
Madigan
Maguire
Markey
Marks
Marlenee
Marriott
Matsui
Mavroules
Mica
Michel
Miller, Calif.
Mineta
Minish
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Mottl
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nelson
Nowak
O'Brien
Oberstar
Obey
Ottinger
Patten
Patterson
Pease
Perkins
Petri
Peyser
Preyer
Price
Pritchard
Pursell
Quillen
Rahall
Rangel
Ratchford
Regula
Reuss
Rinaldo
Ritter
Rodino
Roe
Rose
Rostenkowski
Roth
Roybal
Rudd
Russo
Sabo
Santini
Scheuer
Seiberling
Shannon
Sharp
Shelby
Simon
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Solomon
Spence
Stack
Staggers
Stangeland
Stanton
Steed
Stewart
Stokes
Stratton
Studds
Swift
Tauke
Thomas
Thompson
Traxler
Trible
Van Deerlin
Vander Jagt
Vanik
Vento
Walgren
Walker
Wampler
Watkins
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Ohio
Wirth
Wolff
Wolpe
Wyatt
Yates
Young, Mo.
Zablocki
Zeferetti

NAYS—46

Badham
Bauman
Bouquard
Brinkley
Butler
Collins, Tex.
Conable
Crane, Daniel
Daniel, R. W.
Dannemeyer
Daschle
Devine
English
Evans, Ind.
Frenzel
Gingrich
Gramm
Hansen
Harsha
Jacobs
Jeffries
Kelly
Kindness
Levitas
Lott
McDonald
Martin
Mattox
Miller, Ohio
Moore
Panetta
Pashayan
Paul
Robinson
Satterfield
Sawyer
Schulze
Sensenbrenner
Shumway
Shuster
Stenholm
Stockman
Stump
Volkmer
Weaver
Williams, Mont.

ANSWERED "PRESENT"—1

Bafalis

NOT VOTING—115

Akaka
Ambro
Anderson, Ill.
Andrews, N. Dak.
Archer
Ashbrook
Baldus
Barnard
Boggs
Boland
Bolling
Bonker
Bowen
Brooks
Brown, Ohio
Burton, John
Cavanaugh
Cheney
Clausen
Clay
Cleveland
Clinger
Coelho
Conyers
Corman
Cotter
Crane, Philip
de la Garza
Dicks
Diggs
Duncan, Oreg.
Duncan, Tenn.
Early
Edwards, Ala.
Edwards, Calif.
Erlenborn
Evans, Ga.
Fary
Fenwick
Findley
Flood
Foley
Fuqua
Garcia
Giaimo
Ginn
Glickman
Gradison
Hance
Hawkins
Heckler
Heftel
Holland
Holt
Holtzman
Horton
Huckaby
Jenrette
Johnson, Calif.
Jones, N.C.
Jones, Okla.
Kemp
Leath, Tex.
Lee
Livingston
Lujan
Lungren
McCloskey
McEwen
McKay
Mathis
Mazzoli
Mikulski
Mitchell, Md.
Murphy, Ill.
Murphy, N.Y.
Nedzi
Nichols
Nolan
Oakar
Pepper
Pickle
Quayle
Railsback
Rhodes
Richmond
Roberts
Rosenthal
Rousselot
Royer
Runnels
Schroeder
Sebelius
Skelton
Snowe
Spellman
St Germain
Stark
Symms
Synar
Taylor
Treen
Udall
Ullman
Waxman
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wright
Wydler
Wylie
Yatron
Young, Alaska
Young, Fla.

☐ 1340

The Clerk announced the following pairs:

Mr. Pepper with Mr. Anderson of Illinois.

Mrs. Spellman with Mr. Ashbrook.

Mr. Roberts with Mr. Findley.

Mr. Pickle with Mr. Railsback.

Mr. Foley with Mrs. Snowe.

Mr. Ginn with Mr. Royer.

Mr. Glickman with Mr. Wylie.

Mr. Jenrette with Mr. Rousselot.

Mr. Mazzoli with Mr. Young of Florida.

Mr. Mitchell of Maryland with Mr. Sebelius.

Mr. Nichols with Mr. Lujan.

Mr. Fary with Mr. Bob Wilson.

Mr. Murphy of New York with Mr. Young of Alaska.

Mr. Boland with Mr. Livingston.

Mr. John L. Burton with Mrs. Fenwick.

Mr. Coelho with Mr. Quayle.

Mr. Dicks with Mr. Cleveland.

Mr. Edwards of California with Mr. Symms.

Mr. Corman with Mr. Winn.

Mr. Evans of Georgia with Mr. Taylor.

Mr. Clay with Mr. Wydler.

Mr. Udall with Mr. Gradison.

Mr. Synar with Mrs. Heckler.

Mr. Wright with Mr. McEwen.

Mr. McKay with Mr. Kemp.

Mr. Nedzi with Mr. Lee.

Ms. Mikulski with Mr. Duncan of Tennessee.

Mr. Ullman with Mr. Erlenborn.

Mr. Mathis with Mr. Lungren.

Mr. Early with Mr. Philip M. Crane.

Mr. Yatron with Mr. Brown of Ohio.

Mr. de la Garza with Mr. Clinger.

Mr. Waxman with Mr. Archer.

Mr. Leath of Texas with Mr. Clausen.

Mr. Charles Wilson of Texas with Mr. Andrews of North Dakota.

Mr. Skelton with Mr. Cheney.

Mr. Richmond with Mr. McCloskey.

Mr. Nolan with Mr. Horton.

Ms. Oakar with Mr. Runnels.

Mr. Fuqua with Mr. St Germain.

Mr. Rosenthal with Mrs. Schroeder.

Mr. Garcia with Mr. Stark.

Mr. Hance with Mr. Charles H. Wilson of California.

Mr. Giaimo with Mr. Hawkins.

Mr. Jones of North Carolina with Mrs. Holt.

Mr. Holland with Mr. Jones of Oklahoma.

Mr. Heftel with Mr. Duncan of Oregon.

Mr. Conyers with Mr. Edwards of Alabama.

Mr. Brooks with Mrs. Boggs.

Mr. Akaka with Mr. Baldus.

Mr. Bowen with Mr. Ambro.

Mr. Cavanaugh with Mr. Huckaby.

Ms. Holtzman with Mr. Bonker.

Mr. Johnson of California with Mr. Barnard.

Mr. Cotter with Mr. Murphy of Illinois.

Messrs. LOTT, MOORE, and MARTIN changed their votes from "yea" to "nay."

So the conference report was agreed to.

The result of the vote was announced as above recorded.

AMENDMENTS IN DISAGREEMENT

The SPEAKER pro tempore (Mr. HAMILTON). The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 1: Page 2, line 4, strike out "$295,361,000" and insert "$295,836,000".

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 1 and concur with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$301,896,000".

The motion was agreed to.

The SPEAKER pro tempore (Mr. MINETA). The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 3: Page 6, line 14, insert ": *Provided further,* That none of these appropriations available to the Bureau of Land Management shall be used to effect reductions of licensed animal unit months to any grazing permittee or lessee that exceeds 10 per centum from the level established in fiscal year 1979.".

Mr. YATES (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendment be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 3 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment, insert the following. ": *Provided further,* That the Secretary of the Interior and Secretary of Agriculture shall (a) review Federal agricultural financial assistance programs to determine to what extent such programs provide opportunities to assist livestock operators adversely affected by reductions in grazing allotments on public rangelands, as defined in the section 3 of the Public Rangelands Improvement Act of 1978 (43 U.S.C. 1902); and (b) submit the results of this review to the Committees on Appropriations of the House of Representatives and the Senate within ninety days of the effective date of this Act, together with details on available programs, opportunities for more effective use of such programs, additional budget requirements needed to augment such programs, and any legislation needed to improve opportunities for assistance: *Provided further,* That the Secretary of the Interior shall develop criteria for extending, on a case-by-case basis, the period allowed for phased livestock reductions on public rangelands administered through the Bureau of Land Management up to five years. Such criteria shall take into account available agricultural assistance programs, the magnitude of projected livestock reductions, alternative pasturage available, and ability of such public rangelands to sustain such phasing in of rangeland productivity: *Provided further,* That an appeal of any reductions in grazing allotments on public rangelands must be taken within 30 days after receipt of a final grazing allotment decision or 90 days after the effective date of this Act in the case of reductions ordered during 1979, whichever occurs later. Reductions of up 10 percent in grazing allotments shall become effective when so designated by the Secretary of the Interior. Upon appeal any proposed reduction in excess of 10 percent shall be suspended pending final action on the appeal, which shall be completed within 2 years after the appeal is filed".

Mr. YATES (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 15: Page 8, line 11, insert "; and (6) not to exceed $12,000,000 shall be available for land acquisition at Pinelands National Reserve, including $800,000 for planning, only in accordance with the authorization and matching requirements of section 502 of Public Law 95-625: *Provided,*".

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 15 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 17: Page 8, line 19, strike out ": *Provided further,* That the $12,500,000 available to the Forest Service in fiscal year 1979 for acquisition of the Kahle and Jennings properties may be used to acquire other properties in the Tahoe Basin of California and Nevada with no matching requirement".

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 17 and concur therein with an amendment, as follows: Restore the matter stricken by said amendment amended to read as follows: ": *Provided further,* That the $12,500,000 available to the Forest Service in fiscal year 1979 for acquisition of the Kahle and Jennings properties may be used to acquire the Jennings property and other properties in the Tahoe Basin of California and Nevada without regard to the matching requirements and zoning restrictions included in the 1979 appropriations act".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

Mr. YATES. Mr. Speaker, I ask unanimous consent that each remaining Senate amendment in disagreement be designated by number and the reading be waived.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment is as follows:

Senate amendment No. 24: Page 11, line 8, strike out "$56,327,000" and insert "$56,945,000,".

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 24 and concur therein with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$58,757,000".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment is as follows:

Senate amendment No. 25: Page 11, line 9 ": *Provided,* That $4,712,000 shall become available only upon enactment of S. 838 or similar legislation.

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 25 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement:

The amendment is as follows:

Senate amendment No. 30: page 14, line 1, strike out ": *Provided further,* That the National Park Service is authorized to receive contributions for third shift operation of the Park Police Helicopters and that $125,000 of this appropriation shall become available for obligation only to the extent it is matched by such contributions".

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 30 and concur therein with an amendment, as follows: In lieu of the matter proposed to be stricken by said amendment, insert the following: ": *Provided further,* That the Park Service shall not enter into future concessionaire contracts, including renewals, that do not include a termination for cause clause that provides for possible extinguishment of possessory interests excluding depreciated book value of concessionaire investments without compensation.".

The SPEAKER pro tempore. The gentleman from Illinois (Mr. YATES) is recognized for 1 hour.

Mr. YATES. Mr. Speaker, I yield myself 5 minutes.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. YATES. I yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I am concerned, as I read down through the conference report, with what seems to me to be a good bit of money in one area. I am concerned about a good deal of money that seems to be headed toward one little community.

I know that the gentleman worked very hard in the course of the conference to assure that there is some sanity here, but as I look down through the conference report, I find $105,000 to the police force in Harpers Ferry, W. Va.

Then I look further and I find $1.3 million for a Harpers Ferry townhouse restoration, then $70,000 for a Harpers Ferry footbridge, and then $50,000 for a Harpers Ferry, W. Va. townhouse restoration.

It just seems to me that there is a whole series of dollar expenditures headed into one little community.

Can the gentleman assure me that this money is much needed?

I have been to that little town, and it is a nice place. I never felt I was going to be mugged on the streets, but this appropriates $105,000 for the police there. I just wondered about that.

Mr. YATES. Mr. Speaker, with respect to each of the items, there is reason as to why we acted. As the gentleman well knows, Harpers Ferry is a very historic community and has been so designated by appropriate action.

With respect to the townhouses, it is following the effort by the Park Service to restore Harpers Ferry to the condition that existed at its historic moment or the condition that appeared to prevail in that community at a certain moment in the history of this country.

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After assuring ourselves that the money was necessary for that restoration, we concurred with the Senate.

With respect to the money for the footbridge, the conferees on the part of the House were actually dismayed by the amount that was sought for design for the footbridge. There is no controversy that the footbridge is required to eradicate an unsafe condition that now exists for tourists crossing the railroad bridge in Harpers Ferry. But we were appalled that the sum of $70,000 should seem to be necessary for that purpose. So what we did was to seek the concurrence of the Senate and received that concurrence that the Park Service would be requested to investigate the matter and to come back to the Appropriations Committees of the House and the Senate with a realistic figure that would cover the design for the footbridge and action would be taken at that point.

We fought tooth and nail, may I say, against the appropriation for the Harpers Ferry police force. We saw no reason for that appropriation. We had concurred with protest to a similar appropriation last year, finally conceding and receding when it appeared that the Senate was going to hold up the entire appropriation bill for the Department of the Interior in the event no agreement was possible. We thought we had reached an agreement that there would be no appropriation for that police force this year. We encountered the same kind of demand on the part of the Senate that the money be made available, and it was passed until other items in the appropriation bill—which, may I say, totals in excess of $30 billion—were agreed to. We fought against it, and I stated to the conferees for the Senate that this was the last time that the House would concur in this term, positively.

In addition to that, we asked the assurance that there would be cooperation between the Harpers Ferry police force with the Park Service. As a result, we were able to persuade the Senate to accept an amendment which would require the police force of the town of Harpers Ferry that the grant would be subject to the same criteria, the restrictions and the overview requirements of other Federal grants administered by the National Park Service. The grantee will be required to seek overview and coordination with the National Park Service law enforcement officials and any other State or Federal law enforcement specialists whom the National Park Service deems appropriate in areas of law enforcement operation and concomitant community relations activities.

So I will say to the gentleman that we were able to obtain the concession, that the police force of Harpers Ferry will work in cooperation and in coordination with the police authorities of the National Park Service.

I want to assure the gentleman that the conferees on the part of the House will make the same protest and representation if the Senate again puts that appropriation in the bill the next time.

Mr. WALKER. If the gentleman will yield, I thank the gentleman for his explanation. As usual, the gentleman has done a marvelous job of explaining the House position. I do thank the gentleman for the work that has gone into this. I had seen some media accounts that the junior Senator from West Virginia may have been trying to find places here for additional spending, and I wanted assurance that what the House was concurring in was something which we can justify.

Mr. YATES. I thank the gentleman.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois (Mr. YATES).

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment is as follows:

Senate amendment No. 31: Page 14, line 5, insert ": *Provided further*, That $105,000 shall be available for the National Park Service to assist the Town of Harpers Ferry, West Virginia, for police force use."

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 31 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment is as follows:

Senate amendment No. 34: Page 14, line 20, insert:

ROAD CONSTRUCTION

(APPROPRIATION TO LIQUIDATE CONTRACT AUTHORITY)

Appropriations previously provided in this account to liquidate contract authority in the amount of $5,552,000 are rescinded.

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 34 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment is as follows:

Senate amendment No. 37: Page 16, line 24, strike out "$448,290,000" and insert "$450,805,000,".

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 37 and concur therein with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$452,055,000".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment is as follows:

Senate amendment No. 38: Page 16, line 25, strike out "$39,227,000" and insert "$39,814,000".

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 38 and concur therein with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$39,027,000".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

Mr. YATES. Mr. Speaker, I ask unanimous consent that all other amendments in technical disagreement that are pending be considered en bloc, up to amendment No. 108.

The SPEAKER pro tempore. The Chair will advise the gentleman from Illinois that some of these amendments are to recede and concur and some are to concur with amendment. Such amendments cannot be considered en bloc.

PARLIAMENTARY INQUIRY

Mr. CONTE. Mr. Speaker, is it not possible to consider en bloc all of the amendments that we agree to and to consider en bloc all of the amendments that we disagree to? Mr. Speaker, I make that unanimous-consent request.

The SPEAKER pro tempore. The Chair will advise the gentleman that in the instance where all of the amendments are to be agreed to, a request to consider them en bloc could be entertained; in the instance where some are to recede and concur and some are to concur with amendment, that type of a request could not be entertained.

Mr. CONTE. In other words, Mr. Speaker, we have to give all the numbers?

The SPEAKER pro tempore. The gentleman from Massachusetts is correct.

Mr. YATES. Mr. Speaker, in view of the Chair's ruling, I think it would be better to proceed amendment by amendment.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment is as follows:

Senate amendment No. 40: Page 17, line 10, insert ": *Provided*, That $141,500,000 provided for evaluation and assessment of the reserve shall be available only for closing out Federal exploration activities if legislation is enacted during the first session of the 96th Congress authorizing private exploration activities.".

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 40 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert the following: ": *Provided*, That the Secretary of the Interior shall review the rates being charged to the residents of Barrow for natural gas to determine if a proceeding should be instituted to revise such rates".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment is as follows:

Senate amendment No. 47: Page 21, line 14, insert ": *Provided further*, That, notwithstanding the provisions of section 6 of the Act of April 16, 1934 (48 Stat. 596), as added by section 202 of the Indian Education Assistance Act (88 Stat. 2213, 2214; 25 U.S.C. 457), funds appropriated pursuant to this or any other Act for fiscal years ending September 30 of 1979 and 1980 may be utilized to reimburse school districts for up to the full per capita cost of educating Indian students (1) who are normally residents of the State in which such school districts are located but do not normally reside in such districts, and (2) who are residing in Federal boarding facilities for the purpose of attending public schools within such districts.".

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 47 and concur therein.

The motion was agreed to.

Mr. CONTE. Mr. Speaker, I ask unanimous consent that we consider en bloc all of the amendments that we recede and concur in.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

Mr. DAVIS of South Carolina. Mr. Speaker, I object.

The SPEAKER pro tempore. Objection is heard.

The Clerk will designate the next amendment in disagreement.

The amendment is as follows:

Senate amendment No. 48: Page 22, line 6 strike out "$83,395,000" and insert "$66,874,000,".

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 48 and concur therein with an amendment, as follows: In lieu of the sum proposed by said amendment, insert the following: "including a $5,000,000 interest free loan to the Confederated Tribes of the Warm Springs Reservation of Oregon to be repaid to the Revolving Fund for Loans established in the Bureau of Indian Affairs at the end of a 20 year period after the effective date of this Act, $89,374,000".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment is as follows:

Senate amendment No. 49: Page 22, line 14 strike out "$60,379,000" and insert "$46,479,000,".

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 49 and concur therein with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$66,479,000".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment is as follows:

Senate amendment No. 50: Page 25, line 12, insert ": *Provided*, That none of these appropriations shall be available to continue academic and residential programs of the Chilocco and Seneca boarding schools, Oklahoma, beyond January 15, 1980.".

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 50 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment, insert the following: ": *Provided*, That no part of any appropriations to the Bureau of Indian Affairs shall be available to continue academic and residential programs of the Chilocco and Seneca boarding schools, Oklahoma beyond June 15, 1980.".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment is as follows:

Senate amendment No. 51: Page 26, line 22, strike out "$84,161,000" and insert "$63,061,000,".

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 52 and concur therein with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$86,661,000".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment is as follows:

Senate amendments No. 52: Page 25, line 23, strike out "$80,089,000" and insert "$58,989,000".

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 52 and concur therein with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$82,589,000".

The motion was agreed.

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The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment is as follows:

Senate amendment No. 53: Page 28, line 4, strike out "$112,760,000" and insert "$105-799,000,".

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 53 and concur therein with an amendment, as follows: In lieu of the sum proposed insert the following: "$113,785,000, and of the amount appropriated under this head in P.L. 95-355, $1,400,000 shall be for an ex gratia payment to the people of Bikini Atoll".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment is as follows:

Senate amendment No. 54: Page 28, line 22, insert:

PAYMENTS TO THE UNITED STATES TERRITORIES, FINAL ASSISTANCE

There is hereby appropriated for the fiscal year 1980 and for each fiscal year thereafter, such sums as are authorized to be remitted to the Territories of Guam and the Virgin Islands under sections 1(c) and 4(c)(2) of Public Law 95-348, 92 Stat. 487.

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 54 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment is as follows:

Senate amendment No. 56: Page 29, line 14, strike out "$45,760,000" and insert "$45,144,000,".

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 56 and concur therein with an amendment, as follows: In lieu of the sum proposed, insert the following matter: "including not less than $9,000,000 for an Office of Construction Management, $49,344,000".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment is as follows:

Senate amendment No. 58: Page 32, line 21, insert: SEC. 108. No appropriations made in this title shall be available in connection with any lease, administrative transfer, or withdrawal not now existing of lands and waters comprising Wild Horse Reservoir, Nevada, or any lands immediately adjacent thereto.

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 58 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert the following:

SEC. 108. No appropriations made in this title shall be available for implementation of any decision with regard to any lease, administrative transfer, or withdrawal not now existing of lands and waters comprising Wild Horse Reservoir, Nevada, or any lands immediately adjacent thereto: *Provided*, That this limitation is not applicable to water necessary for current or future irrigation practices.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment is as follows:

Senate amendment No. 59: Page 33, line 1, insert:

SEC. 109. No appropriations made in this title shall be available for research, planning, identification of lands, implementation of plans, preservation of lands, or any other activity associated with the unique wildlife ecosystem program as now administered by the U.S. Fish and Wildlife Service not specifically authorized by law.

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 59 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment, insert the following:

SEC. 109. No appropriations made in this title shall be available for the identification of lands not now so identified or acquisition (by withdrawal, transfer or purchase) of lands for or associated with the Unique Wildlife Ecosystem Program as now defined by the United States Fish and Wildlife Service not authorized by law under an existing program.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment is as follows:

Senate amendment No. 67: Page 34, line 25, strike out "$384,910,000" and insert $383,076,000".

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 67 and concur therein with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$401,242,000".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment is as follows:

Senate amendment No. 73: Page 38, line 11, insert:

Any appropriations or funds available to the Forest Service may be advanced to the National Forest System limitation for the emergency rehabilitation of burned over lands under its jurisdiction.

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 73 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment is as follows:

Senate amendment No. 74: Page 39, line 1, strike out:

SYNTHETIC FUELS PRODUCTION

For expenses necessary to carry out the provisions of the Defense Production Act of 1950, as amended (50 U.S.C. 2061 et seq.), $1,500,000,000, to remain available until expended, for the purchase or production of synthetic fuels and synthetic chemical feedstocks, to be derived from the Energy Trust Fund established by H.R. 3919 or a fund or segregated account or equivalent mechanism established by equivalent legislation: *Provided*, That if no such fund, account, or mechanism has been established upon enactment of this bill, funds for such program shall be derived from general funds of the Treasury not otherwise appropriated, to be reimbursed from such fund, account, or mechanism at such time as it is established: *Provided further*, That this appropriation shall not be used for the construction of facilities: *Provided further*, That the President is authorized to contract for purchases of or commitments to purchase, or to resell synthetic fuels and synthetic chemical feedstocks to the extent of appropriations provided herein.

And insert:

ALTERNATIVE FUELS PRODUCTION

For the establishment in the Treasury of the United States of a special fund to be designated the "Energy Security Reserve", $20,000,000,000, of which $1,500,000,000 shall be derived by transfer from the "strategic petroleum reserve" account, to remain available until expended: *Provided*, That these funds shall be available for obligation only to stimulate commercial production of alternative fuels and only to the extent provided in advance in appropriations Acts: *Provided further*, That $1,500,000,000 shall be available immediately to the Secretary of Energy for expenses necessary to carry out the provisions of the Federal Nonnuclear Energy Research and Development Act of 1974, as amended to remain available until expended, for the purchase or production by way of purchase commitments or price guarantees of alternative fuels: *Provided further*, That the Secretary is authorized to contract for purchases of or commitments to purchase, or to resell alternative fuels to the extent of appropriations provided herein: *Provided further*, That an additional $708,000,000 shall be available immediately to the Secretary of Energy, to remain available until expended, to support preliminary alternative fuels commercialization activities, of which (1) not to exceed $100,000,000 shall be available for direct loans for project development feasibility studies, such individual loans not to exceed $4,000,000: *Provided*, That the Secretary may waive repayment of such loans where studies determine that project proposals have no economic or technical feasibility; (2) not to exceed $100,000,000 shall be available for cooperative agreements with non-Federal entities, such individual agreements not to exceed $25,000,000, to support commercial scale development of alternative fuels facilities; (3) not to exceed $500,000,000 shall be available for a reserve to cover any defaults from loan guarantees issued to finance the construction of alternative fuels production facilities as authorized by the Federal Non-Nuclear Energy Research and Development Act of 1974, as amended (42 U.S.C. 5901, et seq.): *Provided*, That the indebtedness guaranteed or committed to be guaranteed under this appropriation shall not exceed the aggregate of $1,500,000,000; and (4) not to exceed $8,000,000 shall be available for program management.

This Act shall be doomed to satisfy the requirements for congressional approval of sections 7(c) and 19 of said Act with respect to any purchase commitment, price guarantee, or loan guarantee for which funds appropriated hereby are utilized or obligated.

For the purposes of this appropriation the term "alternative fuels" means gaseous, liquid, or solid fuels and chemical feedstocks derived from coal, shale, tar sands, lignite, peat, biomass, solid waste, unconventional natural gas, and other minerals or organic materials other than crude oil or any derivative thereof.

Within sixty days following enactment of this Act, the Secretary of Energy in his sole discretion shall establish and publish final criteria for loans described in this account.

For the establishment in the Treasury of the United States of a special fund to be designated the "Solar and Conservation Reserve", $1,000,000,000 to remain available until expended: *Provided*, That these funds shall be available for obligation only to stimulate solar energy and conservation: *Provided further*, That the withdrawal of said funds shall be subject to the passage of authorizing legislation and only to the extent provided in advance in appropriations Acts.

Nothing herein is intended to preempt, preclude or prejudge the Senate's consideration of appropriation, authorization or revenue bills which may be reported by Senate committees relative to expenditures on synthetic fuels, solar (including renewables) and conservation, in this or subsequent fiscal years, nor is anything herein intended to establish or set a binding pattern as to the proportion of appropriations for synthetic fuels, solar (including renewables) and conservation.

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 74 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert the following:

ALTERNATIVE FUELS PRODUCTION

In order to expedite the domestic development and production of alternative fuels and to reduce dependence on foreign supplies of energy resources by establishing such domestic production at maximum levels at the earliest time practicable, there is hereby established in the Treasury of the United States a special fund to be designated the "Energy Security Reserve", to which is appropriated $19,000,000,000, to remain available until expended: *Provided*, That these funds shall be available for obligation only to stimulate domestic commercial production of alternative fuels and only to the extent provided in advance in appropriations Acts: *Provided further*, That of these funds $1,500,000,000 shall be available immediately to the Secretary of Energy to carry out the provisions of the Federal Nonnuclear Energy Research and Development Act of 1974, as amended (42 U.S.C. 5901, et seq.), to remain available until expended, for the purchase or production by way of purchase commitments or price guarantees of alternative fuels: *Provided further*, That the Secretary shall immediately begin the contract process for purchases of, or commitments to purchase, or to resell alternative fuels to the extent of appropriations provided herein: *Provided further*, That of these fuels an additional $708,000,000 shall be available immediately to the Secretary of Energy, to remain available until expended, to support preliminary alternative fuels commercialization activities under the Federal Nonnuclear Energy Research and Development Act of 1974, as amended, of which (1) not to exceed $100,000,000 shall be available for project development feasibility studies, such individual awards not to exceed $4,000,000: *Provided*, That the Secretary may require repayment of such funds where studies determine that such project proposals have economic or technical feasibility; (2) not to exceed $100,000,000 shall be available for cooperative agreements with non-Federal entities, such individual agreements not to exceed $25,000,000 to support commercial scale development of alternative fuels facilities; (3) not to exceed $500,000,000 shall be available for a reserve to cover any defaults from loan guarantees issued to finance the construction of alternative fuels production facilities as authorized by the Federal Nonnuclear Energy Research and Development Act of 1974, as amended: *Provided*, That the indebtedness guaranteed or committed to be guaranteed under this appropriation shall not exceed the aggregate of $1,500,000,000; and (4) not to exceed $8,000,000 shall be available for program management.

This Act shall be deemed to satisfy the requirements for congressional action pursuant to sections 7(c) and 19 of said Act with respect to any purchase commitment, price guarantee, or loan guarantee for which funds appropriated hereby are utilized or obligated.

For the purposes of this appropriation the term "alternative fuels" means gaseous, liquid, or solid fuels and chemical feedstocks derived from coal, shale, tar sands, lignite, peat, biomass, solid waste, unconventional natural gas, and other minerals or organic materials other than crude oil or any derivative thereof.

Within ninety days following enactment of this Act, the Secretary of Energy in his sole discretion shall issue a solicitation for applications which shall include criteria for project development feasibility studies described in this account.

Loan guarantees for oil shale facilities issued under this appropriation may be used to finance construction of full-sized commercial facilities without regard to the proviso in section 19(b)(1) of said Act requiring the prior demonstration of a modular facility.

In any case in which the Government, under the provisions of this appropriation, accepts delivery of and does not resell any alternative fuels, such fuels shall be used by an appropriate Federal agency. Such Federal agency shall pay into the reserve the market price, as determined by the Secretary, for such fuels from sums appropriated to such Federal agency for the purchase of fuels. The Secretary shall pay the contractor, from sums appropriated herein, the contract price for such fuels.

All amounts received by the Secretary under this appropriation, including fees, any other monies, property, or assets derived by the Secretary from operations under this appropriation shall be deposited in the reserve.

All payments for obligations and appropriate expenses (including reimbursements to other Government accounts), pursuant to operations of the Secretary under this appropriation shall be paid from the reserve subject to appropriations.

For the establishment in the Treasury of the United States of a special fund to be designated the "Solar and Conservation Reserve", $1,000,000,000 to remain available until expended: *Provided*, That these funds shall be available for obligation only to stimulate solar energy and conservation: *Provided further*, That the withdrawal of said funds shall be subject to the passage of authorizing legislation and only to the extent provided in advance in appropriations Acts.

Beginning six months after the date of enactment of this Act, and every six months thereafter, the Secretary is required to submit to the Congress a written report detailing the activities carried out pursuant to this appropriation.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment is as follows:

Senate amendment No. 82: Page 44, line 18, insert ": *Provided further*, That none of the funds provided for State energy conservation grants shall be available to any jurisdiction that has not implemented section 362(c)(5) of Public Law 94–163".

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 82 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment is as follows:

Senate amendment No. 87: Page 47, line 6, insert "construction, major repair, improvement, and equipment of health and related auxiliary facilities, including quarters for personnel; preparation of plans, specifications, and drawings; acquisition of sites; purchase and erection of portable buildings; purchase of trailer; and for".

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 87 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment is as follows:

Senate amendment No. 89: Page 47, line 23, insert "of new facilities,".

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 89 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment is as follows:

Senate amendment No. 90: Page 47, line 24, insert "existing".

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 90 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment is as follows:

Senate amendment No. 91: Page 48, line 12, insert "*Provided*, That none of these appropriations to the Health Services Administration shall be available for the lease of permanent structures without advance provision therefor in appropriations Acts".

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 91 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment, insert the following: ": *Provided*, That none of the funds appropriated under this Act to the Indian Health Service shall be available for the lease of permanent structures without advance provision therefor in appropriations Act".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment is as follows:

Senate amendment No. 94: Page 50, line 5, strike out "$103,498,000" and insert "$102,710,000: *Provided*,".

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 94 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment, insert "$103,781,000".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment is as follows:

Senate amendment No. 107: Page 57, line 8, insert:

Federal Inspector for the Alaska Gas Pipeline

PERMITTING AND ENFORCEMENT

For necessary expenses of the Federal Inspector for the Alaska Gas Pipeline, $13,433,000, of which $4,473,000 shall remain available until expended.

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 107 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert the following:

FEDERAL INSPECTOR FOR THE ALASKA GAS PIPELINE

PERMITTING AND ENFORCEMENT

For necessary expenses of the Federal Inspector for the Alaska Gas Pipeline, $10,600,000, of which $3,600,000 shall remain available until expended.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment is as follows:

Senate amendment No. 108: Page 57, line 14, insert:

COMMUNITY SERVICES ADMINISTRATION

EMERGENCY FUEL ASSISTANCE

For emergency fuel assistance programs administered by the Director of the Community Services Administration under section 222(a)(5) of the Economic Opportunity Act of 1964, $1,200,000,000.

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 108 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment, insert the following:

COMMUNITY SERVICES ADMINISTRATION

COMMUNITY SERVICES PROGRAM

For an additional amount for "Community services program", $1,350,000,000: *Provided*, That of this amount $1,200,000,000 shall be transferred by allocation to the Secretary of Health, Education, and Welfare for payment of energy grants and allowances and related administrative costs: *Provided further*, That energy allowances shall not be considered as income or resources under any other public or publicly assisted income tested program, but shall be taken into consideration in determining eligibility for energy crisis assistance: *Provided further*, That the States shall, in awarding funds, give priority to those households experiencing significant increases in heating fuel costs over the levels of the previous year: *Provided further*, That States shall, in establishing such priority, provide for determining the extent to which increases in rents are caused by increases in heating fuel costs and consider such portions of increases in rents to be increases in heating costs: *Provided further*, That proof of income eligibility shall be required of all applicants: *Provided further*, That an annual audit shall be made of this program and all of its components: *Provided further*, That no awards to applicants shall be made after June 30, 1980: *Provided further*, That $400,000,000 shall be paid as a special one-time energy allowance to recipients of Supplemental Security Income distributed among the States according to the following formula: (1) 33⅓ per centum based on the number of heating degree days squared times the number of households below 125 per centum of poverty; 33⅓ per centum based on the difference in home heating energy expenditures between 1978 and 1979; (3) 33⅓ per centum based on the number of Supplemental Security Income recipients (other than those receiving no more than $25 because of their presence in a Medicaid institution) in each State relative to the national total: *Provided further*, That no Supplemental Security Income recipient shall receive more than $250 from the funds provided for Supplemental Security Income recipients: *Provided further*, That the remainder of any funds that would have been allotted to any State for Supplemental Security Income recipients if no maximum payment limitation had been in existence shall be allocated based on the State determination previously made in regard to funds provided for special energy allowances to recipients of Aid to Families with Dependent Children (AFDC) or block grants to States: *Provided further*, That $942,600,000 shall be distributed among the States according to the following formula: (1) 50 per centum based on the number of heating degree days squared times the number of households below 125 per centum of poverty; (2) 50 per centum based on the difference in home heating energy expenditures between 1978 and 1979: *Provided further*, That, in the State Funding Plan, the Governor shall provide assistance for those who pay fuel bills indirectly as well as directly: *Provided further*, That from revenues received from any windfall profit taxes imposed by Federal law on producers of domestic crude oil, there shall be reimbursed to the general fund of the Treasury an amount equivalent to the amount of funds appropriated to carry out the purposes of this paragraph: *Provided further*, That for the purposes of this paragraph, the term "States" shall include the "insular areas" of the United States.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Illinois (Mr. YATES).

Mr. YATES. Mr. Speaker, I yield myself 5 minutes.

Mr. GRAMM. Mr. Speaker, will the gentleman yield?

Mr. YATES. I yield to the gentleman from Texas.

Mr. GRAMM. I thank the gentleman for yielding.

I would like, Mr. Speaker, to talk about why the formula that was adopted by the House and that we took to conference is greatly unfair, why there is no logical foundation for it, and why we should recede to the Senate's amendment, which simply allocates $1.2 million, but does not set out a formula.

In the formula we voted on in the House version of this bill, we allocated $174 million among the States on the basis of heating-degree days squared, multiplied by the number of people whose income is 125 percent of the poverty level or less.

The Oceanography and Meteorology Administration tells me that they have done conclusive research which indicates that there is a linear relationship between heating-degree days and the amount of heating to be done, in terms of heating cost. Therefore, if it is three times as cold in Massachusetts in terms of heating-degree days as it is in Texas, people in Massachusetts have to spend three times as much money to heat their homes as people do in Texas.

If our objective is to help poor people who have to heat their homes, then we should have set out a formula that had a linear relationship between the amount of money we gave the State and the number of heating-degree days that that State has. But by squaring the number of heating-degree days, if Massachusetts has three times the heating-degree days Texas does, and rather than giving them three times as much money, we give them nine times as much money.

If we take the linear relationship formula that would be dictated by the research of the Oceanography and Meteorology Administration and compare it to the formula the House has used, we find that by squaring heating-degree days, we greatly distort the allocation of funds. This means that relative to what would be dictated by need, Alabama gets 50.1 percent less; Arizona gets 56.7 percent less; Arkansas gets 40.1 percent less; and California gets 49.3 percent less.

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Mr. PHILLIP BURTON. Mr. Speaker, will the gentleman yield?

Mr. GRAMM. I yield to the gentleman from California.

Mr. PHILLIP BURTON. The gentleman is dealing in percentages. I would like to have the gentleman take a look at the dollar loss that California sustained as a result of the conference committee. When the gentleman concludes his presentation, I am going to ask unanimous consent he be permitted to continue so he and I can engage in some rather sympathetic exchanges.

Mr. GRAMM. Had funds been allocated on the basis of need and heating costs, California would have received $27.6 million under the funds allocated by heating degree days. As a result of squaring, however, California gets only $14 million, a loss of $13.6 million.

I could go down the list, Mr. Speaker, but basically what we did by squaring this formula was set up the situation where those areas that were cold, rather than being compensated for the fact that they were cold, were overcompensated by squaring.

I believe people who live in the northern part of our country should get more money because it is colder there, but I do not think they should get some multiple of the justified differential. Cold is cold. Heating bills are heating bills, no matter where you live.

I think it is important that we remember that our objective here is to protect poor people. We do not protect poor people by setting up a formula whereby we square heating degree days, which is totally unjustified in terms of a relationship between requirements for heating and costs as dictated by temperature differentials. By squaring we are taking money away from poor people who live in the South and in the West. These people have to pay utility bills, these people are poor, and these people need help, too.

Mr. PHILLIP BURTON. Will the gentleman yield to me further?

Mr. GRAMM. I am happy to yield to my colleague from California.

Mr. PHILLIP BURTON. Mr. Speaker, I would like to join with my colleague in the well. As I understand, among other things, they use a statewide formula to determine whether or not we have these heating days. We could tuck all of Massachusetts into our back pocket, the whole State, the northern part of the State, and qualify, Mr. Speaker.

The SPEAKER pro tempore. The time of the gentleman from Texas has expired.

Mr. YATES. Mr. Speaker, I yield the gentleman 3 additional minutes.

Mr. GRAMM. Mr. Speaker, I yield to the gentleman from California.

Mr. PHILLIP BURTON. Mr. Speaker, we can tuck Massachusetts in the northern part of our State and not miss it in the whole State, populationwise. But because we have a whole State average, this particular formula just happens to give it to us in the pants.

I would like to note the other day our delegation voted overwhelmingly in support of welfare reform. Our State, under that formula, will pay out more money than our people will get. Our colleagues agreed to do this. We agreed to do this because we have some national responsibility, even though we pay more taxes than any State in the land does to the Federal Treasury.

But when we have a formula that purports to be equitable and is simply rigged, let us not kid anybody, this bill also provides a measurement of poverty that completely disregards reality in the high cost, highly urbanized sections of the country where the State money is used, they use the State funds to see these people in need have their income maintained.

I would like to alert my colleagues from the northern tier, if I may, they have for the last time had the support of States like ours if they continue to hand us once again or ever again a rigged formula to take care of the needs of poor people to meet these energy costs. If you live in the southern part of our State it costs you just as much or more through our heating season to keep body and soul alive with air-conditioning as it does for the elderly poor and the poor in the Northeast. For them the crisis is here now, but do not try to hay-shake us the next time, because we are not going to be taken.

Mr. GRAMM. If I may reclaim my time, I would simply like to point out that the other body in its version of 108 has allocated $1.2 billion, with no formula prescribed. If we recede to the position of the other body we can go back and generate a reasonable, ordered and just basis formula fair to everybody. We can escape a formula which is totally unjustified by heating needs and expenses, which robs from people in one part of the country and gives disproportionate amounts of money to people in other parts of the country. Our objective is to help poor people who have heating needs, no matter where they live and, therefore, I urge my colleagues to reject the House version of amendment No. 108, so that we may recede to the other body.

Mr. PHILLIP BURTON. If the gentleman will yield for one final point, the point is that if we really were well organized—that is a big "if"—we would have long ago or in the recent past increased all of the SSI people to a stable, monthly amount to take into account energy costs, and then not added that hokey aspect of this formula to this proposal.

The **SPEAKER** pro tempore. The time of the gentleman from Texas has again expired.

Mr. YATES. Mr. Speaker, I yield the gentleman an additional 2 minutes.

Mr. GRAMM. Mr. Speaker, I yield to the gentleman from California.

Mr. PHILLIP BURTON. Mr. Speaker, because we did not treat generically the SSI problem as we should have, we are now compelled to be sure these people are not ignored by trying to squeeze them into this formula. But even having done that, we produce internal inequities in a State, and inequities between one SSI recipient and another in differing parts of the country. So I cannot lay that part of the blame on the Interior Committee whose work I applaud in virtually all respects. But I can note that the Ways and Means Committee ought to get their act together and recognize the peculiar problem with the SSI, the elderly, and the crippled and the poor, and raise those stable monthly benefit amounts, and not get into this yoyo where we are going to increase a grant 1 month, reduce it the next, at the cost of $8 each grant computation change. It is sheer nonsense, and a lousy way to do business.

Mr. CONTE. Mr. Speaker, I wish to be recognized on my own time.

Mr. Speaker, as we all know, both the House and Senate Interior Appropriations conferees have been meeting for the past week. One of the more critical provisions in this appropriations bill is the emergency heating assistance program.

Yesterday, while in conference, it was readily apparent that a compromise needed to be struck between the two Houses of Congress. As a result, I offered an amendment which I am pleased to say was adopted. The effect of my amendment is that SSI recipients will now receive up to a maximum of $250 per person. I believe that the amendment is a fair and equitable one.

The emergency heating assistance language of the Interior bill now provides for the following distribution of $1.35 billion:

First, $150 million to be distributed by CSA as crisis intervention funds (which is to be added to the already distributed $250 million for a total of $400 million). The $150 million will be distributed using the House-passed formula under the Labor-HEW bill.

Second, $400 million will be distributed to SSI recipients, according to the State in which they live, by a three-part formula which consists of the House-passed formula plus an additional factor which was adopted yesterday in conference.

One-third based upon heating degree days squared times the number of households below 125 percent of poverty.

One-third based upon the difference in home heating energy expenditures between 1978 and 1979 and

One-third based upon the number of SSI recipients in a State compared to the total number of such recipients in all States.

Third. Approximately $791 million will be made available for distribution by HEW to AFDC recipients. If the State decides to "opt in," it may take its share of the $791 million (based on the House-passed formula) and proceed to use it under a plan already approved by CSA and therefore automatically approved by HEW. In addition, it is intended that this provision will expedite the implementation of this program and that minor modifications necessary to be consistent with the new provisions in the conference report shall not be considered as requiring new plan approval.

The States can use the block grant in a variety of ways, including but not limited to the following: Retain all or part of the funds for crisis intervention; target households with higher energy costs rather than distributing it broadly; establish a vendor line of credit; make payments to those already participating in other income assistance programs (AFDC, food stamps).

The conferees expect HEW and CSA to work together as closely as possible in carrying out this program to reduce duplication and overlap to a minimum and to insure that the funds are made available to the intended recipients as quickly and expeditiously as possible. States may use up to 10 percent of the block grants for administrative expenses.

Although the conferees agree on the need to impose a ceiling on the funds available to each eligible household, we are also aware of the unique heating requirements of each State. The conferees therefore recommend that CSA regulations be amended to allow the Governor of each State to request the authority to increase this ceiling.

It is also directed that there be no duplication of payments from any funds contained in this program.

Time is of the essence in this matter, we must not place the many citizens of this country of having to chose between heating and eating.

	CSA [1]	SSI [2]	AFDC [3]	Total
Alabama	4.57	6.11	4.36	15.04
Alaska	1.15	1.16	3.10	5.41
Arizona	1.99	1.65	1.88	5.52
Arkansas	3.09	3.70	3.31	10.10
California	17.48	30.08	20.97	68.53
Colorado	4.82	4.54	10.43	19.79
Connecticut	9.01	7.94	21.19	38.14
Delaware	1.20	1.14	2.67	5.01
District of Columbia	1.49	1.54	3.04	6.07
Florida	5.30	6.61	2.60	14.51
Georgia	6.06	7.10	5.77	18.93
Hawaii	.19	.33	--------	.52
Idaho	2.23	1.99	5.15	9.37
Illinois	23.77	19.33	45.52	88.62
Indiana	11.23	8.77	21.95	41.95
Iowa	6.51	5.99	15.22	27.72
Kansas	3.12	2.37	5.17	10.66
Kentucky	6.18	6.40	9.59	22.17
Louisiana	3.05	5.21	2.11	10.37
Maine	4.86	5.01	12.50	22.37
Maryland	6.85	6.57	14.64	28.06
Massachusetts	17.79	18.06	40.64	76.49
Michigan	21.24	19.98	47.49	88.71
Minnesota	13.74	13.26	36.14	63.14
Mississippi	3.06	4.65	2.46	10.17
Missouri	9.35	8.35	16.02	33.72
Montana	2.17	2.05	5.35	9.57
Nebraska	3.22	2.74	6.83	12.79
Nevada	.90	.74	1.55	3.19
New Hampshire	3.04	2.81	7.75	13.60
New Jersey	16.51	15.20	36.47	68.18
New Mexico	1.90	1.93	3.16	6.99
New York	52.04	51.76	117.73	221.53
North Carolina	9.11	10.28	16.24	35.63
North Dakota	2.33	2.61	7.06	12.00
Ohio	20.64	17.58	40.11	78.33
Oklahoma	3.67	3.71	4.61	11.99
Oregon	4.72	4.55	11.30	20.57
Pennsylvania	28.06	25.71	59.28	113.05
Rhode Island	2.90	2.72	6.56	12.18
South Carolina	3.75	4.45	4.83	13.03
South Dakota	2.11	2.20	5.77	10.08
Tennessee	6.47	7.56	9.33	23.36
Texas	9.86	11.18	8.16	29.20
Utah	2.02	1.67	4.28	7.97
Vermont	2.06	2.15	5.44	9.65
Virginia	8.35	8.30	16.68	33.33
Washington	7.91	7.81	18.63	34.35
West Virginia	3.84	3.77	6.83	14.44
Wisconsin	13.05	12.79	31.35	57.19
Wyoming	.79	.71	1.91	3.41

[1] $250 M, via old formula: $150 M, via House-passed formula.

[2] $400 M, out via compromise formula.

[3] Or block grant to States $800 M via House-passed formula

	House bill	House formula	Compromise
Alabama	11.66	2.23	6.11
Alaska	.56	1.59	1.16
Arizona	2.40	.96	1.65
Arkansas	6.95	1.69	3.70
California	58.18	10.73	30.08
Colorado	3.93	5.34	4.54
Connecticut	2.64	10.84	7.94
Delaware	.74	1.36	1.14
District of Columbia	1.54	1.55	1.54
Florida	10.45	1.33	6.61
Georgia	12.92	2.95	7.10
Hawaii	.52	.00	.33
Idaho	.93	2.64	1.99
Illinois	14.09	23.29	19.33
Indiana	4.59	11.23	8.77
Iowa	3.16	7.79	5.99
Kansas	1.99	2.65	2.37
Kentucky	9.76	4.91	6.40
Louisiana	9.77	1.08	5.21
Maine	3.25	6.40	5.01
Maryland	5.12	7.49	6.57
Massachusetts	15.77	20.80	18.06
Michigan	14.90	24.30	19.98
Minnesota	4.31	18.49	13.26
Mississippi	9.24	1.26	4.65
Missouri	9.61	8.20	8.35
Montana	.99	2.74	2.05
Nebraska	1.58	3.49	2.74
Nevada	.66	.80	.74
New Hampshire	.70	3.97	2.81
New Jersey	9.64	18.66	15.20
New Mexico	2.76	1.62	1.93
New York	42.23	60.24	51.76
North Carolina	13.12	8.31	10.28
North Dakota	.98	3.61	2.61
Ohio	14.04	20.53	17.58
Oklahoma	6.0	2.36	3.71
Oregon	2.3	5.78	4.55
Pennsylvania	19.72	30.33	25.71
Rhode Island	1.74	3.36	2.72
South Carolina	7.07	2.47	4.45
South Dakota	1.00	2.95	2.20
Tennessee	12.73	4.78	7.56
Texas	19.16	4.18	11.18
Utah	.83	2.19	1.67
Vermont	1.28	2.78	2.15
Virginia	8.04	8.53	8.30
Washington	5.23	9.53	7.81
West Virginia	4.83	3.50	3.77
Wisconsin	8.84	16.04	12.79
Wyoming	.26	.98	.71
All States	404.83	404.83	404.83

Mr. Speaker, I want to direct my remarks to the gentleman from California. I think he is very unfair. He talked to me in the aisle earlier today. The only thing I wish is that more people in this House could sit in on the conference.

The gentleman from Illinois, chairman of the committee (Mr. YATES) did a yeoman's service, a tremendous job, a very tedious job, 5 solid days with the other body.

Does the gentleman know what the other body wanted to do to California? I will tell the gentleman what they wanted to do to California, and I stopped them. They wanted to give California $10 million under SSI. We fought it, and fought it, and fought it, and then finally came up with this compromise with regards to the SSI recipients. The gentleman spoke to me in the aisle about it.

Mr. PHILLIP BURTON. Mr. Speaker, will the gentleman yield?

Mr. CONTE. I yield to the gentleman.

Mr. PHILLIP BURTON. If my dear friend will yield for a moment, the Javits amendment did not produce this result.

Mr. CONTE. No, not the Javits amendment.

Mr. PHILLIP BURTON. The gentleman is talking about an amendment that was pulled out of the closet by the conferees of the other body. The other body never acted on the Javits amendment, and that difference did not exist between the House and Senate-approved proposals.

Mr. CONTE. I take back my time.

What happened was the Javits amendment to the Interior appropriations bill went through on the Senate side, but this House passed an HEW appropriation for emergency fuel. The other body refused to take it up. They would not even take it up. Rather, they included three sentences or three lines for an emergency fuel bill in their Interior bill and started to write a bill in the conference. And there we were, we were stymied. I would ask the chairman of the committee (Mr. YATES), am I not right?

Mr. YATES. Mr. Speaker, will the gentleman yield to me?

Mr. CONTE. Yes, I yield to the gentleman from Illinois.

Mr. YATES. The gentleman is exactly right. We tried to insist upon the House version of the bill and the Senate conferees would not even listen to us. The question was whether or not we would come out with a bill. We were at loggerheads, we had no way to move, and the gentleman from Massachusetts proposed an amendment which seemed to us to provide a halfway point, an equitable distribution, and that was the reason.

Mr. PHILLIP BURTON. If the gentleman would yield, I would like to applaud the gentleman in the well and applaud the gentleman from Illinois. We have all had to do business with the other body. We ofttimes do not succeed too well.

☐ 1420

But if I can make this one general kindly footnote, I thank the gentleman in the well. I will not go into how well Massachusetts and Illinois did vis-a-vis the House version. I think the gentleman struggled with his conscience and he won. Massachusetts did better under this version than it did under the House version.

Mr. CONTE. I might say in all fairness, not very much better, not very much better. But when I was drawing up this compromise and trying to reach a compromise with the Senate, I tried to determine the most equitable approach to the problem. The gentleman from California (Mr. PHILLIP BURTON) is the one who gave me the idea. He suggested that we not leave out the SSI recipients. So I did not, instead I factored in the SSI recipients in each State with my compromise formula. We put a $250 limitation on it so no SSI recipient will get over $250. If any recipient is entitled to more than the $250, the States can take that amount of money and use it in with their block grant program. It is amazing—amazing. Finally the Senate said, "All right. You came up with a good idea." Senator BURDICK said, "You are a genius. You came up with a good idea. We are going to buy it," and that is it. If it were not for that, we would not be here tonight acting on this piece of legislation getting these checks out to the poor people.

The Members all read the RECORD. They can read all about my amendment.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Maryland.

Mr. BAUMAN. I thank the gentleman for yielding. I just do not understand how all of this happened, because when the fuel assistance bill came through here like a locomotive about 10 days ago, we were assured by all of you folks it was the best formula, the best legislation; it was perfect, and we should pass it, despite the fact that it never went through an authorizing committee.

Mr. CONTE. Let me say this: The chairman of the committee and I argued very, very strongly, very vociferously, for the House-passed bill, but the Senate never even held hearings.

If the gentleman knows the gentleman over there who runs that other body—whose name we cannot say under the rules of the House—they were holding this particular bill hostage.

Mr. BAUMAN. If the gentleman will yield, we are not permitted under the rules to mention a name.

Mr. CONTE. That was something else, and that was unfortunate, but this was a fast-track vehicle to make it a right act.

Mr. PHILLIP BURTON. If the gentleman will yield, the senior Senator from North Dakota struggled with his conscience and walked off with a good deal more under the gentleman's formula than the House-passed bill.

Mr. CONTE. I hope this is passed. And if a motion is made by someone to recede and concur with the Senate, please do not do it because there is nothing there.

Mr. YATES. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, it is obvious that a formula cannot be drafted which satisfies every State in the Union. One formula will cause dissatisfaction in some of the States; another formula will cause dissatisfaction in other States. We have struggled with what we thought was a fair formula, and we have produced what we thought was a fair result. I think we ought to vote.

Mr. Speaker, I move the previous question on the motion.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois (Mr. YATES).

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. GRAMM. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 182, noes 103, not voting 148, as follows:

[Roll No. 648]

AYES—182

Abdnor
Ambro
Annunzio
Ashley
Aspin
Atkinson
AuCoin
Bailey
Barnes
Beard, R.I.
Bedell
Beilenson
Benjamin
Bereuter
Biaggi
Bingham
Blanchard
Bonior
Brademas
Brodhead
Broomfield
Brown, Calif.
Burlison
Butler
Carney
Carr
Carter
Coleman
Collins, Ill.
Conable
Conte
Corcoran
Coughlin
Courter
D'Amours
Daniel, Dan
Daschle
Davis, Mich.
Deckard
Devine
Diggs
Dingell
Dodd
Donnelly
Dougherty
Downey
Drinan
Edgar
Edwards, Okla.
Emery
Erdahl

Ertel
Evans, Del.
Evans, Ind.
Ferraro
Fish
Fisher
Florio
Foley
Ford, Mich.
Forsythe
Frenzel
Gaydos
Gephardt
Gilman
Goodling
Grassley
Gray
Green
Guarini
Guyer
Hagedorn
Hall, Ohio
Hanley
Harkin
Harris
Harsha
Hillis
Hopkins
Howard
Hughes
Hyde
Ichord
Jacobs
Jeffords
Jeffries
Kastenmeier
Kildee
Kindness
Kostmayer
LaFalce
Leach, Iowa
Lederer
Lent
Long, Md.
Lowry
Luken
Lundine
McClory
McCormack
McHugh
Madigan
Maguire
Markey
Marks
Marlenee
Michel
Miller, Ohio
Minish
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Nowak
O'Brien
Oberstar
Obey
Ottinger
Patten
Pease
Perkins
Petri
Price
Pritchard
Pursell
Rangel
Reuss
Rinaldo
Ritter
Robinson
Rodino
Roe
Roth
Sabo
Sawyer
Scheuer
Schulze
Seiberling
Sensenbrenner
Shannon
Sharp
Shuster
Simon
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Solomon
Staggers
Stangeland
Stanton
Steed
Stewart
Stockman
Stokes
Stratton
Studds
Swift
Tauke
Trible
Vander Jagt
Vanik
Vento
Volkmer
Weaver
Weiss
Whitehurst
Whittaker
Williams, Mont.
Williams, Ohio
Wirth
Wolff
Wolpe
Yates
Young, Mo.
Zablocki

NOES—103

Alexander
Anderson, Calif.
Anthony
Badham
Bafalis
Bauman
Beard, Tenn.
Bennett
Bethune
Bevill
Boner
Breaux
Brinkley
Broyhill
Buchanan
Burgener
Burton, Phillip
Byron
Campbell
Collins, Tex.
Crane, Daniel
Daniel, R. W.
Danielson
Dannemeyer
Davis, S.C.
Dellums
Derrick
Derwinski
Dickinson
Dixon
Dornan
Eckhardt
English
Fascell
Fazio
Flippo
Fountain
Fowler
Frost
Gingrich
Goldwater
Gonzalez
Gore
Gramm
Grisham
Hall, Tex.
Hammerschmidt
Hansen
Hefner
Hightower
Hinson
Hubbard
Jenkins
Jones, Tenn.
Kazen
Kelly
Kramer
Lagomarsino
Leach, La.
Lehman
Leland
Levitas
Lewis
Lloyd
Loeffler
Long, La.
Lott
McDonald
Martin
Matsui
Mattox
Mica
Miller, Calif.
Mineta
Montgomery
Moore
Moorhead, Calif.
Neal
Nelson
Pashayan
Patterson
Paul
Preyer
Rose
Roybal
Rudd
Santini
Satterfield
Shelby
Shumway
Spence
Stack
Stenholm
Stump
Thomas
Van Deerlin
Walgren
Walker
Wampler
White
Whitley
Whitten
Wyatt

NOT VOTING—148

Addabbo
Akaka
Albosta
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Applegate
Archer
Ashbrook
Baldus
Barnard
Boggs
Boland
Bolling
Bonker
Bouquard
Bowen
Brooks
Brown, Ohio
Burton, John
Cavanaugh
Chappell
Cheney
Chisholm
Clausen
Clay
Cleveland
Clinger
Coelho
Conyers
Corman
Cotter
Crane, Philip
de la Garza
Dicks
Duncan, Oreg.
Duncan, Tenn.
Early
Edwards, Ala.
Edwards, Calif.
Erlenborn
Evans, Ga.
Fary
Fenwick
Findley
Fithian
Flood
Ford, Tenn.
Fuqua
Garcia
Giaimo
Gibbons
Ginn
Glickman
Gradison
Gudger
Hamilton
Hance
Hawkins
Heckler
Heftel
Holland
Hollenbeck
Holt
Holtzman
Horton
Huckaby
Hutto
Ireland
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Kemp
Kogovsek
Latta
Leath, Tex.
Lee
Livingston
Lujan
Lungren
McCloskey
McDade
McEwen
McKay
McKinney
Marriott
Mathis
Mavroules
Mazzoli
Mikulski
Mitchell, Md.
Moorhead, Pa.
Mottl
Murphy, Ill.
Murphy, N.Y.
Nedzi
Nichols
Nolan
Oakar
Panetta
Pepper
Peyser
Pickle
Quayle
Quillen
Rahall
Railsback
Ratchford
Regula
Rhodes
Richmond
Roberts
Rosenthal
Rostenkowski
Rousselot
Royer
Runnels
Russo
Schroeder
Sebelius
Skelton
Snowe
Spellman
St Germain
Stark
Symms
Synar
Taylor
Thompson
Traxler
Treen
Udall
Ullman
Watkins
Waxman
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wright
Wydler
Wylie
Yatron
Young, Alaska
Young, Fla.
Zeferetti

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Messrs. GUARINI, VOLKMER, and JEFFRIES, changed their votes from "no" to "aye."

Messrs. LELAND, BUCHANAN, ECKHARDT, GORE, and ENGLISH changed their votes from "aye" to "no."

So the motion was agreed to.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment is as follows:

Senate amendment No. 109: Page 58, line 15, strike out:

No part of any appropriation under this Act shall be made available to the Secretary of the Interior for the leasing of oil and natural gas on publicly owned lands within the boundaries of the Flathead National Forest, Montana, except for such leases which the Forest Service determines will not significantly impact these lands and for which the Forest Service in granting the leases specifically outlines exploration and development guidelines designed to protect these lands from significant adverse environmental impact".

And insert:

None of the funds appropriated under this Act shall be available to implement any amendment to, or provision of, the regulation under section 4(a) of the Emergency Petroleum Allocation Act of 1973 providing for an increase in any month in the ratio of the number of entitlements issued any firm with respect to any imported refined petroleum product to the number of barrels of such product imported by such firm in such month,

(a) in the case of residual fuel oil, above 0.3; and

(b) in the case of any other refined petroleum product, above the ratio in effect on April 30, 1979

unless the President has transmitted such amendment or provision to the Congress as an "energy action" under section 551 of the Energy Policy and Conservation Act (Public Law 94–163) and neither House of Congress has disapproved (or both Houses have approved) such request in accordance with the procedures specified in such section 551 of such Act.

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 109 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert the following: "None of the funds appropriated under this Act shall be available to implement any amendment to, or provision of, the regulation under section 4(a) of the Emergency Petroleum Allocation Act of 1973 providing for an increase or decrease in any month beginning after the date of the enactment of this Act in the ratio of the number of entitlements issued any firm with respect to any imported refined petroleum product to the number of barrels of such product imported by such firm in such month above the ratio in effect on April 30, 1979 unless the President has transmitted such amendment or provision to the Congress as an "energy action" under Section 551 of the Energy Policy and Conservation Act (Public Law 94–163) and neither House of Congress has disapproved (or both Houses have approved) such request in accordance with the procedures specified in such section 551 of such Act."

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the next amendment in disagreement.

The amendment is as follows:

Senate amendment No. 110: Page 60, line 7, insert:

SEC. 307. Notwithstanding the provisions of any other law, appropriations in this Act or any other Act may be used to contract with private firms to provide plant care or watering services except for indoor office plants.

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 110 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will designate the last amendment in disagreement.

The amendment is as follows:

Senate amendment No. 111: Page 60, line 11 insert:

SEC. 308. Notwithstanding the provisions of any other law, the State of Alaska is exempted from application of the provisions of section 7(1) of the Export Administration Act of 1979 (Public Law 96–72).

MOTION OFFERED BY MR. YATES

Mr. YATES. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. YATES moves that the House recede from its disagreement to the amendment of the Senate numbered 111 and concur therein.

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the conference report and on the several motions was laid on the table.

GENERAL LEAVE

Mr. YATES. Mr. Speaker, I ask unanimous consent that I may revise and extend my remarks, and that all Members may have 5 legislative days in which to revise and extend their remarks, to include extraneous material and tabular information, on the conference report on H.R. 4930 which was just agreed to.

The SPEAKER pro tempore. Is there

objection to the request of the gentleman from Illinois?

There was no objection.

LEGISLATIVE PROGRAM

(Mr. MICHEL asked and was given permission to address the House for 1 minute.)

Mr. MICHEL. Mr. Speaker, I have asked permission to proceed for 1 minute for the purpose of inquiring of the distinguished majority whip as to the program for next week.

Mr. BRADEMAS. Mr. Speaker, will the distinguished minority whip yield?

Mr. MICHEL. I would be happy to yield.

Mr. BRADEMAS. Mr. Speaker, the program for the House of Representatives for the week of November 12, 1979, is as follows:

On Monday, since it is Veterans Day, the House is not in session.

On Tuesday, November 13, the House meets at noon on the Suspension Calendar. There are eight bills on the Suspension Calendar:

H.R. 4308, Legionville, Pa., National Historic Site;

H.R. 5461, Martin Luther King birthday bill;

H.R. 5481, international aviation;

House Concurrent Resolution 200, Baltic States and Soviet citizenship claims;

House Concurrent Resolution 202, Ida Nudel emigration to Israel bill;

H.R. 5037, Federal Reserve Act amendments;

H.R. 5235, pay restructure of uniformed services health professionals; and

H.R. 5811, interest rate modifications.

The suspensions will be followed by consideration of House Joint Resolution 404, Continuing Appropriations; H.R. 2727, Meat Import Act of 1979, under an open rule with 1 hour of debate;

H.R. 2335, Solar Power Satellite Research and Development Program Act, to complete consideration of that bill.

On Wednesday, November 14, the House will meet at 10 a.m. to consider the following bills:

H.R. 2063, National Economic Development and Public Works Act of 1979, under an open rule with 1½ hours of debate.

H.R. 2313, Federal Trade Commission Authorization, under a modified rule, with 1 hour of debate, the rule having already been adopted.

H.R. 3948, Experienced Pilots Act of 1979, under an open rule, with 1 hour of debate.

Then on Thursday, November 15, the House will meet at 10 a.m. and on Friday at 10 a.m., to consider the following bills:

H.R. 2626, hospital cost containment, subject to a rule being granted.

H.R. 2608, NRC Authorization Act, under a modified open rule, with 1 hour of debate.

H.R. 4119, Federal crop insurance program, subject to a rule being granted.

H.R. 2222, coverage of medical House staff under National Labor Relations Act, under an open rule, with 1 hour of debate.

H.R. 3546, Extend Federal Insecticide, Fungicide and Rodenticide Act (FIFRA), under an open rule, with 1 hour of debate.

Finally, H.R. 3394, Resource Conservation and Recovery Act Amendments of 1979, under an open rule, with 1 hour of debate.

The House will adjourn by 3 p.m. on Friday and by 5:30 p.m. on all other days, except Wednesday.

Conference reports may be brought up at any time, and any further program will be announced later.

Mr. MICHEL. Mr. Speaker, may I inquire of the distinguished majority whip whether plans have changed any for the week of Thanksgiving. Is it still hard and fast that there will be no legislative business, but that there will be pro forma sessions during the week of Thanksgiving?

Mr. BRADEMAS. Mr. Speaker, if the gentleman will yield, the gentleman is correct.

Mr. MICHEL. Mr. Speaker, I thank the gentleman. Might I inquire what days those pro forma sessions will be during Thanksgiving week?

Mr. BRADEMAS. I am not in a position to give the gentleman from Illinois that information at this time, but it is the intention of the leadership that when the House adjourns on Friday, November 16, at the close of business, we return to legislative business on the Monday after Thanksgiving, on November 26, but that there should be no rollcall votes until Tuesday, November 27.

Mr. MICHEL. Mr. Speaker, I thank the gentleman.

Mr. HANSEN. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from Idaho.

Mr. HANSEN. Mr. Speaker, I would like to ask if there is any possibility that the House might remain in session, at least pro forma, over this long holiday season. There is no holiday for our hostages in Iran and if there is such an effort to ask unanimous consent to go over until Tuesday, I would like to advise the House that I do plan to object, because I feel we at least ought to show some support for those people there and not go back to our constituents with the idea that we are not on call.

Mr. BRADEMAS. Mr. Speaker, if the gentleman from Illinois will yield, I might respond to the gentleman from Idaho that inquiries have been made of the Secretary of State and of the White House with respect to whether or not it would be thought helpful for the House to remain in session, as the gentleman from Idaho has suggested.

We were advised that no useful purpose would be served by our being in session on Monday next.

Moreover, I would advise the gentleman from Idaho that the majority leader of the other party has already made clear that the other body will be going over until Tuesday of next week, so that it would not be possible in that event for there to be any measures requiring the approval of both bodies to be completed, even if we in the House were to be in session.

□ 1450

Mr. HANSEN. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from Idaho.

Mr. HANSEN. Mr. Speaker, I would like to say that I think whatever the other body does—and I hope this is not an indication that there will not be any results over the weekend on the negotiations—that in order for us to show our moral support for the situation there, we should at least remain in a pro forma session so we are in a sense on call if anything should happen or should break and so the American people will know that we at least show that much concern.

Mr. Speaker, I will so move when the appropriate time comes.

Mr. BRADEMAS. Mr. Speaker, I appreciate the constructive contribution of the gentleman from Idaho (Mr. HANSEN).

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. BRADEMAS. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday, November 14, 1979.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

REQUEST TO MAKE IN ORDER CONSIDERATION OF PRIVATE CALENDAR AND CONSENT CALENDAR ON WEDNESDAY NEXT

Mr. BRADEMAS. Mr. Speaker, I ask unanimous consent that it be in order to consider the Private Calendar and the Consent Calendar on Wednesday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

Mr. BAUMAN. Mr. Speaker, I object.

The SPEAKER pro tempore. Objection is heard.

MONDAY VOTES ON PRIVATE AND CONSENT CALENDAR LEGISLATION

(Mr. BRADEMAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BRADEMAS. Mr. Speaker, I might simply advise the Member on the other side who objected to my last request—and my eye did not fall upon that Member—that it will be necessary, in view of that objection, that we then have votes on the Private and Consent Calendars on some Monday upcoming. So Members in their planning should understand that it would be necessary for us to fill in those votes on some Monday in order to dispose of that business.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. BRADEMAS. Of course, I yield to the gentleman from Maryland.

Mr. BAUMAN. Mr. Speaker, I will inform the gentleman from Indiana (Mr. BRADEMAS) that the rules do not require votes. The only thing that can occur is an objection.

Mr. BRADEMAS. I would only reiterate what I have said, Mr. Speaker.

REQUEST TO SET HOUR OF MEETING ON FRIDAY, NOVEMBER 16, 1979

Mr. BRADEMAS. Mr. Speaker, I ask unanimous consent that when the House convenes on Friday, November 16, 1979, it convene at 9 a.m.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

Mr. HANSEN. Mr. Speaker, reserving the right to object, am I to understand that we are talking about 9 a.m. on Tuesday?

Mr. BRADEMAS. No; Mr. Speaker, if the gentleman will yield, I would reiterate that my unanimous-consent request is that when the House convenes on Friday, November 16, 1979, it convene at 9 a.m. That is to say we would convene at 9 a.m. rather than at 10 a.m., as has been customary throughout most of the session.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

Mr. BAUMAN. Mr. Speaker, reserving the right to object, I have already observed that this practice was started 2 weeks ago, and at that time the House was told that we would adhere to a 2 o'clock adjournment. I was informed that the leadership on the other side made it clear that they wanted the Interior appropriation conference report considered today, and we all know what time it is now.

If we are not in fact going to adjourn at 2 o'clock on Fridays, I see no point in coming in at 9 o'clock on Fridays.

Mr. Speaker, since that is the case, I object.

The SPEAKER pro tempore. Objection is heard.

ADJOURNMENT TO TUESDAY, NOVEMBER 13, 1979

Mr. BRADEMAS. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at noon on Tuesday, November 13, 1979.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

Mr. HANSEN. Mr. Speaker, I object.

The SPEAKER pro tempore. Objection is heard.

Mr. BRADEMAS. Mr. Speaker, I move that when the House adjourns today, it adjourn to meet at noon on Tuesday, November 13, 1979.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Indiana (Mr. BRADEMAS).

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. HANSEN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 161, nays 89, answered "present" 1, not voting 182, as follows:

[Roll No. 649]

YEAS—161

Abdnor
Alexander
Ambro
Anderson, Calif.
Annunzio
Anthony
Ashley
Atkinson
AuCoin
Bailey
Barnes
Beard, R.I.
Bedell
Beilenson
Benjamin
Bennett
Bevill
Biaggi
Blanchard
Boner
Bonior
Brademas
Breaux
Brodhead
Broyhill
Burgener
Burlison
Burton, Phillip
Coleman
Collins, Ill.
Conte
D'Amours
Daniel, Dan
Danielson
Dellums
Derrick
Dickinson
Dingell
Dodd
Donnelly
Dougherty
Downey
Drinan
Eckhardt
Edgar
Emery
English
Erdahl
Evans, Del.
Evans, Ind.
Fazio
Ferraro
Fisher
Flippo
Florio
Foley
Ford, Mich.
Forsythe
Fowler
Frenzel
Frost
Gaydos
Gephardt
Gonzalez
Gore
Gramm
Gray
Guarini
Hall, Ohio
Harkin
Harris
Hefner
Hillis
Howard
Hughes
Ichord
Ireland
Jones, Tenn.
Kazen
Kostmayer
LaFalce
Lederer
Lehman
Leland
Lewis
Lloyd
Long, La.
Long, Md.
Lott
Lundine
McCormack
McHugh
Maguire
Markey
Marks
Matsui
Mica
Michel
Miller, Calif.
Mineta
Moakley
Moffett
Mollohan
Moore
Murphy, Pa.
Murtha
Natcher
Nelson
Oberstar
Obey
Ottinger
Patterson
Pease
Preyer
Price
Pritchard
Rangel
Reuss
Rinaldo
Roe
Roybal
Sabo
Santini
Scheuer
Seiberling
Shannon
Sharp
Shelby
Shumway
Slack
Smith, Iowa
Snyder
Solarz
Stack
Staggers
Stangeland
Stanton
Steed
Stockman
Stokes
Stratton
Studds
Swift
Thomas
Trible
Van Deerlin
Vanik
Vento
Volkmer
Walgren
Weaver
Whitehurst
Whitley
Whitten
Williams, Ohio
Wilson, Bob
Wirth
Wolff
Yates
Young, Mo.
Zablocki

NAYS—89

Badham
Bafalis
Bauman
Bereuter
Bethune
Broomfield
Buchanan
Butler
Byron
Campbell
Carney
Carter
Collins, Tex.
Conable
Corcoran
Coughlin
Courter
Daniel, R. W.
Dannemeyer
Daschle
Davis, Mich.
Davis, S.C.
Deckard
Derwinski
Devine
Edwards, Okla.
Fish
Fountain
Gilman
Gingrich
Goldwater
Goodling
Grassley
Green
Grisham
Guyer
Hagedorn
Hammerschmidt
Hansen
Harsha
Hinson
Hopkins
Hubbard
Jacobs
Jeffords
Jeffries
Kelly
Kildee
Kramer
Lagomarsino
Leach, Iowa
Leach, La.
Lent
Levitas
Loeffler
Lowry
Luken
McClory
McDonald
Marlenee
Martin
Miller, Ohio
Mitchell, N.Y.
Montgomery
Moorhead, Calif.
Myers, Ind.
Nowak
Pashayan
Paul
Petri
Robinson
Roth
Rudd
Satterfield
Sawyer
Schulze
Shuster
Smith, Nebr.
Solomon
Spence
Stenholm
Stump
Tauke
Vander Jagt
Walker
Wampler
White
Whittaker
Wyatt

ANSWERED "PRESENT"—1

Dornan

NOT VOTING—182

Addabbo
Akaka
Albosta
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Applegate
Archer
Ashbrook
Aspin
Baldus
Barnard
Beard, Tenn.
Bingham
Boggs
Boland
Bolling
Bonker
Bouquard
Bowen
Brinkley
Brooks
Brown, Calif.
Brown, Ohio
Burton, John
Carr
Cavanaugh
Chappell
Cheney
Chisholm
Clausen
Clay
Cleveland
Clinger
Coelho
Conyers
Corman
Cotter
Crane, Daniel
Crane, Philip
de la Garza
Dicks
Diggs
Dixon
Duncan, Oreg.
Duncan, Tenn.
Early
Edwards, Ala.
Edwards, Calif.
Erlenborn
Ertel
Evans, Ga.
Fary
Fascell
Fenwick
Findley
Fithian
Flood
Ford, Tenn.
Fuqua
Garcia
Giaimo
Gibbons
Ginn
Glickman
Gradison
Gudger
Hall, Tex.
Hamilton
Hance
Hanley
Hawkins
Heckler
Heftel
Hightower
Holland
Hollenbeck
Holt
Holtzman
Horton
Huckaby
Hutto
Hyde
Jenkins
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Kastenmeier
Kemp
Kindness
Kogovsek
Latta
Leath, Tex.
Lee
Livingston
Lujan
Lungren
McCloskey
McDade
McEwen
McKay
McKinney
Madigan
Marriott
Mathis
Mattox
Mavroules
Mazzoli
Mikulski
Minish
Mitchell, Md.
Moorhead, Pa.
Mottl
Murphy, Ill.
Murphy, N.Y.
Myers, Pa.
Neal
Nedzi
Nichols
Nolan
O'Brien
Oakar
Panetta
Patten
Pepper
Perkins
Peyser
Pickle
Pursell
Quayle
Quillen
Rahall
Railsback
Ratchford
Regula
Rhodes
Richmond
Ritter
Roberts
Rodino
Rose
Rosenthal
Rostenkowski
Rousselot
Royer
Runnels
Russo
Schroeder
Sebelius
Sensenbrenner
Simon
Skelton
Snowe
Spellman
St Germain
Stark
Stewart
Symms
Synar
Taylor
Thompson
Traxler
Treen
Udall
Ullman
Watkins
Waxman
Weiss
Williams, Mont.
Wilson, C. H.
Wilson, Tex.
Winn
Wolpe
Wright
Wydler
Wylie
Yatron
Young, Alaska
Young, Fla.
Zeferetti

☐ 1500

Messrs. DANNEMEYER, JEFFORDS, and MILLER of Ohio changed their votes from "yea" to "nay".

So the motion was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERMISSION TO HAVE UNTIL MIDNIGHT, TUESDAY, NOVEMBER 13, 1979, TO FILE CONFERENCE REPORT ON H.R. 2676, ENVIRONMENTAL RESEARCH, DEVELOPMENT, AND DEMONSTRATION AUTHORIZATION ACT OF 1980

Mr. AMBRO. Mr. Speaker, I ask unanimous consent that the managers may have until midnight, Tuesday, November 13, 1979, to file a conference report on the bill (H.R. 2676) to authorize appropriations for environmental research, development, and demonstrations for the fiscal year 1980, and for other purposes.

The SPEAKER pro tempore (Mr. MOAKLEY). Is there objection to the request of the gentleman from New York.

There was no objection.

ANDERSON DISCUSSES FOREIGN STUDENT DEMONSTRATIONS

(Mr. ANDERSON of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ANDERSON of California. Mr. Speaker, I want to once again express my deep resentment of the current political activities of some students here in the United States—and at this moment I refer to Iranian students. I addressed myself to this same subject almost a year ago, in January following the shocking action of Iranian students in my own State of California.

The rights of Americans to demonstrate in a peaceful and law-abiding manner is an established right and one that must be protected. What has been occurring recently with the Iranian students, here only through the good graces of the American Government which allows them to study in our institutions, has involved something very different. These students are allowed to enter our country to study, not demonstrate. If they want to demonstrate, let them return to their homeland to do so.

These students entered our country on visas granted for the specific purpose of permitting them to study at our educational institutions. But many of them are grossly abusing any rights they have by virtue of these visas. It is absurd for Americans to sit idly by and take the kind of abuse being heaped upon us by the Iranians, either here or in Iran. At the moment, unfortunately, there is little we can do to ease the situation in Tehran, if we intend to save the American lives involved there. We can, though, take a firm stance here against the kinds of actions undertaken by Iranian students in the United States. We should not and we must not tolerate this kind of behavior. Action must be taken and taken now to deal with it.

With this in mind, I want to express my strong support for legislation that would clarify and expedite the procedure by which students could be expelled if the terms of their student visas are violated, particularly by the types of inexcusable demonstrations of late—violent, political demonstrations against the U.S. Government. Something must be done.

Foreigners who enter our country legally do so with visas granted for a specific purpose—business, tourism, study, and so forth. The vast majority come for their declared purpose and then depart. We should warmly welcome and encourage this type of visitor. However, those who accept our hospitality and then promptly violate it by engaging in political demonstrations on our soil should have their visas canceled; be promptly deported; and permanently banned from entering the United States. At present any prompt action is impossible due to a lengthy appeals procedure. In the case of foreign visitors this is most inappropriate.

In the current case of the Iranian demonstrators—and the morning news reports several demonstrations are expected today—let us see how many of them would like to return to Iran now. Let us see if they could get away with this kind of behavior in Iran, if it were aimed against Khomeini. And I wonder how many are here whose visas have already expired? I am sure the Justice Department has no idea. I am introducing legislation that would address this problem, by creating additional grounds for deportation and insuring that the Justice Department has the authority to promptly expel students who come here to demonstrate rather than to study. I urge your support of this legislation.

LEGISLATION AUTHORIZING DEPORTATION OF DEMONSTRATING IRANIAN STUDENTS

(Mr. HIGHTOWER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HIGHTOWER. Mr. Speaker, 2 days ago I introduced a bill, H.R. 5813, that would authorize the deportation of Iranian students, as well as students from all other nations, who have abused this Nation's hospitality by participating in actions intended to further the tyranny in their home countries. Similar measures were introduced yesterday by other Members and the legislative counsel has told me that other bills are being drafted. As of this hour 30 of my colleagues have notified me of their desire to cosponsor my bill.

The situation in Iran has not changed. The Ayatollah Khomeni continues to flout international law and make a mockery of every principle of human decency. The 60 Americans being held hostage in our Embassy in Tehran reportedly have not been physically harmed, but photographs appearing on the front pages of today's newspapers provide stark evidence of their being terrorized mentally, subjected to intense personal humiliation and, on a broader plane, deepening the humiliation to the proudest Nation on Earth.

But the situation at home is changing, and for the worse. Yesterday in Houston demonstrators surrounded the main entrance of the Iranian consulate in reaction to a march the day before by Iranian students supporting the Tehran authorities. Other confrontations between Americans and Iranian students occurred in Portland, Oreg. and Carbondale, Ill.

The spark that could lead to the powder keg of violence has been ignited. We must defuse it before it erupts. Violence at home could incite tragic reprisals against Americans still in Iran. The Mayor of Washington, D.C., has ignored pleas by the President to refuse permits for further demonstrations and is authorizing a planned march and rally today in the Nation's Capitol by Iranian students.

Our severely limited options to assure the safe return of the hostages and other Americans in Iran has fomented a deepening sense of frustration and outrage by the American people. We can diminish this feeling by passing legislation authorizing the deportation of students whose objective seems to be agitate instead of educate.

When I reintroduce H.R. 5813 next Tuesday I fervently hope a strong show of support by my colleagues will clearly indicate that we must have immediate hearings in the Judiciary Committee and begin the process of ridding this Nation of these disruptive influences.

HOW MOBIL OIL SETS ITS PRICES

(Mr. WEAVER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. WEAVER. Mr. Speaker, in my district a former Mobil Oil Corp. employee, John Hanks, revealed in an article in the Oregon Times magazine the inner workings of Mobil Oil Corp. in setting prices for its oil.

The article follows:

Upward Mobility

(An insider's account of how Mobil padded prices in Oregon during the last energy crunch)

Inside his garage in a quiet, middle-class Eugene neighborhood, John Hanks keeps an almost compulsively thorough filing cabinet of documents, inter-office memoranda, and other souvenirs from his 14-year career with the Mobil Oil Corporation.

"If I were a good, loyal Mobil Man," Hanks says carefully, examining an invoice, "I would have burned this stuff."

Hanks, 37, is a self-described right-wing Republican with an abundant shock of strawberry hair, enough faith in America's future to collect vintage wines, and a full-time interest in organizing political campaigns for conservative candidates.

Last December, Hanks walked away from his $30,000-plus job in Mobil's mid-Willamette industrial sales division after balking at a transfer to Corpus Christi, Texas. When gas lines began forming late this spring, Hanks decided to come forward with the story of life inside the oil industry during the last energy crisis.

Congress had empowered the Federal Energy Administration to allocate petroleum products and freeze prices for every class of distillate fuel. Under a program to control profits, May 15, 1973, was the magic date. The FEA instructed the oil companies to compute an average price for gas, diesel and heating oil at every one of thousands of U.S. delivery points, using May 15 sales receipts. Whatever the price had been on May 15—or the nearest date before—became the "base price," and only costs such as increased taxes or higher wages could be added to that price.

Hanks said he helped set "75 percent of the base prices in the Northwest for industrial consumers," then adds: "It's not a duty that I'm proud of."

Hanks spent weeks "flying between Mobil's Portland delivery terminal, Seattle division office, Los Angeles accounting center and Dallas region headquarters to review sales receipts, documents and guidelines." Finally, base pricing for the Pacific Northwest states was finished in November 1974.

So far so good, Hanks says, until mid-level management executives gerrymandered the definition of "distribution points" to serve Mobil's bottom line.

Take Eugene, for example. The way diesel prices were established in Eugene ended up costing consumers tens of thousands of dollars extra.

There was only one May 15, 1973 diesel

sale in Eugene on the books—at 13.55 cents per gallon. However, 46 miles to the East in the mill town of Oakridge, an unauthorized shipment to a logging contractor was made on the same date—but at a price that was 8.2 cents a gallon higher.

For the purposes of establishing a base price, Mobil decided to treat the Oakridge transaction as a basis for Eugene pricing—an apparent case of the tail wagging the dog. As a result, the price of Mobil No. 2 diesel to Eugene-area farmers, contractors, industrial users, and government agencies was more than half again higher than it otherwise would have been.

Hanks objected to the decision, as did at least one other Mobil employee, J. Scott Erbe, on the grounds that it was inconsistent to merge Eugene and Oakridge for price basing when Mobil had divided Seattle and Tacoma prices—terminals only 30 miles apart. Furthermore, the merging mixed apples with oranges since the Oakridge delivery had been made by a small (and more expensive per gallon) "tank wagon" truck.

Back from Mobil's Office of General Counsel came a reaction—not a legal opinion, the memo stressed—to Hanks' and Erbe's objection. According to Mobil's legal team, the Oakridge sale (from a 14,000-gallon tank on major customer Pope and Talbot property) didn't have to be counted as a separate base price from Eugene because it was "no more than additional storage for Mobil's convenience on deliveries originating from Eugene."

To figure out how much this informal "reaction" may have cost Eugene customers of No. 2 diesel for about two years until price controls were removed from diesel fuel is no simple task. The Oregon Department of Energy has no figures on how much diesel flows out of the Eugene terminal on a month-by-month basis. Mobil Northwest Division Manager Larry Larson at the company's Portland terminal says his office has no way of computing Eugenes' total Mobil deliveries of diesel.

Hanks, however, notes that Mobil's share of the industrial market alone was about 15–20 percent and that one Engene-area lumber company alone used 800,000 gallons a year in the early 70's. The total for the town may have been twice that. At 8.2 cents per gallon in padded profits, the disputed overcharge could easily have reached $25,000 a year.

Splitting hairs over a legal definition is one thing, but in the case of Mt. Vernon, Washington, Mobil actually back-dated an invoice to establish a higher base price, contents Hanks, and he had the "pink" slip copy of the invoice in question to prove it.

Here's what happened. During a cold snap in the winter of 1973, the City of Mt. Vernon took a delivery of light No. 1 heating oil simply because it was too cold to use the heavier No. 2 heating oil originally contracted for. The City was subsequently billed at Mobil's posted price difference of 1.9 cents a gallon higher for No. 1 fuel. Mt. Vernon paid the bill.

When it came time to set base prices, nearly a year and a half later, Hanks was told that the old invoice must be changed. Since no heating oil price differential was specified in Mt. Vernon's contract, the highest market price for No. 1 fuel would be charged. Hanks balked. "We should have lived with it," he says. "I refused to raise the price." So Irwin Wayne (I.W.) Jordan, the western commercial manager in Dallas, gave instructions that the invoice was to be changed. The west coast controller, Norm Mendenhall, carried out those instructions.

Because of the altered billing, a new base price for No. 1 diesel fuel was established in Mt. Vernon—at 6.7 cents a gallon higher.

In another case, complaints to Hanks' boss, Jim Kimner, that Mobil was selling diesel to U.S. Plywood in Lebanon at about a penny a gallon over the base price did no good, even after Hanks pointed out that the sales were putting Mobil "into a ticklish situation." Kimner fired back an unambiguous memo in August, after two more prods from Hanks. "John, once and for all, forget this Problem and go on to working on new business, or something else. N.Y. says last and final time, No change—Leave it alone."

Of course, in as complicated a bureaucratic scheme as forcing the price of petroleum by distribution point, by product, and by mode of transport, some errors were inevitable. Mobil's official policy was that if base prices were found to be incorrect, the consumer's money would be refunded. Hanks says that is "one of the few times I believe Mobil deliberately lied. They knew no one could interpret federal guidelines, so no money ever would be returned.

"Some customers," wrote I. W. Jordan in a 1976 memo to mid-level managers, "may be due refunds for overcharges as a result of an adjustment to a base price. It will be some time before we know who (is) entitled to refunds at each of the more than 1700 source points. You will be advised on this subject in future communications."

By the time Hanks left Mobil in December of 1978, such a "communication" had never been made. However, says Hanks, the ideal opportunity to rebate consumer cash presented itself in North Bend—over the issue of 18 months' Mobil-admitted overcharges.

Mobil employees had established two separate base prices in August 1974 for the adjoining towns of Coos Bay and North Bend. This decision, which penalized North Bend a few cents a gallon for gas, kerosene, heating oil and diesel, contradicted a Mobil pricing guideline that "commission truck routes . . . making deliveries out of terminals should be included in the price survey as an integral part of the terminal complex." North Bend was served by such a truck route.

Hanks first raised this issue in a November 23, 1974 letter. His file shows seven more memos on the subject over the next year, most of them ignored, before the question was sent off to New York headquarters for resolution. Sure enough, on February 19, 1976, base prices at the two locations were combined.

"I stressed then that Mobil must rebate money for the 18-month period," Hanks says. "We admitted our mistake on pricing, but when I brought up the subject of rebates, I was told by the pricing manager, the regional manager and everybody else involved to drop the subject and never bring it up again."

And the money rolled in. Mobil bought Montgomery Ward and Container Corporation. Hanks remembers: "They were making so much money they gave every employee a month's salary as a bonus. I thought it was really nice of them to give it to us instead of the government." Apparently, Mobil's huge profits created tax problems.

Hanks still maintains that, on major issues, Mobil was characterized by liberal and enlightened policy decisions. But executives within the giant corporation, he adds, could be surprisingly petty and cheap when it came to relatively small matters.

Salesmen were sometimes instructed not to let customers know about potential savings. Hanks complained that the information should be getting out. Despite his annoying role as corporate gadfly, no one argued with his job performance. Among Hanks' garage file of memorabilia is one folder prominently displaying the Mobil logo and labeled. "Extra Effort Recognition." Inside is a photo of Hanks, smiling broadly, sandwhiched between Kimner and Jordan, in the act of accepting a national sales award.

Hanks' increasing objection to Mobil pricing policies peaked in February of 1975. One evening that month, Hanks found himself, over dinner at Eugene's Coburg Inn, with Kimner and Jordan, airing his doubts. As he was want to do, Hanks took the opportunity to quote back to his bosses Mobil's ethics policy. All Mobil employees are required to sign it. "The maintenance of the highest reputation for integrity is essential," the last sentence reads, "and is not in any circumstances to be sacrificed for the sake of results."

According to Hanks, the dinner came to an unpleasant end when Jordan "turned red, jumped up from the table, shook his finger three inches from my nose and said, 'Resign, you ———, resign! I want no more of this ———. I run this region. Shut up, resign, or I'll fire you.' "

"Needless to say," Hanks adds, "Mr. Kimner turned white."

Jordan, through his secretary in Dallas, after repeated calls, refused to answer any questions about his role in the establishment of base prices and referred all questions to Mobil's public relations specialist in Los Angeles.

Kimner, however, when reached at his home in Darien, Connecticut, only a short commute from New York City, where he serves as Mobil's international sales training manager, denied that he heard such an outburst. "I remember dinner at the Coburg Inn, but I was not in the room, nor was I at the table during the incident," Kimner said. "I was off in another part (of the Inn) for awhile making phone calls. I just remember John saying next morning that the evening hadn't gone as well as he'd planned." Kimner added that the whole matter of over pricing in the mid-70's is "ancient history in the light of today's situation."

Mobil's official 5-sentence reaction to Hanks' allegations echoes that theme, conceding that "there has been some confusion within the oil industry concerning price control regulations," but that, as far as particulars go, "we do not think it appropriate or meaningful to comment on individual cases."

But Hanks doesn't see it that way. For one thing, he argues, "If one person ran into this stuff setting industrial base prices for three states, think about the rest of the country."

Today, with the United States on the verge of a rationing program, and Congress talking about a windfall profits tax to catch up with oil decontrol, Hanks sees a moral in the story. "Watch out for middle management," he warns. "They'll always find some way to soak America."

☐ 0910

VIRGIN ISLANDS NATIONAL GUARD OFFICER RECOGNITION

(Mr. EVANS of the Virgin Islands asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. EVANS of the Virgin Islands. Mr. Speaker, today I am introducing legislation to amend title 32 of the United States Code to allow for Federal recognition of officers in the National Guard of the U.S. Virgin Islands in grades above the grade of colonel.

Of the 53 American jurisdictions to which a National Guard has been authorized, only the U.S. Virgin Islands is subject to a statutory restriction on the maximum grade in which its officers may be federally recognized. This restriction, as so stated in title 32 of the United States Code, section 307, subsection (g), prevents the Adjutant General of the Virgin Islands from being federally recognized in general officer grade. No other adjutant general is so restricted. My amendment would repeal this United States Code provision.

Congress imposed this grade limitation initially because of the small size of the National Guard of the Virgin Islands. The total Virgin Islands Army National Guard strength of 900 persons certainly compares favorably with States such as Nevada (at 1,121) and Wyoming (at 1,391) (figures as of January 1979). Yet, the adjutant generals of these two States are federally recognized major generals. Furthermore, each State is authorized an additional Army National Guard general officer as the assistant adjutant general (Army) in the grade of brigadier general.

The position of adjutant general is by nature and definition of general officer position, calling for a broad range of command and managerial expertise.

The Adjutant Generals of the United States and U.S. territories collectively form the top leadership of the National Guard, and should stand, among themselves, as equals. To deny general officer grade to the adjutant general of only one American jurisdiction, albeit the smallest, cannot be justified.

Mr. Speaker, I sincerely believe that passage of this amendment will greatly benefit the National Guard of the Virgin Islands by bringing us more in line with the 50 States, the Commonwealth of Puerto Rico, and the District of Columbia.

I urge the House of Representatives to adopt this measure.

OUTRAGE IN IRAN

(Mr. KOSTMAYER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

● Mr. KOSTMAYER. Mr. Speaker, today, the American people and people throughout the world are witnesses to an outrage in Iran. The behavior of the Iranian Government, and the Ayatollah Khomeini in particular, defies all standards of international and civilized conduct among men and women.

Iran under Khomeini, as under the Shah, is an unhappy land whose leaders sanction lawlessness and terror. Mired in constant turmoil and violence, the current Government of Iran under the Ayatollah Khomeini lacks any respect for fundamental human rights and international law. Faced with the task of rebuilding Iran, Khomeini and his followers seem obsessed with hatred. They prefer the safety of their hollow rhetoric to the challenge of rebuilding their society.

Our own Government's position regarding the current crisis in our Embassy in Tehran is too conciliatory. After all, Mr. Speaker, this is the second time in 9 months that the American Embassy has been taken over.

Once the present crisis has passed, the United States should consider severing all ties with Iran and terminating American purchases of Iranian oil.

I reach this conclusion regretfully for the United States should end its relationships with other countries only for the most serious reasons.

But, at the very least, Mr. Speaker, the President of the United States should make it clear that this Government is prepared to take strong action should any American lives be lost, for we have been too tolerant for too long. It should be the President, not his Secretary of State or Press Secretary, who speaks for our country on this matter at this time.

The one issue of importance is the lives of American hostages. Some in the House have suggested that our Government take immediate military action. But at this delicate time such a move could prove inflammatory and seal the fate of those captive Americans. While I believe we should be prepared to undertake a military rescue, it should be considered only if all other efforts fail first. This is not a time to act hastily—not with innocent lives at stake.

Mr. Speaker, any government that would bargain with the lives of innocent men and women has no place in the family of nations. Now is the time for public opinion throughout the world to condemn the repugnant Government of Iran for its monstrous actions. For what is happening today in Tehran is not simply a transgression against American citizens but a violation of international conduct which threatens the rule of law. While we work hour by hour to reach a diplomatic resolution of the crisis, let us call upon the nations of the world that respect international law to stand by us and to let Iran know that its actions are monstrous and intolerable.●

SOCIALISM AND ENERGY

(Mr. COLLINS of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. COLLINS of Texas. Mr. Speaker, the record from around the world shows that wherever Socialist economic and landownership policies are in effect, the result is a shortfall in energy production.

Many people criticize the price incentives of energy regulation by saying that we must conserve because the planet Earth has only a limited supply of energy resources and we are about to use them all up. The answer they give is that America must drastically cut back its standard of living and return to a simple basic economy.

But the truth is that the Earth is not running out of oil. Since 1859, when the first oil well in history was drilled at Titusville, Pa., mankind has produced 330 billion barrels of oil. Experts estimate that the petroleum still easily recoverable at current prices and technology is about 2,500 billion more barrels.

Why is this energy not being produced? The answer is that oil and gas exploration and production have only taken place where free enterprise incentives have prevailed. We can take a lesson from where all the drilling and exploration has occurred, if we examine the excellent research from the objective energy studies made by the noted economist Jude Wanniski. In the 120 years since 1859, mankind as a whole has drilled 3.2 million oil wells around the world, and 2.4 million—75 percent—of them have been drilled in the 48 continental United States, mostly in the Southwest and gulf coastal areas, even though we only have 6 percent of the world population.

Of the 645,000 exploratory wells drilled on Earth by the end of 1975, 616,000, or 95.4 percent of them, were drilled in the industrialized nations, and 482,000 of them in the United States. Africa, Latin America, China, India, and Southeast Asia have barely been touched. Why is this so?

The answer is partly that we in America had the trained skills and technology to do so, but there is also a very basic political reason. The free enterprise system of the United States, and our stable government, have acted to protect the private property rights and earned profits of private American landowners and entrepreneurs.

Where the homesteading pattern was not followed so well in the lands opened in the later stages of western migration, we have seen much less energy development. To this day, the U.S. Federal Government owns 87 percent of the State of Nevada, and that area has never been explored for oil or gas.

Alaska has also been almost untouched by energy exploration, and now President Carter has closed off 185 million more acres of land to mineral exploration, to bring the total Alaskan land sealed off to energy production to almost 700 million acres, an area more than four times the entire State of Texas. Who knows what we are passing up in Alaskan energy resources while Americans pay higher prices and prepare to lose hundreds of thousands of jobs in northern cities again if they have shortages this winter. To get one idea of just what we may be missing, consider that the North Slope oil field in Alaska, the largest oil field ever discovered in the United States—now determined to be even bigger than the entire east Texas field—amounts to only 400 square miles out of 566,000 square miles of Alaska.

In developing nations where policies of Socialist land ownership closes out private enterprise, we see no energy exploration or production at all. Even in those Third World developing nations which have stable governments, the government usually keeps all title to the land in the name of the collective Socialist interest, and, where there is some rare parcel of private or foreign-owned land, they either nationalize it or seize all mineral rights. Usually income taxes are so high that even if a private investor or outside oil company is allowed to come in and buy the mineral rights, he cannot afford to drill because all the rewards will be confiscated by the government.

What do all these Socialist governments do with their energy-rich lands after they force out private enterprise? Nothing. The record shows that, all around the world, wherever government socializes the land, nothing is ever done to develop oil and gas from it.

Even in an advanced Western bloc nation like Australia, we see the pattern. Almost all of Australia's 3 million square miles is collectivized, and we see that in the entire year of 1978 only 53 wells were drilled on the entire continent, and less than 30 were drilled in all of 1977.

In the Middle East, the sheiks have made almost no energy development at all since forcing out the American companies. Since 1974, Saudi Arabia averaged only 10 wells a year, Iraq only 1 a year, and the entire Middle East only 95 a year. Before the sheiks moved in to socialize everything, private enterprise did enough drilling and production in this area to make it the energy breadbasket of the world, but since the sheiks took over they cannot drill more than 95 holes a year in the entire Middle East. Geologists think that the area around the island of Madagascar off the coast of Africa is in one of the most oil-rich areas on the entire planet Earth, but since the colonial government achieved independence in 1975, they have only averaged 20 new wells drilled per year. Compare these annual figures of 53, 30, 10, 1, or 20 with the 48,513 wells drilled in the United States last year.

Mr. Speaker, the record shows that all over the world, where privately owned land has been collectivized; or a Socialist government has kept out free enterprise, energy exploration and discovery always comes to a complete standstill.

SYNTHETIC FUELS BILL H.R. 4514 SHOULD BE DEBATED ON FLOOR

(Mr. PERKINS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PERKINS. Mr. Speaker, almost from the beginning of my service as a Member of this House, I began taking the floor to call for creation of a national energy policy. We did not have a coherent energy policy back there in the late 1940's and early 1950's.

Today, as we close out the 1970's and move toward the 1980's things have not changed. We still do not have a coherent energy policy.

And the Member from the coal fields of eastern Kentucky is still taking the floor to call for a sane policy that will get us out of this terrible energy trap we are in.

Those among us who resist change and who do not want to disturb the status quo should take great comfort in the present situation. If we persist in the present course—if you want to call standing still a course—we will have plenty of time to reflect upon the principle as we sit in our cold houses and look out at the useless automobiles stacked up in the silent streets.

We in America have built a society heavily dependent upon petroleum. Now that petroleum is in short supply, and will get even shorter, we still have not made adequate preparation for an energy substitute.

From the very first day the settlers landed upon this continent, we have had almost under our shoe soles an abundance of energy-rich coal which can be turned into clean, efficient, liquid fuel for our Nation and its society.

We used it for a century and a half—until Americans began their economic honeymoon with petroleum. Then the use of coal began to decline. People came to think of it as "dirty" and old-fashioned.

The technology for making clean, environmentally acceptable fuel from coal has been with us for decades. And it is improving all the time.

We do know how to make liquid fuel synthetically from coal. We could have synthetic fuel plants in operation in 3 to 5 years, or even sooner, if we recognize the real national emergency that is upon us.

There are those in this country, perhaps in this Congress, who would cling to our dependence upon petroleum until the last barrel is pumped from the rocks of Earth. If this view prevails we will be dancing with the dead and whirling with the dust.

And this American Nation we have built will become something far, far different. It is apt to be something not to our liking.

How many times do we have to be told that we are using twice as much petroleum as we produce from American wells?

How many times do we have to hear that we are dependent upon foreign nations for half of our liquid energy fuels? And how many of our foreign suppliers could we really depend upon when the chips are down?

When will the terrible truth of our situation sink in and galvanize us to do something about it?

There is no great mystery about how to get out of this fix we are in. All we have to do is gear up a synthetic fuels industry that will utilize our hundreds of years supply of coal.

That will put us once more in control of our destiny. That will rid us of the threat of blackmail by terrorists and crazy holy men. That will put us beyond the power of the international oil cartel which is wrecking our economy and which is responsible for the 15½-percent prime rate that punishes the United States today.

It is a sad spectacle, Mr. Speaker, when a nation once so proud and strong is paralyzed in the conduct of its foreign policy in the oil-producing areas.

It is humiliating when we must go hat in hand to some irrational despot in Iran and say, "Please, may we have our embassy and our citizens back?"

We would not be in this sorry shape today if back in the early 1950's we had not been so foolish as to junk the beginnings of our synthetic fuels industry based upon coal.

The great oil companies responsible for that folly are still around today—only they are bigger and richer now. And they have become international to the point that their responsibilities are not exclusively to the United States, but to international stockholders whose interests are not the same as ours.

Now, I know that this sounds like ancient history. Only the distinguished chairman of the Armed Services Committee, Mr. PRICE, and I remain of those who battled against the oil companies on this floor in 1953.

We had a good synthetic fuels program going, with operations in Missouri and Alabama and Colorado.

The Missouri plants were at that time producing coal-based motor fuel at a price within 2 cents a gallon of that produced from petroleum.

But the Eisenhower administration, then in its first 3 or 4 months of office, was completely taken into camp by the big oil interests—principally Walter Hallinan of Pittsburgh who was chairman of the President's energy advisory group. This group told the President that synthetic fuel production based on coal was a waste of time—that it would never be needed. We had plenty of petroleum, Mr. Hallinan said.

Well, the President and his Budget Bureau lost no time in gutting the synthetic program, and the House and Senate appropriations committees bowed to their wishes.

Exit the synthetic fuels program. And enter the long road to dependence upon oil from the Shah and the ayatollah and any other ruler who had a teacup of oil to peddle on the world market. That was how the big oil companies looked after our national interests back there in 1953. And I gather, from reading the papers the last day or two, they are still looking after our interests in about the same way.

Mr. Speaker, the hour has long past when the giant oil companies and cartels can be trusted with the economic and military security of this country.

For 3 years, we in this Congress and the preceding one have been talking about energy and we have done next to nothing.

There may be times when we best serve the Republic by doing nothing—but this is certainly not one of them. The time for action is upon us. We will deserve the censure of our fellow citizens if we do not come to grips with the paramount energy problem.

It is true that the administration has at long last come forward with a synthetic fuels proposal.

It is true that the House has passed an amendment to the Defense Production Act which will get us started—but very slowly—toward providing synthetic fuels for the defense establishment.

It is true that both Houses of Congress have synthetic fuels legislation under consideration.

But it is not true, Mr. Speaker, that any one of them or all of them combined will make a real dent in the crisis.

To talk about a goal of synthetic fuel production of a million or two barrels a day by 1995 is like talking about a fly speck on an elephant's hip.

The House leadership is aware, I am sure, that the Committee on Education and Labor earlier this year reported a bill, H.R. 4514, which would make a significant and crash effort to equalize synthetic fuels production with present petroleum imports—and do it in the shortest possible time.

I urge the leadership to summon up its courage and bring this bill to the floor, and let us debate it and amend it if need be and vote upon it.

Our bill provides for a wholly owned Government corporation with directors and management appointed by the President with the consent of the Senate to set up and operate a synthetic fuels industry in this country.

It is not limited to energy from coal—but it encompasses all known forms of energy available within our borders: Shale, solar, biomass, gasohol, and any others.

It provides for a broad spectrum of participation by private industry as well as by the Government corporation. It offers every incentive that has ever been suggested to get private industry into the production of energy which we can control right here in our own country.

It is a comprehensive bill, and in my judgment far superior to anything that has yet been produced by the administration or other sources.

Mr. Speaker, I urge the Congress to consider this legislation. Let us do something to let the ayatollah know that the American spirit of old is not dead, and that the hour will come when those who insult us will suffer for it.

□ 1510

THE IRANIAN SITUATION

(Mr. VENTO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. VENTO. Mr. Speaker, I know that all Americans have followed the events in Iran with great concern. We all share in the concern for the well-being of the hostages and condemn the actions of the students and the total disregard by the religious and governmental leadership for the safety of the hostages and for the most basic tenants of international law.

This is a new experience in American history. We are faced with the life-and-death situation for American diplomatic personnel and other innocent American citizens and yet we seem to be unable to come to their assistance. In earlier times, we might have sought their release through force. Such an action is impossible for it would certainly bring about the death of the hostages and reprisals against other Americans in Iran.

I commend the President for his restraint and sound judgment in dealing with this crisis. The use of all available diplomatic channels is the best way that we can secure the hostages.

The current crisis gives rise to a basic question of American policy. How are we to deal with nations whose leadership chooses blackmail to try to change American policy? Are we and other nations to surrender each time a leader blindly pursues a taste of revenge? Obviously the contempt of the world community means nothing to a man such as the ayatollah and force, in most circumstances, is neither desirable nor effective. We do, however, possess an effective means with which we bring pressure on the ayatollah and those who would follow his terroristic example. Such leaders still value and need the flow of American dollars to purchase natural resources such as oil.

Iran is holding more than 60 American citizens, the Ayatollah, through pricing and export policies, is trying to hold the American economy hostage. It is time that this administration, Congress, and the American people recognize that unless we intiate the necessary action, Iran and others will be encouraged in their efforts to determine American policy through economic and terroristic blackmail. It is time that we say "No" to Iran's terror and blackmail by halting the purchase of Iranian oil.

I recognize that such a step will not preclude others from purchasing this oil but it is my hope that the international community would recognize that they are equally as vulnerable to this blackmail and that only through a cooperative boycott can the blackmail of leaders like the Ayatollah be combated and discouraged.

The American boycott of Iranian oil will exact a certain price from the American people. Higher gas prices and a return of the gasline may occur but the President does have sufficient authority to deal with any problems that do occur and can minimize negative impacts. While we will have to undergo some changes because of this boycott, these changes are preferable to our continued vulnerability to the Iranian leadership.

It is my hope that the President will give serious consideration to imposing a boycott on Iranian oil. I believe that this is the most effective weapon available to deal with the Iranian leadership, particularly if other nations would join the boycott. In addition, such a move would, I believe have the wholehearted support of the American people who are tired of an American policy of acquiescence.

ANDREWS AMENDMENT TO H.R. 2313, THE FEDERAL TRADE COMMISSION AUTHORIZATION

(Mr. DASCHLE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DASCHLE. Mr. Speaker, a few days ago, an advertisement appeared in the Washington Post urging Members of Congress to oppose the amendment offered by the gentleman from North Dakota, (Mr. ANDREWS), which exempts the antitrust activities of agricultural cooperatives from the purview of the FTC. I would like to respond to that advertisement because I have found that Congressman ANDREW's amendment is well founded and very necessary.

The Capper-Volstead Act granted farmers the right to organize and operate cooperatives without regard to the antitrust statutes. The Congress believed that sufficient reason existed to justify an exception for agricultural co-ops, as a matter of public policy, from the Clayton and Sherman Antitrust Acts. That justification applies equally with regard to the FTC.

Congress purpose in permitting the formation and operation of agricultural cooperatives was for the expressed purpose of giving farmers some semblance of market power to counter that of the larger processing and marketing organizations with whom they had to deal.

Concentration and the size of corporations with which farmers must deal has increased steadily since Congress enacted the Capper-Volstead Act. Even areas where farmers have successfully organized into effective cooperatives, the power held by cooperatives continues to remain sufficient to countervail the power held by large corporate food organizations, retail grocery chains, and conglomerates.

Sizes of some food corporations

[Dollars in billions]

	1978 sales	Fortune 500 ranking
Procter & Gamble	$8.100	20
Beatrice Foods	6.314	31
Esmark	5.827	38
Kraft	5.670	39
General Foods	5.376	41
Greyhound	4.351	55
Pepsico	4.300	60
Ralston Purina	4.068	64
Borden	3.803	68
Consolidated Foods	3.536	78
American Brands	3.293	83
General Mills	3.243	86

All above are larger than the largest farmer cooperative in the United States. Many more food corporations are larger than most agricultural cooperatives.

It is in the interest of farmers to hold food prices at reasonable levels. Farmers need an efficient and effective marketing system. Such a system is beneficial to both producers and consumers. Cooperatives contribute to such a system.

Protection of the consumer against artificially high food prices has been delegated by the Congress to the Secretary of Agriculture. The Secretary, through his USDA staff, has the expertise necessary to determine whether food prices are being maintained artificially high—whether they are being unduly enhanced.

The FTC is trying to usurp the power granted by Congress to the USDA. It is high time that the various branches of Government utilize their time and efforts in those areas of responsibility delegated to them by Congress and discontinue trying to encroach on the responsibilities assigned to other branches of Government. There is no logic why one branch of the same Government—such as the FTC—will do a more effective job of "protecting the consumer" from artifically high food prices than USDA is doing. Certainly there is no need to have two branches of Government doing the same job.

Agricultural cooperatives are not insulated from competition. Producers, by joining together in an agricultural cooperative are protected from violation of antitrust laws. Inflationary food prices are not the result of cooperative activities. In fact, the basic opposition to the Andrews amendment comes from those organizations who are competing with agricultural cooperatives or those who are now having to deal with farmers who have obtained some countervailing power.

The proportion of the consumer food dollar that goes to cover the marketing, processing and distribution costs exceeds the cost received by farmers for producing the food.

PERSONAL EXPLANATION

Mr. DASCHLE. Mr. Speaker, earlier today there was a vote on the conference report on the Department of the Interior and related agencies appropriations for 1980.

Inadvertently, I voted "no." I meant to vote "aye."

THIRD ANNUAL REPORT FOR 1978 OF HEALTH SERVICES ADMINISTRATION ON PROGRESS MADE IN IMPLEMENTATION OF GENETIC SERVICES PROGRAM—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Interstate and Foreign Commerce:

To the Congress of the United States:

In accordance with Section 1106 of the Public Health Service Act, I am transmitting to Congress the Third Annual Report for 1978 on the Administration of the National Sickle Cell Anemia, Cooley's Anemia, Tay-Sachs, and Genetic Disease Act.

This report has been prepared by the Health Service Administration and submitted to me as required by law. The Report describes further progress made towards implementation of a Genetic Services Program.

JIMMY CARTER.

THE WHITE HOUSE, *November 9, 1979*.

H.R. 5858

SUNSET REVIEW ACT OF 1979

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Louisiana (Mr. LONG) is recognized for 15 minutes.

● Mr. LONG of Louisiana. Mr. Speaker, I am today introducing the Sunset Review Act of 1979, a bill to schedule, coordinate, and encourage congressional oversight by standing committees. This bill is the product of nearly a year's work by the Subcommittee on the Legislative Process of the Committee on Rules. It represents a combination of the best qualities of several oversight proposals, including H.R. 2, the Sunset Act of 1979, and H.R. 65, the Legislative Oversight Act of 1979. The "combined" approach represented by this new bill will, I am sure, draw the favor of all those interested in real and workable improvements in the congressional oversight process. This bill is coauthored by my friend and colleague on the subcommittee, BUTLER DERRICK. As the author of H.R. 65, he has brought special expertise and sound counsel to our collaboration on this bill. I feel we have forged a strong partnership in this effort.

Congress came to Washington early this year with one message from our constituents weighing heavily on our minds—that we, as a Congress, have to get a better handle on the rising costs and sagging performance of Government. We have asked Government to take on many new responsibilities over the past few decades. Our difficulties in getting Federal programs to operate at top efficiency represent the "growing pains" of Government. We now need to match that growth with a major effort to make corresponding gains in Government efficiency and productivity. As we enter an era of limited budgets, the need to closely monitor how tax dollars are spent becomes crucial.

Oversight by standing committees is the traditional way Congress monitors programs once they are enacted. Sensing the public mood, many predicted that this 96th Congress would later be known as "the oversight Congress." Our oversight activities have been on the rise. Many committees now diligently monitor Government programs through the use of hearings, reports, and investigations. But there is little doubt in my mind that we can do better.

Recognizing that there is room for improvement, proposals have been put forward to upgrade Congress' oversight practices. It needs to be made clear that these proposals would go beyond a mere enlargement or multiplication of current oversight efforts. It was not a lack of oversight that sparked these ideas alone. Rather, it was the view that we need to include coordinated, periodic review as a regular part of the legislative process. Just as the enactment of the Congressional Budget Act was aimed at better coordinating Congress' taxing and spending decisions, program review legislation is intended to better organize Congress' oversight activities.

SUBCOMMITTEE CONSIDERATION

Several proposals linking review to the authorization process were referred to the Committee on Rules. These include H.R. 2, the Sunset Act of 1979, and H.R. 65, the Legislative Oversight Act of 1979, also known as the sunrise proposal. H.R. 2364, the Regulatory Reform Act of 1979, which contains elements relating to the oversight of regulatory agencies, was also referred to the committee. The Committee on Rules established a new subcommittee, the Subcommittee on the Legislative Process, and charged it with a thorough study of these proposals.

This new subcommittee, which I have the honor to chair, builds on the work of its predecessor in the 95th Congress, the Subcommittee on Rules and Organization of the House. While committees of the Senate have devoted several years of study to S. 2, the companion measure to H.R. 2 in the Senate, the efforts of our subcommittee represents the first indepth study of these measures in the House of Representatives. It also represents the first time in either House that both sunset and sunrise approaches were considered in a comparative context.

Our subcommittee has held seven hearings to date, receiving the testimony of over 50 witnesses. Those submitting testimony included Members of Congress, representatives of the administration, program and regulatory agencies, public interest groups, labor, and business. Testimony was heard from academic witnesses on Congress and fiscal policy, and from officeholders in States that have enacted sunset legislation. We circulated an extensive questionnaire to committees, soliciting their views on the impact this legislation would have on their work. Their detailed responses impressed us with the obvious attention and thought they were given. These questionnaires make informative reading. I encourage interested Members and staff to review the complete responses, available in the subcommittee office.

EVALUATING CURRENT PROPOSALS

The more the subcommittee delved into this subject, the more we became convinced that these far-reaching proposals could not be judged solely on their face. It is of paramount importance that we assess how these proposals would mesh with the current authorization, appropriation, and budget processes. The present balance between these processes is a precarious one. The rigorous timetable imposed by the Congressional Budget Act, combined with the need for this Congress to enact major legislation in many key policy areas, has placed heavy demands on the schedules of both committees and the floor. Any additional requirements imposed by new oversight legislation has to work with and not against these institutional procedures.

Above all, review legislation must be able to match its promise with performance. It must work in practice, not just on paper. Both sunset and sunrise proposals hold great promise, but there are troubling aspects as well.

First, we are concerned about the exemption of major areas of spending in some proposals. A major goal of review legislation is to enhance congressional control over the budget. If review requirements exempt major direct spending programs, it weakens that effort. If the legislation fails to treat tax expenditures in the same manner as direct spending, it also lessens control. There is little question in my mind but that exemption of one category of spending will lead to a move to classify many new programs into that category as a means to escape review.

Second, we are worried about the problems arising from "sudden-death" automatic termination procedures. The notion that an established program or tax expenditure could end without a vote of the Congress has justifiably alarmed many. Civil rights groups worry about the protection of constitutional rights. Business worries about abrupt changes in tax laws that could create economic instability. Pensioners worry that programs for which they paid into for years will be ended. Each group can make a legitimate case for exemption from automatic termination. The end result, as I outlined earlier, is a list of exemptions that rival the inclusions. The essence of the sunset principle is that Congress should reexamine programs, and, if they no longer justify continuance, should terminate them. Automatic termination is not the only or the best way to encourage this review. To the contrary, under automatic termination, programs or tax expenditures could be ended by filibuster, parliamentary delay, or veto. Programs enacted by Congress could end without a vote, much less without a review. We thus came to the conclusion that there had to be a better way to encourage review.

Third, we are troubled by forcing an inflexible review schedule on future Congresses. One Congress cannot predict what the pressing issues of another Congress will be. Schedules for review must be flexible on a Congress-by-Congress basis to accommodate the priorities of individual committees in each Congress.

Fourth, we are very aware that placing unrealistic sanctions or demands on committees may result in pro forma compliance with the requirements. The surest path for improved oversight is to create incentives for committees to incorporate review into their regular legislative activities. It is unrealistic for requirements to go beyond the resources and responsibilities of committees. Committees must be willing to conduct the reviews or they will not be done.

A "COMBINATION" APPROACH

Given these concerns, we went to work at framing legislation that would achieve the goals of "sunset" and "sunrise" while ironing out some of these problems. The bill I am introducing today is truly a "combination" approach. From H.R. 2, we adopted the idea of an oversight agenda, and the role given committees in setting review priorities. From H.R. 65, we included the establishment of performance measures. From both bills, we included the compilation of a program inventory.

At this point, let me note that this bill is the product of suggestions not just from the subcommittee, but from all the members of the Rules Committee, from the principal sponsors of H.R. 2 and H.R. 65, and from other Members who have held a long interest in the subject of oversight.

I again want to thank my colleague, BUTLER DERRICK, a member of the subcommittee and the author of H.R. 65, for his major contributions in drafting this bill. I also wish to thank the principal sponsors of H.R. 2, Representatives BLANCHARD, GEPHARDT, and MINETA. They have provided assistance and encouragement throughout our deliberations. I think we have developed a framework in this bill that all can support. Let me now outline the basic features of our proposal.

The process works on a Congress-by-Congress basis. It begins with the development and adoption of "committee review agendas" by legislative committees. These agendas, which must be prepared by March 1 of the first session of each Congress, will include those programs and tax expenditures within a committee's jurisdiction that the committee intends to review that Congress. A committee's primary funding resolution will not be in order until the committee has reported its agenda. The committee agendas are then assembled into a "consolidated review agenda," to be acted on by Congress by March 31 of the first session.

Special floor procedures expedite the consideration of the consolidated agenda as a concurrent resolution. This resolution directs committees to conduct reviews on the items included, and to report by May 15 of the second session, legislation modifying, continuing, or terminating said items. After the expiration of a two-Congress "learning period," the agenda will be subject to amendment on the floor. Congress will then be able to add or delete items from a committee's review agenda, provided that the item had not been reviewed during the last three Congresses.

This process effectively links the review priorities of committees to the reporting of legislation during the same Congress. By allowing committees to focus on priority items, the reviews are more likely to be of greater depth and detail. Tying review to legislative action provides a major incentive for committees to conduct serious review. In addition, the performance of committees in conducting review will be subject to judgment by the full Congress. This occurs twice in a Congress—when committees submit their agendas for approval in the first session, and when they report legislation based on their review in the second session.

Most important, no program or tax expenditure will terminate automatically. Committees will have the opportunity to conduct a thorough review, and the Congress will have the opportunity to vote on committee recommendations. This feature allows us to include all programs and tax expenditures without exemption.

An essential tool for the review process will be the compilation of the first complete inventory of Federal programs and tax expenditures. The inventory will arrange programs and tax expenditures by committee jurisdiction. It will provide the "common language" for House and Senate committees by assigning each program and tax expenditure an official name and unique identification number. Cross-references will be provided for committees sharing jurisdiction, and between programs and related tax expenditures. Let me make clear that the inventory will not change or assign committee jurisdictions. Each committee will review the draft inventory to insure that it correctly reflects their jurisdiction.

The approach is simple in design, building on current congressional procedures and the committee system. We have given committees the major role in governing the review process, for that is where the work has to be done. We have given Congress the major role in determining the status of programs and tax expenditures, for they were originally enacted into law by Congress. Throughout our deliberations, our major concerns were twofold. First, that whatever process we develop for improving oversight work with, and not against, current congressional procedures; and second, that the reviews to be conducted have a high likelihood of being meaningful reviews. I believe the approach we have developed meets both those concerns.●

● Mr. DERRICK. Mr. Speaker, I am pleased to join the distinguished chairman of the Legislative Process Subcommittee in sponsoring the Long-Derrick bill, the Sunset Review Act of 1979. This bill represents a major step toward improved congressional oversight of Federal programs. It will help us to insure that programs are carried out as Congress intended, and it will help us weed out programs that have outlived their usefulness.

As with any successful piece of legislation, the bill represents an amalgam of ideas of many individuals. I am most pleased to report, however, that the bill contains most of the essential features of the sunrise legislation upon which I have worked for more than 3 years and which more than 125 Members of the House and Senate have joined me in cosponsoring. Like the sunrise bill, this bill provides an orderly procedure for reviewing programs and tax expenditures with little or no risk of unintended termination. This bill preserves the key features of sunrise, which include the front-end statement of objectives and accomplishment plans, the front-end establishment of the key indicators of program success which Congress will consider in its subsequent oversight activities, a means for identifying and comparing related programs, and annual submissions to the Congress of concise information from the administering agencies on the indicators of program success which the Congress has set forth.

Some will, of course, say that the Long-Derrick bill does not go far enough; others will say it goes farther than necessary in establishing procedures for improved congressional program oversight.

I sincerely believe, however, that the bill represents a reasonable and workable compromise that should be acceptable to the many, many Members of Congress who have a strong interest in developing an effective and workable improvement to the oversight process. I hope that all of you who have joined me in cosponsoring the sunrise bill, as well as those of you who have cosponsored sunset, will give your support to the Long-Derrick bill since it also preserves key aspects of the sunset concept.

Furthermore, the bill has been carefully designed to avoid certain program risk and workload problems that troubled many people about previous sunset proposals, and although it contains a mechanism by which Congress can terminate programs, it virtually assures that no such termination will occur unintentionally or arbitrarily. Therefore, I believe that many Members who were in the past uncomfortable with the sunset bills will want to support the Long-Derrick bill, and we solicit your cosponsorship.

Like H.R. 65, this bill takes an even-handed approach toward all programs, and none are exempted from the selective review mechanism which the bill establishes. Similarly the bill provides for selective review of tax expenditures but without the risk of unintended termination.

I wish to thank my distinguished subcommittee chairman for his cooperation and support in helping us to further develop a practical and effective program oversight bill which I sincerely believe the vast majority of the Members of the House and Senate, of both parties, will be able to support it.

Thank you.●

GENERAL LEAVE

Mr. ANTHONY. Mr. Speaker, I ask unanimous consent that all Members may have 5 days to revise and extend their remarks and to include extraneous material on the subject of the special order speech today of the gentleman from Louisiana (Mr. Long).

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

THE IRANIAN SITUATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arizona (Mr. Rudd) is recognized for 15 minutes.

● Mr. RUDD. Mr. Speaker, the administration's humiliating inaction in the case of Iran is merely symptomatic of the loss of determination and self-esteem which our Nation displays to the world.

There are two aspects that this situation brings to mind: First, the destruction of our intelligence system; and second, inattention to our Military Establishment.

As a former career agent with the FBI, much of it abroad on diplomatic assignment, one of the most obvious concerns that I have had over the Iranian situation was that possibly our intelligence network in Iran failed to anticipate the ambush and capture of our Embassy in Tehran due to a lack of intelligence-gathering.

Had our intelligence agencies not been downgraded, their reporting would have certainly gained the attention of the White House and the State Department.

This morning's Washington Post carries a story which indicates that our intelligence operation quite accurately forecast the explosive situation which has now developed.

Rather, it seems that State Department officials blatantly disregarded this information and proceeded with a "business-as-usual" attitude right up to the moment the embassy was overtaken by the radical Iranian students—never alerting the endangered Americans to the imminent danger.

This is another in an all too long series of misjudgments by officials of the Carter administration who mistakenly persist in believing that the United States can dabble with adamantly anti-American foreign officials.

Sixty American lives are now endangered because of this foolish and naive hope. Many Americans are asking, "When will we learn?" When, indeed.

On the defense front, it is a sad state of affairs when the U.S. military establishment—once the strongest in the world—has fallen on such lean times that it is no longer respected as it should be abroad.

Incidents like the terrorist attack on our embassy and citizens would not have been contemplated, much less implemented, in earlier years when the United States commanded the admiration and respect of world leaders—even those with whom we disagreed.

This serves as one more example to me of why it is imperative for the United States to restore its military capabilities to a level which will once again command respect, rather than attracting contempt, from hostile foreign governments.

The administration's paralyzing inaction in the face of this direct attack on U.S. integrity should cause—and indeed has caused—alarm among our citizens who believe that firm and decisive action should be taken. Yet we must have the military strength and versatility to respond appropriately when such blatant attacks on American citizens and American prestige take place.

Other nations, like Iran, have witnessed the increasing U.S. tendency to back away from conflicts, even when vital U.S. interests are involved.

In my view, it is imperative that the United States undertake an immediate and consistent build-up of our defense capabilities in order to insure that we will have the military ability to resist aggression against American citizens around the world.

Th administration should seek deployment of the neutron artillery shell.

We should build the B-1 bomber or a suitable alternative which is vitally needed as part of our traditional Triad defense philosophy. Remember, the Soviets have corresponding operational aircraft.

The President has signaled a lack of U.S. commitment to our allies by his advocacy of reduced presence in South Korea and his revocation of our defense commitments to Taiwan.

These actions tend to undermine the confidence of our allies while encouraging increasingly brazen hostile action by anti-American governments.

The President should drop his opposition to the needed nuclear aircraft carrier which would improve our naval readiness.

The administration needs to stop dawdling and increase the pace of these programs.

We must not neglect our national defense. It is obvious that governments of all sizes and philosophies are watching to see the commitment which the United States will make to its own defense and the protection of its allies.

I regret to say that such actions will inevitably continue and increase unless and until the United States demonstrates to the world that we intend to maintain the national defense necessary to insure our security and support our close allies.

If we as a Nation begin now to reverse the trends, we will preempt such events as that taking place in Iran today. If, however, we fail to act to maintain peace through strength, such incidents—and others conceivably worse—will invariably continue.●

CONGRESSMAN TONY P. HALL SPEAKS ON ENERGY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. Hall) is recognized for 20 minutes.

Mr. HALL of Ohio. Mr. Speaker, since I was sworn into office this past January, one of the questions which my constituents have most often asked is "What really is happening with respect to energy, and what are you doing about it?" Since I have answered this question so many times at townhall meetings, senior citizen centers, and before student groups, I rise this afternoon to place my remarks and thoughts on this issue in the Record.

As you so accurately stated, Mr. Speaker, in your testimony before the Labor-HEW Appropriations Subcommittee on Legislation to provide assistance to low income and elderly households with their energy bills:

> Few Americans have an easy time adjusting to seventy-percent increases in their heating bill. Some simply cannot.

I would add that most Americans have a hard time understanding how Congress can allow this huge increase in heating and gasoline prices which seemingly only fills the pockets of the oil companies and empties the pockets of the average American consumer.

CONSUMERS VERSUS OIL COMPANIES

It is astonishing when one notices that in the first quarter of 1979 profits of the 20 major oil companies exceeded their first quarter 1978 profits by 54 percent or a total of $1.5 billion. Most recently, Sohio (Standard Oil Co. of Ohio) announced a 191 percent increase in their 1979 third quarter profits over the third quarter profits of last year. Helping to bloat these profits are the price increases that the consumer has to pay. Since the start of this year, the American consumer has had to pay an average increase of 28.2 cents per gallon in the cost of gasoline.

For the month of August alone according to a report published by the White House Office of the Special Assistant for Consumer Affairs, gasoline prices rose 4 percent, and electricity and natural gas rates rose 1.3 and 1.4 percent, respectively. In my district, the Dayton, Ohio area, the average monthly winter heating bill has increased from $45 in 1973 to $110 in 1979. Nationally, since January of this year, an average 500 kilowatt-hour electric bill has increased 11.5 percent.

All of these figures point out that the consumer is bearing a crippling energy cost burden. Nevertheless, the oil industry is demanding Federal policies which will only make this burden worse. For example, the oil companies have been pressing Congress and the administration to decontrol the price of crude oil.

I contend that decontrol of crude oil is illogical at this time of high inflation.

Therefore, I voted on several occasions to continue price controls on domestic crude oil, to reimpose price controls on heating and disesel fuel, and to tax the excess profits of the oil companies.

Representative TOBY MOFFETT of Conneticut offered an amendment to the Energy Department authorization bill to restore price controls for 1 year on certain domestically produced oil. The House rejected the amendment by a 135 to 257 vote. I voted in favor of this amendment. I also cosponsored, H.R. 3621, a bill to continue price controls on domestically produced crude oil for 2 more years.

The amendment to restore controls on heating oil and diesel fuel was offered by Representative PETER KOSTMAYER of Pennsylvania. Although I supported this amendment to the authorization bill, it was also rejected by a 124 to 243 vote.

Duing consideration of the Department of Energy authorization bill, the House of Representatives reversed an earlier decision in favor of an amendment to immediately decontrol the price of gasoline which was offered by Representative COURTER of New Jersey. Fortunately this amendment was defeated by a vote of 189 to 225.

When H.R. 3919, the windfall profits tax bill, came before the full House of Representatives on June 28, I voted in favor of the 70-percent tax rate on oil industry profits. Although the House approved this higher rate on an initial vote, it ultimately adopted the Jones-Moore substitute taxes the difference between the actual selling price of the oil and its base price, adjusted for inflation, at a rate of 60 percent. The substitute also would terminate the tax at the end of 1990. I was among those who voted against the Jones-Moore substitute, which I believed weakened the bill too much.

While I supported the higher tax rate, I did vote in favor of the amended bill on final passage, since I felt that the decontrol of oil without any tax whatever would allow the oil companies to profit inordinately at the expense of the American consumer.

When the oil companies drilled currently operating wells, they did not expect to get the high prices decontrol will bring them. For most types of oil, these higher prices will lead to only very limited increases in production. The increased profit, therefore, is an unearned profit.

I also disagree with the argument that petroleum should be priced at foreign price levels so that the oil companies can produce additional domestic crude oil. A recent report by the Central Intelligence Agency suggests that the oil companies will have problems finding new oil and gas, no matter how hard they look or how much they spend on the search. Statistics published by the CIA show that the rate of discovery of oil and natural gas has declined sharply despite greatly increased drilling activity in the lower 48 States. Clearly, we are dealing with a finite natural resource. Increased prices simply will not bring increased production no matter what those oil companies advertisements try to make us believe.

Our energy problems have been compounded by a lack of information regarding our energy supplies. For this reason, I voted in favor of H.R. 291, resolution of inquiry on the energy situation. The resolution called upon the administration to provide the House of Representatives with essential energy data, such as petroleum reserve stock levels, import volumes, effects of Energy Department allocation rules, domestic oil production levels, and other related information.

What can be done in regard to America's energy problem? Obviously, the first answer is to boost other sources of supply.

DEVELOPMENT OF ALTERNATIVE ENERGY SOURCES

One of the first significant actions that the 96th Congress took in promoting alternative energy sources was the synthetic fuels bill. The synthetic fuels bill, an amendment to the Defense Production Act of 1970, calls on the Government to encourage production of the equivalent of 500,000 barrels a day in synthetic fuels by 1985, with the additional goal of 2 million barrels a day by 1990. The House authorized $3 billion to help stimulate U.S. industry to produce synthetic fuel. In addition, the House also adopted a $1.5 billion appropriation for fiscal year 1980 for the Department of Energy's synthetic fuel program.

I fully supported these initiatives taken by the House to ease U.S. dependence on imported oil. The United States imports about 8.6 million barrels of oil a day, or about 43 percent of consumption. Furthermore, the U.S. oil import bill, $42 billion last year, is expected to run well over $55 billion at the end of 1979.

The House of Representatives, by a vote of 299 to 107 on November 1, approved a key component of the President's energy package, the Energy Mobilization Board. This new agency will have the power to expedite construction of pipelines, refineries, synthetic fuel plants and other priority energy projects. The approval of such energy projects can contribute to the achievement of national oil import reduction goals.

To create a balance between our zealous efforts to establish some independency from foreign oil imports and to maintain certain environmental safeguards, I supported the Udall bill which was offered as a substitute to the pending Commerce Committee bill.

The original Commerce Committee legislation would have waived substantive State, local, and Federal environmental laws. This would have negated the studies, reports, and findings that led to these environmental laws. It also would have negated the rights of State and local governments to fully participate in decisions that affected their environment and health conditions.

The Udall substitute approached these important problems in a more reasonable manner. The board would not have been able to waive substantive environmental laws. At the same time, the Udall bill established guidelines on how to streamline and consolidate the regulatory processes that in many instances have hampered or delayed essential energy projects. Unfortunately, the Udall substitute failed by a vote of 192 to 215.

Nevertheless, the Commerce bill was amended to delete the authority of the board to waive State and local laws. Although the board still could waive Federal and State laws that were mandated by Federal legislation, I felt the amended bill establishes a reasonable balance between energy development and environmental safeguards. Thus, I voted for final passage.

One of the best energy sources on Earth is actually 93 million miles above it—the Sun. As an energy supplier, however, the Sun has largely been overlooked. Ever since the time of the industrial revolution, electricity, petroleum, and natural gas have been exploited to meet energy requirements.

Now we are discovering that the resources upon which we have been depending for so long to meet our energy needs are not as readily available and inexhaustible as we once thought. The time is at hand to look for renewable energy sources, and the search is leading us to turn toward the Sun.

In June I supported the House-approved $133.3 million budget for development and demonstration of solar energy technology and the development of wind conversion techniques.

In his recent energy message, President Carter called for a $100 million national solar bank. I support this initiative which is intended to develop a national strategy for accelerating the use of solar and other renewable resources which will provide us with 20 percent of the Nation's energy needs by the year 2000.

In conjunction with the synthetic fuels and solar programs, the House approved $57.8 million for biomass—conversion of animal, municipal, or agricultural waste into an energy-productive substance—research and development, and $150.2 million for geothermal and hydroelectric projects in the Department of Energy authorization bill. I voted in favor of these provisions.

The Energy Tax Act of 1978 provides a residential energy tax credit for insulation and other energy-conserving components and certain renewable energy source property expenditures, including geothermal systems. There are approximately 600 geothermal systems in my congressional district. However, none is eligible for the energy tax credit under the proposed IRS definition. On September 12, 1979, in testimony before the Internal Revenue Service, I proposed a change in the IRS-proposed definition of geothermal energy so that it would be applicable to residential usage. The proposed IRS ruling established a temperature degree exceeding 60° Celsius or 140° Fahrenheit as measured at the wellhead. This restriction would be more applicable to usage by a utility company, an energy company, or the Federal Government.

The geothermal units in my district use a shallow geothermal well with a water temperature of 55° Fahrenheit instead of the proposed 140° Fahrenheit.

Another attractive alternative energy source is gasohol. Gasohol usually is a blend of 10 percent alcohol and 90 percent unleaded gasoline refined from crude oil.

To encourage the production of gasohol, the House Agricultural Committee reported out of committee the National Alcohols and Alcohol Fuel and Farm Commodity Production Act of 1979. This bill provides $800 million in loans and loan guarantees to help build alcohol fuel plants. In addition to the loan provisions, the bill authorizes $20 million over 2 years for the construction of 10 alcohol demonstration plants, and another $20 million for educational programs on the feasibility of alcohol fuels.

President Carter has given impetus to the development of gasohol by announcing that he will make available $11 million in loans and loan guarantees to build 100 new alcohol fuel plants. His proposal was made while he was in Iowa where gasohol sales in March 1979 were 2.5 percent of total gasoline sold.

As an alternate source, nuclear power possesses the potential to significantly aid the world's energy picture. However, I want to be absolutely sure that in developing its potentials, we do not inadvertently create a deadly hazard that will plague mankind. Like each new technology, nuclear energy should demonstrate that its benefits outweigh its risks. Once Congress has had the opportunity to fully study the recommendations from the House Committee on Interior and Insular Affairs and the President's Three Mile Island Commission, we should clearly define the possible role that nuclear energy will play in the near future.

CONSERVATION

The second answer to our energy problem is conservation. Conservation can contribute tremendously to solving our present energy problem and assisting us in developing our energy future.

Daniel Yergin, one of the coauthors of the "Energy Future, Report of the Energy Project at the Harvard Business School," states:

> If the United States were to make a serious commitment to conservation, it might well consume 30 to 40 percent less energy than it now does, and still enjoy the same or an even higher standard of living. That saving would not hinge on a major technological breakthrough, and it would require only modest adjustments in the way people live. Moreover, the cost of conservation energy is very competitive with other energy sources. The possible energy savings would be the equivalent of the elimination of all imported oil—and then some.

Mr. Speaker, encouraging energy conservation has become a major priority in my role as a U.S. Representative. In Dayton, Ohio, I have initiated a door-to-door campaign to encourage energy conservation and provide assistance to low income and senior citizens in their attempt to meet high energy bills. I have assembled an energy information package consisting of several Department of Energy pamphlets such as "How to Save Gasoline * * * and Money," "Insulate Your Water Heater and Save Fuel," and "Tips for Energy Savers."

In addition, I enclosed fact sheets on the energy crisis assistance program which helps low income and senior citizens who are hardest hit when severe weather abruptly increases their utility bills or causes fuel shortages. Also included in the package is the State of Ohio's 25-percent discount program on utility bills, and information regarding the Federal energy tax credit.

Second, I have tried to use every possible measure to retain the only national east-west passenger rail line serving mid-America, the National Limited. This train route offers high ridership potential and energy savings. In addition, I supported an amendment to the supplemental appropriations bill to provide an extra $125 million for mass transit programs. The potential for energy conservation through the development of mass transit and fuel economy is enormous.

In response to the potential of increased conservation in transportation, Congress included in the Energy Policy and Conservation Act of 1975 provisions raising automobile fleet-average fuel economy is enormous.

In response to the potential of increased conservation in transportation, Congress included in the Energy Policy and Conservation Act of 1975 provisions raising automobile fleet-average fuel economy from slightly less than 14 miles per gallon for the 1974 model year to 27.5 miles per gallon by 1985. While I applaud the implementation of this statute, I believe there is a need for more cooperation between Government and automobile manufacturers in an effort to produce more energy efficient cars. The automobile industry, universities, and Government agencies should coordinate their research endeavors in this field. I believe this cooperation would result in swifter implementation of the act, and make possible more ambitious fuel efficiency targets for the future.

I supported the House-passed Emergency Energy Conservation Act of 1979, better known as the Gas Rationing Act. The act grants the President authority to impose a gasoline rationing plan in the event of a severe gasoline shortage, and allows the President to set State conservation targets for motor and other fuels. Under the bill, each State will draw up a plan to meet the conservation target set by the President; if any State fails to submit a plan or if the plan is not approved by the Energy Department, a Federal conservation plan will be implemented in that State.

I believe the Nation should not have to face a severe motor fuels shortage without the Government having authority to distribute fuel in a fair manner. The alternative to rationing in times of a major shortage undoubtedly would be skyrocketing prices, with ample supplies available for the wealthy, while the average American consumers would be unable to meet their basic needs for gasoline and diesel fuel.

CONCLUSION

It seems clear that the era of abundant cheap oil and gas has ended. If our society is to maintain a standard of living anywhere near what we have come to expect, alternate sources of energy must be developed and employed. The problem is so large that we will have to use a mix of all the technologies available and encourage further conservation.

Furthermore, America's total energy posture must accommodate potential abrupt energy shortages, immediate energy problems and future energy needs.

WHO/UNICEF MEETING ON INFANT AND YOUNG CHILD FEEDING

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. Bingham) is recognized for 5 minutes.

● Mr. BINGHAM. Mr. Speaker, last month a remarkable meeting took place in Geneva on infant and young child feeding, with specific reference to the developing countries. The meeting was jointly sponsored by the World Health Organization and by UNICEF, and was attended by several governments, nongovernmental organizations, scientists, infant formula producers, and United Nations agencies.

The meeting produced recommendations in the following areas: First, the encouragement and support of breast feeding; second, promotion and support of appropriate and timely weaning practices with the use of local food resources; third, strengthening of education, training, and information on infant and young child feeding; fourth, development of support for improved health and social status of women in relation to infant and young child feeding, and fifth, appropriate marketing and distribution of infant formula and weaning foods.

The meeting was called in an attempt to begin to work out an international solution to the very difficult, complex, and emotional issue of infant formula use in the less developed countries. The infant formula producers view their product as a proven, nutritious food supplement that can add significantly to the often inadequate nutritional resources of the LDC's. Critics of the industry point out, however, that poverty and illiteracy in the LDC's make it inevitable that the formula will often be overdiluted, mixed with unclean water, served in unsterilized bottles, improperly refrigerated, and generally used in an unsafe manner, leading to infant malnutrition and death.

It is because of concerns such as these that H.R. 4093, the Infant Nutritions Act, sponsored by our colleagues from California, Messrs. Dellums and Miller, was introduced and referred to the Subcommittee on International Economic Policy and Trade, which I have the honor to chair. The bill is also pending before the Health and Environment Subcommittee of the Committee on Interstate and Foreign Commerce. The bill would regulate the export of infant formula by U.S. firms to the LDC's, prohibit all promotion of the product in the LDC's, and require certain labeling reforms.

While I sympathize with the purpose of this bill, it does present certain problems inherent in unilateral legislation. The principal one is that the United States is not a major supplier of the formula. We have only about 20 percent of the LDC market; Nestlé, a Swiss company, is the major supplier. There is also the problem of controlling the reexports from third countries and of attempting to reach promotional practices in the importing countries with U.S. law. Finally it is very difficult to fashion export control legislation which would make the formula available to women who are able to use it properly, but not to those who are not.

For all these reasons, I had high hopes that the Geneva meeting would start us down the road to an international solution to the infant formula problem which would be concurred in and supported by the producers, the exporting countries, and the LDC governments themselves. I think the outcome of the meeting justifies those hopes. Among the recommendations agreed to with respect to marketing and promotion of infant formula were the following: there should be no advertisement or other form of sales promotion to the general public; promotion to health personnel should be restricted to factual and ethical information; advertising or promotional distribution of samples through health services should not be allowed; in no case should public health personnel be paid by infant formula companies; company personnel should not be permitted to promote the formula in the hospitals; each consuming country should adopt its own legislation or code governing marketing practices in that country; and WHO and UNICEF should organize the preparation of an international marketing code. If faithfully adhered to, these recommendations would go a long way toward eliminating past and present abuses.

Much remains to be done, of course, before the recommendations of the meeting become a reality. The recommendations are unofficial and nonbinding at this stage, and are open to conflicting interpretations. The Director General of WHO and the Executive Director of UNICEF must still determine whether to submit the meeting's recommendations to their respective governing bodies for formal adoption. The international marketing code must be drawn up and agreed to, and the LDC governments themselves must produce their own national codes. I hope all concerned will work diligently on all these fronts. The Subcommittee on International Economic Policy and Trade intends to be as vigilant and as supportive as it can along the way.

I wish space limitations did not preclude my submitting the entire final document of the meeting for the RECORD. It constitutes an eloquent and powerful statement of the rights of children to safe and adequate nutrition—the more so because of the variety of organizations, public and private, from all parts of the world, that have agreed to it. I submit at this point the statement of the meeting, and the recommendations of the fifth working group on marketing and distribution, as well as a New York Times control on the meeting.

The material follows:

STATEMENT ON INFANT AND YOUNG CHILD FEEDING

The joint WHO/UNICEF Meeting on Infant and Young Child Feeding, which was held at WHO in Geneva from 9 to 12 October 1979; in expressing the need for urgent action by governments, international agencies, nongovernmental organizations and the infant-food industry and health and development workers to promote the health and nutrition of infants and young children, made the following statement:

1. Poor infant-feeding practices and their consequences are one of the world's major problems and a serious obstacle to social and economic development. Being to a great extent a man-made problem it must be considered a reproach to our science and technology and our social and economic structures, and a blot on our so-called development achievements. It is not only a problem of the developing world: it occurs in many parts of the developed world as well.

2. The question of adequate nutrition for mankind has been exercising international and national bodies for the last three decades, but the problem of malnutrition is not becoming less. It is taking a heavy toll in deaths and in long-term mental and physical disability. Women, with infants and young children, are its chief sufferers. This is socially, economically and politically unacceptable.

3. In this International Year of the Child, national governments and the international community are being called upon to focus on this complex problem and to take steps to ensure that children everywhere get a proper start in life on the basis of, *inter alia*, adequate nutrition. Governments and local communities have a major role to play in supporting action aimed at mothers and children to ensure sound infant and young child feeding practices.

4. Malnutrition in infants and young children cannot be separated from malnutrition and poor health in women. The mother and her infant form a biological unit; they share also the problems of malnutrition and ill-health, and whatever is done to solve these problems must concern them both together.

5. The problem is part of the wider issues of poverty, lack of resources, social injustice and ecological degradation; it cannot be considered apart from social and economic development and the need for a new international economic order. It is also a basic issue for health care systems and its solutions must be seen in the context of Health for All by the Year 2000.

6. The WHO/UNICEF Meeting on Infant and Young Child Feeding affirms the right of every child and every pregnant and lactating mother to be adequately nourished as a means of attaining and maintaining physical and psychological health. It stresses the responsibility of every society to ensure the effective enjoyment of this right so that children may develop to their full potential.

7. Breastfeeding is an integral part of the reproductive process, the natural and ideal way of feeding the infant and a unique biological and emotional basis for child development. This, together with its other important effects, on the prevention of infections, on the health and well-being of the mother, on child spacing, on family health, on family and national economics, and on food production, makes it a key aspect of self-reliance, primary health care and current development approaches. It is therefore a responsibility of society to promote breastfeeding and to protect pregnant and lactating mothers from any influences that could disrupt it.

8. The period of weaning from the breast is a critical stage which often results in malnutrition and disease if the child does not have a diet that is adequate in quantity and quality, hygienically prepared and culturally, socially and economically acceptable.

9. The health of infants and young children cannot be isolated from the status of women and their roles as mothers and as partners in social and economic development. In poor urban and rural communities where the health and socioeconomic status of women is deteriorating, a corresponding deterioration is taking place in the health of infants and young children.

10. Health for all cannot be attained unless there is a substantial improvement in the socioeconomic condition of women, the particular needs of mothers and their infants and young children are recognized and met, and conditions are provided that promote and sustain the well-being of the family. These conditions include the right of women to information and education that will enable them to improve their own health and that of their families and to take an active part in decision-making on matters that affect their own and their children's health. They include also attention to the role of fathers in providing for the needs of their family.

11. The production, preservation, processing and distribution of food are essential components of any approach to ensuring the proper feeding of families and children. Emphasis should be placed on fresh local foods and traditional practices, complemented only when necessary, and under the guidance of government, by industrially processed products.

12. The WHO/UNICEF Meeting on Infant and Young Child Feeding affirms the need for sustained national and international action, and for the active participaiton of families, and especially mothers, in the elimination of malnutrition and the promotion of health. This is a challenge to all social and economic development strategies and to the world community as a whole. In the International Year of the Child it is fitting that national and international efforts be intensified, and that the enthusiasm it has generated in the cause of child health be sustained, to respond to this challenge.

RECOMMENDATIONS ON APPROPRIATE MARKETING AND DISTRIBUTION OF INFANT FORMULA AND WEANING FOODS

The government of each country has the responsibility to promote coherent food and nutrition policies which should give special attention to mothers, infants and children. These policies should emphasize the preservation of breastfeeding and the implementation of appropriate nutritional guidance (calendrier nutritionel). Governments have a duty to ensure the supply and availability of adequate infant food products to those who need them in ways that will not discourage breastfeeding. Informed advice should be given at the appropriate time and place to mothers and families about best infant and young child feeding practices.

Breastfeeding is the only natural method of feeding babies and it should be actively protected and encouraged in all countries. Therefore, marketing of breastmilk substitutes and weaning foods should be designed not to discourage breastfeeding.

There should be no sales promotion, including promotional advertising* to the public of products to be used as breastmilk substitutes or bottle-fed supplements and feeding bottles. Promotion to health personnel should be restricted to factual and ethical information.

There should be an international code of marketing of infant formula and other products used as breastmilk substitutes. This should be supported by both exporting and importing countries and observed by all manufacturers. WHO/UNICEF are requested to organize the process for its preparation, with the involvement of all concerned parties, in order to reach a conclusion as soon as possible.

Monitoring of marketing practices is recommended. Usually this will be done under government auspices. Advertising councils and industry, consumer and professional groups can make an important contribution.

There should be no marketing or availability of infant formula or weaning foods in a country unless marketing practices is in accord with the national code or legislation if these exist, or, in their absence, with the spirit of the meeting and the recommendations contained in this report or with any agreed international code.

Facilities of the health care system should never be used for the promotion of artificial feeding. Therefore, advertising or promotional distribution of samples of breastmilk substitutes through health service channels should not be allowed. Artificial feeding should not be openly demonstrated in health facilities.

No personnel paid by companies producing or selling breastmilk substitutes should be allowed to work in the health care system, even if they are assigned more general responsibilities that do not directly include the promotion of formulas, in order to avoid the risk of conflict of interest.

Production and distribution of foods for infants and young children should be governed by strict legal standards. They should be labelled to indicate proper and safe home preparation. Governments should adopt the recommended international standards covering foods for infants and young children developed by the Codex Alimentarius Committee on Foods for Special Dietary Uses and should support the elaboration of standards by this Committee to ensure nutritional value and safety. Governments that have not yet adopted such codes or regulations are urged to do so.

Products that are not suitable alone as weaning foods, such as sweetened condensed milk, cornstrach, cassava flour and cereal flours, should be required by proper regulations not to be packaged, labeled, advertised or otherwise promoted in ways that suggest they should be used as a complement or substitute for breastmilk. Vigorous educational efforts should be made against their misuse for the purpose by mothers.

[From the New York Times, Oct. 13, 1979]

Baby-Food Industry Agrees to a Curb on the Promotion of Infant Formulas

(By Victor Lusinchi)

Geneva, October 12.—Representatives of the baby-food industry, at a conference sponsored by the World Health Organization and the United Nations Children's Fund, subscribed today to a call for a ban on all sales promotion that would discourage breastfeeding.

Doctors, nutritionists, industry spokesmen and representatives of consumer organizations and activist groups agreed at the four-day session that breast-feeding should be "protected and encouraged" everywhere.

For this reason, according to the conference's recommendations, "The marketing of breast milk substitutes and weaning foods should be designed not to discourage breast-feeding."

The recommendations went on to specify that the ban should apply to all advertising and sales promotion to the public of breast milk substitutes and baby bottles.

RESTRICT ALL PROMOTION

Even the promotion of such substitutes among the medical profession and health personnel "should be restricted to factual and ethical information," the 150 conference participants agreed.

Fears expressed by activist groups opposed to all promotion of infant foods in underdeveloped countries that the recommendations left gray areas that the baby-food industry could exploit were dismissed by Dr. Halfdan Mahler, Director General of the World Health Organization.

The industry, he said at a news conference, is now under a "moral obligation" to change its practices and to refrain from "pushing promotion and advertising."

Speaking for the International Council of Infant Food Industries, Ian Barter, chairman of the British concern Cow and Gate Ltd., said the acceptance of the recommendations by consensus meant that "anything that is a direct sales promotion is out."

"This is an extraordinary concession for an industry like ours," Mr. Barter said. The council comprises 12 companies, including Nestlé, and according to Mr. Barter they account for 85 percent of all baby food sales in the developing countries.

In the United States, Nestlé is currently the target of a national boycott for its promotion of infant formula in the third world. The boycott, which began in June 1977, is sponsored by a confederation of church organizations and consumer groups calling itself Infant Formula Action Coalition, known as Infact.

Douglas Johnson, the group's chairman, who was here for the conference, said the boycott would continue "for the time being." But he added that Infact would seek to confer with Nestlé "to see how the recommendations of the World Health Organization will be carried out."

Dr. Mahler said that he would take action immediately on the call for the drafting of an international code on the marketing of infant formulas and other products used as breast milk substitutes.

The promotion of these products in the third world has been criticized by the World Health Organization Assembly of member states and by activist groups as inducing mothers in emerging nations not to breast-feed. Failure to breast-feed is often to the detriment of the babies' health, the assembly said.

Not only does some evidence point to the superiority of breast milk over formula, but protesters also contend that the early use of formula by impoverished mothers can result in malnutrition and disease because the mothers cannot afford to continue buying the formula and they turn instead to inadequate substitutes. The mothers also frequently lack the necessary sanitation for bottle feeding.

Dr. Mahler said he would present proposals to the assembly at its meeting next May on arrangements for drafting the proposed code in conjunction with all interested organizations.

The assembly will have to decide whether to adopt the draft in the form of an international convention binding on governments that ratify it or as a recommendation to governments to use as a model for their national codes, he said.

THIRD WORLD EMPHASIS

The meeting viewed infant nutrition as a global problem because, according to the World Health Organization, feeding deficiencies are a major cause of the death of one baby in 10 in the world during the first year. However, the emphasis was on the third world, where infant mortality often runs from 20 to 25 times higher.

The recommendations stressed the need to prepare all mothers for breast-feeding during pregnancy, and that postnatal care should be directed toward the "maintenance of breast-feeding for as long as possible."

A healthy, well-nourished, breast-feeding mother should not need to give any additional nourishment to the child during the first four to six months, it was said.

The first alternative to the milk of a child's own mother should be the use of "breast milk from other sources," according to the recommendations.

The recommendations called for breast-feeding to be initiated "as soon after birth as possible."●

REQUEST FOR A RULE ON H.R. 2626, THE HOSPITAL COST CONTAINMENT ACT OF 1979

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. Waxman) is recognized for 5 minutes.

● Mr. WAXMAN. Mr. Speaker, I take this occasion to advise my colleagues as to the nature of my request to the Committee on Rules for the rule on H.R. 2626, the Hospital Cost Containment Act of 1979. I have recommended the following modified closed rule:

(a) that H.R. 2626 as amended by the Committee on Ways and Means be in order as an original bill for purposes of amendment,

(b) that H.R. 2626 as amended by the Committee on Interstate and Foreign Commerce be in order as a substitute for the Ways and Means bill,

(c) that a specific amendment to the Commerce substitute by Congressman Rangel, to be printed in the Record, be in order,

(d) that no further amendments except for pro forma amendments be in order to either the Commerce substitute or the Ways and Means bill.

I must specifically note, so there can be no confusion on the part of my colleagues, that these are personal recommendations and are not made in a capacity as the official designee of the Committee on Interstate and Foreign Commerce.●

REVERSE FREEDOM OF INFORMATION LITIGATION ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. Preyer) is recognized for 5 minutes.

● Mr. PREYER. Mr. Speaker, I am today introducing the Reverse Freedom of Information Litigation Act. This bill is designed to solve some of the complex questions of judicial and administrative procedure that have arisen in connection with reverse freedom of information lawsuits. My proposal is largely based on the July 1978 report of the House Committee on Government Operations entitled "Freedom of Information Act Requests for Business Data and Reverse-FOIA Lawsuits" (H.R. 95–1382). The report was based on a study conducted by the Subcommittee on Government Information and Individual Rights, which I chair.

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*This includes the use of mass media and other forms of advertising directly to the mother or general public, designed to increase sales of breastmilk substitutes, to the detriment of breastfeeding.

Because of the complexities of the issues, I would like to explain some of the background of my bill. A typical lawsuit filed under the Freedom of Information Act is one brought by a person who has requested information from an agency and who has been denied. The FOIA provides a clear and specific remedy for those who believe that information has been improperly withheld by the Government and this remedy has worked well.

However, those who have followed the development of FOIA law have become increasingly familiar with the reverse-FOIA lawsuit. This is an action brought by a person who has submitted information and who seeks to enjoin the agency from disclosing that information under the FOIA. The complications presented by these reverse-FOIA lawsuits have only become apparent in the last few years.

The most significant feature of reverse-FOIA litigation is that there are usually three parties in interest: The submitter of the information, the requester of the information, and the agency which holds the documents. Depending in part on how the request for information was handled by the agency, litigation can be initiated by either the requester or the submitter or by both parties. Matters can become especially tangled when more than one submitter has an interest in the documents requested.

The central issue in any FOIA litigation is whether a document should be disclosed. If a requester and a submitter have filed separate actions in different Federal courts over the disclosure of the same documents, it is apparent that the actions should be consolidated in one place, that one judicial decision should result, and that all parties should be bound by that decision. One of the basic purposes of my bill is to establish rules requiring consolidation of these cases. The bill will also establish a standard by which the courts can review an agency decision to disclose information.

In order to simplify the procedures for litigation, some changes in the administrative handling of FOIA requests are also appropriate. Not only should requesters and submitters be brought together in court, but both parties should have the opportunity to present their views on disclosure to the agency that make the initial determination. In order to accomplish this, it is necessary to tell a submitter that a request has been received for information that he has supplied to the agency. This is the second basic purpose of my bill.

At present, most agencies already notify submitters that FOIA requests have been received. However, this practice is informal, and submitters are understandably concerned that it will not be followed in all cases where it is appropriate. Also, the existing time limits of the FOIA do not permit much time for submitters to present their arguments to the agency. Accordingly, I also propose a small relaxation of the time limits for FOIA requests where an agency is obliged to notify a submitter that a request has been received.

There are several court cases pending that could result in a definitive ruling on some of the questions of judicial procedure raised by reverse-FOIA litigation. If existing rules of civil procedure contain adequate solutions to the problems of reverse-FOIA litigation, then some parts of my bill may be unnecessary. However, as we learned when the Supreme Court decided its first reverse-FOIA case—Chrysler against Brown—earlier this year, court decisions sometimes raise as many questions as they answer. My comments on the Chrysler decision appear in the CONGRESSIONAL RECORD of May 3, 1979.

Because the issues are so complex, I think that it is useful to begin to look at them now. My bill is a starting point for debate, and I invite comments from any interested parties. I expect that the Subcommittee on Government Information and Individual Rights will hold hearings on reverse-FOIA litigation issues early next year.●

GOLFER CHICK EVANS LEFT A LEGACY FOR YOUNG MEN AND WOMEN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ROSTENKOWSKI) is recognized for 5 minutes.

● **Mr. ROSTENKOWSKI.** Mr. Speaker, Chick Evans died Tuesday. He was a golf legend. From the Sunday putters to the pros, everyone in golf knew about Chick Evans.

The winner of four major championships in his day, Chick Evans played golf and worked until this year. He was 89 years young when he died. But his golf records represent only a part of his achievement. Before the days of athletic scholarships, Mr. Evans was forced to drop out of college because his family didn't have enough money for him to continue his studies. Chick Evans never turned professional, but he wanted to make sure young people had their chance to enjoy golf and to get a college education. He started a scholarship foundation so that young caddies who had academic ability but no money for college could go to school. Unlike some scholarship programs that demand excellence before a youngster even starts the game, golf ability is not a criterion of selection for an Evans scholarship.

Today the Foundation is administered by the Western Golf Association. Mr. Marshall Dann, executive director of the association told me the foundation has provided $26 million to young scholars over the years. Two scholars graduated in 1930. To date, 3,167 young people have graduated from college because of Chick Evans' scholarships. These full tuition scholarships support 922 men and women caddies in colleges today. Charles "Chick" Evans is dead, but his caddie-scholarship dream will not die. A great number of young men and women have had and will have a better chance in life because Chick Evans cared. I would like to insert into the RECORD a Chicago Tribune story about this remarkable man.

GOLFER CHICK EVANS DIES AT 89

Charles "Chick" Evans, dean of amateur golf in the United States and founder of the Evans Scholars program, died late Tuesday at the age of 89 in Augustana Hospital.

Although confined in recent weeks by illness to the hospital or his North Side Chicago apartment where he lived for more than 50 years, Evans had remained active in golf and business until this year. Throughout last winter's heavy snows he commuted regularly to his Loop office.

Evans was born July 18, 1890, in Indianapolis, and his family moved to Chicago's North Side when he was 3. Nearby was the former Edgewater Golf Club where Evans was introduced to golf as a caddie at the age of 8.

This contact launched him into eight decades of association with golf—as a boy wonder, a national star, a golf official, and finally as the guiding light behind the Evans Scholars program.

Along the way, Chick won almost every title available to him in his era. He was voted into every hall of fame in golf.

Evans won all four major championships of his day—the U.S. Open in 1916, Western Open in 1910, U.S. Amateur in 1916 and again in 1920, and the Western Amateur eight times between 1909 and 1923.

His two-under-par 286 total in winning the 1916 U.S. Open at Minikahda Club in Minneapolis marked the first time par was broken for 72 holes in the event, and the score stood as a record for 20 years. He did this with only seven hickory shafted clubs.

When he also won the U.S. Amateur later in the year, he became the first to hold those two United States Golf Association titles the same year, a feat matched since only by Bobby Jones. Evans still remains the only amateur to win a Western Open.

Chick was a durable performer on the links winning senior tournaments in the late 1960s, more than 60 years after his first titles. He competed in a record 50 successive U.S. Amateur championships. He won four Chicago City Amateurs—his first in 1907 and his fourth in 1944 at the age of 54.

His final appearance as a player was in 1967 at the Western Amateur, but for the last 12 years he followed the golfers in a cart, stopping along the way to shake hands and chat with his admirers.

Overshadowing his greatness and durability as a player was Evans' unique contribution to golf in the creation of the caddie-scholarship concept.

Chick enrolled at Northwestern at an early age after winning several tournaments as a teen-age prodigy. Evans was forced to drop out of Northwestern after only a year because his family lacked the financial resources for him to continue. This was before the day of athletic scholarships.

Chick was firm about never turning professional. There were many offers, especially when he held both the U.S. Open and U.S. Amateur crowns for three years. World War I postponed his defense of the 1916 titles until 1919, and he was a headlined star in more than 400 exhibition matches in that span for the Red Cross.

Evans received a trickle of income from golf, income he could not accept and remain an amateur. Some came from phonograph records with golf lessons, recorded on conditions that the income go into an escrow account. Other endorsement income boosted that fund.

Some 10 years later, in the late 1920s, Chick convinced the Western Golf Association to take over the fund, to use it for college scholarships for deserving and needy caddies—for boys like himself 20 years earlier.

His dream came true in 1930 as the first two Evans Scholars entered college. The idea caught on elsewhere growing widely. Such scholarships are now offered by the WGA and 29 affiliated state or regional golf associations from coast to coast.

In accordance with Evans' wishes, there will be no visitation and services will be private. Burial will be at Memorial Park Cemetery in Skokie. He asked that flowers be omitted and that contributions be sent instead to his Evans Scholars Foundation, Golf, Ill. 60029.

A memorial service will be held at the First Presbyterian Church, 1427 Chicago Ave., Evanston, Monday at 3 p.m.●

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. LUNDINE) is recognized for 5 minutes.

● Mr. LUNDINE. Mr. Speaker, I regret that a long-standing commitment to give a talk at Harvard University kept me from participating in two important votes yesterday afternoon: the conference report on the second budget resolution for fiscal year 1980 and passage of H.R. 4167 establishing 80 percent parity for milk price supports through September, 1981.

Had I been here I would have opposed the conference report on the budget resolution, as I opposed the resolution itself when it was first reported to the House by the Budget Committee. At the time of that earlier vote, I believed that the fiscal year deficit contained in the resolution was too high and, moreover, that an equal sacrifice had not been made by all Federal departments in limiting spending.

When I review what has since occurred in the conference committee, I find that the deficit has increased further and that the House gave in completely to the Senate's addition of $3 billion in budget authority for defense spending. I continue to believe that our efforts to balance the budget cannot succeed as long as we exempt certain functions from the requirements of austerity.

At this time I would also reaffirm my continued support for 80 percent of parity in the price supports for milk. I believe that the 80 percent level strikes a good balance between the needs of America's dairy farmers and the interests of consumers who deserve secure supplies of milk products at reasonable prices. Had I been here yesterday afternoon I would have voted for H.R. 4167 and I would have opposed the amendment, offered by my colleague from Illinois, to permit the Secretary of Agriculture to reduce the parity level under certain circumstances.●

THE CHRYSLER CORP. BAILOUT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. VANIK) is recognized for 10 minutes.

● Mr. VANIK. Mr. Speaker, on November 2, the Carter administration proposed that the Government of the United States provide a billion and a half dollars in loan guarantees to keep the Chrysler Corp. from going bankrupt. The plan provides that Chrysler would have to raise another $1.5 billion from private sources before any loans would be guaranteed. The Government would have leverage over the company's operation—including the right to demand management changes. The United Auto Workers Union has indicated that it would consider additional concessions to help Chrysler raise the required matching funds.

As a Representative to the Congress, my first concern should be the interest of the American taxpayer. Although I have a large Chrysler producing facility in Twinsburg, Ohio, with substantial employment, 3,532 jobs, it also happens that this production facility is presently engaged in one of the more successful Chrysler operations—the assembly of the Omni and Horizon. As I have previously reported, this product is in the nature of an international product since the engine blocks, manual transmissions, and axles are produced in Germany; the ignition control system, air-conditioners, and compressors are produced in Japan, and the drive shafts and steering units are produced in the United Kingdom. However, the Twinsburg operation is a substantial utilization of a mix of domestic and international production. It has produced the most attractive and meaningful items in the entire Chrysler automotive line. In my judgment the Twinsburg facility would survive as a successful operation regardless of what happens to Chrysler. The facility would be an attractive operation for anyone involved in the automotive industry. It is modern, it is sufficient, and it produces a product for which there is great popular demand.

I hold no brief for the past management of Chrysler. The company was led to its present plight because of an almost total indifference to the need to move into the age of conservation. In 1974 when I first proposed a gas-guzzler's tax in order to conserve gasoline and in order to prevent the shift to foreign cars, I recall very vividly the chairman of the board of Chrysler stating:

> Chrysler will continue to make the big cars, that is what the American people want.

My response was that the American people want what they are taught to want in advertising promotion. If Chrysler had moved more rapidly into the production of a low fuel consuming car at that moment of decision with either a utilization of its own engineering or the use of foreign engineering through license, the company would today be a real threat to its competitors in the automobile industry. Today almost every fuel efficient engine utilized by Chrysler is produced abroad as a captive import.

The critical situation that confronts Chrysler today would have been considerably more serious if we were not able to induce foreign producers to exercise restraint in the American market. Two years ago I warned the Japanese automobile producers of the possibility of Chrysler's bankruptcy and suggested it would be credited to their imports if they continued to increase their percentage of the American market. In my considered judgment the Japanese Government exercised official restraint in entering the American market. The damage to Chrysler would have been even more serious if the Japanese had pressed the sales that were available in the American market which was stunned by OPEC price policies and the incredible increase in the cost of motor vehicle fuel.

The question arises as to why the Federal Government should consider a bailout of Chrysler as the 10th largest corporation in America. When I met with the Council of Smaller Enterprises, an affiliate of the Cleveland Growth Board, in Cleveland last Monday, October 29, many members raised the issue of why the American Government should provide financial assistance for only the large corporations of America rather than the smaller companies which are the lifeblood of the economy. This is a proper complaint to which we should address our concern. Perhaps we may have to restructure the former Reconstruction Finance Corporation to provide strength to American enterprise in this climate of intolerable interest rates and inflation.

From documents I have received it appears that small business in my area is the principal beneficiary of the Chrysler bailout. In 1978, in the seven congressional districts of the Greater Cleveland area, 981 suppliers provide $597,204,114 in goods each year.

The involvement of small business throughout America is sufficient reason of itself to warrant a Chrysler rehabilitation and bailout.

It becomes quite apparent that the magnitude of a Chrysler collapse and shutdown would have a multiplier effect on the entire economy. From my rough calculations at this point it appears that it would result in an across-the-board attrition of industrial activity in our entire northern Ohio area. Our economy is much too fragile to suffer the collapse of the Chrysler operations.

The bottom line in this decision is the ultimate cost to the taxpayer. If vital jobs are lost, it means that the American taxpayer must pick up the cost of unemployment compensation benefits since the payout in compensation would have to be replenished, the Federal Government, the State and local governments would have to share in the cost of added burdens of welfare, job retraining and general family support. In addition, the Nation would have to face the program to reconstruct substitute forms of employment for the displaced workers. A mere sustaining CETA job in the public sector has an annual cost of about $10,000 per year. Restoring a total Chrysler collapse would cost $1,400,000,000 per year in nonproductive public service jobs. The creation of new private sector jobs could cost 10 times as much. The Department of Labor estimates the cost of creating one industrial private job at $55,500. Replacement of Chrysler jobs could cost $7 to $8 billion.

From the standpoint of the taxpayer, it is far more expensive to build new jobs in new enterprises than it is to bolster a feasible operation. This does not mean that I support the continuance by Chrysler of inefficient divisions. There are some inefficient operations which must be closed which have contributed to the failure of the company. There are other items of production which the company may consider. Today there is a railroad car shortage in America estimated at 125,000 cars and the need is increasing. We are today importing railroad car assemblies from abroad and the agricultural portions of the country are frustrated by the breakdown of our railroad system which is unable to move essential items of production from the farm to the market or to export. There are other critical industrial needs in America which are unmet, in which there are huge backlogs of order and need. Chrysler must be urged to move into these alternate areas of production.

Under no circumstance should the Federal guarantee be used to bail out the banks or the investors who have exercised bad judgment in making precarious loans and investments. They should be compelled to assume such losses with the tremendous profits they are incurring in other areas with current levels of high interest. This should be a bailout for the benefit of workers and not the bankers. Nor should the bailout be used to fund tremendous foreign imports of automotive engines and parts. It can only be justified if it extends the base of domestic production.

If a Chrysler bailout will cost less to the taxpayer than a collapse—and I believe that will be the case—I will be willing to support a feasible program of loan guarantees with adequate safeguards to the American taxpayer. In the long run I think it will prove infinitely less expensive than the process of reconstructing new jobs, particularly in an economically suppressed circumstance which currently exists throughout the country.●

TRIBUTE TO RAY ROBERTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Virginia (Mr. SATTERFIELD) is recognized for 5 minutes.

● Mr. SATTERFIELD. Mr. Speaker, on Monday, October 29, my colleague, the able chairman of the Committee on Veterans' Affairs, the honorable gentleman from Texas, RAY ROBERTS, announced that he would not seek reelection in 1980 and will retire at the end of the 96th Congress.

I am distressed to learn of his decision to leave the House for he has demonstrated able, effective leadership as the chairman of our committee. His dedication to the best interests of our Nation's veterans, so ably demonstrated in his unflinching defense of their rights and benefits and by mustering congressional support of "the Roberts' amendment," earlier this year. He will be sorely missed.

Mr. Speaker, when RAY came to the Congress January 30, 1962, and became a member of the committee, there were 22 million veterans in this country and the Congress appropriated $6.6 billion for the VA, of which $1 billion was allocated to the medical program. Today, with RAY at the helm of the committee there are 30 million veterans and the VA appropriation is over $21 billion, with the medical program receiving over $5 billion to maintain the largest health care system in the Western World. The VA health care system serves our Nation's veterans through its 172 hospitals, 220 outpatient clinics, 88 nursing home care units, 18 spinal cord injury centers, 16 domiciliaries and approximately 1,200 specialized medical care units. This year, the VA health care facilities will provide inpatient hospital care, nursing home and domiciliary care for a record 1.4 million veterans, or more than two-thirds again as many veterans as were cared for when the chairman came to the Congress. It will also treat an all-time high of 17.9 million outpatient visits compared to 3.6 million for the same period of time. RAY can be justifiably proud of this record.

Chairman ROBERTS, while considering the real time problems of veterans, has fought long and hard to insure adequate funding to operate this effective VA health care system and he has been consummately successful in his effort. As a man of vision he has vigorously supported legislation to provide care for our aging veteran population which includes approximately 600,000 World War I veterans as well as 13 million veterans of World War II. As a result of his support, the VA is pursuing unique and innovative treatment methodology for these aging veterans and consequently has become a pioneer in the fields of gerontology, cardiovascular, and pulmonary disease treatment and rehabilitation. He has constantly emphasized the overall need to provide first-rate medical services as well as effective research, nursing home and domiciliary care to alleviate the problems brought on by the aging process. At the opposite end of the veteran age spectrum, RAY ROBERTS has been in the forefront in his vigorous support of legislation for benefits and entitlements for our Vietnam-era veterans.

By far the greatest impact on the veterans health care system since its inception in 1946 has been the influx of the veterans of the Vietnam era who represent nearly one-third of the entire veteran population of the United States. With Chairman ROBERTS' illustrious leadership, the Congress has moved perceptably in legislating new authority for the VA to meet the special, specific needs of our newest generation of war casualties. Total Federal expenditures for hospital care and medical services for Vietnam-era veterans, who account for 15 percent of all admissions to VA medical centers and over 25 percent of all outpatient visits, have amounted to more than $3 billion. RAY was one of the first to recognize that Vietnam veterans are not only unioue in the emerging nature and extent of their medical needs. This is especially true of psychiatric and psychological care where 40 percent of current admissions are Vietnam veterans largely because of the strain of their wartime service, social pressures and readjustment problems. Recognizing that the high incidence of drug and alcohol abuse is a major part of the readjustment problem, especially among disabled veterans, RAY worked hard to secure legislation designed to authorize an innovative methodology of contract for treatment in a nonclinical environment, such as halfway houses and community based treatment centers, in an "outreach" program for readjustment of veterans suffering from these maladies.

In closing I wish to observe that his judgment on legislative matters has reflected a total understanding of the importance of fiscal restraint in dealing with our Federal budget coupled with fine insight into the relative priorities between separate budget categories. That is clearly demonstrated by his personal dedication first and foremost to those legislative proposals which have significant merit and which are entitled to the highest priority. His struggle on behalf of veterans programs is in consonance with that posture and in harmony with the traditions of our grateful Nation. In these endeavors, the gentleman from Texas deserves the sobriquet—"Mr. Veteran."●

THE 1979 CAPTIVE NATIONS WEEK

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. FLOOD) is recognized for 10 minutes.

● Mr. FLOOD. Mr. Speaker, on the basis of even the cumulative reports of the 1979 Captive Nations Week last July, all knowledgeable Americans can take pride in the success of this national event. Additional published reports clearly serve to confirm this. In our country and abroad, the 1979 Captive Nations Week was a huge success, and this augurs well for the future.

For the historical record I submit: First, the proclamation by Gov. James B. Hunt, Jr., of North Carolina; second, the article by Dr. Lev E. Dobriansky of Georgetown University in Spotlight, July 30; third, items on the week in the Los Angeles Tidings, Louisville Courier-Journal and Manchester Union-Leader; fourth, more reports in the St. Louis Globe-Democrat, Lincoln Star, Union-Leader, and Syracuse Herald-Journal; fifth, an item in the Chicago Tribune; and sixth, an editorial "Captive Nations: Forgotten Week?" in the Shreveport Times:

PROCLAMATION BY GOV. JAMES B. HUNT, JR.

Whereas, the imperialistic politics of Russian Communists have led, through direct and indirect aggression, to the subjugation and enslavement of the peoples of Poland, Hungary, Lithuania, Ukraine, Czechoslovakia, Latvia, Estonia, Byelorussia, Romania, East Germany, Bulgaria, Mainland China, Armenia, Azerbaijan, Georgia, North Korea, Albania, Idel-Ural, Serbia, Croatia, Slovenia, Tibet, Cossackia, Turkestan, North Vietnam, Cuba, Cambodia, South Vietnam, Laos, and others; and

Whereas, the desire for liberty and independence by the overwhelming majority of peoples in these conquered nations constitutes a powerful deterrent to any ambitions of Communist leaders to initiate a major war; and

Whereas, the freedom loving peoples of the captive nations look to the United States as the citadel of human freedom and human rights and to the people of the United States as the leaders in bringing about their freedom and independence; and

Whereas, the Congress of the United States by unanimous vote passed Public Law 86–90 establishing the third week in July each year as Captive Nations Week and inviting the people of the United States to observe such a week with appropriate prayer, ceremonies and activities; expressing their sympathy with and support for the just aspirations of the captive nations;

Therefore, I proclaim the week of July 15–21, 1979, as "Captive Nations Week in N.C." and commend this observance to our citizens.

[From the Spotlight, July 30, 1979]

U.S. OFFICIALS ARE, HAVE BEEN VICTIMS OF MYTHS ABOUT CAPTIVE NATIONS

(By Lev E. Dobriansky)

Then-Vice President Richard M. Nixon, who in his "Six Crises" virtually admits he didn't know what hit him when Nikita Khrushchev berated him for our congressional Captive Nations Week resolution, played on many myths during his visit to the USSR in July, 1959. The so-called "kitchen debate" with the Soviet chief was spectacular but of little substantive value.

What the Kremlin chief undoubtedly reveled in was his repetitive, monolithic terms as "Soviet nation," "Soviet people" and Ukraine as the "Texas" of the mythical nation. I wrote a memo pointing out these and other errors made by him on this visit (Oct. 30, 1959). Nixon cordially replied, saying in part, "You may be sure that I shall find these suggestions most helpful as I continue my study of the many problems we face in this war with communism" (letter, Nov. 11, 1959). By the time he became president there was no improvement; in fact, it was even worse.

During the Kennedy administration, myth-making about "Russia" continued, and reached a high point in the clash between Secretary of State Dean Rusk and our UN ambassador, Adlai E. Stevenson. The latter is a story in itself.

Early in his administration, President Kennedy was presented with a wonderful opportunity by Khrushchev in his challenge to debate imperialism in the UN, really an effect of the Captive Nations Week resolution that Krushchev railed against for months. Apparently insecure on these grounds, the president failed to accept the challenge for real. . . .

Kennedy's view of the USSR can be readily gleaned from his stirring address at American University, when, without foundation, he asserted, "no nation in the history of battle ever suffered more than the Russians suffered in the course of the second world war" (the Washington "Post," June 11, 1963).

NON-RUSSIANS KILLED

Of the 23 million military and civilians killed, what happened to the Lithuanians, Byelorussians, Ukrainians and others in the non-Russian areas, where most of the fighting was waged? Admittedly, it's hard to prove, but taking the two facts of about 43 percent of USSR forces being non-Russian and the non-Russian areas of combat, the probability is that more non-Russians were killed than Russians. Again, underlying the mistaken view is the myth that the USSR equals "Russia."

The fight in 1961 for a Special Committee on Captive Nations in the House brought into sharp focus some contrasting views of the USSR between Kennedy's secretary of state and Ambassador Stevenson. Opposing such a committee, Dean Rusk came forth with a classic blunder in a letter to the Rules Committee chairman, Howard W. Smith: "The U.S. government's position is weakened by any action which confuses the rights of formerly independent peoples or nations with the status of areas such as the Ukraine, Armenia or Georgia, which are traditional parts of the Soviet Union. Reference to these latter areas places the U.S. government in the undesirable position of seeming to advocate the dismemberment of an historical state" (Aug. 22, 1961).

Established in 1922–23, the USSR an historical state? What of the independence periods in the past of the three nations Rusk mentioned—and other non-Russian nations? At least verbally, the USSR Constitution provides for the secession of these non-Russian nations from the ersatz union; yet Rusk wouldn't even have us talk about the right of national independence. Obviously by "an historical state," Rusk meant that the USSR is just another form of "Russia."

MYTH-BUSTING MEMO

Whatever the motivations behind Stevenson's intervention in the battle (he wanted to be secretary of state), his timely release of a memo on the subject caused no end of embarrassment to Rusk. The memo precisely cites the record of Soviet Russian imperio-colonialism and beautifully shows up the conceptual myths of the secretary. As a matter of record, this Stevenson memo is the finest statement yet given on the subject by any of our representatives in the UN (memorandum to UN delegations, Nov. 25, 1962).

In response to this memo and other protests at the time, Rusk sent another letter, dated Dec. 27, 1961, to the Rules chairman, Smith, retreating from his original position . . . and upholding "the national aspirations of the minority peoples of the USSR." So now, the "historical state" myth gives way to another typical myth of "minority peoples" or "minority nationalities." Apart from quantitative questions on the subject, since when, from a qualitative viewpoint, do Georgians or Lithuanians who predominate in their respective, historic homelands suddenly become "minority peoples"? In the use of words, Moscow appears to demonstrate greater sagacity with national references to "equal among equals."

Similar misconceptions dominated the turbulent Johnson era. For masterful confusion this statement by President Johnson is sufficient unto itself: "The common interests of the peoples of Russia and the United States are many—and this I would say to the people of the Soviet Union: There is no American interest in conflict with the Soviet people anywhere" (text of Johnson's speech on "U.S. Aim to Keep Peace," the Washington "Post," June 4, 1965).

In this one statement you find the old czarist imperial usage, "the peoples of Russia," and now they are metamorphosed into one as "the Soviet people," another illusion . . . Former Sen. J. W. Fulbright, who for many years chaired the Foreign Relations Committee, wallowed in a variety of illusions regarding the USSR. For instance, referring to that state, he wrote, "Insofar as a great nation mobilizes its power and resources for aggressive purposes, that nation, regardless of ideology, makes itself our enemy" ("Congressional Record," March 25, 1964, p. 6029).

He was supposed to be dispelling "old myths" and . . . pictures the USSR as a nation. In other quotes, like Eisenhower, he too, harbored the illusion of "200 million Russians" in existence.

RECKLESS ERROR

When Nixon became president, the top official view of the USSR didn't improve; it became worse. Nixon never attained to an understanding of the USSR, and his advisor, Dr. Henry Kissinger . . . couldn't help . . . Both were prisoners of a nation-state concept and, in sharp contrast to any administration before or after, they committed the reckless error of accepting the traditional Russian imperial principle of noninterference in the internal affairs of the imperial state in the Moscow Declaration of 1972. When Nixon appeared in Kiev, Ukraine, he called the capital "the mother of Russian cities," similar to designating a woman as half-pregnant. His confused views also can be gleaned from many of his untutored statements.

For example, speaking of the USSR, Nixon declared, "But as we have the valor to defend those principles which divide us as nations, we must have the vision to seek out those things which unite us as human beings" (address at the U.S. Naval Academy, June 5, 1974).

The USSR a nation? Conquerors and exploiters of nations—meaning the non-Russian nations within the USSR and only secondarily those without—are scarcely qualified for such a vision other than when it serves their interests. In an address to "the people of the Soviet Union," Nixon persists with the illusion to the detriment of those captive non-Russian nations: "Our two nations will continue to have differences" ("Weekly Compilation of Presidential Documents," July 8, 1974, p. 746).

During the 1976 presidential campaign, Gerald Ford . . . adamantly held that Eastern Europe was under no Russian domination. Kissinger congratulated him on his performance. Finally, during the Carter administration, some of the noted myths continue to linger on.

An analyst for the Washington "Star," discussing Leonid Brezhnev, states, "He has his problems in keeping together the many conflicting groups of his large, diverse nation."

John Kenneth Galbraith, a facile writer (but one who appears to have a confirmed opinion about everything) says, "The reality in the case of the United States and the Soviet Union is of two large industrial nations" ("The New Industrial State," Boston. 1967, p. 332). The USSR a nation? Even Moscow disputes this.

[From the Los Angeles (Calif.) Tidings, July 13, 1979]

PRAYERS, MASS TO MARK CAPTIVE NATIONS WEEK

Captive Nations Week will be observed July 15–21 by proclamation of the President.

Msgr. Felix Diomartich, Episcopal Vicar for the Multilingual Apostolate, has asked pastors to encourage their people to pray during the week, and especially this Sunday, for the people of the Captive Nations.

A concelebrated Mass at 5:05 p.m., July 21 in St. Basil's Church will be offered for the intentions of all enslaved peoples, Msgr. Diomartich said. Representatives of Americans for Freedom of Captive Nations will attend.

[From the Louisville (Ky.) Courier-Journal, July 26, 1979]

CAPTIVE NATIONS WEEK

(By Ed Laete)

Each year the third week of July is designated as Captive Nations Week by our Congress and was signed by President Eisenhower in 1959. The key words of this law are, ". . . the President is authorized and requested to issue a proclamation each year until such a time as freedom and independence shall have been achieved for all the captive nations of the world."

The sad truth is that since 1975, the number of captive nations is increasing because of the illegal seizures of Laos, Cambodia, South Vietnam, Angola and Afghanistan by forces of Marxist-atheistic communism. So the total number of captive nations is now some 34 over the world.

The evidence shows that Communist holocaust, a systematic extermination of subjugated nations, continues. The Soviet Union . . . is violating the Helsinki Accord of July 1975.

Now the Soviet Union is eager to use SALT II, where they have gained military advantage, for consolidating regional Communist conquests.

The unbelievable American and free world self-destruction is that our government . . . by trade and loans granted under the process of detente, helps Soviets to finance and build a military might for its projects devoted to the world conquest.

Indeed, Marxism-communism is a global threat for the free world.

During Captive Nations Week, there will be parades, proclamations, speeches in Congress, and church services in awareness, to keep America free and independent and that some day all the captive nations again will enjoy their God-given rights for self-determination and freedom from Marxist-Leninist communism's tyranny. All nations have a right for independence.

[From the Manchester (N.H.) Union Leader, July 9, 1979]

Captive Nations Week To Be Observed

(By V. Grundmanis)

Addressed to William Loeb: Again is the time to observe and do our best for the captive nations under bloody, brutal Communist rule in the Captive Nations Week 1979 from July 15 till 21, the third week of July, 1979.

We, people of the free world, can commemorate now the 20 years of Captive Nations Proclamation by the United States of America, but our efforts were in vain to somehow help the enslaved peoples, who suffer loss of freedom individually and have lost the independence of their former free nations. We, the free people, tried to do our best in demonstrations, speeches, writings and other activities against the godless Communist regimes, but that is not enough—we have to fight and work in the Holy War against communism by all means, including our help in supplying materials to foster dissent, sabotage, guerrilla warfare, revolts and revolutions all over the world of ours against inhuman Communists, the enemy of God and humanity.

That is our duty and goal to free all captive nations, may almighty God help us in this sacred obligation for all free people to give liberty, freedom and independence to every man, woman, child and nation of the world of ours on the earth of God. Let us start now to do all we can "with God against communism" by all to us available means not only in the coming Captive Nations Week 1979, but every day, every moment of our lives to help the captive nations to gain their deserved freedom and independence. "Freedom for captive nations!"

[From the St. Louis (Mo.) Globe-Democrat, July 16, 1979]

Plight of Captive Nations

(By Marian Orelt)

Soviet Foreign Minister A. Gromyko is urging the creation of a Palestinian state.

This issue should not be of concern to the Soviet Union. But, of course, the reason behind this "humane" attitude is a politico-strategical one. Regardless, it concerns the Middle-East countries alone, and they will, in time, find a solution to this vital problem.

He and his government should rather direct their attention toward nations like Lithuania, Estonia, Latvia, the Ukraine and many others, which they have taken by force, enslaved and deprived of their basic human rights. They are entitled to rule themselves, to live and exist as free, independent countries.

Ever since the Communist revolution in 1917, millions of innocent freedom-loving Soviet citizens of all nationalities have fallen victims to the Soviet murderers, Russians included.

Even today, approximately one million political prisoners are tortured and many executed without a trial. Their desire for freedom, independence, liberty has never ceased to grow. And never will.

In the past these nations have always been the free world's allies, and will be again, after they achieve their sublime goal. The dissident movement, especially after the signing of the Helsinki agreement, provides proof. These courageous fighters have time and again risked their very existence to find a way to reach the free nations and to point out the atrocities committed by the Soviet dictators, the noncompliances committed by their usurpers, regarding SALT I and many other treaties we've signed with the Soviets.

They are our true allies, and always will remain. They are asking us for no more but our moral support in their battle for their noble cause. Should they be denied what they so much deserve?

To the contrary, we should make every effort available to us to give them the support. The legacy left by our wise forebearers that "all men are equal and should be free," applies to all people, everywhere!

We Americans are a nation admired by people the world over and considered as the citadel of freedom, liberty, independence. By supporting the captive nations in their battle for the same ideals, we also help our own country to maintain this status for generations to come. The restoration of those countries to their original status would put a definite stop to the Communist expansionism.

[From the Lincoln (Nebr.) Star, July 24, 1979]

Captive Nations Week

(By Alexander V. Berkis)

In 1959 the Congress passed Public Law 86–90, or Captive Nation Proclamation declaring the third week of July Captive Nations Week. In fact, Captive Nations Week has become almost meaningless. In 1977 President Jimmy Carter issued the Captive Nations Proclamation only after ethnic groups began calling the White House and demanding it. It is almost needless to say that the Captive Nations Proclamations of President Carter in 1977, 1978, and 1979 failed to list any captive nations or name the Soviet Union as the only privileged colonial empire in spite of the fact that almost all former colonial peoples of Africa and Asia have obtained their independence.

Aleksandr I. Sozhenitsyn and Adrei D. Sakharov have repeatedly asked the Russian communist leaders to dissolve the Soviet Union of the non-Russian republics and to do away with the Russian control of Eastern Europe in general.

Therefore, persons who realize the danger of communism should urge the Congress to encourage the explosive forces of nationalism of the Ukrainians, Georgians, Armenians, Lithuanians, Latvians, Estonians, Poles, East Germans, Czechs, Hungarians, and other Eastern European peoples. The Congress should be likewise urged to oppose the selling of our machinery and wheat to the Soviet Union and to refrain from making any concessions of credit to Russia. The militarism and imperialism of the only colonial empire should be weakened by imposing strong economic sanctions against the Soviet Union.

[From the Manchester (N.H.) Union-Leader, July 13, 1979]

Captive Nations Week 1979

(By Paul H. Tracy)

We are on the eve of a 20th anniversary which the present occupant of the White House apparently wishes would just fade away.

President Carter beats his breast as a champion of human rights, but what about Captive Nations Week?

You don't hear Carter issuing any proclamation calling attention to our failure to act as the Soviets smashed the Hungarian counter-revolution in 1956. In case you have forgotten there now is a total of 30 captive nations in the world.

Eisenhower proclaimed the first Captive Nations Week in 1959. In 1978 Carter was forced to bow to pressure and four days into the week issued a weakly worded proclamation.

Carter's statement did not include one reference to communism.

He almost gained the unenviable distinction of being the first President since Ike not to declare his support of the 1.5 billion enslaved people.

Not being equipped with ESP, we have no idea if President Carter will take official note of Captive Nations Week, July 15–21. But if he does you can be sure it will be of the mealy-mouth variety! See commentary by John Chamberlain on back page.

[From the Syracuse (N.Y.) Herald-Journal, Sept. 1, 1979]

Captive Nations Rally Scheduled

The Captive Nations Committee of Syracuse and Onondaga County will conduct its 20th annual rally at 7:30 p.m. Sunday in Le Moyne College Auditorium.

Dr. Askold Lozynski, a Ukrainian-American, will be the principal speaker. He is an attorney in New York City and active in Ukrainian exile organizations. He will discuss the 20-year-old Captive Nations movement, human rights violations behind the Iron Curtain and the danger of Soviet colonialism.

The Captive Nations Week proclamations of President Carter, Gov. Hugh Carey, Mayor Lee Alexander and County Executive John Mulroy will be presented during the rally. The opening remarks will be delivered by Dr. Anthony T. Bouscaren, Le Moyne College professor of political science, and chairman of the Captive Nations Committee of Syracuse, which initiated the yearly rally.

Entertainment will include folk music by the Ukrainian Male Chorus under direction of Wasyl Zhmur and the Vietnamese Band. There also will be a dance demonstration by the Odessa Dance group of the Ukrainian Youth Organization, under direction of Peter Lutsyshyn and folksongs presented by a Ukrainian Bandurist musician. The Ukrainian Congress Committee of America, Syracuse branch, coordinates this cultural program.

The Captive Nations Committee organized this rally in observance of the 20th anniversary of the Captive Nations Resolution, introduced by Congress as Public Law 86–90 on July 17, 1959.

According to Co-Chairman Tibor Helcz, there were 22 nations under Soviet domination in 1959 and this number has increased to 36 by this year.

[From the Chicago Tribune, July 22, 1979]

Captive Nations Remembered

Two rows of cardboard cut-out figures dangling from hammer-and-sickle symbols represent countries living under communism during a "Captive Nations Day" rally Saturday in the Daley Plaza. The annual event is staged to remind Americans that so few others enjoy their freedoms. Special guest at the rally was Valentyn Moroz, who, after 14 years in a Soviet labor camp was freed with four other dissidents in April with the help of the United States.

[From the Shreveport (La.) Times, July 19, 1979]

Captive Nations: Forgotten Week?

This is the 20th anniversary of "Captive

Nations Week," July 15–21, but if the word hasn't reached you, don't feel bad. In the two decades since President Eisenhower signed a congressional resolution into law, Captive Nations Week has been gradually transformed into what amounts to a state secret.

The idea of the week, as it was conceived in 1959 at least, was basically to point a finger of shame at the Soviet enslavement of Eastern Europe. That was the main thing, though Communist domains in Asia were added to the list of "Captive Nations."

But with the coming of detente between the Soviet Union and the United States, the assumption that the captive nations were gradually asserting their independence from Russian rule, and the reality that we were not about to do anything about Kremlin control anyway, this particular "anti-Communist" week lost whatever steam it ever had.

The week may be a dead, decaying relic of Cold War rhetoric. But the realities that created the captive nations observance are, unfortunately, very much alive. Despite the signing of the SALT II treaty, detente has been badly damaged by Soviet behavior in Africa and elsewhere—along with the much more ominous Soviet military buildup that backs up that dangerous behavior.

And what about that well-advertised assumption that the captive nations of Eastern Europe were gradually regaining control of their national destinies from Moscow? There have been glimmerings of limited liberation from Russia (primarily Romania), but the Soviets have crushed, by raw force, three waves of national revolution in Eastern Europe since World War II. Soviet troops remain stationed in division strength in captive nations. These are occupied lands.

Have the captive nations, then, learned to live with Moscow's socialism, or perhaps even come to like it? That little theory was shattered recently by the Pope's visit to his native Poland, where he was met with a wave of adulation that was as much nationalistic as religious.

THE LAST REALITY

Of course, we will buy that last reality: the West is not prepared to rally behind any East European revolution against Soviet rule. That was proved in East Germany, Poland, Hungary and most recently in Czechoslovakia.

Given this reality, we agree that people should not be called to revolution by a West unwilling—or in a nuclear-triggered age unable—to support it. We would never support encouraging such a bloodbath.

But Pope John Paul II proved that the spirit of the West remains a mighty broadsword—a broadsword that in Poland, only a few weeks ago, cut through more than four decades of Communist rule. The observance of Captive Nations Week could offer the same sort of spiritual sustenance to people who obviously still crave it. The week itself may be as dead as the so-called detente that killed it, but the captive nations are alive. Ask Pope John Paul.

CONFERENCE REPORT ON H.R. 4440

Mr. DUNCAN of Oregon submitted the following conference report and statement on the bill (H.R. 4440) making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1980, and for other purposes.

CONFERENCE REPORT (H. REPT. No. 96–610)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4440) making appropriations for the Department of Transportation and Related Agencies for the fiscal year ending September 30, 1980, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2, 5, 6, 8, 22, 27, 30, 34, 35, 36, 37, 43, 52, 55, and 67.

That the House recede from its disagreement to the amendments of the Senate numbered 4, 7, 11, 13, 14, 15, 16, 24, 31, 32, 33, 44, 54, 57, 59, and 60, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$7,650,000"; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment, as follows: Restore the matter stricken by said amendment, amended to read as follows: "for necessary expenses to carry out the provisions of 23 U.S.C. 219, $20,000,000, to remain available until September 30, 1983;".

And the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$100,000,000"; and the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$188,600,000"; and the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment, as follows: In lieu of the sum named in said amendment insert: "$2,500,000"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$83,228,000"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$25,913,000"; and the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$36,889,000"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$9,139,500"; and the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$87,798,000"; and the Senate agree to the same.

Amendment numbered 25: That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$873,400,000"; and the Senate agree to the same.

Amendment numbered 26: That the House recede from its disagreement to the amendment of the Senate numbered 26, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$630,400,000"; and the Senate agree to the same.

Amendment numbered 28: That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment, as follows: In lieu of the matter stricken and inserted by said amendment, insert the following: "$211,000,000 shall be available for capital improvements, and for labor protection costs pursuant"; and the Senate agree to the same.

Amendment numbered 38: That the House recede from its disagreement to the amendment of the Senate numbered 38, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$69,300,000"; and the Senate agree to the same.

Amendment numbered 39: That the House recede from its disagreement to the amendment of the Senate numbered 39, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$66,800,000"; and the Senate agree to the same.

Amendment numbered 41: That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$615,000,000"; and the Senate agree to the same.

Amendment numbered 45: That the House recede from its disagreement to the amendment of the Senate numbered 45, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$25,846,000"; and the Senate agree to the same.

Amendment numbered 46: That the House recede from its disagreement to the amendment of the Senate numbered 46, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$11,040,000"; and the Senate agree to the same.

Amendment numbered 48: That the House recede from its disagreement to the amendment of the Senate numbered 48, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$16,782,500"; and the Senate agree to the same.

Amendment numbered 49: That the House recede from its disagreement to the amendment of the Senate numbered 49, and agree to the same with an amendment, as follows: In lieu of the matter stricken and inserted by said amendment, insert: "$76,699,000"; and the Senate agree to the same.

Amendment numbered 50: That the House recede from its disagreement to the amendment of the Senate numbered 50, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$76,000,000"; and the Senate agree to the same.

Amendment numbered 56: That the House recede from its disagreement to the amendment of the Senate numbered 56, and agree to the same with an amendment, as follows: Restore the matter stricken by said amendment, amended to change the date to: "March 1, 1980"; and the Senate agree to the same.

Amendment numbered 62: That the House recede from its disagreement to the amendment of the Senate numbered 62, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$8,750,000,000"; and the Senate agree to the same.

Amendment numbered 65: That the House recede from its disagreement to the amendment of the Senate numbered 65, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert "$650,000,000"; and the Senate agree to the same.

Amendment numbered 68; That the House recede from its disagreement to the amendment of the Senate numbered 68, and agree to the same with an amendment, as follows: In lieu of "Sec. 320.", insert "Sec. 319."; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 29, 40, 42, 47, 51, 53, 58, 61, 63, 64, and 66.

R. Duncan,
Tom Steed,
Adam Benjamin, Jr.,
William Lehman,
Martin Olav Sabo,
Bennett M. Stewart,
Edward P. Boland,
Jamie L. Whitten,
Silvio O. Conte,
Jack Edwards,
Clarence Miller,
Larry Coughlin,
Managers on the Part of the House.
Birch Bayh,
Warren G. Magnuson,
John C. Stennis,
Robert C. Byrd,
Thomas Eagleton,
John A. Durkin,
James A. McClure,
C. McC. Mathias, Jr.,
L. P. Weicker, Jr.,
Milton R. Young,
Managers on the Part of the Senate.

Joint Explanatory Statement of the Committee of Conference

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4440) making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1980, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report.

TITLE I—DEPARTMENT OF TRANSPORTATION

COAST GUARD

Operating expenses

Amendment No. 1: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment amended to read as follows: ": *Provided further*, That none of the funds appropriated in this or any other Act shall be available for pay or administrative expenses in connection with shipping commissioners in the United States".

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conferees intend that the amendment also be applicable to any United States territories or possessions.

Acquisition, construction and improvements

Amendment No. 2: Appropriates $286,011,000 as proposed by the House instead of $290,161,000 as proposed by the Senate. In deleting funds for the infrared/ultraviolet line scanner portion of the medium range surveillance aircraft sensor system, the conferees do not intend to delay the installation of this equipment. The conferees will consider a supplemental request for this procurement at such time as the research, development, test and evaluation program is completed. No funds have been included for the St. Mary's River and Delaware Bay and River aids to navigation projects. The conferees believe that there are sufficient unobligated funds under this appropriation to install these aids to navigation, if the Coast Guard determines that they are high priority requirements.

Alteration of bridges

Amendment No. 3: Appropriates $7,650,000 instead of $6,900,000 as proposed by the House and $14,900,000 as proposed by the Senate. The conference agreement includes $750,000 for the Central New Jersey Railroad bridge project. The conferees direct that these funds, plus the $4,000,000 previously appropriated, shall be available to accomplish, but not exceed, the work described in additive 2 of the Coast Guard plan.

Pollution Fund

Amendment No. 4: Appropriates $10,000,000 as provided by the Senate.

Federal Aviation Administration

Operations

Amendment No. 5: Appropriates $2,085,520,000 as proposed by the House instead of $2,086,770,000 as proposed by the Senate. The conference agreement includes 94 air traffic control positions, 25 flight service stations positions and 36 flight standards positions in addition to those allowed by the House.

Amendment No. 6: Deletes language proposed by the Senate prohibiting the use of funds for payment of expenses incurred for the closure of operations or reduction in grade of personnel of the general aviation district offices in the State of Montana.

Facilities and equipment

(Airport and Airway Trust Fund)

Amendment No. 7: Appropriates $293,000,000 as proposed by the Senate instead of $290,800,000 as proposed by the House. The conference agreement includes funds for the establishment and relocation of airport control towers at Houma, Louisiana and Farmingdale, New York, the installation of a full instrument landing system at Port Angeles, Washington and the installation of airport surveillance radars at Bismarck, North Dakota, Florence, South Carolina and Mansfield, Ohio.

Surface transportation

Highway Beautification

Amendment No. 8: Restores reference to section 131(j) of title 23 U.S.C. as proposed by the House. The conferees understand that the Department of Transportation has undertaken a general review of this program. The conferees expect that this review will be completed in a timely manner so that a determination on further funding of the program can be made in connection with the fiscal year 1980 supplemental appropriation bill.

Safer Off-System Roads

Amendment No. 9: Appropriates $20,000,000 instead of $40,000,000 as proposed by the House. In addition to the funds contained in this amendment, the conference agreement includes $35,000,000 for safer off-system roads.

Urban Discretionary Grants

Amendment No. 10: Appropriates $100,000,000 instead of $70,000,000 as proposed by the Senate and $130,000,000 as proposed by the House. In addition to the funds contained in this amendment, the conference agreement includes an additional $1,280,000,000 for the urban discretionary grants program.

The conferees direct that the fiscal year 1980 funding for urban discretionary grants be allocated as follows:

Bus and bus related facilities	$255,000,000
Rail modernization and system extensions	650,000,000
New systems	320,000,000
Downtown people movers	20,000,000
Urban initiatives	80,000,000
Planning	55,000,000

The funding available under the heading "Rail modernization and system extensions" may be utilized by the eight areas for modernization and extension of the fixed route overhead electrification for propulsion of trolley bus systems. This heading is not intended to provide funding for trolley bus vehicles which should be funded under the allocation for acquisition of buses.

Urban Formula Grants

Amendment No. 11: Appropriates $15,000,000 as proposed by the Senate instead of $30,000,000 as proposed by the House.

FEDERAL HIGHWAY ADMINISTRATION

Limitation on general operating expenses

Amendment No. 12: Limits general operating expenses to $188,600,000 instead of $188,200,000 as proposed by the House and $189,000,000 as proposed by the Senate.

National scenic and recreational highway

Amendments No. 13 and 14: Delete $2,000,000 appropriation proposed by the House.

Access highways to public recreation areas on certain lakes

Amendment No. 15: Appropriates $9,650,000 as proposed by the Senate instead of $2,000,000 as proposed by the House.

Amendment No. 16: Provides that the appropriation under this heading shall remain available until September 30, 1982, as proposed by the Senate instead of September 30, 1981, as proposed by the House.

Alaska highway

Amendment No. 17: Appropriates $2,500,000 instead of $5,000,000 as proposed by the Senate.

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

Operations and research

Amendment No. 18: Appropriates $83,228,000 instead of $80,286,000 as proposed by the House and $86,170,000 as proposed by the Senate. The increased funds in the amount of $2,942,000 are to be used at the discretion of the Secretary to further the goals of the traffic and highway safety programs except that none of the appropriated funds shall be used for the public participation program.

The conferees intend that the language of Section 317 permits broad research and development activities related to the provisions of occupant restraint standard No. 208. Where a regulation is final and must be met by manufacturers at a fixed future date, the Secretary's activities must be realistically and broadly construed. The Secretary is expected to perform and report the findings of his diverse actions, including validation studies, investigations, and assessments, to maximize the regulation's effectiveness and reliability. The conferees expect that all tests be fairly conducted and evaluated and be open and available to the Congress.

Amendment No. 19: Provides that $25,913,000 of the appropriation shall be derived from the Highway Trust Fund instead of $25,174,000 as proposed by the House and $26,652,000 as proposed by the Senate.

Amendment No. 20: Provides that $36,889,000 of the appropriation shall remain available until expended instead of $34,617,000 as proposed by the House and $39,161,000 as proposed by the Senate.

Amendment No. 21: Provides that $9,139,500 of the amount appropriated to remain available until expended shall be derived from the Highway Trust Fund instead of $8,883,000 as proposed by the House and $9,396,000 as proposed by the Senate.

State and Community Highway Safety

The conferees do not believe that there should be a mandatory set aside within the Section 402 state and community highway safety program for 55 mph enforcement efforts. The conferees believe that the sanctions included in Section 205 of the Surface Transportation Assistance Act of 1978 (P.L. 95–599) provide sufficient incentive for the states to spend adequate amounts of their Section 402 grant money on 55 mph enforcement.

FEDERAL RAILROAD ADMINISTRATION

Railroad Safety

The conferees direct the Secretary to use funds appropriated for the State safety grant-in-aid program to pay GSA for rent accrued by the National Association of State Regulatory Commissioners (NARUC) pursuant to 49 U.S.C. 10344(f). The conferees understand that the present level of obligation is $68,422. The conferees agree that the payment of any such future rental charges shall be the responsibility of NARUC.

Railroad research and development

Amendment No. 22: Appropriates $54,750,000 as proposed by the House instead of $56,750,000 as proposed by the Senate. The conferees agree that within the amount appropriated $2,000,000 shall be used for an intercity rail passenger demonstration program between Concord, New Hampshire and Boston, Massachusetts.

The conferees also agree that tilt-body technology has the potential to reduce significantly passenger train trip times both in the Northeast Corridor and in other parts of the country. If this potential is verified, the utilization of tilt-body vehicles may permit the trip times in the Northeast Corridor to be met without the great costs associated with the straightening of curves. Therefore, the conferees agree that within the amount appropriated $700,000, including the $200,000 in the budget request, shall be used for the initiation of an expedited research effort to provide the Congress with good information as soon as possible on the safety and effectiveness of tilt-body technology.

Rail service assistance

Amendment No. 23: Appropriates $87,798,000 instead of $82,798,000 as proposed by the House and $92,798,000 as proposed by the Senate. Of the amount appropriated, the conferees agree that $80,000,000 shall be available for the local rail service assistance program.

Northeast Corridor improvement program

Amendment No. 24: Appropriates $381,000,000 as proposed by the Senate instead of $481,000,000 as proposed by the House.

Last January, the Department estimated that, in addition to the $1,750,000,000 presently authorized for the Northeast Corridor Improvement Program, an additional $654,000,000 would be needed to complete the project. The conferees now understand that well over $1,000,000,000 in additional funds would be needed to complete the work described in the January, 1979 Redirection Study. The conferees are very concerned about the planning, management, and cost overrun problems that continue to be characteristic of this project. The conferees understand that the House and Senate authorizing committees are presently considering additional authorizations for this project. The conferees direct that, with the exception of design work and until additional authorization legislation is enacted, the obligation of funds appropriated for this program shall be confined to projects which are not dependent on additional authorizations for their completion.

Grants to the National Railroad Passenger Corporation

Amendment No. 25: Appropriates $873,400,000 instead of $812,300,000 as proposed by the House and $899,700,000 as proposed by the Senate.

Amendment No. 26: Provides that not more than $630,400,000 of the appropriation shall be available for operating losses incurred by Amtrak instead of $574,300,000 as proposed by the House and $630,900,000 as proposed by the Senate.

Amendment No. 27: Provides that not more than $20,000,000 of the appropriation shall be available for capital and operating expenses resulting from services provided pursuant to section 403(b) of the Rail Passenger Service Act, as amended, as proposed by the House instead of $23,800,000 as proposed by the Senate.

Amendment No. 28: Provides that not more than $211,000,000 of the appropriation shall be available for capital improvements and labor protection costs instead of $176,000,000 for capital improvements and $30,000,000 for labor protection costs as proposed by the House and $233,000,000 as proposed by the Senate. The conferees intend that of the amount provided $191,000,000 shall be available for capital costs, including $15,000,000 for low-level cars, and $20,000,000 shall be available for labor protection costs. The conferees are in agreement that a supplemental budget request will be given full consideration if the amount provided for capital and labor protection proves to be insufficient to meet Amtrak's essential requirements during fiscal year 1980.

Amendment No. 29: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which earmarks $12,000,000 of the amount made available for capital improvements and labor protection costs for capital improvements in connection with the Indianapolis-Chicago service.

Amendment No. 30: Deletes $148,100,000 advance appropriation for fiscal year 1982 proposed by the Senate. The conferees are in agreement that Amtrak should have the flexibility of entering into a contract for the purchase of not to exceed 200 low-level cars because of the potential economies involved in procuring a larger number of cars as opposed to separate contracts for smaller numbers of cars. The conferees expect that the total price of these 200 cars would not be substantially in excess of $228,000,000.

Payments to the Alaska Railroad Revolving Fund

Amendment No. 31: Inserts the word "operations" as proposed by the Senate. This amendment permits the use of appropriated funds for operating expenses.

Amendment No. 32: Appropriates $6,500,000 as proposed by the Senate instead of $2,000,000 as proposed by the House.

Railroad rehabilitation and improvement financing funds

Amendment No. 33: Inserts the words "and section 803 of Public Law 95-620," as proposed by the Senate.

Amendment No. 34: Appropriates $100,000,000 as proposed by the House instead of $150,000,000 as proposed by the Senate. The conferees intend that $50,000,000 of the amount appropriated is provided to implement the provisions of Public Law 95-620 for the rehabilitation of railroads to haul coal.

The conferees are concerned that the Department's utilization of the preference share program is doing little to alleviate the problem of excess physical plant in the railroad industry. The conferees believe that careful administration of this program in conjunction with the exercise of the Secretary's authority under Section 401 of the 4 R Act could result in substantial benefits to railroads and shippers as well as to the taxpayers. Section 401 permits the Secretary to assist in the planning and negotiations between railroads with respect to unification or coordination of operations and facilities. Section 401(c) authorizes the Secretary to determine the potential cost savings and service quality improvements associated with "the elimination of duplicative or overlapping operations and facilities; the reduction of switching operations; utilization of the shortest, or the most efficient, and economical routes; and the exchange of trackage rights". The conferees direct that the Federal Railroad Administration utilize the preference share program to the extent possible to stimulate higher density operations and the reduction of excess capacity. The conferees will, of course, consider carefully a request for supplemental appropriations if the funds appropriated for fiscal year 1980 prove to be insufficient. However, the conferees expect that any future request for funds for this program will be accompanied by a detailed analysis of the benefits which have been achieved through the preference share program.

Amendments No. 35 and 36: Limit obligations for loan guarantees under Sections 511 through 513 of the Railroad Revitalization and Regulatory Reform Act of 1976 to $600,000,000 as proposed by the House instead of $700,000,000 as proposed by the Senate.

URBAN MASS TRANSPORTATION ADMINISTRATION

Administrative Expenses

Amendment No. 37: Appropriates $19,260,000 as proposed by the House instead of $19,760,000 as proposed by the Senate.

The conferees are concerned about the Urban Mass Transportation Administration's current bus and rail car specifications and procurement policies. For example, UMTA's procurement policies have resulted in the availability of only the Advanced Design Bus which is produced by two U.S. manufacturers. This bus has significantly increased weight and substantially lower fuel efficiency than the prior generation of buses currently in use.

If the goal of energy savings through the Federal Government's investment in mass transit is to be realized, the conferees believe some modifications are essential in UMTA's current procurement policies. The conferees, therefore, direct UMTA to undertake a thorough review of both its bus and rail car specifications with special attention being given to eliminating those specifications, procurement policies, and administrative policies which are either contrary to the overall goals of the transit program or add to the original or operating costs of the equipment.

In the area of procurement policies, the conferees urge UMTA to pay attention to the trend for each transit operator to, in effect, design his own vehicle. While the conferees realize different areas of the country will have somewhat differing needs, changes in seating configurations, for example, tend only to increase costs with little or no commensurate benefit to the operator or the public. The conferees reiterate the language of Senate Report 96-377 emphasizing standardization and the development of a long term bus procurement program.

The conferees direct that up to $250,000 out of existing appropriations for administrative expenses, research or technical studies be used to address the concerns expressed in Senate Report 96-377 and this report.

Research, development, and demonstrations and university research and training

Amendment No. 38: Appropriates $69,300,000 instead of $63,500,000 as proposed by the House and $71,600,000 as proposed by the Senate. In addition to the amounts provided by the House, the conference agreement includes $300,000 for bus and paratransit research and $5,500,000 for a cold weather research program to be conducted by the University of Notre Dame.

Amendment No. 39: Earmarks $66,800,000 of the appropriation under this heading for research, development and demonstrations instead of $61,000,000 as proposed by the House and $69,100,000 as proposed by the Senate.

Urban Discretionary Grants

Amendment No. 40: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment which provides that grants awarded for the acquisition of rolling stock, including buses, shall only be awarded on the basis of performance, standardization, life-cycle costs, and other factors the Secretary may deem relevant.

Urban Formula Grants

Amendment No. 41: Appropriates $615,000,000 instead of $600,000,000 as proposed by the Senate and $650,000,000 as proposed by the House. The conference agreement includes $15,000,000 for tier II grants in addition to the Senate amount.

Amendment No. 42: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment which provides that grants awarded for the acquisition of rolling stock, including buses, shall only be awarded on the basis of performance, standardization, life-cycle costs, and other factors the Secretary may deem relevant.

Waterborne transportation demonstration project

Amendment No. 43: Appropriates $10,000,000 as proposed by the House.

Interstate Transfer Grants

Amendment No. 44: Deletes advance appropriation for fiscal year 1981 of $425,000,000 proposed by the House. The conferees believe that action on this advance appropriation should be deferred at this time. The conferees are in agreement that $320,000,000 of the fiscal year 1980 appropriation shall be available for those projects previously financed with contract authority in the following areas: Boston, Massachusetts; Philadelphia, Pennsylvania; Washington, D.C. (Maryland suburbs); Hartford, Connecticut; and Portland, Oregon.

RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION

Research and Special Programs

Amendment No. 45: Appropriates $25,846,000 instead of $24,396,000 as proposed by the House and $27,296,000 as proposed by the Senate. The conference agreement includes $1,400,000 for the Automotive Transportation Center, $500,000 for the development and testing of a lighter-than-air aerial transportation system and $200,000 for the hazardous materials activities and research described in the Senate report.

Amendment No. 46: Provides that $11,040,000 of the appropriation shall remain available until expended instead of $9,590,000 as proposed by the House and $12,490,000 as proposed by the Senate.

OFFICE OF THE INSPECTOR GENERAL

Salaries and Expenses

Amendment No. 47: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment which appropriates $700,000 together with $11,493,000 to be derived by transfer and $6,960,000 to be derived from funds available under 23 U.S.C. 104(a).

TITLE II—RELATED AGENCIES

NATIONAL TRANSPORTATION SAFETY BOARD

Salaries and Expenses

Amendment No. 48: Appropriates $16,782,500 instead of $16,730,000 as proposed by the House and $16,835,000 as proposed by the Senate.

CIVIL AERONAUTICS BOARD

The conferees agree that none of the appropriated funds shall be used for the public participation program.

INTERSTATE COMMERCE COMMISSION

Salaries and Expenses

Amendment No. 49: Appropriates $76,699,000 instead of $76,099,000 as proposed by the House and $78,599,000 as proposed by the Senate.

The conferees have not appropriated funds for the Office of Rail Public Counsel. The conferees expect the ICC to fully perform its legislated responsibility to act in the public interest. The conferees direct the ICC to fully develop the record in all of its hearings—supplementing the record developed by the parties to the extent it deems necessary to make decisions that are in the public interest. The conferees are especially concerned that the record in rail abandonment proceedings reflect the interests of affected communities and users and that field hearings be held if required.

The conferees agree that the Interstate Commerce Commission should not implement any action by rulemaking or effect adoption of a rule or a general policy which would permanently change existing standards pursuant to 49 U.S.C. 10922; nor adopt any permanent rule or general policy change under 49 U.S.C. 10706(b), pending new legislation. The conferees are aware, however, of the possibility that such new legislation may not be forthcoming in the near future and recognize that the quickly changing economic climate may require the ICC to make certain rulings that change the regulatory climate for some carriers. In order to be prepared for such action, the conferees direct the ICC to develop, and submit to the House and Senate Appropriations Committees, a position paper outlining the major policy guidelines that they would use to pursue the making of such determinations.

The conferees agree that the ICC may utilize appropriated funds to undertake studies that it finds necessary to fulfill its regulatory responsibilities in a manner that is consistent with the views of the conferees expressed above. The conferees have not included funds for the evaluation of actions taken by the Congress in the area of regulatory reform and will consider a request for such funds if and when such evaluations are requested by the Congress.

Payments for Directed Rail Service

Amendment No. 50: Appropriates $76,000,000 instead of $36,000,000 as proposed by the House and $100,000,000 as proposed by the Senate.

Amendment No. 51: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment amended to read as follows: ": *Provided further*, That none of the funds provided under this Act shall be available for the execution of programs the obligations for which can reasonably be expected to be in excess of $80,000,000 for directed rail service under 49 U.S.C. 11125".

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conferees strongly believe that directed rail service should be only a temporary mechanism to continue essential rail service for a brief period of time until a permanent solution is implemented. The conferees are doubtful that all of the services provided by the Rock Island are essential within the meaning of 49 U.S.C. 11125, in view of the long history of financial difficulties of this railroad. The conferees believe that directed rail service should be continued only where it is essential to prevent severe economic disruption. The conferees are hopeful that the Commission's hearings being held in the geographical areas served by the Rock Island will enable the Commission to separate nonessential and essential services. The conferees direct the Commission to consider only essential services for further directed service orders and to limit the duration of any further directed service orders to the minimum period of time found necessary to implement a permanent solution. The conferees believe that thoughtful and fair Commission decisions which distinguish between essential and nonessential service will indicate to those who may continue to receive essential service that such service is only temporary and that an alternative solution must be found. The conferees direct that the Commission not order directed service on the Rock Island which can reasonably be expected to result in obligations in excess of $70,000,000, without consultation with the House and Senate Appropriations Committees.

Amendment No. 52: Deletes language proposed by the Senate providing that none of the appropriation shall be available for directed rail service over the properties of the Chicago, Milwaukee, St. Paul and Pacific Railroad unless such service is provided entirely by the Chicago, Milwaukee, St. Paul and Pacific Railroad at the level of service existing on October 10, 1979.

PANAMA CANAL COMMISSION

Amendment No. 53: Reported in disagreement.

DEPARTMENT OF THE TREASURY

OFFICE OF THE SECRETARY

Investment in fund anticipation notes

Amendment No. 54: Inserts the words "and section 803 of Public Law 95-620," as proposed by the Senate.

Amendment No. 55: Provides $100,000,000 as proposed by the House instead of $150,000,000 as proposed by the Senate.

UNITED STATES RAILWAY ASSOCIATION

Payments for the Purchase of Conrail Securities

Amendment No. 56: Includes language proposed by the House which would prohibit USRA from making any of the appropriated funds available to Conrail if any of the funds would be used to compensate Conrail for losses incurred as a result of making certain employee protection payments authorized by Title V of the Regional Rail Reorganization Act of 1973 (3 R Act), as amended. The limitation would not apply to eligible employees who have been deprived of employment or whose employment has been materially diminished. The limitation would not become effective until March 1, 1980, instead of December 31, 1979, as proposed by the House.

The conferees intend that the phrase "deprived of employment" shall be defined as it is in Section 501(6) of the 3 R Act, as amended. In essence, that Act defines the phrase as meaning that a protected employee is unable through the normal exercise of seniority to obtain a position with Conrail or with a subsidiary. The phrase "whose employment has been materially diminished," as it relates to non-operating employees, is construed to cover a protected employee who is working in a job or position that pays an hourly wage rate less than that paid by a job or position held by that employee on September 1, 1979.

As it relates to operating employees, the conferees intend that the phrase "whose employment has been materially diminished" shall be interpreted to cover an employee who is working in a job or position in which his or her monthly compensation, in the month of claim, is less than the average monthly compensation, in that same month, for all employees in a similar craft and class; except that any employee whose 1974 guarantee is less than the average monthly compensation for his or her class or craft, shall only be eligible for that 1974 guarantee.

In determining the appropriate similar craft and class for any employee, it shall be the craft and class in which the employee worked the preponderance of his hours in 1974. The conferees also intend that maintenance-of-way employees shall be treated in accordance with the principles described above.

Of the sums made available to Conrail, the conferees expect that not less than $400,000,000 shall be used for capital projects. If this is not possible due to unforeseen circumstances, USRA shall report to the House and Senate Appropriations Committees the reasons for the shortfall and the latest reestimate of the capital program.

The conferees understand that Conrail is committed not to remove track, signal systems, or other equipment necessary for rail passenger service from the former Erie-Lackawanna rail line between Scranton, Pa. and Port Morris, N.J. until Amtrak has evaluated the 403(b) application from the Pennsylvania Department of Transportation (to be delivered before November 30, 1979) and decided whether to fund rail passenger service. The conferees also understand that Conrail will consider reasonable and timely alternatives to 403(b) funding offered by the State or local government agencies and private parties. The conferees further understand that Conrail has agreed not to remove any track or signal system on the former Erie-Lackawanna line from Scranton, Pa. through Binghamton, N.Y., while active good faith negotiations are being conducted for the sale of that line. The conferees request that Conrail notify the House and Senate Appropriations Committees ahead of time of any decision which will be made which could affect those commitments.

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

Interest Payments

Amendment No. 57: Deletes language proposed by the House providing that $14,187,000 of the appropriation for interest payments shall be derived by transfer.

NATIONAL ALCOHOL FUELS COMMISSION

Salaries and Expenses

Amendment No. 58: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which appropriates $1,500,000.

NATIONAL TRANSPORTATION POLICY STUDY COMMISSION

Salaries and Expenses

Amendment No. 59: Appropriates $66,157 as proposed by the Senate.

TITLE III—GENERAL PROVISIONS

Amendment No. 60: Limits commitments for grants-in-aid for airports to $640,000,000 as proposed by the Senate instead of $620,000,000 as proposed by the House.

The conferees direct that any airport projects referred to in the fiscal year 1979 reports of the House and Senate Committees on Appropriations, which were not funded as of September 30, 1979, should be accomplished within the fiscal year 1980 obligation limitation.

In addition to the specific directions provided in the House and Senate reports as to locations where airport improvements should be made, the conferees direct that $2,500,000 shall be provided to the Akron-Canton Regional Airport.

Amendment No. 61: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment amended to read as follows: ", of which $30,000,000 shall be added to the discretionary fund available for distribution pursuant to 49 U.S.C. 1715 (a) (3) (B) and (a) (4) (C)".

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 62: Limits obligations for Federal-Aid Highways to $8,750,000,000 instead of $8,500,000,000 as proposed by the Senate and $9,000,000,000 as proposed by the House. The conferees are in agreement that, if necessary, a supplemental estimate to increase the obligation ceiling will be considered.

The conferees recognize the enormous damage wrought by Hurricane Frederic in Alabama and direct the Secretary of Transportation to make such reprogrammings as necessary within the emergency relief program to ensure that funds are made available for repairing damages to the Federal-aid highway system in Alabama.

Amendment No. 63: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment which provides that the Secretary shall designate as a route on the national system of Interstate and Defense highways 6 miles extending I–164 southward to South Lane Drive to tie into U.S. 41 South.

Amendment No. 64: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment amended to read as follows: ": *Provided further*, For not more than 90 per centum of the necessary expenses of the functional replacement of publicly-owned facilities located within the proposed right-of-way of Interstate Route 170 in Baltimore, Maryland, $2,000,000 out of the Highway Trust Fund, to remain available until expended: *Provided*, That the Secretary of Transportation is authorized and directed to proceed with the obligation of the necessary funds for such publicly-owned facilities without regard to the provisions of the National Environmental Policy Act of 1969, as amended: *Provided further*, That actual construction of a highway on the right-of-way with respect to which said funds are expended shall be commenced within a period not exceeding ten years following the date of enactment of this Act or said funds shall be repaid to the Highway Trust Fund with interest.".

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 65: Limits guarantees of private aircraft loans to $650,000,000 instead of $500,000,000 as proposed by the House and $800,000,000 as proposed by the Senate.

Amendment No. 66: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment amended to read as follows: ": *Provided*, That the funds in this Act shall be available for the guarantee of loans for the refinancing of aircraft purchased after January 20, 1979, if an application for an aircraft purchase loan guarantee covering such aircraft was filed prior to that date but after October 24, 1978, and if such application meets the requirements of section 42(d) of the Airline Deregulation Act of 1978.".

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 67: Deletes language proposed by the Senate which would limit the obligation of funds made available for terminal development under the Airport and Airway Development Act of 1970 to projects whose costs are directly related to the movement of passengers and baggage in air commerce within the boundaries of an airport. The conferees agree that no funds made available under the Airport and Airway Development Act of 1970, as amended, shall be obligated for statues or other artwork for airports.

Amendment No. 68: Inserts language proposed by the Senate which would exempt two rail crossings in Connecticut from the requirements under section 322 of Title 23 of the United States Code or under sections 701 or 703 of the Railroad Revitalization and Regulatory Reform Act of 1976, to eliminate at-grade crossings along the Northeast Corridor, and conforms section number.

CONFERENCE TOTAL—WITH COMPARISONS

The total new budget (obligational) authority for the fiscal year 1980 recommended by the Committee of Conference, with comparisons to the fiscal year 1979 amount, the 1980 budget estimates, and the House and Senate bills for 1980 follow:

New budget (obligational) authority, fiscal year 1979	$9, 358, 203, 096
Budget estimates of new (obligational) authority, fiscal year 1980	[1] 9, 983, 319, 782
House bill, fiscal year 1980	9, 416, 015, 782
Senate bill, fiscal year 1980	9, 665, 446, 939
Conference agreement	[2] 9, 561, 312, 439
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 1979	+203, 109, 343
Budget estimates of new (obligational) authority, fiscal year 1930	−422, 007, 343
House bill, fiscal year 1980	+145, 296, 657
Senate bill, fiscal year 1980	−104, 134, 500

[1] Reflects $713,351,000 of budget estimates not considered by the House; does not reflect $405,000,000 for fiscal year 1981 Interstate transfer grants which was deferred from consideration by the conferees.

[2] Reflects $463,887,000 for Panama Canal Commission which is reported in disagreement.

R. Duncan,
Tom Steed,
Adam Benjamin, Jr.,
William Lehman,
Martin Olav Sabo,
Bennett M. Stewart,
Edward P. Boland,
Jamie L. Whitten,
Silvio O. Conte,
Jack Edwards,
Clarence Miller,
Larry Coughlin,
Managers on the Part of the House.
Birch Bayh,
Warren G. Magnuson,
John C. Stennis,
Robert C. Byrd,
Thomas Eagleton,
John A. Durkin,
James A. McClure,
C. McC. Mathias, Jr.,
L. P. Weicker, Jr.,
Milton R. Young,
Managers on the Part of the Senate.

CONFERENCE REPORT ON H.R. 2676

Mr. FUQUA submitted the following conference report and statement on the bill (H.R. 2676) to authorize appropriations for environmental research, development, and demonstrations for the fiscal year 1980, and for other purposes.

Conference Report (H. Rept. No. 96–611)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 2676) to authorize appropriations for environmental research, development, and demonstrations for the fiscal year 1980, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, 4, 5, 6, and 7 and agree to the same.

Amendment numbered 1:

That the House recede from its disagreement to the amendment of the Senate with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

Sec. 2. (a) There are authorized to be appropriated to the Environmental Protection Agency for environmental research, development, and demonstration activities for the fiscal year 1980 for the following activities:

(1) $66,659,000 for water quality activities authorized under the Federal Water Pollution Control Act of which—

(A) $25,224,000 is for the Health and Ecological Effects program: *Provided*, That of the funds appropriated pursuant to this paragraph, $900,000 shall be obligated and expended on the Cold Climate Research program through the Environmental Protection Agency's Corvallis Environmental Research Laboratory, Corvallis, Oregon: *Provided further*, That of the funds appropriated pursuant to this paragraph, $3,600,000 shall be obligated and expended on the Great Lakes Research Station, Grosse Ile, Michigan: *And provided further*, That of the funds appropriated pursuant to this paragraph, $1,000,000 shall be obligated and expended on research to develop environmentally sound methods to control aquatic weeds;

(B) $14,827,000 is for the Industrial Processes program;

(C) $12,250,000 is for the Monitoring and Technical Support program, and

(D) $14,358,000 is for the Public Sector Activities program.

(2) $9,638,000 for activites under the Federal Insecticide, Fungicide, and Rodenticide Act of which—

(A) $8,298,000 is for the Health and Ecological Effects program:

(B) $900,000 is for the Industrial Processes program; and

(C) $440,000 is for the Monitoring and Technical Support program.

(3) $26,919,000 for water supply activities authorized under the Safe Drinking Water Act of which—

(A) $21,944,000 is for the Public Sector Activities program;

(B) $4,000,000 is for a groundwater program to include soil pollution research activities; and

(C) $975,000 is for the Monitoring and Technical Support program.

(4) $30,977,000 for toxic substances control activities authorized under the Toxic Substances Control Act of which—

(A) $26,397,000 is for the Health and Ecological Effects program;

(B) $1,742,000 is for the Industrial Processes program; and

(C) $2,838,000 is for the Monitoring and Technical Support program.

(5) $2,930,000 for radiation activities authorized under the Public Health Service Act, in the Health and Ecological Effects program.

(6) $71,963,000 for air quality activities authorized under the Clean Air Act of which—

(A) $46,624,000 is for the Health and Ecological effects program;

(B) $4,050,000 is for the Industrial Processes program; and

(C) $21,289,000 is for the Monitoring and Technical Support program.

(7) $10,243,000 for solid waste activities authorized under the Resource Conservation and Recovery Act, of which—

(A) $8,143,000 is for the Public Sector Activities program, and

(B) $2,100,000 is for a Hazardous Waste program, of which—

(i) $300,000 shall be used for a study of non-nuclear hazardous waste disposal including consideration of the effects of such disposal on the environment, and a general review of disposal technology, alternatives to disposal, and options for containing or removing hazardous wastes already in the environment. The Administrator of the Environmental Protection Agency shall enter into appropriate arrangements with the National Academy of Sciences to conduct this study. The Academy should complete the study within eighteen months after funding arrangements have been made and make interim reports at least every six months to the Congress and the Environmental Protection Agency. The Administrator shall regularly report to the Congress on the Agency's response to the interim reports and shall deliver his recommendations for acting on the findings of the final study no later than July 1, 1981;

(ii) $300,000 shall be used to begin development of protocols and working manuals specifying the types of health problems associated with various hazardous wastes, effects of various kinds of exposure, strategies to contain releases from hazardous disposal sites, actions to be taken by on-scene response teams, and other activities deemed by the Administrator to be of urgent need in responding to hazardous waste releases; and

(iii) $1,500,000 shall be used to demonstrate cost-effective strategies for isolating, containing, or neutralizing hazardous wastes.

(8) $500,000 for noise control activities authorized under the Noise Control Act, in the Health and Ecological Effects program.

(9) $25,449,000 for Interdisciplinary activities of which—

(A) $5,099,000 is for the Health and Ecological Effects program;

(B) $16,883,000 is for the Anticipatory Research program; and

(C) $3,467,000 is for the Monitoring and Technical Support program.

(10) $103,461,000 for Energy-related activities of which—

(A) $49,186,000 is for the Health and Ecological Effects program; and

(B) $54,275,000 is for the Energy Control program.

(b) There is authorized to be appropriated to the Environmental Protection Agency, Office of Research and Development, for the fiscal year 1980, for program management and support, $26,753,000.

(c) No funds may be transferred from any particular category listed in subsection (a) or (b) to any other category or categories listed in either such subsection if the total of the funds so transferred from that particular category would exceed 10 per centum thereof, and no funds may be transferred to any particular category listed in subsection (a) or (b) from any other category or categories listed in either such subsection if the total of the funds so transferred to that particular category would exceed 10 per centum thereof, unless—

(1) a period of thirty legislative days has passed after the Administrator of the Environmental Protection Agency or his designee has transmitted to the Speaker of the House of Representatives and to the President of the Senate a written report containing a full and complete statement concerning the nature of the transfer involved and the reason therefor or

(2) each committee of the House of Representatives and the Senate having jurisdiction over the subject matter involved, before the expiration of such period, has transmitted to the Administrator written notice to the effect that such committee has no objection to the proposed action.

(d) (1) The Administrator shall continue to be responsible for conducting and shall continue to conduct full-scale demonstrations of energy-related pollution control technologies as necessary in his judgment to fulfill the provisions of the Clean Air Act as amended, the Federal Water Pollution Control Act as amended, and other pertinent pollution control statutes.

(2) Energy-related environmental protection projects authorized to be administered by the Environmental Protection Agency under this Act shall not be transferred administratively to the Department of Energy or reduced through budget amendment. No action shall be taken through administrative or budgetary means to diminish the ability of the Environmental Protection Agency to initiate such projects.

(e) The Administrator shall establish a separately identified program to conduct continuing and long-term environmental research and development. Unless otherwise specified by law, at least 15 per centum of the funds appropriated to the Agency for environmental research and development in each category listed in subsection (a) of this section shall be allocated for such long-term environmental research and development under this subsection.

And the Senate agree to the same.

Don Fuqua,
Jerome A. Ambro,
George E. Brown, Jr.,
Jim Blanchard,
Robert S. Walker,
Don Ritter,
Managers on the Part of the House.
John Culver,
Mike Gravel,
Gary Hart,
Robert T. Stafford,
John H. Chafee,
Managers on the Part of the Senate.

Joint Explanatory Statement of the Committee of Conference

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 2676) to authorize appropriations for environmental research, development, and demonstrations for fiscal year 1980, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the elect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate made seven amendments to the House-passed bill, four of which (numbered 1, 2, 4 and 5) were substantive in nature and three of which (numbered 3, 6, and 7) were conforming amendments. The principal differences between the House and Senate versions arose because of amendment numbered 1 by which the Senate replaced section 2 of the House bill with a new version. Thus, in developing compromise language for section 2, the conferees dealt with most of the substantive matters before them. All of the agreements reached are described in the following paragraphs on a section-by-section basis (according to section numbers in the House bill). Thus, each Senate amendment and its resolution is dealt with as it comes up in the bill. Emphasis is given to changes made, but sections of the House version not changed by the Senate are indicated.

SECTION 1—SHORT TITLE

The short title was not changed and thus stands as passed by the House.

SECTION 2—PROGRAM AUTHORIZATIONS

Section 2, Program Authorizations, was amended by the Senate (amendment numbered 1), and further amended by the conferees. The Senate amendment was a substitute for the House-passed version. This amendment had two principal effects: first, it related the research program activites to regulatory statutes. For example, water quality research was tied to the Federal Water Pollution Control Act. The conferees agreed to this.

Second, the Senate amendment changed the funding levels for some of the program elements. The action of the conferees with regard to each of these elements is described below together with other minor alterations. The program funding levels are contained in such section 2(a).

The following table summarizes the amount of funds that would be authorized by the conference recommendation.

	President's request	House authority	Senate authority	Conference agreement
Air:				
Health and ecological effects	45,524	45,524	[1] 50,624	[1] 46,624
Industrial	4,050	4,500	4,050	4,050
Monitoring and technical support	21,289	21,289	21,288	21,289
Subtotal	70,863	71,313	75,962	[1] 71,963
Water:				
Health and ecological effects	22,224	25,224	23,124	25,224
Industrial	14,827	14,827	14,827	14,827
Public sector	14,358	14,358	14,358	14,358
Monitoring and technical support	12,250	12,250	12,250	12,250
Subtotal	63,659	66,659	64,559	66,659
Drinking water:				
Health and ecological effects and public sector	22,944	23,944	18,944	21,944
Monitoring and technical support	725	975	725	975
Groundwater	0	4,000	4,000	4,000
Subtotal	23,669	28,919	23,669	26,919
Solid waste:				
Hazardous waste	0	0	0	[2] 2,100
Public sector	8,143	8,143	8,143	8,143
Subtotal	8,143	8,143	8,143	[2] 10,243
Pesticides:				
Health and ecological effects	8,298	8,298	8,298	8,298
Industrial	900	900	900	900
Monitoring and technical support	440	440	440	440
Subtotal	9,638	9,638	9,638	9,638
Radiation: Health and ecological effects, subtotal	2,930	2,930	2,930	2,930
Noise: Health and ecological effects, subtotal	0	0	2,000	500
Toxic:				
Health and ecological effects	29,397	26,397	29,397	26,397
Industrial	1,742	1,742	1,742	1,742
Monitoring and technical support	2,838	2,838	2,838	2,838
Subtotal	33,977	30,977	33,977	30,977
Energy:				
Health and ecological effects	49,186	49,186	[2] 53,486	[2] 49,186
Energy control	53,275	54,275	53,275	54,275
Subtotal	102,461	103,461	106,761	103,461
Interdisciplinary:				
Health and ecological effects	5,099	5,099	5,099	5,099
Public sector	0	0	0	0
Anticipatory	12,433	12,433	[3] 16,883	[3] 16,883
Monitoring and technical support	2,567	3,467	2,567	3,467
Subtotal	20,099	20,999	24,549	[3] 25,449
Program management and support, subtotal	27,753	26,753	27,452	26,753
Subtotal	363,192	369,792	379,640	375,492
Special authorizations:				
Long term research	4,450	4,450	(3)	(3)
Gulf Coast study	1,100	1,100	(1)	(1)
Waste water reuse	0	1,000	0	0
Total EPA	368,742	376,342	379,640	375,492
Environmental research at NBS	3,372	5,000	4,000	4,000
Grand total	372,114	381,342	383,642	379,492

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[1] Gulf coast study funding of $1,100,000 included in air health and ecological effects category.

[2] Hazardous waste research and demonstration moved from energy programs in Senate bill to solid waste program.

[3] Long-range research $4,450,000, is listed separately in the House bill, but is included in anticipatory research in Senate bill and conference agreement.

SECTION 2(a)(1) WATER QUALITY ACTIVITIES

(*A*) *Health and ecological effects program*

The bill, as agreed upon in conference, provides the House-passed level of $25,224,000, an increase of $2,100,000 above the Senate level. The bill directs that EPA use the following amounts of apportioned funds under this authorization for the purposes described below:

(1) An extra $2,000,000 over the President's request of $1.6 million is to be used for the Great Lakes Research Program implemented through the Environmental Protection Agency's Large Lakes Research Station, Grosse Ile, Michigan, to ensure that efforts to assess the effects of chemical, biological, and physical pollutants on the Great Lakes are continued at the fiscal year 1979 level of $3,600,000.

Efforts to develop a way to remove toxic substances from sediments, without causing the pollutants to become suspended again, are to be continued. Emphasis should be placed in two areas: (1) The relationship between consumption of fish and levels of contamination in the human body, in order to provide necessary data to link sources of pollution to accumulation of these substances in man; and (2) the development of a management strategy for control of toxic substances in the Great Lakes.

(2) $1,000,000 is to be used for aquatic weed control. The committee of conference notes with deep concern that the Agency has proposed no research program in this area for fiscal year 1980. The conferees intend that a research program be conducted with the purpose of eventually providing environmentally sound solutions to the problems of aquatic weeds, and that this research program have a national scope.

(3) $900,000 to continue activities formerly conducted by the Arctic Laboratory in Fairbanks, Alaska, and conducted in fiscal year 1979 through the Environmental Protection Agency's Corvallis, Oregon, Environmental Research Laboratory. This funding, although listed under water quality programs for purposes of convenience, has been used in the past to perform environmental research in several media, spanning the entire spectrum of the Agency's program offices. The conferees anticipate that this would continue, and it is the intent of the conferees that funds from other categories may be used for these activities. The Agency has maintained for several years a Cold Climate Research Laboratory in Fairbanks, Alaska, to conduct cold climate environmental research. Last year, the Agency decided to close this laboratory due to manpower and cost efficiency considerations. The laboratory officially closed in fiscal year 1979.

The Agency has assured the conferees that the cold climate research would be continued extramurally through grants and cooperative agreements to the University of Alaska, the State government, and other qualified researchers, both in other Federal agencies and in the academic and scientific world. These grants and/or cooperative agreements would be managed by one or more of the Agency's laboratories which conduct cold climate research.

The conferees encourage the Agency to coordinate its cold climate research with similar work being conducted in other agencies such as the Fish and Wildlife Service, National Oceanic and Atmospheric Administration, and the U.S. Army Corps of Engineers, so that the particular expertise of each Federal agency is used to its fullest in designing a comprehensive environmental research program in this area.

In water as with other media, the committee of conference recommends that health effects research give proper emphasis to reducing and eliminating, where possible, the uncertainties associated with exposure to substances already on the regulatory agenda. It is of great concern that relatively little is known about the health effects of many environmental pollutants and toxic chemicals, and the committee of conference is concerned that in the past, too much research has focused on compiling lengthy lists of potential hazards and not enough on establishing estimates of total human exposure, the relative risks of various hazards, and the determination of human health effects at known or typical exposure levels.

(*B*) *Industrial processes program*

Both the House and Senate endorsed the President's request of $14,827,000 in this area.

(*C*) *Monitoring and technical support program*

Both the House and Senate endorsed the President's request of $12,250,000 in this area.

(*D*) *Public sector activities program*

Both the House and Senate endorsed the President's request of $14,358,000 in this area.

SECTION 2(a)(2) PESTICIDE ACTIVITIES

Both the House and Senate endorsed the President's request of $9,638,000 in this area.

SECTION 2(a)(3) DRINKING WATER ACTIVITIES

(*A*) *Public sector activities program*

The conferees agreed to the Administration's proposed level of funding with one change which resulted because both the House and Senate created a new category for research into groundwater protection.

Groundwater is becoming an increasingly important source of drinking water. Its quality is faced with increasing threat of pollution due to our nation's growth, due to the increasing use of toxic substances, and due to their release into groundwater as other disposal means are regulated. The conferees therefore intend that groundwater research be carried on as a separate program. To this end, $1,000,000 for groundwater research has been shifted out of the ongoing Health and Ecological Effects Program into the new category leaving an authorization of $21,944,000. This shift is $3,000,000 less than contemplated in the Senate bill. It should be emphasized that the $1,000,000 shift is really only a relabeling of ongoing work.

(*B*) *Groundwater research program*

In addition to shifting $1,000,000 as described above, the conferees agreed to add $3,000,000 for a total authorization of $4,000,000 in section 2(a)(3)(B).

It is intended that this funding be used to increase our understanding of the movement of groundwater in general; the entry of contaminants into groundwater both from point sources (such as open dumps and spills) and from non-point sources; the movement of contaminants in groundwater; and how contaminated aquifers or parts of aquifers can be purified and isolated.

Because contaminated soil and surface runoff may often be pathways to pollution of groundwater, it is the intent of the conferees that a Federal research program employ the expertise of the leading universities which are already concerned with soil conditions and quality, such as Iowa State University, to perform portions of this groundwater research.

(C) *Monitoring and technical support program*

The conferees agreed upon the House level of $975,000, an increase of $250,000 over the Administration's request and the Senate bill. The purpose of this increase is to restore an emphasis on an automated laboratory testing system which assists States and regions in implementing water supply laboratory certification programs and in assuring data quality control.

SECTION 2(a)(4) TOXIC SUBSTANCES ACTIVITIES

(A) *Health and ecological effects program*

The House version provided $3,000,000 less than the Administration's proposed level of $29,397,000. The Administration's proposed budget, which included 59 positions, was a substantial increase from the final 1979 level by $17,350,000 and 27 positions. Because the Director of the Office of Health and Ecological Effects has been only newly appointed, and because some of the Agency's health research laboratories have not been fully utilized during the past year (according to the report of the Health Effects Research Review Group), it was felt that a smaller increase for fiscal year 1980 would not significantly harm the Agency's planned new initiatives in this area. The conferees agreed upon the House level of $26,397,000.

The conferees are concerned that not enough past research has focused on establishing estimates of human exposure, the relative risk of various hazards, and on prediction of human health effects at different exposure levels, and direct the Agency to achieve a proper balance between these areas of research and research to identify new potential health hazards.

(B) *Industrial processes program*

Both the House and Senate endorsed the President's request of $1,742,000 in this area.

(C) *Monitoring and technical support program*

Both the House and Senate endorsed the President's request of $2,838,000 in this area.

SECTION 2(a)(5) RADIATION ACTIVITIES

Both the House and Senate endorsed the President's request of $2,930,000 in this area.

SECTION 2(a)(6) AIR QUALITY EFFECTS PROGRAM

(A) *Health and ecological effects program*

The conferees agreed to the House-passed level of $45,524,000 and to include in this category the Gulf Coast Air Quality Study (an ongoing research program which the House had authorized separately in Section 3 of the House bill) for a total of $46,624,000. This is a reduction of $4,000,000 below that which had been authorized by the Senate. The Senate addition was to be for additional research on pollutants from diesel engines and control strategies for those pollutants. The conferees concluded that increased research into control of pollution from diesel engines is necessary, and that this need would best be met by the creation, in fiscal year 1980, of a specific agency plan for such research and submission of a budget proposal reflecting increased diesel research in fiscal year 1981. The agency is so directed.

(B) *Industrial processes program*

The Senate authorized funds at the level requested by the Agency, $4,050,000, while the House authorized an additional $450,000 to improve and facilitate the effective use of new control technologies. The level agreed upon is the level requested, i.e., $4,050,000, and reflects the appropriation for this item.

(C) *Monitoring and technical support program*

Both House and Senate endorsed the President's request of $21,289,000 in this area.

SECTION 2(a)(7) SOLID WASTE ACTIVITIES

(A) *Public sector program*

Both the House and Senate voted to authorize the Administration's proposed total of $8,143,000 for Public Sector Activities.

(B) *Hazardous waste program*

Originally the Senate had voted to break the energy-related research authorization into activities authorized under each regulatory statute. This was contrary to the format of both the President's request and the House bill. The conferees agreed to recombine energy-related research as in the House bill. The reason this is relevant is that the Senate had added $4,000,000 to the energy-related activities in the Solid waste category, with the intention that the funds be used for research related to hazardous wastes. The conferees decided to retain $2,100,000, for dealing with hazardous waste, and agreed that hazardous waste research merits a separate authorization category. The conferees have included this category under Solid Waste Activities.

Both the House and Senate have heard a great deal of testimony, including testimony from the Agency itself, regarding the serious health problems posed by old and abandoned hazardous waste dumps and by the ongoing practice of "midnight dumping". This testimony has indicated that in many instances, control technology does not exist or experimental control systems must be devised on the spot as releases from these dumpsites are discovered. In most cases, the only effective known control strategy is that of physically removing wastes and waste-impregnated soil and water, and taking these materials to distant incinerators or containment facilities. This strategy can be monumentally expensive and poses its own environmental and public health risks. The Agency estimates that 2,000 hazardous waste sites across the nation pose potential threats to public health. The cost of removing and destroying or permanently isolating wastes, using existing technology, was approximately $25 million per site in one recent estimate calculated by a contractor for the agency.[1] On the other hand, the potential damage from one of these sites can run into hundreds of millions of dollars.

The conferees therefore conclude that a research program to find less expensive and more effective control strategies is not only an excellent investment of public funds, it is imperative for protection of the public health and welfare, and therefore they direct the Agency to set up such a program. Of the first-year authorization of $2,100,000 for this category, $1,000,000 is to demonstrate the technical feasibility and cost-effectiveness of in-place solidification of hazardous wastes at an ongoing Environmental Protection Agency project in Charles City, Iowa, and $500,000 is for a project to demonstrate effective control strategies at a hazardous waste site in Coventry, Rhode Island.

An additional $300,000 is to be used for a National Academy of Sciences study (sec. 2(b)(2) of the House bill, sec. 2(a)(7)(B)(i) of the Senate bill). The conferees conclude that this study is urgently needed and is essential to the establishment of an effective research program on the serious health problem of hazardous waste sites, spills, and illegal dumping.

This study will address technical issues associated with cleaning up or mitigating releases of hazardous wastes into the environment and is intended to provide guidance useful in setting research and development priorities.

An additional $300,000 is allocated to actions that the Agency deems to be of the highest priority; this would include devising strategies to contain releases from hazardous disposal sites; creating protocols and technical manuals for on-scene response teams; development of containment systems and measures, and other short-term research.

SECTION 2(a)(8) NOISE CONTROL ACTIVITIES

Health and ecological effects program

The Administration proposed no noise research in the Agency's research budget, but did propose $500,000 in the separate budget for the Office of Noise Abatement and Control (ONAC) which is not a subject of this conference.

The Senate proposed an additional authorization of $2,000,000 for noise health effects research, while the House did not provide any additional authority in the Agency's research budget.

The conferees concluded that $500,000 in additional research authority (over that proposed for the Office of Noise Abatement and Control) is justified. Recent studies have indicated that severe and repeated exposures to noise may have severe health effects other than the known effects on hearing, and the conferees conclude that further research in this area is warranted.

Because some noise research is presently conducted in the Office of Noise Abatement and Control and none is conducted in the research office, the conferees believe it would be appropriate to continue this research under the present regime in the current year. However, the Agency is directed to notify the appropriate committees of the House and Senate if the authority under this legislation is used for any noise research beyond that likely to be approved in the ONAC authorization. Further, if the Agency plans to continue noise research within the ONAC in future years, it is directed to so notify the Committee on Science and Technology of the House and the Committee on Environment and Public Works of the Senate during the 1980 fiscal year, giving its reasons for keeping the research function within the regulatory office.

SECTION 2(a)(9) INTERDISCIPLINARY ACTIVITIES

(A) *Health and ecological effects program*

Both the House and Senate endorsed the President's request of $5,099,000 in this area.

(B) *Anticipatory research program*

Both the House and Senate and the Conference Report endorsed the funds in the President's request in this area, $16,883,000, but with a small difference. That is, the House bill had separated out the funding ($4.45 million) for the Agency's Center Support Research Program (see below) and included it (at the President's level) in section 3, Special Authorizations, as funding for "long-term environmental research programs". This was done principally to emphasize the importance attached to the program, not to change it. The Senate had kept the funding as part of the Anticipatory program. The conferees agreed to the Senate format, and thus removed the funding from section 3.

Center of Excellence

It has come to the attention of conferees that the Agency is planning to augment its present research capabilities through the establishment of "Centers of Excellence" at various universities throughout the nation. EPA had planned to begin its efforts in this regard in fiscal year 1979, but due to reductions in the anticipatory research budget, the agency was not able to proceed with this program as planned. The conferees endorse the concept of allowing the Agency to enhance its research capability by building upon the extensive experience and expertise of various universities and hopes that the funds for this effort will be made available from the fiscal year 1980 budget.

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[1] "Preliminary Assessment of Cleanup Costs for National Hazardous Waste Problems." Fred C. Hart Associates, Inc., 527 Madison Avenue, New York, N.Y. 10022, Feb. 23, 1979.

(*C*) *Monitoring and technical support program*

The House version added $900,000 to the Administration's request for $2,567,000, essentially restoring the program to its 1979 level. The conferees agree with the Agency's decision to shift funding responsibility for some of the technology transfer activities to the users; however, not all users will have such funds, and the Agency may want to provide technological support and information to some users at no charge and to find potential users whose needs are not being met. The conferees conclude that the increase could be used for these types of activities.

SECTION 2(a)(10) ENERGY ACTIVITIES

(*A*) *Health and ecological effects program*

The Senate version authorizes a level of $53,486,000 (in the Senate bill this amount is distributed among the various authorization categories and does not appear as a single figure). This is $4,300,000 more than the Administration's proposal and the House-passed level of authorization, reflecting the creation of a hazardous waste research program (under the category Solid Waste-Energy in the Senate bill). The conferees agreed on a level of $49,186,000 which was the House level and the President's request.

As discussed elsewhere in this report, the conferees conclude that the importance of controlling hazardous wastes justifies creation of a separate program of research, and have separated this funding from the energy program. Thus the apparent decrease of $4.3 million in the Senate-authorized funding for the energy program reflects in part a shift in the category under which hazardous waste research appears.

(*B*) *Energy control program*

The House version increases funding for energy controls by $1,000,000 over the Administration's recommended level of $53,275,000. The purpose of this increase is to accelerate development of control technology to enable the nation to increase environmentally sound use of coal, our nation's most abundant domestic fuel source. In agreeing on a level of $54,275,000 the conferees agreed that this is an appropriate increase for this area, and a modest one.

SECTION 2(b) PROGRAM MANAGEMENT AND SUPPORT

The Administration proposed a level of $27,753,000 for Program Management and Support, which is 18 percent more than the fiscal year 1979 budget for this category. The House version cuts $1,000,000 from this request, and in addition directs that $300,000 from the appropriation for Program Management and Support be used for a special study of non-nuclear hazardous waste disposal, to be conducted by the National Academy of Sciences. The Senate version also requires that the Agency fund this study, but otherwise restores the decrease made by the House.

The conferees concluded that in a tight budget year, an 18 percent increase in authorizations for Program Management and Support is unwarranted, especially in light of the fact that the total budget for research and development is up only about 10 percent. The conferees, therefore agreed to the House-passed level of $26,753,000. However, it was concluded that the study of non-nuclear hazardous waste should more appropriately be undertaken as part of the newly created Hazardous Waste Research Program. Therefore, in the bill as reported from the committee on conference, this study is directed under Hazardous Waste activities in the Solid Waste Program. Its content and timetable were not changed.

SECTION 3—SPECIAL AUTHORIZATIONS

Senate amendment numbered 2 struck this section. The House yielded after the conferees agreed that certain of the funds authorized in section 3 of the House bill would be included in the conference amendment to the amendment numbered 1 (i.e., in the program authorizations of sec. 2).

Specifically, section 3 had authorized:

(*a*) $4,450,000 for long-term research. The conferees agreed to include this funding in the Anticipatory Research program (in section 2), as it had been in the President's request.

(*b*) $1,100,000 for the Gulf Coast study (authorized in section 403(d) of the Clean Air Act amendments of 1977). The conferees agreed to include this funding in the Air/Health and Ecological Effects program (in section 2) as it had been in the President's request.

(*c*) Wastewater Reuse Grants. The Administration did not propose any funding in this area for fiscal year 1980, as studies conducted under the fiscal year 1979 authorizations were being completed. The House version included $1,000,000 for these grants, while the Senate version did not include an authorization for this area. The conferees concluded that an authorization is not needed until such time as new uses for wastewater are identified as both needy and worthy of demonstration funds.

Thus in agreeing to the Senate amendments the conferees would delete only one authorization, while the other two would be merely moved from this section to section 2, where the Senate had placed them.

SECTION 4—OTHER AUTHORIZATIONS

This section authorizes environmental research activities at the National Bureau of Standards. Senate amendment numbered 3 would change the number of this section (from 4 to 3) and the conferees agreed since they had agreed to delete section 3. Senate amendments numbered 4 and 5 would change the levels authorized (a) for measurement sciences from $3,000,000 to $500,000 and (b) for activities authorized under the Resource Conservation and Recovery Act from $2,000,000 to $3,500,000.

(*a*) *Environmental measurement sciences*

The House version includes $3,000,000 for research in this area, an increase of $2,750,000 over the Administration's request. The conferees endorse the House committee report's position that this research is important and should be strengthened, and recommend an authorization level of $500,000, which is $250,000 higher than the Administration's request.

(*b*) *Research under the Resource Conservation and Recovery Act*

The conferees agreed to add $378,000 to the Administration's request of $3,122,000 for a program in the Department of Commerce to develop specifications for materials recovered from waste streams. These specifications are a first necessary activity before a market can be developed for these materials. This research was to have been completed by October 21, 1978, but it has not been completed due to lack of funding. The object of this activity is resource conservation, which will not only help the nation to achieve its environmental goals, but will also contribute to saving energy which would otherwise be used in mining and purification of virgin materials. The conferees strongly recommend that this program be stepped up.

SECTION 5—REPORTING

This section requires the EPA to keep the Congress currently informed of its activities, including budget requests. The Senate agreed to this provision. Senate amendment numbered 6 would only change the number of the section (from 5 to 4) in order to conform.

SECTION 6—REIMBURSEMENT FOR USE OF FACILITIES

This section allows EPA to be reimbursed for costs incurred when it allows its special testing facilities to be used by outside groups. In many cases the public interest would be served if more use could be made of certain special test facilities; at the same time it was felt that EPA should not pay costs of outside use nor should it subsidize private concerns, thus the need for reimbursement. (An example of the kind of facility being addressed is the EPA "OMHSETT" facility, a very large tank (with wave-making capacity) which is used to test full-scale equipment for cleaning oil spills).

The Senate conferees agreed to this provision and their amendment numbered 7 would make only a conforming change of section number (from 6 to 5).

Don Fuqua,
Jerome A. Ambro,
George E. Brown, Jr.,
Jim Blanchard,
Robert S. Walker,
Don Ritter,
Managers on the Part of the House.

John Culver,
Mike Gravel,
Gary Hart,
Robert T. Stafford,
John H. Chafee,
Managers on the Part of the Senate.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows to:

Mr. Cheney (at the request of Mr. Rhodes), for today, on account of official business.

Mr. Corman (at the request of Mr. Wright), for today, on account of official business.

Mr. Glickman, for afternoon of November 9, 1979, on account of attendance at activities of National Alcohol Fuels Commission hearing.

Mr. Jones of North Carolina (at the request of Mr. Wright), for November 9 through 16, on account of illness.

Mrs. Spellman (at the request of Mr. Wright), for today, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Solomon) to revise and extend their remarks and include extraneous matter:)

Mr. Rudd, for 15 minutes, today.

Mr. Buchanan, for 5 minutes, today.

Mr. Bethune, for 1 hour on November 13, 1979.

Mr. Paul, for 1 hour on November 13, 1979.

Mr. Martin, for 15 minutes, today.

(The following Members (at the request of Mr. Anthony) to revise and extend their remarks and include extraneous matter:)

Mr. Weaver, for 10 minutes, today.

Mr. Annunzio, for 5 minutes, today.

Mr. Gonzalez, for 15 minutes, today.

Mr. Hall of Ohio, for 20 minutes, today.

Mr. Bingham, for 5 minutes, today.

Mr. Waxman, for 5 minutes, today.

Mr. Preyer, for 5 minutes, today.

Mr. Rostenkowski, for 5 minutes, today.

Mr. Lundine, for 5 minutes, today.

Mr. Vanik, for 10 minutes, today.

Mr. Satterfield, for 5 minutes, today.

Mr. Flood, for 10 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. Solomon) and to include extraneous matter:)

Mr. Symms.

Mr. Buchanan.

Mr. Ritter.

Mr. Forsythe.

Mr. Paul.

Mr. Gilman in two instances.

Mr. Tauke in two instances.

Mr. Evans of Delaware.

Mr. Kelly.

Mr. Derwinski in two instances.

Mr. Gingrich.

Mr. McCloskey.

Mr. Grassley.

Mr. Hansen in five instances.

(The following Members (at the request of Mr. Anthony) and to include extraneous matter:)

Mr. Fisher.

Ms. Ferraro.

Mr. McDonald in three instances.

Mr. Barnard.

Mr. Markey.

Mr. Ottinger in two instances.

Mr. Bailey.

Mr. Rangel.

Mr. Harkin.

Mr. Conyers.

Mr. Simon in two instances.

Mr. Mica.

Mr. Solarz.

Mr. Wolff.

Mr. Oberstar in two instances.

Mr. Obey.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 668. An act to permit the Cow Creek Band of the Umpqua Tribe of Indians to file with the U.S. Court of Claims any claim such band could have filed with the Indian Claims Commission under the act of August 13, 1946 (60 Stat. 1049); to the Committee on Interior and Insular Affairs.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1160. An act to authorize appropriations for the Federal Fire Prevention and Control Act of 1974, and for other purposes.

ADJOURNMENT

Mr. ANTHONY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 16 minutes p.m.), under its previous order the House adjourned until Tuesday, November 13, 1979, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2795. A letter from the Secretary of Agriculture transmitting the fifth report on rural development progress, pursuant to section 603(b) of the Rural Development Act of 1972; to the Committee on Agriculture.

2796. A letter from the Assistant Secretary of State for Congressional Relations, transmitting a report on environmental and nuclear power program activities abroad, pursuant to section 1913 of Public Law 95–630; to the Committee on Foreign Affairs.

2797. A letter from the Assistant Attorney General for Administration, transmitting notice of a proposed new system of records, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

2798. A letter from the Assistant Attorney General for Administration, transmitting notice of a proposed new systems of records, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

2799. A letter from the Comptroller General of the United States, transmitting a report on problems Federal agencies have encountered in contracting for computer software development (FGMSD–80–4, November 9, 1979); to the Committee on Government Operations.

2800. A letter from the Secretary of the Interior, transmitting a report on the amounts of money spent by the Commonwealth of Massachusetts, the city of Lowell, and nonprofit entities in furtherance of the Lowell National Historical Park, pursuant to section 103(d) of Public Law 95–290; to the Committee on Interior and Insular Affairs.

2801. A letter from the Administrator, Energy Information Administration, Department of Energy, transmitting reports for the month of July 1979, on changes in market shares of refined petroleum products and of retail gasoline, pursuant to section 4(c) (2) (A) of the Emergency Petroleum Allocation Act of 1973; to the Committee on Interstate and Foreign Commerce.

2802. A letter from the Secretary of Transportation, transmitting a report on Department of Transportation contracts negotiated under 10 U.S.C. 2304(a) (11) during the 6 months ended September 30, 1979, and a negative report on procurements under 10 U.S.C. 2304(a) (16) during the same period, pursuant to 10 U.S.C. 2304(e); to the Committee on Merchant Marine and Fisheries.

2803. A letter from the Administrator, Small Business Administration, transmitting the 1978 annual report of the Small Business Administration, pursuant to section 10 of the Small Business Act; to the Committee on Small Business.

2804. A letter from the Comptroller General of the United States, transmitting a report on the Nation's rental housing market (CED–80–11, November 8, 1979); to the Committee on Government Operations, and Banking, Finance and Urban Affairs.

2805. A letter from the Comptroller General of the United States, transmitting a report on prospects for cooperation and trade of energy resources between the United States and Canada (ID–80–2, November 8, 1979); jointly, to the Committees on Government Operations, and Foreign Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MURPHY of New York: Committee on Merchant Marine and Fisheries. S. 1454. A bill to amend the act of August 10, 1956, as amended; section 716 of title 10, U.S.C.; section 1006 of title 37, U.S.C.; and sections 8501(1) (B) and 8521(a) (1) of title 5, U.S.C. (Rept. No. 96–539 Pt. II). Ordered to be printed.

Mr. WHITE: Committee on Armed Services. H.R. 5753. A bill to amend title 10, U.S.C., to provide that certain full-time training duty of members of the National Guard shall be considered as active duty for training in Federal service for the purpose of laws providing benefits for members of the National Guard and their dependents and beneficiaries; with amendments (Rept No. 96–605). Referred to the Committee of the Whole House on the State of the Union.

Mr. PERKINS: Committee of conference. Conference report on S. 239 (Rept. No. 96–606). Ordered to be printed.

Mr. WHITE: Committee on Armed Services. H.R. 5766. A bill to amend title 10, U.S.C., to authorize additional Reserve Officers' Training Corps scholarships for the Army, to provide a certain number of such scholarships for cadets at military junior colleges, to authorize the Secretary of the Army to provide that cadets awarded such scholarships may serve their obligated period of service in the Army Reserve or Army National Guard of the United States, and for other purposes (Rept. No. 96–607). Referred to the Committee of the Whole House on the State of the Union.

Ms. HOLTZMAN: Committee on the Judiciary. H.R. 2816. A bill to amend the Immigration and Nationality Act to revise the procedures for the admission of refugees, to amend the Migration and Refugee Assistance Act of 1962 to establish a more uniform basis for the provision of assistance to refugees, and for other purposes; with an amendment (Rept. No. 96–608). Referred to the Committee of the Whole House on the State of the Union.

Mr. WHITTEN: Committee on Appropriations. House Joint Resolution 440. Joint resolution making further continuing appropriations for the fiscal year 1980, and for other purposes; with an amendment (Rept. No. 96–609). Referred to the Committee of the Whole House on the State of the Union.

Mr. DUNCAN of Oregon: Committee of conference. Conference report on H.R. 4440 (Rept. No. 96–610). Ordered to be printed.

Mr. FUQUA: Committee of conference. Conference report on H.R. 2676 (Rept. No. 96–611). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, bills and resolutions of the following titles were introduced and severally referred, as follows:

By Mr. BONER of Tennessee:

H.R. 5853. A bill to amend the Immigration and Nationality Act to provide for the annual review of immigrant student visas, for the automatic review of such a visa whenever the student is convicted of a criminal offense, and to make a nonimmigrant student who is convicted of a criminal offense subject to deportation; to the Committee on the Judiciary.

By Mrs. BYRON:

H.R. 5854. A bill to amend the Internal Revenue Code of 1954 to provide, for purposes of the deduction for real property taxes, that certain assessments on real property which are used to provide certain facilities and services of the type which might otherwise be provided by a municipal government shall be treated as real property taxes; to the Committee on Ways and Means.

By Mr. EVANS of Delaware:

H.R. 5855. A bill to permit the deportation of aliens participating in violent public demonstrations; to the Committee on the Judiciary.

By Mr. EVANS of the Virgin Islands:

H.R. 5856. A bill to amend title 32, United States Code, to allow Federal recognition as officers of the National Guard of members of the National Guard of the Virgin Islands in grades above the grade of colonel; to the Committee on Armed Services.

By Mr. FLORIO (for himself, Mr. Madigan, Ms. Mikulski, Mr. Lee, Mr. Ottinger, Mr. Robert W. Daniel, Jr., Mr. Whitehurst, Mr. Moakley, Mr. Beard of Rhode Island, Mr. Ford of Tennessee, Mr. Nolan, Mr. Mottl, Mr. Bedell, Mr. Horton, Mr. Cavanaugh, Mr. Rinaldo, Mr. Pepper, Mr. Hughes, Mr. Bonior of Michigan, and Mr. Downey):

H.R. 5857. A bill to amend the Solid Waste Disposal Act to facilitate and promote the recovery of energy and materials from municipal solid waste, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. LONG of Louisiana (for himself, Mr. Derrick, Mr. Blanchard, Mr. Gephardt, Mr. Mineta, Mr. Anderson of Illinois, Mr. Ashley, Mr. Beilenson, Mr. Bolling, Mr. Cavanaugh, Mrs. Chisholm, Mr. Cleveland, Mr. Coelho, Mr. Dodd, Mr. Frost, Mr. Giaimo, Mr. Gibbons, Mr. McKay, Mr. Moakley, Mr. Murphy of Illinois, Mr. Panetta, Mr. Pepper, Mr. Udall, and Mr. Zeferetti):

H.R. 5858. A bill to establish as a part of the Rules of the House of Representatives and the Senate a procedure for the periodic congressional review of Federal programs and tax expenditures, and to improve legislative oversight of Federal activities and regulatory programs; to the Committee on Rules.

By Mr. JACOBS:

H.R. 5859. A bill to amend title II of the Social Security Act and the Internal Revenue Code of 1954 to provide that an individual who has attained age 65, and who is eligible for old-age insurance benefits but has not filed application therefor, may elect (on an annual basis) to treat his or her employment or self-employment as not covered for social security benefit purposes and as exempt from social security taxes; to the Committee on Ways and Means.

By Mr. Moorhead of Pennsylvania (for himself, Mr. Ashley, Mr. Blanchard, Mr. Evans of Indiana, Mr. Garcia, Mr. McKinney, Ms. Oakar, and Mr. Vento):

H.R. 5860. A bill to authorize loan guarantees to the Chrysler Corp.; to the Committee on Banking, Finance and Urban Affairs.

By Mr. PREYER:

H.R. 5861. A bill to amend the Freedom of Information Act with respect to procedures for the disclosure of certain types of information, and for other purposes; to the Committee on Government Operations.

By Mr. PREYER (for himself and Mr. Stockman):

H.R. 5862. A bill to repeal the Federal requirement on incremental pricing under the Natural Gas Policy Act of 1978; to the Committee on Interstate and Foreign Commerce.

By Mr. RINALDO:

H.R. 5863. A bill to prohibit any Iranian student in the United States from receiving any form of Federal assistance; to the Committee on Government Operations.

By Mr. WHITTEN:

H.J. Res. 440. Joint resolution making further continuing appropriations for the fiscal year 1980, and for other purposes; to the Committee on Appropriations.

By Mr. APPLEGATE:

H.J. Res. 441. Joint resolution proposing that a Presidential commission be established to study full implications of compliance with the Clean Air Act, as amended, and adjusting the criteria that is used in monitoring air quality; to the Committee on Interstate and Foreign Commerce.

By Mr. MICA:

H.J. Res. 442. Joint resolution designating the week beginning June 22, 1980, as "National Athletic Boosters Week"; to the Committee on Post Office and Civil Service.

By Mr. MYERS of Indiana:

H.J. Res. 443. Joint resolution to authorize the President to issue a proclamation designating the week beginning November 23, 1980, as "National Family Week"; to the Committee on Post Office and Civil Service.

By Mr. DANIEL B. CRANE:

H. Res. 482. Resolution expressing the sense of the House of Representatives regarding the situation in Iran and the attitudes and conduct of Iranian nationals presently in the United States; to the Committee on the Judiciary.

By Mr. STAGGERS (for himself, Mr. Dingell, and Mr. Brown of Ohio):

H. Res. 483. Resolution to disapprove the proposed amendment to the strategic petroleum reserve plan which sets forth a method of drawdown and distribution of the reserve (Department of Energy, energy action numbered 5); to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. CONTE introduced a bill (H.R. 5864) for the relief of Dr. Christojohn Samuel and Malathi Samuel, which was referred to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 135: Mr. Bailey

H.R. 1290: Mr. Fazio, Mr. Downey, and Mr. Mineta.

H.R. 1600: Mr. Bauman, Mr. Hutto, Ms. Ferraro, Mr. Royer, Mr. Dornan, Mr. Cheney, and Mr. Oberstar.

H.R. 2653: Mr. Bedell and Mr. Edwards of Oklahoma.

H.R. 4400: Mr. McKinney.

H.R. 4717: Mr. Royer, Ms. Oakar, Mr. Bonker, Mr. Davis of South Carolina, Mr. Ford of Michigan, Mr. Dicks, Mr. Ichord, Mr. Addabbo, Mr. Buchanan, Mr. Goodling, and Mr. Synar.

H.R. 4944: Mr. Fish.

H.R. 5127: Mr. Daschle.

H.R. 5166: Mr. Campbell.

H.R. 5362: Mr. Yatron, Mr. Hyde, Mr. Emery, Mr. Andrews of North Dakota, Mr. LaFalce, Mr. Dodd, Mr. Ratchford, Mr. Boland, Mr. Donnelly, Mr. Drinan, Mr. Moakley, Mr. Shannon, Mr. Beard of Rhode Island, Mr. Jeffords, Mr. Pepper, Mr. Oberstar, Mr. Solomon, and Mr. Gilman.

H.R. 5511: Mr. Sharp.

H.R. 5596: Mr. Moakley, Mr. Horton, Mr. Lagomarsino, Mr. Scheuer, Mr. Mitchell of Maryland, Mr. Yatron, Mr. D'Amours, Mr. Emery, Mr. Murtha, Mr. Oberstar, Mr. Charles Wilson of Texas, Mr. Pepper, Mr. Dodd, Mr. McKinney, Mr. Boland, Mr. Donnelly, Mr. Markey, Mr. Mavroules, Mr. Shannon, Mr. Beard of Rhode Island, Mr. St Germain, Mr. Jeffords, Ms. Ferraro, and Mr. Nolan.

H.R. 5607: Mr. Addabbo, Mr. Mitchell of Maryland, Mr. Hanley, Mr. LaFalce, Mr. Richmond, Mr. Baldus, Mr. Nolan, Mr. Nowak, Mr. Skelton, Mr. Conte, Mr. Roth, Mr. Andrews of North Dakota, Mr. Bevill, Mr. Coelho, Mr. Forsythe, Mr. Glickman, Mr. Hamilton, Mr. Hughes, Mr. Leach of Iowa, Mr. Lloyd, Mr. Lott, Mr. Markey, Mr. Mazzoli, Mr. Mineta, Mr. Mitchell of New York, Mr. Murphy of Pennsylvania, Mr. Murphy of Illinois, Mr. Nelson, Mr. Rahall, Mr. Sharp, Mr. Shumway, Mr. Solomon, Mr. Vento, Mr. Whitehurst, Mr. Charles Wilson of Texas, and Mr. Winn.

H.R. 5720: Mr. Coelho, Mr. Edwards of Oklahoma, Mr. Guyer, Mrs. Holt, Mr. Seiberling, Mr. Van Deerlin, Mr. Whitehurst, Mr. Bob Wilson, Mr. Winn, and Mr. Cleveland.

H.J. Res. 147: Mr. Bafalis.

H.J. Res. 366: Mr. Andrews of North Carolina.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 2063

By Mr. GREEN:

—On page 16, line 20, insert the following after the word "loans": "and other investments".

On page 16, immediately after line 21, insert the following new subsections (b) and (c) and redesignate the succeeding subsections accordingly:

"(b) (1) The Secretary, on an experimental basis, may approve, and make grants for, non-Federal revolving loan funds which permit the use of not more than 10 per centum of the initial grant for investments in equity securities, or debt securities convertible into equity securities of businesses in the area. No eligible redevelopment area which receives a grant under this subsection may own more than 49 per centum of the outstanding voting shares of any business. Such investments shall not exceed $500,000 in any business, and may be otherwise limited by such conditions as may be prescribed by the Secretary at the time of the initial grant.

(2) The Secretary shall attempt to insure that not less than 10 per centum of the authorization provided for in this Section shall be used for such investments, as defined in Subsection (b) (1).

(3) Any earnings derived by the redevelopment area as a result of the non-Federal equity investments and funds obtained by selling the non-Federal equity investments shall be retained by the redevelopment area for the purpose of further non-Federal equity investments and loans.

(C) Each redevelopment area which receives assistance under this section shall annually during the period of such assistance make a full and complete report to the Secretary, in such manner as the Secretary shall prescribe, and such report shall contain an evaluation of the effectiveness of the assistance provided under this section in meeting the problem it was designed to alleviate and the purposes of this section.

H.R. 2626

By Mr. BUCHANAN:

(To the amendment in the nature of a substitute reported by the Committee on Interstate and Foreign Commerce.)

—Page 18, line 14, strike out "or".

Page 18, line 16, strike out the period and insert in lieu thereof ", or".

Page 18, insert after line 16 the following new subparagraph:

(G) (1) is primarily engaged in providing, by or under the supervision of physicians, to inpatient rehabilitation services for the rehabilitation of injured, disabled, or sick persons, and (ii) is not a part of any other hospital.

(To the amendment in the nature of a substitute reported by the Committee on Interstate and Foreign Commerce.)

—Page 113, amend the items in the table of contents relating to title III, part A of such title, and section 301 to read as follows:

TITLE III—NATIONAL COMMISSION, STUDIES, ADMINISTRATIVE PROVISIONS, AND DEFINITIONS

PART A—NATIONAL COMMISSION AND STUDIES

Sec. 301. National Commission on Hospital Cost Containment.
Sec. 302. Taskforce on Consumer and Physician Incentives Toward Hospital Cost Containment.
Sec. 303. Evaluation of cost containment program.
Sec. 304. Study of cost containment alternatives.

Page 131, strike out line 11 and all that follows through page 132, line 7.

Page 143, insert after line 2 the following new subsection:

(d) For purposes of applying the mandatory percentage limits under subsection (a) as they relate—

(1) to average inpatient charges per admission of a hospital, there shall be excluded from the computation of the amount of inpatient charges in an accounting period (and in the base accounting period) an amount equal to the amount of SHUR expenses of the hospital attributable to inpatient hospital services for the respective accounting period, and

(2) to average reimbursement payable to a hospital by a cost payer per admission, there shall be excluded from the computation of the total amount of reimbursement with respect to the cost payer in an accounting period (and in the base accounting period) an amount equal to the product of (A) the amount of SHUR expenses of the hospital attributable to inpatient hospital services for the respective accounting period, and (B) the proportion of such expenses determined, in accordance with regulations of the Secretary, to be properly allocated to that cost payer.

Page 153, insert after line 16 the following new subsection:

(d) On the request of a hospital, filed in accordance with the second sentence of subsection (a), the Secretary shall make an addition to the mandatory percentage limit for an accounting period otherwise computed under this part to the extent to which the hospital can demonstrate that higher reimbursement or inpatient charges per admission would otherwise be permitted are attributable to capital-related expenses (including depreciation and interest) related to capital expenditures which have been approved by the State health planning and development agency for the hospital on or before the date of the enactment of this Act.

Page 153, line 17, strike out "(d)" and insert in lieu thereof "(e)".

Page 168, strike out lines 1 through 4 and insert in lieu thereof the following:

TITLE III—NATIONAL COMMISSION, STUDIES, ADMINISTRATIVE PROVISIONS, AND DEFINITIONS

PART A—NATIONAL COMMISSION AND STUDIES

Page 171, insert after line 7 the following new sections:

TASKFORCE ON CONSUMER AND PHYSICIAN INCENTIVES TOWARD HOSPITAL COST CONTAINMENT

SEC. 302. (a) (1) There is hereby established a Taskforce on Consumer and Physician Incentives Toward Hospital Cost Containment (hereinafter in this section referred to as the "Taskforce"), to be composed of seven members—

(A) three appointed by the President,

(B) two appointed by the Speaker of the House of Representatives, and

(C) two appointed by the President of the Senate.

Members of the Taskforce shall serve without additional compensation.

(2) The Taskforce shall carry out its activities in consultation with appropriate Federal agencies, private organizations, consumers, physicians, and other interested parties.

(b) The Taskforce shall study—

(1) the effect of different policies and procedures (including use of deductibles, coinsurance, and cost- or risk-sharing; tax deduction and exclusion from income provisions of the Internal Revenue Code of 1954; and prepaid health plans) relating to payment for hospital services on (A) consumer and physician awareness of the relative cost and quality of different hospital (and outpatient) services, (B) utilization of hospital services, and (C) the quality of hospital services provided, and

(2) the desirability of increasing the use of these and similar methods in federally funded and other health insurance programs,

and shall make recommendations to the Congress for appropriate changes in legislation. The Taskforce shall complete its study, and submit a report thereon to the appropriate committees of the Congress, not later than two years after the date members are first appointed to the Taskforce.

EVALUATION OF COST CONTAINMENT PROGRAM

SEC. 303. (a) The Secretary shall conduct a comprehensive evaluation (hereinafter in this section referred to as the "evaluation") of the cost controls established under this Act, focusing on—

(1) their efficiency, effectiveness, and fairness compared to alternative strategies for containing hospital costs, and

(2) modification of the present system of reimbursing hospitals under the medicare program on the basis of their retrospectively determined costs.

(b) The Secretary shall submit to the Congress not later than—

(1) six months after the date of the enactment of this Act, a formal plan for the evaluation,

(2) two years after the date of the enactment of this Act, an interim report on the evaluation, and

(3) December 31, 1983, a final report on the evaluation.

REPORT ON COST CONTAINMENT ALTERNATIVES

SEC. 304. (a) The Secretary shall prepare and submit to Congress, not later than one year after the date of the enactment of this Act, a report on additional or alternative measures (such as changes in (1) methods of third-party reimbursement for health costs, (2) physician reimbursement, (3) payment for drugs and medical supplies, (4) utilization of health facilities and services, and (5) capital expenditures) that can be taken to control costs in the health care industry, as well as the hospital part of the industry.

(b) The report shall include the results of a study, conducted by the Secretary in consultation with appropriate national organizations, on the activities, programs, operating costs, and reimbursement of children's hospitals (described in section 321(6)(E)). With such results, the Secretary shall include findings and recommendations, including a recommendation with respect to the use of a system for the prospective measurement of costs of such hospitals.

Page 179, line 4, insert after the period the following new sentence: "The Secretary, in carrying out the requirements of this subsection with respect to hospitals located in Hawaii or Alaska, shall make such adjustments as may be necessary to reflect the higher prices for classes of goods and services prevailing in each of those States.".

Page 183, insert after line 15 the following new subsection:

(d) The Taskforce on Consumer and Physician Incentives Towards Hospital Cost Containment shall be established under section 302 not earlier than October 1 of the year in which this Act is enacted and shall be terminated not later than March 1, 1985.

Page 187, insert after line 11 the following new subparagraph:

(E) is an institution (i) organized and operated for the care of children and youth, and (ii) a majority of the inpatients of which are eighteen years of age or younger,

Page 187, lines 12 and 15, strike out "(E)" and "(F)", respectively, and insert in lieu thereof "(F)" and "(G)", respectively.

Page 188, insert after line 17 the following new paragraph:

(1) (A) The term "hospital expenses", for purposes of title I, does not include any SHUR expenses (as defined in paragraph (4)).

Page 188, line 18, strike out "(1)" and insert in lieu thereof "(B)".

Page 191, insert after line 6 the following new paragraph:

(4) The term "SHUR expenses" means expenses incurred by a hospital only in order to comply with the requirements of sections 1861(v)(1)(F) and 1902(a)(40) of the Social Security Act (relating to reporting under a system for hospital uniform reporting).

Page 191, line 7, strike out "(4)" and insert in lieu thereof "(5)".

Page 191, line 22, insert "or SHUR expenses" after "(2)(A)".

Page 193, line 5, insert "or SHUR expenses" after "(4)(A)".

Page 193, line 7, insert after the comma the following: "except that the Secretary, in applying such percentage increase with respect to hospitals located in Hawaii or in Alaska, shall make such adjustment in such percentage increase as may be necessary reflect any higher rate of increase in the prices of classes of goods and services in those States as compared with such rate of increase in the United States".

Page 194, strike out line 17 and all that follows through page 195, line 13 and insert in lieu thereof the following:

(1) (A) Subject to subparagraph (B), the term "percent change in area population" means, for an accounting period of a hospital, the higher of—

(i) the precentage change in the size of the population of the Standard Metropolitan Statistical Area (as determined by the Office of Management and Budget), if any, in which the hospital is located in the year preceding the year in which the accounting period ends over the size of the population of such Area in the second preceding year, or

(ii) the percentage change in the size of the population of the county or county equivalent area (as recognized by the Bureau of the Census) in which the hospital is located in the year preceding the year in which the accounting period ends over the size of the population of such county or area in the second preceding year,

except that in no case shall such percent change be less than zero.

(B) In the case of hospital located in a Standard Metropolitan Statistical Area, county, or county equivalent area which has a rate of increase in its population of persons sixty-five years of age or older for a year exceeding the rate of increase in the population of such persons in the United States for the year, the Secretary shall determine the amount of such difference and shall provide for an adjustment in the percent change in population of the Area or of the county or county equivalent area (for purposes of clauses (i) and (ii), respectively, of subparagraph (A)) for the accounting period of the hospital ending in the year in such a manner as takes into consideration the additional costs (based on national data for cost of hospital services per capita for such persons as opposed to persons of other ages) involved in caring for such persons to the extent of such excess increase rate.

SENATE—*Friday, November 9, 1979*

(Legislative day of Monday, November 5, 1979)

The Senate met at 10 a.m., on the expiration of the recess, and was called to order by Hon. WALTER D. HUDDLESTON, a Senator from the State of Kentucky.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Let us pray.

Almighty God, before whom the nations rise and pass away, in this time of trouble suffer not our trust in Thee to fail. We thank Thee for this good land which Thou hast given us, for its luminous past, its challenging present, and its promising future. We thank Thee for the hero's valor, the patriot's devotion, the prophet's voice, and the toil and pain by which we have become great and good and strong. As on Veterans Day we gratefully remember those who have spent themselves in defense of the Nation, we pray for our fellow countrymen now in bondage to demonic powers abroad. Surround them with Thy love, assure them of our care, protect them from harm. Guide our leaders in the fragile quest for deliverance, freedom, and peace.

Be with us as we work. And may the light of God surround us, the love of God enfold us, the power of God protect us, and the presence of God watch over us. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. MAGNUSON).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., November 9, 1979.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable WALTER D. HUDDLESTON, a Senator from the State of Kentucky, to perform the duties of the Chair.

WARREN G. MAGNUSON,
President pro tempore.

Mr. HUDDLESTON thereupon assumed the chair as Acting President pro tempore.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Journal of the proceedings be approved to date.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR RECESS TODAY UNTIL 10 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, just as a precaution and with no suggestion that the Senate will be in tomorrow—I have every reason to believe that the Senate will complete action of the DOD appropriations bill today—I have no doubt of that. Of course, I do not need unanimous consent. A motion to come in tomorrow and go out today at a certain time can be made and it is not debatable.

Mr. PROXMIRE. Will the Senator use the microphone, please? I cannot hear him.

Mr. ROBERT C. BYRD. Oh, yes, of course. I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 10 o'clock tomorrow morning.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. Under the previous order, the majority leader is recognized for not to exceed 3 minutes.

Mr. ROBERT C. BYRD. Mr. President, I yield my 3 minutes to the distinguished Senator from Wisconsin.

Mr. PROXMIRE. I thank the distinguished majority leader.

THE GENOCIDE CONVENTION: CONTINUING THE TRADITION OF THE DECLARATION OF INDEPENDENCE

Mr. PROXMIRE. Mr. President, our Declaration of Independence states—

> That all Men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty, and the Pursuit of Happiness.

Based upon this sacred pledge, our Nation has struggled to uphold and further the cause of individual and human rights. Except for a few notable exceptions, our Nation can be proud of our record in this regard.

We believe our Nation to be a true leader in the area of human rights. In order to retain this position, we must speak out. We must be in the forefront of the human rights movement. Only by continuous action will we have the leverage to help further human rights throughout the world.

Ratifying the Genocide Convention will help us maintain our recognized leadership in the field of human rights. By ratifying this treaty we will remove a blemish on our Nation's human rights record.

Clearly, ratification of the treaty will give the United States more leverage in dealing with foreign countries who may be violating basic human rights. Eighty-three countries have already ratified the treaty. We must join those who have made a solemn commitment to deal with the terrible violation of human rights known as genocide. By doing so we will be joining the governments representing the overwhelming majority of the world's people.

Every major nation in the world has ratified the Genocide Convention, except the United States. Every President has pleaded with us to ratify it. Every Secretary of State, every Attorney General, every religious group in the country of any significance has supported the ratification of the treaty. Only the Senate stands in the way.

In ratification, we are keeping with our own rich tradition of protecting human and individual rights which has its roots in the Declaration of Independence.

Mr. President, on these grounds I urge my colleagues to join me in asking for ratification of this treaty.

Again, I thank the majority leader and yield the floor.

CHRYSLER AID

Mr. ROBERT C. BYRD. Mr. President, last week the Treasury announced a proposal to help Chrysler avoid bankruptcy. The plan would offer the company a Federal guarantee of up to $1.5 billion if it can independently raise an additional $1.5 billion.

I have been observing the evolution of this issue for some time. On September 6, in remarks on the Senate floor, I suggested that Chrysler must exhaust all self-help possibilities before the Government could properly offer assistance. I am pleased that the Treasury's proposal does require the company to raise additional unguaranteed capital.

However, in that same address and on many occasions subsequently, I have recommended that any Federal aid to Chrysler be linked to a transfer of a significant amount of Chrysler stock to its employees.

Unfortunately, the Treasury failed to recognize the boon to Chrysler's productivity which could result from such an approach. An employee stock ownership plan, such as that included in Senator RIEGLE's bill, would result in Chrysler's receiving the same amount of cash just as quickly as it would without the ESOP. In addition, by creating a trust to acquire shares for the workers, Chrysler's work force would be offered a tangible financial incentive to make the

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

sacrifices which the Treasury plan will require.

There is wide support in the Senate for sharing ownership of Chrysler with its employees.

It is my understanding that the Treasury was concerned that including an ESOP in its plan could result in a delay in the legislative process. Because of the support for an ESOP in the Senate, my reading of the situation and my advice to the Treasury was that inclusion of an ESOP approach may have expedited the legislative process.

This is an important piece of legislation. I have stated that the Senate could find time to consider it if the Banking Committee reports a bill. But this legislation needs a broad base of support in order to get out of committee and to merit consideration late in an already busy session.

I believe that the ESOP plan, as contained in Senator RIEGLE's bill, could help generate the level of support which would invite Senate consideration.

Requiring Chrysler to provide its employees with approximately one-third of its voting stock has another important benefit. This "bitter medicine" will insure that assisting Chrysler will not invite a rash of appeals from other companies for Government financial aid. Diluting existing shareholders' ownership, together with the inevitable election of employee representatives to the board of directors, will discourage all but the most desparate companies from approaching the Government for help. I believe that such a disincentive must be built into any acceptable Chrysler aid legislation.

Mr. President, I am informed that in its negotiations with Chrysler the United Auto Workers Union has agreed to forgo or defer wages, benefits, and pension contributions in the range of $400 million. This flexibility is essential for the company's survival. If other parties with an interest in the company's survival demonstrate similar cooperation, and if Chrysler's management is willing to dispose of or refinance some of the company's assets, Chrysler should be able to meet the Treasury's goal of raising $1.5 billion in additional nonguaranteed capital.

There are significant potential costs to the Government if Chrysler fails. Through guarantees of the company's pension funds alone, the Federal Government could lose up to $750 to $900 million. If we can avoid the costs to the Government and the dislocations to the economy of a Chrysler failure, we will serve the Nation well by considering all the possible options for Federal financial aid. I believe the most attractive option is one which incorporates an ESOP, offers an adequate guarantee level to see the company through its difficult times, and requires maximum self-help.

I will be watching the Banking Committee's progress on this issue with continued interest and will be reserving my final judgment on aid to Chrysler until the hearing record is complete. My final decision will be strongly influenced by the structure of the plan which is ultimately reported by the Banking Committee.

SOVIET EXIT VISAS

Mr. ROBERT C. BYRD. Mr. President, Soviet officials have indicated to me that exit visas have been granted to:

Mr. Jan Kargol and family, and

Mr. John Kachurak and family.

I had asked Soviet officials to give compassionate consideration to these and other cases. I had first raised this matter with President Brezhnev when I met with him in the Soviet Union in July.

I have been informed by the Soviets that certain other cases I have raised remain under active consideration.

Mr. Kargol and Mr. Kachurak represent long-standing hardship cases. Both were born in the United States and have been "dual citizens." They and their families have long sought to come to the United States and be reunited with relatives here. They have been attempting to obtain exit visas for many years. Mr. Kargol first applied to leave the Soviet Union in 1939. The U.S. Embassy made its first representations on Mr. Kargol's behalf in 1947. Mr. Kachurak and his family have been trying to obtain Soviet exit visas to the United States since 1964 to reunite with his mother in Philadelphia.

I welcome these actions by the Soviet Government, which obviously have great meaning for the individuals and families involved, but which also constitute a constructive contribution to United States-Soviet relations.

I believe that progress in resolving other cases I have raised with the Soviets—on humanitarian grounds—would be helpful to the general atmosphere of United States-Soviet relations.

RECOGNITION OF THE ACTING MINORITY LEADER

The ACTING PRESIDENT pro tempore. Under the previous order, the acting minority leader is recognized for not to exceed 3 minutes.

CONCERN FOR THE HOSTAGES IN IRAN

Mr. STEVENS. Mr. President, in the middle of the night last evening, I was called by one of my very best friends, upon whom I rely heavily for advice. It is hard to take advice in the middle of the night from anybody, even a friend. But he said "Ted, there is only one thing I hope you are keeping in mind throughout this Iranian crisis and that is the safety of the American people who are in custody there."

Many of us have been asked for comments and suggestions as to what we would do under the circumstances. My best advice to the Members of the Senate on my side of the aisle and, to all Members of the Senate for that matter, is that we keep our ideas to ourselves during this most critical time.

The administration has done its best job yet in keeping us informed as to the developments in Iran. Thanks to the majority leader's intervention, we have had full-scale briefings from the Vice President and the Secretary of State. It is my understanding that there will be a similar meeting today and it is apparent to me that every American's first concern ought to be the same as that of my late night caller and friend who asked: "How are we going to assure the safety and the return to freedom of our Americans who are held in custody?"

I think the Senate has to understand that if we are to assume the full powers that we have under our Constitution, such as the right to advise and consent to foreign treaties or agreements, then we should, in turn, allow those who have their own constitutional authority to conduct foreign affairs to do so without our interfering in their prerogative by making statements that might prove harmful at such a time of very serious crisis.

Having said that, Mr. President, I ask unanimous consent to have printed in the RECORD at this point an editorial from this morning's New York Times. I think it goes a little further than I would, but nevertheless it is consistent with my view that the first goal for all Americans should be to pray for the early return to freedom of our fellow citizens who went to Iran to conduct the business of this country.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE STAKES IN IRAN

There have been good reasons for responsible Americans to hold their tongues about the outrage in Iran this week. No one, plainly, has a really good plan to assure the rescue of the 60 hostages and other vulnerable Americans in that disintegrating society. John Connally was quick to cast blame; he seems to believe it is sinful only to appease a foreign crowd. But given the widespread frustration of Americans, the wonder is that so many political figures have understood the predicament of the President—and of the hostages—and taken care not to goad the nation into frenzied action.

The off-stage whispering, however, seems to dwell on two extreme responses: get rid of the Shah or call out the cavalry. They deserve some ventilation before glib conclusions gain public favor.

Whatever one's view of the Shah, he was admitted to the United States, rightly or wrongly, because he was sick and powerless. Iran's student warriors may not know that, but Ayatollah Khomeini does. He knows that Washington tried to appease him by discouraging the Shah from settling here in the first place. The Ayatollah also knows that the Carter Administration gave him military aid to crush various rebels and encouraged American business to help rebuild his economy. If all that was not enough to preserve an elementary diplomatic civility, it can only be because the Ayatollah needed this contest of will. The suspicion grows that to salvage his power in the streets of Teheran, he found it necessary to reopen a unifying battle against the Shah and America. No shameful ransom will dissolve such calculated hostility.

Some may think the Shah is not worth the risk to 60 American lives. But if they do not see dishonor in trading him, they need at least to recognize that paying blackmail to a government that kidnaps diplomats can only invite further humiliations, and not only by Iran. Above all they need to understand that bargaining away the rights of immunity and sanctuary that have been violated at the Teheran embassy would destroy the rules that even warring nations normally observe to protect human life and communication the world over. That cause far transcends the Shah.

So why not send the troops and get it over with? It may come to that if the hostages are harmed. But Teheran is not Entebbe airport; a huge force would be needed to seize the hostages and protect their evacuation. The casualties would be great, especially among those being saved. And hundreds of other Americans in Iran would suffer the vengeance of the mob.

Moreover, a temporary invasion could well rescue the Ayatollah from the collapse his policies have brought near. As Steven Erlanger wrote in The New Republic before the embassy was seized, the embattled priest has managed to excommunicate nearly all of the forces of the middle class, the left and the military that united to topple the Shah—leaving only the priests and the formidable but incoherent mass of the poor. "And they are hardly enough to preserve anything but a prolonged anarchy." That is why Khomeini has been inventing plots and American devils.

Delay, then, is a prudent course if it can be used to obtain the release of the captives without revivifying the Ayatollah's gasping regime. But that delay and those efforts should not be allowed to confuse the other interests that the United States is determined to protect. The Iranian authorities should have been on clearer notice all week that they will be deemed responsible for the fate of all Americans in their country. And the world needs to understand that American and other emissaries will discuss, but not bargain for, the release of the hostages.

If the Palestine Liberation Organization for example, wants to improve its reputation among Americans by arranging an evacuation, that is one thing. But if the P.L.O. were to replace the Ayatollah as ransom collector by demanding official recognition in exchange for its help, that is quite another matter.

Even this much speculation can cause damage in such a volatile situation. But this episode promises to trigger a heated debate about America's standing in the world. The nation's purpose ought to be clear even before it knows whether its tactics were right.

Mr. ROBERT C. BYRD. Will the Senator yield to me?

Mr. STEVENS. I do yield.

Mr. ROBERT C. BYRD. Mr. President, I share the sentiment that has been expressed by the acting Republican leader. Now is the time for restraint, not rhetoric. It is time for diplomacy. It is the time for cool heads, because the lives of at least 60 Americans are in great jeopardy at this moment.

I compliment my colleagues for the restraint that they have all demonstrated. We all know the feeling of our people and we share their feeling, but now is the time to let diplomacy work in this very delicate, very sensitive situation.

I also commend the press for the restraint that has been shown by the press.

I thank the Senator.

Mr. STEVENS. I thank the majority leader for yielding me that time.

ORDER OF PROCEDURE

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. STEVENS. I am glad to yield.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that I may yield 5 minutes to the distinguished acting Republican leader. I think he is going to need it to yield to someone.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. STEVENS. I yield such time as I have remaining to the Senator from Minnesota (Mr. Durenberger) to be used following the special orders, if I may do so. I ask unanimous consent that I may do that.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The Senator from Minnesota is recognized.

Mr. STEVENS. It will be to follow those Members who come to the floor to express sentiments under special orders.

The ACTING PRESIDENT pro tempore. Without objection, it——

Mr. STEVENS. Mr. President, it is not my desire to do that. The Senator from Iowa is here. I ask unanimous consent to yield to the Senator from Minnesota to follow the Senator from Iowa.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Under the previous order, the Senator from Iowa (Mr. Jepsen) is recognized for not to exceed 15 minutes.

Mr. ROBERT C. BYRD. Will the Senator yield for just a request?

Mr. JEPSEN. I yield.

Mr. ROBERT C. BYRD. Mr. President, do I have 10 minutes remaining?

The ACTING PRESIDENT pro tempore. The Senator is correct.

Mr. ROBERT C. BYRD. Mr. President, I yield 9 minutes to Mr. Riegle if he needs it and the additional minute to Mr. Jepsen.

Mr. JEPSEN. Mr. President, the Senator from Iowa yields to the distinguished Senator from Minnesota (Mr. Durenberger).

Mr. DURENBERGER. Mr. President, I thank the distinguished Senator from Iowa for yielding.

COMPETITION AND HEALTH CARE

Mr. DURENBERGER. Mr. President, last week I introduced the revised version of the Health Incentives Reform Act, S. 1968. The bill was not printed in the Record. I ask unanimous consent that S. 1968 be printed in the Record at this time, together with two articles which describe the need for a return to competition in health care.

There being no objection, the material was ordered to be printed in the Record, as follows:

S. 1968

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

Section 1. This Act may be cited as the "Health Incentives Reform Act of 1979"

STANDARDS FOR HEALTH BENEFIT PLANS PROVIDED BY EMPLOYERS

Sec. 2. (a) Part II of subchapter B of chapter 1 of subtitle A of the Internal Revenue Code of 1954 (relating to items specifically included in gross income) is amended by adding at the end thereof the following new section:

"Sec. 86. Employer contributions to health benefit plans.

"(a) In General.—

"(1) Excess contributions.—Notwithstanding section 106, any contribution to or on behalf of a taxpayer by his employer to a health benefit plan, or dental benefit plan, or both, for any month shall be included in such taxpayer's gross income to the extent that such contribution amount exceeds the limitation on contribution under subsection (e) for that month with respect to such taxpayer.

"(2) Non-qualified contributions.—Notwithstanding section 106, any contribution to or on behalf of a taxpayer by his employer to a health benefit plan for any month shall be included in such taxpayer's gross income if such employer fails to comply during that month with any requirement of this section (to the extent that such requirement applies to that employer).

"(b) Definitions.—For purposes of this section—

"(1) The term 'health benefit plan' means a separate plan of an employer, or a plan to which such employer contributes, for the benefit of his employees or their spouses or dependents to provide such employees, spouses, or dependents with specified hospital or medical services, through prepayment of fees, direct provision of services, payment of insurance premiums, or reimbursement for expenses incurred. For purposes of this section, plans described in this paragraph provided by an employer to two or more distinct categories of employees, which have different employer contribution amounts, shall be considered to be separate health benefit plans if the distinct categories of employees are reasonably differentiated for purposes of determining fringe benefits on a basis other than their choice of, or participation, in a health benefit plan or option thereof.

"(2) The term 'carrier' means an organization (including a self-insured organization or a multiemployer group) which—

"(A) is lawfully engaged in providing, paying for, or reimbursing the cost of, health services under group insurance policies or contracts, medical or hospital service agreements, membership or subscription contracts, or similar arrangements; and

"(B) offers at least one health benefit plan (or option thereof) meeting the standards of subsections (h) and (i) which individuals entitled to conversion rights under subsection (f) or (g) may purchase, in accordance with the provisions of subsection (f) or (g) at a reasonable premium rate (as determined by the appropriate State agency in accordance with standards prescribed by the Secretary, which standards shall ensure that the rate is reasonable on the basis of the costs involved in providing such coverage).

"(c) Multiple Choice of Plan Options.—

"(1) Any employer having a total of more than 100 employees covered under any health benefit plan offered by such employer at any time during a calendar year must provide that such plan offers at least three options for coverage under such plan, each of which meets the requirements of subsections (f), (g), (h), and (i), and each of which is offered by a separate carrier.

"(2) For purposes of determining whether an option is offered by a separate carrier—

"(A) any carriers which are component members of a controlled group of corporations (as determined under section 1563) shall be considered to be a single carrier; and

"(B) any carriers which are under common control (as determined under section 414(c)) shall be considered to be a single carrier.

"(3) For purposes of determining whether an employer has more than 100 employees covered under a plan—

"(A) all employees of all corporations which are members of a controlled group of corporations (as determined under section 1563) shall be treated as employed by a single employer;

"(B) all employees of trades or businesses which are under common control (as determined under section 414(c)) shall be treated as employed by a single employer; and

"(C) in the case of a plan offered by a multi-employer group, each employer of employees covered under the plan shall be considered to have more than 100 covered employees if the total number of covered employees of all member employers exceeds 100.

"(4) For purposes of this subsection, the three option requirement applies to each type of benefit required under subsections (h) and (i), and more than one carrier may be used under each option, provided that there are at least three options available (by three separate carriers) for each such type of required benefit. The requirements of this subsection shall not apply to benefits offered under a plan which are not such required benefits.

"(d) Equal Contribution Requirements.—

"(1) With respect to any employer offering more than one coverage option under a health benefit plan, the amount of such employer's contribution shall not depend upon which such option an employee chooses.

"(2) If the contribution amount selected by such employer is in excess of the total cost of any option offered, the employer shall contribute, to any employee choosing such option, an amount equal to the difference between the employer contribution amount and the total cost of the option chosen by that employee. Such contribution may be in cash or in any other form of compensation or benefit, but each such employee shall have the option of receiving such contribution in cash.

"(3) For the purposes of this section and section 125 (relating to cafeteria plans)—

"(A) a contribution required by this subsection which consists of additional health benefits shall be treated as a separate health benefit plan option; and

"(B) a contribution required by this subsection which consists of any type of benefit other than cash or health benefits shall be subject to the provisions of section 125.

"(4) No contribution shall be required under this subsection in the case of an employee who chooses not to participate in any option offered under a health benefit plan.

"(e) Limitation on Amount of Employer Contribution.—

"(1) For purposes of this section, the limitation on employer contribution to a health benefit plan, or to a dental benefit plan, or both, with respect to each month shall be an amount equal to the indexed contribution amount in effect for such month as determined under paragraph (2).

"(2) The indexed contribution amount for each month in a calendar year shall be an amount equal to the indexed contribution amount in effect for the preceding calendar year, increased or decreased (as the case may be) by the percentage increase or decrease in the medical care component of the Consumer Price Index for the third quarter of the preceding calendar year, as compared to such component for the third quarter of the second preceding calendar year.

"(3) For months in the calendar year 1980, the indexed contribution amount shall be—

"(A) $50.00 with respect to coverage provided for the employee only;

"(B) $100.00 with respect to coverage provided for the employee and his spouse; and

"(C) $125.00 with respect to coverage provided for a family group consisting of the employee and his family (other than coverage described in subparagraph (B)).

"(4) The Secretary shall by regulation establish methods for determining the amount of the employer contribution to or on behalf of each employee in the case of a self-insured employer.

"(f) Continuity of Coverage.—In order to be a qualified contribution under subsection (a)(2), the employer contribution must be for a plan (or option thereof) that provides—

"(1) continued group coverage under such plan or option in the event of the death, separation from employment, or divorce, of the employee, for a period of 30 days following such event, for any individual who had such coverage at the time of such event (and the plan shall provide that such employer shall continue his contribution during such period);

"(2) continued group coverage under such plan or option for an additional period of 180 days after the 30-day period referred to in paragraph (1) for any individual referred to in paragraph (1) upon payment of a premium not to exceed the applicable group premium rate for such period (and such payment may be made through the employer); and

"(3) for the right of any individual referred to in paragraph (1) to convert, during the 180-day period described in paragraph (2), to an individual health benefit plan or option that meets the requirements of subsections (h) and (i), without regard to prior medical condition or proof of insurability.

"(g) Coverage for Family of Employee.—

"(1) In order to be a qualified contribution under subsection (a)(2), the employer contribution must be for a plan (or option thereof) that—

"(A) allows each employee choosing such plan or option to purchase coverage under such group plan or option, for so long as such employee maintains coverage for himself, for his spouse and any of his qualified children;

"(B) allows any such qualified child covered under the plan or option the right to convert, during the period of 180 days following the date on which he ceases to be a qualified child of the covered employee, to an individual plan or option that meets the requirements of subsections (h) and (i), without regard to prior medical condition or proof of insurability; and

"(C) provides that with respect to any employee who is covered under the plan or option at the time of the birth or any qualified child of his, the coverage under such plan or option shall automatically include such child (and the cost of coverage shall be adjusted accordingly); except that such employee may choose, during the 60-day period following such birth, to waive such coverage for the child.

"(2) A qualified child of an employee is an individual who is a child of the employee (within the meaning of section 151(e)), and who (A) has not attained the age of 19 and resides in the same household as the employee, or (B) is a student (within the meaning of section 151(e)).

"(h) Minimum Benefits.—

"(1) In order to be a qualified contribution under subsection (a)(2), the employer contribution must be to a plan (or option thereof) that at least provides coverage for the same types of services for which coverage is provided under title XVIII of the Social Security Act.

"(2) The requirements of paragraph (1) shall not affect any provisions of such plan or option relating to deductibles or copayments, or relating to requirements that covered services be provided by particular persons or facilities.

"(i) Catastrophic Expense Protection.—

"(1) In order to be a qualified contribution under subsection (a)(2), the employer contribution must be to a plan (or option thereof) that provides for payment of 100 percent of the cost of services included under subsection (h)(1) which are provided to an individual covered under such plan or option during a catastrophic benefit period.

"(2) A catastrophic benefit period with respect to any individual—

"(A) shall begin at such time as the individual and his spouse and qualified children, if covered, have incurred, while covered under the plan, out-of-pocket expenses for services included under subsection (h)(1) provided to them during any calendar year in excess of $3,500; and

"(B) shall end at the end of such calendar year.

"(3) For purposes of this section the term 'out-of-pocket expenses' means expenses, the payment for which such individual, or his spouse, or qualified child covered under the plan or option, is responsible, and for which reimbursement cannot be made, or cannot reasonably be expected to be made, under any other form of insurance or benefit plan, or any law or Government program, but does not include expenses incurred to which reimbursement is not made under a health benefit plan or option solely by reason of the fact that the individual or his spouse or qualified child incurred such expenses provided by a person or facility, and under such circumstances, such that payment under such plan or option is not authorized.

"(4) For purposes of this section the term 'qualified child' has the same meaning as in subsection (g).

"(5) In the case of an employer whose contribution amount to a health benefit plan for his employees is less than the full amount necessary to provide catastrophic expense protection as required by this subsection, one health plan option offered by such employer shall be considered to meet the requirements of this subsection if it meets all such requirements except that the deductible amount is in excess of $3,500.".

(b) The table of contents of part II of subchapter B of chapter 1 of subtitle A of such Code is amended by adding at the end thereof the following item:

"Sec. 86. Employer contributions to health benefit plans.".

EFFECTIVE DATE

Sec. 3. The amendments made by this Act shall become effective on January 1, 1982.

SPECIAL RULE FOR EMPLOYMENT TAXES

(a) General Rule.—Chapter 25 (relating to general provisions relating to employment taxes) is amended by adding at the end thereof the following new section:

"Sec. 3508. Treatment of excess employer contributions and rebates under section 86 health plans.

"(a) Amount Included in Gross Income Under Section 86(a) Treated as Remuneration.—For purposes of this subtitle, any amount required to be included in the gross income of an employee under section 86(a) with respect to any month—

"(1) shall be treated as paid in cash to such employee at the close of such month, and

"(2) shall not be treated as paid under a health or similar plan of the employer.

"(b) Special Rules for Cash Payments.—In the case of any required cash payment under section 86(d)(2)—

"(1) FICA, R&R, AND FUTA TREATMENT.—No amount (in addition to that to which subsection (a) of this section applies) shall be subject to tax under chapter 21, 22, or 23.

"(2) WITHHOLDING.—The remainder of the rebate (after the application of subsection (a) of this section) shall be subject to tax under chapter 24."

(b) CLERICAL AMENDMENT.—The table of sections for chapter 25 is amended by adding at the end thereof the following new item:

"Sec. 3508. Treatment of excess employer contributions and rebates under section 86 health plans.".

COORDINATED ADMINISTRATION

SEC. 5. The Secretary of the Treasury, in determining whether health plans or options meet the criteria of subsections (h) and (i) of section 86 of the Internal Revenue Code of 1954 (relating to minimum benefits and catastrophic expense protection) shall coordinate such determinations with the regulations and decisions of the Secretary of Health, Education, and Welfare in carrying out the program established under title XVIII of the Social Security Act.

COMPETITION IN THE DELIVERY OF MEDICAL CARE

(By Jon B. Christianson, Ph.D., and Walter McClure, Ph.D.)

Abstract.—One approach to reform of the medical-care-delivery system emphasizes the development of constructive competition among providers of health care. In this article we describe competition among providers in Minneapolis-St. Paul, one of the few areas that can provide information concerning the practicality of this type of reform. We have found that competition has helped to reduce hospitalization, contain costs and improve access to medical services. At the same time it has focused attention on consumer satisfaction with medical services, increased the range of consumer choice and given consumers better information about providers. Certain public and private measures could facilitate the development of similar competition in other communities. (N Engl J Med 301:812–818, 1979.)

The current debate concerning the appropriate public policy for restructuring the medical-care-delivery system in the United States appears to have identified two broad policy options. The first alternative is increased regulation, probably eventually including mandatory ceilings on health-care expenditures. A second approach emphasizes the introduction of effective market incentives in the delivery of medical care through the establishment of competing "health-care plans" in communities.[1-4] These organizations could take many different forms,[2] but their common characteristics would be the provision of comprehensive medical services by means of a defined set of physicians to a voluntarily enrolled population paying a prospective per capita fee. (Participating physicians could be paid in any way agreed on with their plan.) The major effect of this reform would be the division of providers into experience-rated groupings. Consumers would choose among these groupings and traditional providers under insurance plans on the basis of service and premiums. Thus, a health-care plan with efficient, highly qualified providers could draw patients away from inefficient providers by offering better service and broader benefits or lower premiums. This system contrasts with the present system of comprehensive third-party insurance coverage, which does not reward patients who choose efficient providers or providers who deliver care efficiently.[1,3]

Advocates of increased competition in the delivery of medical services have offered primarily theoretical arguments in its support. As a result the enthusiasm of many people for this approach has been tempered by concern about its practicality.[5] Can health-care plans be established on a wide scale and in a reasonable time? Will they really compete and not collude? Will consumers accept them in a setting of free choice? Will traditional providers respond positively to their development? Will a competitive market restrain increases in expenditures without impairing quality? These concerns about the actual performance of a competitive medical-care system can be addressed adequately only on the basis of experience, and there have been few, if any, examples of a competitive medical-care system in action. However, the recent development and growth of several health-care plans in Minneapolis-St. Paul has provided interesting evidence and insight into the practicality of this competitive approach.

A COMPETITIVE SYSTEM IN PRACTICE

There are now seven health-maintenance organizations (HMO's) in the Minneapolis-St. Paul metropolitan area. Their total enrollment has grown at an average annual rate of 27 percent since 1971,[6] and as of December 31, 1978, enrollment totaled approximately 240,800 members, or 12.4 per cent of the standard metropolitan statistical area (SMSA) population in the Twin Cities. Since this population grew very slowly over the past seven years, increases in HMO enrollment occurred at the expense of private insurers and traditional providers. Because of certain federal and state restrictions, HMO enrollees are drawn almost entirely from employed groups. There is only one "federally qualified" HMO in the Twin Cities. Thus, members older than 65 years are essentially precluded by Medicare reimbursement regulations that require HMO's to be federally qualified before enrolling the group eligible for Medicare. However, the age-sex distribution of members of these HMO's is still similar to that in HMO's in other parts of the United States.[6,7] As many as 35 per cent of those in eligible employee groups initially enrolled in the HMO's; after several enrollment periods the majority of employees in many major groups in the Twin Cities (for example, General Mills, Prudential Insurance, Cargill, Hennepin County and Deluxe Check Printers) have become HMO members.

SPONSORSHIP AND RISK-SHARING

The HMO's in the Twin Cities have been sponsored by a variety of organizations and feature many different financial arrangements for distributing risk. The largest and oldest HMO, Group Health Plan (121,184 members on December 31, 1978), began operation as a consumer cooperative, employs physicians on a salary basis and purchases hospital services by contractual arrangements with community hospitals. The second largest HMO, the MedCenter Health Plan (46,706 members), was sponsored by the St. Louis Park Medical Center, a multispecialty group practice. The plan has added several other physician groups and secures hospital services through negotiated contracts with a number of local hospitals.

In contrast to Group Health and MedCenter, there are three HMO's with somewhat closer ties to hospitals. The Ramsey Health Plan (4,025 members) contracts with St. Paul Ramsey Hospital, a public general hospital, for staff, hospital and ancillary services and clinic space, and the hospital is partially at risk for the expense of hospitalizing plan members. SHARE Health Plan (21,862 members) is located adjacent to Samaritan Hospital, which it uses for inpatient and outpatient ancillary services and hospitalization of members. However, the hospital is not financially at risk for the expense of hospitalizing SHARE members. SHARE was sponsored initially by a mutual-benefit association for railroad employees, but it is now independent and community-based, and its physicians are salaried employees of the health plan. It is the only HMO in the area that has sought federal qualification. The Nicollet-Eitel Health Plan (8,485 members) is a joint venture of the Nicollet Clinic (a multispecialty group practice) and Eitel Hospital. The clinic absorbs two-thirds of any financial losses associated with the plan, and Eitel Hospital is at risk for the remaining third.

The two newest HMO's were formed partially in response to the growth of the five organizations described above HMOMinnesota (HMOM, Twin Cities enrollment 12,170) consists of independent physician groups that contract with Blue Cross-Blue Shield to provide medical care to an enrolled population on a prepaid, capitation basis. One of these groups is sponsored by the Ramsey County (St. Paul) Medical Society. Hospitals throughout the Twin Cities provide institutional services on a contractual basis, and Blue Cross-Blue Shield provides administrative and support services. The Physicians Health Plan (PHP) 26,422 members), an "individual practice association" HMO, was sponsored by the Hennepin County Medical Society and includes over 1,200 physicians, or approximately 75 per cent of those in private practice in greater Minneapolis. Participating physicians agree to absorb any losses incurred by the plan, and enrollees are hospitalized through contractual arrangements with most of the hospitals in the Twin Cities.

COMPARATIVE PRICES

There is considerable variation in the premiums that the HMO's quote to different groups. In general, the quoted premiums of the HMO's vary with the benefit package offered, the expected premiums of competitors, the predicted use of services by the potential enrollee group, the ability of the HMO to assimilate additional membership and the marketing strengths other than price of competing HMO's. However, SHARE must construct premiums based on a community-wide rating system required of federally qualified HMO's.

Because of the variation in quoted premiums, average HMO monthly revenue per member derived from premiums provides the best proxy measure for HMO prices. This average rose at an annual rate of 18 per cent from 1974 to 1977 because of price inflation, increased benefit coverage and the high initial premiums of the newer HMO's formed by Blue Cross–Blue Shield and the Hennepin County Medical Society. However, during this period approximately 80 per cent of enrollment in HMO's in the area was concentrated in MedCenter and Group Health, and consequently these HMO's represented the major competition to traditional providers. The average monthly premium income per member for MedCenter and Group Health rose at annual rates of 13 and 16 per cent, respectively. (Percentage changes were calculated on the basis of revenue data from annual financial statements filed by the HMO's with the Minnesota Department of Health.)

On a group-by-group basis the premium advantage enjoyed by standard insurance plans over HMO's has decreased steadily, despite the more comprehensive benefits provided by the HMO's. For some groups, such as employees of Honeywell and General Mills, the difference has been eliminated entirely. All six of the HMO's that Honeywell initially offered to its employees (April, 1978) had lower premiums and broader benefit coverage than Honeywell's traditional insurance plan (Table 1). As a result 5300 Honeywell employees (33 per cent) switched from Blue Cross–Blue Shield to HMO membership. At the next enrollment period one year later (April, 1979), the proportion of Honeywell employees enrolled in HMO's rose to 45 per cent.

Footnotes at end of article.

TABLE 1.—COMPARISON OF PREMIUMS AND BENEFITS OFFERED AT HONEYWELL, APRIL 1978

Feature	Group health	MedCenter	Share	Nicollet-Eitel	HMO-Minnesota	Physicians Health Plan	Blue Cross-Blue Shield
Monthly charge to employee for family coverage.	$8	$5	$8	$8	$12	$13	$14.35.
Maximum lifetime dollar limit	None	None	None	None	None	None	$250,000.
Major medical deductible	do	do	do	do	do	do	$150 per family.
Major medical coinsurance	do	do	do	do	do	do	80 percent of 1st $15,000 after deductible.
Coverage for routine physical examinations, eye-ear examinations and immunizations.	100 percent	100 percent	100 percent	100 percent	100 percent	100 percent	None.
Coverage for hospitalization for psychiatric illness.	100 percent for 70 days.	>$15 per day for 21 days, >$25 per day for 22d through 60th day.	>$15 per day for 30 days.	>$20 per day for 30 days	100 percent for 45 days.	80 percent for 73 days.	100 percent for 70 days, 80 percent after deductible.
Coverage for hospitalization for alcohol or chemical dependency.	100 percent for 73 days.	>$15 per day for 21 days, >$25 per day for 22d through 75th day.	>$15 per day for 73 days.	100 percent for 1st 3 days, >$20 per day for next 70 days.	100 percent for 73 days.	80 percent for 73 days.	100 percent for 70 days, 80 percent after deductible.

The decreasing relative price of HMO services seems partially attributable to two policies of the Minneapolis-St. Paul business community in structuring their health-care-benefit options. First of all, it is common practice for companies to offer more than one HMO as an alternative to their traditional insurance plans. This practice encourages the HMO's to compete with each other, as well as with the insurer, for enrollees. Secondly, most employers in the Twin Cities contribute a fixed dollar amount to whichever benefit option is chosen. The employee must contribute the difference between this negotiated amount and the quoted premium (Table 1). Consequently, there is an incentive for employees to be conscious of price variation when making their choice among benefit options, and the HMO's are encouraged to compete on the basis of premiums. Since several HMO's are available as benefit options, no single HMO can successfully peg its premium increases to those of traditional insurance plans and still maintain enrollment growth. The number of HMO's and their diversity of organizational sponsorship and motivation make it unlikely that any collusive pricing arrangement (with this objective) could be sustained. In fact, there is no apparent pattern of price collusion, price leadership or predatory pricing in the HMO market in the Twin Cities.

COMPARATIVE COSTS

The necessity to be price competitive has forced HMO's in the Twin Cities to control costs tightly. The average HMO cost per enrollee per month in 1977 was $23.67 (Table 2)—$8.85 less than the average cost of $32.52 for enrollees in federally qualified HMO's[8] during that year. (Part but not all of this difference may be due to variation in the reporting requirements of the Department of Health, Education, and Welfare and the Minnesota Department of Health.) In 1977, only two HMO's in the Twin Cities had a net deficit on total income, whereas three achieved a surplus on premium income alone despite a relatively low income per enrollee ($24.79 per month versus an average of $28.52 per month in 1977 for federally qualified HMO's).[8]

TABLE 2.—EXPENSE AND INCOME PER ENROLLEE PER MONTH, 1977[6]

Health plan	Expenses*				Income ($)	
	Inpatient†	Outpatient	Administrative	Total	Premium‡	Total§
Group Health Plan	$7.24	$13.82	$1.42	$22.48	$23.04	$24.40
Med Center Health Plan	5.78	16.06	1.68	23.52	23.14	23.83
Ramsey Health Plan	9.14	14.10	3.74	26.98	24.79	25.79
SHARE Health Plan	7.04	13.97	2.69	23.70	23.85	24.90
Nicollet-Eitel Health Plan	10.36	16.44	3.22	30.02	25.22	‖30.02
HMOMinnesota	12.14	13.45	¶7.83	33.43	27.72	27.82
Physicians Health Plan	9.71	12.88	3.17	25.75	26.53	26.79
Mean	7.44	14.19	2.04	23.67	23.62	24.79
Proportion of total	.31	.60	.09	1.00	.95	1.00
Standard deviation	1.39	.99	1.27	2.40	1.28	1.29

*The correlation of inpatient expenditures to total expenditures equals 0.82, of outpatient expenditures to total expenditures equals 0.06 and of administrative expenditures to total expenditures equals 0.94.

† Inpatient expenses are primarily hospital charges to the HMO's. Payments to physicians are included under outpatient expenses.

‡ Income from capitation payments divided by total enrollee mo/yr.

§ Sum of all HMO income from capitation payments, grants, investments and copayments (but excluding fee-for-service income) divided by total enrollee mo/yr.

‖ Because of internal risk-sharing arrangements, the total net income of cost figures for Nicollet-Eitel Health Plan may not be comparable to those of other HMO's.

¶ HMOMinnesota has added administrative expenses because of marketing of the plan in northern Minnesota.

The performance of the SHARE Health Plan in the area of cost containment has been striking. From 1974 to 1978 SHARE reduced its monthly cost per enrollee from $25.72 to $25.61[6] despite an overall rise in the consumer price index of 38 percent in Minneapolis-St. Paul. Like SHARE, MedCenter and Group Health had average costs of under $27.00 per enrollee in 1978. In 1975, SHARE Health Plan enrolled approximately 300 recipients of the Aid for Dependent Children program through prepaid contracts with the Minnesota Department of Public Welfare. The average monthly cost for these enrollees was $23.90, as compared with an average cost of $36.79 for persons eligible for this aid who were served by traditional providers.[9]

Footnotes at end of article.

Inpatient costs

The success of the newer HMO's in competing for enrollees with Group Health and traditional insurers seems closely related to their ability to contain premiums by conservative hospitalization of their members.[10] The decrease in SHARE's costs cited above were paralleled by a reduction in hospital use from 752.5 to 422.8 days per 1000 members annually (Table 3). At the same time SHARE increased its membership by 560 per cent.[6]

TABLE 3.—HOSPITALIZATION

[Days per thousand]

Plan	1973	1974	1975	1976	1977	1978		
						Mental health	Nonmental health	Total
Group Health Plan[6]	489.0	490.2	504.8	500.8	496.6	122.3	360.0	482.3
MedCenter Health Plan[6]	329.9	354.0	465.2	*372.6	417.9	22.2	332.4	354.6
Ramsey Health Plan[6]	†630.9	740.5	729.8	719.9	709.9	118.6	504.9	623.5
SHARE Health Plan[6]	816.9	752.5	474.9	449.7	388.5	42.13	380.7	422.8
Nicollet-Eitel Health Plan[6]	†439.9	466.2	888.9	601.5	453.1	104.9	341.9	446.8
HMOMinnesota[6]‡		275.1	732.3	698.4	690.3	122.3	345.4	467.8
Physicians Health Plan[6]			†805.4	638.2	639.7	73.26	437.7	511.1
Average (weighted)‡	496.3	490.1	520.3	500.3	492.9	89.6	366.6	456.2
Kaiser Foundation Health Plan, northern California					[12] 421.0			[7] 372.0
Federally qualified HMO's[7]					[13] 422.0			[7] 397.0

*Reported hospitalization in 1976 was 306 days per 1,000 enrollees but excluded mental-health-related hospitalization. Mental-health hospitalization in 1976 was estimated by an actuarial adjustment of reported figures for mental-health hospitalization in 1977.

†Annual rates are based on less than 12 mo data.

‡Hospitalization data from 1974–77 based on experience of total membership, including plan Members residing outside the Twin Cities. Data for 1978 apply to Twin Cities members only

MedCenter, the fastest growing HMO, has been characterized by relatively low hospital use and premiums since its formation. The population base provided by the HMO membership merely permitted documentation of the already conservative hospitalization practices of MedCenter's sponsoring physicians, the St. Louis Park Medical Center. In contrast, the Ramsey Health Plan has been unable to achieve low rates of hospitalization and consequently has had high premiums and small enrollment gains.

The Physicians Health Plan lost more than $700,000 during its first two years of operation by underestimating, when constructing premiums, the rate at which its physicians would hospitalize patients. To remain financially solvent and at the same time offer competitive premiums, the plan found it necessary to institute tight controls over physician behavior. All hospital admissions by participating physicians must now be approved in advance by the plan, with an agreed-on length of stay. Physicians who fail to follow this procedure are not reimbursed by the plan, and some have been asked to leave it. These controls were instrumental in reducing hospitalization by over 100 days per 1000 members in 1978. HMOMinnesota has also been forced by the competitive environment in the Twin Cities to implement a similar set of controls, with equally impressive results (Table 3). The fact that HMO's sponsored by a medical society (such as the Physicians Health Plan) or containing major medical-society representation (such as HMOMinnesota) constrain their physicians to this extent indicates the emphasis that the HMO's place on controlling hospitalization. The acceptance of these constraints by the participating physicians demonstrates that they perceive the medical market in the Twin Cities to be quite competitive.

As a consequence of their efforts to reduce hospital use, the HMO's provided an average of 456.2 days of hospitalization per 1000 enrollees in 1978 (Table 3). Included in this average were 89.6 days of mental-health hospitalization per 1000 HMO members. These hospitalizations involved chemical dependency and alcohol abuse as well as acute psychiatric care. Comprehensive insurance coverage for inpatient treatment of alcohol and chemical dependency (Table 1) was ordered by the Minnesota Legislature in 1973. Thus, comparison of the hospitalization rates of HMO's in the Twin Cities and in other areas is somewhat difficult. (For instance, only 43 per cent of the members of the Kaiser Health Plan in Northern California had mental-health coverage as of December, 1977.[12] Eliminating mental-health hospitalization from the Kaiser data reduces its average total hospitalization by only 2.7 days per 1000 members.)

The non-mental-health hospitalization by HMO's in the Twin Cities, rather than the total hospital days per 1000 members, probably provides a better standard for comparison with the reported hospitalization by other HMO's. On the basis of this measure, Twin Cities HMO's were effective in limiting hospitalization relative to federally qualified HMO's (Table 3). By whichever measure is chosen, HMO hospital days reported are considerably lower than the 860 days per 1000 members reported for Blue Cross-Blue Shield employed groups in Minnesota during 1977.[11] These groups could be expected to have an age-sex distribution similar to that in HMO's in the Twin Cities.

It appears that the conservative use of hospital resources by Twin Cities HMO's represents no threat to community health standards. As observed previously, the St. Louis Park Medical Center instituted no new hospitalization controls on its physicians when it began to accept a portion of its patients as prepaid HMO enrollees in MedCenter. Yet the hospitalization rate for these members has varied little from its initial year and currently is less than the metropolitan and national HMO averages (Table 3). This observation suggests that these physicians, who are regarded as practicing high-quality medicine by their peers, have always hospitalized patients conservatively. But since over 70 percent of the physicians in the Twin Cities now participate in HMO's the low hospitalization rate for HMO members in other plans cannot be attributed to the physicians' style of medical practice before participation in an HMO. The reduction of hospital use over time in plans such as the Physicians Health Plan and HMOMinnesota indicates a substantial change in the style of their participating physicians. The willingness of the overwhelming majority of physicians to remain in these plans suggests that they do not perceive these more conservative practices as a threat to the quality of their patient care.

In addition to containing inpatient expenses through reductions in hospital use, the HMO's have been able to negotiate favorable contracts with hospitals in the Twin Cities. As noted above, Eitel Hospital and Ramsey Hospital participate in risk-sharing arrangements with the Nicollet-Eitel Health Plan and Ramsey Health Plan. The HMO's believe that these arrangements make hospitals more cost conscious SHARE Health Plan, Group Health and MedCenter pay rates reduced by about 4 to 9 per cent to their primary sources of inpatient services. The HMO's request these discounts because there is no delay in their payment of hospital charges and the hospitals incur no bad debts as a result of treating HMO members. Physicians Health Plan and HMOMinnesota customarily pay standard community charges since their hospitalization is not concentrated in particular facilities. Hospitals in the Twin Cities have sought HMO patients, even at discounted fees, because they currently have, on average, only a 74 per cent occupancy rate.[14] Through long-term enrollment growth, an HMO affiliation can potentially stabilize or increase a hospital's occupancy rate and thus reduce the possibility of hospital closure due to financial or regulatory pressures.

Outpatient costs

Although outpatient expenditures form the major category of HMO costs (Table 2) they vary little among the different HMO's. In all HMO's a greater proportion of the dollars go for physician care than for hospital care, reversing the usual split of conventional insurance dollars. Group Health and SHARE attempt to contain their outpatient expenditures by carefully matching numbers of salaried physicians with enrollment growth. Enrollment has grown rapidly in both HMO's during the past three years, but the number of full-time physicians per 1000 enrollees has remained stable, in the range from 0.6 to 0.8.[6] Both Group Health and SHARE have also responded to increased enrollment by reliance on physician extenders of various types; in 1977, 27 physician extenders were employed by Group Health and eight by SHARE.[6]

Competitive pressure to contain costs has apparently not lowered the referral rate of Minneapolis-St. Paul HMO's. The different plans averaged 0.34 referrals per enrollee per year in 1974 but 0.46 in 1976.[6] (The Minnesota Department of Health has reported no data on referrals after 1976.) Concurrently, referral expenses per month per enrollee increased from $1.64 to $2.13, which was approximately equal to the rate of increase in average HMO costs during the same period. However, the average cost of a referral visit decreased from $53.62 to $49.78.[6] This lower cost per referral could reflect either an increase in cost consciousness in the selection of referral physicians or a decrease in the seriousness of the medical condition of the average referral patient, owing to the larger number of referrals.

Administrative costs

The administrative costs of Minneapolis-St. Paul HMO's have averaged less than 10 per cent of total costs for the past five years. As one would predict, the larger HMO's have lower administrative costs per member, but even the smaller HMO's have consistently reported administrative costs well within the normal range of 10 to 15 per cent.[15] The organizations that have been the most successful at minimizing administrative costs also have the lowest total cost per member (Table 2).

COMPETITION ON ASPECTS OTHER THAN PRICE

Relative premium levels are not always the determining factor in the consumer's choice of an HMO. Other important factors are location of delivery sites, benefit coverage and the specific physicians participating in the plan. When Honeywell offered participation in an HMO (Table 1), over half the employees who chose to join selected the HMO with the highest premium—the Physicians Health Plan. Because of the accessibility of its 1200 participating physicians and the likelihood that an employee can enroll without changing physicians, the Physicians Health Plan can charge more than its HMO competitors and still achieve comparable enrollment gains. To attract enrollees most Twin Cities HMO's have added new locations. Group Health has constructed four new satellite buildings since 1974, and the Nicollet-Eitel plan has constructed one new facility and is in the process of building another. MedCenter, however, has taken the lead among "group practice based" HMO's in adding delivery sites. Primarily by contracting with existing group practices, MedCenter has increased its delivery outlets from five in 1974 to 17 at present. Because it has added delivery sites with a minimum of capital expenditure, MedCenter has been able to expand rapidly and there has been little impact on its costs. HMOMinnesota has also expanded its service network aggressively, particularly with the addition of the Ramsey County Medical Society sponsored independent-practice association as a participating provider group. When constructing new clinics or adding provider groups, the HMO's have emphasized the convenience of these locations for consumers rather than physicians. Consequently, HMO office construction tends to occur along main traffic arteries or near major retail centers, rather than near hospitals.

Another aspect of competition among HMO's has been the expansion of benefit options and covered services. Minnesota state law requires extensive benefit coverage for HMO's but allows some latitude in copayments and deductibles. A major variation in benefits now occurs in the payment for hospitalization for psychiatric care and alcohol or chemical dependency (Table 1). However, the overall trend in HMO benefit coverage has been toward increased comprehensiveness and decreased patient out-of-pocket expenditures. For example, until recently there were differences in maternity benefits among the HMO's, but now all feature complete coverage with no member payment required. Along with expanded benefits, some HMO's have begun to extend regular clinic hours to include Saturday mornings in an effort to attract enrollees.

CONSUMER INFORMATION

To clarify differences in benefits and services, larger employers distribute brochures that compare the benefits of HMO's and traditional insurance plans and describe the locations and characteristics of the various HMO's in a systematic, easily understood format. In addition, the HMO's have begun to advertise services, benefits and locations through local newspapers during enrollment, thus competing for larger groups like Honey-

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Footnotes at end of article.

well, which has 16,000 eligible employees in the Twin Cities. Therefore, the potential enrollee is provided with considerable information concerning the non-price features of the HMO's.

CONSUMER SATISFACTION

The continued growth of Twin Cities HMO's is one important indication that consumers are satisfied with the services that they receive. Consumer satisfaction is also monitored by the government, employers, unions and the HMO's themselves. The Minnesota State Department of Health, which licenses all HMO's in the state, requires that the HMO's maintain quality-assurance programs and collects data concerning the nature and frequency of complaints issued by HMO members; written complaints were filed by less than 0.2 percent of all members in 1977, with less than 40 percent of these complaints relating to the delivery of medical care.[6]

Coupled with these government activities is continuing evaluation by employers and unions. Before recommending the HMO's as benefit options, some of these groups have undertaken studies of their facilities, financial stability and treatment procedures. After offering the HMO's, many employers conduct periodic surveys of members to determine employee satisfaction with HMO services. In the published results of one such survey conducted by General Mills, only 2 per cent of HMO enrollees were dissatisfied with their choice, whereas 45 per cent reported that the care provided by their HMO (MedCenter) was better than their previous care.[16]

Approximately 12 per cent of HMO enrollees in the Twin Cities terminated their membership during 1978, as compared with 19 per cent in 1974.[6] The most common reasons appear to be moving away from an HMO's service area, change of employment and enrollment in a different HMO, but no data were available on the relative frequency of these factors.

CONCLUSIONS

The HMO's in Minneapolis-St. Paul have demonstrated that a variety of health-care plans can develop, attract employees and become financially stable in a relatively short period, with little assistance from the public sector. (SHARE Health Plan is the only Twin Cities HMO to receive federal development funds.) Traditional providers have responded competitively to HMO growth, as evidenced by the formation of the Physicians Health Plan and HMO Minnesota and by the efforts of physicians participating in these plans to reduce hospitalization. Competition among healthcare plans has focused greater employer and union attention on the medical services offered to employees and their satisfaction with these services. It has stimulated the provision of better information concerning the medical care at various HMO's, increased consumer access to medical facilities and provided consumers with a choice among different approaches to the financing and delivery of medical care, some of which would be unavailable without the stimulus of a competitive marketplace.

Since the development of a competitive market in the Twin Cities is obviously in its initial stages, the data are incomplete. Further study of these HMO's is needed to determine whether any reductions in the supply of community physicians or hospital beds are precipitated by enrollment growth, whether competitive health plans will enroll the poor and elderly if the opportunity and incentive are provided, whether hospitalization rates lower than those of traditional providers will persist over time and whether constructive competitive behavior will continue as the market share of the health plans grows.

A careful comparison of the quality of the medical care delivered by traditional providers and health-care plans is also needed. Despite these caveats, we believe that conditions in the Minneapolis-St. Paul medical-care marketplace are encouraging and indicate that similar competition in other locations could be beneficial. Certainly, observation of other competitive markets at various stages of development would provide information on whether the health plans in Minneapolis-St. Paul demonstrate the benefits of competition.

Competition appears most likely to develop in communities where three conditions exist: at least two and preferably more reputable health-care plans are available to consumers; any contribution by an employer or government is the same for all plans, with the consumer paying or being rebated the difference; and efficient providers are permitted to attract consumers through more comprehensive benefits or lower enrollee premiums. Except for Medicare and Medicaid, much of the Minneapolis-St. Paul medical-care market contains these essential features, primarily because of efforts of the private sector undertaken in a reasonably benign regulatory climate. The important influence of Twin Cities employers in stimulating competition among health-care plans has already been noted.

There appears to be nothing in the minneapolis-St. Paul experience that would preclude duplicating it in other areas through private actions. The widespread adoption of multiple-choice benefit options by employers, coupled with the contribution of a fixed dollar amount to each option and the enthusiastic endorsement of choice and competition, would provide a favorable climate for the formation and growth of health plans. In addition, a supportive set of public policies could reinforce these private actions and increase the likelihood that competition would envolve in receptive areas. Specifically, public policies emphasizing "choice and competition" among a variety of private health-care plans and traditional providers, rather than the current policy of promoting specific "federally qualified HMO's," would be desirable.[2] In this respect, federal, state and local governments might set an example by expanding the options available to their own employees. If such supportive policies are not adopted, governmental attempts to reform the delivery of medical care should at least be structured so that they do not restrict the development of competitive systems through private initiatives. Protection of the option for individual communities to develop competitive medical-care systems through their own efforts should be an important consideration in any national health-insurance scheme.

We are indebted to Paul Ellwood, Kent Peterson, Frank Tsai and many interviewees in the Minneapolis-St. Paul area for helpful comments.

FOOTNOTES

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IT PAYS TO SHOP FOR HEALTH INSURANCE

(By Kenneth Bredemeier)

The estimated 400,000 federal and District government workers in the Washington area could save $300 or more in health insurance costs next year if they take the time to pick an insurance plan that best suits their needs, a new consumer's study showed yesterday.

The survey of the 30 health insurance plans available to federal and D.C. workers in Maryland, Virginia and the city shows that while the benefits from several plans may be virtually identical the premium and health care costs are often substantially different.

Moreover, the study by the Washington Consumers' Checkbook magazine showed that some high-cost plans do not provide the range of health care options that less costly plans do.

The survey showed that the most popular insurance plan, the Blue Cross-Blue Shield high option plan, is consistently, one of the most costly. Nonetheless almost half of the government workers here have signed up for that plan, the magazine stated.

Conversely, Robert Krughoff, Checkbook's publisher, said that relatively few workers have chosen the Government Employees Hospital Association (GEHA) insurance plan, despite the fact that its costs are often much cheaper than virtually any other plan, regardless of family size, and its benefits often the same or superior.

Krughoff described the GEHA program as "obviously a superb plan."

The survey also showed that Health Maintenance Organization plans, under which consumers typically pay for their health care on an annual fixed cost basis, can also be expensive.

"A big rationale for them is that they prevent unnecessary medical care," Krughoff said. With a fixed payment schedule, "They eliminate the incentive for doctors to prescribe more medicine and surgery."

But the survey showed that such preventive care health plans are among the most costly here, because the premiums often are so high that they more than outstrip the savings in the out-of-pocket expenses that traditional health plans require.

The survey urges individual government workers to study thoroughly the various plans and their own personal medical care needs before finally selecting one. This was particularly important, the magazine said, if an individual or family is expecting unusual expenses, such as bills for dental or psychiatric care, that one plan might cover and another with the same premium might not.

Such insurance choices are relevant at the moment for federal and D.C. government workers, the magazine said, because the workers have their annual opportunity to switch insurance plans between next Monday and Dec. 7.

The magazine said that the vast differences between plans could easily be illustrated by comparing their highly ranked GEHA plan for a family of four with the lowly ranked Blue Cross-Blue Shield high option plan.

The study showed that in an average year the GEHA plan would cost about $680, including $235 in premiums and about $445 in unreimbursed expenses. The Blue Cross plan for about the same coverage will cost $1,040 in an average year, about $360 more than the GEHA plan.

While the Blue Cross plan would reimburse a greater proportion of a patient's bills, the premiums will be more than $450 higher.

"Over a 20-year period you will probably save over $5,000 by selecting GEHA," the magazine said. "Of course everyone would not have this much, and some families would actually come out ahead under the Blue Cross high option plan. But other families, the luckiest ones, would come out even more than $5,000 ahead under GEHA."

Washington Consumers' checkbook is published by the nonprofit Washington Center for the Study of Services, a group that previously has produced surveys of a variety of often-used consumer services.

Mr. DURENBERGER. Mr. President, briefly, my proposal is an attempt to apply the principles of competitive markets to our system for providing health care coverage. The theory of competitive markets is, of course, the basis of the American economy. The market approach is an effective alternative to greater Federal regulation and control of our health care system.

While Government regulation is becoming the norm for health care, there are areas in the country which have turned to the competitive-incentive model as a more appropriate means for the delivery of health care services. The Twin Cities of Minnesota is one area where competition is working. I have included with the bill an article describing the Minnesota experience. I would also like to call my colleagues' attention to an article which appeared in the Washington Post describing how the smart consumer can make an intelligent choice in choosing health insurance.

CONCERN FOR THE HOSTAGES IN IRAN

Mr. JEPSEN. Mr. President, I wish to echo the sentiments and comments of my distinguished colleague from Alaska (Mr. Stevens) in regard to his request that all America should pray for the safety of those Americans being held hostage by some in Iran.

I also add that I hope we all pray for the President, and all those that govern and rule, that they may be given not only the wisdom, but the patience and the good fortune to do the things that need to be done, the way they ought to be done, in order that we might again have all our Americans safe at home with us.

MEALS ON WHEELS

Mr. JEPSEN. Mr. President, I ask unanimous consent to have printed in the Record "Self-Help Gets a Swift Kick," published in the Washington Star on October 28, 1979.

There being no objection, the article was ordered to be printed in the Record, as follows:

Self-Help Gets a Swift Kick

(By Michael Balzano)

"Resolved . . . that in recognition of the selfless service performed, the president is hereby authorized and requested to issue a proclamation designating the week of September 16 through 22, 1979, as 'National Meals-on-Wheels Week' . . ." With these words, the Congress prepared to celebrate the 25th anniversary of a typically American phenomenon.

But only a few weeks earlier HEW's Administration on Aging (AOA) unveiled draft regulations for a new federal home-delivered meals program; if left unchanged, these regulations threaten to drive Meals-on-Wheels right off the road.

Some birthday present! By any standard, these thousands of neighborhood programs constitute the very model of what has always been valued most in this country; tens of thousands of volunteers identifying a genuine community need, amassing private resources, and meeting that need—with a minimum of bureaucratic fuss and a maximum of effective service.

Every day for 25 years now, and often twice a day, these local, private, non-profit programs deliver hot meals (and often essential ties with the outside world) to the home bound. Most of them are old—but they need not be 60 years of age or older. Many pay some or all of the cost of the meals; others pay none. Local churches and charities make up the deficit. The programs are tailored to virtually individual situations—and apparently they work.

In 1972, responding to no less worthy a need but quite a different one, Congress amended Title VII of the Older Americans Act to authorize a so-called congregate nutrition program. These programs serve a hot meal to senior citizens (60 and over) five days a week in a group—congregate—setting. There is no means test or charge for the meals, voluntary contributions are accepted. Last year these congregate centers served some 500,000 meals a day at an annual cost to the taxpayers of more than $300 million.

So, for about six years now, there have been two nationwide networks providing meals to the elderly, each with a legitimate, different, and apparently complementary purpose; voluntary meals-on-wheels programs serving the homebound, and federal Title VII programs serving the physically mobile. The one was a citizens' effort, locally designed, flexible, and privately supported; the other, necessarily encumbered by federal regulation ranging from the nutritional content of the meals to equal opportunity requirements for the hired staff. The one represented no appreciable drain on the U.S. Treasury, the other a considerable one.

In 1978, Congress began debating the creation of a national, federally funded, home-delivered meals program. It was principally concerned with the nutrition needs of the homebound elderly and saw in meals-on-wheels a logical vehicle for getting the job done.

The legislation was supported by both the National Association of Title VII Project Directors, representing existing federal grantees, and by the National Associations of Meals Programs (NAMP), representing a number of meals-on-wheels programs. But the two groups disagreed on how the funds should be channeled. The Title VII directors argued that their network of congregate centers should operate the federal meals-on-wheels services—with the private programs participating only under the authority of Title VII grantees, not as direct recipients of federal grants.

NAMP's case, in contrast, was that the local voluntary programs were already in place, had a proven track record, needed money to meet a growing demand with which charitable contributions were not keeping pace, and ought to be eligible to receive federal grants. They should remain reasonably autonomious, free of burdensome federal regulations, and serve as conduits—draining off almost nothing in overhead—for federal aid to those who need it. What NAMP had in mind was a partnership, not absorption.

Another sort of concern was expressed by local programs that did not themselves want federal funds but feared the impact of a new federal meals-on-wheels program growing out of the Title VII centers. They assumed—quite rightly as it turned out—that the two different services would operate under the same guidelines—that meals would be free and that their own "pay if and what you can" principle would not be able to withstand that competition.

As passed by Congress on October 18, 1978, the meals-on-wheels bill was incorporated into amendments to the Older Americans Act that greatly expanded social services for the elderly. Still, NAMP had solid grounds for believing that it was the intent of Congress to expand meal service to the homebound by using local voluntary meals-on-wheels programs as the main vehicle. Many members of the Senate and House authorizing committees said it was, including the chairmen, Senator Thomas Eagleton and Representative John Brademas: "In awarding funds, first consideration must be given to organizations like Meals on Wheels . . ." (Letter to The Washington Star, July 21, 1978).

Moreover, Congress provided two separate authorizations, one for the existing congregate programs and another for home-delivered meals. This was taken as a signal of congressional intent that meals-on-wheels programs would be eligible for direct grants from the area agencies and not subsumed under the authority of Title VII projects. Finally NAMP was assured by the commissioner on aging that the regulations would specifically protect the local voluntary programs from being forced out of business by Title VII competition.

On July 31, 1979, the draft regulations finally appeared in The Federal Register. The key provision states: "The area agency may only award funds for home delivered meals to a service provider that also provides congregate meals." This flatly rules out all but a handful of the voluntary meals-on-wheels programs from eligibility for direct federal grants—since, by definition, it is not their purpose to serve congregate meals. It also eliminates the possibility of funding any home-delivered meals services in areas where no congregate meal center exists.

So much for congressional intent and signals, and so much for the commissioner's assurances!

A NARROW READING

Now, assuming some rationality in the universe and honorable intentions all around, the question has to be, Why? Why these provisions in the regulations? In a July 12, 1979 letter to NAMP, the commissioner on aging justified them as mandated in the statute itself. He cited a clause that says, with respect to nutrition services:

"Each project will provide meals in a congregate setting, except that each such project may provide home delivered meals . . ." Admittedly, this language is susceptible—especially if read in isolation—of the commissioner's interpretation that home-delivered meals may only be provided in addition to, rather than instead of, meals in a congregate setting. But to give it such an interpretation in the face of the legislative history is to conclude that the Congress actually accomplished the precise opposite of what it intended.

If the Congress fails to challenge AoA on its narrow translation of this ambiguous clause, some questions remain: Will the voluntary meals-on-wheels programs be utilized at all under the new law? And are there any provisions, as promised, to protect those local programs that do not want federal funds from inevitable Title VII competition? AoA says yes: "The nutrition services provider must purchase home delivered meals from an organization, where one exists that (i) Demonstrates proven ability to provide home-delivered meals effectively and at reasonable costs . . ." Officials at AoA argue that the intent of this provision is to require Title VII nutrition projects to purchase meals from the voluntary programs. Well, not quite: the wording is such that any organization, even a profit-making catering service, could qualify to provide the meals.

More important by far, reducing the relationship to the terms-and-conditions for "purchasing" meals—as the proposed regulations would—scarcely suggests the partnership that NAMP had in mind. Most of the local programs do a lot more than just provide meals. In addition to screening applicants, the volunteers help their clients establish eligibility for other kinds of assistance, arrange transportation, run errands, write letters, and deliver a host of other services. If participation in the federal program means simply delivering meals, many local groups will want no part of it.

So what future will they have? The experience of Twin Cities Area Meals-on-Wheels of Benton Harbor, Michigan, may be instructive. This four-year-old program used to serve 40 homebound people two meals a day, operating at a monthly deficit of $350 (offset by charitable contributions). The program's director said this to me in a letter dated August 9.

"Approximately three months ago we started receiving phone calls from clients saying, "I didn't get a meal." The people who were calling were not in our program. Upon investigation, we found that a duplicate program sponsored by Title VII was developing in this area and many of the clients didn't even know where their meals were coming from. Since that time we have found a gradual decrease in the number of clients who are requiring our services. This decrease has (reduced us) to approximately 20 meals per day and it is prohibitive for us to continue to maintain a half-time person, a telephone, an office and the various other overhead items to maintain a program that only serves 20 meals per day."

It seems clear that if the existing meals-on-wheels services choose not to participate in the new federal program—or are not chosen to participate—they probably will not make it. (The board in Benton Harbor, for one, already has decided to terminate its program.)

All of which constitutes a sorry reward for local voluntary initiative. Congress apparently did not carefully assess the impact of the legislative language. And, this failure has doubtless been compounded by an outbreak of extreme bureaucratic literalness in construing the statute and writing the regulations. Unless a way can be found to fund the voluntary effort directly, the law and the regulations are likely to have the unintended consequence of destroying the thousands of community-based programs that have been serving the homebound for so long at just about zero cost to the taxpayer.

SELF-HELP REPUDIATED

Given all the congressional accolades and assurances, why did the private meals-on-wheels programs fare so poorly? One reason surely is that NAMP, an all-volunteer organization, lacks the funds and lobbying skills to do battle with the federal legislative/regulatory process, whereas the Title VII organization is amply supplied with both.

A more interesting question is how did another new federal program pass the seemingly suspicious eye of a budget-conscious Congress? The answer is that, during the more visible period of the bill's congressional hearings, the motherhood-and-apple-pie Meals on Wheels vehicle was driven through a Proposition 13 Congress without a roadblock. Then when the bill reached the conference committee, all references to Meals on Wheels were removed. Congressional staff aides working closely with AoA bureaucrats helped to fashion the language that would enable AoA to interpret the law precisely as it did. The members of Congress were simply caught off guard. So the result is that the government ends up repudiating the philosophy of self-help and citizen responsibility!

What is at issue in all this is the nature and purpose of government, and of the federal establishment in particular. It is fair to assume that most Americans continue to believe that the central government's principal responsibility is to undertake great enterprises—to put people on the moon, to protect the nation from its enemies, to establish broad standards of public policy—and that, otherwise, it should do only that which individuals and voluntary groups, localities and states, cannot do as well for themselves.

On this assumption, it would seem that policy-makers have an obligation to fashion an approach for getting meals to the homebound that finds room for worthy national purposes, effective local enterprise, and a productive partnership between them. Surely this falls within the range of human ingenuity.

Mr. JEPSEN. Mr. President, in this article Dr. Michael Balzano describes a relationship between community service programs and the Federal regulative bureaucracy: A relationship that poses a serious threat to the community structure of our Nation.

Focusing on the Administration on Aging's treatment of private, nonprofit, voluntary Meals-on-Wheels programs, Dr. Balzano has uncovered some shocking policies.

The Administration on Aging has interpreted the Older Americans Act to require that any program receiving Federal funds for the delivery of meals to shut-ins, Meals-on-Wheels, must also operate a congregate feeding program. This effectively forces any small community operated Meals-on-Wheels programs to radically change their program, or simply shut down.

It is clear that congressional intent has consistently been in favor of helping these small community programs. In numerous attempts to improve the nutritional welfare of the Nation's elderly, agreements have been reached to work with the existing programs, so that the necessary services might be provided in the most efficient manner.

But honorable intentions somehow only continue to fuel the regulatory nightmare. It has been over a year since the Older Amercians Act required the Administration on Aging to submit regulations for congressional approval for the distribution of funds. At this time there are still no legal guidelines in action. The unofficial procedures now in use may well put every community based meals-on-wheels program into a grave, in spite of all congressional intent.

When the dust clears we may be left with massive elderly feeding programs that serve only the elderly in large urban areas.

In Benton Harbor, Mich., for example, a 4-year-old community based meals-on-wheels program woke up one morning to find a duplicate, federally sponsored program had moved in down the block. Within 3 months the independent program, which had been operating at no governmental expense, was serving half as many meals as it had before its unneeded neighbor moved in. It quickly became impossible for the community program to maintain its personnel, its telephone and office space, and virtually all of its overhead expenses.

In the same vein, the attempts to form massive feeding programs, whether needed or not, have proven particularly dangerous in a rural setting. By issuing rules and regulations to support programs for areas with large populations only, the Administration on Aging has categorically denied even minimal subsidies to areas that are sparsely populated. My constituents in Iowa have been penalized across the board because of a lack of concern for a rural environment. For example, Lanesboro, Iowa, recently had their Federal subsidy for meals canceled because they were only serving one meal a week.

Mr. President, why did we stop encouraging the community to take care of its own? The Administration on Aging has illustrated to the citizens of Benton Harbor, and of many other communities nationwide, that community concern is ultimately of no use. As the Federal bureaucracy continues to preempt the community-based programs, residents will learn to avoid community involvement; the caring community will soon disappear.

I am forced to ask why? Who can possibly benefit from this misguided Government philosophy? Is it possible that our massive regulatory bureaucracy intends to regulate the senior citizens in our rural areas to that of second-class citizens?

It would be helpful if I could point my finger at a responsible culprit and demand immediate reform. But the nature of our bureaucracy is such that no one seems guilty. These regulatory fiascos seems to create themselves.

Mr. President, we must work immediately to insist that the Administration on Aging follow the wishes of Congress. I respectfully ask the Special Committee on Aging, the Subcommittee on Aging, of the Labor and Human Resources Committee, and representatives of the Administration get together to guarantee the continued existence of the community programs that have operated efficiently and meaningfully. The U.S. Senate must look very carefully at what the Administration on Aging does to preserve these private, nonprofit, voluntary programs, with the realization that concrete actions must be taken in this body, if progress is not evident.

Finally, Mr. President, I make a plea for the integrity of the community itself. These community-based programs, such as Meals-on-Wheels, are the lifeline of any community: these are the programs that bind individual lives into caring communities of life. Congress must be willing to assert its power in helping the community to help itself.

FEDERAL MEAT INSPECTION

Mr. JEPSEN. Mr. President, S. 531, a bill to amend the Federal Meat Inspection Act, permits the sale of State-inspected meat products to federally inspected plants. Currently restricted interstate movement discriminates against State-inspected plants and narrows the market for smaller producers. Senator BENTSEN's bill is clearly an attempt to provide equitable treatment to our Nation's small meat producers. I applaud my distinguished colleagues for introducing this bill.

Mr. President, I ask unanimous consent that my name be added as a cosponsor.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. JEPSEN. Mr. President, high standards of meat inspection are absolutely essential to insure that Americans are provided clean, healthy meat. I wish to express my complete support and endorsement of both Federal and State meat inspection systems. And I should add that my support of S. 531 is the result of careful examination and research convincing me that high standards of meat inspection will be continued.

In 1967 the Congress passed the Wholesome Meat Act, establishing a relationship between State and Federal meat inspection systems. Under this act, State-inspected meat products cannot be sold across State lines to federally inspected establishments; a plant wanting to sell to another State, must apply for Federal inspection. The costs of applying for Federal inspection may not pose a problem to newer, large-line plants, but for small, family-owned plants the costs of complying are often prohibitive.

A spokesman for the U.S. Department of Agriculture testified in a recent hearing that costs of complying with Federal facility requirements are "neither unreasonably costly nor burdensome." His testimony implies that the USDA is aware of the costs, but they are dismissed as being "not unreasonable." Such rhetoric evades the real problem facing small producers in America: excessive costs of complying with excessive regulations.

The Meat Inspection Act of 1967 also requires the Federal Government to "designate" States that cannot afford, or choose against, maintaining their own inspection systems. So far, 18 States have been "designated."

The 32 States that do maintain their own inspection systems serve 5,083 plants. These States must develop and enforce requirements at least "equal-to" those of Federal meat inspection. And the law guarantees that precautions are taken to insure that sanitary meats are provided by these State facilities.

In Iowa, we have 50 State-employed inspectors providing fine service to as many as 445 plants. These inspectors are educated in Federal training schools monitored by the USDA. The only major difference between State and Federal inspectors is their salaries; Federal inspectors are paid a salary of about $6,000 more than State inspectors.

Since State inspection is monitored by the USDA, and since all State meat processing plants operate under "equal-to" requirements, they should be allowed "equal-to" trade.

Our Government must recognize that small businesses are still the keystone of our market society. Small businesses contribute clean, healthy meat to American consumers. Small businesses deserve the right to interstate commerce and increased productivity provided by S. 531. Passage of S. 531 would offer consumers a greater variety of sanitary meat products, and ultimately, better prices in the marketplace from over 5,000 State-inspected plants.

Mr. President, I join consumers desiring efficient inspection of meat products. I support the USDA in its inspection of large plants that can afford to comply with facility requirements. But I remind my colleagues that we are not living in 1900. The appalling conditions of U.S. packinghouses exposed by Upton Sinclair's book, "The Jungle," are no longer with us. This is a new day—a new era. Today, a new book, called "The Jungle," would depict Government regulation and redtape strangling farmers and agribusiness. The pendulum has swung beyond the parameter of commonsense.

In closing, I want to commend the U.S. Department of Agriculture for its efforts to guarantee the production of quality meats. To maintain our posture as exporters and consumers of sanitary meats, we must keep a high standard of inspection. And in doing so, we must give fair treatment to our small, State-inspected meat producers. That is the purpose of S. 531.

ORDER OF BUSINESS

Mr. JEPSEN. Mr. President, I yield the remainder of my time, whatever it may be, to the distinguished Senator from Vermont (Mr. STAFFORD).

The ACTING PRESIDENT pro tempore. The Senator from Vermont.

Mr. STAFFORD. Mr. President, I thank the distinguished Senator from Iowa (Mr. JEPSEN) very much for yielding to me.

Mr. President, how much time remains to the Senator from Iowa?

The ACTING PRESIDENT pro tempore. Nine minutes remain.

Mr. STAFFORD. I thank the Chair.

INTERNATIONAL PARLIAMENTARY UNION

Mr. STAFFORD. Mr. President, I am taking this time this morning to again bring to the attention of my colleagues in the Senate the next meeting of the International Parliamentary Union which will occur in Oslo, Norway, during the Easter recess of the Senate next spring.

The meeting will actually occur between April 7 and April 12, 1980.

Mr. President, I have taken this time to talk a minute this morning after consultation with my fellow vice president in the American delegation to IPU, the distinguished Senator from New Jersey (Mr. WILLIAMS).

I would like to point out at the outset that the last meeting of the International Parliamentary Union occurred in Caracas, Venezuela, in September. There were 82 nations represented by delegations at that meeting. Many of the delegations were much larger and more fully prepared, frankly, than was the delegation from the United States.

Eighty-eight nations now belong to the International Parliamentary Union. Many of my colleagues, many people who listen this morning, or read the RECORD, may inquire as to what the International Parliamentary Union is.

It is an organization of parliamentarians, now from 88 nations, which meets twice a year. It is a very old organization. It was founded in 1889.

So this is the 90th year of the existence of the International Parliamentary Union.

The United States has belonged to the Union for a great many years. Twice in this century, the United States has served as the host for a meeting of the parliamentarians from the nations which belong to the International Parliamentary Union.

I particularly want to emphasize the meeting this coming spring, because Members who are interested in going as part of the U.S. delegation will not miss any votes in the Senate.

Any Members who might be interested in attending should contact either the majority leader or the minority leader, as appropriate, to indicate their interest.

I also invite the attention of my colleagues to the fact that in the RECORD for yesterday, November 8, beginning on page 31536 and continuing through the next pages, there are statements by Mr. PREYER, the president of the U.S. delegation to the International Parliamentary Union; Mr. DERWINSKI, Mr. BUTLER, Mr. McCLORY, and Mr. PICKLE concerning the work of the U.S. delegation at the meeting in Caracas. There also is some general discussion of the purposes of International Parliamentary Union.

The Union really is designed to bring together parliamentarians of the world. While the United Nations brings diplomats of the world together, the parliamentarians of the world are the ones who must enact legislation, if any legislation is to result from meetings of these international bodies.

Mr. President, at the spring meeting in

Oslo, Norway, April 7-12, which will be interesting, the study committees of International Parliamentary Union will be dealing with the following subjects:

Committee on Political Questions, International Security, and Disarmament:

The strengthening of the process of detente: the urgent need, need to arrive at international agreements in the field of arms control and disarmament and in particular the comprehensive strengthening of the NPT regime;

Committee on Parliamentary, Judicial, and Human Rights Questions:

The problem of refugees: its legal and humanitarian aspects;

Economic and Social Committee and Committee on Education, Science, Culture and Environment:

The Third United Nations Development Decade: its economic, social, educational, scientific, cultural and environmental aspects;

Committee on Non-Self-Governing Territories and Ethnic Questions:

Progress toward the achievement of decolonization including the full implementation of the right to self-determination.

Mr. President, any Members who are interested in joining in the work of International Parliamentary Union will be welcomed by the Senator from New Jersey (Mr. WILLIAMS) and the Senator from Vermont. We would be glad to make available any further information Members might desire concerning the work of International Parliamentary Union.

DANGEROUS EFFECTS OF PBB

Mr. STAFFORD. Mr. President, as many Members know, the Subcommittees on Environmental Pollution and Resource Protection are in the process of marking up S. 1480, a bill which would create a liability and compensation scheme for releases of hazardous and toxic substances in the environment.

One of the most widely publicized and serious releases of toxic substances was that of polybrominated biphenyls in the State of Michigan in 1973. Although several years have elapsed since then, it is still not clear exactly how the PBB's were released. All we know is that somehow the chemical became mixed with the feed for dairy cattle and thereby was distributed throughout the State. One study showed that 90 percent or more of the residents of Michigan carried body burdens of polybrominated biphenyls in their blood.

At the recent meeting of the American Public Health Association in New York City, several scientists submitted papers describing the effects of PBB on laboratory animals. Their work indicated that extremely low dosage levels of PBB's caused hyperactivity and a decrease in the animals' ability to discriminate in the performance of certain tasks. Other papers indicate that low doses of PBB's caused up to a 160-percent increase in liver damage and a more than 600 percent increase in liver enzyme production. These were accompanied by an apparent permanent decrease in the production of thyroxin, a hormone produced by the thyroid gland.

While it is certainly not clear that humans carrying PBB would necessarily respond in the same way as laboratory animals, these studies do raise some serious questions concerning the long-term health of large numbers of people exposed to low levels of chemical poisons.

Recently the September issue of Reader's Digest contained an article describing the PBB incident in Michigan, focusing on some of those long-term implications. I think some Members may be interested in that story, and I ask unanimous consent to have it printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE POISONING OF MICHIGAN

(By Ted J. Rakstis)

The trouble began quietly in the small central Michigan town of St. Louis (population 4200), home of the Michigan Chemical Corp. In October 1971, Michigan Chemical began to manufacture Firemaster BP-6, a fire retardant made of highly toxic chemicals called polybrominated biphenyls (PBBs). Although Michigan Chemical's own safety department recommended that workers handling Firemaster wear respirators, rubber gloves, chemical safety goggles and sanitary clothing, nobody enforced the rules. Baggers handled it freely, inhaled its dust, took work clothes home to dump in the family laundry.

By early 1972, many of them were feeling sick. Packager Charles Gross had memory lapses and shooting pains in his neck, back and shoulders. And he was sleeping excessively—12 or more hours a night.

Then, in 1973, Michigan Chemical introduced a new product called Nutrimaster, a cattle-feed additive made of magnesium oxide. The biggest buyer was Farm Bureau Services, Inc. (FBS), a farmers' cooperative affiliated with the Michigan Farm Bureau.

Michigan Chemical packaged Firemaster in brown bags bordered and printed in red, and Nutrimaster in similar bags printed in blue. Large piles of 50-pound bags of each were stored in the same warehouse. Later in 1973, a paper shortage caused the company to package both chemicals in brown bags identical except for the names (which were stenciled in black). Sometime between May and July, a forklift-truck operator loading a shipment of Nutrimaster picked up the wrong pile. Roughly 40 bags of Firemaster—about a ton—went out to the FBS central mixing mill in Battle Creek.

At the mill, Charles Szeluga, a feed mixer, noticed the different name. He says he was told that Firemaster was just a new trade name for Nutrimaster, and so he went ahead and mixed it. And soon FBS trucks began to carry the poison to feed mills and grain elevators across the state.

ELEPHANT HIDES

George LeMunyon is a 69-year-old bachelor who raised his young partner, Bernard Drent, as his own son. He lives with Bernard and his family in Cedar Springs, north of Grand Rapids, on a 450-acre farm. In the summer of 1973, LeMunyon's 150 milking cows stopped eating. Their hair fell out, sores developed on their bodies, their hoofs became grotesquely elongated, like wooden shoes.

Around the same time, in Missaukee County 100 miles north, Bob Geering's 40 milking cows developed ugly abscesses on their hocks, and their feet began to rot. Newborn calves had eye infections and battered their heads blindly on the barn walls.

Near Battle Creek, Rick Halbert and his father and brother ran one of the state's most profitable dairy farms. The family had 800 head of cattle, including 400 milking cows. But in September of that year the cows refused to eat, and milk output dropped by half. Halbert suspected his feed (which was enriched with what he thought was Nutrimaster).

Then Halbert's cows began aborting and dying when they tried to give birth. And when he fed the "Nutrimaster" mixture experimentally to some calves, they lost their hair and their skin began to look like elephant hide. When one calf died, Halbert took it to the diagnostic lab at Michigan State University. Vets cut it open and found a large ulcer, inflamed kidneys and almost no body fat. Their report stated that the problem was malnutrition.

Halbert then persuaded the Geagley Laboratory of the Michigan Department of Agriculture (MDA) to test the feed. It was given to six mice for ten days. All died. When Halbert reported this to the FBS staff, their response was to continue testing.

The breakthrough came in mid-April 1974, when Halbert sent feed samples to Dr. George Fries at the U.S. Department of Agriculture laboratory in Beltsville, Md. "This looks like something I've run a test on before—a fire retardant," Fries reported. "The trade name is Firemaster BP-6. I got a sample from Michigan Chemical Corp. in St. Louis."

All this time—for at least nine months—FBS feed was being used across the state. PBB would eventually be found in feed or residues at 189 mills and elevators. Nobody knows how many of Michigan's 9,000 dairy farms got the contaminated feed.

NOBODY KNEW

When it was proved that PBB had contaminated its grain, FBS announced a recall, and MDA began to quarantine dairy herds. More than 550 farmers were told they could not move their animals off the farms or sell their products. Many faced bankruptcy.

Yet even at this point nobody really knew how poisonous PBB was. The U.S. Food and Drug Administration (FDA) set "safe" guidelines at 1000 parts per billion (p.p.b.) in animal or milk fat, an arbitrary limit because PBB never had been in the food chain before. MDA tests of Halbert's milk showed 40,000 p.p.b., and his cows had between 500,000 and one million p.p.b. in their fat.

Farmers who had watched their livestock die, now began to get sick themselves. Rick Halbert and his wife, Sandy, suffered from stress, and she developed an ulcer. George LeMunyon had severe headaches, and sores covered his groin. Bernard Drent lost all feeling in his right arm; in a barn accident, he sliced off two fingertips and felt nothing. Bob Geering's failing memory made farm work impossible. He would try to plow a field and suddenly stop, unable to understand what he was doing. Geering's wife, June, also had dizzy spells and memory loss. And their daughter, Amy, became so fatigued that she went to bed immediately after school.

In November, as these stories spread, the FDA lowered the PBB tolerance level from 1000 p.p.b. to 300 p.p.b. for meat and milk. This became the state's official quarantine guideline, and financial settlements from Michigan Chemical and FBS generally followed that guideline. At the outset, only farmers under quarantine were eligible for a settlement. But many of them, offered what they believed to be only ten cents on the dollar, refused to settle and awaited court action.

NATIONAL SPOTLIGHT

In the fall of 1974, Michigan Chemical agreed to halt production of Firemaster. But the problem was far from over. PBB residuals in FBS mixing bins brought more contamination to farms. The quarantine total mounted, and some farmers not yet quarantined sent their cattle to be slaughtered. An unknown amount of meat went into the human food chain, primarily as hamburger, while the byproducts—mainly bones and entrails—were recycled as livestock feed. This spread the poison to farms and consumers not previously exposed to PBB.

At the University of Michigan, Dr. Thomas Corbett fed PBB to mice and found that they developed liver damage and birth defects. Alarmed over long-range health consequences, Corbett called Dr. Irving J. Selikoff, noted environmental-contamination expert at Mount Sinai School of Medicine in New York, and urged him to come to Michigan to study the state's human population.

Selikoff agreed, if state officials would extend a formal invitation. But Gov. William Milliken's office and the MDA never issued one. And while the state identified certain areas, such as Newaygo and Mecosta counties, as PBB "hot spots," it said that some other parts of the state had no poisoning at all. From the outset, the MDA sided with FBS, arguing that the farmers' problems were caused by bad management rather than PBB.

In Lake County, on a farm ruled not high enough in PBB levels for quarantine, Al and Hilda Green watched their world crumble. Most of their cattle were dead or dying. Al's body was covered with red welts, and his arms resembled elephant hide. The Greens could still legally sell their milk and beef, but Al said, "I wasn't going to poison other people." They asked permission to have their cows taken to Kalkaska, where a site for slaughtering and burying contaminated animals had been established. But since their cows were not quarantined, permission was refused.

So, on November 10, 1975, the Greens and a dozen neighbors met at ten o'clock near a 15-foot pit bulldozed the day before. Each neighbor carried a rifle. They herded the Greens' 112 remaining cows near the pit and shot them. Another American farm story was over.

But the Greens would be heard from again. Led by state Rep. Donald Albosta, a Special House Committee in March 1976 held hearings in Grand Rapids, Sault Ste. Marie and Cadillac. Mrs. Green testified, as did many others. The Albosta hearings brought the disaster into the national spotlight. On March 22, a caravan of farm trucks loaded with dead cows, sheep and calves headed for the capitol in Lansing. One truck bore a coffin, and the farmers carried signs—"Don't Let the State Poison you." They demonstrated in front of the capitol, and TV cameras told the country of their plight.

A statewide lobbying group, called the PBB Action Committee, was formed, and Hilda Green was named president. Across the state, bumper strickers bore the legend: "PBB—Cattlegate: Bigger Than Watergate." Public concern intensified when a state study showed that 96 percent of all nursing mothers tested had traces of PBB in their milk.

FAUSTIAN BARGAIN

In the fall of 1976, Bobby D. Crim, speaker of the Michigan house, learned of Irving Selikoff's offer to come to the state—a year and a half after he had volunteered. Crim invited Selikoff, and the Mount Sinai scientist put together a team of 50 physicians and technicians to begin the largest clinical field study of its kind ever conducted in the United States. After examinations of 1029 farmers, Michigan Chemical workers and consumers of food from contaminated farms, a preliminary report in January 1977 showed that 37 percent of the people tested had significant complaints, including liver abnormalities and neurological defects such as memory loss, extreme fatigue, lack of coordination and numbness.

In February 1977, Canada, Michigan's largest out-of-state beef market, announced that no meat with detectable PBB would be permitted to cross its border. For all practical purposes, Canada was closed to Michigan beef.

All these events finally prompted the state legislature in July 1977 to lower the PBB tolerance level to 20 p.p.b. in meat. Tests for PBB levels were begun on animals from every farm in Michigan, and farmers were paid for animals that had to be destroyed. The loss eventually totaled more than 30,000 cattle, 5,000 swine and sheep, 1.5 million chickens and many tons of dairy products. The state also filed a $119.2-million lawsuit against Michigan Farm Bureau, FBS, Michigan Chemical (now Velsicol Chemical Corp.) and Velsicol's parent company, Northwest Industries, Inc., and two subsidiaries. Velsicol later was indicated by a federal grand jury on charges of concealing material facts and conspiring to defraud the federal government.

In October of that year, following a 16-month trial, a circuit-court judge in Cadillac ruled against Roy and Marilyn Tacoma, dairy farmers who contended that their herd was ruined even though their cattle showed lower levels of PBB than those om many farmers who received large settlements. With little hope of help from the courts, most of the remaining claims were settled. The settlement total has reached more than $40 million spread among some 650 claims.

But even as claims were paid, Michigan farmers faced a new crisis. In the summer of 1978, recontamination had showed up on farms that had been heavy users of Nutrimaster, PBB, which may be buried as low as eight inches by plowing, had been spread primarily by manure used as fertilizer. The poison is now permanently embedded in barn-feed lots, machinery, barn walls. No amount of cleaning will remove all of it.

Thus "Cattlegate" has become the greatest man-made ecological tragedy in U.S. history. Although PBB is no longer manufactured by any American company, and Michigan's meat and dairy products are now considered safe to consume, it may be 20 years or more before PBB's long-range effects are known. In tests last year at the U.S. Center for Disease Control in Atlanta, rats given PBB developed tumors in the liver that could become cancerous. Monkeys given "safe" levels of PBB at the University of Wisconsin showed growth retardation. Last March, Selikoff and his research team reported that up to 90 percent of Michigan's nine million people have PBB in their body fat, and much of it will probably remain there for the person's entire lifetime.

The effects certainly linger for Charles Gross. He is still seriously ill and cannot find a job. "When they learn you worked at Michigan Chemical, they treat you like a leper," he says ruefully. Ron Creighton, another victim, feels useless and bitter. "I just don't think you should feel like 90 years old when you're only 34," he declares.

Selikoff feels that we have made "a Faustian bargain" with the chemical world. We demand the advantage of chemicals—synthetic clothes, fire-resistant plastics and fabrics, preserved foods. "But we are paying a price," he declares, "and the bills are now coming due."

STREAM CHANNELIZATION

Mr. STAFFORD. Mr. President, when the Senate earlier this year considered S. 914, the bill to reauthorize the Public Works and Economic Development Act, I sponsored an amendment to prevent the use of any money in that bill for the purposes of stream channelization. That amendment was adopted unanimously by the Senate. Because of the significance of this issue, and the destructive character of much of the stream channelization that occurs across the Nation, I intend to do all that I can to assure that my amendment will be included in any eventual conference report on this legislation.

The Jackson, Miss., Clarion-Ledger recently published an article by Tom Barlow discussing the issue and problems of stream channelization. I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

AGAINST CHANNELIZATION

(By Tom Barlow)

For decades federal agencies have been ditching and draining, chewing up natural streams, with channelization projects. In the past 30 years the U.S. Department of Agriculture in the name of "conservation" has helped dig drainage channels for over 50 million acres of land across the nation. In Mississippi 3,800 miles of channelization have been completed by the U.S. Army Corps of Engineers and Soil Conservation Service (SCS) in the name of "watershed protection" over the last three decades, and another 3,000 miles of such dragline work to drain tens of thousands of acres is awaiting construction funding.

The principle rallying the sponsors of these projects is "get those waters off my land." Quite simply, draining water rapidly downstream is "flood control."

But in the wake of the April and May backflooding of a half million acres on farms northeast of Vicksburg, warnings of flood overflows of the corps' dams in northern Mississippi and record-breaking flood crests on the Tombigbee, it's time to take a hard look at what our agencies are doing to us with channelization.

Wildlife professionals and naturalists have attacked channelization projects for years. With the destruction of bottomland forests and swamps after construction work is done, Americans have lost forever rich recreational and biological resources. For example, over 60 percent of the 1.2 million acres of bottomland hardwood forests in the Mississippi Yazoo Delta remaining in 1970 have now been cleared.

Rep. Tom Bevill, D-Ala., claims that federal flood control projects costing $10 billion over the past 30 years have resulted in flood control benefits to homes and industry located in flood plain areas valued at $68 billion.

However, because of upstream channelization, these flood protection benefits become potential flood losses.

Flooding increases because upstream as cropping intensifies on the lands bordering new channels they lose their water retaining capacities and shrug off rainloads almost as soon as they hit. For instance, over 900 miles of channel work in six SCS watershed projects in Rep. Jamie Whitten's district at the Tombigbee headwaters flushed tremendous volumes of water quickly downstream to compound floods in Bevill's district in Alabama in April.

The SCS has over 400 watershed projects across America already authorized and many more in the planning stages with over 8,000 miles of channel modification work to be done.

Although publicized as helping the farm community, channelization projects are in fact causing serious damage to the farm economy. Much of the 50 million acres the U.S. Department of Agriculture has helped to drain would have remained swamp and marsh if generous government flood control and drainage assistance had not been provided to finance up to 95 percent of project dollar costs.

In effect, as a result of channelization, over the past 30 years, a whole new agricultural empire has developed in America's bottomlands, rationalized by engineers pointing to development opportunities and crop increases to justify this work.

To be sure there are beneficiaries of these projects—the owners of this developed acreage.

But there are many farms (bottomland as well as upland farms) that can be hurt economically as the production from this new empire has surged into markets to hold down commodity prices.

Even with price supports, it is logical that only occasionally do we see crop prices soar to the point where farmers can retire debt and save enough to tide them through lean years.

Perhaps it is no coincidence that during the decades when federally financed channelization and drainage projects increased, there has been an alarming decline in the number of farms, especially small farms. Across our nation four million farms have disappeared since 1945.

Quite simply, more production has meant depressed commodity prices and currently when the costs of farming are skyrocketing, profit margins are rendered paper-thin on all but the largest operations. In America's current farm economy, soaring debt has become the order of the day. But the engineers still dig and drain.

What to do:

Halt all federal and state agency ditching and channelization until the downstream flooding impacts can be properly assessed.

Direct the corps of engineers through its permit authorities to survey all watershed and river basin ditching work to ensure that any drainage that will result in downstream flooding is regulated.

Where downstream flooding is occurring, go back upstream and recreate the wetland expanses which formerly held back flood volumes. In the wake of disastrous floods in the Red River Valley, the Minnesota Legislature is preparing to authorize such an effort in that state. Increase the capacity for detention reservoirs and build new impoundments upstream of the Delta areas of the Yazoo, for instance.

Turn off the flow of federal water resource development projects which are piling up crop production at a faster rate than demand is increasing, meaning that farms are going broke on commodity prices that hardly return the costs of production.

RECOGNITION OF SENATOR RIEGLE

Mr. STAFFORD. Mr. President, I again thank the distinguished Senator from Iowa for yielding this time to me, and I yield back the remainder of my time.

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Michigan is recognized for not to exceed 24 minutes.

SUPPORT FOR SALT II TREATY

Mr. RIEGLE. Mr. President, at the outset, I pay my personal respects to the majority leader, Senator ROBERT C. BYRD. He has given important personal leadership on the SALT II issue, and I admire him for it. He is performing a great service to the country.

Mr. President, I rise today to indicate my support for the essential ingredients of the SALT II treaty.

After months of study, analysis, and personal reflection I have concluded that ratification of the treaty as written is a safer and stronger course for America than the alternatives we would face should the treaty be defeated.

This does not mean that the treaty contains all that I would have hoped or might have liked. In fact, I am giving serious consideration to joining an effort that would tie the continued effect of SALT II, once ratified, to specific progress on a SALT III agreement that would require new and substantial mutual reductions in strategic stockpiles.

Moreover, while I am prepared to support SALT II without new amendments that would require renegotiation, I am not prepared either now or later to commit myself to SALT II if it is materially enlarged by side agreements and additional strategic commitments demanded by other Senators as the price for their ratification vote. If SALT II is altered in this fashion, then I will be compelled to reevaluate the entire matter and make a new judgment at that time.

It is my sincere hope that the administration will resist any attempts to add new strategic commitments demanded by other Senators. Any such arrangements will undermine the entire ratification process—and very likely doom SALT II.

As to the treaty as negotiated and presented to the Senate for ratification, I think it serves the strategic interests of the United States—and is greatly to be preferred over the totally unrestrained, dangerous, and wasteful arms race that will be triggered if it is defeated.

My support for SALT II is not based on a belief that the Russians are to be trusted. On the contrary, I believe that experience shows that the Russians are not to be trusted—and thus I prefer the monitoring safeguards and procedures that SALT II provides us as important means of keeping track of Soviet strategic arms activity.

Let me now address certain issues raised by the opponents of SALT II.

The issue of which side has superior nuclear strength is both devoid of relevant meaning and misleading. Both sides possess now—and in the future under SALT II—the capacity for complete mutual annihilation under any and all scenarios one can imagine. A nuclear exchange by either side is an act of national suicide. Both sides know this. Nuclear superiority in today's world is a fool's notion—it is a fiction with or without SALT II.

So SALT II does not guarantee either side nuclear survival. It is much more limited than that. It does little more than slow the arms race, which is a necessary step to the later possibility of halting and then reversing the nuclear buildup.

But it is clear to me that failure to decelerate the arms race by mutual agreement can only lead to an unrestrained acceleration of the arms race. However frail the tangible gains of SALT II may appear, their greatest value will be measured by the absence of monumental new dangers that would quickly appear without SALT II.

Such awful choices necessarily stagger a sane mind; the nuclear arms race now victimizing the world lost any relevance to sanity long ago. How does one make sense of a United States and Soviet inventory of 14,000 nuclear weapons, which in the aggregate represent destructive power over a million times greater than the bomb that destroyed Hiroshima in 1945? Anyone who imagines that a single additional nuclear weapon produces a safer world lives in a fool's paradise.

On the other hand, unilateral disarmament makes no sense either. We are left with the slow and halting steps of the SALT process as our only rational alternative.

SALT II will slow the arms race and by so doing will reduce somewhat the risk of a nuclear war that can only destroy both sides. It is why both countries find it in their mutual interests, despite deep suspicion and mistrust, to edge back from the brink of self-destruction.

A profoundly important second level benefit that accrues if SALT II is ratified is that the United States and the U.S.S.R will then have a chance to prove to themselves and to each other that mutual restraint can make both sides safer and stronger. This new path of mutual self-interest that diminishes the risk of mutual destruction and offers tangible gains to both sides may lead to other avenues of cooperation and accommodation that can further benefit both nations.

When "kill or be killed" has become "kill and be killed," the time has come to stop the blind rush toward the methods and means of killing. That is the essence of SALT II, a cautious and limited mutual step away from self destruction.

Gen. Douglas MacArthur's words echoing over some 25 years are directly relevant today. In 1954 General MacArthur said this:

> War has become a Frankenstein to destroy both sides. No longer is it the weapon of adventure whereby a short cut to international power and wealth—a place in the sun—can be gained. If you lose you are annihilated. If you win, you only stand to lose. No longer does it possess the chance of the winner of duel—it contains rather the germs of double suicide.

While the SALT II issue centers on strategic weapons, I think it is appropriate to express here my concern about what I consider to be the growing inadequacy of U.S. conventional military capability. The enormous cost of unrestrained strategic weapons development can leave the U.S. muscle-bound with unusable nuclear arms while we are underfinanced and undersupplied with more flexible conventional military capability better suited to the kinds of regional conflicts that can directly jeopardize the strategic interests of the United States.

A capacity for nuclear exchange has no practical value when one is faced with protecting vital shipping lanes, or faced with securing foreign oil fields vital to western industrial survival. When dollars are scarce, we must maximize the effectiveness of our military spending, and I think our current area of greatest military need is in the area of conventional forces. SALT II will reduce U.S.

spending for strategic weapons and free those resources to modernize and upgrade our conventional forces. That is a gain.

While SALT II is an agreement between the United States and the Soviet Union, all other nations have a direct and vital interest in this treaty.

Our Western European allies particularly have an enormous stake in the outcome of the SALT II process. They understand this and have so stated publicly. Every NATO country is on record as supporting SALT II as negotiated.

At a recent NATO parliamentarians meeting in Ottawa, Canada which I and other Senators attended, the parliamentarians assembled from all the NATO countries, after months of analysis and open debate, went on record as supporting SALT II treaty without a single dissenting vote.

That was a tremendously important expression by our NATO allies that they view SALT II as serving the vital strategic security interests of the entire Western alliance. Their safety and security is at stake as is ours, and their unanimous recommendation is that we ratify SALT II in behalf of the security interests of the free world.

The debate on SALT II has been valuable in causing a complete reassessment of U.S. strategic military posture.

And one troubling fact that has come to light, and I say this to my colleagues who are in the Chamber, one very troubling fact that has come to light reflects the glaring inequities in defense spending by the leading Western nations. While we and our NATO allies agree on strategic arms control, we do not agree on how the remaining cost burden is to be shared.

Most Americans are stunned when they learn that in 1978 the United States was spending $517 per capita on defense, while West Germany was spending $337, France $325, and Japan only $74. These are shocking differentials, and it is obvious that new efforts are needed to better balance the military cost burden of defending the free world.

Our inflationary Federal deficits are largely caused by the United States bearing the lion's share of free world defense costs. This must change.

Nothing more clearly illustrates our failure to be prudent in this regard than two recent events that illustrate our blindness to this problem. Short weeks ago this Senate voted to break the budget and enlarge the Federal deficit by adding a 3-percent increase to our planned military spending, ostensibly to meet a solemn NATO commitment. Within days of that action by the U.S. Senate, the West German Government quietly indicated they were cutting their military spending increase in half, to 1½, and even that figure appears inflated. Our enthusiasm to make an extra effort enabled them to reduce their effort.

Some of those who whoop and holler the loudest here on the Senate floor about meeting NATO spending targets ought to stop playing into the hands of our friends who encourage us to spend our scarce dollars for their defense, while they quietly divert their resources away from mutual defense to internal capital investment, reindustrialization, and their own national purposes.

In 1978, the United State spent 5 percent of our GNP on defense; Germany, by contrast, spent only 3.3 percent; and Japan spent less than 1 percent; they spent 0.9 of 1 percent. It is no wonder that their currencies are stronger than ours, that their inflation and interest rates are lower than ours, that they are better able to modernize their industrial base, sell their surplus production here in the U.S. market and export American jobs to their countries. It is time that we woke up to these realities and stop living in a dream world of military sloganeering and hurrah. Unless we face these hard realities and adjust our policies accordingly, we will continue to drain vital strength from the United States that can only make us weaker and more vulnerable in the future.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. RIEGLE. Yes.

Mr. ROBERT C. BYRD. Mr. President, I congratulate the distinguished Senator from Michigan on his very perceptive analysis of the SALT II treaty and of his articulate expression of support for the treaty.

I certainly share his concern that without the treaty we will be draining moneys away from conventional forces and from nuclear theater forces. There should not be any doubt, that without the treaty this country is going to be spending more, more, more for strategic systems in order to try to keep up with the Soviets, the Soviets already having developed the momentum and trends to go on and on for some years in building clear superiority in their central systems. Instead of 308 biggies, the Soviets can go to 400, 450, 500, and we will try to keep up undoubtedly, and as we do this we drain just that much money away from conventional forces, thus making us unable to deal with contingencies that can very well erupt here, there, elsewhere quickly, and which would necessitate our being able to deploy military forces in order to protect our national security interests.

So I say to all Senators who have concern for the inadequacies of our conventional forces—and I am not saying we have not been doing anything, we do not contend that—the SALT treaty hearings have convinced me that we need to do more to emphasize the conventional side of our military structure, and we are not going to be able to do that if we have to engage in a protracted and intensified strategic nuclear arms race, and it will be a race, it could be a race. So I commend the Senator. He put his finger right on an important point.

As we look at the tense international situation around the world, we look at the tenuous energy supply lines which are vital to our national security, suppose something happened here or there? Are we ready? Are we conventionally prepared to deal with it so that it will not escalate into a nuclear exchange? Or is that all we have? Are we going to be left only with a nuclear exchange to deal with those situations which could arise imperiling our security interests, and with which we could deal if we were conventionally prepared?

We do not want to be left in that situation where a nuclear exchange is the only answer.

So I congratulate the Senator. He has made some rather excellent points in his statement, and I agree with him that there should be a better balance in cost-sharing among our NATO friends.

But I do not think we should overlook the fact that Mrs. Thatcher, that is her government, is denying themselves other needs in order to meet that 3 percent, and that is a commitment on our part. President Carter made that commitment. It was he who led the way to a NATO summit last year, and we made that commitment, and I think we should live up to it because only by setting the example can we criticize constructively our NATO allies.

But it is shocking when the Senator speaks of Japan, a very, very strong ally, very resourceful people, spending so little, relatively speaking, for defense.

I thank the Senator and I congratulate him.

Mr. RIEGLE. Mr. President, let me just say that I appreciate the comments of the majority leader. I might say, I want to repeat what I said at the beginning of my remarks. I want to particularly pay my respects to the majority leader who, I feel, has given important personal leadership to the SALT II issue, and has thereby performed a great service to the country.

Let me say, in response to the point he has made, that if one goes to West Virginia today and we look at the problems facing the coal miners there or steelworkers there or we go to my home State of Michigan or we go to other industrial regions of the United States and we see problems with many of our people out of work, unable to compete with the flood and the influx of foreign products from Japan, West Germany, other allied nations, and we dig deeper into that matter and take a look at these defense spending differentials, what we find is that the money we need to spend to modernize our industrial base is going into free world defense.

The money from these other nations, the scarce capital, is, by and large, going into their nations to make them stronger economically and to put ourselves—while we are still on a friendly basis—in a more adverse position.

So these things are related, and we have to understand that relationship, because if we are not strong at home we are not going to be able to be strong abroad.

That is why this issue, the SALT II debate, has performed a service in the sense that it is bringing these kinds of questions to the surface.

I think the Senator's point about the additional efforts being exercised by the new government in Great Britain indicates some sign, at least in that one place, of a greater effort. But, as the Senator has acknowledged, in other nations that are much stronger economically and much better prepared to make a commitment of greater effort, that effort has fallen short.

I might further say, and it is important for us to remember the lessons of recent years, that this is my 13th year in Congress, and I recall very vividly the period of our involvement in the Vietnam war. That was a different situation but, I think, the principle is the same.

We found in the case of the Vietnam war that the more we were prepared to do for the South Vietnamese the less they were prepared to do for themselves, and it became a self-defeating course of action.

We cannot go back now and change that history, but in terms of burden-sharing today, allies who are in a stronger economic condition than we are, whose unemployment rates are lower, whose inflation rates are lower, whose currency is more valuable than ours, whose balance-of-payments situation is more favorable than ours, have to begin to carry their fair share in terms of free world defense, and its relationship to the SALT treaty which is direct in regard to the notion of who carries the bulk of the burden for strategic weapons spending.

That is why I think this treaty, if ratified, offers the possibility for the United States to be both safer and stronger in the future because we need our scarce resources for conventional military strength, we need them for reindustrialization within the United States, and for other purposes.

VETERANS DAY

Mr. BAKER. Mr. President, this Sunday, November 11, is the day our Nation has set aside to honor our veterans. A brief history of the significance of this date, I believe, is appropriate. In 1921, an American soldier—his name "known but to God"—was buried on a Virginia hillside overlooking the Potomac River. The Arlington National Cemetery burial site of this unknown World War I soldier became the personification of dignity and reverence for America's veterans. Similar ceremonies occurred earlier in England and France, where an "unknown soldier" was buried in each nation's highest place of honor. These memorial gestures all took place on November 11, giving universal recognition to the celebrated ending of World War I hostilities at 11 a.m., November 11, 1918—the 11th hour of the 11th day of the 11th month.

Originally known as "Armistice Day," this day of observance became a national holiday by congressional resolution in 1938. The idealistic hope that World War I was "the war to end all wars" was shattered the day World War II broke out in Europe. In answer to the dilemma of how to pay tribute to those who had served in that war, the name "Armistice Day" was changed to "Veterans Day" in 1954. Additional significance was added to Veterans Day in 1958, when two more unidentified American war dead were brought to Arlington Cemetery from overseas and interred beside the World War I soldier. One had been killed in World War II, the other in Korea. A law passed in 1973 provides for the future interment of an unknown American who lost his life in Southeast Asia during the Vietnam era if unidentified remains are discovered.

In keeping with our national tradition of honoring those brave men and women who have served their country, I am happy to announce my cosponsorship of several measures designed to pay tribute to our veterans who served during the hostilities in Southeast Asia. The first is a joint resolution to set aside a 2-acre section of Constitution Gardens in Washington, D.C. for a Vietnam memorial. Mr. Jan C. Scruggs, a veteran of the Vietnam war and now president of a memorial fund to raise the private donations for this monument, deserves much credit for his efforts to end "the sharp division in our generation" created by an unpopular war. This new legislation will enable Mr. Scruggs' fund to finance the building of a memorial on the Mall inscribed with the names of the 57,414 Americans who died in Vietnam. I share the view of my colleague, Senator MAC MATHIAS, that the memorial is a long overdue acknowledgement by the American people of the sacrifice and service of Vietnam veterans.

In addition to this type of recognition, I also believe that real, concrete steps need to be taken, to assist our Vietnam veterans in solving a number of continuing problems which have been ignored far too long. Therefore, I am also joining my colleagues, Senators HEINZ, JAVITS, MOYNIHAN, and PRESSLER in cosponsoring the Vietnam Veterans Act, which will provide a program of career development, advancement, and training; outreach and supportive services; increased funding and improved programs for health and psychological care; improved education assistance; and other provisions designed to help these veterans overcome significant readjustment problems.

A law passed in 1968 had changed the national commemoration of Veterans Day to the fourth Monday in October, but it soon became apparent that November 11 was a matter of historic and patriotic significance too great to be ignored. I was pleased when the Congress enacted legislation in 1978 returning the observance of this very special day to its traditional date. All of us in this country owe much to our veterans, and it is with humility and great admiration that I extend my personal gratitude and tribute to them on this Veterans Day.

DEPARTMENT OF DEFENSE APPROPRIATIONS, 1980

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now resume consideration of the pending business (H.R. 5359), which the clerk will state.

The legislative clerk read as follows:

A bill (H.R. 5359) making appropriations for the Department of Defense for the fiscal year ending September 30, 1980, and for other purposes.

The ACTING PRESIDENT pro tempore. Debate on this bill is limited to 4 hours, to be equally divided between and controlled by the Senator from Mississippi (Mr. STENNIS) and the Senator from North Dakota (Mr. YOUNG), with 1 hour on any amendment in the first degree except a Heflin amendment on helicopter training, on which there shall be 2 hours, a Hatfield amendment on the MX missile, on which there shall be 3 hours, and an Armstrong amendment on pay cap, on which there shall be 3 hours, with 30 minutes on any amendment in the second degree, and with 20 minutes on any debatable motion, appeal, or point of order.

The Senator from Mississippi is recognized.

Mr. STENNIS. Mr. President, the Senator from North Dakota (Mr. YOUNG) and I are ready to proceed as comanagers of the bill. May we ask, what time is there remaining from the 4-hour time limitation on the bill? I believe that all of that time is still available; is that right?

The ACTING PRESIDENT pro tempore. The Senator from Mississippi has 93 minutes remaining. The Senator from North Dakota has 118 minutes.

Mr. STENNIS. That is what we call "on the bill"?

The ACTING PRESIDENT pro tempore. The Senator is correct.

Mr. STENNIS. All right.

Mr. President, the Senator from Oregon (Mr. HATFIELD) has a sweeping amendment here with reference to the MX. He has a very substantial argument, with strong points, and I appreciate the fact that he is ready this morning, and also willing to proceed now. He has such time as the Chair has already related. We have a like amount.

We are all inclined to get this matter before the body and then have the vote and turn back any time remaining, but we do not know yet what the requests are going to be from our colleagues for sharing time; so we will just withhold all comment on that, except to state our willingness to try to reduce the time somewhat.

I thank the Chair for recognizing me. I am charged with the time on this side. I have conferred with the Senator from North Dakota, and I have been speaking for him as well on that point.

If the Senator from Oregon now seeks recognition, I yield to him.

UP AMENDMENT NO. 787

(Purpose: To eliminate funds for the MX missile and provide $20 million for research and development in connection with the shallow underwater mobile Minuteman III missile system)

Mr. HATFIELD. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Oregon (Mr. HATFIELD) proposes an unprinted amendment numbered 787:

On page 28, line 19, strike out "$4,892,043,000," and insert in lieu thereof "$4,242,043,000, of which $20,000,000 shall be used only for research, development, testing, and evaluation to determine the feasibility, the cost estimate for implementation, and an estimate of the time period required to attain both initial and full-scale deployment of a shallow underwater Minuteman III missile system;".

Mr. HATFIELD. Mr. President, basically this amendment proposes to stop the MX missile, and to provide us with a more logical and practical alternative. In my remarks I hope to convince my colleagues of the wisdom of this action; because, Mr. President, the Senate has been asked in the legislation before us to approve of a weapons system which will be the most expensive, most lethal and most intensely complicated project in U.S. history. Some $670 million is being appropriated in this bill for the MX missile and its so-called "racetrack" basing scheme. Brig. Gen. Guy Hecker, Jr., Office of the Special Assistant for MX Matters, USAF, has called MX "man's largest project, larger than the Great Wall, larger than the Pyramids, larger than the Alaska pipeline or the Panama Canal."

I am here today, Mr. President, to challenge the fundamental wisdom of the MX project and, just as importantly to offer an alternative which some of the finest scientific minds in this country believe to be far superior to the proposed MX scheme. The option is to put all or a portion of the present Minuteman III missile aboard a shallow underwater mobile system; hereafter referred to by the acronym "SUM."

The SUM proposal has been suggested by Drs. Richard Garwin and Sidney Drell, consultants to both the White House and Arms Control and Disarmament Agency. Both these highly respected scientists testified before the House Arms Services Committee earlier this year on the SUM alternative. In addition, Dr. Drell is a defense analyst and deputy director of the Stanford Linear Accelerator Center. He headed a study on the future of U.S. missile policy that was conducted at the Stanford Research Institute for the Department of Defense.

Dr. Garwin has sat on a task force on missile modernization put together by the White House Office of Science and Technology Policy. Garwin is a longtime defense consultant, former director of applied research at IBM, and professor at the Kennedy School of Government at Harvard University. I ask unanimous consent at this point that a detailed correspondence with Dr. Richard Garwin describing the SUM system be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD as follows:

CORRESPONDENCE BY RICHARD L. GARWIN

AUGUST 31, 1979.

Hon. MARK O. HATFIELD
Russell Senate Office Building,
Washington, D.C.

DEAR SENATOR HATFIELD: This letter responds to the request of 08/30/79 from your office for my views on the suitability of Minuteman for survivable basing on small submarines. For the last three years I have studied extensively the possibility for basing the next-generation ICBM—the MX—on small submersibles and reported favorably on that possibility, for instance, in my testimony of 02/07/79 to the House Armed Services Committee.

The concept for the water based MX (WBMX), also called the Shallow Underwater Missile System (SUM) is simple—to carry ICBMs horizontally (not vertically as in the POSEIDON and TRIDENT submarines) in individual, releasable capsules. When the submarine wants to fire a missile, it releases a capsule which bobs to the surface and fires the missile as the missile capsule breaks the surface of the water. The concept can be used with missiles of size ranging from the very smallest, single-RV missile to the largest MX such as the 195,000 pound missile committed by President Carter to engineering development June 1979. A very interesting point is that the same largely-autonomous encapsulated missile which would be optimum for land-basing in so called mobile-modes, is suitable essentially without modification for the SUM system.

As I pointed out in my testimony, the same navigation/guidance system on the missile which is to provide good accuracy for the MX, can be used to navigate the submarine, although submarine navigation accuracy is not a requirement, even to fire missiles with good impact accuracy and good time on target. Missile accuracy could be maintained by equipping the missile guidance system on the missile itself with a receiver-computer for the NAVSTAR system, which would in fact permit accuracies twice as good as those projected for the silo-based MX system were it not to have this NAVSTAR supplement.

Furthermore, just as the land-based MX could continue to obtain such accuracy even in the absence of the NAVSTAR satellites (by the employment of the GBS (Ground Beacon System), the SUM missiles launched within a few hundred miles of U.S. shores could use the GBS system in just the same way, since the missiles as they boost will be able to have the GBS transmitters in sight.

It should be noted that recognition of the desirable aspects of the SUM system for invulnerability of basing and low operating cost go back to the mid 1960's, to the "STRAT-X" study, in which the technical preference was clearly toward the use of a "wooden round" or low-maintenance missile which would be carried in a horizontal capsule outside the pressure hull of the submarine. This essentially decouples the problems of submarine construction and operation from those of missile design, and this point is capitalized upon in our SUM proposal.

As emphasized in my testimony, all of the objective requirements stated by Air Force Chief of Staff General Lew Allen for the land-based MX are satisfied by the SUM system—it is the ideal follow-on ICBM basing system. For your convenience, I attach as the first enclosure pp. 29–36 of my testimony of 02/07/79 on the WBMX.

As for cost, proposals for developing, building, basing, and operating 200 MX missiles on land have involved manufacturing costs (after development) of the missiles themselves of about $3 B, while overall system costs (including 10 years of operation) amount to some $25 B to $40 B. The actual construction and purchase of the small submarines for basing the encapsulated missiles is likely to be only 20% to 30% as costly as the land-basing schemes, and because of the low manning requirements (less than the security force alone for land-based deployments) the operating costs will be tolerable.

As regards the schedule, cost, and realizability of the SUM system for MX, my review of the situation this year makes me even more optimistic. It is important to separate the bureaucratic impediments from the technical problems of small-submarine basing of ICBMs. I have looked again at the WBMX this summer and find that the German Navy operates modern military diesel-electric submarines built in the FRG, and of a size (450 tons) precisely that envisaged to carry the MX. Furthermore, I have looked at the communication means and find that a cheaper, nearer-term approach would be to use an expendable buoy with just a few hours life, connected by a slack line to the patrolling submarine. We should also plan to have a backup UHF whip a few inches long on the buoy, to receive signals directly from satellites if the VLF normal transmission to submarines were destroyed.

For your information, I enclose data on the HDW type-600 ocean-going submarine. The evidence on operability of submarines of this size in a military mode, the availability of a scheme for communications, and the decision to develop the large MX missile (compatible with water-basing) all lead me to believe that the submarine-based option for the ICMBs is a near-term possibility, available as soon as the missile itself.

Thus I believe that the SUM system could be ready and with its bugs worked out by the time MX missiles could be available in 1985 or 1986. Furthermore, even the early MX missiles could be invulnerably based in the first few small submersibles—quite different from the vulnerability of a deceptive-basing land system, which begins to be survivable only when most of the shelters have been deployed—which means, obviously, toward the end of the deployment period!

The suitability of Minuteman III for SUM deployment, has not received much concrete study. The question can, however, be answered reasonably well by comparison with the studies already done for road-mobile deployment of Minuteman III or for the ALPS redeployment of Minuteman to a large number of vertical shelters in the Minuteman operating area. Both of these deployments require that the Minuteman be modified to be capable of movement by truck while fully assembled and in the horizontal position. Both require modification to the guidance system to avoid certain limitations of maneuver of the missile while it is being transported. The ALPS concept requires that the Minuteman be largely free from maintenance as does the current silo deployment (simply for economic reasons).

The unique requirement for SUM deployment of Minuteman is the waterproof capsule, designed to house the missile, provide a simple attachment to the submarine, and to bob to the surface and fire the missile. I am quite sure that this could be developed and ready by the time the Minuteman missile could be modified for horizontal transport.

Thus, in view of the substantial investigation and discussion of underwater basing of MX, my views on near-term underwater basing of Minuteman III are as follows:

1. Feasibility. It is undoubtedly feasible to utilize Minuteman III in the SUM mode. Essentially the same modifications need be made to the Minuteman III missiles as would make it road mobile or suitable for ALPS deployment. Incorporation into the Minuteman III guidance system of a GPS/GBS receiver-computer would provide accuracy twice as good as that projected for MX. The requirement on low maintenance for the SUM deployment is considerably simpler to meet than the requirement for an ALPS or MPS deployment, simply one new-type ICBM, there is no such limitation on new-type SLBMs, as evidenced by our freedom to proceed with the Trident-II missile even though President Carter has committed the MX to engineering development. Thus the modification of Minuteman III to submarine basing would not impair our freedom to build one new-type ICBM such as the MX (or a different ICBM if we decided not to deploy the MX). Furthermore, if the MX were to be developed for basing on the small submersibles, as a follow-on to the modified Minuteman III, the U.S. could later develop still another ICBM, so long as the MX was never based on land.

Finally, it is necessary to rectify two misconceptions. First, the submersibles would *not* be stationary on the continental shelf, nor would they necessarily be deployed in the waters over the continental shelf. Their primary areas of deployment would be at few hundred foot submarine depth in waters exceeding 800 foot depth on or beyond the continental slopes within a few hundred miles of U.S. shores. Given this large area of deployment, it would not add vulnerability at all to deploy submarines at an appropriate density in the Great Lakes or on the waters of the continental shelves. Second, the communication link to the submarines can be made at least as solid as that to the Minuteman silos. Not only do the submarines have the benefit of the normal fleet VLF broadcast—because our scheme envisages a small UHF wire antenna attached to the expendable float, the SUM system can be commanded by aircraft, satellites, or missiles.

I do believe that small-submersible basing of ICBMs is not only an important option for the long term but the system which can be used soonest in a technically sound manner to allay fears of Minuteman vulnerability.

If I can be of further help with papers or testimony, please let me know.

Sincerely yours,

RICHARD L. GARWIN.

TESTIMONY BY RICHARD L. GARWIN

WATER-BASED MX

In the space and time available, I shall describe the proposed system, evaluate it against the criteria which had been applied to the MAP system, inquire about the status of the WBMX, and make some recommendations for the present.

Prominent among the strategic offensive force candidates in the classic 1967 study of U.S. strategic force options was the carriage of encapsulated missiles in a horizontal position outside the pressure hull of a submarine. Alternatives included the vertical carriage of missiles inside the pressure hull (as is the case with the Poseidon and Trident submarines). The demonstrated advances of technology since 1967 have made horizontal carriage and encapsulated missiles a highly desirable approach, which also fits well under SALT (a distant consideration in 1967).

The technologies of importance for the WBMX are:

A 6,000-mile-range missile, encapsulated and in need of minimal associated support equipment. Note that the Trident-I missile itself, offloaded to 4 RVs, has about 6,000-mile range.

The GPS system, supplemented by inverted GPS for missiles fired from the territory of the U.S. or near U.S. territory, and

Encryption and verification procedures to constitute a flexible and secure "permissive action link" (PAL) so that missiles may not be fired or nuclear warheads armed except by the National Command Authority (NCA).

Specifically two of the largest missiles considered for the MX application (192,000 lb each, 10 RV) in their capsules would weigh about 350 tons and could be carried horizontally strapped to the side of a 350-ton minisubmersible. The United States Navy already has an 800-ton submersible, the DOLPHIN, and other craft of this size are in commercial use. In the WBMX concept, a fleet of perhaps 100 such submersibles would operate within a few hundred miles of the east and west coasts of the United States, lost in an area far too large for the Soviet Union to barrage effectively, even by devoting the entire throw weight of their ICBM force.

Although capable of operation at depths on the order of 600–1,000 ft. the submarines would normally patrol at a depth of 200 ft. so that they would be less vulnerable to attack by nuclear weapons, which for greatest capability against submarines should be exploded deep in the water. Under normal circumstances, the minisubs would be in constant (receive-only) communication with the NCA, by very low frequency radio (VLF) received by a free-swimming fish directly above the submarine and submerged a few feet below the water surface. If the ground-based VLF transmitters are destroyed, their role is assumed by the TACAMO aircraft which radiate the VLF signal from a long wire trailed by the aircraft. Ultimately, many other continuous communication and back-up systems are available—among them connection to the moving submarine by means of a fiber-optic thread which the submarine unreels as it cruises, plugging in again every few hours to a prearranged junction point. The fiber-optic approach would allow the submarines to receive continuously not only commands as required but also commercial TV as desired and provided by the management.

Since the submarines need deploy only a few hundred miles from many ports within the U.S., the high speed required of conventional Polaris and Poseidon ships enroute to duty station is unnecessary. A patrol speed of 5 kt and the small size of the loaded submersible (700 ton versus 8,000 ton for Poseidon and 18,000 ton for Trident) mean that the installed propulsion power need be no more than 50 kw. In order to have a burst speed of 10 kt, a 400 kw power plant could be installed. The primary power can be supplied either by means of fuel cells or by a Stirling engine. The fuel cells using hydrogen and oxygen would consume about 7.5 tons in one month to supply 25 kw on the average. Fuel cells which use oxygen and hydrocarbons would use about 9 tons of fuel in a month at an average output of 25 kw, and for a maximum output of some 400 kw would weigh about 30 tons. Neither fuel need result in bubbles, water and carbon dioxide being retained in the fuel tanks.

A tour of duty of 2 weeks or 4 weeks would be perfectly adequate to retain high fraction of the time on station, since the patrol area is close to the home port. As discussed, the crew of the submersible would have no ability to fire the missiles and no obligation to delay firing of the missiles on receipt of the proper encrypted command.

Thus crew responsibility and necessary crew training are minimal, as is crew size. Although the mission could be done with an unmanned submersible, as a baseline I provide three crew per watch for a total of 12 on board.

As for vulnerability and survivability of this system, I have considered threats of nuclear barrage, of Soviet aircraft rapidly deploying thousands of sonobuoys and attempting to detect the submarines and to hunt them down, and I find the WBMX highly survivable. The nature of survivability for the WBMX is substantially different than that for the Poseidon or the Trident, since the WBMX patrols in regions near U.S. shores, where the U.S. has a very substantial anti-submarine warfare ASW presence under normal conditions—ground-based patrol aircraft, ships, fixed-acoustic systems, and the like. Furthermore, it is quick and easy for the U.S. to take action against hostile measures deployed against the MBMX fleet. Finally, the small size of the submarine and its low normal speed (together with its proximity to the U.S.) make it feasible to develop and deploy decoys to counter long-range acoustic detection and tracking.

In comparison with other contemplated strategic offensive forces, particularly the MAP system described above, the WBMX should have comparable accuracy if it uses IGPS as indicated, or if survivability or redundancy of the GPS system could be maintained. Personnel requirements for these vehicles would be about 1200 (and on a 2-crew basis, 2400) to be compared with the 4300 personnel contemplated for a MAP deployment. Because of the low speed and the short tour of duty, nuclear power is both unnecessary and undesirable for such vehicles.

Quoting from General Allen's letter to Chairman Price:

"The following is a list of characteristics that silo-based ICBMs bring to the Triad today:

"Different pre-attack survival mode than aircraft or SLBMs and a different penetration to target mode than aircraft.

"Independence from strategic or tactical warning for pre-launch survival.

"Exceptionally reliable command, control, communications for positive control.

"Unique military capability as embodied in the ICBM's rapid response capability, prompt retargeting ability, short flight time to target, hard target capability, high alert rate and range.

"Enduring survivability in an extended nuclear conflict.

"Low domestic profile, but large international perception.

"High confidence in nuclear weapon safety and security.

"Relatively low operating cost and personnel requirements.

"Independence from concealment for survival.

"Straightforward SALT verification concept."

I find that the WBMX satisfies these requirements, some of them in a fashion preferable to that of MAP. Furthermore, the WBMX does *not* possess the characteristic common to Minuteman and its MAP replacement:

Subject to being pinned-down and launch denied for a period of hours at the option of the Soviet Union.

STATUS OF THE WBMX

Air Force has begun a preliminary look at the specific WBMX system outlined here. Navy interest is minimal, in my opinion because of the ongoing Trident program, although my judgment is that if the Trident program were presented for decision again as it was in 1972, Navy and DoD would choose to field a different system. Still, so long as we have an ongoing Trident building program, WBMX will be regarded by the Navy as a potential successor to Trident, and not something which can be accomplished in the near term.

Air Force familiarity with the operation of saltwater submersibles is nil, and there is no large constituency in USAF for the development and operation of such vehicles. Nevertheless, I believe that the development and deployment of an operating fleet of WBMX could be very rapid, using the VLF communication system, and that the small size of the individual ship would allow the development and procurement to be done in a fashion quite different from that appropriate for nuclear-powered ballistic missile launching submarines. Thus one could contemplate purchasing two operating WBMX ships from each of the first two contractors who make a plausible proposal at a fixed price, the requirements to include operation by contractor personnel (not military personnel) for two years after delivery of the vessel.

The low weight and small size of the WBMX vessel should be considered not as a result of squeezing all of the capability of a Trident submarine (SONAR, electronic defenses, inertial navigation systems, and the like) so that it will fit in a smaller ship, but rather what is left of required space after all these functions have been removed from the submarine. Thus, the submarine precision navigation should be done by the *missile* navigation system, so that after the submarine has fired its missiles (or if the missiles are incapable of being fired because they require maintenance), the submarine should navigate like any other Navy ship, with frequent fixes obtained from navigation satellites, compass headings, dead reckoning, and the like. Under these circumstances (and missile development costs aside), the development cost of a 350 ton submersible should be only a few percent that of a Trident-size submersible, and the best way to ensure that the price paid for development is reduced in proportion to the cost is the fixed-price competitive procurement of end items from several suppliers.

SUBMARINE TYPE 600

MAIN PARTICULARS

Length over all, 48,90 m.

Length b.p., 48,00 m.

Inner diameter of pressure hull, 4,80 m. (parallel part)

Mean draft, 4,20 m.

Height over all, 8,80 m.

Standard displacement, approx. 550 long tons.

Surface displacement, approx. 600 m³.

Submerged displacement, approx. 665 m³.

Reserve of buoyancy, approx. 10%.

Maximum diving depth, 200 m.

Maximum operating depth, 160 m.

Maximum submerged speed, 17,0 Kn.

Maximum snorting speed, 9,0 Kn.

Maximum surface speed, 11,5 Kn.

Submerged cruising range (battery discharge 80%) at 4 Kn submerged speed, approx. 240 NM; at 8 Kn submerged speed, approx. 120 NM; at 16 Kn submerged speed, approx. 16 NM.

Total cruising range (snorting speed 6 Kn) at 4 Kn submerged speed, approx. 5400 NM; at 8 Kn submerged speed, approx. 3200 NM; at 16 Kn submerged speed, approx. 1500 NM.

Provisions for 30 days.

Complement 16.

PROVISIONS

Capacity of fresh water tanks, approx. 13,0 m³.

Capacity of drinking water tanks, approx. 3,7 m³.

Capacity of fuel oil tanks, approx. 23,0 t.

Food provision, 1,8 t.

Soda lime, 1,9 t.

PROPULSION PLANT

Propeller, 1.

Propulsion motor (sea water temperature 28°C) approx. 1 x 1320 kW; 1600 PS at 290 RPM max.

Diesel output when snorting (air temperature 40°C in front of the suction filter, sea water temperature 35°C), approx. 2 x 405 kW, at 1500 RPM.

Batteries, 3 x 120 cells (3 x 32 t).

ARMAMENT

8 swim-out torpedo tubes for short or long torpedoes; torpedoes SUT, MK 37 and NT 37 (6 long and 4 short or 16 short torpedoes).

A mine chamber with 24 mines can be mounted.

ACCOMMODATION

Commanding officer's cabin for 1 person.

Officer's living quarters for 4 persons.

Chief petty officer's, petty officers and ratings accommodation for 11 persons.

Reserve for 3 persons.

Galley.

1 lavatory with wash basin and WC.

1 washroom with shower, wash basin and WC.

YORKTOWN HEIGHTS, N.Y.,
October 24, 1979.

Hon. MARK O. HATFIELD,
Russell Senate Office Building,
Washington, D.C.

DEAR SENATOR HATFIELD: Following up on my letter of August 31, 1979 in response to your request for comment on the small-submersible basing option for ICBMs, I want simply to estimate the 10-year cost of such a system. The system concept is that of my earlier letter, with 4 Minuteman III missiles in individual capsules (neutrally buoyant) carried horizontally alongside a submersible of some 300–450 tons. Such a system would also be suitable to carry 2 encapsulated MX missiles per submarine.

I have not seen a recent cost breakdown of the proposed "racetrack" deployment of MX, but MX missile development cost must be in the range of $6 B, MX missile unit production cost on the order of $15 per missile, and manning costs on the order of $100,000 per man-year.

The comparable investment costs for a SUM (shallow undersea submersible) basing of Minuteman III include some $3 B for development and modification of Minuteman III to a missile capable of encapsulated horizonal carriage, $30 M each for the 450-ton submersibles, and $100,000 per individual for the 15-man crews (2 crews per submarine). To this must be added the cost of in-port facilities, which must be carefully selected if they are not to contribute excessively to the overall system cost. The simple submarines, with shallow draft, and the encapsulated missiles minimize the amount of in-port maintenance required and allow great flexibility in basing. For instance, it is not necessary to use deep-draft dock space; the submersibles can be moored in the waters of the harbor.

The investment cost of the Minuteman-III SUM system is dominated by the $5.3 B for developing and modifying some 300 missiles and building 75 450-ton submersibles. Operating costs are dominated by the perhaps $3 M annual bill for total manpower costs (salary, benefits, training, and the like) for the 30 men of the two crews assumed for each submersible. The cost for investment and 10 years of operation of such a system is thus in the neighborhood of $9 B, assuming that other cost elements are small.

A system for preserving 100 MX missiles against Soviet attack, assuming that 80% of them can be kept at sea, would involve 125 MX and some 63 450-ton submarines to carry them (2 MX per submersible). This would be comparable in post-strike capability to the land deployments considered for MX, in which some 50% of the missiles could be destroyed by the assumed Soviet force which might be allocated to their destruction. From the cost elements previously assumed, such a SUM system would involve investment costs of some $10 B for missile development and procurement, and for manufacture of the 63 submersibles. Ten-year manning would add some $2 B, for a 10-year system cost in the range of $12 B. Of course, the MX SUM system could inherit from an early Minuteman-III SUM system the submarines, training, bases, and the like.

A system with the same first-strike capability as a 200-MX land deployment would involve some 100 submersibles and, according to these same planning figures, would have a cost, for investment and 10 years of operation, of some $15 B. I believe that it would constitute a far less vulnerable system, and one of no less capability than has been estimated for the best land-based deployment.

I look forward to the results of more detailed study than I have been able to give this problem. My judgment on technical feasibility and schedule is considerably more firm than on 10-year cost, but it is clear that the SUM system is far cheaper than would be either the racetrack or the vertical-silo deceptive basing of MX on land.

Sincerely yours,

RICHARD L. GARWIN.

Mr. HATFIELD. It is the belief of these scientists that the SUM/Minuteman III alternative will save years of theoretical U.S. ICBM vulnerability, save the American taxpayer tens of billions of dollars, pose virtually no environmental, legal or verification problems, and do nothing to destabilize the nuclear strategic balance. In short, the SUM/Minuteman III alternative offers dramatic strategic, budgetary and logistical strengths when compared to the proposed MX racetrack. It is vital that the Senate give consideration to the alternative before we become hostage to a deeply flawed MX proposal. Let me cite these strengths in more detail.

TIME/U.S. VULNERABILITY

President Carter has termed the theoretical vulnerability of our ICBM's to a Soviet first-strike attack "our most pressing strategic problem." But there is a very grave danger that the Carter decision, to redress this problem through deployment of the new MX in a racetrack scheme, might aggravate the problem of vulnerability by locking the United States into a decade of complicated missile development and land-based mobile deployment that serious strategic analysts believe might never be fully built.

Even if the MX scheme is finished within the decade cited, an increasingly dubious assumption, there is real concern that Soviet technological breakthroughs, or abandonment of the warhead limits under SALT II by 1986, will vitiate the entire MX concept. A mountain of environmental and legal action awaits the first shovelful of dirt in the Southwest desert. The Soviets have already complained about the proposed deployment scheme of the MX. The Air Force is already talking about the need to place an ABM system of untold expense around the MX site, an admission of the potentially deep inadequacies of the MX scheme for meeting in an effective and timely fashion supposedly the greatest strategic problem we face.

To be more specific, the Air Force assures us that the entire MX project can be built and functioning in the middle of the desert by September 1989. That is a decade from now. The Department of Defense estimates that the theoretical U.S. ICBM vulnerability to Soviet attack will become severe around 1983. Therefore, even the most optimistic Air Force assumption assures this Nation of at least 6 years of direct ICBM vulnerability by deployment of the MX. This means that during times of international crisis in the years ahead, the United States will presumably have adopted, as Secretary of Defense Brown has indicated, a launch on warning strategic stance for our ICBM force. I know of no one who does not consider this alteration of U.S. policy an extremely dangerous decision. It is therefore in everyone's interest for the United States to seek alternatives which will dramatically limit this vulnerability.

But consider the problems—environmental, legal and construction problems will work against even the September 1989, deadline. Simply to build the MX racetrack, the fourth largest city in Nevada will have to be created and sustained in the middle of the desert. For example, the project will require (and these are only the latest tentative figures): 2 million tons of cement; 40 billion gallons of water for construction alone; 136 megawatts of power; 430–540 million cubic yards of earth; 160,000 tons of reinforcing steel; 48 million tons of sand; 140–210 million gallons of asphalt; a 64,000 population increase; 24,000 new housing units; and 23–28 million gallons of liquid asphalt.

These figures give the broad outline of the largest and most complicated project in U.S. history. Given the time and cost overruns associated with Department of Defense projects that have become a near legend over the years, and given the environmental and legal battles already being formed, do any of my colleagues reasonably believe that this massive project is going to come in at the 1989 deadline? And I will remind my colleagues that every year in court, every year of construction delay, and every year of bureaucratic inertia, are years added to the already 6 years of guaranteed U.S. ICBM vulnerability under the MX project.

SUM

By dramatic and direct contrast, the deployment of part or all of the Minuteman III missiles in the SUM proposal could begin by 1983 and end by 1986. There would be no unique or serious construction delays as would with MX. They could be built in almost any major shipyard. The designs for construction exist, Germany has already floated a fleet of similar submarines. In fact, construction of the submarines would be a tremendous boon to a number of U.S. shipyards suffering serious economic and unemployment problems.

In addition, the invulnerability of the 200 MX missiles will only occur during the final stages of construction—1988 or 1989. With Minuteman III deployment at sea in SUM, proportionate invulnerability occurs as soon as the first submarine is launshed in 1983. This is a major attraction associated with deploying the existing missiles rather than waiting until 1986 when the MX missiles have finally been researched, tested and constructed.

The massive environment concerns associated with MX—which might face unnecessary delays—simply do not exist with SUM. Moreover, the SUM system would be easily verifiable and fall without difficulty within the limits of SALT II. In short, the complex problems which seriously threaten the already decade-long timetable of the MX scheme do not exist for SUM.

Dr. Garwin believes that the 1983–86 timetable for SUM Minuteman III deployment is not just feasible—it is practical. At a minimum, therefore, the SUM proposal I offer today as an alternative to the MX could save 3–4 years of our theoretical ICBM vulnerability, the very problem which the President has termed the most dangerous strategic problem we face.

COSTS

The Air Force assures us that the MX racetrack and the 200 missiles to be shuttled among them can be built for $33 billion. Again ignoring for the moment the environmental and construction problems associated with the MX project, which may well drive up costs, the Congressional Budget Office estimated the inflation-adjusted cost at about $48 billion.

But Mr. President, even these unprecedented expenditures for the American taxpayer do not begin to reflect the ultimate costs involved.

I ask unanimous consent at this point in my remarks to have printed in the RECORD an article which appeared on August 7, 1979, in the Washington Post detailing the intent of the Air Force to possibly deploy an ABM system around the MX site.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

AIR FORCE SUGGESTS REVIVING ABM TO PROTECT MX

(By George C. Wilson)

Even after a $30 billion outlay to make the new MX blockbuster hard to hit by hauling it back and forth in tunnels or around a race track, it still may need a revived anti-ballistic missile to protect it.

The Air Force acknowledges that possibility in recently released Senate testimony, terming the combination of the MX and ABM "a very happy marriage" for offsetting the threat of a barrage of Soviet warheads.

Rep. Les Aspin (D-Wis.), however, says that the Air Force testimony raises doubts in his mind about the wisdom of the MX project.

"It's time to seriously consider whether maintaining a huge, land-based ICBM force is really worth it at all," he said in a statement issued after reading the Senate testimony. Aspin said the prospect of having to build the ABM to protect the MX adds "a whole new dimension" to the debate.

Maj. Gen. Kelly Burke told the Senate Armed Services Committee at a closed session in April that the Soviets might decide to deploy enough warheads to bombard all the shelters to be built for the MX, which is still under development.

Under the Air Force scheme, each MX would be shuttled among 25 underground shelters so Soviet gunners would not know which one to aim at.

"The Soviets," Burke told the Senate committee, "have to attack all 25 in order to destroy" one MX missile.

"But with the Army's ballistic missile defense system in a mobile mode," Burke continued, "we could preferentially defend the occupied shelters and ignore the others."

In other words, the Air Force would make the ABM mobile along with the MX—presumably by putting some part of the warhead defense on its own wheels or tracks. The ABM would then concentrate on protecting the silo which held the MX missile without giving away the "shell game."

To be sure of breaking through the ABM shield, the Soviets would have to shoot two warheads at each of the 25 MX shelters, said Burke, who called such an effort prohibitively expensive.

Burke is director of operational requirements in the Air Force's research office. His superior, Lt. Gen. Thomas Stafford, deputy Air Force chief of staff for research, also portrayed the ABM as a potential guardian of the MX which is expected to be deployed in 1986.

Under the strategic arms limitation treaty before the Senate, the United States and Soviet Union could not arm a single missile with more than 10 warheads. However, the Pentagon has said that the Soviet SS18 missile already in the inventory has enough lift to carry 30 warheads.

Burke and Stafford see the ABM as a desirable protection if the Russians deploy more than 10 warheads on each missile after the SALT II treaty expires in 1985.

Stafford told the Senate committee that shuttling the MX from one shelter to another would be enough protection "for a period of time.

"But," he added, "if the Soviets should increase their number of boosters overtly or covertly, or number of re-entry vehicles, a ballistic missile defense could help offset that." Stafford said he did not know how much an ABM for MX would cost.

The Army spent $6 billion on the ABM from 1968 through 1975 before abandoning the idea of stopping a bullet with a bullet. Research on advanced ABMs has continued since then.

The testimony by Burke and Stafford comes at a time when some specialists are quietly advocating a heavier investment in weapons designed to defend the nuclear offense.

(Mr. PRYOR assumed the chair.)

Mr. HATFIELD. The ABM around the MX is not a strategic figment of some defense planner's imagination. With the MX deployment scheme, the option to Soviet breakout after 1985—or technological improvement in accuracy—an ABM is the only viable option to the constant building of shelters and racetracks every time the Soviets add warheads to their arsenal. The cost of such an ABM system?

The Army's tentative analysis indicates that a minimum of $4–6 billion in constant dollars would be required to be added to the $33 billion cost of the project to ABM the MX site. I stress that this is, according to the CBO, a very tentative figure. It could be far greater. Furthermore, the ABM system, no matter what the cost, will not be ready until the early 1990's. With an ABM system, and in inflation-adjusted terms, MX may cost at least $55 billion. This total assumes that there will not be a single day of environment delay, and that construction of the largest project of its kind in history will not meet any unanticipated delays.

Our experience with such cost overruns is, however, painful. A recent report by the General Accounting Office, the Systems Acquisitions Report, showed that 55 major Pentagon projects were initially estimated to cost $125 billion. As of September, 1978, the total cost of those projects was put at $210 billion. The GAO reported that 33 percent of the $85 billion increase can be attributed to inflation. The other $57 billion is the clear result of waste, bad planning and mismanagement. This $57 billion cost the average American family $1,140. What would be the cost overrun of the MX scheme? This is, of course, uncertain. A recent study by the machinists' union, for example, puts the cost of MX at $70 billion.

On top of all this, we assume that the Soviets will be benevolent enough to continue the warhead limits under SALT II beyond 1985, or that they will not acquire the capability of destroying the MX shelter with a single warhead, rather than the two now needed. The first of these eventualities will throw the United States into a highly dangerous and costly race with the Soviets. We will be forced to build a $2 million shelter every time the Soviets fractionate a warhead. The second eventuality, a Soviet technological breakthrough in accuracy or retargeting capability, will totally vitiate the MX concept. By the late 1980's, the MX racetrack system may well be a $30 to $70 billion dinosaur lying useless in the desert, made extinct by the ongoing, complex rush of technology, environmental laws, and construction delays.

SUM

By contrast, the costs of the SUM/Minuteman III alternative are far more controllable. The submarines have already been built in West Germany, as I have indicated. Cooperation arrangements between the Federal Republic of Germany and the United States could speed building of the SUM fleet and minimize costs. A crash building program could be dispersed to a number of shipyards around the country.

Dr. Garwin estimates that the Minuteman III missiles can be redesigned and encapsulated for submarine launch for a total cost of $3 billion. Construction of the SUM fleet could occur for $6 billion. A total cost of $9 to $15 billion, depending on how large a percentage of the Minuteman III force was needed in SUM, would, in the opinion of these experts, be within conservative fiscal projections.

Most importantly, costs of the SUM/Minuteman III alternative would not be held hostage to environmental or legal actions, nor would they be forced upward through a breakdown of SALT or any conceivable near-term breakthrough in Soviet technological capabilities. Any Soviet threat to the entire SUM fleet would require, one, a major Soviet breakthrough in submarine detection and the building of a massive anti-submarine-warfare—ASW—force; and, two, a large-scale offensive incursion of ASW forces into U.S. coastal waters—probably itself an act of war. Most technologists agree that neither of these eventualities is possible within the foreseeable future. This contrasts sharply with the almost predictable Soviet technological breakthroughs needed to threaten the MX force on land.

Therefore, the SUM/Minuteman III alternative could save $15 to $50 billion in the next decade when compared to the projected costs of the MX.

COUNTERFORCE

MX

Mr. President, I have commissioned a Library of Congress study which has confirmed that the MX missile force will give the United States a first-strike counterforce capability against Soviet ICBM silos with tremendous residual strategic power remaining.

The combination of increased warhead yield, increased numbers of warheads, and increased accuracy of each warhead with the MX will mean that the lethality of U.S. ICBM force alone will be increased by a minimum of 450 percent. Once the MX system is deployed, it will pose an immediate threat to the entire Soviet land-based force.

The U.S. first-strike counterforce threat with the MX will dwarf the Soviet counterforce threat posed by the SS–18, SS–19, and SS–17 rockets. Fully 70 percent of Soviet warheads rest atop their land-based missiles. Some 25 percent of U.S. warheads rest on our ICBM's. If the strategic situation were reversed and the Soviets deployed a missile system that would be an immediate threat to 70 percent of our arsenal in a first-strike attack, who among the Members of the Senate would not draw the very darkest conclusions about U.S. strategic position and Soviet intentions?

We must understand that pursuit of the immense lethality of the MX missile will not be without serious consequences. The positive effect is that we will be able to say we have matched the Soviets large ICBM capability, while deemphasizing the vast U.S. lead in submarine and bomber forces. But the negative factor of MX deployment will be that it will require the Soviets to take one or more of three very dangerous strategic steps. First, the Soviets may move to make their land-based missile system mobile. We have no guarantees that they will build a verifiable system.

Indeed, if the Soviets build precisely the same racetrack scheme that is being pursued by the United States, I can envision resounding cries of protest from a number of my colleagues, who will no doubt be uncomfortable with the possibility that Soviets may secretly deploy stockpiled missiles into shelters avoiding U.S. detection.

Second, Soviets may, as we have already indicated we shall, move to a launch-on-warning strategic stance. No one here needs to be apprised of the extremely dangerous situation this raises in times of international crisis and nuclear alert.

Third, the Soviets may begin to ABM their missile fields. Once we force perfection of ABM systems for missiles, does anyone truly feel confident that we will not move from the ABMing of missile fields to the ABMing of cities? This, in turn, could force the abrogation of the one solid accomplishment of the SALT process: limitation on ABM systems.

The question must be asked, Mr. President: If we are moving to make our ICBM force invulnerable, through either a land-based or sea-based deployment, why do we then choose to make that invulnerable missile force into a first-strike counterforce weapon? Such a decision, if the MX missile force is deployed, will give the United States a unilateral first-strike capability against Soviet ICBM sites. This will unnecessarily endanger the strategic balance and force the Soviet into decisions which could put a hair-trigger on nuclear war.

SUM

The SUM concept envisioned will place the present Minuteman III force of 550 missiles on 138 small coastal submarines. Four encapsulated missiles per submarine will patrol one-half million square mlies of U.S. coastal waters. The Library of Congress has assured us that the present Minuteman III force, while offering a wide range of strategic options, does not constitute a first-strike counterforce threat at the present time.

In addition, deployment of Minuteman III aboard the SUM system will allow for the United States to actively pursue a proposal considered by both sides during the SALT II negotiations at Geneva. This proposal, last offered by the Soviet Union in the spring of 1978, would place a mutual moratorium on the deployment of new land-based missiles. This would be a tremendously positive step forward in trying to grasp control of the burgeoning nuclear arms race and to halt Soviet ICBM growth. In addition, the United States, with the existing Minuteman II missiles remaining on land, would have a four-sided strategic "mix." This would be far preferable to a continuation of a triad, the MX land-based leg of which will become highly vulnerable to theoretical Soviet attack by late in the decade.

Finally, Mr. President, I ask unanimous consent to have printed in the RECORD a letter I received from Drs. Drell and Garwin responding to possible concerns raised by those objecting to the SUM proposal. The response is to questions of verifiability and possible vulnerability of SUM to surf zone turbulence, referred to as the Van Dorn effect. I ask that the portion of the letter dealing with these two subjects be reprinted in full in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

1. VERIFIABILITY

The SUM proposal differs in no essential way from the practice for SLBM verification already accepted at SALT. Indeed, it capitalizes on the change from SALT I, which limited number of submarines in the missile fleet (or SSBN's to SALT II which counts only the number of launchers, i.e., the number of missile tubes. The SLBM's enter the official launcher inventory after sea trials and commissioning. Procedures for submarine construction would conform with the agreed rules ("no deliberate concealment") presently in force. We know of no credible way to construct in secrecy a fleet of 130 foot long, 30 foot wire, 900-ton systems (approximately 450 tons for the submarine and a comparable weight for the encapsulated missiles—perhaps four to a boat if they are suitably adapted Minuteman III's). Furthermore, the support network for construction, outfitting, missile handling, launching, and sea trials would be identifiable with confidence by present practice. The Soviet Union would surely have no credible basis for challenging U.S. procedures—nor have they for U.S. SLBM's/SSBN's in the past. There is no basis for U.S. loss of verification vis-a-vis comparable Soviet programs. The main point is: there is nothing required for SUM verification in addition to what has already been agreed to at SALT. In contrast, the requirements for cooperative assembly and operational procedures for the MX racetrack system are entirely new departure and an extension of SALT verification requirements.

2. SURF ZONE EFFECTS

Analysis indicates that in coastal waters of depths less than 400 feet there would be serious surf, zone waves and turbulence generated by nuclear detonations farther offshore. We do not advocate deployment of the entire SUM force in such shallow waters. Our proposal calls for deploying this force in coastal strips 200 miles wide in order to distribute the mini-subs over a broad enough ocean area so that the force cannot be barraged at any depth. In particular, the Pacific waters rapidly become deeper than 400 feet beyond a few miles near coast whereas the continental shelf off the Atlantic Coast drops below 100 fathoms or 600 feet within a distance of less than 100 miles from the coast line. There is thus no surf zone problem (van Dorn effect) for the survival of the SUM force although a fraction of the submarines in transit or in port might be destroyed. In fact for the Soviets to develop any barrage threat to the SUM force would require their development and testing of new missile RV's designed to penetrate to deep ocean depths. Only then would the full energy of the explosion remain in the water. However, even if we make a very conservative assumption of SUM vulnerability to a shock wave at a distance of six miles from a 1MT detonation it would require 5,000 attacking megatons to destroy a SUM force loading one-tenth that magatonnage and deployed in a 200-mile wide belt. Of course the submarines could be deployed in a wider belt, requiring thereby more megatonnage to barrage.

We hope these comments are useful to you.

Sincerely,

Richard L. Garwin,
Sidney D. Drell.

Mr. HATFIELD. Mr. President, I also ask unanimous consent that another letter received from Dr. Garwin dealing with questions of command, control, and accuracy capabilities of the SUM system be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Yorktown Heights, N.Y.,
November 6, 1979.

Hon. Mark O. Hatfield,
Russell Senate Office Building,
Washington, D.C.

Dear Senator Hatfield: In response to your request, I am providing further detail on the command, control, and communications for the shallow underwater missile system (SUM), as well as on the achievable accuracy.

A normal means of reception of command signals by the deployed SLBM fleet is via VLF radio from a fixed-based 16 kilohertz transmitter at Cutler, Maine. In case this transmitter is destroyed, the Navy has long maintained a backup fleet of P–3 aircraft with powerful VLF transmitters and a long trailing wire antenna. Our submarines on patrol can receive these signals by means of a buoy towed a few feet below the ocean surface, or on a floating wire trailed by the submarine. The SUM system can use these standard techniques. A better system (and one available also to the Poseidon and Trident submarines) would use an expendable molded plastic buoy weighing less than a pound, packaged with a spool of very fine plastic-insulated wire about 6 miles long and carried in a dispenser with some hundreds of its fellows outside the hull of the SUM submarine. The buoy would contain a small ferrite-rod antenna for VLF, such as is contained in the small transistor-radios one buys for a few dollars. For VLF no battery is required, but the expendable buoy can also be used to receive a UHF signal direct from the strategic command, control, and communication transmitters placed on satellites and commanded to operate when the VLF transmitter and the TACAMO aircraft are destroyed. A small battery and amplifier receive this signal and translate it to the VLF band so that it can be transmitted via the wire to the submarine. One can economize a bit further by limiting most of the buoys to VLF receive capability, with a set of UHF receiving buoys available if the VLF signal is not received. The connecting wire is paid out freely by the submarine as it patrols, like the fishing line from a "spinning rod," or the string from a cone of string in the bakery shop. Because the supply is exhausted in about 2–3 hours, many buoys are to be found on the ocean surface, and finding a buoy does not indicate the presence of a submarine, thus maintaining the invulnerability conferred by concealment. There is clearly no problem in having the requisite number of such buoys produced by 1982, or by the time modified Minutemen (or submarines) could be available.

Submarine-launched ballistic missiles have traditionally been less accurate than our most accurate missiles launched from silos, because of the uncertainty regarding submarine location, orientation, and velocity. Both Air Force and Navy contractors have studied the use of NAVSTAR receiver-computers which could be incorporated in the guidance system of the missile itself to determine repeatedly during missile powered flight the position of the missile to 30-ft. accuracy and its velocity to a few hundredths of a foot per second. It is cheaper to obtain good accuracy this way than by an all-inertial system, and one can do without the delicate and costly inertial navigation system now used in the submarine itself. Furthermore, reception of the NAVSTAR signal during all of powered flight would essentially eliminate all guidance errors and would leave as missile inaccuracy primarily the wander of the reentry vehicle as it returned through the atmosphere. Compared with the 0.1 nmi (nautical mile)—600 ft.—projected for accurate Soviet silo-based ICBMs, NAVSTAR-guided missiles could achieve 150-ft. accuracy, if desired.

The NAVSTAR signal would normally be provided by a constellation of 24 satellites in intermediate orbit, which would have many other uses. Because of the large cost of shifting existing users of other navigation systems to NAVSTAR, DoD may not deploy NAVSTAR as rapidly as is feasible. Furthermore, although NAVSTAR would be available to our strategic forces worldwide for guidance before the outbreak of high-intensity nuclear war, the satellites themselves could be destroyed by a concerted Soviet effort to do so. The SUM system would patrol within a few hundred miles of U.S. shores, and so the SUM missile NAVSTAR receiver-computer could receive line-of-sight signal from many NAVSTAR-like transmitters which could be deployed on U.S. soil—too many (with similar-appearing decoys) for the Soviet Union to attack. Reception of these signals would provide similar accuracy to the NAVSTAR satellite signals themselves under most circumstances. During a heavy nuclear exchange, best accuracy might be maintained by terminating the influence of radio guidance at the time the missile enters the ionosphere (about 50 miles altitude), because of the increased and variable electron density which can increase the position and velocity uncertainty available from the radio system. These ground-based transmitters would constitute an "inverted NAVSTAR" or "inverted global positioning system"—inverted GPS or "IGPS."

Whether or not NAVSTAR is deployed by 1983 or 1985, the inverted NAVSTAR system could easily be deployed by then, since weight, reliability, power requirements, and design are all significantly easier for ground deployment than for space.

Sincerely yours,

Richard L. Garwin.

Mr. HATFIELD. Mr. President, in short, Mr. President, the SUM/Minuteman III alternative I present today holds out tremendous strengths when compared to the MX racetrack system. It can save many years of strategic vulnerability, it can neutralize first-strike counterforce capabilities on both sides in the decade ahead, it can save tens of billions of taxpayers' dollars, and it offers fresh arms control possibilities for the immediate years ahead. It is critical that the Senate exercise its duty to the American people and future stability of the arms race by insisting that this option be given comprehensive analysis before we embark on the most complicated project in the history of this Nation, and perhaps the world. For the MX project may have the ironic and tragic effect in the long-run of deepening this Nation's vulnerability to strategic attack or economic challenge from the Soviet Union. All of my colleagues are fully aware of the difficulties in stopping a program once we have committed billions of dollars to its continuation. This amendment urges that a strategic option which has the backing of some of the finest scientific minds of this country be fully explored prior to such a dangerous and wholesale commitment to the MX missile and its basing scheme.

Now, Mr. President, I would like to pause at this moment to recognize the distinguished Senator from Illinois (Mr. Stevenson) so that he has an opportunity to make some remarks, and I will yield him such time as necessary for that purpose. Before I do that I ask unanimous consent to add Senator Stevenson as a cosponsor to this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENSON. Mr. President, I commend the Senator for offering this amendment, for his persuasive arguments in behalf of the amendment, and I also thank him for adding me as a cosponsor.

Before I make a few observations in support of the amendment I wonder if the Senator would be good enough to yield for a brief question.

Mr. HATFIELD. I would be happy to yield.

Mr. STEVENSON. The Senator referred in his comments to a diesel electric submarine, that was developed and manufactured by the West Germans. Does the Senator know what the cost of such a submarine, in which an MX or a Minuteman III missile might be based, is?

Mr. HATFIELD. Yes, about $30 million per submarine is the estimated cost of this type referred to as submarine type 600, German type.

Mr. STEVENSON. I thank the Senator.

Mr. President, it is my understanding that estimates of the relative costs of these two basic modes, if that submarine is used, produce a difference of about $35 billion. These estimates are, of course, imperfect, but based on the use of the submarine to which the Senator referred. It is possible, if not probable, that the racetrack system could cost some $35 billion more than the SUM system and without the vulnerability.

I support the amendment of the Senator from Oregon which would delete $670 million from the Department of Defense appropriations bill for development of the MX missile and its basing system which the President has decided should be the "racetrack" system.

The development of a land-based MX missile will not restore the deterrence eroded by the vulnerability of Minuteman. We would only invite the Soviets to match our efforts and, with improvements in accuracy, eventually make the MX as vulnerable as the Minuteman.

The racetrack basing mode requires

outlays for a system that is dependent on SALT II ceilings to be minimally effective and long after SALT II has expired. We are urged to support this basing mode in the hope that unratified and unnegotiated SALT agreements, or Soviet restraint, will reduce Soviet warheads to a level that can with confidence be survived by U.S. missiles based in the race track. That is not a safe assumption.

It is more prudent to counter the growing vulnerability of the Minuteman with a basing mode, using either the MX or existing missiles, that provides incremental deterrence as it is built, rather than devote vast resources to a dubious scheme that will not be effective until the last increment is in place, perhaps 10 years hence, and only then, if it is environmentally, fiscally, and technologically sound—and if the Soviets do not deploy weapons which require the United States to supply still more aiming points in what could become an endless escalation of the strategic arms race.

The proposal of the Senator from Oregon to delete $670 million for the MX, which includes, according to my understanding, about $235 million for development of the basing mode, is sound. We need to study alternatives. The shallow underwater missile system—SUM—which the Senator from Oregon suggests be studied is one such alternative. There are others. What is needed is a careful analysis, separate from the politics of the SALT debate, before we commit ourselves irrevocably to a "racetrack" that the administration says will cost $33 billion but which other estimates put at $60 billion and up.

The time spent studying alternative basing modes need not delay replacement of Minuteman. The development of such missiles, necessary, could proceed, with the decision on the basing mode to follow and with no delay for deployment.

Alternative basing modes may provide more invulnerability at less expense and without the destabilizing implications of a mode that ultimately relies on good faith for verification. If the Soviets were to approve a similar racetrack in a closed society and with vast expanses of land to hide it, I doubt we could accept the adequacy of our ability to verify its numbers or characteristics. This "racetrack" therefore, threatens to undermine the very basis of SALT which is an ability to monitor the activities of the other side by national technical means and with confidence. It would be better to pick up from SALT I and encourage the movement of missiles to sea with better prospects for verification and survivability for both sides. All the basing mode possibilities should be studied before embarking on this expensive and dangerous program.

For those reasons, Mr. President, I urge the Senate to approve the amendment offered by my good friend the Senator from Oregon.

Mr. HATFIELD. Mr. President, I thank the Senator from Illinois for his kind remarks, and wish to express my deep appreciation for his interest in and cosponsorship of this measure, and for the leadership he has provided in the Senate's consideration of arms control matters for many years.

Mr. President, let me emphasize again that the $20 million that remains in the budget in this amendment I am proposing would be given over to the SUM program in bringing it to a point of construction and deployment.

Mr. President, what is the remaining part of my time?

The PRESIDING OFFICER (Mr. CHILES). The Senator from Oregon has 62 minutes and 26 seconds.

Mr. HATFIELD. I thank the Chair.

Mr. President, I reserve the remainder of my time.

Mr. HATFIELD. I yield myself such time as is necessary.

Mr. President, I ask unanimous consent to have printed in the RECORD comments from a point paper put together by the Air Force. It is entitled "Point Paper on Shallow Underwater Missile Systems."

The U.S. Air Force has made some charges or has made some rebuttals to my proposal, and I would like to go over them briefly.

In response to my assertion that:

> The Shallow Underwater Missile System (SUM) alternative will be fully deployed at least 3–4 years sooner than the MX system, thus solving the vulnerability problem of our ICBM force at the very time in the 1980's when the Soviet first-strike threat is expected to be severe.

The Air Force has said that:

> The initial operating capability of the SUM system is unknown. If, as the U.S. Navy suggests, new larger submarines must be developed, and new submarine support facilities must be built, the initial, and full operating capability, may occur much later than for the MX. Kosta Tsipsis, a nuclear physicist from MIT and an opponent of land-based missiles, wrote in the November issue of Scientific American magazine: "Such a coastal submarine-based system could not be ready for deployment in the next decade or so."
>
> The U.S. Navy is not able at this time to estimate how long it will take to deploy the system.

The small submarines in the SUM system would by no means be "large" by any definition. The SUM submarines will weigh about 450 tons. By contrast, the Trident submarines weigh 18,000 tons. These submarines have already been built and launched by the Germans. Full speed construction and deployment on an urgent basis could occur rapidly. Plans for construction exist now. It is by no means certain, according to Drs. Garwin and Drell, that substantial support facilities will be needed. In fact, the submarines are purposefully made simple by design. They could be adequately maintenanced by "tender ships"—thus rarely having to put into port. Land-based support systems needed for the massive Trident ships could be minimal in the case of the SUM submarines, and would be unlikely to slow a decision toward rapid deployment.

By contrast, MX guarantees at a minimum 6 years of Minuteman vulnerability. This assumes that there will be absolutely no environmental or construction delays in the largest construction project in history—an increasingly dubious assumption.

This morning I received a letter at my request from Professor Tsipis at MIT. He put it over the telephone for us so that we would have an immediate response. It is dated November 9, today.

> DEAR SENATOR HATFIELD: In responding to your inquiry regarding the possibility of deploying Minuteman III missiles on a shallow underwater mobile system (SUM), the Air Force, it is my understanding, has quoted me as saying that such a basing system would require ten or more years to develop and deploy. I believe this is a misunderstanding that I would like to rectify.
>
> In my article "Land-Based Intercontinental Ballistic Missiles" that appeared in the November 1979 issue of Scientific American, I state that the development and deployment of a new small submarine using a novel propulsion system and capable of carrying two MX missiles each weighing 195,000 pounds would probably take ten years. On the other hand, it is not necessary for the U.S. to confine the response to the perceived vulnerability of the silo-based Minuteman force to such an r & d effort. A much earlier deployment of MM III missiles on a SUM system can be achieved if we use the 450-ton diesel/electric submarine already developed and produced by West Germany.
>
> This submarine can carry horizontally four MM III missiles in neutral-buoyancy watertight canisters external to its pressure hull. The canisters can be released to reach the surface of the ocean in a perpendicular position and launch the missile. Guidance, command and control, maintenance facilties preparation, and crew training requirements for these submarines have shorter time constants than the modification of MM III missiles for horizontal transportation. Therefore, the pacing element of such deployment will be the missile and not the submarine. Such missile modifications can be achieved in three years; consequently, initial operational deployment of the proposed system can begin in late 1983 or 1984.
>
> Since the submarines represent a technology already at hand, the alternative basing for the MM III force that they offer is not only more secure in terms of the invulnerability they offer than the "race-track" basing proposed by the Carter Administration, but much less venturesome since it does not involve any research and development effort, and has no impact on the environment of the continental U.S.
>
> Even though I have not studied the technical details of Dr. Garwin's proposal for basing MM III missiles on these submarines, and therefore I cannot have a firm opinion about it, I strongly urge that his proposal is seriously considered because it offers both rapid relief from the perceived vulnerability of silo-based MM III and opens the way for orderly development and deployment of an entirely new class of small non-nuclear ballistic missile submarines if they become necessary sometime in the future.
>
> I will be happy to help you and your staff with technical information or testimony on this matter.
>
> With best regards,
>
> Respectfully yours,
>
> K. TSIPIS.

I think that pretty well destroys the first argument used against our program by the Air Force. On the second point, the Air Force responds to my argument that:

> In the long-run, the SUM alternative would save the American taxpayer a minimum of $15 billion, and probably a good deal more.

Now the Air Force challenges this statement on the ground that:

> It is difficult (if not impossible) to reliably estimate overall system cost, but $12–

> 15 billion appears optimistically low considering: the requirement to modify the Minuteman missiles for underwater carriage and dormancy; the development and production of the submarines themselves; the acquisition of the support infrastructure including new bases; R&D required for encapsulation technology; and the necessary maintenance and logistical support.
>
> Long term and continuing operating costs of a submarine system will soon eat up any potential savings in capital investment.

The $3 to $6 billion cost of modifying the Minuteman III missiles is based on the Air Force's own estimate of the costs for encapsulating the Minuteman III missile for mobile deployment on land in the ALPS system. The costs of building the submarines is based on the present cost per ton of submarine construction. The total cost also includes projected 10-year operating expenses for the crews. Unlike the 100-plus crew members aboard the Poseidon and Trident subs, the SUM submarines, because of their simplicity of design and direct command and control links, would only require a crew of 12 to 15. Long-term operating costs of the SUM concept would therefore be kept minimal compared to the deepwater SLBM force.

By contrast, the proposed costs of the MX racetrack scheme are open ended. How many shelters will have to be built at $2 million a throw should the Soviets decide to end the warhead limits under SALT II when the treaty expires in 1985? The Air Force assures us that if the Soviets add a warhead, we will add a shelter. We are told that the Soviets could possibly have 17,000 warheads by late in the decade.

That alone would add a minimum of $10 billion to the system—with no end in sight. In addition, there is evidence that the Soviets will be able to add warheads far more cheaply than it costs the United States to build a shelter—a perpetually losing proposition. If the Soviets develop a capability to knock out a shelter with one warhead—the entire MX scheme is vitiated. We are also told an ABM system may be needed to guard MX from such a Soviet breakout. The cost of that? Well, how much? Another $10 billion, at the very least. In fact, in his recent newsletter, Senator HOLLINGS has pointed out that had the Soviet advantage in heavy missiles allowed under SALT II not occurred, "we would not be required to spend anywhere from $30 to $90 billion to disperse our MX's in a racetrack type mobile mode."

Clearly in the area of overall cost, the Air Force has a lot more explaining to do than those supporters of the SUM concept.

Now, the third point the Air Force makes is:

> We must examine closely the environmental effects of having more than 100 nuclear armed, diesel submarines operating in our shallow coastal waters in close proximity to our shipping, fishing, and recreational areas. Further, we have no idea of the environmental impacts of developing the bases to operate and maintain 138 or more submarines. Our experience with a new Trident base points to these problems.
>
> The environmental impact of the MX is now under detailed study and now from all indications appears to be manageable.

This rebuttal by the Air Force conjures visions of nuclear missiles floating just off shore, barely out of the way of water skiers, surfers, and fishermen.

In fact, the submarines would chiefly patrol a 200-mile strip of ocean up and down the entire Atlantic and Pacific coastlines. They would travel in waters of 400 to 600 feet. Each submarine would be roughly equal in size to a 50-foot pleasure boat. It would be submerged at nearly all times. To argue that some 100 submarines of this size patrolling in one-half million square miles of ocean poses environmental risks to fishing and recreational areas is stretching the bounds of rational thought. I have already spoken to the projected minimal needs of this fleet for land basing, and the possibility that these submarines can be serviced by tender vessels in harbor.

By contrast, the MX project poses as complicated a barrage of possible environmental and legal problems as any project in history. I will repeat from my speech: No less than 33 Federal laws bear on the question of land acquisition alone. This is the largest project ever undertaken. By any realistic definition the potential environmental, legal, and construction problems posed by the MX racetrack are truly monumental.

The fourth charge by the Air Force:

> I am particularly worried about the verification aspects of this system. Very small submarines may be difficult to count and verify, but mostly I'm concerned about the encapsulation of the missiles which are carried externally on these submarines. These missiles could be transported from port, dropped off at an undersea location, and the submarine return to port to be "reloaded," making counting of missiles virtually impossible.

The Air Force is concerned that the encapsulated missiles aboard SUM might secretly be dropped off in some "undersea location" and be returned to port to be "reloaded," thus making the counting of missiles virtually impossible. This is an interesting concern, but it overlooks one rather essential point: there are only 1,000 total Minuteman missiles. We propose to deploy 550 existing Minuteman III missiles. The 450 existing Minuteman II's will remain on land as the fourth leg of the new SUM enhanced strategic arsenal. Minuteman production lines have been shut down. There can be no concern, therefore, that the United States could "stockpile" additional Minuteman missiles on the ocean floor.

Mr. President, to respond to the Air Force rebuttal on the verification of the SUM/Minuteman III proposal, I would like to read a letter from Dr. Drell which was sent in anticipation of this argument being raised. In this letter he states:

> 1. VERIFIABILITY
>
> The SUM proposal differs in no essential way from the practice for SLBM verification already accepted at SALT. Indeed, it capitalizes on the change from SALT I, which limited number of submarines in the missile fleet (or SSBN's), to SALT II which counts only the number of launchers, i.e., the number of missile tubes. The SLBM's enter the official launcher inventory after sea trials and commissioning. Procedures for submarine construction would conform with the agreed rules ("no deliberate concealment") presently in force. We know of no credible way to construct in secrecy a fleet of 130 foot long, 30 food wide, 900-ton systems (approximately 450 tons for the submarine and a comparable weight for the encapsulated missiles—perhaps four to a boat if they are suitably adapted Minuteman III's). Furthermore, the support network for construction, out-fitting, missile handling, launching, and sea trials would be identifiable with confidence by present practice. The Soviet Union would surely have no credible basis for challenging U.S. procedures—nor have they for U.S. SLBM's/SSBN's in the past. There is no basis for U.S. loss of verification vis-a-vis comparable Soviet programs. The main point is: there is nothing required for SUM verification in addition to what has already been agreed to at SALT. In contrast, the requirements for cooperative assembly and operational procedures for the MX racetrack system are an entirely new departure and an extension of SALT verification requirements.

The Air Force goes on ad nauseam with their charges. The fifth one is:

> REBUTTAL
>
> There is no reason to suspect that the MX per se will force the Soviets to a mobile basing of their land-based missiles. The Soviets, who have already demonstrated a propensity for mobile systems, will move to mobile basing when their fixed sites become vulnerable and they become concerned about a U.S. first strike. I suspect they will be threatened by the accurate Air Launched Cruise Missile, the Trident, and perhaps even our Minuteman missiles. Therefore, it is important for the U.S. to have established the precedent of a system which is unquestionably verifiable.

There is no question that the MX is a prompt, first-strike counterforce weapon against the 70 percent of Soviet warheads on their land-based missiles. If we are responding by mobilizing our land-based missiles which carry 25 percent of our warheads, how can the Air Force possibly assert that the Soviets won't feel compelled to somehow protect their warheads? It is curious to assert that the Minuteman III force is the first-strike counterforce weapon when it presently has too few warheads to pose any credible first-strike threat. The air launched cruise missile will take hours—not minutes—to reach its targets and is therefore incapable of being involved in a surprise first-strike threat. Clearly the existence of the Minuteman force today, and the impending deployment of the cruise missile in only a few years has done nothing to "threaten" the Soviets into mobilizing their larger missiles.

There is absolutely no guarantee that the Soviets will copy the MX scheme when—and if—they go mobile. Other alternatives forced by deployment of the first-strike threat of the MX are conveniently ignored by the Air Force. They include a Soviet ABMing of their missile fields or, more dangerously, a Soviet move to land a "launch on warning" strategic stance in times of nuclear crisis. The United States has announced its active consideration of both of these highly destabilizing alternatives.

The Air Force's argument that MX would set a "precedent" in verifiable mobile systems infers that Soviet perceptions of verifiability are the same as our own. Not only is there no evidence to support this argument, but Soviet statements indicate that there very well could be fierce objections to the racetrack basing scheme.

To my argument that the SUM/Minuteman III system would neutralize first-strike counterforce capabilities emerging in the decade ahead on both sides, capabilities which threaten to dangerously destabilize the nuclear balance in times of international crises, the Air Force responded:

> Stability is gained by survivability and confidence in survivability. The MX will negate the political and military utility of the new Soviet ICBM by creating so many possible launch points that an enemy attack would be futile. This is a passive move that demonstrates our resolve to provide survivability without appreciably increasing our dependence on nuclear weapons.
>
> The unknown vulnerabilities of a shallow-based system may create a lucrative first-strike target to the Soviets. Surely that would be a destabilizing situation.

Mr. President I challenge this argument on the grounds that stability is derived from two principal elements:

First, survivability of forces.

This is attained by SUM/Minuteman III which, because of its large deployment area and concealed nature provides for higher confidence in survivability than the MX racetrack system as it cannot be pattern bombed or barraged. It would be neither practical nor rational for the Soviets to deploy enough warheads to saturate one-half million square miles of ocean area. Furthermore, even if this were attempted, a significant number of SUM/Minuteman III subs would still survive.

In contrast, MX in the racetrack basing mode is subject to "pindown"—a succession of warheads detonated in the air over missile silos which prohibits effective launching of missiles because they cannot penetrate the radioactive shield which this creates.

The second principle is that stability is a function of deterrence, which is greatly undercut by an increase in pressure toward a launch on warning strategic stance.

If we are moving to make our ICBM force invulnerable (through either a land-based or sea-based deployment), why do we then choose to make that invulnerable missile force into a first-strike counterforce weapon?

Finally, in response to my argument that by fully protecting our missiles while not proceeding with the MX the United States could accept a proposal considered by both sides during SALT discussions to establish a moratorium on new land-based missiles and this would be a major step toward limiting the nuclear arms race, the Air Force response was:

> I question how "fully" we protect our missiles in the SUM system. Certain nuclear effects may make the coastal submarine particularly vulnerable. The so-called "Van Dorn" effect can create a "surf zone" on the continental shelf. Under certain conditions, the entire area could be seen breaking waves several hundred feet high, with a duration of several hours. The "bottom effect" may significantly increase the damage range by reflecting and enhancing the energy from an attacking weapon.
>
> MX, on the one hand, relies on proven and understood hardening techniques for land-based missiles.
>
> The security and invulnerability of an MX system may be the step to bring us to serious negotiations to reduce our dependence on nuclear weapons. We must not abandon the Triad which has served us so well, especially in the face of a Soviet threat.

Mr. President, analysis indicates that in coastal waters of depths less than 400 feet there would be serious surf zone waves and turbulence generated by nuclear detonations farther offshore. We do not advocate deployment of the entire SUM force in such shallow waters. Our proposal calls for deploying this force in coastal strips 200 miles wide in order to distribute the minisubs over a broad enough ocean area so that the force cannot be barraged at any depth. In particular, the Pacific waters rapidly become deeper than 400 feet beyond a few miles near coast whereas the continental shelf off the Atlantic Coast drops below 100 fathoms or 600 feet within a distance of less than 100 miles from the coast line. There is thus no surf zone problem (van Dorn effect) for the survival of the SUM force although a fraction of the submarines in transit or in port might be destroyed. In fact for the Soviets to develop any barrage threat to the SUM force would require their development and testing of new missile RV's designed to penetrate to deep ocean depths. Only then would the full energy of the explosion remain in the water. However, even if we make a very conservative assumption of SUM vulnerability to a shock wave at a distance of 6 miles from a 1MT detonation it would require some 5,000 attackng megatons to destroy a SUM force loading one-tenth that megatonnage and deploying in a 200-mile wide belt. Of course the submarines could be deployed in a wider belt, requiring thereby more megatonnage to barrage.

Again, the SUM/Minuteman III concept does not envision the abandoning of the land-based leg of the Triad. There are 450 existing Minuteman II missiles that will remain on land. We would not abandon the Triad. We are creating a Quadrad.

Mr. President, it is wise to disperse nuclear weapons technology among the land, air, and sea in order to insure against enabling the enemy to focus on one or two areas with increased capability.

These arguments are valid, but they do not apply to SUM/Minuteman III because of its close proximity to U.S. coast lines. SUM/Minuteman III thus departs from the Diad concept in two important respects.

Command, control, and communication are maintained at a level equivalent to that of land-based ICBM's, unlike a Poseidon or Polaris submarine somewhere in the middle of the ocean.

Because SUM/Minuteman III will be deployed in U.S. coastal waters, it can be easily protected; in addition, great numbers of Soviet "killer" subs would have to travel great distances without being detected; thus, SUM/Minuteman III contains virtually none of the vulnerability characteristics of strategic submarines. Finally, because noise levels become very high the closer one gets to shore, present and projected ASW technology would be rendered incapable of distinguished between normal interference and noise generated by the SUM fleet.

The PRESIDING OFFICER. Who yields time?

Mr. STENNIS addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. STENNIS. Mr. President, I commend the Senator from Oregon for the work that he has done on this problem. It is a problem for all of us, a highly important matter in connection with our triad of strategic weapons, and the question of the modernization of the ICBM leg and is related to the Trident and Polaris submarines and also long-range bombers.

This is a long drawn-out program. It will take time to build. There is a great difference of opinion about the type of basing required.

But there is a great preponderance of opinion in the committee, and I think on the floor and in the House of Representatives, and the White House, everywhere, that while we regret it very much we are compelled to take a step.

This MX the Senator would strike out is the major step that needs to be taken now if we are really going to build up the land-based leg of the Triad.

His reference to a substitution of a small submarine is very sincere. I think at some stage it could well be considered. I cannot, for my part, give any encouragement to considering it in the 1980 budget. The 1980 budget year has already started, as we know, and this bill must move today, then go to conference and come back next week, or otherwise we will run out of time on our continuing resolution.

But in the beginning of the early consideration of the 1981 budget, we would be glad in our committee to give some consideration to the proposal being made, the so-called small submarine missile system that is mentioned here by the Senator from Oregon.

I think to really settle this matter today about the MX will require a vote on the Senator's proposal to strike the MX out of the bill. If that prevails, that ends the argument for now, perhaps. But I do not think we ought to strike the MX from the bill by any means.

This matter has been up before us now for 2 or 3 years with growing intensity. Now, a fairly definite plan, the research and development for the new missile, requires time. That time is running now and it will be running out. We must make a start.

Therefore, the authorizing committees, each, in the House and the Senate, this year have considered this matter. The committees, almost unanimously agreed to the MX as contained in the bill, and the same is virtually true in the appropriating committees, with all the facts before them.

This matter has already passed the House of Representatives in appropriation form with the figure still intact.

Now we are having this debate on the Senate floor. As I have said, it is very timely and, even though some phases are still in disagreement, the idea of having to go for the MX is almost unanimous.

I hope we can go along now and vote down this amendment. I believe if we do, then will come another understanding, or amendment, or agreement of some kind, with reference to the MX that will make it clear that this is not carte blanche authority to go all the way on the deployment of this new phase of this MX, the deployment of the horizontal system, as it is called, but that there will be another look by the Congress on that matter, the matter of the deployment.

In consideration today of the MX, there will be $400 million for research and development about which there is no real substantial dispute. Then the rest of that $670 million for MX will go for purposes that are not missile research and development, but will be spent in other ways.

I have a letter here from the Department of Defense addressed to our subcommittee, and I consider it for the whole Congress. We could not consider the Senator's amendment without this letter. It will be printed in the RECORD. It is from the Secretary of Defense with reference to the spending of the money beyond the research and development or the missile alone.

I believe that what is contained in that letter will correspond to most of the thinking here on the subject matter.

If we do not get some kind of agreement on that, we will just have to present it and see where the votes are.

My disposition would be that if we do not agree, we frame it up in such a way that we get clear and unmistakable votes on the amendment.

I favor legislation that would make it clear that this appropriation is not a carte blanche authority to proceed with the present basing of MX.

It is a reservation by the legislative branch, and the letter from the Secretary of Defense gives the interpretation that it is a reservation. That extra work must be done, and we must utilize the 2 years' time that otherwise would be lost. Whichever way the deployment goes, the present appropriation will be utilized, except in the neighborhood of about $50 million. That $50 million is a good deal of money; but with a project of this kind and considering the time that would be lost if we are not willing to take that load, the $50 million is not too big a price to pay. We will work out the details of that later.

I have asked Senators who have had different proposals to see if we can have a little meeting during a quorum call of 10 minutes, to see just where we are on the possibility of another agreement. I bring it up now because it reflects directly on the pending amendment.

The Senator from North Dakota is in the Chamber, and he has heard what I have said. I hope he is inclined to make a statement with respect to this matter.

Mr. YOUNG. Mr. President, it is always with great reluctance that I oppose anything advocated by my good friend from Oregon, Mr. HATFIELD. In this case, I feel that I must.

During SALT I, the Russians made their greatest gains, as I see it, in intercontinental missiles. At the start of SALT I, we were far superior to the Russians in intercontinental missiles, and overall nuclear power. Now they have the SS-18, which did carry one warhead of 25 megatons, which is a tremendous power in itself. But they are MIRV-ed now, so that the SS-18 carries 10 warheads, and it can carry up to 30 warheads.

We have the Minuteman III, which can carry three, and II with less. I believe this is one area in which we are greatly deficient in overall military power.

One thing that concerns me about SALT II is this great difference with respect to strategic nuclear power, particularly in the ICBM area, between the Soviet Union and the United States. I believe that we must go ahead immediately with the MX, a better missile. I do not think we need to be in a great hurry about how we will be deploying it, but it will take at least 3 or 4 years to come near finishing the research and development, and of course the deployment will come after that.

In any event, even going ahead as fast as we could, the MX would not be deployed until after the expiration of SALT II.

Mr. President, I hope the amendment is rejected.

The PRESIDING OFFICER. Who yields time?

Mr. STENNIS. Mr. President, we have not had any other requests by Senators who wish to be heard on this amendment. If anyone wishes to be heard in opposition to the Hatfield amendment, we will be glad to yield time at this point.

Mr. SCHMITT. Mr. President, will the Senator yield?

Mr. STENNIS. I yield to the Senator from New Mexico.

Mr. SCHMITT. Mr. President, I am as reluctant as the distinguished Senator from North Dakota to oppose the Senator from Oregon.

However, I do think, as I have said many times on this floor, that it is necessary for us to take a realistic look at our national defense posture, particularly one in which we might be required to implement a SALT treaty, and that posture has to be one of strength in a variety of ways.

The threat we face from the Soviet strategic missile force is now roughly balanced with our own capabilities—and I hope with our own will. The problem, of course, is becoming such that in the next few years, that threat will be unbalanced. I believe that the existence of a new missile production line is going to be extremely important to insure that we balance that threat so the threat never will be carried out.

It is unfortunate, in this time of human history, that we must deal with these kinds of weapons. Unfortunately, the clock cannot be turned back. If our civilization is to survive, it must survive through strength.

The distinguished chairman of the committee, I am sure, also realizes that our times are not unlike those of the 1930's, when the democracies of the world were unknowingly being threatened with their greatest challenge. A few people recognized it, but not enough did, until the threat became reality, with the attack on Pearl Harbor and subsequent events.

The times are analogous—not that we are unprepared militarily, but that the time we have to react to a potential threat is much less than it was in the 1930's and the 1940's, when we had months and, in fact, years to prepare and to develop the capability to defeat our adversaries who were threatening our freedom and democracy. Now we are looking at a threat measured in minutes, if not, in some possibilities, even seconds.

The only way to counter those kinds of threats is with greater strength.

I believe that this particular missile development is one we must begin. We must move rapidly on it, if it is going to be clearly a part of our total deterrent capability.

Not only are there alternatives in the long term to this type of defense, but also, there clearly are alternatives to the way in which this MX missile is based and deployed, and those alternatives should not be decided today. We in the legislative branch must take due deliberation of the possibilities, of the effectiveness, and of the costs involved.

So I reluctantly oppose the amendment of the Senator from Oregon, and I hope our colleagues will do the same.

Mr. STENNIS. Mr. President, we have several speakers who want to use some time. I am going to yield to them now as nearly in the order in which they have mentioned it to me as I can remember.

I yield 5 minutes to the Senator from Washington (Mr. JACKSON).

Mr. ARMSTRONG. Mr. President, will the Senator from Washington yield for a brief unanimous-consent request?

Mr. JACKSON. Yes, I yield.

Mr. ARMSTRONG. Mr. President, I have discussed the request I am about to make with the distinguished chairman and the distinguished ranking minority member of the committee.

My request is that on completion of the Hatfield amendment and any other pending amendments on the MX, the amendment sponsored by the Senator from Hawaii (Mr. MATSUNAGA) and me be the pending order of business.

The PRESIDING OFFICER (Mr. BOREN). Is there objection?

Mr. STENNIS. Mr. President, reserving the right to object, if the Senator will strike out that word "pending," I will have no objection. We may have another amendment on the MX, which has not actually been submitted yet.

Just make it "following the disposition of any MX amendments that may be submitted following the Hatfield amendment."

The PRESIDING OFFICER. Does the Senator from Colorado so modify his request?

Mr. ARMSTRONG. Yes, I do so modify the request, and I appreciate the Senator's assistance.

Mr. JACKSON. Mr. President, I rise in opposition to the amendment offered by my friend from Oregon. I do so because I am concerned that a modern, survivable land-based intercontinental missile force is essential to our national security. I have come to this conclusion based on several considerations.

First, our present, aging force of Minuteman ICBM's is being increasingly threatened by Soviet missiles.

Second, our national security dictates that steps must be taken to reduce this level of vulnerability.

Third, having failed to achieve meaningful constraints on Soviet large throwweight, highly accurate missiles through our arms control efforts in SALT, we must develop and deploy some alternative weapon system which will retain our credible deterrent capabilities and be survivable.

In short, as I have said on many occasions, I profoundly regret, as does my friend from Oregon, the failure of SALT II to produce deep, mutual, balanced reductions on an equitable basis in the strategic nuclear arsenals of both the superpowers.

Certainly it is the height of irony that having spent 7 years negotiating an arms control agreement, we stand here today needing to spend enormous amounts of money precisely because the administration concluded an agreement which fails to get any meaningful cuts in the strategic arsenal of the Soviet Union.

The issue now before us is how we should respond to the increasingly destabilizing Soviet buildup in lethal, counterforce missiles aimed at our Minuteman force. The Senator from Oregon and I agree that something must be done to reduce our strategic vulnerability.

Mr. President, after considerable deliberation, debate, and unfortunate delay, the President of the United States has concluded that the long-standing policy of this country to diversify its strategic deterrent into three components continues to be a sound one—a bomber force, a submarine-launched ballistic missile force, and a land-based intercontinental ballistic missile force.

President Carter decided that the strategic triad represents the best way to provide for the national defense since the inherent vulnerabilities of each leg are offset by the strengths of the others. As it became evident that one leg of our triad—the ICBM force—was becoming vulnerable to a Soviet first strike, the Carter administration took a long, hard look at the option of eliminating that leg in favor of a strategic "diad."

But after considerable review, the idea of eliminating ICBM vulnerability by eliminating the ICBM force was rejected by President Carter. The administration concluded that to rely for deterrence only on a submarine-launched ballistic missile force and a strategic bomber force could have dangerous consequences. It would simplify the Soviet targeters' job in trying to destroy our strategic deterrent. It would also significantly reduce the capabilities of our forces, and raise the prospect that a single breakthrough in weapons technology—namely in the antisubmarine warfare area—could produce a profound change in the strategic balance.

Therefore, the administration has decided to proceed with modernization of the Triad, including the development and deployment of a new intercontinental ballistic missile, known as the MX, a land-based intercontinental ballistic missile with its inherently secure and reliable command, control, and communications characteristics.

Let me be clear about my own reservations with respect to the MX program. It is a program—we have to be candid—that is troubled with complications, not of a technical, but of a political nature.

In arguing for proceeding with the MX missile, I have no intention of supporting the racetrack basing mode that has been discussed—more, one sometime thinks, in the press than among the scientists and engineers who will have to make it work. I have profound reservations about the racetrack basing mode. It strikes me as cumbersome, risky, and expensive. It is a concept developed less by American engineers than by Soviet negotiators, and that troubles me deeply.

Mr. President, before any final deployment decision is taken on the MX, I believe the Senate must establish two critical points:

First, the bilaterally recognized right of the United States to proceed with a mobile missile incorporating deceptive basing in which the missile and launcher is moved among shelters; and

Second, the right of the United States and the intention of its Government to deploy the MX in a reliable, survivable, and cost-effective manner. In my judgment, this requires a finding that vertical shelters must be permitted by any arms control agreement we might ratify.

As many of my colleagues know, the Soviets have insisted that deceptive basing of ICBM's is inconsistent with SALT. The official position of the United States is that it is consistent with SALT. But if the MX can only be made consistent when deployed in an absurdly costly and technically doubtful manner, then it will never be deployed. So I intend, when SALT reaches the floor, to press for a clarification about the impact of the treaty and for a determination that we can proceed with vertical shelters as an alternative to the racetrack system now being considered in research and development.

The Senate and its Committee on Armed Services have repeatedly supported the MX missile and urged its expeditious development as essential to the maintenance of the Triad as a credible deterrent. Senators are being asked not only to reaffirm their support of the strategic Triad but to reassert the commitment of the United States to begin to redress the adverse trends in the strategic nuclear balance which this country has witnessed for the last decade.

Mr. President, I urge my colleagues to join me in voting against the Hatfield amendment and the movement it represents toward a less survivable, less capable and less credible deterrent posture for the United States.

I yield back any time remaining.

Mr. STENNIS. Mr. President, I yield 3 minutes to the Senator from Alaska.

Mr. STEVENS. I thank the chairman. I shall not even use that amount of time.

In the Appropriations Committee I supported the Senator from Oregon because of my opposition to the racetrack basing mode. Following the consideration of his amendment, I shall offer an amendment that will not commit the United States to any one basing mode for this MX missile system.

The action taken in the committee led to reports that I did not support the MX missile, which I regret, because I do support the missile. On the other hand, I believe that the racetrack basing mode would lead to such an escalation of costs, not only in terms of original construction but in terms of annual cost, and also such a tremendous potential for delay, that we would not really achieve the construction and deployment of the MX missile system as will be required to protect our national security.

I will be discussing this matter later, but I wanted to state now why having supported the amendment of the Senator from Oregon in committee, I shall not support it here now, and I will not offer my amendment as a substitute for the Senator's amendment. I will wait until his is disposed of. Assuming his is defeated, I will offer mine. If it is not, of course, I will not have the opportunity.

The PRESIDING OFFICER. Who yields time?

Mr. STENNIS. Mr. President, I yield 5 minutes to the Senator from Nebraska.

Mr. EXON. I thank the Chair.

Mr. President, I do not know of one of our colleagues here in the Senate who does not deeply share the concerns of my friend, the Senator from Oregon, over the proliferation of nuclear weapons in arsenals of the United States and the Soviet Union. I, like the Senator from Oregon, am keenly disappointed that the SALT II treaty before us does not call for deep reductions in nuclear weapons. I do not want to build the MX missile system. When I had the honor of entering this body last January as a representative of the people of my State and with their authority, I was not persuaded for certain that deployment of the MX was necessary, for many of the reasons that have been so well articulated by the Senator from Oregon.

My service on the Armed Services Committee has since convinced me that, in a practical defense sense, we have no other viable alternative.

The Soviet Union, through their massive arms buildup, has placed us in a position where we must act now. The projected ability of the Soviets to make our land-based missile force vulnerable in the mid-1980's dictates that we proceed with further MX research and development. The missile forces which the Soviets have in place and which they will continue to build and improve upon have placed us in this situation.

The Secretary of Defense, Harold Brown, made a telling point when he stated, "When we build, they build. When we cut back, they build." Arms control is a two-way street. We have learned that the thing the Soviets respect most is strength. The strategic Triad of land- and sea-based missiles and bombers has served us well in this respect.

However, that Triad of weapons is aging and we must take corrective actions. We are doing just that. The MX missile, Trident submarines, and air-launched cruise missile forces we are developing and building will accomplish this task. The diversification of our strategic weapons poses the most complicated of challenges to a Soviet war planner. He cannot simply channel his resources to defeat one type of weapon. Instead, he must work on antisubmarine warfare to counter our missile submarines; he must work on air defense to counter the air-breathing leg of air Triad; and he must devote massive resources to counter our land-based missile force. This is the crux of diversification and of our Triad. By abandoning our land-based force and substituting a new and different submarine-based missile force, we make his job easier.

Mr. President, I have not made up my mind yet on the SALT II treaty. But one thing is certain: If this treaty is ratified, with or without my support, then I want to immediately begin negotiating for arms reduction, rather than arms limitation. If the treaty is not ratified and sent back for renegotiation, it will be because it did not go far enough. In either event, recent history has shown that negotiating from strength is the best posture in dealing with the Soviets. I want our negotiators to be in the best possible position, one of strength, to achieve these desired goals.

Mr. President, strategic superiority at the level of weaponry is what we are talking about. This deals as much with perceptions as megatonnage. I want the Soviet Union to know that they cannot get away with even the perception of placing our strategic forces in jeopardy. While I am not thrilled about building a weapon with a potential first-strike capability, the Soviets have embarked on this course. The only way we can hope to get both sides to stop is to make them as uncomfortable as we are in such a situation. If we can somehow negotiate the threat away—fine. If we cannot, then I must feel—and make them feel—that what they are trying to do to us to improve their position simply will not work or be tolerated. This is why MX must be built and I urge my colleagues to support it and defeat the Hatfield amendment.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. STENNIS. Mr. President, I yield 10 minutes to the Senator from South Carolina.

Mr. HOLLINGS. Mr. President, I want the RECORD to be clear on exactly what it is that this Senator is voting for today. I am voting in favor of the MX missile, but I am most certainly not voting in support of the racetrack basing mode which has been proposed.

The need to move ahead swiftly with building the MX missile is, of course, apparent. Our aging Titan and Minuteman missiles are, every day, more vulnerable to Soviet counterforce weapons. The Soviets have not only built larger and more powerful missiles than we, but they have developed an accuracy on a plane with our own technology. Last-generation weaponry is inadequate to our security requirements. As a vital leg of the American strategic triad, our ICBM's must be afforded maximum survivability. The MX is, in short, sorely and urgently needed. Of course, one weapon alone cannot redress the military imbalance which favors the Soviets, and the MX, while twice the size of a Minuteman, is still very much smaller than the Soviet SS–18—the "heavy" missiles which we are allowing the Soviets to build and deploy and which now number 308. The MX will be a potent and needed addition to our arsenal, however, and, with the proper kind of basing mode, can significantly enhance our missile survivability.

Supporting the MX missile and supporting the racetrack basing mode are two entirely different things. MX is the right missile, but the racetrack basing is nonsensical extravagance. It is a budget-buster of the first order, and in terms of cost-effectiveness fails miserably to make the grade. I have looked at the matter of costs, and I can say that, without doubt, an MX system with the racetrack basing mode is going to cost the American taxpayer somewhere between $30 billion and $90 billion. If there were no other way to do it, and given the need to do whatever we must to insure the safety of our people, we would be justified in going ahead. But there are other, less costly options. One is the vertical shelter (MPS) system, which would be less expensive, and I think considerably more effective, than the racetrack. I think the record ought also to show that if it had not been for SALT I, with its sanction of Soviet "heavies" and its denial of American "heavies," we would not have some of these problems. Similarly, we would be in a better position to consider the option of an ABM system to protect our country. We could deploy an ABM system for somewhere in the vicinity of $10 billion, which is quite a saving when compared to the extravagance of the racetrack.

Thanks to their SALT ingenuity, the Soviets now have us debating not only the need for new weaponry, but also whether, under SALT II, we can even proceed with the development and deployment of the systems under consideration. Defense Secretary Harold Brown and Soviet Defense Minister Dmitriy F. Ustinov discussed this specifically, and Ustinov indicated that both the racetrack system and the multiple-aim point system would be violations of SALT II. SALT I constrained us from proceeding with what was essential. SALT II will accomplish the same end for the Soviets. There must be no question that we can proceed with so-called deceptive basing, vertical shelters, and whatever else is essential to the effective deployment of the MX missile.

In conclusion, Mr. President, let me repeat to my colleagues that by voting to defeat the Hatfield amendment, they are in no way closing off their consideration of basing systems other than the racetrack mode. We will have the opportunity to discuss and debate the basing system, and the vote today does not impact that debate any way whatsoever.

Mr. President, what I am supporting is the initiative of my distinguished colleague from Alaska, who has prepared an amendment saying that none of the funds appropriated under this paragraph for continued development of the MX missile may be used in a fashion which would commit the United States to only one basing mode for the MX missile system. Anyone who wants to continue the Triad should realize that we need the MX. The Minuteman, with its three warheads, is just not powerful enough against a hard target with the capacity of the SS–18's in Russia. We need that kind of capacity—the 10 warheads at 335 kilotons per warhead, or 3,350 kilotons total—if we are going to stay in the competition.

Mr. President, this is a very interesting thing: How do we make survivable this limited number of missiles? For one thing, we go right straight to the debate 7 years ago, on SALT I and the heavy megatonnage SS–9's, which were later developed into the SS–18's. We objected at that time and we opposed SALT I, but we were told not to worry, that we would equalize that in SALT II.

Now we have gone to SALT II but we have not done away with the SS–18's. If we had, all we would need is the MX missile in the same Minuteman silos and you would not have the $50 billion to $60 billion operational racetrack, horizontal, open the doors, shut the doors, budget-busting, Rube Goldberg arrangement. We should have gone to the conference and said, "Look, we are not here to get permission to put 308 heavies in for ourselves. The SS–18's are like rattlesnakes; we are trying to get rid of the rattlesnakes, because these SS–18's are what is destabilizing. It is rattlesnakes that are causing the difficulty, so let us get them out of the house."

Henry Kissinger finally realized it after SALT I. He tried in 1973 to limit the number of heavies to 50, and he tried again in 1977 to limit them to 150. But barring that, we needed to have at least that kind of parity. If we could not get rid of them, we should have insisted upon the additional megatonnage of 150 extra MX's. Three hundred and eight SS–18's have more megatonnage of destruction than all the ICBM's and all the Poseidon submarine-launched ballistic missiles of the United States put together.

So much for that. I emphasize the cost, which bothers all of us here in the Senate. Hawk and dove, conservative and liberal alike, realize that we are going into exorbitant costs for something that was never fully considered. We have a multiple-point vertical protection system that is verifiable. We can take off the covers at any time. They will tell you in SALT II, it is not; that is because the Russians did not like it. But it is verifiable and it is survivable.

So it is at the Soviet request that we go from the vertical to the horizontal. And if the very alert press would please go out and talk to Martin and to Boeing, to the contractors, and ask them categorically to answer the question: "What is the difference between the vertical in cost and the horizontal in cost," they would be told 20 billion bucks. That is why I say SALT II is a budget buster.

Look at some of the other budget busters in SALT II. We have to have "Functionally Related Observable Differences" for the B–52, at a cost of $300 million. We have to have a new wide-bodied carrier to deliver the cruise missile. That is $2 billion more. We are denied optimal use of our cruise missiles which could save us planes at the front, and billions of dollars more; the Soviet Navy has SSN–3's. But we are not allowed. We are restricted. We do not restrict the Soviets' intermediate ballistic SS–20, but we restrict our intermediate cruise missiles. And they call that a good contract, a good agreement.

SALT II is replete with budget busters, and if we end up with this $20 billion racetrack mode, that will be the biggest budget buster of all.

We debated on defense on the floor of the U.S. Senate earlier this fall and proved categorically that if we turned down SALT II in the next 10 minutes there would not be one additional military program under the 5 percent voted by this U.S. Senate. But if we approve it, here is $20 billion more.

The Secretary of Defense in his letter to the distinguished chairman—and I take it that has been printed in the RECORD—admits to $1 billion, and this is $20 billion more here.

That is why I feel very strongly we need that MX, but do not need this horizontal racetrack, race around kind of system, that anybody with good commonsense realizes is not workable.

Mr. President, I know the time of the chairman is really limited, so I yield back the remainder of my time.

Mr. President, I thank the distinguished chairman.

Mr. STENNIS. I thank the Senator.

The PRESIDING OFFICER (Mr. HARRY F. BYRD, JR.). Who yields time?

Mr. STENNIS. Mr. President, we switch from one aisle to another. I yield to the Senator from Virginia for 3 minutes.

The PRESIDING OFFICER. The Senator from Virginia is recognized.

Mr. WARNER. Mr. President, I thank my distinguished chairman of the Senate Armed Services Committee.

I have the utmost respect for my distinguished colleague from Oregon, but I rise in opposition to this amendment.

I have now served during my first year in the Senate as the ranking minority member of the Research and Development Subcommittee of the Armed Services Committee. That subcommittee has held lengthy hearings on this matter with many witnesses. We have considered carefully the MX missile system—both the missile and its various basing modes.

Mr. President, we have not spent any considerable time, very little, if at all, on the system proposed as an alternative by the distinguished Senator from Oregon. The feasibility of similar systems had already been considered by the Department of Defense and rejected.

I wish to urge my colleagues to place their trust and confidence in the expertise of the Senate Armed Services Committee and to rely on its decision as a committee that this system commonly known as MX is essential for America's future defense.

I believe it would be a very serious mistake to cut funding for development of the MX missile and to support instead a program with so many unknowns as the so-called shallow underwater missile system.

The MX missile program which is now before us is a program which has been thoroughly studied over the course of the last several years. The Department of Defense has studied the MX program and the Congress has reviewed it year after year. There is now widespread consensus that the MX program is a sound, cost-effective, and stabilizing means of responding to the problem of the vulnerability of our fixed, land-based missiles. The President believes the MX is a sound and necessary program; the Secretary of Defense believes it is a sound and necessary program. The Defense Science Board believes it is a sound and necessary program, and a substantial majority of both Houses of Congress have so far believed it to be a sound and necessary program.

The details are complex, lengthy, and in part, classified, and I shall not go into them at this point.

I wish we did not have to build the MX. We surely could find better ways to spend the funds if they were not necessary for our security.

But they are necessary. The Soviets have made the MX decision for us. They have built their strategic forces up to a point where they provide a destabilizing threat to the survival of the land-based portion of our deterrent.

We have no real choice. Either we restore the survivability of our land-based missile force or we accept a destabilizing situation and a much diminished deterrent.

The amendment offered here is a questionable substitute for the MX program. It offers a system whose concept has been seriously considered by the Department of Defense—and rejected. It is a program filled with unknowns. It is a program of reduced capabilities, great technical uncertainty, and doubtful survivability. It is a program that may wind up costing far more than MX in the end.

Mr. President, the arguments against this amendment have been made in detail by others and I shall not repeat those arguments any further. The President, the Secretary of Defense, and the relevant committees of the Congress all support the MX program and they would therefore oppose this amendment.

I urge my colleagues to vote against this amendment.

The PRESIDING OFFICER. Who yields time?

Mr. STENNIS. I am glad to yield to the Senator from Utah for 5 minutes.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. GARN. Mr. President, I thank the distinguished chairman of the Armed Services Committee.

Mr. President, to save the time of the Senate, I ask unanimous consent that a statement by me before the Appropriations Committee of the House of Representatives in Cedar City, Utah, on the MX, November 5, 1979, be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR JAKE GARN

Recent decisions by President Carter with regard to the MX, a land-based intercontinental ballistic missile (ICBM), will have important consequences for the security of the United States and the lives of the people of Utah. Approximately 30 percent of the 200 MX missile force will be deployed in southwestern Utah. It is, therefore, essential that we examine this issue with great care, and I appreciate this opportunity to address the issue of MX and its impact on U.S. national security and the state of Utah.

MX: What is it and why do we need it?

The MX, or Missile-Experimental, is a land-based intercontinental range ballistic missile which is intended to augment our present Minuteman ICBM force. The MX will be able to carry a heavier load, and therefore a larger number of multiple independently targetable reentry vehicles, or "MIRVs", and be more accurate than our current land-based ICBM missiles. The deployment of MX will give the U.S. an enhanced capability to credibly threaten Soviet military targets. The improved destructive potential of the MX missile, and its technical capabilities, however, are only effective as a deterrent when the chances for the missiles' survival are good.

President Carter has proposed to deploy the MX in horizontal shelters around what has been called a "racetrack" or "closed-loop" basing system. The random deployment of one MX among twenty-three shelters will dramatically increase the number of targets a Soviet surprise attack would have to contend with in order to assure themselves that the U.S. would not be able to effectively retaliate. This same concept applies, whether we are talking about a "racetrack" basing system, or other possible basing modes that could be adopted for MX. I would have preferred, in fact, to explore the vertical, multiple protective shelters as opposed to the racetrack system. I believe it would be less costly and more survivable.

The United States needs the MX missile because of the growing imbalance between our own strategic forces and those of the Soviet Union. The number of Russian missiles and their size and accuracy have increased to the point that they now pose a very real threat to our Minuteman missile system. This was described by Secretary of Defense Harold Brown, when he observed:

"The combination of accurate guidance and the large number of warheads expected in the early 1980s will give their (the Soviets') ICBM force the capability to destroy most of our ICBM silos with a relatively small fraction of their ICBMs. This is the most serious problem we face, probably in terms of threat to our strategic forces and certainly in terms of perceptions of equivalence."

Why has this situation been allowed to develop? It seems hard to believe, doesn't it, that we would have knowingly placed ourselves in such a vulnerable position? The reason is actually quite simple, and can be summed up in one word: MAD. MAD is the acronym for the doctrine of Mutual Assured Destruction which is the theory that has guided our strategic arms decisions for the past fifteen years. It says, in effect, that nuclear war is effectively deterred when both the United States and the Soviet Union are vulnerable to a nuclear attack that would devastate their major population and industrial centers. The citizens—the civilian population—are, in effect, held hostage.

Homes, libraries, schools, churches, museums and factories are the principal targets—not the missile silos, air bases or harbors. This is the theory that makes Civil Defense or an ABM system wrong, because they would be "provocative acts". This is the theory that allows President Carter to feel he is justified in saying that just one Polaris submarine carries enough destructive power to effectively threaten the Soviet Union because it can destroy Moscow and Leningrad, and several other major Soviet cities. This so-called "Countervalue" targeting concept, required by the MAD theory, is no longer valid, if it ever was.

Even Dr. Henry Kissinger, one of the proponents of the MAD concept, now says it is wrong for today's world. Mutual Assured Destruction is no longer valid, because it is no longer "mutual". The Soviets have a massive civil defense program; they have an ABM system, and could quite easily deploy it throughout the country in a crisis situation. They are aiming their missiles at our missiles and at our bombers and submarines, and improving their accuracy so they can take out our ability to retaliate. Both SALT I and now SALT II have failed to meet the promise of arms control that would reduce this growing threat. To a certain extent, the failure of SALT II was inevitable, because the failure of SALT I left us in a very weak bargaining position.

You simply don't deal effectively with the Soviet Union from a position of weakness. If we are ever to bring them to consider arms reductions we must strengthen our own position. The deployment of MX in a survivable basing system will give us back some of that strength. A rejection of the tired old concept of MAD, and an improved ability to target and destroy Soviet military—not civilian—targets, must go along with the deployment of MX.

Let me say a little more about the implications of MX for arms control.

IMPLICATIONS FOR ARMS CONTROL

A recent editorial in the Wall Street Journal pointed out that the Soviets "use arms control negotiations as an offensive weapon to gain real military advantage". If we are to be successful in competing with the Soviets in the area of arms control, we need to recognize that Soviet arms control strategy is geared towards undermining Western security. Harvard Professor Richard Pipes has noted that the Soviet Union has used SALT to freeze our strategic nuclear systems, to inhibit our technological initiative, and to undermine our national commitment or perception of need in defense matters. The control and reduction of nuclear weapons is a worthy goal. But attempts to achieve it must be equitable and verifiable, and they must promote international peace and stability. Thus far, U.S.-Soviet arms control efforts have been none of these things.

Unless and until we are prepared to modernize our strategic forces, the Soviets will never be willing to negotiate meaningful arms control. In testifying before the Senate Foreign Relations Committee, Henry Kissinger stated that:

"Rarely in history has a nation so passively accepted such a radical change in the military balance. If we are to remedy it, we must first recognize the fact that we have placed ourselves at a significant disadvantage voluntarily."

The litany of U.S. defense programs that have been either cancelled or delayed in recent years includes the B-1 bomber, the Trident submarine and missile, the MX ICBM we are discussing today, cruise missiles, and the neutron bomb. If this trend continues, our negotiating position in future SALT talks will become increasingly untenable. As Kissinger went on to note in his testimony:

"SALT cannot be a substitute for defense programs. If we fall behind by our own actions, SALT runs the risk of perpetuating an inequality. If we want equality, we must build to equality."

The fact is, that had the SALT process to date not been such a monumental failure, particularly in allowing the Soviets to convert their light SS-11 ICBMs into very capable and destructive SS-19s and especially in legitimizing the exclusive Soviet deployment of 308 SS-18 heavy missiles, then U.S. ICBMs would not be so vulnerable today, and we would not be faced with the need to build the MX.

SOCIO-ECONOMIC AND ENVIRONMENTAL IMPACT

The people of Utah have traditionally been supporters of a strong national defense posture. I know this continues to be the case. Nonetheless, there are legitimate concerns which the people of this state have raised regarding the deployment of the MX in Utah. These concerns must and will be addressed. I have no doubt in my mind that this nation can provide for its self-defense while at the same time safeguard the material well-being of its citizens.

I believe that early identification of problems and openness in dealing with them are the keys to a successful MX deployment. The Air Force should be commended for its openness and its efforts to work with state and local government in Utah and Nevada. I hope the Air Force will recognize that expenditures to mitigate environmental and socioeconomic impacts are as much an expenditure for national defense as expenditures on the missile system itself. Clearly, it is fully identifying and dealing with these problems at the front end that the way will be cleared for MX to be built.

There is much experience to draw on: the Alaska pipeline, the Trident submarine base in Seattle, a decade of construction of enormous power plants and coal mines in the West. We will need to draw on the lessons learned in each of these prior efforts to competently and effectively manage the direct impacts and the side-effects of building this vital system.

The key to coping with the staggering problems we will likely encounter is twofold: planning and money. Effective planning will require involvement of state and local governments throughout the process as joint partners, not simply as reviewers at the end of the process. I commend the Governors of Utah and Nevada for establishing MX task forces in each of their states, and for establishing a bi-state task force to coordinate and integrate the efforts of the two states.

As far as funding is concerned, I think the recent construction of the Trident submarine base in Seattle provides a useful yardstick. In a project which cost $800,000,000 approximately $200,000,000 additional was provided for socio-economic impacts. This does not mean the Department of Defense must provide the same ratio of funding for Utah and Nevada in constructing MX. It simply means DoD and the Congress must provide full and timely funding to get the job done in a manner satisfactory to the residents of these states.

Let me now comment briefly on some specific areas where we are likely to experience the greatest problems. First among these is water. The Air Force has an ongoing drilling program to locate supplies. The water authorities in Nevada and Utah should be fully involved in all drilling and allocation studies. It is not enough to quantify the construction and operational needs of MX. We've been told there is more than adequate water for these purposes. The real focus must be on developing and maintaining supplies for the population attracted to the area, both permanent and temporary. Further, I believe the Air Force must comply with state water law and must not seek to assert a federal water right, reserved or unreserved. In addition, the Air Force must understand the relationship between underground water and surface water flows, and make certain that in mining underground water for the enormous supplies needed they do not deplete our water aquifers at a rate faster than they are recharged.

Second, very careful analysis must be done to examine the impact of the MX construction on the supply of concrete, construction workers and associated skilled workers, and other raw materials. It is my understanding the Air Force will fund job training for local residents and this is laudable and essential. But we must balance the recruitment and carefully plan the purchase of materials and services from both inside and outside the state, to make certain other areas and sectors of the state aren't starved for resources or priced out of the market.

Third, the question of land use must be raised and responsibly addressed. We need full disclosure of possible restrictions around the 25 square miles of fenced shelters. Additionally the 8,000 or 10,000 miles of roads and railways, although constituting only 75 square miles, will realistically impact thousands of square miles. There must be a full exploration of restrictions for security reasons which might be necessary, and the implications of those restrictions for access to and use of the land involved in the project.

Finally, the whole question of the boom/bust nature of this development must be carefully phased to smooth out the peaks and valleys of going from 25,000 workers and perhaps 100,000 people total at the peak of construction, to a permanent settlement of around 40,000 people. Our communities could be saddled with financial obligations for very expensive improvements—schools, hospitals, etc.—which will be necessary to accommodate the population at its peak during the height of construction. The Department of Defense, and the Air Force, through joint planning with state and local governments, and through full front end financing, must make certain this does not happen.

It will not be easy to meet the kinds of challenges that I have noted. It may even prove to be impossible. I have said recently that I am pessimistic about the MX ever being built. It's an expensive program, and one you just don't complete overnight. Over the years of its development the costs for deployment will increase. The figure of thirty billion dollars or so is expressed in today's dollars, with little or no hedge for inflation. No one can really say with any certainty what it will ultimately cost. And there is no guarantee that this Congress or this President, much less a future Congress or a future President, will continue the funding necessary to complete the program, however militarily important the MX system is. Look at what happened to the B-1.

I hope I am wrong. I hope my pessimism is unfounded. I hope we can develop a basing mode and a construction program whose benefits to the state and the nation far outweigh the costs, which I also hope we can minimize. I hope we'll meet that challenge. It will take a lot of work and a firm commitment from the people of Utah and Nevada who would have to live with the system and the impacts of its development. It will also require the dedicated efforts of public officials at every level of government. As a Senator representing the State of Utah, I will certainly do all in my power to assist in meeting this challenge. I will be watching the development of MX very carefully. Every dime spent on the MX must be approved by the Defense Appropriations Subcommittee, on which I serve. That subcommittee will be holding hearings similar to this hearing today during the early, pre-construction stages of the MX program, as part of its responsibility to oversee the expenditure of public funds.

I would also like to point out that General Guy Hecker, Special Assistant for MX Matters, U.S. Air Force, has agreed to brief the Utah delegation on a bimonthly basis during the initial construction stages of the MX and on a more frequent basis whenever we request him to do so.

CONCLUSION

The U.S. has delayed action on the MX for far too long. We have placed in jeopardy an essential element of our strategic nuclear defenses. We have shown a lack of resolve to compete with the Soviets, and they, in turn, have done everything they can to exploit our self-imposed lethargy.

Let us now, therefore, work in a constructive manner and spirit to make the MX program a success for national defense policy and a social and economic model for the nation.

SUM: IT DOES NOT ADD UP

Mr. GARN. Mr. President, the SUM (shallow underwater missile) system proposed on September 18, 1979, is of dubious technical feasibility. The idea of placing three Minuteman III intercontinental ballistic missiles (ICBM's) weighing 100 tons on a very small 450-ton submarine is extremely questionable, to say the least; but even if it is possible to design a small submarine that can carry so large a missile, the SUM strategy is neither cheap, effective nor compatible with arms control.

Proponents of this strategy seem to be comparing total acquisition costs of the MX system with partial acquisition costs of the SUM system. Moreover, there are many other costs for the SUM system that are hidden costs. Also, there is no comparison of the military effectiveness of the two systems, nor is there an evaluation of the impact of SUM on strategic arms control. But first, let me disqualify SUM compared to MX on cost grounds alone.

MX VERSUS SUM

[Fiscal year 1980, in billions of dollars]

	MX	SUM
Acquisition	[1] 33.0	[2] 12.0–16.0
Operations and support (O. & S.), 15 yr	6.6	18.0–21.0
HIDDEN COSTS		
R. & D. on SUM system		.5– 1.0
New submarine bases		2.0– 3.0
ASW forces to protect SUM submarines:		
2 P–3C squadrons (24 aircraft):		
Acquisition		.36
O. & S. (15 yr)		.27
6 attack submarines (SSN):		
Acquisition		3.0
O. & S. (15 yr)		1.4
1 patrol frigate squadron (12):		
Acquisition		2.4
O. & S. (15 yr)		1.5
Total	39.6	47.1–55.6

[1] Missile and construction.
[2] Submarine only.

It is well known that operational costs for SLBM's are far higher than for ICBM's, even with the proposed "racetrack" basing concept of MX. To operate 138 submarines of the type necessary for the SUM strategy would require the construction of new submarine bases or large scale construction of facilities at existing bases—at great costs. Such construction would involve the same sort of economic and environmental impacts associated with MX.

Another major hidden cost would be the cost of defending these submarines. They would be exceptionally vulnerable to antisubmarine warfare (ASW). They would be extremely slow and be easily detectable by sonar, because large missile canisters would be strapped on their sides. The coastal areas of the United States are not sanctuaries. Current ASW forces are needed for other missions and should not be diverted to protect these submarines, which would be little more than sitting ducks if they were not defended. Since spare ASW forces currently do not exist, they would have to be acquired and operated at very substantial cost.

The military effectiveness of Minuteman II missiles on small submarines could not compare with the MX. Not only would their warheads need to be smaller, but their accuracy would be far less. Indeed, it is difficult to imagine that these missiles would be as accurate as the current U.S. Trident I missiles which have the benefit of a much more sophisticated navigation system than could be put aboard so small a submarine.

In addition, Submarine Launched Ballistic Missiles (SLBM's) have a much lower alert rate—it is about 50 percent for Poseidon submarines. For the type of small conventional submarines that the SUM system requires, the alert rate could be no more than 30 percent or 40 percent compared to over 90 percent with the MX. Hence, the difference in the forces between the two competing systems would be about 1,800 MX warheads on day-to-day alert compared to perhaps 500 SUM warheads on day-to-day alert, and the MX warheads would have a higher yield.

Since these submarines would be conventionally powered, and since the United States has not done anything significant in the development of diesel-electric submarine propulsion for perhaps 20 years, the SUM submarines would have to operate at periscope depth, snorkeling for most of the time in order to provide air for operation of the engine. This would substantially increase their vulnerability to ASW and to some form of advanced satellite detection. It is striking that this proposal would have us attempt to meet improving Soviet ASW capabilities in the 1980's and 1990's with the most primitive type of submarine that exists in the world today.

The possibility of putting more U.S. strategic nuclear weapons systems on submarines (although usually on far more technically feasible systems) has been studied in the past and consistently rejected. This course involves placing far more of our retaliatory assets in a single basket, and at this time a survivable submarine communications system does not exist, nor is one planned. The small submarines of the SUM system proposal would have a far more severe communications problem than even the existing, more sophisticated U.S. missile submarines.

If the United States puts its ICBM's on submarines and concentrates them in the relatively small oceans of the east and west coast of the United States, it opens the possibility that the Soviets could "barrage" attack the Continental Shelf area with weapons in the 50-megaton range. Tens or hundreds of these weapons might be detonated to destroy these submarines in the event of a Soviet attack. Very large yield thermonuclear weapons are cheap and could be produced in large numbers. In the event of an attack, the tidal waves and flooding of our heavily populated coasts would be catastrophic.

Perhaps the most telling argument against the SUM system is that it is not compatible with arms control. If we design a missile canister that can be attached to a very small submarine and successfully test launch an ICBM that could be deliverered to its target with high accuracy, then it becomes impossible to verify the provisions of SALT II or any feasible arms control agreement. If we can do this with the least capable submarine in the world, the Soviets can certainly do this with any of the hundreds of existing Soviet attack submarines that are many times larger than the proposed SUM submarines. Also, the Soviet Union has three missiles—the SS–13, SS–16, and SS–20—that are comparable in size to the U.S. Minuteman III and since they are all solid fueled, they could easily be used in a Soviet SUM system.

If one wished to promote the technical feasibility of the SUM system, one must conclude that the Soviet Union has the potential of deploying thousands of additional warheads by this scheme alone. The Soviet Union has reportedly been constructing submarine berthing tunnels which would allow the conversion of large numbers of existing submarines to such missile launchers without detection.

Many years ago in the 1960's when the United States studied the future of its SLBM force it concluded that a large submarine like the Trident was more cost effective than small submarines in maintaining missiles at sea. While one may challenge the choice of the specific Trident design, it is clear from all studies that very small submarines are not a cost effective means of putting missiles to sea.

In the uncertain world of the late 1980's and 1990's it would be unreasonable to abandon the ICBM element of our strategic nuclear forces triad—ICBM's, SLBM's, and aircraft—bombers and planned cruise missile carriers. Unfortunately, we are moving in this direction by our failure to modernize our forces. We have allowed our ICBM force to become vulnerable and we are in the process of allowing our bomber force to become vulnerable.

In 1800 the United States had underway a program to build large frigates. In an economy move, President Thomas Jefferson canceled the construction of these vessels and used the money to build large numbers of very small gunboats. These turned out to be almost completely useless; firing a single round almost capsized them. The few large frigates we had built in the 1790's helped prevent the defeat of the United States in the War of 1812. If we make a mistake of a similar nature in the 1980's, the security of the United States will be seriously jeopardized.

Mr. President, this one area I do have some personal expertise in. For 4 years, I was a Navy pilot and I was in an antisubmarine squadron. I spent a good 3 years of that 4 years looking for submarines.

It is a difficult task, at best, to find them. Fortunately, since I did that, our capabilities have improved considerably over the Soviet Union. This area is one area where we are far ahead in our ability to detect and destroy submarines.

But as one who spent 3 years of my life looking for submarines, there is one thing we really like. We like them in shallow water. It is so much easier to find them in shallow coastal waters than in the deep blue ocean, there simply is no comparison.

The equipment that is available, I certainly will not discuss today. But it is much easier to find them in shallow coastal waters.

Secondly, once we have found them, it is much easier to destroy them. Because of the ground effect of conventional depth bombs, or atomic depth bombs, it would be much easier to destroy them than in the open waters.

Where we have very slow-moving diesel electric submarines that must snorkle to get air, the signature of those submarines from a noise level puts them in a category where current Soviet ASW capabilities would make it possible for them to find them much easier.

It would not compare to our atomic powered submarines, with quiet-running gear—but again, not to get into all the detail.

So, from a matter of personal experience, in my opinion, it just does not add up. It is not technically feasible. It is not cost effective. I believe it would end up costing far more than MX.

So, with all due respect to my distinguished colleague from Oregon, I must vote against his amendment and encourage my Senate colleagues to do so.

In closing, I agree with some of my colleagues that I do not like the race track system for the deployment of the MX. I think the administration made a mistake. I think the vertical system would be much more efficient, certainly more cost effective.

I hope as we go along that, in the basing mode, we can make some changes in the future, long before the deployment dates of the MX.

I thank the distinguished chairman of the Armed Services Committee.

Mr. STENNIS. I thank the Senator.

Mr. President, I yield 3 minutes to the Senator from Michigan.

Mr. LEVIN. Mr. President, I oppose this amendment, with a number of reservations which I shall describe in a moment.

As a member of the Committee on Armed Services, I have devoted much time during the past months to assessing the issue of the perceived vulnerability of our land-based missiles, the ICBM's, to a Soviet first strike in the early to mid-1980's.

I also have spent many hours evaluating the proposed solutions to this postulated problem, especially the mobile MX missile system with its significantly increased hard-target kill capabilities.

The shallow underwater missile (SUM) system, a variant of which is being proposed by my colleague from Oregon, also has been the subject of my studies, as have other proposals, such as mobile Minuteman III's and enhanced cruise missile options.

As a result of these analyses, I continue to have serious questions about the proposed MX missile system.

I raised those questions in my additional views in our Armed Services Committee's reports on the fiscal 1979 supplemental and fiscal 1980 defense authorization bills. Although these additional views, in part, address specific committee actions or details about the MX system which have now been "overtaken by events," the basic concerns I expressed about MX remain relevant.

To briefly summarize my concerns, I have serious reservations about MX on the basis of military utility, arms control implications, cost, and environmental effects.

I believe that the United States must maintain a strong nuclear deterrent, but I am not yet convinced that the MX system is the best way for us to maintain this deterrent in the future.

It is unclear that we need to field a system which, at certain deployment levels and with its increased silo-killing capabilities, could seriously upset strategic stability. Development of any missile/basing combination which is capaable of a disarming first strike against Soviet missiles could undermine the strategic nuclear balance which supports deterrence.

I also question whether a large deployment of MX is compatible with general arms control considerations, and whether we ever could have sufficient confidence that any mobile missile system the Soviets might deploy in response to MX would be adequately verifiable under future arms limitation agreements.

The cost of the MX is skyrocketing faster than most of us can keep pace, and reports abound that the system will cost some $50 billion rather than the official $30 billion price tag. We will have to ask ourselves whether such a large amount of money or part of it, could buy us more defense if it were spent elsewhere.

Despite these reservations, Mr. President, I voted to authorize the fiscal 1980 budget request of $670 million for MX so that we can continue the research effort to develop possible solutions to the perceived vulnerability of our ICBM's in the next decade and to address some of the concerns about the present MX plan.

I think it is reasonable to continue this research, which is all that these funds support. And it is important to underscore that these funds do not commit us to production or deployment of MX, and that our approval of this appropriation does not commit is to future production or deployment of MX or its basing mode.

Congressional decisions about such production or deployment will be made in the future, after much more evaluation and debate. That fact was demonstrated during a colloquy between myself and the distinguished floor manager of the appropriations bill before us, my friend and colleague from Mississippi, during deliberation on the fiscal 1980 defense authorization.

To refresh my colleagues' memory on this important issue, I ask unanimous consent that the text of that colloquy be printed in the RECORD at this point:

There being no objection, the colloquy was ordered to be printed in the RECORD, as follows:

> Mr. LEVIN. Mr. President, will the Senator yield me 2 minutes?
>
> Mr. STENNIS. Yes, I yield the Senator that time.
>
> Mr. LEVIN. I thank the Senator very much.
>
> Mr. President, there has been some discussion about the MX missile program this morning. I should like to make five points, then ask the chairman if he might be willing to comment on the accuracy of these points. I think it will clarify the debate somewhat; in any event, it will clarify my position.
>
> The money in this bill for the MX missile and basing systems can only be spent on research and development of these systems, and not on their deployment.
>
> The money in this bill for the MX program is for full scale engineering development of the missile and its basing systems, and not for any production and deployment of fully operational MX missiles.
>
> The "full scale engineering development" phase in the life of any weapons systems is still a "research and development" stage and not a "production" or "deployment" stage.
>
> By approving this authorization bill, which contains the money for full scale engineering development of the MX missile and basing systems, the Senate is not committing itself to production and deployment of this system.
>
> Any decision to produce and deploy operational MX missiles is a decision the Senate will be asked to make in the future when it considers future Defense Department authorization bills.
>
> I believe, after talking to the staff of the Armed Services Committee, that those points are all accurate and true. I would welcome a comment, if possible at this time by Senator STENNIS.
>
> Mr. STENNIS. Mr. President, these questions are relevant. I have read them over before. The answer to all of them is, "Yes."

Mr. LEVIN. Mr. President, because I think it is reasonable that this research continue, I oppose the pending amendment to delete such funds.

At the same time, I can say that my studies of the strategic nuclear option supported by the sponsor of this amendment, the option known as "SUM," have indicated to me that we should study forms of this alternative while we continue research on the MX system.

The costs, military utility, and arms control implications of SUM ought to be examined, so that we can at some future date decide whether it represents a viable alternative to the proposed MX system.

The Senate should have the benefit of such a study before it decides the final disposition of the MX program.

I ask unanimous consent that my Additional Views on MX be printed in the Record.

There being no objection, the additional views were ordered to be printed in the Record, as follows:

ADDITIONAL VIEWS OF U.S. SENATOR CARL LEVIN—FISCAL YEAR 1979 SUPPLEMENTAL

Our deliberations on the supplemental raised significant issues about the best approaches to modernizing and protecting our land-based, intercontinental ballistic missile (ICBM) force.

While I believe that the United States must maintain a strong nuclear deterrent and that we should protect our strategic forces, the Administration's proposal to accelerate full scale engineering development of the M–X missile and its main basing modes caused some concern.

I have serious reservations about the utility and wisdom of developing the larger M–X missile and about one of its basing modes—the multiple protective structure (MPS) or "shell game" option.

Development of such a missile, which clearly would be capable of destroying, in a first strike, Soviet missiles in their hardened concrete silos, could be dangerously destabilizing to the strategic nuclear balance which supports mutual deterrence. In a crisis, one nation, fearing that its missiles could be destroyed on the ground by the other nation's ICBM's, might be prompted to strike first itself. Thus the threshold to nuclear war might be lowered.

I also question whether the MX/MPS basing option is compatible with general arms control considerations and more specifically with the concern that a similar system deployed by the Soviets might not be verifiable under an arms control agreement.

If such a deceptive basing system were deployed by the Soviet Union, we might face extreme difficulties in determining whether the Soviets are complying with their arms control commitments. As a result, meaningful arms control agreements in the future might be much more difficult to achieve.

Lastly, I am skeptical whether a MX/MPS weapon system would be survivable in the face of an increasing Soviet threat, if that threat is not constrained by a fractionation limit on adding warheads, such as the limit being considered as part of an emerging SALT II treaty.

Deployment of the system could drive both sides to build thousands of warheads—enough to target one or two warheads on each opposing missile silo, with many more remaining for other offensive or deterrent purposes.

Thus, without a fractionation limit, deployment of an MX/MPS weapon system could therefore plunge both the United States and the Soviet Union into a new and increasingly dangerous, expensive—and ultimately futile—arms competition.

Despite these reservations, I voted for the Committee decision to approve funding for full scale development of the MX missile and for continued research into which of the two main basing options—MPS or the air mobile plan—is the more prudent course to follow.

I supported the funding request for MX and basing modes research and development to provide the Administration full flexibility to continue its necessary evaluations of all reasonable missile and basing configurations.

This research will allow us to determine the best means by which we can maintain a credible ICBM deterrent, so we do not make a premature decision to pursue a particular basing mode and missile size which might later prove to be the incorrect choice.

I also was able to support the Committee's actions on MX because a final missile and basing decision was not linked by the Committee to Senate consideration of any emerging SALT II treaty.

The following report language does not mean that a final decision relative to a particular basing mode is stated to be necessary for adequate evaluation of the Fiscal 1980 defense budget request and the contemplated SALT II agreements:

The Committee requires a definitive program from the Administration, including the design characteristics and basing mode for the M–X missile, in order to evaluate adequately both the fiscal year 1980 budget requests and the anticipated SALT II agreements.

The language quoted above is only an indication that as much precise information, definition and analysis on MX and its basing modes *as possible* should be made available to help us make an informed decision on such matters as SALT II.

Thus, our Committee has allowed the Administration to keep open all its options relative to the MX missile and basing mode and to make those decisions as responsibly as possible.

Also, I am not committed to future development, or deployment, of a MX missile and mobile basing system. Such decisions will be made in the future, and the Committee on Armed Services and the Congress will have every opportunity to analyze and debate the issues at the appropriate time.

Our Committee's actions, in my view, simply provide for the necessary scientific effort to assist our government to gather and assess sufficient information to enable it to make one of the most important weapons systems decisions facing this nation in recent history.

It was under these circumstances that I supported the Committee's decisions on this part of the supplemental.

ADDITIONAL VIEWS OF U.S. SENATOR CARL LEVIN—FISCAL YEAR 1980 AUTHORIZATION

MX MISSILE PROGRAM

Although the committee rejected even more specific language mandating the detailed characteristics of a future MX missile and basing mode, the extensive language it did adopt does not adequately address the arms control implications of the various options being considered to modernize our ICBM forces.

The arms control ramifications of these options should be considered to be as important as their military effectiveness and cost characteristics. I am concerned that the more this committee pushes for a system only on the basis of military effectiveness and cost, the more likely it is this country will develop and deploy an ICBM which is dangerously destabilizing to the strategic nuclear balance.

There are some ICBM modernization options which are militarily and cost effective and which also contribute to arms control. Others meet the first two criteria but so fail by the last measure that they could lead to a futile, and foolish escalation of the arms competition between ourselves and the Soviets.

By the language in this bill, some Members of the committee clearly wish to drive the administration to select the most deceptive land-basing mode for the MX, regardless of whether it is compatible with reasonable and prudent arms control policies. Since arms control and military capabilities are complementary, not mutually exclusive, variables in any national security equation, I must disagree with this approach.

As I expressed in my "Additional Views" to our committee's report accompanying the fiscal year 1979 Department of Defense Supplemental Authorization Act, I have serious reservations about the utility and wisdom of developing the larger MX and about some of the basing mode options being considered.

Development of any missile/basing combination which is capable of a disarming first strike against Soviet missiles could undermine the strategic nuclear balance which supports deterrence. In a crisis, one nation, fearing that its missiles could be destroyed on the ground by the other nation's ICBM's, might be prompted to strike first itself. Thus the threshold to nuclear war might be lowered, and we would all live in a much more dangerous world.

In an effort to encourage a timely decision about ICBM force modernization, the committee is applying pressure in the wrong direction. I agree that the administration should make its decision as soon as possible in this area. I do not agree that the Congress, at this time, should force selection of a particular missile and basing mode—especially one which might create as many problems as it attempts to solve.

The committee's restrictive language on MX runs this risk. For example, if the administration selects a system which is better for arms control, and thus our overall national security, but is not more, only equally, militarily effective and costs more than another, more dangerous system, could it pursue this more desirable system under the committee's bill language? The answer to that question is far from clear.

The consequences of a forced decision on ICBM modernization, should that choice lead to a less stable nuclear environment and upset the balance of mutual deterrence, are sufficiently grave that the committee should resist further attempts to apply this pressure through similar bill language in the future.

Carl Levin.

The PRESIDING OFFICER. Who yields time?

Mr. STENNIS. Mr. President, I thought the Senator from Oregon might want to use some time now. Senator Schmitt would like a few minutes, but he is not in the Chamber at this time.

We can have a short quorum call, if the Senator from Oregon wishes.

Mr. HATFIELD. I do not care to use any time at this moment. I will use time in closing, but I want to hear the arguments.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. STENNIS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. On whose time?

Mr. STENNIS. On my time.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. STENNIS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STENNIS. Mr. President, I yield 3 minutes to the Senator from New Mexico.

The PRESIDING OFFICER. The Senator from New Mexico is recognized for 3 minutes.

Mr. SCHMITT. Mr. President, I think it has been made clear today, and it will be made clearer to the people of the country, as to the importance and need for the development and production of the MX missile, regardless of the method of deployment we in Congress eventually approve for that missile.

Even if problems are in making that decision, there is no question that the production of the MX missile can proceed and should proceed because there are options for its use, even without a major new deployment system. It is compatible with the existing Minuteman deployment system and could be a great asset there.

There is a need, in the meantime, to decrease the vulnerability of that Minuteman system through the short-term fixes that are necessary, I believe, even without the present availability of the MX system.

I have talked about that before with the distinguished chairman of the Armed Services Committee, and it is hoped that those alternatives for short-term decreases in the vulnerability of our Minuteman system will be made.

They include, of course, the replacement of 100 Minuteman II's with Minuteman III's; the acceleration of the long-life battery program; further acceleration of the air-launch control system (ALCS), phase III and expansion of that program to provide airborne launch control for all Minuteman III's; the expansion of the Mark 12-A warhead production to include the additional Minuteman III missiles.

These, of course, do not substitute for the MX but are steps we must take in the short term to insure that the vulnerability of our intercontinental ballistic missile system is at a minimum as we enter the 1980's.

I hope our colleagues will strongly endorse the production of the MX system, while Congress reserves to a future time the consideration of the final mode of deployment of that system.

Mr. STENNIS. I thank the Senator from New Mexico.

Mr. President, I yield to the Senator from Nevada.

Mr. LAXALT. I thank the chairman.

Mr. President, on June 7, 1979, President Carter gave the go-ahead for further development of missile X, the proposed MX intercontinental range ballistic missile (ICBM). On September 7 he decided to deploy the system in the so-called race track basing mode. As currently envisioned, the MX would be far more capable and much less vulnerable to attack than any existing American missile. It is scheduled to become operational in 1986.

Since the early 1950's, the basic goal of American nuclear policy has been to deter a Soviet attack by threat of massive retaliation. In other words, if we are able to absorb a Soviet strike and then destroy a large enough percentage of Soviet military and economic capacity they would be deterred from attacking us. We have bet the Russians will not attack us because of the massive destruction that we could rain on them if they did.

In 1974, Defense Secretary James Schlesinger made explicit a second goal that had been implicit in U.S. planning: our forces should be capable of limited attacks on selected economic or military targets. If the President faced a Soviet provocation less cataclysmic than a nuclear strike on our cities, he should be in a position to launch a similar retaliatory attack.

This two-pronged philosophy, however, has been threatened by rapid growth in both numbers and accuracy of new Soviet monster missiles. Demands for the development of the MX are related to this growth and to the argument that by about 1982 Moscow will be able to destroy nearly all of our intercontinental missile force and still have enough weapons to hit remaining military and civilian targets.

The MX would remove that threat. Because of its hide-and-seek characteristic, the Soviets wiuld have to hit every one of the MX's possible launching sites to be sure of destroying the system. And enough sites could be built to assure that even if such an attack were launched, the Russians would have nothing left over afterward, leaving themselves vulnerable to deadly retaliation.

Missile X has an extensive history, with early proposals dating as far back as 1973. Logistically, the MX would be a king-sized weapon, measuring 92 inches in diameter and standing 70.5 feet tall, greater than a six-story building. It would weigh 190,000 pounds and be designed to carry up to 10 or more warheads, each capable of being aimed at a different target. That capability would narrow the gap which has opened through extensive Russian development of large missiles in recent years.

The MX is not only more powerful than the Minuteman, our current ICBM, but it is also more accurate. That improved accuracy would also help neutralize at least some of the growing Soviet numerical advantage.

Mr. President, as my colleagues are well aware, the United States today relies on a strategic nuclear force composed of three parts: Land-based missiles, bombers, and nuclear submarines, what the military refers to as the nuclear triad.

In this context, the MX would give us distinct national security advantages. For example, it would keep the Soviets from concentrating their forces in a single area and insure our safety should one or two elements of the triad be destroyed or fail. But more importantly, the MX would guarantee continued effectiveness of the land-based missile force in the face of growing Soviet missile capability.

The MX would be survivable and could deliver a devastating retaliatory punch against Soviet strategic forces. Its survivability is based on the fact that Soviets would not have enough warheads in their ICBM force to destroy all of the MX silos. Ideally, they would be deterred from attacking by the sheer difficulty of such a task. If the Soviets did attack, their ICBM forces would be so greatly depleted that they would be unable to launch attacks against other weapons systems and American cities.

The MX would also narrow the current U.S. deficit in throw-weight. As my colleagues are well aware, this is the weight of the weaponry placed on a trajectory toward an enemy target. Throw-weight is a basic indicator of military strength. Once this discrepancy is narrowed and the United States is more equal in throw-weight, there would be a perception by the Russians that they could gain no significant advantage by attacking our forces. Hopefully, this kind of balance would also give the Soviets an incentive to join us in considering effective arms control measures in the future.

Basically, then, the advantages of the MX are that it would serve to deter any potential Soviet attack on us, thus neutralizing any political advantages which might be gained by a perceived superiority of Soviet forces over the United States.

Personally, I am greatly disturbed by our deteriorating defense capability vis-a-vis the Soviet Union. As I see it, we must immediately take the necessary steps, in terms of increased defense spending, to insure, in the decades to come, that we never slip into an inferior position militarily relative to the Soviet Union.

As I see it, the MX system is a vital part of this country's answer to this serious problem. It provides the kind of firepower and accuracy which will be necessary to be an effective counterweight to Soviet power. And I think it essential that we begin without delay.

Mr. President, I oppose the amendment of the Senator from Oregon, not so much in terms of the concept. I have lived with this problem perhaps as much as any of my colleagues, because MX, in the contemplated present base mode, has more impact upon my State than any other State. It is my view, from talking with the people in the Air Force and with others, that the matter of the base mode is literally up for grabs.

As we know from observing the situation in the last year, there was talk initially of the so-called shell game, the holes; then we moved to talk of trenching; and finally we came with racetrack.

Racetrack has an impact upon my State of enormous proportions. It will literally gut the center of the State of Nevada, taking—under the present plan—some 21 interior valleys, with impact upon water, with impact upon the labor situation, with great impact upon the areas with small rural population.

It is my view we need MX. I share the sentiments of those who have previously spoken. We absolutely need this system in terms of effective counterforce to the Soviets. Where the basing mode should go I do not know. As I have expressed to the chairman I have great reservations about the racetrack as does he and as do others. Whether we should go to subs I do not know. I think that the question is. At this time should we proceed with MX? We should proceed with the system. The matter of the basing mode in connection with the racetrack and these others I think warrants complete investigation and it may well be that the submarine concept, as proposed by the good Senator from Oregon, has merit. I do not know. Perhaps that is part of the system.

In conclusion, let me simply say this: I feel as do my colleagues mostly that we should go with MX. There is the matter of basing mode and other problems in terms of whether we should follow the concept of the Senator from Oregon or whether we should go to racetrack, or whatever.

I thank the chairman.

The PRESIDING OFFICER. Who yields time?

Mr. HATFIELD. Mr. President, first of all, I wish to say that some of the technical questions or challenges that have been raised by various colleagues during the course of the discussion on this amendment have all been sufficiently answered in material that I used at the beginning of my comments. In consideration of the time factor we are involved in here, I will not seek to repeat them one by one at this time, but merely to indicate that those technical questions were addressed earlier on and were, I believe, adequately responded to.

I only wish to make one or two brief comments in closing. First of all, I think we have gotten a very clear signal today that one of my major arguments is truly verified by the debate in the Chamber.

I have indicated that the time in which our land-based missiles are vulnerable would be significantly reduced by going to a Minuteman III/SUM system.

I say this because I have heard Senator after Senator rise on the floor today to challenge the basing mode of the MX missile, the racetrack. Only a few weeks after the Commander in Chief of the armed services of the United States, the President of the United States, Mr. Carter, announced the basing mode we have a letter introduced today by the chairman of the Armed Services Committee in the RECORD from Secretary of Defense Brown, and I wish to quote from the second page of it in which Secretary Brown says:

> In summary, the $670 million allows us to continued FSED on both missile and basing with a full option to switch basing modes at a later date.

Here is the Secretary of Defense indicating within a few weeks after the announcement by the President that we are not sure what the basing mode will be.

Is this not a clear signal that this is a confused system already fraught with all kinds of delays so that the vulnerability of our ICBM's is going to be even greater than what I already estimated in my opening statement?

If land-based ICBM vulnerability is truly the most significant strategic problem we face today, as the President announced, then I think this Senate has a responsibility to do everything possible to reduce that vulnerability time factor. What I am asking for today does not commit the Nation to a weapons system. But it gives us some money to go ahead and make some final studies that would be necessary before we could actually launch the system.

Why we are unwilling to use a little money out of this vast barrel that we are appropriating for the Pentagon to look at an option that would reduce the time factor of our vulnerability, is beyond my imagination and my ability to understand.

For those who have said, "Perhaps the fact that we are still in the R. & D. stage means that we are not committed to the MX missile," let me say my intent is to stop MX missile in its track.

I make no effort to hide or to somehow camouflage that my real concern here is to stop this counterforce weapon before the momentum behind its development goes too far.

In 1974, we appropriated $4.2 million for research on the MX; in 1975, it jumped to $37.3 million; in 1976, it jumped to $36 million plus $13 million; in 1977, it jumped to $69 million; in 1978, it jumped to $134 million; in 1979, it jumped to $158 million; and now it has jumped to $670 million.

Let no one be misled: This is one of those almost irrevocable steps that we are taking today for a commitment to an MX missile counter-force system, and that to me represents a very dangerous step for this Nation to take.

Mr. President, as my colleagues know, I enjoy reading history, and I shared with my colleagues on the Appropriations Committee a reflection on an analogy to what we are doing here, and that analogy I think is a valid one. It goes back to the arguments which were running rampant in the military establishment of France after World War I. "How were we going to stop the German hordes from ever invading our great nation again." The argument came down during that period between World War I and World War II as to whether or not they should do one of two basic things: build a great Maginot Line, a military dinosaur, stationary, fixed, or should they do something relatively simple, put the French military on wheels? But no, with that complex, confused military mentality that so often predominates until one dinosaur follows another dinosaur, they opted to create that great magnificent sophisticated military line of defense. They rejected the simple proposition to put the military on wheels in order to make it mobile and thus more effective in responding quickly to any challenge.

All I am suggesting here is, instead of building another military Maginot Line, which in this case is even more dangerous because it puts us into a counterforce strategic strategy, but is also just as vulnerable to future complications. Why not shift to the quick mobility of putting our Minuteman III into a shallow underwater submarine basing mode to patrol the coastal waters of the United States.

That is merely an observation. I am not sure that I want to be proven right, down the road, because of our failure to take the action that I know we are not going to take today. But at least I want to say for the record that I think it is a serious, dangerous decision we are making to develop a counterforce weapon when we have not even gotten SALT II to the floor. Yet at the same time refuse to take the action of appropriating just $20 million for SUM/Minuteman III. That is pin money, petty cash for the military. That is what slips between the cracks every day or so in their cost overruns. That is all I am asking—to at least give us another option to protect our ICBM's.

I am ready to yield back my time.

Mr. STENNIS. Mr. President, I want to take 1 minutes here in reference to the presentation by the Senator from Oregon of his amendment. He has talked to several of us about the points he has made here today, and I am glad to see him bring them out in debate. I know he made a contribution here in this very difficult subject. It is a matter which those of us who are on the Committee on Armed Services have lived with, particularly for the last 2 years. But he, in his fine way, even though not a member of the committee, has worked on it in addition to the other burdens he already carries, and he has really made a contribution here today.

Mr. President, the Senator from North Dakota (Mr. YOUNG) and I think the case has been covered, and we propose that the unused time be yielded back now. Before I do that, I have a letter here, Mr. President, regarding the MX, dated today from the Secretary of Defense that I think ought to go in the RECORD. It came to me in my official capacity. So I ask unanimous consent that the letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

SECRETARY OF DEFENSE,
Washington, D.C., Nov. 8, 1979.
Hon. JOHN C. STENNIS,
Chairman, Committee on Armed Services,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: The Office of the Secretary of Defense and the Air Force have examined closely the problem of future ICBM survivability. After detailed study, we have come to the conclusion that the horizontal dash M–X basing mode best serves this end. We are now working at full speed on achieving an Initial Operational Capability (IOC) of ten missiles and an appropriate number of protective structures by July of 1986. The FY 1980 budget request now contains $670 million for M–X research and development and $5.4 million for modification of rocket motor test facilities. Of the $670 million, $440 million is allocated to Full Scale Engineering Development (FSED) of the missile itself (propulsion, reentry system, guidance and control, performance and software, etc.). We have also allocated $230 million for basing FSED (shelter design, vehicles, command and control, etc.). Of the $230 million, only $55 million is uniquely dedicated to the horizontal dash basing mode. In addition, the FY 1980 Military Construction Appropriations Act provides $57 million to construct flight test facilities at Vandenberg AFB, California. The facilities to be constructed with these funds can be used regardless of the basing mode chosen.

Any legislation that would delay basing mode development by restricting the funds will cause a slip in IOC equal to the length of the resulting delay in selection of basing mode. If our work on basing is delayed by a year, this irretrievably delays deployment in a survivable mode by a year. However, full funding of FSED of both missile and basing at this time does not commit us uniquely to the horizontal dash basing mode. A shift to another land based system because of technical or other factors discovered during Full Scale Engineering Development (FSED) during FY 1980 would cause only the loss of the $55 million uniquely tied to the horizontal dash. By proceeding with FSED now, a shift to a different basing mode could be made in

FY 1981 with minimum impact on both cost and schedule.

Many have assumed that the dash feature was motivated by SALT considerations. In fact it was added to provide increased survivability. This added survivability, obtained through the capacity rapidly to move the missiles, is felt to be essential should the Soviets obtain the capability to locate the missiles in their shelters. The added cost for SALT related features is about $1 billion, primarily for SALT verification ports and associated equipment.

In summary, the $670 million allows us to continue FSED on both missile and basing with a full option to switch basing modes at a later date. Furthermore, the basing activities include detailed analysis on environmental impact, water availability, and socioeconomic factors which affect the preferred deployment area, though no FY 1980 funds will be spent for actual land acquisition or any basing construction. Completion of this activity will permit us to proceed with land withdrawal activities necessary to insure an initial construction start in 1982. Appropriation of the requested amount without restriction does not preclude the Congress from making a final judgment in the basing mode at a later date, while still protecting the planned IOC date.

Sincerely,

HAROLD BROWN.

A SURVIVABLE ICBM FORCE

● Mr. CULVER. Mr. President, I have given close and careful attention to the MX program in recent months. The Research and Development Subcommittee of the Senate Armed Services Committee has held numerous hearings.

Last summer I wrote an article for the Des Moines Register, elaborating my views on this controversial program. I ask that this article be printed in the RECORD.

The article follows:

WHY CARTER SUPPORTS MX MISSILE DEVELOPMENT

(By JOHN C. CULVER)

In evaluating President Carter's decision to go ahead with the MX missile, a number of important questions need answers: (1) Exactly what was the decision? (2) Does it enhance or upset the historic triad concept of strategic deterrence that has served well? (3) Is its cost out of line for its mission? (4) Does it impair or fit in with our prospects for nuclear arms control agreements with the Soviet Union?

Carter did not make a final decision on production and deployment, and such a decision is several years away. We are not cemented into an inflexible program for the future.

Let's consider whether proceeding with the MX is consistent with our strategic-arms planning over the years or is a radical and dangerous departure from it.

For two decades the United States has maintained a triple-threat strategic force consisting of land-based intercontinental ballistic missiles (ICBMs), submarine-launched ballistic missiles (SLBMs) and bombers. Unlike the Soviet Union, which concentrates about 70 percent of its strategic power in ICBMs, we have developed a versatile, flexible and highly survivable triad which safeguards effectively against both evolutionary threats and sudden technological breakthroughs.

The versatility of our strategic forces gives us a unique edge. Each of the three components helps to reinsure the effectiveness of the others, and thereby deters an attack. The launching of a disarming first strike against us is unlikely because the firing of enemy ICBMs would give our bombers 30 minutes' warning to take off, and a close-in attack by submarine-launched missiles would not have the accuracy of explosive yield to destroy our ICBMs, though some of our bombers could be hit.

The missiles aboard our nuclear submarines at sea would likely survive in either case with several thousand nuclear weapons ready to retaliate against the aggressor. Similarly, the combination of ballistic missiles and aircraft complicates enemy defense and helps to assure military effectiveness.

Over the years we have invested billions of dollars in improving the survivability of our strategic forces. Our ICBM silos have been super-hardened. Our submarines have been made quieter to escape detection and have been equipped with longer-range missiles to allow much greater ocean operating areas. And our bombers have been equipped with electronic penetration devices and supersonic attack missiles.

Our policy always has been to deter nuclear war by maintaining the strength and currency of each component of the triad. President Carter wisely decided against production of the B–1 bomber largely because its mission could be adequately performed by other, less costly means. Now military experts are agreed that we have a problem that may threaten the survivability of one component of our triad in the next few years.

In the past two decades, we have concentrated on the accuracy of our missiles and diversity of delivery systems while the Soviets have centered their attention on size (throw-weight). However, in the next several years the Russians are expected to improve the accuracy of their missiles until it approaches the accuracy of our own.

This would give them the theoretical capacity to destroy one-third of our strategic triad, our ICBMs, in a surprise attack—assuming that they could solve many other difficult technical problems and assuming that they would recklessly begin a war in which most of their country would surely be destroyed.

Such an attack is a remote, "worst-case" possibility. But we have always been extremely careful in our planning and have structured our forces against probable Soviet capabilities regardless of perceived current intentions. We also have stressed survivability as one effective way of maintaining crisis stability.

We might increase the deterrent threat of our existing forces by adopting a "launch on warning" policy, but there are dangerous risks from such a hair-trigger—that we might fire our missiles in response to ambiguous evidence of an attack and that the president would be confronted with a fatal "launch or lose" decision.

Unilateral refusal to do anything to maintain a survivable ICBM force, when we have a technically acceptable solution, might be seen as a sign of indifference or irresolution and would leave us without a ready response if the Soviet Union should ever in the future achieve a capability to threaten our submarines or bombers.

Although I am reluctant to support any new weapons system that could conceivably touch off a new phase of the arms race, I believe the president's decision to continue research and development on the new missiles and on a more survivable basing method was justified.

[Senator Culver has voted for two Pentagon authorization bills for research and development on the MX: a supplemental authorization of $190 million for fiscal year 1979 and a $670 million authorization for fiscal year 1980.—Editor.]

The decision is not likely to spur the Soviets into any new activity because they expected it. The first official Soviet response in Pravda to the president's announcement was relatively calm and did not question that the new weapon will be within the limits of the SALT II agreement. The treaty permits each side to develop one new land-based missile system over the life of the pact.

As I indicated earlier, a final decision on production and deployment is still several years ahead. It is now reported that Carter will choose a system of hardened shelters for missiles, to be connected by rail or road, either above or below ground. This system is considered preferable to the silo "shell game" option: for arms-control verification purposes and because the missiles could be moved to alternate bunkers more rapidly in case of need.

But the basing system also will be subjected to intensive testing and study during the research and development period in the next few years.

Congress will want to review this program in detail before committing additional large sums of money but there is a consensus in both houses that we must act to help ensure greater survivability to our ICBMs both as a possible counter to the anticipated Soviet threat and as a powerful incentive for the Russians to accept significant reductions in their own strategic forces.

Because fixed land-based missiles on both sides are becoming vulnerable to improved missile accuracy, both nations have reason to reduce such forces and to seek means to assure greater survivability and crisis stability, such as by putting more missiles at sea.

Like other major strategic weapons, the MX will not be cheap. To build and deploy the new mobile missile system will cost $25 billion to $30 billion over the next 10 years, an annual increase of $2.5 billion to $3 billion in the $135 billion defense budget. The ultimate criterion is whether or not the new system is needed.

I have always said that in defense we should spend what is needed—whatever that may be—but only what is needed and no more. So far, no credible, less costly alternative to the MX has been proposed to maintain the survivability of the land-based component of our strategic triad.

The logical question arises: Why not, in the interests of economy and arms restraint, use our existing Minutemen ICBMs in a mobile basing system? One answer is that the Minutemen do not have the range for launching with full payloads from the southwestern part of the country, which has been judged the best area for deployment.

Another answer is that the Minutemen are not "nuclear-hardened" which means that they could be blocked out or rendered inoperable by the electromagnetic effects of incoming, exploding warheads.

Yet another reason for going ahead with the MX is that the mobile MX would make us less dependent on sheer numbers of missiles, a point consistent with the objective of arms restraint. Our present ICBMs, aging and ultimately in need of replacement, could be phased out within future arms agreements without reducing our retaliatory capability, thus helping to keep down the numbers of weapons in the nuclear arsenals of both superpowers.

Another suggestion that has been made is for a somewhat smaller version of the MX that could be launched from coastal waters by submarines or some other submerged launching system. This is one of the numerous options that was considered and ruled out, reportedly because of command and control difficulties and the longer development time that might be required. But this and various other alternatives that were considered could be recalled during the research and development period of the MX if new circumstances warranted.

As chairman of the Research and Development Subcommittee of the Senate Armed Services Committee, I believe that a mobile ICBM system should be evaluated according to the following criteria:

Since the goal of the system is crisis stability (rather than a first-strike threat), we should limit our missile numbers so that we do not drive the Russians to a vulnerable, hair-trigger situation in which they would feel that they had to strike first in a crisis in order to avoid losing their entire ICBM force.

Our mobile-missile system must be compatible with our arms-control agreements, especially in terms of verifiability of numbers. And our standards must be sufficiently high that we could be confident of Soviet compliance if the Russians built an identical system.

The design must be technically sound and environmentally acceptable.

The costs must be reasonable compared with any feasible alternatives to maintain our security.

Although some observers view the MX as a price or bribe for Senate acceptance of the SALT II treaty, the pressures to begin full-scale development would have been very strong with or without SALT. In justice to the president, what he has done by his decision is to choose a plan that takes full advantage of SALT's provisions and makes it difficult for anyone who favors the MX to oppose the treaty.

As military and civilian officials have repeatedly admitted, the multiple-shelter system can be effective only if there are known limits on the number of Soviet nuclear warheads as provided by SALT II which would require them to assign most or all of their ICBM force just in the effort to destroy our ICBMs.

Without SALT's warhead limits, the multiple-shelter plan would be of dubious effectiveness or we would be caught up in a costly and continuing race to build new bunkers to match each new Soviet warhead Carter's decision has the double advantage of responding to a widely agreed-upon defense problem with a plan that should strengthen support for SALT.

In the long run, the security of both the United States and the Soviet Union will be improved if each nation has survivable retaliatory forces and thus no incentive to strike first. The challenge for both sides will be to deal with the likely improvements in missile accuracy against fixed positions in ways that do not increase instability or undermine efforts at arms control.

Until we find a better way, we should continue research and development of the mobile MX system and simultaneously seek mutual arms-control measures in SALT III to ensure enhanced strategic stability.●

MX AND STRATEGIC DOCTRINE

● Mr. McGOVERN. Mr. President, much of the attention on MX has focused on costs, basing mode and its relation to SALT votes. But a subject which has not received enough attention is the relation between MX and strategic doctrine—that is, what is the military purpose of the MX.

First. Basic U.S. strategic nuclear policy has been to have enough second-strike forces to retaliate against the Soviet Union if it struck first. This is mutual assured destruction. The United States presently has over 9,000 nuclear warheads to deliver against cities and military targets. This is an absolutely assured deterrent capacity.

Second. Just because Minuteman may be vulnerable in the computer print-outs is not the same thing as having our whole deterrent vulnerable—that is, even if Minuteman were wiped out, the United States would still retain enough nuclear weapons—on our submarines and bombers—where over 75 percent of our weapons are—to retaliate and destroy Soviet society. So even if Minuteman is hypothetically vulnerable, the United States is not vulnerable.

Third. If military officials feel that Minuteman should be replaced, there are ways to do it which preserve the mutual assured destruction doctrine. Senator HATFIELD has suggested one and there are others. So this debate is really not about vulnerability at all.

Fourth. The real issue in MX is that it is the weapon system designed to change our strategic doctrine from MAD to a first-strike counterforce doctrine which can be employed either to engage in a game of nuclear "chicken" or to actually fight limited nuclear warfare. MX represents a shift from deterrence to war-fighting.

Fifth. There are several reasons why MX is a first-strike war-fighting weapon:

It has the explosive power and accuracy in each warhead to wipe out a Soviet missile silo.

The number of warheads planned for MX—2,000—will, when added to Minuteman III warheads, give the United States a first-strike capability against Soviet missiles.

The ICBM preserves the command and control features required for war-fighting capability.

Sixth. The shift from deterrence to war fighting represented by the MX has serious consequences:

It will put a hair trigger on Soviet weapons because their ICBM's will become vulnerable and they will have to "use or lose" them.

It weakens deterrence by making limited nuclear war a "thinkable" option. This makes nuclear war more likely.

It makes nuclear weapons more usable in foreign policy crises since their actual military use short of full-scale exchange will be contemplated. Nuclear blackmail and nuclear brinkmanship will result.

Seventh. Adopting the counterforce strategy, the flexible response doctrine and the MX weapon are dangerous and far-reaching developments. We should not give credibility to limited nuclear war scenarios and we should not shift away from deterrence. The MX gives the illusion of security while raising the likelihood of nuclear war.●

The PRESIDING OFFICER. All time having been yielded back, and the yeas and nays having been ordered, the question is on agreeing to the amendment of the Senator from Oregon. The clerk will call the roll.

The assistant legislative clerk called the roll.

(During the call of the roll Mr. STEWART and then Mr. SARBANES assumed the chair.)

Mr. CRANSTON. I announce that the Senator from Arkansas (Mr. BUMPERS), the Senator from Nevada (Mr. CANNON), the Senator from Arizona (Mr. DECONCINI), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Georgia (Mr. TALMADGE), the Senator from Montana (Mr. BAUCUS), the Senator from Louisiana (Mr. JOHNSTON), the Senator from Connecticut (Mr. RIBICOFF), and the Senator from Tennessee (Mr. SASSER) are necessarily absent.

I further announce that, if present and voting, the Senator from Nevada (Mr. CANNON), the Senator from Connecticut (Mr. RIBICOFF), and the Senator from Arizona (Mr. DECONCINI) would each vote "nay."

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Arizona (Mr. GOLDWATER), and the Senator from California (Mr. HAYAKAWA) are necessarily absent.

The PRESIDING OFFICER (Mr. SARBANES). Is there any Member of the Senate present who has not voted and wishes to vote?

The result was announced—yeas 11, nays 77, as follows:

[Rollcall Vote No. 397 Leg.]

YEAS—11

Eagleton
Gravel
Hatfield
Leahy
McGovern
Metzenbaum
Pell
Proxmire
Riegle
Stevenson
Weicker

NAYS—77

Armstrong
Bayh
Bellmon
Bentsen
Biden
Boren
Boschwitz
Bradley
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Chafee
Chiles
Church
Cochran
Cohen
Cranston
Culver
Danforth
Dole
Domenici
Durenberger
Durkin
Exon
Ford
Garn
Glenn
Hart
Hatch
Heflin
Heinz
Helms
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Jepsen
Kassebaum
Laxalt
Levin
Long
Lugar
McClure
Magnuson
Mathias
Matsunaga
Melcher
Morgan
Moynihan
Muskie
Nelson
Nunn
Packwood
Percy
Pressler
Pryor
Randolph
Roth
Sarbanes
Schmitt
Schweiker
Simpson
Stafford
Stennis
Stevens
Stewart
Stone
Thurmond
Tower
Tsongas
Wallop
Warner
Williams
Young
Zorinsky

NOT VOTING—12

Baker
Baucus
Bumpers
Cannon
DeConcini
Goldwater
Hayakawa
Johnston
Kennedy
Ribicoff
Sasser
Talmadge

So Mr. HATFIELD's amendment (UP No. 787) was rejected.

Mr. STENNIS. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. LEAHY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Is there any further amendment dealing with the subject of the MX?

UP AMENDMENT NO. 788

(Purpose: To insure that funds spent do not eliminate other basing modes for MX missiles)

Mr. STEVENS. Mr. President, I have an amendment at the desk. I ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Alaska (Mr. STEVENS) proposes an unprinted amendment numbered 788.

On page 29 after line 2 add new sentence: "None of the funds appropriated under this paragraph to continue development of the MX Missile may be used in a fashion which would commit the U.S. to only one basing mode for the MX missile system.

Mr. STENNIS. Mr. President, will the Senator yield for a half-minute?

Mr. STEVENS. I am happy to yield.

Mr. STENNIS. Mr. President, may we have order?

The PRESIDING OFFICER. The Senator will suspend for a moment?

Will Members clear the aisles?

The Senator from Mississippi.

Mr. STENNIS. Mr. President, I hope Senators will be able to hear the Senator from Alaska. This amendment is very important. Quite a few have joined the preparation of the amendment. It covers a problem which has been hanging fire, and which has now been worked out. The Senator from North Dakota and I are supporting it.

Many of those who helped write the amendment will support it. We are going to ask for a rollcall vote.

Mr. STEVENS. Mr. President, I would like to add as cosponsors of this amendment the Senator from Oklahoma (Mr. BELLMON), the Senator from California (Mr. CRANSTON), the Senator from North Dakota (Mr. YOUNG), and the Senator from South Carolina (Mr. THURMOND). I would be happy to welcome any others.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I am today proposing an amendment which recognizes the need for the MX missile system while making clear that the currently suggested basing system should not be the only option we have.

There is widespread recognition of the need for a new intercontinental ballistic missile to bolster our strategic forces. The Minuteman force we developed in the early 1960's is becoming increasingly vulnerable to the threat from the Soviet Union because of increasing power and growing accuracy of the Soviet warheads. As their new MIRVed ICBM's, the SS 17's, SS 18's and SS 19's come into full deployment they will be capable of destroying up to 90 percent of our ICBM's in a first strike.

The essential element the MX can provide is a nuclear force which will survive a first attack and provide a credible retaliatory threat. This can be achieved by several basing modes.

But it is clear that the increasing vulnerability of our ICBM force demands a new missile system. I am a strong supporter of the MX missile and intend to do what I can to see that it is deployed promptly.

I do, however, have very serious doubts about the basing mode proposed by the President. The system is expensive, cumbersome, of questionable capability and presents serious environmental, social and legal implications which will undoubtedly lead to delay and additional expense. Frankly, it appears to be the worst of the available options and may very well be designed to fail.

This amendment makes it clear that the Congress does not consider this the best system. It is interesting to recall the President's decision to proceed with the MX missile was announced in late June, barely a week after the signing of the SALT Treaty in Vienna. But, no announcement was made on the basing mode.

The Air Force has long favored a vertical positioning mode which deployed the missiles in silos similar to the current Minuteman system. A major difference is the large number of firing points which do not contain missiles. The uncertainty as to which silos contained missiles would require the dedication of an unwisely large number of Soviet warheads to guarantee destruction of our ability to retaliate. Apparently, concern about possible verification problems and the Soviet reaction eliminated the verticle positioning system.

Other options which had been considered were a series of long trenches lined with railroad tracks. The missiles and launchers would shuttle along the tracks to hardened shelters where they can survive attack and be launched. An air mobile system calling for the deployment of the missiles in aircraft and requiring mid-air launches of the missiles was also rejected.

In place of these options the racetrack concept was decided upon and announced on September 7. This was after the Armed Services Committee was forced in its authorization bill to insist that the final basing system be detailed by October 1, because of administration delay.

I do not need to describe in detail the system here. It is a Rube Goldberg combination of the Transporter, Erector, Launcher vehicle (TEL), weighing over 600,000 pounds of mobile surveilance shield to hide the TEL, a system of mass simulators, shelter ports, and other undesigned and untested technology. Its workability is open to enormous question.

The system will establish 4,600 launch points in 200 separate racetracks for a total of 200 missiles. The entire system would cover 13,000–40,000 square miles, although when completed less than 100 square miles would be fenced off. Ten to twelve thousand construction workers will be needed. The total official estimated cost will be $33 billion and other estimates range up to $60–$120 billion, annual operating costs will be $440 million. This is an extraordinarily expensive proposition and, although we need an effective defense, we have learned the hard way that cost has scuttled much needed systems, such as the B–1 and ABM. This project, largely because of the basing mode selected, may simply be too expensive to complete.

When you are dealing with a project covering 13,000–40,000 square miles enormous environmental problems are presented. Thirty-three Federal laws govern land acquisition. The requirements of NEPA, the Clean Air Act, the Federal Water Pollution Control Act and all other environmental laws must be met. Enormous amounts of water in a very arid area are needed. The end result of the environmental and legal problems will undoubtedly be delay and higher costs. The experience of Alaskans on a project of great national security implications like the oil pipeline shows clearly what we can expect.

The social effects of the massive construction project on the people and communities of the affected areas are also enormous. Already opposition is beginning to surface. I am told the Governor of one of the affected Western States has requested enormous amounts of Federal impact money to help the local residents cope with the expected influx.

In short, the system is one that I, frankly, do not think we will ever see built. I say this, not because I do not think the missile should be deployed. It should, but this basing system is not the right system. That is why I supported the Hatfield amendment in the committee. But rather than terminate the entire MX program, I think we would do better to just keep our options open.

I wish I could provide a better alternative. The vertical positioning system long supported by the Air Force is significantly less expensive. The air mobile system would be more expensive but could avoid some of the environmental and social problems involved. Senator HATFIELD has suggested the Shallow Under Sea Missile system. This probably deserves further review.

A deep basing mode, employing significantly stronger and deeper silos, might also be practicable. There is no easy solution. We can avoid accepting by default this bad system if my amendment is adopted.

It merely requires that the other prospective options be kept available. Money cannot be spent which will commit us to only one basing mode. The design of the basing mode should allow the maximum flexibility so that the designs are adaptable to other possible modes. Any land acquired must be suitable for use by alternative basing modes. Research on the basing mode must be valuable for alternative basing modes. No other funds should be spent unless they will benefit alternative modes.

This does not have to lead to delay. The funds available can still be expended for research and development but the work should maximize the flexibility to insure the most reasonable system possible.

We must insure that the MX missile is built. A strong survivable ICBM force is needed and the MX can provide it. We need it soon. But, what we cannot do is accept any basing mode for the convenience or politics of the moment when that basing mode is going to be so expensive it will soon be abandoned, so complex and untested that it will never work, so prone to delay that it will come into service years after it is needed.

Our recent history is cluttered with examples of military systems which have been abandoned because of costs. The American people spent $5.7 billion over 10 years on the ABM system only to conclude it was too expensive. The total cost of the B–1 bomber was $6.3 billion—again the cost was cited as excessive and the system was abandoned. The implications of the B–1 decision on our strategic situation are becoming clearer every day. It was a mistake and we regret it.

We cannot afford to make a similar mistake with MX. The basing mode must provide us with adequate survivability but not a lot of gimmicks and untested ideas. The current proposed racetrack system is not the best and we need to make it clear that we must keep our options open. I ask the Senate to accept this amendment, which will simply state that the moneys involved in this bill will be made available but they cannot be used to commit the United States to only one basing mode for the MX system.

Mr. STENNIS. Mr. President, I shall try not to repeat, but this is a matter that has been discussed pro and con in the authorization committees, in the Appropriations Committees, and on the floor, in the corridors, and in the press: the final basing mode that will be adopted for housing this new missile and launching pad, and so forth. Here is all this amendment does: It is in the nature of a limitation. It does not put any limitation on the amount of money, which is a total of $670 million, but it provides that none of this money may be used in a fashion which would commit the United States to only one basing mode for the MX missile system. That means just exactly what it says, a limitation. There will be no commitment, but it will still be an open question so far as the legislative branch of the Government is concerned.

There is a lot of interest in it; there is difference of opinion about it. The Senator from Alaska has worked on this language carefully and he usually has something that has a meaning.

Reference is made here to the different services. I am not interested in trying to protect or commit to one service or anything of that kind. What we want is results.

The Senator from North Dakota and I have been exposed to the problem all year and we are glad to join in this amendment. This is not being done behind the back of the Department of Defense. They have been apprised of the fact that we had to have something that addressed this problem. They have been consulted about it. So we agree. And so do several others.

Mr. President, I yield such time as he may use to the Senator from North Dakota.

Mr. YOUNG. Mr. President, I shall make my remarks very short.

I cannot help but feel that the Defense Department was quite limited in the methods of basing the MX missiles. If they had a free choice, which I think they will have in the not-too-distant future, they, themselves, will probably select a different mode. This is the most expensive one and I doubt it is the kind we can sell to the American public.

There are other modes of deploying these missiles that should be studied and, under this amendment, they can be.

I am very happy to support it because it gives the Pentagon leeway and gives Congress the leeway that it should have. We can make the final decision a year or two from now as to just how these missiles should be deployed.

Mr. BELLMON. Mr. President, will the Senator yield me 10 minutes?

Mr. STEVENS. I yield such time as he may need to the Senator from Oklahoma.

Mr. BELLMON. Mr. President, at the outset, I want to make it clear that I favor the development and deployment of a mobile ICBM. In committee, I supported the Hatfield amendment. That was the only opportunity we had in committee to cast a vote against the so-called racetrack system. That is the controversy that I believe the Senate needs to know about and address itself to.

It is not that we are for or against the MX, but we are trying to find a way to deploy the MX in a manner that makes some sense. I do not support the Hatfield option of putting the ICBM's in small coastal submarines or any other basing mode at this time.

I voted against MX appropriations because I believe that the basing mode that has been selected by this administration is yet another example of schizophrenia in the conduct of our foreign and defense policies.

Here is the problem, Mr. President: The foreign policy planners want SALT II; there can be no question about that. The military planners want a land-based ICBM force that is essentially invulnerable to a first strike.

So, the administration, in an attempt to reconcile the irreconcilable, has proposed to deploy the MX in a horizontal structure, racetrack, dash-capable, shell game, basing mode.

Mr. President, the only reason the administration has decided to deploy our next ICBM in this costly, wasteful, inefficient, Rube Goldberg manner is that SALT II—as it is now written—prohibits a more rational basing mode. I know that; the administration knows it. The Russians know it. The Russians have told us, flat out, that a vertical silo "shell game" basing mode, which would be vastly cheaper than the mode the administration has selected, would be a violation, in the Russian mind, of the SALT II document that President Carter has signed.

But witness after witness before the Foreign Relations Committee and before the Armed Services Committee, including the Secretary of Defense and others seeking Senate ratification of SALT II, have testified that we will have an increasingly vulnerable land-based ICBM system by the middle 1980's and that we have got to have a new mobile ICBM system to protect us. They have all said, "We have got to have MX."

Those witnesses and other conversations I have had have convinced me that we will have an ICBM vulnerability problem and that we will need to build the MX.

Now, if you asked our military planners to come up with the most efficient, cost-effective, invulnerable basing mode for our new ICBM, I wonder if anyone believes that, left to their own devices and left free to make their own decisions, these military planners would come up with this thing that looks like the boondoggle of the ages, that has been presented to Congress by the administration, which we are about to fund in this bill?

Mr. President, if we need a truly mobile ICBM for national defense, and SALT II, as now written, prohibits us from deploying such a system in a rational manner, then I say we must either rewrite SALT II, or reject it.

I wonder, Mr. President, in all seriousness, if the way this basing mode has been presented to us was not deliberately chosen so as to make the system so outrageous and expensive that we will finally wind up rejecting it and, therefore, not build it at all.

This has happened, as Senator Stevens said, with some other defense activities in recent years.

I wonder if the dash capability was not chosen so as to make the system outrageously expensive, and hence subject to being rejected by Congress?

Mr. President; I wonder if this administration truly intends to deploy a mobile ICBM system to redress the vulnerability of our forces in the mid-1980's. President Carter insists that he does intend to, and will. But he also insists that he has got to have SALT II as written.

I do not believe this kind of marriage will work. It seems to me that this SALT–MX marriage was a shotgun wedding. I do not think it was made in heaven. I do not think it will last. I do not think we ought to sanctify it.

Mr. President, I support the Stevens amendment because I feel no money should be spent for any aspect of the horizontal structure, dash-capable, racetrack, shell-game MX basing mode. I hope that all the money we appropriate is spent for development of the new ICBM, itself. I would like to see language in the appropriation bill to make those wishes clear. It is for this reason that I support and cosponsor the Stevens amendment.

I intend by my vote that all the money we appropriated be spent in ways that will not lock us into any basing system at this time.

I hope the language in the Stevens amendment makes this abundantly clear and that there will be no question of what we are talking about here, that it is not locking us in, in any way, so that later the argument can be made that we have to go ahead with the racetrack or we will lose time or the investment or a substantial amount of taxpayers' money.

Mr. President, I support and am a cosponsor of Senator Stevens' amendment. In the past few days I have learned a great deal more about the proposed MX basing system—the so-called racetrack—and the alternative multiple protective structure basing system.

Frankly, I am appalled by the cost and complexity of the racetrack system. It appears to me that we are being forced into an unwieldy and horribly expensive basing system totally because of Soviet objections related to the SALT II treaty, as I have already said.

In essence we are permitting the Soviets to use SALT to force us into a basing system which is at least second best and which I have very grave doubts will ever be built, or the military would recommend if they could come out and speak.

I support the MX missile concept, and I recognize the need to redress the vulnerability of our land-based ICBM's that will develop shortly.

But I do not favor any funding action which implicitly or explicitly locks us into the racetrack mode. There are alternatives which are safer, harder, and more cost effective. Authorities whom I trust have assured me the racetrack is not the most preferable system and that SALT verification concerns have led to its late and hurried consideration. This is hardly a responsible way to run a force planning exercise. We are in danger of building an MX which serves Russians not Americans. Deployment of the best possible systems which can contribute most to our national security should be our goal on this issue, not SALT conditions and not Russian blessings.

For this reason I support this effort to insure the United States is not locked into the racetrack MX leasing system.

Mr. President, I am confident we will do the right thing on the Stevens amendment to avoid locking us into a basing mode that is not in the national interest.

Mr. President, this is an issue which I believe is one of the most important the Senate has faced in a long time. I believe that determining the best way to deploy the MX is a matter of national priority and can contribute an enormous amount to the national security.

It may offer us hopes of ending the arms race, but we must make the decision in the most rational way possible.

I believe sincerely that the Stevens amendment will give us the opportunity to do that.

Mr. President, there is a letter the chairman of the Armed Services Committee has had printed in the RECORD from the Secretary of Defense which mentions $55 million as the amount in this bill that is earmarked or intended to be spent for the racetrack basing concept.

But I have an Air Force factsheet. I ask the distinguished Senator from Alaska if he knows what these figures mean?

According to the factsheet, it lists $97.4 million that is in this bill to be used for mechanical systems to develop the following components:

Transporter-erector-launcher, mobile surveillance shield, shelter port removal vehicle, provisions for mass simulators, preservation of location uncertainty countermeasures, shelter closure system, transportation and handling equipment, and environmental control system.

It sounds like that is all related to the basing mode of the racetrack.

I do not think what we are talking about here is just $55 million in the Secretary's letter, but we are talking about any money in this bill that might commit us to the racetrack system.

Also a $48.4 million figure intended to be spent for various kinds of civil engineering undertakings; and another amount of $70.6 million for engineering and general support.

Mr. President, I ask the Senator from Alaska if he intends his amendment applies just to the $55 million or to all funds in this bill that might lock us into the racetrack mode?

Mr. STEVENS. I say to the Senator from Oklahoma that the amendment is very specific that none of the funds appropriated in this program may be used in a fashion to permit the use of only one basing mode.

I have not examined in detail the individual items he has mentioned. I did see the letter he has mentioned that the chairman has had printed in the RECORD.

But it is my understanding that if any of those individual items could be used only in one basing mode, they would be precluded from being funded by the moneys in this bill.

Mr. BELLMON. I thank my friend.

Mr. STENNIS. Will the Senator yield?

Mr. STEVENS. Yes.

Mr. STENNIS. Mr. President, with reference to this $55 million, as I understood, there was a calculation there, should the Congress go to the other method, or the perpendicular method, there would be $55 million worth of work that had to be done, approximately that amount, that could not be directly used.

But we are not excluding that $55 million. It is left in the bill and, if it comes out that way, it will just be a price that we pay for utilizing the time.

Let me ask the Senator from Alaska, is that not approximately correct, with reference to our understanding?

Mr. STEVENS. That is correct.

However, I did not compute the $55 million. The Secretary did.

The Senator from Oklahoma's question is whether in any of these other items there could be moneys that might commit us to one basing mode.

That decision has to be made by the Secretary. We are telling him not to commit us to one basing mode. He has told us his understanding is that there is $55 million. My response to the Senator from Oklahoma is that there may be more or less.

But the direction is clear, do not commit us to only one basing mode.

Mr. STENNIS. Yes.

There is no committal involved, even though they may spend that $55 million.

Mr. STEVENS. That is right.

But not inhibited to spending. But we say spend it in a way to utilize it in more than one mode.

Mr. STENNIS. I do not know it can all be utilized in more than one mode.

Mr. STEVENS. No. Spend it in a way that will not commit us to one mode.

Mr. STENNIS. That is right. Agreed on no committal. If the money was spent, there would be no committal to that one mode.

I think that is a major point we got together on.

Mr. STEVENS. If I can yield to the Senator from Washington, I state to my friend that several Senators would appreciate it if we could vote at 2 o'clock, because they have schedules to leave this afternoon, it being a Friday on a long weekend. I would like to accommodate them, if possible.

Mr. STENNIS. We will do the best we can. I am ready to vote now. But I do not want to cut off anyone.

Mr. JACKSON. Mr. President, I have just one short question.

This is a followup, in fact, I think it is a parallel question, to one that has already been asked in connection with the Stevens amendment. I want to direct this to the author of the amendment.

In the interest of protecting our options, I hope that the Secretary of Defense will make resources and personnel available to continue exploring and studying other options. That is the key thing relating to the use of the funds with which the Senator's amendment is concerned.

I understand from the Air Force that within the budget provided for the advanced ballistic reentry systems (ABRES) program there are sufficient funds and people available for this purpose.

I wanted to ask the Senator if that is his general understanding?

Mr. STEVENS. It is my understanding. I think it is consistent with discussions we have had with the chairman that they are not to use these funds so as to commit us to one mode, and any other way possible they can find us a better mode for the use of these funds, they should do so without delay.

Mr. JACKSON. I think that answers it.

Mr. STENNIS. I did not get into the problem here of committing certain personnel or certain avenues.

Mr. STEVENS. That is correct.

Mr. STENNIS. I did not understand that.

Mr. JACKSON. But it is not foreclosed.

Mr. STENNIS. That is right, it is not foreclosed.

Mr. JACKSON. The point I think we all are talking about is that there are serious concerns about any one basing mode approach.

Mr. STENNIS. That is right.

Mr. JACKSON. Specifically, a number of us have expressed our concern about the so-called racetrack system. Others may express it in relation to something else.

I think that what all of us in the Senate are saying, loud and clear, is that we had better make sure that we have a basing mode that will provide the maximum degree of survivability at the lowest possible cost—cost effectiveness—and be able to do it as expeditiously and in as timely a fashion as is possible. That is all I am saying.

I do not have in mind an exact, specific basing system; but I am raising serious questions about what appears to be the administration's decision to go ahead on the so-called racetrack system.

As I see it, the racetrack system does portend serious trouble, both as to its survivability and in terms of cost. I think we have to nail down those things.

I believe that the Stevens amendment gives to the administration flexibility so that they are not bound and tied to any one specific basing mode. I commend the Senator from Alaska.

Mr. STENNIS. I was concerned about the loss of time, whichever way this thing went. I did not see that we had any time to lose on this basing mode, and I was willing to spend $55 million even though that might have to be abandoned, because time was worth so much to us—1 year or 2 years. I think we are all together.

Mr. JACKSON. I say to the Chairman that, in that connection, I hope the Department of Defense will place heavy emphasis on expediting the research and development, and the moving into production on the MX missile itself.

Mr. STENNIS. Yes. I heartily agree.

Mr. JACKSON. I feel that that is a critical part of the total budget item we are considering.

I thank both Senators.

Mr. STEVENS. I say to the Senator from Washington that we are totally in agreement on that. We do not seek to delay. We seek to accelerate it.

Mr. BELLMON. Mr. President, will the Senator from Alaska yield for a question?

Mr. STEVENS. I yield.

Mr. BELLMON. Is it the intent of this amendment that the Defense Department not come in here a year from now and say that they have proceeded with the research on the basing mode, on one mode over another, so that if we, Congress, decide that the administration made a mistake, they will be able to say that changing modes will result in a lengthy delay?

What we are trying to accomplish is that all modes be moved ahead equally, so that whenever a decision is made as to which mode is going to be used, we can proceed without loss of time or loss of money.

Mr. STEVENS. The priorities we are seeking are in terms of the missile itself. We are warning them, as they commit funds under this bill, not to commit them so as to bind it to one mode.

Mr. BELLMON. Or to give one mode an advantage over the other as to time or cost.

Mr. STEVENS. I believe that is the intent, also.

Mr. President, I have had no further request for time. Unless there is some indication that someone wishes time, I am prepared to yield back the remainder of my time and meet the request that we vote by 2 p.m.

I thank Senator STENNIS and Senator YOUNG for their consideration. I appreciate the advice of Senator JACKSON, Senator TOWER, Senator BELLMON, Senator SCHMITT, and Senator CRANSTON.

If the Senator is willing to yield back his time, I will yield back mine.

Mr. STENNIS. Mr. President, we yield back the time on our side.

Mr. HATCH. Mr. President, I support the Stevens amendment and I believe the Stevens amendment will not delay the MX.

This administration has told us again and again that the MX program is an essential precondition to the SALT treaty, and as many newspaper columnists have pointed out, this administration is not composed of hawks on the national defense issue by any means. During the debate on the SALT treaty, I will be proposing a reservation that specifically links progress in the MX program to our remaining bound by the treaty. I will read it today as a contribution to the debate on the need for flexibility without delay on the MX basing mode.

Let me add that many of us are concerned at the casual attitude the Carter administration seems to be taking to the MX program. This massive undertaking which will cost from $30 to $50 billion has not received major Presidential endorsement in press conferences. It has not received any special attention in the Defense Department. It has not been called a "Manhattan Project" like the development of the atom bomb during World War II. It has not been the subject of a Blue Ribbon Commission set up by the White House. It has not been considered by a panel of "wise men" from previous administrations. It has not even been specifically approved in the SALT agreements. How then do the President and the Secretary of Defense expect us to believe that they are really going to build it? This is a subject we will return to during the SALT debate.

The reservation I shall propose reads as follows:

SALT II TREATY—EX. Y, 96–1

(Purpose: To provide for withdrawal from the Treaty if the MX program does not remain on schedule)

96th Congress, 1st session, as in Executive Session, Senate of the United States.

TREATY BETWEEN THE UNITED STATES OF AMERICA AND THE UNION OF SOVIET SOCIALIST REPUBLICS ON THE LIMITATION OF STRATEGIC OFFENSIVE ARMS

Ordered to be printed and to lie on the table.

Intended to be proposed by Mr. Hatch to the resolution of ratification of the Treaty between the United States of America and the Union of Soviet Socialist Republics on the Limitation of Strategic Arms, done at Vienna on June 18, 1979, viz:

Before the period at the end of the resolution of ratification, insert a comma and the following: "subject to the reservations, which are to be made a part of the instrument of ratification, that:

"(1) The program schedule of the MX is a material fact in the consideration of this Treaty, and, because of assurances by the President that this MX program schedule will be strictly implemented, any significant change from that schedule shall be considered by the Senate in executive session.

"(2) If the Senate shall not accept proposed delays in the MX program during the life of this Treaty by a vote of two-thirds of the Senators present, the President shall give notice to the Union of Soviet Socialist Republics that extraordinary events have occurred as described in Article XIX, paragraph (3) of the Treaty, and the President will carry out the procedures of Article XIX of the Treaty necessary to withdraw the United States of America from the Treaty."

Mr. HATCH. Mr. President, I ask unanimous consent to have printed in the RECORD a table entitled "MX System Schedule."

There being no objection, the table was ordered to be printed in the RECORD, as follows:

MX SYSTEM SCHEDULE

[Estimated by Defense Department]

	Calendar year—					
	1979	1980	1981	1982	1983	1984
Missile development	FSED contract			1st flight		
Basing development		FSED contract				
Test facilities		FSED contract				
Flight test					20 missile flights	
Missile production				Materials auth	Production	Production.
Basing production				Materials auth	Production	Production.
Facilities/deployment			Main base, roads and utilities.	Site prep	Shelter construction	Shelter construction.

Mr. THURMOND. Mr. President, I am pleased to be a sponsor of the Stevens amendment, because I feel Congress should study the MX basing mode in view of the fact the administration went against the long-held Air Force recommendation in favor of the vertical shelter basing mode.

There is strong reason to believe the vertical shelter is more survivable, less costly, and could be deployed sooner with less environmental impact.

The key provision of this amendment is that the Defense Department could continue looking at other basing modes while moving forward with this highly important program.

I urge the Senate to accept this amendment.

Mr. STEVENS. Mr. President, the request has been made that we ask for the yeas and nays, and I do ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alaska. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Montana (Mr. BAUCUS), the Senator from Arkansas (Mr. BUMPERS), the Senator from Nevada (Mr. CANNON), the Senator from Arizona (Mr. DECONCINI), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Georgia (Mr. TALMADGE), the Senator from Illinois (Mr. STEVENSON), and the Senator from Connecticut (Mr. RIBICOFF) are necessarily absent.

I further announce that if present and voting, the Senator from Illinois (Mr. STEVENSON), the Senator from Nevada (Mr. CANNON), and the Senator from Connecticut (Mr. RIBICOFF) would each vote "yea."

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Arizona (Mr. GOLDWATER), and the Senator from California (Mr. HAYAKAWA) are necessarily absent.

The PRESIDING OFFICER (Mr. BRADLEY). Are there other Senators in the Chamber wishing to vote who have not done so?

The result was announced—yeas 89, nays 0, as follows:

[Rollcall Vote No. 398 Leg.]

YEAS—89

Armstrong
Bayh
Bellmon
Bentsen
Biden
Boren
Boschwitz
Bradley
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Chafee
Chiles
Church
Cochran
Cohen
Cranston
Culver
Danforth
Dole
Domenici
Durenberger
Durkin
Eagleton
Exon
Ford
Garn
Glenn
Gravel
Hart
Hatch
Hatfield
Heflin
Heinz
Helms
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Jepsen
Johnston
Kassebaum
Laxalt
Leahy
Levin
Long
Lugar
Magnuson
Mathias
Matsunaga
McClure
McGovern
Melcher
Metzenbaum
Morgan
Moynihan
Muskie
Nelson
Nunn
Packwood
Pell
Percy
Pressler
Proxmire
Pryor
Randolph
Riegle
Roth
Sarbanes
Sasser
Schmitt
Schweiker
Simpson
Stafford
Stennis
Stevens
Stewart
Stone
Thurmond
Tower
Tsongas
Wallop
Warner
Weicker
Williams
Young
Zorinsky

NAYS—0

NOT VOTING—11

Baker
Baucus
Bumpers
Cannon
DeConcini
Goldwater
Hayakawa
Kennedy
Ribicoff
Stevenson
Talmadge

So Mr. STEVENS' amendment (UP No. 788) was agreed to.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. STENNIS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Are there other amendments on the MX missile?

Mr. STENNIS. Mr. President, the next item I hope will be taken up is regarding the pay raise for the military personnel.

We have a time limitation, Mr. President, if I may say that. May we have quiet, please. This may be of interest now. There is a time limitation on this amendment which is 3 hours equally divided, but we have discussed it and I think we can manage it well enough to yield back some of that time, perhaps. So I hope the Senator will bring up his amendment.

AMENDMENT NO. 571

(Purpose: To provide that the comparability pay of members of uniformed services shall be determined without regard to the President's alternative pay plan)

Mr. ARMSTRONG. Mr. President, I appreciate the observations of the distinguished chairman. It will be my purpose to move expeditiously. I now call up amendment No. 571.

The PRESIDING OFFICER. The clerk will report.

The second assistant legislative clerk read as follows:

The Senator from Colorado (Mr. ARMSTRONG), for himself and others, proposes an amendment numbered 571.

Mr. ARMSTRONG. Mr. President, I ask unanimous consent to dispense with further reading of the amendment, and I would undertake a brief explanation of the purpose of the pending amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of title VII, insert the following new section:

SEC. . (a) Except as provided in subsection (b), funds made available under this Act under the heading "MILITARY PERSONNEL" shall be used to pay the salary or pay of any office or position with respect to which an adjustment is made during fiscal year 1980 under section 1009 of title 37, United States Code, at the rate of salary or pay for such office or position which would have been payable by reason of such adjustment if the President had not submitted an alternative pay plan under section 5305(c) of title 5, United States Code, with respect to such adjustment.

(b) The provisions of subsection (a) shall not apply to the salary or pay of any office or position the rate for which is limited by the provisions of the second paragraph of section 101(c) of the joint resolution entitled "Joint Resolution making continuing appropriations for the fiscal year 1980, and for other purposes", approved October 12, 1979.

Mr. ARMSTRONG. Mr. President and Members of the Senate, this amendment addresses itself to an issue which, in my judgment, is vital to the preservation of the all volunteer force and which, if adopted, will represent, in my view, the single most important step we can take this year to strengthen our national defense.

I am delighted to be associated in this effort with the distinguished Senator from Hawaii (Mr. MATSUNAGA), who has long been identified with the volunteer army and, indeed, who, along with the late Bill Steiger, is one of the fathers of the all volunteer concept.

The purpose of the Armstrong-Matsunaga amendment is to lift the cap which the administration has imposed upon military pay. Our amendment would simply lift military pay from the 7 percent cap proposed by the President to the 10.41 percent which the President's pay agent has certified to be required to meet the comparability standards prescribed by law.

Mr. President, at this time I ask unanimous consent that the following Senators be added as cosponsors to the Armstrong-Matsunaga amendment: Senators BELLMON, BOSCHWITZ, CHAFEE, COHEN, DOLE, DOMENICI, DURENBERGER, DURKIN, HART, HATCH, HATFIELD, HAYAKAWA, HUMPHREY, KASSEBAUM, LEAHY, LUGAR, MCGOVERN, PRESSLER, SCHMITT, SIMPSON, STONE, WALLOP, and WARNER.

I again renew my request, Mr. President, my unanimous-consent request, to have these Senators added as cosponsors of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ARMSTRONG. It is very encouraging that so many distinguished Senators are united in the belief that we must provide a genuine cost-of-living increase to the men and women who defend our country. I think it is indicative of the seriousness of the problem.

Let there be no mistake about the seriousness of the problem, and that this is an issue of the utmost significance to our country. The chairman of the Joint Chiefs of Staff and each of the service chiefs have identified manpower as either the most serious, or one of the most serious problems confronting our national security as we enter the perilous decade of the 1980's.

This year, for the first time ever, all of the services failed to meet their recruiting goals. In the first 10 months of the 1979 fiscal year, the Army experienced a shortfall of 17.4 percent in its recruiting goal. The Marine Corps, Navy, and Air Force recruited only 93, 94, and 96 percent of their respective goals in that same period. The recent highly publicized recruiting scandals indicate the Army's recruiting problems may be even more severe than these statistics alone indicate.

The Armed Forces are also discovering that a steadily increasing percentage of those they do recruit are unsuitable for military service, and must be discharged before their enlistments expire.

Compounding the problem is that the learning skills of those who are attracted to military service, and who do serve out their terms of enlistment, is declining. Nearly 50 percent of all male volunteers test mentally in the lower half of the U.S. population, compared to 32 percent in 1974. Army training manuals are being rewritten downward from an 11th to an 8th grade reading level. This is a very serious development in an Army where a corporal who commands a tank is responsible for a more complex piece of machinery than the fighter planes college graduates flew during World War II.

But the most serious personnel problem in the Armed Forces is the declining rate of reenlistments. The shortages are especially acute in the middle noncommissioned officer and officer grades, the highly trained men and women who have the skills and experience necessary to operate the complex weapons in our modern, technology-centered Armed Forces. The Navy lacks 17,000 skilled petty officers with 9 to 16 years of service, and is suffering shortages of officers trained as nuclear submariners, pilots, and doctors. The Army is short more than 46,000 NCO's, the Air Force more than 3,000.

These shortages are compounded by the fact that there is no lateral entry into the Armed Forces. If a fighter squadron commander or a submariner leaves the service, the Navy or Air Force cannot go into the civilian job market and hire someone to replace him. It takes years, and many thousands of dollars, to train another to take his place.

When one takes a look at what has happened to military pay and benefits since the All Volunteer Force was created it is not hard to understand why the manpower shortages have developed.

Base pay for a recruit has fallen to 83 percent of the minimum wage.

Base pay has declined, relative to inflation, every year since the All-Volunteer Force was created.

Regular military compensation—base pay plus allowances for housing and subsistence—has declined more than 20 percent for each pay grade since 1972.

The average salary for enlisted personnel, including all allowances, is $9,900. I might point out that the Bureau of Labor Statistics says that the minimum necessary to maintain a "lower standard of living" for a family of four is $11,546, while the enlisted personnel average nearly $2,000 a year less than that amount; 100,000 military families are eligible for food stamps; a janitor on the union scale earns almost as much as a chief petty officer with 17 years of service.

The truth is that many patriotic, qualified, motivated men and women are discovering that they, literally, cannot afford to serve their country. I do not think it is surprising that so many of them are leaving the service. The wonder is that, considering the way they have been treated and considering the signals transmitted by Congress that so many are staying.

It should be clear to all of us that if we do not stop this erosion of pay and benefits now, restoration of the military draft will be all but inevitable.

I hope this will not happen. To restore the draft for any reason would be unfortunate. But to restore the draft simply because we are unwilling to pay the men and women who defend our country a living wage would be unconscionable, in my opinion.

But even restoration of the draft would not solve the most serious element of the manpower problem—the problem of retention. A draft would prevent a shortage of privates, and the existence of a draft likely would prevent a shortage of second lieutenants. But we cannot draft corporals and sergeants, captains and majors. We can solve the retention problem only by paying our servicemen a living wage.

So these are some of the reasons why Senator MATSUNAGA and I, and a number of our colleagues, have joined in bringing this amendment to the floor.

I want to add just one footnote to this discussion, which is so timely today. At this very instant there are 13 marines among those who have been taken hostage in our Embassy in Iran. I am advised that, including base pay and foreign duty pay, they are receiving the following amounts: four of them are receiving $7,250 a year; eight of them are receiving $8,200 a year; one of them just over $12,000. Only one of the 13 who are defending our Embassy and who have been held hostage—and who are not isolated cases but, indeed, are symbolic of what is wrong in the pay scale in the military—only 1 out of the 13 is paid at what the Bureau of Labor Statistics says is necessary to maintain what they describe as a lower standard of living.

In the name of national defense, in the name of the all-volunteer service, and in the name of justice to these dedicated men and women, I urge the adoption of this amendment.

Mr. MATSUNAGA addressed the Chair.

The PRESIDING OFFICER (Mr. MUSKIE). Who yields time?

Mr. ARMSTRONG. I yield such time as he may desire to the Senator from Hawaii.

Mr. MATSUNAGA. I thank the Senator from Colorado for yielding.

Mr. President, as a cosponsor, I rise in strong support of the amendment offered by my distinguished colleague from Colorado, Senator ARMSTRONG, which will lift the current pay increase ceiling for military personnel and allow them to receive a cost-of-living increase which will provide them with a hedge against inflation and greater comparability with salary levels of private sector employees.

Mr. President, as the Senator from Colorado has already indicated, the Armstrong-Matsunaga amendment would give the military services the authority to provide servicemen and women with a cost-of-living increase for fiscal year 1980 of 10.41 percent, which is the level of increase that the President's Council on Federal Pay determined earlier this year as necessary to offset inflation and achieve greater comparability with the private sector. In effect, our amendment will authorize, for the personnel of the uniformed services, an additional pay adjustment for this fiscal year of 3.41 percent, over and above the 7 percent pay adjustment they received on October 1, 1979.

Mr. President, the purpose of our amendment is this: To reverse the continuing erosion of military compensation that the Department of Defense has determined to be the primary cause of the manpower shortage problem facing the All-Volunteer Force today. We strongly believe that our failure to do what is of paramount importance to maintaining the All-Volunteer Force, that is, to maintain pay comparability, will lead in the very near future to the collapse of the all-volunteer system and the restoration of the conscription force. We are convinced that this contingency can be avoided if the Congress acts now to bring military pay back to levels which will once again allow the military services to compete reasonably and effectively with private industry for an adequate share of the national labor pool. Our amendment, Mr. President, represents the first step toward the goal of reachieving military pay comparability.

Mr. President, as my colleagues know, the Congress began, in 1971 and 1972, to build the framework for the All-Volunteer Force by enacting legislation introduced by the late Congressman William Steiger and myself which brought military pay literally out of the "Dark Ages," to levels which provided servicemen and women with a decent standard of living and relative comparability with their private sector counterparts. At that time, the Congress was fully cognizant of the fact that pay comparability was the means by which the military services, under the volunteer system, would be able to meet their recruiting objectives consistently for both the Active and Reserve Forces. It was clearly understood, at that time, that pay comparability was, indeed, the key to the success of the All-Volunteer Force. By the time the AVF was fully implemented, which was in mid-1973, military pay was at a level which the military considered imperative in terms of their recruitment and retention efforts.

Unfortunately, Mr. President, after the Congress upgraded military compensation early in the life of the All-Volunteer Force, little attention was given to it during the intervening years. As a result, military compensation has eroded throughout the decade to levels that are almost as unacceptable as those which existed prior to the establishment of the AVF.

Recent manpower studies made by the Defense Department and the military services have concluded that since 1972, there has been a general decline in purchasing power for military personnel of 7.4 percent. Certain grades of personnel have lost anywhere from 8 to 15 percent in purchasing power during the past 6 years, and are now nearly 20 percent behind civilians employed by the Department of Defense.

Looking at the rise in the Consumer Price Index during the volunteer era, relative to increases in military pay over the same period, it is clear that our military servicemen and their families have suffered terribly from skyrocketing inflation. From 1972 to the present, the CPI rose approximately 74.2 percent—taking into account an estimated 13.9-percent increase in 1979—while military pay increased by only 56.2 percent. This, of course, represents a CPI-military pay differential of over 18 percent. I might point out, at this point, that even with the full comparability increase provided in the Armstrong-Matsunaga amendment for fiscal year 1980, members of the Armed Forces will still remain some 18 percent behind the inflationary curve.

Overall, there has been a real decline of about 12 percent or more in regular military compensation for each pay grade since 1972. At this point in time, the average salary for enlisted men, including base pay, all allowances, miscellaneous payments, and moving expenses, is $9,900. This can be compared to an income of $11,546, which the Bureau of Labor Statistics estimates to be the level of income required for a family of four to maintain a "lower standard of living" in this country today.

I am reminded, Mr. President, of testimony that was delivered by the Secretary of Defense in 1970 concerning the status of military manpower before the establishment of the All-Volunteer Force. I was appalled, as were many other Members of Congress, that the cumulative pay of lower ranking military personnel was, in 1970, nearly 50 percent lower than their civilian counterparts. As a result of this unbelievably low pay, approximately 50,000 military families had incomes at or below the poverty level and were eligible for public welfare assistance. Indeed, the upgrading of military compensation in accordance with the All-Volunteer concept was supposed to have ended that unacceptable state of affairs. However, 6 years after the establishment of the All-Volunteer Force, the Department of Defense is reporting that basic pay for beginning recruits has fallen to 17 percent below the minimum wage paid in this country, and that more than 100,000 military families are eligible for public welfare assistance, and many of them are already actively using food stamps to make ends meet.

Mr. President, I ask unanimous consent that a chart comparing changes in purchasing power and pay between the military and the private sector, and a chart comparing E–1 basic pay with the Federal minimum wage, be included in the Record at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. MATSUNAGA. Needless to say, Mr. President, the practical effect of this considerable pay erosion on the All-Volunteer Force can be seen very clearly by examining recent reports of recruiting shortfalls being experienced by all of the military services in both the Active and Reserve Forces. It is my understanding that for fiscal year 1979, all of the military services, for the first time, missed their recruiting goals. The Department of Defense believes that it must recruit 18 percent more people in 1980 to make up for the shortfall in 1979, with the Army needing 33 percent more men and 36 percent more women. Accordingly, the Department has expressed very serious concern about these shortfalls, which represent the poorest recruitment performances since the All-Volunteer Force was established in 1973. In response to this situation, the DOD has undertaken a study of the adequacy of military compensation in terms of its effectiveness relative to recruiting and retention. I am informed that this study, which is being conducted under the auspices of Assistant Secretary of Defense for Manpower, Reserve Affairs, and Logistics, Mr. Robert Pirie, is very near completion.

In a recent interview in the New York Times, Assistant Secretary Pirie indicated that two of the main reasons for recent AVF recruiting problems were military compensation which has declined to levels lower than that in comparable civilian jobs, and the unfavorable public image of military life today. Mr. Pirie said that in addition to seeking additional funds for the military's recruiting and advertising budgets, the DOD is considering asking the Congress to authorize an increase in pay levels for certain military personnel, and increases in certain benefits accorded to servicemen, such as housing allowances and travel reimbursements. Assistant Secretary Pirie believes that military pay increases are necessary in order to attract more enlistments and retain more skilled personnel already on duty.

It should be pointed out, Mr. President, that the manpower report released by the Department of Defense last December found that analysis of enlistment data show that volunteer enlistments during the period of fiscal years 1970 through 1977 have been influenced significantly by military pay levels as compared to civilian pay. The report explained that a 10-percent increase in first-term military pay would bring a 5- to 10-percent increase in high quality enlistments. Similarly, the report said, allowing military pay to decline relative to civilian pay would bring proportionate declines in enlistments.

Mr. President, in view of these circumstances, I ask my colleagues this: How can the Congress possibly expect the All-Volunteer Force to recruit and retain quality personnel when eroding military pay is making it increasingly difficult for qualified, motivated, and patriotic young men and women to choose the military for a career? Certainly, Mr. President, the answer to this question is that it is unrealistic to expect the AVF to meet its manpower requirements in terms of numbers and in terms of quality of enlistments without pay comparability.

The fact that it has done reasonably well in recruiting over the last 6 years can be attributed to the fact that the military has tried diligently to make the volunteer system work. In my judgment, they have pulled out all the stops to save the AVF because they believe that it can provide the quantity, and, most importantly, the quality, of personnel needed to meet our present and future manpower demands. However, it must be emphasized that this can only be achieved if the Congress keeps faith with the basic principle behind the All-Volunteer Force—pay comparability.

As I have said, Mr. President, that is precisely our intention in offering this amendment to raise military pay by 3.41 percent. In the Armstrong-Matsunaga amendment, the Congress has the opportunity to make the All-Volunteer Force work by taking the first steps toward reachieving and maintaining pay comparability for our military personnel. It is clear to this Senator that such action would help to improve our recruitment efforts by allowing the military to compete with private industry, help to increase our retention of skilled enlisted personnel by making a career in the military a more attractive prospect, and, in general, help to solve the nagging manpower problems in both the Active and Reserve Forces which have led some Members of Congress to call for a return to the draft.

Now, there are those, Mr. President, who will oppose the Armstrong-Matsunaga amendment on the grounds that the manpower costs of the All-Volunteer Force already constitute too large a part of our Nation's overall defense expenditures. They will say that AVF manpower costs are not being borne by increased general taxes or reduced social spending, but instead are taken from other parts of the defense budget, such as weapons procurement. For all intents and purposes, it can be said that they will be advocating the dismantling of the All-Volunteer Force and the reinstatement of a less costly draft system.

Mr. President, I just cannot understand and accept this type of reasoning. First, with respect to the draft, it should be noted that the Department of Defense, in its recent manpower study, found that manpower cost-savings anticipated from a return to the draft have been overstated by critics of the all-volunteer force. The DOD report said that while manpower costs have risen from 46 percent of the defense budget in fiscal year 1968, to around 60 percent during the era of the All-Volunteer Force, only a fraction of the increase would be reversed by returning to conscription. Considering that the career force has always been manned by volunteers, and the unlikelihood of across-the-board pay reductions, the only savings that the military could anticipate would be those associated with recruiting, paying, and training the first-term members. And, according to the DOD report, even those savings would be offset by the cost of operating the conscription system.

As far as I am concerned, the cost-savings associated with a return to the draft would not be substantial and, by no means, provides a sufficient reason for abandoning the AVF.

And in the name of reason, Mr. President, I just cannot understand how the Senate can justify spending $2 billion on a new nuclear aircraft carrier and increase the overall defense budget by 5 percent, and then not approve the Armstrong-Matsunaga amendment which proposes to spend a mere $632 million to help the All-Volunteer Force meet its manpower needs.

The fact of the matter is, Mr. President, that the All-Volunteer Force no longer has to be the weakest link in our vital chain of national security. By approving the Armstrong-Matsunaga amendment, the Congress can begin to reverse the military pay erosion which has undermined the All-Volunteer Force and deprived it of a fair opportunity to be successful. We can take the first step toward reachieving and maintaining pay comparability for military personnel, which the Senator from Colorado and I believe will insure the future of the All-Volunteer Force.

Mr. President, I, therefore, urge my colleagues to give thoughtful and favorable consideration to the Armstrong-Matsunaga amendment.

EXHIBIT 1

WAGE

Fiscal year	Basic pay	Hourly wage [1]	Minimum wage [2]	Percentage
1970	115.20	0.66	1.60	41.5
1971	134.40	.78	1.60	48.5
1972	288.00	1.66	1.60	103.8
1973	307.20	1.77	1.60	110.8
1974	326.10	1.88	2.00	94.1
1975	344.10	1.99	2.10	94.5
1976	361.20	2.08	2.30	90.6
1977	374.40	2.16	2.30	93.9
1978	397.50	2.29	2.65	86.5
1979	419.40	2.42	2.90	83.4
1980	448.80	2.59	3.10	83.5
1981	[3] 480.30	2.77	3.35	82.7

[1] Hourly wage is calculated as 12 mo basic pay divided by 52 weeks at 40 hr per week.

[2] Source: Table 11a, History of Federal minimum wage under the Fair Labor Standards Act, Wage and Hour Division of the Department of Labor.

[3] Assumes a fiscal year 1981 pay raise by 7 percent.

Source: Department of Defense.

MILITARY-WAGE SYSTEM, PRIVATE NONAGRICULTURAL INDUSTRY PERCENT CHANGE IN PAY AND PURCHASING POWER, JANUARY 1972 BASE POINT

	Mil RMC [1]	Wage systems, United States [2]	Production and nonsupervisory workers [3]				CPI-W [4]
			Total [5]	Manufacturing	Construction	Trade	
1972	6.0	8.6	7.5	8.6	4.5	5.3	3.3
1973	7.3	3.7	6.2	7.6	6.6	5.0	6.2
1974	5.5	9.7	6.4	6.2	5.7	6.5	11.0
1975	5.0	10.6	5.7	7.9	6.8	6.2	9.1
1976	4.8	11.6	7.3	9.7	6.6	5.8	5.8
1977	7.1	8.8	7.7	9.4	4.2	6.6	6.5
1978	5.5	8.8	7.8	8.9	8.0	7.6	7.6
Cumulative pay change	49.2	80.5	59.9	75.0	50.9	51.8	61.1
Cumulative purchasing power change	−7.4	12.0	−.7	8.6	−6.3	−5.8	----------

[1] Annual October increases.

[2] Increase in annual average salaries for standard 40 hr workweek. March is average observation month. Source: USCSC "Federal Workforce Statistics, Mar. 31, 1978" and OPM, Workforce Analysis and Statistics Division.

[3] Increase in annual average earnings for workweeks of full and part-time workers of 40.5 hr in 1972 to 40.4 in 1978 in manufacturing (includes overtime pay), 36.5 in 1972 to 36.9 in 1978 in construction, and 34.9 in calendar year 1972 to 32.9 in 1978 in trade. Total industries' hours ranged from 37.0 to 1972 to 35.8 in 1978. Includes paid overtime, holidays, vacations, sick leave; excludes bonuses, tips, in-kind payments, and fringe benefits. Source: "Employment and Earnings, 1909–78," USDL, BLS.

[4] U.S. city average annual CPI increases. 1967=100.

[5] Data relate to production and related workers in mining and manufacturing; to construction workers in construction; and to nonsupervisory workers in transportation and public utilities; wholesale and retail trade; finance, insurance and real estate; and services. Source: USDL, BLS, "Employment and Earnings, July 1979."

Source: Department of Defense.

The PRESIDING OFFICER. The Senator from Mississippi.

Who yields time?

Mr. STENNIS. Mr. President, I yield 5 minutes to the Senator from North Dakota.

Mr. YOUNG. Mr. President, I regret that I have to oppose the amendment by the distinguished Senator from Colorado to further increase pay for military personnel.

No one has a higher regard and respect for our military personnel in the Armed Services and would like to help them more than I do.

This amendment comes at a most inopportune time. Military personnel in the Armed Services received the same 7 percent pay raise as all Federal employees, commencing this past October 1. While service in the military requires many sacrifices, there are some advantages such as an opportunity for education, lifetime free medical service, and a noncontributory retirement program.

The retirement program for our military personnel is particularly attractive as an individual may retire on 50 percent of his pay after only 20 years of service. Further, as I just mentioned, the retirement program does not require contribution by the serviceman and there is no trust fund to which the serviceman or the Federal Government contributes. The retirement payments are made directly from the general funds of the Treasury.

The all-volunteer service concept, with its much higher pay and added incentives, which we embarked upon 8 years ago, has become very costly. This proposed pay increase would not only affect the present outlays for personnel but would greatly increase future retirement payments.

When the all-volunteer military service concept first went into effect 8 years ago, military retired pay was $3.7 billion and has been increasing at an alarming rate. For this fiscal year it is $11.5 bililon.

May I repeat, the cost of retirement pay has increased from $3.7 billion to $11.5 billion.

It is apparent that these retirement increases are going to continue to grow by leaps and bounds.

Increasing military pay under the pending amendment would further increase retirement and other military-related pay.

Mr. President, I do not believe this is the time to embark on another pay raise which undoubtedly would encourage other Government employees to demand a comparable pay increase.

The estimate of the cost of this amendment is $850 million. Presently, more than 55 percent of our defense budget request is for military and civilian personnel costs. This amendment would increase that percentage even more.

Mr. President, I strongly believe that existing pay rates for military personnel should not be increased at this time. With our military strength compared to Russia declining year by year, the highest priority for the huge amount of money in this budget should be for modernizing every phase of our military capability.

I urge support of the committee position and defeat of this amendment.

The PRESIDING OFFICER. Who yields time?

Mr. STENNIS. Mr. President, if the proponents wish to use some time, this may be a good time to do so.

Mr. ARMSTRONG. Mr. President, I appreciate the suggestion of the distinguished chairman. I would like to recognize the Senator from Oklahoma. If he would tell me how much time he would like, I shall be happy to yield.

Mr. BELLMON. If the Senator will yield me 5 minutes, I would appreciate it.

Mr. ARMSTRONG. I am delighted to yield 5 minutes to the Senator.

Mr. BELLMON. Mr. President, I intend to support the amendment offered by Senator ARMSTRONG as it will be amended by Senator COHEN to remove the pay cap for military personnel effective January 1, 1980. The estimated additional cost of this amendment is approximately $670 million, assuming 25 percent absorption of the pay raise by the Pentagon. This is a significant amount of money and I am as aware as anyone that it makes the defense budget extremely tight. I have not reached my decision to support this amendment easily. I am very much concerned about our situation regarding recently reported drops in junior enlisted recruiting and the danger that there will be growing pressure for this country to return to the draft. I feel the Congress must take immediate action, and I hope this will be the first step to support the all-volunteer force concept.

Mr. President, I am one of those who went into World War II as a volunteer at what were ridiculously low wages, far below those being paid in the private sector. I have always resented that situation. I feel it is unfair to ask young Americans to subsidize the defense of this country by serving in uniform at salaries far below those being paid their counterparts in the private sector. I feel we simply cannot expect young Americans to volunteer on that basis.

I realize there are other, more selective, approaches to this problem that are being studied, and I wholeheartedly support the effort to find all ways possible to make the volunteer concept work so that we do not have to go back to a draft.

But the fact is that we need to take immediate action to help redress a serious nation defense problem, the dramatic decline in military enlistments. Mr. President, we are all generally aware of the manpower shortage problems which are increasingly plaguing our military forces. In 1979, for the first time in memory, all branches of the U.S. military missed their recruiting goals. This shortfall was especially serious for the Army, which missed its recruiting goal by 16,000 men and women.

These shortages can be attributed to a number of causes—a shrinking base of 18-year-old high school graduates and this problem will get worse, competition for young people as a result of increases in the minimum wage, the drop in dollar purchasing overseas, where one-quarter of our enlisted personnel are stationed, recruiting scandals, reductions in GI benefits, and perhaps others will be determined. All of these problems must be addressed and solved if the All-Volunteer Force concept is to survive and work.

Mr. President, there can be no doubt that the history of recent pay caps on enlisted military pay, which have resulted in real declines in the purchasing power of these individuals, has been a significant factor in the decreasing attractiveness of the military for potential recruits. I realize that all Americans are affected by inflation. I realize that civilian Federal employees are affected by pay caps also. But the fact is that we face a real, not a hypothetical, problem and an immediate one regarding military personnel. We rely on these people to furnish the manpower for our national defense. They are in short supply.

Civilian Federal workers play an equally important role in our country, but there is no serious shortage of people for these positions. I am certain the director of the Office of Personnel Management could state that there is no shortage of applications for any Government jobs that come open for civilians, but there is obviously a very serious shortage of people willing to volunteer for the uniformed services.

Mr. President, I shall leave it to others to give more facts in support of this amendment. Senator ARMSTRONG has the facts regarding his amendment. He has already given them to the Senate. I am not going to repeat them. This action is, I believe, quite simply, a step that must be taken in the interest of our national defense.

During consideration of the budget resolution, I listened with great interest to the statements of individuals advocating higher defense spending, including Senator NUNN, who feels that we must spend more to preserve our defense. I agree with him. That higher spending was approved. But I do not believe that anyone can argue against insuring adequate manpower via the All Volunteer Force as the appropriate way to spend at least part of this increased money.

Mr. President, I feel that Congress needs to get our national priorities in order. We have expanded many programs to take inflation into account in the 1980 budget. I should like to read just a short summary of those programs that have been increased to take inflation fully into account, in some cases to go beyond.

First is elementary and secondary education grants for the disadvantaged; impact aid—not all parts of it, but parts of it have been increased significantly; vocational education; student assistance for postsecondary education; CETA jobs and training for the structurally unemployed; nutrition and other social services for the elderly; child welfare services; emergency fuel assistance; food stamps; countercyclical assistance for local governments; mass transportation. We have, Mr. President, provided additional funding for all those social programs. I feel that we cannot have the kind of situation where we do not take care of those in uniform, who are hit by inflation just as hard as those who receive the benefits of these various social schemes.

Our defense personnel are equally important, if not more important than those who are served by social programs and it is unfair for our country to force these young volunteers to subsidize defense by serving in uniform at salaries that do not keep up with the decline in the value of our currency.

Mr. President, as much as anyone in the Senate, I want a strong defense. I oppose the draft, I favor the all-volunteer concept, and I support the Armstrong amendment, which will help make the armed services more attractive to those who are considering serving as volunteers in the defense of our country.

Mr. President, I yield back the remainder of my time.

Mr. ARMSTRONG. Mr. President, I compliment the Senator from Oklahoma for his very significant and meaningful contribution to this debate.

I am prepared to yield to the Senator from New Mexico unless the other side wishes to take time at this point.

I do now yield 5 minutes to the Senator from New Mexico.

Mr. SCHMITT. Mr. President, Senators ARMSTRONG and MATSUNAGA, in sponsoring this amendment along with their many cosponsors, have taken an important first step toward improving a very serious situation that our defense structure is facing, namely, the potential threats in conventional arms, which are far greater at this time than even those in strategic arms. Normally, I am one Senator who will bow to the judgment of the distinguished chairman of the Committee on Armed Services and the Defense Appropriations Subcommittee. However, in this case, the depth of our problems with respect to manpower requires me to do otherwise.

Those problems include the quality, quantity, retention, and mobilization of military manpower. The Armstrong-Matsunaga amendment is extremely important for obtaining and improving the quality, increasing the quantity, and insuring retention of necessary manpower. The mobilization issue is one which is still before us. However, if we can, in fact, create a strong volunteer force through actions such as this, then we, hopefully, will be able to avoid the draft, because it does not solve the mobilization problem. Only a strengthened Reserve and National Guard system will solve that problem.

The steps needed at this time, in addition to this amendment, are to take a good, objective look, both in Congress and in the administration, at the total manpower problem. This is why I introduced, along with the sponsorship of Senator ARMSTRONG and Senator MATSUNAGA and several others, S. 1989, which would provide an opportunity for that comprehensive look at military manpower needs and alternative means of meeting those needs.

Of course, it is my personal opinion that the Reserves and the National Guard will eventually be the core of our total national defense structure as it relates to conventional arms. We must do everything we can that will insure the equipment and incentives in that part of our military forces.

We must reverese this trend of continually eroding the compensation and benefits of our military enlisted and officer personnel. We must improve the pay scale, above all, but other benefits must also be looked to.

This amendment although an excellent one, obviously does not solve all the problems. It is, however, an excellent first step. The Senators are to be complimented for their efforts in this regard.

It demonstrates a commitment by Congress to providing for the needs of the military and a willingness of this Congress, and I believe of the American people, to pay the cost for retaining our freedom.

Mr. ARMSTRONG. Mr. President, I very much appreciate the encouragement and support of the Senator from New Mexico. I thank him for his insightful discussion of this amendment.

Mr. President, I ask unanimous consent that Jim Dykstra of Senator COHEN's staff be granted privilege of the floor during consideration of this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ARMSTRONG. Mr. President, I yield 5 minutes to the Senator from Minnesota (Mr. DURENBERGER).

Mr. DURENBERGER. Mr. President, I am pleased to join my colleagues in cosponsoring amendment No. 571, a measure to set the military pay increase at the level recommended by the pay agent. My reasons for supporting this measure, and for urging its passage, can be summarized concisely in two words: equity and security.

Ever since passage of the Federal Pay Comparability Act of 1970, it has been the intention of the Congress to insure that Federal employees, whether civilian or military, receive salaries which are comparable to those of the civilian work force. Mr. President, we have broken faith with our uniformed military personnel by failing to keep this commitment.

While we are all aware of the effects of inflation, it is apparently necessary to reiterate that military salaries have been particularly savaged by this pernicious form of taxation. As my friends, Senator ARMSTRONG and Senator MATSUNAGA have pointed out, the cost of living has increased by nearly 60 percent in the past 6 years, but military compensation has increased by slightly less than 41 percent. In other words, our soldiers, sailors, airmen, and marines have suffered a net decline in purchasing power of 19.1 percent.

These figures are necessarily dry and therefore fail to evoke the full significance of the current military pay situation. To put it more bluntly, a recent editorial in the St. Paul Pioneer Press cites the fact that a bag boy in a San Francisco grocery store currently earns more money than an electronics technician in the Navy. Equally, a recent Air Force manpower study indicates that 20 percent of the enlisted personnel in the Air Force now hold a second job in order to make ends meet. How can our military personnel enjoy a strong family life when they are forced to choose between living below the poverty line or working 16 hours per day?

In other words, simple equity demands that we increase the salaries of the military services at least to the modest levels recommended by the President's pay agent but overruled by the President himself. Mr. President, the men and women in our armed services too often constitute a forgotten and invisible group. Unlike other Americans, they cannot—and should not—seek pay increases through unionization or collective bargaining. They subsist on only what we in the Congress choose to give them. It is often easy to overlook their legitimate needs in the context of an appropriations process which focuses on huge budgets and which seeks out dramatic examples of waste. But we are speaking here neither of waste nor of huge budgets; instead, we are speaking of equity, and equity at a bargain-basement price.

My second reason for supporting this measure is, I believe, as simple and as logical as the first. Our military personnel can react to low pay through one very simple expedient: they can quit. Unfortunately, they are doing so today in ever larger numbers. The effects on our services will be alarming if we do not take steps to reverse this piecemeal attrition of our military strength.

When the United States made the decision to return to the All-Volunteer Force—a decision which I continue to believe was sound—it was recognized that pay would have to be increased in ordered to attract and retain qualified personnel. Consequently, pay was substantially boosted in 1972. But since that date, there has been a steady decline in the purchasing power of military pay, a decline which correlates markedly with the deterioration of recruiting and retention rates.

During fiscal year 1979, all four military services failed to meet their recruiting goals. The overall recruiting rate was only 93 percent of the goal, as compared to 96 percent in fiscal year 1978. While the Army, as usual was the service which most dramatically fell short of its goal. It is significant that 1979 represents the first year in which all four services failed to obtain their full quota of recruits.

These figures are grim enough, but perhaps even more disturbing are the rates of retention for the experienced people who are so crucial to the success of the military services. Third-term reenlistments are down to 69 percent, indicating that many service people who had previously been on a career track are getting out rather than suffer the continued hardships of military life. Second-term reenlistments in the Navy are below 50 percent. In other words, we are losing those mid-grade officers and NCO's whose experience and judgment have been developed to the point of expertise. While not everyone leaves the service for financial reasons, far too many cite this as the primary reason and it would be the height of folly to overlook an opportunity to reverse these trends.

On November 1, 1979, I had printed in the Congressional Record a letter from a young private in the Army, Philip Hewett. The thrust of his letter was to cite a decay in service morale arising from poor leadership. When our most experienced officers and NCO's leave the service, is it any wonder that leadership declines?

In summary, Mr. President, I urge the adoption of this amendment for two fundamental reasons. First, it is just. Second, it is smart. False economies in the area of military pay will leave us penny-wise but pound-foolish, and I hope that my colleagues will join me in voting for this investment in the security of America.

Mr. ARMSTRONG. Mr. President, in a moment I would like to yield to the Senator from New Hampshire.

I want to say before I do that I wish everyone in America could have heard the speech from my colleague from Minnesota. He really identified the problem and the solution. I thank him for his participation.

Mr. President, how much time do I have remaining under the time agreement?

The PRESIDING OFFICER. The Senator has 52 minutes and 49 seconds.

Mr. ARMSTRONG. I thank the Chair. I yield to the Senator.

Mr. STENNIS. May I say that I just indicated to the Senator from Maine that he would go next, but since he is not here——

Mr. ARMSTRONG. I am happy to yield some time.

Mr. STENNIS. I would like to yield 10 minutes to the Senator from Maine since I had asked him to come to the floor at this time.

Mr. MUSKIE. I thank the Senator.

Mr. President, I am not sure, so may I ask the distinguished Senator from Colorado, I have two speeches here, one addressed to his amendment as introduced, and another to his amendment as I am told it may be modified by an amendment to be offered by my colleague from Maine (Mr. Cohen).

I see no point in making both. Would the Senator be in a position to enlighten me as to which I should address myself to at this moment?

Mr. ARMSTRONG. I am very happy to do that.

Mr. President, the Senator from Maine (Mr. Cohen) intends to offer an amendment which will simply make the pending amendment effective January 1, rather than October 1.

While, of course, each of those who are sponsoring the amendment would be on their own as to how they feel about it, I think it is a reasonable idea and will support it because it will be nearly January 1 by the time this is enacted.

So I think the Budget Committee chairman would be correct in assuming that that is the way it is likely to be resolved, although perhaps the Senator from Hawaii also would like to comment on that.

Mr. MUSKIE. The Senator from Colorado intends to accept that amendment?

Mr. ARMSTRONG. I do, for my part, although I have not had an opportunity to discuss it with Senator Matsunaga.

Mr. MATSUNAGA. Mr. President, if the Senator will yield, I do intend to join the Senator from Colorado in accepting the amendment to be offered by the Senator from Maine.

Mr. COHEN. I want to indicate to my colleague from Maine that if this amendment is accepted, it will reduce the cost to the Treasury to $472 million, rather than the $700 million which is currently proposed.

Mr. MUSKIE. I understand the budget implications of the amendment of my colleague from Maine, as well as that of the Senator from Colorado. I will address myself to the Cohen substitute which apparently is acceptable to the Senator from Colorado.

Mr. President, as chairman of the Budget Committee, I constantly find myself in the position where the Congress has adopted budget ceilings, overall budget aggregates, functional aggregates, and then I have to hold the Senate's feet to the fire in protecting those aggregates.

What is involved in this amendment is not just function 050 national defense spending, but the overall aggregates of the budget which the Senate approved just this week and the details of which the House of Representatives approved yesterday.

This is not always a joyous or pleasant responsibility. Even if I liked this amendment and wanted to vote for it, I could not do so and at the same time discharge my responsibilities as chairman of the Budget Committee.

Yesterday, the distinguished Senator from Colorado and I had a brief colloquy. He opposed the conference report on the second budget resolution because he said it projected spending that was too high and a deficit that was too high. He said that if the budget process does not work, he was going to press for a constitutional amendment to limit spending.

The most recent amendment of that kind to which I have been exposed is one which would limit spending to 20 percent of GNP. Under that limit, if it were in place today, this amendment would be out of order—I repeat out of order.

I said to the Senator from Colorado yesterday that it is not budgets that spend money, it is people.

Here we have this very attractive proposal that is sure to attract votes in the Senate, applause out in the military, and applause throughout the country.

It is a nonloser in political terms. I have learned to detect these kinds of nonlosers. They are primarily responsible for the high level of Government spending in our budget today.

If this amendment is adopted, there will be another nonloser following on its heels—a proposal to spread this largesse, this 10.4 percent increase, across the board, throughout the Defense Department to all its civilians at the very least: Then a third nonloser would appear and it would spread the largesse across the entire Federal establishment.

If those two things happen, they are going to have just as much sex appeal, just as much attraction, and just as much clout as this one. Whether it is farmers on one occasion, or disaster victims on another occasion, or the recipients of school lunch programs on another occasion, I have learned that I can detect them all—the nonlosers for which a case is made that justifies breaking the budget, ignoring spending ceilings, and abandoning discipline.

I know that I probably am on the losing side of this amendment, but setting this example, which could spread throughout the Federal budget, is no service to the people who would benefit from the amendment.

I listened to the sponsors of this amendment, and what was the very heart of their case for it? Inflation. Inflation. I was temporarily Presiding Officer and listened to both sides. And it was a good vantage point to hear each side. Inflation.

There is a built-in inflation in this budget: First, with military pay; then, with civilian pay in the Defense Department, I have no doubt; and then with Federal pay across the board. That is what I see ahead of us, and I am helpless to stop it.

So, Mr. President, I oppose the Armstrong amendment, as it will be amended by the Cohen amendment, to increase the 1980 pay raise for military personnel from 7 percent to 10.4 percent on January 1, 1980.

This 50 percent increase in the pay raise just granted 40 days ago violates the congressional budget, discriminates unfairly between Defense Department civilian and military personnel performing the same job and will lead through legislative or legal action to an equal pay increase for every civilian employee in the Government.

The actual cost of this amendment will not be the $600 million its authors suggest, even though that would break the budget. The actual cost—counting its inevitable extension to the whole Government—will exceed $1.5 billion per year and could add to the deficit by as much as the $1.5 billion.

Before addressing the specific problems, I want to make my support clear for a realistic, accurately targeted solution to the problem of military compensation and retention.

No doubt, many of these problems in recruiting and retention are dollar problems. All Government employees pay has been at well below the rate of inflation in recent years—all of it. Minimum wage increases have reduced the attractiveness of military pay to junior enlisted personnel. There is no doubt about it. The depreciation of the dollar places a severe strain on our servicemen overseas. There is no doubt about that.

Congress and the President must seek to rectify these and other related real problems, like recruitment scandals and inadequate housing and medical care, if we are to recruit and retain the all-volunteer-force and avoid returning to conscription. There is no doubt about it.

These real problems will not be solved by a well-intentioned but simplistic proposal that raises all military pay from seamen and privates to generals and admirals. This problem cannot be solved simply by throwing money at it—a device that often is attributed, on the floor of the Senate, to supporters of social programs.

This amendment is a very expensive but not necessarily an effective way of dealing with the causes that undermine our ability to recruit and retain the people needed to provide a strong defense capability. Instead, we should focus on the specific problems causing our manpower troubles. We do not need to increase generals' and admirals' and other career officers' pay to encourage recruitment and retention of the personnel who are really suffering the hardship this blunderbuss approach addresses. Those at the bottom of the pay scale in the military establishment will get only $15 a month out of this amendment; $15 a month.

Surely, this pay increase, which would come on top of the 7 percent $4.2 billion increase of just 40 days ago, is premature. The Department of Defense has just completed a study of its current manpower problems. That study is now being evaluated by the Secretary of Defense and the military services for submission to Congress. It recommends selective pay raises for the really critical personnel areas within the Armed Forces. These selective pay raises focus on entry-level recruits and junior level officers and also on special areas such as pilots and physicians. The Department of Defense has endorsed that approach and has written to Senator STENNIS, chairman of the Defense Appropriations Subcommittee, opposing the 10.4 percent pay increase amendment.

Mr. President, the Armstrong amendment would cost $600 million in budget authority and outlays. If the amendment were extended to cover the civilian employees of the Department of Defense, the cost would increase to $1.0 billion in budget authority and outlays. And, if it were further extended to cover all Federal civilian employees, the cost would escalate to $1.5 billion in both budget authority and outlays.

And that is not within the budget resolution. That is a budget buster.

If it were possible for the agencies involved to apply the same absorption rates to this proposal as were assumed for the 7-percent pay raise in the second budget resolution (25 percent for DOD military and civilian employees: 40 percent for Federal agencies other than DOD), the costs would be somewhat less but still considerable.

Mr. President, that would require a historically high absorption rate in the Department of Defense. To absorb at that rate becomes more difficult when the size of the pay increase grows. So absorption of 25 percent which is assumed in the budget is a very difficult proposition.

The Armstrong amendment itself would cost $500 million in budget authority and outlays. The cost would rise to $800 million in budget authority and outlays if the amendment were extended to include civilian employees of the Department of Defense. And the cost would be $1.1 billion in budget authority and outlays if all Federal civilian employees were included.

Mr. President, I ask unanimous consent to print in the RECORD a table showing these amounts.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

[Fiscal year 1980, in millions of dollars]

	Full cost		Cost with absorption[1]	
	BA	O	BA	O
Armstrong amendment: Provide full 10.4 percent raise for military personnel	631	623	473	467
Plus full 10.4 percent pay raise for DoD civilian personeel	1,047	1,032	785	774
Plus full 10.4 percent pay raise for all Federal civilian employees	1,549	1,526	1,086	1,070

[1] Assumes absorption rates contained in Second Budget Resolution: 25 percent for DOD military and civilian employees; 40 percent for Federal agencies other than DOD.

Note: BA—Budget authority; O—Outlays.

Mr. MUSKIE. Mr. President, this pay increase amendment should be rejected for a number of reasons.

The amendment violates the congressional budget figures which have been agreed to by both Houses. Even though final conference action on the budget resolution is not complete, both Houses have approved budget totals which would be violated by this amendment. This same amendment was expressly rejected by the Budget Committee in its markup of the budget and no mention was made of it on the Senate floor at the time of the debate on the budget resolution.

Its adoption now would mean that money initiated by the Hollings-Nunn 3 percent growth amendment would be diverted from readiness expenditures to pay. Moreover, in light of the amounts already provided in the pending defense appropriation bill and foreseeable total defense spending requirements, such as the military construction appropriation, this bill will violate both the defense ceiling in the budget resolution and the budget resolution's aggregate totals as well. It will deepen the deficit to that extent and drive the deficit over $30 billion.

The pay increase proposed in this amendment will add between $470 and $640 million in both budget authority and outlays to defense spending levels. And these costs do not include the additional $900 million necessary when similar civilian pay increases are granted. And we are almost certainly going to be forced to extend these raises to civilians once this pay difference is created between military and civilian employees, many of whom perform identical work, side by side, in the same office or facility.

The cost of this amendment, added to the current estimate of other known defense funding requirements, will breach the defense spending ceilings by $140 million in budget authority.

If we assume that the historically high 25 percent absorption rate for defense pay raises assumed in the second budget resolution would reduce the total of the amendment to $470 million, the amendment would then fit within the defense ceilings. However, this does not include the hidden cost of added civilian pay.

Thus, it is likely that the potential cost of the amendment will break the budget ceiling for the defense function. Further, the defense ceilings assume that the Congress will achieve strategic stockpile and future personnel savings.

I must add that the chief sponsor of the amendment is seeking to reduce some of these personnel savings. If he is successful, the pressure on spending ceilings will be even greater.

These potential violations of the defense budget ceiling will add directly to the deficit. There are no compensating budget areas which might be raided to pay for this amendment. In fact, it presently appears that the Appropriations Committee will have to substantially shortchange other priority areas to stay within the budget totals unless already enacted appropriations are reduced. The possible appropriations excess presently stands at more than $1 billion in budget authority and about $2 billion in outlays. These amounts assume that potential savings in the defense function can be applied to other areas of the budget.

And the amendment contains a second, even larger hidden cost, because it would open the floodgates for added pay increases for Federal civil service and wage board employees. This would add another $900 million to the budget and to the deficit. This is the cost we face when sooner or later this increase must also be given to the Department of Defense civilian employees and the employees of the rest of the Government.

I have no doubt that Federal unions favor passage of this amendment and will immediately demand in Congress and the courts that we honor the existing laws which requires comparability between military and civilian pay.

Which of us will be able to explain to civilian Defense Department employees from our State why a major doing the same work in the next office gets more pay? How can we give a pay increase to 2 million military personnel while we deny a comparable increase for the first time in many years to civilian Government employees?

The amendment also erodes our efforts to control inflation through wage guidelines. It abandons the need for Government to set examples for restraint in wages and spending.

Establishing inequality in pay among Government employees is not the solution to recruitment and retention in the All-Volunteer Force. Let us face the problems of the All-Volunteer Force head-on. We are not solving them here with this kind of proposal. Why kid ourselves otherwise? Is it fair to give a full colonel in the Pentagon with 18 years of service a 10.4-percent raise when the GS-3 civilian family man who cleans the colonel's office at night gets only 7.0 percent?

The Armed Services Committee and the Department of Defense should be given the time they need to work together on solutions for curing the ills of the All-Volunteer Force. We cannot do that by creating new, budget busting pay inequalities.

The answer to specific manpower problems involves selective solutions. If there are enlisted personnel problems—address them. If there are junior-level officer problems—address them. If there are problems overseas because of the dollar problem—address them. For example, there are 400,000 Armed Forces personnel overseas and 1.6 million in the United States. Only 20 percent of military personnel may be affected by the dollar's problems.

Rather than remedying the real problems of the personnel overseas, this amendment would dilute its benefits among those who are stationed here at home.

A comparison of selected examples of regular military compensation and general schedule civilian pay indicates that military pay already exceeds that of civilian pay at comparable levels. This amendment would only serve to create more disparity between military and civilian pay levels.

In closing, Mr. President, Congress must admit that there are manpower problems and pay problems within our Armed Forces. We must address these problems and how they affect the All-Volunteer Force. We must address them soon.

Defense manpower problems must be confronted jointly with the administration. I believe that the fiscal year 1981 defense budget will offer solutions that are reasonable. It is too soon to panic. The Congress must assert itself toward the objective of fiscal responsibility. Rejection of this amendment moves in that direction.

Mr. STENNIS. Mr. President, the Armed Services Committee has jurisdiction over manpower and responsibility for authorizing military personnel as well as civilian personnel. We have a subcommittee on that. We worked for years on the matter and I believe we have a real scientific record and presentation of pertinent facts.

I yield 10 minutes now to the Senator from Georgia who is the chairman of that subcommittee but not the only worker on it.

Mr. NUNN. Mr. President, I rise to support the position of the Senator from Mississippi and the Senator from Maine in opposition to this amendment. The Senator from Maine has just outlined what the cost of this amendment is in terms of its direct, immediate impact.

Let me tell what the Senate is really voting on. We are voting on a theory. We are voting on a philosophy. We are about to vote as to whether we think we can bail out the problems of the Volunteer Force by increasing military pay across the board. That is what we are voting on, by separating military pay from civilian pay. That is the issue here today.

The Senator is correct about the direct cost of this amendment. Let me tell my colleagues what the implied cost of this amendment is: This amendment, if we carry through this philosophy that is being voiced with all sincerity by well-meaning colleagues, will cost more than the MX program between now and 1985.

This is what we are talking about. We are talking about $40 billion, and I am not drawing that figure out of the air. If Senators want to look at a report, in 1977, by CBO, they will find that CBO predicted this body would face this question, and one possible response would be the way the sponsors of the amendment are asking us to respond today. I quote page 16 of the report: "If the Armed Forces try to make up for these shortages" and everyone has been able to predict shortages that knows about the demographic changes over the next 5 years. They say, and I quote again: "If the Armed Forces try to make up for these shortages with across-the-board pay increases by 1985, they could add up to $8 billion per year over today's manpower costs without any additions in military forces. Even if pay inducements were limited to bonuses for recruits alone, the cost would go up by more than $2 billion per year by 1985."

I will get into the $40 billion figure in a minute, but basically what it is, is taking the CBO figure and instead of using 1977 dollars, which they did, we can project the actual dollars that will evolve based on a very conservative rate of inflation.

Mr. President, I urge my colleagues to defeat the amendment by the Senators from Colorado and Hawaii and others to remove the pay cap for military personnel.

PROBLEMS OF THE ALL-VOLUNTEER FORCE

The sponsors of this amendment are absolutely correct when they cite the serious problems that the All-Volunteer Force is now encountering. Our Reserve forces are over 20,000 men below authorized strengths, which themselves are far below realistic requirements. Recruiting for the active military is becoming increasingly more difficult. All four services failed to meet their recruiting objectives in the past year and total active military strength is about 30,000 below the congressionally authorized level.

But shortages in the number of personnel are not the only problems. The military services are also having increasing difficulty in maintaining quality standards among those who do enlist. During fiscal year 1979, only 64 percent of all those who enlisted were high school graduates—a decline of 10 percent in the proportion of high school graduates from a year ago. Indeed, even though the Army is now simplifying its technical and equipment publications to the 7th grade level, some 19 percent of its new recruits are reading at or below the 7th grade level.

The future looks even worse because we face a substantial and continuing decline in the number of 18-year-olds for at least the next decade.

For fiscal year 1980, the Army will try to recruit one-third more recruits than it did in fiscal year 1979 in order to maintain strength.

The Army is responding to these adverse recruiting trends by lowering its enlistment eligibility criteria and has decided to permit the enlistment of 17-year-old males who have not completed high school. The Army had stopped enlisting 17-year-old nongraduates because of the alarming rate at which this group failed to complete its first term of service; now it will turn its attention once again to this group if it is to achieve its authorized end strength.

The Navy is faring little better. On August 28, the Navy announced that it will lower its recruiting goal for high school graduates from 76 percent of new enlistees to 72 percent, and will spend additional resources for so-called academic remediation training, emphasizing reading and writing skills for marginally qualified individuals.

These problems are exacerbated by the large shortages in the Reserve components, the lack of sufficient personnel in critical skills like doctors, and the lack of a peacetime registration program under the Military Selective Service Act. If the All-Volunteer Force cannot sustain itself adequately in peacetime, how can we expect it to provide the foundation for mobilization in war?

THESE PROBLEMS WILL NOT BE SOLVED BY PROPOSED AMENDMENTS

While the sponsors of this amendment are correct in recognizing the serious problems in the All-Volunteer Force, this proposed amendment will not solve these problems. Increasing the basic pay of recruits $15 a month, which is what this amendment does, will not solve recruiting problems, especially when we recognize that bonuses of $2,500 are now available for enlistments in skills where there are shortages.

In fact, Charles Moskos, sociology professor at Northwestern University, who has studied the enlisted volunteer force and manpower implications more than anyone else in the academic world I know about, testified before the Manpower and Personnel Subcommittee that:

> Large raises in military pay were the principal rationale to induce persons to join the All-Volunteer Force. This has turned out to be a double-edged sword, however. Youth surveys show that high pay motivates less qualified youth—for example, high school dropouts, those with poor grades—to join, while having a negligible effect on more qualified youth—those taking academic high school courses or college bound.

In other words, what we are doing, in all sincerity, if we are going to spend more money on military pay, is putting it precisely in the wrong place. If we want to recruit high quality people, what we really need to do, if we are trying to aim at recruiting, is to have some form of educational benefit. We have had hour after hour of testimony on that point.

I happen to be skeptical about any large increase in the overall cost of manpower. But for goodness sake let us not put it in this category across the board which really, in effect, is not going to help recruiting.

The structure of miltary pay does need to be reviewed. In 1964, the average first term military member was paid about 47 percent of the average careerist. Now, the average first term military member is paid about 62 percent of what the average careerist is paid. We have front loaded pay for first term personnel to the extent that there is less to look forward to in a military career, except for a large retirement annuity at 20 years service. Our first priority in looking at pay changes should be to address the needs and expectations of the career force. Removing the pay cap will not address this need.

What we need to do is to give incentives for people to stay in for a career. The Navy's critical problems, the most critical problems, are at the 8-, 9-, and 10-year career service pay, not at the beginning.

Military pay is a very complicated system. It includes basic pay, and the basic allowances for quarters, and the basic allowance for subsistence. There is also a tax advantage since these allowances are not taxed. There are other allowances such as those for uniforms and family separations. There are incentive pays for flight duty, submarine duty, and other hazardous duty. There are enlistment and re-enlistment bonuses and special pay for doctors and others. Military pay reform must include a comprehensive review of all parts of this compensation system.

The Department of Defense, which opposes this amendment, is now conducting a review of military pay as part of the fiscal year 1981 budget submission and has stated that proposed changes would not be an across-the-board pay increase. The Department has submitted a retired pay reform package which is now pending before the Armed Services Committee. The administration has submitted a proposed change to the measures of comparability in determining pay raises for military and civilian personnel, which is now pending before the Governmental Affairs Committee. There is a recognition that a restructuring of military pay is needed but this amendment does not provide for any restructuring.

Mr. President, as I have stated before, there is a need for substantial annual real increases in defense spending on the order of 5 percent or more in budget authority over the coming years. In my judgment, such increases are essential if we are to begin to halt the adverse trends in the East-West military balance. We must also get more out of the defense dollars we do spend, and we must limit and reduce the proportion of the budget used for manpower—even if it requires our political leaders to make uncomfortable choices.

Since 1970, the Soviet Union has invested a total of $104 billion more than the United States for military equipment and facilities.

The Volunteer Force was based on the theory—and I suppose it still is theoretically—that all the taxpayers should bear the additional cost of manpower directly, rather than impose an implicit tax on those drafted. Unfortunately, like most Washington theories, this one has been only 50 percent implemented. The additional manpower cost has not been borne by increased general taxes or reduced social spending, instead it has come directly from the other parts of the defense budget, and that is exactly what this amendment is also doing.

Manpower costs now account for 59 percent of the defense budget. In 1964, manpower costs accounted for 48 percent of the defense budget. If the manpower proportion had remained constant at the 48-percent level between 1970 and 1978, we would have had an additional $100 billion in today's dollars to spend on military investment and readiness rather than manpower. Additional defense funds which are made available should not be gobbled up just to keep baling wire and Band-aids on a policy that has lost its logical credibility but not its political support.

Manpower costs now account for 59 percent of the defense budget. In 1964 manpower costs accounted for 48 percent of the defense budget. If the manpower proportion had remained constant at the 48-percent level between 1970 and 1979 we would have had an additional $100 billion in today's dollars to spend on military investment and readiness rather than in manpower.

So if your constituents ask you, "What is happening to all the money we are pouring in? Why can't we get a rapid deployment force to the Middle East quickly?" You can give them the answer "because we have spent another $100 billion on manpower."

I am not advocating we roll that back. I know much of those increases was needed. I realize the plight of many of our military personnel, but we have got to look at the bottom line, and the bottom line is why do we have military forces? The reason is so that we can protect this Nation.

I will say to the Senate today if we go down the line advocated by those who propose this amendment, we will not be able to protect this Nation because we are going to put a larger and larger percent of the overall military budget into manpower. That is a dead end street. We simply cannot afford to do it.

(Mr. PRYOR assumed the chair.)

Mr. WARNER. Mr. President, will the Senator yield?

Mr. NUNN. I have to get through with my remarks. My time has almost expired. After I complete my remarks I will be glad to yield to the Senator.

The high rate of inflation is affecting the real income of servicemen, Federal civilian workers, and most Americans. I am very sympathetic to the effect of inflation on military servicemen and realize and appreciate the many sacrifices that our military has made and is making. It should also be kept in mind that since 1964, before the Vietnam war, average military basic pay has increased by 224 percent. Prices during that same time frame have increased by 140 percent, 84 percent less than the rate of increase in the military pay.

Over the same period of time military procurement for ammunition, for planes, for ships, for the vital kinds of defense dollars that we have got to have to be able to protect this Nation, has increased by 46 percent, something like 100 percent less than the rate of inflation.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. NUNN. Mr. President, I ask the Senator from Mississippi to yield me 5 additional minutes, if he would.

Mr. STENNIS. Very well, 5 minutes.

Mr. NUNN. The 7-percent pay cap is part of President Carter's anti-inflation program where the Federal Government is being asked to show an example of pay raise restraint in an effort to halt inflation. There are many questions of equity that must arise if the pay cap is removed only for the military. What about Federal white collar and blue collar civilian workers? What about private sector workers who have settled for a 7-percent pay raise in voluntary compliance with the administration's wage guidelines?

In addition, this amendment attempts to introduce an entirely new pay raise mechanism. Instead of considering the amount of the pay raise to maintain comparability and any alternative plan submitted by the President in September, we will now, in addition, consider pay raises for individual groups of employees in appropriations bills. We will have to face the pay raise questions over and over again.

Mr. President, this amendment is a classic case of recognizing a problem and then attempting to solve the problem by throwing money at it.

According to the Department of Defense, the amendment would add $880 million directly to defense manpower costs in fiscal year 1980. But we must recognize that this is only a first step. You are voting on a philosophy today. We must recognize where that philosophy will lead.

THROWING MONEY AT A PROBLEM WILL NOT SOLVE THE PROBLEM

In January 1977, the Congressional Budget Office issued a report on the Costs of Defense Manpower. That study projected significant shortages in the supply of recruits for the military services in the 1980's and discussed budget options. On page 16 of that report, it states:

> If the armed forces try to make up for these shortages with across-the-board pay increases, by 1985 they could add up to $8 billion per year (in 1977 constant dollars) over today's manpower costs without any additions to military forces.

Senators should realize that by endorsing this amendment, they would be endorsing an attempted cure for the All-Volunteer Force with money. We would be literally accepting an attempt to "try to make up for these shortages with across-the-board pay increases" as outlined in the Congressional Budget Office study. If that is the approach that this body wants to adopt, then so be it. But let us realize exactly where we are heading with this approach.

The Senate should realize that this amendment will not be the last attempt to throw money at the All-Volunteer Force problems. This is a first step. This $880 million proposal is only the tip of the iceberg that may well sink attempts to satisfy our pressing national security needs. The sponsors of this amendment should realize that throwing money at the All-Volunteer Force problems will lead us down the road to this $8 billion increase predicted by the Congressional Budget Office; it will lead us down the road to the policy of increased manpower costs for lower quality personnel referred to by Secretary Brown; it will continue leading us down the road of increasing manpower costs at the expense of military investment, which may increase our defense costs and lower our defense capabilities.

Congress has recently adopted a budget resolution with dollar figures which I advocated intended to provide increasing efforts in national defense and 3 percent real growth in fiscal year 1980 and 5 percent real growth in future years for the national defense budget function. If we adopt this approach of trying to make up for the shortcomings of the All-Volunteer Force by across-the-board pay increases, we cannot also also accommodate those real growth increases for defense investment that we recently intended to include in the budget resolution. We will not be able to achieve a real growth of 3 percent in fiscal year 1980 and would probably have growth of less than 2 percent. We will have only one-half the real growth in fiscal year 1981 and one-third the real growth in fiscal year 1982 than the 5 percent real growth that was supposed to be provided in that budget resolution. By fiscal year 1983, this approach will completely absorb the dollars that a 5 percent real growth increase was supposed to provide for defense investment.

If you believe that increased pay is the right way to go, and you also believe that defense investment must be increased, as we voted earlier this year, in other words, if you want the approach and philosophy of this amendment but you want to see real defense investment grow, let me tell you what you are going to have to do.

You are going to have to add $40 billion to the national defense budget between fiscal year 1980 and fiscal year 1985 only for pay increases. That $40 billion will not buy a single ship, aircraft, or missile but will be needed to provide the money for the across-the-board pay increases that the Congressional Budget Office projects will be necessary to make up recruiting shortages in those years.

We have problems with the All-Volunteer Force.

Mr. President, I need about 2 more minutes and I will be finished.

We do have problems, and I agree with my colleagues on that point. But I want to tell you what this amendment will not do for those problems. It will not resolve the serious problems of reserves, in the individual Ready Reserve and Reserve units. It does not solve those problems.

It would not resolve the problem that in an emergency the Army would be compelled to deploy quickly all combat personnel from Reserve units, leaving those units completely gutted and incapable of being deployed until trained draftees became available to fill the units. The shortfall in combat trained personnel is so serious that it would seriously debilitate units in combat. This amendment will not resolve the problem of the disastrous state of military medical care and the grave shortages of doctors and other medical personnel. In case of an emergency, thousands of young people in combat units will die or be permanently crippled unnecessarily because we will not have the medical personnel to treat them or the capability to return them quickly to the United States.

This amendment will not solve the problem of the increasing number of married personnel who are enlisting in the military and who have increased the number of dependents in Europe to the point of adversely affecting readiness and bringing into question the adequacy of evacuation plans.

In summary, Mr. President, I commend the sponsors of this amendment for highlighting the serious problems of the All-Volunteer Force. All our efforts are needed to resolve current serious military manpower problems. Amending the appropriations bill to remove the pay cap for military personnel will not solve these problems. It will cost a great deal of money. I urge my colleagues to reject this amendment.

Mr. STENNIS. Mr. President, I will be prepared to yield in 2 minutes, but I want a chance to be heard by the membership. So, if non-Senator personnel will please retire to one side——

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield to me for a minute of two?

Mr. STENNIS. Yes; I yield to the Senator, if it is necessary.

Mr. ROBERT C. BYRD. I will be glad to wait.

Mr. STENNIS. Mr. President, I want to make just a very brief statement following what Senator NUNN has said.

Members of the Senate, the law of the land that gives comparability for the military services was worked out here; it took years and years and years to get that written into the law. That is the law of the land, and it is, I am sure, the best way we can administer it. But now, without one iota of testimony, no hearings on the matter, no legislative committee passing on the question, we come in here and, on the floor of the Senate, without it even being presented to a committee, we are going to blow the living daylights out of this law for comparability pay, that is, of the military pay compared to civilian pay. We are literally tearing its insides out. We are abandoning it and throwing it to the dogs.

We will catch the whirlwind; we might just as well fasten our seatbelts. We are not going to get by with an increase like this. The civilian employees will not leave us alone; they will be coming in here, and they will have a lobby. It is in their interests: I do not blame them.

You have heard these amazing figures here, compiled in a responsive way, of what the reults will be, year after year for 5 years. That is the course we are going. Fifty-nine percent of all the military appropriation goes for personnel already, with 41 percent left for all the other things, worldwide, that we have to face.

I am not trying to be stingy. I would be willing to lose the personnel, by even as much as 20 percent, and put the same amount of money on the 80 percent that are left. That would get the cost comparability that we need. Then, instead of putting it on these new men, I would put some money on the line sergeants and the first sergeants are are so essential and necessary, and without whom there can be no effective army.

I think we are just throwing caution

to the winds. We are repudiating all the legislative processes, and I do not know—we are going to make things worse again by just throwing in a big lump of money, hoping it will solve the problem. Mr. President, it will make it worse.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. STENNIS. Yes.

Mr. ROBERT C. BYRD. Can we reduce the time, may I ask the proponents and the opponents? It seems to me this matter has been pretty evenly discussed and thoroughly discussed, and I dare say every Senator right now knows how he is going to vote.

Senators are going to have to catch planes and leave, and I have said if we finished this bill tonight we would not be in tomorrow. I would hope we could finish it today.

Can we vote after, say, 5 minutes on either side, and dispose of that?

Mr. STENNIS. I will be glad to yield back my time, Mr. President.

Mr. ARMSTRONG. Mr. President, I did not hear the suggestion of the majority leader.

Mr. ROBERT C. BYRD. I suggested that there be 5 minutes more to the side. Five minutes more.

Mr. ARMSTRONG. Mr. President, I am most eager to conclude the debate, and, like the majority leader, I am one of those on a time schedule for aircraft; but I have promised to yield time to the Senator from Virginia (Mr. WARNER), to the Senator from Kansas (Mr. DOLE), also to the Senator from Wisconsin (Mr. PROXMIRE), and also to the Senator from New Hampshire (Mr. HUMPHREY). I think to honor my commitment to them I should be prepared to yield at least 5 minutes to each of them. I would like to have, for my own part, just 2 minutes to wind up.

I should probably point out to the majority leader that the Senator from Maine (Mr. COHEN) has an amendment which I am sure he intends to offer, and which I am prepared to accept as an amendment to my amendment. So, on our side, I think we are ready to move expeditiously, but I am not prepared to agree precisely to the majority leader's request.

Mr. ROBERT C. BYRD. The Senator from Colorado needs 2 minutes. How much time does Senator WARNER need? Two minutes. How much does Senator COHEN need? Five minutes.

Mr. ARMSTRONG. Mr. President, I would be prepared to try to persuade Mr. DOLE, Mr. PROXMIRE, and Mr. HUMPHREY to each use no more than 2 minutes, but I could not promise that, because I have indicated my willingness to yield them some time.

Mr. ROBERT C. BYRD. Would the Senator be willing to agree to 15 minutes on his side, and the Senator from Mississippi——

Mr. STENNIS. Mr. President——

Mr. ROBERT C. BYRD. If Mr. ARMSTRONG would be willing to agree to 15 minutes on his side——

Mr. STENNIS. We will take 2 minutes on this side, Mr. President.

Mr. ROBERT C. BYRD. The Senator from Mississippi is willing to end his debate in 2 minutes.

Mr. STEVENS. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. Yes.

Mr. STEVENS. I might point out that there are two more planes that leave this town going west, the last one at 5:40.

Mr. ARMSTRONG. I understand. I have an engagement of the utmost urgency in Colorado, but this is a terribly important amendment to our service personnel, so I am certainly willing to accept 15 more minutes on this side, and attempt to do it in less than that.

I am prepared to yield at this time the 2 minutes, as requested, to the Senator from Virginia (Mr. WARNER).

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent for 15 minutes under the control of Mr. ARMSTRONG, to be yielded as he wishes, and 2 minutes to Senator STENNIS.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia? Without objection, it is so ordered.

Mr. WARNER. Mr. President, I would like to speak a moment in support of this amendment. I am a cosponsor of it.

I find myself in a very awkward position, as a member of the Armed Services Committee, in opposing the position of my chairman as well as the chairman of the subcommittee (Mr. NUNN). But I feel that simple equity demands that we ask for this pay relief.

Mr. President, I do not like to advocate Federal spending programs. I believe our Government spends too much money and does not always spend it wisely. There are surely areas where Federal spending can be reduced.

However, I do believe in priorities and I do believe in basic equity.

I believe that the national defense function is the single most important function of our National Government. It is a responsibility derived from the Constitution. It is a responsibility I am sworn to meet.

Yet our Nation's defenses are suffering from certain weaknesses. The All-Volunteer Force is falling short in both the numbers and the quality of the people it needs, and the situation is getting worse. Not only are the services not recruiting sufficient people but the services are losing substantial numbers of midcareer servicemen who take with them much needed experience and expertise.

One of the root problems of this is inadequate pay. Despite limited pay increases each year, the military falls further and further behind in real terms. Military pay has not kept up with inflation and it has not kept up with the civilian economy. Pay comparability with the civilian economy, even though a goal espoused in public law, just does not exist.

With an All-Volunteer Force, the competition from the civilian economy is hard to beat. Fewer people are joining the services and more and more are leaving the military for economic reasons. Why stay in the military or go in the military when conditions are so bad as compared to the civilian economy.

Aside from the importance of providing for an adequate defense, I am concerned about military pay from an equity standpoint.

The Federal Government is paying its servicemen and women at a pay scale far below that of the civilian economy.

We ask our military personnel to endure hardships that would not be tolerated in the civilian world. We ask them to suffer prolonged periods of family separation, frequent household moves and many other less tangible hardships.

Even more important we ask them to risk their lives for us.

Yet, what do they get in return?

They get low pay. Many military families exist today at or below the poverty level. Thousands of military families qualify for food stamps and other public assistance. Even at the higher pay grades, many military personnel have skills that are much sought after in the civilian economy—skills that would bring much higher salaries and benefits if those individuals left military service.

They are experiencing a steady erosion in benefits. Many military benefits which existed when individuals enlisted have now been reduced or eliminated. The decline in the quality and availability of medical care is an obvious example. Even the 20-year retirement benefit is now perceived by many to be in jeopardy.

They do not receive the recognition they deserve. People tend to forget that military personnel serve us. They protect us and our interests, and they do so often at great hardships to themselves. They deserve our respect.

Mr. President, I do not view this amendment as an attempt to bail-out the All-Volunteer Force. Whether we continue to have an All-Volunteer Force or whether we return to a draft, we owe it to our servicemen and women to pay them a living wage.

I am not yet convinced that we need to return to the draft. Perhaps we may have to—perhaps not, but we do need to improve military pay scales regardless.

This is not to bail out the All-Volunteer Force. It is simple equity which I feel the people on active duty today are entitled to. Every person on active duty today that we can retain saves us from recruiting and training five or more people.

Mr. President, the Carter administration is reported to be considering the submission of a military pay raise next year which would have much the same effect as this amendment.

I see no reason to delay such a pay raise. Our military people need to pay their bills now. Every month we delay means more and more quality people will choose to leave the military. Many will be forced by economic necessity to do so.

Mr. President, this is a worthy amendment, a necesary amendment. I urge the Senate to support it.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a Wall Street Journal article and a Baltimore Sun article addressing the Carter administration's interest in a military pay raise.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, Oct. 26, 1979]

U.S. IS CONSIDERING BOOST IN MILITARY PAY TO AID IN RECRUITING, KEEPING PERSONNEL

WASHINGTON.—The Carter administration is considering an increase in military pay for junior ranks to help the services recruit and retain personnel.

Assistant Secretary of Defense Robert Pirie said the Pentagon is in the final stages of drafting plans for a military pay increase for fiscal 1981, beginning next Oct. 1. He wouldn't discuss the size of the increase, saying figures are being studied in the Pentagon before being submitted to the White House for inclusion in the budget that will go to Congress early next year.

But Mr. Pirie said the Pentagon is considering increases for new recruits and military people who have served less than 10 years, rather than an across-the-board boost. "Recruiting for military service has become increasingly difficult," he said, in part because pay for the all-volunteer force "has failed to keep pace with wages for civilian employment alternatives." Base pay for a new recruit is $448.80 a month.

In fiscal 1979, ended Sept. 30, all four services fell below their recruiting goals for the first time since the draft was abolished in 1973. The military attracted 338,400 recruits, 93% of its goal of 362,400. However, retention of recruits beyond their first term was higher than expected, helping to produce a year-end active force of 2,027,000, 24,000 short of the goal.

There is increasingly vocal congressional support for a return to the draft, but Mr. Pirie reiterated the Carter administration's view that conscription isn't necessary. "A draft is a device for getting in very large numbers of people for very short terms," while today's increasingly technical military services need well-trained people who serve for more than one term, he said. He said he believes the volunteer force is meeting that goal.

Aside from a possible pay increase, the Pentagon is taking other actions to boost recruiting. The military's advertising budget for recruiting will rise to $97.7 million this year from $74.7 million last year. Efforts are being made to improve housing and adjust housing allowances to make military life more attractive.

"We also are providing better support for our recruiters, the vast majority of whom are doing a magnificent job," despite recent allegations of recruiting fraud in some areas of the country, Mr. Pirie said.

[From the Baltimore Sun, Oct. 26, 1979]

ARMED FORCES CONSIDER PAY, BENEFIT INCREASE TO BRIDGE RECRUITING GAP

(By Charles W Corddry)

WASHINGTON.—The Defense Department, facing its toughest recruiting problems since the draft ended, disclosed yesterday that it is considering pay raises and fringe benefits to make military service more attractive.

Robert B. Pirie, Jr., assistant defense secretary for manpower, told a press conference that enlisted men and women had suffered a 7 percent drop in purchasing power since 1973, the year the services shifted from the draft to reliance entirely on volunteers.

The failure of military pay to keep pace with the civilian competition was high on Mr. Pirie's list of reasons for declining interest in volunteering. But even higher, he said, was a less-than-adequate portrayal to American youth of the demands, challenges and rewards of service. To that end, he said, recruiting and advertising outlays will be stepped up.

Though all the services failed to meet their recruiting goals in fiscal 1979, the year that ended September 30, Mr. Pirie said he found nothing in current assessments "that says we need or should have conscription."

Military needs, he emphasized, are not for large numbers of men and women who serve short tours, but for willing service members who sign on for four, six or more years and deal with problems that, "in this technological age," are increasingly complex.

The services fell more than 24,000 short of their 1979 goal of 362,400 enlistees. They made 93 percent of the goal, compared with 96 percent in 1978. The decline evidently is continuing. In the final 1979 quarter, July–September, the figure dropped to 91 percent.

A possibly drearier prospect, emerging from Mr. Pirie's sheaf of statistics yesterday, is the steady decline in reenlistment rates for career personnel—those who have served more than two tours of duty. From a reenlistment rate of 81 percent in 1975, the figure has dropped each year and reached 69.2 percent in 1979.

The only offsetting increase was in the numbers willing to reenlist after their first term. This has gone up from 29.8 percent in 1976 to 40 percent in 1979 and helps to explain, Mr. Pirie said, why the services are within 1.5 percent of their strength goal despite the fall in new enlistments.

The manpower chief was diffident about spelling out pay raise and fringe benefit plans, noting the Army, Navy, Marine Corps and Air Force now are studying tentative plans and the hurdle of the White House Office of Management and Budget will yet have to be cleared. The administration, however, now recognizes the problem, he said, though he would not criticize its recent annual 5.5 percent limit on increases.

Mr. Pirie indicated that he was not thinking of an across-the-board raise, but of increased pay for those first entering service, perhaps for those in mid-career to help reenlistment rates, and possibly bonuses targeted in high-skill technical areas where it is hard to compete with civilian employers or in tough combat roles where it is hard to induce men to stay on.

He further said that consideration was being given to providing better housing and moving benefits. Servicemen argue for instance, for a variable housing allowance on grounds that it is hardly equitable to be given the same basic allowance in the Washington area as at, say, Fort Polk, La.

A young man or woman entering service today is paid $448.80 a month and, after basic training is boosted to $500.10 a month.

Mr. WARNER. Thank you, Mr. President. I yield back the remainder of my time.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. ARMSTRONG. Mr. President, I appreciate the comments of the Senator from Virginia and I thank him. I am now pleased to yield to the distinguished Senator from Kansas (Mr. DOLE). I had previously indicated I would yield 5 minutes. Under the agreement just reached, if it is agreeable, I yield 2 minutes at this time.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. DOLE. I thank my distinguished colleague from Colorado.

THE ELIMINATION OF THE MILITARY PAY CAP

Mr. President, I rise in support of the amendment offered by my distinguished colleagues, Senators ARMSTRONG and MATSUNAGA, which eliminates the military pay cap.

Mr. President, I am proud to be a cosponsor of this amendment, as it begins to address a very real and serious problem for our military serviceman and woman.

Mr. President, the economic plight of our military serviceman and woman can no longer be ignored. As we all know, members of the armed services are wholly dependent upon Congress to provide them with a just and fair wage. In the past I have spoken against the concept of unions in the military. I have done so because, among others, I have recognized that unions could compromise the readiness of our military.

These unique kinds of restraints imposed on our military personnel, which are essential if we are to maintain a reliable and effective national defense, places these dedicated Americans in a special category. This, in turn, places a special obligation on us to deal fairly with the men and women who are expected to defend our country, an obligation that will not be met if we continue to ignore the serious economic plight of our servicemen and women.

THE AMERICAN SOLDIER NOT EXCLUDED FROM INFLATION WOES

Mr. President, most of us have suffered from inflation, but none so severely as those men and women who are expected to defend this country at all times, and in any place throughout the world. Mr. President, from December of 1972 to 1978, the cost of living rose 59.9 percent. But the regular military compensation—base pay plus allowances for housing and subsistence—of the Armed Forces rose by only 40.8 percent. The Department of Labor reports that even with the 7 percent pay raise on October 1 of 1979, members of our armed services are still some 19 percent behind the inflationary curve.

Mr. President, it is only fair that the pay cap for military personnel be lifted. In addition to this obvious reason, there are even more pressing, practical reasons for not forcing yet another pay cut on the men and women who defend our country.

Mr. President, I am referring to the serious problem the various armed services are having meeting their peacetime manpower requirements. This year, for example, all of the services have failed to meet the recruiting goals. When you consider that the base pay for fresh recruits is at 83 percent of the minimum wage, we should not be surprised with the increasing difficulty in attracting new recruits.

Mr. President, I can fully appreciate the concern of every Member of this body to curb Government spending in the fight against inflation. However, if we are to remain a strong and free Nation, in the face of increasing adversity throughout the world, we must insure the ability of our Armed Forces to perform their peacetime military missions. Continued erosion of pay and benefits will only contribute to this alarming trend of manpower shortage and overall ineffectiveness of our Armed Forces.

Mr. President, a vote for this amendment is a vote for a decent way of life for members of our armed services who are charged with the responsibility of maintaining a strong and free America.

Mr. President, I urge the adoption of this amendment.

Mr. President, I want to point out that the average DOD now earns about $21,720, which is 61 percent more than his military counterpart.

I ask unanimous consent to have printed in the Record at this point an article in the Armed Forces Journal of March 1979, by Benjamin F. Schemmer, because I have heard discussed on this floor that we are discriminating against other Federal employees by doing this in the military. At $13,463 a year the average American soldier, sailor, and airman will earn 36 to 38 percent less in the next fiscal year than the Defense Department civilian who supports him or to whom he reports. The average DOD civilian will earn $21,117 to $21,720.

There being no objection, the article was ordered to be printed in the Record, as follows:

Average DoD Civilian Now Earns $21,720; 61 Percent More Than His Military Counterpart

(By Benjamin F. Schemmer)

At $13.463 a year, the average American soldier, sailor and airman will earn 36–38 percent less in the new Fiscal Year 1980 (FY80) than the Defense Department civilian who supports him, or to whom he reports. The average DoD civilian will earn $21,117–$21,720. The difference depends upon whether or not DoD "indirect hire" civilians (mostly foreign personnel working under contract on U.S. bases overseas) are included, but still means that the average DoD civilian earns about 60 percent more than his sidekick in uniform.

The military vs. DoD civilian disparity has been growing, and continues to: in FY64, average DoD civilian pay was 39 percent higher than that for military personnel; in the current year (FY79), it is 56 percent higher; in FY 80, it will be at least 57 percent higher. Thus, the pay difference has grown almost 50 percent in the past 15 years.

Whereas the average person in uniform will earn $683 more in FY80 than in FY 79, the average DoD civilian will earn $1,197 more, an increase 75 percent greater.

The disparity is almost identical to the one AFJ headlined a year ago (March 1978 AFJ, page 45)—but once again the Pentagon fails even to mention it in its FY 80 annual budget presentations to Congress. The issue is not addressed in Defense Secretary Harold Brown's "Annual Report." In fact, to find out what the pay disparity is, one has, once again, to manipulate to report's tables on overall military and civilian "manpower" costs and employment levels. (DoD still hasn't switched to "people" power, or "persons" power, or "men and women" power.)

DoD did produce an explanation last year when AFJ asked informally for some explanation of the disparity. This year, after recomputing the numbers, AFJ placed a formal query with the Pentagon's public affairs office: "Why does the average DoD civilian earn 57–61 percent more than his military counterpart?"

But after more than two weeks, a DoD response is still pending. AFJ will provide information in April, assuming DoD is responsive to the query.

OVERTIME, GRADE CREEP, OR ???

Several explanations come to mind:

The most obvious one, not even hinted at by the Pentagon is this: DoD's civilians get paid overtime; soldiers don't.

Another explanation, less obvious: compensation of a lot of highly-paid civilian "spooks" from Central Intelligence Agency and other elements of the Nation Intelligence Community are hidden in DoD's civilian pay roll accounts.

A third reason, hinted at by Defense Secretary Brown (but not addressed in the context of a civilian vs. uniformed pay gap), is civilian "grade creep." In FY 64, the average DoD civilian was a GS (General Schedule) 7.2; today, that person ranks as a GS 7.7 or 7.8. Congress directed in the FY 78 budget that DoD reduce the number of employees holding the rank of GS–13 or above, but Brown opposed that legislative restriction in his FY 80 budget report. He told Congress, "I believe this is counter to our other attempts to establish grade levels that are fair to both the employees and the taxpayer," and said the legislation "incorrectly tied the number of GS–13 and above employees to the number of flag officers" when the two have "quite different roles and missions and their numbers are driven by different requirements." Brown said, nevertheless, that "DoD did program reductions in the number" of GS–13 or higher grade civilians—without specifying how many, when, or whether the new budget numbers in fact reflect that "program." He has also asked Congress to approve an increase in (or maintain the level of) general and flag officer authorizations, from the 1,073 limit imposed in the FY 78 budget by the end of FY 80 to the 1,119 presently authorized. That would maintain a level of about 5½ admirals or generals for every 10,000 persons in uniform.

Mr. DOLE. Also, I think it is of some interest to note in the Federal Diary, by Mike Causey, the average Japanese employee of the U.S. Embassy in Tokyo now gets $17,000 a year in pay and benefits from the U.S. military. But in the military the average is about $13,000 to $14,000 for the airman, sailor and soldier.

It seems to me whether we are considering the military alone or in concert with all the other services and all the other employees of the U.S. Government there is this disparity. I commend the distinguished Senator from Colorado, the Senator from Maine, and the others who are leading this effort.

It has been stated that maybe about 100,000 of our Armed Forces are on food stamps. I would hope that is something that would terminate if we at least increase the pay to this extent.

I ask unanimous consent that the statement I referred to by Mike Causey be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Washington Post, Mar. 5, 1979]

State Dept. Overseas King of Pay, Fringes

(By Mike Causey)

An overseas recruiting war between U.S. agencies that have 178,000 foreign nationals on the payroll is costing American taxpayers millions of dollars each year. Those employees do a variety of chores, ranging from driving cars and emptying wastebaskets to handling top technical, cultural and administrative jobs for Uncle Sam.

The financial firefight is being won by the State Department. State is considered the pay and fringe benefit king. In some countries, mid-level foreigners working for the U.S. Embassy make more money, and get better pensions than they would in top-level jobs in their own government, or local industry.

Defense Department agencies abroad often find that their main competition for top-notch workers comes from the State Department, rather than from local host government or giant manufacturing companies.

A new report by the General Accounting Office says State could save millions if it stopped being so generous with pay levels for foreign workers. And it says the federal civil services pension system is being loaded up with unnecessary-financial burdens because State insists on enrolling foreign workers in it, rather than in retirement programs used in their own countries.

The Defense Department several years ago began getting tough in negotiating pay and fringe benefits with foreign workers, but opposition from State Department post officials has blocked State from being a hard-bargainer in many areas.

State, for instance, often puts foreign employees on the civil service retirement program setup and used to pay annuities to long-service U.S. government workers. Defense, on the other hand, requires its foreign employees to live with the prevailing retirement plan of their own governments.

The pay and fringe benefit war has resulted in some interesting, and costly, pay quirks. For instance:

The average Japanese employe of the U.S. embassy in Tokyo now gets $17,000 a year in pay and benefits from the U.S. Government. That is almost equal to the white collar federal salary average in this area, and much, much more than the typical Japanese worker—or government official—gets. It is also more than Defense agencies are willing to pay, and they often lose employes or job candidates to State.

Because the State Department has local foreign nationals under the U.S. Civil Service retirement program, Philippine employes retiring from government services get pensions that are 300 percent more than the average family income in that nation.

The lowest paid white collar German worker in the U.S. Embassy in Bonn has a starting salary of $9,300 a year.

A GAO sampling showed that State paid foreign workers 9 percent more than the Defense Department did for comparable jobs, and about 5 percent more than the Veterans Administration.

Federal agencies, often working in the same cities in foreign countries, often use different wage surveys resulting in different pay scales for the same jobs.

Defense in the Philippines gives year-end bonuses to foreign workers equal to 125 percent of a month's pay. State in the same area gives foreign workers 100 percent bonuses.

In 1977 in Korea the Defense Department gave local workers a 23.6 percent pay raise while State gave its Korean employees a 26.2 percent raise.

GAO's spot survey in Naples showed State paid its Italian workers 4 percent more than did Defense for the same jobs.

GAO has recommended that U.S. agencies overseas get together and pay the same basic salaries and has urged State to stop putting foreign nationals on the much-more generous U.S. civil service retirement plan.

U.S. Geological Survey celebrated its 100th birthday last weekend. It has grown from a small band of dedicated rock-hounds to one of the government's best-managed, most progressive scientific agencies. USGS was the first major agency to adopt flexible working hours for its entire workforce. Headquarters here is in Reston.

Hostage Paychecks: Federal payrolls no longer would be caught up in Senate-House language squabbles under legislation introduced by Sen. Charles McC. Mathias (R-Md.).

Senate-House differences over abortion-funding held up paychecks at HEW, Labor and other agencies in both 1977 and 1978.

Mathias' bill, like legislation introduced on the House side by Washington area representatives, would allow employes to be paid even if agency budgets remained unapproved because of Senate-House semantic warfare.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. ARMSTRONG. May I say to the Senator from Kansas that his participation means so much not only because of his distinguished record as a legislator but also his distinguished record as a member of the Armed Forces of this country.

Mr. COHEN. Mr. President, the amendment I propose delays implementation of the Armstrong amendment until January 1, 1980. All members of the military would still receive the benefits of the lifting of the pay cap, but at the same time the cost to the Treasury would be only $472 million rather than the $700 million that would be involved in a retroactive implementation effective on October 1, 1979. I believe this approach would provide the assistance to those service personnel in need of relief and accomplish the goal at a cost which would be better absorbed within the Federal budget. It is my understanding that Mr. MATSUNAGA and Mr. ARMSTRONG both are in agreement as far as the acceptance of this particular amendment.

Mr. ARMSTRONG. Will the Senator yield?

Mr. COHEN. I yield.

Mr. ARMSTRONG. I am prepared to accept the amendment. I think it is a constructive one. However, I would like to make it plain that in any event the proposed Armstrong-Matsunaga is within the budget, within the $129.9 billion agreed to by the budget conference. I ask unanimous consent to have printed in the RECORD at this point a summary of the documentation developed by the staff of the budget conferees which puts these figures in perspective. Nonetheless, however, I do accept the amendment of the Senator from Maine.

There being no objections, the summary was ordered to be printed in the RECORD, as follows:

050: NATIONAL DEFENSE

[In millions of dollars]

	Budget authority	Outlays	Remarks
Appropriation bills in function:			
Treasury	21	19	Conference agreement.
HUD	137	140	Do.
Energy	2,959	2,753	Do.
Military construction	3,900	3,500	Military Construction Subcommittee allocation under FCR: Senate authorization provides for 3.7 in budget authority and 3.4 in outlays. House has passed 3,482 in budget authority and 3.433 in outlays.
Defense	131,743	121,037	Estimate of Defense Subcommittee markup; House has 129.5 in budget authority and 120.0 in outlays.
Other items:			
Stockpile acquisitions	237	24	Senate bill; House has no acquisitions.
Stockpile disposals	−301	−301	Senate bill; House has −200 in budget authority and outlays.
Offsetting receipts	−434	−434	
Pay supplemental	2,153	2,135	Assumes 25 percent absorption of 7 percent pay raise. Full pay raise 2.9 in budget authority and outlays.
Retired pay supplemental	200	200	
Potential military personnel supplementals.	80	94	DOPMA, survivor benefit reform and physicians pay.
Total	140,727	129,154	

Mr. COHEN. I yield to the Senator from Hawaii.

Mr. MATSUNAGA. I thank the Senator from Maine for yielding. I am happy to accept the Senator's amendment. I believe this would remove some of the objections which have been raised against the Armstrong-Matsunaga amendment.

Mr. COHEN. I thank the Senator. I would point out, in view of the fact that we have limited the time, that the Senator from Georgia indicated earlier that there is a matter of philosophy involved here. There is no question about that. The philosophy is whether or not we are willing to pay a fair, living wage to our military personnel. If not, we ought to say so.

If we want to go back to a draft, I think we also want to ask the question as to whether we are prepared to go back to $78 a month as it was in 1964. I have heard some figures tossed around that there has been a 224 percent increase since 1964. But between 1946 and 1964, there was an increase in military pay from $75 to $78 a month.

Mr. NUNN. If the Senator will yield, I have just a brief observation. I want to make absolutely plain that we are not advocating that we roll back military pay. I am advocating that we not increase the percentage of military pay relative to the military budget. If we continue to do that, the security of this time will be eroded just as it has eroded in the last 10 years.

Mr. COHEN. Mr. President, I want to hold on to my time, as there is so little left.

The fact of the matter is, we have to make that kind of a decision, whether we want to pay our military personnel a wage on which they can live. We have heard a lot of statements today about a good percentage of American people living on food stamps and supplementing their incomes with moonlighting jobs and second and third jobs. We are talking about maintaining a strong military force, and I think we have to direct our attention to this particular problem.

I think the problem is most severe with the lowest enlisted grades where the subminimum wages force military families onto food stamps. But there are also acute difficulties with the higher grades. The discrepancy between military and civilian wages is greatest in the 25–34 age group, where most are in grades E–5 and E–6 with 6 to 15 years of service.

We are talking about increasing our defense budget by a 5 percent real growth increase. If it is only to buy more weapons systems, another MX system with a racetrack, or more ballistic missiles or more tanks or planes, all of which we may need, and if we do not have people to man them, we are in trouble as far as maintaining a strong national defense.

We have a choice here: We can provide a decent wage scale for the people who serve this country, or we can say that we are not going to and go back to a draft system.

Mr. President, I ask unanimous consent that some questions raised on this issue and some responses be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

QUESTIONS AND RESPONSES

Argument: Why increase pay for military personnel and not for civil servants?

Response: Those in the service have not done as well as their civilian counterparts, and they have borne hardships not faced by civilian government workers. Federal blue collar wages outpaced military pay by 20 percentage points since 1972.

Circumstances special to military life have compounded the problem. Military personnel are reassigned to new posts, both stateside and overseas, throughout their career. A recent Pentagon study says that the average military family absorbs hundreds—and sometimes thousands—of dollars in expenses with every move—expenses the government should be obligated to pay. The report indicates that military people pay a $1.2 billion "subsidy" each year for official travel. A recent Army Times article on the report was headlined "PCS (permanent change of station) Huge Troop Ripoff."

In the last month and a half, these other stories have appeared in the Army Times:

"Stateside Housing Stipend Proposed: Travel Cash, Basic Pay Viewed as 'Weaknesses'"—An article on a DoD study group which "has identified so many weaknesses in compensation and entitlements, officials said, that it is not likely they could be remedied in a single fiscal year."

"Junior EM Parking Fee Exemption Asked"—A piece telling of DoD Secretary Brown's request for the junior EM exemption because "the parking fees would put an additional financial burden on personnel already strapped by the extra expenses of involuntary assignments in high-cost areas."

"Priority in Housing Backed for Lower-Rank Enlisted"—An article telling of a GAO report that "large numbers of E–1s through E–4s and their families are living off-post in housing they can't afford or in dilapidated, rodent-infested dwellings in poor neighborhoods. . . . Although DoD housing policy generally calls for suitable housing for military personnel with dependents, lower-ranking enlisted personnel are ineligible for post housing."

"Study Claims Military Hit Harder by Inflation"—Tells of a Pentagon pay study showing that "inflation has driven down the purchasing power of service people more sharply than civilians by amounts ranging from seven to 20 percent."

Argument: This is just one more cost of the all-volunteer force.

Response: Whether our force is volunteer or conscripted, our young men and women in uniform deserve a fair living wage. In fact, if we draft only a small segment of the population, we owe a special obligation to them. One of the big reasons Congress passed the big military pay boost in the early 70s, before the advent of the AVF, was the feeling on the part of many Members of Congress that those serving in the draft army were being unfairly treated. Even during Vietnam, only a small percentage of the eligible population was drafted. The same is likely to be true in any future draft. If we ask these people to make a special sacrifice in service to their country, the least we can do is make sure they are paid the minimum wage.

Argument: Why include officers and senior NCOs in the pay increase?

Response: Those in the lowest enlisted ranks clearly face the greatest difficulties. But the Pentagon reports a significant problem in retaining top quality NCOs and officers at the point of second reenlistment. A Pentagon study group has recommended special pay increases for those in grades O–3 through O–5 (Captain, Major and Lieutenant Colonel) and for enlisted grades E–1 through E–6 (private through staff sergeant). The discrepancy between military and civilian wages is greatest in the 25 to 34 year old age group, where most enlisted members are in grades E–5 and E–6, with six to 15 years of service.

Argument: The personnel share of the defense budget is already too high.

Response: Pay for civilian DoD employees takes up 70 percent of the Pentagon's personnel budget. Enlisted personnel and officers each get about half of the remaining 30 percent.

The average DoD civilian earns $21,117 annually, the average Federal worker $16,999. The average military person makes $13,463 each year, the average enlisted person only $9,900. This compares with an income of $11,546 which the Bureau of Labor Statistics estimates a family of four needs to maintain a "lower level" standard of living.

It is unfair to our men and women in uniform to suggest that we cannot pay them a fair living wage because we do not want to increase the personnel share of the DoD budget. This is especially true in light of the disparity between their pay and that of their civilian counterparts at DoD.

Mr. COHEN. Mr. President, I yield back the remainder of my time. I urge we adopt the Armstrong amendment as amended by the proposal to confine it to January 1, 1980, next year.

Mr. ARMSTRONG. I am very grateful to the Senator from Maine for his contribution. The amendment is a good one. I ask unanimous consent that this amendment be accepted as an amendment to the Armstrong-Matsunaga amendment.

The PRESIDING OFFICER. Is there objection to the Senator modifying his amendment? Without objection, it is so ordered.

The amendment, as modified, is as follows:

At the end of title VII insert the following new section:

SEC. . (a) Except as provided in subsection (b), funds made available under this act under the heading "MILITARY PERSONNEL" shall be used to pay the salary or pay of any office or position with respect to which an adjustment is made during fiscal year 1980 under section 1009 of title 37, United States Code, at the rate of salary or pay for such office or position which would have been payable by reason of such adjustment if the President had not submitted an alternative pay plan under section 5305 (c) of title 5, United States Code, with respect to such adjustment.

(b) The provisions of subsection (a) shall not apply to the salary or pay of any office or position the rate for which is limited by the provisions of the second paragraph of section 101(c) of the joint resolution entitled "Joint Resolution making continuing appropriations for the fiscal year 1980, and for other purposes", approved January 1, 1980.

Mr. ARMSTRONG. Mr. President, I ask for the yeas and nays at this time.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. ARMSTRONG. I have only two other speakers I wish to yield time to. Senator PROXMIRE appears not to be on the floor at the moment. My distinguished colleague from Hawaii, Mr. MATSUNAGA, is here, and I would be pleased to yield 2 minutes, or such time as he might wish.

Mr. MATSUNAGA. I thank the Senator for yielding.

Mr. President, I would like to point out that in a recent interview with the New York Times, Assistant Secretary of Defense Robert Pirie indicated that two of the main reasons for the recent All-Volunteer Force recruiting problems were, one, military compensation, which has declined to levels lower than that in comparable civilian jobs; and, two, the unfavorable public image of military life.

Secretary Pirie said that, in addition to seeking additional funds for the military's recruiting and advertising budgets, the Department of Defense is considering asking Congress to authorize an increase in pay levels for certain military personnel and increases in certain benefits accorded to servicemen such as housing allowances and travel reimbursements. According to Secretary Pirie, he believes that military pay increases are necessary in order to attract more enlistments and to retain more skilled personnel already on duty.

It should be pointed out, Mr. President, that the manpower report released by the Department of Defense last December found that an analysis of enlistment figures showed that volunteer enlistments during the period of fiscal years 1973 through 1977 have been influenced significantly by military pay levels as compared to civilian pay. The report explained that a 10-percent increase in first-term military pay would bring a 5- to 10-percent increase in high-quality enlistments.

Mr. President, I urge that, in order to address the manpower problems of the All-Volunteer Force, which have been testified to by the Chairman of the Joint Chiefs of Staff and each of the service chiefs as the most critical national security problem of all for the 1980's, the Senate pass the Armstrong-Matsunaga amendment.

Mr. ARMSTRONG. Mr. President, I thank the Senator for his leadership on this issue and express my pleasure in being associated with him in this effort.

I yield for 1 more minute to the Senator from Maine.

Mr. COHEN. Mr. President, my distinguished colleague (Mr. MUSKIE) is indeed renowned as one of the true fiscal conservatives, certainly of this Congress. He has been holding the budget, doing his level best to hold expenditures within the ceilings we have voted upon.

I also take this opportunity to point out that my colleague from Colorado, with whom I served three terms in the House, is perhaps one of the most fiscally conservative Members of not only the House but the Senate, as well.

Mr. MUSKIE. Will the Senator yield?

Mr. COHEN. Yes, I yield.

Mr. MUSKIE. I find that there is no Senator in this body who is totally conservative when it all comes together. The increase that is proposed here adds to a shortfall in the budget of over a billion dollars.

Mr. COHEN. I simply say that I would match Senator ARMSTRONG's record on fiscal conservatism or spending with that of any Member of the Senate.

Mr. MUSKIE. That has nothing to do with this amendment or its effect on this budget. This is a blockbuster.

Mr. ARMSTRONG. Mr. President, do I have the floor?

The PRESIDING OFFICER. The Senator from Colorado has the floor.

Mr. ARMSTRONG. I appreciate the comments of both Senators from Maine. Now I yield 2 minutes to the distinguished Senator from Wisconsin (Mr. PROXMIRE).

The PRESIDING OFFICER. The Senator from Wisconsin has 45 seconds.

Mr. PROXMIRE. Mr. President, I am enthusiastically in support of the amendment by the Senator from Colorado and the Senator from Hawaii. I say that although I think I have voted against excessive military spending as much as anybody in the Senate and I recognize that we have wasted a lot of money in all our areas, particularly in the military area. But if we believe in an effective military, we have to pay for it. It is fine to say, yes, we would like to cut military spending so we will hold down salaries, but we just are not going to get a volunteer Army that way.

If we do not want a volunteer Army, let us pass a selective service program. There are Members of the Senate who favor that and I respect them for it. But if you believe in the volunteer Army, as I do, we are going to have to pay for it by paying people to get into it.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. PROXMIRE. Mr. President, I was yielded 2 minutes.

The PRESIDING OFFICER. The Senator only had 45 seconds.

Mr. STENNIS. I yield 1 minute if I have it.

Mr. PROXMIRE. Mr. President, we all know that life in the military can be lonely and dangerous. We also know it requires skilled people. The best equipment, and we are spending billions on equipment—aircraft carriers, tanks, missiles—will not work if we do not have competent people to operate it. If we want an effective Army, we are going to have to get capable people in who have the competence to handle this complicated equipment. It is not the way it was when most of us were in the military in World War II, when it did not require that kind of skill and capability.

Sure it costs more. If we are going to be honest about a volunteer Army and we believe in real freedom in this country and believe people should not be drafted into services when they do not want to be, it seems to me this is a vote that is essential.

I thank my friend from Colorado.

Mr. STENNIS. A point of order, Mr. President: What is the time situation?

The PRESIDING OFFICER. The Senator from Mississippi has 1 minute, 10 seconds remaining.

Mr. STENNIS. And how much has the other side?

The PRESIDING OFFICER. Senator ARMSTRONG and the proponents of the amendment have used all their time.

Mr. STENNIS. Well, Mr. President, I yield back the time that we have remaining.

Mr. HUMPHREY. Mr. President, I rise to express my strong support for the Armstrong-Matsunaga amendment, of which I am proud to be a cosponsor, because it is another opportunity for the Senate to show its determination to strengthen our national defense.

There are those who will oppose this amendment on the grounds that already too large a proportion of our defense budget is devoted to manpower. There are those who will say that any increase in defense spending, however small, should be devoted to the procurement of weapons.

I am one of those who believe that too great a proportion of our defense budget is devoted to manpower costs. But the reason for this is not because military pay and allowances are too high.

Military pay cannot be too high if beginning recruits earn only 83 percent of the minimum wage.

Military pay cannot be too high if 100,000 military men must obtain food stamps in order to feed their families.

Military pay cannot be too high if the average salary for all enlisted personnel, from the newest private to the most senior sergeant-major, is $1,500 less than the minimum the Government thinks is necessary to maintain a lower level standard of living for a family of four.

The problem is not that we are spending too much for manpower. The problem is that we are spending too little for everything else. In the face of an unprecedented Soviet threat, we should be procuring modern airplanes, modern ships, modern tanks, modern weapons of all kinds. We should be providing more funds for operation, maintenance, and training.

We should be doing all these things. Recent events in the Middle East, in Southeast Asia and elsewhere emphasize how important it is for the United States to rebuild her defenses.

But we cannot strengthen our defenses by eroding the very foundation on which those defenses are constructed—our servicemen and women. All the sophisticated hardware we can buy is just so much expensive junk without the right numbers of the right kind of people to operate them.

Bernard Brodie put the matter well in his Guide to Naval Strategy, published in 1942:

> We must always remember that the basic element of strength in any nation is not in its machines but in its manhood.

There are others who will say: "You're right. There is a serious manpower problem in the military. It is caused by eroding pay and benefits. But let us study the matter further and put off action for another year."

To these people, let me say: We know what the problem is. We know it is getting worse. We know what is causing the problem. We know how to cure it. Why put the solution off any longer?

If a doctor has a patient with a bad cold, does he wait until the cold develops into double pneumonia before prescribing medication?

If the barn is on fire, do we wait until it has spread to the house before calling the fire department?

Mr. President, there can be no question that the Armstrong-Matsunaga amendment is directed at a very serious problem, a problem which will grow very much worse if action is postponed another year or beyond that. There is no question that the solution the amendment proposes will work. Every survey taken recently by the services indicates the principal cause of the manpower shortages is the erosion of pay and benefits. The way to stop the shortages is to stop the erosion of pay and benefits. This may be the one problem that we will ever confront that actually can be solved by more money.

Mr. ARMSTRONG. Mr. President, it is hard to imagine in this day and age that an employer in the United States could get away with:

Paying new employees less than the minimum wage;

Paying skilled journeymen who have been with the firm 8 to 10 years so little that they have to get food stamps in order to feed their families;

Forcing employees to work 20–30 hours overtime each week without any additional compensation; and

Holding cost-of-living increases below the rate of inflation for 6 out of the last 7 years.

Surely, if the Government ever found out about such a latter day Simon Legree, it would fall upon him like a ton of bricks. There would be lawsuits and OSHA inspectors everywhere, and denunciations on the floor of the Congress.

But it is the Government itself that is running this sweatshop. The examples above are not hypothetical horrors. They are the actual state of affairs in the Armed Forces today.

The All-Volunteer Force is in trouble. The reason it is in trouble is because Congress has not kept the promises it made to our servicemen and women at the time the AVF was created. Congress pledged to keep pay and benefits for the military comparable to those in the private sector. But Congress has reneged on that pledge.

The Armed Forces are smaller in number today than at any time since 1950, yet they are having grave difficulty meeting their peacetime manpower requirements. This year, for the first time ever, all of the services have failed to meet their recruiting goals. Now that base pay for a recruit has fallen to 83 percent of the minimum wage, it is not difficult to understand why.

Most of us have suffered from inflation, but none so severely as servicemen and women. From December of 1972 to October of 1978, the cost of living rose 59.9 percent. But the regular military compensation—base pay plus allowances for housing and subsistence—rose by only 40.8 percent.

Hardest hit have been the career noncommissioned officers, the bone and sinew of our Armed Forces. The average salary for all enlisted personnel, including all allowances, is $9,900. The Bureau of Labor Statistics says the minimum income necessary for a lower standard of living for a family of four is $11,546.

Unless steps are taken now to halt this erosion of pay and benefits, Congress will have no choice but to reinstate the draft. To reinstate conscription for any reason would be unfortunate. But to go back to the draft simply because Congress is unwilling to pay a living wage would be unconscionable.

I urge adoption of the amendment.

● Mr. HART. Mr. President, I am pleased to join Senator ARMSTRONG as a cosponsor of his amendment to lift the pay cap on military salaries. Without this measure, our service personnel will suffer their third real pay cut in 6 years.

One of the biggest problems we currently face in recruiting and retaining competent and dedicated people for our Armed Forces is that pay outside the military system has gone up faster than it has inside. Inflation is hurting almost every segment of our society, but it has fallen particularly hard on the members of the armed services.

Many of our most capable military personnel are leaving the service for civilian jobs. Since there is no lateral entry into the Armed Forces, this loss is devastating. Experienced people cannot be brought in at their level to take their place, as is the case in the private sector and in Federal agencies. So, less qualified personnel must be retained at great cost in dollars and time. The quality of military leadership inevitably deteriorates.

We cannot justify spending billions of dollars for military hardware, while not paying for the quality people we need to operate our weapons and command our ships and troop units effectively. A capable military service is not just equipment, it is people, and good people must be paid comparable wages if we expect them to stay in the service. I commend Senator ARMSTRONG for introducing this proposal, and I am happy to join with him in working to get the Senate to accept it.●

POINT OF ORDER

Mr. STENNIS. Mr. President, the law is plain; the provisions of this amendment are clear. Undoubtedly, it is legislation on an appropriation bill. It is clearly so, and I make that point of order that, under rule XVI, paragraph 4, this amendment is legislation on an appropriation bill; therefore, it is out of order.

Mr. ARMSTRONG addressed the Chair.

Mr. President, I suggest the absence of a quorum.

Mr. STENNIS. Mr. President, I do not yield for any purpose. As I have understood it, these matters were not debatable.

The PRESIDING OFFICER. The Chair states that the Senator from Mississippi did lose the floor when he stated his point of order and the Senator from Colorado is recognized by the Chair. The Senator from Colorado has suggested the absence of a quorum. He has the right to do that. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ARMSTRONG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ARMSTRONG. Mr. President, in light of the point of order that has been raised by the distinguished chairman, I raise the question of germaneness.

Mr. ROBERT C. BYRD. Mr. President, I make the point of order that this is a misuse of the precedents of the Senate, since there is no House language to which this amendment could be germane, and that, therefore, the Chair is required to rule on the point of order as to its being legislation on an appropriation bill and cannot submit the question of germaneness to the Senate.

Mr. ARMSTRONG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ARMSTRONG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ARMSTRONG. Mr. President, I ask unanimous consent that I be permitted to address the Senate for 1 minute.

The PRESIDING OFFICER. Is there objection?

Mr. ROBERT C. BYRD. Reserving the right to object, and I shall not object, I would like to have a minute, also.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The Senator from Colorado is recognized.

Mr. ARMSTRONG. Mr. President, this point of order takes me by surprise, and I suppose it does other Senators, because the parliamentary procedure which we have followed up until now, that is, in which the distinguished chairman has raised the question of the legislation on an appropriation bill, and in response I raised germaneness, is, in fact, consistent with the precedents of this body. We have done it over and over again.

Now I gather we are about to get a different ruling from the Chair than we have had in the past. So if, in fact, the Chair sustains the point of order raised by the distinguished majority leader, then I will appeal the ruling of the Chair.

I think all Senators should realize that this is not a parliamentary issue. It will in effect constitute an up or down vote on the merits of the pending amendment.

Mr. ROBERT C. BYRD. Mr. President, there is no House language in this bill for the amendment to be germane to.

It is true, we have been following this merry-go-round, raising the point of order that an amendment is legislation on an appropriation bill, and a Senator then immediately raises the question of germaneness. The Chair submits the question of germaneness to the Senate.

I maintain it is the duty of the Chair to rule when there is no language for an amendment to be germane to, the Chair is required to rule on the point of order that it is legislation on an appropriation bill and should not submit the question of germaneness to the Senate.

Mr. STENNIS. Mr. President, may I address the Chamber for 1 minute in response to the Senator from Colorado?

The PRESIDING OFFICER. Is there objection?

The Senator from Mississippi is recognized.

Mr. STENNIS. Mr. President, there is nothing unusual or extraordinary about this point of order coming, and coming when it did.

I saw a gross violation on an appropriation bill by legislation. I also informed myself on this matter, but we had already agreed to time, a certain time for the amendment.

So I was cut off from making it at any other time until after that time has been used, or given back.

So this is made absolutely on the merits.

Mr. ARMSTRONG. It is a vote on the merits.

Mr. ROBERT C. BYRD. The Senator is not questioning the Senator's point of order, he is questioning mine.

Mr. STENNIS. All right. Let us vote on it.

The PRESIDING OFFICER. The point of order having been raised, the Chair wants to state that the Senator from Colorado is absolutely correct—it is a question of first impression and it would have the effect of adding to the existing precedents a threshold question, that being whether or not there is House language for the amendment to be germane to, and if there is no House language, the Chair would not submit the question of germaneness to the Senate, but at that time rule on the point of order.

With that background, the Chair is now prepared to rule.

Since there is no House language in this bill for the amendment to be germane to, the Chair thinks the point of order is well taken and, therefore, sustains it.

Mr. ARMSTRONG. Mr. President, I appeal the ruling of the Chair and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. ROBERT C. BYRD. Mr. President, I move to lay the appeal on the table, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. STENNIS, Mr. President, will the Chair now state the question before the body?

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the appeal from the ruling of the Chair. The yeas and nays have been ordered and the clerk will call the roll.

Mr. ROBERT C. BYRD. Mr. President, a vote to support the tabling motion supports the ruling of the Chair.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Montana (Mr. BAUCUS), the Senator from Arkansas (Mr. BUMPERS), the Senator from Nevada (Mr. CANNON), the Senator from Arizona (Mr. DECONCINI), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Connecticut (Mr. RIBICOFF), the Senator from Illinois (Mr. STEVENSON), the Senator from Georgia (Mr. TALMADGE), the Senator from Delaware (Mr. BIDEN), the Senator from New Hampshire (Mr. DURKIN), the Senator from Ohio (Mr. GLENN), and the Senator from Ohio (Mr. METZENBAUM) are necessarily absent.

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Arizona (Mr. GOLDWATER), the Senator from California (Mr. HAYAKAWA), and the Senator from New York (Mr. JAVITS) are necessarily absent.

On this vote, the Senator from New York (Mr. JAVITS) is paired with the Senator from Arizona (Mr. GOLDWATER).

If present and voting, the Senator from New York would vote "yea" and the Senator from Arizona would vote "nay."

The PRESIDING OFFICER. Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 44, nays 40, as follows:

[Rollcall Vote No. 399 Leg.]

YEAS—44

Bentsen
Bradley
Burdick
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Chiles
Church
Cochran
Cranston
Culver
Eagleton
Exon
Ford
Gravel

Hart
Heflin
Hollings
Huddleston
Inouye
Jackson
Johnston
Leahy
Levin
Long
Magnuson
Melcher
Morgan
Moynihan
Muskie

Nelson
Nunn
Pell
Pryor
Randolph
Riegle
Sarbanes
Sasser
Stafford
Stennis
Stewart
Stone
Williams
Young
Zorinsky

NAYS—40

Armstrong
Bayh
Bellmon
Boren
Boschwitz
Chafee
Cohen
Danforth
Dole
Domenici
Durenberger
Garn
Hatch
Hatfield

Heinz
Helms
Humphrey
Jepsen
Kassebaum
Laxalt
Lugar
McClure
McGovern
Mathias
Matsunaga
Packwood
Percy
Pressler

Proxmire
Roth
Schmitt
Schweiker
Simpson
Stevens
Thurmond
Tower
Tsongas
Wallop
Warner
Weicker

NOT VOTING—16

Baker
Baucus
Biden
Bumpers
Cannon
DeConcini
Durkin
Glenn
Goldwater
Hayakawa
Javits
Kennedy
Metzenbaum
Ribicoff
Stevenson
Talmadge

So the motion to table the appeal from the ruling of the Chair was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. CRANSTON. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The appeal having been tabled, the ruling of the Chair stands and the Chair is now prepared to rule on the point of order of the Senator from Mississippi that the amendment constitutes legislation on an appropriations bill. The Chair holds that it does and the point of order is sustained.

Mr. ROBERT C. BYRD. Mr. President, I wonder if we can wind down the remaining amendments as soon as possible. Senators have planes that they have to take.

I thank the distinguished Senator (Mr. Armstrong) for being so considerate and cutting back the time on his amendment.

What amendments remain? Could we go to third reading?

Mr. ARMSTRONG. Mr. President, before we take that, if I may be recognized for a moment, I compliment the majority leader. I learned something here today, and one of the things I learned is how he got to be the majority leader—by knowing the rules so well. I congratulate him for that.

I only wish to say two things: I appreciate very much the support of those who backed my amendment. It is a good amendment. It should have been agreed to, and I am sorry that parliamentary tactics have prevented that.

But I say to the distinguished majority leader that I think that the precedent that has been established here is a useful one. I support it. I think it was not right, frankly, to bring it up on a controversial amendment because he has created a controversial precedent.

Finally, before I yield the floor, if there are other amendments pending, let me say I may have an additional amendment to suggest because there is another way that this same pay amendment could be raised and it will be my purpose to do so if I can frame such an amendment.

Mr. ROBERT C. BYRD. Mr. President, may I thank those who supported the motion to table the appeal of the ruling of the Chair. We were not voting on the substance of the amendment, but this is one way to stop this business of legislating on appropriations bills when there is no House language to which a Senate amendment can be germane.

That is what the question was.

I thank Senators who supported that motion to table.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. Mr. President, could we get on with the bill to dispose of it?

Mr. MAGNUSON. Will the Senator yield for one remark?

Mr. ROBERT C. BYRD. Are there other amendments?

Mr. HOLLINGS. Yes. I have one which will take about 5 minutes.

Mr. STENNIS. Mr. President, will the Senator yield to me,

Mr. ROBERT C. BYRD. I yield.

Mr. STENNIS. We have a few amendments here that I think we can get at pretty fast, but we have one amendment that has been waiting all day. That is the so-called helicopter amendment. We shall go to that now. There is time to have reasonable argument and have a vote here. I think a lot of that time could be yielded back.

Mr. ROBERT C. BYRD. Mr. President, could we have an understanding on amendments? How much time would the Senator from South Carolina (Mr. Hollings) need on his amendment?

Mr. HOLLINGS. I talked to the managers of the bill and it will be accepted, I understand, on both the majority and minority side. I need about 5 minutes, 2½ minutes on each side.

Mr. THURMOND. Mr. President, I wish to have 2 minutes.

Mr. STENNIS. Mr. President, there is not going to be time now. It can take 4 hours to debate all these little amendments. Or maybe we could do it in 10 minutes and get rid of them. If we can get on with the debate, then we may have some conferences on these small amendments and there will be some kind of agreement on them.

Mr. ROBERT C. BYRD. Mr. President, what I am trying to do is help the Senator expedite it.

Mr. STENNIS. I understand.

Mr. ROBERT C. BYRD. If we could have 5 minutes' limitation on the amendment by Mr. Hollings——

Mr. HOLLINGS. Five minutes to each side. I think the chairman agrees. I will agree to whatever the distinguished chairman agrees to.

Mr. ROBERT C. BYRD. Mr. President, could we give a limitation?

Mr. President, I yield the floor.

Mr. STENNIS. All right. The Senator from South Carolina has been ready to make an announcement on this bill.

May I ask the leader, does the Senator expect something on this helicopter amendment shortly, some word about it?

Mr. ROBERT C. BYRD. Yes. I just asked Senator Heflin if it was his intention to call up the amendment, and he said he was not sure he would, but he had to make a phone call and he would be back.

Mr. STENNIS. I think if it is not called up soon, Mr. President, we will have to take it over until next week.

Mr. ROBERT C. BYRD. Mr. President, I hope we do not carry this bill over. I can understand the exigencies troubling the chairman of the committee. I said we would not be in tomorrow if we finished this bill today.

Mr. STENNIS. The Senator from South Carolina has an amendment if he wants to bring it up.

Let me also say that the Senator from Missouri (Mr. Eagleton) has an amendment. Would someone let him know so he can get here. We do not have a time agreement.

UP AMENDMENT NO. 789

Mr. HOLLINGS. Mr. President, I call up my amendment and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. Riegle). The clerk will report the amendment. The Senate will be in order.

The second assistant legislative clerk read as follows:

The Senator from South Carolina (Mr. Hollings), for himself, Mr. Jackson, Mr. Thurmond, Mr. Magnuson, and Mr. Bradley, proposes an unprinted amendment numbered 789.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 3, line 12, strike "$7,902,275,000" and insert in lieu thereof: "$7,905,275,000."

On page 8, line 23, strike "$10,590,409,000" and insert in lieu thereof: "$10,599,409,000."

Mr. HOLLINGS. Mr. President, the Senators from Washington, Senator Magnuson and Senator Jackson, Senator Thurmond, my senior colleague, and Senator Bradley from New Jersey are cosponsors.

Mr. President, this deals with $12 million for the Military Airlift Command. In marking up the bill in the Appropriations Committee we thought the problem could be handled by language. It so happened on the House side there was a Defense audit they responded to to see if they could redesign the handling of the military passengers through the various terminals in trying to congeal them for an economy move.

Now the Pentagon and the Military Airlift Command, in particular, point out that not only will that plan cost additional money but more than anything else would damage very, very seriously our readiness by about a 38-percent capacity.

I view with alarm the House and Senate action which cut $12 million dollars from the Air Force budget to encourage the closure of military passenger terminals. This cut is almost double what it takes to operate all of the Military Airlift Command's passenger terminals worldwide. It means the virtual elimination of MAC's ability to handle troops and noncombatant evacuation during the early hours of a war.

I am concerned because the cutting edge of our airpower, in support of NATO, rests on the Military Airlift Command's ability to get the troops and material in place fast. This requires an in-being force that is ready to deploy anywhere in the world prior to mobilization and within hours of an impending conflict. The House and Senate action would result in the closure of the military passenger terminals at McChord AFB, Wash.; Hickam AFB, Hawaii; Andersen AFB, Guam; Charleston AFB, S.C.; Dover AFB, Del.; Mildenhall AB, United Kingdom; and Rhein-Main AB, Germany. It would decrease the Military Airlift Command's ability to handle troops in war by 38 percent. It would sharply reduce the ability to train reserve forces and would move the Defense peacetime passenger traffic to commercial aiports which are already saturated. In fact, the latter is contrary to GAO recommendations to the Congress which concluded that commercial facility congestion caused aircraft delays that cost the U.S. airlines $800 million in 1977, detained the traveling public of 600 million hours and caused the airlines to use an additional 700 million gallons of fuel—over 8 percent of their total consumption. The GAO recommended to the Congress and the Secretary of Transportation that traffic should, in fact, be shifted to "reliever" airports.

I fail to understand how we can close paid-for, existing facilities, which already provide us the recommended relief and move that traffic to commercial facilities such as Atlanta and Los Angeles which are overcrowded. I fail to understand the logic for cutting 263 military personnel who provide over a third of the Military Airlift Command's active duty wartime means to move combat troops, as well as the movement of up to 2 million noncombatants—especially when we face a growing threat in Europe. I fail to understand how our troops are going to move through commercial facilities, get on an aircraft and find their way to the battlefield. The nature of these two operations are completely different.

Apparently, the House and Senate Appropriations Committees based their decision on a Defense Audit Service report. Had they read between the lines they would have found the cost savings cited in that report were ghosts. Because of the Defense Audit report the Air Force just recently closed the Norton passenger terminal and started operations at Los Angeles. The Defense decision to move to Los Angeles was done without the knowledge of the Los Angeles airport authority, who raised considerable opposition because of already overtaxed facilities. Additionally, the cost of moving our young service people through these high-cost areas is certainly not in their best interests. Twelve million dollars is a small price to pay for the wartime capability we need to keep this country out in front and at the same time continue to provide a highly valued benefit to our people in uniform. Therefore, I propose the Senate restore $12 million in the fiscal year 1980 Defense appropriations bill.

Mr. STENNIS. Mr. President, this amendment pertains to our passenger terminals, which are involved in carrying our military personnel and their families and certain equipment back home, and so forth. The House took out this money. It certainly seems to us it ought to be reviewed. So I propose that we take this amendment respecting an established program to conference and see what we can work out and get the funds restored in part, at least, or in whole, and that is agreeable to the Senator from North Dakota.

May I request, please, if the Senators could just put their statements in the Record, it would greatly facilitate matters.

Mr. THURMOND. Mr. President, the committee cut $12 million from the bill which was needed for nine military gateway terminals at military airports based on a Defense Audit Agency report that it would be cheaper to move operations to the nearest commercial terminals.

A more recent General Accounting Office study shows these commercial terminals are already congested and that the United States should use "reliever" terminals like our present military facilities.

Furthermore, a recent Air Force study shows there would be no savings by shifting military passengers to commercial airports.

Mr. President, we need to keep these military gateway terminals as a mobilization base in emergencies. As a coauthor of this amendment, I urge its adoption.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Carolina.

Mr. STENNIS. Mr. President, let me ask are there any more requests for time?

The PRESIDING OFFICER. Is all time yielded back?

Mr. STENNIS. I yield back my time.

Mr. HOLLINGS. I yield back my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from South Carolina.

The amendment was agreed to.

Mr. HOLLINGS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BRADLEY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 790

(Purpose: To restore the funds for the Air Force Class IV modifications)

Mr. GARN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Utah (Mr. Garn), for himself and Mr. Hatch, proposes an unprinted amendment numbered 790.

Mr. GARN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 26, line 11, insert the following: strike "$2,632,131,000" and insert in lieu thereof "$2,633,731,000".

The PRESIDING OFFICER. May I ask the staff members who are on the floor to find seats and stop conversations so that we can hear the Senator from Utah.

The Senator from Utah.

Mr. GARN. I thank the Chair. Mr. President, this is a simple amendment which has to do with Air Force TACAN programs, to restore a $1.6 million cut to complete the third phase of a three-phase modification program.

It is my understanding that the majority and minority floor managers have agreed to accept this amendment.

Mr. STENNIS. Mr. President, we support the amendment. We think it has merit and we hope we can yield back the time now.

Mr. YOUNG. I will be happy to yield back my time.

Mr. STENNIS. I yield back my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Utah.

The amendment was agreed to.

Mr. GARN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STENNIS. Mr. President, I see the Senator from Arkansas here. He has two amendments, if he would present the one about the early warning system first.

Mr. PRYOR. I thank the chairman for yielding to me. I think this amendment will take only a few moments.

The PRESIDING OFFICER. The Senator from Arkansas.

UP AMENDMENT NO. 791

Mr. PRYOR. I send an amendment to the desk at this time and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Arkansas (Mr. Pryor) proposes an unprinted amendment numbered 791.

Mr. PRYOR. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 63, between lines 10 and 11, insert the following:

Sec. 763. The Secretary of the Air Force shall acquire and install, with such funds as may be available to him, a civilian early warning system at each Titan II missile site to the extent found necessary or desirable by the study conducted pursuant to section 813 of the Department of Defense Authorization Act, 1980.

Mr. PRYOR. Mr. President, the amendment which I offer will provide for the establishment of a civilian early warning system at Titan II missile sites which have surrounding communities and farms. It is my belief that such an early warning system is necessary to protect the safety of these civilians who could be exposed to accidentally released toxic and even lethal gaseous fumes. My amendment would not, of course, cover those missile sites which are located in isolated areas with no surrounding populations.

At the present time, there are 54 Titan II missile sites located in Arkansas, Kansas, and Arizona; 18 of these missile sites are located in Arkansas. My concern for the safety of the people living in the surrounding areas is very real, Mr. President. In January of 1978, a fuel transporter at a missile site near Damascus, Ark., overheated and vented toxic nitrogen tetroxide vapor into the atmosphere which drifed over the civilian countryside exposing seven people to the toxic fumes. One of those exposed has stated that he is still experiencing ill effects from the exposure over a year and half ago.

While we cannot prevent all accidents, we can take steps to protect the people living in the areas surrounding the missile sites. In the case of the accidental leak in Damascus of nitrogen tetroxide, a component of Titan II missile propellant, the most severe exposures were due to the simple fact that the individuals were simply not aware that any danger existed. They were working out in the fields and continued to work for several hours until neighbors found them and warned them of the evacuation of the area. The Air Force stated that the leak was not immediately detected, thus causing the delay in the notification rather than the lack of procedures. I, however, believe that this emphasizes the need for an immediate response once the accident is detected.

At the present time, there is no automatic alerting system which could be triggered to warn the surrounding civilian population about a leak of toxic fumes or any type of accident. The Air Force, while maintaining sensitive monitoring equipment at the missile site to immediately alert those at the site to a hazard, does not have an early warning system installed to warn civilians in the surrounding towns and farms. Air Force officials rely on the notification of local civilian law enforcement personnel and ask for their assistance "in establishing a controlled situation if the situation dictates." This, Mr. President, is simply not adequate. In Damascus, four persons were hospitalized. There is no need for this type of unfortunate occurrence to happen if the proper precautions are taken. This is the problem we need to address.

The question of the safety of the Titan II missile system has been raised before. When questioned, the Air Force revealed that 20 persons were hospitalized due to exposure to toxic Titan II propellants from 1974 to 1978 alone. These figures would not include the Damascus accident or a later propellant leak of nitrogen tetroxide that was much more severe near Rock, Kans. There were two fatalities of airmen working at the site, 20 hospitalized, and nearly 200 people evacuated from the nearby town and surrounding farms.

Concern over this leak and other incidents led to the adoption of an amendment to the 1980 Department of Defense authorization bill which called for the Secretary of the Air Force to conduct a complete investigation of the Titan II missile systems and report back to the Congress within 180 days. The study will include an investigation of the physical condition of the Titan II missile systems and recommendations for improvements to protect the public safety, including that of the military personnel assigned to the missile sites.

Mr. President, it has been pointed out that over 1 million people live in the areas surrounding the Titan II missile sites in Arkansas, Kansas, and Arizona. We have a responsibility to protect the safety and well-being of these people. The present so-called "system" for alerting the nearby civilian populations constitutes no viable "system" at all. Leaving the notification up to the local law enforcement officials is haphazard and leaves to chance many possible omissions for untold reasons. There needs to be established an early warning system which will indicate to the populace that a danger exists and that proper precautions need to be taken.

I would hope that once the recommendations of the Secretary of the Air Force are received regarding the improvements to protect the public safety, all necessary actions will be taken to install the recommended civilian warning system. It is my firm belief that this warning system will help to insure that there will be no future injury or loss of life due to an accident at a Titan II missile site which could have been prevented.

Mr. STENNIS. Mr. President, on that we asked the Senator from Nevada (Mr. CANNON) to look into this matter. It is something in which he is versed and about which he is familiar, and something he said should be done, provided they found the base for it that the Senator from Arkansas is expecting. I hope the Senate will approve the Senator's amendment.

The PRESIDING OFFICER. Is all time yielded back?

Mr. PRYOR. I yield back my time.

Mr. STENNIS. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arkansas.

The amendment was agreed to.

Mr. PRYOR. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. STENNIS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STENNIS. We thank the Senator. He does have another amendment.

Mr. PRYOR. Yes, Mr. Chairman, I do.

The PRESIDING OFFICER. The Senator from Arkansas.

UP AMENDMENT NO. 792

Mr. PRYOR. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Arkansas (Mr. PRYOR) proposes an unprinted amendment numbered 792.

Mr. PRYOR. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 7, line 10, strike out "$10,031,355,000" and insert in lieu thereof "$10,006,355,000".

On page 7, line 21, strike out "$13,352,224,000" and insert in lieu thereof "$13,317,224,000".

On page 8, line 23, strike out "$10,599,409,000" and insert in lieu thereof "$10,564,409,000".

On page 9, line 6, strike out "$3,555,197,000" and insert in lieu thereof "$3,550,197,000".

Mr. PRYOR. Mr. President, I would like to make an inquiry at this time; under what time agreement are we acting at this moment?

Mr. STENNIS. I hope the Senator will take a very few minutes.

The PRESIDING OFFICER. The Chair will advise the Senator that under the rule that exists at this moment there are 30 mnutes to the amendments to a side, but they have not been taken.

Mr. PRYOR. Mr. President, I ask unanimous consent that it be in order to amend the bill on page 8, line 23 for a second time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PRYOR. Mr. President, I will proceed as rapidly as I can. This subject has consumed a great deal of my attention and time in the past several weeks and I feel very deeply about it. For the past 35 years Congress, as an institution, has routinely delegated many of its responsibilities and obligations to the executive branch and to the departments and regulatory bodies of the Government.

Now, Mr. President, in 1979, as we are about to begin a new decade, we find that the same governmental entities to which we have delegated these responsibilities are now in turn delegating these responsibilities to consultants and contractors for a profit. I believe these consulting firms are pervading this country, and in this city they have literally taken over the decisionmaking process of our Federal system.

I am proud that the Senator from Washington (Mr. MAGNUSON), the distinguished chairman of the Appropriations Committee, has joined me as a cosponsor of this amendment.

Also joining me in this amendment are Senator ZORINSKY, Senator SIMPSON, and Senator METZENBAUM. Mr. President, I ask unanimous consent that their names be added as cosponsors of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Will the Senator be kind enough to add the name of the occupant of the chair as a cosponsor, as well?

Mr. PRYOR. The Senator from Arkansas is extremely pleased to have Senator RIEGLE join him in this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PRYOR. Mr. President, my amendment states that the Department of Defense shall reduce by $100 million the amount of funds appropriated under this act to pay for the compensation of experts and consultants or to procure by contract the services of experts and consultants or organizations thereof. This amendment is similar in substance and form to the language in the HEW appropriation bill by the distinguished chairman of the Senate Appropriations Committee, Senator MAGNUSON (a cosponsor). This amendment is also similar to the action taken by the House of Representatives Committee on Appropriations, when they considered the DOD appropriations bill.

The problem of increasing dependency on consultants and experts by the Department of Defense is one of growing concern to me as I am sure it is to my colleagues. This problem exists, however, not only at the Department of Defense, but at every Federal agency and department. The costs and numbers of consultants employed by the Government are astoundingly high, with estimates which run into millions of people and cost figures exceeding $2 billion. Moreover, from the study and investigations I have conducted thus far, I am convinced that much of this money is spent in an inefficient and wasteful manner and that fraud is rampant in these expenditures.

On October 12, 1979, the Subcommittee on Civil Service and General Services, which I chair, held the first of a series of hearings on the Federal Government's growing reliance on consultants and experts. Last Friday, November 2, I also chaired the Governmental Affairs Committee oversight hearings on the use of consultants at the Department of Energy. I plan to continue these hearings and my investigation into this subject by examining practices at various Federal agencies and departments.

My research to date indicates that not only do we not know how many consulants and experts are being used by the Federal Government, but we are not even sure what some of these people do for the Federal Government, how much their services cost the American taxpayer, or even why they were retained in the first place.

Although no exact figure has been compiled on how much the Federal Government spends for advice, all evidence points to a figure that is in the several billion-dollar range. Although I have not been able to discern any pattern to hiring practices, an overwhelming majority of consultants appear to gain access to Federal money as a result of friendships and previous contacts, rather than as a result of ability. While many of the contracts are for needed services, a large number are unnecessary and all but useless when completed. The lists of abuses which I have been able to develop in the short time of my investigation looks more like "Ripley's Believe It or Not," rather than legitimate Government procurements.

One witness, a retired officer, testified under oath about the abuses with which he became familiar while working as a DOD consultant. During his 4 years as a consultant he testified to witnessing or participating in the completion of approximately 70 contracts totaling nearly $5 million, of which 94 percent were with the Department of Defense; 93 percent of those were awarded on a sole source basis, that is, without competitive bids. The witness testified to abuses, such as lack of competition in contracts by awarding either sole source contracts or what are known as wired contracts (these were advertised to the public, but agreements had already been reached to award them to a particular consultant); use of security classifications arbitrarily applied to limit competition; subdivision of contracts to circumvent paperwork requirements and to avoid closer scrutiny; use of exclusive information by contractors who "became cozy" with Government officials; improper billing by contractors to secure top pay, bonuses, first class travel, and payment for such personal items as automobiles. These are only a few of the more blatant examples about which he testified. Such practices are permitted and perhaps even encouraged by the Department of Defense. Additional areas of concern I have uncovered include the following examples.

One agency of the Department of Defense, the Naval Air Facility, issued seven separate contracts to the same consultant. His task was to write up suggestions for more contracts which the Navy could contract out. This suggests to me that this agency has money to burn if they can go shopping in this manner.

We also find that the Defense Department authorized $169,000 for a study on "How to Organize and Administer Contracts." The approved cost overrun on the consultant's fee brought the total to $200,000. After spending this amount the Department refuted the results and delayed release of the study. Instead, they authorized an in-house study which contradicted much of what the consultant has said.

Similar abuses have been documented to me by other witnesses, as well as in the 1977 Defense Audit Service report on the audit of management studies and analyses in DOD. A similar audit report, now underway, is expected to outline similar patterns of abuse. In addition, like findings have also been confirmed and documented by the General Accounting Office and the House Appropriation's Subcommittee on Surveys and Investigations in February 1977. The House report reviewed the Department of Defense's contract studies and analyses and reported that "there was found an abysmal lack of uniformity making it impossible to gather accurate study data." Further, according to the House report:

> The many abuses make it doubtful the Department of Defense is adequately preserving the integrity, credibility, and even the honesty of the negotiating method of procurement.

We have literally granted a hunting license for these people who comprise this invisible bureaucracy, and the prey is the American taxpayer.

A meaningful first step is to establish a sound reporting system of the Government's consultants.

On this point, I would like to strongly identify myself with the concerns raised on page 85, in title III of the committee report. As explained in the report, the committee recommends that the Department of Defense establish a special exhibit in the budget justification material, beginning with fiscal year 1981, that shows the amount expended, or requested for:

First, consultants (salaried and contracted); second, contract studies and analyses; and third, other management support contracts. I hope that the chairman of the Defense Appropriations Committee will make DOD adhere to this valuable requirement and if possible expand its langauge in the conference report.

I believe that this action is long overdue and I wholeheartedly support the Senator from Mississippi in this effort to begin to uncover a large part of this so-called invisible bureaucracy. I am pleased that the Senate Committee on Appropriations believes that the Department of Defense should not "export" its management responsibilities and prerogatives to consultants, contract analysts and Defense "experts" who are not on the DOD payroll.

In greater recognition of this problem, our counterparts in the House of Representatives Committee on Appropriations have recomended a $300 million reduction in contracts, studies, and analyses, as well as management and engineering support and consultant services. To quote from the House DOD Appropriations Committee report:

> The Committee has very little confidence in the overall accuracy of the figures, the fact remains that the amounts being spent in such contracts have been rapidly increasing in recent years.

DOD spent $2,252,600,000 in fiscal year 1977 on service support contracts. Although the overall size of the United States Armed Forces has remained relatively stable since then, the expenditures for such "service support" have increased over $1 billion to $3,263,100,000.

The House Appropriations Committee has several times admonished the Department of Defense to make reductions in the service support contract portion of the budget, however, the committee has been ignored year after year. The House committee has very carefully documented examples of consultant abuse, as well as the committee's efforts to curb the growth and dependency on consultants and experts. Among the continuing abusive practices are: contracting-out for services when they can be done less costly in-house, awarding contracts to firms that are in violation of the administration's wage and price guidelines, revolving door arrangements, and use of consultant services to perform functions for which there are in-house capabilities. The House committee's 10 volume hearing record is replete with example of studies and audits which have been conducted by consultants for DOD and which have produced questionable results.

I must say that I am in agreement with my colleagues in the House. I believe we have an invisible bureaucracy which is growing by leaps and bounds, feeding off the Federal Government and spending literally billions of dollars in an unregulated and unchecked manner. When defense dollars are wasted on unnecessary consultant costs it means that our Nation's national security is being diminished. Steps must be taken immediately to insure that all the taxpayer's dollars allocated for defense are actually spent in a cost effective and productive manner. We must not further abrogate our national security through wasteful and needless consultant contracts.

My amendment is a simple first step which we in the Congress should take in order to put Federal agencies on notice that wasteful, inefficient, and often fraudulent consultant arrangements must be ended.

Consultant abuse and fraud is evident not only in the Department of Defense. As I have mentioned, the distinguished chairman of the Senate Appropriations Committee, Senator MAGNUSON, is aware of the problems associated with the increasing reliance on consultants by the Federal Government, particularly at the Department of Health, and Welfare. In fact, the fiscal year 1980 appropriations bill for DHW made a reduction of $65,000,000 in consultant costs. It also ordered the Secretary to report to the committee within 60 days where the reductions would be made. According to the committee report:

> (T)he Committee is taking this action as an expression of its displeasure over the expanded role that consultant organizations are playing in the day-to-day operation and decisionmaking process that are integral to HEW's mission.

I would hope that the conference report agreement on the DOD appropriation bill will also adopt language which requires the Secretary of Defense to report to Congress within 60 days on how the proposed reductions will be accomplished.

I would suggest to my colleagues that this problem is not isolated to DHW or to DOD but is found in virtually every Federal agency and department, which has been permitted to spend the taxpayers' dollars in an unchecked and frivolous manner for often worthless consultant studies and commonsense advice.

I would also like to put my colleagues on notice that I plan to carefully scrutinize each bill which comes before the Congress in order to insure that taxpayers' dollars are not spent unnecessarily for needless consultant studies and reports.

As I said in the first day of my hearings on this subject, the invisible bureaucracy is made up of literally thousands of individuals hired as consultants by government.

Until recently very little has been said or done about the growing influence of the consulting industry.

Over 2 years ago the President of the United States expressed his concern over the waste of taxpayer dollars for consultant services that were being spent "excessively, unnecessarily, and improperly." He then directed the Office of Management and Budget to find out how many consultant contracts the Federal Government awarded, the names of each firm, and the benefit that the Government derived from these contracts. Today, 2½ years later, we still do not know how many consultants the Government uses, how much they are paid, or what benefit the Government derives from their services. Worse yet, during the 2-year period when Federal agencies were being asked to cut down on excessive and abusive arrangements and to implement controls, every indication is that the Government instead relied even more heavily than ever on the consultant industry.

As a result of the President's interest in eliminating unnecessary and abusive consulting arrangements in the Federal Government, the Office of Management and Budget on May 5, 1978, issued Bulletin No. 78-11, "Guidelines for the Use of Consulting Services." I would, however, point out to my colleagues that this bulletin has not been adequately monitored by OMB and, in fact, has not even been implemented by a number of Federal agencies and departments. Perhaps the most notable Federal agency among those is the largest employer of consultants and one which we are discussing today—the Department of Defense.

On September 5, 1979, I wrote to over 30 Federal agencies and departments asking them a series of questions regarding their use of consultants and experts and the status of their efforts to implement the OMB bulletin. Although not all agencies I wrote have responded, I did receive a prompt response from the Department of Defense on September 27, 1979. They enclosed a copy of the DOD directive which implements OMB Bulletin 78-11 issued on May 5, 1978, but told me, and I quote:

> This directive is pending signature of the Secretary of Defense.

Over a year after OMB issued their cure-all for consultant abuses, DOD, the largest Federal agency, has not even implemented the order. This information, in my opinion, is utterly shocking but perhaps shed light upon the problems which we face. I ask unanimous consent that the Department of Defense response to my letter, together with an article on HEW consultants, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

ASSISTANT SECRETARY OF DEFENSE,
Washington, D.C., September 27, 1979.

Hon. DAVID PRYOR,
Chairman, Subcommittee on Civil Services and General Services, Committee on Governmental Affairs, U.S. Senate, Washington, D.C.

DEAR SENATOR PRYOR: The enclosed information is provided in response to your request of September 5, 1979, regarding consultant/expert services in the Department of Defense.

If you need any further information or have any questions, please feel free to contact me.

Sincerely,

D. O. COOKE,
Deputy Assistant Secretary of Defense.

Enclosures.

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1. Has your agency implemented the management controls outlined in Bulletin 78-11 within your internal regulations? If not, why not? If yes, please enclose a copy of these regulations.

Yes. Enclosed is a copy of the DoD Directive which implements OMB Bulletin 78-11. This directive is pending signature of the Secretary of Defense (enclosure 1).

2. Bulletin 78-11 established a requirement for all agencies to report various statistical information on all consultant contract awards over $10,000 to the Federal Procurement Data Center. What types and levels of officials within your agency decide whether or not a particular contract is for consultant services as defined in Bulletin 78-11?

The need for the use of consultant services must be approved at a level above the organization sponsoring the consulting service. This would mean an individual in a command or staff position of rank of at least a colonel or equivalent in the Navy or Civil Service. The decision to designate a contract as being for consultant-type services is based on the information and approvals appearing on the requesting document or requisition and the guidelines and examples of Bulletin 78-11 which are incorporated into the Defense Acquisition Regulation (DAR).

a. Are these officials contracting officers or the program managers that requested the contract?

The individuals actually marking the DD Form 350, the Individual Procurement Action Report, which provides the basic data for our statistical reporting system, are usually purchasing personnel, rather than program managers, although program managers are involved in initiating the original request for a consultant service contract.

b. Are these officials in the best position (e.g., most familiar with the work to be performed) to make this decision?

Yes, purchasing personnel are in the best position to make a final, objective decision based on the information and approvals presented to them and using the Bulletin 78-11 guidelines and examples incorporated in the DAR.

c. What assurance do you have that all contracts for consultant services are properly identified and reported to the Federal Procurement Data Center?

We are incorporating the guidelines and examples of Bulletin 78-11 in the instructions for filling out the DD Form 350 in the DAR. With proper management attention, this should provide identification and reporting.

3. What statutory authorities does your agency currently have for obtaining the services of experts and consultants by contract or by appointment? Please provide a copy of these authorities. Statutory authorities (enclosure 2) used by the Department of Defense include:

a. 5 USC 3109 as implemented by the current Department of Defense Appropriations Act (e.g., PL 95-457, section 803);
b. 10 USC 173;
c. 10 USC 2113;
d. 10 USC 5153;
e. 22 USC 2386;
f. 33 USC 569a.

4. Is the definition of "consultant services" in Bulletin 78-11 adequate for your identification and reporting of all such services?

Enclosure 3 contains the original DoD comments provided OMB which still apply.

5. What changes, if any, would you suggest in Bulletin 78-11?

Enclosure 3 contains the original DoD comments provided OMB which still apply.

6. Do you submit a Standard Form 50 to the Office of Personnel Management for all appointed experts and consultants? If not, why not?

Yes.

7. Do you consider a contract for consultant services as defined in Bulletin 78-11, but paid for with research and development funds, as subject to the requirements of the bulletin?

Yes.

a. Do you report such contracts to the Federal Procurement Data Center?

Yes.

8. Is your agency subject to the requirements of Chapter 304 of the Federal Personnel Manual? If not, why not?

Yes.

10. Chapter 304 of the Federal Personnel Manual explains that experts may perform operating functions within an agency but consultants can only provide advice. How many experts and consultants does your agency currently employ?

2148.

a. How many of those experts are currently performing an operational function within your agency?

Unable to determine in the timeframe requested.

b. How many of those experts are only used to provide advice?

Unable to determine in the timeframe requested.

c. How many of your agency's consultants perform operating functions?

None.

11. Are your appointed experts and con-

sultants counted against your personnel ceiling limitations? Why?

Yes. In accordance with FPM Letter 298-2 (enclosure 4). Specifically, see Appendix 2, page 12, Section IV, "Employment Ceiling Data."

12. Do you use the authority contained in USC 3109 to contract for consultant services? Please explain the circumstances.

Yes. This authority, as implemented by the annual DoD appropriation Acts, is used to contract for expert and consultant services when the guidelines of Bulletin 78-11 are met. We have been guided by essentially similar criteria set forth in the DAR since the enactment of PL 89-554 (5 USC 3109). These contracts and contracts for nonpersonal services are awarded under the provisions of the Armed Services Procurement Act of 1947 which governs all Department of Defense purchasing.

[From Policy Review—Winter, 1979]

IN AND OUT AT HEW: DOING WELL BY DOING GOOD THROUGH CONSULTING

(By Donald Lambro)

To the unknowing eye the gathering of 142 professionals strolling about the comfortable Orcas Island resort looked and acted much like any other business group out on an all-expense-paid weekend where work and pleasure are painlessly blended in just the right proportions. The spacious and well-appointed suites overlooking the breathtaking waters of Washington state's fabulously scenic San Juan Islands, the shrimp and prime rib dinners, the yacht trips around the islands—all reflected that special attention to details and lavish extras which IBM or General Motors might provide for their top brass on a similar "business" weekend in the grandeur of the northwest.

Surely no one would have guessed that this was a gathering of well-paid consultants and federal and state bureaucrats who had been summoned together to grapple with the problems of the poor—who seemed a million light years away from this pristine locale which had once been the magnificent estate of a wealthy shipping magnate. Nor would anyone have suspected that the entire weekend's tab was being picked up by the United States Department of Health, Education and Welfare, courtesy of the American taxpayer.

The occasion for the conference was to discuss the results of the government's experiments on the poor in Seattle and Denver where low-income familes have been provided with a guaranteed minimum income for the past five years. The experiment, involving nearly 5,000 familes, is in the words of one prominent consultant "the biggest social experiment in the history of the human race." And indeed it is. Conceivably the biggest welfare program in the history of the nation hangs in the balance, not to mention many millions of dollars in future revenue for the consulting firms that have been nurturing and feeding the guaranteed income concept for the past decade and more.

But, for the consultant companies that attended the Orcas Island conference last May on the Seattle and Denver Income Maintenance Experiments (SIME/DIME), along with the HEW and Labor Department representatives, more than just money was involved. For many of those who were there, SIME/DIME is more than just an experiment. It is a cause.

Most Americans have never heard of SIME/DIME and would be surprised to hear that the federal government was providing a basic guaranteed annual income to the poor. Wasn't this Richard Nixon's ill-fated Family Assistance Plan (FAP) which had died ignominiously in the Congress? Wasn't this, furthermore, the very proposal Gerald Ford had adamantly rejected in his campaign to retain the Presidency? And, finally, wasn't this the type of costly proposal which Jimmy Carter had told HEW Secretary Joseph Califano the nation could not afford?

And yet, here it was, being kept alive administration after administration, like some comatose patient who has been declared clinically dead, but whose life support functions are being artificially sustained by machine. A very different kind of machine is keeping this proposal alive, however, one that is peopled by a shadowy network of liberal planners, economists, sociologists, data analysts, and thinkers. Most of them at one time or another can be found working in the type of consulting firms represented at Orcas Island or somewhere within the federal bureaucracy. And most of them through the years have moved with ease through a "revolving door" system that takes them from consulting into government and back again.

But, to understand the enormous influence which major consulting firms have over government policy, it is absolutely necessary to understand how pervasive government's use of consulting has become.

THE SILENT "INDUSTRY"

Though not widely perceived beyond the banks of the Potomac, government consulting in Washington has multiplied into a $2 billion-a-year growth industry in which major corporations like Rand, Brookings, SRI International (formerly Stanford Research Institute), Mathematica, Inc., and the Urban Institute, among others, have grown rich and powerful. And, by becoming increasingly dependent upon them, government has been able to get around maximum personnel ceilings simply by farming out more and more of its work, research, evaluation, and, in many cases, even program administration. For all its importance as an experimental project, SIME/DIME is being fully administered, not by HEW, but by SRI and Mathematica. The National Institutes of Health farms out much of its administrative work to consulting firms. So do many other agencies.

There are no accurate figures on the number of consulting firms doing business with the federal government. One partial survey found that 64 departments and agencies were paying consultants nearly $2 billion a year under some 34,000 contracts. Last year, the government placed some 18,000 consultants on its payroll, but this represents only the tip of an unseen iceberg. It is estimated that if consulting firms and their employees were factored in, in addition to state and local employees whose salaries are paid by the national government, the federal government's true employee level would be approximately three to four million more than the nearly three million now officially given. Incredible as it may seem, the federal government has only the vaguest idea of how many workers in this country are paid by federal funds. According to Spencer Rich (writing in The Washington Post, July 18, 1978, p. A1), a good estimate would be that from three to four million persons are paid by the federal government through consulting contracts, research grants and payments made for the wages of state and local government employees. Secretary Joseph Califano of HEW recently testified to the Senate Appropriations Committee that his Department pays the salaries of 980,217 persons who work for private think tanks, universities and state and local governments. This is in addition to the 144,256 "regular" HEW employees. The Department of Defense estimates that it pays the salaries of an additional 2,050,000 people through consulting contracts and the like. This figure does not include 2,049,000 military personnel who are also federal employees.

Yet, the growth in government consulting remains in part a mystery because of the widespread unanimity both in and out of government that a great deal of their work is of negligible value. In its fiscal 1978 report on HEW's appropriations bill, the Senate Appropriations Committee confessed it was "unaware of any instance where a consultant's recommendation has produced a significant program improvement."

The Committee stated:

An analysis of the itemized contracts let during fiscal years 1976 and 1977 indicated that many of these contracts may have been inappropriate in the context of (a) agency missions and priorities; (b) previous contracts performed for the same purpose; and (c) duplicative contracts being let simultaneously within other parts of the Department and Federal Government.

Nonetheless, HEW's consulting costs, like those of virtually every other federal agency, continue to climb. In fiscal 1977 HEW's consulting bill was at least $94 million. By 1978 it had grown to $194 million. (It was probably higher since much work that was in reality "consulting" was not listed as such.) At the end of 1978 Congress limited HEW to a tightened budget of no more than $194 million for consulting services.

"They are like parasites who feed off the government," one committee investigator said. "They keep coming back year after year."

It is not surprising, therefore, that so many consultants have earned the notorious nickname "Beltway Bandits," a title which accurately characterizes both the annual haul of tax dollars that fill their corporate saddle bags as well as their office hideouts—the beltway encircling greater Washington from where many of them conduct their business.

"They have become," said one former HEW administrator, "like another branch of government, an unseen branch, advising bureaucrats, developing policies, propelling programs through the machinery of government. But what is most disturbing is the network they have formed among themselves, both inside as well as outside of government."

Another former HEW administrator, John Svahn, who headed the Social and Rehabilitation Service, found this network to be particularly pervasive within the field of social welfare policy. "You see the same individuals dealing with the same programs on literally a revolving door basis," he said. "And it's true that there has been a sort of interlocking directorate among them. The same people tend to stay within a penumbra of social policy, whether they are in government or the private sector—except the people who are awarding the contracts one day are picking them up the next."

TWO PRIME EXAMPLES

Perhaps two of the most influential consulting firms in Washington in the field of social welfare are the Urban Institute and Mathematica, Inc.

Sparked by his then-special assistant, Joseph Califano, President Lyndon Johnson pushed for the creation of the Urban Institute over ten years ago, believing that the need existed for a liberal think tank in Washington to research and analyze domestic programs and proposals. With the help of several million dollars in federal seed money, the Institute was founded and is today one of the major contractors with Departments such as Housing and Urban Development, HEW, and Labor. This year HEW has given the Institute nearly $3 million in contracts.

With a payroll of almost $7 million a year, the Institute provides work for 300 researchers, data analysts and others whose work brings in $11 million annually in revenue. If the Institute is not exactly an extension of the federal bureaucracy, it might as well be considered so because more than 86 percent of its income comes from 22 federal departments and agencies. The balance is derived from state and local governments, foundations and private corporations.

Besides its prolific studies, the Institute is equally admired in Washington's upper circles for its elegant, catered dinners where government policymakers, administrators, members of Congress, academics and fellow consultants gather to hear speakers and exchange views on everything from housing allowance experiments to microanalytic simulation.

A guest of the Institute described one of its recent "welfare symposia" affairs this way: "Cocktails began at 6:30 p.m. There were bars everywhere. This was followed by a buffet served by tuxedoed waiters, most or all of them Spanish-speaking. The menu included boeuf bourguignon, watercress salad, eclairs. The silver was Reed and Barton."

Mathematica, Inc., was established in 1958 by a group of Princeton professors who occasionally did some data analysis for the government and found that consulting for the government was much more lucrative than teaching at Princeton. Last year the firm and its several subsidiaries in Washington and Princeton, New Jersey, earned $23 million—80 percent of it from the federal government.

Armed with a staff of 600 employees, Mathematica's annual report told shareholders that the firm has "opened new business potential in information processing for government agencies."

Both the Institute and Mathematica have played a significant though little-known role in the shaping of welfare policy and welfare reform proposals over the past decade. Their influence is derived in large measure from their development of a highly sophisticated data model used a project costs of everything from food stamps to welfare reform to a guaranteed annual income.

Called the Transfer Income Model, or TRIM, the model was initially developed by a group of Urban Institute economists under a $1 million government contract. Many of these key economists, including Jodie Allen who is now a special assistant for welfare reform to Labor Secretary Ray Marshall, were hired away from the Institute by Mathematica and took the TRIM model with them. With the support of additional government financing, primarily from HEW and the Office of Economic Opportunity, both firms improved the TRIM model (Mathematica renamed theirs MATH) and began selling its data to any federal agency needing reliable cost estimates on income transfer programs. Thus, TRIM and its successors have been used to estimate, and in many ways shape, virtually every major welfare proposal for the past ten years. HEW, Labor, the Internal Revenue Service, HUD, the Congressional Research Service are just some of the agencies which have used its data.

"There was enormous power being wielded here by these two consulting firms," one congressional investigator said. "The decisions that Nixon made on FAP and Ford on his income supplement proposal, plus other actions by the Congress on food stamp reform and social welfare were by and large based on the figures derived from TRIM."

Said another congressional staffer who has followed the battle over welfare reform closely, "In every battle over a controversial proposal the side that usually wins is the side with the best information, the most convincing statistics. Right now consulting groups like the Urban Institute and Mathematica have control of the best data available."

Svahn agrees that those who control to a substantial degree the input of information control the decision-making process of government. "You can't argue with a computer," he says. "But the models are not totally objective because they are based on certain biased assumptions." These assumptions have been made by people in and out of government who are champions of the guaranteed annual income concept.

REVOLVING DOOR POLITICS

Even the most cursory review of the last ten years of welfare reform proposals finds the same names cropping up again and again, crisscrossing both government and consulting fields as if they were one and the same—frequently occupying key positions of authority and influence. Virtually all of them represent one common point of view—a club within a club.

William Morrill, HEW's assistant secretary for Planning and Evaluation between 1973 and 1976, whose office contracted for much of the research that contributed to the development of FAP, is now a senior fellow at Mathematica.

Michael Barth, HEW's deputy assistant secretary for Income Security Policy, was one of the chief architects of the guaranteed annual income proposal. He worked under Morrill as an economist in HEW during which time he wrote *Toward An Effective Income Support System* which resurrected the FAP proposal Nixon had originally turned down. Barth's book was published by the University of Wisconsin's Institute for Research on Poverty which has done considerable consulting work for the government.

John Palmer, who supervised Barth in HEW's Office of Policy Evaluation and who with George C. Carcagno co-authored the book on FAP, is now at Brookings. Carcagno is a senior vice president with Mathematica.

Henry Aaron held Morrill's old job as HEW's assistant secretary for Planning and Evaluation and has worked for several major consulting firms, including the Urban Institute, Brookings and Rand. He recently announced his decision to return to the Brookings Institution.

Jodie T. Allen served as chief of research and policy coordination for the Family Assistance Plan in HEW from 1969 to 1970, later becoming senior vice president at Mathematica from 1974 to 1977. She is now Labor Secretary Ray Marshall's special assistant for welfare reform.

Richard Nathan served as a deputy undersecretary for welfare reform under HEW Secretary Elliot Richardson and was a major force behind FAP. He has returned to Brookings.

Susan Woolsey, Morrill's top assistant at HEW, is now associate director for Human Resources at the Office of Management and Budget, a position Morrill once held.

Elsewhere, one finds numerous examples of revolving door practices through which consultants become government policymakers and vice versa.

Raymond Struyk, for example, a former Urban Institute official, is now a deputy assistant secretary in HUD's Office of Research and Demonstration which last year did $3.1 million worth of business with his former organization.

Carolyn Merck, a Food and Nutrition Service specialist in the Department of Agriculture who worked on food stamp reform using data provided under a $660,709 contract to Mathematica, left her government post to take a job with Mathematica.

Ernest Stromsdorfer, a former deputy assistant secretary of Labor who was in charge of "research and evaluation," is now with Apt Associates, a consulting firm in Cambridge, Massachusetts, which is a major government contractor.

All of this raises substantial questions about inherent conflicts as well as about the ability of top government officials to make fair and dispassionate decisions and judgments on tough and highly controversial issues. Much of the available evidence points too often to an almost incestuous relationship between two spheres of influences: government and consulting firms. How can we expect officials within the Departments of Labor and HEW to examine the results of major social experiments and deliver to us an unprejudiced evaluation based solely on the facts? On the contrary, it appears that in the long, painful struggle over welfare reform an overwhelmingly biased point of view has survived within the bureaucracy to keep the concept of a guaranteed annual income alive.

Moreover, how can we trust the conclusions of experiments like SIME/DIME when the consulting firms performing the work are peopled and run by individuals who once had a profound interest in their success as public servants? If social "experiments" administered by consultants under government contracts are worthy of their name, then they should be truly experiments and nothing more, for strict scientific procedure requires that the outcome of any social experiment must not be tinkered with or prejudiced in any way. Yet, there is reason to doubt that this is the case with the negative income tax entitlement project as well as with the manpower provisions of the program.

In an interview with Jodie Allen, during which she went to great lengths to demonstrate her total uninvolvement with her former firm, she made a remark about her present task in the Department of Labor that I think revealed a great deal about the outcome of the jobs component of the welfare reform program.

Ms. Allen said, "I want to make it work. I want to see it succeed." One cannot blame her for such enthusiasm, but neither can one help wondering how such an "experiment" can be truly impartial and unprejudiced with one of its chief administrators actively working in its behalf.

Four months after he took office, Jimmy Carter issued a memorandum to the heads of his executive departments and agencies saying, "There has been and continues to be evidence that some consulting services, including experts and advisors, are being used excessively, unnecessarily, and improperly."

Among many areas of abuse, Mr. Carter cited "Revolving door abuses whereby former government employees may be improperly favored for individual or contracted consulting arrangements."

Earlier this year a Washington Post investigation found that top officials of the Appalachian Regional Commission had received fat consulting contracts when they left the antipoverty agency, considering them nothing more than a thinly disguised form of severance pay. Harry Teter Jr., who resigned in July of 1978 as executive director of the agency, was given $35,000 for a six-month review of his years at the commission. Other top officials who resigned or retired received similar consulting contracts, in one case as high as $75,000.

At the same time, an HEW investigation discovered that friends and relatives of officials at the National Institute on Drug Abuse had obtained millions of dollars in consulting contracts. HEW Inspector General Thomas D. Morris said there was "a substantial appearance of impropriety," and HEW Secretary Joseph Califano stated that he was "deeply disturbed with the loose management practices and evidences of cornyism" his investigators had uncovered.

All of this reddened the faces and raised the eyebrows of several congressional committees that have quietly begun investigations into Washington's largely hidden world of consulting contractors. Shocked by the $200 million HEW wanted to spend on consultants in fiscal 1979, the Senate Appropriations Committee's Labor-HEW subcommittee has begun probing the Department's consulting contract awards. Simultaneously, the Committee's special investigative unit has been conducting probes of its own. The still-secret investigation will culminate in Senate hearings early next year.

Yet despite this activity, little of substance has been done within the administration to end the apparent conflicts and revolving abuses over which Mr. Carter has expressed clear and deep concern.

"It's a very cozy group over there," said one former HEW official of his old alma mater. "When you look at the assistant secretaries, the deputy assistant secretaries, the same crowd is still there, many of them since Johnson, doing the planning and policy analysis, pushing their causes in little increments. Most of them came out of the consulting industry in this town and know that they can return to it anytime they want. And they maintain their relationships with their former firms. It's a very cozy relationship."

The consulting industry is so large and "invisible" that a new industry if forming just to keep track of how many consultant contracts are awarded by our Government. One firm, in particular, Washington Representative Services, Inc., has been following the trends in consultant contracts for the last 4 years. They have concluded that the number of consultant contracts has actually increased in each of the last 3 years despite OMB's assurances to us that there was an 11-percent reduction in consultant contracts.

This firm has provided my subcommittee with more accurate information on the number and use of consultants than the agencies themselves have been able or willing to provide.

For example, this firm listed the following consultant contracts awarded by DOD:

Date/amount, title, and awardee:

September 26, 1978, $148,508, quantitative procedure for personnel position identity definition; General Research Corporation.

April 14, 1978, $31,670, creation of central concept/theme for general safety program; Thomas Buffington Associates.

September 28, 1978, $219,212, group-paced training for behavioral science specialist course; Applied Science Associates.

September 30, 1977, $61,596, Management Study of the Defense Property Marketing Program; Don Sowle Associates.

December 22, 1977, $141,166, Human Factors' Research; Dunlap & Associate.

September 11, 1978, $74,826, Technical Support to Research on Human Factors in System Design; University of Dayton.

August 15, 1978, $145,573, Study of Air Force Management of Interim Contract Support; Boeing Aerospace.

September 27, 1978, $448,180, Headquarters, Army Information Management Study; Arthur Young & Co.

March 14, 1978, $203,676, $581,377, Presentation of Navy Sponsored Defense Procurement Training Courses; Starling Institute.

September 30 1978, $1,332,527, Development of Job-Oriented Basic Skills Curricula; Northrup Services, Inc.

Mr. PRYOR. Perhaps one of the most blatant examples of excessive and costly use of consultants by DOD can be found in the area of implementation of the Civil Service Reform Act, which became Public Law 95–454, on October 13, 1978. Among other things the act provided for the creation of the Senior Executive Service, the merit pay system, and the new performance appraisal systems.

The Navy Department, apparently anxious to implement the Senior Executive Service (SES) section of the act before the July 14, 1979, starting date, issued, in November 1978, without any competition five individual contracts for $70,000 each for study proposals on training and implementation of the act. Each contractor prepared two separate studies, one on SES and one on merit pay and performance appraisal. One of the five contractors, Coopers & Lybrand, was selected and awarded in April 1979, a contract for approximately $1 million for training and implementation of the SES section. The contractor then subcontracted out to another firm the bulk of the training work for approximately 400 employees at Navy. Just last week, Navy was scheduled to award another contract for approximately $9 million to the same firm to complete the training and implementation of the merit pay and performance appraisal sections of the Civil Service Reform Act.

There was no competitive bidding on these contracts, Mr. President.

When questioned about the amount of funds being spent by the Navy, a Navy official commented that he did not consider $10,000,000 to be much money compared to their $45 billion research and development budget—"The money was available."

The administration, while testifying before the Governmental Affairs Committee last year, said they felt that most, if not all, agencies had developed in-house capabilities to complete training and implementation of the Civil Service Reform Act.

The Congressional Budget Office estimated, based on information supplied by the administration, that the first year implementation of the act would be less than $14 million.

Although I hope that all agencies are not finding it easier to contract out for training and implementation of the Civil Service Reform Act, rather then to develop the system in-house, I must report that the Navy Department is apparently not alone. The Small Business Administration has also contracted with Coopers & Lybrand, the same firm which Navy contracted with to do the same work. Why can't these jobs be performed by civil servants?

I have already written to Director Campbell, of the Office of Personnel Management, asking that he report back to me the activities of all agencies and departments with regard to implementation of the Civil Service Reform Act.

In 1978 the Department of Defense awarded a $169,000 contract to one of the largest consultant firms in this country—Booz, Allen, and Hamilton. The purpose of this study was to tell DOD how they should be organized to administer the millions of contracts they award each year. DOD was so disappointed in the results of the study that they refused to release the Booz, Allen report for several months until they did their own study in-house. Before this contract was completed, it was modified to exceed $200,000—this money came out of DOD's operations and maintenance funds. The results of the in-house study were considerably different from the Booz, Allen recommendations. By now the Booz, Allen report is probably sitting on some book shelf over at the Pentagon and the taxpayer is out $200,000.

My amendment will hopefully eliminate a large number of costly, excessive and possibly abusive consultant arrangements which I have found to exist within DOD. This amendment will also put DOD and other Federal agencies on notice that the Congress intends to further scrutinize such wasteful expenditures. I urge my colleagues to support my amendment.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. PRYOR. I am proud to yield to the distinguished Senator from Washington.

Mr. MAGNUSON. Mr. President, I compliment the Senator from Arkansas on the fine work he has done on oversight of consultants. It has long been an evil in the Government. We took them on in the HEW appropriation and we found just hundreds of private contracts—some of them were "sweetheart contracts," under the table, and some of them without consulting other people, and a continuation of one consulting firm after another, whether they had done the job or not. We took, I think $60 million out of the HEW appropriation, and I am sure that the Defense Department is filled with the same evil.

I heartily support the Senator's amendment, and I hope the Senate will agree to it.

Mr. PRYOR. I appreciate the statement of the Senator from Washington. The Senator has certainly been a pioneer in this field of trying to establish where we are and where we are going in the area of private consultants. I appreciate the fact that the Senator is a cosponsor of this amendment.

Mr. STENNIS. Mr. President, if the Senator will yield to me, I would like to state that we have looked into this matter with considerable care and find that he has done good work on it. This will be a saving if we can sustain it in conference, and we will certainly try. I recommend, along with the Senator from North Dakota, that the Senate adopt this amendment.

Mr. YOUNG. I agree with the Senator from Mississippi.

The PRESIDING OFFICER. Is all remaining time yielded back?

Mr. STENNIS. All remaining time is yielded back.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arkansas.

The amendment (UP No. 792) was agreed to.

Mr. PRYOR. I move to reconsider the vote by which the amendment was agreed to.

Mr. MAGNUSON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 793

(Purpose: To increase Army ammunition procurement $4.2 million to expand facilities at the Long Horn Army Ammunition Plant)

Mr. TOWER. Mr. President, I have an amendment at the desk and I ask that the clerk report it.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Texas (Mr. TOWER) proposes an unprinted amendment numbered 793.

Mr. TOWER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 18, line 11, strike "$1,229,900,000" and insert in lieu thereof "$1,234,100,000".

Mr. TOWER. Mr. President, this amendment is in response to an Army request of $4.2 million to provide a permanent facility at Longhorn Army ammunition plant in Texas, as a replacement for the small, temporary facility at Naval Ordnance Station, Indianhead, Md., for the purpose of producing the SLUFAE.

I have discussed this with the manager of the bill and find that they are prepared to accept it.

Mr. STENNIS. Yes, Mr. President.

Mr. YOUNG. I am fully in accord. It is a good amendment

Mr. STENNIS. Mr. President, there is a relatively small amount involved here for the importance of this matter. We have looked into it and are glad to recommend that the Senate accept the Senator's amendment.

Mr. TOWER. Mr. President, I yield back the remainder of my time.

Mr. STENNIS. I yield back the remainder of my time.

The PRESIDING OFFICER. All remaining time being yielded back, the question is on agreeing to the amendment of the Senator from Texas.

The amendment (UP No. 793) was agreed to.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. STENNIS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STENNIS. Mr. President, if the Chair will indulge me just a minute, please.

Mr. PRYOR. Mr. President, I would say to the Senator that I think that both of my amendments have been adopted.

Mr. STENNIS. Yes, that is correct. The Chair has ruled that they were adopted.

Mr. PRYOR. I appreciate very much the cooperation of the distinguished chairman.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Chair will inquire, on whose time?

Mr. PRYOR. I withdraw my request, Mr. President.

Mr. STENNIS. Mr. President, may we have the attention of the Senate? The Senator from New Jersey has an important matter to dispose of.

Mr. BRADLEY. Mr. President, in the report on page 19, it refers to the base realinement plan of March 29. The last sentence of that paragraph says that the committee recommends reduction of $5 million from DOD base operating expenses and costs and encourages the Department to proceed in a deliberate manner with the announced base realinement decisions.

Mr. President, the Fort Dix matter was part of that realinement decision of March 29. It has subsequently been removed from realinement status. I would like the chairman to confirm that the reduction of $5 million in operation and maintenance cost does not apply to Fort Dix and Fort Dix will not suffer that loss.

Mr. STENNIS. Mr. President, this matter has been checked out by our staff. The language in the report to which the Senator from New Jersey refers reflects a $5 million reduction to encourage the Department of Defense to move expeditiously on its announced base realinement decisions in the interest of saving defense dollars. The reduction does not apply, however, to the phasedown of Fort Dix, in New Jersey, since that decision has recently been changed by the Secretary of Defense. It is a clear-cut situation and there is no doubt about the facts.

Mr. President, we have other matters here.

Mr. BRADLEY. I thank the chairman.

AMENDMENT NO. 574

(Purpose: To consolidate undergraduate helicopter pilot training)

Mr. HEFLIN. Mr. President, I call up my amendment which is at the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Alabama (Mr. HEFLIN) for himself and Mr. STEWART, proposes an amendment numbered 574.

Mr. STENNIS. Mr. President, may we hear the Senator from Alabama?

The PRESIDING OFFICER. The Senate will be in order.

Mr. HEFLIN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 2, line 11, strike out "$9,719,853,000" and insert in lieu thereof "$9,721,453,000".

On page 2, line 20, strike out "$6,863,834,000" and insert in lieu thereof "$6,856,234,000".

On page 3, line 3, strike out "$2,074,757,000" and insert in lieu thereof "$2,074,157,000".

On page 7, line 10, strike out "$10,031,355,000" and insert in lieu thereof "$10,049,355,000".

On page 7, line 21, strike out "$13,352,224,000" and insert in lieu thereof "$13,340,924,000".

On page 15, line 18, strike out "$1,000,437,000" and insert in lieu thereof "$1,001,137,000".

On page 58, strike out lines 3 through 6.

Renumber sections 759 through 762 as sections 758 through 761, respectively.

The PRESIDING OFFICER. The Chair must advise that the amendment amends two areas of the bill that have already been amended. Therefore, for the amendment to be in order it requires unanimous consent.

Mr. HEFLIN. Mr. President, I ask unanimous consent.

The PRESIDING OFFICER. Is there objection?

Mr. STENNIS. Mr. President, reserving the right to object, as I understand the situation, I do not object. Let us hear the Senator from Alabama.

The PRESIDING OFFICER. Is there objection? The Chair hears none. Without objection, the Senator may proceed.

Mr. HEFLIN. Mr. President, I appreciate the granting of the unanimous consent request. Being a freshman and knowing that a matter has come before the Senate before, I felt it encumbent upon me to look into the history of the matter pertaining to the undergraduate helicopter training program, which has been debated in this legislative Chamber on previous occasions.

I found in regard to its legislative history, that the origin of the idea of consolidated undergraduate helicopter training lies with the legislative branch and not with the executive branch.

In 1965, the GAO, which is an arm of the legislature, proposed the elimination of costly fixed wing training for helicopter pilots.

Then in 1970, the House Appropriations Committee asked the Air Force and the Navy, in cooperation with the Secretary of Defense to consider having the Army train all Department of Defense helicopter pilots.

Then the DOD started studying this. The Defense Audit Service studied this. The Department of Defense on numerous occasions came forward and recommended this change to bring about consolidated helicopter training.

After the Department of Defense said, "We feel it will produce quality pilots for the Navy and the Marine Corps, and we feel it will save a tremendous amount of money." They then brought the GAO into it.

The estimated savings have varied over the years from at least $63 million to around $200 million. Of course, the figures have varied from time to time because of different programs being evaluated and different assumptions being made. At one time it was suggested that a base be closed. Therefore, figures were different then.

The Department of Defense in the last few years has come to the conclusion that it would not be wise to close any bases, but that to consolidate the helicopter training would be a sound move. The Air Force and the Army have been training toegther at Fort Rucker since aobut 1970. Since then, we find, that there has been an effort to bring about the consolidation of the Navy helicopter training program with the Army and Air Force at Fort Rucker.

The round figures, and the figures reverified as recently as just a couple of weeks ago, show that the Department of Defense claim that consolidation will save $100 million.

The GAO studied this proposed consolidation, I believe in 1977, and concluded that the Department of Defense figures were accurate at that time, when it was thought it would be about $100 million.

More recently, the matter of consolidation came before a Senate committee on June 28 of this year, at which time a great number of figures were brought in by people in the Navy, apparently supplied by the Navy Training and Educational Command at Pensacola. Witnesses came forth with figures saying there would not be that much savings. The GAO was represented at that hearing, and heard all of the arguments and obtained all the figures. After that, the GAO came forth with a report in the latter part of September of this year.

GAO at that time said in effect, "We have not made an independent audit. We took the figures that the Navy supplied as to what the cost avoidance would be, and we took the figures by which the Army costs would be increased. We say the Army figures, at least, are valid."

Those figures at that time showed $63.3 million.

The GAO—I think this is important—said in the September 1979 report, "You, Department of Defense, have not considered all the savings. You can save an additional $29 million because of this consolidation in regard to unfunded retirement benefits because 1,500 military spaces will be saved," and this did not even consider the 250 civilian spaces that would be saved.

After that, Congressman CHAPPELL, of Florida—who, of course, has a parochial interest as I have a parochial interest in regard to this—although I have asked all Members of the Senate to look at this on its merits, said he wanted to have some more figures. So the Navy went back to the Pensacola-based CNET, which is Naval Education and Training Command, and they said, "Give us some more figures."

They came up with some more figures all right, and you are going to hear some new figures today, some new analysis in regard to this that was not considered by GAO in their September 1979 study.

What did CNET do with those figures? Those figures were submitted to the Navy Comptroller and they were submitted to the DOD Comptroller. And the DOD, after studying the new data and after having informal discussions with the GAO, released a letter on November 7 in which Harold Brown, the Secretary of Defense, said that even after these new figures are considered and all of these other assertions that we have heard about, the new approaches, we are still convinced that it will save $100 million.

(Mr. JOHNSTON assumed the chair.)

Mr. HEFLIN. We are going to hear a lot about these new figures, but I want the Senate to realize that DOD's Comptroller and the Navy Comptroller have studied these figures and say that they are convinced still, as of 2 weeks ago, that consolidation will still save $100 million. In the form of a letter, I was notified by Graham Claytor, former Secretary of the Navy, who strongly supports this—he is now Deputy Secretary of the Department of Defense—that they are convinced that it will save $100 million.

So, when you hear the new figures, I think you have to realize that those have been studied and analyzed. When those new figures were authorized to be released, the DOD Comptroller said, "You should release them with a caveat, that they are understated and, in effect, erroneous."

So when you hear a lot about new figures, I hope you will bear this in mind.

The Department of Defense has been trying for a long while to save this money. Deputy Secretary of Defense Graham Claytor, in a letter to me dated September 26, 1979, said in part:

> As Secretary of the Navy, I personally visited both Fort Rucker and Whiting Field to observe the training in the two programs. I came away convinced that the quality of training in the consolidated program will be better than the Navy and Marine students now get in the separate Navy program. Experienced Marine Corps helicopter pilots have also reviewed the two programs and have testified both two years ago and again this year the Army program is superior.
>
> I was convinced as Secretary of the Navy and even more convinced as Deputy Secretary of Defense that the training needs of the Navy and Marine Corps student pilots will be fully met in the consolidated program. Moreover, the consolidated program will be less expensive than the two separate programs. It will take advantage of economies of scale and the lower cost of contract services. We estimate that consolidation will save about $100 million over the next five years, as well as over 1,500 military and 250 civilian manpower spaces.

I think we ought to have to consider not just the dollars, but the fact of what savings of military manpower spaces will mean. These spaces can be made available for other urgent needs in the military. That, in my judgment, is an argument that I think people should not forget.

Secretary Claytor concluded:

> Putting it all together, we have here a proposal that will better provide training at substantially lower cost and the training needs of each service will be fully met.

Mr. President, I think most of us know that there is now a separate training program at Whiting Field near Pensacola, which trains Navy, Marine Corps, and Coast Guard students in fixed-wing aircraft and in helicopters, but its graduates are only helicopter qualified. Under the DOD proposal, the helicopter training would be consolidated into a single helicopter program conducted by the Army at Fort Rucker. This program would consist of a common core curriculum, which would also preserve service-unique segments so that the Navy, Marine Corps, and Coast Guard pilots would be fully trained in those types of missions that are unique to those services such as overwater and carrier operations.

Existing service-unique, follow-on training after the basic undergraduate pilot training program would be continued essentially as it is now so that when the pilots graduate the basic course, they would then go on to additional advance training by each service.

Mr. President, as I mentioned, the best estimates by the Department of Defense continue to indicate that the consolidation program will save the American taxpayers approximately $100 million over the next 5-year period. Over the years as this issue has been studied and restudied the savings estimate has fluctuated within a relatively narrow range. As data is refined and as new assumptions come into play the amount of savings of course varies. Every study, however, has always concluded that there would be a substantial savings to the American taxpayer.

The only question is just how much savings would be realized. Estimates have run from as low as $63 million to as high as $200 million. The Department of Defense sticks by its estimate, which has been verified by the Defense Audit Service, of $100 million. The General Accounting Office on two separate occasions has examined the DOD estimates and has essentially concurred in their findings. In a letter dated September 26, 1979 addressed to the senior Senator from Alabama, the Honorable DONALD STEWART, the GAO stated:

> We believe that the Secretary of Defense's proposal to consolidate UHPT should result in significant savings. Based on the assumptions under the May 1979 Army/Navy joint memorandum of understanding to implement consolidation, the estimated savings should exceed $63.3 million over the next 5 years. The advantages and disadvantages of consolidation have been aired in studies, in audits, and in hearings before members of the Congress. We believe that the preponderance of the evidence favors consolidating UHPT.

Thus, Mr. President, the independent audit arm of this Congress has in effect, verified once again the DOD estimates of a considerable amount of savings to the American taxpayer if this consolidation move is allowed to proceed as planned.

The latest GAO study requires some explanation. The study was not actually a totally independent study of their own, but was an examination of the figures and procedures submitted by the Navy and the Army. The Navy submitted estimated cost avoidance to consolidate UHPT. The Army gave its figures and breakdown as to the estimated incremental cost to train Navy pilots under UHPT. A comparison of these figures show at least $63.3 million in savings.

GAO asserts that DOD is not considering all of the savings and suggested that there would be an additional savings of $29 million over a 5-year period for unfunded retirement costs and veterans benefits because of the saved military spaces—the 250 civilian spaces not included.

In addition to this, GAO obtained admissions from the Navy that its estimates of cost avoidance were too low and thus GAO makes the clear statement that amount of savings would exceed the $63.3 million shown in this report.

One thousand five hundred military spaces at $10,000 a year amounts to $15 million per year and over a 5-year period, amounts to $75 million.

This issue is now in the 5th year of study. Each time it comes before Congress, Congressmen with parochial interests try to point out differences in the analysis and approach. Each time the Department of Defense goes back and restudies it and has its Defense Audit Service study it. Then GAO studies it. Over the period of time, while figures may vary, the calculated savings may vary, but they come up to figures of between $90 and $140 million.

A failure to pay attention to the DOD is to say the following:

First. The DOD is not competent to calculate a savings move.

Second. The GAO is incompetent. If so, then an investigation of GAO ought to be made.

Before a Member votes against this amendment, I think he ought to have a reasonable answer to this question: Why does DOD, after two different Presidential administrations and after 5 years of study, still insist on this consolidation? Clearly it is because it is in the best interests of the Nation and the services concerned, not just a matter of favoring one State or the other.

Again, let me emphasize that nobody can now place an exact dollar amount because of the uncertainties of predicting what will happen in the future. Let me also emphasize that no responsible study has ever varied from the conclusion that the consolidation will achieve substantial savings and for want of a better estimate I think we can assume that the savings will be in the range of $100 million over the next 5 years. This is well documented and substantiated.

Mr. President, I am a strong supporter of our men and women who serve in our Armed Forces. I believe that we must support our military personnel in every way possible. The facts are that the quality of training will actually be improved by the consolidation program. Just as Secretary Claytor has stated, the services will be providing better training at a substantially lower cost.

Mr. President, as I stated, it is well documented that the quality of training will actually improve after the consolidation takes place. The consolidated program, as compared to the current Navy program will actually provide Navy and Marine Corps students with more flying hours, 195 for the new program against 191 for the existing program. Moreover, the consolidated program will provide these pilots almost twice as many helicopter flying hours, since under the existing Navy program about half the flying hours are provided in fixed wing aircraft. In addition, because of the unique way the Army trains at Fort Rucker, each student will have more total cockpit hours because the Army doubles up student time in its helicopters and its simulators so that the student will actually have 440 hours cockpit time as opposed to 191 hours under the current Navy program. The training facilities at Fort Rucker also provide 50 hours of training in a much higher quality helicopter simulator for instrument flight training and for simulating flying techniques which would be too dangerous to perform in the actual aircraft itself in flight.

The consolidated program protects each service's requirements for giving its students service unique training. Of the 195 hours provided for under the consolidated programs, 50 hours will be set aside for Navy and Marine Corps service unique training which will be conducted by Navy and Marine Corps instructors.

After graduation from the undergraduate program each service will provide the same follow-on mission specific and aircraft specific training as they now provide. One perceived disadvantage to the program which is always drawn out by the opponents of this consolidation effort is that Navy and Marine Corps student pilots will get insufficient SRA oriented training. What I mean by that is insufficient instrument flying, carrier takeoffs and landings, and flight over water.

Actually, Mr. President, the core curriculum of the consolidated program will provide training which is pertinent to helicopter pilots in any environment. But, as mentioned, parent service instructors will check the progress of their students. The 50 flying hours in service unique segments of the curriculum, which is approximately one-fourth of the course, will be used for the type of training the parent service believes its students need. Navy and Marine Corps students may, if their services elect, receive additional instrument training. They can receive carrier landing and other maritime training at Pensacola which is only 1 hour away by helicopter from Fort Rucker so that more than sufficient time is set aside for these service unique missions. The maritime segment can be scheduled to coincide with required cross-country training flights to conserve time and fuel.

I might add, Mr. President, that the current Navy program—and I think this is important—of training helicopter pilots includes less than 2 hours of carrier and over water flight time.

Under the proposed program, we would have 50 hours of service unique training, which would allow the Marine Corps and the Navy to have anything they want to do in regard to maritime flight training, sea training, carrier training, or any other type of training.

Fifty hours is set aside for the Navy to select, under this program, how they want Navy and Marine helicopter pilots to be trained. If they want 50 hours of over-the-sea flying, flying over destroyers, or landing on aircraft carriers, or the equivalent of aircraft carriers, they have got the right to do so.

Moreover, often when the U.S.S. *Lexington*, presently based at Pensacola, is unavailable for these maritime training missions, on a great number of instances, and that is the only carrier they have, unless they go to Jacksonville, which is several hundred miles away, in order to land on a carrier, that portion of the flight training is waived from the existing Navy program anyway. Thus, there will be absolutely no degradation in the special training needs of these Navy and Marine Corps pilots and, in fact, time is available for additional over water and carrier operations if the services deem it necessary.

I also point out that Fort Rucker is only about 75 miles away from the Gulf of Mexico.

Another argument which is sometimes postulated by the opponents of consolidation is that Navy and Marine Corps students trained at Fort Rucker will lack esprit de corps and identification with their parent services. Mr. President, in my judgment, this argument is spurious at best. It is not well taken. As a former marine I know that the espirt de corps of the Marine Corps is important and I certainly would not advocate any program which would damage or destroy the spirit of the Corps. Along these lines I would like to call my colleagues' attention to testimony of Col. Walter Ledbetter, a Marine aviator who has commanded five different Marine aviation squadrons, four of those helicopter squadrons. Colonel Ledbetter testified before the Senate Armed Services Committee this past June. Colonel Ledbetter in his testimony stated in part:

> People have talked about the esprit de corps and how it would hurt your feelings to be trained by the Army. All Marine Corps Artillery Officers are now trained by the Army. All Marine Corps Tanker Officers are now trained by the Army, and I would defy you to go to a Marine Corps Artillery Officer and tell him he is not a good Marine. He would punch you out. They are very proud of themselves, and they go to the classes with the direction, you are a Marine, you had better come out first, and they work at it. When we send people to Rucker, we are going to send them with the same charge; you go down there, learn, and come out first, and they are going to come out Marines and they are going to come out first.

I might add that Marine military police personnel are also trained by the Army at the Army MP School at Fort McClellan, Ala.

Colonel Ledbetter had some other interesting things to say in his testimony and I would just like to read brief excerpts from it at this point. Colonel Ledbetter stated:

> I have made three trips to Fort Rucker and to Pensacola to compare the training. I was in charge of aviation studies and analysis in headquarters, Marine Corps under General Miller. The training given at Fort Rucker is far superior to the training given at Pensacola. I will give you some examples. Over water flight is one of the things which has been the hangup here. The over water syllabus at Pensacola is less than 2 hours out of a 192 hour syllabus. The proposed 195–50 syllabus we would get at Fort Rucker with 50 hours of service training would give us more over water training if we wanted it. We can get anything in the 50 hours we desire. The 195–50 syllabus at Fort Rucker gives us far more tactical training, more instrument training, far more night training. It is superior in every way.
>
> Mr. Chairman, if there were no cost savings, I would want to go to Fort Rucker. My only interest is getting the best trained helicopter pilots, because I am closer to leading them into combat than anyone in this room, by virtue of my low rank, and I want to go with the best trained man, and I can get him out of Fort Rucker now.

Mr. President, in addition to that, I ask unanimous consent to have printed in the Record at this time a letter addressed to me from the U.S. Marine Corps, the Deputy Chief of Staff for Aviation, Gen. W. J. White.

There being no objection, the letter was ordered to be printed in the Record, as follows:

DEPARTMENT OF THE NAVY,
HEADQUARTERS U.S. MARINE CORPS,
Washington, D.C., November 8, 1979

Hon. HOWELL HEFLIN,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HEFLIN: In response to your request for my position on the proposed consolidation of undergraduate helicopter pilot training, the following position statement both summarizes the Marine Corps position and sets forth my own thoughts on the issue.

The Marine Corps fully supports consolidated undergraduate helicopter pilot training at Fort Rucker. As Deputy Chief of Staff for Aviation, I believe that the provisions of the May 1979 Army/Navy Joint Memorandum of Understanding will provide the Marine Corps with a competently trained helicopter pilot. The consolidated training syllabus, when coupled with the provision for follow-on fixed-wing training for those officers in a career status, will satisfy future Marine Corps mission requirements.

I trust you will find the above statement responsive to your inquiry.

Sincerely,

W. J. White,
Lieutenant General, U.S. Marine Corps,
Deputy Chief of Staff for Aviation.

Mr. HEFLIN. Mr. President, I will read a portion of what he says in this letter:

> The Marine Corps fully supports consolidated undergraduate helicopter pilot training at Fort Rucker. As Deputy Chief of Staff for Aviation, I believe that the provisions of the May 1979 Army/Navy Joint Memorandum of Understanding will provide the Marine Corps with a competently trained helicopter pilot.

Mr. President, I want Senators to look at that language. He does not just say that the Marine Corps supports this move.

He uses the language "the Marine Corps fully supports."

He also states here that this is his position. He starts off by saying this:

> In response to your requests for my position on the proposed consolidation of undergraduate helicopter pilot training, the following position statement both summarizes the Marine Corps position and sets forth my own thoughts on the issue.

This is the man in charge of the Marine Corps aviation training.

Mr. President, I also have a letter addressed to me from the Commandant of the Marine Corps in which he uses the language that they "fully support" the consolidation program.

The idea has been expressed that this is an idea of DOD and it is being forced on people. I merely want to show by these examples the choice of language used when these marines say that they fully support it.

The chief of Marine Corps aviation says he fully supports it. It is the position of the Marine Corps and his personal position.

Mr. President, the opponents of consolidation sometimes offer other arguments against consolidation. For example, they argue that the consolidated program will consume more fuel than the program as it is currently structured. There is no doubt but that if you give a man 195 hours of training in helicopter operations, whereas he is now getting only 100 hours of helicopter operations, it is going to require some extra fuel. However, the GAO has determined that consolidating the pilot training would cause an increase in fuel use but only by about 3 million gallons over the 5-year period from fiscal years 1980–84. The Department of Defense officials believe that the additional hours will greatly enhance the effectiveness of training in rotary wing flight skills and thus prove cost effective.

Moreover, opponents have questioned the validity of the fuel price figures used in preparing the service's cost estimates. The GAO has found the cost of fuel increase is only $124,000, that even if we double or triple the prices used in making the savings estimates, this would decrease the savings only by $248,000 to $372,000 during the 5-year period. Thus, the fuel cost factor is really negligible when compared with the total estimated savings of $100 million. As the GAO states in its letter to Senator Stewart dated September 26, 1979,

> Neither the increased fuel use nor the effects of future fuel price increases should materially affect the overall estimated savings from consolidated UHPT.

Mr. President, I also called the attention of the Senate to the fact that at this time, in the Navy, there is an inability to train its helicopter pilots. The GAO states that since fiscal year 1975, the Navy has trained 400 fewer helicopter pilots than programed because of shortage of instructor pilots and aircraft.

In his letter Gen. Robert H. Barrow, Commandant of the Marine corps, says:

> The Marine Corps fully supports the proposal to consolidate helicopter training at Fort Rucker. The fiscal savings accruing to the Department of Defense appear significant. The proposed syllabus under the consolidation program will satisfy Marine Corps helicopter pilot training requirements and is expected to provide a well trained basic helicopter pilot. This opinion is based primarily on the increased number of helicopter and simulator flight hours received under the consolidated training program. The provision for follow-on fixed-wing training at the career decision point satisfies the remaining Marine Corps objection to the consolidation proposal.

Mr. President, I ask unanimous consent to have the letter printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Department of the Navy,
Headquarters U.S. Marine Corps,
Washington, D.C., September 5, 1979.

Hon. Donald W. Stewart,
U.S. Senate,
Washington, D.C.

Dear Senator Stewart: This is in reply to your letter of August 17 to Secretary Claytor regarding the proposed consolidation of undergraduate helicopter pilot training. I have been requested to provide, directly to you, the Marine Corps' position concerning this proposal.

The Marine Corps fully supports the proposal to consolidate helicopter training at Fort Rucker. The fiscal savings accruing to the Department of Defense appear significant. The proposed syllabus under the consolidation program will satisfy Marine Corps helicopter pilot training requirements and is expected to provide a well trained basic helicopter pilot. This opinion is based primarily on the increased number of helicopter and simulator flight hours received under the consolidated training program. The provision for follow-on fixed-wing training at the career decision point satisfies the remaining Marine Corps objection to the consolidation proposal.

The preceding supportive statements for consolidating undergraduate helicopter training do not mean the Marine Corps has been dissatisfied with the helicopter pilot trained by the Navy. Time and time again the Navy trained helicopter pilots have demonstrated their competence; however, the annual/continuing nature of the helicopter consolidation proposal, with its attendant adverse impact on financial support, appears to be having a debilitating effect upon the training capability of the Navy. Any further postponement of a decision regarding consolidation can only result in additional derogation of the training environment. In the event that consolidation is not approved, the Marine Corps would be pleased to remain with the Navy assuming budget restoration of training assets now held in abeyance awaiting a consolidation decision.

I trust you find the above responsive to your inquiry.

Sincerely,

Robert H. Barrow,
General, U.S. Marine Corps,
Commandant of the Marine Corps.

Mr. HEFLIN. Mr. President, I also ask unanimous consent to have the following items printed in the Record: A letter dated September 26, 1979, addressed to me from the Honorable W. Graham Claytor, Deputy Secretary of Defense; a letter dated September 26, 1979, addressed to Hon. Donald Stewart, U.S. Senate, from the Comptroller General of the United States; a letter dated September 26, 1979, addressed to Hon. Harold Brown, Secretary of Defense, from H. L. Krieger, Director of Federal Personnel and Compensation Division, General Accounting Office, Washington, D.C., and a letter dated November 7, 1979, from Senator Barry Goldwater.

There being no objection, the material was ordered to be printed in the Record, as follows:

The Deputy Secretary of Defense,
Washington, D.C., September 26, 1979.

Hon. Howell Heflin,
U.S. Senate,
Washington, D.C.

Dear Senator Heflin: I am writing to provide you with a summary of the advantages, both in terms of effectiveness and economy, of the consolidation of all Defense undergraduate helicopter pilot training (UHPT) into a single program under the Army at Fort Rucker, Alabama, as proposed by the Department of Defense. The consolidated program, in which all flight training will be in helicopters, will replace the separate programs now operated by the Navy at Whiting Field near Pensacola, in which part of the training is in fixed-wing aircraft.

As Secretary of the Navy, I personally visited both Fort Rucker and Whiting Field to observe the training in the two programs. I came away convinced that the quality of training in the consolidated program will be better than the training Navy and Marine students now get in the separate Navy program. Experienced Marine Corps helicopter pilots have also reviewed the two programs and have testified both two years ago and again this year that the Army program is superior. I particularly call your attention to the testimony of Col. Walter Ledbetter, USMC, before the Senate Armed Services Committee on June 28, 1979 (copy attached). Their views are backed up by some specific advantages of the consolidated program for Navy and Marine Corps students:

It will provide more total flying hours than the Navy program (195 instead of 191).

Navy and Marine Corps students will get almost twice as many helicopter flying hours (195 instead of 100).

The modern helicopter simulators at Fort Rucker provide much better instrument training than the less capable cockpit procedures trainers used by the Navy.

I am satisfied that it will take several years and substantial additional expenditures to modernize the facilities at Pensacola so as to enable the quality of the training there even to approach that now available at Ft. Rucker.

One of my major criteria for the consolidated program is that it must meet the particular training needs of each of the four Services. I am satisfied that it will. The consolidated course will be in two parts: a common core curriculum teaching skills needed by all military helicopter pilots, and a final segment for training in skills which are peculiar to each Service. This latter course segment will be designed by the parent Service and taught by parent Service instructors. This Service-unique segment for Navy and Marine students was designed and approved by the Navy and Marine Corps and will be composed of 50 flying hours and 10 simulator hours, or about one-quarter of the total course. Advanced training will be given, as it is now, by each Service after graduation from UHPT.

Given these facts, I was convinced as Secretary of the Navy and even more convinced as Deputy Secretary of Defense that the training needs of Navy and Marine Corps student pilots will be fully met in the consolidated program. Moreover, the consolidated program will be less expensive than the two separate programs. It will take advantage of economies of scale and the lower costs of contract services. We estimate that consolidation will save about $100 million over the next five years, as well as over 1,500 military and 250 civilian manpower spaces. The General Accounting Office reviewed the calculation of savings two years ago and agreed that they were valid and even understated. The Defense Audit Service, in an independent audit, has also recently verified the savings estimate (copy attached). I understand that GAO has also very recently completed another review of the savings calculation. Although we do not yet have access to the findings of this latest review, we are confident that they will again confirm that the consolidation will achieve significant savings.

Putting it all together, we have here a proposal that will provide better training at substantially lower cost. The training needs of each Service will be fully met. It is not often that we are confronted with a proposal that combines improved military effectiveness with economy in the way that this one does. I know that we can count on your support on this issue in the Congress, and I urge you to help actively in the effort to get it approved. I want to add that this is not a first step toward an effort to consolidate fixed wing flight training. Secretary Brown and I are unalterably opposed to this for a variety of reasons, and we have made this clear on a number of occasions.

Sincerely,

W. GRAHAM CLAYTOR.

LETTER OF SEPTEMBER 26, 1979

Secretary CLAYTOR. Mr. Chairman, Colonel Ledbetter, whom I mentioned before, who has been commanding officer of five different squadrons, is a graduate from Pensacola and a helicopter pilot. He does have some views about this on the basis of his experience. I would like him to have that opportunity.

Senator NUNN. Colonel, do you want to address this?

Colonel LEDBETTER. As the Secretary said, I have been in command of five different squadrons, four of them helicopter squadrons. I have commanded a helicopter aircraft group. I am fixed and rotary wing qualified, and qualified in every rotary wing aircraft inventoried in the Marine Corps and in a number of the fixed wing aircraft I am qualified.

I am in total disagreement with Mr. Mealy. I have made three trips to Fort Rucker and to Pensacola to compare the training. I was in charge of aviation studies and analysis in Headquarters, Marine Corps, under General Miller. I was sent down to Rucker and to Pensacola to compare the training in 1977. I went with four other Marine Colonels. One was strictly a fixed wing pilot. The other four of us were both rotary and fixed wing qualified. Two were commanding officers of air groups. One worked at program analysis at the second level. We all five concurred that the training at Fort Rucker was far superior to the training we get in Pensacola. I just went down to Pensacola, Corpus Christi, and Fort Rucker in March to look again. I still agree with what I wrote in 1977. The training given at Fort Rucker is far superior to the training given at Pensacola.

I will give you some examples. Over-water flight is one of the things which has been a hang-up here. The over-water syllabus at Pensacola is less than two hours out of a 192-hour syllabus. The proposed 195–50 syllabus we would get at Fort Rucker with 50 hours of service-peculiar training would give us more over-water training if we wanted it. We can get anything in that 50 hours we desire. The 195–50 syllabus at Fort Rucker gives us far more tactical training, far more instrument training, far more night training. It is superior in every way. There is no need to start flying, to learn to fly a helicopter by learning to fly a fixed wing. It is like learning to drive a car and learning to ride a bicycle. They are different. They fly differently.

Some of the instrument time is transferrable, but not nearly all of it is. If I had my way, I would train all helicopter pilots to fly helicopters, and then at a career decision point I would take some who decided and transfer them to fixed wing aircrafts. I have flown instruments in both aircrafts. It is much more difficult to fly instruments in a helicopter in turbulence than it is to fly a fixed wing aircraft. I have a lot of experience in both of them. I am extremely impressed with what they train at Fort Rucker. They teach virtually no tactics now at Pensacola, and a great emphasis on tactics at Fort Rucker.

Fort Rucker only teaches rotary wing training. The Navy's primary emphasis is on fixed wing training. Therefore, they do not give us a very good helicopter program. Now, when I went through, the Marine Corps, before it looked, has always been satisfied with our product, but it is like eating peanut butter. When I was a little boy I ate peanut butter and the grease floated to the top and I was satisfied with it, but as soon as they gave me Peter Pan Peanut Butter, I wasn't satisfied with the old kind any more. I went down and looked at the new kind, and I would rather go to Fort Rucker, and any Marine helicopter pilot you talk to would rather go to Fort Rucker.

Senator NUNN. Senator Chiles, Mr. Mealy has testified here that fixed wing has some definite advantages, and if the costs were equal, in other words, if there were no cost savings, he thinks it would be better to keep it in Pensacola, because the Navy has unique or better training there. Colonel Ledbetter has testified—he didn't hear all of it, but basically he testified that he thinks the training at Fort Rucker is far superior. I assume, Colonel, that even if cost savings were zero, you would be in favor of the consolidation. Is that right?

Colonel LEDBETTER. Mr. Chairman, if there were no cost savings, I would want to go to Fort Rucker. My only interest is getting the best trained helicopter pilots, because I am closer to leading them into combat than anyone in this room, by virtue of my low rank, and I want to go with the best trained man, and I can get him out of Fort Rucker now.

Senator NUNN. Suppose at Pensacola they had the assets that had been requested by the Navy. Would that affect the analysis?

Colonel LEDBETTER. The assets which have been requested are the computer with the four simulator cockpits. It is in a warehouse there. The four cockpits would not be sufficient to give the same amount of simulator time to the Navy pilots who were in operation at Pensacola, as the six computers with 24 cockpits can give in Fort Rucker. We would have to have more computers and more simulators in order to get the 50 hours that are going to be given at Fort Rucker, and it is very desirous we have that much simulation.

You can simulate in that cockpit far more things than you can ever do in an airplane. I was flying in March at Fort Rucker and they gave me an engine flame-out and a tail rotary failure and nearly scared me to death. I couldn't have survived it in an airplane, but I got to practice it in Fort Rucker, and we can practice every emergency that can be given in an airplane plus all of the instrument flying that you need. It is a fantastic facility, and a very well thought out and designed training program.

I will make one other comment. The first time I went to Fort Rucker to look was in 1976, and I went with an extreme bias against the Army, thinking that the Marine Corps program was always going to be better and always had been better and always would be better, and it was hard on me to go down and look at a thing that well organized, and it hurt my feelings.

(General laughter.)

Colonel LEDBETTER. Since then, I have been fighting to get a better program for what we have, wherever it is, and I think the more helicopter flight planning you get, the better helicopter pilot you are, and one other thing. The 195–50 syllabus does not give just 195 hours. The Army has a unique thing we should have adopted a long time ago. Every time an instructor gets in that airplane, he takes two students with him, and one student flies and the other sits in the jumpseat observing, so when he finishes they don't do it in the T–55, but once they get to the Huey they do. They can get 340 hours in the air either observing or flying, and every time he gets in that simulator, two students get in there, and they either fly or observe, so that 50 hours of flight time in the simulator, they end up with 100 hours, so they end up flight school in 39 weeks with 440 hours of either direct flight time or simulated flight time.

There is no way we can do that in the Navy, because 92 hours are in a fixed wing aircraft, and you can't get any more people in it. Even if we doubled up with the Hughie time, the most we could get out of a flight school is something like 252 hours, and it takes longer in the Navy than it does in the Army. The Army does it in their schedule time. We are running now a little over a year. There is a lot of difference between 440 hours in 39 weeks and 192 hours in 52 weeks. We have a cram course that jams that into his head, and a lot of air sense. It is a beautiful setup and a darn good program, and I would like to see us get into it.

Senator NUNN. Are you saying if Senator Chiles and I ride in a helicopter, we ought to ask for an Army pilot?

Colonel LEDBETTER. No, sir. I think I am one of the best helicopter pilots in the world, and so are most of the Marines that we have, because we take them when they are finishing the program and run them through our advanced program. I had a training squadron in New River and we got students from both sides in 1968, and after a four-month program, and we had them, I couldn't tell the difference between those two. In those days the Army didn't have a very good instrument program. They didn't have the simulators. They do now, so when we got them from the Army in 1968, they knew more about tactics, they knew less about instrument flying. When we got them from Pensacola, they knew nothing about tactics and a lot more about instrument flying. We had to devise a different program in the advanced squadron to bring them both equal, but after a four-month period they were both equal.

One other thing to comment on. People have talked about the esprit de corps and how it would hurt your feelings to be trained by the Army. All Marine Corps artillery officers are now trained by the Army. All Marine

Corps tanker officers are now trained by the Army, and I would defy you to go to a Marine Corps artillery officer and tell him he is not a good Marine. He would punch you out.

(General laughter.)

Colonel LEDBETTER. The same thing. They are very proud of themselves, and they go to the classes with the direction, you are a Marine, you had better come out to first, and they work at it. When we send people to Rucker, we are going to send them with the same charge: you go down there, learn, and come out first, and they are going to come out Marines and they are going to come out first.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., September 26, 1979.
Hon. DONALD W. STEWART,
U.S. Senate.

DEAR SENATOR STEWART: In accordance with your written request, dated September 25, 1979, we are providing you the information developed during our recent review of the proposed consolidation of undergraduate helicopter pilot training at Fort Rucker, Alabama.

PROPOSED CONSOLIDATION

There are now two UHPT programs:

An Army program at Fort Rucker, Alabama, which trains Army and Air Force students and which uses an all rotary-wing syllabus.

A Navy program at Whiting Field near Pensacola, Florida, which trains Navy, Marine Corps, and Coast Guard students and which uses a combination fixed-wing/rotary-wing syllabus.

DOD proposes to consolidate these two programs into an all rotary-wing program at Fort Rucker, Alabama. This training would consist of a common core curriculum supplemented by service-unique segments. Existing service-unique follow-on training for UHPT graduates would remain essentially the same.

DOD forecasts approximately $100 million in savings over the next 5 years and believes a consolidated program will offer training as good as or better than that Navy's students now receive.

The proposal is necessarily predicated on future events and involves variables associated with the assumptions chosen. Therefore, we must emphasize that we are dealing with estimates and that true economies depend upon actual operation of a consolidated program. What we have done in our review is to test the validity of the cost estimates and related savings.

Our findings on issues related to this proposal are discussed below.

COST COMPARISONS/SAVINGS

Cost comparisons have consistently shown that consolidation of training facilities for helicopter pilots can reduce training costs and result in significant savings. DOD's official position is that the difference between Navy cost avoidance of $233.5 million and increased Army costs of $135.8 million—$97.7 million—constitutes forecasted savings over a 5-year period. These figures are based on the Secretary's April 1977 study adjusted to reflect Defense Audit Service findings on March 1978 and subsequent program implementation slippages. GAO, which had recommended consolidation as early as May 1974, reviewed the Secretary's 1977 study and reported in May 1977 that forecasted savings appeared conservative.

In this current effort to test the validity of forecasted savings, we reviewed the services' most recent cost estimates, which were prepared under assumptions in the May 1979 Army/Navy joint memorandum of understanding to implement consolidation.[1] These estimates show total costs and related savings for fiscal years 1980–84 as follows:

	Unaudited (millions)
Navy's estimated cost avoidance to give up UHPT	$266.6
Army's estimated incremental cost to train Navy requirements	203.3
Savings	63.3

We found that increases were necessary in both estimates. The required increase in the Army's incremental cost estimate is about $17 million, of which $12 million is due to changing its fiscal year 1979 dollar base to a fiscal year 1980 dollar base. The increase to the Navy's cost avoidance estimate cannot be accurately determined at this time on the basis of data provided by the Navy. Officials from the Department of the Navy agree that its estimate needs revision and are preparing a revised estimate. Nonetheless, the overall Navy adjustments needed should exceed the $17 million adjustment made to the Army's estimate. Thus, the amount of savings should exceed the $63.3 million shown above.[2]

OTHER CONSIDERATIONS THAT COULD AFFECT SAVINGS

During the debate over savings from consolidation, questions have arisen about the impact of certain other factors on forecasted savings. We assessed the impact of some of the more important of these on forecasted savings, and our conclusions are as follows.

FUEL CONSUMPTION AND PRICES

Consolidating UHPT would cause an increase in fuel use but only by about 3 million gallons over the 5-year period from fiscal years 1980 through 1984. Increased fuel consumption under a consolidated program is primarily due to additional flying time for Navy's students in advanced rotary-wing aircraft. They are expected to get about 145 syllabus hours instead of some 65 hours they now receive. DOD officials believe the additional hours will greatly enhance the effectiveness of training in rotary-wing flight skills and thus prove cost effective.

In June 1979 hearings before the Senate Subcommittee on Manpower and Personnel, Committee on Armed Services, the Chairman questioned the validity of fuel price figures used in the services' cost estimates. The DOD-approved prices for costing purposes, as used in the estimates, are about $0.45/gallon for jet propulsion fuel and about $0.63/gallon for aviation gas. The rate of fuel price increases over the next 5 years is of course open to speculation. However, a doubling or tripling of the above prices at the beginning of fiscal year 1980 would decrease savings by $0.2 million or $0.4 million, respectively, during the 5-year period. (See enc. I for further details on fuel use and costs.)

Neither the increased fuel use nor the effects of future fuel price increases should materially affect the overall estimated savings from consolidating UHPT. Moreover, the Secretary's proposal does not consider alternatives that could conserve DOD's use of fuel, alternatives which deserve attention regardless of UHPT consolidation. These include, for example, reducing actual flight time through more simulated training exercises; increased flight time in more fuel-cost-effective aircraft, with a proportionate reduction in the less fuel-cost-effective aircraft, and/or cutting back on mission-specific follow-on training.

RETIREMENT COSTS AND VETERANS' BENEFITS

UHPT consolidation will also allow DOD to reduce both military and civilian manpower. Forecasted savings, therefore, will increase due to reduced retirement costs and veterans' benefits. We did not estimate the amount of savings based on the projected manpower reductions under the May 1979 implementation plan. In May 1977, however, GAO reported that the Secretary's proposal did not recognize these savings and estimated that the present value of the unfunded retirement costs for military spaces alone was $29 million over the 5-year period under analysis. Savings due to reduced future retirement costs and veterans' benefits are both legitimate and significant and should be included in total savings.

ADDITIONAL FACTORS

Two other factors will affect projected savings:

DOD, in realigning its activities, must help alleviate the economic and social impact of realignment on the affected region. In May 1977, DOD's Office of Economic Adjustment assessed the economic impact of realignment on the Pensacola area and concluded that the region had strong economic growth and adjustment potential. It estimated costs associated with the economic impact of consolidation at approximately $2.6 million. These costs will reduce forecasted savings.

DOD now has 36 rotary-wing TH-57 aircraft committed to primary helicopter pilot training for Navy students. A consolidated program will free these assets for sale or use elsewhere in the Government. Since they are unique to Navy's UHPT, DOD plans to sell the aircraft. Sale to the public will increase forecasted savings.

TRAINING WITHIN THE SERVICES' UNIQUE ENVIRONMENTS

The syllabus approved by the Secretary in June 1977 will provide Navy students with training for the Navy-unique environment. It consists of a common core of 145 flight hours and 40 hours of simulator time for all DOD students, plus an additional 50 hours of flight time and 10 hours of simulator time for Navy's students. This "unique" portion of the syllabus, taught by Navy instructors, is designed to provide students with the knowledge, skills, and techniques necessary to operate a helicopter in the Navy's environment. Navy officials, including those responsible for flight training, believe that this syllabus will produce quality pilots. For example, the Secretary of the Navy, testifying in June 1979 before the Senate Subcommittee on Manpower and Personnel, Committee on Armed Services, stated that a consolidated program would provide significantly more effective helicopter pilot training to Navy's students.

SURGE POTENTIAL OF THE ONE-SITE TRAINING PROGRAM

Fort Rucker, DOD's proposed site for consolidated training, appears adequate to accommodate anticipated pilot training loads over the next 5 years. Estimated annual output capacity at the site is, peacetime, between 2400 and 2600 pilots and, mobilization, about 4500 pilots. Projected service requirement for helicopter pilots in fiscal year 1984, including foreign students, is 2482. DOD's need for pilots, which is subject to review and amendment during annual planning, programing, and budgeting cycles, would be affected by an emergency situation such as war. Should such a situation arise and require more pilots over a sustained period than any one site can handle, expansion of some training functions to other locations would be necessary, as was the case during the Vietnam surge.

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[1] The Secretary has not yet approved the plan; but the services have projected a significant increase in pilot needs, thus driving up projected cost estimates.

[2] As of the date of this report, the adjustments to the Navy's cost data had not been completed. We continue to believe that the net effect of the adjustments should result in net 5-year savings from UHPT consolidation of more than $63.3 million.

OTHER ISSUES

In reviewing Army's cost estimate we determined whether costs associated with other factors were included, as appropriate, to support consolidated training and found that:

Existing flying facilities will be used for consolidated training, so that no funds are required for opening additional facilities.

Additional helicopters required will not be procured but obtained through use of existing DOD assets. Army's cost estimate included $1.5 million for returning to flyable status 40 rotary-wing primary trainers in storage at the Military Aircraft Storage and Disposition Center, Davis-Monthan Air Force Base, Arizona. We visited Davis-Monthan; examined the aircraft and inventory records; and found, as the Army claimed, that the helicopters have not been cannibalized and can be brought back to a flyable status within the estimated cost range.

Existing facilities, both on and off base, appear capable of supporting projected increases in personnel; therefore, no new construction is planned. In April 1979, Navy officials examined facilities at Fort Rucker and surrounding communities and concluded that housing and support facilities were adequate to handle additional requirements and would not degrade quality of life for Navy personnel. Army officials consider it unlikely that consolidation will displace a significant number of military personnel living on base.

CONCLUSIONS AND RECOMMENDATIONS

We believe that the Secretary of Defense's proposal to consolidate UHPT should result in significant savings. Based on the assumptions under the May 1979 Army/Navy joint memorandum of understanding to implement consolidation, the estimated savings should exceed $63.3 million over the next 5 years. The advantages and disadvantages of consolidation have been aired in studies, in audits, and in hearings before members of the Congress. We believe that the preponderance of the evidence favors consolidating UHPT.

Estimated savings depend upon assumptions used and timing of implementation and could vary. True economies cannot be precisely determined without actually operating a consolidated program. To verify the forecasted savings and to facilitate proper management of implementation, we recommend that the Secretary of Defense: establish a mechanism that accounts for the costs, tracks the milestones for implementation, and records the savings associated with consolidation; and report back to the Congress at appropriate intervals concerning the progress of implementation, related costs, and savings.

SCOPE OF REVIEW

To obtain the information, we reviewed Army and Navy cost estimates, as well as estimates of related savings from consolidation; and we analyzed documentation relating training within the services' unique environments. We also observed and inspected facilities and equipment the Army has identified for use in support of consolidated training.

In addition, we discussed the issues with key officials from the Office of the Secretary of Defense, the Department of the Army, and the Department of the Navy.

Sincerely yours,

RUSSELL B. STAATS,
Comptroller General of the United States.

Enclosure.

POSSIBLE EFFECT OF INCREASED FUEL CONSUMPTION AND PRICES ON ESTIMATED SAVINGS FROM CONSOLIDATION

	Gallons required (fiscal years 1980-84)		
	Aviation gas	Jet propulsion fuel	Total
Gallons consumed under consolidation	9, 867, 252	127, 211, 098	137, 078, 35
Cost per gallon	$0. 63	$0. 45	
Total	$6, 216, 368	$57, 244, 994	$63, 461, 362
Gallons consumed if UHPT is not consolidated	16, 641, 797	117, 450, 738	134, 092, 535
Cost per gallon	$0. 63	$0. 45	
Total	$10, 484, 332	$52, 852, 832	$63, 337, 164
Difference in gallons consumed	(6, 774, 545)	9, 760, 360	2, 985, 815
Cost per gallon	$0. 63	$0. 45	
Total	($4, 267, 963)	$4, 392, 162	[1] $124, 199
Cost per gallon (doubled)			$248, 379
Cost per gallon (tripled)			$372, 598

[1] Comparison is based on fuel consumption for the total DOD UHPT program. A similar comparison, i.e., fuel consumption for Navy's separate program with the incremental fuel consumption for Army to train Navy's helicopter pilots, would yield the same differential in gallons consumed and costs. This difference in fuel use and cost has been considered in the current cost estimates.

U.S. GENERAL ACCOUNTING OFFICE,
Washington, D.C., September 26, 1979.

Hon. HAROLD BROWN,
Secretary of Defense.

DEAR MR. SECRETARY: As you know, the General Accounting Office has been asked to review your proposal to consolidate undergraduate helicopter pilot training at Fort Rucker, Alabama, and consideration of your proposal is still before Congress. We are enclosing a copy of our report to Senator Stewart on your proposal. This report contains recommendations to you on page 6, if consolidation occurs.

In addition to the recommendations, we believe several other matters deserve your immediate attention:

On pages 2 and 3, we discuss savings possible if undergraduate helicopter pilot training (UHPT) is consolidated. However, Defense has not finalized its review of the services' cost estimates and related savings. Because this is important to congressional discussion on consolidation, we suggest that Defense, as expeditiously as possible, finalize its review of the services' cost estimates and related savings.

On page 3, we discuss the impact of increased fuel consumption under consolidation. Fuel conservation is an important matter; and fuel-saving measures should be of concern to all the services, regardless of UHPT consolidation. We, therefore, suggest that Defense, in its continuing review of the UHPT, identify measures that could save fuel.

A matter not addressed in this report, but related to consolidation, is the Department of the Navy's shortfall in numbers of helicopter pilots it trained in recent years and its ability to meet its pilot needs in future years. Since fiscal year 1975, the Navy has trained 400 fewer helicopter pilots than programed because of a shortage of instructor pilots and aircraft. Defense should immediately assess whether the Navy, using its resources, can meet its pilot training needs in the near future. If not, Defense should inform the Congress of this fact so that it can be a part of the current discussion over consolidation.

If consolidation of undergraduate helicopter pilot training does not materialize, the Navy's ability to meet its pilot training loads (for both the Marine Corps and the Navy) becomes more important, especially in view of the Navy's proposed increases in pilot training loads over the next few years and the lead time needed by the Navy to obtain the aircraft and other capability (e.g., aircraft maintenance) to support an increased training load. Under these circumstances, Defense must seriously examine alternatives to reduce the potential shortfalls. One alternative could be to assign certain Marine Corps or Navy training loads to the Army, which appears to have the capacity, including the necessary aircraft to assume this additional load. This action could also make available resources to help the Navy reduce some of its fixed wing training shortfalls which have existed during the same period.

Sincerely yours,

H. L. KRIEGER,
Director.

Mr. HEFLIN. Mr. President, I also have a letter dated October 5, 1979, addressed to Hon. DONALD STEWART, U.S. Senate, from Harold Brown, the Secretary of Defense. This is after all the new figures and everything else. He says:

The Department of Defense continues to estimate 5-year savings of some $100 million or more.

I ask unanimous consent to have the letter printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

SECRETARY OF DEFENSE,
Washington, D.C., October 5, 1979.

Hon. DONALD W. STEWART,
U.S. Senate,
Washington, D.C.

DEAR SENATOR STEWART: You have asked for my views on the consolidation of Defense Undergraduate Helicopter Pilot Training (UHPT) in an all-helicopter program at Fort Rucker, Alabama, as proposed in the President's Budget for 1980. The House has now voted against this consolidation. Nevertheless, I continue to support this proposal strongly.

It is clear to me that this proposed consolidation would provide a markedly more effective UHPT program than Navy and Marine Corps students now enjoy. And the proposal would provide for more economical UHPT than the Navy now is able to conduct. The Department of Defense continues to estimate five-year savings of some $100 million or more.

I understand that some senators have voiced fears that this might be a first step toward eventual consolidation of Air Force and Navy fixed-wing fighter/attack pilot training. I can assure you that these fears are groundless. This fixed-wing training involves consideration such as air space utilization which make consolidation impractical.

I deem it very important that UHPT consolidation be implemented without further delay. I strongly urge that the Congress support this proposal which promises significant improvements in training effectiveness and economy. I appreciate your active backing of our proposal.

Sincerely,

HAROLD BROWN.

Mr. HEFLIN. Mr. President, in regard to these new figures and statistics that came out of the Pensacola based CNET, I have a memorandum addressed to the Assistant Secretary of the Navy from John R. Quetsch, the principal Deputy

Assistant Secretary of Defense, in regard to these figures being released.

It seems that Representative CHAPPELL, of Ocala, Fla., heard about these figures and wanted them. The DOD comptroller says in this memorandum authorizing release:

> We have no objection to your releasing the Navy data to Mr. Stout.

Mr. Stout was the administrative aide to Representative CHAPPELL. I continue reading:

> However, we feel the observations in Attachment B to your memorandum should be clarified for Mr. Stout, namely, that the data provided in CNET understates Navy costs to produce helicopter pilots without consolidation; that Navy, at considerable delay in planned Navy pilot output, both jet and helicopter, would have to seek authorization and appropriations to procure additional aircraft in order to do the job in-house; and that consolidation will overcome a continuing 15–20 percent shortfall in Navy pilot production.

The letter is dated October 17, 1979, and I ask unanimous consent to have it printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OCTOBER 17, 1979.

Memorandum for Assistant Secretary of the Navy (FM).

Subject: Undergraduate helicopter pilot training.

This is in response to your memorandum of September 18, 1979, enclosing costing data for Mr. Ed Stout relative to consolidation of undergraduate helicopter pilot training.

We have no objection to your releasing the Navy data to Mr. Stout. However, we feel the observations in Attachment B to your memorandum should be clarified for Mr. Stout, namely, that the data provided by CNET understates Navy costs to produce helicopter pilots without consolidation; that Navy, at considerable delay in planned Navy pilot output, both jet and helicopter, would have to seek authorization and appropriations to procure additional aircraft in order to do the job in-house; and that consolidation will overcome a continuing 15–20% shortfall in Navy pilot production.

Therefore, it is recommended that in releasing the data you provide a cover letter which clearly points out these deficiencies in the CNET costing package.

JOHN R. QUETSCH,
Principal Deputy Assistant Secretary of Defense (Comptroller).

Mr. HEFLIN. Mr. President, I would like to call the Senate's attention to a letter dated September 26, 1979, from the General Accounting Office to the Secretary of Defense. The letter to the Secretary states that a matter not addressed in the report of September 26, 1979, to Senator STEWART but one which is of importance deals with the Navy's shortfall in the numbers of helicopter pilots. I would like to just quote from the GAO letter.

> A matter not addressed in the report [the report to Senator Stewart] but related to consolidation, is the Department of the Navy's shortfall in numbers of helicopter pilots it trained in recent years and its ability to meet its pilot needs in future years. Since fiscal year 1975, the Navy has trained 400 fewer helicopter pilots than programed because of shortage of instructor pilots and aircraft. Defense should immediately assess whether the Navy, using its resources, can meet its pilot training needs in the near future. If not, Defense should inform the Congress of this fact so that it can be made part of the current discussion over consolidation.
>
> If consolidation of undergraduate helicopter pilot training does not materialize, the Navy's ability to meet its pilot training loads (for both the Marine Corps and the Navy) becomes more important, especially in view of the Navy's proposed increases in pilot training loads over the next few years and the lead time needed by the Navy to obtain the aircraft and other capability (e.g., aircraft maintenance) to support an increased training load. Under these circumstances, Defense must seriously examine alternatives to reduce the potential shortfalls. One alternative could be to assign certain Marine Corps or Navy training loads to the Army, which appears to have the capacity, including the necessary aircraft to assume this additional load. This action could also make available resources to help the Navy reduce some of its fixed wing training shortfalls which have existed during the same period.

Mr. President, what I think the GAO is saying to the Navy in this letter is that because of shortfalls in previous years in its pilot training and because of anticipated increases in future years, the Navy simply is not going to be able to train all of its pilots at Whiting Field anyway and, consolidation or no consolidation, will probably have to consider training some Marine Corps and Navy pilots at the helicopter school at Fort Rucker anyway. This is going to be necessary not just to train Navy and Marine Corps helicopter pilots, but also to make aircraft and other resources available to train the numbers of jet pilots Navy needs. To my knowledge, Secretary Brown has not replied to this letter to the GAO, but I would certainly be interested in hearing the Department's plan of meeting the Navy pilot shortfall if consolidation is not permitted.

Mr. President, there are other arguments that are offered from time to time as to why consolidation should not go forward. It is argued, for example, that the airplane which the Army would bring out of storage to use to train the Navy pilots have been cannibalized and would be readily available. This has been refuted by the Army and, in fact, the GAO sent its investigators to examine the Army helicopters in storage and found, as the Army claimed, that the helicopters have not been cannibalized and can be brought back to a flyable status within the estimated cost range. This is documented in the letter to Senator STEWART mentioned above which will be put in the RECORD at the appropriate time.

Mr. President, the opponents of consolidation today will probably make an impassioned plea that based on new data, new cost estimates or new funding information, the estimated savings will be much lower than heretofore mentioned or even may turn into increased costs if consolidation is approved. This argument is spurious at best for a number of reasons. First, it should be noted that a very thorough hearing of this issue was had before Senator NUNN's subcommittee of the Armed Services Committee on June 28, 1979. The position of a number of rank and file and retired Naval officers and Marine officers who oppose consolidation was made imminently clear at that hearing. All sorts of "new figures" were brought up at that meeting to show that consolidation would not save money or that it might in fact cost money.

The GAO had representatives at that hearing who heard the testimony and who obtained copies of all the figures put forth by these representatives. The GAO then took this testimony and these figures and studied these figures thoroughly. These so-called new figures then were considered by the GAO when it issued its statement of September 26, 1979, which concluded that the savings would exceed $63 million and indeed would be even greater if the $29 million for unfunded retirement benefits were taken into account.

Moreover, after that hearing, it was concluded that the Navy cost estimates were understated in certain respects and the GAO auditors sought revised and more valid estimates from the Navy. Interested Congressmen also requested that the Navy prepare revised data. In September, the Naval Education and Training Command often called CNET, which has its headquarters at Pensacola, Fla., sent its revised estimates to the Navy Comptroller. These estimates were reviewed by the Navy Comptroller and forwarded to the DOD Comptroller for further review with a request that the new figures be released to Congressman CHAPPELL of Florida.

The review by the DOD was not complete prior to the time the GAO issued its September 26, 1979, report. Nevertheless, by October 2, 1979, the Secretary of Defense, and his Comptroller, and the Navy Comptroller, had concluded that the revised data furnished by the Navy Training Command were in substantial error in that they continued to understate the Navy cost in retaining the pilot training program at Pensacola and thus, still substantially understated the savings from consolidating pilot training at Fort Rucker. Moreover, these raw estimates did not contain adequate caution about related Navy pilot training shortfalls and about the need to obtain for the Navy authorization in funding to procure additional training aircraft to support pilot training retained by the Navy.

On October 17, 1979, a memorandum was prepared by the Comptroller of the Department of Defense authorizing the release of the "new figures" provided the following warnings were made.

> We have no objection to your releasing the Navy data to Mr. Stout (Administrative aid) to Florida Congressman Chappell. However, we feel the observations in attachment B to your memorandum should be clarified for Mr. Stout. Namely, that the data provided by CNET understates Navy cost to produce helicopter pilots without consolidation; that Navy, at considerable delay in planned Navy pilot output, both jet and helicopter, would have to seek authorization and appropriations to procure additional aircraft in order to do the job in-house; and that consolidation will overcome a continuing 15–20% shortfall in Navy pilot production.
>
> Therefore, it is recommended that in releasing the data you provide a cover letter which clearly points out these deficiencies in the CNET costing package.

Mr. President, if those opposed to consolidation argue that new and revised data is available, I say to you that such data has already been examined by those competent in such matters and has been found to be the same old understated data that the Navy Training Command which is headquartered in Pensacola, Fla., has used for years in order to resist this consolidation effort even though the Navy and the DOD supports it. Thus, I caution my colleagues not to be misled by this erroneous information which most certainly will be discussed here today.

In closing, Mr. President, I would just like to summarize by saying that this Congress should take every opportunity to save taxpayers' dollars that is presented to it if the savings do not cause a sacrifice in the required mission capability of our armed services. I think the record is clear that, in fact, the savings will result in an enhanced military posture since it is uncontroverted that the pilot training program as it now exists in Fort Rucker turns out better trained and better qualified helicopter pilots than the current program at Whiting Field.

Thus, we can save money while at the same time upgrading the training program and I think it is imperative that we take this action. As Colonel Ledbetter stated in his testimony, even if there were no savings, the consolidation is a good idea because of the enhanced training capability. When the $100 million or whatever the final figure proves to be, is thrown into the equation it seems inconceivable to me that this Congress can refuse to act and act decisively to effect this consolidation.

Mr. President, I urge every Member of this body to support my amendment which will allow the Department of Defense to get on with this long anticipated and long needed consolidation program.

Mr. President, I ask unanimous consent to have printed in the RECORD other material in connection with this matter.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., November 6, 1979.

DEAR COLLEAGUE: On Thursday, November 8, the Senate will consider an amendment to the Defense Appropriation bill which would allow the Department of Defense to consolidate all of its undergraduate helicopter pilot training at Fort Rucker, Alabama. As you know, I have been advocating this move for a number of years since, in my judgment, it makes absolutely no sense for the Defense Department to be training helicopter pilots at two separate locations when the training can be accomplished at less expense and more effectively at one location. Air Force helicopter pilots have been trained by the Army at Fort Rucker for a number of years, and the consolidated program has proven to be most satisfactory. I am sure that once consolidation occurs, the Navy, too, will be quite satisfied with the quality of the training at Fort Rucker.

The Department of Defense, the Defense Audit Service, and the General Accounting Office have all studied and re-studied this proposed consolidation over the years and the consensus is that the move will save the American taxpayers millions of dollars. If we can obtain better training at a lower cost, it would be unconscionable for this Congress not to approve this action. I call upon you to support the amendment to the Defense Appropriation bill which will be considered Thursday so that we can get on with the business of giving the American taxpayer his money's worth for his defense dollar.

The facts speak for themselves, and if parochial interests are put aside, I think you will see that this is the right move at the right time.

Sincerely yours,
BARRY GOLDWATER.

ASSISTANT SECRETARY OF THE NAVY,
Washington, D.C., October 17, 1979.

Memorandum for Congressman Chappell.

Subj: Undergraduate helicopter pilot training.

The attached data is provided in response to a request from Mr. Ed Stout of your staff for a recomputation of Navy cost data associated with the Undergraduate Helicopter Pilot Training Consolidation issue.

Identical information is being provided to Congressman Edwards in response to a request from his staff for five year cost data associated with Navy retention of Undergraduate Helicopter Pilot Training.

Attachment A is the data provided by the Navy Training Command to the Navy Secretariat. Attachment B addresses specific areas requiring clarification and identifies costs which have been understated by the training command. These comments clearly reveal that a decision for Navy to retain the helicopter pilot training function would require immediate action to seek authorization and appropriations to procure additional aircraft and simulators in order to produce the pilot output desired in FY 81 and beyond. In addition, since such equipment is not currently available the FY 80 desired helicopter pilot output cannot be achieved.

G. A. PEAPPLES.

DEPARTMENT OF THE NAVY,
Washington, D.C., September 5, 1979.
Hon. DONALD W. STEWART,
U.S. Senate,
Washington, D.C.

DEAR SENATOR STEWART: This is in reply to your letter of August 17 to Secretary Claytor regarding the proposed consolidation of undergraduate helicopter pilot training. I have been requested to provide, directly to you, the Marine Corps' position concerning this proposal.

The Marine Corps fully supports the proposal to consolidate helicopter training at Fort Rucker. The fiscal savings accruing to the Department of Defense appear significant. The proposed syllabus under the consolidation program will satisfy Marine Corps helicopter pilot training requirements and is expected to provide a well trained basic helicopter pilot. This opinion is based primarily on the increased number of helicopter and simulator flight hours received under the consolidated training program. The provision for follow-on fixed-wing training at the career decision point satisfies the remaining Marine Corps objection to the consolidation proposal.

The preceding supportive statements for consolidating undergraduate helicopter training do not mean the Marine Corps has been dissatisfied with the helicopter pilot trained by the Navy. Time and time again the Navy-trained helicopter pilots have demonstrated their competence; however, the annual/continuing nature of the helicopter consolidation proposal, with its attendant adverse impact on financial support, appears to be having a debilitating effect upon the training capability of the Navy. Any further postponement of a decision regarding consolidation can only result in additional derogation of the training environment. In the event that consolidation is not approved, the Marine Corps would be pleased to remain with the Navy assuming budget restoration of training assets now held in abeyance awaiting a consolidation decision.

I trust you find the above responsive to your inquiry.

Sincerely,
ROBERT H. BARROW,
General, U.S. Marine Corps,
Commandant of the Marine Corps.

Mr. HEFLIN. Mr. President, at this time I yield to my colleague, Senator STEWART.

Mr. STEWART. Mr. President, I support this amendment. There are few other issues that I have encountered in my brief tenure in this body that have been so well studied, that will provide substantial savings to the taxpayer, and most importantly, will contribute to the defense readiness of our Nation.

The consolidation of basic training for helicopter pilots from Whiting Field, Fla., to Fort Rucker, Ala., has been studied four times and has been shown to save at least $63.3 million and probably more than $100 million. Consolidation also provides better pilot training.

The proposal to consolidate basic training for helicopter pilots has been around for a long time. It was first studied in 1965, and it has been a part of the President's budget recommendations for 4 years. It has been studied by the Defense Department, it has been studied by the independent Defense Audit Service, and it has been studied, twice, by the GAO.

The General Accounting Office has recently released its most recent review of the consolidation proposal and the conclusion is clear. The GAO states:

> We believe that the Secretary of Defense's proposal to consolidate undergraduate helicopter pilot training should result in significant savings . . . the estimated savings should exceed $63.3 million over the next five years. The advantages and disadvantages of consolidation have been aired in studies, in audits, and in hearings before members of Congress. We believe that the preponderance of evidence favors consolidating UHPT.

The GAO went over every aspect of past studies. The GAO investigated the various charges against consolidation—that fuel costs wiped out the savings, that Fort Rucker could not handle the surge of new students, et cetera—and the GAO concludes that the basic finding remains unchanged: consolidation saves a substantial amount of money and the quality of training is maintained, even improved.

What do I mean when I talk about quality of training? First, the consolidated training program will offer more flying hours for pilots, and almost twice as many helicopter flying hours. The student pilots will also get more high quality helicopter simulator experience. Many have charged that Navy students will suffer because they will be training with Army and Air Force students, which already have consolidated training. The assumption is that the Navy pilots will be denied service-unique training. But nothing could be further from the truth.

Again I quote from the GAO:

> The syllabus approved by the Secretary in June 1977 will provide Navy students with training for the Navy-unique environment. It consists of a common core of 145 flight hours and 40 hours of simulator time for all DOD students, plus an additional 50 hours of flight time and 10 hours of simulator time for Navy's students. This "unique" portion of the syllabus, taught by Navy instructors, is designed to provide students with the knowledge, skills and techniques necessary to operate a helicopter in the Navy's environment. Navy officials, including those responsible for flight training, believe that this syllabus will produce quality pilots.

What about fuel costs? Would that wipe out the savings from consolidation? It is true that fuel costs will go up somewhat because Navy students will get more flying time in a helicopter. They will get 145 hours compared to some 65 hours they get now. And indeed that is what these young pilots are being trained for—to fly helicopters. However, even if we double or triple the costs of fuel above current costs, the savings of consolidation would only be decreased by $0.2 to $0.4 million, over the 5-year period. Again I quote from the GAO:

> Neither the increased fuel use or the effects of future fuel price increases should materially affect the overall estimated savings from consolidating UHPT.

All along, I have been referring to this recent GAO study and using it to prove the merits of consolidation. In light of my support for this amendment, some of my colleagues might imagine that I asked for this study or that my colleague from Alabama requested the GAO investigation. But we did not. This GAO study was prompted by a request from the House, specifically a Florida Congressman. The report from the GAO reveals its true objectivity and thoroughness as the audit arm of the Congress. I am happy to make this report available to my colleagues, and I ask unanimous consent to have it printed in the RECORD following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. STEWART. Mr. President, some people may say that a saving of $63 million or more is not that much. But in a time of fiscal constraint, when we need to make the best use of our defense dollar, I just do not see how the Senate can ignore this cost savings. More importantly, I know that my colleagues are concerned about our defense posture, the need to build up our strategic and conventional forces. But do Senators know what $63.3 million could do in that effort?

Want to beef up NATO? Here is what $63.3 million could do: 45 XM-I tanks, our newest most sophisticated tank which is desperately needed in Europe; or 28 ground launched cruise missiles—still in development promising a precision attack missile of great tactical use in the European theater.

Want to beef up our Navy? Here is what helicopter consolidation will provide for: 86 Harpoon missiles—our most sophisticated and valuable ship to ship weapon. One of the bright spots in recent developments; or 118 Phoenix missiles. The Phoenix is the world's best air to air missile system. Together with its computer system, nothing can match its multiple target performance.

We need to improve our strategic forces. $63.3 million too small to help out? Not so. Here is how: 28 submarine launched cruise missiles or 50 air launched cruise missiles.

The ALCM is in active development and will be a significant addition to our strategic forces in the near future. The SLCM may be needed at a later point. The B-1 bomber was canceled by President Carter in large part because of the promise of the ALCM. $63.3 million would purchase about 50 of these weapons—each of which can strike a target deep in the heart of the U.S.S.R. with more accuracy than our current generation of ICBM's.

Mr. President, we need this kind of force modernization. It costs money. Helicopter training consolidation will probably save around $100 million. How can we pass up a chance to make a substantial savings and at the same time improve the quality of our pilot training? This is the question I leave with my colleagues.

I reserve the balance of my time.

Mr. President, I have some letters I have received that I believe would add to the support of what my colleague has stated. I ask unanimous consent to have them printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

OFFICE OF THE SECRETARY OF DEFENSE,
Washington, D.C., November 6, 1979.
Hon. DONALD W. STEWART,
U.S. Senate,
Washington, D.C.

DEAR SENATOR STEWART: This is in response to your letter of October 15, 1979 to Secretary Brown concerning the recent General Accounting Office letter report on the proposed consolidation of undergraduate helicopter pilot training (UHPT). You asked in your letter for comments on the GAO report and specifically for an evaluation of the Navy's pilot training shortfall and possible measures to cope with it.

The Department agrees with GAO that UHPT consolidation will result in significant savings.

With regard to the Navy shortfall, I am enclosing a table which compares programmed Navy and Marine Corps undergraduate helicopter pilot production with actual production for Fiscal Years 1975 through 1979. As the table shows, actual production has consistently fallen short of programmed production. In addition, the Navy now estimates that there will be a short-fall of at least 39 Navy and 43 Marine Corps UHPT graduates in Fiscal Year 1980.

If UHPT is not consolidated, the Navy will continue to use T-28 aircraft in the fixed wing portion of the UHPT syllabus until sufficient numbers of the more modern T-34C aircraft can be authorized, funded and procured. Given the maintenance problems associated with the aging fleet of T-28 aircraft, it is unlikely that programmed levels of Navy and Marine Corps UHPT graduates could be obtained in the near term. If UHPT is consolidated, this shortfall in UHPT graduates can be avoided in FY 1981 and subsequent years.

It is clear that the most efficient and effective way to eliminate short-falls in Navy and Marine Corps helicopter pilot graduates is to approve UHPT consolidation, as proposed by the Department of Defense. The consolidated program can train all of the programmed Navy and Marine Corps students, whereas the separate Navy program can do so only with the expenditure of approximately $58 million to buy new T-34C aircraft. The results of failing to approve UHPT consolidation would be threefold: greater cost, less effective helicopter pilot training for Navy and Marine Corps students, and continuing shortfalls in graduating Navy and Marine Corps helicopter pilots.

For the reasons discussed above, I consider it very important that the Congress approve UHPT consolidation. I appreciate the support that you have given to this proposal, and I hope that we can count on your continued support.

Sincerely,
W. GRAHAM CLAYTOR, Jr.,
Deputy,

DEPARTMENT OF THE NAVY

UNDERGRADUATE HELICOPTER PILOT TRAINING RATES (PTR), PRESIDENT'S BUDGET VERSUS PERFORMANCE, FISCAL YEARS 1975–79

	Fiscal years—					
	1975	1976	19TQ	1977	1978	1979
HELICOPTER PILOTS						
Navy:						
President's budget	230	225	50	188	195	215
Graduated	177	205	55	144	139	116
Difference	−53	−20	+5	−44	−56	−99
Percent difference	−23	−9	+10	−25	−29	−46
Marine Corps:						
President's budget	224	212	53	235	267	305
Graduated	199	206	45	231	260	177
Difference	−25	−6	−8	−4	−7	−128
Percent difference	−11	−3	−15	−2	−3	−42

Source: Department of the Navy training reports, "Graduated" are actual.

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, D.C., September 26, 1979.
Hon. DONALD W. STEWART,
U.S. Senate.

DEAR SENATOR STEWART: In accordance with your written request, dated September 25, 1979, we are providing you the information developed during our recent review of the proposed consolidation of undergraduate helicopter pilot training at Fort Rucker, Alabama.

PROPOSED CONSOLIDATION

There are now two UHPT programs:

An Army program at Fort Rucker, Alabama, which trains Army and Air Force students and which uses an all rotary-wing syllabus.

A Navy program at Whiting Field near Pensacola, Florida, which trains Navy, Marine Corps, and Coast Guard students and which uses a combination fixed-wing/rotary-wing syllabus.

DOD proposes to consolidate these two programs into an all rotary-wing program at Fort Rucker, Alabama. This training would consist of a common core curriculum supplemented by service-unique segments. Existing service-unique follow-on training for UHPT graduates would remain essentially the same.

DOD forecasts approximately $100 million in savings over the next 5 years and believes a consolidated program will offer training as good as or better than Navy's students now receive.

The proposal is necessarily predicated on future events and involves variables associated with the assumptions chosen. Therefore, we must emphasize that we are dealing with estimates and that true economies depend upon actual operation or a consolidated program. What we have done in our review is to test the validity of the cost estimates and related savings.

Our findings on issues related to this proposal are discussed below.

POSSIBLE EFFECT OF INCREASED FUEL CONSUMPTION AND PRICES ON ESTIMATED SAVINGS FROM CONSOLIDATION

	Gallons required (fiscal years 1980–84)		
	Aviation gas	Jet propulsion fuel	Total
Gallons consumed under consolidation	9, 867, 252	127, 211, 098	137, 078, 350
Cost per gallon	$0. 63	$0. 45	
Total	$6, 216, 368	$57, 244, 994	$63, 461, 362
Gallons consumed if UHPT is not consolidated	16, 641, 797	117, 450, 738	134, 092, 535
Cost per gallon	$0. 63	$0. 45	
Total	$10, 484, 332	$52, 852, 832	$63, 337, 164
Difference in gallons consumed	(6, 774, 545)	9, 760, 360	2, 985, 815
Cost per gallon	$0. 63	$0. 45	
Total	($4, 267, 963)	$4, 392, 162	[1] $124, 199
Cost per gallon (doubled)			$248, 379
Cost per gallon (tripled)			$372, 598

[1] Comparison is based on fuel consumption for the total DOD UHPT program. A similar comparison, i.e., fuel consumption for Navy's separate program with the incremental fuel consumption for Army to train Navy's helicopter pilots, would yield the same differential in gallons consumed and costs. This difference in fuel use and cost has been considered in the current cost estimates.

COST COMPARISONS/SAVINGS

Cost comparisons have consistently shown that consolidation of training facilities for helicopter pilots can reduce training costs and result in significant savings. DOD's official position is that the difference between Navy cost avoidance of $233.5 million and increased Army costs of $135.8 million—$97.7 million—constitutes forecasted savings over a 5-year period. These figures are based on the Secretary's April 1977 study adjusted to reflect Defense Audit Service findings of March 1978 and subsequent program implementation slippages. GAO, which had recommended consolidation as early as May 1974, reviewed the Secretary's 1977 study and reported in May 1977 that forecasted savings appeared conservative.

In this current effort to test the validity of forecasted savings, we reviewed the services' most recent cost estimates, which were prepared under assumptions in the May 1979 Army/Navy joint memorandum of understanding to implement consolidation.[1] These estimates show total costs and related savings for fiscal years 1980–84 as follows:

[Unaudited—in millions]

Navy's estimated cost avoidance to give up UHPT	$266. 6
Army's estimated incremental cost to train Navy's requirements	203. 3
Savings	63. 3

We found that increases were necessary in both estimates. The required increase in the Army's incremental cost estimate is about $17 million, of which $12 million is due to changing its fiscal year 1979 dollar base to a fiscal year 1980 dollar base. The increase to the Navy's cost avoidance estimate cannot be accurately determined at this time on the basis of data provided by the Navy. Officials from the Department of the Navy agree that its estimate needs revision and are preparing a revised estimate. Nonetheless, the overall Navy adjustments needed should exceed the $17 million adjustment made to the Army's estimate. Thus, the amount of savings should exceed the $63.3 million shown above.[2]

Other considerations that could affect savings:

During the debate over savings from consolidation, questions have arisen about the impact of certain other factors on forecasted savings. We assessed the impact of some of the more important of these on forecasted savings, and our conclusions are as follows:

FUEL CONSUMPTION AND PRICES

Consolidating UHPT would cause an increase in fuel use but only by about 3 million gallons over the 5-year period from fiscal years 1980 through 1984. Increased fuel consumption under a consolidated program is primarily due to additional flying time for Navy's students in advanced rotary-wing aircraft. They are expected to get about 145 syllabus hours instead of some 65 hours they now receive. DOD officials believe the additional hours will greatly enhance the effectiveness of training in rotary-wing flight skills and thus prove cost effective.

In June 1979 hearings before the Senate Subcommittee on Manpower and Personnel, Committee on Armed Services, the Chairman questioned the validity of fuel price figures used in the services' cost estimates. The DOD-approved prices for costing purposes, as used in the estimates, are about $0.45/gallon for jet propulsion fuel and about $0.63/gallon for aviation gas. The rate of fuel price increases over the next 5 years is of course open to speculation. However, a doubling or tripling of the above prices at the beginning of fiscal year 1980 would decrease savings by $0.2 million or $0.4 million, respectively, during the 5-year period. (See enc. I for further details on fuel use and costs.)

Neither the increased fuel use nor the effects of future fuel price increases should materially affect the overall estimated savings from consolidating UHPT. Moreover, the Secretary's proposal does not consider alternatives that could conserve DOD's use of fuel, alternatives which deserve attention regardless of UHPT consolidation. These include, for example, reducing actual flight time through more simulated training exercises; increasing flight time in more fuel-cost-effective aircraft, with a proportionate reduction in the less fuel-cost-effective aircraft, and/or cutting back on mission-specific follow-on training.

RETIREMENT COSTS AND VETERANS' BENEFITS

UHPT consolidation will also allow DOD to reduce both military and civilian manpower. Forecasted savings, therefore, will increase due to reduced retirement costs and veterans' benefits. We did not estimate the amount of savings based on the projected manpower reductions under the May 1979 implementation plan. In May 1977, however, GAO reported that the Secretary's proposal did not recognize these savings and estimated that the present value of the unfunded retirement costs for military spaces alone was $29 million over the 5-year period under analysis. Savings due to reduced future retirement costs and veterans' benefits are both legitimate and significant and should be included in total savings.

ADDITIONAL FACTORS

Two other factors will affect projected savings:

DOD, in realigning its activities, must help alleviate the economic and social impact of realignment on the affected region. In May 1977, DOD's Office of Economic Adjustment assessed the economic impact of realignment on the Pensacola area and concluded that the region had strong economic growth and adjustment potential. It estimated costs associated with the economic impact of consolidation at approximately $2.6 million. These costs will reduce forecasted savings.

DOD now has 36 rotary-wing TH–57 aircraft committed to primary helicopter pilot training for Navy students. A consolidated program will free these assets for sale or use elsewhere in the Government. Since they are unique to Navy's UHPT, DOD plans to sell the aircraft. Sale to the public will increase forecasted savings.

TRAINING WITHIN THE SERVICES' UNIQUE ENVIRONMENTS

The syllabus approved by the Secretary in June 1977 will provide Navy students with training for the Navy-unique environment. It consists of a common core of 145 flight hours and 40 hours of simulator time for all DOD students, plus an additional 50 hours of flight time and 10 hours of simulator time for Navy's students. This "unique" portion of the syllabus, taught by Navy instructors, is designed to provide students with the knowledge, skills, and techniques necessary to operate a helicopter in the Navy's environment. Navy officials, including those responsible for flight training, believe that this syllabus will produce quality pilots. For example, the Secretary of the Navy, testifying in June 1979 before the Senate Subcommittee on Manpower and Personnel, Committee on Armed Services, stated that a consolidated program would provide significantly more effective helicopter pilot training to Navy's students.

SURGE POTENTIAL OF THE ONE-SITE TRAINING PROGRAM

Fort Rucker, DOD's proposed site for consolidated training, appears adequate to accommodate anticipated pilot training loads over the next 5 years. Estimated annual output capacity at the site is, peacetime, between 2400 and 2600 pilots and, mobilization, about 4500 pilots. Projected service requirement for helicopter pilots in fiscal year 1984, including foreign students, is 2482. DOD's need for pilots, which is subject to review and amendment during annual planning, programing, and budgeting cycles, would be affected by an emergency situation such as war. Should such a situation arise and require more pilots over a sustained period than any one site can handle, expansion of some training functions to other locations would be necessary, as was the case during the Vietnam surge.

OTHER ISSUES

In reviewing Army's cost estimate we determined whether costs associated with other factors were included, as appropriate, to support consolidated training and found that:

Existing flying facilities will be used for consolidated training, so that no funds are required for opening additional facilities.

Additional helicopters required will not be procured but obtained through use of existing DOD assets. Army's cost estimate included $1.5 million for returning to flyable status 40 rotary-wing primary trainers in storage at the Military Aircraft Storage and Disposition Center, Davis-Monthan Air Force Base, Arizona. We visited Davis-Monthan; examined the aircraft and inventory records; and found, as the Army claimed, that the helicopters have not been cannibalized and can be brought back to a flyable status within the estimated cost range.

Existing facilities, both on and off base, appear capable of supporting projected increases in personnel; therefore, no new construction is planned. In April 1979, Navy officials examined facilities at Fort Rucker and surrounding communities and concluded that housing and support facilities were adequate to handle additional requirements and would not degrade quality of life for Navy personnel. Army officials consider it unlikely that consolidation will displace a significant number of military personnel living on base.

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[1] The Secretary has not yet approved the plan; but the services have projected a significant increase in pilot needs, thus driving up projected cost estimates.

[2] As of the date of this report, the adjustments to the Navy's cost data had not been completed. We continue to believe that the net effect of the adjustments should result in net 5-year savings from UHPT consolidation of more than $63.3 million.

CONCLUSIONS AND RECOMMENDATIONS

We believe that the Secretary of Defense's proposal to consolidate UHPT should result in significant savings. Based on the assumptions under the May 1979 Army/Navy joint memorandum of understanding to implement consolidation, the estimated savings should exceed $63.3 million over the next 5 years. The advantages and disadvantages of consolidation have been aired in studies, in audits, and in hearings before members of the Congress. We believe that the preponderance of the evidence favors consolidating UHPT.

Estimated savings depend upon assumptions used and timing of implementation and could vary. True economies cannot be precisely determined without actually operating a consolidated program. To verify the forecasted savings and to facilitate proper management of implementation, we recommend that the Secretary of Defense—

Establish a mechanism that accounts for the costs, tracks the milestones for implementation, and records the savings associated with consolidation; and

Report back to the Congress at appropriate intervals concerning the progress of implementation, related costs, and savings.

SCOPE OF REVIEW

To obtain the information, we reviewed Army and Navy cost estimates, as well as estimates of related savings from consolidation; and we analyzed documentation relating training within the services' unique environments. We also observed and inspected facilities and equipment the Army has identified for use in support of consolidated training. In addition, we discussed the issues with key officials from the Office of the Secretary of Defense, the Department of the Army, and the Department of the Navy.

Sincerely yours,

ELMER B. STAATS,
Comptroller General of the United States.

EXHIBIT 1

U.S. GENERAL ACCOUNTING OFFICE,
Washington, D.C., September 26, 1979.

Hon. HAROLD BROWN,
The Secretary of Defense.

DEAR MR. SECRETARY: As you know, the General Accounting Office has been asked to review your proposal to consolidate undergraduate helicopter pilot training at Fort Rucker, Alabama, and consideration of your proposal is still before Congress. We are enclosing a copy of our report to Senator Stewart on your proposal. This report contains recommendations to you on page 6, if consolidation occurs.

In addition to the recommendations, we believe several other matters deserve your more immediate attention:

On pages 2 and 3, we discuss savings possible if undergraduate helicopter pilot training (UHPT) is consolidated. However, Defense has not finalized its review of the services' cost estimates and related savings. Because this is important to congressional discussion on consolidation, we suggest that Defense, as expeditiously as possible, finalize, its review of the services' cost estimates and related savings.

On page 3, we discuss the impact of increased fuel consumption under consolidation. Fuel conservation is an important matter; and fuel-saving measures should be of concern to all the services, regardless of UHPT consolidation. We, therefore, suggest that Defense, in its continuing review of the UHPT, identify measures that could save fuel.

A matter not addressed in this report, but related to consolidation, is the Department of the Navy's shortfall in numbers of helicopter pilots it trained in recent years and its ability to meet its pilot needs in future years. Since fiscal year 1975, the Navy has trained 400 fewer helicopter pilots than programed because of a shortage of instructor pilots and aircraft. Defense should immediately assess whether the Navy, using its resources, can meet its pilot training needs in the near future. If not, Defense should inform the Congress of this fact so that it can be a part of the current discussion over consolidation.

If consolidation of undergraduate helicopter pilot training does not materialize, the Navy's ability to meet its pilot training loads (for both the Marine Corps and the Navy) becomes more important, especially in view of the Navy's proposed increases in pilot training loads over the next few years and the lead time needed by the Navy to obtain the aircraft and other capability (e.g., aircraft maintenance) to support an increased training load. Under these circumstances, Defense must seriously examine alternatives to reduce the potential shortfalls. One alternative could be to assign certain Marine Corps or Navy training loads to the Army, which appears to have the capacity, including the necessary aircraft to assume this additional load. This action could also make available resources to help the Navy reduce some of its fixed-wing training shortfalls which have existed during the same period.

Sincerely yours,

H. L. KRIEGER,
Director.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. STEWART. I yield to the Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, it is not often that the Pentagon comes to Congress and pleads to be allowed to save tax dollars. That is what is happening in this amendment. They want to save money. How often does the Pentagon do that? I cannot remember the last time they did—certainly not this year. In fact it is rare that any Government agency makes such a request. Therefore, in a time of budget austerity, when Congress is struggling to find areas to reduce Federal expenditures, we have a special obligation to pinpoint and put into effect the savings recommended by the executive department agencies.

The Secretary of Defense has written to Congress about one such situation—where $100 million in tax dollars could be saved or transferred to higher priority defense needs. The subject is undergraduate helicopter consolidation. The Secretary of Defense has told Congress:

> It is clear to me that this proposed consolidation would provide a markedly more effective program than Navy and Marine Corps students now enjoy. The Department of Defense continues to estimate five year savings of some $100 million or more.

The Deputy Secretary of Defense, Graham Claytor, has told us specifically what the advantages of consolidation would be to the taxpayers and to our military effectiveness. Consolidation will:

Provide more total flying hours than the current Navy program;

Navy and Marine Corps students will get almost twice as many helicopter flying hours under consolidation as compared to before, 195 compared to 100; and

More sophisticated helicopter simulators at Fort Rucker will give better instrument training than the less capable cockpit procedure trainers used by the Navy.

What we have here, Mr. President, is a clear-cut issue. Do we want to provide better training, more capable pilots? Do we want to increase the military capability of this Nation? Do we want to be more efficient, more effective in our military programs? Do we want to increase preparedness and readiness? Do we want to field forces more prepared to do the job? If the answer is "Yes" to the above questions, and I certainly think it must be yes to those questions, then it automatically follows that helicopter consolidation should be supported.

Make no mistake about this, Mr. President, the twin elements of this vote are economy and national defense. A vote for helicopter consolidation is an economy vote which will result in increased defense preparedness. A vote against consolidation is a vote for bigger budgets, inflation, big spending, big government, inefficient Government programs, and a less effective military force.

If our helicopter pilots have to go off to some far place in the world on an emergency mission of mercy or rescue, then, Mr. President, I want to know that they received the best possible training in preparation for that mission. I want to know that this country did not turn its back on improving that training or look the other way when requests were made to upgrade facilities. Yet just this could happen if we do not consolidate training at Fort Rucker.

Listen to the Marines on this subject. Colonel Ledbetter of the U.S. Marine Corps testified before the Armed Services Committee recently. The colonel, who has commanded five different squadrons of aircraft including four helicopter squadrons, went down to Fort Rucker to investigate firsthand what the Army program was all about. He took with him four other Marine colonels who have long histories of association with aviation. They all came back agreeing that the Army program is superior to the Marine and Navy program. Here is what he said:

> The over-water syllabus at Pensacola is less than two hours out of a 192 hour syllabus. The proposed 195 hour syllabus we would get at Fort Rucker with 50 hours of service peculiar training would give us more over-water training if we wanted it. . . . The 195 hour syllabus at Fort Rucker gives us far more tactical training, far more instrument training, far more night training. It is superior in every way.

Think of that Mr. President; the Marines concluded that the training at Fort Rucker was "superior in every way." And at the same time it will save $100 million over 5 years. What more can we ask for? A better program and a better price. This is what productivity and Government efficiency are all about.

Here is the final test of the worth of this issue. Colonel Ledbetter pointedly told the Armed Services Committee:

> My only interest is getting the best trained helicopter pilots, because I am closer to leading them into combat than anyone in this room . . . and I want to go with the best trained man, and I can get him out of Fort Rucker now.

Are we going to give Colonel Ledbetter the best trained men for his next mission? Or will we settle for second best, for a less capable trained force, for fewer hours of training on less sophisticated equipment?

No one in the Chamber will be flying our pilots off into combat in the years ahead. But Marine commanders will be. And they have asked for the best. Consolidation will give them that additional advantage.

Do not vote for a second-rate military. Do not retard our military effectiveness. Do not say no to the requests for more capability. Do not vote to restrict the combat skills of our helicopter pilots.

Mr. President, I urge the Senate to vote for a stronger national defense at a lower price. I support the amendment by my good friends from Alabama, Senator STEWART and Senator HEFLIN.

Mr. STEWART. Mr. President, I have only one remaining thing to say before my colleague speaks the final time. I am aware of what his activities might be.

I understand from studying this issue, not only from the standpoint of my State but also from the standpoint of what it can do for our defense posture and what it can do for savings in the inflationary times that we are faced with here in this country today and the months ahead, what it will give us the capability to do in the defense area. I will not leave this issue and do not intend to fail to address myself to this issue in the future. I intend to seek other means or other possible methods of achieving the end that we are attempting to achieve with this amendment.

I do not draw on the considerable time in this body that would enable me to make that statement in perhaps the immediate future, but I do intend to study ways and means.

I understand that there are other necessities that will have to take place in order to make the training at Pensacola continue.

I feel very strongly about this issue. I fully intend to seek to address what I feel is a problem that we should address on the merits, and that is why I am standing here today on the merits of this amendment. I fully intend to continue to work toward this problem if not in this session, I say to the chairman and to my worthy colleagues from Florida, perhaps on down the road if I have that opportunity, and I am sure I will.

Mr. CHILES. Mr. President, as you might expect, I was prepared to make numerous remarks, and I think other people who were on this side of the issue, the position I was holding forth, and who would have been against the amendment, would have made some remarks, and in deference to colleagues who are trying to catch planes, I will just put my remarks in the RECORD at a later time and urge my colleagues to do the same.

Mr. STONE. Mr. President, I associate myself with the remarks of my senior colleague from Florida. In deference to the time constraints of our colleagues, I will put my remarks in the RECORD.

Mr. BENTSEN. Mr. President, I rise in opposition to the amendment offered by my distinguished colleague from Alabama.

The Senator's proposal to consolidate the undergraduate helicopter pilot training program at Fort Rucker, Ala., was originally forecast this year by the Department of Defense to save approximately $100 million over the next 5 years. As a man who spent 16 years in private industry, I am well aware that cutting waste and holding down costs is essential. I believe that American people expect and should receive the most cost-effective handling of their tax dollars, especially in the area of national defense.

However, I question the Defense Department's allegation that they can save $100 million over 5 years without the closure of a single base. I also have some reservations about the General Accounting Office study which indicates an apparent savings of $63.3 million. This analysis contains a variety of errors which significantly inflated the purported savings:

For example, the report lists a cost to the Navy of $10.9 million for foreign student training. Since this amount is reimbursable under law by foreign governments, it should not be charged against the Navy. The GAO report also charges five T-34C's to the Navy for the purpose of training these same foreign students. This is also reimbursable.

As I am sure many of you know, the Army uses civilian contract labor for the maintenance of its aircraft. The Navy has used its own military personnel. Civilian contract maintenance is cheaper in the short run because the Army does not have to bear the costs of the families of the military labor as does the Navy. The GAO reports charges the Navy with $11 million in maintenance costs for the H-1 and H-57 helicopters, and says that consolidation would bring $1 million in savings. However, since the Secretary of Defense has instructed the Navy to make the transition to contract maintenance if it retains the helicopter training program, the $1 million savings exists if training is consolidated or not. The GAO is, in effect, costing the past instead of the future.

The GAO reports that if the Navy continues to train its pilots at Whiting Field in Florida, it would have to replace some of its old fixed-wing aircraft at a cost of $63 million. The generally accepted procedure for costing capital investments such as this aircraft purchase is to amortize over a period of 15 years. The GAO charges the procurement of this aircraft over a 5-year period, which is an unfair and unusual apportionment for a capital asset of $63 million.

After we have subtracted out the false savings from consolidation that the GAO has reported, the actual savings amounts to $20.8 million over 5 years.

Mr. President, it is obvious that the analysis conducted by the General Accounting Office is inadequate. The GAO does realize the problems with its initial report, and is currently taking another look at the consolidation issue. The House soundly rejected consolidation by a margin of 2 to 1, reversing their 3-year position. Likewise, I feel that it is inappropriate for this body to make a decision to consolidate undergraduate helicopter training based on inaccurate information, and I urge my colleagues to defeat the amendment.

CONSOLIDATION OF NAVY UNDERGRADUATE HELICOPTER TRAINING

● Mr. DOLE. Mr. President, for several years the Department of Defense has proposed consolidating the Navy's undergraduate helicopter pilot training program with the Army program conducted for Army and Air Force undergraduate helicopter students at Fort Rucker, Ala. In each of these years, the uniformed officers of the Navy with responsibility for such training have opposed such a consolidation. The Congress, principally out of concern that the unique requirements of the Navy helicopter pilots will not be adequately met by the consolidated training program, has rejected this consolidation of undergraduate helicopter pilot training.

Annually the Department of Defense presses for consolidation with the promise of large savings. The Navy has, in past years, contended that the savings were illusory and were generated through comparison of cost computed under incompatible Army and Navy accounting systems. For years the Navy reclamas had fallen on "deaf ears" at the Department of Defense. The Navy costs to continue this training had been audited, including every possible factor (for example, cost of new helicopters); the Army audits had been superficial at best.

Annually the Congress has analyzed this transfer and has rejected it as detrimental to the armed services. In addition to restrictions on transfer of flight training functions contained in the Defense Reorganization Act, the joint House/Senate conference report on the fiscal year 1976 appropriations bill stated:

> The conferees are in agreement that the Department of Defense should not initiate any action to proceed with consolidation of the services' pilot training programs without approval of the appropriations committees of Congress.

In 1978 the House Appropriations Committee again rejected the DOD proposal and restored UHPT to the Navy. Only during an evasive floor move was the provision deleted from the House version of the appropriations bill. The Senate, however, felt strongly enough about the issue to insist in conference that this training remain with the Navy.

DOD IGNORES CONGRESSIONAL DIRECTION

Mr. President, once again, the Department of Defense has come back in fiscal year 1980, ignoring congressional direction, and recommended deletion of all funds, personnel, and aircraft from the Navy budget. Again, the Navy has been ordered to consolidate under the Army's program. These actions have so seriously disrupted Navy pilot training that the Navy will be unable to meet minimum Navy needs for trained pilots next year—just as they were unable to meet minimum needs this year.

HOUSE ACTION IN FISCAL YEAR 1980

This year, an amendment to consolidate undergraduate helicopter pilot training as proposed by DOD was defeated on the House floor by a vote of

244 to 131. The House bill contains funds reversing the consolidation proposal assumed in the budget request. The committee has concurred with all the House adjustments, rejecting the consolidation proposal, and has included the general provision in the House bill which prohibits consolidation or realinement of advanced or undergraduate helicopter pilot training squadrons of the Navy. Mr. President, clearly, the House has once again firmly stated its position against consolidation.

In light of the House action this year, and in view of the Senate position rejecting consolidation in the past, the Senate Armed Services Committee has stated that further consideration of this issue is unwarranted. The committee strongly believes that the Department of Defense and the Navy should now direct their efforts toward implementing the Navy's undergraduate helicopter pilot training program, including construction of the simulator building to house the aircraft simulator for which funds have already been appropriated.

THE NEED FOR STABILITY IN HELICOPTER TRAINING

Mr. President, it is abundantly clear that the Congress, over a period of several years, has made it very clear that consolidation of undergraduate helicopter pilot training is not in the best interest of our helicopter pilot training quality and effectiveness.

The Senator from Kansas believes this issue should be laid to rest once and for all. No system, no matter how well structured or managed, can withstand such fundamental disruptions without catastrophic results. Unless Congress reasserts its authority, Navy pilot training and the national defense will be impaired.

Mr. President, I urge the rejection of any amendment that would consolidate undergraduate helicopter pilot training.●

Mr. HEFLIN. Mr. President, in the last 4 or 5 days I have been doing a tremendous amount of talking with Senators. I doubt that my colleagues have had an individual from Alabama talk to them about an issue as much as has occurred during the last several days.

I might also say that my distinguished colleagues from Florida have been doing the same thing.

I have been in contact with Members of the House of Representatives, especially the Congressman where Fort Rucker is located.

I realize that for 3 years the House of Representatives by nearly a 2-to-1 vote carried the consolidated helicopter issue but unfortunately this year, because of certain factors unknown to me, the House of Representatives did not go along and voted otherwise.

I have also today been in contact with the Department of Defense and, have obtained the advice of senior Defense Department officials. There is one thing that I have learned to do since being in the Senate and that is to count noses.

Under the circumstances and under the advice of the DOD I think that I should state that we wish to delay this battle for another year and because of this I will reluctantly at this time withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

The bill is open to further amendment.

Mr. STENNIS. May I say this: I certainly appreciate the efforts and the work of the Senator from Alabama who has been diligent, unyielding, going the last mile, in performing that duty, and I thank the other Senators who have worked on this matter, too.

We have the Senator from Missouri who has an amendment here, and we think that is the only amendment pending.

The Senator from North Dakota and I will ask for a rollcall vote on passage of the bill, and I understand the Senator from Missouri wishes a rollcall vote on his amendment, is that correct, Senator?

Mr. EAGLETON. That is right, Senator STENNIS.

Mr. STENNIS. So there will be only two rollcall votes left, one on passage and one on Senator EAGLETON's amendment.

We expect to yield back some of our time anyway. We have no controlled time, yes.

UP AMENDMENT NO. 794

(Purpose: To delete funding earmarked for the Navy's ocean surveillance ship construction program)

Mr. EAGLETON. Mr. President, I send to the desk an unprinted amendment and request its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

> The Senator from Missouri (Mr. EAGLETON) proposes an unprinted amendment numbered 794.

Mr. EAGLETON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

> On page 21, line 16, and continuing to line 17, strike "for the T-AGOS SURTASS ship program, $104,000,000;".

Mr. EAGLETON. Mr. President, Senator JACKSON will be on the floor shortly to speak in opposition to this amendment, he has been notified that I am taking up the amendment and I will try to make my remarks reasonably brief.

Mr. President, I would like to ask my colleagues to imagine themselves in the hypothetical position of a man out to buy a new automobile. I would like them to further imagine an automobile dealer who comes up with the following proposition:

> "Now Senator," the salesman says, "I've got a plan that's going to save you some money. The Belchfire Motor Company, from whom I buy my cars, is developing a new car that will get 60 miles per gallon. We don't know if it's going to work yet, but if it does we may be able to deliver one to you by 1982. But in the meantime, Senator, I would like to sell you the four tires that will fit this new Belchfire, if we ever build it. You shouldn't pass them up, Senator, because they are good steel-belted radial tires, and if you buy them now you will save the cost of inflation in the price of these tires between now and 1982. Then, if we do sell you a car three years from now, you can slap these tires right on and drive away."

Mr. President, if that salesman offered his proposition to all 99 of my colleagues today, I am sure he would not sell a single tire. We would quickly see that there was no sense to the deal. And yet, incredibly, the Senate today is preparing to spend more than $100 million on a very similar deal in connection with a new Navy surveillance system.

The ocean surveillance ship program, as envisioned by the Navy, calls for construction of 12 ocean-going tugs. When the system becomes operational, each tug will pull a boom, trailing the Navy's new surveillance towed array system (SURTASS). The SURTASS, which now is under development, will detect submarines and other undersea activities in areas which present surveillance techniques cannot reach.

The Navy requested the first 3 ships of its planned 12-ship SURTASS program in fiscal year 1979 at a cost of $98 million. The Navy forecast that five more ships would be funded in fiscal year 1980, and the final four in fiscal year 1981. However, Congress reduced the fiscal year 1979 budget to $69 million, for two ships instead of three. While the House had voted to appropriate the $98 million authorized, the Senate Appropriations Committee argued that the buy should proceed at a slower pace until the Navy provided more justification for the total number of ships required.

In its report to Congress, the conferees also agreed that because of "continuing problems in the technical and operational evaluation of the mission electronics equipment for the SURTASS," the funds recommended for mission electronics for the two ships may not be obligated until the Navy has certified to Congress that a new technical and operational evaluation of the equipment has been successfully completed.

That certification has not been received. Nevertheless, the bill before us today contains funding for three additional ships. I am offering an amendment to delete the $104 million earmarked for these ships. I am doing so not because they are defective ships, nor because I am anti-SURTASS. Rather, I offer my amendment in recognition of the fact that as of now, SURTASS has some serious developmental problems. These problems may well be solved in the months and years ahead, but until they are it makes no sense to buy ships to tow SURTASS.

The Navy's current production plan for this program does not call for the construction of the ships included in this request until at least fiscal year 1981. With construction of the first two ships held up pending additional testing and construction of the second three not scheduled to commence prior to 1981, there is really no program to fund. Not surprisingly it is the Navy position that funding is necessary this year in order to keep program costs down. Their argument—like the argument of the auto salesman with the disembodied tires—is that providing funding this fiscal year ultimately will save tax dollars by getting a jump on inflation. I challenge this position.

After studying the House report as well as the several GAO studies that are published relating to this matter, I conclude that significant questions still exist concerning the necessity of this program. Although I cannot get into specifics of program shortcomings because of their classified nature, the House action speaks for their magnitude.

Mr. President, I assert that there are no savings to accrue to anyone if this system ultimately fails to prove itself as expected. I support maintaining a strong military deterrent as a means of protecting our national interest, but in this era of fiscal austerity, I oppose, more than ever, gambling with tax dollars. The ocean surveillance ship program is a clear example of a developmental effort that has not proven itself worthy of production funding. I support continued funding for research and development of this system but I do not support immediate production funding as a hedge against inflation. Let me point out that we are not considering $30 billion for the MX program this year in hopes of saving the taxpayers a few dollars in the long-run.

If my amendment becomes law, it will not threaten the SURTASS program, nor will it slow the program down. At the very worst, we could find ourselves in possession of operational SURTASS electronics before we can build all 12 tugboats. However, since the Navy already has many other ships which could tow the SURTASS array, the electronics could be put into service before the tug fleet was finished. And at the very best, my amendment could save us from spending hundreds of millions of dollars on a fleet of tugboats we might not ever need.

Mr. President, one final remark: This item we are debating was stricken from the House appropriations bill. The House committee has never been considered to be anything less than hardnosed. There are, in fact, several hardnosed people who serve on the committee. This is one item they overwhelmingly agreed could well be deferred, and that the 100-odd million dollars in this year's bill could well be saved.

If the House Appropriations Committee, considering its hardnosed membership, came to the conclusion that these tugboats were not ready for production, I fail to see why the Senate should not be similarly hardnosed with respect to this matter.

I reserve the balance of my time.

Mr. STENNIS. Mr. President, I will direct the attention of the Senate to the facts on this matter. The Senator from Washington has followed this matter all the way through, and he is expected in the Chamber shortly and will want to address the Senate on it.

May I say to the Senator from Missouri that we contemplate that we can yield back some of our time.

Mr. EAGLETON. Yes.

Mr. STENNIS. Mr. President, perhaps we will not use any more time here than the Senator from Missouri has used already. I say that for the information of other Members.

The Senator from West Virginia may wish to use some time.

Mr. RANDOLPH. No.

Mr. STENNIS. Mr. President, this pertains to the detection of enemy submarines, which is a very important and urgent part of submarine warfare. It is a field where we have a superiority over the Russians in that our submarines are quieter; and, in addition, we are trying to develop these instruments so we will have another advantage in what I call detectability.

We know that in the last few years there has been a growth in importance of the knowledge we can have of deployments and general locations as to Soviet submarines. They are increasing in number. If we are going to effectively neutralize the threat this brings us, we have to move in this field.

There were five of these small ships in the budget for fiscal year 1980. The program was reduced some by the authorizing committees. We authorized three of those. I think it is true that when the House Appropriations Committee passed on this matter, the authorization bill had not been completed.

But, anyway, we approved the three and then brought them forward to the Appropriations Committee, which approved the three.

I have a letter here from the Chief of Naval Operations to the chairman of the Appropriations Committee, dated November 2, which emphasizes the importance of the ships and relates to the development here, time-wise, and urges the approval of these three ships that are in this bill.

The main thing is that it complements our existing facilities that the Navy has toward the detection of enemy submarines, and in that way completes a modern part of that detection system.

I see Senator from Washington (Mr. JACKSON) is here. The Senator from Missouri (Mr. EAGLETON) has made a presentation of his matter and I have stated several facts.

I would be glad to yield to the Senator from Washington, say, 10 minutes.

Mr. JACKSON. Five minutes.

Mr. STENNIS. Five minutes. All right.

Mr. JACKSON. Mr. President, I thank the distinguished Senator from Mississippi.

These three ships that have been discussed here and the two ships authorized last year, Mr. President, are part of a long-term program to exploit advances in U.S. acoustic technology as part of this country's overall antisubmarine program.

These ships and the towed arrays they will carry—known as SURTASS, will make a dramatic contribution to our ability to keep track of enemy submarines in war and peace. Without getting into any classified information, let me make a few points about the T-AGOS/SURTASS system.

First, it has a range of detection and sensitivity unmatched by any other mobile ASW system in the free world.

Second, it will provide the United States with long-range surveillance capabilities in areas of the world far from our shores.

Third, SURTASS has been designed optimally for the submarine threat to the United States and its forces over the next decade or so.

And, fourth, T-AGOS/SURTASS will greatly enhance the ability of the United States to defend its naval forces, its vital sea lines of communication, and the critical resupply lines to our allies.

Earlier this year, Mr. President, both the Select Committee on Intelligence and the Armed Services Committee recommended that the procurement of the T-AGOS ships be delayed without prejudice because of then existing problems in the SURTASS electronics. Since that time the Navy has made tremendous strides in the development of this system. I am pleased to report that recently completed tests in three periods of rigorous sea trials have shown that the system now meets or exceeds all test criteria. These positive results demonstrate that the thorough program review conducted last year did, in fact, identify and correct those deficiencies discovered in earlier tests of the system.

There was never any problem with the T-AGOS ship design. The delay called for had to do only with the sophisticated electronics which are to be installed on these ships. The dramatic improvement in this program over the last year has caused the Select Committee on Intelligence and the Armed Services Committee to reexamine their earlier recommendations to delay procurement. Based on their reexaminations, both committees have reversed their earlier positions and now support procurement in fiscal year 1980 of three of these ships, together with a go-ahead for procurement of the two T-AGOS/SURTASS ships authorized in fiscal year 1979. Admiral Hayward, the Chief of Naval Operations, as the chairman of the committee, the distinguished Senator from Mississippi noted earlier, has reiterated that funds for these units will not be placed on contract until notice is given the Congress that the technical evaluation and operational evaluation of the full system have been successfully completed. These evaluations should be completed by next March to allow for contract award next summer. Contracting for a multiyear procurement, if these three ships are appropriated this year, will permit an efficient, cost-effective, procurement program which would most likely not be possible if the appropriation is delayed.

Mr. President, these ships and the surveillance system they will carry are necessary if the United States is to maintain its ASW advantage over the Soviet Union. They are necessary for the United States to be able to protect its interests in critical ocean areas such as the North Atlantic, the Caribbean, the Western Pacific, and the Indian Ocean/Persian Gulf. The sophisticated technology has demonstrated its effectiveness in rigorous tests monitored by both the Navy and the GAO.

Therefore, Mr. President, I strongly recommend that this amendment be rejected.

Finally, Mr. President, let me say that

the one area in which the United States has been able to maintain a very strong position vis-a-vis the Soviet Union has been in connection with our antisubmarine warfare capability. We need this capability in peacetime as well as in time of conflict. It is absolutely essential if the United States is to continue to have a credible strategic deterrent at sea and also to meet its tactical naval requirements, that we maintain our ability to keep track of enemy submarines.

Mr. President, there has been much in the paper lately about new developments on the part of the Soviets. They have a new submarine, from what we have read in the newspapers. It poses a real problem. Thus, antisubmarine warfare is an area, Mr. President, where we can ill afford to slip behind, and I strongly recommend that we proceed with the T-AGOS/SURTASS appropriation as approved by the committee. This step is in the highest interest of our national security.

Mr. MAGNUSON. Will the Senator yield?

Mr. JACKSON. I yield to my senior colleague.

Mr. MAGNUSON. Mr. President, I associate myself with the remarks of the distinguished junior Senator from Washington. It seems to me that in the antisubmarine warfare field this is an important group in our whole antisubmarine warfare projects. To delay this matter will just cost more. The delay is not on the ships, as the Senator pointed out, but on the equipment, which has now been cleared up by the military, and it has a high priority in the Department of the Navy.

Mr. STENNIS. Mr. President, the committee is behind these ships. They are small ships, costing only about $35 million apiece.

I will take a few more minutes, Mr. President.

One point that has not been brought out is that the ships will require 12 months longer to construct because of the electronics. Ship construction should start as soon as the testing provides assurance that the system will perform adequately. Of course, to do that, fiscal 1980 funds are needed. It will be determined later whether or not this program should go beyond these three ships.

The Senator from North Dakota has authorized me to speak for him to approve the ships. We are ready to yield back the time whenever the Senator is ready.

Mr. EAGLETON. Mr. President, I will take 1 minute and then we will be ready to vote. I always listen with deep interest when my colleagues speak, especially colleagues of such great knowledge as Senators MAGNUSON and JACKSON, as well as Chairman STENNIS.

Senator JACKSON interjected the Russian submarine threat. I can just picture the Russian defense planners sitting in the Kremlin tonight, Mr. President, quaking in their boots at the thought that we are about to build three tugboats that we may not need. That is what is at issue in this amendment, Mr. President, $104 million for three possibly needless tugboats that will probably be produced somewhere on the west coast of the United States. That is purely and simply what the amendment is about.

So the Kremlin boys are sitting over there tonight saying, "This is going to be a test of American strength. If the Senate of the United States decides to spend $104 million to produce three unneeded tugboats, we have lost the cold war. America has us."

Poppycock.

This is just another example of a military boondoggle. That is what it is. It is so odoriferous in its nonnecessity that the House Defense Appropriations Subcommittee wrote it right out of the bill. But now the Senate is going to enhance our tugboat fleet in the name of national defense to the tune of $104 million.

If it were not so much money, Mr. President, it would be amusing. This is a time of fiscal austerity. How many Members of this Senate run around, both on this floor and back in their home States, talking about fiscal austerity, tightening the belt, squeezing the excess out of the budget, doing away with things we do not need or can postpone? Here is $104 million of not only money we can postpone but money we should not have contemplated spending this year in the first place. I yield back the remainder of my time, Mr. President.

Mr. STENNIS. I yield back the remainder of my time, Mr. President.

Mr. EAGLETON. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The question is on agreeing to the amendment of the Senator from Missouri. The yeas and nays have been ordered and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Montana (Mr. BAUCUS), the Senator from Delaware (Mr. BIDEN), the Senator from Arkansas (Mr. BUMPERS), the Senator from Nevada (Mr. CANNON), the Senator from Arizona (Mr. DECONCINI), the Senator from New Hampshire (Mr. DURKIN), the Senator from Ohio (Mr. GLENN), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Ohio (Mr. METZENBAUM), the Senator from Connecticut (Mr. RIBICOFF), the Senator from Illinois (Mr. STEVENSON), the Senator from Georgia (Mr. TALMADGE), the Senator from Florida (Mr. CHILES), the Senator from Georgia (Mr. NUNN), and the Senator from Florida (Mr. STONE) are necessarily absent.

Mr. STEVENS. I announce that the Senator from Colorado (Mr. ARMSTRONG), the Senator from Tennessee (Mr. BAKER), the Senator from Arizona (Mr. GOLDWATER), the Senator from Utah (Mr. HATCH), the Senator from California (Mr. HAYAKAWA), the Senator from North Carolina (Mr. HELMS), the Senator from New York (Mr. JAVITS), the Senator from Iowa (Mr. JEPSEN), and the Senator from Oregon (Mr. PACKWOOD) are necessarily absent.

I further announce that, if present and voting, the Senator from Utah (Mr. HATCH) would vote "nay."

The PRESIDING OFFICER (Mr. BOREN). Are there any Senators in the Chamber desiring to vote who have not yet voted?

The result was announced—yeas 11, nays 65, as follows:

[Rollcall Vote No. 400 Leg.]

YEAS—11

Bayh
Eagleton
Hatfield
Leahy
Levin
McGovern
Nelson
Proxmire
Riegle
Tsongas
Weicker

NAYS—65

Bellmon
Bentsen
Boren
Boschwitz
Bradley
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Chafee
Church
Cochran
Cohen
Cranston
Culver
Danforth
Dole
Domenici
Durenberger
Exon
Ford
Garn
Gravel
Hart
Heflin
Heinz
Hollings
Huddleston
Humphrey
Inouye
Jackson
Johnston
Kassebaum
Laxalt
Long
Lugar
Magnuson
Mathias
Matsunaga
McClure
Melcher
Morgan
Moynihan
Muskie
Pell
Percy
Pressler
Pryor
Randolph
Roth
Sarbanes
Sasser
Schmitt
Schweiker
Simpson
Stafford
Stennis
Stevens
Stewart
Thurmond
Tower
Wallop
Warner
Williams
Young
Zorinsky

NOT VOTING—24

Armstrong
Baker
Baucus
Biden
Bumpers
Cannon
Chiles
DeConcini
Durkin
Glenn
Goldwater
Hatch
Hayakawa
Helms
Javits
Jepsen
Kennedy
Metzenbaum
Nunn
Packwood
Ribicoff
Stevenson
Stone
Talmadge

So Mr. EAGLETON's amendment (UP No. 794) was rejected.

Mr. STENNIS. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. JACKSON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. McCLURE. Mr. President, I want to call to the attention of the Senate, an issue raised in the draft report of the Defense Subcommittee. Recently, the Army announced a change in its policy of relying on the private sector for the production of military items to the extent that such items were available at reasonable prices. Under their new policy, Government-owned contractor operated plants will compete for commercial work against private firms. GOCO plants which were constructed and equipped with Government funds and are able to exclude capital costs from the computation of competitive bids have an obviously unfair advantage over firms whose capital costs were financed through private sources rather than by the taxpayer.

I wish to state my concurrence with the Senators on the Appropriations Subcommittee on Defense who have asked the Army to defer this policy until Congress reviews this issue.

Mr. HOLLINGS. Mr. President, many of the ships in the Navy's oiler inventory have started to reach retirement age. The cost of rebuilding that inventory to (not to mention wartime) requirements continues to increase. As a result of these realities, over the last several years the Navy has investigated several alternatives to the building of new oilers. (VLCC) (225,000 and 400,000 DWT) and tankers (40,000–50,000 DWT) have been investigated. These investigations have addressed both lease and purchase options for modifying and using these commercial platforms as station ships, shuttle ships and mobile POL depot ships.

Mr. President, I ask unanimous consent to have printed in the RECORD a letter from E. R. Zumwalt, Jr., with its attachment.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

AMERICAN MEDICAL BUILDINGS,
Milwaukee, Wis., November 1, 1979.

Hon. ERNEST F. HOLLINGS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HOLLINGS: The October 29 issue of Time, page 30 (extract attached), describes accurately the situation which both you and I know exists with regard to the inadequate replacement of naval vessels.

I was particularly struck by the highlighting of the oiler shortage. In this regard, I am simply unable to understand why the Congress does not take the bit in its teeth and require by appropriate language, that one or more high speed super tankers be leased in order to demonstrate capability of the Merchant Marine to overcome the navy's oiler shortage.

All best wishes.

Sincerely,

E. R. ZUMWALT, Jr.

Attachment.

VERY LARGE CRUISE CARRIERS

NAVAL FORCES

In no area has the U.S.S.R. been catching up faster than at sea. Just two decades ago, the Red fleet was primarily a coastal defense force, rarely venturing far from its home shores. Today, its 1,769 vessels constitute a full-fledged blue-water navy. Meanwhile, the U.S. Navy has been steadily declining, from 955 ships two decades ago to 458 today. This is roughly half the number of ships the Navy had before the attack on Pearl Harbor in 1941. Complains a high Navy official: "We've been underinvesting for 15 years. Shipbuilding has been dismal." Because of its 13 mammoth aircraft carriers and the high technology crammed into its other surface ships and submarines, the U.S. Navy still commands the seas. For how long, is another matter. There are indications that the Soviets may be building their first large-deck aircraft carrier and are already well along with the construction of a 30,000-ton nuclear battle cruiser.

Just to keep the U.S. fleet at its present size would require construction of 17 new vessels annually. Yet the fiscal 1980 budget authorizes only 14 new ships. This includes a $2 billion aircraft carrier, six guided-missile frigates and two nuclear attack submarines. The admirals would like an extra $2 billion to $2.5 billion for shipbuilding in 1980. This would buy two more attack submarines, one more destroyer armed with the devastatingly accurate AEGIS guided-missile weapons system, a landing ship for the Marines and two oilers. The oiler shortage typifies the Navy's plight. While at least 21 oilers are needed to keep the fleet steaming, only 16 are available and ten of these were commissioned before the end of World War II. Mines are also scarce, and torpedo stockpiles are so low that there are not even enough to arm all U.S. attack subs for two patrols.

AMPHIBIOUS FORCES

Sending in the Marines has traditionally been one of the nation's most effective means of intervening in distant lands. There is concern now, however, over whether the Leathernecks could really reach the beaches. Declares Nunn: "If the U.S. Marines were called upon to undertake a major landing in the Persian Gulf or elsewhere in the Middle East, they would probably have to walk on water to get ashore." With only 63 amphibious ships, the Marines are suffering from a severe shortage of vessels for such operations and probably could not land more than one division at a time.

The fiscal 1980 budget earmarks $41 million for start-up costs for the first $300 million LSD–41, a 15,774-ton amphibious vessel that could carry about 340 Marines. But senior officers would like a commitment of $1.2 billion for four of the new LSDs. The Marines also want 336 British-designed, vertical-takeoff Harrier attack planes (cost: $5.7 billion), plus 33 heavylift and attack helicopters ($400 million for the first year's production). Bringing Marine Corps ammunition stockpiles up to a level that could sustain combat operations would cost an extra $1.5 billion; improving battlefield command systems would run $400 million.

So hard up for cash is the corps that it is reluctantly planning to shrink itself. Through attrition, it will drop to 179,000 by mid-1980, a reduction of 10,000. Says a senior Marine officer: "We are reducing manpower to pay our bills. There is no sense in having a force like the Marine Corps if it does not have the means to go to war."

RESUPPLY CAPABILITIES

According to General Jones, "In any large operation or full-blown conflict short of a nuclear exchange, lift becomes a very critical factor." He feels that the Pentagon's ability to resupply troops rapidly on the battlefield is "one of the areas in which we run into limitations early." Though the Air Force would have sufficient planes to rush troops overseas, including requisitioned commercial airliners, it would not have enough to take along their arms and equipment.

The Air Force wants more transport aircraft, but has not yet decided how many. Also needed are additional tankers for airborne refueling of transport and combat planes. In fiscal 1980 the Air Force will be buying four KC–10 tankers, a version of the McDonnell Douglas DC–10 jetliner, at a total cost of $200 million.

Mr. NELSON. Mr. President, H.R. 5359 appropriates $131.7 billion in total budget authority for the Department of Defense. In addition, the Congress will have to appropriate a supplementary $2.9 billion in the spring, to pay for the fiscal year 1980 pay raise for military and civilian personnel in the Defense Department. The total funds which we expect to appropriate for fiscal year 1980, then, total $134.6 billion in total budget authority.

These totals exceed those for fiscal year 1979 by $13.7 billion, an increase of 11.3 percent. Discounting inflation, total budget authority will increase by 3 percent, or $3.6 billion in real dollars.

Mr. President, in my judgment, a real increase of 1½ percent, or $1.8 billion, in the defense budget is appropriate as a necessary step forward in improving our conventional weapons strength. I therefore support a 1½ percent real growth in defense expenditures rather than a 3-percent increase. We should then decide next year on the percent increase that is indicated under the circumstances at that time.

In my judgment, the proposed $3.6 billion real dollar increase should be halved. There is wasteful and unnecessary spending in the defense budget that ought to be eliminated. For example, H.R. 5359 appropriates over $2 billion for yet another vulnerable large-deck aircraft carrier.

The Defense Department is the only Federal agency allowed any real growth in an otherwise austere fiscal year 1980 budget. At a time when inflation is our most critical national problem, and when every Federal dollar must be carefully accounted for, we in Congress must take a hard look at Pentagon spending and judge whether it is consistent with our national goals.

The Nation's long-term stability, productivity, and security would be better served by limiting the real dollar increase to $1.8 billion rather than $3.6 billion.

Because H.R. 5359 mandates a 3 percent real increase in the defense budget, I shall vote no.

KC–135 REENGINE PROGRAM

● Mr. DOLE. Mr. President. I was pleased to note that the Armed Services Committees of both the House and the Senate have recommended adding $15 million of the fiscal year 1980 budget in the procurement account for the KC–135 reengine program. I was particularly pleased to note that the Armed Services Committees and the Senate Appropriations Defense Subcommittee agreed that the technical risks were low and that reengining the KC–135 did not require more research and development, thus recommending full funding in the procurement account at the authorized level.

KC–135

Mr. President, the KC–135 first entered the Air Force inventory in 1957. By 1966, 820 units had been delivered. From 1957 to the late 1960's, it was assigned almost exclusively to strategic bomber support. However, as a result of changing defense requirements. its role has been broadened to include diverse support roles, such as reconnaissance, airlift, weather monitoring, tests, and command post operations. Today, approximately 700 aircraft are still in service throughout the world.

THE KC–135: CRITICAL TO OUR AIR DEFENSE

Mr. President, the KC–135 tanker aircraft originally was designed and built to enable the U.S. nuclear bomb force to strike important military targets located deep within the Soviet Union from stateside bases. The flexibility afforded other U.S. defense systems through air refueling resulted in an expansion of the tanker's role. For example, tactical fighter aircraft are tasked to support nonnuclear confrontations on a worldwide basis as dictated by U.S. foreign policy. In addition, extensive training is required to maintain our tactical forces in a high state of readiness.

The KC–135 tanker enables us to base and train the majority of those forces in the United States, thereby minimizing the impact upon our balance of payments while assuring rapid deployment in response to worldwide conventional war contingencies.

As another example, the KC–135 air refueling support enables cargo aircraft to provide logistics support for U.S. ground, naval, and air forces operating outside the continental United States. In addition, U.S. foreign policy and treaty agreements demand the support of our allies during their local, limited conventional confrontations. Because of air refueling, this support is not subject to arbitrary denial of enroute staging bases by foreign countries hostile to the United States and our allies. A side benefit of air refueling capability is the nonmilitary application of cargo aircraft in transporting relief units and materials in response to natural disasters.

Stateside basing of the strategic bomber force, a major portion of our tactical fighter force, and much of our airlift support aircraft lessens the cost of maintaining a posture of readiness. Having the capability to move tactical air forces in response to conventional war contingencies rather than attempting to cover all potentially volatile areas greatly reduces the number of weapons systems required. This reduction, in turn, cuts the amount of support equipment and personnel required to operate the systems. Fewer personnel drastically reduces the initial and recurring training costs. Fewer fuel-consuming aircraft and support vehicles also mean less fuel and lower operating costs.

REENGINING THE KC-135

Mr. President, during the two decades of operational service the KC-135 has remained basically in the same configuration as originally delivered. It has the originally installed J-57 engines which do not take advantage of modern engine technology. These older technology engines are costly to maintain. Their use provides marginal takeoff performance at heavy weight, restricts airfields available for use because of the long takeoff runway requirements, and results in inefficient fuel usage and noise which exceeds EPA noise standards. Let me stress, however, Mr. President, that the airframe has the capability, with normal structural maintenance, to remain viable for several more decades. Incorporation of modern engines will result in dollar savings in the form of less fuel consumed and decreased operation and maintenance costs. Furthermore, reengining can increase the KC-135 effectiveness, reduce noise levels and improve survivability and safety.

R. & D. VERSUS PROCUREMENT

Mr. President, as I noted previously, the House and Senate Armed Services Committees authorized funding for 1980 production based on the fact that reengining presents a low technical risk. Mr. President, I believe, as do the various congressional committees, that a continued lengthy R. & D. program for reengining of the KC-135 is unnecessary. I believe the time has come when we must move ahead on the production phase of the reengining program. In view of the overwhelming evidence that points to the need for a higher priority on the procurement phase, I urge the Secretary of Defense to act accordingly.●

The PRESIDING OFFICER. Are there further amendments to the bill?

The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

Mr. STENNIS. Mr. President, I ask for the yeas and nays on final passage of the bill.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Do Senators yield back their time? Is all time yielded back?

Mr. ROBERT C. BYRD. Mr. President, will the Senator from Mississippi yield me 1 minute?

Mr. STENNIS. Of course.

Mr. ROBERT C. BYRD. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

The Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, I thank the Chair and I thank all Senators.

Mr. President, the conference report on the Interior appropriation bill has been adopted by the House, has been sent here, and we could take that up. I would like to dispose of it this evening. It has the money in it for the fuel assistance for the low income.

I would like to get it up and, if nobody will ask for a rollcall vote on it, we can take it up and voice vote it.

Nobody asks for a rollcall vote?

Mr. BENTSEN. Mr. President, I want to make some comments against it, but I will defer on the rollcall vote.

Mr. ROBERT C. BYRD. The Senator will not ask for a rollcall vote.

All right, this will then be the last rollcall vote.

I thank all Senators.

The PRESIDING OFFICER. Has all time been yielded back?

Mr. STENNIS. We yield back our time.

The PRESIDING OFFICER. All time has been yielded back.

The bill having been read the third time, the question is, Shall it pass? On this question the yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Montana (Mr. BAUCUS), the Senator from Delaware (Mr. BIDEN), the Senator from Arkansas (Mr. BUMPERS), the Senator from Nevada (Mr. CANNON), the Senator from Florida (Mr. CHILES), the Senator from Arizona (Mr. DECONCINI), the Senator from New Hampshire (Mr. DURKIN), the Senator from Ohio (Mr. GLENN), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Ohio (Mr. METZENBAUM), the Senator from Georgia (Mr. NUNN), the Senator from Rhode Island (Mr. PELL), the Senator from Connecticut (Mr. RIBICOFF), the Senator from Illinois (Mr. STEVENSON), the Senator from Florida (Mr. STONE), and the Senator from Georgia (Mr. TALMADGE) are necessarily absent.

I further announce that, if present and voting, the Senator from Nevada (Mr. CANNON), the Senator from Arizona (Mr. DECONCINI), the Senator from Georgia (Mr. NUNN), the Senator from Rhode Island (Mr. PELL), and the Senator from Connecticut (Mr. RIBICOFF) would each vote "yea."

Mr. STEVENS. I announce that the Senator from Colorado (Mr. ARMSTRONG) the Senator from Tennessee (Mr. BAKER), the Senator from Arizona (Mr. GOLDWATER), the Senator from Utah (Mr. HATCH), the Senator from California (Mr. HAYAKAWA), the Senator from North Carolina (Mr. HELMS), the Senator from New York (Mr. JAVITS), the Senator from Iowa (Mr. JEPSEN), and the Senator from Oregon (Mr. PACKWOOD) are necessarily absent.

I further announce that, if present and voting, the Senator from New York (Mr. JAVITS) and the Senator from Utah (Mr. HATCH) would each vote "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 72, nays 3, as follows:

[Rollcall Vote No. 401 Leg.]

YEAS—72

Bayh
Bellmon
Bentsen
Boren
Boschwitz
Bradley
Burdick
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Chafee
Church
Cochran
Cohen
Cranston
Culver
Danforth
Dole
Domenici
Durenberger
Eagleton
Exon
Ford
Garn
Gravel
Hart
Heflin
Heinz
Hollings
Huddleston
Humphrey
Inouye
Jackson
Johnston
Kassebaum
Laxalt
Leahy
Levin
Long
Lugar
Magnuson
Mathias
Matsunaga
McClure
McGovern
Melcher
Morgan
Moynihan
Muskie
Percy
Pressler
Pryor
Randolph
Riegle
Roth
Sarbanes
Sasser
Schmitt
Schweiker
Simpson
Stafford
Stennis
Stevens
Stewart
Thurmond
Tower
Tsongas
Wallop
Warner
Weicker
Williams
Young
Zorinsky

NAYS—3

Hatfield
Nelson
Proxmire

NOT VOTING—25

Armstrong
Baker
Baucus
Biden
Bumpers
Cannon
Chiles
DeConcini
Durkin
Glenn
Goldwater
Hatch
Hayakawa
Helms
Javits
Jepsen
Kennedy
Metzenbaum
Nunn
Packwood
Pell
Ribicoff
Stevenson
Stone
Talmadge

So the bill (H.R. 5359) was passed.

Mr. STENNIS. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STENNIS. Mr. President, I have a request regarding conferees.

Mr. President, I move that the Senate insist on its amendments and request a conference with the House of Representatives on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to and the Presiding Officer (Mr. Boren) appointed Mr. STENNIS, Mr. MAGNUSON, Mr. PROXMIRE, Mr. INOUYE, Mr. HOLLINGS, Mr. EAGLETON, Mr. CHILES, Mr. BAYH, Mr. YOUNG, Mr. STEVENS, Mr. SCHWEIKER, Mr. BELLMON, Mr. WEICKER, and Mr. GARN conferees on the part of the Senate.

Mr. ROBERT C. BYRD. Mr. President, I would like to extend the gratitude of the

Senate to the leadership and the members of the Appropriations Committee for the work they have done in presenting and managing this legislation.

This is probably one of the largest and most complex pieces of legislation we will consider this session. There are over 3,000 line items covered by this bill. Together, these items amount to what probably is the largest appropriation figure this Senate has ever approved.

But the subject of this bill is our security, and our security is not a matter on which we should rush consideration or cut corners.

The committee gave careful attention to selected key areas which most affect our defense preparedness. The development of the MX is funded. An increased personnel recruiting program is supported. New muscle is given to the Navy, and the conventional forces in all of the services are strengthened.

The committee also emphasizes that our defense system must be energy independent. The committee calls on the Department of Defense to convert the power producing facilities on our military bases to coal. And the committee urges the Department to pursue more aggressively a synfuels program for our military facilities.

As a nation, we must apply our defense funding selectively and carefully, focusing on those programs which meet real needs and which will counter the trend toward strategic imbalance. The committee has been faithful to this standard.

We also must have a modern defense structure that responds to the concerns of this Senate, as expressed in the authorizing legislation, and that fulfills our obligations to our allies. The committee has been faithful to these standards, for this bill increases our defense expenditures overall by the 3 percent real growth for fiscal year 1980.

And we must have a defense budget that is as lean as possible, that responds to the Nation's concern with inflation. The committee has been faithful to this standard as well.

On behalf of myself and the Senate, I wish to extend our gratitude to the chairman of the Defense Subcommittee, Senator STENNIS, and the ranking minority member of the committee, Senator YOUNG.

They have addressed the needs of the Nation in a full and decisive way.

Mr. STEVENS. Mr. President, as usual, Senators STENNIS and YOUNG have managed us through yet another Defense appropriations bill without major problems.

When one stops to consider the number of items in this bill, it becomes clear that the efficiency with which this legislation has passed the Senate is an honest reflection on the persuasive skills of the managers involved.

Let me also express sincere appreciation to the members on our side of the aisle for their assistance in assuring expeditious consideration of this Defense bill. Without a time agreement, we would have surely had to be in session tomorrow, Saturday.

I also want to personally thank the managers of the bill for their able support of my amendment relative to the MX missile basing mode.

It is my hope that this bill will move in us the positive direction necessary to insure the continued defense of our Nation and the free world.

Mr. ROBERT C. BYRD. Mr. President, I now yield to Mr. SARBANES.

JOE DANZANSKY

Mr. SARBANES. Mr. President, like many Marylanders and other citizens in the National Capital area whose lives were touched in innumerable ways by Joe Danzansky, I was shocked and deeply saddened to learn last night of his sudden death. Maryland could not count Joe Danzansky among its citizens, for he was born, raised, and lived his entire life in the city of Washington, but his devotion to his native city enriched not only the lives of his fellow Washingtonians but the life of the entire metropolitan area and the lives of all its citizens.

Joe Danzansky was a private citizen, a lawyer and a businessman, with an extraordinary commitment to the general welfare of the community in which he lived and which he loved. His genuine warmth in his relationship with each individual and his deep concern for the less fortunate were constantly reflected in his actions.

Joe Danzansky was a man whose public spirit, intelligence and integrity and, not incidentally, formidable energies led him to participate in nearly every aspect of the city's life. Neither his dedication nor his great good humor will soon be forgotten. His accomplishments in making Washington and the Nation a better place to live will remain his memorial.

Mr. President, I ask that the excellent Washington Post editorial commenting on Joe Danzansky's life and the article reviewing his extraordinary career be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

JOSEPH BAER DANZANSKY

The title was never official, but Joseph B. Danzansky was a Washington City Father if we've ever known one. Even in the last hours before his death yesterday at the age of 65, Mr. Danzansky was doing what he loved best—promoting his native city as if it were his firstborn. On this occasion it was as a leader in the development of Pennsylvania Avenue, at a meeting he began with his characteristic exuberance; but in the many days and years before this meeting, it was as a civic cheerleader and financial big-heart in every corner of the community.

New arrivals to this city may not realize the significance, years back, of Mr. Danzansky's all-embracing love for the city and its people. But it still holds special meaning for those whose lives were once made very uncomfortable—financially, racially, socially—in a segregated town. His tall frame and broad grin stood out at countless civic gatherings—from basements to board rooms, from sports events to—yes—civic disorders, leaning forward to understand and then to assist.

In business as in community service, Mr. Danzansky went to extra lengths to include all people. His extraordinary success as a businessman not only was good for the economic health of the city, but demonstrated the strength of a concerned partnership of local business interests and the people they serve. This philosophy, coupled with the worthy causes to which he gave time and money, was instrumental in breaking down racial barriers and introducing two "Washingtons" to each other. So it was that the Metropolitan Washington Board of Trade began to be transformed from a tight, white club of frightened businessmen headed for suburbia into a group starting to reach out and rebuild after the disorders of the 1960s.

Baseball. Banking. The United Way. Giant. WETA. The Jewish Community. Every District commissioner and the two elected mayors. The list of causes and activities and awards is vast. Working for Washington, committing himself to its prosperity, solidarity and general welfare—that was what Joe Danzansky was all about all the time. He can't be replaced.

JOSEPH B. DANZANSKY DIES AT AGE 65

(By J. Y. Smith)

Joseph B. Danzansky, a leading member of Washington's business establishment and a notably effective supporter of consumerism, civil rights and related causes in the city, died at his home here yesterday following an apparent heart attack. He was 65.

Although he had been hospitalized earlier this year for treatment of cancer, Mr. Danzansky remained active until the end of his life. He presided yesterday morning at a meeting of the Pennsylvania Avenue Development Corp., of which he was chairman, and later had lunch at a popular downtown restaurant.

Mr. Danzansky was a successful lawyer in Washington. One of his principal clients was Giant Food Inc., and he was elected to Giant's board in 1949. In 1964, he gave up his law practice to become president of Giant, which was all but immobilized at that time by disputes in the family that owned it. He remained president until 1977 and then served as chairman of the board. In 1978, he resigned to become chairman of the board of the National Bank of Washington, the third largest in the city.

While pursuing his career in business, Mr. Danzansky was coming to the fore as a civic leader and there were few aspects of life here that failed to gain his attention. He was chairman of the United Way Campaign. He was president of the Metropolitan Washington Board of Trade in 1971 and again in 1976—the only person ever to hold the post twice.

He tried to keep major league baseball in Washington and, after it was gone, he tried to bring it back. He served on various committees for the city government. He was a chairman of the Mayor's Economic Development Committee and thus played a role in efforts to revive the neighborhoods that were burned and pillaged in the rioting that followed the assassination of the Rev. Dr. Martin Luther King Jr. on April 4, 1968.

Mr. Danzansky's response to the riots was a message that he was to repeat on numerous occasions in the ensuing years. It was this: If the business community is to continue to prosper, it must meet the legitimate needs of all its customers, the poor as well as the rich.

He had an immediate occasion to put his formula to the test. For in the spring of 1968, the Poor People's Campaign descended on Washington and camped on the Mall. News of the event, which was organized by the Southern Christian Leadership Conference, Dr. King's group, caused considerable disquiet among Washington businessmen.

Mr. Danzansky addressed a meeting at the Board of Trade. With an unabashed patriotism that was characteristic of him, he told his listeners that the poor people had a right to petition their government and that the best thing that Washington could do was show that that right would be respected. He urged his listeners to contribute to the welfare of the protesters while they were encamped here.

As the president of Giant, he set an exemple by contributing large quantities of his company's food. Other businessmen did likewise.

D.C. Del. Walter E. Fauntroy one of the organizers of the Poor People's Campaign, recalls that Mr. Danzansky "not only stood by us in our effort to conduct a meaningful and nonviolent campaign, but also through his good offices assisted us tremendously in seeing to it that the persons who came were adequately fed . . . Joe never wavered in his commitment to the cause of the poor and his efforts to bring the whole episode to a peaceful conclusion."

Fauntroy said last night that Mr. Danzansky's performance in those days were testimony to his "faith, courage and compassion in the business community."

The Poor People's campaign was a turning point, Fauntroy said, toward improved relations between the Board of Trade and "the activist community." An official of the Board of Trade credited Mr. Danzansky with "shaping the social conscience of the private sector in Washington in the spring of 1968."

Among other causes, Mr. Danzansky espoused that of consumerism. In an address at the Smithsonian Institution in March 1975, he chided business for resisting consumer advocates.

He listed five responses businesses typically gave to consumerism, the first of which was to "deny everything." The fifth, he said, was a decision on the part of business managers to "do something about the problems.

"After repeated frustration, the awakening comes and business reappraises its entrenched viewpoint," he said. "It realizes that service to the consumer is its first obligation if it is to grow and prosper. It realizes that the best way to cope with the problems is to look at the allegations seriously, give responsible consumer spokesmen a fair hearing, and make a serious effort to do something constructive to correct any shortcomings."

In June 1977, he addresed a dinner which was sponsored by the Washington Urban League in honor of the memory of Whitney M. Young Jr. He called for "coalitions between the city and its suburbs, between blacks and whites, between business, consumers and labor, between labor and government and voluntary organizations."

The city, he said, had been shaken by the riots of 1968. "Our world is very different now," he said. "We are somewhat sadder, but hopefully somewhat wiser. An enormous unfinished agenda remains before us, even if we acknowledge the considerable distance we have already come."

On hearing of Mr. Danzansky's death, Mayor Marion Barry said the city had suffered a loss that "is well-nigh irreplaceable. Joe Danzansky has been involved in every facet of this city's life—economic, social, cultural, civic, and has been the driving force behind so many, many positive things that have happened in our city."

Esther Peterson, a former White House consumer aide who later worked for Giant, said, "I think of this man's incredible courage when consumerism was a dirty word. I think he changed a lot of American industry by his courage."

Robert R. Linowes, a former president of the Board of Trade, said Mr. Danzansky was "the kind of person who took great pride in the O Street Market situation. He had a great feeling for that kind of thing and was part of wanting to help and work in the city."

Last month, Giant opened a new market at 7th and P Streets NW., across from the old O Street Market in the heart of the Shaw neighborhood. It is one of the first major new businesses in the area, one of the hardest hit by the 1968 riots.

Joseph Baer Danzansky was born in Washington on May 16, 1914. He graduated from old Central High School and earned his undergraduate and law degrees at George Washington University. He was admitted to the bar in 1936. In 1941, he formed a partnership with Raymond R. Dickey. He remained a partner of Danzansky & Dickey until 1964, when he became president of Giant.

Mr. Danzansky was a member of the boards of the Hebrew Academy of Washington, the Hebrew Home of Greater Washington and the Adas Israel Congregation. He was a member of the executive committee of the United Jewish Appeal and an assistant treasurer of the Greater Washington Jewish Community Foundation. He also was a member of the National Press Club and Woodmont Country Club. He was a Mason and a member of the Almas Temple.

Survivors include his wife, the former Ethel E. Gelfand, of the home in Washington; two sons, Stephen I., of Washington, and Richard F., of Miami Beach, and four grandchildren.

Mr. EAGLETON. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. I yield

Mr. EAGLETON. Mr. President, I wish to join in the sentiments of my colleague from Maryland with respect to the death of Mr. Danzansky. No finer gentleman ever lived on this earth than Joe Danzansky.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. I yield to Mr. MAGNUSON.

Mr. MAGNUSON. Mr. President, I join with the Senator from Maryland in his tribute to Joe Danzansky. He was my neighbor. We lived in the same apartment house for many, many years, and I am going to miss him terribly. He not only was a great civic servant but he was a great friend.

Mr. SARBANES. I thank the Senator.

Mr. ROBERT C. BYRD. Mr. President, I yield to Mr. RANDOLPH.

VETERANS DAY 1979: AN HISTORICAL PERSPECTIVE—SENATOR CRANSTON AIDS VETERANS

Mr. RANDOLPH. Mr. President, on the occasion of this upcoming Veterans Day, it is most appropriate that we remember and honor those men and women who gave their lives and those who gave their time and energy in service to our Nation in the Armed Forces. Many have made enormous personal sacrifices and many have suffered injuries that will disable them for the rest of their lives. All these brave men and women deserve our utmost respect and admiration for their devotion to this country in its time of need.

This is also an excellent opportunity, Mr. President, to take note of the activities that have been carried out to defend and protect the rights and needs of those men and women we are honoring.

The many veterans' service organizations across the country, large and small, have been of tremendous assistance to veterans and their survivors. Through their national and local representatives, these fine organizations, representing millions of veterans, provide assistance each year in thousands of veterans' claims before the Veterans' Administration. These well-trained, diligent service officers provide information about benefits to which their veteran "clients" may be entitled, assist them in applying for those benefits, and provide expert representation before adjudication panels and boards. Thousands of other members of these organizations volunteer their time in VA hospitals, nursing homes, and clinics to provide a very personal kind of help to sick and injured veterans. The members, officers, and employees of these groups give generously of their time and energy to help all veterans in many other ways—far too numerous to mention but always as a reflection of deep, strong concern for those who served and sacrificed and their survivors. As we prepare to commemorate Veterans Day, let us remember the great debt of gratitude we in the Congress and in our Republic at large owe to our great veterans organizations.

The Senate Committees on Veterans' Affairs in the Senate and the House of Representatives have worked together closely over the years to assure that veterans and their dependents receive the benefits to which they are entitled, to make numerous improvements in existing programs, and to authorize new ones to meet the needs and concerns of those to whom our country owes such a special debt.

Mr. President, my good friend and able colleague, ALAN CRANSTON, has been a leader in these efforts since coming to the Senate in 1969. I recall that in January of that year he became the chairman of the then Labor and Public Welfare Committee's Subcommittee on Veterans' Affairs—a position which I had previously had the privilege of holding—as his first major responsibility in the Senate. And I remember most clearly when, at the beginning of the 92d Congress, in 1971, jurisdiction over veterans' affairs was assigned to a new full committee, and Senator CRANSTON and I were appointed as among its charter members. Alan immediately was designated as chairman of the Subcommittee on Health and Hospitals where I served with him for five years. He became chairman of the full Committee on Veterans' Affairs in 1977.

During this entire period, I have worked side-by-side with ALAN CRANSTON on every major initiative in the veterans' area. Chairman CRANSTON has either sponsored or performed a major role in developing and enacting every significant piece of veterans legislation since 1969. He has been the principal author of most of this legislation. He has been the initiator of every piece of legislation—and the programs and laws are numerous—enacted since 1969 to deal with the special problems faced by Vietnam-era veterans.

Mr. President, ALAN CRANSTON's record of serving our Nation's veterans of all wars and all periods of service speaks for itself.

However, Mr. President, some seem to feel that Congress has shirked its responsibility to provide adequate programs to meet the needs of our Vietnam-era veterans. I think it would be well, on this the eve of Veterans' Day, to examine Congress' record on this score. Thus, Mr. President, I bring to my colleagues' attention the following synopsis of veterans' initiatives which have been enacted under the leadership and guidance of Senator ALAN CRANSTON since 1969 to help Vietnam-era veterans. Although much remains to be done—and we will and can do more—we should not lose sight of all that has been accomplished and how the programs that have been implemented are working.

Mr. President, I ask unanimous consent to print in the RECORD a synopsis of congressional initiatives taken under Senator CRANSTON's leadership during the last 10 years to provide needed services for Vietnam-era veterans.

There being no objection, the synopsis was ordered to be printed in the RECORD, as follows:

SYNOPSIS OF CONGRESSIONAL INITIATIVES UNDER SENATOR ALAN CRANSTON'S LEADERSHIP TO HELP VIETNAM-ERA VETERANS, 1969–79

THE 91ST CONGRESS (1969–1970)

Beginning in 1969, Senator Cranston chaired an extensive Congressional investigation into the adequacy of VA medical care for veterans wounded in Vietnam to explore the special problems confronting the VA in caring for veterans of the Vietnam conflict. These hearings led to dramatic improvements in VA hospital staffing, facilities, and services. Since 1970, six new VA hospitals have been built; the staff-patient ratio has been increased from 157 FTEEs to 100 patients in 1974 to more than 200 FTEEs to each 100 patients; the health-care staff has been increased by 50,000 since 1970; the number of outpatient clinics has been increased from 209 to 219 in the last 5 years; and special pay for physicians and dentists was authorized in 1975 to improve the retention and recruitment of these health-care professionals.

During the 91st Congress, Senator Cranston chaired a series of hearings on the unemployment and overall readjustment problems of returning Vietnam veterans leading to his introduction in 1971 of the first readjustment counseling legislation (S. 2091).

In 1970, Cranston authored the Veterans' Education and Training Amendments Act of 1970 (Public Law 91–219). This legislation included provisions to:

(1) Increase rates of GI Bill benefits by 34.6 percent. During the first year after this rate increase took effect, there was a 56-percent increase in GI Bill participation.

(2) Establish a program of "Special Assistance for the Educationally Disadvantaged" under which veterans without high school diplomas or in need of refresher or remedial courses could—without charge to entitlement—use GI Bill benefits for pursuit of appropriate programs of education. Since this program was established, more than 407,000 veterans have received benefits under it.

(3) Establish a program for tutorial assistance under the GI Bill. Almost 200,000 veterans have used tutorial assistance—receiving $17.7 million in benefits—through this program.

(4) Establish the "Predischarge Education Program" to provide an opportunity for service personnel to pursue high school, remedial, or refresher courses—without charge to entitlement—while on active duty. More than 304,000 Vietnam-era personnel participated in this program.

(5) Provide for a greatly expanded "Veterans Outreach Service Program" designed to search out recently discharged veterans, to advise them of benefits, and to assist them in obtaining them. Since enactment of this expanded authority, the VA has communicated with over 6.2 million Vietnam-era veterans shortly after release from service, established 72 "one-stop" USVAC centers to provide complete benefit information and assistance to veterans, conducted job interviewing classes for those needing guidance in order to obtain meaningful employment, and provided veterans in rural areas with service by use of mobile vans.

In 1970, Cranston supported an increase of rates of service-connected compensation (which raised the rate of compensation for "total disability" by 12.5 percent) (Public Law 91–376). Since that time, seven additional rate increases have been approved by Congress. As of September 1979, more than 537,000 Vietnam-era veterans were receiving VA compensation—6 percent of the total number of veterans of the era. Since 1969, the basic rate for a "total disability" has increased by 102 percent.

In 1970, Senator Cranston authored the Veterans' Housing Act of 1970 (Public Law 91–506) which provided for VA loan guaranties for veterans who wish to purchase mobile homes. From the inception of the mobile home loan program, the VA has guaranteed 33,684 loans. It is estimated that over 60 percent of these loans—totalling almost $396 million—were made to Vietnam-era veterans.

92ND CONGRESS (1971–1972)

On June 17, 1971, Senator Cranston introduced S. 2091, the proposed "Veterans' Employment and Readjustment Act of 1971". This measure included provisions for an employment preference for disabled and Vietnam-era veterans under Federal contracts, an affirmative action program within the Federal government for employment of disabled and Vietnam-era veterans, improved job counseling and placement initiatives under chapter 41 of title 38, a job training program allowance disregard provisions, and a program of readjustment medical counseling for veterans of the Vietnam era. Although no action was taken on S. 2091, provisions derived from the measure were incorporated into other legislation and were subsequently enacted into law in the Vietnam Era Veterans' Readjustment Assistance Act of 1972, the Vietnam Era Veterans' Readjustment Assistance Act of 1974, and the Veterans' Health Care Amendments of 1979 (Public Laws 92–540, 93–508, and 96–22, respectively).

In 1971, Cranston helped develop provisions in the Emergency Employment Act of 1971 (Public Law 92–54) to require that veterans who served in the Indochina area be given special consideration in filling Public Employment Program (PEP) jobs. Under this authority, these veterans constituted 13 percent of all participants.

In 1972, Cranston authored the Veterans' Cost-of-Instruction (VCI) Program Legislation as part of the Education Act Amendments of 1972 (Public Law 92–318). This authority was designed to provide incentives and supporting funds for colleges and universities to recruit veterans and to establish special programs and services necessary to assist GI Bill veteran-students in readjusting to an academic environment and to reach out to surrounding communities to get more veterans back to school under the GI Bill, with special emphasis on educationally disadvantaged veterans. To date, more than $170 million has been appropriated under this authority and 1,237 institutions have received VCI awards.

Cranston cosponsored legislation, the Veterans' Compensation and Relief Act of 1972 (Public Law 92–328), which included provisions to provide an annual clothing allowance for service-connected disabled veterans whose prosthetic devices or wheelchairs tend to tear or wear out their clothing. Since Vietnam-era veterans suffered the loss of lower extremities at a rate of 300 percent higher than World War II veterans, this is a valuable means of assistance to these veterans.

In the same year, Cranston introduced S. 2108, the proposed "Veterans Drug and Alcohol Treatment and Rehabilitation Act of 1972." This measure was designed to provide for a fully-funded, comprehensive drug and alcohol treatment and rehabilitation program for addicted veterans, including a wide range of vocational and educational counseling and rehabilitation services and job placement assistance for addicted veterans. It also provided authority for the VA to furnish counseling to any Vietnam-era veteran who requested such counseling so as to assist such veteran to readjust to civilian life after discharge from the armed services and required the Administrator of Veterans' Affairs and the Secretary of Defense to take appropriate action to advise all eligible veterans of this program. This measure was passed by the Senate but was not acted upon by the House.

In 1972, Cranston joined with Senator Hartke to author the Vietnam Era Veterans' Readjustment Assistance Act of 1972 (Public Law 92–540). This legislation included provisions to:

(1) Increase GI Bill benefits by 25.7 percent and increase assistance rates for VA apprenticeship and OJT programs by 48 percent. During the first year after this rate increase took effect, there was a 25-percent increase in the GI Bill participation rate.

(2) Provide for advance payment of GI Bill benefits at the start of a school term (Cranston authored).

(3) Establish the VA work-study program for veterans attending school under the GI Bill (Cranston authored). An average of 50,000 GI Bill students have benefited annually from participation in this program receiving about $20 million each year in assistance.

(4) Set up the VA Education Loan Program as a means of supplementary assistance. Since its inception, 65,761 loans have been made under this authority, totalling $63.9 million.

(5) Revise chapter 451 of title 38 setting forth the basic veterans employment responsibilities of the Department of Labor as administered by the Veterans Employment Service, stressing the needs of recently separated veterans.

(6) Add a new chapter 42 to title 38 to require Federal contractors to give emphasis to employment of Vietnam-era and disabled veterans and provide for mandatory listing of job openings with local employment service offices and priority in referrals to disabled and Vietnam-era veterans. This requirement has led to the employment of more than 540,000 disabled and Vietnam-era veterans.

93RD CONGRESS (1973–1974)

In 1973, Cranston introduced again his drug and alcohol bill, S. 284, the proposed "Veterans' Drug and Alcohol Treatment and Rehabilitation Act of 1973". This measure was very similar to S. 2108 in the 92nd Congress; it was also passed by the Senate but was not acted upon by the House.

In 1973, Senator Cranston cosponsored S. Con. Res. 51, to express the gratitude of the Congress to the Vietnam veteran for his efforts to make it possible for our Nation to observe Veterans' Day, 1973, in peace, and to commend the Vietnam veteran for his valor, courage, loyalty, and devotion to duty as an American serviceman.

In 1973, Senator Cranston wrote provisions in the Comprehensive Employment and Training Act of 1973 (CETA) (Public Law 93–203), based on provisions he authored in the Emergency Employment Act of 1971, to require CETA prime sponsors to give special consideration to certain unemployed veterans in filling public service employment jobs. Almost 2 million Vietnam-era veterans have been served by CETA programs since 1973.

In 1974, Cranston cosponsored legislation ultimately enacted as Public Law 93–337 to extend the delimiting period under the current GI Bill from eight years to ten years. It is estimated that this extension has benefited 2 million veterans at a cost of about $3 billion.

In 1974, Cranston authored provisions in the Emergency Jobs and Unemployment Assistance Act of 1974 (Public Law 93–567) to provide for the conduct, by the Secretary of Labor, of a special outreach and public information program to promote maximum effort to produce job and job training opportunities for Vietnam-era veterans. The Department of Labor has expended a total of $62 million under this authority and has conducted a wide variety of initiatives, including the Disabled Veterans Outreach Project (DVOP), which has been responsible for placing more than 30,000 veterans in jobs; and contracts with the Blinded Veterans Association to provide outreach counseling and job placement for the visually impaired veteran, the Flower of the Dragon to design a guide for community-based organizations on how to apply and qualify for CETA funds, and the National Council of Churches to provide training and employment counseling for incarcerated veterans.

In 1974, Cranston coauthored with Senator Hartke the Vietnam Era Veterans' Readjustment Assistance Act of 1974 (enacted as Public Law 93–508 over the veto of the President). This measure includes provisions to:

(1) Increase rates of GI Bill benefits by 25.7 percent. During the first year after this rate increase took effect, there was a 25-percent increase in GI Bill participation.

(2) Add an additional 9 months of GI Bill entitlement (restricted to undergraduate study) for a total of 45 months of maximum entitlement to be earned by a veteran (Cranston authored).

(3) Authorize refresher training under the GI Bill.

(4) Establish the Veteran Representative on Campus (Vet-Rep) Program. Under this program more than 1,327 Vet-Reps were assigned to 3,320 colleges across the Nation to assist veterans in obtaining GI Bill benefits (Cranston authored).

(5) Require the Secretary of Labor to establish definitive standards for determining compliance with the employment assistance programs mandated by chapter 41.

(6) Strengthen chapter 42 to require federal contractors to take affirmative action to employ Vietnam-era and disabled veterans (Cranston authored).

(7) Establish the authority for Veterans' Readjustment Appointments (VRA) under which certain disabled and Vietnam-era veterans could receive non-competitive appointments (up to a GS–5) in the Federal civil service. Since its inception, more than 125,000 veterans have been employed under VRA appointments throughout the Federal government (Cranston authored).

(8) Extend the protections of veterans' reemployment rights to persons who prior to military service had been employed by State or local governments and otherwise improve the veterans reemployment rights program.

In 1974, Cranston authored the Disabled Veterans' and Servicemen's Automobile and Adaptive Equipment Amendments of 1974 (Public Law 93–538) to liberalize eligibility requirements for Vietnam-era service-connected disabled veterans to receive automobile assistance grants, to increase the grant by 17.8 percent, to add the provision of adaptive equipment to this benefit as well as driver training in the use of the adaptive equipment, to require the promulgation of quality and safety standards for adaptive equipment, and specifically to authorize research relating to improvements in such adaptive equipment.

94TH CONGRESS (1975–1976)

In 1975, Cranston introduced the "Veterans' Cost-of-Instruction (VCI) Extension Act of 1975" (S. 2651) to extend for three years the authority for the VCI program, require increased emphasis on educationally disadvantaged veterans, and provide for offsetting the impact of the May 31, 1976, GI Bill delimiting date in the formula for determining which colleges were eligible for and the size of their grants. The provisions of S. 2651 were incorporated into S. 2657 which was enacted as Public Law 94–482 with this provision.

In 1976, Cranston cosponsored the Veterans' Education and Employment Assistance Act of 1976 (Public Law 94–502). This legislation provided an 8.0-percent increase in GI Bill benefits and contained provisions to (1) repeal the restriction on graduate study during the last nine months of a veteran's entitlement (Cranston authored); (2) increase the maximum amount of a VA education loan; and (3) establish a Deputy Assistant Secretary of Labor for Veterans' Employment to be the principal advisor to the Secretary on veterans' employment issues.

In 1976, Senator Cranston authored S. 2908, the proposed "Veterans' Omnibus Health Care Act of 1976", which included as title II provisions relating to the provision of comprehensive treatment and rehabilitation program for veterans suffering from alcohol or drug addiction which were similar to the provisions of S. 2108 and S. 284. The bill also included authority to establish a new program to provide initial readjustment professional counseling for veterans discharged since the beginning of the Vietnam era. Although these provisions were approved by the Senate, the legislation as signed into law (Public Law 94–581) did not include these latter provisions.

In 1976, Cranston authored provisions in the Emergency Jobs Programs Extension Act of 1976 (Public Law 94–444) to require CETA prime sponsors to make arrangements for maximum use of VA/OJT and apprenticeship programs.

95TH CONGRESS (1977–78)

In 1977, Cranston authored the GI Bill Improvement Act of 1977 (Public Law 95–202). This measure included provisions to:

(1) Increase by 6.6 percent the rates of GI Bill benefits.

(2) Extend the delimiting period during which a veteran or eligible spouse may use GI Bill benefits when the veteran has a mental or physical disability which prevents initiating or completing a course of study. More than 2,700 veterans have received extensions of their delimiting periods as a result of this provision.

(3) Extend for two additional years the period of time a veteran is able to receive direct education loans when enrolled full time at the time the delimiting period expires. More than 1,400 veterans have received $1.5 million in assistance under this authority.

(4) Require more extensive VA educational and vocational counseling and outreach services.

(5) Provide for a Federal-State matching program of accelerated tuition assistance for veterans enrolled in high-cost institutions of higher learning. To date, Louisiana has enacted legislation to establish a mechanism for participating in this program.

(6) Require the VA to conduct a study into the extent to which Vietnam-era veterans use GI Bill entitlements, complete programs of education under the GI Bill, and achieve job satisfaction and readjustment.

In 1977, Cranston authored provisions in the Youth Employment and Demonstration Projects Act of 1977 (Public Law 95–93) to:

(1) Provide for increased participation in public service employment programs by disabled and Vietnam-era veterans under 35 years of age through the development by prime sponsors of local goals for such veterans.

(2) Provide for representation on local, State, and national employment planning councils by representatives of veterans organizations.

In 1977, Cranston coauthored with Senator Gary Hart an amendment, approved by the Senate, to the Public Works Employment Act to require special consideration for disabled veterans and Vietnam-era veterans in hiring to carry out public works projects. As enacted, Public Law 95–28 directs the Secretary of Commerce, in consultation with the Secretary of Labor, and consistent with existing collective bargaining agreements and practices, to promulgate regulations to assure special consideration to the employment of disabled veterans.

In 1977, Cranston authored an amendment to the Tax Reduction and Simplification Act of 1977 to include, as target categories in the new jobs tax credit, Vietnam-era and disabled veterans participating in VA vocational rehabilitation programs. This provision was passed by the Senate; however, as enacted Public Law 95–30 restricted credit only to disabled veterans.

In 1978, Senator Cranston authored an amendment to legislation enacted as Public Law 95–336 to provide that institutions participating in the VCI program do not lose eligibility as a result of declining veteran enrollments.

In 1978, Senator Cranston authored the Veterans' Housing Benefits Act of 1978 (Public Law 95–476). This legislation included provisions to:

(1) Increase from $25,000 to $30,000 the maximum amount of grants for specially adapted housing to assist severely disabled veterans. Because of the proportionately greater number of Vietnam-era veterans who have suffered the severe disability requirement for eligibilty for specially adapted housing, this increase is particularly beneficial to veterans of that era.

(2) Extend entitlements to VA home, condominium, and mobile home loan guaranties and loans to additional Vietnam-era veterans by reducing from 181 days to 90 days the length-of-service requirement.

In 1978, Cranston authored the VA Programs Extension Act of 1978 (Public Law 95–520). This measure included provisions to:

(1) Extend for 3 years (until September 30, 1981) the VRA appointments authority and expand the VRA program by removing all limitations based on the date of the veteran's discharge, raising the maximum civil service service grade appointment from GS–5 to GS–7, and making any service-connected disabled veterans rated at 10% or more eligible for an appointment regardless of years of education completed.

(2) Give service-connected disabled veterans the right to file with the Veterans Employment Service in the Department of Labor a complaint that he or she has been discriminated against because of handicap by a Federal contractor.

In 1978, Cranston authored provisions relating to veterans employment in the Comprehensive Employment and Training Act Amendments of 1978 (Public Law 95–524) to:

(1) Require that, with respect to public service jobs, prime sponsors give special consideration to disabled and Vietnam-era veterans (with special emphasis on Vietnam theatre veterans) and provide special focus on developing jobs using skills acquired in military service.

(2) Require the Secretary to take appropriate steps to provide for increased participation of disabled and Vietnam-era veterans (with special emphasis on theatre veterans) in all CETA job and job training opportunities.

(3) Promote maximum arrangements by CETA prime sponsors for utilization of apprenticeship and other OJT opportunities available under the GI Bill.

(4) Require the Secretary of Labor to coordinate with the Administrator of Veterans' Affairs in carrying out all of the Department's responsibilities with respect to veterans under CETA.

(5) Add veterans' organization representatives as permanent members of local, State, and national planning councils. As of October 1, 1979, 365 prime sponsors had veterans representatives serving on their planning councils.

(6) Include as a special Federal responsibility of the Secretary the conduct of the veterans' outreach and public information program enacted by Public Law 94–567.

In 1978, Senator Cranston coauthored with Senators Nelson and Moynihan provisions in the Revenue Act of 1978 (Public Law 95–600) to authorize the Targeted Jobs Tax Credit program designed to promote increased employment of seven "target groups" including low-income Vietnam-era veterans under 35 years of age and disabled veterans participating in vocational rehabilitation programs. The program was implemented in May 1979, and, as of July 31, 1979, 3152 Vietnam-era veterans have been certified as eligible for the credit and 880 have been employed.

Throughout 1977 and 1978, Cranston led the fight in the Senate to retain veterans preference in civil service jobs. As part of the Civil Service Reform Act of 1978 (Public Law 95–454), he authored provisions to strengthen civil service job protections for service-connected disabled veterans and establish a new authority for excepted appointments for seriously service-connected-disabled veterans.

96TH CONGRESS (1979–1980)

In 1979, Senator Cranston authored S. 870, the proposed "GI Bill Amendments Act of 1979" which was reported by the Committee on September 7 and is pending on the Senate calendar. Provisions in this measure would, if enacted:

(1) Extend, effective January 1, 1980, until December 31, 1982, the period of time in which those Vietnam-era veterans whose delimiting periods have expired or will expire before 1983 may use GI Bill benefits for the pursuit of on-job or apprenticeship training or, in the case of those veterans who do not have a high school diploma, for the pursuit of secondary education or vocational objective courses.

(2) Provide that, solely for the purposes of determining eligibility for an extension of the delimiting period as a result of a disability, an alcohol or drug dependence or abuse disability from which the veteran has recovered shall not be considered to be the result of the veteran's willful misconduct.

In 1979, Cranston chaired hearings on the issues related to incarcerated veterans to explore the difficulties faced by imprisoned veterans in obtaining benefits to which they are entitled.

Cranston coauthored with Senator Hart S. 330, the proposed "Veterans' Administration Adjudication Procedure and Judicial Review Act", a measure that would amend title 38 to permit a veteran whose claim for VA benefits is denied by the agency to appeal such a decision to a federal court, a right that is precluded by present law. The legislation would also amend title 38 to permit a claimant before the VA to pay an attorney a reasonable fee for legal representation and would codify the procedures applicable in VA administrative proceedings adjudicating claims for benefits. This legislation, which was passed by the Senate on September 17, is widely supported by groups of Vietnam-era veterans on the ground that the statutory bar to judicial review of VA claims decisions, which dates from 1933, should be removed because it is an anachronistic, outdated discrimination against veterans.

Senator Cranston authored and led the fight for passage of the Veterans' Health Care Amendments of 1979, signed into law as Public Law 96–22 on June 13, 1979. This measure contains a number of important new VA health-care programs—several of which Senator Cranston has been advocating since 1971. Most directly targeted to Vietnam-era veterans is the readjustment counseling program, under which the VA is finally authorized to provide readjustment counseling for those Vietnam-era veterans who have not made a successful transition from their military service to civilian life. The agency is establishing 85 store-front facilities across the country, staffed by outreach teams that will go into the community to locate and assist Vietnam-era veterans. The emphasis of the program will be on peer counseling in a nonformal setting so as to encourage the participation of those veterans distrustful of normal VA and other governmental efforts. It is estimated that 1,970,000 Vietnam-era veterans will participate in this program in the first two years.

Three other improvements in VA's health-care programs enacted in Public Law 96–22 will also benefit Vietnam-era veterans: new authority for the VA to enter into contracts with half-way houses and other community facilities for the treatment of veterans suffering from alcohol and drug abuse dependencies; authority for the VA to provide preventive health care services for veterans with service-connected disabilities rated at 50 percent or greater and veterans receiving care for service-connected disabilities; and extension of dental care benefits to all veterans with 100-percent service-connected disabilities and to those who were prisoners of war for at least 6 months.

In 1979, Cranston authored legislation (H.R. 2282 as passed by the Senate) to provide for an 11.1-percent increase in rates of VA service-connected compensation. The House of Representatives had originally approved an 8.3-percent increase and has now passed a 9.9-percent increase.

During the First Session of the 96th Congress, Senator Cranston has sponsored two amendments to Senate-passed bills (H.R. 2282 and H.R. 3892) to direct the Secretary of Health, Education, and Welfare to conduct an epidemiological study to determine if there may be long-term health effects in humans from exposure to dioxin, the toxic substance found in Agent Orange. The amendment was deleted from H.R. 2282 by the House of Representatives on October 30, 1979, but is pending before the House in H.R. 3892, the proposed "Veterans' Administration Health Resources and Programs Extension Act of 1979".

Mr. MATSUNAGA. Mr. President, I wish to join the senior Senator from West Virginia, Mr. RANDOLPH, in commending the chairman of the Veterans' Affairs Committee, the distinguished senior Senator from California, Mr. CRANSTON, for the tremendous amount of work that the Veterans' Affairs Committee has accomplished in the short time that the senior Senator from California has been its chairman. He has taken aggressive leadership to institute new programs and to improve existing programs in behalf of veterans of all wars. I congratulate him for the manner in which he has handled the calendar of the committee. I am proud to serve as a member of the Veterans' Affairs Committee under his chairmanship.

Mr. CRANSTON. Mr. President, I thank the Senator from Hawaii very much for his very generous remarks and for his very fine work on the Veterans' Committee. He, too, is a very, very effective worker for the needs of veterans of all wars, and I thank him for his work on the committee, for the opportunity to work with him, and for what he does in his own right.

Mr. MATSUNAGA. I thank the chairman.

Mr. CRANSTON. Mr. President, I also thank the Senator from West Virginia (Mr. RANDOLPH) for his very fine statement about the work of the Senate Veterans' Affairs Committee, and I thank him for his very generous remarks about my own work in behalf of the veterans of our country.

I want to say that no one has been more for the veterans of our country than Senator RANDOLPH of West Virginia. He is a valued and effective member of the Veterans' Affairs Committee, and he himself has rendered great service over many, many years.

NAVAL PETROLEUM AND OIL SHALE RESERVES AUTHORIZATION ACT, 1980—CONFERENCE REPORT

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. HART, I submit a report of the committee of conference on H.R. 3354 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The legislative clerk read as follows:

> The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3354) to authorize appropriations for fiscal year 1980 for conservation, exploration, development, and use of naval petroleum reserves and naval oil shale reserves, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of November 8, 1979.)

● Mr. HART. Mr. President, when the Congress passed the Department of Energy Organization Act, jurisdiction over the naval petroleum and oil shale reserves was transferred to the new Department of Energy. The legislation that created the Department of Energy required that there be annual authorization of the appropriations necessary to explore, develop, operate, and maintain these reserves. The conference report now before the Senate is that annual authorization bill which provides the necessary authority to operate the naval petroleum reserves for fiscal year 1980.

I would call my colleagues' attention to two points in this bill. First, the total authorization to operate and maintain the reserves during fiscal year 1980 is less than $100 million. Receipts from the sale of crude oil which will be produced by these reserves is expected to total nearly $1 billion for fiscal year 1980. Second, the only significant issue to be resolved by the conferees involved the continued management of the reserves by naval officers. The House bill included a requirement for 16 naval officers to be assigned to the reserves in fiscal year 1980. The Senate amendment deleted this requirement. The compromise agreed to by the conferees retains the requirement for naval officers to continue to be assigned to key management positions within the reserves and directs that the Director of the Office of Naval Petroleum and Oil Shale Reserves shall continue to be a Navy captain.

The conferees were in agreement that: First, Navy management in the past has been outstanding; second, that the naval petroleum reserves, originally set aside for national defense purposes, should continue to be managed with primary consideration to national defense needs; and third, that, therefore, continued Navy management is appropriate.

Mr. President, these naval petroleum reserves are the only Federal oilfields in existence. My colleagues might be interested in some very interesting testimony concerning the cost to produce crude oil from these reserves. Based on Department of Energy figures, if the total investment to date is divided by the total crude oil production to date, the cost per barrel of crude oil at the Elks Hill Reserve at the wellhead is about $3. That same oil is being sold competitively for an average of $17 per barrel. A comparable calculation for the Teapot Dome Reserve indicates a cost of about $8 per barrel for crude oil that is now being sold competitively at $22 per barrel.

Mr. President, I would urge my colleagues to support this conference report and would be pleased to respond to any questions.●

Mr. THURMOND. Mr. President, I rise in support of the conference report on the fiscal year 1980 Naval Petroleum Reserves Authorization Act.

The report provides for funding authority to operate the Nation's naval petroleum and oil shale reserves at a cost of less than $100 million annually. These reserves are expected to produce approximately $1 billion in receipts during fiscal year 1980.

Mr. President, the conference did not accept the Senate position that this authority be a continuing one. Based upon information available at the conference, it is my opinion the House position on this point was sound, and I am pleased the Senate receded.

Mr. President, I urge prompt and favorable action on this conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. THURMOND. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MILITARY CONSTRUCTION AUTHORIZATION, 1980—CONFERENCE REPORT

Mr. ROBERT C. BYRD. Mr. President, I submit a report of the committee of conference on S. 1319 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The legislative clerk read as follows:

> The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1319) to authorize certain construction at military installations, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of November 8, 1979.)

● Mr. HART. Mr. President, the matter before the Senate is the conference report on S. 1319, the fiscal year 1980 military construction authorization bill.

The Department of Defense requested new authorization for military construction for fiscal year 1980 and supplemental authority for fiscal year 1979 in the total amount of $3,925,836,000. This request provided for the construction of new facilities for the Active and Reserve Military Forces and for the operation and maintenance of the military's inventory of family housing.

As passed by the Senate, S. 1319 provided for $3,730,556,000 in new authorization. The bill as amended by the House provided $3,843,449,000 for new construction. The conference committee agreed to new authority in the amount of $3,838,846,000, which is approximately $87 million less than the administration's request.

The bill that was finally agreed to adequately accommodates the highest priority construction needs of the military services. I invite my colleagues' attention to the printed conference report for details which I do not intend to get into, unless there are questions.

As has been our effort in recent years, we have continued to attempt through this bill to encourage energy conservation practices in the Defense Department. Last year this bill contained a provision requiring that 25 percent of all new facilities that were put under design were to include solar system analyses. Based on testimony, it appears that the Department of Defense will play a major role in accelerating the widespread use of solar systems. The fruits of this solar provision are expected in the fiscal year 1981 construction program, since projects that are now under design will be requested for construction in the fiscal year 1981 program. This year we have expanded that solar provision to require the Defense Department to look at the solar option on every project where there is the potential to save fossil fuel derived energy.

There is a second provision in this bill to which I would invite my colleagues' attention. I have reference to section 807 which permits military installations to use mass transit vehicles within the installation on a reimbursable basis. We envision that at many installations which are near major metropolitan areas, this provision will not only save energy, but it will significantly reduce air pollution.

Mr. President, as I said at the outset, this bill provides for the most serious capital needs of the military services. I urge support of the conference report and would be pleased to answer questions, if there are any.●

Mr. THURMOND. Mr. President, I rise in support of the military authorization bill conference report on S. 1319.

The conference has agreed to an authority for $3.8 billion in new construction for the 1980 fiscal year. This is slightly below the administration request, this difference mainly attributable to the Senate's insistence that our NATO allies share in more of the costs of joint facilities in Europe.

Mr. President, it should also be noted that the Senate increased the Reserve military construction allotment by $20 million, and this position was agreed to by the House.

Unfortunately the Reserve and Guard have a backlog of military construction projects totaling over $700 million. The Senate's action in addressing this issue should encourage the administration to propose more Guard and Reserve projects next year.

Mr. President, overall this conference report addresses our highest priority projects. I urge the Senate to approve this report promptly.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. CRANSTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

DEPARTMENT OF THE INTERIOR APPROPRIATIONS, 1980—CONFERENCE REPORT

Mr. ROBERT C. BYRD. Mr. President, on behalf of myself I submit a report of the committee of conference on H.R. 4930, the Interior appropriations bill, and I ask for its immediate consideration, after which I ask that Mr. HUDDLESTON then be recognized.

The PRESIDING OFFICER. The report will be stated.

The legislative clerk read as follows:

> The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4930) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1980, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of November 8, 1979.)

Mr. ROBERT C. BYRD. Mr. President, I would like to take a few moments to highlight a few of the many very important provisions contained in the conference report on the Interior appropriations bill, H.R. 4930. Agreement of the conferees was reached late yesterday. The House adopted the conference report earlier today by a vote of 271 to 46, and I want the Senate to adopt the conference report this afternoon and send it to the President this evening. As winter nears it is essential that the low-income assistance program contained in this bill be implemented as soon as possible.

The conferees labored long and hard to forge a low-income energy assistance program which offers substantial help to Americans who are being forced to the wall by skyrocketing heating fuel costs. This $1.35 billion program is designed to reach recipients in time to help them meet the crunch of fuel bills this winter.

The report contains $150 million for distribution by the Community Services Administration for crisis intervention. This money is in addition to the $250 million already appropriated for this purpose under the continuing resolution. Pipelines are primed for this money and it can be distributed immediately.

The conference report contains $400 million for a special one-time payments to recipients of supplemental security income. This element of the legislation contained a time constraint since the administration had told the conferees that in order to get these checks out by the first week of January, we needed to provide them with distribution formula by November 9. So, thanks to the efforts of the conferees and staff, we have met this deadline.

Finally, the bill appropriates $800 for distribution to the States for payments to recipients of aid to families with dependent children or for block grants for plans which must be approved by HEW. An option is given to States to submit plans which have already been approved by the CSA. Over 49 States already had to have their plans approved by CSA under the crisis intervention program.

The legislative journey of this substantial program began with a $1.2 billion Javits amendment to the Interior appropriations bill. The House then passed and sent to the Senate an urgent supplemental appropriating $1.35 billion. It was the conviction of the Senate leadership and of the Senate conferees that, since the Interior appropriations bill was already in conference, it offered the most expeditious vehicle for rapid enactment of the program.

The Senate is moving ahead on other fronts on low-income energy assistance. The Labor and Human Resources Committee has a bill on the calendar, S. 1724, which would authorize $3 billion in fiscal year 1981 and $4 billion in fiscal year 1982. The Finance Committee, in a demonstration of the depth of the Senate's commitment to easing the sting of high fuel costs, has allocated half the revenues which would be raised by its version of the windfall profit tax to low- and moderate-income assistance. As reported by committee, $69 billion is set aside over the next 10 years for this critical need. The Interior appropriations conference report provides that funding for the low-income fuel assistance program come from the windfall profit revenue, when this measure is enacted.

Last night the Senate overwhelmingly approved legislation to accelerate development of our domestic energy resources. As a part of this package, the Senate endorsed a $20 billion program to get this county moving into the commercial production of synthetic fuels from coal.

As part of the Interior appropriation bill, the Senate previously voted to commit $20 billion to the production of alternative fuels by appropriating that sum to a special energy security reserve to be established in the Treasury. This measure, which I authored as an amendment to the Interior appropriations bill, will allow funds to be readily transferred to the Synthetic Fuels Corporation once that entity is established. Of the total. $2.2 billion will be available immediately for site feasibility studies of potential synthetic fuel plants and for purchase agreements and price supports for alternate fuel production. Once Congress has finally approved the authorization legislation, these funds will be available for the program of financial incentives which was incorporated into the energy production bill. This action represents a real commitment to achieving energy independence through use of our abundant and secure energy resources.

The administration responded to numerous requests to submit a budget amendment providing for the construction of two solvent refined coal plants. I am pleased to say that the conferees adopted the levels agreed to by the Senate for these projects—a total of $54 million for SRC II, and a total of $47 million for SRC I for operating and construction costs in fiscal year 1980.

The need for both solid and liquid substitutes for crude oil and refined products is great. The SRC processes will produce both. The liquid fuel (SRC II) can be used as boiler fuel, heating oil, and in modified form, as a substitute for gasoline. SRC I produces a solid fuel suitable for boiler fuel and heavy oil uses.

I am pleased that the conference report embodies the Senate language on this important matter.

Mr. President, these are some of the many important elements in the conference report. This is legislation which merits strong support and speedy action.

Mr. HUDDLESTON. Mr. President, first I want to thank the distinguished majority leader, the chairman of the subcommittee, who handled this legislation, for the tremendous job he did and the assistance he gave in shepherding this legislation through the subcommittee, the full committee, and the floor of the Senate and the conference committee. His leadership was vital to the success of this bill. Certainly the distinguished ranking member, the Senator from Alaska (Mr. STEVENS), also deserves commendation. Probably more than anybody in this body he knows about every detail of this particular legislation. His assistance was certainly invaluable in producing the product we have presented to the Senate at this time.

Mr. President, the conference agreement we bring to the floor today on the Interior and related agencies appropriations bill represents the culmination of months of hearings and markup sessions. The agreement itself consumed 4 days of long conference negotiations with the House managers. This year, as never before, the committee was confronted with difficult and complex issues, and these issues required intense negotiations to resolve. I believe this agreement is the best that could be achieved under these difficult circumstances.

Total funding in this final bill is a record $30.3 billion—nearly $18 billion over the fiscal 1979 level. Despite determined efforts of the committee and the conferees, the final total is nearly $273 million over the budget, and it is $733.2 million over the amount approved by the Senate. Because we have included multibillion dollar allowances for alternative fuels production and emergency fuel assistance, it is also more than $20 billion over the appropriation approved by the House when it passed the bill last July. It should be noted, however, that the Senate considered more than $21.6 billion in budget requests not considered by the House.

Mr. President, I ask unanimous consent that a comparative tabulation of the fiscal 1979 appropriations and the budget, House, Senate, and conference committee allowances for fiscal year 1980 be printed in the RECORD at this point.

There being no objection, the tabulation was ordered to be printed in the RECORD, as follows:

COMPARATIVE STATEMENT OF NEW BUDGET AUTHORITY—FISCAL YEAR 1980

[Fiscal years]

	New budget authority					Conference compared with—			
	Enacted, 1979	Estimates, 1980	House, 1980	Senate, 1980	Conference, 1980	Enacted, 1979	Estimate, 1980	House bill	Senate bill
TITLE I—DEPARTMENT OF THE INTERIOR									
LAND AND WATER RESOURCES									
Bureau of Land Management									
Management of lands and resources	$342,756,000	$296,231,000	$295,361,000	$295,836,000	$301,896,000	−$40,860,000	+$5,665,000	+$6,535,000	+$6,060,000
Acquisition, construction, and maintenance	19,011,000	16,343,000	16,343,000	16,343,000	16,343,000	−2,668,000			
Payments in lieu of taxes	105,000,000	108,000,000	108,000,000	108,000,000	108,000,000	+3,000,000			

	New budget authority					Conference compared with—			
	Enacted, 1979	Estimates, 1980	House, 1980	Senate, 1980	Conference, 1980	Enacted, 1979	Estimate, 1980	House bill	Senate bill
Oregon and California grant lands (indefinite, appropriation of receipts)	$55,000,000	$55,000,000	$55,000,000	$55,000,000	$55,000,000				
Range improvements (indefinite, appropriation of receipts)	8,665,000	10,900,000	10,900,000	10,900,000	10,900,000	+$2,235,000			
Recreation development and operation of recreation facilities (indefinite, special fund)	300,000	300,000	300,000	300,000	300,000				
Service charges, deposits, and forfeitures (indefinite, special fund)	13,750,000	13,750,000	13,750,000	13,750,000	13,750,000				
Miscellaneous trust funds (indefinite)	100,000	100,000	100,000	100,000	100,000				
Total, Bureau of Land Management	544,582,000	500,624,000	499,754,000	500,229,000	506,289,000	−38,293,000	+$5,665,000	+$6,535,000	+$6,060,000
Office of Water Research and Technology									
Salaries and expenses	28,357,000	30,739,000	30,977,000	30,522,000	30,781,000	+2,424,000	+42,000	−196,000	+259,000
Total, Land and Water Resources	572,939,000	531,363,000	530,731,000	530,751,000	537,070,000	−35,869,000	+5,707,000	+6,339,000	+6,319,000
FISH AND WILDLIFE AND PARKS									
Heritage Conservation and Recreation Service									
Salaries and expenses	15,174,000	14,954,000	15,656,000	15,289,000	15,351,000	+177,000	+397,000	−305,000	+62,000
Urban park and recreation fund	20,000,000	150,000,000	125,000,000	125,000,000	125,000,000	+105,000,000	−25,000,000		
Land and Water Conservation Fund (indefinite)	737,025,000	598,000,000	447,059,000	554,547,000	509,194,000	−227,831,000	−88,806,000	+62,135,000	−45,353,000
Pinelands National Reserve		12,000,000	12,000,000				−12,000,000	−12,000,000	
Historic preservation fund	60,000,000	45,000,000	50,000,000	67,500,000	55,000,000	−5,000,000	+10,000,000	+5,000,000	−12,500,000
Total, Heritage Conservation and Recreation Service	832,199,000	819,954,000	649,715,000	762,336,000	704,545,000	−127,654,000	−115,409,000	+54,830,000	−57,791,000
U.S. Fish and Wildlife Service									
Resource management	200,439,000	208,055,000	207,055,000	205,421,000	206,641,000	+6,202,000	−1,414,000	−414,000	+1,220,000
Construction and anadromous fish	97,856,000	47,574,000	56,327,000	56,945,000	58,757,000	−39,099,000	+11,183,000	+2,430,000	+1,812,000
Migratory bird conservation account (definite, repayable advance)	10,000,000	10,000,000	15,000,000	8,400,000	15,000,000	+5,000,000	+5,000,000		+6,600,000
Development and operation of recreation facilities (indefinite, special fund)	150,000	200,000	200,000	200,000	200,000	+50,000			
Total, U.S. Fish and Wildlife Service	308,445,000	265,829,000	278,582,000	270,966,000	280,598,000	−27,847,000	+14,769,000	+2,016,000	+9,632,000
National Park Service									
Operation of the national park service	387,806,000	394,177,000	383,512,000	380,244,000	382,775,000	−5,031,000	−11,402,000	−737,000	+2,531,000
Construction	118,488,000	87,718,000	97,144,000	119,938,000	112,154,000	−6,334,000	+24,436,000	+15,010,000	−7,784,000
Appropriation to liquidate contract authority					(15,500,000)	(+15,550,000)	(+15,500,000)	(+15,500,000)	(+15,500,000)
Rescission of an appropriation to liquidate contract authority				(−5,552,000)	(−5,552,000)	(−5,552,000)	(−5,552,000)	(−5,552,000)	
Planning, development, and operation of recreation facilities (indefinite, special fund)	15,478,000	28,465,000	15,781,000	16,217,000	16,217,000	+739,000	−12,248,000	+436,000	
John F. Kennedy Center for the Performing Arts	4,055,000	4,287,000	3,875,000	4,030,000	4,030,000	−25,000	−257,000	+155,000	
Total, National Park Service	525,827,000	514,647,000	500,312,000	520,429,000	515,176,000	−10,651,000	+529,000	+14,864,000	−5,253,000
Total, Fish and Wildlife and Parks	1,666,471,000	1,600,430,000	1,428,609,000	1,553,731,000	1,500,319,000	−166,152,000	−100,111,000	+71,710,000	−53,412,000
ENERGY AND MINERALS									
Geological Survey									
Surveys, investigations, and research	418,606,000	459,321,000	448,290,000	450,805,000	452,055,000	+33,449,000	−7,266,000	+3,765,000	+1,250,000
Exploration of national petroleum reserve in Alaska	231,048,000	4,427,000	145,927,000	175,627,000	175,627,000	−55,421,000	+171,200,000	+29,700,000	
Total, Geological Survey	649,654,000	463,748,000	594,217,000	626,432,000	627,682,000	−21,972,000	+163,934,000	+33,465,000	+1,250,000
Bureau of Mines									
Mines and minerals	148,507,000	135,194,000	134,883,000	131,603,000	132,753,000	−15,754,000	−2,441,000	−2,130,000	+1,150,000
Helium fund (permanent contract authority)		(47,500,000)					(−47,500,000)		
Total, Bureau of Mines	148,507,000	135,194,000	134,883,000	131,603,000	132,753,000	−15,754,000	−2,441,000	−2,130,000	+1,150,000

COMPARATIVE STATEMENT OF NEW BUDGET AUTHORITY—FISCAL YEAR 1980—Continued

[Fiscal years]

	New budget authority					Conference compared with—			
	Enacted, 1979	Estimates, 1980	House, 1980	Senate, 1980	Conference, 1980	Enacted, 1979	Estimate, 1980	House bill	Senate bill
ENERGY AND MINERALS Geological Survey—Cont'd.									
Office of Surface Mining Reclamation and Enforcement									
Regulation and technology	$53, 944, 000	$81, 320, 000	$85, 520, 000	$82, 625, 000	$84, 687, 000	+$30, 743, 000	+$3, 367, 000	−$833, 000	+$2, 062, 000
Abandoned mine reclamation fund (definite, trust fund)	61, 451, 000	113, 916, 000	111, 416, 000	94, 916, 000	94, 916, 000	+33, 465, 000	−19, 000, 000	−16, 500, 000	
Total, Office of Surface Mining Reclamation and Enforcement	115, 395, 000	195, 236, 000	196, 936, 000	177, 541, 000	179, 603, 000	+64, 208, 000	−15, 633, 000	−17, 333, 000	+2, 062, 000
Total, Energy and Minerals	913, 556, 000	794, 178, 000	926, 036, 000	935, 576, 000	940, 038, 000	+26, 482, 000	+145, 860, 000	+14, 002, 000	+4, 462, 000
INDIAN AFFAIRS									
Bureau of Indian Affairs									
Operation of Indian programs	792, 052, 000	792, 020, 000	792, 753, 000	770, 835, 000	789, 051, 000	−3, 001, 000	−2, 969, 000	−3, 702, 000	+18, 216, 000
Construction	126, 554, 000	67, 721, 000	83, 395, 000	66, 874, 000	89, 374, 000	−37, 180, 000	+21, 653, 000	+5, 979, 000	+22, 500, 000
Road construction	79, 253, 000	58, 379, 000	60, 379, 000	46, 479, 000	66, 479, 000	−12, 774, 000	+8, 100, 000	+6, 100, 000	+20, 000, 000
Alaska native fund	30, 000, 000	30, 000, 000	30, 000, 000	30, 000, 000	30, 000, 000				
Trust funds (definite)	3, 000, 000	3, 000, 000	3, 000, 000	3, 000, 000	3, 000, 000				
Trust funds (indefinite)	23, 000, 000	23, 000, 000	23, 000, 000	23, 000, 000	23, 000, 000				
Eastern Indian land claims fund	3, 500, 000					−3, 500, 000			
Salt River Pima-Maricopa settlement			3, 917, 000	3, 917, 000	3, 917, 000	+3, 917, 000	+3, 917, 000		
Total, Bureau of Indian Affairs	1, 057, 359, 000	974, 120, 000	996, 444, 000	944, 105, 000	1, 004, 821, 000	−52, 538, 000	+30, 701, 000	+8, 377, 000	+60, 716, 000
TERRITORIAL AFFAIRS									
Office of Territorial Affairs									
Administration of territories	55, 410, 000	46, 804, 000	84, 161, 000	63, 061, 000	86, 661, 000	+31, 251, 000	+39, 857, 000	+2, 500, 000	+23, 600, 000
Trust Territory of the Pacific Islands	114, 706, 000	99, 010, 000	112, 760, 000	105, 799, 000	113, 785, 000	−921, 000	+14, 775, 000	+1, 025, 000	+7, 986, 000
Micronesian claims fund, Trust Territory of the Pacific Islands	12, 600, 000					−12, 600, 000			
Total, Office of Territorial Affairs	182, 716, 000	145, 814, 000	196, 921, 000	168, 860, 000	200, 446, 000	+17, 730, 000	+54, 632, 000	+3, 525, 000	+31, 586, 000
SECRETARIAL OFFICES									
Office of the Solicitor									
Salaries and expenses	15, 085, 000	15, 860, 000	15, 500, 000	15, 741, 000	15, 741, 000	+656, 000	−119, 000	+241, 000	
Office of the Secretary									
Departmental Management	43, 100, 000	48, 761, 000	45, 760, 000	45, 144, 000	49, 344, 000	+6, 244, 000	+583, 000	+3, 584, 000	+4, 200, 000
Construction management			9, 400, 000					−9, 400, 000	
Salaries and expenses (special foreign currency program)	1, 000, 000	1, 000, 000	1, 000, 000	1, 000, 000	1, 000, 000				
Total, Office of the Secretary	44, 100, 000	49, 761, 000	56, 160, 000	46, 144, 000	50, 344, 000	+6, 244, 000	+583, 000	−5, 816, 000	+4, 200, 000
Total, Secretarial Offices	59, 185, 000	65, 621, 000	71, 660, 000	61, 885, 000	66, 085, 000	+6, 900, 000	+464, 000	−5, 575, 000	+4, 200, 000
Total, title I, new budget (obligational) authority, Department of the Interior	4, 452, 226, 000	4, 111, 526, 000	4, 150, 401, 000	4, 194, 908, 000	4, 248, 779, 000	−204, 447, 000	+137, 253, 000	+98, 378, 000	+53, 871, 000
Consisting of:									
Appropriations	4, 456, 226, 000	4, 111, 526, 000	4, 150, 401, 000	4, 194, 908, 000	4, 248, 779, 000	−203, 447, 000	+137, 253, 000	+98, 378, 000	53, 871, 000
Definite appropriations	3, 598, 758, 000	3, 381, 811, 000	3, 584, 311, 000	3, 520, 894, 000	3, 620, 118, 000	+21, 360, 000	+238, 307, 000	+35, 807, 000	+99, 224, 000
Indefinite appropriations	853, 468, 000	729, 715, 000	566, 090, 000	674, 014, 000	628, 661, 000	−224, 807, 000	−101, 054, 000	+62, 571, 000	−45, 353, 000
Permanent contract authority									
Appropriation to liquidate contract authority					(15, 500, 000)	(+15, 500, 000)	(+15, 500, 000)	(+15, 500, 000)	(+15, 500, 000)
TITLE II—RELATED AGENCIES									
DEPARTMENT OF AGRICULTURE									
Forest Service									
Forest resources management:									
Forest research	110, 947, 000	105, 064, 000	109, 490, 000	105, 414, 000	108, 795, 000	−2, 152, 000	+3, 731, 000	−695, 000	+3, 381, 000
State and private forestry	80, 611, 000	37, 938, 000	65, 964, 000	73, 518, 000	72, 879, 000	−7, 732, 000	+34, 941, 000	+6, 915, 000	−639, 000
National forest system	815, 308, 000	752, 137, 000	847, 151, 000	796, 824, 000	825, 532, 000	+10, 224, 000	+73, 395, 000	−21, 619, 000	+28, 708, 000
Total, Forest management, protection and utilization	1, 006, 866, 000	895, 139, 000	1, 022, 605, 000	975, 756, 000	1, 007, 206, 000	+340, 000	+112, 067, 000	−15, 399, 000	+31, 450, 000

	New budget authority					Conference compared with—			
	Enacted, 1979	Estimates, 1980	House, 1980	Senate, 1980	Conference, 1980	Enacted, 1979	Estimate, 1980	House bill	Senate bill
Construction and land acquisition	$430,010,000	$337,438,000	$425,823,000	$409,458,000	$423,412,000	−$6,598,000	+$85,974,000	−$2,411,000	+$13,954,000
Youth conservation corps	60,000,000		27,400,000	54,000,000	54,000,000	−6,000,000	+54,000,000	+26,600,000	
Forest roads	243,466,000					−243,466,000			
Forest roads and trails	231,392,000					−231,392,000			
Timber Salvage Sales	3,000,000					−3,000,000			
Acquisition of lands for national forests:									
Special acts (special fund, indefinite)	385,000	325,000	325,000	325,000	325,000	−60,000			
Acquisition of lands to complete land exchanges (special fund, indefinite)	239,000	155,000	155,000	155,000	155,000	−84,000			
Rangelands improvements (special fund, indefinite)	5,400,000	5,900,000	5,900,000	5,900,000	5,900,000	+500,000			
Assistance to States for tree improvement	1,522,000					−1,522,000			
Construction and operation of recreation facilities (indefinite, special fund)	3,459,000	3,850,000	3,850,000	3,850,000	3,850,000	+391,000			
Rights of way (indefinite)	100,000					−100,000			
Total, Forest Service	1,985,839,000	1,242,807,000	1,486,058,000	1,449,444,000	1,494,848,000	−490,991,000	+252,041,000	+8,790,000	+45,404,000
DEPARTMENT OF ENERGY									
Alternative fuels production		20,000,000,000	1,500,000,000	19,500,000,000	20,000,000,000	+20,000,000,000		+18,500,000,000	+500,000,000
By transfer				(1,500,000,000)					(−1,500,000,000)
Fossil energy research and development	659,112,000	714,092,000	699,377,000	798,302,000	746,627,000	+87,515,000	+32,535,000	+47,250,000	−51,675,000
Fossil energy construction	99,709,000	140,050,000	71,250,000	105,250,000	103,250,000	+3,541,000	−36,800,000	+32,000,000	−2,000,000
Energy production, demonstration, and distribution	171,763,000	146,299,000	125,971,000	106,971,000	111,221,000	−60,542,000	−35,078,000	−14,750,000	+4,250,000
Energy conservation	632,138,000	641,195,000	566,052,000	692,502,000	628,702,000	−3,436,000	−12,493,000	+62,650,000	−63,800,000
Reappropriation		200,000,000	197,500,000	120,000,000	158,750,000	+158,750,000	−41,250,000	−38,750,000	+38,750,000
Economic Regulatory Administration	99,233,000	183,263,000	125,697,000	154,264,000	152,879,000	+53,646,000	−30,384,000	+27,182,000	−1,385,000
Strategic petroleum reserve	3,007,071,000	8,391,000	8,391,000			−3,007,071,000	−8,391,000	−8,391,000	
Energy Information Administration	65,644,000	88,657,000	87,273,000	87,273,000	87,273,000	+21,629,000	−1,384,000		
Total, Department of Energy	4,734,670,000	22,121,947,000	3,381,511,000	21,564,562,000	21,988,702,000	+17,254,032,000	−133,245,000	+18,607,191,000	+424,140,000
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE									
Health Services Administration									
Indian health services	492,193,000	535,116,000	541,449,000	536,580,000	538,874,000	+46,681,000	+3,758,000	−2,575,000	+2,294,000
Indian health facilities	76,960,000	50,240,000	74,302,000	26,062,000	74,302,000	−2,658,000	+24,062,000		+48,240,000
Total, Indian health	569,153,000	585,356,000	615,751,000	562,642,000	613,176,000	+44,023,000	+27,280,000	−2,575,000	+50,534,000
Office of Education									
Indian education	71,735,000	76,875,000	75,875,000	75,900,000	75,900,000	+4,165,000	−975,000	+25,000	
Office of the Assistant Secretary for Education									
Institute of Museum Services	7,852,000	10,900,000	10,900,000	10,900,000	10,900,000	+3,048,000			
Total, Department of Health, Education, and Welfare	648,740,000	673,131,000	702,526,000	649,442,000	699,976,000	+51,236,000	+26,845,000	−2,550,000	+50,534,000
NAVAJO AND HOPI INDIAN RELOCATION COMMISSION									
Salaries and expenses	8,752,000	950,000	950,000	950,000	950,000	−7,802,000			
SMITHSONIAN INSTITUTION									
Salaries and expenses	98,202,000	104,740,000	103,498,000	102,710,000	103,781,000	+5,579,000	−959,000	+283,000	+1,071,000
Museum programs and related research (special foreign currency program)	3,700,000	7,700,000	3,700,000	4,700,000	4,200,000	+500,000	−3,500,000	+500,000	−500,000
Science Information Exchange	2,063,000					−2,063,000			
Construction and improvements, National Zoological Park	3,900,000	6,550,000	6,500,000	6,000,000	6,250,000	+2,350,000	−300,000	−250,000	+250,000
Restoration and renovation of buildings	2,100,000	4,900,000	5,250,000	5,150,000	5,250,000	+3,150,000	+350,000		+100,000
Construction	575,000	21,100,000	20,600,000	10,850,000	20,600,000	+20,025,000	−500,000		+9,750,000
Subtotal	110,540,000	144,990,000	139,548,000	129,410,000	140,081,000	−29,541,000	−4,909,000	+533,000	+10,671,000
Salaries and expenses:									
National Gallery of Art	19,041,000	22,577,000	22,311,000	21,978,000	22,241,000	+3,200,000	−336,000	−70,000	+263,000
Woodrow Wilson International Center for Scholars	1,588,000	1,648,000	1,611,000	2,611,000	1,611,000	+23,000	−37,000		−1,000,000
Total, Smithsonian Institution	131,169,000	169,215,000	163,470,000	153,999,000	163,933,000	+32,764,000	−5,282,000	+463,000	+9,934,000

COMPARATIVE STATEMENT OF NEW BUDGET AUTHORITY—FISCAL YEAR 1980—Continued

[Fiscal years]

	New budget authority					Conference compared with—			
	Enacted, 1979	Estimates, 1980	House, 1980	Senate, 1980	Conference, 1980	Enacted, 1979	Estimate, 1980	House bill	Senate bill
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES									
National Endowment for the Arts									
Salaries and expenses	$102,310,000	$97,000,000	$97,000,000	$97,000,000	$97,000,000	−$5,310,000			
Administrative expenses	9,775,000	10,500,000	12,000,000	12,000,000	12,000,000	+2,225,000	+$1,500,000		
Subtotal	112,085,000	107,500,000	109,000,000	109,000,000	109,000,000	−3,085,000	+1,500,000		
Matching grants (indefinite)	37,500,000	46,900,000	45,400,000	45,400,000	45,400,000	+7,900,000	−1,500,000		
Total, National Endowment for the Arts	149,855,000	154,400,000	154,400,000	154,400,000	154,400,000	+4,815,000			
National Endowment for the Humanities									
Salaries and expenses	98,485,000	100,300,000	100,300,000	98,900,000	100,300,000	+1,815,000			+$1,400,000
Administrative expenses	10,246,000	10,800,000	11,400,000	10,500,000	11,400,000	+1,154,000	+600,000		+900,000
Subtotal	108,731,000	111,100,000	111,700,000	109,400,000	111,700,000	+2,969,000	+600,000		+2,300,000
Matching grants (indefinite)	36,500,000	39,000,000	38,400,000	38,400,000	38,400,000	+1,900,000	−600,000		
Total, National Endowment for the Humanities	145,231,000	150,100,000	150,100,000	147,800,000	150,100,000	+4,869,000			+2,300,000
Total, National Foundation on the Arts and the Humanities	294,816,000	304,500,000	304,500,000	302,200,000	304,500,000	+9,684,000			+2,300,000
COMMISSION OF FINE ARTS									
Salaries and expenses	263,000	271,000	268,000	268,000	268,000	+5,000	−3,000		
ADVISORY COUNCIL ON PRESERVATION									
Salaries and expenses	1,204,000	1,672,000	1,350,000	1,460,000	1,350,000	+146,000	−322,000		−110,000
NATIONAL CAPITAL PLANNING COMMISSION									
Salaries and expenses	2,019,000	2,193,000	1,975,000	1,975,000	1,975,000	−44,000	−218,000		
FRANKLIN DELANO ROOSEVELT MEMORIAL COMMISSION									
Salaries and expenses	20,000	10,000	40,000	40,000	40,000	+20,000	+30,000		
JOINT FEDERAL-STATE LAND USE PLANNING COMMISSION FOR ALASKA									
Salaries and expenses	594,000					−594,000			
PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION									
Salaries and expenses	1,659,000	1,856,000	1,811,000	1,856,000	1,856,000	+197,000		+$45,000	
Land acquisition and development fund (borrowing authority)	33,000,000	17,000,000	17,000,000	17,000,000	17,000,000	−16,000,000			
Public development	30,255,000	20,110,000	20,110,000	20,110,000	20,110,000	−10,145,000			
Total, Pennsylvania Avenue Development Corporation	64,914,000	38,966,000	38,921,000	38,966,000	38,966,000	−25,948,000		+45,000	
FEDERAL INSPECTOR FOR THE ALASKA GAS PIPELINE									
Permitting and enforcement		14,850,000		13,433,000	10,600,000	+10,600,000	−4,250,000	+10,600,000	−2,833,000
COMMUNITY SERVICES ADMINISTRATION									
Community services program		1,350,000,000		1,200,000,000	1,350,000,000	+1,350,000,000		+1,350,000,000	+150,000,000
Total, title II, new budget (obligational) authority, related agencies	7,873,000,000	25,920,512,000	6,081,569,000	25,376,739,000	26,056,108,000	+18,183,108,000	+135,596,000	+19,974,539,000	+679,369,000
Consisting of:									
Appropriations	7,840,000,000	25,703,512,000	5,867,069,000	25,239,739,000	25,880,358,000	+18,040,358,000	+176,846,000	+20,013,289,000	+640,619,000
Definite appropriations	7,756,417,000	25,607,382,000	5,773,039,000	25,145,709,000	25,786,328,000	+18,029,911,000	+178,946,000	+20,013,289,000	+640,619,000
Indefinite appropriations	83,583,000	96,130,000	94,030,000	94,030,000	94,030,000	+10,447,000	−2,100,000		
Reappropriation		200,000,000	197,500,000	120,000,000	158,750,000	+158,750,000	−41,250,000	−38,750,000	+38,750,000
Borrowing authority	33,000,000	17,000,000	17,000,000	17,000,000	17,000,000	−16,000,000			
By transfer				(1,500,000,000)					(−1,500,000,000)

	New budget authority					Conference compared with—			
	Enacted, 1979	Estimates, 1980	House, 1980	Senate, 1980	Conference, 1980	Enacted, 1979	Estimate, 1980	House bill	Senate bill
RECAPITULATION									
Total, new budget (obligational) authority, all titles	$12,325,226,000	$30,032,038,000	$10,231,970,000	$29,571,647,000	$30,304,887,000	+$17,979,661,000	+$272,849,000	+$20,072,917,000	+$733,240,000
Consisting of:									
Appropriations	12,292,226,000	29,815,038,000	10,017,470,000	29,434,647,000	30,129,137,000	+17,836,911,000	+314,099,000	+20,111,667,000	+694,490,000
Definite appropriations	(11,355,175,000)	(28,989,193,000)	(9,357,350,000)	(28,666,603,000)	(29,406,446,000)	(+18,051,271,000)	(+417,253,000)	(+20,049,096,000)	(+739,843,000)
Indefinite appropriations	(937,051,000)	(825,845,000.	(660,120,000)	(768,044,000)	(722,691,000)	(−214,360,000)	(−103,154,000)	(+62,571,000)	(−45,353,000)
Reappropriation		200,000,000	197,500,000	120,000,000	158,750,000	+158,750,000	−41,250,000	−38,750,000	+38,750,000
Borrowing authority	33,000,000	17,000,000	17,000,000	17,000,000	17,000,000	−16,000,000			
Permanent contract authority									
By transfer				(1,500,000,000)					(−1,500,000,000)
Appropriation to liquidate contract authority					(15,500,000)	(+15,500,000)	(+15,500,000)	(+15,500,000.	(+15,500,000)
TITLE I—DEPARTMENT OF THE INTERIOR									
Bureau of Land Management	544,582,000	500,624,000	499,754,000	500,229,000	506,289,000	−38,293,000	+5,665,000	+6,535,000	+6,060,000
Office of Water Research and Technology	28,357,000	30,739,000	30,977,000	30,522,000	30,781,000	+2,424,000	+42,000	−196,000	+259,000
Heritage Conservation and Recreation Service	832,199,000	819,954,000	649,715,000	762,336,000	704,545,000	−127,654,000	−115,409,000	+54,830,000	−57,791,000
United States Fish and Wildlife Service	308,445,000	265,829,000	278,582,000	270,966,000	280,598,000	−27,847,000	+14,769,000	+2,016,000	+9,632,000
National Park Service	525,827,000	514,647,000	500,312,000	520,429,000	515,176,000	−10,651,000	+529,000	+14,864,000	−5,253,000
Geological Survey	649,654,000	463,748,000	594,217,000	626,432,000	627,682,000	−21,972,000	+163,934,000	+33,465,000	+1,250,000
Bureau of Mines	148,507,000	135,194,000	134,883,000	131,603,000	132,753,000	−15,754,000	−2,441,000	−2,130,000	+1,150,000
Office of Surface Mining Reclamation and Enforcement	115,395,000	195,236,000	196,936,000	177,541,000	179,603,000	+64,208,000	−15,633,000	−17,333,000	+2,062,000
Bureau of Indian Affairs	1,057,359,000	974,120,000	996,444,000	944,105,000	1,004,821,000	−52,538,000	+30,701,000	+8,377,000	+60,716,000
Territorial Affairs	182,716,000	145,814,000	196,921,000	168,860,000	200,446,000	+17,730,000	+54,632,000	+3,525,000	+31,586,000
Office of the Solicitor	15,085,000	15,860,000	15,500,000	15,741,000	15,741,000	+656,000	−119,000	+241,000	
Office of the Secretary	44,100,000	49,761,000	56,160,000	46,144,000	50,344,000	+6,244,000	+583,000	−5,816,000	+4,200,000
Total, Title I—Department of the Interior	4,452,226,000	4,111,526,000	4,150,410,000	4,194,908,000	4,248,779,000	−203,447,000	+137,253,000	+98,378,000	+53,871,000
TITLE II—RELATED AGENCIES									
Forest Service	1,985,839,000	1,242,807,000	1,486,058,000	1,449,444,000	1,494,848,000	−490,991,000	+252,041,000	+8,790,000	+45,404,000
Department of Energy	4,734,670,000	22,121,947,000	3,381,511,000	21,564,562,000	21,988,702,000	+17,254,032,000	−133,245,000	+18,607,191,000	+424,140,000
Indian Health	569,153,000	585,356,000	615,751,000	562,642,000	613,176,000	+44,023,000	+27,820,000	−2,575,000	+50,534,000
Indian Education	71,735,000	76,875,000	75,875,000	75,900,000	75,900,000	+4,165,000	−975,000	+25,000	
Institute of Museum Services	7,852,000	10,900,000	10,900,000	10,900,000	10,900,000	+3,048,000			
Navajo and Hopi Indian Relocation Commission	8,752,000	950,000	950,000	950,000	950,000	−7,802,000			
Smithsonian	110,540,000	144,990,000	139,548,000	129,410,000	140,081,000	+29,541,000	−4,909,000	+533,000	+10,671,000
National Gallery of Art	19,041,000	22,577,000	22,311,000	21,978,000	22,241,000	+3,200,000	−336,000	−70,000	+263,000
Woodrow Wilson International Center for Scholars	1,588,000	1,648,000	1,611,000	2,611,000	1,611,000	+23,000	−37,000		−1,000,000
National Endowment for the Arts	149,585,000	154,400,000	154,400,000	154,400,000	154,400,000	+4,815,000			
National Endowment for the Humanities	145,231,000	150,100,000	150,100,000	147,800,000	150,100,000	+4,869,000			+2,300,000
Commission of Fine Arts	263,000	271,000	268,000	268,000	268,000	+5,000	−3,000		
Advisory Council on Historic Preservation	1,204,000	1,672,000	1,350,000	1,460,000	1,350,000	+146,000	−322,000		−110,000
National Capital Planning Commission	2,019,000	2,193,000	1,975,000	1,975,000	1,975,000	−44,000	−218,000		
Franklin Delano Roosevelt Memorial Commission	20,000	10,000	40,000	40,000	40,000	+20,000	+30,000		
Joint Federal-State Land Use Planning Commission for Alaska	594,000					−594,000			
Pennsylvania Avenue Development Corporation	64,914,000	38,966,000	38,921,000	38,966,000	38,966,000	−25,948,000		+45,000	
Federal Inspector for the Alaska Gas Pipeline		14,850,000		13,433,000	10,600,000	+10,600,000	−4,250,000	+10,600,000	−2,833,000
Community Services Administration		1,350,000,000		1,200,000,000	1,350,000,000	+1,350,000,000		+1,350,000,000	+150,000,000
Total, Title II—Related Agencies	7,873,000,000	25,920,512,000	6,081,569,000	25,376,739,000	26,056,108,000	+18,183,108,000	+135,596,000	+19,974,539,000	+679,369,000
Grand total	12,325,226,000	30,032,038,000	10,231,970,000	29,571,647,000	30,304,887,000	+17,979,661,000	+272,849,000	+20,072,917,000	+733,240,000

ALTERNATIVE FUELS PRODUCTION

Mr. HUDDLESTON. Mr. President, a great deal has happened since we began working on this appropriation bill last January. Following the Iranian revolution, the Nation experienced severe shortages of petroleum fuels that served to underscore and dramatize our growing dependence on foreign oil. We began looking with more urgency toward the development of alternative fuels, and the Appropriations Committee was ready to move quickly when the President sent us a $20 billion appropriation request to implement a program to stimulate commercial production of synthetic fuels and other alterntives.

Because of the need to move quickly, the committee again found itself in the position of recommending significant funding well in advance of authorizing legislation. And yet the committee did not want to foreclose any legislative options with its own funding decisions. As a result, we included in the Senate-passed bill $20 billion for alternative fuels production and $1 billion for conservation and solar program incentives only with certain conditions. The bulk of the funds was placed in an energy security reserve requiring subsequent appropriation action by the Congress to make them available. However, $2.2 billion was made immediately available to launch interim programs pending final congressional action on an energy production program authorization.

As a result of conference negotiations the total allowance for energy production, conservation, and solar incentives was held to $20 billion, with $1 billion still intact for the solar and conservation phase. Some perfecting language was added to the Senate alternative fuels proposal, but no significant changes were made in the basic program which the Senate has approved. The alternative fuels agreement is detailed at some length in the conference report which is printed in the CONGRESSIONAL RECORD, November 8, 1979, p. 31553.

Unfortunately, the House conferees opposed the Senate proposal to transfer $1.5 billion from the strategic petroleum reserve to help finance alternative fuels incentives, and this provision was dropped from the bill.

EMERGENCY FUEL ASSISTANCE

Energy supply disruptions have also sent petroleum product prices soaring, Mr. President, and this is another critical development that required quick action on this appropriation bill. Although normally funded under the Labor-Health, Education, and Welfare appropriation, the Senate added $1.2 billion for emergency fuel assistance to the Interior appropriations bill as a matter of expediency. Lengthy conference negotiations resulted in a drastically revised proposal, including the provision of $1.35 billion for this program. Essentially, the conferees adopted most of the provisions of the House-passed urgent supplemental for emergency fuel assistance. Some revisions in the House-passed distribution formula and its application to the total funding involved have developed what we think is a more equitable allocation of this low-income assistance for heating costs this winter. Although concentrating this assistance in the Northern States where it is most desperately needed, the final distribution formula also recognizes the needs of Southern States which also are confronted with unmanageable increases in energy costs.

The provisions for emergency fuel assistance also are detailed at length in the conference report, and I will be happy to answer any questions on additional details that might arise as we take up the conference report.

FISCAL RESTRAINTS

After discussing these multibillion-dollar energy related programs, Mr. President, it might seem incongruous to shift to a discussion of spending restraints. However, while dealing with pressing energy program needs the committee has not lost sight of the underlying need to control, wherever possible, the growth in Federal spending. Accordingly, as we discussed when we took up this bill for Senate passage earlier, every effort has been made to pare down ongoing Federal program spending. As a result, although the conference agreement is above the President's budget request, we have been able to hold regular program spending well below fiscal 1979 levels. I am happy to note that the conferees agreed to Senate initiatives to reduce Federal land acquisition and construction appropriations wherever it could be demonstrated that prior year funding was still available or where there was weak justification for budget requests. The comparative table that has been printed in the RECORD will show that significant reductions have been made in budget requests for heritage conservation and recreation service and in the regular programs of the Department of Energy not causing any unwanted program disruptions. Many other program reductions have been offset by increases that reflect congressional priorities.

CONFERENCE AGREEMENTS SUMMARY

At the same time, the conferees could not neglect the needs of American Indians and the territories. The conference agreement resulted in substantial increases for the Bureau of Indian Affairs and the Indian Health Service as well as territorial affairs. There was also agreement that public lands and resources managed under programs funded in this bill also could not be neglected. Grazing management increases under the Bureau of Land Management and forestry and range programs under the U.S. Forest Service accounted for large budget increases and for substantial increases over the original Senate allowance.

Mr. President, the Senate was successful in retaining most of the significant amendments during our lengthy conference negotiations. However, it is impossible to hold every single proposal in the give and take of conference negotiations. As a result, some items that were important to the Senate were dropped or reduced. State recreation assistance under the Land and Water Conservation Fund, for example, was reduced by $60 million even though the Senate conferees strongly supported the full budget estimate approved by the Senate. The final allowance of $300 million, however, is adequate in this period of fiscal restraint and represents a $100 million increase over the House allowance.

The Senate retained almost all of its major energy initiatives, although one item of particular importance—the $55 million increase for magnetohydrodynamics—failed to survive in final negotiations. Another important Senate increase—$120 million for energy impact assistance—was sharply reduced to a $50 million level despite strong support from the Senate conferees.

Mr. President, there were 112 amendments in conference, and most of these amendments contained dozens of individual items of disagreement within them. As I have noted, conference negotiations consumed 4 long days, and there were few of these myriad items of disagreement that were not covered in detail. Unfortunately, time does not permit me to discuss all these conference agreements but I shall be happy to answer any questions that may be raised.

One final note, Mr. President. The conferees agreed to a level of $5 million for university coal research laboratories and stated that this funding is not to be used to establish a system of university coal laboratories as authorized by the Surface Mining Control and Reclamation Act. The intent of the conferees was that these funds should be provided for coal research rather than for construction of laboratories at universities and for establishment of teaching bureaucracies as authorized by the act. The conferees have agreed that this funding will be provided to universities with existing laboratories capable of conducting coal research. The impact of the conferees decision, then, is simply to direct this funding entirely to coal research. Universities which are capable of conducting coal research will continue to be eligible for funding under this program.

In closing, Mr. President, I wish to commend the conferees of both the House and the Senate on an extremely difficult job well done. In many cases, acceptable agreements were extremely difficult to achieve. But at no time was any breakdown in the spirit of cooperation evidenced on either side. I would like to extend a special commendation to the chairman of the conference committee, the Honorable SIDNEY R. YATES. It was largely because of his untiring efforts and dedication that a constructive conference agreement could be reached even within 4 days.

Mr. President, I yield at this time to the Senator from Alaska for any comments or observations he may care to make on the bill.

Mr. STEVENS. Mr. President, I am happy to join with the manager of the Interior appropriations bill in recommending the conference report to the Members of the Senate. The conferees met in morning and afternoon sessions for 4 days to reach final agreement. Every amendment was thoroughly discussed and I believe the final product will well serve the Nation in the areas of land and resource management and energy programing not just for the current fiscal year, but for many years to come as a result of initiatives taken in this bill.

As we just completed the conference late yesterday, I realize that many Members have not had the opportunity to fully review the bill. We need to approve the conference report expeditiously in order to provide fuel assistance payments in a timely manner. The administration has informed us that even if we finish the bill today, the fuel assistance payments for SSI recipients will not be available until January. Delay on our part would mean that the checks would not go out until February, or halfway through the winter months.

While the $30 billion bill before us is by far the largest ever reported by the Interior Appropriations Subcommittee it should be noted that $20 billion of this amount is for the energy security reserve and will be obligated over the coming decade. Although we are over the budget estimates by $225 million, if the funds for alternative fuels production are subtracted from the total, we are $2 billion under the amount appropriated for fiscal 1979. This is a significant action on the part of the Congress and should serve as proof of the ability of the House and Senate to restrain Federal expenditures while continuing vital, proven programs and undertaking required new efforts.

The manager of the bill has included in his statement a comprehensive explanation of the conference agreement so I will not go into further detail at this time. I would hope that the Members of the Senate will approve this agreement without delay.

Mr. President, to clarify the conferees' intent, I do have a few questions to ask the Senator from Kentucky (Mr. HUDDLESTON), about fuel assistance provisions. First, the conference directs that there be no duplication of payment from any funds contained in this program. I understand some States will be unable to determine overlap and dual eligibility due to the short time available for determining eligibility. What is the intent here?

Mr. HUDDLESTON. The conferees recognize that some legitimate duplication may exist in relation to payments under individual elements of this program. The wording of the conference report should be understood solely as a strong directive to States to minimize the possibility of duplicate payments in the basic design of their program and to establish procedures to assure that a person does not receive duplicate payments under a single element of the approved program. While duplicate payments are to be avoided where possible this language should not be interpreted to prohibit separate payments to existing recipients of income assistance programs even though some households which legitimately participate in more than one such program may receive more than one energy assistance payment.

Mr. STEVENS. I thank the Senator.

Conference language also provides that the block grant can be used only to provide assistance to households with income below 125 percent of the poverty level and that it may be used to make payments to those already participating in other income assisted programs such as AFDC and FS. I am told some AFDC and FS recipients may have income over 125 percent of poverty. The identification of these few families would require a complex and costly eligibility determination process.

Mr. HUDDLESTON. The conference recognized that a small number of current recipients of income assistance programs may have gross income in excess of the 125 percent of the poverty level. It is intended that such individuals or families be eligible for services under this program.

Mr. STEVENS. As worded, the appropriation language requires that, in State programs, priority be given "to those households experiencing significant increases in heating fuel costs." Such wording would appear to prohibit both uniform payments within a State and automatic payments to individuals eligible for other needs tested programs. Would the Senator clarify that, please?

Mr. HUDDLESTON. The requirements concerning priority for state payments are not intended to prohibit a State from selecting a plan that would provide uniform payments to individuals or households based on their eligibility for current needs tested programs.

Mr. STEVENS. Finally, Mr. President, the conference report envisions that a State may elect to allot all or a portion of its block grant to the plan approved under the current CSA crisis intervention program. It is not clear whether HEW or CSA will have responsibility for the supervision and audit of this program. If HEW is required to assume this responsibility, would it result in unnecessary duplication of existing CSA responsibilities?

Mr. HUDDLESTON. I believe the conference recognized that some States may elect to increase their CSA program under the block grant authority. Where this happens, it is our intent that CSA supervise and audit all elements of the crisis intervention program as it relates to both regular and block grant funds with assistance from HEW as necessary.

Mr. BURDICK. Mr. President, I also would like to say a few words about the fuel assistance program. As one of the conferees who worked extensively on this portion of the bill, I am glad to say that I am pleased with the final product. It is a good, workable program that targets money where it is most needed and provides the flexibility I felt was necessary to insure that the money gets out to the States as quickly as possible.

There is one section in the statement of the managers I would like to clarify. The report includes language I requested to make sure that adequate provisions are made for Native Americans in the block grant section of the program.

As many Senators know, several States in which there are Indian reservations or lands either do not or cannot administer Federal money on the reservations. Serious jurisdictional problems have arisen both in the administration and in the auditing of such funds.

The language in the report was included to make sure that both HEW and CSA take these jurisdictional problems into account when administering the block grants for those States that do not administer Federal money for Indian groups. In these cases, the Indians' governing agencies should receive their share of block grant funds directly from the appropriate Federal agency, HEW with technical assistance from the BIA, or CSA. Furthermore, that agency, rather than the affected State, should be responsible for monitoring and auditing these funds.

I would like to ask the manager of the conference report whether that was the intent and his understanding of the way Indian funds are to be distributed.

Mr. HUDDLESTON. Yes, the Senator is entirely correct. The intent of the conferees was that the Indians would be served, and served by the mechanism available to them, and we expect that will be done.

Mr. BURDICK. I thank the Senator.

Mr. MUSKIE. Mr. President, the Senate now is considering the conference report on H.R. 4930, the Interior and related agencies appropriation bill which appropriates fiscal year 1980 funds for energy, natural resources, and environment, and several other program areas. I want to take the opportunity to comment on the budgetary implications of this bill.

The conference report on the bill provides $30.3 billion in new budget authority and $6.4 billion in fiscal 1980 outlays. The conference report, therefore, is about $700 million in budget authority and $200 million in outlays above the Senate-passed bill.

While I remain concerned about the Appropriations Committee's ability to live within its total allocation, this bill is well within the applicable functional totals of the conference agreement on the second budget resolution. In addition, the spending in H.R. 4930 clearly was contemplated in the second budget resolution. In particular, I am referring to the new synthetic fuels program and the low-income assistance program, which are of critical importance to our Nation.

Mr. BENTSEN. Mr. President, when the Senate first considered this legislation, I was proud to vote in support of my colleague from New York's amendment to provide an additional $1.35 billion in energy assistance for America's poor. I was proud to do it because I am painfully aware of what the rising cost of energy has done to the poor, forcing upon them choices between one necessity or the other.

However, the energy assistance program that is provided by the conference report is not a program for all of America's poor, it is a program for a select few, a program biased in a way that startles even the veterans of many regional confrontations.

We have before us a formula that distributes energy aid according to two proxies for need. The bill provides that one-third of the assistance will be distributed according to the increases over the last year in home heating energy expenditures. I want to point out that we discovered, during Finance Committee consideration of a similar program, that the numbers for making such a distribution are simply not available. Not from the Department of Energy, not from HEW, but the conference committee has decided that the data for such a distribution can be made available through several proxies: heating degree days, the relative efficiencies of various fuels, and the relative costs of those fuels. But the fact remains that we are pretending to allocate money on a need basis, when we simply do not have the data to back that claim up.

The other proxy on which the conference report bases the distribution of assistance is heating degree days. The fact is that degree days also do not correlate with need. While the State of Washington is well above average in heating degree days, and I suppose will rank even better in heating degree days squared, it ranks dead last among the States in residential energy expenditures. Additionally, although the State of North Dakota ranks second among the States in heating degree days, the people of North Dakota spend well below the national average for energy.

Perhaps the most damning aspect of the bias in this bill relates to the extreme variations between the States. While the residents of the State of Florida spend over $550 per year on their energy needs, the poor in Florida will receive $1 in assistance. The residents of the State of Alaska, although they do bear substantially higher energy costs, will receive $1,000 in aid. They will receive 1,000 percent more, even though their bills are only 60 percent more than those in Florida.

Thus, I think it should be obvious to the Senate that the use of proxies in distributing this aid is clearly ineffective. They present an obvious bias to the North and Northeast, presumably because of the recent increases in the price of home heating oil. But I want to assure my colleagues that energy prices have skyrocketed nationwide, that these increases are not limited to any one region or area of the country.

According to the Consumer Price Index, over the 10-year period ending in July 1979, fuel oil prices have risen 407 percent. In the same period, natural gas prices rose 387 percent. The Consumer Price Index also prepares an index of retail prices for fuels and utilities. That index shows that fuels in the Twin Cities area, which cost $100 in April of 1978, now cost $242. The same combination of fuels cost $217 in the Pittsburgh area. But in Houston, the same fuel mix costs $271. The pattern of rising energy prices has been nationwide, and often the cruelest, most exorbitant increases have been in my own State, where much of that energy is produced.

The program that has been agreed to by the conferees is purposely biased to direct the aid to those areas where it may or may not be needed most. It directs aid, based on inefficient and ineffective proxies—creating a distribution that varies assistance from $1 in Florida to $1,000 in Alaska. The plan that has been reported is directing this aid to a limited few of the poor in the North and Northeast, at the direct expense of the poor in Texas. The poor in my State—like those elsewhere—also face the hard choice of paying their utility bills or grocery bills.

I do not seek, nor do I promote, conflict between the different regions of our country. But I must insist that the people of Texas are treated fairly and equitably in this program. As it now stands, they are not. I will vote therefore, to oppose this unfair program.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. I yield.

Mr. MAGNUSON. Mr. President, as chairman of the Appropriations Committee, I compliment the Senator from West Virginia and all the other members of the conference committee on a very, very difficult job.

I further suggest that by the passage of this conference report we are moving one step forward to completing our appropriation bills. With the passage tonight of the defense bill, on which I hope the conference will complete its work very quickly, and the conference report on the Interior bill, we are going to get three more appropriations bills done hopefully by next week, and we probably will be able to come somewhere near meeting the deadline of the November 20 continuing resolution.

It was a most difficult job, was it not—a most difficult job?

Mr. ROBERT C. BYRD. Yes, and Mr. HUDDLESTON, who was acting chairman, and Mr. STEVENS, the ranking minority member, really carried the load.

Mr. MAGNUSON. And the House was a little bit more adamant than they normally are, and normally they are very adamant.

Mr. ROBERT C. BYRD. They carried the burden in the heat of the day.

Mr. HUDDLESTON. And the night.

Mr. MAGNUSON. I compliment them on getting it done.

Mr. ROBERT C. BYRD. Mr. President, I thank our distinguished chairman of the Appropriations Committee. He, as always, is very courteous and very thoughtful of the members of the committee and their efforts.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

The PRESIDING OFFICER. The clerk will report the amendments in disagreement.

The legislative clerk read as follows:

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 1 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: "$301,896,000".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 3 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed by said amendment, insert: ": *Provided further*, That the Secretary of the Interior and Secretary of Agriculture shall (a) review Federal agricultural financial assistance programs to determine to what extent such programs provide opportunities to assist livestock operators adversely affected by reductions in grazing allotments on public rangelands, as defined in the section 3 of the Public Rangelands Improvement Act of 1978 (43 U.S.C. 1902); and (b) submit the results of this review to the Committees on Appropriations of the House of Representatives and the Senate within ninety days of the effective date of this Act, together with details on available programs, opportunities for more effective use of such programs, additional budget requirements needed to augment such programs, and any legislation needed to improve opportunities for assistance: *Provided further*, That the Secretary of the Interior shall develop criteria for extending, on a case-by-case basis, the period allowed for phased livestock reductions on public rangelands administered through the Bureau of Land Management up to five years. Such criteria shall take into account available agricultural assistance programs, the magnitude of projected livestock reductions, alternative pasturage available, and ability of such public rangelands to sustain such phasing in of livestock reductions without damage to rangeland productivity: *Provided further*, That an appeal of any reductions in grazing allotments on public rangelands must be taken within 30 days after receipt of a final grazing allotment decision or 90 days after the effective date of this Act in the case of reductions ordered during 1979, whichever occurs later. Reductions of up to 10 percent in grazing allotments shall become effective when so designated by the Secretary of the Interior. Upon appeal any proposed reduction in excess of 10 percent shall be suspended pending final action on the appeal, which shall be completed within 2 years after the appeal is filed.".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 17 to the aforesaid bill, and concur therein with an amendment as follows:

Restore the matter stricken by said amendment, amended to read as follows: ": *Provided further*, That the $12,500,000 available to the Forest Service in fiscal year 1979 for acquisition of the Kahle and Jennings properties may be used to acquire the Jennings property and other properties in the Tahoe Basin of California and Nevada without regard to the matching requirements and zoning restrictions included in the 1979 appropriations Act.".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 24 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: "$58,757,000".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 30 to the aforesaid bill, and concur therein with an amendment as follows:

Strike out the matter stricken by said amendment, and insert: ": *Provided further*, That the Park Service shall not enter into future concessionaire contracts, including renewals, that do not include a termination for cause clause that provides for possible extinguishment of possessory interests excluding depreciated book value of concessionaire investments without compensation.".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 37 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: "$452,055,000".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 38 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: "$39,027,000".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 40 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed by said amendment, insert: "*Provided*, That the Secretary of the Interior shall review the rates being charged to the residents of Barrow for natural gas to determine if a proceeding should be instituted to revise such rates."

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 48 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: "including a $5,000,000 interest free loan to the Confederated Tribes of the Warm Springs Reservation of Oregon to be repaid to the Revolving Fund for Loans established in the Bureau of Indian Affairs at the end of a 20 year period after the effective date of this Act, $89,374,000."

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 49 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: "$66,479,000."

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 50 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed by said amendment, insert: "*: Provided*, That no part of any appropriations to the Bureau of Indian Affairs shall be available to continue academic and residential programs of the Chilocco and Seneca boarding schools, Oklahoma, beyond June 15, 1980.".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 51 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: "$86,661,000".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 52 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: "$82,589,000."

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 53 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: "$113,785,000", and of the amount appropriated under this head in P.L. 95–355, $1,400,000 shall be for an ex gratia payment to the people of Bikini Atoll".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 56 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: "including not less than $9,000,000 for an Office of Construction Management, $49,344,000.".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 58 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed by said amendment, insert: "Sec. 108. No appropriations made in this title shall be available for implementation of any decision with regard to any lease, administrative transfer, or withdrawal not now existing of lands and waters comprising Wild Horse Reservoir, Nevada, or any lands immediately adjacent thereto: *Provided*, That this limitation is not applicable to water necessary for current or future irrigation practices.".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 59 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed by said amendment, insert: "Sec. 109. No appropriations made in this title shall be available for the identification of lands not now so identified or acquisition (by withdrawal transfer or purchase) of lands for or associated with the Unique Wildlife Ecosystem Program as now defined by the United States Fish and Wildlife Service not authorized by law under an existing program.".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 67 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: "$401.242,000.".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 74 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed by said amendment, insert: "Alternative Fuels Production.".

In order to expedite the domestic development and production of alternative fuels and to reduce dependence on foreign supplies of energy resources by establishing such domestic production at maximum levels at the earliest time practicable, there is hereby established in the Treasury of the United States a special fund to be designated the "Energy Security Reserve", to which is appropriated $19,000,000,000, to remain available until expended: *Provided*, That these funds shall be available for obligation only to stimulate domestic commercial production of alternative fuels and only to the extent provided in advance in appropriations Acts: Provided further, That of these funds $1,500,000,000 shall be available immediately to the Secretary of Energy to carry out the provisions of the Federal Nonnuclear Energy Research and Development Act of 1974, as amended (42 U.S.C. 5901, et seq.), to remain available until expended, for the purchase or production by way of purchase commitments or price guarantees of alternative fuels: *Provided further*, That the Secretary shall immediately begin the contract process for purchases of, or commitments to purchase, or to resell alternative fuels to the extent of appropriations provided herein: Provided further, That of these funds an additional $708,000,000 shall be available immediately to the Secretary of Energy, to remain available until expended, to support preliminary alternative fuels commercialization activities under the Federal Nonnuclear Energy Research and Development Act of 1974, as amended, of which (1) not to exceed $100,000,000 shall be available for project development feasibility studies, such individual awards not to exceed $4,000,000: *Provided*, That the Secretary may require repayment of such funds where studies determine that such project proposals have economic or technical feasibility; (2) not to exceed $100,000,000 shall be available for cooperative agreements with non-Federal entities, such individual agreements not to exceed $25,000,000 to support commercial scale development of alternative fuels facilities; (3) not to exceed $500,000,000 shall be available for a reserve to cover any defaults from loan guarantees issued to finance the construction of alternative fuels production facilities as authorized by the Federal Nonnuclear Energy Research and Development Act of 1974, as amended: *Provided*, That the indebtedness guaranteed or committed to be guaranteed under this appropriation shall not exceed aggregate of $1,500,000,000; and (4) not to exceed $8,000,000 shall be available for program management.

This Act shall be deemed to satisfy the requirements for congressional action pursuant to sections 7(c) and 19 of said Act with respect to any purchase commitment, price guarantee, or loan guarantee for which funds appropriated hereby are utilized or obligated.

For the purposes of this appropriation the term "alternative fuels" means gaseous, liquid, or solid fuels and chemical feedstocks derived from coal, shale, tar sands, lignite, peat, biomass, solid waste, unconventional natural gas, and other minerals or organic materials other than crude oil or any derivative thereof.

Within ninety days following enactment of this Act, the Secretary of Energy in his sole discretion shall issue a solicitation for applications which shall include criteria for project development feasibility studies described in this account.

Loan guarantees for oil shale facilities issued under this appropriation may be used to finance construction of full-sized commercial facilities without regard to the proviso in section 19(b)(1) of said Act requiring the prior demonstration of a modular facility.

In any case in which the Government, under the provisions of this appropriation, accepts delivery of and does not resell any alternative fuels, such fuels shall be used by an appropriate Federal agency. Such Federal agency shall pay into the reserve the market price, as determined by the Secretary, for such fuels from sums appropriated to such Federal agency for the purchase of fuels. The Secretary shall pay the contractor, from sums appropriated herein, the contract price for such fuels.

All amounts received by the Secretary under this appropriation, including fees, any other monies, property, or assets derived by the Secretary from operations under this appropriation shall be deposited in the reserve.

All payments for obligations and appropriate expenses (including reimbursements to other Government accounts), pursuant to operations of the Secretary under this appropriation shall be paid from the reserve subject to appropriations.

For the establishment in the Treasury of the United States of a special fund to be designated the "Solar and Conservation Reserve", $1,000,000,000 to remain available until expended: Provided, That these funds shall be available for obligation only to stimulate solar energy and conservation: Provided further, That the withdrawal of said funds shall be subject to the passage of authorizing legislation and only to the extent provided in advance in appropriations Acts.

Beginning six months after the date of enactment of this Act, and every six months thereafter, the Secretary is required to submit to the Congress a written report detailing the activities carried out pursuant to this appropriation.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 91 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed by said amendment, insert: ": *Provided*, That none of the funds appropriated under this Act to the Indian Health Service shall be available for the lease of permanent structures without advance provisions therefor in appropriations Act.".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 94 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: "$103,781,000.".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 107 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed by said amendment, insert: "Federal inspector for the Alaska gas pipeline.".

PERMITTING AND ENFORCEMENT

For necessary expenses of the Federal Inspector for the Alaska Gas Pipeline, $10,600,000, of which $3,600,000 shall remain available until expended.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 108 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed by said amendment, insert: "Community Services Administration.".

COMMUNITY SERVICES PROGRAM

For an additional amount for "Community services program", $1,350,000,000: Provided, That of this amount $1,200,000,000 shall be transferred by allocation to the Secretary of Health, Education, and Welfare for payment of energy grants and allowances and related administrative costs: *Provided further*, That energy allowances shall not be considered as income or resources under any other public or publicly assisted income tested program, but shall be taken into consideration in determining eligibility for energy crisis assistance: *Provided further*, That the States shall, in awarding funds, give priority to those households experiencing significant increases in heating fuel costs over the levels of the previous year: *Provided further*, That States shall, in establishing such priority, provide for determining the extent to which increases in rents are caused by increases in heating fuel costs and consider such portions of increases in rents to be increases in heating costs: *Provided further*, That proof of income eligibility shall be required of all applicants: Provided further, That an annual audit shall be made awards to applicants shall be made after June 30, 1980: *Provided further*, That $400,000,000 shall be paid as a special one-time energy allowance to recipients of Supplemental Security Income distributed among the States according to the following formula: (1) 33⅓ per centum based on the number of heating degree days squared times the number of households below 125 per centum of poverty; 33⅓ per centum based on the difference in home heating energy expenditures between 1978 and 1979; (3) 33⅓ per centum based on the number of Supplemental Security Income recipients (other than those receiving no more than $25 because of their presence in a Medicaid institution) in each State relative to the national total: *Provided further*, That no Supplemental Security Income recipient shall receive more than $250 from the funds provided for Supplemental Security Income recipients: *Provided further*, That the remainder of any funds that would have been allotted to any State for Supplemental Security Income recipients if no maximum payment limitation had been in existence shall be allocated based on the State determination previously made in regard to funds provided for special energy allowances to recipients of Aid to Families with Dependent Children (AFDC) or block grants to States: *Provided further*, That $942,600,000 shall be distributed among the States according to the following formula: (1) 50 per centum based on the number of heating degree days squared times the number of households below 125 per centum of poverty; (2) 50 per centum on the difference in home heating energy expenditures between 1978 and 1979: *Provided further*, That, in the State Funding Plan, the Governor shall provide assistance for those who pay fuel bills indirectly as well as directly: *Provided further*, That from revenues received from any windfall profit taxes imposed by Federal law on producers of domestic crude oil, there shall be reimbursed to the general fund of the Treasury an amount equivalent to the amount of funds appropriated to carry out the purposes of this paragraph: *Provided further*, That for the purposes of this paragraph, the term "States" shall include the "insular areas" of the United States.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 109 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed by said amendment, insert: "None of the funds appropriated under this Act shall be available to implement any amendment to, or provision of, the regulation under section 4(a) of the Emergency Petroleum Allocation Act of 1973 providing for an increase or decrease in any month beginning after the date of the enactment of this Act in the ratio of the number of entitlements issued any firm with respect to any imported refined petroleum product to the number of barrels of such product imported by such firm in such month above the ratio in effect on April 30, 1979 unless the President has transmitted such amendment or provision to the Congress as an "energy action" under Section 551 of the Energy Policy and Conservation Act (Public Law 94–163) and neither House of Congress has disapproved (or both Houses have approved) such request in accordance with the procedures specified in such section 551 of such Act.".

Mr. HUDDLESTON. Mr. President, I ask unanimous consent that the Senate concur en bloc in the amendments of the House to the amendments of the Senate numbered 1, 3, 17, 24, 30, 37, 38, 40, 48, 49, 50, 51, 52, 53, 56, 58, 59, 67, 74, 91, 94, 107, 108, and 109.

The PRESIDING OFFICER. Without objection, the motion is agreed to.

DOMESTIC VOLUNTEER SERVICE ACT AMENDMENTS OF 1979—CONFERENCE REPORT

Mr. CRANSTON. Mr. President, I submit a report of the committee of conference on S. 239 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 239) to authorize appropriations for programs under the Domestic Volunteer Service Act of 1973, to amend such Act to facilitate the improvement of programs carried out thereunder, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report will be printed in the proceedings of the House of Representatives.)

Mr. CRANSTON. Mr. President, the conference report on S. 239 which is at the desk represents, I believe, a reasonable and equitable resolution of the differences between the measures passed by each body. Numerous Senate provisions were retained in the conference report and in those instances where both bodies dealt with an issue, compromises were reached to accommodate the views of both the House and Senate conferees.

Mr. President, I urge my colleagues to approve unanimously the conference report on S. 239 to authorize appropriations for programs under the Domestic Volunteer Service Act of 1973, to amend such act to facilitate the improvement of programs carried out thereunder, and for other purposes.

Mr. President, this legislation has been more than 2 years in the making. The programs it directly affects are Volunteers in Service to America (VISTA), the University Year for ACTION program (UYA), and the ACTION Agency's special and demonstration programs. It also affects the ACTION Agency's ability to administer the Older American Volunteer Programs—the Retired Senior Volunteer Program (RSVP), the Foster Grandparent Program, and the Senior Companion Program—appropriations for the programmatic aspects of which were reauthorized through fiscal year 1981 as part of the Comprehensive Older Americans Act Amendments of 1978, Public Law 95–478.

Mr. President, let me summarize for my colleagues the history of the ACTION Agency and the background of this legislation.

HISTORY OF THE ACTION AGENCY

The ACTION Agency came into being on July 1, 1971, the result of Reorganization Plan No. 1 of 1971 which was intended to consolidate into a single agency a number of voluntary action programs operating throughout the executive branch of the Federal Government. Those programs were:

VISTA—Volunteers in Service to America—previously administered by the then Office of Economic Opportunity, a full-time, full-year domestic volunteer program established in 1964 to strengthen and supplement efforts to eliminate poverty;

The Peace Corps, a full-time, 2-year international volunteer program established in 1961 to assist underdeveloped nations through the use of American volunteers;

The National Student Volunteer Program, previously administered by the Office of Economic Opportunity, a domestic program to encourage and assist student volunteer programs dealing with the problems of the poor;

The Foster Grandparents program, initiated in 1965 in the Office of Economic Opportunity and then transferred to the Administration on Aging in the Department of Health, Education, and Welfare, a domestic program to provide half-time opportunities for low-income older Americans to assist needy children;

The retired senior volunteer program—RSVP—also previously administered by the Administration on Aging, a domestic program to enable retired persons to perform part-time voluntary services in their communities;

The service corps of retired executives and active corps of executives—SCORE and ACE—previously administered by the Small Business Administration and under the terms of the 1971 Reorganization Plan, to be jointly administered by the Small Business Administration and the ACTION Agency, a domestic program providing assistance to small business people utilizing the part-time expertise of retired and active individuals with business experience. By Executive Order No. 11871, SCORE and ACE were transferred back to sole sponsorship of the Small Business Administration in July of 1975, and, pursuant to Public Law 95–510, appropriations for these programs were reauthorized under the Small Business Act effective October 1, 1979, through fiscal year 1979. Legislation (S. 918) to reauthorize those programs through fiscal year 1982 is currently pending in conference.

Shortly after the Agency's creation, the university year for ACTION program (UYA) program was developed as a demonstration service-learning effort. Modeled after the VISTA program, the UYA student volunteers serve a 1-year, full-time term of service on antipoverty projects, and generally receive academic credit from universities for their work. The ACTION Agency provides grants to the universities to carry out the program. UYA received its first statutory recognition, as did the ACTION Agency, in the Domestic Volunteer Service Act of 1973 (Public Law 93–113).

The enactment of Public Law 93–113 provided for another major new program in the ACTION Agency—the Senior Companion program. Modeled after the Foster Grandparent program, Senior Companions are low-income Older Volunteers who work 20 hours per week with needy persons other than children, but particularly with other older Americans.

The authorizations of appropriations in the Domestic Volunteer Service Act of 1973 were extended for the first time in 1975 with the enactment of Public Law 94–135, the Older Americans Act Amendments of 1975, which continued for 3 fiscal years the authorizations of appropriations for the title II Older American Volunteer programs, and in 1976 by the enactment of Public Law 94-293, the Domestic Volunteer Service Act Amendments of 1976, which continued for 2 fiscal years—through fiscal year 1979—the authorizations of appropriations for the remaining titles of the original act. The authorizations for the title II Older American Volunteer programs were extended through fiscal year 1981 by the Comprehensive Older Americans Act Amendments of 1978, Public Law 95-478.

On May 16, 1979, by Executive Order No. 12137 the Peace Corps was designated as an autonomous agency within the ACTION agency.

BACKGROUND OF S. 239

As chairman of the Senate Subcommittee on Child and Human Development of the Committee on Labor and Human Resources—which has legislative and oversight responsibility for the ACTION agency's domestic volunteer programs, I introduced on January 25 of this year the legislation (S. 239) to extend the authorization of appropriations for certain of those programs through fiscal year 1981. Joining me as cosponsors were the chairman of the Labor and Human Resources Committee (Mr. WILLIAMS) who has long been a strong advocate of the Agency's programs, and the Senator from Michigan (Mr. RIEGLE) a most dedicated member of the subcommittee.

On February 8 and March 9, the subcommittee held hearings on S. 239 and on the administration's bill, S. 374. S. 239 as modified by the subcommittee was favorably reported to the full committee on March 28, and by the Labor and Human Resources Committee to the full Senate on April 11, 1979. The bill was approved by the Senate on June 20, 1979, by a rollcall vote of 75 to 16.

Mr. President, the Senate had passed legislation similar to S. 239—S. 2617—during the last Congress, but the House of Representatives did not act on that measure before adjournment, so the programs other than those for which the authorizations of appropriations were extended last year in Public Law 95-478 continued to be funded under a continuing resolution.

One factor delaying House consideration of S. 2617 last Congress was reticence on the part of many House Members about creating within the ACTION Agency a new categorical program involving volunteers who would work on problems in urban neighborhoods—a categorical program proposed as part of the Carter administration's urban policy submitted on April 13, 1978. This year both the House and Senate resolved the question of how best to provide authority to the urban proposals by adding specific references in the Agency's discretionary authority in part C of title I of the act in order to encourage the Agency to conduct special or demonstration programs along the lines of the urban volunteer activities initially proposed to be carried out, under a new categorical program—a proposed new part D of title I—by S. 239 as introduced and in the companion House bill, H.R. 2859 as reported from the House Education and Labor Committee.

With the thorny question of a new categorical urban volunteer program authority resolved by both Houses, the House and Senate conferees on November 1, 1979, were able to reach agreement on the differences between S. 239 as passed by the Senate on June 20, and the version of the bill as passed by the House on October 10.

SUMMARY OF MAJOR PROVISIONS OF S. 239 CONFERENCE REPORT

Mr. President, the conference report makes the following amendments to the Domestic Volunteer Service Act of 1973:

First, provides a 3-year extension of the authorization (section 15) of appropriations, through fiscal year 1981, for title I (including authority for the VISTA program, the UYA program, and the ACTION Agency's demonstration program (part C) authority.

Second, modifies the career development plan provision for low-income VISTA volunteers to permit the initial plan to be made available within 30 days after, rather than prior to, assignment and to make such a plan available to any other full-time, 1-year title I volunteer upon request (section 2).

Third, modifies the Governor's approval for VISTA projects by requiring the Governor to state in writing reasons for disapproving a project or a VISTA volunteer serving in the State or requesting that a project be removed from the State (section 2).

Fourth, modifies the terms of payment for VISTA volunteer stipends—end-of-service readjustment allowances—to make them consistent with provisions in the Peace Corps Act for making allocations during service from the stipends being accumulated for each Peace Corps volunteer (section 3).

Fifth, modifies the VISTA grant and contract authority in existing section 108 to place limitations and reqiurements on national and regional VISTA grants so as to hold the fiscal year 1980 program level supported through such grants at current volunteer service year levels (in no event using more than $5.8 million in fiscal year 1980 to support such volunteers), to require competitive awarding of such grants and contracts to require a specifically identified poverty focus, and lower from 20 percent to 16 percent the limitation in existing section 108 on obligation of title I, part A (VISTA), funds for grants and contracts authorized by existing section 402(12) (section 4).

Sixth, modifies the requirement in existing section 112 that UYA volunteers be enrolled for a 12-month period of service, to allow such volunteers to serve for a period of service of not less than the duration of an academic year, but providing that those who enroll for less than 1 year are ineligible to receive the end-of-service stipend that volunteers enrolled for a period of 1 year or more accrue at the current rate of $75 per month (section 5).

Seventh, amends part C of title I to add these additional examples of authorized demonstration programs: Financial and consumer counseling for low- and fixed-income persons; a program called "Helping Hand" to reduce the necessity of institutionalization and ameliorate residential isolation of older, handicapped, and other similarly isolated persons; and a program to provide technical and management assistance to distressed communities (section 7).

Eighth, provides authority to provide support for short-term, part-time volunteers who are enrolled for periods of service of not less than 20 hours per week for not less than 26 consecutive weeks (section 7); requires that full-time title I VISTA-like volunteers assigned under the Agency's discretionary authority (part C) be treated like VISTA volunteers for the purposes of Governor's approval, provision of support, and requirements to take an oath; and permits the Director to provide stipends—up to amounts paid part A VISTA volunteers—to full-time, full-year volunteers enrolled under programs such as the national youth service demonstration program.

Ninth, adds "State or local" elections to the prohibitions in existing section 403 against the use of funds appropriated under the act to influence Federal elections and provides a limitation on the use of funds appropriated to carry out the act for any activity for the purpose of influencing the passage or defeat of legislation or proposals by initiative petition except where a legislative body, committee thereof, or a member requests any employee of or volunteer assigned to a program to draft, review or testify with respect to any measure or in connection with an authorization or appropriations measure directly affecting the operation of the program (section 8).

Tenth, clarifies the status of low-income VISTA volunteers, including a provision to insure that those volunteers whose prior AFDC or medicaid eligibilities are protected by the income disregard provisions in existing section 404 (g) are not required to register with a work incentive program—WIN—sponsor and clarifies the income disregard provisions to limit their application to volunteer payments with a value of less than the Federal or State minimum wage, whichever is the higher (section 9).

Eleventh, requires the Director to take appropriate steps to encourage employers to take into account experience in volunteer work in the consideration of applicants for employment (section 10).

Twelfth, extends existing section 415, deeming volunteers to be Federal employees for certain purposes, to provide that part-time volunteers enrolled for periods of service of not less than 20 hours per week for at least 26 consecutive weeks may be deemed to be Federal employees for purposes of the Hatch Act, Internal Revenue Code, Social Security Act, Federal Tort Claims Act, and Federal Employees Compensation Act; make full-time and part-time volunteers Federal employees for the purposes of waiving collection of erroneous payments as is provided currently for Peace Corps volunteers; makes the Federal Tort Claims Act the sole available remedy of an individual claiming medical malpractice as a result of actions by a volunteer serving in a health care capacity (section 11).

Thirteenth, expands the nondiscrimination provisions in existing section 417 to include appropriate coverage for all ACTION Agency volunteer applicants and volunteers under nondiscrimination policies of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, and title VI of the Civil Rights Act of 1964; and requires the Director to develop appropriate remedies to enforce the provisions (section 12).

Fourteenth, expands provisions on guidelines in existing section 420 to include a modification of the congressional review provisions of section 431 of the General Education Provisions Act so as to require, on specified timetables, the publication of regulations in the Federal Register and submission of proposed regulations to the Senate Committee on Labor and Human Resources and the House Committee on Education and Labor, but not providing for any congressional or committee veto provisions (section 13).

Fifteenth, includes provisions to encourage the reduction of paperwork (section 14).

Sixteenth, provides for process for review of project renewals by State or local government executive authorities and requires the Director to take into account any objection submitted by these executive authorities (section 15).

Seventeenth, requires submission of a report to Congress on rural needs and the Agency's plans for addressing those needs (section 16).

Eighteenth, deletes provisions in current law restricting the payment of VISTA volunteer stipend increases by conditioning the payment of stipend increases on specific appropriations provisions in order to protect the level of volunteers in the VISTA program (section 17).

DISCUSSION

Mr. President, for the benefit of my colleagues, I would like to highlight some of the most important provisions of the conference report and provide some background information in these areas.

RESTRICTIONS ON NATIONAL GRANT PROGRAM

As I indicated earlier, the conference report includes the Senate provisions limiting the amount of funds that can be used by the Agency for VISTA grants or contracts along with a restriction contained in the House amendment to reduce the percentage of funds available for this purpose from 20 percent in existing law to 16 percent of the title I, part A, obligations. The conference report also contains the provisions in the Senate bill requiring that such grants or contracts be awarded only on a competitive basis and specify the poverty problems upon which they are focused.

These modifications address concerns raised in a House Appropriations Committee staff report about the ACTION Agency's practice of administering the VISTA program through grants to organizations involved in multi-State or regional antipoverty efforts, rather than through the national or State ACTION Agency offices which is the more traditional method of administering VISTA projects. The conference agreement on this issue acknowledges the value of the grant programs, but limits the Agency's ability to administer programs through this mechanism in order to assure greater monitoring and accountability with respect to volunteer activities under the direction of such grantees.

Mr. President, it is important to point out that the requirement for competitive awarding of such grants is not intended to preclude the ACTION Agency from providing technical assistance to potential grantees that request such assistance in the preparation of applications. Often grass roots organizations with significant links to the poverty community hold the best potential for successfully operating these programs. If they request assistance from the Agency in preparing the necessary paperwork to become an eligible applicant, then by all means the Agency should lend that assistance to them or other potential applicants whenever it is requested.

The Director of the ACTION Agency, in a November 1, 1979, letter to the chairmen of the authorizing committees, analyzing the differences between S. 239 as passed by the Senate and the House companion bill, H.R. 2859, suggested that the requirement for competitive awarding of grants might impede the ability of the ACTION Agency to serve the poor "by putting the emphasis on excellence in application writing rather than the needs of the poor." This certainly should not be the effect of this requirement. What we are addressing here is the need to provide for as many qualified applicants as possible the opportunity to become involved in the VISTA grant program effort.

I ask unanimous consent that the full text of the referenced ACTION agency November 1, 1979, letter be printed at the conclusion of my remarks following the joint statement and the Cordon rule.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

ENROLLMENT IN UNIVERSITY YEAR FOR ACTION PROGRAMS

Mr. CRANSTON. Mr. President, as I noted earlier, the conference report amends existing law to permit UYA volunteers to be enrolled for an academic year, rather than a calendar year as required in existing law, but prohibits the payment of stipends if they enroll for less than 12 months of UYA services. In amplification of this provision in the conference report, the joint explanatory statement stresses that the conferees feel that the practice of enrolling students for a full-year commitment with the expectation that they will resign after 9 months should be discontinued and that any UYA contract or grant should provide that, except in extraordinary circumstances, academic credit should be reduced for those students who make a full-year commitment, receive stipends in connection therewith, and then resign early. Mr. President, the strong feeling of the conferees on this point stems from the view that the primary purpose of this program should be service to the client community, not the benefits to the student volunteer. Communities are led to expect the help of a UYA volunteer for a period of 1 year. It is unfair to those communities for the agency or the university grantee to create that expectation, knowing full well that the volunteer intends to resign months earlier.

The intent of this provision is to give the UYA grantees two options: First, the UYA grantee can operate a 9-month program, but it cannot offer volunteer participants in such a program the $75 monthly stipend available for volunteers who serve in programs of at least a full year's duration; or second, it can operate a full-year program and provide its student volunteers the stipend, but its grant or contract should include provisions requiring a proportionate reduction in the credit available to students who enroll for the full-year program but who leave before their commitment is realized. The intent of such a provision would be to discourage students from leaving the program early to take paying summer jobs, since to do so would mean that such student would at some point have to spend time taking additional courses to make up for the lost credits.

Mr. President, I intend to monitor carefully compliance with these new provisions, and, if the record shows that the ACTION Agency or its UYA grantees are failing to live up to the spirit of the new provisions, I will take steps to deal with the matter legislatively.

DEMONSTRATION PROGRAMS UNDER PART C OF TITLE I

Mr. President, as I have also indicated, one of the issues which delayed enactment of the predecessor of this legislation during the last Congress was the continuing controversy over the establishment of a new categorical "urban volunteer" program. The Senate bill we approved last June did not contain such a categorical program, but rather added to the existing part C demonstration program authority examples of specific programs that the agency could carry out along the lines of some of the activities that would have been authorized by the proposed part D in S. 239 as introduced. The House amendment took the same approach but added as another example of a demonstration program a program of technical and management assistance to distressed communities. This example, along with a program of assistance to victims of domestic violence, which had been included in the Senate bill but not the House amendment, was included in the conference report.

Another program initially proposed as part of the urban package and included in H.R. 2859 as reported was to be known as the "Good Neighbor Fund," but it was agreed that since the Agency is currently undertaking a similar effort to provide seed money for neighborhood betterment projects, known as the "minigrant" program, it was unnecessary to make specific reference to such activities. However, Mr. President, as I pointed out at the outset, it must be stressed that it is the intention of the conferees that any new urban-type programs developed pursuant to the provisions in the conference report and any expansion of the "minigrant" program must be along the lines of the urban volunteer activities initially proposed to be carried out under a new categorical program under the new part D that would have been added to title I by S. 239 as introduced and by H.R. 2859 as reported from the House Education and Labor Committee—a categorical program authority, as I have indicated, that was dropped from both bills.

The following are examples of requirements that would apply to the ACTION Agency's initiation of urban-type volunteer activities under the part C authority:

First, in the development and implementation of the program: Consultation between the Directors of the ACTION agency and the Community Services Administration; consultation with the mayor or other chief executive authority of an urban area that the program would serve.

Second, in the selection of the grantee: An application process must be established; public announcement and efforts must be made to notify potential eligibles, including all community action agencies; special consideration must be given to organizations in the area to be served which have demonstrated their effectiveness in serving the client community, and CAA's must be given a presumptive role unless there is strong justification for concluding that another agency in the area would be superior.

Third, program emphasis must be directed toward problems with poverty.

Fourth, administrative expenses may not exceed 15 percent of the amount available for carrying out the program.

Fifth, volunteers serving in the new programs would serve under the same terms, conditions, and restrictions, and would receive and accrue the same allowances and stipends and be subject to the same limitations as volunteers of similar character serving in other programs under the act.

Sixth, regarding any "seed money" activities: Consultation with the mayor or other chief executive authority; limits on the amounts of grants.

POLITICAL ACTIVITIES

Mr. President, both the Senate and House measures contained amendments to the provisions of section 403 of the act. Under section 403(a) of existing law, no part of any funds appropriated to carry out the act, nor any program administered by the ACTION agency, may be used to finance, directly, or indirectly, any activity designed to influence the outcome of any election to Federal office, or any voter registration activity. The Senate bill added "State or local" elections to this prohibition. The conference agreement contains this provision from the Senate bill.

Both the Senate and House measures added provisions aimed at prohibiting activities designed to influence legislation. The Senate bill added such a provision to section 403(a). The House amendment amended section 403(b) to prohibit such activities with respect to both legislative and regulatory bodies and initiative petition activities. The Senate amendment, however, included express exceptions to these prohibitions: First, where a full-time volunteer is requested to make representations by a legislative body, committee or a member thereof, or second, with respect to a part-time volunteer while not serving under the act.

Mr. President, the conference agreement includes a provision which amends section 403(b) to prohibit the use of funds appropriated under the act for activities designed to influence the passage or defeat of legislation or proposals by initiative petition except where a request is made to an employee or volunteer of a program by a legislative body, committee, or member thereof or in connection with an authorization or appropriation measure directly affecting the activities of the program.

Mr. President, the exceptions are intended to identify what both Houses meant by the antilobbying provisions. The latter exception would permit, for example, an older American volunteer program or volunteer to communicate with State or local legislative bodies concerning the appropriation of funds for the operation of such a program or of all similar programs within the State. This exemption is of particular importance for older American volunteer programs because of the requirement under the act that they obtain a "local share." It would also permit volunteers or programs to communicate with legislative bodies with respect to measures which affect the existence or basic structure or operation of a program, and not be limited solely to the ACTION agency-funded portion of the program. A program would also be able to communicate its views on the overall ACTION agency program of which it is a part and not be limited solely to its own participation in the program.

The Senate did not accept the extension of antilobbying provisions to rulemaking or regulatory bodies since public participation is often included as a requirement in the statutory authority for such agencies. Regulations are often published by regulatory bodies solely for the purpose of soliciting input from individuals and groups who might be affected by the proposed regulations. As a policy matter, we felt it would be unwise to close off these legitimate communications.

I believe the provisions of the conference agreement represent a reasonable compromise between the concerns of the proponents of these amendments and the legitimate needs of programs and volunteers to communicate with members of legislative bodies.

INCOME-DISREGARD PROVISIONS

Mr. President, as noted earlier, the conference report contains a provision limiting the application of the income-disregard provisions of existing law to situations where the value of the payments made to a volunteer are less than the Federal minimum wage or, if higher, the minimum wage of the State where a volunteer is serving.

This provision was added to the predecessor Senate bill developed during the 95th Congress—S. 2617—as a floor amendment by the Senator from Kansas Mr. DOLE). He was concerned about the extent of the coverage of the income-disregard provisions in existing law. The present section 404(g) provisions protect Government payments or benefits received by volunteers before their service in ACTION agency programs from being reduced or eliminated by virtue of that service. For instance, older American volunteers do not have their social security benefits reduced because of their participation in either the foster grandparent or senior companion programs.

Senator DOLE was concerned that volunteers who may be receiving payments under ACTION Agency programs that equalled or exceeded the minimum wage might also be receiving other kinds of benefits from other Government programs. He felt that the income disregard provisions needed to be cut off at some point, and that the level of the minimum wage was a reasonable cut-off point. In order to address his concern, we included a provision in the Senate bill to limit the application of the income disregard provision in existing law to payments to volunteers the value of which, when reflecting hours worked by a given volunteer, is less than the minimum wage.

The provision in the conference report is more flexible than the Senate bill provision in that it makes allowance for the higher living costs in States such as Hawaii and Alaska by including as a yardstick the State minimum wage, if higher than the Federal minimum wage, as the limit on application of the income-disregard provision.

NONDISCRIMINATION PROVISIONS AS THEY APPLY TO THE PEACE CORPS

The conference report contains the antidiscrimination provisions in the Senate bill with respect to all volunteer applicants and volunteers, both those serving in the United States and overseas.

Mr. President, I wish to point out that the inclusion in the Senate legislation of the Peace Corps in the provision's prohibitions came long before issuance of the President's Executive Order No. 12137 of May 16, 1979, which designated the Peace Corps as an autonomous agency within the ACTION Agency and delegated to the Peace Corps Director the authorities under the Peace Corps Act which had previously been delegated to the Director of the ACTION Agency. The inclusion of Peace Corps volunteer service in this provision of the Domestic Volunteer Service Act is in no way meant to be inconsistent with the Executive order. In view of the Executive order—which has been expressly sanctioned by the Congress on several occasions—it seems to me necessary and appropriate that the ACTION Agency Director delegate to the Peace Corps Director the authority to administer this provision as it applies to Peace Corps volunteer service, subject to the condition that the regulations pertaining to VISTA and Peace Corps volunteer service be coordinated in order to assure that the treatment for Peace Corps volunteer applicants and volunteers is not inconsistent with the treatment, for this purpose, of domestic volunteer applicants and volunteers.

Such a delegation would, of course, carry with it the responsibility for the Peace Corps Director, in preparing the Peace Corps' regulations, to carry out the specific consultations required by section 417(c)(2). In order to reflect more clearly its present status, the Peace Corps may deem it appropriate to seek the enactment of language in the Peace Corps Act identical to that of the present provision. If such language were later enacted, I would, of course, have no objection to striking the reference to Peace Corps volunteer service from section 417 of the Domestic Volunteer Service Act, as provided for in the conference report.

EARMARKING OF TITLE I FUNDS

Mr. President, section 15 of the conference report earmarks the appropriation of funds under title I. With respect to the service-learning programs authorized by part B of title I, the conference report includes earmarking to assure that after $28 million of a title I appropriation is made available for VISTA during both fiscal years 1980 and 1981, not less than $2.3 million and $1.6 million for each of these years, respectively, must be made available from title I appropriations to carry out the university year for ACTION program, and not less than $500,000 in each such year must be made available for operation of other service-learning programs. The intent here is to guarantee sufficient funding to enable VISTA to support and do so adequately at least the same number of volunteers supported during fiscal year 1979—approximately 4.000—to provide sufficient funding so that the ACTION agency can meet its commitments to current recipients of UYA grants and to provide the same amount of money as is now expended during both those fiscal years for the Agency's technical assistance service-learning efforts, formerly known as the National Student Volunteer program—NSVP—and recently renamed the National Center for Service Learning.

In addition, the conference report provides that not less than 50 percent of the funds appropriated for part C of title I—the Agency's special and demonstration program authority—in each of fiscal years 1980 and 1981 in excess of $2.5 million but not more than $10 million, shall be used to carry out the fixed-income counseling and "Helping Hand" programs.

OTHER SENATE PROVISIONS

Mr. President, I want to make reference to two provisions of the Senate-passed bill which are not included in the conference report. First, the Senate-passed bill contained a nongermane amendment which I had proposed in order to provide authority to the Commissioner of Rehabilitation Services in the Department of Health, Education, and Welfare (section 17) to continue funding, until December 13, 1980, from funds appropriated under section 100 (b)(2) of the Rehabilitation Act of 1973 (Public Law 93-112), entities conducting projects under section 130 of that public law prior to the enactment of the Rehabilitation, Comprehensive Services, and Developmental Disabilities Act of 1978 (Public Law 95-602). However, because we were unable to complete action on this measure prior to the close of the 1979 fiscal year, this provision became moot.

The second provision in the Senate-passed bill was contained in a separate title II which was offered as a floor amendment by the Senator from Minnesota (Mr. DURENBERGER). This provision would have established a Commission on Volunteerism to study the appropriate roles for persons of all ages and all socioeconomic levels in volunteering in our Nation. I welcomed this initiative because I felt that such a Commission could serve a constructive purpose in helping us to consider, in a careful manner, what more could be done to promote volunteerism. I offered a floor amendment, which was accepted, to require a focus, in the course of the study, on a comprehensive approach to youth participation in volunteering. However, both the House and Senate conferees became aware of the concern from interested groups about the establishment of such a Commission and a strong desire on their part to have input into the direction and composition of such a Commission.

During the conference, Mr. President, the House conferees expressed their desire to hold hearings on this subject so that all of these views could be taken into account. The Senate-sponsor of this provision also has indicated his willingness to follow this approach.

CONCLUSION

Mr. President, this legislation contains important new provisions to enable the ACTION agency to carry out more effectively its responsibilities to the people and the communities its programs are designed to serve, to the hundreds of thousands of individuals who give so selflessly of their time and energies in making those programs work, and to the potential volunteers in America who have the resources to contribute so much to the betterment of our society. The authorizations of appropriations it contains will pave the way for an appropriations measure that, I hope, will enable these programs to reach the goals set out for them by the administration and the Congress. I urge my colleagues to give their full support to the conference report on S. 239.

Mr. President, I want to express my appreciation to the members of my staff, Fran Butler, Susanne Martinez, Mary Lopatto, Joanne Harrison, and Jon Steinberg, and Judy Waggner, Carole Ansheles, and Bill Gaul of the staff of the House Education and Labor Committee as well as the Senate and House legislative counsels, Blair Crownover and John Cimko, for their assistance on this conference report.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 239) to authorize appropriations for programs under the Domestic Volunteer Service Act of 1973, to amend such Act to facilitate the improvement of programs carried out thereunder, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendment to the text of the bill struck out all of the Senate bill after the enacting clause and inserted a substitute text.

The Senate recedes from its disagreement to the amendment of the House with an amendment which is a substitute for the Senate bill and the House amendment. The provisions of the Senate bill, the House amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

CAREER DEVELOPMENT PLAN FOR VISTA VOLUNTEERS

Time when provided

Both the Senate bill and the House amendment provide that the post-service career development plan required by existing law for all low-income VISTA volunteers be provided within 30 days after the volunteer's assignment, rather than, as at present, prior to such assignment.

The conference agreement includes this provision.

Provision to other volunteers

The Senate bill requires the Director to offer and provide, upon request, such a career development plan to any other VISTA volunteer enrolled in a program under title I for a period of full-time service of one year or more.

The House amendment does not contain a comparable provision.

The House recedes.

ASSIGNMENT OF VISTA VOLUNTEERS AND TERMINATION AND RENEWAL OF PROJECTS

The Senate bill adds the following requirements to the provision in existing law regarding the disapproval by a Governor or other chief executive officer of a State of the assignment of VISTA volunteers: (1) that such a disapproval of a proposed project by the chief executive officer must be made in writing within 45 days after submission of notice to him, supported by a statement of reasons for the disapproval, and (2) that the Director shall terminate an ongoing project or program, or the assignment of a particular volunteer, not later than 30 days after a request to do so is made, in writing supported by a statement of reasons, by the chief executive officer, or at such later date as is agreed upon by the Director and the official.

The House amendment provides for disapproval of VISTA projects and termination of volunteers at the request of local officials, and adds a new section prohibiting the Director from renewing any contract or grant to carry out any project under the Act if the chief executive officer of the State involved does not concur in such renewal, and providing that if any mayor or other local authority objects to a renewal the Director take this objection into account in deciding whether to renew the project.

The conference agreement includes the Senate provision relating to assignment of VISTA volunteers and a new section 424 relating to all programs carried out under the Act which provides that if the executive authority of any local or State government submits to the Director, not later than 30 days before the expiration of any contract or grant, a statement objecting to the renewal of such contract or grant, the Director shall review such statement and take it into account in determining whether to renew such contract or grant and shall submit to such executive authority a written statement of reasons regarding the Director's determination with specific reference to any objection so submitted.

VISTA VOLUNTEER STIPENDS

Both the Senate bill and the House amendment provide that accrued stipends may be payable during the period of a volunteer's service, in accordance with regulations prescribed by the Director.

The conference agreement includes this provision.

VISTA GRANTS AND CONTRACTS

The House amendment reduces from 20 percent to 15 percent the limitation in existing law on obligation of title I, part A (VISTA), funds for grants and contracts under section 402(12).

The Senate bill provides for a ceiling of $5,800,000 for fiscal year 1980 for such purpose and that in no case shall funds obligated in fiscal year 1980 support a greater number of volunteer service years than during fiscal year 1979. In addition, the Senate bill requires that the recipients of any new VISTA project administered through such a grant or contract be selected through a competitive process which shall include (1) public announcement and (2) a requirement that each applicant and any resultant grant or contract clearly identify the poverty problems on which the project will focus.

The conference agreement includes both provisions, but raises the percentage in the House amendment from 15 percent to 16 percent to be consistent with the effects of the restrictions in the Senate bill.

SERVICE IN UNIVERSITY YEAR FOR ACTION PROGRAMS

The House amendment provides that volunteers serving in University Year for ACTION (UYA) programs may be enrolled for periods of service of not less than the duration of an academic year, rather than the existing law requirement of a full year.

The Senate bill does not contain a comparable provision.

The Senate recedes with an amendment providing that volunteers so enrolled for less than 12 months may not receive stipends under section 105(a)(1). The conferees believe that the practice of enrolling students for a full-year commitment with the expectation that they will resign after nine months should be discontinued and that any

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The House recedes with an amendment adding programs to provide technical and management assistance to distressed communities. It is the intention of the conferees that the conditions set forth in the new part D which would have been added to title I by S. 239 as introduced and by H.R. 2859 as reported be applied to the carrying out of any urban volunteer activities that would have been authorized by that new part.

Recruitment, selection, and training of special volunteers

The Senate bill restates and clarifies the authority in existing law for the Director to provide for the recruitment, selection, and training of volunteers for programs authorized by title I, part C.

The House amendment does not contain a comparable provision.

The Houses recedes.

Support for and conditions of service of part-time, short-term volunteers

Both the Senate bill and the House amendment authorize the Director to provide support for part-time, short-term volunteers and clarify the status of full-time title I, part C, volunteers. The Senate bill, but not the House amendment, provides that full-time volunteers enrolled for periods of 1 year or more shall be subject to the provisions of section 103(d) relating to veto by the Chief Executive officer of a State.

The House recedes.

Report on programs established

The Senate bill requires a report to the appropriate committees of Congress, not later than 18 months after funds are first made available after the date of enactment of this legislation, on the programs, activities, grants, and contracts made, and the specific arrangements for the evaluations of such programs, activities, grants, and contracts.

The House amendment does not contain a comparable provision.

The House recedes.

POLITICAL ACTIVITIES

State and local elections

The Senate bill adds a prohibition on the use of funds to finance, directly or indirectly, any activity designed to influence the outcome of any election to "State or local", as well as (at present) Federal, office.

The House amendment does not contain a comparable provision.

The House recedes with a technical amendment.

Lobbying

The Senate bill amends section 403(a) to add to the prohibitions there a prohibition on the use of ACTION Agency funds or programs for the purpose of financing any activity designed to influence a member of a State or local legislative body on any legislative or appropriation measure, with the proviso that this shall not prevent communication with or provision of information to any such member by a part-time volunteer when not serving as a volunteer or, at the request of such member, committee, or legislative body, by any full-time volunteer.

The House amendment amends section 403(b) to (1) provide that programs assisted under the Act may not be carried out "in any manner for the purpose of providing assistance for" any of the activities prohibited in section 403(b) rather than the provision in existing law which prohibits the carrying out of those activities "in a manner supporting or resulting in the identification of such programs" with the prohibited activities, and (2) add a prohibition on programs furnishing any assistance in connection with partisan or non-partisan attempts to influence the passage or defeat of any Federal, State, or local legislation, referenda or other ballot initiatives, or any rulemaking or regulatory action.

The conference agreement provides that no funds appropriated to carry out this Act shall be used by any program for activities for the purpose of influencing the passage or defeat of legislation or proposals by initiative petition, and clarifies that this anti-lobbying provision does not preclude (1) communications where a legislative body, a committee of a legislative body, or a member of a legislative body requests any volunteer in, or employee of, such a program to draft, review, or testify regarding measures or to make representations to such legislative body, committee, or member, or (2) in connection with an authorization or appropriation measure directly affecting the activities of the program. It is the intention of the conferees that "measure directly affecting the activities of the program" not be interpreted to be limited solely to a measure affecting the ACTION-Agency-funded portion of a particular program's activities, but rather be interpreted to mean any measure affecting the existence or basic structure or operation of the program.

RECEIPT OF ASSISTANCE OR SERVICES UNDER OTHER FEDERAL PROGRAMS

Clarification of status of low-income VISTA volunteers

Both the Senate bill and the House amendment provide that full-time volunteers under title I otherwise entitled to receive assistance under Federal Government programs before their enrollment shall not be denied assistance because of a failure to seek or accept employment or training during periods of volunteer service.

The conference agreement contains this provision.

Effective date

The House amendment establishes an effective date of October 1, 1979 for the provision.

The Senate bill does not contain a comparable provision.

The House recedes.

Limitation on income-disregard provisions

The Senate bill adds an exception to the income-disregard provisions in existing law to limit the application of that provision to volunteer payments with a value of less than the Federal minimum wage.

The House amendment does not contain a comparable provision.

The House recedes with an amendment providing that the income-disregard provisions shall continue to apply as long as the Director determines that the value of such payments does not exceed the State's minimum wage if higher than the Federal.

VOLUNTEER EXPERIENCE

Both the Senate bill and the House amendment provide for the Director, in consultation with the heads of other departments and agencies, to take appropriate steps to encourage employers to take into account experience in volunteer work in the consideration of applicants for employment and in preparing employment application forms. The Senate bill, but not the House amendment, specifically includes consultation with the Director of the Office of Personnel Management and the Secretaries of Labor, Commerce, and the Treasury.

The House recedes.

REGIONAL DISTRIBUTION

The Senate bill provides that benefits and services under the Act be distributed equitably among the various regions of the country in addition to the requirement in existing law for equitable distribution between residents of rural and urban areas.

The House amendment does not contain a comparable provision.

The Senate recedes.

APPLIÇATION OF OTHER FEDERAL LAWS

Volunteers covered

The House amendment provides that, in addition to the full-time volunteers presently deemed to be Federal employees for the purposes of the Hatch Act, the Internal Revenue Code of 1954, title II of the Social Security Act, the Federal Tort Claims Act, and the Federal Employees' Compensation Act, all other full-time volunteers who serve 8 weeks and part-time volunteers enrolled for at least 20 hours per week for 26 or more consecutive weeks shall also be deemed Federal employees as the Director determines appropriate for the purposes of these Acts.

The Senate bill provides for the same coverage but does not limit coverage of full-time volunteers in terms of the length of their service.

The House recedes.

Levels of compensation

Both the Senate bill and the House amendment provide that, for the purpose of treating volunteers as Federal employees for the purposes of the Federal Employee's

Compensation Act, the annual rate of pay for a full-time volunteeer shall be deemed to be the entry salary for a GS–7 employee.

The Senate bill provides that the annual rate of pay for a part-time volunteer shall be deemed to be the entry salary for a GS–7 or an appropriate portion thereof as determined by the Director. The House amendment provides that the annual rate of pay for a part-time volunteer shall be deemed to be the entry salary for a GS–2.

The House recedes.

Application of Federal Tort Claims Act

Both the Senate bill and the House amendment, with technical differences, add a new provision to the Act to make the Federal Tort Claims Act the sole available remedy of an individual claiming medical malpractice as a result of actions by a volunteer serving in a health-care capacity. The House amendment, but not the Senate bill, applies the new provision to only full-time volunteers.

The House recedes.

NONDISCRIMINATION PROVISIONS

Both the Senate bill and the House amendment expand the various nondiscrimination provisions in existing law to cover volunteer applicants and volunteers serving in ACTION Agency programs under title I of the Act, and provide for a remedy process. The Senate bill, but not the House amendment, extends coverage to all volunteer applicants and volunteers serving in ACTION Agency programs. The Senate bill requires the Director, in preparing the handicapped discrimination regulations, to consult with the Rehabilitation Act title V Interagency Coordinating Council, whereas the House amendment specifies such consultation with the Secretary of Health, Education, and Welfare.

The House recedes.

LEGISLATIVE VETO AND REPORTING REQUIREMENTS

The House amendment adds a provision including the requirements of section 431 of the General Education Provisions Act (20 U.S.C. 1232), relating to the Congressional review and veto of regulations, with two differences: (1) section 420(a)(1) adds that any regulation, as defined, prescribed by the Director shall not have the standing of a Federal statute and (2) section 431(f) of the General Education Provisions Act is not included.

The Senate bill does not have a comparable provision.

The Senate recedes with a substitute amendment requiring the publication in the Federal Register of regulations prescribed under the Domestic Volunteer Service Act of 1973, submission of such proposed regulations to the Education and Labor Committee of the House of Representatives and the Labor and Human Resources Committee of the Senate, delaying the effective date of regulations until 30 days after publication in the Federal Register (and final regulations until 45 days after submitted to such Committees) unless the Director waives such requirement on the basis of a determination (and so notifies the Committees) that such delay would cause substantial hardship for the intended beneficiaries of a program, requiring the Director to submit to those Committees, not later than 60 days after the date of the enactment of any part of any Act affecting the administration of any program under the Domestic Volunteer Service Act of 1973, a timetable for promulgation of all regulations implementing such former Act or part of such Act which timetable shall provide that all final regulations be prescribed within 180 days after submission of the schedule, unless the Director determines that, due to circumstances unforeseen at the time of submission of such a schedule, the schedule submitted cannot be met, and providing that, under such circumstances, the Director need not comply with the original schedule but rather shall submit a notice of such determination, including a statement of reasons, to the Committees along with a new schedule which shall be considered as the schedule originally submitted, thereby beginning anew the submission-of-schedule process.

REDUCTION OF PAPERWORK

Both the Senate bill and the House amendment provide for the Director to take such action as may be necessary to reduce paperwork under the Act. The House amendment, but not the Senate bill, makes references to chapter 35 of title 44, United States Code, relating to coordination of Federal reporting services.

The House recedes. It is the expectation of the conferees that the Director will adhere to the provisions of 44 U.S.C. 3501 *et seq.*, relating to the coordination of Federal reporting services, in carrying out this provision.

AUTHORIZATION OF APPROPRIATIONS

Title I

The Senate bill authorizes the appropriation of such sums as may be necessary under section 501 for title I programs for fiscal years 1979, 1980, and 1981.

The House amendment authorizes the appropriation for this purpose of $42,413,000 for fiscal year 1980 and such sums as may be necessary for fiscal year 1981.

The House recedes.

Poverty earmark in title I

The Senate bill strikes out $29,600,000 and inserts in lieu thereof 80 percent as the minimum amount of appropriated funds to be expended on title I programs designed to eliminate poverty and poverty-related problems.

The House amendment does not contain a comparable provision.

The Senate recedes.

VISTA earmark

The Senate bill strikes out a provision referring to a minimum amount of funds ($22,300,000) to be expended on programs authorized under part A of title I and strikes out the requirement that funds appropriated in excess of $37,600,000 be allocated so as to provide for a commensurate increase in the funds available for part A.

The House amendment does not contain a comparable provision.

The Senate recedes.

Earmark of title I, part B, funds

The Senate bill (1) allows up to 13 percent of the first $4,000,000 in title I, part B, appropriations to be used for programs other than UYA, rather than not more than 10 percent of the first $6,700,000 as in present law, and (2) notwithstanding that limitation, allows for one-third of the first $1,000,000 appropriated for part B programs to be used for continuation of programs, other than UYA, of demonstrated effectiveness.

The House amendment eliminates the existing 10-percent limitation and provides (1) that not less than $873,000 (the amount of the Administration fiscal year 1980 budget request) shall be available for the operation of service-learning programs under section 114 for each of fiscal years 1980 and 1981 and (2) that not less than $3,200,000 shall be available for UYA programs for fiscal year 1980 and not less than $2,200,000 for fiscal year 1981.

The conference agreement provides that (1) up to 22 percent of part B appropriations may be used for programs other than UYA and (2) of the funds appropriated for each of fiscal years 1980 and 1981 for carrying out title I not less than $28,000,000 shall first be available for the purpose of carrying out part A of the title, and, of the funds appropriated in excess of $28,000,000, not less than $2,300,000 and $1,600,000 in the two fiscal years, respectively, shall be available for the operation of UYA in each such year, and not less than $500,000 in each such year shall be available for the operation of other service-learning programs.

Earmark of title I, part C, funds

The Senate bill requires that not less than 50 percent of title I, part C, funds exceeding the fiscal year 1979 level of appropriations shall be used to carry out the fixed-income counseling and "Helping Hand" programs.

The House amendment does not contain a comparable provision.

The House recedes with a substitute amendment providing that not less than 50 percent of the funds appropriated for title I, part C, in fiscal years 1980 and 1981 in excess of $2,500,000 but not more than $10,000,000 shall be used to carry out the fixed-income counseling and "Helping Hand" programs.

Title III

The Senate bill authorizes the appropriation of such sums as may be necessary for fiscal year 1979 for title III programs now reauthorized in the Small Business Act as a result of P.L. 95–510.

The House amendment does not contain a comparable provision.

The Senate recedes.

Title IV

The Senate bill authorizes the appropriation of such sums as may be necessary for title IV—Program Administration—for fiscal years 1979 and 1980. The House amendment authorizes such appropriations for fiscal years 1980 and 1981.

The conference agreement authorizes the appropriation of such sums as may be necessary for title IV for fiscal years 1979, 1980, and 1981.

REPORT ON RURAL PROGRAMMING

Both the Senate bill and the House amendment provide for the Director of the ACTION Agency to report to Congressional Committees on special needs and circumstances to be addressed in designing programs under the Act in rural areas. The House amendment, but not the Senate bill, specifies that the report be submitted only to the authorizing Committees and spells out the content of the report in more detail.

The conference agreement incorporates the Senate provision with the House description of the report contents.

STIPEND INCREASES FOR FULL-TIME VOLUNTEERS

Both the Senate bill and the House amendment amend section 5(b) of Public Law 94–130 (the 1975 Peace Corps Act Amendments) by striking out the last sentence thereof in order to permit appropriations for the increase in the stipend for full-time volunteers to $75 per month, as authorized in that law, without specifically providing for the increase in any appropriations Act.

The conference agreement contains this provision.

REHABILITATION AMENDMENTS

The Senate bill authorizes the Commissioner of Rehabilitation Services to continue funding until December 31, 1980, from funds appropriated under section 100(b)(2) of the Rehabilitation Act of 1973 (P.L. 93–112). This amendment addresses a situation which arose when the statutory authorities under which such entities were receiving grants were struck by certain provisions of the Rehabilitation, Comprehensive Services, and Developmental Disabilities Act of 1978 (P.L. 95–602).

The House amendment does not contain a comparable provision.

The Senate recedes.

LIMITATION ON CONTRACTS AND PAYMENTS

The House amendment provides that the Director may enter into contracts or make payments under the Act only to the extent or in such amounts as are provided in appropriations Acts.

The Senate bill does not contain a comparable provision.

The House recedes.

COMMISSION ON VOLUNTEERISM

The Senate bill authorizes the establishment of a Commission on Volunteerism.

The House amendment does not contain a comparable provision.

The Senate recedes.

TITLE OF THE BILL

The House recedes from its amendment to the title of the bill.

EXHIBIT 1

ACTION,
Washington, D.C., November 1, 1979.

Hon. HARRISON A. WILLIAMS,
Chairman, Committee on Labor and Human Resources, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Attached is a report analyzing the differences between S. 239 and H.R. 2859, of which are entitled the "Domestic Volunteer Service Act Amendments of 1979." The report is divided into two sections—one devoted to provisions which we consider to be of major importance, and the other containing less significant provisions. Within each section, the comments basically follow the order of H.R. 2859. The report also indicates which of the provisions we believe will best serve the needs of our programs.

I hope it will be useful to you and the other conferees as you consider these two bills.

The Office of Management and Budget has advised that there is no objection to submission of this report from the standpoint of the Administration's program.

Sincerely,

SAM BROWN,
Director.

NOVEMBER 1, 1979.

REPORT TO CONFEREES ON DIFFERENCES BETWEEN S. 239 AND H.R. 2859

MAJOR DIFFERENCES

1. Mayor's Veto. The House Bill authorizes mayors and other local officials to veto VISTA projects in their jurisdictions, and to require the withdrawal of volunteers upon request. The Senate bill contains no similar provision. This provision would make it possible for a county to deprive a smaller jurisdiction (such as a city or town in the county) of a program it wanted to have. It would also make virtually impossible programs dealing with migrant needs where volunteers move with the migrants. It would impose tremendous administrative burdens everywhere, particularly in sparsely populated areas where a few volunteers provide services over a wide area. We favor deletion of this requirement.

2. VISTA Grants. The House bill limits the amounts available for VISTA grants to 15 percent of the VISTA appropriation. The present limit is 20 percent. The Senate is $5,800,000 in fiscal year 1980. We favor the Senate provision.

The Senate bill also requires that all new grants be made pursuant to a competitive process, after public announcement of the criteria and process of selection. The competitive process is appropriate for national, or multi-regional grants, but should not be applicable to local or regional grants. These smaller grants are frequently made to grass roots organizations which are serving a significant poverty population, but are not expert grant application writers. They need the technical assistance of ACTION state and regional staff in the preparation of the application. Under a competitive system, the agency cannot give such assistance. The competitive process, in such cases, impedes the ability of ACTION to serve the poor by putting the emphasis on excellence in application writing rather than the needs of the poor.

3. Service-Learning Programs. The House bill eliminates the requirement that 90 percent of the funds appropriated for Service Learning Programs be allocated to UYA, and earmarks funds for UYA in the authorization of appropriations section. The Senate bill increases the percentage available to non-UYA programs to 13 percent and lowers the amount to which it applies to $4,000,000. One third of the first $1,000,000 may be used for non-UYA projects. The House bill also rewrites and clarifies Section 114(c), relating to non-UYA projects.

We prefer the approach contained in the House bill. The Senate provision links two essentially unrelated programs and, we believe, contains a serious ambiguity which makes it difficult to determine how much may be used for non-UYA projects. The changes made in this section are related to the earmarkings of authorizations, and should be read in conjunction with our comments on authorizations.

4. Urban Programs. Both the Senate and House bills clarify the agency's authority to conduct the programs proposed as a separately authorized Urban Volunteer Program under the general authority of Part C of Title I of the Act—Special Volunteer programs.

We believe the House version is preferable. The Senate bill earmarks 50% of all new funds appropriated for Part C of Title I for two new programs—Fixed Income Consumer Counselling and "Helping Hand," a program of deinstitutionalization for older persons, handicapped persons, and others. We oppose this provision which would seriously impair the agency's ability to conduct demonstration programs in program areas unrelated to the Urban program, since each dollar proposed for a demonstration project would have to be matched by a dollar for the two specified programs. As with Service Learning Programs, we believe that earmarking of funds should not be embedded in general programmatic description. If the Congress decides to earmark a part of the funds available for Part C for these programs, the earmarking should be in the authorization of appropriations, contained in Section 501.

Additionally, the House version specifically mentions all four of the proposed Urban programs—Technical and Management Assistance, and small seed-money grants to neighborhood organizations, as well as Fixed Income Consumer Counselling and "Helping Hand." While we believe sufficient authority exists for all these programs in existing legislation, we believe the language contained in the House bill would be helpful.

SENATE BILL

Section 107 of S. 239 amends Section 403(a) of the Domestic Volunteer Service Act of 1973 (the Act) in two ways:

1. It would add a prohibition on the use of federal funds to finance activities which are designed to influence the outcome of state and local elections to the present ban on the use of funds to influence federal elections. This provision repeats a prohibition which is already contained in Section 403(b), and is unnecessary.

2. It adds a provision, based on 18 U.S.C. § 1913, which would prohibit the use of federal funds for activities designed to influence, directly or indirectly, a member of a State or local legislative body on any legislative or appropriations measure either before or after the introduction of a bill or resolution. The provision contains two exceptions:

a. It does not apply to part-time volunteers when not actually serving. This exception is meaningless, since the prohibition on "use of federal funds" clearly would not apply to what part-time volunteers do when not serving.

b. It does not apply to communications of full-time volunteers at the request of a member, committee or legislative body. A serious problem with this exemption is that it does not deal with communications from staff members, who are often requested to appear and testify.

HOUSE BILL

The House amendment (Section 8 of H.R. 2859) is placed in Section 403(b). Since Section 403(b) deals with restrictions on the use of federal funds at all levels of governments, it seems a more logical placement than Section 403(a), which, as presently written, deals only with federal elections.

The language of the House amendment changes the language of the prohibition on use of federal funds from "in a manner supporting or resulting in the identification of such programs with" [the prohibited activities] to "in any manner for the purpose of providing assistance to" [the prohibited activities].

This change makes the prohibition more specific, and will make it easier to enforce. We recommend its adoption.

The House bill also expands the list of prohibited activities to include a "partisan or nonpartisan attempt to influence any legislative action of the Congress, any State legislative, any local council or similar body, or in connection with any referendum, initiative, constitutional amendment or similar procedure, or any other such activity which is prohibited by law, or by a published rule of any such legislative body."

While the House bill, unlike the Senate bill, does not contain specific exemptions, it is clear that Rep. Biaggi's substitute for the original amendment by Rep. Kramer was intended to recognize that some types of contact with legislators are not "lobbying" within the meaning of the prohibition.

Among the examples given by Biaggi of permissible activities were:

1. Testimony by witnesses before legislative bodies and

2. Requests by project officials or volunteers to legislatures for the appropriation of matching funds.

Congressman Simon added the example of a senior citizen group or church group which has an ACTION project or volunteers going to the State legislature or to Congress or the City Council for necessary legislation as a permissible activity.

Rep. Simon summarized the intent of the provision as prohibiting "what is now in the regulations of the ACTION organization . . ."

The provision ultimately adopted should deal only with state and local activities. Use of federal funds to influence Congress are already prohibited by 18 U.S.C. § 1913. An additional prohibition in different language would cast doubt on well-established procedures presently being followed by the agency in its relationships with Congress.

In addition, the exceptions contained in the Senate bill should be redrafted to make clear that the prohibition does not apply to:

1. Communication with legislators or provision of information by any person at the request of a member, committee or legislative body.

2. Requests to legislative bodies, in accordance with the rules of such bodies, for legislation or the appropriation of funds relating to the programs authorized by the Act.

Both these exceptions are consistent with the intent of the House bill. They authorize activities which are clearly proper, and which are, in some instances, vital to the success of the volunteer programs. For instance, projects in all 50 states receive state or local appropriations to help meet legally required savings in the out-of-pocket expenses that traditional health plans require.

The survey urges individual government workers to study thoroughly the various plans and their own personal medical care needs before finally selecting one. This was particularly important, the magazine said, if an individual or family is expecting unusual expenses, such as bills for dental or psychiatric care, that one plan might cover and another with the same premium might not.

Such insurance choices are relevant at the moment for federal and D.C. government workers, the magazine said, because the workers have their annual opportunity to switch insurance plans between next Monday and Dec. 7.

The magazine said that the vast differences between plans could easily be illustrated by comparing their highly ranked GEHA plan for a family of four with the lowly ranked Blue Cross-Blue Shield high option plan.

The study showed that in an average year the GEHA plan would cost about $680, including $235 in premiums and about $445 in unreimbursed expenses. The Blue Cross plan for about the same coverage will cost $1,040 in an average year, about $360 more than the GEHA plan.

While the Blue Cross plan would reimburse a greater proportion of a patient's bills, the premiums will be more than $450 higher.

"Over a 20-year period you will probably save over $5,000 by selecting GEHA," the magazine said. "Of course everyone would not have this much, and some families would actually come out ahead under the Blue Cross high option plan. But other families, the luckiest ones, would come out even more than $5,000 ahead under GEHA."

Washington Consumers' checkbook is published by the nonprofit Washington Center for the Study of Services, a group that previously has produced surveys of a variety of often-used consumer services.

Mr. DURENBERGER. Mr. President, briefly, my proposal is an attempt to apply the principles of competitive markets to our system for providing health care coverage. The theory of competitive markets is, of course, the basis of the American economy. The market approach is an effective alternative to greater Federal regulation and control of our health care system.

While Government regulation is becoming the norm for health care, there are areas in the country which have turned to the competitive-incentive model as a more appropriate means for the delivery of health care services. The Twin Cities of Minnesota is one area where competition is working. I have included with the bill an article describing the Minnesota experience. I would also like to call my colleagues' attention to an article which appeared in the Washington Post describing how the smart consumer can make an intelligent choice in choosing health insurance.

CONCERN FOR THE HOSTAGES IN IRAN

Mr. JEPSEN. Mr. President, I wish to echo the sentiments and comments of my distinguished colleague from Alaska (Mr. STEVENS) in regard to his request that all America should pray for the safety of those Americans being held hostage by some in Iran.

I also add that I hope we all pray for the President, and all those that govern and rule, that they may be given not only the wisdom, but the patience and the good fortune to do the things that need to be done, the way they ought to be done, in order that we might again have all our Americans safe at home with us.

MEALS ON WHEELS

Mr. JEPSEN. Mr. President, I ask unanimous consent to have printed in the RECORD ‘Self-Help Gets a Swift Kick," published in the Washington Star on October 28, 1979.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SELF-HELP GETS A SWIFT KICK

(By Michael Balzano)

"Resolved . . . that in recognition of the selfless service performed, the president is hereby authorized and requested to issue a proclamation designating the week of September 16 through 22, 1979, as 'National Meals-on-Wheels Week' . . ." With these words, the Congress prepared to celebrate the 25th anniversary of a typically American phenomenon.

But only a few weeks earlier HEW's Administration on Aging (AOA) unveiled draft regulations for a new federal home-delivered meals program; if left unchanged, these regulations threaten to drive Meals-on-Wheels right off the road.

Some birthday present! By any standard, these thousands of neighborhood programs constitute the very model of what has always been valued most in this country; tens of thousands of volunteers identifying a genuine community need, amassing private resources, and meeting that need—with a minimum of bureaucratic fuss and a maximum of effective service.

Every day for 25 years now, and often twice a day, these local, private, non-profit programs deliver hot meals (and often essential ties with the outside world) to the home bound. Most of them are old—but they need not be 60 years of age or older. Many pay some or all of the cost of the meals; others pay none. Local churches and charities make up the deficit. The programs are tailored to virtually individual situations—and apparently they work.

In 1972, responding to no less worthy a need but quite a different one, Congress amended Title VII of the Older Americans Act to authorize a so-called congregate nutrition program. These programs serve a hot meal to senior citizens (60 and over) five days a week in a group—congregate—setting. There is no means test or charge for the meals, voluntary contributions are accepted. Last year these congregate centers served some 500,000 meals a day at an annual cost to the taxpayers of more than $300 million.

So, for about six years now, there have been two nationwide networks providing meals to the elderly, each with a legitimate, different, and apparently complementary purpose; voluntary meals-on-wheels programs serving the homebound, and federal Title VII programs serving the physically mobile. The one was a citizens' effort, locally designed, flexible, and privately supported; the other, necessarily encumbered by federal regulation ranging from the nutritional content of the meals to equal opportunity requirements for the hired staff. The one represented no appreciable drain on the U.S. Treasury, the other a considerable one.

In 1978, Congress began debating the creation of a national, federally funded, home-delivered meals program. It was principally concerned with the nutrition needs of the homebound elderly and saw in meals-on-wheels a logical vehicle for getting the job done.

The legislation was supported by both the National Association of Title VII Project Directors, representing existing federal grantees, and by the National Associations of Meals Programs (NAMP), representing a number of meals-on-wheels programs. But the two groups disagreed on how the funds should be channeled. The Title VII directors argued that their network of congregate centers should operate the federal meals-on-wheels services—with the private programs participating only under the authority of Title VII grantees, not as direct recipients of federal grants.

NAMP's case, in contrast, was that the local voluntary programs were already in place, had a proven track record, needed money to meet a growing demand with which charitable contributions were not keeping pace, and ought to be eligible to receive federal grants. They should remain reasonably autonomious, free of burdensome federal regulations, and serve as conduits—draining off almost nothing in overhead—for federal aid to those who need it. What NAMP had in mind was a partnership, not absorption.

Another sort of concern was expressed by local programs that did not themselves want federal funds but feared the impact of a new federal meals-on-wheels program growing out of the Title VII centers. They assumed—quite rightly as it turned out—that the two different services would operate under the same guidelines—that meals would be free and that their own "pay if and what you can" principle would not be able to withstand that competition.

As passed by Congress on October 18, 1978, the meals-on-wheels bill was incorporated into amendments to the Older Americans Act that greatly expanded social services for the elderly. Still, NAMP had solid grounds for believing that it was the intent of Congress to expand meal service to the homebound by using local voluntary meals-on-wheels programs as the main vehicle. Many members of the Senate and House authorizing committees said it was, including the chairmen, Senator Thomas Eagleton and Representative John Brademas: "In awarding funds, first consideration must be given to organizations like Meals on Wheels . . ." (Letter to The Washington Star, July 21, 1978).

Moreover, Congress provided two separate authorizations, one for the existing congregate programs and another for home-delivered meals. This was taken as a signal of congressional intent that meals-on-wheels programs would be eligible for direct grants from the area agencies and not subsumed under the authority of Title VII projects. Finally NAMP was assured by the commissioner on aging that the regulations would specifically protect the local voluntary programs from being forced out of business by Title VII competition.

On July 31, 1979, the draft regulations finally appeared in The Federal Register. The key provision states: "The area agency may only award funds for home delivered meals to a service provider that also provides congregate meals." This flatly rules out all but a handful of the voluntary meals-on-wheels programs from eligibility for direct federal grants—since, by definition, it is not their purpose to serve congregate meals. It also eliminates the possibility of funding any home-delivered meals services in areas where no congregate meal center exists.

So much for congressional intent and signals, and so much for the commissioner's assurances!

A NARROW READING

Now, assuming some rationality in the universe and honorable intentions all around, the question has to be, Why? Why these provisions in the regulations? In a July 12, 1979 letter to NAMP, the commissioner on aging justified them as mandated in the statute itself. He cited a clause that says, with respect to nutrition services:

OTHER DIFFERENCES

1. Carter Planning Services. We recommend that the proposal that career planning services be made available to all volunteers on request, rather than to low income volunteers, as is presently required be dropped from Section 101 of S. 239. Providing such services would place an additional financial burden on the VISTA program, and would divert career planning services from low-income volunteers, who need them most.

2. Governor's veto provisions of S. 239. The requirement that governors provide reasons for their vetoes of VISTA projects, contained in Section 101 of S. 239 will provide a legislative basis for what has, in practice, usually occurred. We do not, however, support the extension of the Governor's veto power to VISTA-type projects funded under Part C of Title I of the Act, as would be required by Section 105. Full-time volunteers in programs under Part C have, in the past, been utilized in demonstration activities such as VETREACH and the Program of Local Service. The proposed legislation would present difficult problems of interpretation and unnecessarily restrict the agency's ability to experiment with new program applications.

3. Service Learning Programs. We support the proposal contained in Section 5 of H.R. 2859 to permit enrollment of UYA volunteers for an academic year rather than a full calendar year. We also support the revisions to Section 114 of the Act contained in Section 5. These revisions more accurately describe the intended scope of activities carried out under this section, formerly known as the National Student Volunteer Program and Youth Challenge, and now grouped together as the National Center for Service Learning.

4. Amendment to the Section 404(g) income disregard provision. This amendment would make ineligible for the income disregard provisions of Section 404(a) (relating to eligibility for public assistance benefits) any volunteer whose allowances exceed the minimum wage, after taking into account the number of hours the volunteer serves. Volunteers are paid allowances, based on their need to live at the level of the people they serve. Allowances average $317 per month, far below the minimum wage. In some high cost of living areas, notably Alaska and Hawaii, it is possible that allowances may exceed the minimum wage for a 40 hour week. The cost of living which is the basis for volunteer allowances, is unrelated to minimum wage legislation.

Since volunteers must be "available for service without regard to regular working hours" it is possible that they would not be affected by this provision. However, the provision would have to be administered on an individual basis, week by week, using a system of computation entirely different for that used for all other volunteers. This would place a severe administrative burden on volunteers and sponsors. Since the penalty is severe (loss of eligibility for public assistance), we could not in good conscience ask low-income individuals to serve in areas where their allowances might, on some occasions, exceed the minimum wage without warning them of the possibility that they might lose their public assistance benefits. The result of the provision would undoubtedly be that there would be few, if any, low income volunteers serving in Alaska and perhaps in Hawaii.

We believe that all volunteers should be treated equally. This provision would introduce a serious inequity for low income people living in high cost of living areas. We recommend that the conferees delete it.

5. Volunteer employment status (workers compensation, Tort Claims, Hatch Act, etc.) S. 239 extends eligibility for these employment coverages under section 415(b) of the Act to all full-time volunteers who are enrolled for a period of service of at least 8 weeks. Usually, the applicability of benefits and restrictions of the type authorized by section 415(b) is determined by whether an employer-employee relationship exists, and not on the length of time the relationship is expected to continue. Special government employees (consultants and experts) are covered by provisions of this type even if they work only a single day. We prefer the language of S. 239, which would treat all full-time volunteers equally for the purposes of these coverages.

H.R. 2859 provides Workers Compensation at the GS–2 level for part-time volunteers serving at least 20 hours per week for at least 26 weeks. S. 239 provides coverage for such volunteers at an "appropriate portion" of the GS–7 level, as determined by the Director. We prefer the H.R. 2859 provision, which provides a specific rate of compensation which can be determined without controversy.

6. Medical Malpractice Coverage. The purpose of this provision is to fill a gap left by the Federal Tort Claims Act. H.R. 2859 provides coverage for full-time volunteers only. S. 239 covers all volunteers under Title I. We believe that coverage is appropriate for full-time volunteers only.

7. Volunteer Civil Rights. H.R. 2859 extends protection under section 717 of the Civil Rights Act of 1974, the Rehabilitation Act, and the Age Discrimination Act of 1975 to volunteers under the Domestic Volunteer Service Act of 1973. S. 239 contains similar provisions, but also extends coverage to volunteers under the Peace Corps Act.

We have no objection in principle to extending these coverages to Peace Corps volunteers. We defer to the judgment of the conferees on the question of whether placement of such coverage in the Domestic Volunteer Service Act is appropriate.

8. Reduction of Paperwork. There is a minor difference in wording between the House and Senate bill. The substantive intent of both provisions appears to be the same.

9. Business Volunteer Program Authorization. This provision of S. 239 applies only to FY 1979, and is no longer necessary.

10. Technical and Conforming Amendments. We prefer the provisions of H.R. 2859, but note that the reference to "Part D of Title I" and Title III in section 17(3) should be deleted to conform it to the balance of the Act.

11. Report relating to Rural Programs. While the provisions in the two bills differ in wording, we believe they are substantially the same.

12. Limit on payment authority. The intent of Section 20 of H.R. 2859, entitled "Limitation on Payment Authority" is apparently to prohibit the obligation or payment of funds in advance of appropriations. It simply restates in different language existing provisions of law (31 U.S.C. § 627, 31 U.S.C. § 665 and 41 U.S.C. 11), which clearly prohibit such obligations and expenditures. Where there are government-wide statutes governing obligations of funds, we believe it is unwise to add additional language in statutes affecting individual agencies. We recommend that this provision not be included in the final version of the bill.

Mr. CRANSTON. Mr. President, so that it may be able to read and to be useful to the public, I ask unanimous consent that the Cordon rule to be printed in the RECORD appear in the same size type as the type face used for the body of the RECORD and that its printing be delayed to a later day if necessary for it to be set in type appropriately.

Mr. EAGLETON addressed the Chair.

The PRESIDING OFFICER. Will the Senator from Missouri withhold?

Is there objection to the request of the Senator from California?

Mr. STEVENS. Mr. President, reserving the right to object, and I do not think I shall object, what was the effect of the request of the Senator from California?

The PRESIDING OFFICER. That a Cordon rule showing changes in existing law be printed in the RECORD in full-sized type.

Mr. STEVENS. I appreciate the explanation. I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Cordon rule material follows:

APPENDIX

CHANGES IN EXISTING LAW (PUBLIC LAW 93–113, AS AMENDED) MADE BY S. 239 AS AGREED TO IN CONFERENCE

For the information of the Members of Congress, changes in existing law (Public Law 93–113, as amended) made by the conference report on S. 239 are shown as follows (existing law proposed to be omitted is enclosed in brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

DOMESTIC VOLUNTEER SERVICE ACT OF 1973, AS AMENDED

Public Law 93–113, 93rd Congress, S. 1148,
October 1, 1973

An act to provide for the operation of programs by the ACTION Agency, to establish certain new such programs, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, with the following table of contents, may be cited as the "Domestic Volunteer Service Act of 1973":

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TITLE I—NATIONAL VOLUNTEER ANTIPOVERTY PROGRAMS

PART A—VOLUNTEERS IN SERVICE TO AMERICA

STATEMENT OF PURPOSE

Sec. 101. This part provides for the Volunteers in Service to America (VISTA) program of full-time volunteer service, together with appropriate powers and responsibilities designed to assist in the development and coordination of such program. The purpose of this part is to strengthen and supplement efforts to eliminate poverty and poverty-related human, social, and environmental problems in the United States by encouraging and enabling persons from all walks of life and all age groups, including elderly and retired Americans, to perform meaningful and constructive volunteer service in agencies, institutions, and situations where the application of human talent and dedication may assist in the solution of poverty and poverty-related problems and secure and exploit opportunities for self-advancement by persons afflicted with such problems.

AUTHORITY TO OPERATE VISTA PROGRAM

Sec. 102. The Director may recruit, select, and train persons to serve in full-time volunteer programs consistent with the provisions and to carry out the purpose of this part.

ASSIGNMENT OF VOLUNTEERS

Sec. 103. (a) The Director, upon request of Federal, State, or local agencies, or private nonprofit organizations, may assign such volunteers to work in the several States in appropriate projects and programs—

(1) in meeting the health, education, welfare, or related needs of Indians living on reservations or Federal trust lands, of migratory and seasonal farmworkers and their families, and of residents of the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, or the Virgin Islands;

(2) in the care and rehabilitation of mentally ill, developmentally disabled, and other handicapped individuals, especially those with severe handicaps, under the supervision of nonprofit institutions or facilities; and

(3) in connection with programs or activities authorized, supported, or of a character eligible for assistance under this Act or the Economic Opportunity Act of 1964, as amended (42 U.S.C. chapter 34) in furtherance of the purpose of this title.

(b) The Director, wherever feasible and appropriate, shall assign low-income community volunteers to serve in their home communities in teams with nationally recruited specialist volunteers. [Prior to] *Not later than 30 days after* the assignment of any such community volunteer, the Director shall insure that each such volunteer is provided an individual plan designed to provide an opportunity for job advancement or for transition to a situation leading to gainful employment. One hundred and twenty days prior to the completion of such community volunteer's term of service, the Director shall insure that such plan is updated and reviewed with the volunteer. *The Director shall offer to provide each volunteer enrolled for a period of full-time service of not less than one year under this title, and, upon the request of such volunteer, provide such volunteer with an individual and updated plan as described in the preceding two sentences.*

(c) Except as provided in subsection (d), the assignment of volunteers under this section shall be on such terms and conditions (including restrictions on political activities that appropriately recognize the special status of volunteers living among the persons or groups served by programs to which they have been assigned) as the Director may determine, including work assignments in their own or nearby communities.

(d) Volunteers under this part shall not be assigned to duties or work *in a program or project* in any State unless such program *or project* has been submitted to the Governor or other chief executive officer of the State concerned, and [has not been disapproved by him within forty-five days of such submission. The assignment of a volunteer shall be terminated by the Director when so requested by the Governor or chief executive officer of the State concerned] *such Governor or other chief executive officer has not, within 45 days of the date of such submission, notified the Director in writing, supported by a statement of reasons, that such Governor or other chief executive officer disapproves such program or project. In the event of a timely request in writing, supported by a statement of reasons, by the Governor or other chief executive officer of the State concerned, the Director shall terminate a program or project or the assignment of a volunteer to a program or project not later than 30 days after the date such request is received by the Director, or at such later date as is agreed upon by the Director and such Governor or other chief executive officer.*

TERMS AND PERIODS OF SERVICE

Sec. 104. (a) Volunteers serving under this part shall be required to make a full-time personal commitment to combating poverty and poverty-related human, social, and environmental problems. To the maximum extent practicable, this shall include a commitment to live among and at the economic level of the people served, and to remain available for service without regard to regular working hours, at all times during their periods of service, except for authorized periods of leave.

(b) Volunteers serving under this part may be enrolled for periods of service not exceeding two years, but for not less than one-year periods of service, except that volunteers serving under this part may be enrolled for periods of service of less than one year when the Director determines, on an individual basis, that a period of service of less than one year is necessary to meet a critical scarce-skill need. Volunteers serving under this part may be reenrolled for periods of service totaling not more than two years. No volunteer shall serve for more than a total of five years under this part.

(c) Volunteers under this part shall, upon enrollment, take the oath of office as prescribed in section 5(j) of the Peace Corps Act as amended (22 U.S.C. 2504(j)), except that persons legally residing within a State but who are not citizens or nationals of the United States, may serve under this part without taking or subscribing to such oath, if the Director determines that the service of such persons will further the interests of the United States. Such persons shall take such alternative oath or affirmation as the Director shall deem appropriate.

(d) The Director shall establish a procedure, including notice and opportunity to be heard, for volunteers under this part to present and obtain resolution of grievances and to present their views in connection with the terms and conditions of their service. The Director shall promptly provide to each volunteer in service on the date of enactment of this Act, and to each such volunteer beginning service thereafter, information regarding such procedure and the terms and conditions of their service.

SUPPORT SERVICE

Sec. 105. (a) (1) The Director may provide a stipend to volunteers, while they are in training and during their assignments, enrolled for periods of service of not less than one year under this part, except that the Director may, on an individual basis, make an exception to provide a stipend to a volunteer enrolled under this part for an extended period of service not totaling one year. Such stipend shall not exceed $75 per month during the volunteer's service, except that the Director may provide a stipend not to exceed $75 per month in the case of persons who have served for at least one year and who in accordance with standards established in regulations which the Director shall prescribe, have been designated volunteer leaders on the basis of experience and special skills and a demonstrated leadership among volunteers.

(2) Stipends shall be payable only upon completion of a period of service, except that [in extraordinary] *under such* circumstances *as* the Director [may from time to time advance all or a portion of] *shall determine, in accordance with regulations which the Director shall prescribe,* the accrued stipend [to], *or any part of the accrued stipend, may be paid to the volunteer, or,* [or] on behalf of [a volunteer] *the volunteer. to members of the volunteer's family or others during the period of the volunteer's*

service. In the event of the death of a volunteer during service, the amount of any unpaid stipend shall be paid in accordance with the provisions of section 5582 of title 5, United States Code.

(b) The Director shall also provide volunteers such living travel (including travel to and from place of training), and leave allowances, and such housing, supplies, equipment, subsistence, clothing, health and dental care, transportation, supervision, technical assistance and such other support as he deems necessary and appropriate to carry out the purpose and provisions of this part, and shall insure that each such volunteer has available such allowances and support as will enable the volunteer to carry out the purpose and provisions of this part and to effectively perform the work to which such volunteer is assigned.

PARTICIPATION OF BENEFICIARIES

SEC. 106. To the maximum extent practicable, the people of the communities to be served by volunteers under this title shall participate in planning, developing, and implementing programs thereunder, and the Director, after consultation with sponsoring agencies (including volunteers assigned to them) and the people served by such agencies, shall take all necessary steps to establish in regulations he shall prescribe, a continuing mechanism for the meaningful participation of such program beneficiaries.

PARTICIPATION OF OLDER PERSONS

SEC. 107. In carrying out this part and part C of this title, the Director shall take necessary steps, including the development of special projects, where appropriate, to encourage the fullest participation of older persons and older persons membership groups as volunteers and participant agencies in the various programs and activities authorized under such parts and because of the high proportion of older persons within the poverty group, shall encourage the development of a variety of volunteer services to older persons, including special projects, to assure that such persons are served in proportion to their need.

LIMITATIONS

SEC. 108. (*a*) Of funds appropriated for the purpose of this part under section 501, not more than [20] *16* per centum for the fiscal year ending September 30, 1977, and for each fiscal year thereafter, may be obligated for the direct cost of supporting volunteers in programs or projects carried out pursuant to grants and contracts made under section 402(12). *During the fiscal year ending September 30, 1980—*

(1) in no event may in excess of $5,800,000 be used pursuant to grants and contracts under this part for the direct cost of supporting such volunteers; and

(2) funds obligated pursuant to such grants and contracts for such cost may be used to support no greater number of years of volunteer service than the number of such years supported during the fiscal year ending September 30, 1979, pursuant to grants and contracts for such cost.

(b) No funds shall be obligated under this part pursuant to grants or contracts made after the date of the enactment of the Domestic Volunteer Service Act Amendments of 1979 for new projects for the direct cost of supporting volunteers unless the recipient of each such grant or contract has been selected through a competitive process which includes—

(1) public announcements of the availability of funds for such grants or contracts, general criteria for the selection of new recipients, and a description of the application process and the application review process; and

(2) a requirement that each applicant for any such grant or contract identify, with sufficient particularity to assure that the assignments of volunteers under such grants and contracts will carry out the purpose of this part, the particular poverty or poverty-related human, social, or environmental problems on which the grant or contract will focus, and any such grant or contract shall specifically so identify such problems.

PART B—SERVICE-LEARNING PROGRAMS

STATEMENT OF PURPOSE

SEC. 111. This part provides for the University Year for ACTION (UYA) program of full-time volunteer service by students enrolled in institutions of higher education, together with appropriate powers and responsibilities designed to assist in the development and coordination of such programs. The purpose of this part is to strengthen and supplement efforts to eliminate poverty and poverty-related human, social, and environmental problems by enabling students at such cooperating institutions to perform meaningful and constructive volunteer service in connection with the satisfaction of such students' course work during their periods of service while attending such institutions, in agencies, institutions, and situations where the application of human talent and dedication may assist in the solution of poverty and poverty-related problems and secure and exploit opportunities for self-advancement by persons afflicted with such problems. Its purpose further is to encourage other students and faculty members to engage, on a part-time, self-supporting basis, in such volunteer service and work along with volunteers serving under this part: and to promote participation by such institutions in meeting the needs of the poor in the surrounding community through expansion of service-learning programs and otherwise. Its purpose further is to provide for a program of part-time or short-term service-learning by secondary and post-secondary school students to strengthen and supplement efforts to eliminate poverty and poverty-related human, social, and environmental problems.

AUTHORITY TO OPERATE UNIVERSITY YEAR FOR ACTION PROGRAM

SEC. 112. Except as otherwise provided in this part, the Director is authorized to conduct or make grants and contracts for, or both, programs to carry out the purposes of this part in accordance with the authorities and subject to the restrictions in the provisions of part A of this title, except for the provisions of sections 103(d) and 104(d), and except that the Director may, in accordance with regulations he shall prescribe, determine to reduce or eliminate the stipend for volunteers serving under this part on the basis of the value of benefits provided such volunteers by the institution in question (including the reduction or waiver of tuition).

SPECIAL CONDITIONS

SEC. 113. (a) Volunteers serving under this part shall be enrolled for periods of service as provided for in subsection (b) of section 104, [and] *except that volunteers serving in the University Year for ACTION program may be enrolled for periods of service of not less than the duration of an academic year, but volunteers enrolled for less than 12 months shall not receive stipends under section 105(a)(1). Volunteers serving under this part* may receive academic credit for such service in accordance with the regulations of the sponsoring institution of higher education.

(b) Grants to and contracts with institutions to administer programs under this part shall provide the prospective student volunteers shall participate substantially in the planning of such programs and that such institutions shall make available to the poor in the surrounding community all available facilities, including human resources, of such institutions in order to assist in meeting the needs of such poor persons.

(c)(1) In making grants or contracts for the administration of UYA programs under this part, the Director shall insure that financial assistance under this Act to programs carried out pursuant to section 112 of this part shall not exceed 90 per centum of the total cost (including planning costs) of such program during the first year and such amounts less than 90 per centum as the Director, in consultation with the institution, may determine for not more than four additional years, including years in which support was received under title VIII of the Economic Opportunity Act of 1964, as amended (42 U.S.C. 2991–2994d). Each such grant or contract shall stipulate that the institution will make every effort to (A) assume an increasing proportion of the cost of continuing a program carrying out the purpose of this part while the institution receives support under this part; (B) waive or otherwise reduce tuition for participants in such program, where such waiver is not prohibited by law; (C) utilize students and faculty at such institution to carry out, on a self-supporting basis, appropriate planning for such programs; and (D) maintain similar service-learning programs after such institution no longer receives support under this part.

(2) The Director shall take necessary steps to monitor the extent of compliance by such institutions with commitments entered into under paragraph (1) of this subsection and shall advise the Secretary of Health, Education, and Welfare of the extent of each such institution's compliance.

SPECIAL SERVICE-LEARNING PROGRAMS

SEC. 114. (a) Of the funds appropriated for the operation of programs under this part, up to [10] *22* per centum may be used, notwithstanding any other provision of this part, to encourage and enable students in secondary, secondary vocational, and post-secondary schools to participate in service-learning programs on an in- or out-of-school basis in assignments of a character and on such terms and conditions as described in subsections (a) and (c) of section 103. In any fiscal year in which the funds appropriated for the purposes of the University Year for ACTION program under section 112 exceed [$6,700,000] *$4,000,000*, the limitation provided in the preceding sentence shall not apply with respect to that portion of such appropriation which exceeds [$6,700,000] *$4,000,000.*

(b) Persons serving as volunteers under this section shall not be deemed to be Federal employees for any purposes.

(c) The Director may provide volunteers serving under this section a living allowance and only such other support or allowance as he determines, pursuant to regulations which he shall prescribe, are required because of unusual or special circumstances affecting the program.

PART C—SPECIAL VOLUNTEER PROGRAMS

STATEMENT OF PURPOSE

SEC. 121. This part provides for special emphasis and demonstration volunteer programs, together with appropriate powers and responsibilities designed to assist in the development and coordination of such programs. The purpose of this part is to strengthen and supplement efforts to meet a broad range of human, social, and environmental needs, particularly those related to poverty, by encouraging and enabling persons from all walks of life and from all age groups to perform meaningful and constructive volunteer service in agencies, institutions, and situations where the application of human talent and dedication may help to meet such needs.

AUTHORITY TO ESTABLISH AND OPERATE PROGRAMS

SEC. 122. (a) (*1*) The Director is authorized to conduct or make grants or contracts, or both, for special volunteer programs *in urban and rural areas* or demonstration programs (such as but not limited to a program to provide alternatives to the incarceration of youthful offenders; a program to promote educational opportunities for veterans; [and] a program to provide community-based peer group outreach and counseling for drug abusers, *a program of assistance to victims of domestic violence, a program to provide technical and management assistance to distressed comunities, a program designed to provide personal and group financial counseling to low-income and fixed-income individuals* (*utilizing volunteers with specialized or technical expertise*), *and a Helping Hand program*) designed to stimulate and initiate improved methods of providing volunteer services, to encourage wider volunteer participation on a full-time, part-time, or short-term basis to further the purpose of this part, and to identify particular segments of the poverty community which could benefit from volunteer and other antipoverty efforts. *In carrying out programs authorized by this part, the Director is authorized to provide for the recruitment, selection, and training of volunteers.*

(*2*) *For purposes of this subsection, the term "Helping Hand" program means a program utilizing person-to-person services to reduce the necessity for institutionalization* (*in hospitals, mental institutions, nursing homes, other extended-care settings, and other facilities*) *and to ameliorate residential isolation* (*through senior centers, halfway house facilities, and other residential settings*) *of older persons, handicapped persons, and other affected persons, stressing interactions between persons from various age groups, particularly young and old, and carried out in coordination with the appropriate State system for the protection and advocacy of the rights of persons with developmental disabilities established pursuant to section 113 of the Developmental Disabilities Assistance and Bill of Rights Act* (*42 U.S.C. 6012*).

(b) Except as provided in subsection (c) of this section, assignment of volunteers under this section shall be on such terms and conditions as the Director shall determine, pursuant to regulations which he shall prescribe.

(c) (*1*) The Director, in accordance with regulations [he] *which the Director* shall prescribe, may provide to [persons serving as full-time] volunteers [in a program of at least one year's duration] *enrolled for periods of part-time service of not less than 20 hours per week for not less than 26 consecutive weeks* under this part such allowances, *support,* and [stipends, to the extent and in amounts not in excess of those authorized to be provided under part A of this title, as he determines] *services as are described in section 105*(*b*) *and as the Director determines* are necessary to carry out the purpose of this [part. The Director is authorized to undertake and support volunteer service programs, and to recruit, select, and train volunteers to carry out the purpose of] *part, and shall apply the provisions of sections 104*(*c*) *and 105*(*b*) *to the service of volunteers enrolled for full-time service under* this part.

(*2*) *The Director, in accordance with regulations which the Director shall prescribe with respect to volunteers enrolled for periods of full-time service of not less than one year under this part—*

(*A*) *may provide to such volunteers such stipeds, in total amounts not in excess of stipends provided under section 105*(*a*) *to volunteers serving under part A of this title, as the Director determines are necessary to carry out the purposes of this part; and*

(*B*) *to the extent that the terms and conditions of the service of such volunteers are of similar character to the terms and conditions of the service of volunteers enrolled under part A of this title, shall apply to the service of such volunteers enrolled under this part the provisions of sections 103*(*b*) *relating to low-income community volunteers, 103*(*d*), *104*(*d*), *and 105*(*a*) *to the extent such provisions are applied to the service of volunteers enrolled under such part A.*

TECHNICAL AND FINANCIAL ASSISTANCE FOR IMPROVEMENT OF VOLUNTEER PROGRAMS

SEC. 123. The Director may provide technical and financial assistance to Federal agencies, State and local governments and agencies, and private nonprofit organizations, which utilize or desire to utilize volunteers in connection with carrying out the purpose of this part. Such assistance may be used to facilitate and improve (1) methods of recruiting, training, or utilizing volunteers, or (2) the administration of volunteer programs. In providing such technical and financial assistance, the Director shall utilize, to the maximum extent feasible, existing programs, and shall seek to avoid duplication of existing programs in the public or private sectors.

TITLE II—NATIONAL OLDER AMERICAN VOLUNTEER PROGRAMS

PART A—RETIRED SENIOR VOLUNTEER PROGRAM

GRANTS AND CONTRACTS FOR VOLUNTEER SERVICE PROJECTS

SEC. 201. (a) In order to help retired persons to avail themselves of opportunities for volunteer service in their community, the Director is authorized to make grants to State agencies (established or designated pursuant to section 304(a) (1) of the Older Americans Act of 1965, as amended (42 U.S.C. 3024(a) (1))) or grants to or contracts with other public and nonprofit private agencies and organizations to pay part or all of the costs for the development or operation, or both, of volunteer service programs under this section, if he determines, in accordance with regulations he shall prescribe, that—

(1) volunteers will not be reimbursed for other than transportation, meals, and other out-of-pocket expenses incident to the provision of services under this part;

(2) only individuals aged sixty or over will be enrolled as volunteers to provide services under this part (except for administrative purposes), and such services will be performed in the community where such individuals reside or in nearby communities either (A) on publicly owned and operated facilities or projects, or (B) on local projects sponsored by private nonprofit organizations (other than political parties), other than projects involving the construction, operation, or maintenance of so much of any facility used or to be used for sectarian instruction or as a place for religious worship;

(3) the program includes such short-term training as may be necessary to make the most effective use of the skills and talents of participating volunteers and individuals, and provide for the payment of the reasonable expenses of such volunteers while undergoing such training; and

(4) the program is being established and will be carried out with the advice of persons competent in the field of service involved, and of persons with interest in and knowledge of the needs of older persons.

(b) In no event shall the required proportion of the local contribution (including in-kind contributions) for a grant or contract made under this section be more than 10 per centum in the first year of assistance under this section, 20 per centum in the second such year, 30 per centum in the third such year, 40 per centum in the fourth such year, and 50 per centum in any subsequent such years: *Provided, however,* That the Director may make exceptions in cases of demonstrated need, determined (in accordance with regulations which the Director shall prescribe) on the basis of the financial capability of a particular recipient of assistance under this section, to permit a lesser local contribution proportion established by the Director in generally applicable regulations.

(c) The Director shall not award any grant or contract under this part for a project in any State to any agency or organization unless, if such State has a State agency established or designated pursuant to section 304(a) (1) of the Older Americans Act of 1965, as amended (42 U.S.C. 3024(a) (1)), such agency itself is the recipient of the award or such agency has been afforded at least sixty days in which to review the project application and make recommendations thereon.

PART B.—FOSTER GRANDPARENT PROGRAM AND OLDER AMERICAN COMMUNITY SERVICE PROGRAMS

GRANTS AND CONTRACTS FOR VOLUNTEER SERVICE PROJECTS

SEC. 211. (a) The Director is authorized to make grants to or contracts with public and nonprofit private agencies and organizations to pay part or all of the cost of development and operation of projects (including direct payments to individuals serving under this part) designed for the purpose of providing opportunities for low-income persons aged sixty or over to provide supportive person-to-person services in health, education, welfare, and related settings to children having exceptional needs, including services by individuals serving as "foster grandparents" to children receiving care in hospitals, homes for dependent and neglected children, or other establishments providing care for children with special needs. The Director may approve assistance in excess of 90 per centum of the costs of the development and operation of such projects only if he determines, in accordance with regulations he shall prescribe establishing objective criteria, that such action is required in furtherance of the purpose of this section. Provision for such assistance shall be effective as of September 19, 1972. In the case of any project with respect to which, prior to such date, a grant or contract has been made under section 611(a) of the Older Americans Act of 1965, as amended (42 U.S.C. 3044b) or with respect to any project under the Foster Grandparent program in effect prior to September 17, 1969, contributions in cash or in kind from the Bureau of Indian Affairs, Department of the Interior, toward the cost of the project may be counted as part of the cost thereof which is met from non-Federal sources.

(b) The Director is also authorized to make grants or contracts to carry out the purpose described in subsection (a) of this section in the case of persons (other than children) having exceptional needs, including services by individuals serving as "senior health aides" to work with persons receiving home health care, nursing care, or meals on wheels or other nutritional services, and as "senior companions" to persons having developmental disabilities or other special needs for companionship.

(c) (1) Any public or private nonprofit agency or organization responsible for providing person-to-person services to a child in a project carried out under subsection (a) of this section shall have the exclusive authority to determine, pursuant to the provisions of paragraph (2) of this subsection—

(A) which children may receive supportive person-to-person services under such project; and

(B) the period of time during which such services shall be continued in the case of each individual child.

(2) In the event that such an agency or organization determines that it is in the best interests of a mentally retarded child receiving, and of a particular foster grandparent providing, services in such a project, such relationship may be continued after the child reaches the chronological age of 21: *Provided*, That such child was receiving such services prior to attaining the chronological age of 21.

(3) Any determination made by a public or nonprofit private agency or organization under paragraphs (1) and (2) of this subsection shall be made through mutual agreement by all parties involved with respect to the provision of services to the child involved.

(d) For the purposes of this section, the terms "child" and "children" mean any individual or individuals who are less than 21 years of age.

CONDITIONS OF GRANTS AND CONTRACTS

SEC. 212. (a) (1) In carrying out this part, the Director shall insure that individuals receiving assistance in any project are older persons of low income who are no longer in the regular work force.

(2) The Director shall not award a grant or contract under this part which involves a project proposed to be carried out throughout the State or over an area more comprehensive than one community unless—

(A) the State agency established or designated under section 304(a) (1) of the Older Americans Act of 1965, as amended (42 U.S.C. 3024(a) (1)) is the applicant for such grant or contract or, if not, such agency has been afforded a reasonable opportunity to apply for and receive such award and to administer or supervise the administration of the project; and

(B) in cases in which such agency is not the grantee or contractor (including cases to which clause (A) applies but in which such agency has not availed itself of the opportunity to apply for and receive such award), the application contains or is supported by satisfactory assurances that the project has been developed, and will to the extent appropriate be conducted, in consultation with, or with the participation of, such agency.

(3) The Director shall not award a grant or contract under this part which involves a project proposed to be undertaken entirely in a community served by a community action agency unless—

(A) such agency is the applicant for such grant or contract or, if not, such agency has been afforded a reasonable opportunity to apply for and receive such award and to administer or supervise the administration of the project;

(B) in cases in which such agency is not the grantee or contractor (including cases to which clause (A) applies but in which such agency has not availed itself of the opportunity to apply for and receive such award), the application contains or is supported by satisfactory assurances that the project has been developed, and will to the extent appropriate be conducted in consultation with, or with the participation of such agency; and

(C) if such State has a State agency established or designated pursuant to section 304(a) (1) of the Older Americans Act of 1965, as amended (42 U.S.C. 3024(a) (1)), such agency has been afforded at least forty-five days in which to review the project application and make recommendations thereon.

(b) The term "community action agency" as used in this section means a community action agency as defined in title II of the Economic Opportunity Act of 1964, as amended (42 U.S.C. 2781–2837).

PART C—GENERAL PROVISIONS

COORDINATION WITH OTHER FEDERAL PROGRAMS

SEC. 221. In carrying out this title, the Director shall consult with the [Office of Economic Opportunity] *Community Services Administration*, the Departments of Labor and Health, Education, and Welfare, and any other Federal agencies administering relevant programs with a view to achieving optimal coordination with such other programs, and shall promote the coordination of projects under this title with other public or private programs or projects carried out at State and local levels. Such Federal agencies shall cooperate with the Director in disseminating information about the availability of assistance under this title and in promoting the identification and interest of low-income and other older persons whose services may be utilized in projects under this title.

PAYMENTS

SEC. 222. Payments under this title pursuant to a grant or contract may be made (after necessary adjustments, in the case of grants, on account of previously made overpayments or underpayments) in advance or by way of reimbursement, in such installments and on such conditions, as the Director may determine.

MINORITY GROUP PARTICIPATION

SEC. 223. The Director shall take appropriate steps to insure that special efforts are made to recruit, select, and assign qualified individuals sixty years and older from minority groups to serve as volunteers under this title.

TITLE IV—ADMINISTRATION AND COORDINATION

ESTABLISHMENT OF AGENCY

SEC. 401. There is hereby established in the executive branch of the Government an agency to be known as the ACTION Agency. Such Agency shall be headed by a Director who shall be appointed by the President, by and with the advice and consent of the Senate, and shall be compensated at the rate provided for level III of the Executive Schedule under section 5314 of title 5, United States Code. There shall also be in such agency a Deputy Director who shall be appointed by the President, by and with the advice and consent of the Senate, and shall be compensated at the rate provided for level IV of the Executive Schedule under section 5315 of title 5, United States Code. The Deputy Director shall perform such functions as the Director shall from time to time prescribe, and shall act as Director of the ACTION Agency during the absence or disability of the Director. There shall also be in such agency two Associate Directors who shall be appointed by the President by and with the advice and consent of the Senate, and shall be compensated at the rate provided for level V of the Executive Schedule under section 5316 of title 5, United States Code. One such Associate Director shall be designated "Associate Director for Domestic and Anti-Poverty Operations" and shall carry out operational responsibility for all programs authorized under this Act, and the other such Associate Diretcor shall be designated "Associate Director for International Operations" and shall carry out operational responsibility for all programs authorized under the Peace Corps Act (22 U.S.C. 2501 et seq.). There shall also be in such agency no more than two Assistant Directors appointed by the President by and with the advice and consent of the Senate, who shall be compensated at the rate provided for level V of the Executive Schedule under section 5316 of title 5, United States Code. Each such Assistant Director shall perform such staff and support functions for such Associate Directors as the Director shall from time to time prescribe. There shall also be in such agency one Deputy Associate Director, under the Associate Director for Domestic and Anti-Poverty Operations, primarily responsible for programs carried out under parts A and B of title I of this Act and one Deputy Associate Director, under the Associate Director for Domestic and Anti-Poverty Operations, primarily responsible for programs carried out under title II of this Act, each of whom shall be appointed by the Director.

AUTHORITY OF THE DIRECTOR

SEC. 402. In addition to the authority conferred upon him by other sections of this Act, the Director is authorized to—

(1) appoint in accordance with the Civil Service laws such personnel as may be necessary to enable the ACTION Agency to carry out its functions, and, except as otherwise provided herein, fix the compensation of such personnel in accordance with chapter 51 of title 5, United States Code;

(2) (A) employ experts and consultants or organizations thereof as authorized by section 3109 of title 5, United States Code, except that no individual may be employed under the authority of this subsection for more than one hundred days in any fiscal year; (B) compensate individuals so employed at rates not in excess of the daily equivalent of the rate payable to a GS–18 employee under section 5332 of such title, including traveltime; (C) allow such individuals, while away from their homes or regular places of business, travel expenses (including per diem in lieu of subsistence) as authorized by section 5703 of such title for persons in the Government service employed intermittently, while so employed; and (D) annually renew contracts for such employment under this clause;

(3) with the approval of the President, arrange with and reimburse the heads of other Federal agencies for the performance of any of the provisions of this Act and, as necessary or appropriate, delegate any of his functions under this Act and authorize the redelegation thereof subject to provisions to assure the maximum possible liaison between the ACTION Agency and such other agencies at all operating levels, which shall include the furnishing of complete operational information by such other agencies to the ACTION Agency and the furnishing of such information by the ACTION Agency to such other agencies;

(4) with their consent, utilize the services and facilities of Federal agencies without reimbursement, and, with the consent of any State or a poliitcal subdivision of a State, accept and utilize the services and facilities of the agencies of such State or subdivisions without reimbursement;

(5) accept in the name of the ACTION Agency, and employ or dispose of in furtherance of the purposes of this Act, or of any title thereof, any money or property, real, personal, or mixed, tangible or intangible, received by gift, devise, bequest, or otherwise;

(6) accept voluntary and uncompensated services;

(7) allocate and expend, or transfer to other Federal agencies for expenditure, funds made available under this Act as he deems necessary to carry out the provisions hereof, including (without regard to the provisions of section 4774(d) of title 10, United States Code), expenditure for construction, repairs, and capital improvements;

(8) disseminate, without regard to the provisions of section 3204 of title 39, United States Code, data and information, in such form as he shall deem appropriate to public agencies, private organizations, and the general public;

(9) adopt an official seal, which shall be judicially noticed;

(10) collect or compromise all obligations to or held by him and all legal or equitable

rights accruing to him in connection with the payment of obligations in accordance with Federal Claims Collection Act of 1966 (31 U.S.C. 951–53);

(11) expend funds made available for purposes of this Act as follows: (A) for printing and binding, in accordance with applicable law and regulations; and (B) without regard to any other law or regulation, for rent of buildings and space in buildings and for repair, alteration, and improvement of buildings and space in buildings rented by him; but the Director shall not utilize the authority contained in this subclause (B)—

(i) except when necessary to obtain an item, service, or facility, which is required in the proper administration of this Act, and which otherwise could not be obtained, or could not be obtained in the quantity or quality needed, or at the time, in the form, or under the conditions in which, it is needed, and

(ii) prior to having given written notification to the Administrator of General Services (if the exercise of such authority would affect an activity which otherwise would be under the jurisdiction of the General Services Administration) of his intention to exercise such authority, the item, service, or facility with respect to which such authority is proposed to be exercised, and the reasons and justifications for the exercise of such authority;

(12) notwithstanding any other provision of law, make grants to or contracts with Federal or other public departments or agencies and private nonprofit organizations for the assignment or referral of volunteers under this Act.

(except as provided in section 108) which may provide that the agency or organization shall pay all or a part of the costs of the program;

(13) provide or arrange for educational and vocational counseling of volunteers and recent former volunteers under this Act to (A) encourage them to use in the national interest the skills and experience which they have derived from their training and service, particularly working in combating poverty as members of the helping professions, and (B) promote the development, and the placement therein of such volunteers, of appropriate opportunities for the use of such skills and experience;

(14) establish such policies, standards, criteria, and procedures, prescribe such rules and regulations, enter into such contracts and agreements with public agencies and private organization and persons, and make such payments (in lump sum or installments, and in advance or by way of reimbursement, and in the case of grants otherwise authorized under this Act, with necessary adjustments on account of overpayments and underpayments) as are necessary or appropriate to carry out the provisions of this Act; and

(15) generally perform such functions and take such steps, consistent with the purposes and provisions of this Act, as he deems necessary or appropriate to carry out the provisions of this Act.

POLITICAL ACTIVITIES

SEC. 403. (a) No part of any funds appropriated to carry out this Act, or any program administered by the ACTION Agency, shall be used to finance, directly or indirectly, any activity designed to influence the outcome of any election to Federal office, *or the outcome of any election to any State or local public office*, or any voter registration activity, or to pay the salary of any officer or employee of the ACTION Agency, who, in his official capacity as such an officer or employee, engages in any such activity. As used in this section, the term "election" (*when referring to an election for Federal office*) has the same meaning given such term by section 301(a) of the Federal Election Campaign Act of 1971 (Public Law 92–225), and the term "Federal office" has the same meaning given such term by section 301(c) of such Act.

(b) (*1*) Programs assisted under this Act shall not be carried on in a manner involving the use of funds, the provision of services, or the employment or assignment of personnel in a manner supporting or resulting in the identification of such programs with [(1)] (*A*) any partisan or nonpartisan political activity or any other political activity associated with a candidate, or contending faction or group, in an election for public or party office, [(2)](*B*) any activity to provide voters or prospective voters with transportation to the polls or similar assistance in connection with any such election, or [(3)](*C*) any voter registration activity.

(2) *No funds appropriated to carry out this Act shall be used by any program assisted under this Act in any activity for the purpose of influencing the passage or defeat of legislation or proposals by initiative petition, except—*

(A) in any case in which a legislative body, a committee of a legislative body, or a member of a legislative body requests any volunteer in, or employee of, such a program to draft, review, or testify regarding measures or to make representations to such legislative body, committee, or member; or

(B) in connection with an authorization or appropriations measure directly affecting the operation of the program.

(C) The Director, after consultation with the [Civil Service Commission] *Office of Personnel Management*, shall issue rules and regulations to provide for the enforcement of this section, which shall include provisions for summary suspension of assistance for no more than thirty days until notice and an opportunity to be heard can be provided or other action necessary to permit enforcement on an emergency basis.

SPECIAL LIMITATIONS

SEC. 404. (a) The Director shall prescribe regulations and shall carry out the provisions of this Act so as to assure that the service of volunteers assigned, referred, or serving pursuant to grants, contracts, or agreements made under this Act is limited to activities which would not otherwise be performed by employed workers and which will not supplant the hiring of or result in the displacement of employed workers, or impair existing contracts for service.

(b) All support, including transportation provided to volunteers under this Act, shall be furnished at the lowest possible costs consistent with the effective operation of volunteer programs.

(c) No agency or organization to which volunteers are assigned hereunder, or which operates or supervises any volunteer program hereunder, shall request or receive any compensation for services of volunteers supervised by such agency or organization.

(d) No funds authorized to be appropriated herein shall be directly or indirectly utilized to finance labor or anti-labor organizations or related activity.

(e) Persons serving as volunteers under this Act shall provide such information concerning their qualifications, including their ability to perform their assigned tasks, and their integrity, as the Director shall prescribe and shall be subject to such procedures for selection and approval as the Director determines are necessary to carry out the purposes of this Act. The Director may establish such special procedures for the recruitment, selection, training, and assignment of low-income residents of the area to be served by a program under this Act who wish to become volunteers as he determines will further the purposes of this Act.

(f) Notwithstanding any other provision of law and except as provided in the second sentence of this subsection, the Director shall assign or delegate any substantial responsibility for carrying out programs under this Act only to persons appointed or employed pursuant to clauses (1) and (2) of section 402, and persons assigned or delegated such substantial responsibilities on the effective date of this Act and who are receiving compensation in accordance with provisions of law other than the applicable provisions of title 5, United States Code, on such date shall, by operation of law on such date, be assigned a grade level pursuant to such latter provisions so as to fix the compensation of such persons under such authority at no less than their compensation rate on the day preceding such date. The Director may personally make exceptions to the requirements set forth in the first sentence of this subsection for persons he finds will be assigned to carrying out functions under the Peace Corps Act (22 U.S.C. 2501 et seq.) within six months after the effective date of this Act.

(g)(1) Notwithstanding any other provision of law except as may be provided expressly in limitation of this subsection, payments to volunteers under this Act shall not in any way reduce or eliminate the level of or eligibility for assistance or services any such volunteers may be receiving under any governmental program, *except that this paragraph shall not apply in the case of such payments when the Director determines that the value of all such payments, adjusted to reflect the number of hours such volunteers are serving, is equivalent to or greater than the minimum wage then in effect under the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.) or the minimum wage, under the laws of the State where such volunteers are serving, whichever is the greater.*

(2) Notwithstanding any other provision of law, a person enrolled for full-time service as a volunteer under title I of this Act who was otherwise entitled to receive assistance or services under any governmental program prior to such volunteer's enrollment shall not be denied such assistance or services because of such volunteer's failure or refusal to register for, seek, or accept employment or training during the period of such service.

NATIONAL VOLUNTARY SERVICE ADVISORY COUNCIL

SEC. 405. (a) There is hereby established in the ACTION Agency a National Voluntary Service Advisory Council (hereinafter referred to as the "Council") to be composed of not more than twenty-five members appointed, not later than ninety days after the date of the enactment of this Act, by and serving at the pleasure of the President. Such members shall be representative of public and private organizations, groups, and individuals interested in serving and benefited by programs carried out under this Act and the Peace Corps Act (22 U.S.C. 2501 et seq.). The President shall designate a temporary chairperson from such members and shall call the initial meeting of the Council within thirty days after appointment of such Council. Members of the Council shall designate a permanent chairperson from such members and shall meet at the call of such chairperson, but not less than four times in each year. Members of the Council, other than those regularly employed by the Federal Government, while attending meetings of such Council shall receive compensation and travel expenses as provided in section 402(2) of this Act with respect to experts and consultants. The Director and Deputy Director of the ACTION Agency shall be ex officio members of the Council.

(b) The Council shall—

(1) advise the Director with respect to policy matters arising in the administration of this Act and the Peace Corps Act (22 U.S.C. 2501 et seq.); and

(2) upon the request of the Director, review the effectiveness and the operation of programs under this Act and the Peace Corps Act and make recommendations (including such proposals for changes in such Acts as the Council deems appropriate) concerning (A) the improvement of such programs, (B) the elimination of duplication of effort, and (C) the coordination of such programs with other Federal programs designed to assist the beneficiaries of such Acts.

(c) Not later than January 1 of each calendar year beginning with the calendar year 1975, the Council shall make an annual report of findings and recommendations to the resident for transmittal by the resident to the Congress together with his comments and recommendations.

(d) In the event that a National Advisory Council to the ACTION Agency is established by administrative action after January 1, 1976, the provisions of subsections (a), (b), and (c) of this section shall apply to any such Council.

LABOR STANDARDS

Sec. 406. All laborers and mechanics employed by contractors or subcontractors in the construction, alteration or repair, including painting and decorating of projects, buildings and works which are federally assisted under this Act shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a–5). The Secretary of Labor shall have, with respect to such labor standards, the authority and functions set forth in Reorganization Plan Number 14 of 1950 (15 F.R. 3176; 64 Stat. 1267) and in section 2 of the Act of June 1, 1934, as amended (48 Stat. 948, ch. 492, as amended; 40 U.S.C. 276c).

REPORTS

Sec. 407. Not later than one hundred and twenty days after the end of each fiscal year, the Director shall prepare and submit to the resident for transmittal by the President to the Congress a full and complete report on the activities of the ACTION Agency during such year.

JOINT FUNDING

Sec. 408. Pursuant to regulations prescribed by the President, and to the extent consistent with the other provisions of this Act, where funds are provided for a single project by more than one Federal agency to an agency or organization assisted under this Act, the Federal agency principally involved may be designated to act for all in administering the funds provided, and, notwithstanding any other provision of law, in such cases, a single non-Federal share requirement may be established according to the proportion of funds advanced by each agency. When the principal agency involved is the ACTION Agency, it may waive any grant or contract requirement (as defined by such regulations) under or pursuant to any law other than this Act, which requirement is inconsistent with the similar requirements under or pursuant to this Act.

PROHIBITION OF FEDERAL CONTROL

Sec. 409. Nothing contained in this Act shall be construed to authorize any department, agency, officer, or employee of the United States to exercise any direction, supervision, or control over the curriculum, program of instruction, administration, or personnel of any education institution or school system.

COORDINATION WITH OTHER PROGRAMS

Sec. 410. The Director shall take necessary steps to coordinate volunteer programs authorized under this Act with one another, with community action programs, and with other related Federal, State, and local programs. The Director shall also consult with the heads of other Federal, State, and local agencies responsible for programs related to the purposes of this Act with a view to encouraging greater use of volunteer services in those programs and establishing in connection with them systematic procedures for the recruitment, referral, or necessary preservice orientation or training of volunteers serving pursuant to this Act. *The Director, in consultation with the Director of the Office of Personnel Management and the Secretaries of Labor, Commerce, and the Treasury and officials of other appropriate departments and agencies, shall take all appropriate steps to encourage State and local governments, charitable and service organizations, and private employers (1) to take into account experience in volunteer work in the consideration of applicants for employment; and (2) to make provisions for the listing and description of volunteer work on all employment application forms.*

PROHIBITION

Sec. 411. In order to assure that existing Federal agencies are used to the fullest extent possible in carrying out the purposes of this Act, no funds appropriated to carry out this Act shall be used to establish any new department or office when the intended function is being performed by an existing department or office.

NOTICE AND HEARING PROCEDURES FOR SUSPENSION AND TERMINATION OF FINANCIAL ASSISTANCE

Sec. 412. The Director is authorized, in accordance with the provisions of this section, to suspend further payments or to terminate payments under any contract or grant providing assistance under this Act, whenever he determines there is a material failure to comply with the applicable terms and conditions of any such grant or contract. The Director shall prescribe procedures to insure that—

(1) assistance under this Act shall not be suspended for failure to comply with applicable terms and conditions, except in emergency situations for thirty days, nor shall an application for refunding under this Act be denied, unless the recipient has been given reasonable notice and opportunity to show cause why such action should not be taken; and

(2) assistance under this Act shall not be terminated for failure to comply with applicable terms and conditions unless the recipient has been afforded reasonable notice and opportunity for a full and fair hearing.

DISTRIBUTION OF BENEFITS BETWEEN RURAL AND URBAN AREAS

Sec. 414. The Director shall adopt appropriate administrative measures to assure that the benefits of and services under this Act will be distributed equitably between residents of rural and urban areas.

APPLICATION OF FEDERAL LAW

Sec. 415. (a) Except as provided in subsections (b), (c), (d), and (e) of this section, volunteers under this Act shall not be deemed Federal employees and shall not be subject to the provisions of laws relating to Federal officers and employees and Federal employment.

(b) Individuals enrolled [in programs, under title I of this Act for periods of service of at least one year] *as volunteers for periods of full-time service, or, as the Director deems appropriate in accordance with regulations, for periods of part-time service of not less than 20 hours per week for not less than 26 consecutive weeks, under title I of this Act* shall, with respect to such service or training, (1) for the purposes of subchapter III of chapter 73 of title 5, United States Code, be deemed persons employed in the executive branch of the Federal Government, (2) for the purposes of the Internal Revenue Code of 1954 (26 U.S.C. 1 et seq.) and title II of the Social Security Act (42 U.S.C. 401 et seq.), be deemed employees of the United States, and any service performed by an individual as a volunteer (including training) shall be deemed to be performed in the employ of the United States, (3) for the purposes of the Federal Tort Claims provisions of title 28. United States Code, be deemed employees of the United States, [and] (4) for the purposes of subchapter I of chapter 81 of title 5, United States Code (relative to compensation to Federal employees for work injuries), shall be deemed civil employees of the United States within the meaning of the term "employee" as defined in section 8101 of title 5, United States Code, and the provisions of that subchapter shall apply except as follows: (A) in computing compensation benefits for disability or death, [the monthly pay of a volunteer shall be deemed that received under the entrance salary for a grade GS–7 employee,] *the annual rate of pay of a volunteer enrolled for a period of full-time service under such title I shall be deemed to be that received under the entrance salary for a grade GS–7 employee, and the annual rate of pay of a volunteer enrolled for a period of part-time service under such title I shall be deemed to be such entry salary or an appropriate portion thereof as determined by the Director*, and subsection (a) and (b) of section 8113 of title 5, United States Code, shall apply, and (B) compensation for disability shall not begin to accrue until the day following the date on which the injured volunteer is [terminated.] *terminated, and (5) be deemed employees of the United States for the purposes of section 5584 of title 5, United States Code (and stipends and allowances paid under this Act shall be considered as pay for such purposes)*.

(c) Any period of service of a volunteer enrolled in a program for a period of service of at last one year under part A of title I of this Act, and any period of full-time service of a volunteer enrolled in a program for a period of service of at least one year under part B or C of title I of this Act, shall be credited in connection with subsequent employment in the same manner as a like period of civilian employment by the United States Government—

(1) for the purposes of section 852(a)(1) of the Foreign Service Act of 1946, as amended (22 U.S.C. 1092(a)(1)), and every other Act establishing a retirement system for civilian employees of any United States Government agency; and

(2) except as otherwise determined by the President, for the purposes of determining seniority, reduction in force, and layoff rights, leave entitlement, and other rights and privileges based upon length of service under the laws administered by the [Civil Service Commission] *Office of Personnel Management*, the Foreign Service Act of 1946, and every other Act establishing or governing terms and conditions of service of civilian employees of the United States Government: *Provided*, That service of a volunteer shall not be credited toward completion of any service requirement for career appointment.

(d) Volunteers serving in programs for periods of service of at least one year under part A of title I of this Act, and volunteers serving for such periods under title VIII of the Economic Opportunity Act of 1964, as amended (42 U.S.C. 2991–2994d), including those whose service was completed under such Act, who the Director determines, in accordance with regulations he shall prescribe, have successfully completed their periods of service, shall be eligible for appointment in the competitive service in the same manner as Peace Corps volunteers as prescribed in Executive Order Number 11103 (April 10, 1963).

(e) Notwithstanding any other provision

of law, all references in any other law to persons serving as volunteers under title VIII of the Economic Opportunity Act of 1964, as amended, shall be deemed to be references to persons serving as full-time volunteers in a program of at least one year's duration under part A, B, or C of title I of this Act.

(f)(1) The remedy—

(A) against the United States provided by sections 1346(b) and 2672 of title 28, United States Code, or

(B) through proceedings for compensation or other benefits from the United States as provided by any other law, where the availability of such benefits precludes a remedy under section 1346(b) or 2672 of such title 28,

for damages for personal injury, including death, allegedly arising from malpractice or negligence of a physician, dentist, podiatrist, optometrist, nurse, physician assistant, expanded-function dental auxiliary, pharmacist, or paramedical (for example, medical and dental technicians, nursing assistants, and therapists) or other supporting personnel in furnishing medical care or treatment while in the exercise of such person's duties as a volunteer enrolled under title I of this Act shall be exclusive of any other civil action or proceeding by reason of the same subject matter against such person (or such person's estate) whose action or omission gave rise to such claim.

(2) The Attorney General of the United States shall defend any civil action or proceeding brought in any court against any person referred to in paragraph (1) of this, subsection (or such person's estate) for any such damage or injury. Any such person against whom such civil action or proceeding is brought shall deliver, within such time after date of service or knowledge of service as determined by the Attorney General, all process served upon such person or an attested true copy thereof to such person's immediate supervisor or to whomever is designated by the Director to receive such papers, and such person shall promptly furnish copies of the pleading and process therein to the United States attorney for the district embracing the place wherein the proceeding is brought and to the Attorney General.

(3) Upon a certification by the Attorney General that the defendant was acting in the scope of such person's volunteer assignment at the time of the incident out of which the suit arose, any such civil action or proceeding commenced in a State court shall be removed without bond at any time before trial by the Attorney General to the district court of the United States of the district and division embracing the place wherein it is pending and the proceeding deemed a tort action brought against the United States under the provisions of title 28, United States Code, and all references thereto. After removal the United States shall have available all defenses to which it would have been entitled if the action had originally been commenced against the United States. Should a district court of the United States determine on a hearing on a motion to remand held before a trial on the merits that the volunteer whose act or omission gave rise to the suit was not acting within the scope of such person's volunteer assignment, the case shall be remanded to the State court.

(4) The Attorney General may compromise or settle any claim asserted in such civil action or proceeding in the manner provided in section 2677 of title 28, United States Code, and with the same effect.

EVALUATION

SEC. 416. (a) The Director shall periodically measure and evaluate the impact of all programs authorized by this Act, their effectiveness in achieving stated goals in general, and in relation to their cost, their impact on related programs, and their structure and mechanisms for delivery of services. Evaluations shall be conducted by persons not immediately involved in the administration of the program or project evaluated.

(b) The Director shall develop and publish general standards for evaluation of program and project effectiveness in achieving the objectives of this Act. Reports submitted pursuant to section 407 shall describe the actions taken as a result of evaluations carried out under this section.

(c) In carrying out evaluations under this title, the Director shall whenever possible, arrange to obtain the opinions of program and project participants about the strengths and weaknesses of such programs and projects.

(d) The Director shall publish summaries of the results of evaluations of program and project impact and effectiveness no later than sixty days after the completion thereof.

(e) The Director shall take the necessary action to assure that all studies, evaluations, proposals, and data produced or developed with Federal funds shall become the property of the United States.

(f) The Director is authorized to use such sums as are required, but not to exceed 1 per centum of the funds appropriated under this Act, to conduct program and project evaluations (directly, or by grants or contracts) as required by this Act. In the case of allotments from such an appropriation, the amount available for such allotments (and the amount deemed appropriate therefor) shall be reduced accordingly.

NONDISCRIMINATION

SEC. 417. (a) The Director shall not provide financial assistance for any program under this Act unless the grant, contract, or agreement with respect to such program specifically provides that no person with responsibilities in the operation of such program will discriminate with respect to any such program because of race, creed, belief, color, national origin, sex, age, *handicap,* or political affiliation. *For purposes of this subsection, and for purposes of title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.), section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and the Age Discrimination Act of 1975 (Public Law 94–135, title III; 42 U.S.C. 6101 et seq.), any program, project, or activity to which volunteers are assigned under this Act shall be deemed to be receiving Federal financial assistance.*

(b) No person in the United States shall on the ground of sex be excluded from participation in, be denied the benefits of, be subjected to discrimination under, or be denied employment in connection with, any program or activity receiving assistance under this Act. The Director shall enforce the provisions of the preceding sentence in accordance with section 602 of the Civil Rights Act of 1964 (42 U.S.C. 2000d–1). Section 603 of such Act shall apply with respect to any action taken by the Director to enforce such sentence. This section shall not be construed as affecting any other legal remedy that a person may have if that person is excluded from participation in, denied the benefits of, subjected to discrimination under, or denied employment in connection with any program or activity receiving assistance under this Act.

(c)(1) The Director shall apply the nondiscrimination policies and authorities set forth in section 717 of the Civil Rights Act of 1964 (42 U.S.C. 2000e–16), title V of the Rehabilitation Act of 1973 (29 U.S.C. 791 et seq.), and in the Age Discrimination Act of 1975 (Public Law 94–135, title III; 42 U.S.C. 6101 et seq.) to applicants for enrollment for service as volunteers, and to volunteers serving, under this Act and the Peace Corps Act (22 U.S.C. 2501 et seq.). Any remedies available to individuals under such laws, other than the right of appeal to the Civil Service Commission authorized by section 717 of the Civil Rights Act of 1964, and transferred to the Equal Employment Opportunity Commission by Reorganization Plan Number 1 of 1978, shall be available to such applicants or volunteers.

(2) Not later than 90 days after the date of the enactment of the Domestic Volunteer Service Act Amendments of 1979, the Director, after consultation with the Equal Employment Opportunity Commission with regard to the application of the policies set forth in section 717 of the Civil Rights Act of 1964 (42 U.S.C. 2000e–16) and with the Interagency Coordinating Council, established by section 507 of the Rehabilitation Act of 1973 (29 U.S.C. 797), and the Interagency Committee on Handicapped Employees, established by section 501(a) of the Rehabilitation Act of 1973 (29 U.S.C. 791(a)), with regard to the application of the policies set forth in title V of the Rehabilitation Act of 1973 (29 U.S.C. 791 et seq.), and, not later than 90 days after the Secretary of Health, Education, and Welfare or the Secretary of Health and Human Resources, as the case may be, publishes final general regulations to carry out the Age Discrimination Act of 1975 (Public Law 94–135, title III; 42 U.S.C. 6101 et seq.), and after consultation with the Secretary with regard to the application of the policies set forth in such Act, shall prescribe regulations establishing the procedures for the application of such policies and the provision of such remedies so as to promote the enrollment and service of persons as volunteers without regard to the discriminatory factors described in such laws.

ELIGIBILITY FOR OTHER BENEFITS

SEC. 418. Notwithstanding any other provision of law, no payment for supportive services or reimbursement of out-of-pocket expenses made to persons serving pursuant to [titles] *title* II [and III] of this Act shall be subject to any tax or charge or be treated as wages or compensation for the purposes of unemployment, temporary disability, retirement, public assistance, or similar benefit payments, or minimum wage laws. This section shall become effective with respect to all payments made after the effective date of this Act.

LEGAL EXPENSES

SEC. 419. Notwithstanding any other provision of law and pursuant to regulations which the Director shall prescribe, counsel may be employed and counsel fees, court costs, bail, and other expenses incidental to the defense of volunteers may be paid in judicial or administrative proceedings to which full-time volunteers (or part-time volunteers when such proceeding arises directly out of the performance of activities pursuant to this Act or section 8(b)(1) of the Small Business Act, as amended (15 U.S.C. 637(b)(1))), serving under this Act have been made parties.

[GUIDELINES

[SEC. 420. All rules, regulations, guidelines, instructions, and application forms published or promulgated pursuant to this Act shall be published in the Federal Register at least thirty days prior to their effective date.]

Requirements for prescribing regulations

SEC. *420. (a) For purposes of this section—*

(1) the term "regulation" means any rule, regulation, guideline, interpretation, order, or requirement of general applicability prescribed by the Director pursuant to this Act; and

(2) the term "Committees" means the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

(b) Regulations prescribed by the Director or by any other officer of the ACTION Agency,

in connection with, or affecting, the administration of any program carried out under this Act shall contain, immediately following each substantive provision of such regulations, citations to the particular section or sections of statutory law or other legal authority upon which such provision is based.

(c) (1) Except as provided in paragraph (2) (B) of this subsection, no proposed regulation prescribed pursuant to this Act for the administration of any program carried out under this Act may take effect until 30 calendar days after it is published in the Federal Register.

(2) (A) During the 30-day period before the date upon which such regulation is to be effective, the Director shall, in accordance with the provisions of section 553 of title 5, United States Code, offer any interested party an opportunity to make comment upon, and take exception to, such regulation and shall reconsider any such regulation upon which comment is made or to which exception is taken.

(B) If the Director determines that the 30-day requirement in paragraph (1) of this subsection would cause undue delay in the implementation of a regulation, thereby causing substantial hardship for the intended beneficiaries of any program carried out under this Act, the Director may waive the application of such requirement and shall immediately submit a notice of such determination and waiver, including a statement of the reasons therefor, to the Committees.

(d) Concurrently with the publication in the Federal Register of any final regulation, a copy of such final regulation shall be transmitted to the Speaker of the House of Representatives and the President of the Senate. Except as is provided in the following sentence, no such final regulation may take effect until 45 calendar days after such transmission. If the Director determines that such 45-day requirement would cause undue delay in the implementation of the regulation, thereby causing substantial hardship for the intended beneficiaries of any program carried out under this Act, the Director may waive the application of such requirement and shall promptly submit a notice of such determination and waiver, including a statement of the reasons therefor, to the Committees.

(e) Not later than 60 days after the date of the enactment of any Act affecting the administration of any program carried out under this Act, the Director shall submit to the Committees a schedule in accordance with which the Director has planned to prescribe final regulations implementing such Act or part of such Act. Such schedule shall provide that all such final regulations shall be prescribed not later than 180 days after the submission of such schedule. Except as is provided in the following sentence, all such final regulations shall be prescribed in accordance with such schedule. If the Director determines that, due to circumstances unforeseen at the time of the submission of any such schedule, the schedule submitted pursuant to this subsection cannot be met, the Director shall submit a notice of such determination, including a statement of the reasons therefor, to the Committees and shall submit a new schedule which shall then be considered, for the purposes of this subsection, as the schedule originally submitted in connection with the enactment of the Act involved.

DEFINITIONS

SEC. 421. For the purposes of this Act—

(1) the term "Director" means the Director of the ACTION agency;

(2) the terms "United States" and "States" mean the several States, the District of Columbia, the Virgin Islands, Puerto Rico, Guam, and American Samoa and, for the purposes of title II of this Act, the Trust Territory of the Pacific Islands:

(3) the term "nonprofit" as applied to any agency, institution, or organization means an agency, institution, or organization which is, or is owned and operated by, one or more corporations or associations no part of the net earnings of which inures, or may lawfully insure, to the benefit of any private shareholder or individual; and

(4) the term "poor" or "low-income" persons, individuals, or volunteers means such individuals whose incomes fall at or below the poverty line as set forth in section 625 of the Economic Opportunity Act of 1964, as amended by Public Law 92-424 (42 U.S.C. 2971d) : *Provided*, That in determining who is "poor" or "low-income", the Director shall take into consideration existing poverty guidelines as appropriate to local situations.

AUDIT

SEC. 422. (a) Each recipient of Federal grants, subgrants, contracts, subcontracts, or loans entered into under this Act other than by formal advertising, and which are otherwise authorized by this Act, shall keep such records as the Director shall prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, the amount of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

(b) The Director and the Comptroller General of the United States, or any of their duly authorized representatives, shall, until the expiration of three years after completion of the project or undertaking referred to in subsection (a) of this section, have access for the purpose of audit and examination to any books, documents, papers, and records of such recipients which in the opinion of the Director or the Comptroller General may be related or pertinent to the grants, contracts, subcontracts, subgrants, or loans referred to in subsection (a).

REDUCTION OF PAPERWORK

Sec. 423. In order to reduce unnecessary, duplicative, or disruptive demands for information, the Director, in consultation with other appropriate agencies and organizations, shall continually review and evaluate all requests for information made under this Act and take such action as may be necessary to reduce the paperwork required under this Act. The Director shall request only such information as the Director deems essential to carry out the purposes and provisions of this Act.

REVIEW OF PROJECT RENEWALS

Sec. 424. If the executive authority of any State or local government submits to the Director, not later than 30 days before the expiration of any contract or grant to carry out any project under this Act, a statement which objects to the renewal of such contract or grant, then the Director shall (1) review such statement and take it into account in determining whether to renew such contract or grant; and (2) submit to such executive authority a written statement of reasons regarding the Director's determination with respect to such renewal and specifically with respect to any objection so submitted.

TITLE V—AUTHORIZATION OF APPROPRIATIONS

NATIONAL VOLUNTEER ANTIPOVERTY PROGRAMS

SEC. 501. (a) There are authorized to be appropriated $37,600,000 for the fiscal year ending June 30, 1974, and such sums as may be necessary each for the fiscal years ending June 30, 1975, June 30, 1976, September 30, 1977, [and] September 30, 1978, *September 30, 1979, September 30, 1980, and September 30, 1981,* for the purpose of carrying out title I of this Act. In each such year of the sums appropriated pursuant to this [title] *section for the purpose of carrying out title I of this Act* not less than $29,600,000 shall be expended on programs designed to eliminate poverty and poverty-related human, social, and environmental problems.

Of this amount not less than $22,300,000 shall be expended on programs authorized under part A of title I in each such fiscal year.

(b) Any sums authorized to be appropriated for title I of this Act in excess of $37,600,000 shall be reflected in a commensurate increase in the sums to be made available for Part A of such title.

(c) *(1) Of the funds appropriated for each of the fiscal years 1980 and 1981 for the purpose of carrying out title I of this Act, (A) not less than $28,000,000 shall first be available for carrying out the VISTA program under part A of such title, and (B) of the funds appropriated for each such fiscal year for the purpose of carrying out such title which are in excess of $28,000,000 (i) not less than $2,300,000 for fiscal year 1980 and not less than $1,600,000 for fiscal year 1981 shall be available for carrying out the University Year for ACTION program under part B of such title, and (ii) not less than $500,000 for each fiscal year shall be available for carrying out service-learning programs under section 114.*

(2) Of the funds appropriated for each of the fiscal years 1980 and 1981 for the purpose of carrying out part C of title I of this Act which are in excess of $2,500,000 but not in excess of $10,000,000, not less than 50 per centum in each such fiscal year shall be available for carrying out the fixed-income counseling and Helping Hand programs under section 122.

NATIONAL OLDER AMERICANS VOLUNTEER PROGRAMS

SEC. 502. (a) There are authorized to be appropriated $17,500,000 for the fiscal year ending June 30, 1974, $20,000,000 each for the fiscal year ending June 30, 1975, and for the fiscal year ending June 30, 1976, respectively, $6,000,000 for the period beginning July 1, 1976, and ending September 30, 1976, and $22,000,000 for each of the fiscal year ending September 30, 1977, and September 30, 1978, to be used for the purpose of carrying out programs under part A of title II of this Act.

(b) (1) There are authorized to be appropriated $32,500,000 for the fiscal year ending June 30, 1974, $40,000,000 each for the fiscal years ending June 30, 1975, and June 30, 1976, respectively, $10,750,000 for the period beginning July 1, 1976, and ending September 30, 1976, and $43,000,000 for each of the fiscal years ending September 30, 1977, and September 30, 1978, for the purpose of carrying out programs under part B of such title of which (A) $26,500,000 for the fiscal year ending June 30, 1974, and $32,000,000 each for the fiscal years ending June 30, 1975, and June 30, 1976, respectively, $8,750,000 for the period beginning July 1, 1976, and ending September 30, 1976, and $35,000,000 for each of the fiscal years ending September 30, 1977, and September 30, 1978, shall be available for such years for grants or contracts under subsection (a) of section 211, and (B) $6,000,000 for the fiscal year ending June 30, 1974, and $8,000,000 each for the fiscal years ending June 30, 1975, and June 30, 1976, respectively, $2,000,000 for the period beginning July 1, 1976, and ending September 30, 1976, and $8,000,000 for each of the fiscal years ending September 30, 1977, and September 30, 1978, shall be available for such years for grants or contracts under subsection (b) of such section.

(2) If the sums authorized to be appro-

priated under paragraph (1) of this subsection are not appropriated and made available in full for each such fiscal year, then such sums as are appropriated and made available for each such fiscal year shall be allocated so that—

(A) any amounts appropriated not in excess of a sum which when added to carryover balances otherwise available for obligation under subsection (a) of section 211 equal $25,000,000 shall be used for grants or contracts under such subsection; and

(B) any amounts appropriated in excess of a sum which when added to carryover balances otherwise available for obligation under subsection (a) of section 211 equals $31,000,000 for the fiscal year ending June 30, 1974, and $33,000,000 each for the fiscal years ending June 30, 1975, and June 30, 1976, respectively shall be used for grants or contracts for such fiscal years under such subsection.

ADMINISTRATION AND COORDINATION

Sec. 504. There are authorized to be appropriated each for the fiscal years ending June 30, 1974, June 30, 1975, June 30, 1976, September 30, 1977, [and] September 30, 1978, *September 30, 1979, September 30, 1980, and September 30, 1981,* respectively, such sums as may be necessary for the administration of this Act as authorized in title IV of such Act.

AVAILABILITY OF APPROPRIATIONS

Sec. 505. Notwithstanding any other provision of law, unless enacted in express and specific limitation of the provisions of this section, funds appropriated for any fiscal year to carry out any program under this Act or any predecessor authority shall remain available, in accordance with the provisions of this Act, for obligation and expenditure until expended.

TITLE VI—AMENDMENTS TO OTHER LAWS AND REPEALERS

SUPERSEDENCE OF REORGANIZATION PLAN NUMBER 1 OF JULY 1, 1971

Sec. 601. (a) Sections 1, 2(a), 3, and 4 of Reorganization Plan Number 1 of 1971 (July 1, 1971) are hereby superseded.

(b) The personnel, property, records, and unexpected balances of appropriations, allocations, and other funds employed, used, held, available, or to be made available in connection with the functions transferred to the Director of the ACTION Agency by sections 2(a) and 4 of such reorganization plan are hereby transferred to the ACTION Agency established by section 401. All grants, contracts, and other agreements awarded or entered into under the authority of such reorganization plan will be recognized under comparable provisions of this Act so that there is no disruption of ongoing activities for which there is continuing authority.

(c) All official actions taken by the Director of the ACTION Agency, his designee, or any other person under the authority of such reorganization plan which are in force on the effective date of this Act and for which there is continuing authority under the provisions of this Act, and the length of the period of service of volunteers serving or undergoing training under title VIII of the Economic Opportunity Act of 1964, as amended (42 U.S.C. 2991–2994d) on the effective date of this Act, shall continue in full force and effect until modified, superseded, or revoked by the Director.

(d) All references to ACTION, or the Director of ACTION in any statute, reorganization plan, Executive order, regulation, or other official document or proceeding shall, on and after the effective date of this Act, be deemed to refer to the ACTION Agency established by section 401 and the Director thereof.

(e) No suit, action or other proceeding, and no cause of action, by or against the agency known as ACTION created by such reorganization plan, or any action by any officer thereof acting in his official capacity, shall abate by reason of enactment of this Act.

(f) Persons appointed by the President, by and with the advice and consent of the Senate, to positions requiring such advice and consent under such reorganization plan may continue to serve in the same capacity in the ACTION Agency without the necessity of an additional appointment by the President or further such advice and consent by the Senate.

CREDITABLE SERVICE FOR CIVIL SERVICE RETIREMENT

Sec. 602. Section 8332(b)(7) of title 5, United States Code (relating to creditable service to civil service retirement), is amended by inserting a comma and "or a period of service of a full-time volunteer enrolled in a program of at least one year's duration under part A, B, or C of title I of the Domestic Volunteer Service Act of 1973 (— U.S.C.—)" after "Economic Opportunity Act of 1964".

REPEAL OF TITLE VIII OF THE ECONOMIC OPPORTUNITY ACT

Sec. 603. Title VIII of the Economic Opportunity Act of 1964, as amended (42 U.S.C. 2991–2994d), is hereby repealed.

REPEAL OF TITLE VI OF THE OLDER AMERICANS ACT

Sec. 604. (a) Title VI of the Older Americans Act of 1965, as amended (42 U.S.C. 3044–3044e), is hereby repealed.

(b) Section 908 of the Older Americans Comprehensive Services Amendments Act of 1973 (Public Law 93–29) is amended by striking out "1973," and "1974," and inserting in lieu thereof "1974," and "1975,", respectively.

Approved October 1, 1973.

SECTION 5 OF PUBLIC LAW 94–130

An act to amend further the Peace Corps Act, and for other purposes

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Sec. 5. (a) Section 105(a)(1) of the Domestic Volunteer Service Act of 1973 (42 U.S.C 4955(a)(1)) is amended by striking out "$50" and inserting in lieu thereof "$75".

(b) There are authorized to be appropriated, in addition to the sums authorized to be appropriated pursuant to section 501 of such Act, such additional sums as may be necessary to carry out the amendments made by subsection (a) of this section. [Such amendments are to be effective for each fiscal year only to such extent and for such amounts as are specifically provided for such purpose in such appropriation Acts.]

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

Mr. CRANSTON. I move to reconsider the vote by which the conference report was agree to.

Mr. EAGLETON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business of not to exceed 20 minutes, with Senators permitted to speak up to 5 minutes each therein.

The PRESIDING OFFICER. Without objection, it is so ordered.

WELFARE REFORM IN REVERSE

Mr. THURMOND. Mr. President, much reform is needed in the Nation's welfare system. We need to tighten the eligibility requirements and eliminate fraud and abuse.

A recent editorial in the Greenville News in Greenville, S.C., brings up the issue of welfare reform and points out that the administration's proposals will do nothing to help solve the problem. The editorial states that the proposals will not encourage the incentive of the recipients to get off the welfare program and will probably increase the Federal Government's role in the system.

Mr. President, in order to share this fine article with my colleagues, I ask unanimous consent that the editorial appear in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

WELFARE REFORM IN REVERSE

Few people would argue the need to reform the nation's welfare system. It is a mess, open to fraud, waste and abuse.

But the Carter administration is going about welfare reform in the wrong way. The president's proposal, which is now before Congress, likely will lead to higher welfare bills, will reduce the incentive recipients have to get off the welfare rolls and will do nothing to lessen the risk of fraud and abuse.

It also will increase the federal role in welfare; and that, given the magnitude of the welfare system, will further erode the federal system prescribed by the Constitution.

The primary feature of the administration plan is the establishment of a national minimum welfare benefit equal to 65 percent of the official poverty level. It is now set by the Census Bureau at $7,160 for a family of four. The minimum welfare benefit would be $4,654.

Critics of the proposal contend it will lead to the establishment of a guaranteed income. There is little difference between a minimum welfare benefit and a guaranteed income. It is, in fact, when taken with other welfare benefits, such as food stamps and the earned income tax credit, little more than a scheme for redistributing the nation's wealth.

One of the most troubling aspects of the proposal is that it will do nothing to encourage welfare recipients to seek work which will get them off the welfare rolls or, at least, reduce their dependence on welfare.

The proposal has a work requirement, but the requirement is so watered down a welfare recipient would be permitted to refuse a job for several reasons, one of which is that the job doesn't pay very much.

The heavy hand of organized labor can be seen clearly in the provision which will allow a welfare recipient to refuse a job which becomes available because of a strike, lockout or other labor dispute.

The plan also would allow a welfare recipient to earn up to $500 per month and still be considered unemployed.

Carter's proposal also does not take into consideration cost of living differences between states. A welfare family in South Carolina would get the same benefit as a recipient in New York City, where the cost of living is much higher.

By enacting a minimum national benefit, Congress necessarily would increase federal control of the welfare system, which now is primarily the responsibility of the states. Such federal control would put yet another nail into the coffin of the system of government the Founding Fathers sought to establish. They feared a strong central government and tried to limit its powers.

There is also in Congress an alternative welfare proposal which would not drastically increase federal power. That legislation would provide for a system of block grants to the states. The states would be able to tailor their welfare programs to the needs of their own welfare recipients, experiment with new programs and establish work requirements which could cut welfare costs without hurting those who really need government aid.

This proposal—and not Carter's—should be adopted.

UNITED NEGRO COLLEGE FUND

Mr. THURMOND. Mr. President, since 1943, the United Negro College Fund has provided support for private colleges throughout the country. This fine organization has distributed about $2 million during its history and has enabled countless young men and women to receive an education they might not have otherwise been able to afford.

Twenty-seven colleges participated in the original appeal for the UNCF. Today the fund provides money and services to over 41 members. These institutions are private, fully accredited predominately black colleges and universities.

Recently, the Washington Inter-Alumni Council of the United Negro College Fund held ceremonies recognizing some of its members for their exemplary work for education. I was pleased to learn that a staff member of mine, Mrs. Thomasina Francis, was honored at this event for her dedicated efforts and distinguished service to her alma mater (Vorhees College), the alumni council, her church, and her community. Mrs. Francis is a fine, competent member of my staff, and I am proud of her achievements with the UNCF.

SOVIET CONSTRUCTION OF NEW PIER IN CUBA

Mr. THURMOND. Mr. President, the Soviet military buildup of an operating base in Cuba continues with hardly a whimper from the administration.

The latest discovery of a new pier under construction at Cienfuegos indicates that the Soviets are establishing in Cuba facilities which will enable them to build an influence in Central and Latin America.

Mr. President, I ask unanimous consent that an article entitled "Soviet Construction of Pier at Cuban Base is Reported" which appeared in the October 31, 1979 issue of the Washington Post newspaper be printed in the RECORD at the conclusion of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SOVIET CONSTRUCTION OF PIER AT CUBAN BASE IS REPORTED

(By John M. Goshko)

U.S. intelligence has determined that the Soviet Union is building a new pier at the Cienfuegos naval base in Cuba, but Carter administration officials said last night they do not know whether the facility could be used for offensive purposes such as servicing Soviet nuclear submarines.

The officials stressed that, at this point, there are no grounds for regarding the pier construction with the same concern triggered by the discovery in August of a Soviet combat brigade in Cuba.

In fact, the officials added, there is no evidence to suggest that the construction violates the understandings reached by the two superpowers in settlement of the 1962 Cuban missile crisis. Those agreements are supposed to bar the Soviets from introducing offensive weapons onto the islands.

They said the construction, which was detected by increased U.S. surveillance of Cuba in the wake of the furor over the Soviet brigade, is being watched closely and has been reported to key members of Congress dealing with security affairs. They added that Secretary of State Cyrus R. Vance also discussed the matter in general terms at a meeting Monday with Hispanic-American community leaders.

However, despite the cautious tone taken by the officials, fallout from the controversy over the Soviet brigade—coupled with a companion dispute about Cuba as a potential base for servicing Soviet subs and warships—seems certain to unlease new questions about Soviet military activities in Cuba.

That was underscored last night by Sen. Richard B. Stone (D-Fla.), who revealed the presence of the Soviet brigade last summer at a time administration officials were insisting they had no evidence to support such charges.

In a telephone interview, Stone, who has been briefed on the matter, said the construction is of "major proportions" and has been under way for several months. The senator added that he had more information but could not reveal it because it was clasisfied and went beyond the facts that emerged yesterday.

But Stone, who repeatedly has raised questions about Soviet submarine visits to Cuba, said the matter raises questions "of concern about whether the Soviets are attempting to build a major submarine base in Cuba."

He continued: "It is time to get this situation clarified, both in terms of clearing up ambiguities about the extent to which facilities in Cuba can be used by Soviet warships, including those with nuclear armaments, and in terms of making clear we will not tolerate a major base there operated by the Soviets or their Cuban allies."

The U.S.-Soviet understandings about Cuba, which have never been made fully public, have been a subject of controversy over the years in regard to naval matters.

In 1970, after concern developed that the Russians were building a submarine base at Cienfuegos Bay, President Nixon announced that port calls in Cuba by Soviet submarines and ships would not violate the agreements, but the servicing of such vessels "either in or from Cuba would be a violation."

The pier whose construction has now been detected is in addition to another recently built at Cienfuegos Bay under Soviet supervision Although it apparently was ready for use when Soviet ships were deployed in the Caribbean last spring, the Russian vessels did not visit Cuba.

That is believed to have been the result of U.S. press reports calling attention to the possibility that a violation of the 1962 agreements and the 1970 Nixon interpretation of the accords might occur. The Carter administration is understood to have warned the Soviets at the time that a visit by the Soviet ships to Cienfuegos could be considered a provocation in this country and lead to strained relations.

However, there has been continued speculation about whether Soviet ships and subs will continue to avoid going into Cienfuegos Bay. As a result, revelation that a second Soviet pier is under construction seems guaranteed to regenerate debate about what the Soviets are up to at the Cuban facility.

According to administration sources, the new construction also involves several large buildings or sheds, and some sources said that this seems like a lot of construction to handle the two Soviet subs known to be at the Cienfuegos base.

One of these vessels, they said, is an overage submarine used by the Cubans for training purposes. They said the other, manned by a Soviet crew is a diesel-powered attack submarine armed with conventional torpedoes but no missiles.

THE LONG ROAD TO PEACE AND UNITY

Mr. MATSUNAGA. Mr. President, the senior Senator from West Virginia, my good friend JENNINGS RANDOLPH, is known, among his colleagues and the citizens of the great State that he has served so outstandingly in the House of Representatives and the Senate for 34 years, as a man of superior vision. He has had such an outstanding record that his length of service, surpassed by only a handful of Members serving in Congress, has been greatly overshadowed, and rightly so, by his deeds.

My distinguished colleague has long been a strong and effective advocate of programs to improve public facilities, transportation systems, and the environment. As a member of the Senate Committee on Environment and Public Works since 1958, and as its chairman since 1966 he has been intimately involved with the legislative leadership in the areas of air and water pollution control, solid waste disposal, highways, and water resources development.

Throughout his remarkable career, the distinguished senior Senator from West Virginia has shown concern for the people of his State and the Nation; whether through his work on improving the Nation's highway system—about which he is acknowledged as the Senate's foremost expert, advocacy of air and water pollution programs, or his concern for a peaceful society that can nurture the best in all of us.

Senator RANDOLPH and I have both harbored an American dream that goes back to the time of our first President; a dream that he has pursued since he first introduced a bill in 1945, while serving in the House, to create a Department of Peace, and which I, also, have pursued vigorously by introducing subsequent legislation.

The dream of a national entity to actively pursue the course of peace has now been brought closer than ever to reality with passage into law, in the 95th Congress, of a Commission to Study Proposals for a National Academy of Peace and Conflict Resolution, and the recent appropriation of $500,000 for the operation of the Commission; legislation which in great measure was due to his leadership, and of which I was pleased to have been a principal introducer.

Mr. President, in order to advance the distinguished Senator's idea of peace, with which I strongly concur, and in order to better understand the meaning of peace, which is so fragile a concept that it is often perverted as an excuse for conflict, I request unanimous consent to insert in the RECORD his remarks at the Second International Peace and Human Rights Conference at Campobello Island, Saturday, August 25, 1979, as follows:

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

THE LONG ROAD TO PEACE AND UNITY

Please accept our appreciation for the hospitality and understanding with which I have been received at Campobello. It is a privilege to participate in this Second Armand Hammer International Conference.

I agree with the theme selected by the Foundation for the International Institute of Human Rights. "Peace and Human Rights—Human Rights and Peace" is not the cryptic title favored by headline writers, but it accurately describes our conviction that the right to peace is one of the fundamental human rights. It affirms your Oslo declaration that fundamental human rights and peace are indivisible.

You have not given up on humanity. You expect the future to be good. Being practical you know that the future we envision will not just happen, but must be made to happen. By our presence here, each of us has declared a responsibility in the making of that future that goes beyond our profession or our political ideology.

It was in this restful setting that President Franklin D. Roosevelt found personal peace. Here also our natioanl leader sought that strength to summon all people in a crusade for world peace. In the autumn of 1939, in a famous fireside chat, he warned, and I quote:

"When peace has been broken anywhere, the peace of all countries is in danger."

Never in all history has humanity had so compelling an opportunity to exercise a choice in what its future should be. And never before has it been confronted with a choice between such drastic extremes. Scientific knowledge and the ability to apply that knowledge in positive ways have been increased at an ever faster rate, particularly over the past half-century. It is difficult for the mind to grasp the enormous development that has taken place.

The critical question of our time is will humanity use this expanding knowledge, and the ability to apply it, as a tool or as a weapon. Will these things result in a better, more livable world, or in the suicide of civilization? I am convinced that the answer to this question is being formulated by those of us who live today—and that no individual can escape a personal responsibility for his contribution to that answer.

It is this generation of industry and government officials, of thinkers and philosophers, of opinion-makers and thought-leaders, who must make the crucial decisions which lead to what the late Walter Lippman called the "Unity of Mankind."

We know, of course, that the idea of a universal society at peace is an ancient one among civilized men and women. In fact, we may define a civilized man as one who is converted to the belief that there are universal standards of law, of right, and of justice—which all men, and women, when they are rational, are bound to acknowledge.

For some 25 centuries it has been regarded as heresay against civilization to believe that a political frontier is a moral boundary, and that right and wrong are different on one side of it than on the other. And that sovereignty of government is absolute and that governments are bound by no common obligations superior to their own will.

We know that throughout history nations and their rulers have acted as if their own will were the whole of the law. Humanity has always been separated into many states and tribes, frequency at war with one another. Yet civilized men have never ceased to feel that patriotism is not enough, unless it is founded on universal principles, and pursues ends that can be made universally acceptable to rational men.

Great alliances of the past have always been founded primarily on military conquest, on geographical and economic divisions enforced by mighty armies and ethnic populations.

Alfred Lord Tennyson in 1842 wrote these prophetic words in Locksley Hall:

> "Till the war drum throbbed no longer,
> And the battle flags were furled
> In the Parliament of man,
> The Federation of the world."

Yet, in the middle of this century—within the space of a few months coincident with the atomic destruction of Hiroshima—our generation created the United Nations and issued the Universal Declaration of Human Rights. For the first time, a world organization and a humane ideology were established on the basis of political unity and a comity of ideals.

Ten years ago, another major moment of world awareness occurred that has served to bring peoples of this planet together. It was on July 19, 1969, when television flashed around the world the first portrait of our Earth—described as a big, blue marble nestled in the black void of space. I believe that this spectacular view of our beautiful, yet fragile Earth is the genesis of many of our recent international compacts on environment, trade, agriculture and human exchange.

Over the years I have served in Congress, as a Representative and as a Senator, I have been sponsor and cosponsor of legislation to create a U.S. Department of Peace, and a Secretary of Peace at the cabinet level in the Executive branch.

During the 79th Congress in 1945, while a member of the House of Representatives, I introduced House Resolution 3628, to create a Department of Peace, and I testified before the U.S. House Committee on Foreign Affairs on behalf of the bill. I said then that if America does not take the leadership in keeping peoples of the earth together in peace, "utter chaos is certain to result."

In recent years, I have supported the establishment of a National Academy of Peace. During the almost 35 years I have served, I have been grateful that similar legislation has been introduced by other members of Congress. Prior to 1977, there was a total of 140 bills introduced to create a Peace Academy or an executive department of peace. Despite many days of hearings and thousands of words of testimony by world authorities on mediation and conflict resolution, debates and conferences with educators and humanitarians, the Congress took no final action on our legislation to create a National Academy of Peace.

The breakthrough came on June 17, 1977, when the Senate agreed on S. 469—which I introduced with Senator Mark Hatfield of Oregon—to a compromise establishing a nine-member commission to study proposals for establishing a national academy for peace and conflict resolution. The objective of such an entity of our government would be primarily educational, to provide training and research in non-violent techniques for achieving just and peaceful relations within domestic communities and among nations. Students throughout the world would be invited to participate.

The study commission was authorized under Public Law 95-561 and authorized to spend $500,000 in its year-long search for concrete proposals to bring back to the Congress. Late last month, the funds were appropriated in House-Senate conference to become available after October 1. The House has selected its three representatives: Rep. Dan Glickman, Rep. John Ashbrook and Dr. William Lincoln. Senator Warren Magnuson, president pro-tem of the Senate, has named Senator Spark Matsunaga, former Rep. John Dellenback and Mr. John P. Dunfey to the commission. President Carter has not yet named his three.

As a citizen of the United States, I am understandably proud of our leadership role in science and technology. I am aware, too, that we have been a leader in the world in the development of the most destructive weapons. It is my hope that as Americans we can lead the world in creating a school for peace, for finding a basis of understanding among all countries.

Basically, our mission for peace is to discourage belligerents and to prevent them, and when necessary to oppose them, if they try to impose their system of government and their way of life on the whole world.

Wendell Willkie on his return from an around-the-world trip in 1940, on a mission for President Roosevelt, was to write in his book, ONE WORLD, these words:

"Winning the war is not enough . . . To win the peace, three things seem to be necessary: first, we must plan for peace on a global basis; second, the world must be free, economically and politically, for nations and for men that peace may exist in it; third, America must play an active, constructive part in freeing it and in keeping its peace."

Someday, perhaps, the entire world and all its people will come together in one global civilization. But if that happens, it will not be because someone of the many social systems now prevailing has been accepted by, or has been imposed on, humankind everywhere.

A global civilization would recognize as universal certain of the elementary principles of human justice and human rights of man and human responsibilities. But it might not resemble in its structure, or in its methods, or even in its daily working procedures, social orders that are now in existence.

In this generation, and in the next, and for as long a time forward, the world will not be one world under any single ideology. It will not be one communist world. It will not be one capitalist world, or one socialist world. And, it will not be one totalitarian world or one democratic world. It WILL BE one world that contains parts of these systems.

If it is to be a world that is substantially at peace, it must be a world which is united but not uniform. It must be a world of diversity in which the differences are recognized and are accepted and understood. We are not gods. We are only men and women. And therefore, we cannot make one world in our own image.

Our struggle for peace and human dignity has traveled a long road. But we have seen, in recent months, that centuries-old conflicts can be substantially ameliorated by the rational and understanding people of good will, and the Holy Spirit.

Those who seek universal peace and human rights hold in their hands the hope of the world, the fate of civilization; and the shame and disgrace will be ours if in our eyes the light of high resolve is dimmed, if we trail in the dust the golden hopes of humanity.

In his speech at the Israeli Knesset, on November 20, 1977, President Sadat of Egypt held aloft those golden hopes with these words:

"Introduce to the entire world the image of the new man in this era so that he might set an example of the man of our age, the man of peace everywhere. Ring the bells for your sons. Tell them that we are upon a new beginning, a new life, a life of love, prosperity, freedom and peace.

"Amidst the ruins of what man has built, among the remains of the victims of mankind, there emerges neither victor or vanquished. The vanquished remains always a man—God's most sublime creation . . ."

And he added:

"When the bells of peace ring, there will be no hands to beat the drums of war."

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Chirdon, one of his secretaries.

EXECUTIVE MESSAGE REFERRED

As in executive session, the Presiding Officer laid before the Senate a message from the President of the United States submitting the nomination of Donald R. Toussaint, of Virginia, to be Ambassador Extraordinary and Plenipotentiary of the United States to the Democratic Socialist Republic of Sri Lanka, and to serve concurrently without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States to the Republic of Maldives; which was referred to the Committee on Foreign Relations.

REPORT ON ADMINISTRATION OF THE NATIONAL SICKLE CELL ANEMIA, COOLEY'S ANEMIA, TAY-SACHS, AND GENETIC DISEASES—MESSAGE FROM THE PRESIDENT—PM 132

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report, which was referred to the Committee on Labor and Human Resources:

To the Congress of the United States:

In accordance with Section 1106 of the Public Health Service Act, I am transmitting to Congress the Third Annual Report for 1978 on the Administration of the National Sickle Cell Anemia, Cooley's Anemia, Tay-Sachs, and Genetic Disease Act.

This report has been prepared by the Health Services Administration and submitted to me as required by law. The Report describes further progress made towards implementation of a Genetic Services Program.

JIMMY CARTER.

THE WHITE HOUSE, *November 9, 1979*.

SPECIAL CENTRAL AMERICAN AND CARIBBEAN SECURITY ASSISTANCE ACT OF 1979—MESSAGE FROM THE PRESIDENT— PM 133

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with accompanying papers, which was referred to the Committee on Foreign Relations:

To the Congress of the United States:

Many of our neighbors in Central America and the Caribbean are in crisis—crisis marked by economic problems, terrorism, and popular frustration. The resolution of these problems in ways that will preserve the independence and security of these countries, while expanding democracy and supporting human rights, is very much in the national interest of the United States.

Prompt and effective U.S. assistance is vital.

—Nicaragua's economy has been crushed by bitter and prolonged strife. We have been asked to help, and we are doing so. But more is needed to restore public confidence, private initiatives, and popular well-being.

—The Governments in El Salvador and Honduras have pledged democracy and moderation. These and other Central American countries are embarked on accelerated development efforts of direct benefit to the poor. Assistance in these efforts is essential in creating the conditions under which democratic institutions can grow and thrive.

—The countries of the Eastern Caribbean are young and struggling democraries. They need help now for nation-building and for economic development.

I am therefore today proposing action to expand our support for development and security in Central America and the Caribbean. This will augment our existing development and security assistance programs in these regions, which in turn complement the contributions of several other governments and international agencies.

I have directed that, subject to normal congressional notification procedures, funds be reprogrammed for use in Central America and the Caribbean. These include:

—$5 million from the fiscal year 1980 Economic Support Funds for development projects in Central American countries other than Nicaragua.

—$10 million from fiscal year 1979 and fiscal year 1980 development assistance funds for public works and high employment impact projects in the Caribbean. These projects are an important part of our fiscal year 1979–80 contributions of $66.9 million budgeted for the Caribbean Development Group, chaired by the World Bank.

We are also reprogramming Food for Peace funds to increase food assistance in the area, especially in Nicaragua. We will also likely be reprogramming $5 to $10 million in Foreign Military Sales credits and International Military Education and Training funds for the Caribbean, and similar amounts for such programs in Central America. We are still working out the final details of these proposed reprogrammings and will fully inform the appropriate congressional committees of our proposed actions.

Reprogramming, however, is not enough. The enclosed bill would provide $80 million in flexible Economic Support funding, $75 million to assist in the reconstruction of the Nicaraguan economy and $5 million for early-impact development projects in other Central American countries.

I strongly urge rapid congressional action on this bill.

Such action will demonstrate that the United States can be relied upon to support democratic aspirations, the rebuilding of broken economies, and the security of our friends in this nearby region. Our additional funds for Central American development should substantially augment existing programs. Furthermore, we hope that other nations and international institutions will increase their efforts to accelerate the social and economic development of Central America.

With your help we can make clear where we stand.

JIMMY CARTER.

THE WHITE HOUSE, *November 9, 1979*.

PRESIDENTIAL APPROVALS

A message from the President of the United States reported that on November 8, 1979, he had approved and signed the following joint resolution:

S.J. Res. 117. Joint resolution to provide for a temporary extension of certain Federal Housing Administration authorities, and for other purposes.

A message from the President of the United States reported that on today, November 9, 1979, he had approved and signed the following act:

S. 428. An act to authorize appropriations for fiscal year 1980 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons and for research, development, test, and evaluation for the Armed Forces, to prescribe the authorized personnel strength for each active duty component and the Selected Reserve of each Reserve component of the Armed Forces and for civilian personnel of the Department of Defense, to authorize the military training student loads, to authorize appropriations for fiscal year 1980 for civil defense, and for other purposes.

MESSAGES FROM THE HOUSE

At 11:32 a.m., a message from the House of Representatives delivered by Mr. Gregory, one of its reading clerks, announced that the House agrees to the amendment of the Senate to the amendment of the House to the bill (S. 1160) to authorize appropriations for the Federal Fire Prevention and Control Act of 1974, and for other purposes.

The message also announced that the House recedes from its amendments to the bill (S. 1728) to designate the U.S. Federal Courthouse Building located at 655 East Durango, San Antonio, Tex., as the "John H. Wood, Jr., Federal Courthouse."

The message further announced that the House failed to agree to House Resolution 428, to disapprove reorganization plan No. 3 transmitted by the President on September 25, 1979.

The message also announced that, pursuant to the provisions of House Resolution 478, the bill (S. 1871) to extend the existing antitrust exemption for oil companies that participate in the agreement on an international energy program, together with all accompanying papers, is hereby returned to the Senate.

The message further announced that the House agrees to the amendment of the Senate to the bill (H.R. 4955) to authorize additional appropriations for migration and refugee assistance for the fiscal years 1980 and 1981 and to authorize humanitarian assistance for the victims of the famine in Cambodia, with an amendment in which its requests the concurrence of the Senate.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1037) to establish an actuarially sound basis for financing retirement benefits for police officers, firefighters, teachers, and judges of the District of Columbia and to make certain changes in such benefits.

The message further announced that the House has passed the following bills and joint resolution, in which it requests the concurrence of the Senate:

H.R. 3398. An act to amend the Food and Agriculture Act of 1977 relating to increases in the target prices for the 1979 crop of wheat, corn, and other commodities under certain circumstances, and for other purposes;

H.R. 4167. An act to amend section 201 of the Agricultural Act of 1949, as amended, to extend until September 30, 1981, the requirement that the price of milk be supported at not less than 80 per centum of the parity price thereof;

H.R. 5651. An act to establish by law the position of Chief of the Capitol Police, and for other purposes;

H.J. Res. 68. Joint resolution to authorize the President to issue a proclamation designating the week beginning on November 18, 1979, as "National Family Week".

ENROLLED BILL SIGNED

At 3:36 p.m., a message from the House of Representatives delivered by Mr. Gregory, announced that the Speaker has signed the following enrolled bill:

S. 1160. An act to authorize appropriations for the Federal Fire Prevention and Control Act of 1974, and for other purposes.

The enrolled bill was subsequently signed by the President pro tempore (Mr. MAGNUSON).

The message also announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 4904. An act to amend the Social Security Act to reform the program of aid to families with dependent children, to make improvements in the standards for eligibility and benefits in the program of supplemental security income, and to provide for the improved administration of both programs, to make related amendments to the Internal Revenue Code of 1954, and for other purposes.

At 4:50 p.m., a message from the House of Representatives delivered by Mr. Gregory, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4930) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1980, and for other purposes; that the House recedes from its disagreement to the amendments of the Senate numbered 15, 25, 31, 34, 47, 54, 73, 82, 87, 89, 90, 110, and 111 to the bill, and concurs therein; and that the House recedes from its disagreement to the amendments of the Senate numbered 1, 3, 17, 24, 30, 37, 38, 40, 48, 49, 50, 51, 52, 53, 56, 58, 59, 67, 74, 91, 94, 107, 108, and 109 to the bill, and concurs therein each with an amendment in which it requests the concurrence of the Senate.

The message also announced that the House agrees to the amendment of the Senate to the bill (H.R. 4986) to amend the Federal Reserve Act to authorize the automatic transfer of funds, to authorize negotiable order-of-withdrawal accounts at depository institutions, to authorize federally chartered savings and loan associations to establish remove service units, and to authorize federally insured credit unions to maintain share draft accounts, and for other purposes, with an amendment; that the House insists upon its amendment to the amendment of the Senate to the bill, requests a conference with the Senate on the disagreeing votes of the two Houses thereon; and that Mr. REUSS, Mr. ST GERMAIN, Mr. ANNUNZIO, Mr. BARNARD, Mr. STANTON, and Mr. WYLIE were appointed as managers of the conference on the part of the House.

HOUSE BILLS REFERRED

The following bills were read twice by their titles and referred as indicated:

H.R. 3398. An act to amend the Food and Agriculture Act of 1977 relating to increases in the target prices for the 1979 crop of wheat, corn, and other commodities under certain circumstances, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

H.R. 4904. An act to amend the Social Security Act to reform the program of aid to families with dependent children, to make improvements in the standards for eligibility and benefits in the program of supplemental security income, and to provide for the improved administration of both programs, to make related amendments to the Internal Revenue Code of 1954, and for other purposes; to the Committee on Finance.

H.R. 5651. An act to establish by law the position of Chief of the Capitol Police, and for other purposes; to the Committee on Rules and Administration.

HOUSE BILL PLACED ON THE CALENDAR

The following bill was read twice by its title and placed on the Calendar:

H.R. 4167. An act to amend section 201 of the Agricultural Act of 1949, as amended, to extend until September 30, 1981, the requirement that the price of milk be supported at not less than 80 per centum of the parity price thereof.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, November 9, 1979, he presented to the President of the United States the following enrolled bill:

S. 1160. An act to authorize appropriations for the Federal Fire Prevention and Control Act of 1974, and for other purposes.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-2455. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Impediments to Reducing the Costs of Weapon Systems," November 8, 1979; to the Committee on Armed Services.

EC-2456. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "How to Burn Coal Efficiently and Economically, and Meet Air Pollution Requirements—The Fluidized-Bed Combustion Process," November 8, 1979; to the Committee on Energy and Natural Resources.

EC-2457. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Contracting for Computer Software Development—Serious Problems Require Management Attention to Avoid Wasting Additional Millions," November 9, 1979; to the Committee on Governmental Affairs.

EC-2458. A communication from the Administrator, Small Business Administration, transmitting, pursuant to law, the 1978 annual report on the activities and accomplishments of the Small Business Administration; to the Select Committee on Small Business.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM-488. A resolution adopted by the National Association of Civilian Conservation Corps Alumni, relating to the historic Civilian Conservation Corps; referred to the Committee on Labor and Human Resources.

POM-489. A resolution adopted by the National Association of Civilian Conservation Corps Alumni, proposing that the last day in the calendar year be known as "National Civilian Conservation Day"; referred to the Committee on the Judiciary.

POM-490. A resolution adopted by the National Association of Civil Conservation Corps Alumni, commending Senator Henry M. Jackson, Chairman of the Committee on Energy and National Resources; ordered to lie on the table.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

DOMESTIC VOLUNTEER SERVICE ACT AMENDMENTS OF 1979—CONFERENCE REPORT

Mr. CRANSTON, from the committee of conference, submitted a report on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 239) to authorize appropriations for programs under the Domestic Volunteer Service Act of 1973, to amend such Act to facilitate the improvement of programs carried out thereunder, and for other purposes (Rept. No. 96-412).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. PELL:

S. 1994. A bill for the relief of William J. Games; to the Committee on Finance.

By Mr. ROTH:

S. 1995. A bill to provide for the establishment of a national cemetery on the Delmarva Peninsula; to the Committee on Veterans' Affairs.

By Mr. MELCHER:

S. 1996. A bill to authorize the recovery of wood residues in the national forests for use as fuel, for conversion to use as petrochemical substitutes or wood products, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. HART:

S. 1997. A bill to expand the White River National Forest in Colorado; to the Committee on Energy and Natural Resources.

By Mr. CRANSTON:

S. 1998. A bill to provide for the United States to hold in trust for the Tule River Indian Tribe certain public domain lands formerly removed from the Tule River Indian Reservation; to the Select Committee on Indian Affairs.

By Mr. EAGLETON:

S. 1999. A bill to allow the Interest Rate Modification Act of 1979, passed by the Council of the District of Columbia, to take effect immediately to the Committee on Governmental Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. ROTH:

S. 1995. A bill to provide for the establishment of a national cemetery on the Delmarva Peninsula; to the Committee on Veterans' Affairs.

● Mr. ROTH. Mr. President, on Monday our Nation will pay tribute to the deserving men and women who have served in our Armed Forces by celebrating Veterans Day. With this day of recognition approaching, I believe it is most fitting and I am pleased to be introducing legislation to provide for the establishment of a national cemetery on the Delmarva Peninsula. My distinguished colleague from Delaware, Senator BIDEN, and the distinguished Senator from Virginia, Senator WARNER, join me in this endeavor.

I am aware there are over 79,000 veterans in Delaware and thousands more on the Eastern Shore of Maryland and Virginia. Mr. President, these veterans have served the United States with honor when duty called. They deserve to be buried in a national cemetery, close to where their loved ones and friends live. The families and friends who survive these patriotic veterans should not have to travel long distances to the gravesites. Yet there is no national cemetery in the State of Delaware, and the ones in the adjoining States of Maryland, Pennsylvania, or New Jersey are closed. The closest one is Arlington National Cemetery in Virginia. However, Arlington is already overcrowded, and most veterans cannot be buried there. This is all the more reason a centrally located cemetery should be established on the Delmarva Peninsula.

A fitting answer to the lack of a national cemetery in Delaware and to the lack of burial space in the cemeteries in Virginia, Maryland, Pennsylvania, and New Jersey is to establish a national cemetery on the Delmarva Peninsula. This would make it possible for veterans from all five States to be buried close to their homes.

I feel it is most fitting to recognize the outstanding service of veterans of Delaware, Virginia, and Maryland by introducing this bill establishing a national cemetery on the Delmarva Peninsula.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1995

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Administrator of Veterans' Affairs is authorized and directed to (1) establish a national cemetery on the Delmarva Peninsula, (2) acquire by donation, purchase, condemnation, or otherwise, such lands in the State of Delaware, Maryland, or Virginia, as may be required for the establishment of such cemetery. In determining the location of such cemetery, the Administrator of Veterans' Affairs shall take into consideration such factors as the Administrator determines will best serve the needs of veterans and their families in the State of Delaware, Maryland, and Virginia and adjacent States.

SEC. 2. The national cemetery established under authority of this Act shall become part of the National Cemetery System and shall be administered in accordance with the provisions of chapter 24 of the title 38, United States Code.

SEC. 3. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.●

By Mr. MELCHER:

S. 1996. A bill to authorize the recovery of wood residues in the national forests for use as fuel, for conversion to use as petrochemical substitutes or wood products, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

FOREST SERVICE RECOVERY

Mr. MELCHER. Mr. President, I have introduced a bill, S. 1966, which is intended to see if, through certain incentives, purchasers of public timber can be convinced that it is economical at times to go back after a timber sale and collect the slash remaining on the ground and deliver it to collection points for energy purposes.

At present, slash is collected at the point of a timber harvest and it is burned. It could be argued that this is just as wasteful as the burning of stack gases in the oil refineries of certain nations.

While the Forest Service, the Tennessee Valley Authority, and millions of homeowners see significant opportunities for the use of wood for energy, until waste wood is concentrated at central collection points so that it can be marketed in an orderly way, potential customers will not be able to rely on a steady source of supply.

In the West there are millions of acres of dead and dying trees now standing on land that should be reforested. The Forest Service is trying very hard to market this dead timber but there are limits to how much of it the marketplace can take for lumber and chips.

However, if we were to begin to look at this dead timber as a potential energy source, harvesting and subsequent reforestation should and could proceed far more rapidly.

Under this amendment, timber purchasers would be provided with financial incentives to bring out the slash that is now wasted, and bring it to central collection points where it could be sorted and marketed. Receipts from these sales would revert to the Treasury.

In the National Forest Management Act of 1976, the Congress made provision for the Forest Service to sell slash under certain circumstances to paper companies and other kinds of firms that could use this material. That program has been successful.

Since the collection of waste wood for energy is somewhat farther afield from the normal operations of timber purchasers, it was felt that a small program of direct incentives funded directly for 5 years would allow us to determine whether wood collection and marketing centers would be effective. The measure I have introduced provides that the residue removal incentives shall be treated as "moneys received" so there will be no diminution of local government shares in forest revenues.

The value of this program would be greater than simply providing waste wood for energy. It would assist in fire prevention and wildlife habitat improvement; assist in timber stand improvement; and improve the esthetic qualities of harvested areas; and reforestation could become a reality more expeditiously.

The authorization for this program would be $50 million a year for 5 years, beginning in fiscal 1981, assuring that the benefits of the program will be assessed before its extension beyond that period.

Because of its energy potentialities, I expect to hold hearings and ask the Environment, Conservation and Forestry Subcommittee of the Agriculture Committee to act on this measure promptly.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1996

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. (a) In order to promote full use of National Forest System wood and wood residues, the Secretary of Agriculture is authorized to establish a program using "residue removal incentives" to pay timber purchasers for their costs in the removal and processing of wood residues from timber sales areas, to points of prospective use as fuel, or conversion to use as industrial hydrocarbons, alcohol, petrochemical substitutes, or wood products. The term wood residues includes, but is not limited to, logging slash, down timber material, and standing live, or dead trees which do not meet utilization standards because of size, species, merchantable volume, or economic selection criteria. Residues should be collected from a site so as to avoid soil depletion or erosion; and further, full consideration should be given to the protection of wildlife habitat with respect to the removal of standing live or dead trees. Point of use is to be determined in accordance with appropriate timber appraisal and sale procedures and may include, but not be limited to, industrial or commercial enterprises, or commercial, or government-owned wood concentration and distribution centers. The form and method of removal and processing is to be prescribed by the Secretary in accordance with appropriate appraisal and sale procedures. The Secretary in making sales shall place a reasonable value on residue and is authorized to require the purchasers of National Forest timber sales to process and remove wood residues to points of prospective use. However, except in cases of wood residue removal for fire prevention, site preparation for regeneration, wildlife habitat improvement, or other land management purposes, the Secretary may not make such requirements in instances where it would be more expensive to remove wood residue than the value such residue would provide as fuel or other merchantable wood products. The amount of the wood residue handled under the "residue removal incentive" authorized by this section shall be limited to that portion of the estimated cost of this work covered by the value of the timber in excess of other designated charges. The residue removal incentive is to be applied as a credit against the amount payable for timber. Except for that volume of wood designated for free use disposal, wood residues will be sold for not less than the appraised value when a market for such material exists. The residue removal incentives and revenues from the sale of such residues shall be considered as "moneys received", within the meaning of the sixth paragraph under the heading "FOREST SERVICE" in the Act of May 23, 1908, as amended, section 13 of the Act of March 1, 1911, as amended (35 Stat. 260, 36 Stat. 963, as amended; 16 U.S.C. 500).

(b) In addition to the moneys provided under subsection (a), there is hereby authorized to be appropriated annually such sums not in excess of $50,000,000, beginning October 1, 1981, and each fiscal year thereafter until the fiscal year ending September 30, 1986, as Congress determines necessary for the purposes of this section. Moneys appropriated under this subsection are to be available until expended to cover the cost to the United States for removal of wood residues from National Forest System lands to points of use for energy or wood products. Receipts from the sale of National Forest System wood residues shall be returned to the United States Treasury. Activities which may be carried out under this subsection include, but are not limited to, removal of wood residues from (1) active timber sales where the timber value is insufficient to provide residue removal incentives for the removal of all appropriate residues, (2) closed and active timber sales where no residue removal credit was established, (3) reforestation and timber stand improvement areas, (4) fire control clearings, (5) areas of fire prevention cleanup of accumulated wood residues, and (6) other accumulations of wood residues. In addition, funds appropriated under this subsection may be used for (1) operation of National Forest System wood residue demonstration areas, (2) establishment of fuel wood concentration and distribution centers, and (3) construction of access roads needed to facilitate wood residue removal. The Secretary is authorized to cooperate with the State, county and other governmental entities by making payments to such entities which cooperate in the operation of those activities listed in subsection (b).

(c) The Secretary is authorized to make available wood and its wastes and residues from the National Forest System for use in research, field tests, and demonstrations (authorized under sections 2041 and 2052 of this title).

(d) The Secretary is authorized to promulgate such regulations as he deems necessary to carry out the provisions of this section.

By Mr. HART:

S. 1997. A bill to expand the White River National Forest in Colorado; to the Committee on Energy and Natural Resources.

WHITE RIVER NATIONAL FOREST EXPANSION

● Mr. HART. Mr. President, I am introducing today a bill to expand the White River National Forest in Colorado to include two areas of about 69,000 acres.

The bill would add to the national forest 2,416 acres in Pitkin County and 66,665 acres in Eagle County. These lands are a mixture of public lands managed by the Bureau of Land Management, private lands, and Forest Service lands. The major effect of this addition would be to transfer 19,181 acres of BLM land to the Forest Service. This bill would not acquire any private lands. The bill will have no effect on private lands, except neighboring lands would be managed by the Forest Service and not by the BLM.

In the 95th Congress, former Senator Floyd Haskell introduced a bill, S. 2101, to expand the White River National Forest. This bill would have added to the national forest the same Pitkin County addition included in the bill I am introducing today. After the Senate unanimously passed the bill, the House amended it to include an area similar to the Eagle County addition in the bill I am introducing today. Due to the lack of time, the Senate was unable to consider the House's amended version of S. 2101.

Early this year, Representative JAMES P. JOHNSON of Colorado reintroduced the bill, in the form approved by the House last year. The House Interior Committee recently approved the bill, after making a minor change in the Eagle County addition. The bill I am introducing today is the same as that approved by the Interior Committee.

The Pitkin County addition in the bill would extend the southern boundary of the national forest to include approximately 2,416 acres north and east of Aspen, Colo. Of this amount, 367 acres are already managed by the Forest Service, 1,260 acres are BLM lands, and 789 acres are private lands owned by the Nature Conservatory who will hold it until the Forest Service can acquire it. The Senate has already once approved this expansion, which is identical to that included in last year's Senate bill.

My bill would also extend the northern boundary of the national forest to include 66,665 acres located north and west of Minturn, Colo. Of this land, approximately 17,921 acres are public lands administered by the Bureau of Land Management, 47,644 acres are private, and 2,100 are managed by the Forest Service. This addition includes the beautiful Meadow Mountain Ranch which the Forest Service acquired this year for $5.5 million under the Land and Water Conservation Fund.

The people of these areas originally proposed these expansions of the national forest. The Eagle County expansion, the larger of the two, was suggested by a broad-based public committee working with the county government. The county board of commissioners and the town councils of Vail, Minturn, and Avon endorsed the expansion.

My inquiries have convinced me of the soundness of these proposed expansions. They would transfer to the Forest Service public lands of national forest equality. The expansions also would provide for a uniform administration by one Federal agency of currently intermingled BLM and Forest Service land. It would eliminate duplication of travel and management services. It would facilitate public contact with the land managers, since users of the public lands would have to work with only one Federal agency; and it would reduce the costs for public land management.

With the current ownership pattern, it is not uncommon for a grazing permittee with a single problem to have to negotiate it with both a Forest Service official in Eagle and a BLM official in Glenwood Springs—communities separated some 40 miles. Conversely, officials of two agencies must travel to the same area to carry on the same business at the same time——wasting time, effort, and money.

This bill does not affect the validity or term of any existing withdrawal, right-of-way, mineral lease, or easement of license involving the lands within the proposed new forest boundary. The bill would continue existing BLM grazing permits for 1 year; the Forest Service would then issue new grazing permits upon request.

In conclusion, this bill would consolidate management functions, eliminating unnecessary duplication. It would allow the Forest Service to work more closely with State and local officials and the public to manage and protect these public lands.●

By Mr. CRANSTON:

S. 1998. A bill to provide for the United States to hold in trust for the Tule River Indian Tribe certain public domain lands formerly removed from the Tule River Indian Reservation; to the Select Committee on Indian Affairs.

● Mr. CRANSTON. Mr. President, I am today introducing a bill to declare as a part of the Tule River Reservation in California lands which once were within the reservation boundaries. These lands were removed from the reservatiton under a complex series of Presidential and congressional actions, often in conflict with one another. My bill is identical with H.R. 4124, introduced by Representative WILLIAM M. THOMAS of California earlier this year. The history of this reservation is a 100-year long tale of administrative indecision, delay, and error in setting the reservation boundaries.

The Tule River Reservation was first created by Executive order of President Ulysses S. Grant in 1873. In October of the same year, President Grant doubled its size. Then, 4 years later, President Rutherford B. Hayes reduced the reservation to its original size.

Between 1888 and 1892, 1,440 acres of land belonging to the reservation were surveyed as outside its borders. Most of this land was then sold by the Federal Government to the surveyors themselves and to their business associates. This group then resold the land at great profit to private timber interests.

In 1910, the error was uncovered, but no corrective action was immediately undertaken.

In 1927, President Coolidge issued an Executive order to correct the erroneous boundary survey. He placed the land at issue within the reservation boundary. This action, however, did not remove from private ownership the land erroneously patented following the 1884 survey.

By this time, nearly all the acreage under discussion—with the exception of sparse stands of virgin redwood—had been clearcut. About 133 million board feet of timber had been removed.

Despite President Coolidge's order, the non-Indian timbering interests continued to strip most of the land of its remaining trees.

Faced with the inconsistency between the reservation boundary reestablished by President Coolidge's Executive order and the private ownership of land within that boundary by timbering interests as a consequence of the erroneous 1884 survey, the Government had two ways to rectify the situation, as an Interior Department investigator pointed out at the time.

The Government could either repurchase for the Indians the land it had erroneously patented, or it could recognize the erroneous boundary established by the 1884 survey, excluding the privately owned land.

Congress in 1928 passed legislation excluding the privately owned lands patented under the 1884 survey from the reservation. This action removed from the reservation as recognized by President Coolidge about 1,300 of the 1,440 acres within the disputed area.

In 1934, the Interior Department investigated the boundary dispute and concluded that the Indian land had been erroneously patented resulting in the loss of the trees to the Tule River Indians.

Mr. President, 1,200 acres of the original 1,440 acres excluded from the reservation by the 1884 survey is now in the public domain. It is held by the U.S. Forest Service as part of the Sequoia National Forest. My bill would transfer into trust status for the benefit of the Indians of the Tule River Reservation those 1,200 acres. Three additional parcels of land, totaling 240 acres, are also in the public domain, including 160 acres held by the Boy Scouts of America. My understanding is that the tribe does not seek any interest in these additional 240 acres—which were obtained in good faith by their present owners. The status of this acreage would not be affected by my bill.

Moreover, by resolution the tribe had indicated it has no desire to disturb any of the virgin redwood trees which remain from all the timberage which was once theirs, and is now gone.

The return of these 1,200 acres to the use and benefit of the people of the Tule River Reservation will restore to that reservation the only major resource it has ever had. Without its timberland, this reservation is extremely impoverished. Less than 200 acres are suitable for agriculture. The rest is rough and rocky, but could be partly usable for grazing were extensive irrigation facilities installed.

Time and the reforestation efforts of the Forest Service have restored harvestable timber to the 1,200 acres. Using sustained yield principles, the people of this reservation can establish for the first time a viable, self-sustaining economic base which will enable them not only to benefit from the timberland, but also to make more productive the reservation which they now have.

My legislation also makes provision for the maintenance of existing right-of-way, and for the Secretary of Agriculture to establish such right-of-way as he considers necessary to provide access to the Forest Service land east of the land which this bill will once again place within the reservation boundary.

Mr. President, this bill will redress a long-standing injustice. I urge its early adoption.

I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1998

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That all right, title, and interest in lands owned by the United States and administered by the United States Forest Service, as described in section 2, which were removed from the Tule River Indian Reservation pursuant to the Act of May 17, 1928 (45 Stat. 600–601) are declared to be held in trust by the United States for the Tule River Indian Tribe and to be part of the Tule River Indian Reservation.

SEC. 2. The lands referred to in section 1 are the following:

MOUNT DIABLO MERIDIAN, CALIFORNIA TOWNSHIP 21 SOUTH, RANGE 31 EAST

Section 16:

That portion lying south of the hydrographic divide between the South Fork of the Middle Fork of the Tule River and the South Fork of the Tule River and westerly of a northerly prolongation of the eastern boundary of the Tule River Indian Reservation.

Section 17:

That portion lying south of the hydrographic divide between the South Fork of the Middle Fork of the Tule River and the South Fork of the Tule River.

Section 18:

That portion of the northeast quarter northeast quarter lying south of the hydrographic divide between the South Fork of the Middle Fork of the Tule River and the South Fork of the Tule River.

South half northeast quarter.

Southeast quarter northwest quarter.

East half southeast quarter.

Section 20:

North half north half.

South half northeast quarter.

Southeast quarter northwest quarter.

Section 21:

Northwest quarter northwest quarter.

Section 28:

Tract 48.

SEC. 3. (a) Nothing in this Act shall deprive any person of any valid existing right-of-way, lease, permit, or other right or interest which such person may have in any of the lands described in section 2.

(b) The transfer under the first section of this Act shall be subject to such right-of-way through lands in section 16 as the Secretary of Agriculture considers necessary to provide access to United States Forest Service lands located east of section 16. Such right-of-way shall be located and used in such manner as the Secretary of Agriculture determines to be appropriate.

SEC. 4. The Secretary of the Interior shall promptly cause to be published in the Federal Register a description of the lands transferred pursuant to this Act and a description of the boundaries of the Tule River Indian Reservation, as modified by the transfer made pursuant to this Act.●

By Mr. EAGLETON:

S. 1999. A bill to allow the Interest Rate Modification Act of 1979, passed by the Council of the District of Columbia, to take effect immediately; to the Committee on Governmental Affairs.

● Mr. EAGLETON. Mr. President, this Tuesday, November 6, headlines across the front page of the Washington Post announced that the Federal National Mortgage Association (Fannie Mae) had cut off mortgage money in the District of Columbia. On Wednesday, November 7, headlines announced that the Federal Home Loan Mortgage Corporation (Freddy Mac) had followed suit. By yesterday, November 8, financing for home mortgage loans in the District of Columbia had virtually come to a stop.

Today, I am introducing legislation designed to remedy this serious situation. I would hope my colleagues would lend their support for speedy approval of this measure.

By way of necessary background: Under the District of Columbia Self-Government and Governmental Reorganization Act, better known as the Home Rule Act, the District of Columbia can enact permanent legislation, which becomes law only after a period of congressional review passes—30 legislative days—and both Houses have not passed a concurrent resolution of disapproval. However, the Home Rule Act also recognizes that in exceptional situations, the District government must be permitted to act rapidly and have legislation take effect immediately with no congressional layover. Therefore, the law provides that two-thirds of the District Council can pass "emergency legislation" which takes effect without congressional review and stays in effect for 90 days. The Home Rule Act is silent on whether the emergency legislation may be renewed. The District government, however, has repeatedly renewed emergency legislation, a practice which led indirectly to the current lending crisis. Fannie Mae and Freddy Mac indicate that before they reenter the Washington market, they need permanent legislation raising the usury ceiling in the District to 15 percent.

On Tuesday, the District City Council took action to do that, and my bill would make that law effective immediately by waiving the normal congressional review period required under the Home Rule Act. This waiver of the congressional review period is identical to the legislation already introduced by Representatives DELLUMS, FAUNTROY, BARNES, and MCKINNEY in the House and Senator MATHIAS in this body.

However, my bill also seeks to remedy the indirect cause of the current crisis—justifiable uncertainty and confusion about the scope of the District's authority to pass "emergency" legislation. On October 19, 1979, a District of Columbia Superior Court judge struck down the repeated renewal—10 times—of emergency legislation on the subject of condominium conversions, as exceeding the District's proper authority under the emergency provision. In light of that decision, Fannie Mae and Freddy Mac feared that the legality of recent loan agreements in the city—loans made under a 15 percent usury ceiling passed twice as emergency legislation—would be challenged. Consequently they pulled out of the Washington market.

My legislation would provide a badly needed amendment to the Home Rule Act to clarify the provision under which the District can pass emergency legislation.

The seriousness of the Fannie Mae and Freddy Mac action can be seen by the impact the two major lenders exert on the Washington market. Together they provide the single largest source of home mortgage money in the city, about 11 percent. Both institutions operate in what is commonly called the "secondary market," meaning that Fannie Mae and Freddy Mac purchase from local savings and loan associations and mortgage banking firms loan agreements which the local firms make with individual borrowers. The money the local firms receive from these sales then provides the local firms with additional mortgage funds. During the first 9 months of this year, Fannie Mae purchased 370 conventional home mortgages in the District with a value of $18.4 million, while during the same period, Freddy Mac bought about $66 million worth of mortgages from the city's 16 savings and loan associations. The total was $84.4 million.

However, when Fannie Mae and Freddy Mac refuse to purchase loans, as they now have, savings and loan associations and mortgage banking firms, by losing the major purchasers of their loans, must also refuse to extend home financing. As of this morning, every major savings and loan association and mortgage banker in the District had severely curtailed its lending activity.

Obviously, the financial community and the real estate industry suffers immediately, but the most severe repercussion falls directly on the individual homeowner: The person who already purchased a home but now finds he cannot go to settlement; the person who just moved to Washington hoping to buy a home but who learns that financing has "dried up," and the person who took a job in Texas and must sell here to buy there. The seriousness of the situation cannot be overemphasized.

With interest rates at record highs, the Nation as a whole already faces major disruptions in the normal flow of home construction, home renovation, home purchasing, and home sales. The District, faced with high interest rates plus the virtual end of the secondary mortgage market, faces complete paralysis of its real estate market.

Surely, high interest rates are part of the painful medicine needed to counter inflation, and that burden must be shouldered by every citizen. But there is a major difference between a slowdown in the real estate market and a shutdown, and if it the distinct possibility of a shutdown that brings the District to the Congress for relief.

Parenthetically, I must point out, though, that with the interest rates climbing faster than ever, even the relief I propose today for the District may prove insufficient. The District of Columbia has asked us to quickly approve permanent legislation that sets the usury rate in the District at 15 percent. In my mind, there is a strong argument for following the lead of many States, including my home State of Missouri, and either abolishing interest ceilings altogether or floating the ceiling by tying it to the prime rate. However, I must emphasize, that the waiver of the home rule review procedure provided in this bill should not set a precedent. The Home Rule Act foresaw emergencies arising in the District and gave the District legislative authority to deal with them. The interest rate crisis should not have occurred, nor would it have been brought to the attention of the Congress, if the emergency section of the Home Rule Act had consistently been implemented solely for emergencies.

For that reason, I find it difficult to review the sequence of events without concluding that some basic change in the emergency provision of the Home Rule Act is needed.

I am advised that the District considered that and decided to pursue another course. Today we are here to support the course the District chose to follow and implement the 15 percent usury ceiling as quickly as posibsle. If the normal congressional review period were required, the Interest Rate Modification Act of 1979 would be subject to a review period extending for 30 legislative days. Since weekends, holidays, and recesses by both Houses do not count as legislative days, the practical effect of the layover period is a congressional review period of approximately 90 calendar days. The situation in the mortgage markets is simply too serious to require that the District wait until mid-December or early January at the earliest before the 15 percent usury ceiling becomes permanent.

The Constitution mandates that Congress exercise ultimate authority over the District of Columbia. For nearly 200 years, that constitutional requirement translated into direct congressional rule over the District. In 1973, in a change of historic proportions, Congress passed the Home Rule Act establishing a city government headed by an elected mayor and city council. However, the Congress chose to carry out its constitutional mandate by retaining the power to review District legislation before it became law. To compensate for this, the legislation included the emergency provision, thereby recognizing that there could be situations where delay would seriously jeopardize achievement of the legislative objectives.

We all recognize the unique burden the provision for congressional review places on the District. However, the burden was not imposed unthinkingly. Congress wanted to take a major step toward self-government for the District, but, given its constitutional mandate, was not ready to reach full and complete home rule. The statutory requirement for a congressional layover period before District legislation could take effect represented the chosen middle course.

In 1978, 5 years after home rule began, Congress received recommendations for changes in the law from the Presidential Task Force on the District of Columbia. The task fore report included several significant suggestions concerning the operation of legislation for the District, including the conclusion that the period of congressional layover was injecting uncertainty and imprecision into the operations of the District government.

In Public Law 95–526, Congress considered the task force's recommended changes and reduced the layover period to 30 days when either House could be in session, thus reducing the effective layover period. Congress took this action prompted by the recognition that the "unpredictability (of the review process) has forced the District to enact an inordinate amount of temporary 'emergency' legislation" (S. Rept. No. 95–1291, p. 2).

Acknowledging that the task force recommended 60 calendar days, Congress approved the committee's conclusions that "30 calendar days, excluding weekends, holidays and recesses or adjournments over 3 days, will allow sufficient time for Congress to act on a disapproving resolution, if one were introduced." (S. Rept. 95–1291, p. 3). Obviously, Congress considered Public Law 95–526 a solution to the District's reliance on emergency legislation.

Regrettably, passage of this legislation did not change the situation. Despite informal expressions of concern by the House and Senate committees, the Council's resort to the device of emergency legislation has increased. In the past year, 69 percent of the legislation passed by the District was adopted by the emergency route. Emergency legislation has become the rule, rather than the exception. It is hard to avoid the conclusion that the District government has used the emergency route in order to circumvent the congressional review process. Perhaps the provision also gives the District government a way of resolving controversial issues otherwise resistent to legislative solutions, since opposition groups may accept "temporary legislation" where they would not agree on a permanent solution. Either way, it is clear that the current provision of the Home Rule Act dealing with emergencies has proven too attractive an alternative to the regular legislative process.

My legislation would change this. It would accommodate the legitimate needs of the District to move rapidly in an emergency without waiting for congressional review, while ensuring that emergency legislation will not stay in effect indefinitely, or become a regular alternative to the ordinary legislative process.

This can be done by limiting the use of emergency legislation to a specific time period. The present law establishes a time period—90 days—but it fails to limit that period, thus allowing repetitive enactments of the 90-day period. My bill also sets a time period—180 days—but I limit the duration of the emergency legislation to that one, and only to that one period. I chose the 180-day period for two reasons: First, it gives the District more than sufficient time to consider permanent legislation based on the emergency situation and to send that permanent legislation to Congress for review, and second, it provides sufficient time for an emergency not requiring permanent legislation to be solved or resolved.

What the 180-day time period fails to do, however, is take into consideration congressional adjournment sine die. If permanent legislation based on an emergency measure is submitted to Congress and fails to become law because an adjournment sine die halts the running of the 30 legislative days, it is conceivable that the 180-day emergency period may also lapse, thus leaving the District with neither emergency nor permanent legislation to cover the time between the adjournment, the return of Congress, and the running of another 30 legislative days. Therefore, in fairness to the District, I do feel we should "stop the clock" if Congress adjourns sine die. My bill provides for this contingency by allowing emergency legislation in effect during sine die to remain in effect beyond the running of the 180-day period until Congress reconvenes and until the running of the new 30 legislative days review period.

There have been other suggestions as to how the emergency section should be tightened. Some have suggested one 90-day, nonrenewable period; others have recommended defining "emergency;" still others suggest placing Congress directly into the emergency process by requiring congressional approval within a layover period. Given the complexity of the Home Rule Act, however, a simple, straightforward solution to an obvious problem seems the best course to follow.

There have also been suggestions that the use of emergency powers by the District government will be resolved in the courts when the D.C. Court of Appeals issues its decision on the condominium conversion case. The problem of interest rate modification and the crisis caused, by the District's repeated use of emergency legislation, however, confronts us today, and the court's decision could be months in coming. Further, the court of appeals' decision, even if it upholds Judge Revercomb's Superior Court decision will be distinguished on narrow grounds, and what we need here is a general, all-encompassing legislative clarification of how the District government is to use its emergency legislative authority. Judge Revercomb, himself, on page 12 of his decision, speaks of the court's reluctance to interfere in the province of the legislature. It is the mandate of Congress to legislate, and in this case, it is our duty.

Finally, some will argue that it is imperative to raise the interest ceiling immediately, and that considering an amendment to the emergency provision of the Home Rule Act complicates the task and risks delay. I certainly agree. But delay is not inevitable if we confront the emergency issue squarely and try to solve the problem. The record of overreliance on the emergency provision is clear beyond question. It should also be clear that my proposal will substantially improve the situation, protecting the District's legitimate needs and the integrity of the legislative process.

Having worked with the District government since its creation, I know how committed the District's high-ranking officials are to making this experiment in self-government succeed. The fact that the emergency section of the Home Rule Act has been used in place of the procedure for permanent legislation may be as much the fault of the drafters of the Home Rule Act, the Congress, as it is those whose job it is to implement the act, the District government. We have here the opportunity to correct this problem, and I urge my colleagues to act quickly on this legislation. Mr. President, I ask unanimous consent that the legislation I am introducing be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1999

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 602(c)(1) of the District of Columbia Self-Government and Governmental Reorganization Act shall not apply to the Interest Rate Modification Act of 1979 (District of Columbia Act 3–119) passed by the Council of the District of Columbia on November 6, 1979, and signed by the Mayor of the District of Columbia on November 6, 1979, and such District of Columbia act shall become law on the date of the enactment of this Act, notwithstanding section 404(e) of the District of Columbia Self-Government and Governmental Reorganization Act and any provision to the contrary in such District of Columbia Act.

Sec. 2(a) Subsection (b) of section 412 of the District of Columbia Self-Government and Governmental Reorganization Act is amended by deleting "ninety days" and inserting in lieu thereof "one hundred and eighty days".

(b) Section 412 of the District of Columbia Self-Government and Governmental Reorganization Act is amended by adding at the end thereof the following new subsection:

"(d) Except as provided in this subsection, in any case in which an act is passed pursuant to subsection (a) of this section on the basis of an emergency, such act shall terminate on the date of termination provided in such act, or upon the expiration of the one hundred and eighty day period following the date of its passage, whichever first occurs. In any case in which the Council, during such one hundred and eighty day period, passes and transmits to the Speaker of the House of Representatives and the President of the Senate an act under the regular order for the same purpose and covering and limited to the same subject matter as that contained in such emergency act, and the last session of such Congress adjourns sine die before the expiration of such thirty day period, provided in section 602(c)(1) of this Act for the consideration by Congress of such act of Council, the act of Council shall be deemed to have been retransmitted to the Speaker of the House of Representatives and the President of the Senate on the first day of the succeeding Congress and such thirty day period provided for under section 602(c)(1) of this Act shall commence on the day after such first day. In no case shall any act be passed by the Council as an emergency act if such act is for the same purpose and covers the same subject matter as any prior act passed by the Council on the basis of an emergency.".●

ADDITIONAL COSPONSORS

S. 92

At the request of Mr. Thurmond, the Senator from Alaska (Mr. Gravel) was added as a cosponsor of S. 92, a bill to amend title 5 of the United States Code to permit present and former civilian employees of the Government to receive civil service annuity credit for retirement purposes for periods of military service to the United States as was covered by social security, regardless of eligibility for social security benefits.

S. 101

At the request of Mr. Hatch, the Senator from Michigan (Mr. Riegel) was added as a cosponsor of S. 101, the Religious Freedom in the Workplace Act of 1979.

S. 446

At the request of Mr. Williams, the Senator from Hawaii (Mr. Inouye), the Senator from Maine (Mr. Cohen), and the Senator from Iowa (Mr. Culver) was added as a cosponsor of S. 446, the Equal Employment Opportunity for Handicapped Individuals Act of 1979.

S. 1203

At the request of Mr. Bayh, the Senator from Nebraska (Mr. Zorinsky) was added as a cosponsor of S. 1203, a bill to amend the Social Security Act regarding disability benefits for the terminally ill.

S. 2287

At the request of Mr. Goldwater, the Senator from Hawaii (Mr. Inouye) was added as a consponsor of S. 1287, a bill to repeal the earnings ceiling of the Social Security Act for all beneficiaries age 65 or older.

S. 1858

At the request of Mr. Bayh, the Senator from Hawaii (Mr. Inouye) was added as a cosponsor of S. 1858, the National Guard Tort Claims Act of 1979.

S. 1874

At the request of Mr. Bayh, the Senator from California (Mr. Cranston), the Senator from South Carolina (Mr. Thurmond), the Senator from Kentucky (Mr. Ford), the Senator from North Dakota (Mr. Young), the Senator from Vermont (Mr. Stafford), the Senator from New Hampshire (Mr. Humphrey), the Senator from West Virginia (Mr. Randolph), the Senator from Tennessee (Mr. Sasser), the Senator from New Hampshire (Mr. Durkin), the Senator from Oklahoma (Mr. Boren), the Senator from Indiana (Mr. Lugar), the Senator from South Carolina (Mr. Hollings), and the Senator from Mississippi (Mr. Cochran) were added as cosponsors of S. 1874, a bill to amend the act incorporating the American Legion so as to redefine eligibility for membership.

SENATE CONCURRENT RESOLUTION 46

At the request of Mr. Helms, the Senator from Alaska (Mr. Gravel) was added as a cosponsor of Senate Concurrent Resolution 46, expressing the sense of the Congress that the $1 bill should remain in circulation and the $1 coin should be produced in such volume as demand warrants.

SENATE RESOLUTION 277

At the request of Mr. JAVITS, the Senator from Tennessee (Mr. BAKER) was added as a cosponsor of Senate Resolution 277, a resolution relating to the commitment to ease the human suffering in Cambodia.

SENATE CONCURRENT RESOLUTION 48—SUBMISSION OF A CONCURRENT RESOLUTION RELATING TO ACCEPTANCE OF A STATUE FROM THE STATE OF WASHINGTON

Mr. MAGNUSON (for himself and Mr. JACKSON) submitted the following concurrent resolution, which was referred to the Committee on Rules and Administration:

S. CON. RES. 48

Resolved by the Senate (the House of Representatives concurring), That the statue of Mother Joseph of the Sisters of Providence, presented by the State of Washington for the National Statuary Hall collection in accordance with the provisions of section 1814 of the Revised Statutes (40 U.S.C. 187), is accepted in the name of the United States, and the thanks of the Congress are tendered to the State of Washington for the contribution of the statue of one of its most eminent personages, illustrious for her distinguished humanitarian services.

SEC. 2. The State of Washington is authorized to place temporarily in the rotunda of the Capitol the statue of Mother Joseph of the Sisters of Providence referred to in the first section of this concurrent resolution, and to hold ceremonies on May 1, 1980, in the rotunda on that occasion. The Architect of the Capitol is authorized to make the necessary arrangements therefor.

SEC. 3. (a) The proceedings in the rotunda of the Capitol at the presentation by the State of Washington of the statue of Mother Joseph of the Sisters of Providence for the National Statuary Hall collection, together with appropriate illustrations and other pertinent matter, shall be printed as a Senate document. The copy for such document shall be prepared under the direction of the Joint Committee on Printing.

(b) There shall be printed five thousand additional copies of such document which shall be bound in such style as the Joint Committee on Printing shall direct, of which one hundred and three copies shall be for the use of the Senate and eighteen hundred and ninety-seven copies shall be for the use of the Members of the Senate from the State of Washington, and four hundred and forty-three copies shall be for the use of the House of Representatives, and two thousand five hundred and fifty-seven copies shall be for the use of the Members of the House of Representatives from the State of Washington.

SEC. 4. The Secretary of the Senate shall transmit a copy of this concurrent resolution to the Governor of Washington.

● Mr. MAGNUSON. Mr. President, on behalf of my colleague, Mr. JACKSON, and our State delegation, I am submitting a Senate concurrent resolution that provides for the formal acceptance of the second statue of the State of Washington in the National Statuary Hall collection on May 1, 1980.

Twenty-five years ago I had the honor of introducing similar legislation, on behalf of our State, for the acceptance of a statue of Marcus Whitman, a pioneer missionary in the Pacific Northwest.

Today, this resolution authorizes the Congress to accept a statue of Mother Joseph of the Sisters of Providence, a truly remarkable individual who spent 46 years building a better life for all the citizens of the Pacific Northwest. By the time of her death in 1902, Mother Joseph had established no less than 11 hospitals, 7 academies, 5 Indian schools, and 2 orphanages. She established those facilities in what are now the States of Washington, Oregon, Idaho, Montana, and the Province of British Columbia.

Mother Joseph and her Sisters of Providence are credited as among the first to care for orphans, the first to care for the aged, the first to care for the mentally ill, and the first to establish a hospital in the Pacific Northwest.

She was a remarkable and dedicated citizen. Her efforts to build a better life for all who lived in the Pacific Northwest then, is a legacy everyone out home continues to enjoy. The addition of Mother Joseph of the Sisters of Providence to that small group of illustrious Americans who are in the National Statuary Hall collection is indeed merited and I feel honored to be able to play a part in bringing that about.

Mr. President, I ask unanimous consent that a brief article, entitled "The Legacy of Mother Joseph," be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE LEGACY OF MOTHER JOSEPH

THE PIONEER BUILDER

In December 1856 Mother Joseph and four Sisters of Providence arrived at Fort Vancouver in the Washington Territory after an arduous trip from their home in Montreal, Canada. Within two years this group of women had established the first hospital in the Northwest and one of the first schools.

During the next 46 years, Mother Joseph was responsible for the establishment of numerous hospitals, schools, orphanages, homes for the aged, shelters for the mentally ill and Indian schools. And she established the Sisters of Providence Corporation—one of the oldest corporations registered in what is now the State of Washington.

Throughout her lifetime in the West, Mother Joseph served as architect, construction supervisor and fund raiser for projects she instigated. Though most of her original structures are gone, many of these institutions are still in existence, continuing to provide the service Mother Joseph envisioned more than a century ago. And the spirit of Mother Joseph lives on, too, in the Sisters of Providence institutions that today extend from Anchorage, Alaska south to Burbank, California and east to Great Falls, Montana.

How did one person accomplish so much?

BEGINNINGS

Mother Joseph was born Esther Pariseau on April 16, 1823 in St. Elzear, a town near Montreal. She entered the newly-formed Sisters of Providence in Montreal at 20 years of age. Her carriage-maker father made a prophetic remark upon her entry: "I bring to you my daughter, Esther, who wishes to dedicate herself to the religious life. She can read, write, figure accurately, sew, cook, spin and do all manner of housework. She can even do carpenting, handling a hammer and a saw as well as her father. She can also plan for others and she succeeds in anything she undertakes. I assure you, Madam, she will make a good superior some day."

That challenge came early as the Sisters of Providence responded to the pleas for help that were coming form the new frontier settlements in the western United States. Mother Joseph was chosen to lead the group to the Washington Territory in 1856.

After completing the treacherous journey from Montreal, the Sisters were greeted with an ambiguous welcome to their new land.

Bishop A. M. A. Blanchet of Nisqually, who had requested that the Sisters come, was away in Europe. Meanwhile, his orders for the construction of a convent and schoolhouse had been countermanded by the Vicar-General, Abbe J. B. Brouillet, who believed the Sisters would be better situated in Olympia. Since mail exchanges took place only twice a year, this difference in opinion could not have been resolved before the Sisters appeared.

Fortunately, Mother Joseph did not see herself as helpless. Within days she had turned an airless 10′ by 16′ room into a dormitory-refectory-community room, a corner of which also served as a temporary classroom.

By February 1857 the young Sisters inherited their first convent, an old fur storage building abandoned by the Hudson Bay Company, and later used as a barn. Mother Joseph designed a chapel, built the altar herself, and fashioned a tabernacle out of an old candle box. It was a beginning.

From this home base the Sisters began visiting the sick. They also cared for Indian children displaced by the Yakima Indian wars. By spring of the first year, preparations had been completed for a school. The first student arrived early: 3-year-old Emily Lake, an orphan. Soon a tiny boy was also placed at the doorstep, and by June Mother Joseph had built six small cabins surrounded by a white picket fence.

Within this complex, known as "the Providence enclosure," the Sisters housed their two orphans, two boarding students, ten day-students and three elderly townspeople.

But the need for a hospital in Vancouver was critical. So Mother Joseph began work on her first health care facility—a cabin large enough for four beds, four tables and four chairs. In 1858 it became Saint Joseph Hospital, the first hospital in the Northwest, and the first of some two dozen health care centers Mother Joseph would design in her 46 years of service in the Northwest.

BEGGING TOURS

From the 1850's through the 1890's Mother Joseph designed hospitals, orphanages, and schools throughout an area that today encompasses Washington, Northern Oregon, Idaho, Montana and British Columbia.

Known primarily as a builder and artist, some of her most demanding work was raising funds to complete her buildings. Finding the people of Vancouver generally had modest incomes or were poor, Mother Joseph began "begging tours" to the mining camps of Idaho, the Blue Mountains of Eastern Washington, Montana's Alder Gulch and the Cariboo Mines of Western Canada.

Each tour usually lasted several months and involved considerable hardship. The weather was cold, the accommodations nonexistent, highway robberies frequent, and certainly it was not easy to face the scrutiny of hard-living strangers.

But, according to the annals of Providence Academy, "nothing could daunt the spirit of Mother Joseph when there was a question of gaining even slender funds for the lifting of the burdensome debt beneath which her foundation in Vancouver seemed about to fail."

Usually Mother Joseph was able to collect from $2,000 to $5,000 on a typical mining tour. This compared with $18 or $20 which she could collect from a small town or hamlet.

So committed was she to the survival of her fledgling hospitals, schools and orphanages that the pioneer Sister paid scant attention to her own well-being.

"Finally, (after) the trying ordeal of 18 days in the saddle, extremely fatigued from the difficult days of travel, the long absence from home, camping under the heavens, on river banks, and in sagebrush, we weary travelers reached the province of the Holy Angels, October 15, 1866," she writes matter-of-factly about a journey that also included a hungry wolf pack, a major tent fire, an angry grizzly and a party of Indians in war paint.

THE WORKS OF MOTHER JOSEPH

From 1856 to 1873, while she worked on other facilities, Mother Joseph planned and built her "home" for the Sisters' various medical, spiritual and educational ministries in Vancouver. The finished product—the House of Providence, later Providence Academy—was three stories high, covered two acres of ground and at the time was considered to be the biggest brick building in the Washington Territory. Today, it has been declared a historic monument in the "National Register of Historic Places."

Mother Joseph was an exceptional woman and a gifted resource, whom the Mother House in Montreal was determined to use wisely and whom many Northwest manipulators would have liked to exploit. In her early years in Vancouver, Bishop Francis Blanchet of Oregon had approached Mother Joseph to build a hospital in Portland. Then, when a wealthy and powerful businessman offered the Sisters a fine site, plus a good house, the use of his physician, and funds to cover part of the construction, there was much local pressure to accept this "deal."

Mother Joseph did much praying and soul-searching as she postponed her commitment. The truth was that she could see through the motivation of Ben Holladay, a controversial tycoon, who had created a small civil war with his decision to develop the east side of Portland, where his own interests were consolidated. A hospital in Holladay's territory would embellish holdings, but undercut the health needs of a population heavily concentrated on the west side of the city. Furthermore, the canny Sister had reservations about a patron whose reputation was tarnished by questionable relationships and shady politics.

Trusting her own instincts, Mother Joseph bided her time and soon enough the Society of St. Vincent de Paul, a lay group, came forward with $1,000 and an alternative piece of land, close to Portland's center. Mother Joseph designed plans for this first St. Vincent Hospital, which opened on July 18, 1875. She also carved the wood statue of its patron saint which adorned the entrance.

By 1892, when St. Vincent Hospital needed a new building, Mother Joseph had designed hospitals, orphanages and schools in Seattle, Walla Walla, Spokane, New Westminister, Olympia, Port Townsend, Yakima and Colfax.

Even with far-flung projects, the "Old Mother," as she was now called, remained a stickler for detail. During the building of Sacred Heart Hospital in Spokane, Mother Joseph insisted on living with another Sister in a rough shack next to the site so that she could oversee the construction. At this point she was 63 years old, but still climbing to inspect rafters or bouncing on planks to test their supports. Once, when she found an improperly laid chimney, she pointed out the flaw to workers who made the mistake of ignoring her. The next day they found the chimney neatly re-bricked the right way.

After her death in January 1902, the Portland Oregonian expressed the public's gratitude to this woman by stressing what the Northwest had gained: "She was adept in nearly all the arts and trades. And was also skilled in wax works, the most delicate embroidery; but her genius found its strongest expression in architecture * * *. From the date of foundation of the Washington Province of Sisterhood [The Sisters of Providence], Mother Joseph established no less than eleven hospitals, seven academies, five Indian schools and two orphanages."

For 46 years—from 1856 when she landed in Vancouver, Washington, to 1902—Mother Joseph responded to the pleas of both Catholics and non-Catholics to establish schools and health care facilities throughout the Northwest.

During her lifetime Mother Joseph served as architect, construction supervisor and fund raiser for the projects she instigated. She was responsible for establishing the following:

1856: Providence Academy, Vancouver, WA.
1858: St. Joseph Hospital, Vancouver, WA.
1863: St. Joseph School, Steilacoom, WA.
1864: St. Vincent Academy, Walla Walla, WA.
1864: Holy Family Hospital, St. Ignatius, MT.
1868: Our Lady of Seven Dolors Indian School, Tulalip, WA.
1873: Sacred Heart Indian School, Colville, WA.
1873: St. Patrick Hospital, Missoula, MT.
1874: St. James Residence, Vancouver, WA.
1875: St. Joseph Academy, Yakima, WA.
1875: St. Vincent Hospital, Portland, OR.
1876: Our Lady of the Sacred Heart School, Cowlitz, WA.
1877: Providence Hospital, Seattle, WA.
1880: St. Mary Hospital, Walla Walla, WA.
1880: St. Mary Hospital, Astoria, OR.
1881: St. Michael School, Olympia, WA.
1881: St. Martin School, Frenchtown, MT.
1885: Sacred Heart Academy, Missoula, MT.
1886: Sacred Heart Hospital, Spokane, WA.
1886: St. Clare Hospital, Fort Benton, MT.
1886: St. Joseph Academy, Sprague, WA.
1887: St. Peter Hospital, Olympia, WA.
1890: St. John Hospital, Port Townsend, WA.
1890: St. Eugene Indian School, Kootenay, B.C., Canada.
1891: St. Elizabeth Hospital, Yakima, WA.
1891: Providence Hospital, Wallace, ID.
1892: Columbus Hospital, Great Falls, MT.
1893: St. Ignatius Hospital, Colfax, WA.
1900: St. Genevieve Orphanage, New Westminister, B.C., Canada.

Mother Joseph died in 1902. One of her final counsels to her Sisters was to go to California and establish a needed hospital in Oakland. Mother Joseph's vision helped the Sisters of Providence to found Oakland's Providence Hospital that same year.

Though most of the original structures are gone, many of these institutions are still in existence, continuing to provide the service Mother Joseph envisioned over a century ago.

Northwest history sources credit Mother Joseph and her Sisters as among the first to care for orphans, the first to care for the aged, the first to care for the mentally ill, the first to establish a hospital.

In 1953 the American Institute of Architects declared Mother Joseph "The First Architect of the Pacific Northwest." Because she was among the first to appreciate the use of Douglas Fir for both carving and building, she was recognized as "the first white artisan to work with wood in the Pacific Northwest" by the West Coast Lumbermen's Association.

After her death from a brain tumor in January 1902, her close friend, Mother Mary Antoinette, honored Mother Joseph in a letter to the community: "She had the characteristics of genius: incessant works, immense sacrifices, great undertakings; and she never counted the cost to self. She exercised an extraordinary influence on the Church in the West."●

AMENDMENTS SUBMITTED FOR PRINTING

SALT II TREATY—EX. Y, 96–1

AMENDMENT NO. 585

(Ordered to be printed and to lie on the table.)

Mr. HATCH submitted an amendment intended to be proposed by him to the resolution of ratification of the Treaty Between the United States of America and the Union of Soviet Socialist Republics on the Limitation of Strategic Arms, done at Vienna on June 18, 1979 (Ex. Y, 96–1).

HOME ENERGY ASSISTANCE ACT—S. 1724

AMENDMENT NO. 586

(Ordered to be printed and to lie on the table.)

Mr. BOSCHWITZ (for himself and Mr. MUSKIE) submitted an amendment intended to be proposed by them, jointly, to S. 1724, a bill to authorize the Secretary of Health, Education, and Welfare to make grants to States in order to provide assistance to households which cannot meet the high cost of fuel, and for other purposes.

● Mr. BOSCHWITZ. Mr. President, on behalf of Senator MUSKIE and myself, I am submitting an amendment to S. 1724, the Home Energy Assistance Act, which will insure that the funds are targeted to the areas where they are needed most.

S. 1724 as reported by the Labor and Human Resources Committee, allocates half the money based on total energy expenditures by State and half the money based on heating needs times low-income households by State. This formula should be improved to better reflect the Senate's intent.

During floor debate in both the Senate and the House when the fiscal year 1980 program was approved, the primary emphasis was placed on the need for legislation to deal with the crisis caused by rising heating costs. The formula approved by the Interior appropriations conferees reflects this intent. The formula in S. 1724 does not. The next step is to make sure that the funding in future years is consistent with the approach adopted for the fiscal year 1980 program.

This amendment would do that. It places a much greater emphasis on the heating requirements of States, while still providing warmer States with an adequate share of the funds available.

The formula proposed is somewhat different than the one accepted by the Interior conferees. We decided to use the same data base as both the Senate Finance and Labor and Human Resources Committees have used in their respective fuel assistance programs. We understand there are problems with the data on heating expenditures mainly incorporated in the Interior bill formula, because they are derived from 1970 census data, which are hopelessly out of date, particularly when dealing with energy statistics. Because of this, the formula we propose uses data that is currently available and reliable.

Unless the formula in S. 1724 is changed, we will face a situation next year where many States will receive less money in fiscal year 1981 than they are in fiscal year 1980. The only way to remedy this would be to dramatically increase the total amount of funds available for the program. This amendment will enable us to achieve greater cost savings in the future, and avoid any severe dislocations in funding amongst States from year to year.

The need for this legislation is great. Heating costs are rising rapidly, and we cannot reasonably expect them to abate in the next year or so. At the same time, we must carefully consider the budgetary aspect of new legislation. S. 1724 is a reasonable approach, as it provides funds in the form of grants to States, rather than creating new entitlements. However, we need to target the funds to those areas where they are most needed to retain program accountability and spending restraint.

This amendment is essential to put the main thrust of the legislation back where Congress intends; that is, providing assistance for home heating requirements.

Mr. President, I ask unanimous consent that a table comparing the State allocations under S. 1724 as reported, and the State allocations under this proposed amendment, be printed in the RECORD along with a factsheet and the text of the amendment.

There being no objection, the amendment and material were ordered to be printed in the RECORD, as follows:

On page 22, line 23, strike out "one-half" and insert in lieu thereof "one-quarter".

On page 23, line 4, strike out "one-half" and insert in lieu thereof "three-quarters".

On page 23, line 5, insert "squared" after the word "State".

State-by-State comparison of effect of allocation formulas under S. 1724 and amendment

[Percentage of total funds]

State	S. 1724	Amendment
Alabama	1.40	.86
Alaska	.27	.61
Arizona	.76	.42
Arkansas	1.00	.70
California	5.96	3.73
Colorado	1.25	1.81
Connecticut	1.80	1.81
Delaware	.26	.21
Dist. of Col.	.31	.28
Florida	2.04	.92
Georgia	1.73	1.06
Hawaii	.10	.05
Idaho	.51	.69
Illinois	5.90	6.39
Indiana	2.83	2.91
Iowa	1.64	2.10
Kansas	1.06	.98
Kentucky	1.66	1.55
Louisiana	1.12	.55
Maine	.91	1.34
Maryland	1.61	1.36
Massachusetts	3.65	3.94
Michigan	4.91	6.20
Minnesota	2.65	4.35
Mississippi	.93	.54
Missouri	2.59	2.60
Montana	.47	.81
Nebraska	.85	1.04
Nevada	.26	.22
New Hampshire	.59	.79
New Jersey	3.80	3.57
New Mexico	.56	.59
New York	11.13	12.16
North Carolina	2.38	1.67
North Dakota	.43	.84
Ohio	5.51	5.80
Oklahoma	1.20	.88
Oregon	1.00	1.09
Pennsylvania	6.65	7.31
Rhode Island	.61	.65
South Carolina	1.07	.63
South Dakota	.46	.72
Tennessee	1.81	1.47
Texas	4.00	2.08
Utah	.58	.81
Vermont	.38	.58
Virginia	2.06	1.66
Washington	1.47	1.75
West Virginia	.95	.99
Wisconsin	2.74	3.62
Wyoming	.20	.33
	100.00	100.00

NOTE: Data furnished by Congressional Research Service.

FACT SHEET ON AMENDMENT TO CHANGE STATE ALLOCATION FORMULA UNDER S. 1724, THE HOME ENERGY ASSISTANCE ACT

Purpose of amendment:

The amendment would change the formula allocating funds for low-income energy assistance among States in order to better target the funds to States with the greatest need for such assistance.

Description of the formula in the bill as reported:

Under S. 1724, as reported, the formula for allocating funds among States for low-income energy assistance would be: 50 percent based on the aggregate residential energy expenditures in a State, and 50 percent based on the number of heating degree days in a State multiplied by the number of households in a State with incomes equal to or less than the lower living standard developed by the Bureau of Labor Statistics (BLS).

Description of the amendment:

The amendment would change the allocation formula among the States to the following: 25 percent based on the aggregate residential energy expenditures in a State, and 75 percent based on the number of heating degree days in a State squared multiplied by number of households in a State with incomes equal to or less than the BLS lower living standard.

Cost effects:

None. The amendment would not change the cost of the bill; it would only change the allocation of the authorized funds among the States.

Effect of amendment:

The amendment would provide a higher allocation for 29 states—generally those with the greatest need for assistance because they have the coldest weather. The preceding table shows the percentage of funds for low-income energy assistance that would be allocated to each State under S. 1724 compared with the allocation under the amendment.●

NOTICES OF HEARINGS

SUBCOMMITTEE ON GOVERNMENTAL EFFICIENCY AND THE DISTRICT OF COLUMBIA

Mr. EAGLETON. Mr. President, on Wednesday, November 14, the Subcommittee on Governmental Efficiency and the District of Columbia will hold a hearing on legislation to waive the congressional review period on the Interest Modification Act of 1979, passed by the District of Columbia Council, and to clarify the District's use of "emergency" legislation under the Home Rule Act. The hearing will take place in 6226 Dirksen Senate Office Building at 1 p.m. Any questions about the hearing should be directed to Ira Shapiro or Peggy Crenshaw cf the subcommittee staff at 224-4161.

SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS

● Mr. SASSER. Mr. President, the Subcommittee on Intergovernmental Relations of the Governmental Affairs Committee will be holding hearings over the next several months on intergovernmental policies that can be taken to ease the economic and social dislocation of the pending energy crisis.

The first field hearing will assess the impact of past and future gasoline shortages on small business, especially the tourist industry. This hearing is scheduled to be held on November 17 at 9:15 a.m. in the Knoxville, Tenn., Civic Coliseum Ballroom. Anyone wishing additional information should call Lucinda Dennis, chief clerk of the subcommittee at 224-4718.●

SUBCOMMITTEE ON ANTITRUST, MONOPOLY AND BUSINESS RIGHTS

● Mr. METZENBAUM. Mr. President, the Subcommittee on Antitrust, Monopoly and Business Rights has scheduled hearings on the Family Farm Antitrust Act of 1979, to be chaired by Senator BAYH on November 20, 1979, at 11 a.m. in room 6226, Dirksen Senate Office Building.

Any persons wishing to submit written statements for the hearing record should send them to Joe Allen, suite 102-B, Russell Senate Office Building, Washington, D.C. 20510.●

ADDITIONAL STATEMENTS

SALT II

● Mr. INOUYE. Mr. President, now is the time for looking to the future, a time for reflection and a time for making choices which may affect us all the days of our lives.

Robert Frost evokes the spirit of the moment in the last five lines of his poem, "The Road Not Taken."

> I shall be telling this with a sigh
> Somewhere ages and ages hence:
> Two roads diverged in a wood, and I—
> I took the one less travelled by.
> And that has made all the difference.

In a few weeks we will be standing at that fork in the road, wondering which way we should go now, which road, we wonder, will bring security, peace, and stability?

Our Nation has witnessed a number of such critical junctures, some leading to war and others to peace, some to prosperity and some to ecomonic decline, some to progress and some to decay. There is bound to be disagreement about some of the choices that have been made, but on balance I think we can count ourselves blessed.

Our Nation this year is again faced with a significant choice as to the path it wishes to pursue in the future. I am referring, of course, to the question of whether or not to approve the Strategic Arms Limitation Agreement known as SALT II.

The weapons the SALT II agreement attempts to regulate are so fearsome as to be almost impossible to connect with the realities of everyday life.

Can we really appreciate that in the few minutes I shall spend with you on this floor, massive missiles could rise from the Soviet Union or its submarines and destroy our land with fire and upheaval rivaling that which created them millions of years ago.

The enormity of the destructive power we and the Soviets can deliver at the push of a few buttons staggers the imagination. The bombs which leveled Hiroshima and Nagasaki had a yield of about 13 kilotons which means the equivalent of 13,000 tons of TNT.

Today, our smallest strategic warhead, on the Poseidon missile, is three times more powerful, and the missile carries ten such warheads. Missiles on both sides have warheads with explosive power equal to several millions of tons of TNT. The largest, which is in the Soviet arsenal, can carry in its nose cone the equivalent of some 20 million tons of TNT. If you were to load that much TNT into railroad box cars, the train would stretch across the mainland United States from the Atlantic to the Pacific.

As another way of picturing the devastating force we are talking about, it has been estimated that all of the conventional bombs dropped in World War II had an explosive power of only 2 million tons of TNT. This is the yield of one or two ordinary nuclear bombs today, and the United States and the Soviet Union each have thousands of such bombs in their stockpiles.

Hardly able to comprehend these forces and feeling helpless to do anything about them, one natural reaction is to ignore them and to turn our attention to our everyday problems: How to conserve energy as gas prices go to a dollar or more a gallon if it is available at all; how to make do on incomes which a few short years ago would have assured a comfortable living; and how to cope with a world which seems to become ever more complex and frustrating.

Another natural reaction is to minimize the problems, which can and has led to monstrous and dangerous delusions.

One is that a nuclear war would be just like a conventional one, only a little bigger. Thus, we hear people talk about winning an all-out nuclear war. But once such a war got started, who would surrender? Who would be left to accept the white flag? How would the message be communicated? In the midst of the resulting devastation and contamination, how could you tell who was the victor and who the vanquished? As Nikita Khrushchev once said, "The survivors would envy the dead."

Equally dangerous is the idea that there can be such a thing as a "limited" nuclear war. This is like believing that you will not have an explosion if you throw a match into a pool of gasoline. President Brezhnev has said that even a single nuclear bomb dropped by either of the superpowers would result in general nuclear war. Can anyone seriously doubt if a nuclear bomb landed anywhere in our country that we could do anything but respond to the fullest extent?

A further dangerous delusion is that just as with conventional wars, recovery would be possible and that nations could dig themselves out of the rubble. But after a nuclear war, even the rubble is poisoned and deadly.

If the nuclear arms race continues unchecked, we face either economic strangulation as more and more of our national wealth is spent on instruments of destruction on a cataclysmic war which at worst will leave the world a charred cinder and at best undo the achievements of a millennium, returning us to the middle ages.

These are not pleasant images, but if we and the generations that follow us are to enjoy continued peace and prosperity, we must make a deep and abiding commitment to arms control.

National security policy, nuclear weapons, strategic theory and arms control too often seem to be the domain of the physicists, engineers, and uniformed experts. Too often, the debates revolve around elaborate calculations of throw-weight, circular error probable, hard target kill-ratio, and equivalent megatonnage. I think we have made the central issue too complicated. We have reduced the debate to dehumanized technicalities and statistics. What we should be doing is putting the issue in human terms and making ourselves aware of the horror and anguish associated with war. If we do this and apply basic commonsense, we will find the SALT agreement involves some very fundamental and familiar concepts which we can all understand.

Stepping back from the 90-page SALT II agreement with its detailed provisions, precise and technical definitions, and painstakingly drafted language, one can see several such fundamental concepts.

The first is equality. As the Secretary of Defense and the Chairman of the Joint Chiefs of Staff have testified before the Congress, the strategic nuclear forces of the United States and the Soviet Union are essentially equivalent.

They may lead in some categories of nuclear weapons, and we may lead in others. But, overall, rough equality prevails. SALT formalizes and enhances that equivalence by placing equal overall ceilings on the nuclear arsenals of both countries.

It is the policy of the United States that we will maintain essential equivalence with the Soviet Union either at lower levels through SALT, or at ever and ever higher levels through an arms race. Equality at current levels, and in the future at reduced levels through SALT is less expensive, less dangerous, and considerably saner than equality at continually escalating levels projected indefinitely into the future.

A second key concept is deterrence. Today, neither the United States nor the Soviet Union could launch a nuclear first strike against the other and escape devastating destruction in retaliation. The sure knowledge of such retaliation deters the first strike.

The new SALT agreement strengthens deterrence by capping the overall arsenals of both, while guaranteeing that both can preserve those nuclear weapons needed to deter the other from attacking first. From the United States point of view, SALT limits the size and capabilities of the Soviet strategic forces, and protects those defense programs we have chosen to maintain our deterrent.

A third fundamental is stability. The current nuclear balance is stable. Deterrence exists, and neither country can reasonably expect to alter the balance to its favor. SALT enhances stability by closing off major aspects of the technological arms race, which—left uncontrolled—could lead one side or the other to develop new threatening capabilities.

Specifically, the SALT agreement limits both countries to only one new type of land-based intercontinental ballistic missile. It caps the number of warheads that can be place on a given missile. It bans certain new weapons systems which could destabilize the balance, such as long-range ballistic missiles on surface ships, heavy mobile and land-based intercontinental ballistic missiles, and heavy air-to-surface ballistic missiles.

A fourth fundamental has to do with verification and as a member and the first chairman of the Senate Select Committee on Intelligence, this is an issue to which I have given special attention.

The select committee's mandate—to evaluate periodically the performance of our national reconnaissance systems—makes it uniquely qualified to review and evaluate U.S. monitoring capability. It is the only committee with both complete access to all highly sensitive intelligence information and daily contact with all the collection agencies.

Over 2 years ago, at the request of the Senate Foreign Relations Committee, the Select Committee on Intelligence undertook an independent study of this country's monitoring capability under the provisions of the SALT II treaty. Under my direction, as chairman, the committee staff immediately began a detailed and continuing study to determine whether and to what degree provisions of the treaty could be monitored by the United States.

As a matter of underlying philosophy, we considered it critical that our reconnaissance systems be able to supply detailed and timely information about Soviet activities subject to the terms of the treaty and that the methods of collecting such information be sufficiently sophisticated to give the United States early warning of potential danger.

Because of the very sensitive nature of the methods and procedures used in gathering intelligence information, I am not authorized to discuss with you in this discussion how we achieve verification of Soviet compliance with treaty provisions.

However, speaking only for myself, I can say with full confidence that we have the physical means to seriously and effectively consider strategic weapons control agreements with the Soviets. In other words, we have the capability to achieve acceptable verification. In addition, policymakers can receive the timely and detailed information necessary to plan for deterring or responding to possible hostile enemy action.

The arms race between the two great superpowers continues, each side determined to deny the other a decisive advantage and devoting vast resources, the best minds, and the latest technology to the effort. The tragic irony is that as each side increases its forces, the delicate nuclear balance becomes more unstable and the chance of war increases.

There is no miraculous diplomatic cure that can halt this process immediately and for all time. But there is a sane and practical alternative to the situation we see today. In Frost's terms, it is a road "less traveled by" and leads to strategic arms control through mutual agreement. That is the one I intend to travel. I hope you will join me and that "somewhere ages and ages hence" you will be able to say "that has made all the difference."●

JOSEPH B. DANZANSKY

● Mr. MATHIAS. Mr. President, it is a double burden to inform the Senate of the death of a man who was both a personal friend and an associate in many public causes. I feel a private loss, but I also can estimate the public loss of the presence and services of a remarkable man who was dedicated to the best interests of the entire national capital area. The death yesterday of Joseph Baer Danzansky deprives the Washington community of a leader of impressive dimensions.

My own contacts with Joe Danzansky have been many and varied. When he led the Metropolitan Board of Trade, we necessarily met often on projects that came before the District Committee. His commitment to the community was obvious, but the accuracy of his observation and the value of his recommendations was remarkable. We all owe him a great deal and I acknowledge my debt at this time of farewell.

I submit the following editorial from today's Washington Post for the RECORD:

JOSEPH BAER DANZANSKY

The title was never official, but Joseph B. Danzansky was a Washington City Father if we've ever known one. Even in the last hours before his death yesterday at the age of 65, Mr. Danzansky was doing what he loved best—promoting his native city as if it were his firstborn. On this occasion it was as a leader in the development of Pennsylvania Avenue, at a meeting he began with his characteristic exuberance; but in the many days and years before this meeting, it was as a civil cheerleader and financial big-heart in every corner of the community.

New arrivals to this city may not realize the significance, years back, of Mr. Danzansky's all-embracing love for the city and its people. But it still holds special meaning for those whose lives were once made very uncomfortable—financially, racially, socially—in a segregated town. His tall frame and broad grin stood out at countless civic gatherings—from basements to board rooms, from sports events to—yes—civic disorders, leaning forward to understand and then to assist.

In business as in community service, Mr. Danzansky went to extra lengths to include all people. His extraordinary success as a businessman not only was good for the economic health of the city, but demonstrated the strength of a concerned partnership of local business interests and the people they serve. This philosophy, coupled with the worthy causes to which he gave time and money, was instrumental in breaking down racial barriers and introducing two "Washingtons" to each other. So it was that the Metropolitan Washington Board of Trade began to be transformed from a tight, white club of frightened businessmen headed for suburbia into a group starting to reach out and rebuild after the disorders of the 1960s.

Baseball. Banking. The United Way. Giant. WETA. The Jewish Community. Every District commissioner and the two elected mayors. The list of causes and activities and awards is vast. Working for Washington, committing himself to its prosperity, solidarity and general welfare—that was what Joe Danzansky was all about all the time. He can't be replaced.●

JOE DANZANSKY

● Mr. METZENBAUM. Mr. President, yesterday the Washington area and in fact, the Nation, suffered a tremendous loss with the death of Joseph B. Danzansky. For many years it had been my extreme honor to know and to work with Joe on many projects.

In a society where too many times we hear the phrase "business is business," Joe Danzansky was a shining example of what a businessman should be. He put people first and foremost, whether it was in his business or in his civic endeavors. He was a pioneer in consumerism, showing the way for many other firms in an area that was strongly resisted by many companies dealing with the public.

In an address at the Smithsonian Institution, quoted in today's Washington Post, Joe chided businessmen for resisting consumer advocates and said:

> After repeated frustration, the awakening comes and business reappraises its entrenched viewpoint. It realizes that service to the consumer is its first obligation if it is to grow and prosper. It realizes that the best way to cope with the problems is to look at the allegations seriously, give responsible consumer spokesmen a fair hearing, and make a serious effort to do something constructive to correct any shortcomings.

He followed a policy of brotherhood and humanitarianism in all facets of his life. His life was an example of courage for all of us to follow. He stood up against the tides of racism that plagued our cities in the volatile sixties and emerged as a champion and a friend of the disadvantaged.

His personal courage was exemplified in the fact that he remained active in his pursuit of progress for his beloved city even though his health was waning. It was a measure of his dedication that only hours before his untimely death he had presided at a meeting of the Pennsylvania Ave. Development Corp. which is spearheading the redevelopment of one of the city's potentially great areas.

He brought Washington area people together in countless ways, especially after the trauma suffered in the riots of 1968. He helped stem the flight of frightened businessmen from the community and urged all peoples to work together for the good of his beloved city.

No finer tribute to Joe and his family could be found than in the closing words of today's editorial in the Washington Post.

> The list of causes and activities and awards is vast. Working for Washington, committing himself to its prosperity, solidarity and general welfare—that was what Joe Danzansky was all about all the time. He can't be replaced.

Mr. President, I offer my heartfelt condolences to Joe's lovely wife, Ethel, his two sons and his grandchildren. Their loss is also our loss. And I ask that the editorial "Joseph Baer Danzansky" in today's Washington Post be printed in the RECORD.

The editorial follows:

JOSEPH BAER DANZANSKY

The title was never official, but Joseph B. Danzansky was a Washington City Father if we've ever known one. Even in the last hours before his death yesterday at the age of 65, Mr. Danzansky was doing what he loved best—promoting his native city as if it were his firstborn. On this occasion it was as a leader in the development of Pennsylvania Avenue, at a meeting he began with his characteristic exuberance; but in the many days and years before this meeting, it was as a civic cheerleader and financial big-heart in every corner of the community.

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LIFE IN CONTEMPORARY CHINA

• Mr. LUGAR. Mr. President, American contact with China has not diminished the desire of the American people to find out more about this ancient country and its people. To the contrary, all aspects of Chinese life are the subject of fascination and speculation.

Mr. President, I have come across an interesting and informative article on life in contemporary China by David Finkelstein. I submit the following which appeared in the September 10 issue of the New Yorker, to be printed in full in the RECORD.

The article follows:

WHEN THE SNOW THAWS

Over the centuries, China has often been the subject of Western fantasy. In their own way, a number of scholars, journalists, and other travellers have perpetuated this tradition in recent years, rushing to rediscover the country after its long period of isolation. Some of these visitors, justifiably impressed by the Communists' achievements in eliminating the exploitative aspects of pre-1949 mandarin society, propagated the view that the revolution, after its initial successes, had continued to "serve the people," and that China was "the wave of the future"—a compelling alternative to the disorder and materialism of contemporary Western society.

Human rights were not at issue, they argued, because such Western concepts were inapplicable to China. In the past year, however, the Chinese have begun to speak for themselves, and they are conveying quite a different picture. In the view of many of its own people, China is a backward and repressive nation. "China is Asia's Gulag Archipelago," an elderly Chinese scholar said to me shortly after I had arrived in China last spring. "I was in Germany right after the Second World War, and I saw the horrors of Buchenwald and other concentration camps. In a way—in its destruction of the human spirit these past two decades—China has been even worse."

Paradoxically, the utopia is now America. The traditional Chinese sense of moral superiority has given way, it seems, to an equally unhealthy lack of self-esteem. "Compared to you, we Chinese are really stupid," a train conductor said to me, bemoaning the "fact" that Americans learned faster from books than Chinese did. Americans visiting China no longer need defensively recite the strengths of their society; rather, they find themselves in the curious position of having to point out that America, too, has faults.

Obviously, the time is right for visiting China. Yet, despite the country's sudden new wave of cordiality, the average traveller, who must join a package-tour group to get there, remains very much isolated from the people. Most visitors—who fly from place to place (air travel costs foreigners two to three times the amount that Chinese pay), eat in special dining rooms, and are escorted to scenic or historic sites in Japanese-made minibuses—find that their contact is limited primarily to China's tourist personnel. But even visitors fortunate enough, as I was, to avoid group tours generally travel by plane or by train in luxury compartments and are also isolated from any substantial contact with what the Chinese call "the masses."

As the Ford Foundation's China specialist—and a Chinese interpreter under contract to the State Department—I had first visited the country in 1975, but that trip had yielded little in the way of information about ordinary Chinese citizens. Visits to Potemkin-village communes, model factories, and new housing developments—hardly tourist attractions in other countries—were orchestrated and meaningless, and were accompanied by a barrage of official propaganda about the success of the socialist revolution, the sanctity of the principle of "self-reliance," and the evil influence of everything foreign. Today, travelling in China can be strikingy different. Provided that their Chinese is adequate, travellers who manage to sidestep the government travel agency can set out on their own—by "hard class" train, boat, and bus—to profit from China's new openness and the almost insatiable desire of the Chinese for conversation.

Except for some foreigners studying in China, few visitors have had the opportunity or the inclination to travel in this way, so when an Australian friend and I received a personal invitation from a diplomat in Peking—one of the few ways individual travellers can enter the country—we decided to undertake such a trip. The journey, lasting nearly two months, covering seven thousand miles, and passing through a number of areas only recently opened to foreign travellers, took us from Canton, in the south, to Peking and Tianjin (Tientsin), in the northeast, and then southwest through Sichuan (Szechwan) to the remote province of Yunnan, east down the Yangtse River to Shanghai, and, finally, to the scenic southern city of Guilin (Kweilin).

The trip began in Hong Kong, where the business community is full of optimistic talk about China's development plans and the major role that the Crown Colony is likely to play in the "four modernizations"—of industry, agriculture, science and technology, and the military. Estimates of the amount that China will have to borrow by 1985 to achieve "mechanization" have ranged from, in American terms, six hundred billion dollars to the more recent figure of twenty billion dollars. The country's foreign-debt obligations are currently a modest eleven per cent of its export earnings, but they could balloon considerably beyond twenty per cent—a figure that the financial community considers prudent—if foreign-exchange earnings do not keep pace with China's borrowing. The problems are obvious: if China is to realize its goals, it will have to develop capital, technical and managerial skills, and export markets. "In terms of financing as well as of human rights, 1979 and 1980 will be crucial years for China," one of Hong Kong's most prominent international bankers said to me.

Though the rail line from Hong Kong now goes straight through to Canton, most trains still stop at the border, and passengers, almost as if replaying Mao's Long March, have to trudge across the Lowu Bridge on foot, many of them carrying their own luggage. A number of those entering China are so-called Overseas Chinese and, in China's status-laden lexicon, the even lowlier Hong Kong and Macao brethren. Returning to see relatives, they sag under the weight of color TV sets and other modern appliances incongruously dangling from traditional bamboo shoulder poles. The Chinese, hungering for consumer goods after years of deprivation, try to make the most of visits from family outside. The visitors bring in food as well. A woman in Canton told me, "Most of the quality eggs and pork produced in Guangdong [Kwangtung] Province are exported to Hong Kong for foreign currency, so I can't easily get them here. Fortunately, my cousins who live there bring some back for me."

In Chinese railway stations, there is an upstairs-downstairs distinction. The area upstairs is generally reserved for "foreign guests" and Chinese dignitaries. The rooms—large and impersonal—are furnished with little more than oversize linen-covered armchairs and ubiquitous spittoons. Foreigners wait in comfortable seclusion in these reception halls until guides come to escort them to specially segregated compartments on their trains. On the Chinese side of the border, I asked a teen-age waitress in the station for directions to the ticket window. Surprised that my companion and I hadn't bought our tickets in Hong Kong, she offered to take us to a China Travel Service office just down the hall. When we refused, she did not insist—as she undoubtedly would have a year ago—but willingly directed us to the ticket office used by the masses, downstairs. There the ticket for the ninety-minute ride to Canton cost the equivalent of four dollars and fifty cents. If we had bought our tickets through the China Travel Service's Hong Kong office, the trip would have cost twenty-seven dollars—six times as much.

In contrast to the staid upstairs, the downstairs section was chaotic. Throngs of Chinese, some with what seemed to be all their earthly belongings—including terrified bound-up chickens and quacking ducks—filled the area. Scurrying around the station were mothers with infants strapped to their backs or clutched nursing at the breast; fathers with infants in their arms; grandmothers and grandfathers holding babbling youngsters by the hand. Even little children no more than five years old, their legs wobbling under the weight, uncomplainingly carried infant brothers or sisters on their backs, occasionally pausing to reach around and console with a gentle pat those who were crying. (China discourages early marriage—before twenty-eight for men and twenty-five for women—and propagandizes through wall graffiti and posters everywhere that "one child is best, two is the most." In addition, birth-control pills and condoms free for the taking are available in clearly marked boxes sitting on drugstore counters. Even though the condoms are generally considered to be of poor quality, birth-control pamphlets given to young couples recommend that, for reasons of economy, they be washed and reused. The effect of these efforts on population growth isn't obvious—China is children. At least seventeen million babies are born each year.) Above the general clatter rose the unappetizing sounds and sights of people coughing, constantly hawking, and spitting and blowing their noses on the floor. Heedless of pervasive propaganda designed to discourage unhygienic behavior, parents also held undiapered babies spread-eagle in their arms to allow them to urinate on the floor through split-seam pants. China remains a terribly poor peasant society, and little distinction is made between the floor of a station or a restaurant and the earth.

Fortunately, because foreigners in downstairs China are still rare and Chinese travellers stop their customary elbowing and shoving to stare—and even to offer assistance—we had no trouble making our way to the proper train. As we neared Canton, the countryside looked lovely and fertile, but by the time we reached the station rain had begun to fall, and the city itself seemed dismal and dreary. We spent the better part of the day sloshing around Sha Mian Island, in the Pearl River—a narrow, tree-lined strip of land about half a mile long, which is connected to the city's crowded southwestern section by two small bridges. The island—formerly the site of the French and British concessions—still has something of the air of a European village. Sha Mian's once magnificent mansions have been converted into schools and administrative offices, and have deteriorated over the years, but even in decay they retain a certain elegance. Guides never fail to mention to tourists that before "liberation," in 1949, Chinese were excluded from the island and from other concession and legation areas in China. The guides apparently see no irony in the fact that the masses are now excluded by their own government from a number of choice spots (in hotels, restaurants, trains) reserved for foreigners.

Before catching the evening train to

Peking, we had dinner at Bei Yuan, or the North Garden, one of Canton's fancier restaurants. I had eaten at Bei Yuan during my 1975 trip, but at that time I had been restricted to a separate guest room, where I had eaten a lonely meal while the inescapable Travel Service escort, refusing my invitation to share the dinner, looked on indifferently. This time, after only the slightest resistance on the part of the restaurant management, my Australian friend and I were ushered into the main room, where we ate in the company of the masses. The bill, for China, was on the high side—about eight dollars for soup and three dishes. Even though a number of American food critics have praised the fare at Bei Yuan, we were unimpressed; a dish of fresh shrimp, for instance, came overladen with monosodium glutamate. Unfortunately, most visitors never get beyond the few restaurants specially selected for tourists, some of which are now so booked up that foreign residents in the country have difficulty getting reservations. If language were not a barrier, foreigners willing to forgo such amenities as white tablecloths and ignore the bones, scraps of food, and other litter cluttering the floors of the more popular eating places could sample superb cuisine—and local color—in countless restaurants throughout the country. Prices in such places range from half a dollar to three dollars and fifty cents a person—about a sixth of what tourists usually pay in the dining rooms and restaurants set aside for them.

On the Canton-to-Peking line, the "hard bed" reservations—second class, in classless Chinese society—had been sold out three days in advance. At forty-five dollars for a one-way ticket, it was the best buy. One alternative to hard bed was to travel "hard seat," or third class, which would have meant sitting upright on straight-backed wooden benches for thirty-four hours packed together with about a hundred and twenty other people, but that seemed to be overdoing the quest for contact, even at the bargain price of twenty dollars. Later, we did travel hard seat for fourteen painful hours through Sichuan, from Chengdu (Chengtu) to Chongqing (Chungking), on a rail line completed by forced labor in the early nineteen-fifties. For the trip to Peking, however—fourteen hundred miles—we decided to travel "soft bed." (On short runs, "soft seat" is the first-class alternative.) The price was eighty dollars, and we were isolated from the masses—we were in a compartment with four fairly comfortable bunks—but we rationalized our choice with the reflection that it was only for one leg of the journey, and at least it was preferable to the plane.

The trip north by train is time-consuming, but there is no better way for visitors to grasp the fact that eighty per cent of China's population is rural (though eighty-eight per cent of the land is not cultivated). The train passes through Hunan, with its rugged, terraced hills and lush green paddy fields, through the provinces of Hubei (Hupeh) and Henan (Honan), and finally enters Hebei (Hopei)—a wheat-producing region that is drier and more severe-looking than the provinces to the south. The train crawled by countless clusters of primitive mud-brick huts, their roofs—some tiled, some thatched—steaming in the early-morning drizzle and their chimneys emitting wisps of smoke. Eighty per cent of the people in China—the total population is nearing a billion—spend all their working energy simply growing the food that the country needs in order to survive. Rarely has such virtue emerged from such necessity; the variety and the ingenuity of Chinese cooking are products not of abundance but of milennial scarcity. Though many basic foodstuffs are either rationed or simply not available, the dining car on the train offered a selection of about seventy Chinese dishes and an equal number of Western ones. (Such is the pro-American mania in China today that as we were pondering our choices for one meal the waiter asked, "Isn't American food tastier than Chinese food?") Even in rural China, however, there were signs of an increasing urbanity: at Hankou (Hankow), five huge bags of orange plastic hair curlers were sitting on a station platform. It seems that "cold perm" and wavy hair styles have been catching on throughout the country since 1977, soon after the Gang of Four—Jiang Qing, Wang Hongwen, Yao Wenyuan, and Zhang Qunqiao—were overthrown.

In Peking, Western culture is flourishing these days. Mao Zedong had hoped in his lifetime to transform China from a backward and bureaucratic society victimized by a century of imperialism into a new, egalitarian state, a unique Chinese Communist culture, and in 1949 he began to eradicate "decadent" Western influences. The movement to destroy every vestige of "bourgeois" culture, including movies and music, reached its xenophobic peak, however, only during the Cultural Revolution, which lasted from 1966 until the overthrow of the Gang of Four. Right up till then, Chinese university students, when their foreign roommates played Beethoven and other Western composers, would invariably parrot the Party line by criticizing the recordings as "awful bourgeois music." Now, if they're lucky enough to be in work units that have access to TV, young Chinese sit listening and watching as the Boston Symphony and other orchestras play to audiences of élite Shanghai and Peking bureaucrats. (Music lovers who attend such events pay—if they are not among the favored few—the black-market price of up to eight dollars, or a little less than the average weekly wage, for a ticket that originally cost twenty-five cents.) The Chinese also get a daily radio dose of selections from, say, "Swan Lake" and "The Sound of Music," along with narrations of the plots, as well as a perplexingly diverse assortment of old country-and-Western hits—including one, in this family-oriented country, that has the refrain "I don't need no man." Other forms of entertainment, too, are much in evidence. Movie houses running old foreign films—a recent one was Olivier's "Hamlet"—are packed night and day. University students who in their philosophy classes hotly debate the pros and cons of Chairman Mao surreptitiously devour Erica Jong's novels and any others they can lay their hands on—often to the embarrassment of their language teachers from abroad, who never thought they would be interpreting such works in this puritanical stronghold. And people everywhere are learning the waltz and the foxtrot.

Beyond their passion for Western entertainment, the Chinese are also rediscovering their own culture. As an admirer and sometime translator of one of China's greatest modern authors, Lao She, whose "Rickshaw Boy" was a best-seller in America in the nineteen-forties, I paid a visit to his widow, Mme. Hu Jie-Qing, now seventy-four. In October of 1966, when the Red Guards unleashed by Mao at the onset of the Cultural Revolution were conducting an orgy of beatings, torture, and murder, Lao She committed suicide. Mme. Hu, a teacher of Chinese literature and a painter of some renown, escaped unharmed—she told me she had been protected by Premier Zhou Enlai and his supporters, who were far more sympathetic than Mao to intellectuals and were aghast at Red Guard excesses. Mme. Hu lives in a small, pleasant house near the center of Peking. After tea at her home and a fine dinner at a nearby restaurant, I accompanied her to the opening-night performance of a revival of her late husband's play "The Teahouse." Written in the nineteen-fifties and last staged in 1962, when it was becoming increasingly unfashionable to be an intellectual—teahouses were often frequented by intellectuals—the slice-of-life drama spans the fifty-year transition from the last decade of Manchu rule to the eve of the Communist victory. Not all of Lao She's work survived the Cultural Revolution. The only extant Chinese copy of one manuscript was destroyed during that period, and a new Chinese version is now, paradoxically, being reconstructed from its English translation.

Despite all the excitement surrounding the current cultural upsurge, not everyone in Peking is happy with the course of events. As recent police crackdowns have so painfully shown—freedom-of-speech demonstrators dragged off to jail and Chinese taken away from international dances for questioning, presumably to discourage too intimate a relationship with foreigners—the Chinese political pendulum swings both ways. Even before the arrests began, signs of reaction were evident in newspaper editorials and radio commentaries "We want no part of capitalist democracy," a typical editorial insisted. "We want to combine democracy with the dictatorship of the proletariat." In recent months, a number of American lawyers have been invited to China to advise Chinese officials on matters relating to foreign investment in joint business ventures, and when they remark that this attitude bodes ill for the future the response from their hosts is merely a polite nod. Obviously, the struggle among the leadership over the latest "correct line" is far from resolved.

At the other end of the spectrum are those who think things haven't gone far enough. One young artist, whose works seemed suspiciously derivative of van Gogh in some cases and of American abstractionists in others but who insisted they were inspired only by his many years in labor camps, complained that he and fellow-artists elsewhere in China were still not allowed to exhibit their paintings openly (though one Sunday he did put some of his paintings up on "democracy wall," the scene of much of the past year's ferment) and were constantly harassed by the secret police. When asked what he intended to do about the situation, he replied glibly, aping the serious dissidents in the Soviet Union, "I'll send my paintings abroad, get arrested, and hope the international community will take up my case." Victims of the Anti-Rightists Campaign, in the late nineteen-fifties, and of the subsequent Cultural Revolution generally express themselves in a more Chinese way, however—most notably by pasting laboriously written posters on walls in Peking and in virtually every other city in the land. These posters include lurid accounts of torture and sexual abuse during the late sixties, demands for the punishment of individuals considered responsible—they are often named—and pleas for the redress of injustices involving, for example, workers who have lost jobs or possessions, and elderly people forced to become beggars. (Some of the commentary is in a lighter vein. A drawing of Chairman Mao's huge mausoleum was pasted on "democracy wall" one morning with the caption "The Rest of Us Have Housing Problems.") Still, the wall posters may not suggest the true extent of people's dismay; random conversations I had gave me the impression that almost everyone has a horrifying personal tale to tell.

My Australian friend and I visited a prominent eighty-year-old doctor whose home and belongings had been summarily confiscated in 1966 despite his years of service to the state. He and his son's family of six had then been forced to move into three unimaginably squalid, cramped, and ill-heated rooms with ceilings of paper, and with no running water and no toilet—a far cry from the model housing project for workers (which itself was pretty basic) that I had been shown on my previous visit. "No place for a house-party," he said, with a wry grin, as he took us down a muddy lane that led to his quarters. "They say the several medical books I wrote will soon be rehabilitated and my belongings returned, yet that seldom happens.

In some instances, the government has offered reimbursements, but it has given only a tiny fraction of the value of the confiscated goods. In any case, my home, just across the street, is occupied and will never be returned. Population pressures are just too great." Expressing contempt for the government propaganda that blamed the Gang of Four for the sad state of present-day China, the doctor continued, "The current leaders are trying to change things now, but they're the ones who brought it all on. Changing the situation will be very hard and very slow. As the proverb goes, 'when the snow thaws, the road is muddy.'" The problem is compounded by the fact that although the leadership and the people want a change, middle-level bureaucrats aren't moving. "These cadres have been stung so many times they're afraid to take a position now. And in any event a change might jeopardize their own interests," the doctor continued. Quoting another proverb, he said, "The ends are hot, but the middle is cold."

The next evening, we had dinner at the home of a middle-aged couple, both of whom are fairly high-level members of the Communist Party. "Though we were innocent of any crime, we both spent four years in prison," the wife said, almost nonchalantly. I had heard elsewhere that their son, who had publicly denounced them, had recently committed suicide. Indeed, I heard rumors throughout my journey—rumors being a major source of information in China, with its controlled press—to the effect that there have been a number of suicides lately among young Chinese; many of them are reported to be bewildered by the dramatic political turnabout and overwhelmed by feelings of guilt and despair. In view of these circumstances, a number of student-age Chinese are known to be looking for an opportunity to leave the country, and that perhaps explains why, the evening after an official announcement last winter that Chinese could marry foreigners, a group of young Chinese women at Peking University took the highly unusual step of hanging out in front of a men's dormitory where several foreign students lived. Moreover, those Chinese who were recruited for the universities from the ranks of "workers, peasants, and soldiers" under a now discredited program fostered by Mao must also find the current situation unsettling. Brought up to believe that they would be the vanguard in the triumph of ideology over "decadent" culture, they are now being shunted aside, in the interests of modernization, to make room for those with expertise.

One day, on a short side trip to Tianjin, a port city about sixty miles southeast of Peking, I asked a young friend how so many children could have been induced to denounce their parents. "Easy," he replied. "They were made to believe that their lives would have been a lot more comfortable if their parents had been better people—of a different class—before liberation. So out of frustration they blamed their parents for all their troubles." Another friend in Tianjin complained, "I've been buffeted by this system for so long now—one movement after another since the early fifties—that my mind is no longer functioning properly. I doubt if I'll ever again be capable of thinking clearly." While there is little question that large numbers of Chinese have been numbed by years of propaganda, there is also evidence that some people have maintained a clearheaded view of events. "Thirty years ago, most students were enthusiastic about the Communists," one man said. "But now, after being told for so long that socialism is superior, these same people look around and see nothing at all to indicate its superiority. No wonder young people today are cynical. No wonder some are suggesting that even the Guomindang [Kuomintang] might have been better. One thing is certain—they want a change."

Walking one day in the drab rural outskirts of Peking, I knocked at the door of a small cottage to ask directions. An elderly, almost toothless man answered, and he invited me in for what turned out to be a two-hour conversation. A scientist who had returned from America after the Second World War with a Ph.D. in mathematics, he had hoped to serve the Communist cause by helping to rebuild China. Instead, after a decade of work, he was labelled a rightist and sentenced to twenty years at hard labor, from which he had only recently been released "Since I was considered a 'big rightist,' I haven't yet got my rehabilitation certificate, as some 'small rightists' have," he told me. "My 'crimes' were twofold: praising American science, and stressing how important academic freedom is to scientific inquiry. Now these 'crimes' seem to be the correct line." He chuckled, and added, "Though who knows for how long?"

If more people had stood firm, as he had, I asked, would the same thing have happened?

"It wouldn't have mattered," he replied. "Millions did stand firm, but we were still broken." He paused to reflect, and then, referring to the brief period in 1957 when Mao solicited criticism of the Party from the intellectual élite, went on, "But if we hadn't done what we did then, there would be no liberalization now. The Hundred Flowers Movement led inexorably to the Cultural Revolution and to the present reaction against that madness."

Didn't that provide some consolation?

"No," he said listlessly. "It's too late for us. Two generations have been lost—my children, too, have suffered. Because of my 'crimes,' they were denied an education. One is a bus driver, and the other works in a factory."

As I was leaving, I noticed that my host had a portrait of Mao hanging on the wall, and I asked him why.

"My wife still thinks it's the safest thing to do," he said. "If I had my way, I'd tear that picture to shreds."

We were able to get hard-bed reservations for the nineteen-hour trip from Peking to the historic city of Xian (Sian). Our introduction to hard-bed travel proved to be something of a shock. The car was crammed to capacity—a rolling dormitory with twenty rows of two-foot-wide wooden slabs, stacked in tiers of three along one wall, for beds. Parents travelling with their children often save money by squeezing two and three to a bunk. But the lack of creature comforts is partly compensated for by a spirit of camaraderie that develops after several hours of this close communal confinement. "We Chinese are very warm people and enjoy expressing our warmth," a middle-aged woman told me. "These past few years, we've been frustrated, because we haven't been permitted to express ourselves—even within our own families." The Chinese masses remain highly political, yet to some extent the ascendance of Deng Xiaoping, with his emphasis on "modernization," has liberated them from the ideological constraints that were so evident until recently. People now seem spontaneous and free of affectations in their social relationships—appealing qualities that one hopes won't be supplanted by Western concepts of "sophistication" as the country modernizes or, if the modernization program fails, by the sour misanthropy prevalent in the Soviet Union.

On the train to Xian, the day's radio fare—broadcast over loudspeakers in each car—was mercifully lacking in the monotonous ideological propaganda that in past years was unavoidable. After the playing of the popular anthem "The East Is Red" and fifteen minutes of "news"—reports on agricultural production, accounts of meetings between high-ranking figures—the bulk of the programming consisted of traditional Chinese comedy (often a bantering dialogue between a comic and a straight man), music from other parts of Asia and from the West, and talks that were virtually elementary-school lessons describing life in other countries. To the average Chinese, whose life for the most part is confined to the area around his village, the assumptions in some of these programs must seem incongruous.

A program on the Philippines, for instance, began, "When you go to Manila, you will want to visit . . ." Still, many Chinese do appear to be starved for knowledge about other parts of the world. It often happened that on trains or in public parks I was surrounded by large numbers of people and, in response to their questions, spent hours at a time describing conditions in Taiwan and elsewhere or discussing the political and economic situation in America. Once, in arguing that Nixon was the American equivalent of the Gang of Four, because he had tried to subvert the Constitution, I mentioned his earlier enmity to the Chinese Communists. "That's strange," one young man said. "Our government told us that Nixon was always a staunch supporter."

Most of our fellow-passengers on the Xian train were travelling on work-related errands that allowed them to enjoy the otherwise unaffordable perquisites of sightseeing en route and eating in good restaurants. (Pedicab drivers throughout China usually ask riders whether their organization is paying or whether they are paying their own way, and unabashedly charge higher fares to those on expense accounts.) And most of the passengers were men. "Travelling in China is arduous, and women are not up to it" was the standard explanation, even though it was contradicted by the reality of the rural landscape, where women regularly haul heavy carts along rutted lanes, like beasts of burden. One of the few female passengers travelling on business—she was returning from a construction site—was accompanied by her four-year-old son. She maintained that she would have preferred to stay home if a male colleague had been available for the job.

As an accompaniment to the new emphasis on modernization, women are now being permitted—indeed, encouraged by billboard and other advertising—to put aside the short haircuts and drab garments of Cultural Revolution days for more stylish hairdos and for feminine, colorful clothes of a style fashionable in the West around 1950. (Paradoxically, they are also being warned, through magazine cartoons and articles, against what is apparently an increasingly common practice of choosing husbands on the basis of their access to consumer goods.) Chinese of both sexes seem delighted with this campaign to prettify women, though whether it signals a retreat from the past few years' emphasis on male-female equality is anyone's guess.

The bunk across from me was occupied by a young man travelling with his five-year-old daughter. On these long trips, as in almost every social setting in China, children are the center of everyone's attention. Yet for the most part they seem much less obtrusive and unmanageable than their Western cousins—perhaps because of their early exposure to socialization in nurseries, kindergartens, and a generally communal environment. Foreign tourists have marvelled at the apparent mood of contentment they observe on visits to model Chinese kindergartens, but not all Chinese parents are so unstinting in their praise. "For children raised at home, usually by their grandparents, our nursery-school system is really quite cruel," the father told me. "Such children start attending nursery school at about the age of two—in contrast to infants who are consigned to nurseries when they reach eight weeks—and they are admitted only one at a time, because they usually cry constantly for the first several weeks. Many kindergartens are staffed by untrained people who encourage the children to sleep most of the time, and that means that it's almost impossible to get them to sleep at night." Judging from the number of school-age youngsters who spend their days not in class but pulling loads through city streets or engaged in other types of menial labor, there also seems to be some degree of dissatisfaction with China's system of universal primary education. "Many parents refuse to send their children to school because they know that after graduation the kids are generally assigned to jobs far away from home," one mother explained. "These parents know it's wrong to put their children to work when they're so young, but they know that at least that way the family will never be separated. It's not easy to overcome this way of thinking, but eventually they'll be converted." It is also possible, of course, that this situation may prompt the government to revise its job-assignment policy so as to minimize the disruptive effects on families.

After nineteen hours seated in a hard-bed car, I was all too happy to spend several days sightseeing in Xian on foot, straphanging on packed city buses or walking—anything, as long as it wasn't sitting. The city, a section of whose ancient walls still stands, is situated in an area adjacent to the Yellow River, where Chinese civilization had its origins. Despite a population of about two million, Xian, like many cities in China's interior, creates the impression of being little more than a rural town. Its outskirts merge imperceptibly with the surrounding countryside, and its numerous open-air markets differ little from the descriptions of such places centuries ago: razor-wielding barbers indiscriminately shave the heads of all their customers; the occasional blind beggar beseeches alms: a village strong man demonstrates *qi gong* (martial-arts strength attributed to special breathing techniques) by pulverizing rocks in his palms; and street musicians play ancient instruments for the odd handout.

Increasing numbers of tourist groups are being attracted to Xian by an archeological excavation that is under way at the recently discovered two-thousand-year-old tomb of Qin Shi Huang, the first emperor of a unified China. Specialists at the site apologize to visitors for the makeshift nature of the temporary exhibit (one simply walks precariously around the edge of the dig area), but no future display of fully unearthed figures will be able to match the awesome visual impact of countless clay warriors in the process of emerging, as if alive, from centuries of entombment.

During an afternoon at the site, I struck up a conversation with a young Chinese woman, and, as so often happened, the talk turned to politics. But this woman, instead of blaming the Gang of Four for all the country's ills, as so many others had, was surprisingly thoughtful. "You're right in questioning how, when there were over twenty members of the Politburo and three hundred members of the Central Committee, just four people could create such havoc in the country," she said in response to a question. "I've been asking myself the same thing. You're also right in suggesting that our newspapers are pure propaganda. Though things are somewhat better these days, the papers are not telling us the facts now, any more than they did in the past." Then, with a note of anxiety, she added, "If I should be overheard saying these things I might well be arrested."

Clearly, though many Chinese are abandoning caution in what seems to be an urgent effort to make their grievances known, in the hope that the situation will continue to improve and that China will become a more open society, many are still fearfully conscious of their vulnerability in a totalitarian state. One middle-aged man said to me, at the conclusion of a long and candid discussion in a local bar, "The only reason I'm talking to you this way is that I'm from another district, and no one in this place knows me. In a minute, I'm going to get on my bicycle and get the hell out of here." The depressing fact is that the masses, while sometimes refreshingly defiant, are in general easily intimidated by the slightest show of authority—even that of officious, if well-meaning bus conductors who order Chinese passengers to relinquish their seats to embarrassed foreigners.

The hotel where foreigners stay in Xian is an enormous, drab structure that was constructed in the late nineteen-fifties by the Russians, and it has the unimaginativeness and built-in decay common to Soviet socialist architecture. By no means a major issue in the over-all scheme of things, China's hotel situation nonetheless reflects important aspects of the country's problems. Outside Peking, the best hotels—which are still far below international standards—are the ones that were built in the early nineteen-hundreds by French and other foreign interests. Next in order of discomfort are the Russian monstrosities, and last come those built by the Chinese themselves. Most of the Chinese-built hotels are only about three years old, but they were so shabbily constructed and have been so poorly maintained that the rooms look at least ten times their age. But even these are far superior to the hotels used by the Chinese masses, where a cot for the night, with few other amenities, can be had for as little as thirty-five cents. After inspecting a few of those facilities, I wasn't at all unhappy about being restricted to the more expensive quarters—sixteen dollars a night for double occupancy—that are provided for foreigners. If China hopes to attract increasing numbers of tourists in order to earn convertible currency, the first step, as everyone seems to recognize, is to invite foreign interests to build the hotels required. But the logistical difficulties of importing entire hotels, item by item, and the further problems of management and maintenance suggest that the return on such an investment would be limited, and, despite earlier optimism, international hotel corporations now seem to be waking up to that fact. To date, the only people who have actually committed themselves to building hotels in China are a few Overseas Chinese, among them one Hong Kong multimillionaire who owns a substantial share of lucrative gambling establishments in Macao.

Even after my exposure to the minimal standards of hard-bed travel on the trip to Xian, I was unprepared for the twenty-hour hard-bed ride on the train from Xian to Chengdu. Having left Shanghai over thirty hours earlier, the train looked as woebegone and weary as its many passengers. Bunks are rarely vacant on these overnight trips, and mine had obviously been occupied the night before. As a spoiled foreigner, I asked for clean sheets, but the ones I was given were almost as tattered and gray as those they replaced. This shouldn't have been a surprise, for in rural areas laundry is done in irrigation ditches and polluted rivers, and even in the cities most clothes are washed in cold water—and by Chinese standards soap is expensive everywhere. The air was stagnant, and the car was clouded with layers of cigarette smoke. There is a high incidence of cancer and heart disease in China, yet most Chinese men, and even many teen-age boys, smoke heavily. In fact, the closest thing to tipping in restaurants in China—which is the world's largest producer and consumer of tobacco—is the practice of offering cigarettes to waiters (but not waitresses, for few women smoke, at least in public). The government has imposed a heavy tax on tobacco, and until very recently it has done little to inform the public about the dangers of smoking. Less remiss where the links are less clear, the authorities have evidently thought it expedient, in view of the shortage of meat in China, to give wide publicity to an American doctor's theory that the high consumption of meat increases the risk of cancer. There has been some progress on the no-smoking front, however: not long ago, C.A.A.C., the national airline stopped handing out cigarettes to passengers on flights, and just last month the government, disturbed about the increase in smoking among teenagers and the rising rate of lung cancer, announced plans for an anti-smoking campaign.

On the train to Chengdu, a number of fellow-passengers kept me engaged in animated conversation. A young bureaucrat, boldly mouthing slogans of the day about socialist legality, became evasive and noncommittal when I argued that China could no longer afford to be contemptuous of Western concepts of legal process and that Party dominance over the legal apparatus was incompatible with the administration of justice. To my surprise, a young soldier who had been staring out the window and had seemed not to be listening suddenly turned toward me and interrupted the conversation. With undisguised disgust for his bureaucratic comrade, and alluding to the fact that since 1957 China has trained virtually no legal professionals, he blurted out, "China needs lawyers badly—to defend people when they are prosecuted, and generally to protect our freedom." A third man added, "America is a democracy. The problem with China is that it's a dictatorship—but a couple of years ago I couldn't openly have said that."

The train moved through Shaanxi (Shensi) and into Sichuan. The unfolding panorama of the Jialing River winding its way through the mountainous countryside presented a perfect example of what Chinese landscape painters have for centuries striven to capture—jagged peaks veiled in clouds, terraces of green unripened wheat, brilliant-yellow patches of flowering rapeseed, clusters of bamboo, and the pink blossoms of apricot trees.

In Chengdu, which is Sichuan's capital and one of its major cities, the back streets, even more than those of Xian, convey the flavor of old China. Endless rows of dilapidated and dingy wooden dwellings, untouched by thirty years of "socialist construction," teem with gleeful runny-nosed youngsters. A huge exhibition hall in the center of town, guarded by a mammoth statue of Chairman Mao, is one of the few buildings that look relatively well kept, but it was erected only recently, to replace the fourteenth-century Imperial City, which was destroyed in the turmoil of the Cultural Revolution. Some of the fiercest fighting during those turbulent years took place in Sichuan, which, as the richest and most intensively cultivated agricultural province in China, has been a prized object of contention ever since the period of the Three Kingdoms, in the third century A.D. "Sichuan has historically been known as "the heavenly country,' " said a man sitting next to me on a bus that was heading for the hermitage of the Tang Dynasty poet Du Fu. "But for ten years it was hell. Peasants were set against workers and workers against intellectuals. At one point, the factories were closed, and even agricultural production and distribution broke down."

For the moment, at least, things appear far more harmonious—so much so that in the crowded park by the Guanxian River, famous for its ninety-odd varieties of bamboo, hundreds of people on their day off were taking advantage of the less repressive climate by dancing. Enthusiastic couples—

men and women, men and men, women and women—were learning the foxtrot to a scratchy recording of "Old Black Joe," which reverberated at fluctuating speeds over loudspeakers that once ceaselessly spouted propaganda.

Though the "public security" authorities in Peking had denied us permission to travel to Kunming, their counterparts in Chengdu readily granted it. "They had to approve—we had already bought the tickets," a young Travel Service staff member explained, in a curious instance of the tail wagging the dog. Yunnan was one of the last provinces to come under Chinese influence (The Ming Dynasty took control from the region's Mongol rulers in the thirteen-eighties), and its capital, Kunming, lacks the atmosphere of vitality characteristic of most Chinese cities. What is more surprising is that the surrounding area, mountainous and sparsely populated, has little of the Southeast Asian flavor one might expect in a remote province bordering on Burma, Laos, and Vietnam—as Yunnan does—where "national minorities," though they are not much in evidence, make up almost a third of the population.

Much more visible was the aftermath of China's recent involvement in Vietnam. The Kunming hospital was filled with wounded Chinese soldiers, and those who could get about were being invited to patronize some of the local restaurants—Yunnan is not noted for the abundance or the quality of its food, and most of Kunming's restaurants are inferior—by signs saying "We welcome returning heroes." Camouflaged military trucks were on the roads, and artillery pieces and small tanks sat atop flatcars along railway sidings. Though many Chinese, obviously having been taken in by newspaper propaganda, assumed that China had victoriously achieved all its goals in Vietnam, some of the better-educated were dubious. According to rumor, the Vietnamese had not sent up as many of their best divisions as had been expected, and so the Chinese had not annihilated as many of these as they had hoped to. A relatively high-level Party member told me, in a moment of alcohol-induced candor, "China's foreign policy in Southeast Asia is not based on an abundance of expertise in that area, and that's one of the reasons we've found ourselves in some embarrassing situations in the past few years—our support of Cambodia, for instance. I personally was worried about the risk of Soviet intervention in the Vietnam action." Then, suggesting that his hawkish colleagues had a more cynical view, he added, "But what the hell. The People's Liberation Army was forgetting how to fight, and the men needed some practice."

Kunming's major attraction is its Buddhist-Taoist temples, which are filled with magnificent old carvings depicting the strange and colorful characters of Chinese popular religion, and which are currently being restored. Some might think that the restoration of these temples signifies a revival of traditional religion, but the more likely explanation is that it is related to the recent opening of the city to foreign tourist groups. Although a number of elderly people were praying to the gods, and although incense was on sale in Kunming and elsewhere, ostensibly for religious use (it can also be used as a much-needed fly and mosquito repellent), younger groups seemed to prefer sitting in the teahouses of the temple courtyards chatting and playing cards.

In a conversation with one such group, I was asked what restrictions the American government placed on citizens who wanted to travel abroad. Amazed by my reply that there were none at all, one person said, "That's democracy. Maybe we'll get to that point in twenty or thirty years."

"Nonsense," said another. "We'd see how they live and never come back."

"We'd have to come back," a third said. "Not speaking the language, we'd never be able to get jobs there."

A few days later, Yunnan was far behind, and my friend and I were on board the East Is Red No. 35, a ferryboat sailing through the dramatic Yangtse River Gorges on a twelve-hundred-mile journey from Chongqing to Shanghai. Boats in China avoid the elitist stigma of first class by offering only accommodations designated "second class" through "fifth class"—the former consisting of two-berth cabins, the latter being mere catch-as-catch-can arrangements on the decks and in the gangways, and the intermediate classes having anywhere from four to thirty bunks to a cabin. As was true on the trains, it was not just money that determined who could buy a superior berth; apart from foreigners, only Chinese above a certain level in Party or state organizations have that privilege.

Several years ago, when Sichuan was still closed to foreign tourists and when it was official policy to exaggerate the country's progress, a few privileged Westerners, such as the former American Foreign Service officer John Service and his wife, Caroline, were invited to make this trip—one that his parents, who were missionaires, had made decades before under much more Spartan circumstances. Some of these visitors, including Mrs. Service, subsequently wrote articles for China's foreign-language propaganda journals which suggested that under the Communist regime China had modernized its river transportation. The fact is that manpower is still the major means of propulsion on the Yangtse: most boats are rowed or sailed down the river and then have to be hauled upstream by ropes harnessed to teams of men who creep along the banks, as they have for centuries, struggling against the swift current. This shouldn't come as a surprise, for on land the major forms of conveyance, apart from the bicycle, are still the wheelbarrow and a variety of rickshawlike carts. The peasants use these to carry sick and elderly relatives from one place to another, and also to transport the produce of their private plots to sell, at bargainable prices, in the thriving "free markets" of the dusty towns along the shore They do the latter, of course, only by ignoring their responsibilities to the commune—an increasingly serious problem for the country, judging from a recent spate of newspaper criticism.

Overcoming my fear of having to interpret heavily accented rural Sichuanese, I struck up a conversation with an old peasant, whose wife walked painfully behind him on tiny, crippled feet, which had been bound when she was a child, as was the custom in pre-"liberation" days. "Things got better after Chairman Mao took over" was his laconic and somewhat dated response to my question about conditions in his village, but when I asked for information about recent events relating to the Gang of Four he grew wary and said only, "We peasants don't know much about that."

A serious question now facing China is the degree to which modernization and an increased emphasis on consumer goods in the cities is likely to exacerbate the already considerable economic disparity between people in urban areas and the peasantry. "The peasants don't generally have access to publications like *Culture & Life*, where they would see articles on the latest fashions, so that shouldn't be a problem"—this was the rather naïve view of a young man who had been reading that magazine. "But, in any case, the government will just have to raise food prices to increase peasant income," he went on, "and it will also have to improve the standard of rural education."

On the ferryboat, as happens all day long everywhere in China, loudspeakers were blaring to their captive audience. Each morning's radio program included a roll call of Party stalwarts who had fallen victim to the Cultural Revolution and were now being ceremoniously—though posthumously—rehabilitated. The broadcast of the eulogy of each victim was followed by a recitation of the names of well-known Party and government figures who had sent wreaths of commemoration. But, as was also the case elsewhere, no one seemed to pay much heed to the constant din. The passengers preferred to talk with the two foreigners in their midst. One Sichuanese woman in her early twenties, blaming the Cultural Revolution for depriving her of a college education, particularly wanted to unburden herself. "The newspapers lied to us," she told me. "We never read them. We were all 'sent down' to the countryside. Sure, we learned something about the peasants' tough life, but essentially it was a waste of time for all concerned, including the peasants, who didn't want us there. If you had connections, you bought your way out or got doctor friends to say you were sick. Now that's over, but the government still hasn't been able to find jobs for many of my friends, and it is once again talking about sending unemployed kids down to the countryside as a solution to the problem. My parents and their friends have been through so much these past thirty years—one denunciation after another—that they're too scared to be of any use. But the kids are different. Though the situation has improved a bit recently, many of them still feel that with things so bad they couldn't care less what happens to them. Even death is no threat. And, being cynical, they're thinking only of how they themselves can get ahead. Maybe that's not the best way for youth to be, but that's the way it is."

It was a surprise to find, after being exposed to many such outpourings in the course of the journey, that few people in Shanghai were prepared to speak openly. Shanghai, which is often thought to be at once the most bourgeois and the most radical city in China, actually seemed the most subdued, notwithstanding the widely reported demonstrations around the time of the Boston Symphony's visit. "The lid is still on tight here, as tight as it was under the Gang of Four," said a twenty-year-old man eating noodles, with two friends, in a shop on Nanjiing (Nanking) Road, one of the busiest streets in this overcrowded city.

One of his companions added, "We Shanghainese are an outspoken lot, and the authorities are afraid that if they relax the restrictions here things will get out of hand. So in Shanghai, in contrast to Peking and other places, dancing is not permitted, and colorful clothes and long hair are frowned upon."

And the other friend said, with a note of bitterness in his voice, "They say preoccupation with these things would interfere with our commitment to the four modernizations, but nothing could be further from the truth."

In at least one respect, however, Shanghai is irrepressible: young couples are out in force every evening along the bund, draped over the wall beside the Huangpu River. Necking and petting through heavy, padded garments, they ignore passing groups of men who eye them voyeuristically. At five in the morning, the scene is quite different. The young lovers have been replaced by thousands upon thousands of older men and women practicing the serene form of Chinese boxing called Taiji Chuan, exercising in unison to an incongruous musical accompaniment over the ever-present loadspeakers. And on another part of the pavement a few muscular young men work, under the scrutiny of an old master, on the more spectacular, though not necessarily more effective, leaps and sweeps of Shaolin boxing.

As I sat watching all this activity one morning, a young man sat down next to me and began talking in halting English—so that passersby would not understand, he explained. Though he was born in 1950, the year after "liberation," he was a devout Christian. "I study the Bible at home every day, in English and Chinese," he told me. His parents had managed to escape to Europe many years before, and his wife, an Overseas Chinese, had been able to take their young son to America. "But I'm stuck here for good," he said, with the air of one resigned to his fate.

I mentioned the rumor that the Tianjin Cathedral had recently reopened, but he was not impressed.

"No churches have opened in Shanghai," he said. "And, if they did, it still wouldn't be safe to go. Despite the Constitution, religious freedom in China is a joke."

Toward the end of our journey, we returned to Canton, where hordes of foreign businessmen were flocking in for the semiannual trade fair, which had just begun. Newspapers and broadcasts were proclaiming the fair's success and attributing it to the correctness of China's new line. Not everyone found things to his liking, though. More than four hundred of the several thousand visitors arrived to discover that, despite confirmed reservations, no hotel rooms were available.

"Who's responsible here? Who's in charge?" demanded one exhausted and irate American who had just flown in from New York with his wife, and who was planning to spend the night in the hotel lobby before flying home the next day. "No one," the desk clerk said, with the placidity of an unyielding bureaucrat. At that point, an Overseas Chinese businessman based in Hong Kong, who has had countless such experiences in his dealings with China over the past few years, commented, "The system just doesn't work here. The country's a mess."

The last leg of our trip took us to Guilin, a tourist-invaded town in the southern province of Guangxi Zhuang (Kwangsi Chuang). The area is noted for its extraordinary landscapes—towering, weirdly shaped rock formation jutting out of the wide plains through which flow the green. still fairly clear waters of the River Li. Except for a number of small fishing boats, the river traffic seems to consist primarily of tourist barges, which are dragged downstream fifty miles or so by tuglike tenders for the benefit of sightseers. In racially class-conscious China, non-Chinese foreign guests pay twenty-five dollars for the six-hour trip to Yangshuo. Overseas Chinese, and the even more shabbily received Hong Kong and Macao breathren, are in this instance lumped together in lesser luxury, and pay slightly less than half that amount. The Chinese masses, the worst-treated people in China, travel under much more crowded and austere circumstances, at a cost of about two dollars and fifty cents. It took four visits to the ramshackle offices of the city's Revolutionary Committee—and some mock histrionics on my part about the apparently still prevailing influence of the Gang of Four—before the authorities would permit me to go down the river with the Chinese.

On the boat, I talked with a newly married couple—the husband a computer specialist, the wife a doctor—enjoying a one-week honeymoon trip. The wife asked me, "Having travelled extensively around the country, what do you consider China's biggest problem to be?"

The easiest, and not necessarily the wrong, response would have been simply "Its population, its poverty, and its unfulfilled promises." But another response seemed more appropriate at the time. However appealing the government's new line compared to the old, I replied, China remains a dictatorship, where most people are trained not to question but to repeat the Party line. The government wants to modernize the country but is still unwilling to let people think creatively and express themselves freely. Despite much publicity to the contrary, little that is fundamental to the system has changed, I continued, and there is really nothing to prevent past abuses from recurring—perhaps with Stalinist vengeance, if those in power attempt to suppress the increasingly widespread discontent and resentment.

"Many of us would agree with your assessment wholeheartedly," the husband told me, with a note of optimism. "China's salvation lies with the younger generation. If their minds can be opened—and to that end interaction with the West is important—our society, too, might become a more open one."

—David Finkelstein.●

SALT II—AMERICAN PUBLIC OPINION TURNS AGAINST THE TREATY

● Mr. GARN. Mr. President, I would like to take this opportunity to examine briefly recent findings of national opinion polls with respect to the proposed SALT II treaty. The principal conclusions of these surveys are these: The American people are increasingly skeptical of the merits of SALT II, and this administration lacks the votes in the Senate to pass the treaty. In fact, a majority of the American people now oppose the treaty and regard it as detrimental to American national security interests.

The Carter administration has spent more than $1 million in its attempt to sell SALT II to the American public. In addition, there is an ongoing effort to create the impression of a new surge of support for the treaty in the Senate. A closer look at the situation, however, leads one to conclude that the administration's efforts have proven to be of doubtful effect, and that there is good reason to believe that there is insufficient sentiment in the Senate to support SALT II ratification.

The findings of an ABC-Harris poll, conducted between September 26 and October 1, 1979, are particularly telling. Fifty-eight percent of those partcipating in the survey believe that "although nuclear arms control is desirable, the SALT II treaty which President Carter negotiated does not adequately protect U.S. security." Only 26 percent of the respondents disagreed with this statement. Fifty-three percent of the population believe that "if SALT is approved, Russia will have nuclear superiority by the middle 1980's," while 32 percent disagreed. Nor have the SALT-sellers been able to convince the American people that the treaty can or should be viewed independently of world affairs. Despite President Carter's reassurances with respect to the Soviet combat troops in Cuba, 65 percent of those participating agreed with the statement "unless the Russians agree to withdraw their combat troops from Cuba, then the U.S. Senate should refuse to ratify the SALT II treaty."

An ABC-Harris poll reported on October 23, 1979, indicated that only 33 percent of the respondents rated President Carter's efforts at securing a SALT II arms agreement as positive; 60 percent—nearly twice as many, considered those efforts a negative factor in the President's job performance, 11 percent more than 1 month previously.

The conclusions of a recently conducted Gallup poll offers supporting evidence that the trend in public opinion is in opposition to this treaty. Public support for SALT II seems to be diminishing as people become more aware of the serious inequities and verification flaws contained in the accord. When asked the question, "everything considered, would you like to see the U.S. Senate ratify this proposed treaty, or not?" those supporting ratification declined from 27 percent in March of this year to 24 percent in October. On the other hand, the percentage of those opposed to ratification rose dramatically from 9 percent in March to 26 percent in October. These are significant findings, and they contradict assertions to the contrary that this treaty enjoys the overwhelming support of the American people.

The American people recognize that all is not well in the world, that American interests are being subject to increasing attack and that there is a direct relationship between the extent of that attack and the decline in American military power. Senate approval of this seriously flawed SALT II treaty would tell the world that we are unwilling to take the steps necessary to reverse these trends. The American people will not accept this, nor should they.

It is interesting, therefore, to take note of the findings of a Scripps League Newspaper survey conducted during the last 2 weeks of October. According to this survey, 30 Senators now oppose SALT II—only 4 short of the 34 necessary to defeat the treaty, and an increase of 12 since the last survey was conducted in May 1979. Of these 30 Senators, 13 are solidly opposed to the treaty while 17 are leaning against ratification. Presently, 27 Senators are in favor of the treaty—16 offering solid support and 11 leaning in the direction of ratification. Obviously, the debate is far from over, and these figures could be challenged in both directions. But it is clear that any declaration to the effect that Senate support for this treaty is nearly sufficient to insure ratification is both premature and unfounded.

Mr. President, I request that the following Scripps League Newspapers release for Friday, November 2, be printed in the Record, and I commend the attention of my colleagues to the results of those public opinion polls I have cited in my statement.

THIRTY SENATORS OPPOSE SALT II

(By Lee Roderick)

Washington.—Thirty senators currently are opposed to the strategic arms limitation treaty (SALT II) with the Soviet Union—just four less than the 34 needed to kill it, according to a new survey by Scripps League Newspapers.

The 30 include 12 senators who were undecided on the issue when a Scripps League survey on SALT II was taken in May. Four of the 12 said their position "was affected by the disclosure of Soviet combat troops in Cuba."

Among the 30 senators are 13 who reported they are solidly against the treaty and 17 others who are "leaning" against it.

Twenty-seven senators told Scripps League they are on the other side of the issue, with 16 favoring the treaty outright and 11 "leaning" in favor. Another 43 senators are undecided (37) or uncommitted (6).

With two-thirds of the Senate needed for ratification—67 votes if all 100 members participate—the outcome of SALT II rests with these 43 senators.

The survey was conducted during the last two weeks of October while the Senate Foreign Relations Committee was "marking up" the treaty bill before sending it on to the full Senate. Major amendments that might have changed the minds of some opposition senators had all been defeated by the Committee as it neared the end of its work.

The full Senate is expected to begin debating SALT II around Thanksgiving, with the Senate leadership pushing for a final vote before the end of the year.

The earlier Scripps League survey in May came on the eve of the treaty signing in Vienna by President Carter and Soviet Communist Party Chief Leonid Brezhnev.

Since then, the Carter administration has intensified its so-called "SALT-Selling" campaign aimed at gaining Senate support for the treaty. But opposition forces likewise have stepped up their efforts, which survey results indicate have been more effective.

In May, 18 senators said they were against or leaning against the treaty, compared to 30 today. Twenty-four senators were on the other side of the issue in May, compared with 27 today—a pickup of only three publicly committed senators in five months.

However, the 24 Senators inclined toward the treaty in May included only two solidly favoring it, with the other 22 leaning in favor. Of the 27 now inclined toward it, 16 solidly favor it.

Twelve of the 16 Senators solidly favoring SALT II are Democrats; 10 of the 13 Senators solidly against it are Republicans. The 43 who are undecided or uncommitted include 30 Democrats and 13 Republicans.

Most of those opposed to the treaty believe it is too favorable to the Soviet Union. However, at least three senators say they oppose it because it will escalate rather than reduce the arms race.

One such senator, a Republican, told Scripps League he opposed using SALT II as a "pretext" for raising the defense budget by a talked-about 5 percent. Another said he was troubled both by a possible increase in the defense budget and by the Carter administration's decision to go forward with the MX mobile missile, planned for deployment in Utah and Nevada to shore up the nation's land-based strategic nuclear missile system.

Other senators opposed to the treaty repeatedly expressed concern over three treaty provisions—those allowing the Soviets to not count the Backfire bomber under SALT II's weapon ceiling; to give the Soviets 308 "heavy" SS-18 missiles to no missile of comparable power for the U.S.; and to allow the Soviets to possibly thwart verification by encoding missile test data.

On the other side of the issue, one senator who recently made up his mind to vote for SALT "barring any unexpected developments" said the verification issue was the key.

The senator, Vermont Republican Robert Stafford, who has also made his position public, explained that "My months of study of all available evidence . . . has convinced me that the SALT II treaty can be verified." He added that "we will be better off as a nation with a SALT treaty than without it."

Athough the Foreign Relations Committee defeated major amendments to SALT II, votes were as close as 8 to 7—surprising treaty supporters and foes alike. Key foes of the treaty believe the close votes by the Committee—which is perceived as more pro-SALT II than the Senate as a whole—indicate the amendments may yet be approved by a full Senate vote when they are reintroduced on the floor.

At any rate, the Scripps League survey indicates that, like the two Panama Canal treaties of last year, the outcome of SALT II is likely to be a cliffhanger to the end.●

EUROPEAN ATTITUDES TOWARD SALT

● Mr. HATCH. Mr. President, as we grow closer to the floor debate on the SALT II treaty we see an increasing amount of information concerning the attitudes of Europeans toward the treaty.

During the first week of August, I had the opportunity to visit with over 100 military, government, intellectual and defense planners of Europe. One of the men with whom I had planned to visit was Pierre M. Gallois. Unfortunately, our schedules could not be arranged to coincide with my short visit to France.

Mr. Gallois is a retired air force general and one of the leading defense thinkers in Europe today. He has written extensively on arms control and strategic programs. Because we were unable to get together he agreed to provide me with a short piece on how he, as a European, views the SALT II Treaty. I have found it both interesting and enlightening. I think that my colleagues will find it equally interesting.

Mr. President, I ask that the short paper mentioned previously be printed in the RECORD.

The paper follows:

SALT SEEN FROM EUROPE

Being a Frenchman, it is not an easy task to address myself to a bilateral negotiation such as SALT.

If American-Russian discussions and agreements are of concern for us, in Europe, it is because we belong to the same community, we adhere to the same ethic, we abide by the same principles of freedom, we intend to organize, direct and impose in the same way a society of free people, we are ready to fight to preserve the same ideals.

If SALT is of great importance for us, nonparticipating nations, it is because the dominant role of United States is of such a magnitude that any damage suffered by your country is felt as a danger for the whole community of free nations.

This is why, after ten years of bilateral talks and the two main agreements of 1972 and 1979, we ask ourselves the following five questions:

1. Has the first agreement reached its official aim and checked the strategic arms race?

2. Has such an agreement been profitable to the interests of the United States?

3. Is the second agreement, the agreement of June 1979, of such a nature that it will correct the obvious deficiencies of the first one?

4. More generally, is it possible to conduct such vital negotiations between two nations as different as United States and Soviet Union? Are impartial strategic agreements feasible between an open society on one side and a tightly closed one on the other side?

5. Are the agreements of 1972 and 1979 favoring the cause of the allies of the United States? Are they improving their security and, if necessary, are they, now, in a better posture for their defense?

To all these questions, for us in Europe, the answer is no.

1. The Moscow agreement of May 1972 has not checked the strategic arms race.

On the Russian side, seven new types of ICBM or SLBM were announced after May 1972 (the SS. 16, 17, 18, 19 for the Russian silos and the SSN. 17 and 18 for the Russian submarines). Every five days, a new ICBM, more powerful, more accurate, with mirved warheads, were installed in Russian silos. During the same period, new nuclear submarines were built and launched at sea, some carrying missiles with a greater range and having a MIRV capability. Not made public during the preliminary talks, a new bomber, the "Backfire", was disclosed. During these three years of negotiations and during the years following the May 1972 agreement, the Soviets managed to multiply at least by two the number of targets they would be capable to attack at intercontinental range.

Impressed by such a rapid deployment of new weapons, the Americans, on their side, augmented their armament effort. With three new, more accurate, warheads in silo every day, the development of a new type submarine, firing more missiles at greater distances, with the project to modernize some of their ICBM inventory by a new missile, capable to survive a surprise attack, with the development of the cruise missile panoply, the United States increased their first intercontinental salvo from some 4,500 warheads to close to 10,000 today.

This is why, for us, in Europe, SALT I by no means is an agreement limiting strategic weapons. On the contrary, SALT I has stimulated the arms race instead of slowing it.

But we were surprised and upset by the wide margin of numerical superiority in launchers and potential throw-weight capability which were granted to the Soviets. We knew that they were behind as far as the number of warheads they could launch simultaneously, but we know also that, based on such a temporary inferiority, SALT I has opened the road for a marked Russian numerical superiority. Ambassador Dobrynin was right when he said candidly: ". . . We were elated at the result of SALT I. It gave us strategic advantage in central systems necessary to offset your Forward Based Systems, and it reserved for us the right to match you with regard to warheads in the future."[1]

2. Has such an agreement been profitable to the interests of the United States?

To be sure, after SALT II the U.S. territory was not in danger. As before SALT I, America is still a country having the privilege of nuclear immunity. Some 80 per cent of American strategic warheads may be in permanent or semi-permanent mobility and in such a way that their simultaneous destruction is not feasible. Whatever the size of their ballistic inventory, the Russians could not now attack the land of America without taking the risk of incredible destructions.

Being a strong advocate of a policy of minimum deterrence, but for a medium size nation protecting only herself and without any foreign responsibilities, I can't deny the value of the formidable U.S. potential of destruction, before SALT I as well as after.

But the real value of such a potential destruction is specific to American territory and American vital interests at home. Outside the U.S. territory, the freedom of action of Washington depends—for world public opinion—upon a certain military superiority. This is a legacy of the past, when the nations having more troops and more armaments, were generally the winners. The nuclear age has distorted such a concept, but the change is not perceived by the public opinion and should America accept a position of numerical inferiority in modern armaments, her foreign policy would be penalized, her alliances shaken and her military guaranties questioned.

This is why SALT I appeared to many of us, in Europe, as the proof of a new U.S. policy of retreat to "fortress America". And

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Footnotes at end of article.

if SALT I was not profitable to American allies, it certainly was not favoring the U.S. interests in the world.

3. What about the second agreement, the agreement of June 1979?

To some of us, in Europe, the bilateral talks which began after May 1972 were directed in the wrong direction and the resulting June 1979 agreement seems to us a bad agreement and for the following reasons:

The June 1979 treaty legitimizes a Russian potential superiority. They are granted a numerical superiority as far as static launchers, as well as mobile ones are concerned and they keep a throw-weight advantage over the U.S.

It gives the Russian the monopoly of heavy launchers such as 308 SS. 18 with the capability to launch 10 warheads each. All military static installations of the U.S. will be under the threat of these 3,080 accurate warheads. This is important because of the two different strategies of the two countries, as seen later.

It is based on a wrong approach, the approach of so-called "parity", or even "essential equivalence", an expression which has several meanings. To some of us, in Europe, "parity" or "essential equivalence", cannot be adapted to two so different strategies as those of the U.S. on one side and the USSR on the other side.

4. A main question is the following: are impartial and equitable strategic agreements feasible between an open society and a closed one such as USSR? To us the answer is no.

The answer is no, first because of the disparity which characterizes the two countries.

Obviously one cannot imagine a democracy preparing an atomic aggression against another country. One cannot think of America taking the initiative of planning and launching a surprise atomic attack against Russia. In every circumstances, irrespective of Russian behaviour, negotiation will always be preferred according to the will of American public opinion and American concepts of foreign policy. Russian politicians and generals are also talking of defense. Hence, at least a non-war status would be guaranteed. But as each side is counting with double dealing of the other side, the two arsenals are steadily growing.

But, up to now, in a different way. As said previously, almost 80 per cent of US strategic warheads may be in permanent or semi-permanent mobility, when, on the Russian side, less than 20 per cent have the same sort of mobility. The US fear a surprise attack and their main problem is to insure the survival of their strategic forces. As far as they are concerned, the Soviets know that such an attack against their territory is highly unlikely.

The two strategies are so different that it seems to us that a sort of parity cannot be achieved. For example, the 308 heavy SS. 18 are imposing upon the US a mobile MX force of some 200 missiles to preserve the third leg of the American strategic triad, mobility being opposed to a static inventory.

The political and social system of the two countries are also asymmetrical. In America millions of dollars have been spent by the Administration to persuade the American people that such an agreement is necessary. Enormous pressures have been exercised to influence the Senate and obtain ratification. After having "sold" the treaty to the American people, the U.S. Administration is obliged to repeat what Mr. Gromyko said: "It is impossible to resume the negotiation. It would be the end of negotiation, the end, no matter what amendments would be made."[2] Judged from Europe, the emotional arguments used by US officials to obtain the approval of the nation are of little validity. For example:

"Rejection of this treaty . . . would harm our nation's security and it would be a massive blow to world peace"[3] said Mr. Carter.

World peace, or rather a non-war status between America and USSR is not dependent upon the treaty. Russian constraints and the assured survival of American strategic forces are the actual causes of a non-war status. World peace is an expression, not a reality. Since "detente" supposedly replaced "cold war", Czechoslovakia has been invaded, combats have taken place in the Middle East, in the Indian peninsula, in Angola, in Ethiopia, Somalia, Yemen and South East Asia. Russia has made it very clear that it will go on supporting "wars of liberation" and keeping its hegemony over Eastern Europe intact. SALT I as well as SALT II are completely aside from these wars. With or without SALT II, there will be no such as world peace.

During the same address, Mr. Carter said also that "if the Pact was not ratified, other nations, such as Pakistan, India, Taiwan, South Korea, South Africa, Argentina, Brazil would be more likely to develop nuclear weapons."

It is the contrary which corresponds to the reality. It is because the treaty degrades the US global influence that these nations are likely to go nuclear. It is the policy of Mr. Carter vis-a-vis Pakistan, Taiwan, South Korea and South America which is making nuclear weapons necessary for these countries, to consider only those which consider that they are in danger.

To say that "without SALT II we would end up with thousands more strategic nuclear warheads on both sides"[4] is a non provable argument. With some 3,000 warheads on their SS. 18, the Soviets will have enough weapons to paralyse the 1,000 silos of US Minuteman. Already more than 3,000 other warheads are fully sufficient to destroy all the other fixed targets critical for American defense. Thus the Russian arsenal may not grow beyond SALT II bounds. And concerning the US one, it is an American choice to carry on the so-called race or to adopt a strategy of sufficiency." The current Administration, which has cancelled the B-1 bomber, been so indecisive on the MX, and limited other "strategic options," has shown no signs that it would accelerate its 'strategic arms production in the absence of SALT II.

In a speech delivered at Brussels, on May 16 of this year, Mr. Harold Brown said in substance that 'the future cohesion of the NATO alliance would be endangered if the Senate failed to ratify the strategic arms limitation treaty."[5]

Once again, the contrary is true. It is a position of potential superiority of the Soviet Union which is endangering the cohesion of NATO. NATO nations know that SALT II is not concerned with the weapons which are capable to destroy West Europe such as the "Backfire" and the SS. 20. And what is more, they are informed by the U.S. press that one result of the bilateral talks is a new U.S. proposal submitted to the next NATO ministerial Council to withdraw more U.S. atomic warheads and to dismantle "forward based systems", as if Washington was obeying a Russian request made during the bargaining of SALT II.[6]

Finally, in the field of verification, is not an open society in a very bad situation compared to the advantages given to the Soviets by their closed society system?

In Europe, we are not so sure that, according to Mr. Carter, "the SALT II agreement be made verifiable."[7]

It was said also of SALT I and the fact is that, in many respects, American verification of compliance with the provisions of the Interim Agreement of May 1972 was not as efficient as it was supposed to be.

For instance, tested at shorter distance before the Moscow summit of May 1972, the SS. N 8 missile was discovered later as having a much greater range. There was a similar misjudgement concerning the SS. 19 which had the characteristics of a heavy ICBM while replacing SS. 11 missiles in a silo of limited dimensions. Lately it has been claimed that the yield of the SS. 18 is not 1.5 megatons, but 600 kilotons. If this is indeed true, a logical conclusion is that the accuracy of SS. 18 is greater than expected. This is not necessarily a comforting discovery.

And it is difficult to admit that existing "technical means of verification" could control the storage of many ICBM's, cold launched in the open without being put in silos, or distinguish a bomber having an inflight refuelling capability from a shorter radius of action aircraft, or control the number of nuclear warheads put in reserve, or be informed of the number of existing cruise missiles, should Russia decide to develop also such a weapon, etc. In an open society such as the American society, the press will inform the foreign world of all the accomplishments of the US military establishment. No parallel can be drawn between a country where "Pravda" is giving the governmental point of view and a country where the "Washington Post" is giving its own point of view.

5. Last question: are the agreements of 1972 and 1979 favoring the cause of the allies of the United States?

We remark that along the strategic talks between America and the Soviet Union, American nuclear commitments in Europe have been progressively reduced. Now, as it was said previously, we are informed that the forward based systems may be dismantled, atomic mines withdrawn, the number of tactical nuclear weapons reduced . . . During the same period the Russian nuclear arsenal threatening Europe has been steadily augmented: more than a thousand SS. 4, SS. 5 and SS. 20, 1,200 bombers TU 16 and TU 22, tomorrow several hundreds TU 26 and a growing stock of nuclear warheads.

US policy planners have failed to take into account that we are, in Europe, far more exposed to a surprise attack than the US territory. The military posture which has been imposed upon European NATO countries is such that it invites a preemptive attack on our conventional forces. The state of the ballistic art is such now that the accuracy of Russian missiles allows a dramatic reduction of yields of their weapons and, having the initiative of military operations and, consequently the benefit of surprise, Warsaw Pact forces may disarm European NATO countries through atomic strikes of a surgical precision, almost without significant collateral damage. To neutralize such a threat mobile atomic forces would be necessary. On the contrary, European NATO nations are told to increase their conventional contribution, that is the type of forces that are more vulnerable to the present and future Soviet ballistic nuclear invenory.

This is why we think that, far from endangering the future cohesion of NATO, the rejection of SALT II would comfort America Allies in Western Europe.

To summarize these views, let us say that the SALT negotiations seem to us a dangerous affair for the Western world. The position of America has been weakened, the relations between America and her allies have been made loose and, what is more, many in Europe are convinced that during these talks, Russian negotiators have succeeded in convincing their American counterparts that disconnection and even disengagement from Europe is the safest solution for the United States.

FOOTNOTES

[1] Admiral Elmo R. Zumwalt—"On Watch"—pages 486–487.

[2] Craig Whitney—International Herald Tribune—26 June 1979.

[3] Meeting with American Retail Federation—See New York Times of May 11, 1979.

[4] President Carter speech to American Newspaper Publishers Association of April 25, 1979.

[5] See "A SALT defeat cited as peril to NATO"—International Herald Tribune of May 17, 1979.

[6] Walter Pincus—"U.S. urges NATO to extend range of nuclear arms"—International Herald Tribune of June 13, 1979.

[7] President Carter's address to Newspaper Publishers Association.●

SERIOUS DECLINE IN U.S. COKE PRODUCTION CAPACITY

Mr. HEINZ. Mr. President, the growing erosion of American coke production capacity threatens to worsen our trade deficit, increase our reliance on foreign oil, and weaken our steel industry. A study just released by the Industrial Economic Research Institute at Fordham University documents the extent of the problem. At my request, the summary and conclusion of this study were printed in the Record on November 6, 1979. Several sections of the body of this study provide valuable additional information.

The chapter on current and projected cokemaking capacity describes the organization of our present facilities, the age and deterioration of the equipment, and the strenuous efforts that have been made to bring coke ovens into compliance with environmental requirements. It also furnishes long-term projections of the decline in our coke production capacity.

Present law fails to recognize the value of coke ovens as an alternative energy source, producing a by-product medium-BTU gas used as a substitute for petroleum and natural gas. I intend to offer an amendment to the windfall profits tax cut (H.R. 3919) that would make coke ovens eligible for the alternative energy property investment tax credit. This amendment will not only correct an anomaly in present law, but will also provide an incentive toward revitalizing decaying coke production facilities and halting the decline in production capacity.

Mr. President, I ask that the second chapter of the forementioned study be printed in the Record.

The study follows:

Section 2: Current and Projected U.S. Cokemaking Capacity

The annual capacity of the U.S. metallurgical coke industry has declined by approximately 10 million tons over the last six years, and scheduled abandonments of capacity during the next six years already exceed planned capacity increases by more than 5.0 million additional tons. This erosion of the industry's capacity to produce metallurgical coke was ascertained by a survey and analysis of every coke-oven battery in the United States and a review of individual-company plans to maintain, augment, and abandon the capacity in existence as of July 31, 1979. As of that date, 199 by-product batteries with 11,413 ovens were in existence at the 59 plants that comprise the industry's furnace and merchant segments. Approximately 10 percent of these oven-coke facilities were out of service for rebuilding and repair, leaving 179 batteries with 10,270 ovens in operation, their potential maximum annual coke capacity amounting to 57.1 million tons.

The division of this capacity between the industry's furnace and merchant segments is presented in Table 7, which also indicates the extent of ongoing activity to rebuild and repair existing facilities. The 52.7 million tons of furnace-plant capacity in operation at 46 plant locations represented 92.4 percent of the industry-wide total, with the balance (4.3 million tons or 7.6 percent) accounted for by the industry's 13 merchant plants.

TABLE 7.—POTENTIAL MAXIMUM ANNUAL CAPACITY OF OVEN-COKE PLANTS IN THE UNITED STATES ON JULY 31, 1979

	Batteries	Ovens	Capacity (net tons)
In existence:			
At furnace plants	169	10, 076	58, 526, 655
At merchant plants	30	1, 337	4, 850, 850
Total	199	11, 413	63, 377, 505
Out of service:[1]			
At furnace plants	(18)	(1, 026)	(5, 792, 550)
At merchant plants	(2)	(117)	(507, 715)
Total	(20)	(1, 143)	(6, 300, 265)
In operation:			
At furnace plants	151	9, 050	52, 734, 105
At merchant plants	28	1, 220	4, 343, 135
Total	179	10, 270	57, 077, 240

[1] Batteries and ovens down for rebuilding and repair.

Productive Capability of U.S. Over-Coke Plants:

The distinction between capacity "in existence" vs. that "in operation" is extremely important to any consideration of the coke industry's ability to produce coke at a given point in time. Because it excludes facilities that are off line for rebuilding and repair, capacity in operation is employed in this analysis to gauge the industry's potential maximum productive capability. Capacity in existence, on the other hand, is employed to assess historical and future capacity trends, as well as the geographic and age distribution of in-place cokemaking facilities, including those temporarily out of service.

Effect of Rebuilding and Repair on Capacity:

As a general rule, between 5 percent and 10 percent of the oven-coke capacity in existence is continuously down for rebuilding and repair, given the continuous nature of the cokemaking process and the resultant steady wear and tear on the industry's plant and equipment. Rebuilding a coke-oven battery sometimes involves the replacement of flues and walls, and in other instances, complete rebuilds are performed by tearing the battery down to its foundations and reconstructing it from the pad up. Likewise, oven repairs can be limited or may involve extensive hardware replacement. In any event, the process of rebuilding and repair is a continuing one, increasing and decreasing capacity in operation over time as some oven batteries are renovated and brought back on stream and others are withdrawn from service. The reinstatement of facilities that were off-line in 1978, for example, contributed to increased production levels during the first half of this year. Also instrumental were improved rates of operation on new oven batteries, including those recently installed by Lone Star Steel, Inland Steel, and U.S. Steel at its works in Fairfield, Alabama.

Although ovens undergoing renovation cannot produce coke, they are considered to represent capacity in existence, which increases and decreases primarily in response to the installation of new oven batteries and the abandonment of others. Additional influences that may change both capacity in existence and that in operation on a year-to-year basis include the following:

"Ongoing changes in the condition and efficiency of ovens as a result of their advancing age and the effects of unavoidable wear and tear.

"Increases in coking times in order to reduce emissions and thereby conform with environmental regulations.

"Additional constraints on productivity imposed by other measures to reduce oven emissions, such as stage charging and door-seal cleaning, which extend the time between charges and reduce the time available for coking.

"Shifts in the grades of coke produced, with foundry coke requiring a longer coking cycle than its blast-furnace counterpart.

"Changes in the mix of coking coals charged, their quality affecting coal-to-coke yields and oven throughput.

"Increases in the output of existing oven batteries from such modifications as the installation of equipment for coal pre-heating and pipeline charging.

"Reductions in flue temperatures and oven throughput because of deteriorating refractory conditions."

Actual Productive Capability on July 31, 1979:

It must be stressed that capacity in operation represents the coke industry's potential maximum rather than actual productive capability. Seldom, if ever, will a coke plant sustain at 100 percent operating rate over an extended period of time, given the recurring need to shut down individual ovens to perform maintenance and minor repairs, which frequently requires that adjacent ovens be removed from service. In recent years, pollution-control requirements have increased the frequency and extent of oven maintenance and have also induced a number of output-reducing modifications in coking practice (See Section 4, pages 131–132). As a consequence, the optimum annual operating rate attainable by active coke plants throughout the industry currently approximates 92 percent of their aggregate capacity. On this basis, the 57.1 million tons of industry-wide capacity in operation on July 31, 1979 translates into an actual productive capability of 52.5 million annual tons.

TABLE 8.—ESTIMATED DECLINE IN ACTUAL PRODUCTIVE CAPABILITY OF OVEN-COKE PLANTS IN THE UNITED STATES: 1973 VERSUS 1979[1]

[In millions of net tons]

	1973	1979	Change	
			Tons	Percent
Capacity in existence	75. 0	63. 4	11. 6	15. 5
Capacity in operation	67. 5	57. 1	10. 4	15. 4
Actual productive capability	63. 5	52. 5	11. 0	17. 3

[1] Comparison of estimated average levels for 1973 and levels on July 31, 1979, as determined by Fordham University survey

In 1973, the year of record steel production in the United States, the coke industry produced 63.5 million tons of oven coke, which was generally considered to represent the limits of its productive capability.[1] Capacity in operation in 1973 is estimated to have averaged approximately 67.5 million tons and capacity in existence, about 75.0 million tons, compared to the previously cited levels of 57.1 million and 63.4 million tons prevailing on July 31, 1979. This means that a minimum of 10 million tons of actual productive capability and, in turn, capacity have been lost over the last six years.

Analysis of U.S. Oven-Coke Capacity in Existence:

Tables 9 and 10 distribute the potential maximium annual capacity in existence at the nation's 59 oven-coke plants according to their geographic location and the relative age of their 199 oven batteries. Paralleling the geographic distribution of production set forth in Section 1, Table 9 indicates that Pennsylvania, Indiana, and Ohio account for the largest shares of total in-place capacity. In Table 10, this capacity is divided into its furnace and merchant-plant components for purposes of analyzing the age of existing ovens. This division is essential because of major differences in the cokemaking process and maintenance procedures employed by plants producing blast-furnace vs. foundry coke, differences with a direct bearing on the life spans of their respective coke-oven batteries.

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[1] Eugene T. Sheridan, *Supply and Demand for United States Coking Coals and Metallurgical Coke*, Bureau of Mines, 1976, p. 18.

TABLE 9.—GEOGRAPHIC DISTRIBUTION OF U.S. OVEN-COKE CAPACITY IN EXISTENCE

States	Plants	Batteries	Ovens	Capacity in existence [1]	Percent of total
Alabama	7	25	1,215	5,713,710	9.02
California, Colorado, Utah	3	14	710	3,609,120	5.70
Connecticut, Maryland, Massachusetts, New Jersey, New York	4	18	1,074	5,498,360	8.68
Illinois	4	7	326	1,992,900	3.14
Indiana	6	25	1,076	10,944,525	17.27
Kentucky, Missouri, Tennessee, Texas	5	10	415	2,309,720	3.64
Michigan	3	8	508	3,681,025	5.81
Minnesota, Wisconsin	1	2	100	179,945	.28
Ohio	12	35	1,878	9,502,775	14.99
Pennsylvania	12	46	2,962	16,184,465	25.54
West Virginia	2	9	519	3,760,960	5.93
Total	59	199	11,413	63,377,505	100.00

[1] Net tons of potential maximum annual capacity in existence on July 31, 1979, as determined by Fordham University survey.

TABLE 10.—AGE DISTRIBUTION OF U.S. OVEN-COKE CAPACITY IN EXISTENCE

Age in years [1]	Batteries	Ovens	Capacity in existence [2]	Percent of total
Furnace plants:				
0 to 5	24	1,437	13,261,545	22.66
5 to 10	7	526	5,167,670	8.83
10 to 15	6	330	1,746,160	2.98
15 to 20	20	1,225	6,325,450	10.81
20 to 25	40	2,383	11,848,265	20.24
25 to 30	37	2,216	10,798,160	18.45
30 to 35	17	1,071	5,592,530	9,56
35 to 40	12	650	3,008,695	5.14
Over 40	6	238	778,180	1.33
Total	169	10,076	58,526,655	100.00
Merchant plants:				
0 to 5	4	242	993,530	20.48
5 to 10	2	95	462,820	9.54
10 to 15	4	201	912,500	18.81
15 to 20	1	60	240,170	4.95
20 to 25	0	0	0	0
25 to 30	7	298	1,044,995	21.54
30 to 35	1	47	94,900	1.96
35 to 40	3	100	283,240	5.84
Over 40	8	294	818,695	16.88
Total	30	1,337	4,850,850	100.00

[1] Age dates from 1st entry into operation or from last date of rebuilding.

[2] Net tons of potential maximum annual capacity in existence on July 31, 1979, as determined by Fordham University survey.

The combination of coals used to produce foundry coke results in a much lower volatility in the charge, which generally ranges from 22 percent to 25 percent volatile matter, as opposed to 29 percent to 33 percent for blast-furnace coke. A typical foundry-coke charge consists of 15 percent anthracite, 35 percent low-volatile coal of 16 percent to 17 percent volatility, and 50 percent medium-volatile coal of 27 percent to 28 percent volatility. Such a charge makes it easier to control pushing emissions than the changes of higher volatility used in producing blast-furnace coke.

As previously discussed, blast-furnace coke varies in particle size, averaging about two inches, and is usually produced on a 16- to 18-hour cycle, which can be reduced to 13 hours in plants with pre-heating devices. Foundry coke, on the other hand, has one dimension of about nine inches and is produced on a much longer cycle, ranging from 27 to 30 hours; oven temperatures are much lower than those needed for blast-furnace coke, approximately 1800° F. vs. 200° F. With the longer time cycle and lower temperatures, foundry coke is manufactured with less oven wear and tear, and consequently, the ovens remain in acceptable working condition over a greater number of years. In many foundry-coke plants, ongoing maintenance prevents the need for major repairs and rebuilds, comparable to those needed on oven batteries producing blast-furnace coke.

The age distribution of existing oven batteries is a key consideration in evaluating the coke industry's current condition and its ability to sustain itself as a continuing and viable source of coke supply. The generally accepted standard is that 25 to 30 years represents the normal, effective life span of a coke-oven battery. As ovens advance beyond this age level, they tend to incur serious maintenance problems from leaking doors and seals, as well as from overall structural deterioration. The wear and tear incurred over years of operation often results in environmental-control problems, technically and economically incapable of satisfactory solution to meet established legal guidelines. Ultimately, operating efficiency and coke quality are adversely affected, and so too the efficiency of blast furnace required to operate on marginal coke. As Table 10 reveals, coke-oven obsolescence is an acute problem in both the furnace and merchant segments of the coke industry.

Age of Coke Ovens at Furnace Plants:

As of July 31, 1979, more than one-third of the capacity in place at the coke industry's furnace plants was 25 or more years old; and an additional one-fifth of capacity was between 20 and 25 years old, which has serious negative implications for the industry's ability to sustain its production of blast-furnace coke in the years ahead.

The impact of capital-spending programs undertaken to install new oven batteries and rehabilitate existing facilities is indicated by the fact that 31.5 percent of furnace-plant capacity is 10 years old or less. Reflecting recent modernization efforts, furnace plants have installed 22.7 percent of their existing capacity in the last five years, and on July 31, 1979, an additional 9.2 percent of their capacity (5.4 million tons) was out of service and undergoing rehabilitation. The greatest concentration of equipment being reworked was 25 to 30 years old, although many oven batteries in this critical age category cannot be upgraded to meet pending environmental regulations and have been earmarked for abandonment. Significantly, despite the extent of current modernization activity and scheduled new-facility installations, furnace plants will incur a net loss of 2.5 million tons of capacity between July 31, 1979 and the end of this year and will lose additional capacity in the years ahead.

Age of Coke Ovens at Merchant Plants:

The age distribution of capacity in existence at merchant plants is indicative of the operating and maintenance practices they employ in producing foundary coke. Compared to their furnace-plant counterparts, they use a greater proportion of aged equipment and generally have a much smaller percentage of their in-place capacity down for rebuilding and repairs. Given the preference of merchant producers to rehabilitate batteries on an oven-by-oven basis, as opposed to performing pad-up rebuilds, only 3.1 percent of their existing capacity was not of service on July 31, 1979. As of that date, however, 46.2 percent of their capacity was 25 or more years old, and 16.9 percent was over 40 years old. In part, this incidence of aged capacity stems from the practice of avoiding costly major rebuilds, which would have lowered the age composition of their oven population, but it derives from the fact that merchant-plant ovens are subjected to less wear and tear, which permits them to remain in operation longer than those at furnace plants.

Despite notable differences, furnace and merchant producers share the problem of being heavily dependent on old plant and equipment. On an industrywide basis, 35.3 percent of existing oven-coke capacity (22.4 million tons) is 25 or more years old. The industry's investment capability and spending for new coke ovens have been restricted by a long-term lack of profitability, and although capacity modernization and replacement have been actively pursued (approximately 20 million tons of existing capacity has been installed in the last 10 years), inflation and mounting pollution-control costs have contributed to a steady erosion of the industry's productive capability that is due to continue, given the excess of scheduled capacity abandonments over new-facility installations.

Future reductions in U.S. oven-coke capacity:

Information on the potential maximum annual capacity in existence at U.S. cokemaking plants was last reported to the Bureau of Mines in 1960, and official Government capacity statistics based on reported data have not been available since that time. In 1976, a Bureau publication analyzing coke supply and demand estimated that the potential maximum capacity in existence on December 31, 1975, totaled 74.3 million tons. By July 31, 1979, existing capacity had declined 10.9 million tons from this year-end

1975 level. As previously discussed, this was ascertained by surveying each of the Nation's coke plants, their aggregate in-place capacity amounting to 63.4 million tons. In addition to the capacity survey, an analysis was made of individual-company plans to install new oven-coke batteries and to repair, rebuild, modify, and abandon existing batteries. In this manner, it was determined that capacity in existence is now scheduled to decline by an additional 5.3 million tons through December 31, 1985, to an annual total of 58.1 million tons.

Table 11 sets forth long-term historical trends in the potential maximum annual capacity in existence during 1950–1979, and table 12 details future annual changes in this capacity through December 31, 1985, indicating the outlook for both furnace and merchant producers. Notably, while the oven-coke capacity in existence at merchant plants is scheduled to increase slightly by year-end 1985, furnace-plant capacity is due to decline by 5.6 million tons over the same period. On an industrywide basis, the trend of capacity reduction is scheduled to evolve as follows:

Date	Batteries	Ovens	Capacity in existence [1]
July 31, 1979	199	11,413	63.4
Dec. 31, 1979	194	11,024	61.2
Dec. 31, 1982	174	10,045	58.6
Dec. 31, 1985	165	9,545	58.1

[1] Millions of net tons of potential maximum annual capacity in existence.

TABLE 11.—LONG-TERM TRENDS IN THE POTENTIAL MAXIMUM ANNUAL CAPACITY OF COKEMAKING PLANTS IN EXISTENCE IN THE UNITED STATES

[In thousands of net tons]

Dec. 31	Oven coke	Beehive coke	Dec. 31	Oven coke	Beehive coke
1950	72,488	11,572	1957	80,299	5,503
1951	74,228	13,859	1958	82,498	5,020
1952	76,428	12,005	1959	81,448	4,369
1953	78,258	10,073	1960	78,877	4,616
1954	78,596	8,078	1975	74,266	NA
1955	79,676	6,285	1979	63,378	NA
1956	79,965	5,766			

As of July 31, 1979.

Source: Data for 1950–60 from U.S. Department of the Interior, Bureau of Mines (series discontinued after 1960); oven-coke capacity on Dec. 31, 1975, from previously cited Bureau of Mines study by E. T. Sheridan; 1979 capacity determined by Fordham University survey.

TABLE 12.—U.S. OVEN-COKE CAPACITY IN EXISTENCE: CURRENT AND PROJECTED THROUGH 1985

[Annual capacities in net tons]

Dec. 31	At furnace plants			At merchant plants			Total		
	Batteries	Ovens	Capacity in existence [1]	Batteries	Ovens	Capacity in existence [2]	Batteries	Ovens	Capacity in existence [2]
Current [1]	169	10,076	58,526,655	30	1,337	4,850,850	199	11,413	63,377,505
1979	163	9,615	56,024,580	31	1,409	5,210,740	194	11,024	61,235,320
1980	162	9,581	55,886,245	31	1,409	5,210,740	193	10,990	61,096,985
1981	156	9,320	55,520,880	30	1,384	5,159,640	186	10,704	60,680,520
1982	144	8,661	43,413,735	30	1,384	1,559,640	174	10,045	58,573,375
1983	140	8,410	53,825,820	30	1,384	5,159,640	170	9,794	59,985,460
1984	136	8,206	53,052,020	30	1,384	5,159,640	166	9,590	58,211,660
1985	135	8,161	52,896,895	30	1,384	5,159,640	165	9,545	58,056,535

[1] July 31, 1979.

[2] Potential maximum annual capacity of oven-coke batteries in existence, whether active or out of operation for repair, rebuilding, or other purposes; capacity in operation is generally 5 to 10 percent lower than that in existence and represents a more meaningful measure of productive capability. Projected changes in capacity are based on current individual-company plans to install new oven-coke batteries and to repair, rebuild, modify, and abandon existing batteries; they do not account for the impact on capacity to be exerted by increasing facility age and continuing wear and tear over the period considered.

Based on the current status and timing of individual-company plans to expand and/or abandon capacity over the period through 1985, 90 percent of the previously cited industry-wide capacity loss of 5.3 million tons will occur by year-end 1982, occasioned in significant measure by planned facility abandonments in response to environmental-control deadlines (See discussion below). Over the period July 31, 1979 through December 31, 1985, the industry will lose 34 coke-oven batteries and 1,868 ovens. The remaining oven population of 9,545 will include a greater proportion of taller ovens, and accordingly, the projected 16.4 percent decline in the number of ovens will reduce capacity by 8.4 percent to the aforementioned level of 58.1 million tons.

By December 31, 1985, compared to the status of its in-place capacity 10 years earlier, the industry will have lost 66 coke-oven batteries and 3,779 ovens, having a combined annual capacity of 16.2 million tons. The end result will be to seriously impair its ability to satisfy the nation's requirements for metallurgical coke.

Future Reductions in Productive Coke Capability:

It must be reemphasized that the future capacity reductions just set forth represent scheduled changes in the potential maximum annual capacity in existence at U.S. oven-coke plants. These changes are based on survey findings as to the status of existing capacity and individual-company plans to alter that capacity as of July 31, 1979. In a number of instances, plans to rehabilitate existing facilities remained indefinite as of that date, so that the rate of oven abandonments may ultimately be modified, and so too the rate of capacity decline. It must also be recognized that the scheduled changes in capacity presented above do not account for the continuing impact of increasing facility age and additional wear and tear over the period considered, and in this respect, they tend to overstate the likely future levels of existing capacity, which primarily will determine the coke industry's future productive capability.

With allowances for facilities scheduled to be rebuilt and repaired, as well as maintenance and environmental constraints on the remaining capacity in operation, it is estimated that the industry's actual productive capability will decline to a 1985 level of approximately 47.0 million tons. This is regarded as the highest level of coke production likely to be attained, given the qualifications on existing capacity stated above. In effect, the ability of the nations coke producers to supply their product will decline from a current annual level of 52.5 million tons to 47.0 million tons by year-end 1985, which points to a continuation and eventual worsening of the current coke-supply deficit.

TABLE 13.—COMPONENTS OF U.S. COKE DEMAND: ACTUAL 1978 AND ALTERNATIVE FORECASTS FOR 1985

[In millions of tons]

	1978	1985 [1]		
		2 percent	1 percent	Zero
Raw-steel output:				
BOF	83.5	102.6	95.8	89.3
Electric	32.2	47.2	44.1	41.1
Open-hearth	21.3	7.6	7.0	6.6
Total	137.0	157.4	146.9	137.0
Pig-iron input:				
BOF	69.0	85.2	79.5	74.1
Electric	.9	1.4	1.3	1.2
Open-Hearth	13.4	4.8	4.4	4.2
Subtotal	83.3	91.4	85.2	79.5
Ingot molds	3.3	3.5	3.2	3.0
Foundries	1.1	.7	.7	.6
Total	87.7	95.6	89.1	83.1
Coke consumption:				
Blast furnace	51.3	53.5	49.9	46.5
Foundry and other	5.3	5.6	5.2	4.8
Total	56.6	59.1	55.1	51.3

[1] Alternative forecasts based on indicated annual growth rates for total raw-steel output over the 1978–85 period.

Future Supply Capability and Demand Requirements:

Table 13 sets forth the major components of U.S. coke demand in 1978, when consumption totaled 56.6 million tons, and presents alternative demand forecasts for 1985, based on annual growth rates for raw-steel output of zero, 1 percent, and 2 percent. A recent U.S. Department of Commerce study of the emerging situation in the steel industry concluded that the nation's steel market will grow at about 2 percent annually in the 1980's and that the requirements for domestic raw-steel output in 1985 will total 155.6 million tons, which conforms closely to the 2 percent growth alternative in Table 13.[2] Embodied in this growth alternative, which is considered the most probable of those analyzed, are slower rates of population and economic growth, as well as a continuing downward trend of per capita steel consumption as a percent of GNP (steel intensity), due largely to automotive market developments.

In developing the alternative coke-demand forecasts for 1985 presented in Table 13, the following determining influences were taken into account: (1) steel-company plans to alter the mix of steelmaking processes, with greater emphasis to be placed on the BOF and electric-furnace methods and significant, additional reductions in prospect for the once-dominant open-hearth furnace; (2) the furnace-charge composition employed in each steelmaking process and the furnace yields attained, which govern the relationships between pig-iron input and raw-steel output; (3) the increasing application of continuous casting and the corresponding decline in ingot-mold consumption per ton of raw steel produced; (4) the secular decline in foundry pig-iron requirements; and (5) the secular decline in the blast-furnace coke rate and coke consumption trends outside the blast furnace in foundaries and other end-use markets.

Implicit in the demand forecast in Table 13 are a number of shifts in steel technology and improvements in the coke-using efficiency of blast-furnace plants, the most significant of which can be quantified as follows:

"Electric-furnace steelmaking, which employs only minor quantities of pig iron and generates little coke demand, will increase at an average annual rate nearly twice that for the iron-based BOF process.

"Despite the growing emphasis on the electric furnace, the BOF will remain the leading raw-steel producer by a wide margin; the share of total output accounted for by the BOF will increase from 60.9 percent in 1978 to 65.2 percent in 1985, and over the same period, the electric-furnace share will trend upward from 23.5 percent to 30.0 percent; open-hearth participation will decline from 15.6 percent to 4.8 percent.

"Reflecting increased continuous-casting activity, the use of pig iron to cast ingot molds will fail to keep pace with raw-steel production. The quantity of raw-steel continuously cast is forecast to increase from 20.8 million tons in 1978 to 30.0 million tons in 1985.

"Additional advances in blast-furnace technology and their impact on reducing coke consumption will occasion future reductions in the coke rate from a level of 0.585 in 1978 to 0.560 in 1985."

Notably, under each of the growth alternatives analyzed, the coke industry's 1985 supply capability of 47.0 million tons will be inadequate to meet demand requirements. Given a 2 percent annual growth in raw-steel output over the 1978–1985 period, U.S. coke demand in 1985 will total 59.1 million tons, resulting in a 12.1-million-ton shortfall in domestic supply. Under the less-likely 1 percent growth alternative, demand would exceed domestic supply by 8.1 million tons, and even if steel output pursues a course of zero growth, which is considered an extremely remote possibility, domestic supply will fall short of demand requirements by 4.3 million tons. The zero-growth example in Table 13 is provided solely for demonstration purposes to indicate the critical nature of recent and pending reductions in coke-oven capacity and their impact on the coke industry's ability to serve as a viable source of adequate supply.

The shortfalls in domestic coke supply projected for 1985 raise the prospect of significant future limitations in the nation's steel-producing capability. Although some foreign coke will be available to partially offset any domestic supply deficit, Section 3 indicates that most overseas coke producers will not be able to supply the United States at times of active steel-industry demand within their own borders. Accordingly, under the most probable 2 percent growth alternative, assuming an active world steel market, the total coke-supply deficit will exceed 10 million tons and will occasion a much larger curtailment of steel output.

By 1985, given a forecast coke rate of 0.560, an approximate 10-million-ton shortfall in coke for blast-furnace use will reduce total pig-iron production by 17.9 million tons, resulting in a 17-million-ton decline in the availability of iron for steelmaking. Based on the mix of steelmaking processes to be employed, it will take about 0.58 tons of pig iron to produce a ton of steel, so that raw-steel production will be reduced by 29.3 million tons, representing the equivalent of some 21.5 million tons of finished steel-mill products.

Impact of Environmental Regulations on Capacity:

In the foregoing analysis, environmental regulations have been cited as a major cause of the serious decline in the U.S. coke industry's productive capability. Their direct, negative impact on industry output has resulted from their role in: (1) accelerating the abandonment of existing coke-oven capacity, (2) reducing the throughput of ovens that remain in operation, and (3) retarding the installation of new oven batteries, either by edict or by substantially increasing their capital cost.

Environmental regulations affecting the coke industry have been promulgated by federal, state, and local governments, their number and severity increasing throughout the current decade. The formal beginnings of the nationwide drive to combat pollution date back to 1970, when the Clean Air Act was passed. Under its provisions state governments were required to develop plans with specific proposals to reduce air and water pollution. Known as State Implementation Plans (SIP), they were to be submitted by 1972, their main objective being to limit the amount of suspended particular matter in the air to 75 micrograms per cubic meter. Initially, it was hoped that this degree of air quality would be achieved by July 1, 1975, but unfortunately, the goal was never achieved.

Congress amended the Clean Air Act on August 7, 1977, extending the effective date for the aforementioned air-quality level to 1982. This date applies to the nation as a whole, whereas individual companies were given until August 7, 1979 to achieve compliance, with fines to be imposed on those not meeting the deadline. By July 1, 1979, new SIP's were to be filed by the individual states for approval by the Federal Environmental Protection Agency (EPA).

As of December 31, 1982, EPA will require that any company in violation of environmental regulations shut down its non-compliant facilities. This EPA ruling has prompted coke companies to enter into so-called consent decrees with the government, indicating their plans for the facilities in question. An example of this is the consent decree agreed to between U.S. Steel Corporation and the Department of Environmental Resources of the Commonwealth of Pennsylvania. Filed on May 22, 1979, the 82-page document and its 112 pages of appendices specify measures to be taken and compliance dates to be met for the control of air and water pollution resulting from operations at the Corporation's Clairton, National, Duquesne, Edgar Thomson, Irvin, Homestead, Vandergrift, and Johnstown plants. With respect to the Clairton Works, the nation's largest cokemaking plant, dates are specified for the installation of devices needed to control emissions on several coke-oven batteries, and abandonment dates are set for a number of other batteries.

In order to implement established air-quality objectives, Congress has divided the United States into two distinct geographic categories. Areas with less than 75 micrograms of suspended particulate matter per cubic meter are in the attainment group, and those exceeding 75 micrograms are in the non-attainment group.

Attainment areas may be further subdivided into three classes. The first class, as described in Section 160 of the Clean Air Act, includes national parks, national wilderness areas, national monuments, national seashores, and other national or regional recreation sites of scenic or historical value. Beyond this designation, the states have the power to determine whether the remainder of the attainment areas within their borders and outside of Class 1 shall be classified as Class 1, 2, or 3. If an area is designated as Class 1, it joins those areas so specified by Congress. In these regions, a minimum of additional air pollution is allowed over that existing at the time of their classification. The annual average can be increased by only five micrograms per cubic meter.

Classes 2 and 3 allow for larger increments of particulate matter. In Class 2, particulate matter can be increased by 19 micrograms per cubic meter over and above the prevailing level at the time of classification. Such an increase is permitted only if the new total is less than 75 micrograms. By contrast, Class 3 allows for a greater increase in particulate matter; namely, 37 micrograms per cubic meter over and above that originally measured, however, this is only permitted if the total does not exceed 75 micrograms per cubic meter. In both classes, additional industrial equipment must employ the best available control technology (BACT).

Coke companies installing new facilities in a non-attainment area must go beyond BACT in their planning. In this instance, they must look to other technologies to achieve the lowest achievable emissions rate (LAER) from their facilities. This objective often involves a transfer of technology between industries and may even initiate a worldwide search for control techniques.

In addition to the technology required, there are three further conditions that must be met before facilities can be installed in a non-attainment area.

"1. The company installing the facilities has to bring or agree to bring all of its facilities in that state into compliance, whether these are located in an attainment or non-attainment area.

"2. It must provide trade-offs against new sources of pollution; that is, pollution must be diminished in either its plants or other non-company plants in the non-attainment area by the amount that the new facility would create.

"3. It must demonstrate continuing progress in the reduction of particulate matter toward the attainment of 75 micrograms per cubic meter."

The aforementioned conditions are applicable to both additional and replacement capacity. For example, if a coke oven is torn down to its foundations and rebuilt, it is considered a new source of pollution, even if its capacity remains the same, and it must be made to conform to the LAER terms. Under these circumstances, the replacement of existing capacity or the addition of new capacity in a non-attainment area has become more and more difficult and expensive.

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[2] Robert K. Sharkey, *et al.*, "Long Term Trends in U.S. Steel Consumption: Implications for Domestic Capacity," *Industrial Economics Review*, Office of Industrial Economics, Office of the Chief Economist, U.S. Department of Commerce, Vol. 1, May 1979.

The problems for coke producers posed by environmental regulations become apparent by reviewing the current status of their coke-making facilities and their plans for modernization, replacement, and the installation of new oven batteries. Such a review is provided in the remainder of this section. It is presented on an individual-company basis and evaluates the facilities at each of their plants. In turn, the presentation covers the coke industry's furnace-plant segment, followed by companies classified as merchant producers. Information on individual coke-producing plants was obtained from interviews with appropriate personnel from the companies involved.●

SENATOR PELL COMMENDED

● Mr. CHURCH. Mr. President, recently Ruth Dean of the Washington Star published an excellent article about my good friend and colleague from Rhode Island, Claiborne Pell.

For as long as I can remember, Senator Pell has been a leader in supporting the arts in the country, and I am especially pleased that this article gives him the recognition that he so richly deserves. Because the article conveys such an accurate portrayal of our distinguished colleague from Rhode Island, I request that it be printed in tonight's Record.

The article follows:

Senator Pell Carries on His Battle for Culture

(By Ruth Dean)

In the world of politics, comments made and impressions given in the heat of battle are usually passed off afterwards with a "no hard feelings" smile and a handshake.

Sen. Claiborne Pell, D-R.I., has waited two years to say the same to Ronald S. Berman, the former Nixon-appointed chairman of the National Endowment for the Humanities with whom he was embroiled in an headline-making, 18-month confrontation.

The time lapse is not surprising, considering the acrimony that characterized the 1976 hearings Pell chaired as head of the authorizing subcommittee for the endowment in the Senate. The lengthy confrontation disintegrated into a tangle of conflicting personalities, politics and rhetoric over elitism and academic freedom, and assumptions in the conservative press that Pell was engaged in a personal vendetta. Berman lost out in the end, and the present chairman, Joseph D. Duffey, a former Democrat activist, was eventually appointed and confirmed as his successor.

What is surprising is that Pell—a proud and stubborn man, but sensitive to the human condition—would after all this time offer what amounts to public regrets to Berman. It is, to be sure, a carefully considered statement, which in effect says Pell "was right" in principle, but there should be no impression that he personally disliked Berman.

"I have no personal dislike—in fact I have high regard for Dr. Berman," he said several times in an interview. "There's not a single personal feeling of distaste or opposition that I have toward him. It's just that we had differing views. I have a very real personal regard for him."

Pell broached the subject early in the interview, on the eve of markup of 1980 reauthorization legislation for the arts 'and humanities endowments. The man who fathered the 1966 legislation bringing the national endowments into being was saying how annoyed he gets with critics who think the Democrats are politicizing the arts for their own partisan advantages. Espousal of arts funding was hardly the way to the voters' hearts in the early 1960's, he recalled. "Arts were not respectable . . . People didn't want their children to be artists.

"If I'd been interested in my political betterment, I would never have gone into the arts, because I got more political hassle and drawback when I started out, than benefit from it. As far as the humanities go, I would have been much better off if I'd never engaged in that argument with Dr. Berman. I lost a large number of supporters and friends who thought I was wrong. I think I was right, but I felt I was right as a minority, and I prevailed."

Pell added, "There was nothing personal against Dr. Berman. It's just that we had differing views. His view, I think, was that the humanities should be run more from Washington, with the humanities councils being co-opting bodies. My view was that the humanities should spring more from the grass roots and that they should be part of the warp and woof of the state government.

"It was a difference in philosophic viewpoint. But from the viewpoint of my political position, I lost rather than gained. I may have won my battle, but I incurred, as I said a loss of support. And, measured in financial terms too, I can think of people who supported me before who didn't afterwards."

Berman, who now teaches at the University of California at San Diego, was pleased to hear about Pell's public statement that he entertained no personal animosity toward him. The senator had expressed the same sentiments to him privately after the hearings, Berman revealed, "but rarely does one get the pleasure, even at several years' distance, of being vindicated." He said the need for an apology might have been avoided if his and the senator's differences of opinion on endowment policy had been kept separate from the issue of his re-appointment.

Pell, whom Rhode Island voters returned to the Senate last year for a third term, is one of the senior body's most influential members. As chairman of the Rules Committee, second highest ranking member of the Foreign Relations Committee, chairman of the subcommittee on education, arts and humanities—membership on 12 committees in all—Pell commands a position of power and influence enjoyed by few of his colleagues. He keeps this balancing act together, as a Pell staffer describes it, through "a tremendous ability to keep track of things, and sort of let themselves work out."

A CLEARER OVERFLOW

Pell confesses he doesn't have as much time to give to the arts and humanities as he once did, but feels the distance that separates him from them by more pressing duties gives him a clearer overview of how they're faring and in what their future direction should be.

Last summer his subcommittee held a reauthorization hearing on the endowments and the Institute of Museum Services. He stubbornly persists in his original opinion that the institute belongs in the Smithsonian, and not in the new Department of Education where it now is, but has allowed a two-year extension to work that out. What, if any, changes will be reflected in the markup session this week, he would not reveal because the subcommittee is still working out some issues.

The June hearings reflected Pell's concern with secrecy of the grants panels in both endowments, and his oft-stated desire to broaden the base of the state humanities committees—an issue that was hotly contested by state chairmen. He still is concerned about "the possibility of venality occurring," of a panelist seeking a job with an institution that has received an endowment grant. "This is what we would want to be careful of," he said.

For the interview, Pell chose what his staff calls "the little office"—a misnomer, because the office located just off the Senate floor is rather large. However, the memorabilia of 18 years' public service gives it a crowded look. Covering one wall are photos taken of the senator with presidents, popes and other political supernumeraries. On an opposite wall, over a sofa, hangs a Thomas Sully portrait of Pell's great-great-grand-uncle, George M. Dallas, vice president of the United States under James Polk.

Would Pell be supporting the expected candidacy of the late president's brother and his friend and colleague, Sen. Edward (Ted) Kennedy?

Pell is the "only sitting senator now, except for Teddy," he said, who supported Robert Kennedy's candidacy "even before he was assassinated." But as for Teddy, he said, "this time I'm staying neutral for the time being. Carter has been very good to our part of the country, and that's the viewpoint of our state."

In years past, the Pell family (their four children are now grown and embarked upon their own lives and careers) frequently were seen on the tennis courts with the Kennedys. They also shared their enthusiasm for sailing. But "with increasing seniority and responsibilities, I've simply less time now," said the senator. "That's why I gave up sailing 10 years ago, and tennis I really almost gave up four months ago. I've taken up running again because it takes less time, just a half hour a day. I've done it ever since I was 15; I guess I was one of the original joggers." His bad leg has kept him even from that. So he amended that boast with, "But I shouldn't say I do it, because I haven't done it in three months."

This last remark is typical of his passion for preciseness, which runs like a thread through his conversation and punctuates his hearing-room interrogations. Hapless is the person who marshals his facts poorly, or throws him a catch-phrase not to his liking. He positively loathes the term, "politization of the arts" because he thinks the definition usually assigned it is "incorrect."

Behind this precision lies a real concern for people and a driving desire to solve their problems in such diverse areas as high-speed rail travel, the protection of the seabeds of the world from weaponry emplacement, SALT II and making a college education possible for everybody, to name a few of his legislative claims to fame.

Has he kept count of how many laws he has helped enact to make life a little easier for people? "No," he said with a smile. "That's why I enjoy this job, because that's what makes it fun."●

CONSIDERING ACTION IN THE IRANIAN CRISIS

● Mr. DOLE. Mr. President, yesterday the Senator from Kansas expressed his continued concern, and the concern of the people of his State, and the entire Nation as to the very serious situation in Iran. Ever since terrorists loyal to the Ayatollah Khomeini invaded the U.S. Embassy and held 61 American diplomatic personnel as hostage to their political demands, our concern has been limited in its expression by the delicate and dangerous state of the negotiations in Teheran.

Our paramount and specific concern must be the lives of Americans. But this needless crisis crystalizes a deeper concern many of us have felt for months about the direction of our Iranian policy. I am referring to the priorities we have set in the past that bring us to the present concern about our stands on individual liberties, respect for international law, our national energy security policy and to our overall geopolitical position throughout the world. These priorities have contributed to the situation in Iran, where the nexus of these concerns now tragically come together, and where 61 American citizens are being held hostage in precarious circumstances.

Our policy of accommodation with the Ayatollah is now seen to have been full of empty promises, now patently dashed. This morning's New York Times ran an excellent editorial which, while it still stresses the calm and restraint we must exercise during this fragile standoff, decries the clouded vision that prompted Khomeini and his followers to take this ill-considered action. Mr. President, I request that the editorial be printed in full in the RECORD at the conclusion of my remarks.

RESOLVING AMERICAN WILL

I have been in daily contact with the Executive Department, monitoring insofar as we are able the extremely delicate situation in Teheran. The position our people in Iran face is difficult in the extreme. The position in which our Government finds itself in its attempts to deal with this crisis appears to be deteriorating. The Senator from Kansas would like to emphasize his belief that the protection of lives and safety of the individual Americans held hostage must remain the foremost concern of the U.S. Government. It must be the first priority of the administration and of all of us to safeguard our people, and to do everything possible to secure their release. I support the steps already taken in this regard. Whatever measures we take must reflect caution and prudence.

The editorial follows:

THE STAKES IN IRAN

There have been good reasons for responsible Americans to hold their tongues about the outrage in Iran this week. No one, plainly, has a really good plan to assure the rescue of the 60 hostages and other vulnerable Americans in that disintegrating society. John Connally was quick to cast blame; he seems to believe it is sinful only to appease a *foreign* crown. But given the widespread frustration of Americans, the wonder is that so many political figures have understood the predicament of the President—and of the hostages—and taken care not to goad the nation into frenzied action.

The off-stage whispering, however, seems to dwell on two extreme responses: get rid of the Shah or call out the cavalry. They deserve some ventilation before glib conclusions gain public favor.

Whatever one's view of the Shah, he was admitted to the United States, rightly or wrongly, because he was sick and powerless. Iran's student warriors may not know that, but Ayatollah Khomeini does. He knows that Washington tried to appease him by discouraging the Shah from settling here in the first place. The Ayatollah also knows that the Carter Administration gave him military aid to crush various rebels and encourage American business to help rebuild his economy. If all that was not enough to preserve an elementary diplomatic civility, it can only be because the Ayatollah needed this contest of will. The suspicion grows that to salvage his power in the streets of Teheran, he found it necessary to reopen a unifying battle against the Shah and America. No shameful ransom will dissolve such calculated hostility.

Some may think the Shah is not worth the risk to 60 American lives. But if they do not see dishonor in trading him, they need at least to recognize that paying blackmail to a government that kidnaps diplomats can only invite further humiliations, and not only by Iran. Above all they need to understand that bargaining away the rights of immunity and sanctuary that have been violated at the Teheran embassy would destroy the rules that even warring nations normally observe to protect human life and communication the world over. That cause far transcends the Shah.

So why not send the troops and get it over with? It may come to that if the hostages are harmed. But Teheran is not Entebbe airport; a huge force would be needed to seize the hostages and protect their evacuation. The casualties would be great, especially among those being saved. And hundreds of other Americans in Iran would suffer the vengeance of the mob.

Moreover, a temporary invasion could well rescue the Ayatollah from the collapse his policies have brought near. As Steven Erlanger wrote in The New Republic *before* the embassy was seized, the embattled priest has managed to excommunicate nearly all of the forces of the middle class, the left and the military that united to topple the Shah—leaving only the priests and the formidable but incoherent mass of the poor. "And they are hardly enough to preserve anything but a prolonged anarchy." That is why Khomeini has been inventing plots and American devils.

Delay, then, is a prudent course if it can be used to obtain the release of the captives without revivifying the Ayatollah's gasping regime. But that delay and those efforts should not be allowed to confuse the other interests that the United States is determined to protect. The Iranian authorities should have been on clearer notice all week that they will be deemed responsible for the fate of all Americans in their country. And the world needs to understand that American and other emissaries will discuss, but not bargain for, the release of the hostages.

If the Palestine Liberation Organization, for example, wants to improve its reputation among Americans by arranging an evacuation, that is one thing. But if the P.L.O. were to replace the Ayatollah as ransom collector by demanding official recognition in exchange for its help, that is quite another matter.

Even this much speculation can cause damage in such a volatile situation. But this episode promises to trigger a heated debate about America's standing in the world. The nation's purpose ought to be clear even before it knows whether its tactics were right.●

CARRYOVER BASIS REPEAL

● Mr. CULVER. Mr. President, we have now had more than 2 years of experience in trying to fashion a fair and efficient implementation of the so-called carryover basis. I believe that the record demonstrates that this attempt has failed and that future experiments with carryover are similarly doomed. I am convinced that outright repeal of this provision is the only responsible course of action.

Senators will recall that the carryover basis was initiated by the Tax Reform Act of 1976 as part of a "package" including estate tax changes. Among the changes were reforms, much needed and long overdue, to change then-existing estate tax exemptions to account for more than 30 years of inflation on farmland values and to allow farms to be assessed on a "current use" standard. These changes were essential to the preservation of the family farm in this country and farmers from all across Iowa had contacted me to let me know how important it was to enact them.

But while the estate tax improvements have been a stride forward, the attempt to place carryover in effect has been an administrative nightmare. Whatever the theoretical arguments in favor of the carryover basis, in actual practice it has been intolerably complicated, often unfair and counterproductive to the 1976 changes in estate tax law. I have received hundreds of letters from Iowans detailing the enormous technical difficulties created by regulations written by the Department of the Treasury to implement carryover.

In attempting to determine the original cost of property, particularly farm property, estate planners and administrators have been forced to spend hours and even days searching county land records and sketchy family farm financial records in what is often a fruitless attempt to determine when property was acquired and at what price.

A Cedar Rapids lawyer tells me he is lucky to come up with even a "guestimate" of what land cost when it was originally acquired by a farm family.

Because these burdensome requirements and a new tax occur precisely at the most difficult and personally trying time for a farm family, they unnecessarily aggravate the problems of attempting to keep the land within the family.

We ought to be encouraging the continuation of the family farm, not discouraging it. And we ought to make our tax laws as simple, reasonable, and fair as possible in order to earn respect and voluntary compliance. American farmers have enough concerns in these difficult and inflationary times without having to worry about mind-boggling paperwork and the future of the land they and their parents have worked so hard to make profitable for their children and grandchildren.

The farmers of Iowa say carryover basis threatens their very existence. The accountants, lawyers, and executors of Iowa say carryover basis is unworkable. I must agree.

Last year I supported the moratorium on carryover basis which delayed its implementation until the end of this year. After careful study, I have concluded that I cannot support the continued application of carryover basis taxation. I have asked that I be added as a cosponsor of S. 1163, a bill to repeal carryover basis, and I am committed to working for passage of legislation repealing the section of the 1976 Tax Reform Act which created carryover basis.●

IN HONOR OF VETERANS DAY

● Mr. DOLE. Mr. President, on Sunday we will witness memorial services throughout the country to honor our veterans who so nobly served in the

Armed Forces of our country, so that our winters of wars could melt into a new and lasting spring of peace and hope for all people. On every Veterans Day we reflect on the past and celebrate the hopes and promises of the future. We are reminded that no one abhores war more than those who have had to fight, and that none have a greater right to insist that our country pursue policies which prevent war and preserve peace than those who have taken up their country's arms. This day, therefore, reinforces our belief in maintaining a strong military capability to retain our defense strength to preserve that precious state of conditions called peace.

NEED MORE THAN CEREMONIES

While Veterans Day is a just and appropriate tribute, we must not limit ourselves to this day, designated to honor our brave men and women who fought to preserve our Nation, our way of government and our freedoms. Today and every day we must pause to reflect upon our veterans; to meet our responsibilities and obligations justly deserved by these men.

While our first duty to this country's war veterans is to insure that there will be no more war veterans, we must do more. These men who have sustained our Nation through its perilous hours are the recipients of veterans' benefits which have evolved through history, and which increasingly can and should represent our concern for them. Therefore, it is essential that we maintain and improve the various programs and services afforded to our veterans. It is crucial to reverse the present trend we are witnessing, with continuous cuts in veterans' programs, to demonstrate our gratitude and care to these most deserving men for their brave and selfless service to our country.

MEDICAL AND HEALTH CARE SERVICES

Mr. President, of most crucial concern and importance is the drastic cuts that have occurred in the field of medical and health care. Last year, the administration's budget cutting resulted in drastic cuts in medical personnel, equipment and facilities, resulting in a drastic deterioration in the quality of medical care in our VA medical facilities. And the trend seems to be continuing. The Congress appropriated funds last year to provide for the greatly needed beds and personnel for the efficient operation of our VA hospitals.

However, the administration did not use these funds for this purpose, and, consequently 3,132 beds were cut and 1,500 personnel were cut. Outpatient clinics are understaffed and underfunded, and the overall staff/patient ratio is well below that of private hospitals. We must not let this trend continue. It is a justified obligation and responsibility. We must remember that a man who performed special service to his country deserves special treatment from that country.

EMPLOYMENT OPPORTUNITIES

Additionally, our veterans have been and are being denied adequate employment opportunities. This is especially crucial for the Vietnam veteran. For this group of people, unemployment and underemployment have reached high rates. The latest census bureau figures showed in a single year, 1 million Vietnam veterans were unable to find jobs that kept them employed all year round. Many failed to earn an adequate wage. Unemployment among minority veterans remains unacceptably high at 14.1 percent in order to allow them to participate fully in American society on their own terms, they need and deserve better access and availability to a wide range of job opportunities.

EDUCATIONAL BENEFITS

Mr. President, we must also continue our efforts to liberalize GI educational benefits, to make it easier for men and women who have served honorably in our armed services to reap the benefits of American life. Our veterans face increased costs of education and decreased available funds. For the third consecutive year, the President's budget did not include 1 cent for a cost-of-living increase for our Vietnam veterans availing themselves of the GI bill. Preference in public employment at all levels and special consideration of veterans applicants by private employers are essential to insure that veterans, recently released from military service, have an opportunity to earn a livelihood for themselves and their families. All of these programs must be systematically and frequently reviewed to insure that benefits and services to veterans, their dependents and survivors are adequate in view of ever-increasing social and economic circumstances.

So let us this Sunday remember the service our veterans gave to this Nation. It is their day. A day to pay tribute to those who have accepted the ultimate responsibility for the well-being of our Nation. Let us show our gratitude and respect this day with memorials and speeches. But even further, let us show our thanks in the days and years to come by demonstrating our individual consideration and respect to these men, and on a larger scale by insuring the efficient and adequate maintenance of programs, benefits and services our veterans justly deserve.●

THE KU KLUX KLAN

● Mr. BOREN. Mr. President. It is with increasing concern that I have read reports coming from around the country of accelerated activity by the Ku Klux Klan. Violence and tragedy have already been associated with activities of the Klan in North Carolina.

I am particularly disturbed by reports of attempts to recruit young people in our schools for membership in this organization. Even in my home State of Oklahoma which has always prided itself upon its frontier spirit of equal opportunity for every person, there have been reports of membership drives by this notorious organization.

The people of our Nation should not be fooled about the real nature of this organization. It tries to cloak its real purposes behind a few aims which are stated for public consumption. However, its fundamental purpose remains the spreading of racial and religious hatred and prejudice. Organizations like the Klan should be repudiated and rejected by every right thinking American citizen.

Our Declaration of Independence and our Constitution recognize the God-given right of religious freedom. To try to stir up hatred and mistrust of others based upon religious belief is against the fundamental principles of Americanism.

Likewise, we recognize that the same God created all peoples of all races. Every person has human dignity. Our Nation needs harmony and unity as never before. Instead of encouraging prejudice and ill feeling between Americans, our task and goal must be to build mutual understanding and respect between all of our people of all races.

The Ku Klux Klan has no legitimate place in Oklahoma or anywhere else in America.

Mr. President, I especially call upon our young people to reject those like the Ku Klux Klan who preach hatred and disunity. The spirit of community needs to be rebuilt in our Nation. Our Nation needs to be constantly moved forward to reach the goal of allowing all persons of every race and religion to reach their full potential.

I am confident that the young people in Oklahoma and all across this country will reject the wreckers and join the builders.●

THE UNITED STATES MARINE CORPS

● Mr. DOLE. Mr. President, tomorrow, November 10, marks the 204th anniversary of a proud, elite organization—the United States Marine Corps.

The numerous deeds of this elite American fighting force has been indelibly recorded in the annals of American history * * * "From the Halls of Montezuma to the Shores of Tripoli." And, as their hymn so proudly hails, "We have fought in many a strife for life and never lost our nerve."

A SALUTE TO THE MARINES

Mr. President, I would like to take this opportunity to salute our Marines wherever they may be; past, present, and future by inserting in the RECORD an article from "Fortitudine," the newsletter of the Marine Corps historical program. It tells about a proud American who many thought was a Marine, but never was.

This is not to suggest association with John Wayne caused the Marines any problem. To the contrary, the Marines used this American hero as an unofficial recruiter. Probably, in the corps' existence no one individual caused more people to enlist in the Marines than John.

The Marine Corps League, a national, congressionally chartered, organization of all Marines, recognized this in 1971 and named him the recipient of their coveted "Iron Mike Award."

To pay tribute to John Wayne is to pay tribute to the Marine Corps. To pay tribute to the Marine Corps is a tribute to our great Nation.

Mr. President, I ask that the following article be printed in the Record.

The article follows:

John Wayne: The Marine Who Never Was

(By Lawrence H. Suid)

The epitaph could well have read: "Marion Morrison: Graduate of Annapolis, 1929; Hero of Tarawa; Commandant of the Marine Corps."

His oldest son, Michael, once observed: "I think he would have been a success at anything he did. He would have been an outstanding lawyer if he had been a lawyer. He would have been an outstanding politician if he had chosen to have been. He would have been an outstanding anything because he has that drive. He has a particular personality. He has charisma. It is just something that differentiates people. He has it."

Instead of going to Annapolis, as he briefly considered doing, Marion Morrison went to the University of Southern California on a football scholarship. And instead of becoming a Marine hero in World War II he became John Wayne, a hero for all Americans.

While the Duke rose to stardom as the quintessential cowboy hero, his military roles probably have had a more significant impact on several generations of American males. Wayne, of course, performed his heroics in movies rather than on fields of combat. Nevertheless, for much of today's populace, the illusion of the visual media tightly intertwines with the reality of life. The Alamo and the Old West no longer remain to be fought over, but young men can still join the Marines.

When filming "The Outsider," the story of Ira Hayes, at Camp Pendleton, the director asked a group of 10 young Marines why they had enlisted. Five said because of watching John Wayne in his war movies. On an "Owen Marshall" television episode, a Vietnam deserter explained why he thought war had been right before he joined the military: "I was eighteen and war was something John Wayne fought or we watched on our new color TV."

Perhaps the best description of Wayne's influence through his military roles comes from two Vietnam veterans. Ron Kovic, in "I Was Born on the Fourth of July," recalled watching "Sands of Iwo Jima." "The Marine Corps hymn was playing in the background as we sat glued to our seats, humming the hymn together and watching Sergeant Stryker, played by John Wayne, charge up the hill and get killed just before he reached the top. And then they showed the men raising the flag on Iwo Jima with the Marines' hymn still playing. . . . I loved the song so much, and every time I heard it I would think of John Wayne and the brave men who raised the flag on Iwo Jima that day. I would think of them and cry. Like Mickey Mantle and the fabulous New York Yankees, John Wayne in 'Sands of Iwo Jima' became one of my heroes."

Later, Kovic couldn't wait to run down and meet the Marine recruiters at his high school assembly: "And as I shook their hands and stared up into their eyes, I couldn't help but feel I was shaking hands with John Wayne and Audie Murphy." Likewise, Philip Caputo, in his "Rumor of War," remembered that even before he talked to the Marine recruiters, "I saw myself charging up some distant beachhead, like John Wayne in 'Sands of Iwo Jima,' and then coming home a suntanned warrior with medals on my chest. The recruiters started giving me the usual sales pitch, but I hardly needed to be persuaded."

Ironically, of all the war movies in which the Duke represented the American fighting man, he portrayed a Marine only in "Sands of Iwo Jima" and "Flying Leathernecks." Moreover, Marines themselves seem divided in their loyalties between "Sands of Iwo Jima" and the film version of Leon Uris's classic Marine novel, Battle Cry. Many consider the latter movie to better portray their actual wartime experiences in the Corps from boot camp through combat.

Nevertheless, Wayne's Sergeant Stryker—not any of the stars of "Battle Cry," James Whitmore, Tab Hunter, or Aldo Ray—remains for most Americans the symbolic Marine, "the rugged top sergeant who bullies and beats his men into a fighting unit." (Newsweek). According to another reviewer Wayne was "especially honest and convincing for he manages to dominate a screen play which is crowded with exciting, sweeping battle scenes." (New York Times). Wayne himself felt his Academy Award nomination for his performance was "worthy of the honor. I know the Marines and all the American Armed Forces were quite proud of my portrayal of Stryker."

John Wayne always remained acutely aware of his image as a military man and its use to young men as a role model. He refused the offer to portray Patton on the screen because he did not want to be seen slapping an American soldier. Instead, he said he tried "to portray an officer . . . or a noncommissioned officer or a man in the service, in a manner that benefits the service and also gives a proper break for the man to react in a human manner."

The results of Wayne's portrayals did not always help those who sought to imitate his actions. One exasperated old sergeant was once reported to have told some careless troops: "There are two ways to do anything—the right way and the John Wayne way." And, his influence was not limited to impressionistic young recruits. Based on his military experiences in Vietnam, Josiah Bunting, author of the Vietnam novel The Lionheads, observed: "There is no question that the officers in Vietnam, combat infantry officers, especially in the grade of lieutenant colonel, which was the rank in Vietnam [were influenced by] this whole aura of machissmo. . . . The influence of John Waynism, if you want to call it that, on these people was terribly profound."

What did John Wayne possess which created this "profound" influence? The Duke himself thought it had its basis in his characterizations which always appealed to the same emotions: "You can call it primitive instinct or you can call it folklore. It has no nuance. It's straight emotions. basic emotions. They laugh hardy and hate lustily. There is a similarity in that. I wouldn't call it primitive as much as I would call it man's basic fight for survival." In response to critics who suggest that these portrayals primarily appeal to adolescents, Wayne answered that he hoped his attraction is "to the more carefree times in a person's life rather than to his reasoning adulthood. I'd just like to be an image that reminds someone of joy rather than the problems of the world."

Even when his political views brought down criticism in the late 1960s, his popularity and influence continued and even grew until he had become a living legend. His bouts with cancer demonstrated that the Duke's courage and strength did not exist only in the illusionary world of the motion picture screen. In the end, however, Wayne probably insured his place in American culture and society because he came to personify patriotism and love for one's country. In "The Alamo," he sermonized: "Republic! I like the sound of the word. It means people can live free, talk free. . . . Republic is one of those words which make me tight in the throat." To him, and to millions his image influenced, Republic was a word which makes a heart feel warm, something worth fighting for, dying for. In the end, Wayne's courage during his final illness did show how much his movie-made heroism had become one with his own character and suggested that he might well have become a Marine hero in life instead of in fiction.●

THE NATIONAL FARM-CITY COUNCIL

● Mr. HEFLIN. Mr. President, the National Farm-City Council was formed 25 years ago, with the purpose of bringing about "better understanding between rural and urban segments of society." Over the years the council has expanded its program and widened its purpose to help solve new problems between the country and the city.

The members of the National Farm-City Council are organizations and individuals prominent in the agribusiness complex. Representing nearly 150 organizations, the council members are leaders of agriculture, business, industry, education, communications and youth groups. Although the council maintains no staff or home office, it has enjoyed the service of Kiwanis International as "coordinating agency". Kiwanis furnishes a headquarters address, support for volunteer operating committees, a periodic newsletter and as one of the participating organizations in the council, it encourages the full cooperation of local clubs. There are State committees in nearly all of the 50 States. The State of Alabama, for instance, has been a strong supporter of the council's program from the very start.

The National Farm-City Council had its inception under the leadership of members of the Foundation for American Agriculture plus other leaders in the agribusiness complex. The Farm-City Committee in Alabama was organized in 1955 by the commodities director of the Alabama Farm Bureau Federation. The State farm bureau has continued to house the committee and provide staff time since that time.

County and local committees in Alabama are typical of the manner in which the activities are supported not only in the United States but also in many other countries of the free world.

Alabama's committee encourages year-round activities in the 67 counties, all aimed at achieving the goal of better rural-urban understanding.

The annual focal point of farm-city activities is the National Farm-City Week, which is always the 7 days immediately prior to and including Thanksgiving Day.

For the past 5 years, the committee has kicked off the State's farm-city observance with an Agricultural Appreciation Day. This statewide event honors leading farmers in 11 commodities and supports the great interdependence between agriculture and other segments of our economic system. Since the farmer and the businessman must work together, the participants also honor an outstanding businessman in Alabama for his achievements in the free enterprise system.

As many as 3,000 farmers, agribusinessmen, legislators, and business leaders attend Agricultural Appreciation Day, which features a special aspect of the farm and city relationship each year. This year, the event features the Alabama State docks in Mobile from which State products are transported to all parts of the globe.

With active farm-city committees in

every Alabama county, farm-city activities reach more than 5 million people. Many of these county committees have been recognized for their achievements by the National Farm-City Council.

Let me take this opportunity to commend the National Farm-City Council, and especially the Alabama Farm-City Committee, for their activities and wish them continued success in their endeavors to show that the farm and the city are truly partners in economic progress.●

EQUAL EMPLOYMENT FOR THE HANDICAPPED

● Mr. CULVER. Mr. President, I urge my colleagues to support the Equal Employment Opportunity for the Handicapped Act of 1979 now awaiting Senate action. This legislation closes a costly and intolerable gap in our existing law. By amending title VII of the Civil Rights Act to include persons with handicapped conditions, we will firmly establish the rights of disabled workers to be treated fairly in the labor setting. That extension, Mr. President, should be approved for several reasons.

Handicapped persons have long been excluded from employment on the myths that their attendance, job stability, and performance records are lower than those of other workers; that their hiring will lead to higher insurance rates; and that the expense of needed physical accommodations will be excessive. Such fears have contributed to the needles unemployment and underemployment of millions of skilled, competent individuals whose disabilities in no way impede their ability to work.

On the contrary, experience has shown that the handicapped perform as well as or better than their fellow workers. Their employment has a minimal impact, if any, on insurance rates. And studies document that reasonable alterations in work sites, equipment, and job assignments to accommodate disabled workers do not impose significant hardships on the employer's business. Nonetheless, unwarranted attitudinal barriers to employment of the handicapped remain. This legislation would make those barriers unlawful.

Second, the Equal Employment Opportunity for the Handicapped Act will substantially reduce the costs imposed by continued discrimination against disabled workers. According to the committee report on this bill, the Federal Government will spend an estimated $40 billion to support this Nation's handicapped population in 1980. State, local, and private support will add approximately $60 billion to that sum. By expanding the job opportunities for handicapped employees, we not only reduce this country's welfare burdens—we add to its economic wealth and productivity by enabling disabled individuals to become fully contributing citizens.

Finally, Mr. President by insuring that workers can no longer be discriminated against because of handicapping conditions, this legislation enhances the quality of life for all Americans. Like many, I am concerned that handicapped men and women have the chance to become an integrated—not segregated—part of society. When we allow ability to replace disability as the key to social, educational, vocational, and recreational opportunities, we grow as a people and a Nation. As a cosponsor of this legislation, I urge my colleagues to support passage of the Equal Employment Opportunity for Handicapped Individuals Act.●

WHY TAXFLATION DISTORTS FISCAL POLICY

● Mr. DOLE. Mr. President, many analyses of the Federal budget, such as those made by the Congressional Budget Office, employ the concept of a full employment surplus to gage how restrictive fiscal policy is. The full employment surplus is supposed to show how large a budget surplus would be generated by existing policies if the economy were growing at 3 percent each year. That is how fast the forecasters believe the economy can grow in real terms. The CBO sees a growing full employment surplus as indicating a tight fiscal policy. The theory is that any deficit run when there is some slack in the economy is not inflationary. Unless there would be a deficit at full employment, according to the analysis, there is still room for a more expansionary fiscal policy.

Lately the full employment surplus has been rising, which CBO interprets as the result of tight fiscal policy. Given the fact that we have been running deficits in a period of recovery, and are suffering record-high inflation, there seems to be a contradiction here. We should at least have learned from the stagflation of the 1970's that deficits often cause merely inflationary growth, not growth in real terms. But the contradiction becomes clearer when we look at the reasons why the full employment surplus is growing.

The fundamental reason is taxflation, or the bracket creep, that taxpayers experience when their income keeps pace with inflation. Because of our progressive income tax structure, taxes always rise faster than income. When income gains are the result of inflation—and therefore illusory—the effective tax rate on real income rises even more sharply. This rise in tax rates means a revenue windfall to the Federal Government. It is this windfall in tax revenues that accounts for the growth of the full enployment surplus. In other words, it is the effect of rampant inflation on tax revenues that allows some analysts to regard fiscal policy as tight. Taken to its logical—or illogical—extreme, this approach would mean that the higher inflation is, the tighter fiscal policy is—assuming the Government does not radically increase Federal spending.

Mr. President, this is an absurd result, and it is another example of how taxflation distorts our economic judgments. With the revenue windfall from taxflation, the Government would need to cut spending or pass a tax increase in order to demonstrate its commitment to fiscal restraint.

Congress deserves no credit for cutting the deficit by allowing the imposition of a hidden tax. We must set our priorities openly and honestly, both in tax policy and in spending philosophy. We must realize that where we cut taxes, and where we spend, can make all the difference between a stagnant economy and a growing one. We can no longer rely on the outmoded assumption that every form of spending merely takes up some of the slack in the economy. Our experience dramatically proves otherwise.

To begin to understand where we are and where we ought to go, we must end taxflation. The Tax Equalization Act, S. 12, would do that by adjusting the income tax according to the annual rise in the Consumer Price Index. Tax rates will correspond to real income, and taxpayers will know what to expect at tax time. There is no other equitable way of ending taxflation, and taxflation must be stopped if we are to move toward a responsible and clearly understandable fiscal policy. We need to look at the size of government as well as the size of the deficit. The Tax Equalization Act would help do that, and I urge my colleagues to consider that fact.●

CONGRESSIONAL LEADERS FROM THE GREAT PLAINS

● Mr. YOUNG. Mr. President, the Northern Great Plains, and I have particular reference to North and South Dakota, have produced some outstanding Members of Congress.

Mr. Philip A. Grant, Jr., associate professor of history at Pace University, prepared an excellent article on some outstanding Members of Congress from North and South Dakota. I ask to print in the RECORD as a part of my remarks, the following article by Mr. Grant which appeared in the recent issue of the North Dakota State Historical Society publication.

The article follows:

CONGRESSIONAL LEADERS FROM THE GREAT PLAINS—1921–1932

(By Philip A. Grant, Jr.)

On April 11, 1921 the 67th Congress was called to order. Between the opening ceremonies on this day and the formal adjournment for the First Session of the 72nd Congress on July 16, 1932, the nation was destined to experience one of the most exciting periods in its entire history. Roughly coinciding with the Administrations of Warren G. Harding, Calvin Coolidge, and Herbert C. Hoover, these 11 years were extremely eventful ones for the United States Senate and House of Representatives. Among the principal domestic issues considered by Congress were farm relief, flood control, veteran's pensions, prohibition enforcement, and unemployment. Also, Congress would be preoccupied with such vexing international questions as foreign trade, World War I debt payments, and participation in the Permanent Court of International Justice (World Court).

During the 1921–1932 period several gentlemen from the northern Great Plains were serving in the House and Senate. These individuals, like their colleagues from other regions throughout the nation, would have the responsibility of approving or rejecting the bills and resolutions pending before their respective bodies. Most of these congressmen chaired standing committees and were identified with significant legislation.

Among the congressmen from the northern Great Plains were Representatives James A. Sinclair and Thomas Hall of North Dakota and William Williamson of South Dakota. Sinclair, Hall, and Williamson were destined to spend an aggregate total of 65 years in state and national government.

Having served his political apprenticeship in the North Dakota Legislature, Sinclair represented one of the nation's most spacious congressional districts. Assigned to the Committee on Flood Control, he became a specialist on the problems plaguing the waterways of the Mississippi and Missouri Valleys. In 1927 and 1928 Sinclair was one of the congressmen most instrumental in the passage of the Mississippi River Flood Control Act, a landmark statute designed to affirm the commitment of the federal government in preventing and controlling natural disasters in a strategically located region of the United States.

Prior to being elected to Congress, Hall had completed ten years as North Dakota's Secretary of State. Inasmuch as Hall was the spokesman for one of the country's most thoroughly agrarian constituencies, it was quite appropriate that he secured membership on the Committee on Agriculture. Although a Republican, he felt that the Coolidge Administration was generally insensitive to the needs of the American farmer. Accordingly, he staunchly supported the controversial Farm Relief (McNary-Haugen) Bills of 1927 and 1928, both of which were vetoed by the President. In 1929, shortly after the inauguration of President Hoover, Hall played a prominent role in the deliberations culminating in the Agricultural Marketing Act.

A former State's Attorney and Circuit Judge in South Dakota, Williamson was Chairman of the Committee on Expenditures in the Executive Departments, 1927–1931. Vitally concerned with the question of government reorganization, he believed that Congress should constantly be exploring possibilities for improving the operations of the various departments and bureaus. Williamson's foremost legislative contribution was the 1930 law consolidating the numerous agencies having jurisdiction over veteran's affairs, while his most severe disappointment occurred in 1932 when he failed to persuade his colleagues of the urgency of streamlining the structure of the government and drastically reducing its personnel.

Three other accomplished political figures from the northern Great Plains were also serving in Congress during the Harding-Coolidge-Hoover era. They were Representative Charles A. Christopherson of South Dakota and Senators Gerald P. Nye and Lynn J. Frazier of North Dakota.

Christopherson was a former Speaker of the South Dakota House of Representatives. An attorney by profession, he became the ranking Republican on the Committee on the Judiciary. Primarily interested in bankruptcy and law enforcement questions, he was to wield substantial influence over the enactment of two well-known statutes, the Federal Bankruptcy Act of 1926 and the Prohibition Enforcement Act of 1929. Moreover, Christopherson was deeply involved in the committee hearings and floor debates over the Federal Anti-Injunction (Norris-La-Guardia) Act, a measure which sharply limited the powers of the judiciary in labor-management disputes.

Nye had never held public office prior to being sworn in to his first of four terms in the Senate in 1925. He was Chairman of the Committee on Public Lands and Surveys, 1927–1933, and the Special Committee to Investigate Campaign Expenditures, 1930–1932. While presiding over the Public Lands and Surveys Committee, Nye was to conclude the longstanding and complex probe of the infamous Teapot Dome Scandal. As chairman of the special committee, he compiled voluminous evidence of campaign irregularities in highly publicized senatorial elections in Nebraska and Pennsylvania. Nye became so appalled by the documentation of widespread campaign abuses in the 1930 congressional contest that in late 1931 he introduced a bill to impose stringent restrictions on federal election expenditures. Fiercely independent in his political orientation, the North Dakota senator was to oppose nearly all the domestic and foreign policies of the Hoover Administration. Furthermore, he was distinctly critical of many of the President's appointments to high judicial posts and regulatory boards and commissions, voting against the confirmation of six of Hoover's principal nominees.

Having spent three terms as Governor of North Dakota, Frazier was to take his oath as a member of the Senate in 1923. Frazier was Chairman of the Committee on Indian Affairs between 1927 and 1933. Acknowledged as a leader of the bipartisan farm bloc that emerged in the early 1920's, he consistently supported legislation to improve the welfare of American agriculture. Also a strong advocate of public power, Frazier voted to override presidential vetoes of Muscle Shoals Bills in 1928 and 1931. After the outbreak of the Great Depression in the autumn of 1929, Frazier attracted nationwide attention by his outspoken efforts in behalf of bills to relieve agricultural indebtedness and assist unemployed or impoverished World War I veterans.

The two most illustrious public servants from the Northern Great Plains during the 1921–1932 period were Senators Porter J. McCumber of North Dakota and Peter Norbeck of South Dakota. McCumber and Norbeck enjoyed remarkable success in their respective political careers and certainly rank among the most influential national leaders ever produced by the States of North and South Dakota.

McCumber was first elected to the Senate in 1899. At the time of his retirement in March, 1923, he was outranked in seniority by only three of his 95 colleagues in the Senate and had established a record among North Dakotans for longevity in Congress. McCumber was Chairman of the Committee on Pensions, 1903–1913 and 1919–1922. In January, 1922, he relinquished the chairmanship of the Pensions panel to become Chairman of the prestigious Committee on Finance. In the latter capacity McCumber was largely responsible for three of the priority legislative measures of the decade subsequent to the World War I armistice, the Tariff (Fordney-McCumber) Act of 1922, the Foreign Debt Commission Act, and the Adjusted Serviceman's Compensation Bill. The Tariff Act, approved after prolonged and acrimonious debates in the House and Senate, revived the practice of imposing protective duties on foreign imports. The Foreign Debt Commission Act was designed to facilitate preliminary negotiations with European nations on formulas under which the substantial financial obligations contracted throughout World War I would be honored. Vetoed by President Harding, the Adjusted Serviceman's Compensation Bill provided for a 20 year endowment policy for Americans who had served in the armed forces during the wartime emergency.

A former Lieutenant-Governor and Governor of South Dakota, Norbeck was Chairman of the Committee on Pensions, 1925–1927, and the Committee on Banking and Currency, 1927–1933. Gravely concerned over the magnitude of the Great Depression, he played a pivotal role in the deliberations evolving around two measures to alleviate the suffering permeating the nation, the Home Loan Bank Act and the Unemployment Relief (Garner-Wagner) Bill.

Norbeck was firmly convinced that the failure of the federal government to insist upon strict regulation of stock exchanges had been a major factor precipitating the Depression, and in 1932 he presided over a lengthy inquiry on the alleged deficiencies of prevailing stock market practices. Also a senior member of the Committee on Agriculture and Forestry, the South Dakotan in 1932 authored a comprehensive bill to provide for a program to mitigate the excesses of the escalating farm crisis. Despite the fact that the Democratic presidential candidate, Franklin D. Roosevelt, scored an overwhelming victory in South Dakota in 1932, Norbeck in the same year was handily re-elected to his third term in the Senate.

In addition to the obvious talents and abilities of the aforementioned congressmen, three major factors accounted for their collective influence between April, 1921, and July, 1932. These factors were as follows: (1) Affiliation with the dominant political party; (2) Accumulation of seniority; and (3) Possession of desirable committee assignments.

From 1921 to 1931 the Republican Party controlled both the House of Representatives and the United States Senate. Each of the gentlemen cited above was a Republican. Indeed, the states of North and South Dakota had seldom elected Democrats to any major office. Since the Republicans determined the success or failure of all meaningful legislation from 1921 to 1931, it was certainly understandable why these congressmen from the northern Great Plains enjoyed somewhat of a political advantage.

Throughout the 12 years between 1920 and 1932 the citizens of North and South Dakota maintained a tradition of re-electing incumbents to the House and Senate. By the adjournment of the First Session of the 72nd Congress the eight gentlemen previously cited had compiled 97 years of uninterrupted congressional service. The accumulation of such considerable seniority in large measure explained why these congressmen were so influential. Thus, unlike those states having a high proportion of junior members within the ranks of their delegations, the stature of North and South Dakota was roughly commensurate with the aggregate seniority of their congressmen.

Most significantly congressmen from North and South Dakota were conspicuous by their presence on several key committees. Among these panels were the Senate Committees on Finance, Banking and Currency, and Agriculture and Forestry and the House Committees on the Judiciary, Agriculture, and Flood Control. Between 1921 and 1932 these six committees were responsible for initiating a sizeable portion of the principal bills and resolutions considered by the two Houses. Even under normal conditions each of these committees would have been quite important. Their importance, however, was accentuated by the pressing need for legislation to remedy such problems as the farm crisis of the 1920s and the suffering caused during the early stages of the Great Depression.

The eight aforementioned members of the House of Representatives and United States Senate were chosen by the citizens of the northern Great Plains to serve in Congress during one of the most legendary periods in the country's history. Between April 11, 1921, and July 16, 1932, each of these gentlemen compiled records of genuine accomplishment. Although the States of North and South Dakota accounted for only one percent of the nation's total population, their congressmen exerted profound and disproportionate influence on Capitol Hill.●

THE SALT TREATY

● **Mr. McGOVERN.** Mr. President, I have decided after months of careful thought that on balance, the SALT treaty holds out more hope for the United States and the world than would rejection of the treaty.

The best description of the treaty has been provided by Gen. David Jones, testifying for the Joint Chiefs of Staff, when he described it as "a modest but useful step."

The treaty is disappointing in that it permits both Russia and the United States to further escalate the arms race after each is already capable of destroying the other several times over. In this sense the treaty ratifies a balance of nuclear terror with the potential of bankrupting national treasuries if not destroying civilization.

I vote for the treaty—not because of its intrinsic merit—but because it is part of a negotiating process between the two great military powers that holds out the hope of genuine arms reduction in the years immediately ahead. The Senate Foreign Relations Committee has now adopted unanimously a declaration of policy which I was privileged to sponsor which says in effect to the negotiators of the SALT III treaty: "Don't bring us another treaty unless it pledges significant and substantial reductions of arms on both sides." The purpose of that declaration is to begin with the high, but supposedly equivalent, limits set by SALT II and then as quickly as possible to scale down those limits mutually and annually. I would expect the reductions to be at least 30 percent below the SALT II levels in all strategic categories and subcategories. Those reductions should average at least 5 percent during each year that SALT II is operative.

With the unanimous approval of this declaration by my colleagues on the Foreign Relations Committee whom I hold in high esteem, and with the assumption that the full Senate will accept this declaration of policy for SALT III, it is now my intention to vote for the SALT II treaty and to begin today to work for its passage and the implementation of a genuine arms reduction policy in the future.

May I add one note: I would hope that our European friends would not, as some have suggested, rush ahead with new theater nuclear weapons. To do so could foreclose the possibility of mutual arms reductions in Europe. Soviet officials have recently taken initiatives to reduce troop and tank deployments in Eastern Europe. They have talked of possible reductions in intermediate-range missiles. Those initiatives should be carefully weighed and responded to at the diplomatic table—not ignored by a mindless plunge into new theater weapons that are potentially destabilizing and counterproductive.

For our European allies as for the United States and the Soviet Union, there is no reasonable alternative to détente. Either we must all work to reverse the arms race and learn to live together or we will die together.

These are the considerations that have led me to enlist in the effort to ratify the SALT II treaty. I congratulate President Carter, Secretary Vance, Secretary Brown, General Jones, Ambassadors Warnke and Earle, Mr. Cutler, and their predecessors in the Ford and Nixon administrations for their diligent work and incredible patience in keeping alive the hope that the world may yet be rescued from nuclear catastrophe.●

MARYLAND'S INTERNATIONAL HORSERACE

● **Mr. MATHIAS.** Mr. President, the 28th annual running of the Washington, D.C., International will take place tomorrow at the Laurel Race Course in Laurel, Md. The International brings together champion thoroughbreds from all over the globe, and bestows the coveted "horse of the world" honors. Just as the United States crowns its best 3-year-old thoroughbreds with the Triple Crown, so the world at large crowns its best horse through the International Crown. The international competition begins with the King George IV and Queen Elizabeth Stakes at Ascot, England; continues with the Prix de l'Arc de Triomphe at Longchamp, France; and concludes with the final jewel, the International at Laurel.

The race has carried the name of Maryland all over the world, and we Marylanders are proud to host this prestigious classic. Our State is rightly said to be the birthplace of all horseracing in the United States, since the first thoroughbred on this continent was owned by a colonial Governor of Maryland. Selima was brought to his Prince George's County plantation in the middle of the 18th century, and ever since then, horseracing has been a conspicuous part of the Maryland tradition. As in the past, I am pleased to recommend the race to Senators as first-rate recreation and entertainment on an autumn afternoon in the midst of our busy agenda on Capitol Hill. I trust that we will have resolved all pending urgent national problems by post time so that we can attend with a clear conscience.

With the prospect of a great afternoon ahead of us, I think it might be appropriate to call attention to a small dark cloud on the horizon—the possibility of Federal legislation on the problem of horse drugging. A shadow has recently fallen on the racetracks in connection with the use of medical drugs on racing thoroughbreds. This practice has become widespread before races, in order to numb or abate any injury, soreness, pain, depression, or other physical or psychological handicap that might hamper the animal's performance. Such drug treatment is deeply inhumane to the horses, and, in addition, is unfair to the bettors, since the track records are worthless without accompanying drug records. It has been tolerated and condoned by most States because of some shortsighted and overconfident recommendations by trainers and veterinarians. Their evaluations were soon undercut by a series of racetrack accidents involving horse collapses that were traced partly or wholly to the prerace use of painkillers, respiration aids, and other medication. There were cases where horses in no reasonable condition to run were brought to the starting line after artificial numbing and priming, only to break down in the middle of the race—to the hazard of other horses and the jockeys. One such incident resulted in the death of a jockey in Maryland last year.

As the accidents mount, the threat of Federal regulatory intervention looms large. The Humane Society of the United States has drafted a bill that would impose a total nationwide ban on medications for 72 hours preceding a race, and that bill now sits quietly on a back burner in the U.S. Congress. I have long thought that the Federal Government should be the regulator of last resort, and it should intervene only if the States and the horsemen fail to act on their own. That being the case, I am heartened by the fact that, in the face of the threat of Federal legislation, the racing officials in Pennsylvania, West Virginia, and Delaware have talked about establishing a uniform antidrug standard. New York and New Jersey have already enacted a prohibition. With this kind of positive reaction, the need for Federal intervention might be superseded by responsible reform measures initiated from within the State horse-racing organizations. I note with particular satisfaction that the Maryland Racing Commission will soon be joining this movement to prohibit all use of medications on horses scheduled to race, and to keep horses that need medication out of races.

As the birthplace of American horseracing, Maryland belongs in the ranks of States determined to end horse drugging a practice that threatens the integrity and reputation of this gentle, time-honored pastime. I hope that all Senators from horseracing States will urge their State racing commissions to do the same. Let us move now to preserve the clean, sportsmanlike qualities that make horseracing the sport of kings and the king of sports. The last thing the horsemen of this country need is the muzzle of the Federal Government in their stable.●

SENATE RESOLUTION 279—DIRECTING SENATE LEGAL COUNSEL TO REPRESENT CERTAIN SENATE EMPLOYEES

Mr. ROBERT C. BYRD. Mr. President, I send a resolution to the desk and ask that it be stated.

The PRESIDING OFFICER. The resolution will be stated.

The assistant legislative clerk read as follows:

A resolution (S. Res. 279) directing Senate legal counsel to represent certain Senate employees and authorizing them to testify and produce documents with respect to certain matters.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent for the immediate consideration of the resolution.

The PRESIDING OFFICER. Is there objection?

Mr. HARRY F. BYRD, JR. Mr. President, reserving the right to object, what is the unanimous-consent request?

Mr. ROBERT C. BYRD. For the immediate consideration of the resolution, and I will be glad to explain what the resolution is if the Senator will reserve the right to object.

Mr. HARRY F. BYRD, JR. Mr. President, I reserve the right to object.

Mr. ROBERT C. BYRD. Mr. President, two employees of the Senate, Mr. Richard Wegman and Mr. John Childers, respectively chief counsel and former minority staff director of the Committee on Governmental Affairs, have been subpenaed by counsel for the defendants in United States against Lance, et al., a criminal indictment in the District Court for the Northern District of Georgia. The subpena calls for their appearance to testify and produce documents of the committee. Defendant's counsel have indicated, however, that an affidavit by Mr. Wegman may be sufficient in lieu of appearances by these employees.

The Ethics in Government Act of 1978, Public Law 95-521, provides that the Senate may direct the Office of Senate Legal Counsel to represent Senate committees and employees. This resolution authorizes the Senate legal counsel to represent employees of the committee and Mr. Childers in connection with the subpenas. In addition, the resolution, as required by Senate rule XXX, authorizes these employees to testify and produce documents with respect to the matters described in the subpenas issued in the case of United States against Lance.

I move that the Senate approve this resolution.

Mr. HARRY F. BYRD, JR. Mr. President, just one question, and I will not object. This has nothing to do with the suit brought by Senator GOLDWATER?

Mr. ROBERT C. BYRD. Oh, no. My distinguished friend knows that before I would call up any resolution with reference to that matter, I would notify him, Mr. GOLDWATER, Mr. JAVITS, and Mr. CHURCH. I am not accustomed to moving in such ways.

Mr. HARRY F. BYRD, JR. I am certain of that. I thank the Senator from West Virginia.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution was considered and agreed to.

The preamble was agreed to.

The resolution, with its preamble, is as follows:

S. RES. 279

Whereas, in the case of United States of America v. T. Bertram Lance, et al., (Criminal Indictment No. CR-134-A), pending in the United States District Court for the Northern District of Georgia, subpoenas have been issued by the court and served upon Richard A. Wegman and John Childers, employees of the Senate, directing them to appear and give testimony and produce documents, papers, or records, in connection with defendants' motion to dismiss the indictment.

Whereas, Title VII of the Ethics in Government Act of 1978, Public Law 95-521 ("the Act"), establishes the Office of Senate Legal Counsel and provides that the Senate may direct its Counsel to represent Senate employees;

Whereas, by the privileges of the Senate of the United States no evidence under the control or in the possession of the Senate can, by the judicial process, be taken from such control or possession but by permission of the Senate:

Whereas, by the privileges of the Senate of the United States, and by Rule XXX of the Standing Rules of the Senate, no officer or employee of the Senate is authorized to produce any information, documents, papers or records of the Senate but by order of the Senate and information secured by officers or employees of the Senate pursuant to their official duties may not be revealed without the consent of the Senate;

Whereas, when it appears that testimony of an officer or employee of the Senate is needful for use in any court for the promotion of justice and, further, that such testimony may involve documents, papers and records under the control of or in the possession of the Senate and communications, conversations, and matters related thereto, the Senate will take such action thereon as will promote the ends of justice consistently with the privileges and rights of the Senate. Now, therefore be it

Resolved, that pursuant to Section 704 (a)(2) of the Act the Senate Legal Counsel is directed to represent Richard A. Wegman and other employees of the Committee on Governmental Affairs, and John Childers, in respect to subpoenas issued to them in connection with defendants' motion to dismiss the indictment in the case of United States v. Lance, et al., and be it further,

Resolved, that Richard A. Wegman, John Childers, and other employees of the Committee on Governmental Affairs are authorized, in response to subpoenas issued by the District Court for the Northern District of Georgia in connection with defendants' motion to dismiss the indictment in the case of United States v. Lance, et al., to testify concerning matters described in the subpoenas issued to Mr. Wegman and Mr. Childers, and that Richard A. Wegman is authorized to produce documents described in the subpoena issued to him.

DISTRICT OF COLUMBIA RETIREMENT REFORM ACT—CONFERENCE REPORT

Mr. ROBERT C. BYRD. Mr. President, on behalf of the Senator from Missouri (Mr. EAGLETON), I submit a report of the committee of conference on S. 1037 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1037) to establish an actuarially sound basis for financing retirement benefits for police officers, firefighters, teachers, and judges of the District of Columbia and to make certain changes in such benefits, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of November 2, 1979.)

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the report was agreed to.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MIGRATION AND REFUGEE ASSISTANCE

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. CHURCH, I ask that the Chair lay before the Senate a message from the House of Representatives on H.R. 4955.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the House agree to the amendment of the Senate to the bill (H.R. 4955) entitled "An Act to authorize additional appropriations for migration and refugee assistance for the fiscal years 1980 and 1981 and to authorize humanitarian assistance for the victims of the famine in Cambodia", with the following amendment:

In lieu of the matter proposed by said amendment, insert:

SUPPLEMENTAL MIGRATION AND REFUGEE ASSISTANCE AUTHORIZATION

SECTION 1. Section 102(a)(4) of the Department of State Authorization Act, Fiscal Years 1980 and 1981 (title I of Public Law 96-60), is amended by striking out "$248,951,000 for the fiscal year 1980, and $254,188,000 for the fiscal year 1981" and inserting in lieu thereof "$456,241,000 for the fiscal year 1980, and $457,798,000 for the fiscal year 1981".

CAMBODIAN DISASTER RELIEF ASSISTANCE

SEC. 2. Chapter 9 of part I of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following:

"SEC. 495H. CAMBODIAN DISASTER RELIEF ASSISTANCE.—(a) The Congress recognizes that prompt United States assistance is necessary to alleviate the human suffering arising from famine and disease in Cambodia. Accordingly, the President is authorized to furnish assistance, on such terms and conditions as he may determine, for disaster relief to alleviate the suffering of the victims of famine and disease in Cambodia. Assistance provided under this section shall be for humanitarian purposes and limited to the civilian population, with emphasis on providing food, medicine and medical care, clothing, temporary shelter, transportation for emergency supplies and personnel, and similar assistance to save human lives.

"(b) Assistance provided under this section or any other provision of law to alleviate the human suffering caused by famine and disease in Cambodia shall be provided, to the maximum extent practicable, through international agencies and private voluntary organizations such as (among others) the World Relief Committee, World Medical Missions, Inc., Cama Services, World Vision, Food for the Hungry, Thailand Baptist Mission, Catholic Relief Services, Oxfam, and the International Rescue Committee.

"(c)(1) In providing assistance under this section, the President shall satisfy himself that adequate procedures have been established to ensure that such assistance reaches the innocent victims of famine and disease for whom it is intended. Such procedures shall include end use monitoring of deliveries on a periodic basis by individuals having freedom of movement where the assistance is being distributed within Cambodia.

"(2) Not later than 90 days after the enactment of this section, the President shall report to the Congress on compliance wih this subsection.

"(d)(1) In addition to amounts otherwise available for such purposes, there is authorized to be appropriated for purposes of this section $30,000,000 for the fiscal year 1980, which amount is authorized to remain available until expended.

"(2) Obligations incurred, prior to the enactment of appropriations to carry out this section, against other appropriations or accounts for the purpose of alleviating the human suffering caused by famine and disease in Cambodia may be charged to the appropriations authorized by paragraph (1) of this subsection.

"(3) The President may exercise the authority of section 610(a) of this Act (without regard to the 20 percent limitation contained in that section on increases in accounts) in order to transfer, for use in carrying out this section, up to $30,000,000 of the funds made available for the fiscal year 1980 to carry out other provisions of this Act.

"(4) Priority shall be given in allocating assistance under the Agricultural Trade Development and Assistance Act of 1954 to furnishing agricultural commodities for use in carrying out this section.

"(e) Assistance under this section shall be provided in accordance with the policies and utilizing the general authorities provided in section 491.".

INDOCHINA MIGRATION AND REFUGEE ASSISTANCE PROGRAM

SEC. 3. (a) Section 2(b) of the Indochina Migration and Refugee Assistance Act of 1975 is amended by striking out "1979" and inserting in lieu thereof "1981".

(b) The amendment made by subsection (a) shall be effective as of October 1, 1979.

REPORT ON COSTS OF REFUGEE ASSISTANCE PROGRAMS

SEC. 4. Not later than 60 days after the date of enactment of this Act, the President shall report to the Congress—

(1) the estimated total costs to the United States Government, during fiscal year 1980 and fiscal year 1981, of domestic and foreign assistance to refugees under all programs of the United States Government, and

(2) the estimated total costs to State and local governments during such fiscal years for assistance to refugees which is attributable to such programs.

Mr. ROBERT C. BYRD. Mr. President, I move that the Senate agree to the House amendment to the Senate amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from West Virginia.

Mr. STEVENS. Mr. President, may I inquire what that motion was? I am sorry.

Mr. ROBERT C. BYRD. I move that the Senate agree to the House amendment to the Senate amendment.

Mr. STEVENS. No objection. I apologize to the majority leader.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from West Virginia.

The motion was agreed to.

Mr. ROBERT C. BYRD. I move to reconsider the vote by which the motion was agreed to.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

NATIONAL FAMILY WEEK

Mr. ROBERT C. BYRD. Mr. President, on behalf of the Senator from North Dakota (Mr. BURDICK), I ask that the Chair lay before the Senate a message from the House of Representatives on House Joint Resolution 68.

The PRESIDING OFFICER. The joint resolution will be stated.

The assistant legislative clerk read as follows:

A joint resolution (H.J. Res. 68) to authorize the President to issue a proclamation designating the week beginning on November 18, 1979, as "National Family Week".

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the joint resolution be considered as having been read the first and second times, and that the Senate proceed to its consideration.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The question is on the third reading of the joint resolution.

The joint resolution (H.J. Res. 68) was ordered to a third reading, was read the third time, and passed.

The preamble was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the joint resolution was passed.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UNANIMOUS-CONSENT AGREEMENT—H.R. 4391

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on the military construction appropriations bill there be a time agreement as follows: one hour on the bill equally divided between Mr. HUDDLESTON and Mr. STEVENS, 30 minutes on any amendment, 20 minutes on any debatable motion, appeal, or point of order if the Chair submits the point of order to the Senate for debate, and that the agreement be in the usual form as to the division and control of time.

Mr. STEVENS. Mr. President, there is no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

The text of the agreement follows:

Ordered, That when the Senate proceeds to the consideration of H.R. 4391 (Order No. 437), an act making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1980, and for other purposes.

Debate on any amendment shall be limited to 30 minutes, to be equally divided and controlled by the mover of such and the manager of the bill; and debate on any debatable motion, appeal, or point of order which is submitted or on which the Chair entertains debate shall be limited to 20 minutes, to be equally divided and controlled by the mover of such and the manager of the bill: *Provided,* That in the event the manager of the bill is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or his designee:

Ordered further, That on the question of final passage of the said bill, debate shall be limited to 1 hour, to be equally divided and controlled, respectively, by the Senator from Kentucky (Mr. Huddleston) and the Senator from Alaska (Mr. Stevens): *Provided,* That the said Senators, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, debatable motion, appeal, or point of order.

ORDER VITIATING THE ORDER TO CONVENE THE SENATE ON SATURDAY, NOVEMBER 10, 1979

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the convening of the Senate on tomorrow be vitiated.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS UNTIL 10:30 A.M. TUESDAY, NOVEMBER 13, 1979

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 10 o'clock on Tuesday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the convening hour on Tuesday be changed from 10 a.m. to 10:30 a.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR SCHMITT ON TUESDAY, NOVEMBER 13, 1979, AND RESUMING CONSIDERATION OF H.R. 4391

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Tuesday next, after the two leaders or their designees have been recognized under the standing order, Mr. SCHMITT be recognized for not to exceed 15 minutes, at the conclusion of which the Senate then resume the consideration of the military construction appropriations bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask that morning business be closed.

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

MILITARY CONSTRUCTION APPROPRIATIONS, 1981

Mr. ROBERT C. BYRD. Mr. President, I ask for regular order.

The PRESIDING OFFICER. Regular order is the military construction appropriations.

The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 4391) making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1980, and for other purposes.

The Senate proceeded to consider the bill which had been reported from the Committee on Appropriations with amendments.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that no time be charged against the bill today.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR SCHMITT ON FRIDAY, NOVEMBER 16, 1979

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on next

Friday, after the two leaders or their designees have been recognized under the standing order, Mr. SCHMITT be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. Mr. President, is that for next Tuesday?

Mr. ROBERT C. BYRD. Mr. President, I had obtained an order for Mr. SCHMITT for next Tuesday and this is an order for Mr. SCHMITT for next Friday.

Mr. HARRY F. BYRD, JR. Mr. President, I should have spoken earlier.

ORDER FOR RECOGNITION OF SENATOR HARRY F. BYRD, JR., ON TUESDAY, NOVEMBER 13, 1979

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator be inclined to give me 15 minutes on Tuesday, following Mr. SCHMITT?

Mr. ROBERT C. BYRD. Yes. Mr. President, I make that request.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROPOSED ORDER OF BUSINESS

Mr. MATSUNAGA. Mr. President, for the information of the Senators, after the disposition of the military construction appropriations measure, H.R. 4391, it is the intention of the leadership to take up Calendar Order No. 396, S. 1724, a bill to authorize the Secretary of Health, Education, and Welfare to make grants to States in order to provide assistance to households which cannot meet the high cost of fuel, and for other purposes.

Mr. STEVENS. Mr. President, I appreciate the statement of the Senator from Hawaii. We understand that is the intention. Because of problems on this side, we have not been able to agree to that, but we do understand there will be the intention to call it up.

We also understand there will be the necessity to consider the budget waiver at that time.

It is my intention to cooperate in every way with the majority leader, consistent with the instructions I have received as the acting minority leader.

Mr. MATSUNAGA. I thank the acting minority leader for his consideration.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

VETERANS DAY, 1979

Mr. ROBERT C. BYRD. Mr. President, Monday the Senate will not be in session in order to commemorate Veterans Day. Most of us will take this time to visit our home States. Many of us will take some part in Veterans Day ceremonies. This Nation has a historic commitment to honor and care for these who have borne arms during times of war and peace. Veterans Day is one way Americans demonstrate their respect for those men and women who have endured hardship and sacrifice in serving this country so ably.

In the United States today there are more than 29 million men and women who are veterans of duty in the armed services, and more than 26 million of these are veterans of wartime service. Five years ago the Nation ended America's direct involvement in the Vietnam war. Since that time, we have been at peace. More than 2½ million veterans served in Vietnam, and another 6 million served elsewhere during those years.

As this decade draws to a close, we are faced by challenges. These challenges are filled with very real dangers, in both the short and long term. We face powerful adversaries—whether they be military buildup by the Soviet Union or an increasing dependence on oil tankers from the other side of the world. Most basic, we face the ever-present challenge of honoring our commitments—to our own citizens and to citizens of other nations.

We owe a debt to recent veterans which we are just beginning to pay. At the same time our debt to veterans of other eras remains as compelling as ever. We owe a continuing debt to those men and women who have put aside their own lives to serve in the country's armed services.

Mr. President, it is my hope that citizens pause on Veterans Day to honor, to remember and "to care for him who shall have borne the battle."

THE SALT II TREATY

Mr. ROBERT C. BYRD. Mr. President, this morning, the Foreign Relations Committee completed its markup of the SALT II treaty and, by a vote of 9 to 6, voted to report the treaty to the Senate for its consideration.

The committee has completed what is without doubt the most exhaustive examination of a treaty in modern American history: 2 months of hearings and a month-long markup session. Scores of witnesses of all opinions have been heard, and over 30 proposed additions to the resolution of ratification have been considered. The result of the committee's effort is an impressive record that will guide us all in our debate on this most important matter.

It has not always been easy work for the committee. From time to time, events in the world have intruded. There have been a few attempts to slow the committee's work in one fashion or another. But because of the strong leadership and perseverance of the committee chairman, the distinguished Senator from Idaho (Mr. CHURCH) and the ranking minority member, the distinguished Senator from New York (Mr. JAVITS) the committee has succeeded in performing its duties in a manner consonant with the highest tradition of impartiality and scrupulous fairness.

The vote of the committee reflects the fairness with which the committee has proceeded. It is not a party line vote. Senators from both sides of the aisle have felt free throughout to speak their minds and vote their convictions. The result is a vote which is bipartisan and reflects, therefore, the highest traditions of the Senate on foreign policy issues: the principle that "politics stops at the water's edge."

I compliment Mr. CHURCH and I compliment Mr. JAVITS upon the very skillful fashion in which they steered this treaty through very dangerous waters to the stage of reporting it to the Senate.

Mr. President, I trust that the same spirit of bipartisanship will prevail when the Senate turns to debating the treaty.

Mr. STEVENS. Will the Senator yield?

Mr. ROBERT C. BYRD. Yes, I yield.

Mr. STEVENS. Mr. President, I am certain that the minority leader, when he returns on Tuesday, will have a comment concerning this report. I shall not comment on it.

I would like to ask the majority leader, however—I do not expect an answer at this time, but I hope that we shall learn soon how long it will be before we can get the hearings—not the report but the hearings—of the Senate Committee on Foreign Relations. I understand that there are some classified matters that have to be removed, but I do hope that, if possible, before we take it up, we shall have a chance to read the information that will be made public in the hearings.

Mr. ROBERT C. BYRD. The distinguished acting Republican leader makes a request that is reasonable and, in my judgement, very pertinent and appropriate. I share with him that hope and I am confident that the chairman and ranking member of the Foreign Relations Committee will feel likewise. Just as soon as any information in that regard can be made available, I assure the distinguished acting Republican leader that both he and the Republican leader will be so informed.

THE QUESTION OF GERMANENESS

Mr. ROBERT C. BYRD. Mr. President, earlier today, the Senate voted 44 to 40 to table an appeal from the ruling of the Chair. I made the tabling motion because the Chair had ruled correctly. I am glad that the Senate voted to sustain the Chair.

Let me emphasize at the outset that the 44-to-40 vote was not—n-o-t, "not"—a vote on the merits of the amendment of the Senator from Colorado (Mr. ARMSTRONG). His amendment, as I understand it, would have lifted the pay cap on certain military personnel.

Lest there be any misunderstanding about this vote, I believe that I can correctly say that many Senators voted to sustain the ruling of the Chair who also agreed with Senator ARMSTRONG'S amendment and who even may have cosponsored it.

But that amendment did not belong on that bill—and that is what the 44-to-40 vote was about.

The amendment was offered to an appropriations bill—the Department of Defense appropriations bill. The amendment did not purport to appropriate funds, or to raise or to lower an appropriation already in the bill. Instead, it attempted to put legislative language in the bill; of course, that is conerary to the Senate rule.

I refer to rule XVI, which prohibits legislation on appropriations bills.

This is an important rule—yet it has been abused in recent years.

Authorization bills set the parameters of legislation; they create and define Government programs, and they provide authority for the use of funds which subsequently may be appropriated.

Appropriations bills are money bills; they are not meant to legislate programs. An appropriation bill is not the proper vehicle for legislative language.

Yet, more and more frequently, appropriations bills are used to define legislation. This is against the rule and, generally it is against sound policy.

Occasionally, there may be an emergency situation when legislation would be necessary on an appropriation bill but, for the most part, that is not the case.

During the 94th, 95th, and the 1st session of the 96th Congress, there were nearly 100 rollcall votes in the Senate on legislative riders on appropriations bills.

The main result of this has been chaos—c-h-a-o-s: appropriations bills have been delayed time and time again because they carry legislative riders. It is this practice which has led to payless paydays for many Government workers—including those in the military.

May I say again, payless paydays for many Government workers, including those—I say again, including those—in the military.

Again and again, the deadlines of the Congressional Budget Act have been missed—not because of deadlocks or delays over dollar figures—but because of deadlocks and delays over legislature language.

It costs the Government money. That means it costs you money, Mr. President; it costs me money, Mr. President, it costs the taxpayers money when appropriations deadlines are missed. Contracts are canceled, workers are sometimes laid off when a new fiscal year begins without enactment of appropriations bills. Then, when the deadlock has finally been resolved and the appropriation is enacted, the agency or program must gear up again. This is inefficient, this is wasteful.

What the Chair ruled, in the case of the Armstrong amendment, was entirely proper and—in my view—the only correct interpretation of rule XVI as applied to that amendment.

The House bill—and this is important—did not contain any language whatsoever on this matter. Thus the Senate precedent—that once the House opens up the door by legislating on an appropriation bill, the Senate may then properly amend the same language germanely—was not applicable here.

There was no House language in the bill to which the Armstrong amendment would be germane. Thus, to raise the question of germaneness was really a fiction. There was nothing for the Armstrong amendment to be germane to.

Mr. President, I do not recall—I may have done so in my 22 years here, but I do not recall ever having voted, certainly since I have been in the leadership, to call an amendment germane when it, indeed, was not germane. No matter how strongly I support the substantive issue, I always walk up to that desk and say to the Parliamentarian, "Is this amendment really germane?" If the Parliamentarian says "No, it is not germane, there is no House language for it to be germane to," I vote "no" on the question of germaneness.

That was the situation here today. There was no House language for the Armstrong amendment to be germane to.

The problem is that, so often, when the question of germaneness is raised, Members walk into the Chamber and they vote "yea" on the question of germaneness because they feel they are voting on the substantive issue. They vote "yea" on the question of germaneness. Thus, the Senate often votes an amendment to be germane when obviously, it is not germane because there is no House language in the bill for the amedment to be germane to. It is a pure fiction. It is a farce.

That was precisely the situation today, when the point of order was raised by Mr. STENNIS, the distinguished chairman of the Subcommittee on Defense Appropriations, that the amendment by Mr. ARMSTRONG was legislation on an appropriation bill. Mr. ARMSTRONG then raised the question of germaneness, which Senators have done from time to time, and he was certainly within his rights to do that. I thought it was about time for the Senate to face up to this issue in a straightforward and direct way.

So I made the point of order that, when there is no House language for a Senate amendment to be germane to, the Chair has the duty not to submit the question of germaneness to the Senate, but, rather, to rule in support of a point of order that such an amendment does, indeed, constitute legislation on an appropriation bill, and that there is no House language in the bill for such amendment to be germane to and, consequently, that such amendment is not germane.

The Chair so ruled and the Senate sustained the ruling of the Chair. So, as for the amendment, however meritorious it might have been, it simply did not belong on this bill.

The vote on my motion to table the appeal from the ruling of the Chair—that the Armstrong amendment was not germane—was consistent with rule XVI.

It was not a vote on the Armstrong amendment itself, but it was a vote in support of orderly procedure in the Senate. I hope that that vote will provide a way to avoid in the future the growing inclination to attach riders to appropriations bills that constitute legislation thereon and which are, obviously, not germane to any House language in the bill. Of course, when the House has opened the door with legislation on an appropriations bill, this precedent would not govern.

Mr. STEVENS. Mr. President, the evening is late. I certainly would not wish to debate the matter with my good friend.

I will say the converse of what the majority leader said is also true. There are Members who voted against the tabling of the motion to appeal the point of order who might not have supported the amendment, and also those who will welcome the establishment of the precedent who, because of the circumstances, did not believe that a motion to table under these circumstances was appropriate.

I know my friend realizes the feeling that some of us have about tabling appeals from rulings of the Chair, but I will say that, for myself, I do agree that the precedent established is a valuable one for the Appropriations Committee's work and the consideration of that work on the floor of the Senate.

It is, I believe, a narrow exception and one that will have to be reviewed with, I think, firmness but fairness as we proceed, because it is a new precedent for the Senate. It could be that there may well be a disagreement as to whether the precedent should be limited to the circumstances where there is no language of the House if in fact there is a funding by the House of an item which might be subject to appropriate legislation under the previous precedents dealing with the rule of germaneness.

But I do not think it is time now to debate that, the scope of this precedent.

It is a valuable precedent. I regret it was before the Senate in a manner that I felt compelled to vote against a motion to table because of my duties as the acting leader, because I do think, as I said, it is a valuable precedent and one we must all study carefully to determine in the days ahead what the scope of it will be as we try to make the management of the appropriations bills on the floor more meaningful and to expedite the work of the Appropriations Committee here on the floor of the Senate.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished acting Republican leader.

I can only say I understand his position and the reasons for his voting against tabling the appeal.

I agree that on the appeal itself, if I had not moved to table, the vote on the appeal itself would have sustained the Chair even more strongly than the vote on my motion to table indicated.

The reason I moved to table, however, was simply that that motion brought the matter to a head fast. There was no further debate, and time was of the essence this afternoon.

I find nothing in what the able acting Republican leader has said that I can quarrel with.

Mr. MATSUNAGA. Will the distinguished majority leader yield?

Mr. ROBERT C. BYRD. Yes, I yield.

Mr. MATSUNAGA. Mr. President, I wish to congratulate the Senator from West Virginia for having brought about a much-needed precedent by his aggressive action today. History will show that the Senate, by supporting the majority leader in this procedural matter, eliminated a most troublesome and time-wasting process too frequently employed in the past.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished Senator from Hawaii, Mr. MATSUNAGA.

I appreciate his position.

There were others who, as he, were, likewise, cosponsors of the amendment, however, who voted to uphold the ruling of the Chair.

I think there must be an orderly procedure in the Senate. We do not have the rules of the House and we have to depend upon fewer rules than does the House, and we have to depend largely on precedents. Sometimes the Senate overturns precedents and makes new precedents.

But I hold the Chair's rulings pretty much in considerable reverence. Once in a while I think the Chair rules wrongly and I challenge it. Sometimes the Chair is overruled. Sometimes the Chair is not.

But it is the Senate, after all, that makes that decision.

When I first came to this body, Senator Richard B. Russell was regarded as the Senator who knew more about the rules and precedents than did any other Senator. I was very impressed by Senator Russell, by his calm judgment and his careful approach to matters, his evenhandedness, and his fairness.

I hesitate to say his was a "mastery" of the rules because I do not think anybody has ever mastered the rules and precedents. Even the Parliamentarians are not masters of the rules and precedents. They, too, have to research them from time to time to find the answer to a question.

But Senator Russell, so far as Senators go, was one, I think, to whom everyone looked as being a Senator who knew a great deal about the rules and precedents and who always tried to apply them fairly and evenhandedly.

He suggested to me once, that I as a new Member then, should always try as much as I could to sustain a ruling of the Chair. The Senate can throw out the book of precedents if we are not careful; and the precedents, really, in some ways, are more important than the rules.

Why do I say that? Because the rules do not flesh out themselves. It is the precedents that flesh out the rules.

One can study the rules and memorize the rules, but it is the book of precedents, which is a couple of inches thick, that I found Senator Russell studying from time to time.

I said, "How do you go about learning so much about these rules?"

He said, "Well, it's not only the rules; it's also the precedents."

I had never seen that book of precedents until he called my attention to it.

He said, "That's what you need to learn. That's what you need to study."

So I listened to Senator Russell; and I have tried, on the whole, to follow his advice and sustain the rulings of the Chair, regardless of the subject matter.

I am sure that Senator Russell once in a while sought to overturn the rulings of the Chair, and probably with success.

At times, the precedents do not fit present-day conditions. So precedents sometimes have to be changed to fit present-day conditions. New precedents must also be established from time to time.

So I say to my friend from Hawaii that I very seldom turn against the Chair, but I have done it a very few times. But it is the Senate that makes the decision; and the Senate, I think, made the right decision today.

A HOLIDAY WISH BY THE MAJORITY LEADER

Mr. ROBERT C. BYRD. Mr. President, I thank all Senators for their patience. I think this has been a good week. The energy bill was passed. It was not supposed to pass this week. It was supposed to take longer than a week. The Senate did itself proud.

Senators have worked hard, and I hope they have a good holiday weekend.

I suppose that some of the Senators in the Chamber now are wondering when that weekend is going to begin and when the Senator from West Virginia is going to sit down.

I wish my very close friend, the acting Republican leader, well for the weekend. I wish my friend from Hawaii, the chief deputy majority whip, well for the weekend.

I wish a good weekend to the Senator who now sits in the Chair and presides with a degree of dignity and efficiency and skill that is "so rare as a day in June." Senator BOREN is a former Governor of Oklahoma.

I wish a good Veterans Day holiday to all the wonderful people who help us: Bill Hildenbrand; Joe Stewart; Mary Jane Checchi, who is the chief counsel and staff director of the Democratic policy committee; all the pages; the representatives of the press, the fourth estate—we do not see many of them up there tonight; the Secretary of the Senate and the Sergeant at Arms and their assistants; the doorkeepers; the official reporters; the people who work so well in the cloakrooms; and the Senate Chaplain.

I hope that when we return on Tuesday, we will be ready for hard work, long days as we fulfill our duties to the Nation.

I yield the floor.

RECESS UNTIL 10:30 A.M. TUESDAY, NOVEMBER 13, 1979

Mr. MATSUNAGA. Mr. President, if there be no further business, I move, in accordance with the previous order, that the Senate stand in recess until 10:30 a.m. on Tuesday next.

The motion was agreed to; and at 7:44 p.m., the Senate recessed until Tuesday, November 13, 1979, at 10:30 a.m.

NOMINATIONS

Executive nominations received by the Senate November 9, 1979:

DEPARTMENT OF STATE

Donald R. Toussaint, of Virginia, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Democratic Socialist Republic of Sri Lanka, and to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Maldives.

EXTENSIONS OF REMARKS

MAMIE DOUD EISENHOWER

HON. MORGAN F. MURPHY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. MURPHY of Illinois. Mr. Speaker, the passing of our former First Lady, Mrs. Mamie Doud Eisenhower, is a great loss to America. She will long be remembered as a gracious, soft-spoken woman who brought grace and warmth to the White House. She was, as columnist Nick Thimmesch has noted, President Eisenhower's "quiet strength." Considering the difficulties of the Presidency, Mamie's love and support of Ike was an invaluable contribution, not only to him but to the Nation as well. Mr. Speaker, I would like to insert at this point in the RECORD Mr. Thimmesch's warm tribute to Mamie Eisenhower.

I REMEMBER MAMIE

(By Nick Thimmesch)

Mamie Eisenhower was worth listening to. The trouble was that, when Ike was alive, she was careful not to talk publicly too often and, after he died, few of us tried to find out what she had to say. Her health was often frail, but she had strong will and had thought life through.

I spent a day with her in the Bicentennial summer when she made a rare public appearance by riding on the Freedom Train from Gettysburg to York, Pa. I had never met her, and my recollections were that she was Ike's smiling, attractive partner, bland of remark, the proper Republican woman. I was to learn something.

The Freedom Train crawled across the countryside, so Mamie had time to see the clusters of people in fields and in small towns. They waved and their mouths formed the word "Mamie," causing her to beam.

"It makes your heart warm," she said. I am fortunate, because most widows are forgotten."

Ike was her life, and everybody asked about their years together. "When people remark how close I was to him, well of course we were close," she said. "But you never really know a person; you only understand them. Nobody knows anybody else's inner thoughts."

She saw Ike as the head of the house, as the man who deserved to come home to her and dinner and a pleasant evening with no heavy discussion of the military or the presidency or politics. She had a keen sense of divided responsibilities; his was work and hers was home and hearth.

When he asked, "What should I do about this situation?" she usually turned the question away. And if he ventured toward her territory, he was in trouble. When Ike sent a memo to a White House staffer about menus, Mamie countermanded the order.

She believed in the old values. For instance, children should be given leeway to find

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● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

themselves, but not before age 20. "There is too much leniency with children today," she said firmly, "and too much freedom in their dress, especially in church." She was glad that her son John phoned her every week, but she wasn't sure that most mothers got such calls. And she wondered about the feminists. "I don't know about this Ms. business," Mamie told me. "God made you to have children. I feel sorry for people who don't."

She didn't like the way the country was going, either. "We emphasize money too much," she said. "There is no aristocracy in America, only people who are money crazy. We've lost the art of doing a good job. There's no competition these days. Clerks don't want to wait on you.

"I was taught to pay for everything," she said. Nowadays people think about what they can get out of paying for. I was taught to save money and then spend it. I'm still wearing the same clothes I had when we were in the White House. I took care of them."

Though she defended the old-fashioned way, Mamie said she wouldn't give advice to the new generation. "What worked for Ike and me might not work today," she said.

Mamie never claimed she was Ike's quiet strength, but his friends knew she was. Her speech was Midwest-accented, and she seemed to epitomize sweet domesticity. But Mamie came from a sophisticated wealthy family and knew the way of the world. Farmer boy Eisenhower did not.

"It would have been Colonel Dwight David Eisenhower if it weren't for Mamie," Kevin McCann, Eisenhower's speechwriter, once told me. "In their early years, Mamie was a broadening influence."

In her declining years, she was increasingly alone. Sgt. John and Dolores Moaney, the black couple who worked for Ike and Mamie for many years, retired. She tried to cook her own meals and wound up mostly with TV dinners. She saw fewer visitors. Friends persuaded her to take an apartment in Washington, but she only spent a few weeks in it each winter. Out of respect for Ike, she felt a duty to stay at the farm.

"I miss him terribly," she said. "I come down to the porch and remember how he would paint and I would sit and play solitaire. We didn't say a word, but we were together. It was companionship. I had to steel myself to being lonely many times when he was gone—he was away three years once [World War II]. But it was so hard to steel myself when he was really gone."

Nowadays, wives of public men like Mamie seem out of fashion. But in their time there was no more popular couple than the Eisenhowers. Tom Stephens, Eisenhower's White House appointments secretary, once told me why. "Ike and Mamie," he said. "They're like people you know." ●

RULE TO BE REQUESTED ON H.R. 4000, THE "MEDICARE AND MEDICAID AMENDMENTS OF 1979"

HON. AL ULLMAN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. ULLMAN. Mr. Speaker, on November 5, 1979, the Committee on Ways and Means favorably reported to the House H.R. 4000, to amend the Social Security Act with respect to health programs authorized under it, and for other purposes. This bill contains provisions relating to professional standards review organizations, long-term care, fraud and abuse, insurance supplemental to medicare and health maintenance organizations.

Pursuant to the rules of the Democratic Caucus, I take this occasion to advise my colleagues as to the nature of the rule that I will request for the consideration of H.R. 4000 on the floor of the House. The Committee on Ways and Means has specifically instructed me to request the Committee on Rules to grant a closed rule which would only provide for:

First. Committee amendments, which would not be subject to amendment;

Second, one hour of general debate, to be equally divided;

Third, waiving all necessary points of order; and

Fourth, one motion to recommit, with or without instructions.

We will request to be heard before the Committee on Rules as expeditiously as possible.●

TEMPLE BETH AMI CELEBRATES 25TH ANNIVERSARY

HON. JIM LLOYD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. LLOYD. Mr. Speaker, this weekend Temple Beth Ami, "House of My People," celebrates its 25th anniversary in West Covina. The temple's dedicated leaders, Rabbi Henry Kraus and Mark F. Anapoell, president, work to fulfill the ideals of the Jewish faith and of our democracy.

The congregation, formed in 1953 by 10 families as the Citrus Valley Jewish Center, has gone through much hardship and many changes to reach its current high standing and tradition in my district. It was the first Jewish center in the area.

Their first High Holy Days were held at Moose Hall in Baldwin Park. In 1956, groundbreaking was completed for the first center on Sunset Avenue in West Covina and the first fulltime rabbi was elected. Eleven years later fire destroyed the first center.

The First Baptist Church of West Covina invited the congregation to hold their services in the church. Since then, Temple Beth Ami and the First Baptist Church have a joint celebration at Thanksgiving each year.

In December 1967 the congregation celebrated a new groundbreaking for the temple, which was completed in 1969. The name was changed to Temple Beth Ami and Rabbi Kraus was elected.

Rabbi Kraus gave the opening prayer in the House of Representatives on April 4, 1978. It was the 34th anniversary of the day the rabbi was forced by the Nazis to wear the Yellow Star of David as a sign of degradation. Along with his congregation, he was deported to Auschwitz and later, Buchenwald. The American 3d Army liberated him in 1945.

After the war, he became chief rabbi of western Hungary. In 1975 the State of Israel honored him with the Ben Gurion Award—he was the first recipient of this award in California.

In his opening prayer to the House, Rabbi Kraus said:

> May you establish justice to bring peace to mankind. I pray we will understand: "Eternity is not perpetual future, but perpetual presence." I quote the ancient prayer: "May God who established peace in the High, may He establish peace here in Earth.'

Temple Beth Ami, and its leaders, add much to both the Jewish and American traditions and ideals. I want to join in congratulating them on their 25th anniversary and wish them Mazel Tov.●

THE UNITED STATES MUST APPLY ECONOMIC PRESSURE TO SECURE THE RELEASE OF AMERICAN CITIZENS HELD HOSTAGE IN IRAN

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. LENT. Mr. Speaker, it is obvious that the Ayatollah Khomeini has no intention of negotiating with the United States over the release of some 60 American citizens held hostage by Iranian students who have invaded and occupied the United States Embassy in Tehran. This is the Ayatollah's thanks to President Carter for his humanitarian gesture in making available to Iran more than 1.5 million barrels of sorely needed U.S. heating oil just 2 months ago.

It should be clear now to the President and his advisers that such policies of appeasement only produce more serious problems for the United States. It is futile to dispatch Presidential emissaries to Iranian officials who will not meet with them. It is dangerous to ask the terrorists of the Palestine Liberation Organization to try to persuade the terrorists to end their tactics of terror. That is like trying to put out a fire by pouring gasoline on it.

What the United States needs to do now is to take some positive action. By this, Mr. Speaker, I do not mean to imply in any way that military action of any sort should be taken by the United States in the present circumstances. Any such action would unnecessarily endanger the lives of the Americans being held as prisoners.

But many other moves are possible which would apply various kinds of pressure on the Ayatollah Khomeini and his ruling council.

The most important action the President should take is to invoke the International Emergency Economic Powers Act of 1977. The emergency powers available to the President under this act offer a wide choice of actions which would apply economic pressure of varying degrees on the Iranian regime.

The act empowers the President to control or freeze property transactions involving Iran; to control transfers of credit or payments between banking institutions which involve Iran; to control import or export of currencies or securities involving Iran; to control foreign exchange transactions involving Iran.

The act offers wide latitude to the President as to the exact extent of control which might be applied in any of these areas. But any action at all would demonstrate to the Iranian revolutionaries that their terrorist tactics are counterproductive to them and to their country.

To encourage the President to act with resolution and determination, yesterday, I introduced a concurrent resolution calling upon the President to invoke the International Emergency Powers Act as speedily as possible and to put to use the powers under the act to secure the release of the American citizens being held in Tehran. To continue the administration's current attitude of irresolution and hesitation simply encourages further terrorist extortion attempts.

I urge my colleagues to join in supporting this resolution and in achieving its passage as soon as possible.●

AMERICAN OUTRAGE OVER EVENTS IN TEHRAN

HON. G. WILLIAM WHITEHURST

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. WHITEHURST. Mr. Speaker, I share with millions of other Americans the outrage over events in Tehran the past few days. There is no reason under any circumstances for a host nation to permit, much less encourage, the seizure of a foreign embassy and the holding of its personnel as hostages. That kind of behavior is totally foreign to civilized rules of international conduct.

The seizure of our Embassy in Tehran not only violates international law and standards of decency, it is hypocrisy of the most blatant kind. The ostensible reason for this action is the failure of the U.S. Government to evict the Shah from his hospital bed in New York and send him back to Iran for a summary trial and execution. No one in the international community nor here at home should be fooled by this ploy. When the Shah was in Mexico, no action was taken against the Mexican Government or its Embassy. Neither has the French Embassy been attacked or its nationals held prisoner, even though the former Prime Minister of Iran is now a refugee in that country. Why? Because in the case of Mexico, no blackmail can be applied in the way of an oil cutoff; and in the case of France, the Ayatollah himself spent years in exile there, and from the way things are going in his country he may want to go back to France.

Furthermore, Iran is shattering itself on the shoals of its own revolution. The oldest trick in the world is to manufacture a foreign threat when things are going down the drain at home.

What can America do? Certainly stand behind the President in refusing to turn over the Shah. To do otherwise would be cowardly and despicable. Second, we can immediately expel those Iranian students who are guilty of breaching the law in this country through illegal occupation of public or private property, and we should put the Iranian Government on notice that they risk the deportation of all students of Iranian origin unless the release of the Americans is forthcoming.

And finally, we can consider the severing of relations and an embargo on the shipment of all American products, including food, to Iran. The loss of Iranian oil to our market can be compensated for from other sources, and in any event it is not worth the price of submitting to gangsters tactics by a regime that is anathema to all religious and ethical principles, Christian, Moslem, or otherwise.●

MISS DEBY LaPLANTE

HON. WILLIAM D. FORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. FORD of Michigan. Mr. Speaker, I take great pleasure in calling attention to the outstanding achievements of a young lady athlete from my hometown of Taylor, Mich.

Miss Deby LaPlante recently reached one of the highest levels of international competition by winning a Gold Medal in low-hurdle events at the pan-American games

Deby, now a student at San Diego State College, began running at the age of 13, and 4 years later won the National Junior Olympics. She is the National AAU indoor hurdle champion, and the world's 10th ranked women's hurdler. She holds several American records.

Mayor Donald L. Zub of Taylor has issued a proclamation honoring this remarkable young woman, and I ask that it be reprinted at this point in the RECORD:

PROCLAMATION

Whereas, Deby LaPlante started running when only 13 years old and at the age of 17 won the National Junior Olympics.

Whereas, Deby LaPlante is the National A.A.U. Indoor Hurdle Champion and the world's 10th ranked women's hurdler.

Whereas, Deby LaPlante has broken all American records in indoor track on the 50 yard hurdles, 60 meter hurdles and the 70 yard hurdles.

Whereas, Deby LaPlante competed in the Olympics in Montreal and was in the semifinals.

Whereas, Deby LaPlante reached a high level of International competition by winning a Gold Medal in low hurdle events at the Pan-American Games.

Whereas, Deby LaPlante with her courage and determination is an inspiration for all youth. It takes years of dedication and hard work to make a champion. The citizens of Deby LaPlante's Hometown, Taylor, Michigan, are gratified and proud of her accomplishments. As the Mayor of the City of Taylor, I do hereby

Proclaim, that the Proclamation be presented to Deby LaPlante and the Formal Proclamation to be forwarded to the State of Michigan Legislature, and also to the Congress of the United States of America requesting that it be read into Congressional Minutes.

DONALD L. ZUB, *Mayor, City of Taylor.*

OCTOBER 1979.●

POLITICAL DEMONSTRATIONS BY NONIMMIGRANT ALIENS

HON. BILL CHAPPELL, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. CHAPPELL. Mr. Speaker, on March 14, 1979, I introduced legislation, H.R. 2967, which would provide for the deportation of certain nonimmigrant aliens who knowingly participate in a political demonstration which results or was intended to result in injury or damage to the person or property of another. The Attorney General could suspend deportation proceedings in exceptional cases for humanitarian purposes.

I was prompted to take this action last winter during the series of demonstrations by Iranian students immediately preceding the fall of the Shah. Now, with 60 U.S. citizens held as hostages in Tehran and Iranian students making a mockery of our Statue of Liberty and burning the American flag, the need for effective legislation is even more acute, and I urge my colleagues to support this measure.

Aliens do not have a vested right to enter the United States. Rather, they are allowed to enter as the guests of the American people. No one wants to deny the fruits of our rich heritage to others, but we simply cannot allow the recipients of our hospitality to place our people, institutions, and property in danger. When a person is granted a student visa, for example, it is for the privilege of study at a U.S. institution. It is not a license for violent advocacy and must not be allowed to become one.

H.R. 2967 would pertain to all classes of nonimmigrant aliens not connected with governmental or international organization functions. These are: Students, crewmen, temporary labor, and industrial trainees. Enactment of this bill would have no effect on the vast majority of nonimmigrant aliens who are peacefully pursuing their activities in this country. It would have an effect on curbing the noxious activities of the small number who insist on disregarding their obligation to act as a responsible member of society. The United States has been kicked around in the recent past by an assortment of disreputable national leaders all over the world. There is no reason why we must tolerate such treatment in our own country from those who are here as our guests. The text of H.R. 2967 follows:

H.R. 2967

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 241(a) of the Immigration and Nationality Act (8 U.S.C. 1251(a)) is amended by—

(1) striking out "or" at the end of paragraph (18),

(2) striking out the period at the end of paragraph (19) and inserting in lieu thereof "; or", and

(3) by adding at the end thereof the following new paragraph:

"(20) while admitted to the United States under a nonimmigrant visa under subparagraph (D), (F), (H)(ii), or (H)(iii) of section 101(a)(15) of this Act, knowingly participated in a political demonstration resulting or intending to result in injury or damage to any person or property other than his own or while so admitted participated in any unlawful act or activity or advocated the overthrow of any organized government by violence."

(b) Section 241 of such Act is further amended by adding at the end thereof the following new subsection:

"(g) The Attorney General may, in his discretion in such unusual circumstances as he may determine, suspend deportation of any alien under subsection (a)(20). In any annual report the Attorney General submits to the Congress respecting administration of this Act, he shall include a description of the circumstances under which he deported, and suspended deportation, of aliens under such subsection."

SEC. 2. The amendments made by the first section of this Act shall apply to acts participated in, and statements advocated, on or after the date of the enactment of this Act.●

AMERICANS ENDURE YET ANOTHER EXPLOSION OF IRANIAN TERRORISM

HON. RICHARD T. SCHULZE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. SCHULZE. Mr. Speaker, the eyes of the world are once again on our Nation. For the second time in less than a year, the lives of Americans are in jeopardy at the hands of the Iranians. More than 60 of our countrymen are enduring unknown horror and what must be mounting despair as the hours creep by with no resolution.

While I have pledged my support to our President for any prompt and definitive action the administration might now take to end the stalemate and secure a safe release of American hostages, I must say this is a tragedy which could have been avoided. This outrage is a glaring indication of the confused and ineffectual foreign policy this country has had to suffer under the present administration.

The Carter administration's policies toward Iran were not at all consistent with those of previous administrations. After more than 20 years of close alliance with Iran under the Shah's rule, the Carter administration openly attacked the Shah and his policies. This open lack of support played a significant role in the downfall of one of our strongest and strategically most important allies.

Any reasonable leader cognizant of the volatile situation in Iran should have recognized the potential for terrorism. When the Shah entered the United States for whatever reason, deliberate courses of action should have been followed. The American staff of our Embassy in Tehran should have been reduced to a skeleton crew and the Marine protection increased. Further, the Marines should have been ordered to perform in the manner necessary to protect our U.S. Embassy which is American soil.

When this tragic incident is resolved, the American people must not forget. Rather, they must remember that it came about through the indecision and negligence of the Carter administration in failing to anticipate such action. Until we learn from this catastrophic incident, the lives of Americans in potentially dangerous locations throughout the world cannot be secure.●

CHRYSLER AID THEATER OF ABSURD?

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. PAUL. Mr. Speaker, I would like to call the attention of my colleagues to an article that has appeared in both the National Journal and the Washington Post on the matter of Federal aid to the Chrysler Corp. Although I usually do not agree with Mr. Samuelson's notions, once in a while he does make sense, and his column "Chrysler Aid Quest: Theater of the Absurd?" makes a great deal of sense. Federal aid to Chrysler would be robbery of the American people, and this government has no right to commit robbery.

The article follows:

[From the Washington Post, Nov. 6, 1979]

CHRYSLER AID QUEST: THEATER OF ABSURD?

(By Robert J. Samuelson)

When your company is on the brink of bankruptcy, do you give your workers a one-third wage increase over three years? You do if you're the Chrysler Corp. and your workers belong to the United Auto Workers.

Scarcely before it has begun, Chrysler's quest for federal financial assistance has become theater of the absurd. What Congress is being asked to approve is a program that raises car prices, perpetuates inflation and makes it more expensive for Americans to buy full-efficient cars.

No one really disagrees that a Chrysler bankruptcy would be a social and economic calamity. Somewhere between 150,000 and 500,000 workers would probably lose their jobs immediately, and only the most reckless forecaster can say how easily they could be reemployed. Nor does anyone really disagree that a federal bailout of Chrysler would constitute a bad precedent, encouraging all sorts of other industries—each in its own way—to seek government relief.

But the Carter Administration, by evading the basic issues raised by Chrysler's request, has not forced the company and its union to do all in their power to minimize the need for federal assistance. At the same time, this ineptness or cowardice has made it more likely that any Chrysler package will be excessively costly and face uncertain prospects of success.

The basic issues are plain enough. To preserve our mobility and limit our dependence 117-million auto fleet to more fuel-efficient on foreign oil, we clearly need to convert our vehicles. In the fall of 1980, Chrysler plans to introduce a new line of compact cars with significant mileage gains (seven miles per gallon) over current models. Chrysler could then produce about 800,000 cars annually with 4-cylinder engines. We need those cars; a bankruptcy would jeopardize their production.

A second basic issue involves the relationship between wages, jobs and inflation. The reason why recessions no longer reduce inflation much is that they don't reduce wage pressures much. People expect the slowdown to be shortlived. Even if the permanent level of unemployment rises slightly, most workers aren't affected. We need to reestablish the connection in people's minds between wage demands and jobs.

Chrysler joins the two issues. The severity of its cash squeeze partially reflects the slump in car sales, but, if Chrysler needs to sell more cars, America needs to buy them. Even today's models almost invariably get significantly better fuel mileage than the vehicles they replace, and replacement represents two-thirds or more of car demand.

But you do not sell cars by raising their prices, which is precisely what Chrysler, Ford and General Motors are doing. Nor can you keep prices down by increasing labor costs 10 percent or more annually.

Chrysler is simply the prototype of a more general problem for the automobile industry. As the companies attempt to recoup massive retooling investments needed for fuel-efficient cars, their prices threaten to rise even further. At the same time, the conditions underlying the 1976–78 car buying boom probably won't recur: easy credit (automakers liberalized their credit terms after the 1974–75 recession) and sharply rising "real" personal income.

Together, these factors impel people to hold on to their cars. Stagnant sales then inhibit the companies from generating more investment funds for further retooling. Small wonder that General Motors chairman Thomas A. Murphy opposes federal help for Chrysler, or that Ford is making noises about quotas against Japanese imports. Both want more market share to neutralize these pressures.

Holding down labor expenses (about one-third of total production costs) is the only way to slow this vicious circle. In Chrysler's case, someone—either the president or the secretary of the Treasury, because we pay them to say the unpleasant things that need to be said—had to state: no wage restraint, no federal help. In clear, loud language. They didn't. With President Carter desperate to keep union support, does anyone wonder why?

When Douglas A. Fraser, president of the UAW, tells Congress that his union has made "significant concessions" to help Chrysler he is talking in absurdities. G. M. Chairman Murphy utters similar absurdities when he insists—as he recently did on "Meet the Press"—that the recent labor settlement isn't inflationary.

At the end of the last contract, the average auto worker earned about $9 an hour, or about $18,700 annually for a 40-hour week (no overtime). Under the new contract—assuming an average 8 percent inflation rate needed to calculate the cost-of-living adjustments—the wage rate will climb to $11.81 in 1982, or $24,600 annually. Non-taxable fringe benefits will also rise by about one-third, and so total labor costs per worker could rise from about $30,000 to $40,000.

The UAW's "significant concessions" to Chrysler are mostly trivial. At the end of the third year, Chrysler's labor costs will not differ from those of Ford or General Motors. Cost-of-living adjustments will be paid right on schedule; the additional annual 3 percent wage increases will be paid somewhat later than at the other firms, but the lag is no more than a half year.

It is not clear that Chrysler needs federal help or, if so, how much. Even the UAW's slight concessions, according to the union and company, will save Chrysler about $200 million over three years. A contract more befitting a firm teetering on bankruptcy—say, a wage freeze—probably would have saved $750 million to $1 billion. But the higher wage bill also means the Chrysler must borrow more (paying more interest) and charge higher prices (selling fewer cars), which further compound the cash squeeze.

None of this should be anyone's idea of an economically efficient socially just policy. Even if Congress rescues Chrysler, it may do so under conditions that keep automobile sales listless, and that listlessness will spread to related industries, such as steel. The UAW may have bought some of its members wage increases, but it will have bought a lot of other workers unemployment.

Helping Chrysler and its union ought to be justified by broader public purposes than simply rescuing the big and powerful. And assistance ought to be extended on terms sufficiently harsh that others will not be tempted to seek similar relief. That does not seem to be in prospect. This is an episode of many small-minded men—union officials, corporate executives, the president and his Treasury secretary—each trying to protect himself. Who can cover himself, with the most mediocrity? So far, it's a close race.●

LOW-LEVEL RADIOACTIVE WASTE MANAGEMENT AND DISPOSAL FACILITIES FOR NUCLEAR MEDICINE

HON. MIKE McCORMACK

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. McCORMACK. Mr. Speaker, many Americans, and many Members of the Congress, have been alarmed by recent news suggesting the possible discontinuance of nuclear-medicine services for the American people. This has resulted from a breakdown of the normal service arrangements necessary for the therapeutic and diagnostic uses of nuclear medicine. The breakdown is due to the closing, temporary or permanent, of all but one of the civilian low-level nuclear waste burial grounds in this country.

The radioactive materials used in nuclear medicine involve very small quantities for any one patient or specimen, but so many Americans require these services that the cumulative amount of these low-level radioactive materials is quite large. There are also low-level waste produced by the nuclear power production industry.

Care must be properly exercised in disposal of these controlled wastes, notwithstanding the fact that most of the radiopharmaceuticals administered to patients are discharged through bodily excrements in an uncontrolled fashion into the public sewer systems. Nevertheless, the contaminated equipment used in medical operations involving radioactive material, under the control of the doctors and the medical laboratories, should be handled and disposed of properly, according to our existing strict rules and regulations.

Radioactive materials are used medically in two principal ways. One is in radiotherapy, where radiation is used to preferentially destroy malignancies in the body. The other is in diagnosis where radioactive materials are employed to examine the functioning of various organs.

Radioactivity has been a boon to the medical profession by allowing doctors to "see" inside the human body without actually entering it. For example, a procedure called angiography, in which radioactive technicium is injected into the blood of cardiac patients, literally allows a motion picture to be taken of the heart movements of the affected patients. An equally important part of diagnosis is in the laboratory, where, often unbeknownst to the patient, radioactive materials are used in testing specimens such as blood for transfusion.

These are not small uses, confined to a few patients. About one-half of the patients in the United States today are benefited in one way or another by the use of radioactive materials in their health care. These services must not be interrupted or stopped. Above all, they must not be curtailed because of inadequate procedures for disposing of the radioactive waste products.

Radioactive materials are used in other sectors of our society as well. They are extensively employed in industrial control and measurement activities. Similarly, traces of some low-level radioactive wastes originate from nuclear power production. However, the most critical need for low-level waste management today is primarily for medical and industrial purposes.

It is important to distinguish between the low-level radioactive wastes produced from nuclear power production and for medical purposes on the one hand; and the future high-level wastes from nuclear power production on the other.

High-level wastes that will be produced from processing spent fuel from nuclear powerplants will be handled separately and differently—and in the future, when we have a reprocessing program for nuclear fuel.

The situation existing today is that a few irregularities in the packaging and shipment of some low-level radioactive wastes, combined with public confusion regarding radioactivity have forced the Governors of the several States which until recently were still operating disposal facilities to temporarily close them. While we can understand their concern for their citizens, we are concerned with the impact of these actions on the Nation as a whole.

Originally, this country had six disposal facilities for commercial radioactive wastes. Three of these have been closed for many months, but in recent weeks the facilities in Washington and Nevada have been closed hopefully, this is a temporary situation. The last remaining burial ground is in South Carolina. It is open only to prior users and for nonliquid wastes. However many of the wastes used in the healing arts are liquid. If the present situation continues for many more weeks, there is no recourse but for curtailment of an important component of modern medical practice. Obviously, action is needed immediately to provide adequate disposal facilities.

In anticipation of such difficulties, I introduced an amendment to the fiscal year 1980 Department of Energy authorization bill, directing the Department of Energy to establish about a dozen facilities, located to serve all regions of the Nation and thereby minimize transportation distances. These sites would be licensed by the Nuclear Regulatory Commission. My amendment was itself subsequently amended to call instead for a study only, this to be completed by May 1, 1980. In the intervening time, however, a national crisis will have arisen because all but one of the burial grounds have been closed, with the remaining one under reduced operation. Wastes are accumulating in our hospitals and laboratories.

Action is obviously needed before May of next year. I have, therefore, written the Secretary of the Department of Energy and the Chairman of the Nuclear Regulatory Commission asking their urgent attention to this matter. I am pleased that these agencies are fully cooperating in seeking solutions to the problems in this national emergency.

Yesterday the Subcommittee on Energy Research and Production of the Science and Technology Committee received testimony from the senior officials of the Government, and from leading U.S. medical organizations. We heard general agreement from Governors Dixy Lee Ray of Washington and Richard W. Riley of South Carolina and from Chairman Joseph M. Hendrie of the Nuclear Regulatory Commission that each of the individual 50 States should take responsibility for the radioactive wastes it generates, unless each State arranges for regional cooperation with a nearby State. The Deputy Under Secretary of the Department of Energy stated that his Department would cooperate in solving the problem, but cautioned that studies and time are needed. Representatives of the national nuclear-medicine organizations, in addition to Nobel Laureate Rosalyn Yalow, confirmed the urgent need for action.

To fulfill this need, I introduced yesterday a separate bill to establish about a dozen regional low-level nuclear waste burial grounds in this country. I urge the involvement and suggestions of all my colleagues. None of the Members of the Congress wishes to have the important nuclear medicine facilities in his or her district brought to a standstill. Similarly, none of us wishes to have the controlled residuals from the use of nuclear medicine pile up in an uncontrolled fashion at these facilities. There is a common need for a national solution to continue these critical services by arranging for regional disposal sites.

The Subcommittee on Energy Research and Production has learned from its hearings today that governmental action is urgently needed and that the Congress should use its wisdom in best forging an agreement between Federal and State governments.

I am confident that my colleagues will provide their cooperation in this urgent matter.●

SECOND ANNUAL READING CHRISTMAS PARADE AND FESTIVAL

HON. GUS YATRON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. YATRON. Mr. Speaker, on Saturday, November 17, the city of Reading is holding its second Annual Christmas Parade and Festival. The parade is sponsored by the Penn Square Commission and this year we are most honored to have Willie Stargell as the grand marshal.

The outstanding contributions of the leader and captain of the Pittsburgh Pirates are well known to all baseball fans. As the most valuable player of the world series this year, Willie Stargell led his team to victory with an exciting comeback from a 3-to-1 game deficit against the Baltimore Orioles. This was only the fourth time in world series history that a team has accomplished this, to win in the seventh game of the world series.

Willie Stargell's accomplishments in baseball are legendary. But perhaps more importantly, he is recognized as a great individual, a man of pride and humility, a man of compassion and strength, a man who is a true inspiration to all of us.

I know that all my colleagues will join with me in commending Mr. Lee C. Olsen, economic development director of the Penn Square Commission and coordinator of the Christmas Parade and Festival for his outstanding work on the behalf of the citizens of the city of Reading.

And I know, Mr. Speaker, that all my colleagues will join with me in paying tribute to Willie Stargell and the entire Pittsburgh Pirate baseball team. We are, indeed, fortunate to live in a nation which allows individual and collective expression of pride, self-accomplishment, and greatness. We are also fortunate to have a man like Willie Stargell in our midst.●

STATEMENT OF THE HONORABLE HENRY A. WAXMAN WITH RESPECT TO HIS REQUEST FOR A RULE ON H.R. 2626, THE HOSPITAL COST CONTAINMENT ACT OF 1979

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. WAXMAN. Mr. Speaker, I take this occasion to advise my colleagues as to the nature of my request to the Committee on Rules for the rule on H.R. 2626, the Hospital Cost Containment Act of 1979. I have recommended the following modified closed rule:

First. That H.R. 2626 as amended by the Committee on Ways and Means be in order as an original bill for purposes of amendment;

Second. That H.R. 2626 as amended by the Committee on Interstate and Foreign Commerce be in order as a substitute for the Ways and Means bill;

Third. That a specific amendment to the Commerce substitute by Congressman RANGEL, to be printed in the RECORD, be in order, and

Fourth. That no further amendments except for pro forma amendments be in order to either the Commerce substitute or the Ways and Means bill.

I must specifically note, so there can be no confusion on the part of my colleagues, that these are personal recommendations and are not made in a capacity as the official designee of the Committee on Interstate and Foreign Commerce.●

A CONGRESSIONAL TRIBUTE TO BOY SCOUT TROOP 42

HON. ROBERT McCLORY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. McCLORY. Mr. Speaker, the 50th Anniversary Celebration of Boy Scout Troop 42 of Lake Bluff, Ill., recalls a long experience that I have had with this outstanding unit of the Boy Scouts of America.

My own association with the Boy Scouts antedates the establishment of Troop 42 of Lake Bluff in that I became a Boy Scout in 1920, just 12 years after the Boy Scouts were introduced to the Nation by the late Lord Baden-Powell, who began scouting in England in 1907.

It is interesting to recall that the Boy Scouts of America were incorporated in our Nation in 1910, and, thereafter, received a congressional charter in 1916. I was pleased to be a Representative in the Congress in 1966 when the golden anniversary of the congressional charter was celebrated in Washington with appropriate ceremonies honoring the Boy Scouts of America.

Mr. Speaker, now, just 13 years later, Lake Bluff Troop 42 is celebrating its golden anniversary with a gathering together of many of the members and former members of the Boy Scout troop as well as many of the troop's leaders.

Boy Scout Troop 42 was formed on June 30, 1926, by a committee composed of E. M. Mawman, Maurice Mandeville, James E. Northcott, and E. E. Dewey, M.D. This first troop consisted of 13 boys and met in Grace Methodist Church of Lake Bluff under the direction of Leo C. Montgomery, their first scoutmaster. What is most interesting is that Grace Methodist Church continues to sponsor the troop today, under the direction of their present scoutmaster, Elmo Earls.

Mr. Speaker, in this connection, I am pleased and proud to recall my service as scoutmaster of Troop 42 over a period of 2 or 3 years beginning in 1938 when I replaced for several years the erstwhile early scoutmaster of this troop, Bob Wright, who now lives in Antioch and who serves on the board of trustees of the College of Lake County.

Mr. Speaker, recalling my individual service to Troop 42, I discovered an opportunity for service which contributed much to my own experience and enabled the Scouts to learn firsthand about the great outdoors through hiking and camping, including overnight campouts and participation in camporees where other troops of the North Shore Area Council also were gathered—and where competition in the skills of camping dominated the weekend experience.

The members of this troop also took part in activities at Camp MA-KA-JA-WAN in northern Wisconsin, where I was also privileged to visit along with other Scout leaders.

Mr. Speaker, it was during this period that I introduced to members of the Lake Bluff Boy Scout troop the sport of skiing—both cross-country and Alpine skiing, including trips to Wilmont, Wis. even before the ski-lift facilities were installed there.

One other experience which I wish to recall on this 50th anniversary of Troop 42 is the construction of a Boy Scout building in what was formerly described as the Community Gardens in Lake Bluff. The Boy Scout building consisted of a prefabricated former school room which was hauled by truck from the city of Chicago and assembled by the Boy Scouts and some of the adult leaders and parents and which for several years was the meeting place of our Scout troop before residential development took over the Community Gardens site and Troop 42's home was displaced.

Mr. Speaker, when my business and public activities became more demanding, I withdrew as Scoutmaster to become chairman of the finance committee and later as a member of the board of the North Shore Area Council where I continued Scouting activities for many years.

Mr. Speaker, I am grateful for the opportunity which I had in Scouting, for the Scouts which I have been privileged to work with and for all of the scout leaders and supporters who have perpetuated this great institution in behalf of our communities and our Nation's youth.

Mr. Speaker, I expect to be present at the 50th anniversary ceremonies at Grace Methodist Church in Lake Bluff on Sunday, December 2, 1979, to join with Boy Scouts, parents and present and past leaders of this great Boy Scout Troop and to pay honor and tribute to those who carry on in behalf of Troop 42 of the North Shore Area Council of the Boy Scouts of America. I congratulate and salute all of them.●

DMSO

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. SYMMS. Mr. Speaker, due to the Food and Drug Administration's procrastination in approving dimethyl sulfoxide (DMSO) for the treatment of arthritis, bursitis, rheumatism and other disorders of the muscular-skeletal system, I am introducing legislation which would approve the topical use of this drug in the treatment of those illnesses.

DMSO is a clear, colorless liquid which is a biological solvent whose most notable property is its ability to cross cellular membranes rapidly. It reduces swelling and pain and although it is widely available to veterinarians for animal use, it has been restricted by the FDA since 1965 even though there has never been any documented harm to human beings other than minor irritations.

Dimethyl sulfoxide is not a cure for arthritis, bursitis, rheumatism, or other muscular-skeletal disorders but it does provide relief to the many individuals who suffer daily from these afflictions. DMSO enables these individuals to function as normal, human beings in their daily lives.●

THE CRASH OF 1929

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. PAUL. Mr. Speaker, a lot of articles appeared recently about the Crash of 1929. The best, in my opinion, was written by Dr. Murray Rothbard for Inquiry Magazine.

Dr. Rothbard, the outstanding free market economist who has written the definitive work on the Great Depression, has a story to tell that is all too relevant to our economic ills today. I would like to call it to my colleagues' attention.

The article follows:

RELIVING THE CRASH OF '29

(By Murray N. Rothbard)

A half centry ago America—and then the world—was rocked by a mighty stock market crash that soon turned into the steepest and the longest lasting depression of all time. Only the cataclysm of World War II was able to pull the Western world out of the Great Depression. It was not only the sharpness and depth of the depression that stunned the world and changed the face of modern history: It was the length, the chronic economic morass persisting throughout the 1930s, that caused intellectuals and the general public to despair of the market economy and the capitalist system. Previous depressions, no matter how sharp, generally lasted no more than a year or two. But now, for over a decade, poverty, unemployment, and hopelessness led millions to seek some new economic system that would cure the depression and avoid a repetition of it.

Political solutions and panaceas differed; for some it was Marxian socialism; for others, one or another form of fascism. In the United States the accepted solution was a Keynesian mixed economy or welfare-warfare state. Harvard was the focus of Keynesian economics in the United States, and Seymour Harris, a prominent Keynesian teaching there, titled one of his many books Saving American Capitalism; that title encapsulated the spirit of the New Deal reformers of the thirties and forties. By the massive use of state power and government spending, capitalism was going to be saved from the challenges of communism or fascism.

One common guiding assumption characterized the Keynesians, socialists, and fascists of the 1930s: that laissez-faire, free-market capitalism had been the touchstone of the U.S. economy during the 1920s, and that this old-fashioned form of capitalism had manifestly failed us by generating, or at least allowing, the most catastrophic depression in history to strike at the United States and the entire Western world. Well, weren't the 1920s, with their burgeoning optimism, their speculation, their enshrinement of Big Business in politics, their Republican dominance, their individualism, their hedonistic cultural decadence, weren't these years indeed the heyday of laissez-faire? Certainly that decade *looked* that way to most observers, and hence it was natural that the free market should take the blame for the consequences of unbridled capitalism in 1929 and after.

Unfortunately for the course of history, the common interpretation was dead wrong: There was very little laissez-faire capitalism in the 1920s. Indeed the opposite was true: Significant parts of the economy were infused with proto-New Deal statism, a statism that plunged us into the Great Depression and prolonged this miasma for more than a decade.

In the first place, everyone forgot that the Republicans had never been the laissez-faire party: On the contrary, it was the Democrats who had always championed free markets and minimal government, while the Republicans had crusaded for a protective tariff that would shield domestic industry from efficient competition, for huge land grants and other subsidies to railroads, and for inflation and cheap credit to stimulate purchasing power and apparent prosperity. It was the Republicans who championed paternalistic Big Government and the partnership of business and government while the Democrats sought free trade and free competition, denounced the tariff as the "mother of trusts," and argued for the gold standard and the separation of government and banking as the only way to guard against inflation and the destruction of people's savings. At least that was the policy of the Democrats before Bryan and Wilson at the start of the twentieth century, when the party shifted to a position not very far from its ancient Republican rivals.

The Republicans never shifted, and their reign in the 1920s brought the federal government to its greatest intensity of peacetime spending and hiked the tariff to new, stratospheric levels. A minority of old-fashioned "Cleveland" Democrats continued to hammer away at Republican extravagance and Big Government during the Coolidge and Hoover eras. Those included Governor Albert Ritchie of Maryland, Senator James Reed of Missouri, and former Solicitor General James M. Beck, who wrote two characteristic books in this era: *The Vanishing Rights of the States* and *Our Wonderland of Bureaucracy.*

But most important in terms of the Depression was the new statism that the Republicans, following on the Wilson administration, brought to the vital but arcane field of money and banking. How many Americans know or care anything about banking? Yet it was in this neglected but crucial area that the seeds of 1929 were sown and cultivated by the American government.

The United States was the last major country to enjoy, or be saddled with, a central bank. All the major European countries had adopted central banks during the eighteenth and nineteenth centuries, which enabled governments to control and dominate commercial banks, to bail out banking firms whenever they got into trouble, and to inflate money and credit in ways controlled and regulated by the government. Only the United States, as a result of Democratic agitation during the Jacksonian era, had had the courage to extend the doctrine of classical liberalism to the banking system, thereby separating government from money and banking. Having deposed the central bank in the 1830s, the United States enjoyed a freely competitive banking system—and hence a relatively "hard" noninflated money—until the Civil War. During that catastrophe, the Republicans used their one-party dominance to push through their interventionist economic program; it included a protective tariff and land grants to railroads, as well as inflationary paper money and a "national banking system" that in effect crippled state-chartered banks and paved the way for the later central bank.

The United States adopted its central bank, the Federal Reserve System, in 1913, backed by a consensus of Democrats and Republicans. This virtual nationalization of the banking system was unopposed by the big banks; in fact, Wall Street and the other large banks had actively sought such a central system for many years. The result was the cartelization of banking under federal control, with the government standing ready to bail out banks in trouble, and also ready to inflate money and credit to whatever extent the banks felt was necessary.

Without a functioning Federal Reserve System available to inflate the money supply, the United States could not have financed its participation in World War I; the war was fueled by heavy government deficits and by the creation of new money to pay for swollen federal expenditures.

One point is undisputed: The autocratic ruler of the Federal Reserve System, from its inception in 1914 to his death in 1928, was Benjamin Strong, a New York banker who had been named governor of the Federal Reserve Bank of New York. Strong consistently and repeatedly used his power to force an inflationary increase of money and bank credit in the American economy, thereby driving prices higher than they would have been and stimulating disastrous booms in the stock and real estate markets. In 1927, Strong gaily told a French central banker that he was going to give "a little coup de whiskey to the stock market." What was the point? Why did Strong pursue a policy that now can seem only heedless, dangerous, and recklessly extravagant?

Once the government has assumed absolute control of the money-creating machinery in society, it benefits—as would any other group—by using that power. Anyone would benefit, at least in the short run, by printing or creating new money for his own use or for the use of his economic or political allies. Strong had several motives for supporting an inflationary boom in the 1920s. One was to stimulate foreign loans and foreign exports. The Republican party was committed to a policy of partnership of government and industry, and to subsidizing domestic and export firms. A protective tariff aided inefficient domestic producers by keeping out foreign competition. But if foreigners were shut out of our markets, how in the world were they going to buy our exports? The Republican administration thought it had solved this dilemma by stimulating American loans to foreigners so that they could buy our products.

A fine solution in the short run, but how were these loans to be kept up, and more important, how were they to be repaid? The banking community was also confronted with the curious and ultimately self-defeating policy of preventing foreigners from selling us their products, and then lending them the money to keep buying ours. Benjamin Strong's inflationary policy meant repeated doses of cheap credit to stimulate this foreign lending. It should also be noted that this policy subsidized American investment banks in making foreign loans.

Among the exports stimulated by cheap credit and foreign loans were farm products. American agriculture, overstimulated by the swollen demands of warring European nations during World War I, was a chronically sick industry during the 1920s. It had awakened after the resumption of peace to find that farm prices had fallen and that European demand was down. Rather than adjusting to postwar realities, however, American farmers preferred to organize and agitate to force taxpayers and consumers to keep them in the style to which they had become accustomed during the palmy "parity" years of the war. One way for the federal government to bow to this political pressure was to stimulate foreign loans and hence to encourage foreign purchases of American farm products.

The "farm bloc," it should be noted, included not only farmers; more indirect and considerably less rustic interests were also busily at work. The postwar farm bloc gained strong support from George N. Peek and General Hugh S. Johnson; both, later prominent in the New Deal, were heads of the Moline Plow Company, a major manufacturer of farm machinery that stood to benefit handsomely from government subsidies to farmers. When Herbert Hoover, in one of his first acts as President—considerably before the crash—established the Federal Farm Board to raise farm prices, he installed as head of the FFB Alexander Legge, chairman of International Harvester, the nation's leading producer of farm machinery. Such was the Republican devotion to "laissez faire."

But a more indirect and ultimately more important motivation for Benjamin Strong's inflationary credit policies in the 1920s was his view that it was vitally important to "help England," even at American expense. Thus, in the spring of 1928, his assistant noted Strong's displeasure at the American public's outcry against the "speculative excesses" of the stock market. The public didn't realize, Strong thought, that "we were now paying the penalty for the decision which was reached early in 1924 to help the rest of the world back to a sound financial and monetary basis." An unexceptionable statement, provided that we clear up some euphemisms. For the "decision" was taken by Strong in camera, without the knowledge or participation of the American people; the decision was to inflate money and credit, and it was done not to help the "rest of the world" but to help sustain Britain's unsound and inflationary policies.

Before the World War, all the major nations were on the gold standard, which meant that the various currencies—the dollar, pound, mark, franc, etc.—were redeemable in fixed weights of gold. This gold requirement ensured that governments were strictly limited in the amount of scrip they could print and pour into circulation, whether by spending to finance government deficits or by lending to favored economic or political groups. Consequently, inflation had been kept in check throughout the nineteenth century when this system was in force.

But world war ruptured all that, just as it destroyed so many other aspects of the classical liberal policy. The major warring powers spent heavily on the war effort, creating new money in bushel baskets to pay the expense. Inflation was consequently rampant during and after World War I and, since there were far more pounds, marks, and francs in circulation than could possibly be redeemed in gold, the warring countries were forced to go off the gold standards and to fall back on paper currencies—all, that is, except for the United States, which was embroiled in the war for a relatively short time and could therefore afford to remain on the gold standard.

After the war the nations faced a world currency breakdown with rampant inflation and chaotically falling exchange rates. What was to be done? There was a general consensus on the need to go back to gold, and thereby to eliminate inflation and frantically fluctuating exchange rates. But how to go back? That is, what should be the relations between gold and the various currencies? Specifically, Britain had been the world's financial center for a century before the war, and the British pound and the dollar had been fixed all that time in terms of gold so that the pound would always be worth $4.86. But during and after the war the pound had been inflated relatively far more than the dollar, and thus had fallen to about $3.50 on the foreign exchange market. But Britain was adamant about returning the pound, not to the realistic level of $3.50, but rather to the old prewar par of $4.86.

Why the stubborn insistence on going back to gold at the obsolete prewar par? Part of the reason was a stubborn and mindless concentration on face-saving and British honor, on showing that the old lion was just as strong and tough as before the war. Partly, it was a shrewd realization by British bankers that if the pound were devalued from prewar levels England would lose its financial preeminence, perhaps to the United States, which had been able to retain its gold status.

So, under the spell of its bankers, England made the fateful decision to go back to gold at $4.86. But this meant that British exports were now made artificially expensive and its imports cheaper, and since England lived by selling coal, textiles, and other products, while importing food, the resulting chronic depression in its export industries had serious consequences for the British economy. Unemployment remained high in Britain, especially in its export industries, throughout the boom of the 1920s.

To make this leap backward to $4.86 viable, Britain would have had to deflate its economy so as to bring about lower prices and wages and make its exports once again inexpensive abroad. But it wasn't willing to deflate since that would have meant a bitter confrontation with Britain's now powerful unions. Ever since the imposition of an extensive unemployment insurance system, wages in Britain were no longer flexible downward as they had been before the war. In fact, rather than deflate, the British government wanted the freedom to keep inflating, in order to raise prices, do an end run around union wage rates, and ensure cheap credit for business.

The British authorities had boxed themselves in: They insisted on several axioms. One was to go back to gold at the old prewar par of $4.86. This would have made deflation necessary, except that a second axiom was that the British continue to pursue a cheap credit, inflationary policy rather than deflation. How to square the circle? What the British tried was political pressure and armtwisting on other countries, to try to induce or force them to inflate too. If other countries would also inflate, the pound would remain stable in relation to other currencies; Britain would not keep losing gold to other nations, which endangered its own jerry-built monetary structure.

On the defeated and small new countries of Europe. Britain's pressure was notably successful. Using their dominance in the League of Nations and especially in its Financial Committee, the British forced country after country not only to return to gold, but to do so at overvalued rates, thereby endangering those nation's exports and stimulating imports from Britain. And the British also flummoxed these countries into adopting a new form of gold "exchange" standard, in which they kept their reserves not in gold, as before, but in sterling balances in London. In this way, the British could continue to inflate, and pounds, instead of being redeemed in gold, were used by other countries as reserves on which to pyramid their own paper inflation. The only stubborn resistance to the new order came from France, which had a hard-money policy into the late 1920s. It was French resistance to the new British monetary order that was ultimately fatal to the house of cards the British attempted to construct in the 1920s.

The United States was a different situation altogether. Britain could not coerce the United States into inflating in order to save the misbegotten pound, but it could cajole and persuade. In particular, it had a staunch ally in Benjamin Strong, who could always be relied on to be a willing servitor of British interests. By repeatedly agreeing to inflate the dollar at British urging, Benjamin Strong won the plaudits of the British financial press as the best friend of Great Britain since Ambassador Walter Hines Page, who had played a key role in inducing the U.S. to enter the war on the British side.

Why did Strong do it? We know that he formed a close friendship with British financial autocrat Montagu Norman, longtime head of the Bank of England. Norman would make secret visits to the United States, checking in at a Saratoga Springs resort under an assumed name, and Strong would join him there for the weekend, also incognito, there to agree on yet another inflationary *coup de whiskey* to the market. Surely this Strong-Norman tie was crucial, but what was its basic nature? Some writers have improbably speculated on a homosexual liaison to explain the otherwise mysterious subservience of Strong to Norman's wishes. But there was another, and more concrete and provable tie that bound these two financial autocrats together.

That tie involved the Morgan banking interests. Benjamin Strong had lived his life in the Morgan ambit. Before being named head of the Federal Reserve, Strong had risen to head of the Bankers Trust Company, a creature of the Morgan bank. When asked to be head of the Fed, he was persuaded to take the job by two of his best friends, Henry P. Davison and Dwight Morrow, both partners of J. P. Morgan & Co.

The Federal Reserve System arrived at a good time for the Morgans. It was needed to finance America's participation in World War I, a participation strongly supported by the Morgans, who played a major role in bringing the Wilson administration into the war. The Morgans, heavily invested in railroad securities, had been caught short by the boom in industrial stocks that emerged at the turn of the century. Consequently, much of their position in investment banking was being eroded by Kuhn, Loeb & Co., which had been faster off the mark on investment in industrial securities. World War I meant economic boom or collapse for the Morgans. The House of Morgan was the fiscal agent for the Bank of England; it had the underwriting concession for all sales of British and French bonds in the United States during the war, and it helped finance U.S. arms and munitions sales to Britain and France. The House of Morgan had a very heavy investment in an Anglo-French victory and in a German-Austrian defeat. Kuhn, Loeb, on the other hand, was pro-German, and therefore was tied more to the fate of the Central Powers.

The cement binding Strong and Norman was the Morgan connection. Not only was the House of Morgan intimately wrapped up in British finance, but Norman himself—as well as his grandfather—in earlier days had worked in New York for the powerful investment banking firm of Brown Brothers, and hence had developed close personal ties with the New York banking community. For Benjamin Strong, helping Britain meant helping the House of Morgan to shore up the internally contradictory monetary structure it had constructed for the postwar world.

The result was inflationary credit, a speculative boom that could not last and the Great Crash whose fiftieth anniversary we observe this year. After Strong's death in late 1928, the new Federal Reserve authorities, while confused on many issues, were no longer consistent servitors of Britain and the Morgans. The deliberate and consistent policy of inflation came to an end, and a corrective depression soon arrived.

There are two mysteries about the Depression, mysteries having two separate and distinct solutions. One is, why the crash? Why the sudden crash and depression in the midst of boom and seemingly permanent prosperity? We have seen the answer: inflationary credit expansion propelled by the Federal Reserve System, in the service of various motives, including helping Britain and the House of Morgan. But there is another vital and very different problem. Given the crash, why did the recovery take so long? Usually when a crash or financial panic strikes, the economic and financial depression, be it slight or severe, is over in a few months, or a year or two at the most. After that, economic recovery will have arrived. The crucial difference between earlier depressions and that of 1929 was that the 1929 crash became chronic and seemed permanent.

What is seldom realized is that depressions, despite their evident hardship on so many, perform an important corrective function. They serve to eliminate the distortions introduced into the economy by an inflationary boom. When the boom is over, the many distoritions that have entered the system become clear: Prices and wage rates have been driven too high, and much unsound investment has taken place, particularly in capital goods industries. The recession or depression serves to lower the swollen prices and to liquidate the unsound and uneconomic investments; it directs resources into those areas and industries that will most effectively serve consumer demands—and were not allowed to do so during the artificial boom. Workers previously misdirected into uneconomic production, unstable at best, will, as the economy corrects itself, end up in more secure and productive employment.

The recession must be allowed to perform its work of liquidation and restoration as quickly as possible, so that the economy can be allowed to recover from boom and depression and get back to a healthy footing. Before 1929, this hands-off policy was precisely what all U.S. governments had followed, and hence depression, however sharp, would disappear after a year or so.

But when the Great Crash hit, America had recently elected a new kind of President. Until the past decade, historians had regarded Herbert Clark Hoover as the last of the laissez-faire Presidents. Instead, he was the first New Dealer. Hoover had his bipartisan aura, and was devoted to cooperatism cartelization under the aegis of Big Government; indeed, he originated the New Deal farm price support program. His New Deal specifically centered on his program for fighting depressions. Before he assumed office, Hoover determined that should a depression strike during his term of office, he would use the massive powers of the federal government to combat it. No more would the government, as in the past, pursue a hands-off policy.

As Hoover himself recalled the crash and its aftermath:

> The primary question at once arose as to whether the President and the federal government should undertake to investigate and remedy the evils. . . . No President before had ever believed that there was a governmental responsibility in such cases. . . . Presidents steadfastly had maintained that the federal government was apart from such eruptions . . . therefore, we had to pioneer a new field.

In his acceptance speech for the Presidential renomination in 1932, Herbert Hoover summed it up:

> We might have done nothing. . . . Instead, we met the situation with proposals to private business and to Congress of the most gigantic program of economic defense and counterattack ever evolved in the history of the Republic. We put it into action. . . . No government in Washington has hitherto considered that it held so broad a responsibility for leadership in such times. . . .

The massive Hoover program was, indeed, a characteristically New Deal one: vigorous action to keep up wage rates and prices, to expand public works and government deficits, to lend money to failing businesses to try to keep them afloat, and to inflate the supply of money and credit to try to stimulate purchasing power and recovery. Herbert Hoover during the 1920s had pioneered in the proto-Keynesian idea that high wages are necessary to assure sufficient purchasing power and a healthy economy. The notion led him to artificial wage-raising—and consequently to aggravating the unemployment problem—during the depression.

As soon as the stock market crashed Hoover called in all the leading industrialists in the country for a series of White House conferences in which he successfully bludgeoned the industrialists, under the threat of coercive government action, into propping up wage rates—and hence causing massive unemployment—while prices were falling sharply. After Hoover's term, Franklin D. Roosevelt simply continued and expanded Hoover's policies across the board, adding considerably more coercion along the way. Between them, the two New Deal Presidents managed the unprecedented feat of making the depression last a decade, until we were lifted out of it by our entry into World War II.

If Benjamin Strong got us into a depression and Herbert Hoover and Franklin D. Roosevelt kept us in it, what was the role in all this of the nation's economists, watchdogs of our economic health? Unsurprisingly, most economists, during the Depression and ever since, have been much more part of the problem than of the solution. During the 1920s, establishment economists, led by Professor Irving Fisher of Yale, hailed the twenties as the start of a "New Era," one in which the new Federal Reserve System would ensure permanently stable prices, avoiding either booms or busts. Unfortunately, the Fisherines, in their quest for stability, failed to realize that the trend of the free and unhampered market is always toward lower prices, as productivity rises and mass markets develop for particular products. Keeping the price level stable in an era of rising productivity, as in the 1920s, requires a massive artificial expansion of money and credit. Focusing only on wholesale prices, Strong and the economists of the 1920s were willing to engender artificial booms in real estate and stocks, as well as malinvestments in capital goods, so long as the wholesale price level remained constant.

As a result, Irving Fisher and the leading economists of the 1920s failed to recognize that a dangerous inflationary boom was taking place. When the crash came, Fisher and his disciples of the Chicago school again pinned the blame on the wrong culprit. Instead of realizing that the depression process should be left alone to work itself out as rapidly as possible, Fisher and his colleagues laid the blame on the deflation after the crash and demanded a reinflation (or "reflation") back to 1929 levels. In this way, even before Keynes the leading economists of the day managed to miss the problem of inflation and cheap credit and to demand policies that only prolonged the depression and made it worse. After all, Keynesianism did not spring forth full-blown with the publication of Keynes's General Theory in 1936.

We are still pursuing the policies of the 1920s that led to eventual disaster. The Federal Reserve is still inflating the money supply and inflates it even further with the merest hint that a recession is in the offing. The Fed is still trying to fuel a perpetual boom while avoiding a correction, on the one hand, or a great deal of inflation, on the other. In a sense, things have gotten worse. For while the hard-money economists of the 1920s and 1930s wished to retain and tighten up the gold standard, the "hard money" monetarists of today scorn gold, are happy to rely on paper currency, and feel that they are boldly courageous for proposing not to stop the inflation of money altogether, but to limit the expansion to a supposedly fixed amount.

Those who ignore the lessons of history are doomed to repeat it—except that now, with gold abandoned and each nation able to print currency ad lib, we are likely to wind up, not with a repeat of 1929, but with something far worse: the holocaust of runaway inflation that ravaged Germany in 1923 and many other countries during World War II. To avoid such a catastrophe we must have the resolve and the will to cease the inflationary expansion of credit, and to force the Federal Reserve System to stop purchasing assets and thereby to stop its continued generation of chronic, accelerating inflation.●

MORE INFORMATION NEEDED ON CHRYSLER SITUATION

HON. DAVE STOCKMAN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. STOCKMAN. Mr. Speaker, last week the White House announced its support for a $1.5 billion loan guarantee program for Chrysler. The House Banking Committee seems to be inclined to move expeditiously in the consideration of Chrysler loans; in fact, its Economic Stabilization Subcommittee had scheduled a markup for today without knowing that the administration would even have finished its deliberations.

While the company's argument that it needs help immediately deserves some consideration, the needs of this House for an adequate body of information on which to base its decision must be met. At this point, what we do not know about the implications for the national economy of giving aid to Chrysler far exceeds what we do know. Senator WILLIAM PROXMIRE, chairman of the Senate Banking Committee, and Senator JAKE GARN, ranking minority member of that committee, recently sent a letter to Secretary of the Treasury G. William Miller requesting additional information relating to the Chrysler case. Their letter provides an excellent summary of the information required for giving thorough and well-considered analysis to the aid proposals that will soon be before us.

I hope the Members will read the Proxmire-Garn letter and begin to think carefully about the possible consequences of granting loan guarantees to Chrysler.

The letter follows:

WASHINGTON, D.C., *October 29, 1979.*

Hon. G. WILLIAM MILLER,
Secretary, Department of the Treasury,
Washington, D.C.

DEAR MR. SECRETARY: The Chrysler Corporation has submitted to you a modified request for Federal loan guarantees, in the amount of $750 million, based on a revised version of its September 15 financial plan. We understand that Treasury officials have agreed to work quickly to evaluate the plan so that you can make "expeditious recommendations" regarding any Administration proposal to the Congress.

The Committee on Banking, Housing and Urban Affairs held hearings on the Chrysler Corporation's financial problems and the implications for public policy on October 10, 11, and 12. The purpose of these hearings was to obtain background information for use by the Committee in future deliberations on the Chrysler situation.

Testimony presented by witnesses at the hearings raised a number of important questions about the Chrysler plan and the assumption underlying it, as well as about some of the broader issues involved. Some similar questions are raised by Chrysler's own consultant, Booz Allen & Hamilton, Inc.

In view of your desire to respond swiftly to the Chrysler request, we thought it best to advise you of the concerns that may arise with respect to the Chrysler plan, as revised, and of the additional information that will have to be provided in order for the Committee to be able to reach a responsible decision on any proposed legislation to provide loan guarantees to the Chrysler Corporation. Information will be needed on the feasibility of the Chrysler plan, on the reliability of the assumptions underlying it, on the impact on the viability of the company if these assumptions do not materialize, on the implications for competition in the automobile industry, and on the potential effects on employment and on the economy in general of alternative scenarios of Chrysler's future situation. The following pages discuss the needs and concerns of the Committee in more detail.

The "Modification of Loan Guarantee Request" submitted to you by the Chrysler Corporation on October 17 represents an improvement over the September 15 plan in terms of information provided, but it is still deficient in a number of respects. The plan projects a dramatic turnaround over the six-year period running through 1985 by a company which has shown a continuing deterioration in its financial and market position since the early 1950's—a turnaround based on the injection of $750 million in Federal loan guarantees. Highlights of the plan include the following:

(a) economic assumptions of GNP growth averaging 3.5 percent a year, inflation in the 8 percent range, and ample supplies of fuel with no protracted shortages until at least the latter part of the plan period;

(b) an increase of about 20 percent in Chrysler's U.S. market share by 1985, from 10.3 to 12.3 percent, based on a 42 percent rise in unit sales and significant increases in penetration of almost all segments of the U.S. car and truck markets;

(c) variable margin improvements and fixed cost reductions totalling over $1 billion a year from 1978 levels;

(d) resultant net earnings of $996 million in 1985, as compared with an estimated loss of $1,073 billion in 1979, and improvement of the company's return on sales to about 4 percent starting in 1984;

(e) capital-related spending amounting to $13.6 billion over the six-year period, accompanied by a cumulative cash shortfall peaking at $2.1 billion in 1981, to be covered by $750 million in loans guaranteed by the Federal government and an additional $1.35 billion in new funding to be obtained from (unspecified) asset dispositions, financial institutions, constituent groups, and state and local governments; and

(f) maintenance of Chrysler as a full line automobile company, with plans for expansion into new segments of the car and truck industries and establishment of more distinct identities for the two marketing divisions (Chrysler/Plymouth and Dodge/Dodge Truck).

These points and questions concerning them will be discussed in the following section:

(A) ECONOMIC ASSUMPTIONS

The revised Chrysler plan is an improvement over the previous plan in that it spells out some of the economic assumptions for the 1980–1985 period on which the sales and earnings projections are based, although the only back-up data provided are the charts shown in exhibits I–IV. There is no discussion, however, of the potential effects on the plan should any of these assumptions not be realized. For instance, it is assumed that there will be an ample supply of fuel available with no protracted shortages, at least until the latter years of the plan. Presumably this assumption forms part of the basis for the forecast in the plan of a partial swing in consumer demand back to middle and large-sized cars by 1981. If new shortages occur, or even if they are perceived as a continuing threat, then this trend may not develop. In that case, Chrysler's sales of these larger cars would probably fall short of projections, its cash shortfall would widen, its profits would fall, and thus its financing needs might well exceed the amounts provided in the plan. Similarly, if other assumptions, such as GNP growth averaging 3.5 percent a year or inflation in the range of 8 percent, do not materialize—if the economy turns out to be in better or worse shape than predicted—then the plan will be affected and Chrysler's financing needs may be greater or less than projected. Given the uncertainties involved in econometric forecasts, it is necessary to have available a range of alternative possibilities, from pessimistic to optimistic, so that the Committee will be able to gauge the effects on Chrysler's situation and its prospects for recovery if the assumptions outlined in the plan prove incorrect.

(B) MARKET SHARE

According to witnesses who testified at the Committee's hearings, the projected increase in Chrysler's market share (in both the car and truck industries) is the most crucial element of the company's financial plan, and the success of that plan hinges on the realization of that increase. Indeed, the company acknowledges the importance of this element by pointing out in the plan document that every one point increase in car market share for Chrysler produces an increase of $190 million in profits.

The market share projections contained in the October 17 plan remain unchanged from those in the September 15 plan discussed in the hearings. They show a growth in Chrysler's share of the automobile market as a whole from 10.3 percent of units sold in 1979 to 12.3 percent in 1985, which comes out to about a 20 percent increase in market share over that six-year period. In the car industry specifically, a somewhat larger growth in market share is forecast: from 10.2 percent in 1979 to 12.4 percent in 1985, for a gain of 22 percent.

Using Chrysler's figures, this translates into a $418 million increase in profits by 1985. By the same token, however, it can be assumed that if Chrysler's car market share does not rise by the projected amount, if indeed it were to remain at the same level, then Chrysler's profits would be $418 million lower than projected for 1985. And if there were, say, a 2 point drop in market share over that time period, which would not be inconsistent with recent trends, then this would reduce the 1985 figure by $808 million, which would come close to wiping out the $996 million in total profits projected for that year.

In light of all this, it is important that the Committee be provided with full and detailed justification for the market share projections contained in the Chrysler plan. A closer examination of these figures, as shown in Exhibit VIII, suggests that they may be rather optimistic.

The gains forecast are particularly marked for the car industry, where Chrysler is projecting a 38 percent rise in unit sales over the six-year plan period, as compared with a 14 percent rise for the U.S. car industry as a whole. These gains are based on the assumption that Chrysler will increase its penetration of every segment of the U.S. car market except for basic large cars, where the decline will be partially offset by the introduction of a new luxury car. The increase in penetration is shown to be especially great in the compact and middle-sized segments, which together will comprise close to 50 percent of the car industry by 1985.

The tables in Exhibit VIII show a 15 percent gain in Chrysler's truck market share, but the volume increases here are greater—a 54 percent rise in unit sales of Chrysler trucks, as compared with a 34 percent rise industrywide. In this category, the Chrysler figures show increased penetration in virtually every segment of the truck industry, except for standard-size pick-ups, where Chrysler's share is projected to drop just 25 percent while total industry volume is expected to drop by closer to 50 percent. The Chrysler figures include some significant penetration of the small bus and small van segments of the truck market, where Chrysler does not have any models now and does not expect to have any until the mid-1980's.

While the Committee was told that such market share gains would not be unprecedented, they are nonetheless ambitious, especially for a company which has seen a continuous decline in its market share over the past 10 years. The Chrsyler plan document states that the market share forecasts are based on a detailed examination of the industry but that "due to the confidential nature of this material, the detailed analysis is not presented".

Witnesses at the hearings testified that it was essential that the Committee have detailed information on the assumptions underlying Chrysler's market share forecast available for review. These witnesses also stated that Chrysler's assumptions would have to be evaluated in the context of similarly detailed information on General Motors' (GM) and Ford's future marketing and production plans, since any gain in Chrysler's market share will have to be won at the expense of its competitors, which in all segments of the car industry except for subcompacts are almost exclusively the two larger American companies. And, in light of the announcement subsequent to the hearing of the planned Renault investment in the American Motors Corporation (AMC), it would also be helpful to have further information regarding those companies' stated plans to develop and market by 1982 a front-wheel drive compact, since this car would compete directly with Chrysler's "K" car, from which it expects to win substantial gains in the compact segment of the car market. All of this information should be available before the Committee gives formal consideration to any proposed loan guarantee legislation, since the success of a plan involving $750 million in Federal guarantees would depend on the reliability of those Chrysler market share projections.

(C) COST SAVINGS

Section IV of the Chrysler plan outlines actions which the company intends to take to reduce fixed costs and improve variable margins by a total of $1 billion a year over 1978 levels, as a means of returning the company to profitability. These actions are important, because Chrysler's per unit costs are acknowledged to be the highest in the domestic automobile industry. According to information supplied to the Committee, regulatory requirements account for only part of this additional per unit cost, with factors like production inefficiencies and greater debt burden making up the rest. The actions planned include designing and aggressively marketing new products, offering more expensive optional equipment, reducing personnel, and closing some facilities.

The Committee should be provided with an analysis of the feasibility of the fixed cost reduction and variable margin improvement programs described in the Chrysler plan, and of the likelihood of achieving the projected $1 billion a year in "profit improvements" under varying economic assumptions. The company should be required to develop contingency plans for realizing additional per unit cost savings in the event that some of the expected improvements do not materialize. In addition, the Committee should have before it an analysis of the effects of these designated actions on U.S. employment, and particularly on certain areas such as Detroit, since many of these measures are likely to involve reductions in direct or indirect (i.e. supplier) employment.

(D) PROFITS

Based on the elements of the plan described above, Chrysler is projecting that it will start making a profit again in 1981 and that its net earnings will be $996 million in 1985, as compared with the estimated loss of $1.073 billion in 1979. Moreover, the plan forecasts an improvement of the company's return on sales to about 4 percent starting in 1984—a condition which Chrysler has experienced in only four years out of the past 25, all of them during the growth periods of the 1960's.

Witnesses at the Committee's hearings noted that growth rates in the automobile market are slowing, not only in the U.S., but also in Europe and Japan, as those markets reach maturity. This means there is likely to be a substantial increase in competition in the coming years, not only from the other domestic automobile companies but also from foreign companies making greater efforts to penetrate the American market. This increased competition will not only make it potentially harder for Chrysler to raise its market share as projected but may also make it necessary for the company to shave profit margins more closely in order to meet unit sales projections.

These "bottom line" earnings figures are, of course, the key to the success or failure of the Chrysler plan, and thus it is important to know if they are realistic. In order to assess the validity of the profit projections contained in the Chrysler plan and underlying its request for Federal loan guarantees, the Committee will require detailed analyses of those profit projections, in light of anticipated growth rates and competitive trends in the domestic and international automobile markets. These analyses should factor in some of the potential range of differences in economic assumptions, market share projections, and fixed and variable cost reductions suggested above and trace the impact on the company's profit picture. In addition, witnesses at the hearings stated that the Committee should have information on how Chrysler's position would be affected by fluctuations in exchange rates, which directly affect sales of imports, and by the growth of operations in the U.S. by foreign companies, such as Volkswagen's assembly plant in Pennsylvania. Analyses such as these are needed to provide a basis for the Committee to decide whether it is reasonable, in this economic climate, to assume that Chrysler can attain a 4 percent return on sales in the next few years, and if not, then what effect this will have on Chrysler's financing needs and on the viability of its recovery plan.

(E) FINANCING NEEDS

The financial projections contained in the Chrysler plan are based on the market share, profit, and fixed and variable cost reduction figures discussed above. According to Section V of the plan document, funding needs will peak at $2.1 billion in 1982, reflecting expenditures required to replace medium and full size car lines with smaller frontwheel drive models, with costs partially offset by profits from the 1981 "K" car and from the anticipated economic recovery.

In the financial plan submitted on September 15, the company said that it could raise at least $900 million of the $2.1 billion needed from asset sales and other sources, and possibly $700 million more on top of that, but not the remaining $500 million. Accordingly, Chrysler requested $1.2 billion in loan guarantees from the Federal government—$500 million initially, plus $700 million more to be available on a contingency basis. This plan was rejected as being outside of the $500–750 million loan guarantee range indicated to be acceptable to the Administration.

The October 17 request comes in right at the stated maximum—$750 million in loan guarantees—but it is not clear whether this change involves additional financing sources or simply moving numbers around. The revised plan now contemplates raising $850 million rather than $450 million from "asset dispositions, financial institutions, state and local governments, and other" and $500 million rather than $450 million from "constituents, and employee participation," for a total of $1.35 billion rather than $900 million, but it does not give any details as to how the additional $450 million will be obtained. In fact, the plan document specifically states that "the potential for funding is presented here in summary form in order not to disclose the details" because this might impair negotiations presently underway.

It is unfortunate that Chrysler is not more specific about its other funding sources at this point, given that it is pressing for swift action by the Administration in endorsing the Federal loan guarantee side of the financial plan. Certainly the Committee will have to have detailed information on the different funding sources and the amounts involved in order to reach a decision on the soundness of any loan guarantee legislation based on the Chrysler plan. Even if specific commitments cannot yet be obtained, the company should at least indicate with some specificity where it expects to get the funding needed: how much from financial institutions, from asset sales, from state and local governments, from the labor union, from dealers and suppliers.

In this regard, the Committee is particularly interested in knowing what effect the tentative labor agreement reached by Chrysler and the United Automobile Workers will have on the company's funding needs and overall financial projections. From news accounts, it appears that the agreement, if ratified by the union membership, would save the company approximately $203 million in lower payroll costs over the next two years, compared with provisions of other contracts recently agreed to in the industry. While this is an encouraging sign of labor-management cooperation, the Committee needs detailed information about the actual costs of the contract and its effective contribution to the company's financial plan in order to thoroughly evaluate union efforts to assist the company.

A number of analysts of the Chrysler situation, including witnesses at the Committee's hearings, have expressed doubts that the $2.1 billion figure is an adequate reflection of Chrysler's financial needs, and some have indicated that the actual figure could be twice that amount. According to recent press reports, this is also the view of Chrysler's own consultant, Booz Allen & Hamilton, Inc., which appears to believe that the needs may reach $2.8 billion by 1982. The company's approach to this issue, as stated in the plan, is that "the management of Chrysler is dedicated to finding ways to contain its peak cash requirements to a maximum of $2.1 billion."

The question then raised is what amount of Federal aid is needed to ensure Chrysler's long-term viability in the automobile market. A better way to ask the question might be what amount of guarantees under what conditions in the context of an overall financing plan would constitute an acceptable risk to the Federal government, in that the plan as a whole with the inclusion of a loan guarantee offers a reasonable chance of success in restoring Chrysler to financial health. And what amount beyond that would be an unacceptable risk because the chances for success would be remote in any case? Chrysler itself indicates in the plan that further borrowings beyond the $2.1 billion projected "would impose harsh financial burdens upon the Corporation". This is obviously true, given the high cost of borrowing in today's credit markets and the fact that Chrysler's debt-equity ratio is already by far the highest in the automobile industry. The financial strain imposed by further credit assistance to meet larger needs would be considerable, even if the assistance were made available at preferential Treasury rates, and prospects for the company's long-term viability could be less favorable.

A reasonable standard for determining what level of financial aid constitutes an acceptable risk for the Federal government would be the amount of outside financing available under different assumptions of need. The extent to which private financial institutions and other outside parties are willing to bear the major share of the risk in any financing arrangement should be a measure of confidence in the recovery plan and thus of the acceptability of the risk to the Federal government. The Federal portion should be the catalyst, not the lion's share. If the outside parties involved are not willing to bear most of the risk, with a priority assigned to the Federal guarantees, then that should raise questions about the viability of the plan under certain circumstances.

A logical reference for setting a standard for outside financing would be the arrangements worked out under the most recent major Federal guarantee program, the New York City Loan Guarantee Act. Under the Act, the amount of Federal loan guarantees authorized is $1.65 billion, which is equal to 37 percent of the total $4.5 billion long-term financing needs projected in the plan supporting the loan guarantee authorization. The rest comes from commitments by financial institutions and pension funds, and from public sales of bonds. In the actual financing agreement, only $750 million of those Federal guarantees, or 17 percent of the total package, are committed to be provided, with the rest held available on a stand-by basis in case other parts of the package fall short.

It would be logical to argue that any financial arrangements made for Chrysler must at least reflect the level of non-Federal commitments found in the New York City package. First, we are dealing here with a business enterprise that has assets and inventory to back up some of its borrowings, which is not true in the case of a city. Second, the parties involved in the Chrysler financial arrangements have, if anything, an even more direct interest in maintaining the company's viability. These are banks with loans outstanding (not full faith and credit bonds), suppliers whose livelihood comes in whole or in part from Chrysler, State and local governments that derive substantial tax revenues directly and indirectly from Chrysler, and workers whose jobs depend on the company. If these parties are not willing to go any further, if the banks pull back—as indicated in some press accounts—then this raises large questions about the viability of any recovery plan, with or without large amounts of Federal guarantees.

In light of these considerations, it is necessary for the Committee to have specific information regarding the standards and methods that Treasury is using and plans to use to determine the degree of risk involved and the appropriate level of Federal and non-Federal participation in Chrysler's financial rescue plan. Do you perceive any outside limits, in terms of the total amount of funding required, beyond which no amount of Federal participation would be acceptable, because the prospects for success and for repayment of the Federal obligations would be remote?

Witnesses at the hearings urged the Committee to pay attention to the experience of the British government in its efforts to rescue the British Leyland automobile company. The plan developed five years ago envisioned that the rescue would cost about a billion pounds. At this point, practically all of the billion has been used up, British Leyland's share of the domestic market has fallen from 40 percent to 20 percent, and the company is now holding its hand out to the government for another 200 pounds. This experience points up the need for a careful assessment of Chrysler's financial needs and its prospects for increasing market share and profitability, under the most pessimistic conditions as well as the most optimistic, so that both the Administration and the Congress can consider whether and to what extent loan guarantees constitute a wise step and a reasonable risk.

(F) FULL-LINE STRATEGY

All of the elements of the Chrysler plan are hinged on one basic assumption, which is that Chrysler must remain a full-time manufacturer of automotive products. In fact, it is evident from the plan document that Chrysler intends not only to remain a full-line company but indeed to expand its market coverage into other segments of the car and truck industries, by means of a $13.6 billion capital investment program supported by $750 million in Federal guarantees. The plan is designed not simply to strengthen Chrysler's penetration of segments of the market in which it is already active but also to establish Chrysler as a market presence in new segments, some of them currently controlled by the company's domestic competitors, such as large luxury cars.

The theory behind this strategy, as stated in the plan, is that Chrysler's market coverage will expand in each succeeding year, and therefore the company will appeal to a larger percentage of the marketplace each year. But it does not necessarily follow that Chrysler will sell more cars just because it offers more models in more segments of the industry, especially not in those new segments where competing products are already well-established. Nor is it clear that the profits earned through this expanded market coverage will be sufficient to offset the additional costs of development and marketing.

Witnesses at the Committee's hearings, notably the Federal Trade Commission, questioned this Chrysler strategy. While conceding that the company probably could not thrive as a single-line manufacturer of subcompacts, because of the low profit margins involved, the FTC witnesses nonetheless expressed skepticism about the expansion strategy and, in particular, about Chrysler's plans to re-enter the luxury car market. Specifically, Chrysler plans to spend close to $250 million—or a third of the amount of loan guarantees requested—to develop a new luxury Chrysler Imperial by 1981 and a successor front-wheel drive model by 1985. Although the profit margins on these cars would be high, the projected unit sales are rather small—25–30,000 per year. And given GM's traditional domination of this market, plus competition from imports, it is debatable whether even that level of sales will be attainable, and indeed whether Chrysler can reflect the necessary "image" to succeed in the luxury car market in the next few years.

While the Chrysler plan states that strategic alternatives to deal with the company's financial difficulties were considered by management, it does not appear that enough thought was given to a limited-line (as distinct from single-line) strategy. A limited-line strategy would concentrate Chrysler's offerings in market segments where it may have the strongest potential to compete successfully, while at the same time cutting down on capital investment and other costs. Indeed, it does not appear that Chrysler even considered the possibility of remaining a full-line company at current levels and focusing its efforts on increasing penetration in all of the market segments in which it presently competes, which presumably would also involve somewhat lower costs and funding needs. And whereas there would obviously be no objection per se to a private company's planning an ambitious program of product development and market expansion, one can question whether it is appropriate for a company facing a loss of $1 billion and threatening financial collapse to be presenting such a program and asking for Federal loan guarantees to help finance it.

The Chrysler plan states that management has considered four strategic alternatives to deal with Chrysler's current financial difficulties. A reading of these alternatives suggest that they are not exhaustive, nor are the reasons for accepting or rejecting them thoroughly examined in the plan document. The alternatives considered to date are given as follows:

(1) remain a full-line manufacturer of automotive products.

(2) become a manufacturer of restricted automotive offerings, which is defined as "small cars only, or family size cars only, with trucks in both cases."

(3) pursue business combinations (merger).

(4) undergo bankruptcy or reorganization under chapter 11 proceedings.

The Chrysler plan draws a stark contrast between the first and second alternatives, full-line vs. restricted line. The first will permit the company to retain its existing customers; induce small car buyers to "upline" to more profitable larger cars; and protect its asset base, work force, lenders, suppliers, dealers and various other "constituents". The second means cutting down to one car product-line only, with severe implications for sales, profits, and the dealer-body. As is indicated above, there would appear to be some limited-line alternatives lying between these two extremes which might offer certain advantages for the company. However, there is little evidence that any of these have been or are being explored, although the plan does allude to further studies of the question of strategic alternatives.

It is essential that the Committee be provided with a detailed independent analysis of the strategic alternatives available to Chrysler. Such an analysis should describe a range of full-line and limited-line strategies, and the potential impact of each on the company's sales, profits, and financing needs. In addition, the company should be required to provide a more thorough justification of the expanded-line strategy outlined in the plan. For every new model planned, and especially for every new segment of the market to be entered, Chrysler should supply detailed information about the reasons for developing that product, the market outlook and state of competition in that segment (including similar models produced or planned by other automobile manufacturers), and the capital costs involved relative to the anticipated earnings under different competitive assumptions.

The Committee will also need to have a much more detailed analysis of alternatives (3) and (4) and their relative merits. As regards the third alternative, mergers, it may well be the case, as stated in the plan, that a full merger is not possible at the present time with Chrysler's current financial problems. However, the Committee should have information about efforts Chrysler has made in the past to pursue merger possibilities, at times when its problems were evident but far less acute: what opportunities might have been available, and how diligently were they pursued? Could similar opportunities be available in the future, and under what circumstances? Also, the plan does not broach the possibility of mergers involving part rather than all of Chrysler's operations. What is the potential for mergers or other combinations of some of Chrysler's more lucrative operations, for the purpose of strengthening the company's capital base and providing new financial resources?

Then there is the fourth strategy, reorganization or bankruptcy under chapter 11 proceedings. This is simply rejected out of hand. Here again, the range of possibilities is not addressed, especially not the possibility of a substantial reorganization outside of formal chapter 11 proceedings, which would be far less likely to have the disruptive effects attributed to the bankruptcy alternatives.

Witnesses at the Committee's hearings stated that reorganization outside of chapter 11 proceedings is not only possible but preferable, and that lawyers generally make an effort to keep the problem company out of the courts. There is no evidence that Chrysler has attempted any such reorganization to bolster its financial condition, even though a reorganization of some magnitude is likely to be necessary whether or not it receives Federal loan guarantees. The Committee understands that Chrysler might restore viability by following the fairly standard "turnaround" strategy of selling off its more lucrative assets and using the proceeds to revitalize the rest of the company's operations. We assume this was what Board Chairman Iacocca meant when he told the Associated Press in August that Chrysler could make it on its own without Federal aid, that it could "muddle through". While the company has accomplished some restructuring through foreign and domestic asset dispositions, the Committee should receive more detailed information regarding the possibilities for a more fundamental reorganization of the company outside of bankruptcy proceedings, without Federal aid, and also a description of the contingency plans which the company has doubtless developed for use in the event that Federal loan guarantees are not forthcoming.

The Committee received varying views from witnesses concerning the potential outcome of a Chrysler bankruptcy under chapter 11 proceedings. Projected scenarios ranged from managed reorganization with new sources of financing to chaos and total shutdown. The only agreement was that no one can really know what would happen to Chrysler under chapter 11, especially with a new law having just come into effect, since there are no real precedents. It would be helpful for the Committee to have available a detailed review of the procedures involved in the new Bankruptcy Act and how they would probably be applied if invoked in the Chrysler case.

In addition to this more thorough examination of the Chrysler plan, the Committee will need to have further information and analysis with regard to some of the broader issues raised by the Chrysler situation, including the implications for competition in the automobile industry, the potential impact on employment and on the economy, the possible alternatives to direct Federal credit assistance, and the concerns arising from recent developments in monetary policy.

COMPETITION

Witnesses at the Committee's hearings, notably those from the FTC, expressed concern about the effects on competition of a potential Chrysler collapse, in view of the high degree of concentration already existing in the domestic automobile industry. They suggested that Chrysler's historical role as a leader in marketing and technological innovation, while unable alone to make the industry fully competitive, has at least posed a challenge to the leading two companies and thereby contributed to better industry performance. At the same time, however, they pointed to the steady decline in Chrysler's market share throughout the 1970's and questioned whether the company plays the same competitive role in today's automobile market and whether it can do so in the future.

Looking at the issue from a different angle, however, the FTC witnesses expressed concern about the implications for competition of providing Federal loan guarantees to Chrysler. The plan submitted by the Chrysler Corporation makes it evident that the company is not requesting Federal aid just to regain the status quo ante. Instead, as indicated above, the $750 million in Federal loan guarantees is the cornerstone of an ambitious plan to expand Chrysler's product lines and compete across a broader spectrum of the market. To the extent that this expansion plan succeeds, with government backing, it will cut into the market share of Chrysler's competitors, whose ability to compete may be considered to be somewhat reduced through the competitive advantage afforded to Chrysler by the Federal loan guarantees, in addition to any other preferences that might be forthcoming from Federal agencies.

It is well known that the Ford Motor Company is in some difficulty and has not been making a profit on its domestic operations. If Chrysler succeeds in realizing the market share gains projected in its plan, with the help of Federal guarantees, what effect is this likely to have on Ford's financial viability? What is the likelihood that Ford will request similar Federal aid if its market share erodes, and what would be Treasury's position on providing loan guarantees to Ford, under those circumstances? And what would be the effect on competition if two of the three large companies in the automobile industry were operating under government assistance?

EFFECTS ON EMPLOYMENT AND ON THE ECONOMY

The major argument made in favor of Federal assistance to the Chrysler Corporation concerns the potential impact on employment and on the economy in general of a Chrysler collapse.

Two studies of this question have been used as the basis for justifying Federal aid to Chrysler; indeed, they are the only ones which have been given any currency. One of the studies is an econometric forecast of the macroeconomic effects done by Data Resources, Inc. for the Congressional Budget Office; the other is a preliminary staff study of the regional effects done by the Transportation Systems Center of the Department of Transportation (DOT). Both studies employ a "worst case" scenario which assumes a total shutdown of Chrysler's operations, and both project significant employment and economic effects, although not necessarily of a permanent nature, especially for certain parts of the country such as the Detroit area.

It should be noted that witnesses representing both studies testified before the Committee and that in each case it was stated that the worst case scenario is not realistic, that the likelihood of a complete shutdown of Chrysler's operations is quite remote, and that the most probable outcome of the Chrysler situation lies somewhere in between the two extremes of complete shutdown or complete maintenance of existing jobs and facilities. The figures of 600,000 jobs lost and billions of dollars in cost to the economy are considered to be exaggerated, as are the implications that there will be no costs and all those jobs will be saved if the Federal government will only step in with loan guarantees.

We understand from the testimony at the hearings that the Treasury requested the Department of Transportation to consider other, more realistic scenarios, and not just the worst case shutdown scenario, which is of course the easiest to analyze. It is essential that the Committee have before it alternative scenarios of the effects of the Chrysler situation on employment and on the economy under different conditions and assumptions, to aid in its deliberations on proposed Chrysler legislation. These scenarios should examine the effects of a Chrysler reorganization, with or without Federal aid, now or at some future date, in or out of bankruptcy proceedings.

The Committee would also be interested in knowing Treasury's own assessment of the short-term and long-term effects of a total Chrysler shutdown and whether it differs in any way from the findings of the two studies mentioned above. What proportion of Chrysler workers laid-off are likely to be able to find jobs with other automobile companies or other manufacturing companies which can use their skills? What proportion are likely to be able to find other unrelated jobs, perhaps with some retraining or relocation assistance? What proportion, if any, are likely to be permanently unemployed? As regards suppliers and dealers, how many are likely to go under; how many should be able to convert to other sources of work and other franchises, and what degree of permanent unemployment, if any, is likely to result in these areas? What would happen to Chrysler's share of the market; how much would be picked up by Ford and GM, and how much would go to imports? And what would be the impact of all this on the economy as a whole?

Witnesses at the Committee's hearings agreed that there will be some economic effects whatever the outcome of the legislative process and the financial plan. One of the DOT witnesses stated that at least 50 percent of the jobs in Detroit are likely to be eliminated under any realistic scenario. More plants will be closed, and more workers laid off, as part of any realistic revitalization effort. Thus, the Committee will need to have, in conjunction with these alternative scenarios, certain specific information on Chrysler's condition, including the following:

An inventory of the Chrysler Corporation's plants, indicating for each the number of employees (broken down by occupational classification and into those presently on the job and those temporarily laid off), and the likelihood of that plant's being kept open and those jobs' being retained (in whole or in part) under alternative scenarios.

A description of Chrysler's plan for future operations including new plants to be built or substantially modernized, number of jobs involved, and where these plants will be located (in which area of the country, or else outside of the country in the case of the Mexican four-cylinder engine plant) and what other operations and jobs, if any, are likely to be displaced by these new plants.

ALTERNATIVES TO FEDERAL CREDIT ASSISTANCE

At some point, be it here or further down down the line, the Administration and the Congress may have to consider the possibility that the Chrysler Corporation may not be viable on a long-term basis and that some of the economic effects may have to occur anyway, barring a commitment of massive and continuing Federal assistance to keep the company alive at any cost. Therefore, it would be advisable for the Committee to have before it some alternatives to direct Federal financial aid to Chrysler that might address the difficult economic and employment problems posed by the Chrysler situation.

There are already a number of Federal programs in existence to provide assistance to communities burdened with high unemployment and economic decline. These include manpower training and relocation programs, trade adjustment assistance programs, and some economic development assistance programs which are presently undergoing a large expansion. Although there is no assurance that loan guarantees to Chrysler will solve these problems, it would nonetheless be useful for the Administration to provide the Committee with an analysis of the comprehensive measures that could be undertaken, using existing programs, to offset the economic effects of a Chrysler collapse in both the short- and long-term. The Administration should have some contingency plans, as well as the company.

RECENT DEVELOPMENT IN MONETARY POLICY

The argument will be made that Federal financial aid to the Chrysler Corporation is still more imperative in view of the stringent monetary policy initiatives recently instituted by the Federal Reserve Board and the impact these are likely to have on Chrysler's access to credit and the costs thereof. The company can plead that the Federal government is hurting it still more, while offering estimates of the additional costs involved, and it can argue that this strengthens its case for Federal loan guarantees.

There are strong arguments on the other side as well. Many sectors of the economy are being and will continue to be strained by this severe tightening of credit, however necessary it may be. Given these extraordinary circumstances, it is essential that the Treasury provide the Committee with an estimate of the credit market impact of extending a loan guarantee to Chrysler, which may well be more substantial than it would be under normal market conditions. If Chrysler gets $750 million or more in Federal loan guarantees, plus access to additional funds from banks and other parties that might not otherwise be available, then how much of this credit is likely to be diverted from other borrowers, and what sectors of the economy are likely to be most affected? Will there be any incremental impact on interest rates? What would be the estimated effect on employment in these sectors?

We appreciate your giving full consideration to the points raised in this letter and to the information needs that will be faced by the Committee on Banking, Housing and Urban Affairs in considering legislation to provide Federal loan guarantees to the Chrysler Corporation.

Best regards.

Sincerely,

WILLIAM PROXMIRE,
Chairman.
JAKE GARN,
Ranking Minority Member.●

EDITORIAL SUPPORTS NUCLEAR POWER

HON. JOHN W. WYDLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. WYDLER. Mr. Speaker, WRC–TV editorial director Gayle Perkins deserves credit for her insight into the importance of maintaining nuclear powerplants despite their risks. I would like to call the attention of my colleagues to her editorial of October 31, praising the Kemeny Commission on their decision not to impose a moratorium on plant construction.

Too often the media, especially television, cover the personalities at the extremes of the nuclear issues rather than analyzing the larger issue of how viable the various energy sources are in practical terms.

I encourage editorial writers in television to follow Ms. Perkins example of looking past the rhetoric of persons like Jane Fonda and Tom Hayden to the realities of the technologies available to reduce our dependence on foreign oil.

I submit the text of the television editorial for the edification of my colleagues and the editorial writers of this powerful electronic medium.

The editorial follows:

NUCLEAR POWER

Hello, I'm Gayle Perkins.

When President Carter announced formation of a Presidential Commission on Three Mile Island, he told them it was their task to make nuclear power even safer. Six months have passed, the commission has finished its work and the President has received a report. That report was a victory for the nuclear power industry which had feared a vote for a moratorium on nuclear power plant construction.

We are glad. Despite the caution and the risks involved in nuclear power, it is the only viable alternative that this country has right now to solve our immediate energy problems through this century. Solar heating which is being touted as the cure-all for the nations energy problems, is not the answer, especially since the technology on a grand scale is just not there yet.

We do believe, however, that substantial funding be made available for research into developing the technology for alternative sources to meet the requirements of the next century.●

TRIBUTE TO PHILIP J. RICHLEY

HON. LYLE WILLIAMS

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. WILLIAMS of Ohio. Mr. Speaker, tomorrow night, November 9, 1979, the city of Youngstown, Ohio, will honor Philip J. Richley, a public servant whose enviable record testifies to his service in his community and his State, as he retires from the office of mayor of Youngstown.

Phil Richley was born in Roccanova, Italy, April 27, 1926, and came to the United States as a small child. He grew to manhood in Ohio, earning his degree in engineering at Youngstown State University, following which he entered graduate school at the University of Pittsburgh, Pa. In 1971 he was awarded his Ph. D. in engineering at Youngstown State, the only student in the history of the university to reach that goal.

During his 30 years of public service Mayor Richley achieved his status among his peers by numerous worthwhile accomplishments. He is a registered engineer and surveyor in Ohio. In 1964 he was appointed city engineer in Youngstown. He supervised urban renewal land acquisition, and the development, design and construction of the YSU campus. The Youngstown arterial highway system came into being under his direction. Of particular interest to local residents was his work in supervising the city's water and sewage treatment systems.

Governor Gilligan appointed Richley director of the department of highways in Ohio in 1971, where he served until 1974. In that year, he was elected the first president from Ohio of the American Association of State Highway and Transportation Officials. The year before, he was chosen Man of the Year by the Mahoning County Industrial Council, the first public official to be so honored. Elected mayor in 1977, Phil is also the vice chairman of the Ohio Democratic Party.

I am pleased to join with his many friends, his wife, Josephine, daughter Phyllis, and son, John, in this salute to him and his achievements.●

UNIVERSAL MILITARY TRAINING

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. PAUL. Mr. Speaker, Senator Robert A. Taft was one of the most outspoken defenders of personal liberty ever to serve in Congress. He was also, of course, an opponent of universal military training and the draft.

On May 30, 1945, he gave a speech at Gettysburg Cemetery. His remarks are as relevant to today as they were then, and I would like to call some of them to my colleagues' attention:

> This afternoon I wish to speak particularly about one step now proposed and supported by Government propaganda, which seems to me to strike at the very basis of freedom, for which our boys are fighting. It is the proposal that we establish at once compulsory conscription for military training in time of peace. The proposal is that we establish in this country a twelve months' continuous military training for every boy, the same military set-up which we have gone to war to abolish in Germany and Japan. Whether we become a militaristic and totalitarian country depends more on this measure than any other. It does not relate to any limited class or group. It reaches every family and every boy. It subjects boys completely to the domination of the Government for a year during their most formative period. It keeps them under constant supervision as reserves for years thereafter. The power to take a boy from his home and subject him to complete Government discipline is the most serious limitation on freedom that can be imagined. Many who have accepted the idea favor a similar Government-controlled training for all girls.
>
> There is no doubt that the Government, and particularly the War and Navy Departments, are straining every nerve to secure the enactment of this legislation before the war ends. Secret meetings are being held in the Pentagon Building and elsewhere.
>
> Government propaganda is bad enough when it is open, but it is inexcusable when secret. We may expect a flood of open propaganda after the ground has been prepared, and everyone who is opposed to the plan will be pictured as for war and for unpreparedness.
>
> We have fought this war to preserve our institutions, not to change them. We have fought it to permit us to work out our problems here at home on a peaceful foundation, not on a foundation dominated by military preparations for another war. The question of the best form of military organization should not be loaded with emotion. It should be dealt with by argument and not by propaganda. But the methods being used threaten the freedom of this country, for if they are successful they can be used to fasten upon us every kind of regulation, price control for business, wage control for labor, production control for farmers. . . .
>
> With good pay, reasonable treatment for men and their families, and provision for retraining and retirement when a man is too old to stay in the Army, I don't see why Army life cannot be made just as attractive as working daily on a machine, mining coal, or engaging in hundred of other occupations. Many jobs in the Army should give highly technical training with interesting knowledge which makes the trainees capable of advancement in other activities in life.
>
> To provide the necessary Reserves, it could be made worth the while of many boys to take the necessary training. . . .
>
> Additional courses could be provided for those who wish to become Reserve Officers. What I have suggested is only one idea and there may be many others. The Army will immediately criticize any plan, because they are determined to have conscription. They want the boys for twelve months consecutively because they want to change their habits of thought, to make them soldiers, if you please, for the rest of their lives. Nothing less will do. We are indeed bankrupt of ideas if we cannot provide a method by which necessary military forces and Reserves are provided by an American voluntary system.
>
> The other arguments for conscription seem to me almost too trivial to discuss. It is said it will teach the boys discipline and that they need it. My own opinion is that we need more initiative and original thinking and less disciplne rather than more. Our present Army is not the most disciplined Army in the world, but there isn't any better Army for the simple reason that the boys do some thinking for themselves. . . .
>
> The argument that it would improve the morals of our boys has almost been dropped because of its foolishness. If there is one place where morals will not be improved, it is in the vicinity of Army camps.
>
> It is true that there are some boys who are benefitted by Army control, but to improve a few, let us not change the whole character of the American life which I believe has been the cause of success in this war.
>
> It is said that we are going to teach the boys citizenship in the camps. This argument makes clear a real danger in the whole system. By handing boys over for twelve months to the arbitrary and complete domination of the Government, we put it in the power of the Government to indoctrinate them with the political doctrines then popular with the Government. . . .
>
> Attempts along this line have been made with the present Army, and a large amount of propaganda sent out to be taught to the soldiers. In wartime it is bad enough; in peacetime, it would be intolerable.
>
> Some have supported this project on the ground that the training is to be only part military and a considerable amount of it is to be character training along other lines. We have already a complete school system in this country. If it isn't adequate and does not give education in citizenship, we can well spend our time and money in trying to improve that system. As a matter of fact, it is already the finest system of education the world has ever seen.
>
> Military conscription is essentially totalitarian. It has been established for the most part in totalitarian countries and their dictators led by Napoleon and Bismarck. It has heretofore been established by aggressor countries. It is said it would insure peace by emphasizing the tremendous military potential of this country. Surely we have emphasized that enough in this war. No one can doubt it. On the contrary, if we establish conscription every other nation in the world will feel obliged to do the same. It would set up militarism on a high pedestal throughout the world as the goal of all the world. Militarism has always led to war and not peace. Conscription was no insurance of victory in France, in Germany, or in Italy. The countries with military conscription found that it was only an incident and not the determining factor in defense or in victory.
>
> Military training by conscription means the complete regimentation of the individual at his most formative period during a period of twelve months. If we admit that in peace-

time we can deprive a man of all liberty and voice and freedom of action, if we can take him from his family and his home, then we can do the same with labor; we can order the farmer to produce and we can take over any business. If we can draft men, it is difficult to find an argument against drafting capital. Those who enthusiastically orate of returning to free enterprise and at the same time advocate peacetime conscription are blind to the implications of this policy. They are utterly inconsistent in their position. Because of its psychological effect on every citizen, because it is the most extreme form of compulsion, military conscription will be more the test of our whole philosophy than any other policy. Some say it is unconstitutional. It makes very little difference whether it actually violates the terms of the Constitution. It is against the fundamental policy of America and the American Nation. If adopted, it will color our whole future. We shall have fought to abolish totalitarianism in the world, only to set it up in the United States.

Government by the people can exist only if the people are individuals who think. It can exist only if the individual is free to rule the state and if he is not ruled by the state. We must be constantly vigilant to keep alive the thinking of free men, and there is no such threat to that thinking as the course which would impose on the Nation compulsory military training. We have no greater obligation to the men who fought at Gettysburg; we have no greater obligation to the men who fought in Europe and who are fighting in the Pacific, than to preserve here in America a state in which the individual shall be free to think and be master of his own soul, and where the people shall be free to govern their own Government.●

WOLFF LAUDS SEAMAN FOR 50 YEARS OF SERVICE TO THE MINEOLA FIRE CO. NO. 2

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. WOLFF. Mr. Speaker, I am proud to call to the attention of this Congress and our Nation the accomplishments of Warren Seaman of the Mineola Fire Department, Company No. 2. During his 50 years with the Mineola Fire Department, Warren Seaman has occupied virtually every position of leadership and responsibility including the position of fire inspector in Mineola and, presently, as the president of the Mineola Exempt Fireman's Benevolent Association.

Mr. Speaker and my distinguished colleagues, in these times when our Nation seeks leadership and direction, the contribution of this distinguished citizen is more than for the safety of the village of Mineola. Rather, Warren Seaman's lasting service will be the inspirational dedication he demonstrates in his work. The example he sets for his fellow citizens and the young people can be followed in every course of action. I am also proud to recognize the contributions and sacrifice of Warren Seaman's wife, Ann, and their two children, Warren, Jr., and Robert, for they also gave greatly to the community with their patience and enduring support of Warren Seaman's work.

Mr. Speaker, as you know, I have spoken on the floor of the House of Representatives on many occasions on behalf of the interests and concerns of the Mineola community and other communities of my congressional district. It is indeed a particular pleasure for me to speak of the great contributions of one of our leading citizens in calling the attention of the Congress to the work of Warren Seaman.●

IRAN: A CONFRONTATION WITH BARBARISM

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. McDONALD. Mr. Speaker, the present dangerous situation in Iran in which over 60 American civilian and diplomatic personnel are being held, bound, and blindfolded, by a mob of followers of Ayatollah Ruhollah Khomeini is the dismal product of the Carter administration's foreign policies. These policies have included the destabilization of America's traditional allies on the pretext of charges of human rights abuses and the appeasement of regimes violently hostile to our country.

This crisis must be resolved honorably by this administration before dangerous precedents are set that might endanger the lives and safety of our diplomats and citizens in other countries. The administration must stop retreating and demonstrate some leadership and resourcefulness. An honorable solution to this crisis may be difficult and hard for the American people, but when we suffer the consequences of that solution, we also can remember just where the responsibility for that solution lies.

It is my view that an honorable solution now must involve a firm statement to Khomeini that he order the release of the American hostages or face military consequences, specifically an American military takeover of the oil fields in the southern part of Iran near the Persian Gulf. Such an action would cut off the Iranian regime from its wealth and would be an appropriate response to the barbaric behavior of the Khomeini forces.

I am aware that such an ultimatum to Khomeini might result in the loss of some lives of hostages at the U.S. Embassy in Tehran. But I am also aware that the Marine guards and Foreign Service personnel at that Embassy are volunteers who were aware before they accepted that assignment of the hazards attendant on representing the United States in a country that has fallen into the hands of anti-American barbarians.

The United States of America has to draw the line somewhere.

If this country has any shred of honor, or responsibility, of morality, there can be no question about rejecting the Khomeini regime's demands that the Shah be turned over to them. Khomeini's secret star chamber, the Revolutionary Council, has already sentenced the Shah to death. But his one "crime" was being the friend of the United States, trusting the United States, and accepting the pressure and advice of the Carter administration because it had been elected to lead the United States. Nor should this country accept any offer from the Shah to leave this country to abandon medical treatment, if the United States is ever to raise its head in the world again.

The Iranian dictator Khomeini is personally responsible for the seizure of our Embassy in Tehran. And I would point out in passing that although the Shah has been in four other countries since January of this year including Egypt, Morocco, the Bahamas, and Mexico, Khomeini did not attempt to force those governments into handing over the Shah for execution by having his mobs seize their diplomats and businessmen. There is no point in staging an international confrontation unless you believe you will win it. This shows the contempt with which Khomeini views U.S. power.

Some State Department officials have been claiming that the Ayatollah did not order the Islamic student movement radicals to seize the U.S. Embassy and that he has no control over their actions. That is not true. This is the communique from the Ayatollah, signed with his full name, Ruhollah Mosavi Khomeini, broadcast over the state-controlled radio in Tehran on the first of November:

> ANNOUNCER: We have just received the following statement issued by the office of Imam Khomeini in Qom:
>
> TEXT: In the name of God, the merciful, the compassionate. Four November is the anniversary of the day when the hated regime attacked the University of Tehran and massacred our dear students.
>
> * * * * *
>
> Our enemies use every opportunity, especially on this day, to hatch all sorts of plots. They are determined to use any pretext to disturb our people's peace. It is, therefore, up to the dear pupils, students and theological students to expand with all their might their attacks against the United States and Israel, so they may force the United States to return the deposed and criminal shah, and to condemn this great plot. It is also up to our dear university students and university staff and theological students to maintain their unity with everything in their power and support these two fronts with all their might. God bless you all.
>
> [Signed] Ruhollah Mosavi Khomeyni.

Today a top-level State Department official told Members of Congress that the Soviet Union was deeply concerned, and that they reject this type of behavior. This is not true. This statement was broadcast on Monday night over the transmitters of the clandestine radio station, National Voice of Iran, located in the U.S.S.R. at Baku:

> TEXT: Dear compatriots, protest demonstrations against U.S. imperialism aimed at the eradication of all vestiges of its domination and influence have enveloped our entire liberated homeland.
>
> * * * * *
>
> In Tehran, struggling and enthusiastic young people occupied the building of the U.S. Embassy, this center of corruption and anti-Iranian conspiracies, and in this way they reflected the anti-imperialist feelings of our homeland's people. The reason for the climax of these anti-American struggles in our country should be sought most of all in the conspiracies of U.S. imperialism against the Iranian nation and revolution.

> The U.S. Government, which outwardly and hypocritically talks about its inclination to establish good relations with the Islamic Republic of Iran, does not cease in practice from hatching plots against Iran.
>
> The U.S. Government, by granting a residence permit to the executioner shah in that country, has shown its hostility toward the Iranian people for the thousandth time. Informed observers have justly interpreted this act of the U.S. Government as an anti-Iranian maneuver, since U.S. officials know that the Government of the Islamic Republic of Iran has stripped the former shah and members of his hated family of their Iranian passports, and has requested all countries of the world, including the United States, not to admit the deposed shah, this executioner and killer and is determined to try and punish him in the Revolutionary Court. In addition, all evidence and documents prove that the hands of U.S. imperialism and its elements are evident in every conspiracy, plot and subversion by remnants of the former regime, SAVAKists and enemies of the revolution against the Iranian nation, and in many cases these conspirators are directly led by the United States.
>
> The occupation of the U.S. Embassy in Tehran by struggling young people, regardless of its outward aspects, is in fact a decisive response to the overt and covert conspiracies of U.S. imperialism and to the U.S. Government's hostile act of settling the deposed shah in the United States.

It is perfectly plain, despite the assertions of the President's State Department advisers, that the Soviet Union is doing all it can to exacerbate the situation in Tehran. The Kremlin obviously expects that the United States will not use its military option in the Iranian oil fields and that this country will emerge from this crisis humiliated.

Why should the Kremlin expect such a thing? Simply because the administration has repeatedly demonstrated appeasement policies and a lack of leadership since it came to office in 1977.

On more than a dozen occasions since 1977, I drew the attention of my colleagues, the Department of Justice, and the Attorney General to the illegalities and excesses of militant Iranian revolutionaries here and abroad. Not only did our Government do nothing to curb the violence of these revolutionaries, by prohibiting proper police coverage of demonstrators in November 1977, the White House showed clearly that it would welcome the overthrow of the Shah and that it would not intervene against a revolution.

This year on January 18, I quoted the distinguished scholar Michael Ledeen of Georgetown University who wrote that there was "a convincing body of evidence that Khomeini * * * is in fact a clerical fascist, a violent anti-Semite and an intensely chauvinistic anti-American." Ledeen pointed out that the evidence of Khomeini's extremism was not contained in secret allegations in files of intelligence agencies, but in a collection of Khomeini's own lectures published in Arabic in 1970 entitled "Islamic Government;" and in a second book, "Khomeini and His Movement," published in Persian in 1975. As Mr. Ledeen wrote:

> Khomeini criticizes the Shah for violating Islamic law and for betraying the principles of the Koran. "The rationale of (the Shah's) government and some of its members is the abolition of the laws of Islam," Khomeini is quoted as saying in the 1975 volume.
>
> The violations he ascribes to the Shah's government are those that characterize what we would call a secular, pluralistic society. Thus, Khomeini rails against the employment of women in boys high schools, "the moral wrongness of which is clear to all." Furthermore, the Shah and his allies are condemned for urging that "women enter (certain) government offices, while their being there is both self-evidently useless and morally wrong." The Shah is also attacked for his leniency in the enforcement of the Koran's moral code. "We want," according to Khomeini's 1970 volume, "a ruler who would cut off the hand of his own son if he steals, and would flog and stone his near relative if he fornicates."

Mr. Ledeen pointed out that Khomeini's indictment of the Shah "are not complaints about the harshness of his regime or violation of human rights by Savak, the secret police. Rather, Khomeini condemns the Shah's regime for having sapped the fiber of the country by bringing unsuitable people (non-mullahs) to positions of power.

In February, I drew attention of the bizarre statement by America's then-United Nations Ambassador, Andrew Young, that Khomeini "would eventually be hailed as a saint." America's U.N. Ambassador acknowledged to the press that he was aware that Khomeini had been described as making "anti-Christian and anti-Semitic remarks;" but went on to predict, "Khomeini will be somewhat of a saint when we get over the panic."

The "panic," I am afraid, has only begun.

Mr. Speaker, to conclude, I would refer to American Opinion magazine on whose editorial advisory committee I serve, which in July of this year published an analysis of the Middle East in which it was stated:

> American policy in the Middle East has over the last year suffered defeat upon defeat. Traditional friends, trading partners, and allies have been disoriented by the Carter Administration's efforts to appease radical anti-American regimes. The bizarre "human rights" priorities of the Administration have meanwhile produced destabilization of our allies by withholding military and economic support in the face of heavy Soviet military assistance to the radical states. Our policy of punishing friends and rewarding enemies has allowed the Kremlin markedly to increase its penetration of the area from Algeria to Afghanistan, but particularly concentrating on the strategic waterways—the Persian Gulf and the Red Sea—through which pass most of the Free World's oil imports and many strategic minerals.
>
> Escalating Middle East turmoil is, in short, a direct result of U.S. policies. The Shah of Iran, for instance, was destabilized and betrayed by a Carter Administration which is now virtually groveling before the revolutionary Government of the bloody-handed Ayatollah Khomeini, who is seeking to export his Islamic revolution throughout the monarchies and emirates of the Middle East. The treaty forced on Egypt and Israel at Camp David has at the same time so gravely offended America's friends among the Arab states that they have joined with the radicals to isolate Egypt from its former Arab diplomatic and financial support. And the Administration's attitude toward Israel has meanwhile placed that old ally in a more vulnerable position.
>
> A number of countries in this region are now implacably in the Soviet camp—Algeria, Syria, Libya, Iraq, Ethiopia, the People's Democratic Republic of Yemen, and Iran. Others are wavering. Still others, including Morocco, Oman, Turkey, and North Yemen, are prime targets for Soviet subversion, convinced that the United States is unwilling to support them.
>
> And, throughout the Middle East, the Palestine Liberation Organization, an umbrella organization for terrorist gangs which act as surrogates for the Soviet Union, works to destroy not only Israel but all the pro-Western Arab Governments as well.

Mr. Speaker, tragically, the prognosis of American Opinion magazine 4 months ago has proved all too accurate. We must ask what other disasters will occur before America reverses her policies and headlong flight from greatness.●

JUDGE IRWIN SHAPIRO

HON. JOSEPH P. ADDABBO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. ADDABBO. Mr. Speaker, recently our esteemed former colleague and outstanding legislator Lester Holtzman, himself a dedicated public servant, forwarded to me an article which appeared in the New York Law Journal of October 9, 1979, outlining the life and accomplishments of Judge Irwin Shapiro. It is my privilege to have known and been a personal friend of Judge Shapiro for these many years. He has ably served with distinction the public for almost half a century in various positions in the district attorney's office and many judicial appointments, the most recent as an esteemed judge in the appellate division, second department, in Brooklyn, N.Y. His judicial decisions shall long stand as benchmarks for many years as a scholarly and imaginative jurist. I would describe him as one of the great students and believers in the law, a jurist who never wavered when he stood alone against his court, yet always keeping in mind protecting the rights of all people, especially the poor. It is my sincerest hope that he will enjoy a long and healthy life after his retirement from the bench and I know still serving the people.

I ask that the following article from the New York Law Journal be inserted into the RECORD.

The article follows:

JUDGE "NEVER LOST TOUCH WITH PEOPLE"

(By Herald Price Fahringer)

On Oct. 1, when Judge J. Irwin Shapiro resigned from the Appellate Division, Second Department, in Brooklyn, he left behind him forty-seven years of public service. The entire legal profession will mourn this enormous loss to our government. Since the impact of such a remarkable man upon all of us goes far beyond what he actually writes and says, a few words of tribute must be said on his behalf.

Judge Shapiro's outstanding career began at New York University Law School, where he distinguished himself by graduating *cum laude* and becoming an editor of the Law Review. He was also elected president of his law class. Within a few short years, he earned an appointment as an assistant district attorney in Queens County and eventually became the Acting District Attorney of that borough. He entered the judiciary through the proscenium of the old Magistrate's Court. He stopped briefly at the field stations of the Domestic Relations Court, County and Supreme Court, before reaching his utlimate destination in the Second Department. The New York Court of Appeals had the pleasure of his company for a short while when he filled in for Judge Breitel, while the latter was campaigning for Chief Judge. He occupied virtually every judicial post in our legal complex.

The many awards and honors that cluster about his name include, The Queens County Citizen of the Year Award in 1954; The Distinguished Service Award from The Federation of Jewish Philanthropies; The Chief Judge Harlan Fiske Stone Memorial Award, given to him by The Association of Trial Lawyers of the City of New York; and The President's Medal received from Brooklyn College. His many-splendored career embraced teaching English at Manhattan Preparatory School, acting as the Impartial Chairman of the Fur Industry, serving as Commissioner of Investigations for New York and holding the rank of lieutenant colonel in the Civilian Defense. No man gave of himself more freely to the Bar and the community.

He dominated the intellectual landscape of the Appellate Division, Second Department, throughout his nine years of service in that Court. During that time he left in the wake of his career over a thousand decisions that profited from a stern, uncompromising, moral ferocity. Operating behind the doors of the busiest court in the State, he never had time to write long grandiloquent opinions that were sophisticated and conceptual. In the cold, clear world of his intellect, issues were easily identified and quickly resolved. He simply answered the question directly and plainly. He had an amazing ability to explore a complex subject with style and economy. He often made his point with startling abruptness, preferring the concrete to the abstract. His opinions were invested with a large amount of common sense.

VOICE OF FUTURE

He refused to patronize the past. His voice was the wave of the future. He understood that in a rapidly changing culture, a long memory is a handicap and precedent becomes less relevant. He never allowed his fascination with the art of our enterprise to divert his attention from its human goals. He knew all too well that legal logic has no value for its own sake, but that the law is a human instrument designed to meet humanity's needs. Though many of his opinions concern individual rights, his most impressive addressed the human condition, the encroachments of the state into the lives of ordinary citizens who would not succumb to blind authority or cheap despair. Those of us who were forced to bear the brunt of the icy winds that swept across the plains of our profession during the law and order era of the Nixon administration, huddled about his dissents until the storm passed.

It would require several volumes to adequately discuss the mountain of decisions produced by Judge Shapiro. However, no tribute to him would be complete without mentioning a few of his outstanding accomplishments. When the awful spectre of prosecutorial misconduct stalked through the courts of New York, he sounded the alarm by declaring:

"If nothing else, our recent national tragedy should teach us that we dare not temperize with a 'plumbers squad Watergate' mentality which believes that a government agent may violate the institutional integrity of our judicial system and prostitute its legal process in order to achieve his ends." [1]

His scalding dissent on this crucial issue, which convulsed the Second Department, ranks as one of the most impressive arguments against the abuse of power and discouraged this form of malfeasance among public prosecutors.

When a young man was ruthlessly searched on the street by police officers who had become masters rather than servants of the law, Judge Shapiro protested:

"Our claim to uniqueness among the nations of the world is our deep commitment to constitutionalism which, in a case such as this, requires the recognition of and respect for individual rights and liberties." [2]

JUSTICE FOR DISTRESSED

He was not afraid of controversy. What was right was right even when unpopular. Therefore, he spoke out for a lawyer who had been denied admission to the New York Bar because he was a homosexual but was found to be a competent practitioner.[3] Judge Shapiro came to the rescue of oppressed tenants who were forced to live in unfit homes by holding that their liability for rent terminated when the apartment became uninhabitable.[4] He put a stop to the contrived use of local zoning laws to close down "group homes" that were set up for the care of neglected and abandoned children.[5] And finally, he would not allow a young fifteen-year-old boy, adjudged to be a person in need of supervision, to be cast into a state training school with its attendant agonies of physical abuse, sodomy and other criminal acts.[6]

On more than one occasion, Judge Shapiro stood alone against his court only to have his views ultimately adopted by the New York Court of Appeals.[7] When lawyers traded cases, a "Shapiro dissent" was often worth more than a majority opinion. His authorship of a decision, whether major or minor, endowed it with a special force seldom found in other judgments.

All Judge Shapiro's unique talents were best displayed during oral argument. Those of us who had the privilege of arguing before him remember how he would sit perched on the edge of his chair like a hawk, his black eyes flashing, and in a moment would let fly with a razor-sharp question that sliced into the heart of the case. His audacious tactics and incisive questions during oral argument electrified the courtroom. During these exercises, he operated at the top of his powers. He spoke in bursts but without hesitation. His crisp, direct style of interrogation was free of artifice and his observations penetrating and sometimes awesome.

A FACILE MIND

In a single session, I watched him steer a young, inexperienced lawyer through a complex legal argument without a fatigue or muddle; stop an arrogant special prosecutor dead in his tracks with a series of slashing questions; analyze an incredibly complicated commercial transaction with the ease of a college professor. I never ceased to marvel at the way he could swing so effortlessly from an intricate search-and-seizure question, to a difficult third-party liability claim, to a puzzling condemnation problem. His supple intellect could wrap itself around any problem.

He would not pamper lawyers. He expected from them the very high standards he set for himself. An attorney could never loiter through an argument before Judge Shapiro. He would relentlessly frisk the lawyers on both sides of any controversy for all the answers he needed to resolve the issue. He was exciting even when he asked routine questions. And yet, his toughness of intellect did not dent his charm. He was a compassionate man. And more importantly, he never for a moment lost his marvelous sense of humor.

I was in the courtroom when Judge Bernard Meyer began the argument of a case the day after his appointment to the Court of Appeals had been announced Judge Shapiro, with a straight face, quickly said, "If we hold in your favor, will you promise not to reverse us?" There was a burst of laughter and we all knew we were in for an enjoyable morning.

IN TOUCH WITH PEOPLE

Like all fine judges, Irwin Shapiro never faltered in his task or changed his moral conception of the basic principles of life. He never lost touch with the people. All of his life he strived to establish higher standards for their moral and social welfare. He waged a one-man war against the powerful, the special interests, and those who took advantage of the poor. He was not afraid of his office and was admired for the risks he took. Future generations of lawyers will recruit from his opinions principles and rules that will help them in their quest for the wounded, the impoverished, and the disadvantaged.

Judge Shapiro saw his work and he did it. Now his business is finished. He can retire, safe in the belief that his job was well done. Although I, for one, regret deeply his being taken from us while there is still such a large sum of life and judicial talent left. But, more importantly, as he crosses the border from public service into private practice, he can take comfort in the knowledge that those of us who remain behind—his army of followers, adherents, and disciples—will strive to carry on the heritage he has left us. No man could have achieved more.

FOOTNOTES

[1] Nigrone v. Murtagh and Najarie, 46 AD 2d 343, 362 NYS 2d 513, (2d Dept. 1974) dissenting opinion at 521–529.

[2] People v. Earl, 50 AD 2d 289, 377 NYS 2d 649 (2d Dept. 1975), dissenting opinion at 654, reversed, 40 NY 2d 941, 390 NYS 2d 412 (1976).

[3] In re Kimball, 40 AD 2d 252, 339 NYS 2d 302 (2d Dept. 1973), reversed, 33 NY 2d 586, 347 NYS 2d 453 (1973).

[4] Tonetti v. Penatti, 48 AD 2d 25, 367 NYS 2d 308 (2d Dept. 1975).

[5] City of White Plains v. Ferraioli, 40 AD 2d 1001, 339 NYS 27 27 (2d Dept. 1972), reversed, 34 NY 2d 300, 357 NYS 2d 449 (1974).

[6] In re Ellery, C., 40 AD 2d 862, 337 NYS 2d 936 (2d Dept. 1972) reversed, 32 NY 2d 558, 347 NYS 2d 51 (1973).

[7] People v. Earl, supra; In re Kimball, supra; City of White Plains v. Ferraioli, supra; and In re Eilery, C., supra.

STATEMENT OF CHAIRMAN AL ULLMAN, COMMITTEE ON WAYS AND MEANS, WITH RESPECT TO THE RULE TO BE REQUESTED ON H.R. 3990, THE MEDICARE AMENDMENTS OF 1979

HON. AL ULLMAN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. ULLMAN. Mr. Speaker, on November 5, 1979, the Committee on Ways and Means favorably reported to the House H.R. 3990, to amend certain provisions of title XVIII of the Social Security Act, with respect to the medicare program established by such title and for other purposes. The bill would provide for a number of benefit and administrative improvements in the medicare program.

Pursuant to the rules of the Democratic Caucus, I take this occasion to advise my colleagues as to the nature of the rule that I will request for the consideration of H.R. 3990 on the floor of the House. The Committee on Ways and

Means has specifically instructed me to request the Committee on Rules to grant a closed rule which would only provide for:

First. Committee amendments, which would not be subject to amendment;

Second. One hour of general debate, to be equally divided;

Third. Waiving all necessary points of order; and

Fourth. One motion to recommit, with or without instructions.

We will request to be heard before the Committee on Rules as expeditiously as possible.●

ATLANTIC COUNCIL ON THE MIDDLE EAST

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. FINDLEY. Mr. Speaker, a study released by the Atlantic Council states that—

> The question of the Arab Palestinians * * * remains at the heart of the Arab-Israeli conflict.

And that the—

> Mutual nonrecognition between the PLO and Israel * * * should not rule out informal contacts between the United States and the PLO with the purpose of ascertaining the latter's views and modifying them.

The Atlantic Council report thus draws a distinction between such informal US.-PLO contacts which are necessary to the peace process and formal negotiations with the PLO. The report states—

> We do not think that this is the moment to bring the PLO into active negotiations.

These two important statements are a part of a thoughtful assessment of the issues and probelms facing the United States in the Middle East and recommendations for future U.S. policy there.

The report was prepared by a distinguished group of experts with wide experience in diplomacy, military strategy, and governmental affairs, including 10 former U.S. Ambassadors to countries of the Middle East. The group was cochaired by General Andrew Goodpaster and Brent Scowcroft and the report was drafted by Dr. John Campbell, an outstanding expert on Middle East affairs.

I hope that my colleagues in Congress will read and ponder this significant report carefully a portion of which I am inserting into the RECORD together with the list of those who prepared it:

The Arab-Israeli conflict remains central to the evolution of the entire Middle East and to American and Western interests there. The main task before the United States is to move the parties forward from the Israeli-Egyptian settlement to subsequent stages of the peace process. American diplomacy should devote its best efforts to guiding the current negotiations with Egypt and Israel toward a real autonomy and self-determination for the Palestinians in the West Bank and Gaza.

These negotiations, however, promise to be extremely difficult, and there is danger of a deteriorating situation in the area generally, especially if they make no progress. The United States should be trying, during this period, to find ways of widening the process of settlement by drawing other parties on the Arab side, particularly Saudi Arabia and Jordan, into new discussions leading to further negotiations. Saudi Arabia is discussed in a later paragraph. Jordan, because of its geographic position, its integral connection with the Palestinian question, and its long-standing friendly relations with the US, should be recognized as having an indispensable role in the settlement process. Moreover, the United States and Israel should not ignore the desirability of negotiations and settlement and between Israel and Syria roughly on the model of the Israeli-Egyptian settlement. It may be useful by active diplomacy and new proposals to test the solidarity of the rejectionist front, from time to time, instead of assuming its permanence.

The question of the Arab Palestinians—full autonomy, a homeland, participation in the determination of their future, national self-determination, whatever one calls it—remains at the heart of the Arab-Israeli conflict. The United States, having involved itself to the hilt in the Camp David formula, should be prepared to face the Palestine question frankly and courageously, especially if the negotiations between Egypt and Israel fail, and indeed even if they succeed. On the level of procedure, the eventual participation of Jordan and of some representative Palestinians, as proposed in the Camp David formula, will be needed, and the renegotiation of that formula with their agreement may be necessary. On the level of substance, we do not see any solution possible unless the negotiators take up the hard questions of Palestinian self-determination together with those relating to borders and security arrangements, aiming at an eventual total package that can reconcile Palestinian rights to self-government with Israel's right to security. Only in this context will it be possible to find, in the end, a compromise settlement for East Jerusalem. And only in this context can there be real and stable peace in the Middle East.

We do not think that this is the moment to bring the PLO into active negotiations. The mutual nonrecognition between the PLO and Israel, however, should not rule out informal contacts between the United States and the PLO with the purpose of ascertaining the latter's views and modifying them.

Future discussion and negotiation on the Palestine question, and other aspects of the Arab-Israel problem, will probably subject Israeli-American relations to considerable strain. There should be no automatic American support for Israeli positions, for intransigent policies on the part of Israel—as on the part of the Arabs—can run counter to American interests in the region. We believe that the United States should leave no doubt of its commitment to Israel security and independence and of its intention to make that commitment, plus the necessary security arrangements that would be part of the settlement itself, axioms of the American position. We think that the United States should make equally clear its adherence to U.N. Resolution 242 and its conviction that Israel's security will be better served by peace with the Arabs, including a Palestinian entity in the West Bank and Gaza, than by continued war and terrorism. America's commitment to Israel, however, has to be balanced by its vital interest in good relations with the score of countries in the Arab world. Neither should be sacrificed to the other.

MEMBERS OF THE ATLANTIC COUNCIL'S SPECIAL WORKING GROUP ON THE MIDDLE EAST

Chairman: Lt. Gen. Andrew J. Goodpaster, Commandant, United States Military Academy.

Vice Chairman: Lt. Gen. Brent Scowcroft, Former Assistant to the President for National Security Affairs.

Rapporteur: John C. Campbell, Former Director of Studies, Council on Foreign Relations.

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L. Dean Brown, President, Middle East Institute, Former Ambassador to Jordan.

Howard R. Cottam, Former Ambassador to Kuwait.

Russell E. Dougherty, General, USAF (ret.) Former Commanding General, SAC, and Chief of Staff, SHAPE.

Parker T. Hart, Consultant, Former Ambassador to Kuwait, Saudi Arabia and Turkey.

Richard M. Helms, Consultant, Former Ambassador to Iran and former Director, Central Intelligence Agency.

Martin F. Herz, Adjunct Professor, Georgetown University, Former Ambassador to Bulgaria.

Amos A. Jordan, Jr., Executive Director, Center for Strategic and International Studies (Georgetown).

Isaac C. Kidd, Admiral, USN (ret.) Former Supreme Allied Commander Atlantic, Commander in chief Atlantic, Commander in chief U.S. Atlantic Fleet.

Peter F. Krogh, Dean, School of Foreign Service, Georgetown University.

Jack B. Kubisch, Former Ambassador to Greece.

Lyman L. Lemnitzer, Forcer Supreme Allied Commander, Europe.

Walter J. Levy, Consultant.

Winston Lord, President, Council on Foreign Relations.

George C. McGhee, Former Under Secretary of State and Ambassador to Germany and Turkey.

Armin H. Meyer, Professorial Lecturer in diplomacy, Georgetown University, Former Ambassador to Lebanon, Iran and Japan.

Robert E. Osgood, Former Dean, School of Advanced International Studies, The Johns Hopkins University.

William J. Porter, Former Ambassador to Korea, Canada and Saudi Arabia.

Kermit Roosevelt, International Consultant.

Eugene V. Rostow, Professor of Law, Yale University, and former Under Secretary of State.

Joseph J. Sisco, President, American University, and former Under Secretary of State.

Frank A. Southard, Jr., Consultant, and former U.S. Executive Director, International Monetary Fund.

Timothy W. Stanley, President, International Economic Policy Association.

Ralph I. Straus, Government Consultant.

Darnell M. Whitt, II, Former Member, U.S. Mission to NATO and former Executive Director, Committee of Nine.

Charles W. Yost, Consultant, former Ambassador to the UN, Syria and Morocco.

Ex-Officio Members:

Theodore C. Achilles, Vice Chairman, Atlantic Council; former Counselor of the Department of State and Ambassador to Peru.

Martha C. Finley, Assistant director general, Atlantic Council.

Joseph W. Harned, Deputy director general, Atlantic Council.

Francis O. Wilcox, Director general, Atlantic Council, former Assistant Secretary of State, chief of staff of the Senate Foreign Relations Committee and dean of Johns Hopkins School of Advanced International Studies.●

HAROLD WANZER

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. LONG of Maryland. Mr. Speaker, I rise to share with my colleagues an extraordinary story and to pay tribute, before the U.S. Congress, to Mr. Harold Wanzer of Randallstown, Md.

Mr. Wanzer served as an Army surgical technician and truckdriver during World War II. He distinguished himself in combat while stationed in England and was recommended for the Bronze Star. I would like to read from Army dispatches which highlight Mr. Wanzer's exploits during the night of September 1, 1944:

> At about 2330, Staff Sergeant Wanzer was on duty at Battalion Aid Station when he received a call from "B" Battery for emergency medical aid. "B" Battery was located about 400 yards in rear of a British 15 inch Coastal Battery and had in turn received a call, by loud speaker from that Battery for the assistance of the "American Medical Officer." At about 2230 the British Coastal Battery in question with other Coastal Batteries in the area had engaged an enemy convoy in the English Channel with heavy fire. At about 2300 the long range German Coastal Batteries located on the Channel Coast of France and centered at Calais opened counter battery fire on the British Coastal Batteries. This return fire subjected the Battalion Headquarters Site and "B" Battery site to heavy shelling as a result of the proximity of the above Coastal Battery, and the dispersion of the long range artillery. All personnel were ordered to take cover in the slit trenches or dugouts except those manning 90 mm materiel. The latter personnel were protected by field fortifications. Staff Sergeant Wanzer accompanied the Battalion surgeon as driver of truck and aid man on receiving the call relayed from the British Coastal Batteries, for medical aid without regard for his personal welfare and safety. Believing that access to the Coastal Battery's position would be had from "B" Battery position they traversed the "B" position during the shellfire. However the Coastal Battery was surrounded by several rows of barbed wire entanglements for local security and it was necessary to return to the main route. At one position on the main route a shell had exploded leaving a large crater. In blackout driving on a moonless night with an overcast sky a serious accident was narrowly averted by the quick thinking and reflexes of Sergeant Wanzer the driver.
>
> The main route necessarily taken was narrow with many curves and covered a distance of approximately 2 miles under the enemy shellfire. Arriving at the 15 inch Coastal Battery Staff Sergeant Wanzer assisted Captain ——— and Captain ——— to render first aid to four British casualties one of whom was in serious condition with his foot and ankle mangled. All of the casualties had been inflicted by shell fragments. On the arrival of the American Medical Officer, Captain ———, Captain ——— and Staff Sergeant Wanzer returned over the same route still under enemy fire to the Battalion Air Station. On the return trip a shell exploded behind the truck on the road rocking the truck heavily, but all occupants escaped injury. This courageous response to a call of help from an outside ally greatly increased the mutual respect and good will between the American and British troops, and inspired confidence in the fortitude and ability of the medical personnel on the part of all the Battalion personnel.

Shortly after the Army recommendation was filed, Mr. Wanzer was commissioned an officer in the U.S. Army and transferred to another unit. Mr. Wanzer's commanding officer approved the recommendation—but Mr. Wanzer was never notified and the Bronze Star did not follow him to his new assignment.

Mr. Wanzer did not receive that medal for over 35 years.

A few months ago, Mr. Wanzer asked me to find out whether the recommendation had been approved and, if so, whether he could still receive the Bronze Star. I was pleased to learn that the answer to both question was "yes."

The passage of 35 years has not diminished Mr. Wanzer's heroism as a soldier at war. Mr. Wanzer has finally received his decoration, and I am certain that all present will join me in offering congratulations to my constituent.●

"LITTLE OIL" COALITION AND HOWARD JARVIS OPPOSE NEW TAX ON AMERICAN OIL

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. KEMP. Mr. Speaker, America's energy problem is that we do not produce enough domestic energy, and therefore pay rapidly rising prices for an increasingly uncertain supply of foreign oil.

Considering the fact that, at current world prices and available technology, the United States has at least 200 years of liquid oil and 1,000 years of natural gas left in the ground, the solution is obvious. We must produce more of our cheapest domestic energy in competition with OPEC to restrain world energy prices.

Yet, incredibly, the administration and many Members of Congress have proposed an entirely new tax on American oil which would drive an ever widening wedge between the price consumers pay for oil and the price producers receive for discovering and developing it. The difference—about $150 billion—would go to the Government. The result would be to reduce the discovery and production of oil and drive up its price still further.

This afternoon I had the opportunity to cosponsor a press conference with Senator MIKE GRAVEL, Howard Jarvis, the No. 1 friend of the property-taxpayer, and the Independent Petroleum Association of America. At that meeting, House and Senate colleagues from both parties announced the formation of a "Little Oil" coalition to oppose the misnamed and misguided "windfall profits tax." I would like to share with my colleagues our reasons for doing so.

REMARKS OF CONGRESSMAN JACK KEMP

Past economic blunders have caused today's economic chaos—dropping productivity and living standards, rising unemployment, soaring double-digit inflation, and the beginning of the third, full-scale recession in 10 years.

Yet right now, our national economic policymakers are planning an economic program which will dwarf their past mistakes and could permanently damage our nation. The Joint Committee on Taxation estimates that planned tax increases will cost Americans $1 trillion more in the next 10 years. That's an increase twice the size of next year's whole federal budget.

On top of all this, the Administration and many members of Congress are proposing a new $141 billion tax which will be paid by American consumers and which will depress the production of American oil, just when we need it the most.

We Senators and Congressmen of both parties represent what might be called the "little oil coalition." "Little Oil" means the 99.8 percent of U.S. oil producers—the 12,000 independent "wildcatters"—who do 90 percent of the exploring for oil in America. These small businessmen are represented today by John Miller and Lloyd Unsell of the Independent Petroleum Association of America.

We have one message for Americans. The so-called "windfall profits tax" has nothing to do with profits. It says so right in the bill—everywhere except the title. The new tax is a sales tax, which will be paid by American consumers in the form of higher prices for gasoline and heating oil.

This bill will create a $141 billion difference between the price consumers pay and the price producers receive for finding oil. Consumers will pay more and get less, because the difference will go to the government.

I won't speculate on why national leaders would call a sales tax a tax on income. Every working American can tell the difference. I will only say that if our policymakers really can't distinguish a sales tax from an income tax, such economic illiteracy goes a long way toward explaining the economic mess we are in.

Here is why the next tax on American oil is bad for American producers and consumers:

Price controls were imposed on oil back in 1971, as part of President Nixon's mandatory wage and price control program. In 1973, when controls on all other prices were lifted, controls were continued on oil. U.S. oil production has declined steadily since 1971. President Carter has proposed to begin lifting most oil price controls next January 1.

Increased income due to decontrol will be taxed—by the personal income tax and the corporate profits tax. Most independent oilmen pay personal income taxes, which go up to 70 percent. Oil corporations pay a flat federal corporate tax of 46 percent. The Joint Committee on Taxation estimates that these two taxes will raise $148 billion to $275 billion over the next 10 years as a result of decontrol.

The next tax is an additional $141 million tax levied on the sale of oil. Because of decontrol, consumers will pay higher prices for gasoline and heating oil. Without the new tax, the higher prices will go for the increasingly expensive job of finding new oil for production in America. Independent oilmen spend an average of 105 percent of their gross income on oil exploration. With the tax, the $141 billion will go to the government.

There are two segments to the oil industry. Independent wildcatters drill 90 percent of the exploratory wells in this country. They take the risks and find 70 percent of all new oil and natural gas fields. The independents sell the oil they have discovered to the 30 or so large oil companies for refining and retail to consumers. By taxing oil which has not even been discovered yet, the new tax falls most heavily on small oil producers and new oil discoveries.

The new tax will be levied only on American oil, not on imported oil. Therefore it will reward foreign oil producers and penalize American producers. Independent wildcatters operate entirely in the United States. The largest oil corporations make most of their profits overseas. Because of the lessened competition, OPEC will have still greater control over oil pricing. This is not the way to decrease our dependence on scarce and expensive foreign oil.

The new tax is a regulatory nightmare. As the bill stands, the owner of a single oil well will have to determine which of four tax rates—zero, 50, 60, or 75 percent—and which of at least six categories of oil apply to that well. As many as three different tax rates may apply to the same well at the same time. And for the first two years, the tax will change every month. Those wildcatters who are not driven out of business will have to spend more and more money on lawyers and accountants and less and less on drilling for new oil.

Howard Jarvis, IPAA members and we Members of Congress are here today to prevent this economic madness. We think Americans are smarter than the backers of a new oil tax believe.●

FOOD STAMPS MAKE BUSINESS SENSE

HON. FREDERICK W. RICHMOND

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. RICHMOND. Mr. Speaker, yesterday it was my pleasure to speak to the prestigous Food Group about the proper management and adequate funding of the food stamp program. The Food Group is an informal conference group of Washington based representatives of the food and agriculture industries. Through its meetings, it provides a forum for the interchange of information and views among members and those invited to participate in its discussion.

As chairman of the House Agriculture Subcommittee which has jurisdiction over the food stamp program, I provided a public accounting which shows that it makes good business sense to support the food stamp program. I would like to share my observations with all of my colleagues in the House:

REMARKS OF CONGRESSMAN FREDERICK W. RICHMOND

Ladies and gentlemen: I come before you today to discuss a subject of great concern to Congress, the business community and the American public—namely the adequate funding and proper management of our most important nutrition supplement for America's neediest citizens—the Food Stamp Program. This year because of the continuing problems with an arbitrarily imposed budget ceiling resulting in an estimated $2 billion shortfall, we are again in the midst of another legislative crisis.

The business, trade organizations and farming interests represented in this room account for over $250 billion of the American economy. Your employers provide not only the basis for America's growth and development but also the insurance that as a nation we not only dominate world trade but also can respond to the domestic needs of millions of Americans who depend upon Government assistance to obtain an affordable and nutritious diet.

As a successful businessman, I can appreciate your concern that the Federal Government should fulfill its social obligations as justly, economically and efficiently as possible. In the time allotted to me today, I intend to prove to you that the Food Stamp Program over which I have jurisdiction is the most comprehensive, humane and practical program for those in need that has ever been attempted on a national scale. For those among you who doubt its value, who are misinformed of its operation, or who question its efficiency, I intend to present a public accounting of the Food Stamp Program that will, I believe, convince the most hardened skeptic.

As a political figure, I am aware of the role of self-interest in human motives and so I shall begin by showing you that the Food Stamp Program does indeed make good business sense.

In the past year Americans bought $6.5 billion worth of groceries with food stamps. This is $3 billion more for food than the poor would have purchased without federal assistance. This increased expenditure resulted in $1.5 billion of additional income to food processors and distributors and nearly $1 billion extra to farmers.

For those of you who depend upon the marketing of commodities this means that an additional $481 milion was spent for meats, $167 million for dairy products, $82 million for fresh fruits and vegetables, $46 million for eggs, $43 million for cereal and bakery products and $89 million for other farm-produced foods.

Last year food stamps represented almost 4 percent of the total retail sale of food. For many retailers food stamps make the difference between staying in business or closing the doors. I understand that for many supermarkets and small food stores located in poor urban and rural areas, food stamps account for up to 50 percent of gross sales. Rather than being a subsidy for the unemployed, the Food Stamp Program is in fact a significant source of employment. According to recent findings of the Department of Agriculture, 150 thousand jobs in the private sector are attributable to food stamp expenditures.

If we fail to remove the current cap, the Secretary of Agriculture will have to reduce benefits by this March with the result that:

Farmers would lose $240 million in income;

Food processors, distributors, packers, wholesalers and retailers would lose $420 million;

And overall food expenditures would decrease by $1.5 billion.

If the program is fully funded, I can assure you that $7.5 billion worth of groceries will be bought with food stamps.

Throughout its existence, the Food Stamp Program has been plagued with a number of myths which by repetition, have falsely taken on the weight of truth. Many of you in this room, I am sure, believe that food stamp households have high incomes and therefore are not deserving of public assistance.

The facts belie this assertion:

Over half of all households in the program have gross incomes of less than $300 a month or $3,600 a year.

Less than 3 percent of all households have monthly incomes which exceed $750 or $9,000 a year and none of these are households of less than four people.

Only six-tenths of 1 percent of food stamp households have incomes in excess of $12,000 a year and all are households or seven or more.

While few critics would admit it, many harbor the belief that the program exists primarily for minorities. Actually 49 percent of all participants are white, 29 percent are black and 9 percent Hispanic.

A corollary of this misconception is the assumption that the program primarily benefits urban areas. You might be interested to learn that between November and May, participation in the largest, most urban areas grew less than 8 percent. By contrast, participation in the smallest, most rural areas increased almost 42 percent. The Southeast, Southwest and Mountain Plains all experienced a growth rate of over 30 percent, while New England only grew by 7 percent. While participation in Massachusetts grew by 2 percent, California by 9 percent and New York by 15 percent, these figures must be compared with primarily rural States such as Mississippi whose roles increased by 44 percent, Indiana by 48 percent, Virginia by 50 percent, North Dakota by 55 percent, and Alabama by 58 percent.

Were we to listen only to the critics, we might believe that in addition to supporting only minorities living in the inner cities the program rolls are disproportionately weighted with strikers and students intent upon avoiding work.

A recent USDA study, however, found only 3/10 of 1 percent of food stamp households contained a striker for any portion of time and because of the 1977 reforms less than one-half of 1 percent of participants were students, many of which, by the way, were heads of households containing children. You should also know that every striker and student who participates in the program is subject to stringent requirements to search for and accept employment.

Another popular misconception is that food stamp recipients have enough money in the bank or other liquid assets to adequately support themselves and their families. In fact, 60 percent of all food stamp households have absolutely no liquid assets whatsoever and 95 percent have liquid assets of less than $1,500.

Perhaps the most prevalent and persistent myth is that food stamp recipients live on steak, lobster and potato chips.

A major USDA study shows that on the contrary, recipients buy less processed and less costly foods, cheaper cuts of meat, more poultry, pork and dairy products and fewer bakery products. They also spend less than half as much of their food budget on snack items as the rest of us.

Coupled with the myths I have just mentioned are the misconceptions that the Food Stamp Program is poorly managed and beyond the pale of government control. I would challenge anyone in this room to name another federal program be it related to defense, energy, agriculture or industry that is as tightly supervised and managed as the Food Stamp Program. As a matter of fact, I would go further and say that I doubt that many of the corporations that you represent are so stringently controlled.

During my tenure as Chairman of the Domestic Marketing Subcommittee, a number of managerial reforms have been instituted in the Food Stamp Program.

As a result of limiting net income to the poverty level in determining eligibility, over one million non-needy recipients were eliminated from the program this year and many more millions in the upper income categories had their benefits reduced.

Federal funding for the investigation and prosecution of fraud has been substantially increased.

Persons found to have committed fraud not only face civil prosecution but are also prohibited from reentering the program for two years. Those found guilty are also subject to repayment.

Those who voluntarily quit their jobs are barred from the program for sixty days.

Recipients can own a car—even the mythical white Cadillac—but it must be worth less than $4,500, which given the current market is hardly a luxury item.

Social Security numbers are now required for all applicants and the cross checking of welfare and unemployment compensation roles is under way. This requirement also effectively bars illegal aliens from entering the program.

The elimination of the purchase requirement has substantially reduced the cash flow thus prohibiting vendors from skimming receipts. By reducing the relative number of stamps in circulation, we have also reduced the profitability of a black market.

The current legislation which my Subcommitte is marking up today and tomorrow goes even further in tightening the administration of the program.

In addition to imposing fiscal sanctions on states with high error rates in issuance, we are:

Calling for the use of photo identification cards in order to obtain food stamp vouchers;

Extending the power of the states to verify an applicant's eligibility;

And making it easier for states to take legal action against those who would defraud the program.

The most critical and most controversial action taken by our Subcommittee will be to remove the so-called cap on spending placed on the program in 1977. As you know, last year program needs exceeded the cap by $1 billion and this year are expected to run $2 billion over the $6.2 limit projected two years ago.

This cap was based on the false assumption that from 1978 to 1981 food prices would increase at an annual rate of 3 to 4 percent. Instead food prices, as you well know, rose over 22 percent in the past two years alone. Unemployment was assumed to remain steady at 5.5 percent. The President's Office of Management and Budget now projects an unemployment rate of 6.8 percent in 1980—an estimate which most observers consider ridiculously optimistic. Keep in mind that each additional percent of unemployment could bring 750,000 more people on the food stamp rolls.

According to Secretary Bergland:

Over 90 percent of the increase in this year's food stamp costs over the cap were due to food price increases. Of the $1.1 billion supplemental funds added to the cap in Fiscal '79 over $800 million was directly attributable to food price inflation.

This year's Cap not only grossly underestimates food costs and unemployment, but it also does not take into account the higher heating costs which will raise the shelter deductions. Last year the average fuel bill for the poor living in cold climates was $770; this year it is expected to be $1,500. Many lower income households will be paying 40 to 50 percent or more of their budget to heat their homes. And for those who rent, costs will rise at least 20 to 30 percent.

In the face of such economic hardships, the imposition of an arbitrary Cap makes absolutely no sense whatsoever. I cannot believe that it was ever Congress' intent to make the poor the pawns of an inflated economy.

Ladies and Gentlemen, I could go on making a case for the Food Stamp Program, but I think my point is clear.

Support for the Food Stamp Program is in your best interest. Rather than believing old myths and taking a narrow view of social responsibility, you have the opportunity to perform a valuable service for your employers and the American public.

Too often we hear only what you don't want, rarely do we hear your voices raised in defense of the poor. Today I am asking you to lend your powerful voices of support to those of us who are working to create a just, efficient and humane Food Stamp Program. There is too much at stake for us to go our separate ways.

You are no strangers to the process of successful lobbying.

You have invaluable connections with members of the Agriculture Committee.

You command respect and attention.

In the coming weeks as our committee considers H.R. 4318, the "Food Stamp Act Amendments of 1980," I would like to see the food group lobbying on its behalf.

Two generations ago an American writer reminded us that:

"No man is an island, entire of itself; every man is a piece of the Continent, a part of the main. . . . Any man's death diminishes me, because I am involved in mankind; and therefore never ask for whom the bell tolls; it tolls for thee."

The same holds true today.●

CONSCRIPTION

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. PAUL. Mr. Speaker, the other morning Governor Ronald Reagan broadcast a most eloquent radio program on conscription. Because this is an issue that refuses to die, I would like to call it to my colleagues' attention. The fight is not won. Those pushing a reinstitution of the military draft are not giving up. Those of us who believe, like Governor Reagan, in individual liberty, must not give up either.

THE DRAFT

(By Ronald Reagan)

There's a lot of talk about the draft these days. The question really entails three different proposals: universal national service, military draft, and registration for use in the event of a future draft.

Frankly, I'm opposed to universal national service. The idea rests on the assumption that your kids belong to the state. Though voluntary service should be encouraged, the job for determining who shall have what values and who shall do what work, when, where, and how, in our society, is the job of the people involved—children, parents, religious institutions, and teachers—and not the government. The individual shouldn't be reduced to the level of a statistic to be manipulated by social engineers.

I am also opposed to a military draft in peacetime. The issue here is a basic philosophical one. Only in a national emergency does the Nation have a legitimate claim to the mandatory services of its young people for the military.

Another issue is a more practical one—is the volunteer army working? I believe it is. Test scores and statistics show no significant decline in the quality of today's soldiers, and when I visited some of the troops in Germany last winter, I found them to be well-informed on current events—in fact, probably better than many civilians back home. Their morale was also surprisinglv good.

In addition, the volunteer army ended 1978 some 2,000 members over strength, due to the fact that more soldiers stayed in than had been predicted. When a volunteer organization's dropout rate declines, it must be doing something right.

A more serious worry is the state of the reserves and the National Guard, most of whose units are below strength. Yet the problem here is that the reserves and National Guard have not been made sufficiently attractive to young people. Therefore, the solution is to make such service more attractive.

This brings me down to the final point—registration. I oppose the institution of a stand-by registration system.

First, the word "registration" to young people is code for "draft", an idea that evokes painful memories of Vietnam for many and an idea that has always seemed alien in a democratic society during peacetime.

Second, and more important, stand-by registration would not greatly speed mobilization in time of an emergency. One defense manpower specialist I talked with said that registration would perhaps reduce mobilization time slightly, from 110 to 90 days—but at a great cost. It seems to me that it makes more sense to put those millions of dollars into program improvements and promotion to make the reserves more attractive to volunteers.

Voluntary support and participation have had a lot to do with the greatness of our nation. We should continue to rely upon it in the future.●

CAPTIVE NATIONS WEEK

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. DERWINSKI. Mr. Speaker, as in previous periods for the past 20 years the observance of the 1979 Captive Nations Week successfully registered across the Nation the cold, objective, and massive fact that over 1 billion people are still held captive under Communist domination. This has accomplished one of the many functions of the now traditional Captive Nations Week. People tend to forget and the upcoming young have to learn.

Data and reports keep flowing in on the observance of the 1979 Captive Nations Week. I wish to insert the following: First, a proclamation by Mayor Frank F. Fasi of Honolulu; second. a column by Robert Morris, appearing in the Ocean County, N.J., Citizen; third, an editorial in the Shreveport, La., Times; fourth, letters appearing in the Rutland, Vt., Herald and the Phoenix Ariz., Republic; fifth, comments and letters from the Wilkes-Barre, Pa., Times Leader News Record; the Chicago Sunday Star, and Chicago Catholic Weekly; and sixth, a commentary in the Asian Outlook, June 1979.

[City and County of Honolulu]

PROCLAMATION

Whereas, the imperialistic policies of Russian Communists have led, through direct and indirect aggression, to the subjugation and enslavement of the peoples of Poland, Hungary, Lithuania, Ukraine, Czecho-Slovakia, Latvia, Estonia, White Ruthenia, Rumania, East Germany, Bulgaria, Mainland China, Armenia, Azerbaijan, Georgia, North Korea, Albania, Idel-Ural, Serbia, Crotia, Slovenia, Tibet, Coccackia, Turkestan, North Vietnam, Cuba, and others; and

Whereas, the desire for liberty and independence by the overwhelming majority of peoples in these conquered nations constitutes a powerful deterrent to any ambitions of Communist leaders to initiate a major war; and

Whereas, the freedom-loving peoples of the captive nations look to the United States as the citadel of human freedom and to the people of the United States as leaders in bringing about their freedom and independence; and

Whereas, the Congress of the United States by unanimous vote passed Public Law 86–90 establishing the third week in July each year as Captive Nations Week and inviting the people of the United States to observe such week with appropriate prayers, ceremonies and activities; expressing their sympathy with and support for the just aspirations of captive peoples,

Now, therefore, I, Frank F. Fasi, Mayor of the City and County of Honolulu, do hereby proclaim that the week commencing July 15, 1979 be observed as

CAPTIVE NATIONS WEEK

in the City and County of Honolulu, and call upon our citizens to join with others in observing this week by offering prayers and dedicating their efforts for the peaceful liberation of oppressed and subjugated peoples all over the world.

In witness whereof, I have hereunto set my hand and caused the Seal of the City and County of Honolulu to be affixed.

Done this 11th day of July, 1979, in Honolulu, Hawaii.

FRANK F. FASI,
Mayor, City and County of Honolulu.

[From the Ocean County (N.J.) Citizen, July 19, 1979]

CAPTIVE NATIONS WEEK

(By Robert Morris)

This is Captive Nations Week and I am hoping, vainly I am sure, that the President will utilize the occasion to speak up for the national rights of the people in bondage, an integral part of any human rights for which he has been selectively campaigning. His selectivity in invoking human rights, directed for the most part against autocratic leaning anti-Communist regimes, such as Paraguay and Nicaragua, is causing those nations, whose foreign policies are disposed towards those of the U.S., to drift towards Communist control under which there is an almost total eclipse of human rights.

I expect that Dr. Lev Dobriansky, the conspicuous champion of the Captive Nations, will again issue what he calls the indicator that simply lists the Captive Nations with the dates they went into bondage.

The mere chronicling is an eye opener to most people. It should have been to former President Gerald Ford who contended in a television debate with candidate Jimmy Carter that eastern Europe was not Communist dominated.

How many people realize that Armenia, Georgia and the Ukraine are Captive Nations? They were absorbed in 1920. Yet the present occupant of the White House speaks of the USSR as "a nation". The people in those lands have an ethnic identity, were once independent and still strive for nationhood.

The indicator also lists as eclipsed, Estonia, Latvia, and Lithuania in 1940. These are almost forgotten relics in the human rights crusade.

But when one reads the dismal list of these same Captive Nations, he understandably receives the impression that the Communist tide is spreading and now in an arc that is drawing tighter around the United States itself. There are now arcs within the larger arc as we watch Nicaragua, Panama, and Jamaica move closer to the epicenter of the concentric circle, Havana.

Captive Nations Week embodies a concept that is rooted in the divine commandment—Love Thy Brother. It is important that we look at this issue in terms of helping the people who are groaning under the Communist Yoke, deprived of human rights almost in their entirety. They are our brothers and sisters and it is incumbent on us to make an effort to extend to them the most precious of all possessions, spiritual liberty. The first step in this goal is for us to cease subsidizing the jailers of these people as our government continues to do with the World Bank, the International Development Agency and the Asian and InterAmerican Diplomatic Banks as well as the United Nations. The United States is pouring money into these sources to consolidate the bondage.

[From the Shreveport (La.) Times, July 19, 1979]

CAPTIVE NATIONS: FORGOTTEN WEEK?

This is the 20th anniversary of "Captive Nations Week," July 15–21, but if the word hasn't reached you, don't feel bad. In the two decades since President Eisenhower signed a congressional resolution into law, Captive Nations Week has been gradually transformed into what amounts to a state secret.

The idea of the week, as it was conceived in 1959 at least, was basically to point a finger of shame at the Soviet enslavement of Eastern Europe. That was the main thing, though Communist domains in Asia were added to the list of "Captive Nations."

But with the coming of detente between the Soviet Union and the United States, the assumption that the captive nations were gradually asserting their independence from Russian rule, and the reality that we were not about to do anything about Kremlin control anyway, this particular "anti-Communist" week lost whatever steam it ever had.

The week may be a dead, decaying relic of Cold War rhetoric. But the realities that created the captive nations observance are, unfortunately, very much alive. Despite the signing of the SALT II treaty, detente has been badly damaged by Soviet behavior in Africa and elsewhere—along with the much more ominous Soviet military buildup that backs up that dangerous behavior.

And what about that well-advertised assumption that the captive nations of Eastern Europe were gradually regaining control of their national destinies from Moscow? There have been glimmerings of limited liberation from Russia (primarily Romania), but the Soviets have crushed, by raw force, three waves of national revolution in Eastern Europe since World War II. Soviet troops remain stationed in division strength in captive nations. These are occupied lands.

Have the captive nations, then, learned to live with Moscow's socialism, or perhaps even come to like it? That little theory was shattered recently by the Pope's visit to his native Poland, where he was met with a wave of adulation that was as much nationalistic as religious.

THE LAST REALITY

Of course, we will buy that last reality: the West is not prepared to rally behind any East European revolution against Soviet rule. That was proved in East Germany, Poland, Hungary and most recently in Czechoslovakia.

Given this reality, we agree that people should not be called to revolution by a West unwilling—or in a nuclear-triggered age unable—to support it. We would never support encouraging such a bloodbath.

But Pope John Paul II proved that the spirit of the West remains a mighty broadsword—a broadsword that in Poland, only a few weeks ago, cut through more than four decades of Communist rule. The observance of Captive Nations Week could offer the same sort of spiritual sustenance to people who obviously still crave it. The week itself may be as dead as the so-called detente that killed it, but the captive nations are alive. Ask Pope John Paul.

[From the Rutland (Vt.) Herald, July 27, 1979]

CAPTIVE NATIONS

Once again in the second part of July we will observe "Captive Nations Week." Captive Nations Week became a part of American history, and there is no hope in sight, that the captive countries will be free again. There is a saying, what the communists have they never give up. This should be a reminder to the people of the United States. From coast to coast in the United States, refugees from the enslaved countries, their American friends, and also many American leaders bring freedom to the foreground by observing Captive Nations Week. Their pleas will reach the hearts of many freedom-loving Americans and tell them about the misery people have to endure under communism. We are here to remind every American and people of the free world about the enslaved brothers by the communist regime and communist tyranny.

Once again we are appealing to all Americans, to young and old, men and women, girls and boys, red, yellow, white and black, to high school or college students, to all Ameriacns of different origin, clergy, to everyone who desires to live in freedom with liberty, justice and peace, to join me to save the United States from the Red tyranny from communism.

In this Captive Nations Week observance, we are asking you to pray for those who have lost their lives in communist labor camps and prisons. To pray for many families who live behind the Iron Curtain, and who are persecuted by the communist regimes. To pray for those who are longing to be free. Pray to keep our country free and that freedom may come soon to all captive nations. Remember freedom is the greatest gift and blessing for all kind and today we are demanding freedom for the captive nations. Look at the map of the world. In the last 10 years you will notice that the communists have gained countries, territory and people! I think it is a right time for you my friends to examine this before it will be too late! God Bless America, God be with our brothers behind the Iron Curtain. Help us destroy the communist influence and protect our beloved country that it may never fall prey to communist tyranny.

BOB OPAL.

BRATTLEBORO.

[From the Phoenix (Ariz.) Republic, July 28, 1979]

CAPTIVE NATIONS NEED REMEMBERING

Editor:

Twenty years ago, the United States Congress passed Resolution 111, which became Public Law 86–90 with President Eisenhower's signature.

Public Law 86–90, or, as it is better known, the Captive Nations Week Resolution, enumerates those nations having fallen under Communist tyranny and requests the President of the United States to proclaim the third week of July Captive Nations Week ". . . each year until such time as freedom and independence shall have been achieved for all the captive nations of the world." Nations originally so enumerated are Armenia, Azerbaijan, Byelorussia, Cossackia, Georgia, Idel-Ural, North Caucasia, Ukraine, Far Eastern Republic, Turkestan, Mongolia, Estonia, Latvia, Lithuania, Albania, Bulgaria, Yugoslavia (Serbs, Croats, Slovenians, etc.), Poland, Romania, Czecho-Slovakia, North Korea, East Germany, Hungary, Mainland China, Tibet, and North Vietnam.

The scorecard of the past 20 years reveals the continuing advance of Communist aggression. The ink was barely dry on the Captive Nations Week Resolution when Cuba fell in 1960. The Southeast Asian nations of South Vietnam, Cambodia, and Laos fell in 1975. Will Angola, Ethiopia, Afghanistan, Iran, Republic of China on Taiwan, or South Korea be next?

Recently, President Carter proclaimed Captive Nations Week for 1979. In his proclamation, no mention is made of the nations fallen to Communism, indeed, the word communism does not appear. One unfamiliar with the Captive Nations Week Resolution would not know what the president is referring to. Because President Carter has in the past chastised non-communist countries for human rights violations, his proclamation could very easily be misinterpreted as applying to these countries.

This is not the case with the excellent proclamation issued for Arizona by Gov. Babbitt. Gov. Babbitt's proclamation reflects the true spirit of the Captive Nations Week Resolution and is a shining example for the rest of the country. Gov. Babbitt leaves no doubt in recognizing the aspirations of the captive nations.

In closing, let us remember that the captive nations issue is a global issue. The United States can not afford to endure the persistent erosion of the Free World. Concessions granted in the name of detente, appeasements extracted in treaties negotiated, friends abandoned when threatened, all will result in a solitary United States in the final confrontation with a Communist dominated world.

We need only consider the words of Brezhnev, "Peaceful co-existence does not mean the end of the struggle of the two world powers. The struggle between the proletariat and bourgeoisie, between world socialism and imperialism will be waged right up to the final victory of communism on a world scale."

WALTER CHOPIWSKYJ.

PHOENIX.

[From the Wilkes Barre (Pa.) Times Leader News Record, July 19, 1979]

CAPTIVE NATIONS WEEK

Editor:

Captive Nations Week is July 15 to 21.

Captive nations are those countries, Croatia, Hungary, Serbia, Vietnam, Poland, Estonia, Angola, Afghanistan, and the list goes on, which have fallen into the clutches of the tyrants. Now more than thirty countries are known as captive nations.

Soviet imperialism began back in 1920, fifty-nine years ago. The first victims of Soviet aggression were Armenia, Ukraine, Byelorussia and Georgia.

Through the years that followed Soviet domination multiplied. The single largest acquisition took place in the late 1940s, when President Roosevelt and Truman signed Eastern Europe over to the Red Army.

Captive Nations Week was established by Congress in 1959. At that time President Eisenhower affirmed U.S. support for "the many nations throughout the world that have been made captive by the imperialist and aggressive policies of Soviet communism."

What nation will become the next Soviet puppet?

And what happens when we confront the tyrants on our own doorsteps?

MARION DUNSTAN KARSTEN.

KINGSTON.

[From the Chicago Catholic, July 22, 1979]

IN CHAINS, AS ARE NATIONS

Chicagoan Tedis Zierins wears chains during Captive Nations rally at the Daley Center July 21 to symbolize lack of freedom in Communist-controlled countries. Hundreds participated in the rally, part of the nationwide Captive Nation Week. (Picture not printed in RECORD.)

[From the Chicago Sunday Star, July 22, 1979]

CAPTIVE NATIONS

According to U.S. Public Law 86-90, July 15–21 is Captive Nations Week, a time to remember all nations that lost their freedom under godless communism. I would like to appeal to our churches for prayers.

I admire the Jewish people who in their synagogues pray and plan to help the persecuted Jews in the communist empire.

At the same time I wonder about the deafening silence in almost all our Christian churches concerning the suffering of other Christians under the same red tyranny.

I think it would be very nice if prayers were offered in every church for all who are enslaved under godless communism.

Christians in the Roman empire prayed for their persecuted fellow christians and we should do likewise.

TEDIS ZIERINS.

[From the Asian Outlook, June 1979]

A BRIEF INTRODUCTION TO THE ACTIVITIES OF THE 1979 "CAPTIVE NATIONS WEEK"

Ever since 1961, all sectors in the Republic of China on free world's first anti-Communist battle line have positively responded to the "Captive Nations Week" campaign initiated by the 86th Congress of the United States in 1959.

For so many years, under the leadership of the China chapters of the World Anti-Communist League (WACL) and the Asian People's Anti-Communist League (APACL), colorful and vivid anti-Communist activities of various kinds were held in the "Captive Nations Week" which falls on the third week of July, and the World Freedom Day on January 23, with full coordination from the people of all walks of life. Such meaningful activities drew the attention of the U.S. Congress that U.S. congressional leaders came to Taipei to participate in all activities. U.S. Congressmen brought back home and introduced into congressional records many important documents of the activities.

The Captive Nations Week campaign will celebrate its 20th anniversary this year. The U.S. "Captive Nations Week" Committee will hold rallies, banquets and panel discussions in major cities such as Washington, D.C., New York, San Diego, and Phoenix. Dr. Ku Cheng-kang, WACL honorary chairman, will be invited to give speeches during rallies in the U.S. This will, undoubtedly, encourage greatly the people confined in the "Iron Curtain" in the West and "Bamboo Curtain" in the East to rise up for freedom and human rights.

IMPACT ON YOUTHS ON MAINLAND

This is especially true to the masses of youths on the Chinese mainland awakening from a Communist nightmare. In the wake of Li Yi-che's big-character wall posters, these youths launched the grandiose anti-Communist campaign of "The Spring in Peking," disregarding Communist suppression. Anti-Communist organizations appeared on the mainland one after another. Anti-Communist remarks carried by underground publications launched vis-a-vis struggles against Communist rulers. With these wall posters and publications, and based on the political advocacy of extorting from the Communists legal systems in society, freedom, democracy and human rights, these youths will, beyond doubt, cry out the idea of learning from Taiwan. Under the press of the Red bayonet, however, fervent youths like Wei Chin-sheng, Jen Wan-ting, Fu Yueh-hua, and Hsia Hsun-chien, etc. were arrested. Nevertheless, the torch of freedom is burning. It forced Communists to adopt the old methods of purge and suppression. In other words, as the old saying goes: "Not to be extirpated by wildfire, but to reflourish in the spring breeze," the anti-tyrannical actions, wave by wave, have become the time bomb for the anticipated failure and collapse of the Communists.

Under such situations, the "Captive Nations Week" campaign in the Republic of China this year carries even greater significance. Despite the greatest diplomatic impact caused by the severance of Sino-American relations, despite the Communist play of united front tactics of "peaceful reunification," and despite a greater crisis in Indochina bred by Communist gunfire amidst the confusion of friends and foes caused by the pluralistic check-and-balance policy, the government and people of the Republic of China fear no adversities. Thrusting out their chests and straightening up their backs, they will start more fervent anti-Communist activities and launch powerful psychological offensives against the Chinese mainland through every available psychopolitical means. They do this because they realize it clearly that only an unchangeable anti-Communist stance is the way to survive for the nation and the people, and that only by firming their stance and displaying their solid strength in construction can they perfect themselves and defeat the enemies on the battlefield of political warfare.

INFLUENTIAL ANTI-COMMUNIST LEADERS TO COME

Therefore, the Republic of China keeps inviting influential anti-Communist leaders and youths from the five major continents in the world to take part in this year's activities in Taipei. The U.S. Congress has also selected Congressmen Marvin H. M. Edwards, Dan Marriott, Gerard Solomon to come to Taiwan with their wives. The sponsors will arrange speeches by these VIPs who will also participate in panel discussions, give TV interviews, and, especially, they will exchange anti-Communist opinions with Legislative and Control Yuan members, professors, scholars, journalists and political leaders so as to suggest ways to support effectively the captive people in their struggle for freedom, democracy and human rights.

In addition, there will be two large-scale rallies.

On July 21, a rally will be held at Dr. Sun Yat-sen Memorial Hall in Taipei. Some 3,000 VIPs, government officials, members of Diplomatic Corps in the Republic of China, leaders of all walks of life, and freedom seekers from the Chinese mainland, will attend this rally. Premier Sun Yun-suan will be invited to address the rally and anti-Communist leaders from different areas of the world will also speak.

On July 23, an "Anti-Communist Unity Rally" in Taiwan, southern Taiwan, will feature the participation of 110,000 people. This will be a solemn and splendid rally, with interesting programs and shows. For instance, the ugly Communist yoke on the mainland, the cries of the people there seeking freedom, democracy and human rights, a contrast between the poor mainland and the prosperous Free China, and the great victory of freedom, will be featured at the rally, which will be televised and broadcast on TV or radio to the Chinese mainland, overseas areas and the offshore islands of Taiwan.

All the people in the Republic of China attach much importance to this campaign because it fits the utmost goal of their struggles. They specifically worked out four directions of efforts and themes of political summons:

FOUR DIRECTIONS OF EFFORTS

Toward the Chinese mainland: to call on people there to rise up in their struggle of anti-starvation, anti-illiteracy, anti-torture, seeking freedom, democracy and human rights.

Toward home here: to appeal people to be firm and united and to further struggle to overthrow the tyrannical Communist regime.

Toward overseas areas: to urge overseas Chinese all over the world to crush the schemes of Communist united front tactics and support their free homeland in its anti-Communist efforts to recover the mainland.

Toward the international community: to beckon all peace-loving people in the world regardless of their race, nationalities, residing areas, religious beliefs and occupations, to support the captive people behind the Iron Curtain to fight for their freedom, democracy and human rights.●

PERSONAL EXPLANATION

HON. ELIZABETH HOLTZMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Ms. HOLTZMAN. Mr. Speaker, I was unable to be present for the following votes on Friday, October 19. Had I been present I would have voted as follows:

Rollcall No. 585, "yes."
Rollcall No. 586, "yes."
Rollcall No. 587, "yes."●

VIRGINIA TAXPAYERS ASSOCIATION OPPOSES MARTIN LUTHER KING HOLIDAY

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. McDONALD. Mr. Speaker, in view of the fact that I am told we will again be considering next week, legislation to make Martin Luther King's birthday a paid Federal holiday, I believe it to be appropriate to include in the CONGRESSIONAL RECORD the testimony by the Virginia Taxpayers Association before the Senate Judiciary Committee in opposition to that measure on June 21, 1979. This is especially true, since, to the best of my knowledge, the Senate Judiciary Committee has never published their hearings. Therefore, I commend this statement to the attention of my colleagues:

TESTIMONY OF KENNETH WHITE, PRESIDENT, VIRGINIA TAXPAYERS ASSOCIATION

Mr. Chairman, my name is Kenneth White and I am President of the Virginia Taxpayers Association, a federation of local taxpayer organizations and individuals from all 10 congressional districts in Virginia. The Virginia Taxpayers Association was organized six years ago as a broad-based taxpayer organization working to reduce government taxes and spending at all levels of government—local, state and federal—and to preserve the freedom of the individual American citizen. The VTA has become widely known not only across Virginia but among followers of the taxpayer movement all over the United States, and reports of our activities have been carried in publications printed in many other states.

Immediately following the success of Proposition 13 in California a year ago, we called a state capitol press conference attended by the principal Virginia media in Richmond where we announced plans to obtain property tax reductions similar to those in California and where we made the statement: "Taxpayers are the boss", a slogan that was immediately carried as the lead item in a national Associate Press news story and was featured on network television. A Lynchburg, Va. News lead editorial specifically favoring our VTA position on the Panama Canal treaty was carried in the Congressional Record July 18, 1978. For the last six years we have represented taxpayers of our state at the annual legislative sessions of the Virginia General Assembly in Richmond on a wide variety of taxpayer matters, we have twice appeared in televised debates with the Virginia attorney general on the subject of state general obligation bonds, we have assisted in the continuing defeat of the so-called Equal Rights Amendment in the Virginia legislature, and we are currently promoting vigorously a constitutional amendment that would give Virginia taxpayers the right of initiative and referendum as now enjoyed in some 22 other states and the District of Columbia.

Regarding the proposal now before the Senate Judiciary Committee to establish a federal holiday on January 15, Martin Luther King's birthday, we do not believe the present economic situation will permit the United States to afford any more federal holidays for any reason whatsoever. As a result of destructive policies tolerated and deliberately encouraged by Congress over many years, capital has been exported from the United States to foreign countries to a point where today many industries are more efficient and productive in advanced nations overseas than here at home, and the United States is no longer competitive in producing many kinds of goods. Intolerable ever-increasing minimum wage laws passed by Congress are only one of the reasons for this. Also Congress has by its beneficence with taxpayers' resources made federal employees a specially privileged class—as well as increasing beyond reason the number of such employees—and U.S. News & World Report revealed in its June 18, 1979 issue that each workday federal offices are closed costs taxpayers $194.5 million. (Of course this figure is in Federal Reserve Notes, or what the January, 1979 Reader's Digest admits is "phony money", but this really counterfeit currency, for which we have Congress to thank also, is the only thing made available for use in most statistics today.) So what is really the proposal now before this committee is the insane idea of declaring another federal paid holiday in a less and less productive nation which is already bankrupt, and where the country's national debt can never possibly be paid by the taxpayers. Frankly, for any congressional committee to seriously consider such a proposal is a further reason why members of Congress as a class today rate so low in all the public opinion polls. Do members of this committee really wonder why there is a national tax revolt today?

Of course, the cost of the holiday cannot be limited to federal pay alone, since state and local government employees also would be affected and a great many private employers would feel compelled to pay their employees for not working also. So the total economic consequences would be disastrous. Moreover, coming at a time so soon after Christmas and New Year's Day the January 15 date would be particularly unnecessary for an additional holiday.

There is now no federal legal holiday honoring any American except our first and greatest President, George Washington. In the light of all the other great American patriots who are not so honored, including Thomas Jefferson and Patrick Henry, it would be singularly inappropriate to devote a holiday to one who did as much to increase federal bureaucracy, federal regulation and federal encroachment on American life as Martin Luther King. Representative John Ashbrook of Ohio has placed massive documentation in the Congressional Record of King's unwavering service to Communist causes, and it would be impossible in this brief time to restate all of Ashbrook's unchallengeable facts, but we would like to incorporate herewith by reference Congressman Ashbrook's lengthy and authoritative material. We should keep in mind that it was a very liberal Democrat attorney general, Robert Kennedy, who ordered government personnel to investigate thoroughly King's subversive connections and activities. All of this might perhaps be considered by some King adulators to be merely academic history of no account in today's world, except for its extreme importance in the area of ideals and symbolism. The honorable ranking minority member of this Judiciary Committee, Senator Thurmond, is certainly as well informed as any member of Congress on the overwhelming importance given by Communist forces to symbolism, for it was the honorable Senator from South Carolina who single-handedly gave to the American public some years ago his historic report on Muzzling American Military Forces in which many significant but sometimes hidden Communist devices and influential symbols were revealed. It was just a few days ago from this hearing date, June 11, 1979, that Communist interest in Martin Luther King was confirmed by a most unimpeachable source, Tass, the Soviet news agency. It was on that date that the Soviet propaganda machine declared, according to an Associated Press dispatch from Moscow that President Carter's decision to submit a bill to Congress making Martin Luther King's birthday a national holiday was "a serious success for the progressive forces in the U.S.A." (the Tass agency).

It needs to be asked publicly, and also answered publicly, why are the ruthless Communist butchers so interested in making Martin Luther King's birthday a holiday in a foreign country (that is, foreign to the Soviet Union), and why should the United States do anything of this kind and of such symbolic importance to bring special pleasure to such enemies of mankind?

We can only conclude by warning this committee that if the committee wishes by its actions to add further fuel to the fast-growing national tax revolt, an affirmative vote on the question now before us will certainly do it.

Thank you very much.●

WELCOME STEMMERS RUN JUNIOR HIGH SCHOOL

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. LONG of Maryland. Mr. Speaker, I warmly welcome the 90 students and teachers from the Stemmers Run Junior High School in Essex, Md. My constituents are visiting the Capitol today in connection with a course entitled, "Contemporary America; American Political Behavior." They will see the House in action and tour the Smithsonian Institute. Their day in Washington will be memorable and interesting.

I am delighted to meet with my friends from Essex. I congratulate the teachers, Ms. Dorothy Dowling and Mr. James Wiedermann, for arranging this trip to Washington. We need more of this kind of imaginative teaching in our schools.

The students are:

STEMMERS RUN JUNIOR HIGH SCHOOL

Teacher: Ms. Dorothy Dowling.

Students

Tony Appel, Ken Bocam, Woon Cho, Chan Everett, Gerv Griffin, Russ Hershberger, Yong Kim, Fred Marsh, Joe Samek, Bill Seidler, Kevin Via.

Daniel Yue, Leah Barr, Tina Bates, Michele Buttrey, Barbara Craig, Diane Dadds, Lesa Davis, Theresa Davis, Joan Hamilton, Mary Hunt, Kathleen Ibbott, Donna Lanocha, Maria Manalis, Pamela Marcomin, Christina Markowski.

Kim Mullins, Jackie Myers, Kim Myzak, Melody Peters, Denise Sanders, Mary Stump, Christal Swiger, Laura Szymanski, Jean Vicchio, Kim Zwinklis, Lisa Dowling.

935

Teacher: Mr. James Wiedermann.

Students

Robert Bowings, Thomas Foor, Jerome Grinage, Don Hanlin, Socrates Martinez, Franklin Mattheu, Leroy McClelland, James Orndorff, John Sanders, Steven Weinkam, Chesna Adams, Mary Baratko.

Deborah Boyd, Pamela Bruffey, Lori Burchett, Sherri Carter, Linda Chance, Carol Dalton, Susan Edge, Edith Gajdosik, Victoria Gouker, Vickie Hannah, Marlene Jarrell, Michelle Klapka, Mary Lingner.

Jane Lovalo, Peggy Lucas, Jacqueline Lumpkins, Michele Marks, Michele Mauritz, Christie Noel, Patricia Novesl, Lisa Powell, Sharon Shoemaker, Terri Zilian, Michael Abee, Michael Ripple, Lisa Spears, Donna Martin.

708

Teacher: Mr. James Wiedermann.

Students

Tom Holcomb, Yong Kim, Sandy Brooks, Dawn Burkowski, Leah Cherry, Lisa Harrington, Rochelle Heaton, Lisa Janowitz, Michele Ratkowski, Tammy Hanke, Joan Collins.●

GAO BLAMES CONDO CONVERSION FOR RENTAL HOUSING SHORTAGE

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. ROSENTHAL. Mr. Speaker, a report released today by the General Accounting Office places major blame for the nationwide shortage of rental housing on the virtually uncontrolled conversion of rental units to condominiums and cooperatives. These findings confirm the need for a national moratorium on conversions and for a Federal factfinding commission as called for legislation I introduced in September.

The GAO report stresses the need to "propose a national rental policy and plan of action to foster the availability and affordability of rental housing." In my judgment, the most effective way to accomplish this goal is through the Federal commission proposed in my bill, H.R. 5175, the Condominium-Cooperative Conversion Moratorium Act of 1979.

I am inserting in the Record today the digest and summary of the Comptroller General's findings. In addition, I am writing to Congressman Henry Reuss and Senator Harrison Williams, chairmen of the committees with jurisdiction over housing legislation, calling for immediate implementation of the GAO's recommendations.

It is essential that the Federal Government uphold its responsibility to insure a decent home and suitable living alternatives for every American family.

The GAO report, entitled "Rental Housing: A National Problem That Needs Immediate Attention," declares:

> The rental housing problem is so severe that it requires the immediate attention of and action by the Congress and the Administration.

By way of follow-up, I am today asking the GAO to expand its investigation to look into the worsening plight of fixed-income Americans, particularly senior citizens, who are displaced by condominium conversions.

The material follows:

COMPTROLLER GENERAL'S REPORT TO THE CONGRESS: RENTAL HOUSING: A NATIONAL PROBLEM THAT NEEDS IMMEDIATE ATTENTION

DIGEST

Although about 35 percent of American families live in rental housing, they are faced today with the Nation's lowest recorded rental housing vacancy rate and are finding it increasingly difficult to locate affordable rental units. Hardest hit are the millions of renters with annual incomes of less than $10,000.

The rental housing problem is so severe that it requires the immediate attention of and action by the Congress and the Administration.

Primary factors responsible for this crisis are

Low levels of moderately priced new private construction and

Losses of existing units through abandonments and conversions to condominiums.

Other factors such as rapidly escalating operating costs and the increasing age of the existing rental stock also are having a detrimental effect. This report discusses the impact of each of the above factors on the rental housing market.

The Department of Housing and Urban Development (HUD) is the principal Federal agency responsible for administering programs designed to encourage the production or maintenance of multifamily rental housing. It administers 14 programs which affect the rental housing market. The Federal role has primarily been twofold:

To provide funds for, or to facilitate through mortgage insurance, the financing of construction, purchase, or rehabilitation of multifamily housing.

To assist lower income families, through rent subsidies, to obtain decent, safe, and sanitary housing.

The proportion of multifamily rental construction starts which have been federally subsidized has increased steadily from 22 percent in 1972 to about 44 percent in 1978. HUD estimates that federally subsidized and/or insured units will account for about 75 percent of multifamily construction starts in 1979. If the current rental market conditions continue, there will be even greater reliance on Federal programs to deal with the rental housing market crisis, particularly as it relates to lower income households.

Despite the increased dependence on the Federal Government to provide multifamily rental housing, the number of households in need of and qualified to obtain assistance far exceeds the number of subsidized units the Government is able to provide. For example, HUD estimated that 10.1 million lower income renter households were in need of housing assistance this year either because they were living in substandard or overcrowded housing or because they were paying more than 25 percent of their income for rent. HUD estimates that only about 250,000 assisted units will be made available for occupancy in fiscal year 1979.

HUD has acknowledged that today's rental vacancy rate of 5 percent is dangerously low because it interferes with the Nation's mobility possibilities. Families needing larger rental units are finding it especially difficult to find affordable units with the national vacancy rate for housing units with 5 rooms being 3.8 percent and those with 6 or more rooms being 2.8 percent.

Renters have lower average incomes than homeowners. For example, in 1977 the median family income for renters was $8,800 compared to $16,000 for homeowners. Many renters are now paying more than 25 percent of their incomes for rent. For example, Bureau of the Census data shows that over 48 percent (11.9 million) of all renters are paying more than 25 percent of their income for rent with 7.4 million renters paying 35 percent or more. There is limited potential for most of these renters to become homeowners considering the rapidly rising cost of buying and maintaining a house.

Various reasons were cited by officials for the declining private rental housing market, including high costs of construction, land, financing and insufficient rents. Most officials agreed that at current market rent levels, newly constructed privately financed rental units were not profitable. It was suggested that a 20- to 25-percent increase in market rents would be necessary to stimulate new investment in the private multifamily rental market.

Rapid increases in the cost to operate and maintain existing rental housing, particularly utility costs, has also become a major concern. According to the Institute of Real Estate Management, during the period 1973–76, heating fuel costs rose 69 percent and maintenance and repair costs increased 29 percent. A HUD Task Force reported that increases in such costs are primarily responsible for rising trends in apartment abandonments, foreclosures, and conversions.

The age of the Nation's rental housing stock is also a significant factor since a significant portion of lower income renters live in rental units located in structures that are at least 40 years old. During 1977, about 11 million rental units, or 41 percent of all occupied rental units, were located in structures built in 1939 or earlier.

The conversion of rental units to condominiums is increasing—130,000 conversions are predicted during 1979 compared to 50,000 during 1977. Low rates of return from rental ownership is considered a primary cause of the growing trend of conversions

RECOMMENDATION TO THE CONGRESS

The Congress should establish a commission consisting of officials from Federal (both executive and legislative), State, and private organizations to—

Develop alternative strategies to minimize the impact of the crisis which recognize, among other things, the preservation of existing stock as well as new construction of rental housing and identify incentives necessary for private industry to enlarge its role in the rental market, and

Propose a national rental housing policy and plan of action to foster the availability and affordability of rental housing

RECOMMENDATION TO THE OFFICE OF MANAGEMENT AND BUDGET

The Director, Office of Management and Budget, should take the lead in developing executive branch alternatives and strategies which focus attention on the rental housing crisis. These alternatives and strategies should be presented to the commission for use in formulating a national rental housing policy.

AGENCY COMMENTS

GAO requested comments from the Department of Housing and Urban Development and the Office of Management and Budget but the comments were not received in time to be included in this report.●

DMSO

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. SYMMS. Mr. Speaker, today I am introducing legislation which will approve the use of dimethyl sulfoxide (DMSO) for the treatment of acute brain and spinal cord injuries.

Neurologists at the University of Oregon Health Sciences Center have found that lives can be saved by reducing intracranial pressure with DMSO when brains swell from injury or hemorrhage. Prior to this discovery, most patients died or became vegetables when pressures were too great.

The other forms of treatment usually used are intravenous barbiturates. Studies have shown, however, that 25 percent of the patients do not respond with such treatment, and 83 percent of those cases died. Even though barbiturates can reduce the pressure in a number of cases, the patient is put in a coma and there is also a higher incidence of pneumonia.

In addition, in many animal studies, DMSO has been found to promote healing in damaged spinal cords of animals.

Since it will most likely take the Food and Drug Administration decades to approve DMSO's use for the treatment of acute brain and spinal cord injuries, it is imperative that the Congress act in the best interest of those who are facing the immediate possibility of death or, at best, complete paralyzation.●

ARLENE SLAUGHTER AND CAROL SIBLEY

HON. RONALD V. DELLUMS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. DELLUMS. Mr. Speaker, on this day, November 8, 1979, the Berkeley YWCA will hold a testimonial dinner honoring two women, Arlene Slaughter and Carol Sibley, who have made outstanding contributions to our communities in the 8th California Congressional District. I ask my colleagues to join me in commending and congratulating these women, and I wish to share with you a brief chronicle of their activities in the service to the citizens of this district and the Nation.

Arlene Slaughter, the owner of Central Realty, has been one of the leading realtors in the State in the struggle against discriminatory practices. For almost 30 years now, she has been a recognized leader in the field of housing rights and integration of housing. She has served as State cochairperson of the equal rights committee of the California Association of Realtors, and has served on their board of directors. She is currently vice president and member of the board of directors of the Oakland Board of Realtors, and is a member of Mayor Lionel Wilson's Blue Ribbon Committee on Housing. Among her many community service awards, Arlene Slaughter lists Realtor of the Year (1974); the award for Outstanding Contributions to Equal Opportunities in Housing; Black America Day Award; and Certificate of Appreciation, Berkeley Consumers Cooperative.

Ms. Slaughter's concern for equal rights and social justice has led to her involvement in a variety of community and political areas. She is currently on the board of directors of the Berkeley Women's Health Collective and has served on the Alameda County Human Relations Committee, the Urban Renewal Advisory Commission on Housing for the city of Berkeley, and she was the chairperson of the Alameda County Joint Equal Rights Committee. Arlene Slaughter richly deserves our commendation for the stellar contributions she has made to the quality of life in her community, often in the face of concerted opposition, as she dedicated herself to causes that were before their time and demanded considerable courage and persistence over years of effort.

Carol Sibley, too, has a remarkable record of service in the cause of equality and human justice. She is perhaps best known for her crucial role as school board director in Berkeley from 1961 to 1971 in the landmark racial integration of the Berkeley public schools. But her many contributions span a period beginning in 1944, when she first came to this area and became active in the Berkeley YWCA. She served as president of the community YWCA from 1948 to 1951 and was on the board of the university YWCA from 1945 to 1962.

Ms. Sibley's main involvements in community life range from membership for 6 years in the board of governors of the United Bay Area Crusade to her role as chairperson of the Berkeley Volunteer Bureau. She served for 10 years as board member of the California Association of Health and Welfare. She was the founder of the prestigious Appreciation of Excellence in Youth Award in 1958, and has continued since then in the work of the organization. She is a member of the board of the New Bridge Foundation, a drug rehabilitation self-help program, and is a founder of "A Dream to Berkeley," a group dedicated to building a community of trust and concern with current social issues. In addition, Ms. Sibley serves on the social concerns committee of the First Congregational Church, the affirmative action committee of the East Bay Regional Parks District, and is a member of the executive committee of the Berkeley Summer Fund. Carol Sibley's work in the community has been so extensive that she was named recipient of the Wheeler Award for distinguished community service in 1973. Without Ms. Sibley's tireless efforts on the school board, Berkeley might not have become one of the first cities in this Nation to fully integrate its schools. Her dedication to realizing many dreams for Berkeley have indeed made her one of that community's leading citizens. She leaves no area untouched in her efforts to build a better community, and must be commended for her many years of stellar service.

Without the enduring dedication, enthusiasm, and assistance of these two women, the hopes for a new facility for the Berkeley YWCA would not have become a reality. Since the YWCA began its successful women's refuge several years ago, the need for additional space became more and more urgent. With its expanding programs for teenagers, the need has become crucial to the continuing success of the YWCA. The record of the Berkeley YWCA in serving all segments of the community is perhaps unparalleled in this country. They have led the way in providing help and a new start for homeless women, and are leaders in the provision of multiple programs for our teenagers. It is no surprise, therefore, that the YWCA has enjoyed the help and leadership which Carol Sibley and Arlene Slaughter have given in shaping these policies and in making their dreams a reality. These two women are indeed models to be followed by the young women they have so ably served. Whether in professional life, or in voluntary service, Arlene Slaughter and Carol Sibley exemplify the energy and humanity that the country needs.●

MORAL COLOSSUS

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. DERWINSKI. Mr. Speaker, I find myself questioning the creation of high-level jobs in the executive branch for office holders rejected at the polls. I was highly skeptical, therefore, of the appointment of Dick Clark to fill a new post made for him, that of refugee coordinator. I kept my peace, however, since coordinator of our refugee program is an important job and a man of Dick Clark's integrity would not take it if it were not.

I was taken aback then to learn that at such a delicate moment in the refugee situation Dick Clark had left the new post in which he had been invested. His new job must be truly important since, if it were not, he would not take it.

Mr. R. Emmett Tyrrell, Jr., editor in chief of the American Spectator, had some interesting comments on Mr. Clark's resignation. I am reprinting below Mr. Tyrrell's article, "Moral Colossus", which appeared in the Washington Post on November 5, 1979. Mr. Tyrrell's article follows:

MORAL COLOSSUS

(By R. Emmett Tyrrell Jr.)

We live in an age of political giants, which is fortunate. Rarely in world history has there been more exigent need for their services. Momentous issues are being decided in this world of ours, and it is in America that these issues are being articulated most eloquently and audaciously. Here the future of mankind is being formulated and fought for. The world looks on in awe.

Will men and women finally shake their shackles and realize their full personhood? Will American youth overcome the capitalist miasma and successfully seek out its sexuality? Can the junk-foods Camorra be thwarted? Will the subversive cigarette be banished? And what of the returnable bottle crusade? How about nude bathing, civil rights for animals and the solar campaign? Has it a chance? The struggle gains momentum and, as it is waged throughout the Great Republic, millions of the earth's inhabitants light little candles of idealism in their hearts and look on. America remains the moral showcase of mankind, and an incomparable generation of political messiahs performs within.

The Hon. Dick Clark is such a moral colossus. He became a senator in 1972, after walking the length and breadth of Iowa (700 miles all told), listening to the wails of the downtrodden and going through dozens of pairs of socks. There in the great chamber he distinguished himself, according to the Washington commentator, Tom Bethell, as a senator who took "the view that if there was anywhere in the world a Marxist dictator who felt like hollering abuse at the United States, then it was no doubt our fault and we should just curl up and apologize." Unfortunately, Clark lost his bid for reelection in 1978, possibly because of a papal plot perpetuated on account of his abortion stand.

President Carter had heard of the Hon. Clark's violent humanitarianism, and he made him the administration's coordinator for refugee affairs with the rank of ambassador. On slow days, Ambassador Clark might be expected to issue a poem praising the president's marvels to the folks back in Iowa, but otherwise he was to coordinate Congress, the Justice Department and the State Department in the treatment of fleeing refugees.

What those refugees were fleeing from is a question that Ambassador Clark must have found perplexing. They were not fleeing from Chile or Argentina, and so for a time he could clear his mind of those dark visions of juntas and multinational corporations that have inspired so many of his sonorous oratories, nor were they streaming out of South Africa or Zimbabwe Rhodesia. These were Cambodians, Vietnamese and overseas Chinese. Why would they leave?

Could they be dragging their pitiful belongings across unfriendly roads and perilous seas to escape the fear of unexploded American bombs and the unhealthy conditions caused by American defolients? God knows that in our imperialist madness we recently did much to destroy the quality of life in their homelands. Could they be coming out of Vietnam and Cambodia to protest our spoilages? If so, they carried no anti-American placards, and these denunciations were very pianissimo. Perhaps they were leaving in fear of impending right-wing coups or harassment from marauding bands of counterrevolutionaries armed with the residue of American military might. Yet these refugees were suffering from beating, hunger, terror and ghastly diseases—curious conditions for the citizenry of a progressive regime. Possibly the CIA was again attempting to discredit Hanoi's forces of peace and freedom.

Nonetheless, Ambassador Clark put himself to the task of finding homes, food and medical care for these refugees. Still, their numbers continued to grow, and their conditions worsened. The thing was unusual. No pronunciamento intoned by an American pol seemed to do any good. Erratic waves of pathetic Southeast Asians kept popping up. They appeared in leaky ships in the South China Sea, and those who did not drown—about half—muttered feebly about having been beaten, robbed and raped. Furthermore, these atrocities were not committed by our Americal division, but by Third World cousins. Then along the Thai border the most pathetic refugees of all began appearing—mere skeletons, bearing tales of heretofore unimaginable cruelty. Some held dying babes in their arms. Some had shed loved ones in pitiful expiring heats along their terrible route. Broken and dying, they collapsed in hastily laid out camps just like that. They died by the thousands. None of the Third World rhetoricians at the United Nations did anything. Even Ambassador Andrew Young was relatively noiseless, and Jesse Jackson went off to condole Dr. Yasser Arafat.

Our American political giants relish moments of crisis, but this was too much. The numbers of refugees kept mounting. Their conditions kept growing more critical. Doctors in the refugee camps began talking in tones of panic, and no one could do anything. Finally some of the pols began talking about dropping thousands of tons of food into Cambodia as though there were hundreds of shopping centers and tidy towns over there where people would gather to collect their airborne victuals. But even this scheme was denied the pols. The sovereign governments of Vietnam and Cambodia would not allow such tampering with their internal affairs. And why should they? Has not the United States brought enough misery to these lands? Those who govern in Phnom Penh and Hanoi are reasonable men. They are progressives. They *eliminate* human misery; they do not *cause* it.

Thus it must have come as a relief to Ambassador Clark when at the end of October—just as some spoke of another huge Vietnamese invasion of Cambodia—a Mr. Pen Sovan issued his statement. Sovan is the distinguished defense minister of Cambodia's Vietnamese-sponsored government, and from Moscow he declared that "I can say with a full sense of responsibility that no one is starving in our country." Well thank God for that!

And so on Oct. 30 Ambassador Clark quit his post. He would take the struggle for a better world to other parts, to Iowa. There Camelot II was in trouble. People needed him. He had heard the call from Hyannisport. And so off to the Midwest ex-ambassador Clark did go, and in Washington the office of our coordinator for refugee affairs was left empty.●

A NEW AIR FORCE FOR THE SPACE AGE

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. PAUL. Mr. Speaker, a recent article in U.S. News & World Report demonstrates just how important NASA's Space Shuttle is to our defense effort. The article also shows the need to boost pay to attract and hold the kind of high-level volunteers the Air Force needs in the 1980's. As this article points out, adequate U.S. defense lies with a highly technological Armed Forces, manned by technicians, engineers, and scientists, not by masses of green recruits with rifles and bayonets. We need, not an unconstitutional and un-American draft, but sufficient incentives to recruit high-quality military people:

A NEW AIR FORCE FOR THE SPACE AGE

The most dramatic changes in its 32-year history are transforming the U.S. Air Force.

Taking shape is a high-technology military arm that will send men and women to live and work routinely in space in the early 1980s. Its plane will carry supersmart weapons and laser "death rays" that can score a certain kill against any target a pilot can see. Its ability to "look" deep into hostile territory will be greatly enhanced. . . .

The revolution in technology is matched by a revolution in personnel policy. Gone are the days when the 560,000-strong Air Force was headed by a cigar-chomping bomber pilot and only 10 percent of its officers had finished college.

Now, 40 percent of the colonels have master's degrees or better, and the chief of staff is a nuclear physicist who wrote his doctoral thesis on "Photo Disintegration of Deuterium by 95 Mev X-rays."

Such talents will be in even greater demand as development of a shuttle enables the Air Force to leap into space. Air Force Secretary Hans Mark, a nuclear physicist, stresses that the importance of sending ordinary service personnel—and not just astronauts—for duty in space can't be exaggerated.

HUMAN JUDGMENT

Of the 487 shuttle missions the U.S. now plans to fly in the next dozen years, 113 will involve a military purpose.

"Every single flight of the space shuttle," says Mark, "will be accompanied by man, with human judgment. That will make a major change in how we do business." He predicts that the first service personnel to remain in space for long spells will not be supermacho test pilots but telephone technicians who will repair and monitor the unmanned satellites that are increasingly important for communications, navigation and surveillance.

From the shuttle, Air Force technicians will be able to place satellites in orbit and retrieve and repair older satellites. They may even check out foreign satellites to see how they work.

Maj. Gen. Jasper A. Welch, Jr., assistant chief of staff for systems and analyses, says the ability to carry out repairs in orbit will make it possible to produce satellites much more cheaply and to send them quickly into space to perform specialized jobs. Currently, every satellite must be manufactured to operate flawlessly for its full lifetime and then tested over and over to make sure it will not break down. With a repairman in space, there will be no need for that level of perfection.

Most spy-in-the-sky operations will be handled by unmanned satellites. But Lt. Gen. Thomas P. Stafford, a former astronaut who now heads Air Force research and development, says there also will be men with binoculars—or more-sophisticated devices—watching to see what's going on down below. Stafford says he is still amazed at how much detail can be seen from space, even with the naked eye.

Repair and maintenance teams will be followed into space by the crew of an orbiting control center. This will replace the flying command post that is on constant airborne alert to enable top officers to control the U.S. nuclear arsenal in a crisis.

SOMETHING OF VALUE

Will the Air Force eventually fight outside the atmosphere? Secretary Mark has no doubt that armed conflict will follow man into space. "Where there are things of value, people will fight about them," he says. With the shuttle, carrying 10 times the payload of existing rockets, there will be a rapid increase in the number of things of value in space.

Stafford and Allen, the chief of staff, foresee a fleet of two-man spaceships capable of taking off from ordinary airports, zooming out of the atmosphere and then returning to land at their home bases after completion of their missions. They will probably be equipped with laser weapons to burn out the electronics of a hostile satellite or another spaceship. Stafford says that such a fleet could be operational before the end of the century.

As a first step toward achieving this, the F–15 fighter is being fitted with a missile that can be fired into space from high in the atmosphere to knock down an enemy's satellite.

While the move into space will revolutionize the role of the Air Force, other developments, almost as dramatic, are in the works Experimentation with lasers has reached the point where it is considered a near certainty that they will be used as "death ray" weapons in the near future.

"The 1980s will be the decade of the laser," Stafford says. Already, a laser-equipped plane is flying at Kirtland Air Force Base, N.M. In experiments, small unmanned planes and missiles have been destroyed in flight.

The first use of lasers as weapons will be to defend large planes. A cruise-missile carrier, for example, might be so armed to protect itself as it circled over the ocean preparing to launch its missiles. Later, laser weapons will be made small enough to be carried by light-weight fighter planes to attack ground targets and enemy planes.

A big new warplane is planned—although no decision has been reached on whether to build it or even what its ultimate mission ought to be.

During the coming year, the Pentagon will decide whether to design this aircraft to stand off and launch cruise missiles, penetrate to the heart of enemy defense or combine those two functions. The technological challenge of developing such a warplane—given improved Soviet air defenses—is considered immense.

While this "large warplane"—as Secretary Mark calls it—is on the agenda for the future, the Air Force is in the process of buying a whole new fleet of combat planes: F-15 and F-16 fighters, A-10 tank killers, E3A combat command posts.

In the next decade, as much as 12 billion dollars may be spent on electronic equipment—new radar, communications, guidance, fire-control and jamming devices—to improve the performance of these new planes. A major effort will be made to overcome a critical problem: The limited ability of American warplanes to attack ground targets at night and in bad weather.

Another critical problem is that the very-high-performance engines used in the F-15 and F-16 are wearing out much faster than expected.

In developing new aircraft, the emphasis is less on increasing altitude and speed and more on electronics that can tell a pilot where he is, help him find his target and enable him to communicate easily. New developments in electronics make it possible to put more and more computing capacity into small planes, enabling pilots to make split-second decisions.

How far the Air Force has progressed on this front was demonstrated recently when F-15 fighters supplied to Israel engaged a flight of Russian-made planes of the Syrian Air Force in a dogfight. Four Syrian planes were shot down in a battle that lasted only 1½ minutes.

FLYING COMMAND

To back up the increasingly sophisticated electronic equipment, four-engined flying command posts are coming into service to monitor everything that is happening in the battle area. Technicians in these planes not only guide the smaller planes but also use their computers to work out complex tactics in a matter of seconds.

Soon to come are superpowerful computers, packaged in tiny panels, that will increase the chances of a pilot to fight and live to fight another day. At present, a pilot must fly directly at his target at least for a few moments—an exceedingly dangerous maneuver.

The new electronic fire-control devices will eliminate that danger, permitting a flier to release his weapons while he is maneuvering violently—even if he is rolling upside down.

Technology is being developed to help pilots in other ways. New radar and lasers, now under test, will make American warplanes virtually immune to enemy jamming, a major problem. These devices are in what is known as a "constant jump mode"—that is, they move continuously and automatically from one frequency to another, defying enemy efforts to pinpoint them. Because of the Russian emphasis on disrupting enemy communications, this effort to jam-proof U.S. planes is a top Air Force priority.

ON THE GROUND

Other advances in technology promise dramatic improvements in the ground-support area. One example: New aircraft engines will have far fewer parts than those flying today. This not only will reduce the chances for failure but drastically cut the number of spare parts that must be bought and stored.

Another example: Streamlining of the Air Force Logistics Command. Gen. Bryce Poe II, who heads the command, claims that when Israel defeated Egypt and Syria in the brief but intense Yom Kippur War of 1973, it was logistics that made the decisive difference. He says: "It was a logistical conflict between us and the Soviets. We beat them hands down over a longer distance." His command is responsible for 800,000 items, from patrol dogs to nuclear weapons, with a budget of 16.4 billion a year. If it were a private business, it would rank 10th on a list of the top 500 corporations in the country.

Largely through the use of computers and automated equipment, the Logistics Command has reduced its depots from 21 in the mid-1950s to five today. At the same time, it has cut the number of people employed from 225,000 a quarter of a century ago to 91,000 today, and that number is scheduled to drop another 10 percent by the early 1980s. Despite these decreases, Poe says, the Logistics Command is doing essentially the same amount of work.

As the Air Force prepares for its new challenges, there are many in the service who worry that this elite corps is in serious danger of losing the very asset that has made possible its technological leadership: The high quality of its people.

THE EXODUS

One warning sign is that, for the first time since the introduction of the all-volunteer force seven years ago, the Air Force is not filling recruitment goals.

Even more worrisome is the fact that experienced men and women—both middle-level enlisted personnel and commissioned officers—are leaving the service in increasing numbers. The loss of pilots and engineers, critical to the future of the Air Force, is particularly acute.

A shortage of 2,000 pilots and 900 engineers is currently reported.

While there is concern in the Pentagon, in commands outside Washington the reaction is close to alarm. "We are in deep, serious trouble," declares Gen. Alton D. Slay, head of the Systems Command.

At Langley Air Force Base, Va., home of the Tactical Command, the situation appears particularly bleak. Gen. W. L. Creech, the tactical commander, described the steps he had taken to improve life in the service for his pilots. The result? "We've made so much progress they're leaving us now with smiles on their faces," he says. "Our pilot-retention rate is the best in the Air Force—and its terrible." Not only is the loss of pilots reaching serious proportions, but there is also a less noticed loss of sergeants which, Creech says, "could reach a flood unless we address the issue."

For the long-range health of the service, the shortage of engineers may be even more serious than the loss of fliers. The Air Force counts on recruiting 800 to 1,000 engineers a year. It is now reaching only 40 percent of that goal, says Lt. Gen. Andrew P. Iosue, the service's manpower chief, and experienced engineers are leaving in record numbers.

"We are back-filling jobs that were held by captains and majors and lieutenant colonels with second lieutenants. A man with one year of experience replaces a man with 12. The experience exchange is disastrous," says Lt. Gen. Lawrence A. Skantze, commander of the Aeronautical Systems Division in Dayton.

Largely responsible for the manpower problem, say top Air Force officers, is the series of ceilings that have prevented military pay from keeping up with the cost of living and with raises received by union workers. Coupled with this is the price industry will pay men and women with certain critical skills. A pilot who takes an airline job can make two or three times the income he could achieve in the service. An engineer right out of college can go to work in industry for $18,000 or more. The Air Force can offer $12,000.

But beyond this difference in compensation is a growing bitterness, a feeling that service life is going to get steadily worse.

"Almost in every area, from the perspective of people in the service, there have not only been pay cuts but reneging on the deal they made with the country," Creech says.

Thus, twin challenges face the Air Force as it prepares to move into space in the 1980s:

It must maintain the momentum of its revolution in technology and at the same time attract and hold the men and women whose special talents are needed to manage that revolution.●

ANOTHER CAMBODIA

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. SOLARZ. Mr. Speaker, a critical situation similar to that in Cambodia has resulted from civil strife on the island of East Timor. Over 60,000 people, approximately one-third of this small Asian country's population, already suffer from disease and severe malnutrition. Current assistance is insufficient in reaching those afflicted, and it is clear that thousands of East Timorians will face starvation unless immediate action is taken by the international community to provide relief for those it is intended to reach.

The following article which appeared in New Republic magazine on November 3 depicts the deplorable conditions in East Timor and what must be done in order to alleviate the plight of this beleaguered population. Mr. Speaker, I would like to insert this article into the RECORD:

ANOTHER CAMBODIA

Next time you see a photo of a gaunt-eyed, swollen-bellied Cambodian child, or read a report about mass death from war, disease, and starvation in Indochina, think about the small Asian island of East Timor. Much the same thing that has happened in Cambodia has happened in East Timor, some 2,500 miles to the southeast. Between a tenth and a third of the island's population—60,000 to 200,000 persons—has been killed or has died from lack of food and medicine since fighting started in 1975. Half a generation of Timorese children may have been rendered mentally retarded by malnutrition. Right now 250,000 Timorese are languishing in resettlement camps which one recent visitor, a refugee-relief expert, described as "horrible—as horrible as any I've seen anywhere, including the Thai-Cambodian border." Of these 250,000, about 60,000 face starvation unless relief supplies reach them within the next two months, and 25,000 are in critical condition at this very moment.

For Americans, there is a big difference between Timor and Cambodia. We do not have the luxury, in the case of Timor, of blaming what's happened on Khmer Rouge fanatics or the communist government of North Vietnam. The agony of East Timor is the result of a bloody and brutal territorial seizure by America's friend, Indonesia, and we are deeply implicated in what has happened. Indonesia's original invasion, in December 1975, occurred just 12 hours after President Ford and Secretary of State Henry Kissinger had visited Jakarta, Indonesia's capital, raising no public objection to the impending attack. American weapons were used in the initial assault and throughout Indonesia's four-year campaign to suppress nationalist guerrillas. The Ford administration accepted Indonesia's claim to East Timor, and so did the Carter administration, which (despite its stated policy of limiting world arms transfers) increased military sales to Indonesia from the Ford level of three million dollars to $112 million in 1978.

Despite consistent reports by Australian and other sources about Indonesian atrocities in East Timor, and despite occasional congressional hearings on events there, the Carter administration has raised scarcely a public peep over human rights violations on the island. The U.S. doesn't want unfortunate goings-on in an obscure place to frustrate better relations with the world's fifth most populous country, a resources-rich anti-communist ally strategically placed in the gap between the Asian mainland and Australia and between the Pacific and Indian Oceans. Indonesia, in effect, has extorted the United States into silence by making it clear it would allow no Western humanitarian relief agancies to visit and help Timor if too much were said about what's going on there. Even now, Carter administration officials are afraid to say too much, lest Indonesia refuse to cooperate in saving those who face starvation between now and the monsoon season.

The conscience of America will be eased to know that the U.S. government, having supplied the weapons of Timor's destruction, is now providing 8119 tons of a high-protein rice and corn soy blend to feed its refugees, and has furnished $2.9 million in aid to the International Red Cross and Catholic Relief Services, the agencies responsible for helping Timor's population. However, the conscience of America should not rest too easy. American officials raise some doubt whether enough transportation facilities exist on the island to get food and medicine to all who need it before the rain starts. An American researcher who has done extensive work on Timor, Arnold Kohen, also cites church and government sources in Australia, Indonesia, and the U.S. as charging that Indonesian military authorities have systematically plundered previous relief shipments and parceled out the remainder on a politically discriminatory basis.

The conscience of America really should not rest at least until the U.S. government has done all it can to assure that the people it has made miserable really are helped.

It is not terribly surprising that America has paid little attention to Timor up to now. It is located nowhere—at the far southern end of the Malay archipelago, 350 miles north of Australia. The whole island is about double the size of New Jersey, and for 400 years it has been divided culturally and politically into eastern and western parts.

West Timor was a Dutch colony, with a large Moslem population, and naturally joined Indonesia (which is predominantly Moslem) when the rest of the country won its independence. East Timor, however, was Portuguese and heavily Catholic. It was not at all necessary or natural that it would join Indonesia when the Portuguese withdrew in 1975. A brief, bloody civil war was fought in September of that year between left- and right-wing factions committed to independence. The left-wing faction, FRETILIN, won out, using arms provided or taken from the former Portuguese garrison.

Indonesia was willing to tolerate a Portuguese East Timor, but not an independent mini-state. The right-wing government of President Suharto has asserted that FRETILIN was a communist movement, but U.S. officials say there is no evidence whatever to support the claim. Probably Indonesia figured it had nothing to gain by tolerating an independent neighbor. The Indonesians first sent in commando units from West Timor, which seized border areas in September 1975 and (according to Australian intelligence sources) killed five Australian television reporters who filmed the invasion.

In late November, FRETILIN declared independence and on December 3 it appealed to President Ford to prevent Indonesia from invading. During Ford's visit to Jakarta, Kissinger issued a public statement saying that the United States "understands Indonesia's position on the question" of Timor. Whatever American officials may have said in private about what Indonesia was about to do, it certainly had no deterrent effect. On December 7 Indonesia launched a full-scale invasion against the East Timor capital of Dili. A high-ranking Indonesian general confirmed to a U.S. congressional delegation that "of course there were U.S. weapons used. These are the only weapons that we have."

There is virtually no dispute that the initial invasion was accompanied by widespread, indiscriminate killings of civilians by Indonesian troops. As in Vietnam, and as in Indonesia's own civil war, ethnic Chinese seem to have been a special target of systematic brutality and murder. U.S. State Department officials admit excesses during the early days of fighting, but claim offending soldiers and commanders were removed and disciplined. Critics of U.S. policy assert, however, that the top commander of the forces attacking Dili was not disciplined at all, but was decorated and promoted to brigadier general.

It is an interesting parallel between Cambodia and East Timor—and one which may not be coincidental—that the Indonesian government, like Pol Pot's regime in Cambodia, made it almost impossible for the outside world to know what it was doing as it attempted to assert control over the land. Prior to its invasion, Indonesia warned Australia to get all of its nationals out of the country, and also demanded the departure of International Red Cross workers. As in Cambodia, foreign visits were permitted only rarely, and then were tightly controlled.

Because of the secrecy, it's impossible to know exactly what transpired in Timor from 1975 until this year, when a few Westerners again began to travel around the country as part of relief efforts. Indonesia justified its secrecy, and its activities, as an "internal matter" after May 1976, when an Indonesian-appointed "Regional Popular Assembly" unanimously voted to ask for incorporation of Timor into Indonesia. This action has been declared invalid three times by the United Nations General Assembly.

The Carter administration's official human rights report declared diplomatically that the U.S. "has accepted the incorporation of East Timor into Indonesia, but it does not recognize that a valid act of self-determination occurred." Recognition of the incorporation, however, saves the U.S. from having to object to its ally's use of U.S.-supplied equipment to commit aggression.

On the ground in East Timor, its clear that after Indonesia's invasion, FRETILIN's forces fled the island's small urban centers for the rugged highlands. The insurgents may have numbered as many as 25,000 persons. In 1976, the Indonesian military began to make use of Rockwell OV-10 "Bronco" counter-insurgency aircraft—slow-moving planes equipped with infrared detectors, bombs, rockets, napalm, and machine guns, specifically designed for close combat support against an enemy without an effective antiaircraft capability. U.S. congressional committees have been told by critics of American policy that Indonesia used the planes not only to destroy guerrilla strongpoints, but also to wreck the villages and crops of highland dwellers in order to separate them from FRETILIN.

Estimates of casualties in Timor vary greatly. In 1976, a leader of a provisional government created by Indonesia said he believed 60,000 persons had been killed. In March 1977, James Dunn, an Australian parliament researcher and former consul in Timor who is the most energetic gatherer of information about the island's travail, told a U.S. congressional committee that 100,000 persons had been killed. He based his estimate on reports from Indonesian church officials and refugees. At the same congressional hearing, U.S. State Department officials said such high reports were "greatly exaggerated." One official said that the death toll was probably 10,000. This year, James Dunn compared pre-war Portuguese census figures with current Indonesian military estimates of the population and found that 300,000 persons are "missing." Kohen, citing church sources, says more than 200,000 have died. One U.S. State Department official said last week that 100,000 is the "generally accepted figure" on Timorese deaths. Another said he knew of no accepted figure. What American intelligence agencies know from Australian monitoring of Indonesian military communications, U.S. officials will not say.

The most intense fighting in Timor has occurred during the Carter administration's tenure in office—and so have most of the casualties. In mid-1977, Indonesia offered an amnesty to FRETILIN, but also moved 10,000 fresh troops into the country and stepped up counter-insurgency operations. In the fall, a French photo-journalist slipped into the country and later claimed that the Indonesian army was "systematically wiping out" villages suspected of supporting the guerrillas. In 1978, employing search-and-destroy techniques, heavy air bombardments, and helicopter-borne attacks, the Indonesians began to make decisive headway against FRETILIN. On the last day of the year, an Indonesian force killed the opposition's president, Nicolau Lobato.

The level of continuing resistance in Timor is in dispute. Indonesian authorities seem confident enough now to allow some Westerners to make helicopter visits around the countryside more or less freely as they inspect refugee camps. However other sources, including Arnold Kohen, contend that the resistance is still alive. Kohen asserts, citing reports from U.S. government officials and church sources, that the Indonesian military's policy is to execute summarily all FRETILIN members, supporters, and their families, leaving resistance fighters little choice but to hide when they are unable to fight. Although the U.S. government recognizes Indonesia's take-over of Timor, it's still not clear that Timor has acquiesced.

During 1978 and 1979, a massive stream of Timorese refugees—some 300,000—has descended from the interior highlands to coastal areas and towns, driven by a combination of war devastation and drought to seek food, medicine, and shelter. The condition of the refugees has been described by witnesses as being worse than in Biafra, the Sahel, or Bangladesh during their respective disasters. In September 1978, church relief workers told visiting correspondents that 500 people per month were dying in one East Timor district alone. Other recent visitors say a third of the refugees are marasmic—emaciated, bellies swollen from malnutrition—or post-marasmic, in a state where their bodies are consuming their own protein. Of 250,000 now in refugee camps, one experienced relief official said he guessed 25,000 "are not going to make it" in spite of international relief efforts. The scale may be smaller, but Timor is another Cambodia—and it is partly our responsibility.—MORTON KONDRACKE.●

JOSEPH P. KUZMINSKI

HON. GUS YATRON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. YATRON. Mr. Speaker, in recognition of over 20 years of service to the community of Reading, Pa., a testimonial dinner is being held for Mayor Joseph P. Kuzminski on November 16, 1979.

I have had the privilege and honor of knowing Mayor Kuzminski politically and personally for many years. We began in public service together and through the years he has commanded my greatest admiration and respect.

Joe Kuzminski is a dedicated public servant who is recognized by the people of Reading as a man of unparalleled integrity, respect and leadership. For him, his efforts on behalf of the people he serves, are a labor of love. He cares deeply about the city, and he gives freely of his time, talent and energy to make life richer and more rewarding for the citizens of Reading.

Mr. Speaker, while I am unable to be personally present to honor Mayor Joseph P. Kuzminski on the occasion of his testimonial dinner, I want to call to the attention of my colleagues this distinguished American citizen, and to take this opportunity to express my thanks and good wishes to Joe Kuzminski. Certainly, he is an exemplary public servant who has earned the respect and praise of his peers, his constituents and his friends. It is entirely fitting that he should be honored for his over 20 years of service to the community of Reading and I know that my colleagues will join me in wishing him the very best in the years to come. It has been my privilege to have worked with him and to know him.●

THERE IS NO ESCAPE

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 8, 1979

● Mr. PAUL. Mr. Speaker, there is no more eloquent champion of the free market and individual liberty than Dr. Hans Sennholz, chairman of the economics department of Grove City College. His latest book, "The Age of Inflation", is a masterpiece which I unhesitatingly recommend to everyone interested in our No. 1 economic problem.

Dr. Sennholz understands and can effectively articulate the moral order that must underlie freedom, as few do. I would like to call to my colleagues' attention his excellent essay that highlights the November issue of The Freeman.

The essay follows:

THERE IS NO ESCAPE

(By Hans F. Sennholz)

The Carter energy plan contains a familiar ingredient: it takes money from the working taxpayers to give to the nonworking population. It proposes a windfall profits tax on oil producers and a fuel subsidy to poor consumers. When enacted, it may introduce "fuel stamps" just like "food stamps," to enhance the lives of some 25 million people who are believed to be poor.

Transfer programs now comprise the lion's share of the federal budget. During the past decade transfer payments grew by almost 300 percent, while wages and salaries rose by 134 percent. In 1970 these transfer payments amounted to $57 billion; in the federal budget for 1980 they are estimated to exceed $226 billion. How much longer can the transfer grow at twice the rate of the earnings that are supporting them?

Surely, the political transfer process cannot continue to grow indefinitely. There are limits of economic output as well as political power to seize an ever-larger share of income from the producers. But above all, the very nature of the transfer society, which is social and economic conflict, sets limits to the transfer process.

It is a strange twist of contemporary morality that political conduct is judged by far lower standards than are the acts of individuals. Men who would not think of stealing or pillaging the property of others—who would rather suffer deprivation than to enrich themselves by such methods—believe that politics justifies all means. They engage in confiscatory taxation, devious inflation, and restrictive regulations in order to facilitate the transfer of income and wealth. Their political leaders, anxious to be the favorites of the transfer multitudes, yield to their prejudices, desire what they desire, and furnish the sophistry that will propagate and defend those desires.

SOCIAL CONFLICT

The transfer society is a conflict society in which the beneficiaries of transfer are ever eager for rapid progress while the victims bitterly oppose every step of the way. The transfer battle is fought in all media of communication and education and on the floors of the legislature, where, in a democratic manner, the majority of representatives decide the issues. But all decisions are just temporary as the political battle continues. In every session of the legislatures, whether they are national, state, or local, the transfer process needs to be fed by new appropriations and allocations, and new victims need to be found in order to bestow new benefits.

A great deal has been said and written about the psychological, social and economic consequences of the transfer. Most political discussions today hinge on this issue. The beneficiaries and their friends applaud the effects and laud the policies that facilitate the distribution. The victims, on the other hand, point at many deleterious effects not only upon themselves but also upon the beneficiaries. Both sides advance arguments of ethics, politics, economics, psychology, history, and many others, in order to sustain their position. Both talk about liberty and justice for all.

THE RUSH TO THE EXITS

Whatever we may say about the consequences, there cannot be any doubt that the victims of the transfer system react by seeking to escape. They become refugees in their own country, dismayed and frightened, always on the run from agents of the transfer society. They spend countless hours searching for avenues of escape that promise relief and salvation. Many spend their time and effort pursuing the legal loopholes, no matter how narrow and awkward they may be. Others seek their escape on illegal bypaths that are mined by fines and imprisonment. A few get caught in an intricate net of rules and prohibitions which government is spinning continually around its intended victims.

The direction of escape is determined by the policy of expropriation conducted by the transfer government. It may seize income and wealth through confiscatory taxation, devious inflation, and restrictive rules and regulations. The victims seeking refuge from them all, rearrange their efforts to reduce their burdens. They seek to realize income that is tax exempt, or utilize additional tax exemptions, deductions and tax credits, shift incomes to various types taxed at lower rates, or simply postpone the tax for various periods of time. They shun savings and investments that are depreciated by inflation and seek refuge in investments that are said to be inflation proof. They buy real estate, precious metals or other tangible assets that hopefully appreciate in value. And finally, the businessman who faces regulatory inequity searches for loopholes or, if none can be found, may discontinue his production or otherwise readjust it in order to minimize the regulatory results.

Many refugees from the transfer system pride themselves on their prowess in all matters of escape. They attend "survival seminars," subscribe to advisory services specializing in survival behavior and investments, and otherwise prepare for the breakdown of the transfer order. Some escape artists may even amass sizeable fortunes on their way to the social exits. But they are neither prudent nor bold, and surely no heroes in any sense of the word. They are running from the battlefield of ideas on which our future is decided. They are deserting, although the battle is still raging and there is no safe hiding place anywhere.

GETTING YOUR SHARE

Many victims also try to get even by joining the class of beneficiaries. While chafing under the heavy load of progressive taxation and rampant inflation, they are getting in line for any and all favors the transfer government may extend. The businessman who is suffering from confiscatory taxation and restrictive regulation lobbies for government orders and contracts, for urban renewal or other HUD-subsidized housing projects. The doctor who pays maximum income-tax rates and loses his Keogh-plan savings to inflation clamors for a federal grant to his favorite hospital or for higher federal outlays for health professions training. The attorney or accountant, the professor, minister or rabbi, in fact, all primary victims of taxation and inflation send their children to public schools or state universities where government pays the lion's share of the educational expenses. And upon retirement, they all are looking forward to the generous benefits of Social Security. After all, they contributed so long to the transfer system, why should they not avail themselves of everything to which they are legally entitled?

In the end, no one knows with certainty whether he has lost or gained from the transfer system. Everyone is waiting for his turn at the public trough, which continues to enjoy popularity and respectability. In the line are to be found some of the primary victims, moaning and complaining about the burden they are expected to carry. But their very presence in the line casts doubt on the sincerity of their complaints, while it gives moral sanction to the waiting line and the benefit trough.

DEFENDING THE MAINSPRING OF ECONOMIC WELL-BEING

The true defenders of individual freedom and a peaceful social order neither scramble for the exits nor stand in line for their share of the loot. They do not spend their waking hours scheming and plotting their escape. They are in the midst of the ideological battle. With all their strength and courage they are resisting the transfer order, rejecting its temptations and refuting its spurious arguments.

They readily admit that private income and capital must be preserved for current production and future employment. They even emphasize the moral obligation of the present generation to preserve and promote the economic well-being of future generations. But what would it profit our heirs to inherit our material riches if they lacked the freedom and morality that are the very mainspring of those riches? In the long run, economic prosperity without this mainspring will wither and die like seed sown upon stony ground.

The United States is the ideological, economic, and military bastion of Western freedom and civilization. If it fails, for any reason, civilization must perish. There is no escape.●

GEORGES BANK: FACT AGAINST FALLACY

HON. EDWIN B. FORSYTHE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, November 9, 1979

● Mr. FORSYTHE. Mr. Speaker, the media have given a good deal of coverage to the possible adverse environmental effects of oil and gas drilling on the Outer Continental Shelf during the past several months, particularly in relation to lease sale No. 42 on the Georges Bank.

I have watched and read with dismay the misinformation that has been presented as "fact." Generally, the media have overstated the importance of the Georges Bank as a fishing area and the possible detrimental effects on the environment if a blowout were to occur. Distinctions have not been made throughout this debate between the environmental effects of spilled crude oil and refined oil. It is the new molecular structure of refined oil which has such a potentially damaging effect on the environment, not crude oil. Nor has the absolute necessity of increasing our domestic crude oil production, clearly highlighted by the present Iranian crisis, been given much time.

In an effort to provide some balance to the debate, I have written a letter to the editor of the Washington Post which I would like to share with you. I hope you will take the time to read it:

U.S. House of Representatives,
Washington, D.C. November 7, 1979.

Mr. Benjamin C. Bradlee,
Executive Editor,
The Washington Post,
Washington, D.C.

Dear Mr. Bradlee: Debates over the merits of producing oil from the outer continental shelf in the United States have been going on for many years. These debates have been particularly prolific over the past few months as pertains to the DOI lease sale No. 42 on the Georges Bank. This lease sale, which was scheduled for November 6, has been delayed until the United States Supreme Court makes a decision whether or not to enjoin the sale.

I am the Ranking Minority Member of the Subcommittee on Fisheries, Wildlife Conservation, and the Environment, the Ranking Minority Member of the House Select Committee on the Outer Continental Shelf, and a U.S. Representative from the coastal state of New Jersey. In these capacities, I have been concerned over the environment generally for many years and have been particularly concerned over the potential environmental impacts of offshore oil and gas activities.

During the four years of consideration of the 1978 Amendments to the Outer Continental Shelf Lands Act (OCSLA), I was involved in many hours of testimony and investigation on environmental impacts of offshore drilling. In my capacity as Ranking Minority Member of the Fish and Wildlife subcommittee, I have also been involved in research and investigations of environmental impacts on fisheries and all animal life. As a result, I have come to the conclusion that we cannot ignore the potential impacts to the coastal, marine, and human environment inherent in offshore oil and gas operations. However, neither can we, particularly in our efforts to educate the public, overstate or provide misinformation concerning the degree of potential danger to the environment or the chances of a detrimental impact from offshore oil and gas operations.

During the recent public debate carried on not only in the Washington Post but in other newspapers as well as television, I have been disappointed at the amount of misinformation that has been presented as fact.

We cannot deny the importance of the Georges Bank, as a commercial fishing ground, to New England, to this nation, and to the world. However, there have been numerous overstatements concerning the value of the Georges Bank as a commercial fishing area and of the impacts of OCS oil and gas operations such as; "It's by far the richest fishing ground in the world . . ."; ". . . renewable food resource—worth at least a billion dollars a year every year"; ". . . the source of 14 percent of the world's annual fishing harvest. . . ." In addition, statements have been made implying that a massive oil spill is inevitable in the Georges Bank area which would most likely decimate fishing grounds and fisheries, and that the toxicity of refined products is similar to that of crude oil. As I stated, if we are going to attempt to educate the public on what the OCS has to offer our energy future and the environmental consequences of OCS activities, we must deal in facts.

The Georges Bank, as a commercial fishing grounds, is by no means the richest in the world. Neither does it produce 14 percent of the world's fishing harvest, nor does it produce one billion dollars a year in fisheries.

In the 1930s, the Georges Bank was indeed the premier fishing ground, but this is no longer the case.

In 1978, the highest annual fisheries yield for the nation since 1962, Louisiana was ranked first, Alaska second, and California third, all with catches over 700 million pounds. The catch on Georges Bank was 252.8 million pounds, worth $167 million.

Another interesting fact is that in 1970, the year following the Santa Barbara blowout (by far the largest for the U.S., but a drop in the bucket compared to the two Mexican blowouts which were the largest in history), the commercial fishing catch in the southern California coastal waters was 275.2 million pounds compared to 103.4 million pounds in 1965 (neither of these figures involve the tuna catch which occurs far offshore).

To put the picture in better perspective, the U.S. has been ranked fourth or fifth in commercial fishing catches in the world for the past several years. In 1977, the total world commercial fishing catch was 161 billion pounds, the U.S. catch was about 5.2 billion pounds. This means that the total U.S. catch was only slightly over 3 percent of the world harvest. The Georges Bank catch would have been only one-tenth of one percent. It is also interesting to note that only one nation in the world that is involved in the producion of OCS oil and gas activities to any appreciable degree has not had an increase in commercial fisheries and that is because of past fishing activities.

Statements have also been made that a blowout could devastate floating eggs in the Georges Bank area, thereby decimating a particular species of fish. Most of the species on the Georges Bank such as cod and haddock breed on the ocean bottom. However, their eggs do indeed float to the surface. In calculating the impact of a blowout you first have to assume it will occur, and then, all of the variables involved, such as whether it is gas or oil, how big it is, what are the tides, what are the currents, what are the winds, what is the location of the blowout and what time of year it occurs, would all have to match perfectly with the period of time the eggs were floating on the surface.

Research has indicated that the vast majority of these eggs are doomed before they are laid, because the currents in the Georges Bank take the eggs southeastward into deeper water outside of the Georges Bank area. The interesting fact here is that in order to be in a position to be affected by an oil spill from the area now proposed for sale (except for a very small lease area northwest of the major areas), the eggs would already be caught in the current and on their way to deeper water. It is also interesting to note that these same currents, except for a specific period of time during the summer, would also carry any oil southeastward away from shore and away from the Georges Bank area. This was the case with the *Argo Merchant* break-up off Nantucket, which was carrying No. 6 heating oil.

In drawing any conclusions from these statistics obtained from the National Marine Fisheries Service and Food and Agricultural Organization of the United Nations, it must be remembered that they are only statistics and while they obviously do not indicate that oil and gas operations are good for marine life (although it is obvious that some species do benefit from the artificial reef provided by the production platform), they do indicate that OCS oil and gas operations do coexist with fishing activities quite nicely. It is also reassuring to know that the U.S. has by far the toughest safety laws to protect the human, marine and coastal environment in the entire world.

However, as I have said, the importance of the fishing industry of New England cannot be understated. Everything possible should be done to prevent any detrimental impact on commercial fishing, and the 1953 and 1978 OCS legislation appears to provide those safeguards. Through the efforts of the Department of the Interior and the Department of Commerce, adequate protection has been provided for the biological resources through lease sale stipulations.

Earlier this year, NOAA began an investigation of the Georges Bank as a potential marine sanctuary, because of the number of nominations it received from concerned citizens in New England. That study resulted in the agreements reached by the Department of the Interior and NOAA to go ahead with the sale, provided certain stipulations are included in the lease. Contrary to one quote that appeared in the November 5 Washington Post article, the lessee will lose his lease if the stipulations are not carried out, because of the new regulations required by the 1978 Amendments to the OCSLA.

One of the stipulations that the Department of the Interior agreed to in its consultation with NOAA, was to delete certain tracts from the lease sale. The deleted tracts were the most sensitive in the proposed sale area because of their close proximity to certain marine habitats and breeding grounds. Because of the deletion of these tracts, the probability that any oil spill may harm the shoreline or floating eggs has been drastically decreased from original projections.

It should be pointed out that the chance of a Campeche-type blowout occurring in the U.S. waters appears to be all but impossible. The U.S. record of safety on the OCS is enviable, and the probability of a blowout will decrease as technology improves, and also as additional wells are drilled in a specific lease area.

However, there is always a chance of a blowout occurring: it cannot be eliminated. In debate over economic and biological effects of a blowout, it should be understood that there is a significant and important difference between a breakup of a tanker carrying a refined product, and a blowout involving crude oil. It is tankers and refined products that are the real villain, not blowouts and crude oil. The toxicity and potential biological destruction from a refined product cannot be equated with crude oil. Arguments that have appeared in the media have related a refined product with crude oil.

While refined products and crude oil are anatomically similar (they both contain carbon and hydrogen), crude oil does not contain the same molecules or molecular construction as a refined product because of the refining process. It is the new molecules in refined products that make them so potentially lethal, the type found in the *Falmouth* spill and in the spill of the *Argo Merchant*. For this reason, arguments that are put forth involving the potential danger of a spill involving No. 2 heating oil(the *Falmouth* spill) and No. 6 heating oil (the *Argo Merchant* spill) are not applicable to a discussion on effects of crude oil.

No one is more concerned for the viability and health of our environment than I. However, I am also concerned over the energy future of this nation which is indeed bleak. If we are to survive the remainder of the twentieth century and maintain our way of life, economic health, world standing, and national security, we must do everything in our power to increase domestic supplies of oil.

The OCS not only contains (depending on who you believe) from 32 percent to 60 plus percent of our nation's remaining oil resources, but the OCS activities do not carry the potential danger to the environment, or expense to the taxpayer of the synthetic fuels program. It is interesting to note that OCS activities not only offer a partial solution to the energy predicament we find ourselves in, but return three billion dollars annually to the Treasury in leasing and royalty payments. Instead of costing us taxpayers money, the OCS program actually provides money to the Treasury for other needed programs.

It would be preferable, of course, if we could guarantee 100 percent that any energy activity, let alone OCS activity, would not be detrimental to the environment, but this is not possible. What we must do is consider our options, and balance our needs against the risks involved.

The accident rates for automobiles involving injuries or death on our nation's highways is devastating, and certainly a human life is our most precious commodity. If we applied the same standards to purchasing an automobile (that is, a 100 percent guarantee that the purchaser would not be involved in an accident that would maim or kill a human being), there would be no automobiles sold.

Estimates of our future energy demands and supply indicate that by the year 1990, we could be importing over 60 percent of our oil needs if our domestic supply of oil remains unchanged. Estimates on our energy future have been undertaken by Shell, the CIA, the Department of Energy, the Ford Foundation, and other reliable and credible sources. All of them predict the same trends and the picture is not good.

The OCS potential for oil and gas can make a major contribution to our domestic energy picture as can the development of alternative energy technologies and certain synthetic fuels. Because of our dependence on foreign nations for over 47 percent of our domestic supply of oil we are increasingly more vulnerable to cut-offs from those nations. We should have learned our lesson from the gasoline lines of 1973 and from the Iranian problem—we cannot continue to rely on the future goodwill and stability of foreign nations for such a large percentage of our oil needs.

We must begin to help ourselves and this will involve tough decisions—decisions that must be based on fact.

In this realm, I am confident that the U.S. Supreme Court will deny the request for enjoining the Georges Bank lease sale, and our nation can get underway in its efforts to provide at least a partial solution to its energy problems by increasing its domestic production of oil.

Sincerely,

Edwin B. Forsythe,
Select Committee on the OCS.●

THE FIERY ADVOCATE FOR THE ELDERLY

HON. CHARLES E. GRASSLEY

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Friday, November 9, 1979

● Mr. GRASSLEY. Mr. Speaker, I have the honor of serving with Claude Pepper on the Select Committee on Aging. As chairman of the committee, he has proven to be a tireless leader for social programs which lighten the financial burdens of the elderly. Today's issue of the Washington Post gives a very accurate insight into the character of the courageous humanitarian and tenacious advocate for the elderly that I know Claude to be. I recommend the article to my colleagues:

Representative Pepper: Fiery Advocate for Elderly

(By Ward Sinclair)

If you persist in believing that Congress is a mix of blandly telegenic hotshots with natty suits and blow-dried hair, it is time to pause and pull up a chair next to Rep. Claude Pepper (D-Fla.).

To talk with Claude Pepper, at 79 the oldest member of the House of Representatives, is to have the stereotype knocked to flinders.

He's not all that telegenic, he's not the picture of three-piece nattiness and he wears a reddish toupee. But at an age when others might just pack it in—or ought to—Pepper is running hell-bent-for-leather to get the country straightened out.

His cause is the plight of the elderly in America and his forum is the chairmanship of the House Select Committee on Aging, a generally powerless tool that Pepper has converted into a buzz saw.

The picture painted of the elderly by Pepper, flecked with statistics of pain and loneliness, is not quite the image left by those warm television and magazine ads depicting the pleasure of the Golden Years.

Roughly 11 percent of the U.S. population is 65 years old or more, for example; and at least one-sixth of these people live below the official poverty level.

And "it's very lonely for many of these people. There is so much we could do for them, but there still are a lot of people [in Congress] who are mixed up in their evaluation of what's important," Pepper said the other day.

He had another thought. "It's a strange thing," Pepper continued. "We are warm and humanitarian in so many respects. But in others, we don't get around to being humanitarian."

As chairman of a "Select" committee—an advisory, investigative body that cannot produce legislation—Pepper is somewhat limited in the ways he can force humanitarianism upon his legislative brethren.

One way, however, is by making himself a general nuisance, appealing to each of the 10 committees and 30 subcommittees of the House and staying after the administrators of 132 different federal programs that affect the elderly.

"Pepper and his committee have been able to draw a lot of attention to senior-citizen problems" said an official of the National Council of Senior Citizens, a lobbying outfit with 3.5 million members.

"We're all for Claude Pepper. He's very visible. A lot of his hearings tend to be flambouyant—tend to be publicity-oriented. We'd like to see more bills passed, however."

Pepper is not fazed by the indirect criticism, for he knows that understanding of a problem must occur before the Congress will come to grips with it legislatively.

So he and his committee have been hammering away with hearings and reports about the inadequacy of Medicare and Medicaid; about the mistreatment of elderly mental patients; about abuses in private medical insurance programs; about inadequate housing and boarding facilities for the aging.

Pepper's haranguing, for one thing, led to abolition last year of mandatory retirement rules before age 70 in private business. For another, he got a 30 million program approved to combat crime in public housing projects dominated by the elderly. This year, he and Rep. Thomas A. Luken (D-Ohio) were behind an amendment that cut Amtrak fares for the elderly.

If there is a rhythm and cadance to public lives, this period has become a musical interlude in the career of a man who is, unlike most of his younger colleagues in the House, a certified historical figure.

Pepper was elected to an unexpired Senate term in 1936, then was reelected in 1938 as a solid Roosevelt New Dealer. He was a strong critic of Hitler's growing power and, for his support of military conscription in 1940, was hanged in effigy on the Capitol lawn.

By 1943 he was badgering Congress to adopt a program of "universal health insurance"—an idea he still is pushing—and speaking in favor of civil rights. Just after World War II, he was roundly denouncing the House Unamerican Activities Committee investigations for "undermining" Americanism.

That all caught up with him in 1950 when he was defeated in the Florida Democratic primary by George Smathers Sr., in one of the bitterest, nastiest campaigns of modern times.

Suffice to say that he was referred to as "Red" Pepper. "You can see why I lost, I was for civil rights and national health insurance. They had $2 million and I had $200,000. But 'communism and nigger' that's all there was. It was the smear-red tactic" he said.

So Pepper went back to practicing law in Miami, then won election to the House in 1962 when a new district was created in Dade County. The district is heavily Cuban and heavily black with more elderly voters than average and Pepper has had no trouble retaining the seat.

There is a tinge of regret in Pepper's reminiscences about no longer being in the Senate. Had he stayed, he now would be president pro-tem and very likely chairman of the Foreign Relations Committee, which appealed to him greatly.

But it's another career now, and Pepper, stunned by the death of his wife from cancer last March, says he intends to spend the rest of his time here—at least until the year 2000—working on health problems and being an advocate for the elderly.

"I think we've given the elderly a little more hope, a little more motivation through the work on our committee," he said. "But we still have so far to go."

Next week, he'll be treating Congress to another angle on the story of aging—flavored with Pepper. He has scheduled a hearing at which none of the main witnesses will be younger than 100, because, he thinks they have wisdom to offer.●

THE GRAVEST ISSUE

HON. PAUL N. McCLOSKEY, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, November 9, 1979

● Mr. McCLOSKEY. Mr. Speaker, the following editorial from the San Francisco Chronicle properly suggests that population growth may well be the single greatest factor affecting the decisions Congress will face in years ahead.

The editorial follows:

THE GRAVEST ISSUE

Inflation, say the opinion polls, is presently the most disturbing concern of the American people. But when Americans think about inflation they think about short-term, monetary inflation that sends prices up by 1 percent or more per month and makes a mockery of their savings and retirement plans. Many leaders of political and social thought around the world say, however, we should be worrying a great deal more about population inflation than about our current 13 percent money inflation. When we look at the numbers we can see why they say that.

Americans are, of course, but 220 million among about 4.3 billion people inhabiting our planet today, and they are among the fortunate peoples who have been seeing their birth rates declining and their baby booms deflate. But there is no room for American complacency. The next 20 years, taking us to the end of the 20th century, are likely to see the world's population increase by half, from 4.3 to 6.2 billion, say the population forecasters, and to 10 billion by the year 2020, unless current trends in fertility and unchecked growth are much curtailed.

A few weeks ago, speaking in Belgrade, the World Bank's president, Robert S. McNamara, asked the bankers of around 100 nations to try to comprehend what such a world, with 10 billion population, would really be.

Looking 40 years ahead, beyond his own time, perhaps, but well within the expectancy of millions now in their prime of life, McNamara pronounced his judgment: "It is not a world that any of us would want to live in."

There are only two ways to avert this: either birth rates come down or death rates go up. If our choice is for lower birth rates—"any other choice is inconceivable," McNamara said—"we simply cannot continue the leisurely approach to the population problem that has characterized the last quarter century."

Now McNamara has been often enough a Cassandra on this theme. Yet he is not alone. At Colombo, Sri Lanka, last summer, parliamentarians from 64 nations met to consider world population and development. They urged the promotion and strengthening of population programs like that of the International Planned Parenthood Federation. They called on governments to "ensure that all couples and individuals can exercise their basic right to decide freely and responsibly the number and spacing of their children." They demanded the establishment of equality between men and women so as to enable women to exercise their basic human rights. They wanted support for research on "more widely acceptable techniques of fertility regulation."

All these appeals seemed somehow to pussyfoot around the matter. What the parliamentarians and the world bankers are talking about is the widespread availability of contraception, in homes, in working places, in public places everywhere. Of all the world's peoples the Chinese are possibly the most serious about this.

In one of his reports from China David Perlman wrote in The Chronicle about China's forthright population controls. Free contraceptives of all kinds, Perlman wrote, are available everywhere—pills, condoms, intrauterine devices, gels and diaphragms; abortions are encouraged; rewards given and penalties enforced. With a billion of the world's 4, with 15 million more people a year to feed and employ, China means business.

The pope, on his visit to the United States, passed up the challenge that the Colombo conference and the World Bank governors' meeting had laid down. Reaffirming the church's immemorial objections to and strictures against family planning, he disappointed the hopes of large bodies of Catholics, as well as others, for the modernization of Roman Catholic doctrine on population control that must someday be faced by the papacy.

For it is no less than the survivability of all of God's children in the next century that we are talking about. ●

VIOLENT DEMONSTRATION DEPORTATION ACT OF 1979

HON. THOMAS B. EVANS, JR.

OF DELAWARE

IN THE HOUSE OF REPRESENTATIVES

Friday, November 9, 1979

● Mr. EVANS of Delaware. Mr. Speaker, I am today introducing the "Violent Demonstration Deportation Act of 1979." This legislation would direct the Attorney General to deport from the United States any alien who participates in any demonstration in which a person or persons are killed or injured or where significant property damage occurs.

Mr. Speaker, in recent months, we have repeatedly seen incidents where foreign students, admitted to this country ostensibly for the purpose of attending American institutions of higher learning, have gone to the streets to participate in often violent demonstrations. In many instances, U.S. citizens and law enforcement officers have been injured, and U.S. property destroyed. I welcome any foreign student who wants to come to this country to study at our institutions. Such programs are not only good for the foreign student, but they also allow Americans to meet and know persons from different countries and cultures, thus helping to cement better relations among all peoples of the world.

However, this country should deny entry or deport any individual who uses the privilege of admittance to the United States as a platform from which to participate in violent demonstrations. Such persons are not interested in receiving the best education possible. Rather, they use their student status as a front to make political pronouncements, which are often at variance with stated U.S. policy. In many cases, these demonstrations turn violent and American citizens are placed in danger. In my opinion, any so-called student who participates in such outbursts should be put on the first boat back home.

Aliens are admitted as guests of this country. They are expected to abide by the laws and standards of this Nation, just as American students are expected to follow the standards of the country in which they are studying. What would happen, for instance, if an American student participated in a violent demonstration in say Iran or an Iron Curtain country? Obviously, they would either be immediately deported or thrown into jail to face foreign justice without any protection from this country.

My bill will hopefully curb the growth of violent demonstrations by those who are guests in this country, and go a long way in protecting our own citizens and their property.●

VOLUNTARY HOSPITAL COST CONTAINMENT WORKS

HON. DOUG BARNARD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Friday, November 9, 1979

● Mr. BARNARD. Mr. Speaker, hospitals are being unfairly charged with increasing health care costs, when the truth of the matter is that because of a voluntary effort, they are making great strides in slowing the increase. Recently released figures show that the August rate of increase for total hospital costs was 12.8 percent, as compared to a general inflation rate of 13.1 percent for the first 8 months of this year.

This rate is below the inflation rate for the rest of the economy, and is even below the rate of increase in total hospital costs for the comparable period last year. In addition, during this period, not only continued increases in costs put pressure on hospitals, but also more people used them than last year.

Since last year, our national population has grown by 1.8 million. The number of people 65 and over, who use hospitals far more than the rest of the population increased by 500,000, and births, which account for 10 percent of all admissions rose by 4.2 percent.

This increase in hospital utilization, along with the other cost increases associated with the general inflation rate should have increased hospital costs by far more than the relatively small increase that actually occurred. However, a broad-based coalition, representing doctors, hospitals, health care suppliers and manufacturers, insurance carriers, local government, business, labor and consumers has been working since 1977 to reduce the rise in health costs.

Last year alone, the increase in health care costs was pared from 15.6 percent to 12.8 percent, which saved American consumers of health care a total of $1.48 billion. In spite of the huge price increases that have hit our economy this year, the rate of increase for health care has remained the same.

This effort has managed to do more already than the passage of any legislation that this body could create. These people, all directly involved in the health care process, deserve our support and endorsement, and do not need to be superseded by a massive Government effort.●

INFANT FORMULA CAN CAUSE DEATH

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, November 9, 1979

● Mr. SIMON. Mr. Speaker, our distinguished colleague from Illinois, Morgan Murphy, has called attention to a problem that threatens infants in Third World countries.

In an article published in the Chicago Sun-Times, Congressman Murphy analyzes the aggressive marketing campaign waged by infant-formula manufacturers aimed at promoting use of their product in less-developed nations.

As a result, he points out, many mothers have given up breast feeding and are using formula that may be diluted or contaminated, causing malnutrition, intestinal infection, pneumonia, dehydration, and even death.

I commend the article to my colleagues and urge serious consideration of the bill Representative Murphy is cosponsoring with Representative Ron Dellums to stop the abuse in this area.

The article follows:

[From the Chicago Sun-Times, Sept. 26, 1979]

LET'S HALT INFANT-FORMULA ABUSES IN THIRD WORLD

(By Morgan F. Murphy)

Millions of babies in the world's developing nations are suffering from what pediatricians call "bottle baby disease." It's largely the result of an aggressive marketing campaign waged by infant-formula manufacturers who want to increase sales in Third World countries.

As a result, many mothers have needlessly given up breast-feeding to feed their babies an infant formula that is often diluted or contaminated, causing malnutrition, intestinal infection, pneumonia, dehydration—and sometimes death.

The decision of manufacturers to sell infant formula in the nations of Latin America, Asia and Africa was prompted by declining birth rates in the United States and Western Europe, coupled with a desire to expand into new markets. The acquisition of infant-formula companies by international drug companies, eager to increase profits through diversification, also contributed to this expansion. In developing nations, the companies found they could take advantage of increases in population, income and hospital births.

These countries now spend more than $600 million a year on infant formula, which is about twice what the United States spends. American companies account for about 20 per cent of infant-formula sales in developing nations.

The manufacturers of infant formula promote their product through radio commercials, newspaper and magazine advertisements and outdoor billboards. They also use methods that are much more direct, such as:

Distributing free samples, along with nipples, bottles and measuring spoons, to doctors, hospitals and clinics.

Placing "milk nurses" (saleswomen wearing white nurselike uniforms) in hospital waiting rooms. They advise pregnant women to use infant formula and give them free samples and pamphlets.

Offering gifts or money to doctors and health professionals to induce them to promote infant formula. Companies also sponsor and pay for travel to pediatric conferences, which one Malaysian doctor said helps to "tone down" doctors' criticism.

The selling of infant formula in developing nations has produced a number of serious problems. The formula is very costly for those with low incomes, causing mothers to dilute the milk powder to make it last longer. This results in malnutrition. In addition, preparation of the formula requires clean water, refrigeration and a knowledge of sterilization. Because many lack these conveniences and knowledge, the formula often becomes contaminated and the child gets sick or dies.

Manufacturers claim Third World women have been turning from breast-feeding to bottle-feeding because more are working outside the home. But recent studies have shown that even in Northern Europe less than 10 percent of the mothers who stopped breast-feeding gave it up because of jobs.

The real explanation lies in aggressive and misleading promotion of the product, causing many women to believe that breast-feeding is less than adequate. Cruelly, in the time it takes to use up the free samples, a woman's secretion of milk may have become difficult or stopped altogether. In other cases, the promotion of infant formula raises doubts in nursing mothers, whose anxiety then inhibits the flow of their milk.

In point of fact, as noted by the organization Clergy and Laity Concerned, a mother's milk is free, always available, sterile, the right temperature and contains all the nutrition a child needs in the first four to six months of life. Moreover, it has disease-resisting antibodies that are passed on to the child. It is estimated that only about 5 percent of Third World women cannot breast-feed because of disability or illness.

To deal with this problem, I have cosponsored a bill introduced by Rep. Ron Dellums (D-Calif.) aimed at stopping the unsafe use of infant formula in less-developed nations. It would require U.S. manufacturers to obtain a federal license before exporting, selling or distributing infant formula to any developing country. Before receiving a license, a company would have to show it had a marketing plan directing the product only to those with adequate incomes, refrigeration, clean water and sufficient literacy to use the product safely.

The bill also would prohibit the distribution of free samples, the use of "milk nurses" and the offering of gifts or money to doctors and health professionals to promote the use of infant formula. And all formula sold to a developing country would have to include instructions describing its proper use and the nutritional benefits of breast-feeding.

Although more than half of the Third World market is currently held by foreign corporations, any regulatory action by this country could set an example for others to follow. With the health and lives of millions of babies at stake, no time should be lost in setting such an example.●

MAMIE EISENHOWER

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. MICHEL. Mr. Speaker, expressions of regret and sympathy from all over the Nation and the world have marked the death of our beloved former First Lady Mamie Eisenhower. Tributes to her dignity, graciousness and sense of warmth have appeared in every major publication. It is as if the Nation and the world realize that the passing of Mamie Eisenhower marks not only the end of a great lady's life but the end of an era as well.

Naturally enough we also think of her beloved Ike at this time as well. They were quite a team. Looking back, it is clear that what the Eisenhowers brought to this Nation was something very special, something that has been missing in recent years. A combination of unabashed patriotism, natural simplicity, personal warmth, and unpretentious dignity, the Eisenhower magic was created by both Ike and Mamie. Now that it is gone we realize what we have lost.

There is not very much I can add to the tributes that have been paid to Mamie Eisenhower. Perhaps the biggest tribute we all can pay to her memory is to try to bring to our national life the gracious qualities that marked her life.●

REGIONAL SOLAR ENERGY CENTERS

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, November 9, 1979

● Mr. OTTINGER. Mr. Speaker, last week the Subcommittee on Energy Development and Applications had the opportunity to hear some excellent testimony on the subject of the regional solar energy centers. A particularly constructive statement was presented by Joan Shorey of the solar lobby. This testimony provides a very useful analysis of the problems and promises of these regional centers. I hope my colleagues will find this statement to be useful:

TESTIMONY OF JOAN SHOREY

Thank you for the opportunity to testify before your committee. I sincerely hope that these hearings are just the beginning of a substantive and much needed Congressional commitment—a commitment to rectify the three most fundamental criticisms we have heard over and over again about the Regional Solar Energy Centers. These criticisms are:

1. The Centers are badly managed by DOE,
2. A Regional bureaucracy is being formed without citizen participation,
3. The RSECS will sap funds from existing programs and hamper action at the local level.

I am appearing here as a representative of Solar Lobby and its 30,000 members. My testimony reflects the work and experiences of our staff as well that of other organizations, such as the Center for Renewable Resources.

During this past year and a half, the Solar Lobby has been in touch with many Solar Energy proponents throughout the country. This summer we participated in a meeting of about 1,000 people who work in their own communities on solar projects. This meeting was sponsored by the Center for Renewable Resources, which has established a network of field representatives in each of the states and is compiling a catalog of model programs.

From June through August we were fortunate to have the help of Dana Peck, who organized and analyzed information from all these sources as it relates to the Regional Solar Energy Centers (RSECS). Dana's wide-reaching research confirms my own observation and experience: The mechanisms established by the Federal Government to bring solar energy to the country are not working.

These hearings today raise the curtain on a stage—stage "Center" you might say—crowded with would-be lead performers, mismanaged and undirected crews, and a badly structured script.

As a critic of this performance, I hope to show you how the Regional Solar Energy Center structure and management developed, how that development affects your committee, what some of the management problems have been and what the relationship of the Centers has been with the public who will eventually use and develop solar energy. Attempting to be a constructive critic, I will end by itemizing some of our hopes and suggestions for Congressional and Agency action.

Key to all these questions is an awareness of how the Centers came into being. The official view is presented in the Department of Energy's March 1979 Summary Status Report on the RSECs. The Summary states that at the same time DOE's predecessor ERDA announced the Colorado site for the Solar Energy Research Institute and the selection of the Mid-West Institute for the operation and management role, it also recognized "the regionally diverse nature of solar energy" by announcing its intent to establish four regional centers. Planning grants were to be awarded to organizations representing the Northeastern, North Central, Western, and Southern regions of the country.

Those consortiums and regional interests from the parts of the country that did not win the SERI competition spared no chance to express their outrage at being passed over. And it was this pressure exerted on Congress and the Administration from this diverse constituency that really gave birth to the four regional centers that we have today.

Effective lobbying? Yes! but the real point is that today the four organizations proposed to bring the Federal Government's solar program to your constituents have no Congressional mandates or Congressional budgetary direction.

In addition, the Centers began with no sense of their place in the total U.S. solar program. No concrete program responsibilities. No clear lines of relationship with DOE, SERI or the Energy Extension Service. It is small wonder that the Centers have grown into topheavy bureaucracies . . . some say like little DOEs. This chart, which Dana put together, shows the branching family tree.

As for DOE's management of the Centers, the March Status Summary states that the RSEC's scope of activities were to be "consistent with DOE's solar commercialization mission." But the definition of solar commercialization continues to require fine tuning and the management structure of DOE's commericalization program is byzantine, even maze-like.

For instance, at least four sections of DOE have commercialization missions: The Deputy Undersecretary of Commercialization, The Commercialization Division at SERI, the Office of Energy Technology (evaluation responsibilities) and the Office of Conservation and Solar Applications (managerial responsibilities). It is in the Applications Office that the RSECS were supposed to find their home. But not only does the Applications Office have its own separate Commercialization Division but several other Divisions are in the marketing and commercialization game. And the RSECs have been assigned to the Program Development Branch. Yet, there is no clear line of communication, no single manager to coordinate the commercialization activities. In addition, the several Branch chiefs who exercise their prerogative to request work often cause confusion. For example, one Division request to produce a field management plan might be countermanded by another Division's assertion that the multiyear plan must come first.

Overall, DOE's criteria for the Centers' annual operating plans have lacked substantive or consistent guidance from any direction. Funding, to take yet another example, is spread across several divisions within the Solar Applications Office. The RSECs are funded through a "tax" levied on individual programs rather than through a single fund and as a result accountability and program stability suffer. In fact, funding considerations have so far scarcely earned their name. Until the last several months, the RSEC directors had functioned on funding based solely on extensions of their 1977 planning grant. This mode of operating further destabilized RSEC program planning and made it well-nigh impossible for individual RSECs to enter into funding agreements with states or other local interest groups.

Understandably frustrated, RSEC directors have moved to re-define their initial mission independently. In doing so, however, they often commit the same errors that have kept DOE management in a muddle. Some have ignored state and local organizations that have made progress in developing the solar markets or furthering other RSEC objectives. By rights, RSECs should be as sensitive to regional concerns as they expect DOE to be sensitive to RSEC interests and advice. An RSEC that attempts to plan for its own region from a central vantage faces all the same problems DOE does when it attempts to plan for the nation as a whole without involving constituents in the process.

How have the RSECs encompassed citizen participation? And how have they tried to acquire expertise and information from existing solar programs and from state and local constituents?

Each of the Centers has different ways of dealing with outside participation, some of them better than others. Western Sun, and to an increasing degree the Mid-American Solar Energy Center (MASEC), has at least shown a willingness to recognize existing solar energy organizations and expertise. North East Solar Energy Center (NESEC), while emphasizing industrial sector concerns, has largely failed to make external input a part of its effort. The Southern Solar Center is subject to the same criticism.

To comment on state participation in general, we will steal a little fire from letters sent to Omi Walden from James Larocca, a Commissioner of the New York State Energy Office. These letters, written in September and December of 1978, present the views of the members of the Coalition of the Northeastern Governors Energy Policy subcommittee. Larocca claims that NESEC fails to use state expertise, experience, or resources; that NESEC's staff-development efforts will duplicate existing capabilities in the private and public sectors; and that the states are shut out of the development of regional programs. We agree.

In terms of direct citizen participation little has occurred. True, the Southern Solar Energy Centers Planning Committee voted to establish a citizen's Advisory Board. A proposal designed by Dr. Merle Lefkoff, a public participation consultant and a Director of the Solar Lobby, was presented to the Southern Center in October of 1978 and was endorsed by the vast majority of existing solar citizen groups. But the Southern Center has failed to act or comment on the proposal.

In addition, the DOE Regional IV office, viewed by many public interest organizations as active proponents of solar energy in the South and supporters of citizen field activity, has been also closed out of the Southern Center planning and programming process.

And the representative of the Evanston Environmental Association sums up another often-heard cry: "The argument is that facilities and expertise for commercializing or normalizing solar exists out in our own backyards, among business and local groups in touch with the people they serve best."

Nowhere does it appear that the RSECs have thoroughly evaluated the resources and programs in their own backyards.

The Center for Renewable Resources with just a few months work has found many, many model programs throughout the country. Descriptions of these programs on a statewide basis will be available shortly. This task should have had first priority on all RSEC agenda. But this was not the case. We urge you to find out for yourselves if the RSECs are plugged into the solar energy work in your own districts.

You have heard our criticisms: Our dismay at the lack of management within DOE, our concern that the Centers are neither aware of the solar energy expertise within their own terrain or willing to reach outside of their own bureaucracies for citizen participation; and, our fear that federal funds will not reach the community level. Although general, these criticisms open the way for quite specific and, we hope, constructive suggestions.

First, RSEC's current quasi-official status should be changed legislatively by your committee to that of an acknowledged organizational structure. In no other way can the centers become fully accountable to Congress. Line item budgeting should be considered.

Second, RSEC coordination, including that related to funding, should be the primary task of a high-ranking member of the Conservation and Solar division. High enough within the organization to determine what requests to the RSECs from DOE Headquarters will be pursued, this person should also work to assure that RSEC participation becomes an integral part of the DOE's commercialization planning process.

Third, DOE Headquarters should clearly define the RSEC role as providing direct program-planning to DOE for use in developing commercialization plans specific to each region. At the same time, DOE should fully acknowledge the need for a decentralized approach to solar commericalization.

Fourth, RSEC contracts and subsequent operating plans should extensively involve experienced outsiders in preparations of all planning analyses submitted to DOE. Advisory mechanisms and state solar offices should provide some of this advice, with funding for these efforts coming directly from the Centers.

Fifth, DOE should make five-year funding commitments to the RSECs to rid them of some of the uncertainty they now face. This funding should be tied to careful assessment of RSEC performance against their operating plans to assure the money is being wisely spent.

Sixth, because of criticism of top heavy and insular management, RSEC staff size should be limited, possibly by explicitly limiting the funds allowed for overhead.

Seventh, RSECs should be allowed to make grants and enter into cooperative agreements with state, local private organizations and with public interest groups to assure the widest interchanges across each district. Such grants and cooperative agreements should specifically include the right to use such funds for travel purposes to allow for meetings and public participation.

Eighth, an annual report, the first of which should be submitted within 180 days of the conclusion of these hearings, should be prepared to outline how RSEC suggestions will be fully incorporated into the solar commercialization effort, how RSEC-DOE coordination will be handled, and how the RSECs will enter into the overall effort of SERI, EES, and DOE's Regional Representatives. Such a description should include organizational charts, breakdowns of DOE program structure and the contracts the various managers are assigned, an account of where such contracts are placed within the organization, and an outline of how program information is coordinated. Goals, multi-year plans, measures for goal achievement, and reporting requirements should also be a part of the annual report.

These hearings will surface a myriad of other complaints and criticisms, and, we hope, other suggestions of what to do about the Regional Solar Centers. The problems won't go away by themselves unless the Centers are dissolved. For our part, we don't think the baby must be thrown out with the bathwater. But we are convinced that Congress and particularly your Committee will have to instigate and oversee positive action. The first step is to continue the dialogue begun today. We offer our help to you and your staff. Thank you very much.●

NAVY CNO OFFERS SOUND ADVICE ON DRAFT

HON. JAMES L. OBERSTAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Friday, November 9, 1979

● Mr. OBERSTAR. Mr. Speaker, when we debated selective service registration this summer, the specter of the draft hung over our deliberations. I and many of my colleagues made this appeal to the House, "Let's try to make the present system work, before we take drastic measures that will affect millions of young people and lead toward the resumption of peacetime conscription."

The House heard that appeal, and in one of our best votes of this session, voted to reject an ill-considered registration requirement. It was a vote which cut across party, ideological and regional lines. I was proud of the House that day.

Mr. Speaker, I was delighted Thursday to read in the Washington Post that our Nation's chief naval officer, Adm. Thomas B. Hayward, was sounding the theme we raised in our debate: Make the voluntary system work. We should reform our military system, pay our recruits decent wages, and encourage honest recruitment efforts.

I would encourage every young person to consider volunteering for military service. I know that the young people of the Nation are like those of my congressional district; they are patriotic, they want to serve. I do not think we have to dragoon them into service like some totalitarian, czarist regime.

I would like to include for the RECORD the Washington Post account of Admiral Hayward's comments on the draft.

The article follows:

TOP NAVAL OFFICER SPEAKS OUT AGAINST RESUMING THE DRAFT

(By George C. Wilson)

The nation's top Navy officer yesterday warned that resuming the draft would bring back the trauma of the Vietnam era.

In sounding that warning, Adm. Thomas B. Hayward, chief of naval operations, took a harder line against the draft than have his colleagues on the Joint Chiefs of Staff.

"Once you go to the draft," Hayward said, "I can see all the dissidents coming out of the woodwork and going through all that trauma our country" suffered during Vietnam.

"I don't want that," he said.

Resuming conscription "would set up all those negative attitudes about military life" growing out of Vietnam "that we have managed to overcome," Hayward added.

"I think there is a neutral attitude out there today" toward the military. "It might even be positive. We're not having that much trouble recruiting people."

Although none of the military services met goals for volunteers in fiscal 1979. Hayward said he is much more worried about retaining skilled petty officers in the Navy than in new recruits.

Several members of Congress have warned that a resumption of the draft may be necessary to fill the military ranks. The JCS has called for draft registration, but stopped short of recommending conscription.

Hayward is the first member of the JCS to come out strongly against conscription on the grounds that it would lead to domestic turmoil.

"I wish the draft had never gone away," he said of its suspension in 1973. "But it did. It's now almost seven years later, and don't think this country wants the draft."

The best way to solve the Navy's manpower problems, he continued, is to pay those now in uniform more so they will remain.

Many ships are critically short of the skilled people needed to run them, Navy officials complain. This shortage is reducing the ability of the fleet to fulfill peacetime missions or go to war, they say.

"If I retained 4,000 more mid-grade petty officers" each year, "that's 20,000 recruits" who would not have to be trained to take their places, Hayward said.●

MAMIE DOUD EISENHOWER

HON. DON RITTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 7, 1979

● Mr. RITTER. Mr. Speaker, all Americans have been deeply saddened by the death of Mamie Eisenhower, and none more so than Pennsylvanians, who have considered Mrs. Eisenhower to be a fellow Pennsylvanian ever since she and President Eisenhower adopted Pennsylvania as their home by acquiring the Eisenhower farm at Gettysburg, Pa.

Gettysburg is only a brief 2-hour drive from my district in the Lehigh Valley, and the beautiful rolling farmland that Mamie came to love is very much like that in Lehigh and Northampton Counties. So, we can well understand her feelings in choosing to live in Pennsylvania during and after her husband's Presidency.

Mamie Eisenhower was a woman of strength, warmth, and life. Her life as the wife of a career military man and later as the wife of a political figure was by no means always an easy one, yet she surely gained great respect and admiration by her endurance and great cheerfulness through the glory, as well as the heartache of her role as Mrs. Dwight D. Eisenhower. Any American who saw her smile was warmed by it, and all of us who look back upon her public life remember fondly her grace, as well as the humanness that lay beneath her charm.

The people of the Lehigh Valley join with me, Mr. Speaker, in mourning the death of Mamie Doud Eisenhower, a beloved citizen of Pennsylvania and a lovely lady.●

VETERANS DAY

HON. GERALDINE A. FERRARO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, November 9, 1979

● Ms. FERRARO. Mr. Speaker, now that the House has finished its pressing legislative business of the day, I would like to turn our thoughts to the celebration of Veterans Day on Sunday.

This Nation was built by the continuing sacrifice of brave men and women who answered the call of their country. From the Revolution through the Vietnam era, it has been necessary for us to ask our youth and our able bodied to respond to the needs of democracy, and this Nation, across the globe. It has been necessary for us to call upon our Armed Forces and to send them to foreign soil to defend our ideals and our rights.

On Sunday, for the first time in years, we will celebrate Veterans Day on its original date, Armistice Day. It was on that day in 1918 when World War I vets returned home from the "war to end all wars." But, all too soon, Nazism brought us to war again. Following the successes of the Allied forces, our boys returned home after protecting American interests abroad. We were at peace once more. A few short years later, we had to again call upon our armed services to team up with the United Nations forces in Korea to stem the threat of communism. Then, in the 1960's we witnessed American men answering the call of their country to serve in a controversial war which sharply divided our Nation.

On Sunday, we join together to celebrate and remember those who returned home from these, and other wars, to enjoy the peace they had fought so hard to achieve.

Mr. Speaker, I call upon everyone to remember, not only the victories of the American veterans, but to recall, as well, that we have an ongoing obligation to those who served on our behalf. To date, this Congress has recognized that commitment by expanding existing programs for veterans. Our record is one of which we can all be proud. But, our obligation to repay the debt earned by our veterans is not over—and it will never be. Thanks to these brave men and women we are able to enjoy a freedom unequalled in any other nation in the world.

We are at peace today. Our gratitude for that blessing is owed, in part, to the veterans who have made peace accessible. I am proud of our Nation's veterans, and proud to join all Americans in celebrating, remembering and thanking the veterans who have made the strong and vital Nation we are today.●

STEWARDS FOR FREEDOM

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Friday, November 9, 1979

● Mr. SYMMS. Mr. Speaker, I would like to take this opportunity to call my colleague's attention to a speech, which addresses a subject paramount to all Americans—freedom. In his speech, "Stewards for Freedom," our colleague Congressman Philip Crane provides us with a lesson, based upon historical evidence and present realities, on thwarting one's efforts for individual fulfillment. We are, and want to continue to be, a free people. However, as Phil Crane eloquently points out, to lose control of the majority of one's earnings is to lose an elementary freedom. What percent of our earnings can we afford to give Government, yet remain free? Before Government expands any further, serious consideration must be given to this question. I ask all those who are interested in preserving our most precious commodity, liberty, to read this uniquely inspiring and provocative piece.

The speech follows:

Stewards for Freedom

(By Philip M. Crane)

It is a delight to be here. It was even more delightful to listen to Bill's kind remarks and I'm sorry, Bill, that you stopped so soon. You could have gone on at least another five minutes, I would have gladly relinquished the time. In fact, I am reminded from listening to Bill's gracious introduction, of a story that is probably apocryphal. A fellow was getting up to introduce a colleague at a political rally and asked if there were any special remarks that he wanted made and he replied, "Be generous, you're not under oath." So, I thank Bill for his generosity.

Bill referred, in his eloquent introduction, to a subject embraced in a quotation from Frederick Douglass that is included in a publication that you all have in your packets from the Republican National Committee. Frederick Douglass says, "I am a Republican—a black Republican dyed in the wool, and I never intend to belong to any other Party than the Party of freedom and progress." In that quote we find the bottom line of the Republican party—freedom and progress. Freedom and progress are terms that are general, sometimes considered abstract and our liberal friends have from time to time chided us for being absorbed with abstraction, rather than manifesting what they claim to be their monopoly concern, the welfare of those less well off than themselves; to listen to some of them, one would assume they have a monopoly on compassion and concern. Well, I would say to such individuals, that had they had the opportunity to talk to that eloquent orator Frederick Douglass, they could have found how much more compassion he found in a state of freedom, than in a state of slavery.

They should talk to those people who have been floating on the high seas, the Boat People, and ask them whether freedom is, in fact, not the most compassionate and humane condition known to man. This is an often overlooked point! Our Party has a historic commitment to what is and has been the most compassionate and humane condition that can exist. Frederick Douglass understood that very well. But it is a point not just understood by Frederick Douglass, who had been born in slavery, it is a point by Senator Brooke that is also contained in your pamphlet, "Turning Point." He says, "I think my Party, with its historic emphasis upon the rights of individuals, particularly the right to enjoy the fruits of free enterprise, can appeal to millions of Black Americans who are tired of living on an economic reservation." It is an important point to keep in mind. You know our party is consistent on one principle above all others, and that principle is that no man has the right to spend another man's life. We called that slavery back in Douglass' days; we addressed the issue more head on then, than we do today. But, I would argue that the issue of slavery is alive and well. Back on June 6th, when I introduced a bill, not altogether facetiously, to proclaim June 6th as National Tax Liberation Day, I observed that that was the day when Americans started working for themselves. Government today at all levels, is consuming roughly 45% of national income. And when it goes beyond the 50% mark, then I would argue that we are no longer a free people. At that point, the majority of our time, energy and substance are being spent according to the dictates of another's conscience.

If you want to find the answers to so many problems afflicting Americans today, don't look at symptoms, look at causes. The ultimate root cause is that government is consuming, devouring, squandering, misspending, wasting, and stealing too much of the productive labors of our people. On the Fourth of July, 1776, one of the battle cries was, "taxation without representation is tyranny." Today you might say that taxation with representation ain't so hot either! But if we are to address these problems and issues, and restore once more that hope that was felt so powerfully by the individuals who had experienced bondage and then freedom in their own lifetime; if we are to restore the hope and the sense of excitement that they felt, then we must recognize that we must get our books in balance so as to stop this horrifying and devastating impact of inflation on our economy, an inflation rate that is higher than any level since 1946, and one that is most assuredly leading us into a severe recession, if not something worse. We must recognize further that inflation has created a debt-oriented society, which today has resulted in the highest level of personal indebtedness in our national experience, a doubling of personal debt just since 1950; the highest level of business indebtedness in our national experience; and the highest level of government indebtedness in our national experience. You cannot perpetually live on debt. Sooner or later it will catch up with you and we can see some of the consequences of that already surfacing with the shortage of capital that is essential if we are going to provide growth, an expansion of job opportunities and maintain that condition of progress that Frederick Douglass referred to. What we're talking about is a better economic life for one and all.

I was born in 1930, grew up on the south side of Chicago near the steel mills. We were not an affluent family and worked for everything. Dad never believed in allowances, but probably couldn't have afforded them anyway; we were part of a so-called "deprived" generation. We had a lot of love and affection in our house and armed with a garbage can lid in one hand and a stick sword in the other, we kept ourselves entertained for hours. But for all of that, growing up in that period, one thing that we never doubted was that we would live a more abundant era than my parent had known. It's part of the American way of life. We've had our ups and downs, but on balance, there has been steady progress. We knew that each generation lived better than the one before it.

But there is cause today for concern about the next generation. I have eight children and a more than casual interest in the next generation. In 1930, the year I was born, the national debt was two and a half billion dollars. Today, two and a half billion dollars is what we spend in a typical legislative day on the floor of the House of Representatives. At the end of fiscal year 1981 our national indebtedness will be approaching the one trillion dollar figure. A trillion dollars is a figure beyond human comprehension, as is a billion and a million. But as Ev Dirksen used to say, "a billion here, a billion there, it begins to add up to real money." To give you an idea of what a trillion is, if you started a business at the time of Christ, and you lost 1 million dollars every day, seven days a week in that business, it would take you another 700 years to lose your first 1 trillion dollars. Think of that!

One of the things my Dad impressed upon us growing up, and I'm sure every one in this room was taught the same thing, was the responsibility of stewardship. What stewardship was all about Dad told us as kids, is putting more into this life than you take out of it. Each one of us has that obligation. And if that is the definition of stewardship, all I can say is we must render a sorry judgment on the stewardship manifested by those who held positions of responsibility during my two score and eight years. During that time we have pyramided this astronomical, almost unmanageable level of indebtedness. And the thing that's most worrisome about it is that governments have historically dealt with unmanageable debts by destroying the value of money. We are in the process of doing that right now. The Jimmy Carter dollar today is worth about 25 cents of the last FDR dollar in 1945. Some wags in Washington describe the Jimmy Carter dollar as the JC Penny. And it is not very far from that.

This is not a new experience. This practice has been engaged in by nations in the past, and it has potentially devastating consequences. I have some currency here in my wallet from my teaching days; I have used it to illustrate this point to students. This first note is a fifty mark bill printed in Germany in 1914. The ratio was about four marks to the dollar, so this was worth about $12.50 of American money. The entire German national debt that year was four hundred million marks. Nine years after they printed that note, they printed this next note. This is a five hundred million mark note. Five hundred million marks, one hundred million marks more than the entire German national debt, just nine years before! By the time they printed this note, they didn't even bother to print them on both sides. Any German citizen who saw this lying in the gutter in 1923 wouldn't have bothered to bend over and pick it up. They had totally destroyed the value of their money. And of course, in the process, they destroyed a lot of other things. They wiped out pensions, they wiped out insurance; they wiped out savings; in short, they destroyed the lives of all of the productive people in their society. Now, society didn't end. People still had to eat. So farmers came into the cities and swapped their produce for the women's wedding rings, gold earrings, necklaces, commodities of value until finally there were no more commodities of value to swap their food for. The farmers then stopped coming to town because there was nothing of value left to trade their food for. Pretty soon the city population got hungry and it started to fan out over the countryside plundering the farmers in search of food. At this point, the state moved in and all economic exchanges were conducted at bayonet point.

Now, the reason I mention this is because any American who believes that we are so uniquely different from all other people on the face of this earth, that it can not happen here, is an American who has his head buried in the sand; an American who has not studied the lessons of history; and an American who does not understand the nature of man.

These are careless conditions. Because when you destroy the productive labor of the people, you begin to see manifestations of antisocial behavior. One of these has already begun to surface. Recently there has been a fall-off in personal philanthropy in this, the most philanthropic nation, the most philanthropic society the world has ever seen. A hallmark of American society that European travelers invariably commented on was the average American's generosity. We gave to those less fortunate, as no people in the history of civilization gave. I think this trait was, in part, a reflection of our religious training, but also an expression of gratitude felt by those who—in this, the freest, most productive system the world has ever seen—thought that they owed something in return for their opportunity to succeed.

Andrew Carnegie, who came over here as an impoverished orphan with just a few coppers in his pocket, recognized that the system that enabled him to prosper was something magnificent enough that the opportunities it provided should be made available to others. As a result, he divested himself of his fortune by building libraries, among other things, to give young people, without the benefits of formal education, the chance to educate themselves. And it is a great system, a marvelous system, but a floundering system because we have been suffering from the misguided policy of our liberal Democratic friends that the way to deal with the problems of the poor and disadvantaged is through redistribution of income.

"Take from the haves," as President Johnson said, "and give to the have-nots, who need it so much." Tragically, Great Britain provides an example of where those policies ultimately lead. You can indeed equalize economic conditions, but you will equalize them only in poverty. Once you destroy the incentives for people to be productive you threaten the survival of of the entire system. Our traditional Republican answer has not been arbitrarily to take from the haves and give to the have nots. Rather, it has been to maintain a climate for producing a growing economic pie; one that preserves the incentives for people to get a piece of that pie, and reassures them that their piece of the pie will continue to grow too. That approach to the economy was our traditional and historic one, the one that attracted millions of immigrants to our shores and gave them hope unlike anything they had ever experienced in the Old World. It simultaneously laid the foundation for the most productive, and humane system the world has ever known. Our Republican approach is the only one consistent with Frederick Douglass' commitment to freedom and progress. It is totally consistent with our Republican ideals and it is essential if we are going to restore economic growth and material abundance to our people. But it is also essential if we are going to regain the leadership that this nation once had in international affairs, so that we can continue to promote peace and freedom worldwide.

Under the leadership we have today, or more accurately, in the absence of leadership which is the condition we have today, our nation is in retreat throughout the world! We are in a process of retreat from our ideals; and we are in a process of retreat from the traditional American virtues and principles which must be maintained if our civilization is to survive. We must maintain progress and growth for those who have not yet joined the economic mainstream. We must re-establish the conditions that will give the young people of today the confidence that they will live in a better world. I want to be in a position to assure my children that as they move into the 21st century, it's going to be a good life, a better one than anyone of us has ever known. And in this process I think we can effectively realize that dream expressed so eloquently by Abraham Lincoln: "That this nation under God shall have a new birth of freedom—and that government of the people, by the people, for the people shall not perish from the earth."

(NOTE.—Congressman Philip M. Crane is the recognized leader of conservatives in the House of Representatives. For six terms, he has waged a constant battle to defend traditional American values and institutions. Cne of the few Members of Congress holding a doctorate, Crane was a university professor before his initial election in 1969.

(Phil Crane serves on the prestigious House Ways and Means Committee and is the Ranking Republican Member of the Subcommittee on Health. He is the founder and current Vice-Chairman of the Republican Study Committee and serves on the Republican Policy Committee Health Task Force and the Republican Study Committee Task Force on Regulatory Reform.

(Philip Crane is the author of three books, the Democrat's Dilemma, the Sum of Good Government and Surrender in Panama: the Case Against the Treaty, in addition to numerous essays and articles.) ●

ENERGY ZONING IN LAND USE PATTERNS

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, November 9, 1979

● Mr. OTTINGER. Mr. Speaker, in the keynote address to the fourth annual awards dinner of the New York State Association of Architects, Ezra Ehrenkrantz, a constitutent of mine from Mount Kisco, N.Y., raised some fascinating questions about the energy implications of local land use planning. Mr. Ehrenkrantz is the president of the Ehrenkrantz Group, a national architectural firm, and is a fellow of the American Institute of Architects. Some excerpts from his speech follow, and I commend them for my colleagues' consideration:

ARCHITECT PREDICTS NEED FOR "ENERGY ZONING" IN LAND USE PATTERNS

"We have destroyed much of our urban fabric, wasted our farm lands and created an inefficient industrial machine. Our mortgage policies, our tax laws and our Federal funding programs have all emphasized the single family suburban house. The ever-expanding suburban ring has been largely dependent on the free-flow of the Federal dollar."

"Today, we seek to make our automobiles a little more efficient in gas mileage. Today, we seek to make our new houses more energy efficient by emphasizing solar application and insulation techniques. Shouldn't we want to question whether we are building these houses in the wrong place at the wrong time?" * * * "Shouldn't we question land development patterns which require us to drive children to school, to commute long distances, to use cars for everyday shopping? Inevitably we will be faced with the need for 'energy zoning.' "

"At the same time that we were encouraging the suburbanization of our housing, we were moving toward the centralization of agricultural production. Unfortunately, in many urban areas, the result has been to cover the surrounding farmlands with single family houses. Often this was done at great potential national cost, as for example the incredibly fertile lands of the Santa Clara Valley, south of San Francisco, today covered with rambling single family houses and single story high-technology industrial plants."

"For years, our energy costs for industry have been well below those of our foreign competitors. Our industrial plants have been designed to take advantage of that fact. As a result, our plants use about one-third more energy than similar production facilities in Britain, France and Germany, a Massachusetts Institute of Technology study showed. But now we must take a hard look at industrial wattage of energy if we are to compete in the international market place." * * * "Chinese philosophy has a principle of 'Ying and Yang,' that for everything, there is an opposite. And so too the energy crisis. It will force us to revitalize our cities, to revitalize our agricultural base and to revitalize or industrial machine. We have no other alternative, if we are to survive in the years which lie ahead."●

SAVE OUR SCHOOL ATHLETIC PROGRAMS

HON. DAN MICA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, November 9, 1979

● Mr. MICA. Mr. Speaker, today I have introduced a resolution designating the week beginning June 22, 1980 as "National Athletic Boosters Week".

School athletics have been a tradition of this country since its foundation. They greatly contribute to the physical fitness of our youth, as well as teach cooperation, good sportsmanship, discipline, and responsibility. The training which our youth learn from sports programs is an important function of the educational process and provides our youth with the necessary tools to lead an active, satisfying life.

Across the Nation, however, interscholastic sports programs are being threatened because of financial problems. Budget pressures in every corner of the United States coupled with tax initiatives like California's proposition 13 have forced schools to seek new ways to pay for their sports programs.

To combat the shrinkage of funds for athletic programs, local volunteer athletic boosters clubs have sprung up at the grassroots levels around the Nation. Currently, there are thousands of boosters clubs in every State that have formed together for the sole purpose of saving our hard-pressed American school sports programs. These clubs have become an effective way of raising money for athletic programs and deserve all the support they can get. Additionally, they have given greater pride for the school as a community asset and have encouraged parental participation.

Mr. Speaker, the resolution which I have introduced today does not ask for any new appropriation or increased funding levels for a particular program. This resolution simply declares the week beginning June 22, 1980, as "National Athletic Boosters Week." In light of the growing financial crisis for our school athletics programs, I feel that all volunteer organizations which have formed to boost athletic programs deserve all the support that the Congress can offer.

I submit to my colleagues this resolution for their consideration and request their combined support to help save our Nation's school athletic programs.

Thank you, Mr. Speaker.●

PRAGUE CONVICTIONS: A REPUDIATION OF HELSINKI

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, November 9, 1979

● Mr. DERWINSKI. Mr. Speaker, in August 1975, Czechoslovakia joined 34 other nations in signing the Helsinki agreement. Last week, in a blatant repudiation of that accord, six Czechoslovakians were convicted in Prague for asking their government to honor the human rights commitments it made at Helsinki.

The trumped up charges of "subversion of the republic" brought against the six are preposterous. Judging by accounts of the "trial," Czech human rights activists can now be prosecuted for "subversive associations" in Czechoslovokia whenever their activities are publicized in the Western world, even though they personally may have had no contact with so-called hostile forces outside the country. That hardly seems in keeping with the Helsinki Act provisions calling for "improvement of the circulation of, access to, and exchange of information" between the agreement's signatories.

We must bear in mind that these individuals were not conspiring against their government. They have never thrown any bombs, stored arms, or advocated violence of any kind. They were simply bringing—in a responsible manner—public attention to some problems with the objective of motivating their government to improve its overall human rights performance. Is that subversive activity?

Mr. Speaker, such dictatorial behavior cannot go unanswered. Not only does it flout the letter and spirit of the Helsinki accords, but also the U.N. covenant on civil and political rights. We must, therefore, strongly protest this latest example of Communist repression. In so doing, we shall also—as the Council of Free Czechoslovakia declared the other day—remind "the world that the Czechoslovak Communist Government, by deciding to bring the dissidents to trial, has in fact condemned the Helsinki agreement."

Mr. Speaker, I emphasize these points since the situation in Czechoslovakia is basically repetitious of past persecutions of peoples by Communist governments. Therefore, it is not "sensational" news. With the Iranian crisis, the Cambodian starvations, the Carter-Kennedy feud, and other developments dominating the headlines, we cannot forget the tragedies that are inherent in Communist dictatorships that for 30 years have been imposed upon the people of Czechoslovakia.

Therefore, I wish to insert a statement which was issued from the Council of Free Czechoslovakia concerning the trial in Prague of the Czechoslovak dissidents:

PRAGUE REGIME CONDEMNS THE HELSINKI DECLARATION

On October 22, 1979, after five months of imprisonment, the Czechoslovak communist regime brought before a Prague court six of the ten imprisoned members of the Committee for the Defense of the Unjustly Persecuted and signatories of Charter 77.

The regime of Gustav Husak decided on this step in spite of numerous protests by foreign governments, organizations, political parties and personalities of the Western world who singularly declared the actions taken by the Prague regime against Czechoslovak dissidents as contrary to international conventions pertaining to human rights and especially as contrary to the Helsinki Agreement.

In the polemics concerning the meaning of the Helsinki Agreement which has taken place between the West and the East, the Prague regime has repeatedly stated that it is respecting human rights because the latter guarantee to its citizens the so-called social rights and has belittled the position taken by the Western countries stressing respect for traditional political, cultural, and religious rights.

For obvious reasons the indictment the Husak government has prepared against the six dissidents could not very well accuse them of calling for the observance of human rights. It had to consist of something sinister, namely, of a fabricated story according to which the six are guilty of antistate activity because of their contacts with periodicals in the West and for becoming an instrument in the creation of a "counter-revolutionary fifth column under the protection of foreign patrons;" including those in NATO. These are the words with which the editorial of *Rude Pravo*, the official organ of the Czechoslovak Communist Party, defines the guilt of the six on October 20.

The Prague regime turned its back on the whole of international public opinion which since May of this year has been protesting against the unlawful attitude of the Czechoslovak government. The Prague regime is mistaken in its belief that its arrogant and irresponsible policy will stifle the opinion of the non-communist world.

We are certain that international public opinion will, after the passing of a guilty verdict in Prague, protest more than ever before against the arbitrariness of the Husak regime.

The Czechoslovak people back home and the Czechs and Slovaks who live in exile vehemently protest against this newest step of the Czechoslovak communist government and express their solidarity with the victims of Prague's socialist pseudojustice. We are reminding the world that the Czechoslovak communist government, by deciding to bring the dissidents to trial, has in fact condemned the Helsinki Agreement.●

TRIBUTE TO MARIAN C. B. CRYMES

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, November 9, 1979

● Mr. BROWN of California. Mr. Speaker, I was saddened to learn of the recent death of Marian C. B. Crymes, Washington representative of the Women's Christian Temperance Union. Mrs. Crymes was a woman of tireless energy who covered the Washington scene for years, reporting to the WCTU membership on issues of concern to them.

I first came to know Mrs. Crymes when she began working for the passage of legislation that I had introduced to deal with the problems that alcohol is causing for this country. Mrs. Crymes was especially concerned with the impact of alcohol consumption on the youth of America, for whom alcohol is the most used and abused drug. She devoted a lifetime to trying to change public and government perception of alcohol and gain recognition of the fact that alcohol abuse is a major public health problem that costs this country billions of dollars a year.

Congress has only recently begun to recognize this fact and is just now starting to give serious consideration to dealing effectively with the problem. Marian Crymes devoted her life to this effort in an attempt to convince us in Congress of the need for action on this long overlooked and ignored issue. We should acknowledge the debt that we owe to Mrs. Crymes and her companions and act with dispatch to give this issue the attention that it merits.●

AIRCRAFT NOISE MUST BE SILENCED

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, November 9, 1979

● Mr. WOLFF. Mr. Speaker, in the 16 years I have been in Congress, I have consistently fought for an end to the unhealthy, annoying, and distracting jet noise that plagues this Nation. My activities have been directed in all feasible directions with the immediate goal of relief from intolerable noise levels and the long-range goal of eliminating this problem by developing a quiet jet engine.

Major advancement in noise abatement and aviation safety has taken place in those 16 years. In 1969, with my active support, Congress approved the Aircraft Noise Abatement Act thereby giving the FAA authority to control jet noise. I pressed for immediate implementation of this new law. Loan and matching grant programs were approved to finance the immediate installation of noise suppression devices on jet aircraft. Control was established over nonessential jet aircraft during night hours. All of these measures have been successful in alleviating the almost intolerable situation endured by citizens living in the noise "footprints" of airport terminals.

Now, following such constructive legislation, my colleagues and I are confronted by H.R. 3942, the Aviation Safety and Noise Reduction Act. A waiver of the 1985 noise reduction provision was attached to H.R. 3942 after being passed in the Senate. This waiver contradicts

Congress' original intention and the careful plan of noise improvement developed by the Department of Transportation/Federal Aviation Administration after painstaking analysis and extensive public debate.

As the law now stands, metropolitan airports will possess a quieter fleet of retrofitted, reengined or replacement aircraft in accordance with the 1981, 1983, and 1985 schedules established by Federal regulation 3 years ago. H.R. 3942 will void compliance with these requirement standards for 727's, 737's, DC-9's and BAC 1-11's.

At the present time, airline corporations are undergoing major retrofitting and reengine operations. Without the guiding force of the present regulation, any sense of urgency will be removed. As a result, effective noise abatement will inevitably dwindle.

Congressman GLEN ANDERSON, Chairman of the Subcommittee on Aviation, formally voiced the subcommittee's objection today of H.R. 3942. I wish to make all Members aware of this objection. Congress has moved effectively in its commitment to quieter skies. I ask my colleagues not to undo what has already been successfully accomplished, and respectfully urge that you oppose H.R. 3942.●

FOREIGN STUDENTS IN AMERICA

HON. WILLIAM HILL BONER

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Friday, November 9, 1979

● Mr. BONER of Tennessee. Mr. Speaker, I rise today to introduce legislation regarding the status of foreign students who are guests in our country. I would like to preface my remarks on this bill with some observations on the current situation in Iran.

There is no need for me to underscore the outrage and anger of the American people with regard to the criminal actions taken by the Khomeini regime in Iran. My office in Nashville has been deluged with calls from angry Tennesseans calling for swift action, and I know that other Members of the House have been hearing from their constituents on this issue as well. I suggest, Mr. Speaker, that most of us today share many of the sentiments expressed by Americans across this Nation. We offer our prayers for the safe return of the innocent American hostages held in our Embassy in Tehran.

I know I am joined by many others in the conviction that only their unharmed return will absolve the Ayatollah from being personally responsible for their safety. Mr. Speaker, there have also been calls here in Congress, and from around the Nation for action regarding those foreign students in our country who abuse their status as guests by engaging in violence, in violation of our laws. Our Nation welcomes students from other lands who come to our shores for an education.

At present, there are nearly one quarter of a million foreign students in the United States. The overwhelming majority of whom are law-abiding guests who repay our hospitality with respect for our laws, and are eager to use their time here to absorb the richness and value of our system of higher education, and to carry that knowledge back to their own lands. There are those foreign students who do not understand that as our guests they have obligations as well as privileges. Unfortunately our Immigration and Naturalization Service (INS) has placed a low priority on insuring that student status is not abused by our guests. My legislation speaks to this issue.

At the present, foreign students are issued 5-year visas for residency in this country. From a practical standpoint they have a free 5-year ride, and it is INS policy to only review for possible revocation of status those foreign students who are convicted of serious crimes resulting in a year or more of incarceration. Mr. Speaker, this is too little in the way of standards for review of status. I understand that officials at the Justice Department are concerned that their own system of keeping track of violations in student status run more than 6 months behind.

I am proposing that we end the 5-year visa in favor of a 1-year residency permit, which will be automatically reviewed each year to insure that the individual is still a full-time bona fide student. This bill will also direct the Justice Department, through the Attorney General's office, to review on a case-by-case basis the status of any foreign student convicted of a breach of any American law. When the Attorney General determines a foreign student has violated the law, and abused his status, such as participation in violent street activities or causing injury or property damage, those cases will be directed to the attention of the INS. Persons convicted of laws which abuse their status may then be deported within the existing framework of due process.

Mr. Speaker, this is not an attack on the right of free speech guaranteed by our Constitution, this is merely an opportunity to make sure that those guest's among us who do not take their obligations as our guests and as students seriously may be dealt with legally and expeditiously.●

INFLATION AND HOSPITAL COSTS

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Friday, November 9, 1979

● Mr. MARKEY. Mr. Speaker, for the past several months our economy has been ravaged by runaway inflation. Reports for the month of October show a continued pattern of double-digit inflation. Some analysts have suggested that chronically high inflation has become a way of life for many Americans. I reject that point of view, and I suspect that many of my colleagues do also.

The upcoming floor vote on H.R. 2626, the Hospital Cost Containment Act of 1979, will afford us an opportunity to take a firm stand against the inflationary spiral. At the same time, this legislation will serve to check the explosive growth in this Nation's hospital industry, for whom double-digit inflation has truly become a way of life. We can no longer tolerate the 15 and 20 percent annual increases in the cost of care, which have characterized this industry over the past decade. I urge my colleagues to support this vital legislation, and I insert a recent editorial from the Boston Herald at this point:

[From the Boston Herald, Oct. 28, 1979]

INFLATION AND HOSPITAL COSTS

In few areas has the inflationary cost spiral caused more hardship, or risen more steeply, than in that of hospital care. Contributing immeasurably to this increase has been the growing percentage of hospital bills paid by someone other than the patient. As a result, the patient has little incentive to consider the type of service he really needs—or the price.

Coming up for action in the House of Representatives next week is President Carter's Hospital Cost Containment proposal which, by imposing a ceiling on hospital expense increases, will tend not only to slow down inflation but influence hospitals to be more cautious in rendering costly, unnecessary services.

At a breakfast meeting with Kingsbury Smith, National Editor of the Hearst Newspapers and a small group of Washington journalists, HEW Secretary Patricia Harris urged public support of this bill which would set a voluntary limit of between 10 and 11 percent on hospital cost increases this year.

If she had the opportunity to speak to every American citizen, Mrs. Harris said, she would urge them to write quickly to their congressman to vote for approval of this bill. Passage of the bill, she said, could be "a major contribution to reducing inflation. It would also have a very substantial impact on the quality of life of the American people."

President Carter estimates the legislation would save the American people $56 billion over the next few years.

We join with Mrs. Harris in urging every reader to lose no time in writing to his congressman and demanding a "yes" vote on this important bill.●

SALT II: EXTENDED DEBATE INTEGRAL PART OF RATIFICATION

HON. JAMES L. OBERSTAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Friday, November 9, 1979

● Mr. OBERSTAR. Mr. Speaker, our colleagues on the Foreign Relations Committee in the other body are scheduled to vote out the SALT II treaty this morning.

The debate in the full Senate will conclude the extensive discussions and deliberations of which the treaties have been the subject in both Houses of Congress and throughout the Nation.

The extended debate to conclude on the Senate floor is an integral part of the ratification process. The SALT agreements are complex; ratification involves bringing the facts to the American people so that they can evaluate the importance of ratification to world peace.

The people of this Nation are peace-loving and deeply committed to arms limitation.

They want to see a verifiable, meaningful treaty ratified on its merits, and not rejected on the basis of extraneous issues.

As a member of MCPL, I have been pleased to be associated with the efforts of our colleague DON PEASE and his SALT task force which has worked diligently to insure debate on the merits of the treaty. Those efforts have enhanced the debate in Congress and have added to public awareness of the vital issues involved in the treaty.●

WEATHERIZATION SNAFU!

HON. DAVID R. OBEY

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Friday, November 9, 1979

● Mr. OBEY. Mr. Speaker, 2 weeks ago when this House had under consideration the emergency supplemental appropriation for emergency fuel assistance for this winter, I advised my colleagues that we would appear foolish if we did not also address the terrible problem holding up the successful implementation of the weatherization program for the elderly and poor in our midst. In my State of Wisconsin, the press is already asking why something is not being done and done quickly to remedy this problem. The following article authored by Lee Aschoff appeared in the Milwaukee Journal on November 8, 1979. This article describes the real world situation which we have so far failed to remedy. I recommend it to my colleagues. Mr. Speaker, the text of the article follows:

DILEMMA CHILLS INSULATION AID

(By Lee Aschoff)

House-high stacks of insulating materials are crammed into warehouses, and millions of tax dollars are available to buy more.

Yet, with winter growling on the horizon, a federal plan to insulate the homes of thousands of needy people in Wisconsin remains snowed under with problems.

As a result, only a fraction of the huge stockpile of insulating materials has been installed in homes.

Currently, more than $9.5 million in federal funding for winterization work is unspent in Wisconsin, according to a state energy conservation official.

About $2.7 million of the money is from fiscal year 1978. It has either been contracted for or is available to winterization agencies.

Another $6.8 million from fiscal year 1979 has not been touched, because the funds from the previous year have not been spent.

Directors of the winterization project face a dilemma:

They must hire the hard-core unemployed and teach them job skills. Under regulations, such persons must be helped in finding better jobs that are not subsidized with federal funds.

Consequently, the winterization project loses employes nearly as fast as they are trained.

The low wages set for employes in the project have posed another problem, failing to attract enough workers for the dirty and often hard work of insulating a home.

"The conflict is that we want to (help people find jobs), but at the same time we want to winterize homes," said John Moes, who manages the winterization program for NEWCAP, Inc., in a nine-county area in northeastern Wisconsin.

"We have more supplies than we can use," Moes said. "It's not that we overpurchased; we anticipated a greater work force. The supplies cost money to store.

"We have an extremely large warehouse that costs us $400 a month. Turnover (of materials) is so slow because only half our crews are filled and working."

Moes continued:

"If we had all our crews working, we could reduce . . . inventory. We used to be able to pay higher, $3.50 per hour for workers and $4.50 for supervisors, but now it's $3 and $3.40.

"Now if people enroll, it's out of sheer desperation. If they get a better job, they take it. That's great, but people are going to freeze."

PROBLEM OF GETTING WORKERS

Barry Wanner, chief of the energy conservation section in the State Department of Local Affairs and Development, agreed that obtaining workers is a major problem.

"The situation is that the federal program is designed to rely on the Comprehensive Employment and Training Act (CETA) to provide the bulk of the work force. To fully utilize the money by 1980, we need 1,100 positions. That's three times the number we presently have," he said.

In addition to the high vacancy rate, the turnover rate is high due to the low wages, according to Wanner.

'They get a few skills and seek other employment," he said. "The program terminates in December and we have $17,000 unspent in materials funds. We started with $27,000. All the administration and program support moneys are gone. It sticks out like a big, sore red thumb.

"I don't know if we can continue with CETA with the turnover. We are absolutely powerless to do anything."

SEARCH FOR CLIENTS SUSPENDED

In Dane County, project director Jay Vercauteren said that efforts to solicit more weatherization clients had been suspended.

"We haven't been actively seeking applicants for quite some time, over three months," Vercauteren said. "Right now we're sitting on over 200 requests. About 90% are elderly or handicapped.

"We still have substantial funding—about $50,000 to $60,000 and a $15,000 working inventory. We're eligible to apply for a new federal Department of Energy allocation, but we haven't spent 70 percent of the old one. If we had adequate manpower, we could have doubled production."

Michael Colestead, one of the managers for WESTCAP, serving seven western Wisconsin counties, said:

"I have 162 names of people who I have not contacted at all. About 135 are actually eligible for the program," he said. "We have 35 who we have contacted and have written work orders for who are just waiting for us to come. We've done 136 weatherizations this year.

"People I have working for me are doing a great job. Good, straight, clean, honest work. A good honest day. They use the material properly. They're scared to death that they're not going to have a job."

SPECIAL PROBLEMS

Matias Montemayor, winterization coordinator for Sheboygan County, said there are special problems in employing the CETA workers.

"The types of working habits they have are hard to deal with. In order for a person to be on the CETA program, he or she has been unable to locate a job for the past 15 weeks. Probably the last job was lost due to tardiness, personal habits, etc.

"The habits tend to carry over. We provide counseling, but the goals and objectives we have for weatherization are very high," he said.

Montemayor said his backlog of homes to be winterized is smaller than in many areas—ony 10 or 15.

"We don't have materials stacked up, but we have money," he said.

FEAR ON WAITING LIST

Colestead said the people on the waiting list are frightened, too.

"I think there are going to be some deaths blamed on the cold. Some families are without fuel oil—without any fuel at all. There are no wood stoves in the area to be had.

"We know how to weatherize houses. All we need is . . . the people to do it. Somebody is dragging their feet. I really believe somebody has got to get going."

Other coordinators also have backlogs of job requests.

Don Lates, whose crews serve four southwestern Wisconsin counties, said he has 84 homes waiting for winterization.

In northeastern Wisconsin, 275 homes were winterized in nine counties, according to Moes. But there are 100 more on the list."

Changes in the regulations for the program pose another problem, according to Colestead.

"About twice a week we could count on a regulation change," he said.

"When the Department of Energy gave us a contract, somewhere during the middle of it they'd give us another regulation to live with that was retroactive, a change that might affect" the income limit to be eligible for the program, he said.

"If we didn't comply, the work was illegal. It's a nightmare, terrible.●

ENERGY MOBILIZATION BOARD

HON. JOSEPH L. FISHER

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Friday, November 9, 1979

● Mr. FISHER. Mr. Speaker, there is no question that resolving our energy crisis is this Nation's highest priority. In light of the current situation in Iran, we face the renewed threat of a cutoff of our oil supply from that country and perhaps from other OPEC countries as well. Undoubtedly, this country's dependency on foreign oil must be reduced and the Congress continues to grapple with the problem. Already in progress is the phased decontrol of the price of domestic crude oil which will help to spur the production of domestic oil. Moreover, alternative sources of energy must be developed. Congress is considering proposals to promote the use of biomass-based fuels as a supplement to our gasoline supply and the House has already passed a bill to encourage the production of synthetic fuels.

Impeding our progress on the energy front is a myriad of bureaucratic redtape. At every stage, companies wishing to construct oil refineries, pipelines, generating plants, et cetera, have had to cope with administrative delays. A number of important energy projects proposed years ago have not even gotten underway yet. The energy crisis might not have become so severe had the projects received priority consideration by regulatory agencies. The time has come to cut the redtape and to proceed aggressively toward energy independence.

In recognition of this fact, the House last week passed legislation creating an Energy Mobilization Board (EMB) charged with streamlining the regulatory process for certain priority energy projects. The central issue during the debate was whether to recommend, for certain energy projects, suspensions or waivers of substantive environmental, health, and safety laws or regulations. It has taken many years for these measures to be put in place to safeguard people from increased air pollution, toxic substances, and the like. Equally important are the health and safety laws that protect American workers. We should not undermine the health, safety, and environmental protections that have been worked out so painstakingly during the past 10 or more years in the name of energy mobilization.

Two proposals were debated by the House. The first to be considered was the so-called Udall-Clausen-Wirth bill which empowered the EMB to authorize the modification of procedural rules, but which preserved substantive environmental laws. I supported this approach because, in my view, it gave the EMB all the power that it really needed. Most bureaucratic tie ups involving energy projects have been procedural in nature. Unfortunately, this bill was defeated by a narrow vote.

My choice then became whether to support the pending legislation which would permit the waiver of certain substantive laws, or to vote against it, leaving us back at square one. As the debate progressed, I weighed the need for fast-tracking energy decisions against my concern for environmental protections. In my mind I worked a hypothetical energy project through the waiver process and realized how difficult it would be for a waiver to be approved. First, the EMB must determine that a law presents a substantial impediment to successful completion of the project according to the timetables set by the EMB; if the Board is convinced that such an obstacle exists, it makes a waiver recommendation to the President; if the President agrees, the recommendation is then sent to Congress; both Houses of Congress must approve the recommendation before the waiver is granted. While this is surely not the most efficient type of arrangement, it will insure a vote by the Congress on matters involving the continued enforcement of environmental laws.

In the end, I voted for the bill. This was a most difficult decision for me as I have fought for our environmental laws over the years and have opposed attempts to delay compliance dates. However, I believe the bill provides adequate protections of our environmental interests and will help to stimulate the development of this Nation's energy resources. The country must get on with the task of developing domestic energy sources and reducing dependence on OPEC.●

THE EFFECTS OF APEASEMENT

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Friday, November 9, 1979

● Mr. McDONALD. Mr. Speaker, Webster's dictionary defines a coward as one who shows disgraceful fear or timidity. It further states cowardice is a lack of resolution. This, Mr. Speaker, is clearly what we face today in our leadership with the present situation in Iran. One might immediately question, is such a conclusion too harsh? A clear and resounding "no" must be our response.

Most immediately one must realize the whole confrontation could have been avoided. Evans and Novak point this out vividly in their editorial which appeared in the November 9, 1979, Washington Post.

However, even if that were not the case, are we still willing to concede that when a situation of international terrorism does occur the United States must be willing to negotiate away sovereign power over its property and the very lives of its citizens? One would hope not, but apparently our leadership is not so convinced.

All we have seen to date is a hat-in-hand approach to this barbarian. In fact, as Evans and Novak point out this has been the inexcusable "profile and courage" of our entire foreign policy; and it has precipitated this bizarre event.

To believe that the lives of our citizens and the territory of our Nation are items which can be openly and brazenly violated is truly cowardice or betrayal. When a country ceases to defend its territory and the lives of its citizens without equivocation, it has ceased to exist as a sovereign power with identity or substance.

It is in fact an open invitation to our enemies to bargain for what they will, for we no longer have principles or bounds beyond which we shall not be pushed. I for one am absolutely unwilling to accept this position now or ever; and so is the rest of this country.

Exercising sovereign power which gives the necessary perception to the world that we intend not to deliver ourselves up on a silver platter to our enemies, or even allow ourselves to be taken, is not a foolish exercise in machismo. It is in fact historic wisdom. If we do not start to raise this profile and perception again in the eyes of the world we are going to face a series of events far worse than Iran. It will be, in fact, a situation requiring all-out war. This would be the grossest stupidity.

Over 200 years ago our Founding Fathers told the world there are values in life for which one must be willing to sacrifice his life, his fortune, and his sacred honor if necessary. Without question this remains the case as well today.

I commend the following editorial to the attention of my colleagues:

A POLICY OF APPEASEMENT

(By Rowland Evans and Robert Novak)

State Department hand-wringing in advance of the predictable attack on the U.S. embassy in Tehran reached a peak Nov. 1, three days before the embassy takeover, when the department rejected a proposal from White House and Pentagon aides that the coming crisis required immediate emergency planning.

A high official replied in effect: "No thanks, we're handling this our own way." But in fact, despite the torrent of anti-American abuse then pouring forth over Iran's national television network—inspired by Ayatollah Khomeini—American policy was mired in dangerous inaction resulting from strict Carter administration policy guidelines. These guidelines discourage U.S. moves that might be construed as opposing the global leftward drift and the growing power of the Third World.

This central idea of President Carter's foreign policy, producing systematic American retreat, is a root cause of the Iranian crisis, but it is not confined to Iran; it has helped revolutionize the entire Caribbean area, cost the U.S. important South American allies, and given free rein to Moscow's use of surrogate Cuban troops. Some officials believe it may even have played a part in the assassination of South Korean President Park Chung Hee, because of the non-stop criticism here of Park's dictatorial methods.

As played out in Iran, the drama of Carter's accommodation policy has had particularly demeaning features. The State Department was so worried about Iran's anger over the deposed shah's getting into this country for treatment at a New York hospital that it asked to inspect his medical reports to see how ill he is. The point: to disprove possible charges by the ayatollah that he was admitted to the United States on false pretenses.

Indeed, before the takeover of the U.S. embassy, high State Department officials privately expressed hope to Americans involved in the shah's treatment that a second operation would be performed on the shah. That would be new evidence revealing genuine, not cosmetic, illness.

When Khomeini demanded the right to name his own panel of American doctors to examine the shah's medical records at New York-Cornell Hospital, the State Department did not immediately say no. The refusal of that extraordinary request came only after the hospital gently suggested that "normal medical ethics" should be followed.

This consistent appeasement of the ayatollah by the State Department, described as "craven" by one highly respected American diplomat, is the natural result of a foreign policy based on conviction that anti-American tendencies in the Third World are immultable and must be accommodated. It has made a travesty of the traditional U.S. policy of offering political or humanitarian asylum.

Before the shah went to Mexico last June 10, Tehran's revolutionary government warned that his admission would affect official relations. The Mexican government correctly rebuked Iran. It said no country can "dictate our policy."

Moreover, Mexican diplomats say privately that the Mexican embassy in Tehran was given security reinforcement to minimize the risk of an occupying mob. When the shah's cancer and gallstones finally compelled the Carter administration to admit him to the New York hospital for medical help, the State Department rejected all suggestions to increase security measures at the Tehran embassy.

Also rejected were last-minute proposals for airlifting embassy employees out of the country. The official reason given was that that would be a show of weakness. The real reason, some officials believe, was that it would have been provocative to the ayatollah.

The dispatch of former attorney general Ramsey Clark as the president's personal emissary fits the pattern of attempting to deal with the ayatollah on his own terms. But Clark's designation brought no overt criticism; the danger to the American diplomatic hostages was too grave. Conservatives were silent about Clark, who praised the ayatollah after meeting him in Paris last January as a "brave man" for starting the anti-shah revolution.

But even if Clark succeeds (and the prospect looks bleak at this writing), many politicians worried about American setbacks are not happy about the political symbolism:

Clark visited Hanoi at the height of the Vietnam War with an international group investigating war "crimes": not Hanoi's, but America's.

These politicans, whose numbers are growing, say Clark is not entirely representative of this country's true feelings about the world, just as they say Carter's accommodation policies are undermining his country everywhere.●

AFRICA: AS TYRANTS FALL

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, November 9, 1979

● Mr. SIMON. Mr. Speaker, one of our most respected colleagues, Representative STEPHEN SOLARZ of New York, who chairs the House Foreign Affairs Subcommittee on Africa, had an article in the Washington Post recently pointing out some of the more constructive things that are happening in Africa.

It was the type of balance that we need to be reading about and hearing about, and I was pleased to see it.

I am inserting it in the RECORD at this point so that my colleagues will have a chance to see it in the RECORD if they missed it in the Washington Post:

[From the Washington Post, Oct. 16, 1979]

AFRICA: AS TYRANTS FALL

(By Stephen J. Solarz)

For at least a decade now, Africa has endured the frequent slings and arrows of an outraged international community for its persistent and pervasive abuse of human rights. But for all of the eminently justifiable criticism that has been leveled against Africa in the past, the truth is that 1979 has been a banner year for human rights in Africa.

Three terrible tyrants have been toppled. Ugandans are finally free of the deadly grip of Idi Amin Dada. The people of Equatorial Giunea, having watched more than a third of their fellow citizens flee into exile or be killed, no longer suffer under the terroristic reign of Francisco Macias Nguema. And last month the Central African Empire once again became the Central African Republic, following a bloodless coup that resulted in the removal of the murderous, self-proclaimed emperor, Jean-Bedel Bokassa.

At the same time, less spectacular but also significant human rights advances have occurred elsewhere on the African continent. The question of individual rights is, of course, inextricably tied to the type of political system under which a nation is governed and, during the course of the past year, a number of important African countries have abandoned dictatorship and embraced democracy.

The most populous nation on the continent, Nigeria, has just returned to civilian and democratic rule after 13 years under a military regime. As the home of 80 million people and a prominent exporter of oil, Nigeria occupies a place of paramount importance in African and world politics. Having adopted a constitution modeled on our own Nigeria's leaders seem determined to build and maintain a set of democratic political institutions that will allow human rights and free expression to flourish.

Another West African country, Upper Volta, returned to democracy in 1978 following 12 years of military rule. A survey by Freedom House hailed Upper Volta as one of two nations in the world that enjoyed the greatest gains in individual freedom last year. Meanwhile, Upper Volta's neighbor, Ghana, has thrown off the shackles of a notoriously corrupt military regime and installed new leaders chosen in elections.

Human rights gains in Africa have been shaped at the conference table as well as the ballot box. In July, the Organization of African Unity agreed to prepare a set of guidelines for the promotion and protection of human rights in Africa. Referring to the African nations' vociferous denunciation of white minority rule, OAU spokesman Peter Onu of Nigeria said at the time. "We cannot be talking about human rights in certain parts of Africa if we don't accept the same standards [for black-ruled African countries as well]."

These noteworthy advances for human rights and individual freedom in Africa must not blind us to the continued deprivations that beset millions of people on that continent. Certainly the day-to-day horror of apartheid is in no way diminished by the recent political developments in Lagos or Bangui. The South African government, despite its frequent protestations to the contrary, has never indicated a willingness to adopt creative power-sharing arrangements that would satisfy the legitimate aspirations of the indigenous majority in their country. In addition, repressive regimes continue in other African nations.

Yet the successful conclusion of free elections in Nigeria and the long-overdue political demise of Amin, Macias and Bokassa clearly carry beneficial consequences for U.S.-African relations. No longer diverted by the excesses and eccentricities of madmen, we can concentrate on the furtherance of constructive relations with statesmen like Tanzania's President Julius Nyerere and the Sudan's President Jafari Numeri.

While continuing to champion political liberty, we need not neglect the question of economic survival. After all, 20 of the world's 31 least-developed nations are located in Africa. Per-capita income on the continent is under $300 a year, and food production is declining. Intensified wars and political conflicts have pushed Africa's refugee population near the four million mark—the highest figure of any region in the world.

These are human rights concerns, too, and it would be a shame if American's interest in human rights in Africa extended no further than the accusatory finger we pointed at Bokasa, Macias and Amin.●

A TRIBUTE TO MS. EMMA KELLY BRAITHWAITE

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, November 9, 1979

● Mr. RANGEL. Mr. Speaker, on behalf of the people of New York's 19th Congressional District, I am pleased to announce the recent 100th birthday of a constituent, Ms. Emma Kelly Braithwaite. Born on October 7, 1879 in Montrose County, Va., Ms. Braithwaite has enjoyed a long and meaningful life. From these humble beginnings, she became a respected Harlemite and wife of one of our century's leading black poets.

On June 30, 1903, Emma Kelly married William Stanley Braithwaite. Referred to by Langston Hughes as the "black poet laureate," Mr. Braithwaite was an anthologist, founder of the New England Poetry Society, founder along with W. E. B. deBois of Crisis magazine and winner of the NAACP's Springara Award.

The Braithwaites spent many of their most illustrious years at homes first in Cambridge, then in Arlington, Mass. They were host to many important Americans, both black and white, including Ralph Bunche, Robert Weaver, and Robert Frost. Many students, away from their families, spent the holidays with the Braithwaites at their home in Arlington. Ms. Braithwaite is remembered by all as a warm and gracious hostess.

Soon after their move to New York in 1939, the Braithwaites took an apartment at 409 Edgecombe Avenue in Harlem, where Emma Kelly still resides. Although her husband died in 1962, Ms. Braithwaite continued to lead an active life. She has been an important member of St. Luke's Church and a longtime fundraiser. She has served on the board of directors at the Harlem Home for Unwed Mothers.

As the wife of a prominent individual and mother of seven children, Emma Kelly Braithwaite is a model in terms of how to live a long life. To attest to her strength of body and mind, she recently survived the trauma of a leg amputation. Her integrity and humble spirit are clear to all who know her. I take great pleasure in commending her on this occasion to my colleagues and the American people.●

THE POLITICAL REALITY OF IRAN

HON. RICHARD KELLY

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, November 9, 1979

● Mr. KELLY. Mr. Speaker, the crisis in Iran is continuing and Americans are still being held as hostages by forces loyal to the Ayatollah Khomeini. When the Carter administration withdrew its support for the government of the Shah of Iran, a Free World ally, it did not take into consideration the political reality of Iran and the advantages that would fall to the Soviet Union.

In light of the continuing crisis, I would like to draw the attention of my colleagues to the following carefully researched article by Hilaire DuBerrier that was published in The Review of the News, a national conservative weekly.

[From the Review of the News, Feb. 21, 1979]

POLITICAL REALITY IN IRAN

When asked, "What is the best form of government?" Solon replied. "For whom and at what time?" In the case of Iran with its diverse tribes and religious fanatics who even today literally cut themselves and each other to pieces in frenzied mourning for the martyrdom of the Iman Hussein who died 1,300 years ago, the answer is a strong government. Certainly the people making up this state so vital to the West are as volatile and as brutal when aroused as any on earth. Iran's Shi'ite Moslem fanatics have not changed since the day, before World War I. When an American consul wandered in the street to photograph a religious procession and was hacked to bits on the spot.

REPORT ON IRAN

The old Shah Reza Pahlavi was a rude soldier who understood his people's respect for force and contempt for weakness. Upon deposing the ruling Kajars in 1921 it was his intention to establish a republic; but to the Shi'ite leaders as well as the masses an Iran without a Shah was unthinkable. Thus the Pahlavi Dynasty was founded.

The 16th day of September 1941 when the old Shah's son, young Mohammed Reza Pahlavi, mounted the Peacock Throne of Persia marked the beginning of a battle that is still far from over and which will ultimately lead Iran into a bloodbath which will make millions of Iranians pray for his return. The first threat to destroy the throne was led in 1953 by Prime Minister Mohammed Mossadegh, whose wife was related to the Kajar Dynasty deposed by the Shah's father. When Mossadegh failed, American newspapers shouted that C.I.A.s Kermit Roosevelt had saved the Shah, a boast which made Mohammed Reza appear to be America's protégé and gave the Communists an opportunity to accuse "American imperialists" of meddling. The truth is that a traditionally antimonarchist America would not have lifted a hand had Mossadegh not nationalized Iran's oil and the British instituted a blockade.

Britain, traditionally the protector of the Persian Gulf and the Emirates which were later discovered to be rich in oil, had long imposed a Pax Britannica from her military base in Aden, at the entrance to the Red Sea. But by 1962 revolt was afoot as Jay Lovestone, former secretary-general of the Communist Party, U.S.A., called on Africans, Arabs, and Communists alike to support independence movements against Britain. Labor unions led by American-trained leaders ground wheels to a stop in Aden with strikes for which the monster International Confederation of Free Trade Unions, in Brussels, mobilized international support. The I.C.F.T.U.'s objective was a labor empire formed by "liberated" colonies, led by union bosses trained by American unions, and loyal to those who had formed them. Aden, now the capital of a Communist Yemen and Russia's greatest supply base in the Near East, was the key.

In 1967 Britain threw up her hands in disgust and Iran's Shah assumed the burden of protecting the strategic Gulf and the Emirates. Iranian forces occupied the islands off the coast of Oman and in a crash program the Shah acquired hovercraft capable of transporting troops across the Persian Gulf in an hour. Overnight Iran's militarization began and, as the Shah's threats to the Russian plans became more serious, the alliance of Communists and the narrow clergy, united only in their hatred of the monarch, was consummated.

Some 80 percent of Iran's 35 million people belong to the Shia sect. To the peasants of Ispahan and tribesmen in the Elbourz mountains, the craftsmen in Tabriz and the bazaar traders from the Caspian Sea to Baluchistan, the rebel alliance leader Ayatollah Khomeini is seen as a magician whose powers are unlimited.

By thundering against the regime of the Shah the Ayatollah Khomeini has given the appearance of having brought it down by words. It is no matter that for years sober European officials have watched Libya's Muammar el-Qaddafi pour money into secret camps that have been training Iranian guerrillas, or that they have long monitored a steady stream of broadcasts to Iran from Moscow. The Ayatollah Khomeini has held the spotlight, and in the crisis which Iran has just passed through it meant nothing to his blind followers that their exiled leader in Neauphle-le-Chateau, in France, was surrounded by members of the Soviet-controlled Tudeh party who were flying his incendiary sermons into Iran only so that the churchman might prepare the way for the atheists.

It was the Russians and men like Libya's Qaddafi, aggressively supported by the Leftist professors of Europe and America, who radicalized the many thousands of Iranian students sent abroad. In the ultimate reckoning they made what is referred to as the "dreaded SAVAK," or Secret Police, a necessity.

In late January the sister of the SAVAK general who exiled Khomeini in 1963 told your correspondent that a Communist leader arrested at the same time looked the general in the face and said: "When my turn comes, I will not be as kind to you as you have been to me." Even as she was speaking, women in Teheran were already having dirt and even acid thrown in their faces if they went into certain streets without a veil; yet not until it is too late will the Communist organization that will replace SAVAK be referred to in our press as "dreaded."

But it was the Shah's "New Freedom Policy" which, according to the London Daily Telegraph of May 13, 1978, brought on the chain of events which led to the disintegration of Iran. And that, says the Daily Telegraph, stemmed from "talks with President Carter, who spent last New Year's Eve in Persia." The President pressured the Shah to liberalize in return for arms sales, and then sent out the C.I.A. to destabilize the regime in favor of a "Liberal" successor. The Reds were quick to take the cue.

President Carter's observation that the Shah seemed likely to fall encouraged the spoilers to step up their attacks. Their assumption that they had Washington with them was strengthened on January 14, 1979, when the London Observer (owned by Richfield Oil and the radical Aspen Institute) reported Cyrus Vance's desire that the Shah leave Iran. The Sunday Telegraph of the same date wrote that President Carter had made it clear through his Ambassador, William Sullivan, that the Shah should leave the country. And by the time both Air Force General Robert Huyser and C.F.R.-Bilderberger member George Ball had gone to Teheran to request that the Shah pack up and get out, the outcome was no longer in doubt. Huyser directly threatened the military with a break in diplomatic relations and a cutoff of arms if they moved to support their monarch.

The London Daily Telegraph observed: "America has been closely involved in bringing it [the present situation] about," and added: "The Shah is reported by court sources to be annoyed, to say the least, by the pressure being put on him by the Americans." As far back as November 20, 1978, Marvin Stone had written in U.S. News & World Report: "It's a sobering lesson for the U.S. and ironic, too, given the probability that President Carter's human-rights policy may have helped create the crisis in the first place. It is not irresponsible to assume that the administration's pressure on the Shah to liberalize his rule tended to undermine his authority enflame the Shiites and inflate the expectations of youthful dissidents. In light of this experience, Carter decisionmakers must recognize that their human-rights policy is not without risks and that support of the Shah must be unequivocal as he seeks to reverse the slide to disaster."

By January it was too late, and by the time these lines are in print the moment for fiery speeches will have passed. The vendetta which an old man who has been exiled for 14 years has pushed to its climax, regardless of its cost in human and social terms, will have been won—a total triumph. Then the Ayatollah Khomeini will find himself face to face with the Communists for whom he has torn Iran apart.

What happens in the next six months may well change the face of the world. A year from now the whole Western world and most of all the Iranians will wish the Shah were back. He did everything he could to save Iran, and when the good-guy, bad-guy column is drawn up the Shah Mohammed Reza Pahlavi will emerge as one of the best rulers that this country has seen and a man destroyed by an American President he believed to be his friend.●

SENATE AMENDMENTS WOULD GUT STRIP MINE LAW

HON. JOHN F. SEIBERLING

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, November 9, 1979

● Mr. SEIBERLING. Mr. Speaker, in light of recent assaults on the integrity of the Surface Mining Control and Reclamation Act of 1976, I believe it is of the utmost importance that all Members of the House understand the full implications of Senate-proposed amendments to the strip mine law. The Senate bill (S. 1403) contains one provision known as the Rockefeller amendment that is nothing less than a loaded gun pointed at the head of a law we all labored long and hard to see enacted. I urge all my colleagues to read the following excellent article by Representative Mo UDALL, the distinguished chairman of the House Interior Committee. The article was recently published by the Charleston, W. Va., Gazette:

ROCKEFELLER AMENDMENT WOULD GUT GOOD LAW—UDALL

(By Representative MORRIS K. UDALL)

A good doctor only treats illnesses that need treatment, and when he does, he makes a careful diagnosis and prescribes the proper medicine. A bad doctor compounds poor judgment with strong medicine when moderation will do, prefers surgery over rehabilitation and thinks operations that kill his patients can be successes.

Public officials have a habit of peddling a lot of bad political medicine in the form of legislation that will not do what it is advertised to do, and instead only makes matters worse.

As current evidence, I offer the example of a bill (S. 1403) recently passed by the Senate and referred to my committee, the House Interior Committee.

The bill has one extremely important—and, to me, extremely objectionable—provision. It would permit states to submit for approval by the federal Office of Surface Mining strip mine reclamation plans that somehow conform to the general language of the 1977 strip mine law, but not to the specific regulations that interpret and enforce that law.

The laws passed by Congress for the most part are rather general statements of policy. It is up to the agency charged with enforcing that law to write the rules of do and don't, can and can't, without which a law makes little sense. The strip mine law is more specific than most other laws, but by no means can it substitute for the clarity of regulations.

The new bill of goods—known as the Rockefeller Amendment—is worse than unnecessary treatment. It is bad medicine for an incorrect diagnosis, and its side effects would be far worse than the illness..It is like prescribing penicillin for a nose bleed when the patient has just shot himself in the foot.

The legislation has been sold as a tonic for states rights, an antidote to federal regulators and an elixir for our beleaguered coal industry.

It is none of these things. States' rights will become courts' rights as surface mining czars in black robes rule the coalfields. Regulations—whether state or federal—will become more prolific, and even worse, they will be inconsistent from state to state. Conscientious states, like West Virginia, will suffer.

And our coal industry, which already has health problems not to be trifiled with, will have a new and stubborn case of confusion and instability.

The final side effect of this small but potent concoction would be the gutting of a law that I and so many others worked for six years to see enacted and signed. That law is absolutely critical to the future environmental health of our coal states. I do not intend to see that law—and the environment that sustains your life—slide down the tubes by swallowing this ill-considered and wrongheaded legislation.

Advocates of the bill contend it is necessary because a cabal of overzealous federal bureaucrats have written regulations far more strict than what we in the Congress ever intended. They say these rules break a promise to the states that they would be able to write and enforce their own reclamation programs, as long as they conformed to the national standards established by the law. And, they complain, once again "over-regulation" is strangling the industry and threatening your jobs.

This is just not the case. The Rockefeller amendment will not cure what ails either the state or the coal industry.

It is likely that most of West Virginia's squabbles with OSM could be addressed by what is known as the "state window." Over the objections of environmentalists, the very regulations so repulsive to proponents of the Rockefeller Amendments permit OSM, in effect, to grant variances from national performance standards when a state can demonstrate that their standards are at least as good, albeit different, as OSM's. But to date, not a single state has at any time even tried to take advantage of this "state window." Instead, they have turned to the meat ax of S. 1403.

Nor will the bill perk up the coal industry. The problems it faces right now are not an inability to mine or the added expense of reclamation practices. The problem is a supply glut that is the product of lower utility purchases of coal brought on by conservation and uncertain, expensive coal transportation.

Interestingly, a great deal of the pressure behind the Rockefeller Amendment comes from West Virginia's deep mine operators, who account for 80 percent of the state's production. These operators have never been subjected to the same commendable reclamation standards under which West Virginia's strippers have operated. They have now seized upon this opportunity to pressure the state to weaken present laws that are "more stringent" than federal standards.

The most haunting result of this proposal is that under the guise of states' rights the only entity with greater control over strip mine regulations will be the courts, not the states. That is because the Rockefeller Amendment guarantees that whether a state program is approved by OSM or not, it will be legally challenged by the losing side—environmentalists, the state or industry.

Without the new law, these challenges would be—in fact, are now—before a single judge. With the new law, these challenges would go to district courts in each state. For years to come, we will then have innumerable judges making decisions on highly technical coal mining issues on which they have little or no expertise, and without the aid of regulations that interpret the law.

Sometime in the late 1980s all this confusion and conflict will have settled out and the coal industry will have a clear idea of just what are the rules of the game. But because judges from Virginia to Montana will have written differing reclamation plans, states that have upgraded their standards, like West Virginia, will be at a competitive disadvantage to other states that are less interested in good reclamation.

We have enough problems in this nation insuring that coal is burned more often, more cheaply and more cleanly, and is mined so that our beautiful heritage is not carved into a moonscape. We do not need the unnecessary and bad political medicine of the Rockefeller Amendment, and the chaos in the coalfields that will come with it. Let's keep our eye on the ball, and get on with the job of mining coal under sensible regulations.●

GORDON GAMMACK'S WAR COLUMNS PUBLISHED

HON. TOM HARKIN

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Friday, November 9, 1979

● Mr. HARKIN. Mr. Speaker, we will observe the 60th anniversary of the end of World War I on Sunday.

November 11—or more recently, the Monday closest to November 11—has since been set aside by a grateful Nation to honor the brave men and women who have helped preserve this Nation through service on its Armed Forces.

It is fitting, then, that on the eve of that anniversary I call to the attention of my colleagues a book recently published by the Iowa State University Press, and pay tribute to its author, Gordon Gammack, war correspondent and columnist for the Des Moines Register and Tribune.

Gammack was one of the best war correspondents. This book, entitled "Gordon Gammack: Columns From Three Wars," is a collection of his finest stories from World War II, and the Korea and Vietnam conflicts.

Gammack told the stories of those wars in personal terms—often hunting up Iowans on the frontlines and following them through the action. The fear, the horror, the courage, and the love he wrote about are just as gripping today, as when he first described them up to 34 years ago.

It is a remarkable collection of news columns, written by a remarkable reporter who always managed—one way or another—to get his story.

At this point in the RECORD I would like to insert a brief description of the book, taken from its end cover, and an article which recently appeared in the Des Moines Register about its author, Gordon Gammack:

GORDON GAMMACK: COLUMNS FROM THREE WARS

Here is a selection of widely read columns that won a large and devoted following for Gordon Gammack. His coverage of three military conflicts—World War II, Korea, and Vietnam—provides a fascinating study of the attitudes and behavior of American fighting men over a twenty-five-year period. As you read the columns, you'll see that Gammack was a determined and meticulous investigative reporter. He dealt in particulars, not theory or philosophy. His columns, written for the Des Moines *Register* and *Tribune*, are firsthand stories of life on the front, behind the ranks, and even in prisoner-of-war camps. When information was not officially available, he devised strategies for obtaining it and often clashed with military brass.

These are stories that illustrate change: in the enthusiasm and commitment our country has felt toward its wars, in the relationship between the military and the press, and in the evolution of one man from youthful excitement to stoic maturity.

Early World War II reports reflect the patriotic attitude of the American soldier combined with the ever-present danger of day-to-day living under fire.

As you read the columns from the Korean conflict you'll find a more politically neutral attitude. However, Gammack, as always, had praise for the troops on the front.

During the Vietnam conflict, Gammack wrestled with doubts about this country's role. You'll feel his thoughtfulness and concern in these stories as he detailed drug use, dissension in the ranks, and the political overtones that filtered down to the front.

As a collection, these columns provide a unique opportunity for you to understand recent American history from the soldier's perspective. Former Gammack readers; veterans; and students of journalism, political science, and history will especially appreciate these penetrating and thought-provoking pieces.

GORDON GAMMACK'S HUMAN STORY

(By Chuck Offenburger)

There's talk that the recently released book, "Gordon Gammack: Columns From Three Wars," may wind up being used as a text in history and journalism classes.

With good reason, too.

The collected reportage of Gammack, the Register and Tribune columnist who died in 1974 at the age of 65, gives keen insights into wars and the men who fight them. The insights are especially revealing for readers who were not yet born, or are too young to remember, when Gammack was writing about World War II, Korea, Vietnam.

But, alas, the book has a shortcoming.

It lacks the very human story that unfolded in Gammack's own household in Des Moines while he was chasing GIs all over the world.

It's the kind of story Gammack would have molded into several columns—had it happened in some home other than his own: the woman coping with keeping a young family together while her man went off to war. And not just one war, *three* of them.

So imagine how it was one day in the spring of 1943.

THE CALL OF DUTY

As you imagine, keep in mind that Gordon, the young reporter, was exempt from military duty because he'd been blinded in one eye in a car accident.

And remember that Kaye, who'd worked at the phone company, was not accustomed to being away from here husband. In fact, she'd never in here life spent a night alone until, after their marriage in 1940, Gordon began traveling on business in Iowa. The first night he was away, she had a friend stay over.

Two other bits of background are important to this scene: Little Katy, their daughter, was barely 2. Kaye was pregnant,

Here comes an excited Gordon home from work at mid-afternoon to tell his wife he'll be going off to the war after all!

The reaction?

"I was thrilled for him. No kidding, I really was," Kaye Gammack, 64, recalled during a recent visit at her home here.

"I knew it would be tough, but I also knew from the beginning that Gordy was a newspaperman, first and foremost. I always said I hoped things for him never came down to a choice between me and the paper. The big story of the day was the war."

Ah, she really took the news that well?

"I did *not* weep and moan and feel sorry for myself," she said. "But, remember, everyone was in the same boat then. There were a lot of women with children being left at home while the men went to war.

"It was a patriotic war, if you know what I mean, and everyone knew they had to put their shoulders to the wheel and do the best they could.

"I guess the one thing I had a horror of was the possibility of having the baby without Gordy being here," she said. "But the newspaper bosses agreed to let him stay until the baby was born. At the same time, they were anxious for him to get going. Finally, the doctor said if necessary, he could force labor.

SCRUBBED THE FLOOR

"I'll never forget going in for a checkup at about the time I thought I was due. The doctor told me I was nowhere near ready to deliver, and I thought, 'Oh, no! Gordy might have to leave!'

"I went right home from the doctor's office, did the knee-to-chest exercises and scrubbed the floor. The next morning, Tommy was born."

Two days later, the correspondent was en route to his first war. He was gone, the first time, for a full year.

"I had it a little easier than most wives," Kaye said. "Some women wouldn't hear from their husbands for six weeks at a time.

"But the newspaper kept me informed about what Gordy was doing, and I heard from him regularly by letter and telegram.

"I didn't really worry about him, because he'd promised me he wouldn't take unnecessary chances. Besides, his bosses had told him a dead war correspondent was no good to anybody. I frequently reminded him to follow that theory."

She did volunteer work at the local hospitals when she could line up a baby sitter. She went crazy trying to shop for groceries while simultaneously battling a "terrible two" and shouldering an infant. She went the better part of the year wearing leg makeup because nylons were in such short supply.

KEPT SCRAPBOOKS

When she got up around 4 a.m. for the night feeding, she'd grab the just-delivered Register and read her husband's stories—written from all over North Africa, Italy, France. She clipped the stories and placed them carefully in scrapbooks.

For a time, she moved with the kids to a cottage at Lake Okoboji. The correspondent, meanwhile, was basing himself at a press camp in Italy.

"He wrote how he loved that, because he got to know the other correspondents," she said. "At one point in a telegram to the paper, he mentioned how he was going off to some certain place, then he'd be 'coming back home.' At first they thought he meant Iowa, but then they found out he was referring to the press camp.

"That made me see red. I wrote him that if he'd been there so long he was calling that damned press camp 'home' then it was time for him to get back to Des Moines."

He returned.

"I thought he was home to stay until one night, someone at the paper slipped and said something to him about, 'When you go back. . . .' I blew up. But I got used to the idea, and it wasn't so bad."

"TOUGHEST TIME"

He was home six weeks before the second trip to the European theater. The second stay wasn't as long as the first.

Five years later, he was preparing to leave again—for the first of three short trips to Korea.

And just as in 1943, Gordon was wondering whether he'd get to see a new baby before he left. He delayed leaving and the newspaper editors fretted until Julie was born in August 1950. A day or two after the birth, the beaming father was gone.

"I guess when he was gone to Korea, that was the toughest time for me," Kaye said. "Katy was 9, Tommy was 7 and Julie was just a baby.

"It was really like I was a single parent. The two older ones made a lot bigger demands on me than they had as babies. I'd be looking around for reinforcement on my decisions about them, and there'd be no one to give it—except for the Dr. Spock books and the comforting advice of our family physician.

"God, how the kids fought. I'd try to keep the blunt instruments hidden away from them so they couldn't beat each other bloody. I swore there was no way they'd ever be friends, but darned if they don't like each other now.

"When Gordy would come home, that's when we really had to be intelligent parents. It would've been easy for him to avoid jumping right in as a dispenser of discipline, to let the kids play one of us off against the other. But we'd visit in letters about how to make the transition to a two-parent home when he got home, and he'd always step right in."

Then came Vietnam.

UNPOPULAR WAR

"He was in his sixties when I asked him to go [there]," Drake Mabry, a managing editor at the newspapers, wrote in a foreword to the book. "It was a request, not an order. The hardships can be overwhelming at that age. The decision was his."

Kaye recalled the assignment as one of "the biggest thrills" in both their lives.

"It was a matter of being proud he'd still be considered for such a thing," she said. "It was like he'd been told he wasn't over the hill. It made us both happy."

The kids were beyond the battling stage during his three trips to Vietnam, but there was a different kind of difficulty for Kaye to face.

"People our age were all couples again during Vietnam," she said. "I was more lonely. Friends were kind enough to keep extending invitations, but I felt a little awkward going to things alone, at least after a while.

"And in the later years of the war, it was so unpopular. It was more difficult making the sacrifices of being alone than it had been during World War II, when everyone was behind the cause."

LAST BATTLE

Their time together after his final return from Vietnam was short. Lung cancer took Gordon in November 1974.

But they continued to share it with the many friends he'd made while overseas during three wars.

"I really think just about everyone Gordy met during the wars has been through this place at one time or another," Kaye said from the porch of the Gammack home located near Terrace Hill. "The conversations about the old times were always a lot of fun."

And those conversations are being renewed in the aftermath of the publication of the book, which is peppered with the names of those old buddies.

The idea for the book was daughter Julie's. She left a position in the Iowa Democratic Party to coordinate production and promotion of the work. She's 29, recently married and living in Des Moines.

Tom, 33, manages a record shop in Fort Collins, Colo. Katy, 38, is a public affairs coordinator for Planned Parenthood in Des Moines.

The book was edited by Andrea Clardy, a free-lance writer formerly from Ames, now living in Ithaca, N.Y. It features introductions by several of Gammack's colleagues in journalism, in addition to the war columns.

"It was an exciting, but teary, experience for me when I read the first copy," Kaye said. "I couldn't take it all at once.

"But as I read through it, I remember the stories as they first ran in the paper. I recall what I was doing at that particular time, how old the kids were, what we were all going through.

"It's been thrilling, you know?" ●

IRAN SETS PRECEDENTS BY ENDANGERING AMERICANS

HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Friday, November 9, 1979

● Mr. GINGRICH. Mr. Speaker, the Iranian student seizure of our Embassy is the equivalent of an invasion of our national territory. Historically, diplomats have enjoyed immunity from arrest within the foreign countries where they serve. Likewise, embassy grounds have been held inviolable. Even after Pearl Harbor, Japanese diplomats were returned unharmed to their own country. The Iranian act of aggression will be repeated elsewhere unless decisive action is taken at once.

The Khomeini dictatorship has become an outlaw regime by allowing this unthinkable violation of international law to continue. We must not subject ourselves to the demands of a blackmailer. The Khomeini dictatorship must be held accountable for the lives it has placed in jeopardy.

I believe the following steps should be taken.

First, additional guards should be stationed immediately at our Embassies in all unfriendly nations. They should be given orders to shoot invaders. Never again should American diplomats and their families be in such danger.

Second, we should act with the assumption that governments are responsible for all actions of their nationals. Each government must protect foreigners within their borders and punish their own nationals who abuse our citizens. The U.S. Government owes nothing to these international criminals. It is their responsibility to meet our demand that our citizens be released.

Third, the United States should deport any demonstrating Iranian students. They are guests in our national home while they study here. Those who are serious about their education should be allowed to remain. But offensive guests should be kicked out of our house.

Fourth, we should formally close our Embassy and end diplomatic ties with Iran. We should expel the Iranian diplomats here and close their embassy, too. Their Government is worthy only of our contempt.

Finally, all foreign aid to Iran must be discontinued. Likewise, all American trade with Iran must stop. It is also time to freeze Iranian assets in the United States and hold them until a post-Khomeini government comes to power.

Killing the Americans held hostage in Iran should be considered an act of war. Either a weak America will continue to be a victim of blackmail or else a strong America will resume its respected leadership role. The choice should not be hard to make.●

THE UNITED NATIONS ENVIRONMENT PROGRAM ACHIEVING PROGRESS IN COPING WITH GLOBAL ENVIRONMENTAL THREATS

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Friday, November 9, 1979

● Mr. BONKER. Mr. Speaker, since its establishment in 1972, the United Nations environment program (UNEP) has been the focal point for environmental action within the U.N. system. UNEP has been actively investigating key global problems such as the spread of toxic chemicals, environmental causes of cancer and malaria, and tropical deforestation. UNEP performs a key service in drawing attention to possible threats to the world environment.

A recent article focuses on the efforts of UNEP and other U.N. organizations to cope with two major threats to the global environment: the build-up of carbon dioxide in the atmosphere and the depletion of the ozone layer. Growing amounts of CO_2 in the atmosphere and the depletion of the ozone layer could cause extreme damage to the Earth. The possible effects of such changes in the atmosphere include the inundation of several of the world's largest cities due to rising sea-levels, serious decreases in world food production, drastic shifts in precipitation levels and patterns, and widespread climactic alterations.

UNEP's outer limits program is presently studying the causes and consequences of changes in the ozone layer and the long-range effects of weather modification. In conjunction with the World Meteorological Organization, UNEP is monitoring and assessing alterations in the level of carbon dioxide in the atmosphere.

The article which I wish to submit for the RECORD is taken from the July 1979 UNITERRA, a monthly publication of UNEP. I hope it will serve to acquaint my colleagues with the crucial role UNEP plays in drawing attention to possible threats to the world environment, and its work to reduce the possibility of these threats becoming a reality:

WHITHER THE WEATHER . . .?

Some scientists say that there are indications that our planet may be in for a full-scale climate catastrophe and that this potential disaster may be directly attributed to manmade forces.

Two trends are particularly disturbing to climatologists: the steady build-up of carbon dioxide in the atmosphere—which may result in a global heating (the "greenhouse effect"); and the potential depletion of the ozone layer which, if it occurs at significant levels, may expose us to harmful amounts of short-wave ultra-violet radiation and create structural changes in the upper atmosphere, which might, in turn, trigger widespread alterations in climate.

THE HOT HOUSE

Because CO_2 absorbs long-wave radiation, which, under normal conditions is emitted by the earth's surface, (think of it as breathing), abnormal amounts of CO_2 in the atmosphere may inhibit the planet's natural cooling system . . . thus, potentially producing a global warming which could play havoc with the world's food supply. If the warming does occur, it runs the risk of setting-off a polar meltdown which would raise sea-levels worldwide, swamping New York, Boston, Tokyo, Rio de Janeiro, and Hong Kong, to name a few.

Since worldwide consumption of energy is expected to triple by early in the next century—jumping from 8 to 25 million megawatts—and most of this energy will be supplied by fossil fuels, scientists warn that the CO_2 problem may produce the major environmental catastrophe of the future.

The problem is made even more ominous by the fact that the temperate zones of the developed countries—which now supply 75 percent of the world's coarse grain—would be the hardest hit by a global warming. Add to this the fact that the Food and Agricultural Organization expects the demand for food to increase a whopping 112 per cent by the year 2000 and you begin to see why climatologists are worried. In fact, some futuristically-minded planners are advising governments to build up their grain reserves now, with national storage levels of between 30 to 60 million tons.

OTHER SOURCES

Alternate sources of energy may also trigger disruptions in the climate system. Nuclear energy, for example, produces waste heat. Some scientists are advising that in the future, such plants be built on "islands" over the oceans, to utilize the ocean's natural evaporation-condensation cooling system. Yet building such islands may cause other problems—the waste heat from the plants may alter the surface temperature of the oceans or even disrupt natural current patterns.

With solar energy the problem is not waste heat, but rather the heliostats themselves. The solar energy collectors would increase the earth's "albedo" (surface reflectivity). According to some current theories, as albedo is increased precipitation levels are decreased. Thus, widespread use of solar energy, coupled with more and more land being stripped for development or being lost to deserts, could create aberrations in precipitation patterns and levels.

Even mundane activities such as stripping land, ploughing fields, and putting in dams and irrigation systems may turn out to be culprits in terms of climate. When land is stripped, albedo increases and (remember the theory?) precipitation levels go down. This is why stopping the spread of deserts is so tricky: loss of grasslands may lower the potential for rainfall.

Irrigation systems and dams don't affect albedo, but they do affect precipitation patterns. As we depend more and more on irrigation to stabilize crop and food production—in order to meet the needs of a burgeoning population—we may risk upsetting the fruit basket altogether. Our attempts to create a more dependable growing season may result in just the opposite: we may disrupt precipitation patterns and levels on a worldwide scale.

OZONE DEPLETION

Almost everyone knows about the "ozone problem"—the potential depletion of the ozone layer (which protects the earth from short-wave ultraviolet radiation) as a result of chlorofluoromethanes (used in sprays), methanes, and nitrous oxides (used in fertilizers).

The amount of chlorofluoromethanes in the upper atmosphere is estimated to have depleted the ozone layer by 15 percent, even though worldwide production of these chemicals has decreased since 1974. The reason for this perplexing phenomenon is that chlorofluoromethanes are inert (ironically, this is one of the reasons they seemed so safe when they were first being tested); they can't be "dissolved" by the normal process of interaction with other chemicals. They just hang in the upper atmosphere—interacting with ultraviolet light to wear away the ozone layer—like a gaseous version of the Sword of Damocles. Their levels will continue to increase until production of them is stopped completely.

Models indicate that the long-term steady-state effect of a continued release of chlorofluoromethanes at the 1977 rate of release would result in a 15 percent average reduction of the ozone layer. The effects of increased amounts of short-wave ultraviolet light on humans—or plants and animals—are not known, but models indicate that a one percent reduction in the ozone layer produces a two percent increase in the amount of short-wave ultraviolet light which reaches the earth which, in turn, is projected to produce a four percent increase in skin cancer.

Though the ozone and carbon dioxide problems are in the spotlight now, climatologists warn that we must not let any single trend obscure the fact that climate, like other environmental problems has a synergistic trigger. We just don't know how much the biosphere can tolerate, "before it pops, like a balloon," as Ken MacCleod of UNEP's Outer Limits Programme puts it.

This is why monitoring has suddenly assumed such importance. Without monitoring networks—from which computer wizards can construct models—we can't tell if, when, and how the climate is being affected.

The World Meteorological Organization recently launched a worldwide climate programme that will draw upon and co-ordinate the efforts of several United Nations agencies. As part of this effort, UNEP will monitor and assess changes in albedo, ocean surface temperature, solar radiation flux, and changes in the atmosphere's composition and turbidity ("density and opacity"). A global climate network of scientists will also study the impact of climate change on human societies and attempt to determine the ways in which we might protect ourselfes against adverse conditions while reaping the best advantage from favourable periods. At the same time, efforts will be made to determine the mechanisms of climate change, their sensitivity to man-made forces, and what characteristics of human societies make them especially vulnerable or resilient to variations in climate.

MONITORING

Meanwhile, UNEP and the WMO have been monitoring changes in the ozone layer—and publishing their findings in a bi-yearly bulletin—since 1977, when UNEP convened a conference to discuss the ozone layer and alert the world community to its potential dangers.

Still, more needs to be done. Monitoring and model-extrapolations can only point out the dangers. Unless there is an intensive global effort to act upon the information we receive, all our monitoring efforts will be futile.●

HEARING ON H.R. 4973, CORPORATE CRIMINAL LIABILITY FOR COVER-UP OF LETHAL DEFECTS IN PRODUCTS AND BUSINESS PRACTICES BILL

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, November 9, 1979

● Mr. CONYERS. Mr. Speaker, on Thursday, November 15, 1979, at 1:30 p.m. in Room 2237 Rayburn House Office Building, the Subcommittee on Crime of the House Committee on the Judiciary will hold a hearing on H.R. 4973. This bill, sponsored by Hon. GEORGE MILLER and cosponsored by myself and 40 colleagues of both parties in the

House, would create criminal liability for business entities that knowingly conceal lethal defects in products or business practices.

The witnesses at the hearing will be Congressman MILLER and Mr. Barry Castleman, an environmental consultant.

Those persons wishing to submit testimony or desiring further information should contact the Subcommittee on Crime, 207–E Cannon House Office Building, Washington, D.C. 20515. Telephone: (202) 225–1695.●

IRAN'S REAL GOVERNMENT

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, November 9, 1979

● Mr. GILMAN. Mr. Speaker, the tragic events now taking place in Iran have placed American lives in grave danger for the second time this year. Twice we have seen fanatical mobs move without resistance to seize the United States Embassy in Iran and hold our representatives hostage in an international game of terrorist blackmail.

As pointed out in an editorial in the November 7, 1979, Baltimore Sun, the first victim of this outrage was the government of Prime Minister Bazargan, which may have been its intended victim from the start. The abrupt collapse of the government, after months of frustration and impotence, further dampens the already dim hopes for a negotiated settlement of the current crisis. Whatever the motive, the facade is gone and the true authority in Iran, the Ayatollah Khomeini now stands alone as the center of authority and responsibility for the protection of the American hostages.

Khomeini's complicity in the attack is clearly demonstrated through his direct encouragement of the mob action and his failure to take any action to end the seige. His utter disregard for the centuries-old sanctions against harming diplomatic personnel violates one of the basic principles of relations between states. Even during the darkest days of past world wars and conflicts this principle was respected by both Communist and Nazi regimes.

It has become painfully clear that United States-Iranian relations have deteriorated to an all time low. As stated in the Sun's editorial:

> Ayatollah Khomeini has cast Uncle Sam as scapegoat for all Iran's problems. It is difficult to see how diplomatic or trade relations can be maintained. Planning must begin to swap oil sources pending a likely embargo. And the Iranian authorities had better be reconciled to doing without heating oil and guns. The Carter administration had resumed sales, supporting the Khomeini regime for fear its replacement would be pro-Soviet. If visitor populations are to be exchanged, the position of Iranian students in this country is in question."

Because of this mounting unrest in Iran over the last few months, the Carter administration extended its policy of not requiring Iranians in the United States to return to their homeland. This protection was granted to all of the more than 50,000 Iranians in this country (including those who may be here illegally) in the belief that they should not be forced to return to the chaos that now exists. Unfortunately, many of these "so-called" students have chosen to hide behind our constitutional protection to attack this Nation in support of the outrages being committed by their government.

These individuals who chain themselves to the Statue of Liberty, call for the death of our President and Embassy hostages, and seek to disrupt the peace of our cities have violated our hospitality and the terms of our welcome. Their actions in support of the present government in Iran indicate there is little to fear if they were to return to that country. Therefore, I join with others in this body who call upon the President to withdraw his voluntary departure policy and proceed with deportation proceedings on a case-by-case basis as to real need.

Whatever our response in our effort to extricate our Embassy personnel, we should not hesitate for fear of the oil weapon. While Iranian oil is an important factor in our relationship, it is not so vital to us that we can give in to terrorist blackmail. The eyes and ears of our friends and adversaries alike are fixed on this challenge to the United States as a world leader and military power. Our response to this crisis will have a profound effect on our future ability to maintain our position and prestige around the globe.

The United States should take the offensive in this crisis to indicate the level of concern that exists throughout the civilized world. To remove the threat of an oil cutoff, we should move to sever our imports of all Iranian oil on our own. In addition we should call for a boycott of all Iranian oil sales by the consuming nations. At this time there is considerable support from our allies who see the danger in Iran's actions as a threat to the world community. The United States should immediately seek their cooperation in this area.

Although our options are limited we cannot take the easy but irresponsible action to send the Shah back to a country that has shown so little respect for the law, peace and world order. As pointed out in today's New York Times editorial:

> Some may think the Shah is not worth the risk to 60 American lives. But if they do not see dishonor in trading him, they need at least to recognize that paying blackmail to a government that kidnaps diplomats can only invite further humiliations, and not only by Iran. Above all they need to understand that bargaining away the rights of immunity and sanctuary that have been violated at the Teheran embassy would destroy the rules that even warring nations normally observe to protect human life and communication the world over.

Our one and only concern during this immediate period of uncertainty should be the safety of Embassy personnel whose lives are carelessly being used as pawns in a dangerous game of diplomatic blackmail. Beyond this paramount concern, our response to insure that such acts will not be tolerated in the future must be firm. However, as the Sun's editorial concludes:

> Planning and clear thinking is what's needed in these areas, not precipitate action. The state of Iranian-American relations is for the ayatollah to dictate while he lasts. The first concern for Washington is to bring hostage Americans to safety. Afterwards will be time enough to adjust to the new state of affairs.

In an effort to communicate the serious concern that exists in the Congress and the American people for the peaceful resolution of this crisis, I have joined with many of my colleagues in the House in an appeal to the Ayatollah Khomeini. In a letter to him from the Congress, we urged his direct intervention on humanitarian grounds. We also drew attention to the shared concepts of Islam, Christianity and Judaism in our love of God and the need to do his will through righteousness and piety. Furthermore, we stressed that our concern was for the release of the American citizens and not to interfere in the internal affairs in Iran or undermine its Islamic traditions.

Any response by Iran that is less than the release of all hostages cannot be tolerated. We must respond firmly to this barbaric challenge. Therefore, I call upon the President to:

Immediately cut off all U.S. oil imports from Iran and organize a worldwide boycott of that nation by all consumer countries;

Halt all U.S. economic and military aid to Iran and institute whatever legal sanctions available;

Close the Iranian Embassy in Washington and that nation's consular offices in this country; and

Begin a review process of the status of all Iranians in the United States with the immediate deportation of all persons who have violated their visa or the terms of their welcome.

For the information of my colleagues, at this point in the RECORD, I would like to insert the entire text of the November 7, 1979 editorial from the Baltimore Sun and the November 9, 1979 New York Times editorial.

[From the Baltimore Sun, Nov. 7, 1979]

IRAN'S REAL GOVERNMENT

The departure of the government of Prime Minister Mehdi Bazargan brings the Ayatollah Khomeini forward as the true authority in Iran. A facade is gone. The responsibility of the ayatollah for the safety of American hostages in Tehran, never in doubt, is certainly clearer now.

Mr. Bazargan rode the tiger for nine months as prime minister, always undercut by the man who appointed him, never certain that a decision could be carried out or an agreement kept. He was valiant and dedicated. He had done his share of maneuvering during the faltering rule of the Shah to bring the Khomeini revolution to power. When given an impossible assignment, to head its government while power resided elsewhere, he tried to make the thing work.

The outrage at the embassy—which violates the fundamentals of relations between states as handed down from history and observed even by Communist and Nazi regimes—claimed Mr. Bazargan's facade as its first and perhaps intended victim. Now the Islamic Revolutionary Council is the government.

That shadowy body, whose complete membership is not known, is close to the aged ayatollah and practically synonymous for him. Whether it persuades members of Mr. Bazargan's cabinet to continue to serve does not matter much. The council must be considered a responsible body. In July, some of its members joined the Bazargan cabinet, so the change now is not all that abrupt. Presumably functionaries still function, and a message given an Iranian diplomat travels through the foreign ministry to the Revolutionary Council.

A couple of further assumptions must be made in Washington. One is that Iran will endure more turmoil rather than less. Mr. Bazargan was the regime's link to the educated classes, liberals, the Marxist left, and the large ethnic and regional minorities. Without him, greater disaffection with theocracy will come to the surface.

The other necessary assumption is that Iranian-American relations must worsen further. Ayatollah Khomeini has cast Uncle Sam as scapegoat for all Iran's problems. It is difficult to see how diplomatic or trade relations can be maintained. Planning must begin to swap oil sources pending a likely embargo. And the Iranian authorities had better be reconciled to doing without heating oil and guns. The Carter administration had resumed sales, supporting the Khomeini regime for fear its replacement would be pro-Soviet. If visitor populations are to be exchanged, the position of Iranian students in this country is in question.

Planning and clear thinking is what's needed in these areas, not precipitate action. The state of Iranian-American relations is for the ayatollah to dictate while he lasts. The first concern for Washington is to bring hostage Americans to safety. Afterwards will be time enough to adjust to the new state of affairs.

[From the New York Times, Nov. 9, 1979]

The Stakes in Iran

There have been good reasons for responsible Americans to hold their tongues about the outrage in Iran this week. No one, plainly, has a really good plan to assure the rescue of the 60 hostages and other vulnerable Americans in that disintegrating society. John Connally was quick to cast blame; he seems to believe it is sinful only to appease a foreign crowd. But given the widespread frustration of Americans, the wonder is that so many political figures have understood the predicament of the President—and of the hostages—and taken care not to goad the nation into frenzied action.

The off-stage whispering, however, seems to dwell on two extreme responses: get rid of the Shah or call out the cavalry. They deserve some ventilation before glib conclusions gain public favor.

Whatever one's view of the Shah, he was admitted to the United States, rightly or wrongly, because he was sick and powerless. Iran's student warriors may not know that, but Ayatollah Khomeini does. He knows that Washington tried to appease him by discouraging the Shah from settling here in the first place. The Ayatollah also knows that the Carter Administration gave him military aid to crush various rebels and encouraged American business to help rebuild his economy. If all that was not enough to preserve an elementary diplomatic civility, it can only be because the Ayatollah needed this contest of will. The suspicion grows that to salvage his power in the streets of Teheran, he found it necessary to reopen a unifying battle against the Shah and America. No shameful ransom will dissolve such calculated hostility.

Some may think the Shah is not worth the risk to 60 American lives. But if they do not see dishonor in trading him, they need at least to recognize that paying blackmail to a government that kidnaps diplomats can only invite further humiliations, and not only by Iran. Above all they need to understand that bargaining away the rights of immunity and sanctuary that have been violated at the Teheran embassy would destroy the rules that even warring nations normally observe to protect human life and communication the world over. That cause far transcends the Shah.

So why not send the troops and get it over with? It may come to that if the hostages are harmed. But Teheran is not Entebbe airport; a huge force would be needed to seize the hostages and protect their evacuation. The casualties would be great, especially among those being saved. And hundreds of other Americans in Iran would suffer the vengeance of the mob.

Moreover, a temporary invasion could well rescue the Ayatollah from the collapse his policies have brought near. As Steven Erlanger wrote in The New Republic before the embassy was seized, the embattled priest has managed to excommunicate nearly all of the forces of the middle class, the left and the military that united to topple the Shah—leaving only the priests and the formidable but incoherent mass of the poor. "And they are hardly enough to preserve anything but a prolonged anarchy." That is why Khomeini has been inventing plots and American devils.

Delay, then, is a prudent course if it can be used to obtain the release of the captives without revivifying the Ayatollah's gasping regime. But that delay and those efforts should not be allowed to confuse the other interests that the United States is determined to protect. The Iranian authorities should have been on clearer notice all week that they will be deemed responsible for the fate of all Americans in their country. And the world needs to understand that American and other emissaries will discuss, but not bargain for, the release of the hostages.

If the Palestine Liberation Organization, for example, wants to improve its reputation among Americans by arranging an evacuation, that is one thing. But if the P.L.O. were to replace the Ayatollah as ransom collector by demanding official recognition in exchange for its help, that is quite another matter.

Even this much speculation can cause damage in such a volatile situation. But this episode promises to trigger a heated debate about America's standing in the world. The nation's purpose ought to be clear even before it knows whether its tactics were right.●

CAPTIVE NATIONS WEEK

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, November 9, 1979

● Mr. DERWINSKI. Mr. Speaker, since July, a great deal of material has been furnished on the 1979 Observance of Captive Nations Week. Much of this has been selected and processed for economy reasons by the National Captive Nations Committee here in Washington, and in strict conformity with Public Law 86–90, the only law on our national book recognizing the concrete reality of all the captive nations under present Communist domination. Whether many recognize it or not, the unfolding events in Asia, Africa, Latin America, and elsewhere fit cohesively within the ultimate structure of thought founded on the broad captive nations idea. In short, transient events of Communist challenge and penetration are just an extension of the framework and basic concept. Many understand this; too many still do not.

The thrust of the recent observance is well depicted by the following selected examples: First, a proclamation by Gov. Edward J. King of Massachusetts; second, a report on the observance in Boston, by Orest Szczudluk; third, a commentary by Philip C. Clarke over the Mutual Broadcasting System; fourth, a letter by former Speaker of the House, Hon. John W. McCormack, who was honored on the 20th anniversary of the week; and, fifth, a letter appearing in the Shreveport, La., Times.

The articles follow:

A Proclamation By His Excellency Edward J. King, Governor

Whereas: The week of July 15–21, 1979, is observed nationally as "Captive Nations Week", in accordance with Public Law 86–90; and

Whereas: This year marks the 20th anniversary of the Captive Nations Week, which was enacted by U.S. Congress on July 17, 1959; and

Whereas: The captive nations of Central and Eastern Europe-Armenia, Byelrussia, Estonia, Latvia, Lithuania, Ukraine, Georgia, and others—have not accepted the status of Soviet Rusian enslavement and continue to struggle for their national and independent States; and

Whereas: The establishment of national and independent States by all captive nations and the decolonization of the Soviet Union Empire would contribute significantly to a just and lasting peace in the world and to the freedom of all nations; and

Whereas: The 1979 "Captive Nations Week" serves as an appropriate forum to manifest public support for all captive nations;

Now, therefore, I, Edward J. King, Governor of the Commonwealth of Massachusetts, do hereby proclaim the week of July 15–21, 1979, as Captive Nations Week and urge all citizens of the Commonwealth to take cognizance of this event and to participate fittingly in its observance.

Observance of Captive Nations Week in Boston

(By Orest Szczudluk)

Boston, Mass.—The 20th anniversary of the Captive Nations Week was observed here on July 18, 1979, with a special ceremony at the Massachusetts State House. Over 300 people attended the ceremony, among them Governor Edward J. King and Honorable John W. McCormack, retired Congressman and Speaker of the U.S. House of Representatives.

In his remarks, Governor King said: "So our hearts, our sympathies and our prayers go out to those peoples who today still refuse to accept their enslavement by Soviet Russia or other foreign powers; who continue to struggle for their right to exist as free and independent states and independent peoples. The establishment of national and independent states by all captive nations and the decolonization of the Soviet Union would contribute significantly to a just and lasting peace in the world."

RETIRED U.S. SPEAKER M'CORMACK HONORED

During the program, a special plaque was presented to retired Congressman and U.S. House of Representatives Speaker John W. McCormack. The plaque read: "Ukrainian Congress Committee of America—Boston Chapter, Lithuanian American Council of Boston & American National Latvian League in Boston on the occasion of the 20th anniversary of the Captive Nations Week present certificate of appreciation to the Honorable John W. McCormack, Congressman and Speaker of the House of Representatives, for his leadership in the enactment of the Captive Nations Week Resolution by U.S. Congress in July 1959 and for his dedication to the cause of freedom and independence of all captive nations under Russian communist domination. Signed: Konrad Husak, President and Orest Szczudluk, Vice President, for Ukrainian Congress Committee of America—Boston Chapter; Alexander J. Chaplik, Chairman, for Lithuanian American Council of Boston; and Dr. Ilga K. Dinbergs, President, for American National Latvian League in Boston. Boston, Massachusetts, July 18, 1979." The presentation was made by Messrs. Husak, Szczudluk, Chaplik and Dr. Dinbergs on behalf of their respective Organizations.

In accepting the plaque, Speaker McCormack said: "Your presence and the presence of other gatherings throughout the United States and elsewhere is a message of hope to the people of the captive nations who know what liberty was and they know what liberty is denied to them; but some day, with the help of God, liberty will be restored to them." He also urged the present to keep "alive the hope of the peoples of the captive nations for the restoration of their independence and their liberties."

Mykolas Drunga, a Lithuanian community leader, spoke briefly about our tasks in helping captive nations to achieve human and national rights.

Professor Lev E. Dobriansky, chairman of the National Captive Nations Committee in Washington, D. C., sent a congratulatory telegram which was read during the program and warmly welcomed.

The program was opened by A. J. Chaplik, chairman of the Lithuanian American Council of Boston; Rev. A. Baltrashunas, a Lithuanian Catholic priest, delivered the invocation; Rev. I. Kalnins, a Latvian Lutheran minister, said the benediction. Present were also Rev. Peter Ohirko and Yuriy Spolitakevich, Ukrainian Catholic and Rev. Myron Pacholok, Ukrainian Orthodox priests.

Mrs. Maria Walzer, Ukrainian, read President Carter's proclamation, while Miss Kristine Kirsh, Latvian, delivered Governor King's proclamation. Performances of Lithuanian and Latvian folk dances by Lithuanian and Latvian Folk Dance Groups concluded the program.

Orest Szczudluk, vice president of the Ukrainian Congress Committee in Boston, was master of ceremonies.

PROCLAMATION

Governor Edward J. King designated the week of July 15–21, 1979, as "Captive Nations Week" in Massachusetts.

Introduced by Councilwoman Louise Day Hicks, the Boston City Council passed a resolution which stated: "The Boston City Council officially recognizes the third week of July as 'Captive Nations Week' through the re-affirmation of the policy of freedom, independence and national self-determination for all peoples."

NEWS MEDIA INFORMED

All news media in Boston received a special press release about CNW objectives, together with a pamphlet which was issued by the National Committee of the Ukrainian Congress Committee of America—"The Captive Nations—Continuing Exploitable Weakness of the Soviet Russian Empire." Many Boston newspapers carried information about the observance. Of special interest was the editorial in "The Pilot" of July 13, the official organ of the Boston Catholic Archdiocese, which stated clearly that captive nations "desire a restoration of their human rights, be they personal, civil or even national. It remains our duty to insist on their rights wherever and whenever they are denied."

Jamaica Plain Citizen, Hyde Park Tribune, Mattapan Tribune and Dorchester Argus of July 19, 1979, carried Orest Szczudluk's letter, "'One Free' Nations call for U. S. Support."

PRAYERS IN CHURCHES

On Sunday, July 15, priests of the Catholic Archdiocese of Boston offered prayers for all captive nations and for those suffering persecution in Russian communist jails. Prayers were requested by Humberto Cardinal Medeiros, Archbishop of Boston.

CAPTIVE NATIONS WEEK COMMITTEE

This year's observance of the CNW in Boston was sponsored by the 1979 Captive Nations Week Committee, which consisted of representatives of the Ukrainian Congress Committee of America—Boston Chapter, Konrad Husak, president; Lithuanian American Council of Boston, Alexander J. Chaplik, chairman; and American National Latvian League in Boston, Dr. Ilga K. Dinbergs, president. The CNWC's work was coordinated by Orest Szczudluk, vice president of the Boston Ukrainian Congress Committee of America.

PUBLIC LAW 86–90

(By Philip C. Clarke)

An Act of Congress passed 20 years ago found expression again this July, much to the anger of the Kremlin, the annoyance of the White House, and the gratitude of the more than one billion people of the world's captive nations.

It's called Public Law 86–90 and it has required every President since Dwight Eisenhower to proclaim the third week of each July "Captive Nations Week" and to issue a resolution renewing America's support for the principle of universal human freedom.

The first Captive Nations Week proclamation, issued by President Eisenhower in 1959, forthrightly called for the freedom and independence of the 26 countries that had been taken over by the Communists since the beginning of the Soviet empire in 1920. But in subsequent years, as the illusions of East-West détente took hold, the annual Captive Nations resolutions have been watered down to brief, meaningless doubletalk. During the Kissinger years, only the insistence of ethnic leaders from Eastern Europe and other defenders of freedom kept the Administration from ignoring the Captive Nations altogether. And on more than one occasion, the annual Presidential proclamation was literally tossed over the White House transom at the last moment in hopes it would not "upset" the Kremlin.

Fortunately, there remain those Americans who are determined that the Captive Nations and their oppressed peoples will not be forgotten. Foremost among these stalwarts is Dr. Lev Dobriansky, a professor of international relations at Georgetown University and for years the Chairman of Captive Nations Week.

Dr. Dobriansky, who is of Ukrainian extraction, also is the chief keeper of the "Captive Nations List," which enumerates the ever-growing roster of countries that have disappeared behind the Iron Curtain of Communism. In an article in the *Ukrainian Quarterly*, which was entered in the Congressional Record by Representative Daniel Flood of Pennsylvania, Dr. Dobriansky updated the list of nations taken captive since 1959—Cuba, Cambodia, South Vietnam and Laos.

"Disturbing trends of events on most continents," he adds, justify the now perennial question, "Who's next? Angola? Ethiopia? Afghanistan? Iran? Mozambique? Nicaragua, Republic of China? South Korea? Rhodesia? South Yemen?"

The Captive Nations List is, as Dr. Dobriansky points out, "realistically open-ended . . . It shows in scoreboard fashion the incredible strides made by Moscow in the span of only three generations . . . Significantly, much of this was accomplished long before it became the center of a so-called super-power contesting that of the U.S."

The Captive Nations List is more than a mere scoreboard, however. "It serves," says Dr. Dobriansky, "as a constant reminder of the overall trends of Soviet Russian imperialism and Red totalitarianism since their inception in the 1918–20 period. Always banking on memory lapses—or no memory at all—Moscow and its offsprings find this utility most disconcerting. Also, one would have to be quite obtuse to miss the corollary message of the Captive Nations List, namely, the fundamental illegitimacy of all the Red regimes, conceived and built on conquest, Moscow-supported subversion, terrorism and a methodical exploitation of nations and peoples for what is spuriously called 'the final victory of communism.' "

In reality, says Dr. Dobriansky there is no such thing as "a communist nation," only the fruits of conquest by force of arms. At the 1980 Moscow Olympics, he sees a further attempt by Moscow to "legitimize" and enshrine what Brezhnev would call "Homo Sovietcus," the Soviet man, just as Hitler attempted at the Berlin Olympics in the 1930's to demonstrate the superiority of the Aryan race.

But also in 1980 in Madrid there will be another attempt to oblige Moscow to live up to terms of the Helsinki agreement on Human Rights. It should include, says Dr. Dobriansky, efforts by the West to force a full scale discussion of national rights and "decolonization within the USSR."

BOSTON, MASS., *July 19, 1979.*

MR. OREST SCZUDLUK,
Ukrainian Congress Committee of America, Inc., Glen Road, Jamaica Plain, Mass.

DEAR MR. VICE PRESIDENT: I enjoyed meeting with you and the other members of the combative nations groups on the occasion of your annual meeting in Doric Hall State House, Boston, Mass., when you commemorated the enactment of Public-Law Legislation 86–90 on July 19th, 1959. I was privileged to present this legislation and I trust it will not be too long when Communist Russia will realize—and grant—full freedom to all combative nations.

It was an honor for me to be included as a special guest on this occasion and have the honor of addressing the very spirited group present. An extra special thanks to all for personal. Citation of this occasion now placed in my Boston office.

With my kindest personal regards to you and all your members.

Very sincerely,
JOHN W. MCCORMACK,
Former Speaker, U.S. Congress, House of Representatives.

[From the Shreveport, La., Times, July 19, 1979]

CAPTIVE NATIONS WEEK SHOULD NOT BE FORGOTTEN

EDITOR, The Times: For years I have been trying to win the sympathy of the free American press for the oppressed people of Eastern and Central Europe. For years I have pointed out that I am trying to speak for those enslaved people because they cannot speak for themselves.

In 1959, the Congress of the United States proclaimed the third week of July as "Captive Nations Week." A few years later, the Louisiana State Senate passed a similar resolution. By these acts, the free people of the United States gave oral support to the aspirations to independence of those unfortunate people who are suffering terribly under the Russian Communist regime.

At the present time, Communist rulers from the Kremlin are blackmailing us with the possibility of a nuclear holocaust. However, anyone who watched the recent visit of His Holiness, Pope John Paul II, must have seen millions and millions of Poles demonstrating their love for God and freedom and this is undoubtedly proof that the Red regime in Poland failed completely after four decades of persecution. The same situation exists in other countries behind the "Iron Curtain," where the strong and consistent will is to live the life of freedom. I hope that this will of those people is more powerful than the most powerful hydrogen bomb.

I, one of the first dissidents from Eastern Europe, appeal to you compassionately to find the space in your paper to expose this deplorable situation existing behind the "Iron Curtain." I am taking this strong stand for their and our freedom.

ALEXANDER SASJAWORSKY,
Abbeville, La.●

WHEELING-PITTSBURGH STEEL CORPORATION PRESIDENT HONORED

HON. DON BAILEY

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, November 9, 1979

● Mr. BAILEY. Mr. Speaker, on behalf of my distinguished colleague from the 20th District in Pennsylvania, Mr. GAYDOS, and myself, I wish to bring to the attention of our colleagues the outstanding achievements of a very influential and most admired man in the steel industry, Mr. Dennis J. Carney, chairman and president of the Wheeling-Pittsburgh Steel Corp.

As president of the Nation's eighth largest steel producer, he was the driving force in negotiations between the Economic Development Administration and the Farmers Home Administration for $150 million in loan guarantees to construct a rail mill in Monessen, Pa., and bring plants into compliance with air and water pollution standards.

Mr. Carney's remarkable leadership in securing this crucial agreement was lauded by many. Ground has been broken in Monessen for the rail mill, an establishment which holds great promise for an economic upswing for the city of Monessen and the Mon-Valley. The rail facility is expected to generate at least 300 new jobs with a spinoff of nearly 1,500.

Mr. Carney became president and chief operating officer of Wheeling-Pittsburgh Steel in 1976 and was elected by the board of directors in 1977 to assume the responsibilities of chief executive officer. He was elected chairman of the board on January 25, 1978.

His tenure at Wheeling-Pittsburgh is represented by a lengthy list of successful achievements. In addition to securing the complicated and tedious financial package for the new rail mill, under his leadership the company is enjoying other financial gains evidenced by recent profit figures. During the last few years, the company went from a $25.6 million loss in 1977 to a $19 million profit in 1978. For the first 6 months of this year, Wheeling-Pittsburgh earned $28.2 million. in contrast to a $9.6 million loss in the comparable period in 1978.

Mr. Carney's successful leadership in this industry is the product of a 37-year career in the steel-producing business. A metallurgist with a doctorate from the Massachusetts Institute of Technology, he experienced a 32-year career at the United States Steel Corp., where he rose from a metallurgical observer to vice president of research.

The 58-year-old steel executive is a native of the fine city of Charleroi, Pa., and has exceptional ability in visualizing long-range corporate planning. Wheeling-Pittsburgh Steel and the Mon Valley are extremely fortunate to be benefiting by this man and his wisdom.

To all of our colleagues in this body, Mr. GAYDOS and I commend the exceptional energy, integrity, and vision of this fine man.●

FIERY ADVOCATE FOR ELDERLY

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, November 9, 1979

● Mr. SOLARZ. Mr. Speaker, an article appeared today in the Washington Post bringing to light the efforts of the Honorary CLAUDE PEPPER, Representative of the 14th District in Florida. I would like to take this opportunity to share this article with my colleagues. As the Representative of the congressional district with more senior citizens than any other outside of Representative PEPPER's home State of Florida, I have been privileged to join in many of his battles for greater benefits for the elderly. I would like to strongly commend him for these efforts on behalf of the many older Americans whose lives he has helped to make a little more pleasant. The article follows.

A BUZZ SAW PLUGGED INTO THE HILL

(By Ward Sinclair)

If you persist in believing that Congress is a mix of blandly telegenic hotshots with natty suits and blow-dried hair, it is time to pause and pull up a chair next to Rep. Claude Pepper (D-Fla.).

To talk with Claude Pepper, at 79 the oldest member of the House of Representatives, is to have the stereotype knocked to flinders.

He's not all that telegenic, he's not the picture of three-piece nattiness and he wears a reddish toupee. But at an age when others might just pack it in—or ought to—Pepper is running hell-bent-for-leather to get the country straightened out.

His cause is the plight of the elderly in America and his forum is the chairmanship of the House Select Committee on Aging, a generally powerless tool that Pepper has converted into a buzz saw.

The picture painted of the elderly by Pepper, flecked with statistics of pain and loneliness, is not quite the image left by those warm television and magazine ads depicting the pleasure of the Golden Years.

Roughly 11 percent of the U.S. population is 65 years old or more, for example; and at least one-sixth of these people live below the offical poverty level.

And "it's very lonely for many of these people. There is so much we could do for them, but there still are a lot of people [in Congress] who are mixed up in their evaluation of what's important," Pepper said the other day.

He had another thought. "It's a strange thing," Pepper continued. "We are warm and humanitarian in so many respects. But in others, we don't get around to being humanitarian."

As chairman of a "Select" committee—an advisory, investigative body that cannot produce legislation—Pepper is somewhat limited in the ways he can force humanitarianism upon his legislative brethren.

One way, however, is by making himself a general nuisance, appealing to each of the 10 committees and 30 subcommittees of the House and staying after the administrators of 132 different federal programs that affect the elderly.

"Pepper and his committee have been able to draw a lot of attention to senior-citizen problems," said an official of the National Council of Senior Citizens, a lobbying outfit with 3.5 million members.

"We're all for Claude Pepper. He's very visible. A lot of his hearings tend to be flambouyant—tend to be publicity-oriented. We'd like to see more bills passed, however."

Pepper is not fazed by the indirect criticism, for he knows that understanding of a problem must occur before the Congress will come to grips with it legislatively.

So he and his committee have been hammering away with hearings and reports about the inadequacy of Medicare and Medicaid; about the mistreatment of elderly mental patients; about abuses in private medical insurance programs; about inadequate housing and boarding facilities for the aging.

Pepper's haranguing, for one thing, led to abolition last year of mandatory retirement rules before age 70 in private business. For another, he got a 30 million program approved to combat crime in public housing projects dominated by the elderly. This year, he and Rep. Thomas A. Luken (D-Ohio) were behind an amendment that cut Amtrak fares for the elderly.

If there is a rhythm and cadence to public lives, this period has become a musical interlude in the career of a man who is, unlike most of his younger colleagues in the House, a certified historical figure.

Pepper was elected to an unexpired Senate term in 1936, then was reelected in 1938 as a solid Roosevelt New Dealer. He was a strong critic of Hitler's growing power and, for his support of military conscription in 1940, was hanged in effigy on the Capitol lawn.

By 1943 he was badgering Congress to adopt a program of "universal health insurance"—an idea he still is pushing—and speaking in favor of civil rights. Just after World War II, he was roundly denouncing the House Unamerican Activities Committee investigations for "undermining" Americanism.

That all caught up with him in 1950 when he was defeated in the Florida Democratic primary by George Smathers Sr., in one of the bitterest, nastiest campaigns of modern times.

Suffice to say that he was referred to as "Red" pepper. "You can see why I lost. I was for civil rights and national health insurance. They had $2 million and I had $200,000. But 'communism and nigger' that's all there was. It was the smear-red tactic" he said.

So Pepper went back to practicing law in Miami, then won election to the House in 1962 when a new district was created in Dade County. The district is heavily Cuban and heavily black with more elderly voters than average and Pepper has had no trouble retaining the seat.

There is a tinge of regret in Pepper's reminiscences about no longer being in the Senate. Had he stayed, he now would be president pro-tem and very likely chairman of the Foreign Relations Committee, which appealed to him greatly.

But it's another career now, and Pepper, stunned by the death of his wife from cancer last March, says he intends to spend the rest of his time here—at least until the year 2000—working on health problems and being an advocate for the elderly.

"I think we've given the elderly a little more hope, a little more motivation through the work on our committee," he said "But we still have so far to go."

Next week, he'll be treating Congress to another angle on the story of aging—flavored with Pepper. He has scheduled a hearing at which none of the main witnesses will be younger than 100, because, he thinks they have wisdom to offer.●

HOME HEATING FUEL CRISIS PART VIII*

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, November 9, 1979

● Mr. GILMAN. Mr. Speaker, I rise to continue drawing to the attention of my colleagues the developments of the home heating fuel crisis.

At the moment, the whole world is watching while a group of radical Iranian students, with the endorsement by their religious leader, Ayatollah Khomeini, are holding 60 Americans hostage inside the former American Embassy. Although all journalists and newsmen are turned away when trying to enter the country in order to follow what is happening, sufficient pictures and stories are coming out to describe the situation and plight of the hostages as deplorable and inexcusable. It has been established that the American hostages are being subjected to physical and psychological abuse on a regular basis. All this, of course, with the approval, encouragement and religious blessings of the ayatollah himself. Attempts to negotiate with the Iranians has so far proven unfruitful as the behavior of the Iranians violates every diplomatic code of conduct and moral behavior. Yet, at the same time, we have Iranian citizens on American soil who feel compelled to take to the streets and add further fuel to the fire by demonstrating against our country's humane decision to treat the seriously ailing Shah. It has become apparent to me that the Iranians are not only making a complete mockery of our human rights policies, they are also challenging our patience with their hostile political, religious, and economic activities both here and abroad. I am distressed and angered by such arrogant and thought-provoking behavior. I am also concerned with some of our own self-defeating and short-sighted policies toward Iran. In particular, I am still angered by this past summer's sale of oil to the Iranians by the Commerce Department, under the auspices of the White House. With virtually every American citizen frustrated and burdened by the shortage of home heating fuel and skyrocketing prices, compounded by the Iranian's past and present behavior, it was obviously an act of blind faith and irresponsibility to have sold this oil. At this point in the RECORD I am inserting, in full, a copy of my letter to the Commerce Department condemning the sale and the response by the Commerce Department:

WASHINGTON, D.C., *August 30, 1979.*

Secretary of Commerce JUANITA KREPS,
Department of Commerce,
Washington, D.C.

DEAR MADAME SECRETARY: I urge you to stop the shipment of middle distillate heating oil by Amerada Hess to Iran, as approved by the Commerce Department on August 3, 1979.

In view of the serious home heating fuel crisis looming on the horizon for the entire eastern seaboard this winter. I find it an absolute travesty that the Department of Commerce has disregarded the basic needs of our citizens and opted instead to support the shipping of fuel to a country that has gouged us at every turn in the road.

Furthermore, I understand that the head of the National Iranian Oil Company, Hazan Nazih, stated during a radio interview that "we will not need the oil that we get, and there is a possibility that we will save it and sell it at a higher price", with further suggestions coming later that they would resume their exports to the Soviet Union.

Therefore, I urge that you take the necessary steps to insure that the remaining 50 percent of the oil sold, will not be shipped, and that the two licenses issued to Amerada Hess for the purpose of exporting the oil, will be summarily revoked. I am hopeful that a prompt answer to this letter will be forthcoming.

With best wishes,

Sincerely,

BENJAMIN A. GILMAN,
Member of Congress.

THE SECRETARY OF COMMERCE,
Washington, D.C., November 5, 1979.

Hon. BENJAMIN A. GILMAN,
House of Representatives,
Washington, D.C.

DEAR MR. GILMAN: Thank you for your letter of August 30 concerning the recent issuance of two licenses for the export of No. 2 fuel oil and kerosene to Iran. I apologize for the delay in responding to you.

The United States now imports about three-quarters of a million barrels of Iranian crude oil every day. Our severe energy problems earlier this year were due in part to the interruption in our crude oil supply from Iran. While Iranian production and export of crude oil has resumed in recent months, Iran's refinery capacity has not yet returned to the level needed to produce an adequate supply of home heating oil for that country's use.

Because of our clear interest in continuing the flow of Iranian crude oil into this country and because of our humanitarian concern for the people of Iran, the decision was made to grant conditional and limited export licenses to Amerada Hess. The licenses were conditioned on Amerada Hess' commitment to replace in the U.S. market, as needed, every barrel of heating oil exported. With regard to the statements reported to have been made by the Director of the National Iran Oil Company, the U.S. Department of State has asked for and received assurances that the petroleum products exported to Iran will be consumed in that country.

Enclosed is a copy of a briefing memorandum that sets forth in detail the circumstances that led to the approval of this transaction. I hope this information will be helpful in understanding the basis for this difficult decision.

Sincerely,

——— ———,
Acting Secretary of Commerce.

It is obvious that the rationale behind this sale, namely, a simple act of humanitarian gesture, with the polite assumption that it would be reciprocated, has backfired. The Iranians admitted that they did not need the oil, and were considering selling it to someone else at a higher price—and are now topping that atrocity by holding American citizens hostage and actively moving toward a complete shutdown of all oil exports to our country.

I urge my colleagues to put this matter in its proper perspective and act accordingly. We import 30 percent of our oil needs from countries that are openly hostile to us. Our acts of goodwill and cooperation have been repeatedly interpreted as signs of political weakness and moral stupidity. Besides trying to heat our homes this winter, we should consider amending some of our policies toward these hostile countries—beginning perhaps with the refusal to sell them the resources that they so badly need from our Nation.

BACKGROUND INFORMATION: THE RECENT ISSUANCE OF TWO LICENSES FOR THE EXPORT OF NO. 2 FUEL OIL AND KEROSENE TO IRAN

Petroleum export controls were imposed by the Department of Commerce in December 1973 in the midst of the Arab oil embargo. These controls, which have remained essentially unchanged since early 1974, cover crude oil, petroleum energy products (essentially the fuels), and a few other petroleum products closely allied to the fuels. Their statutory basis is the Export Administration Act of 1969, as amended; the Trans-Alaskan Pipeline Authorization Act of 1973; the Energy Policy and Conservation Act; and the Naval Petroleum Reserves Production Act of 1976. Since early 1974 domestically produced crude petroleum has been licensed for export only under three circumstances:

(1) When exchanged with Canada in equal quantity for convenience or increased efficiency of transportation;

(2) When exported temporarily, with the entire quantity returned to this country; and

(3) In very small quantities (1–6 barrels) for laboratory and analytical testing purposes abroad.

Petroleum energy products (which include motor and aviation gasoline, kerosene, jet fuel, residual and distillate fuel oils, butane, propane, LPG and general purpose naphthas) are subject to strict export quotas. These quotas are based on the historical trading patterns prevailing during the two-and-one-half-year base period prior to the imposition of controls. For most products that period is January 1, 1971 through June 30, 1973. Quotas are allocated quarterly by exporter, product, and country of destination.

No attempt is made to limit exports of petrochemicals, plastics, or most petrochemical feedstocks. However, certain other petroleum products are subject to validated licensing for export but not quantitative restrictions in order to permit a prior review of each shipment to assure that energy commodities are not being improperly exported, inadvertently or otherwise, under some other commodity description.

With respect to petroleum products which are subject to quantitative restriction, the regulations contain an exception under which exports may be authorized for overriding foreign policy or national security reasons. The Iranian licenses were approved under this exception.

The reasons why limited exports of petroleum products are permitted are the following:

(1) They maintain our historical trading relationships with other countries, including those on which we rely heavily for imports of crude oil or other basic materials essential to our economy.

(2) They avoid creating hardships in border areas of Canada and Mexico and in certain Caribbean and Pacific Islands which have traditionally relied upon the United States for their fuel supplies.

(3) They avoid putting out of business those firms which have invested heavily in

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*Part VIII is a part of a series of reports on the home heating fuel crisis with No.'s 1, 2, 3, 4, 5, 6, 7, appearing in the Congressional Record on 9/17, 9/22, 9/29, 10/11, 10/19, 10/26, and 11/2, respectively.

plant and equipment geared to the export market or in developing an export business.

(4) They help us earn the foreign exchange we need to finance purchases of foreign crude oil needed to produce fuels for domestic consumption and to keep American refineries in operation. It is clearly preferable to export products containing the value added component of domestic refining rather than to reduce imports of the foreign crude oil from which the exported products are refined.

(5) They encourage close energy interrelationships with Canada and Mexico the countries which receive the bulk of our exports of petroleum products and from both of which we import substantially greater quantities of hydrocarbon fuels than we export to them.

The licenses authorizing shipment of one million barrels of No. 2 fuel oil and one million barrels of kerosene to Iran were issued under the previously described section of the Export Administration regulations providing for the licensing of exports of petroleum products outside the quota system for overriding foreign policy and/or national security reasons. The requisite determination that there were overriding foreign policy reasons for approving the licenses was made by the Secretary of State in consultation with the Secretary of Defense, and the Secretary of Commerce was apprised thereof by letter. State's recommendation was based in part on the very substantial imports of Iranian crude oil by the refiner and the United States as a whole. The Department of Defense urged prompt approval of the request because the vessels carrying the products to Iran were scheduled to return loaded with naphtha which the exporter would use to make jet fuel for DOD use. The Secretary of Energy also recommended approval of the licenses and, in addition, confirmed to Commerce that the President had approved the proposed transaction.

Under the regulations, an applicant for a license to export petroleum products is required to file a formal application showing the identity of the exporter, the identity of the consignee, the country of ultimate destination, the quantity to be shipped, a description of the commodity, the unit price, the total price, and the end use of the commodity covered by the application. Additionally, the applicant is required to furnish:

(1) A copy of the contract of sale to a foreign buyer or an affidavit explaining the lack of such written contract and the circumstances of the sale;

(2) an affidavit as to the amount, if any, previously exported against the contract;

(3) an affidavit assuring that the products to be exported were not derived from a Naval Petroleum Reserve resource; and

(4) an affidavit stating either that the exporter is the refiner of the petroleum products, or that the export will be reported to the refiner—who must be identified—for purposes of adjustment of the refiner's volume of crude oil runs to stills as reported to the Department of Energy. (The purpose of this last affidavit is to assure that the cost of producing the exported products will not be reduced through the receipt of entitlements benefits on the crude oil from which they are refined.)

All these documentary requirements were met by the applicant who, additionally, was required to and did provide written assurances:

(1) that the company's supply of middle distillates to its domestic customers will not be adversely affected by the export, and

(2) that if a shortage develops, the exporter will purchase on the international spot market and import an equivalent quantity of No. 2 fuel oil and/or kerosene without claiming the $5 per barrel distillate entitlement.

These assurances, together with the applicant's agreement to accept an entitlements penalty on the exported products, were made specific conditions to the issuance of the license.

Normally, the identity of the exporter, the identity of the consignee, and various other details of the transaction would be subject to the confidentiality provisions of Section 7(c) of the Export Administration Act, as amended. In this instance, however, the exporter, Amerada Hess Corporation, has authorized us to release the details of the transaction.

The price at which the products were sold was not a criterion in the licensing decision. That price was a commercial decision arrived at by the exporter in negotiation with the purchaser without any participation by the U.S. Government. Mr. Leon Hess, Chairman, Amerada Hess Corporation, has informed us since issuance of the licenses that the price charged the National Iranian Oil Company for the No. 2 fuel oil was the identical f.o.b. Virgin Islands price charged his domestic customers for the same product plus marine transportation. Mr. Hess has further explained that Amerada Hess does not normally sell kerosene to any customers. The question of price arose because a Commerce staff member noted a difference between the f.o.b. Virgin Islands price charged by Amerada Hess in this transaction and the recent Rotterdam and New York spot prices for No. 2 fuel oil. Because of the existence of Department of Energy price regulations applicable to these products, and without attempting to calculate marine transport costs between these various ports, Commerce raised the issue during consideration of the applications to assist the Department of Energy in determining whether the transaction was in accord with that Department's price regulations.

The question of availability abroad was also not a criterion in the licensing decision under the applicable regulations. It was raised by Commerce in order to enable the concerned departments to take all possible relevant factors into account in formulating their recommendations.

The possibility of military use of the products was also raised by Commerce and was dealt with in the Under Secretary of State's letter recommending approval of the license. The Department of State advised Commerce that military use was unlikely based on the finding that adequate supplies of jet fuel and diesel oil for military transportation were already available in Iran.

In order to avoid any impact of the export on domestic supplies, before issuance of the license the applicant's assurance was obtained in writing that its supply of the products involved to its domestic customers would not be adversely affected by the export. As previously noted, this assurance was made a specific condition to issuance of the licenses.

As required by Commerce regulations, the applicant also certified that the export would be reported to the Department of Energy for adjustment of the applicant's crude oil runs to stills. This procedure assured that the cost of producing the exported products would not be reduced through the receipt of entitlement benefits on the crude oil from which they were refined. This undertaking was also made a specific condition to issuance of the licenses.

The issuance of the licenses on August 3 was reported in the Commerce Department's daily licensing list published for that date.●

SENATE—*Tuesday, November 13, 1979*

(Legislative day of Monday, November 5, 1979)

The Senate met at 10:30 a.m., on the expiration of the recess, and was called to order by Hon. David Pryor, a Senator from the State of Arkansas.

PRAYER

Rabbi Max A. Shapiro, Temple Israel, Minneapolis, Minn., offered the following prayer:

Let us pray.

It is written—

And the Lord said, I will bless thee and make thy name great and be thou a blessing.—Genesis 12: 2.

Heavenly Father, though often we do not express it, we thank You that we have been so richly blessed—

Blessed with a land of plenty;

Blessed with a heritage of freedom and justice;

Blessed with a people creative and purposeful.

We thank You that our name has been made great;

That ours is a haven that many seek;

That ours is a hope to which many aspire;

That ours is a strength for which others wish.

And we pray that this land of ours may ever prosper, and that it will always be a blessing—

A home for the homeless;

A champion for righteousness;

A defender of humaneness and liberty;

And that somehow through us there will emerge a world—

Untroubled by war;

Unvexed by fear;

Untrammeled by hunger;

Unfettered by cruelty;

A world where justice and freedom, compassion and opportunity will always prevail.

May it be so, O Lord. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. Magnuson).

The legislative clerk read the following letter:

U.S. Senate,
President pro tempore,
Washington, D.C., November 13, 1979.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable David Pryor, a Sen-

● This "bullet" symbol identifies statements or inserti ons which are not spoken by the Member on the floor.

ator from the State of Arkansas, to perform the duties of the Chair.

WARREN G. MAGNUSON,
President pro tempore.

Mr. PRYOR thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. Under the previous order, the majority leader is now recognized.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Journal of the proceedings be approved to date.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

IRAN

Mr. ROBERT C. BYRD. Mr. President, I strongly support the action taken by President Carter to cut off the purchase of any oil from Iran for delivery to this country.

This policy deserves the support of all Americans, and I am confident that the American people will be united in their support for the President's decision and will be willing to make the necessary sacrifices to uphold this action.

For the moment our primary concern continues to be the safety and well-being of our countrymen who are being held hostage in Tehran.

But in taking this action, we are making clear that this country will not submit to international blackmail, that we will not allow the oil weapon to be used against us.

Those who are supposed to be providing leadership in Iran have abdicated their responsibilities under international law. The United States must in no way be dependent upon a nation which condones the use of terrorism and extortion.

The loss of the oil from Iran will undoubtedly have some impact on the supplies in this country, but I am certain that we have the resolve to overcome whatever difficulties may result.

The administration also acted correctly in ordering immigration authorities to locate and institute deportation proceedings against Iranian students who are in this country illegally. There is strong evidence that many of those who have been active in agitation and demonstrations in this country have no legal status here.

These actions taken by the President are appropriate. They are firm but restrained measures. The administration is trying every feasible means of obtaining the release of the hostages in the U.S. Embassy in Tehran. The American people should stand behind our Government as it continues its efforts to obtain freedom for those being held hostage.

Mr. President, I reserve the remainder of my time.

RECOGNITION OF THE MINORITY LEADER

The ACTING PRESIDENT pro tempore. Under the previous order, the minority leader is recognized.

Mr. BAKER. Mr. President, I thank the Chair. I am going to take just about 2 minutes, and then I am going to yield the remainder of my time under the standing order to the distinguished junior Senator from Connecticut. But before I do that I wish to make a brief statement.

THE IRANIAN SITUATION

Mr. BAKER. Mr. President, I join with the majority leader in expressing my congratulations to the President and to his administration for the action they took this past weekend in respect to Iran.

I have traveled extensively in this country in the last few days, and I can report that I have seldom found as much anguish, anxiety, and anger among American citizens as I find over the situation in Iran.

I have steadfastly taken the position that I will not try to second-guess the President, and indeed I will support the President in his efforts to negotiate the safe recovery of the American hostages in the Embassy compound in Tehran.

I believe the President's action on yesterday will be widely supported by the people of the United States. I believe that any reasonable action he chooses to take in the future to gain the release of these hostages and to assert the vital interests of the United States will be strongly supported by the American people. In the present crisis, the President has a rare opportunity to exercise the leadership of which the country believes him capable.

So, Mr. President, I wish him well. I support him unreservedly in what he has done, and will support in advance all such reasonable steps to try to gain the release of these Americans and further our Nation's security interests.

(The following proceedings occurred later and are printed at this point by unanimous consent:)

PRESIDENT'S ACTIONS ON IRAN

Mr. STEVENS. Mr. President, the President has announced that he is taking two actions relating to the crisis in Iran. First, he has ordered the Department of Justice to deport any Iranians found to be in violation of our immigration laws. Second, and most important, is his action halting the importation of Iranian oil.

The crisis in Iran has enlightened us in many ways. Editorialists around the country have commented on the significance of the recent events. As I have stated in previous remarks, our utmost concern is for the Americans who are currently being held hostage. Yet there is one obvious lesson to be learned from this unfortunate crisis and that is how important it must be for us to become energy self-sufficient.

We cannot continue to suffer at the hands of countries who attempt to influence our foreign policy by holding a barrel of oil under our noses. I have said this countless times—we must break from this stranglehold once and for all by investing the time and money needed to step-up the domestic production of oil and gas.

To me, the key lies within my State of Alaska. There, if developed in a manner which might satisfy environmental concerns, we could produce the energy this country so desperately requires. It can be done. It is within the power of the administration to do it. The administration only need say the word to lease Alaska lands for oil and gas production.

No new Federal oil and gas lease has been issued in Alaska since 1965, despite the fact that of all the lands owned by the United States one-half of the U.S. public domain is in my State of Alaska.

So I say it should be given serious thought. Recent legislation will set us in the right direction, but we still have a long, long way to go to achieve energy independence, and the key to the independence is the State of Alaska.

Mr. HUDDLESTON. Mr. President, I commend the statement and wish to be associated with the remarks made by the distinguished Senator from Alaska.

I do not dispute his assertion that Alaska is a key to correcting our energy shortfall at the present time, but I wish to assert also that my State of Kentucky and other States that have large deposits of coal have a very crucial role to play in solving our energy problem.

We are moving forward in this Congress to bring about a greater utilization of coal which is probably the best way in the short term to compensate for the reduction in our supply of oil.

We have developed a synthetics fuel approach, in the Senate at least, and hopefully that will continue through Congress and will become part of a national policy.

But more important for the short term is the question of converting to coal facilities that are now using oil and natural gas. There is a significant effort going on.

I see, I believe, signs that the administration and the Department of Energy are now more concerned about this and more interested in bringing about actual conversions. We have provided incentives in legislation that was finally acted upon here in the Chamber last Friday, the Interior and related agencies appropriation bill, to encourage the conversion processes.

This military construction appropriations bill which is on the floor today calls upon the Department of Defense, the one agency that has the security of this country as its major mission, to analyze its facilities and determine where coal might be substituted for the oil and gas they are using.

We expect them to do that and come back next year with a more comprehensive plan to bring about these conversions and help reduce our dependence on oil.

Mr. STEVENS. Mr. President, will the Senator yield right there?

Mr. HUDDLESTON. Yes.

Mr. STEVENS. I might say I am delighted to hear the Senator point out the provisions of the bill concerning coal conversion on our military installations.

When I first went to Alaska the five major bases in Alaska all used coal. They were converted to gas and to oil over the last few years, and I think that was unfortunate because we have, whether the Senator realizes it or not, enough coal in Alaska to sustain the United States if we used only coal produced in Alaska alone to meet projected needs for 100 years.

We are also a coal State and will some day, I hope, restore the coal production in my State.

But when I was a young attorney in Alaska, I represented a portion of the coal industry there. Today, there is only one major operating coal mine. In those days there were literally dozens. But the rush to convert to gas and to oil was such that we have lost our productive capacity for coal, and I hope that the Department of Defense will move rapidly to convert to coal not only in Alaska but throughout the United States as well. They could set the pace and as the demand picks up from the military installations I am certain that that will assist in reducing the price, as a matter of fact, or at least stabilizing the price for coal produced domestically, particularly in the area of the military installation.

Mr. HUDDLESTON. I think that is entirely likely.

I should point out that these conversions not only cut down on our need for oil but they also effect a substantial savings in energy cost to the military installation so that the cost of converting is recouped in a relatively short period of time.

I think it is important that we encourage not only all Government installations, but also the private sector to reduce the amount of oil that is burned in major utilities and in major industrial boilers around the country.

I join with the Senator from Alaska in commending the President on the decision that he has made regarding our importation of oil from Iran.

I think it is important to remove this one item from the bargaining table to demonstrate very conclusively that we will not be blackmailed either politically or economically in our efforts to uphold international principles and to secure the release of the hostages in the American Embassy in Iran.

(Conclusion of proceedings which occurred later.)

Mr. BAKER. Mr. President, I yield the remainder of my time to the Senator from Connecticut.

Mr. WEICKER. I thank the distinguished minority leader and I join with him in the remarks that he made.

Mr. President, I commend the President for the action that he took yesterday. It is the first time that any leader of any branch of Government in these United States has said no during the course of this continuing energy crisis, which has now developed into the crisis which envelops the American Embassy personnel in Tehran.

The point I wish to make here this morning is that the steps called for by the President, followed to their logical conclusion, will require real sacrifice by every American, a sacrifice that heretofore the leadership of this country in the House of Representatives, the Senate, the executive branch of Government, and the Republican and Democratic parties have been unwilling to ask of the American people.

The sacrifice is obviously going to take place in the amount of gasoline available to the American public for its pleasure driving. It inevitably is going to have to lead to some form of rationing, and not one person that I have talked to has been unwilling to engage in that kind of mandatory conservation if indeed it means the safety of those Americans in Tehran and if indeed it means that the United States once and for all will unhook itself from this addiction to Mideastern oil which has led us to the present impasse.

I have heard all sorts of speculations in the media and by persons around this country that we can make up the shortfall in oil on the spot market; that we can get extra production from Saudi Arabia; that we can actually get Iranian oil, but it would come through our friends in Western Europe.

I want to make it clear here on the floor that I hope we make up this shortfall in no other way except conservation, rationing, mandatory rationing of pleasure driving in this country.

Nobody on the streets is complaining, but there is and long has been a political sensitivity and willingness to take the hard but necessary steps to get us out of these problems.

We, both those in the U.S. Senate and Americans on the streets of this Nation, are every bit as much hostage to Iran, to the ayatollah, as those in the compound. Those who said, in commenting on the President's action, that really it does not amount to anything, do not know what they are talking about. It amounts to everything. It will prove to the world that we have a resolve.

For 6 years now we have thrown out our chests and said that we are the greatest Nation in the world, making macho comments one after another about the power of the United States and not taking one single action to back up those words until yesterday afternoon when the President spoke.

I have had my disagreements with the administration; I still have my disagreements with the administration. But now is the time for the U.S. Senate to take the lead, along with the President, in asking for the politically unpopular.

An article appeared in the Washington Post last week describing the popgun response of Congress toward our energy difficulties. Everything in the world had been done and asked for except that which touches upon the American people. Now the problem comes home to roost finally, and it is with us, and it is with the American people.

I hope, Mr. President, that we will not leave it to the man in the White House to draw the political flak so far as the conservation program and mandatory rationing scheme are concerned, but that we take that on our shoulders and we put it into place so that when the difficulties manifest themselves—and they will, with the shortfall that is going to be created here—the Nation will be prepared and the sacrifice will be borne not by the poor, not by the elderly, not by those on fixed incomes, but placed fairly on the shoulders of all Americans. In that way we end our captivity both to Iran and to the nations that comprise the OPEC cartel.

In no other way, not by rhetoric, not by energy mobilization boards, not by synfuels corporations, but by each American participating through his lifestyle in the words that went forth yesterday, "No, no." That is what is required of each one of us; that is what will free a nation and, more particularly, its representatives in Tehran.

I yield the floor.

RECOGNITION OF SENATOR SCHMITT

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from New Mexico (Mr. SCHMITT) is recognized for not to exceed 15 minutes.

ENERGY INDEPENDENCE

Mr. SCHMITT. Mr. President, on this question of energy independence, it is to be hoped that the President's decision to stop importing Iranian oil will be the catalyst for a return to true independence in energy supply by this country. We, in the Senate and in the other body, can do our part now by setting aside those legislative proposals whose net effect will be to further discourage domestic oil and gas exploration and production.

We can also go to work to provide the incentives for conservation, the leadership for conservation, which must go hand in hand with increased domestic production.

In addition, we can go to work to repeal a stream of laws and regulations, laws and regulations that are not only unnecessary in this crisis but which have gotten us into this mess to begin with.

The most significant inhibitor to new domestic oil production will be the tax on production that now masquerades under the name of a "windfall profits tax."

This tax will not only take away needed domestic exploration and production capital and add greatly to the cost of energy to the consumer but it stands a good chance of decimating this country's independent oil and gas finders and producers. These independents find 80 percent of our domestic crude oil and can find much, much more if they are not taxed out of business.

I urge my colleagues, I urge the Congress, to take a second look at this massive new tax on the American consumer. Remember the big oil companies do not pay taxes; they only collect taxes on production through higher prices at the pumps. The independents must take this new tax out of revenues at the wellhead, and thus lose both capital and investors.

(The following proceedings occurred during Mr. SCHMITT's remarks:)

Mr. SCHMITT. Mr. President, I yield to the distinguished leadership for a unanimous-consent request and ask that it not interrupt the sequence of my remarks.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished Senator from New Mexico for his courtesy and kindness on yielding. I ask unanimous consent that his statement not show an interruption in the RECORD.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR THE CONSIDERATION OF S. 1724 AND H.R. 3919

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that upon the disposition of the military construction appropriations bill the Senate proceed to the consideration of Calendar Order No. 396, S. 1724, and proceed to third reading with that bill, set it aside, and then proceed to the consideration of Calendar Order No. 421, H.R. 3919.

Mr. BAKER. Mr. President, reserving the right to object—and I will not—the purpose of the reservation is to announce that the majority leader and I have conferred at some length on a procedure to address this problem. This appears to be a satisfactory way to handle the matter since there are two bills dealing with the same subject. It has been cleared on our side, and we have no objection to that procedure.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished minority leader.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. SCHMITT. Mr. President, if the Senator will yield, it is sometimes better not only to have the numbers read but the subjects read, since many Senators and staffs are listening through squawk boxes and are not familiar with the numbers.

Mr. BAKER. Mr. President, the matter we are dealing with here is the two bills on windfall profits. One bill was reported from the Labor and Human Resources Committee and one from the Finance Committee, and there has been a failure of understanding for some time on which one of those bills would come up first.

The procedure that we have just arranged provides for the Labor and Human Resources bill to be considered first and taken to third reading, then set aside while we proceed to the consideration of Calendar Order No. 421, which is the Finance Committee bill. I expect that some of the provisions of S. 1724, the Labor and Human Resources bill, will probably be offered as amendments to the Finance Committee bill, and thus present to the Senate one opportunity to deal with both measures.

I agree with the Senator from New Mexico it is better to explain that in some detail it is to deal just with the numbers as they appear on the Calendar. It is a good suggestion, and one I will follow in the future.

Mr. SCHMITT. I do thank the distinguished Senator from Tennessee for that explanation. I wish they would just set aside all of these tax bills, particularly in the light of what has been occurring in Iran. But, apparently, that is not the sentiment nor the will of the Senate.

Mr. ROBERT C. BYRD. Mr. President, I again thank the distinguished Senator for his courtesy in yielding.

Will the Senator allow us just to proceed 1 minute longer?

Mr. SCHMITT. I will be happy to.

BUDGET ACT WAIVER

Mr. ROBERT C. BYRD. I appreciate The Senator's thoughtfulness and consideration.

Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 436, Senate Resolution 265, the resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to S. 1724.

Mr. BAKER. Mr. President, reserving the right to object, this budget waiver was accompanied by a report which requires the action now being sought by the majority leader, that is, a waiver of the 3-day rule. Ordinarily a budget waiver, under these circumstances, is not accompanied by a report and would not require this action. With that in view, I consulted with the representatives of the Budget Committee to determine whether or not they wish to avail themselves of the opportunities afforded by the 3-day rule. They do not. We have no other objections noted. It is on that basis, then, and to provide for the consideration of this measure with the budget waiver disposed of, that I will agree to this request.

The ACTING PRESIDENT pro tempore. Without objection, the Senate will proceed to its consideration. The resolution will be stated.

The second assistant legislative clerk read as follows:

> Calendar No. 436. Senate Resolution 265 waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 1724.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the resolution.

The resolution (S. Res. 265) was considered and agreed to, as follows:

> *Resolved*, That pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to the consideration of S. 1724. Such waiver is necessary because the reported bill authorizes $1,600,000,000 for the fiscal year 1980 for home energy assistance to or on behalf of eligible households to meet the rising costs of home energy.
>
> Compliance with section 402(a) of the Congressional Budget Act of 1974 was not possible by May 15, 1979, because the severity in the rise of costs of home energy was not known at that time.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the time that has been consumed by the distinguished minority leader and myself with respect to these requests, and by the Senate in action on these measures, not be charged against the time of the distinguished Senator from New Mexico.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BAKER. I thank the distinguished Senator from New Mexico for permitting us to take care of these housekeeping details at this time.

ENERGY INDEPENDENCE

Mr. SCHMITT. Mr. President, the Energy Mobilization Board, Energy Security Corporations, and the so-called windfall profits tax will not give us the short-term independence we need from foreign supplies. Whatever they may do in theory to solve the long-term problems, they will not prevent near-term crises such as we now face with respect to the Iranian situation. In fact, they will, in my opinion, make such crisis more likely and more difficult.

Once again, I do wish that our colleagues would reconsider the actions that they are taking, which in so many ways will go counter to the achievement of short-term energy independence. I find it somewhat disheartening and discouraging to see us make the kind of statements that have been made here this morning with respect to the Iranian situation, and still proceed to disregard those aspects of our energy economy which could produce us and conserve us out of these particular problems.

THE LABORATORY OF EXPERIENCE—LEGISLATIVE VETO IN STATE LEGISLATURES

Mr. SCHMITT. Mr. President, the Senate will soon be considering the Federal Trade Commission authorization bill. At that time I intend to offer, along with 34 cosponsors, an amendment to allow for legislative review and possible veto of proposed FTC rules if such a veto is warranted. This amendment will restore to the Congress its constitutional responsibility to pass judgment on the law of the land.

The Senate has been slow to recognize the need for a legislative review procedure for proposed FTC rules, but the recent hearings before the Senate Commerce Committee have further indicated to many that this approach is indeed appropriate. There appears to be no other reasonable way to continue the extensive delegation of legislative authority to the FTC under the Magnuson-Moss Act unless the people, through the Congress, are given an opportunity to review the final rulemaking product of the Commission. The alternative is to allow without significant checks and balances a five person nonelected Commission to oversee a rulemaking process which in many respects is equal to the law-making authority to the Congress. Inevitably the Commission has strayed from the path of consensus and begun to dictate to the public the Commission's vision of the public interest. Only the Congress should have the final authority to determine that vision.

This is just what we have witnessed with the FTC, and it is what we might have anticipated from the law-making structure we have created. The problems associated with the Federal Trade Commission in recent months are a direct result of the extension of too much authority into the hands of too few people with no need to answer to the electorate. A structural problem such as this needs a structural solution; short term, "quick-fix", restrictions on specific rule-making, however desirable, will only insure that the Congress will face the same problems again at a later date.

Many of our State legislatures have confronted similar difficulties. Bureaucratic excess is certainly not confined to Washington, and State legislators often face regulations promulgated by well-intentioned public servants which are entirely inconsistent with legislative intent, constitutional considerations or reasonable policy initiatives. The remedy to this phenomenon on the State level has been the application of legislative review procedures which permit members to examine proposed regulations before they go into effect. In many cases the State review procedures permit corrective action through a legislative veto.

Thirty-five States have evolved a variety of procedures for reviewing proposed rules. The diversity of approaches is impressive, but they all have one thing in common—each of these 35 States has a stronger, more systematic procedure for exercising responsibility over rulemaking than does the U.S. Congress. The nonpartisan National Conference of State Legislatures has documented the experience of the States with legislative review and veto procedures in a booklet entitled "Restoring the Balance." I ask unanimous consent that this booklet be printed in the RECORD at the conclusion of my remarks.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibit 1.)

Mr. SCHMITT. Mr. President, hearings before the Administrative Practices and Procedures Subcommittee of the Committee on the Judiciary last year examined in great detail the experience of the States with the review and veto of regulations. The testimony of these hearings was overwhelmingly favorable as to the effectiveness of these oversight procedures. The charge that the existence of a legislative veto will overburden the Congress with the review of rules was shown to be an imaginary fear, if the experience of the States is any guide. For example, in the 1977 session of the Montana Legislature, approximately 600 administrative rules and regulations were promulgated and reviewed. Only five veto resolutions were introduced and only two of these were enacted. The experience of Montana, with only two vetoes enacted after the review of approximately 600 regulations was not unique; all of the States reported that the veto was used sparingly but was an effective means of insuring responsible rulemaking activity.

The Counsel for the Committee on Administrative Rules in the Michigan State Legislature, which reviews proposed regulations, maintained that just the existence of the review committee increased legislative authority over the agencies. I feel certain that this would be the case on the Federal level as well.

Mr. President, there are many other States with particularly effective procedures for reviewing proposed rules.

Oklahoma has a procedure which allows either house of the legislature to overturn a proposed rule with the passage of a simple resolution.

The Louisiana Legislature requires that proposed rules be submitted to the appropriate standing committee which may recommend that the rule be modified.

West Virginia has developed a procedure which allows a joint committee of six members from each house to overturn a regulation. The legislature may, by resolution, reverse the committee's disapproval, but the rule remains suspended unless the legislature acts.

The Idaho Legislature requires that all rules must be submitted to the legislature for referral to the appropriate standing committee. Any member may propose a resolution rejecting a rule thought to be in violation of the legislative intent of the statute under which the rule was proposed.

Mr. President, a dozen of our States have found the legislative veto to be exceptionally effective in restraining agency rulemaking, and although their procedures differ, it is clear that they have not had any great difficulties utilizing whatever procedure they have.

Twenty-three other States are using review procedures of varying strength that have also produced desirable results, although they do not include the specific provisions.

On the Federal level we have ample evidence that where the Congress has a legislative veto available it has been used effectively. For example, on September 18 of this year the Senate acted to veto a proposed rule of the Federal Elections Commission. This resolution was passed with a minimum of debate; the veto was exercized with efficiency and effectiveness to look after our interests in the electoral process. In all there are currently over 295 statutes passed since 1933 which contain legislative review or veto provisions. Were this procedure ineffective or unconstitutional, as some critics have charged, we would surely know it by now, through tests in courts. In fact, all such tests have not found, in various ways, that there was a constitutional consideration that should be invoked.

The Congressional Budget Office has supported the contention that a legislative veto procedure applied to the Federal Trade Commission would result in a minimal increase in workload and expense. This analysis indicates that the anticipated cost of reviewing proposed rules would be approximately $500 per rule. Based on the FTC's record of issuing three to five rules a year, we can estimate that the procedure would theoretically cost approximately $2,500. However, since the committee staff is already charged with the duty of reviewing FTC rules for a variety of purposes, there will in all likelihood be no additional cost, and almost certainly no increase in staff.

Mr. President, as I noted previously, the State legislatures have, in effect, done our homework for us. In the crucible of experience they have experimented and found that the legislative review and possible veto of agency regulations has made an important contribution toward restoring a sense of balance to these often competing branches of Government. I am hopeful that here in the island of Washington, where the problems of agency accountability are so much more severe, we will act favorable on the legislative veto amendment to the Federal Trade Commission authorization bill S. 1020. The amendment number is 212. Such action will restore a sense of balance to the operation of that agency and a sense of confidence to the people's perception of the Congress.

EXHIBIT 1

RESTORING THE BALANCE: LEGISLATIVE REVIEW OF ADMINISTRATIVE REGULATIONS

THE NEED FOR LEGISLATIVE REVIEW OF REGULATIONS

The past 50 years have seen the growth of government at all levels. The prevailing philosophy behind this growth was that those problems which could not be solved by individual initiative and private action should be solved by the federal, state and local governments.

This philosophy has resulted in a dramatic growth in the executive branch of government as the branch which must implement the programs designed to solve the problems of society. There are numerous reasons for this growth. However, the main reason is that as legislatures passed laws to solve specific problems, a means of enforcing and implementing these laws was necessary.

Legislatures increasingly granted the power to promulgate regulations to the agencies that were created to enforce and implement new programs. Consequently, the expanding number and size of these agencies began to have an effect on the balance of power between the executive and legislative branches of government. The initial question, whether the agencies had the power to promulgate regulations which had the force of law, has been answered in the affirmative by the courts. Judicial decisions have affirmed the legislature's right to delegate a portion of its legislative power to the agencies for the implementation of complex problems.

As more agencies were created or expanded, the number of regulations promulgated to implement laws increased dramatically. In most states today, the body of law created by the rule-making process matches or exceeds the statutory laws of those states. While it was recognized that agency rulemaking was necessary for the implementation of laws passed by the legislature, one major concern was the increasing number of regulations that either exceeded the statutory authority of the promulgating agencies or violated the legislative intent of the laws.

Legislatures began to respond to these concerns by establishing formal legislative regulation review procedures. These procedures usually provided, at the very least, that proposed regulations be submitted to a designated legislative committee for review to insure that they were technically correct and within the scope of the statuory authority and legislative intent as stated in the legistion. Most of the laws were part of the states' administrative procedures act, which set up procedures for the promulgation of regulations.

Thirty-four states currently have formal legislative regulation review authority. The powers of the legislatures under these laws range from review of certain agencies' rules to repeal of rules by the legislature or a legislative committee.

The 1977 legislative sessions were active in providing legislatures with a role in the review of agency rules and regulations. Nine additional states (Georgia, Illinois, Maine, Nevada, New York, North Carolina, Ohio, Texas and Wyoming) established procedures for legislative regulation review. In three other states (New Mexico, North Dakota and Rhode Island), similar bills were vetoed by the governor. Seven states (Alaska, Connecticut, Kansas, Michigan, Missouri, Montana and South Carolina) amended their laws either to clarify existing review procedures or to provide a greater role for the legislature in the review process. Three state legislatures (Colorado, Louisiana and New York) were unable to override the governor's veto of bills amending the regulation review law, while in Michigan and Alaska, the legislature enacted amendments over the governor's veto.

Since in most instances, agency authority stems directly from the legislature, legislative review of regulations can be used to help insure agency compliance with both statutory authority and legislative intent. There have been cases of agencies deliberately attempting to circumvent statutory authority or legislative intent, and in a number of states basic, provisions of bills defeated by the legislature have subsequently appeared almost verbatim in agency regulations.

The legislative regulation review process allows the legislature to monitor agency action throughout the year. While the legislature already overseas each agency through the appropriations process, the regulation review process gives it another and more continuous monitoring mechanism. As agency regulations are promulgated, they must pass through a formal review procedure, which includes a legislative review. The legislative review may be advisory in nature or it may allow for disapproval or delay of approval of a regulation.

SUMMARY OF RECOMMENDATIONS

In recognition of the need for a legislative regulation review process in each state, the committee makes the following recommendations:

Recommendation No. 1:

Because of the proliferation of agency regulations and the possibility of promulgation of regulations which violate legislative intent or exceed statutory authority, the committee strongly recommends that legislatures establish procedures for reviewing all agency rules and regulations promulgated with the force of law under authority granted by the legislature, whether or not they are covered by the administrative procedures act. These review procedures should be as strong as the constitution of each state allows. In establishing these procedures, legislatures will be reasserting their legislative prerogatives and regaining the basic lawmaking authority granted to them under state constitutions.

Legislatures should also enact comprehensive administrative procedures acts for their states, or review existing laws, to insure a thorough review of all regulations. These procedures, of which the legislative review process should be a key part, should include 1) a clear definition of an agency regulation; 2) a requirement that agencies' regulations clearly show additions to and deletions from existing regulations; 3) a requirement that all proposed regulations be published in advance of their effectiveness; and 4) a requirement that all regulations be filed with the legislature as provided by the legislative regulation review procedures. The procedures should allow maximum opportunity for public comment both in the promulgation and adoption of regulations as well as in the legislative review process.

To assist legislatures in establishing effective procedures for the legislative review of regulations, the committee makes the following additional recommendations:

Recommendation No. 2:

After considering the alternative regulation review structures, the committee recommends that a single joint committee, empowered to meet year-round, be designated or established to perform the regulation review function. The committee should include members representing both houses. Legislatures may also wish to reconsider including representation from the major substantive standing committees on the review committee.

Recommendation No. 3:

Recognizing the difference in state constitutions and judicial interpretations, the committee recommends that the strongest possible review structure be created in each state, consistent with the state's constitution.

Recommendation No. 4:

The committee recommends that the committee or committees designated to perform regulation review be adequately staffed by permanent legislative staff, so that review of regulations is effectively accomplished.

Recommendation No. 5:

The committee recommends that the review committee in each state have the authority to review all proposed and preexisting regulations.

Recommendation No. 6:

The committee recommends that reasonable time constraints be imposed on all levels of the regulation review process to provide for adequate review and for expeditious final disposition of regulations by both the committee and the legislature.

Recommendation No. 7:

The committee recommends that procedures be established for the promulgation of emergency regulations, with reasonable time limitations on committee review and on the effectiveness of those regulations to prevent agency circumvention of the legislative review process.

Recommendation No. 8:

The committee recommends that the review committee meet often enough to provide adequate review of proposed regulations which agencies file.

Recommendation No. 9:

The committee recommends that legislative bill drafting and counseling agencies adopt specific guidelines to assure that all bills granting rule-making authority to administrative agencies be reviewed before introduction to assure that (1) legislative intent is clearly spelled out in the bill, and (2) adequate standards are included to guide agencies in rule promulgation pursuant to the bill.

REGULATION REVIEW STRUCTURES

Because of the size of state legislatures, the most effective method of regulation review is through the committee process. The review can generally be divided into three categories: (1) review by substantive standing committees; (2) review by a single joint committee, whether created for that purpose or designated as part of other functions (such as a legislative council); or (3) review by both, with standing committees reviewing during the session and a single joint committee reviewing during the interim.

Standing committee review

Regulation review by standing committees is usually iniated in one of two ways. In some states, the agency submits the proposed regulations to the presiding officers of each house for reference to the appropriate standing committee. In other states, the agency submits the regulations directly to a predesignated committee for each agency. Idaho, South Carolina and Louisiana conduct regulation review through the standing committee structure.

In some states, the standing committees perform a second review of regulations after initial review by a joint review committee. Iowa and Minnesota, for example, use this procedure. In Kentucky, a three-tiered system is used. If the review body, a special joint subcommittee of the Legislative Research Commission, objects to a regulation, the agency then submits it to the appropriate standing committee. If that committee objects, the agency submits it to the full legislature.

The standing committee review procedure allows the committee which reported the bill authorizing the promulgation of regulations to review those regulations for compliance with statutory authority and legislative intent. Since committee members and staff usually have the expertise to deal with complex regulations in their substantive areas, their involvement in the review procedure may be advantageous. This system also allows the workload of review to be spread among all the committees.

One disadvantage of this procedure, however, is the possibility of disagreement between house and senate committees reviewing the same rules. Also, while standing committee members are most familiar with the law authorizing regulations, they may be too subjective in what they feel is the legislative intent, especially if that intent is not clear in the law. A more serious drawback is the fact that most standing committees have a heavy workload during the session and may not be able to handle a high volume of regulations requiring review. Also, standing committees usually meet much less frequently during the interim, when many new regulations are being promulgated.

Joint committee review

The majority of the states with formal regulation review procedures use the single joint committee mechanism. Most of these committees are bipartisan, with either proportional or equal minority representation. Some committees have an equal number of house and senate members while others have more house than senate members.

In some states, the review function is performed by the Legislative Council, the agency which provides all services to the legislature. In Kentucky, the Legislative Research Commission (a joint management body) appoints a three-member regulation review subcommittee composed of at least one member from each house and at least one member of the minority.

One advantage of the joint committee structure is that in nearly all states the committee's primary function is regulation review. It meets fairly regularly, both during the session and during the interim. Another advantage is that the committee acts for the full legislature, not just one house, and makes its recommendations to the full legislature. Unlike the standing committees of each house, the joint committee may be more objective in determining legislative intent from the language of a law.

One disadvantage of this structure is that committee members may have limited knowledge of the substantive areas for which the regulations are promulgated and they may not be familiar with the development of the language of the enabling law which determines legislative intent. Also, there may be the additional cost of staffing the committee, whether with its own full-time staff or with staff from a central staff agency.

STANDING COMMITTEE/JOINT COMMITTEE REVIEW

In a number of states the standing committees review regulations while the legislature is in session and a designated joint interim committee performs the review during the interim. Kansas and Nevada both use this system to some extent. In Kansas, all proposed regulations must be submitted by December 31 of each year to the revisor of statutes. During the session, he refers them to both the Joint Committee on Administrative Rules and Regulations and to the appropriate standing committee. The Colorado legislature recently passed legislation to change from a standing committee/joint committee system to a joint committee review structure, but the bill was vetoed by the governor.

This system combines the advantages of standing committee review with the advantages of interim review by a joint committee.

The major disadvantage is that the review function is split. This may cause a lack of cohesive legislative action and lead to a situation where agencies may wait to promulgate regulations so they can be submitted to the review body which will give the most favorable consideration.

Recommendation No. 2.

After considering the alternative regulation review structures, the committee recommends that a single joint committee, empowered to meet year-round, be designated or established to perform the regulation review function. The committee should include representation from both houses. Legislatures may also wish to consider including representation from the major substantive standing committees on the review committee.

REGULATION REVIEW POWERS

The powers of the legislative committees charged with the responsibility of reviewing regulations generally fall into four categories: (1) advisory; (2) repeal of a regulation by the legislature; (3) committee suspension for a specified period of time; and (4) committee suspension without required legislative affirmation.

Advisory

In general, legislatures which cannot nullify, suspend, amend or modify a regulation are considered to have only advisory review powers. In most advisory states, the review committee may return regulations to the promulgating agency with recommended changes which the agency is not bound to accept. These advisory committees may recommend to the full legislature that the law authorizing the promulgation of rules be amended, requiring passage of a bill. Arkansas, Missouri and Nebraska are states with advisory review powers only.

Iowa has a regulation review process which is advisory, but which places the burden of proof on the agency once objections to a regulation are raised by the committee. The burden of proof shifts to the agency in any future court action and it must prove it did not violate legislative intent or statutory authority in adopting the regulation over the committee's objection.

Regulation review committees with advisory powers only are less likely to be challenged on constitutional separation of power grounds. This procedure does involve review for compliance with statutory authority and legislative intent and offers a basis for passage of a bill that changes the enabling statute. Also, agencies are usually responsive to committee recommendations and grateful when the committee points out errors in the regulations. The Iowa system, while only advisory, does give the legislature an advantage in a subsequent court action, whether that action is brought by the legislature or by a citizen adversely affected by the regulation. The constitutional separation of powers question is not likely to be raised because the legislature has no power to suspend or nullify.

One disadvantage of the advisory review system is that in most cases the committee has no recourse (except recommending a change in the enabling statute) if an unresponsive agency refuses to accept the committee recommendations. The only other recourse for the legislature is through the judicial system, and in that case, the legislature would have to assume the costs of litigation in challenging agency regulations in court.

Repeal of a regulation by the legislature

In some states, the legislature has the authority to repeal or nullify regulations through the passage of either a bill or resolution. This is usually done upon the recommendation of the reviewing committee. In Georgia, if a repealing resolution is passed by a two-thirds majority of each house, the regulation is nullified. If it is passed by less than a two-thirds majority, the resolution must be submitted to the governor for his signature. In Maine, all new regulations automatically expire in five years unless they are repromulgated.

Regulation repeal procedures give the legislature the power to take affirmative action in the face of agency unwillingness to modify objectionable rules. The primary disadvantage may be the constitutional question of whether the legislature has the authority to nullify a regulation promulgated by an executive branch agency.

Committee suspension for a specified period of time

A third means of reviewing agency regulations is for the committee to have the power to suspend regulations for a specified time, thus delaying or temporarily repealing their effectiveness. Before the specified time has expired, however, the full legislature must affirm the committee's suspension by prescribed means or the regulation goes into effect. Legislative affirmation would permanently nullify the regulations. Minnesota, South Dakota and Wisconsin are states where the committee has the power to suspend regulations subject to the approval of that action by the full legislature within a certain time.

The principal advantage of giving the committee suspension power is that the legislature is able to take immediate action when faced with an agency which refuses to modify objectionable regulations. Also, agencies are more likely to write regulations which are technically correct and in compliance with both statutory authority and legislative intent. And since legislative affirmation is required, arbitrary action by the committee is not possible.

There may be constitutional questions with this structure in two respects. First, there is the issue of whether the legislature even has the the authority to suspend or nullify a regulation promulgated by an executive branch agency. Secondly, there may be a question of the legislature's authority to delegate suspension power to a legislative committee, even though the committee cannot permanently suspend a regulation without a vote of the full legislature.

Another possible disadvantage is the cost to the agency and the public caused by the delay of effectiveness of a regulation. However, most states have procedures for the implementation of emergency regulations on a temporary basis, with legislative review taking place after regulation is in effect.

Committee suspension with required legislative affirmation

The fourth method of review is similar to the third. The committee has the power to suspend or delay the effective date of a regulation for a specified time, but unless the legislature overturns the committee's suspension through positive action, the suspension becomes permanent. Connecticut, Michigan, Tennessee and West Virginia are the only states where this structure exists. Connecticut's law says that the legislature "may" vote to sustain or reverse the committee's suspension, but the lack of positive action sustains the suspension. In Tennessee, the suspension is in effect until rescinded by a joint resolution of the legislature. The Tennessee attorney general, however, has advised the governor that this procedure is unconstitutional.

Again this structure allows the legislature to take action when faced with an unresponsive agency and may encourage agencies to write better regulations which are more likely to conform with statutory authority and legislative intent.

The main disadvantage to this structure is the serious constitutional question of whether the committee can, in effect, nullify a regulation without a vote of the full legislature to sustain that action.

Recommendation No. 3:

Recognizing the difference in state constitutions and judicial interpretations, the committee recommends that the srtongest possible review structure be created in each state, consistent with the state's constitution.

Among the particular considerations which should be reviewed are questions such as the following:

1. How strictly has your state's supreme court interpreted the "separation of powers" clause of your state constitution?

2. How strictly has the court enforced the prohibition against delegating legislative power to the executive? What guidelines have been set forth? How "complete" must a bill be when it leaves the legislature? Excluding local acts and constitutional amendments, can the effectiveness or implementation of a bill be conditioned upon future events after enactment by both houses and approval by the Governor? Do laws delegating rule-making power have to have adequate standards spelled out in the act?

3. Does your constitution specifically detail the "bicameral" principles?

Does bicameralism mean that both houses have to agree on all actions (other than internal rules) taken by that body, or that either house can negate the actions of the other?

4. Is there a constitutional provision in your constitution requiring the approval or veto (or at least presentation to the Governor) of every resolution or order to which the concurrence of both houses may be necessary? If so, how has the court interpreted it? Does your state make a distinction between a concurrent and joint resolution, and for what may each be used?

5. How have your courts ruled on "legislative intent"? Is determination of legislative intent solely a judicial function? Can legislators testify as to legislative intent? In court decisions on statutory construction, are courts bound by statements of legislative purpose, intent, and preambles sometimes found within legislative enactments?

6. Have the courts ruled on the power of a current legislature to determine the legislative intent of a previous body?

7. Do legislative committees have a statutorily-recognized standing? How have courts looked at standing committees—as official entities empowered to take authoritative actions, or as simply internal Subunits of a legislative house, with advisory functions only to the full house? Can they be delegated powers of a full house?

8. Do agencies have to have a specific grant of rule-making power before adopting rules, or is it only necessary that such rules pertain to the implementation of a statutory or constitutional grant of power or responsibility? Additionally, can agencies have inherent rule-making power? (For example, many state supreme courts have established that they—the court—have certain inherent powers—as the power to prescribe rules and regulations for the state bar and rules of procedure within courts. Additionally, governors and the President cite as an inherent power their authority to issue executive orders and take a number of other actions.)

METHOD OF LEGISLATIVE ACTION

The states which require legislative affirmation of a review committee action or recommendation use one of three methods of legislative action: (1) by simple resolution of either house; (2) by joint or concurrent resolution; and (3) by bill or statute.

Simple resolution

The simple resolution method allows either house to sustain the committee action or recommendation by a simple resolution. Oklahoma, which uses this system, required a concurrent resolution of both houses to sustain the committee recommendation prior to 1975.

The advantage of this method is speedy affirmation of the committee's action or recommendation.

The disadvantages center around the constitutional weakness of the method, since the full legislature is not required to act. Also, this method could cause division between the two houses of the legislature.

Joint or concurrent resolution

Another method of affirming a committee action or recommendation is through a joint or concurrent resolution. Under this system, in most states no action by the governor is required. Idaho, Montana and Vermont are among those states which utilize this method.

There are two primary advantages to this method. First, it provides that the full legislature take action, assuring a unified decision. Secondly, in most cases, it does not require gubernatorial action, so the legislature is making the final determination as to legislative intent and compliance with statutory authority.

There may be, however, constitutional problems in some states because in order to change a regulation which has the force of law, a statute has to be passed and signed by the governor.

Statute

The third method of legislative action on a review committee's action or recommendation is by bill. This may be done in the form of a bill either to repeal the regulation or to amend the statute under which the regulation was promulgated. In Arkansas, Florida and Nebraska, all of which have advisory powers, the legislature can enact a law amending the statute granting the promulgation authority. In Colorado, Minnesota and Wisconsin, the legislatures can nullify a regulation by statute. Kansas provides that a statute be enacted to repeal an existing regulation, but that a concurrent resolution is sufficient to prevent the implementation of a proposed regulation.

The statute method is the most constitutionally sound, since it adheres to the regular lawmaking process. The main disadvantage is that it involves the executive branch in determining whether a regulation was promulgated within the authority granted by the legislature.

STAFFING

There are two means of providing staff for the legislative review of regulations: (1) through a full-time staff devoted to the review of regulations; or (2) through a part-time staff provided by a central staff agency or individual committees.

Full-time staff

The number of full-time staff devoted to regulation review varies greatly among the states that use this structure. Florida's Joint Administrative Procedures Committee has a staff of six full-time attorneys and four administrative personnel. Most states with full-time staff usually have one or two full-time professional staff.

Full-time staff is utilized only by states which have a single joint committee structure. States with standing committees use either committee staff to perform review on a part-time basis or staff from a central agency.

Full-time professional staff are able to handle the volume of proposed regulations and perform a thorough review of all regulations. However, the primary disadvantage of this staffing structure is, of course, the cost of maintaining a full-time staff. Florida has a budget of $310,000 for its regulation review committee. Michigan, with two full-time attorney's, has a budget of $74,000.

Staff by central service agency or committee

The staff structure used most frequently for reviewing regulations is the assignment of staff on a part-time basis from a central staff agency. Usually, one or more attorneys or research analysts are assigned from the legal services or bill drafting agency, the code revisor's office, or the research agency. Alaska, Connecticut and Maryland and all use this type of staff structure. Idaho and Nevada, which use the standing committee review process, provide staff through the central research agency.

The use of staff from the central staff agency allows for staffing of the regulation review function without the higher costs of full-time staff. Also, many research agencies divide their staff by areas of expertise so the staff is familiar with the subjects of the regulations under review. In addition, since the staff may have helped to draft the enabling legislation, they are familiar with the legislative intent.

However, the disadvantage of this structure is that the staff has other functions to perform and may not be able to devote enough time to the regulation review function.

Recommendation No. 4:

The committee recommends that the committee or committees designated to perform regulation review be adequately staffed by permanent legislative staff, so that review of regulations is effectively accomplished.

PROCEDURES

Review of proposed regulations

Effective legislative regulation review can be accomplished either through a review of all proposed regulations or through selective review. In addition, some states have given the reviewing body the power to review all or selected pre-existing regulations.

The process of total review usually requires that all proposed regulations be submitted to the legislative body handling review. The committee, either by law or by tradition, may have the option of reviewing only selectively. In at least one state, Colorado, the staff reviews all proposed regulations and recommends consideration by the committee of selected regulations which may have technical errors to be in violation of either statutory authority of legislative intent. Some states review proposed regulations only upon the complaint of a legislator or citizen, even though the committee has the authority to review all regulations.

Review of all proposed regulations by the committee is designed to assure that no regulations are promulgated which may be in violation of legislative intent or statutory authority. Total review, however, requires much more staff and legislator time, and may not be necessary for a majority of proposed regulations. With selective review, complex and controversial regulations can be given careful scrutiny.

Review of pre-existing regulations

The majority of states with regulation review structures has the power to review regulations which are already in effect. In Florida, the review committee is currently examining all pre-existing and proposed regulations. The process of reviewing all pre-existing regulations is expected to take from three to five years. In some other states, review of pre-existing regulations is done on a selective or complaint basis.

This type of review assures that older regulations are brought up to date or repealed if no longer needed. But, it can tie up valuable staff time if not performed on a selective basis. Also, this procedure may raise constitutional questions regarding a legislature's right to determine the legislative intent of a previous legislature.

Recommendation No. 5:

The committee recommends that the review committee in each state have the authority to review all proposed and preexisting regulations.

Time constraints

To insure an orderly and expeditious review process, most states have time constraints on the various phases of the process. The agency usually has a certain number of days to file a regulation with the legislature before it can take effect. In some states there is no time limit, but the proposed regulation cannot go into effect without being filed with the legislative review body.

After the proposed regulation is filed by the agency, the committee usually has a certain time period within which to conduct its review. If the committee does not object to the regulation within the time period, it is deemed approved.

Some of the committees which have the power to suspend or recommend nullification of regulations must have the affirmation of the legislature within a certain time period or the regulation goes into effect. In Minnesota and Wisconsin, the legislature must sustain the committee action before the end of the next regular session. In South Dakota, suspension of a regulation during the interim is only valid until 30 days after the beginning of the session without legislative affirmation.

Time constraints on the regulation review process are necessary for three reasons: (1) to prevent agency circumvention of legislative review of regulations; (2) to insure adequate review time for the committee; and (3) to provide expeditious final disposition of regulations by the legislature.

Recommendation No. 6:

The committee recommends that reasonable time constraints be imposed on all levels of the regulation review process to provide for adequate review and expeditious final disposition of regulations by both, the committee and the legislature.

Emergency procedures

Most states with regulation review procedures have means by which emergency regulations can be promulgated. These procedures may include a limitation on the life of the emergency regulation and a provision for review by the legislature. Michigan's law allows emergency regulations to remain in effect only up to one year without formal legislative approval. This restriction prevents circumvention of the review process by the agency. In Connecticut, under a law passed in 1977, the agency must submit all emergency regulations to the review committee five days prior to their effectiveness. The committee has the authority to suspend those regulations within the five-day period. In Minnesota, emergency regulations are effective for only 90 days, unless they are repromulgated through the normal process which includes legislative review. Kansas law provides that "temporary" regulations may be implemented by agencies during the interim after they have been approved by the Temporary Rules and Regulations Board, which is composed of the chairman of the Joint Committee on Administrative Rules and Regulations, the Secretary of State and the Attorney General. All temporary regulations expire on the following April 30.

Recommendation No. 7:

The committee recommends that procedures be established for the promulgation of emergency regulations, with reasonable time limitations on committee review and on the effectiveness of those regulations to prevent agency circumvention of the legislative review process.

Frequency of review committee meetings

The review committees in many states which have legislative regulation review procedures usually meet once a month. Others meet only on call when there are regulations pending review. Some states' committees meet more often during the session than during the interim.

The actual volume of regulations reviewed is difficult to determine because a regulation can be defined as anything from a one-word amendment to an entire volume of new procedures. Many states review about 20 to 25 regulations per meeting.

Recommendation No. 8:

The committee recommends that the review committee meet often enough to provide adequate review of proposed regulations which agencies file.

Bills authorizing promulgation of rules

One reason why agencies might promulgate rules which do not conform with legislative intent is that the law authorizing such promulgation may not specifically state the legislature intent. Also, the law may be too broad or general and may not provide agencies with specific guidelines for the promulgation of rules. For example, a law may simply state that "reasonable rules be promulgated to prevent unfair bank competition."

Recommendation No. 9:

The committee recommends that legislative bill drafting and counseling agencies adopt specific guidelines to assure that all bills granting rule-making authority to administrative agencies be reviewed before introduction to assure that (1) legislative intent is clearly spelled out in the bill, and (2) adequate standards are included to guide agencies in rule promulgation pursuant to the bill.

Fiscal notes on regulations

South Dakota requires that each proposed regulation have a fiscal note stating the effect the regulation will have on state revenue and/or expenditures. This fiscal note, which is prepared by the agency and reviewed by the state Bureau of Finance and Management, must include information on the fiscal impact for the first year and the continuing fiscal impact, the assumptions made in preparing the statement and the source of statistics used. The fiscal note is furnished to both the Interim Rules Review Committee and the Joint Appropriations Committee, either of which may refer it to the relevant standing committee for review. While objections can be made to a regulation because of the fiscal note, it is unclear if a regulation can be suspended on that basis.

The LIM Committee discussed the issue of fiscal notes on regulations and decided that since it is a relatively new procedure, there was insufficient information on state experiences to warrant a committee recommendation at this time.

CONSTITUTIONAL QUESTIONS

The legislative review of administrative regulations process has raised a number of constitutional questions which can only be answered by an examination of each state's constitution and relevant court decisions. The eight questions following Recommendation No. 3 (under "Regulation Review Powers") provide guidelines for this examination. The four major questions being raised relate to (1) the legislative review process itself; (2) the delegation of legislative review authority to a legislative committee; (3) the committee's and the legislature's power to suspend a regulation; and (4) the use of a bill or reslution to sustain committee action.

Legislative regulation review process

Legislative regulation review has frequently been questioned as a violation of the constitutional separation of powers concept. Opponents of legislative review claim that rule-making is an administrative function and that legislative review (and in some states, repeal) of rules is a usurpation of executive authority. The U.S. Supreme Court has ruled in the case of *Buckley* vs. *Valeo* (No. 74–736, 424 U.S. 2, January 30, 1976) that Congress, in creating the Federal Election Commission with a number of congressionally-appointed members, violated the U.S. Constitution's provision that only the President can appoint administrative officers. This case is significant because it is the first time since 1928 that the Supreme·Court has addressed the question of separation of powers. The Buckley case may be cited in challenges to legislative review powers because legislatures, after passing enabling legislation, are retaining some control over what is seen as a wholly administrative function.

Supporters of legislative review contend that since the courts have upheld the legislature's right to delegate rule-making authority to executive branch agencies, it is consistent for legislatures to condition that authority with a legislative review process. Also, agency rule-making is more quasi-legislative than executive, so legislatures should be able to retain control over what is essentially a policy-making function.

Another separation of powers question arises with respect to the legislature usurping the role of the judiciary to interpret the laws. However, it has been argued that regulation review is actually the final step in the legislative process, and that if regulations are reviewed prior to effectiveness, that review is distinguishable from an after-the-fact judicial determination.

In Wisconsin, all legislation authorizing promulgation of regulations also includes a section requiring that those regulations be reviewed by the legislature. This standardized language, as part of the bill signed by the governor, puts the legislature in a stronger constitutional position since the governor has approved the condition placed upon agency rule-making.

Delegation of legislative review authority

The delegation of review authority to a legislative committee may raise constitutional questions, depending on the committee's powers, especially if those powers include suspension of regulations. But, as mentioned above, court decisions have upheld the legislature's right to delegate its power. Since the review power is delegated to an entirely legislative unit, that delegation is proper as long as the full legislature retains control over the committee's actions. The most serious constitutional question arises when a committee is empowered to suspend regulations without affirmation by the legislature.

Suspension powers

Opponents of legislative review also argue that neither the committee nor the full legislature has the authority to suspend a regulation. The arguments for this position relate to the authority to conduct review in the first place. At the very most, it is argued, the legislature can only have advisory review powers, since once a law is passed, it is solely the executive branch's function to implement that law.

Defenders of legislative regulation review claim that only the legislature can determine legislative intent, and suspension power insures that that intent will not be violated. A state Supreme Court case in Wisconsin challenged the committee's right to suspend a regulation. But the bill upholding the committee's suspension was not passed before the end of the session and the court dismissed the challenge without a definitive decision.

Suspension of a regulation by a committee may pose serious constitutional questions if, as in Connecticut, the legislature is not required to uphold the committee's suspension. In Connecticut, a case is now pending which directly challenges that state's regulation review powers. Connecticut is among the strongest of all states with such powers. The case will be argued on separation of powers grounds and if finally decided by the court either for or against the state's legislative review law, it will provide a basis for court action in other states.

Method of legislative action

Another constitutional question revolves around the method by which the legislature repeals or upholds a committee suspension of a regulation. It has been argued that since a regulation has the force of law, only the passage of a statute can repeal it. Attorney General opinions in Michigan and Tennessee ruled that repeal of a regulation should be in the form of a bill.

On the opposite side, it has been argued that since a bill requires a gubernatorial signature to become law, the use of a bill brings the governor into the process of determining legislative intent, a violation of separation of powers.

The use of a joint or concurrent resolution to repeal a regulation has been argued as proper because approval of regulations is one of the contingencies specified in the enabling legislation giving the agencies rulemaking authority.

The use of a simple resolution of either house to disapprove a regulation may be constitutionally the weakest method, since only one house is exercising the power of the legislative branch.

Constitutional regulation review powers

While most states with regulation review authority have acquired that power by statute, Michigan has a constitutional provision giving a joint legislative committee the power to suspend regulations during the interim. The Florida legislature, which has only advisory review powers, attempted to acquire repeal powers through a constitutional amendment, but the proposal was defeated in a statewide referendum in 1976, as was a similar proposal in Missouri.

Other states may try to put the regulation review powers in their constitutions to prevent future challenges to legislative authority in this area.

SUMMARY OF STATE LAWS

Legislative review of administrative regulations

Alaska—(AS § 24.20.400 and § 44.62.320). The Alaska legislature in 1975 created the Administrative Regulation Review Committee as a permanent interim committee of the legislature composed of three members each from the house and senate. The committee is empowered to examine all administrative regulations to determine if they properly implement legislative intent. Prior to 1978, the committee could recommend annulment of a regulation to the legislature, which in turn, had to adopt a concurrent resolution to do so. A 1978 law passed over the governor's veto empowered the committee to suspend objectionable regulations until 30 days after the next session begins. During the 30-day period, the legislature must annul the regulation through the passage of a concurrent resolution or it goes into effect.

Arizona—(Ariz. Rev. St. 41–511.05). Rules and regulations promulgated by the State Parks Board are the only ones which require legislative review and approval. All other agencies file regulations with the Attorney General and Secretary of State to put them into effect. State Parks Board regulations may be disapproved by concurrent resolution of the legislature for up to one year after they take effect.

Arkansas—(Ark. St. 6–608 et seq.). All proposed, revised, or amended rules and regulations must be filed with the Legislative Council. Rules are reviewed to determine whether they are consistent with legislative intent or if they exceed statutory authority. The function of the Legislative Council review is advisory. If a proposed rule is determined to be improper, the Legislative Council files a statement with the agency concerned and submits recommendations to the legislature. This review procedure was adopted in 1973.

Colorado—(Colo. Rev. St. 24–4–103, Subsec. 8, para. d). Under a law passed in 1976, the Committee on Legal Services, a bipartisan joint committee of four members from each house, reviews all new rules during the interim for "legality and constitutionality." During the session, the standing committees of each house review all new rules. After hearing staff recommendations and agency testimony, the committee can vote to amend or repeal the rule and then submit a bill to the full legislature. There are no time constraints for any stage of the procedures. The governor vetoed a bill passed in the 1977 session which would have made the Committee on Legal Services the review committee for all proposed regulations, during both the session and the interim. It also provided for time constraints for agency filing of regulations with the committee, fiscal notes for regulations with a fiscal impact, and review of pre-existing regulations over five years. On April 10, 1978 the veto was overturned by the Colorado Supreme Court on a technicality, and the bill became law.

Connecticut—(Conn. Gen. St. 4–170 et seq.). The Legislative Regulations Review

Committee is bipartisan and composed of eight representatives and six senators. It reviews all proposed regulations of state departments and agencies and may hold public hearings thereon. The committee may give notice of approval or disapproval within 60 days (failure to act within 60 days constitutes approval). If the committee gives notice of disapproval, no agency may take action to implement the disapproved regulation. The committee reports annually to the general assembly on all disapproved regulations which, after study by an appropriate committee, may vote to sustain or reverse the disapproval. Any committee disapproval of a regulation implementing a federally subsidized or assisted program must be sustained by the general assembly or it is deemed reversed. The committee attempts to resolve questioned regulations with the agency responsible, but has disapproved several regulations each year. A 1977 law provides for a five-day period for prior review of proposed emergency regulations by the Committee.

Florida—(Fla. Stat. Sec. 11.60). Florida's Administrative Procedures Act was rewritten in 1975 and a Joint Administrative Procedures Committee created. This committee has three specific functions: to review proposed rules as they are adopted; to maintain a continuous review of statutory authority underlying each rule and note when that authority is changed by either the legislature or the courts; to review administrative matters in general as they relate to the APA. The committee makes a legislative observation on each rule but does not have the power to suspend a rule. If an objection is made by the committee to a rule, the agency is requested to withdraw or modify it. In most cases, agencies have been found willing to respond affirmatively to legislative objections. Of the first 840 rules reviewed in 1976, 79 percent were found to contain some error and 6.3 percent of these were found to exceed statutory authority. A 1975 amendment to the APA requires an "economic impact statement" to accompany each proposed rule estimating the costs of the rule to those affected by it. The committee has a staff of 13. A constitutional amendment giving the legislature power to suspend rules was rejected in a 1976 referendum.

Georgia—(Ga. Stat. 3A-104(e), (f)). A 1977 law provides for legislative review of regulations by standing committees predesignated by the speaker and senate president for each agency. Regulations must be submitted by the agencies 20 days prior to their effectiveness. If the committee objects to a regulation, it may introduce a resolution repealing or modifying the regulation at the next session. The resolution must be acted upon within 30 days after the beginning of the session in the house of origin and within five days in the other house. Constitutional two-thirds majority approval in both houses is necessary for the rule to be repealed or modified. If the resolution passes by less than a ⅔ constitutional majority, it must go to the governor, who may sign or veto the resolution. The legislature cannot override a veto of such a resolution.

Idaho—(Idaho Code Sec. 67-5217, 67-5218). All rules authorized or promulgated by any state agency are to be submitted to the legislature in regular session for reference to the appropriate standing committees. Any committee or member of the legislature may propose a concurrent resolution rejecting, amending, or modifying any rule thought to be in violation of the statutory authority or legislative intent of the statute under which the rule was made.

Illinois—(Ill. Rev. Stat., Chap. 127, § 1001 et seq). The bipartisan Joint Committee on Administrative Rules reviews all proposed regulations and makes recommendations to the agency to modify or withdraw the rule. While the agency is not bound to accept the committee's recommendations, it must respond to them. Failure to respond constitutes withdrawal. The committee can introduce a bill to modify or nullify a rule to which it has objected.

Iowa—(Iowa Code Ann. Sec. 17A.8). A new Administrative Rules Review Committee was created in 1975, although authority for regulation review had previously existed. The new committee is composed of three members from each house and meets monthly. It is authorized to selectively review promulgated rules, but is currently reviewing all promulgated rules. The review committee may file objections to rules based on the fact they are unreasonable, arbitrary, capricious or beyond the scope of agency authority. Such objections transfer the burden of proof to the issuing agency in any legal challenge to the rule. An agency unable to sustain this burden of proof in a legal challenge may be liable for all court costs to the challenge. The Rules Review Committee may also refer a rule for consideration to the appropriate legislative standing committee at the next regular session.

Kansas—(K.S.A. 1978 Supplement 77-415 et seq). The revisor of statutes submits a copy of all rules and regulations filed during the previous year to the Joint Committee on Administrative Rules and Regulations (JCARR) at the beginning of each legislative session. The legislature may pass a bill modifying or rejecting an existing regulation or it may pass a resolution rejecting a proposed regulation or a proposed amendment to a regulation. During the interim, agencies may adopt temporary regulations after obtaining the approval of the Temporary Rules and Regulations Board, which is composed of the Chairman of the JCARR, the Secretary of State and the Attorney General, or their designees.

Kentucky—(K.R.S. 13.087). The Administrative Regulations Review Subcommittee (three members) reviews all proposed regulations as to whether they conform to statutory authority and to the legislative intent of the statutes. If nonconforming, a regulation is returned to the agency with the legislative objections. If an agency does not revise the regulation, it is then presented to the appropriate legislative standing committee or joint interim committee for a second review as to statutory authority and legislative intent. If this committee raises objections, it is again returned to the agency for reconsideration, but the legislature does not have power to suspend a rule and the agency is only required to give "affirmative consideration" to legislative objections and is not bound to modify the rule. A 1974 act provided that all existing regulations be rescinded unless repromulgated by the agencies within one year.

Louisiana—(LRS 49-968 et seq). The legislature in 1976 passed a law providing that all rules proposed by agencies be submitted to a specified house and senate committee simultaneously upon their filing with the Department of the State Register. The committee may then hold a public hearing and issue a report to the agency expressing approval or disapproval of the rule. Although the committee report is printed in the State Register, the agency is not bound to accept it. A 1977 bill vetoed by the governor would have given the committees the power to stop a rule from going into effect by raising objections within 15 days after it is filed with the committee. The legislature would not have been required to act, but could have overridden the committee's objection by passage of a concurrent resolution. A 1978 law provides that if a committee finds a rule unacceptable, the committee will submit a report to the Governor. The Governor has five days to disapprove the committee report; if he does not, the agency must change or modify the rule.

Maine—(5MRSA c. 308 § 2501 et seq). A law enacted by the 1977 session provides that agencies submit all curent rules to the legislature by January 15, 1978 for review by the appropriate standing committees. These committees must hold public hearings and recommend to the legislature an expiration schedule for all rules. A committee may recommend immediate expiration of a current rule. The legislature must then pass bills to implement these expiration schedules. All new rules which go into effect after January 1, 1978 automatically expire five years after their effectiveness unless the legislature passes a bill terminating their effectiveness in less than five years.

Maryland—(Md. Ann. Code 1977, Art 40, § 40A). The Standing Committee on Administrative, Executive, and Legislative Review (five senators, five delegates) reviews regulations as they are published in the Maryland Register. The committee has no power to suspend or veto proposed regulations, but its views are often persuasive with agencies when it raises questions about proposed regulations.

Michigan—(Mich. St. Ann. 24.201–24.315, Act No. 108, Public Acts of 1977). The Joint Committee on Administrative Rules (three senators, five representatives) has a 60-day period in which to approve or disapprove all proposed rules. Under a 1977 law passed over the governor's veto and effective on January 1, 1978, if the committee disapproves a rule or fails to approve it within 60 days, the rule cannot be adopted by the agency unless the legislature overrules the committee action within 60 days. The state supreme court has refused to consider a request by the governor for an advisory opinion on the constitutionality of this law. In addition, opinions of the attorney general have questioned the constitutionality of legislative disapproval of rules by concurrent resolution, rather than by bill. Legislative power to review and suspend regulation during the interim is authorized in Article IV, section 37 of the state constitution. Michigan has more than 30 years experience with some type of legislative oversight of administrative regulations.

Minnesota—(Minn. St. 3.965). The Legislative Commission to Review Administrative Rules, composed of five members of each house, may hold public hearings to investigate complaints concerning rules and, on the basis of testimony received, suspend any rules. In practice, however, the committee reviews all proposed rules. If a rule is suspended by the committee, such action must be sustained by the legislature at its next session. Before the committee suspends any rule, it shall submit it to the appropriate standing committees for their review and recommendation. Emergency rules are effective for only 90 days, during which time they must be repromulgated under the regular procedure in order to remain in effect beyond that time.

Missouri—(Sec. 536.037, RSMo). Under a 1976 law, the legislature created the Joint Committee on Administrative Rules. The committee reviews all proposed rules published in the Missouri Register, but its review is advisory only. A proposed constitutional amendment authorizing legislative rejection of agency rules was submitted to the electrorate by the legislature and was defeated in August, 1976. During the 1977 session, the legislature attached to many bills a provision that all agency rules promulgated under the respective bills expired in two unless approved by a concurrent resolution of the legislature. An additional provision attached to many bills mandated either the expiration of the rules promulgated under the authority of the respective bills, the repeal of the promulgating power, or both, on November 30, 1981.

Montana—(Sec. 2-4-401 et seq., MCA 1978). An Administrative Code Committee was established in 1975 to review all proposed rules. This committee makes recommendations for action by the agencies to the legislature which, by joint resolution, can repeal or compel the amendment or adoption of a rule. Legislation enacted in 1977 mandates that all bills authorizing agencies to promulgate rules include a statement of legislative intent. The new law (SB 37) also shifts the burden of proof to the agency in any subsequent legal action challenging the rule as having been adopted in an "arbitrary and capricious disregard" of the purpose of the authorizing statute. Another 1977 law (SB 120) allows the committee to poll the members of the legislature by mail during the interim to determine whether a proposed rule is consistent with legislative intent.

Nebraska—(Neb. Rev. St. Section 84901 et seq). The Administrative Rules and Regulations Review Committee reviews proposed rules and recommends to the legislatures appropriate action. The legislature may repeal, change, alter, amend, or modify the original law granting the authority to promulgate rules or general program authority. Under a new law, effective January 3, 1979, the committee has the authority to suspend rules if they do not reflect legislative intent or are contrary to the state's Administrative Procedure Act.

Nevada—(Chap. 233B. 101 et seq NRS). Under a 1977 law, all proposed regulations are submitted to the Nevada Legislative Commission, which must review them at its next monthly meeting. If the commission objects to a regulation, it is returned to the agency, which must resubmit either the same regulation or an amended version to the commission. The regulation is forwarded to the speaker and the senate president for referral to the appropriate standing committee. The legislature can enact legislation amending the statute under which the objectionable regulation was promulgated.

New Hampshire—(NHRSA Sec. 531 A). In 1977, the legislature enacted a law creating a Joint Committee on Review of Agencies and Programs. The committee will have the power to sunset agencies and review their existing rules. In addition, the law provides the standing committees the power to review rules prior to their effective date and may send the rules back to the agency if the rules are not in the proper format.

New York—(NYSA, Legislative Law, Art. 5–B. Secs. 86–88). A 1978 law formally created the Administrative Regulations Review created by joint resolution in 1977, is composed of three senate and three assembly members. Agencies must file their proposed rules with the commission at least 21 days prior to effectiveness. The commission has the power to examine agency rules as to their statutory authority, their compliance with legislative intent, their impact on the economy and government operations, their impact, on affected parties. In addition, the commission may hold hearings and has been granted subpoena power.

North Carolina—(G.S. 120–30.19 et seq). A 1977 law created the Administrative Rules Review Committee as a permanent committee of the Legislative Research Commission (LRC). All rules adopted by agencies are filed with the director of the LRC, who refers them to the review committee. The committee has up to 60 days to review these rules and may file objections. The agency must respond within 60 days of receipt of the committee's report. Agencies are not bound to comply with the committee's objection, and if they don't, the rule goes to the full LRC for review. The LRC can make recommendations for legislative action to the General Assembly if the agency fails to comply with any commission objections. The law also provides for selective review of all preexisting regulations. It is effective on October 1, 1977 and expires June 30, 1979.

Ohio—(Sec. 101.35, 111.15, 119.01, & 119.03 of Rev. Code). A 1977 law created the Joint Committee on Agency Rules Review with seven members from each house. All proposed rules must be submitted to the committee 60 days prior to adoption. If during that time, the committee disapproves a rule, a concurrent resolution to that effect is introduced. The legislature must adopt the resolution within 60 days to nullify the rule. Any rule promulgated during the interim may go into effect, but the committee and the legislature may disapprove the rule by concurrent resolution within the first 60 days of the next regular session. The committee may meet during the interim and may suspend objectionable rules by a two-thirds vote of its members. The suspension must be sustained by the legislature by concurrent resolution within 60 days of the convening of the next regular session.

Oklahoma—(75 O.S. Supp. 1977 Sec. 308). Prior to 1976 the law provided that any administrative rule or regulation could be disapproved by the legislature by joint resolution. In 1976, this was amended providing for disapproval by either house by simple resolution, rather than requiring the consent of both. Review of proposed rules and regulations is conducted by the Division of Legal Services under the direction of the Legislative Council.

Oregon—(ORS 171.705 to 171.713). The Legislative Counsel Committee reviews all proposed rules and reports to the legislature. There is no formal procedure for further legislative action beyond this informational review. Rules are reviewed to determine whether they conform with the intent and scope of enabling legislation, have been adopted in accordance with all legal procedures, are consistent with constitutional provisions. The committee may recommend changes in the statute authorizing the rule-making powers.

South Carolina—(Act No. 176 of 1977). The legislature in 1977 passed legislation amending and clarifying a 1976 law creating the state register and providing for legislative review and approval of agency rules. Under the new law, the Legislative Council supervises the printing of the state register, in which are printed all proposed and promulgated rules. Proposed agency rules are reviewed by the appropriate standing committee in each house. These rules cannot go into effect until 90 days after receipt by the legislature. The legislature may adopt a joint resolution during that time either approving or disapproving the rule. The 90-day review period continues to run as long as the legislature is in session. After sine die adjournment, the 90-day period ceases to run until the convening of the next regular session. Emergency rules can be promulgated for 90-day periods only when the legislature is not in session.

South Dakota—(SDCL 1–26–1.1, 1.2). The Interim Rules Review Committee reviews all proposed rules and makes recommendations to agencies and to the legislature on any suggested amendments to the Administrative Procedures Act. By a 5/6 vote of the six-member committee, a proposed rule can be suspended until 30 days after the next legislative session convenes. Unless the committee suspension is sustained by the legislature through passage of a bill within this 30-day period, the rule may take effect. All proposed rules submitted to the committee must have attached to it a fiscal note, prepared by the agency and reviewed by the Bureau of Finance and Management. The fiscal note must include the fiscal impact on state government, the assumptions made in preparing the statement and the source of statistics used.

Tennessee—(Tenn. Code Ann. 4–535). Agency rules are referred in the House to the Government Operations Committee and in the Senate to the appropriate standing committee for review. The reviewing committee of either house may suspend the effectiveness of any agency rule or the amendment or repeal of an agency rule. Such suspension is effective until rescinded by the committee or by joint resolution of the General Assembly. Any suspension must be preceded by 15 days notice to the agency of any contemplated action. Suspension is effective upon written notice from the committee chairman to the Secretary of State. (The Attorney General of Tennessee has advised the Governor that this procedure is unconstitutional and that any suspension of a rule can only be accomplished by passage of a bill by a majority of both houses and approval by the Governor.)

Texas—(Chap. 321, Acts of 65th Legislature, 1977). Under a 1977 law enacted by the legislature, agencies must forward to the presiding officers of each house copies of all proposed rules at the same time they are filed with the secretary of state. The proposed rules are then referred to the appropriate standing committees for review. The legislature has a minimum of 30 days to review prior to the rules taking effect. The committees can send statements supporting or objecting to proposed rules to the agency during that time, but its powers are advisory. Standing committees don't meet very often, if at all, during the 19-month interim between biennial sessions.

Vermont—(3 V.S.A. 817–820). The General Assembly of Vermont in 1976 created an eight-member joint committee on administrative rules. This committee reviews any proposed rule and may recommend its amendment or withdrawal upon a finding that the proposed rule is arbitrary, beyond the authority delegated to the agency, or contrary to legislative intent. Committee recommendations are submitted to the next session of the General Assembly. Objectionable rules may be repealed by joint resolution of the General Assembly.

West Virginia—(Code of W. Va. Art. 3, Chap. 29a). The 1976 session created Legislative Rule-making Review committee composed of six members from each house. All proposed rules must be submitted to the commitee, which has six months to review them. If the committee disapproves a rule, the agency cannot take any "action to implement such disapproved rule or regulation." The legislature may, by resolution, reverse the committee's disapproval, but the rule remains suspended unless the legislature acts. Regulations implementing federally-subsidized programs may be disapproved by the committee, but unless the legislature sustains the disapproval by the end of the regular session, the rule goes into effect.

Wisconsin—(W.S.A. 13.56). The Joint Committee for Review of Administrative Rules (five senators, five representatives) reviews rules and may suspend them until the next session. Any suspension must be ratified by the legislature by passing a bill at the next session. The committee also reports biennially to the legislature and has the authority to direct an agency to promulgate a statement of policy or an interpretation of a rule under the Administrative Procedures Act.

Wyoming—(Wyo. Stat. Sec. 28–82 to 28–89). Under this 1977 law, all existing rules and all future proposed rules must be filed with the Legislative Service Office (LSO). The LSO reviews the rules and reports to the Legislative Management Council. If the LSO has found a rule objectionable and the council agrees, the disapproved rule goes to the governor, who may agree to repeal the rule. If the governor disagrees with the council's recommendation, the council can only recommend that the full legislature act through what is called a "legislative order" (presumably a statute). Legislative action must take place before the end of the legislative session in order to nullify a rule.

Mr. SCHMITT. Mr. President, I will yield the floor or suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. Exon). Will the Senator withhold that?

RECOGNITION OF SENATOR HARRY F. BYRD, JR.

The PRESIDING OFFICER. Under the previous order, the Senator from Virginia (Mr. HARRY F. BYRD, JR.) is recognized for not to exceed 15 minutes.

SALT II: AMENDMENTS REQUIRED

Mr. HARRY F. BYRD, JR. Mr. President, the proposed SALT II treaty, in the form presented to the Senate by the President, would not enhance American security but would confirm in a legal document the right of Russia to superior strategic forces. SALT II, therefore, in order to be made acceptable to Americans, must be modified in the Senate before its approval can be actively considered.

Frankly, my own study of SALT II causes me to feel that even extensive direct amendment of the treaty may not be sufficient to correct its many faults. Nevertheless, I am persuaded that, if SALT II is brought before the Senate, then the Senate should make a serious attempt to refashion and correct the proposed agreement so that some degree of true arms control can be incorporated into it and so that the provisions which favor Russia and disadvantage the United States can be brought into equilibrium.

Some Senators have suggested that the flaws in SALT II can be corrected by reservations and understandings to a final resolution of ratification. I cannot share that view.

Article VI of the U.S. Constitution provides that the Constitution and "all treaties made, or which shall be made, under the authority of the United States shall be the supreme Law of the Land." The SALT II treaty, if ratified, will be, insofar as the United States is concerned, supreme law. This fact is critically important.

Therefore, if the SALT II treaty is brought before the Senate, I feel that Senators should keep continuously in mind that the Senate would be dealing with a document proposed to become supreme law, thus binding not only our Government but all citizens and committing under law the entire Nation to the faithful observation of every dotted "i" and crossed "t" of its provisions. Similar considerations do not obtain in Russia.

Reservations and understandings do not directly change the terms of a treaty. They make, instead, statements about those terms in an inherently feeble attempt to vary the meaning given the treaty agreement by the parties to it. Reservations and understandings under these circumstances cannot do the job. In the case of SALT II, reservations and understandings would never be considered by Russia to be part of the contractual agreement reached. Reservations and understandings are indeed unilateral statements of one party to a contract.

Regardless of the method by which reservations and understandings are required to be incorporated into the instrument of ratification and signed by both parties, Russia will not be bound by extrinsic statements. Only the terms of the contract itself, only the terms of SALT II itself, would have any impact on Russian behavior.

In order to bind Russia, actual amendments to the treaty must be made and must be subsequently accepted by Russia as part of the actual agreement between the governments of the two countries.

The United States has been down the same road before in attempting to bind Russia with statements made external to the precise terms of actual agreements reached. To me, the lesson should have been learned sufficiently that the Senate would not waste any significant time discussing reservations and understandings to SALT II.

Who could forget so soon the attempt of the United States in SALT I to bind Russia by a unilateral statement that SALT I bound both parties not to build light missiles of throwweight exceeding 2,000 pounds? Secretary of State Kissinger was in the forefront in assuring and reassuring the Congress that the silence of Russia in response to that unilateral statement of the United States indicated the agreement of Russia to be bound by our definition and interpretation.

He was wrong. The United States was, of course, bound by its own statement. Russia was not. The proof is the SS–19 built by Russia as a light missile with a throwweight of 8,000 pounds—some four times the limit we thought we had established.

No, reservations and understandings are not going to bind Russia. That is a fact of life learned by experience.

I do not question that the United States can, by means of reservations and understandings, to some extent affect and outline what its own conduct will be under SALT II. Clearly, we can state how we intend to behave under SALT II by means of reservations and understandings, and indeed, Soviet acquiescence in such statements does have some effect in that we can assume that our intentions are known and accepted. Obviously, we can thereafter directly govern our own conduct.

But, on the other hand, it is absolute folly to believe that the conduct of Russia can be governed by anything less than direct amendment of the treaty. Our statements of intention, our interpretations, insofar as they seek to bind Russia, will be roundly and quite rightly ignored.

Again, I question, in the final analysis, whether this treaty is a document which can be made worthy of Senate consent to ratification.

But I do believe that in attempting to mold and fashion this agreement into a form which is acceptable, the effort of the Senate should concentrate on amendments and should not waste time on mere reservations or understandings.

Senate procedure on treaties embodies rules which also recognize the importance of amendments and the relative insignificance of reservations and understandings.

Senate procedure requires the Senate to consider treaties article by article, first in the Senate sitting as the Committee of the Whole, and next, in the Senate sitting as the Senate in executive session.

Amendments are in order at all times and are in order to be considered in both forms, both during the article-by-article consideration of the treaty and at the conclusion of such consideration, at which stage a treaty is open to amendment at all points in its text.

Only after this extensive and important procedure has been completed, both in the Committee of the Whole and in the Senate, is it then in order to consider the less significant, the less effective reservations and understandings to the resolution of ratification.

Senate procedure, therefore, requires that, in considering a treaty, the emphasis is to be placed on the amending process. These rules are good. They insure sound deliberation.

The Senate should take full advantage of its rules in correcting, by amendment and by amendment alone, defects in the contractual obligations which Russia would undertake and in molding the obligations at supreme law which would be undertaken by the United States.

Reservations and understandings which purport or attempt to bind Russia cannot accomplish that goal.

Reservations and understandings may give Senators an excuse to vote to ratify SALT II—but reservations and understandings will not bind Russia. Only amendments, subsequently accepted by Russia, can do that.

RUSSIAN MILITARY SPENDING: HEARING IN THE SUBCOMMITTEE ON GENERAL PROCUREMENT

Mr. HARRY F. BYRD, JR. Mr. President, the Subcommittee on General Procurement of the Senate Committee on Armed Services is studying Soviet military procurement. On November 1 and November 8, 1979, the subcommittee received testimony from administration witnesses and from certain knowledgeable individuals outside of Government.

Among those who appeared before the subcommittee were Donald Burton, Chief of the Military Economics Division of the Central Intelligence Agency; Mr. William T. Lee, a recognized authority on Soviet military spending; Mr. Gordon Negus, defense intelligence officer for strategic forces at the Defense Intelligence Agency; Dr. Jack Vorona, Assistant Vice Director of the Defense Intelligence Agency for Scientific and Technical Intelligence; and Dr. Steven Rosefielde, professor of economics at the University of North Carolina.

As chairman of the Subcommittee on General Procurement, I feel that it is important for the subcommittee to understand the level of military procurement under way in the Soviet Union and that it is important for the American public to appreciate the scope of the massive arms buildup which has occurred in Russia since SALT I was approved in 1972.

These hearings have been held in open session. Much information has been gained.

First, evidence was received in the subcommittee that present CIA estimates of Soviet military spending are understated. The Central Intelligence Agency estimates the current rate of growth of military procurement to be 3 to 4 percent in real terms annually. However, other witnesses who appeared before the subcommittee gave strong testimony that the rate of growth in Soviet procurement in real terms could be as high as 11 to 13 percent annually. These witnesses also expressed the view that the Soviet military consumed 18 percent of the Russian GNP rather than the 11 to 13 percent of GNP estimated by our CIA.

Dr. Jack Vorona of the Defense Intelligence Agency also provided valuable testimony to the subcommittee. Dr. Vorona explained in some detail the importance of the massive transfer of technology which occurs from the West to the East. In specific response to a question by me, he testified that the Russian war machine had been greatly aided by exporting to Russia American technology.

He illustrated his point with several specific examples. Perhaps the most startling of these was the disclosure that 164 Centalign-B precision ball-bearing machines shipped to Russia in 1972 were apparently used in perfecting the accuracy of the SS-18 ICBM warhead.

Dr. Vorona, because of classification requirements, could not answer several important questions for which the public is entitled to a response.

He could not answer in the public record the following questions: First, is Russia building a prototype space laser for ABM uses; second, is Russia preparing an ABM system for nationwide deployment; and, third, is Russia constructing nuclear aircraft carriers, and if so, how many?

My colleague from Virginia, Senator WARNER, stated the opinion that the public should be provided at least a basic response to these important inquiries. I agree.

The testimony of Dr. Vorona is perhaps the most important to get rapidly before the Congress and the public. Accordingly, I ask unanimous consent that the testimony of Dr. Vorona before the Subcommittee on General Procurement be printed in full in the RECORD.

I also ask unanimous consent that two articles on Dr. Vorona's testimony which were carried in Defense/Space Business Daily on November 9, 1979, be printed in the RECORD.

The articles deal with U.S. assistance to Russian weapons development and with the development of a new Russian ABM system for possible nationwide deployment. Both subjects merit close study.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

DIA SAYS U.S. CONTRIBUTED TO SOVIET SS-18 MIRV CAPABILITY

Technology transfer contributions to Soviet military cited

The Defense Intelligence Agency told Congress yesterday there is a definite possibility that United States precision miniature ball bearing grinding machines delivered to the Soviet Union in 1973 and 1974 are being used to provide the latest versions of the SS-18 ICBM with its highly accurate MIRV guidance systems.

While it had been assumed previously that these machines enabled the Soviet Union to develop their MIRV capability, Dr. Jack Vorona, assistant vice director for Scientific and Technical Intelligence of the DIA, said the first machines were not delivered until after the Soviets had begun testing their "relatively unsophisticated first generation MIRVs."

However, Vorona told Sen. Harry F. Byrd, Jr. (I-Va.), chairman of the Senate Armed Services Subcommittee on General Procurement, it is "reasonable" to assume that these machines have been used for producing the bearings for the follow-on high quality MIRV guidance systems in the SS-18, equipped to carry a payload of ten warheads. "We have no doubt that these machines are making a distinctive contribution to the Soviet military effort," he said.

West's major role in Soviet military advancement

The ball bearing grinding machine was one of several technology transfer items outlined by Vorona, where the industrialized West has played a major role in the modernization and expansion of Soviet industry and subsequently the Soviet military advancement.

He noted, for instance, that the Soviets purchased at least one copy of each of the 80,000 U.S. government documents and government contractor reports deposited with the National Technical Information Service of the Department of Commerce each year.

In addition to the ball bearing grinding machine acquisition by the Soviets, Vorona said an entire series of Soviet computers is based on IBM 360 and 370 computers that were "illegally diverted" into the USSR in 1971 and 1972. These diversions may have been the cornerstone for the Soviet/Warsaw Pact development of the RYAD I and II computers, he said.

He also cited the example of the Kama River truck plant built in the Soviet Union almost exclusively with Western technology, supposedly for the building of trucks for the Soviet civil economy. Many of the trucks, Vorona said are actually being used by the military and some of the excess engines being built at the Kama plant may be destined for other military vehicles.

The Soviet acquisitions are not limited to purchases and diversions of equipment and goods, Vorona said. He cited the example of a Soviet exchange student who came to the U.S. in 1976-77 to study in a university the passage of shock waves through inert and combustible heterogeneous mixtures, a science involved in fuel-air explosives. "It appears this 'student' is himself involved in research directly related to fuel-air explosives," the DIA official said.

In another instance, under the auspices of an agreement between the U.S. and Hungarian Academies of Science, Gyorgy Zimmer, head of the Hungarian effort in magnetic bubble research (used for computers) has been coming to the U.S. periodically and conducting research at one of the U.S. leading universities, attending conferences and visiting other facilities to observe and discuss American research in this field. "As in all other fields, we believe the Soviets have access to most if not all Hungarian and other Warsaw Pact research and information including that which Mr. Zimmer gains in the U.S.," Vorona told the subcommittee.

There are 10 bilateral agreements in existence between the Soviet Union and the U.S., comprising about 240 working groups on such subtopics as use of computers, metallurgy, microbiology, chemical catalysis, physics, science policy, meteorology, fast breeder reactors, controlled thermonuclear research and MHD power generation. A provision of these agreements has resulted in the establishment of a large number of separate agreements between U.S. companies and the Soviet government, "significantly, we believe, with companies who are 'front-runners' in areas in which the Soviets are deficient," Vorona explained. "There is no formal U.S. government oversight of these agreements "unless a validated export license is required. . . . We view these agreements as still another mechanism for the potential transfer of advanced technology," he said.

"The Soviets are seeking Western technology and equipment by any and all means," and, while in the past Soviet weapons designers had a limited technological base for specialized components, Vorona said, "technology transfers affords them the opportunity to rectify such deficiencies. . . . We are positive it is . . . making a very significant contribution" to the Soviet military.

DIA SAYS SOVIETS DEVELOPING NEW ABM SYSTEM

Dr. Jack Vorona, the Defense Intelligence Agency's vice director for scientific and technical intelligence, told a Senate Armed Services subcommittee yesterday (see preceding report) that the Soviet Union is developing new ABM system, but it is not yet known whether this system is designed for national deployment. Right now, Vorona said, the Soviets are expending "considerable resources, commitments and priority" to ABM systems.

SENATE FOREIGN RELATIONS VOTES ON SALT II TODAY

The Senate Foreign Relations Committee plans to vote approval today of the SALT II Treaty it has been considering for the past several weeks. It is a foregone conclusion that the committee will approve the treaty, along with a volume of unilateral understandings that do not change the text of the treaty or require Soviet approval or renegotiations. The full Senate will then get its chance at the treaty sometime later this month, perhaps around Thanksgiving.

STATEMENT OF DR. JACK VORONA

INTRODUCTION

This illustration appeared in a Soviet journal published in the 1960s. It shows the Soviet perspective of world science leadership—past, present and future, and reflects their often stated goal of superiority in science and technology. My presentation today provides a brief status report on the Soviet progress toward this goal; its translation into military hardware during the past decade and our prognosis for the next. I will also address the subject of technology transfer and its relationship to Soviet weapons system acquisition.

THE SOVIET TECHNOLOGICAL BASE

The present and near term Soviet military capability reflects the achievements of a technological base that has grown steadily during the last decade. The high priority military R&D sector received regular and large infusions of capital investment leading to significant growth in those research, design and test facilities so critical to weapons development. For example, there has been roughly a 30 percent growth in aerospace facilities. A concurrent increase in the size of the Soviet R&D manpower force has also been noted. In 1979, this force was estimated at 800,000 scientists and engineers—the world's largest. In sheer numbers, the Soviets passed the U.S. in the mid-1960s. In addition, at least 270,000 new engineers are being graduated each year—a rather phenomenal number by U.S. standards. This is not to imply that the large Soviet R&D manpower force is totally committed to military R&D, nor does it address factors such as productivity, quality and utilization—but it does imply a large resource available to a sector that commands a high priority in resource allocation. Indeed, we believe the best qualified of this important R&D manpower resource are earmarked for the defense sector. We believe this trend in facilities and manpower will continue through the next decade.

The Soviets have very obviously committed themselves to the creation of a technology base second to none. The remainder of this briefing will describe some of the resultant military capabilities.

STRATEGIC WEAPON SYSTEMS

The Soviets have significantly improved their strategic missile capabilities over the past decade. They increased the number of intercontinental ballistic missile launchers from 1050 in 1969 to about 1400 in 1979, as is shown in this comparison chart. During this period, they developed and deployed four new ICBM systems with numerous payload variants.

They added flexibility to their force with the mobile SS–20 intermediate-range ballistic missile. During this past decade, they also developed multiple independently targetable reentry vehicles, or MIRVs for the ICBMs as well as the SS–20.

As a result of this force modernization and expansion, the Soviets improved the reliability, range, payload, and accuracy of their ballistic missiles. The improvements in payload and accuracy resulted in an improved hard target kill capability.

Further, the Soviets increased the survivability of their force by deploying missiles in silos with substantially greater structural hardness.

Quite independent of SALT II, we believe during the next decade the Russians will continue to improve the quality of their strategic land based missile force—striving for higher reliability, faster response time and even greater accuracy.

In the last 10 years, the Soviets introduced four classes of new ballistic missile submarines (SSBNs). They also reached the limit of 62 accountable SSBNs and 950 modern SLBM launchers allowed by the interim agreement of 1972 as shown here.

Although only a small portion of the Soviet SSBN force is maintained on operational patrol, the long-range missiles of the DELTA class SSBNs can reach the United States while still in Soviet ports. The Soviets now have over 30 operational DELTAs. The DELTA I's and II's are armed with the SS–N–8, a single warhead missile with a range of about 8000 kilometers. The Soviets have begun to deploy the SS–N–18, a missile installed in the DELTA III. This missile has a range of about 7500 kilometers and a post-boost vehicle capable of dispensing MIRVs. As a result of these developments, the percentage of submarines whose missiles can hit the U.S. will rise significantly in the near future. Moreover, they are expected to introduce at least one new class during the coming decade whose ballistic missiles will probably feature improvements in yield, accuracy and range. We also see under development the SS–NX–17, a solid propellant missile with a presumed MIRV payload.

Throughout the past decade the Soviets maintained their older heavy bomber strike force of some 140 TU–95 BEAR and M–type BISON aircraft. In addition, some 40 BISON are now configured as tankers but could be reconfigured as bombers with little effort.

During this time, the Soviet Union developed and deployed a new bomber (BACKFIRE) capable of both theater and intercontinental delivery. Staging from Arctic bases and refueled, the BACKFIRE can cover virtually all targets in the U.S. and return to the Soviet Union. On a one-way mission, it can deliver ordnance anywhere in CONUS and recover in third countries without refueling. Approximately 150 of these versatile, multipurpose aircraft have been produced and are assigned to both Soviet Long-Range and Naval Forces.

The BISON tankers are able to refuel BEAR, BISON, and BACKFIRE bombers. The Soviets may develop a new tanker using the IL–76 CANDID jet transport as an airframe, and/or convert the remaining BISON bombers to tankers.

The Soviets are almost certainly in the process of developing a new long-range bomber to replace their aging BEAR and BISONs. This new bomber could appear in the early- to mid-1980s and can be expected to feature characteristics similar to the U.S. B–1. Introduction by the Soviets of a new cruise missile carrier in the decade of the 1980s must also be considered a very real possibility.

The Soviets are vigorously continuing to pursue developments of strategic air defense and ABM systems. They have, over the past 10 years, maintained their Moscow-based anti-ballistic missile system. This system, based largely on older technology, will require significant modifications and/or replacement to counter sophisticated threats. Needed developments would include discrimination radars capable of handling large numbers of targets and high performance intercepter missiles. There is every indication the Soviets are pursuing R&D supportive of these requirements.

For example, they are apparently developing a new ABM system—whether this system is designed for national deployment is not yet resolved. We would expect to see the Soviets continue ABM system development exploring the application of both conventional and unconventional technologies.

In air defense, the Soviets, with their present interceptor and ground based SAM systems, have a significant capability to defend against medium and high altitude penetrators.

During the past 10 years, the Soviets concentrated most of their efforts on force modernization—developing and deploying more capable radars and better data transmission systems so as to give Soviet commanders a near-real-time air situation display, a necessity for the control of his very numerous interceptor and SAM forces. A critical vulnerability, however, exists at low altitudes. In the 1980s, therefore, we anticipate deployment of large numbers of look-down/shoot-down interceptors, the SA–X–10 low altitude SAM system, and extensive ground radar network and, quite possibly, AWAC type aircraft. An effective defense against cruise missiles would of course, represent a much more difficult problem requiring severe technological and deployment commitments. In view of past Soviet emphasis on the air defense of their homeland, we expect them to bend every effort in the year ahead to counter the air breathing threat.

Starting from the launch of SPUTNIK 1 in 1957, the Soviet space program developed into an expansive program encompassing all generic mission areas one would expect a super power to exploit. With well over 75 space launches in each of the last 10 years, their space program is one of extreme diversity ranging from the orbital interceptor to the purely scientific and exploratory—the lunar and planetary program. However, it is dominantly military in character. They are gradually expanding civilian applications, but these are overshadowed numerically by the military space program which includes the aforementioned orbital interceptor, communications, meteorological, naval support, and reconnaissance and surveillance satellite systems.

The high Soviet launch rate is expected to continue for the next several years and their space program will continue to produce steady gains in reliability, sophistication, and operational capability.

TACTICAL WEAPON SYSTEMS

A development pattern, smilar to that for strategic systems—with equally impressive results—has been noted in the tactical weapons arena.

Although the achievements in the tactical ballistic missile area have not been as numerous as those in the strategic area, they have been significant. During this period, the 150 mile SCUD and 500 mile SCALEBOARD short-range ballistic missile systems were replaced by or augmented with the newly developed SS–21 and SS–22 SRBM systems.

Tactical missile systems of the next decade will probably incorporate new technology to make them lighter and more mobile, more accurate, more responsive, and more lethal. We might expect to see new developments in land navigation systems and communications to speed targeting. The lower velocities for short-range missiles would make terminal homing systems more feasible than for ICBMs. Finally, the greater variety of targets for tactical missiles may well lead to the development of specialized conventional or nuclear warheads.

As you know, the number of tactical missiles is not constrained by SALT Treaties. Therefore, we may see increasing numbers of tactical missiles deployed as SALT-accountable ICBMs are diverted from peripheral targets.

NAVAL FORCES

Impressive submarine production dominates Soviet naval accomplishments. In addition to the YANKEE and DELTA strategic submarine construction programs, the Soviets produced two versions of improved VICTOR Class nuclear attack submarines (or SSNs) and converted some cruise missile and ballistic missile units to SSNs. Improved CHARLIE Class nuclear cruise missile submarines (SSGNs) were introduced as well as the prototype for new class. Diesel-electric submarine production continued with the TANGO Class general purpose attack unit. In the next decade, overall submarine numbers may decline slightly as older units are phased out but the force will become proportionately more nuclear and militarily capable.

New classes of surface combatants during the past 10 years have included two air-capable ships, MOSKVA and KIEV, and guided-missile cruisers of the *Kresta* II and *Kara* classes. What could be the first of a class of nuclear-powered cruisers displacing over 20,000 tons is being fitted out in the Baltic. Conventionally and nuclear powered major combatants will continue to be developed during the coming decade, possibly including an aircraft carrier. The Soviet Fleet is unlikely to grow in numbers beyond the present level of approximately 200 general purpose submarines, some 300 surface combatants, about 300 auxiliaries and replenishment ships, and around 100 amphibious warfare units. However, qualitative improvements in the Force are anticipated with the introduction of modern and sophisticated weapons systems and sensors. Platform construction will keep pace with technology and the Soviet Union will maintain its status as the world's largest producer of submarines and surface combatants for peacetime presence and wartime combat.

The Soviets are continuing evolutionary improvements in their ASW (anti-submarine warfare) capabilities against both strategic and general purpose forces. Most combatants have some ASW capability and the trend is expected to continue. Although major ships, submarines and combat aircraft of the Soviet Navy include in their missions defense against Western aircraft carriers and interdiction of major shipping lanes, we estimate that the Soviets give the highest naval priority to ASW against ballistic missile submarines.

In summary, the Soviets will continue to improve their capabilities to conduct distant operations with the introduction of new and sophisticated platforms and weapons systems. However, revolutionary improvements in capabilities or force levels are not anticipated, despite their thorough understanding of the applicable technologies.

TACTICAL AIR

During the past 10 years the Soviets deployed three aircraft designed for ground-attack missions. These three aircraft, the Fencer A, Fitter D, and Flogger D, have increased radius capabilities, increased payloads, and the ability to deliver air-to-ground ordnance more accurately when compared to older Soviet fighters. In addition these aircraft may have ECM and ECCM equipment onboard, to aid in penetrating defenses. The newer Soviet ground-attack aircraft employ a wide variety of air-to-ground weapons including free-fall and precision guided bombs, rockets, guns and tactical air-to-surface missiles. The Fencer A, Flogger D, and Fitter D are able to operate at night and in adverse weather; however, visual acquisition of the target is still required for most effective operations.

During the next 10 years the Soviets are expected to improve the capability of their ground-attack aircraft to penetrate enemy defenses at low altitude and to improve the accuracy of their air-to-surface weapons. Improved navigation systems as well as more accurate bombing/navigation radars are expected to improve the all-weather capability of Soviet ground-attack aircraft. In addition the Soviets are expected to deploy precision guided munitions using laser or antiradiation homing guidance.

During the past 10 years the Soviets deployed a wide variety of fighters that have all-weather intercept capability. These aircraft have a wide variety armament including guns, infrared and semiactive radar guided missiles.

During the 1980s the Soviets are expected to continue developing and deploying new fighter aircraft.

Soviet fighters currently are not so totally defense oriented as they were in the 1950s and 1960s. Ground attack capabilities are being emphasized and it appears reasonable to expect significant improvements in this area during the 1980s to include new aircraft, new air-to-surface missiles, new armament and more effective means of weapon delivery.

Air superiority however, can be expected to continue to receive priority attention during the 1980s. The Soviets may decide that current fighters, such as the MIG–21 (Fishbed) and MIG–23 (Flogger), are unable to effectively counter current and projected Western fighters. New Soviet air superiority fighters are anticipated for the 1980s.

Since 1976 the Soviets deployed aircraft carriers with the YAK–36 (Forger) vertical takeoff and landing aircraft aboard. The YAK–36 is a short-range, subsonic aircraft with limited payload capabilities. The Soviets undoubtedly have R&D underway to explore a next generation carrier aircraft with enhanced performance to include supersonic speeds, longer ranges, larger payloads and other launch and recovery techniques.

Helicopter development has also been very active during the past 10 years. The HIND, the first Soviet rotary wing aircraft designed as an attack helicopter, is deployed in large numbers. The HIP was modified to become the world's most heavily armed helicopter. Variants or new designs are expected in the future to upgrade the aging fleet of observation and utility helicopters. A new ship based ASW rotary wing aircraft is expected as well.

SOVIET TANK DEVELOPMENT

From World War II until the 1960s, the Soviets methodically developed and deployed a number of medium tanks including the T–34/85, T–44, T–54, T–55, and T–62. While the change from model to model was rather gradual, the combat capability of the T–62 was far superior to the older models. These significant strides were made with a minimum of technological risk. During the 1970s, the Soviets fielded two new tanks, the T–64 and T–72. While adherence to traditional design practices in these tanks are apparent, their significant improvements in firepower and protection place them in a family apart from previous Soviet tanks. In keeping with tradition, we expect that the T–64 and T–72 will serve as the basis for follow-on development which we should see in the form of a new follow-on medium tank.

Soviet artillery modernization programs have resulted in the fielding of an impressive array of new equipment. This includes self-propelled 122 mm and 152 mm systems which are gradually augmenting and replacing towed weapons of similar caliber. These self-propelled systems provide improved mobility, increased crew protection and shorter response time. In addition, multiple rocket launcher systems of improved design, larger caliber, and greater range have been fielded. To match their improved artillery firepower, the Soviets also developed new target acquisition, observation, surveillance, and fire control equipment. Continued application of the self-propelled design principle to different cannon and rocket artillery can be expected in the 1980s. Additionally, ammunition improvements will be made to achieve greater range and lethality.

Soviet infantry weapons have continued to undergo improvement during the 1970s. The RPG–7 antitank grenade launcher is still held in large quantities but a new version, the RPG–16, provides greater range and lethality. A new family of small arms firing 5.45 mm ammunition is now making its appearance. The Soviet development of this cartridge follows the Western trend to smaller caliber military rounds that started in the 1950s and resulted in the widely-used U.S. 5.56 mm cartridge. The AK–47 assault rifle which fires this new Soviet ammunition is similar in basic design to the older AKM, a weapon that has been widely distributed not only to Soviet forces but to many countries throughout the world. Improvements in infantry weapons during the 1980s will be directed at incorporating evolutionary design changes in weapons and ammunition and the gradual replacement of older weapons with the more modern systems.

A new generation of Soviet antitank guided missiles was fielded during the past decade. The missiles feature semiautomatic guidance, provide increased armor penetration, improved hit probabilities and generally greater range capabilities than earlier systems. Mounting antitank missiles on helicopters also reached a more advanced state of development, particularly during the past 5 years. Future Soviet antitank missiles will emphasize armor penetration and will incorporate improved guidance with a fully automatic system being a major goal.

During the last 10 years the Soviets continued to improve the mobility, firepower and target handling capability of their ground forces' air defense umbrella. They have added two new tactical surface-to-air missile systems to the three which were already deployed in 1969. These five systems complement each other in range and altitude capabilities thereby providing a formidable air defense shield for their ground forces. The trend of improving air defense coverage is expected to continue through the modification of existing systems and the introduction of new systems to supplement or replace them.

The Soviet armed forces are considered to be the best equipped and trained forces for launching and sustaining chemical attacks. Their force posture and capabilities for survival and operations in a toxic environment are currently unequalled by any other forces.

A large quantity of specialized decontamination and reconnaissance vehicles are integrated throughout all service components of the Soviet forces. Soviet combat and combat support vehicles are designed and equipped to operate in a contaminated environment. For example, the armored personnel vehicle, the latest T-series tanks, mobile repair shops and command and control vehicles are equipped with filtration systems capable of preventing toxic agents from entering the vehicles.

Soviet forces have available to them a large quantity and variety of chemical weapons and delivery systems. The chemical agents available for employment include highly lethal nerve agents and the older type agents such as mustard and hydrogen cyanide. These agents can be delivered to forward targets by artillery, multiple rocket launchers, tactical rockets, and to deep targets by missiles and aerial bombs.

As an indication of the importance that the Soviets place on chemical warfare, the chemical troop organization has been expanded in recent years and chemical specialists have been integrated into all force levels. In some units, platoons have been upgraded to companies, companies have become battalions, and battalions, regiments.

SOVIET TECHNOLOGY DEVELOPMENTS

Pacing each of the many new and improved Soviet weapon system developments is a very large research effort in the sciences and technologies. Technical advances in such fields as materials, propulsion and electronics permitted the weapon system developments that we observed in the Soviet Union during the past 10 years. The introduction of yet improved military hardware will continue to depend on their success in advancing technological frontiers. Some high technology areas such as directed energy appear to have a significant potential for weapons application. For example, the USSR appears to be roughly comparable to the U.S. in the capability to develop high energy laser systems. They have been working on the basic laser technologies as long as the U.S., and apparently have the expertise, manpower, and resources to develop any type of weapon laser that the U.S. could.

Soviet awareness of the potential of electromagnetic pulse (EMP) weapons is indicated by articles in their open literature and they are actively pursuing development of the very high peak power microwave generators that would be relevant to such application.

Finally, the Soviets have been aware of and interested in particle beam weapon (PBW) concepts since the early 1950s. Within the USSR, there is considerable work in areas of technology relevant to PBWs. However, much of this technology has probably been developed for other applications. At this time, U.S. and Soviet accomplishments in the relevant technologies are roughly equivalent.

TECHNOLOGY TRANSFER

The foregoing discussion would be incomplete however, without examining the relationship of technology transfer upon their military posture.

In addition to being the source of much of the Soviet Union's electronic and computer technology and manufacturing "know-how," the industrialized Free World has, during this decade, supplied their industrial sector with billions of dollars worth of efficient machine tools, transfer lines, chemical plants, precision instrumentation, and associated technologies. These goods and technologies have unquestionably played a major role in the modernization and expansion of Soviet industry. Although much of the technology embodied in the Western equipment is known and understood by Soviet technicians, their purchase via long term low interest loans has enabled the Soviet Union (and other Warsaw Pact countries) to achieve an industrial expansion at a substantially faster rate than would have been possible with indigenous resources. Unfortunately, "tracking" those acquisitions and proving that they have resulted in specific improvements in Soviet military capabilities is quite difficult inasmuch as equipment or technology must be acquired, assimilated and placed into production. This can take years. In the process, it may be modified to fit the particular Soviet circumstance until it loses its original identity and becomes "Sovietized." The result is that the final product might be without any visible evidence of a Western contribution. It is well known that the Soviets follow Western developments avidly through acquisition of scientific and technical journals, attendance at conferences and symposia, scientific exchange visits and the purchase of at least one copy of each of the 80,000 U.S. government documents and government contractor reports deposited with the National Technical Information Service of the Department of Commerce each year.

The actual improvements in Soviet military capabilities wrought by the acquisition of Western technology are often difficult to quantify. For example: truck tires possessing one-third greater wear because of superior carbon black from a Western-built plant or long range transport aircraft that suffer less down time due to the use of engine components produced on Western manufacturing equipment.

Nevertheless, we can cite some examples of Soviet acquisitions that we believe have made or are making a distinct contribution to the Soviet military procurement effort. In 1973 and 1974, 164 precision miniature ball bearing grinding machines were delivered to the Soviet Union. There was concern that these machines enabled the Soviets to develop their MIRV capability. Actually, the first machines were not delivered until after the Soviets had begun testing their relatively unsophisticated first generation MIRVs. However, we have no doubt that these machines are making a distinctive contribution to the Soviet military effort and could very well be producing the precision miniature ball bearings used in current and follow-on high quality MIRV guidance systems.

Another such example is in the production of Soviet KAMAZ trucks. The Kama River truck plant located near the city of Neberezhnyye Chelny in the USSR was built almost exclusively with Western technology. Among other things, the U.S. supplied the automated foundry for making the engines, the production line and the computer that controls the plant. The plant, when it reaches full production, will produce 150,000 trucks and an additional 100,000 engines per year. These trucks are more efficient and reliable than those they are replacing and have a 60 percent greater haul capability on a one-for-one basis. Many of these trucks indeed are going into the civil economy, (where they are always subject to call by the military); but others are actually being used by the military. We continue to receive unconfirmed reports that some of the excess engines may be destined for other military vehicles.

An entire series of Soviet computers is based on IBM 360 and 370 computers that were illegally diverted into the USSR in 1971 and 1972. These diversions via a Free World firm may have been the cornerstone for the Soviet/Warsaw Pact development of the RYAD I and II computers. The number of known cases of COCOM embargoed computers that have been diverted into the Soviet Union may be just the tip of the iceberg.

While the U.S. is at the forefront of electronics manufacturing, we are but one of about 11 Free World suppliers of metal working and fabrication equipment. For example, an Austrian firm is the world's principal builder of precision rotary forging equipment—an exceptionally efficient machine for producing high quality gun tubes. No other type of machine in the world is competitive with these machines. The Soviets have been one of the principal customers for these precision machines for almost two decades, purchasing probably hundreds of millions of dollars worth of equipment. These machines can radically increase production rates while simultaneously producing a much higher quality barrel required for the greater rates of fire and higher muzzle velocity of today's weapons. In addition, with today's higher quality steel, the overall life of artillery weapon systems is increased. As a result, the Soviets probably have the greatest gun-barrel manufacturing capability in the world.

Soviet acquisitions are not limited to purchases and diversions of equipment and goods. Soviet scientists and engineers study Western scientific developments and acquire technology know-how. I'll have more to say on this later but one specific example with direct military application that highlights the problem is that of a Soviet exchange student who came to the U.S. in the academic year 1976–77. He studied at one of our leading universities in the science involved in fuel-air explosives. It appears this Soviet "student" is himself involved in research directly related to fuel-air explosives.

In addition to the examples cited above we see the Soviets making a concerted effort to gain as much information, technology and equipment as possible on new and emerging technologies which may not have reached the military application phase in the U.S. but which certainly have the potential for such use.

Some examples are magnetic bubble memory technology for computers, genetic engineering, but more specifically the recombinant DNA (deoxyribonucleic acid), fracture mechanics and superplasticity. To be more explicit, under the auspices of an agreement between the U.S. and Hungarian Academies of Science, one Gyorgy Zimmer, who heads the Hungarian effort in magnetic bubble research, has been coming to the U.S. periodically and conducting research at one of our leading universities, attending conferences and visiting other facilities to observe and discuss American research. As in all other fields, we believe the Soviets have access to most if not all Hungarian and other Warsaw Pact research and information including that which Mr. Zimmer gains in the U.S. I would be surprised if this were not the case—indeed, foreign visitors tend to confirm this fact.

BILATERAL AGREEMENTS

In addition to the acquisition of Western industrial plants and equipment, the decade of the 70s has also witnessed greatly expanded contact between the Free World and Soviet scientists and engineers. The scope and depth of Soviet interest in the advanced and emerging technologies is exemplified by the exchange agreements the Soviets have negotiated with the U.S. since 1972. There are 10 bilateral agreements in existence with the U.S. comprising about 240 or so working groups in which Soviet and U.S. personnel are jointly working, including such subtopics as use of computers, metallurgy, microbiology, chemical catalysis, physics, science policy, metrology, earthquake prediction, fast breeder reactors, controlled thermonuclear research and MHD power generation.

One of the provisions common to many of these bilateral agreements encourages the establishment of separate agreements between individual U.S. companies and entities of the Soviet government such as the State Committee for Science and Technology. The Soviet Union has negotiated such agreements with a large number of U.S. companies; significantly, we agree, with companies who are "front-runners" in areas in which the Soviets are deficient. There is no formal U.S. government oversight of these agreements unless the accord results in the sale or transfer of an item or technical data that requires a validated export license. We view these agreements as still another mechanism for the potential transfer of advanced technology.

STUDENT EXCHANGE PROGRAM

Additional bilateral agreements that we believe serve as a very effective transfer mechanism are those that provide for the student exchange program that exists between the U.S. and the USSR/Warsaw Pact/China. The Soviet exchange students that come to the U.S. for an academic year usually already possess the equivalent of a U.S. PhD degree, average about 35 years of age, and probably have about 8 years of practical experience. Example of topics the Soviet students study are:

Research in Digital Automatic Control and Diagnosis.

Ferroelectric Ceramics.

Technological possibilities and efficiency of Computer application for control of machine-tool systems with digital set control.

Passage of shock waves through inert and combustible heterogeneous mixtures.

Conversion of hydraulic signals into electrical signals.

Photoelectric phenomena in semiconductors.

Solid state electrochemical thermodynamics.

This is contrasted with typical examples that American students study:

Language and style in the Chet'i Minei of Dmitri Rostovsky.

Socio-Economic developments of formal organization in Vilnius.

The professionalization of Russian psychiatry 1860–1911.

Marriage patterns in Russia and the USSR 1897–1975.

The state and the economy in Catherinian Russia.

Soviet criminal law and codification.

The development of medical sciences in 19th century Russia.

This disparity is further highlighted in this slide. It can be seen that U.S. students study language, history, social science, and art, while the Soviets study the hard sciences and engineering.

In summary, the Soviets are seeking Western technology and equipment by any and all means. In the past, Soviet weapon designers appeared to be somewhat constrained in the effectiveness of the products they could develop by a limited technological base for specialized components. Technology transfer affords them the opportunity to rectify such deficiencies. Much of what they acquire is slated for the industrial sector, but that this equipment and technology has been and is important to the Soviet military is axiomatic. As I have indicated the audit trail for Western equipment and science and technology is sometimes difficult to follow and its effects even harder to quantify, but we are positive it is there and making a very significant contribution.

It was my intention that this presentation convey to you the intensity, the momentum, the continuity, the seriousness and the profusion of Soviet military systems acquisition. The huge research base which I earlier described is right now planting the seeds for even more sophisticated weapons of the 90s. Recall the first VG which showed the Soviet prediction of their technical leadership commencing in the late 20th century. By whatever yardstick one applies, they are clearly intent upon fulfilling that prophecy.

Mr. HARRY F. BYRD, JR. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered. The Chair recognizes the Senator from West Virginia.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a brief period for the transaction of routine morning business, not to extend beyond 15 minutes, and that Senators may be permitted to speak therein up to 5 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Virginia.

TAKING AWAY A BLACKMAIL CARD

Mr. HARRY F. BYRD, JR. Mr. President, I have in my hand an excellent article from the Omaha World-Herald of Tuesday, November 13, 1979. This article in today's World-Herald contains an interview with the distinguished and able Senator from Nebraska. I feel that his comments on the Iranian matter are so wise and sound that I ask unanimous consent that this statement be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

EXON: OIL CUTOFF STOPS IRAN "BLACKMAIL"

(By Darwin Olofson)

WASHINGTON.—Sen. J. J. Exon said Monday that President Carter's action in cutting off oil imports from Iran takes a "blackmail card away" from the Iranians.

"I certainly feel this is a step in the right direction, and I think the President will have the total backing of the people on this," Exon said.

Approval of Carter's action also came quickly from Reps. John Cavanaugh of Omaha and Doug Bereuter of Utica.

But Rep. Virginia Smith of Chappell said the President could have taken "much more punitive" measures by freezing all of Iran's assets in the United States and calling for a worldwide embargo on Iranian oil.

NOT A HEAVY PENALTY

"It seems to me that this (Carter's action) is not a heavy penalty on Iran for holding 60 of our people," she said, adding that halting Iranian oil imports would penalize Americans.

"I think it's going to create hardships for us in consumption and availability of oil supplies," Cavanaugh said, adding:

"But I think we clearly have to demonstrate to Iran and the rest of the world that our energy dependence cannot be used to humiliate us as a nation and that we will make whatever sacrifices are necessary to assure our political integrity and independence."

Bereuter said he felt "the American people were ready for some kind of action, including this one."

He also said he thought the situation in Iran was one that would make people willing to cut down on their fuel consumption.

ECONOMIC EMBARGO

Both he and Cavanaugh suggessted that Carter should go further and ask other nations to join the United States in halting imports of Iranian oil.

Cavanaugh said he felt western nations also should be urged to join in "a total economic embargo of Iran until it establishes itself as a responsible member of the world community."

Exon, a member of the Senate Armed Services Committee, was notified by the Pentagon of the president's decision two hours before the oil cutoff announcement was made at the White House.

He said he had talked to Vice President Walter Mondale Monday morning about the situation in Iran and the status of the Americans held captives there.

"Unfortunately, there's nothing new to report," he said. "If anything, there seems to be a stiffening of (Ayatollah Ruhollah) Khomeini's position."

VERY DISTURBED

No one would have been surprised, Exon said, if Iran had stopped oil shipments to the U.S.

"It's much better if we tell them we're going to take that blackmail card away from them," he added.

Exon also said he was "very much disturbed" by what appeared to be the Soviet Union's lack of responsiveness to requests that it exert pressure on Iran to help secure the release of the American hostages.

"The Soviets once again seem to be taking advantage of every situation around the world to heighten tensions rather than lessen them," he said.

He said Russia's attitude has a bearing on his feelings about the SALT II treaty with the Soviet Union.

Supporters of the treaty say it should not be linked with other considerations, he said, "but I do not believe that we can or should say that nothing under the sun should be linked to SALT."

Exon said the intentions of parties to the treaty are important and should be considered.

Russia seems to be ignoring all pleas, including those of the United Nations and the pope, to help ease the situation in Iran, he said.

He also said he felt whatever shortfall in oil supplies that Carter's action might involve could be overcome if Americans would drive two miles less a day, "which we can all arrange to do."

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

MILITARY CONSTRUCTION APPROPRIATIONS, 1980

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of the pending business, H.R. 4391, which the clerk will state.

The assistant legislative clerk read as follows:

A bill (H.R. 4391) making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1980, and for other purposes.

The Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations with amendments, as follows:

On page 2, line 7, strike "$668,808,000" and insert "$779,203,000, of which $1,340,000 may be paid for use after 1960 by the Government of the United States of land on Roi-Namur Island, Marshall Islands District of the Trust Territories of the Pacific Islands, as authorized by the Military Construction Authorization Act, 1980,";

On page 2, line 13, strike "$47,700,000" and insert "$53,700,000";

On page 3, line 3, strike "$527,305,000" and insert "$566,160,000";

On page 3, line 5, strike "$51,549,000" and insert "$60,549,000";

On page 3, line 18, strike "$439,786,000" and insert "$593,650,000";

On page 3, line 20, strike "$41,000,000" and insert "$47,000,000";

On page 4, line 11, strike "$175,695,000" and insert "$258,630,000";

On page 4, line 11, strike "and in addition $39,200,000 which shall be derived by transfer from Military Construction, Air Force 1979/1983, to remain available until September 30, 1984;";

On page 4, line 21, after the colon, insert "Provided further, That $39,200,000 shall be transferred to "Military Construction, Defense Agencies, 1979/1983" from "Military Construction, Air Force, 1979/1983";";

On page 5, line 1, strike "$10,000,000" and insert "$14,000,000";

On page 5, line 12, strike "$20,000,000" and insert "$23,700,000";

On page 5, line 20, strike "$30,000,000" and insert "$36,000,000";

On page 6, line 2, strike "$25,000,000" and insert "$30,000,000";

On page 6, line 10, strike "$15,000,000" and insert "$18,300,000";

On page 6, line 17, strike "$10,000,000" and insert "$12,000,000";

On page 7, line 1, strike "$1,593,822,000" and insert "$1,689,925,000";

On page 7, beginning with line 5, insert the following:

For the Army:

Construction, $11,500,000;

For the Air Force:

Construction, $12,000,000;

On page 7, line 10, strike "$150,735,000" and insert "$154,025,000";

On page 7, line 11, strike "$1,443,087,000" and insert "$1,508,500,000";

On page 7, line 17, strike "$645,000,000" and insert "$716,216,000";

On page 7, beginning with line 19, strike through and including page 8, line 22;

On page 8, beginning with line 23, insert the following:

HOMEOWNERS ASSISTANCE FUND, DEFENSE

For use in the Homeowners Assistance Fund established pursuant to section 1013(d) of the Demonstration Cities and Metropolitan Development Act of 1966 (Public Law 89–754, as amended), $5,000,000.

On page 12, line 15, after "procurement" insert a comma and the following: "except that this provision shall not apply to the procurement of steel for any project of the NATO infrastructure program if the Secretary of Defense certifies to the Committee on Appropriations of the House of Representatives and the Committee on Appropriations of the Senate that an effort was made to have the steel procurement for such project considered as a separate item of the project involved, the result of that effort, and that it is in the United States interest to accept the action taken with respect to the procurement of steel for such project".

On page 13, beginning with line 1, insert the following:

"SEC. 115. (a) Funds appropriated under this Act for the Air Force shall be available in an amount not to exceed $1,000,000 to assist States and local governments in potential MX basing areas in meeting the costs of establishing planning organizations to conduct studies on and develop plans with respect to possible community impacts of the MX program, including studies and plans with respect to environmental and socioeconomic impacts, State and community land use planning, and public facility requirements.

"(b) The Secretary of Defense shall carry out the provisions of this section through existing Federal programs. The Secretary is authorized to supplement funds made available under such Federal programs to the extent necessary to carry out the provisions of this section. The heads of all departments and agencies shall cooperate fully with the Secretary of Defense in carrying out the provisions of this section on a priority basis."

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that I may be permitted to suggest the absence of a quorum without the time being charged against either side.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR NO ROLLCALLS BEFORE 2 P.M. TODAY

Mr. ROBERT C. BYRD. Mr. President, this has been cleared with Mr. HUDDLESTON and Mr. STEVENS, the managers of the bill. I ask unanimous consent that there be no rollcall votes in relation to the bill before 2 o'clock today, and that any that are ordered prior to that time, if such be ordered, occur beginning at 2 p.m.

Mr. STEVENS. There is no objection to that procedure.

The PRESIDING OFFICER. Hearing no objection, it is so ordered.

Debate on this bill is limited to 1 hour, to be divided and controlled by the Senator from Kentucky (Mr. HUDDLESTON) and the Senator from Alaska (Mr. STEVENS) with 30 minutes on any amendment and with 20 minutes on any debatable motion, appeal, or point of order.

The Chair recognizes the Senator from Kentucky.

Mr. HUDDLESTON. Mr. President, I ask for the yeas and nays on final passage.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Chair recognizes the Senator from Kentucky.

Mr. HUDDLESTON. Mr. President, I ask unanimous consent that the committee amendments be considered and agreed to en bloc and that the bill as amended be considered as original text for the purpose of further amendment with the understanding that no points of order be considered as having been waived by reason thereof.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. HUDDLESTON. Mr. President, the military construction appropriation bill for fiscal 1980, as reported from committee, includes funding of $3,888,743,000 for the planning, design, construction, alteration, and improvement of military facilities both in the United States and overseas. This is $7,880,000 more than the appropriation for fiscal 1979, $16,682,000 more than the budget request, and $406,752,000 more than the House bill.

The major unbudgeted item in the bill is $57 million for construction of test facilities for the new MX missile at Vandenberg Air Force Base, Calif. The need to have these funds included in the fiscal 1980 appropriation bill only recently came to the attention of the committee. The Appropriations Subcommittee on Military Construction and the Armed Services Subcommittee on Military Construction and Stockpiles held a joint hearing on October 29 on the proposal, and the item, which had been added to the authorization bill during House floor consideration, was included in the conference version of the Military Construction Authorization Act.

According to testimony, funds for the test facilities are needed in December of this year in order to preclude either slippage in the MX–IOC date or a full-scale production decision prior to flight testing. With the funds for the test facilities in this bill, the Air Force would expect to award contracts on the project beginning in February 1980—only 3 months away.

The committee has also included authority for the Air Force to use up to $1 million of its budget to assist States and local governments in potential MX basing areas in planning to handle the impact of the MX program. This would be accomplished through the establishment of planning organizations which would conduct studies and develop plans to deal with the environmental and socioeconomic impact.

The committee has also approved the full $78.2 million requested for space shuttle construction at Vandenberg Air Force Base and Johnson Space Center (JSC), Tex. While the committee is aware of the many problems which have plagued the space shuttle program, it believes that the United States is fully committed to the space transportation system and that, consequently, every effort should be made to bring the system to operational status as soon as possible.

The $78.2 million involves $65.8 million for construction of launch-related facilities at the west coast launch site which will be under Department of Defense control. The east coast launch site at Cape Kennedy, Fla., will be operated by NASA and is not funded in this bill. DOD missions will, however, be launched from both sites. Shortly after launch, control of a Shuttle flight will shift from the launch facility to mission control facilities at NASA's Johnson Space Center. The other $12.4 million in the bill is to provide protection at Johnson Space Center for the classified aspects of DOD missions.

The bill includes the full authorized amount of $120 million for the Guard and the Reserves—$23.7 million for the Army National Guard, $30 million for the Army Reserve, $18.3 million for the Naval Reserve, $36 million for the Air National Guard, and $12 million for the Air Force Reserve. The amount is $20 million more than the budget request of $100 million, but $48 million less than the fiscal 1979 appropriation. The additional funds were included because the Guard and Reserve now constitute about 30 percent of our fighting force and have assumed a number of new missions which have been traditionally associated with the active forces.

The bill also contains the full budget request for planning and design funds. The House had cut $22.9 million of these funds, based principally on concern over design change orders, lost design and breakage. While the committee agrees with the House that there are a number of problems, it appeared that with the reduction it would be difficult, if not impossible, for the services to bring the construction program to the 35 percent design status for submission to Congress.

Furthermore, the bill includes $3 million above the budget request for planning and design for the conversion to coal or alternate fuels of alternate fuel capable plants which currently are burning oil or gas. The U.S. overdependence on foreign sources of energy continues to pose a serious threat to the security of our Nation. Since national security is the primary mission of the Department of Defense, it is only fitting that DOD lead the way in switching from oil and gas to domestically available fuels.

The bill reflects a number of changes from the budget request for construction in Europe. While direct U.S. financing of facilities, principally for the Army and Air Force, has been reduced, the full authorized amount of $185 million has been included for the NATO infrastructure program. This is consistent with the policy that European defense expenditures should be jointly financed, not unduly borne by the United States.

At the same time, the bill does contain the requested funding for a number of facilities associated with dependents. The U.S. Army, which has the largest manpower force of the services, keeps a large portion—about one-fourth—of its total force overseas at any one time. Absent a major redirection in U.S. policy the size of that overseas force is unlikely to diminish in the near future. All the services are now experiencing some difficulties in meeting their manpower requirements under the All-Volunteer Army. With the All-Volunteer Force and today's norms, severe restrictions on dependents are only likely to provide a further disincentive for enlistment or reenlistment. In addition, numerous commanders have reported to the committee that morale, discipline and performance are generally better in those situations where dependents are present.

Most important for present purposes, however, is the fact that the projects requested in the fiscal 1980 budget are necessary to help eliminate the backlog of facilities required to serve dependents already abroad.

In summary, most of the funding in the fiscal 1980 bill falls into one of four categories. The first is support of strategic systems and includes, in addition to the MX facilities discussed earlier, funding for the Trident facilities on the west coast at Bangor, Wash., facilities for the *Poseidon* force on the east coast at Kings Bay, Ga., and support facilities for the Trident I missile, which is now being retrofitted in the *Poseidon*, at Charleston, S.C.

A second is support of new systems and includes funds for the air-launched cruise missile at Griffiss Air Force Base, N.Y., and other unspecified locations as well as facilities for the XM–I tank both in the United States and Europe.

A third category relates to improvements in European preparedness and a fourth to energy conservation and pollution abatement projects.

A State-by-State summary of items

funded in the bill is appended to the report, beginning on page 44.

Mr. President, in view of the budgetary constraints which have been imposed on the military construction program for several years now and in view of the need to support a number of new and expanding systems, I believe the bill before the Senate reflects the proper priorities.

Mr. President, I yield at this time to the distinguished Senator from Alaska.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. STEVENS. Mr. President, I thank the distinguished chairman of the subcommittee (Mr. HUDDLESTON).

It is a pleasure to be working with him again on this bill. He has provided us with details of the major points in the fiscal 1980 military construction appropriation bill. I would like to add briefly to Senator HUDDLESTON's remarks.

This bill contains $3.89 billion in new budget authority for fiscal 1980. This is $7.9 million over last year's appropriation which was considered constrained by the so-called moratorium which had been placed on military construction in recent years. As reported to the Senate, our bill is $16.7 million over the budget request. However, considering the $57 million added to the bill by the administration request for an MX test facility; $20 million added by the authorizing committees for the Guard and Reserve forces; the $185 million—$35 million over the budget request—approved for NATO infrastructure costs; and numerous other changes, I believe our subcommittee has done remarkably well to report this bill so close to the budget request and within the allocation contained in the first concurrent resolution.

I would like to stress one point. The MX test facility recommended for Vandenberg Air Force Base is not in any way connected to a particular basing mode for the MX. In a recent hearing, our subcommittee was assured by the Air Force that these proposed facilities were designed to accommodate testing for the MX missile in any basing mode. To be sure that the Department of Defense makes no decision on the basing mode, I will offer the identical language adopted overwhelmingly on the defense appropriations bill. The $57 million for the MX test facility will be a conference item since it was not considered by the House Appropriations Committee. I know that the conferees will carefully consider these proposed facilities.

The committee has carefully reviewed the projects requested in this bill. Considering the ever growing backlog of military construction, the committee has weighed the priorities and we recommended this bill to the Senate. All projects have been authorized by the Armed Services Committees which have recently completed their conference.

I take this opportunity to commend the chairman and ranking member, Senator LAXALT for their fine work throughout the year, and I urge the Senate to pass this bill as amended.

Mr. President, I am managing the bill on our side in the absence of Senator LAXALT. I ask unanimous consent to have his statement printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT BY SENATOR LAXALT

The distinguished Chairman of our Subcommittee, Mr. Huddleston, has given the Senate a detailed breakdown on this bill appropriating funds for military construction in fiscal 1980. I would like to comment just briefly on our Committee recommendations.

As the Senate is aware, our bill is reported at $3.89 billion which is $16.7 million over the budget request. Our Subcommittee has carefully reviewed the projects requested and recommended what we feel are the highest priorities for military construction in fiscal 1980. Let me just mention a few highlights:

A sum of $57 million is recommended for MX test facilities at Vandenberg Air Force Base. These facilities are not directed at any particular basing mode for the MX. This item will be carefully considered again during the conference with the House.

Authority for the Air Force to use up to $1 million to assist states and localities which are potential basing locations to plan for the impact such basing will cause.

$78.2 million for space shuttle construction at Vandenberg Air Force Base and Johnson Space Center.

$185 million for the United States' share of the NATO Infrastructure program. Our Subcommittee will continue to carefully monitor the Infrastructure program and urge the Department of Defense to request construction projects in NATO only after the Infrastructure funding has been ruled out.

$20 million over the $100 million requested for the Guard and Reserve forces. Considering the ever growing importance our Guard and Reserve forces play in the total force concept, we must be sure to provide this part of our force structure with adequate and current facilities.

This bill, as reported, does very little to cut into the enormous backlog of military construction requirements. I believe that we must consider this backlog very carefully. With inflation out of control, this construction backlog continues to grow in dollar value if not in the number of projects. I hope that our Subcommittee will see a budget request for fiscal 1981 which takes this backlog into consideration. In recent years, the military construction budget has been the victim of cuts to make the overall defense budget meet Administration goals. I am hopeful we see an end to this type of budgeting in the near future.

I thank our Chairman, the Senator from Kentucky (Mr. Huddleston), for this diligent work on this bill. It has been a pleasure for me to work with him this year on this bill.

I urge the Senate to pass this bill as reported by our Committee.

Mr. STEVENS. Mr. President, is the bill open for amendment?

The PRESIDING OFFICER. The bill is open for amendment.

UP AMENDMENT NO. 795

Mr. STEVENS. Mr. President, I call up the amendment I have at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Alaska (Mr. STEVENS) poses an unprinted amendment numbered 795:

Insert in the appropriate place:

None of the funds appropriated under this act to continue development of the MX Missile may be used in a fashion which would commit the United States to only one basing mode for the MX missile system.

Mr. STEVENS. Mr. President, this is the amendment that was adopted by the Senate by a vote of 89 to 0 last week, after we considered the problem of what to do about the MX basing mode.

It does not commit us to any particular basing mode, but it enjoins the Department of Defense, as it uses moneys that are made available for the MX missile, not to use those moneys in a fashion which would commit the United States to only one basing mode for the MX missile.

I hope we can work out a variable basing mode concept which would not commit us to any one basing mode—as a matter of fact, one in which, to the maximum extent, the moneys would be invested in a way that would enable us to have some joint use of the facilities that might be used for the launching of the MX missile.

I hope the chairman will accept this amendment, so that the moneys in this bill would be subject to the same limitation as the moneys in the major defense appropriations bill.

Mr. HUDDLESTON. Mr. President, I thank the distinguished Senator from Alaska. I appreciate his kind comments.

I would like to note that, until very recently, the Senator from Alaska was the ranking member of this Subcommittee on Military Construction; he has made invaluable contributions over the years to these programs.

I sympathize fully with the intent of the amendment by the Senator from Alaska. The proposed basing of the new MX missile has raised a number of questions.

The question of whether it will go into the so-called racetrack mode or some other way in which it can be adequately protected and serve the security interests of the United States will have to be decided by Congress. But I think there is general agreement that we should move forward with the development and production of the new MX missile. The facilities that are provided for in this bill are for the testing of that missile. Whatever basing mode is finally decided upon, the missile will have to be fully tested before it can go into production.

Consequently, as a matter of clarification, I would ask the Senator if it not his intent that his amendment in no way preclude the expenditure of these funds in order to provide for the testing facilities, as long as those expenditures do not in any way prejudice a future basing mode decision?

Mr. STEVENS. That is my intent, Mr. President. I support fully the development of the MX missile. I think the Senate expressed its will last week, in the defense appropriations bill we passed, that we do want to see the MX missile proceed.

The statement of the Senator from Kentucky is consistent with my intention in offering this amendment. This amendment is not designed in any way to limit the testing of the MX missile or to prohibit its being tested in any one particular basing mode.

The intention of the amendment is to assure that as these funds are utilized, they will not be utilized in a manner which would commit us to one particular basing mode, as was the expressed intention of the administration in the past. I think the administration now understands the feelings of the Senate.

Again, there is no intention, in offering this amendment, in any way to restrict the testing of the MX missile in any mode.

Mr. HUDDLESTON. With that understanding, I commend the Senator for his amendment, and I accept it on this side.

Mr. STEVENS. I yield back the remainder of my time.

Mr. HUDDLESTON. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Alaska.

The amendment was agreed to.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HUDDLESTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Are there further amendments?

Mr. STEVENS. Does the Senator from Maine wish time?

Mr. COHEN. Yes. I would like to have a few minutes for a colloquy.

Mr. STEVENS. Mr. President, how much time do we have on the bill?

The PRESIDING OFFICER. The Senator has 27 minutes remaining on the bill.

Mr. STEVENS. I yield the Senator from Maine such time as he desires.

Mr. COHEN. Mr. President, on October 31, the Department of Defense announced that the decision to reduce Loring Air Force Base in Maine to a forward operating base, made earlier this year, would not be implemented. The Department's determination was made on the basis of its continuing assessment of the evolving strategic requirements and the need to assure maximum flexibility in the posture of our strategic and general purpose forces for the 1980's. It followed a lengthy examination of the proposed reduction which was conducted by the Military Construction Subcommittee of the Armed Services Committee.

When the Department of Defense made its October 31 decision, it notified me and my senior colleague from Maine, Senator MUSKIE, that required construction and normal maintenance and repair of facilities would be planned and programed for this base for fiscal year 1980 and future years. The condition of base housing, which has been a severe problem at Loring for a number of years, was recognized by the Department of Defense as a high priority for improvement.

My question to the respected chairman of the Military Construction Appropriations Subcommittee is this: Are there any provisions in this bill, or any language in the accompanying committee report, which would prevent the Department of Defense or the Air Force from carrying out the commitment made on October 31?

Mr. HUDDLESTON. Mr. President, I am delighted to respond to the distinguished Senator from Maine on this subject.

I point out that the senior Senator from Maine (Mr. MUSKIE) also raised this question last week, and we have gone into it in some detail.

The bill, as the Senator knows, funds the entire amount authorized for family housing, which is $1.69 billion. Included in that $1.69 billion is $716 million for maintenance and repair and $3 million for minor construction.

So I hope that within these funds, some assistance might be found for Loring. While there is a backlog of maintenance and repair projects, I think there is some flexibility in this account.

The Department could use that flexibility to accommodate the pressing needs at Loring. Certainly there is nothing in the bill that would restrict them from doing that.

Mr. COHEN. There is nothing in the bill that would restrict those improvements from being made during fiscal 1980.

The second question is: Will the Senator's subcommittee during the consideration of the administration's fiscal 1981 budget request actively consider means by which this urgent base need, especially related to housing, can be realized at Loring?

Mr. HUDDLESTON. Yes. I assure the Senator we will go into this subject very thoroughly during the hearings next year.

Mr. COHEN. I thank the Senator very much.

The PRESIDING OFFICER. Who yields time?

Mr. HUDDLESTON. Mr. President, if there is no one present to propose an amendment, I suggest the absence of a quorum to be charged equally between both sides.

Mr. STEVENS. Mr. President, will the Senator withhold that request?

Mr. HUDDLESTON. I withhold.

(At this point there was a colloquy between Mr. STEVENS and Mr. HUDDLESTON which is printed earlier in today's RECORD, by unanimous consent.)

Mr. STEVENS. May I inquire of the Senator, to my knowledge there will be no amendments offered from our side of the aisle on this bill. I wonder if there are amendments to come, and if there are not, whether we could not take this bill to third reading and have passage voted at 2 o'clock, as is already indicated by the unanimous-consent agreement?

Mr. HUDDLESTON. I say to the Senator from Alaska that I know of no amendments to be proposed on this side of the aisle. The senior Senator from Maine (Mr. MUSKIE) is on his way to discuss the housing situation at Loring AFB which was just raised by the junior Senator from Maine. Other than that there is a colloquy that the distinguished Senator from Colorado (Mr. HART) and I intend to have.

Mr. STEVENS. Mr. President, I think the cloakroom should notify Senators that following the colloquy which has just been mentioned by the Senator from Kentucky, it will be our intention to ask that this bill go to third reading, which would foreclose any further amendments.

As I said, I think we could have the vote at 2 o'clock. It is already in order that any votes that will take place on this bill take place at 2 o'clock. We do have a request for a rollcall vote on the bill.

So, as I said, I have no knowledge of any further amendments, and we will wait for Senator MUSKIE.

Mr. HUDDLESTON. I suggest that we wait for a few minutes on the Senator from Maine. In the meantime, I suggest the absence of a quorum, Mr. President.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HUDDLESTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUDDLESTON. Mr. President, I yeld to the distinguished senior Senator from Maine such time as he may require.

The PRESIDING OFFICER. The Senator from Maine is recognized.

Mr. MUSKIE. Mr. President, I thank the distinguished floor manager of the bill for yielding to me on a subject we have discussed informally, and which I would now like to discuss on the record.

Mr. President, on October 31, the Secretary of Defense announced that the decision to reduce Loring Air Force Base would not be implemented. The decision reflected a recognition of the strategic value of Loring as a strategic air command installation, the mission of which is to accommodate both bombers and tankers as part of our strategic deterrent forces and rapid deployment forces.

The Senate had earlier recognized the strategic value of Loring and included a provision in the fiscal year 1980 military construction authorization bill prohibiting reduction of the base. After Secretary Brown announced the decision to retain Loring, the conferees dropped the legislative provision from the military construction authorization bill, but included report language recognizing the unique strategic value of Loring.

I ask unanimous consent that the text of that language be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. MUSKIE. Mr. President, I am of course pleased that the proposal to reduce Loring Air Force Base has been abandoned. With my colleagues in the Maine delegation, I have argued for 3 years that Loring's unique location in the northeast corner of the United States offered valuable strategic and logistic advantages that should be preserved and enhanced. It is most encouraging to have had that position affirmed first by the Senate, and now by the Secretary of Defense.

But while I am pleased and encouraged, Mr. President, I am also concerned with the construction needs of this valuable installation in northern Maine.

The proposal to reduce Loring Air Force Base was publicly announced in March of 1976, and apparently was under consideration within the Air Force for some years before that. For the 3 years that the reduction proposal was publicly debated, and for a period of time before, many needed repairs and renovation projects were deferred so that the Air Force could utilize available funds at other installations not scheduled for reduction. As a result, many projects, such as repair of utility lines, electrical distribution lines, replacement of roofs, painting, and general facilities repair work, were not carried out. Now that Loring's status as an active SAC base is permanent, this work should be expedited to prevent further deterioration and added expense.

In his announcement, Secretary Brown recognized that there are priority needs in fiscal year 1980, particularly with respect to housing rehabilitation.

I recognize that we are late in the congressional cycle for military construction funds. The military construction authorization bill is through conference, and we are in the final stages of shaping the appropriations for military construction.

I am deeply concerned, however, with the need at Loring for housing and facilities rehabilitation and would like to ask the floor manager of this bill, the distinguished Senator from Kentucky (Mr. HUDDLESTON) to consider the circumstances at Loring and attempt to identify funds in this legislation which might be made available for Loring. I understand that there is at least $9 million worth of housing rehabilitation work which has been deferred at Loring over the last 5 to 6 years. This work could be accomplished this fiscal year if funds were identified and made available. I am also advised that $4 million for general repair of utility systems could be immediately utilized if funds for those purposes can be identified.

I understand that, under this bill, $3 million is provided for minor construction and $716 million is provided for maintenance and repair of family housing. These programs are flexible and I would hope will provide the funding we need at Loring. The level of funding for these programs is higher in the Senate bill than in the House version. I encourage the distinguished chairman of the Military Construction Appropriations Subcommittee to retain sufficient funds in conference to accommodate these priority needs at Loring, and to seek support in the conference for identifying these priority needs at Loring as appropriate projects for funding under these provisions.

I am most appreciative of the sympathetic attitude that Senator HUDDLESTON has shown toward this problem and I am pleased to bring it to his attention on the RECORD at this time.

Mr. HUDDLESTON. I thank the distinguished Senator from Maine. I would point out that Senator MUSKIE contacted us last Friday about this problem and gave us an opportunity to talk directly with the Department of Defense. They have assured us that they intend to assist with this particular problem at Loring. As I noted previously, the committee itself has included in this bill all of the money that was authorized for family housing, the full $1.69 billion. Included in that amount is $716 million for maintenance and repair and $3 million for minor construction.

It is our position that within these funds there is ample flexibility to assist Loring. And with the expression of intent made to us from the Department of Defense in response to the request of the Senator from Maine, it is our hope that these projects will go forward.

Mr. MUSKIE. I thank my good friend from Kentucky. I am most grateful for his positive attitude and cooperation.

May I also add that I am most appreciative to the Air Force for its positive attitude toward funding of these needs, now that the decision with respect to reduction of the base has been reversed.

I thank the distinguished floor manager, my good friend from Kentucky. I yield the floor.

EXHIBIT 1

Section 809 of the Senate's bill prohibited the base realignment of Loring Air Force Base, which had been announced by the Secretary of the Air Force in March 1979, due to the significant strategic value of the Base and the complex set of evolving decisions regarding U.S. strategic programs.

The House amendment did not include this provision.

On the basis of the Secretary of Defense's decision of October 31, 1979, wherein he announced that Loring Air Force Base would remain a fully operational Strategic Air Command (SAC) base, the conferees withdrew this provision. The conferees agree with the decision of the Secretary of Defense that the reduction of Loring to a forward operating base should not occur because of the need for maintaining maximum flexibility in strategic and tactical forces in the 1980's and due to the evolving strategic basing requirements such as decisions on the beddown of the air launched cruise missile, a follow-on penetrating bomber, and a new air defense interceptor. While a full discussion of the strategic considerations of Loring Air Force Base would get into classified information, the need for Loring can be justified by its significant contribution as a strategic asset. The conferees further agree that construction and O&M funds to upgrade and maintain this base should be planned and programmed for FY 1980 and future years in order that the base retain a high level of strategic and tactical capability.

Mr. HUDDLESTON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HUDDLESTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUDDLESTON. I yield to the Senator from Maine such time as he may require.

Mr. MU3KIE. Mr. President, given our concern with the budgetary implications of all appropriations bills at this point in the session, I would like to make this brief statement with respect to the pending bill.

The bill provides $3.9 billion in budget authority and $1.1 billion in fiscal year 1980 outlays. These amounts are consistent with the President's budget request and the functional totals of the second budget resolution.

While I remain concerned about the Appropriations Committee's ability to live within its total allocation, this bill fits within the committee's military construction subcommittee's estimated allocation and the spending in the bill clearly was contemplated in the second budget resolution.

Mr. President, since this bill is consistent with the budget resolution, I support the bill as reported.

I ask unanimous consent that a table showing the budgetary status of this function be printed in the RECORD following my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Function 050

[Dollars in billions]

	BA	O
Action completed[1]	2.7	41.4
Defense appropriation bill as passed	131.6	84.5
Military construction appropriation bill as reported	3.9	1.1
Possible later requirements[2]	2.4	2.1
Total	140.6	129.1
Second budget resolution	141.2	129.9

[1] Includes appropriation action to date and outlays from prior-year authority.

[2] Includes strategic stockpile legislation, pay supplemental and other miscellaneous items.

Mr. HUDDLESTON. Mr. President, the Senator from Colorado (Mr. HART), the chairman of the Armed Services Subcommittee on Military Construction and Stockpiles, and I have discussed the possible methods of dealing with the troublesome problem of currency fluctuations.

The House recommended a special fund. Senator HART and I agree that the normal authorization/appropriations process, which allows for close congressional review of currency revaluations and funding needed to compensate for them, is the preferable way to handle the matter. Consequently, we wish to explain the issue in some detail.

Mr. HART. Mr. President, I wanted to take just a moment to compliment my colleague from Kentucky, the distinguished chairman of the Military Construction Subcommittee, for his expeditious handling of this legislation. Just last Friday the Senate approved the conference report on the military construction authorization bill for fiscal year 1980. It is important to move this legislation as rapidly as possible, not only to get started on badly needed facilities, but also to maximize the buying power of the military construction dollar which, like the entire construction industry, suffers under inflation of about 1 percent per month. The fact that military construction authorization and appropriation bills will not be enacted until 2 months into the fiscal year means that the taxpayers have lost $70–$80 million in buying power due to inflation. Again, I would thank Senator

Huddleston for moving this bill so expeditiously.

There is one point that I want to raise with the manager of the bill and that has to do with the issue of how to deal with the problem of dollar devaluation on overseas projects. The House included in their bill an appropriation of $100 million as a "slush fund" to be used for overseas projects that are being squeezed by the declining value of the dollar. This same House appropriation provided that

> . . . authorizations or limitations now or hereafter contained within appropriations or other provisions of law limiting the amounts that may be obligated or expended are hereby increased to the extent necessary to reflect fluctuations in foreign currency exchange rates from those used in preparing the applicable budget submission. . . .

The Senate Appropriations Committee in its amendments has deleted this House provision. I heartily endorse the Senate committee's action.

The House language is objectionable on two points. First, it is legislation on an appropriations bill in its most blatant form—it removes any cost limitations imposed by authorizing bills as well as appropriations bills "now or hereafter" enacted. Second, and I believe more importantly, it removes what I considered to be the most important management device included in the authorizing legislation—that is the requirement for each military service to execute its construction program within the total authorization for their title. If they have a cost overrun on one project, it must be offset by savings on other projects.

The Armed Services Subcommittee on Military Construction and Stockpiles considered the request of the services—especially the Army—to increase the authorization simply based on the increase to the budget request that would have occurred as a result of the increasing dollar exchange rates. We asked the Army to tell us what projects would drop out if this request were not approved. The Army could not respond. In fact, it now appears that the Army will have more authorization than it needs as a result of unfunded authorization and projects which will not be built for a variety of reasons.

There is one thing I am sure of—if the services are given a $100 million "slush fund" and all of the constraints in law are waived, they will spend the $100 million—whether they need it or not.

Would the manager of the bill comment on the point that I have just raised?

Mr. HUDDLESTON. First, Mr. President, let me thank the Senator from Colorado for his efforts to get this fiscal year 1980 military construction effort moving. His actions have been most timely; the Senate passed the authorizing legislation in June of this year, but it was not until October that the House considered the measure. He moved rapidly to wrap up the conference and assisted my subcommittee by providing the earliest possible information so that this bill could be considered.

I want to endorse what he has said with regard to the dollar devaluation situation. The situation is analogous to the man who gets a pay raise that is less than inflation—he has to decide on priorities and if he cannot get more efficient, he must defer his lower priority desires.

Mr. HART. Do you agree that the House language is legislation on an appropriation bill?

Mr. HUDDLESTON. Without question. We should not use the appropriations bills to rewrite the authorizing legislation. Our system would break down.

Mr. HART. I thank the Senator for his indulgence. I strongly support this bill and again compliment the floor manager for his expeditious handling of this important appropriation.

Mr. HUDDLESTON. Mr. President, I yield to the majority leader.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished Senator from Kentucky.

Mr. STEVENS. I believe we are ready for third reading, Mr. President.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendments to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill (H.R. 4391) was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? The yeas and nays have been ordered on this question; but since, under the previous order, there can be no rollcall vote until 2 o'clock, the vote will be delayed. The Chair recognizes the Senator from West Virginia.

HOME ENERGY ASSISTANCE ACT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of S. 1724, which, as stated on Friday, was intended to be the bill taken up upon the disposition of the military construction appropriations bill; that the Senate proceed on that measure until the hour of 2 o'clock; that at the hour of 2 o'clock there be 10 minutes remaining for debate on the military construction appropriations bill, the time to be equally divided between Mr. Huddleston and Mr. Stevens; and that upon the disposition of that bill the Senate resume the consideration of S. 1724.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia?

Mr. STEVENS. Mr. President, reserving the right to object, we want to make certain that that time is not more than 10 minutes. It is our intent that the vote take place shortly following 2 o'clock. I assume this means that we have yielded back our time on each side, so that the time for debate will be a maximum of 5 minutes on each side. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. STEVENS. I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered. The bill will be stated by title.

The legislative clerk read as follows:

A bill (S. 1724) to authorize the Secretary of Health, Education, and Welfare to make grants to States in order to provide assistance to households which cannot meet the high cost of fuel, and for other purposes.

The Senate proceeded to consider the bill, which had been reported from the Committee on Labor and Human Resources with an amendment to strike all after the enacting clause and insert the following:

That this Act may be cited as the "Home Energy Assistance Act".

STATEMENT OF FINDINGS AND PURPOSE

Sec. 2. (a) The Congress finds that—

(1) recent dramatic increases in the cost of primary energy sources have caused corresponding sharp increases in the cost of home energy;

(2) reliable data projections show that the cost of home energy will continue to climb at excessive rates;

(3) the cost of essential home energy imposes a disproportionately larger burden on fixed-income, lower income, and lower middle income households and the rising cost of such energy is beyond the control of such households;

(4) fixed-income, lower-income and lower-middle-income households should be protected from disproportionately adverse effects on their incomes resulting from national energy policy;

(5) adequate home heating is a necessary aspect of shelter and the lack of home heating poses a threat to life, health, or safety;

(6) adequate home cooling is necessary for certain individuals to avoid a threat to life, health or safety;

(7) low-income households often lack access to energy supplies because of the structure of home energy distribution systems and prevailing credit practices; and

(8) assistance to households in meeting the burden of rising energy costs is insufficient from existing State and Federal sources.

(b) It is the purpose of this Act to make grants to States to provide assistance to eligible households to offset the rising costs of home energy that are excessive in relation to household income.

DEFINITIONS

Sec. 3. As used in this Act—

(1) "household" means any individual or group of individuals who are living together as one economic unit for whom residential energy is customarily purchased in common or who make undesignated payments for energy in the form of rent;

(2) "home energy" means electricity, oil, gas, coal or any other fuel for use as the principal source of heating or cooling in residential dwellings;

(3) "lower living standard income level" means the income level (adjusted for regional, metropolitan, nonmetropolitan differences and family size) determined annually by the Secretary of Labor based upon the most recent "lower living standard family budget" issued by the Secretary of Labor.

(4) "Secretary" means the Secretary of Health, Education, and Welfare; and

(5) "State" means each of the several States and the District of Columbia.

HOME ENERGY GRANTS AUTHORIZED

Sec. 4. (a) The Secretary is authorized to make grants, in accordance with the provisions of this Act, to States on behalf of eligible households to assist such households to meet the rising costs of home energy.

(b) There are authorized to be appropriated $1,600,000,000 for the fiscal year 1980, $3,000,000,000 for the fiscal year 1981, and $4,000,000,000 for the fiscal year 1982, to carry out the provisions of this Act.

(c) (1) Unless the Congress in the regular session which ends prior to the beginning of the terminal fiscal year of the authorization of appropriations for the program authorized by this Act either—

(A) has passed or has formally rejected legislation which would have the effect of extending the authorization of that program; or

(B) by action of either the House of Representatives or the Senate, approves a resolution stating that the provisions of this subsection shall no longer apply to such program;

such authorization is hereby automatically extended for one additional fiscal year. The amount appropriated for such additional year shall not exceed the amount which the Congress could, under the terms of the law for which the appropriation is made, have appropriated for such program during such terminal year.

(2)(A) For the purposes of clause (A) of paragraph (1) of this subsection, the Congress shall not have been deemed to have passed legislation unless such legislation becomes law.

(B) In any case in which the Secretary is required under this Act to carry out certain acts or make certain determinations which are necessary for the continuation of the program authorized by this Act, if such acts or determinations are required during the terminal year of such program, such acts and determinations shall be required during any fiscal year in which that part of paragraph (1) of this subsection which follows clause (B) thereof is in operation.

(d) For the purpose of affording adequate notice of assistance available under this Act, appropriations under this Act are authorized to be included in an appropriation Act for the fiscal year preceding the fiscal year for which they are available for obligation. Funds appropriated under subsection (b) of this section shall remain available until expended.

ELIGIBLE HOUSEHOLDS

SEC. 5. (a) Eligible household means any household which the State determines is—

(1) eligible for (A) aid to families with dependent children under part A of title IV of the Social Security Act, (B) supplemental security income payments under title XVI of the Social Security Act, (C) food stamps under the Food Stamp Act of 1977, or (D) payments under section 415, 521, 541, or 542 of title 38, United States Code (relating to certain veterans' benefits); and

(2) any other household with an income equal to or less than the lower living standard income level as determined pursuant to subsection (c) of this section.

(b) Notwithstanding clause (1) of subsection (a), a household which is eligible for supplemental security income payments under title XVI of the Social Security Act shall not be considered eligible for home energy assistance under this Act if the eligibility of a household is dependent upon—

(1) an individual whose annual supplemental security income benefit rate is reduced pursuant to section 1611(e)(1) of the Social Security Act by reason of being in an institution receiving payments (under title XIX of that Act) with respect to that individual,

(2) an individual to whom the reduction specified in section 1612(a)(2)(A)(i) of that Act applies, or

(3) a child described in section 1614(f)(2) of that Act (who is living together with a parent or the spouse of a parent).

(c) In determining income eligibility for the purpose of clause (2) of subsection (a), the State shall apply procedures and policies consistent with procedures and polices used by the State agency administering programs under part A of title IV, of the Social Security Act.

ALLOTMENTS

SEC. 6. (a) From 95 per centum of the sums appropriated pursuant to section 4(b) for the fiscal year 1981 and for each fiscal year thereafter the Secretary shall—

(1) allot to each State an amount which bears the same ratio to one-half of such 95 per centum as the aggregate residential energy expenditure in such State bears to the aggregate residential energy expenditure for all States; and

(2) allot to each State an amount which bears the same ratio to one-half of such 95 per centum as the total number of heating degree days in such State, multiplied by the number of households in such State having incomes equal to or less than the lower living standard income level bears to the sum of such products for all States.

(b)(1) From the remainder of the sums appropriated pursuant to section 4(b) for each fiscal year, the Secretary shall—

(A) transfer to the Director of the Community Services Administration $100,000,000 for carrying out energy crisis related activities under section 222(a)(5) of the Economic Opportunity Act of 1964, and

(B) reserve $2,500,000 to be apportioned on the basis of need between the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

(2) Each jurisdiction to which subparagraph (1)(B) applies may receive grants under this Act upon an application submitted to the Secretary containing provisions which describe the programs for which assistance is sought under this Act, and which are consistent with the requirements of section 8(b) of this Act.

(3)(A)(i) The remainder of the sums appropriated pursuant to section 4(b) shall be distributed for home energy assistance programs in accordance with the provisions of this subparagraph. The Secretary shall make incentive grants to States to pay a Federal share of incentive fuel assistance programs for residential energy costs established by any State to serve the same population as the population eligible under this Act.

(ii) No grant may be made under this subparagraph of this paragraph unless the State makes an application to the Secretary containing such provisions which the Secretary deems necessary and which describes the State program for which assistance is sought under this subparagraph.

(iii) The Federal share for any fiscal year for Federal assistance under this subparagraph shall not exceed 25 per centum.

(B) The remainder of the sums appropriated pursuant to section 4(b) not required to carry out the provisions of subparagraph (A) of this paragraph shall be distributed by the Secretary in accordance with the allocation formula contained in subsection (a) of this section.

(c) The portion of any State's allotment under subsection (a) for a fiscal year, which the Secretary determines will not be required for the period such allotment is available for carrying out the purposes of this Act, shall be available for reallotment from time to time, on such dates during such period as the Secretary may fix, to other States based on need and ability to expend the funds consistent with the provisions of this Act and taking into account the proportion of the original allotments made available to such States under subsection (a) for such year, but with such proportionate amount for any of such other States being reduced to the extent it exceeds the sum which the Secretary estimates such State needs and will be able to use for such period for carrying out such portion of its State application approved under this Act, and the total reduction shall be similarly realloted among the States whose proportionate amounts are not so reduced. In carrying out the requirements of this subsection the Secretary shall take into account the climatic conditions and such other relevant factors as may be necessary to assure that no State loses funds necessary to carry out the purposes of this Act. Any amount realloted to a State under this subsection during a year shall be deemed part of its allotment under subsection (a) for such year.

(d)(1) Any allocations to a State may be reallocated only if the Secretary has provided thirty days advance notice to the chief executive and to the general public. During such period comments may be submitted to the Secretary.

(2) After considering any comments submitted during such period, the Secretary shall notify the chief executive of any decision to reallocate funds, and shall publish such decision in the Federal Register.

(e) The aggregate residential energy expenditure for each State and for all States shall be determined by the Secretary after consulting with the Secretary of Energy.

(f) The allotments made under this section shall be made on the basis of the latest reliable data available to the Secretary.

(g)(1) In any State in which the Secretary determines (after having taken into account the amount of funds available to the State) that the members of an Indian tribe are not receiving benefits under this Act that are equivalent to benefits provided to other households in the State, and if the Secretary further determines that the members of such tribe would be better served by means of grants made directly to provide such benefits, the Secretary shall reserve from sums that would otherwise be allotted to such State not less than 100 per centum of an amount which bears the same ratio to the State's allotment for the fiscal year involved as the population of all eligible Indians for whom a determination under this paragraph has been made bears to the population of all eligible households in such State.

(2) The sums reserved by the Secretary on the basis of a determination under this subsection shall be granted to the tribal organization serving the individuals for whom such a determination has been made, or where there is no tribal organization, to such other entity as the Secretary determines has the capacity to provide assistance pursuant to this Act.

(3) In order for a tribal organization or other entity to be eligible for an award for a fiscal year under this subsection, it shall submit to the Secretary a plan for such fiscal year which meets such criteria as the Secretary may prescribe by regulation.

USES OF HOME ENERGY GRANTS

SEC. 7. Grants for fiscal year 1981 and thereafter under this Act may be used for home energy assistance in accordance with plans approved under section 8.

STATE PLANS

SEC. 8. (a) Each State desiring to receive a home energy grant under this Act shall submit a State plan to the Secretary, at such time, in such manner, and containing or accompanied by such information as the Secretary deems necessary.

(b) Each such State plan shall—

(1) be submitted in accordance with the procedures, timetables and standards established by the Secretary pursuant to subsection (d)(3) of this section;

(2) designate an agency of the State to be determined by the chief executive to administer the program authorized by this Act and describe local administrative arrangements;

(3) provide for a State program for furnishing home energy assistance to eligible households through payments made in accordance with the provisions of the plan, to—

(A)(i) home energy suppliers,

(ii) eligible households whenever the chief executive determines such payments to be feasible, or when the eligible household is making undesignated payments for rising energy costs in the form of rent increases, or

(iii) any combination of home energy supplier and eligible household whenever the chief executive determines such payments to be feasible, and

(B) building operators, in housing projects established under sections 221(d)(3) and 236 of the National Housing Act of 1968, section 202 of the Housing Act of 1959, section 515 of the Housing Act of 1949, low rent housing established by the United States Housing Act of 1937, and section 8 of the Housing Act of 1974, and State and local government-operated projects in an aggregate monthly amount computed on the basis of the number of eligible tenants making undesignated energy payments in the form of rent divided by the exact costs of primary residential fuel costs paid as an undesignated part of rent up to a ceiling amount per eligible tenant as determined under regulations by the Secretary annually to be comparable to the amount established for other eligible households;

(4) describe with particularity the procedures by which eligible households in the State are identified and certified as participants;

(5) describe energy usage and the average cost of home energy in the State identified by the type of fuel and by region of the State;

(6) describe the amount of assistance to be provided to or on behalf of participating households assuring that priority is given to households with lowest incomes and that the highest level of assistance is provided to households with lowest incomes and the highest energy costs in relation to income, taking into account—

(A) the average home energy expenditure by type of energy,

(B) the proportional burden of energy costs in relation to income,

(C) the variation in degree days in regions of the State in any State where appropriate, and

(D) any other relevant consideration selected by the chief executive including provisions for payment levels for households making undesignated payments in the form of rent;

(7) provide, in accordance with clause (3)(A), for agreements with home energy suppliers under which—

(A) the State will pay on a timely basis by way of regular installments, as reimbursements or a line of credit, to the supplier designated by each participating household the amount of assistance determined in accordance with clause (6);

(B) the home energy supplier will charge the household specified in subclause (A), in the normal billing process, the difference between the actual cost of the home energy and the amount of the payment made by the State under this Act;

(C) the home energy supplier will provide assurances that the home energy supplier will not discriminate against any eligible household in regard to terms and conditions of sale, credit, delivery and price; and

(D) the home energy supplier will provide assurances that any agreement entered into with a home energy supplier under this clause will contain provisions to assure that no household receiving assistance under this Act will have home energy terminated unless—

(i) the household has failed to pay the amount charged to such household in accordance with subclause (B) for at least two months,

(ii) the household receives a written termination notice not less than thirty days prior to the termination, and

(iii) the household is afforded, in a timely fashion before termination, an opportunity for a hearing by an agency designated by the State;

unless the supplier is located in a State in which the termination policy contains provisions for a longer grace period, or notification period, than that described in this clause;

(8) provide for the direct payment to households to which subclauses (A) (ii) and (iii) of clause (3) applies;

(9) provide for public participation in the development of the plan;

(10) provide assurances that the State will treat owners and renters equitably under the program assisted under this Act;

(11) provides that (A) of the funds the State receives for each fiscal year, the State may use for administration of the plan an amount not to exceed 15 per centum of the cost of carrying out the plan, and for the purpose of this clause the Federal share of the cost of administration for any fiscal year shall be 50 per centum and (B) the State will pay from non-Federal sources the remaining costs of administration with respect to carrying out the plan required by the preceding clause and will not use Federal funds to carry out the provisions of this subclause;

(12) describe the administrative procedures to be used in carrying out the plan;

(13) provide an opportunity for a fair hearing before the State agency designated under clause (2) to any individual whose claim for assistance under the plan is denied or is not acted upon with reasonable promptness;

(14) provide that, of the funds the State receives for each fiscal year, the State may reserve 3 per centum of the funds to be available for weather related and supply shortage emergencies, and if the State reserves such funds, the plan shall identify—

(A) the procedurers for planning for such emergencies,

(B) the administrative procedures designating the emergency and implementing an emergency plan,

(C) the procedures for determining the assistance to be provided in such emergencies, and

(D) the procedures for the use of the funds under this clause for the purposes of this Act in the event that there are no emergencies;

(15) provide assurance that there will be, to the maximum extent possible, referral of individuals to, and coordination with, existing Federal, State, and local weatherization and energy conservation efforts;

(16) provide for outreach activities designed to assure that all eligible households, particularly households with elderly or handicapped individuals, households with individuals who are unable to leave their residences, households with migrants, households with individuals with limited English proficiency, households with working poor individuals, households with children, and households in remote areas, are aware of the assistance available under this Act by using community action agencies, area agencies on aging, State welfare agencies, volunteer programs carried out under the Domestic Volunteer Service Act of 1973, and other appropriate agencies and organizations within the State including home energy suppliers together with provisions for the reimbursement of such agencies, from administrative funds, for outreach and certification activities;

(17) establish procedures for monitoring the assistance provided under the plan including monitoring and auditing any agreements entered into under clause (7) of this subsection and describe the documentation to be required of energy suppliers concerning energy supplied to eligible households;

(18) provide assurances that the State will maintain regular benefit levels in existing federally assisted cash assistance programs, except that in a State which increases such programs solely for the purpose of energy assistance, such increase shall not be considered a part of the regular program;

(19) provide that fiscal control and fund accounting procedures will be established as may be necessary to assure the proper dispersal of and accounting for Federal funds paid to the State under this Act;

(20) provide that reports will be furnished in such form and contain such information as the Secretary may reasonably require, particularly for the carrying out of provisions of section 9; and

(21) provide assurances that the State will not establish any more restrictive standards of eligibility or any more restrictive application and certification procedures than those established by the Secretary.

(c) The State is authorized to make grants to eligible households to meet the rising costs of cooling whenever the household establishes that such cooling is the result of medical need pursuant to standards established by the Secretary.

(d)(1) The Secretary shall approve any State plan, or modification thereof, that meets the requirements of subsections (b) and (c) and shall not finally disapprove, in whole or in part, any plan, or any notification thereof, for assistance under this Act without first affording the State reasonable notice and opportunity for a hearing within the State. Whenever the Secretary disapproves a plan the Secretary shall, on a timely basis, assist the State to overcome the deficiencies in the plan.

(2) The Secretary shall carry out the functions of the Secretary under this section promptly.

(3) The Secretary, as soon as possible after the date of enactment of this Act, shall establish criteria and standards for the State plan requirements under subsections (b) and (c) of this section, together with timetables for carrying out the plan.

(e) Any State which makes advances available for activities under this Act in substantial compliance with an approved State plan may be reimbursed for such advances from the allocation made to that State under section 6(a) when funds are appropriated to carry out the provisions of this Act.

UNIFORM DATA COLLECTION

SEC. 9. (a) The Secretary, after consultation with the Secretary of Energy, shall establish uniform standards for data collection which shall be used by States in all reports required under this Act.

(b)(1) The standards established by the Secretary under this section shall apply to (A) information concerning home energy consumption, (B) the cost and type of fuels used, (C) the type of fuel used by various income groups, (D) the number and income levels of households assisted by this Act, and (E) any other information which the Secretary determines to be reasonably necessary to carry out the provisions of this Act.

(2) In carrying out this section, the Secretary shall gather and analyze information on the price structure of various types of fuel, particularly the increases in such price structure, if any, attributable to the financial assistance provided under this Act.

(c) The Secretary shall report annually to Congress concerning data collected under subsection (b).

PAYMENTS

SEC. 10. (a) From the amount allotted to each State pursuant to section 6, the Secretary shall pay to the State which has an application approved under section 8 an amount equal to the amount needed for the purposes set forth in the State plan.

(b) Payments under this Act may be made in installments in advance or by way of reimbursement, with necessary adjustments on account of overpayments and underpayments.

WITHHOLDING

SEC. 11. Whenever the Secretary, after reasonable notice and opportunity for hearing within the State to any State, finds that there has been a failure to comply with any provision set forth in the State plan of that State approved under section 8, the Secretary shall notify the State that further payments will not be made under this Act until the

Secretary is satisfied that there is no longer any such failure to comply. Until the Secretary is so satisfied, no further payments shall be made under this Act.

CRIMINAL PENALTIES

Sec. 12. Whoever violates provisions of this Act or who knowingly provides false information in any report required under this Act shall be fined not more than $10,000 or imprisoned not more than five years or both.

ADMINISTRATION

Sec. 13. (a) (1) The Secretary may delegate any functions under this Act, except the making of regulations, to any officer or employee of the Department of Health, Education, and Welfare.

(2) The Secretary shall issue regulations under this Act, within sixty days after the date of enactment of this Act.

(b) In administering the provisions of this Act, the Secretary is authorized to utilize the services and facilities of any agency of the Federal Government and of any other public agency or institution, to the extent such services and facilities are otherwise authorized to be made available for such purpose, in accordance with appropriate agreements, and to pay for such services either in advance or by way of reimbursement as may be agreed upon.

(c) Notwithstanding any other provision of law, the amount of any fuel assistance payments provided to an eligible household under this Act shall not be considered income or resources for any purpose under any Federal or State law, including any law relating to taxation, public assistance or welfare program.

(d) The Secretary shall establish procedures for Federal monitoring of State administration of programs assisted under this Act.

(e) The Secretary shall coordinate the administration of the program established under this Act with appropriate programs authorized by the Economic Opportunity Act of 1964 and any other existing Federal energy programs which provide related assistance programs.

(f) The Secretary, after consultation with the Secretary of the Department of Energy, the Director of the Community Services Administration, the Secretary of Housing and Urban Development and the Secretary of Agriculture, shall establish procedures for referrals for participation in Federal weatherization programs under section 8(b) (15).

HOME ENERGY ASSISTANCE PROGRAM FOR FISCAL YEAR 1980

Sec. 14. (a) From the sums appropriated pursuant to section 4(b) for the fiscal year 1980, or from sums available for section 222 (a) (5) of the Economic Opportunity Act of 1964, for fiscal year 1980, the Director of the Community Services Administration shall reserve allotments for each State in accordance with the provisions of subsection (b) of this section. The Director shall notify each State of the amount of the allotment so reserved and of the option set forth in subsection (c) of this section.

(b) (1) From the funds appropriated pursuant to section 4(b) and reserved in accordance with subsection (a) of this section, the Director shall—

(A) allot to each State an amount which bears the same ratio to one-half of such sums as the aggregate residential energy expenditure in such State bears to the aggregate of such expenditures for all States; and

(B) allot to each State an amount which bears the same ratio to one-half of such sums as the total number of heating degree days in such State, multiplied by the number of households in such State having incomes equal to or less than 125 per centum of the poverty level bears to the sum of such products for all States.

(2) For the purpose of this subsection the poverty level shall be determined in accordance with criteria established by the Director of the Office of Management and Budget.

(c) (1) Within fifteen days after the date of enactment of this Act, each State shall select the option (A) of administering the home energy program for fiscal year 1980 directly, or (B) of having a dual administration of the program described in paragraph (2) of this subsection.

(2) (A) For each State selecting to administer the home energy program under the option described in subparagraph (B) of paragraph (1) of this subsection, the Director shall reserve and transfer to the Secretary of Health, Education, and Welfare from each such State's allotment an amount necessary to make direct payments to recipients of supplemental security income under title XVI of the Social Security Act for home energy assistance in accordance with the provisions of subparagraph (B). The remainder of each such State's allotment shall be available to carry out the energy crisis assistance program in that State in accordance with regulations prescribed pursuant to section 222(a) (5) of the Economic Opportunity Act of 1964, dated October 11, 1979, except that—

(i) the provisions of such regulations with respect to the distribution of funds,

(ii) the provision with respect to maximum payments for each household, and

(iii) any other provision, inconsistent with the provisions of this section,

shall not apply.

(B) The amount reserved and transferred under subparagraph (A) of this paragraph shall be an amount not less than—

(i) an amount which bears the same ratio to the State's allotment as the number of households receiving supplemental security income under title XVI of the Social Security Act bears to all households having an income equal to or less than 125 per centum of the poverty level,

nor more than

(ii) an amount equal to 125 per centum of the amount determined under clause (i).

All households receiving payments under the provisions of this subparagraph shall receive uniform payments except that payment to a household having one individual shall be 66⅔ per centum of the payment to all other households in the State eligible to receive such payments.

(C) Notwithstanding the provisions of subparagraphs (A) and (B) of this paragraph, a household which is eligible for supplemental security income payments under title XVI of the Social Security Act shall not be considered eligible for the purpose of this paragraph if the eligibility of such household is dependent upon—

(i) an individual whose annual supplemental security income benefit rate is reduced pursuant to section 1611(e) (1) of the Special Security Act by reason of being in an institution receiving payments (under title XIX of that Act) with respect to that individual,

(ii) an individual to whom the reduction specified in section 1612(a) (2) (A) (i) of that Act applies, or

(iii) a child described in section 1614(f) (2) of that Act (who is living together with a parent or the spouse of a parent).

(D) For the purpose of this paragraph the poverty level shall be determined in accordance with criteria established by the Director of the Office of Management and Budget.

(d) For States selecting the option described in clause (A) of paragraph (1) of subsection (c), the Director of the Community Services Administration shall carry out energy crisis assistance programs in each such State in accordance with regulations prescribed pursuant to section 222(a) (5) of the Economic Opportunity Act of 1964 dated October 11, 1979, except that—

(1) the provisions of such regulations with respect to the distribution of funds,

(2) the provision with respect to maximum payments for each household, and

(3) any other provision inconsistent with the provisions of this section,

shall not apply.

(e) (1) In carrying out the program described in subsection (c) or subsection (d) of this section the Director of the Community Services Administration shall assure that each State may select any agency of the State to be the agency to administer the energy crisis assistance program.

(2) In any energy crisis assistance program carried out pursuant to subsection (c) or subsection (d) of this section each State may employ any public or private agency or organization for outreach activities and shall encourage the use of voluntary private agencies for such outreach activities.

Mr. WILLIAMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. WILLIAMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. Biden). Without objection, it is so ordered.

Mr. WILLIAMS. Mr. President, today, the Senate is considering S. 1724, the Home Energy Assistance Act. This bill will provide assistance to low-income households to offset the rising costs of home energy.

Energy in the United States traditionally has been in abundant supply and the cost of energy for residential use was within the means of most households. However, the era of cheap energy is clearly over. As we enter the 1980's, the Nation's energy situation is vastly changed from what it was 10 years ago. On January 1, 1970, the benchmark price for light crude was $1.70 per barrel. Today, that price ranges from $18 to $24 per barrel and as high as $40 on the spot market.

This dramatic price increase has been translated into steady, upward surges in the price of home heating oil, natural gas, and electricity, the main sources of energy for heating American homes during the winter.

Last year, low-income American households paid between 20 and 25 percent of their incomes on utility costs alone. In fiscal year 1980, the average low-income household may pay as much as 50 percent of its income for energy, leaving these families with little money to pay for food, shelter, clothing, and medicine.

The terms "heat or eat" and "food or fuel" have been used so often to describe this crisis that they have lost their impact. But the reality is that millions of Americans may face the grim choice of freezing or starving to death this winter.

To prevent this national tragedy, the Labor and Human Resources Committee has devised a program of home fuel assistance to help low- and fixed-income households pay their energy bills.

In drafting the Home Energy Assistance Act, our committee sought the guidance of citizens from all around the country—Senators with years of experience in energy legislation, the Fuel Oil Marketing Advisory Committee to the Department of Energy, and the committee's own experience with the emergency energy crisis intervention program funded by the CSA.

Six bills to provide energy assistance to low-income households have been introduced in the 96th Congress: S. 1270, introduced by Senators Javits and Jackson; S. 1725, introduced by Senator Nelson; S. 771, introduced by Senator Weicker; S. 1331, introduced by Senator Biden; S. 1603, introduced by Senators Mathias and Baker; and S. 1724, which I introduced along with a number of cosponsors.

In the past few months, the Labor and Human Resources Committee held 12 days of hearings, 4 in Washington, D.C., and 8 across the country. Witnesses, whose names will appear in the record, included representatives of local, State and Federal Government, the elderly, the poor, consumers, and energy suppliers.

All witnesses made a compelling case of the need for our legislation.

As passed by the Labor and Human Resources Committee, S. 1724, the Home Energy Assistance Act, authorizes the Secretary of Health, Education, and Welfare to make grants to the States to distribute funds to eligible low- and lower middle-income households to help pay for home energy costs. The bill authorizes $3.0 billion for fiscal year 1981, and $4.0 billion for fiscal year 1982.

Households eligible for home fuel assistance are those whose incomes fall below the Labor Department Bureau of Labor Statistics (BLS) lower living standard level and families eligible for AFDC, food stamps, SSI, and veterans' pensions.

Approximately 18 million households will be eligible for assistance under S. 1724, which is focused on the low- and lower middle-income households which are least able to absorb the skyrocketing costs of home energy.

The Secretary of HEW will distribute 95 percent of the funds to the States based upon a formula which takes into account, first, residential energy expenses for the States, second, the number of heating degree days, and third, the size of the eligible population.

The remaining 5 percent authorized under S. 1724 will be set aside for energy crisis activities of the CSA and for incentive grants to States which provide State funds for energy assistance.

To receive Federal funds, States must submit a plan describing the arrangements for administering the energy assistance program, provisions for certifying eligible households, information on home energy usage, outreach activities, and weatherization programs. Each State must certify that no more than 7½ percent of the funds will be used for administration of the program and that the States will provide matching funds.

Payments may be made either directly to the energy suppliers or to the eligible households, with States contracting agreements with home energy suppliers on methods of payment, lines of credit, and reimbursements.

Each State will also make plans for outreach activities to contact those Americans who are often underserved by Federal programs and who are in the greatest need of home fuel assistance—the elderly, handicapped, immigrants, the working poor, and those living in rural areas.

Mr. President, the Home Energy Assistance Act has been developed with the aid of many. It would be impossible to thank all who have given of their time and efforts. I would like particularly to thank the members of the Labor and Human Resources Committee.

This whole measure was considered as a full committee matter and all Senators on that committee participated in the hearing process here, in the markup here, of course, and also as Members availed themselves of their opportunities of learning the need first hand for assistance of this nature with the cruel demands that are placed on lower-income people because, as I mentioned, of the skyrocketing costs of energy.

Mr. President, the contributions of all the Members are deeply appreciated. I particularly want to mention the efforts on behalf of this legislation of Senator Kennedy, Senator Pell, and Senator Metzenbaum, who, as usual, have made superior contributions. Senator Javits introduced his own legislation providing fuel assistance and his contributions to the development of the program, as well as his leadership in securing funding for fiscal year 1980, are most appreciated. Senator Hatch ably represented the committee during Budget Committee consideration of the waiver resolution, for which I express my gratitude. I commend my friend and colleague, the ranking minority member of the committee, (Mr. Schweiker), for his time and efforts to bring about a program of fuel assistance.

To give members of the Committee on Labor and Human Resources the opportunity to learn firsthand from people that they most particularly and directly represent in their own States, we have had members go to eight locations throughout the country for hearings at home, to learn at first hand the heavy impact that skyrocketing prices is having on lower income households.

A hearing was held October 13 in Concord, N.H.; October 15 in Jersey City, N.J.; then also in October in Providence, R.I.; Salt Lake City, Utah; Philadelphia, Pa.; Madison, Wis.; Kansas City, Mo.; and Lansing, Mich.

There was one aspect of all this that required a detailed explanation of what the need was and why we had recommended authorization of billions of dollars for the winter years.

First, we had to deal with 1980, then 1981 and 1982. Of course, this had an impact on Budget Committee deliberations.

The Senator from Utah (Mr. Hatch), a member of the Labor and Human Resources Committee, a member of the Budget Committee, did represent our committee before the Budget Committee on the waiver resolution for the fiscal year 1980 program. From our committee, we express great gratitude for the excellence of his work there.

I particularly commend the ranking minority member of the committee, the Senator from Pennsylvania (Mr. Schweiker), for his time and effort to bring about a program of fuel assistance.

Mr. President, the Labor and Human Resources Committee reported out S. 1724 as an amendment in the nature of a substitute. I ask unanimous consent that the committee substitute be agreed to as original text for the purpose of amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WILLIAMS. Mr. President, I know the ranking member of our committee (Mr. Schweiker) will not only want to handle part of the management of this bill, I am certain he also has an amendment that will be offered by him. It was offered in the committee and it will be offered here.

Mr. President, I ask unanimous consent that during the considerations of this bill, the following minority staff representatives be granted privilege of the floor: Polly Gault of Senator Schweiker's staff, Mike Francis of Senator Stafford's staff, Bob Hunter of Senator Hatch's staff, Ron Preston of Senator Humphrey's staff, Dave Swoap of Senator Armstrong's staff, Meg Powers of Senator Javits' staff, and Tony Arrojos of Senator Domenici's staff.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SCHWEIKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. SCHWEIKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SCHWEIKER. Mr. President, I am pleased that the Senate is considering today S. 1724, the Home Energy Assistance Act. As the ranking Republican on the Labor and Human Resources Committee, I commend our committee members and particularly our chairman, for working expeditiously to develop legislation which will take the edge off of the great fear low-income elderly and families are facing this winter—that they might not be able to afford fuel for heating throughout the winter. The term "heating or eating" has been used to describe this dilemma, and I want to assure my colleagues that this crisis is a real one in my State of Pennsylvania. Fuel oil prices have risen 100 percent in 1 year, with gas prices following at least a 30-percent rate of increase.

I strongly believe that the States, not HEW, should be in charge of distributing assistance under this program. In S. 1724 we have given the Governors the flexibility they have never had under the old emergency fuel assistance program. We have also eliminated, once and for all, the eligibility criteria which discriminated against the elderly in the past.

I have had a long-term interest in the CSA run emergency fuel assistance program, in my work on the Labor and Human Resources Committee and the Labor-HEW Appropriations Subcommittee. I tried for years to get CSA to improve the ridiculous regulations which they used for eligibility, the worst of which was the criteria that you had to have an unpaid fuel bill to qualify.

In spite of the fact that the Senate passed and the House accepted an amendment of mine to stop use of this unpaid fuel bill standard, CSA continued to use this standard. Many poor senior citizens never received any benefit under this program simply because they paid their fuel bills on time. I am pleased to be able to report that the program for this winter will not have delinquency of payment of fuel bills as a standard of eligibility. The many people who refused to compromise their ethical views that bills should be paid on time, will not be excluded this year.

Along with other members of the Labor and Human Resources Committee, I participated in 3 days of hearings in Washington on fuel assistance for the poor, and I also held a hearing in Philadelphia. Three elderly witnesses testified before my hearing in Philadelphia and told a story of rigorous budgeting and self denial, and of physical discomfort and illness because of the low temperature at which they keep their homes. I am sorry that all my colleagues could not hear their eloquent testimony—these are people who have never taken anything from the Government, and now they need help with heating bills they can no longer pay on fixed incomes of $2,000 to $3,000 a year. I believe the Congress should move quickly to assure them we will help them this winter and next winter with the heating bills that now eat up 40 percent of their income.

I do have one major reservation about the present form of S. 1724. There is included in the bill, assistance for cooling whenever medically necessary.

Mr. President, I strongly feel that S. 1724 should be a home heating assistance bill, not an air-conditioning assistance bill. Our first priority with a limited pot of money should be those citizens who need heat to live. At the appropriate time I will be offering an amendment to S. 1724 to eliminate cooling assistance. I am hopeful that my colleagues in the Senate will agree with me that S. 1724 should be a heating assistance bill for the elderly poor and low-income families.

Mr. President, again I commend the chairman of our committee for his work and leadership in this area.

I also commend Senator JAVITS, who used to be the ranking minority member of this committee and who has done very much work in the appropriations process of getting a program in place for this year. He has done commendable work in getting appropriations cleared so that we can deliver money to the people for heating assistance this winter.

I yield the floor.

The PRESIDING OFFICER. The Senator from New York.

Mr. JAVITS. Mr. President, the Senate now moves to consideration of a permanent program of fuel assistance for low-income families and individuals, and this is really a highly gratifying moment for me and for the members of the committee.

First, I join Senator SCHWEIKER in thanking Senator WILLIAMS for causing immediate hearings to be held; for getting our committee to work on this question of permanent legislation; and for moving immediately behind our effort, which was completed successfully here only last Friday, to get an emergency appropriation which will get money into the hands of those who need it for excess fuel costs this winter. Now we move into the urgently necessary phase of permanent legislation so that we will not be cut short again in the winter of 1980.

The assistance of Senator SCHWEIKER in this matter has been very great, and we should not fail to note that very closely and carefully. Though he disagrees with the majority of the committee on the matter of cooling, compared to his tremendous assistance in bringing this bill to the floor and in developing the legislation, that is a relatively minor consideration. So I express my gratitude to him.

The real problem is strictly one of how to do it technically. There is no question about the fact that the poor use far less energy than the average American. The poor use 50-percent less electricity and 24-percent less gas than those of higher income; and since the price has gone up, their usage has dropped even further. But they are caught in the squeeze of practically a doubling of home heating oil prices, with now the added uncertainty of and the further diminishing of supplies in respect of what came out of Iran and its effect upon the total supply picture, with perhaps even further increases in price.

So we really have a great deal to worry about, especially as the poor have paid roughly two and three times the percentage of their income, as compared with the more well-to-do families. It is estimated that last year, the poor paid an average of 8 percent of their incomes, while the better off families paid 3 percent.

So if OPEC oil prices rise only a very small percentage in real dollars, even without inflation this year, the lower income families are likely to be at a point where, without some Federal aid, they may have to pay as much as a quarter of their income for heat and light, as contrasted with those in higher brackets who may pay up to 10 percent.

So the differential, Mr. President, is enormous; hence, the urgent need for looking after the problem.

In addition, we have an even graver problem in the colder regions of the Northeast and the Midwestern part of our country, with enormously increased costs on those who can afford it the least.

We in the Committee on Labor and Human Resources believe that the scheme of this bill is an effective one; that we have produced a sound and equitable program; that we have offered a simple but a stable system of income support based upon the impact of fuel costs on a family budget; that we have given the States the latitude to design programs to suit their economic and administrative changes, to exercise prudent management, and to give due process in the course of administering the law.

We have provided that the delivery of income assistance is directly related to the weatherization of the recipients' homes, so that the Federal dollar which recurs—that is, for fuel assistance—is expended in the most fuel efficient ways.

In addition, we have given flexibility to the States, so that they may undertake a system of vendor payments or direct payments and have considerable latitude in the choice of channels through which this assistance shall move to the individual and the family.

Naturally, the committee bill represents a compromise among the concerns of many Senators. For example, I believe that a bill which had more national criteria for the payment and benefit system, which leaned more heavily to mandating a vendor payment system—that is, where the Government money went directly to the vendor—which concentrated perhaps on a lesser number of families, would be a better system. But I, as has everyone else, have had to compromise in order to get a consensus of the many Members from different parts of our country, so that we have enough support in order to pass this measure now and so that we shall not be caught short in the winter of 1980 as we were, and still are, in the winter of 1979–80.

We will be lucky if we get these checks into the hands of people by January—and that only because of the herculean efforts by Senator BYRD, who was the chairman of the subcommittee of the Senate Appropriations Committee. With my own amendment, I literally intruded, simply because there was no other way. Then, of course, there was the great cooperation in the House by the Speaker and Representative YATES of Illinois, who were tremendously effective in helping us with this particular problem, as well as Representative NATCHER, who was the chairman of this subcommittee, together with the cooperation of the Senator from Kentucky (Mr. HUDDLESTON), who managed the bill on the floor.

So I express my great gratitude to all these people who made possible our interim action, which, even now, is late, but not too late; and it is hoped that now, under the leadership of Senator WILLIAMS, we may move on and consummate what is necessary in this situation.

Finally, Mr. President, we are firmly establishing the Nation's commitment to addressing the impact that the actions of the OPEC cartel have on the poor and the elderly as that is contributed to—and we are being realistic about it—by the decontrol of domestic crude oil. No longer will these families, winter after winter, be at the mercy of some interim approach such as we have taken in past years.

The quantum leap we have made from using this as an antipoverty program, enlisting about $200 million in the preceding winter to this one, and now what we have available, which we estimate will be roughly $1.6 billion in this one, is not only a quantum leap but also a tribute to the morality and sense of responsibility of the Congress of the United States.

Again, I pay my tribute and express my thanks, because there are thousands upon thousands of such individuals and families in the State of New York—relatively speaking, many more than anywhere else, because California's climate is very different from that of New York—to Senator WILLIAMS, Senator SCHWEIKER, and my associates on the Committee on Labor and Human Resources, who have brought us to this opportunity today.

Mr. DOLE. Mr. President, low-income energy assistance is one of the most important issues the Senate will address this year. Undoubtedly, crude oil decontrol will increase somewhat the energy costs of all Americans. Fuel oil prices have increased over 40 percent and they are continuing to escalate. Other forms of energy are also more expensive.

The burden of higher prices, however, will fall most heavily on lower income individuals. The average energy costs of low-income households are now approaching 25 percent of annual income and total energy costs may claim half of a poor person's income. Furthermore, low-income families pay proportionately more for energy because their housing is generally older, in poorer repair and less well-insulated than that of higher income households. Thus, the provisions in this bill aimed at alleviating the higher energy costs of lower income individuals are absolutely essential.

While there are a number of existing programs to provide income maintenance assistance to low-income households, they have not kept up with rising prices due to energy costs. To adequately meet extraordinary increases in energy costs, we need to supplement the ordinary mechanisms for adjusting income-assistance programs to the rising cost of living.

The Senate Finance Committee spent a number of hours discussing this issue during markup sessions on the windfall profits tax legislation. I was pleased to offer a Republican proposal to start the ball rolling. I would like to thank Senators ROTH, DANFORTH, CHAFEE, and HEINZ particularly for their interest and contribution in this effort. Actually, there are a number of elements in my original proposal and in the Finance Committee's ultimate plan which are very similar to the provisions in this bill.

The Finance Committee provided for direct cash payments for AFDC, SSI and food stamp recipients with an option for the States to take all or part of the funds allotted for such payments as a block grant. Our main concern in making direct cash payments available was that some States would not be in a position to move forward with their own plan this year. That should no longer be a consideration in light of efforts to expedite energy assistance for this winter under the existing authority in the Economic Opportunity Act.

The allocation of the funds to the States under this bill in the form of a block grant is in keeping with the Finance Committee's approach. However, it would be preferable to eliminate the restrictive language concerning State plans in this measure. I anticipate the States will demonstrate they are far more capable of effectively delivering such assistance than is the Federal Government, and we should give them the opportunity to do the best possible job.

While the State-by-State allocation of money under this program is slightly different from that under the Finance Committee alternative, the underlying philosophy is the same. Both approaches weigh the allocation on the basis of climate and actual average energy expenditures in the States. Under such a formula, additional money is targeted to areas where energy bills are higher and more particularly assures greater aid to those with the highest heating bills.

By directly addressing the needs of the poor in this manner, we have more flexibility to pursue the necessary programs, such as decontrol, that are aimed at increasing America's total energy supply. That is why the Finance Committee established the Low-Income Energy Assistance Trust Fund to receive one-half the net receipts of the windfall profit tax established by the Crude Oil Windfall Profit Tax Act.

The proposal before us, like the program approved by the Senate Finance Committee, may not be the perfect plan, but it has been developed through long deliberation and compromise, and will no doubt be amended to accommodate further compromise today. It will provide a good short range solution to the energy problems facing low-income individuals while Congress develops a better plan.

AMENDMENT NO. 566

(Purpose: To remove cooling assistance from S. 1724)

Mr. SCHWEIKER. Mr. President, I call up my amendment No. 566 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Pennsylvania (Mr. SCHWEIKER) proposes amendment No. 566.

Mr. SCHWEIKER. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 18, lines 4 and 5, strike section 2(a)(6), and redesignate subsection (7) as (6) and subsection (8) as (7).

On page 19, line 3, amend section 3(2) by striking "or cooling" after the word "heating".

On page 35, lines 13 through 16, strike section 8(c) and redesignate subsection (d) as (c) and (e) as (d).

Mr. SCHWEIKER. Mr. President, my amendment is very simple and straightforward. It would eliminate cooling assistance from S. 1724. I firmly believe that S. 1724 should be a home heating assistance bill for the poor and not an air-conditioning or general utilities assistance bill.

I believe that we are facing a real cold weather crisis this winter. I am worried that poor people in my State of Pennsylvania will freeze to death unless we give them some help this winter and next winter.

Many Senators have claimed that although S. 1724 is generous, it does not go far enough in providing assistance for many of the poor. I believe that this air-conditioning assistance will only further reduce the money needed to help those facing a heating crisis in winter.

The American people do not want and cannot afford an air-conditioning assistance program at this time. It is unclear how such a provision would be administered. Any doctor could, and you know they would, provide a medically necessary excuse for his or her patients who feel uncomfortable in the hot weather, and I think we all do and particularly the elderly do. I do not deny that some people, particularly the elderly, are very uncomfortable in hot weather. However, we are trying to meet a life-or-death situation because of the cold weather, and that should be our first priority. We should not embark upon a new program for air-conditioning without detailed evaluation of the need and the cost of the program. There is no urgency connected with the need for air-conditioning unless it is argued Congress should assist in all utility bills. I do not think we are prepared to do so, or ought to do so, at this time when the American taxpayer is being squeezed by runaway inflation and taxes which are too high.

I think the home heating fuel emphasis makes sense and logic and is the priority of this bill.

Mr. President, my amendment would assure that those individuals who need the heating help the most are the ones who get it. It would specify that home energy as defined in S. 1724 means "electricity, oil, gas, coal, or any other fuel for use as the principal source of heating in residential dwellings." The assistance given by S. 1724 would be specifically designated for heating, not the air-conditioning, and not to help run television sets. I point out that I represent a State with lots of air-conditioners and TV sets.

So my State would be penalized by not including air-conditioning, also. However, I also represent a State full of people who are tired of wasteful government programs. To use their hard earned tax dollars to pay for someone else's air-conditioning is indefensible and makes a mockery of the serious effort they have made to cut down on unneeded energy expenses.

Mr. President, I urge by colleagues to support my amendment. I believe that the American people will be watching this vote today to see if Congress is serious about taking the time to construct Government programs which reflect the intentions of the American taxpayer. Our people are generous and do not begrudge helping the poor by giving them assistance with their heating bills. We strongly support it. That is what this bill is all about. However, they will be rightfully outraged by an assistance program which provides air-conditioning aid. There is no need for this program at this time and we should remove it from S. 1724.

Mr. WILLIAMS. Mr. President, I am

never comfortable when speaking in opposition to any idea that is advanced by my good friend, the ranking member of our committee and colleague, whom we all respect completely, but in this situation I did have to oppose the amendment as it was offered by the Senator from Pennsylvania in committee and must oppose it here also.

This amendment would strike out cooling provisions from the bill and thereby prohibit any assistance under this act for cooling purposes.

While the basic thrust of the Home Energy Assistance Act is to offset the rising cost of home heating, this bill also provides assistance to eligible households for cooling, when it is determined to be medically necessary.

We are all aware that adequate home heating is a necessary aspect of shelter and the lack of home heating poses a threat to life and safety. While young and old alike are susceptible to hypothermia, when temperatures go below a reasonable degree, it must be understood, also, that there is a limited category of people, which includes the aged and others with particular medical conditions, who are also susceptible to excessive heat.

Both the Labor and Human Resources Committee and the Special Committee on Aging have heard dramatic testimony attesting to the critical effect that extremes of climates have on senior citizens.

In addition to the elderly, those who have certain medical conditions, such as chronic cardiac disease or severe respiratory ailments, may also be prone to heat stroke or hypertension following exposure to high temperatures. As many of my colleagues will recall, last year over 20 persons died in Texas of heat prostration. All were elderly and poor and lacked air-conditioning or sufficient cooling.

Even the Fuel Oil Marketing Advisory Committee (FOMAC) report cited the particular stresses that heat and humidity impose upon some elderly and those with severe medical problems. In addition, the Director of the National Institute on Aging, Dr. Robert N. Butler, cited the need to maintain the older person's environment at a safe level for his or her minimum physical needs.

S. 1724 as reported by the committee represents a modest and limited approach to this cooling problem. The cooling provisions in the present form would be restricted to medical necessity. In my view, it is a necessary provision, if we are to be responsive to the problems cited and appropriately serve the needs of this particular category of citizens who would be placed in threatening situations.

In response to hearing testimony we have included the provision in the bill, and it seems to me that the language of the bill protects against any abuses. It does provide that the State is authorized to make grants to eligible households to meet the rising costs of cooling whenever the household establishes that such cooling is the result of medical need. Such a determination shall be made by the State pursuant to standards established by the Secretary.

I sympathize with the suggestion made by the Senator from Pennsylvania that a medical person might, within an abundance of generosity, be rather easy with a certification of medical necessity, but I suggest that if that becomes a problem the Secretary, with a simple standard, through regulation can protect against an overreach by an overgenerous medical community.

The Governor from the State of Rhode Island appeared before the committee with a statement that said this:

> There must be a cash or quasi-cash assistance component by which to partially compensate those below a certain income level for dramatic cost increases in energy which this group simply cannot absorb within their limited incomes and which will enable those otherwise unable to do so to afford the energy necessary for heating and, where excessive summer heat is a factor in threatening life and health, air conditioning, . . .

This was, as I say, a statement of Gov. J. Joseph Garrahy of Rhode Island speaking for the Committee on Human Resources of the National Governors Association.

Other Members of the Senate appeared and likewise addresed the need for this limited application of the energy assistance program for cooling purposes.

Senators Chiles and Domenici, of course, whose close association with the needs of older people in this country we recognize through their work as chairman and ranking member on the Committee on Aging, said:

> Elderly persons are far more susceptible to weather and related health problems such as hypothermia and heat prostration, and must have sufficient heating and cooling in order to combat such problems.

I did mention the fact that the Fuel Oil Marketing Advisory Committee supports this, too, and in testimony before us, Anthony J. Maggiore, chairman of the Subcommittee on Energy Assistance program of that advisory committee, told the committee:

> In the South, the substandard quality of the poor's housing stock also manifests itself in higher energy costs. In cheaply designed dwelling units—particularly in mobile homes which are prevalent in Southern states—air conditioning is a necessity. Temperatures in non-air conditioned low-income southern homes present severe health hazards to the occupants—many of whom are elderly, suffering from respiratory or heart ailments made worse by increase in home temperature. In Dallas, Texas, July 1978, over twenty people died from heat prostration. They were all elderly, poor and lacked air conditioning.

So again, the major motivation for this assistance is the cold weather and the severe problem that presents to lower-income people, but there is also a problem for a selected few households which need cooling.

Mr. CRANSTON. Mr. President, will the Senator yield?

Mr. WILLIAMS. I am happy to yield.

Mr. CRANSTON. I rise to express my strong opposition to Senator Schweiker's amendment to eliminate the cooling provisions from this bill.

I believe that the concerns he raises about these provisions are not supported by fact.

Senators Schweiker, Hatch, and Humphrey have stated in additional views to the report on this legislation, that the bill's major purpose is "to provide lifesaving heating assistance" and the fact that some cooling would be additional where medically indicated, in their view, contradicts that statement. The stated purpose of the bill is delineated in section 2(b), which states:

> It is the purpose of this act to make grants to States to provide assistance to eligible households to offset the rising costs of home energy that are excessive in relation to houehold income.

The committee bill nowhere limits the purpose to providing lifesaving heating assistance.

Moreover, the committee defined home energy to include any fuel used as "the principal source of heating or cooling in residential dwellings."

I appreciate fully—and in fact share—my colleague's concern that moneys provided under the Home Energy Assistance Act be used solely to provide assistance to those most in need. But I cannot agree that we are unable to selectively assist individuals who experience severe problems resulting from inability to afford needed cooling.

Cooling assistance under this legislation is available only where cooling is medically necessary—not, I stress, in cases where discomfort is a factor, but where medically necessary, as determined in accordance with standards prescribed by the Secretary of HEW.

I do not believe that this relatively narrow avenue of assistance will sacrifice or impair our winter effort. I for one am not willing to say to a poor elderly individual who has, say, a chronic heart disease that it is my intent to try to help him or her afford to stay alive in winter but to do nothing about a threat to his or her life in summer.

Individuals whose lives or well-being are at risk in hot or smoggy weather conditions are typically under a doctor's care by necessity and would be clearly identifiable. They are suffering from the types of diseases that would be severely aggravated by poor air quality or heat—such as chronic obstructive and chronic restrictive pulmonary diseases—such as asthma, emphysema, and cystic fibrosis—and congestive heart failure. Exascerbation or aggravation of these diseases can result in either frequent emergency room or doctor visits, hospitalization, or even death.

For these reasons, Mr. President, the cooling provisions should not be deleted, and for these reasons the amendment should be opposed.

Mr. WILLIAMS. Mr. President, I certainly recognize that the Senator from California brings a great amount of information to us that improves our understanding of the need for this provision. Again it would have limited application but necessary application.

Mr. CRANSTON. Exactly. I thank the Senator very much and I thank him very much for his work on it.

Mr. WILLIAMS. Mr. President, I mentioned earlier the testimony that came to our committee personally from the Senator from Florida, the chairman of the Committee on Aging, when he was accompanied by his ranking member, and I see the Senator is on the floor and I believe he does want to address the Senate.

Mr. CHILES. Mr. President, if the Senator will yield, I appreciate the opportunity to join in the views expressed by the Senator from California and by the chairman of the committee.

I think the language that is included in the bill that provides that States can provide assistance, where they feel it is medically necessary, certainly does not put any emphasis on cooling. But in our State of Florida we have a number of our senior citizens where air-conditioning is as necessary for them as heat is for people in the North.

Because of bronchial conditions, because of asthma, because of other problems they have, including just the very severe heat itself, it is necessary for them to have air-conditioning, and we began to hear from them very, very early on as the oil prices started to increase. The State of Florida obtains all of its oil as foreign oil, so we have always had some of the highest prices.

We also use that foreign oil to create most of our electricity, and that electricity has, those electric bills have, gone up and up and up. So even prior to decontrol we have had people who pay much more for their electric bills than they pay for their rent and their mortgage payments on their houses, and it has been a very, very severe strain on those people.

What is going to happen is we are going into decontrol and trying to recognize that and trying to provide some energy assistance which certainly is as necessary for some of the people in Florida, and most of those are senior citizens and are the aged, to be able to have some relief, and I think that is what the committee in its wisdom did, and it included this provision, and I think it was wise to include it. I think it would be a real mistake on the floor if we stripped that provision from the bill.

Certainly in many parts of the country, in most parts of the country, what we are talking about is the severe condition that energy prices bring about, and in most of the country that is because of heat. But when we really talk about a severe condition, when we talk about an energy crisis in Florida and in some of the other States of the Southwest, that happens to be due to an energy price increase that comes because just as they have to use energy to heat their homes in the North, and some of our senior citizens have to use energy in order to have cooling in the South.

So what the committee in its wisdom did was to put in there where it was medically necessary that a State should have the ability to seek and use some of these funds for relief which, I think, makes great sense, and I hope very much the body will not adopt this amendment.

Mr. WILLIAMS. Mr. President, I certainly join in all of the statements made by the Senator from Florida. I advanced the same thoughts in the committee, perhaps less ably, and the committee did report this bill with the provision in it.

I know it is the desire of the Senator from Pennsylvania that we reach a vote at 2 o'clock on this amendment, and I know that runs into conflict with another agreement on another bill. It is being negotiated now to have those votes come at 2 and 2:15.

I see the Senator from Texas is here.

(Mr. BRADLEY assumed the chair.)

Mr. BENTSEN. Mr. President, if the Senator will yield, I would like to say that the problem of heat can be acute, particularly for older people. We had one heat wave in Texas, in Dallas, where more than 20 people died during that heat wave, and the medical authorities attributed it to excess heat.

In that kind of a situation, obviously, the amount of energy utilized for air-conditioning would have been very significant in trying to save lives.

My concern is that, when you take a look at these numbers, we do not skew them totally to disregard energy costs, that we just talk about cold, or that we just talk about degree days.

I know that the Energy Committee has worked very hard at this, and I am appreciative of that. But I also know that a number of amendments will be offered—one, in effect, to talk about cutting out the use of coolants even in a situation where health is involved. But the report that was developed here in Washington, talking about cold and dark, developed numbers to show that approximately 50 percent of the energy bill for a family is all that is attributed to heat; only about 50 percent. So the formula takes that into consideration as proposed by the committee. The other 50 percent is for things like heating water, trying to keep food from spoiling, and cooking food.

Then we take a look at what has happened to the cost of utilities in the South and in the North. We take a look at what has happened to heating oils and what has happened to the cost of gas over the last 10 years, and we find that the escalation in price is almost identical. The cost of heating oils in that period of time has gone up a little over 400 percent and the cost of gas has gone up just under 400 percent. So all of us have suffered.

Today you are finding that your utility bills, in the South and the North, are often larger than the mortgage payments on the home. Often an elderly couple who thought they had finally paid off the mortgage and, therefore, finally this home was theirs, are yet having a very difficult time holding onto their residence because of what has happened to the cost of energy across this Nation.

So what we must do is not single out or discriminate in favor of or against the poor of any section of our country. I am not arguing that there should not be more in adjustment because of cold, because I think there should be. But I think we ought to keep it within reasonable limits, as has been shown thus far, as to the amount of the utility bill that is attributed to heat across this Nation.

If we take that into consideration, then I believe something very close to what we see this committee has worked out in their wisdom is what should prevail. I would strongly oppose trying to skew the formula to discriminate against any one particular section of the country.

I congratulate the committee on a good job.

I had one question about the utilization of the BLS figures instead of the census figures when it comes to consideration of the poor. I probably will be offering an amendment on that later, but it will be nothing of the significance of some of these things that have been proposed that would substantially skew a formula.

I thank the distinguished manager of the bill for the time allotted to me.

Mr. WILLIAMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. SCHWEIKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SCHWEIKER. Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. SCHWEIKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HATCH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATCH. Mr. President, most Americans are now experiencing the first freezing blasts of winter. Months of cold weather and the necessity adequately to heat homes will surely follow. Low income and elderly consumers of energy throughout the country and in Utah are encountering great difficulties in paying their fuel bills. For example, from September 1978 throughout September 1979, a period of only 1 year, retail fuel oil prices have increased about 70 to 75 percent. Of more significance to Utah, perhaps, is the fact that natural gas prices have increased by 15 to 20 percent.

Such price hikes, coupled with future anticipated cost increases and an inflationary and a recessionary economy, impose an enormous burden on this Nation's 18 million low income and elderly households. While those who use fuel oil will be hardest hit, no poor family trying to keep warm this winter, regardless of the region, can escape the impact of these price increases which, for many, will pose an intolerable situation.

Because the poor already spend more of their disposable income for energy, their problems are far more severe, even life-threatening in some cases. According to the recent testimony of the Fuel Oil Marketing Advisory Committee (FOMAC) before the Senate Labor and Human Resources Committee, in 1978, low-income households, on the average, were spending almost 19 percent of their income on home energy. Since 1978, dramatic increases in home energy costs have occurred and it is now estimated that the poor are spending close to 25 percent of their income on home energy as a national average and that over 30 percent is being spent in the Northeast and in certain places in the Midwest, because of the heavy reliance on costly fuel oil.

Mr. President, the Senate has responded quickly to the perilous situation that may exist this winter for many Americans by adoping a program within the confines of the Interior appropriations bill. This $1.35 billion program, which I was pleased to support, will facilitate assistance in time this year to help eligible recipients to meet the crunch on fuel bills which is about to come.

While this is a necessary stop-gap program, it is clear that a longer range, carefully structured program is desirable to enable people to plan for meeting the additional years of hardship which will follow in the short-run. S. 1724 represents the best plan available, in my judgment, to deal with this urgent situation although I will support some amendments today to refine certain portions of that bill which can be strengthened.

S. 1724 authorizes an energy assistance program for low- and medium-income households for 3 years at levels of $1.6 billion for fiscal year 1980, $3 billion for fiscal year 1981, and $4 billion for fiscal year 1982. It is my understanding that in light of the Interior appropriation's action in this area that the fiscal year 1980 authority contained in S. 1724 becomes unnecessary and will be dropped from the bill, leaving an authorization for 2 years, 1981 and 1982. The program is a grant program subject to appropriations, not an entitlement program. This is as it should be because the current prices are symptomatic of our failure to have a comprehensive energy policy of self-sufficiency which we will ultimately develop and which should provide relief for those hard pressed.

The bill establishes a new energy assistance program beginning in fiscal year 1981 which provides energy assistance through formula block grants to the States. I am supporting the Humphrey amendment to give the States greater flexibility to administer this program at the State level and to keep bureaucratic requirements at a minimum. Administrative costs must be minimized to the greatest feasible extent so we can get as much money into the hands of the neediest of our people to defray these energy burdens. It is my firm belief that the more flexibility given to the States in the administration of this program, the better it will operate.

The current formula allots 50 percent of the funds based on the total residential energy expenditure in each State and by the number of households with incomes below the Bureau of Labor Statistics lower living standard for each State. In this respect I believe that the Labor Committee's formula can be improved by adopting the Boschwitz amendment which would place greater weight on the heating needs of the colder weather States such as Utah in the formula allocation thereby placing a more appropriate emphasis back where I believe the Congress intends to have it—to alleviate the food versus heating fuel dilemma.

As to the funding formula, I believe it should relate to problems dealing with just heating and not cooling. I do not think it appropriate that it be used for cooling days, because the lack of air-conditioning will almost never be a life threatening situation, as the lack of heat often is. I would not be opposed to some flexibility allowed in this area at the State level, to allow Governors to make adjustments for cooling if a life threatening situation does exist. But the formula for funding should include only the number of heating days in an area and the adoption of the Schweiker amendment will insure the proper construction of the formula.

Assistance will be provided through payments to energy suppliers on behalf of eligible households or as cash assistance directly to the eligible household in certain limited circumstances. Households with incomes below the BLS lower living standard would be eligible for assistance. To ease administration, AFDC, SSI, food stamp, and certain income-tested veterans pension recipients would be categorically eligible. About 18 million households would be eligible for assistance—with some 21,000 Utah households having eligibility.

The program will be administered by HEW. Each State will be required to submit a State plan setting out the details of its proposed program.

The bill does not specify the revenue source for funding the program because the Labor and Human Resources Committee does not have jurisdiction over taxation or revenues. However, it is the committee's intent, as I understand it, that the program be funded from the windfall profits tax if the Congress enacts such a tax.

At this time, Mr. President, I would ask that information bearing upon the Utah energy situation, developed by the Utah issues information program and brought forth at an October hearing I chaired in Salt Lake City on this subject, now be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

GAS AND UTILITY COSTS AND THE PURCHASING POWER OF THE LOWER INCOME

INCREASED GAS AND UTILITY COSTS IN UTAH

While attention has focussed on the sharp increase in oil costs in the East, increases in fuel and electrical costs in Utah have been equally dramatic.

From the period January 1975 to January 1979, the cost of natural gas (Mountain Fuel Supply) for the average residential customer has doubled. This increase is triple the rate of inflation and twice the average inflation rate for gas and electricity nationwide. This year the cost of gas is projected to go up by at least 35% more. In 1975 the average annual gas bill for a residential household was $151. In 1980 the average annual gas bill will be over $365. Increases in electrical rates have been almost equally dramatic.

PURCHASING POWER OF UTAH'S LOWER-INCOME

Traditionally, the incomes of households comprising Utah's poverty population (including "workingpoor" households and public assistance recipients) have increased at similar rates as the overall U.S. Consumer Price Index. However, during the past few years these poorest households have lost ground due to sharp increases in utility costs in Utah which are not reflected in nationally based inflation figures. Lower income workers and those living on fixed incomes have been similarly affected.

The following charts and tables detail the above:

[Two charts were included at this point which are not reproducible in the RECORD.]

UTILITY RATE INCREASES IN UTAH—RESIDENTIAL CUSTOMER, JAN. 1, 1975 TO JAN. 1, 1980

Date	Average monthly bill	Percent increase since 1975
I. Mountain Fuel Supply (based on 15,000 ft^3/mo):		
Jan. 1, 1975	$12.80	
Jan. 1, 1976	16.22	26.8
Jan. 1, 1977	19.83	54.9
Jan. 1, 1978	22.81	78.2
Jan. 1, 1979	25.88	102.2
Jan. 1, 1980	30.35	137.1
II. Utah Power & Light (based on 400 kWh/mo):		
Jan. 1, 1975	12.34	
Jan. 1, 1976	14.22	15.2
Jan. 1, 1977	16.88	36.8
Jan. 1, 1978	19.53	58.3
Jan. 1, 1979	23.45	90.0
Jan. 1, 1980	25.00	102.6
III. Combined natural gas and electricity (I plus II):		
Jan. 1, 1975	25.14	
Jan. 1, 1976	30.44	21.1
Jan. 1, 1977	36.71	46.0
Jan. 1, 1978	42.34	68.4
Jan. 1, 1979	49.33	96.2
Jan. 1, 1980	55.35	120.2

PERCENT OF GA AND AFDC GRANT SPENT ON ESSENTIAL UTILITIES (GAS AND ELECTRIC)

	January—					
	1975	1976	1977	1978	1979	1980[1]
Household size:						
1	18.5	21.1	23.4	25.5	28.0	30.2
2	13.4	15.3	17.0	18.5	20.0	21.9
3	10.6	12.1	13.3	14.5	16.0	17.2
4	8.2	9.9	11.0	12.0	13.2	14.2

[1] Based upon average consumption of 15,000 ft^3/mo—natural gas; and 400 kWh/mo electricity.

Note: The proportionate amount of an average grant (3-person family) spent for essential utilities has risen 62.3 percent since 1975.

Mr. HATCH. Mr. President, I am not known as one of the Senate's biggest spenders. However, this is a humanitarian need which must be addressed at the Federal level so that no American citizen will be forced to have to make the untenable choice of "heating or eating" for this, or any other heating season. I recommend the adoption of S. 1724.

Mr. WILLIAMS. Will the Senator yield?

Mr. HATCH. Mr. President, I am delighted to yield to my friend and colleague, the chairman of the Labor and Human Resources Committee.

Mr. WILLIAMS. Mr. President, the contribution of the Senator from Utah to the development of this I have mentioned earlier. I would like to state again the gratitude we all feel for all that he contributed. His understanding of the need translated into an action effort to meet the needs of low and lower income people in connection with the shocking increases in the prices of fuel and energy, in the wintertime particularly.

Mr. President, we know the Senator from Utah did carry his whole appreciation for the need for this legislation to the Budget Committee and there brought to bear his understandings to make sure the budget situation in regard to this legislation was in order.

I thank the Senator from Utah for all that.

Mr. HATCH. Mr. President, I thank my dear friend and colleague, the chairman of the Labor and Human Resources Committee, who worked long and hard with his staff on these issues.

I commend the staff for working so well with our staff people through the years. I appreciate this very much.

I certainly appreciate the kind comments the Senator has given me today. I commend him for his efforts.

Mr. President, I yield the floor.

UP AMENDMENT NO. 796

(Purpose: To provide that a State may have the Secretary make payments to SSI recipients)

Mr. DANFORTH. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. An amendment is pending.

Mr. DANFORTH. Mr. President, I ask unanimous consent that consideration of this amendment may be in order.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The amendment will be stated.

The legislative clerk read as follows:

The Senator from Missouri (Mr. DANFORTH) for himself, Mr. BRADLEY, and Mr. HEINZ, proposes an unprinted amendment numbered 796.

Mr. DANFORTH. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill, insert the following new section:

(f) At the option of the State, any portion of such State's allotment may be reserved by the Secretary for the purpose of making direct payments to eligible households containing a recipient of supplemental security income benefits under title XVI of the Social Security Act for home energy assistance in accordance with guidelines issued by the Secretary.

Mr. DANFORTH. Mr. President, this amendment is offered on behalf of myself, Senator BRADLEY, and Senator HEINZ.

The amendment is very simple. It provides the States an additional option for use of their block grant moneys. The amendment would permit the States, at their option, to have the Social Security Administration send cash payments directly to SSI recipients in their States. Most States do not have comprehensive lists of low-income elderly or existing mechanisms to deliver assistance to that population. Nevertheless, a State may reasonably decide that the best way to reach the elderly poor and the disabled poor is through an automatic payment which does not require any kind of a new signup or new forms, and does not require the person to leave his or her home. Our amendment frees the State from undertaking an expensive and duplicative mailing of checks to accomplish this purpose. Rather, the States can use the existing SSI mechanism.

What our amendment does is give the States flexibility in designing a program of energy assistance for their low-income population. It does not dictate any particular approach. We have checked with the National Governors' Association about our amendment. Not surprisingly, the National Governers' Association, as a generic policy, supports State options, and we were informed our amendment is within the rubric of this policy.

Mr. BRADLEY subsequently said:

Mr. President, I urge the Senate to adopt the Danforth-Bradley amendment.

Under the direct-payments approach versus the vendor-payments approach, which is also provided for in the bill, States must reach all eligible households, including SSI, AFDC, and food stamp recipients, as well as those under the BLS income standard. Supplementation of the SSI and AFDC monthly checks may be an attractive option to some States in serving these eligible households. This amendment assures that a State will continue to have that option.

It continues arrangements States will have made under the fiscal year 1980 program to have the Social Security Administration of HEW send out energy assistance payments directly to SSI recipients as supplements to their monthly checks.

Most States do not currently have lists of SSI recipients because they either first do not provide SSI state supplementary payments (23 States), or second, have turned over the State SSI supplement program to SSA administration, precisely for convenience and efficiency reasons (17 States). Only 11 States administer their own State SSI supplements and therefore have the lists and, more importantly, the administrative mechanisms in place to reach the SSI eligible population with these payments.

For the remaining 40 States, the process of obtaining the SSI rolls and then of developing the administrative machinery to serve this population would be time-consuming, costly, and duplicative of an existing, if Federal, mechanism.

Finally, our intent is to provide States with the option of having the SSA send direct cash payments to SSI recipients. They are not required to do so. Enhanced flexibility is desirable for the States as they develop plans to meet part of the energy costs of their low-income population.

Mr. President, I urge the Senate and the distinguished chairman, Senator WILLIAMS, to accept this amendment.

Mr. WILLIAMS. Mr. President, this approach, using the Secretary of HEW for the direct application of the SSI benefits, was included in our original bill when we dealt with the 1980 program. It seemed to make a great deal of sense to let the States relieve themselves of part of the administrative program and designate the Secretary to pay directly through the SSI mechanism.

I believe it is administratively sound. We had it in the original bill, while we were dealing with 1980. It makes as much sense to carry it into 1981. I believe it is a contribution to the bill that I can accept.

Mr. DURKIN. Mr. President, will the Senator yield for a question?

Mr. DANFORTH. I yield.

Mr. DURKIN. Is the thrust of the amendment to give the Governor, the option, so that if he wants to go SSI or entirely bloc grant, it is up to the Governor?

Mr. DANFORTH. That is correct.

Mr. DURKIN. Will the Senator add my name as a cosponsor?

Mr. DANFORTH. Mr. President, I ask unanimous consent that the name of the Senator from New Hampshire be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HEINZ. Mr. President, my distinguished colleagues, Senators DANFORTH and BRADLEY and I have offered an amendment unprinted No. 796 to the Low Income Fuel Assistance Act, S. 1724, that would permit States to have an option of letting HEW send out fuel assistance checks to SSI recipients.

I strongly favor this proposed amendment because I believe that HEW has the capacity now to identify and reach recipients simply by looking at the names on their current roles. SSI is a Federal program, and HEW is capable of expediting the delivery of checks to SSI recipients. If a State wishes the option of having HEW send out payments, surely it would be reasonable for us to provide the State with that flexibility.

The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. DANFORTH. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. WILLIAMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MILITARY CONSTRUCTION APPROPRIATIONS, 1980

The PRESIDING OFFICER. The hour of 2 p.m. having arrived the question recurs on H.R. 4391 which the clerk will state by title.

The legislative clerk read as follows:

A bill (H.R. 4391) making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1980, and for other purposes.

The Senate resumed consideration of the bill.

The PRESIDING OFFICER. Who yields time?

Mr. HUDDLESTON. Mr. President, as far as I know there is no one on this side of the aisle who desires to be heard at this time. I am prepared to yield back the 5 minutes allotted to us but will first yield to the Senator from Alaska.

Mr. STEVENS. Mr. President, so far

as I know, there has been no request for time on the military construction bill either. If there is no request for time, I join the Senator from Kentucky in offering to yield back our time and have the vote now.

Mr. HUDDLESTON. Mr. President, I yield back the remainder of my time.

Mr. STEVENS. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back.

The bill having been read the third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Arizona (Mr. DECONCINI), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Montana (Mr. MELCHER), the Senator from New York (Mr. MOYNIHAN), the Senator from Connecticut (Mr. RIBICOFF) and the Senator from Maryland (Mr. SARBANES) are necessarily absent.

I further announce that, if present and voting, the Senator from Montana (Mr. MELCHER) would vote "yea."

The PRESIDING OFFICER (Mr. BUMPERS). Have all Senators in the Chamber voted? Does anyone else wish to vote?

The result was announced—yeas 91, nays 2, as follows:

[Rollcall Vote No. 402 Leg.]

YEAS—91

Armstrong
Baker
Baucus
Bellmon
Bentsen
Biden
Boren
Boschwitz
Bradley
Bumpers
Burdick
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Cannon
Chafee
Chiles
Church
Cochran
Cohen
Cranston
Culver
Danforth
Dole
Domenici
Durenberger
Durkin
Eagleton
Exon
Ford
Garn
Glenn
Goldwater
Gravel
Hart
Hatch
Hayakawa
Heflin
Heinz
Helms
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Jepsen
Johnston
Kassebaum
Laxalt
Leahy
Levin
Long
Lugar
Magnuson
Mathias
Matsunaga
McClure
McGovern
Metzenbaum
Morgan
Muskie
Nelson
Nunn
Packwood
Pell
Percy
Pressler
Pryor
Randolph
Riegle
Roth
Sasser
Schmitt
Schweiker
Simpson
Stafford
Stennis
Stevens
Stevenson
Stewart
Stone
Talmadge
Thurmond
Tower
Tsongas
Wallop
Warner
Weicker
Williams
Young
Zorinsky

NAYS—2

Hatfield
Proxmire

NOT VOTING—7

Bayh
DeConcini
Kennedy
Melcher
Moynihan
Ribicoff
Sarbanes

So the bill (H.R. 4391), as amended, was passed.

Mr. HUDDLESTON. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. HUDDLESTON. Mr. President, I move that the Senate insist on its amendments and request a conference with the House of Representatives thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. HUDDLESTON, Mr. INOUYE, Mr. JOHNSTON, Mr. SASSER, Mr. MAGNUSON, Mr. HOLLINGS, Mr. LAXALT, Mr. STEVENS, Mr. YOUNG, and Mr. SCHMITT conferees on the part of the Senate.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

PRIORITY ENERGY PROJECT ACT OF 1979

Mr. JACKSON. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 1308.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 1308) entitled "An Act to provide for an expedited and coordinated process for decisions on proposed non-nuclear energy facilities, and for other purposes", do pass with the following amendments:

Strike out all after the enacting clause, and insert: That (a) title I of the Energy Policy and Conservation Act (42 U.S.C 6201 and following) is amended by adding the following new part at the end thereof:

"PART C—PRIORITY ENERGY PROJECTS

"SHORT TITLE

"SEC. 171. This part may be cited as the 'Priority Energy Project Act of 1979'.

"PURPOSES

"SEC. 172. The purposes of this part are to exercise the congressional authority under the Constitution to regulate interstate commerce by—

"(1) providing a means to designate certain non-nuclear energy conservation and production projects, including energy research and development projects, the prompt implementation of which is in the national interest; and

"(2) establishing coordinated schedules for the expeditious making of Federal, State, local, and other governmental decisions, including judicial review thereof, respecting such designated projects, consistent with other applicable provisions of law, and establishing certain other procedures regarding such designated projects.

"DEFINITIONS

"SEC. 173. As used in this part, the term—

"(1) 'Agency' means a Federal agency or an agency or instrumentality of a State or local government or of a special governmental authority.

"(2) 'Agency decision' means any decision required to be made, or any other action required to be taken, by any agency with respect to any Priority Energy Project.

"(3) 'Board' means the Energy Mobilization Board established pursuant to section 174.

"(4) 'Energy project' means any project or device to be used, or activity to be carried out, by any person in connection with the exploration for, the development, transportation, production, commercialization of, or the conservation or efficiency in the use of, any form of energy. Such term includes any equipment, building, mine, well, rig, pipeline, transmission line, processing project, transportation-related device, manufacturing project, or installation or any combination thereof to be used for such purposes.

"(5) 'Federal agency' means an executive agency as defined in section 105 of title 5 of the United States Code, the departments described in section 102 of such title 5, and the Executive Office of the President.

"(6) 'Person' means any individual, cooperative, partnership, corporation, association, consortium, unincorporated organization, trust, estate, or any entity organized for a common business purpose, any Federal agency, any agency or instrumentality of a State or local government, or a special governmental authority.

"(7) 'Priority Energy Project' means a proposed energy project which is designated pursuant to section 178 of this part.

"(8) 'Special governmental authority' means an interstate or regional authority or an Indian tribe.

"(9) 'State' means any of the fifty States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

"ENERGY MOBILIZATION BOARD; ESTABLISHMENT AND AUTHORITY

"SEC. 174. (a) The President is authorized to establish for purposes of this part an Energy Mobilization Board to consist of five members appointed by the President, by and with the advice and consent of the Senate, from among persons who are specially qualified by reason of their education, training, or experience to carry out the functions of the Board. Such members shall serve at the pleasure of the President. One member of the Board shall be designated Chairman by the President.

"(b) Members of the Board, other than the Chairman, shall be entitled to receive compensation at the rate prescribed for level IV of the Executive Schedule. The Chairman shall be entitled to receive compensation at the rate prescribed for level III of the Executive Schedule. While away from their homes or regular places of business in the performance of services for the Board, members of the Board shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in Government service are allowed expenses under section 5703 of title 5 of the United States Code. The Board shall have a General Counsel appointed by the President, by and with the advice and consent of the Senate, who shall be entitled to receive compensation at the rate prescribed for level V of the Executive Schedule.

"(c) (1) The Chairman shall have the power to appoint and fix the compensation of an Executive Director and such additional personnel as he deems necessary to carry out the functions of the Board.

"(2) Upon request of the Chairman, the head of any Federal agency is authorized to detail, on a reimbursable basis, any of the personnel of such agency to the Board to assist the Board in carrying out its functions.

"(3) The Chairman may procure temporary and intermittent services for the Board under section 3109(b) of title 5 of the United States Code.

"(4) Consistent with applicable provisions of law, the Administrator of General Services shall provide to the Board on a reimbursable basis such facilities and administrative support services as the Chairman may request.

"(d) (1) The Board may hold such hearings, sit and act at such times and places, take such testimony and receive such evidence, promulgate such regulations and issue such orders, as may be necessary to carry out its functions under this part. The Board may institute, or participate in, such court or agency proceedings as may be necessary to carry out its functions under this part. For purposes of such regulations, the provisions of section 501 of the Department of Energy Organization Act shall apply to the Board in the same manner as such provisions apply to the Secretary of Energy, and the provisions of section 552b of title 5 of the United States Code shall apply to the Board notwithstanding any other provision of law.

"(2)(A) The Board may issue subpenas requiring the attendance and testimony of witnesses and the production of any evidence that relates to any matter under the authority of the Board. Such attendance of witnesses and the production of such evidence may be required from any place within any State at any designated place of hearing within any State.

"(B) If a person issued a subpena under this paragraph refuses to obey such subpena or is guilty of contumacy, any court of the United States within the judicial district within which the hearing is conducted or within the judicial district within which such person is found or resides or transacts business may (upon application by the Board) order such person to appear before the Board to produce evidence or to give testimony relating to the matter concerned. Any failure to obey such order of the court may be punished by such court as a contempt thereof. All process of any court to which application may be made under this paragraph may be served in the judicial district in which the person required to be served resides or may be found.

"(C) The subpenas of the Board shall be served in the manner provided for subpenas issued by a United States district court under the Federal Rules of Civil Procedure for the United States district courts.

"(e) Whenever the Board submits to the President or the Office of Management and Budget, any legislative recommendation or testimony, or comments on any legislation, prepared for submission to the Congress, the Board shall concurrently transmit a copy thereof to the Committee on Energy and Natural Resources of the United States Senate and to the Committees on Interior and Insular Affairs and on Interstate and Foreign Commerce of the United States House of Representatives.

"(f) Upon the request of the Congress or any committee or subcommittee thereof, the Board shall promptly provide to the Congress, or to such committee or subcommittee, any records, reports, documents, materials, and other information which is in the possession of the Board or any of its employees and which is requested by the Congress or by such committee or subcommittee. The Board shall keep the Committee on Energy and Natural Resources of the United States Senate and the Committees on Interior and Insular Affairs and on Interstate and Foreign Commerce and the Committee on Science and Technology of the United States House of Representatives fully and currently informed concerning its activities. The Board shall submit an annual report to such committees concerning the actions taken, or to be taken, under this Act. The report shall contain such other information relating to energy projects as the Board deems appropriate.

"CERTAIN PROJECTS NOT COVERED

"SEC. 175. Nothing in this part shall apply to any project related to the production of nuclear energy, including any facility which is required to be licensed under the Atomic Energy Act of 1954 or which is otherwise subject to the authority of the Nuclear Regulatory Commission under title II of the Energy Reorganization Act of 1974, or to any project which is, or may be, approved under the provisions of title V of the Public Utility Regulatory Policies Act of 1978; except that in the case of a proposed crude oil transportation system to transport crude oil to northern tier and inland States approved by the President under section 507 of the Public Utility Regulatory Policies Act of 1978, upon application of any person acting on behalf of such system, the President may apply one or more provisions of this Act to the system if the application of the provision or provisions would, in the opinion of the President, expedite its completion.

"THE ALASKA NATURAL GAS TRANSPORTATION SYSTEM

"SEC. 176. No provision of this Act nor any action taken pursuant to this Act shall affect or interfere in any way with the requirement established by section 9(b) of the Alaska Natural Gas Transportation Act of 1976 that actions by Federal officers or agencies affecting the transportation system selected by the President and approved by the Congress pursuant to the provisions of that Act be expedited or with the precedence granted by section 9(b) to applications to or requests of Federal officers or agencies by that system.

"AUTHORITY TO APPLY FOR PRIORITY STATUS

"SEC. 177. (a) The Board shall promulgate regulations establishing procedures and criteria for the submission to the Board, and for the consideration by the Board, of applications for an order designating an energy project as a Priority Energy Project under this part. Such procedures and criteria shall require applications to include such detailed information as the Board deems necessary to—

"(1) enable it to make such a designation under this part,

"(2) identify each agency required to make an agency decision with respect to such project,

"(3) enable such agencies to identify the agency decisions which they are required to make with respect to such project, and

"(4) enable the Board to establish a Project Decision Schedule for the applicant and for such agencies.

"(b) The Board shall require any person making an aplication under this section to file with the Board such additional information as it deems necessary, including—

"(1) an adequate design proposal for the project;

"(2) economic data on the costs and benefits of the project; and

"(3) an analysis of the environmental impacts of the project, including an analysis of mitigating measures which may be taken to minimize any environmental, health, or safety hazards.

"(c) An application for an order designating an energy project as a Priority Energy Project may be submitted to the Board by any person in accordance with the procedures and criteria established under subsection (a).

"(d) Promptly following receipt of an application filed under this section, the Board shall publish notice of such filing, together with a summary description of the application, in the Federal Register and shall notify the appropriate agencies and the Senate Committee on Energy and Natural Resources and the House Committees on Interstate and Foreign Commerce and on Interior and Insular Affairs and Science and Technology. The Board shall afford forty-five days after publication of notice in the Federal Register for such agencies and other interested persons to submit written comments for the Board's consideration.

"DESIGNATION OF PRIORITY ENERGY PROJECTS

"SEC. 178. (a) Not later than forty-five days after expiration of the comment period under section 177(d) with respect to any application under section 177, the Board shall—

"(1) issue an order in accordance with this part designating the energy project with respect to which such application was submitted as a Priority Energy Project if it determines that such project is of sufficient national interest for such project to be so designated, or

"(2) refuse to issue such an order.

"(b) The Board shall publish any order making a designation under subsection (a) in the Federal Register and shall provide a copy of such order to the Senate Committee on Energy and Natural Resources and the House Committees on Interstate and Foreign Commerce and on Interior and Insular Affairs and Science and Technology.

"(c) In determining whether or not to make a designation under subsection (a), the Board shall consider—

"(1) the extent to which the energy project would reduce the Nation's dependence upon imported oil or upon other nonrenewable resources;

"(2) the magnitude of any economic, social, and environmental impacts and costs associated with the energy project in relation to the impacts and costs of alternatives to such project;

"(3) the extent to which the energy project would make use of renewable energy resources;

"(4) the extent to which the energy project would conserve energy;

"(5) the extent to which the energy project would contribute to the development of new production or conservation technologies and techniques;

"(6) the time that would normally be required to obtain all necessary agency decisions;

"(7) the adverse impacts that would result from—

"(i) the designation of the energy project as a Priority Energy Project, or

"(ii) any delay in completion of the energy project which would result from the failure to make such a designation;

"(8) the extent to which the energy project would impinge upon the quantity and quality of presently available and future water resources;

"(9) the comments received concerning the energy project;

"(10) the regions of the country that will be most heavily impacted by the energy project as well as most benefited by the project;

"(11) the availability of significant economic, environmental, or technical data; and

"(12) the anticipated effects upon competition in the energy industry, and the extent to which such designation will create competitive inequities among applicants.

In the case of any order designating a project under this section, the order shall contain a statement of the basis on which such designation was made and such other information as may be appropriate.

"(d) Upon receipt of an application pursuant to section 177 of this part for the designation of an electric powerplant, as defined in section 103(a)(7) of the Powerplant and Industrial Fuel Use Act of 1978, as a Priority Energy Project and after an opportunity for public comment on such application pursuant to such section, the Board shall designate such powerplant as a Priority Energy Project, in accordance with section 178, if such powerplant is seeking, as determined by the Secretary of Energy, to use coal or a coal derived fuel as the primary energy source either (1) through conversion to such fuel from the use of oil or natural gas as the primary energy source for such powerplant, or (2) through construction of a new powerplant to replace an existing powerplant that uses oil or natural gas as the primary energy source.

"(e) The Board shall encourage prospective applicants for Priority Energy Projects to file applications for any necessary agency decisions with the appropriate agencies as soon as possible in order that agency decisions may be expedited.

"STATE PARTICIPATION

"SEC. 179. Upon designation of any Priority Energy Project, the Board shall promptly notify the Governor of each State in which any portion of such Project is proposed to be located, and each such Governor may appoint a nonvoting Member to serve on the Board to participate only in decisions of the Board respecting such Project, including decisions relating to the Project Decision Schedule. The provisions of section 174(b) shall not apply to the Member of the Board appointed under this section.

"COMPLIANCE WITH THE NATIONAL ENVIRONMENTAL POLICY ACT

"SEC. 180. (a) Promptly following designation of an energy project as a Priority Energy Project, and before establishment of a Project Decision Schedule under section 183, the Council on Environmental Quality shall determine whether any Federal action relating to the Priority Energy Project will be a major Federal action within the meaning of section 1022(C) of the National Environmentay Policy Act of 1969. If the Council determines that any such action relating to a Priority Energy Project will be a major Federal action, the Council shall designate the lead agency for purposes of complying with the National Environmental Policy Act of 1969. If the Council on Environmental Quality fails to make any determination or designation (or both) required under this section before establishment of the Project Decision Schedule, the Board may make such determination or designation (or both).

"(b) Notwithstanding any other provision of law, the Board, after consultation with the Council on Environmental Quality and appropriate Federal agencies, may require that one environmental impact statement be prepared and that such statement be used by all Federal agencies to satisfy their obligations under the National Environmental Policy Act of 1969.

"EXTENSION OF DEADLINES

"SEC. 181. The Board may extend the time for receiving comments under section 177 (d), the time for making its determination and publication under section 178 in the case of any application for designation of any energy project as a Priority Energy Project, the time for agencies to transmit information under section 182, and the time for publication by the Board under section 183(a) of a Project Decision Schedule. Any such extension shall be consistent with the purposes of this part and shall be for only such period as may be necessary, as determined by the Board.

"AGENCIES TO TRANSMIT INFORMATION

"SEC. 182. Not later than thirty days after notice appears in the Federal Register of an order designating an energy project as a Priority Energy Project, each agency having authority to make any agency decision with respect to such Project or any part thereof, shall transmit to the Board—

"(1) a compilation of all significant actions required to be taken by such agency and by the applicant before such decision can be made and a summary of the procedural requirements applicable to such actions and to the making of such decisions;

"(2) a tentative schedule for completing such actions and making such decisions;

"(3) a statement of the amount of funds and personnel available to the agency to take such actions and make such decisions and of the effect that taking such actions and making such decisions will have on other actions required to be taken by the agency, together with a finding as to whether or not such funds and personnel are adequate for such purposes; and

"(4) such other information as the Board may require.

Notwithstanding section 557(d) of title 5 of the United States Code, or any other provision of law relating to ex parte communications, any officer or employee of an agency to which this section applies may provide information to the Board and consult with the Board relating to any Priority Energy Project at any time and in any manner.

"PROJECT DECISION SCHEDULE

"SEC. 183. (a) Not later than thirty days after agencies are required to transmit information under section 182 with respect to any Priority Energy Project, the Board, in consultation with the appropriate agencies, shall publish in the Federal Register a Project Decision Schedule for all agency decisions relating to such Project. The Project Decision Schedule shall clearly identify the order in which such decisions must be made by each agency concerning the Project and shall clearly identify the deadlines applicable to such decisions. The Project Decision Schedule may also suggest concurrent review of applications and joint hearings by such agencies.

"(b)(1) The Project Decision Schedule shall be consistent with the tentative schedules transmitted to the Board under section 182 unless the Board determines that a different schedule is essential in order to expedite and coordinate agency review, and publishes, together with the Project Decision Schedule, its reasons for such determination. The objective of the Board in determining any different schedule under this paragraph shall be to provide that, to the maximum extent practicable and consistent with the provisions of this part, such different schedule shall not result in a total time for the Federal, State, or local agency action to which such schedule applies which exceeds 12 months from the date on which application is made for such Federal, State, or local agency action by a person acting on behalf of the Priority Energy Project.

"(2) Whenever the Project Decision Schedule is not consistent with any schedule which would otherwise apply, such Project Decision Schedule shall apply in lieu of such otherwise applicable schedule and shall be binding on the agency and on all other persons to which the Schedule applies.

"(3) In the case of agency decision or action subject to the Project Decision Schedule, the agency may modify any schedule applicable to such action or decision (including a schedule relating to actions of any applicant or other person and including any schedule established by statute) where the agency determines that such modification will facilitate compliance by the agency with the Project Decision Schedule. No such agency may modify the Project Decision Schedule pursuant to the authority contained in this paragraph.

"(4) The Project Decision Schedule, and any other schedule which is modified under paragraph (3), shall be reasonably designed to insure adequate consideration of all matters concerning such Project under applicable law and to insure adequate participation by parties in applicable proceedings.

"(5) Any agency may consolidate, to the maximum extent practicable, its proceedings respecting actions and decisions which are subject to the Project Decision Schedule with the proceedings of other agencies respecting actions and decisions which are also subject to such Schedule.

"(c) In consultation with any person responsible for—

"(1) filing on behalf of a Priority Energy Project any application or other petition for an agency decision, or

"(2) taking any other action on behalf of such project which is necessary before such agency decision may be made

and with appropriate agencies, the Board shall include in the Project Decision Schedule a schedule containing deadlines for submissions by such person for any license, permit, or other approval which must be obtained in connection with the project. The schedule shall indicate the date on which any such filing shall be made and the materials which must be submitted.

"(d) Upon the petition of any agency to which the Project Decision Schedule applies, or on its own motion, the Board may modify the Project Decision Schedule at any time. No extension of any time period applicable to any agency under such Schedule may be granted unless the Board determines that—

"(1) such agency has exercised all due diligence in attempting to comply with the Schedule and is unable to comply with such Schedule; or

"(2) it would be impractical for the agency to reach a decision or to complete the required action within the specified time,

taking into account the personnel and funds available to the agency for complying with such Schedule.

"MONITORING OF COMPLIANCE BY BOARD

"SEC. 184. The Board shall monitor compliance with the Project Decision Schedule by the agencies and persons to whom the Schedule applies and may require such agencies and persons to submit to the Board such information regarding compliance with such Schedule as the Board deems necessary and appropriate for such purposes. If the Board determines that a Priority Energy Project is being delayed or threatened with delay, the Board shall determine the reason for such delay or threatened delay and notify the appropriate agencies and other persons of its determination. Following such notification, the Board shall publish such reasons in the Federal Register, and may take such actions as it deems appropriate to bring such agency and other persons into compliance with the Project Decision Schedule. If the Board determines that any person responsible for—

"(1) filing on behalf of a Priority Energy Project any application or other petition for an agency decision, or

"(2) taking any other action on behalf of such Project which is necessary before such agency decision may be made,

has failed or refused to promptly file such application or petition or take such other action, the Board shall either revise such Project Decision Schedule or revoke the designation of such Priority Energy Project under section 178.

"AGENCY OBLIGATIONS NOT AFFECTED

"SEC. 185. (a)(1) Except as may otherwise be provided pursuant to the establishment or modification of a deadline or timetable by the Board under section 183 or 186(a)(2)(A) or pursuant to the modification of a schedule by an agency under 183(b)(3), the Project Decision Schedule and each agency decision and other action with respect to which a deadline or timetable is specified on the Project Decision Schedule shall be consistent with the statutory obligations applicable to the agencies governed by such Schedule.

"(2) Paragraph (1) shall be subject to section 186.

"(b) Except as permitted under the authorities referred to in subsection (a), nothing in this part shall—

"(1) affect the application to any energy project of any requirement established by, or pursuant to, Federal, State, or local law,

"(2) affect the basis on which any agency decision is made with respect to such a project, or

"(3) affect or influence the outcome of any such agency decision.

"(c) Nothing in this part shall be construed to affect the authority or independence of any independent Federal regulatory agency.

"ENFORCEMENT OF PROJECT DECISION SCHEDULE

"SEC. 186. (a) (1) If the Board determines, pursuant to its monitoring under section 184, that an agency has failed, or is reasonably likely to fail, to make an agency decision within the time required by the Project Decision Schedule, the Board shall provide notice of its determination to the appropriate agency, the person responsible for filing on behalf of the Priority Energy Project the application or other petition for the agency decision involved, any parties to the agency proceeding concerned, and the Governor of each State affected by that project. After a period of at least 45 days after such notification, the Board shall promptly conduct on an expedited basis an informal hearing for the purpose of determining the cause of the delay and the actions taken to achieve compliance. A transcript shall be kept of any such hearing.

"(2) Within thirty days after any hearing under paragraph (1), the Board may, in furtherance of the purposes of this part—

"(A) modify the Project Decision Schedule to the extent necessary to provide an extension of time for that agency to make the agency decision involved if—

"(i) such agency has exercised all due diligence in attempting to comply with the Schedule and is unable to comply with such Schedule, and it would be impracticable for the agency to reach a decision or to complete the required action within the specified time, and

"(ii) a previous extension has not been provided under this subsection for that agency decision;

"(B) issue an order under subsection (b) providing for a decision under that subsection in lieu of the agency decision involved; or

"(C) make a recommendation under subsection (c) for a waiver under that subsection in the case of any Federal requirement applicable to any agency.

No determination by the Board under paragraph (1) and no modification of a Project Decision Schedule by the Board under subparagraph (A) of this paragraph shall be subject to judicial review, except as may be required by the Constitution of the United States. If, following modification of the Project Decision Schedule under subparagraph (A), the agency fails to make the agency decision concerned in compliance with such modified Schedule, the Board may take action under subparagraph (B) or (C), as appropriate, without conducting a further hearing under paragraph (1).

"(b) (1) The Board may issue an order referred to in subsection (a) (2) (B) to have a decision under this subsection be made in lieu of the agency decision. Notice of any such order shall be published in the Federal Register and transmitted to the agency, the person responsible for filing on behalf of the Priority Energy Project the application or other petition for the agency decision involved, the President, the Governor of each State affected and the Committees on Interstate and Foreign Commerce and Interior and Insular Affairs of the House of Representatives and the Committee on Energy and Natural Resources of the Senate. Any order under this paragraph shall not be subject to judicial review, except as may be required by the Constitution of the United States.

"(2) (A) Upon receipt of notice of an order under paragraph (1), the agency involved shall transmit forthwith all records in the possession of the agency pertinent to that decision or action. The Board shall take whatever additional action authorized under this part as may be necessary to obtain an adequate record for a final decision.

"(3) (A) The Board shall promptly issue a recommended decision under this subsection after obtaining an adequate record for the decision. The recommended decision shall be published in the Federal Register, shall be submitted to the President, together with the record on which it is based, and shall be transmitted to the Governor or each State affected by the project.

(B) Any recommended decision of the Board under this subsection shall be consistent with any requirement established by, or pursuant to, Federal, State, or local law which would be applicable in the absence of an order under this subsection.

"(4) (A) Within 45 days after any recommended decision has been submitted to the President under paragraph (3), the President shall—

"(i) make a decision to affirm the recommended decision, in which case the recommended decision shall be considered final, or

"(ii) shall remand it to the Board with instructions to modify the recommended decision to the extent the President determines to be appropriate and consistent with any requirement establish by, or pursuant to, Federal, State, or local law.

Following any remand under clause (ii), the Board shall promptly issue a final decision in accordance with such instructions. If the President fails to affirm or remand such decision within such 45-day period, the Board's recommended decision shall be considered final.

"(B) Any final decision under subparagraph (A) shall be considered a final decision in lieu of the agency decision involved. Except as provide in section 189(b), such final decision shall be subject to judicial review in the same manner and to the same extent as would apply to the agency decision involved.

"(c) (1) After designation of a Priority Energy Project and before compliance with the Project Decision Schedule by the agencies to which such Schedule applies, or pursuant to subsection (a), the Board may recommend to the President the waiver, in whole or in part, of any Federal requirement which it finds presents a susbtantial procedural or substantial substantive impediment—

"(A) to the making of an agency decision, or

"(B) to the making of such agency decision in a manner which will permit implementation of the project.

A recommendation may not be made to the President for a waiver under this subsecsection and a recommendation may not be made under subsection (b) if the agency has made the agency decision involved at the time of such recommendation.

"(2) (A) Any waiver recommended under this subsection may be conditioned on the imposition of a less stringent requirement or other alternative to the requirement which is to be waived. Such waiver shall also include such terms and conditions as the Board, in consultation with the agencies responsible for the administration of the requirements proposed to be waived, deems necessary to mitigate any adverse effects (including effects on public health, welfare, or the environment) associated with such waiver and to further enhancement efforts for aspects adversely affected by the energy project.

"(B) A recommendation under this subsection for the waiver of any requirement shall be published in the Federal Register, together with a statement of the reasons on which the recommendation is based. Any agency affected by such waiver and any other concerned person may submit views respecting such recommendation to the President and may make such views public during the thirty-day period specified in paragraph (3).

"(3) Not earlier than thirty days after publication in the Federal Register of a recommendation for a waiver under this subsection, and after considering public and agency comments, the President may, in furtherance of the purposes of this part, transmit such recommendation to the Congress, if he determines—

"(A) such a waiver to be in the national interest,

"(B) that there is substantial evidence to support the Board's determination and recommendation, and

"(C) that such a waiver would not unduly endanger the public health and safety.

Any recommendation so transmitted shall be accompanied by a detailed identification of the requirement to be waived, a statement of the extent to which such waiver would apply, and a statement of the President's reasons for making such recommendation, together with a summary of the agency views on such waiver. Any recommendation transmitted under this paragraph may be conditioned on the imposition of a less stringent requirement or other alternative to the requirement which is to be waived together with provisions for the enforcement of such less stringent requirement or other alternative by the agency responsible for the administration of the requirement proposed to be waived. Such waiver shall also include such terms and conditions (and provisions for their enforcement by the agency responsible for the administration of the requirement proposed to be waived) as the President deems necessary to mitigate any adverse effects (including effects on public health, welfare, or the environment) associated with such waiver and to further enhancement efforts for aspect adversely affected by the Project. The President's transmittal under this subsection shall also set forth any differences between the waiver recommended by the Board and the waiver transmitted to the Congress.

"(4) (A) Any waiver with respect to which the President has made a recommendation which is transmitted to Congress under this subsection shall take effect at the expiration of the first period of sixty calendar days of continuous session of Congress after the date of its receipt by the Senate and House of Representatives if, before the expiration of such sixty-day period, such recommendation is approved by each House of the Congress in the same manner as is provided for approval of energy conservation contingency plans under section 552 of this Act, except that in applying the provisions of section 552 of this Act to a recommendation of the President transmitted under this subsection, any reference in such section 552 to an energy conservation contingency plan shall be treated as a reference to a recommendation of the President transmitted under this subsection, any reference in such section 552 to twenty calendar days shall be treated as a reference to thirty calendar days and subsections (b), (d) (2) (B), and (d) (7) of section 552 shall not apply.

"(B) A recommendation transmitted under this section may take effect at any time subsequent to the date specified in subparagraph (A) if such subsequent time is set forth in such recommendation.

"(5) Each agency responsible for the administration of any requirement waived under this section shall monitor compliance by the Project with the terms and conditions of such waiver.

"(d) (1) The Board, on its own motion or upon an application of any person acting on behalf of a Priority Energy Project, shall determine if any requirement of Federal, State, or local law which has been enacted or promulgated after establishment of the Project Decision Schedule, but before commencement of commercial operation of any facility (as determined by the Board) which is part of the Project, would present a substantial impediment to implementation of the project. Such application shall identify the requirement with respect to which the application is made. If the Board determines that any such requirement will present such an impediment, the Board may in furtherance of the purposes of this part—

"(A) order the temporary suspension of the application of such requirement to such facility for only such time as necessary to allow such person to make good faith efforts to comply with such requirement, but not in excess of five years after the date on which commercial operation of such facility commences; or

"(B) submit a recommendation to the President that such requirement be waived in whole or in part.

No determination of the Board under this subsection shall be subject to judicial review except as may be required by the Constitution of the United States.

"(2) No order temporarily suspending the application of any requirements to any facility may be issued under paragraph (1) (A) unless the Board, in consultation with the agency responsible for implementing the requirement, finds that, during the period of such suspension, the facility will make a good faith effort to meet the requirement suspended.

"(3) A recommendation submitted to the President under paragraph (1) (B) for the waiver of any requirement shall take effect as provided in, and shall be subject to the same provisions as apply in, the case of recommendations for waiver set forth in subsection (c).

"(e) (1) Not later than forty-five days after the establishment of a Project Decision Schedule for a Priority Energy Project, the Board and any agencies which may be covered by such Project Decision Schedule shall identify and publish notice in the Federal Register of the requirements of Federal, State, and local law applicable to such Project which may present any substantial procedural or substantial substantive impediment to the implementation of the Project. Such notice shall include an analysis of the impact of such requirements on the project. The Board may extend the forty-five-day period in appropriate cases.

"(2) If the Board finds, after publication of the notice under paragraph (1) and based upon the analysis required under paragraph (1), that—

"(A) any requirement identified under paragraph (1) may present any substantial procedural or substantial substantive impediment to the implementation of the project; and

"(B) there is no opportunity under applicable law for an agency decision in a manner which would overcome such impediment and permit implementation of the Project,

the Board shall submit a copy of its analysis under paragraph (1), together with appropriate recommendations concerning the requirement, to the President (in the case of a requirement of Federal law), the Governor (in the case of a requirement of State or local law), to the affected agencies, and to the appropriate committees of Congress. Any recommendation under this subsection to the President may include a recommendation in accordance with subsection (c). The Governor and such affected agencies shall take into consideration the Board's recommendation and shall report to the Board within such time as may be specified by the Board. Such report shall state whether or not the Governor or agency accepts or rejects the recommendations of the Board, together with the reasons for such acceptance or rejection. If the Governor or agency accepts such recommendations in whole or in part, such report shall include an explanation of the actions the Governor or agency will take and when such actions will be taken.

"(f) In bringing any civil action in any court (other than the Supreme Court) to enforce any order or requirement under this part, the Board shall be represented by the General Counsel of the Board (or any attorney employed by the Board), notwithstanding the provisions of title 28 of the United States Code. Such General Counsel (or attorney employed by the Board) shall supervise, conduct, and argue any civil litigation in any such action.

"PROHIBITION AGAINST WAIVER OF CERTAIN RIGHTS AND LAWS

"SEC. 187. (a) Nothing in this part shall authorize, or be construed to authorize, the Board or the President to alter any Federal, State, or local requirement, except to the extent a Schedule established or modified by the Board under section 183 or 186(a) (2) (A) contains a deadline or timetable which applies in lieu of an otherwise applicable deadline or timetable.

"(b) No recommendation may be made by the Board with respect to a waiver, no determination may be transmitted by the President with respect to a waiver, and no waiver may take effect under section 185, if such waiver would—

"(1) waive any Federal, State, or local requirement which relates to—

"(A) the rights, working conditions (including health and safety), compensation, or activities of workers or their representatives.

"(B) antitrust laws (as defined in section 3(1) of the Public Utilities Regulatory Policies Act of 1978),

"(C) criminal laws, or

"(D) civil rights laws;

"(2) waive any Federal, State or local requirement which involves any primary air quality standard established under the Clean Air Act;

"(3) have the effect of impairing or abridging any right or rights of any person arising under the Constitution of the United States;

"(4) contravene any interstate compact, provision of State or local law or Federal contract, relating to water rights or to the appropriation, delivery or use of water pursuant to such rights;

"(5) have the effect of abridging or impairing the rights of any person under any provision of law to receive compensation from the owner or operator of any Priority Energy Project for loss of any property interest as a result of the construction or operation of such Project; or

"(6) have the effect of contravening the will of the electorate as ascertained in any local or State initiative or referendum which was specifically related to the establishment of an energy project.

"(c) Notwithstanding any provision of this part, no requirement may be waived under this part with respect to any pipeline for the transportation of coal, except that the Board may impose deadlines for agency decisions with respect to such a pipeline which deadlines may be shorter than those which might otherwise apply and the Board may also require concurrent review of applications and consolidated or joint hearings by agencies in the case of agency decisions relating to such a pipeline.

"WATER LAW

"SEC. 188. (a) Nothing in this Act shall be construed as expanding or conferring upon the United States, its agents, permittees, or licensees any right to acquire rights to the use of water.

"(b) The United States, its agents, permittees, or licensees shall appropriate water within any State for an energy project pursuant to the procedural and substantive provisions of State law, regulation, or rule of law governing appropriation, use, or diversion of water.

"(c) The establishment or exercise pursuant to State law, of terms or conditions including terms or conditions terminating use, on permits or authorizations for the appropriation, use, or diversion of water for energy projects shall not be deemed because of any interstate carriage, use, or disposal of such water to constitute a burden on interstate commerce.

"(d) Nothing in this Act shall alter in any way any provision of State law, regulation, or rule of law or of any interstate compact governing the appropriation, use, or diversion of water.

"JUDICIAL REVIEW

"SEC. 189. (a) (1) A determination of the Board to designate or not to designate any energy project as a Priority Energy Project under section 178, the granting or denying of an extension under section 181, the establishment of a Project Decision Schedule under section 183, and any action of the Board under section 184, shall not be subject to judicial review, except as may be required by the Constitution of the United States.

"(2) The making of any waiver recommendation by the Board or waiver determination by the President under section 186 shall not be subject to judicial review, except as required by the Constitution or as permitted under paragraph (3).

"(3) Any person may bring an action against the United States in the appropriate United States court of appeals not later than thirty days after the approval of a determination transmitted by the President to the Congress under section 186 requesting the court to enjoin or grant other appropriate relief with respect to any waiver approved pursuant to such determination if such waiver is inconsistent with any prohibition contained in section 187, and such court may grant such relief. In any such action, the expedited procedures set forth in subsection (b) (2) shall apply.

"(b) (1) Any action brought in any court of the United States for review of any final agency decision which is covered by a Project Decision Schedule may only be brought in the United States court of appeals for the circuit in which the Priority Energy Project concerned is, or is proposed to be located and may only be brought within ninety days following the date on which notice is published that such decision has become final or within such shorter time period as may be required under other applicable law. Any such action shall be barred unless brought within the period specified under the preceding sentence.

"(2) The court shall assign any action referred to in paragraph (1) for hearing, and shall complete such hearing, at the earliest possible date. Such action shall, to the greatest extent practicable, take precedence over all other matters pending on the docket of the court at that time, shall be expedited in every way by such court, and shall be consolidated, to the greatest extent practicable, with other actions relating to the same Priority Energy Project which are brought in such court or in any court of the United States. Any reviewing court shall also expedite and consolidate such review to the maximum extent practicable.

"(3) Nothing in this subsection shall be construed to affect the jurisdiction of any court of the United States or of any State or political subdivision thereof. Any agency decision with respect to which review could have been obtained under this subsection may not be subject to judicial review in any other proceeding.

"(4) In issuing a final order in any action for review of any final agency action which is covered by a Project Decision Schedule, the court may award costs of litigation (including attorney and expert witness fees) to any party when in the determination of the court such action was brought frivolously with no essential purpose beyond delay.

"REPORT

"SEC. 190. Not later than December 31, 1981, and annually thereafter, the Board shall prepare and transmit to the Congress a report which contains a comprehensive list of all Federal laws and regulations that significantly hinder the completion of energy projects, and which includes an analysis of why each law or regulations listed in the report is a significant hindrance to the completion of such projects.

"EFFECTIVE DATE

"SEC. 191. The Board shall promulgate regulations for carrying out its functions under this part (including regulations establishing procedures and criteria under section 177) not later than sixty days after the date on which all initial members of the Board have been confirmed by the United States Senate. No application may be submitted under this part for designation of any project as a Priority Energy Project before promulgation of such regulations.

"EXPIRATION OF AUTHORITY

"SEC. 192. The Board shall cease to exist, and the authority provided to the Board under this part, shall terminate, on September 30, 1985. Notwithstanding the previous sentence, any Project Decision Schedule established under this part for any Priority Energy Project prior to the expiration of such authority, and, to the extent practicable, the other provisions of this part applicable to such project, shall continue to be applicable to such project after September 30, 1985.

"AUTHORIZATION

"SEC. 193. There is authorized to be appropriated to the Board to carry out the provisions of this part not more than $2,000,000 for the fiscal year 1980, and not more than such sums as may be necessary for succeeding fiscal years, subject to annual authorization.".

(b) The table of contents for such Act is amended by inserting after the item relating to section 166 the following:

"PART C—PRIORITY ENERGY PROJECTS

"Sec. 171. Short title.
"Sec. 172. Purposes.
"Sec. 173. Definitions.
"Sec. 174. Energy Mobilization Board; establishment and authority.
"Sec. 175. Certain projects not covered.
"Sec. 176. The Alaska natural gas transportation system.
"Sec. 177. Authority to apply for priority status.
"Sec. 178. Designation of priority energy projects.
"Sec. 179. State participation.
"Sec. 180. Compliance with NEPA.
"Sec. 181. Extension of deadlines.
"Sec. 182. Agencies to transmit information.
"Sec. 183. Project Decision Schedule.
"Sec. 184. Monitoring of compliance by Board.
"Sec. 185. Agency obligations not affected.
"Sec. 186. Enforcement of Project Decision Schedule.
"Sec. 187. Prohibition against waiver of certain rights and laws.
"Sec. 188. Water law.
"Sec. 189. Judicial review.
"Sec. 190. Report.
"Sec. 191. Effective date.
"Sec. 192. Expiration of authority.
"Sec. 193. Authorization.".

Amend the title so as to read: "An Act to establish a coordinated, prompt, and simplified process for decisionmaking in regard to significant nonnuclear energy facilities, and for other purposes.".

Mr. JACKSON. Mr. President, I move that the Senate disagree to the amendments of the House of Representatives and request a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. JACKSON, Mr. CHURCH, Mr. JOHNSTON, Mr. BUMPERS, Mr. FORD, Mr. DURKIN, Mr. METZENBAUM, Mr. MATSUNAGA, Mr. MELCHER, Mr. TSONGAS, Mr. BRADLEY, Mr. HATFIELD, Mr. MCCLURE, Mr. WEICKER, Mr. DOMENICI, Mr. STEVENS, Mr. BELLMON, and Mr. WALLOP conferees on the part of the Senate.

CAMBODIA'S ANGUISH

Mr. JACKSON. Mr. President, these days all of us are haunted by the great human tragedy in Cambodia. A whole nation is on the verge of dying. This is the International Year of the Child, but in Cambodia and in the refugee camps in Thailand, the children are wasting away in the arms of their helpless mothers. What an arbitrary, heartbreaking fate for those we are supposed to honor this year. What a mockery for those who planned the year of the child, and what a terrible way to observe it.

The situation has been amply documented. Senators SASSER, BAUCUS, and DANFORTH, who were in Cambodia late last month, have reported the facts. It is estimated that the current population of Cambodia is 4 to 5 million people, and that 2 to 3 million are facing starvation. One-half of this number are expected to die in the next few months unless massive emergency aid is provided. Thousands die every day; most die slowly, racked by disease and starvation, and tortured by the suffering of their loved ones. The situation will be getting worse; too few crops have been sown, and there will be too little to harvest. Without major assistance, the people of Cambodia will lack the necessary nutrition to sustain even a moderate birth rate: Those few weak children who are born will face a severe problem surviving their infancy.

We should recognize that the current Cambodian Government and its Vietnamese masters have selectively withheld food as a conscious policy in pursuit of their goals. In some parts of the country, food has been used to undermine the forces of the old regime. In certain areas, food utensils have been confiscated and foraging declared a crime as a means to keep the local people weak and docile.

Mr. President, this is a totally cynical disregard for basic human decency. This constitutes genocide—literally.

External assistance is absolutely essential. Funds for food and medical aid must be raised. At the UN-sponsored "pledging conference" a week ago, concerned governments pledged $210 million in cash and supplies for the relief effort. This is about two-thirds of the $310 million goal set by Secretary General Waldheim for humanitarian assistance to Cambodia in the next 12 months. Of the money raised at the conference, the U.S. commitment was $69 million, and the Congress has acted to authorize the necessary funds for this purpose. These developments are encouraging, along with the many contributions from private groups and individuals in this country and around the world.

The critical problem lies in getting food and medical supplies into Cambodia, and distributing it. For food alone, the International Committee of the Red Cross has estimated that 1,000 tons are required each day, just to provide an emergency diet for the 2 to 3 million Cambodians in desperate need. This figure comes to 30,000 tons monthly, simply to feed Cambodians at the bare subsistence level.

Transport of emergency supplies by land and by sea is the most effective way to deliver the large amounts required. But Phnom Penh officials have so far resisted the proposal of Senators SASSER, BAUCUS, and DANFORTH for a "landbridge"—a truck convoy running with food and supplies from Thailand—operated by the ICRC and UNICEF. We should give strong support to the current negotiations with Phnom Penh authorities aimed at persuading them to cooperate with the worldwide humanitarian relief effort. If these negotiations fail, we must develop alternative avenues, including a major airlift, for delivering the needed supplies.

Our Government should continue to urge the Soviet Union, in the gravest possible terms, to acknowledge the pending holocaust in Cambodia, and to use its influence with its ally to persuade Phnom Penh to assist and share in the emergency feeding of the Cambodians.

The children of Cambodia do not support political regimes—they simply insure the future of their people.

HOME ENERGY ASSISTANCE ACT

The PRESIDING OFFICER. Under the previous order, the Senate will now resume the consideration of S. 1724, to authorize the Secretary of Health, Education, and Welfare to make grants to States in order to provide assistance to households which cannot meet the high cost of fuel, and for other purposes.

The pending question is on agreeing to the amendment (No. 566) of the Senator from Pennsylvania (Mr. SCHWEIKER). The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Montana (Mr. MELCHER), the Senator from New York (Mr. MOYNIHAN), and the Senator from Maryland (Mr. SARBANES) are necessarily absent.

I further announce that, if present and voting, the Senator from Montana (Mr. MELCHER) would vote "nay."

The PRESIDING OFFICER. Are there any other Senators wishing to vote?

The result was announced—yeas 27, nays 68, as follows:

[Rollcall Vote No. 403 Leg.]

YEAS—27

Armstrong
Baker
Bellmon
Biden
Chafee
Cohen
Eagleton
Garn
Hatch
Helms
Humphrey
Jepsen
Kassebaum
Laxalt
Leahy
Lugar
McClure
Nelson
Pell
Pressler
Proxmire
Roth
Schweiker
Stafford
Stevens
Young
Zorinsky

NAYS—68

Baucus
Bentsen
Boren
Boschwitz
Bradley
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Church
Cochran
Cranston
Culver
Danforth
DeConcini
Dole
Domenici
Durenberger
Durkin
Exon
Ford
Glenn
Goldwater
Gravel
Hart
Hatfield
Hayakawa
Heflin
Heinz
Hollings
Huddleston
Inouye
Jackson
Javits
Johnston
Levin
Long
Magnuson
Mathias
Matsunaga
McGovern
Metzenbaum
Morgan
Muskie
Nunn
Packwood
Percy
Pryor
Randolph
Ribicoff
Riegle
Sasser
Schmitt
Simpson
Stennis
Stevenson
Stewart
Stone
Talmadge
Thurmond
Tower
Tsongas
Wallop
Warner
Weicker
Williams

NOT VOTING—5

Bayh
Kennedy
Melcher
Moynihan
Sarbanes

So Mr. SCHWEIKER's amendment (UP No. 556) was rejected.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. WILLIAMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 797

(Purpose: To provide a set aside of funds for outreach for eligible households having elderly members)

The PRESIDING OFFICER. The Senator from Missouri is recognized.

Mr. EAGLETON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Missouri (Mr. EAGLETON) proposes an unprinted amendment numbered 797.

Mr. EAGLETON. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 24, after line 24, insert the following:

(4) (A) From the sums appropriated pursuant to section 4(b) and made available under subsection (b) (1) (A) of this section, the Director shall reserve a sum not to exceed $3,000,000 in each fiscal year for outreach activities designed to assure that eligible households with elderly members are made aware of the assistance available under this Act. The Director shall enter into agreements with national aging organizations to carry out the provisions of this subparagraph.

(B) No payment may be made by the Director under this paragraph to any national aging organization unless the Director determines that such outreach activities will be coordinated with State outreach activities required under section 8(b) (16).

Mr. EAGLETON. Mr. President, as the distinguished Senator from New Jersey is well aware, his bill contains a requirement that each State plan make provision for outreach activities to insure that the eligible households with the greatest need for energy assistance are aware of the assistance made available under this program.

My amendment seeks to expand this State Outreach activity by authorizing the Director of the Community Services Administration to reserve up to $3 million of its $100 million set-aside to contract with national aging organizations to conduct outreach activities through their local clubs and memberships.

Mr. President, the national aging organizations have demonstrated an unusual capability to conduct a systematic, coordinated approach toward Outreach to those who may not know assistance is available. In 1965, the then Office of Economic Opportunity initiated operation medicare alert to inform the elderly of their rights and opportunities under the recently enacted medicare legislation. A massive campaign was launched to develop projects employing teams of older people on door-to-door canvasses to find those elderly not yet signed up for medicare. Using this new approach, an astounding 3.8 million older persons were contacted on an individual basis.

The success of operation medicare alert was due in large measure to the national aging organizations with affiliated clubs and members across the country. Many offered their cooperation in organizing personnel for operation medicare alert teams, and large numbers of these senior citizens were deployed into their communities to carry out the assignment.

Mr. President, I believe this additional authority to allow contracting with national aging organizations will enhance the ability to penetrate the isolation of the elderly poor who have disengaged themselves from their communities.

Mr. WILLIAMS. Mr. President, I believe that the Senator from Missouri raises an excellent point, and that his amendment makes a useful contribution to the legislation before us. As the Senator knows, I was one of the early advocates of operation medicare alert, and, in fact, sponsored legislation in 1966, the National Senior Community Service Corps Act, patterned after the successful operation medicare alert model.

I call to my colleagues' attention that in the committee deliberations on the Home Energy Assistance Act and related proposals, strong support was voiced on the need for effective Outreach programs to better insure that those who are in greatest need of assistance, regardless of whether they are presently served by Federal programs, are reached.

In my estimation, the national aging organizations, with their comprehensive and effective membership networks, have a long record of excellence in outreaching Federal, State, and local programs, and I believe their active participation in this endeavor could prove most beneficial to many of our senior citizens.

I am very pleased to support this amendment, feeling as I do that it is a very worthy approach and a worthy amendment.

Mr. EAGLETON. Mr. President, I yield 2 minutes to the Senator from Kansas (Mr. DOLE).

Mr. DOLE. Mr. President, I shall take just a moment, as the ranking Republican on the Finance Committee, to say that we have dealt with this general problem. I think the Senator from Missouri makes a valuable contribution. It is a good amendment. Often the most difficult group to reach in providing assistance of this kind is the elderly. If the elderly are contacted by groups with which they are familiar, they are more likely to respond favorably. So it is a good amendment. I hope it can be accepted.

Mr. EAGLETON. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Missouri.

The amendment was agreed to.

UP AMENDMENT NO. 798

(Purpose: To substitute the Office of Management and Budget poverty statistics in lieu of statistics prepared by the Bureau of Labor Statistics)

Mr. BENTSEN. Mr. President, I have an amendment which I send to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Texas (Mr. BENTSEN) proposes an unprinted amendment numbered 798.

Mr. BENTSEN. I ask unanimous consent that further reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Section 1.

On page 23, lines 7–8, strike the words "the lower living standard income level" and insert in lieu thereof the words "125 percentum of the federal poverty level."

SEC. 2.

On page 19, strike line 4 through 9 and insert the following: "(3) '125 per centum of the federal poverty level' means 125 per centum of the official poverty line most recently established by the Office of Management and Budget."

Mr. BENTSEN. Mr. President, I think the committee has done an excellent job in drafting some legislation that tries to reach what is an appropriate formula, except for one provision. That provision is in part what we did in the Finance Committee. The Finance Committee worked long and hard, too, trying to devise a formula for assistance for people who are suffering from the increased cost of energy, but it put one different provision in its bill. I am proposing an amendment that will do that here.

What I am proposing is that we substitute for the poverty level in the index that is used in this particular piece of legislation the one that was established by the Office of Management and Budget. That would be in lieu of the Department of Labor Statistics—family budget lower-living standard. I propose that because the Bureau of Labor Statistics themselves say that their provision should not be used this way. I have a letter here from the Department backing up that position.

At present, two major series that purport to set income levels for poverty in our Nation are available. One, developed by the Bureau of the Census, has been used as the poverty measure for every Federal program save one. The Bureau of Labor Statistics sets a lower living standard, as defined as the cost of a basket of goods established in the mid-1960's.

The Bureau of Labor Statistics survey has been chosen for use in the distribution of funds because it allows for differences in the cost of living in different regions, and I think it is well and good that we allow for such differences.

I think that is well and good. I think we should allow for such differences. But I think we ought to do it in the most responsible way, using data that is both adequate and that pertains to the problems we are addressing.

The problem that this country faces is that America's poor have, as a result of skyrocketing energy prices, found themselves facing agonizing choices between necessities. This legislation has a single and narrow purpose: Helping the poor meet those energy bills so that they will not be confronted with so grievous a choice.

And the legislation we have before us, does allow substantially for the differences in the cost of energy from region to region, fully one-half of the funding is distributed according to what the average household in the State is billed for its energy use. That is one-half of it, but to allow the funds to be distributed according to the cost of other consumer commodities would be similar to creating an "age of housing" factor in the distribution of highway construction funds.

It just does not relate to what this particular legislation is aimed at trying to correct.

Not only is the distribution of funds according to the Bureau of Labor Statistics not appropriate, in addition, the survey performed in establishing this data is inadequate for establishing patterns nationwide. The data for the BLS series is gathered in a survey of only 43 urban areas—in fact, entire States are not surveyed at all. And the Bureau of Labor Statistics notes, in each report they publish, the following warning: "The budgets do not represent how families of this type actually do or should spend their money, nor are they intended to represent a minimum level of adequate income or a subsistence level of living." The simple fact is that the BLS has fought all attempts to use their data as a poverty indicator. I hold here a letter from the director of Labor Statistics stating that "the lower budget was never intended to represent a poverty level—nor (was it) intended to represent a minimum level of adequate income or subsistence level of living."

That is the letter from the Commissioner that I have here and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

HON. LLOYD BENTSEN,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BENTSEN: I am writing in response to the telephone request from your staff concerning the Bureau of Labor Statistics (BLS) Family Budgets. The program began many years ago with one hypothetical budget level, the cost of a "modest but adequate" standard of living for a four-person family headed by a fully employed head of household. This level was later adjusted upward and downward to represent a somewhat lower and somewhat higher standard. The lower budget was never intended to represent a poverty level.

Note in the attached press release the paragraph on page 7 which states, ". . . nor are they intended to represent a minimum level of adequate income or a subsistence level of living." I am also enclosing material from a recent study by the Department of Health, Education, and Welfare, "The Measure of Poverty," which discusses the BLS Family Budgets.

Sincerely yours,

JANET L. NORWOOD,
Commissioner.

OTHER NEEDS

Very little work has been directed toward developing minimum standards for basic needs besides food and housing, such as clothing, transportation, and education. As noted before, the current Orshansky poverty measure multiplies food costs by a factor of three to develop a total income level.

The only systematic work by a Federal agency on standards for other needs has been in connection with the Bureau of Labor Statistics (BLS) family budgets, first issued in 1948. In 1967, the BLS developed three budget levels—"lower," "intermediate," and "higher"—for a four-person urban family with an employed husband aged 38, his nonworking wife, and two children aged 8 and 13, and for a retired couple with both husband and wife aged 65 or older. The intermediate budget was designed to represent a "modest but adequate" standard of living, and costs for this budget were then scaled to produce the other two budgets. The budgets are periodically updated for price changes in the broad components of the Consumer Price Index (CPI). The BLS also developed equivalence scales based on patterns of food expenditures, to use in determining budget costs for different kinds of families as percentages of the base four-person family. These equivalence scales were for different family types by age of need, number of persons in the family, and number and age of children.

None of the BLS budgets, including the lower one, was intended to be an absolute standard of need, much less a poverty standard. They are not based on minimum quantities or prices of necessary goods and services, but rather are descriptive of relative levels of living. They apply to the family of a year-round full-time worker with 15 years of work experience. In Autumn 1974, the lower BLS budget for a four-person family was $9,198 or more than 80 percent higher than the 1974 weighted average nonfarm poverty threshold of $5,038. The Orshansky poverty matrix was based on the Department of Agriculture's economy food plan. The BLS budgets use the low, intermediate, or liberal cost food plans.

SOURCE.—*The Measure of Poverty,* U.S. Department of Health, Education, and Welfare, April 1976.

Mr. BENTSEN. Mr. President, clearly, since the very people who develop this data think it is inadequate, it is beyond the wisdom of the Senate to deem it right and proper. There is a more adequate indicator of poverty available, and that indicator has been used by this Government as the poverty indicator in all but one of its programs that address the needs of poor.

That indicator, developed by the Bureau of the Census for the Office of Management and Budget, is a trusted benchmark of poverty in our Nation. At the core of this survey is the assumption that there is a subsistence level for expenditures for food, as defined by the Department of Agriculture.

Additionally, that amount represents about one-third of the annual family budget. Therefore, the poverty level was set at three times the cost of the Department of Agriculture's economy food plan.

The census then surveys the entire Nation, in fact, they surveyed over 150,000 households in 1976 to assist in their development of more precise poverty statistics. Annual revisions are made based on price changes that occurred over the previous year. The data is adequate, the numbers reflect a true measure of poverty. It is clear that this is the standard on which the Congress should depend when assessing the levels of poverty among the States.

I, therefore, urge my colleagues to support this amendment, substituting a trusted, complete, survey of poverty for one that is, even according to those who prepare it, inadequate for making nationwide assumptions of poverty among the States.

Mr. President, do we have a time allocation for amendments?

The PRESIDING OFFICER. There is no time agreement.

Mr. WILLIAMS addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. WILLIAMS. Mr. President, the amendment offered by the most distinguished Senator from Texas brings to us an approach that is one we recognized in the committee for early application of a rough formula for equity in distribution of funds to people in lower incomes faced with the crisis they now face in their lives with the skyrocketing energy costs.

In this bill, we are not dealing with this year's reaction to this year's crisis, but we are legislating for the later years of 1981 and 1982.

With this time factor favoring a very close examination of the problems that poor people have, and they will vary in degree from region to region and from city to country, it was developed that the BLS—Bureau of Labor Statistics—data have lower living standards, and more finely tunes and adjusts to the needs of the people in various parts of the country.

So the major difference between the two bases, the poverty base as determined by OMB, and the BLS, the lower living standard, is that the BLS data has geographic variation related to the cost of living, while the poverty base is a national standard and is fixed.

For example, it is fixed at this point at $5,700 for a farm family of four, $6,700 for a nonrural family of four.

I might also add that the geographical adjustment in the Bureau of Labor Statistics data has furnished the basis for a large-scale operational program (CETA).

Overall it has worked well in this large-scale operation.

In comparison, the poverty data is adjusted only for farm and nonfarm families. Most, if not all, of the distributional formulas that use poverty adjust the impact by giving weight to some other income-related factor.

The poverty index is updated annually by applying the change in the overall Consumer Price Index. The BLS budget is adjusted annually by applying the change in the various components of the CPI to individual portions of the budget; that is, if medical care costs increased by 10 percent and food costs by 5 percent each, the food and medical care components of the budget will be adjusted in the appropriate amount. Also, the budgets are adjusted by the local change in the CPI and not by the national average. Thus disproportionate fuel cost increases in a particular area will show up in the BLS data but not in the poverty data but this information will, however, be as much as a year out of date.

The poverty index was developed from data that showed that low-income persons spent one-third of their income on food. The price of a minimally adequate food budget was taken from the Agriculture Department data and that amount multiplied by three. That relationship between food expenditures and total income was of course, established before the advent of the food stamp program which has significantly affected the cash expenditure patterns of the poor. While some criticism may be leveled at the use of BLS, because it is based on value judgment to some degree, the same argument can be used against the use of the poverty index.

It just seems to me, if we have—and we do have now—the time to do what I would suggest is a far more equitable approach to finding those who will be in need of this particular program, we ought to do it.

The Bureau of Labor Statistics approach does recognize the variations among the regions in a much more refined way than the poverty index, and, as a result, it will clearly reach many more people such as the elderly, and the working poor who have a need for this program and would not be reached if the poverty level were used.

There are those who fall above the poverty line that are going to be desperate for assistance and the BLS would reach them. The poverty level does not.

Mr. JAVITS. Will the Senator yield?

Mr. WILLIAMS. I am happy to yield.

Mr. JAVITS. Mr. President, to me, the two principal factors are, one, the differentiation based upon the cost of living in various parts of the country with our standard varying according to the cost of living and the poverty standard being uniform.

But the other thing which deeply interests me, and I hope the Senate, I am very solicitous about the working poor. I like to keep them working.

The virtue of our standard is that it does include a much greater part of the working poor who fall within that bracket—that is, between these two stools.

The answer is that if we adopt the plan of the Senator from Texas, we will be reaching about 13 million units of objective beneficiaries. If we adopt our plan, we will be reaching more than 17 million, and that is the working poor bracket.

I have no idea what it does to us or to him or to any of us. I am trying to find out, as a matter of fact. But I like very much to fashion these programs to include the working poor, also. I do not want to see them get hit because they are working. That is what I feel this does, and therefore I personally prefer, for the reasons I have given, the standard which the Committee on Labor and Human Resources has adopted.

Mr. BENTSEN. Mr. President, what we are all trying to do is to achieve equity here, and I recognize that on the part of the distinguished Senators who are managing the bill for both the majority and the minority.

The problem is that you have just so much money to utilize here. When you talk about extending it to additional groups of people, that means you dilute it to that extent for the individual recipients.

Also, the point I make is that the survey as utilized by the Office of Management and Budget and the one that is prepared by the Bureau of the Census is the one that is used on every one of these Federal programs except one, only one, where it is not utilized.

In addition, the commissioner, Commissioner Jane Norwood, states that it does not reflect properly what we are trying to achieve here. They only surveyed some 43 urban areas. Entire States were not surveyed at all. So it is not a true and accurate barometer.

We should follow the guidelines of what is being utilized in virtually every program except one and what we utilized in the Finance Committee in trying to arrive at the formula.

Frankly, a member of our committee is also a member of the Finance Committee, and we were swapping information back and forth and trying to achieve what the Senators are talking about—equity. But we felt that we should utilize the firmest numbers, those that had the support of the Office of Management and Budget and were utilized in the other Federal programs.

I think we have numbers that can be counted on, when you take a look at the Bureau of Labor Statistics and find entire States were not surveyed, and you have to have some concern about the validity of those numbers.

I urge very strongly that we substitute the utilization of the Office of Management and Budget numbers which were developed by the Bureau of the Census, as proposed in my amendment, and I urge the adoption of the amendment.

Mr. BRADLEY. Mr. President, I am pleased to add my support to the bill fashioned under the leadership of my senior colleague, Senator WILLIAMS, the distinguished chairman of the Committee on Labor and Human Resources, and to argue strongly for the committee's viewpoint on this issue.

It seems to me that if one is going to say that only 43 urban areas in the Nation are represented under the BLS statistics, one should list those urban areas that are excluded in such list. To argue further that because it never has been done this way, we should not do it in the future, seems to me to be an argument which bears some scrutiny.

This bill will provide critical assistance to low-income households in meeting their increased energy costs. Senator WILLIAMS' efforts have been widely hailed throughout our own State as a critical contribution to meeting the severe energy costs many citizens will face this winter and beyond. I know other States confronting the same problems of colder climates and skyrocketing energy prices will welcome this legislative effort to meet the energy needs of America's low-income households.

The Finance Committee devoted a substantial amount of time to its own consideration of low income energy assistance in connection with the windfall profits bill. While there are differences between the version we reported and S. 1724, I believe that the two bills share many features in common and would have similar benefits for the population we are seeking to aid.

This bill establishes a new energy assistance program beginning in fiscal year 1981 which provides energy assistance through formula block grants to the States. The $3 billion authorized for 1981 and $4 billion for 1982 will be allocated to the States on an equitable basis according to how much a State's households spend on energy, how many days a year the temperature falls below a certain point, and the number of low income households. The States would then distribute these moneys to low income households according to plans they develop themselves. Their options include direct payments to eligible households and/or vendor payments to suppliers of energy to help pay the energy bills for these same households.

Finally, I would like to draw special attention to the amendment Senator CHILES has proposed be added to this bill which provides that specific efforts shall be made to include all eligible older Americans as recipients of energy assistance. The elderly, who tend to spend substantial amounts of time in their own homes and whose requirements for adequate heating are greater than for younger individuals, have been hit very hard by increasing energy costs. Fixed incomes do not go far in buying oil in today's marketplace. Every attempt should be made to reach the elderly, and I have joined Senator CHILES as a cosponsor to help insure that such efforts are made.

Mr. President, I urge the Senate to support the committee's action in including the BLS statistics as the measure of the energy grants.

I suggest, also, that it is an equitable measure for a great number of Federal programs that presently have only the poverty level, which, in States in many parts of the country that have high inflation rates, is an inadequate measure of true need.

Mr. BENTSEN. Did not the Senator support the Finance Committee choice on the Office of Management and Budget and the Bureau of the Census, and did we not discuss this at some length in trying to choose numbers that were valid?

Mr. BRADLEY. As the Senator knows, in the Finance Committee there were long discussions that pitted the Senator from Texas and the junior Senator from New Jersey on opposite sides of this issue; and in an effort to achieve some comity, we made those compromises on both sides of the issue.

In the process of legislating, the matter has moved from the committee to the floor. It is now on the floor, and we have an opportunity to adjust some of the errors we made in the committee, however committed and whoever was involved in the commission of those errors.

Mr. BENTSEN. I do not recall that the Senator had argued for the BLS approach at that time, although, as he quite correctly states, we had disagreed on some other things. But I think the Senator had accepted this one and had supported it and was not a part of the compromise.

Mr. President, I urge the adoption of the amendment.

Mr. WILLIAMS. Mr. President, I express my appreciation to my colleague from New Jersey for his statement in support of our measure and the approaches used.

I must recognize that the Senator from Texas is eminently right: There are many programs that use the poverty levels as the basis. These are the classical, the traditional welfare programs, and it is known.

It impresses me that we have something very new here in terms of social economic need. We have unprecedented new costs imposed upon households, and that is, the incredible increases in energy costs.

In going into our deliberations on energy assistance, we felt that we would be forced to consider a group that never had been considered part of welfare, and this is not a welfare bill. We have a national emergency, a national crisis. People are feeling an economic squeeze that, in the regular order of their lives, they never thought they would run up against. Obviously, they have not been able to prepare for these incredible increases in one of the essentials of daily living, and that is the energy we need to keep warm in the winter. Let us assist many needy households to avoid being faced with the awful choice of heat in the home or food on the table. And unfortunately, projections for the future indicate that these prices are just going to continue to go up.

This is not a welfare program at all. It is a national response to a national emergency that is reaching people who never have been part of AFDC or SSI or food stamps or the other programs that we consider welfare.

That is why this BLS base does reach a group of people not included within our traditional welfare programs.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. JAVITS. I have a good deal of experience with the BLS figures. Our colleague, for whom I have the deepest regard, is chairman of the Joint Economic Committee. We sit with them every month. We take their figures for the cost of living, for inflation, for unemployment. We consider them extremely reliable; we count on them. We act on them. I do not see why, suddenly, they are considered to be unreliable here, when we take them all the time. We consider them our absolute bible.

So I deeply believe that our committee was right in its approach, and again I emphasize the adjustment to the different costs of living in the country which our formula contains and the outreach to the working poor; because, in fact, 4 million or more household units are covered. My opinion as to how we wanted to go at it is that they should be covered rather than not covered, and the amendment would exclude it.

I hope the amendment is rejected.

Mr. DOLE. Mr. President, I have listened to the arguments. I do not remember any big discussion on this issue in the Finance Committee, but I am constrained to support the view of the distinguished Senator from Texas.

I am particularly impressed with the letter from Commissioner Norwood. I am not certain how vital the difference may be, but the Senator from Texas has obviously spent a lot of time researching the issue, and I support the Senator's position.

Mr. BENTSEN. Mr. President, I thank the distinguished Senator from Kansas for his comments.

I must also say that in the Joint Economic Committee, as the distinguished Senator from New York has stated, we do have the Commissioner, Janet Norwood, before us time and time again, and she is a woman of great ability. I think that the Bureau does an excellent job. But we should not try to outreach their information, their statistics, and the information they have available. The Commissioner herself has stated that, in effect, time and time again when we have her before us. She is a very candid woman, and she does not indulge in rhetoric. But she will say, "Well, you know, we just do not have that information," or, "We have not done that." And we understand that.

In this situation, she makes the statement as I quoted, "Nor are they intended to represent a minimum level of adequate income or a subsistence level of living."

So again what we have seen is trying to stretch these numbers over States that have not even been surveyed. Entire States have not been surveyed.

My friend from New Jersey was talking about trying to develop equity in this, and I totally agree with him on that. But when he talks about this as an emergency situation that we are just going to have for the 2 years in 1981 and 1982, does anyone really believe we are just going to have that program for 1981 and 1982? We are going to have this program for years. It is going to continue on, and I think we should have it on the most solid numbers, the most valid numbers that we can possibly develop. The Office of Management and Budget and the Bureau of Census have worked long and hard to do that. That is why I ask we substitute that for it.

As far as it being great sums of money and they are going to be affecting my State in a very major way, no. There are other amendments that will be proposed that are much larger from a monetary standpoint, but it is just that I am trying to get us to stay to something that has been approved in every Federal program except one and to see that that kind of validity that is carried through is carried through in this program.

Mr. President, I am prepared to vote on it if the members of the committee are.

Mr. JAVITS. Mr. President, if I may be recognized, I believe that this question is such a real one that we should have in the RECORD the letter addressed to Senator BENTSEN by Janet Norwood dated November 7, 1979, from which he has quoted and the paragraph which he attached to her letter which describes the BLS budgets.

Mr. President, if I may just make one comment, I think this does raise a question. I think the issue between us is shall this be a "poverty program," a welfare program pure and simple, or shall it reach those people who will have what we consider to be an unacceptable financial strain by virtue of this situation?

I think we have chosen to make eligible those people who will have unacceptable financial strain, including several million of the working poor; whereas, the other definition ties it down to strictly the poverty proposition.

I believe that the runaway cost of home heating is so great that the standard which we have adopted is the just one as far as this situation is concerned and does include people to whom in a matter like this we should give some break, to wit, the working poor.

Mr. BENTSEN. Mr. President, I say to my colleague from New York that I asked that that letter be printed in the RECORD at a previous point. So perhaps we can avoid a duplicate.

Mr. JAVITS. May we put in, however, this paragraph?

Mr. BENTSEN. I had the whole thing printed in the RECORD.

Mr. JAVITS. It is already in?

Mr. BENTSEN. Yes.

Mr. JAVITS. I thank the Senator.

Mr. BENTSEN. I have no further comments to make. If Senators are prepared to vote, I am.

Mr. President, I call for the yeas and nays.

The PRESIDING OFFICER (Mr. BAUCUS). Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the

Senator from Indiana (Mr. BAYH), the Senator from Kentucky (Mr. FORD), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Montana (Mr. MELCHER), the Senator from New York (Mr. MOYNIHAN) and the Senator from Maryland (Mr. SARBANES) are necessarily absent.

I further announce that, if present and voting, the Senator from Montana (Mr. MELCHER) would vote "nay."

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Utah (Mr. HATCH), the Senator from Nevada (Mr. LAXALT), the Senator from Maryland (Mr. MATHIAS), and the Senator from Pennsylvania (Mr. SCHWEIKER) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 33, nays 56, as follows:

[Rollcall Vote No. 404 Leg.]

YEAS—33

Armstrong
Bentsen
Boren
Bumpers
Byrd,
Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Cochran
Dole
Exon
Heflin
Helms
Hollings
Huddleston
Johnston
Kassebaum
Long
Lugar
McClure
Morgan
Nunn
Pryor
Randolph
Sasser
Simpson
Stennis
Stewart
Talmadge
Thurmond
Tower
Weicker
Zorinsky

NAYS—56

Baker
Baucus
Bellmon
Biden
Boschwitz
Bradley
Burdick
Chafee
Church
Cohen
Cranston
Culver
Danforth
DeConcini
Domenici
Durenberger
Durkin
Eagleton
Garn
Glenn
Gravel
Hart
Hatfield
Hayakawa
Heinz
Humphrey
Inouye
Jackson
Javits
Jepsen
Leahy
Levin
McGovern
Magnuson
Matsunaga
Metzenbaum
Muskie
Nelson
Packwood
Pell
Percy
Pressler
Proxmire
Ribicoff
Riegle
Roth
Schmitt
Stafford
Stevens
Stevenson
Stone
Tsongas
Wallop
Warner
Williams
Young

NOT VOTING—11

Bayh
Ford
Goldwater
Hatch
Kennedy
Laxalt
Mathias
Melcher
Moynihan
Sarbanes
Schweiker

So Mr. BENTSEN's amendment (UP No. 798), was rejected.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. LONG. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. NELSON. Mr. President, I ask unanimous consent that Mr. Scott Ginsburg, of the Subcommittee on Employment, Poverty, and Migratory Labor, be granted the privilege of the floor during the course of the debate and during rollcall votes on the pending legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 562

(Purpose: To simplify the State plan in order to provide for a block grant)

Mr. HUMPHREY. Mr. President, I call up amendment No. 562.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from New Hampshire (Mr. HUMPHREY) proposes an amendment numbered 562.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 27, line 21, beginning with "Secretary" strike out through line 12, on page 35, and insert in lieu thereof the following:

"Secretary.

"(b) Each such State plan shall—

"(1) designate any agency of the State to administer the program assisted by this Act;

"(2) describe a State program for furnishing home energy assistance to——

"(A) (i) home energy suppliers,

"(ii) eligible households, or

"(iii) any combination of home energy suppliers and eligible households, and

"(B) building operators,

for eligible households;

"(3) describe how the State will select eligible households;

"(4) describe the amount of assistance to be provided to or on behalf of participating eligible households;

"(5) describe the arrangements with home energy suppliers, eligible households, and building operators for payments under this Act;

"(6) provide assurances that (A) the State will use for administration of the State plan not to exceed 15 per centum of the costs of the carrying out the plan, and for the purpose of this clause, the Federal share of the costs of administration for any fiscal year shall be 50 per centum, and (B) the State will pay from non-Federal sources the remaining costs of administration;

"(7) provide for outreach activities through the use of public agencies and private organizations with particular emphasis on voluntary private organizations; and

"(8) provide that such fiscal control and fund accounting procedures will be established as may be necessary to assure the proper disbursal of and accounting of Federal funds paid to the State under this Act.".

On page 35, beginning with line 17, strike out through line 12 on page 36, and insert in lieu thereof the following:

"(d) The Secretary shall approve any State plan that addresses the matters set forth in subsection (b) and may not, by regulation or otherwise, require any more detailed assurances or representations by the State for the program to be assisted under this Act.".

On page 37, beginning with line 18, strike out through line 2 on page 38.

On page 38, line 4, strike out "SEC. 12." and insert in lieu thereof "SEC. 11.".

On page 38, line 9, strike out "SEC. 13." and insert in lieu thereof "SEC. 12.".

On page 38, line 13, insert after "regulations" a comma and the following: "in accordance with the provisions of section 8 (d),".

On page 39, line 20, strike out "SEC. 14." and insert in lieu thereof "SEC. 13.".

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have added as cosponsors the names of Senators DOLE, SCHWEIKER, HATCH, ROTH, and JEPSEN.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUMPHREY. Mr. President, this amendment would make the fuel assistance program for 1981 and 1982 more truly a block grant program. Flexibility at the State level would be enhanced, and bureaucratic requirements would be reduced.

At a time when the need for fuel assistance is so critical and Federal resources are so strained, we cannot afford to waste money on spurious reporting requirements and manipulation from Washington. Administrative costs must be minimized. The block grant approach is the most effective means to that end. Also, if the program is to remain crisis intervention, it is best not to establish a weighty Federal apparatus. To create such a fixture would be to promote a permanent entitlement, and I do not believe that this is the Senate's intention.

My amendment would require each State to submit a simplified plan to HEW. Mandated redtape would be minimized. The Secretary would evaluate whether a State is addressing the goals of the legislation, but she would not concern herself with dotting i's and crossing t's. The States should not have to follow a specific Federal design.

The States are best able to administer a fuel-assistance program. The argument is no longer valid that they do not have the organization to complete a large agenda. The States have been implementing large Federal programs for years now. They have the means, and they know local situations and local needs.

Under my amendment, the States would still have to provide fiscal controls and fund accounting procedures to insure that Federal funds are spent properly, and they would still have to limit the money they spend on administration—but the design and the implementation of the program would largely be left to them. We should remember that Governors, State legislators, and the heads of counties and municipalities are elected officials like ourselves. If they do a good job with this program, they stand to be reelected, and if they do poorly, they stand to lose. This is more than can be said for a program designed and implemented by Federal bureaucrats.

We in this Congress must come to realize, as the American people already have, that the growth of Federal power has had injurious ramifications. It has led to a stifling officiousness. It has led, increasingly, to a transfer of authority from elected representatives to unelected, tenured functionaries. It has led to the arrogant presumption that only Washington knows what is best for the American people. These trends must be reversed.

Federally funded programs should not be used to manipulate the States. The manipulators claim that local democratically elected governments cannot be trusted. They might employ a design not in keeping with the latest fad. They might cheat somebody, or operate inefficiently. Perhaps so—but what makes anyone think that the Federal Government has a monopoly of wisdom, efficiency, and justice? For my money, I will take my chances with State and local officials any day.

The question is whether we in this country still believe in democracy. Do we believe that people can and ought to run their own affairs, or do we now put our trust in professional strategists and overseers who have no stake in the communities over which they pass judgment? There is absolutely no compelling reason why fuel assistance programs should not be designed and implemented by States and their communities.

We hear a great deal these days about political apathy, and how it may be endangering our political institutions. I suspect that this apathy largely stems from a sense people have that what they say does not matter anymore. Washington is too remote, and the country is too large. If civic affairs were more surely run from statehouses and townhalls, the voice of the individual would have more meaning.

Very simply stated, Mr. President, this amendment would strike from the legislation, as it now stands, the rather burdensome reporting requirements and, as I stated in my remarks, insert a section that simplifies the matter and that would have the Secretary simply evaluate whether the State is addressing the goals of the legislation and not concern himself in great detail with it.

I reserve the remainder of my time.

Mr. WILLIAMS. Mr. President, the Senator from New Hampshire, who is a member of the committee and who is a very active and helpful participant in the work of that committee, knows it is a difficult situation when we find ourselves on the floor in opposition to each other. But on this, I find that I am, and I am consistent. I will ask the Senator from New Hampshire if this same approach was offered as an amendment during our markup of the bill in the committee. Is that correct?

Mr. HUMPHREY. Yes. We are both consistent.

Mr. WILLIAMS. Mr. President, I appreciate Senator HUMPHREY's desire that States have the flexibility to determine their own programs of assistance, and in fact that is what I believe the Home Energy Assistance Act does. I also believe, however, that it is imperative that within that flexibility we build in basic accountability requirements. The amendment before us deletes those accountability requirements. The provisions of the State plan which are struck are not onerous and, in my judgment, make a great deal of sense. In S. 1724 the State is asked to describe in its State plan the State and local administrative arrangements. The State is free to use whatever State and local administering agencies it chooses. It is certainly reasonable that the State include in its plan a description of how it intends to administer the sizable program of assistance.

This is basically a substantial new grant of resources which will run to the States from the Federal Treasury.

It seems to me that we are not being unreasonable in having this provision that the State describe how this new effort, a substantial amount, will be administered.

The Humphrey amendment also removes what I consider to be one of the most important provisions of the Home Energy Assistance Act. S. 1724 requires that priority be given to households with lowest incomes, and that the highest level of assistance is provided to households with lowest incomes and the highest energy costs in relation to income. This means that the State must devise a scale of benefits so that those with highest fuel costs and lowest incomes receive the most money.

Quite frankly, I thought there was a total consensus within our body that this is the way we hoped this measure would go forward to be helpful to those who are economically hurting most.

It is certainly the intent of this legislation that the amount of assistance be based on need. The provisions of section 8(b)(6) which this amendment strikes provides for the need element in the setting of benefit levels. In S. 1724 the State sets the benefit levels based on its allocation, its fuel types, and its eligible population. S. 1724 certainly provides flexibility to the State in setting those levels. I believe it is imperative, however, to stipulate that the benefit levels be based on need determined by the cost of energy in relation to the income of the household.

States may make payments either to the energy suppliers designated by the household or directly to the household. S. 1724 provides that when payments are made to the vendor that the State have an agreement or contract with the vendor stipulating the amount of the Federal assistance and setting a policy that energy suppliers who contract for the Federal payment will not terminate a participating household unless the household is 2 months in arrears on its share of the payment and has been given notice. The organizations representing energy suppliers, the Oil Jobbers Council, the Edison Electric Institute, and the Gas Association all testified on S. 1724 and the vendor agreements contained in the bill. In fact, the termination policy in the original S. 1724 was more stringent than the committee bill, and it was at the suggestion of the industry that the present policy was adopted.

The amendment strikes the requirement that public participation be allowed in development of the plan, and also eliminates the requirement that owners and renters be treated equitably under the plan. This provision is of great importance since approximately one half of all poor families are renters.

In the State plan the State is allowed to reserve up to 3 percent of its funds annually to deal with weather related and supply shortage emergencies. The amendment before us strikes this needed State flexibility to deal with emergencies.

The amendment also strikes the assurance that recipients of funds will be referred to weatherization programs where feasible in order to promote conservation, and eliminates a maintenance of effort provision for welfare programs, which means that a State could redirect existing welfare payments and substitute this money intended for energy assistance. Finally, the amendment strikes the portion of outreach provisions which involve existing agencies such as area agencies on aging and community action programs in identifying needy recipients.

The Humphrey amendment eliminates several very important provisions of S. 1724. The program of assistance is provided through a block grant to States and allows the State to tailor the program to its needs. I ask unanimous consent to have printed in the RECORD a letter from the National Governors Conference which supports the approach taken in S. 1724 including the State plan provisions which are necessary for accountability.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NATIONAL GOVERNORS' ASSOCIATION,
November 8, 1979.

To the Members of the U.S. Senate:

I am writing to you concerning legislation to establish a low income energy assistance program which will come to the Senate floor in the near future. Although the National Governors' Association has not formulated a policy specifically on S. 1724, "Home Energy Assistance Act", the Association believes that the approach taken in S. 1724 as reported by the Committee on Labor and Human Resources (which is similar to the approach proposed by the Committee on Finance) to establish a program of low income energy assistance is a satisfactory and responsible approach.

On behalf of the Governors' Association, I testified before the Committee on Labor and Human Resources concerning the establishment of such a program. We are pleased to note that the Committee, in considering this subject, took into account the major concerns which I voiced. We believe the manner in which the Committee on Labor and Human Resources (and the Committee on Finance) would allow the federal funding for this program to be channeled through state governments is feasible and will allow each state to more sensitively take into account its own unique circumstances and needs. The Governors' Association realizes that the states must be accountable for the expenditure of federal funds within such a program, and believes that S. 1724 calls for reasonable and sufficient mechanisms to assure accountability to the citizens of each state who are both state and federal taxpayers.

We commend both committees on their work on this vital legislation, and we urge the Senate to move rapidly to approve this approach to providing desperately needed energy-related assistance to the low income population of the nation.

Sincerely yours,
JOSEPH GARRAHY,
Chairman, Committee on Human Resources.

Mr. WILLIAMS. Mr. President, I urge my colleagues to vote against this amendment.

I must say there is certainly no cynicism or partisanship on the part of the Senator from New Hampshire giving this blanket authority to a nation that has a lot more Democratic Governors than Republican Governors. Certainly, I admire his statesmanship in that regard, but notwithstanding that largess of spirit I have to oppose the amendment.

Mr. HUMPHREY. Mr. President, I will point out that while the Governor of my State belongs to the Democratic Party, I do my best to work with him. In large measure it was his communication with me which led to my working for this amendment.

I thank the Senator from New Jersey for ticking off the provisions which my amendment would strike. I think if we add up the totality of the provisions that my amendment would strike it amounts to a description of another Federal program in which the Federal Government collects money from people all across the country, and then hands it out as though it is our money. Federal money is taxpayers money, and all taxpayer funds come from the people.

I think it is unfortunate in the extreme that today whenever money is disbursed from Washington it is handed out as though it is some kind of carrot to be dangled in front of the noses of Governors, in front of the people, that it is some kind of a gift. Inevitably, it comes with all kinds of strings attached, such that we are constantly wearing away the sovereignty and the responsibility of the States; such that Federal Government is growing greater in power every year and the system of States is being worn away. This is a process which we must reverse.

I point out again that the people back in the localities, the towns, and the cities, and the counties and the States, know far, far better what kind of programs they need. We do not have to tell them how to administer these funds. They are not dishonest or stupid. They are at least as honest and intelligent as we are and, based on the record of Congress, I would have to say they are a great deal more intelligent, if not more honest. I urge my colleagues to support a block grant approach.

We talk about protecting the sovereignty of the States and cutting down on the size of the Federal Government, but when it comes to doing something we often fail.

I only point out in closing, Mr. President, with respect to the criticism that this amendment removes the requirement that the legislation be addressed chiefly to the elderly and the low income, that our distinguished colleague from Florida (Mr. CHILES) intends to address this matter in a separate amendment. In fact, he has two versions of that amendment. Anticipating mine, he has drawn up two versions, one which he will submit in the event that my amendment fails and one that he will submit in the event this amendment passes. I am a cosponsor of both of those amendments. In any case, this matter of directing the priority of the program to the elderly and low-income persons is going to be addressed before passage of the bill.

● Mr. DOLE. Mr. President, I strongly support the amendment of the Senator from New Hampshire to make the block grants under the bill more flexible.

The States are in the best position to know what kind of assistance will benefit their citizens. Certainly, with the experience we have gained through the crisis intervention program we are aware that some delivery mechanisms work very well in one State but very poorly in another. We should also recognize that Federal agencies often have their own prejudices about how to run a program, and those prejudices will be visited on the States.

If we require States to meet all kinds of conditions in accordance with HEW standards, we will not get the kind of response to individual needs we are looking for. The States should be given the flexibility to be innovative in finding solutions to the energy problems facing them, and they do not have sufficient flexibility under this bill.

In our deliberations on low income energy assistance, the Senate Finance Committee agreed that the States should be given a completely free hand to design their programs. The only real restriction on the States under our program was that the money must be spent to provide energy assistance to the poor. We even left it to the States to define the low income population which would be eligible.

The distinguished chairman of the Finance Committee, Senator LONG, and the Senator from Kansas, along with other Members of the Senate, have sponsored a major welfare reform bill which provides block grants to the States for their family welfare programs. One of the principles which we hope to establish with that legislation is the need to give the States more flexibility to design their own public assistance programs. By supporting the language in section 8 of S. 1724, we will negate that principle.

In some cases, program plans under the amendment of the Senator from New Hampshire may look no different from the program plans under the bill, but there will be States which differ markedly from HEW in their approach to low-income energy assistance. Without the amendment, HEW will have the power to withhold both approval and payments on the basis of its own bias even though the States address the issues appropriately. We should not be giving that kind of power to a Federal agency, especially when we know the various States will need to approach this problem in different ways.

I am happy to support the amendment.●

Mr. HUMPHREY. Mr. President, if parties on either side of the question have no further remarks, I am prepared for a vote. I ask for the yeas and nays if there are no further comments.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Hampshire. The yeas and nays have been ordered. The clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Kentucky (Mr. FORD), the Senator from Massachusetts (Mr. KENNEDY), the Senator from New York (Mr. MOYNIHAN), the Senator from Maryland (Mr. SARBANES), and the Senator from Montana (Mr. MELCHER) are necessarily absent.

I further announce that, if present and voting, the Senator from Montana (Mr. MELCHER) would vote "nay."

Mr. STEVENS. I announce that the Senator from Kansas (Mr. DOLE), the Senator from Utah (Mr. HATCH), the Senator from Nevada (Mr. LAXALT), the Senator from Maryland (Mr. MATHIAS), and the Senator from Pennsylvania (Mr. SCHWEIKER) are necessarily absent.

I further announce that, if present and voting, the Senator from Utah (Mr. HATCH) would vote "yea."

The PRESIDING OFFICER (Mr. LEVIN). Are there any other Senators wishing to vote?

The result was announced—yeas 34, nays 55, as follows:

[Rollcall Vote No. 405 Leg.]

YEAS—34

Armstrong
Baker
Bellmon
Boren
Boschwitz
Byrd, Harry F., Jr.
Chafee
Cochran
Danforth
Domenici
Durenberger
Durkin
Garn
Goldwater
Hayakawa
Helms
Humphrey
Jepsen
Kassebaum
Lugar
McClure
Nunn
Packwood
Pressler
Roth
Schmitt
Simpson
Stevens
Thurmond
Tower
Wallop
Warner
Young
Zorinsky

NAYS—55

Baucus
Bentsen
Biden
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chiles
Church
Cohen
Cranston
Culver
DeConcini
Eagleton
Exon
Glenn
Gravel
Hart
Hatfield
Heflin
Heinz
Hollings
Huddleston
Inouye
Jackson
Javits
Johnston
Leahy
Levin
Long
McGovern
Magnuson
Matsunaga
Metzenbaum
Morgan
Muskie
Nelson
Pell
Percy
Proxmire
Pryor
Randolph
Ribicoff
Riegle
Sasser
Stafford
Stennis
Stevenson
Stewart
Stone
Talmadge
Tsongas
Weicker
Williams

NOT VOTING—11

Bayh
Dole
Ford
Hatch
Kennedy
Laxalt
Mathias
Melcher
Moynihan
Sarbanes
Schweiker

So Mr. HUMPHREY's amendment (No. 562) was rejected.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. WILLIAMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 799

(Purpose: To exclude from the requirements of clauses (7) (C) and (D) individual fuel oil dealers and other small home energy suppliers which the State agency determines will be jeopardized by such compliance)

Mr. HUMPHREY. Mr. President, I submit an unprinted amendment.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New Hampshire (Mr. HUMPHREY) proposes an unprinted amendment numbered 799.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 31, line 1, after "(C)" insert "subject to such subsection (f) of this section".

On page 31, line 6, after "(D)" insert "subject to such subsection (f) of this section".

On page 36, between lines 12 and 13, insert the following:

"(f) A State agency may exempt any fuel oil dealer or other small home energy supplier from the requirements of clause (7) (C) or clause (7) (D), or both, of subsection (b) of this section if the State agency determines that compliance with clause (7) (C) or clause (7) (D), or both, will jeopardize in any way the ability of the fuel oil dealer or other small home energy supplier to conduct business.

Mr. HUMPHREY. Mr. President, this amendment would allow the State administering agency to exempt any fuel oil dealer or other small home energy supplier from certain requirements of participation in a vendor line of credit approach.

As S. 1724 now reads, if a fuel oil dealer enters into a vendor credit arrangement such that he is paid directly for providing fuel to a participant in the fuel assistance program, then, this fuel oil dealer must first give his fuel assistance customers the same credit terms he gives his regular customers, and second, he cannot terminate fuel deliveries to any fuel assistance customer without an elaborate and lengthy procedure—even when this customer's benefits are exhausted.

Mr. President, I agree that since a vendor credit arrangement would give a fuel oil dealer business he might not otherwise have, he should be required to make some accommodation. However, I do not see that a small business should have to suffer under this program. The independent fuel oil dealers in New England have been struggling just to survive. In the past several years, they have been going out of business at a rate of two per week.

My amendment would allow the State agency to exempt a fuel oil dealer from standard credit arrangements and strict termination procedures, whenever that agency determines that these requirements would jeopardize the ability of the fuel oil dealer or other small home energy supplier to conduct business. This exemption is only fair. If a fuel assistance recipient is in dire need of further assistance, it should be the State's responsibility to address this need, and not a struggling dealer's responsibility.

Mr. President, I understand that an agreement has been worked out with the floor managers of this bill. I am not entirely certain of that statement, because we were anticipating that Senator SCHWEIKER would manage the bill on this side of the aisle, and he is necessarily absent. But I understand that an agreement has been worked out.

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 799, AS MODIFIED

(Purpose: To exclude from the requirements of clauses (7) (C) and (D) individual fuel oil dealers and other small home energy suppliers which the State agency determines will be jeopardized by such compliance)

Mr. HUMPHREY. Mr. President, I send to the desk a modification of my amendment.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New Hampshire (Mr. HUMPHREY) proposed an unprinted amendment No. 799, as modified.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 31, line 6, after "(D)" insert "subject to such subsection (f) of this section".

On page 36, between lines 12 and 13, insert the following:

"(f) A State agency may exempt small home energy suppliers from the requirements of (7) (D), of subsection (b) of this section if the State agency determines that compliance with clause (7) (D) will seriously jeopardize the ability of the fuel oil dealers and other small home energy suppliers to conduct such business.

Mr. HUMPHREY. Mr. President, the thrust of the amendment is to prevent fuel oil dealers who are in a marginal position today with respect to the soundness of their business from being pushed over the edge when they are not permitted to terminate customers who do not pay their bills.

I have consulted with the distinguished Senator from New York, and I believe the amendment is now acceptable to both floor managers of this legislation.

Mr. WILLIAMS. Mr. President, I certainly appreciate the problem concerning small energy vendors. It is certainly not the position of the committee to jeopardize the ability of small fuel oil dealers to do business.

I believe State exemption from the provisions in section (D) as in the amendment as modified is appropriate when it is applied to the small dealers who are marginal and are in a financial bind.

Therefore, I am happy to support the amendment, as modified, of the Senator from New Hampshire.

Mr. JAVITS. Mr. President, I have examined the amendment as originally submitted, and I am sympathetic entirely to keeping small dealers in business. But I was not sympathetic to allowing them to discriminate among customers as to price, credit terms, et cetera.

Of course, subject to the usual business definition if the service is different or the quality is different, et cetera, if there is a legitimate difference, then it is uniform for everyone; it is the same difference.

So, Senator HUMPHREY very kindly agreed to take that out of it. Now what is left, it seems to me, is perfectly proper, to wit, that insofar as a small dealer who has problems having to give notice where his bills have not been paid, et cetera, or have a hearing, a State agency may relieve him of that.

I think that is an entirely appropriate provision and the amendment, as now modified, is acceptable to me.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, of the Senator from New Hampshire.

The amendment (UP No. 799), as modified was agreed to.

Mr. HUMPHREY. Mr. President, I thank Senator JAVITS and Senator WILLIAMS for constructive assistance on that amendment.

UP AMENDMENT NO. 800

(Purpose: To modify State assurances with respect to eligibility in the State plan)

Mr. HUMPHREY. Mr. President, I send to the desk an unprinted amendment, which is my final one on this bill, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The second legislative clerk read as follows:

The Senator from New Hampshire (Mr. HUMPHREY) proposes an unprinted amendment numbered 800.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 35, strike out lines 9 through 12 and insert in lieu thereof the following:

(21) provide assurances that the state will not establish any standards of eligibility under this Act based on assets.

Mr. HUMPHREY. Mr. President, this amendment would strike the provision in S. 1724 which prohibits the States from instituting eligibility requirements that are stricter than the Federal Government's requirements. In place of this provision would be added the following sentence:

Provide assurances that the State will not establish any standards of eligibility under this Act based on assets.

Mr. President, prohibiting the assets test is necessary primarily to protect the homes of senior citizens. No one should have to sell his house to be eligible for the assistance necessary to heat it. A house is about all many senior citizens have in this country.

On the other hand, the States should be given some flexibility to target eligibility. The fact is that the money available for this program is not likely to be sufficient for substantial grants to be given to every household in America with an income of less than 100 percent of BLS. The States should be able to restrict a limited amount of money to those people who really need it. Current language would compel the States to supply at least some assistance to anyone who meets requirements that are considerably more generous than those in this year's program.

We should keep in mind that a family's cash income does not necessarily determine its standard of living. Some families still grow their own food and cut their own wood. At the present time, there are many woodpiles in the State of New Hampshire. But there are also many people facing dire need, and the benefits of these people should not be reduced to provide eligibility to others who have sufficient wood for the winter.

Once again, Mr. President, the thrust of this amendment is to give the States increased latitude, increased flexibility, and to channel these limited funds to those persons who truly need them, not strictly on the basis of cash income, but on the basis of real need.

Once again, Mr. President, we have an agreement, I believe, worked out with Senator SCHWEIKER, but he is not able to be here. I wonder if I might have some indication from the Senator?

Mr. JAVITS. Mr. President, I would like to take a look at it. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for a quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

CORRECTION OF ENROLLMENT OF H.R. 4930

Mr. ROBERT C. BYRD. Mr. President, I ask the Chair to lay before the Senate, House Concurrent Resolution 209.

The PRESIDING OFFICER. The Chair lays before the Senate, House Concurrent Resolution 209, which the clerk wil state by title.

The legislative clerk read as follows:

> House Concurrent Resolution No. 209, a resolution authorizing the Clerk of the House of Representatives to correct the enrollment of the bill H.R. 4930.

Mr. ROBERT C. BYRD. Mr. President, House Concurrent Resolution 209 corrects a clerical error in the House-Senate conference agreement on Senate amendment 67 to H.R. 4930, making appropriations for the Department of the Interior and related agencies for the 1980 fiscal year. The amount in question designates that portion of the appropriation to the Forest Service for construction and land acquisition that is earmarked for construction of roads and trails. As agreed to by the House and Senate, the figure in amendment No. 67 is $401,242,000. The correct amount agreed to by the conferees on the Interior appropriations bill is $392,565,000.

The number correction involved here does not affect the amount of the overall appropriation for Forest Service construction and land acquisition, only an amount designated within that appropriation.

Mr. President, I hope the Senate will agree to the resolution and concur in the correction to amendment No. 67 I have just discussed.

Mr. HUMPHREY. Mr. President, this has been cleared with the minority side.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. WILLIAMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

HOME ENERGY ASSISTANCE ACT

The Senate continued with the consideration of S. 1724.

AMENDMENT NO. 581

(Purpose: To assure that State public assistance payments increases to be applied to increased energy costs will be disregarded in the computation of food stamp eligibility)

Mr. PELL. Mr. President, I call up my amendment No. 581 to S. 1724.

The PRESIDING OFFICER. There is an amendment pending at this time.

Mr. PELL. Oh, I am sorry; my fault.

Mr. WILLIAMS. Mr. President, I ask unanimous consent to lay that amendment aside temporarily and take up the amendment of the Senator from Rhode Island and that of the Senator from Florida, while the Humphrey amendment is being discussed.

The PRESIDING OFFICER. Is there objection?

Mr. HUMPHREY. Mr. President, reserving the right to object, on the basis that when my amendment is modified we not lose our place, but that it will be the next amendment to come up, I would have no objection.

The PRESIDING OFFICER. The question on agreeing to the Senator's amendment will recur as soon as this amendment is disposed of.

Mr. HUMPHREY. No objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PELL. I thank my colleague. I call up my amendment No. 581, and ask for its immediate consideration.

The legislative clerk read as follows:

> The Senator from Rhode Island (Mr. PELL), for himself, Mr. CHAFEE, Mr. HEINZ, Mr. LEAHY, Mr. RANDOLPH, Mr. RIEGLE, Mr. STAFFORD, and Mr. WEICKER, proposes an amendment numbered 581:

Mr. PELL. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

> On page 38, line 23, insert "(1)" after "(c)".
>
> On page 39, between lines 3 and 4, insert the following new paragraph:
>
> (2) Section 5(d) of the Food Stamp Act of 1977 is amended by striking out "and (10)" and inserting in lieu thereof the following: "(10) any income attributable to an increase in State public assistance grants which is intended primarily to meet the increased cost of home energy, and (11)".

Mr. PELL. Mr. President, this amendment, which I offer on behalf of myself and half a dozen other Senators, would insure that increases in State public assistance payments specifically earmarked for energy-related expenses will not be offset by automatic cuts in food stamp benefits.

Because it is the middle of November, and the Federal Government is only now acting on a proposal to provide energy assistance to low- and moderate-income individuals, some States have increased their public assistance payments to help low-income beneficiaries meet the dramatic increase in home heating costs that has occurred over the past year. In my own State of Rhode Island, for example, energy costs have increased over 70 percent during this period, and the State is increasing welfare payments to help meet those costs.

Unfortunately, these increases in State public assistance payments are making many low-income families and individuals ineligible for the food stamp benefits they have been receiving. For others, this monthly energy supplement decreases their food stamp allotment and, paradoxically, larger families who necessarily spend more to heat their homes lose a greater proportion of assistance. For these families the choice between food and fuel will become a horrible reality.

To prevent this unintended hardship, I am offering this amendment which would hold current food stamp beneficiaries harmless, so that what has been designed as a mechanism to lessen the economic burden for one of the necessities of life will not threaten their eligibility for other essential programs.

This amendment would not require any additional Federal spending, since we are not increasing program eligibility. The amendment, however, would enable the elderly and low-income individuals who receive energy assistance from the State to maintain their current food stamp allotment.

Without this amendment, we will be robbing Peter to pay Paul. What the State government giveth, the Federal Government will taketh away.

I believe this amendment is essential to permit Federal and State Governments to work in tandem instead of at opposite ends. I do not believe it is controversial because it is a hold-harmless provision, and I hope the chairman will accept it.

Mr. WILLIAMS. Mr. President, I believe that the need for the amendment of the Senator from Rhode Island is manifest, and I certainly support it.

The amendment that the distinguished Senator from Rhode Island offers would amend the Food Stamp Act of 1977 to provide that increases in State public assistance payments specifically earmarked for energy-related expenses would not be considered income for the purpose of determining eligibility for food stamps.

I share my colleague from Rhode Island's deep and abiding concern for the health and welfare of the many families and individuals that will be facing severe hardship this winter and beyond due to the increased cost of home energy. My colleagues are all familiar with the degree to which the price of home-heating oil has risen within the past year. Predictions on the future costs of oil and other types of fuel look grim.

Data submitted to the committee indicates that many low-income households will be paying in excess of 80 percent of their income on home energy and shelter costs alone. This leaves but a paltry sum of money available for other basic necessities such as food, medical care, et cetera for these households. It seems to me that we should be looking to ways in which we might ease the hardship that these households face, not exacerbate the problem.

The Pell amendment is specifically tailored to ease the economic burden on elderly and on other food stamp recipients, who may be in receipt of an incremental increase in the State's public assistance payment, and hold them harmless at the current food stamp allotment. This amendment seems reasonable and consistent with the basic thrust of this bill, and I hope my colleagues will accept it.

I might also call to my colleagues' attention that similar language was incorporated in the Senate Appropriations Committee Report on fiscal year 1980 appropriations for the Departments of Labor and Health, Education, and Welfare relating to the Community Services Administration's energy crisis intervention program. The report reads:

> Payments made under this program (E.C.I.P.) are not to be considered as income for purposes of determining eligibility or benefits under any income maintenance program including, but not limited to, public assistance, veterans benefits, food stamps, or supplemental security income.

The report continues—

> It is also the intent of the committee that any assistance to the poor provided under State and local authority will not be reduced.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Rhode Island.

The amendment (No. 581) was agreed to.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. WILLIAMS. Mr. President, I ask unanimous consent, with the same arrangement for laying aside the Humphrey amendment, that the Senator from Florida (Mr. CHILES) be recognized to offer an amendment.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New Jersey? Without objection, it is so ordered. The Senator from Florida is recognized.

UP AMENDMENT NO. 801

(Purpose: To provide priority for home energy assistance to households with elderly individuals)

Mr. CHILES. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

> The Senator from Florida (Mr. CHILES), for himself, Mr. DOMENICI, Mr. CHURCH, Mr. PERCY, Mr. GLENN, Mr. HEINZ, Mr. MELCHER, Mrs. KASSEBAUM, Mr. PRYOR, Mr. COHEN, Mr. BRADLEY, Mr. BURDICK, Mr. EAGLETON, Mr. HUMPHREY, Mr. STONE, and Mr. PACKWOOD, proposes an unprinted amendment numbered 801:

Mr. CHILES. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

> On page 29, line 22, insert "(A)" before "that"
>
> On page 29, line 23, insert after "and" the following: "to eligible households having at least one elderly individual and (B)".

Mr. CHILES. Mr. President, the amendment I have called up would provide that States shall take steps to assure that households with an elderly member be given priority for receiving energy assistance.

Mr. President, my amendment, which is sponsored by the entire Senate Committee on Aging, Mr. DOMENICI, Mr. CHURCH, Mr. PERCY, Mr. GLENN, Mr. HEINZ, Mr. MELCHER, Mrs. KASSEBAUM, Mr. PRYOR, Mr. COHEN, Mr. BRADLEY, Mr. BURDICK, and Mr. EAGLETON, chairman of the Subcommittee on Aging; and Mr. HUMPHREY, Mr. STONE, and Mr. PACKWOOD will guarantee that the current crisis intervention program's priority focus on the elderly will be continued in the overall new energy assistance program. The new Community Services Administration's (CSA) regulations for the Energy Crisis Assistance Program require that "highest priority should be placed on serving the elderly." The regulations specify that this can be implemented by certifying the elderly by mail, providing transportation, utilizing senior centers for the provision of services and even making visits to homes for certification purposes if the elderly person is homebound.

Mr. President, this emphasis was placed in the current program by the Congress in both the authorizing legislation and appropriations statute for 1980. The efforts taken by State and local program administrators to serve the elderly should not be reverted.

The Committee on Aging has held a series of hearings over the last few years on "The Impact of Rising Energy Costs on Older Americans." Officials from the Department of Energy, CSA, and HEW all testified to the fact that elderly persons pay a higher percentage of their income on energy costs than other age groups. Last winter, it was estimated that elderly paid an average of 30 percent of their income on utility bills. This winter, the projections are as high as 50 percent. This is often 50 percent of a social security, SSI, or pension check which does not leave much for food, shelter, and medical expenses.

In addition, elderly people are far more susceptible to weather-related health problems. Experts from the National Institutes of Health have told our committee that "the normal physiologic mechanisms that compensate for variations of temperature in our environment are generally least efficient in the elderly and are sometimes so weak that they allow body temperatures in older persons to fall or rise to dangerous levels with even modest changes in air temperature. These changes in body temperature can produce disease, permanent damage to the body, or death."

According to recent news stories, hospitals across the country are gearing up to face a larger number of persons—especially older persons—who will suffer from hypothermia this winter. Hypothermia, a severe and progressive fall of body temperature, is now ranked sixth among the leading causes of death in the United States among older persons, according to medical experts at Harvard Medical School.

Mr. President, the Fuel and Oil Marketing Advisory Committee to the Department of Energy has estimated that approximately 44 percent of the households eligible for energy assistance will be headed by a person 60 years of age or older. Many of these persons have already written to the Committee on Aging to express their concern about energy prices and tell us how they are attempting to conserve and still remain healthy. Many report that they live in one room of their homes, closing off the remainder to avoid heating that area. Others tell about shoving rolls of newspapers into cracks to cut down on drafts. Several mention that they are cutting down on washing clothes and taking baths. One innovative elderly woman, told how she is using her husband's nightshirts to cover the windows because they cannot afford storm windows. Several stated that they have been forced to burn fences and even pieces of furniture to keep warm.

Mr. President, many of our elderly people are not able to exercise to keep warm, chop wood, or insulate their homes like the rest of us. They need assistance and they deserve it. One woman wrote asking for help and made an emotional plea that described the dire situation that faces many of our elderly at this very moment. She said, "Senator, we've lived through the Depression, World War I, and World War II and were grateful to survive. And, now this! We need help!"

This amendment does not change the focus of the energy assistance program from serving those households with the lowest incomes and highest energy bills. It simply states that among these households, States shall give priority to serving those households with elderly members. States are taking such actions under the current program and should continue to do so.

Finally, I want to commend Senator WILLIAMS and the Labor and Human Resources Committee for their tireless efforts which went into drafting this bill. The cooperation that Senator WILLIAMS and the committee staff extended to the Committee on Aging is genuinely appreciated.

Mr. President, I understand that perhaps the Senator from California (Mr. CRANSTON) has a proposal to amend the amendment. I yield to the Senator from California.

UP AMENDMENT NO. 802

Mr. CRANSTON. Mr. President, I am mindful of the special need my colleague from Florida seeks to address by his amendment. Although the recent increases in the costs of energy harm many individuals, there is no doubt that certain groups of individuals are injured tremendously—too often irreparably. I congratulate the Senator from Florida for his sensitivity toward these special groups, as demonstrated by this amendment, which will require States to assure that in the provision of services under this act special priority will be given not only to the poorest eligible population, but also to those eligible households where an elderly person resides.

There is, I believe, another group of individuals which merits priority assistance to meet the rising costs of energy. The group about which I speak consists of severely handicapped individuals. Severely handicapped individuals are subject to the same hardships that many elderly individuals suffer by virtue of the fact that most of them are living on small, fixed incomes. Add to that problem the disadvantages of inaccessibility to programs and services and you have a group of persons with few options for self-help.

Mr. President, I submit that elderly and severely disabled individuals are those most in need of the assistance we are authorizing today. I suggest an amendment to the Chiles amendment which would prioritize assistance not only to eligible households having at least one elderly individual, but also to eligible households with at least one individual with a severe handicap.

Thus, States would be required to assure that priority is given to "households with lowest incomes and to eligible households having at least one elderly individual or one individual with a severe handicap as defined in section 7(13) of the Rehabilitation Act of 1973, as amended.

The definition in question is:

> The term "severe handicap" means the disability which requires multiple services over an extended period of time and results from amputation, blindness, cancer, cerebral palsy, cystic fibrosis, deafness, heart disease, hemiplegia, mental retardation, mental illness, multiple sclerosis, muscular dystrophy, neurological disorders (including stroke and epilepsy), paraplegia, quadriplegia and other spinal cord conditions, renal failure, respiratory or pulmonary dysfunction, and any other disability specified by the secretary in regulations he shall prescribe. (29 U.S.C. 706(13)).

I, therefore, send to the desk, and I understand this is acceptable to the Senator from Florida, an amendment that would serve that purpose.

Mr. CHILES. Mr. President, I am willing to accept the amendment as a modification of my amendment, and I compliment the Senator from California. I think it is a group most deserving of priority.

Mr. CRANSTON. I thank the Senator very much. I ask unanimous consent that the reading of the amendment be dispensed with.

The amendment is as follows:

> Amend Chiles amendment as follows:
>
> On line 3, insert "or one individual with a severe handicap as defined in section 7(13) of the Rehabilitation Act of 1973, as amended" after "individual".

The PRESIDING OFFICER. The Senator from Florida has a right to modify his amendment, and it is so modified.

Mr. CRANSTON. I thank the Senator very much.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida, as modified.

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. WILLIAMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WILLIAMS. Mr. President, S. 1724, as reported by the committee, requires the State, in the State plan, to assure that priority in the provision of home energy assistance will be given to households with the lowest incomes. The Chiles amendment as I understand it, would broaden that priority category to include "eligible households having at least one elderly individual."

The amendment, as further broadened by the amendment offered to the amendment by the Senator from California, would include households with any severely disabled individual.

I think that I can agree with this amendment. As I understand, the amendment would not remove or supplant the priority placement of assistance to households with the lowest incomes and the highest energy costs in relation to income, regardless of the age of the occupants of the household.

If this amendment does not change the act's priorities as stated, it would impress me that the categories here included would be recognized as worthy, and I could accept the amendment.

I know the Senator from New York, who is managing the bill with this Senator, might not have that view. But that is our view.

Mr. JAVITS. Mr. President, I suggest the absence of a quorum. I would like to read the amendment.

Mr. WILLIAMS. Before the quorum call, could I ask whether the amendments do supplant or replace the priorities in the bill?

Mr. JAVITS. I withhold the request for the quorum call.

Mr. CHILES. Mr. President, what the amendment does is say that among those who are the most economically deprived, the elderly among them will receive a priority.

Mr. WILLIAMS. And with the addition of the amendment of the Senator from California, the same would be true?

Mr. CHILES. And with the addition of the handicapped.

Mr. JAVITS. Mr. President, I withhold the request for the quorum call.

I ask the Senator from Florida to answer this question for me: What would this amendment do for a family or a household unit that has one elderly person or one person with a severe handicap? What will the priority mean to them? Because, if we keep the remainder of the provision, to wit, that the highest level of assistance is provided to households with the lowest income and the highest energy costs in relations to income——

Mr. CHILES. It just says that within that pool, that pool of those you have already set a priority for, those with the lowest income and the highest energy cost, in that pool, the elderly or those households that have one elderly person, and/or severely handicapped now, will be given first attention.

Mr. JAVITS. In respect of highest level being provided to such households, what I am trying to get at—I am not arguing the amendment but I am trying to understand it—is, we leave in the provision that the highest level of assistance goes to households of the lowest incomes and the highest energy costs in relation to income. Do I understand the explanation to be, and I may be wrong but I am trying to determine if I am correct, that if there is a household which is of the lowest income and also has either an elderly person or a person with a severe handicap, that household, being within the lowest income category, will get a priority to one that does not have an elderly person or does not have a severely handicapped. That is what it means?

Mr. CHILES. That is correct.

Mr. JAVITS. But it, too, would have to qualify as the lowest income?

Mr. CHILES. Yes. It would have to first be in the pool which has been created, and then in that pool it would have priority.

Mr. JAVITS. I would rather take the amendment on the Senator's explanation than the language, which I do not think is clear. The explanation is very clear to me. I am perfectly happy to take the amendment. If we have to change the language, we will tell the Senator why.

Mr. CHILES. Very well.

Mr. JAVITS. It is acceptable to me.

ELDERLY PRIORITY IN ENERGY ASSISTANCE

● Mr. CHURCH. Mr. President, I urge adoption of Senior CHILES' amendment which would require the States to give priority attention to serving the needs of the elderly under the energy assistance program.

As the former chairman of the Senate Committee on Aging and now its ranking majority member, I am very familiar with the particular energy needs of older persons. Over the past few years, many elderly have watched their utility bills increase by 200 percent. Such increases combined with rising costs in food, shelter, and medical expenses have forced numerous seniors to make choices between such necessities.

Mr. President, millions of our elderly live on incomes from social security, SSI, and other pensions. Even though some of these programs are indexed with the Consumer Price Index, the increases have not come close to the unprecedented increases in energy costs. For example, in the last 5 years, social security benefits have increased approximately 43 percent and SSI have risen 24 percent. During the same time period, all energy sources have risen over 150 percent with fuel prices jumping nearly 200 percent. Therefore, many elderly's cost-of-living increases in their limited incomes have not even begun to combat energy price increases, let alone rising costs in medical, food, and other necessities.

I am pleased to join the entire Senate Committee on Aging and Senator EAGLETON, chairman of the Subcommittee on Aging, to insure that elderly receive adequate assistance to help in combating these rising prices. The committee has thoroughly documented the special energy needs of the elderly through hearings and studies. This amendment is the committee's effort to provide for an effective method to assist older Americans in living better lives. I urge my colleagues to support this important amendment.●

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, of the Senator from Florida.

The amendment, as modified, was agreed to.

UP AMENDMENT NO. 800, AS MODIFIED

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from New Hampshire.

Mr. HUMPHREY. Mr. President, I send a modification of my amendment to the desk.

The PRESIDING OFFICER. The Senator has the right to modify his amendment.

The amendment, as modified, is as follows:

On page 35, strike out lines 9 through 12 and insert in lieu thereof the following:

(21) provide assurances that the State will not establish any standards of eligibility under this Act based on an assets test which counts cars, household and personal belongings or primary residences.

Mr. HUMPHREY. Mr. President, I have modified the amendment so that it is acceptable, I believe, to the floor managers of the bill.

Mr. WILLIAMS. This amendment basically goes to a matter that we had defined in the original provision in the bill. It goes to an apprehension that there might be an assets test imposed at the State level. We wanted to prohibit that. This amendment defines the prohibition on that basis and I certainly support it.

The amendment proposed by my colleague from New Hampshire strikes a provision which prohibits States from making any more restrictive eligibility tests than contained in the bill.

Senator HUMPHREY's amendment replaces this with language prohibiting States from instituting an assets test for determining eligibility.

As the committee included the original language in order to prevent States from imposing an assets test, the Humphrey amendment clarifies my intent in the original S. 1724 and I support this change.

Mr. JAVITS. Mr. President, the Senator from New Hampshire has very kindly cooperated with us in that the question of assets is indeterminate. You might have a scandal with somebody having a lot of assets but not much income. We thought we had better define the assets we were talking about. As defined it is the same test used for food stamps and the amendment is acceptable.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, of the Senator from New Hampshire.

The amendment, (UP No. 800) as modified, was agreed to.

UP AMENDMENT NO. 803

(Purpose: To provide that a State plan may provide for tax credits)

Mr. HEINZ. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Pennsylvania (Mr. HEINZ) proposes an unprinted amendment numbered 803.

Mr. HEINZ. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 36, between lines 12 and 13, insert the following:

(f) A State may use funds available under this Act for the purpose of providing credits against State tax to energy suppliers who supply such energy at reduced rates to lower income households, but such credit may not exceed the amount of the loss of revenue to such supplier on account of such reduced rate. Any certifications for such tax credits shall be made by the State, but such State may utilize Federal data available to such State with respect to recipients of supplemental security income benefits.

Mr. HEINZ. Mr. President, I support the direction the bill takes in permitting States to choose the type of fuel assistance program they wish to institute. My amendment merely suggests yet another option for States to consider as they develop plans to meet the requirements of this bill. That option is a program of State tax credits to utilities and sellers of oil, coal, and wood for home heating who reduce the cost of fuel to low-income households.

Most of my colleagues in the Senate recognize the need for providing disadvantaged Americans with immediate relief from skyrocketing fuel bills, but many of us are in disagreement over the best approach. As a member of the Senate Committee on Finance, I took part in protracted debates over the merits and shortcomings of various low-income fuel assistance proposals. I am convinced from these deliberations that states should play a significant role in the creation of comprehensive fuel assistance programs for those with low incomes. I believe that the best way to do this is to allow states to choose and tailor the program which meets their needs.

The option offered the States by my amendment has several decided advantages which should be considered as plans are developed. Tax credits to suppliers will target funds for fuel assistance by reducing the cost of fuel on the front end to eligible households. This has the advantage of reducing the effect of increased fuel costs and of permitting low-income households to meet their fuel payments within their limited resources.

The tax credit option would be administratively simple. Because eligibility is determined by the State certification, the program would rely on existing records and information and would not necessitate a separate verification procedure. Because reimbursement is through a tax credit, payment to suppliers is guaranteed.

While many have expressed some concern about the cash flow problems experienced by some small jobbers around the Nation, we are being assured that a tax credit filed for quarterly is a far better deal than waiting from 6 to 12 months for low-income families to pay their high fuel bills. Nevertheless, I would expect reimbursement under this option to be carried out in a timely manner, acceptable to the Secretary.

Mr. President, I believe we must provide the States with maximum flexibility if we are to achieve our goal of meeting the needs of low-income households during the winter months. Certainly the addition of a State tax credit as one more option for the States to use would be a step in furtherance of this goal.

Mr. President, we are all anxious to assist low-income Americans offset the costs of home heating through prompt legislative action. I urge my colleagues to give prompt and favorable consideration to the amendment I am now offering so that the States may devise their State plans in a way they determine to be most appropriate for those low-income persons they must serve.

The purpose of this amendment, Mr. President, is really very simple. The bill before us, S. 1724, permits certain options to the States in terms of bloc grants, in terms of the way they administer those bloc grants. They may, under the terms of this bill, for example, elect to have a vendor payment mechanism to achieve the goal of providing timely and effective assistance to low-income people with the problems we expect them to have on their heating bills. This amendment simply adds one more State option which is to allow virtually the same kind of help to be realized through the use of a State tax credit if the State so elects.

I hope the managers of the bill will take a look at this amendment.

It permits us to achieve in S. 1724 virtually what we had agreed to in the Finance Committee on this. We have discussed it at the staff level. My understanding is there is no material objection, but if there are any objections on behalf of the committee, by Senator JAVITS or Senator WILLIAMS, I would certainly like to hear them.

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. JAVITS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I have considered this amendment. What it is is an alternative plan for a State in which the State can use credits against taxes levied upon the energy supplier in order to bring about a reduction in cost to the eligible household as if it were another form of vendor payment.

Mr. HEINZ. The Senator from New York is entirely correct.

Mr. JAVITS. I certainly think we ought to allow the State that latitude, but I do think we ought to take one precaution. That is that the mechanics do not hold up deliveries. If the Senator would, I would like to add the following, which I will also send to the desk: "Provided, that timely delivery of benefits to eligible households and suppliers shall not be impeded by the implementation of such plan."

Mr. HEINZ. Mr. President, I have examined the language of the Senator from New York. I find it totally consistent with my amendment. I ask unanimous consent that that language be added.

The PRESIDING OFFICER. The Senator has a right to modify his amendment.

Mr. HEINZ. I so modify my amendment.

The amendment, as modified, is as follows:

On page 36, between lines 12 and 13, insert the following:

(f) A State may use funds available under this Act for the purpose of providing credits against State tax to energy suppliers who supply such energy at reduced rates to lower income households, but such credit may not exceed the amount of the loss of revenue to such supplier on account of such reduced rate. Any certifications for such tax credits shall be made by the State, but such State may utilize Federal data available to such State with respect to recipients of supplemental security income benefits: *Provided*, That timely delivery of benefits to eligible households and suppliers shall not be impeded by the implementation of such plan.

Mr. WILLIAMS. I appreciate the Senator from Pennsylvania modifying his amendment at the suggestion of the Senator from New York.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, of the Senator from Pennsylvania.

The amendment, as modified, was agreed to.

Mr. HEINZ. Mr. President, let me thank my distinguished colleague from New Jersey (Mr. WILLIAMS) and my equally distinguished colleague from New York (Mr. JAVITS) for their concern about the people this bill will help, and for their help in perfecting this legislation. I also thank the Senator from Louisiana, the chairman of the Finance Committee, for his assistance in perfecting this language.

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. WEICKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. TSONGAS). Without objection, it is so ordered.

UP AMENDMENT NO. 804

(Purpose: To specify that energy stamps may be included in State plans for home energy assistance)

Mr. WEICKER. Mr. President, I have an amendment at the desk and I ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Connecticut (Mr. WEICKER) proposes an unprinted amendment numbered 804:

On page 28, line 10, after the word "payments" and before the phrase "made in accordance with", insert the following: "(which, without limitation, may be made in the form of a duly issued coupon, stamp or certificate)".

Mr. WEICKER. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. WEICKER. Mr. President, I wish to state the purpose of the amendment. Specifically, it is that if a State so chooses, it may implement a fuel stamp program as the mechanism for distributing benefits to eligible households.

It is my understanding that the pending legislation would allow each State the flexibility to administer an energy assistance plan as they see fit pursuant to the guidelines set forth in this act. Benefits to eligible households would be made either to the home energy suppliers or to the households themselves.

It is the purpose of my amendment merely to clarify that payment to eligible households may be made in the form of a fuel stamp or coupon if the State decides this vehicle is best suited to its administrative needs.

Mr. President, I have long advocated a fuel assistance program for our Nation's poor and elderly. As the record indicates, I introduced my own version of an energy stamp program back in 1977.

Since then energy prices have continued to soar and the poor and elderly have continued to pay a disproportionate amount of their income for their basic energy needs.

Government response to the energy needs of its poor and elderly citizens has long been overdue. I commend the distinguished Senator from New Jersey and his colleagues on the Labor and Human Resources Committee on their efforts to move forward today with this comprehensive residential energy assistance program.

Mr. President, it was a year ago or more, that I stood on the floor of the Senate and offered as an amendment to the energy bill of 1978 an energy stamp program. We were then, as we are now, in the midst of a rationing by price scheme which was, and still is, devastating to the poor of this country—those on fixed incomes, the elderly, and the lower middle income groups.

I very thoroughly disagree that conservation should be achieved by rationing by price. But that disagreement has gone the way of any other disagreement that I have with the energy policies of this country. It is lost.

The fact is that we do have rationing by price. That is the scheme, and I see nothing that will change that in the future. The advocacy of a tax on gasoline is further rationing by price. The price of oil continues to go up, and that is rationing by price. If there is to be conservation short of other types of conservation which I have advocated (whether it is 6 days a week for the automobile, not using the credit card for the purchase of gasoline, or coupon rationing) it is to be rationing by price. Because of this, it is best to take care of the needs of the most disadvantaged elements in our society.

Back in 1978, I proposed a fuel stamp program. The chairman of the Finance Committee cut that down to being a pilot program, and that was the amendment that was taken to conference and lost in conference.

Now, in this year, 1979, along with Senator EAGLETON and Senator DURKIN, we scrambled around to try to find how we could best help these disadvantaged elements of our society before the winter season was upon us.

We had no program in place such as the one advocated a year earlier to help these people. Indeed, the price of energy was far greater than it was at the time that amendment was adopted in the Senate and dropped in the conference.

The best we could come up with was the crisis intervention program. Initially, a $22 million effort in the Appropriations Committee, but thanks to Senators EAGLETON and DURKIN, we raised the figure to $250 million as a compromise and then further raised it to $1.6 billion at the urging of the Administration. Now that is embodied in the legislation before us. But, again, no type of permanent mechanism.

I again point out to my colleagues here this afternoon that, sooner or later, we must take care of the basic necessities of life. We have done so of food with food stamps, and we must do it now with energy stamps. We can not continue to scramble around in a makeshift mechanism to take care of the people that have been hurt the most by this crisis.

All I have done in this amendment is permit the States to have an energy stamp program. It is strictly permissive and intended to be utilized administratively in its present form in the same way as the food stamp program. It does not mandate anything, only suggests that this may be a good way for them to handle it.

Indeed, if that is what they want, fine. They are the ones to go ahead and make the decision.

But I predict today, that whatever program we enact, and I believe this legislation, if I am not mistaken, goes for 3 years—appropriation for 3 years and authorization for 3 years—this problem will still be with us well past the year 2000.

I am not using this as the vehicle to bring about Federal legislation of energy stamp program. I am using it as the occasion to remind Senators that we have not settled this problem.

As the price of energy soars, and it will, and if conservation is achieved by rationing by price, we have got to have a permanent mechanism in place to take care of those citizens upon whom conservation is forced by virtue of their economic status.

I hope the managers of the bill, the majority and minority, will accept this very minimal suggestion. It merely keeps alive an idea. That is all. It does not interfere with our legislation. It keeps alive an idea at the State level and at the option of the States. An idea, believe me, that should be implemented at the Federal level.

The fact is that the way the legislation is written now, what I am proposing here would not interfere one iota. It merely would include this as another option for the States to use.

I will be glad to yield the floor and answer any questions that anyone might have.

Mr. WILLIAMS. Mr. President, I say to my good friend the distinguished Senator from Connecticut that the approach of using fuel stamps as the means of meeting our objective here—and stamps is the way of helping families get their fuel in the winter time—was discussed in terms of fuel stamps as the method of payment. We received a great deal of testimony from all quarters that, as the method of payment, it received no support.

The National Governors' Association, the Fuel Oil Marketing Advisory Committee, the Department of Energy, the National Consumer Law Center and many others cited problems with a fuel stamp program. They cited problems of administrative inefficiencies accountability problems, excessive administrative costs.

From consumers, we also got a reluctance to have the assistance program proceed on a stamp basis. A woman from Maine came here to testify and indicated what I am sure is on the minds of many: that somehow there is a stigma attached to stamps. She was eligible for food stamps and was resisting going through the processes of getting food stamps. She associated fuel energy stamps with the same approach.

So what we have remaining in the bill is really a State option. We liked, of course—and we talk quite a bit about it in the report—the vendor line of credit. But the bill gives options: Vendor line of credit, prepayment of bills that way; or, where appropriate, the payments can be made right to the households.

However, nothing in this bill would shut out a State from developing a voucher program.

The amendment offered by the distinguished Senator from Connecticut impresses me as more specific but within the spirit and opportunities that already are in the bill. So I find nothing objectionable about it.

Later on, if States take this option, we might find that they can make it effective and efficient, and it may be the best way.

So far as this Senator is concerned, I am agreeable to have this in the bill. I have not discussed it with my colleague, the distinguished minority floor manager of the debate on this bill.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. JAVITS. The Senator has explained it quite properly. As we did not bar it, it is an option.

The only thing that would worry me is where it appears—that is, in the preamble—to provide for a State program for furnishing home energy assistance to the eligible households through payments made in accordance with the provisions of the plan. What I would like the record to show is that this is another kind of plan and could have appeared in the list of qualifications of plans as well as here. In other words, the fact that it appears there does not give it any higher or better standing than if it appeared in the details of this subsection 3.

Mr. WEICKER. For the record, I certainly concur with the distinguished Senator from New York and the distinguished Senator from New Jersey.

That being the case, Mr. President, I ask unanimous consent that the order for the yeas and nays on my amendment be vitiated.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

FUEL OIL DEALERS' CASH FLOW PROBLEM

Mr. DOLE. Mr. President, 2 months ago I introduced legislation designed to alleviate the serious cash flow problem faced by fuel oil dealers in this country which is a result of the significantly increased cost of heating oil. The dealers are having to pay more for their product in a shorter period of time on the one hand, while on the other hand their customers are having a harder time paying their bills in a timely manner. The fuel oil dealers are getting squeezed in the middle.

This problem is tied directly to the issues we are discussing here today. If we do not take steps to assure the financial stability of the fuel oil dealers, the impact on consumers—and especially low-income households—will be much harsher than we realize.

It would be ironic and cruel to vote cash assistance to help low-income individuals to pay their heating bills and then to be the cause of their not having access to heating oil because we ignored the problems of fuel oil suppliers. For that reason, I had intended to offer, as an amendment to the Home Energy Assistance Act, my bill to provide SBA guaranteed loans to fuel oil dealers.

Unfortunately, a task force of fuel oil dealers, accountants, bankers, Small Business Administration officials and other interested parties, which has been working on this issue for several months, will not complete action on their recommendations until tomorrow. Therefore, I will wait and offer my amendment during debate on the windfall profits tax bill. I did feel it was important to raise the issue now, however, to impress on my colleagues the urgency of the matter and to ask for their support in my efforts at that time.

● Mr. METZENBAUM. Mr. President, I commend the distinguished chairman of the Labor and Human Resources Committee for his outstanding leadership in bringing this urgently needed legislation to the floor.

For the millions of poor and elderly people in this country, few other pieces of legislation are as important as we approach the winter heating months because without this legislation, the most vulnerable members of our society will be faced with the awful choice between heating their homes and feeding themselves and their families.

All Americans have felt the severe pinch as energy prices have escalated but the costs of fuel prices and their impact on the elderly and poor are especially devastating

I have repeatedly argued that the increase in energy prices that is at the heart of this administration's policy is unnecessary. It brings us little or no new production. And it imposes the greatest burdens on those in our country who can least afford to bear them.

Between 1972 and 1978 fuel oil and coal prices increased by over 150 percent.

Within the past year, fuel oil—which heats a majority of homes in New England and is a major fuel component throughout the northeast and midwest—has risen in price by a full 75 percent. In some parts of New England, consumers have seen their home heat bills literally double in just the past year.

In my own State of Ohio, natural gas consumers face a 39 percent increase over last year's heating costs. And by 1985, as deregulation takes full effect, natural gas prices will at least double. Yet the natural gas association has released a report calling for even higher prices to avoid another round of natural gas shortages in the mid-1980's.

For many Americans, one answer to rising prices is to add storm windows and insulation or to take other steps to conserve on their use of fuel.

But what are the poor and elderly able to do?

According to a Department of Energy study, the poor have already cut their use of fuel to the bare minimum, even to the point of jeopardizing the health of their families. The poor have no discretionary money to install insulation and other conservation devices. And certainly, they do not have the income levels needed to take advantage of tax credits.

A recent report issued by the National Center for Economic Alternatives showed the tremendously disproportionate impact on the poor of higher prices for all necessities, but especially energy.

In the past quarter, for example, the CPI rose by 6.6 percent on an annual basis. But necessity prices—that is, the cost of food, housing, medical care and especially energy—increased at an astronomical rate of 17.6 percent. Even that camouflages the impact of energy on the poor, because energy alone increased at a rate of more than 50 percent.

Mr. President, I had an opportunity to hear testimony firsthand this summer when I conducted a Senate Budget Committee hearing in Toledo. I must say it was a very moving experience for me. It showed me how frustrated men and women of all ages are becoming as they work hard, saving to buy a home or to send their children to college, only to find that their savings have been eaten up in 1 year by higher fuel bills and other costs. Many elderly people are simply not eating as they should, and many others are feeling neglected and left out of the society they worked so hard to create.

This legislation will not answer all of the problems caused by the great increase in energy prices, but it is certainly a step in the right direction—a step that is long overdue. This bill provides assistance to low-income families who cannot meet the higher fuel bills that have increased, despite their best efforts to conserve. In addition, it encourages States to provide additional assistance to the elderly, handicapped and poor. My own State of Ohio has taken a lead in this area by providing $83 million for this purpose, and I hope other States will soon establish their own State funds for such assistance.

Again, I commend the chairman for his excellent work in bringing this legislation to the floor in time to meet the urgent needs of the poor and elderly during the winter months. I believe that this legislation must be in place as soon as possible, and I urge my colleagues from both sides of the aisle to support it.●

● Mr. RIEGLE. Mr. President, Americans should not have to choose between eating and staying warm. For the past several months, I and the other members of the Labor and Human Resources Committee have been urgently pushing this bill and other methods of providing emergency assistance to low-income households and individuals, especially among elderly Americans, to assure that they do not have to make this tragic choice between food and fuel.

In my State of Michigan, all consumers who rely on heating oil for their homes will spend an average of 26.5 percent of their gross income on fuel during the 1979–80 heating season, compared with 17 percent last year, according to data compiled by the New England Research Group. This increase amounts to an average of $494 for each of the 514,000 households in my State which use heating oil.

This enormous escalation in heating costs puts severe strains on all Americans, but it is particularly important that we help our low-income households meet this burden. At least 81,500 households in Michigan which use heating oil have incomes below 125 percent of the poverty level, and a total of 651,052 households in the State have incomes below the Bureau of Labor Statistics' lower living standard. Clearly, these families have no "luxuries" to cut out of their household budgets. They do in fact face the choice of "heat or eat"—unless both Federal and State Governments act to help at once.

Mr. President, the Congress action last Friday in providing a $1.35 billion emergency appropriation for low-income energy assistance this winter was a major step to assure that Americans do not freeze to death for lack of money to pay their fuel bills. We could not have delayed much later. A month ago, I held a Labor and Human Resources Committee hearing in Michigan, and I spoke with many elderly and other low-income citizens who did not know if they would be able to pay for fuel this winter. With the help of both Federal and State programs now going into effect, they will now receive some of the help they desparately need.

As oil decontrol goes fully into effect, we cannot expect this problem to disappear over the next 2 years. Therefore I believe that the Home Energy Assistance Act we are voting on today is a vital piece of legislation. Our older citizens in particular should not be forced to wonder each fall whether they can afford to live until spring. We must have an emergency assistance program in place to help them meet their heating costs over the coming winters, as fuel costs can be expected to continue to climb.

Skyrocketing fuel costs have hit aging Americans with particularly cruel force. Fourteen percent of America's senior citizens live below the poverty line. These older Americans have no room in their already inadequate budgets to pay for higher fuel costs. Their choices are, day to day, between food and fuel, between health care and heat. I realize that these words paint a stark picture, but they do not exaggerate the circumstances in which many older Americans find themselves.

The plight of low-income senior citizens is made even more difficult by the fact that older persons are more likely than the rest of the population to live in older homes, in single-family dwellings, and in homes which are not energy-efficient. In addition, aging persons—and especially the very old—are at far greater risk than younger people for hypothermia, a condition in which excessive cold leads to a progressive fall in body temperature and the collapse of the cardiovascular system.

In testimony before the Special Committee on Aging on April 5, 1977, Dr. Robert Butler, Director of the National Institute on Aging, noted that—

> The special susceptibility of older people to the cold may cause them to die of hypothermia in mild weather. Some older people cannot maintain their body heat at temperatures commonplace in many homes.

For such individuals, even a home heated to the temperature of 70 degrees may pose a threat to health and even life.

This bill is far from a complete response to the needs of our elderly and low-income citizens who face skyrocketing fuel costs. We must also increase our efforts to promote weatherization and conservation, along the lines of bills currently pending in the Labor and Human Resources and other committees. As the country adjusts to the shortages and higher costs of energy, we must continue to do everything we can to make sure that our older and poorer citizens do not bear an unfair portion of the burdens.●

Mr. WILLIAMS. Mr. President, I submit for the RECORD a copy of the amendment which Senator LONG and I will offer tomorrow along with a table showing the formula in S. 1724 as modified by the minimum or floor contained in this amendment.

The material follows:

On page 19, line 20, strike out "$1,600,000,000 for the fiscal year 1980" and insert in lieu thereof "from the Low Income Energy Assistance Trust Fund established under section 103 of the Crude Oil Windfall Profit Tax Act of 1979".

On page 23, strike out lines 13 through 22, and insert in lieu thereof the following:

(A) first reserve $2,500,000 to be apportioned on the basis of need between the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, and Northern Mariana Islands and the Trust Territory of the Pacific Islands, and

(B) then transfer to the Director of the Community Services Administration $100,000,000, subject to the provisions of the second sentence of this paragraph for carrying out energy crisis related activities under section 225(a)(5) of the Economic Opportunity Act of 1964.

The percentage of the amount transferred under subparagraph (B) of this paragraph and available for use in each State shall be the same percentage as the percentage allotted to such State under this section for the total amounts available for allotment to States under subsections (a) and (b) of this section.

On page 23, line 23, strike out "(B)" and insert in lieu thereof "(A)".

On page 27, between lines 13 and 14, insert the following new subsection:

(h)(1) If the allotment for any State determined under paragraphs (1) and (2) of subsection (a) of this section is less than $100,000,000, the allotment of such State shall, subject to paragraphs (4) and (5) of this subsection, be the greater of its allotment as so determined under such paragraphs or the product of the total amount available for allotment under subsection (a) of this section and such State's alternative allotment percentage.

(2) The alternative allotment percentage for any State shall equal the percentage of 90 per centum of the total amount authorized to be appropriated for fiscal year 1981 under section 4(b) which would be allotted to such State if—

(A) of such 90 per centum (i) one-half was allotted to each State according to the ratios determined under paragraph (1) of subsection (a) of this section and (ii) one-half was allotted to each State according to the ratios which would be determined under paragraph (2) of such subsection (a) if, for purposes of such paragraph, the term "lower living standard" were defined as 125 per centum of the poverty level as determined in accordance with the criteria established by the Office of Management and Budget; and

(B) the allotment of each State as determined under subparagraph (A) were increased to the extent necessary (as determined by the Secretary on the basis of what he determines to be the best available information) so that, if such allotment were divided in a manner such that the amount for all recipient households in such State consisting of one individual were equal, and the amount for all other recipient households in such State were equal to 150 per centum of such amount for a one-individual household, sufficient additional amounts would be available to assure that the amount for each recipient household would be at least $120.

(3) For purposes of this subsection, the term "recipient household" means—

(A) a household that is an eligible household under section 3 (i) of the Food Stamp Act of 1977 and participates in the food stamp program, but which is not a recipient household under subparagraph (B) or (C) of this paragraph;

(B) a household that contains any individual who receives aid to families with dependent children under a State plan approved under part A of title IV of the Social Security Act, but which is not a recipient household under subparagraph (C); and

(C) a household that contains an individual who is an eligible individual or eligible spouse receiving supplemental security income benefits under title XVI of the Social Security Act, or an individual receiving payments from the Secretary under an agreement entered into by the Secretary under section 1616 of such Act or section 212 of Public Law 93-66.

For purposes of subparagraphs (B) and (C) the term "household" shall be defined by the Secretary, and shall not include an institution.

(4) The allotment of any State shall be increased under paragraphs (1) and (2) of this subsection only if the increase is attributable in whole or part to the provisions of subparagraphs (B) of paragraph (2).

(5) The allotments for any fiscal year determined under paragraphs (1) and (2) of subsection (a) of this section which are not increased pursuant to paragraphs (1) and (2) of this subsection shall be adjusted to the extent necessary and on a pro rata basis to assure that the total of such allotments when added to the allotments which are increased pursuant to paragraphs (1) and (2) of this subsection do not exceed 95 per centum of the sums appropriated for such fiscal year pursuant to section 4 (b).

On page 39, between lines 17 and 18, insert the following new subsection:

(g) The Secretary, in cooperation with such other agencies as may be appropriate, shall develop and implement the capacity for estimating total annual energy expenditures of low-income households in each State. The Secretary shall submit to the Congress his estimates pursuant to this subsection together with a description of the manner in which they were determined prior to the beginning of each calendar year starting with 1981.

On page 39, beginning with line 18, strike out through line 7 on page 44.

Distribution of $3 billion in low-income energy assistance under modified version of S. 1724

[Distribution of funds]

State	Millions of dollars	Percentage
Alabama	$41.19	1.40
Alaska	8.00	.27
Arizona	22.29	.76
Arkansas	29.33	.99
California	175.24	5.94
Colorado	36.61	1.24
Connecticut	52.93	1.79
Delaware	7.53	.26
District of Columbia	9.21	.31
Florida	60.05	2.04
Georgia	50.76	1.72
Hawaii	4.44	.15
Idaho	14.91	.50
Illinois	173.40	5.88
Indiana	83.04	2.82
Iowa	48.31	1.64
Kansas	31.12	1.06
Kentucky	48.84	1.66
Louisiana	38.36	1.30
Maine	26.74	.91
Maryland	47.23	1.60
Massachusetts	107.27	3.64
Michigan	144.30	4.89
Minnesota	77.89	2.64
Mississippi	30.99	1.05
Missouri	76.13	2.58
Montana	13.80	.47
Nebraska	24.93	.85
Nevada	7.67	.26
New Hampshire	17.39	.59
New Jersey	111.66	3.79
New Mexico	16.55	.56
New York	327.06	11.09
North Carolina	69.88	2.37
North Dakota	12.60	.43
Ohio	$161.97	5.49
Oklahoma	35.15	1.19
Oregon	29.48	1.00
Pennsylvania	195.59	6.63
Rhode Island	18.06	.61
South Carolina	31.40	1.06
South Dakota	13.51	.46
Tennessee	53.30	1.81
Texas	117.46	3.98
Utah	17.00	.58
Vermont	11.16	.38
Virginia	60.55	2.05
Washington	43.15	1.46
West Virginia	27.96	.95
Wisconsin	80.66	2.73
Wyoming	6.00	.20
Total	2,950.00	100.00

Mr. ROBERT C. BYRD. Mr. President, there will be no more rollcall votes today.

Mr. President, the Senate will return to the consideration of this measure tomorrow morning at 10 o'clock.

DEPARTMENT OF ENERGY NATIONAL SECURITY AND MILITARY APPLICATIONS OF NUCLEAR ENERGY AUTHORIZATIONS, 1980

Mr. ROBERT C. BYRD. Mr. President, on behalf of the Senator from Mississippi (Mr. STENNIS), I ask that the Chair lay before the Senate a message from the House of Representatives on S. 673.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 673) entitled "An Act to authorize appropriations for the Department of Energy for national security programs for fiscal year 1980", do pass with the following amendments:

Strike out all after the enacting clause, and insert: That this Act may be cited as the "Department of Energy National Security and Military Applications of Nuclear Energy Authorization Act of 1980".

TITLE I—NATIONAL SECURITY PROGRAMS

OPERATION EXPENSES

SEC. 101. Funds are hereby authorized to be appropriated to the Department of Energy (hereinafter in this title referred to as the "Department") for fiscal year 1980 for operating expenses incurred in carrying out national security programs, including scientific research and development in support of the armed services, strategic and critical materials necessary for the common defense, and military applications of nuclear energy, as follows:

(1) For the defense inertial confinement fusion program—

(A) for glass laser experiments, $44,200,000;

(B) for gas laser experiments, $29,300,000;

(C) for electron and particle beam experiments, $12,200,000;

(D) for supporting research and experiments, $38,300,000, of which no more than $2,800,000 may be used to finance contract modification numbered ED-78-C-08-1598 or any revision or modification thereof; and

(E) for personnel, $1,090,000.

(2) For the naval reactor development program—

(A) for the naval reactor development program, $232,600,000; and

(B) for personnel, $8,767,000.

(3) For weapons activities—

(A) for research and development, $421,143,000;

(B) for weapons testing, $225,000,000;

(C) for production and surveillance, $772,000,000; and

(D) for personnel, $37,098,000.

(4) For verification and control technology (including personnel), $36,800,000.

(5) For materials production, to be administered by the Assistant Secretary for Defense Programs—

(A) for production reactor expenses, $180,300,000;

(B) for the processing of nuclear materials, $82,400,000;

(C) for supporting services, $67,714,000, of which $15,000,000 shall be used for the fiscal year 1980 increment of startup costs for the Purex chemical processing plant at Richland, Washington;

(D) for fluorinel processing of nonproduction fuels and related activities, $21,390,000;

(E) for advanced isotope separation research, $5,000,000; and

(F) for personnel, $944,000.

(6) For defense waste management (including $1,691,000 for personnel) $211,250,000, of which no funds may be used for the Waste Isolation Pilot Plant, Delaware Basin, southeast New Mexico.

(7) For the nuclear materials security and safeguards technology development program (defense program), including $3,560,000 for personnel, $43,227,000.

PLANT AND CAPITAL EQUIPMENT

SEC. 102. Funds are hereby authorized to be appropriated to the Department for fiscal year 1980, for plant and capital equipment, including planning, construction, acquisition, or modification of facilities (including land acquisition), and for acquisition and fabrication of capital equipment not related to construction, necessary for national security programs, as follows:

(1) For inertial confinement fusion:

Project 80-PE&D-1, plant engineering and design, $1,500,000.

Project 80-AE-12, target fabrication facility, Los Alamos Scientific Laboratory, New Mexico, $1,000,000.

Project 80AE-12, target fabrication facility, Lawrence Livermore Laboratory, California, $1,000,000.

Project 75-3-b, high energy laser facility, Los Alamos Scientific Laboratory, New Mexico, and additional sum of $8,000,000, for a total project authorization of $62,500,000.

(2) For naval reactors development:

Project 80-AE-1, fluids and corrosion test facilities upgrading, various locations, $17,900,000.

Project 80-GPP-1, general plant projects, $3,300,000.

(3) For weapons activities:

Project 80-AE-4, addition to computer facility, Sandia Laboratories, Livermore, California, $2,800,000.

Project 80-AE-5, ground launched cruise missile (GLCM) warhead production facilities, various locations, $4,000,000.

Project 80-AE-6, utilities and equipment restoration, replacement and upgrade, various locations, $39,400,000.

Project 80-AE-8, advanced size reduction facility, Rocky Flats Plant, Golden, Colorado, $5,000,000.

Project 80-AE-9, new polymer production facility, Bendix Plant, Kansas City, Missouri, $1,400,000.

Project 80-AE-10, additional loading facilities, Savannah River Plant, Aiken, South Carolina, $3,500,000.

Project 80-AE-11, Pershing II warhead production facilities, various locations, $5,000,000.

Project 80-GPP-1, general plant projects, $25,400,000.

Project 80-PE&D-1, plant engineering and design, $3,600,000.

Project 71-9, fire, safety, and adequacy of operating conditions projects, various locations, an additional sum of $7,000,000, for a total project authorization of $287,000,000.

Project 77-11-c, 8" Artillery Fired Atomic Projectile (AFAP) production facilities, various locations, an additional sum of $4,600,000, for a total project authorization of $27,200,000.

Project 78-16-d, weapons safeguards, various locations, an additional sum of $2,000,000, for a total project authorization of $28,000,000.

Project 78-16-g, radioactive liquid waste improvement, Los Alamos Scientific Laboratory, New Mexico, an additional sum of $6,200,000, for a total project authorization of $12,500,000.

Project 79-7-b, fire protection improvements, Los Alamos Scientific Laboratory, New Mexico, an additional sum of $2,500,000, for a total project authorization of $4,500,000.

Project 79-7-c, proton storage ring, Los Alamos Scientific Laboratory, New Mexico, an additional sum of $11,700,000, for a total project authorization of $16,700,000.

Project 79-7-l, system research and development laboratory, Sandia Laboratories, Albuquerque, New Mexico, an additional sum of $12,000,000, for a total project authorization of $13,000,000.

Project 79-7-n, utility system restoration, Y-12 plant, Oak Ridge, Tennessee, an additional sum of $15,800,000, for a total project authorization of $18,000,000.

Project 79-7-o, universal pilot plant, Pantex Plant, Amarillo, Texas, an additional sum of $3,900,000, for a total project authorization of $7,400,000.

(4) For materials production:

Project 80-AE-2, replace obsolette processing facilities, HB Line, Savannah River, South Carolina, $19,000,000.

Project 80-AE-3, steam generation facilities, Idaho Chemical Processing Plant, Idaho, $10,000,000.

Project 80-GPP-1, general plant projects, $15,000,000.

Project 80-PE&D-1, plant engineering and design, $3,400,000.

Project 77-13-a, fluorinel dissolution process and fuel receiving improvements, Idaho Chemical Processing Plant, Idaho National Engineering Laboratory, Idaho, an additional sum of $54,400,000, for a total project authorization of $119,400,000.

Project 78-18-e, environmental, safety and security improvements to waste management and materials processing facilities, Richland, Washington, an additional sum of $11,500,000, for a total project authorization of $40,000,000.

Project 79-7-i, transmission and distribution systems upgrading, Richland, Washington, an additional sum of $7,000,000, for a total project authorization of $14,000,000.

(5) For defense waste management:

Project 80-GPP-1, general plant projects, $8,800,000.

Project 80-PE&D-1, plant engineering and design, $8,000,000, of which $3,000,000 shall be available only for plant engineering and design at the Savannah River Plant, Aiken, South Carolina.

Project 77-13-f, Waste Isolation Pilot Plant, Delaware Basin, southeast New Mexico (A-E, land lease acquisition and long-lead procurement), a reduction in the amount previously authorized of $30,000,000, for a total project authorization of $38,000,000.

Project 75-1-c, new Waste Calcining Facility, Idaho Falls, Idaho, an additional sum of $25,000,000, for a total project authorization of $90,000,000.

(6) For capital equipment not related to construction, as follows:

(A) For inertial confinement fusion, $10,100,000.

(B) For naval reactors development, $15,800,000.

(C) For weapons activities, $104,164,000.

(D) For verification and control technology, $1,060,000.

(E) For materials production, $35,000,000.

(F) For defense waste management, $12,000,000.

(G) For nuclear materials security and safeguards, $3,400,000.

TITLE II—GENERAL PROVISIONS

Sec. 201. Except as otherwise provided in this Act—

(1) no amount appropriated pursuant to this Act may be used for any program in excess of either (A) 105 percent of the amount authorized for that program by this Act, or (B) $10,000,000 more than the amount authorized for that program by this Act, whichever is the lesser, and

(2) no amount appropriated pursuant to this Act may be used for any program which has not been presented to, or requested of, the Congress,

unless a period of thirty calendar days (not including any day in which either House of Congress is not in session because of adjournment of more than three calendar days to a day certain) has passed after the appropriate committees of Congress receive notice from the Secretary of Energy containing a full and complete statement of the action proposed to be taken and the facts and circumstances relied upon in support of such proposed action, or unless each such committee before the expiration of such period has transmitted to the Secretary written notice to the effect that such committee has no objection to the proposed action.

Sec. 202. The Secretary of Energy is authorized to start any project provided for under the general plant projects provisions set forth in this Act only if—

(1) the then maximum currently estimated cost of such project does not exceed $750,000 and the then maximum currently estimated cost of any building included in such project does not exceed $300,000, except that the building cost limitation may be exceeded if the Secretary determines that it is necessary to do so in the interest of efficiency and economy, and

(2) the total cost of all projects undertaken under all general plant projects provisions in this Act does not exceed the estimated cost of all such projects by more than 25 percent.

Sec. 203. (a) Whenever the currently estimated cost of a line item construction project for which appropriations are authorized in section 102 of this Act exceeds by more than 25 percent the estimated cost for such project on the date of the enactment of this Act, such project may not be started or additional obligations incurred in excess of the amounts currently appropriated, as the case may be, unless (1) a period of thirty calendar days (not including any day in which either House of Congress is not in session because of adjournment of more than three days to a day certain) has passed after the appropriate committees of Congress receive a notice from the Secretary of Energy containing a full and complete statement of the action proposed to be taken and the facts and circumstances relied upon in support of such proposed action, or (2) each such committee before the expiration of such period has transmitted to the Secretary of Energy written notice to the effect that such committee has no objection to the proposed action.

(b) The provisions of this section shall not apply to any project which has a currently estimated cost of less than $5,000,000.

Sec. 204. Subject to the provisions of appropriation Acts, amounts appropriated pursuant to this Act for management and support activities and for general plant projects are available for use, when necessary, in connection with all national security programs of the Department of Energy.

Sec. 205. When so specified in an appropriation Act, funds authorized to be appropriated by the Act may be transferred to other agencies of the Government for the performance of the work for which the appropriation is made, and in such cases the sums so transferred may be merged with the appropriations to which they are transferred.

Sec. 206. The Secretary of Energy is authorized to perform construction design services for any construction project of the Department of Energy in support of national security programs which have been presented to the Congress, in amounts not in excess of the amounts specified in section 102 for plant engineering and design. In any case in which the estimated design cost for any project is in excess of $300,000, the Secretary shall notify the appropriate committees of Congress in writing of the estimated design cost for such project at least thirty days before any funds are obligated for design services for such project.

Sec. 207. In addition to construction design services performed with plant engineering and design funds, the Secretary of Energy is authorized to perform construction design services for any Department of Energy defense activity construction project whenever (1) such construction project has been included in a proposed authorization bill transmitted to the Congress by the Secretary, and (2) the Secretary determines that the project is of such urgency in order to meet the needs of national defense or protection of life and property or health and safety that construction of the project should be initiated promptly upon enactment of legislation appropriating funds for its construction.

Sec. 208. Appropriations authorized by this Act for salary, pay, retirement, or other benefits for Federal employees may be increased by such amounts as may be necessary for increases in such benefits authorized by law.

Sec. 209. When so specified in an appropriation Act, amounts appropriated for "Operating expenses" or for "Plant and capital equipment" may remain available until expended.

Sec. 210. None of the funds authorized to be appropriated by this or any other Act may be used for any purpose related to licensing of any defense activity or facility of the Department of Energy by the Nuclear Regulatory Commission.

Sec. 211. None of the funds authorized to be appropriated by this or any other Act may be used to pay any penalty, fine, forfeiture, or settlement resulting from a failure to comply with the Clean Air Act (42 U.S.C. 7401 et seq.) with respect to any defense activity of the Department of Energy if (1) the Secretary of Energy finds that compliance is physically impossible within the time prescribed for compliance, or (2) the President has specifically requested appropriations for compliance as a part of the budgetary process and the Congress has failed to make available such appropriations.

Sec. 212. Beginning in fiscal year 1980, the Secretary of Energy shall ensure that the contract for the delivery of byproduct steam to the Washington Public Power Supply System is renegotiated in such a manner that the United States will recover the fair market value of the steam so delivered.

Sec. 213. (a) The Secretary of Energy shall proceed with the Waste Isolation Pilot Plant construction project authorized to be carried out in the Delaware Basin of southeast New Mexico (project 77-13-f) in accordance with the authorization for such project as modified by this section. Notwithstanding any other law, the Waste Isolation Pilot Plant is authorized as a defense activity of the Department of Energy, administered by the Assistant Secretary of Energy for Defense Programs for the express purpose of providing a research and development facility to demonstrate the safe disposal of radioactive wastes resulting from the defense activities and programs of the United States exempted from regulation by the Nuclear Regulatory Commission.

(b)(1) In carrying out such project, the Secretary shall consult and cooperate with the appropriate officials of the State of New Mexico, with respect to the public health and safety concerns of such State in regard to such project and shall, consistent with the purposes of subsection (a), give consideration to such concerns and cooperate with such officials in resolving such concerns.

(2) The Secretary of Energy may not enter into any agreement or make any commitment under which the State of New Mexico, or any official of such State, could in effect veto such project.

(c) No law enacted after the date of the enactment of this Act shall be held, considered, or construed as amending, superseding, or otherwise modifying any provision of this section unless such law does so by specifically and explicitly amending, repealing, or superseding this section.

Sec. 214. (a) As soon as practicable and not later than February 1, 1980, the Secretary of Energy shall submit to the Congress a plan for the termination of the performance of work of the Department of Energy at the Ernest Orlando Lawrence Livermore Laboratory and at the Los Alamos Scientific Laboratory under contracts numbered W-7405-ENG-36 and W-7405-ENG-48 between the United States and the Regents of the University of California (a corporation of the State of California). Such plan shall include provisions to assure that such a termination of work would be conducted in accordance with the terms of such contracts.

(b) The Secretary of Energy shall study the types of contracts that would best provide for the continued performance of the work performed under the contracts referred to in subsection (a). The Secretary shall include in any contract proposed to replace such contracts terms to assure that—

(1) the paramount objectives and missions of such laboratories continue to be in the field of national security;

(2) the transition from management of such laboratories by the University of California to management by any new contractor will be orderly, involve a minimum of uncertainty, and provide employee rights and benefits (including rights and benefits with respect to pensions and retirement) reasonably comparable to those currently provided employees of the laboratories by the Regents of the University of California; and

(3) any new contractor may retain as many of the current management officials and employees of the laboratories as may be consistent with maintaining and fostering excellence in carrying out the functions assigned to the laboratories.

(c)(1) The Los Alamos Scientific Laboratory at Los Alamos, New Mexico, shall after the date of the enactment of this Act be known and designated as the "Los Alamos National Scientific Laboratory". Any reference in any law, map, regulation, document, record, or other paper of the United States to the Los Alamos Scientific Laboratory shall after such date be considered to be a reference to the Los Alamos National Scientific Laboratory.

(2) The Ernest Orlando Lawrence Livermore Laboratory at Livermore, California, shall after the date of the enactment of this Act be known and designated as the "Ernest Orlando Lawrence Livermore National Laboratory". Any reference in any law, map, regulation, document, record, or other paper of the United States to the Ernest Orlando Lawrence Livermore Laboratory shall after such date be considered to be a reference to the Ernest Orlando Lawrence Livermore National Laboratory.

(3) The Sandia Laboratories at Albuquerque, New Mexico, and Livermore, California, shall after the date of the enactment of this Act be known and designated as the "Sandia National Laboratories". Any reference in any law, map, regulation, document, record, or other paper of the United States to the Sandia Laboratories shall after such date be considered to be a reference to the Sandia National Laboratories.

Amend the title so as to read: "An Act to authorize appropriations for the Department of Energy for national security programs for fiscal year 1980, and for other purposes.".

Mr. ROBERT C. BYRD. Mr. President, I move, on behalf of Mr. Stennis, that the Senate disagree to the amendments of the House and agree to the request of the House for a conference on the disagreeing votes of the two Houses, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Chair appointed Mr. Jackson, Mr. Stennis, Mr. Hart, Mr. Exon, Mr. Levin, Mr. Cohen, Mr. Tower, and Mr. Thurmond conferees on the part of the Senate.

Mr. ROBERT C. BYRD. Mr. President, I yield to the distinguished Senator from New Jersey.

ADDITIONAL VIEWS OF SENATORS NELSON, RIBICOFF, MOYNIHAN, AND BRADLEY ON WINDFALL PROFITS TAX

Mr. BRADLEY. Mr. President, tomorrow the Senate will take up the windfall profits tax, H.R. 3919. For the convenience of Senators and others who may not have easy access to the committee report, I ask unanimous consent that a copy of my views, as well as the additional views of Senators Nelson, Ribicoff, and Moynihan be printed at this point in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Additional Views of Senators Ribicoff, Nelson, Moynihan, and Bradley

The impetus for this legislative endeavor was the President's decision to decontrol crude oil, an action which will ultimately result in tremendous financial gain for some, and hardship for others. Therefore, the committee set out to devise a plan to be implemented through our system of taxation which would rectify some of the injustices which would otherwise result.

However, as with any labor which involves compromise, there are segments of this work which departed from our original intent. These diversions are not irrevocable, we have the opportunity to strengthen those segments in question, and offer a sound legislative response to the now inequitable energy market place.

The issues that we discuss in this statement are illustrative, but by no means exhaustive of the areas where we believe the bill must be improved.

INDEPENDENT-STRIPPER EXEMPTION

The committee bill exempts from taxation stripper wells producing up to 1,000 barrels a day which are at least 50 percent owned by independent producers. Stripper wells are those which produce 10 barrels per day or less in any 12-month period. Once wells qualify, there is no limit on the amount of oil they can then produce while still getting the advantages already in the law for stripper treatment. In most cases, these are lower tier wells, that is, wells with production costs incurred when oil was selling at $4–$5 per barrel, not $23 as now.

The effect of this "modified independent-stripper" exemption is to reduce revenues from the tax by over $16 billion. The exemption will not lead to increased production. In fact this added tax benefit may actually operate as another incentive to reduce production in some wells so as to qualify for stripper status.

The committee's consideration and rejection of other, more generous proposals for stripper wells and independent producers highlights the unjustifiable decision the committee ultimately made. There may have been a sentiment among some members that "something" should be done for the independents, something with comparatively less revenue impact than oil exemption. This decision may be based on the belief that independents are small, high-risk operations. But many of the independents which qualify under the committee's provisions are very large companies. Indeed, the 1,000 barrel per day limitation translates into oil revenues of as high as $11,000,000 a year per company. This is unjustified and no basis for a major revenue exemption.

TIER II TAX RATE AND PHASEOUT

A good example of the committee's rejection of preferential treatment that is not justified by a production response was its decision to impose a 75 percent tax rate on tier one oil—oil in production prior to 1973. By contrast, its decision to apply a lower rate on tier two is inconsistent. Tier two, or upper tier oil, is also oil now in production. These wells were drilled more recently and their production costs are somewhat higher, but decontrol offers revenues vastly greater than that contemplated when the wells were first drilled. As with other old oil, tier two oil will be produced in no more significant quantities if the tax rate remains at 60 percent. A 75 percent rate for this oil is fully warranted.

The committee bill has adopted a phaseout based upon an arbitrary level of receipts. Under this formulation, the tax would begin to phase-out when receipts reach $127.5 billion. When that will occur is anyone's guess, since it relies on OPEC decision to raise its prices to higher levels. If oil prices continue to rise at the extraordinary levels of the past few months, the tax will end in a few years. If moderation governs OPEC decisions, the tax will stay in effect longer. Thus the committee bill presents the peculiar results of ending the tax earlier if prices rise faster. And the greater the future windfalls from these increases, the better off the companies will be.

This tax should be permanent. We should have in place a permanent mechanism to recapture for future public needs, part of any new windfalls that come from decontrol. There is no more reason to permit oil companies to retain the full benefits of future unwarranted increases in the value of their domestic revenues than there is in giving them the full amount of the present windfall.

Future increases in the price of oil will encourage the development of alternative energy sources, increased conservation, and renewed efforts to develop more energy-efficient transportation. As oil prices continue to go up, they will present new crises and new policies to meet them. While we cannot anticipate what these crises may be, it is certain that they will make new demands on the federal treasury.

While the revenue impact of making the Tier II tax permanent will at first be modest ($2.9 billion in the next decade), in the years thereafter the revenue will be directly related to the pace of OPEC prices.

We intend to urge the full Senate to complete the good beginning made by the committee, and to enact a windfall profits tax which will be fair and beneficial to the Nation.

ADDITIONAL COPIES OF A REPORT

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. Jackson and Mr. Stevens, I send to the desk a resolution providing for the additional printing of copies of the report of the Committee on Energy and Natural Resources. I ask that it be stated.

The PRESIDING OFFICER. The resolution will be stated.

The legislative clerk read as follows:

The Senator from West Virginia, on behalf of Mr. Jackson and Mr. Stevens submits a resolution (S. Res. 280) as follows:

Resolved, That at such time as the Committee on Energy and Natural Resources files its report to accompany H.R. 39, "The Alaska National Interest Lands Act" there shall be printed for said Committee such additional copies as may be procured at a cost of not to exceed $1,200.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of the resolution. The resolution has been cleared by the chairman and ranking minority member of the Committee on Rules and Administration.

The resolution (S. Res. 280) was considered by unanimous consent and agreed to.

ORDER FOR BILL TO BE HELD AT THE DESK

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that, at such time as H.R. 5811, a bill to waive congressional oversight for District of Columbia interest rate modification, is received from the House, it be held at the desk pending further disposition.

Mr. BAKER. Mr. President, reserving the right to object, and I shall not, the reservation is for the purpose of advising the majority leader that this handling of this matter is cleared on our side.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be a period for the transaction of routine morning business of not to exceed 15 minutes and that Senators may speak therein up to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

COAL CONVERSION

Mr. HEINZ. Mr. President, I wish to share with my colleagues the essence of some remarks I will make later this evening at the annual dinner of the Pennsylvania Farmers Association in Hershey, Pa.

Mr. President, recent events in Iran, which have led President Carter to order the termination of oil purchases from that country, reemphasize the importance of reducing our consumption of imported oil. As my colleagues from coal-producing States, coal miners, coal producers, the President's Commission on Coal, and I have stressed repeatedly, coal—our most adundant fossil energy resource—can make an immediate contribution to reducing our dependence on foreign oil by displacing oil and natural gas that is currently being burned under boilers which are capable of utilizing coal.

In his statement to the Nation on energy, President Carter outlined an oil back-out program which would cut utility consumption of oil in half during the next 10 years. However, to date, the legislation needed to implement this program has not been drafted by the administration. The urgency of the situation could not be more clear. Therefore, I urge the administration to immediately send to Congress legislation establishing this program.

After discussion with my colleagues, I have concluded that it is imperative that the utility oil reduction program contain the following provisions:

First. The 50 percent reduction by 1990 announced by the President must not be a final goal. Rather, it should be known that it is an interim goal on the road to eliminating all unnecessary consumption of oil and natural gas in utility or large industrial boilers. To insure that meeting the 50-percent goal does not become an end in itself, progressively larger percentages should be established for 1995 and beyond.

Second. Natural gas must be included in the program. The Powerplant and Industrial Fuels Use Act of 1978 includes a provision which prohibits consumption of natural gas in existing electric powerplants after January 1, 1990. However, the exemption provisions of the act are too broad, and will allow the prohibition to be circumvented. At the time the Senate was considering PIFUA, I offered a series of amendments which would have advanced the date of the prohibition to January 1, 1985 and eliminated the permanent exemption provisions included in the bill. However, as these amendments were not then acceptable to the administration and thus not adopted, it is necessary at this time to expand the program outlined by the President to include natural gas.

Natural gas is a premium fuel which is most suitable for use in residential and small commercial applications. Converting substantial natural-gas-burning installations to coal will release fuel which is domestically produced for use in displacing even more imported oil in residential and small commercial applications. Simply put, burning natural gas in utility and large industrial boilers is an inefficient use of a versatile fuel source that is finite in supply.

Third. The financial assistance mentioned by President Carter must be increased from $5 billion to $15 billion. In spite of the fact that, in just about every case, conversion from natural gas or oil to coal would be economically advantageous, many utilities do not have access to the capital needed to implement the conversion. The benefits of reducing consumption of oil and natural gas in the utility sector will accrue to the entire Nation. However, the costs will fall directly on the utilities that are currently burning oil or natural gas. Thus, to minimize the adverse impact of the initial capital expenditures on specific utilities and their customers, the Federal Government should provide funds for loans, loan guarantees and grants to utilities that have approved conversion programs. Recent estimates by the President's Commission on Coal put the capital cost of conversion of the 341 boilers which they have identified as coal-capable between $35 and $50 billion over the next 10 years. Clearly, if we are to meet our goal, more funds than the $5 billion proposed by President Carter must be made available.

Mr. President, coal conversion is the means by which an immediate major reduction in oil consumption and dependence can be implemented. The technology exists and the coal industry has demonstrated its commitment to meeting the country's needs. In 1973, when the first oil embargo focused attention on our vast domestic coal reserves, the coal industry accepted the challenge of doubling national coal production by 1985. An inability to find consumers, not an inability to produce, has frustrated that goal. Currently the industry has excess capacity of 150 million tons per year and thousands of American miners are out of work because there is a surplus of coal. While this vast resource remains untapped, other Americans pay ever-increasing prices for imported oil. My colleagues from coal-producing States and I are convinced that our dependence on foreign oil can be reduced without eliminating economic growth. We are convinced of this because we know that coal can provide the energy needed to fuel our utility and large industrial boilers, because we know that coal can be converted into clean, efficient fuels, and because we know that America's coal industry can meet the challenge of producing the coal that the country needs to eliminate its dependence on foreign sources of energy.

A meaningful coal conversion program must be an integral part of our efforts to encourage the utilization of coal and our national energy program. Therefore, I urge the President to take immediate action on the oil and natural gas back-out program which he originally proposed.

DELETION OF ADDITIONAL POSITIONS FOR INTERIOR'S OFFICE OF INSPECTOR GENERAL

Mr. PERCY. Mr. President, I wish to express my deep disappointment that the authorization of 44 additional positions approved by the Senate for the Department of the Interior's Office of Inspector General was not adopted by the conference committee on the Interior appropriations bill last Friday. After reviewing a recent GAO report depicting the lack of support given to the Inspector General by Interior's top management and Inspector General Brown's justifications for her fiscal year 1980 budget request, I am convinced that the additional staff positions are urgently needed if the IG is to adequately review Interior's annual collections of nearly $4 billion in revenues and administration of some $2 billion in contracts and grants.

Last year, the Congress acted to create Offices of Inspector General through the 1978 Inspectors General Act as the best way to ferret out abuse, excessive and wasteful spending, and mismanagement within Federal agencies and departments. However, this very important goal of saving taxpayers' dollars through efficient and honest government cannot be attained without Congress enthusiastic support. Funds which are invested now in the Offices of Inspector General will reap large returns in the future. Strong Inspectors General, supported by sufficient audit and investigative staff, are essential in helping to regain the American people's confidence in their Government.

Again, I deeply regret that the Senate Conferees' receded to the House in not approving the additional staff so urgently needed by Interior's Inspector General.

REBUILDING THE ECONOMY—PART II

Mr. PERCY. Mr. President, we talked at great lengths last spring about a possible 1980 tax cut. Opponents of a tax cut have alleged that any tax cut at this time would be inflationary and could not possibly do the economy any good.

This is clearly not the case if a tax cut is structured in the right way.

All 41 Senate Republicans have joined behind a tax cut that would not inflate the economy. Our proposal would get at the very source of inflation in this country: lagging productivity. The bill is divided into three parts. Title I incorporates my own Small Savers Incentive Act and would allow exemptions for interest earned on savings accounts and would increase the exclusion for reinvested dividends. Title II incorporates the Capital Cost Recovery Act which would bring the depreciation system more in line with true replacement costs. Title III is Senator DANFORTH's research and development tax credit.

This approach to tax reduction is the appropriate one for the economy at this time. It will not be inflationary because these specifically targeted cuts will lead to more efficient production and an expansion of the capital available for investment. Combined, these tools will raise our productivity and lead to a decline in the inflation rate.

Let us take just one aspect of this bill today and ask whether a tax incentive for savings will work. My bill, the Small Savers Incentive Act (S. 1542), creates a $100 exclusion for interest earned from savings accounts like the existing exclusion for dividends. In addition, my proposal would provide an exclusion for both dividend and interest—up to $400 for each—to the extent that it was reinvested during the tax year. Because of the reinvestment requirement, the exclusion will lead to a net increase in savings. In turn, I anticipate that this larger pool of capital will be tapped by businesses looking for funds to expand and modernize their plants and equipment.

But will it work?

Mr. President, we have an indication that targeted tax cuts for investment do, in fact, work. Just take one look at the capital gains tax cut, passed just last fall in the Revenue Act of 1978.

Representative Bill Steiger and Senator Cliff Hansen, with my and other cosponsorships, introduced the tax cut legislation last year because we realized that the market for new stock issues had virtually disappeared, that stock prices had declined relative to corporate earnings and that corporate reliance on debt—as opposed to equity—financing had increased. These developments could be traced back to 1969 when the Tax Reform Act increased capital gains taxation.

We have had enough experience with the 1978 capital gains tax cut to begin to see that the tax cut was an important one for the economy and that cuts of this type do, indeed, stimulate economic activity. In the October 31 Wall Street Journal, Edward O'Brien, president of the Securities Industries Association, presented the compelling details of the success of the capital gains tax cut.

We can bring about similar developments in savings patterns, research and development efforts, and—most importantly investment—through passage of the Republican tax bill.

Mr. President, I ask unanimous consent that Mr. O'Brien's article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

REDUCTION OF TAX ON CAPITAL GAINS SPURS INVESTMENT

(By Edward I. O'Brien)

With increasing interest in various tax measures designed to stimulate savings and investment, an evaluation of the capital gains tax roll-back enacted a year ago seems to be in order.

The Revenue Act of 1978, passed last October, produced the first capital gains tax cut in over 40 years. Proponents had argued that this would encourage investment. But, within a few months of its passage, attempts were made to discredit the measure based on a lackluster stock market. Ignoring the impact of suddenly increased interest rates, accelerating inflation and impending recession, critics were quick to brand the capital gains tax cut a failure.

More recently, though negative factors continue to plague our markets, evidence of a favorable impact is emerging. There are three principal early indicators: sharp price appreciation for the stocks of smaller-capitalized companies; increased initial public offerings of small companies; and a marked pickup in venture capital investments.

Stock markets span a range of investment opportunities, each associated with a different level of risk and rate of return, ranging from heavily capitalized issues represented by the Dow Jones Average and the Standard & Poor's 500 to smaller-capitalized issues represented by the American Stock Exchange and the NASDAQ indices. The smaller-capitalized issues are relatively more risky and presumably offer potentially higher returns.

Institutions, many exempt from all taxes on income and capital, are predominantly in the larger-capitalized issues, while individuals tend to invest in smaller-capitalized stocks. Thus, any reduction in capital gains taxes, which applies primarily to individuals, should have a different impact on these two kinds of issues.

This is exactly what has happened. From Nov. 1 1978 (when parts of the revised tax code become effective), to Sept. 30, 1979, the Dow Jones Average rose only 6.1 percent and the S&P 500 12.9 percent. In contrast, the Amex Index increased 57.0 percent and the NASDAQ rose 30.8 percent. It is apparent that individual investors valued the stocks of smaller-capitalized issues at substantially higher prices since the capital gains tax cut.

A host of economic and political variables influence the overall climate for investment which, in turn, exerts the most important influence on the level of initial public offerings. Even so, the impact of tax policy is clearly visible over the past decade.

Common stock initial public offerings

Year	Share value (millions)	Number of issues
First half 1979	$256	59
Second half 1978	160	40
First half 1978	54	18
1977	276	49
1976	271	45
1975	236	25
1974	117	55
1973	1,872	177
1972	3,301	646
1971	1,917	446
1970	1,451	566
1969	3,545	1,298
1968	1,742	649

Source: Investment Dealers' Digest.

It is noteworthy that 75% of the value of 1978 initial public offerings was issued in the second half of that year, when congressional approval of a capital gains reduction was widely anticipated. Figures for the first half of 1979 show the value of initial public offerings to be about double the level of recent years.

In contrast, the increase in the maximum capital gains tax rate from 25% to nearly 50%, effective from 1970 through most of 1978, provided a disincentive to investors. Along with the disastrous impact of the 1973–74 bear market on the stock prices of smaller-capitalized companies in particular, this produced a double-barrelled negative effect on individuals' appetite for new issues.

But that appetite changed considerably when it became apparent that Congress would lower the capital gains levy. Thus, during the second half of 1978 the value of new offerings tripled and the number of issues doubled over the first half.

A similarily sharp increase has taken place in venture capital investment. Stanley Pratt, editor of Venture Capital, estimates that private partnership venture capital investments amounted to approximately $22.5 million in 1974. No private funds were committed to venture capital enterprises during 1975. In 1976, such investments amounted to $25.7 million and in 1977, just $20.2 million.

But in 1978, private partnership venture capital investments rose dramatically, to $215 million. The bulk of this increase took place in the fourth quarter, when congressional passage of the capital gains tax cut was imminent. As reported in The Wall Street Journal (William M. Bulkeley and Lindley B. Richert, "Venture Capital is Plentiful Once More, Due in Part to Change in Capital Gains Tax," June 15, 1979), it is believed that venture capital investments will reach close to $300 million in 1979.

Thus, the market indices, new stock issues and venture capital commitments add up to solid evidence that the 1978 capital gains tax reduction has had a positive impact on investment, despite other very negative developments in the U.S. economy. More important, from a public policy viewpoint, the main beneficiaries of the lower capital gains taxes appear to be smaller companies. It is just such young, innovative companies that are responsible for the greatest percentage gains in employment.

As joblessness rises along with election year pressures for general tax reduction, it is to be hoped that the efficacy of last year's capital gains tax cut will not be sold short.

OIL, OPEC, AND ENERGY POLICY

Mr. DURENBERGER. Mr. President, some recent news commentators have accused the Senate Finance Committee of not knowing what it was doing in approving the Crude Oil Windfall Profit Tax Act. These analysts have based their accusation on the fact that some have labeled the tax a "windfall profits" tax when it is actually an excise tax. I can assure the news media that we were quite aware that this tax is an excise tax. I should also point out that the commentators have conveniently ignored the fact that the price of oil on which this excise tax is based is not a market price. Rather, it is the price dictated by the OPEC cartel.

If the change in the world price of oil over the last 7 years reflected the normal working of the marketplace, there would be no justification for this legislation. However, the price of oil has not been dictated by supply and demand. Producing nations have arbitrarily set the price for oil. Industrialized nations which require oil as a basic resource have panicked. At the moment, we can observe the folly of our oil madness in the workings of the spot market. The price of oil per barrel is hovering around $40 in the spot market. The official OPEC price is almost half that amount. The Western nations insist on pushing up the price despite the fact that storage capacity is nearly full and that production is currently greater than consumption. Just at the point where we might be able to exert downward pressure on oil prices, our opportunity is effectively sabotaged by the irrational energy policy of our allies. It is no wonder that OPEC appears to be invincible.

The recent decision by the President to cut off oil purchases from Iran is another opportunity to face up to the energy blackmail of OPEC. However, the news reports are already filtering in that other nations are moving to buy the oil that would normally be channeled to the United States. Must the United States stand alone? Where is the will and resolve of our allies?

My No. 1 priority when I was elected to the Senate was our energy problem. At the beginning of this year, I did not anticipate that the Senate would spend much time on energy in this session. World events changed our timetable, and the Congress has finally had to legislate an energy policy for this country. The last step in the process is the Windfall Profit Tax Act. When the bill was reported by the Finance Committee, I included in the report my views on the purpose of this important legislation. I ask unanimous consent that my views be printed in the Record after my remarks, today.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. DURENBERGER. I also recommend an article which appeared in the November 19, 1979 edition of Business Week. While the American public has experienced gasoline and distillate shortages and the ravages of rapid energy inflation over the past few months, this article suggests that the long term impact of the recent OPEC price increases may be even more severe. The threat to the international monetary system arising from OPEC control over the flow of the wealth, as well as the flow of oil, is only dimly understood by the American public, but may in the long run be seen as the most serious aspect of the energy crisis.

Mr. President, I ask unanimous consent that the Business Week article be printed in the Record at this point.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From Business Week, Nov. 19, 1979]

THE PETRO CRASH OF THE 80's

The world economy and the international financial system are in deep trouble as the price of oil races up faster than the rate of inflation and as the surplus cash hoard of the members of the Organization of Petroleum Exporting Countries piles up faster than it can be spent. This year, more than ever before, OPEC has captured the power to drain money—petrodollars—from the consuming countries at will, and no longer is there even a vestige of unity among the consuming countries in combating OPEC. Instead, individual governments everywhere scurry to make their own deals with OPEC, and instead of a coordinated response to the oil mess, there is something very close to open economic warfare among nations. And should Iran's political turmoil shut down its oil exports altogether, oil prices could easily double for all consuming nations.

The world was in trouble with OPEC before—in 1974 after the first big price increase. Then, too, petrodollars flowed from the consuming nations to OPEC in the greatest transfer of wealth ever seen. But then OPEC spent much of its hoard on imports from, and investments in, the industrial countries. The rest went to less developed countries through petrodollar loans recycled through U.S. banks. If the total amount of petrodollars was vast, it was also manageable through existing institutions. Finally, higher oil production by OPEC and weak demand from a world economy that only slowly emerged from the 1974–75 recession dropped the price of oil below the burgeoning global inflation rate, so that the real price of oil fell. From $70 billion in 1974, the surplus of OPEC's members fell to $7 billion in 1978.

This has totally changed, and now OPEC controls—and sharply limits—the supply of oil, sending prices skyrocketing, and a vast and growing share of the world's wealth is flowing according to the dictates of the oil-producing nations. Just as the U.S. and the West lost control of energy in the 1970s, so too are they in danger of losing control over the world's flow of capital and wealth in the 1980s.

The most immediate peril of the soaring price of oil is that the industrial world and the majority of developing countries are confronted with the specter of chronic, global stagnation. Money sent overseas to pay for oil cannot be spent or invested at home, and this forces national monetary authorities to create more money to make up for what is being lost. In 1979, the U.S. will pay $65 billion for its oil imports, and by 1981 that could easily top $80 billion. The result for the U.S. and for much of the rest of the world is serious inflation and—with OPEC pricing its oil ahead of the global inflation rate—an inflation with no end.

In fact, oil price rises now account for 25% to 50% of total inflation around the world, and OPEC is set to meet again in December, when it will almost certainly vote further price increases simply because world inflation is so high. National economic policies having proved ineffective over the longer run, the OPEC effort to push oil prices ahead of world inflation threatens to become a deadly spiral that an occasional recession will slow but never really kill. Governments that try to fight the inevitable inflation that higher oil prices bring will find themselves curbing economic growth and raising unemployment, moves that could force them out of office. And nations that have to import their oil are faced with enormous balance-of-payments deficits that only heavy borrowing and fierce attempts to export can alleviate.

A NEW WORLD EQUILIBRIUM

But the seemingly permanent oil crisis goes far beyond the traditional concerns about balancing national trade deficits or fighting inflation.

There is, for example, the problem of trying to manage world economies and an international financial system in the face of those ever-growing hoards of petrodollars. The Iranian experience taught the OPEC countries what can happen when a nation tries to import too much too fast. Soaring popular expectations exceeded the Shah's willingness to fulfill them, and the Peacock throne toppled. For all the threats of OPEC's buying great hunks of the industrial West, OPEC nations have been slow to invest directly in the industrial economies. Some of the petrodollars will again be recycled to the developing countries. But although the need for this money is as great is ever, fewer LDCs are seen as deserving borrowers today, because they already owe so much to Western banks. Thus a monetary system that is trembling already must learn to live with torrents of new cash pouring in—with fewer and fewer places to go and with investment decisions made by nations that have little love for the West or its institutions.

Finally there is the most basic threat—to the very industrial society that has grown in the West over two centuries. Says Minos A. Zombanakis, chairman of INA Holdings Ltd.: "My basic belief is that the energy crisis of 1974 created a fundamentally new situation in the world that we mistakenly talk of as though it were a static problem that can be cured by financial transfers. It is not a short-term problem but one that will last through our lifetimes. And I don't see it as a financial problem. It is so colossal we ought to see it in terms of what we have to do in terms of industrial relocations to restore a new world equilibrium. It is a problem of world trade restructuring."

Some think such a restructuring can be accomplished peaceably—that logic and common sense will force energy-using industries to relocate in energy-producing areas, for instance. Zombanakis thinks that the best way to beat the oil-producing countries is to bring them even further into the Western economy. "We tell the Arabs we want to buy gasoline instead of crude," he says. "We save 10% on transportation, and once they have built the refineries and created the jobs that go with it, we have committed them to our kind of world."

But so far that approach has only weakened the Western alliance, with Europe and Japan each scrambling to move away from the U.S. to make their own deals with OPEC. The capturing of both the world's supply of capital and its energy may prove to make OPEC so powerful in the decade ahead that the Western alliance will crack apart as nation after nation moves to align itself economically, politically, and perhaps militarily with OPEC. It may be that an Arab banking system funneling petrodollars through the European Monetary System will replace the current domination of the world's financial system by U.S. banks and the IMF.

This depends, of course, on OPEC's willingness to play the power broker part. If it refuses, there is another scenario that many still think unthinkable: open warfare, in which either the industrial West as a group, or the U.S. going it alone, gives up trying to work with OPEC and instead invades the oil fields.

The fact is that the dislocations caused by OPEC are the greatest ever seen by the industrial world. The capture of the supply of oil by OPEC—that is, its new-found ability to dictate not only price but also availability—means that the U.S. may have to pay $100 billion for its oil by 1985 and $200 billion by 1995—a sum so incredibly high that it may be nearly impossible for the country to ante it up unless a tremendous decline in the standard of living takes place. OPEC's new ability to control oil supplies and prices will prove deflationary for the entire world because OPEC surpluses will continue to pile up indefinitely, draining the world of its wealth, while the number of outlets for investing the cash through recycling shrinks. And without that recycling, the cash cannot be turned into real economic activity, and growth, employment, and living standards must decline around the world.

In some ways, the most stunning aspect of the oil mess is how dimly its potential ramifications are seen in Washington and in other capitals of the industrial West. The 1974 oil price rise stunned the West and cast the industrial economies into the worst recession in postwar years. Yet the world economy recovered, and Western leaders began to think once again of OPEC as a tamed tiger, one with the potential for inflicting mass devastation on the world economy, but one unlikely to do so.

It is generally believed in Washington and in the capitals of Europe that economic and financial conditions are much sounder now than they were in 1974–75. The OPEC oil price rise of 60 percent thus far in 1979 is much smaller than the original fourfold jump, and the relative size of the oil-importing countries' economies is larger. Washington monetary officials argue that the impact of the OPEC surplus, estimated at only $33 billion for 1979 and $36 billion for 1980, is far smaller than the $70 billion of 1974 and the $50 billion of 1975.

Moreover, optimists believe that the balance-of-payments position of much of the world is better now than in 1974–75. The U.S. deficit is shrinking, they point out, and the huge surpluses of Germany and Japan are fast disappearing. Even more important, they argue, the payments positions of Italy and Britain are much stronger. "The balance-of-payments position of the major countries are in much better shape," says Otmar Emminger, president of the German Bundesbank. "The U.S., Japan, and Germany are moving into equilibrium. And where France, Britain, and Italy had a combined deficit of $22 billion in 1974–75, France and Britain are only slightly in deficit today, and Italy is running a large surplus." Ironically, even the chaos in the gold markets is helping many European countries. The rise in its price from $150 in 1974 to about $400 recently has doubled or tripled that component of reserves held by governments and could be used to pay for higher trade deficits.

The optimists also believe that the recession this time around will be much milder than 1974–75. They argue that there will be no synchronous worldwide fall into recession, and while the U.S. may slide down into the trough first in 1980, Europe will slow down and follow the U.S. out later in the year. In fact, some economists don't expect any recession in Germany, Italy, and some smaller countries at all. They cite the coming elections in the U.S. and Germany as major factors that will prevent any plummeting of those economies into dramatic recessions. It is widely believed that both governments will quickly move to stimulate if the slowdown gets too bad. "I doubt Volcker can hold to his tight monetary policy if the recession gets serious," says Norbert Walter, economist at the Kiel Institute in Germany, summing up an almost universally held view in Europe about Federal Reserve Chairman Paul A. Volcker's raising of U.S. interest rates in early October.

If complacency about the world economy is the norm among bankers and government officials, it is rife when they turn to the problem of the LDCs. The developing countries are considered to be in a much better position to weather the oil shocks this time around, compared with 1974–75. Their reserves have mushroomed from $30 billion in 1974 to $70 billion last year, and that should prove to be a good cushion to ride out a recession. In fact, Brazil's reserves alone total $10 billion compared with only $4 billion in the first petrodollar crisis, and Korea, at $6 billion, is not that far behind.

The LDCs have also managed to refinance their high-cost debt, taken out years ago at much lower rates. Billions of dollars' worth of loans taken out at 2% or more over the London interbank offered rate (LIBOR) have been refinanced down to one-half of 1% more than the LIBOR, while debt maturities have been extended. All this, of course, has been made possible by the enormous worldwide expansion of liquidity, which is showing no signs of drying up.

The final bit of evidence the optimistic LDC-watchers point to is the impending return of the IMF to center stage in recycling OPEC surpluses to developing countries. In the first oil crisis, the private banking system, led by U.S. banks, played the most important role in petrodollar recycling and pushed the IMF to the sidelines. Now the IMF, strengthened by the new $10 billion Witteveen facility, which provides loans to nations with heavy trade deficits, plans to replace the banks. LDC-watchers hope the IMF will be able to impose "conditionality" on the LDCs—stringent economic and financial constraints that the banks were unwilling or unable to impose during the previous recycling.

But the complacency and optimism about the impact of the new oil crisis on the world of government officials and bankers begins to wear thin at this point. The reason that the IMF is now moving to the fore in an attempt to recycle the new OPEC petrodollar surplus to LDCs is that private banks are so stuffed with old debt that they cannot play a central role even if their profit motives pushed them to do so. U.S., Japanese, and many European banks are being told by their regulatory agencies that it would be dangerous to the health of their national financial systems if the banks took on much more debt from the LDCs. Recycling is now perceived as dangerous.

In the U.S., banks regulatory agencies are already putting the squeeze on U.S. multinational banks to slow down on their lending to oil-importing developing countries. Comptroller of the Currency John G. Heimann has put into place a highly sophisticated surveillance program that it runs jointly with the Federal Reserve and the Federal Deposit Insurance Corp. "We try to categorize countries in terms of socioeconomic problems," says Heimann. "Countries do change, and we regard countries in some categories as having transfer risks." Nations are listed as classified (those already in nonpayment), weak, moderately strong, and strong. The lists are used to measure bank diversification. Any bank exceeding its 10% limit of capital on loans to a single government gets a reprimand, and it also receives a warning, even if it is below the limit, if it piles up credits to a country that is considered a risk. Heimann admits that in 1974 banks plunged into foreign lending so fast the 10% ceiling "got away from us."

The U.S. regulators are convinced that this time U.S. bank lending will be lower. "It will be less on a relative basis than it was the last time around. Recycling has now become much more of an international problem. A lot of recycling has already shifted. It is not so much only a responsibility of U.S. banks," says Heimann.

U.S. banks will not be alone in moving away from recycling. The Japanese Ministry of Finance told its leading banks on Oct. 22 to "exercise caution" in their foreign lending. In the past two years, Japanese bank loans to foreign customers have tripled to nearly $30 billion, with more than half placed with LDCs. Brazil, in particular, is singled out as having received perhaps too much Japanese bank credit. In recent years, Japanese banks have lent Brazil $4 billion, and "that's too much," says Tsuneo Fugita, a ranking foreign-exchange official at the finance ministry.

The entire shift of recycling away from the private banks toward more multilateral action is seen as extremely positive by government officials. In addition to government regulatory policy, they see the Volcker anti-inflation package of Oct. 6 sending interest rates skyrocketing in the Euromarkets, pushing more and more LDCs away from the private markets toward the IMF. "A very tight monetary policy in the U.S. and elsewhere must have an impact on the international markets," says a Bundesbank official. "Some short-term rates have been between 16% and 18% for dollar credits already. That means some countries will be unable to pay those rates and will have reached the limits of their creditworthiness. Those countries must then go to the IMF, but since the IMF can impose conditions on these countries, it will in the end be a good thing."

That end may be something very different from that imagined by the German official. Conditionality is the very thing that developing countries—and industrial nations as well—avoided during the first petrodollar crisis. IMF conditionality means extending loans only when stringent fiscal and monetary policies are put into place by governments, and while that is great for creditors, it does have one other important consequence: It cuts economic growth drastically and kills trade markets for both developing and industrial countries alike.

Conditionality may prove to be only the beginning of the LDCs' problems. The permanent petrodollar crisis is certain to deepen their already huge balance-of-payments deficits well into the 1980s. Even before OPEC begins to raise oil prices again in December, the current accounts deficits of oil-importing LDCs will shoot up to $55 billion in 1980 from only $45 billion in 1979 and a much smaller $36 billion in 1978.

Beyond that, many LDCs, especially the higher-growth countries such as Brazil, are swamped in a quagmire of debt. The bank lending five years ago that saved the LDCs from collapse is now a crushing burden. Developing countries are entering the next period of heavy trade deficits with $300 billion in debt and enormous debt-servicing requirements. With interest rates rocketing up in the Eurodollar markets as a consequence of the U.S. attempt to fight its own oil-induced inflation, developing countries are being forced to spend huge sums on old debts, just at the time when they must take on all the new debt. Brazil, for example, has to pay on its mammoth $52 billion debt, an amount that is equivalent to a 15% rise in oil prices every time the LIBOR for Eurodollars goes up just 1%. The LIBOR has jumped 4% in recent months to match OPEC's entire price rise for the year.

A SYNCHRONIZED SLUMP

And Brazil is not alone. Debt service payments have raced ahead of exports in 75% of all oil-importing countries from 1973 to 1978, including the Philippines and Pakistan. In fact, debt grew 2½ times faster than exports in more than half of these countries. Only South Korea remains an exception to the rule, with the country's external debt position improving for most of the past five years. But political uncertainty resulting from the murder of President Park Chung Hee casts doubt over the future stability of that nation.

Just as the optimistic scenario for the LDCs begins to fade once the harsher realities are faced, so, too does the bright picture for the industrial countries begin to dim as the world enters the new petrodollar crisis. The key is the deadly combination of ever-higher oil prices and the tightening of U.S. monetary policy under Fed Chairman Volcker. Both events are extremely deflationary, perhaps more so than most government officials and economists now admit. "The situation is set for a synchronized slump like 1974–75, only this time it could be much more long-lasting," says Kevin J. T. Pakenham, executive director at Amex Bank in London. "Volcker's actions will lead to a credit crunch in the U.S. that will spread to all industrialized countries. One consequence will be to dampen capital investment severely. The prospect of continued high real oil prices and a tight monetary squeeze could shatter business confidence."

If the rising price of oil turns out to be a great deal more deflationary than anticipated, nearly all of Europe could tip into recession in 1980. "Not Germany, but France, Belgium, the U.K., and possibly Italy risk having negative growth rates at some point next year," says J. Paul Horne, European economic analyst at Smith Barney in Paris. "I am more pessimistic than most, certainly more than the OECD."

But the oil crisis this time around goes far beyond recession. OPEC's ability to control oil supplies and price oil ahead of inflation virtually guarantees that it will continue to drain the world to a degree unseen in modern history. The structure of world trade and finance is being wrenched and twisted around the ever-growing pile of surplus OPEC petrodollars that have nowhere to go and are under the control of a very few sheiks.

Already there are signs that the global economy is beginning to crack up. Governments are putting national interests above international concerns. The leapfrogging of oil price rises ahead of inflation ensures continuous expansion of trade deficits that must be paid for by ever-higher levels of debt or massive expansion of exports. For the decade ahead, protectionism and trade wars on a scale not seen since the interwar years may be in the offing. In fact, it just may be that sometime in the mid-1970s a trade war actually began, and no one has yet realized it. From 1973 to 1978, every industrial nation, including the U.S., began to fight for a larger piece of the world trade pie to pay for energy and cover growing balance-of-payments deficits. In France, exports as a percentage of the gross national product rose from 17 percent to 20 percent, in Germany from 23.4 percent to 27.1 percent, in Britain from 23 percent to 29 percent, in Japan from 10 percent to 11 percent, and even in the U.S. from 6.7 percent to 8.5 percent.

TRADE WARS

"All the major industrialized countries greatly increased their exports after 1973 to help pay for the costs associated with the rise in oil prices," says Roland Leuschel, an economist with Belgium's Bank Bruxelles Lambert. "The question is, where are they going to find the markets this time? The Arab governments remember too vividly what happened in Iran as a result of modernizing too fast. The industrialized countries, especially in Europe, are unlikely to accept a flood of imports from developing countries when unemployment is high. And Europe cannot count on selling a lot to the Eastern bloc because it is also reaching its borrowing limits. For both political and economic reasons, OPEC cannot absorb as much this time."

If a trade war has already begun, all the assumptions built into the mammoth $130 billion bank lending to the LDCs in recent years—based on their projected expansion of exports to pay for the debt—may be wrong. The exports may never appear because of lower trade growth and protectionism. And that would leave the banks, especially the U.S. banks, which have been the largest lenders to LDCs, with nonpaying assets on their books that would have to be written off.

In the world of international finance, the cracks will begin to show very shortly. Recycling such a huge amount of cash this time around is going to have to be done within a dollar-based global financial system that is perhaps terminally sick and certainly much weaker than it ever was back in 1974–75. The erosion of confidence in the dollar has reached the flash point. Only the dollar-rescue plan that Volcker unveiled on Oct. 6 kept the currency from sinking out of sight—the second close save in less than a year. A flight away from the dollar on a relatively modest scale is already occurring as Mideast central banks join with other central banks and rich individuals around the world in moving into other currencies. But oil is paid for in dollars, and the entire recycling process must therefore be conducted in dollars. If oil producers begin to accelerate their diversification out of dollars, the system will collapse. "We are very close to the verge of an international financial crash," says Yves Laulan, head economist of the Société Générale's research department. "Money is nothing but trust and confidence. If nobody trusts the Eurodollar markets any more, they [the depositors] will move out and the whole thing collapses."

Diversification is not the only threat to successful petrodollar recycling. Another major shock to the dollar can easily bring on capital controls in the U.S., and that could trigger the feared trade wars of yesterday. "I am very much concerned that some countries, including the U.S., will turn to capital controls," says a Bundesbank official. "It would be disastrous. It is easy to see how they can start but not where it would end. Capital controls are often the first step toward trade controls."

Unfortunately, with OPEC continually raising the price of oil ahead of inflation, it is hard to see how the U.S. can successfully defend the dollar forever. If a crisis is reached in the near future, it will probably be after the U.S. and Europe fall into the trough of recession and begin to reflate themselves out. If inflation is not dampened down substantially by then—and it hardly looks as though that is going to occur—a blast of inflationary pressures could send the dollar sinking like a stone, triggering off controls and whatever follows. "The real dilemma for the U.S. will occur when we try to revive the economy," says Henry Kaufman, a partner at Salomon Bros. "If inflation is still very high at that time and the dollar comes under pressure, any government in power will have to choose between continuing to maintain the dollar as the major reserve currency or maintaining growth at home. I do not think any government will sacrifice domestic interests for international interests."

There are very few options left for the U.S. and the rest of the world in dealing with the new oil crisis. By controlling not only energy supplies but the direction of capital and wealth in the world, OPEC is quickly shifting the entire balance of power in the global arena. The ever-upward ratcheting of real oil prices in the face of a recession in the West belies the notion that OPEC would always act rationally and never harm the international economic system of which it is a part. Internal politics within the Middle East and a long history of antagonism with the West provide the rationale behind actions on the oil price front that could perpetuate decades of stagflation for the U.S., Europe, Japan, and most of the oil-importing LDCs.

Political and military alliances between the U.S. and the Saudis and other Middle East oil producers have not resulted in more oil being produced. At best, they have put a floor on the decline in production. Conservation at home will help only to a limited degree. Much lower growth seems the only answer to lower oil consumption—and that would be political, if not economic, suicide.

By capturing control over the supply of oil, OPEC has gone even further along the road to world domination than it did in 1974, when it sharply raised global energy prices. Increasingly, it controls the direction of wealth in both industrial and developing countries and holds both the political and economic future in its hands.

Europe and Japan have been moving away from the U.S. in recent years to make their own arrangements with OPEC, just in search of securing their energy lines. If OPEC controls not only energy but also capital and real wealth, the breakdown of the Western alliance and a restructuring of the Western economy is clearly only years away. Only energy-efficient, export-oriented countries with access to OPEC's oil and capital will be able to survive and prosper, and then only if OPEC proves willing to provide enough energy and capital to keep the world growing.

CONTROLLING CAPITAL

Again and again, as OPEC pushes the West toward the edge of economic survival, the option of a military response becomes more and more reasonable. As one monetary official put it recently: "OPEC price actions are really getting out of hand. If they don't call for a military response, I wonder what would. I don't know what would happen if we intervened militarily. I hope some intelligent people are discussing this seriously, so that if we have to act we won't go off half-cocked. I don't see much danger of crippling damage to the oil fields. Even if there were sabotage, it would have very temporary effects in the Arabian peninsula, where you can strike oil with a hatpin. I don't think many other OPEC countries would dare to shut down for very long, if at all, in the face of a determined, united NATO military action"

Exhibit 1

Additional Views of Senator Durenberger

During the markup of H.R. 3919, the Finance Committee decided several major issues by narrow margins on roll call votes that were generally interpreted as divisions between senators who represented oil producing states and those who represented consuming states. No on can deny that crude oil price decontrol and the windfall profits tax result in significant interstate and interregional transfers of wealth. However, as one senator who voted both for amendments to increase the tax rate and amendments to exempt several categories of oil from the tax.

I would say to my colleagues that the legislation here reported reflects a division more fundamental than a producer/consumer dispute over the distribution of oil and tax revenues.

Throughout the debate, representatives of the oil industry have maintained that world prices and the revenues from decontrol are necessary elements of a strategy to produce our way out of the energy crisis. Proponents of the tax including the administration advocate high prices to encourage conservation and conversion to alternative energy resources, but do not believe that additional domestic oil production will be a significant factor in achieving energy independence. It is a difficult question to judge and neither side deserves plaudits for the case they have presented. Advocates of the tax concentrate on the "undeserved" character of the profits that result from the OPEC price, while ignoring the supply response from additional investment. Opponents seem to believe that an unlimited amount of money can be invested in exploration and drilling with each new dollar having the same productive result as the last.

Without ever explicitly stating its judgment, the committee has authored a bill which reflects a decided opinion on the future of domestic oil production in our energy supply. By voting to exempt new oil and incremental production through tertiary recovery, we have concluded that additional domestic production will come only at a very high price. By maintaining high tax rates on lower and upper tier oil, the committee majority has acknowledged that the supply response to decontrol will be minimal and does not require the financial support of extraordinary cash flow from existing wells. By diverting oil revenues to conservation and alternative energy tax credits, we have recognized that conservation and renewable energy resources will be cheaper than domestic oil at the world price. The judgment that new domestic oil production will not play a significant part in achieving energy independence is more fundamental to the structure of the committee bill than any producer/consumer dispute over income distribution.

Although I concur in the judgment of the majority on this question, I am not unmindful of the caution raised by thoughtful individuals in the oil industry who rightfully point out that this legislation has the potential for self-fulfilling prophecy. We did not design this legislation to punish the industry nor to raise revenues for government programs, but rather to capture the OPEC tax without discouraging production. The committee has a responsibility to monitor drilling and recovery rates and to make certain that this legislation does not lead to undercapitalization that wastes precious resources.

Today, the world crude oil price is basically a tax collected by the OPEC cartel from consuming nations. As President Carter's decontrol program is phased in, this tax will be collected by American oil producers from American oil consumers. Even though the world price does not reflect the cost of production at existing domestic fields, we will have to pay much higher prices for new oil in the future as our easily produced reserves are depleted. Over the next decade decontrol and the windfall profits tax can provide the foundation for a gradual adjustment to the new, high cost of energy.

All parties essentially agree that the adjustment should include programs to assist those who cannot afford the OPEC tax and to encourage energy conservation and conversion to new and renewable energy resources. President Carter, the House Ways and Means Committee and the Senate Finance Committee have all proposed one or more trust funds to be created with the revenues from the windfall profits tax for these purposes. I opposed the trust fund concept in committee.

I believe that the committee deliberations on this legislation are sufficient evidence to demonstrate the flaws in a trust fund for energy security. At one point the committee had adopted $99 billion of energy tax credits—all of which would have reduced oil imports—but believed that it had only $65 billion in revenues from the tax. The credits were cut to $25 billion. Later the price assumptions on which the revenue estimates are based were changed and the committee found that its tax would raise $138.2 billion. It quickly added new tax credits—none of which would reduce oil imports or go to oil users—and a trust fund to rollback social security taxes. Frankly, it is very difficult to project the revenues that will result from the tax or the spending that is necessary to achieve energy security. In any event, there is no cause and effect relationship between the two. The tax should fairly reflect the economics of the industry and the revenues from the tax should not limit our efforts to achieve energy security at an early date.

TAX CREDITS

The committee bill includes a number of new tax credits and other incentives with tax effects to encourage the production of alternative fuels and the conservation of our remaining oil reserves. It is my hope that the Senate will not be put in the position of choosing between these tax credits and bills reported by other committees that authorize direct appropriations, loans and loan guarantees for the same purposes. However, should the debate develop along these lines, I will be counted among the dedicated advocates of the tax credit approach.

This issue is more than an intramural contest between committees for jurisdiction over energy legislation, H.R. 3919, as reported by the Finance Committee puts the American public rather than the federal government in charge of our energy policy. Coupled with decontrol of oil and natural gas prices this broad program of tax credits will allow the marketplace decisions of energy producers and energy consumers to choose the most efficient mix of conservation and fuel resource in response to our rapidly changing energy condition. Although the marketplace would eventually achieve the most efficient allocation of resources without the credits, the incentives are needed now to assure that the adjustment will be gradual and come at an early date.

Tax credits are not without problems, however. The public is neither well-informed as to the availability of the credits, nor well-equipped to use them for maximum advantage. The Energy Tax Act of 1978 is presented as a three page IRS form that must be specifically requested before it comes to the attention of the taxpayer. Credits provide no incentive for those who do not pay taxes and qualifying investments may not be within the reach of those with low and moderate incomes. Furthermore, to the extent that these incentives are successful, consumers will be faced with a wide variety of new products, but little guidance as to the efficacy of particular items. If our energy future is to be determined by the choices of individual producers and consumers, and I am fairly convinced that it should be, the committee and the Congress have a responsibility to address and resolve the special problems of the incentive approach.

TRANSPORTATION CONSERVATION

The incentives for conservation and conversion to alternative energy resources contained in the committee bill focus on the residential, commercial and industrial sectors. We did little that would influence the future demand for transportation energy. Although I supported our decision to dedicate a portion of the tax revenues for transportation, I do not believe that these monies would be wisely used if put in a new trust fund for urban mass transit. Transportation conservation offers many other possibilities, including long-distance passenger rail service, carpooling, vanpooling and new vehicle technologies. I hope the committee's action in this regard will be interpreted as a broad mandate for energy conservation and not as a narrow commitment to a particular mode of transport.

INCOME ASSISTANCE

The most difficult decisions taken by the committee were related to the issue of income assistance and even now, with the bill reported, a solid consensus remains elusive. There is no division on the need for the program. Daily reports of advancing energy inflation put that question beyond doubt. However, this committee with long experience in assistance programs found that it could not acquire the information necessary to bring this problem into sharp focus and, thus, make it accessible to solution. The two-part package of cash payments and tax credits assures that both social equity and individual need are reflected in national energy policy, but the specific mechanisms for allocating those benefits among citizens will require further deliberation.

The cash payments program for low income households is intended to guarantee that every household has sufficient resources to meet its basic needs. Without such a program, the "heat or eat" decision will become a daily part of life for millions of Americans. But identifying which Americans and the extent of the need in individual cases was beyond the competence of the committee because we are not informed as to the energy consumption characteristics of low income households and cannot reach a large portion of the population in need—particularly the elderly—with existing Federal assistance programs. We can correct the information problem with additional study and legislation in the next session. We have provided a state block grant option with broad definitions of eligibility to achieve maximum participation.

To some extent the income assistance portion of this legislation works at cross-purposes with the tax incentives for conservation and fuel conversion. This is particularly true of the credits for low and middle income families designed to offset the high cost of energy. Because these credits are based on volumetric consumption, they provide a subsidy for higher levels of energy use as Senator Danforth has ably and consistently stated. However, without these credits, American families of low and moderate income are left defenseless against an energy inflation that is affecting all fuels and too rapid to allow gradual adjustment. I support the tax credits as a short-term measure to provide equity for those not able to afford rapid adjustment and not eligible for programs of cash assistance.

These views are as much an agenda for additional action as they are a personal explanation and appeal on specific issues. H.R. 3919 deserves the support of every Senator but that support should serve as the foundation and not the capstone of our national energy policy. It is a good start, but nevertheless only a start, on a decade that will fix the pattern of our energy future.

A LARGE ERROR

Mr. PROXMIRE. Mr. President, on October 25, the Federal Reserve Board announced that there had been a $3.7 billion error in the money supply statistics that were published for the first 2 weeks of October. This error is cause for concern since the Federal Reserve is responsible for controlling the growth of the money supply. Certainly if the Federal Reserve cannot measure the money supply accurately they will not be able to have firm control of its growth. Moreover, if the public is watching the money supply statistics as a guide or indicator of the Federal Reserve's policy they may be pointed in the wrong direction if the money supply statistics are subject to periodic large errors. Such mistakes could be quite costly if financial decisions are based on incorrect data.

On October 26, I sent a letter to Chairman Volcker at the Federal Reserve Board indicating my concern about the large money supply error and asked that he provide the Banking Committee with a thorough explanation for the $3.7 billion error, an indication of the steps that will be taken by the Board to avoid such errors in the future, and the Board's assessment of the costs of this error on the financial markets.

Mr. President, I have received a reply from Chairman Volcker and would like to have it, along with my letter of October 26 to the Chairman, printed in the RECORD at the end of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. PROXMIRE. Mr. President, Mr. Volcker's letter indicates the following:

First. The changes in monetary policy made on October 6 were taken before the errors in the money supply data occurred and, therefore, the errors had nothing at all to do with those policy measures.

Second. The money supply errors arose because a single bank, Manufacturers Hanover, had incorrectly reported its deposit data to the Federal Reserve Bank of New York. The reporting errors at Manufacturers Hanover and their later corrections resulted in a downward revision of $700 million of the money supply for October 3, a revision downward of $3.0 billion for October 10, and a further downward revision of $800 million for the week ended October 17.

Third. The revisions in the money supply figures had virtually no impact on the level of nonborrowed reserves the Federal Reserve was providing to the market through open market operations in this period. Money market conditions tightened during this period as banks did actively for limited supply of funds.

Fourth. Although it is difficult in evaluating financial conditions to separate the impact of the money supply announcement from pressures being generated by strong credit demands, market reactions to the revision of the money supply data indicate that the financial markets were reacting to basic economic forces throughout the period to a far greater degree than to the weekly supply statistics.

Fifth. The Board is reviewing its procedures for editing incoming deposit data and has already made interim changes in those procedures. In the future Chairman Volcker anticipates a considerably greater amount of reverification of data that will, in the end, prove to be accurate.

Mr. President, the weekly money supply numbers are not a good indicator of monetary policy. Each Federal Reserve Chairman in the past 10 years has cautioned the public against paying too much attention to those data. The new policy procedures focus attention on growth in nonborrowed and total reserves. Data on these measures should be taken into consideration in watching monetary and financial developments.

Mr. President, I want to note in closing that the Federal Reserve Board announced last night that it has begun an inquiry with the help of outside counsel, to provide assurance that the recent errors in the money supply data were inadvertent and that no individual or institution obtained improper advantage from the preparation, revision, and release of the incorrect money supply data. I expect to receive a report on this investigation as soon as it has been completed.

EXHIBIT 1

U.S. SENATE,
Washington, D.C., October 26, 1979.
Hon. PAUL A. VOLCKER,
Chairman, Board of Governors of the Federal Reserve System, Washington, D.C.

DEAR MR. CHAIRMAN: I am writing to you to express my shock and concern with the announcement last night that a $3.7 billion error had been made in estimating the basic money supply for the first two weeks in October. I would like you to provide the Committee with a thorough explanation for this error, an indication of the steps that will be taken to avoid such errors in the future, and the Board's assessment of the costs of this error on the financial markets.

The magnitude of this error is a serious problem. However, the more serious factor is that the error occurred during a period when the financial markets were adjusting to strong monetary measures imposed by the Board to restrict the growth of money and credit. There is little doubt that the previously announced large increase in the money stock was interpreted to signify the need for further restraint which translated into unsettled market conditions, and possibly into very large losses for some in the money and stock markets.

When you appeared before the Banking Committee on October 15, 1979 to discuss the Fed's changes in policy, we had a discussion of the appropriate indicator to monetary policy now that the Federal funds rate was to fluctuate more widely. Your response was that observers of policy should watch the money supply numbers recognizing that there could be some fluctuations, When pressed about other indicators, such as bank reservers and credit, you said "Well, you can look, at that, too, but I would suggest that the principal means by which you can follow the effects of our policy are through analysis of the various monetary measures."

If it is still your view that the money supply data are the principal indicators of monetary policy, the Federal Reserve must take steps to make sure that the money supply data released each week are accurate. Large errors such as those that lead to the revisions announced yesterday, cannot be tolerated. I would appreciate your prompt attention to this matter.

Sincerely,
WILLIAM PROXMIRE,
Chairman.

FEDERAL RESERVE SYSTEM,
Washington, D.C., November 7, 1979.
Hon. WILLIAM PROXMIRE,
Chairman, Committee on Banking, Housing and Urban Affairs, U.S. Senate, Washington, D.C.

DEAR CHAIRMAN PROXMIRE: Your letter of October 26 raised several questions about the recent reporting errors in money supply statistics. I am glad to take this opportunity to provide an explanation of the error, an indication of corrective steps we have taken, and to appraise the costs on financial markets.

The recent large error in the reported money statistics has been an unfortunate and regrettable source of confusion, particularly coming as it did so shortly after the Federal Reserve had introduced new techniques in open market operations. Because of the confusion, I would like to stress first that the errors had nothing at all to do with the measures announced on October 6. Moreover, subsequent operations under the program would not have been significantly different if the correct figures had been known at all times.

When the program was adopted on October 6, the last published data at hand were for the week of September 26. In addition, partial data were available for the week of October 3. These partial, unpublished figures suggested that money supply might decline a little from the preceding week, but these preliminary data are given very little weight for they often display a different movement from more complete data. In the event, the more complete data for the banking system for the week of October 3, which became available to us on October 10 and 11 (and were first published on October 11), indicated that the money supply expanded by $2 billion. A large expansion was sustained for that week, despite the subequent downward revision of $700 million in Manufacturers Hanover deposit figures, partly because of other revisions made on October 18.

The figures for the week of October 10, first published on October 18, showed a large further increase of $2.8 billion; it was these data that on October 25 were revised sharply, primarily reflecting a $3.0 billion error in the figures reported by Manufacturers Hanover. On that latter date, the money supply for the week ended October 3 was also revised down by $700 million as a result of reporting errors for that bank. On October 29, Vice Chairman Schultz announced, in his statement before the House Banking Committee, that Manufacturers Hanover had indicated that its data included in the money supply for the week ended October 17 might be revised down by $800 million.

On November 1, mainly reflecting revisions from Manufacturers Hanover, the money supply for the week ended October 17 was, in fact, revised downward by $700 million. However, despite the downward revisions in the figures reported for the weeks of October 3, 10, and 17, the average level of the money supply remained high—running substantially above the September level in the first half of October.

Consequently, it seems evident that during that period the demand for money had remained relatively strong in face of our efforts to limit the supply of reserves. As a result, money market conditions tightened, as banks bid actively for the limited supply of nonborrowed reserves provided through open market operations and also increased their borrowing from the discount window.

The revisions in the money supply figures had virtually no impact on the level of nonborrowed reserves the Federal Reserve was providing to the market through open market operations in this period. That level had been determined essentially by calculations of the reserve path needed to attain desired growth in the monetary aggregates over the final quarter of the year as a whole, not by movements in the money supply data for an isolated week or two.

The Board has always stressed that market participants and others should not give undue attention to weekly money supply data. That obviously needs to be underscored again—especially under current circumstances when, within broad federal funds rate limits, the provision of reserves consistent with longer-run monetary aggregate objectives is the focus of day-to-day policy. Our new approach would, if anything, make operations even less sensitive to weekly money stock variations than our former approach.

With regard to the possible effects on financial markets of the money supply revisions, it should be clear from the preceding chronology that the Manufacturers Hanover error could not have had an influence on the sharp interest rate rise and drop in stock prices that immediately followed announcement of the program when the markets opened on October 9.

The particularly large error was for the week ending October 10, but those figures were not first published until Thursday, October 18. Even the figures for October 3 were not published until October 11. The subsequent $700 million error in that figure, related to Manufacturers Hanover, was largely offset by other revisions in the data for that week and was not so large in itself as to be outside the range of prior revisions of the weekly data.

Any influence the reporting error might have had on financial markets would be subsequent to October 18. It is true that the Dow Jones Industrial Average declined about 15 points on the following day and interest rates rose sharply. However, at that time the federal funds rate also rose to the 15 percent area in reflection of the gathering constraint on nonborrowed reserves, a constraint that was needed because nonborrowed reserves and other reserve measures—total reserves and the monetary base—had been running high in the first half of the month relative to the path needed to slow growth in money supply over the fourth quarter.

It is most difficult, if not impossible, in evaluating financial market conditions to separate the impact of the money supply announcement from pressures being generated by strong demands for credit, money, and bank reserves relative to supply. It might be noted, in that respect, that the stock market did not show any significant recovery immediately after the money supply figures were corrected on October 25, as might have been expected if the erroneous figures had been a significant but identifiable negative influence.

Some sensitive interest rates did decline after the revision, though not by as much as they had risen a week earlier, and part of that decline was subsequently reversed despite the downward revisions in the data for the week ended October 17 in our regular publication on November 1. Thus, over the period it seems clear that markets, fundamentally, have been reacting to basic economic forces. During this period, incoming data on prices as yet showed no abatement in the rate of inflation, surprisingly strong data on economic activity was published in the course of October, and the Federal Reserve policy of restraint on bank reserves relative to demand placed pressure on money market interest rates.

The source of the errors was a change in internal procedures associated with the introduction of a new computer system at Manufacturers Hanover Bank on October 1. As a result of this change, their report of daily deposits—data that eventually enters the money supply statistics—was later determined to be inaccurate, principally because of misclassifications among deposit categories.

These errors were not picked up by the routine daily screening procedures at the Federal Reserve Bank of New York primarily because the daily deposits data of Manufacturers Hanover, as a large and active "clearing" bank, are ordinarily highly volatile. However, Federal Reserve staff began checking with the bank on aspects of their data flow as early as October 12, in particular the weekly report from the bank showing demand deposits due to foreign banks for the week ending October 10. At that time, the bank affirmed the accuracy of the unpublished figure that they had reported on demand deposits due to foreign banks.

Early on October 18, nationwide data for all weekly reporting banks became available, and these data contained an unusually large increase in demand deposits due to foreign banks in New York City for the week of October 10. That morning staff again checked with Manufacturers Hanover, since that bank reported the bulk of the increase. The bank at this point indicated that deposits due to foreign banks should be revised downward by about $1 billion, a change that had the effect of reducing our calculation of the money supply for the October 10 week to be published that afternoon. The bank was then asked if their other data entering the money supply—that is, the daily deposits reports that are the basic building blocks of the money supply series—were correct.

As indicated, these data had passed our edit checks, but the error in the report on foreign deposits led the staff to make a further inquiry. The bank said the daily deposits were correct. In the light of that assurance, the national figures for the week ending October 10 were published on the afternoon of October 18, after adjusting for the $1 billion error found in foreign deposits. The indicated increase in the money supply—$2.8 billion—was sizable even after the $1 billion adjustment, but clearly not "impossibly" large in light of the sometimes erratic nature of the series.

Staff nevertheless continued their investigation of the Manufacturers Hanover statistics and subsequently discovered inconsistencies in the data reported on two different forms that could not be reconciled. After this discrepancy was brought to the bank's attention, the bank on Monday, October 22, indicated a large revision might be necessary for the week of October 10.

On Wednesday, October 24, the staff received reasonably certain data indicating large downward revisions. After further verification, the revised figures were promptly published in the money supply release issued Thursday, October 25. During the following weekend a further $800 million revision in the data for the week ending October 17 was reported to us, and as I have noted, this possible change was announced early Monday morning, October 29.

To ensure that there is no repeat of such large and unfortunate reporting errors, we are reviewing—and indeed have already made interim changes in—our procedures for editing incoming data. These changes will undoubtedly involve higher costs at the Reserve Banks and member banks. The amount of contact between staffs of Reserve Banks and member banks will increase, and I would anticipate a considerably greater amount of reverification of data that will in the end prove to be accurate.

I must point out that, despite these efforts, no data flow system can be entirely safe from human error, and that in the short-run the Federal Reserve can do no more than ask banks to carefully recheck data that appear unusual. In this regard, I should note that Manufacturers Hanover—which has employed outside auditors to recheck their data—has advised the Federal Reserve that some further revisions in their October data, thought at this time to be minor, may soon be forthcoming. Such revisions, if they materialize, will be promptly reflected in the published data.

I fully appreciate your concern over this matter, which I share. I trust this letter clarifies the question involved.

Sincerely,

PAUL.

THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, of course, every Member of this body is aware of the Holocaust, that terrible act in which 6 million Jews perished at the hands of Nazis. There is no need to go into the gruesome details of that most heinous crime. Let it suffice to say that no one here would ever want to see such a horrible event occur again.

But in Cambodia today, a similar act is taking place. The Cambodian people are being allowed to die. They are sick and starving. Food and medical supplies have been cut off. It is estimated that over 3 million men, women, and children have already perished, and no end is in sight.

One important question is, how did the killing begin?

Mr. President, I do not think there are any fully satisfactory answers to that question. Perhaps future scholars will put these awful events in some historical perspective. The more important question for us is what we can do to prevent future Cambodias from occurring.

One thing we as Members of the Senate can do is ratify the Genocide Convention now. In ratifying the Genocide Convention, our Nation will not only officially take a stand, but we will help focus attention on the world's outcry against the violations of the most basic of human rights taking place in Cambodia and elsewhere. It is impossible to give too much publicity or attention to the Cambodian situation. The international outrage resulting from the mass murders in Cambodia can never be too great.

Mr. President, the strongest possible international commitment is necessary to combat genocide. The United States must remain a world leader in this fight. We must assert our leadership by ratifying the Genocide Convention and bring events such as Cambodia even more forcefully into the international conscience.

Mr. President, I thank the majority leader and yield the floor.

Mr. MATSUNAGA. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MATSUNAGA. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Chirdon, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

At 12:40 p.m., a message from the House of Representatives delivered by Mr. Berry, one of its reading clerks, announced that the Speaker has signed the following enrolled bills and joint resolution:

S. 1037. An act to establish an actuarially sound basis for financing retirement benefits for police officers, fire fighters, teachers, and judges of the District of Columbia and to make certain changes in such benefits;

S. 1728. An act to designate the United States Federal Courthouse Building located at 655 East Durango, San Antonio, Texas, as the "John H. Wood, Jr., Federal Courthouse";

H.R. 4955. An act to authorize additional appropriations for migration and refugee assistance for the fiscal years 1980 and 1981 and to authorize humanitarian assistance for the victims of the famine in Cambodia; and

H.J. Res. 68. Joint resolution to authorize the President to issue a proclamation designating the week beginning on November 18, 1979, as "National Family Week."

The enrolled bills and joint resolution were subsequently signed by the President pro tempore.

The message also announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 184. Concurrent resolution providing for printing additional copies of the committee print entitled "7th Edition of the Immigration and Nationality Act with Amendments and Notes on Related Laws."

At 3:24 p.m., a message from the House of Representatives delivered by Mr. Gregory, one of its reading clerks, announced that the House has passed the bill (S. 673) to authorize appropriations for the Department of Energy for national security programs for fiscal year 1980, with amendments; that the House insists upon its amendments to the bill and requests a conference with the Senate on the disagreeing votes of the two Houses thereon; and that Mr. Price, Mr. Charles H. Wilson of California, Mr. Dan Daniel, Mr. Carr, Mr. Stump, Mr. Bob Wilson, Mrs. Holt, and Mr. Robert W. Daniel, Jr., were appointed as managers of the conference on the part of the House.

The message also announced that the House disagrees to the amendments of the Senate to the bill (H.R. 5359) making appropriations for the Department of Defense for the fiscal year ending September 30, 1980, and for other purposes; agreeing to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. Addabbo, Mr. Flood, Mr. Giaimo, Mr. Chappell, Mr. Burlison, Mr. Murtha, Mr. Dicks, Mr. Whitten, Mr. Edwards of Alabama, Mr. Robinson, Mr. Kemp, and Mr. Conte were appointed as managers of the conference on the part of the House.

The message further announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 209. Concurrent resolution authorizing the Clerk of the House of Representatives to correct the enrollment of the bill H.R. 4930.

At 5:47 p.m., a message from the House of Representatives delivered by Mr. Gregory, announced that the House insists upon its amendments to the bill (S. 751) relating to the relocation of the Navajo Indians and the Hopi Indians, and for other purposes, disagreed to by the Senate; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. Udall, Mr. Runnels, Mr. Miller of California, Mr. Gudger, Mr. Lujan, and Mr. Marriott were appointed as managers of the conference on the part of the House.

The message also announced that the House has passed the following joint resolution, in which it requests the concurrence of the Senate:

H.J. Res. 440. Joint resolution further continuing appropriations for the fiscal year 1980, and for other purposes.

HOUSE JOINT RESOLUTION REFERRED

The following joint resolution was read twice by its title and referred as indicated:

H.J. Res. 440. Joint resolution making further continuing appropriations for the fiscal year 1980, and for other purposes; to the Committee on Appropriations.

HOUSE CONCURRENT RESOLUTION REFERRED

The following concurrent resolution was read by title and referred as indicated:

H. Con. Res. 184. Concurrent resolution providing for printing additional copies of the committee print entitled "7th Edition of the Immigration and Nationality Act with Amendments and Notes on Related Laws"; to the Committee on Rules and Administration.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, November 13, 1979, he presented to the President of the United States, the folowing enrolled bills:

S. 1037. An act to establish an actuarially sound basis for financing retirement benefits for police officers, fire fighters, teachers, and judges of the District of Columbia and to make certain changes in such benefits; and

S. 1728. An act to designate the United States Federal Courthouse Building located at 655 East Durango, San Antonio, Texas, as the "John H. Wood, Jr., Federal Courthouse."

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-2459. A communication from the Acting Secretary of Agriculture, transmitting, pursuant to law, a report on final allocations of commodities under Title I of Public Law 480 for fiscal year 1979; to the Committee on Agriculture, Nutrition, and Forestry.

EC-2460. A communication from the First Vice President and Vice Chairman of the Export-Import Bank of the United States, transmitting, pursuant to law, a report on a transaction involving United States exports to Lebanon; to the Committee on Banking, Housing, and Urban Affairs.

EC-2461. A communication from the President and Chairman of the Export-Import Bank of the United States, transmitting, pursuant to law, a report on a transaction involving United States imports to Canada; to the Committee on Banking, Housing, and Urban Affairs.

EC-2462. A communication from the Vice President for Governmental Affairs of the National Railroad Passenger Corporation, transmitting, pursuant to law, a report on the average number of persons on board and the on-time performance of each train operated by the Corporation for the months of June and July 1979; to the Committee on Commerce, Science, and Transportation.

EC-2463. A communication from the Secretary of Transportation, transmitting, pursuant to law, a report on the six month review of Program Implementation of the Highway Bridge Replacement and Rehabilitation Program; to the Committee on Environment and Public Works.

EC-2464. A communication from the Assistant Secretary of the Treasury for Legislative Affairs and the Assistant Secretary of State for Congressional Relations, transmitting, pursuant to law, a report regarding human rights under Title I of Public Law 95-118; to the Committee on Foreign Relations.

EC-2465. A communication from the Assistant Legal Advisor for Treaty Affairs of the Department of State, transmitting, pursuant to law, a report on international agreements, other than treaties, entered into by the United States in the sixty day period prior to November 8, 1979; to the Committee on Foreign Relations.

EC-2466. A communication from the Assistant Attorney General for Administration, transmitting, pursuant to law, a proposed new system of records for the Department of Justice under the Privacy Act; to the Committee on Government Affairs.

EC-2467. A communication from the Assistant Attorney General for Administration, transmitting, pursuant to law, a report on a proposed new system of records for the Department of Justice under the Privacy Act; to the Committee on Governmental Affairs.

EC-2468. A communication from the Secretary of Health, Education, and Welfare, transmitting, pursuant to law, the second report to the Congress on the National Center for the Prevention and Control of Rape; to the Committee on Labor and Human Resources.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. SASSER:

S. 2000. A bill to repeal the carryover basis provisions of the Tax Reform Act of 1976; to the Committee on Finance.

By Mr. DOLE:

S. 2001. A bill to extend the tax treatment of certain government health provision scholarship programs; to the Committee on Finance.

By Mr. TSONGAS:

S. 2002. A bill to amend the Consumer Credit Protection Act to prohibit the use of the "Rule of 78's" in the computation of the rebate of unearned interest in precomputed consumer credit transactions with terms greater than 36 months; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. BIDEN:

S. 2003. A bill relating to the White Clay Creek Watershed in the States of Delaware and Pennsylvania; to the Committee on Environment and Public Works.

By Mr. WILLIAMS:

S. 2004. A bill entitled the "Public Transportation Energy Conservation Act of 1979"; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. EAGLETON:

S. 2005. A bill to allow the Interest Rate Modification Act of 1979, passed by the Council of the District of Columbia, to take effect immediately; to the Committee on Governmental Affairs.

By Mr. DOMENICI:

S.J. Res. 120. Joint resolution to designate the week of December 2, 1979, as "Respiratory Therapy Week"; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. SASSER:

S. 2000. A bill to repeal the carryover basis provisions of the Tax Reform Act of 1976; to the Committee on Finance.

REPEAL CARRYOVER BASIS

● Mr. SASSER. Mr. President, before the year is out Congress must decide the fate of the carryover basis provisions adopted as part of the Tax Reform Act of 1976. I feel that the inclusion of such legislation in the act was a mistake and today I am introducing legislation to nullify that action.

Mr. President, under the old law, capital gains liability on inherited property was the difference between the price for which the heir sold the property and its value on the day it was inherited. Under the carryover basis provisions, the gain is the difference between this sale price and the value of the property when the deceased person bought it.

Obviously, this longer time period would result in a greater gain and a greater gain would mean a higher tax. In the case of a farm or a small business that may have grown over a period of decades this difference is considerable. Add to this even a small amount of inflation and the difference can be staggering. Taxpayers are put in the position of being able to leave much less to their children.

When someone dies, generally his or her estate faces substantial obligations. The person's debts, estate and inheritance taxes, and administrative expenses must be paid soon after death. Often part of the estate must be liquidated just to provide cash to meet these obligations. Carryover basis exacerbates the cash shortage by adding the additional obligation of capital gains tax liability.

Carryover basis is also extremely complex. It can defy even the most sophisticated tax expert. Collecting information on the values of assets—many of which have been held for decades or a lifetime—is difficult if not impossible. The most conscientious taxpayers have difficulty maintaining good records. The problem a generation later is still more difficult.

This complexity is not limited to estates that incur large capital gains. Each person owning property, no matter how little, must keep detailed records available to survivors at death.

The problems of carryover basis are not limited to individuals. Small businesses and family farms are also vulnerable. Carryover aggravates the problem of the increasing concentration of wealth and power in fewer and fewer big corporations.

The incentives to start or maintain a family business are greatly diminished. The sale of the business, even to a family member, has been made more costly and therefore less desirable. The alternative to merge the business with a larger publicly held corporation will be made more attractive. Those who inherit farmland originally purchased for a fraction of its present value suffer because the price of the land is often based on its speculative value and not its producing potential.

The legislative history of carryover basis provides a clue as to how this unwise and unworkable measure was enacted into law. There was no House action on the issue at all. There was no consideration of the matter by the Senate Finance Committee or indeed by the full Senate. Instead, carryover basis was brought up in conference between the House and Senate after the tax bill had passed both bodies.

This abbreviated process and lack of deliberation is readily apparent to those in positions to deal with carryover on a day to day basis. In addition to the many individual constituents who have written to me, I have also consulted practitioners in the field. Attorneys, bankers and accountants have all strenuously objected to carryover as impossible to administer. Their complaints range from personal frustration over attempts to apply the carryover rules to concern for the expense carryover basis caused their clients.

These same groups already feel they are suspended in a sea of government rules and regulations they do not understand. They already are crying out for relief from the arbitrary actions of Federal agencies and too often from the Congress. We have a chance to rectify an intolerable situation that we have created.

Mr. President, I supported and voted for action in the last Congress to delay the implementation date of carryover basis to January 1, 1980. I took that position because I felt that the provisions were unworkable. They are still unacceptable and I strongly support a change and urge my colleagues in the Senate to do the same.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2000

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subsections (a), (d), and (e) of section 2005 of the Tax Reform Act of 1976 (relating to carryover basis), and subsection (a), paragraphs (2) through (9) of subsection (c), and paragraphs (1) and (3) of subsection (r) of section 702 of the Revenue Act of 1978, and the amendments made by those subsections or paragraphs are hereby repealed.

(b) Except to the extent necessary to carry out subsection (d), the Internal Revenue Code of 1954 shall be applied and administered as if the provisions repealed by subsection (a), and the amendments made by those provisions, had not been enacted.

(c)(1) Subsection (c) of section 1016 of the Internal Revenue Code of 1954 (relating to increase in basis in case of certain involuntary conversions) is amended to read as follows:

"(c) INCREASE IN BASIS IN THE CASE OF CERTAIN INVOLUNTARY CONVERSIONS.—

"(1) IN GENERAL.—If—

"(A) there is a compulsory or involuntary conversion (within the meaning of section 1033) of any property, and

"(B) an additional estate tax is imposed on such conversion under section 2032A(C),

then the adjusted basis of such property shall be increased by the amount of such tax.

"(2) TIME ADJUSTMENT MADE.—Any adjustment under paragraph (1) shall be deemed to have occurred immediately before the compulsory or involuntary conversion.".

(2)(A) Section 1040 of such Code (relating to satisfaction of a pecuniary bequest) is amended to read as follows:

"SEC. 1040. USE OF FARM, ETC., REAL PROPERTY TO SATISFY PECUNIARY BEQUEST.

"(a) GENERAL RULE.—If the executor of the estate of any decedent satisfies the right of a qualified heir (within the meaning of section 2032A(e)(1)) to receive a pecuniary bequest with property with respect to which an election was made under section 2032A, then gain on such exchange shall be recognized to the estate only to the extent that, on the date of such exchange, the fair market value of such property exceeds the value of such property for purposes of chapter 11 (determined without regard to section 2032A).

"(b) SIMILAR RULE FOR CERTAIN TRUSTS.—To the extent provided in regulations prescribed by the Secretary, a rule similar to the rule provided in subsection (a) shall apply where—

"(1) by reason of the death of the decedent, a qualified heir has a right to receive from a trust a specific dollar amount which is the equivalent of a pecuniary bequest, and

"(2) the trustee of the trust satisfies such right with property with respect to which an election was made under section 2032A.

"(c) Basis of Property Acquired in Exchange Described in Subsection (a) or (b).—The basis of property acquired in an exchange with respect to which gain realized is not recognized by reason of subsection (a) or (b) shall be the basis of such property immediately before the exchange increased by the amount of the gain recognized to the estate or trust on the exchange.".

(B) The item relating to section 1040 in the table of sections for part III of subchapter O of chapter 1 of such Code is amended to read as follows:

"SEC. 1040. USE OF FARM, ETC., REAL PROPERTY TO SATISFY PECUNIARY BEQUEST.".

(3) The second sentence of section 2614(a) of such Code (relating to special rules for generation-skipping transfers) is amended to read as follows: "If property is transferred in a generation-skipping transfer subject to tax under this chapter which occurs at the same time as, or after, the death of the deemed transferor, the basis of such property shall be adjusted in a manner similar to the manner provided under section 1014(a).".

(d) Notwithstanding any other provision

of law, in the case of a decedent dying after December 31, 1976, and before November 7, 1978, the executor (within the meaning of section 2203 of the Internal Revenue Code of 1954) of such decedent's estate may irrevocably elect, within 120 days following the date of enactment of this Act and in such manner as the Secretary of the Treasury shall prescribe, to have the basis of all property acquired from or passing from the decedent (within the meaning of section 1014 (b) of the Internal Revenue Code of 1954) determined for all purposes under such Code as though the provisions of section 2005 of the Tax Reform Act of 1976 (as amended by the provisions of section 702(c) of the Revenue Act of 1978) applied to such property acquired or passing from such decedent.

SEC. 2. The amendments made by this Act shall apply to estates of decedents dying after December 31, 1976.●

By Mr. DOLE:

S. 2001. A bill to extend the tax treatment of certain government health provision scholarship programs; to the Committee on Finance.

TAX EXEMPTION FOR STUDENT SCHOLARSHIP RECIPIENTS

● Mr. DOLE. Mr. President, the Senator from Kansas is pleased to again introduce legislation to prevent the taxation for amounts received by individuals participating in the Public Health Service/National Health Service Corps scholarship program and in the Armed Forces health professions scholarships program.

PROGRAM HISTORY

In 1972, Congress passed legislation that recognized two major areas of concern. First, the health manpower shortage in certain medically needy communities and second, the need to insure that there were sufficient health professionals to care for our military personnel and their families. In that year, the Emergency Health Personnel Act amendments, Public Law 92-585, and the Uniformed Service Health Professions Revitalization Act of 1972, Public Law 92-426, became law. These new laws created two scholarship programs designed to support the training of health professions students in return for certain service commitments. The programs that were authorized were: The Armed Forces health professions scholarship program—AFHPSP—and the Public Health Service/National Health Service Corps scholarship program. The programs have done an admirable job of accomplishing the goal of providing health professionals to underserved communities and to the military.

SCHOLARSHIPS AIMED AT PUBLIC GOOD

It has been said that, "both the scholarship programs are publicly funded programs which have vital social goals. The principal beneficiaries of these programs are intended to be the American people—the taxpayers themselves who will receive the benefit of needed health services. It is essential that these programs remain viable and attractive to students entering health careers so that the public service goals can be achieved."

The Armed Forces health professions scholarship program will have its work cut out—even more so because we have removed one of the more attractive incentives, tax exclusion for the scholarship moneys.

PROBLEMS WITH TAXATION

The Public Health Service/National Health Service Corps is in the same predicament. Having lost tax exclusion status for its scholarship program, it too has experienced difficulties in recruiting students. This situation has occurred only recently and was certainly not the original intent of the Congress.

Subject to certain limitations, the tax code provides that gross income of an individual does not include any amount received as a scholarship at an educational institution or as a fellowship grant.

Whether an amount received by an individual is excludable from gross income depends upon the facts and circumstances under which the payment is made.

The regulations provide that any amount or amounts paid or allowed to, or on behalf of, an individual to enable the individual to pursue studies or research shall not be considered to be an amount received as a scholarship or fellowship grant if such amounts represent compensation for past, present, or future services. The Internal Revenue Service has ruled that the Armed Forces health professions scholarship program—AFHPSP—and the National Health Service Corps meet this definition and thus amounts received from the programs should be included as gross income. Recognizing the special nature of these programs, Congress passed legislation that exempted amounts received under the Armed Forces health professions scholarship program or any similar program.

This legislation expired in 1975 but the Tax Reform Act of 1976 contained a limited extension of the tax exclusion for those students who were participating in the program in calendar year 1976. We again extended the exclusion for 2 years.

During discussions on the 1976 Tax Reform Act, it was decided to continue the exclusion of these scholarships from gross income pending a thorough staff review of the appropriate tax treatment of the grants in view of the overall national policy toward the military—and other uniformed services—health professions programs. This study has not yet been done.

Without further action on our part, students entering these programs in 1980 will be taxed on all amounts received from these programs. My proposal would provide for an additional 1-year exemption. In addition, Mr. President, my amendment would also protect those who participate in the National Research Services award.

CONCLUSION

During this time, the Senator from Kansas hopes that the Joint Committee on Taxation will have an opportunity to complete their study of this area, and come forward with a cohesive policy for the future.

Mr. President, I believe it is in the best interests of the public to continue to support these programs by providing for this tax exclusion designed to provide health professionals to the medically underserved and the military.

I urge my colleagues to give this matter their attention.●

By Mr. TSONGAS:

S. 2002. A bill to amend the Consumer Credit Protection Act to prohibit the use of the "Rule of 78's" in the computation of the rebate of unearned interest in precomputed consumer credit transactions with terms greater than 36 months; to the Committee on Banking, Housing and Urban Affairs.

Mr. TSONGAS. Mr. President, I rise today to offer legislation to restrict an archaic lending practice which is costing unsuspecting U.S. borrowers tens of millions of dollars annually.

The practice I refer to is known, within banking circles, as the "rule of 78." It was initially used in this country in the 1930's as a shorthand arithmetic method for computing the unearned interest portion of precomputed consumer loans which had been prepaid or refinanced.

Its early acceptance was based upon the assumption that it represented a close approximation of the interest rebate provided by the universally recognized "actuarial" method in short-term consumer loans. Over the years, however, as consumer lending expanded into longer repayment periods and larger sums for personal loans, the use of the "rule of 78" has also expanded.

Today it is the predominant method used to determine rebates upon prepayment of consumer debts.

Unfortunately for tens of thousands of borrowers, the use of the "rule of 78" becomes grossly distorted when applied to longer term consumer loans. The result is that borrowers who prepay or refinance a longer term consumer loan, such as home improvement, second mortgage or mobile home purchases, may be subject to a substantial undisclosed interest penalty.

Permit me to offer two recent examples of the severe economic injury that can be visited upon an unsuspecting borrower by lenders who employ this practice.

In 1974, a Goshen, Ind. family borrowed $18,000 under a 15 year loan agreement with an interest rate of 18 percent (APR). After 4 years of monthly payments, the family decided to prepay the loan. They were shocked when the finance company informed them that they owed $19,993.

This payout figure represented nearly $2,000 more than they had borrowed 4 years earlier.

The undisclosed interest penalty resulting from the lender's use of the "rule of 78" cost this Indiana family more than $3,000.

Another case, illustrating the extent of economic injury that can and does occur on a frequent basis to consumer borrowers, involved a family from my own State. In 1974, a young couple from East Long Meadows, Mass. borrowed $9,700 from a local saving bank. The loan was for 12 years with an interest rate of 12 percent (APR). After making 4 years of monthly payments of $128 per month, the couple paid off the loan in 1978. They were dismayed to learn that 4 years of payments had reduced the principal by a much smaller amount than they had anticipated. Only later did they discover that the lender's use of the "rule of 78" had resulted in an undisclosed prepayment penalty of $582.

Mr. President, I wish to emphasize that these families received absolutely no forewarning, of the penalty that would be imposed under the "rule of 78." Absurd as it may seem, truth-in-lending has never required lenders to disclose the potential for prepayment penalties under the "rule of 78." Lenders need merely disclose the fact that the "rule of 78" may be employed upon prepayment to calculate the unearned interest.

In recent years, as repayment schedules for home improvement, second mortgage, and mobile home loans have extended up to 10, 15, and even 20 years, the distortions and unconscionable interest penalties which accompany the use of the "rule of 78" have become more evident. Federal and State regulatory agencies are receiving an increasing number of complaints from borrowers who have made a number of monthly payments only to discover, upon prepayment or refinancing of a loan, that their payments had little, if any, appreciable impact upon the principal. Federal and State agencies have also been hard pressed to explain the legality of those cases where the loan principal actually increased after several years of payments.

For every case where the borrower detects the interest penalty imposed by the rule, there are thousands of other borrowers injured by this archaic practice who may be unaware of the excess interest they have been required to pay.

I submit to you that it is time that we eliminate the hidden interest penalties connected with this archaic lending practice. Mr. President, the bill which I submit today will prohibit the use of the "rule of 78" in consumer transactions which extend beyond 36 months. In contracts over 36 months, lenders will be required to provide a rebate based upon the far more equitable actuarial method when computing unearned interest and insurance premiums upon prepayment of a precomputed consumer transaction.

The elimination of the "rule of 78" in contracts over 36 months recognizes the injury caused by the use of this practice in longer term transactions.

Mr. President, this bill will effectively correct a longstanding lending abuse.

I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2002

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) chapter 1 of title I of the Consumer Credit Protection Act is amended by adding at the end thereof the following:

"§ 116. Rebate of unearned interest.

"(a) If a consumer prepays in full a consumer credit transaction, the creditor or any assignee shall promptly refund any unearned portion of the finance charge together with any unearned portion of the insurance premium, except that a refund of a finance charge or an insurance premium of less than $1 need not be made.

"(b) For the purpose of calculating the refund of the unearned portion of the finance charge or unearned insurance premiums required by this section for any precomputed consumer credit transaction which is repayable according to its terms over a period of more than 36 months or for any other transaction if the parties so agree, the creditor of any assignee shall compute the refund based on a method which is at least as favorable to the consumer as the actuarial method in accordance with regulations of the Board. The creditor may collect or retain a minimum charge not exceeding $7.50 if provided for by State law and by the contract relating to the transaction.

"(c) Within 5 days of receipt of an oral or written request from a consumer for the disclosure of the amount due on any precomputed consumer credit account, the creditor or assignee shall provide the consumer with a statement of the amount due after deduction of the finance charge and insurance premiums required by this section. If the customer's request is oral, the statement may be oral. If the customer's request is written, the statement shall be written. A consumer is entitled to be provided one statement each year without charge. The creditor may impose a reasonable fee to cover the cost of providing any additional statement requested, and the charge for any additional statement shall be disclosed to the consumer prior to furnishing such statement.

"(d) For the purpose of this section—

"(1) a prepayment includes a voluntary prepayment by the consumer, any refinancing, consolidation, or rewriting of the transaction, or acceleration of the obligation to repay indebtedness; and

"(2) the term 'actuarial method' means the method of allocating payments made on a debt between the amount financed and the finance charge pursuant to which a payment is applied first to the accumulated finance charge and any remainder is subtracted from, or any deficiency is added to, the unpaid balance of the amount financed. The Board may adopt rules further defining the term and prescribing its application.".

(b) The table of sections of title I of the Consumer Credit Protection Act is amended by adding at the end thereof the following new item:

"116. Rebate of unearned interest.".

By Mr. BIDEN:

S. 2003. A bill relating to the White Clay Creek Watershed in the States of Delaware and Pennsylvania; to the Committee on Environment and Public Works:

WHITE CLAY CREEK WATERSHED STUDY ACT

● Mr. BIDEN. Mr. President, today I am introducing the White Clay Creek Watershed Study Act.

For more than a decade, there has been a determined effort by many citizens of Delaware to rescue an area of substantial beauty and ecological value—the White Clay Creek Watershed. The White Clay Creek, through the years, has been threatened by proposals to dam the creek in order to provide a water supply source for New Castle County and by a plan to build a highway beltway to relieve Newark's (Delaware) traffic problem. Determined groups of people fought these various proposals, largely discrediting them. As a result, the watershed has remained a largely undeveloped area, containing natural values that are most certainly worth our preserving, particularly because of the watershed's proximity to a highly urbanized area populated by several hundred thousand people.

This act authorizes the Secretary of the Interior to initiate a study of the White Clay Creek Watershed, assessing its natural attributes, and designing a conservation plan that would preserve those natural attributes. I feel quite strongly that such natural areas ought to be protected, especially those natural areas in the midst of highly urbanized areas, like the White Clay Creek. That is why I take this first step toward protection today.

I make this request for two reasons:

First. The White Clay Creek Watershed possesses scenic, wildlife, and recreational values worthy of assessment, and eventually, of preservation and protection; and second, the watershed is located in two States—Delaware and Pennsylvania. Delaware is located in the industrial northeast. It possesses precious few natural areas like the White Clay Creek Watershed. It seems good policy, to me, to retain just a small portion of that land and maintain those natural attributes. We ought to set aside portions of these natural lands where children can come to learn to swim, where fishermen can fish for trout, and where just plain folk can come and see a white-tailed deer.

In addition, because the States of Delaware and Pennsylvania share the White Clay Creek Watershed, the Federal Government should become involved. That watershed should be considered as one entity, but there is no appropriate regional governmental structure capable of looking at the entire picture. In addition, the Department of the Interior has professional resources for such a study not available to my State of Delaware.

In my efforts to assure conservation of this area, I first approached the Department of the Interior. I asked the Secretary to help me explore the possibilities of including the White Clay Creek—including Middle Run Valley—and its tributaries in the National Wild and Scenic Rivers System. The northeastern region of the Heritage Conservation and Recreation Service did include the White Clay system in its rivers inventory process. Although this preliminary study did not recommend inclusion in the Wild and Scenic Rivers System, the response I received from the Heritage Conservation and Recreation Service did contain the following paragraph which forms the basis of this legislation:

> Although it doesn't appear to be a candidate for the National Wild and Scenic Rivers System, we feel that there is still a great potential to develop a worthwhile conservation strategy for the White Clay Creek. The dedication of the people concerned with its future is remarkable and provides a solid foundation for stream protection. We do not wish to place a damper on their activities and we would like to help these individuals and organizations in any way we can. We do feel responsible, however, to provide you with our honest appraisal of what is the most feasible option available in the long term.

Assistant Secretary (for Fish and Wildlife) of the Interior Robert Herbst said it best, and said it briefly, in remarks before the Alabama Conservancy on February 24, 1978:

> There also emerged a need/discovered during the investigation of the River Protection Task Force, which drew members from the American Rivers Council, the Natural Resources Defense Council, an outside consultant, and Bureau of Outdoor Recreation staff (now the Heritage Conservation and Recreation Service of the Department of the Interior) to provide recreational rivers near urban centers wherever those possibilities exist.

Those possibilities exist in the White Clay Creek Watershed.

Mr. President, I ask unanimous consent that the text of this bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2003

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "White Clay Creek Watershed Study Act".

Sec. 2. As used in this Act, the term "White Clay Creek Watershed" means the area within the States of Delaware and Pennsylvania comprising approximately forty miles of the White Clay Creek and its tributaries as well as the Middle Run Valley and including the following:

(1) Main stem.—Approximately five and one-half miles from Pennsylvania border to Kirkwood Highway, plus eight unnamed tributaries varying from one half to one and one-half miles each, totaling approximately seven and one-half miles, all in the State of Delaware;

(2) Middle run.—Approximately four and one-half miles north of confluence with Main Stem at Kirkwood Highway, in the State of Delaware;

(3) Main stem.—One mile from the Delaware border within the State of Pennsylvania;

(4) West branch.—Approximately six miles to New London Township in the vicinity of New London, in the State of Pennsylvania;

(5) Middle branch.—Approximately six miles to southern border of West Grove, plus the Indian Run tributary for one mile and an unnamed tributary flowing from near Jennersville for one and one-half mile, all in the State of Pennsylvania;

(6) East branch.—Approximately five miles to southern boundary of Avondale, plus the Egypt Run tributary for one and one-half miles, and an unnamed tributary joining from the west for one half mile, all in the State of Pennsylvania; and

(7) Broad run.—Approximately three and one-half miles to Kaolin, plus the Walnut Run tributary for one mile and an unnamed tributary joining from the southeast for one mile, all in the State of Pennsylvania.

Sec. 3. (a) The Secretary of the Interior shall prepare and, after appropirate public hearings (one of which shall be held within the area comprising the White Clay Creek Watershed), submit to the Congress, within the twelve-month period following the date of enactment of this Act, a plan to conserve the natural resource values of the White Clay Creek Watershed. If the Governor of the State of Delaware or the State of Pennsylvania wishes to participate in the preparation of such plan, the Secretary of the Interior, and the officers and citizens of any such State designated by the Governor thereof, shall jointly prepare such plan. If either such Governor elects not to participate, the Secretary shall consult with such Governor during the preparation of such plan.

(b) The plan submitted to the Congress pursuant to this Act shall—

(1) provide for a resource assessment of the White Clay Creek Watershed. Such resource assessment shall include, but not be limited to—

(A) water supply and water quality;

(B) natural hazards, including fire;

(C) endangered, unique, and unusual animals, fish, and biotic communities;

(D) air quality;

(E) scenic, aesthetic, and open space resources of the White Clay Creek Watershed, together with a determination of the overall policies required to maintain and enhance these resources;

(F) the outdoor recreation resources and potentials, together with a determination of policies required to utilize, protect, and enhance these resources and potential; and

(G) existing land use patterns throughout the White Clay Creek Watershed, as well as alternative beneficial uses thereof.

(2) propose boundaries (which shall be based upon the assessments referred to in paragraph (1) of this subsection of—

(A) the overall area of the White Clay Creek Watershed which should be comprehensively managed so as to conserve, protect, or enhance the ecological, wildlife, historical, agricultural, and educational resources of the White Clay Creek Watershed, and

(B) those subareas within such Watershed which are of critical ecological importance and with respect to which immediate actions should be taken by the State or Federal Government, or both, in order to protect such subareas from uses which are incompatible with the conservation, protection, and enhancement of the nautral resource values of the White Clay Creek Watershed.

(3) recommend State and Federal actions which should be implemented to conserve, protect, and enhance the natural resource value of the White Clay Creek Watershed.

(C) The plan submitted to the Congress pursuant to this Act shall not taxe effect until after the expiration of the one-hunderd-and-eighty-day period following the date of such submission.

Sec. 4. There is authorized to be appropriated to the Secretary of the Interior such sum, not to exceed $500,000, as may be necessary to carry out the planning activities required under section 3(b), and eo enable the Secretary to reimburse the States of Delaware and Pennsylvania for reasonable costs incurred by such States in participating in the joint preparation of the plan estabilshed pursuant to this Act.●

By Mr. WILLIAMS:

S. 2004. A bill entitled the "Public Transportation Energy Conservation Act of 1979"; to the Committee on Banking, Housing, and Urban Affairs.

EMERGENCY PUBLIC TRANSPORTATION ENERGY CONSERVATION ACT OF 1979

● Mr. WILLIAMS. Mr. President, the purpose of this bill can be easily stated. It would amend the Urban Mass Transportation Act of 1964 to authorize appropriations from the revenues of the windfall profits tax to be used to fund transportation projects which increase energy efficiency or decrease our dependence on foreign oil. This amendment would authorize an additional $1,150,000,000 in fiscal year 1980. This increase will permit supplemental appropriations to be made this year for energy efficient public transportation once a transportation trust fund is created later this year. The money would be used to make grants and loans to local public bodies to purchase transit equipment such as buses and railcars and construct new facilities. The program requirements of the existing UMTA discretionary grant program (section 3) would be used to govern the program.

Mr. President, the Surface Transportation Assistance Act of 1978 (Public Law 95–599) extended the basic features of the Urban Mass Transportation Act of 1964 and provided authorizations for public transportation through fiscal year 1983. The discretionary capital grant program contained in section 3 of the basic act, which is the subject of this emergency legislation, funds the construction of new fixed guideways and extensions of existing systems and the modernization of existing mass transit facilities and equipment. But any bus-related purchases are eligible under the capital grant program.

Mr. President, it appears that the President and the Congress recognize like never before the need for improvements in the Nation's mass transportation systems as a centerpiece in our battle to conserve scarce energy. Transportation in all its forms uses 52 percent of the total petroleum used in the United States each day, with the largest share—80 percent—being consumed by highway vehicles. The private automobiles alone account for more than one-third of our total consumption. Too often Americans resort to the convenience of the private automobiles for the most routine purposes and too frequently they are traveling alone.

Mr. President, the only way we can make a significant dent in unnecessary private automobile use is by encouraging increased use of energy-efficient public transportation. The New York Times reported recently that public transportation ridership has increased steadily over the past 25 months. More importantly, it was reported that this increase is permanent.

Mr. President, to continue this trend, our antiquated systems must be rehabilitated and new equipment must be put in service to accommodate the additional demand which we can expect as a result of future energy shortfalls. With the prospect of continuing tight energy supplies, and with the emphasis on energy conservation, it is fundamental that we improve the capacity of our public transportation systems to carry the increasing number of Americans who are expected riders.

Mr. President, the focus of the program over the years was to prevent the failure of privately-owned and operated transit companies. But last year we began to shift the emphasis in the program to provide financial assistance to allow existing transportation systems to be modernized, new systems to be constructed, and for communities who had not previously considered public transportation programs to be eligible to participate. The current level of Federal funding is inadequate to permit the large-scale improvements necessary to create a public transportation capacity in the United States that is extensive, modern, and reliable.

President Carter's transportation energy initiative recognizes the inadequacy of our current support for an effective public transportation program. Thus, the administration has proposed to increase funding for public transportation capital projects from the proposed windfalls profits tax. However, the President's specific recommendation did not arrive in time to permit its consideration in the context of S. 932.

Mr. President, I support the President's long overdue realization that public transportation in the United States can contribute to the national goal of energy conservation. I applaud his recognition that we as a nation will have to rely even more in the future on public transportation to gain ground in the struggle against energy independence. And the Subcommittee on Housing and Urban Affairs will begin work early next year on a top-to-bottom review of the existing program at which time the President's detailed legislative recommendations can be given full consideration by the Congress.

In the meantime, until major changes in the programs can be undertaken, I believe it is necessary to inject additional funds into the program immediately to finance ongoing capital improvements in our bus and rail systems. For too long, necessary projects have been proceeding slowly or not at all because of a lack of assured and adequate funding as a result of restrained budget requests from the administration.

The purpose of this bill is to raise the authorization for the section 3 program for the current fiscal year. Once this is accomplished, it will be possible to consider supplemental appropriations later in the year that will allow governments at all levels to begin implementing comprehensive energy conservation strategies.

Mr. President, if Congress is to attack our energy problems, we should attack it on every front. This bill will facilitate our efforts later this year to immediately deploy more public transportation equipment and provide better service, thus reducing our dependence on foreign produced petroleum.

This amendment is an emergency measure for this fiscal year to insure that the portion of the windfall profits tax which the Finance Committee reserved for transit purposes can be used to make transit grants quickly. Enactment of this 1-year measure will allow the expanded transit program to be undertaken immediately, while still giving the Congress the time that we need to make a comprehensive assessment of the kind of UMTA program that will be required in future years. I want to emphasize to my colleagues that this authorization contemplates and requires the enactment of a windfall profits tax. If the tax is not passed, this amendment will not become effective.

I ask unanimous consent that the bill be included in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2004

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that this Act may be cited as the "Emergency Public Transportation Energy Conservation Act of 1979."

Section 101(a). Section 4(c) of the Urban Mass Transportation Act of 1964 is amended by adding at the end thereof the following new paragraph:

"4(c)(4) To finance grants and loans under section 3 of this Act, there are authorized to be appropriated from tax receipts earmarked for energy efficient transportation which have been placed in a trust fund additional sums not to exceed $1,150,000,000 for the fiscal year ending September 30, 1980. Appropriations pursuant to the authority of this paragraph shall remain available for three years following the close of the fiscal year for which such appropriation is made. Grants and loans financed under this paragraph shall be subject to the aggregate restriction of section 4(c)(3)(B).●

By Mr. EAGLETON:

S. 2005. A bill to allow the Interest Rate Modification Act of 1979, passed by the Council of the District of Columbia, to take effect immediately; to the Committee on Governmental Affairs.

● Mr. EAGLETON. Mr. President, on November 9 I introduced legislation, S. 1999, dealing with the serious situation in the District of Columbia precipitated by the decision of the Federal National Mortgage Association (Fannie Mae) to cut off mortgage money in the District.

S. 1999 remedies the current situation by waiving the usual period provided for congressional review of District legislation to enable legislation passed by the District raising the maximum interest rate from 11 percent to 15 percent to take immediate effect. S. 1999 also amends the Home Rule Act to dispel uncertainty and confusion surrounding the District government's use of emergency legislation—the indirect cause of the current crisis. A detailed discussion of the legislation and the factual situation can be found in the RECORD for November 9, beginning at page S14657.

Because of the urgency of this matter, the Subcommittee on Governmental Efficiency and the District of Columbia will hold a hearing on my legislation and S. 1992, a bill introduced by Senator MATHIAS, on Wednesday, November 14, at 2 p.m., in room 3302, Dirksen Senate Office Building. I hope my colleagues will lend their support for rapid legislative action to deal with this problem.

Since the introduction of S. 1999, I have become aware of the need for several technical amendments to the bill, owing in part to a drafting error. For the sake of clarity, I am introducing today a clean bill making the necessary corrections, and I ask unanimous consent that the text be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2005

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 602(c)(1) of the District of Columbia Self-Government and Governmental Reorganization Act shall not apply to the Interest Rate Modification Act of 1979 (District of Columbia Act 3–119) passed by the Council of the District of Columbia on November 6, 1979, and signed by the Mayor of the District of Columbia on November 6, 1979, and such District of Columbia act shall become law on the date of the enactment of this Act, notwithstanding section 404(e) of the District of Columbia Self-Government and Governmental Reorganization Act and any provision to the contrary in such District of Columbia act.

SEC. 2. (a) Section 412(a) of the District of Columbia Self-Government and Governmental Reorganization Act is amended (1) by designating the existing text as paragraph (1); (2) by deleting "ninety days" and inserting in lieu thereof "one hundred and eighty days"; and (3) by adding at the end thereof the following new paragraph:

"(2) In no case shall any emergency act be passed by the Council arising out of or in connection with any emergency situation if such act is for the same purpose and covers, in whole or in part, the same subject matter as any prior emergency act and is based on the same emergency as that on which such prior act was based.".

(b) Section 412 of the District of Columbia Self-Government and Governmental Reorganization Act is amended by adding at the end thereof the following new subsection:

"(d) Except as provided in this subsection, in any case in which an act is passed pursuant to subsection (a)(1) of this section on the basis of an emergency, such emergency act, including all amendments thereto, shall terminate on the date of termination provided in such act, or upon the expiration of the one hundred and eighty day period following the date of passage of such emergency act, whichever first occurs. In any case in which the Council, during such one hundred and eighty day period, passes and transmits to the Speaker of the House of Representatives and the President of the Senate an act under the regular order for the same purpose, and covering and limited to the same subject matter, as that contained in such emergency act, and the Congress adjourns sine die prior to the termination of the thirty day period provided in section 602(c)(1) of this Act for the consideration by Congress of such act of Council, the emergency act of Council shall remain effective until after the expiration of such thirty day period, unless the Congress, during such thirty day period, adopts a concurrent resolution disapproving such act.".●

By Mr. DOMENICI:

S.J. Res. 120. Joint resolution to designate the week of December 2, 1979, as "Respiratory Therapy Week"; to the Committee on the Judiciary.

RESPIRATORY THERAPY WEEK

● Mr. DOMENICI. Mr. President, I am sending to the desk a resolution which would, if enacted, proclaim the week of December 2, 1979, as Respiratory Therapy Week.

By designating the first week in December as Respiratory Therapy Week, we call attention to one of the major health problems facing Americans. This is an appropriate time for such a designation in light of the fact that it will coincide with the 25th Annual Convention of the American Association for Respiratory Therapy which will convene here in Washington during that week.

I believe, Mr. President, that we have been slow in this country to recognize the full significance of occupational hazards which affect a persons ability to breathe. A few years ago, Congress wrestled with the issue of black lung and enacted a major program to meet the needs of its victims. We are now hearing increasing talk about other industrial problems such as brown lung. I recently held a hearing in Grants, N. Mex., where we focused on the respiratory diseases which frequently afflict uranium miners. In addition, there are many congenital respiratory diseases which afflict children and seem unrelated to environmental factors.

I believe that this particular health problem has reached the proportions in this country that warrant focusing more attention on it at the national level. I believe that designating the week of December 2 as Respiratory Therapy Week will help to publicize this problem and, in doing so, contribute to the ongoing effort to combat these various disorders.

Mr. President, I would urge our distinguished colleagues on the Senate Judiciary Committee to give prompt and favorable consideration to this resolution.●

ADDITIONAL COSPONSORS

S. 1724

At the request of Mr. WILLIAMS, the Senator from Delaware (Mr. BIDEN), the Senator from Michigan (Mr. RIEGLE), and the Senator from South Dakota (Mr. MCGOVERN) were added as cosponsors of S. 1724, the Home Energy Assistance Act.

S. 1953

At the request of Mr. YOUNG, the Senator from Colorado (Mr. ARMSTRONG) was added as a cosponsor of S. 1953, a bill to authorize the President of the United States to present on behalf of the Congress a specially struck gold medal to Louis L'Amour.

S. 1965

At the request of Mr. RIEGLE, the Senator from Indiana (Mr. BAYH), the Senator from Delaware (Mr. BIDEN), and the Senator from Delaware (Mr. ROTH) were added as cosponsors of S. 1965, the Chrysler Corporation Loan Guarantee Act of 1979.

S. 1977

At the request of Mr. PACKWOOD, the Senator from Minnesota (Mr. DURENBERGER) was added as a cosponsor of S. 1977, a bill to amend the Social Security Act regarding title XVIII, medicare home health programs.

SENATE CONCURRENT RESOLUTION 49—SUBMISSION OF A CONCURRENT RESOLUTION RELATING TO THE IRANIAN CRISIS AND THE WORLD RESPONSE

Mr. DOLE submitted the following concurrent resolution, which was referred to the Committee on Foreign Relations:

S. CON. RES. 49

Whereas the Executive Branch is undertaking efforts to communicate with such authority as exists in Iran to ease the current actions taken by the Revolutionary government of the Islamic Republic of Iran;

Whereas these actions by the Revolutionary government of Iran are in direct violation of established international norms of conduct and are a serious threat to the safety and well-being of Americans in Iran;

Whereas this is a matter which affects the interest of the entire world not only the interests of the United States; and

Whereas the United Nations Security Council has condemned these actions of the Revolutionary Government of the Islamic Republic of Iran: Now, therefore be it resolved by the Senate (the House of Representatives concurring) that—

SEC. 1. (1) The Congress hereby supports the actions of the President in attempting to secure the release of all American citizens and hereby condemns the actions taken by the Revolutionary Government of Iran with respect to American citizens in Iran;

(2) It is the Sense of the Congress that—

(a) the President should take whatever appropriate action deemed necessary to enlist the support of the international community in securing the release of all Americans held hostage in Iran and exhibit world solidarity on this issue by:

(1) closing their embassies and withdrawing their diplomatic personnel from Iran, suspending diplomatic relations until the hostages are released; and by

(2) imposing a unified, voluntary world embargo on the purchase of Iranian crude oil; until the government of Iran guarantees that all diplomats will be given immunity in accordance with the Vienna Convention on Diplomatic Relations of 1961.

SEC. 2. The Secretary of the Senate is directed to transmit a copy of this concurrent resolution to the President.

THE IRANIAN CRISIS AND THE WORLD RESPONSE

● Mr. DOLE. Mr. President, since the Iranian crisis began over a week ago, I have followed very closely this tense and critical situation. It has seemed to me that once again the United States finds itself and the lives of some of its citizens held hostage to the fanatical and unreasonable demands made by political extremists of the Third World. I have purposely limited the scope of my remarks, not wishing to exacerbate the delicate balance between life and death faced by our diplomatic personnel in Tehran. When dealing with unstable elements, we must tread warily, or risk everything.

This is not a time for partisan politics or for taking political potshots at the administration. Today, I sent a telegram to all Presidential candidates urging them to join me in supporting the President during this time of crisis and to stand behind him in any firm action he may deem necessary. We must present a firm, united, and bipartisan front in this dangerous situation. I ask unanimous consent that the text of this telegram be printed at this point in the RECORD.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

TELEGRAM TO ALL PRESIDENTIAL CANDIDATES

I believe it would be helpful if the major Presidential candidates indicated their support for President Carter during this difficult period. This would demonstrate to the world that America is united behind the President and would strengthen his hand in dealing with the Iranian situation. It is time to indicate that we would support the President in taking whatever firm action he deems appropriate. Let's join together in supporting the President during this critical period. Thank you.

Mr. DOLE. The President has taken an important step in resolving this crisis by halting the purchase of Iranian oil. There comes a time in a crisis when doing nothing that might be abrasive becomes not doing anything at all and results in accomplishing nothing. A crisis does not just call for calm, but for cool-headed and decisive action. Delay could lead to failure and the death of our people in Iran. With what does the United States have to bargin with these mob-led students? What pressure can we bring to bear to alter the balance in our favor? With whom do we deal in Iran that words of reason and logic can reach?

The United States and its Senate can deliver a message to those attempting to control events in that country. If the Ayatollah Khomeini is able to direct the actions of his followers, then we can send him a message that will make clear, for the first time, what this Senator believes the United States can do, and ought to do, in response to this flagrant and inhumane breach of international law and custom.

Mr. President, today I offer a resolution, a resolution that it is the hope and belief of the Senator from Kansas will add to the message we sent with the cut-off of oil purchases, and send that message with real force and impact.

We do not need to stand idly by, letting Khomeini hold all the trump cards. There are some avenues of pressure still open to us.

Mr. President, the Senator from Kansas commends and supports President Carter's embargo, but it is true that Iran can always sell its oil to someone else. The seizure of American diplomatic personnel on U.S. sovereign soil is a danger to all nations in the world community, however. If such actions are allowed to go unchallenged, the entire network of international procedure and ability to communicate among countries will break down. International standards of conduct have been universally agreed to in the Vienna Convention on Diplomatic Relations and all nations have a stake in enforcing them.

The resolution the Senator from Kansas proposes today would do several things. First, it supports the President's actions in attempting to secure the release of the American hostages. Second, it urges the President to enlist the support of all other nations to end this crisis and uphold international law by closing their embassies and suspending diplomatic relations with Iran until the hostages are freed. It further urges a voluntary halt to oil purchases by all nations until the world community receives a guarantee that diplomats in Iran will be given immunity in accordance with the Vienna convention and that all embassies will be allowed to operate freely.

PRESSURE THEY CAN FEEL

It is my belief that the Ayatollah Khomeini and his revolutionary council will begin to realize their villainous error only when the pressure from the international community threatens to isolate them and begins to have an effect that can be readily felt on their economy. This action involves only a small percentage of world oil supplies and within the capability of all nations to conserve and sacrifice to the extent necessary.

The United States will be ready to stand firm in opposing these terrorists' acts and will certainly do all within its power to insure that those nations, who join in this effort aimed at the release of our citizens now held captive, are not adversely impacted by a unified Iranian oil embargo.

Hopefully, with the encouragement of our Government, other producing and oil exporting countries can join to provide measures to redirect exports and increase production to make up for any specific instances of heavy dependence on Iranian oil. This crisis affects all nations, but it can be licked if we share the burden equally and stand united to confront the challenge to international law.

The world community cannot permit terrorist activities to dictate events. We all have a great deal at stake and therefore, we all must act together. If we do not work together to stop these actions there will be no end to terrorists demands.

If all nations invest in this united action, realizing it is in their own long-term interests to do so, it is my belief this crisis can be resolved and the safe release of the hostages accomplished. Nevertheless, there are further unilateral actions the United States can take. The President should consider, in addition to the oil embargo, a complete suspension of all trade with Iran, including military, industrial, and agricultural goods. The products of this country, in the long run, do more to support the lives and economy of the Iranians than their exports of oil do for Americans. Because of the disruption in the balance of payments between the two nations this embargo will cause, perhaps all Iranian assets in this country should be frozen at this time until the situation is resolved.

Again, I would like to emphasize the bipartisan nature of this resolution. The United States sells some half billion dollars of wheat to Iran each year, but as a Senator from a farming region, I believe I can say without hesitation that all the American people are willing to stand behind the President on any actions he thinks it necessary to take, whether it is an oil embargo, a complete trade embargo, or any other firm action. I hope my colleagues will join with me on this resolution now. The American people are calmly awaiting decisive action. How much can we expect them to tolerate? ●

SENATE CONCURRENT RESOLUTION 50—SUBMISSION OF A CONCURRENT RESOLUTION URGING THE SOVIET UNION TO ALLOW THE EMIGRATION OF IDA NUDEL TO ISRAEL

Mr. WILLIAMS (for himself, Mr. Percy, Mr. Bayh, Mr. Bentsen, Mr. Boren, Mr. Bradley, Mr. Chiles, Mr. Church, Mr. Cochran, Mr. Cohen, Mr. DeConcini, Mr. Dole, Mr. Ford, Mr. Hayakawa, Mr. Jackson, Mr. Javits, Mr. Jepsen, Mr. Lugar, Mr. McClure, Mr. Matsunaga, Mr. Metzenbaum, Mr. Pell, Mr. Ribicoff, Mr. Sarbanes, Mr. Stone, Mr. Tower, Mr. Tsongas, Mrs. Kassebaum, and Mr. Zorinski), submitted the following concurrent resolution, which was referred to the Committee on Foreign Relations:

S. Con. Res. 50

Whereas the Universal Declaration of Human Rights and the International Covenant on Civil and Political Rights guarantee to all people the right to emigrate; and

Whereas the Final Act of the Conference on Security and Cooperation in Europe commits signatory countries to "deal in a positive and humanitarian spirit" with the applications of persons wishing to emigrate to rejoin relatives; and

Whereas the Soviet Union signed the Final Act of the Conference on Security and Cooperation in Europe, is a party to the Universal Declaration of Human Rights, and has ratified the International Covenant on Civil and Political Rights; and

Whereas Ida Nudel first applied to emigrate from the Soviet Union to Israel in 1971 to rejoin her only living relatives; and

Whereas Ida Nudel has devoted her life to the plight of Jewish political prisoners throughout the Soviet Union; and

Whereas Ida Nudel has been convicted by the Soviet Government of "malicious hooliganism" for hanging a banner on her balcony which said, "KGB, give me my visa"; and

Whereas Ida Nudel was sentenced to four years of exile in Siberia after a trial in which no witnesses were allowed to testify in her defense; and

Whereas Ida Nudel's health has deteriorated to the point where it is unlikely that she can withstand another Siberian winter; and

Whereas the continuing harassment of political and religious activities and intellectuals in the Soviet Union and in some other countries in Eastern Europe is a source of great concern to the American people and the United States Congress: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that, in accordance with the Final Act of the Conference on Security and Cooperation in Europe, the Universal Declaration of Human Rights, and the International Covenant on Civil and Political Rights, the Union of Soviet Socialist Republics should release Ida Nudel from exile and allow her to emigrate to Israel so that she can be reunited with her sister and husband.

Sec. 2. The Congress urges the President, acting directly or through the Secretary of State or other appropriate executive branch officials—

(1) to continue to express at every suitable opportunity and in the strongest terms the opposition of the United States to the exile of Ida Nudel to Siberia; and

(2) to inform the Soviet Union that the United States, in evaluating its relations with other countries, will take into account the extent to which those countries honor their commitments under international law, particularly with respect to the protection of human rights.

Sec. 3. The Secretary of the Senate shall transmit copies of this resolution to the Soviet Ambassador to the United States and to the Chairman of the Presidium of the Supreme Soviet of the Union of Soviet Socialist Republics.

Mr. WILLIAMS. Mr. President, today, along with Senator Percy and 27 other cosponsors, I am submitting a concurrent resolution urging the Soviet Union to allow Ms. Ida Nudel to emigrate to Israel.

Ida Nudel, a 48-year-old Moscow economist, is known throughout the dissident movement as the "guardian angel" of Jewish political prisoners in Russia. For years Ms. Nudel, working out of her Moscow apartment, collected information about other dissidents sentenced to years in internal exile, sending them letters of encouragement, information about their families, food parcels, and other expressions of shared concern. She even knew the birthday of every Zionist prisoner in the various camps, and would send birthday greetings, realizing the value such a warm message might have.

Since 1971 Ida Nudel has been applying for permission to emigrate to Israel. On each occasion that permission has been denied. These refusals only served to increase her determination and commitment to the cause of free emigration. In June of 1978, Ms. Nudel was arrested and charged with "malicious hooliganism" because of her efforts on behalf of herself and hundreds of other dissidents. She was tried in a closed trial and sentenced to 4 years of internal exile in Siberia. Her health is failing, and her friends are now fearful for her life, as she is the only woman in a barracks full of hardened criminals—all of them men.

There is widespread support in both Houses of Congress and among the American public for this brave woman. A similar resolution in the House of Representatives, introduced by Congressman Stack, has 125 cosponsors with action expected shortly.

I am particularly pleased that the Congressional Wives for Soviet Jewry, cochaired by Mrs. Helen Jackson and my wife Jeanette, has been especially active on her behalf. This group of 100 congressional spouses has been collecting petitions, writing letters, and bringing Ms. Nudel's case to the attention of a number of authorities, including Rosalynn Carter.

During a recent White House meeting, the group presented Mrs. Carter with a small statue of a fisherman, symbolizing freedom. The statue was from Ms. Nudel, given just before she was sent into exile.

Mr. President, Ida Nudel is being denied a basic human right—the right to emigrate. We in the Senate should now voice our firm commitment to this basic dignity. I therefore urge my colleagues to join with me in supporting this resolution.

Mr. PERCY. Mr. President, Ida Nudel distinguished herself for 7 years as the "guardian angel" of Soviet prisoners of conscience. For 7 years she supplied food and medicine to prisoners of conscience, kept in touch with their families, gave them hope and comfort, and did everything humanly possible to relieve their suffering. Now, Ida Nudel is the only woman dissident in exile in the Soviet Union. She has been sentenced to 4 years in a Siberian labor camp where she is the sole woman prisoner in a barracks of hardened criminals. She has a weak heart and her health is deteriorating.

Ida Nudel is a selfless person. She brought harm to no one; she brought help to many. One day she hung a banner outside her flat which said "KGB Give Me My Visa." She wanted to emigrate to Israel, her spiritual homeland and the home of her husband and sister. The Soviets are punishing her for this.

Mr. President, I am proud to join Senator Williams in sponsoring this resolution for Ida Nudel, and I am gratified that already 27 of our colleagues have added their names as cosponsors.

From exile, Ida wrote "If our suffering will not force every one of you to rush to help us, then it is in vain." We must do everything we can to help. This resolution can be one expression of our determination to work for prisoners of conscience and other Soviet citizens being denied the right to emigrate.

Ida Nudel would not let the plight of the dissidents be forgotten by the outside world. Now we must not forget Ida Nudel in her time of need.

NOTICES OF HEARINGS

COMMITTEE ON GOVERNMENTAL AFFAIRS

● Mr. RIBICOFF. Mr. President, I wish to announce that the Committee on Governmental Affairs will continue oversight hearings on the Department of Energy on November 14, 1979, at 10 a.m. in room 3302 of the Dirksen Senate Office Building.

The subject of the November 14 hearing will be conservation. Witnesses will include David Freeman, chairman, Tennessee Valley Authority, and Daniel Yergin, Harvard Business School.●

SELECT COMMITTEE ON SMALL BUSINESS

● Mr. NELSON. Mr. President, I would like to announce that the Senate Small Business Committee will resume its hearings on capital formation problems of small business on November 20, November 27 and November 28. The sessions will take place in 424 Russell Senate Office Building from 9 to 11 a.m. on November 20, and the remaining information on timing and witness lists will be released shortly by the committee.

Further information about the hearings may be obtained at the committee office at the above address or by telephone at 202-224-5175.●

SUBCOMMITTEE ON AGRICULTURAL PRODUCTION, MARKETING, AND STABILIZATION OF PRICES

● Mr. HUDDLESTON. Mr. President, I wish to announce that the Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices has scheduled an oversight hearing on the effect of casein imports on the U.S. dairy industry. The hearing will be held Tuesday, November 20, beginning at 9:30 a.m., in room 324 Russell.

Anyone wishing to testify should contact Denise Alexander of the Agriculture Committee staff at 224-2035.●

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON THE JUDICIARY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Thursday, November 15, to hold hearings on judicial and Executive nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON AGRICULTURAL RESEARCH AND GENERAL LEGISLATION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Agricultural Research and General Legislation Subcommittee of the Committee on Agriculture, Nutrition, and Forestry be authorized to meet during the session of the Senate on Thursday, November 15, 1979, to hold a hearing on S. 770, legislation prohibiting future trading in potatoes on commodity exchanges.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON EAST ASIAN AND PACIFIC AFFAIRS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the East Asian and Pacific Affairs Subcommittee of the Committee on Foreign Relations be authorized to meet during the session of the Senate on Thursday, November 15, 1979, beginning at 2 p.m. to consider United States-Taiwan treaties and agreements.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBMITTED ON GOVERNMENTAL EFFICIENCY AND THE DISTRICT OF COLUMBIA

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Subcommittee on Governmental Efficiency and the District of Columbia of the Committee on Governmental Affairs be authorized to meet during the session of the Senate tomorrow (November 14) beginning at 2 p.m. to hold a hearing concerning the mortgage crisis and the use of emergency legislation in the district.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

THE COURAGE OF THE DISSIDENTS IN THE SOVIET UNION

● Mr. JACKSON. Mr. President, I wish to bring to the attention of my colleagues an article by Jeanette Williams on the plight and courage of the Soviet dissidents of various political and religious backgrounds. In her article in the Washington Star of October 27, 1979, she writes:

> The dissidents' brave assertion of their rights as human beings has kindled a flame of admiration all over this earth . . . Let us stand with them, and put the Soviet authorities on notice that we are there, watching and waiting.

We know Jeanette as the wife of the distinguished Senator from New Jersey. We know her also as the dedicated and energetic cochairman of the Congressional Wives for Soviet Jewry.

I ask that her article be printed in the RECORD.

The article follows:

THE COURAGE OF THE DISSIDENTS

(By Jeanette Williams)

Andrei Sakharov said, "Today, during the day of the Belgrade Conference, political prisoners in the USSR are carrying out a hunger strike, fighting not for themselves but for the principles which should be dear to all freedom loving peoples. Let us be worthy of them."

The raw courage of Soviet dissidents to join together and protest their oppression has startled the world into a renewed awareness of how barbaric Soviet society can be. Although Americans have become more aware of the dissidents' plight through press reports, increased contact with these stoic individuals would add a new dimension to their struggle.

Only by communicating directly with the dissidents can we learn how political opponents of the Kremlin are systematically stripped of the benefits of citizenship. Of course, we in the West owe a great deal to our newspapers for exposing the plight of Soviet Jews and other minorities. But monitoring the Helsinki Accords on Human Rights should not be left just to the press with its uncertain priorities, nor our government with its cautious policies.

Independent citizens, mindful of human rights but obligated neither to prevailing government dictator, the whims of space-conscious newspaper editors, can provide a valuable link to these people. By identifying ourselves with their struggle, we guarantee that their cries for freedom will be heard. The dissidents' brave assertation of their rights as human beings has kindled a flame of admiration all over this earth.

When he accepted the Nobel Prize for Literature, William Faulkner said, "I decline to accept the end of man . . . I believe that man will not merely endure: he will prevail. He is immortal not because he alone among creatures has an unexhaustible voice, but because he has a soul, a spirit capable of compassion and sacrifice and endurance." Faulkner's statement could have no better example than that of the Soviet dissidents.

One direct result of their inspiration was the founding of the Congressional Wives for Soviet Jewry, which Helen Jackson and I co-chair.

Founded two years ago, the Congressional Wives provide moral support for the targets of Soviet reprisals. Among our first experiences was meeting with Mrs. Natalia Scharansky. I saw her as a heroic figure. More than that, I sensed the combination of frustration, despair, and hope which she conveyed to all about her.

I have often thought that there must be a certain identity of experience among women in this situation which permits them to feel emotional stress so keenly. In fact, I wonder whether the presence of the wives of Soviet leaders at this meeting might have helped bring about a more humane policy in the Soviet Union.

There have been many other lessons for us from our experiences. The bond of humanity that joins the religious and political dissidents dramatically demonstrates the desire for freedom as an endowment of every human soul. Soviet Jewish dissidents have been joined by political and religious dissidents of every conceivable description.

We would be destitute of feeling if we were not deeply affected by the mental and physical cruelty inflicted on these people. Let each of us resolve to identify these individuals, establish friendships with them, and fight as they fight. Let us stand with them, and put the Soviet authorities on notice that we are there, watching and waiting.●

RURAL AMERICA

● Mr. COHEN. Mr. President, rural America begins, not where the suburbs end amidst open fields fated for development, but far away along the road where the land has eroded the macadam's width. America's roads have become the shortest distance between two points on the map, but between, and often forgotten, lies rural America. There, people lead lives of both nobility and desperation, industry and imposed inactivity.

Today, rural America is undergoing far-reaching change. Newcomers are following the migration of major businesses which have left the city in search of a better environment for their employees. Development is welcome, but with it come unexpected and undesirable effects.

New studies have revealed that inflation in the remoter parts of the country is rising faster than in our cities. The romantic myth of self-sufficiency, seemingly founded on misconceptions as outdated as Currier and Ives prints, no longer exists in America's country communities.

Until recently, examinations of inflation have been based almost entirely on the buying habits of urban residents, who form the basis of the Consumer Price Index. With the likelihood of chronic inflation over the next few years, economists have begun to look at its effects on life in the countryside, where they previously believed people enjoyed low, stable prices.

The fact is, and now economists are saying so plainly, that prices are rising faster in rural areas than anywhere else in the Nation. Housing and services do cost less in the country, but all categories of merchandise have soared well beyond the buying power of many rural residents.

Some of the reasons for this include high transportation costs from major distribution centers, fewer chances for competition and price reductions because of the limited number of stores, and ultimately, a higher growth rate.

The newcomers to the countryside are creating the very problem they wished to avoid. The law of supply and demand has placed a great deal of pressure on rural consumers and employers. As new businesses arrive with generally higher wage scales, longtime employers must raise their own wages to compete for labor. This alone fuels a higher demand for goods and services, but it also forces local sellers to raise the price of goods to offset increasing labor costs.

After hardly changing at all for years, prices in rural America for everything from haircuts to home appliances have risen dramatically. This is the experience in one small town in Vermont: Haircuts, up 16.7 percent; a quart of milk from the local dairy, up 15.9 percent; a refrigerator, up 15 percent. In each case, the price rose anywhere from 3 to 10 percent in excess of the Consumer Price Index rate.

The root cause for most inflation in rural America is the nearly unbelievable increase in energy costs—both gasoline and home heating fuel have gone up at a rate anywhere from 50 to 100 percent.

It is appropriate that rural America is now receiving attention from private institutions around the country, and I would suggest that Congress begin to take a hard look at the pressures building up in the countryside.

I ask that the following article from the Wall Street Journal, dealing with the problem I have described, be printed in the RECORD.

MOVING TO THE COUNTRY TO ESCAPE INFLATION? YOU'RE IN FOR A SURPRISE

(By Liz Roman Gallese)

NEWPORT, VT.—When newlyweds Philip and Kathleen Becker recently moved from suburban Long Island to this rural community, they were surprised to find themselves paying such high prices.

Food costs are higher than on Long Island and are rising steadily, "although we expected them to be lower because of the number of farmers here," says Mrs. Becker, who works as a bank teller.

Fuel is so high that Mr. Becker, who is a grade-school teacher, plans to sell his pickup truck and make do with the couple's more gasoline-efficient Toyota automobile. And he has agreed to do chores for his landlord in exchange for a break on the rent, which rose sharply in September because of the high cost of fuel.

Prices in rural America are surprising many people besides the Beckers these days. Until recently, students of inflation focused almost exclusively on urban consumers, whose buying habits form the basis of the widely used consumer price index. But as inflation becomes more chronic, economists are beginning to study its rural aspects, too. Like the Beckers, they are discovering that life in the countryside isn't one of low, stable prices, as has usually been supposed.

HOUSING IS CHEAPER

True, most things—housing and most services, for example—cost less in rural areas than in cities. But many, particularly store merchandise, cost more, and the rate of inflation may be worse outside the cities than in them. Juan de Torres, an economist at the Conference Board, the New York business-research group, says flatly:

"Prices are rising faster in rural areas than in urban areas."

Just how and where money is spent by rural consumers who aren't farmers—which means the bulk of them—is under study, for perhaps the first time, by the Urban Institute, a research group in Washington.

Probably the most important early finding, says Laurie Tobias, a research associate at the institute, is that rural consumers don't spend their money much differently from urban ones. That dispels romantic notions that they save by growing most of their own food and by chopping wood for fuel. At the same time, Mrs. Tobias says, rural consumers have far fewer supermarkets, shops and service centers available, and thus fewer chances for competitive price reductions. As a result, she says, "inflation has a disproportionate effect on rural consumers."

Another factor: Rural areas are far from major distribution centers, so it costs more to ship them food and other items. With soaring fuel prices raising transportation costs so much, this factor becomes increasingly important.

MANUFACTURERS MOVE IN

But the main long-run reason for rural inflation is growth. More manufacturers have moved to rural areas in the last decade, bringing job opportunities with them and job seekers in their wake; a larger population means increased demand. Also, the incoming manufacturers often pay higher wages than their new communities have been used to, forcing other local employers to raise their own wage scales to compete for workers. That spurs inflation in two ways: First, employers have to charge higher prices to make up for their higher wage costs; second, workers' higher income fuels the demand for goods and services.

The National Planning Association, a Washington group that studies regional trends, says that between 1967 and 1975, personal income rose at an average annual rate of 4 percent in rural areas, 3.1 percent in urban areas. Mr. de Torres of the Conference Board says that the gap in per capita income between rural and urban areas narrowed considerably in the last decade and may close completely by 1985.

Rural America isn't monolithic, of course. More-remote areas certainly aren't attracting their share of the growth, and the rural areas especially hard hit by inflation are those in fast-growing regions, says John Zamzow, vice president of regional economics for Chase Econometrics Associates.

Newport, the seat of Orleans County in north-central Vermont, is about 80 miles northeast of Burlington, which is one of the fastest-growing communities in the U.S. Orleans County's population, 20,153 in 1970, will reach an estimated 23,118 next year, an increase of 14.7 percent. About 65 percent of the work force is employed in manufacturing.

A THOUSAND MORE JOBS

During the decade, about 10 new companies have moved into Orleans County and nearby Essex County, and about five other companies have expanded. All this industrial activity has meant 1,150 more jobs in the two counties, most of them in Orleans County. And just last year, a major interstate highway, I–91, was completed, linking the community with Boston and Montreal.

Slowly but surely, per capita income in the county has risen, to $4,851 in 1977 from $2,644 eight years earlier. Slalom Skiwear Inc., a local company bought out by three partners with big-city ideas, now pays workers with at least one year's experience an average of $4.75 an hour, far more than most other local companies.

But prices have risen, too. Nationally in the last year, according to the consumer price index, the price of men's haircuts has risen 8.9%, milk 12.2%, refrigerators 4.2% and gasoline 49.4%. Here in Newport, men's haircuts at Roger's Barber Shop went to $3.50 from $3, an increase of 16.7%; the supermarket price of a quart of milk from a local dairy rose 15.9%; the price of refrigerators at Quality Appliances climbed 15%; and regular gasoline at the Mobil station went to 99.9 cents from 65.9 cents, a 51.6% increase.

Probably the biggest reason for the sharp price increases is the soaring cost of fuel, local merchants say. E. M. Humphrey, owner of Quality Appliances, says that the price of a Whirlpool refrigerator has gone up 15% this year—after "hardly changing at all for several years"—primarily because the cost of shipping the item from suppliers in Boston and Springfield, Mass., has doubled. "We're a long way from our suppliers" compared with city stores, he says.

Marvin Needleman, president of Needleman's department store, says that although he doesn't factor in the increased cost of freight over and above a regular markup, he "may have to" if shipping costs continue to rise. Fuel oil for heating has climbed so sharply, he says, that despite a 6% increase in sales this year, the store won't show an improvement in profit.

Like Mr. Needleman, some other businessmen in Newport have been sacrificing profit margin rather than raise prices high enough to cover all cost increases. Frank La Chance, proprietor of Frank's Steak House, raised his prices about 12%, close to the 11.3% national average increase for restaurant meals. Price increases to cover not only rising food costs but also fuel expenses "should have been 15%, but we're sacrificing profit margin" to keep customers, Mr. La Chance says.

CUSTOMERS SUFFER

While the merchants and shopkeepers of Orleans County are feeling the pinch of this year's crippling round of inflation, their customers ultimately suffer most. Terry and Ruth Moore, for example, a 36-year-old couple with four children, get most of their food in supermarkets; "specials in supermarkets are nothing compared with those in city stores," Mrs. Moore says, because of the distance the processed food has to be shipped.

Mrs. Moore, who works as a nurse, says that the family does have a garden but that it supplies no more than 15% of their food. Any cost savings from the garden, she says, must be offset by the cost of supplies for putting up food and the cost of electricity for storing it in a freezer.

The Moores, who have a joint income of $30,000 a year, say that the cost of fuel oil to heat their eight-room home will jump 30 percent this year, to $1,000. While the couple have cut expenses by installing a furnace that burns both oil and wood and using wood to meet half their needs, they say that it takes too much time and energy to heat entirely with wood.

"I could get up at 3 a.m. to put wood in the furnace," Mr. Moore says, "but I've got to get up at 5 a.m. to go to work." Mr. Moore is a production manager at Skiwear.

The Moores, like the Beckers, are considering selling their pickup truck and making do with one car. Both husband and wife have to commute 28 miles round-trip to their jobs, but they travel in the same general direction, and just running and maintaining two vehicles in the severe northern climate now costs a hefty $235 a month, or over 12 percent of the Moores' after-tax budget. So "the truck is a luxury," Mr. Moore says.

ORDERING FROM CAMBRIDGE

Because rural stores are generally too small to reap the efficiencies of bulk buying, Jerry Gibbs, a writer on fishing, and his wife, Judy, didn't even check the local photography shop when they needed a new part for their 35-millimeter camera. They ordered the item from a store in Cambridge, Mass., at a 20 percent discount. Stores in Newport, Mr. Gibbs says, "pretty much sell at list price."

House prices in Orleans County don't appear to be rising so steeply and are still below those in major cities. They nonetheless climbed 40% in 1977–78 in the better part of town after holding their own in the prior three years, says Doug Stewart of John Campbell Realty. This past spring, price increases came to a halt because mortgage money dried up, Mr. Stewart says. Yet the average home in the better part of town costs between $30,000 and $50,000, he says, and those outside the city limits cost more.

Home prices, moreover, don't tell the whole housing story, for rents climbed by between 22 percent and 28 percent this year after annual increases of only 10 percent in the prior two years, according to R. F. Hamlett Inc., a rental agency.

Such increases figure to continue as local employers keep raising wages to stay competitive with the newer employers. Deane Wheeler, manager of the local office of Vermont Job Service, a liaison agency between employers and employes, says the community is becoming more citified than ever before.

"What it boils down to," he says, "is that the newcomers are creating what they came to escape." ●

WITH TAXFLATION, SO-CALLED TAX CUTS ARE NO ANSWER

● Mr. DOLE. Mr. President, many of the opponents of indexing the Federal income tax for inflation base their arguments, not on economics, but on political considerations. They claim, in effect, that inflation-induced increases in the rate of the income tax are periodically offset by tax cuts. According to this argument, Congress recognizes the impact of inflation on taxes every time it passes a tax cut. Over time, these cuts supposedly keep the overall effective income tax rate fairly stable.

This argument is wrong as a matter of fact and as a matter of policy. In point of fact, periodic tax cuts compensate for inflation only if you look at certain time spans and carefully selected income levels. For the average taxpayer, the effective rate of tax has increased over time, despite periodic tax cuts.

This fact is demonstrated dramatically by an analysis prepared by the Joint Committee on Taxation. This analysis examines the effect of inflation on the income tax liability of a typical family of four. For purposes of this analysis, an income level of $17,105 in 1978 is chosen, and the base tax year is 1964. Income is assumed to change with the Consumer Price Index so that purchasing power—the measure of real income—is constant.

Given these assumptions, the tax rate rises from 8.1 percent in 1964 to 9.7 percent in 1979. This is despite tax cuts over that period, which occasionally reduce the rate. Barring tax cuts in the next 2 years, the effective rate of tax will continue to rise to 10.8 percent in 1981. That would be a tax bite a third again as large as the rate in 1964. So much for the theory that periodic tax cuts compensate for the effects of inflation.

Tax cuts no doubt do compensate for inflation for some people, over some periods of time. But it is apparent that they do not do so consistently or equitably, and that taxes continue to rise over time because of inflation. It is false and unfair to claim that periodic tax cuts are an adequate answer to the effects of inflation on taxes.

The argument for periodic tax cuts is also wrong as a matter of equity. How can politicians claim that they are cutting taxes when at best they are restoring part of an automatic tax increase caused by inflation? It is unacceptable to allow inflation to remove the obligation on representatives of the people to raise taxes when necessary and to act to balance revenues and expenditures. Inflation provides too easy an out for politicians, and that may be one reason why our economy is in its present state. It is time to remove that device for our politicians to evade their responsibilities.

Mr. President, the way to do that is to pass the Tax Equalization Act, S. 12, which I have introduced. The Tax Equalization Act would automatically compensate each year for the effects of inflation on taxes. It would adjust the income tax brackets, personal exemption, and zero bracket amount to take account of inflation. Phony tax cuts would no longer be available as a political gimmick.

Now that we know that occasional tax cuts do not do the job, we have the duty to address the problem of inflation and taxes head on. We can do it by passing S. 12, and there is no excuse for further delay on this issue.●

FUTURE OF FEDERAL R. & D. POLICIES

● Mr. SCHMITT. Mr. President, on October 24, my distinguished colleague from Maryland (Mr. MATHIAS), addressed the Institute of Electrical and Electronic Engineers on the future of Federal R. & D. policies. I wish to commend Senator MATHIAS on his perceptive insights into the difficulties facing Government R. & D. in this era of balance budget efforts. I ask that my colleague's speech be printed in the RECORD.

The speech follows:

R. & D. FOCUS ON THE FUTURE

Franklin Roosevelt once began a speech to the Daughters of the American Revolution by saying "My fellow immigrants . . ."

Maybe I should begin today by saying "My fellow government employees . . .", because I feel a great common bond with you. Each of us—in a different way and from a different office—is in business to serve the public. You, through your membership in the Institute of Electrical and Electronic Engineers, have committed yourselves to promoting the public good in a variety of important ways. You have banded together especially: to enhance the quality of life for all people throughout the world through the constructive application of technology in its field of competence, and to promote understanding of the influence of such technology on the public welfare.

I applaud your mission and hope to take advantage of your offer of assistance. Your participation in the legislative process can have a great impact on what we do. Engineers are trained to solve problems and we need problem-solvers now more than ever before, because we face more, and more complex problems today than at any other period in our history.

We also need leadership which I hope you can help provide.

The prophet Micah warned of a time when "(t)he face of the dog is the face of the generation." Scholars have puzzled over that phrase for centuries, and no one can say for sure what it means. But, a good friend of mine from Silver Spring has convinced me that the interpretation offered by a 19th Century Rabbi makes a great deal of sense.

The Rabbi pointed out that in biblical times people traveled by horse and wagon, often with their dogs running alongside. When the road was straight, the dogs would run ahead of the wagon, leading the way. But when the wagon came to a fork in the road, the dog would hang back, uncertain, watching the wheels for the first hint of which fork to take. As soon as the wheels turned ever so slightly, the dog was off again, barking bravely, leading the way.

I hope that the face of our generation won't be like the "face of a dog", with our leaders watching anxiously to see which way the wheels will turn.

The 193,000 members of the I-triple-E can help prevent. You are future-oriented. You control the facts that bring the future into focus and you can point us confidently down the right path. Because you are all with the government, you have a special insight into what needs to be done here and how best to get it done. You can set an example for your colleagues around the country by getting constructively involved in the process of governing. Your non-Washington colleagues will look to you for advice, and they will look to you for results.

One question that we need your advice and your help to answer is how best to use the limited funds we have available for Research and Development?

The country is in the throes of Proposition 13 fever with attacks on government spending being mounted on almost every front. And while I don't want to sound alarmist, I think we should all face the fact that many politicians, economists, and voters think the government has no business spending taxpayer money to develop products or processes that could be developed by private enterprise.

Senator Proxmire claims that certain federal R & D—specifically Independent R & D and Bid and Proposal (IR&D/B&D)—helps entrench established firms and freezes out newcomers. He calls this R&D a "taxpayer handout to the large defense firms with inadequate expenditure accountability."

Many fiscal conservatives agree with Senator Proxmire. While preparing this talk, I came across an article by Economist David Soergel, entitled "The Absorption of Private Enterprise by a Protected Monopoly of State Enterprise," which supports this view very forcefully. Among his points, all of which relate to you and the work you are doing, were that:

"(G)overnment employs 70,000 scientists and engineers whose main job is to decide and explore what industry is to later produce . . .;

"The U.S. tax and procurement codes (are manipulated) to such an extent that the nation's new product development money is mainly concentrated in the U.S. Treasury . . .; (and)

"(F)or 1980, . . . Congress will appropriate $30 billion research and development money . . . more . . . than privately-supplied to the nation's R&D effort by all industry."

I'm sure many of you are troubled by the thrust of these observations. Of course, we should bear in mind that he does not say that what you are doing isn't important. Rather, he says that many of you should be doing your important work in private industry.

Because of the overwhelming presence of government-sponsored R&D, both in government agencies and in private industry, he concludes that new firms can't compete with the established firms, that innovation is languishing, and that the whole economy is developing a bad case of hardening of the arteries.

While it would be hard to deny that the country is in shaky shape economically, I would certainly not single out our approach to R&D as the major cause of our troubles. I simply raise these issues to put all of you on your guard. We can't point to past achievements to justify continued funding. To meet the widespread demand for a balanced budget and to combat inflation, Congress has got to make sure that every dollar it appropriates counts. We've coasted along for too long living off the fat; now we're down to the lean.

Let's look at the numbers. Of the total $30.6 billion R&D budget recommendation for fiscal year 1980, the federal government itself will spend about $11 billion; $3.9 billion will go to colleges and universities and $15.7 billion will go to private industry.

We have gone over these figures with a fine-tooth comb in the Appropriations Committee, and, believe me, there's no fat there. The money is all well-invested. But, in the face of mounting criticism of government spending on R&D and in the present atmosphere of economy-at-any-price, $11 billion is a prominent target on the fiscal landscape. It's up to you to show the critics that the people of this country are well served by the current government R&D programs.

That leads me to a larger question and one that requires an immediate answer. The President's Energy Plan will be on the Senate floor in the near future, and we will be asked to decide how best to pursue energy independence while easing the energy shortages we now face. President Carter seeks increased government involvement in the development of energy alternatives. But I am not convinced that is the best course to follow.

The windfall profits tax is at the heart of the plan, and the President wants to use that great increase in revenues to subsidize development of energy-efficient cars and synthetic fuels. With no reflection on the abilities of those in government, I raise the question of who is best equipped to make the technological breakthroughs that we need in terms of new energy production and new fuels. Frankly, I favor the nongovernment solution whenever possible.

It seems to me that a compromise might be worked out to allow an exemption from the windfall rates for that portion of the oil company"s new income that is reinvested in energy-related projects. The remainder would be taxed at the windfall rate. This approach would keep the government out of the energy business, discourages without prohibiting the oil companies from buying department stores, and still leave some new tax revenues available for mass transit and fuel stamps.

It would also address the concern that Senator Kennedy has raised in his oil company anti-merger bill, which is now the major preoccupation of the Judiciary Committee, without abridging the basic freedom of the economy and the rights of property.

All of you, but especially those of you from the Department of Energy, have a special perspective on this problem, and I hope that you will let me know what you think of the proposal at the end of my talk.

Another problem that arose last year touches directly on the federal R&D effort—and that is federal patent policy. Our patent system has served this country well since the beginning of the Republic. It protects and nurtures the creative genius of our inventors, and accounts in great measure for the industrial might of the country. Not only does it give the inventor a chance to make a profit from his discoveries, but it also gives his competitors a chance to "invent around" his discovery—refining it, improving it, even making it obsolete.

Abraham Lincoln observed that the patent system "added the fuel of interest to the fire of genius."

But, despite its success, several experts in the field, including Senator Long, Chairman of the Senate Finance Committee, and Admiral Rickover think that changes are needed. In their opinion, the federal government should be entitled to patent rights on discoveries made by university and business researchers who use government funds. They think the government's interest should be in direct proportion to the size of its contribution.

Others maintain that such a policy works against our long-term national interest. For several reasons, they contend that government involvement would make private researchers reluctant to use any government funds, and so slow down the inventive process. First, they say that the government, with no real economic incentive, may be a reluctant partner in the eventual marketing of the discovery. Second, they say that the inventor will lose incentive if he or she has to share the economic rewards that flow from the effort. They conclude that such a policy, in practice, would hamper valuable research.

With this debate in progress, the Department of Health, Education and Welfare put a freeze on the marketing of all inventions made under Department-funded grants to universities that did not hold Institutional Patent Agreements.

I became particularly concerned about this problem when representatives of The Johns Hopkins University came to see me and pointed out that failure to obtain greater rights in an important drug invention would jeopardize efforts to commercialize the drug, resulting in loss of its benefits to the public.

Shortly afterwards, I joined with Senator Dole and Senator Bayh to introduce the "University and Small Business Patent Procedures Act." This bill will solve the problem by allowing universities, non-profit organizations, and small businesses to obtain limited patent protection on discoveries they have made under government supported research, if they spend the additional private money necessary to bring the discoveries to the public. It will restore the "fuel of interest" that Abraham Lincoln thought so important.

The bill addresses a serious and growing problem: hundreds of valuable medical, energy and other technological discoveries are languishing unused under government control, because the government, which cosponsored the research that led to the discoveries, lacks the resources necessary for development and marketing and is unwilling to relinquish patent rights, the step needed to stimulate private industry to develop these discoveries into products available to the public.

The cost of product development exceeds the funds contributed by the government toward the initial research by a factor of at least 10 to 1. This, together with the known failure rate for new products, makes the private development process an extremely risky venture, which industry is unwilling to undertake unless sufficient incentives are provided.

This problem is substantial in HEW, the Department of Defense, the Department of Energy, the Department of Agriculture and the National Science Foundation. But nowhere is the patent situation more disturbing than in biomedical research programs. Many people have been condemned to needless suffering because of the refusal of agencies to allow universities and small businesses sufficient rights to bring new drugs and medical instrumentation to the marketplace.

Science magazine described the dilemma as follows:

"We see the prodigious R&D enterprise, fueled by tax dollars, constrained from diffusing its results because of a public policy barrier. Throughout the enterprise, discoveries sit stranded and aging. Meanwhile, we search for clues to what is wrong with U.S. technological innovation, and how it is that foreign industry can undercut American competition and employment."

The primary policy barrier identified in the article is the federal government's reluctance to grant patent rights.

Our bill would correct this and it has broad support among the scientific, academic and small business communities. Best of all it would cost the government nothing. As a matter of fact, the government stands to have its research funds replenished under a provision of this bill that requires the patentholder to reimburse the federal research money out of royalties and income.

It's time we overcome the barrier to commercialization that now prevails, and begin to realize the benefits anticipated from our federal R & D effort. The Congress must face this issue squarely and establish a federal patent policy that will help government-supported inventions reach the people.

This bill is a good one; it has attracted a great deal of attention in the Senate. Two days of hearings have been held, and we may report it out of the Judiciary Committee in the near future.

I want to leave time for questions but I also want to mention one other area that bears directly on the federal R&D program—technology transfer to state and local governments. Hearings were held in the House this summer and I plan to hold hearings in the Senate as soon as possible. I expect that we will discover new ways to get the fruits of your efforts back out to the people, so local governments can use science and technology to improve the delivery of public services. I hope that some of you will be able to help us find the solutions we seek. I invite you to work with us on this. Take my advice—give advice. We need it.

Senator Long tells a story about his famous father, Huey Long, the Kingfish. Apparently, the Kingfish had downed a cup of cheer too many one night. After fumbling with the keys to his front door for a while, he finally got the door opened, only to trip over the threshold. He landed on his face, just inside the front door and looked up sheepishly to find Mrs. Long looking down at him. Never one to lose the initiative, the Kingfish said, "I'll dispense with my prepared text and take questions from the floor."

And I will do the same right now.●

PRIVATE SECTOR INITIATIVE (PIC) PROGRAM IN NEW YORK CITY

● Mr. JAVITS. Mr. President, last year Congress enacted a new title VII of the Comprehensive Employment and Training Act (CETA) intended to foster improved participation of the private business sector in the hiring and training of the structurally unemployed.

The new private sector initiative program, which is funded at $400 million for fiscal year 1979–80, involves the establishment of local private industry councils (PIC's), composed of representatives of business, labor, education and community-based voluntary organizations. The PIC's are to be fully operational entities at the local level, promoting on-the-job training contracts with private employers, conducting classroom training programs and providing job development, referral and counseling for the economically disadvantaged unemployed. The idea behind the private sector initiatives program is that a partnership needs to be forged between the business community, local government and voluntary organizations in marshalling our resources to relieve severe unemployment distress, especially among youth, minorities, and women.

I wish to report to my colleagues that the private industry council (PIC) of New York City is already fully operational, even though title VII Federal funds are not yet in hand. Under the inspiring leadership of, among others, the New York City business community, PIC chairman Aaron Sadove, PIC president Ted Small, the Central Labor Council, and the Board of Education, the CETA private industry council has made remarkable headway in gaining the commitments of small, medium and large businesses to put the unemployed to work in the private sector and to give them the skills so desperately needed for career opportunities.

The experience of the New York City PIC has been chronicled in the September issue of "You and Youth," a monthly newsletter published by the Vocational Foundation, Inc. of New York, Walter Thayer, chairman, and George J. W. Carson, executive director. Mr. President, I ask that these very instructive articles be printed in the RECORD at this point.

The articles follow:

NYC PRIVATE INDUSTRY COUNCIL FINDS WINNING FORMULA

In 1978, thirty-four demonstration sites in the U.S. were each awarded $25,000 planning grants to prepare for the Title VII Private Sector Initiative Programs. New York City was not included. And yet, one year later, New York City has become the model for what a Private Industry Council (PIC) can achieve.

For example, Skills Improvement classroom training programs with guaranteed job commitments have been arranged for 104 people, all of whom will receive a stipend of $2.90 per hour while in training. Pilot classroom programs include:

A consortium of airlines (and industry which has not been involved with CETA anywhere in the country) has agreed to hire 20 people as airline reservationists at an average of $14,000 annually. The six-month classroom training program is being conducted by Pan Am. The Council for Airport Opportunity, whose members are chief executive officers of all major carriers, agreed to place all graduates.

A seven-month computer course for eight severely handicapped trainees, contracted with Control Data Corp., has hiring commitments from Equitable Life Assurance Society, Morgan Guaranty Trust, Con Edison, Citibank, Chase Manhattan Bank and Control Data. Starting salaries after training will average $16,000.

A major airline is currently designing an experimental program to place women in nontraditional jobs. Twenty-five women will be trained as airplane mechanics.

Fifteen companies have pledged to hire graduates of a seven-month training program for women auto repair mechanics conducted by the Delehanty Institute.

Downstate Medical Center is training 16 home dialysis technicians to be hired by Quality Care Inc. Fifty or more technicans will be trained to serve the $75 million local market in home dialysis for kidney patients.

The National Association of Drug Abuse, an organization serving ex-addicts, referred 20 trainees to a clerical skills training program conducted by the International Career Institute. Companies committed to hiring program graduates include Metropolitan Life, Loews Corporation, Dry Dock Savings and others.

DOING THINGS RIGHT: A PRIVATE/PUBLIC JOINT VENTURE

How has NYC, despite its massive size and complexity, succeeded so quickly? How were the bureaucratic wrangling and political manuevering circumvented in establishing a functioning Private Industry Council? The answer lies in the smooth working relationship established between a hard-working consortium of business interests and a cooperative city government committed to the Private Sector Initiative Program.

THE FIRST STEP: AN INVOLVED BUSINESS COMMUNITY

The Chamber of Commerce, National Alliance of Business and the Economic Development Council were instrumental in developing the plan to establish a PIC in New York City. They proposed a Private Sector Mobilization Program (PSMP) that would:

Recruit and hire top level support staff for the PIC;

Make recommendations to the mayor for PIC membership;

Draft an operational plan for PIC approval; and

Design and operate pilot private sector CETA programs under contract with the City Department of Employment to be expanded when Title VII funds became available.

As models, the business consortium recommended two successful programs—the Chicago Alliance of Business Manpower Services and the Cleveland Jobs Council both of which contract directly with companies to conduct CETA-financed job training programs. Both are permanently-staffed coalitions of small and large businesses that interface with city agencies; identify employer training needs; market programs with local companies; handle paperwork and process requests (in days rather than months). Both have been highly successful in placing CETA workers in private employment.

AN ESSENTIAL INGREDIENT: CITY SUPPORT

During the planning process, New York City's Employment Commissioner and Deputy Mayor for Economic Development assisted the business groups. Ted Small, President of the Cleveland Jobs Council and adviser to the Department of Labor on Title VII, helped design the NYC program. The Koch administration, already committed to private sector involvement in its $500 million CETA program, strongly endorsed the Private Sector Mobilization plan. Koch recognized that involving private employers in training and employing the city's structurally unemployed was imperative, whether or not federal Title VII funds became available.

START-UP FUNDS: THE FINAL INGREDIENT

New York's business consortium identified private funding which would enable them to hire a program director. Grants totalling $100,000 were received from the Rockefeller Brothers Fund, Morgan Guaranty Trust, Chase Manhattan Bank, and the NAB to cover the director's salary, expenses and related costs. The Chamber of Commerce Educational Foundation received the grants on behlaf of the Private Sector Mobilization Program and became responsible for hiring staff and administering city contracts. Ted Small was hired as director of the PSMP and also named Executive Vice President of the Chamber's Educational Foundation. Aaron Sadove, Chairman of the NAB Steering Committee (and Senior Vice President for Employee Relations at Con Edison) became chairman pro-tem of NYC's Private Industry Council. And, the program was off and running.

FROM CONCEPT TO CLIENT TRAINING IN THREE MONTHS

The high level of cooperation between the Private Sector Mobilization Program and the City Department of Employment enabled the program to progress from drawing board to clients in training in less than three months. In September 1978, the Mobilization Program formally became the Private Industry Council. The Board of Estimate awarded PIC a $25.000 planning grant and contracted for CETA, OJT and Skills Training program funds totalling $1.2 million. The city CETA funds enabled Small to hire core staff and test and market programs. In less than six months, PIC funding grew to almost $3.7 million. These grants were made prior to Department of Labor funding for Title VII.

The Central Labor Council, the Board of Education, and the NY Department of Employment joined with NAB and the Chamber in submitting recommendations for PIC membership. The 58-member Private Industry Council was appointed by the mayor and held its first meeting in March 1979. As well as enlisting chief executive officers, Aaron Sadove suggested concentrating on business representatives who have operating responsibilities for hiring in their own companies.

The Private Industry Council was mandated to review all CETA Title VII funded projects. Its specific functions are to:

Identify specific manpower needs of the private business sector.

Design cost-effective programs in skill-shortage areas.

Recruit and place eligible, qualified candidates in training programs.

Provide follow-up services to employers and newly placed employees to minimize employer problems and maximize employee retention and success.

Cooperate with local, state and federal economic development agencies.

THE KEY TO PIC STAFFING: PRIVATE AND PUBLIC EXPERIENCE

Small was successful in assembling qualified staff by offering salaries competitive with private industry. Experience in both the private and public sectors allowed them to assess employer needs and tailor individual programs accordingly; to negotiate and draft contracts with city agencies that would ensure approval; and to screen and counsel CETA referrals.

As a result, the Vice President responsible for supervising all employer contracts was formerly Associate Director of Young & Rubicam and the person who had coordinated their highly regarded on-the-job training program. The Director of Recruitment and Placement, whose responsibility is to match people to training positions, was formerly Manager of Equal Employment Opportunity programs for Con Edison and also worked in the Pan Am Training Department. The Comptroller comes from the City Department of Employment. There, she helped develop fiscal systems and provided technical assistance to OJT and training contractors. The Director of Youth Programs worked for Mutual of New York prior to helping develop a highly successful Board of Education counselling and vocational service for Bronx youth. The entire 28-member staff reflects a similarly high level of competence. (A staff of seventy is projected for 1980, when federal funds are allocated.)

PILOT PROGRAMS: RESEARCH AND DEVELOPMENT A MAJOR PRIORITY

Ted Small and his staff work directly with employers to assess their employment and training needs. During the pilot phase, they developed a variety of small programs with available funds to serve as prototypes for expanded Title VII activities.

In the first nine months agreements for training and hiring have been received from 67 companies, both large and small. Four hundred CETA clients have been placed to date; this will expand to 700 by the end of 1979. (In 1980 when federal Title VII funds are committed; PIC will serve more than 5000 CETA clients.)

Programs focus on four priority categories:

(1) Creating new opportunities for CETA clients in occupations from which they have largely been excluded;

(2) Serving small and medium-sized businesses which need government resources to train and employ workers in skill shortage areas;

(3) Targeting special programs to meet needs of CETA clients who have not been seved effectively in the past (e.g. the handicapped and rehabilitated drug addicts;)

(4) Leveraging economic development with CETA-funded training incentives.

Training efforts are not limited to the Skills Improvement Classroom Training. They include placing individuals in on-the-job training, mainly with small and medium-sized employers. The PIC develops training capability within companies or within industries. Outside training organizations are used only when endorsed by the involved employers. Some other elements to the program are:

YOUTH EMPLOYMENT

The twelve member banks of the New York Clearinghouse are working with PIC on an ongoing program in banking skills which will prepare 200–300 young people for jobs. Training will be directed to skill shortage areas identified by Clearinghouse members, such as tellers, clerk-typists, and computer programmers.

A summer Vocational Exploration Program, a pilot alternative to the troubled public summer jobs program, has placed 450 young people in seven-week work experiences with 80 private employers. This major school-to-work transition program, one of the largest in the U.S., will also provide career information and training in job application and interviewing techniques. Several unions, including the United Auto Workers and Textile Workers, assisted in locating jobs. Con Ed, Young & Rubicam, Equitable Life Assurance Society, New York Life, ADT, Western Electric and the Port Authority are among the companies in which youth are reeciving exposure to work and training.

ON-THE-JOB TRAINING

The Council is directing its on-the-job training marketing efforts to small and medium-sized companies which represent 175,000 of the city's 190,000 employers. Many report backlogs of orders because of shortages of skilled, productive workers. A letter-writing campaign to 6,000 companies on the Dun & Bradstreet list, staff contacts and referrals from the Chamber network, NAB, and more than 20 community groups, generated inquiries from hundreds of small and medium-sized employers. A series of meetings for small businesses in each of the boroughs is another marketing approach.

Early results indicate a larger need for OJT than anticipated. They also uncovered a great deal of fear and suspicion of CETA and government programs in general. However, after six months, the PIC contracted 65 percent of its OJT funds for the year. 325 placements have been made in 52 companies in the first eight months by an eight-person marketing/counselling staff.

Three out of four OJT placements are with companies having less than 150 employees. Usually, one or two employees are placed with a company, but one company took twenty. The Council has received repeat orders from 25 percent of its first 42 employers. One of these repeats is Equitable Bag Company in Queens. The company had never been approached to participate in CETA programs. When contacted by a PIC staff person, the company agreed to hire and train two people and later contracted for four more. PIC helped Equitable design a curriculum, find an EEO-validated aptitude test, screened applicants and completed 95 percent of the paperwork.

The same level of service is being offered to a wide range of companies in every borough. The Castro Convertible Company is training upholsterers. A major architectural firm is training eight people in drafting, for jobs which will pay $10,000. Harper & Row is planning a major program involving a variety of publishing occupations. Other placements are in: auto and body repair, ship chartering, building maintenance, machine operation, warehousing, general production, machine repair, and a broad range of service industries.

In each case, the PIC provided funding and technical support, reduced paperwork and prescreened trainees. Companies are reimbursed for half of the CETA employee's salary for training periods ranging from 12 weeks to six months. Retention rates to date are over 75 percent.

THE BOTTOM LINE: ECONOMIC DEVELOPMENT

Many cities which successfully compete for new production facilities stress not only straight economic incentives (such as tax abatements), but also programs to ensure the availability of a productive work force. New York City, with its large pool of relatively low-wage, potentially productive people, has never used this approach. Now, a major goal of the Private Industry Council is to help the City Office of Economic Development, the Business Marketing Corporation, the New York Chamber of Commerce and Industry and other groups in their economic development efforts by taking this approach.

One new venture is the soon-to-be-built Hunts Point Truck Plaza in the South Bronx which will serve the thousands of trucks and truckers going through New York City each day. When completed, the facility will provide the city's first comprehensive service stop, including fuel, food and mechanical service, lodging, retail shops, etc. Here, PIC allocated CETA funds to supplement other economic development incentives. The first fifty permanent hourly employees of the Hunts Point Truck Plaza will be PIC trainees.

Another dramatic example of how this approach can work is provided by Allomatic Corporation, a chemical manufacturer with several facilities in Nassau County. Allomatic decided to consolidate its plants in Queens and will have its additional manpower needs met in part through a PIC OJT contract for 30 trainees.

THE BIG PAYOFF: $15.3 MILLION IN FEDERAL FUNDS

The decision to use existing CETA money, supplemented by private contributions, to get staff and program underway before federal funds were allocated, has paid off for New York City. When federal Title VII grants were announced for the last quarter of FY 1979 and FY 1980, New York City's exemplary program was targeted for $15.3 million. This will make the NYC Private Industry Council the largest private sector-oriented employment and training program in the nation. Small and his staff now have nine months experience in marketing and implementing pilot programs and have begun to convince employers that subsidized training can answer their need for skilled workers.

When the federal funds are received, the Council will be operating a program roughly four times the size of the original pilot. "The difference," says Small, "is very significant, but I am confident that we can be successful. We have the staff capability, strong support of the City Department of Employment, the Chamber and other business groups . . . and there's a new optimism in the city . . . a willingness of people to get involved."

EMPLOYERS RATE NYC PIC EXPERIENCE/CETA EMPLOYEES

The Rockefeller Brothers Fund financed an independent evaluation by the Polytechnic Institute of New York of the first fifty NYC Private Industry Council on-the-job training contracts. Preliminary reports based on interviews with ten companies were extremely positive. Researchers spoke to the contact person at the company, usually the personnel director or owner, and the first line supervisor responsible for training the individual hired. Following are some of their initial findings:

In general, PIC referrals were found to be of higher quality than those from traditional sources.

Employers found that problems encountered with PIC referrals were no different than with usual hirees.

Several indicated that when a problem arose, the PIC counsellor responded promptly and visited the company. All were satisfied with the resolution whether it involved counselling or termination.

Hiring criteria most important to employers were "positive attitude"—first; "aptitude"—second; and "financial incentive"—third. First line supervisors agreed on the first two but substituted "long term employment" as third in importance. Rating PIC referrals on these criteria, all ten reported the "attitude" better or at least slightly better than people from traditional referral sources. 60 percent of the respondents said the quality of the trainees was beyond their expectations and the other 40 percent said they were about what they expected.

All indicated extreme satisfaction with the PIC staff, with their "quality of professionalism" and the prompt service provided.

All companies intend to continue working with PIC for future manpower needs.

8 out of 10 indicated they would recommend PIC to other employers in their industry. Two said they would not refer since it would "interfere with their competitive advantage."

Following are excerpts from several of the company interviews:

A MACHINE TOOL COMPANY

Desperate for personnel when contacted by PIC, the company was visited by a staff person who "did her best under the pressure." According to the owner, "one trainee was slow, unmotivated and started coming late." Prior to termination, he called PIC and reports, "The PIC counsellor showed up promptly for an appointment, talked with the problem individual, and that employee is still with me and has a changed attitude . . . I'll contact PIC for all my new people."

A LARGE QUASI-PUBLIC AGENCY

Despite three years of prior unsatisfactory CETA experience, the personnel director decided to take another chance and hired eleven building and grounds attendants through PIC. He indicated concern with "cost, employee attitude, and retention," and reported that "all these are being met . . . I'm very satisfied with the PIC staff response—they're client-centered and empathetic and are helping me."

A SMALL BODY REPAIR SHOP

The owner had a negative experience with prior CETA referrals. When called by PIC staff, he found them "smart and concerned." He took a chance and his line supervisor is satisfied. The supervisor reports, "the PIC trainees were good from the beginning . . . they were willing to work, ambitious and punctual. The PIC counsellor stresses punctuality . . . Most kids we hire off the street have a problem but these trainees were clean."

A MAJOR BROKERAGE FIRM

The Personnel Director was referred to PIC by a company officer and hired three clerks. He comments . . . "these trainees would not break into this industry unless a vehicle such as PIC were developed . . . The personal contact was critical . . . We have been taking trainees for four years through private agency sources. . . . We normally have a high turnover on slow-track positions. These people accept slow-track and may cut down our turnover . . . they are well-disciplined, it's a key element." An added advantage in his view is compliance. "The biggest payoff is help with minority recruiting with E.E.O.C. . . . we need to hire from a broad spectrum . . . it's an industry norm, a way of doing business. PIC seems to have worked out well . . . We plan to hire all three trainees for permanent jobs . . . We will continue to work with PIC."

Mr. JAVITS. Our experience in New York City demonstrates that we can engage the private sector in hiring and training the unemployed if we establish the proper mechanisms at the local level and if we provide the appropriate financial inducements. As I pointed out in the Senate during our consideration of the Labor/HEW appropriations bill for fiscal year 1980, when we urged the Senate conferees to take a very hard look at the $325 million included for fiscal year 1980 in the House bill—and which, by the way, the Senate accepted in the end—this new approach can pay enormous dividends in tailoring CETA programs to the needs of local employers.

Title VII gives us a new string for our bow, in moving CETA closer to local labor market conditions and in giving local business a big stake in this federally funded employability development program. Most importantly, however, title VII and the $400 million we have provided for 1979 and 1980 gives the endemic unemployed a new opportunity for career jobs and training.

I hope my colleagues and their staffs will look over our New York experience and see if there are lessons in it for communities in their own States.●

FOREIGN COKE SUPPLY INADEQUATE FOR U.S. NEEDS

● Mr. HEINZ. Mr. President, because of the growing decline in domestic coke production capacity, our Nation's steel industry has been forced to import coke to satisfy the needs of its blast furnaces. In 1978 alone, the 5.7 million tons of coke we imported added a half-billion dollars to our trade deficit. Unless decisive steps are taken now, we can expect these figures to double by the mid-1980's. An amendment that I am offering to the Windfall Profits Tax Act (H.R. 3919) would provide an incentive toward the more timely rehabilitation of decaying coke production facilities by making coke ovens eligible for the alternative energy property investment credit.

What makes the decline in domestic coke production capacity an especially acute problem is that there is some question about whether, in the future, we will be able to import enough coke to meet our needs, even if we are willing to pay the price and further worsen our trade deficit. Imported coke is readily available at the moment, but only because it is not needed abroad. In West Germany, our principal foreign coke supplier, the steel industry is currently operating far below capacity. But should the worldwide demand for steel increase, West German coke producers would be obliged, under Common Market Charter, to accord priority to their domestic customers. The price of coke exported to the United States would rise steeply—that is, if there was any coke left over to be exported. Other nations could not be counted on to make up our coke deficit, since they would be even harder pressed to satisfy their own requirements. We could be faced with the sorry spectacle of an American steel industry forced to remain idle in periods of peak demand, while American steel needs were met by increased quantities of higher priced imported steel products.

Last week, at my request, two sections of a study of the U.S. coke industry prepared by Fordham University's Industrial Economics Research Institute were inserted in the Record. Today I am asking that a third section be printed, in which the inadequacy of our overseas sources of coke is described in detail.

The material follows:

Section 3: Evaluation of Overseas Sources of Coke Supply

The United States has enough coal to last for several centuries, and as Section 1 indicates, a very substantial portion of this is good metallurgical coal for the production of coke. Indeed, the United States has exported and currently is exporting millions of tons of metallurgical coal to other countries for use in their steel industries. As a result, there is no dependence on imports for coal needed to produce coke for the U.S. steel industry. By contrast, the nation's coke industry, beset with a steady erosion of its capacity, has been incapable of supplying domestic requirements. It is indeed an anomalous situation when the United States, which has the worlds largest and richest supply of metallurgical coal, must import substantial quantities of coke to meet the needs of its steel industry. This is particularly unusual when one considers that the United States exported some 30.0 million tons of coking coal last year.

TRENDS IN STEEL OUTPUT AND COKE IMPORTS

At times prior to 1973, small tonnages of coke were imported. In 1972, for example, the United States imported 185 thousand tons of coke, virtually all of which (171 thousand tons) came from Canada. With the steel boom in 1973–1974, there was a dramatic change in this situation. Because the demand for steel rose abruptly, supplies of coke were not adequate to care for blast-furnace requirements. The year 1973 witnessed an all-time record output at the nation's steel and blast furnaces, with the production of 150.8 million tons of steel and 101.0 million tons of pig iron. In that year, the United States imported 1.1 million tons of coke, virtually all of which came from West Germany and Canada, the former country providing 732,000 and the latter 290,000 tons.

The demand level for steel was maintained through 1974; however, production fell by 5.0 million tons, since maintenance and raw-materials problems made it impossible for the industry to operate at full capacity. The principal problem with respect to raw materials was the lack of sufficient coke, and as a result, the industry imported 3.5 million tons in 1974. The leading supplier by far was West Germany with 2.8 million tons.

A number of reasons can be given why the U.S. coke industry was not adequate to its task. Ovens had been driven hard in 1973 to maintain production, and there was need for extensive maintenance and repairs. Further, the environmental protection agencies on the local, state, and federal levels had begun to press hard for emission controls to reduce air pollution. The beginning of rigorous enforcement of these regulations was in 1973, and by 1974 they had a definite impact on coke production.

In 1975, the steel industry experienced a dramatic drop in production, as raw steel output fell by 29.0 million tons and blast furnace output dropped by 16.0 million tons. Coke-oven capacity in the United States was more than adequate to serve the needs of blast furnaces at that production rate. Nevertheless, 1.8 million tons of coke were imported, due principally to contractual commitments and the desire on the part of some plants to stockpile coke in anticipation of a quick revival of iron and steel output. This revival did not materialize to the hoped-for extent, as steel production rose by some 11.0 million tons and pig-iron output by only 7.0 million tons in 1976. Coking capacity was still more than adequate to supply requirements at this rate of production. Imports of coke in 1976 dropped to 1.3 million tons.

The year 1977 was somewhat disappointing, as steel production dropped 3.0 million tons below the 1976 level and blast-furnace output fell by more than 5.0 million tons. In spite of this decline, there was an actual increase in coke imports of about 500,000 tons as they rose to 1.8 million tons. This increase reflected a sharp decline in domestic coke production of almost 5.0 million tons.

In 1978, there was a significant increase in raw steel production, as output rose from the 1977 level of 125.3 million tons to 137.0 million tons. The basic-oxygen process registered an increase of 6.0 million tons, and thus more pig iron was required. This also amounted to an additional 6.0 million tons over the previous year and brought with it a need for added coke supply.

Unfortunately, coke production in the United States, including that for blast-furnace use, has been declining, and the drop between 1977 and 1978, at the time when coke was needed, was quite sharp, falling from 53.5 million to 48.6 million tons. As steelmakers sought to sustain their iron production, coke imports rose in 1978 to an all-time record of 5.7 million tons.

Coke imports were absolutely necessary in 1978, if the industry was to produce enough steel to meet demand. However, it must be recognized that they had their impact on the economy. The 5.7 million tons imported required payments to foreign countries of $408 million; this represented the cost of coke at the point of origin and thus did not include freight and insurance. With these items added, the figure would be closer to $500 million, which constitutes a considerable contribution toward the deficit in the balance of payments.

Imports also carried a high price in the loss of job opportunities. Based on the average manning requirements for a number of coke-oven facilities and their average output of 1.2 tons per man-hour, approximately 3,400 steelworker jobs would have been generated by producing an additional 5.7 million tons of coke in the United States. Further, since virtually all the coke imported was made from overseas coal, it also entailed lost job opportunities for U.S. mine workers. Given prevailing coke-from-coal yields, 5.7 million tons of coke represents approximately 8.0 million tons of metallurgical coal, which would have generated 6,000 additional jobs, based on per ton employment requirements for production workers at the mines and coal washeries, as well as supervisory and maintenance personnel.

The major share of 1978 coke imports (3.973 million tons or 69.4 percent) came from West Germany, with Japan, Argentina, the United Kingdom, Italy, the Netherlands, Canada, and France accounting for significant tonnages, ranging from 93,000 from France to 335,000 from the Netherlands. During the first eight months of 1979, coke imports totaled 2.891 million tons, with some shifts occurring among the countries of import origin. Although West Germany remained the dominant supplier, its share of total imports fell to 59.6 percent or 1.722 million tons. Meanwhile, imports from Japan rose considerably to an 8-month level of 647 thousand tons, more than twice the volume of all of 1978. Indicative of their low operating rates, direct coke sales have been made by Japanese steel companies, including Kawasaki, which contracted for 50 thousand tons with one U.S. steelmaker. Other countries increasing their exports to the United States included France and Belgium, whose 8-month totals reached 225 thousand and 111 thousand tons respectively. Countries reducing their U.S.-bound exports included Italy, the United Kingdom, the Netherlands, and Argentina.

Given the current level of imports, which totaled 504 thousand tons in August, it is certain that 1979 will be the second highest import year in history, with an annual volume exceeding 4.0 million tons. The active steel market in the United States, which allowed our steel industry to operate at about 86 percent of its potential in 1978 and during much of the current year, has not been shared by Japan or Western Europe, where steel output generally has remained at 70 percent to 75 percent of capacity. As a result, coke has been available for export, since it has not been needed at home.

SUPPLY CAPABILITY OF OVERSEAS COKE PRODUCERS

One must raise the question as to whether this coke would be forthcoming if the steel industries of Western Europe and Japan experienced a return to operating rates of 85 percent to 90 percent. This question has particular application to Western Europe, since the European Economic Community (EEC) charter provides that member countries accord priority to their domestic needs in the event of basic material shortages. Accordingly, the sources of U.S. imports must be evaluated in terms of their reliability should there be a significant increase in steel activity in the coke-exporting countries.

The most important source is West Germany, which has been supplying large quantities of coke to the United States since 1973. The other countries have supplied relatively small amounts during the same period, and some have supplied no coke at all for a number of years. Table 14 indicates the imports of coke to the United States by country of origin over the period 1972 to 1978. An examination of the availability of coke in the major exporting countries will serve to indicate their reliability as a supplier to the U.S. steel industry.

COKE SUPPLIES FROM WEST GERMANY

West Germany has been supplying the United States with coke produced from coal in the Ruhr. The existence of coal in this region is in great part responsible for the growth of the German steel industry in its present location. Coal mines and coke plants are located very close to each other; so close, in fact, that in some instances coal is brought from the mine by conveyer belt. In no instance is there need to transport coal more than forty kilometers from the mine to the coke plant.

Most of the coke in the Ruhr area is produced by Ruhrkohle, a company organized in 1968 through the merger of a number of coal and coke properties, many of which belonged to the steel industry. Today this company is one of the largest coal and coke producers in the world. In addition to its numerous coal mines, which produced 69.9 million tons in 1975, Ruhrkohle has a number of coke-producing plants. In 1975, there were 21 such plants with a capacity to produce approximately 24.0 million tons, the largest operation in the Free World.

TABLE 14.—U.S. IMPORTS OF COKE BY COUNTRY OF ORIGIN, 1972–78

[Thousands of net tons]

Country of origin	1978	1977	1976	1975	1974	1973	1972
West Germany	3,973	1,222	891	1,388	2,762	732	
Netherlands	335	74	17	100	63		
Japan	286	9	11	9			
United Kingdom	235	19		48	383	9	
Argentina	233	30	21				
Italy	211	174		43	8	32	
Canada	131	120	134	148	195	290	171
France	93	152	113		2		
Australia	59						
Norway	50				56		
Belgium-Luxembourg	40	18	112	4			
South Africa	36		12	59	34		
Sweden	27	11		4			
Austria	13						
U.S.S.R.					29		
Czechoslovakia						12	
New Zealand					8		
Hungary						3	
Others				16			14
Total	5,722	1,829	1,311	1,819	3,540	1,078	185

Source: U.S. Departments of Commerce and Interior.

Ruhrkohle serves not only the West German steel industry but exports a considerable amount of coke to other countries in Western Europe and recently to the United States. Of the almost 4.0 million tons the United States received from West Germany in 1978, Ruhrkohle accounted for 2.2 million tons.

Since 1976, there has been a reduction in the number of Ruhrkohle's coke plants from 21 to 14, with a corresponding reduction in capacity of about 5.0 million tons. Thus, current capacity is in the area of 18.0 million to 19.0 million tons, spread over its 14 plants. Capacities range from 2.9 million tons at its largest plant, Zollverein Bergwerks, where there are 10 batteries and 304 ovens, to 630,000 tons at its Heinrich Robert plant, which has five batteries and 118 ovens. The plants have been well maintained and produce efficiently. Their average age is 12 to 15 years, although some are as old as 28 to 30 years. One of the most modern plants is Osterfeld which has two new batteries built in 1973 with 96 ovens an a total capacity of 1.57 million tons per year.

Ruhrkohle's coke sales during the past five years have declined somewhat as its capacity has been reduced and the West German steel industry's production dropped. Table 15 lists its sales from 1973 to 1978.

Because of a policy of maintaining employment, coal is mined and coke is produced and stockpiled when there is insufficient demand to take the full output. Stockpiles have varied in size over the years; the stockpiled tonnage at the end of each year since 1976 is shown in the compilation below.

TABLE 15.—SALES OF COKE BY RUHRKOHLE: 1973–78

[Millions of tons]

	1973	1974	1975	1976	1977	1978
Iron and steel industry:						
Federal Republic of Germany	12.4	14.8	8.5	8.5	7.7	8.3
Rest of EEC	3.9	4.6	3.2	2.5	1.5	.6
Other countries	1.9	3.1	.7	.9	1.4	3.1
Total	18.2	22.5	12.4	11.9	10.6	12.0
Other consumers:						
Federal Republic of Germany	3.7	4.1	3.0	2.7	2.3	2.0
Rest of EEC	.3	.3	.2	.2	.2	.2
Other countries	.5	.8	.5	.5	.6	.5
Total	4.5	5.2	3.7	3.4	3.1	2.7
Grand total	22.7	27.7	16.1	15.3	13.7	14.7

Year-end	*Tons stockpiled (millions)*
1976	8.7
1977	10.8
1978	9.8

By July of 1979, the stockpile had dwindled to 6.2 million tons, of which approximately 4.0 million tons were blast-furnace coke. In June of 1979, the stockpile had been reduced by 770,000 tons.

Ruhrkohle's daily production is 40,000 to 41,000 tons of coke. This constitutes 54 percent of total West German output. In addition to Ruhrkohle, there are two other companies producing coke for sale; one, Eschweiler Bergewerks-Verein, controlled by Arbed, produces 11.7 percent of total West German output, while the other, Saarbergwerke produces some 5.8 percent. The three coke producers provide for 70.8 percent of West German production. Most of the remainder comes from the steel companies, with a small amount, some 3 percent from gas cokeries.

The West German steel industry will produce about 48.5 million tons of raw steel in 1979. This is considerably below its record output of 58.4 million tons in 1974. Further, the other Western European countries to which Ruhrkohle shipped coke in 1978 have been operating considerably below their capacities.

The question must be posed as to whether or not Ruhrkohle could satisfy a large export demand, if West Germany's steel production rose to over 55 million tons per year in the future, particularly since the company has 5.0 million tons less capacity than it had in 1974.

No doubt, long-term contractual agreements would be honored; however, on a short-term or spot basis, it is extremely doubtful that large quantities of coke could be produced from West Germany in the event that steel production in Western Europe undergoes continuing improvement. The other coke producers in West Germany are much smaller than Ruhrkohle and, consequently, because of their size and commitments, would probably not be significant suppliers to the United States in the event of a steel recovery. EBV is controlled by Arbed and supplies a large part of its needs. Thus, it seems the only possibility to obtain large quantities of coke from West Germany would be on the basis of long-term contracts with the largest producers.

OTHER OVERSEAS COKE SUPPLIERS

In addition to West Germany, as Table 14 indicates, there were five other countries that exported more than 200,000 tons to the United States in 1978. There were significant amounts; however, by comparison with the West German tonnage, they were small. The two largest exporters were the Netherlands with 335,000 tons and Japan with 286,000. The Netherlands tonnage was in part a trans-shipment from other countries in Western Europe, since the two production sources; viz., Hoogovens Ljmuiden BV and NSM, a producer in Southern Holland, would not have been able to ship 335,000 tons to the United States. Hoogovens was short of coke in 1978, and NSM does not have enough capacity to ship 335,000 tons to the United States. Consequently, the coke had to come through the Netherlands from another country. The amount which could originate in the Netherlands is considerably short of 335,000 tons, perhaps less than 100,000 tons.

The Japanese, on the other hand, have a tremendous coke production capability, both in their steel industry and outside of the industry. The two companies producing coke outside the steel industry are: Mitsubishi and Mitsui Koza. Mitsui Koza has one plant located near the Yawata Works and directs its 2.8 million tons of capacity principally to the Yawata Works of Nippon Steel. With the recent recession, shipments to Nippon have been cut back, and coke has been available for sale.

Mitsubishi Chemical has a capacity to produce 5.8 million tons of coke located in three plants. The largest is the Sakaide Works located on the seacoast near Osaka. This has a capacity to produce 3.9 million tons per year and because of its location can readily ship coke by water to any of the Japanese blast furnace operations. Its second plant, Kurosahi Works, has a capacity for 1.7 million tons and is located near the Yawata Steel Works of Nippon. However, this serves the Kokura Works of Sumitomo. This plant has blast furnaces but no coke ovens. The third plant, Onahama, is a small operation with 600,000 tons of capacity. In December of 1978, Kawasaki Steel made a contract to ship 50,000 tons of its coke to the United States, and Nippon Kokan contracted to ship over 100,000 tons. Both of these contracts were to be fulfilled in 1979.

The Mitsubishi Chemical Company, although it has a large capacity, has approximately 80 percent committed to integrated steel plants in Japan, and much of the remainder is shipped to foundries and other industries.

If the Japanese steel industry increases its rate of operations from the current 70 percent to 85 percent or 90 percent, it is extremely doubtful that any coke would be available to American steel producers on a spot or short-term basis. Japan was not a significant supplier to the U.S. market until 1978. As indicated by the import statistics already presented, its shipments in the three prior years averaged about 10,000 tons per year; before that there was no coke from Japan.

Among the other significant suppliers, Italy has three coke producers that are independent of the steel industry. These three operations, Fornecoke, Betrocoke, and Cokitalia, have relatively small capacities ranging from 500,000 to 1.1 million tons. Their usual market is the Mediterranean area, including North Africa and Southern Europe.

In the United Kingdom, in addition to British Steel Corporation, the National Coal Board has a considerable capacity to produce coke. It operates 12 coke-oven plants; four of these are exclusively on blast-furnace coke, three on foundry coke, and one on domestic and industrial coke. The other four produce combinations of furnace, foundry, and domestic and industrial coke. Because of the combinations, it is difficult to assess capacity in furnace coke versus foundry coke. A good estimate would put the furnace coke capability at 2.3 million tons, with foundry coke at 600,000 tons, and domestic and industrial coke at 700,000 tons.

Capacity for furnace coke will remain stable through 1981, while foundry coke declines and domestic and industrial coke is phased out. From 1982 to 1985, there will be a gradual drop in furnace coke capacity to 1.8 million tons. In 1986, it will drop drastically to 1.1 million tons. Foundry coke capacity is projected at 525,000 tons from 1981 to 1989.

Currently, the British Steel Corporation purchases almost 1.0 million tons of blast-furnace coke from the National Coal Board. Another one of its principal markets is Scandinavia, and in the past, tonnages have been shipped to the United States, but on a fluctuating basis. For example, in 1978, as the import table indicates, 235,000 tons were shipped. However, in the first six months of 1979, there are no recorded shipments from the United Kingdom.

The projected decline of capacity in the United Kingdom by 1986 goes a long way to ruling it out as a long-run source of coke supply of any significant tonnage for the American market.

France has been a limited source of supply in the last three years; however, in the first six months of 1979, it has increased its exports to the United States to a figure above that for the entire year of 1978.

It is doubtful whether any of the foregoing countries could supply coke to the United States in the case of a recovery in steel-industry demand within their borders. Thus, one is forced to conclude that in a period of high activity for the world steel industry, the United States cannot depend on sizable imports of coke from any country, with the possible exception of West Germany.●

SOVIET FORGERIES AND SALT

● Mr. HUMPHREY. Mr. President, as the Nation considers SALT II, it is only natural that as part of the process we try to fathom Soviet sincerity. There certainly can be no argument over the charge that in the past, the Russians have often resorted to deception and deceit in their dealings with the Western nations. Therefore, it is fitting we not rely exclusively on Soviet words, but examine their actions, as well.

In this context, Mr. President, Members may be disturbed by two unclassified U.S. Government publications which focus on a long history of forgeries of U.S. documents by the Soviet Union.

Since World War II, the Soviets have forged between 100 and 200 U.S. documents, including diplomatic cables, military manuals, and letters and speeches by American officials. If the Soviets have been involved in forgeries for many years, why should these activities merit our attention today? For two reasons, Mr. President.

First, the incidence of Soviet forgeries is on the increase. Between 1957 and 1965, there were 50 cases of significant Soviet forgeries of American documents. Between 1965 and 1972, Soviet activity declined slightly. At the height of the spirit of détente, between the years 1972 and 1976, there were no significant Soviet forgeries detected. However, since then there have been as many as half a dozen significant forgeries per year. Clearly, the Soviets are up to their old tricks again.

Second, Mr. President, the Soviets have for the first time begun to forge documents related to the offices of President and Vice President of the United States. Evidently, no longer worried about disrupting détente and perhaps convinced the United States is a helpless giant, the Soviet forgers have begun operating in an entirely new league.

I shall submit for the RECORD, Mr. President, excerpts from two U.S. official publications which dwell on the matter I have raised today. In addition, I wish to include two examples of Soviet forgeries. The first forgery is a speech purportedly delivered by President Carter on the subject of NATO's southern flank. The second is purported to be an interview with Vice President WALTER MONDALE. These Soviet forgeries were designed to spread misinformation about the United States. The forged Carter speech was intended to create discord between the

United States and our Greek allies in NATO. The forged Mondale interview was intended to insult both Israel and Egypt and to disrupt the rapprochement between those nations.

These forged documents, Mr. President, are significant because they represent the very first attempts by the Russians to involve the offices of the American Vice President and President in Soviet campaigns of misinformation.

Mr. President, our Government has strong evidence that these forgeries are products of the Soviet KGB, and that they were deliberately authorized by the Soviet Politburo. President Brezhnev almost certainly was aware of and approved of the forgeries. In any case, they were authorized by Soviet officials at the highest levels.

I am informed, Mr. President, that the United States has never formally protested the Soviet campaign of forgery. No doubt our timidity and forbearance stem from our wish not to disturb the mood of détente.

Mr. President, despite our decade-long self-delusion about the motives of the Russians, the ugly facts of Soviet deception and deceit are coming clearly into focus in such a way that not even the most optimistic and gullible Pollyanna among us can ignore them. The brutal and unprincipled Communist regime which rules the Soviet Union is out to undermine the Western Alliance and to extend Communist hegemony and indeed, conquest just as far as the inattention and self-delusion of the West will permit.

Clearly, Mr. President, deceitful Soviet deeds do not match the soothing words of peace and thrust which flow from Moscow. As we prepare to pass judgment on SALT II, Mr. President, let us go beyond the words of the treaty. Let us make a careful evaluation of Soviet intentions. Let us give sober thought to past Communist perfidy. Examination of Soviet deeds leads to the conclusion that Soviet words can be as misleading and phony as the forged U.S. documents turned out by the KGB.

The material follows:

[American Perspective, United States Information Service, Athens, September 29, 1977]

President Carter on NATO'S Southern Flank

(Official text)

(Note: This is a Soviet forgery.)

After the signing of the base agreement between the United States and Greece, President Carter commented on several additional problems concerning this area:

The U.S. administration has undertaken a number of steps in order to justly and successfully resolve issues between allies on the southern flank of NATO, and to strengthen the alliance against the danger threatening the Free World in the face of the steadily increasing attempts of Warsaw Pact countries to attain military superiority over the West.

Both parties concerned—Greece and Turkey—must realize that it is their duty to whole-heartedly support these afforts of the United States since resolving this issue is their own concern as well.

The agreement on U.S. bases in Greece signed early in August must be viewed as the first step Greece had to take in an effort to improve its relations to the West. A further step, and the earlier taken the better, must be Greece's full return to NATO and making ensuing provisions. I disagree with statements of some prominent Greek politicians indicating that the accord with the U.S. does not mean Greece's rapprochement with NATO. Quite the contrary. For Greece, in much the same way as for the U.S., the interests of the NATO alliance must be the first and foremost consideration.

I would like to point out that NATO members have the obligation to fulfill their political and military commitments connected with NATO operations, not only in case of a direct communist aggression but also at the time of peace. This also pertains to Greece, which plays a specific role in the defense plans of the alliance, and such commitments are mandatory even for the Greek government.

During the recent NATO Council meeting in May, the necessity for increased efficiency and modernization of the NATO alliance were considered. The overwhelming majority of NATO members comprehended this necessity and agreed to increase their financial appropriations for this program. In this connection it is essential to emphasize that, in certain instances and if the situation demands the potential weakening of the alliance, the U.S. and other NATO countries are entitled to require from all members to fulfill their commitments even if they may not seem to be consonant with the program of the government concerned, and this applies to all countries without exception, including Greece.

We are aware that in recent years the policy of the United States and NATO has become the target of unwarranted criticism by several Greek political leaders, and certain walks of the population including the younger generation. I want to re-emphasize that this criticism is unwarranted and stems from purely individual and nationalist viewpoints. The Greek government as well as the Greek people should realize that the policy of the United States, based upon the moral principles of the Free World, will never harm the intrests of its faithful allies. This policy must, however, be uncompromisingly-principal and ensure the protection of the interests of the Free World even at the cost of sacrifices and risks involved. If Greece desires to continue to enjoy the advantages and protection of the United States, it must be prepared to make these sacrifices.

I would like to point out that last July, 3 years had elasped since the beginning of a period of Greece's abnormal relations to its western allies and to our country. We and our allies have exhibited much patience in an effort to allow these problems to resolve themselves. For reasons of ensuring mutual security, to continue to wait however, is no longer feasible. It is necessary to be decisive, and I personally believe that at the very earliest the Greek government will take such measures which are our mutual interest.

During my meeting with the Greek Premier in London, I received with deep satisfaction Mr. Caramanlis' assurances that he would do his utmost to resolve the disputes between Greece and Turkey in accordance with the interests of the alliance and the U.S. This would enhance prospects for increased efficiency in the defense of NATO's southern flank, and a firm wall of defense of the Free World would be erected in this area.

[Office of the Press attaché, American Embassy, 2, Avenue Gabriel, Paris, ANJ. 74–00 July 11, 1978]

Vice President Mondale Talks to Karl Douglas: Excerpts

(Note: This is a Soviet forgery.)

Douglas. Mr. Vice President, first of all I want to thank you on behalf of my newspapers' readers for agreeing to see me . . .

Mondale. Not at all, everyone here knows my door is open to all comers. I have time until 4 o'clock.

Q. Then I'll come right to the point. Mr. Vice President, what is your opinion about the trend in American-Soviet relations and the present status of the SALT talks? When may we expect a SALT agreement?

A. I guess you couldn't have found a more difficult question to lead off with, but I will sum up my opinion briefly on this composite question which has such vital importance for the whole world. American-Soviet relationships have deteriorated, in fact declined, during recent months. Soviet and Cuban activities in Africa, the strengthening of the aggressive potential of the Warsaw Pact forces and the stalling of the SALT discussions have created serious tensions in relations between the two countries.

Q. A few months ago it seemed—and President Carter affirmed this several times in public—only certain unimportant points needed to be cleared up before signing the SALT II agreement.

A. Yes, more than once it looked as if all serious *hurdles* had been cleared and it was a matter of days or weeks and SALT II would be signed, yet nothing happened. At the last minute the Soviet Union either made another political move or came up with a new proposal which prevented the signing of the SALT II agreement we all are so anxious to see concluded.

Q. What political moves do you have in mind?

A. Measures of both domestic and foreign policy. Take the activities of the Soviet Union and Cuba in Shaba, or the political trials going on in the Soviet Union, not to speak of the Soviets presenting proposal after proposal while they steadily expand their arsenal of nuclear and conventional weaponry. For example there is the SS–20 ballistics missile which substantially increased the Soviet threat to military and civilian targets. I mention this merely to illustrate one of the many things which conflict with our goals. We are committed to the further reduction of nuclear weapons, to the stricter limitation of updating and new delivery systems, but we cannot do it alone. If the SALT II talks are to be successful the Soviet Union must display the same commitment.

Q. From what you say, you believe the events in Africa are also having a broad negative impact on the SALT II talks . . . ?

A. Yes that is very true. In our opinion the reduction of tensions must not be confined to one or two continents. Not only Europe, but Africa also wants to benefit from reduced tensions, and this is understandable. Present Soviet policy in Africa has nothing in common with this noble goal. When can we expect a SALT II agreement? It is very difficult to give an unequivocal answer at this moment because so much could happen in the interim. In all events one thing is sure, we will not conclude an agreement at any price, we will wait patiently until the Soviet Union comes up with a proposal acceptable to us. Fully aware of the present status of the discussions, I would close the question by saying I have no hopes for a quick solution. I am confident though we will be able to wrap up a SALT II agreement if not in the near future then in the distant future.

Q. I believe that and so do our readers. For long years now the Middle East has contained the danger of confrontation between the United States and the Soviet Union. What do you think on this score now, especially after visiting Israel and Egypt?

A. I think it is going too far to take such a gloomy and pessimistic view of the question since basically the Middle East problem must be solved by the countries directly involved, first of all by Israel and Egypt, and not by us and the Soviet Union. A big step forward was made toward settling the Middle East problem when Sadat recognized he holds one of the keys to it and began discussions with Israel.

Unfortunately, Sadat stopped short on the way to achieving this goal. We are continuing our efforts to get the talks moving again between Israel and Egypt, but to tell the truth—as was emphasized by the talks with Begin and Sadat—I do not consider either Begin or Sadat suitable for the task, especially because as everyone knows Begin has a terminal illness, and all Sadat's energy is pinned down by his domestic worries, and he probably won't be able to stand up long in the face of his internal opposition. So there is good reason to expect shifts in personalities in the two countries involved. Should changes of this nature occur, we would welcome at the head of both countries experienced and unbiased politicians able to pursue a realistic policy and willing to mutually and peacefully settle their differences. This would clear the way for the peaceful settlement of the Middle East problem as a whole.

Q. By realistic politicians whom do you have in mind?

A. You've got me there because at the moment it would be hard to mention a concrete name. Now how should I put it . . . in Egypt maybe it could mean a man like Fahmi.

Q. You mentioned that basically it was not up to the United States to solve the Middle East problem. By that do you imply that the United States should play the role of a passive onlooker?

A. Not at all, I didn't say that. As is clearly apparent, we also have military, political and economic interests in the area so any ideas we have for a settlement will take the interests of the oil producing countries and Israel into consideration.

Q. Therefore, two opposite poles, or to be more precise oil and Israel or the Israeli lobby, play a large part in the United States plan for settlement?

A. That's exactly it.

Q. And to what extent is the process of settlement helped or hindered by America shipping arms to both sides?

A. As to hindering, it does not hinder by any means; in fact I may say it helps, because our reason for sending weapons to both sides is to create a balance in the region which will assure a firm peace.

Q. Asia has traditionally had an important role in U.S. foreign policy in the past. Is that still true today?

A. Yes, of course. Asia continues to play an important part in our foreign policy. I am thinking first of all of Japan and China, but I would not want to give the impression I am belittling the importance of the other countries of Asia to our policy in Asia. We are committed to guaranteeing that this much suffered region will become a symbol of the policy of peaceful coexistence. That is why we are making serious efforts to settle our relationships with Vietnam either this year or early next year. We must, of course, rely basically on Japan and China in achieving our policy in Asia. One major task in this region is to prevent the Soviet Union from starting local wars to build up their influence, like they are doing in Africa. As a matter of fact, that is the guarantee of peace in Asia. China's leaders are of the same opinion and it is no accident we were able to find a common tone. We have common interests in several areas and will have to coordinate many aspects of our policy in the future.

Q. Western Europe is contending with a rise in terrorism. What are your thoughts on terrorism?

A. Yes, the spread of terrorism throughout Western Europe is a serious challenge to its governments. But I have confidence in international cooperation. I feel it is a barrier to this new wave of terrorism.

Q. Many people believe these acts of terrorism are backed by certain intelligence agencies, including the CIA.

A. Rubbish, sheer nonsense. After all, what interest could any country have in its intelligence agency undertaking a risk of that kind. Intelligence agencies do not exist to get some degenerates to kidnap and murder prominent officials.

THE FORGERY OFFENSIVE

DISCUSSION

Background

(NOTE: The following are excerpts from two U.S. official publications analyzing Soviet forgeries.)

An appreciable upsurge of anti-American forgeries has become apparent during the last 24 months. The political purpose of these forgeries, their technical sophistication and intelligence reporting on certain personalities associated with their circulation, all point to the USSR, its various East European allies, and Cuba as being the responsible parties. These forgeries have been surfacing in widely scattered areas of the world—the Western Hemisphere, the Middle East, East Asia and Africa. The Middle East has thus far been the principal target area for recent suspected Soviet forgeries of U.S. documents, with six separate operations having been mounted against, Egypt and specifically President Sadat, between December 1976 and July 1978. Recently, however, Western Europe appears to be emerging as the prime disinformation target area as the Soviets mount various efforts to keep Spain out of NATO, to limit Greece's role in the alliance, to pressure the U.S. into abandoning the Neutron Bomb and to generally frustrate American foreign policy objectives.

Nor do the Soviets and their allies appear to have any significant competitors at present in the art of peddling distorted reality and plausible mistruths using forged documents as the basic vehicle. The Peoples Republic of China is not known to engage in the use of documentary forgeries and the various militant Arab countries—alone or in combination with Fatah or any of the hardline Palestinian splinter groups—simply do not possess the technical sophistication to produce the quality of forgery being encountered. Indeed, the forged travel documentation being used by Palestinian extremists is generally of such low quality that only lack of information about what actual documents look like or sheer inattention on the part of passport examiners accounts for their frequently successful use.

For the Soviets, employment of forged documents is a basic tool in the implementation of foreign policy. Such deception serves the purpose of raising doubts in the minds of those at whom the forgery is aimed, making them more receptive to Soviet policies and points of view. Over the years, a steady stream of such forgeries has been produced by Soviet-controlled sources in East Germany and Czechoslovakia but until recently most were unprofessional and quickly identified. However, a dozen or so such forgeries produced in the last two years, despite certain shortcomings, have been expert enough to be accepted at face value in target countries, resulting in confusion and some damage to U.S. interests.

The Soviet methodology in the production of forged documents tends to follow certain patterns and relies on techniques which have succeeded in the past. As a result, Soviet forgeries tend to be somewhat stereotyped. The typical Soviet document usually involves a cover alleged to have been written by an anonymous citizen acting out of righteous indignation or concern for the truth. Such typed or handwritten letters are usually unsigned or merely initialed and include editorial remarks which moralize over the principal allegations that the accompanying forgery is designed to impart. The covering letter accompanying the forgery is most often delivered by mail or placed in some conspicuous location where the recipient is certain to find it. The forged document itself is almost invariably a xerox or photocopy produced so as to give a legible but somewhat blurred or indistinct appearance in order to make technical analysis as difficult as possible. Soviet forgeries usually contain frequent errors in the use of English language idiom, spelling and document format. The adverse affect of such shortcomings, however, is minimized when the documents is surfaced by a left-wing or Communist-oriented publication that lacks the will or the means to properly authenticate it.

Most forgeries contain enough errors so that their bogus nature can ultimately be demonstrated after detailed analysis. However, documenting the identity of the nation perpetrating the forgery invariably is much more difficult. It is often possible to show that a given forgery is designed to manipulate public opinion in a fashion which could only benefit the Soviets or their allies. The intended impact of a forgery may even be so consistent with ongoing overt Soviet propaganda efforts as to be almost transparently obvious but, nonetheless, such comparisons do not yield incontrovertible proof. For this reason, like old soldiers, good forgeries also never die; they simply surface again and again in different parts of the world, frequently doing as much or more damage during their various reincarnations as was done originally. This holds true even of those forgeries whose fraudulent nature has been clearly demonstrated and publicized in the country where first surfaced.

The Denholm Example

The so-called Denholm forgeries are a case in point and demonstrate the way in which an old forgery lives on and on. In September 1966, a half-tone photograph of a forged Department of the Army Short Range Intelligence Needs (DASRIAN) Form bearing the forged signature of COL Charles J. Denholm appeared in two Beirut newspapers. The forgery alleged CIA attempts to recruit GEN Mohammed Oufkir, then Director General of the Moroccan National Security Organization. In November 1970, another variant of the Denholm forgery surfaced when a half-tone photograph of a forged U.S. Army Assistant Chief of Staff for Intelligence letter dated 1959 appeared in Haolam Hazeh, a leftwing weekly in Tel Aviv, Israel. The forgery bore the bogus signature of COL Denholm and alleged CIA and British MI–6 attempts to recruit Moshe Dayan. Then, early in 1978 the Denholm forgeries were resurrected and surfaced in the English press. This most recent use of the forged documents was still effective and damaging despite the fact that the forgeries contained a number of inaccuracies, involved poor simulation of the handwriting of COL Denholm, and had been publicly identified by COL Ladislav Bittmann, former Deputy Chief of Czech Disinformation, as the work of Czech intelligence.

Airgram A–8950 Forgery

Soviet intentions to damage U.S. relations with NATO and SEATO powers would appear to have been manifest in three forgeries which surfaced in Europe during 1976–1978. The first of these involved an altered version of a genuine State Department document, Airgram A–8950, dated 3 December 1974. Whereas the original A–8950 was simply a statement of economic, financial and commercial information requirements worldwide for fiscal year 1975, in the altered version, recipients were instructed to collect information on ways to bribe European officials and to develop other covert means by which to damage or eliminate foreign trade competition. The forgery evidently sought to exploit the damage already done to the U.S. image following revelations concerning bribery practices by U.S. businesses abroad. The covering letter to which the altered airgram was attached reinforced the disinformation message by specifically directing the reader's attention to the ostensible CIA-State Department instructions to engage in espionage primarily against U.S. allies in NATO. On 7 Nov 76, the London Sunday Times picked up the allegations but identified them as being based on a forgery. Subsequently, the Soviet news agency TASS reported the Times article but omitted any mention of the bogus nature of the airgram, thus extracting additional mileage from the deception.

DISCUSSION

BACKGROUND

In December 1978, DIA published Counterintelligence Memorandum (CIM) 2–78, Perspectives in Counterintelligence: The Forgery Offensive (U) to heighten DOD community awareness of the increased incidence of forgeries thought to be emanating from Soviet-controlled sources. The purpose of the CIM was to alert DOD recipients of the need for caution and circumspection when responding to public queries concerning newly surfaced documents containing information apparently inimicable to U.S. interests. Additionally, the CIM advised its readers to inform the DIA Counterintelligence Division (RSS–1) immediately when suspect materials surface in foreign press accounts or in document form.

SOVIET METHODOLOGY

The Soviet Union has continually employed forged documents to implement foreign policy, support political objectives, and to lend substance, credibility, and authenticity to their propaganda claims. Although such forged documents frequently contain errors in fact and format which make them easy to identify for what they are, some have been accepted at face value by unsuspecting government officials and the foreign press readership. This results in increased tensions, instability, and confusion, particularly in the Third World.

Soviet forgery technique seems to follow fairly well established patterns. The appearance of a forgery in one area—whether successful or not—usually presages its use elsewhere in the near term. Whenever such appearances capture a receptive public, the Soviet intelligence services follow up by initiating a wide propaganda effort to enhance their impact and gain maximum possible replay in the public press of nearby countries. This orchestrated effort frequently employs the communication apparatus of various communist states together with Soviet media assets and agents of influence as part of a well developed broadly based-effort.

Consequently, it is essential that the U.S. Intelligence Community identify suspected Soviet forgeries as soon as possible. Then they may be subjected to technical analysis and their fraudulent nature exposed. In addition, DOD representatives must avoid damaging comments when questioned about suspect documents—such as the bogus FM 30-31B described in CIM 2–78—to avoid giving the appearance of authenticity in what later proves to be an absolute forgery. In order to keep the DOD community fully apprised concerning the most recent suspected Soviet forgeries involving purported DOD documents, CIM 2–78 and this study have been prepared.

THE DIA COLLECTION REQUIREMENT FORGERY

This forgery surfaced in early 1978 when intelligence reporting indicated that the leftist Greek language newspaper To Vima in Athens was in possession of a copy of what purported to be an American intelligence collection requirement. Titled "Anti-U.S. Activities and their Sponsors in Western Europe (U)," it appeared on DD Form 1365 with attachments. Since To Vima was the same newspaper that originally printed portions of a compromised DIA document which was not a forgery but had fallen into the hands of the newspaper through an alleged leak in Washington, the placement of the forgery with To Vima was particularly opportune and subtle.

Elits forgery number two

Three months later, the signature of Ambassador Elits was again forged, this time to a bogus "TOP SECRET" U.S. State Department "operations memorandum" attacking President Sadat for his lack of leadership, foresight and political acuity. The final paragraph of the forgery included a statement that the CIA Station Chief in Cairo shared the Ambassador's assessment of Sadat. Ten Egyptian newspapers and magazines received photocopies of the forgery by mail. There was no covering letter but the language and style of the document suggested that its writer was not a native American. The thrust and political impact of both this and the preceding Elits forgery certainly suggested Soviet implication.

The Tehran dispatch

In August 1977, a forged dispatch from the American Embassy in Tehran arrived by mail at the Egyptian Embassy in Belgrade together with a covering letter. The photocopied forgery suggested that Iran and Saudi Arabia were plotting the overthrow of Sadat with the U.S. Government looking on from a noncommittal stance. The forwarding letter went ever further, warning of a rather implausible Israeli/Saudi/Iranian master plan to overthrow Sadat and of American schemes to install conservative governments throughout the Middle East. In addition to its rather wild allegations, the forgery suffered from numerous mistakes in format, spelling, titles and language usage.

Mondale forgery

In July 1978, xerox copies of a forged American Embassy press release describing a bogus interview between Vice President Mondale and a fictitious personality called "Karl Douglas" were mailed to Paris-based correspondents of various newspapers and news services. The phony interview quoted Mondale as saying that he did not consider either Begin or Sadat suitable for the task of conducting negotiations at Camp David, that "everyone knows" that Begin was suffering from a "terminal illness" and that Sadat was not master of his own political house. However, from a technical standpoint the forgery left much to be desired, containing as it did misspellings, typographical errors and grammatical constructions unlikely to be used by the Vice President or any other educated American.●

● Mr. GARN. Mr. President, information has recently come to my attention that has a bearing on the conduct of the policy of the United States. It involves the increasing level of political warfare and "dirty tricks" that is being waged against the United States by the Soviet Union.

The Soviet program of political warfare and covert action is waged very effectively by the Soviet KGB, which has over 10 times the manpower of the U.S. CIA. The Soviets organized major international campaigns against the United States and our interests, directed at the highest level of the Soviet Government—the Politburo.

The forgery of Western documents is an old technique of the Soviet secret police. However, for the first time the Soviet Union is engaged in a systematic campaign of forging statements by U.S. officials up to and including statements made by the Vice President and President of the United States. Even at the height of the cold war period the Soviets had never done this.

The Soviet campaign of political forgery has accelerated significantly since 1977. In addition to the forgery of Presidential documents they have forged a document purporting to be a letter from the Secretary General of NATO as part of their campaign to stop the neutron bomb. Their forgery of a speech by President Carter was intended to disrupt U.S. relations with Greece, and their forgery of a press release by the U.S. Embassy in Paris, containing what was supposedly an interview with Vice President MONDALE, was aimed at disrupting the Middle East peace talks.

The problem of Soviet forgery of American documents is getting increasingly severe. The technical quality of the forgeries is dramatically improving. The number of forgeries per year is increasing. They are causing severe diplomatic problems for the United States, and the U.S. Government is doing absolutely nothing about this. Apparently, high officials of the National Security Council staff are concerned that U.S. governmental exposure of this insidious Soviet practice would reduce the chances for the ratification of SALT II by the U.S. Senate. That certainly should be no basis for failing to expose these propaganda tactics of the Soviet Union.

The Senator from New Hampshire (Mr. HUMPHREY) has placed in the RECORD copies of some of the forged documents I have referred to. I encourage my colleagues to review this material and become aware of these efforts of the Soviets to misrepresent the official position of the United States.●

REORGANIZATION OF THE ROCK ISLAND AND MILWAUKEE RAILROADS

● Mr. CULVER. Mr. President, this has been a year of crisis and confusion for Midwestern railroads. The Rock Island Railroad—Iowa's second-largest carrier—is currently under a directed service order, and the Milwaukee Railroad—our third-largest carrier—has resumed operation only after the enactment of emergency legislation earlier this month.

Our No. 1 transportation priority must be to assure the reestablishment of permanent, efficient service along the essential lines of these two carriers as quickly as possible. Last month, the Interstate Commerce Commission held a series of hearings in Iowa and throughout the Midwest on the future of directed service for the Rock Island Railroad. In testimony submitted at these hearings, I urged the ICC to extend directed service for the maximum 240-day period and expedite its procedures so that, in the event of the liquidation, resale or reorganization of the line, permanent service can be reinstituted as quickly as possible.

I am pleased that the emergency railroad legislation enacted by Congress does contain provisions to assure the rapid reorganization of the Rock Island and Milwaukee Railroads. Iowa's agricultural and manufacturing economy is vitally dependent on a safe, sound railroad system. and we must devote our immediate attention to assuring that the essential lines of the Rock Island and the Milwaukee are maintained and that innovative, long-term solutions to the larger railroad crisis be developed now.

Mr. President, I ask that my testimony before the Interstate Commerce Commission be printed in the RECORD.

The testimony follows:

STATEMENT OF SENATOR JOHN CULVER

I want to commend the Commission for the series of hearings it is holding in the Quad Cities, and elsewhere in Iowa and the Midwest, on the future of directed service for the Rock Island Railroad. This service is critically important to the manufacturing and the agricultural economies of our state and nation. The individuals who will testify this morning will give the Commission valuable information concerning the adequacy of the directed service to date, suggestions on how service can be improved, and the identity of important segments of the Rock Island which warrant the continuation of directed service for the maximum 240-day period. I urge the Commission to weigh their views carefully and give them the fullest possible consideration.

It is unnecessary to recount the recent history of the Rock Island in great detail. Its economic condition has created a "vicious circle" of deferred maintenance, poor rail service, greater operating losses, lower revenues and unmet payrolls, which, in turn, result in even more inadequate rail service. The losers in this downward spiral are the farmers, shippers, employees and consumers who rely on the Rock Island. The Rock's economic condition has also exacerbated the already serious disruptions in the Midwest transportation system. This system has already been shaken by a long-standing boxcar shortage, inadequate grain storage facilities, and the prospective collapse of the Milwaukee Railroad. Given these conditions, the Commission's decision to order directed service for the Rock Island was necessary and inevitable.

The initial directed service order mandated operation of all of Iowa's major grain routes, including the north-south route through Mason City and Des Moines to Kansas City, and the east-west route through the Quad Cities, Iowa City, Newton, Des Moines and Council Bluffs. These routes—and all other major routes currently being operated along the Rock Island's 1700 miles of Iowa track—should be continued for the full 240-day directed service period.

In addition to maintaining service for the maximum eight months, however, the Commission must give serious thought to the Midwestern railroad picture after the 240 days expire. Directed service is, of course, only an interim measure or bridge to span the period until efficient, responsible, permanent service can be provided to those who currently depend on the Rock Island.

Whether the Rock Island is reduced to a smaller, Iowa-centered "core" system, or purchased by other carriers, it is essential that the Commission expedite its procedures and timetables so that permanent service can be re-established as quickly as possible. The people of Iowa and the Midwest cannot afford the luxury of a protracted, interminable sale or reorganization of the Rock Island. The 240-day directed service period must be used to plan and, in so far as it is possible, implement permanent service along the essential lines of the current Rock Island system. Such service must be efficient, competitive, and able to meet the needs of farmers, manufacturers and shippers who have for too long coped with uncertain and unreliable service.

At the same time, it is important that adequate protection is created for Rock Island employees whose jobs and seniority are threatened.

It is certainly good news that Rock Island management and unions recently reached voluntary settlement on contract terms in the event the Rock Island resumes independent operation. But more may be needed.

Legislation currently pending before Congress specifies certain benefits—including supplemental unemployment, retraining, and relocation expenses—that would help get personnel back to work in the event of the liquidation of the Milwaukee Railroad. Similar benefits should be available to employees of the Rock Island Railroad, both as a matter of equity and fairness, and in order to minimize complications which might delay the resale or reorganization of the system.

Finally, we must, in the long run, make a commitment to revitalize the railroads; to repair track; to build improved and efficient switching yards; and to purchase more and better equipment. Rebuilding our railroad system will be a difficult and expensive task, but it is essential. Government and the private sector must work together to assure a sound and vital midwestern transportation system.●

THE PROPOSED SENATE RULES CHANGES—TRIBUTE TO DR. FLOYD M. RIDDICK

● Mr. McCLURE. Mr. President, in 1976, the Senate charged the Rules Committee to revise and modernize the Rules of the Senate without making substantive changes and to incorporate in them related provisions scattered throughout the United States Code. The intricate task was completed this year, and the resolution was voted out of the Rules Committee earlier this month.

The Senate will shortly consider Senate Resolution 274. But I do not want to wait until it comes to the floor to extend my congratulations to Dr. Floyd M. Riddick, the parliamentary genius behind the drafting of the measure.

Senators have benefited from Dr. Riddick's procedural knowledge since he first joined the Senate staff over 30 years ago, and it is a source of great pleasure to me that, although he has retired from the position of Parliamentarian he executed with such skill for decades, his expertise is still available to Members of the Senate. I cannot think of anyone who could have carried out so well the task of integrating the many provisions relating to the Senate which are now scattered through unrelated documents. It was a project requiring both consummate expertise and unfailing attention to detail, and Dr. Riddick has accomplished it superbly.

I support the final product enthusiastically, and I hope all other Senators will similarly endorse it. Reform was badly needed to bring coherence to the mishmash of regulations affecting Senate procedure. The new draft of the rules makes no substantive changes; it represents instead a compilation of the rules which is far clearer than anything the Senate has had since the 19th century. This will facilitate the assimilation of the rules by incoming Senators, and quite possibly lead to renewed use of provisions and rediscovery of individual rights which may have been overlooked because of the lack of a single reference source.

I hope that the Senate, after adopting this very necessary resolution, will carry the matter one step further. There are two elements which determine floor procedure; one is certainly the rules themselves, and the other, equally important component, is the precedents. Just as the rules were badly in need of recodification at the time such a project was begun in 1976, the lack of any official codification whatsoever of precedents creates a vacuum frequently leading to uncertainty. I hope that the Rules Committee, which so insightfully identified the need for rules reform, will also recognize the need for codification of precedents and take appropriate steps.

I urge all Senators to support Senate Resolution 274 when it is considered on the floor. It represents constructive, useful reform, and will enhance the operations of this body.●

ORDER FOR RECESS UNTIL 9:30 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until 9:30 a.m. tomorrow.

The PRESIDING OFFICER. Is there objection. If not, without objection it is so ordered.

ORDER FOR REDUCTION OF TIME ALLOCATED TO LEADERS UNDER THE STANDING ORDER

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent, if the distinguished minority leader agrees with it, that the time of the two leaders or their designees be limited to 5 minutes each on tomorrow.

Mr. BAKER. Mr. President, I am agreeable to that.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I thank the distinguished minority leader.

ORDER FOR RECOGNITION OF SENATOR PRYOR ON TOMORROW AND TO RESUME CONSIDERATION OF S. 1724

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that following the orders for the recognition of the leaders on tomorrow, Mr. PRYOR be recognized for not to exceed 15 minutes, after which the Senate then resume consideration of the pending business.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 9:30 A.M. TOMORROW

Mr. MATSUNAGA. Mr. President, if there be no further business to come before the Senate, I move in accordance with the previous order, that the Senate stand in recess until the hour of 9:30 a.m. tomorrow.

The motion was agreed to and, at 6:16 p.m., the Senate recessed until tomorrow, November 14, 1979, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate November 13, 1979:

DEPARTMENT OF TRANSPORTATION

Theodore Compton Lutz, of Virginia, to be Urban Mass Transportation Administrator, vice Richard Stephen Page, resigned.

SUPERIOR COURT OF THE DISTRICT OF COLUMBIA

Iraline Green Barnes, of the District of Columbia, to be an associate judge of the Superior Court of the District of Columbia for a term of 15 years, vice W. Byron Sorrell, retired.

HOUSE OF REPRESENTATIVES—*Tuesday, November 13, 1979*

The House met at 12 o'clock noon.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Let not your hearts be troubled, neither let them be afraid.—John 15: 27b.

Gracious Lord, out of the depths of our hearts we call upon You to hear our prayers and support us with Your spirit. By ourselves we are fearful and realize our limitations. Yet, O Lord, You can calm our anxiety and apprehension and give us assurance for the future. Where we are fainthearted, give us Your strength, and where we are troubled, remind us of Your eternal promise that You are with us and will sustain us, now and evermore, even to the ends of the world. In Your name, we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H.J. Res. 68. Joint resolution to authorize the President to issue a proclamation designating the week beginning on November 18, 1979, as "National Family Week."

The message also announced that the Senate agrees to the amendment of the House to the amendment of the Senate to a bill of the House of the following title:

H.R. 4955. An act to authorize additional appropriations for migration and refugee assistance for the fiscal years 1980 and 1981 and to authorize humanitarian assistance for the victims of the famine in Cambodia.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3354) entitled "An act to authorize appropriations for fiscal year 1980 for conservation, exploration, development, and use of naval petroleum reserves and naval oil shale reserves, and for other purposes."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 239) entitled "An act to authorize appropriations for programs under the Domestic Volunteer Service Act of 1973, to amend such act to facilitate the improvement of programs carried out thereunder, and for other purposes."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1037) entitled "An act to establish an actuarially sound basis for financing retirement benefits for police officers, fire fighters, teachers, and judges of the District of Columbia and to make certain changes in such benefits."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1319) entitled "An act to authorize certain construction at military installations, and for other purposes."

The message also announced that the Senate has passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 5359. An act making appropriations for the Department of Defense for the fiscal year ending September 30, 1980, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 5359) entitled "An act making appropriations for the Department of Defense for the fiscal year ending September 30, 1980, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. STENNIS, Mr. MAGNUSON, Mr. PROXMIRE, Mr. INOUYE, Mr. HOLLINGS, Mr. EAGLETON, Mr. CHILES, Mr. BAYH, Mr. YOUNG, Mr. STEVENS, Mr. SCHWEIKER, Mr. BELLMON, Mr. WEICKER, and Mr. GARN to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4930) entitled "An Act making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1980, and for other purposes," and that the Senate agree to the House amendments to the Senate amendments numbered 1, 3, 17, 24, 30, 37, 38, 40, 48, 49, 50, 51, 52, 53, 56, 58, 59, 67, 74, 91, 94, 107, 108, and 109 to the foregoing bill.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 916. An act to amend the Act of September 30, 1950 (Public Law 874, 81st Congress) to provide education programs for Native Hawaiians, and for other purposes.

AMERICA CANNOT BE BLACKMAILED WITH OIL

(Mr. WRIGHT asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. WRIGHT. Mr. Speaker, the President has done the right thing in discontinuing the purchase of any Iranian oil. This action should make it clear to Iran and every other country that the United States will not be blackmailed because of our dependence upon their oil. This should help erase from their minds any image of the United States as a helpless oil junkie who can be humiliated because of that addiction.

Perhaps now they will begin to understand that we value American blood far more than we value their oil—and that even more than that we value our self-respect. They will fully understand this of course when we have finished doing the things we have begun to make this Nation energy independent once more.

The Congress has an excellent record so far this year on energy initiatives. I include at this point in the RECORD a current status report on major energy legislation.

ENERGY LEGISLATION—STATUS OF MAJOR PENDING PROPOSALS

Windfall Profits Tax.—The House passed a nearly 60 percent windfall profits tax on newly decontrolled oil in June and is awaiting full Senate action on the legislation.

Home Energy Assistance.—The House adopted an urgent, separate supplemental appropriation of $1.35 billion for fiscal 1980 for low-income energy assistance to be channeled to the needy by both the federal and state governments. This money would be added to $250 million previously appropriated for this purpose. The Senate has approved $1.2 billion for such assistance in its version of the Interior Appropriations bill. The matter is now in conference.

Synthetic Fuels.—The House has approved both authorizing legislation and a $1.5 billion appropriation for synthetic fuels development in the Interior Appropriations bill. The

Senate has approved a differing version and the bill is in conference.

Standby Gasoline Rationing.—Both the House and Senate have approved and the President has signed into law new standby authority for gasoline rationing in an emergency. The measure also authorizes motor fuel conservation programs. The bill, which includes diesel fuel, can be an effective defensive weapon should a crisis develop.

Department of Energy.—The House has passed and sent to the Senate a $6.9 billion Department of Energy Authorization bill for fiscal 1980 which seeks to put the nation on the offensive on energy. Included are authorizations for research and demonstration projects covering everything from solar to nuclear, coal to tar sands.

Department of Transportation.—DOT appropriations bill for fiscal 1980 is another measure containing positive steps to improve the national energy picture. The House-approved bill includes funds for additional urban and suburban mass transportation, engine and fuel research projects, urban formula grants, and important additional assistance for railroad improvements and rehabilitation. The Senate passed its version last week, and a conference was convened November 2.

Energy Mobilization Board.—After a spirited battle over two competing versions sponsored by leaders of the Commerce and Interior Committees, the House last week passed legislation to create a federal board to cut through red tape which causes delays in energy projects, such as pipelines and refineries. The Senate has passed its version of this legislation, and a conference between the two bodies is expected soon.

Solar Energy.—The House Banking Committee has favorably reported H.R. 605, legislation to create a Solar Energy Development Bank to provide long-term, commercial and residential, low-interest loans for purchase and installation of solar energy equipment. The House Science Subcommittee on Energy Development and Application is working on legislation to further promote solar research.

The President has already signed into law the Energy and Water Appropriations bill, which includes $620.8 million for solar energy development and applications for fiscal 1980.

Conservation.—The House Commerce Subcommittee on Energy and Power is working on legislation to promote industrial, commercial and residential energy conservation and to provide for reimbursements for part of the cost of installing energy conservation items in business and homes. The House Banking Committee has reported legislation to provide subsidized energy conservation loans.

Senate Approach.—The Senate Energy Committee has reported favorably an omnibus energy bill which includes conservation, synthetics, gasohol, solar bank, and geothermal research, all matters which involve the jurisdictions of several different House subcommittees which deal with energy legislation. Senate and House leaders are working on a procedure to handle the versions of the two bodies.

APPOINTMENT OF CONFEREES ON H.R. 5359, DEPARTMENT OF DEFENSE APPROPRIATIONS, 1980

Mr. ADDABBO. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 5359) making appropriations for the Department of Defense for the fiscal year ending September 30, 1980, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from New York? The Chair hears none, and appoints the following conferees: Messrs. ADDABBO, FLOOD, GIAIMO, CHAPPELL, BURLISON, MURTHA, DICKS, WHITTEN, EDWARDS of Alabama, ROBINSON, KEMP, and CONTE.

QUESTIONNAIRE ON TELEVISION COVERAGE OF HOUSE PROCEEDINGS

(Mr. ROSE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROSE. Mr. Speaker, in March of this year the House began televising its floor proceedings. The proceedings of this body now go across this entire country to some 500 cable television stations reaching into many millions of homes so that the American public can view the proceedings as we conduct them here on the floor of the House.

I have sent to my colleagues' offices today a questionnaire asking certain questions to you as Members of the House as to how you personally perceive the effect this television system has had on your ability to do your job. I would be gratefully appreciative if you would return that questionnaire to me as soon as you can, and call me if you would like to personally discuss the future of the House television system from a suggestion point of view.

PRESIDENT CARTER'S FORCEFUL ACTION ON AMERICAN HOSTAGES HELD BY IRAN

(Mr. STRATTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STRATTON. Mr. Speaker, I want to express my hearty endorsement of the forceful action taken yesterday by President Carter in ordering an immediate cutoff of Iranian oil imports to the United States, so that in our efforts to resolve the problem of American hostages held by Iran there would be no possible misinterpretation that our actions were motivated by economic considerations or possible loss of gasoline for our automobiles.

This is the second forceful action which President Carter has taken to deal with this situation. Earlier he followed suggestions made by many Americans that we should begin the deportation of Iranian students in this country, at least those who are here illegally and are in violation of American laws and hospitality.

I would expect that before the matter is resolved the President may take still further steps to put the squeeze on Iran and indicate the grave concern which the American people have for these outrageous, irrational, and totally illegal actions taken by the Iranian authorities.

Not since the Japanese attack on Pearl Harbor unified a deeply divided America, Mr. Speaker, have I seen the American people so aroused and so unified in their determination that we respond forcefully and effectively to these Iranian actions against innocent American hostages. When I had the opportunity to announce the President's decision at a Veterans' Day luncheon in Albany, N.Y., I am happy to report that the President's decision was greeted with tremendous applause and tremendous support.

Until now the American people have fought violently against any action that might interfere with their constitutional right to drive their automobiles as long and as far as they wish. But the Ayatollah Khomeini has done what no other American leader has been able to do; namely, to convince Americans to give up some of their gasoline in order to speed the release of these hostages.

Already it appears that the President's forceful action is getting results.

Mr. Speaker, I commend the President for what is clearly firm leadership in this crisis, and in speeding the day when these hostages will be released he has perhaps also speeded the day when we can find a satisfactory solution to our nagging energy crisis.

SUPPORT FOR PRESIDENT CARTER'S DECISION TO STOP IMPORTATION OF IRANIAN OIL

(Mr. VOLKMER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. VOLKMER. Mr. Speaker, I want to express my support for President Carter's decision to stop importation of Iranian oil. It is imperative that the United States show Iran that we will not be blackmailed. American lives are much more important than the oil Iran has to offer. I plan to conserve on my personal fuel use immediately, and I call on all Americans to do the same. With just minor conservation efforts by all Americans we can get by without the Iranian oil.

I want to also take just a moment to thank Americans and especially students all over the United States for their strong support of the hostages in Iran and I would hope this nonviolent approach will be viewed by the world as a sign that the United States is committed to their people. I believe the American people are ready to live without Iranian oil forever. We will not be harassed or blackmailed by any country when American lives are at stake.

NUCLEAR POWER TO REPLACE IRANIAN OIL

(Mr. McCORMACK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. McCORMACK. Mr. Speaker, I, too, commend the President for his strong action in cutting off the importation of oil from Iran. America is united behind the President on this matter.

In that respect, Mr. Speaker, the Subcommittee on Energy Research and Production of the Science and Technology Committee will conduct a hearing tomorrow at 9 a.m. on the progress of improvements made in our nuclear powerplants as a result of the lessons learned from the Three Mile Island accident.

Dr. John G. Kemery, Chairman of the President's Commission on the Three Mile Island Accident, along with Dr. Joseph Hendrie, Chairman of the Nuclear Regulatory Commission, Dr. Floyd Culler, president of the Electric Power Research Institute, and Dr. Floyd Lewis, chairman of Mid-South Utilities, will all testify before the subcommittee.

Members of the House, and the public in general, will be interested to know that the 15 nuclear plants that are not yet on line, but which can be on line by the end of 1980, will produce the electric energy equivalent of about 500,000 barrels of oil a day, about two-thirds of the amount of oil we have been importing from Iran.

A rational, positive U.S. energy plan, which will earn the respect of the world, will, of course, emphasize bringing these plants on the line in an expeditious and orderly manner.

PEACEFUL DEMONSTRATIONS AGAINST IRAN BY AMERICAN STUDENTS SHOULD MAKE US PROUD

(Mr. LATTA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LATTA. Mr. Speaker, watching our college students demonstrating for their country and for the release of the Americans being held hostage in Tehran should make every American proud. No one had to tell them that another unjustifiable attempt at blackmail was being made against their country and that we had had enough. No one had to remind them that the United States of America is made up of a civilized and humanitarian people who have a long and a cherished history of coming to the aid of friend and foe alike in times of absolute need and that we, and no one else, will determine our role in the world.

Their demonstrations have been sincere, spontaneous, effective, and restrained. Their activities have certainly had an influence on the President and have encouraged him to take action in this matter.

Our students have not had to resort to a taking of hostages to get their point across, and I urge the college students in Tehran to ponder this fact.

PRESIDENT CARTER'S ACTION NOT TOUGH ENOUGH

(Mr. ASHBROOK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ASHBROOK. Mr. Speaker, I would honestly like to get up this afternoon and join our majority leader in the chorus of praise for President Carter but unfortunately, I cannot. The President and his advisers have come up a day late and a dollar short in their handling of the Iranian crisis. Last week, when many of us publicly called for an embargo of Iranian oil, we did so in an effort to take a strong diplomatic stand against the terrorist-infested regime of the Ayatollah Khomeini. We wanted to show those radicals that we were indeed capable of standing up to our enemies in the face of an irrational and immoral terrorist attack. Unfortunately, Mr. Carter waited too long before deciding to exercise some leadership. The ayatollah had already decided to play his oil card and this so-called tough stand has been rendered meaningless. We are no better off today than we were last week—and more importantly—some 60 Americans are still being held hostage by the terrorists in Tehran.

The problem now is the same problem we had in January 1977 and the same as it has been for the last 3 years—the advisers who surround the President. With the likes of Andy Young, who for years has been spewing anti-American statements, it is little wonder we would face blackmail. When the demagogs seized control in Iran, the liberal community hailed this as a new era of liability. Andy Young even went so far as to say that Khomeini might even be a saint someday.

The same gaggle of McGovern. Those 1972 advisers are the architects of the disastrous politics of the last 3 years, the Iranian fiasco being only one more episode in their sorry chapter; yet the Iranian dissidents urged the State Department clichés, which have brought us to this sorry state, to go along with them.

Any good poker player knows that you can bluff for so long before everybody in the game begins to catch on. That is exactly what has happened in this crisis. The Iranian Government realizes that the White House is incapable of handling a crisis and they intend to continue slapping the sleeping giant in the face. We will continue to get nowhere until Mr. Carter and his State Department advisers decide to get tough with the terrorists.

The Iranian Government, by issuing its support and cooperation to the radical students, has effectively lost its right to diplomatic immunity. Adolf Hitler, on his worst day, never violated the sanctity of an embassy. Our President should immediately sever diplomatic relations with the Government of Iran. Those Khomeini sympathizers in the United States should be told today that they have 30 days to leave the country voluntarily before they are forcefully expelled. Maybe then, the Ayatollah will understand that we are ready to get down to business.

Too many American lives are at stake to consider strong-arm tactics at this time but I am confident that if this Government takes a strong diplomatic stance against that tin-horn dictator in Iran, we may be able to peacefully bring about an end to this crisis.

Mr. Speaker, Americans of all political ideologies are up in arms over this tragedy. For the first time in a long time, pro-American demonstrations are being organized on the campuses of colleges and universities. Constituents in my district are initiating petition drives, urging Mr. Carter to get tough. It is clear that Americans want some action. Let us give it to them.

☐ 1210

UNITED STATES MUST NOT BOW TO AYATOLLAH KHOMEINI'S PERSONAL VENDETTA

(Mr. LIVINGSTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LIVINGSTON. Mr. Speaker, last week I wrote the President, urging him to take firm action with regard to Iran. I suggested deportation of Iranian students, expulsion of the Iranian Embassy, and termination of all trade relationships with Iran, pending the release of the Americans held in our Embassy in Tehran.

Today I want to reiterate my strong feeling that we must not bow to the personal vendetta of a fanatic who has directed a calculated affront against the people of the United States. The safety of our people being held hostage must be our first concern, but we must also give clear notice to the Ayatollah Khomeini that we intend to deal with him firmly.

I understand that the United States is now lending Iran $1.2 billion a year to buy food from this country. The President has taken the right step in cutting out oil imports from Iran. As further evidence of our national resolve, I believe that we should stop all programs enabling Iran to purchase foodstuffs from this country until they demonstrate that they are prepared to live in peace with our people. We must protect the security of our Embassies and our citizens abroad, and we must demonstrate that we will not permit others to take advantage of our generosity.

NEW SYMBOL OF ENERGY CONSERVATION—A BURNING AMERICAN FLAG

(Mr. EVANS of Delaware asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. EVANS of Delaware. Mr. Speaker, thanks to the Ayatollah Khomeini, the United States now has a new symbol of energy conservation—a burning American flag.

The mobs in Tehran have shown us the vulnerability of the United States to unstable sources of foreign oil, and they have galvanized the American people into action as no act of Congress ever could.

But the mobs in Tehran have made a serious mistake. They have assumed that Americans were willing to sell themselves out for a bucketful of oil. They are wrong. National pride, honor and self-respect are far more valuable to this country than Iranian oil, and President Carter was absolutely correct in stopping imports of Iranian oil into the United States. Now the administration must go one step further. It must call upon other countries of the world, particularly our Allies in Europe, to stop imports of Iranian oil into their countries until the hostages are released and our Embassy returned to the control of American officials.

The world must band together against this outlaw action, or it shall endure repeats of this terrible situation again and again.

IRANIAN OIL

(Mr. GILMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GILMAN. Mr. Speaker, yesterday President Carter halted U.S. purchases of Iranian oil, a move which we all applaud.

While some say this is a symbolic gesture, and may not bring about the immediate release of the American hostages, it does demonstrate that the American people are unified and resolute in opposing terrorism, blackmail and oil-barrel diplomacy.

As I did last week, I am again urging the President to take this boycott one step further. In negotiating with America's allies, urging them to join in and expand our boycott of Iranian oil. The President should also take whatever steps are necessary to end all U.S. military and economic assistance to that nation.

For this boycott to be effective, it is necessary that the President have the full dedication and support of the American public. I urge each and every citizen and our State and local governments to take the necessary steps to conserve fuel. In this time of crisis we must all pull together to demonstrate our Nation's resolve and fortitude.

PERMISSION FOR SUBCOMMITTEE ON ENERGY RESEARCH AND PRODUCTION OF COMMITTEE ON SCIENCE AND TECHNOLOGY TO MEET WEDNESDAY, NOVEMBER 14, 1979, AT 9:30 A.M.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the Subcommittee on Energy Research and Production be permitted to meet tomorrow morning, Wednesday, November 14, 1979, at 9:30 a.m., in spite of the fact that the House may be in session part of that time.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

WASHINGTON, D.C.,
November 9, 1979.

Hon. THOMAS P. O'NEILL, Jr.,
The Speaker, House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: I have the honor to transmit herewith a sealed envelope from the White House, received at 4:15 p.m., on November 9, 1979, and said to contain a message from the President wherein he transmits a special message on security assistance to Caribbean and Central American countries, together with proposed legislation, entitled, "Special Central American and Caribbean Security Assistance Act of 1977".

With kind regards, I am,

Sincerely,

EDMUND L. HENSHAW,
Clerk, House of Representatives.
By W. RAYMOND COLLEY,
Deputy Clerk.

SECURITY ASSISTANCE TO CARIBBEAN AND CENTRAL AMERICAN COUNTRIES, TOGETHER WITH PROPOSED LEGISLATION—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 96-224)

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Foreign Affairs and ordered to be printed:

To the Congress of the United States:

Many of our neighbors in Central America and the Caribbean are in crisis—crisis marked by economic problems, terrorism, and popular frustration. The resolution of these problems in ways that will preserve the independence and security of these countries, while expanding democracy and supporting human rights, is very much in the national interest of the United States.

Prompt and effective U.S. assistance is vital.

—Nicaragua's economy has been crushed by bitter and prolonged strife. We have been asked to help, and we are doing so. But more is needed to restore public confidence, private initiatives, and popular well-being.

—The Governments in El Salvador and Honduras have pledged democracy and moderation. These and other Central American countries are embarked on accelerated development efforts of direct benefit to the poor. Assistance in these efforts is essential in creating the conditions under which democratic institutions can grow and thrive.

—The countries of the Eastern Caribbean are young and struggling democracies. They need help now for nation-building and for economic development.

I am therefore today proposing action to expand our support for development and security in Central America and the Caribbean. This will augment our existing development and security assistance programs in these regions, which in turn complement the contributions of several other governments and international agencies.

I have directed that, subject to normal congressional notification procedures, funds be reprogrammed for use in Central America and the Caribbean. These include:

—$5 million from the fiscal year 1980 Economic Support Funds for development projects in Central American countries other than Nicaragua.

—$10 million from fiscal year 1979 and fiscal year 1980 development assistance funds for public works and high employment impact projects in the Caribbean. These projects are an important part of our fiscal year 1979-80 contributions of $66.9 million budgeted for the Caribbean Development Group, chaired by the World Bank.

We are also reprogramming Food for Peace funds to increase food assistance in the area, especially in Nicaragua. We will also likely be reprogramming $5 to $10 million in Foreign Military Sales credits and International Military Education and Training funds for the Caribbean, and similar amounts for such programs in Central America. We are still working out the final details of these proposed reprogrammings and will fully inform the appropriate congressional committees of our proposed actions.

Reprogramming, however, is not enough. The enclosed bill would provide $80 million in flexible Economic Support funding, $75 million to assist in the reconstruction of the Nicaraguan economy and $5 million for early-impact development projects in other Central American countries.

I strongly urge rapid congressional action on this bill.

Such action will demonstrate that the United States can be relied upon to support democratic aspirations, the rebuilding of broken economies, and the security of our friends in this nearby region. Our additional funds for Central American development should substantially augment existing programs. Furthermore, we hope that other nations and international institutions will increase their efforts to accelerate the social and economic development of Central America.

With your help we can make clear where we stand.

JIMMY CARTER.

THE WHITE HOUSE, *November 9, 1979.*

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. Pursuant to the provisions of clause 3(b) of rule XXVII, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered, or, on which the vote is objected to under clause 4 of rule XV.

After all motions to suspend the rules have been entertained and debated and after those motions to be determined by "nonrecord" votes have been disposed of, the Chair will then put the question on each motion on which the further proceedings were postponed.

LEGIONVILLE, PA., NATIONAL HISTORIC SITE

Mr. PHILLIP BURTON. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4308) to provide for the establishment of the Legionville National Historic Site in the State of Pennsylvania, and for other purposes, as amended.

The Clerk read as follows:

H.R. 4308

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I

Sec. 101. That, in order to preserve and protect the site of the first military training camp established in the United States, known as the Legionville Site, in the northernmost part of Harmony Township, adjacent to Baden Borough, Beaver County, Pennsylvania, for the benefit of present and future generations, the Secretary may acquire by donation, purchase, or exchange with donated or appropriated funds the area containing approximately twenty-two acres bounded on the south by the ravine of Legionville Run, on the east by Duss Avenue, on the north by Logan Lane and on the west by Route 65, a railroad and the Ohio River in that order.

Sec. 102. Any property acquired under section 101 of this Act shall be administered by the Secretary, acting through the National Park Service, in accordance with this section and provisions of law generally applicable to units of the National Park System, including the Act approved August 25, 1916 (16 U.S.C. 1 et seq.) and the Act approved August 21, 1935. The Secretary shall enter into cooperative agreements with other qualified public or private entities for the management, development and interpretation, in whole or in part, of the property so acquired.

Sec. 103. The Legionville Site shall be established as the Legionville National Historic Site only after (1) sufficient land and improvements for administrative purposes have been acquired, and (2) the cooperative agreements have been executed with qualified entities.

Sec. 104. Effective October 1, 1980, there are hereby authorized to be appropriated such sums as are necessary to carry out the provisions of this Act.

TITLE II

Sec. 201. The Act entitled "An Act to authorize the Secretary of the Interior to establish the Valley Forge National Historical Park in the Commonwealth of Pennsylvania, and for other purposes", approved July 4, 1976 (90 Stat. 796), is amended (1) in subsection 2(a) by changing "dated February 1976, and numbered VF–91,000," to "dated June 1979, and numbered VF–91,001," (2) in section 3 by adding the following sentence at the end thereof:

"In furtherance of the purposes of this Act, the Secretary is authorized to provide technical assistance to public and private nonprofit entities in qualifying for appropriate historical designation and for such grants, other financial assistance, and other forms of aid as are available under Federal, State or local law for the protection, rehabilitation, or preservation of properties in the vicinity of the park which are historically related to the purposes of the park.", and (3) in subsection 4(a) by changing "$8,622,000" to $13,895,000".

TITLE III

Sec. 301. Authorizations of moneys to be appropriated under this Act shall be effective on October 1, 1980. Notwithstanding any other provision of this Act, authority to enter into contracts, to incur obligations, or to make payments under this Act shall be effective only to the extent, and in such amounts, as are provided in advance in appropriation Acts.

The SPEAKER. Under the rule, a second is not required on this motion.

The gentleman from California (Mr. Phillip Burton) will be recognized for 20 minutes, and the gentleman from California (Mr. Lagomarsino) will be recognized for 20 minutes.

The Chair recognizes the gentleman from California (Mr. Phillip Burton).

Mr. PHILLIP BURTON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 4308, as reported by the Committee on Interior and Insular Affairs, would authorize the establishment of the Legionville National Historic Site in Pennsylvania, and would also authorize certain boundary adjustments at the existing Valley Forge National Historical Park.

I wish to commend our colleague from Pennsylvania, Representative Gene Atkinson, who has brought this matter to the attention of our committee. Also, Representative Larry Coughlin should be recognized for his interest and concern in seeing that the Valley Forge National Historical Park receives the increased protection which this bill provides.

The proposed Legionville National Historic Site is a 22-acre site situated on the Ohio River, northwesterly from Pittsburgh, Pa. In 1792, Gen. "Mad Anthony" Wayne undertook a program of military training by establishing a camp at the Legionville site in November and instructing his troops in military discipline and techniques of warfare until April 1793. These troops eventually fought the Miami Indians at the Battle of Fallen Timbers in August 1794, in the present State of Ohio.

H.R. 4308 also provides for the addition of some 682 acres of land to the existing Valley Forge National Historical Park, which was first authorized by Public Law 94–337. Subsequent to the establishment of the historical park, the National Park Service conducted a study of the boundary and the surrounding lands, and identified a number of properties which are desirable for addition to the area. Addition of these areas would permit the acquisition of scenic easements over some 149 acres to retain the character of the area surrounding the park, provide for fee simple acquisition of some 482 acres which will improve the management of visitor use activities and protection of historic properties, and incorporate some 51.4 acres of State- and county-owned lands which would be acquired only by donation.

There has been concern expressed over the desirability of Congress taking action to recognize the Legionville site, since little remains of the structures which existed at the time of General Wayne's encampment. But the site can be the setting for interpreting an interesting aspect of our history to all Americans, as is the case with a number of other units of our national park system. I also wish to note for our colleagues that this bill will require local or State commitment to participate in the administration of this area before the area can be established as a national historic site. For a very modest investment, then, we can provide an opportunity to commemorate this era of our heritage.

Mr. Speaker, I urge my colleagues to join in support of this bill.

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Mr. LAGOMARSINO. Mr. Speaker, the gentleman from California (Mr. Phillip Burton), the chairman of the subcommittee has explained the bill very well. I just want to say that I rise in particularly strong support of title II of the bill, Valley Forge.

Mr. Speaker, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. Coughlin).

Mr. COUGHLIN. I thank the gentleman. I want to compliment the distinguished chairman of the subcommittee, the gentleman from California (Mr. Phillip Burton), for this bill, as well as the distinguished ranking minority member, the gentleman from Kansas (Mr. Sebelius) and particularly to give thanks to the gentleman from California for his support of this legislation.

Mr. Speaker, I rise to speak on H.R. 4308, a bill to add 682.4 acres to the Valley Forge National Historical Park, Pa. Title II of this legislation, the Valley Forge section, was originally H.R. 4762, an individual bill I introduced on July 12, 1979. Let me take a moment to compliment the distinguished chairman, Mr. Phillip Burton of California, and ranking minority member, Mr. Keith Sebelius of Kansas, of the Interior Subcommittee on National Parks and Insular Affairs for their swift consideration and support of the Valley Forge land acquisition.

As students of American history know, Valley Forge was the site of the encampment of Gen. George Washington's Continental Army during the bitter winter of 1777–78. While the temporarily victorious British Army was comfortably billeted in Philadelphia, General Washington and his 11,000 battle-weary men set up camp 20 miles to the west. Against overwhelming odds, the Continentals not only survived, but emerged as a disciplined and proficient military force. The Valley Forge story is truly one of the most inspired and patriotic chapters in the history of the United States.

In recognition of this, and with the assistance and support of the House Interior and Insular Affairs Committee, a bill establishing the Valley Forge National Historical Park was passed in 1976 (Public Law 94–337). At that time, the committee recognized:

First. The rapidly increasing development around Valley Forge as pressure for usable land in the Greater Philadelphia urban area has grown;

Second, the national character and historic significance of the park; and

Third, the need for continuing protection and management by the National Park Service.

These considerations are applicable, today, to the 682.4 acres which the pending bill would add to the existing 2,450-acre park. Most of the land is in Lower Providence Township, Montgomery County, with about 60 acres in Tredyffrin and Schuylkill Townships, Chester County. Acquisition of this new acreage would be a major development in preserving a beautiful section of the Schuylkill River Valley.

It is important that the Federal Government move immediately to obtain these valuable lands. All of the property to be acquired in fee, except for on parcel, is slated for purchase or development by private individuals. There is the real danger that these tracts will be lost, unless the Park Service is able to act in the next few months. It is my understanding that informal agreements exist between the National Park Service and landowners, that the Government would have the opportunity to purchase the land by the end of the year. Unless the property, most of which is raw land, is acquired now, it will not be feasible to purchase it in the future. Higher costs are certain when compensation for development and displacement is included.

Within the proposed acquisition is Fatlands, the historic building and property in Lower Providence north of the Schuylkill River.

The 155-acre property is slated for development unless arrangements for Federal acquisition are completed. A historic structure, vintage 1740, is situated on another tract, also to be acquired. Park officials say the building, in good condition, served as commissary headquarters for General Washington and his army during the encampment.

The 1976 House Interior Committee report (H. Rept. 94–1142) expressed the expectation that the park would be managed "with increased emphasis on the restoration and maintenance of the historic scene. Nonconforming recreational uses are to be phased down or relocated." Recreational activities currently provided in the park are restricted. Intense uses, such as marathons, are forbidden. Although there is historical justification for buying property north of the river—Washington and his troops also camped on that side and used the fiord—the land would be valuable primarily for recreational purposes. Biking, hiking, jogging, and horse trails, and picnic groves could be shifted and expanded from the current park area to accommodate the 4 million annual visitors. New acreage would be a link with the Audubon Wildlife Sanctuary, the Evansburg State Park, and planned recreational trails. Such uses conform with township, county, and regional planning, and enjoy strong local support.

Plans also call for obtaining scenic easements on about 130 acres of developed land in Montgomery and Chester Counties. Agreements would insure that land only be used for private homes, preventing high rise and/or commercial development. Not only would there be no displacement for the 30 owners involved, but vista access across the Schuylkill River would be preserved without buying land out to the horizon.

For historical purposes, recreational use, and vista protection, I urge the House to accept the recommendations of the Parks Subcommittee and the full Interior Committee and pass this bill. Unless action is expeditiously taken, much of this land will be lost to other uses. I am confident that the House will continue to protect America's valuable resources.

Mr. PHILLIP BURTON. Mr. Speaker, I yield such time as he may consume to our distinguished colleague, the gentleman from Pennsylvania (Mr. ATKINSON).

Mr. ATKINSON. Mr. Speaker, I am pleased to be able to rise in support of H.R. 4308, a bill I introduced on June 5 to establish a national historic site at Legionville, Pa. As Members know, the need for this legislation has been increased by adding to the Legionville proposal a provision to extend park lands at the Valley Forge National Park. The Valley Forge Park extension was initially offered by my distinguished colleague, the gentleman from Pennsylvania's 13th District, and I fully agree with the gentleman's proposal.

Mr. Speaker, the Interior Committee report does an excellent job of describing the historical importance of the Legionville site, and I will not take Members' time to more than capsulize the important and unique series of events that occurred at this 22-acre site on the banks of the Ohio River in western Pennsylvania. An important Indian settlement, site of early trading and religious observances in the trans-Allegheny region, in 1792 Legionville became one of those few unique crossroads that mark the path of westward expansion of our Nation.

On these bluffs overlooking the Ohio, downstream from the rough frontier settlement of Pittsburgh, Revolutionary War hero Gen. "Mad Anthony" Wayne brought together and trained the first regular Army units of the United States. Wayne's "Legion," organized by command of President George Washington, brought together men like William Henry Harrison, later President of the United States, William Clark, of the Lewis and Clark Expedition, and Zebulon Pike, who explored much of the Western United States. These troops, prepared on the rudimentary but innovative and effective training fields of Legionville, soon marched on one of the truly significant military campaigns of American history. Defeating Indian forces at Fallen Timbers, the Legion opened the Northwest Territories—now the States of Ohio, Indiana, Illinois, Michigan, and Wisconsin—for American settlement, and insured that British presence in North America would be confined to the borders of Canada.

I believe another aspect of the Legionville National Historic Site proposal will be important to Members: Its accessibility. Located within a short drive of Cleveland and Pittsburgh, it is within a day's drive from over half the Nation's people, a significant consideration in these days of high fuel prices. By designating Legionville a National Historic Site, I believe this body is contributing to an important process of bringing parks to people.

As Members know, some controversy arose in committee over the Legionville site as the Park Service raised questions about the integrity of the original training site and about the intrusion of transportation facilities and nearby steel mills on the site. Quite frankly, Mr. Speaker, we are proud of those mills and railways in western Pennsylvania and count transportation facilities to bring people to parks as pluses, not minuses. I choose, and I think the people of this Nation choose, to preserve our historical heritage—in this instance at a total cost of less than $1 million—rather than worry unduly about the proximity of historical sites to productive facilities. I know the average steelworker who takes his or her son or daughter to view a piece of American history in the old breastworks at Legionville will not worry that he has to pass a factory to get to the site, and I suspect that even visitors to Legionville from other parts of the country will tolerate the mills that mean livelihoods to the residents of western Pennsylvania.

I would be remiss, Mr. Speaker, if I did not mention the strong appreciation I feel for the chairman, the gentleman from Arizona (Mr. UDALL), and especially for the subcommittee chairman from California (Mr. PHILLIP BURTON) for their foresight in handling this legislation. I know they realize the importance both of preserving our historical heritage and of bringing parks to where the American people can appreciate and use them. And while we did not see eye to eye on every issue, I appreciate the integrity of ranking minority member, the gentleman from Kansas (Mr. SEBELIUS) of the Parks Subcommittee. Finally, I would like to commend the untiring efforts of the Anthony Wayne Historical Society in western Pennsylvania and other citizens whose hard work helped mobilize the overwhelming support in our area for this park.

Mr. Speaker, I urge the passage of H.R. 4308 to establish a national historic site at Legionville and to expand the Valley Forge National Park.

THE AMERICAN LEGION,
Washington, D.C., November 8, 1979.

Hon. EUGENE ATKINSON,
House of Representatives, Cannon House Office Building, Washington, D.C.

DEAR CONGRESSMAN ATKINSON: The American Legion appreciates your introduction of H.R. 4308 to establish the Legionville National Historic Site and your active support for this proposal. Our organization certainly shares your interest as demonstrated by our pursuit of site establishment for several years.

We are aware of past difficulties regarding assessment of site integrity and other related matters but, despite all this, we remain convinced that Legionville deserves the federal recognition and support called for in this legislation. Our organization was deeply disappointed by the failure of similar legislation in the House during the waning hours of the 95th Congress.

We truly hope that House consideration and passage can be achieved in the near future so that the measure will have ample time to be enacted before the end of this Congress.

Sincerely,
MYLIO S. KRAJA,
Director,
National Legislative Commission.

● Mr. SEBELIUS. Mr. Speaker, this bill brings to my colleagues on the floor a mixture of good news and bad news: The good news is title II, which provides for the addition of lands to the boundaries of the existing Valley Forge National Historical Park in Pennsylvania; the bad news is title I which provides for the creation of a new 22-acre unit of our national park system as the Legionville National Historic Site, also in Pennsylvania. Let me continue with the good news first.

Valley Forge was made a new unit of our national park system on July 1, 1976, appropriately on the occasion of our Nation's 200th birthday. Prior to that time, the area was owned and managed by the State of Pennsylvania. After the National Park Service took over the area, they were able to evaluate the current boundaries of the park in view of their adequacy for their management needs, and with a particular awareness that adjacent suburban development was fast encroaching upon the park.

This evaluation led to the conclusion brought forth in the bill before us, advancing the urgent necessity of some further boundary additions. Most of the lands to be added will help protect the integrity of the current historical lands by buffering them from adverse adjacent development. The additions will also offer expanded management flexibility to channel much of the current nonconforming recreational use within the park to more compatible locations and away from the areas of major historical interest. It is most important that the National Park Service keeps this issue in the forefront of all its planning and management efforts.

The committee, when it authorized this new area in 1976, saw this issue as one of very high concern—the segregation of recreational use from the prime parts of the historical resource, and the altogether eventual complete elimination of some aspects of recreational use.

Mr. Speaker, this ends my comments on the good news part of this bill—and now for the bad news.

Title I of this bill authorizes the establishment of a Legionville National Historic Site, also in Pennsylvania. This title would establish a new unit of our national park system, a 22-acre site to commemorate the site of the first—which it reputedly is not—military training camp established in the United States, associated with the endeavors of Gen. Anthony Wayne.

According to the professional study and recommendation of the National Park Service and the official administration position, the site has neither the integrity nor national significance to warrant a national park system designation. Indeed, a bill accomplishing essentially the same objective which was passed in the late hours of the last Congress, without going through the committee, was vetoed by the President. Hardly ever is a park bill vetoed.

Current cost estimates to purchase this small 22-acre site are about $350,000, and development costs could add another $1,500,000 at a minimum.

This site is amidst a quite developed industrial area and is bounded on its edges by factories, an interstate highway and other roads, a railroad, mining and fill activity, and residential development. Little discernable evidences of the historic activity to be commemorated are remaining on the site.

In full committee I offered an amendment which would have the effect of only authorizing Federal acquisition of the area, provided that it would be operated and maintained by someone else acceptable to the Secretary of the Interior under terms of a cooperative agreement. The area would not be designated as nationally significant and it would not become a unit of the national park system. This amendment, which on a recorded vote was not adopted, was a compromise. In reality, the area deserves no Federal support at all of any time.

Mr. Speaker, it is my personal belief that adopting the Legionville text as it appears in this bill would constitute a grossly irresponsible action and would contribute to the demeaning of the integrity of our national park system.

There you have it, my friends. The good news and the bad news. Is this a case of taking the bad news with the good? Or is it a case of taking neither? Only the vote of this body will decide that.

Mr. Speaker, I would like to make a matter of record of two items attached to my statement, and I ask unanimous consent to have these items made a part of my remarks here.

BEAVER AREA HERITAGE FOUNDATION,
Beaver, Pa., June 18, 1979.
Hon. PHILLIP BURTON,
Chairman, House National Parks Subcommittee, House of Representatives, Washington, D.C.

DEAR MR. BURTON: This letter is in reference to a bill sponsored by Rep. Eugene Atkinson, (Penna. 25th District), regarding acquisition and development of a site in Beaver County, Pa., known as Legionville. According to current newspaper accounts, this matter is presently before your committee, pending action.

As citizens and taxpayers of the general area involved, and as members of a companion historical group with knowledge of the history of the site, we feel compelled to call certain facts to the attention of your committee.

It is our position that National Historical Park status belongs only to a site on which American soldiers have died in battle, or to a site which marked a turning point in our nation's history. Unfortunately, Legionville does not even come close to qualifying on either count. As a matter of historical record, the site known as Legionville was a temporary training camp, used for five months, between December, 1792 and April, 1793 by General Anthony Wayne. Legionville was but the second of four such encampments used by General Wayne in a 26-month period. Most of the achievements being claimed for Legionville were actually accomplished at Fort Fayette in the six months prior to the stay in Beaver County. Further documentation of the history of this period can be found in the attached manuscript from Chapter 11 of the book, "'It Happened Right Here", published by the Beaver Area Heritage Foundation. (Attached).

As an organization devoted to the advancement of historical values, we applaud the dedication of the Anthony Wayne Historical Society. As historians, we raise serious questions about the significance of the Legionville site as anything more than a place of interest in local history. As taxpayers, we are appalled at the prospect of anyone even considering spending hundreds of thousands, yea millions, of dollars of public funds in this manner.

Again. we wish to go on record that in our opinion as historians, this project does not merit the interest shown by our political leaders. We are certain that a thorough review of the facts will show that our concern is justified. We will appreciate a firm indication of the position of your committee on this matter.

Sincerely,

ROBERT A. SMITH,
President.

U.S. DEPARTMENT OF THE INTERIOR,
Washington, D.C., June 8, 1979.
Hon. MORRIS K. UDALL,
Chairman, Committee on Interior and Insular Affairs, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Enclosed are our voluntary comments on H.R. 4308, a bill "to direct the Secretary of the Interior to establish the Legionville National Historic Site in the State of Pennsylvania."

We recommend against the enactment of H.R. 4308.

H.R. 4308 would direct the Secretary of the Interior to acquire about 22 acres in Beaver County, Pennsylvania, for establishment as the Legionville National Historic Site, to be administered as a unit of the National Park System. H.R. 4308 would further direct the Secretary to enter into a cooperative agreement with a nonfederal entity for the management, development and interpretation, in whole or in part, of the property so acquired.

Legionville is a 22-acre site situated on the Ohio River, northwesterly from Pittsburgh, Pennsylvania. In 1792, General "Mad" Anthony Wayne undertook a program of military training by establishing a camp at the Legionville site in November and instructing his troops in military discipline and techniques of warfare until April 1793. These troops eventually fought the Miami Indians at the Battle of Fallen Timbers in August 1794, in the present State of Ohio.

We do not believe the need for H.R. 4308 has been sufficiently documented. The bill refers to this site as "the first military training camp in the United States." While there is no question about the importance of General Anthony Wayne's role in the nation's history, we believe the Battle of Fallen Timbers National Historic Landmark, Ohio, already well illustrates the major military contributions made by General Wayne in securing the Old Northwest frontier and giving much needed stability to the new government. We do not believe that the setting aside of the training area for that battle, which was fought in 1794, would add anything significant to what has already been recognized at Fallen Timbers.

Furthermore, almost all of the important episodes in General Wayne's career are either represented in the National Park System or as national historic landmarks. These include: Fort Ticonderoga, Brandywine, Monmouth and Fallen Timbers Battlefields which are all national historical landmarks, and Yorktown Battlefield within the National Park System. General Wayne's home, "Waynesborough," in Chester County, Pennsylvania, is also a national historic landmark. The site may or may not have been the first camp established primarily for military training, but formal training certainly occurred long before at other encampments—Valley Forge being a notable example.

The Legionville site has been altered by intrusions of modern development such as a railroad and an interstate highway. Upon nominating it to the National Register of Historic Places, the Pennsylvania State Historic Preservation Office judged the site only of local significance. A field survey by the National Park Service early in June 1977 confirmed this finding.

Accordingly, we recommend against the

enactment of H.R. 4308. This Department and the National Park Service would be pleased, however, to consider applications from the State of Pennsylvania for matching funds of historic preservation grants. Additionally, the expertise of the National Park Service is available to the State to assist in planning the development of the site as a local or regional park.

The Office of Management and Budget has advised that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

DAVID HALES,
Acting Assistant Secretary.

VETO OF BILL TO ESTABLISH THE LEGIONVILLE NATIONAL HISTORIC SITE IN PENNSYLVANIA

(Memorandum of Disapproval of S. 1104, November 2, 1978)

MEMORANDUM OF DISAPPROVAL

I am withholding my approval from S. 1104, a bill that would authorize the establishment of the Legionville National Historic Site in the State of Pennsylvania. I am withholding my signature because I do not believe the Legionville site is of sufficient national significance to merit the cost of establishing and maintaining it as a national historic site.

The site does not meet the national significance criteria for historical areas established by the Department of the Interior. The Pennsylvania State Historic Preservation Office judged the site of only local significance. A National Park Service report, made in June 1977, agreed. Further, the site has been altered by such modern intrusions as a railroad and an interstate highway.

The career of General "Mad" Anthony Wayne has been amply commemorated at other designated sites and I do not believe the added expense of acquiring and developing this site is a worthwhile expenditure of Federal funds.

JIMMY CARTER.
THE WHITE HOUSE, *November 2, 1978.*●

Mr. PHILLIP BURTON. Mr. Speaker, I have no further requests for time.

GENERAL LEAVE

Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and to include extraneous matter on the bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. LAGOMARSINO. Mr. Speaker, I yield back the remainder of my time.

Mr. PHILLIP BURTON. Mr. Speaker, I yield back the remainder of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. PHILLIP BURTON) that the House suspend the rules and pass the bill H.R. 4308, as amended.

The question was taken; and two-thirds having voted in favor thereof, the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

MARTIN LUTHER KING BIRTHDAY

Mr. GARCIA. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5461) to designate the birthday of Martin Luther King, Jr., a legal public holiday, as amended.

The Clerk read as follows:

H.R. 5461

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (a) of section 6103 of title 5, United States Code, is amended by inserting immediately below

"New Year's Day, January 1." the following: "The birthday of Martin Luther King, Junior, January 15.".

SEC. 2. The amendment made by this Act shall take effect on January 1 of the first calendar year beginning more than twenty-four months after the date of the enactment of this Act.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from New York (Mr. GARCIA) will be recognized for 20 minutes, and the gentleman from Missouri (Mr. TAYLOR) will be recognized for 20 minutes.

The Chair recognizes the gentleman from New York (Mr. GARCIA).

Mr. GARCIA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 5461 establishes January 15, the anniversary of Dr. Martin Luther King, Jr.'s, birthday as a national Federal holiday. This bill commemorates the life and legacy of this unique man whose contributions to our Nation are virtually unparalleled. Each year since his tragic death more than 10 years ago, legislation has been introduced to establish a national holiday in honor of Dr. King. Earlier this year, my good friend and colleague, the gentleman from Michigan, Representative CONYERS, introduced a similar bill, H.R. 15. This bill was cosponsored by 125 House Members and referred to the Post Office and Civil Service Committee.

On March 27, 1979, joint hearings on the bill were held by the Senate Judiciary Committee and the Subcommittee on Census and Population. We heard testimony in support of the legislation from many distinguished citizens.

On October 10, the Committee on Post Office and Civil Service by voice vote, favorably reported the bill.

Mr. Speaker, the enactment of H.R. 5461 would serve as an appropriate testimonial to an extraordinary individual who dedicated his life to the cause of human rights, moreover, the bill would underscore the Nation's continuing commitment to alleviate the persistent and continuing effects of discrimination and poverty which Dr. King struggled to eliminate.

Dr. King marched, preached, prayed, and sang for joy. He also wept in anguish and despair. He dreamed a broad and sweeping dream of peace and justice for all. Dr. King led a movement that changed the course of our Nation and caused the enactment of landmark civil rights legislation.

Dr. King deserves the honor and recognition a national holiday bestows. The civil rights movement was a pursuit of fundamental rights and, as its leader, Dr. King personified the values and traditions of our Nation's heritage.

His moral vision, his uncommon courage, his quest for social justice, his stalwart commitment to nonviolence, and his deep and abiding love and concern for the poor and the oppressed, exemplified all that is best about this country.

He stirred the conscience of the Nation and spoke out in ringing tones for the disenfranchised and thus rekindled the flame of hope and progress in some of our bleakest years. He made an immense contribution to the continuing moral growth of this country.

Perhaps, more importantly however, this holiday will contribute immeasurably to answering the questions which will arise in the hearts and minds of all of our children and their grandchildren.

I cannot begin to tell you how important this holiday would be to the future hopes of our young people. We are and should be about the business of building strong self-concepts and strong self-images in our children.

It is important for all young people everywhere to know that there was indeed a man named Martin Luther King. To know of his inspirational legacy, his dream and his hopes connected with the values and tradition of this Nation.

In short, Mr. Speaker, the only issue today is whether America is prepared to honor its heroes no matter where they come from.

Mr. Speaker, I urge the House to approve this measure and I reserve the balance of my time.

☐ 1230

Mr. TAYLOR. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I reluctantly rise in opposition to the designation of the Reverend Martin Luther King, Jr.'s birthday as a legal public holiday because I do not believe our present economic situation will allow us the luxury of another $212 million Federal holiday.

Public concern grows daily over the rising costs of Government, the continuing inflation rate brought on by ever-expanding Federal deficit spending, and the grim projections for the future economic health of our Nation. This legislation will further feed the fires of inflation by costing the weary American taxpayer at least $212 million to bestow another paid holiday to Federal employees.

A legal public holiday will close all Federal Government offices including post offices, social security offices, and veterans hospital offices, and will further damage our Government's lack of productivity. But the costs will not stop at the Federal level, because thousands of State, county, and city governments, will be asked to follow suit and declare a holiday for the millions of workers they employ. Although passage of this bill will not automatically require the closing of public schools, libraries, and other government institutions, the committee report makes it clear that the Congress is suggesting a 2-year delay in the effective date so State legislatures can follow suit.

Mr. Speaker, the Members should oppose the use of our rule supension procedure for this bill, since it precludes amendments and severely limits debate on this automatically expensive measure. For example, our colleague from Tennessee (Mr. Beard) would like to propose an amendment that would require all future legal public holidays to fall on either a Saturday or a Sunday, and I would be interested in having a full debate on the merits of his amendment.

There is also some sentiment, Mr. Speaker, for an amendment that would honor the contributions made by Reverend King through a commemorative day. This could be accomplished by simple majority approval of a joint resolution calling upon the President to issue a proclamation and inviting public ceremonies and activities in recognition of the work and memory of the civil rights leader.

I will gladly support such a resolution. Millions of Americans have a great deal of respect for Reverend King, and I know his memory evokes a great emotional response from segments of our society, but I believe there is a more appropriate way to honor him than through the costly method of creating another legal public holiday.

The House should weigh carefully the expense involved in creating any new Federal holiday, not only in terms of the Federal budget, but also the expense that will surely follow at the State and local government level and in the private sector.

Recognizing the agony of inflation and the well established fact that inflation is caused in no small part by deficit Federal spending and declining productivity it just makes sense that establishing another national holiday—that will shut down the Federal Government and half of the business and commerce of the Nation for 1 full day is a double barrel shot that will contribute both to deficit spending and further lowering productivity and will have the effect of pouring gasoline on the inflationary fires that are already consuming the life blood of the American people.

For these reasons, Mr. Speaker, I oppose passage of H.R. 5461 under suspension of our rules.

Mr. GARCIA. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan (Mr. Conyers).

Mr. CONYERS. Mr. Speaker, the decision of Congress on the Martin Luther King, Jr., national holiday bill will indicate the kind of moral direction of our Nation in the coming years. In approving this legislation, Congress will have made the most positive statement it can that the sectional and racial chapter of America's history has been closed forever. The Martin Luther King, Jr., National Holiday Act would commemorate a turning in our history of significance equal to other great events and passages that have shaped our destiny.

History thrust the young Baptist minister from Atlanta into the leadership of the civil rights movement. He became in the process the architect of the greatest movement of citizen action in modern times, one that empowered millions of citizens, black and white, whose lives had been devoid of dignity and hope.

In each Congress from 1968 onward, I have introduced legislation to designate Dr. King's birthdate—January 15—a national public holiday. Thirteen States, as well as most major cities, already honor Dr. King, as do people throughout the world.

By commemorating Dr. King's birthdate, we do more than honor one man, however extraordinary; we honor the profound spirit of love and humanity that guided his life and inspired his fellow citizens.

The meaning of his life—and what each of us needs to relearn and reflect upon—is captured in what he said in 1964 when he was awarded the Nobel Peace Prize:

> Nonviolence is the answer to the crucial political and moral questions of our times—the need for man to overcome oppression and violence without resorting to violence and oppression. I accept this award today with an abiding faith in America and an audacious faith in the future of mankind.

Those who regard Dr. King as the leader of a narrow cause or the spokesman for a single group fail to share his vision of the interdependency of every human life. Injustice in any form, affecting anyone, was viewed by Dr. King, as a threat to us all. His politics was harnessed to an overriding moral imperative to improve the lives of all human beings, whether he fought to end segregation in Birmingham, win full political rights in Selma, overcome housing and job discrimination in Memphis, or to put an end to poverty and build a full employment economy in the Nation.

Martin Luther King, Jr., led the Nation to recognize its common destiny and the fundamental interdependency of our lives.

Dr. King was a deeply religious man, the son and grandson of two prominent ministers in whose church—the Ebenezer Baptist Church in Atlanta—he too became a minister. His training in theology led from Atlanta's Morehouse College and Pennsylvania's Crozer Theological Seminary through the University of Pennsylvania, Harvard and Boston University, where he earned a doctorate. The social gospel that he studied he later practiced, according to Luke:

> To heal the broken-hearted, to free the captives, to set at liberty them that are bruised.

Public holidays in the United States are rightly reserved for honoring great traditions, the Nation's highest ideals, and the leaders who have shaped our destiny. Dr. King brought America back to its roots as a people. He challenged us to honor the law, even when the law was flawed. He made us proud to exercise our rights as a free people. He embodied and renewed the oldest political tradition of the Nation. He changed the moral and political direction of the country. His historical greatness no longer can be challenged.

Designating Dr. Martin Luther King, Jr.'s, birthdate a national holiday would represent another giant step forward in reconciling the lives and hopes of all Americans.

Mr. FORD of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. CONYERS. I yield to my colleague from Tennessee.

Mr. FORD of Tennessee. Mr. Speaker, I would like to associate myself with the gentleman's remarks from Michigan.

I would like to also state that when the gentleman mentioned earlier about the States and cities, I would like to point out that there are 14 States that have already recognized the birthday of Martin Luther King, along with at least 25 major cities.

The SPEAKER pro tempore (Mr. Minish). The time of the gentleman from Michigan (Mr. Conyers) has expired.

Mr. GARCIA. Mr. Speaker, I yield 1 additional minute to the gentleman from Michigan.

Mr. FORD of Tennessee. Mr. Speaker, if the gentleman will yield further, also I would like to say to my colleagues that as we act on this legislation today, this vital and important piece of legislation, those opposed to the bill argue that those cities and States which recognize Dr. King's birthday as a holiday are in perfect order to do so. They feel that the Federal Government has no precedent by which such a holiday has been declared.

Dr. King's life and work was unprecedented also. Furthermore, if this is to be a nation which never loses sight of its obligation to continue its efforts to "form a more perfect union, establish justice and secure the blessing of Liberty to our posterity," then it must enact the King holiday bill. This great man met his untimely death in my hometown—Memphis, Tenn. I think it is time that this Nation not lose sight of its obligation to continue in its efforts to form a more perfect union, establish justice and accord the blessings of liberty to our posterity.

Mr. Speaker, we must today as Members of this House enact the King holiday bill.

□ 1240

Mr. TAYLOR. Mr. Speaker, I yield such time as he may desire to the gentleman from Illinois (Mr. Derwinski), a member of the Committee on Post Office and Civil Service.

Mr. DERWINSKI. Mr. Speaker, only two men—Christopher Columbus, who discovered America, and George Washington, First President—have been honored with a Federal legal holiday.

In my opinion, although a truly dynamic and charismatic figure of our time, Dr. King's place in history has not yet been established. One of the greatest tributes that can be paid an individual after his death is recognition earned through widespread and spontaneous acclamation by the people of a nation or the world. Dr. King is not yet the subject of such acclamation. Since his death in 1968, legislation has been introduced in each Congress to commemorate the anniversary of his birthday. Congress has not acted on any of the bills for the past 10 years for good reasons.

Therefore, we should defer this bill, due to the fact that this legislation did not go through the process of acquiring a rule and we are not being given an opportunity of looking for alternatives. One reasonable alternative would be a national day of observance. This would set aside a day to memorialize Dr. King and his achievements and would avoid the many problems such as cost that are created when establishing a new Federal legal holiday.

There are many great Americans whose birthdays we do not commemorate as a legal Federal holiday. For instance, there is no legal holiday designated for Thomas Jefferson, James Madison, Abraham Lincoln, Susan B. Anthony, Ulysses S. Grant, Thomas Edison, Booker T. Washington, Woodrow Wilson, Harry Truman, Douglas MacArthur, Dwight Eisenhower, Sam Rayburn, John Kennedy, and countless others.

Technically, there are no national holidays in the United States. Each of our 50 States reserves the right to designate the holidays it will observe by each individual State's legislative enactment or executive proclamation. Fourteen States have already exercised this right by establishing a legal State holiday honoring Dr. Martin Luther King, Jr.

Aside from questioning this bill for the reasons I have mentioned, the cost of enacting this legislation is astronomical. The regular daily payroll for Federal workers in 1980 is approximately $185 million, with an additional $27 million for premium pay, coming to a total of $212 million. This is just for the Federal work force—with no consideration for the millions of dollars in hidden costs. In a time when Americans are becoming increasingly concerned about how their tax dollars are being spent—when given all the facts—this body should defer this bill and instead designate a day of observance for Dr. King.

Mr. TAYLOR. Mr. Speaker, I yield 3 minutes to the gentleman from Illinois (Mr. DANIEL B. CRANE), a member of the committee.

Mr. DANIEL B. CRANE. Mr. Speaker, I rise in opposition to H.R. 5461, which would designate the birthday of Dr. Martin Luther King, Jr., a legal public holiday.

The question that comes to my mind is the cost of a Federal holiday. Already, there are nine existing legal holidays. This Federal holiday would cost the American taxpayers $185 million to pay our Federal employees for not working, not including the cost of overtime.

The enactment of this legislation would only add to our existing fiscal problems. There is also the question of the premium pay of $27 million which is essential to keep the Government moving during a Federal holiday.

At a time of runaway inflation and an overburdened cost of Government to the American taxpayers, we need fiscal responsibility.

I come from the great State of Illinois where Abraham Lincoln made his fame. We do not have a Federal holiday for this fine gentleman.

I recognize the need and the desire of those who wish to have a State holiday for Dr. Martin Luther King. So be it. We do not need any more Federal holidays.

Mr. Speaker, the whole question surrounding this legislation is an emotional one, and I ask my colleageus to join me in defeating this bill on suspension of the rules.

Mr. TAYLOR. Mr. Speaker, I yield 3 minutes to the gentleman from New York (Mr. GILMAN), a member of the committee.

Mr. GILMAN. Mr. Speaker, I rise in support of this bill, H.R. 5461, legislation designating the birthday of Martin Luther King, Jr., as a legal holiday and wish to commend the gentleman from New York (Mr. GARCIA) for his leadership in bringing this measure to the House floor.

As a cosponsor of this measure during this and past Congresses, I was pleased to join with my colleagues on the Committee on Post Office and Civil Service in favorably reporting this legislation to the House.

Designation of this holiday in memory of Dr. King is a genuinely appropriate means of recognizing the monumental contributions of an individual who, during a critical point in our Nation's history, sparked a successful movement for a national commitment to provide all of our Nation's citizens with basic civil rights and equality of opportunity.

Recently, at a conference, here on the Hill, we had the opportunity to hear Mrs. Coretta Scott King, Dr. King's widow, remind us of Dr. King's hopes and dreams to strengthen our great great Nation.

Indeed, the legacy of Martin Luther King, Jr., lives today in the contributions to our Nation of those who through Dr. King's efforts were afforded equal opportunities in education and in employment. Their significant achievements have benefited our Nation's commerce, medicine, law, education, and the arts.

Dr. King's legacy lives in the pride of all Americans witnessing a confirmation of the earlier dream upon which our Nation was founded: Justice, equality, and the recognition of fundamental human rights and dignities.

Accordingly, Mr. Speaker, I urge my colleagues to suspend the rules and pass this legislation duly honoring the memory of Dr. Martin Luther King, Jr.

Mr. GARCIA. Mr. Speaker, I yield 2 minutes to the majority leader, the gentleman from Texas (Mr. WRIGHT).

Mr. WRIGHT. Mr. Speaker, I hope the House will pass this bill. It would set aside January 15, the birthday of Dr. Martin Luther King, Jr., as a public holiday. Certainly there can be no harm in that; I think there may be some lasting good in it.

The purpose of a national holiday, of course, is to provide the American people an annual reminder of some greatly inspiring historic deed or of an inspirational life. It seems appropriate to me that on January 15, toward the beginning of every new year, we might well have a reminder for the Nation that we have a dream—a dream yet not wholly fulfilled but one which we pursue.

It is a dream of equality—equality of rights and opportunity for all the children of this land, and indeed for all of God's children everywhere. That was the dream espoused by Martin Luther King. It was for that he lived. It was for that he died.

Martin Luther King was martyred 11 years ago in Memphis. Since that time 14 of our States on their own have acted to commemorate his birthday as a holiday. They include such Southern States as Florida and Kentucky, and such border States as Maryland and West Virginia. There, too, the common citizenry embrace the dream and honor the memory of him who dreamed it, who worked and sacrificed and struggled for it, and in the end gave up his life that the dream might live. During these years the stature of Martin Luther King has grown in historic perspective, as has the memory of his deeds.

So I can see no harm at all in our settings aside this day—just as we have set aside Washington's Birthday, Columbus Day, Labor Day, Veterans Day, and other special occasions to commemorate something that is precious and endemic to the American spirit.

And surely quite endemic to the American spirit was the struggle of Dr. Martin Luther King, Jr., often against great odds, to achieve a status of equality, of dignity and self-respect, for the disadvantaged and dispossessed of our land. He was a hair shirt for the Nation's conscience. He believed that religion has a mission to comfort the afflicted, and that sometimes it is necessary to afflict the comfortable.

He believed passionately in nonviolence, in the power of an idea to triumph irresistibly over physical force. He believed, and his life demonstrated, that love is a stronger force than hate.

How better shall we teach these truths than for the Nation to set aside a day to commemorate the life and teachings of this remarkable American who preached that our people are bound together by a single garment of destiny?

It will be well, Mr. Speaker, for future generations to remember his admonition, written from his imprisonment, much as the author of the Book of Revelation wrote from an unjust imprisonment, that each generation shall have to repent not only for the hateful things said and done by the bad people but also for the unthinking silence of the good people. These are teachings that speak to our Nation's soul, and they deserve to be remembered.

Mr. GARCIA. Mr. Speaker, I yield 1 minute to the majority whip, the gentleman from Indiana (Mr. BRADEMAS).

Mr. BRADEMAS. Mr. Speaker, I rise today in support of the bill to designate the birthday of Martin Luther King, Jr., January 15, a national holiday.

Dr. King left all Americans a vital

legacy. It is appropriate that we should commemorate his extraordinary personal accomplishments. Yet even more important, we must seek to keep alive for succeeding generations the wisdom of his message. For the life of Dr. King personifies the struggle of thousands of black Americans who suffered and died to bring liberty and justice to our Nation.

Martin Luther King, Jr., was a scholar, a preacher, a leader. In his pursuit of a philosophy that would best confront the twin oppressions of racial and economic injustice, he committed himself to a policy of nonviolent resistance as the most effective method of social change. Dr. King based this conviction on his deep faith that all men and women are part of the same human family and that injustice to one person is a threat to justice for every person.

As the preeminent leader and spokesman of the civil rights movement in the United States, Dr. King was unique in the tenacity with which he held to a dream he believed could be realized by moral suasion and the power of love.

Dr. King never faltered in his commitment to the cause of human rights. His challenging message and stirring words rang out from pulpits and platforms across our land reminding all Americans that the most cherished principles of our democracy had for nearly two centuries been imperfectly realized.

Mr. Speaker, Martin Luther King, Jr., challenged America to confront the paradox of discrimination in a Nation founded on the principle that all men are created equal. His tireless exertions and passionate concern for human freedom and dignity exemplify the basic strength and purpose of our Nation.

To honor Martin Luther King, Jr., in this way is to recall to ourselves as Americans the fundamental principles for which our country was established.

□ 1250

Mr. TAYLOR. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Tennessee (Mr. BEARD).

Mr. BEARD of Tennessee. Mr. Speaker, I think the thrust of the legislation is legitimate. So my only disappointment is that this piece of legislation was not brought to the floor of the House with an open rule.

I will not repeat all of the financial aspects, the price tag which has been approximated at $3 billion or more that this holiday would cost.

I introduced a bill approximately a year ago calling for all future national holidays to be held on a nonworking day, future holidays, whether it be Susan B. Anthony Day, or Flag Day. I just feel that we have a responsibility to be sensitive toward cost and the productivity factors.

Mr. TAYLOR. Mr. Speaker, I yield 2 minutes to the gentleman from Mississippi (Mr. HINSON).

Mr. HINSON. Mr. Speaker, earlier this year the House of Representatives considered legislation which would authorize the placing of a statue of Dr. King in the Capitol to commemorate his life and accomplishments. I was one of those who supported this legislation. I supported it because I believed at the time and I still believe that it was appropriate to recognize the work and contributions of Dr. King in such a fashion.

However, I am opposed to the legislation before us today. I am opposed because we cannot afford to lose another Federal workday at a conservatively estimated cost of $212 million in Federal payroll alone—not to speak of the absolutely incalculable losses in manhours and in the processing of thousands of Government tasks and duties, from defense contracts to social security checks. Further, there is the lost productivity from private industries which undoubtedly would follow suit, at a time when our national productivity is falling.

Mr. Speaker, I represent the Fourth Congressional District of Mississippi and approximately 40 percent of the population of my congressional district is black. Dr. King is a potent symbol of their legitimate hopes and aspirations—aspirations which I share and applaud, but I sincerely believe that this legislation serves neither their best interests nor is it in the best interests of the American taxpayer. Better in my view that we use the $212 million-plus on better housing or medical care for poor people both of which I have supported this year. I believe Dr. King would have preferred that as well. We have honored Dr. King with a statue in the Capitol. Let us be satisfied with that accolade. Let us stop short of passing this unnecessary, expensive, and most ill-advised piece of legislation.

Mr. GARCIA. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey (Mr. RODINO).

Mr. RODINO. Mr. Speaker, January 15th of this year was the 50th anniversary of the birth of Martin Luther King, Jr.

Twenty-four years ago, he became a leader of the Montgomery, Ala., bus boycott, which soon spread to a nationwide civil rights movement.

Sixteen years ago, as the most eloquent leader of that movement, he wrote from a Birmingham jail that "injustice anywhere is a threat to justice everywhere," and a few months later he said from the Lincoln Memorial, "I have a dream."

Eleven years ago he was assassinated in a motel in Memphis.

For more than a decade, I, and other Members of Congress, have endeavored to designate the birthday of Martin Luther King, Jr., as a legal public holiday.

Such a national holiday would not only honor an extraordinary man whose life and achievements were heroic. By honoring him, the Nation would be expressing annually its respect for justice, equality, freedom, and peace.

And by honoring the courageous life of Martin Luther King, Jr., the American people would each year renew their commitment to the realization of those goals, which were the elements of his dream for all citizens.

A decade is too long to wait for this simple act of commitment. Today—when we have a critical need for national inspiration—is the time to designate January 15 as Martin Luther King, Jr., Day, a legal public holiday.

Mr. GARCIA. Mr. Speaker, I yield 1 minute to the gentleman from Georgia (Mr. McDONALD).

Mr. McDONALD. Mr. Speaker, it has been suggested that the birthday of Martin Luther King, Jr., be declared a national holiday. I strongly oppose this plan. King practiced and preached confrontation politics. Nonviolence was the facade behind which hatred and violence were nurtured. The American Nazi Party in its obscene plan to march in the predominately Jewish town of Skokie, Ill., was merely emulating King's provocative confrontation tactics in white communities in the past.

Recently, the Washington Post contained a column by William Raspberry, a strong supporter of King, protesting the action of Hosea Williams, head of the Atlanta chapter of the Southern Christian Leadership Conference, in presenting the "Martin Luther King, Jr., Peace Medal" to the Libyan dictator, Qaddafi. According to Raspberry, while Williams heads a dissident faction in SCLC, other black leaders refuse to condemn his presentation of the medal. Coretta Scott King, widow of Martin Luther King, Jr., would only say that the medal was not an official medal of the SCLC.

In many ways, Qaddafi is an appropriate recipient. He, like King, collaborates with the Communists. You will remember that Attorney General Robert Kennedy authorized wiretaps of King's home and office to obtain evidence of his relationship with Communists. Qaddafi, also, mouths phrases about peace while providing training to terrorists and support for other dictators such as Idi Amin in Uganda.

As I have pointed out in the past, terrorism is a violent attack on noncombatants for the purpose of intimidation to gain a military or political objective. Terrorists are not freedom fighters—neither were the young hoodlums set loose in our streets by the inflammatory rhetoric of Martin Luther King, Jr.

The recent embrace of Yasser Arafat by those who inherited MLK's mantle makes it clear who will benefit from the suggested national holiday. Arafat, the Soviet cutting edge in the Middle East, heads the most vicious international terrorist organization currently functioning. A national holiday on MLK's birthday will bring aid and comfort to those who want Arafat to "overcome."

Mr. TAYLOR. Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio (Mr. ASHBROOK).

Mr. ASHBROOK. Mr. Speaker, I rise with absolutely no reluctance to strongly oppose this legislation. I realize that it is not popular and certainly not politically advantageous to speak in opposition of a man who has been canonized by the liberally based news media and many of those who profess to advocate civil rights. The common misconception is that if one speaks ill of M. L. King, he or she opposes the concept of civil rights. That is a lot of malarkey and I think my colleagues understand that. He left us a legacy but it has not been mentioned today. Under these gag rules his record will not be really discussed in this debate but, then, are we not just doing this for the record anyway.

When I learned last week that we would be considering this legislation today under Suspension of the Rules, I will have to admit that I was not too surprised. This Congress routinely adopts multimillion-dollar proposals as a matter of fact and today is probably no exception. This bill cannot stand the light of day through regular open debate so there is this effort to sneak it through without amendment or full debate. Suspension of the rules—yes, suspension of the rules clearly fits Martin Luther King.

Mr. Speaker, I can say without qualification that no Member of this body has studied the record of Martin Luther King as extensively and as vigilantly as I have over the past 20 years. That study has continued right up to the present. I can also say without qualification that Reverend King does not deserve this honor based on his record unless we have crassly gotten to the place where politics and racism are what count, not the record or principles.

At any rate, the issue before us today is twofold. One, does the Congress of the United States intend to support the fictional assessment of M. L. King by honoring him with a national holiday, a holiday which will take the taxpayers for a ride to the tune of millions and millions of dollars—as much as $200 million in Federal cost alone. Two, should our children and our grandchildren be led to believe that M. L. King was one of the great men of all time? Should they speak of him with the same reverence generally associated with George Washington or Abraham Lincoln? I think not.

As I said, I was one of those Members of Congress who spoke out in the sixties when the media was honoring Dr. King for his so-called civil rights advocacy. At that time, many of my colleagues publicly shared my opinion. It was not difficult to think that way because we could see him in action. We could easily take notice of his anti-American rhetoric and his penchant for violence. It is not so easy now. Strange how liberal historical revisionists would rewrite the lives of John F. Kennedy, Roosevelt, Eisenhower, J. Edgar Hoover, and others but leave hands off Martin King.

My statements regarding M. L. King are a matter of public record. I see no need to repeat them now.

On October 4, 1967, I addressed the House on the subject of the King record. That speech appears on pages 27814 through 27827. I stand by everything said that day.

I want my colleagues to think about the fact that they are presently considering legislation which will deprive their constituents of their tax dollars, legislation which will honor a man who shared few of the basic principles we as Americans hold dear. I want my colleagues to think about that.

Let those who think Reverend King should be honored, commemorate him in their own way and on their own terms. Let them point out those ideas he had which they applaud and promote them, no matter what others think. That would be proper. For those who rejoice in his apostasy as a minister—he rejected almost every important Christian tenet that founds the basis for Christianity—let them emulate that if they wish. For those who believe that radicals can bring peace, let them so proclaim. For those who believe that America is the enemy, that we are the threat to world peace, as he preached, let them honor him in whatever means they choose. But do not engage in the hypocrisy of forcing the observance of a national holiday on the great majority of Americans who have nothing in common with his ideas or his true record.

Mr. Speaker, I urge that this legislation be defeated.

Mr. TAYLOR. Mr. Speaker, I yield 1 minute to the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Speaker, Martin Luther King, Jr., was a distinguished and prominent American citizen who helped teach many of us the true meaning of brotherhood and equality. He was a good man, an effective leader, and one who deserves to be honored and remembered by a fitting memorial.

Unfortunately, H.R. 5461 does not provide a suitable memorial. This bill simply provides another day off with pay for bureaucrats.

It also provides about $200 million worth of inflation through a nonnegotiated raise to an elite group of people who have just received a 7-percent pay raise, and who already receive more paid holidays than most American employees.

It has been alleged that there is little or no extra cost to the taxpayers in this bill. If Government employees have been working at full capacity, and I believe we should give them the benefit of the doubt, somebody is going to have to do the work that would have been done on the holiday. That seems to work out to a $200 million kick in the head to the taxpayers.

If we were to canvass our constituencies we would surely find little enthusiasm to pay for another paid holiday for bureaucrats. Many taxpayers did not get the 7-percent pay raise, nor do they get the splendid pension benefits that Government employees get.

In addition to the costs to the taxpayer, inflationary costs would soon reverberate through the private sector, too. Whenever Government employees are handed a benefit, private employees will claim it, too. Another paid holiday will soon be stimulating inflation in private industry, too, perhaps by as much as $3 billion.

Dr. Martin Luther King, Jr., was too good a person for us now to attempt to exacerbate inflation in his name. There are many suitable noninflationary memorials which could be voted by this House. I believe this bill does not provide a fitting tribute, and it should be voted down.

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Mr. TAYLOR. Mr. Speaker, I yield myself such time as I may consume.

I well remember when I decided to seek public office, I went to a friend of mine, and he said, "I am going to support you, but when you get up there, I want you to ask yourself three questions on every piece of legislation that comes before the Congress.

"No. 1, can we afford it?

"Do we need it?

"If you have answered both of those in the affirmative, then ask yourself a third question.

"If we needed all that much, how have we done without it all these years?"

Mr. Speaker, I sincerely believe that if Martin Luther King were here today, a man who stood for the poor and downtrodden and disadvantaged, and viewing the inflationary impact this legislation would have on those people, that he himself would vote against this legislation.

Mr. Speaker, I yield back the balance of my time.

Mr. GARCIA. Mr. Speaker, I yield 2 minutes to the gentleman from the District of Columbia (Mr. FAUNTROY).

Mr. FAUNTROY. Mr. Speaker, I rise in support of H.R. 5461. When the history of the 20th century is written, one name will be deeply etched in its fabric as having moved like a giant across the backdrop of our time. It will be, in my judgment, the name of the singularly most important man, with the most important message for this the most violent century in the history of mankind.

That man is Dr. Martin Luther King, Jr., and his message was this:

> Mankind simply, must find non-violent means to resolve human conflict . . .

America must never forget that man or his message. The legislation before you today affords us the opportunity to etch that message for our time and for all time in the minds and hearts of all Americans.

Martin Luther King, Jr., was the moral leader of the civil rights movement in America during the period of its most visible achievement: 1955 through 1968. A disciple of nonviolence and love, Dr. King became the victim of savage violence, killed by a sniper's bullet as he stood on the balcony of a Memphis, Tenn., motel on April 4, 1968.

> They killed the dreamer; they have not silenced his dream.

Dr. King's legacy is one of profound change in the social fabric, not only for black Americans, but for all Americans.

The New York Times captured his significance from his time when it wrote:

> It can be said of him, as of few men in like position, that he did not fear the weather and did not trim his sails, but instead challenged the wind itself to improve its direction and to cause it to blow more softly and more kindly over the world and its people.

But Dr. King's life had significance not only for his time, but for our time, indeed for all time. He wrote:

> We have experimented with the meaning of nonviolence in our struggle for racial justice in the United States, but now the time has come for man to experiment with nonviolence in all areas of human conflicts, and that means nonviolence on an international scale . . . If we are to have peace on earth, our loyalties must become ecumenical rather than sectional. This means we must develop a world perspective.
>
> Now the judgment of God is upon us, and we must either learn to live together as brothers or we are all going to perish together as fools.

There are those who say that nonviolence can never again be an effective tool for resolving human conflict, nevertheless the vision of Martin Luther King, Jr., nags uncomfortably at the minds of statesmen and generals alike—a strange, brooding figure—standing somewhere in the distance with a beckoning truth, waiting for the world to catch up.

Favorable action of this measure today will assure that that truth will be forever etched in the mental skies of our ever-broadening horizon as a nation.

It was Goethe who said:

> What we have inherited from our fathers, we must earn again for ourselves, else we will lose it.

Let us pass this bill that generations unborn might be inspired as Martin Luther King, Jr., inspired us to become answers to Josiah Holland's prayer:

GOD, GIVE US MEN!

God, give us men! A time like this demands
Strong minds, great hearts, true faith and ready hands;
Men whom the lust of office does not kill;
Men whom the spoils of office cannot buy;
Men who possess opinions and a will;
Men who have honor; men who will not lie;
Men who can stand before a demagogue
And damn his treacherous flatteries without winking!
Tall men, sun-crowned, who live above the fog
In public duty and in private thinking;
For while the rabble, with their thumb-worn creeds,
Their large professions and their little deeds,
Mingle in selfish strife, lo! Freedom weeps,
Wrong rules the land and waiting justice sleeps.

—JOSIAH GILBERT HOLLAND.

Mr. GARCIA. Mr. Speaker, I yield such time as he may consume to the gentleman from Missouri (Mr. CLAY).

Mr. CLAY. Mr. Speaker, I rise in support of the bill.

Mr. Speaker, I rise to add my voice to the others who are supporting the passage of this bill making the birthday of Dr. Martin Luther King a national holiday. First, let me commend my colleague, JOHN CONYERS of Michigan for his untiring efforts and unyielding persistence in forcing the issue. Second, let me extend congratulations and thanks to my colleague, BOB GARCIA of New York who skillfully guided this legislation through his Committee on Post Office and Civil Service. This bill has been introduced and reintroduced into this body for the last four Congresses only to linger, languish, and die in committee. Today, we will finally have the opportunity to vote on it.

Mr. Speaker, I am sure that the thoughts of those of us in this Chamber immediately go back to that tragic day in Memphis 11 years ago when the apostle of nonviolence was violently shot down; that day when the moral leader of the world became the victim of an immoral world conspiracy. The tragic act perpetrated by one James Earl Ray was the culmination of years of hatred, bigotry, racism, and all other evils that created an atmosphere in which insane men such as James Ray would view such a dastardly act as heroic. The crime of Ray must be shared by each who at sometime and in some way advanced the idiotic notion that others by virtue of skin pigmentation, sex, or national origin were somehow less in his or her humanity.

Mr. Speaker, that day was a sad loss for black Americans. But it was an even sadder loss for America and the world at large. That one fatal shot, Mr. Speaker, I contend without fear of contradiction, cut down the greatest crusader for freedom, justice, and equality in the history of our Nation. Martin Luther King with a relevancy that was refreshing, though personally dangerous, assaulted the bastions of structured evil pervasive in our society. With pathos and passion, he verbalized the exploitations of the poor, of the denied, of the denigrated, and with his voice raised in indignation, articulated the hypocrisy of American society and led a massive movement to give meaning to concepts embodied in the Declaration of Independence and the Bill of Rights.

The victims of abject poverty in Appalachia, the impoverished residents of the boroughs and slums, the youth dying in the trenches of a far off land became the major concern of Dr. King and subsequently the basis of his dream. With sweat, tears, and eventually his blood, Dr. King showed them the dawning of a new day. He looked out over the horizon and saw the bright, glistening sun of salvation symbolizing a system that could afford racial harmony and economic parity for all God's children. Without question, Martin Luther King was the greatest social prophet in the short history of this Nation. From the mining towns of Appalachia to the backwoods of Mississippi, to the dilapidated tenements of Chicago, he stayed on the firing line with the genius and the tenacity of a master painter; painting the darkness of western culture and majestically pointing out the clouds of ill-fated omens which hung so ominously over our society.

Mr. Speaker, who else is so deserving of a national holiday in his name? Who else, I ask, Mr. Speaker, wore his mantle of leadership with such courage, conviction, dignity, and integrity?

Mr. GARCIA. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Illinois (Mrs. COLLINS).

Mrs. COLLINS of Illinois. Mr. Speaker, I rise in support of this very worthy legislation for all the people of America.

Mr. Speaker, the civil rights struggle in this country has progressed in the past two decades from an effort to obtain minimum access to public places, to passage and enforcement of equal opportunity laws, to efforts to gain economic parity for black Americans.

Today, this body has the historic opportunity to make a major symbolic commitment to equal justice by honoring the late Dr. Martin Luther King, Jr., with a national holiday in his name.

To so honor the leader who brought about the most profound social revolution in this Nation's history would symbolize the Nation's commitment to Dr. King's values and principles—the principles upon which this Nation was founded.

More than honoring one individual, making Dr. King's birthday a full national holiday will be a signal to the Nation and the world that we have broken with the past by honoring a man from a group oppressed in law as well as in fact.

Dr. King's contributions are too numerous to list. The Montgomery bus boycott, the sit-ins and freedom rides, an early protest against the war in Southeast Asia. Courageous action was accompanied by a brilliant and compelling philosophy of nonviolence. Dr. King retaught the Nation its own values, and in so doing broke down the laws and customs of centuries which had violated those stated values.

I have heard some speak of the cost of creating a new national holiday. How can we ever measure the value of Dr. King's life?

He restored the true wealth of the Nation—its principles and ideals. He brought millions of black Americans into the mainstream of our economic and social life. He opened the way for many other groups in the struggle for equality. To speak of cost of honoring Dr. King is to profane the memory of a true national hero.

I hope, and my colleagues and the Congressional Black Caucus hope, that you will act on conscience today and act in a spirit of furthering the work of Dr. King by voting to create a national holiday in his honor.

Mr. GARCIA. Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio (Mr. STOKES).

Mr. STOKES. Mr. Speaker, I rise in favor of this legislation.

Mr. Speaker, I would like to take this opportunity to lend my support to the passage of H.R. 5461 which would designate the birthday of Dr. Martin Luther King, Jr., as a public holiday.

There have been few men in the history of this country and the world who have left such a profound legacy of peace, justice, equality, and love to all people. Even fewer men have possessed the extraordinary foresight and left such a positive impact on the lives of so many different people—black, white, yellow, brown, red, rich, and poor.

Dr. King was not a military giant. But he was a courageous leader of equality and justice. He did not discover a cure for any devastating physical disease. But, he did try to heal the wounds of discrimination and racism which had consumed this country. He was not a man of tradition. Rather, he was one of the visionaries of our time. And finally, he did not sacrifice his principles. He sacrificed himself for his brothers and sisters.

During the turbulent 1950's and 1960's, Dr. King was not ready to destroy what we often categorize as the "American Dream" as many other disenchanted minorities in this country wanted to do. Instead, he had a dream of his own which incorporated and revolutionized all the ideals and principles of the "American Dream" and put them to work for everyone. Equality, justice, and the peaceful pursuit of these freedoms were the fundamental points of his dream.

Because of his dream and the steps he took to insure it, he became the hero and hope of many people throughout the world. America has a tradition of honoring great individuals who have contributed immeasurably to this country's development. George Washington, Christopher Columbus, and the U.S. veterans all have special days set aside to commemorate their achievements and sacrifices. Therefore, I find it only fitting to set aside a day for Dr. King, a man who sacrificed his life for all Americans, as a gesture of our appreciation for him.

Accordingly, I urge all of my colleagues to support H.R. 5461. The passage of this legislation will symbolize that Dr. King's dream is still with us today and is one step closer to reality.

The SPEAKER pro tempore. The gentleman from New York (Mr. Garcia) has 2½ minutes remaining.

Mr. GARCIA. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. Leland).

Mr. LELAND. Mr. Speaker, I stand before you today, a manifestation of the deeds and work of Dr. Martin Luther King. What he fought for in the years when I was just a young student at Texas Southern University was something very significant in my life. At that time I was young. I was feisty, and some would even say that I was foolish, but I would say to my colleagues, because of the message of Dr. Martin Luther King at the time when I hated white people, every white person in America, I decided at that time that I should reassess my position in this country and reassess my value as a human being to determine exactly what course I should chart for myself as I ventured to try to do what was necessary on behalf of black people at the time.

But subsequent to Dr. King's movement, subsequent to his nonviolent movement, subsequent to his teachings to me, I determined and deemed at that time that it was time for me to look at the plight of other people, poor white people, poor Mexican-Americans and Hispanic people in this country, poor people in general. I did that.

From that time on, I became more or less a universalist, with the mark of what the American promise represented by way of the Constitution of the United States of America. I stand here before my colleagues today to tell them that Mickey Leland is in the U.S. Congress because he was inspired by Dr. Martin Luther King, one who believes that the American dream is a real dream and one that should be fulfilled.

I am somewhat appalled at my colleagues on the other side of the aisle, those who oppose Dr. King's bill, that they would use the crass reference to money as a judgment to oppose a measure with the status that this measure represents. It does not make much sense to me, one who calculates historical meaning in this whole matter.

The historical meaning to me is that we have suffered, we as black people, have suffered for hundreds of years never having had a national hero.

Mr. Speaker, I thank you very much for the time that I have been given. I would hope my colleagues would not use money as a reference to killing this bill. I would hope that all of my colleagues would join with us in supporting this important measure.

Thank you.

Mr. GARCIA. Mr. Speaker, I yield such time as he may consume to the gentleman from Illinois (Mr. Stewart).

Mr. STEWART. Mr. Speaker, I rise in support of this bill.

Mr. Speaker, I rise in wholehearted support of the establishment of Dr. Martin Luther King, Jr.'s, birthday as a legal holiday.

Dr. King, along with other deprived Americans, worked diligently to make the dream of America's constitutional privileges a reality for all.

Too few young Americans know much about Dr. King and his life's work as a leader, a Nobel Peace Prize winner, a prophet, and a friend of all humanity.

Observing his birthday as a Federal holiday would stimulate schools, community and civic organizations, and individuals to discover his unique and invaluable contribution to American life. It would encourage everyone to examine and respect Dr. King's quest for justice and his vision of equality.

Honoring Dr. King by establishing his birthday as an official national holiday would give renewed official emphasis and commitment to fulfilling his dream.

When the dream becomes reality and the pledge of America's promised equality is finally made good, then and only then will all Americans be free.

On that day, Dr. King declared, both blacks and whites, people of all religions and all races, will have been emancipated. And on that day, then, we all will sing:

> Free at last! free at last! thank God Almighty, we are free at last!

● Mr. RICHMOND. Mr. Speaker, I rise in strong support of this legislation to designate the birthday of Dr. Martin Luther King, Jr., as a legal public holiday.

Few Americans in this century have made so great an impact on the lives, the values, and the aspirations of all Americans as Dr. King. Through his vision and his dynamic, effective leadership of the civil rights movement, Dr. King compelled our Nation to examine its prejudices and the inequalities that generations had taken for granted.

At the forefront of the struggle for nonviolent social change, Dr. Martin Luther King led the way to breakthroughs for the poor and the downtrodden members of our society in housing, jobs, education, community development, and—in assuring equal opportunity for all Americans in every aspect of daily life.

By designating Dr. King's birthday, January 15, as a legal holiday, we will be giving recognition to the outstanding contributions of a unique individual to our society. In addition, an annual observance of this day will provide all Americans the opportunity to reflect upon the achievements of Dr. King and to rededicate themselves to the goals to which he dedicated his life.

I urge my colleagues to approve this important legislation.●

● Mr. HAGEDORN. Mr. Speaker, legislation which is considered under the procedure known as suspension of the rules is supposed to be of a noncontroversial nature. This special procedure was established to help prevent using a great deal of congressional time for the discussion of legislation which would most likely not need to be amended or which dealt with a subject that did not have significant national impact.

The consideration of a bill to designate January 15, the birthday of the Reverend Martin Luther King, as a legal public holiday is not appropriate under the suspension procedure. Not only is the creation of a new Federal public holiday a matter of significant national impact, but there is perhaps sufficient reason to warrant a more detailed debate and inspection of the record of the individual to be honored. This procedure does not allow the time for such a discussion.

Since debate on this important matter is limited by the suspension procedure, this alone would be enough reason to postpone consideration. The inability to offer amendments is another, more important reason. One such amendment that would be offered is a bill I have cosponsored that would require that any future Federal holidays to be observed on either a Saturday or Sunday. My colleague from Tennessee (Mr. Beard) introduced this bill earlier in the year and I feel that this bill today would be a very appropriate measure to add it to.

This is an important approach that must be allowed to be considered. Federal employees now have eight official public holidays. The personnel cost of a holiday is estimated as over $200 million paid for work that is not done by Federal workers. The American taxpayer should not be called upon to foot the bill for any more holidays. We simply cannot afford having the Federal Government shut down for another day.

The work shutdown effect would most likely extend to all the States, as they usually follow the lead of the Federal Government with regard to designating holidays. Although some 14 States now observe this holiday, if all other States were to follow the example set by the Federal Government, the cost to taxpayers would run into billions of dollars.

Those who support the passage of this bill under suspension of the rules have stated that the principal reason to honor Reverend King is to remind Americans of the principles for which he lived, worked, and which caused his death. The type of remembrance that would be promoted by the official observance of his birthday could be accomplished on an appropriate weekend day.

Many citizens complain that certain Federal holidays without historical or religious meaning are mere excuses to give Federal workers just another day off the job. We owe it to those who must pay the bills not to have to pay for another day of no production when there is a reasonable alternative that should be considered. However, under suspension of the rules, this alternative cannot be considered. Therefore I urge the defeat of this proposal today.●

● Mr. RANGEL. Mr. Speaker, we have before us today a bill designating the late Dr. Martin Luther King, Jr.'s, birth date as a national holiday. In doing so, we join cities and States throughout our Nation in honoring Dr. King and instituting January 15 as an annual reminder of those lofty ideals of freedom and human dignity to which he strived.

Dr. King first came to the public eye in 1955 with his leadership of the Montgomery bus boycott. Rosa Parks, a black woman, refused to turn her seat over to a white person as the law required. Her simple refusal to stand up when her legs were weary from a hard day's work sparked a massive appeal for human dignity. The black people of our country realized the power of organized action when the boycott ground the Montgomery bus system to a halt and their demands were accepted.

With the boycott in Montgomery was born Dr. King's nonviolent organizing tactics. He used them as founder of the Southern Christian Leadership Conference and leader of the national civil rights movement. Nonviolence was the basis of his creed which took him from his pulpit at the Ebenezer Baptist Church in Atlanta to mass rallies, marches, and then jail cells throughout the South. Dr. King's eloquence is best remembered from the day he delivered his dream to the largest group of people ever assembled on the steps and Mall of the Lincoln Monument. His historical place was assured when he received the Nobel Peace Prize in Sweden. Reverend King's commitment to nonviolence and the dignity of all men was resolute to the end—even to the balcony of that hotel in Memphis, Tenn.

Dr. King's greatness arose from his refusal to confuse the ends and means of his struggle. His goal was a moral imperative to improve the lives of all human beings. His love was not confined to any one group of people or specific interest. The nobleness of his spirit was evidenced by his refusal to give in to the temptations of violence and politics in achieving his goals. Reverend King would not trade the life of one man for another. As he said at the acceptance of his Nobel Peace Prize, "Nonviolence is the answer to the crucial political and moral questions of our times—the need for man to overcome oppression and violence without resorting to violence and oppression."

Those who may see Martin Luther King's birthday as a celebration primarily for black Americans have narrow sights indeed. Though it is true that this would be the first such honor given a black man in this country, Dr. King represented more than one people, he embodied the goodness of the American spirit. His life is exemplary of the highest ideals of freedom, justice, and dignity. Dr. King's struggles must be seen as a perennial call for love and understanding. Commemorating his birth date would renew our commitments to the ideals by which he lived and help to foster that spirit throughout our country.

I appeal to all of my colleagues to commemorate a black man, an American, but most of all a devoted human being. Please vote to designate Dr. Martin Luther King, Jr.'s, birth date as a national holiday.●

● Mr. DELLUMS. Mr. Speaker, I speak today in support of H.R. 5461. In doing so, I pay homage, in behalf of millions in America and around the world, to a great American—but, more important—a great human being.

Martin Luther King, Jr., traveled this Earth for only 39 years—a speck of time in the annals of history. But in those few short years he irrevocably altered the perceptions of humankind in the search for peace and social justice.

In America he was the living embodiment of the highest principles professed in the Declaration of Independence—that all are created equal—that they are endowed by their Creator with certain inalienable rights—among which are "life, liberty and the pursuit of happiness * * *.

Martin Luther King, Jr., challenged the conscience of America by confronting both church and state on the spiritual and political immorality of racism and segregation in our society. As he said in his eloquent letter from the Birmingham jail in April of 1963:

> We know through painful experience that Freedom is never voluntarily given by the oppressor; it must be demanded by the oppressed. . . . We have waited for more than 340 years for our Constitutional and God-given rights. The nations of Asia and Africa are moving with jet-like speed toward gaining political independence, but we still creep at horse-and-buggy pace toward gaining a cup of coffee at a lunch counter. . . .
>
> To put it in the terms of St. Thomas Aquinas: An unjust law is a human law that is not rooted in eternal law and natural law. Any law that uplifts human personality is just. Any law that degrades human personality is unjust. All segregation statutes are unjust because segregation distorts the soul and damages the personality. . . Thus it is that I can urge men to obey the 1954 decision of the Supreme Court, for it is morally right; and I can urge them to disobey segregation ordinances, for they are morally wrong.

It was Martin Luther King, Jr., standing in the very shadow of the Lincoln Memorial on August 28, 1963, who challenged the foundations on which this Nation was built, while the President sat watching television in the Oval Office, fearful that a public appearance on behalf of justice and equality might harm his standing in the public opinion polls. It was Martin Luther King, Jr., who had the courage to stand up to white America on behalf of nonwhite America and say:

> When the architects of our republic wrote the magnificent words of the Constitution and the Declaration of Independence, they were signing a promissory note to which every American was to fall heir. . . .
>
> It is obvious today that America has defaulted on this promissory note insofar as her citizens of color are concerned. Instead of honoring this sacred obligation, America has given the Negro people a bad check; a check which has come back marked "insufficient funds." We refuse to believe that there are insufficient funds in the great vaults of opportunity of this nation. And so we've come to cash this check, a check that will give us upon demand the riches of freedom and the security of justice.

As a citizen of the world, it was Martin Luther King, Jr. who carried the true message of justice, brotherhood and reconciliation into the global arena. Like Mother Theresa, he truly honored the ideals espoused in the Nobel Peace Prize in his concern for, and determination to do something about, the needs of suffering humanity everywhere.

Unlike other hypocritical recipients of this award, who profess peace while promoting war, he was in the vanguard of the crusade for world peace and nuclear disarmament. In Oslo, Norway, in 1964, he argued eloquently that "nonviolence is the answer to the crucial political and moral question of our time—the need for man to overcome oppression and violence without resorting to violence and oppression." What could be more profoundly unequivocal than his challenge to the global conscience on that occasion, in saying:

> I refuse to accept the cynical notion that nation after nation must spiral down a militaristic stairway into the hell of thermonuclear destruction. I believe that unarmed truth and unconditional love will have the final word in reality. This is why right temporarily defeated is stronger than evil triumphant.

It was Martin Luther King, Jr., using his eminence as a Nobel Peace Laureate, who chose to speak out on the insanity and immorality of the war in Indochina in 1965—despite the warnings and threats of other "Establishment" leaders in the civil rights movement.

It was Martin Luther King, Jr. who directly challenged the Johnsonian philosophy of buns and butter, saying in a Los Angeles speech:

> The promises of the Great Society have been shot down on the battlefields of Vietnam. The pursuit of this widened war has narrowed domestic welfare programs, making the poor, White and Negro, bear the heaviest burdens. . . . It is estimated that we spend $322,000 for each enemy we kill, while we spend in the so-called war on poverty in America only about $53 for each person classified as poor. . . .

During a lifetime all too brief, Martin Luther King, Jr. was cursed, reviled and spat upon, beaten, jailed, and stabbed, denounced as an extremist by the lords of the press, and as a "nigger" and a "traitor" in the highest councils of government. Finally, in an attempt to slay the dream, they slew the dreamer.

It is for us, the living, to make certain that dream never dies. It is for us, the living, to pick up the fallen torch of equality and justice, and to rekindle it anew with dedication and commitment to go forward, as he said, to "make of this old world a new world." It is for us, the living, to insure that his life, his deeds, his commitment, his love for all humankind will always be remembered by generations yet unborn—men and women of all races and creeds who will be able to look to him as a sign of hope for what America can truly be . . . and ought to be. . . .●

● **Mr. MOORE.** Mr. Speaker, I voted against H.R. 5461 today as I would prefer means to honor the contributions to this Nation by Dr. Martin Luther King, Jr., other than by giving Federal workers another paid holiday on his birthday. I would have supported an amendment to provide for a national day of recognition for Dr. King, but could not support a bill that provides another holiday for Federal employees and does not under suspension procedures allow amendments to be considered.

The bill would cost the American taxpayers $196 million or more annually. For a man whose life was dedicated to helping the poor, I do not see a waste of funds through giving Federal employees the day off as a proper way to honor his efforts to help the poor. The $196 million could be better used to feed hungry mouths and those to whom he would have given aid.

We now have a national holiday for only two persons. One is our Holy Father and the other is the Father of our Country. Others including Thomas Jefferson, Abraham Lincoln, Theodore Roosevelt, Franklin D. Roosevelt, and John F. Kennedy do not have have national holidays declared in their remembrance.

I have supported the construction of a bust of Dr. King for our Capitol building and would support a national day of recognition of his birthday, but another Federal holiday is not the best way to honor him.●

● **Mr. CAMPBELL.** Mr. Speaker, it is with a sense of regret that I vote today against suspending the rules and passing H.R. 5461, to designate January 15, Dr. Martin Luther King's birthday, a national holiday.

While I hold the memory of Dr. King and his accomplishments in the highest respect and would gladly support a commemorative day in his honor, which I did as a member of the South Carolina Senate, I cannot justify the expenditure of the $212 million in direct costs to American taxpayers for providing another paid holiday for Federal employees. Total costs, assuming that the States would follow Washington's lead, could well mount to 10 or 20 times that figure.

Indeed, I believe Dr. King himself would far rather see these funds go for energy assistance to help the poor and the elderly; for tax credits to encourage the hiring of teenagers, particularly minority teenagers for whom the unemployment rate is a staggering 31.5 percent; for programs with real and tangible benefits to the Nation's needy, rather than for a symbolic gesture, appropriate as it may be.

Mr. Speaker, this bill should have been brought before the House under an open rule, and if the suspension procedure is defeated, I will support reconsideration and I will support establishing a commemorative day. In all good conscience, however, I cannot support the spending priority that the bill in its present form represents which would have us allocate more than $200 million for a gesture which will not provide food or warmth or jobs for those in need.●

Mr. GARCIA. Mr. Speaker, in closing, I would hope and urge that all my colleagues vote and support this legislation. I am delighted that today in the city of Washington, the widow of the late Dr. Martin Luther King is present, and I would hope and urge that this date is the day that children all over America understand and appreciate that all Americans are the same.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New York (Mr. GARCIA) that the House suspend the rules and pass the bill, H.R. 5461, as amended.

The question was taken.

Mr. TAYLOR. Mr. Speaker, in that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to the provisions of clause 3, rule XXVII, and the Chair's prior announcement, further proceedings on this motion will be postponed.

□ 1319

INTERNATIONAL AVIATION

Mr. JOHNSON of California. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5481) to amend the Federal Aviation Act of 1958 in order to promote competition in international air transportation, provide greater opportunities for U.S. air carriers, establish goals for developing U.S. international aviation negotiating policy, and for other purposes, as amended.

The Clerk read as follows:

H.R. 5481

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "International Air Transportation Competition Act of 1979".

SEC. 2. Section 102(a) of the Federal Aviation Act of 1958 (49 U.S.C. 1302(a)) is amended to read as follows:

"DECLARATION OF POLICY: THE BOARD

"FACTORS FOR INTERSTATE, OVERSEAS, AND FOREIGN AIR TRANSPORTATION

"SEC. 102. (a) In the exercise and performance of its powers and duties under this Act, the Board shall consider the following, among other things, as being in the public interest, and in accordance with the public convenience and necessity:

"(1) The assignment and maintenance of safety as the highest priority in air commerce, and prior to the authorization of new air transportation services, full evaluation of the recommendations of the Secretary of Transportation on the safety implications of such new services and full evaluation of any report or recommendation submitted under section 107 of this Act.

"(2) The prevention of any deterioration in established safety procedures, recognizing the clear intent, encouragement, and dedication of the Congress to the furtherance of the highest degree of safety in air transportation and air commerce, and the maintenance of the safety vigilance that has evolved within air transportation, and air commerce and has come to be expected by the traveling and shipping public.

"(3) The availability of a variety of adequate, economic, efficient, and low-price services by air carriers and foreign air carriers without unjust discriminations, undue preference or advantages, or unfair or deceptive practices, the need to improve relations among, and coordinate transportation by, air carriers, and the need to encourage fair wages and equitable working conditions for air carriers.

"(4) The placement of maximum reliance on competitive market forces and on actual and potential competition (A) to provide the needed air transportation system, and (B) to encourage efficient and well-managed carriers to earn adequate profits and to attract capital, taking account, nevertheless, of material differences, if any, which may exist between interstate and overseas air transportation, on the one hand, and foreign air transportation, on the other.

"(5) The development and maintenance of a sound regulatory environment which is responsive to the needs of the public and in which decisions are reached promptly in order to facilitate adaption of the air transportation system to the present and future needs of the domestic and foreign commerce of the United States, the Postal Service, and the national defense.

"(6) The encouragement of air service at major urban areas in the United States through secondary or satellite airports, where consistent with regional airport plans of regional and local authorities, and when such encouragement is endorsed by appropriate State entities encouraging such service by air carriers whose sole responsibility in any specific market is to provide service exclusively at the secondary or satellite airport, and fostering an environment which reasonably enables such carriers to establish themselves and to develop their secondary or satellite airport services.

"(7) The prevention of unfair, deceptive, predatory, or anticompetitive practices in air transportation, and the avoidance of—

"(A) unreasonable industry concentration, excessive market domination, and monopoly power and;

"(B) other conditions;

that would tend to allow one or more air carriers or foreign air carriers unreasonably to increase prices, reduce services, or exclude competition in air transportation.

"(8) The maintenance of a comprehensive and convenient system of continuous scheduled interstate and overseas airline service for small communities and for isolated areas in the United States, with direct Federal assistance where appropriate.

"(9) The encouragement, development, and maintenance of an air transportation system relying on actual and potential competition to provide efficiency, innovation, and low prices, and to determine the variety, quality, and price of air transportation services.

"(10) the encouragement of entry into air transportation markets by new air carriers, the encouragement of entry into additional air transportation markets by existing air carriers, and the continued strengthening of small air carriers so as to assure a more effective, competitive airline industry.

"(11) The promotion, encouragement, and development of civil aeronautics and a viable, privately owned United States air transport industry.

"(12) The strengthening of the competitive position of United States air carriers, including the attainment of opportunities for United States air carriers to maintain and increase their market share, in foreign air transportation.".

SEC. 3. (a) Section 102(c) of the Federal Aviation Act of 1958 (49 U.S.C. 1302(c)) is repealed.

(b) That portion of the table of contents contained in the first section of the Federal Aviation Act of 1958 which appears under the side heading

"Sec. 102. Declaration of policy: The Board."

is amended by striking out

"(a) Factors for interstate, overseas, and foreign air transportation.

"(b) Factors for all-cargo service."

"(c) Factors for foreign air transportation."

and inserting in lieu thereof

"(a) Factors for interstate, overseas, and foreign air transportation.

"(b) Factors for all-cargo service."

SEC. 4. Sections 401(d)(1) through 401(d)(3) of the Federal Aviation Act of 1958 (49 U.S.C. 1371 (d)(1) through (d)(3))) are amended to read as follows:

"ISSUANCE OF CERTIFICATE

"(d)(1) The Board shall issue a certificate authorizing the whole or any part of the transportation covered by the application, if it finds that the applicant is fit, willing, and able to perform such transportation properly and to conform to the provisions of this Act and the rules, regulations, and requirements of the Board hereunder, and that such transportation is consistent with the public convenience and necessity; otherwise such application shall be denied.

"(2) In the case of an application for a certificate to engage in temporary air transportation, the Board may issue a certificate authorizing the whole or any part thereof for such limited periods as is consistent with the public convenience and necessity, if it finds that the applicant is fit, willing, and able properly to perform such transportation and to conform to the provisions of this Act and the rules, regulations, and requirements of the Board hereunder.

"(3) In the case of an application for a certificate to engage in charter air transportation, the Board may issue a certificate to any applicant, not holding a certificate under paragraph (1) or (2) of this subsection on January 1, 1977, authorizing interstate air transportation of persons, which authorizes the whole or any part thereof for such periods as is consistent with the public convenience and necessity, if it finds that the applicant is fit, willing, and able properly to perform the transportation covered by the application and to conform to the provisions of this Act and the rules, regulations, and requirements of the Board hereunder.".

SEC. 5. The first sentence of section 401(e)(2) of the Federal Aviation Act of 1958 (49 U.S.C. 1371(e)(2)) is amended by striking out the words ", insofar as the operation is to take place without the United States,".

SEC. 6. Section 401(g) of the Federal Aviation Act of 1958 (49 U.S.C. 1371(g)) is amended to read as follows:

"AUTHORITY TO MODIFY, SUSPEND, OR REVOKE

"(g)(1) The Board upon petition or complaint or upon its own initiative, after notice and hearings, or pursuant to the simplified procedures under subsection (p) of this section, may alter, amend, modify, or suspend any such certificate, in whole or in part, if the public convenience and necessity so require, or may revoke any such certificate, in whole or in part, for intentional failure to comply with any provision of this title or any order, rule, or regulation issued hereunder or any term, condition, or limitation of such certificate. No such certificate shall be revoked unless the holder thereof fails to comply, within a reasonable time to be fixed by the Board, with an order of the Board commanding obedience to the provision, or to the order (other than an order issued in accordance with this sentence), rule, regulation, term, condition, or limitation found by the Board to have been violated. No certificate to engage in foreign air transportation may be altered, amended, modified, suspended, or revoked pursuant to the simplified procedures of subsection (p) of this section if the holder of such certificate requests an oral evidentiary hearing or the Board finds that, under all the facts and circumstances, an oral evidentiary hearing is required in the public interest.

"(2) Any interested person may file with the Board a protest or memorandum in support of or in opposition to the alteration, amendment, modification, suspension, or revocation of a certificate pursuant to paragraph (1) of this subsection.

"(3) Notwithstanding the provisions of paragraph (1) of this subsection, the Board may suspend or revoke authority of an air carrier to serve any point in foreign air transportation authorized in a certificate issued under this section, upon notice and with a reasonable opportunity for the affected carrier to present its views, but without hearing, if the carrier has notified the Board in accordance with subsection (j) of this section or any regulation of the Board that it proposes to suspend all service provided by that carrier to such point, or, except at a point which is provided seasonal service comparable to that provided during the previous year, if the carrier has failed to provide any service to the point for 90 days preceding the date of hte Board's notice to the carrier of its proposed action.".

SEC. 7. Section 402(b) of the Federal Aviation Act of 1958 (49 U.S.C. 1372(b)) is amended to read as follows:

"ISSUANCE OF PERMIT

"(b) The Board is empowered to issue such a permit if it finds (1) that the applicant is fit, willing, and able properly to perform such foreign air transportation and to conform to the provisions of this Act and the rules, regulations, and requirements of the Board hereunder and (2) either that the applicant is qualified, and has been designated by its government, to perform such foreign air transportation under the terms of an agreement with the United States, or that such transportation will be in the public interest.".

SEC. 8. The third sentence of section 402(d) of the Federal Aviation Act of 1958 (49 U.S.C. 1372(d)) is amended by striking out "Such application shall be set for public hearing and the" and inserting in lieu thereof "The".

SEC. 9. Section 402(f) of the Federal Aviation Act of 1958 (49 U.S.C. 1372(f)) is amended by inserting "(1)" immediately after "(f)" and by adding at the end thereof the following new paragraph:

"(2) Whenever the Board finds that the government, aeronautical authorities, or foreign air carriers of any foreign country have, over the objections of the Government of the United States, impaired, limited, or denied the operating rights of United States air carriers, or engaged in unfair, discriminatory, or restrictive practices with a substantial adverse competitive impact upon United States carriers, with respect to air transportation services to, from, through, or over the territory of such country, the Board may, without hearing but subject to the approval of the President of the United States, summarily suspend the permits of the foreign air carriers of such country, or alter, modify, amend, condition, or limit operations under such permits, if it finds such action to be in the public interest. The Board may also, without hearing but subject to Presidential approval, to the extent necessary to make the operation of this paragraph effective, restrict operations between such foreign country and the United States by any foreign air carrier of a third country.".

SEC. 10. Section 407(a) of the Federal Aviation Act of 1958 (49 U.S.C. 1377(a)) is amended by inserting the phrase "or foreign air carrier" immediately after the words "air carrier" each time those words appear therein.

SEC. 11. Section 412 of the Federal Aviation Act of 1958 (49 U.S.C. 1382) is amended by—

(1) striking subsections (a) and (b) thereof;

(2) redesignating subsections (c), (d), and (e) as subsections (a), (b), and (c), respectively;

(3) striking the words ", affecting interstate or overseas air transportation and" in subsection (a)(1), as so redesignated by this section;

(4) inserting the words ", including international comity or foreign policy considerations," immediately after "public benefits" in paragraph (a)(2)(A)(i) as so redesignated by this section;

(5) inserting the words "affecting interstate or overseas air transportation," immediately after the word "agreement," in paragraph (a)(2)(A)(iii), as so redesignated by this section;

(6) inserting the words "or foreign air carrier" immediately after the words "air carrier" the first two times those words appear in subsection (a)(1), as so redesignated by this section; and

(7) striking out "or (c)", inserting ", the Secretary of State," after "shall provide to the Attorney General", and striking out "such Secretary" and inserting in lieu thereof "either Secretary", in subsection (b), as redesignated by this section.

SEC. 12. (a) The center heading for section 412(a) of the Federal Aviation Act of 1958, as redesignated by section 11 of this Act, is amended by striking out

"AFFECTING INTERSTATE OR OVERSEAS AIR TRANSPORTATION".

(b) That portion of the table of contents contained in the first section of the Federal Aviation Act of 1958 which appears under the side heading

"Sec. 412. Pooling and other agreements."

is amended to read as follows:

"(a) Filing and approval of agreements.

"(b) Proceedings upon filing.

"(c) Mutual aid agreement.".

SEC. 13. Section 1002(j)(1) of the Federal Aviation Act of 1958 (49 U.S.C. 1482(j)(1)) is amended to read as follows:

"SUSPENSION AND REJECTION OF RATES IN FOREIGN AIR TRANSPORTATION

"(j)(1) Whenever any air carrier or foreign air carrier shall file with the Board a tariff stating a new individual or joint (between air carriers, between foreign air carriers, or between an air carrier or carriers and a foreign air carrier or carriers) rate, fare, or charge for foreign air transportation or any classification, rule, regulation, or practice affeeting such rate, fare, or charge, or the value of the service thereunder, the Board is empowered, upon complaint or upon its own initiative, at once, and, if it so orders, without answer or other formal pleading by the air carrier or foreign air carrier, but upon reasonable notice, to enter upon a hearing concerning the lawfulness of such rate, fare, or charge, or such classification, rule, regulation, or practice; and pending such hearing and the decision thereon, or in the case of a tariff filed by a foreign air carrier if such action is in the public interest, the Board, by filing with such tariff, and delivering to the air carrier or foreign air carrier affected thereby, a statement in writing of its reasons for such suspension, may suspend the operation of such tariff and defer the use of such rate, fare, or charge, or such classification, rule, regulation, or practice, for a period or periods not exceeding 365 days in the aggregate beyond the time when such tariff would otherwise go into effect. If, after hearing, the Board shall be of the opinion that such rate, fare, or charge, or such classification, rule, regulation, or practice, is or will be unjust or unreasonable, or unjustly discriminatory, or unduly preferential, or unduly prejudicial, or in the case of a tariff filed by a foreign air carrier if the Board concludes with or without hearing that such action is in the public interest, the Board may take action to reject or cancel such tariff and prevent the use of such rate, fare, or charge, or such classification, rule, regulation, or practice. The Board may at any time rescind the suspension of such tariff and permit the use of such rate, fare, or charge, or such classification, rule, regulation, or practice. If the proceeding has not been concluded and an order made within the period of suspension or suspensions, or if the Board shall otherwise so direct, the proposed rate, fare, charge, classification, rule, regulation, or practice shall go into effect subject, however, to being canceled when the proceeding is concluded. During the period of any suspension or suspensions, or following rejection or cancellation of a tariff, including tariffs which have gone into effect provisionally, the affected air carrier or foreign air carrier shall maintain in effect and use the rate, fare, or charge, or the classification, rule, regulation, or practice affecting such rate, fare, or charge, or the value of service thereunder which was in effect immediately prior to the filing of the new tariff or such other rate, fare or charge as may be provided for under an applicable intergovernmental agreement or understanding. If the suspension, rejection, or cancellation is of an initial tariff, the affected air carrier or foreign air carrier may file for purposes of operations pending effectiveness of a new tariff, a tariff embodying any rate, fare, or charge, or any classification, rule, regulation, or practice affecting such rate, fare, or charge, or the value of service thereunder, that may be currently in effect (and not subject to a suspension order) for any air carrier engaged in the same foreign air transportation.".

SEC. 14. Section 1002(j)(2) of the Federal Aviation Act of 1958 (49 U.S.C. 1482(j)(2)) is amended to read as follows:

"(2) With respect to any existing tariff of an air carrier or foreign air carrier stating rates, fares, or charges for foreign air transportation, or any classification, rule, regulation, or practice affecting such rate, fare, or charge, or the value of the service thereunder, the Board is empowered, upon complaint or upon its own initiative, at once and, if it so orders, without answer or other formal pleading by the air carrier or foreign air carrier, but upon reasonable notice, to enter into a hearing concerning the lawfulness of such rate, fare, or charge, or such classification, rule, regulation, or practice; and pending such hearing and the decision thereon, or in the case of a tariff filed by a foreign air carrier if such action is in the public interest, the Board upon reasonable notice, and by filing with such tariff, and delivering to the air carrier or foreign air carrier affected thereby, a statement in writing of its reasons for such suspension, and the effective date thereof, may suspend the operation of such tariff and defer the use of such rate, fare, or charge, or such classification, rule, regulation, or practice, following the effective date of such suspension, for a period or periods not exceeding 365 days in the aggregate from the effective date of such suspension. If, after hearing, the Board shall be of the opinion that such rate, fare, or charge, or such classification, rule, regulation, or practice, is or will be unjust or unreasonable, or unjustly discriminatory, or unduly preferential, or unduly prejudicial, or in the case of a tariff filed by a foreign air carrier if the Board concludes with or without a hearing that such action is in the public interest, the Board may take action to cancel such tariff and prevent the use of such rate, fare, or charge, or such classification, rule, regulation, or practice. If the proceeding has not been concluded within the period of suspension of suspensions, the tariff shall again go into effect, subject, however, to being canceled when the proceeding is concluded. For the purposes of operation during the period of such suspension, or the period following cancellation of an existing tariff pending effectiveness of a new tariff, the air carrier or foreign air carrier may file a tariff embodying any rate, fare, or charge, or any classification, rule, regulation, or practice, affecting such rate, fare, or charge, or the value of service thereunder, that may be currently in effect (and not subject to a suspension order) for any air carrier engaged in the same foreign air transportation.".

SEC. 15. Section 1002(j)(5) of the Federal Aviation Act of 1958 (49 U.S.C. 1482(j)(5)) is amended by (1) striking the word "and" at the end of subparagraph (E) thereof, (2) striking the period at the end of subparagraph (F) and inserting in lieu thereof "; and", and (3) by adding at the end thereof the following new subparagraph:

"(G) reasonably estimated or foreseeable future costs and revenues for such air carrier or foreign air carrier for a reasonably limited future period during which the rate at issue would be in effect.".

SEC. 16. Section 1102 of the Federal Aviation Act of 1958 (49 U.S.C. 1502) is amended by inserting "(a)" immediately after "SEC. 1102." and by adding at the end thereof the following new subsections:

"GOALS FOR INTERNATIONAL AVIATION POLICY

"(b) In formulating United States international air transportation policy, the Congress intends that the Secretary of State, the Secretary of Transportation, and the Civil Aeronautics Board shall develop a negotiating policy which emphasizes the greatest degree of competition that is compatible with a well-functioning international air transportation system. This includes, among other things:

"(1) the strengthening of the competitive position of United States air carriers, including the attainment of opportunities for United States air carriers to maintain and increase their market share, in foreign air transportation;

"(2) freedom of air carriers and foreign air carriers to offer fares and rates which correspond with consumer demand;

"(3) the fewest possible restrictions on charter air transportation;

"(4) the maximum degree of multiple and permissive international authority for United States air carriers so that they will be able to respond quickly to shifts in market demand;

"(5) the elimination of operational and marketing restrictions to the greatest extent possible;

"(6) the integration of domestic and international air transportation;

"(7) an increase in the number of nonstop, United States gateway cities;

"(8) opportunities for carriers of foreign countries to increase their access to United States points if exchanged for benefits of similar magnitude for United States carriers or the traveling public with permanent linkage between rights granted and rights given away;

"(9) the elimination of discrimination and unfair competitive practices faced by United States airlines in foreign air transportation, including excessive landing and user fees, unreasonable ground handling requirements, undue restrictions on operations, prohibitions against change of gage, and similar restrictive practices; and

"(10) the promotion, encouragement, and development of civil aeronautics and a viable, privately owned United States air transport industry.

"CONSULTATION WITH AFFECTED GROUPS

"(c) To assist in developing and implementing such an international aviation negotiating policy, the Secretaries of State and Transportation and the Civil Aeronautics Board shall consult, to the maximum extent practicable, with the Secretary of Commerce, the Secretary of Defense, airport operators, scheduled air carriers, charter air carriers, airline labor, consumer interest groups, travel agents and tour organizers, and other groups, institutions, and government agencies affected by international aviation policy concerning both broad policy goals and individual negotiations.

"OBSERVER STATUS FOR CONGRESSIONAL REPRESENTATIVES

"(d) The President shall grant to at least one representative of each House of Congress the privilege to attend international aviation negotiations as an observer if such privilege is requested in advance in writing.".

SEC. 17. (a) The center heading for section 1102 of the Federal Aviation Act of 1958 is amended to read as follows:

"INTERNATIONAL AGREEMENTS

"ACTIONS OF THE BOARD AND SECRETARY OF TRANSPORTATION".

(b) That portion of the table of contents contained in the first section of the Federal Aviation Act of 1958 which appears under the center heading

"TITLE XI—MISCELLANEOUS"

is amended by striking out

"Sec. 1102. International agreements."

and inserting in lieu thereof

"Sec. 1102. International agreements.

"(a) Actions of the Board and Secretary of Transportation.

"(b) Goals for international aviation policy.

"(c) Consultation with affected groups.

"(d) Observer status for Congressional representatives.".

SEC. 18. Section 1104 of the Federal Aviation Act of 1958 (49 U.S.C. 1504) is amended by striking the words "international negotiations and" and inserting in lieu thereof "international negotiations or".

SEC. 19. The third sentence of section 1108(b) of the Federal Aviation Act of 1958 (49 U.S.C. 1508(b)) is amended by inserting immediately before the period at the end thereof the following: ", unless specifically authorized under regulations prescribed by the Secretary authorizing United States air carriers to engage in otherwise authorized common carriage and carriage of mail with foreign registered aircraft under lease or charter to them without crew".

Sec. 20. Section 1117 of the Federal Aviation Act of 1958 (49 U.S.C. 1517) is amended to read as follows:

"TRANSPORTATION OF GOVERNMENT-FINANCED PASSENGERS AND PROPERTY

"TRANSPORTATION BETWEEN THE UNITED STATES AND A PLACE OUTSIDE THEREOF

"SEC. 1117. (a) Whenever any executive department or other agency or instrumentality of the United States shall procure, contract for, or otherwise obtain for its own account or in furtherance of the purposes or pursuant to the terms of any contract, agreement, or other special arrangement made or entered into under which payment is made by the United States or payment is made from funds appropriated, owned, controlled, granted, or conditionally granted or utilized by or otherwise established for the account of the United States, or shall furnish to or for the account of any foreign nation, or any international agency, or other organization.

of whatever nationality, without provisions for reimbursement, any transportation of persons (and their personal effects) or property by air between a place in the United States and a place outside thereof, the appropriate agency or agencies shall take such steps as may be necessary to assure that such transportation is provided by air carriers holding certificates under section 401 of this Act to the extent authorized by such certificates or by regulations or exemptions of the Civil Aeronautics Board and to the extent service by such carriers is available.

"TRANSPORTATION BETWEEN TWO PLACES OUTSIDE THE UNITED STATES

"(b) Whenever persons (and their personal effects) or property described in subsection (a) of this section are transported by air between two places both of which are outside the United States, the appropriate agency or agencies shall take such steps as may be necessary to assure that such transportation is provided by air carriers holding certificates under section 401 of this Act to the extent authorized by such certificates or by regulations or exemption of the Civil Aeronautics Board and to the extent service by such carriers is reasonably available.

"DISALLOWANCE OF IMPROPER EXPENDITURE BY COMPTROLLER GENERAL

"(c) The Comptroller General of the United States shall disallow any expenditure from appropriated funds for payment for personnel or cargo transportation in violation of this section in the absence of satisfactory proof of the necessity therefor. Nothing in this section shall prevent the application to such traffic of the antidiscrimination provisions of this Act.".

SEC. 21. That portion of the table of contents contained in the first section of the Federal Aviation Act of 1958 which appears under the center heading

"TITLE XI—MISCELLANEOUS"

is amended by striking out

"Sec. 1117. Transportation of Government-financed passengers and property."

and inserting in lieu thereof

"SEC. 1117. Transportation of Government-financed passengers and property.

"(a) Transportation between the United States and a place outside thereof.

"(b) Transportation between two places outside the United States.

"(c) Disallowance of improper expenditure by Comptroller General.".

SEC. 22. Section 2 of the International Air Transportation Fair Competitive Practices Act of 1974 (49 U.S.C. 1159b) is amended by redesignating subsections (b) and (c) as subsections (c) and (d), respectively, and adding a new subsection (b) as follows:

"(b) Whenever the Civil Aeronautics Board, upon complaint or upon its own initiative, determines that a foreign government or instrumentality, including a foreign air carrier (1) engages in unjustifiable or unreasonable discriminatory, predatory, or anticompetitive practices against a United States air carrier or (2) imposes unjustifiable or unreasonable restrictions on access of a United States air carrier to foreign markets, the Board may take such action as it deems to be in the public interest to eliminate such practices or restrictions. Such actions may include, but are limited to, the denial, transfer, alteration, modification, amendment, cancellation, suspension, limitation, or revocation of any foreign air carrier permit or tariff pursuant to the powers of the Board under the Federal Aviation Act of 1958.

"(2) Any United States air carrier or any agency of the Government of the United States may file a complaint under this section with the Civil Aeronautics Board. The Board shall approve, deny, dismiss, set such complaint for hearing or investigation, or institute other proceedings proposing remedial action within 60 days after receipt of the complaint. The Board may extend the period for taking such action for an additional period or periods of up to 30 days each if the Board concludes that it is likely that the complaint can be satisfactorily resolved through negotiations with the foreign government or instrumentality during such additional period, but in no event may the aggregate period for taking action under this subsection exceed 180 days from receipt of the complaint. In considering any complaint, or in any proceedings under its own initiative, under this subsection the Board shall (A) solicit the views of the Department of State and the Department of Transportation and (B) provide any affected air carrier or foreign air carrier with reasonable notice and such opportunity to file written evidence and argument as is consistent with acting on the complaint within the time limits set forth in this subsection.

"(3) Any action proposed by the Board pursuant to this section shall be transmitted to the President pursuant to section 801 of the Federal Aviation Act of 1958 (49 U.S.C. 1461).".

SEC. 23. (a) Section 1002(j) of the Federal Aviation Act of 1958 (49 U.S.C. 1482(j)) is amended by adding at the end thereof the following new paragraphs:

"(6) The Board shall not have authority to find any fare for foreign air transportation of persons to be unjust or unreasonable on the basis that such fare is too low or too high if—

"(A) with respect to any proposed increase filed with the Board on or after the date of enactment of this paragraph, such proposed fare would not be more than 5 percent higher than the standard foreign fare level for the same or essentially similar class of service. No such fare shall be suspended, unless the Board determines that it may be unduly preferential, unduly prejudicial, or unjustly discriminatory or that suspension is in the public interest because of unreasonable regulatory actions by a foreign government with respect to fare proposals of an air carrier; or

"(B) with respect to any proposed decrease filed after the establishment of standard foreign fare levels, the fare would not be more than 50 percent lower than the standard foreign fare level for the same or essentially similar class of service, except that this provision shall not apply to any proposed decrease in any fare if the Board determines that such proposed fare may be predatory or discriminatory or that suspension of any such fare is required because of unreasonable regulatory options by a foreign government with respect to fare proposals by an air carrier.

"(7) For purposes of paragraph (6) of this subsection, 'standard foreign fare level' means that fare level (as adjusted only in accordance with paragraph (8) of this section) in effect on October 1, 1979 (with seasonal fares adjusted by the percentage difference that prevailed between seasons in 1978), for each pair of points, for each class of fare existing on that date, and in effect on the effective date of the establishment of each additional class of fare established after October 1, 1979.

"(8) The Board shall, not less often than semiannually, adjust each standard fare level established pursuant to paragraph (7) of this subsection for the particular foreign air transportation to which such standard foreign fare level applies by increasing or decreasing such standard foreign fare level, as the case may be, by the percentage change from the last previous period in the actual operating cost per available seat-mile. In determining the standard foreign fare level, the Board shall make no adjustment to costs actually incurred. In establishing standard foreign fare levels pursuant to paragraph (7) of this subsection and making the adjustments called for in this paragraph, the Board may use all relevant or appropriate information reasonably available to it.

"(9) The Board may by rule increase the percentage specified in subparagraph 6(B) of this subsection.".

(b) Section 403(c)(1) of the Federal Aviation Act of 1958 (49 U.S.C. 1373(c)(1)) is amended by (1) inserting the words "or foreign air carrier" after the words "air carrier" each time those words appear therein and (2) inserting the words "or foreign air carrier's" after the words "air carrier's".

(c) Section 403(c)(2) of the Federal Aviation Act of 1958 (49 U.S.C. 1373(c)(2)) is amended to read as follows:

"(2) If the effect of any proposed tariff change would be to institute a fare that is outside of the applicable range of fares specified in subparagraphs (A) and (B) of section 1002(d)(4) or subparagraphs (A) and (B) of section 1002(j)(6) of this Act, or specified by the Board under section 1002(d)(7) or section 1002(j)(9) of this Act, or would be to institute a fare to which such range of fares does not apply, then such proposed change shall not be implemented except after 60 days' notice filed in accordance with regulations prescribed by the Board.".

SEC. 24. Section 1002(c) of the Federal Aviation Act of 1958 (49 U.S.C. 1482(c)) is amended by inserting the words ", subject to section 1102(a) of this Act," immediately before the words "issue an appropriate order".

SEC. 25. (a) Paragraph (1) of section 401(n) of the Federal Aviation Act of 1958 (49 U.S.C. 1371(n)(1)) is amended to read as follows:

"(1) Notwithstanding any other provision of this title, no air carrier providing air transportation under a certificate issued under this section shall commingle, on the same flight, passengers being transported in interstate, overseas, or foreign charter air transportation with passengers being transported in scheduled interstate, overseas, or foreign air transportation, except that this subsection shall not apply to the carriage of passengers in air transportation under group fare tariffs.".

(b) Paragraph (1) of section 401(n) of the Federal Aviation Act of 1958 (49 U.S.C. 1371(n)(1)) and the authority of the Civil Aeronautics Board with respect to such paragraph shall cease to be in effect on December 31, 1981.

SEC. 26. Section 414 of the Federal Aviation Act of 1958 (49 U.S.C. 1384) is amended by adding at the end thereof the following new sentence: "Notwithstanding the preceding sentence, on the basis of the findings required by subsection (a)(2)(A)(i) of section 412, the Board shall, as part of any order under such section which approves any contract, agreement, or request or any modification or cancellation thereof, exempt any person affected by such order from the operations of the 'anti-trust laws' set forth in subsection (a) of the first section of the Clayton Act (15 U.S.C. 12) to the extent necessary to enable such person to proceed with the transaction specifically approved by the Board in such order and with those transactions necessarily contemplated by such order.".

SEC. 27. Section 801 of the Federal Aviation Act of 1958 (49 U.S.C. 1461) is amended by adding at the end thereof the following new subsection:

"(c) Any order of the Board pursuant to section 412 of this Act relating to foreign air transportation shall be submitted to the Secretary of State before publication thereof. If the Secretary of State certifies to the Board, within two days after receiving such order, that such order has important foreign policy consequences, the Board shall submit the order to the President for review before publication thereof. The President may disapprove any such order when he finds that disapproval is required for reasons of the national defense or the foreign policy of the United States not later than ten days following submission by the Board of any such order to the President. Any such Board action so disapproved shall be null and void. Any such Board action not disapproved within the foregoing time limits shall take effect as action of the Board, not the President, and as such shall be subject to judicial review as provided in section 1006 of this Act.".

SEC. 28. Section 45 of the Airline Deregulation Act of 1978 (49 U.S.C. 1341 note) is amended by inserting "(a)" after "SEC. 45." and by adding at the end thereof the following new subsections:

"(b) Nothing in this section shall prohibit the Secretary of Transportation or the Administrator of the Federal Aviation Administration from collecting a fee, charge, or price for any test, authorization, certificate, permit, or rating administered or issued outside the United States relating to any airman or repair station.

"(c) For purposes of this section, the term 'United States' shall have the meaning given such term in section 101 of the Federal Aviation Act of 1958 (49 U.S.C. 1301).".

SEC. 29. Notwithstanding any automatic market entry provision of the Airline Deregulation Act of 1978, or any other provision of law, no common carrier operating in interstate commerce may perform regularly scheduled commercial passenger flights in interstate commerce into or from a satellite airport lying within 20 miles of a major regional airport where the major airport is operated under the direction of a regional airport board and where the satellite airport is operated under the direction of a municipality and where the proprietors of such satellite airport and such regional airport board have determined that the public interest and aviation safety of the region are best served by closing said satellite airport to all commercial passenger interstate traffic. Nothing in this section shall apply to the operations of any commuter airline.

The SPEAKER pro tempore. Is a second demanded?

Mr. SNYDER. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from California (Mr. ANDERSON) will be recognized for 20 minutes, and the gentleman from Kentucky (Mr. SNYDER) will be recognized for 20 minutes.

The Chair recognizes the gentleman from California (Mr. ANDERSON).

Mr. ANDERSON of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 5481, the International Air Transportation Competition Act of 1979, modernizes the laws governing international aviation, most of which have been in effect since 1938. During this 40-year period, international aviation has evolved from an infant industry to the basic system of international passenger transportation. A thorough modernization and revision of the governing law is needed.

The main features of H.R. 5481 are as follows:

First, the bill establishes new policy statements to guide the Civil Aeronautics Board and other agencies in regulating international aviation, and in conducting international aviation negotiations. These policy statements contemplate that to the maximum extent possible, reliance will be placed on competition, rather than on detailed and burdensome government regulation, to determine the services which will be offered to the traveling public. At the same time, the policy statements recognize that there are differences between international and domestic aviation; the critical difference being that in domestic markets a competitive environment can be established by actions of the U.S. Government, while in international markets, competition can be established only by agreement between the United States and one or more foreign governments.

Since most foreign governments do not share our country's beliefs in the benefits of unregulated competition in aviation, the policy statements contemplate that there will be a continuing need to seek equal opportunity for our international airlines through negotiations and regulatory actions.

In recognition of these needs, the policy statements of H.R. 5481 require our Government to enter into agreements in which there is linkage between aviation opportunities granted and aviation opportunities given away. The Government is also directed to work to eliminate operational and marketing restrictions placed on U.S. carriers by foreign governments, and to eliminate discriminatory treatment and unfair competitive practices against U.S. airlines by foreign governments. The policy statements further provide that U.S. regulatory and negotiating policies should seek to strengthen the competitive position of U.S. air carriers in foreign air transportation, including opportunities for U.S. carriers to increase and maintain their market share, and promote the development of a viable, privately owned U.S. air transport industry.

Other important provisions of H.R. 5481 give our Government new powers to use in its efforts to end discrimination and operational and marketing restrictions on our carriers. The bill gives the Government the powers to suspend or revoke permits and rates of foreign air carriers whose governments place unreasonable restrictions on the operation of U.S. air carriers. The new powers given to our Government by H.R. 5481 are comparable to the powers which many foreign governments have and use against our carriers. The new powers given to the Civil Aeronautics Board by H.R. 5481 generally are subject to Presidential review and it is contemplated that restrictive actions will be taken only as a response in kind, after all reasonable efforts have been made to resolve disputes by negotiation.

H.R. 5481 also gives air carriers operating in foreign air transportation fare flexibility comparable to that which was authorized for domestic air carriers in the Airline Deregulation Act of 1978. In recent months, it has become clear that airlines operating internationally need flexibility to respond promptly to increases in their costs. In addition to general inflation, airline fuel costs have been escalating dramatically.

The existing regulatory system is not well equipped to deal with these sudden cost increases. Under the existing system, any request for a fare increase must be supported by a detailed justification, and analysis of the request by the Civil Aeronautics Board can take 60 days or more. By the time analysis is completed, an airline may have been incurring higher costs for months. There is a need to replace this regulatory mechanism with one which permits airlines to respond to cost changes promptly and automatically, without the delays required for case-by-case filings and analysis.

To accomplish these objectives, H.R. 5481 includes a fare flexibility provision permitting airlines to adopt fares 5 percent above or 50 percent below a standard industry fare level. The standard industry fare level starts with the fares in effect on October 1, 1979, and will be adjusted periodically to reflect changes in airline costs. This provision is similar to the fare flexibility provision in the Domestic Deregulation Act, which also uses a standard industry fare level based on the fares in effect on a specified date, and which also allows a pass-through of cost changes.

Mr. Speaker, H.R. 5481 represents modernization of the law governing international aviation. The statutory modernization and the elimination of unnecessary regulation should benefit both consumer and the U.S. airlines which provide international service. I urge my colleagues to join me in passing this important legislation.

Mr. SNYDER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would like first to commend Chairman JOHNSON, Chairman ANDERSON, and Mr. HARSHA, our ranking minority member, for their work on this legislation. This bill represents a logical outgrowth of Congress efforts to deregulate the domestic air transporation system. To the extent possible, the same procompetitive theories will now be applied by U.S. negotiators to the international market place.

The bill sets forth a procompetitive policy statement to direct the Civil Aeronautics Board in carrying out its duties with regard to routes, rates, and entry. It also establishes a number of goals for the CAB and Departments of State and Transporation to follow in establishing a negotiating policy for bilateral agreements. Again, competition is the theme, with equal emphasis on strengthening U.S. air carriers, increasing U.S. carrier market shares, and eliminating unfair competitive practices engaged in by foreign nations.

The policy of strengthening the competitive position of U.S. air carriers is consistent with other U.S. foreign trade policy. Any diminution in the strength of our carriers will ultimately adversely affect the economy, the taxpayer, and the consumer, as well as frustrate the objective of full employment and economic growth.

As set forth in the statement of goals,

our negotiators should make every effort to eliminate operating and marketing restrictions imposed by foreign carriers. In addition to market access, ground handling of aircraft, passengers, and cargo, there are several marketing obstacles that U.S. carriers face. These include, among others, restriction or monopoly of reservations computers, currency restrictions, and ticketing restrictions. Foreign carriers operating in the United States do not face these types of obstacles, and thus compete with U.S. carriers on a much more equal footing than is possible for U.S.-flag carriers on foreign turf.

This legislation gives the CAB tools with which to pursue so-called liberal bilaterals. I wish to emphasize that the CAB is also expected to see to it that these agreements are lived up to by foreign entities and, if not, the CAB is expected to take appropriate countermeasures.

There are numerous cases where foreign governments have placed unfair anticompetitive restrictions on U.S. carriers. In order to promote the elimination of these restrictions, the bill gives the CAB authority to summarily modify, suspend, or revoke a foreign air carrier permit if the foreign government or foreign air carrier impairs the operating rights of U.S. carriers or engages in unfair or restrictive practices with an adverse impact on the U.S. carriers. Further, the bill would amend the Unfair Competitive Practices Act to provide Government agencies and U.S. carriers with the option of initiating proceedings with the CAB to try and resolve unfair competitive practice disputes through negotiation, and failing that, through sanctions against the foreign government or carrier.

This legislation also amends existing law to conform international route awards, foreign agreements, and tariffs to the Deregulation Act of 1978. Applications for international route authority are to be granted if "consistent with" the public convenience and necessity rather than "required by" the public convenience and necessity. Agreements affecting foreign air transportation will be subject to the same antitrust principles as domestic agreements. In fact, the modified local cartage standard has already been applied to international carrier agreements under CAB precedents.

Fuel costs over the last year have risen at an astronomical rate. Aviation fuel has almost doubled within that time and now approaches an average of 75 cents per gallon. In many cases, much higher rates are paid for fuel in the "spot market."

Given rapidly escalating fuel costs and regulatory lag in approving price increases to cover these costs, we have included in the bill a fare flexibility mechanism similar to that enacted in the Airline Deregulation Act for domestic fare increases. Basically, this would allow carriers to raise their international fares 5 percent above or lower than 50 percent below a standard foreign fare level without CAB approval. Of course, any such fare increases could be suspended if the CAB finds them to be unduly preferential, unduly prejudicial, or unjustly discriminatory. Fare decreases could be suspended if found predatory or discriminatory.

Mr. Speaker, this legislation is consistent with our efforts in applying a procompetitive policy to domestic air transportation, and it is only fair that our international carriers be put on the same footing to the extent possible as our domestic carriers.

Mr. ANDERSON of California. Mr. Speaker, I yield 3 minutes to the gentleman from Illinois (Mr. Fary).

Mr. FARY. Mr. Speaker, if I could have the attention of the gentleman from Texas (Mr. Wright) please. Section 29, Mr. Wright, of this bill is written to finally correct the situation the CAB has allowed to exist in the gentleman's district. I would like to ask the gentleman if he would elaborate for the record on this situation at Love Field?

Mr. WRIGHT. Mr. Speaker, I would be delighted to explain once again the purpose of the committee and the purpose of Congress in this particular legislation. The language to which he refers applies with specificity only to the situation at Love Field, Tex., and at the Dallas-Fort Worth International Airport.

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It simply reaffirms what this Congress declared at the time we enacted the airline deregulation bill. We tried to make it clear on the floor of this House that a local airport board and the cities who own the airports should be able to decide which of those airports shall be used in interstate traffic. The city of Dallas had closed Love Field, and the cities of Fort Worth and Dallas jointly had committed $600 million of their taxpayers' money to the building of a new, modern, and safe facility midway between those two cities.

The regional airport board declared that all interstate flights should come into and leave from the new facility. Notwithstanding that, one airline on its own petitioned the Civil Aeronautics Board under the Airline Deregulation Act to permit it to inaugurate a new series of interstate flights at the abandoned Love Field. Federal Aviation Administration experts have said that it was potentially unsafe. Former Regional Director Henry Newman declared that it was not a safe situation to mix big airliners from interstate travel with small private aircraft in the air, flying at greatly different rates of speed into that field. Love Field had been set aside for private aircraft.

Notwithstanding that, the Civil Aeronautics Board, by a tortured reasoning, misinterpreted the action of the Congress, in spite of our clear colloquy to the contrary on this very floor on the day of its passage. The CAB misconstrued the automatic market entry provision of that law as intending that any airline on its own option could inaugurate interstate flights at any landing strip anywhere it wanted to, regardless of what the city said which owned the airport. So, we are simply setting that matter straight once more.

Mr. FARY. I thank the gentleman. Then, this amendment then is not in any way meant to affect interstate air traffic into and out of Midway Field in Chicago?

Mr. WRIGHT. Absolutely not. The gentleman is absolutely correct. The city of Chicago and the regional airport authorities wanted both airports, O'Hare and Midway, to be used in the Chicago area; and that is their choice. So, nothing contained in this language would adversely affect that.

Mr. FARY. I thank the gentleman.

Mr. Speaker, I thank the gentleman from Texas (Mr. Wright), for yielding to me. As a member of the Aviation Subcommittee of the Committee on Public Works and Transportation I feel it is very important for me to state for the record that the committee amendment before the House, section 29 of H.R. 5481, is meant to apply solely to Love Field and Dallas-Fort Worth airports. The committee accepted this amendment solely to correct a longstanding misinterpretation of the congressional intent by the Civil Aeronautics Board.

In pointing out for the record that this is not in any way meant to apply to Chicago's airports, I am merely trying to make certain that the CAB does not misinterpret any of the terms used in the amendment to the detriment of the Chicago area where, in fact, the Congress has been trying to encourage reliever or satellite airport service from Midway field.

Mr. ANDERSON of California. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. Johnson).

Mr. JOHNSON of California. Mr. Speaker, I rise in support of H.R. 5481. The bill will update the laws governing international aviation, and establish new policies to guide U.S. negotiators and regulators.

The reported bill follows the lead of the domestic aviation bill which we passed last year, by establishing competition as the mainstay of our international aviation policy. However, H.R. 5481 also recognizes that in many cases we will be unable to negotiate agreements with foreign governments to establish a competitive environment. In these cases, hard bargaining will still be required to insure fair treatment for U.S. consumers and U.S. air carriers.

H.R. 5481 also gives our Government new powers to use against foreign air carriers when foreign governments discriminate against our air carriers and we are unable to resolve the problem by negotiation. The new powers granted to our Government are comparable to those which foreign governments use against our air carriers. It is essential that the U.S. Government be placed on an equal footing.

Other important provisions of H.R. 5481 gives U.S. carriers fare flexibility, to permit them to respond to increasing costs and changing market conditions. The fare flexibility provisions will facilitate reductions in fares to attract new passengers, as well as fare increases which are required by rising costs. The international provision is comparable to the fare flexibility provision in the Domestic Deregulation Act. It will increase the competitive effectiveness of our air carriers.

Mr. Speaker, I urge passage of this important legislation.

Mr. SNYDER. Mr. Speaker, I yield such time as he may consume to the gentleman from Illinois (Mr. DERWINSKI).

Mr. DERWINSKI. Mr. Speaker, I rise in support of this legislation and commend the committee for its progressive attitude toward protecting U.S. interests in international air travel. I also take this time to call to the attention of this House that the gentleman from Illinois (Mr. FARY), was more than any other individual responsible for the effective reopening of Chicago's Midway Airport. He fought the bureaucracy; he fought the airlines; he fought the lackadaisical city administration, and because of his efforts Midway will now be restored as an effective entity serving consumers.

Whenever Members have an opportunity to fly into Chicago, if they go through Midway or if they find O'Hare a little easier because of the adjusted service, Mr. FARY is the man responsible. I wish to take this time to commend him for his leadership in this field.

Mr. ANDERSON of California. Mr. Speaker, I yield 3 minutes to the gentleman from Texas (Mr. DE LA GARZA).

Mr. DE LA GARZA. Mr. Speaker, I appreciate the gentleman yielding to me. I would like to mention that in the amendment discussed by the gentleman from Chicago (Mr. FARY) and the gentleman from Texas (Mr. WRIGHT) I have a problem that I would like to place before the House.

The city of Harlingen is one of the major cities in my congressional district. The only airline that flies into Harlingen utilizes Love Field and Hobby in Houston. Therefore, if they are not allowed to operate into interstate commerce from those airfields, the city of Harlingen is placed in a position where we have a major city in Texas of some 60,000 people without any interstate flights to it, because only this one airline flies into that city.

I have no interest in involving myself in the needs of the constituency of my dear friend from Fort Worth, but I would like for the House to know the predicament my area is placed in, in that this airline is the only one that serves Harlingen. If it is not granted permission to fly from that specific airport, maybe something else can be worked out, but at this time we have a problem that I feel must be placed before the House.

Mr. WRIGHT. Mr. Speaker, will the gentleman yield?

Mr. DE LA GARZA. I yield to my colleague from Texas.

Mr. WRIGHT. Mr. Speaker, I thank the gentleman for raising this question. Nothing in this language will adversely affect the city of Harlingen. I agree with the gentleman that the people of Harlingen and the Rio Grande Valley deserve interstate flights. There is nothing in this language that will harm the flights now serving Harlingen, and connecting with the Dallas-Fort Worth area. Those are intrastate flights.

Additionally, there is nothing in this language which would prevent Southwest Airlines from flying interstate flights from the Harlingen airport which the gentleman's regional airport board has designated as the principal airport in the area for interstate flights.

In addition to that, Harlingen easily could be served in interstate traffic by Southwest Airlines with intermediate stops in the Dallas-Fort Worth area if the management of Southwest simply will do what every other airline has agreed to do, and that is to bring their interstate flights into the Dallas-Fort Worth International Airport.

Mr. DE LA GARZA. I appreciate the gentleman's concern and his explanation. Nonetheless, the amendment as read, whatever the problem is over there, if this airline is not allowed to fly out of that airport at this time, as the gentleman knows——

Mr. WRIGHT. If the gentleman will yield further, the airline is fully authorized and invited to fly out of the Dallas-Fort Worth International Airport just as every other airline does. That particular airline wants a monopoly by which it might thumb its nose at the city officials of Dallas and Fort Worth. If we allow them to get by with that, I suggest to the gentleman from the Rio Grande Valley, then the next thing it might do would be to thumb its nose at the city officials and public authorities of the regional airport in the southern part of Texas.

There is nothing in this language that adversely affects Harlingen one way or another. Harlingen will still be served if Southwest is willing to serve Harlingen; and for Southwest Airlines to stir up the people of the Rio Grande Valley against the wishes and best interests of Dallas-Fort Worth area and its citizens, in a matter which concerns only the question of which airport it shall use in the Dallas-Forth Worth area is, in my opinion, abominable and well-nigh unpardonable. I think the gentleman from south Texas understands fully that this is the case.

Mr. DE LA GARZA. I again repeat that I do not want to involve myself in the problems that the gentleman has over there.

Mr. WRIGHT. The gentleman from north Texas appreciates the remarks of the gentleman from south Texas.

Mr. DE LA GARZA. I would hope that my dear colleague and friend would see my predicament, and if there is any way that we could arrive at something that would protect the interests of the city of Harlingen and conceivably the interests of the gentleman's constituency, maybe we might arrive at some solution equitable to both sides.

Mr. WRIGHT. The gentleman is assured that I certainly will. I will guarantee the gentleman that those flights from Harlingen can land at Dallas-Fort Worth International Airport and go out of there into interstate traffic. If there are any other ways in which we can further assist in providing necessary additional service to Harlingen and the Rio Grande Valley, I think the gentleman from Texas knows that I will be glad to work with him toward that end.

● Mr. HARSHA. Mr. Speaker, the distinguished gentlemen from Kentucky and California have ably described this legislation which I urge my colleagues to support. One of the primary purposes of this bill is to establish a statutory negotiating policy with respect to foreign air transportation agreements with other nations. Prior to this time, the pursuit of U.S. air transportation policy has taken varying courses.

This bill will establish an unequivocal procompetitive course for international air transportation agreements. The Airline Deregulation Act of 1978 has shown promise for both the consumer and the airline industry as well, and I believe the same procompetitive concepts can be applied to the international marketplace to a certain extent.

This legislation establishes a policy of placing maximum reliance on competitive market forces, achieving efficient and low-price services, eliminating unfair and discriminatory practices, and strengthening the competitive position of U.S. carriers.

The latter factor was included in recognition of economic and political considerations in foreign transportation which preclude theories of domestic regulatory reform from being equally applied to the international marketplace. Thus, the goal of strengthening the competitive position of U.S. air carriers is to be equally balanced with the goal of competition. Given the nature of international trade, this makes abundant sense. Obviously, our trade deficit has reached new depths due to our oil imports, and any increase in this dismal deficit will only further fuel inflation, increase the jobless rate, and further weaken the dollar.

With respect to international regulatory procedures, the bill simplifies obtaining route authority, makes the filing of international agreements permissive and applies the same antitrust principles to those agreements as the domestic regulatory reform bill. Also, the bill would allow U.S. carriers to lease foreign-registered aircraft without crew for operation between points solely within the United States.

In order to facilitate fostering competition in international air transportation this legislation provides the CAB additional authority to impose countermeasures against foreign carriers if the foreign government has imposed unreasonable, discriminatory and unfair restrictions on U.S. carriers. Thus, the bill makes it easier for the Board to amend or suspend foreign air carrier permits, gives greater power to the Board to suspend or cancel foreign air carrier tariffs. Also, the CAB is given authority to take any other retaliatory action deemed to be in the public interest.

Oil prices have risen tremendously over the past 12 months. The price of jet fuel has almost doubled over that period, and in the "spot market" even higher prices are paid. In short, air carriers are not able to adjust their tariffs fast enough because of both the volatile nature of the fuel market and the regulatory lag in obtaining permission to make these adjustments. Under current law it takes 60 days or more to obtain consent from the CAB to make a change in fares. In order to alleviate this situation, the bill would permit carriers to raise international fares 5 percent above the decrease fares 50 percent below a "standard foreign fare level" without CAB approval. This flexibility was given to carriers operating in domestic markets when the Airline Deregulation Act of 1978 was passed. The baseline from which fares can be increased or decreased would be those fares in effect on October 1, 1979, adjusted semiannually for changes in operating costs per available seat mile.

Clearly, legislation such as this which will reduce cumbersome regulation and spur on competition is the correct course to pursue.

Mr. Speaker, I urge my colleagues to support this legislation.●

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Mr. SNYDER. Mr. Speaker, I have no further requests for time, and I reserve the remainder of my time.

Mr. ANDERSON of California. We have no further requests for time, Mr. Speaker, and I reserve the remainder of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. JOHNSON) that the House suspend the rules and pass the bill, H.R. 5481, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

GENERAL LEAVE

Mr. ANDERSON of California. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. JOHNSON of California. Mr. Speaker, I ask unanimous consent that the Committee on Public Works and Transportation be discharged from further consideration of the Senate bill (S. 1300) to amend the Federal Aviation Act of 1958 in order to promote competition in international air transportation, provide greater opportunities for U.S. air carriers, establish goals for developing U.S. international aviation negotiating policy, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 1300

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "International Air Transportation Competition Act of 1979".

SEC. 2. Section 102(a) of the Federal Aviation Act of 1958 (49 U.S.C. 1302(a)) is amended to read as follows:

"DECLARATION OF POLICY: THE BOARD

"FACTORS FOR INTERSTATE, OVERSEAS, AND FOREIGN AIR TRANSPORTATION

SEC. 102. (a) In the exercise and performance of its powers and duties under this Act, the Board shall consider the following among other things, as being in the public interest, and in accordance with the public convenience and necessity:

"(1) The assignment and maintenance of safety as the highest priority in air commerce, and prior to the authorization of new air transportation services, full evaluation of the recommendations of the Secretary of Transportation on the safety implications of such new services and full evaluation of any report or recommendation submitted under section 107 of this Act.

"(2) The prevention of any deterioration in established safety procedures, recognizing the clear intent, encouragement, and dedication of the Congress to the furtherance of the highest degree of safety in air transportation and air commerce, and the maintenance of the safety vigilance that has evolved within air transportation and air commerce and has come to be expected by the traveling and shipping public.

"(3) The availability of a variety of adequate, economic, efficient, and low-price services by air carriers and foreign air carriers without unjust discriminations, undue preferences or advantages, or unfair or deceptive practices, the need to improve relations among, and coordinate transportation by, air carriers, and the need to encourage fair wages and equitable working conditions for air carriers.

"(4) The placement of maximum reliance on competitive market forces and on actual and potential competition (A) to provide the needed air transportation system, and (B) to encourage efficient and well-managed carriers to earn adequate profits and to attract capital, taking account, nevertheless, of material differences, if any, which may exist between interstate and overseas air transportation, on the one hand, and foreign air transportation, on the other.

"(5) The development and maintenance of a sound regulatory environment which is responsive to the needs of the public and in which decisions are reached promptly in order to facilitate adaption of the air transportation system to the present and future needs of the domestic and foreign commerce of the United States, the Postal Service, and the national defense.

"(6) The encouragement of air service at major urban areas in the United States through secondary or satellite airports, where consistent with regional airport plans of regional and local authorities, and when such encouragement is endorsed by appropriate State entities encouraging such service by air carriers whose sole responsibility in any specific market is to provide service exclusively at the secondary or satellite airport, and fostering an environment which reasonably enables such carriers to establish themselves and to develop their secondary or satellite airport services.

"(7) The prevention of unfair, deceptive, predatory, or anticompetitive practices in air transportation, and the avoidance of—

"(A) unreasonable industry concentration, excessive market domination, and monopoly power; and

"(B) other conditions;

that would tend to allow one or more air carriers or foreign air carriers unreasonably to increase prices, reduce services, or exclude competition in air transportation.

"(8) The maintenance of a comprehensive and convenient system of continuous scheduled interstate and overseas airline service for small communities and for isolated areas in the United States, with direct Federal assistance where appropriate.

"(9) The encouragement, development, and maintenance of an air transportation system relying on actual and potential competition to provide efficiency, innovation, and low prices, and to determine the variety, quality, and price of air transportation services.

"(10) The encouragement of entry into air transportation markets by new air carriers, the encouragement of entry into additional air transportation markets by existing air carriers, and the continued strengthening of small air carriers so as to assure a more effective, competitive air line industry.

"(11) The promotions, encouragement, and development of civil aeronautics and a viable, privately owned United States air transport industry.".

SEC. 3. (a) Section 102(c) of the Federal Aviation Act of 1958 (49 U.S.C. 1302(c)) is repealed.

(b) That portion of the table of contents contained in the first section of the Federal Aviation Act of 1958 which appears under the side heading

"Sec. 102. Declaration of policy: The Board."

is amended by striking out

"(a) Factors for interstate and overseas air transportation.

"(b) Factors for all-cargo service.

"(c) Factors for foreign air transportation."

and inserting in lieu thereof

"(a) Factors for interstate, overseas, and foreign air transportation.

"(b) Factors for all-cargo service.".

SEC. 4. Section 401(d)(1) through 401(d)(3) of the Federal Aviation Act of 1958 (49 U.S.C. 1371(d)(1) through (d)(3)) are amended to read as follows:

"ISSUANCE OF CERTIFICATE

"(d)(1) The Board shall issue a certificate authorizing the whole or any part of the transportation covered by the application, if it finds that the applicant is fit, willing, and able to perform such transportation properly and to conform to the provisions of this Act and the rules, regulations, and requirements of the Board hereunder, and that such transportation is consistent with the public convenience and necessity; otherwise such application shall be denied.

"(2) In the case of an application for a certificate to engage in temporary air transportation, the Board may issue a certificate authorizing the whole or any part thereof for such limited periods as is consistent with the public convenience and necessity, if it finds that the applicant is fit, willing, and able properly to perform such transportation and to conform to the provisions of this Act and the rules, regulations, and requirements of the Board hereunder.

"(3) In the case of an application for a certificate to engage in charter air transportation, the Board may issue a certificate to any applicant, not holding a certificate under paragraph (1) or (2) of this subsection on January 1, 1977, authorizing interstate air tranportation of persons, which authorizes the whole or any part thereof for such periods, as is consistent with the public convenience and necessity, if it finds that the applicant is fit, willing, and able properly to perform the transportation covered by the application and to conform to the provisions of this Act and the rules, regulations, and requirements of the Board hereunder.".

SEC. 5. The first sentence of section 401(e)(2) of the Federal Aviation Act of 1958 (49

U.S.C. 1371(e)(2)) is amended by striking out the words ", insofar as the operation is to take place without the United States,".

SEC. 6. Section 401(g) of the Federal Aviation Act of 1958 (49 U.S.C. 1371(g)) is amended by inserting "(1)" immediately after "(g)" and by adding at the end thereof the following new paragraph:

"(2) Notwithstanding the provisions of subsection (g)(1) of this section, the Board may suspend or revoke authority to serve any point authorized in a certificate issued under this section, upon notice and with a reasonable opportunity for the affected carrier to present its views, but without hearing, if the carrier has notified the Board in accordance with paragraph (j) of this section or any regulation of the Board that it proposes to suspend all service provided by that carrier to such point, or if the carrier has failed to provide any significant service to the point for 90 days preceding the date of the Board's notice to the carrier of its proposed action.".

SEC. 7. Section 402(b) of the Federal Aviation Act of 1958 (49 U.S.C. 1372(b)) is amended to read as follows:

"ISSUANCE OF PERMIT

"(b) The Board is empowered to issue such a permit if it finds (1) that the applicant is fit, willing, and able properly to perform such foreign air transportation and to conform to the provisions of this Act and the rules, regulations, and requirements of the Board hereunder and (2) either that the applicant is qualified, and has been designated by its government, to perform such foreign air transportation under the terms of an agreement with the United States, or that such transportation will be in the public interest.".

SEC. 8. The third sentence of section 402(d) of the Federal Aviation Act of 1958 (49 U.S.C. 1372(d)) is amended by striking out "Such application shall be set for public hearing and the" and inserting in lieu thereof "The".

SEC. 9. Section 402(f) of the Federal Aviation Act of 1958 (49 U.S.C. 1372(f)) is amended by inserting "(1)" immediately after "(f)" and by adding at the end thereof the following new paragraph:

"(2) Whenever the Board finds that the government, aeronautical authorities, or foreign air carriers of any foreign country have, over the objections of the Government of the United States, impaired, limited, or denied the operating rights of United States air carriers, or engaged in unfair, discriminatory, or restrictive practices with a substantial adverse competitive impact upon United States carriers, with respect to air transportation services to, from, through, or over the territory of such country, the Board may, without hearing but subject to the approval of the President of the United States, summarily suspend the permits of the foreign air carriers of such country, or alter, modify, amend, condition, or limit operations under such permits, if it finds such action to be in the public interest. The Board may also, without hearing but subject to Presidential approval, to the extent necessary to make the operation of this paragraph effective, restrict operations between such foreign country and the United States by any foreign air carrier of a third country.".

SEC. 10. Section 407(a) of the Federal Aviation Act of 1958 (49 U.S.C. 1377(a)) is amended by inserting the phrase "or foreign air carrier" immediately after the words "air carrier" each time those words appear therein.

SEC. 11. Section 412 of the Federal Aviation Act of 1958 (49 U.S.C. 1382) is amended by—

(1) striking subsections (a) and (b) thereof;

(2) redesignating subsections (c), (d), and (e) as subsections (a), (b), and (c), respectively;

(3) striking the words ", affecting interstate or overseas air transportation and" in subsection (a)(1), as so redesignated by this section;

(4) inserting the words "affecting interstate or overseas air transportation," immediately after the word "agreement," in paragraph (a)(2)(A)(iii), as so redesignated by this section; and

(5) inserting the words "or foreign air carrier" immediately after the words "air carrier" the first two times those words appear in subsection (a)(1), as so redesignated by this section.

SEC. 12. (a) The center heading for section 412(a) of the Federal Aviation Act of 1958, as redesignated by section 11 of this Act, is amended by striking out

"AFFECTING INTERSTATE OR OVERSEAS AIR TRANSPORTATION"

(b) That portion of the table of contents contained in the first section of the Federal Aviation Act of 1958 which appears under the side heading

"Sec. 412. Pooling and other agreements."

is amended to read as follows:

"(a) Filing and approval of agreements.
"(b) Proceedings upon filing.
"(c) Mutual aid agreement."

SEC. 13. (a) Section 416(b) of the Federal Aviation Act of 1958 (49 U.S.C. 1386) is amended by adding at the end thereof the following new paragraphs:

"(7) The Board may by order, to the extent it finds that such action is required in the public interest, exempt any foreign air carrier from the requirements or limitations of this Act, to the extent necessary to authorize the foreign air carrier to lease or charter aircraft, with or without crew to a United States direct air carrier for the performance of service in interstate, overseas, or foreign air transportation by or on behalf of such air carrier under an agreement approved by the Board, subject to such safety regulations as may be prescribed by the Secretary for such operations.

"(8) The Board may by order, to the extent it finds that such action is required in the public interest, exempt any foreign air carrier from the requirements or limitations of this Act, to the extent necessary to authorize the foreign air carrier to carry passengers, cargo, or mail in interstate or overseas air transportation in certain markets if the Board, after consultation with the Secretary of Transportation, finds that—

"(A) because of unusual circumstances, traffic in such markets cannot be accommodated by air carriers holding certificates under section 401 of this Act;

"(B) all reasonable efforts have been made to accommodate such traffic by utilizing the resources of such air carriers (including, for example, the use of foreign aircraft, or sections of foreign aircraft, that are under lease or charter to such air carriers, and the use of such air carriers' reservation systems to the extent practicable); and

"(C) such authorization is necessary to avoid undue hardship for the traffic in such market that cannot be accommodated by air carriers holding certificates under section 401 of this Act.

Whenever the Board grants such authority to a foreign air carrier under this paragraph, the Board shall—

"(i) assure that any air transportation provided by the foreign carrier under such authority is made available on fair and reasonable terms;

"(ii) continuously monitor the passenger load factor of air carriers in such market that hold certificates under section 401 of this Act; and

"(iii) review such authority no less frequently than once every 30 days to assure that the unusual circumstances that created the need for such authority still exist.

In no event shall any authorization to a foreign air carrier under this paragraph remain in effect for more than 5 days after the unusual circumstances that created the need for such authorization have ceased.".

(b) Section 1601(b)(1) of the Federal Aviation Act of 1958 (49 U.S.C. 1551(b)(1)) is amended by adding at the end thereof the following new subparagraph:

"(E) The authority of the Board under section 416(b)(8) of this Act with respect to exempting foreign air carriers from the requirements or limitations of this Act under certain circumstances is transferred to the Department of Transportation.".

SEC. 14. Section 1002(j)(1) of the Federal Aviation Act of 1958 (49 U.S.C. 1482(j)(1)) is amended to read as follows:

"SUSPENSION AND REJECTION OF RATES IN FOREIGN AIR TRANSPORTATION

"(j)(1) Whenever any air carrier or foreign air carrier shall file with the Board a tariff stating a new individual or joint (between air carriers, between foreign air carriers, or between an air carrier or carriers and a foreign air carrier or carriers) rate, fare, or charge for foreign air transportation or any classification, rule, regulation, or practice affecting such rate, fare, or charge, or the value of the service thereunder, the Board is empowered, upon complaint or upon its own initiative, at once, and, if it so orders, without answer or other formal pleading by the air carrier or foreign air carrier, but upon reasonable notice, to enter upon a hearing concerning the lawfulness of such rate, fare, or charge, or such classification, rule, regulation, or practice; and pending such hearing and the decision thereon, or in the case of a tariff filed by a foreign air carrier if such action is in the public interest, the Board, by filing with such tariff, and delivering to the air carrier or foreign air carrier affected thereby, a statement in writing of its reasons for such suspension, may suspend the operation of such tariff and defer the use of such rate, fare, or charge, or such classification, rule, regulation, or practice, for a period or periods not exceeding 365 days in the aggregate beyond the time when such tariff would otherwise go into effect. If, after hearing, the Board shall be of the opinion that such rate, fare, or charge, or such classification, rule, regulation, or practice, is or will be unjust or unreasonable, or unjustly discriminatory, or unduly preferential, or unduly prejudicial, or in the case of a tariff filed by a foreign air carrier if the Board concludes with or without hearing that such action is in the public interest, the Board may take action to reject or cancel such tariff and prevent the use of such rate, fare, or charge, or such classification, rule, regulation, or practice. The Board may at any time rescind the suspension of such tariff and permit the use of such rate, fare, or charge, or such classification, rule, regulation, or practice. If the proceeding has not been concluded and an order made within the period of suspension or suspensions, or if the Board shall otherwise so direct, the proposed rate, fare, charge, classification, rule, regulation, or practice shall go into effect subject, however, to being canceled when the proceeding is concluded. During the period of any suspension or suspensions, or following rejection or cancellation of a tariff, including tariffs which have gone into effect provisionally, the affected air carrier or foreign air carrier shall maintain in effect and use the rate, fare, or charge, or the classification, rule, regulation, or practice affecting such rate, fare, or charge, or the value of service thereunder, which was in effect immediately prior to the filing of the new tariff or such other rate, fare or charge as may be provided for under an applicable intergovernmental agreement or understanding. If the suspension, rejection, or cancellation is of an initial tariff, the affected air carrier or foreign air carrier may file for purposes of operations pending effectiveness of a new tariff, a tariff embodying any rate, fare, or charge, or any classification, rule, regulation, or practice affecting such rate, fare, or charge, or the value of service thereunder, that may be currently in effect (and not subject to a suspension order) for any air carrier engaged in the same foreign air transportation.".

Sec. 15. Section 1002(j)(2) of the Federal Aviation Act of 1958 (49 U.S.C. 1482(j)(2)) is amended to read as follows:

"(2) With respect to any existing tariff of an air carrier or foreign air carrier stating rates, fares, or charges for foreign air transportation, or any classification, rule, regulation, or practice affecting such rate, fare, or charge, or the value of the service thereunder, the Board is empowered, upon complaint or upon its own initiative, at once and, if it so orders, without answer or other formal pleading by the air carrier or foreign air carrier, but upon reasonable notice, to enter into a hearing concerning the lawfulness of such rate, fare, or charge, or such classification, rule, regulation, or practice; and pending such hearing and the decision thereon, or in the case of a tariff filed by a foreign air carrier if such action is in the public interest, the Board upon reasonable notice, and by filing with such tariff, and delivering to the air carrier or foreign air carrier affected thereby, a statement in writing of its reasons for such suspension, and the effective date thereof, may suspend the operation of such tariff and defer the use of such rate, fare, or charge, or such classification, rule, regulation, or practice, following the effective date of such suspension, for a period or periods not exceeding 365 days in the aggregate from the effective date of such suspension. If, after hearing, the Board shall be of the opinion that such rate, fare, or charge, or such classification, rule, regulation, or practice, is or will be unjust or unreasonable, or unjustly discriminatory, or unduly preferential, or unduly prejudicial, or in the case of a tariff filed by a foreign air carrier if the Board concludes with or without hearing that such action is in the public interest, the Board may take action to cancel such tariff and prevent the use of such rate, fare, or charge, or such classification, rule, regulation, or practice. If the proceeding has not been concluded within the period of suspension or suspensions, the tariff shall again go into effect subject, however, to being canceled when the proceeding is concluded. For the purposes of operation during the period of such suspension, or the period following cancellation of an existing tariff pending effectiveness of a new tariff, the air carrier or foreign air carrier may file a tariff embodying any rate, fare, or charge, or any classification, rule, regulation, or practice affecting such rate, fare, or charge, or the value of the service thereunder, that may be currently in effect (and not subject to a suspension order) for any air carrier engaged in the same foreign air transportation.".

Sec. 16. Section 1002(j)(5) of the Federal Aviation Act of 1958 (49 U.S.C. 1482(j)(5)) is amended by (1) striking the word "and" at the end of subparagraph (E) thereof, (2) striking the period at the end of subparagraph (F) and inserting in lieu thereof "; and", and (3) by adding at the end thereof the following new subparagraph:

"(G) reasonably estimated or foreseeable future costs and revenues for such air carrier or foreign air carrier for a reasonably limited future period during which the rate at issue would be in effect.".

Sec. 17. Section 1102 of the Federal Aviation Act of 1958 (49 U.S.C. 1502) is amended by inserting "(a)" immediately after "Sec. 1102." and by adding at the end thereof the following new subsections:

"GOALS FOR INTERNATIONAL AVIATION POLICY

"(b) In formulating United States international air transportation policy, the Congress intends that the Secretary of State, the Secretary of Transportation, and the Civil Aeronautics Board shall develop a negotiating policy which emphasizes the greatest degree of competition that is compatible with a well-functioning international air transportation system. This includes, among other things:

"(1) freedom of air carriers and foreign air carriers to offer fares and rates which correspond with consumer demand;

"(2) the fewest possible restrictions on charter air transportation;

"(3) the maximum degree of multiple and permissive international authority for United States air carriers so that they will be able to respond quickly to shifts in market demand;

"(4) the elimination of operational restrictions to the greatest extent possible;

"(5) the integration of domestic and international air transportation;

"(6) an increase in the number of nonstop United States gateway cities;

"(7) opportunities for carriers of foreign countries to increase their access to United States points if exchanged for benefits of similar magnitude for United States carriers or the traveling public with permanent linkage between rights granted and rights given away;

"(8) the elimination of discrimination and unfair competitive practices faced by United States airlines in foreign air transportation, including excessive landing and user fees, unreasonable ground handling requirements, undue restrictions on operations, prohibitions against change of gage, and similar restrictive practices; and

"(9) the promotion, encouragement, and development of civil aeronautics and a viable, privately owned United States air transport industry.

"CONSULTATION WITH AFFECTED GROUPS

"(c) To assist in developing and implementing such an international aviation negotiating policy, the Secretaries of State and Transportation and the Civil Aeronautics Board shall consult, to the maximum extent practicable, with the Secretary of Commerce, the Secretary of Defense, airport operators, scheduled air carriers, charter air carriers, airline labor, consumer interest groups, travel agents and tour organizers, and other groups, institutions, and government agencies affected by international aviation policy concerning both broad policy goals and individual negotiations.

"OBSERVER STATUS FOR CONGRESSIONAL REPRESENTATIVES

"(d) The President shall grant to at least one representative of each House of Congress the privilege to attend international aviation negotiations as an observer if such privilege is requested in advance writing.".

Sec. 18. (a) The center heading for section 1102 of the Federal Aviation Act of 1958 is amended to read as follows:

"INTERNATIONAL AGREEMENTS

"ACTIONS OF THE BOARD AND SECRETARY OF TRANSPORTATION"

(b) That portion of the table of contents contained in the first section of the Federal Aviation Act of 1958 which appears under the center heading

"TITLE XI—MISCELLANEOUS"

is amended by striking out

"Sec. 1102. International agreements."

and inserting in lieu thereof

"Sec. 1102. International agreements.

"(a) Actions of the Board and Secretary of Transportation.

"(b) Goals for international aviation policy.

"(c) Consultation with affected groups.

"(d) Observer status for Congressional representatives.".

Sec. 19. Section 1104 of the Federal Aviation Act of 1958 (49 U.S.C. 1504) is amended by striking the words "international negotiations and" and inserting in lieu thereof "international negotiations or".

Sec. 20. The third sentence of section 1108(b) of the Federal Aviation Act of 1958 (49 U.S.C. 1508(b)) is amended by inserting immediately before the period at the end thereof the following: ", unless specifically authorized under section 416(b)(7) or 416(b)(8) of this Act, or under regulations prescribed by the Secretary authorizing United States air carriers to engage in otherwise authorized common carriage and carriage of mail with foreign registered aircraft under lease or charter to them without crew".

Sec. 21. Section 1117 of the Federal Aviation Act of 1958 (49 U.S.C. 1517) is amended to read as follows:

"TRANSPORTATION OF GOVERNMENT-FINANCED PASSENGERS AND PROPERTY

"TRANSPORTATION BETWEEN THE UNITED STATES AND A PLACE OUTSIDE THEREOF

"Sec. 1117. (a) Except as provided in subsection (c) of this section, whenever any executive department or other agency or instrumentality of the United States shall procure, contract for, or otherwise obtain for its own account or in furtherance of the purposes or pursuant to the terms of any contract, agreement, or other special arrangement made or entered into under which payment is made by the United States or payment is made from funds appropriated, owned, controlled, granted, or conditionally granted or utilized by or otherwise established for the account of the United States, or shall furnish to or for the account of any foreign nation, or any international agency, or other organization, of whatever nationality, without provisions for reimbursement, any transportation of persons (and their personal effects) or property by air between a place in the United States and a place outside thereof, the appropriate agency or agencies shall take such steps as may be necessary to assure that such transportation is provided by air carriers holding certificates under section 401 of this Act to the extent authorized by such certificates or by regulations or exemption of the Civil Aeronautics Board and to the extent service by such carriers is available.

"TRANSPORTATION BETWEEN TWO PLACES OUTSIDE THE UNITED STATES

"(b) Except as provided in subsection (c) of this section, whenever persons (and their personal effects) or property described in subsection (a) of this section are transported by air between two places both of which are outside the United States, the appropriate agency or agencies shall take such steps as may be necessary to assure that such transportation is provided by air carriers holding certificates under section 401 of this Act to the extent authorized by such certificates or by regulations or exemption of the Civil Aeronautics Board and to the extent service by such carriers is reasonably available.

"TRANSPORTATION PURSUANT TO BILATERAL AGREEMENT

"(c) Nothing in this section shall preclude the transportation of persons (and their personal effects) or property by foreign air carriers if such transportation is provided for under the terms of a bilateral or multilateral air transport agreement between the United States and a foreign government or governments and if such agreement (1) is consistent with the goals for international aviation policy set forth in section 1102(b) of this Act and (2) provides for the exchange of rights or benefits of similar magnitude.

"DISALLOWANCE OF IMPROPER EXPENDITURE BY COMPTROLLER GENERAL

"(d) The Comptroller General of the United States shall disallow any expenditure from appropriated funds for payment for personnel or cargo transportation in violation of this section in the absence of satisfactory proof of the necessity therefor. Nothing in this section shall prevent the application to such traffic of the antidiscrimination provisions of this Act.".

Sec. 22. That portion of the table of contents contained in the first section of the Federal Aviation Act of 1958 which appears under the center heading.

"Title XI—Miscellaneous"

is amended by striking out

"Sec. 1117. Transportation of Government-financed passengers and property."

and inserting in lieu thereof

"Sec. 1117. Transportation of Government-financed passengers and property.

"(a) Transportation between the United States and a place outside thereof.

"(b) Transportation between two places outside the United States.

"(c) Transportation pursuant to bilateral agreement.

"(d) Disallowance of improper expenditure by Comptroller General.".

Sec. 23. Section 2 of the International Air Transportation Fair Competitive Practices Act of 1974 (49 U.S.C. 1159b) is amended by redesignating subsections (b) and (c) as subsections (c) and (d), respectively, and adding a new subsection (b) as follows:

"(b)(1) Whenever the Civil Aeronautics Board, upon complaint or upon its own initiative, determines that a foreign government or instrumentality, including a foreign air carrier (1) engages in unjustifiable or unreasonable discriminatory, predatory, or anticompetitive practices against a United States air carrier or (2) imposes unjustifiable or unreasonable restrictions on access of a United States air carrier to foreign markets, the Board may take such action as it deems to be in the public interest to eliminate such practices or restrictions. Such actions may include, but are not limited to, the denial, transfer, alteration, modification, amendment, cancellation, suspension, limitation, or revocation of any foreign air carrier permit or tariff pursuant to the powers of the Board under the Federal Aviation Act of 1958.

"(2) Any United States air carrier or any agency of the Government of the United States may file a complaint under this section with the Civil Aeronautics Board. The Board shall approve, deny, dismiss, set such complaint for hearing or investigation, or institute other proceedings proposing remedial action within 60 days after receipt of the complaint. The Board may extend the period for taking such action for an additional period or periods of up to 30 days each if the Board concludes that it is likely that the complaint can be satisfactorily resolved through negotiations with the foreign government or instrumentality during such additional period, but in no event may the aggregate period for taking action under this subsection exceed 180 days from receipt of the complaint. In considering any complaint, or in any proceedings under its own initiative, under this subsection the Board shall (A) solicit the views of the Department of State and the Department of Transportation and (B) provide any affected air carrier or foreign air carrier with reasonable notice and such opportunity to file written evidence and argument as is consistent with acting on the complaint within the time limits set forth in this subsection.

"(3) Any action proposed by the Board pursuant to this section shall be transmitted to the President pursuant to section 801 of the Federal Aviation Act of 1958 (49 U.S.C. 1461).".

Sec. 24. (a) Section 1002(j) of the Federal Aviation Act of 1958 (49 U.S.C. 1482(j)) is amended by adding at the end thereof the following new paragraphs:

"(6) The Board shall not have authority to find any fare for foreign air transportation of persons to be unjust or unreasonable on the basis that such fare is too low or too high if—

"(A) with respect to any proposed increase filed with the Board on or after July 1, 1980 to become effective on or after September 1, 1980, such proposed fare would not be more than 5 percent higher than the standard foreign fare level for the same or essentially similar class of service. No such fare shall be suspended, unless the Board determines that it may be unduly preferential, unduly prejudicial, or unjustly discriminatory or that suspension is in the public interest because of unreasonable regulatory actions by a foreign government with respect to fare proposals of an air carrier; or

"(B) with respect to any proposed decrease filed after the establishment of standard foreign fare levels, the fare would not be more than 50 percent lower than the standard foreign fare level for the same or essentially similar class of service, except that this provision shall not apply to any proposed decrease in any fare if the Board determines that such proposed fare may be predatory or discriminatory or that suspension of any such fare is required because of unreasonable regulatory actions by a foreign government with respect to fare proposals by an air carrier.

"(7) For purposes of paragraph (6) of this subsection, 'standard foreign fare level' means that fare level, as adjusted only in accordance with paragraph (8) of this section) in effect on October 1, 1979 (with seasonal fare adjusted by the percentage difference that prevailed between seasons in 1978), for each pair of points, for each class of fare existing on that date, and in effect on the effective date of the establishment of each additional class of fare established after October 1, 1979, except to the extent that the Board concludes by rule that fares which were in effect on such date were unjust or unreasonable. On or before June 15, 1980, the Board shall by rule establish the standard foreign fare level between any two points for which the fare in effect on October 1, 1979 is concluded to be unjust or unreasonable.

"(8) The Board shall, not less often than semiannually, adjust each standard fare level established pursuant to paragraph (7) of this subsection for the particular foreign air transportation to which such standard foreign fare level applies by increasing or decreasing such standard foreign fare level, as the case may be, by the percentage change from the last previous period in the actual operating cost per available seat-mile. In determining the standard foreign fare level, the Board shall make no adjustment to costs actually incurred. In establishing standard foreign fare levels pursuant to paragraph (7) of this subsection and making the adjustments called for in this paragraph, the Board may use all relevant or appropriate information reasonably available to it.

"(9) The Board may by rule increase the percentage specified in subparagraph 6(B) of this subsection.".

(b) Section 403(c)(1) of the Federal Aviation Act of 1958 (49 U.S.C. 1373(c)(1)) is amended by (1) inserting the words "or foreign air carrier" after the words "air carrier" each time those words appear therein and (2) inserting the words "or foreign air carrier's" after the words "air carrier's".

(c) Section 403(c)(2) of the Federal Aviation Act of 1958 (49 U.S.C. 1373(c)(2)) is amended to read as follows:

"(2) If the effect of any proposed tariff change would be to institute a fare that is outside of the applicable range of fares specified in subparagraphs (A) and (B) of section 1002(d)(4) or subparagraphs (A) and (B) of section 1002(j)(6) of this Act, or specified by the Board under section 1002(d)(7) or section 1002(j)(9) of this Act, or would be to institute a fare to which such range of fares does not apply, then such proposed change shall not be implemented except after 60 days' notice filed in accordance with regulations prescribed by the Board.".

Sec. 25. Section 1002(c) of the Federal Aviation Act of 1958 (49 U.S.C. 1482(c)) is amended by inserting the words ", subject to section 1102(a) of this Act," immediately before the words "issue an appropriate order".

MOTION OFFERED BY MR. JOHNSON OF CALIFORNIA

Mr. JOHNSON of California. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Johnson of California moves to strike out all after the enacting clause of the Senate bill, S. 1300, and to insert in lieu thereof the provisions of H.R. 5481, as passed by the House.

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill, H.R. 5481, was laid on the table.

APPOINTMENT OF CONFEREES ON S. 1300

Mr. JOHNSON of California. Mr. Speaker, I ask unanimous consent that the House insist on its amendments to the Senate bill, S. 1300, just passed, and request a conference with the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California? The Chair hears none, and appoints the following conferees: Messrs. Johnson of California, Roberts, Anderson of California, Levitas, Young, Harsha, and Snyder.

AUTHORIZING AND DIRECTING CLERK TO MAKE A CORRECTION IN ENROLLMENT OF H.R. 4930, DEPARTMENT OF INTERIOR AND RELATED AGENCIES APPROPRIATIONS, 1980

Mr. YATES. Mr. Speaker, I ask unanimous consent for the immediate consideration of the concurrent resolution (H. Con. Res. 209) authorizing and directing the Clerk to make a correction in the enrollment of the bill (H.R. 4930) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1980, and for other purposes.

The Clerk read the title of the concurrent resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

Mr. THOMAS. Mr. Speaker, reserving the right to object, has this changed anything of substance?

Mr. YATES. Mr. Speaker, if the gentleman will yield, I was about to say that this resolution has been cleared with the gentleman from Massachusetts (Mr. CONTE) who is the ranking member of the Committee on Appropriations, and has been cleared with other leaders in the House.

The purpose of the resolution is to correct an error in numbers which appeared in the conference report of the Department of Interior and related agencies bill which the House considered on Friday. There is no change in substance. It is only with respect to a change in the figures themselves.

Mr. THOMAS. What about the ranking minority member of the subcommittee, the gentleman from Pennsylvania (Mr. McDADE)?

Mr. YATES. If the gentleman will yield further, the gentleman from Pennsylvania (Mr. McDADE) has no objection to it because it only amounted to a correction of a typographical error.

Mr. THOMAS. He has indicated he has no objection?

Mr. YATES. That is right.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 209

Resolved by the House of Representatives (the Senate concurring), That in the enrollment of the bill (H.R. 4930) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1980, and for other purposes, the Clerk of the House of Representatives is authorized and directed to make the following correction:

In lieu of the figure "$401,242,000" inserted in lieu of Senate amendment numbered 67 on page 31, line 11, insert "$392,565,000".

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

SENSE OF CONGRESS EXPRESSION RESPECTING BALTIC STATES AND SOVIET CITIZENSHIP CLAIMS OVER CERTAIN U.S. CITIZENS

Mr. FITHIAN. Mr. Speaker, I move to suspend the rules and agree to the concurrent resolution (H. Con. Res. 200) expressing the sense of the Congress with respect to the Baltic States and with respect to Soviet claims of citizenship over certain United States citizens, as amended.

The Clerk read as follows:

H. CON. RES. 200

Expressing the sense of the Congress with respect to the Baltic States and with respect to Soviet claims of citizenship over certain United States citizens.

Whereas the United States since its inception has been committed to the principle of self-determination; and

Whereas the United States as a member of the United Nations has pledged to uphold the provisions of the United Nations Charter and to take joint and separate action to promote universal respect for, and observance of, human rights and fundamental freedoms for all without distinction as to race, sex, language, or religion; and

Whereas the United Nations and the United States delegation to the United Nations have consistently upheld the right of self-determination of people of those countries in Asia and Africa that are, or have been, under foreign political rule;

Whereas the United States, as a signatory of the Final Act of the Conference on Security and Cooperation in Europe, endorsed Principle VIII concerning equal rights and self-determination of peoples; and

Whereas in 1940 the Soviet Union unilaterally and forcibly annexed the Baltic States (Lithuania, Latvia, and Estonia), which were sovereign members of the League of Nations; and

Whereas in 1954 the House of Representatives Select Committee to Investigate Communist Aggression concluded that the Baltic States "were forcibly occupied and illegally annexed by the Union of Soviet Socialist Republics" and that "the continued military and political occupations of Lithuania, Latvia, and Estonia by the Union of Soviet Socialist Republics is a cause of the dangerous world tensions which now beset mankind and therefore constitute a serious threat to the peace"; and

Whereas the desire of the citizens of the Baltic States for national independence remains strong despite efforts by the Soviet Union to destroy the Baltic peoples as distinct cultural, geographical, ethnic, and political entities through dispersions and deportations to Siberia, replacing them with ethnic Russians; and

Whereas the peoples of the Baltic States are entitled to equal rights and self determination as set forth in Principle VIII of the Helsinki Final Act and should be allowed to hold free elections conducted under the auspices of the United Nations after the withdrawal of all Soviet military forces and political, administrative, and police personnel from the Baltic States; and

Whereas the United States has consistently refused to recognize the unlawful Soviet occupation of the Baltic States, and continues to maintain diplomatic relations with representatives of the independent Republics of Lithuania, Latvia, and Estonia; and

Whereas in past years this policy has received strong support in the Congress; and

Whereas, in addition, the United States since its inception has been committed to the protection of its citizens, whether naturalized or native born; and

Whereas the Soviet Union recently promulgated a law designating as a Soviet citizen any person who was born in the Soviet Union, was naturalized as a Soviet citizen, or is the child of parents who were Soviet citizens at the time of the child's birth, irrespective of whether the child was born on Soviet territory; and

Whereas this law which went into effect on July 1, 1979, states that a person who is a Soviet citizen is not recognized as having the citizenship of a foreign state, and thus specifically does not recognize United States citizenship in such cases; and

Whereas this law applies to millions of Americans, including those who, under United States law, are native-born citizens of the United States; and

Whereas this Soviet law intimidates many United States citizens who might otherwise travel to the Soviet Union or come under Soviet authority or control: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That (a) it is the sense of the Congress that the President, in order to assure true and genuine peace in the Baltic region and in Europe in general, should instruct the United States delegation to the 1980 Madrid meeting of the Conference on Security and Cooperation in Europe to seek full implementation of Principle VIII of the Helsinki Final Act concerning equal rights and self-determination of peoples.

(b) It is further the sense of the Congress that the President should, through such channels as the International Communication Agency and other information agencies of the United States Government, do his utmost to bring the matter of the Baltic States to the attention of all nations by means of special radio programs and publications.

(c) It is further the sense of the Congress that the President should use his good offices to make every effort to gain the support and cooperation of other nations for the realization of the independence of the Baltic States.

SEC. 2. (a) The Congress views with deep concern the action on the part of the Soviet Union making citizenship claims on millions of Americans who were born in the United States or naturalized.

(b) It is the sense of the Congress that the President should warn the Soviet Union against taking any action under this new Soviet citizenship law which would be detrimental to the interests of the United States and its individual citizens, and that the Secretary of State should inform United States citizens planning to visit the Soviet Union of the implications of this law.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from Indiana (Mr. FITHIAN) will be recognized for 20 minutes, and the gentleman from Illinois (Mr. DERWINSKI) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Indiana (Mr. FITHIAN).

Mr. FITHIAN. I yield myself such time as I may consume.

Mr. Speaker, the resolution before us rightly calls attention to one of the most outrageous land grabs in modern history—the illegal annexation of the Baltic States by the Soviet Union in 1940.

House Concurrent Resolution 200 reaffirms our country's commitment to the principle of self-determination and seeks to have the Soviet Union live up to its international obligations under various international accords, particularly the Helsinki Final Act. The resolution calls for the restoration of equal rights and self-determination to the Baltic peoples through free elections.

House Concurrent Resolution 200 calls upon the President to bring the matter of the Baltic States to the attention of all nations at meetings such as the 1980 Madrid Conference on Security and Cooperation in Europe, and to enlist their cooperation in the realization of independence of the Baltic States.

Mr. Speaker, I believe that the continuation of the American policy of nonrecognition remains an appropriate way of expressing our disapproval of the forcible Soviet incorporation of the three Baltic States. It is also a means to protest the harsh and brutal treatment of the Baltic peoples who have suffered greatly under Soviet rule. Soviet attempts to destroy their language, their religion, their customs, their culture, and their destinction as a people are outrageous and reprehensible. I strongly believe that once the United States becomes complacent or forgets about what occurred in the Baltic States we face the danger of seeing history repeat itself in other areas of the world.

House Concurrent Resolution 200 also expresses concern about the Soviet citizenship law which came into force on July 1 of this year. This law could apply to millions of people including many Americans by designating as a Soviet citizen any person who was born in the Soviet Union, was naturalized as a Soviet citizen, or is the child of parents who were Soviet citizens at the time of the child's birth, regardless of whether the child was born on Soviet territory. Americans traveling to Russia or areas under Russian control could suddenly discover that they are Soviet citizens under Soviet law. House Concurrent Resolution 200 therefore calls upon the President to warn the Soviet Union against taking any action under this new citizenship law which would be detrimental to the interests of the United States and its citizens. Finally House Concurrent Resolution 200 calls upon the Secretary of State to inform American travelers of the implications of this law, so that unsuspecting U.S. citizens are not victimized should they seek to visit the Soviet Union.

In closing Mr. Speaker, I would like to commend my esteemed colleagues on the Foreign Affairs Committee, and the ranking minority member of the Subcommittee on International Organizations, Mr. DERWINSKI, for his diligent work on this matter. Our subcommittee has held hearings on human rights and the Baltic States, and I value very much his work on behalf of the subcommittee.

□ 1340

Mr. DERWINSKI. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would first like to indicate to the House that since the bill was reported and printed, the following Members have contacted me and indicated their support for the measure: Mr. ANDERSON of California, Mr. BURGENER, Mr. ERDAHL, Mr. RITTER, Mr. GILMAN, Mr. MOORHEAD, Mr. TRAXLER, and Mr. FRENZEL.

I have offered over the years a number of resolutions on the subject of illegal Soviet occupation of the Baltic States, this the most recent, now bearing the designation, House Concurrent Resolution 200.

The ethnic makeup of the Baltic peoples is very distinct from that of the Russians. Their culture, traditions, and religions are different from those of the Russians. By means of deportation and dispersions of the native populations of the Baltic States to Siberia and a massive colonization effort in which Russians replace the displaced native peoples, the Soviet Union threatens the Baltic peoples as culturally, geographically, and politically distinct and ethnically homogenous populations.

Both the United States and the Soviet Union signed the Final Act of the Conference on Security and Cooperation in Europe and endorsed principle VIII, concerning equal rights and self-determination of peoples, which states "all peoples always have the right, in full freedom, to determine, when and as they wish, their internal and external political status, without external interference, and to pursue as they wish their political, economic, social and cultural development * * *" and "that participating States * * * also recall the importance of the elimination of any form of violation of this principle."

The United States has refused to recognize the unlawful Soviet occupation of the Baltic States and has continued to maintain diplomatic relations with representatives of the independent Republics of Lithuania, Latvia, and Estonia. But beyond this, the resolution I am proposing today, asks the President to instruct the United States delegation to the 1980 Madrid meeting of the Conference on Security and Cooperation in Europe to seek full implementation of principle VIII of the Helsinki Final Act. Our goal is that the right of self-determination be returned to the peoples of Lithuania, Latvia, and Estonia through free elections conducted under the auspices of the United Nations.

Another point raised in the resolution is a new Soviet law designating as a Soviet citizen any person who was born in the Soviet Union, who was naturalized as a Soviet citizen, or who is the child of parents who were Soviet citizens at the time of the child's birth, irrespective of whether or not the child was born on Soviet territory. This new law, which went into effect on July 1, 1979, states that a person who is a Soviet citizen is not recognized as having the citizenship of a foreign state and thus specifically does not recognize U.S. citizenship in those cases. It applies to millions of Americans, including those who, under U.S. law, are native-born citizens of the United States. Many Americans, including those of Baltic heritage, are fearful of this new Soviet claim on their citizenship.

My resolution expresses deep concern over this Soviet action making citizenship claims on millions of Americans who were born in the United States or duly naturalized. I believe that the President should warn the Soviet Union against taking any action under this new Soviet citizenship law which would be detrimental to the interests of the United States and its individual citizens, and that the Secretary of State should inform U.S. citizens planning to visit the Soviet Union of the implications of this law.

As the gentleman from Indiana (Mr. FITHIAN) so appropriately described, there are two major points in this bill, Mr. Speaker. One deals with the continued policy of the United States that we not recognize the Soviet occupation of the Baltic States, Lithuania, Latvia, and Estonia.

With the cooperation of the gentleman from Florida (Mr. FASCELL) the resolution also calls for the U.S. delegation to the 1980 Madrid meeting on the Conference on Security and Cooperation in Europe, the Helsinki accord subsequent action to make this point to those delegates assembled.

The basic policy of the United States is to ask that the right of self-determination be returned to the peoples of the Baltic States.

The second point in the resolution deals with the new Soviet law which designates as Soviet citizens any person born in the Soviet Union naturalized as a Soviet citizen or who is a child of parents who are Soviet citizens at the time of the child's birth. Under this law, a natural born U.S. citizen could be claimed by the Soviets as one of their citizens.

I might point out that the first interesting test of this law may well come during the 1980 Olympics.

This resolution, as indicated, was supported unanimously in the subcommittee and in the full committee. I am pleased to have the support of the chairman of the full committee, the gentleman from Wisconsin (Mr. ZABLOCKI).

Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio (Mr. ASHBROOK).

Mr. ASHBROOK. Mr. Speaker, I rise in enthusiastic support of this timely resolution. The United States should go on record against the tyrannical rule of the Kremlin over the free people of Estonia, Latvia, and Lithuania. Every day it seems we receive word of one more outrage against humanity that the thugs in the Kremlin try to get away with. The subjugation of the Baltic States and the current efforts to expand the definition of Soviet citizenship to destroy these autonomous countries' identity are just a few more reasons for Americans to realize the perverse and destructive nature of Soviet rule.

The invasion of the Baltic States was born from the bloodthirsty partnership of the two most evil forces ever unleashed on the world: communism and nazism. We fought a major world war to rid the world of Hitler and his degenerates, but we never finished the job. Today the far more destructive force of communism with its hateful doctrines is stronger than ever. The despicable pack of outlaws that made the pact with Hitler for world domination in 1939 are personified in the wolves who now inhabit the Kremlin. The same need to destroy people and nations holds sway over Soviet policy. The same disregard for freedom and human dignity is the policy of the day in the U.S.S.R. Many people in the United States do not realize this fact of life. President Carter and the State Department continue to close their eyes to the fact that the nation with which we trade with and have signed a SALT agreement with is the same nation that helped start World War II with Adolph Hilter and is the same nation that is today carrying on Hitler's goal of world domination with an efficiency and horror that was beyond that Nazi's wildest and sickest dreams.

The Congress can pass all the resolutions it wants to call needed attention to the plight of free people under the Soviet oppressors, but we need to do far more. We need to stop creating a fantasy world where the Soviets who we chastise today are not Soviets we try to give most favored nation status to tomorrow. We cannot persist in separating the two situations. It is the same government, the same leaders.

Every time this Nation assists the Soviets, through SALT or through trade, we are in effect, condoning the actions we are critizing here today. We cannot go on doing this. If we are truly serious about helping those who live under the tyranny of the Soviet bosses we must back up resolutions like this one with some resolve to act. We did not sit back and watch Hitler swallow up Europe, we should not sit back and watch the Kremlin swallow up the world. Had we finished the job we set out to do in 1941 we would not have had to watch the agony of Hungary in 1957 or the Berlin wall, or Vietnam, or Cuba, or Czechoslovakia in 1968, or any of the other dozens of instance where Hitler's former allies have been on the march against freedom and humanity.

Today we have our backs against the wall. The Soviets have been able to capitalize on our lack of strength, on our President's appeasement, and on this Congress's acquiescence to bully their way into one free nation after another, and to push the United States around at will. They have done this either directly or through henchmen like Castro and Ho Chi Minh. It is time America woke up to these realities. We will have more Estonias, more Latvias, and more Lithuanias as long as we let the Soviets hold on to what they already dominate and let them expand further. The line must be drawn, held, and then pushed. Through trade sanctions, through diplomatic pressures, and just through moral courage we can set an example that could turn the tide on this putrid fungus called communism. This resolution is a start and I urge my colleagues to vote for it.

Mr. DERWINSKI. Mr. Speaker, I yield 5 minutes to the gentleman from New York (Mr. GILMAN).

Mr. GILMAN. Mr. Speaker, I rise in support of House Concurrent Resolution 200, expressing the sense of the Congress with respect to the Baltic States and with respect to Soviet claims of citizenship over certain U.S. citizens and commend the gentleman from Illinois, Mr. DERWINSKI, the ranking minority member of the Subcommittee on International Organizations, for his sponsorship and leadership in bringing this measure to the floor.

The United States has consistently maintained that the Soviet occupation of Estonia, Latvia, and Lithuania is illegal. This act of Russian imperialism stems from a Stalin-Hitler pact in 1939 which helped Hitler pave the way for his attacks on France and Great Britain and allowed Stalin to solidify his grip on Eastern Europe and condemn the Baltic States to Soviet domination.

House Concurrent Resolution 200 calls our attention to this continuing illegal Soviet occupation and the U.S. refusal to recognize its legitimacy. Furthermore, the resolution points out that the United States continues to recognize and maintains relationships with the diplomatic representatives of the independent republics of Lithuania, Latvia, and Estonia.

One of the major international agreements since the end of World War II has been the signing of the Helsinki accords. Known as the Final Act of the Conference on Security and Cooperation in Europe, this agreement which was signed by both the United States and the U.S.S.R., recognizes the right of self-determination of all peoples. House Concurrent Resolution 200 reaffirms principle VIII of that agreement which states in part that—

> All peoples always have the right, in full freedom, to determine, when and as they wish, their internal and external political status, without external interference, and to pursue as they wish their political, economic, social, and cultural development.

The next meeting of the Conference on Security and Cooperation in Europe will be held next year in Madrid, Spain. The resolution before us calls upon the President to instruct our delegates to that conference to raise the plight of the Baltic States and seek full implementation of principle VIII of the Helsinki Final Act. To this end, it is the desire of the Congress and the people of the United States that self-determination be returned to the peoples of Lithuania, Latvia, and Estonia.

A second major concern addressed in this resolution focuses attention on a new and far-reaching change in Soviet law regarding that nation's claims of citizenship. Under the new Soviet law which became effective on July 1, 1979, the Soviet Government will not recognize the foreign citizenship of any of its current or former subjects. The Soviet Government has declared that a Soviet citizen is anyone who was born in the Soviet Union, naturalized as a Soviet citizen, or who is the child of parents who were Soviet citizens at the time of the child's birth irregardless if that birth took place outside Soviet territory. The effects of this law apply to millions of Americans who have fled Russia to seek freedom in the West as well as those who are native-born citizens of the United States from Russian parents.

Such broad reaching claims of citizens that would include millions of Americans who have been naturalized or born in this country is a cause for alarm. With a history of harassment and disregard for the rights of the individual to freely immigrate, this new law can only be seen as a further attempt to control the free movement of peoples.

With the upcoming 1980 Olympics in Moscow, the potential for Soviet abuse and harassment is ever present. House Concurrent Resolution 200 expresses deep concern over Soviet citizenship claims on millions of Americans. Furthermore, it calls upon the President to warn the Soviet Union aginst any action under this new law which would be detrimental to the interests of the United States or its citizens.

As a long-time supporter of the principles of human rights and self-determination for the peoples of Lithuania, Latvia, and Estonia and as a cosponsor of House Concurrent Resolution 200, I urge my colleagues to join with me in strong support of this resolution.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. GILMAN. I yield to the gentleman from Maryland.

Mr. BAUMAN. Mr. Speaker, I also want to rise in support of this resolution.

Mr. FITHIAN. Mr. Speaker, I yield such time as he may consume to the distinguished chairman of the Committee on Foreign Affairs, the gentleman from Wisconsin (Mr. ZABLOCKI).

Mr. ZABLOCKI. Mr. Speaker, I rise in support of House Concurrent Resolution 200 as amended, expressing the sense of Congress with respect to the Baltic States and with respect to Soviet claims of citizenship over certain U.S. citizens.

I want to commend the distinguished chairman of the Subcommittee on International Organizations, Mr. BONKER, the gentleman from Indiana, Mr. FITHIAN, and the sponsor of the resolution and ranking minority member of the subcommittee, Mr. DERWINSKI, for their efforts on behalf of this resolution.

The gentleman from Indiana and the gentleman from Illinois have ably described the purpose and contents of this resolution so I will not go into the details again. I do however, want to take this opportunity to note that, although both Adolph Hitler and Joseph Stalin are dead and have been repudiated by the entire world, including their own peoples, the impact of their famous so-called Ribbentrop-Molotov pact still lingers; Soviet armies continue to occupy the Baltic States without legal or moral justification. Not only does the Soviet Union continue to occupy the Baltic States but their recently promulgated law affecting the citizenship status of millions of Americans with prior links to the Soviet Union runs counter to the letter and spirit of the Final Act of the Commission on Security and Cooperation in Europe and to the principles of comity between nations.

Mr. Speaker, I urge the adoption of this resolution.

Mr. FITHIAN. Mr. Speaker, I yield such time as he may consume to my colleague, the gentleman from Indiana (Mr. BENJAMIN).

Mr. BENJAMIN. Mr. Speaker, I rise in strong support of House Concurrent Resolution 200 which expresses the sense of Congress that the President instruct the U.S. delegation to the 1980 Madrid meeting of the Conference on Security and Cooperation in Europe to seek full implementation of principle VIII of the Helsinki Final Act concerning equal rights and self-determination of peoples.

The resolution further states that until the Baltic States become independent, the President should, through such channels as the International Communication Agency and other U.S. Government information agencies, bring the matter of the Baltic States to the attention of all nations by means of special radio programs and publications.

I additionally support language in the resolution that rejects the Soviets Union claim of citizenship on millions of Americans born or naturalized in the United States.

As the Congress knows, the Baltic States are possessed of a long and noble history, as demonstrated in their long and proud struggle to overcome oppression.

They remain steadfast in their courage and refuse to submit their will to a Soviet dictatorship that verbalizes freedom, but practices callous control.

Let us not delude ourselves. There can be no peace in the Baltic States as long as the human spirit is violated. There can be no détente when a population so loyal to their heritage is persecuted and subjected to discriminatory governing.

To this end, I call upon the President to utilize all relevant national and international communication agencies to bring the sword of independence and freedom to nations of the world.

The House and each Member must oppose Soviet violation of human rights in the Baltic States by supporting House Concurrent Resolution 200, so our influence may be felt at the 1980 Conference on Security and Cooperation in Europe.

May all the Baltic people be honored today, and may they be granted encouragement from our actions here today, so that they may continue to pursue cherished freedom with a nourished optimism generated from our efforts in a free nation.

I congratulate my distinguished colleagues, Messrs. DERWINSKI of Illinois and FITHIAN of Indiana, for bringing this legislation to the floor. I am honored to join them in sponsorship and hope that our united efforts will provide another measurable step toward the freedom, independence, and self-determination of Lithuania, Latvia, and Estonia.

Mr. FITHIAN. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. ANDERSON).

Mr. ANDERSON of California. Mr. Speaker, I thank the gentleman for yielding.

As a coauthor of this measure, I rise in full support of it.

I want to express again my tremendous support for House Concurrent Resolution 200. My concern about the situation in Estonia, Latvia, and Lithuania is something that goes back a long way. I have, in the past, worked to help ease emigration policy in these states. My concern about the illegal occupation of the Baltic States by the Soviet Union continues. I want also to express my disgust for the recent Soviet claim of citizenship over any persons born in the Soviet Union or born of Soviet parents, regardless whether the child was born on Soviet territory or not. This claim could create problems for certain American citizens who may travel to the Moscow Olympics. I urge my colleagues to support House Concurrent Resolution 200, which would denounce the Soviet occupation of the Baltic States as well as the Soviet decision regarding citizenship.

● Mr. BIAGGI. Mr. Speaker, as one who has long been dedicated to upholding basic human rights and the fundamental principle of self-determination, I am proud to be a cosponsor and strong supporter of House Concurrent Resolution 200.

This measure expresses the sense of Congress that the President should: first, seek free elections in the Baltic States supervised by the United Nations; second, inform and gain the support of other nations in achieving independence for the Baltic States; and third, warn the Soviet Union against making citizenship claims on U.S. citizens.

Earlier this year, I joined a significant number of my colleagues in recognizing the 20th anniversary of Captive Nations Week—a time when we commemorate the millions of freedom-loving people in captive nations throughout the world. I stated:

> It is time for the United States to stop its rhetoric for the cause of freedom and instead we must take effective action against the trend of Soviet Russian imperialism.

Certainly, the passage of House Concurrent Resolution 200 is a major step in that direction.

The resolution calls on the President to instruct the U.S. delegation to the 1980 Madrid meeting of the Conference on Security and Cooperation in Europe to seek the right of self-determination for the people of Estonia, Latvia, and Lithuania through free elections and through the withdrawal of all Soviet personnel from those nations. To help realize these objectives, House Concurrent Resolution 200 also calls on the President to gain the support and cooperation of other nations.

Further, the resolution expresses the support of Congress for President Carter's statements warning the Soviet Union against making citizenship claims on U.S. citizens. The necessity for such a warning resulted from a Soviet law that went into effect on July 1, 1979. The law declares that U.S. citizens, whose parents were both born in a Soviet territory—or what may have since become a Soviet territory—are Soviet citizens.

This law could have a far reaching and serious effect. It would mean that a substantial number of Americans will be subject to Soviet discretion if they set foot on Soviet territory. Since the Soviet Union will be hosting the 1980 summer Olympics, this law takes on added significance. It poses a serious threat to Olympic participants and spectators, who are covered under the law. Persons who might otherwise attend the Olympics may decide that the new law poses too great a risk. To prevent such a situation from occurring, it is essential that we join President Carter in strongly opposing this prime example of Soviet imperialism.

Mr. Speaker, House Concurrent Resolution 200 is an effective and necessary step toward obtaining self-determination for the captive nations, and preventing the spread of Soviet influence. I urge my colleagues to join me in supporting its passage.●

● Mr. OBERSTAR. Mr. Speaker, Soviet occupation of the Baltic States and the recent Soviet citizenship law run counter to our most basic and cherished notions of equal rights and self-determination of peoples.

Congress must continue to maintain unwavering support for the independence of the Baltic States.

The Soviet citizenship law is a travesty. It would abrogate the rights of millions of Americans, including native born Americans. The United States can tolerate no harassment of our citizens under this new law. It is fundamental to our concept of citizenship that the citizen naturalized today be treated no differently than the descendant of the Pilgrims.

I urge an overwhelming vote of support for House Concurrent Resolution 200.●

Mr. DERWINSKI. Mr. Speaker, I have no further requests for time, but I was remiss in my earlier explanation of this measure to give proper credit to the distinguished staff director of the committee, Dr. Jack Brady, whose brilliance expedited the processing of the measure and whose skill was seen in the draftmanship of the measure.

Mr. Speaker, I reserve the balance of my time.

Mr. FITHIAN. Mr. Speaker, I have no further requests for time. I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Indiana (Mr. FITHIAN) that the House suspend the rules and agree to the concurrent resolution (H. Con. Res. 200) as amended.

The question was taken.

Mr. BAUMAN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 3, rule XXVII, and the Chair's prior announcement, further proceedings on this motion will be postponed.

☐ 1350

GENERAL LEAVE

Mr. FITHIAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the concurrent resolution just considered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

IDA NUDEL EMIGRATION TO ISRAEL

Mr. FASCELL. Mr. Speaker, I move to suspend the rules and agree to the concurrent resolution (H. Con. Res. 202) urging the Soviet Union to allow Ida

Nudel to emigrate to Israel, and for other purposes.

The Clerk read as follows:

H. Con. Res. 202

Whereas the Universal Declaration of Human Rights and the International Covenant on Civil and Political Rights guarantee to all people the right to emigrate; and

Whereas the Final Act of the Conference on Security and Cooperation in Europe commits signatory countries to "deal in a positive and humanitarian spirit" with the applications of persons wishing to emigrate to rejoin relatives; and

Whereas the Soviet Union signed the Final Act of the Conference on Security and Cooperation in Europe, is a party to the Universal Declaration of Human Rights, and has ratified the International Covenant on Civil and Political Rights; and

Wheras Ida Nudel first applied to emigrate from the Soviet Union to Israel in 1971 to rejoin her only living relatives; and

Whereas Ida Nudel has devoted her life to the plight of Jewish political prisoners throughout the Soviet Union; and

Whereas Ida Nudel has been convicted by the Soviet Government of "malicious hooliganism" for hanging a banner on her balcony which said, "KGB, give me my visa"; and

Whereas Ida Nudel was sentenced to four years of exile in Siberia after a trial in which no witnesses were allowed to testify in her defense; and

Whereas Ida Nudel's health has deteriorated to the point where it is unlikely that she can withstand another Siberian winter; and

Whereas the continuing harassment of political and religious activists and intellectuals in the Soviet Union and in some other countries in Eastern Europe is a source of great concern to the American people and the United States Congress: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that, in accordance with the Final Act of the Conference on Security and Cooperation in Europe, the Universal Declaration of Human Rights, and the International Covenant on Civil and Political Rights, the Union of Soviet Socialist Republics should release Ida Nudel from exile and allow her to emigrate to Israel so that she can be reunited with her sister and husband.

Sec. 2. The Congress urges the President, acting directly or through the Secretary of State or other appropriate executive branch officials—

(1) to continue to express at every suitable opportunity and in the strongest terms the opposition of the United States to the exile of Ida Nudel to Siberia; and

(2) to inform the Soviet Union that the United States, in evaluating its relations with other countries, will take into account the extent to which those countries honor their commitments under international law, particularly with respect to the protection of human rights.

Sec. 3. The Clerk of the House of Representatives shall transmit copies of this resolution to the Soviet Ambassador to the United States and to the Chairman of the Presidium of the Supreme Soviet of the Union of Soviet Socialist Republics.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from Florida (Mr. Fascell) will be recognized for 20 minutes, and the gentleman from New York (Mr. Gilman) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Florida (Mr. Fascell).

Mr. FASCELL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of House Concurrent Resolution 202, which urges the Soviet Union to allow Ida Nudel to emigrate to Israel, and for other purposes.

Ida Nudel is a special case and is totally symbolic of the kinds of difficulties that are going on in the Soviet Union. She is the only Jewish female to be exiled because she tried to emigrate to Israel, and has become, in many ways today, the symbol of countless individuals in the Soviet Union who are struggling to exercise their basic human rights.

Ida Nudel first applied to emigrate to Israel in 1971, at which time she was refused permission to do so, lost her job, was kept under surveillance, beaten, and kept in jail for 15-day periods at least five times.

She has actually become the guardian angel of prisoners of conscience, and as such has been given special attention by the Union of Councils of Soviet Jews, the National Conference on Soviet Jewry, and many other organizations. Undaunted by the harassments and persecutions, Ida Nudel provided badly needed support to other prisoners of conscience who were imprisoned for their attempts to emigrate. She wrote to them, visited them, provided them with food and medicine, and interceded on their behalf with prison and camp authorities.

She was arrested in 1978 and charged with "malicious hooliganism," convicted, and sentenced to 4 years in Siberian exile. Her crime was hanging a banner from her apartment window which said "KGB Give Me My Visa," and that was in desperation after 7 years of waiting to join her only living relatives.

She is living now in absolutely deplorable conditions in the Soviet Union and the word is, from those who have an opportunity to get the word out of the Soviet Union, that she is desperately ill and may not live through another hard Siberian winter.

That is the reason for this resolution which calls special attention to her case as symbolic of the plight of hundreds of thousands of people in the Soviet Union.

Mr. Speaker, I urge the adoption of this resolution.

Mr. Speaker, I yield such time as he may consume to my distinguished colleague, the gentleman from Florida (Mr. Stack), who is the original sponsor of this concurrent resolution.

Mr. STACK. Mr. Speaker, I thank the gentleman for yielding this time to me.

Mr. Speaker, the subject of this resolution, Ida Nudel, first applied for a visa to emigrate from the Soviet Union to Israel in 1971. Since then she has repeatedly been denied a visa.

Over the years she has devoted her life to the well-being of others who wanted to emigrate and who were repressed by Soviet authorities. In fact, she became known as the guardian angel of those who dissented and suffered within the Soviet Union.

Finally, in 1978, Ida Nudel was arrested and charged with "malicious hooliganism." Her alleged crime was hanging a banner from her balcony which read "KGB, Give Me My Visa."

Her trial was a sham. She was allowed no witnesses to testify on her behalf. Without any semblance of due process, she was convicted and sentenced to exile in Siberia for a period of 4 years.

Now this woman who has done so much to help others is in need of help herself. Her health is fragile and will rapidly deteriorate in the harsh Siberian winter.

The resolution we are considering requests that the Soviet Union allow Ida Nudel to be reunited with her husband and sister in Israel—to allow her the right to live, because to continue to confine her to Siberia is indeed to sentence her to death.

Mr. Speaker, I ask my colleagues to join with me and the 127 cosponsors of this resolution in support of the resolution. By doing so, we will inform the Soviet Government that we in the Congress are concerned about a woman who is a symbol of human rights.

Mr. Speaker, I wish to commend the distinguished chairman of the Committee on Foreign Affairs and my colleague, the gentleman from Florida (Mr. Fascell), for their great help with this resolution.

Mr. GILMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of House Concurrent Resolution 202, urging the Soviet Union to allow Ida Nudel to emigrate to Israel.

Ida Nudel, the celebrated "Angel of Prisoners of Conscience" languishes today in a Siberian prison camp for the crime of seeking to emigrate to Israel. The only woman dissident in exile in the Soviet Union, she has become a symbol of that nation's callous disregard for basic human rights.

In 1971 Ida Nudel first applied to emigrate to Israel and rejoin her only living relatives. From that time forward she devoted her life to the plight of other Jewish political prisoners throughout the Soviet Union who, like herself, have suffered so much for their beliefs. For 7 years Ida Nudel brought hope and renewed spirit to the many people who had simply vanished from friends and relatives. By collecting information about such cases, contacting families of prisoners and "adopting" the victims, she has earned the reputation of "Guardian Angel" of dissident prisoners.

On June 2, 1978, while protesting the incarceration of a fellow activist, she defiantly unfurled a banner from her window overlooking a Moscow street with the words "KGB Give Me My Visa." She was immediately arrested and accused of "malicious hooliganism." Three weeks later, after a mock trial, she was sentenced to 4 years of exile in Siberia. Today she remains in a Siberian labor camp, in low spirits and deteriorating health.

House Concurrent Resolution 202 calls attention to the plight of this brave woman and the continuing harassment of other political and religious activists and intellectuals in the Soviet Union. Furthermore, it recalls that the Soviets are signatories to the Helsinki accords, a party to the Universal Declaration of Human Rights, and have ratified the International Covenant on Civil and Political Rights, all of which "guarantee to all people the right to emigrate."

The resolution concluded that it is the sense of the Congress that in view of these facts "the U.S.S.R. should release Ida Nudel from exile and allow her to emigrate to Israel so that she can be reunited with her sister and husband." In addition, it urges the President to inform the Soviets that in evaluating our relations with other nations, we will take into account the extent that those countries "honor their commitments under international law, particularly with respect to the protection of human rights."

This resolution is a reminder to the Soviet Government of our Nation's high regard for human rights and that we do not conceive such fundamental rights to be, as the Soviet's leading jurist, Judge Smirnov, wrote, in his white paper, "a propaganda vehicle of the West."

As a cosponsor of House Concurrent Resolution 202, I urge all of my colleagues to join with me in support of this legislation. We must keep Ida Nudel's dream alive and denounce this callous Soviet disregard for basic human rights.

Mr. FASCELL. Mr. Speaker, I yield such time as he may consume to the distinguished chairman of the full committee, the gentleman from Wisconsin (Mr. ZABLOCKI).

Mr. ZABLOCKI. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I rise in support of House Concurrent Resolution 202, urging the Soviet Union to allow Ida Nudel to emigrate to Israel and for other purposes.

At the outset, I wish to commend our colleague from Florida (Mr. STACK) for his sponsorship of this resolution and the gentleman from Florida (Mr. FASCELL) and the gentleman from New York (Mr. GILMAN) for their efforts in bringing the resolution before us today.

Unfortunately, the plight of Ida Nudel is all too typical of the treatment of people in the Soviet Union today. Indeed, it is appalling that a person can be sentenced to 4 years in exile in Siberia for committing the so-called crime of desiring to emigrate to Israel. Ida Nudel's situation is all the more incredible in light of the Soviet Union being a signatory to the Commission on Security and Cooperation in Europe and a party to the Universal Declaration of Human Rights.

As the gentleman from Florida has stated, it is unlikely that Ida Nudel can stand another winter in Siberia. I, therefore, join in the strong hope that this resolution will help persuade the Kremlin to free Ida Nudel and allow her to go to Israel.

Mr. Speaker, I urge the adoption of the resolution.

Mr. GILMAN. Mr. Speaker, I yield 5 minutes to the ranking minority member of the committee, the gentleman from Michigan (Mr. BROOMFIELD).

Mr. BROOMFIELD. Mr. Speaker, I support House Concurrent Resolution 202, urging the Soviet Union to allow Ida Nudel to emigrate to Israel.

One of the major achievements of the Helsinki Final Act was a pledge by all signatories to do everything possible to reunite families separated by political boundaries. Ida Nudel, the only woman dissident in exile in the Soviet Union is living proof of the callous disregard that that nation has for basic human rights and the terms of the Helsinki agreement.

Since 1971 Ida Nudel has sought to emigrate to Israel to rejoin her family. In her personal struggle for freedom, she has unselfishly devoted her life to the plight of other victims of Soviet repression. Her courageous struggle to bring hope and renewed spirit to other dissidents and their families has earned her the title of "the Angel of Prisoners of Conscience."

In June of last year, while protesting the imprisonment of a fellow activist and the Soviet's refusal to grant her visa, she was arrested and accused of "malicious hooliganism." For the crime of unfurling a banner demanding that the "KGB Give Me a Visa," she was sentenced to 4 years of internal exile at a Siberian labor camp.

Today she remains languishing in Siberia in poor spirits and deteriorating health. It is an unfitting end for a woman who has saved so many prisoners before her that she now finds herself alone and mistreated.

House Concurrent Resolution 202 calls attention to the Soviet Union's failure to abide by the Helsinki accords, the Universal Declaration of Human Rights, and the International Covenant on Civil and Political Rights which "guarantee to all people the right to emigrate." In addition, it draws attention to the brave contributions and personal plight of Ida Nudel.

Because of the "continuing harassment of political and religious activists and intellectuals in the Soviet Union and in some other countries in Eastern Europe," this legislation states that it is the sense of Congress that Ida Nudel should be released from exile and allowed to emigrate to Israel. Furthermore, it urges the President to inform the Soviets that our relations with other countries will be based in part on the extent to which those nations honor their commitments under international law with respect to the protection of human rights.

Ida Nudel has become a symbol of repression that exists in Russia today. We must not forget this brave woman and the many thousands of others she represents. I urge all of my colleagues to join with me in support of Ida Nudel and demonstrate that support with the passage of House Concurrent Resolution 202.

● Mr. CAVANAUGH. Mr. Speaker, I rise in support of House Concurrent Resolution 202 which expresses the sense of the Congress, that based on the Helsinki agreement and other international declarations on human and political rights, the Soviet Union should release Ida Nudel from exile and allow her to emigrate to Israel.

Ida Nudel is a "refusenik" who was sentenced on June 21, 1978 by the Soviet authorities to 4 years of internal exile for "malicious hooliganism." Her real crime, however, is both her activism on behalf of Soviet Jewry and her desire to emigrate to Israel. She first applied for an exit visa in 1971, which has been continuously denied by the Soviet Government. Mr. Speaker, I first learned of the tragic case of Ida Nudel from Mrs. Shirley Goldstein of the Omaha Committee for Soviet Jewry. This committee is a member of the Union of Councils for Soviet Jewry and has been very active on behalf of Miss Nudel and other Soviet "refuseniks."

Mrs. Goldstein has met in Moscow on two different occasions with Miss Nudel and, in fact, it was from Berlitz tapes brought into Russia by Mrs. Goldstein that Ida Nudel learned to speak English. Mrs. Goldstein has told me on many occasions of both the suffering of Ida Nudel and of her compassion and hard work on behalf of fellow "refuseniks."

Before her exile, Ida had been known as the "Guardian Angel" of the Jewish prisoners of conscience in the Soviet Union. It was always Ida Nudel who somehow got parcels, messages and medicines to the POC's keeping alive in them hope and the knowledge that someone remembered them and cared. She traveled to visit them in every prison and labor camp.

Since February 1977 I have written many letters to Miss Nudel informing her of the concern which many of us in the United States have for her well being. In these letters, I have praised her courageous work and the inspiration which she has provided for her fellow citizens.

Now she has become one of the many "prisoners of conscience" who are in desperate need of the medicines and hope for the future which she once provided. It is reported that Ida Nudel has a heart condition and her health is deteriorating. It is, therefore, very unlikely that she can survive another Siberian winter.

Mr. Speaker, I urge my colleagues to vote on behalf of this resolution which urges the President to express at every opportunity and in the strongest terms, U.S. opposition to Ida Nudel's exile and to inform the Soviets that the United States will consider the extent to which it and all other countries honor their commitments under international law to protect human rights.

This is one opportunity to let Ida Nudel and "refuseniks" know that we have not forgotten them and that we care, just as this brave lady did on so many occasions for her fellow citizens.●

● Mr. NOWAK. Mr. Speaker, I rise in

support of House Concurrent Resolution 202, a resolution urging the Soviet Union to allow Ida Nudel to emigrate to Israel.

Ms. Nudel is an activist on behalf of Soviet Jewish prisoners of conscience, who is presently imprisoned in the Soviet Union.

I am submitting the following brief biographical sketch, furnished by Ms. Nancy Schiller, chairman of the Soviet Task Force on Soviet Jewry in Buffalo, N.Y., and ask my colleagues to vote in favor of this resolution to permit Ida Nudel to emigrate to Israel so that she can be reunited with her sister and husband.

Biographical Sketch: Ida Nudel, Prisoner of Conscience

Born: April 27, 1931.
From: Moscow.
Occupation: Economist.
Arrested: June, 1978.
Tried: June, 1978.
Charges: "Malicious Hooliganism."
Sentence: 4 years internal exile (to June 1982).
Camp: In exile.
Address: Tomskaya Oblast, 636300 Selo Krivosheino, UL Sadovaya 26, RS SSR USSR.
Sister's Address: Elana Fridman, Nakhlat Yehuda, Rishon Lezion, Israel.

Known as the "Guardian Angel" for her activities on behalf of Soviet Jewish Prisoners of Conscience, Ida Nudel was charged and convicted in June, 1978 of "malicious hooliganism", and sentenced to four years internal exile, a fate she was knowledgeable of, all too well. Arrested on numerous occasions, Ida wrote shortly before her latest ordeal, "what haven't they done to me since I first applied to leave. I was placed in a prison punishment cell . . . there I was tortured with hunger and with difficult conditions. I was beaten and hounded like a wild beast during a hunt. Many times I have been seized on the street and thrown into dirty smelly cellars. They call detention cells . . ."

Ida learned her Zionism from her grandfather. A member of Hashomer Hatzair, he worked on a Jewish agricultural settlement in the Crimea in the hope of being permitted to leave for Palestine. Those farms disappeared with the rest of the pre-revolutionary Zionist movement as Stalin tightened his grip on the country. Eventually they were destroyed by the Nazi invasion. After Stalin's death in 1953, she began to gather information about Israel and sometimes tuned in to the "Voice of Israel." With the Six-Day War, the dramatic momentum of the Jewish emigration movement forced Ida to translate her thoughts into deeds. She applied to leave with her sister.

For Ida, the commitment became deeper and deeper and her work on behalf of other "Prisoners of Zion" has made her greatly loved and respected. David Chernoglaz, who served five years in a strict regime labor camp, said of her when he arrived in Israel: "The one person above all others who helped to keep up morale and who constantly helped with letters and parcels, the person rated by all to be a super-human angel, is Ida Nudel."

Such work in the face of considerable KGB harassment and intimidation takes its toll. Elana recently pointed out that when she last saw her sister in 1972, she was a strong young woman. Now she has heart trouble.

In October 1973 Ida discovered that she was being "treated" for alcoholism and not for her heart condition, as she was led to believe, when she accidentally saw her medical chart at the 89th Volgord District Clinic. Ida protested to the chief doctor; he confirmed that she was coming to the clinic because she was an alcoholic." He added that people had seen her drunk and, therefore, the treatment was warranted. Ida does not drink.

Thirty-five Moscow Jews protested to the Head of the KGB, Yuri Andropov, on Ida's behalf: ". . . the officials of the KGB are fabricating, with the assistance of the physicians of polyclinic no. 89, a false charge against Ida Nudel, calling her an alcoholic in order to carry out a lawless reprisal against her. Such an absurd accusation shows very clearly the aspiration of the KGB to present the Jews, who have been demanding permission to go to Israel for a long time, in an amoral and anti-social light." Attempts to discredit Ida continue with the latest threats by Soviet authorities.●

● Mr. HARRIS. Mr. Speaker, I am proud to be a cosponsor of House Concurrent Resolution 202, expressing the sense of the Congress that the Soviet Union should release Ida Nudel from exile and allow her to emigrate to Israel.

As I stated in a recent letter to Mrs. Carter and to Patricia M. Derian, the Assistant Secretary for Human Rights and Humanitarian Affairs, I am deeply concerned that adequate medical treatment is not being provided to this sick woman. There is just no question that Ida Nudel, the only Jewish woman Prisoner of Conscience, should be allowed to leave the Soviet Union immediately. I have been assured that Ida Nudel's case is raised with Soviet officials at every opportunity, but I want to stress at this time her urgent need for immediate and thorough medical attention along with my desire to see her released and permitted to emigrate. We need to make it perfectly clear to the Soviets that Ida Nudel's continued exile has aroused widespread sympathy and concern among the sponsors of this resolution and people around the world.

We will not forget Ida Nudel, whose only "crime" was to ask that a basic human right be respected, and we pray that she will be reunited with her relatives in Israel before she must endure a harsh winter.●

● Mr. BARNES. Mr. Speaker, Ida Nudel—the "Angel of Mercy" for other Prisoners of Conscience before her—displayed a banner, "KGB, Give Me My Visa," that earned this frail woman both banishment and world martyrdom.

Two months ago, I met with her sister, Elana Fridman, who showed me photographs taken before Ms. Nudel's Siberian exile and also 6 months afterward. These pictures revealed a tale of deprivation, deteriorating health, and human misery beyond words.

I commend my distinguished colleague, Mr. Stack, and the other 120 cosponsors of House Concurrent Resolution 202, which urges the Soviet Union to allow Ida Nudel to emigrate to Israel and for other purposes. May our statements today be as stirring and powerful that we may say to the Soviet Union, "Let Ida Nudel go." And may it be so.●

● Mr. RATCHFORD. Mr. Speaker, I rise in support of House Concurrent Resolution 202, which calls upon this body to urge the Soviet Union to allow Soviet refusenik Ida Nudel to emigrate to Israel.

The plight of Ida Nudel is but one more demonstration of the Soviet regime's utter contempt for human rights. Ida Nudel has been an active and vibrant force in the Aliyah movement in helping Jewish prisoners of conscience to emmigrate to their homeland of Israel. When she demonstrated her own desire to obtain an emigration visa, she was arrested by the Soviet KGB and was sentenced to 4 years in exile in Siberia. Subjected now to the cruelty of Siberian winters and severe living conditions, Ida Nudel—once a pillar to strength and an inspiration to others in the Aliyah movement—is in extremely poor health.

Despite international protests, the continued Soviet rejection of pleas to allow Ida Nudel to emigrate to Israel to spend her remaining years with her only living relatives smacks of the total disdain with which it regards its own signature on international covenants guaranteeing human rights. As a signatory to the Universal Declaration of Human Rights, and more recently the Final Act of the Conference on Security and Cooperation in Europe, signed at Helsinki in August of 1975, the Soviet Union joined 35 other nations in declaring that every citizen has certain basic rights including: The right to leave any country, including one's own, and return to that country; the right to be reunited with their families living in other countries; and the right to pursue their own cultural identity and practice their own religion. Though the overall rate of annual emigration from the Soviet Union remains at a record 50,000, the Soviets have done little to resolve hundreds of longstanding emigration cases and to release prominent dissidents jailed for publicly monitoring Soviet compliance under the Helsinki accords. Oftentimes, these Jewish prisoners of conscience are even denied their basic rights under the Soviet penal code, such as visitors rights.

Mr. Speaker, these cases demonstrate to the world the inability of the Soviet regime to tolerate any internal debate or dissent—a sure sign of its lack of confidence and weakness. This resolution offers the Congress of the United States an opportunity to state even further our total opposition to Soviet emigration policies, and to demonstrate our clear resolve in this important case of Ida Nudel. Let this be an example of our full support for Ida Nudel, and the many others like her, and an expression of the American people's belief that she and others are guilty of no other offense than seeking to exercise those very rights accorded them by the Soviet Government and the international covenants subscribed to by that government. Thank you, Mr. Speaker.●

● Mr. WAXMAN. Mr. Speaker, this House is about to express its overwhelming concern over the fate of Ida Nudel, the "Guardian Angel" of the refuseniks in the Soviet Union, by urging the Soviet Government to terminate her exile in Siberia and permit her to leave the country to join her husband and sister in Israel. Passage of this resolution is so urgently needed if there is to be any hope to obtain Ida's freedom—indeed, to save her life.

Although the Soviets have persecuted so many who have simply expressed a desire to emigrate, Ida Nudel has been subjected to the most monstrous indignities. She first applied to emigrate in 1971. Although her exit visa for Israel was denied, her sister, Elana Friedman, was permitted to leave. From that moment began an ordeal which resulted in her arrest, conviction, and internal exile for the "crimes" of "vandalism and malicious hooliganism" in 1978.

Over the years of struggle, Ida Nudel become a symbol of courage to the Soviet refusenik movement. She gave aid and comfort to so many who confronted the Government's unyielding policies. To those who were imprisoned, she wrote letters of encouragement and hope—even to those whom she had not met. For those who needed medical attention, she arranged for doctors to treat them. At all times, she brought the plight of Soviet Jewry to the attention of journalists in Moscow, whose dispatches informed the world of the awful desperation of so many. And until her arrest, she met with visitors from other countries to plead personally on behalf of the cause which had become her life.

I visited Ida Nudel in Moscow in March 1978. It was a difficult moment for her and her friends and colleagues. Anatoly Shcharansky and Alexsandr Ginzburg had recently been arrested, and everyone knew that their trials, which would bring to a head the Soviet campaign to crush the dissident movement, would soon begin. Ida herself, for all her courage, seemed to know as well that she would not be permitted to stay "free" for long—that soon the authorities would move against her. Ida was convinced the Government would never grant her application for a visa—even though she had been waiting 7 long years.

On June 1, 1978, Ida and other women planned to demonstrate once again for their freedom. The KGB learned of their protest, and placed them under curfew. Ida was confined to her apartment; secret police gathered outside. Late in the day, to show everyone that her spirit had not been broken, she hung a banner out the window which read: "KGB: give me my visa to Israel."

Within a few days, she was arrested, and late in June was sentenced to 4 years in exile in Siberia.

Her existence in the village of Krovosheino is unspeakable: 5,000 miles from Moscow, 100 miles from the nearest railroad, it is a collection of hovels containing the most dangerous and violent criminals. Ida has been attacked and beaten several times. There is scarcely sufficient food, no running water, and only meager supplies. She sleeps with a crude weapon under her pillow.

In recent weeks, however, concern over her safety has been superseded by the prospect that she may not be able to physically withstand the coming Siberian winter. In an open letter to the Jerusalem Post, she pleads:

> Stop testing my endurance. Don't experiment with how much I can take. I feel that I am on the verge of a heart attack and I must be allowed to have a proper checkup in Moscow.

For Ida Nudel, the situation is desperate. Her very life is at stake.

It is difficult to understand what could possibly compel the Soviet Government to act in such a barbaric manner, to treat so cruelly such an innocent person, to perceive the "threat" Ida poses to Soviet society—especially since she only wishes to leave. But the irrationality of these acts hardly diminishes their inhumanity.

I am sincerely grateful to all my colleagues who worked so hard to bring this resolution to the floor.

Let the Soviet Union be on notice: We shall not, we can not, we refuse to be indifferent to the fate of this great woman, Ida Nudel. We demand with her that she be freed and permitted to fulfill her only desire in life—to join her family in Israel!

I urge the adoption of this resolution.

I am pleased to enclose, for the benefit of my colleagues, the following materials from the Jerusalem Post:

[From the Jerusalem Post, Oct. 9, 1979]

LETTER FROM SIBERIA TO THE JERUSALEM POST—IDA NUDEL'S ENDURANCE AT BREAKING POINT

(By Sarah Honig)

TEL AVIV.—"Stop testing my powers of endurance. Don't experiment with how much I can take. I feel that I am on the verge of a heart attack and I must be allowed to have a proper checkup in Moscow," Ida Nudel says to the Soviet authorities in an open letter addressed to the Jerusalem Post.

The letter reached aliya activists in Moscow. They read it over the telephone late Sunday night to Nudel's sister, Ilana Friedman of Holon. Friedman taped the telephone conversation, but as the quality of the line was extremely poor, most of the tape was transcribed and translated only yesterday.

The Moscow activities reportedly took Nudel's request for medical attention to the authorities, but their reply was that she is not ill.

Her sister recently received photos of her which sent her "into a panic. I have never seen my sister so thin and with such a haunted expression," Friedman told The Post yesterday.

Nudel is one of the Soviet Union's most prominent aliya activists and earned the reputation of the "Angel of Mercy" to the Prisoners of Zion for her relentless efforts on their behalf. She was sentenced to exile in Siberia last year for displaying a poster in her window demanding to be allowed to go to Israel. She still has four years of exile remaining.

Until recently she was housed in a barracks which she shared with 60 male ex-convicts considered too dangerous to be allowed to return to society.

Apparently due to the pressure of reports in the West about her ordeal, she has been moved to a remote hamlet nearby.

Nudel opens her letter with a few sentences in English addressed to The Jerusalem Post. She asks her "Dear Friends" on the paper to "serve as her pen" and to publish her open letter. She hoped that in this way she would be able to answer all those who had written to her and to whom she is unable to reply. She asks that her message be relayed to "Jews and non-Jew alike—to all those who took interest in my fight for freedom."

Friedman told *The Post* that her sister is aware of the articles printed about her through the years in *The Post* and that she may even have received some clippings.

This is the first letter of its kind to reach an Israeli newspaper.

Friedman said that last June a day was designated as "Ida Nudel Day" throughout the world. "So many letters were written to her then that some of the more innocuous ones got through," she said.

Ida Nudel's address is: 636300, Tomskayo Oblast, Poselok Krivosheino, USSR.

"I promise you all that I will stand fast in my position and not allow any one to change my mind. My fervent dreams are to live in my own nation and to contribute to it the little that I still give to my people," she wrote.

Nudel says she speaks not only on her own behalf but in the name of all Prisoners of Zion, "who for many long years have been fighting for our rights. Through our suffering we have been able to push the gates of the USSR just slightly ajar. Through the tiny opening we have made in the Iron Curtain, Jews manage to get out of the USSR.

"This in fact is our one solace through our ordeal. But the opening is small and vulnerable, and we implore all of you in the free world to keep a close watch on the opening and not to allow the gates to be slammed shut again."

Turning to her own medical condition, Nudel notes that she was hospitalized in the city of Tomsk in Siberia from August 1 to 16 and was then returned to the remote Siberian hamlet. She is still suffering from very severe pains.

"I don't know the exact cause of them. The doctors in Tomsk said that only a checkup in Moscow, where the proper facilities exist, could pinpoint the trouble. But I have not been allowed to have an examination there. I feel a heart attack coming on," says the 48-year-old economist, who has always been of frail health.

"I feel that I am now treading on the very border of my endurance. I appeal to the Soviet authorities to stop testing me to see at which point I will be able to take no more," she writes in desperation.

The activists, some of whom have made the long journey to Siberia to see Nudel, told her sister over the phone on Sunday that there is no way she could survive another harsh winter in her lonely place of exile. They point out that she now must carry water a long distance from her room, also her frail health does not permit her to lift more than three kilos.

She thus cannot possibly fetch all the water she needs. Moreover, she must carry heavy bundles of kindling wood and other provisions necessary for the long winter.

[From The Jerusalem Post, Oct. 9, 1979]

THE KREMLIN'S SHAME

The case of Ida Nudel, now serving a four-year sentence of exile in Siberia, affects not only her own interests and those of her family and countrymen. It affects the credentials of the world's leading communist power, the Soviet Union.

There can be different opinions about the merits of the socialist system as against capitalist or mixed economies. There cannot be two opinions about the right of a private citizen to be treated as a free and independent human being.

Had Ida Nudel committed theft, or injured another person, or committed black market operations, or spied for a foreign power, she would deserve punishment. But all she did was demand—out loud—to do what in other countries everybody can do freely and without permission: buy a train ticket in order to go and live abroad.

Is it conceivable in any civilised country that a middle-aged woman should be imprisoned repeatedly and then condemned to a terrible exile (and of course denied the right to buy that ticket)—because of the perfectly harmless things she did during what she describes as "the seven most beautiful years of my life?"

The prestige of the Soviet Union is at stake. It is ugly, first of all, that a person can be punished as a common criminal simply for wanting to go and live in the country he considers to be his own. That arbitrary ban does not and could not exist in Western Europe or the United States. The question should be addressed to Soviet policy-makers: how is it that citizens are free to move out of these reactionary, slave-economy countries, and not allowed to move out of the Marxist-Leninist paradise?

There has been a respectable, if measured, outflow of Jews from the USSR in recent years, marking a drastic change from the Stalin regime. This concession could have earned Brezhnev's government universal respect. But the scenario is spoilt by these small acts of gratuitous oppression, which cause suffering to no purpose and gain no benefit whatever to the Soviet Union.●

● Mr. DRINAN. Mr. Speaker, I ask my colleagues to support House Concurrent Resolution 202, urging the Soviet Union to allow Ida Nudel to emigrate to Israel. As one of the brave and outspoken advocates of free Jewish emigration and the rights of prisoners of conscience, Ida Nudel is deeply respected by her peers for her devotion and conviction to the principles she sought to uphold. Nudel is an economist who applied to emigrate to Israel 8 years ago, citing the extreme anti-Semitism which she felt at her job and among the Soviet citizenry and press. Over the years, Ida Nudel risked her safety and health to secure better conditions or liberation for these prisoners.

I conversed at some length with this gentle person when I was in Moscow in August 1975. She left in me that impression of heroism and saintliness which has earned her the title of the "guardian angel" of the refusniks.

On June 1, 1978, having discovered that she was being kept under house arrest, Ida Nudel placed on her balcony a sign reading, "KGB, Give Me My Visa." Soon thereafter she was pelted with stones and harassed by a crowd shouting anti-Semitic slogans. The next day, Nudel was charged with malicious hooliganism and within 3 weeks she was convicted on that charge. She is now serving a sentence of 4 years in exile.

Even judged within the strict confines of the Soviet Criminal Code, Ida Nudel is not guilty of malicious hooliganism. She is being punished for her desire to emigrate to her spiritual homeland of Israel and for her valiant efforts on behalf of other Soviet Jews who have been oppressed. The punitive and illegal actions taken by Soviet authorities against Ida Nudel represent an obvious and serious violation by the Soviet Union of the human rights pledges it swore to uphold in signing the Helsinki accords.

Today, Ida Nudel's health is reported to have deteriorated seriously, and it is uncertain whether she will be able to survive another harsh winter in exile. The urgency for this body to take action is quite evident. Ida Nudel's life is now in grave danger.

House Concurrent Resolution 202 is a timely, well-worded message that must be delivered to the Soviet authorities without delay. The commitment of this body and of the American people to the most fundamental tenants of human justice demands that our opposition to the exile of Ida Nudel to Siberia be recorded, and that appropriate steps be taken to insure her proper medical treatment. Ultimately, we ask for an end to this malady of justice so that Ida Nudel may travel to Israel where her family awaits her arrival.

Mr. Speaker, I hope my colleagues will join together in an overwhelming vote of support for House Concurrent Resolution 202.●

● Mr. LENT. Mr. Speaker, I rise in support of House Concurrent Resolution 202, the Ida Nudel emigration to Israel bill. In the strongest possible terms, I urge every one of my colleagues present today to join in this new demand to the Soviet rulers who are keeping this courageous woman in exile in the bleak Siberian wastelands.

This united appeal from the Congress of the United States is urgently needed, according to information I received in a recent meeting with Ida Nudel's sister, Elana Fridman, after I adopted Ida Nudel as my Fourth Congressional District's Prisoner of Conscience.

With typical Soviet cruelty, Elana had been granted permission to emigrate to Israel nearly 8 years ago, but the Soviets refused to allow Ida Nudel that freedom—in total violation of the human rights provision of the 1975 Helsinki accords.

Last year, the Soviets sentenced Ida Nudel to 4 years in exile in Siberia for displaying a banner from her Moscow apartment which demanded: "KBG, give me my visa."

Elana told me that Ida's health had deteriorated alarmingly in the months of exile. "Every day may be Ida's last," Elana warned me. "We are desperate, because she cannot survive another Siberian winter." The temperature plunges to 60 below zero during the winter months, and living conditions are primitive in the settlement where Ida is held in exile.

Despite her ill health and terrible living conditions, Ida Nudel's indomitable courage is unbroken. In her latest message to the outside world, smuggled from her bleak exile, she made an eloquent plea for help from us.

Ida Nudel said:

> No matter how I am tormented, no matter how weak I am, how lonely or senseless my present life, I do not regret or renounce any of my actions. But if our suffering will not force every one of you to rush to help us, then it is in vain. We believe our suffering is not for nothing, and this belief saves us from despair. I believe that some day I will walk up the steps of an El Al aircraft, and my suffering and my tears will remain in my memory only, and my heart will be full of triumph. God grant that it will happen soon.

Mr. Speaker, we in the House of Representatives can come to the assistance of Ida Nudel by supporting House Concurrent Resolution 202.

Join us in helping win freedom for Ida Nudel.●

● Ms. FERRARO. Mr. Speaker, I rise in strong support of House Concurrent Resolution 202, and urge my colleagues to join me in that support. To underscore the desperation of this situation, I would like to quote a passage which was reprinted from Ida Nudel's diary.

> I do not know when it was that I awoke. There was a light from an electric bulb and a large window covered by a grating. There is no daylight. It seems to be a deep cellar. My back hurts from lying on the bare boards. My arms hurt from the blows they received. I have no blanket and my coat is too short to cover me entirely. I try to move it by stages to warm my legs and then my back. It seems as if it must be day, but I have been given neither a drop of water nor a crumb of bread.

Mr. Speaker, as a woman only several years younger than Ida Nudel, I can empathize with the discomfort and humility she has been forced to experience. Exiled in Siberia, she has been forced to live with criminals convicted of crimes far more heinous than any alleged to have been committed by Ms. Nudel. No care is provided for her failing health, and she is barred from communicating with her family.

I am fortunate enough to live in a country which would not refuse my visa, or stop me from traveling to another nation. I have not experienced such discomfort and been forced to live in such inhumane conditions. I have the luxury of living in a country which respects my human rights. But, human rights should not be limited to certain nations. They should not be delineated by national boundaries. Human rights are universal, and should be universally recognized.

Ida Nudel is a symbol. She has, in her constant fight for her visa, become the personification of the hope and determination of the Soviet Jews. She has been a persistent voice of the dissidents, refusing to be intimidated by harrassment or torture. One and a half years in Siberia has still not broken Ms. Nudel's spirit. Bits and pieces of correspondence and news tell us that she is still fighting, and encouraging others to fight—for themselves, for her, and for the freedom which they are sacrificing now, so that they may experience it later.

This country has attempted, on many occasions to convince the Soviets to recognize the basic human rights of the dissidents. Often, our pleas have been ignored. This refusal flies in the face of the Helsinki agreements and the United States work toward the international recognition of human rights.

Mr. Speaker, I encourage my colleagues to support this resolution. I also call upon them to continue doing all they can to help Ida Nudel and others like her. Our country was built on the principles of freedom and justice, and our duty as the representatives of this Nation is to provide and protect these liberties.

Just as Ida Nudel is a symbol, let us make the adoption of this resolution a symbol, as well. Adopting this sense of Congress resolution expressing our commitment to Ida Nudel would be an important symbolic gesture. It would serve as a signal that this body, and the American people are willing to support the cause of Ida Nudel until she is, once again, a free woman.●

● Mr. OBERSTAR. Mr. Speaker, Ida Nudel is a symbol, worldwide, of the fight against Soviet denial of human rights to its citizens. Ida Nudel's crime is that she wanted to leave the Soviet Union to live with relatives in Israel.

Exile in Siberia has become an eventual death sentence for this courageous fighter for human rights. Soviet treatment of Ida Nudel mocks the Soviet's nominal compliance with the Helsinki agreement.

I was proud to cosponsor this resolution. I urge a resounding vote from this House.●

● Mr. KELLY. Mr. Speaker, today we are considering House Concurrent Resolution 202 on Ida Nudel's emigration to Israel. The resolution, based on the provisions of the Helsinki Final Act, calls upon the President, "acting directly or through the Secretary of State or other appropriate executive branch officials to continue to express at every suitable opportunity and in the strongest terms, the opposition of the United States to the exile of Ida Nudel to Siberia."

I am in strong support of this resolution and further commend the Congressional Wives for Soviet Jewry, of which my wife, Judy, is a member, on their efforts to secure the release of Ida Nudel.

Ida Nudel is presently the only female prisoner of Zion. Her ostensible crime was to hang a banner outside her Moscow flat which read: "KGB Give Me My Visa To Israel." On June 21, 1978 she was arrested for vandalism and malicious hooliganism. But during Ida's trial she cried out that she was being tried not for hanging a banner, but for helping prisoners.

Recently a group of former Soviet refuseniks and prisoners of Zion gathered from all over Israel to tell the story of Ida Nudel, because, as one of them explained, "there is no woman on earth we value more. We owe her our lives."

Yakov Suslensky, after 7 years in a strict regime labor camp, said of Ida:

> She gave moral and material help to me and my family, as well as to many of my friends—She gave us confidence in the victory of our cause and this helped to bear it all, to pull through.
>
> Ida did not spare her own health and time while trying to help us. Having found out that some of us were sick (and I was sick a lot) she insisted on our receiving immediate treatment and wrote to various officials."

Arier Hanoch had never met Ida but in 1973 he began receiving her letters, giving him news of home, of his friends, of Israel.

She found all sorts of devices to help us, sending fancy postcards we could sell, pictures of Soviet movie stars we could exchange for rations.

> When, after five years, I was moved to a forced-labour camp, I had a serious disorder. For more than a year, I had no medical help. Ida began to pester the Ministry of Health. The top officials don't like complaints, and pressure works on them. Finally, I was taken to a doctor and given a more suitable diet.

In 1971 Ida and her sister, Elena, applied for visas to emigrate to Israel. Elena received her visa in 1972. Ida's was refused. Elena didn't want to leave her sister but Ida convinced her that if she did not leave she would lose her chance.

Mr. Speaker, there are many stories of people Ida has helped and today we have an occasion to join others around the world in support of the release of a woman who has given so much. My wife once wrote:

Because of my concerns and freedoms I am given the opportunity to devote my time and energy toward helping Ida, and others, enjoy, and in some cases experience for the first time, the same kind of freedom we as Americans have too often taken for granted.

We all can help Ida by supporting this resolution and by sending letters and telegrams of protest to Ambassador Anatoly Dobrynin at the Soviet Embassy here in Washington, with copies to Secretary General Brezhnev, The Kremlin, Moscow, RSFSR, USSR. Also, we can let Ida know that she has friends in America by writing to help raise her morale.

Ida Nudel, Do Vostrebovaniya, Selo Krivosheino, Krivosheinsky Rayon, Tomskaya Oblast, RSFSR USSR 636300.

How much is your freedom worth to you?

STATEMENT OF IDA NUDEL IN EXILE

> I'm only a woman, it is so agonizingly difficult to live in a Godforsaken village, with out relatives, without friends, without almost all conveniences, while here are almost no food in the store, while militia do their best to cut off my good relations with neighbors.
>
> On the other side, as a person I'm fortunate that I myself add not only one page to the history of the Jewish resistance in Russia. I'm fortunate that my efforts permitted thousands of Jews to leave this barbarous country. I'm fortunate that by my advice and by my act I was lucky to diminish the suffering of many Jews and helped them to avoid a conflict with the punitive system of KGB. I'm fortunate that during all these years I was helping prisoners of Zion, those who were chosen to cut the way to Israel, by the price of their own freedom. I was helping them to keep spirit and survive in the hell which you cannot imagine. I do know that I must pay for this fortune (of being able to help) in full. No matter how I am tormented by the chastisers or after I cried out of weakness, loneliness and seemingly senselessness of my present life, I do not regret and I do not renounce any of my actions.
>
> But if our suffering will not force every one of you to rush to help us, then it is in vain.
>
> We are idealists. We do believe that our suffering is not for nothing. And this belief saves us from despair at the most difficult moments of our imprisonment. I so want to believe in my lucky stars. I so want to believe that some time I will rise up the board of an El Al aircraft and my suffering and tears will remain in my memory only and my heart will be full of triumph and victory.
>
> And God grant—it will happen soon.●

● Mr. GREEN. Mr. Speaker, I rise in support of this urgent legislation that directly communicates to the Soviet Union the concern of the U.S. Congress over the health of Ida Nudel. This legislation also directs the President to take similar action. I have been quite concerned over the fate of this courageous woman, and today I received a letter from Ida Nudel's sister concerning Ida's deteriorating physical condition. Her bad health is, unfortunately, not a new development, and there is much evidence to believe that she cannot survive another harsh Siberian winter where she is being forced to stay through internal exile.

We are all aware of the Soviet attitude with respect to human rights, but we cannot remain silent. We are all aware of the treatment of Ida Nudel and all Soviet Jews, but we must continue to pressure the Soviet Government to abide by the Helsinki declaration.

I wrote Boris Petrovsky, Soviet Minister of Health, in May and Ambassador Anatoly Dobrynin in September about Ida Nudel's health, but my pleas have gone unanswered. Passing this legislation will send a message to Moscow that will be harder to ignore and may bring an end to the abhorrent treatment of this most admirable woman.●

● Mr. LaFALCE. Mr. Speaker, thousands, if not tens of thousands, of Russian citizens have been illegally prevented from leaving their country in search of a new and freer home. They wait year after year, repeatedly submitting their petitions to the authorities in Moscow. After submission of their petitions, they usually suffer from social ostracism and employment discrimination, without being allowed to emigrate from the Soviet Union.

Among this unfortunate group of Soviet citizens, Ida Nudel stands out as a special case. Known as the "Guardian Angel" among Soviet dissidents, Ida Nudel has indefatigably worked to help her fellow Soviet Jewish dissidents. Despite substantial harassment and intimidation by the KGB, she refused to lessen or cease her efforts for Jewish prisoners of the state, whose only real crime was the very understandable desire to leave the Soviet Union.

In June 1978, the Soviet Government charged and convicted Ida Nudel of "malicious hooliganism." After being unfairly convicted of this conveniently defined crime, Ida Nudel was sentenced to 4 years of internal exile, which means transportation to Siberia. Her real crime was, of course, her 10-year-long attempt to emigrate to Israel and her constant and never-dying support for Jewish dissidents and Jews who wanted to emigrate to Israel.

The House will soon have the welcome chance to strongly register its concern for the fate of this "Guardian Angel," when it considers House Concurrent Resolution 202, which urges the Soviet Union to allow Ida Nudel to emigrate to Israel. I urge all of my colleagues to support this concurrent resolution, in order to help persuade the Soviet Union to grant Ida Nudel her most fervent wish.●

Mr. FASCELL. Mr. Speaker, I have no further requests for time.

Mr. GILMAN. Mr. Speaker, I have no further requests for time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Florida (Mr. FASCELL) that the House suspend the rules and agree to the concurrent resolution (H. Con. Res. 202).

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended, and the concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. FASCELL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the concurrent resolution just agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

☐ 1400

FEDERAL RESERVE ACT AMENDMENTS

Mr. MITCHELL of Maryland. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5037) to amend the Federal Reserve Act respecting the positions of Chairman and Vice Chairman of the Federal Reserve Board, as amended.

The Clerk read as follows:

H.R. 5037

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the second paragraph of section 12 of the Federal Reserve Act (12 U.S.C. 242) is amended by striking out the third sentence and inserting in lieu thereof the following: "The President shall appoint, by and with the advice and consent of the Senate, one member of the Board to serve as Chairman. The term of such member as Chairman shall expire on January 31 of the first calendar year beginning after the calendar year during which the term of the President who appointed such member as chairman is scheduled to expire. In the event a Chairman does not complete his entire term as Chairman, his successor shall be appointed to complete the unexpired portion of such term as Chairman and shall serve as Chairman until January 31 of the first calendar year beginning after the calendar year during which the term of the President who appointed him as Chairman is scheduled to expire. The President also shall appoint, by and with the advice and consent of the Senate, one member of the Board to serve as Vice Chairman for a term of four years.".

(b) The second paragraph of section 10 of the Federal Reserve Act (12 U.S.C. 242) is amended by inserting the following before the sentence which prior to the amendment made by subsection (a) of this section was the fourth sentence of such paragraph: "In the event of the unavailability of the Chairman or a vacancy in the office of the Chairman, the Vice Chairman shall have the power to act as Chairman during such unavailability or, in the event of a vacancy, pending the appointment and qualification of such Chairman's successor. Upon the expiration of the term of the office of the Chairman or Vice Chairman, the Chairman or Vice Chairman, as the case may be, shall continue to serve in such capacity until his successor is appointed and has qualified.".

SEC. 2. The amendments made by the first section of this Act shall take effect on the date of the enactment of this Act, except that the amendment made by subsection (a) of the first section of this Act shall be applicable to any person who was Chairman of the Board of Governors of the Federal Reserve System immediately prior to such effective date only upon the expiration of the full four-year term as Chairman which such person was serving immediately prior to such effective date.

SEC. 3. The second sentence of the first paragraph of section 10 of the Federal Reserve Act (12 U.S.C. 241) is amended to read as follows: "In selecting the members of the Board, not more than one of whom shall be selected from any one Federal Reserve district (except that two members may represent the same district if one member is serving as Chairman or has served as Chairman), the President shall have due regard to a fair representation of the financial, agricultural, industrial, and commercial interests, and geographical divisions of the country.".

SEC. 4. The last sentence of the fourth paragraph of section 10 of the Federal Reserve Act (12 U.S.C. 244) is amended by striking out "six" and inserting in lieu thereof "seven".

SEC. 5. The seventh paragraph of section 10 of the Federal Reserve Act (12 U.S.C. 247) is amended by striking out ", who shall cause the same to be printed for the information of the Congress".

SEC. 6. Subsection (n) of section 11 of the Federal Reserve Act (12 U.S.C. 248(n)) is hereby repealed.

The SPEAKER pro tempore. Is a second demanded?

Mr. HANSEN. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Maryland (Mr. MITCHELL) will be recognized for 20 minutes, and the gentleman from Idaho (Mr. HANSEN) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Maryland (Mr. MITCHELL).

Mr. MITCHELL of Maryland. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, everyday it is becoming more apparent that no one has more power to affect our economy's performance than the Chairman of the Federal Reserve Board. It is vital, therefore, that the law providing for appointment of the Chairman leave little or nothing to chance. This is the purpose of H.R. 5037. Under present law, the President appoints one of the Board's seven Governors to serve as its chairman for a 4-year term. Whoever is appointed can be reappointed for another 4-year term when his term as Chairman expires, provided his term as Governor has not expired. A Governor's term is 14 years. However, unlike the term of the President, the term of the Federal Reserve Board Chairman has no set beginning or end. It begins when a vacancy in the office of the Chairman is filled, and is scheduled to end 4 years later. There is potential for great mischief in this.

The chairmanship can become vacant by accident; for example, as a result of death or resignation. If it became open and was filled on March 3, 1984, it would reopen on March 3, 1988, March 3, 1992, and on and on until another accident reset the term to expire on another date in the 4-year Presidential cycle.

Sometimes accidents provide happy options. But we should not count on them to do so. It would be a mistake to schedule the 4-year term of the Chairman of the Federal Reserve Board to expire either early or late in the 4-year Presidential term. However, under present law, either could happen. Were the latter to happen, the appointment of the Chairman easily could become a Presidential election issue. Were the former to happen, it would invite risky abrupt changes in monetary policy.

In contrast, under H.R. 5037, the term of the Chairman always will end on January 31 of the year after the year during which the term of the President who makes the appointment is scheduled to expire. This is 1 year and 10 days after the next scheduled Presidential inauguration. There always will be a vacancy on the Board of Governors on that date because of the way current law schedules the expirations of the terms of the Board's seven Governors. As a result, 1 year after he is inaugurated, an elected President will be able to appoint the most qualified individual in the country to serve as Chairman of the Federal Reserve Board for the remaining 3 years of his term and the first year of the next Presidential term. Under current law, the President's choice could be unduly limited. If, by accident the Chairman's term expired in an odd-numbered year when there is no scheduled vacancy on the Board, and the President wanted to replace the Chairman, he could do so only by appointing one of the other Governors.

In the event that a Chairman resigns or dies before his term expires, the bill provides that a successor shall be appointed only for the unexpired portion of the term except that, if the unexpired portion is less than a year, the appointment would be for a full 4-year term plus the unexpired portion of the term.

The scheduling of the Chairman's term provided for by H.R. 5037 precludes the potentially mischievious possibility that now exists for a President to appoint a Federal Reserve Board Chairman to a term that does not expire until late in the next Presidential term. In this way, H.R. 5037 insulates the appointment of the Chairman from Presidential election year politics. Recall also that H.R. 5037 assures that, if a Chairman is appointed early in a President's term, he can serve as Chairman for a year after the next Presidential term begins. In this way the bill provides a newly appointed or reappointed Chairman with job security lasting past the term of the President who appoints him, thereby giving him a protected power base to resist any politically inspired pleas.

I also want to emphasize to my colleagues that the phasing of the terms of the Federal Reserve's Chairman and the President, which H.R. 5037 establishes, will provide the foundation for the smooth functioning of monetary policy when the Presidency changes hands since the incumbent Chairman will continue to serve as Chairman until January 31 of the following year. At the same time, the legislation will promote essential coordination of monetary and fiscal policies because it guarantees each newly elected or reelected President the opportunity to appoint his own Federal Reserve Board Chairman, albeit with a year's lag following his inauguration.

Finally, H.R. 5037 permits the Vice Chairman of the Board to act as Chairman if the Chairman is unavailable or the chairmanship is vacant, and also permits the Chairman and Vice Chairman to continue to serve after their terms expire until their successors take office. Omission of these points from present law has on occasion left the Board without a chief executive officer and without any legal basis for an interim solution.

The bill was marked up and favorably reported by the subcommittee by a vote of six "ayes" to zero "nays" on July 24. The full committee markup took place on October 25. The committee voted to favorably report H.R. 5037 by a vote of 23 "ayes" to 2 "nays."

The committee has an amendment which includes amendments adopted in committee plus an amendment to repeal the authority of the Secretary of the Treasury under section 11(n) of the Federal Reserve Act to confiscate privately held gold. I know of no objection to this amendment among members of the committee, or in the Treasury and Federal Reserve.

Amendments adopted in committee are as follows:

First. An amendment that "grandfathers" the current Federal Reserve Board Chairman, Paul A. Volcker, for his current term, which expires on August 6, 1983. He will be permitted to serve the full term. However, if reappointed, his next term would expire on January 31, 1986. In this regard, when we first considered the legislation in subcommittee, we did not consider a grandfathering provision necessary because G. William Miller was still Chairman of the Federal Reserve Board. We did not find it necessary to protect him from having his term as Chairman shortened by the bill because it would have been shortened only 5 weeks. On my initiative, we amended the bill in committee so that Paul Volcker's term as Chairman would not be unfairly shortened.

Second. An amendment that modifies the requirement that each Federal Reserve Board Governor represent a different district by permitting two members to represent the same district if one of the two is serving or has served as Chairman.

Third. An amendment that eliminated the requirement that the Federal Reserve's annual report be printed as a congressional document.

Fourth. An amendment that changes an incorrect reference in the Federal Reserve Act from "six" to "seven" members of the Board.

Mr. Speaker, our legislation scheduling the term of the Federal Reserve Board Chairman to expire 1 year and 10 days after the appointing President's term is scheduled to expire was supported by the Federal Reserve Board under Chairman Miller, and now has the support of the Board's new Chairman, Paul Volcker. The administration also supports the legislation.

Nearly 70 percent of the experts whose opinions we solicited also were supportive. Academic economists in support include George L. Bach, Milton Friedman, John Kenneth Galbraith, Franco Modigliani, and James Tobin, plus Robert Solow and Robert Strotz who also serve as Chairmen of the Boards of Directors of the Federal Reserve Banks of Boston and Chicago, respectively. Business and bank economists in support include Walter Hoadley, Jerry Jordan, Henry Kaufman, Leif Olsen, Beryl Sprinkel, and Albert Wojnilower. Also in support were former Federal Reserve Board Governors and Reserve bank presidents Alfred Hayes, Robert C. Holland, J. L. Robertson, Allan Sproul, Frederick Deming, George Ellis, and Charles Scanlon.

H.R. 5037 is a reasonable and pragmatic solution to a longstanding and ticklish problem. I urge my colleagues to vote for it.

Mr. HANSEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 5037, and yield myself such time as I may consume.

There are several parts to the bill now before the House. The principal one is the first section which alters the timing of the term of the Federal Reserve Chairman. Presently, the term is always 4 years from the date of the oath of office, whenever that may be and without regard to whether the predecessor served out his full term or not. The bill would make the timing of the term more regular, providing for a fixed termination date and permitting interim appointments only to serve out the balance of that regular term.

After long and careful consideration, I have come to the conclusion that this is, on balance, a desirable change. I believe that if we were constructing the Federal Reserve Act from scratch, a regular, fixed term is what we would agree on, without argument. It is true that in the past several observers have claimed that this change would heighten the political connotations of the appointment. To my mind, the political connotations are already so large that the matter of timing can make little difference. Moreover, while there have been no serious troubles in the past, I can easily think of scenarios in which the present random timing could give difficulties. Such difficulties will always be present when there is a chance that a President can appoint someone to serve through most of the following administration. This bill would prevent that, and thus avoid the most excessively political situations that could occur with respect to this appointment. I think that is well worth taking care of.

In addition, I think the other provisions of the bill are desirable and, indeed, without controversy.

This bill incorporates a very important provision which I introduced at the beginning of this Congress as H.R. 423. It would permit the Chairman and Vice Chairman to continue serving in those capacities until their successors are sworn in. Presently, this provision is in the law with respect to service as a Member of the Board of Governors, but there is no comparable provision for service as Chairman or Vice Chairman. It was because of the silence of the law on this point that President Jimmy Carter was able to appoint Arthur Burns as Acting Chairman of the Federal Reserve after his own term had expired as Chairman, while he was still a Governor, and before William Miller's appointment had been confirmed.

The danger in that situation lay in the fact that an Acting Chairman would not be subject to confirmation. Thus, he serves at the pleasure of the President. One can easily imagine a situation in which a President would take advantage of this to have a Chairman serving at his pleasure, in effect, by appointing him as an Acting Chairman and delaying nomination of a permanent Chairman.

This is not a purely speculative danger. Jimmy Carter did make the appointment and thereby set a dangerous precedent. Passage of this bill would resolve that problem.

It was also at my original suggestion that the bill incorporated the provision that two members of the Board of Governors be permitted to represent the same district if one was serving or had served as Chairman. Some would say that this is desirable in that it gives more flexibility to the President in naming a Chairman. That may be so, but I am less concerned about giving the President flexibility than I am about avoiding nuisance suits which might paralyze the Fed's monetary policymaking. I am very mindful of the fact that the composition of the Federal Open Market Committee has been challenged in court on the grounds that some of its members were not appointed by the President. One such suit having been dismissed on lack of standing, another is now in process that is less likely to be thrown out on that ground. If the suit succeeds, it could have severe consequences for the ability of the Fed to conduct its necessary policies.

In just the same way, I think it possible in the future that a Chairman who takes unpopular but necessary actions might face a challenge on the wholly irrelevant grounds of what Federal Reserve district he is said to represent. Since the law is silent about what constitutes representation, such a challenge is possible no matter how silly the grounds.

By adopting the present bill, we will prevent such a nuisance suit with respect to a position that everyone agrees is national in significance. At the same time, this bill does not by any means do away with regional representation on the Board, since the modification can only occur with respect to the position of Chairman.

The bill today also has been read with an amendment which is the text of another of my bills, H.R. 1853. It would repeal section 11(n) of the Federal Reserve Act, which is the authority for the Secretary of the Treasury to seize privately owned gold. Many persons, including the administration, have taken the position that 11(n) was repealed by Public Law 93–110, which restored the right of gold ownership in the United States. Very briefly, I would just point out that most codifiers of Federal statutes apparently think differently, since the section still appears, and there is no notation referring to its repeal, implicit or otherwise. Secondly, we took testimony in subcommittee which pointed out that the real problem is not whether gold can be seized, but what compensation must be paid for it. Under section 11(n) it appears that seizure could result in confiscation, since there is no guide as to what must be paid for the seized gold, and the withdrawal statute, as it is called, prevents anyone from suing if they think compensation was inadequate. The last official price for gold was approximately $42 per ounce and the current market price is some 10 times that amount. Since there is now no official price, there is great room for controversy. Therefore, so long as no one wants this statute, I think we would be better off cleaning it out of the code and not leaving the possibility of mischief lying in harm's way.

Mr. Speaker, this bill has a number of good provisions, and none which would give anyone any concern. I therefore urge my colleagues to vote for the motion to suspend the rules and pass H.R. 5037.

Mr. Speaker, I yield such time as he may consume to the gentleman from Texas (Mr. Paul).

● Mr. PAUL. Mr. Speaker, I rise in opposition to the bill and the extraordinary procedure used to get it to the House floor.

Combined within one bill we now have two totally different and totally unrelated matters. Each of these matters were reported separately by the Domestic Monetary Policy Subcommittee, and they were separate bills until just a few minutes ago.

One bill, H.R. 1853, I enthusiastically support. The subcommittee and Members of Congress have received hundreds of letters in support of my bill, H.R. 2658, which is virtually identical to the bill that the subcommittee reported, H.R. 1853. I would also point out that that bill has the unanimous support of the Domestic Monetary Policy Subcommittee.

The other bill, however, that making changes in the term of the Chairman of the Federal Reserve Board, does not enjoy such unanimous support, and there are very good reasons for opposing it, as my colleague from Florida and I have attempted to point out in our dissenting views. When bills similar to H.R. 5037 were discussed and considered in previous Congresses, many people opposed changing the term of the Chairman of the Federal Reserve Board so as to make it conform more closely and regularly with that of the President. Opponents of this change have included the ranking minority member of the Banking Committee, who took the floor on May 10, 1976, to discuss H.R. 2934, and again on September 12, 1977, to discuss H.R. 8094, and Senators John Tower and William Proxmire, chairman of the Senate Banking Committee. Other opponents of this change have included Armin Alchian, professor of economics at UCLA, the Chairmen of the Federal Reserve Banks at Richmond, San Francisco, Kansas City, and Dallas, and the former Chairman of the Federal Reserve Board, Arthur Burns. All these people agreed that the change would further politicize the Fed, and make monetary policy more subservient to the party that controls the White House rather than to the best interests—the longrun interest—of the Nation.

I am not suggesting that the Fed has been free of political influence up until now. It obviously has not, and it cannot be free as long as it exists. But this bill would make a bad situation worse by thoroughly politicizing a President's choice for Chairman of the Fed. Rather than putting politics more deeply in our national monetary system, we should be acting to separate money and politics altogether.

So I, for one, am faced with a moral dilemma—a dilemma that could easily be eliminated were these bills considered on the House floor as they have been in subcommittee: entirely separate. The dilemma is this, Shall I vote for suspension of the rules and passage of this combination bill which ties a thoroughly meritorious measure together with one of dubious value, or shall I oppose suspension of the rules and thereby risk defeating the worthwhile bill which enjoys the unanimous support of the subcommittee members? I do not believe I am the only Member who faces this dilemma, and I strongly object to the procedure that forces this dilemma upon us. Unfortunately, this method of legislation is more the rule than the exception.

I would like to include my dissenting view at this point in the Record:

DISSENTING VIEWS H.R. 5037

This bill as amended and reported by the Banning Committee would achieve a number of purposes:

1. Synchronization of the term of the Chairman of the Federal Reserve Board with the term of the President.

2. Permitting two members of the Federal Reserve Board to be residents of the same Reserve district.

3. Correction of a technical error in the Federal Reserve Act.

4. Repealing the present requirement that the annual report of the Federal Reserve be printed as a Congressional document.

5. Expansion of the duties of the Vice Chairman of the Board of Governors.

It is our opinion that the synchronization of the Chairman's term with that of the President in such a way that the term of the Chairman would expire one year after a newly elected President assumes office is a major step down the road toward the complete politicization of the Federal Reserve System. One proponent of the bill apparently agrees, for at the Committee markup he stated that "the legislation will promote essential coordination of monetary and fiscal policies because it guarantees each newly elected or reelected President opportunity to appoint his own Federal Reserve Board Chairman. . . ."

That being the case, it is difficult to see why the matter of Presidential candidates' preferences for Chairman would not become a permanent feature of future Presidential campaigns. This bill, if enacted, would significantly decrease the Federal Reserve's independence from the various and everchanging political pressures that sweep national politics. The insulation afforded by present law would be removed. Charged with maintaining a prudent, long-range management of the nation's monetary system, the Federal Reserve will become even more subservient to short-run political goals than it is already.

A complicating factor is the creation of new duties for the Vice Chairman of the Board. The bill would synchronize only the term of the Chairman with that of the President; the term of the Vice Chairman would remain as it is under present law, unrelated to the term of the President. Thus the terms of the Chairman and the Vice Chairman are not likely to run concurrently. The result will be that the President will be able to appoint an "heir apparent", as it were, while a Chairman appointed either by a previous President or by the same President during a different phase of the business cycle would be sitting as Chairman. Such an arrangement is likely to result in internecine policy struggles within the Board, with one faction led by the Chairman, and another by the Vice Chairman. The likelihood of such a struggle occurring is enhanced by the new duties of the Vice Chairman, who, "in the event of the unavailability of the chairman or a vacancy in the office of the chairman . . . shall have the power to act as chairman during such unavailability or, in the event of a vacancy, pending the appointment and qualification of such chairman's successor." The bill does not define "unavailability." Presumably it does not simply mean "absence," for that word is not used. It is difficult to understand exactly what the committee has in mind by that term, and its vagueness could lead to problems in the future.

We urge our colleagues to oppose this bill when it comes before the House. While the changes it would make in the law may appear minor to some, its ultimate impact may be extremely significant. By further politicizing the Fed, we could be hastening the day when political passion will seize the controls of the printing presses and this Nation will drown in a flood of paper currency and triple-digit inflation.

Richard Kelly.
Ron Paul.●

Mr. HANSEN. Mr. Speaker, I have no further requests for time.

Mr. MITCHELL of Maryland. Mr. Speaker, I have no further requests for time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Maryland (Mr. Mitchell) that the House suspend the rules and pass the bill, H.R. 5037, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The title was amended so as to read: "A bill to amend the Federal Reserve Act respecting the positions of chairman and vice chairman of the Federal Reserve Board, and for other purposes."

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MITCHELL of Maryland. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include extraneous matter, on the bill, H.R. 5037, just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

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PAY RESTRUCTURE OF UNIFORMED SERVICES HEALTH PROFESSIONALS

Mr. NICHOLS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5235) to amend chapter 5 of title 37, United States Code, to revise the special pay provisions for certain health professionals in the uniformed services.

The Clerk read as follows:

H.R. 5235

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Uniformed Services Health Professionals Special Pay Act of 1979".

SEC. 2. (a) Chapter 5 of title 37, United States Code, relating to special and incentive pays for members of the uniformed services, is amended by striking out sections 302, 302a, and 302b and inserting in lieu thereof the following:

"§ 302. Special pay: medical officers

"(a) (1) An officer who is an officer of the Medical Corps of the Army or the Navy, an officer of the Air Force designated as a medical officer, or a medical officer of the Public Health Service and who is on active duty under a call or order to active duty for a period of not less than one year is entitled to special pay in accordance with this subsection.

"(2) An officer described in paragraph (1) who is serving in a pay grade below pay grade O–7 is entitled to variable special pay at the following rates:

"(A) $1,200 per year, if the officer is undergoing medical internship training, as determined under regulations prescribed under section 302c(a) of this title.

"(B) $5,000 per year, if the officer has less than six years of creditable service under subsection (c) and is not undergoing medical internship training, as determined under regulations prescribed under section 302c(a) of this title.

"(C) $10,000 per year, if the officer has at least six but less than eight years of creditable service under subsection (c).

"(D) $9,500 per year, if the officer has at least eight but less than ten years of creditable service under subsection (c).

"(E) $9,000 per year, if the officer has at least ten but less than twelve years of creditable service under subsection (c).

"(F) $8,000 per year, if the officer has at least twelve but less than fourteen years of creditable service under subsection (c).

"(G) $7,000 per year, if the officer has at least fourteen but less than eighteen years of creditable service under subsection (c).

"(H) $6,000 per year, if the officer has at least eighteen but less than twenty-two years of creditable service under subsection (c).

"(I) $5,000 per year, if the officer has twenty-two or more years of creditable service under subsection (c).

"(3) An officer described in paragraph (1) who is serving in a pay grade above pay grade O–6 is entitled to variable special pay at the rate of $1,000 per year.

"(4) An officer entitled to variable special pay under paragraph (2) or (3) is entitled to an additional payment of $10,000 for any twelve-month period during which the officer is not undergoing medical internship or initial residency training, as determined under regulations prescribed under section 302c(a) of this title.

"(5) An officer who is entitled to variable special pay under paragraph (2) or (3) who is board certified, as determined under regulations prescribed under section 302c(a) of this title, is entitled to additional special pay at the following rates:

"(A) $2,000 per year, if the officer has less than ten years of creditable service under subsection (c).

"(B) $2,500 per year, if the officer has at least ten but less than twelve years of creditable service under subsection (c).

"(C) $3,000 per year, if the officer has at least twelve but less than fourteen years of creditable service under subsection (c).

"(D) $4,000 per year, if the officer has at least fourteen but less than eighteen years of creditable service under subsection (c).

"(E) $5,000 per year, if the officer has eighteen or more years of creditable service under subsection (c).

"(b) An officer may not be paid special pay under paragraph (4) of subsection (a) for any twelve-month period unless the officer first executes a written agreement under which the officer agrees to remain on active duty for a period of not less than one year beginning on the date the officer accepts the award of such special pay.

"(c) For purposes of this section, creditable service of an officer of the Medical Corps of the Army or the Navy, an officer of the Air Force designated as a medical officer, or a medical officer of the Public Health Service is computed by adding—

"(1) all periods which the officer spent in medical internship or residency training during which the officer was not on active duty; and

"(2) all periods of active service in the Medical Corps of the Army or Navy, as an officer of the Air Force designated as a medical officer, or as a medical officer of the Public Health Service.

"§ 302a. Special pay: dental officers

"(a) (1) An officer who is an officer of the Dental Corps of the Army or the Navy, an officer of the Air Force designated as a dental officer, or a dental officer of the Public Health Service and who is on active duty under a call or order to active duty for a period of not less than one year is entitled to special pay in accordance with this subsection.

"(2) An officer described in paragraph (1) who is serving in a pay grade below pay grade O–7 is entitled to variable special pay at the following rates:

"(A) $1,200 per year, if the officer is undergoing dental internship training, as determined under regulations prescribed under section 302c(a) of this title.

"(B) $2,000 per year, if the officer has less than six years of creditable service under subsection (c) and is not undergoing dental internship training, as determined under regulations prescribed under section 302c(a) of this title.

"(C) $5,000 per year, if the officer has at least six but less than eight years of creditable service under subsection (c).

"(D) $7,000 per year, if the officer has at least eight but less than ten years of creditable service under subsection (c).

"(E) $9,000 per year, if the officer has at least ten but less than twelve years of creditable service under subsection (c).

"(F) $8,000 per year, if the officer has at least twelve but less than fourteen years of creditable service under subsection (c).

"(G) $7,000 per year, if the officer has at least fourteen but less than eighteen years of creditable service under subsection (c).

"(H) $5,000 per year, if the officer has eighteen or more years of creditable service under subsection (c).

"(3) An officer described in paragraph (1) who is serving in a pay grade above pay grade O–6 is entitled to variable special pay at the rate of $1,000 per year.

"(4) An officer entitled to variable incentive pay under paragraph (2) or (3) is entitled to an additional payment for any twelve-month period during which the officer is not undergoing dental internship or residency training, as determined under regulations prescribed under section 302c(a) of this title, to be paid at the following rates:

"(A) $6,000 per year, if the officer has at least three but less than twelve years of creditable service under subsection (c).

"(B) $8,000 per year, if the officer has at least twelve but less than eighteen years of creditable service under subsection (c).

"(C) $10,000 per year, if the officer has eighteen or more years of creditable service under subsection (c).

"(5) A commissioned officer who is entitled to variable special pay under paragraph (2) or (3) who is board qualified, as determined under regulations prescribed under section 302c(a) of this title, is entitled to additional special pay at the following rates:

"(A) $2,000 per year, if the officer has less than twelve years of creditable service under subsection (c).

"(B) $3,000 per year, if the officer has at least twelve but less than fourteen years of creditable service under subsection (c).

"(C) $4,000 per year, if the officer has fourteen or more years of creditable service under subsection (c).

"(b) An officer may not be paid special pay under paragraph (4) of subsection (a) for any twelve-month period unless the officer first executes a written agreement under which the officer agrees to remain on active duty for a period of not less than one year beginning on the date the officer accepts the award of such special pay.

"(c) For purposes of this section, creditable service of an officer of the Dental Corps of the Army or the Navy, an officer of the Air Force designated as a dental officer, or a dental officer of the Public Health Service is computed by adding—

"(1) all periods which the officer spent in dental internship or residency training during which the officer was not on active duty; and

"(2) all periods of active service in the Dental Corps of the Army or Navy, as an officer of the Air Force designated as a dental officer, or as a dental officer of the Public Health Service.

"§ 302b. Special pay: optometry officers

"(a) (1) An officer who is an officer of the Army, Navy, or Air Force designated as an optometry officer or who is an optometry officer of the Public Health Service and who is on active duty under a call or order to active duty for a period of not less than one year is entitled to variable special pay at the following rates:

"(A) $3,000 per year, if the officer has less than six years of creditable service under subsection (c).

"(B) $2,500 per year, if the officer has at least six but less than twelve years of creditable service under subsection (c).

"(C) $2,000 per year, if the officer has at least twelve but less than sixteen years of creditable service under subsection (c).

"(D) $1,000 per year, if the officer has sixteen or more years of creditable service under subsection (c).

"(2) An officer with at least three years of creditable service under subsection (c) who is entitled to variable special pay under paragraph (1) is entitled to an additional payment of $1,000 for any twelve-month period during which the officer is not undergoing optometry residency training, as determined under regulations prescribed under section 302c(a) of this title.

"(b) An officer may not be paid special pay under paragraph (2) of subsection (a) for any twelve-month period unless the officer first executes a written agreement under which the officer agrees to remain on active duty for a period of not less than one year beginning on the date the officer accepts the award of such special pay.

"(c) For purposes of this section, creditable service of an officer of the Army, Navy, or Air Force designated as an optometry officer or of an optometry officer of the Public Health Service is computed by adding—

"(1) all periods which the officer spent in optometry residency training during which the officer was not on active duty; and

"(2) all periods of active service as an optometry officer.

"§ 302c. Special pay: health professionals; general provisions

"(a) The Secretary of Defense, with respect to the Army, Navy, and Air Force, and the Secretary of Health, Education, and Welfare, with respect to the Public Health Service, shall prescribe regulations for the administration of sections 302, 302a, and 302b of this title. Such regulations shall include standards for determining—

"(1) whether an officer is undergoing medical internship or residency training for purposes of sections 302(a)(2)(A), 302(a)(2)(B), and 302(a)(4) of this title;

"(2) whether an officer is board certified for purposes of section 302(a)(5) of this title;

"(3) whether an officer is undergoing dental internship or residency training for purposes of section 302a(a)(2)(A), 302a(a)(2)(B), and 302a(a)(4) of this title;

"(4) whether an officer is board qualified in a dental specialty for purposes of section 302a(a)(5) of this title; and

"(5) whether an officer is undergoing optometry residency training for purposes of section 302b(a)(2) of this title.

"(b) Special pay authorized under sections 302, 302a, and 302b of this title is in addition to any other pay or allowance to which an officer is entitled. The amount of special pay to which an officer is entitled under any of such sections may not be included in computing the amount of any increase in pay authorized by any other provision of this title or in computing retired pay, severance pay, or readjustment pay.

"(c) Special pay payable to an officer under paragraphs (2), (3), and (5) of section 302(a), paragraphs (2), (3), and (5) of section 302a(a), and paragraph (1) of section 302b(a) of this title shall be paid monthly. Special pay payable to an officer under section 302(a)(4), section 302a(a)(4), and section 302b(a)(2) of this title shall be paid annually at the beginning of the twelve-month period for which the officer is entitled to such payment.

"(d) An officer who voluntarily terminates service on active duty before the end of the period for which a payment was made to such officer under section 302(a)(4), 302a(a)(4), or 302b(a)(2) of this title shall refund to the United States an amount which bears the same ratio to the amount paid to such officer as the unserved part of such period bears to the total period for which the payment was made.

"(e) The Secretary of Defense shall conduct a review every two years of the special pay for health professionals authorized by sections 302, 302a, 302b, 303, and 303a of this title. A report of the results of the first review shall be submitted to the Congress not later than September 30, 1982, and the results of each subsequent review shall be submitted to the Congress not later than September 30 each second year thereafter.".

(b) Section 303 of such title is amended by striking out subsection (c).

(c) Chapter 5 of such title is further amended by inserting after section 303 the following new section:

"§ 303a. Special pay: podiatry officers

"(a) An officer who is an officer of the Army, Navy, or Air Force designated as a podiatry officer or who is a podiatry officer of the Public Health Service and who is on active duty under a call or order to active duty for a period of not less than one year is entitled to special pay at the rate of $100 per month, if the officer has three or more years of creditable service under subsection (b).

"(b) For purposes of this section, creditable service of an officer of the Army, Navy, or Air Force designated as a podiatry officer or of a podiatry officer of the Public Health Service is computed by adding—

"(1) all periods which the officer spent in podiatry residency training during which the officer was not on active duty; and

"(2) all periods of active service as a podiatry officer.".

(d) Sections 311 and 313 of such title are repealed.

(e) Section 306(e) of such title, relating to exclusions from special pay for officers holding positions of unusual responsibility, is amended by striking out "302 or 303" and inserting in lieu thereof "302, 302a, 302b, 303, or 303a".

(f) The table of sections at the beginning of chapter 5 of such title is amended—

(1) by striking out the items relating to sections 302, 302a, and 302b and inserting in lieu thereof the following:

"302. Special pay: medical officers.
"302a. Special pay: dental officers.
"302b. Special pay: optometry officers.
"302c. Special pay: health professionals; general provisions.";

(2) by inserting after the item relating to section 303 the following:

"303a. Special pay: podiatry officers.";
and

(3) by striking out the items relating to sections 311 and 313.

Sec. 3. (a) The Secretary of Defense shall conduct a comprehensive evaluation of various alternatives for addressing the existing maldistribution of medical and dental specialties within the Armed Forces. Such evaluation may include a test of the effectiveness of paying an increment of special pay in addition to the special pay authorized by title 37, United States Code (as amended by this Act), to officers in special categories determined by the Secretary of Defense for the purposes of such test. Such evaluation shall focus on—

(1) the future requirements of each Armed Force for physicians and dentists, by specialty and by years of service; and

(2) the efficiency, effectiveness, and fairness of the various alternatives considered.

(b) The Secretary shall submit to the Congress—

(1) not later than six months after the date of the enactment of this Act, a formal plan for conducting the evaluation required by subsection (a);

(2) not later than eighteen months after the date of the enactment of this Act, an interim report on the progress of such evaluation; and

(3) not later than two years after the date of the enactment of this Act, a final report of such evaluation.

(c) To carry out the purposes of this section, there is authorized to be appropriated the sum of $3,000,000 for fiscal year 1981.

Sec. 4. Notwithstanding any provision of the amendments made by this Act, and in accordance with regulations to be prescribed by the Secretary of Defense, with respect to the Army, Navy, and Air Force, and the Secretary of Health, Education, and Welfare, with respect to the Public Health Service, any officer who are any time before the effective date of the amendments made by this Act was entitled to special pay under any of sections 302, 302a, 302b, 303, 311, or 313 of title 37, United States Code, and any officer who after such effective date would have become entitled to special pay under any of such sections (as in effect on the day before such effective date) had such sections continued in effect, shall be paid basic pay and special pay under sections 302, 302a, 302b, and 303 of such title (as in effect on and after the effective date of the amendments made by this Act) in a total amount not less than the total amount of the basic pay (as in effect on the day before such date) and special pay applicable (or which would have been applicable) to such officer under such sections 302, 302a, 302b, 303, 311, and 313 (as in effect on the day before such date and computed on the rates of basic pay as in effect on the day before such date).

Sec. 5. The amendments made by section 2 apply to special pay payable for periods beginning after September 30, 1979, or after the date of the enactment of this Act, whichever is later.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from Alabama (Mr. Nichols) will be recognized for 20 minutes, and the gentleman from New York (Mr. Mitchell) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Alabama (Mr. Nichols).

Mr. NICHOLS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the Committee on Armed Services has been engaged in a series of hearings since the beginning of this year, focusing on the subject of military health care delivery and, more particularly, on special pay for military health professionals. We have received a great deal of testimony, both from military and civilian leaders within the Department of Defense, and from physicians in the field.

Based on these detailed and lengthy deliberations, the committee has developed a bill (H.R. 5235) that would restructure the special pays afforded uniformed services physicians, dentists, optometrists and podiatrists.

It is very much a committee bill—it does not look particularly like the administration proposal, or any of the other bills the committee considered. It compares favorably with those bills, I believe, while at the same time specifically addressing the particular problem areas that exist today.

I would hasten to point out that it is not all things to all people, but it represents a significant step in the right direction. It is a tightly drawn recommendation and, to some extent, complex. The description I will provide offers only a very broad overview of, what I consider to be, the very strong rationale and a summary of the system recommended by the committee.

MILITARY PHYSICIANS

The basis for the recommendations of the committee for military physicians, in large part, relates to an assessment of the required physician force by years of service versus the actual physician force by years of service projected to exist in the future.

By comparing the required force profile to the actual force profile, the committee was able to determine those points in a physician's military career where changes in the compensation system would have the greatest impact on attracting and retaining the quantity and quality needed to meet the required force profile.

The committee found three areas where changes would have the maximum impact with regard to influencing the number of physicians on active duty.

Increasing the end of obligation retention of health professions scholarship program (HPSP) physicians would significantly increase the number of physicians on active duty. We were astounded to find that, today, only 10 percent of physicians who reach this point remain on active duty. On the other hand, retention after that point is already very high. Attempting to influence retention in this latter area would be both very costly and ineffective in terms of increasing the number of physicians on active duty. That is not to say that action should not be taken to affect the well-being of physicians who have elected to remain in the military after completing their initial obligation. The availability of highly trained and respected senior physicians has a great deal of influence on the retention of junior physicians. The committee recognized this and built its recommendations on this observation.

A similar phenomenon exists at the end of obligation for volunteers. Although retention is higher at this point for volunteers, slight improvements could result in significant increases in physicians on active duty after this point.

The final point of major influence is in terms of the number of entries onto active duty. The committee found it critically important to the long range viability of the military health care delivery system that the scholarship program be operated at full capacity. This implies that physicians satisfying their initial active duty obligation must be positively oriented toward military service. These physicians communicate frequently with the medical schools from which they graduated and influence the attitudes of entering medical school students toward the military. Shortfalls in the number of students enrolled in the scholarship program will show up 4 to 8 years later in the number of physicians on active duty.

In summary, the committee found that actions in the present environment would have their greatest impact if focused on the points at which individuals reach their end of obligation and on insuring that the scholarship program is maintained at full capacity.

The committee recommendations are based, in part, on the considerations I just described. In addition, the committee considered compensation received by physicians in the private sector—not so much from the perspective of the absolute amounts but rather from the pattern of that compensation. In the private sector, physician incomes show a dramatic rise following completion of residency training. Thereafter income rises more gradually. We have attempted to match this general "shape" with our recommendations.

The special pay system for military physicians recommended by the committee would be composed of three components.

The first component would provide a payment of $10,000 per year while the physician is not engaged in internship or initial residency training. This payment would be made as a lump sum at the beginning of the year in exchange for a commitment on the part of the physician to serve that year on active duty. All physicians meeting this criterion would be eligible for this payment whether in an obligated status or not.

The second component, variable special pay, would be payable to all military physicians on active duty regardless of obligational status and would range from $1,200 to $10,000 per year depending on length of service. This component was set to achieve the shape and level of the total compensation desired by the committee. It would be paid in monthly amounts.

The third component would be a payment for board certification and would increase with longevity from $2,000 per year to $5,000 per year. This amount would also be payable on a monthly basis.

I would like to summarize the impact of this bill in terms of the total compensation to which a military physician would be entitled. This total compensation is composed of regular military compensation (that is basic pay, basic allowance for quarters, basic allowance for subsistence, and the tax advantage that accrues because the allowances are not subject to Federal income tax) plus the special pays proposed by the committee.

The proposed special pay system would provide military physicians generally higher compensation than their counterparts in the private sector while in internship and residency training—that is, approximately $23,000 while in training (the same as today) and approximately $27,000 while in residency training (slightly more than today). Following training, a physician's income would increase dramatically and would total over $38,000 per year. During this period of time the individual will be making the decision to remain in or to leave military service at the end of obligation.

By 6 years of service physicians would receive increases, raising total compensation to over $45,000. The total amount of compensation increases gradually, thereafter, eventually reaching a level of $58,000 for a senior physician who is not board certified.

The payment for board certification begins at a relatively low level and increases to a maximum of $5,000 payable after 18 years of service. Thus, the reward for becoming board certified, in effect, gets larger as the physician stays in the military longer. The majority of physicians with higher years of service are board certified (over 80 percent); and the committee was informed that, generally, physician incomes in the civilian sector are higher for those who hold board certification. The committee established the level of payment for board certification at a lesser amount in the early years of service because military exigencies may hamper the progress of an individual who wishes to achieve board certification; but after 12 years of service the amount rises relatively rapidly. By this time the committee believes that the services should be able to accommodate, through appropriate assignments, those who wish to pursue board certification. A board certified physician would eventually reach a level of total compensation of over $63,000 per year.

Compared to the compensation available under the present system, the proposed system is slightly more beneficial while a military physician is in residency training; significantly more beneficial while the individual is in an obligated status and making the decision to stay or to leave; slightly better for a non-board certified physician through 18 years of service; and approximately equal for a senior military physician who does not seek board certification. The proposal includes "save pay" provisions so that physicians presently on active duty could not receive less in total compensation after the date of enactment than they did the day before the date of enactment.

The proposed special pay system is significantly better—approximately $5,000 better—than the current system throughout for a physician who is board certified.

The proposed system places the greatest increase in compensation at the end of the initial active duty obligation and shortly thereafter and into the payment for board certification.

DENTISTS

The committee recommended a proposed special pay system for dentists structured in a manner similar to that recommended for physicians.

The payment received while not in internship or residency training increases with years of service starting at $6,000 for those with 3 but less than 12 years, increasing to $8,000 for those with 12 to 18 years, and reaching $10,000 for those with over 18 years of service. This payment would be made as a lump sum at the beginning of each year if the dental officer agrees to remain on active duty for that year.

The variable special pay varies by years of services ranging from $1,200 to $9,000. This component was set to approximate the shape and level of total compensation desired by the committee. Variable special pay would go to all dental officers, would be paid on a monthly basis, and would be independent of whether the dentist is in residency training.

In addition, dentists who are board qualified would be eligible for an additional monthly payment increasing as their years of service increases ranging from $2,000 to $4,000 per year.

The proposed system would pay significantly more than the current system to military dentists with between 3 and 6 years, providing total compensation of slightly over $30,000. For the general practitioner, the proposed system would provide considerably more than the current system from 6 to 18 years but slightly less than the current system after 18 years. Of course, the proposed system includes "save pay" provisions such that no dentist could receive less total compensation than he would have received under the current system on the day before the date of enactment.

A board qualified dental officer would receive very significant increases under the proposed system throughout. The board qualified dental officer would reach $62,000 after 22 years of service.

OTHER FACTORS

The military health care delivery system provides benefits to active duty members, their dependents, retired members, and their dependents. The committee supports strongly the goal of providing adequate health care to those 9 million potential beneficiaries. The military health care delivery system is one of the most significant fringe benefits of military compensation. In addition, its quality impacts on the well-being and morale of each and every military member, and it is an essential element of our national defense posture. The committee was cognizant of the importance of attracting and retaining adequate numbers of military health professionals in support of this mission.

The committee looked at alternatives that would match more closely the incomes of physicians in the private sector. However, the committee concluded that the military should not pay more than is necessary to attract and retain the required number and quality of military health professionals. This implies some reliance on the favorable aspects of military medicine and dentistry, not just trying to overcome the negative aspects with more compensation.

We believe the pay bill we have developed within the committee is the first step toward a solution—not the final solution—to the problems that manifest themselves in the military health care delivery system today. To this end, we have included a provision that would authorize $3 million for a test of alternative compensation incentives for special problem areas remaining. For example, incentives directed toward the critical shortages by specialty, or toward retention of the nucleus of medical managers whose position as "role models" for the younger physician is so critically important. The bill has removed all relationship between obligated status and amount of pay. The bill has no expiration date; it provides permanent authority. The levels of pay would be explicitly delineated in the statutes—not subject to administrative modification.

The first year cost of this proposal will be approximately $39 million, growing to about $126 million by fiscal year 1984.

I have received calls from Dr. John Moxley, the new Assistant Secretary of Defense for Health Affairs and Mr. Vernon McKenzie, his principal deputy; Lt. Gen. Paul W. Myers, Surgeon General of the Air Force; Lt. Gen. Charles C. Pixley, Surgeon General of the Army; and Dr. Jay Sanford, dean of the School of Medicine of the Uniformed Services University of the Health Sciences. Each has offered strong support for the committee recommendations. In addition, we have received indications of strong support for this bill from the field, both from senior and junior military health professionals.

Finally, Mr. Speaker, I would like to take this opportunity to express deep appreciation and gratitude to the witnesses from the Department of Defense, the Surgeons General—and particularly to Mr. Vernon McKenzie—for their great assistance and responsiveness during our hearings. They provided a great wealth of information, insight, and support to the committee's efforts. Whatever progress has been made by the recommendations of the committee was brought about, to a large extent, through the untiring efforts of these managers and their very capable staffs.

Mr. Speaker, I urge the Members of the House to support H.R. 5235.

Mr. MONTGOMERY. Mr. Speaker, will the gentleman yield?

Mr. NICHOLS. I yield to the gentleman from Mississippi.

Mr. MONTGOMERY. I thank the gentleman for yielding.

I want to commend the gentleman from Alabama (Mr. Nichols), the ranking member of the subcommittee for reporting this legislation out. It was certainly needed. There was no opposition in the committee or any opposition that I have heard of. We are going to have a medical and dental staff that can take care of our uniformed service people. We have got to have this legislation.

Mr. Speaker, I am pleased to have this opportunity to speak out in support of H.R. 5235, the Uniformed Services Health Professionals Special Pay Act of 1979. There is growing evidence of rapidly deteriorating medical care in the military, and it is essential that we upgrade these services as quickly as possible.

In the recently published Nifty Nugget reports in the Washington Post, it was revealed that in a military emergency in Europe we would not have sufficient medical personnel to care for the wounded, and the more seriously wounded would have to be flown back to the United States for treatment. A number of those would die in transport, not from injuries that were untreatable but from the lack of adequate medical manpower.

This is an alarming revelation, and one that is not to be taken lightly. With world conditions as shaky as they are today, our basic military needs cannot be ignored. I would hate to think that we could send our young men into combat with no assurances of adequate physicians to take care of the casualties.

One of our recruitment incentives is the promise of medical care for the military personnel and their dependents. I am certain you have all heard disturbing personal stories of the inadequacy of the dependent care that is available and the long waiting periods these people have to go through in order to get this care. This is not due to poor quality in the medical personnel, rather it is due to a shortage in numbers of physicians and medical support teams, and it certainly points out the strong need to provide recruitment and other incentives to make a military medical practice more competitive with the civilian sector.

Through the provisions for special pay in H.R. 5235, I believe Mr. Nichols and his Military Compensation Subcommittee have designed an excellent solution to these problems, and I would urge my colleagues to join me in my support of this measure.

Thank you.

Mr. MITCHELL of New York. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I strongly support H.R. 5235.

The purpose of H.R. 5235 is to provide an improved system of special pay for the health professionals of the uniformed services.

Mr. Speaker, I ask unanimous consent to insert in the Record at this point, a detailed description of the major provisions of the bill.

I would like to discuss first of all the need for the program. To put it as succinctly as possible, the present system just is not working. We have a very severe doctor shortage. It is becoming more critical as the months go by, and it affects all services and all specialists within those services. There is no help in sight.

As an example of the problem, the severity of the problem, the services have found it necessary to terminate more than 400 different services and facilities throughout the world and the armed services this past year. Probably the shortage is even more severe than is projected because the services have the practice, when the shortages become too extreme, to merely change the authorization level, to cut back on the authorization and thus make it look as though things are better than they actually are, but it is a very poor situation.

From another perspective, Mr. Speaker, the deteriorating health services are often cited by service personnel when they come before our Committee on Military Compensation as a major complaint.

In hearings by our committee, we frequently hear the complaint made of a breach of contract or a breach of promise by the Government. The services find this as one of the major reasons young people are leaving. We are having a tough time filling our volunteer slots in the service.

Now, the statute provides that only those on active duty must be provided health care. But the recruiters very often promise far more than this to the people they are attracting to the services. They promise that not only will the active duty person receive health care, but so will his dependents, and should he stay in for the full term of years and retire, that he will receive health care then, as will his dependents.

So the perception today is that there is a cutback in health care, that there is an erosion of benefits. This is another buzz word we hear in this committee, erosion of benefits. They say that the cruel, shortsighted, ungrateful Congress is taking something else away from the serviceman, something more away from the serviceman who has pledged his life for his country.

Voting for this package, Mr. Speaker, will not only help dispel this perception, but of course help provide improved health care, by helping to attract and retain more physicians and more health practitioners throughout the services.

I would like now to touch on three broad guidelines that were used when this legislation was developed.

One is that no one in the services now will make any less than he is at the present time.

The second is that we are putting the dollars, for the first time, as an incentive, during the pressure points in a career pattern. This is a time when a person is trying to make a decision whether he is going to stay and practice his health profession or whether he is going to leave the services and return to the civilian sector. At the present time we increase payments on the basis of longevity; the longer a person is there, the more money he earns.

We have used one other technique and that was to pattern our pay patterns pretty much parallel with the way they are in the civilian sector. They are not equal but they are parallel, and that is a good technique also.

Let me touch briefly on several other aspects of the legislation.

OPTOMETRISTS

The proposed special pay system for optometrists is composed of two components. An annual bonus of $1,000 per year would be payable after 3 years of service as a lump sum in exchange for an agreement to serve an additional year on active duty. All optometric officers would be eligible for this payment as long as they are not undergoing residency training.

A variable special pay ranging from $3,000 to $1,000 per year would also be payable to all optometric officers. This payment would be made on a monthly basis.

The proposed system attempts to address those areas that appear to be most susceptible to increasing the number of optometry officers on active duty, just as was the case in the other health professions. The greatest increases in pay for optometrists would be in the junior years where retention can be affected most significantly, with lesser increases in the senior years when pay for military optometrists appears to be more competitive with the pay of their civilian counterparts. Total compensation, of course, would increase throughout an optometric officer's career.

PODIATRISTS

Podiatrists in the military with more than 3 years of service would be eligible for a payment of $100 per month under the committee recommendation. Presently, these health professionals are not eligible for any special pay. The committee, however, was provided evidence that military service is attractive for participants today because of the opportunity to pursue residency training in the military. Although such opportunity is scarce in the private sector presently, it appears to becoming more available in the future. The committee believed that action was necessary, now, to preclude a shortage from developing in the future.

The bill also requires a biennial review by the Secretary of Defense of the adequacy of the new system of special pays for health professionals and a report to Congress on that review.

An evaluation of alternatives for correcting existing and prospective shortages of medical and dental specialties in the Armed Forces including a test of the effectiveness of paying additional special pay to officers in special categories is required under H.R. 5235. An authorization for a $3 million appropriation in fiscal year 1981 is included for this evaluation.

Mr. Speaker, this legislation has the potential for significantly improving military health care delivery, and I urge all Members to support the bill.

FACT SHEET—SPECIAL PAY FOR MILITARY HEALTH PROFESSIONALS

This fact sheet outlines the major provisions of H.R. 5235—a bill to revise the special pay provisions for certain health profesionals of the uniformed services.

GENERAL

The new special pay provisions would replace the current special pay system. None of the payments provided by the bill would be dependent on the obligated status of the physician; there would be no expiration date for the authority for these payments; and the level of the payments would be specifically delineated in statute and not subject to administrative change.

PHYSICIANS

Three types of special pays are provided for physicians under the bill: a payment while not in internship or initial residency training; a variable special pay; and a payment for Board Certification.

PAYMENT WHILE NOT IN TRAINING

An annual payment of $10,000 per year would be provided to all physicians not engaged in internship or initial residency training. This payment would be offered as a lump sum at the beginning of a year for which a physician agrees to remain on active duty.

VARIABLE SPECIAL PAY

The second component, variable special pay, would be payable to *all* military physicians on active duty regardless of status and would range from $5,000 to $10,000 per year depending on years of creditable service ($1200 per year would be payable when a physician is engaged in internship). Variable special pay was set to achieve the desired shape and level of the total compensation curve. It would be paid on a monthly basis. The annual rates of variable special pay are shown below:

Years of creditable service:	*Annual variable special pay*
In internship	$1,200
Less than 6	5,000
6 to 8	10,000
8 to 10	9,500
10 to 12	9,000
12 to 14	8,000
14 to 18	7,000
18 to 22	6,000
Over 22	5,000

Flag officers would receive $1,000 as variable special pay regardless of years of service. They are also eligible for the other components of special pay if they meet the appropriate criteria.

PAYMENT FOR BOARD CERTIFICATION

The third component of special pay would be payable to physicians who have achieved Board Certification and would depend on years of creditable service. The amount would range from $2,000 to $5,000 per year and would be paid on a monthly basis. The annual rates are shown below:

Years of creditable service:	*Annual payment for board certification*
Less than 10	$2,000
10 to 12	2,500
12 to 14	4,000
14 to 18	4,000
Over 18	5,000

CREDITABLE SERVICE

For the purpose of establishing the amount of special pay, creditable service for a military physician is computed by adding all periods spent in medical internship and residency status while not on active duty plus all periods of active service as a military physician.

DENTISTS

The same three types of special pays are provided military dentists under the bill: a payment while not in internship or residency training; a variable special pay; and a payment for Board Qualification.

PAYMENT WHILE NOT IN TRAINING

The payment received while not in internship or residency training increases with years of creditable service and would be paid as a lump sum at the beginning of a year for which the dental officer agrees to remain on active duty. The annual rates are shown below:

Years of creditable service:	*Annual payment*
3 to 12	$6,000
12 to 18	8,000
Over 18	10,000

VARIABLE SPECIAL PAY

The second component, variable special pay, would depend on years of creditable service and would be paid on a monthly basis. The amounts of variable special pay were set to achieve the desired shape and level of total compensation for military dentists. This component of special pay would be paid to all military dentists. The annual rates of variable special pay are shown below:

Years of creditable service:	*Annual rate of variable special pay*
During internship	$1,200
Less than 6	2,000
6 to 8	5,000
8 to 10	7,000
10 to 12	9,000
12 to 14	8,000
14 to 18	7,000
Over 18	5,000

Flag officers would receive $1,000 as variable special pay regardless of years service. They are also eligible for the other components of special pay if they meet the appropriate criteria.

PAYMENT FOR BOARD QUALIFICATION

The third component of special pay for dental officers would be payable to dentists who had achieved Board Qualification and would depend on years of creditable service. The amount would range from $2,000 to $4,000 per year and would be paid on a monthly basis. The criterion for this payment would be Board Certification if that criterion were attainable in the private sector. The annual rates are shown below:

Years of creditable service:	*Annual payment for board qualification*
Less than 12	$2,000
12 to 14	3,000
Over 14	4,000

CREDITABLE SERVICE

For the purpose of establishing the amount of special pay, creditable service for a military dentist is computed by adding all periods spent in dental internship and residency status while not on active duty plus all periods of active service as a military dentist.

OPTOMETRISTS

Two types of special pay are provided military optometrists under the bill: a payment while not in residency training and variable special pay.

PAYMENT WHILE NOT IN TRAINING

The military optometrist with over 3 years of creditable service would be eligible for an annual lump sum payment of $1,000 in exchange for an agreement to remain on active duty for an additional year. All optometric officers would be eligible for this payment as long as they are not undergoing residency training.

VARIABLE SPECIAL PAY

A variable special pay would be payable to all optometric officers depending on years of service. It would be paid on a monthly basis. The annual rates of variable special pay are shown below:

Years of creditable service:	*Annual rate of variable special pay*
Less than 6	$3,000
6 to 12	2,500
12 to 16	2,000
Over 16	1,000

CREDITABLE SERVICE

For the purpose of establishing the amount of special pay, creditable service for a military optometrist is computed by adding all periods spent in optometric residency training while not on active duty plus all periods of active service as a military optometrist.

PODIATRISTS

Military podiatrists with over 3 years of creditable service would be eligible for a payment of $100 per month. Creditable service would be computed by adding all periods spent in podiatric residency training while not on active duty plus all periods of active service as a military podiatrist.

VETERINARIANS

Although no change was made to the amount of special pay received by a military veterinarian ($100 per month), the expiration date of the authority for this pay was repealed, and the authority was made permanent.

□ 1420

I would urge my colleagues to support this legislation. It is worthy; it is needed.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. NICHOLS. Mr. Speaker, I have no further requests for time, and yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Alabama (Mr. NICHOLS) that the House suspend the rules and pass the bill (H.R. 5235).

The question was taken.

Mr. ASHBROOK. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 3, rule XXVII, and the Chair's prior announcement, further proceedings on this motion will be postponed.

GENERAL LEAVE

Mr. NICHOLS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just considered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

INTEREST RATE MODIFICATIONS

Mr. DELLUMS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5811) to allow the Interest Rate Modification Act of 1979, passed by the Council of the District of Columbia, to take effect immediately.

The Clerk read as follows:

H.R. 5811

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 602(c)(1) of the District of Columbia Self-Government and Government Reorganization Act shall not apply to the Interest Rate Modification Act of 1979 (District of Columbia act 3–119) passed by the Council of the District of Columbia on November 6, 1979, and signed by the Mayor of the District of Columbia on November 6, 1979, and such District of Columbia act shall become law on the date of the enactment of this Act, notwithstanding 404(e) of the District of Columbia Self-Government and Government Reorganization Act and any provision to the contrary in such District of Columbia act.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from California (Mr. DELLUMS) will be recognized for 20 minutes, and the gentleman from Connecticut (Mr. MCKINNEY) will be recognized for 20 minutes.

The Chair recognizes the gentleman from California (Mr. DELLUMS).

Mr. DELLUMS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the purpose of H.R. 5811 is to make effective immediately an act of the Council of the District of Columbia, thereby waiving the 30-day congressional layover period specified in section 602(c)(1) of the Home Rule Act (District of Columbia Self-Government and Governmental Reorganization Act of 1973 (Public Law 93–198).

The Council Act which would become law, immediately upon enactment of H.R. 5811, is the Interest Rate Modification Act of 1979 (D.C Act 3–119), which was passed by the Council on November 6, 1979, and signed by the Mayor on the same day. The District Act raises the usury limitation on residential and certain other consumer loans to 15 percent.

Without H.R. 5811, Council Act 3–119 would not take effect for 30 legislative days from the time it was transmitted to the Speaker of the House and the President of the Senate. Based on expected legislative days ahead, the congressional layover period of 30 days would expire about February 1, 1980.

Recently, the Federal National Mortgage Association announced that it would no longer purchase home mortgages on property in the District of Columbia. The Federal Home Loan Mortgage Corporation, private participants in the secondary mortgage market, and other residential mortgage lenders, have taken similar action.

The typical market rate for residential mortgages is about 14 percent in the District of Columbia. However, lenders fear that earlier action taken by the District Council, namely, on October 5, 1979, to raise the usury limitation on residential mortgages from 11 percent to 15 percent may be invalid. This action by the Council was taken by adopting a temporary Second Emergency Act (D.C. Act 3–105), which is due to expire on January 3, 1980. By that time, the 30 legislative days required for congressional layover of Council Act 3–119 will not have expired, thus, the necessity for the emergency legislation before us at this time, that is, H.R. 5811.

Also, a recent trial court decision in a case involving condominium conversion regulations has raised doubts about the legality of the "emergency acts" of the Council.

Mr. Speaker and Members of this distinguished body, without H.R. 5811, persons seeking to buy or sell residential property in the District of Columbia will be unable to get a mortgage loan for about 3 months. Many pending settlements have already been suspended.

In addition, the bill before us, H.R. 5811, clarifies any questions as to the status of loans with effective interest rates in excess of 11 percent made since October 5, 1979, which was the effective date of District of Columbia Act 3–105, the "emergency" act setting the interest ceiling at 15 percent. The committee does not doubt the validity of act 3–105, and in section 2(b)(2) of D.C. Act 3–119, the Council has affirmed the 15 percent ceiling set in D.C. Act 3–105 effective October 5, 1979.

Thus, H.R. 5811 is needed to prevent the potential for grave and irreparable harm to the citizens of the District of Columbia if the nonusurious character of loans made between October 5, 1979, and the effective date of this act, is called into question. It is the specific intent of the committee that this bill remove any and all questions as to the nonusurious character of those loans.

Mr. McKINNEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 5811. The decision by several lending institutions to stop making mortgage loans has created a genuine emergency in the city's housing market.

The consequences of this mortgage loan crisis for the area's real estate market, as well as many prospective home buyers, is very serious. Several of the area's largest savings and loan associations and other lending institutions have already postponed loan settlements and ceased accepting new applications. This can only make a bad housing situation worse.

The legality of the District's emergency legislation procedures, which it has used twice to raise the usury limitation on residential mortgages, has been questioned in a recent court decision. The city's permanent legislation to lift the interest ceiling will not become effective until after the 30-day congressional review period. Without this legislation, persons wishing to buy and sell residential property in the District of Columbia will have to wait for months.

I do have reservations about the District's decision to maintain a usury ceiling and the City Council's current use of its emergency legislative powers. It is my feeling that in fact, if an issue is important enough to be legislated by the City Council, it should be passed through the permanent legislative process. But these are matters to be brought up for discussion at another time. It is unfair to ask prospective buyers and sellers in the District of Columbia to bear the brunt of a problem that is the result of legislative procedural quirks.

Therefore, I urge my colleagues to join me in support of H.R. 5811.

Mr. DELLUMS. Mr. Speaker, I yield such time as he may consume to the gentleman from the District of Columbia (Mr. FAUNTROY).

Mr. FAUNTROY. Mr. Speaker, I rise in support of H.R. 5811, a bill to allow the Interest Rate Modification Act of 1979 passed by the Council of the District of Columbia to take effect immediately. This extraordinary legislation is necessary because of the decision by the Federal National Mortgage Association to cease purchases of mortgages secured by residential real estate located in the District of Columbia.

The magnitude of that decision, which was followed by other secondary market investors, is best understood when measured against the holdings by this single institution, FNMA, of District of Columbia mortgages with a July 1979 value of more than $187 million. Additional unknown amounts are held by the Federal Home Loan Mortgage Corporation, and other private and governmental investors.

The decision by other lenders to follow the lead of FNMA was based upon the fact that the security laws put a heavy burden upon an investor to demonstrate that the decision reached by FNMA held almost no chance of success should a legal challenge be made against any obligation held in the portfolio which originated from the District of Columbia. Quite understandably, all mortgage lending ceased in the city.

The legislation which is pending before you would end that impasse by waiving the 30-day layover which is required in the Home Rule Act. The City Council did pass emergency legislation to increase the interest rate ceilings. The committee believes, I understand, that legislation to be legally proper. However, the decision by mortgage lenders, which is based upon another court case with a holding which broadly questions the right of the city to utilize emergency legislation more than once on the same subject, has effectively clouded any further lending until the city's permanent legislation is effective. This bill would make that permanent law effective immediately. Additionally, I would note that the law relates back to any transactions which occurred since October 5, 1979, the intended effective date of the emergency legislation and thereby removes any cloud over loans made subsequent to that date.

This legislation does not deal with any of the other questions concerning emergency legislation. There is some belief that we ought to await the decision of the court of appeals so that we can have the benefit of their thinking in this matter. When the decision is rendered, the subcommittee of which I am chairman, Governmental Affairs and Budget, will carefully weigh other amendments as we find are necessary. No one wants a repeat of this event and no one can assure you that anything we draft will be effective until we hear from the court of appeals, if indeed they say that some remedy is necessary or desirable.

I cannot overemphasize that the resultant lack of mortgages has nothing to do with the city council or the mayor. Both have acted responsibly and timely to the best of their legal capacity. They could not have acted any other way than they did. In these times of absolutely unpredictable interest rates and inflation, any attempt to protect the citizens against nonmarket interest rates—or usurious rates of interest—is going to be hard, difficult, and fraught with some potential complications. This is a problem other States are having. The Congress is being asked to meet their needs in special legislation and this is no different. I urge your support for the bill and its speedy passage.

I yield back the balance of my time.

Mr. DELLUMS. Mr. Speaker, I yield such time as he may consume to the gentleman from Maryland (Mr. BARNES).

Mr. BARNES. Mr. Speaker, I am sure my colleagues have seen in the front pages of all of the Washington papers in the last few days that there is a crisis right now in the mortgage market in the District of Columbia which has been delineated by the distinguished chairman of our committee and the distinguished ranking minority member.

The D.C. City Council has, as has been explained, passed permanent legislation that resolves this crisis. The bill is signed into law 1 week ago today by the Mayor of the District of Columbia.

☐ 1430

The problem is that under the provisions of the D.C. Home Rule Act, permanent legislation such as has been passed by the D.C. City Council has to come up here to Congress for a review period of 30 legislative days before it becomes law. In this case, as Mr. McKINNEY indicated, the 30-legislative-day period is likely to extend into January, February, and even March of next year.

In the meantime, we have a genuine crisis on our hands here in the Washington area. It is a crisis which affects not only the District of Columbia but also the suburbs. The impact on the real estate market of the entire Washington, D.C. area is very closely intertwined, and the impact is severe upon realtors, renters, and particularly those buyers and sellers who have been hoping that they will be able to act in the next couple of weeks.

In that respect, I might indicate that all the representatives of the suburban congressional districts have joined in support of this legislation, including the gentleman from Virginia (Mr. HARRIS), the gentleman from Virginia (Mr. FISHER), and the gentlewoman from Maryland (Mrs. SPELLMAN). That is why I, together with Delegate FAUNTROY and leaders of the D.C. Committee, have introduced this legislation.

This is a very simple bill that simply removes, in this one instance, the requirement for a 30-day review period. The cost to the Federal Government of this legislation is zero. It merely allows the District of Columbia to do immediately what other jurisdictions all around the country have already done; that is, raise the ceiling on interest rates. Without this bill, the paralysis in the mortgage field in the District of Columbia is going to continue.

I think it is imperative that we vote immediately to suspend the rules and pass this legislation. I thank the distinguished chairman for his leadership in calling the D.C. Committee together on an emergency basis to bring this legislation to the floor. The committee acted unanimously, and I hope that the full House will concur in that judgment this afternoon.

Mr. DELLUMS. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. DELLUMS) that the House suspend the rules and pass the bill, H.R. 5811.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. DELLUMS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and to include extraneous matter on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

CALL OF THE HOUSE

Mr. GARCIA. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members responded to their names:

[Roll No. 650]

Abdnor
Addabbo
Akaka
Albosta
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Applegate
Archer
Ashbrook
Atkinson
AuCoin
Badham
Bafalis
Bailey
Baldus
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Blanchard
Boland
Bolling
Boner
Bonior
Bouquard
Brademas
Brinkley
Brodhead
Brooks
Broomfield
Brown, Ohio
Broyhill
Burgener
Burlison
Burton, Phillip
Butler
Byron
Campbell
Carney
Carr
Carter
Cavanaugh
Chappell
Cheney
Chisholm
Clay
Clinger
Collins, Ill.
Collins, Tex.
Conable
Conte
Conyers
Corcoran
Corman
Cotter
Coughlin
Courter
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Davis, Mich.
Davis, S.C.
de la Garza
Deckard
Dellums
Derrick
Derwinski
Devine
Dickinson
Dicks
Dingell
Dixon
Dodd
Donnelly
Dornan
Dougherty
Downey
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Edwards, Ala.
Edwards, Okla.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fascell
Fazio
Ferraro
Findley
Fish
Fisher
Fithian
Flippo
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fowler
Frenzel
Frost
Garcia
Gaydos
Giaimo
Gilman
Gingrich
Ginn
Glickman
Gonzalez
Goodling
Gore
Gradison
Gramm
Grassley
Gray
Green
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammer-schmidt
Hance
Hanley
Hansen
Harkin
Harris
Hawkins
Hefner
Heftel
Hightower
Hillis
Hinson
Hollenbeck
Holt
Hopkins
Horton
Howard
Hubbard
Huckaby
Hughes
Hyde
Ichord
Jacobs
Jeffords
Jeffries
Jenkins
Jenrette
Johnson, Calif.
Jones, Okla.
Kastenmeier
Kazen
Kelly
Kildee
Kindness
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lederer
Lehman
Leland
Lent
Levitas
Lewis
Livingston
Lloyd
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Lujan
Luken
Lundine
Lungren
McClory
McCormack
McDade
McDonald
McEwen
McHugh
McKay
McKinney
Maguire
Markey
Marks
Marlenee
Marriott
Martin
Mathis
Mavroules
Mica
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Mottl
Murphy, Ill.
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Nedzi
Nelson
Nichols
Nolan
Nowak
O'Brien
Oakar
Oberstar
Obey
Panetta
Pashayan
Patten
Patterson
Paul
Pease
Pepper
Perkins
Petri
Peyser
Pickle
Preyer
Price
Pritchard
Pursell
Quayle
Quillen
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Richmond
Rinaldo
Ritter
Roberts
Robinson
Rodino
Roe
Rose
Rostenkowski
Rousselot
Roybal
Royer
Rudd
Runnels
Russo
Sabo
Satterfield
Sawyer
Schulze
Sensenbrenner
Shannon
Shelby
Shumway
Shuster
Simon
Skelton
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solomon
Spellman
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Steed
Stenholm
Stewart
Stokes
Stratton
Studds
Stump
Swift
Symms
Synar
Tauke
Taylor
Thomas
Thompson
Traxler
Trible
Udall
Ullman
Van Deerlin
Vander Jagt
Vanik
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Weaver
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Winn
Wirth
Wolff
Wolpe
Wright
Wyatt
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

□ 1450

The SPEAKER pro tempore. On this rollcall 366 Members have recorded their presence by electronic device, a quorum.

Under the rule, further proceedings under the call are dispensed with.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Debate has been concluded on all motions to suspend the rules.

Pursuant to clause 3, rule XXVII, the Chair will now put the question on each motion on which further proceedings were postponed in the order in which that motion was entertained.

Votes will be taken in the following order:

H.R. 5461, House Concurrent Resolution 200, and H.R. 5235, on which the yeas and nays were ordered.

The Chair will reduce to 5 minutes the time for any electronic votes after the first vote in this series.

MARTIN LUTHER KING BIRTHDAY

The SPEAKER pro tempore. The unfinished business is the question of suspending the rules and passing the bill, H.R. 5461, as amended.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New York (Mr. GARCIA) that the House suspend the rules and pass the bill, H.R. 5461, as amended, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 252, nays 133, not voting 48, as follows:

[Roll No. 651]

YEAS—252

Addabbo
Akaka
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Annunzio
Anthony
Aspin
Atkinson
AuCoin
Bailey
Baldus
Barnes
Beard, R.I.
Benjamin
Bethune
Bevill
Biaggi
Bingham
Blanchard
Boland
Bolling
Boner
Bonior
Bouquard
Brademas
Brodhead
Brooks
Brown, Calif.
Brown, Ohio
Burlison
Burton, Phillip
Byron
Carr
Carter
Cavanaugh
Chappell
Chisholm
Clausen
Clay
Collins, Ill.
Conte
Conyers
Corman
Cotter
D'Amours
Danielson
Davis, S.C.
Deckard
Dellums
Derrick
Dicks
Diggs
Dingell
Dixon
Dodd
Donnelly
Dougherty
Downey
Drinan
Duncan, Tenn.
Early
Eckhardt
Edwards, Calif.
Edwards, Okla.
Emery
Ertel
Evans, Del.
Evans, Ga.
Fary
Fascell
Fazio
Ferraro
Fish
Fisher
Fithian
Florio
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Fowler
Frost
Garcia
Gaydos
Giaimo
Gibbons
Gilman
Gingrich
Ginn
Glickman
Gonzalez
Gore
Gramm
Gray
Green
Guarini
Gudger
Hall, Ohio
Hamilton
Hammer-schmidt
Hance
Hanley
Harkin
Harris
Hawkins
Hefner
Heftel
Hightower
Hillis
Hollenbeck
Hopkins
Horton
Howard
Hubbard
Huckaby
Hughes
Hyde
Ireland
Jacobs
Jenrette
Johnson, Calif.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kazen
Kildee
Kogovsek
Leach, La.
Leach, Iowa
Lederer
Lehman
Leland
Lent
Levitas
Lloyd
Long, La.
Long, Md.
Lowry
Luken
Lundine
McClory
McDade
McHugh
McKinney
Maguire
Markey
Marks
Mathis
Matsui
Mavroules
Mica
Miller, Calif.
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mottl
Murphy, Ill.
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Pa.
Natcher
Neal
Nelson
Nolan
Nowak
Oakar
Oberstar
Obey
Ottinger
Panetta
Patten
Patterson
Pease
Pepper
Perkins
Peyser
Pickle
Preyer
Price
Pritchard
Pursell
Quayle
Railsback
Rangel
Ratchford
Reuss
Rhodes
Richmond
Rinaldo
Rodino
Roe
Rose
Rostenkowski
Roybal
Russo
Sabo
Santini
Scheuer
Seiberling
Shannon
Sharp
Shelby
Simon
Skelton
Smith, Iowa
Solarz
Spellman
St Germain
Stack
Staggers
Stanton
Steed
Stewart
Stokes
Stratton
Studds
Swift
Synar
Thompson
Traxler
Trible
Udall
Ullman
Van Deerlin
Vander Jagt
Vanik
Vento
Volkmer
Walgren
Waxman
Weaver
Weiss
Whitley
Williams, Mont.
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Wirth
Wolff
Wolpe
Wright
Wyatt
Yates
Yatron
Young, Mo.
Zeferetti

NAYS—133

Abdnor
Andrews, N. Dak.
Applegate
Archer
Ashbrook
Badham
Bafalis
Bauman
Beard, Tenn.
Bedell
Beilenson
Bennett
Bereuter
Brinkley
Broomfield
Broyhill
Burgener
Butler
Campbell
Carney
Cheney
Clinger
Collins, Tex.
Conable
Corcoran
Coughlin
Courter
Crane, Daniel
Daniel, Dan
Daniel, R. W.
Dannemeyer
Daschle
Davis, Mich.
de la Garza
Derwinski
Devine
Dickinson
Dornan
Duncan, Oreg.
Edwards, Ala.
English
Erdahl
Erlenborn
Evans, Ind.
Findley
Flippo
Forsythe
Frenzel
Goodling
Gradison
Grassley
Grisham
Guyer
Hagedorn
Hall, Tex.
Hansen
Harsha
Hinson
Holt

Ichord
Jeffords
Jeffries
Jenkins
Kelly
Kindness
Kramer
Lagomarsino
Latta
Leath, Tex.
Lewis
Livingston
Loeffler
Lott
Lujan
Lungren
McCormack
McDonald
McEwen
McKay
Madigan
Marlenee
Marriott
Martin
Miller, Ohio
Mollohan
Montgomery
Moore
Moorhead, Calif.
Myers, Ind.
Nedzi
Nichols
O'Brien
Paul
Petri
Quillen
Regula
Ritter
Roberts
Robinson
Rousselot
Royer
Rudd
Runnels
Satterfield
Sawyer
Schulze
Sensenbrenner
Shumway
Shuster
Slack
Smith, Nebr.
Snyder
Solomon
Spence
Stangeland
Stenholm
Stump
Symms
Tauke
Taylor
Thomas
Walker
Wampler
Watkins
White
Whitehurst
Whittaker
Winn
Wydler
Wylie
Young, Alaska
Young, Fla.
Zablocki

NOT VOTING—48

Albosta
Anderson, Ill.
Ashley
Barnard
Boggs
Bonker
Bowen
Breaux
Buchanan
Burton, John
Cleveland
Coelho
Coleman
Crane, Philip
Edgar
Fenwick
Flood
Fuqua
Gephardt
Goldwater
Heckler
Holland
Holtzman
Hutto
Johnson, Colo.
Jones, N.C.
Kemp
Kostmayer
LaFalce
Lee
McCloskey
Mattox
Mazzoli
Michel
Mikulski
Moorhead, Pa.
Pashayan
Rahall
Rosenthal
Roth
Schroeder
Sebelius
Snowe
Stark
Stockman
Treen
Whitten
Wilson, Tex.

□ 1500

The Clerk announced the following pairs:

On this vote:

Mrs. Boggs and Mr. Rahall for, with Mr. Sebelius against.

Mrs. Heckler and Mr. Jones of North Carolina for, with Mr. Breaux against.

Ms. Holtzman and Mr. Rosenthal for, with Mr. Lee against.

Mr. Flood and Mr. Stark for, with Mr. Roth against.

Until further notice:

Mr. Albosta with Mr. Anderson of Illinois.
Mr. Udall with Mrs. Snowe.
Mr. LaFalce with Mr. Michel.
Mr. Mazzoli with Mr. Pashayan.
Mr. Ashley with Mr. Kemp.
Mr. Bowen with Mr. Goldwater.
Mr. John L. Burton with Mr. McCloskey.
Mr. Coelho with Mrs. Fenwick.
Mr. Fuqua with Mr. Buchanan.
Mr. Whitten with Mr. Philip M. Crane.
Mrs. Schroeder with Mr. Mattox.
Mr. Moorhead of Pennsylvania with Mr. Cleveland.
Ms. Mikulski with Mr. Bonker.
Mr. Barnard with Mr. Edgar.
Mr. Kostmayer with Mr. Charles Wilson of Texas.
Mr. Gephardt with Mr. Holland.

So (two-thirds not having voted in favor thereof) the motion was rejected.

The result of the vote was announced as above recorded.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 3(b)(3), rule XXVII, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device may be taken on all the additional motions to suspend the rules on which the Chair has postponed further proceedings.

SENSE OF CONGRESS EXPRESSION RESPECTING BALTIC STATES AND SOVIET CITIZENSHIP CLAIMS OVER CERTAIN U.S. CITIZENS

The SPEAKER pro tempore. The unfinished business is the question of suspending the rules and agreeing to the concurrent resolution (H. Con. Res. 200) as amended.

The Clerk read the title of the concurrent resolution.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Indiana (Mr. FITHIAN) that the House suspend the rules and agree to the concurrent resolution (H. Con. Res. 200) as amended, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 390, nays 0, not voting 43, as follows:

[Roll No. 652]

YEAS—390

Abdnor
Addabbo
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Applegate
Archer
Ashbrook
Aspin
Atkinson
AuCoin
Badham
Bafalis
Bailey
Baldus
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Blanchard
Boland
Bolling
Boner
Bonior
Bouquard
Brademas
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Ohio
Broyhill
Burgener
Burlison
Burton, Phillip
Butler
Byron
Campbell
Carney
Carr
Carter
Cavanaugh
Chappell
Cheney
Chisholm
Clausen
Clay
Clinger
Coleman
Collins, Ill.
Collins, Tex.
Conable
Conte
Conyers
Corcoran
Corman
Cotter
Coughlin
Courter
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, Mich.
Davis, S.C.
de la Garza
Deckard
Dellums
Derrick
Derwinski
Devine
Dickinson
Dicks
Diggs
Dingell
Dixon
Dodd
Donnelly
Dornan
Dougherty
Downey
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edwards, Ala.
Edwards, Calif.
Edwards, Okla.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fascell
Fazio
Ferraro
Findley
Fish
Fisher
Fithian
Flippo
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fowler
Frenzel
Frost
Garcia
Gaydos
Giaimo
Gibbons
Gilman
Gingrich
Ginn
Glickman
Gonzalez
Goodling
Gore
Gradison
Gramm
Grassley
Green
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hanley
Hansen
Harkin
Harris
Harsha
Hawkins
Hefner
Heftel
Hightower
Hillis
Hinson
Hollenbeck
Holt
Hopkins
Horton
Howard
Hubbard
Huckaby
Hughes
Hutto
Hyde
Ichord
Ireland
Jacobs
Jeffords
Jeffries
Jenkins
Jenrette
Johnson, Calif.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kazen
Kelly
Kildee
Kindness
Kogovsek
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lederer
Lehman
Leland
Lent
Levitas
Lewis
Livingston
Lloyd
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Lujan
Luken
Lundine
Lungren
McClory
McCormack
McDade
McDonald
McEwen
McHugh
McKay
McKinney
Madigan
Maguire
Markey
Marks
Marlenee
Marriott
Martin
Mathis
Matsui
Mavroules
Mica
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Mottl
Murphy, Ill.
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nelson
Nichols
Nolan
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Panetta
Pashayan
Patten
Patterson
Paul
Pease
Pepper
Perkins
Petri
Peyser
Pickle
Preyer
Price
Pritchard
Pursell
Quayle
Quillen
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Richmond
Rinaldo
Ritter
Roberts
Robinson
Rodino
Roe
Rose
Rostenkowski
Rousselot
Roybal
Royer
Rudd
Runnels
Russo
Sabo
Santini
Satterfield
Sawyer
Scheuer
Schulze
Seiberling
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Simon
Skelton
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Solomon
Spellman
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Steed
Stenholm
Stewart
Stokes
Stratton
Studds
Stump
Swift
Symms
Synar
Tauke
Taylor
Thomas
Thompson
Traxler
Trible
Udall
Ullman
Van Deerlin
Vander Jagt
Vanik
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Waxman
Weaver
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Winn
Wirth
Wolff
Wolpe
Wright
Wyatt
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

NAYS—0

NOT VOTING—43

Anderson, Ill.
Ashley
Barnard
Boggs
Bonker
Bowen
Breaux
Buchanan
Burton, John
Cleveland
Coelho
Crane, Philip
Edgar
Fenwick
Flood
Fuqua
Gephardt
Goldwater
Gray
Heckler
Holland
Holtzman
Johnson, Colo.
Jones, N.C.
Kemp
Kostmayer
Lee
McCloskey
Mattox
Mazzoli
Michel
Mikulski
Moorhead, Pa.
Rahall
Rosenthal
Roth
Schroeder
Sebelius
Snowe
Stark
Stockman
Treen
Wilson, Tex.

□ 1510

The Clerk announced the following pairs:

Mr. Jones of North Carolina with Mr. Anderson of Illinois.
Mr. Gray with Mr. Lee.
Mr. Fuqua with Mr. Kemp.
Mr. Gephardt with Mrs. Heckler.
Mr. Ashley with Mr. Goldwater.
Mrs. Boggs with Mr. Philip M. Crane.
Mr. Breaux with Mrs. Fenwick.
Mr. Charles Wilson of Texas with Mrs. Snowe.
Mr. Rahall with Mr. Roth.
Mr. Moorhead of Pennsylvania with Mr. McCloskey.
Mr. Holland with Mr. Buchanan.
Mr. Edgar with Mr. Sebelius.
Ms. Mikulski with Ms. Holtzman.
Mr. Coelho with Mr. Cleveland.

Mr. John L. Burton with Mr. Kostmayer.
Mr. Rosenthal with Mr. Mattox.
Mr. Mazzoli with Mr. Stark.
Mr. Bowen with Mrs. Schroeder.
Mr. Barnard with Mr. Bonker.

So (two-thirds having voted in favor thereof) the rules were suspended and the concurrent resolution, as amended, was agreed to.

A motion to reconsider was laid on the table.

POINT OF ORDER

Mr. WOLFF. Mr. Speaker, I have a point of order.

The SPEAKER pro tempore. The gentleman will state it.

Mr. WOLFF. Mr. Speaker, during the past votes, the light on the board indicated that Representative SCHROEDER voted "aye." The gentlewoman from Colorado (Mrs. SCHROEDER) is in Cambodia at the moment, and I do not believe that she is voting. There must be something wrong with the voting machine. Can the Chair inform us?

The SPEAKER pro tempore (Mr. MINISH). The Chair will advise the gentleman that there is some problem with the light, but the gentlewoman from Colorado (Mrs. SCHROEDER) is not recorded as having voted on any vote today.

Mr. WOLFF. I thank the Chair.

PAY RESTRUCTURE OF UNIFORMED SERVICES HEALTH PROFESSIONALS

The SPEAKER pro tempore. The unfinished business is the question of suspending the rules and passing the bill, H.R. 5235.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Alabama (Mr. NICHOLS) that the House suspend the rules and pass the bill, H.R. 5235, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 377, nays 10, answered "present" 1, not voting 45, as follows:

[Roll No. 653]

YEAS—377

Abdnor
Addabbo
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Applegate
Archer
Ashbrook
Aspin
Atkinson
AuCoin
Badham
Bafalis
Bailey
Baldus
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Blanchard
Boland
Bolling
Boner
Bonior
Bouquard
Brademas
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Ohio
Broyhill
Burgener
Burlison
Burton, Phillip
Butler
Byron
Campbell
Carney
Carr
Carter
Cavanaugh
Chappell
Cheney
Chisholm
Clausen
Clay
Clinger
Coleman
Collins, Ill.
Collins, Tex.
Conable
Conte
Corcoran
Corman
Cotter
Coughlin
Courter
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, Mich.
Davis, S.C.
de la Garza
Deckard
Dellums
Derrick
Derwinski
Devine
Dickinson
Dicks
Diggs
Dingell
Dixon
Dodd
Donnelly
Dornan
Dougherty
Downey
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edwards, Ala.
Edwards, Calif.
Edwards, Okla.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fascell
Fazio
Ferraro
Findley
Fish
Fisher
Fithian
Flippo
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fowler
Frenzel
Frost
Garcia
Gaydos
Giaimo
Gibbons
Gilman
Gingrich
Ginn
Glickman
Gonzalez
Goodling
Gore
Gradison
Gramm
Grassley
Gray
Green
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hanley
Harris
Harsha
Hawkins
Hefner
Heftel
Hightower
Hillis
Hinson
Hollenbeck
Holt
Hopkins
Horton
Howard
Hubbard
Huckaby
Hughes
Hutto
Hyde
Ichord
Ireland
Jacobs
Jeffords
Jeffries
Jenkins
Johnson, Calif.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kazen
Kelly
Kildee
Kindness
Kogovsek
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lederer
Lehman
Leland
Lent
Levitas
Lewis
Livingston
Lloyd
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Lujan
Luken
Lundine
Lungren
McClory
McCormack
McDade
McDonald
McEwen
McHugh
McKay
McKinney
Madigan
Maguire
Markey
Marks
Marlenee
Marriott
Mathis
Matsui
Mavroules
Mica
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Murphy, Ill.
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nelson
Nichols
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Panetta
Pashayan
Patten
Patterson
Pease
Pepper
Perkins
Petri
Peyser
Pickle
Preyer
Price
Pritchard
Pursell
Quayle
Quillen
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Richmond
Rinaldo
Ritter
Roberts
Robinson
Rodino
Roe
Rose
Rostenkowski
Rousselot
Roybal
Royer
Rudd
Runnels
Russo
Sabo
Santini
Satterfield
Sawyer
Scheuer
Schulze
Seiberling
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Simon
Skelton
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Solomon
Spellman
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Steed
Stenholm
Stewart
Stokes
Stratton
Studds
Stump
Swift
Symms
Synar
Tauke
Taylor
Thomas
Thompson
Traxler
Trible
Udall
Ullman
Van Deerlin
Vander Jagt
Vanik
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Waxman
Weaver
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Winn
Wolff
Wolpe
Wright
Wyatt
Wydler
Wylie
Yatron
Young, Alaska
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

NAYS—10

Beilenson
Benjamin
Hansen
Harkin
Jenrette
Martin
Mottl
Nolan
Wirth
Yates

ANSWERED "PRESENT"—1

Paul

NOT VOTING—45

Anderson, Ill.
Ashley
Barnard
Boggs
Bonker
Bowen
Breaux
Buchanan
Burton, John
Cleveland
Coelho
Conyers
Crane, Philip
Edgar
Fenwick
Flood
Fountain
Fuqua
Gephardt
Goldwater
Heckler
Holland
Holtzman
Johnson, Colo.
Jones, N.C.
Kemp
Kostmayer
Lee
McCloskey
Mattox
Mazzoli
Michel
Mikulski
Moorhead, Pa.
Rahall
Rosenthal
Roth
Schroeder
Sebelius
Snowe
Stark
Stockman
Treen
Williams, Mont.
Wilson, Tex.

□ 1520

The Clerk announced the following pairs:

Mr. Rahall with Mr. Anderson of Illinois.
Ms. Mikulski with Mr. Lee.
Mrs. Schroeder with Mr. Goldwater.
Mr. Ashley with Mr. Kemp.
Mrs. Boggs with Mrs. Snowe.
Mr. Coelho with Mr. Sebelius.
Mr. Mazzoli with Mr. Roth.
Mr. Breaux with Mr. McCloskey.
Mr. Conyers with Mrs. Heckler.
Mr. Kostmayer with Mrs. Fenwick.
Ms. Holtzman with Mr. Philip M. Crane.
Mr. Jones of North Carolina with Mr. Cleveland.
Mr. Gephardt with Mr. Buchanan.
Mr. Stark with Mr. Fountain.
Mr. Charles Wilson of Texas with Mr. Rosenthal.
Mr. Mattox with Mr. Moorhead of Pennsylvania.
Mr. Williams of Montana with Mr. Holland.
Mr. Fuqua with Mr. Bowen.
Mr. John L. Burton with Mr. Edgar.
Mr. Barnard with Mr. Bonker.

Mr. ROUSSELOT changed his vote from "nay" to "yea."

So (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

MALFUNCTION IN ELECTRONIC VOTING SYSTEM LIGHT

Mr. THOMPSON. Mr. Speaker, due to a malfunction in a light on the display of Members names and not in the computer of the electronic voting system, I would like to explain to my colleagues why the light opposite the name of the gentlewoman from Colorado (Mrs. SCHROEDER), has been showing this afternoon.

I would like to assure the Members that the gentlewoman's name is not being recorded as having voted "aye," "nay," or "present." It is simply a light malfunction caused by a faulty relay. I would like to assure my colleagues that this is the situation.

Mr. BIAGGI. Mr. Speaker, will the gentleman yield?

Mr. THOMPSON. I yield to the gentleman from New York.

Mr. BIAGGI. I appreciate what the gentleman stated. I have witnessed it in four consecutive votes.

The machine has indicated that the gentlewoman from Colorado (Mrs. SCHROEDER) has voted in the affirmative. We know she is in Cambodia. No one is even implying she is voting with her card or any wrongdoing, but the inescapable conclusion is that the mechanism is faulty. It is not infallible.

Mr. THOMPSON. I agree with the gentleman from New York (Mr. BIAGGI), there is no infallibility. However, assurances by me, the gentleman from North Carolina (Mr. ROSE), the gentleman from Michigan (Mr. STOCKMAN), and those responsible for the operation of the electronic voting system are that we will look into the matter and will report back to the House. It is clear that no votes have been recorded by the gentlewoman from Colorado. It is a simple electrical malfunction.

Mr. BIAGGI. If the gentleman will continue to yield, I could not agree with the gentleman more as far as the gentlewoman from Colorado is concerned, but in this instance, the machine proves to be fallible in that there was a lighting malfunction; but the fact that it is fallible in this instance means it could be fallible in another fashion or any other fashion.

Mr. THOMPSON. If the gentleman from New York (Mr. BIAGGI) has any other rollcalls about which he has questions, if the gentleman will be kind enough to transmit them to me or to the gentleman from North Carolina (Mr. ROSE), we will be glad to respond.

I simply am reassuring Members that no actual recording of the votes by the gentlewoman from Colorado have taken place. An electrical malfunction is responsible and will be corrected as soon as possible.

Mr. Speaker, I yield back the balance of my time.

☐ 1530

APPOINTMENT OF CONFEREES ON S. 751, NAVAJO-HOPI INDIANS RELOCATION AMENDMENTS ACT

Mr. UDALL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 751) relating to the relocation of the Navajo Indians and the Hopi Indians, and for other purposes, with a House amendment thereto, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona? The Chair hears none and, without objection, appoints the following conferees: Messrs. UDALL, RUNNELS, MILLER of California, GUDGER, LUJAN, and MARRIOTT.

There was no objection.

DEPARTMENT OF DEFENSE APPROPRIATIONS, FISCAL YEAR 1980—MOTION TO CLOSE CONFERENCE

Mr. ADDABBO. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ADDABBO moves, pursuant to rule XXVIII 6(a) of the House rules that the conference committee meetings between the House and the Senate on H.R. 5359, the fiscal year 1980 Department of Defense Appropriation bill, be closed to the public at such times as classified national security information is under consideration: *Provided however*, That any sitting Member of Congress shall have the right to attend any closed or open meeting.

The SPEAKER pro tempore. Does the gentleman from New York desire to speak on his motion?

Mr. ADDABBO. I do, Mr. Speaker.

The SPEAKER pro tempore. The Chair recognizes the gentleman from New York (Mr. ADDABBO).

Mr. ADDABBO. Mr. Speaker, this motion is required by the rules of the House and is the same motion which has been approved by the House previously. While we are conferring with the Senate on the Defense appropriation bill, a number of highly classified matters that cannot be discussed in open session will be considered. Of course, under the motion, all Members of Congress may attend any of the closed conference meetings.

I do not believe there is any controversy with regard to my motion and ask for a favorable vote.

The SPEAKER pro tempore. The Chair will inform the Members that under the rules the vote must be taken by the yeas and nays.

Voting will be by electronic device.

The vote was taken by electronic device, and there were—yeas 381, nays 0, answered "present" 3, not voting 49, as follows:

[Roll No. 654]

YEAS—381

Abdnor
Addabbo
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Applegate
Archer
Ashbrook
Aspin
Atkinson
AuCoin
Bafalis
Bailey
Baldus
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Blanchard
Boland
Bolling
Boner
Bonior
Bouquard
Bowen
Brademas
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Ohio
Broyhill
Burgener
Burlison
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cavanaugh
Chappell
Cheney
Chisholm
Clausen
Clinger
Coleman
Collins, Ill.
Collins, Tex.
Conable
Conte
Conyers
Corcoran
Corman
Cotter
Coughlin
Courter
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, Mich.
Davis, S.C.
de la Garza
Deckard
Dellums
Derrick
Derwinski
Devine
Dickinson
Dicks
Dingell
Dixon
Dodd
Donnelly
Dornan
Dougherty
Downey
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edwards, Ala.
Edwards, Calif.
Edwards, Okla.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fascell
Fazio
Ferraro
Findley
Fish
Fisher
Fithian
Flippo
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fowler
Frenzel
Frost
Garcia
Gaydos
Giaimo
Gibbons
Gilman
Gingrich
Ginn
Glickman
Gonzalez
Goodling
Gore
Gradison
Gramm
Grassley
Gray
Green
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hanley
Hansen
Harkin
Harris
Harsha
Hawkins
Hefner
Heftel
Hightower
Hillis
Hinson
Hollenbeck
Holt
Hopkins
Horton
Howard
Hubbard
Huckaby
Hughes
Hutto
Hyde
Ichord
Ireland
Jacobs
Jeffords
Jeffries
Jenkins
Jenrette
Johnson, Calif.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kazen
Kelly
Kildee
Kindness
Kogovsek
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lederer
Lehman
Leland
Lent
Levitas
Lewis
Livingston
Lloyd
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Lujan
Luken
Lundine
Lungren
McClory
McCormack
McDade
McDonald
McEwen
McHugh
McKay
McKinney
Madigan
Maguire
Markey
Marks
Marlenee
Marriott
Martin
Mathis
Matsui
Mavroules
Mica
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Mottl
Murphy, Ill.
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nelson
Nichols
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Panetta
Pashayan
Patten
Patterson
Paul
Pease
Pepper
Perkins
Petri
Peyser
Pickle
Preyer
Price
Pritchard
Pursell
Quayle
Quillen
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Richmond
Rinaldo
Ritter
Roberts
Robinson
Rodino
Roe
Rose
Rostenkowski
Rousselot
Roybal
Royer
Rudd
Runnels
Russo
Sabo
Satterfield
Sawyer
Scheuer
Schulze
Seiberling
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Simon
Skelton
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Solomon
Spellman
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Stenholm
Stewart
Stokes
Stratton
Studds
Stump
Swift
Symms
Synar
Tauke
Taylor
Thomas
Traxler
Trible
Udall
Ullman
Vander Jagt
Vanik
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Waxman
Weaver
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Williams, Ohio
Wilson, Bob
Winn
Wirth
Wolff
Wolpe
Wright
Wyatt
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

NAYS—0

ANSWERED "PRESENT"—3

Diggs
Mitchell, Md.
Van Deerlin

NOT VOTING—49

Anderson, Ill.
Ashley
Badham
Barnard
Boggs
Bonker
Breaux
Buchanan
Burton, John
Campbell
Clay
Cleveland
Coelho
Crane, Philip
Edgar
Fenwick
Flood
Fuqua
Gephardt
Goldwater
Heckler
Holland
Holtzman
Johnson, Colo.
Jones, N.C.
Kemp
Kostmayer
Lee
McCloskey
Mattox
Mazzoli
Michel
Mikulski
Moorhead, Pa.
Nolan
Rahall
Rosenthal
Roth
Santini
Schroeder
Sebelius
Snowe
Stark
Steed
Stockman
Thompson
Treen
Wilson, C. H.
Wilson, Tex.

☐ 1540

So the motion was agreed to.

The result of the vote was announced as above recorded.

CONTINUING APPROPRIATIONS, 1980

Mr. WHITTEN. Mr. Speaker, pursuant to the order of the House on Friday last, I call up the joint resolution (H.J. Res. 440) making further continuing appropriations for the fiscal year 1980, and for other purposes, for consideration in the House as in the Committee of the Whole.

The Clerk read the title of the joint resolution.

The Clerk read the joint resolution, as follows:

H.J. Res. 440

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, and out of applicable corporate or other revenues, receipts, and funds, for the several departments, agencies, corporations, and other organizational units of the Government for the fiscal year 1980, and for other purposes, namely:

Sec. 101. (a)(1) Such amounts as may be necessary for continuing projects or activities (not otherwise specifically provided for in this joint resolution) which were conducted in the fiscal year 1979 and for which appropriations, funds or other authority would be available in the following appropriation Acts:

Foreign Assistance and Related Programs Appropriations Act, 1980, notwithstanding section 10 of Public Law 91–672, and section 15(a) of the Act entitled, "An Act to provide certain basic authority for the Department of State", approved August 1, 1956, as amended;

Department of the Interior and Related Agencies Appropriation Act, 1980; and

Military Construction Appropriation Act, 1980.

(2) Appropriations made by this subsection shall be available to the extent and in the manner which would be provided by the pertinent appropriation Act.

(3) Whenever the amount which would be made available or the authority which would be granted under an Act listed in this subsection as passed by the House as of October 1, 1979, is different from that which would be available or granted under such Act as passed by the Senate as of October 1, 1979, the pertinent project or activity shall be continued under the lesser amount or the more restrictive authority.

(4) Whenever an Act listed in this subsection has been passed by only one House as of October 1, 1979, or where an item is included in only one version of an Act as passed by both Houses as of October 1, 1979, the pertinent project or activity shall be continued under the appropriation, fund, or authority granted by the one House, but at a rate for operations not exceeding the current rate or the rate permitted by the action of the one House, whichever is lower, and under the authority and conditions provided in applicable appropriation Acts for the fiscal year 1979: *Provided,* That no provision which is included in an appropriation Act enumerated in this subsection but which was not included in the applicable appropriation Act of 1979, and which by its terms is applicable to more than one appropriation, fund, or authority shall be applicable to any appropriation, fund, or authority provided in the joint resolution unless such provision shall have been included in identical form in such bill as enacted by both the House and the Senate.

(b) Such amounts as may be necessary for continuing projects or activities which were conducted in fiscal year 1979 for which provision was made in the Department of Defense Appropriation Act, 1979, at a rate of operations not in excess of the current rate or the rate provided in the budget estimate, whichever is lower, and under the more restrictive authority.

(c) Such amounts as may be necessary for continuing the following activities, not otherwise provided for, which were conducted in fiscal year 1979, but at a rate for operations not in excess of the current rate:

activities under the Domestic Volunteer Service Act;

activities for support of nursing research under section 301 of the Public Health Service Act;

activities for support of nursing fellowships and for support of training programs and program support related to alcoholism under sections 301, 303, and 472 of the Public Health Service Act;

activities under section 789 and titles VIII, XII, XV, and XVII of the Public Health Service Act, except that activities under title XV of the Public Health Service Act shall be conducted at not to exceed an annual rate for obligations of $169,717,000;

activities under sections 204 and 213 of the Community Mental Health Centers Act;

activities under title IV of the Drug Abuse Office and Treatment Act;

activities under titles III and V of the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act;

activities under section 2 of the Indochina Migration and Refugee Assistance Act;

activities of the National Board for the Promotion of Rifle Practice;

activities of the Federal Trade Commission: *Provided,* That none of the funds made available by this joint resolution for the Federal Trade Commission may be used for the final promulgation of trade regulation rules authorized by section 18 of the Federal Trade Commission Act, as amended, nor to initiate any new activities: *Provided further,* That no new trade regulation rules promulgated under the authority of section 18 of the Federal Trade Commission Act, as amended, are to become effective during the period covered by this joint resolution for the Federal Trade Commission: *Provided further,* That notwithstanding the provisions of section 102(c) of this joint resolution, the authority and funds made available herein shall remain available only until March 31, 1980;

activities under the Omnibus Crime Control and Safe Streets Act of 1968, as amended, except that such activities shall be continued at a rate of operations not in excess of appropriations contained in the Department of Justice Appropriation Act, 1980, for the Office of Justice Assistance, Research, and Statistics;

activities of the Economic Development Administration; and

activities of the Regional Action Planning Commissions.

(d) Notwithstanding the funding rates provided for in section 101(a), activities of the Department of State for Migration and Refugee Assistance shall be funded at not to exceed an annual rate for obligations of $456,241,000, notwithstanding section 15(a) of the Act entitled, "An Act to provide certain basic authority for the Department of State", approved August 1, 1956, as amended, and section 10 of Public Law 91–672.

(e) Such amounts as may be necessary for projects or activities which were conducted in fiscal year 1979 and for which provision was made in the Department of Transportation and Related Agencies Appropriation Act, 1979, or chapter X of the Supplemental Appropriations Act, 1979, at a rate of operations not in excess of the current rate or the rate provided in the budget estimate, whichever is lower, and under the more restrictive authority: *Provided,* That the Panama Canal Commission is authorized to incur obligations at the rate of operations, and to the extent and in the manner provided for in H.R. 4440 as passed the House of Representatives on September 18, 1979, to meet operational and capital requirements of the Panama Canal in conformance with applicable legislation and the Panama Canal Treaty of 1977, notwithstanding the provisions of section 106 of this joint resolution: *Provided further,* That the Interstate Commerce Commission is authorized to incur obligations for payments for directed rail service at the rate of operations and to the extent and manner provided for in H.R. 4440 as passed by the House of Representatives on September 18, 1979.

(f) Such amounts as may be necessary for the programs or activities of the Federal Inspector for the Alaska Gas Pipeline, at a rate of operations not in excess of 35 per centum of the fiscal year 1980 budget estimate.

(g) Such amounts as may be necessary for projects or activities provided for in the Departments of Labor, and Health, Education, and Welfare and Related Agencies Appropriation Act, 1980 (H.R. 4389), at a rate of operations, and to the extent and in the manner, provided for in such Act as adopted by the House of Representatives on August 2, 1979, notwithstanding the provisions of section 106 of this joint resolution.

Sec. 102. Appropriations and funds made available and authority granted pursuant to this joint resolution shall be available from November 20, 1979, and shall remain available until (a) enactment into law of an appropriation for any project or activity provided for in this joint resolution, or (b) enactment of the applicable appropriation Act by both Houses without any provision for such project or activity, or (c) September 30, 1980, whichever first occurs.

Sec. 103. Appropriations and funds made available or authority granted pursuant to this joint resolution may be used without regard to the time limitations for submission and approval of apportionments set forth in section 665(d)(2) of title 31, United States Code, but nothing herein shall be construed to waive any other provision of law governing the apportionment of funds.

Sec. 104. Appropriations made and authority granted pursuant to this joint resolution shall cover all obligations or expenditures incurred for any project or activity during the period for which funds or authority for such project or activity are available under this joint resolution.

Sec. 105. Expenditures made pursuant to this joint resolution shall be charged to the applicable appropriation, fund, or authorization whenever a bill in which such applicable appropriation, fund, or authorization is contained is enacted into law.

Sec. 106. No appropriation or fund made available or authority granted pursuant to this joint resolution shall be used to initiate or resume any project or activity for which appropriations, funds, or other authority were not available during the fiscal year 1979.

Sec. 107. None of the funds contained in this Act shall be used for the reorganization of the Alaska Railroad Office of the Chief Counsel, Office of Real Estate or Office of Financial Planning, or for the consolidation of those Offices into the Office of the Alaska Railroad General Manager.

Sec. 108. All obligations incurred in anticipation of the appropriations and authority provided in this joint resolution are hereby ratified and confirmed if otherwise in accordance with the provisions of this joint resolution.

Sec. 109. Notwithstanding any other provision of this joint resolution except section 102, none of the funds provided by this joint resolution shall be used to perform abortions except where the life of the mother would be endangered if the fetus were carried to term.

The SPEAKER pro tempore. The Clerk will report the committee amendment.

The Clerk read as follows:

Committee amendment: On page 5, line 21, in the paragraph applicable to the Federal Trade Commission, at the end of the second proviso and before the colon which follows, insert ", unless authorizing legislation for the Federal Trade Commission is enacted into law during such period".

The committee amendment was agreed to.

Mr. WHITTEN. Mr. Speaker, I move to strike the last word.

Mr. Speaker, I am pleased to report to my colleagues that considerable progress has been made in clearing appropriations bills since the previous continuing resolution was passed.

The appropriation bills for Agriculture, District of Columbia, Energy and Water, HUD-Independent Agencies, State-Justice, and Treasury-Postal Service have all been enacted. The Interior bill is awaiting the President's signature. The conference report on Transportation has been filed and will be taken up some time this week. The Legislative bill has, in effect, been enacted through the previous continuing resolution. Foreign Aid is in conference. Conferees were appointed today on the Defense bill and we expect the military construction bill to be on the Senate floor today.

This continuing resolution follows the basic form and concept of similar resolutions in prior years. The philosophy of the continuing resolution is to provide minimum funding for the orderly continuation of existing programs for the interim period until regular appropriation bills are enacted.

Mr. Speaker, this resolution differs in only a few regards from the one which is soon to expire. First, it excludes those programs included in appropriation bills enacted since the last resolution. Second, this resolution remains in effect for the entire fiscal year 1980 or until applicable appropriations bills are enacted. Lastly, a provision has been added to prohibit any FTC trade regulation promulgated under the authority of the Magnuson-Moss Act prior to October 1, 1979, but with an effective date after November 20, 1979, from going into effect during the period of the resolution unless FTC authorization is enacted during that time. This preserves for Congress the opportunity to exercise its will with regard to trade regulation restrictions. The resolution provides that the authority and funds made available for the FCC shall remain available only until March 31, 1980. This will allow time for the legislative committee to get together without preempting their decisions here.

May I say that with regard to the Federal Trade Commission, for several years now there has been no authorization for that Commission. It has no authority in law at this time. The only authority has been by act of the Congress and approving the appropriation bills which carried it forward. Apparently there are differences between the members on the legislative committee as to what the authority and what the directives from the Congress to that Commission should be. For the Committee on Appropriations to carry in detail these proposals for increasing its authority or decreasing its authority or passing on matters involving the proper function of that Commission in the Government would not be appropriate: I, for one, believe it is highly essential that we have the Federal Trade Commission and the Committee on Appropriations has kept it alive.

In this resolution we have exercised our judgment as to how best to keep it alive under the present circumstances. We do not fall into the mistake of trying to write a basic law as important as one authorizing the Federal Trade Commission. For these reasons we have provided a limitation but we provide that they would be kept going until March 31. That will give ample time to resolve the other problems in the authorizing legislation.

I would also state, Mr. Speaker, that in the 13 regular appropriations for 1980, we are presently some $10 billion under the President's budget. That is on the basis of budget authority and counts the enacted version of 7 bills and the House-passed version of the remaining six bills which are either in conference, pending in the Senate, or awaiting the President's signature. We have shown further restraint in dealing with other appropriations business by reducing the 1979 supplemental by some $3.2 billion and by rescinding some $700 plus million of budget authority in a separate measure. Your Committee on Appropriations is very proud of the job that we have done in the way of holding down appropriations. But most of the laws that we have on the statute books have built-in escalating clauses to offset inflation and thus feed further inflation. Where the appropriation process is bypassed by these entitlement provisions, it does not leave us much to work with.

May I say to my colleagues, however, that in the continuing resolution that we have before us, the rates of operation provided for are far less than the amounts contained in the regular bills. For instance, on the Defense bill the rate under the continuing resolution is about $11 billion under the House-passed bill and about $13 billion under the Senate passed bill. For foreign assistance, the continuing resolution is about $700 million under the House passed bill and about $1 billion under the Senate passed bill. The regular bills will subsequently be enacted but the continuing resolution provides a restrictive rate in the interim.

I want the Members to know that this resolution will keep the wheels turning; this will keep the government in business; this will keep the programs going. It is very, very essential. We have hospitals and schools and other very necessary functions that have to be covered.

In working on this resolution I have had the splendid help of my colleague, the gentleman from Massachusetts (Mr. CONTE) and all of the other members of the Committee on Appropriations. The Committee on Rules and our other colleagues have been very cooperative with us. We appreciate it very much.

Mr. Speaker, we are keenly aware of our dangerous economic situation. We continue to strenuously work with our friends in the other body to hold down Federal expenditures in appropriations bills while responsibly meeting the needs of our people. Passage of this resolution is essential in order that we may resolve those matters still pending and continue the operation of our Government in an orderly and fiscally responsible manner.

Mr. SLACK. Mr. Speaker, section 101 (c) of the resolution includes continuing authority for the Federal Trade Commission until March 31, 1980. This provision prohibits final promulgation of any trade regulation rules authorized by section 18 of the Federal Trade Commission Act or initiation of any new activities. In addition to these two restrictions which were contained in the previous continuing resolution for fiscal year 1980, House Joint Resolution 440 includes a provision which would prohibit any new trade regulation rule promulgated under section 18 of the Federal Trade Commission Act from becoming effective during the period covered by the resolution for the FTC unless authorizing legislation is enacted for the FTC during such period.

The purpose of the new restriction is to prohibit any trade regulation rule promulgated under the authority of the Magnuson-Moss Act prior to October 1, 1979, but with an effective date after November 20, 1979, from going into effect during the period covered by the new resolution for the FTC unless authorizing legislation is enacted during that time. This provision would give the Congress the opportunity to consider any legislative restrictions with respect to such trade regulation rules during consideration of the FTC authorization before such rules go into effect.

By proposing an additional restriction on the trade regulation rulemaking activities of the FTC and an extension of the termination date for the Commission only until March 31, 1980, the committee also wishes to reemphasize its concern expressed previously about the lack of legislative authorization for the Federal Trade Commission. The authorization for appropriations for the FTC expired at the end of fiscal year 1977 and no authorization has been enacted since that time. Despite this lack of authorization, the committee recommended and the Congress provided appropriations for the FTC in the regular, annual appropriation bills for fiscal years 1978 and 1979, not in continuing resolutions. So for 2 years the Appropriations Committee has made it possible for the FTC to remain in existence, otherwise there would be no FTC. This committee has kept the FTC alive through appropriations bills notwithstanding the lack of authorization.

For the reasons I have just discussed, the committee believes it is essential that the long-delayed authorization be passed by the House and Senate and enacted into law before a regular appropriation for the FTC is provided by the Congress for fiscal year 1980. Although some progress has been made on the FTC authorization, a bill still has not been enacted into law. The committee expects that the legislative committees of the House and Senate with jurisdiction over the FTC will continue to seek enactment of such legislation and that the administration will cooperate fully in expediting its passage.

Mr. CONTE. Mr. Speaker, I rise in support of the continuing resolution.

Mr. Speaker, at the outset I want to take this opportunity to thank my chairman, the gentleman from Mississippi (Mr. WHITTEN). We have worked very closely, not only on this piece of legislation but on all legislation appearing before the Committee on Appropriations.

Mr. Speaker, I speak to my colleagues today in support of House Joint Resolution 440, the second continuing resolution for 1980.

With the exception of the Federal Trade Commission, the joint resolution continues appropriations through the end of the fiscal year for programs and activities where the appropriation bill has not been enacted, or where an appropriation was not included due to lack of authorization.

The activities covered, and the rate of continuing appropriations in each case, are as follows:

Activities covered by the Defense bill are continued at the budget rate or the current rate.

The National Board for the Promotion of Rifle Practice is continued at the current rate.

Activities covered by the foreign assistance bill are continued at the current rate, or the rate provided in the House bill.

Appropriations for refugee and migration assistance are continued at $456 million, the level provided in the House bill.

Activities covered by the Interior bill are continued at the House or the current rate:

An appropriation for the Federal Inspector for the Alaska Gas Pipeline is provided at a rate of $5.1 million.

Activities covered by the Labor-HEW bill are continued at the rate provided in the conference report as passed the House. In addition:

Unauthorized activities are continued at the current rate, except for Health Planning and Resource Development activities, which are continued at a level of $169.7 million.

Appropriations for Indochina migration and refugee assistance are continued at the current rate.

Activities covered by the military construction bill are continued at the House rate or the current rate.

The following activities under the State-Justice-Commerce-Judiciary bill are continued:

Activities of the Federal Trade Commission are continued at the current rate through March 31, 1980.

This provides the FTC with an appropriation of $64.7 million, compared with a budget request of $69 million.

During the period covered by the continuing resolution, the FTC shall not finally promulgate any trade regulation rules or initiate any new activities, and no new trade regulation rules are to become effective unless authorization for the FTC has been enacted.

This action is not intended to provide any final judgment or restraint on the activities of the FTC, but rather to insure that we maintain the status quo until authorizing legislation has been enacted.

Activities of the Economic Development Administration and the Regional Action Planning Commissions are continued at the current rate.

Activities of LEAA under the Omnibus Crime Control and Safe Streets Act are continued at the rate provided for OJARS in the 1980 Appropriations Act.

Activities covered by the Transportation bill are continued at the current rate or the budget rate. In addition,

The Panama Canal Commission is continued at the rate provided in the House bill.

The ICC is authorized to pay for directed rail service at the rate provided in the House bill.

Certain restrictions are placed on the reorganization of the Alaska Railroad Office.

I would like to call to the attention of my colleagues some other special provisions of the continuing resolution.

We are all gravely concerned about the tragic situation in Cambodia.

Under existing law, and with the continuing appropriation available under this joint resolution, $39 million is available for assistance to the people of that country.

This amount is sufficient for the immediate future. An additional $30 million has been agreed to by the conferees on the foreign assistance bill, and the total of $69 million which would be available when that bill becomes law will be sufficient for the requirements as we now see them.

You may be assured that our committee will act promptly to provide any additional funds that may be required.

The joint resolution as reported contains the abortion language which passed the House in the Labor-HEW bill. This language applies to all funds made available by the joint resolution.

Each Member will vote his conscience on this difficult issue, and I am sure that we will be considering different abortion language within the next few days.

However, I do urge my colleagues: However you vote on this issue, vote to pass the joint resolution.

The business of the Federal Government must go on, and billions of dollars for important Federal programs should not be held hostage for any single issue.

□ 1600

AMENDMENT OFFERED BY MR. BAUMAN

Mr. BAUMAN. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BAUMAN: On page 2, line 22, strike the period, insert a colon, and add the following: "*Provided*, That none of the funds made available by this joint resolution for Foreign Assistance and Related Programs shall be used for military or economic aid for Iran."

And on page 9, after line 22, insert the following new section:

"SEC. 110. Notwithstanding any other provision of this joint resolution, except section 102, none of the funds provided by this joint resolution shall be used for military or economic aid for Iran."

Mr. WHITTEN. Mr. Speaker, will the gentleman yield?

Mr. BAUMAN. Yes; I yield to the gentleman from Mississippi.

Mr. WHITTEN. Mr. Speaker, I have just read the amendment and I see no reason not to agree with it at this time. Should there be something with which I am not familiar, doubtless it could be straightened out in the other body. Speaking for myself, there is no objection to accepting the amendment on this side.

Mr. BAUMAN. Mr. Speaker, I appreciate the support of the gentleman from Mississippi, the distinguished chairman of the Appropriations Committee.

This amendment, simply and very flatly, cuts off any possibility of military or economic aid for the nation of Iran. I think that in carrying out the policy of the President, who I understand has already ordered the stopping of any existing aid in the pipeline, that the Congress of the United States has a concomitant duty to make it very plain that we also will not approve of any such assistance of any nature, until such time as perhaps we might reconsider upon the release of the hostages being held in Iran.

The Congress to date has not had a chance to express itself on this issue and I think a vote on this will make it plain to those who are in charge, if indeed there is a government in Iran, that the Congress joins the American people in saying, "We have had it up to here in being pushed around by Iran and its fanatic leaders." In speaking for the American people we represent, we will not permit any aid to these terrorists.

Mr. CONTE. Mr. Speaker, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from Massachusetts.

Mr. CONTE. Mr. Speaker, I want to point out to my colleague that as the ranking member on the Appropriations Committee, we certainly support this amendment. At the present time, to the best of my knowledge, there is no economic or military aid going to Iran, except for the UNDP program.

We support the amendment.

Mr. LONG of Maryland. Mr. Speaker, will the gentleman yield?

Mr. BAUMAN. I yield to my colleague, the gentleman from Maryland.

Mr. LONG of Maryland. Mr. Speaker, I just wanted to say to the gentleman, I am sure the gentleman realizes this is an empty amendment, that there is no economic or military aid going to Iran at the present time except for a relatively small amount for the U.N. development program for a multiyear operation. There are other problems, I might point out, that we ought to be dealing with and I hope we can deal with them at a later time when we are not within the constraints of a continuing resolution, such as large sums of money that Iran still owes to the United States and the possibility of large assets that Iran has in the United States.

As chairman of the Committee on Foreign Operations, I would like to look into that, but we cannot do it here.

Mr. BAUMAN. Mr. Speaker, I would say that this amendment not only goes to foreign assistance and related programs, but any program that this continuing resolution may cover and any form of assistance that may be provided to Iran. It is not by any means an empty amendment. It is my information that this bill contains at least $20 million in aid for Iran which will go through the United Nations. My amendment will cut that off. I am surprised my colleague from Maryland does not know this is in the bill since he is chairman of the Foreign Aid Subcommittee.

Mr. VOLKMER. Mr. Speaker, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from Missouri.

Mr. VOLKMER. Mr. Speaker, as I understand, the foreign assistance bill has not been passed, and that is part of the continuing resolution.

Mr. BAUMAN. That is correct.

Mr. VOLKMER. It is also my understanding under the funds that go to the various banks under the bill, there have been loans made to Iran so that they can purchase items in this country.

Mr. BAUMAN. I understand that is correct.

Mr. VOLKMER. The gentleman's amendment would prevent that, so that we could not during this time of crisis provide any form of assistance to Iran.

Mr. BAUMAN. I do not want to give them one red cent, including loans and my amendment prevents that.

Mr. VOLKMER. Mr. Speaker, I agree wholeheartedly, and support the amendment.

Mr. WOLFF. Mr. Speaker, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from New York.

Mr. WOLFF. Mr. Speaker, we have heard that we are not giving direct assistance to Iran under this particular piece of legislation.

I wonder if the gentleman knows, and others in the House know, that there are 274 Iranian pilots and naval personnel in training in the United States at the present time. I think they should be shipped home. This training should be terminated immediately.

Mr. BAUMAN. Mr. Speaker, I concur in the gentleman's suggestion and I think until we make it plain that the American people and their representatives will not put up any further with this type of treatment, it is likely to continue. I do not happen to believe that dealing from a quiet position of weakness is going to convince anyone, and this is a statement by the Congress of the United States of our position on this major issue.

Mr. Speaker, I urge support for the amendment.

Mr. CONTE. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, I certainly do not want the record to be muddled up on this issue about all these personnel being trained here. They are paying for this training, so this amendment does not touch them at all. We should address that issue in authorizing legislation.

There is no aid, economic or military or in the World Bank, going there, except for the UNDP. The World Bank has been out of Iran for about 5 years now.

Mr. Speaker, again, we strongly support the amendment.

Mr. WOLFF. Mr. Speaker, will the gentleman yield?

Mr. CONTE. Yes, gladly.

Mr. WOLFF. Mr. Speaker, the gentleman mentioned that we are not paying for the training. Although we are not paying directly for the training, it seems inconceivable to me that our Nation would train foreign military personnel, when that foreign nation is acting in an adversary position to the United States.

Mr. CONTE. I agree completely with the gentleman, but this amendment does not touch that. We will have to deal with that separately.

Mr. WOLFF. Today, I will introduce a resolution urging the termination of all military training of Iranians. I hope the gentleman will support the resolution.

Mr. CONTE. I just do not want the gentleman to get the wrong conception. There is no military, economic or World Bank aid going to Iran, except for the UNDP. We are dead set against giving any such aid. We join with the gentleman from Maryland.

Mr. VOLKMER. Mr. Speaker, will the gentleman yield on that point?

Mr. CONTE. Yes.

Mr. VOLKMER. Mr. Speaker, it is my understanding earlier from information I had received in my office when I investigated this, that there was money going to Iran by way of loans in order to specifically purchase products from this country. If that is erroneous, I will check it out; but I think it is wise to have this amendment.

Mr. Speaker, I strongly support the amendment to insure that no aid will go to Iran.

Mr. BAUMAN. Mr. Speaker, if the gentleman will yield, this guarantees there will be none in the future and no discretion remains.

Mr. DICKS. Mr. Speaker, will the gentleman yield?

Mr. CONTE. I will be glad to yield to the gentleman from Washington.

Mr. DICKS. Mr. Speaker, I think the gentleman is absolutely correct. This is a good opportunity for the House of Representatives to indicate to the Iranians and to the world community how we feel about this issue.

I am certain there is some money somewhere being spent on Iran and this would stop it.

Mr. CONTE. Mr. Speaker, this amendment puts the House on record that we are very upset about what is happening in Iran. For that I commend the gentleman from Maryland (Mr. BAUMAN) for initiating the amendment. I want the record to be very clear on that.

While this continuing resolution may not be the best vehicle due to its temporary nature, it is important that we take this opportunity to stand with our President now to demonstrate our firm resolve as a united nation. Americans are just plain mad—as mad as I have witnessed during my service in the House. I hope we will have a recorded vote on this amendment, and that it will be adopted unanimously. In casting this vote, we will demonstrate to Iran that our constituents are outraged at the barbarian actions in Teheran.

Mr. YOUNG of Florida. Mr. Speaker, will the gentleman yield?

Mr. CONTE. I yield to my good friend, the gentleman from Florida, the ranking member of the Foreign Operations Subcommittee.

Mr. YOUNG of Florida. Mr. Speaker, I thank the gentleman for yielding.

I would like to respond to the gentleman from Washington, that there is money in this bill that will go to Iran through the United Nations development program.

As the gentleman from Massachusetts (Mr. CONTE) said earlier, there is a $20 million 5-year program for technological development in Iran through the United Nations development program.

Hopefully, the amendment of the gentleman from Maryland (Mr. BAUMAN) will get to that.

Mr. DICKS. Mr. Speaker, I think that is a very good reason and I think we ought to go ahead and get a record vote on this.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Maryland (Mr. BAUMAN).

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. BAUMAN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 379, nays 0, not voting 54, as follows:

[Roll No. 655]

YEAS—379

Abdnor
Addabbo
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Applegate
Archer
Ashbrook
Aspin
Atkinson
AuCoin
Bafalis
Bailey
Baldus
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Blanchard
Boland
Bolling
Boner
Bonior
Bouquard
Bowen
Brademas
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Ohio
Broyhill
Burgener
Burlison
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cavanaugh
Chappell
Cheney
Chisholm
Clausen
Clay
Clinger
Coleman
Collins, Ill.
Collins, Tex.
Conable
Conte
Conyers
Corcoran
Corman
Cotter
Coughlin
Courter
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Daschle
Davis, Mich.
Davis, S.C.
de la Garza
Deckard
Derrick

Derwinski
Devine
Dickinson
Dicks
Dingell
Dixon
Dodd
Donnelly
Dornan
Dougherty
Downey
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Edwards, Ala.
Edwards, Calif.
Edwards, Okla.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Ga.
Evans, Ind.
Fary
Fascell
Fazio
Ferraro
Findley
Fish
Fisher
Fithian
Flippo
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fowler
Frenzel
Frost
Garcia
Gaydos
Giaimo
Gibbons
Gilman
Gingrich
Ginn
Glickman
Gonzalez
Goodling
Gore
Gradison
Gramm
Grassley
Gray
Green
Grisham
Guarini
Gudger
Guyer
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hanley
Hansen
Harkin
Harris
Harsha
Hawkins
Hefner
Heftel
Hightower
Hillis
Hinson
Hollenbeck
Holt
Hopkins
Horton
Howard
Hubbard
Huckaby
Hughes
Hutto
Hyde
Ichord
Ireland
Jacobs
Jeffords
Jeffries
Jenkins
Jenrette
Johnson, Calif.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kazen
Kelly
Kildee
Kindness
Kogovsek
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lederer
Lehman
Leland
Lent
Levitas
Lewis
Livingston
Lloyd
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Lujan
Luken
Lundine
Lungren
McClory
McCormack
McDade
McDonald
McEwen
McHugh
McKay
Madigan
Maguire
Markey
Marks
Marlenee
Marriott
Martin
Mathis
Matsui
Mavroules
Mica
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Mottl
Murphy, Ill.
Murphy, N.Y.
Murphy, Pa.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Nedzi
Nelson
Nichols
Nolan
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Panetta
Pashayan
Patten
Patterson
Paul
Pease
Pepper
Perkins
Petri
Pevser
Pickle
Preyer
Price
Pritchard
Pursell
Quayle
Quillen
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Richmond
Rinaldo
Ritter
Roberts
Robinson
Rodino
Roe
Rose
Rostenkowski
Roybal
Royer
Rudd
Runnels
Russo
Sabo
Satterfield
Sawyer
Scheuer
Seiberling
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Simon
Skelton
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Steed
Stenholm
Stewart
Stockman
Stokes
Stratton
Studds
Stump
Swift
Symms
Synar
Tauke
Taylor
Thomas
Thompson
Traxler
Trible
Udall
Ullman
Van Deerlin
Vander Jagt
Vanik
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Waxman
Weaver
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Winn
Wirth
Wolff
Wolpe
Wright
Wyatt
Wydler
Wylie
Yates
Yatron
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

NAYS—0

NOT VOTING—54

Anderson, Ill.
Ashley
Badham
Barnard
Boggs
Bonker
Breaux
Buchanan
Burton, John
Campbell
Cleveland
Coelho
Crane, Philip
Dannemeyer
Dellums
Diggs
Eckhardt
Edgar
Evans, Del.
Fenwick
Flood
Fuqua
Gephardt
Goldwater
Hagedorn
Heckler
Holland
Holtzman
Johnson, Colo.
Jones, N.C.
Kemp
Kostmayer
Lee
McCloskey
McKinney
Mattox
Mazzoli
Michel
Mikulski
Neal
Rahall
Rosenthal
Roth
Rousselot
Santini
Schroeder
Schulze
Sebelius
Snowe
Solomon
Stark
Treen
Wilson, Tex.
Young, Alaska

□ 1620

The Clerk announced the following pairs:

Mr. Eckhardt with Mr. Anderson of Illinois.

Mr. Diggs with Mr. Badham.

Ms. Holtzman with Mr. Buchanan.

Mr. Coelho with Mrs. Heckler.

Mr. Fuqua with Mr. Kemp.

Mr. Gephardt with Mr. McCloskey.

Mr. Dellums with Mr. Young of Alaska.

Mr. Rahall with Mr. Solomon.

Mr. Rosenthal with Mrs. Snowe.

Ms. Mikulski with Mr. Rousselot.

Mr. Neal with Mr. Sebelius.

Mr. Santini with Mr. Roth.

Mr. Mattox with Mr. McKinney.

Mrs. Schroeder with Mr. Evans of Delaware.

Mr. Kostmayer with Mrs. Fenwick.

Mr. Holland with Mr. Goldwater.

Mrs. Boggs with Mr. Hagedorn.

Mr. Breaux with Mr. Schulze.

Mr. John L. Burton with Mr. Cleveland.

Mr. Edgar with Mr. Campbell.

Mr. Bonker with Mr. Philip M. Crane.

Mr. Barnard with Mr. Dannemeyer.

Mr. Ashley with Mr. Lee.

Mr. Jones of North Carolina with Mr. Mazzoli.

Mr. Stark with Mr. Charles Wilson of Texas.

Mr. WINN changed his vote from "nay" to "yea."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. LEVITAS

Mr. LEVITAS. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LEVITAS: Page 6, line 2, strike out "March 31, 1980" and insert in lieu thereof "February 15, 1980."

Mr. LEVITAS. Mr. Speaker, I ask unanimous consent to modify the amendment by changing the word "February" to the word "March."

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

(Mr. LEVITAS asked and was given permission to revise and extend his remarks.)

Mr. LEVITAS. Mr. Speaker, the purpose of this amendment is to shorten the period for which the Federal Trade Commission will be appropriated funds.

Mr. WHITTE. Mr. Speaker, will the gentleman yield?

Mr. LEVITAS. I yield to the gentleman from Mississippi.

Mr. WHITTEN. Mr. Speaker, may I say that I have discussed this with the gentleman and the chairman of the subcommittee. I personally have no objection to the amendment as offered. I cannot speak for all my colleagues on the committee because I have not talked to them about it.

Mr. LEVITAS. I thank the gentleman.

Mr. CONTE. Mr. Speaker, will the gentleman yield.

Mr. LEVITAS. I yield to the gentleman from Massachusetts.

Mr. CONTE. Mr. Speaker, I have discussed the amendment with the gentleman in the well before he offered it, and I have no objection to the amendment.

Mr. LEVITAS. I thank the gentleman.

Mr. DICKS. Mr. Speaker, will the gentleman yield?

Mr. LEVITAS. I yield to the gentleman from Washington.

Mr. DICKS. I thank the gentleman for yielding.

Mr. Speaker, it certainly seems to me to be a reasonable compromise. I share the concern of both the gentleman in the well and the concern of the subcommittee chairman, the gentleman from West Virginia (Mr. SLACK), regarding the fact that this bill just does not seem to get on the calendar and finally acted on.

I am told that the bill is going to be up tomorrow and we can get it passed in the House, and I hope that the leadership will follow through on that promise.

Mr. LEVITAS. I thank the gentleman for his contribution.

Mr. Speaker, I have received assurances from the leadership that this bill, the FTC authorization bill, will be voted on in the House tomorrow. I hope that we can rely upon those assurances.

This particular situation is really a disgrace. There has been no authorization for the FTC for over 2 years now. We defeated the FTC authorization last year. This year the FTC authorization bill, containing a legislative veto provision, was reported out on May 14 but for some strange reason has not been voted on. The only reason FTC is still alive is that the Appropriations Committee has passed continuing resolutions to keep it going. I know the great difficulty under which the Appropriations Committee has been working. I know the chairman of the Appropriations Subcommittee shares my concern and the chairman of the full committee. I commend them for what they have done under very adverse circumstances.

I hope that by the acceptance of this amendment we will communicate a message to the leadership and to the other body that the time has come to fish or cut bait and get this authorization bill before the Congress and act on it one way or another.

Furthermore, after the time period for continuing the FTC in this amendment, I certainly hope and expect that there will be no further funding of the FTC—not a single penny—until there is an authorization bill signed into law.

Mr. DICKS. If the gentleman will yield, I totally agree with the gentleman. I think it is time to get this bill up and to vote on it.

Mr. SLACK. Mr. Speaker, will the gentleman yield?

Mr. LEVITAS. I yield to the gentleman from West Virginia.

Mr. SLACK. I thank the gentleman for yielding.

Mr. Speaker, I have no objection at all to the March 15 date. But let me say to the gentleman that they have not been funded through a continuing resolution for 2 years. They have been funded through an appropriation for 2 years. What I am saying is simply this: The Appropriations Committee has carried the Federal Trade Commission for 2 years.

Mr. LEVITAS. Mr. Speaker, the gentleman is absolutely correct. I do not think it is fair to the Appropriations Committee. I do not think it is fair to the Congress. I think the time has come for this Congress to work its will and define the role of the FTC through the proper process of an authorization bill, and I certainly hope and trust that this amendment will aid the Appropriations Committee in its efforts in dealing with the other body.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Georgia (Mr. LEVITAS), as modified.

The amendment, as modified, was agreed to.

□ 1630

AMENDMENT OFFERED BY MR. ASHBROOK

Mr. ASHBROOK. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ASHBROOK: On page 9, after line 22 insert the following new section:

"SEC. 110. Notwithstanding any other provision of this joint resolution, none of the funds provided by this joint resolution shall be used to provide any direct or indirect economic support for any individual present in the United States in violation of any immigration and nationality law."

Mr. ASHBROOK. Mr. Speaker, this is a very short four-line amendment, one sentence. I think most of us, as we go home, have our constituents asking us why do we not try to do something about the illegal alien situation in our country. We all talk about it. We rarely do anything.

This amendment is drafted with one idea in mind and it is the product of many of us. I know the gentleman from New York (Mr. SOLOMON) had to leave. He was one of the codrafters of this amendment. Many of us believe the time has come for the Congress to act like it wants to do something about the problem of illegal aliens.

Simply stated, I believe we should start addressing this acute problem in every bill before us to make sure that taxpayers' money does not go for any indirect economic support or direct economic support for people who are in the United States in violation of immigration and nationality laws. To the extent that we help them by these programs, we encourage the influx of other aliens.

I would hope this amendment would pass.

Mr. Speaker, I yield back the balance of my time.

Mr. WHITTEN. Mr. Speaker, this is the first we have seen of this amendment and we do not know what the real impact of it might be. I appreciate what my friend from Ohio wishes to do, and I may share the gentleman's concern.

As a lawyer I see that one thing it lacks is that it does not have the words, "* * * shall be used knowingly." It is uncertain how this would relate to some criminal statutes. Without the word "knowingly," we might be carrying this further than we intended.

Certainly, I have no objection to the apparent purpose of the amendment, but not having had a chance to study it we cannot say where it might lead us.

Mr. ASHBROOK. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Ohio.

Mr. ASHBROOK. I thank the gentleman for yielding.

That is a very good point, but I think the gentleman recognizes that if the Congress is indeed going to start in this direction, we have got to be awful careful how we do it. How can we possibly pin it down to every opinion, every bureaucrat, to everybody administering it and say "knowingly" if we start out by saying, "It shall not be used." Maybe, just maybe, in some of these agencies, they will start using bureaucratic regulations that they seem to use against productive Americans in this direction.

Mr. WHITTEN. When we get an amendment of this sort, I do not know how many employees they might ask us to fund to carry out the purposes of this. There are many uncertainties involved.

I hesitate to accept the amendment, because I do not know how far reaching it is.

I do agree with what I take to be the purpose of the amendment.

Mr. ASHBROOK. If my colleague will yield further, I would say to my friend and to my esteemed colleague whose leadership I have followed for years; and I know he is raising a valid point, but I would also ask him, Does not it seem rather strange we in Congress find ourselves concerned whether or not they have the employees, the capacity to administer an amendment of this type, when they seem to have every type of proficiency to get involved in local schools, to get involved in every small business, to get involved in homes, everything at the local level. They can find the proficiency, the manpower, and the regulations to do it, but when it comes to making some small effort to stem the flow of millions of illegal aliens in this country and direct American taxpayers' funds that go to them, we sit back and say, "By golly, I do not think they have the time, manpower or ability to do it."

I think if we at least accepted this telegram—it is not as specific as I would like to make it—my colleague correctly pointed out it does not say "knowingly." I would just like to see us be on record once, saying to the agencies involved in this continuing resolution, let us make some start at stemming the flow of illegal immigration.

Mr. WHITTEN. My colleague has made a very good presentation. As he understands, I agree with the gentleman's apparent purpose. However, agreeing with the purpose makes me wonder whether we need to start this on the continuing resolution. The gentleman understands that when the regular appropriations bills are finally agreed on this provision would become superseded and be inoperative.

I would suggest that my friend might wish to withdraw it and let us study the subject a little more and deal with it in the regular bills when they come before us, rather than the continuing resolution.

Mr. BROWN of California. Mr. Speaker, I move to strike the last word.

Mr. Speaker, I would like to add my own voice to that of the chairman in requesting the distinguished gentleman from Ohio (Mr. ASHBROOK) to withdraw his amendment.

I understand his laudable feelings that the laws of the United States should be enforced. I do not think, and perhaps I misjudged the gentleman, that he understands the complexity of this situation. We have a Presidential commission studying this at the present time. We have numerous bodies within the Congress studying this problem at the present time. Yet, the gentleman offers an amendment which purports to go to the heart of this problem and solve it in a few well-chosen words on a continuing resolution.

I beg the gentleman to consider whether or not he is pursuing this in the most effective way.

If he does really want to insist that none of the funds in this appropriation shall be used as indicated in his amendment, I wonder if he would likewise consider an amendment to his amendment which would say that no funds in the form of income taxes, social security taxes, unemployment taxes, or other forms of taxes be collected from these individuals who are over here without benefit of law. I assure him that every study that has been made of this situation indicates that these undocumented workers are paying far more into the U.S. Treasury than they are taking out of the U.S. Treasury.

Mr. ASHBROOK. Mr. Speaker, will the gentleman yield?

Mr. BROWN of California. I yield to the gentleman from Ohio.

Mr. ASHBROOK. The point to the question propounded to the proposer of the amendment, my answer is, I would, but under the rules of the House, I clearly could not put that in an amendment

Mr. CHARLES H. WILSON of California. Mr. Speaker, will the gentleman yield?

Mr. BROWN of California. I yield to the gentleman from California.

Mr. CHARLES H. WILSON of California. I think the gentleman from Ohio (Mr. ASHBROOK) mentioned he was not sure whether there was any money in this bill for the problem that he brought up. I would say that unless he knows that there is money, we are just cluttering up a bill that should not have to have this kind of an amendment in it, unless he can tell us that there is something actually that his amendment applies to.

I would hope that we could reject the amendment unless there is a good reason for it.

Mr. BROWN of California. I thank the gentleman for his comments.

Mr. ROYBAL. Mr. Speaker, will the gentleman yield?

Mr. BROWN of California. I yield to the gentleman from California.

Mr. ROYBAL. The gentleman from California is definitely correct, particularly in his analysis of the effect of the amendment.

This amendment would definitely prohibit any of these funds to be used for those who may be here illegally. The word "intentional" is nowhere in the amendment, but anyone who may be here illegally will be affected by this particular amendment, which means also that that same person may have American-born children, all citizens of the United States, who would be affected by virtue of the fact that the parent under this language is the one who is affected.

Therefore, this amendment has wide consequences.

It is, in my opinion, not the proper place for such an amendment to be offered, particularly in view of the fact that the administration, as the gentleman from California has already stated, has under study the situation, and under those conditions, I believe that this amendment should be withdrawn at this particular time.

If it is not withdrawn, I agree with the gentleman from California that this amendment should not be adopted.

Mr. BROWN of California. I thank the gentleman very much for his contribution.

I would just like to conclude by saying that there are several aspects of this that bother me. There is a human rights aspect, of course, in that the President of the United States has pledged to the President of Mexico that those citizens of Mexico who are in this country illegally will receive the same protection of the law that a legal resident of this country would receive.

☐ 1640

It would have a tremendously detrimental effect upon our relationships with not just Mexico but all of the countries of the Western Hemisphere if, by adopting this language, we began to take steps which will be construed as discriminating against the very large number of undocumented workers, largely Hispanic, in this country.

The SPEAKER pro tempore. The time of the gentleman from California has expired.

(By unanimous consent Mr. BROWN of California was allowed to proceed for 2 additional minutes.)

Mr. BROWN of California. Mr. Speaker, I would also tell the gentleman very frankly this would have a tremendously adverse and detrimental economic effect in my own district and in all of southern California. I think the gentleman knows that a good part of the labor force in that area and, in fact, throughout much of the Southwestern United States, as well as the eastern seaboard and Washington, D.C. itself is provided by workers who are here without benefit of documentation. So I can speak selfishly to the gentleman, I would get a tremendous repercussion, were this to be adopted, from the business people, the agriculturalists, the hotel and restaurant owners, and the whole category of people who for one reason or another have become highly dependent upon this work force from our neighbors to the south.

Mr. ASHBROOK. Mr. Speaker, will my colleague yield?

Mr. BROWN of California. I yield to the gentleman.

Mr. ASHBROOK. I understand the problems of my colleague, but I would have to admit I think he has entered some interesting observations in this debate. All of a sudden we have elevated an illegal alien to a second-class citizen. I mean, how in the world can a person who is not a citizen in the first place be a second-class citizen?

Second, how can the President of the United States make promises to the heads of foreign countries, notwithstanding laws we have? The laws are very clear. I am just hoping the laws will be enforced.

But I do agree with what the gentleman has said, the thrust of it and the fact that this is a many-faceted problem. It probably cannot be resolved by an amendment of this type, and I will not press for a vote.

Mr. BROWN of California. I would thank the gentleman for that. I think he is demonstrating his usual reasonableness.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Ohio (Mr. ASHBROOK).

The amendment was rejected.

GENERAL LEAVE

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the joint resolution just considered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. WHITTEN. Mr. Speaker, I move the previous question on the joint resolution, and all amendments thereto, to final passage.

The previous question was ordered.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MEAT IMPORT ACT OF 1979

Mr. QUILLEN. Mr. Speaker, I call up House Resolution 454 and ask for its immediate consideration.

POINT OF ORDER

Mr. CHARLES H. WILSON of California. Mr. Speaker, I make a point of order.

The SPEAKER pro tempore. The gentleman will state his point of order.

Mr. CHARLES H. WILSON of California. Are the rules called up by the majority or the minority?

Mr. QUILLEN. Mr. Speaker, I would like to advise the gentleman from California that any member of the Rules Committee can call up a resolution which has been reported for 7 days.

Mr. CHARLES H. WILSON of California. I was going to move we adjourn, Mr. Speaker.

Mr. QUILLEN. Mr. Speaker——

Mr. CHARLES H. WILSON of California. Mr. Speaker, I have a preferential motion.

The SPEAKER pro tempore. Does the gentleman from California move a call of the House?

Mr. CHARLES H. WILSON of California. Mr. Speaker, I move we adjourn.

Mr. QUILLEN. Mr. Speaker, I withdraw my request.

Mr. CHARLES H. WILSON of California. Mr. Speaker, I move we adjourn.

Mr. Speaker, I withdraw my motion.

CALL OF THE HOUSE

Mr. CONTE. Mr. Speaker, I move a call of the House.

The SPEAKER pro tempore. Without objection, a call of the House is ordered.

Mr. BAUMAN. I object.

Mr. CHARLES H. WILSON of California. Mr. Speaker, I make the motion for a call of the House.

The SPEAKER pro tempore. The question is shall there be a call of the House.

The question was taken and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. BAUMAN. Mr. Speaker, division.

The SPEAKER pro tempore. The gentleman asks for a division. Those in favor of a call of the House will rise and remain standing until counted.

Mr. CHARLES H. WILSON of California. I withdraw the motion.

POINT OF ORDER

Mr. BAUMAN. Mr. Speaker, point of order. The gentleman is in the middle of a division. He cannot withdraw.

The SPEAKER pro tempore. The gentleman is correct. The Chair will continue to count.

The question was taken; and on a division (demanded by Mr. BAUMAN) there were—ayes zero, noes 22.

So the motion was not agreed to.

PARLIAMENTARY INQUIRY

Mr. BAUMAN. Mr. Speaker, would it be in order for the gentleman from Maryland to object on the grounds that a quorum is not present? Would that be in order?

The SPEAKER pro tempore. That is not in order under clause 6(a)(4), rule XV.

Mr. BAUMAN. I may do it if you keep pushing me. Is it in order or is it not?

The SPEAKER pro tempore. A motion for a call of the House does not require a quorum.

Mr. BAUMAN. Well, then—no, I will not even bother.

Mr. LONG of Louisiana. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 454 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 454

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 2727) to modify the method of establishing quotas on the importation of certain meat, to include within such quotas certain meat products, and for other purposes, and the first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

☐ 1650

The SPEAKER pro tempore (Mr. MURTHA). The gentleman from Louisiana (Mr. LONG) is recognized for 1 hour.

Mr. LONG of Louisiana. Mr. Speaker, I yield 30 minutes for the purpose of debate only to the gentleman from Tennessee (Mr. QUILLEN), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 454 provides for consideration of H.R. 2727, the Meat Import Act of 1979, a bill to modify the method of establishing quotas on the importation of certain meat, to include within such quotas certain meat products, and for other purposes. The resolution provides a 1-hour open rule with one motion to recommit. It also dispenses with the first reading of the bill. No waivers are granted by the adoption of this rule.

H.R. 2727, as amended by the Committee on Ways and Means, provides a countercyclical meat import formula which will help both consumers and producers. The bill will permit more imports of meat over the cattle cycle than would be permitted under the current law. It will permit greater imports of meat when domestic supplies are low and consumer prices are high, thus moderating the rise in beef prices. And it will permit smaller imports of meat when domestic supplies are abundant and consumer prices are low, thus moderating the decline in prices for producers.

The purpose of meat import quotas is to smooth out the undesirable effects of abnormal cyclical meat supplies by allowing greater imports of foreign meats when domestic supplies are low.

No one benefits ultimately from boom-and-bust commodity cycles. Enactment of the countercyclical formula in H.R. 2727 should provide additional protection to beef producers during periods of cattle herd liquidation when prices are relatively quite low, but it should also be beneficial to consumers during periods of cattle herd rebuilding, when prices are higher.

The legislation also guarantees the supplying nations that, regardless of the operation of the countercyclical formula, they will be provided a minimum access level to this country of 1.2 billion pounds per year.

The only apparent controversy in the bill is in the amount of this access level. It is my understanding that an amendment agreeable to the administration and other Members may be offered to adjust further this access level.

Mr. Speaker, this legislation is very important to consumers and producers alike. I urge my colleagues to adopt House Resolution 454 so that we may proceed to the consideration of H.R. 2727.

Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may use.

Mr. Speaker, the gentleman from Louisiana (Mr. LONG) has described the provisions of the resolution and the bill it makes in order. This is a measure that is long overdue. It protects the producers and consumers in America.

Mr. Speaker, I have no requests for time. I urge the adoption of the resolution and the measure when it reaches the floor of the House.

Mr. Speaker, I reserve the balance of my time.

Mr. LONG of Louisiana. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio (Mr. VANIK).

Mr. VANIK. Mr. Speaker, I support the resolution from the Rules Committee providing for debate and amendments to H.R. 2727, the Meat Import Act of 1979.

Under current law, import quotas for meat are highest when domestic production is high and supplies are plentiful. The quotas are lowest when domestic production is low and supplies are tighter. Within the time frame of a cattle cycle this law has operated in a manner destructive to supply and demand conditions in the U.S. market.

The countercyclical method of determining imports and the other major provisions of H.R. 2727 amend the Meat Import Act of 1964 for the purpose of stabilizing U.S. beef and veal production and prices at levels adequate to provide a fair return to domestic producers of beef and veal, and to insure U.S. consumers of beef and veal adequate supplies at reasonable, stable prices.

To debate on this bill will show that this is a consumer bill, designed to convert the present inadequate law into a measure that will help both consumers and producers.

We considered and passed similar legislation last year, but it was vetoed after the Congress adjourned, because the President felt it unduly restricted his discretion to adjust quotas in the event of emergencies and supply shortages. The committee has addressed the problems mentioned in the President's veto message, and we believe that the bill H.R. 2727, if enacted, will be signed into law.

I urge approval of the resolution.

Mr. LONG of Louisiana. Mr. Speaker, I have no further requests for time, and I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. TAUKE. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quroum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 372, nays 5, not voting 56, as follows:

[Roll No. 656]

YEAS—372

Abdnor
Addabbo
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Applegate
Archer
Ashbrook
Aspin
Atkinson
AuCoin
Bafalis
Bailey
Baldus
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Blanchard
Boland
Bolling
Boner
Bonior
Bouquard
Bowen
Brademas
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burlison
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cavanaugh
Chappell
Cheney
Chisholm
Clausen
Clay
Clinger
Coleman
Collins, Ill.
Collins, Tex.
Conable
Conte
Conyers
Corcoran
Corman
Cotter
Coughlin
Courter
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Daschle
Davis, Mich.
Davis, S.C.
de la Garza
Deckard
Dellums
Derrick
Derwinski
Devine
Dickinson
Dicks
Dixon
Dodd
Donnelly
Dornan
Downey
Drinan
Duncan, Oreg.
Early
Eckhardt
Edwards, Ala.
Edwards, Calif.
Edwards, Okla.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Ga.
Evans, Ind.
Fary
Fascell
Fazio
Ferraro
Findley
Fish
Fisher
Fithian
Flippo
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fowler
Frenzel
Frost
Garcia
Gaydos
Giaimo
Gibbons
Gingrich
Ginn
Glickman
Gonzalez
Goodling
Gore
Gradison
Gramm
Grassley
Green
Grisham
Guarini
Gudger
Guyer
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hanley
Hansen
Harkin
Harris
Harsha
Hawkins
Hefner
Heftel
Hightower
Hillis
Hinson
Hollenbeck
Holt
Hopkins
Horton
Howard
Hubbard
Huckaby
Hughes
Hutto
Hyde
Ichord
Ireland
Jacobs
Jeffords
Jeffries
Jenkins
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kazen
Kelly
Kildee
Kindness
Kogovsek
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lehman
Leland
Lent
Levitas
Lewis
Livingston
Lloyd
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Lujan
Luken
Lundine
Lungren
McClory
McCormack
McDade
McDonald
McEwen
McHugh
McKay
Madigan
Maguire
Markey
Marks
Marlenee
Marriott
Martin
Mathis
Matsui
Mavroules
Mica
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Murphy, Ill.
Murphy, Pa.
Murphy, N.Y.
Murtha
Myers, Ind.
Natcher
Nedzi
Nelson
Nichols
Nolan
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Panetta
Pashayan
Patten
Patterson
Paul
Pease
Perkins
Petri
Peyser
Pickle
Preyer
Price
Pursell
Quayle
Quillen
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Richmond
Rinaldo
Ritter
Roberts
Robinson
Rodino
Roe
Rose
Rostenkowski
Roybal
Royer
Rudd
Runnels
Russo
Sabo
Satterfield
Sawyer
Scheuer
Seiberling
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Simon
Skelton
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
St Germain
Staggers
Stangeland
Stanton
Stenholm
Stewart
Stockman
Stokes
Stratton
Studds
Stump
Swift
Symms
Synar

Tauke
Taylor
Thomas
Thompson
Traxler
Trible
Udall
Ullman
Van Deerlin
Vander Jagt
Vanik
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Waxman
Weaver
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Winn
Wirth
Wolff
Wolpe
Wright
Wyatt
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

NAYS—5

Dougherty
Gray
Lederer
Myers, Pa.
Wydler

NOT VOTING—56

Ashley
Badham
Barnard
Boggs
Bonker
Breaux
Burton, John
Campbell
Cleveland
Coelho
Crane, Philip
Dannemeyer
Diggs
Dingell
Duncan, Tenn.
Edgar
Evans, Del.
Fenwick
Flood
Fuqua
Gephardt
Gilman
Goldwater
Hagedorn
Heckler
Holland
Holtzman
Jones, N.C.
Kemp
Kostmayer
Lee
McCloskey
McKinney
Mattox
Mazzoli
Michel
Mikulski
Mottl
Neal
Pepper
Pritchard
Rahall
Rosenthal
Roth
Rousselot
Santini
Schroeder
Schulze
Sebelius
Snowe
Solomon
Stack
Stark
Steed
Treen
Wilson, Tex.

□ 1710

The Clerk announced the following pairs:

Mr. Pepper with Mr. Cleveland.
Mr. Rosenthal with Mr. Dannemeyer.
Mrs. Schroeder with Mr. Philip M. Crane.
Mr. Steed with Mr. McCloskey.
Ms. Mikulski with Mr. Solomon.
Mr. Mottl with Mr. McKinney.
Mr. Jones of North Carolina with Mr. Evans of Delaware.
Mr. Gephardt with Mrs. Snowe.
Mr. Fuqua with Mr. Roth.
Mr. Ashley with Mr. Sebelius.
Mr. Edgar with Mr. Pritchard.
Mr. Mattox with Mr. Rousselot.
Mr. Dingell with Mr. Schulze.
Mr. Coelho with Mr. Lee.
Mr. John L. Burton with Mr. Kemp.
Mrs. Boggs with Mrs. Heckler.
Ms. Holtzman with Mr. Goldwater.
Mr. Breaux with Mr. Gilman.
Mr. Kostmayer with Mr. Campbell.
Mr. Mazzoli with Mr. Duncan of Tennessee.
Mr. Santini with Mrs. Fenwick.
Mr. Rahall with Mr. Badham.
Mr. Neal with Mr. Hagedorn.
Mr. Stack with Mr. Barnard.
Mr. Charles Wilson of Texas with Mr. Stark.
Mr. Bonker with Mr. Diggs.
Mr. Holland with Mr. Michel.

Mr. DOUGHERTY changed his vote from "yea" to "nay."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. ALEXANDER. Mr. Speaker, on Friday, November 9, 1979, I was unavoidably detained in conference and was, therefore, not recorded on rollcalls Nos. 645 and 646. Had I been present on rollcall No. 645, a motion to resolve into the Committee of the Whole on H.R. 2335, the Solar Power Satellite Research and Development Program Act, I would have voted "yea," and I would have recorded my presence on the quorum call that shortly followed.

PERMISSION FOR COMMITTEE ON THE JUDICIARY AND SUBCOMMITTEE ON MONOPOLIES AND COMMERCIAL LAW OF THE COMMITTEE ON THE JUDICIARY TO SIT TOMORROW MORNING, NOVEMBER 14, 1979, DURING 5-MINUTE RULE

Mr. HUGHES. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary and the Subcommittee on Monopolies and Commercial Law of the Committee on the Judiciary be permitted to sit tomorrow morning, November 14, while the House is reading for amendments under the 5-minute rule.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

MEAT IMPORT ACT OF 1979

Mr. ULLMAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 2727) to modify the method of establishing quotas on the importation of certain meat, to include within such quotas certain meat products, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Oregon (Mr. ULLMAN).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 2727, with Mr. GORE in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from Oregon (Mr. ULLMAN) will be recognized for 30 minutes, and the gentleman from Minnesota (Mr. FRENZEL) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Oregon (Mr. ULLMAN).

Mr. ULLMAN. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, H.R. 2727, as reported by the Committee on Ways and Means, is a well-balanced bill which meets the needs of both producers and consumers for greater stability in the price of beef.

Under existing law, the levels of beef and veal imports rise and fall in relation with the increases and decreases in the domestic commercial production of beef and veal. The current law actually exacerbates the destructive boom and bust nature of the cattle cycle. Because of this weakness, the statutorily mandated limits on imports of fresh, chilled, and frozen meat have frequently been set aside by the President in times when domestic supplies are tight. Although these Presidential actions to suspend or increase the quotas are immensely unpopular among cattlemen, the current law provides no other means for increasing imports when domestic production is low. Additionally, current law does not provide any means for restraining the increase in meat imports resulting under the law when domestic supplies are high and prices are depressed due to the liquidation phase of the cattle cycle.

The countercyclical formula contained in H.R. 2727 is intended to correct these deficiencies. It should be stressed that this formula is no more restrictive over the current 10-year cattle cycle than current law. In fact, it is estimated that in years of high prices it will help consumers by letting in more beef than would be allowed under current law. It simply controls the yearly flow of imports into this country in a manner that is more complimentary to U.S. production, thus achieving a stabilizing effect for domestic consumers and cattlemen.

The committee believes that H.R. 2727 is unique in combining benefits for both consumers and producers. No one benefits from boom and bust commodity cycles; H.R. 2727 will help bring some greater stability to the supply and price of beef, thus providing a major improvement for the American livestock industry.

As USDA reported to the committee:

> Enactment of the countercyclical formula would provide additional protection to beef producers during periods of cattle herd liquidation when prices are relatively quite low, but it would also be beneficial to consumers during periods of cattle herd rebuilding, when prices are higher. For example, had the countercyclical formula been in place for 1979, allowable imports under the law would have been even higher than the level announced by the President after he suspended the quota. This would have benefitted consumers and would have helped to retard the rate of food price inflation.

Mr. Chairman, during this session of Congress, 20 bills cosponsored by 150 Members of Congress were introduced to amend the Meat Import Act of 1964. The Subcommittee on Trade held 2 complete days of hearings on these proposals last year and an additional day of hearings on April 30 of this year, during which testimony was received from Members of Congress, domestic producers, consumers, and importers.

In favorably reporting H.R. 2727, the Committee on Ways and Means very carefully considered: First, the need to provide American consumers adequate supplies of beef at reasonable, stable prices; second, the need to maintain a strong, viable domestic cattle industry and eliminate the boom and bust cycles of recent years; and third, the need to provide our major trading partners adequate access to our market so that they can properly plan their production to coincide with our import needs. I believe we have a bill which meets these needs and which will be signed into law.

The Congress approved similar legislation last year which the President vetoed primarily because he was displeased with the new statutory criteria for Presidential action regarding quotas in response to changed market conditions. I am informed that the statutory criteria for Presidential action to suspend quotas contained in H.R. 2727 is acceptable to the administration.

The committee-reported bill provided for a minimum access level of 1.2 billion pounds of meat, although the administration continued to request a higher import guarantee of 1.3 billion pounds. Since the bill has been reported, there have been discussions between various interested groups and major foreign suppliers, and a broad consensus has developed to amend the bill before us to provide for a compromise minimum import level of 1.25 billion pounds. It is my understanding that an amendment providing for a minimum import level of 1.25 billion pounds will be offered. I support that compromise as a way to end the last major controversy involved in this legislation.

I believe that H.R. 2727 will be extremely beneficial to this Nation and I strongly urge its passage.

Mr. LEDERER. Mr. Chairman, we have before us today, H.R. 2727, the meat import bill of 1979. As you know, this is the second year that we have discussed this legislation in this Chamber. In 2 years, I have yet to be convinced of the necessity of this legislation. It is not needed. It is inflationary. It is counterproductive. And it will inject uncertainty into our trade relations.

We have been told that H.R. 2727 will inject stability into the current meat import and domestic meat market. It is claimed that our domestic meat markets are now marked by great fluctuations because of these beef imports. Mr. Chairman, I have yet to understand how beef imports, which have consistently held at between 7 and 8 percent of domestic consumption for the past 15 years, have caused these fluctuations. I am afraid that the problems of the cattlemen are created in our own domestic beef markets. I think that their management of herds are, at least, open to question. However, you do not solve a domestic marketing problem by attacking needed imports. H.R. 2727 would create great uncertainty among our beef trading partners. This would make us vulnerable to similar actions by foreign countries on our exports. I do not think this is wise.

Now, H.R. 2727 would supposedly modify the current methods of importing beef by imposing a countercyclical program on our beef imports. Thus, when domestic beef production increases, our foreign imports of beef would decrease. This proposal is all very neat and orderly. It is also very erroneous and misunderstands the purpose of imported beef.

Most beef that is imported does not compete with domestic production. Almost 85 percent of the cattlemen's income in the United States come from grain-fed table beef, such as steaks and roasts. Our beef imports consist mostly of lean beef which is used in the production of hamburger and other manufactured beef products. It is not economical for our cattlemen to produce lean beef. Since our domestic cattle industry does not produce enough lean beef to meet demand, we must depend on imports. Thus, the need for imported lean beef is greatest when U.S. production of fatty, grain-fed cattle is high. This market relationship between lean and fat beef will go into a tail spin if this countercyclical proposal is adopted. This bill will not eradicate fluctuations, it will create them.

Mr. Chairman, I am by no means an authority on the problems of our domestic meat markets. However, as the father of six children, I am very familiar with the family grocery budget and the effect that meat prices have on it. It is clear to me that H.R. 2727 will result in shortages of the ingredients of hamburger, hot dogs, and so forth. Such shortages will result in higher and higher prices for these products.

Earlier this year, the chairman of the Trade Subcommittee said that meat prices are getting so high, we will soon only be able to use meat for flavoring. This would be funny if it were not so true.

It is the consumer who will suffer from this legislation. And in these days of unprecedented inflation, I cannot understand why this body would want to increase the burden on the American consumer. It is unfair, and I urge my colleagues to defeat this misguided legislation.

Mr. BEDELL. Mr. Chairman, I rise in strong support of H.R. 2727, the Meat Import Act. The bill provides for a meat import policy that will help to assure consumers of a stable supply of meat at reasonable prices, while providing producers with an adequate return for their efforts. This legislation is the product of many hours of work by livestock producers and the consumers of meat, Members of Congress, and administration officials, and I urge my colleagues to give H.R. 2727 their full endorsement.

Mr. Chairman, as several of my colleagues and myself have been pointing out for the last few years, the most significant feature of the Meat Import Act—the so-called countercyclical formula—would, if the bill is adopted, do most to inject a measure of reason into our meat import policy. The countercyclical formula would provide for increased meat imports during times when domestic meat production is low, and fewer imports at a time when domestic production is high. The end result of the implementation of such a policy would be to eliminate the traditional highs and lows of livestock and retail meat prices. The need for such a formula becomes apparent when one examines both the historical cattle production cycle and our present meat import policy.

An examination of the ups and downs of the cattle cycle that have been observed over the years provides a clear lesson in the simple operation of the law of supply and demand. In years when cattle livestock feeding and marketing is relatively low, cattle prices tend to be higher and thus signal the cow/calf producer to expand his herd and the cattle feeder to feed more cattle to heavier weights. However, because it takes nearly 3 years from the time a young heifer conceives until her calf is fed and marketed, a signal to the cowman to expand his herd does not impact upon retail beef prices for some time. Also, because this delay serves to disguise the buildup taking place in herd numbers, producers often expand beyond the point necessary to achieve a desirable balance in livestock demand and supply.

Just when herd numbers reach a high in the cattle cycle, fed cattle marketings exceed consumer demand for beef at profitable prices to producers and retail beef prices fall sharply. Cattle feeders responding to this price reduction pay less for the feeder cattle they purchase from the cow/calf producer. The cowman reacts to this situation by reducing his herd numbers at a time when fed cattle marketings are already too high, and in the process worsens the situation by further driving down prices. Herd liquidation over a couple of years leads to an eventual recovery in cattle prices, and as the market signals a supply shortfall the cattle cycle begins anew. Such cyclical swings in price and supply prove in the long run to be in the best interests of neither the producer nor consumer.

Contributing to these sharp swings in beef production and prices, unfortunately, is our present meat import policy. This policy, as authorized in the Meat Import Act of 1964, exacerbates the price and supply fluctuations by providing for less imported meat at a time when domestic beef supplies are tight, and more imported meat when U.S. beef is abundant. This policy exists without reason, and its replacement by adoption of the bill before us today is essential.

Also, much has been made of the provisions in the Meat Import Act which revise Presidential authority to alter meat import levels. Changes in this authority was offered as the primary reason for the veto of a similar bill—over the objections of myself and my colleagues—by the President during the previous Congress. The language in the present bill gives the President the authority necessary to adjust import quotas when warranted, yet gives the producer some assurance that Presidential action will be neither capricious nor unwarranted. The legislation modifies the President's authority to suspend or increase quotas by authorizing him to act only if there is a national emergency as defined by the National Emergency Act of 1976, if supplies are inadequate because of natural disaster, disease or market disruptions, or if revised midyear data indicate declining market production. This language should satisfy the objections of the administration and signal ranchers and farmers that beef production can continue in a relatively untampered market.

Mr. Chairman, we have worked hard and we have worked long to draw up reasonable legislation that will improve our meat import policy. Despite many setbacks, and after much discussion, we have presented a measure that will assure consumers an adequate supply of meat at a fair and stable price, yet provide producers with the incentive needed to maintain their herds at a level that will help to assure an adequate return for their efforts. I urge my colleagues to lend their full and immediate support to this needed legislation.

□ 1720

Mr. FRENZEL. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I join my colleague in supporting H.R. 2727. This bill before us today represents the compromises that have been reached among consumers, the cattle industry, the administration and the Congress since the bill was vetoed by the President last year. All parties now appear satisfied that H.R. 2727, with its countercyclical formula for determining the level of meat imports and its safeguards with respect to market access and Presidential discretion, is a balanced and fair approach that promotes the interests of both consumers and producers.

Two basic problems had to be resolved in order to remove the objections of the President and thus the threat of another veto. The first and most serious problem was the fact that last year's bill severely limited the President's authority to increase the quota level when economic or national security considerations warrant. The language was such that the President, for all practical purposes, was stripped of his discretionary authority with respect to meat imports except in cases of national emergency.

The second basis for veto was the fact that last year's bill contained a minimum access level of only 1.2 billion pounds. The President felt that such a low level would adversely impact on Australia, a country with whom we have a 2 to 1 favorable balance of trade and an exporter that does not subsidize its meat products or its cattle industry in general.

With respect to the issue of Presidential discretion, the language of H.R. 2727 now provides an acceptable alternative that gives the President adequate authority to suspend or increase the quota under emergency situations or when certain data indicate a "turn" in the cattle cycle predicting a rise in meat prices. Yet the bill also gives to the cattle industry the security that the use of Presidential discretion will not interfere with the function of the countercyclical formula unless severe economic situations, including rapidly increasing prices, warrant such action. Both the President and the cattle industry appear satisfied with the discretionary authority contained in H.R. 2727.

The minimum access level provided by H.R. 2727 remains the same as in the legislation overwhelming approved by the Congress last year. The so-called floor would permit imports of at least 1.2 billion pounds regardless of the level indicated by the countercyclical formula.

In other words, quota restrictions would not apply to the first 1.2 billion pounds of meat imported into this country. The administration still is not completely satisfied with this level and has recommended a floor of 1.25 billion pounds. I plan to offer an amendment establishing such a floor in this legislation. If my amendment is accepted today, the administration has indicated it will readily support the legislation.

H.R. 2727 is, in every respect, an improvement over current law. It offers stability to the cattle industry, yet provides for increased imports that will serve to moderate prices over the long term. An analysis of the estimated effects of the bill over the next 10 years shows that over 1.2 billion pounds of additional meat can be imported over that permitted under current law. The consumer, therefore, would realize the benefits of an increased supply of low cost meat.

The cattle industry, on the other hand, is benefitted by the new countercyclical formula that has the effect of expanding the flow of imports when domestic production is low and restricting imports when domestic supply is adequate. Imports, therefore, are used to complement the U.S. cattle cycle rather than to aggravate the highs and lows of domestic production.

H.R. 2727 is a balanced bill whose mechanisms will stabilize the boom and bust nature of the cattle industry for the benefits of both producers and consumers. I urge my colleagues to support this legislation.

Mr. Chairman, I yield the balance of my 5 minutes to the distinguished gentleman from Louisiana (Mr. MOORE), a member of the Subcommittee on Trade.

Mr. MOORE. Mr. Chairman, I thank the gentleman for yielding this time to me.

Mr. Chairman, as a coauthor of this bill, I rise in support of the bill, as I did in the last Congress when the bill was vetoed by the President after being passed by Congress.

This bill is needed to remove the uncertainty of interruptions in the quota law we now have in effect and the law of 1964 concerning imported beef. Basically, cattlemen today cannot depend upon the current quota structure as any sort of security or any sort of balancing between the problems with meat to be imported into this country and the problems with boom and bust beef cycles.

Presidents in the past have interrupted this quota and allowed more beef to come in than the quota called for, and these interruptions have sent out negative signals to beef producers and caused them in turn to cut back on beef herd sizes. The result has been increases in beef costs to consumers.

This needs to be stopped, and that is the purpose of this bill. This bill is designed truly to help beef producers and beef consumers.

Mr. Chairman, I will say to my colleagues that this is a novel concept. It is a concept that is not in our law or in any other situation except perhaps with cotton. In most situations where a quota exists, it is a fixed quota. In this case it is something very novel and something for the protection of consumers.

When beef prices are very high in this country, the beef quota window opens because it allows more beef to come in. Consequently, when beef prices are very low in this country, the beef window closes and keeps out foreign beef, except for a smaller measure of imports, until those beef prices in this country become stabilized once again.

This practice is something that truly benefits both the producer and the consumer. It is a novel concept, and it is not something we find having been used to any extent before in our law. It allows more beef to come in under this bill than is presently coming in. So to those people who may say that this bill will keep out foreign beef, I say that is not true. We predict and project that more beef will come in from foreign sources under this bill than is coming in under the law right now.

So this bill is not a restrictive bill or one designed to hurt foreign competition. This bill is definitely a compromise over the bill the last Congress passed; the one the President vetoed. Most if not all of the present objections have been met, and most of the compromises have been at the expense of beef producers. Consequently, beef producers in this country have given up a great deal in order to have this bill passed by this House today.

Therefore, Mr. Chairman, I urge my colleagues to pass this bill as something that is most needed to stabilize beef production and beef prices for both the consumers and the producers of beef in this Nation.

Mr. ULLMAN. Mr. Chairman, I yield such time as he may consume to the chairman of the subcommittee, the gentleman from Ohio (Mr. VANIK).

Mr. VANIK. Mr. Chairman, H.R. 2727, as reported, amends the Meat Import Act of 1964. The purpose of the bill is to stabilize U.S. beef and veal production and prices at levels adequate to provide a fair return to domestic producers of beef and veal and to insure U.S. consumers of beef and veal adequate supplies at reasonable, stable prices. This bill was introduced by our distinguished chairman, Mr. ULLMAN of Oregon.

H.R. 2727, as amended, modifies the method of determining quota levels by the adoption of a countercyclical formula. Under current law, import quotas are highest when domestic production is high and supplies are plentiful. The quotas are lowest when domestic production is low and supplies are tighter. The current law has provided for a steady growth in imports over long periods of time as domestic production increases. However, within the shorter time frame of a cattle cycle it operates in a manner destructive to supply and demand conditions in the U.S. market. Under the countercyclical formula proposed in H.R. 2727, the limitations on imports would vary inversely with U.S. production of beef and veal so as U.S. production decreases, import limitations will be liberalized, and vice versa. This formula utilizes a current base period (1968–77) representing a complete cattle cycle and also contains a countercyclical adjustor which causes the formula to react more consistently and rapidly to changes in the domestic cattle market.

By providing a countercyclical formula for meat imports, H.R. 2727 will help both consumers and producers. The bill will—

Let in more meat over the cattle cycle than would be permitted under current law;

Let in more meat when supplies are low and consumer prices are high, thus moderating the rise in beef prices;

Let in less meat when supplies are abundant and consumer prices low, thus moderating the decline in prices for producers.

Mr. Chairman, I have long been in favor of complete repeal of the Meat Import Act of 1964. In 1973, when the Ways and Means Committee was considering the Trade Act of 1974, it was defeated in a 12 to 12 vote to repeal the 1964 act. I will continue to support efforts to repeal. But I frankly doubt that the votes exist to wipe this statute out. Since I believe that the amendments we are considering today are a major improvement for the consumer, I will support final passage of this legislation.

During the debate in committee on this legislation, the greatest controversy centered on whether to establish a 1.2 or a 1.3 billion pound minimum access or import floor. The committee bill unfortunately contains the lower figure of 1.2 billion pounds which provides less protection for consumers. It is expected that an amendment will be offered to raise that floor to a compromise figure of 1.25 billion pounds. While I support that figure as an improvement, I believe the figure should be even higher, at the 1.3 billion pound level. Therefore, I urge support of the gentleman from Ohio (Mr. Gradison) in his amendment to increase the minimum access level to 1.3 billion pounds.

Mr. FRENZEL. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Ohio (Mr. Gradison), a member of the Subcommittee on Trade.

Mr. GRADISON. Mr. Chairman, consumers—our constituents—are crying out against the high cost of food. Last year, the Consumer Price Index for food rose by 11 percent. The outlook for this year is not much brighter. In 1979, the CPI for food is projected to surpass easily the 10 percent mark. Consumers are being forced to decide between spending more and more money to buy the same market basket of goods or spending the same amount of money and purchasing less food. This situation is especially onerous for low- and middle-income families.

The time has come for Congress to fight this problem. The time has come to halt all Federal programs which needlessly raise the cost of food. The recent defeat of the sugar bill indicates that House Members are beginning to hear this message. Yet, the fight against higher food costs is far from over.

Today, the House is considering a bill which would modify the quota system used for meat imports. Yet—particularly in these times of double-digit inflation—Congress should be pointing its efforts in exactly the opposite direction as that detailed in this legislation.

Quotas restrict supplies and only serve to exacerbate the problem of shortages and higher prices. Therefore, when we take up amendments under the 5 minute rule I will offer an amendment to eliminate meat import quotas altogether—an approach just supported by the chairman of the Trade Subcommittee, the distinguished gentleman from Ohio, Mr. Vanik.

The case against H.R. 2727 and meat import quotas is a strong one. H.R. 2727 is being touted as beneficial to the consumer. The simple fact is, however, that this legislation is fatally flawed and in no way justifies the continuation of a quota system.

H.R. 2727 would establish a countercyclical formula to determine the "permissable" level of meat imports. The formula is designed to allow more imports during periods of low domestic production and less imports when production at home is high. The goal here is to eliminate the detrimental impact of the peak/valley aspect of cattle production. Close examination, however, reveals major faults in the proposed formula.

The countercyclical formula is based on the assumption that the cattle cycle in foreign countries will be desynchronized from our domestic cycle—that is, foreign production will peak when domestic production is low and will slip when domestic production is high. This assumption, however, places the proposed formula in a very tenuous position—if the assumption is false then the countercyclical formula will not work; if it is true, then the formula will only be a second best alternative when compared to the market system under free trade. In other words, if the assumption of desynchronization is false, then foreign production will dip at the same time as domestic production and the countercyclical formula would be useless. Even though this formula would permit higher imports during times of low domestic production, higher imports would not necessarily be forthcoming since foreign production would be low as well.

Furthermore, if the assumption is true that the cattle cycles can be desynchronized, then the free market system would most effectively organize trade since, for example, low production at home would create higher prices which, in turn, would encourage greater exports to the United States. In either case, the countercyclical formula is a loser.

Even if one believes that the countercyclical formula would work, it would restrict the importation of one type of meat just because domestic production of a differing type is high. Beef imported into the United States is generally grass-fed and is largely used in hamburger and processed foods. In contrast, most of the beef produced in the United States is grain-fed and used for table steaks. Thus, the countercyclical formula would limit beef available for hamburger just because domestic production of table steaks is high.

Meat import quotas, in any form, represent poor public policy. Meat prices have been the driving force behind the sharp rise in food costs. Figures from the U.S. Department of Agriculture reveal that even after a high growth rate in 1978, retail beef prices increased by 23.9 percent in the first half of 1979, which accounted for nearly one-half of the 6.0-percent increase in the CPI for food. Beef prices are skyrocketing and pulling food prices and the cost of living along.

Import quotas restrict supplies and thereby force the price of meat upward. In addition, as the cost of meat increases, consumers shift their demand to substitutes such as chicken or pork and as a result, the price of these products increases as well. The President's Council on Wage and Price Stability has estimated that the current quota system costs consumers between $350 million and $1 billion annually. In the coming decade, the cost is projected to reach at least $1.2 billion annually.

Meat import quotas have a disproportionately harmful effect on the poor. As indicated earlier, quotas limit the supply of less-expensive meat products such as hamburger, upon which lower income families largely depend. Department of Agriculture estimates show that the price of hamburger in the first half of 1979 is nearly 50 percent higher than in the same period 1 year ago. This means that a family spending the same now as before can only purchase one-half as much beef. Eliminating import restrictions would reduce the relative price of hamburger and other processed beef products.

In addition, meat import quotas are detrimental to our overall trade policy. The United States exports over $5.2 billion in goods and services to Australia and New Zealand—the two leading suppliers of meat to the United States. Quotas reduce the income of our trading partners and weaken their ability to purchase U.S. goods. Furthermore, how can we expect our trading partners to allow imports of goods we have to offer, including our own high quality beef products, when we close our markets to their goods? U.S. trade restrictions induce foreign governments to erect their own barriers, and as a result, everyone loses.

I might add that it was not too long ago, during consideration of an amendment to impose export quotas on the leather industry, that many Members from cattle-producing areas professed the benefits of free trade. It is important to stress that free trade is not a one-way street.

Mr. Chairman, meat import quotas are bad for the entire Nation and H.R. 2727 does not alter this fact. Consumers are being crushed by the ever growing burden of higher prices. Clearly, the time has come to give the consumer and the average citizen a break. Any action which maintains meat import quotas would work against the consumer because it would leave intact a system which limits supply and drives up the price. Again, I emphasize that H.R. 2727 would provide no solution. The only responsible action Congress can take—especially in these times of double-digit inflation—is to repeal meat import quotas altogether.

Mr. ULLMAN. Mr. Chairman, I yield 3 minutes to the gentleman from Texas (Mr. Pickle).

Mr. PICKLE. Mr. Chairman, I rise today in support of H.R. 2727, the Meat Import Act of 1979. This legislation is carefully crafted and is a fair compromise.

Many of you remember that last year, the President vetoed a meat import bill. He said it took away too much of his authority to suspend quotas and increase imports. The key to an agreement this year, in large measure, was to find language which the administration could support. H.R. 2727 achieves this goal. The administration supports the bill.

The Meat Import Act of 1979 corrects a basic flaw in the 1964 law, which almost defies the law of supply and demand. The current system increases imported meat when domestic supplies are most plentiful and reduces those imports when domestic supplies taper off.

By contrast, H.R. 2727 establishes a counter-cyclical approach that has overwhelming support. This bill limits imports when domestic supplies are plentiful and prompts more imports when domestic supplies are low. This concept is simple and essential to the stability of the cattle industry and to the stability of meat supplies in this country. The bill stabilizes the supply and price of beef and eases the boom and bust cycle that has disrupted the market in recent years, preventing the industry from making the kind of projections and plans that any well-managed business must make.

H.R. 2727 reflects a compromise reached in the Ways and Means Committee on the section pertaining to Presidential discretion. Last year's veto was based on the fear that the President would lose too much of his power to suspend quotas and increase meat imports. This year, we established a system to allow more Presidential discretion than either last year's bill or H.R. 2727 in original form, introduced by my friend and colleague, Chairman Al Ullman. The final product, therefore, represents a system which has attracted the support of all major farm groups, as well as the National Independent Meat Packers Association.

Since the committee approved H.R. 2727, we have agreed on an amendment, to be offered by Mr. Rose or Mr. Frenzel to increase the minimum floor on meat imports from 1.2 billion to 1.25 billion pounds of meat. This issue threatened to divide opinions on the bill. But we have now agreed upon this compromise, which has strong backing by the administration.

Some of our trading partners have opposed this bill, but it is not our purpose to hurt relations with any country. This bill improves our meat import laws, but not to the detriment of any foreign markets. There is a need for certain grades of imported meat, but not at the expense of domestic producers, who are unable to plan for the future under the present system. H.R. 2727 will not reduce the amount of meat imports—it will simply change their timing in a more logical fashion.

We have the administration's support for this important piece of legislation. H.R. 2727 gives us the chance to keep the cattle industry on the road to stability. The beneficiaries will be the small producer, the cattle industry and the consumer. I urge your support of this worthwhile goal.

□ 1730

Mr. ULLMAN. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, I would like to have an agreement with my distinguished friend, the gentleman from Minnesota (Mr. Frenzel), the ranking minority member, that we might finish general debate, provided we have no votes tonight on the matter but just continue through general debate.

Mr. FRENZEL. Mr. Chairman, if the gentleman will yield, that is my understanding of the agreement. On my side, we have, I think, five requests for time, with 9 minutes, and I think we can finish the debate very promptly tonight if we would go ahead on that basis.

Mr. BAUMAN. Mr. Chairman, I make the point of order that a quorum is not present.

Mr. ULLMAN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Gore, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2727) to modify the method of establishing quotas on the importation of certain meat, to include within such quotas certain meat products, and for other purposes, had come to no resolution thereon.

TRAINING OF IRANIAN MILITARY PERSONNEL

(Mr. WOLFF asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WOLFF. Mr. Speaker, today I have introduced legislation urging the President to terminate immediately all training of Iranians in our military installations.

Presently various branches of the military are training 274 Iranian officers and enlisted men. The Air Force is training the bulk of the Iranians as pilots in bases throughout the country.

I would like to insert into the Record at this point the list where Iranian personnel are being trained:

Iranian Trainees

Washington.—A total of 273 Iranian military personnel, mostly student pilots, are in training at Air Force and Navy bases in the United States, the Pentagon said today.

The Iranian military students are at 13 bases in nine States.

The 245 Iranian air force personnel are at the following bases:

Columbus, Miss., 83; Laughlin Air Force Base, Texas, 72; Shepherd Air Force Base, Texas, 48; Mather Air Force Base, Calif., 24; Lowry Air Force Base, Colo., 7; Keesler Air Force Base, Miss., 6; Reese Air Force Base, Texas, 3; and one each at Blytheville Air Force Base, Ark., and Kelly Air Force Base, Texas.

In addition, 28 Iranian navy personnel are training at these bases:

Pensacola, Fla., Naval Air Station, 19; four each at the Corpus Christi, Texas, Naval Air Station and the Navy Postgraduate School at Monterey, Calif., and one at the Jacksonville, Fla., Naval Air Station.

Defense Department officials said they expect most of these training courses to be completed this year.

It is absurd for the United States to be training Iranian military while the leaders of that country are condoning the seizure of our Embassy and allowing our citizens be held under threat of death. The Iranian military, whose officers we are training, marched in the streets yesterday demonstrating in support of the seizure.

While Iran is blackmailing this Nation, they are treating the United States as an adversary. I see no reason to train the military forces of an adversary nation.

The Iranian Government, and its leaders, have violated international law and infringed upon U.S. sovereignty. Iran is a party to the Vienna Convention on Diplomatic Relations which clearly states that a diplomatic mission and diplomatic agents are "inviolable;" and that the receiving nation has a responsibility to protect that mission.

I support President Carter's action yesterday in cutting off our imports of Iranian oil. I think that terminating all military training is the obvious next step that the President should undertake.

I am seeking cosponsors on my resolution. While we must clearly take well thought out actions in this delicate situation, we must also send a message to the Iranians that we will not accept terrorist acts perpetrated against our citizens and diplomatic personnel.

THE CHRYSLER BAILOUT

The SPEAKER pro tempore (Mr. Weiss). Under a previous order of the House, the gentleman from Arkansas (Mr. Bethune) is recognized for 60 minutes.

GENERAL LEAVE

Mr. BETHUNE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of my special order today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. BETHUNE. Mr. Speaker, as a new Member of the House, I have made a couple of observations since I have been here that I think are valid, and one of them is that this Congress tends to respond to pressure rather than to address the problems of the day, and that pressure tends to cause us to view matters in the short-term rather than in the long-term interest of the country.

The Chrysler issue gives this Congress, I think, a unique opportunity to send a signal to America that this is the time when we are going to quit giving in to the pressure of the day and start thinking about the long-term interest of this country. Too often Congress is busy putting out the brushfire of the day and listening to the special interests that run up and down the hall, rather than thinking about the long-term consequence of that action, as we should. I know that Members are getting pressure from the Chrysler dealers all around the country, and I know that Members are getting pressure from the suppliers and the big banks that have extended credit to Chrysler and to the various Chrysler dealers around the country. I am, too. But I think that this is a good place for us to reverse this trend that obsesses the House to respond to special-interest pressure instead of dealing with long-term problems. This is as good a place as any to fight the battle that one day we are certain to have to fight in America. It seems to me that this is the time and this is the place where we need to deal with the British disease with which we are now afflicted.

I saw some testimony today in the Banking Committee that succinctly brings the point to bear, and it goes something like this:

> The argument over what kind of investment or interest in the company, in a business, that the Government ought to get in exchange for help is precisely the kind of situation that most businesses, including Chrysler, have always hoped to avoid. The debilitating impact of the Federal Government on American enterprise has been described and proven many, many times. If there is a single issue on which most business men and women agree, it is the fact that the Government's impact is always counterproductive from an economic standpoint, and the costs of regulation are always devastating. Yet we have here the spectacle of a major U.S. corporation willing to accept the most ridiculous schemes and intrusions on its right to manage its own resources simply because, with its hat in its hand, it has given up its will and its moral right to say no.

That testimony in the Banking Committee, I think, focuses on the gut issue of the Chrysler bailout proposal.

A troublesome aspect, to me, of the present administration's proposal is this tacit acceptance of a shortrun solution to the problem that faces the country. They are trying to ram through the committee, without full study and examination, a proposal that transfers to the Secretary of the Treasury carte blanche power to run the Chrysler Corp. in the next 2 years. Again we are being asked to ascribe to the myopic view of what might seem costly in the shortrun and ignoring in the name of political expediency the exceptionally high cost of such action in the long run.

The need for careful and responsible judgment on matters of profound importance of long-term benefits and economic survival of this Nation are being abrogated by the knee-jerk reaction of Government to the various special interests involved.

At the very root of this proposed bailout lies one characteristic that continues to surface time and time again. This is merely an attempt to transfer the risk of business to the tax-paying public sector while holding the promise of reward for the various interests in the private sector.

What are we going to do with the precious trait of the American character known as self-help and individualism? Are we eroding this ethic by easy access to the Government Treasury?

□ 1740

Is this quick fix by central government to quickly relieve the pressure from Chrysler likely to remove the incentive that they might have to try to help themselves? Could it be that the pressure for Government loan guarantees now before us grew out of Chrysler's anticipation that a Government bailout would be there when they needed it? In this environment of crisis decisionmaking, the social blackmail says guarantee now or spend several million dollars of taxpayers' money over the near term for an economic and social displacement resulting from the Chrysler collapse.

In terms of cost, I think we should ask this question: Is the relatively short-term impact of Chrysler's collapse miniscule compared to the long-term implication of continued shortsighted Government decisionmaking which destroys initiative and reduces productivity? This destroys credibility of government and instills resentment by those who, with their individualism and work ethnic, are the underpinning of our economic and social political system and which assure the continued upward spiral of inflation and export of American jobs by ignoring the signals of the free marketplace, by propping up the most inefficient productive capacity in our system.

The very purpose of the Government loan guarantee is to furnish the applicant with resources that it would not otherwise receive. By transferring the normal lender's risk to the taxpayer, the Government is altering the market signals, perpetrating continued consumer dissatisfaction and allocating a scarce resource, in this instance credit to the least efficient producers in this country.

The prospect of a temporary rise in unemployment with its attendant economic cost is much less chilling than the prospect of the taxpayer via Government in partnership with the moribund corporation.

A "worst case" simulation of a Chrysler shutdown, by Data Resources, Inc. (DRI) suggests that auto sales will have been recovered by 1981; Chrysler employees will have been largely absorbed by other sectors of the economy; and employment would be lower by some factor due to a share of auto market going to imports. Short-term economic impacts suggested are:

First. Lower economic growth;

Second. Lower employment for 2 years;

Third. Lower after-tax corporate profits;

Fourth. Near term tighter financial markets; and

Fifth. No domino effect on other big companies.

The important point of the assessment, however, is the short-term duration of the impact.

Conclusions reached on a long-term impact by DRI and Heritage (Eugene McCalister, economist) suggest that:

First. Projected unemployment figures are exaggerated.

Second. Profitable Chrysler facilities would continue operation and short-term output losses would be minimized.

Third. Some of the displaced demand would be met by other domestic producers through expanded employment, thus strengthening American Motors, GM and Ford.

Fourth. Some demand would be met by imports from foreign facilities with associated output and employment loss to U.S. economy.

Fifth. It is further suggested that the jobs lost would be the "inefficient ones" which in the long run should be lost, to avoid the allocation of resources to less cost-competitive productive facilities.

We should make the decision about aiding Chrysler in a larger context after due deliberation.

The sporadic, piecemeal, and uncoordinated approach to a rational industrial policy can lead only to continued crises. Chrysler is symbolic and symptomatic of much bigger national problems. For example:

First. An ever-increasing decline in U.S. productivity—in part due to governmental policies which circumvents the cost economics of the free marketplace; stifles incentives; and discourages private capital formation.

Second. Governmental regulation of industry administered politically rather than scientifically.

Third. Enormous future demands for capital from both private and public enterprise.

Fourth. Increasingly obsolete facilities of basic U.S. industries.

Fifth. Development of full-blown, worldwide markets and competition.

Sixth. Unfair international trade practices with business/Government partnerships.

Many basic industries are in serious trouble (auto, steel, chemical, energy). All are destined for "future shock" from compression of change over a short-time span. The final decision reached on the Chrysler bailout is of much less consequence than the concurrent structuring of sound policies and strategies that will enable us to anticipate and respond with due deliberation to the future "Chryslers" in American industry that are just over the horizon.

The present administration's proposal poses serious concern due to the tacit acceptance of a one-option solution to the problem.

PROPOSED LOAN GUARANTEE

First. Are loan guarantees the correct solution to assure survival and expansion of the most cost-efficient/market-sensitive productive capacity in America? Testimony from various expert and reputable sources indicates otherwise.

Second. With the future "Chryslers" on the horizon,, and with the future "loan guarantees" that will surely be demanded, and with the inevitable failure of some such "bailout"—are we not headed on this one-way track to the British disease?

BANKRUPTCY IS A VIABLE ALTERNATIVE

First. Will a governmental treasury-administered plan for Chrysler's possible survival indeed be superior to a plan administered through the readily available, duly legislated, Bankruptcy Act? The act has been rewritten to help in the rehabilitation of corporations. Again, reliable testimony indicates otherwise.

Second. The administration's proposal is based on Chrysler's contention that bankruptcy as an alternative would lead to loss of management, market, and abandonment by Chrysler dealers. This assumption is questionable at best—no expert inputs have been forthcoming to support that contention. Does not Chrysler have as much to lose from the inevitable resentment from taxpayers and the multitude of small business owners who are denied the same safety net by Government?

Third. There is still time for Government assistance after bankruptcy proceedings with its special provisions for restructuring of debt, reorganization of management, and requirements for self-help from vested interest. Why throw out a century's experience in these matters for a politically appealing, untested alternative?

MORE EFFORT FROM CHRYSLER AND VESTED INTEREST SHOULD BE AN ABSOLUTE REQUIREMENT

First. Employees of Chrysler (UAW) have made few concessions. Why are the taxpayers being asked to guarantee Chrysler's loans to give UAW workers more than 10 percent per year wage increases when Federal workers are asked to stay within a 7 percent maximum wage increase for the sake of fighting inflation?

Second. Chrysler management's plan is singularly lacking an initiative for programs which would kindle incentive, increase productivity, or would require the Chrysler/vested interest to assume the additional debt/equity risk so necessary to the promise of success.

Some myths about the Chrysler problem include:

First. If Chrysler does not get Government aid, it will stop making cars.

Second. If Chrysler does not get help, all of its employees will be fired.

Third. If the Federal Government does not help Chrysler, there can be no solution to its problem.

Fourth. Chrysler dealerships will close if the Government does not help with its cash flow problem.

Fifth. That claims against Chrysler, by consumers, bankers, suppliers, dealers, and so forth, would be protected if the Government makes the loan guarantees now requested.

Sixth. That bankruptcy means an end to Chrysler.

Seventh. That the Nation's economy is too fragile to handle the task of undergoing a reorganization of Chrysler.

Eighth. That there is no existing way of handling a Chrysler-type problem.

Ninth. If we say Yes to Chrysler, we can say No to the next corporate giant that wants the Government to lend it funds.

Tenth. That helping Chrysler will not have any effect on the economy, even though the Government would be borrowing (indirectly) in the money markets and thereby competing with private capital needs.

Eleventh. That Chrysler employees are making a significant sacrifice when the average hourly pay is $14.50 an hour and the average annual wage is $20,000.

Twelfth. That a shortrun solution must be made without consideration to the longrun problem of a Government policy that weakens the established ability of business to contribute to the national economic health.

Thirteenth. That there is no relationship to what we are being asked to do for Chrysler and the history of what happened in England that led to the nationalization of major British industrial giants.

Fourteenth. That Government, if it helps Chrysler, will not be going into the auto business in a de facto manner.

In terms of the proposal before us, we should ask: Are we directing all of our concern toward the success, rather than the need, of this operation? Where are we if the operation succeeds, but the patient dies? Is this proposed questionable precedent one more step in the process of surveying the boundaries of a cemetery for corporate bodies where the economies of competitive free enterprise will be laid to rest with the name Chrysler on the first headstone? Perhaps sympathy for the Chrysler economic family should be—not for the possibility that the loan guarantee might be denied—but that it might be granted.

As I said a moment ago, I think that the strategy of the administration and the people who control this Congress is to ram this legislation through without complete study and without full examination.

I think that we should make the decision about aiding Chrysler in a much larger context and after due deliberation.

Is not the burden on Chrysler to prove their need, and have they discharged that burden?

Mr. STANTON. Mr. Speaker, will the gentleman yield?

Mr. BETHUNE. I yield to the distinguished ranking minority member on the Committee on Banking, Finance and Urban Affairs, the gentleman from Ohio.

Mr. STANTON. I certainly appreciate my friend and colleague on our Committee on Banking, Finance and Urban Affairs, the gentleman from the great State of Arkansas (Mr. BETHUNE) for yielding.

The first thought that comes to my mind is to congratulate him for bringing to the attention of the House the first colloquy that I know of in regards to this subject of the bailout of the Chrysler Corp.

I think that the gentleman has just made a significant statement. When the gentleman spoke about the fact of the time element involved and the need for the necessity of hurrying the legislation through the legislative process, in all fairness, this has put a tremendous burden upon us who serve on the committee and who recognize that the No. 1 legislative responsibility of the subcommittee or the committee is to present to their fellow colleagues on the House floor the best legislation that they can conceive of, regardless of whether they are for or against the legislation.

In this regard, the hurry-up process has been accomplished by the administration in presenting a plan to the Congress a week ago Tuesday, having 1 day of hearings on Wednesday and passing out of our subcommittee the following day.

We met today in full session before the full committee with a slate of witnesses only because the minority side insisted and was acquiesced to by the chairman of our committee, the gentleman from Wisconsin (Mr. REUSS), to have hearings to gather information to be able to present to our colleagues to the best of our ability our vote of yes or no and why we feel that way.

What the gentleman has said in regards to the support of the legislation from a political point of view as far as the White House and United Auto Workers are concerned, let us, I think, make clear at the very start as we consider this legislation in a couple of weeks on the House floor, let us seriously consider, and let us not blame Jimmy Carter for this alone, right or wrong, depending on how we feel about it.

I think we should make clear for the record members of our party strongly support this legislation for one reason or the other.

I would say that our friend and former colleague, President Ford, has called me personally to see if there is some way we can get this legislation through.

A good friend, and friend of many of us, Bill Milliken of the State of Michigan, a great Governor, certainly wants us to do our best for the legislation.

Our own chairman of our Republican Party, Bill Brock, has called to see and remind us that this legislation may have some type of effect down the line as our great party goes to Detroit in July, and keep that in mind.

Let us clear the air once and for all that pressures from political parties in this particular instance is, I think, nonpartisan.

It is going to be a question of each individual Member making up his mind. This is where I share with the gentleman in the well our great basic responsibility to come to the floor when the time comes and can honestly tell our colleagues we have considered this legislation, "This is the best. This is how Joe feels about it. He is opposed for this reason, and Andy's for it because of this reason."

Then we fulfill our basic constitutional responsibility.

I once again congratulate the gentleman in the well, and in the weeks ahead, I am sure we are all going to have a great deal to say about this legislation. I compliment the gentleman for the position he has taken today.

Mr. CHARLES H. WILSON of California. Mr. Speaker, will the gentleman yield?

Mr. BETHUNE. I yield to the gentleman from California.

Mr. CHARLES H. WILSON of California. May I compliment the gentleman from Ohio for his remarks.

I was over sorting mail from my district. I had my television on.

I heard the statement. I could not believe it. I thought the gentleman was a great supporter of private enterprise, and I think the guaranteed loan is intended to support. The gentleman, I am sure, is aware of the Lockheed loan, where the Federal Government made money on the loan. All of the money was paid back, and the interest that was gained by the Federal Government actually made a profit for the Federal Government.

Very frankly, I think that had our Government made guaranteed loans available to our steel industry, had we made guaranteed loans available to our textile industry, they would not be now in the position they are in in competition with West Germany and with Japan. I think they would have had the opportunity to modernize their equipment and make themselves competitive with the foreign interests which have taken away the great play from our country in these areas.

I just honestly feel that the jobs that are involved, the number of workers who will be affected by this is so important to the economy of our great country that we have to do whatever we possibly can.

It hurts me when I see a gentleman who I feel is as responsible as the gentleman from Arkansas (Mr. BETHUNE) make a statement in opposition to what I think is a very fine program.

Mr. BETHUNE. I thank the gentleman for his observations.

I would say that there are a number of myths about the Chrysler bailout. One of them is that a guaranteed loan costs nothing.

In the situation of a guaranteed loan, the Government is diverting credit from sources that would otherwise get it in the free marketplace.

Aside from that, I think this case can easily be distinguished from Lockheed.

I think it can easily be distinguished from New York City and Penn Central. I will do so as the debate ensues.

I would say this, that whatever facts and issues arise throughout the Chrysler debate, I think that, as the gentleman from Ohio has mentioned, the burden of proof in this instance is on Chrysler. They are here hat in hand.

The burden of proof is on them and remains on them, and to date they have not discharged that burden of proof to my satisfaction, and I think to the satisfaction of a number of people in this Congress.

Mr. KELLY. Mr. Speaker, will the gentleman yield?

Mr. BETHUNE. I yield to the gentleman from Florida.

Mr. KELLY. I thank the gentleman for yielding.

I think that our colleague who is concerned about the gentleman's love for the free enterprise system really need not concern himself, because the legislation that the gentleman in the well refers to is going to have enough things hung on it so that everyone will be satisfied.

The chairman of the full committee, for instance, has an amendment that will have the Government deciding the kind of cars; and not only will they get a loan guarantee, but we are going to tell them how to run their business and what kind of cars to manufacture and whether they should stop manufacturing cars and go into mass transit systems. Then they are going to help them a little bit further, I presume, by in some way telling the American public that they have got to buy those cars whether they like them or not.

□ 1750

I think it is consistent with the gentleman's suggestion. The Members of Congress know better than the members of the general public about what kind of cars they want and how to spend their money. For instance, in this very case, this is not just a loan guarantee program, it is a subsidy. There are going to be millions of dollars of subsidy that will go to Chrysler, the 10th largest corporation in the United States. I will ask the gentleman in the well if that is not the case.

The testimony we had in committee today was that the current market for Chrysler would be somewhere between 15 and 20 percent. The expectation of the Secretary is that Chrysler will only be charged about 10 percent at the hands of the Government, so while the taxpayers are paying 18 percent on their consumer financing, Chrysler will be able to get theirs for 11 percent.

I think probably the gentleman in the well and I just did not really understand what love of free enterprise meant.

Mr. BETHUNE. I thank the gentleman. If the gentleman will accommodate me, I will be happy to yield, but I have committed to other Members earlier in the day to share with them the time in the special order.

Mr. CHARLES H. WILSON of California. If we have more time left, I would like to ask a question through my friend from Florida.

Mr. BETHUNE. Mr. Speaker, I yield to the distinguished gentleman from Mississippi (Mr. HINSON).

Mr. HINSON. I thank the gentleman from Arkansas. I am a member of the committee and the subcommittee and I have observed throughout the hearings these hearings have only superficially addressed the problems of Chrysler, and particularly where it relates to a more or less continuing recession in automobile sales as a result of petroleum shortages. This alone is a very significant oversight when it comes to considering the problems that have arisen at Chrysler.

There are numerous management decisions that were made that were absolutely free of any Government intervention and not related in any way to Government rules and regulations that clearly indicate that Chrysler management made major errors that have brought it to this present state.

What is its answer? They go to their unions and their unions turn them down and will not defer scheduled wage and price increases. They will not accept pay cuts. They go to the city and the State and local governments, all of whom have offered help in one way or another, but the accumulation of evidence seems to indicate that that is not sufficient.

What is their response? They come and say "Big brother can you spare a dime?"

I think it has been very clear from the evidence presented before the committee that Chrysler's problems could be substantially resolved if all of these non-Federal parties were willing to accept the sacrifice and the risks that are inherent in the relationships that they entered into voluntarily. I suggest that the committee ought to be requiring further sacrifices, further involvement by the non-Federal parties before we start considering the area of Federal loan guarantees.

Let me also point out that the bill calls for direct loans. It provides the Secretary of the Treasury authority to provide direct loans in very substantial amounts if commercial credit is unavailable. I assume this would be discounted through the Federal financing bank which would, I understand, in effect, throw it off budget. We are talking about financing a billion and one-half dollars of Federal deficit and not having it show up anywhere in the Federal budget. I consider that to be an irresponsible act in itself, and I intend to offer an amendment during the committee consideration that will address that problem.

But nevertheless, I think it is a major factor in my decision, at least, to oppose the bill at present. I thank the gentleman for yielding.

Mr. BETHUNE. I thank the gentleman. He made a point that I would like to add to, and that is the possibility of a direct loan, which causes me to remember some of the testimony in the Committee on Banking, Finance and Urban Affairs which tells me that there are a number of hidden features in this legislation. The Secretary, as I indicated earlier, has carte blanche authority to involve himself in the affairs of the Chrysler Corp.

Furthermore, I am concerned that in this process, we leave so very vague in the descriptive language in the bill that we are avoiding a number of the safeguards which are set up in the brandnew bankruptcy code which would apply to other businesses in this same or similar circumstance. There are a number of features in the new bankruptcy code which I think are excellent, calling for the appointment of an independent examiner to determine whether there has been any dishonesty, fraud, gross mismanagement and so forth. All of that is skirted by this bill which creates a special process for Chrysler Corp.

I yield at this time to the gentleman from California, a member of the committee (Mr. SHUMWAY).

Mr. SHUMWAY. I appreciate the gentleman yielding and appreciate his obtaining this special order in order that some of us who have been very involved in the Chrysler hearings for some weeks now may have a chance to comment and give our impressions.

With regard to my distinguished colleague from California, the question he raised regarding our support or lack of it for the free enterprise system, I would simply like to make the point that in this case we certainly have a free enterprise. Many of us are very committed to preserving it as a free enterprise. But I would suggest to the gentleman that the loan package, as it has recently been proposed by the administration, envisions a matching program of a billion and one-half dollars for a similar sum raised by the Chrysler people. It envisions a continuing program to be enfolded during the next 3 years where the Federal Government will play a very key role in financial planning and the financial affairs of the Chrysler Corp. It gives the Federal Government, through the Treasury Department, the say-so to intervene insofar as management decisions, and even personnel decisions made by Chrysler.

I suggest to the gentleman that those steps, if nothing more, would signal to me that we have effectively placed such a stake in the ongoing operations of the Chrysler Corp. that it no longer exists as a free enterprise, but we have, in effect, nationalized it because thereafter, should Chrysler not meet the optimistic projections which they have made to us, and have continued financial difficulties, and find it necessary to come back for further assistance, I suggest that we would then have no choice because of the size of the stake and because of the role we have played in the management of Chrysler. We would then be committed, and, indeed, feel committed to continue to pump taxpayer dollars into that corporation.

That being the case, I would suggest we have stripped from it any aspect of it being a free enterprise existing on its own merits in a competitive marketplace, but we have nationalized the company and effectively taken it over as an arm of the Federal Government. That does not serve the principle of protecting and preserving the free enterprise, as many of us believe it should be protected in this country.

Those are some of the considerations that loom large in my mind as I feel constrained to support the gentleman from Arkansas in addressing these issues. I only wish that the gentleman from California as well as many others of our colleagues had the opportunity to sit with us through the several weeks now of subcommittee hearings when we have repeatedly propounded some of these questions to witnesses who have come before us, only to receive back their evasive answers or, in many cases, very self-serving answers. We, of course, have heard from the bankers who have a direct involvement. We have heard from the parts suppliers who necessarily are dependent upon Chrysler. We have heard from Chrysler management. We have heard from the congressional representatives and the others.

I would suggest to the gentleman as well as my colleagues that much of this testimony has been self-serving and really has not been of the objective quality that one would expect to be supplied to a subcommittee such as ours in making a decision with very far-reaching implications as this one has. Not only are we talking about a large amount of money here, but we are talking about extremely important precedents. I think the question is a significant enough one that we should be giving great time and attention to it at the subcommittee level, and now at the full committee level before it is reported to the House for action here on the floor.

I thank the gentleman for yielding.

Mr. BETHUNE. I thank the gentleman for his contribution.

At this time I would yield to a member of the committee, the gentleman from Texas (Mr. PAUL).

Mr. PAUL. I thank the gentleman very much. I appreciate the effort made by the gentleman from Arkansas in bringing this before the House.

I would like to take a few minutes to give a few points about this problem that we face with the Chrysler bailout. There are various problems. I would like to address the problem of the high wage rate more than the others, but just briefly, the overall problem involves the excessive regulation that Chrysler and the other automobile dealers have been forced to face.

We live in an age when taxation is outrageous. We live as well in an age where all business people have to deal with inflation, which makes it very difficult for businesses to survive.

□ 1800

The age of inflation lends itself to bad management, and we certainly have had some bad management in the past with Chrysler, but the margin of error is greatly reduced when we have inflation. We also have the problem of foreign competition, but that is also characteristic of a country that is inundated with regulations, taxation, and inflation. So, all these problems exist, and I do not ignore these, but I want to address more fully the problem with the wage rate, because this is a serious problem and has a lot of bearing on this bailout we are considering.

Wages can be high, that is artificially high, for one of two reasons. They can be pushed high artificially by very strong labor union pressure. They can also be artificially high due to a recession. When there is a recession, corrections have to be made. Dividends go down, profits go down, wages should go down as well. In the 1930's, artificially high wages was a very specific problem, and it was addressed poorly. Wages were held high for a long time. As a matter of fact, in 1936 when Keynes wrote his general theory, he addressed this problem specifically and said, it would be best we never allow wages to drop in the normal sense, but we will deceive the workingman by lowering his real wage by inflating and diluting the value of the money, and let the real wage drop and the workingman will not know any different. Thus accomplishing the correction in a deceptive manner.

So, there has been a deliberate economic policy and a policy of Government over the past 40 years to deliberately inflate. The important thing here to realize is that this wage problem, where a UAW worker may be making $15 per hour and the average industrial worker is making $7 an hour, the UAW worker makes twice as much. He is very happy and delighted, but it is at the expense of somebody else. It has to be at the expense of a lower wage someplace else or unemployment someplace else. It goes to prove that we do live in an age of "Government with clout."

If you are a big company or belong to a big union, your chances of benefiting in this economy are much greater; much greater than if you happen to be an individual or small businessman and you face the same problems. Under these circumstances you are more likely to be allowed to go bankrupt. It happens that nearly 200,000 people went bankrupt last year who did not get any assistance from the Federal Government.

So, a moral question is involved here as well. The moral question is, does bigness qualify you for bailouts, where smallness allows you to be neglected?

There is an important issue here regarding wages and capital. There is a serious misunderstanding about what capital is. Real wages only can go up when there is proper capital investment. Real capital investment can come from only one source, and that is from savings. This savings must be taken and put into technology. When it is put into the equipment and tools of business and you increase productivity, then the real wage can go up. The real wage cannot go up if productivity does not go up. If you do not have capital, you cannot increase the productivity.

We have been living in a bit of misbelief here for the last several decades because productivity has not gone up, but we have continued to deceive ourselves with the inflationary game.

Mr. CHARLES H. WILSON of California. Mr. Speaker, a point of order.

The SPEAKER pro tempore. The gentleman will state his point of order.

Mr. CHARLES H. WILSON of California. Mr. Speaker, I am not going to make the point of order, but the gentleman from Arkansas should stay at the microphone. He has the floor.

The SPEAKER pro tempore. The point is well taken. The Chair understands that the rule is that the gentleman remains standing, and he is standing.

Mr. PAUL. If we do not have increased productivity, we end up with economic problems of some sort. We then need to get capital from another source, and this is what we have been doing. We have been getting pseudocapital from inflation. We create the credit out of thin air and we call this capital. But, this lends itself to misdirection and malinvestment.

Alan Greenspan, when he was before our committee, testified that he thinks the increase in the credit from our guaranteed loans is the most important contributing cause to inflation. The reason credit is expanded is because of the guaranteed loans given for political reasons.

The argument Chrysler presents to us is very legitimate. They say this is nothing new, and I agree. This is part of the system we have had. It is part of the reason we are in trouble today. According to the testimony of Lee Iacocca, our Government now guarantees loans on $400 billion. So, what is another billion? We say the immediate disaster is that somebody is going to lose their jobs. One more billion, what difference does it make?

Dr. Greenspan made a very good medical analogy to this. He compared this to that of smoking and with cancer. Smoking cigarettes over a long period of time we know causes cancer, but does one cigarette during the day of a lifetime make a difference? When you think of it that way, probably one cigarette, whether you smoke it or not, does not make the difference, but if you continue with the bad habits eventually you kill the patient.

Let us hope we can save our economy and our political freedoms.

So, the $1 billion probably is not going to make an immediate difference to the inflationary process, but it will contribute—it will contribute much more so than anybody thinks. We think of $1.5 billion. The marketplace will not provide it, so we must create the credit. When we do, as that money circulates through the banking system, the $1.5 billion has a multiple effect and will eventually result in $9 billion circulating in the economy. It may not make an immediate difference if we do give the $1.5 billion right now, but if we do not, if we finally stand up and say, "There is something wrong with our economic system and our political structure," and put our foot down, that will make a difference. We can change the disastrous course of events we are now facing.

That is what we need to do. We have been continuing on the same road for year after year, and unless we finally get to the point where we say, "Let us quit this. Let us get off this binge. Let us tighten up our belts and stop it," I believe that will make a difference.

Von Mises, who happens to be the greatest free market economist of this country, has something to say about capital formation. He says:

> The source of capital that leads to genuine economic growth must itself be legitimate. Specifically, "expansion of credit cannot form a substitute for capital." The facile expansion of credit through governmental manipulation is spurious and deceptive; there is an illusion of increased wealth rather than the reality. Genuine capital, and thereby genuine economic growth, must come from bona fide savings.

He continues:

> Capital is not a free gift or God or nature. It is the outcome of a provident restriction of consumption on the part of man.

He concludes by saying:

> The Santa Claus fables of the welfare school are characterized by their complete failure to grasp the problems of capital.

Unless we grasp this problem of capital and unemployment and the need to have wage adjustments, we are going to continue on the road to disaster. We are going to have a calamity, and we will postpone it for another day or two but when it finally comes, the unemployment and the problems in this country are going to be overwhelming. I just hope that we can prevent this from happening.

The wage settlement recently made by the UAW has a $500 million increase built into it over the next 3 years, figuring an 8-percent inflation rate. Everybody knows that the inflation rate is going to be higher than that. That is 3 years. The time of the loan is 10 years, so in essence the $1.5 billion can be said to be going directly to subsidize wages of a special group who belong to a big union, and there is only going to be one group who is going to pay for it, and that is the little guv who does not belong to the big union. It is not going to be paid for by the corporation. The corporation is going to continue his success in obtaining corporate welfare. It is going to be the little guv who does not have clout, who makes $3 or $4 or $5 an hour, who is going to pay for all this in the grocery store.

This is the tragedy we face. Would it not be better for us to allow some wage adjustments to occur? What would be so tragic to see a 10-percent reduction in the wage of somebody who is making twice the average industrial wage?

It would preserve their jobs, and it would preserve Chrysler. That is what needs to be done. They argue also that if we do not do this, everybody is going to suffer. There is going to be huge unemployment. Everybody in Chrysler is going to be unemployed, assuming there are only two choices—bailout or bankruptcy with failure of the company. Pan American was in trouble once. They threatened us, and they said they may go bankrupt and wanted some help. They survived without a bailout.

☐ 1810

Even if Chrysler declares bankruptcy, there is a very good chance they could survive, but to prop them up and subsidize inefficiency at the expense of the little man is just not right. Chrysler also faces paying $13.6 billion next year in capital expenditure. They need real capital to pay for it. They are going to come to us and get artificial capital, that is, we are going to print it up or create credit, and they will get the money. But of the $13.6 billion they need, one-half is necessary to fulfill Federal regulations. That is outrageous. If we just got rid of the Federal regulations or part of them, we could provide the $1.5 billion or more, but it seems like we perpetually do the same thing. We create all the problems here in Washington. The people become dependent and do not know what else to do out in the countryside but come back to Washington and beg and plead for more help. And, of course, we oblige and give it to them and make the problem that much worse.

I think we have only a short time to realize what we are involved with here and realize that we must decide in economic terms and on moral grounds that this is really an illegitimate request. We will only participate in the fraud that has gone on and the bankruptcy that we face as a nation will become inevitable. To me it is a choice not between the bankruptcy of Chrysler or not to have the bankruptcy of Chrysler; it is the bankruptcy of Chrysler versus the bankruptcy of this country. I am not even sure if we quit all of this nonsense if this country can survive because of the huge debt hanging over us. But I think the effort has to be made, and to continue with one more cigarette down the line of another cancer I think is something that is intolerable, and I do not think the American people want it.

Mr. BETHUNE. I thank the gentleman for his important contribution.

Mr. CHARLES H. WILSON of California. Mr. Speaker, will the gentleman yield?

Mr. BETHUNE. I yield to the gentleman from California for a brief comment.

Mr. CHARLES H. WILSON of California. I appreciate the gentleman's yielding. I am a little surprised at the type of statements that are being made here this evening. I hope this has not been put together as an antiadministration thing. I think we are going to find that this is a bipartisan solution that we are trying to arrive at. I have no Chrysler agency in my district. I am from California. They have closed everything out there. I am a little at a loss for words and a loss of information, because I am not from Michigan. I tried to catch a couple of my Michigan colleagues as I came in. But I was so surprised, as I indicated to the gentleman earlier, that as I was finishing up the work in my office and I was watching the special order on the television in my office that this type of special order was taking place.

I wonder how the gentleman and his colleagues who have been participating in this debate or this discussion would feel if we had some real tough tariff rates that would keep the foreign cars out of our country. Perhaps we could have a reasonable balance of payments then. Suppose we told the Japanese and West Germans that we are going to make them pay the same thing to bring their cars into our country that they charge us to take our cars into their country. I do not think this is a case of Chrysler being any less responsible to the people of this country than either Ford or General Motors.

I do not have too much to say, and I will be happy to stop and allow the gentleman to ask a question, but I just feel that this is an extremely unfair position to take with an American company when we are allowing all of these foreign imports to come in without any problem at all.

Mr. KELLY. Mr. Speaker, will the gentleman yield?

Mr. BETHUNE. I yield to the gentleman from Florida.

Mr. KELLY. I thank the gentleman for yielding.

I think my colleague, the gentleman from California (Mr. CHARLES H. WILSON), misunderstands the tenor of the exercise. What we are doing in the Banking Committee is we are being ripped off, and we should not confuse that with foreign competition. Chrysler and the UAW are perfectly able to handle this whole problem themselves, but they are consistently refusing to do that because they think that they are going to be able to come to this Congress and get a decided advantage and subsidized interest rates and a billion and a half dollars in capital that will give them an advantage over their competitors, both foreign and domestic. The way that this comes down is something like this: The UAW workers before they got a 33-percent pay raise were getting more than 100 percent more than the average production worker in the United States. But now what they want to do is they want to get an increase in wages by 33 percent that will cause them to be approaching 150 percent more than the average production worker. And then they want to do this in violation of the wage and price guidelines, and they want the American taxpayers to take the risk. This is further exaggerated by the fact that Chrysler through mismanagement, bad government, and caving in to the unions have put themselves in a position where quite clearly they do have some difficulty. They can extricate themselves, but they are not willing to pay that price. What they want to do is they want the taxpayers to do it for them.

Mr. PAUL. Mr. Speaker, will the gentleman yield?

Mr. BETHUNE. I yield to the gentleman from Texas.

Mr. PAUL. I thank the gentleman for yielding. I would like to make a comment on the question of the tariffs. The tariffs would not be a good idea because it compounds the problem. It is another Government action to interfere in the marketplace. The important thing to remember when you are deciding whether or not to interfere in the marketplace is that in a free market, if that is what one advocates, and that is what almost everybody gives lip service to, if one advocates the free market, he must always think the consumer is the king—not the businessman or the labor union, but the consumer is the king in the free market. Therefore, if the cost of an automobile or a TV or whatever is lower coming from the foreign nation, the consumer has a right to purchase it and we should not interfere with his right.

One may say,"Well, what about the jobs that might be lost because we cannot compete? And what about the businessman who might go out of business?" That is a real concern, but one reason why we should not try to solve that problem with tariffs is we should look at the cause. The reasons we do not compete are very, very specific. One is inflation. The second is regulation and taxation. When you have high rates of inflation—and ours is higher than any other Western nation—it makes it very difficult to compete. Therefore, we compound it if we go ahead and interfere another time.

Traditionally, over the past 100 years it actually has been the Democratic Party who has advocated free trade and has fought against tariffs. I think tariffs would be a very bad idea and would not help the consumer. We must protect the consumer in the free market.

Mr. CHARLES H. WILSON of California. If the gentleman will yield, is the gentleman coming over to the Democratic Party?

Mr. PAUL. I really have not considered it. If they would truly promote the free market, it would be a consideration.

Mr. BETHUNE. I thank the gentleman. I can understand the gentleman from California's frustration about the lack of information on this issue.

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I can understand that upon seeing us on television in the office that the gentleman might have felt that we were getting an advantage here in the Congress by taking up this special order wherein most of us have struck themes that indicate we are tending to oppose the Chrysler bailout; but I would say to the gentleman that this has been moving through the Congress now for several weeks. Only today have any witnesses been heard that seriously oppose the legislation, because those who control Congress on the majority side have suppressed every effort, save one, of the minority, to bring out the other side of the issue.

Mr. KELLY. Is this true in the committee, too?

Mr. BETHUNE. Yes; this is true in the committee and I would yield to the gentleman from Florida, who has personal experience with this to point out why we are here tonight to try to bring the other side of the issue to the attention of the Members.

Mr. KELLY. Mr. Speaker, I thank the gentleman for yielding.

Let me try and help the gentleman demonstrate his point. Is this not what we are learning in the committee, that Chrysler through mismanagement and otherwise has got itself in such a position that the best financial, industrial, and technical minds in this country have refused to invest in Chrysler in its present condition?

Chrysler then has come to the Government and has asked the Government to invest $1½ billion in Chrysler.

Now, quite clearly, if we are going to invest a billion and a half dollars, we should invest a billion and a half dollars in the best investment we can find. It is the people's money. We hold it in trust.

Mr. BETHUNE. I would like to know what is the best investment.

Mr. KELLY. The best investment is that which will produce more goods of better quality at the cheapest price for the American people.

Now, the bill that we have before us provides that Chrysler can only get this money if they cannot borrow anywhere else, which means if their management is so lousy that they do not have credit, then we will give them the money; but certainly Chrysler is not the best investment, and the way we know that on the committee is because if it was the best investment, then the people on Wall Street would be investing their money on a voluntary basis; but for purely political reasons, for purely blatent political reasons, Chrysler has come to Congress and has said that, now, the unions are going to lose their jobs. Their wives and children will have difficulty. Now, to save them, we need to invest a billion and a half dollars in Chrysler; but this Congress represents all the people and we need to take care of everybody's wives and children, not just those at UAW that have a lot of political clout.

What we should be doing is investing money if we are going to invest anything in the best investment we can get, which means that we do not have the ability here in this Congress. We are not financiers. We are not industrialists. We are not technologists and we should not be trying to run business.

What we should be doing is quit overregulating business so that they can operate in an efficient way and then we do not need tariffs, because it is my belief that the American people, freed of over-Government regulation and freed of overtaxation and being discouraged in savings will be able to outwork and outcompete and outproduce any industrial nations on the face of this Earth, because right now we produce more than all the Communist nations in the world combined, just this one Nation alone; but much of our production is misdirected because of Government distortion of the economy, Government destruction of the ethic of saving.

This is what we are finding in the committee, that Chrysler is trying simply in a blatant political fashion to get an advantage, a financial advantage, a political advantage over its competitors and at the expense of other workers in the economy.

Mr. BETHUNE. Mr. Speaker, I would add to the gentleman's statement and explain to the gentleman from California that to date, until today when the gentleman from Ohio (Mr. STANTON) was able to get some witnesses there who had not been chosen by the administration and by the committee, that all the witnesses we had heard, save and except Mr. Greenspan who came at the insistence of Judge Kelly, had been carefully chosen by the administration and by the majority, and that the points that the gentleman from Florida (Mr. KELLY) is making were brought out of the witnesses chosen by the proponents of the bailout only by continued perseverance on the part of the members of the minority. It was like pulling teeth to get them to say anything negative about this bailout plan, but they did and it is in the record.

So the point I want to make is that we are learning that the strategy here is to push it through as fast as you can, hold as few hearings as you can, bring it to the floor as quickly as you can, because what they are learning from us in the minority and in the committee is that the more you chew on this Chrysler proposition, the bigger it gets and the less likelihood there is of passing.

Mr. Speaker, I yield to the gentleman from California (Mr. SHUMWAY).

Mr. SHUMWAY. Mr. Speaker, I thank the gentleman for yielding.

I would like to say with reference to the comment that my colleague, the gentleman from California, regarding the imposition of restrictive tariffs, it seems to me that is a good question and that is exactly the kind of thing that should have been reviewed by our subcommittee and should have been looked into as possibly an alternative or possibly a better way of proceeding; but because of the kind of haste this bill has had attached to it, we have not had time, we have not had the opportunity to really give our attention to questions like that.

I suggest to the gentleman that that is one of the reasons that some of us here tonight are very upset about the fact that this bill is now coming to the full committee for markup. That is going to ensue tomorrow and the proponents of the bill would like to bring it to the floor by the end of this week.

Mr. CHARLES H. WILSON of California. I wish the gentleman would wait until after the first of the year. I was hoping we could have a little pro forma recess or something.

Mr. BETHUNE. We were hoping the same thing.

The SPEAKER pro tempore (Mr.

WHITE). The gentleman will desist at this point.

The Chair would respectfully urge that Members seek time in the accepted fashion by asking the gentleman in the well to yield.

Mr. BETHUNE. I thank the Speaker.

I yield to the gentleman from Florida.

Mr. KELLY. Mr. Speaker, consistent with what is suggested here, I would like to ask the gentleman in the well, has the committee that has jurisdiction over the Chrysler question received any kind of request, either from the administration or from Chrysler or anyone representing either one of them for any kind of relief from the overregulation or the imposition of Government that has contributed to Chrysler's condition, any kind of a solution to any of that, or has it just simply been a straight proposition, "Give us money," and without any interest at all in trying to solve the problems that have caused Chrysler's condition.

Mr. BETHUNE. Mr. Speaker, I think the gentleman makes a good point. The proponents of the legislation, having laid down the predicate that they are here hat in hand because of over-regulation, have abandoned that tack and are simply now asking for bailout and direct loans which could go on ad infinitum.

Mr. KELLY. Mr. Speaker, would the gentleman yield for another question?

Mr. BETHUNE. Yes.

Mr. KELLY. Does the gentleman recall that when the President of the UAW, Mr. Fraser, appeared before the committee, that he testified that the reason he had not agreed to any kind of a cut in wages on behalf of his membership is that no one had ever asked him; so the American taxpayers are being expected to bail out Chrysler and being expected to bail out the overpaid membership of the UAW, when the UAW by the management of Chrysler have never been asked to take a pay cut. As a matter of fact, instead, they have negotiated a pay increase.

Mr. BETHUNE. Well, if I am not mistaken, it was the gentleman from Florida who engaged Mr. Fraser of the UAW in that colloquy which brought out that piece of information. That was the point I was making a moment ago, that it has been like pulling teeth to find out what potential there is for some other option, other than the administration plan.

The gentleman got the gentleman from the United Auto Workers to make that point. That I think ties nicely into the way that I started this special order and that is so long as this Government is ready, willing and able to bail out people who are in trouble in the private enterprise system at the first call, they are not going to pursue all the things that might be available to them otherwise. They are going to lay down that heritage and tradition that we have in this country of self-help, because the pressure is off. As soon as they come here and there is an indication that they are going to be helped by Government, they immediately abandon all other efforts.

In fact, just today we had testimony from a man who fashioned this rehabilitation plan for Chrysler and he indicated quite openly in the testimony that he had no other backup plan. This was it. It is the whole ball game. Yet all the testimony that we have seen in the Committee on Banking indicates that there are numerous options available, not the least of which is a proceeding under chapter XI of the brand new bankruptcy code, which is not something that means absolute liquidation or going out of business.

Mr. KELLY. Mr. Speaker, would the gentleman yield for another question?

Mr. BETHUNE. Yes, I yield.

Mr. KELLY. I would like to ask the gentleman this. In the press, in the media, in every phase of the media, it has been reported that the membership of the UAW has made sacrifices in order to help the condition of their company, Chrysler.

I ask the gentleman if the testimony in the committee has not clearly indicated that that is an absolute, unmitigated and total distortion, because the truth is that the unions have gotten a pay raise and have sacrificed nothing.

Mr. BETHUNE. I think the gentleman brought it out in today's testimony in the committee, that in fact the union workers are going to have a $1 billion increase in this next year and would have had a $1.2 billion increase. That point was made, but there is no concession being made.

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Mr. CHARLES H. WILSON of California. Mr. Speaker, will the gentleman yield?

Mr. BETHUNE. I yield to the gentleman from California.

Mr. CHARLES H. WILSON of California. Mr. Speaker, I understand that the gentleman from Texas (Mr. PAUL) has an additional special order for 1 hour, and I will ask for another hour if we need it. I hope we do not have to do that because I think it is an imposition on the Speaker and all the other Members.

I hope that I have not fouled the gentleman's program by coming over here, after watching the television, and indulging in this debate with him. Perhaps it has contributed a little bit to it.

The gentleman from Florida (Mr. KELLY) has spoken about the UAW and his opposition to some special deal they are getting. The gentleman is not telling me, is he, that the UAW is getting something special out of Chrysler that is over and above what they are getting out of Ford or General Motors or anybody else?

Mr. KELLY. Mr. Speaker, if the gentleman will yield to me, I will answer that.

Mr. BETHUNE. I yield to the gentleman from Florida to answer the question that has been asked.

Mr. KELLY. Mr. Speaker, I thank the gentleman for yielding.

Yes, I mean exactly that. Chrysler, the parent company, says it is bankrupt. It says it now needs to come with a tin cup begging the American people to help it so it will not lapse into a state of welfare and bankruptcy.

In this context, the union has now bled them for another $1 billion, and the proposition is simply this: That "If you will bail us out, then we will bleed you for another billion dollars, and then we will just hand the American people an increased bill for their cars. Their cars will cost more as a result of this benevolence. You will have the pure privilege of paying more for your automobiles, and you will have further destroyed the free enterprise system. You will have done all of these things in order that we may have a pay raise while the corporation that we serve crumbles about us."

Mr. Speaker, that is exactly the context in which this is being done.

Mr. CHARLES H. WILSON of California. Mr. Speaker, will the gentleman yield?

Mr. BETHUNE. I will yield in just a moment, but, Mr. Speaker, I would like to say before yielding that I am delighted that the gentleman from California (Mr. CHARLES H. WILSON) did come over. I think the gentleman has made some excellent contributions. The gentleman has gotten us into some colloquies which I think have importance and have contributed to the discussion.

We had no intention of coming here and trying to present a closed special order—all one side. We believe in free speech, and we believe that both sides should be heard. It is only when we hear the argument that does not ring true that we can recognize the argument that is true when we hear it. So I appreciate the gentleman's coming over.

Mr. Speaker, I yield to the gentleman from California (Mr. CHARLES H. WILSON).

Mr. CHARLES H. WILSON of California. Mr. Speaker, I appreciate the generosity of the gentleman in allowing me to participate in the debate. Again I must say that I am sorry that some of my good knowledgeable friends are not here.

I am not a member of the gentleman's Committee on Banking, Finance and Urban Affairs, so I cannot qualify as being an expert. During the first term after I came here to Congress I was a member of the Banking Committee, but I got off that committee because I could not get along with the chairman of the committee at that time.

Then I got on the Committee on Armed Services, and since I have been on the Committee on Armed Services I have found there are many experts who are not on that committee on how our national defense should be run.

So I am coming here as sort of a nonexpert in the banking business but as one who feels strongly about 540,000 people who could possibly be put out of a job if we do not give Chrysler this assistance they are asking for.

Mr. Speaker, is it the contention of the gentleman from Florida (Mr. KELLY) that we should not give this guaranteed loan, which is not any outright money, unless I misunderstood this thing completely? I am comparing it to the Lockheed guaranteed loan, and if there is something more involved in this, I would like to know what it is.

Mr. BETHUNE. Mr. Speaker, I would like to respond to the gentleman from California (Mr. CHARLES H. WILSON), if I can.

I think there are some distinctions that can be made. In the case of Lockheed, it was a manufacturer of goods, many of which would be bought by the U.S. Government—in fact, many of which were bought by the U.S. Government.

There were many fewer people involved in the process; there were not so many distributors and ultimate consumers.

In the case of Penn Central, that can be likened to almost the closing of a major highway in this country.

In the case of New York City, it is a municipal government, a governmental entity, that was under consideration.

This is a privately owned manufacturer of consumer goods. There are many, many consumers, thousands of consumers involved, there are thousands of dealerships, and it is an entirely different ball game.

Mr. CHARLES H. WILSON of California. Mr. Speaker, there are a lot of subcontractors, I would like to add, that we are involved with.

Mr. BETHUNE. Mr. Speaker, I would like to say that I assume the gentleman knows we do study the issues. Having come here tonight, not being a member of the committee, and learning now through us that in the committee only one side has been heard until today, and that the other side is now beginning to surface, the gentleman will, I know, listen to all these arguments carefully. I rather suspect, when all the testimony is in and all the arguments heve been made, that the gentleman will find himself with us on this issue.

The SPEAKER pro tempore. The time of the gentleman from Arkansas (Mr. BETHUNE) has expired.

GENERAL LEAVE

Mr. BETHUNE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include therein extraneous matter, on the subject of my special order today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

INFLATION AND THE CHRYSLER BAILOUT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. PAUL) is recognized for 60 minutes.

GENERAL LEAVE

Mr. PAUL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and include therein extraneous matter, on the subject of my special order today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PAUL. Mr. Speaker, I would like to just make a few comments on this subject and then, if other Members want to participate and close up the discussion, we will be able to do that. I would like again to address the general subject of inflation.

The one characteristic of inflation is that it is never fair. There are some people who do benefit at the expense of others. There are immediate benefits for somebody, but there are some long-term periods of paying by others. I think this is one of the reasons why we are so untroubled about inflation, because we see and concentrate on the immediate benefit and we forget to look at what happens down the road.

Chrysler will receive quite a few dollars—in this case, $1.5 billion—and this is very easily seen because we can see the tens of thousands of jobs that are immediately on the line. When we take this funding and spread it out throughout the whole society and the whole country, each individual who has to pay this bill only has to pay a penny or two, and, therefore, he does not know that he is being ripped off. He does not see it, he cannot feel it, he cannot identify it, and above all he has nobody to defend him. So, therefore, the pain comes in small doses, it is very deceptive, and the process continues.

Inflation in the short run is much more "sellable." People will convince us that something that is done with Government action is beneficial. They say, "We are going to say that we will give you something, and you should look at the benefits. Don't worry about it. You don't have to pay for it." The cost and the pain comes later.

But what we are witnessing today is the paying off, period. We are starting to really pay for the extravagance. We are starting to pay for what Government has "given" all its people for so many years.

It is not the Government's fault. The Government is merely a reflection of the people, and people have come to the Government for handouts, just as Chrysler is coming and the UAW will come and continue to come.

As I said before, Mr. Speaker, this is not new. We are already guaranteeing $400 billion in loans. In the economic sense, this is very much like the Lockheed loan, although there are some slight differences. Economically, it is the same thing. It is a subsidized artificial loan promoted by the Government. It encourages malinvestment. The money in the loan goes to the wrong places for the wrong reasons—for political reasons, not economic reasons—and it always leads to trouble eventually.

Mr. Speaker, the other point is that most people, even those on the other side of the aisle, indicate that, "Yes, we do recognize there is some inflation involved." Nobody has denied that. Even those who are the strongest proponents of the bail-out recognize there is some inflation involved, but they say, "A little bit of inflation is not too bad. We can tolerate a little bit of inflation if we can save the jobs." And that is as far as they look.

The trade-off theory was popularized in the 1930's, and we have lived with it for 40 or 50 years. This trade-off theory is, that if we inflate, we can keep unemployment low. But in the last decade this theory has been blown sky high. It has been blown out of the saddle.

We now know that inflating does not really get rid of unemployment. As a matter of fact, the opposite is true, and we realize now that the deliberate inflation caused by the Government is the cause of the business cycle and the unemployment.

Mr. KELLY. Mr. Speaker, will the gentleman yield?

Mr. PAUL. I yield to the gentleman from Florida.

Mr. KELLY. Mr. Speaker, I thank the gentleman for yielding.

But, Mr. Speaker, I would say to the gentleman that we learned in the committee just today—and we have gotten bits and parts of the story during the rest of the time—that the UAW workers had to have this pay raise in order to be insulated and protected against inflation.

Now, I know this will come as a shocker to all of them, but there are other Americans who are suffering from inflation also, including everybody in this country who has saved a nickel or a dime or anything more, because inflation is just eroding the value of that money. Insurance policies, pension plans that they have worked for—all of that is being eroded away.

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The UAW is going to be protected and insulated against inflation, but only if we will finance Chrysler, because the deal is that Chrysler will give them $1 billion in pay increases in order to protect them from inflation that the rest of us do not have. Then we will loan Chrysler $1½ billion to cover it. That struck me as being unfair. Did it have the same impression on the gentleman?

Mr. PAUL. Absolutely. I think it is very obvious.

Mr. CHARLES H. WILSON of California. Mr. Speaker, will the gentleman yield?

Mr. PAUL. I yield to the gentleman from California.

Mr. CHARLES H. WILSON of California. Mr. Speaker, I was under the impression that there was a 3-year moratorium, that the UAW has agreed to a lesser contract than what they may have bargained for with the other companies and that they have put off this.

At the end of the 3 years, if the Chrysler Corp. has recovered, then they will be eligible to take this big pay raise the gentleman talks about, but that even then, if there is still a problem in connection with Chrysler, they still say that it is very likely that in order to guarantee the jobs of these people—there are 545,000. I do not know whether that includes the suppliers and everybody. It probably does. But that still is a very significant number of people. The important thing is, the anti-UAW remarks the gentleman is making, the antiadministration remarks as previously made, the remarks of the gentleman from Arkansas, it just seems that there is something behind this other than the fact that we are looking out for the best interests of our country.

Mr. KELLY. If the gentleman will yield further, Mr. Speaker, I will say that there is something behind it. I do not want to be ripped off. And the people who sent me up here do not want to be ripped off either. It is not really very obscure. We really do not like to be robbed.

The situation on the union contract was this: For the first 2 years of the contract, the union would get wages that violate the wage and price guidelines and exceed their productivity increases. Then on the third year they really reach to the ceiling with a straight 11 percent increase, the total package costing more than $1 billion.

If they would forego a pay raise, since they were already getting 100 percent more than the average production worker in the United States, Chrysler would not need any money, they could go back there and run their own business the way they want to. But instead they have got this trumped-up deal where they think that they can buy off the unions and then get an additional one-half billion dollars in capital, and when they get through messing around with that they will come back and get some more. It is true. It is not a question of being anti anything, except just being ripped off, because there are 6,000 to 8,000 businesses that go bankrupt and broke and fall down and lose their money and their workers are scattered all over the country every year. What about them? We do not want to do anything about those 6,000 or 8,000 businesses that go bankrupt but we do want to do something about Chrysler. Why? Because Chrysler, in combination with the UAW, has got enough substance, as it was testified in the committee, to disrupt the environment.

Mr. PAUL. Let me make one point, and then I will yield to the gentleman from California.

Mr. Speaker, I think one point is that you do show how much this is going to cost, close to $1 billion, possibly, but we really do not know. It could be a lot more because this contract has been calculated and estimated on an 8 percent inflation rate. Let us say we do move into the period of inflation that I anticipate, which is going to be 15 or 20 or 25 percent, then we are talking about a lot more money involved. Every bit of this money we are going to provide for Chrysler is essentially going to go into supporting the wage contract.

Mr. CHARLES H. WILSON of California. If the gentleman will yield further, is the gentleman from Florida (Mr. KELLY) saying that Chrysler has a 100-percent better contract than Ford and General Motors? Are they getting some special deal that is not being given to the other manufacturers?

Mr. PAUL. Mr. Speaker, I would like to make a comment on that.

No, they are not getting anything better. As a matter of fact, they have held back on some of their benefits, the details of which I cannot quote, but even in spite of not taking the full package, or at least holding back for a year or two, it still represents an outrageous pay increase.

Mr. CHARLES H. WILSON of California. Why do we not put all of our companies out of business and let these foreign imports come in?

Mr. PAUL. You would not need to.

Mr. CHARLES H. WILSON of California. I just do not understand the reasoning of the gentleman.

Mr. KELLY. If the gentleman will yield, I do not know but what we are not going to do just exactly as the gentleman suggests. As a matter of fact, I think that that is what this Congress is doing, because they are certainly sapping the vitality and the incentive out of our work force and out of our economy by overtaxation and welfare programs. I agree with you about that. I think we are headed in that direction, because we have squandered every industrial advantage we had. The gentleman, I am sure, can remember when the idea of a foreign manufacturer being in competition with American automobile manufacturers would just have simply blown anyone's mind. No one could imagine anything like that. And we do it by the very programs and policies that have been enacted right here in this room where we stand, by trying to give everything to everybody in order to get ourselves elected. That is exactly what the problem is.

There is nothing the matter with the American worker or nothing the matter with our system of economics. It is this Government that is trying to control everything.

I think we observed in the committee where we have had these programs come forward that we will buy stock, you and I will buy stock, and give it to the UAW workers. The Government will buy stock and then we will start telling the company what products they will produce. We will buy stock and we will just own the stock, or we will loan them money directly, or we will loan them money by guarantees, or we will just give them money.

Mr. PAUL. It is not a very good example of the free enterprise system.

Mr. KELLY. It did not sound like it.

Mr. CHARLES H. WILSON of California. If the gentleman will yield further, I have another question I would like to ask of the gentleman from Florida.

I recognize that the Democrats have been running the Congress from the time I have been in, and certainly since the time the gentleman has been in. But we have had two different parties that have run the administration. Has there been any change insofar as the attitude of the two administrations are concerned?

I might say that today I think the Republicans are running the Congress.

Mr. PAUL. Mr. Speaker, I would like to suggest that I do not see any significant changes. The gentleman is correct. This Congress has been run by the Democrats for 5 decades now, and we have had one economic policy. When the administration has changed, even though the rhetoric at times has sounded different, I would say there has been no significant change. But I see these things in economic terms rather than in political terms because generally, throughout our history now, these 40 or 50 years, our universities and politicians have reflected one view of economics, and that is the interventionist type of economics claiming that we the politicians and the bureaucrats that we assign jobs to are somehow wise enough to know the marketplace. That is the idea that we have been living with and suffering from. Having on occasion a change in administration, we have not seen significant change. But what we need are some new economic ideas that would reject economic interventionism and the extreme of which is a socialist, nonmarket economy. We need to discuss whether or not we want to reject those policies we have had for 40 years, which is economic interventionism and accept a market economy. That is the crucial question.

Back to the $400 billion of loans that we have subsidized over the years, this is economic interventionism at its worst, it is inflation literally, and it is chaos eventually. This is what we are seeing. We are seeing the climax of politicians interfering in the marketplace, and now we are faced with these problems and unfortunately it is only the beginning.

I think Lockheed was significant, there was a large bank failure, and there was Penn Central. But there is going to be more and more.

Mr. KELLY. If the gentleman will yield further, I am sure that there are a lot of other differences that have escaped me, but I can think of a few. We have abandoned 17 million free Chinese in Taiwan, a strategic base to protect our Western Pacific defenses; we have abandoned the Panama Canal; we have caved in to the Russians in Cuba; and we are now getting our britches kicked in Iran. In addition to that, we have accumulated the largest deficit in the history of the United States except during the time of Franklin Delano Roosevelt.

I will admit that the leadership in the previous administrations has left a great deal to be desired. But I think that this administration has distinguished itself by being immeasurably worse.

□ 1850

Mr. CHARLES H. WILSON of California. If the gentleman would yield, would the gentleman agree with me though that this administration, should it stay in power, would be much superior to the two opponents that the President has, Mr. KENNEDY and Mr. BROWN?

Mr. KELLY. Mr. Speaker, will the gentleman yield?

Mr. PAUL. I yield to the gentleman from Florida for that difficult question.

Mr. KELLY. Well, I would judge——

Mr. CHARLES H. WILSON of California. I know it is the lesser of three evils to the gentleman.

Mr. KELLY. The gentleman has asked me a personal question. My judgment is that—and I will probably lose every friend in the world I have—but I think the gentleman from Massachusetts would be a very definite improvement, because I think that—he has some murky problems, but I think that the main thing is, I think that he is a person who believes in spending the country into oblivion.

I think that the gentleman who is managing the White House at the present time has really done a great deal more damage to the country than just overspend. I am concerned about the security of the United States, and I think that our position and the experience that we are having in the world today manifests the concern.

Mr. CHARLES H. WILSON of California. If the gentleman will continue to yield, I brought the subject up, and I am sorry. I would have to disagree with the gentleman. I worry about the gentleman from Massachusetts. I am worried about his position insofar as our international relations are concerned.

I think that President Carter would be much stronger should he be reelected.

Mr. KELLY. I tell the gentleman really, it is not practical to consider the situation in the terms of the options that we are presented, because I have a better idea. I think we ought to reject all three of them.

● Mr. HILLIS. Mr. Speaker, the question of whether or not to grant Federal assistance to the Chrysler Corp. is very serious. We must carefully consider all aspects of this question. We must be sure that such a step will not adversely affect our economic system. We must also be sure that Federal assistance is used only as a last resort.

Direct Federal assistance to a troubled company is a serious issue, the consequences of which must be reviewed carefully. We must be aware of the dangers and benefits of the Federal Government granting assistance to a company to prevent bankruptcy. After all, the preservation of our economic system must receive high priority.

Like most Americans, I am a strong believer in, and supporter of, the free enterprise system. However, we do not have the true or pure free enterprise system in the United States—particularly in cases where Federal regulations intervene in the policy decisions of private companies. There are numerous industries where Federal intervention has weakened the essence of the free enterprise system, that is, competition to such a point that the normal checks and balances which allow a system to operate no longer do so adequately.

The automotive industry, while not as regulated as some other industries, has had its product line completely revamped by Federal energy, emission, and safety standards within the last 5 years. While these regulations are unique to the automotive industry, other Federal regulations are not.

Like all U.S. industries, the automotive industry has had to comply with Federal regulations such as OSHA and environmental emission standards on manufacturing plants as opposed to the car itself. There are also thousands of other Federal programs many of which require forms to be filled out which cost American industries millions of manhours and billions of dollars each year.

Chrysler estimates that research, development, and retooling costs needed to meet Federal safety, pollution, and fuel-efficiency standards will cost the U.S. auto industry $80 billion over the next 7 years. The total effect of all these regulations has reduced the amount of competitiveness in the auto industry. The fiscal impact of Federal regulations on larger companies is less per unit of manufactured item than on smaller companies. The cost of Federal regulations per car for General Motors is $340. The cost of Federal regulations per car for Chrysler is $620—almost twice as much. That $280 makes a significant difference to the consumer.

I do not feel that certain economic assistance from the U.S. Federal Government to troubled domestic corporations will necessarily undermine, weaken, or threaten our economic system. A pure free enterprise system simply does not exist in the United States today. We cannot therefore, expect that system to provide all the answers to a particular industry's or company's financial problems. At times, the answer must come from outside the free enterprise system.

I believe the question of precedent, particularly with loan guarantees, is a moot point. The Federal Government already has established precedents for assisting private industries, including the automotive industry, by providing assistance to American Motors in the form of a tax break in 1967. The assistance given to Lockheed in 1971, while often cited as a precedent, in reality was not. Long before 1971, there were Federal programs designed to assist private businesses, particularly the smaller ones. There are literally hundreds of Federal programs which through one mechanism or another intervene into the free enterprise system and provide aid to private companies. Loan guarantees have become commonplace and have proven to be effective.

Chrysler has made many significant efforts to improve its financial situation. The corporation has sold many of its overseas assets; corporate executives have reduced their salaries; new management policies have been enacted; and new top level personnel have been hired. Chrysler has made a good faith effort to solve its own problems. The policies which contributed to Chrysler's troubles, such as the "sale bank" concept which is the practice of manufacturing cars prior to their being ordered, have been eliminated.

While Chrysler has programs to improve its market penetration in the 1980's, it must continue to invest in modernization efforts and improve the emissions and fuel economy of its products to meet Federal regulations. These steps will cost the corporation millions of dollars which it simply does not have, and which it will not be able to obtain without Federal assistance.

The Chrysler Corp. employs 131,000 people and thousands more are dependent on it indirectly for their livelihood. While the loss of Chrysler jobs alone would be significant, consider the additional thousands of employees of smaller companies which are totally dependent upon Chrysler as a purchaser of their products. The Indiana Department of Commerce has identified 105 independent companies which sell their products to automotive manufacturers. These companies employ in the neighborhood of 55,000 people. Since Chrysler is not a highly integrated corporation, it must rely heavily on small independent companies for many of its component parts. These companies cannot sell their products to GM or Ford since both of those corporations are highly integrated. The human and financial impact of Chrysler's failure would be tremendous.

It is impossible for anyone to be able to accurately calculate the impact of a Chrysler shutdown. However, all indications are that such a situation would have severe and long-lasting adverse effects on our economy.

The effects of a Chrysler failure on the automotive industry would be dramatic. Without Chrysler, Ford and GM would unquestionably be faced with antitrust actions by the Federal Government. Since 1976, the Federal Trade Commission has been studying the competitive situation in the auto industry. Some antitrust action against GM is already possible, even without Chrysler failing.

There are organizations which oppose Federal assistance to Chrysler on the grounds that without the corporation, there is no way GM can survive an antitrust action. The Washington Post reported on August 2 that the potential for antitrust action against GM was one reason Ralph Nader cited for his opposition to any Government assistance to Chrysler.

We cannot be blind to the fact that there are people in this country who simply oppose large corporations on principle. However, there are industries, and the automotive industry is one of them, where the capital of large corporations is needed to meet the problems of the future. The problems of meeting environmental, safety, and efficiency standards are monumental.

It would be impossible to disassemble GM or Ford without hampering their capabilities to improve emissions, safety, and efficiency. The pure turmoil of the situation would make long-term planning impossible. The result of such actions would be to force our domestic auto industry into a sharp decline while foreign competitors, with the assistance of their governments, take an increasing portion of the U.S. auto market.

In 1978, U.S. imports of passenger cars exceeded exports by $10.5 billion. Not only would imports pickup a portion of Chrysler's U.S. market, but Chrysler exports would also be lost. Thus our balance of trade would be hurt by the increased imports and decreased exports.

After reviewing the Chrysler situation, I do not see any available alternatives to Federal assistance to insure the economic stability of the corporation. Chrysler is in the middle of a massive reorganization and rebuilding program. That program will increase Chrysler's penetration into the marketplace starting in 1981. It must be completed and successful for Chrysler to survive.

The administration has proposed that Chrysler receive $1.5 billion in loan guarantees, coupled with a commitment that Chrysler first raise the same amount through its normal line of credit. This proposal seems to be reasonable and has received support from both Lee Iacocca, the chairman of the board of Chrysler, and Douglas Fraser of the UAW. Although the House and Senate must review the administration proposal carefully, I am hopeful that it will be enacted.

Federal aid to Chrysler is the philosophically correct step. It is in the best interest of the Nation. It is vital that Chrysler not go bankrupt if we are to avoid severe economic disruptions and a possible deterioration of the entire auto industry.●

Mr. PAUL. Mr. Speaker, I yield back the balance of my time.

MARTIN LUTHER KING DAY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. BROYHILL) is recognized for 5 minutes.

● Mr. BROYHILL. Mr. Speaker, I believe that we all recognize Dr. Martin Luther King, Jr.'s legendary achievements in the field of human rights. His advocacy of nonviolent social change should particularly serve as a reminder in this day and age that the inequities in our society, and indeed throughout the world, can be addressed and remedied in a peaceful, sensible manner.

In this light, it was with great regret that I cast my vote against H.R. 5461, the bill to designate January 15, Dr. King's birthday, as a national holiday.

I voted against H.R. 5461 for a number of reasons, none of which was the feeling that Dr. King does not merit the honor.

One strong consideration, and I might add that this is a concern I heard echoed numerous times on the House floor, is the cost of the bill. Using figures for fiscal 1979, the Congressional Budget Office and the Office of Personnel Management estimated that the cost to the U.S. Treasury of H.R. 5461 would have been $196 million, which is $173 million for the basic pay for the Federal workforce, and an estimated $23 million for holiday premium pay for employees who would have been required to work on the holiday. The Congressional Budget Office figure for fiscal 1980 is predictably higher—$212 million.

I might mention in passing that these figures only reflect the direct cost to the Federal Government; there are other costs associated with the State and local government employees who will have the day off and with closing public institutions. In private industry, businesses which do not close would have to pay their employees holiday pay.

At this time of rampant inflation, of the ever-devaluing of the dollar, when individuals' purchasing power seems to decline minute by minute, I believe we must seriously question any new proposals to spend Federal dollars.

Another point worthy of thought is the fact that there are a multitude of other Americans who have made invaluable contributions to American life and who are worthy of such an honor. But we have chosen to honor these citizens in other ways. Some of these Americans have appeared on coins and currency. Others have been honored by stamps and commemorative issuances. My point is that alternatives to designating a national holiday do exist.

Finally, I would like to note that it is the usual custom that States be allowed to determine which holidays are established to recognize individuals. The minority views to H.R. 5461 cited several States which have exercised the option to declare Dr. King's birthday as a legal holiday.

And so, to reiterate, I do believe that Dr. King has made some significant achievements to fostering the ideals on which our country was founded. Accordingly, Congressman JIM MARTIN and I are today introducing a joint resolution calling upon the President to issue a proclamation designating January 15, 1980 as "Dr. Martin Luther King, Junior Day."

I would submit to my colleagues that passage of such a resolution would allow us to work toward reducing the Federal deficit and, at the same time, to share in the dream that Dr. King revealed to the American people on the steps of the Lincoln Memorial in 1963.●

ADDITIONAL HIGHLIGHTS OF THE 1979 CAPTIVE NATIONS WEEK

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. FLOOD) is recognized for 60 minutes.

● Mr. FLOOD. Mr. Speaker, the successful 1978 Captive Nations Week included many interesting and inspiring events and activities. The impressive record of the week has been shown by way of selected compilation since last July. Both here and abroad the observance of the week was widespread, demonstrating that countless free world citizens are vividly conscious of the reality of the over 2 dozen captive nations and their exploitation by totalitarian Communist regimes in the advancement of particularly Soviet Russian imperialism.

I wish to submit additional highlights of the recent observance: First, the proclamation by Gov. Fob James of Alabama, second, reports in the Mobile Register and the Troy Times Record and third, excerpts from the new brochure of the Washington-based National Captive Nations Committee, which has coordinated Captive Nations Week events for a whole generation and, on this 20th anniversary, released this new statement of purposes, achievements, and objectives:

PROCLAMATION

Whereas, the imperialistic policies of Russian Communists have led, through direct and indirect aggression, to the subjugation and enslavement of the peoples of Poland, Hungary, Lithuania, Ukraine, Czechoslovakia, Latvia, Estonia, White Ruthenia, Rumania, East Germany, Bulgaria, Mainland China, Armenia, Azerbaijan, Georgia, North Korea, Albania, Idel-Ural, Serbia, Croatia, Slovenia, Tibet, Cossackia, Turkestan, North Vietnam, Cuba, and others; and

Whereas, the desire for liberty and independence by the overwhelming majority of peoples in these conquered nations constitutes a powerful deterrent to any ambitions of Communist leaders to initiate a major war; and

Whereas, the freedom-loving peoples of the captive nations look to the United States as the citadel of human freedom and to the people of the United States as leaders in bringing about their freedom and independence; and

Whereas, the Congress of the United States by unanimous vote passed Public Law 86-90 establishing the third week in July each year as Captive Nations Week and inviting the people of the United States to observe such week with appropriate prayers, ceremonies and activities; expressing their sympathy with and support for the just aspirations of captive peoples;

Now, therefore, I, Fob James, Governor of the State of Alabama, do hereby proclaim that the week commending July 15, 1979, be observed as "Captive Nations Week" in Alabama, and call upon the citizens of Alabama to join with others in observing this week by offering prayers and dedicating their efforts for the peaceful liberation of oppressed and subjugated peoples all over the world.

[From the Mobile (Ala.) Register, July 17, 1979]

"WEEK" PROCLAIMED

Mayor Lambert Mims has proclaimed this weeks as "Captive Nation's Week" in Mobile. Designated by Congress, the purpose of the occasion is to join together in prayer and a dedication of efforts for the peaceful liberation of oppressed and subjugated peoples throughout the world. Enslaved countries include those under Russian Communism, Mims noted in his proclamation.

[From the Troy (N.Y.) Times Record, July 16, 1979]

CAPTIVE NATIONS

ALBANY.—The Capital District will celebrate its first Captive Nations Week, along with the rest of the nation, during the week of July 15-22.

Twenty years ago the nation celebrated its first Captive Nations Week in the Spring of 1959 when Congress passed the Captive Nations Law establishing the third week of July as Captive Nations Week each year, "until such time as freedom and independence shall have been achieved for all the captive nations of the world."

NATIONAL CAPTIVE NATION'S COMMITTEE, INC. (NCNC)

The National Captive Nations Committee, Inc. (NCNC) is an educational organization founded on the basis of the Captive Nations Week Resolution (Public Law 86-90) in 1959.

Captive nations are nations under Red Communist domination, including those in the U.S.S.R.

NCNC is a clearinghouse which coordinates Captive Nations Week activities of state, city and local communities throughout the United States.

Its members are Americans with conviction, faith, insight and perseverance, who voice their concern for the lost basic freedoms and human, personal, civil and national rights of the more than one billion captive peoples behind the Iron, Bamboo and Sugar Curtains.

Annually, the President, Governors and Mayors issue proclamations patterned after the Resolution.

The focal point of NCNC is the observance of Captive Nations Week the third week in July, but its work is year-round. Testimonies before Congressional committees by its chairman; speakers expert on the U.S.S.R. and its non-Russian nations, Eastern and Central Europe, Asia and Cuba are provided upon request; public statements on foreign policy issues pertinent to the captive nations analysis are issued frequently; and expert participation in official and educational forums, here and abroad, is undertaken periodically.

Internationally, NCNC maintains close ties with organizations that share America's commitment to freedom and democracy, as well as NCNC goals.

First and foremost, firm adherence to our Declaration of Independence, Constitution and Bill of Rights—that we Americans, in the interest of our own national security, will never forget the captive nations or accommodate ourselves to their present captivity.

Full support of the United Nations Universal Declaration of Human Rights and implementation of this declaration to include the captive non-Russian nations in the Soviet Union.

Regardless of political persuasion, instill in all men their sacred duty and responsibility for the preservation of freedom in the full tradition of our American Revolution.

Restore the great image of America to the principles of our Founding Fathers and the tradition of our unique nation.

Dispel the concepts that the Soviet Union is a "nation," that "Russia" is the Soviet Union and her captives "Soviet people"; prove, historically and geographically, that Russia is only one of the republics in the Union of Soviet Socialist Republics.

Continuous rejection of existent colonialism effected by Soviet Russian aggression and "wars of national liberation," by focusing world attention on the last remaining imperium in imperio, the Soviet Union itself.

A rational stand against misleading theories of "peaceful coexistence," simplistic "detente," "trade with Red countries at any price," "normalization" without hard concessions, etc.

Throughout the year, but especially during the Week, expose the Soviet Russian fraud of "national self-determination" and put into proper perspective the present-day captivity of the Central and East Europeans, the non-Russian nations in the USSR, the Asians and the Cubans.

Promulgate the progressive effectuation of political, social, economic, religious, lingual and cultural rights of these captive peoples.

ACHIEVEMENTS

Original Captive Nations Week Resolution (Public Law 86–90) authored by NCNC chairman.

Annual Congressional observance of the Week in the U.S. Senate and House of Representatives, led by Congressional chaplains.

Congressional Record publication of all Captive Nations Week activities both national and international from 1959 to date.

Nation-wide educational link with press, radio and TV media.

During 1976 Bicentennial, NCNC alone stressed uniqueness of the American Revolution and its severance from an empire, in sharp contrast to the British, French and Russian revolutions.

Continuous responses by captive nations committee members and Americans of like persuasion, to attacks against the Resolution and observances on the part of Moscow, Peiping and other Red regimes.

Testimonies before Congressional committees on subjects relevant to our own national security in conjunction with the captive nations, e.g. East-West Trade (1965); U.S.-USSR Consular Convention (1967); The Empire-State of USSR–Chief Objective of Poltrade (1972); The Detente of Peaceful Coexistence in the Cold War—Fact or Fiction? (1973); U.S.-USSR Trade, At What Politico-Economic Price? (1973); Detente, Human Rights and the USSR (1974); Persecution of Religion in the USSR (1976); Genocide Convention (1977); Helsinki, Human Rights and U.S. Foreign Policy (1977).

OBJECTIVES

A first, complete review of U.S. policy toward the USSR, which has never taken place.

Positive and constructive contribution to a well-defined human rights foreign policy and its progressive application in all three categories of human rights—personal, civil and national.

Monitor Communist regimes in Eastern Europe (from the Danube to the Urals) in their professed observance, yet known crass violations of the Helsinki Accords.

Actualize the committee's poltrade concept, i.e. a policy of no liberalized without politico-cultural concessions to the captive nations.

Further education dealing with the crucial importance of captive nations, especially the near dozen non-Russian nations in the USSR.

Expose Soviet Russian genocide in all its forms—national, religious, cultural, social and linguistic.

Maintain a firm stand on full diplomatic normalization of relations with the Republic of China on Taiwan.

Unmask Soviet Russian agitation in Asia, the Middle East, Africa (especially the strategic sea lanes of the Indian Ocean and the Horn) and Latin America.

Advance ideas to sustain and expand the American image of national independence toward a policy of peace through strength and freedom.

Oppose SALT II treaty in its present form on the basis of U.S. strategic inferiority—unbalanced, unverifiable and unenforceable.

Generate a public consciousness of how various forms of so-called revolutionary and Marxist agitation aimed at undermining the structure of American civil authority—disinformation tactics breeding university campus eruptions, civil disobedience, certain types of civil rights disturbances and terrorism—are supported by communist sources and conducted along the same lines previously used in the captive nations.

Promote public awareness of the unprecedented Adlai Stevenson memorandum on Soviet Russian imperio-colonialism with a view toward a full-scale debate on the subject in the United Nations.

Reinforce the Voice of America, Radio Liberty and Radio Free Europe as genuine projectors of the American image in the captive nations.

PUBLICATIONS

(Pertinent to the Captive Nations)

The Bicentennial Salute to the Captive Nations 1976. Washington, D.C.: USGPO, 1977.

Boomerang: The Works of Valentyn Moroz. Edited by Yaroslav Bihun. Baltimore: Smoloskyp Publishers, 1974.

The Captive Nations: Nationalism of the Non-Russian Nations in the Soviet Union by Roman Smal-Stocki. New York: Bookman Associates, 1960.

Captive Nations Week: Red Nightmare, Freedom's Hope by Lev E. Dobriansky. Washington, D.C.: USGPO, 1966.

The Chornovil Papers by Vyacheslav Chornovil. New York: McGraw-Hill, 1968.

Human Rights and Genocide in the Baltic States by Aleksander Kaelas. Stockholm: Estonian Information Center, 1960.

The Nationality Problem of the Soviet Union and Russian Communist Imperialism by Roman Smal-Stocki. Milwaukee: Bruce, 1952.

The Ordeal of the Captive Nations by Hawthorne Daniel. New York: Doubleday, 1958.

Russian Frontiers: From Muscovy to Khrushchev by William G. Bray̆. New York: The Bobbs-Merrill Co., 1963.

The Struggle for Transcaucasia, 1917–1921 by Firuz Kazemzadeh. New York: Philosophical Library, 1951.

Tenth Anniversary of the Captive Nations Week Resolution. Washington, D.C.: USGPO, 1969.

Ukraine Under the Soviets by Clarence A. Manning. New York: Bookman Associates, 1953.

U.S.A. and the Soviet Myth by Lev E. Dobriansky. Old Greenwich: The Devin-Adair Company, 1971.

The Vulnerable Russians by Lev E. Dobriansky. New York: Pageant Press, Inc., 1967.●

WORLD ADMINISTRATIVE RADIO CONFERENCE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. Fascell) is recognized for 5 minutes.

● Mr. FASCELL. Mr. Speaker, in view of the ongoing World Administrative Radio Conference being held in Geneva to regulate international use of the radio spectrum, I would like to submit for the Record the latest summary report on the progress of the proceedings:

Department of State,
Washington, D.C.

World Administration Radio Conference—Summary Report No. 5

Re: Summary Report No. 4. In the fourth and twelfth lines of the first paragraph on page 2, references to "4400–4490 MHz" should be corrected to read 4400–4990 MHz.

The following are highlights of the sixth week of the WARC (October 29–November 2).

Enough work has been completed to justify a plenary session which is scheduled for November 8. Many major issues, however, remain to be discussed at committee or working group levels.

Committee 4 (Technical):

In working group 4A, considerable progress was made on technical definitions and many were approved for consideration by the full committee.

In 4B, Appendices 28 and 29 remained under discussion, but U.S. objectives were still maintained. A U.S.-proposed section on mobile earth stations was accepted for inclusion in Appendix 28. A coordination area for mobile earth stations was approved. A draft resolution on the transfer of CCIR propagation data into the Radio Regulations by future WARC's was approved.

Working group 4C continued to debate the matter of permitted levels of spurious emissions. Agreement was reached on values up to 960 MHz, but no agreements were possible above that point. A new subgroup was formed to focus on spurious levels above 1 GHz.

Committee 5(Allocations):

In 5B, the ad hoc group on HF broadcasting has agreed to the scheduling of a HF broadcasting conference as soon as possible after the next CCIR Plenary Assembly (1982). The conference would consist of two sessions. The first session would establish technical parameters for planning and principles concerning use of the HF bands (e.g., power, number of frequencies per program, specifications for a single side band system, etc.). The second session would do the planning. The U.S. again stressed that the success of such a conference would be dependent on an adequate increase in allocations for HF broadcasting.

5B. HF broadcasting had no support at 6 MHz, but there was support for 100 kHz at 7 Mhz, 100 kHz at 9 MHz, 125 kHz at 11 MHz, and 200 kHz at 13 MHz. There was stronger support for expansion by 150 kHz at 15 MHz, 100 kHz at 17 MHz, and 100 kHz at 21 MHz.

5B. An allocation for the amateur service at 10 MHz was not supported, while 100 kHz for amateurs at 18 MHz was tentatively agreed.

5C. Most of the U.S. objectives have been met in bands 174–235, 235–335 and 335–401 MHz.

5C agreed to a Region 2 allocation in the band 220–225 MHz for the amateurs, fixed and mobile service on a primary co-equal basis with radiolocation secondary. The U.S. introduced a footnote to reduce the amateur service to a secondary basis in the U.S.

5C. U.S. arguments against terrestrial fixed and mobile services sharing with meteorological aids in band 401–406 MHz were not accepted by a majority of the group.

5C opposed consideration of sound broadcasting via satellite below 1 GHz.

5D. A new ad hoc group was formed to deal with the problem at 3400–3600 MHz. The group appears favorable to a compromise proposal by the U.S. that radars be restored to primary status by a footnote which would also urge (but not mandate) that administrations cease using radars in this band after 1985; and that after 1985, administrations shall take all practicable steps to protect the fixed-satellite service.

5D. Allocations consistent with the U.S. proposals were agreed in the 2400–2655 MHz band. Footnotes related to power flux densities are awaiting consideration by Committee 4.

5D agreed to develop a resolution tasking the CCIR with studying the feasibility of sound broadcasting via satellite between 500 MHz and 2.5 GHz. The U.S. delegation welcomed this action because a number of administrations had proposed an allocation for sound broadcasting satellites in the 1429–1525 MHz band which would have seriously impacted upon U.S. operational interests in other services.

On the 12 GHz FSS/BSS issue, the U.S. and Canada reached an apparent compromise which is supported by a few other administrations in Region 2. It will be difficult to gain full support from Region 2, as the majority of countries seem to prefer deferring a decision until the 1983 regional conference on the broadcasting-satellite service.

5E examined proposals for above 275 GHz. The conclusion was to leave frequencies above 275 GHz unallocated but with footnote recognition of both active and passive services.

Committee 6 (Regulatory):

The matter of FSS planning and access to the geostationary orbit has been assigned to an ad hoc group. There is strong support for a future conference to consider FSS planning.

A major debate is expected.

Progress continued toward a compromise of the Algerian "70–30" proposal.

Requests for further information should be addressed to: Mr. Gordon Huffcutt, State Department, Washington, D.C. 20520, telephone (202) 632–2592.●

A PRIVATE BILL FOR THE RELIEF OF MR. CARL AIELLO

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. PANETTA) is recognized for 5 minutes.

● Mr. PANETTA. Mr. Speaker, I am introducing legislation today for the relief of Mr. Carl Aiello. For well over a quarter of a century, this man has sought relief from the devastating loss he suffered when he netted and assisted in salvaging a lost Navy plane.

In October of 1951, Mr. Aiello's life was full of promise. He was captain of his own fishing vessel, the *Lorraine A*. and proud owner of a new purse seine fishing net, 270 fathoms long and 32 fathoms wide. While fishing off the California coast near Santa Barbara on the 10th of October in 1951, the *Lorraine A* netted a catch that was to lead not only to the complete destruction of its purse seine net, but to economic losses that precipitated the repossession of the *Lorraine A*. Mr. Aiello's dreams for the future were dashed in a matter of days.

The net became entangled with the wreck of a U.S. Navy Corsair aircraft which had sunk at the point where the *Lorraine A* was fishing. A Navy barge was dispatched from San Diego several days later, and it was agreed that the *Lorraine A* would hold its position and assist in the salvage of the aircraft. The Navy was to return the purse seine net to its owner. The Navy's recovery vessel salvaged the aircraft with the net and departed for port. It was impossible to disengage the net from the aircraft aboard the barge because of the net's size and weight.

Mr. Aiello and his crew requested permission of the commanding officer of the U.S. Navy base at Port Hueneme, Calif., to assist in disengaging the net. They pointed out that the net's delicate construction, weight, and dimensions were such that its removal should be done by persons experienced in the handling of purse seine nets. Mr. Aiello's request was denied.

The Navy officer commanded his personnel to remove the net from the aircraft. A crane was used to rip and tear the net into shreds, completely destroying it. The remnants were delivered to Mr. Aiello.

As a result of losing the purse seine net, Mr. Aiello was unable to fish the balance of the season and because of the loss of income that could have been derived by fishing the entire season, he was unable to pay the mortgage payments on the *Lorraine A* and the bank foreclosed and repossessed the vessel. In addition, Mr. Aiello has lost his home, his business, and was never again able to captain his own ship. Today he is in poor health and penniless.

I am seeking the consent of my colleagues today to grant Mr. Aiello's just claim for relief. He has suffered greatly as a result of this most unfortunate chain of events. Now that he is aged and ill, I ask you in the interest of justice to provide relief in the following amounts:

Cost of net	$25, 500
Damage to boat and gear	700
Fee for diver	500
Loss of income during 1951/52 season	20, 000
Loss of boat by foreclosure (equity)	80, 000
Total	126, 700

The text of the bill follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any funds in the Treasury not otherwise appropriated, to Carl Aiello, of Monterey, California, the sum of $126,700 with interest thereon in full settlement of all his claims against the United States resulting from damage to his fishing net and boat suffered when he netted, and assisted in salvaging, a lost Navy plane.●

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Nebraska (Mr. CAVANAUGH) is recognized for 5 minutes.

● Mr. CAVANAUGH. Mr. Speaker, I was absent from the city and this Chamber on Thursday, November 8 and Friday, November 9, 1979, as I was addressing the National Convention of the National Association of Realtors. Much was learned by me in the give and take with the members of this profession so vitally affected by the work of the Banking Committee, on which I serve, and this Congress. Unfortunately, I missed some rollcall votes during these 2 days and had I been here I would have voted: Rollcall No. 637, "nay"; rollcall No. 640, "yea"; rollcall No. 642, "yea"; rollcall No. 643, "yea"; rollcall No. 644, "yea"; rollcall No. 645, "yea"; rollcall No. 647, "yea"; rollcall No. 648, "yea"; and rollcall No. 649, "yea." ●

A RECOGNITION OF AMERICA'S FARM EXPORTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ROSTENKOWSKI) is recognized for 5 minutes.

● Mr. ROSTENKOWSKI. Mr. Speaker, I would like to commend my colleague, BILL ALEXANDER, for his splendid contributions as chairman of the House Export Task Force. BILL and I both serve on the President's Export Council, so I am well aware of BILL's firm commitment to agricultural exports. The farm export special project held in the Capitol today is an example of the fine work of this task force.

The aim of this recent project was to communicate to the American people the value of U.S. farm exports. I am sure that the day's activities went a long way toward doing this.

Agricultural exports are particularly important to those of us from the Midwest, an area long recognized as one of the world's major breadbaskets. My own State of Illinois ranked first in the export of all commodities, first in the export of soybeans, and first in the export of feed grains and products for 1978. Illinois is also among the top 10 States in the Nation in the export of all other agricultural commodities and products. The city of Chicago, with its excellent transportation system, has been a chief factor in Illinois' export success.

At today's exhibit the task force and the Agricultural Council of America presented dramatic evidence of the positive impact that increased farm exports can have on the American economy. Farming is and has been a major part of the American tradition and a sustaining force in our economy. In the future, farming exports will help insure a sound economy—a strong America.●

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oklahoma (Mr. SYNAR) is recognized for 5 minutes.

● Mr. SYNAR. Mr. Speaker, on November 8 and 9, 1979, I was absent from the House on official business for the Committee on Government Operations. Had

I been present, I would have voted as follows on the votes which I missed:

Thursday, November 2, 1979:

Rollcall No. 640: Final passage of H.R. 4167. "Yea."

Friday, November 9, 1979:

Rollcall No. 642: House Resolution 458 (rule on H.R. 2335). "Yea."

Rollcall No. 643: Final passage on H.R. 2603, national security authorizations for Department of Energy 1980. "Yea."

Rollcall No. 644: Motion by Mr. Price on closing certain conferences for national security purposes. "Yea."

Rollcall No. 645: Resolve into Committee of the Whole House to consider H.R. 2335. "Yea."

Rollcall No. 647: Conference report on H.R. 4930 Interior and related agencies appropriations for 1980. "Yea."

Rollcall No. 648: Motion by Mr. Yates to agree to conference report on fuel assistance plan funding formula. "Yea."

Rollcall No. 649: Motion by Mr. Brademas to meet at 12 noon, Tuesday, November 13, 1979. "Yea."

PERSONAL EXPLANATION

(Mr. WEISS asked and was given permission to extend his remarks at this point in the Record.)

Mr. WEISS. Mr. Speaker, I was not present for a vote in the House on November 9, because of pressing business in my district. The following is an explanation of how I would have voted on this vote had I been present:

Rollcall No. 649: A motion that the House adjourn and reconvene on November 13. This motion carried by a vote of 161 to 89. I would have voted in favor of this motion had I been present.

PERSONAL EXPLANATION

(Mr. WEISS asked and was given permission to extend his remarks at this point in the Record.)

Mr. WEISS. Mr. Speaker, I was not present for two votes in the House on November 7, because I was attending a meeting at the State Department. The following is an explanation of how I would have voted on these votes had I been present:

Rollcall No. 630: This was a vote on the rule (H. Res. 363) which made the consideration of a bill informally titled "the Repayment of Loans Made to State Unemployment Funds" (H.R. 4007) in order under a modified open amendment procedure. This rule only allowed those amendments offered by the House Ways and Means Committee. Traditionally such rules are offered on tax legislation due to the complex nature of amending tax statutes on the House floor. The rule was adopted by a vote of 362 to 24. Had I been present I would have voted in favor of this rule.

Rollcall No. 631: This was a vote on the final passage of H.R. 4007. H.R. 4007 facilitates the repayment of Federal loans by the States which receive such loans for State unemployment insurance funds. Currently States are penalized for late payments which must be made under specific conditions. The Federal loan program is a vital way in which the Federal Government assists individuals who suffer unemployment. H.R. 4007 provides for improvement in the conditions by which the States repay these loans. Final passage of this bill was agreed to by a vote of 4 to 1. Had I been present I would have voted in favor of final passage.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. Roth (at the request of Mr. Rhodes) for today and tomorrow on account of a death in the family.

To Mr. Young of Alaska (at the request of Mr. Rhodes) for Friday, November 9, 1979, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Tauke) to revise and extend their remarks and include extraneous material:)

Mr. Broyhill, for 5 minutes, today.

(The following Members (at the request of Mr. Daschle) to revise and extend their remarks and include extraneous material:)

Mr. Flood, for 60 minutes, today.
Mr. Gonzalez, for 15 minutes, today.
Mr. Weaver, for 10 minutes, today.
Mr. Annunzio, for 5 minutes, today.
Ms. Ferraro, for 5 minutes, today.
Mr. Fascell, for 5 minutes, today.
Mr. Panetta, for 5 minutes, today.
Mr. Cavanaugh, for 5 minutes, today.
Mr. Rostenkowski, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Slack, to revise and extend following opening remarks of Mr. Whitten on House Joint Resolution 440.

Mr. Lederer and Mr. Bedell to follow the remarks of Mr. Ullman during general debate on H.R. 2727.

(The following Members (at the request of Mr. Tauke), and to include extraneous matter:)

Mr. Whitehurst.
Mr. Conte in two instances.
Mr. Michel in five instances.
Mr. Derwinski in four instances.
Mr. Lungren.
Mr. Campbell.
Mr. Grassley.
Mr. Young of Alaska.
Mr. Green.
Mr. Rousselot in three instances.
Mr. Clinger.
Mr. Kelly.
Mr. Symms in three instances.
Mr. Bob Wilson in two instances.
Mr. Rhodes.
Mr. Wydler.
Mr. Collins of Texas in three instances.
Mr. Moore.

(The following Members (at the request of Mr. Daschle) and to include extraneous material:)

Mr. Anderson of California in 10 instances.
Mr. Gonzalez in 10 instances.
Mr. Brown of California in 10 instances.
Ms. Holtzman in 10 instances.
Mr. Annunzio in six instances.
Mr. Jones of Tennessee in 10 instances.
Mr. Boner of Tennessee in five instances.
Mr. Wolff in five instances.
Mr. Walgren.
Mr. Vento.
Mr. Gramm.
Mr. Albosta in two instances.
Mr. Panetta.
Mr. Ratchford.
Mr. Applegate in two instances.
Mr. Simon.
Mr. Barnes.
Mr. Blanchard.
Mr. Mazzoli.
Mr. Stokes in two instances.
Mr. Moffett.
Mr. Nowak in five instances.
Mr. Cavanaugh.
Mr. Skelton in two instances.
Mr. Ginn.
Mr. Thompson.
Mr. Brinkley.
Mr. Nolan.
Mr. Conyers.
Mr. Scheuer.
Ms. Ferraro.

SENATE BILL REFERRED

Bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 916. An act to amend the act of September 30, 1950 (Public Law 874, 81st Congress) to provide education programs for Native Hawaiians, and for other purposes; to the Committee on Education and Labor.

JOINT RESOLUTIONS PRESENTED TO THE PRESIDENT

Mr. THOMPSON, from the Committee on House Administration, reported that that committee did on November 9, 1979, present to the President, for his approval joint resolutions of the House of the following title:

H.J. Res. 199. To amend the act of October 21, 1978 (92 Stat. 1675; Public Law 95-498); and

H.J. Res. 428. Designating December 1979 as "National Child Abuse Prevention Month."

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following title:

S. 1037. An act to establish an actuarially sound basis for financing retirement benefits for police officers, fire fighters, teachers, and judges of the District of Columbia and to make certain changes in such benefits; and

S. 1728. An act to designate the U.S. Federal Courthouse Building located at 655 East

Durango, San Antonio, Tex., as the "John H. Wood, Jr., Federal Courthouse."

ENROLLED BILL AND JOINT RESOLUTION SIGNED

Mr. THOMPSON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 4955. An act to authorize additional appropriations for migration and refugee assistance for the fiscal years 1980 and 1981 and to authorize humanitarian assistance for the victims of the famine in Cambodia; and

H.J. Res. 68. Joint resolution to authorize the President to issue a proclamation designating the week beginning on November 18, 1979, as "National Family Week."

ADJOURNMENT

Mr. CHARLES H. WILSON of California. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 55 minutes p.m.), the House adjourned until tomorrow, Wednesday, November 14, 1979, at 10 a.m.

EXECUTIVE COMMUNICATION, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2806. A letter from the Director, Office of Management and Budget, Executive Office of the President transmitting a cumulative report on rescissions and deferrals of budget authority as of November 1, 1979, pursuant to section 1014(e) of Public Law 93–344 (Doc. No. 96–225); to the Committee on Appropriations and ordered to be printed.

2807. A letter from the Assistant Secretary of the Treasury for Legislative Affairs and the Assistant Secretary of State for Congressional Relations, transmitting a report on progress in enhancing human rights through U.S. participation in international financial institutions, pursuant to section 701(c) of Public Law 95–118; to the Committee on Banking, Finance and Urban Affairs.

2808. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting a statement describing a proposed transaction with CP Air, Canada, exceeding $60 million, pursuant to section 2(b)(3)(i) of the Export-Import Bank Act of 1945, as amended; to the Committee on Banking, Finance and Urban Affairs.

2809. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting a statement describing a proposed transaction with Middle East Airlines exceeding $60 million, pursuant to section 2(b)(3)(i) of the Export-Import Bank Act of 1945, as amended; to the Committee on Banking, Finance and Urban Affairs.

2810. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of Council Act No. 3–117, "To amend the Schedule of Heights of Buildings Adjacent to Public Buildings," pursuant to section 602(c) of Public Law 93–198; to the Committee on the District of Columbia.

2811. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of Council Act No. 3–118, "To amend the Retail Service Station Act of 1976 to extend the moratorium on the conversion of full service retail service stations to limited service retail service stations, and for other purposes," pursuant to section 602(c) of Public Law 93–198; to the Committee on District of Columbia.

2812. A letter from the Chairman and Cochairman, Commission on Security and Cooperation in Europe, transmitting a report on U.S. compliance with the Helsinki Final Act, pursuant to section 6 of Public Law 94–304; to the Committee on Foreign Affairs.

2813. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a) to the Committee on Foreign Affairs.

2814. A letter from the Secretary of Health, Education, and Welfare, transmitting a report covering fiscal year 1979 on surplus real property disposed of to public health and educational institutions under section 203(k) of the Federal Property and Administrative Services Act of 1949, as amended, pursuant to section 203(o) of the act; to the Committee on Government Operations.

2815. A letter from the Secretary of Health, Education, and Welfare, transmitting the second annual report of the National Center for the Prevention and Control of Rape, pursuant to section 231(b)(1)(B) of the Community Mental Health Centers Act, as amended (89 Stat. 328); to the Committee on Interstate and Foreign Commerce.

2816. A letter from the Vice President for Government Affairs, National Railroad Passenger Corporation, transmitting a report covering the months of June and July 1979, on the average number of passengers per day on board each train operated, and the on-time performance at the final destination of each train operated, by route and by railroad, pursuant to section 308(a)(2) of the Rail Passenger Service Act of 1973, as amended; to the Committee on Interstate and Foreign Commerce.

2817. A letter from the Secretary of Transportation, transmitting a report on the six-month review of program implementation of the Highway bridge replacement and rehabilitation program, pursuant to 23 USC 144(k); to the Committee on Public Works and Transportation.

2818. A letter from the Comptroller General of the United States, transmitting a report on the major weapons acquisition process and related weapons systems costs (PSAD–80–6, November 8, 1979); jointly, to the Committees on Government Operations, and Armed Services.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. DAN DANIEL: Committee on Armed Services. H.R. 5580. A bill to authorize the Secretary of Defense to enter into certain agreements to further the readiness of the military forces of the North Atlantic Treaty Organization, with amendments (Rept. No. 96–612, pt. I). Ordered to be printed.

Mr. PERKINS: Education and Labor. H.R. 2977. A bill to provide for Federal support and stimulation of State, local, and community activities to prevent domestic violence and assist victims of domestic violence, for coordination of Federal programs and activities pertaining to domestic violence, and for other purposes with amendments (Rept. No. 96–613). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 or rule X and clause 4 of rule XXII, bills and resolutions of the following titles were introduced and severally referred, as follows:

By Mr. ANDERSON of California:

H.R. 5865. A bill to amend the Immigration and Nationality Act to provide for the immediate deportation of any alien in the United States on a student or other nonimmigrant visa who, while participating in a political demonstration, engages in violent or illegal activity; to the Committee on the Judiciary.

By Mr. DAVIS of South Carolina:

H.R. 5866. A bill to designate certain areas located in the Francis Marion National Forest, South Carolina, as wilderness areas; to the Committee on Interior and Insular Affairs.

H.R. 5867. A bill to authorize the Secretary of Commerce to charter the nuclear ship *Savannah* to Patriots Point Development Authority, an agency of the State of South Carolina; to the Committee on Merchant Marine and Fisheries.

By Mr. GAYDOS:

H.R. 5868. A bill to amend the Internal Revenue Code of 1954 to allow the charitable deduction to taxpayers whether or not they itemize their personal deductions; to the Committee on Ways and Means.

By Mr. GRASSLEY:

H.R. 5869. A bill to amend the Department of Education Organization Act to transfer authority with respect to rural education to the Assistant Secretary for Elementary and Secondary Education, and for other purposes; to the Committee on Education and Labor.

By Mr. HANLEY (for himself, Mr. UDALL, Mr. CLAY, Mrs. SCHROEDER, Mr. HARRIS, and Mr. YATRON):

H.R. 5870. A bill to amend title 5 of the United States Code to improve the second career training program for air traffic controllers; to the Committee on Post Office and Civil Service.

By Mr. HOWARD (for himself, Mr. JOHNSON of California, Mr. HARSHA, and Mr. SHUSTER):

H.R. 5871. A bill to authorize the apportionment of funds for the Interstate System, to amend section 103(e)(4) of title 23, United States Code, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. JOHNSON of California:

H.R. 5872. A bill to modify the New Melones Dam and Reservior project, Calif.; to the Committee on Public Works and Transportation.

By Mr. LOTT:

H.R. 5873. A bill to establish a procedure for the processing of complaints directed against Federal judges, and for other purposes; to the Committee on the Judiciary.

By Mr. MATHIS:

H.R. 5874. A bill to amend the Internal Revenue Code of 1954 to exempt agricultural aircraft from the aircraft use tax, to provide for the refund of the gasoline tax to the agricultural aircraft operator, and for other purposes; to the Committee on Ways and Means.

By Mr. MINETA (for himself and Mr. GIBBONS):

H.R. 5875. A bill to amend the Tariff Schedules of the United States to repeal the duty on certain field glasses and binoculars; to the Committee on Ways and Means.

By Mr. PERKINS:

H.R. 5876. A bill to provide a special program of financial assistance to Opportunities Industrialization Centers and other national community-based organizations in order to provide new motivational and skills training opportunities for unemployed and unemployable youth; to the Committee on Education and Labor.

By Mr. YOUNG of Alaska:

H.R. 5877. A bill to amend the Internal Revenue Code of 1954 to provide that property may be levied upon for the collection of tax (other than where such collection is in jeopardy) only pursuant to a court order; to the Committee on Ways and Means.

By Mr. CONYERS:

H.R. 5878. A bill to authorize emergency loan guarantees to the Chrysler Corporation; to the Committee on Banking, Finance and Urban Affairs.

By Mr. BROYHILL (for himself and Mr. Martin):

H.J. Res. 444. Joint resolution to authorize and request the President to issue a proclamation designating January 15, 1980, as "Martin Luther King, Junior, Day"; to the Committee on Post Office and Civil Service.

By Mr. CONTE:

H.J. Res. 445. Joint resolution to designate the third week of September as "National Cystic Fibrosis Week"; to the Committee on Post Office and Civil Service.

By Mr. EVANS of Delaware (for himself, Mr. Michel, Mr. Railsback, Mr. Badham, Mr. Devine, Mr. Latta, Mr. Myers of Indiana, Mr. Schulze, Mr. Hagedorn, and Mr. Hyde):

H. Con. Res. 210. Concurrent resolution expressing the sense of the Congress that the President call upon all nations of the world to stop imports of oil from Iran until all hostages in the American Embassy in Teheran are released and control of the embassy is returned to officials of the United States; to the Committee on Foreign Affairs.

By Mr. STRATTON:

H. Con. Res. 211. Concurrent resolution calling upon the British Government to embark upon a new initiative for Ireland; to the Committee on Foreign Affairs.

By Mr. WOLFF:

H. Con. Res. 212. Concurrent resolution expressing the sense of the Congress that the President should terminate immediately all participation by Iranian personnel in United States programs of military training; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause I of rule XXII, private bills and resolutions of the following titles were introduced and severally referred, as follows:

By Mr. PANETTA:

H.R. 5879. A bill for the relief of Carl Aiello; to the Committee on the Judiciary.

By Mr. PETRI:

H.R. 5880. A bill for the relief of Ana Marlene Orantes; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 271: Mr. Matsui, Mr. Evans of the Virgin Islands, and Mr. Fowler.

H.R. 1297: Mr. Panetta.

H.R. 1576: Mr. Clinger, Mr. Gingrich, and Mr. Pursell.

H.R. 1577: Mr. Beard of Rhode Island, Mr. Clinger, Mr. Gingrich, and Mr. Pursell

H.R. 1578: Mr. Beard of Rhode Island, Mr. Clinger, Mr. Gingrich, and Mr. Pursell.

H.R. 2552: Mr. Lee.

H.R. 2812: Mr. Beard of Rhode Island, Mr. Bingham, Mr. Brown of California, Mr. Maguire, Mr. Moffett, Mr. Ottinger, Mr. Panetta, and Mr. Rosenthal.

H.R. 2990: Mr. Carney, Mr. Hamilton, and Mr. Whitten.

H.R. 3250: Mr. Collins of Texas.

H.R. 3937: Mr. Mineta.

H.R. 4178: Mr. Florio.

H.R. 4264: Mr. Patten.

H.R. 4265: Mr. Corcoran.

H.R. 4367: Mr. Campbell.

H.R. 4861: Mr. Albosta and Mr. Marlenee.

H.R. 5008: Mr. Yatron, Mr. Downey, Ms. Ferraro, Mr. Brown of California, Mr. Carney, Mr. Gray, Mr. Patterson, Mr. Mineta, Mr. Albosta, and Mr. Wolff.

H.R. 5071: Mr. Oberstar.

H.R. 5225: Mr. Huckaby.

H.R. 5752: Mr. Frenzel, Mr. Downey, and Mr. Ford of Michigan.

H.R. 5813: Mr. Lloyd, Mr. Hall of Texas, Mr. Stenholm, Mr. Stump, Mr. Applegate, Mr. Hance, Mr. Whitehurst, Mr. Nichols, Mr. Montgomery, Mr. Gramm, Mr. Kazen, Mr. Leach of Louisiana, Mr. Myers of Indiana, Mr. Regula, Mr. Roberts, Mr. Bowen, Mr. Dougherty, Mr. Carter, Mr. Murphy of Pennsylvania, Mr. Boner of Tennessee, Mr. Wyatt, Mr. Charles Wilson of Texas, Mr. Rousselot, Mr. Archer, Mr. Goldwater, Mr. Pickle, Mr. Bauman, Mr. Royer, Mr. Stangeland, Mr. Hillis, Mr. Mottl, Mr. Robinson, Mr. Harsha, Mr. Bevill, Mr. Roth, Mr. Guyer, Mr. White, Mr. Hagedorn, Mr. Natcher, Mr. Ichord, Mr. Kindness, Mr. Martin, Mr. Young of Alaska, and Mr. Brinkley.

H.J. Res. 321: Mr. Danielson, Mr. Carter, and Mr. Rousselot.

H.J. Res. 372: Mr. Hollenbeck, Mr. Zeferetti, Mr. Royer, and Mr. Dicks.

H. Con. Res. 122: Mr. Luken.

H. Con. Res. 202: Mr. Harkin, Mr. Panetta, Mr. Rudd, Mr. McDonald, Mr. Vanik, Mr. Cotter, Mr. Hutto, Mr. Fazio, Mr. Michel, Mr. Hollenbeck, Mr. Seiberling, Mr. Bedell, Mr. Zeferetti, Mr. Lederer, Mr. Vento, Mr. Ertel, and Mr. Leach of Iowa.

H. Res. 446: Mr. Ottinger, Mr. Moffett, Mr. Lundine, and Mr. Bennett.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 2063

By Mr. BEREUTER:

—Page 49, line 23, delete "and".

Page 50, line 2, after the semicolon, insert the following: "and (D) with State legislatures through the formation and regular meeting of a State legislative liaison committee with the membership of such committee from each State to be determined by the legislature of the respective States which are located within the area served by the regional development commission;".

By Mr. MITCHELL of Maryland:

—Page 12, line 9, insert "(a)" after "205.".

On pages 12, 13, and 14, redesignate subsections (a) through (h) as paragraphs (1) through (7), respectively.

Page 14, after line 5, insert the following:

"(b)(1) The Secretary shall establish, by regulation, criteria for selecting projects for assistance under this title. In deciding among applications for assistance under this title, the Secretary shall give primary consideration to the following factors:

"(A) the extent to which the proposed project will provide long-term private sector employment opportunities to residents of the area, particularly unemployed, long-term unemployed, low-income, and socially and economically disadvantaged individuals;

"(B) the degree of economic distress in the area in which the project is to be implemented, as demonstrated by the criteria listed in section 401 and section 403 of this Act;

"(C) the level of private sector equity investment committed to financing the proposed project; and

"(D) the degree to which the proposed project will benefit socially and economically disadvantaged individuals and firms owned and controlled by such individuals.

"(2) The Secretary shall also consider other factors, including but not limited to—

"(A) the extent to which the proposed project is consistent with local and statewide development plans or priorities;

"(B) the extent to which the appropriate State and local governments have undertaken or agree to undertake other related actions to encourage economic development and the provision of employment opportunities in the distressed area;

"(C) the extent of the contribution to the economic and fiscal base of the distressed area to be made by the project; and

"(D) the appropriateness of the proposed project in view of the area's labor force.

—Page 16, line 20, strike out "solely for the making of other loans" and insert in lieu thereof "for the making of other loans and equity financing".

—Page 28, lines 23 and 24, strike out "is authorized to conduct any demonstration program which the Secretary determines is" and insert in lieu thereof "shall conduct demonstration programs which are".

Page 29, line 3, strike out ", including" and insert in lieu thereof a period and the following: "Such demonstration programs shall include".

—Page 43, line 6, strike out "section" and insert in lieu thereof "sections".

Page 43, line 25, strike out the quotation marks.

Page 43, after line 25, insert the following:

SOCIALLY AND ECONOMICALLY DISADVANTAGED BUSINESSES

"Sec. 718. (a) The Secretary shall administer the programs under this Act in a manner affirmatively to further participation in those programs, and in the projects they support, by socially and economically disadvantaged individuals and by businesses owned and controlled by such individuals. Within 60 days of the date of enactment of this section, the Secretary shall publish a plan to implement the preceding sentence.

"(b)(1) For purposes of this Act, the term 'business owned and controlled by socially and economically disadvantaged individuals' means a business—

"(A) which is at least 51 per centum owned by one or more socially and economically disadvantaged individuals; and

"(B) whose management and daily business operations are substantially controlled by one or more socially and economically disadvantaged individuals.

"(2) For purposes of this Act, the term 'socially disadvantaged individual' means an individual who has been subjected to racial or ethnic prejudice or cultural bias because of his or her identity as a member of a group without regard to his or her individual qualities.

"(3) For purposes of this Act, the term 'economically disadvantaged individual' means an individual whose ability to compete in the free enterprise system has been impaired due to diminished capital and credit opportunities as compared to others in the same business area who are not socially disadvantaged. In determining the degree of diminished credit and capital opportunities the Administration shall consider, but not be limited to, the assets and net worth of such socially disadvantaged individual.

"(4) Socially and economically disadvantaged individuals shall include black Americans, Hispanic Americans, Native Americans, and other minorities, and any other individuals found to be disadvantaged by the Small Business Administration pursuant to section 8 of the Small Business Act.

"(c) The Secretary may require each State or political subdivision of a State, applying for assistance under this Act, to demonstrate reasonable progress in providing socially and economically disadvantaged individuals with opportunity for participation in programs under this Act.".

H.R. 2626

By Mr. BUCHANAN:

(To the amendment in the nature of a substitute reported by the Committee on Interstate and Foreign Commerce.)

—Page 187, line 14, strike out "or".

Page 187, line 16, strike out the period and insert in lieu thereof ", or".

Page 187, insert after line 16 the following new subparagraph:

(G) (i) is primarily engaged in providing, by or under the supervision of physicians, to inpatients rehabilitation services for the rehabilitation of injured, disabled, or sick persons, and (ii) is not a part of any other hospital.

By Mr. JACOBS:

(To the substitute offered by Mr. GEPHARDT to the amendment in the nature of a substitute reported by the Committee on Interstate and Foreign Commerce.)

On page 2, line 2, of the subtitle (as shown in H.R. 5635) strike out "and Reporting Act" and all that follows through page 28, line 21, and insert in lieu thereof the following:

Act of 1979".

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TITLE I—VOLUNTARY HOSPITAL COST CONTAINMENT PROGRAM

PART A—ESTABLISHMENT OF VOLUNTARY PERCENTAGE LIMITS

NATIONAL VOLUNTARY PERCENTAGE LIMIT

SEC. 101. (a) The Secretary, before April of each year (beginning with 1980 and ending with last year of the national voluntary period, as determined under section 115(a)), shall promulgate a national voluntary percentage limit for the preceding year, which shall be equal to the sum of the following four amounts (as computed by the Secretary):

(1) WAGE-RELATED EXPENSES FOR NONSUPERVISORY EMPLOYEES.—The percent increase in the national hospital wage-related marketbasket (as defined in section 323(2)) for that preceding year.

(2) NONWAGE HOSPITAL MARKETBASKET.—The greater of—

(A) the percent increase in the national hospital nonwage marketbasket (as defined in section 323(1)) for that preceding year, or

(B) (i) for 1979, 5.12 percent, or

(ii) for any other year, the percent increase in the national hospital nonwage marketbasket for that preceding year as estimated and announced under subsection (b)(1).

(3) POPULATION INCREASE FACTOR.—The percent increase in the national population (as defined in section 324(2)) for that preceding year.

(4) NET SERVICE INTENSITY ALLOWANCE.—One percent.

Notwithstanding the preceding provisions of this subsection, the national voluntary percentage limit for 1979 shall not be less than 11.6 percent.

(b) The Secretary, before the first calendar quarter beginning after the date of the enactment of this Act and before each succeeding calendar quarter of a year before 1984, shall estimate and announce—

(1) the percent increase in the national nonwage marketbasket for the twelve-month period beginning with that calendar quarter, and

(2) the sum of the average fractions of expenses of hospitals in the United States (described in section 323(1)(B)) attributable to classes of goods and services used in the computation of the percent increase (described in paragraph (1)) for that twelve-month period.

STATE AND INDIVIDUAL HOSPITAL VOLUNTARY PERCENTAGE LIMITS

SEC. 102. (a)(1) Except as provided in paragraph (3), the Secretary shall compute a State voluntary percentage limit and an individual hospital voluntary percentage limit under this section for each accounting year of a hospital ending during the period beginning January 1, 1979, and ending December 30, 1983.

(2) The Secretary shall compute these limits for a hospital's accounting period that ended—

(A) in 1979, before July 1, 1980, or

(B) after 1979, not later than six months after the end of the accounting period.

(3) The Secretary need not compute an individual hospital voluntary percentage limit for an accounting period of a hospital, if the period is after the voluntary period of the hospital (as determined under section 115(c)).

(b)(1) For a hospital's accounting period that ended on December 31, 1979, these limits shall be equal to the sum of the following four amounts:

(A) WAGE-RELATED EXPENSES FOR NONSUPERVISORY EMPLOYEES.—The percent increase in the wage-related marketbasket (as defined in section 323(4)) of the hospital for the accounting period.

(B) NONWAGE HOSPITAL MARKETBASKET.—The greater of (i) the percent increase in the non-wage marketbasket (as defined in section 323(3)) of the hospital for the accounting period, or (ii) 5.12 percent.

(C) POPULATION CHANGE FACTOR.—For the—

(i) State voluntary percentage limit, the percent change in State population (as defined in section 324(3)) for the accounting period of the hospital, or

(ii) the individual hospital voluntary percentage limit, the percent change in area population (as defined in section 324(1)) for the accounting period of the hospital.

(D) NET SERVICE INTENSITY ALLOWANCE.—One percent.

(2) For a hospital's accounting period that ended in 1979 before December 31, these limits shall be equal to the sum of the following two amounts:

(A) 1978 FACTOR.—The percentage increase in the hospital's expenses in its accounting period that ended in 1978 over its expenses in its preceding accounting period, multiplied by the fraction of the accounting period ending in 1979 that occurred in 1978.

(B) 1979 FACTOR.—The sum of the four amounts described in paragraph (1) for the accounting period, multiplied by the fraction of the accounting period that occurred in 1979.

(c) For a hospital's accounting period that ended after 1979, these limits shall be equal to the sum of the following four amounts:

(1) WAGE-RELATED EXPENSES FOR NONSUPERVISORY EMPLOYEES.—The percent increase in the wage-related marketbasket (as defined in section 323(4)) of the hospital for the accounting period.

(2) NONWAGE HOSPITAL MARKETBASKET.—The greater of—

(A) the percent increase in the nonwage marketbasket (as defined in section 323(3)) of the hospital for the accounting period, or

(B)(i) for an accounting period that began before the beginning of the first calendar quarter beginning after date of the enactment of this Act, 5.12 percent, or

(ii) for any other accounting period, the percent increase in the national hospital nonwage marketbasket as estimated and announced under section 101(b)(1) for the twelve-month period beginning with the calendar quarter in which the accounting period began, multiplied by the hospital's adjustment factor (as defined in section 323(5)) for the accounting period.

(3) POPULATION CHANGE FACTOR.—For the—

(A) State voluntary percentage limit, the percent change in State population (as defined in section 324(3)) for the accounting period of the hospital, or

(B) the individual hospital voluntary percentage limit, the percent change in area population (as defined in section 324(1)) for the accounting period of the hospital.

(4) NET SERVICE INTENSITY ALLOWANCE.—One percent.

(d)(1) A hospital may elect, in such manner and in accordance with such procedures as the Secretary shall provide, to exclude from the computation of its individual hospital expenses for purposes of the determination of its individual hospital voluntary percentage limit under this section and its individual hospital performance under sections 114 and 115(c)(2)(B) for all accounting periods of the hospital (beginning with the first accounting period for which the election is made)—

(A) expenses attributable to charity care (as defined in paragraph (2)(A)), or

(B) expenses attributable to bad debts (as defined in paragraph (2)(B)), or both for the accounting period.

(2) For purposes of paragraph (1)—

(A) the term "expenses attributable to charity care" means, with respect to a hospital's accounting period, expenses relating to care, provided to patients by the hospital, for which reductions in (or elimination of) charges are made, as established by the hospital to the satisfaction of the Secretary, because of the indigence or medical indigence of the patients, and

(B) the term "expenses attributable to bad debts" means, with respect to a hospital's accounting period, expenses relating to care, provided to patients by the hospital, for which there are charges, to the extent to which the hospital establishes to the satisfaction of the Secretary, that (i) it has made reasonable efforts to collect such charges, (ii) any uncollected amounts are in fact uncollectible, and (iii) there is not substantial likelihood of their future collection.

PART B—REVIEW OF PERFORMANCE DURING VOLUNTARY PERIOD

NATIONAL HOSPITAL PERFORMANCE

SEC. 111. (a) The Secretary, before July 1, 1980, and before July 1 of any succeeding year that follows a year during the national voluntary period (as determined under section 115(a)), shall determine whether the increase in hospital expenses in the United States in the preceding year over those expenses in the second preceding year exceeded the national voluntary limit for the preceding year. He shall make that determination as follows:

(1)(A) He shall assign to each hospital's accounting period that ended on December 31 of that preceding year the national voluntary percentage limit (computed under section 101) for that preceding year.

(B) If the preceding year was 1979, he shall assign to each hospital's accounting period ending in 1979 before December 31 the sum of—

(i) 12.8 percent multiplied by the fraction of the accounting period that occurred in 1978, and

(ii) the national voluntary percentage limit for 1979 multiplied by the fraction of the accounting period that occurred in 1979.

(C) If the preceding year was 1980 or later, he shall assign to each hospital's accounting period ending before December 31 in that preceding year the sum of—

(i) the national voluntary percentage limit for that preceding year multiplied by the fraction of the accounting period that occurred in that second preceding year, and

(ii) the national voluntary percentage limit for that preceding year multiplied by the fraction of the accounting period that occurred in that preceding year.

(2) He shall compute the dollar amount by which each hospital's expenses in its accounting period ending in that preceding year exceeded (or was less than) its expenses in its preceding accounting period increased by the percentage limit assigned under paragraph (1) to the hospital's accounting period ending in that preceding year.

(3)(A) He shall compute the sum of the dollar amounts computed under paragraph (2).

(B)(i) For 1979, if the sum is greater than zero, he shall announce that the increase in hospital expenses in the United States for the preceding year exceeded the national voluntary limit for that year.

(ii) For 1979, if the sum is equal to or less than zero, he shall announce that the increase did not exceed the national voluntary limit for the preceding year and he shall credit, to a national carryforward account, an amount equal to one-half of the dollar amount of such savings.

(iii) Immediately before making a determination under this subsection for a year after 1979, the amount of any balance in the national carryforward account shall be increased by a percentage equal to the national voluntary percentage limit for the year.

(C)(i) For a year after 1979, if the sum is greater than zero, he shall apply, against such sum and to the extent of such sum, any balance in the national carryforward account (described in subparagraph (B)(ii)). If, after applying some or all of such balance, the sum is equal to zero, the Secretary shall announce that the increase in hospital expenses in the United States did not exceed the national voluntary limit for the preceding year and shall debit, against the national carryforward account, the amount of the account applied. If, after applying all of such balance, the sum is still greater than zero, he shall announce that the increase in hospital expenses in the United States for the preceding year exceeded the national voluntary limit for that year and shall reduce to zero the balance in the national carryforward account.

(ii) For a year after 1979, if the sum is equal to or less than zero, he shall announce that the increase did not exceed the national voluntary limit for the preceding year and he shall credit, to the national carryforward account, an amount equal to one-half of the dollar amount of such savings for such year.

(b) The Secretary shall report to each House of Congress on his announcement under subsection (a) and include in the report details as to the basis for the announcement.

CONGRESSIONAL REVIEW OF NATIONAL HOSPITAL PERFORMANCE

SEC. 112. (a)(1) If, within thirty days of continuous session after receipt of a report of the Secretary of Health, Education, and Welfare under section 111(b), relating to an announcement that the increase in hospital expenses in the United States for the preceding year exceeded the national voluntary limit for that year, either House of Congress adopts a resolution (described in subsection (b)(2)), the report shall be considered disapproved for purposes of section 115(a).

(2) For the purpose of paragraph (1)—

(A) continuity of session is broken only by an adjournment of Congress sine die, and

(B) the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of the thirty-day period.

(b)(1) This subsection is enacted by Congress—

(A) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such it is deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described in paragraph (2) of this subsection, and it supersedes other rules only to the extent that it is inconsistent therewith; and

(B) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rules of the House.

(2) For purposes of this section, the term "resolution" means only a resolution of either House of Congress the matter after the resolving clause of which is as follows: "That the   disapproves the report of the Secretary of Health, Education, and Welfare, made under section 111(b) of the Hospital Cost Containment Act of 1979, relating to the Secretary's announcement that the increase in hospital expenses in the United States for   has exceeded the national voluntary limit for that year.", the first blank space therein being filled with the name of the resolving House and the other blank being filled in with the number of the year for which the announcement was made.

(3) A resolution once introduced with respect to a report shall immediately be referred to a committee (or committees) by the President of the Senate or the Speaker of the House of Representatives, as the case may be.

(4)(A) If the committee (or committees) to which a resolution has been referred has not reported it at the end of 15 calendar days after its referral, it shall be in order to move to discharge the committee (or committees) from further consideration of such resolution.

(B) A motion to discharge may be made only by an individual favoring the resolution, shall be highly privileged (except that it may not be made after the committee (or committees) has reported a resolution with respect to the same report), and debate thereon shall be limited to not more than one hour, to be divided equally between those favoring and those opposing the resolution. An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion was agreed to or disagreed to.

(C) If the motion to discharge is agreed to or disagreed to, the motion may not be renewed, nor may another motion to discharge the committee (or committees) be made with respect to any other resolution with respect to the same report.

(5)(A) When the committee (or committees) has reported, or has been discharged from further consideration of, a resolution, it shall be at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the resolution. The motion shall be highly privileged and shall not be debatable. An amendment to the motion shall not be in order, and it shall not be in order to move to reconsider the vote by which the motion was agreed to or disagreed to.

(B) Debate on the resolution referred to in subparagraph (A) shall be limited to not more than five hours, which shall be divided equally between those favoring and those opposing such resolution. A motion further to limit debate shall not be debatable. An amendment to, or motion to recommit, the resolution shall not be in order, and it shall not be in order to move to reconsider the vote by which such resolution was agreed to or disagreed to.

(6)(A) Motions to postpone, made with respect to the discharge from committee (or committees), or the consideration of a resolution and motions to proceed to the consideration of other business, shall be decided without debate.

(B) Appeals from the decision of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution shall be decided without debate.

STATE HOSPITAL PERFORMANCE

SEC. 113. The Secretary, before July 1, 1980, and before July 1 of any succeeding year before 1984, shall determine whether the increase in hospital expenses in the State in the preceding year over those expenses in the second preceding year exceeded the State voluntary limit for the preceding year. He shall make that determination as follows:

(1) He shall compute the dollar amount by which the expenses of each hospital in the State in its accounting period ending

in that preceding year exceeded (or was less than) its expenses in its preceding accounting period increased by the State voluntary percentage limit (computed under section 102) for the hospital for the accounting period. The Secretary shall exclude from such determination the expenses of any hospital the voluntary period of which ended, under section 115(c)(2), in a year before such preceding year.

(2)(A) He shall compute the sum of the dollar amounts computed under paragraph (1).

(B)(i) For 1979, if the sum is greater than zero, he shall announce that the increase in hospital expenses in the State for the preceding year exceeded the State voluntary limit for that year.

(ii) For 1979, if the sum is equal to or less than zero, he shall announce that such increase did not exceed the State voluntary limit for the preceding year and he shall credit, to a State carryforward account for that State, an amount equal to one-half of the dollar amount of such savings.

(iii) Immediately before making a determination under this subsection for a year after 1979, the amount of any balance in the State carryforward account shall be increased by a percentage equal to the sum of the products, for each hospital in the State, of—

(I) the State voluntary percentage limit for the accounting period ending in the year, and

(II) the fraction of the expenses of hospitals in the State for accounting periods ending in the year which are the expenses of the hospital for its accounting period ending in the year.

The Secretary shall exclude from such determination any hospital the voluntary period of which ended, under section in 115(c)(2), in a year before such year.

(C)(i) For a year after 1979, if the sum is greater than zero, he shall apply, against such sum and to the extent of such sum, any balance in the State carryforward account (described in subparagraph (B)(ii)). If, after applying some or all of such balance, the sum is equal to zero, the Secretary shall announce that the increase in hospital expenses in the State did not exceed the State voluntary limit for the preceding year and shall debit, against the State carryforward account of that State, the amount of the account applied. If, after applying all of such balance, the sum is still greater than zero, he shall announce that the increase in hospital expenses in the State for the preceding year exceeded the State voluntary limit for that year and shall reduce to zero the balance of the State carryforward account of the State.

(ii) For a year after 1979, if the sum is equal to or less than zero, he shall announce that the increase did not exceed the State voluntary limit for the preceding year and he shall credit, to the State carryforward account for that State, an amount equal to one-half of the dollar amount of such savings for such year.

INDIVIDUAL HOSPITAL PERFORMANCE

SEC. 114. (a) The Secretary, when he computes an individual hospital voluntary percentage limit under section 102, shall determine whether the percent increase in a hospital's expenses in the hospital's accounting period over those expenses in the previous accounting period exceeding the hospital's individual hospital percentage limit for the period.

(b)(1)(A) For the accounting period ending in 1979, if there was an excess under subsection (a), the Secretary shall inform the hospital that the increase in the hospital's expenses in the accounting period exceeded the hospital's individual voluntary percentage limit for that period.

(B) For the accounting period ending in 1979, if there was no such excess under subsection (a), the Secretary shall inform the hospital that the increase in the hospital's expenses did not exceed the hospital's individual voluntary percentage limit for the period and he shall credit, to a carryforward account for that hospital, an amount equal to one-half of the dollar amount of such savings.

(C) Immediately before making a determination under this subsection for a year after 1979, the amount of any balance in the carryforward account of a hospital shall be increased by a percentage equal to the individual hospital voluntary percentage limit for the period.

(2)(A) For an accounting period ending in a year after 1979, if there was an excess under subsection (a), the Secretary shall apply, against such excess and to the extent of such excess, any balance in the hospital's carryforward account (described in paragraph (1)(B)). If, after applying some or all of such balance, there is no excess remaining, the Secretary shall inform the hospital that the increase in the hospital's expenses did not exceed the hospital's individual voluntary percentage limit for the accounting period and shall debit, to the carryforward account for that hospital, the amount of the account applied. If, after applying all of such balance, there is still an excess, he shall inform the hospital that the increase in the hospital's expenses in the accounting period exceeded the hospital's individual voluntary percentage limit for that period and shall reduce to zero the balance in the carryforward account of the hospital.

(B) For an accounting period ending in a year after 1979, if there is no excess, he shall inform the hospital that such increase did not exceed the hospital's voluntary percentage limit for the period and he shall credit, to the carryforward account for that hospital, an amount equal to one-half of the dollar amount of such savings for such period.

DURATION OF NATIONAL, STATE, AND INDIVIDUAL HOSPITAL VOLUNTARY PERIODS

SEC. 115. (a) The national voluntary period shall be considered to begin with 1979 and to end with the earlier of 1983 or the first year for which—

(1) the Secretary has announced and reported to Congress under section 111 that total expenses of hospitals in the United States for the year have exceeded the national voluntary limit for that year, and

(2) neither House of Congress has, under section 112, disapproved the report for that year.

(b) The voluntary period of a State shall be considered to begin with 1979 and to end with the earlier of 1983 or the first year—

(1) which is the last year of, or is any year after, the national voluntary period (as determined under subsection (a)), and

(2) for which the Secretary has announced under section 113 that total expenses of hospitals in the State for the year have exceeded the State voluntary limit for that State for that year.

(c) The voluntary period of an individual hospital shall be considered to begin with the hospital's accounting period ending in 1979 and to end with the hospital's accounting period ending in 1983, or, if earlier, the first accounting period—

(1)(A) which ends in the last year of, or in any year after, the voluntary period of the State in which the hospital is located (as determined under subsection (b)), and (B) for which the Secretary has informed the hospital under section 114 that the hospital's expenses in the accounting period have exceeded the hospitals' individual hospital voluntary percentage limit for that period; or

(2)(A) which ends in a year after the end of the national voluntary period (as determined under subsection (a)), and

(B) for which the Secretary determines that—

(i) the amount of the excess (if any) computed under section 114(b) for the period is greater than 1 percent of the hospital's expenses for the previous accounting period, and

(ii) the net amount of the excess (if any) computed under such section for the previous accounting period is greater than 1 percent of the hospital's expenses for the second previous accounting period.

(d)(1) Subject to paragraph (2), the Secretary may not enter into an agreement under section 1866 of the Social Security Act with any hospital for any period beginning after the end of the voluntary period of the hospital (as determined under subsection (c)).

(2) Paragraph (1) shall not apply to a hospital for an accounting period for which there is an exemption under part B of title II.

TITLE II—STATE MANDATORY HOSPITAL COST CONTAINMENT PROGRAMS AND ENFORCEMENT

Part A—Approval of State Mandatory Programs and Exemptions From Restrictions

APPROVAL OF STATE MANDATORY PROGRAMS

SEC. 201. (a) The chief executive of any State may apply to the Secretary for the approval for a year of a State mandatory hospital cost containment program (hereinafter in this section referred to as "the program") established in the State. The Secretary shall approve the program for the year if—

(1) the Secretary determines that the program will be applicable to—

(A) all hospitals in the State and to all revenues or expenses for inpatient hospital services (other than revenues under title XVIII of the Social Security Act, unless approved by the Secretary), or

(B) at least 75 percent of all revenues or expenses for inpatient hospital services (including revenues under title XVIII of the Social Security Act);

(2) the Secretary receives satisfactory assurances as to the equitable treatment under the program of all entities (including Federal and State programs) that pay hospitals for inpatient hospital services, of hospital employees, and of hospital patients;

(3) the program does not treat, directly or indirectly, as revenues of any hospital any of the hospital's amounts related to philanthropy (as defined in section 322(3)); and

(4) the Secretary—

(A) determines that for the previous year, if (for accounting periods of hospitals in the State ending in such previous year) the State voluntary percentage limits (computed under section 102) were increased by 1 percentage point, the Secretary would determine that the sum of the dollar amounts computed under the first sentence of section 113(a)(1) for such previous year would be equal to or less than zero, or

(B) receives satisfactory assurances that such sum of dollar amounts, computed under the first sentence of section 113(a)(1) for the year, will be equal to or less than zero.

The requirements of paragraphs (1), (2), and (3) shall not apply to any State mandatory hospital cost containment program which was established by statute before, and in effect on, January 1, 1979.

(b) The Secretary, in establishing standards and reviewing applications for approval of State mandatory hospital cost containment programs under this section, shall consult with the National Commission on Hospital Cost Containment (established under section 301).

(c)(1) There shall be exempted from any restriction under section 115(d)(1) any agreement under section 1866 of the Social Security Act of a hospital in a State which begins in a year in which a State mandatory hospital cost containment program for the State has been approved under this section.

(2) The Secretary may waive requirements for reimbursement under title XVIII of the Social Security Act for hospitals located in States with mandatory hospital cost containment programs approved under this section.

FUNDING OF STATE MANDATORY PROGRAMS

SEC. 202. (a) The Secretary may make grants to States to assist them in planning, establishing, or operating State mandatory hospital cost containment programs.

(b) An application by a State for assistance under this section shall be in such form, submitted in such manner, and contain such information and assurances, as the Secretary may require.

(c) The Secretary shall determine the amount of any assistance provided under this section, and may make payment in advance or by way of reimbursement, and at such intervals and on such conditions as he finds necessary. Subject to appropriations, the Secretary may provide assistance in amounts up to 50 percent of the necessary expenses involved with the planning, establishment, or operation of such a program.

(d) There are authorized to be appropriated for assistance under this section $10,000,000 for the fiscal year ending September 30, 1980, and such sums as may be necessary for each of the three succeeding fiscal years.

EXEMPTION OF HOSPITALS ENGAGED IN CERTAIN EXPERIMENTS OR DEMONSTRATIONS

SEC. 203. The Secretary may exempt hospitals from the application of the restriction of section 115(d)(1) if he determines that—

(1) the exemption is necessary to facilitate an experiment or demonstration entered into under section 402 of the Social Security Amendments of 1967, section 222 of the Social Security Amendments of 1972, or section 1526 of the Public Health Service Act, and

(2) the experiment or demonstration is consistent with the purposes of this Act.

PART B—ENFORCEMENT

CONFORMANCE BY CERTAIN FEDERAL AND STATE PROGRAMS

SEC. 211. (a) Notwithstanding any provision of title XVIII of the Social Security Act, reimbursement for inpatient hospital services under the program established by such title shall not be payable, on an interim basis or in final settlement, to a hospital for an accounting period which is exempted from a restriction under section 115(d)(1) because the hospital is located in a State with a mandatory hospital cost containment program approved under part A, to the extent that the reimbursement exceeds the limit prescribed under such program.

(b) Notwithstanding any provision of title V of XIX of the Social Security Act, payment shall not be required to be made by any State under either such title, nor shall payment be made to any State under either such title, with respect to any amount paid for inpatient hospital services to a hospital for an accounting period which is exempted from restriction under section 115(d)(1) because the hospital is located in a State with a mandatory hospital cost containment program approved under part A, to the extent that the reimbursement exceeds the limit prescribed under such program.

TITLE III—STUDIES, ADMINISTRATIVE PROVISIONS, AND DEFINITIONS

PART A—STUDIES AND REPORTS

NATIONAL COMMISSION ON HOSPITAL COST CONTAINMENT

SEC. 301. (a) The Secretary shall establish a National Commission on Hospital Cost Containment (hereinafter in this section referred to as the "Commission").

(b) The Commission shall consist of fifteen members appointed by the Secretary. Of those members—

(1) five shall be individuals representative of hospitals.

(2) five shall be individuals representative of entities that reimburse hospitals, of whom one shall be the Administrator of the Health Care Financing Administration, and

(3) five shall be individuals who are not representative of either hospitals or of entities that reimburse hospitals.

(c)(1) Except as provided in paragraphs (2) and (3), members shall be appointed for three years.

(2) Of the members first appointed—

(A) five shall be appointed for a term of two years, and

(B) five shall be appointed for a term of one year.

(3) Any member appointed to fill a vacancy occurring before the expiration of the term for which the member's predecessor was appointed shall be appointed only for the remainder of that term. A member may serve after the expiration of the member's term until the member's successor has taken office.

(d) The Secretary shall appoint one of the members as Chairman, to serve until the expiration of the member's term.

(e) Eight members of the Commission shall constitute a quorum to do business. The Commission shall meet at the call of the Chairman or at the call of a majority of its members.

(f) The Commission shall advise, consult with, and make recommendations to, the Secretary with respect to—

(1) the implementation of this Act,

(2) proposed modifications to the provisions of this Act, and

(3) any other matters that may affect hospital expenses or revenues.

(g)(1) Except as provided in paragraph (2), members of the Commission shall each be entitled to receive the daily equivalent of the annual rate of basic pay in effect for grade GS-18 of the General Schedule for each day (including traveltime) during which they are engaged in the actual performance of Commission duties.

(2) Members of the Commission who are full-time officers or employees of the United States shall receive no additional pay on account of their service on the Commission.

(3) While away from their homes or regular places of business in the performance of services for the Commission, members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703 of title 5, United States Code.

(h) The Commission may, subject to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, appoint, fix the pay of, and prescribe the functions of such personnel as are necessary to carry out its functions. In addition, the Commission may procure the services of experts and consultants as authorized by section 3109 of such title.

(i) The provisions of section 14(a) of the Federal Advisory Committee Act shall not apply with respect to the Commission.

TASKFORCE ON CONSUMER AND PHYSICIAN INCENTIVES TOWARD HOSPITAL COST CONTAINMENT

SEC. 302. (a)(1) There is hereby established a Taskforce on Consumer and Physician Incentives Toward Hospital Cost Containment (hereinafter in this section referred to as the "Taskforce"), to be composed of seven members—

(A) three appointed by the President,

(B) two appointed by the Speaker of the House of Representatives, and

(C) two appointed by the President of the Senate.

Members of the Taskforce shall serve without additional compensation.

(2) The Taskforce shall carry out its activities in consultation with appropriate Federal agencies, private organizations, consumers, physicians, and other interested parties.

(b) The Taskforce shall study—

(1) the effect of different policies and procedures (including use of deductibles, coinsurance, and cost- or risk-sharing; tax deduction and exclusion from income provisions of the Internal Revenue Code of 1954; and prepaid health plans) relating to payment for hospital services on (A) consumer and physician awareness of the relative cost and quality of different hospital (and outpatient) services, (B) utilization of hospital services, and (C) the quality of hospital services provided, and

(2) the desirability of increasing the use of these and similar methods in federally funded and other health insurance programs,

and shall make recommendations to the Congress for appropriate changes in legislation. The Taskforce shall complete its study, and submit a report thereon to the appropriate committees of the Congress, not later than two years after the date members are first appointed to the Taskforce.

EVALUATION OF COST CONTAINMENT PROGRAM

SEC. 303. (a) The Secretary shall conduct a comprehensive evaluation (hereinafter in this section referred to as the "evaluation") of the cost controls established under this Act, focusing on—

(1) their efficiency, effectiveness, and fairness compared to alternative strategies for containing hospital costs, and

(2) modifications of the present system of reimbursing hospitals under the medicare program on the basis of their retrospectively determined costs.

(b) The Secretary shall submit to the Congress not later than—

(1) six months after the date of the enactment of this Act, a formal plan for the evaluation,

(2) two years after the date of the enactment of this Act, an interim report on the evaluation, and

(3) December 31, 1983, a final report on the evaluation.

REPORT ON COST CONTAINMENT ALTERNATIVES

SEC. 304. (a) The Secretary shall prepare and submit to Congress, not later than one year after the date of the enactment of this Act, a report on additional or alternative measures (such as changes in (1) methods of third-party reimbursement for health costs, (2) physician reimbursement, (3) payment for drugs and medical supplies, (4) utilization of health facilities and services, and (5) capital expenditures) that can be taken to control costs in the health care industry, as well as the hospital part of the industry.

(b) The report shall include the results of a study, conducted by the Secretary in consultation with appropriate national organizations, on the activities, programs, operating costs, and reimbursement of children's hospitals (described in section 321(3)(E)). With such results, the Secretary shall include findings and recommendations, including a recommendation with respect to the use of a system for the prospective measurement of costs of such hospitals.

PART B—ADMINISTRATIVE PROVISIONS

REGULATIONS AND SHORT ACCOUNTING PERIODS

SEC. 311. (a) The Secretary may prescribe regulations to implement the provisions of this Act and shall determine or estimate any amounts or limits specified in this Act.

(b) The Secretary may make appropriate adjustments in the application of the provisions of this Act with respect to short accounting periods (described in section 32 (1)(B)).

HEARINGS AND APPEALS

SEC. 312. (a) Any hospital or payer dissatisfied with a determination made on behalf of the Secretary under section 115(d)(1) may obtain a hearing before the Provider Reimbursement Review Board (established under section 1878(h) of Social Security Act and hereinafter in this section referred to as the "Board") if the amount in controversy is $10,000 or more and the request for such hearing is filed within one hundred and eighty days after notice of the determination.

(b)(1) The provisions of subsections (c), (d), (e), (f), and (i) of section 1878 of the Social Security Act shall apply to hearings provided under subsection (a). In addition, the Board shall have the power to affirm or reverse any final determination (described in subsection (a)) of a fiscal intermediary or another entity acting on behalf of the Secretary.

(2) After completing a hearing provided under subsection (a) with respect to a determination, the Board shall render its decision on the determination not later than sixty days after the last day of the hearing.

(c) In addition to the members appointed under section 1878(h) of the Social Security Act, the Secretary may appoint up to four additional members to the Board. For every two additional members appointed under this subsection, one shall be representative of providers of services. Those provisions of section 1878(h) of the Social Security Act which relate to compensation and terms of office of members of the Board shall also apply to members appointed under this subsection.

IMPROPER CHANGES IN ADMISSIONS PRACTICES

SEC. 313. (a) No hospital may change its admission practices in a manner which results in—

(1) a significant reduction in the proportion of its patients who have no third-party coverage and who are unable to pay for inpatient hospital services provided by the hospital,

(2) a significant reduction in the proportion of persons admitted to the hospital for inpatient hospital services for which payment is (or is likely to be) less than the anticipated charges for or costs of such services,

(3) the refusal to admit patients who would be expected to require unusually costly or prolonged treatment for reasons other than those related to the appropriateness of the care available at the hospital, or

(4) the refusal to provide emergency services to any person who is in need of emergency services if the hospital provides such services.

(b) The Secretary shall monitor, on a periodic basis, the extent of each hospital's compliance with subsection (a).

(c)(1) Upon written complaint by any institution that satisfies paragraphs (1) and (7) of section 1861(e) of the Social Security Act or upon receiving such volume of written complaints or such reasonable documentation from any persons (as the Secretary finds sufficient) that a hospital has changed its admission practices in a manner in violation of subsection (a), the Secretary shall investigate the complaint and, upon a finding by him that the complaint is justified, he may—

(A) exclude the hospital from participation in any or all of the programs established by title V, XVIII, or XIX of the Social Security Act, or

(B) reduce the total amounts otherwise reimbursable to the hospital under title XVIII of the Social Security Act in an amount equal to $2,000 for each of the number of persons who were not admitted as patients because of the change,

or both.

(2) In addition the Secretary may take any other action authorized by law (including an action to enjoin such a violation brought by the Attorney General upon request of the Secretary) which will restrain or compensate for a violation of subsection (a).

(d) Any hospital aggrieved by a determination of the Secretary under subsection (c) shall, upon timely request, be entitled to a hearing on the record on such determination (in accordance with section 554 of title 5, United States Code), and no reduction in reimbursement may be made under subsection (c)(1)(B) with respect to a hospital until the hospital has had the opportunity for such a hearing and judicial review (under chapter 7 of such title) on the determination after the hearing.

(e)(1) An appropriate civil action to restrain an alleged violation of subsection (a) may be brought by a person other than the Secretary, but only if—

(A) One hundred and eighty days have passed from the date a complaint with respect to that alleged violation has been filed by the person with the Secretary, and

(B) neither the Secretary nor the Attorney General has commenced and is diligently pursuing judicial proceedings or administrative action with respect to the alleged violation.

(2) Any civil action under this subsection shall be brought in the United States district court for the judicial district in which the hospital in question is located, and the district courts of the United States shall have jurisdiction over actions brought under this subsection without regard to the amount in controversy or the citizenship of the parties.

(3) In any action brought under this subsection, the Secretary or the Attorney General, if not a party, may intervene as a matter of right.

(4) The court, in issuing any final order in any action brought under this subsection, may award costs of suit and reasonable fees for attorneys and expert witnesses if the court determines that such an award is appropriate. Any court, in issuing its decision in an action brought to review such an order, may award costs of suit and reasonable fees for attorneys if the court determines that such an award is appropriate.

(f) Nothing in this section shall restrict any right which any person (or class of persons) may have under any other statute or at common law to seek enforcement of this Act or to seek any other relief.

CONFIDENTIALITY OF CERTAIN MEDICAL RECORDS

SEC. 314. (a) No officer, employee, or agent of the Federal Government or of an organization conducting medical reviews under part B of title XI of the Social Security Act may, for purposes of carrying out this Act, inspect (or have access to), any part of an individually identifiable medical record (as defined in subsection (c)) of a patient which relates to medical care not provided directly by the Federal Government or paid for (in whole or in part) under a Federal program or under a program receiving Federal financial assistance, unless the patient has authorized such disclosure and inspection in accordance with subsection (b).

(b) A patient authorizes disclosure and inspection of a medical record for purposes of subsection (a) only if, in a signed and dated statement, the patient—

(1) authorizes the disclosure and inspection for a specific period of time;

(2) identifies the medical record authorized to be disclosed and inspected; and

(3) specifies the agencies which may inspect the record and to which the record may be disclosed.

(c) For purposes of this section:

(1) The term "individually identifiable medical record" means a medical, psychiatric, or dental record concerning an individual that is in a form which either identifies the individual or permits identification of the individual through means (whether direct or indirect) available to the public.

(2) The term "medical care" includes medical, psychiatric, and dental care and treatment.

DETERMINATION OF RELATIVE EFFICIENCY OF HOSPITAL AND MEDICARE AND MEDICAID BONUSES FOR EFFICIENCY

SEC. 315. (a) The Secretary shall develop (and may from time to time revise), by regulation, a system of grouping hospitals by appropriate characteristics, such as patient case mix and metropolitan or nonmetropolitan setting. He shall establish (and may from time to time revise), by regulation, a method of measuring efficiency within each group that provides for setting a group norm, defined in terms of all or certain hospital expenses (adjusted for area wage differentials). In determining individual hospital efficiency under the method, the Secretary may take into account systemwide savings attributable to lower hospital inpatient utilization per capita in the area in which the hospital is located. The Secretary, in carrying out the requirements of this subsection with respect to hospitals located in Hawaii or Alaska, shall make such adjustments as may be necessary to reflect the higher prices for classes of goods and services prevailing in each of those States. If the hospital provides care to a greater percentage of patients sixty-five years of age or older than the average percentage for its group, the Secretary shall adjust (to the extent the method for determining the relative efficiency of the hospital does not otherwise take this into consideration) the amount of the hospital's expenses to take into consideration the higher average costs associated with care for patients sixty-five or older to the extent of such excess percentage.

(b)(1) The Secretary may, in his discretion, provide for a bonus in the amount otherwise reimbursable to a hospital under title XVIII or under a State plan approved under title XIX of the Social Security Act to reflect that the hospital, as determined under subsection (a), is more efficient for an accounting period than the group norm for hospitals in its group. Such a bonus may not exceed the lesser of—

(A) one-half of the total amount of the savings under such title or plan of the hospital below the group norm, or

(B) the product of (i) 5 percent of the amount of the expenses for the group norm per unit of measurement, and (ii) the number of units of measurement associated with the hospital's performance.

(2) Any bonus provided under this subsection shall be additional to any other reimbursement provided under such titles.

(3) Bonuses payable pursuant to this section shall be paid, in appropriate proportions, from the Federal Hospital Insurance Trust Fund (established under section 1817 of the Social Security Act) and under a State plan approved under title XIX of such Act.

(4) In exercising his discretion under this section, the Secretary shall take into account (A) the degree to which a hospital has been more efficient than other hospitals in its group, and (B) the existence of a similar bonus under any State mandatory hospital cost containment program to which the hospital is subject.

(5) The Secretary may not provide, in any fiscal year, for more than $50,000,000 in bonuses to hospitals under this section.

SUNSET PROVISION

SEC. 317. (a) Except as otherwise provided in this Act, the provisions of this Act relating to—

(1) the national voluntary percentage limit shall not apply to years after 1982;

(2) State and individual hospital voluntary percentage limits shall not apply to accounting periods of hospitals beginning in any year after 1983;

(3) restrictions under section 115(d)(1) on entering into agreements under section 1866 of the Social Security Act shall not ap-

ply to agreements entered into for periods beginning after 1983; and

(4) medicare and medicaid bonuses under section 315(b) shall apply only with respect to accounting periods of hospitals ending after December 31, 1979, and before January 1, 1984.

(b)(1) Section 313 shall not apply to changes in admissions practices occurring after December 31, 1983.

(2) Paragraph (1) does not preclude the exclusion or reduction provided in section 313 (c)(1) with respect to improper changes in admission practices occurring before January 1, 1984.

(c) The National Commission on Hospital Cost Containment shall be established under section 301 not earlier than October 1 of the year in which this Act is enacted and shall be terminated on March 1, 1984.

(d) The Taskforce on Consumer and Physician Incentives Towards Hospital Cost Containment shall be established under section 302 not earlier than October 1 of the year in which this Act is enacted and shall be terminated not later than March 1, 1984.

PART C—DEFINITIONS

GENERAL DEFINITIONS

SEC. 321. For purposes of this Act:

(1) The term "accounting period" means—

(A) except as provided in subparagraph (B)—

(i) in the case of a hospital participating in the program established by title XVIII of the Social Security Act, the period of twelve consecutive calendar months utilized as the reporting period of reimbursement purposes under that program,

(ii) in the case of a hospital not participating in the program established by title XVIII of the Social Security Act, a calendar year, or, if requested by the hospital, such other period of twelve consecutive calendar months as the Secretary may approve, and

(B) in the case of a hospital whose period under subparagraph (A) is changed from one twelve-month period to another, such shorter period as the Secretary may establish.

(2)(A) The term "admission" means the formal acceptance by a hospital of an inpatient, excluding newborn children (unless retained after discharge of the mother) or a transfer within or among inpatient units of the hospital.

(B) In the case of the admission of an individual whose inpatient hospital services are to be reimbursed in part by more than one cost payer, the admission shall be attributed to the cost payer which is to reimburse for such services furnished before such services are furnished for which other cost payers are to reimburse.

(3) The term "hospital", with respect to any period, means an institution (or distinct part of an institution if the distinct part participates in the program established by title XVIII of the Social Security Act) that satisfies paragraphs (1) and (7) of section 1861(e) of the Social Security Act during all of the period and has satisfied those conditions during the preceding thirty-six months, but does not include any such institution if it—

(A) had an average duration of stay of thirty days or more during the preceding thirty-six months,

(B) derived 75 percent or more of its inpatient care revenues from one or more health maintenance organizations (as defined in section 1301(a) of the Public Health Service Act) during the preceding twelve months,

(C)(i) is located in a rural area and (ii) had average annual admissions of four thousand or less during the preceding thirty-six months,

(D) does not impose charges or accept payments for services provided to patients,

(E) is an institution (i) organized and operated for the care of children and youth, and (ii) a majority of whose inpatients are eighteen years of age or younger, or

(F) is a psychiatric hospital (as described in section 1861(f)(1) of the Social Security Act),

and for purposes of section 201, does not include an institution if it is a Federal institution during any part of the period. For purposes of subparagraph (C), the term "rural area" includes an area which is either outside an urban area (as defined by the Bureau of the Census) or outside a Standard Metropolitan Statistical Area (as determined by the Office of Management and Budget).

(4) The term "inpatient hospital services" has the meaning assigned by section 1861(b) of the Social Security Act, but includes in addition the services specified in section 1861(b)(5) of that Act.

(5) The term "Secretary" means the Secretary of Health, Education, and Welfare.

(6) The term "State" means each of the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands.

(7) The term "supervisor" has the meaning assigned by section 2(12) of the National Labor Relations Act.

(8) The term "United States" means the geographic area consisting of all the States.

DEFINITIONS RELATING TO CHARGES, EXPENSES, AND REIMBURSEMENT

SEC. 322. For purposes of this Act:

(1) The term "hospital expenses", for purposes of title I, does not include any SHUR expenses (as defined in paragraph (5)).

(2) The term "inpatient charges" means charges (as defined by section 405.452(d)(4) of title 42, Code of Federal Regulations, as in effect on the date of the enactment of this Act) for inpatient hospital services.

(3) The term "amounts related to philanthropy" means, with respect to a hospital, any amounts which are attributable to—

(A) a donor designated or restricted grant, gift, or income from an endowment, as defined in section 405.423(b)(2) of title 42 of the Code of Federal Regulations;

(B) a grant or gift, or income from such a grant or gift, which is not available for use as operating funds because of its designation by the hospital's governing board;

(C) a grant or similar payment which is made by a governmental entity and which is not available, under the terms of the grant or payment, for use as operating funds;

(D) the sale or mortgage of any real estate or other capital assets of the hospital which the hospital acquired through a gift or grant and which is not available for use as operating funds under the terms of the gift or grant or because of its designation by the hospital's governing board; and

(E) a depreciation fund which is (i) created by the hospital in order to meet a condition imposed by a third party for the third party's financing of a capital improvement of the hospital, and (ii) is used exclusively to make payments to such third party for the financing of the capital improvement.

(4) The term "SHUR expenses" means expenses incurred by a hospital only in order to comply with the requirement of sections 1861(v)(1)(F) and 1902(a)(40) of the Social Security Act (relating to reporting under a system for hospital uniform reporting).

(5) The term "wage-related expenses" means wages (as such term is used under the Fair Labor Standards Act of 1938) and includes overtime wages and shift differential, taxes imposed under section 1401, 3101, or 3111 of the Internal Revenue Code of 1954 (relating to the Federal Insurance Contributions Act taxes), and expenses relating to unemployment compensation, workmen's compensation, and fringe benefits (including pensions and health benefits) as established by the Secretary by regulation.

DEFINITIONS RELATING TO MARKETBASKET INCREASES

SEC. 323. For purposes of this Act:

(1) The term "percent increase in the national hospital nonwage marketbasket" means, for a twelve-month period, sum of the products of—

(A) the average percentage increase in the United States in the price of each appropriate class (as determined by the Secretary) of goods and services (other than wage-related expenses and SHUR expenses) in the period over the price of the class in the preceding twelve-month period, and

(B) the average fraction (as computed by the Secretary from time to time) of the expenses of hospitals in the United States attributable to that class.

(2) The term "percent increase in the national hospital wage-related marketbasket" means, for a year, the product of—

(A) the average percentage increase in the wage-related expenses paid in the year over the wage-related expenses paid in the preceding year per employee per hour to employees (other than to doctors of medicine or osteopathy and to supervisors) of hospitals in the United States, and

(B) the average fraction (as computed by the Secretary from time to time) of the expenses of hospitals in the United States attributable to such wage-related expenses.

(3) The term "percent increase in the nonwage marketbasket" means, for an accounting period of a hospital, the sum of the products of—

(A) the average percentage increase in the United States (or in the area or State in which the hospital is located, if data for the hospital's area or State are available) in the price of each appropriate class (as determined by the Secretary) of goods and services (other than wage-related expenses and SHUR expenses) in the period over the price of the class in the preceding accounting period, except that the Secretary, in applying such percentage increase with respect to hospitals located in Hawaii or in Alaska, shall make such adjustment in such percentage increase as may be necessary to reflect any higher rate of increase in the prices of classes of goods and services in those States as compared with such rate of increase in the United States, and

(B) the fraction (as computed by the Secretary from time to time) of the hospital's expenses attributable to the class.

(4) The term "percent increase in the wage-related marketbasket" means, for a hospital for an accounting period, the product of—

(A) the average percentage increase in the wage-related expenses paid in the period over the wage-related expenses paid in the preceding period per employee per hour to employees (other than to doctors of medicine or osteopathy and to supervisors) of the hospital (or zero, if there are not sufficent data to make a reasonable estimate), and

(B) the average fraction (as computed by the Secretary from time to time) of the hospital's expenses attributable to such wage-related expenses.

(5) The term "adjustment factor" means, for a hospital for an accounting period, a fraction with—

(A) the numerator equal to the sum of the fractions of the hospital's expenses (described in paragraph (3)(B)) attributable to classes of goods and services described in such paragraph, and

(B) the denominator equal to the sum of the average fractions of expenses of hospitals in the United States, as estimated and announced under section 101(b)(2) before the calendar quarter in which the accounting period begins.

DEFINITIONS RELATING TO POPULATION CHANGES

SEC. 324. For purposes of this Act:

(1) The term "percent change in area

population" means, for an accounting period of a hospital, the highest of—

(A) the percent change in State population (as defined in paragraph (3)) for the period, or

(B) the percentage change in the size of the population of the Standard Metropolitan Statistical Area (as determined by the Office of Management and Budget), if any, in which the hospital is located in the year preceding the year in which the accounting period ends over the size of the population of such Area in the second preceding year, or

(C) the percentage change in the size of the population of the county or county equivalent area (as recognized by the Bureau of the Census) in which the hospital is located in the year preceding the year in which the accounting period ends over the size of the population of such county or area in the second preceding year.

(2) The term "percent increase in the national population" means, for a year, the percentage by which the size of the population in the United States in the year exceeds the size of the population of the United States in the preceding year.

(3)(A) Subject to subparagraph (B), the term "percent change in State population" means, for an accounting period of a hospital, the percentage change in the size of the population of the State in which the hospital is located in the year preceding the year in which the accounting period ends over the size of the population of the State in the second preceding year.

(B) In the case of a State in which the rate of increase in its population of persons sixty-five years of age or older for a year exceeds the rate of increase in the population of such persons in the United States for the year, the Secretary shall provide for such adjustment in the percent change in State population for accounting periods (of hospitals in the State) ending in the year in a manner which takes into consideration the additional costs (based on national data for cost of hospital services per capita for such persons as opposed to persons of other ages) involved in caring for such persons to the extent of such excess increase rate.

(To the amendment in the nature of a substitute reported by the Committee on Interstate and Foreign Commerce.)

—Pages 112 and 113, amend the items in the table of contents related to title II to read as follows:

TITLE II—STATE MANDATORY HOSPITAL COST CONTAINMENT PROGRAMS AND ENFORCEMENT

PART A—APPROVAL OF STATE MANDATORY PROGRAMS AND EXEMPTIONS FROM RESTRICTIONS

Sec. 201. Approval of State mandatory programs.
Sec. 202. Funding of State mandatory programs.
Sec. 203. Exemption of hospitals engaged in certain experiments or demonstrations.

PART B—ENFORCEMENT

SEC. 211. Conformance by certain Federal and State programs.

Page 113, strike out the item in the table of contents relating to section 313 and redesignate succeeding provisions in part B of title III accordingly.

Page 139, amend lines 6 through 11 to read as follows:

(d)(1) Subject to paragraph (2), the Secretary may not enter into an agreement under section 1866 of the Social Security Act with any hospital for any period beginning after the end of the voluntary period of the hospital (as determined under subsection (c)).

Page 139, strike out line 15 and all that follows through page 154, line 3 and insert in lieu thereof the following:

TITLE II—STATE MANDATORY HOSPITAL COST CONTAINMENT PROGRAMS AND ENFORCEMENT

PART A—APPROVAL OF STATE MANDATORY PROGRAMS AND EXEMPTIONS FROM RESTRICTIONS

Page 154, line 5, strike out "211" and insert in lieu thereof "201".

Page 155, line 12, strike out "322(3)" and insert in lieu thereof "322(2)".

Page 156, amend lines 11 through 16 to read as follows:

(c)(1) There shall be exempted from any restriction under section 115(d)(1) any agreement under section 1866 of the Social Security Act of a hospital in a State which begins in a year in which a State mandatory hospital cost containment program for the State has been approved under this section.

Page 157, line 15, strike out "212" and insert in lieu thereof "202".

Page 158, amend lines 14 through 17 to read as follows:

SEC. 203. The Secretary may exempt hospitals from the application of the restriction of section 115(d)(1) if he determines that—

Page 159, strike out line 3 and all that follows through page 166, line 11 and insert in lieu thereof the following:

PART B—ENFORCEMENT

Page 166, line 14, strike out "222" and insert in lieu thereof "211".

Page 166, strike out the dash at the end of line 19 and all that follows through page 167, line 5 and insert in lieu thereof the following: "which is exempted from a restriction under section 115(d)(1) because the hospital is located in a State with a mandatory hospital cost containment program approved under part A, to the extent that the reimbursement exceeds the limit prescribed under such program.".

Page 167, strike out the dash on line 12 and all that follows through line 23 and insert in lieu thereof the following: "which is exempted from a restriction under section 115(d)(1) because the hospital is located in a State with a mandatory hospital cost containment program approved under part A, to the extent that the reimbursement exceeds the limit prescribed under such program.".

Page 171, line 21, strike out "part A of title II" and insert in lieu thereof "section 115(d)(1)".

Page 172, line 8, strike out ", modify,".

Page 173, strike out line 3 and all that follows through page 174, line 20.

Page 174, line 22, strike out "314" and insert in lieu thereof "313".

Page 178, line 15, strike out "315" and insert in lieu thereof "314".

Page 181, line 15, strike out "and shall not" and all that follows through "title II" on line 18.

Page 182, amend lines 20 through 23 to read as follows:

(3) restrictions under section 115(d)(1) on entering into agreements under section 1866 of the Social Security Act shall not apply to agreements entered into for periods beginning after 1984; and

Page 182, line 25, strike out "315(b)" and insert in lieu thereof "314(b)".

Page 183, lines 4 and 8, strike out "314" and "314(c)(1)", respectively, and insert in lieu thereof "313" and "313(c)(1)", respectively.

Page 185, strike out line 7 and all that follows through page 186, line 2, and redesignate succeeding paragraphs accordingly.

Page 103, line 5, strike out "211" and insert in lieu thereof "201".

Page 188, strike out line 23 and all that follows through page 189, line 22, and redesignate succeeding paragraphs accordingly.

By Mr. RANGEL:

(To the amendment in the nature of a substitute reported by the Committee on Interstate and Foreign Commerce.)

—Page 113, amend the items in the table of contents relating to title III, part A of such title, and section 301 to read as follows:

TITLE III—NATIONAL COMMISSION, STUDIES, ADMINISTRATIVE PROVISIONS, AND DEFINITIONS

PART A—NATIONAL COMMISSION AND STUDIES

Sec. 301. National Commission on Hospital Cost Containment.
Sec. 302. Taskforce on Consumer and Physician Incentives Towards Hospital Cost Containment.
Sec. 303. Evaluation of cost containment program.
Sec. 304. Study of cost containment alternatives.

Page 131, strike out line 11 and all that follows through page 132, line 7.

Page 143, insert after line 2 the following new subsection:

(d) For purposes of applying the mandatory percentage limits under subsection (a) as they relate—

(1) to average inpatient charges per admission of a hospital, there shall be excluded from the computation of the amount of inpatient charges in an accounting period (and in the base accounting period) an amount equal to the amount of SHUR expenses of the hospital attributable to inpatient hospital services for the respective accounting period, and

(2) to average reimbursement payable to a hospital by a cost payer per admission, there shall be excluded from the computation of the total amount of reimbursement with respect to the cost payer in an accounting period (and in the base accounting period) an amount equal to the product of (A) the amount of SHUR expenses of the hospital attributable to inpatient hospital services for the respective accounting period, and (B) the proportion of such expenses determined, in accordance with regulations of the Secretary, to be properly allocated to that cost payer.

Page 153, insert after line 16 the following new subsection:

(d) On the request of a hospital, filed in accordance with the second sentence of subsection (a), the Secretary shall make an addition to the mandatory percentage limit for an accounting period otherwise computed under this part to the extent to which the hospital can demonstrate that higher reimbursement or inpatient charges per admission than would otherwise be permitted are attributable to capital-related expenses (including depreciation and interest) related to capital expenditures which have been approved by the State health planning and development agency for the hospital on or before the date of the enactment of this Act.

Page 153, line 17, strike out "(d)" and insert in lieu thereof "(e)".

Page 168, strike out lines 1 through 4 and insert in lieu thereof the following:

TITLE III—NATIONAL COMMISSION, STUDIES, ADMINISTRATIVE PROVISIONS, AND DEFINITIONS

PART A—NATIONAL COMMISSION AND STUDIES

Page 171, insert after line 7 the following new sections:

TASKFORCE ON CONSUMER AND PHYSICIAN INCENTIVES TOWARDS HOSPITAL COST CONTAINMENT

SEC. 302. (a)(1) There is hereby established a Taskforce on Consumer and Physician Incentives Towards Hospital Cost Containment (hereinafter in this section referred to as the "Taskforce"), to be composed of seven members—

(A) three appointed by the President,

(B) two appointed by the Speaker of the House of Representatives, and

(C) two appointed by the President of the Senate.

Members of the Taskforce shall serve without additional compensation.

(2) The Taskforce shall carry out its activities in consultation with appropriate Federal agencies, private organizations, consumers, physicians, and other interested parties.

(b) The Taskforce shall study—

(1) the effect of different policies and procedures (including use of deductibles, coinsurance, and cost- or risk-sharing; tax deduction and exclusion from income provisions of the Internal Revenue Code of 1954; and prepaid health plans) relating to payment for hospital services on (A) consumer and physician awareness of the relative cost and quality of different hospital (and outpatient) services, (B) utilization of hospital services, and (C) the quality of hospital services provided, and

(2) the desirability of increasing the use of these and similar methods in federally funded and other health insurance programs,

and shall make recommendations to the Congress for appropriate changes in legislation. The Taskforce shall complete its study, and submit a report thereon to the appropriate committees of the Congress, not later than two years after the date members are first appointed to the Taskforce.

EVALUATION OF COST CONTAINMENT PROGRAM

SEC. 303. (a) The Secretary shall conduct a comprehensive evaluation (hereinafter in this section referred to as the "evaluation") of the cost controls established under this Act, focusing on—

(1) their efficiency, effectiveness, and fairness compared to alternative strategies for containing hospital costs, and

(2) modification of the present system of reimbursing hospitals under the medicare program on the basis of their retrospectively determined costs.

(b) The Secretary shall submit to the Congress not later than—

(1) six months after the date of the enactment of this Act, a formal plan for the evaluation,

(2) two years after the date of the enactment of this Act, an interim report on the evaluation, and

(3) December 31, 1983, a final report on the evaluation.

REPORT ON COST CONTAINMENT ALTERNATIVES

SEC. 304. (a) The Secretary shall prepare and submit to Congress, not later than one year after the date of the enactment of this Act, a report on additional or alternative measures (such as changes in (1) methods of third-party reimbursement for health costs, (2) physician reimbursement, (3) payment for drugs and medical supplies, (4) utilization of health facilities and services, and (5) capital expenditures) that can be taken to control costs in the health care industry, as well as the hospital part of the industry.

(b) The report shall include the results of a study, conducted by the Secretary in consultation with appropriate national organizations, on the activities, programs, operating costs, and reimbursement of children's hospitals (described in section 321(6)(E)). With such results, the Secretary shall include findings and recommendations, including a recommendation with respect to the use of a system for the prospective measurement of costs of such hospitals.

Page 179, line 4, insert after the period the following new sentence: "The Secretary, in carrying out the requirements of this subsection with respect to hospitals located in Hawaii or Alaska, shall make such adjustments as may be necessary to reflect the higher prices for classes of goods and services prevailing in each of those States.".

Page 183, insert after line 15 the following new subsection:

(d) The Taskforce on Consumer and Physician Incentives Towards Hospital Cost Containment shall be established under section 302 not earlier than October 1 of the year in which this Act is enacted and shall be terminated not later than March 1, 1985.

Page 187, insert after line 11 the following new subparagraph:

(E) is an institution (i) organized and operated for the care of children and youth, and (ii) a majority of the inpatients of which are eighteen years of age or younger,

Page 187, lines 12 and 15, strike out "(E)" and "(F)", respectively, and insert in lieu thereof "(F)" and "(G)", respectively.

Page 188, insert after line 17 the following new paragraph:

(1)(A) The term "hospital expenses", for purposes of title I, does not include any SHUR expenses (as defined in paragraph (4)).

Page 188, line 18, strike out "(1)" and insert in lieu thereof "(B)".

Page 191, insert after line 6 the following new paragraph:

(4) The term "SHUR expenses" means expenses incurred by a hospital only in order to comply with the requirements of sections 1861(v)(1)(F) and 1902(a)(40) of the Social Security Act (relating to reporting under a system for hospital uniform reporting).

Page 191, line 7, strike out "(4)" and insert in lieu thereof "(5)".

Page 191, line 22, insert "or SHUR expenses" after "(2)(A)".

Page 193, line 5, insert "or SHUR expenses" after "(4)(A)".

Page 193, line 7, insert after the comma the following:

"except that the Secretary, in applying such percentage increase with respect to hospitals located in Hawaii or in Alaska, shall make such adjustment in such percentage increase as may be necessary to reflect any higher rate of increase in the prices of classes of goods and services in those States as compared with such rate of increase in the United States".

Page 194, strike out line 17 and all that follows through page 195, line 13 and insert in lieu thereof the following:

(1)(A) Subject to subparagraph (B), the term "percent change in area population" means, for an accounting period of a hospital, the higher of—

(i) the percentage change in the size of the population of the Standard Metropolitan Statistical Area (as determined by the Office of Management and Budget, if any, in which the hospital is located in the year preceding the year in which the accounting period ends over the size of the population of such Area in the second preceding year, or

(ii) the percentage change in the size of the population of the county or county equivalent area (as recognized by the Bureau of the Census) in which the hospital is located in the year preceding the year in which the accounting period ends over the size of the population of such county or area in the second preceding year,

except that in no case shall such percent change be less than zero.

(B) In the case of hospital located in a Standard Metropolitan Statistical Area, county, or county equivalent area which has a rate of increase in its population of persons sixty-five years of age or older for a year exceeding the rate of increase in the population of such persons in the United States for the year, the Secretary shall determine the amount of such difference and shall provide for an adjustment in the percent change in population of the Area or of the county or county equivalent area (for purposes of clauses (i) and (ii), respectively, of subparagraph (A)) for the accounting period of the hospital ending in the year in such a manner as takes into consideration the additional costs (based on national data for cost of hospital services per capita for such persons as opposed to persons of other ages) involved in caring for such persons to the extent of such excess increase rate.

H.R. 5297

By Mr. VENTO:

—Page 5, section 101, add the following new subsection:

"(e) No amount authorized to be appropriated by this Act may be used by the Commission to license or approve of the disposal of nuclear wastes in the ocean."

EXTENSIONS OF REMARKS

A COCA-COLA WINDFALL?

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. MICHEL. Mr. Speaker, it is reported that the largest single donation ever made in the history of American philanthrophy has been made by retired Coca-Cola Chairman Robert W. Woodruff. Mr. Woodruff has donated 3 million shares of Coca-Cola stock to Atlanta's Emory University. The gift is valued at $100 million. Every time Coca-Cola stock goes up $1, the endowment increases by $3 million.

I would assume that during the years Coca-Cola has been manufactured there have been many summers of more than average heat. During these summers more Coca-Cola was probably sold.

Is this not a form of windfall profits? After all, it was nothing that the Coca-Cola stockholders did that made people buy more Coca-Cola during heat spells. It was no improvement in the product or reduction in the price. It could very well be argued that the company made its excess profits in those long hot summers through exploiting the thirst of millions.

I am surprised Jimmy Carter has never said that Coca-Cola has made windfall profits throughout the years, and that much of that profit should have been taxed so that a Government agency could be set up to devise new ways of dealing with the thirst problem.

Emory University can be thankful that Mr. Carter was not in power when Coke made its biggest profits.

At this time I would like to insert in the RECORD "Emory U. Gets Gift of

$100 Million" by Howell Raines, from the New York Times, November 9, 1979:

Emory U. Gets Gift of $100 Million

By Howell Raines

Atlanta, Nov. 8.—Robert W. Woodruff, the retired Coca-Cola chairman known to Atlantans as this city's "anonymous donor," today gave Emory University $100 million, a gift that is believed to be the largest single donation in the history of American philanthropy.

The gift, in the form of three million shares of Coca-Cola stock, is of such magnitude "that every time Coca-Cola goes up one dollar, the endowment increases by $3 million or thereabouts," Henry L. Bowden, the chairman of Emory's board of trustees, said at a news conference.

As is his habit, the taciturn Mr. Woodruff, who is 90 years old and perhaps the least known of the nation's philanthropists, did not attend the news conference. But it took place in a room named for him within a building named for him on a campus that is sometimes known as "Coca-Cola U."

The benefaction announced today brings to $210 million the money that Mr. Woodruff has given to Emory and to $350 million his total contributions to civic and educational causes here. It also continues a tradition linking Emory's fortunes to those of Coca-Cola and its executives. Starting in 1914, the family of Asa Candler, the original popularizer of the soft drink, gave the school a total of $21 million.

As of today, Emory is the South's richest private university, and its endowment of $270 million ranks 11th nationally, narrowly trailing such institutions as Yale and Princeton.

"We're within shooting distance," James T. Laney, the president of Emory, proclaimed today. "We're hot on their tail." The Yale-trained theologian said that Mr. Woodruff's gift would give Emory, already regarded as one of the best schools in the South, "the capacity to emerge as one of the principal institutions of higher learning in the United States in the next decade."

In the reckoning of most Southern educators, Emory University competes with Vanderbilt, Duke, Rice, and Tulane for the distinction of being the South's best private university. The Atlanta school has 8,000 students, many of them from Eastern and Mid-Atlantic states. Places in its law school and in the nursing, dental and medical schools at the Woodruff Medical Center are highly sought. And the Candler School of Theology is the largest Methodist seminary in the United States.

The opinion that Mr. Woodruff had set a national and perhaps a world record for the size of a single gift came from the "Philanthropic Digest." James A. Chapman, a publicity-shy oil man who died in 1966, gave away $100 million, but he scattered the money over three states. Buck Duke, the tobacco heir, gave $100 million to the North Carolina University named for his brother, but he spread the gift over many years. And Trinity College in Nashville changed its name to Vanderbilt University while receiving only $10 million from Cornelius Vanderbilt and his heirs.

The first contributor of record to a surviving institution of higher learning was John Harvard, who gave books and some money to a newborn college in Cambridge, Mass., in 1638.

HOW IT ALL STARTED

Mr. Woodruff, who retired as board chairman of the Coca-Cola Company in 1955, did not set out to break any records. He drifted into philanthropy, according to Pat Watters, the author of "Coca-Cola: An Illustrated History."

"It started out with him getting upset with all these people on his plantation having malaria," said Mr. Watters. "Then his mother got cancer. He started solving his personal problems with money, and that got him into it."

The gift announced today amounted to a total transfer to Emory of assets of the Emily and Ernest Woodruff Fund Inc., which is named for the philanthropist's parents.

But Boisfeuillet Jones, a precise, gray-haired man who has made a career of handing out Woodruff money as president of the fund, said that the philanthropies would go on. For one thing, $20 million is tucked away in Mr. Woodruff's Trebor Foundation. "That's Robert spelled backward," said Mr. Jones. And then there is Mr. Woodruff's personal fortune.

Mr. Laney, Emory's president, made it clear that for now the university was content with its three million shares. "We already own two million," he said. "That gives us five million." Then, grinning in embarrassment, he apologized for stating the obvious. "I just enjoy saying it," he said.●

NATIONAL CYSTIC FIBROSIS WEEK

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. CONTE. Mr. Speaker, today, I am introducing a resolution which would designate the third week of September, beginning in 1980, as National Cystic Fibrosis Week. Enactment of this resolution will direct public attention to those who suffer from this debilitating disease which is destroying the lungs, digestion, and lives of between 13,000 and 30,000 children and young adults in America. Hopefully, with increased public awareness of the nature and symptoms of cystic fibrosis and its tragic impact on the lives of victims and their families, the resources needed to foster research into the cause, treatment and cure of the disease will be significantly enhanced.

Passage of this resolution will present a fitting commemoration of the Cystic Fibrosis Foundation's 25th anniversary which will be observed next year. Through the leadership of my close friend Doris Tulcin, the foundation's president, and many other concerned volunteers, the foundation has grown and developed from a small organization comprised of a handful of concerned parents, physicians and friends, to one of the Nation's leading voluntary health associations. For the 1980–81 fiscal year, the Cystic Fibrosis Foundation's budget for research, professional training, and health care delivery will total approximately $6.6 million. Without this support, much of the progress achieved through CF research would not have been possible.

My involvement with the foundation's concerns and the plight of CF victims began in 1976, when I urged the House Appropriations Committee to designate funds for a study to be conducted by the National Institutes of Health into the state of the art and future directions for cystic fibrosis resarch. As a result of that study, the committee recognized that a federally supported CF research program was desperately needed. Since that time, the committee has reaffirmed its support for this vital research effort with increased funding levels to expand the scope of the NIH involvement, and the Cystic Fibrosis Foundation has designated significant new funds for its research and care programs as well. With the creation of Cystic Fibrosis Week, I hope that the national commitment to CF research will continue to grow.

Although much of the foundation's efforts are directed to generating support for cystic fibrosis research, public education is also a high priority. Unfortunately, an overwhelmingly majority of the public is unaware of even the most fundamental facts about the disease. CF is often confused with other diseases and such misunderstandings are rarely clarified. Society needs to be informed about the symptoms of CF, particularly as they occur in infancy, to facilitate early recognition and diagnosis. Americans of all ages should know that people with the "hidden handicap" of CF can, and want to be, successful participants in school or work for as long as their health allows. It is very encouraging to know that, with the extensive treatments and new medications now available, the period of relative health is becoming longer each year for people with CF.

Despite the progress that has occurred, much more needs to be done, and ignorance concerning cystic fibrosis continues to prevail. Consequently, I am requesting that my colleagues lend their support to this resolution which will aid in the battle against this dreaded and debilitating disease. Enactment of the resolution I am introducing today will be another step toward the conquest of cystic fibrosis.

Mr. Speaker, I insert into the Record a factsheet prepared by the Cystic Fibrosis Foundation which provides some pertinent information concerning the disease and the foundation's activities:

Cystic Fibrosis: The Disease and the Foundation

For nearly a quarter of a century, the Cystic Fibrosis Foundation has been the leading force in the battle against Cystic Fibrosis (CF). Although significant progress has been made toward improved clinical and psychosocial management of CF patients, this disease, the most common genetic killer of children in America, remains a mystery of science. At present, there are no known means to cure, control or prevent Cystic Fibrosis. Furthermore, there is no workable method of identifying carriers of the CF genetic trait.

Despite these facts, the outlook for those affected by CF has steadily improved. Through the diligent efforts of the handful of parents, friends, and physicians who founded the Cystic Fibrosis Foundation in 1955, as well as the thousands of people who have become involved since that time, CF is beginning to gain attention and support from both government and private sectors. The best measure of their success has been the doubling of the life expectancy of children born wih CF during the last decade. Even with this progress, a child born today with CF cannot expect to live much past the age of 20.

WHAT IS CYSTIC FIBROSIS AND WHAT IS ITS IMPACT?

Cystic Fibrosis is a chronic, degenerative genetic disease involving the lungs and the digestive organs, as well as other major organs of the body. It causes intermittent but progressive debilitation and eventual premature death. It is characterized by a severe cough, extreme shortness of breath, malnutrition, growth retardation, and respiratory and heart failure. CF requires daily, time-consuming, expensive treatment involving both physical therapy and a multiplicity of medications. The continued care and the knowledge of early death cause emotional stress and severe financial strain on patient and family members, and drains services and resources of the public and private sectors.

CF is the most common, presently incurable, inherited disorder in the Caucasian population. The disease is genetically transmitted; when both parents carry the gene, each child has a one in four chance of having CF, a two in four chance that he or she will be a symptomless carrier, and a one in four chance to be unaffected. When only one parent carries the gene, none of the children will have CF but each child has a 50–50 chance of being a carrier. According to current population data, approximately 10 million Americans are asymptomatic carriers of the CF trait, and between 175,000 and 200,000 carriers are believed to be born every year.

It is estimated that Cystic Fibrosis occurs once every 1,600-2,500 live Caucasian births. It is also found in non-Caucasian populations, but with less frequency. There are between 1,700 and 2,600 new cases per year in the United States. Patient information is available from the Cystic Fibrosis Foundation-supported CF Patient Registry which follows patients treated in over 120 CFF-designated medical facilities—about 13,000 patients. The CFF estimates that there are at least that many individuals outside this system who are undiagnosed, misdiagnosed or being treated by a physician who is not presently involved with the CFF Centers network.

WHAT ARE THE COSTS OF CYSTIC FIBROSIS?

The annual cost of care for the person with CF is extremely high. Estimates of cost of care for young adult patients exceed $21,000 per year with some individual expenditures at $50,000 to $100,000 annually in the terminal years. In 1977, the National Heart, Lung and Blood Institute estimated the average annual cost to be $10,500 per patient. It is not surprising that estimates cover a wide range because the severity of the disorder varies from patient to patient, along with the stage of the disease from diagnosis to death. Even in those instances where costs of health care are lower, they still constitute a severe financial burden for the patient and his or her family. Considering that there are from 13,000 to 30,000 patients with CF, it is estimated that, nationally, the medical costs for caring for CF patients ranged between $150 million and $450 million in 1977.

It should be noted that these costs are only direct patient care charges and do not include socioeconomic costs due to early death, unemployment, or underemployment. Even if they survive the disease through childhood, few young adults with CF are able to fulfill their full potential because they are disabled, cannot find employment, or their jobs do not make full use of their abilities. In general, CF patients' salaries are low because they are young or unable to compete, due to health limitations, for the higher paying positions.

WHAT IS THE CYSTIC FIBROSIS FOUNDATION?

The origin of the Cystic Fibrosis Foundation (CFF) can be traced to 1955 with the creation and organization of the National Cystic Fibrosis Research Foundation (NCFRF). Parents and families of CF patients, located in six areas of the country, had already organized locally to publicize the plight of those with the disease, to raise funds usually for the support of local clinics, and to share personal experiences about their afflicted children.

A group comprised of representatives from the six geographic areas met in New York City in 1955 to consider the possibility of forming a national foundation committed to finding a cure or preventive measures for CF. What emerged from that meeting was an organization dedicated primarily to research and education as the charter members realized that embracing care at that time would have limited funds available for the research which all hoped would result in the control of the disease.

Since that time, the Foundation has grown and developed into one of the nation's leading voluntary health organizations. Although its program structure and administration have changed significantly over time, its goals have remained essentially the same. The mission of the CFF is directed toward ultimately achieving a cure or control for CF by means of basic biological research and clinical studies, and for improving care for those with the disease through support of a network of over 120 Centers across the country. The Foundation promotes and supports education programs designed to alleviate the suffering of CF patients, while implementing courses of action concerned with the personal and societal impact of the disease. Although the primary target is Cystic Fibrosis, the Foundation activities embrace a concern for other diseases as they relate to Cystic Fibrosis.

WHAT IS THE STATE OF SCIENCE IN CF? WHAT ARE THE HEALTH CARE ACHIEVEMENTS, OPPORTUNITIES AND CONSTRAINTS?

Cystic Fibrosis is presently incurable. It is believed to be caused by an inborn error of metabolism, the basic chemical nature of which is not yet understood. No reliable objective technique has been developed to identify the genetic defect in either parents or siblings. In addition, there is no medical procedure available to detect CF in an unborn child and newborn screening for diagnosis is plagued by many problems.

Due to improvements in treatment methods and care in recent years, however, the prognosis of patients with CF has changed. An increasing number of children with CF are surviving into their teens and twenties. Data from the Cystic Fibrosis Patent Registry indicate that the median survival time for a child born in 1966 was 11.2 years—a figure which, based in life-table study projections, increased to 19.4 years for an infant born in 1975. (In some Centers, the median survival time has increased to 25 years.) About half of the individuals with CF die between 10 to 20 years of age.

Despite improvements in the management of CF patients during the last two decades, some aspects of the disease have only been defined recently, and in other areas, virtually no new knowledge has surfaced. Not only is there a lack of basic scientific information, but also the environment for CF research is currently limited by a number of resource deficiencies including:

A shortage of trained scientists and investigators committed to the study of Cystic Fibrosis;

The absence of adequate, long-term stable funding, particularly from the government sector;

A lack of materials (i.e. tissue samples, animal models, etc.) essential to the conduct of research; and

The Cystic Fibrosis data base (including patient characteristics and clinical data) is inadequate.

Therefore, significant progress in improving the clinical management of patients with CF is not likely to occur in the future without a major commitment to research. With such a commitment, current research opportunities offer promise for advances in prevention of Cystic Fibrosis, early accurate diagnosis, and prevention and treatment of pulmonary, cardiac, and gastrointestinal complications of Cystic Fibrosis.●

HOSPITAL COSTS REACHING EPIDEMIC PROPORTIONS

HON. DOUG WALGREN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. WALGREN. Mr. Speaker, with the House soon to consider H.R. 2626, the Hospital Cost Containment Act of 1979, I would like to include for the RECORD an advertisement that appeared in the Washington Post on November 8, 1979. The advertisement, sponsored by 47 national and international organizations, makes a strong appeal to Congress for its help in containing inflationary hospital costs.

I urge my colleagues to support the cost containment legislation and request that the advertisement be inserted at this point:

HOSPITAL COST INFLATION IS REACHING EPIDEMIC PROPORTIONS

For many years, total hospital expenditures have increased significantly faster than the rise in the Consumer Price Index. And while most hospital bills are paid by public or private insurance programs and the impact of hospital inflation often can be disguised . . . the truth is that the impact of hospital cost inflation is painfully real for every American.

Hospital costs rise, and so do health insurance premiums. Workers take home smaller paychecks, and businesses are forced to charge higher prices. Inflation continues.

The elderly, who need more hospital services than other segments of the population, are particularly hard hit by hospital cost inflation. The Medicare hospital deductible paid by the elderly has almost quadrupled—from $44 in 1969 to $160 in 1979. If hospital cost inflation is not restrained, the deductible will reach $260 in 1984.

We regard the problem of hospital cost inflation to be so serious that action must be taken by the Congress to slow it down. The Congress must consider a sound approach to decelerate hospital cost inflation that offers a reasonable promise of success. We believe that the Hospital Cost Containment Act of 1979 (H.R. 2626—S. 570) offers that promise.

We feel legislation is necessary because the health care delivery system operates in a non-competitive environment. Mandatory controls would go into effect only for those hospitals that do not meet attainable inflation goals. Hospitals in states which have, or adopt, mandatory cost containment programs would be exempt.

Congress has debated hospital cost containment for over two years. And hospital cost inflation has continued to rise.

There is no reason for further delay. We simply must slow down the rate of increase or suffer serious and perhaps even irreparable damage to our ability to afford health care when needed. We urge Congress to enact the Hospital Cost Containment Act of 1979 (H.R. 2626—S. 570).

This Advertisement Sponsored by:
National Council of Senior Citizens.
American Association of Retired Persons.
National Retired Teachers Association.
Prudential Insurance Company of America.
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The Equitable Life Assurance Society of the United States.
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International Association of Machinists, AFL-CIO.

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National Council of Community Mental Health Centers.

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Association of State and Territorial Health Officers (ASTHO).

Group Health Association of America.

Healthy America.

The National Coalition of Health Promotion.

National Association of Life Underwriters.

National Governors Association.

National Council on Aging.

Conference of Mayors.

We think Congress can help.●

STILL CAPTIVES

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. DERWINSKI. Mr. Speaker, in July of 1959, Congress passed the Captive Nations Week Resolution, which President Eisenhower signed into Public Law 86-90. The foresight of that 86th Congress and the President were uncanny. With accurate and concise language, the resolution clearly puts the finger on Soviet Russian imperialism as the chief source of threat and peril in our times to world peace, the freedom of nations, and our own security. Also, for the first time in our national legislation, the dozen or so nations—Byelorussia, Ukraine, Armenia, Georgia, et cetera—which were conquered early by Soviet Russia, were recognized and listed by us as captive nations. In addition, the resolution anticipated more captive nations in our times. Can anyone rationally deny the truth of these elements today?

It is in the light of these truths, Mr. Speaker, that Americans and many foreign friends are inspired to observe this important week year after year. What they have to say is in past disclosed by evidences such as these: First, a proclamation by Mayor Arthur J. Holland of Trenton, N.J.; second, an editorial in the Augusta, Ga. Chronicle; third, a letter in the Des Moines, Iowa Tribune; fourth, an editorial in the Buffalo, N.Y. Criterion; fifth, a report "Ukrainians Mark Special Week" in the Reading, Pa. Eagle; sixth, an article appearing in several Chicago weekly newspapers; seventh, a letter in the Kansan, Kansas City, Kans.; and another in the Columbus, Ohio, Dispatch.

The articles follow:

PROCLAMATION BY THE MAYOR OF THE CITY OF TRENTON, N.J.

CAPTIVE NATIONS WEEK

Whereas, the imperialistic policies of Russian Communists have led, through direct and indirect aggression, to the subjugation and enslavement of the people of Poland, Hungary, Lithuania, Ukraine, Czecho-Solovakia, Latvia, Estonia, White Ruthenia, Rumania, East Germany, Bulgaria, Mainland China, Armenia, Azerbaijan, Georgia, North Korea, Albania, Idel-Ural, Serbia, Crotia, Slovenia, Tibet, Cossackia, Turkestan, North Vietnam, Cuba, and others; and

Whereas, the desire for liberty and independence by the overwhelming majority of peoples in these conquered nations constitutes a powerful deterrent to any ambitions of Communist leaders to initiate a major war; and

Whereas, the freedom-loving peoples of the captive nations look to the United States as the citadel of human freedom and to the people of the United States as leaders in bringing about their freedom and independence; and

Whereas, the Congress of the United States by unanimous vote passed Public Law 86-90 establishing the third week in July each year as Captive Nations Week and inviting the people of the United States to observe such week with appropriate prayers, ceremonies and activities; expressing their sympathy with and support for the just aspirations of captive peoples;

Now, therefore, I, Arthur J. Holland, Mayor of the City of Trenton, New Jersey, do hereby proclaim the week commencing July 16, 1979 be observed as

Captive Nations Week in Trenton, and call upon the citizens of Trenton to join with others in observing this week by offering prayers and dedicating their efforts for the peaceful liberation of oppressed and subjugated peoples all over the world.

In witness whereof, I have hereunto set my hand and caused to be affixed the great seal of the City of Trenton on this 24th day of July, 1979.

[From the Augusta (Ga.) Chronicle-Herald, July 16, 1979]

STILL CAPTIVES

Captive Nations Week, being celebrated this week, is considered by some to be an anachronism in an age of so-called detente. It isn't.

Granted, much has changed since the first Captive Nations Week was officially proclaimed by Congress in 1959. (See John Chamberlain's syndicated column on this subject elsewhere on this page.) But one thing hasn't changed—no free elections have been held in the Communist-dominated part of Europe since the end of the Second World War.

Over 130 million people live in these Soviet-dominated countries. Additional millions languish in slave labor camps within the Soviet Union itself.

Can the United States ignore these millions of Poles, Hungarians, Germans, Czechs, Slovaks, Latvians, Lithuanians, Estonians, Romanians, Bulgarians, Albanians and many others?

There have been some encouraging signs from the Soviet Union in that international pressure has forced relaxed emigration restrictions on Jews who wish to leave. Perhaps additional pressure can be brought to bear for the relaxation of restrictions on other minority groups, especially persecuted Christians.

The Chronicle has long felt that America is in a good bargaining position because Soviet dictator Leonid Brezhnev needs U.S. promises for our fertilizer, technical know-how, equipment and food. Why not use that bargaining position to win concessions for the peoples of the Captive Nations? Why not use that position to pressure the Soviets to abide by the principles of the Helsinki agreement, which they signed. That 1975 pact, among other things, "guarantees" the freedom to emigrate and freedom to practice religion.

That an international Communist expansion has enslaved millions—not only in Europe but in Asia, Africa and Latin America—is a fundamental fact. An American foreign policy which does not come to grips with this fact is about as meaningful as a production of Hamlet without the Danish prince.

Let's never, as a nation, turn our backs on the millions who have been brutalized and enslaved by the diabolical movement called communism. Nor, in the name of human decency, must we let our president and Congress turn their backs on these captive peoples.

[From the Des Moines (Iowa) Tribune, July 20, 1979]

CAPTIVE NATIONS

We would like to take this opportunity to express our sincere appreciation to Gov. Robert D. Ray for proclaiming this week "Captive Nations Week" in Iowa, commemorating those nations and peoples that have lost their independence and fundamental human rights to communist aggression throughout the world.

The proclamation is especially fitting this year since it marks 20 years since the U.S. Congress passed a law setting aside the third week of July each year to be proclaimed and commemorated by appropriate ceremonies as "Captive Nations Week."

As evidenced by the oppression and the lack of human rights of peoples of the Soviet Union and peoples of many other nations, the proclamation is as meaningful today as it was 20 years ago.

[From the Buffalo, (N.Y.) Criterion, July 18, 1979]

CAPTIVE NATIONS WEEK OBSERVES ANNIVERSARY

Erie County Executive Edward J. Rutkowski has proclaimed the week of July 15 through July 21 as "Captive Nations Week" and urged the citizens of Erie County to fittingly observe the 20th anniversary of Public Law No. 86-90 "with a rededication to fight for the rights freedom and liberties of those still held captive in those all but forgotten nations."

The County Executive was joined by James D. Griffin, Mayor of Buffalo, and representatives of nine captive nations who were attired in their national costumes as a tribute to their ancestors and rich cultural heritage Mr. Rutkowski is serving as honorary chairman of "Captive Nations Week, 1979."

In July 1959, the Congress of the United States passed Public Law No. 86-90 which authorized and requested the President to designate the third week of July as "Captive Nations Week" "until such time as freedom and independence shall have been achieved for the captive nations of the world."

"The peoples who live in these captive nations are those who are imprisoned within the communist-dominated states under the dictatorship of the communist parties, and their consumate experiences attest to the overall truth that in both theory and action, communism remains as the worst form of totalitarianism and imperio-colonialism in the history of mankind," County Executive Rutkowski said.

"These submerged nations look to the United States as the citadel of human freedom and leadership in bringing about their liberation. All too many times we treat the freedoms our forefathers fought and struggled for too casually. We forget that there are human beings today whose only dream in life is to one day have the same rights and freedoms as we have in the United States, while they must live in the darkness of tyranny," Mr. Rutkowski added.

County Executive Rutkowski paid tribute to Alexandr Solzhenitsyn who was brave enough to stand up and speak out against the oppression of communist totalitarianism and brought an appreciation to the western world of the burden people living in the captive nations must bear. "The words of Alexandr Solzhenitsyn and the feelings of human compassion engrained in the minds and hearts of all Americans serve as a foundation for us to transmit to our enemies that we will never acquiesce to any permanent captivity of these nations. As we observe this anniversary of "Captive Nations Week", we must reaffirm to our captive allies that we remain determined to work for their freedom, which in essence means our freedom as well."

[From the Reading (Pa.) Eagle, July 17, 1979]

Ukrainians Mark Special Week

Captive Nations Week is being observed this week by the Ukrainian Congress Committee of America and will culminate with a special church service Sunday at 9:30 a.m. in the Nativity of Virgin Blessed Mary Ukrainian Catholic Church, 632 Laurel St.

Samuel Kilyk, president of the UCCA's Reading branch, announced that the services will be conducted by the Rev. Basil Stebelsky, church pastor.

He also said the branch plans to donate books about the Ukraine and Ukrainians to the Reading Public Library.

Quoting from a proclamation issued by President Carter, Kilyk said: "Let us take this occasion to reaffirm our admiration for all the men and women around the world who are committed to the cause of freedom."

Kilyk pointed out that every year since 1959, the president of the United States has proclaimed the third week in July as Captive Nations Week.

The purpose of the resolution, signed into law first by President Dwight Eisenhower 20 years ago, was to lend moral support and encouragement to nations engulfed or controlled by world communism in their struggle for freedom and national statehood, Kilyk said.

The original resolution listed 22 such nations. The Ukraine, a nation of nearly 50 million persons, has been in the Soviet Union's captivity since 1920, Kilyk pointed out. He said in recent years the Ukrainians have been subjected to a new wave of political and cultural persecution reminiscent of the Stalin era.

"This situation is a matter of great concern to Reading's Ukrainian community," Kilyk declared.

"Thus," he said, "the UCCA's Reading branch has taken it upon itself to make the plight of their oppressed countrymen known to the general public."

[From the Chicago Harlem Irving Times Weekly, July 25, 1979]

Remember Brethren in Captive Nations

(By Alice Siemaszko)

The cries and whispers of captives from World War II and Vietnam still echo today. Their cries were for freedom and human rights.

Today, the outcries are coming from people subjugated by Communist governments. They are heard and remembered each year through the Captive Nations Week observances which ended Saturday.

In 1959 Congress declared that each year, the third week of July would be designated as "Captive Nations Week."

The Captive Nations Committee in Chicago, participated in the week-long observance, memorialising those nations kept captive behind the iron curtain, with a service in downtown Chicago.

At a national human and religious rights rally, Soviet dissident, Valentyn Moroz, who was a recently exchanged prisoner, spoke on life in Russia. Viktors Viksnins, Chicago Captive Nation's Committee chairman, said the purpose of the rally was to let the Communist government know that its crimes do not go unnoticed.

"On this occasion we wish to remind the American people of the plight and aspirations of the captive people of Eastern Europe, Asia and Cuba and to remind the American people that they too can lose their rights and freedom, Viksnins said.

As a matter of fact, some Americans may have already lost their rights, Viksnins contends.

On July 1, 1979 a new law took effect in the Soviet Union which will affect the citizenship of all persons born in, or descended from those born in Russia.

This new law declares all such persons to be citizens exclusively of the Soviet Union, regardless of their present residence or true citizenship status, said Viksnins.

It contends that any American who has Russian ancestry belongs to Russia. Russia simply will not acknowledge your citizenship, said Viksnins.

Two reasons are behind this new law, he said.

Primarily, it is an instrument that could be used by the Soviet government to get hold of inheritance property in the United States left by single citizens, who are considered Russian, and who died without leaving a will.

And secondly because Russians are scared of what might happen in the forthcoming Olympics.

"To eliminate the possibility of Americans creating demonstrations in the Soviet Union, the Russians created this law," said Viskins.

"If you don't behave and you create some problem, you will now stand trial as a Soviet citizen and not be simply expelled from Russia as an American citizen," said Viskins.

The Captive Nations Committee of Chicago presented a resolution at the rally, which denounces the new Soviet citizenship law. It asks the Soviet Union to repeal it and asks the United States department of state to protest the refusal of the Soviet Union to recognize the proper and legal citizenship of American citizens.

The rally was not only recognized by the Captive Nations Committee, which is made up of 30 national groups in Chicago, but also by Gov. James Thompson, Mayor Jane Byrne and Pope John Paul II.

The committee received a letter from the Pope in which he expressed his greetings and support to those gathered in observance of Captive Nations Week.

Moroz, the rally's main speaker, was one of five dissidents exiled to the U.S. from the Soviet Union in a prisoner exchange last April 27.

He along with Alexander Ginzburg have openly questioned the exchanges as a politically expedient method of removing dissidents from their homeland.

Moroz, an "adopted" Amnesty International prisoner for more than seven years, was arrested following publication of Report from the Beria Reserve, an account of conditions and treatment in Soviet prisons. Following a trial, he was sentenced to a total of 14 years in detention, among the harshest sentences meted out to a Soviet dissident in recent years.

The detention of Moroz was also marked with exceptional brutality and harshness. He was repeatedly placed in solitary confinement, stricken with illness and carried out hunger strikes lasting up to 145 days.

During his imprisonment, Moroz was the focus of personal appeals from Andrei Sakharov, Sergei Kovalyav, Sen. Henry Jackson and artists, intellectuals and political figures in many parts of the world.

[From the Columbus (Ohio) Dispatch Aug. 2, 1979]

Back to Basics

I was very pleased and also surprised by The Dispatch's editorial, "Rewriting History Newest Soviet Ploy" of July 14. Pleased that at least finally one Columbus newspaper printed some lines about Captive Nations Week.

According to a resolution of Congress, the president must proclaim each year the third week of July as Captive Nations Week. President Dwight Eisenhower did so first in 1959. He declared solidarity with oppressed people and called by name oppressors the Soviet Union and Communistic China.

Since that time every proclamation was watered down. Declarations of Presidents Johnson, Nixon and Ford were only mere formality and actually, in a sense, meaningless because our government was thinking of building bridges between West and East. Finally, on stage came detente.

President Carter, with great pomp, pronounced his views about human rights, that Americans in all time have strongly believed freedom and national independence are basic rights of humanity. Further, he asked us to remember and admire men who support ideas of freedom, and continue to fight for it in their own lands.

Again not a word about oppressors, and it is understandable. How can the president accuse another of holding in captivity many nations, when just a month ago in Vienna he raised a glass to his health, embraced him and kissed? It would be a highly inexcusable manner.

We can preach humanity and peoples' rights to freedom to little Rhodesia, but for God's sake do not further irritate the bloody Russian bear. No wonder that we neither in the past, nor today understand the basics, about Russians and communism.

Soviets from the first day have called their action in the Baltic states a peaceful workers revolution and by every means have condemned those who call it forceful takeover.

It is nothing new in Soviet society to overwrite history. In their view, history must reflect thinking of the Communist Party's leaders. History in the Baltic states was always falsified to fit their aims.

I was there when Soviets forcefully occupied Latvia. I saw with my eyes how "strictly" Soviet troops observed the neutrality and mutual aid pact. They came in a combat formation and occupied all tactical points in the capital city of Riga and in the state.

Of course, the United States doesn't recognize incorporation of Baltic states into the USSR, but also never has it in direct talks with Soviets raised the Baltic question.

In the meantime Russification continues with full force in Baltic states and soon the native people will be in the minority in their own homelands.

[From the Kansas City Kansan, July 26, 1979]

Meaningless

In 1959 the Congress passed the Public Law 86-90 or Captive Nations' Proclamation declaring the third week of July the Captive

Nations' Week. In fact, the Captive Nations' Week has become almost meaningless. In 1977 President Jimmy Carter issued the Captive Nations' Proclamation only after ethnic groups began calling the White House and demanding it. It is almost needless to say that the Captive Nations' Proclamations of President Carter in 1977, 1978, and 1979 failed to list any Captive Nations or name the Soviet Union as the only privileged colonial empire, in spite of the fact that almost all former colonial peoples of Africa and Asia have obtained their independence.

Aleksandr I. Solzhenitsyn and Andrei D. Saakharov have repeatedly asked the Russian Communist leaders to dissolve the Soviet Union of the non-Russian republics and to do away with the Russian control of Eastern Europe in general.

Therefore, persons who realize the danger of Communism should urge the Congress to encourage the explosive forces of nationalism of the Ukrainians, Georgians, Armenians, Lithuanians, Latvians, Estonians, Poles, East Germany, Czechs, Hungarians and other Eastern European peoples. The Congress should be likewise urged to oppose the selling of our machinery and wheat to the Soviet Union and to refrain from making any concessions of credit to Russia. The militarism and imperialism of the only colonial empire should be weakened by imposing strong economic sanctions against the Soviet Union.●

ADVISE AND DISSENT

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. WOLFF. Mr. Speaker, I would like to offer for the RECORD the text of the "Advise and Dissent" column which appears in the December issue of Penthouse magazine. The article was written by Friends of Animals vice president Bill Clark, who presents his views on the state of the North Pacific fur seals on the Pribilof Islands off the coast of Alaska.

I concur with Mr. Clark's opinion that U.S. Government-sponsored killing of these seals must be stopped. Last July, I introduced H.R. 5033, legislation designed to eventually end the killing. The bill now has 52 cosponsors. Hearings have been held by the Foreign Affairs Committee, and I am hopeful that the Interior Committee and the Merchant Marine and Fisheries Committee will hold hearings in the near future.

The following is the text of the Penthouse article:

STOP KILLING SEALS

Bureaucracies, reportedly being composed of living creatures, tend to obey the basic tenets of biology. The first tenet that bureaucracies obey is the much-abused law of self-preservation.

No bureaucracy ever volunteers itself into extinction. Bureaucracies never quit the public payroll no matter how useless they have become, indeed, no matter how detrimental they may be to the society they allegedly serve. When times get tough, when public scrutiny gets intense, bureaucracies scramble to clutch any thread to justify their own existence.

More often, however, they simply try to escape the curious inquiries of the public and melt into the shadows of the system. The less publicity a bureaucracy gets, the better its chances of survival. An outstanding example of this syndrome is the Pribilof Island Program, which is a child of the National Marine Fisheries Service and a grandchild of the National Oceanic and Atmospheric Administration and a great-grandchild of the U.S. Department of Commerce.

The "mission" of the Pribilof Island Program is to kill seals on Alaska's Pribilof Islands. Its job is to plan, execute, and justify the slaughter of tens of thousands of seals every year. Of these three functions, this bureaucracy is most adept in performing the executions. Planning is merely cursory and justification is shrouded in deception. And in an abuse of language worthy of Orwell's 1984, the bureaucrats call this mass murder a "seal harvest."

Besides executing seals, the Pribilof Island Program has done a pretty good job of executing the public treasury, too. In 1978, for example, the Pribilof Island Program consumed 4,613,300 appropriated tax dollars to kill seals. The sale of sealskins brought in $684,036. And the taxpayer got to make up this bureaucracy's deficit.

An amusing irony is the fact that the sealskin market in the United States is just about dried up. It is no longer considered fashionable to trot down Park Avenue with the skin of a marine mammal on one's back. So the skins are now sold chiefly to European fur dealers, and the U.S. taxpayer is put in the lamentable position of subsidizing fashionable fur coats for wealthy European matrons.

The progeny of the U.S. Department of Commerce apparently are no longer concerned with the balance sheets of commerce. Thus, they strain to catch any other argument to defend the slaughter upon which their bureaucracy rests. For decades the main line of defense has been "international relations."

The U.S. seal slaughters in the Pribilofs come under the Convention on the North Pacific Fur Seals, a document that dates back to 1911, when pelagic (open sea) seal killing threatened the species with extinction. These were the days that Jack London wrote about in *The Sea Wolf*, days when sealing schooners sailed about 50 miles from the continental shore and freely slaughtered the seals along their migration routes.

To control the slaughter better, the United States joined with the governments of Imperial Japan, Imperial Russia, and Great Britain (on behalf of Canada) and ratified this treaty that banned pelagic sealing in the North Pacific. Because the seals come ashore only on U.S. and Soviet islands today, the seal treaty provides that Canada and Japan get 15 percent each of the skins taken on the Pribilofs and 15 percent each of the skins taken on the Soviet islands for their agreement to stay out of the pelagic sealing business. Canada and Japan split a blood ransom of about 10,000 sealskins a year for agreeing to do nothing.

But back in 1911 the seal's migration routes were outside the old 3-mile limit. Today, with the 200-mile limit, the seals migrate within territorial limits and can be protected by domestic law. The seal treaty is superfluous.

With this argument deflated, the bureaucrats scamper to find a new one. Recently they came up with the startling biological discovery that seals eat fish. Commerce's press releases hit the mails, proclaiming that northern fur seals are eating more than 500,000 metric tons of fish annually, thereby suggesting that they pose a threat to human nutrition and thus giving a new reason for restricting the seal population.

But if one digs a bit into the biology of the seals, one finds that they eat less than 2 percent of the standing fish stocks of the Bering Sea. Also, the seals are eating more than 50 species of fish and 9 species of squid, most of which are not taken by commercial fishermen. And on top of this is the simple arrangement of a seal's teeth. They interlock, all the way back to the last molar. This is great for biting, but not very good for chewing. And this means seals can't eat big fish; they simply can't prey upon the big Alaska salmon that the commercial fishermen are after.

Furiously pursuing a new excuse for the seal slaughters, the bureaucrats are now saying that the livelihood and traditions of the Pribilofs' Aleut community will be threatened if the seal slaughters are stopped.

First—the livelihood. More than $9 million a year is pumped into the Pribilof Islands, and most of this goes to public relief for the Aleut community. There are food stamps, low-income public housing, welfare, education subsidies, and the full gamut of public assistance. Seal killing, on the other hand, amounts to less than 4 percent of the island's budget. It employs about 70 adults for five weeks at laborer's wages and amounts to only a very small fraction of the island's livelihood. Besides, the Aleut community of the Pribilofs received an $8.5 million award from the U.S. Court of Claims on June 29, 1979, plus another $4 million in the past couple of years through the Alaska Native Claims Settlement.

The Pribilof Aleut community has a bankroll of at least $12.5 million, clear title to all their homes and public buildings and facilities, and more than 90 percent of the land area of the islands, with no mortgage or debt service to burden them. And all this is distributed through an adult population of 250 people. Indeed, the Aleuts should be making more money from interest on their bank account than they do from killing seals for the government. Furthermore, it costs the government more to administer the Pribilof Island Program and its related services than the Aleuts receive for the seal slaughter.

Second, the issue of preserving a "tradition" is also fraught with inconsistencies. Aleuts were brought to the Pribilofs as slaves by Russian sealers during the last century. Before this time there was no Aleut tradition of raiding rookery islands and slaughtering seals on a commercial scale. On the Aleutian Islands, a few hundred miles south of the Pribilofs, where the Aleuts came from, seals simply do not leave the water. Only a few could have been killed by hunters in kayaks on a subsistence basis, and never the 25,000 seals that are currently being slaughtered each year.

One must also ask what other Aleut traditions have been preserved. The Aleuts' language is English; their religion is Russian Orthodox; they carry Russian surnames; they live in standard American housing with central heating, hot and cold running water, and even electric garbage compactors. Seal killing seems to be the only "traditional" Aleut activity on the Pribilofs.

Saying that seal killing is an important aspect of Aleut culture is tantamount to saying that picking cotton is an important aspect of African culture. These are the labors imposed by slavery. The only logical explanation for the bureaucracy's insistence on continuing the slaughters is the survival of the bureaucracy itself. More than $700,000 a year is tossed off to "fur seal research"—bureaucrats who fiddle with electronic calculators to make the seal herds appear larger than they really are so that they can come up with new reasons for killing more seals.

Then there are the costs of personnel and offices for the seal-killing bureaucrats in Washington, D.C.; Seattle, Wash.; and the Pribilofs. There are project directors, administrators, supervisors—bureaucrats galore. And the end of seal killing poses a very real and present threat to their jobs.

Domestic spying is not monopolized by the CIA, the FBI, or other supersleuth organizations. Indeed, nearly every bureaucracy has its own snoops on the payroll. Including the National Marine Fisheries Service. The NMFS assigned two of its operatives to spy on those who went to the Pribilofs to witness the seal slaughter. Reporting to their superior, Assistant Special Agent-in-Charge Milstead Zahn, the field sleuths said their presence "helped inhibit interference with the seal harvest by any groups or individuals." In truth, however, their presence was not even known by anyone until after the epsiode was over and suspicions led to inquiries under the Freedom of Information Act.

I have stood on the Pribilof tundra and watched as the bludgeons descended upon hundreds of seals. I have seen the Arctic grasses soaked red with blood. I have heard the seals bark and cry and whimper as they fell, one before the other in the brutal and methodical carnage.

It's a bureaucratic system from which nobody benefits except the bureacrats. The American taxpayer loses with a perpetual drain on the public treasury. The Aleuts lose by being locked into the slaughter syndrome—indeed, the U.S. Department of Commerce, which oversees and regulates the largest, most complex commercial system in the history of humanity, has been either unwilling or incapable of finding steady respectable employment for an adult community of 250 people. Fortunately with their recently won revenues, the Aleuts don't need Uncle Sam's misguidance any longer and can start determining their own future.

And the seals lose. They lost tragically.

There is one bright star on the Pribilof horizon. In early August, Rep. Lester Wolff (Dem.-N.Y.) submitted legislation (H.R. 5033) that would ban the seal killing and create seal sanctuaries on the rookery islands and in the surrounding territorial waters. It's a long way between authorizing a bill and getting the president to sign it into law. It's a way that will be resisted by bureaucrats from Constitution Avenue to Foggy Bottom. But it's the only way to end America's tragic seal killing.●

THE CLEAN AIR ACT

HON. DOUGLAS APPLEGATE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. APPLEGATE. Mr. Speaker, I once again come before this Congress to discuss this Nation's most severe and immediate problem, that being the need to become less reliant on imported foreign oil. The events in Iran in the past few days have only served to reinforce my belief that immediate and affirmative action must be taken.

When one considers the vast reserves of coal that the United States possesses as compared to the problem associated with the importation of oil, the production of nuclear energy and the lack of technology in other energy fields, it is difficult to rationalize this Congress attitude toward coal. Granted, some programs have been initiated that would promote coal, but we still are not using as much coal as we should. That, Mr. Speaker, cannot be disputed.

Why is this so? Perhaps the biggest obstacle to the burning of coal is the attitude that coal is dirty and harmful to one's health, although a recent report aired by the NBC news network indicated that one's health is not affected by residing in an industrialized, polluted area as opposed to rural areas. This impression was cemented in the minds of many by the acceptance of the Clean Air Act of 1970. I will be the first to admit that since that act's passage, the environment, as a whole, is much cleaner. We have achieved the goals of that act by cleaning about 90 percent of the pollutants out of the air and water and also by maintaining that degree of cleanliness. But, according to the act and the U.S. Environmental Protection Agency, we must continue in our efforts and clean the other 10 percent. Let me point out however, that this last 10 percent will cost business, industry, and the consumer at least as much as the first 90 percent did. Is this really what Congress wanted to do? I do not believe so. I believe we have lost sight of our intentions in the 9 years since the act's passage and that the act, if carried out as the EPA would intend would no longer be cost effective.

Therefore, I am today introducing a bill that will provide for a Presidential appointed commission to study the effects of full compliance with the act. My bill specifies that the commission's study will center on the effects of compliance on employment, the economic impact on our cities, or the health and safety of the citizenry and on American energy supplies and demands. The commission will report its findings, with recommendation to the Congress and to the President within 6 months.

My resolution would also prohibit any State implementation plan, as mandated under the Clean Air Act, to carry with it a time schedule for monitoring stationary source stack emissions less than an average of the previous 30 days. This will clearly allow for the burning of coal without further determination of any air quality standards which must be maintained.

The objective of my resolution, of course, is to determine the real cost of compliance to our society and with the results of my proposed study this can be determined. At that point, I believe Congress will want to take corrective action in amending the Clean Air Act to the degree that it will be both efficient yet practical.

Mr. Speaker, I would, of course, welcome any and all of my colleagues to join me as a cosponsor of this resolution.●

PERSONAL EXPLANATION

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. MAZZOLI. Mr. Speaker, I was unavoidably absent for a vote on Wednesday, November 7, rollcall No. 630. I would have voted "aye" on rollcall No. 630, a motion on final passage of H.R. 4007, to provide for repayment of loans to State unemployment funds.●

AFGHANISTAN, THE SOVIET UNION AND WORLD PEACE

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. MICHEL. Mr. Speaker, the realities of international affairs are complex and intricate. What may seem to be an event of only regional or local interest may bear the seeds of worldwide importance.

Consider, if you will, the current state of affairs in Afghanistan. There are few countries which appear to be more remote, more exotic, more removed from our everyday cares than that one. But, just as Americans awoke one morning and discovered that an unfamiliar place called Pearl Harbor was important to them and just as we all began to learn strange names like "Saigon" and "Hanoi" as if they were part of our neighborhood, so, I think, will we soon be learning about Afghanistan.

How many Americans, for example, now know that the Soviet Union is placing a military base in Afghanistan, only 65 miles from the Iranian border? How many know that in 1921 a treaty was signed between the Soviet Union and Iran—a treaty still in effect—which gives the Soviet Union the right to intervene in Iran should "internal developments appear to them to threaten Soviet interests"? How many Americans know that the Soviet Union is running the internal security forces of Afghanistan in all but name?

There is a rebellion among Afghan Moslem tribesmen against the Soviet influence in their nation. But the rebels are divided among themselves. They have managed to cut roads connecting major cities but their disunity make them relatively ineffective.

The facts are plain: The Soviet Union seeks to make Afghanistan a puppet state. Afghanistan's neighbor, Iran, oil-rich and ridden with internal dissent, is obviously a target of Soviet aggression. Whether that aggression takes the form of invasion, clandestine support of Soviet-leaning Iranian terrorists or simply the psychological pressure caused by Soviet troops so close to the Iranian border, the result will be the same. The Soviet Union is exerting its presence in Afghanistan to show the world that they can move with impunity because the United States is impotent. The Soviet leaders may choose to send an army of Afghan Government soldiers armed with modern weapons to destroy the Afghan rebels. You can be sure that there will be no media reports of Soviet atrocities. The Afghan people will be shut behind a Mideast version of the Iron Curtain when the Soviets do their bloody work.

After Afghanistan is secured, Iran will be next. Mr. Speaker, what are we doing about this? Are we secretly aiding the rebels? Are we warning the Soviets? Are we linking trade or arms negotiations with pledges of good behavior on the part of the Soviet Union?

No, we are doing none of these things. We are watching and waiting.

Afghanistan could possibly become a Soviet version of Vietnam if we gave support to the rebels. The Soviet Union could be bogged down in Afghanistan, not perhaps to the extent we were bogged down in Vietnam—the Soviets, unsentimental people that they are, would not hesitate to do anything to secure a quick victory—but for a while at least they could be sucked into a brutal, widespread guerilla war in which, eventually, Soviet troops would have to come out in the open and fight.

There are many interesting possibilities in the Soviet situation in Afghanistan. But it seems that it is the Soviet Union alone which has the will to benefit from that situation.

At this time I wish to insert in the RECORD, "In Afghanistan, Two Soviet Trends Now Emerging," from the New York Times, November 1, 1979 and "Afghan Rebels Bottle Up Army Troops, Battle Each Other," from the Washington Post, November 2, 1979.

AFGHAN REBELS BOTTLE UP ARMY TROOPS, BATTLE EACH OTHER

(By Stuart Auerbach)

PESHAWAR, PAKISTAN.—The battle started with curses in Pushtoo imputing unnatural sex lives to the women in the family of Afghan President Hafizullah Amin, followed by the crackle of rifle fire from rebel tribesmen against the government garrison of Gardez, a town in Afghanistan six days from here by camel.

The Afghan troops in the garrison replied with similar obscenities against women in the rebels' families followed by volleys of fire from their Soviet-made automatic weapons. Forty minutes later on the moonlit night early this month, the Army's Soviet-supplied artillery began firing from the garrison at the rebel positions.

According to a tape recording of the battle brought here by a Pakistani journalist who had slipped over the border to cover the rebels, once the artillery started, the cursing was replaced by the ancient Moslem prayer: Allah e akbar, God is great.

To observers here of the year-old rebellion by Moslem tribesmen against the Soviet-backed Afghan government, the most significant message of the tape was the long time —2½ hours—it took for the gunners in the garrison to zero in on the rebel positions.

"If the Soviets were firing the guns," commented on observer here, "NATO has nothing to worry about."

It is more likely, however, that all the fighting was done by Afghan soldiers. The targeting delay may mean the rebellion and political purges have resulted in poor training of the Army.

In the Gardez battle, which ended at about 3 a.m., seven rebels were killed and 17 were wounded—all by artillery shells.

One of the wounded men showed up at a makeshift rebel hospital here with a shattered arm after being transported by camel for six days over mountain trails.

According to observers here, this battle is typical of the fighting throughout Afghanistan. Uncoordinated by any central rebel authorities, at least five distinct groups attack government garrisons scattered in remote areas of the Texas-sized country.

These battles keep the government troops bottled up in their outposts, supplied only by Soviet-made helicopters. The roads are unsafe.

Even major roads connecting the largest cities are considered unsafe for travel. Rebels continually ambush armed convoys between the capital of Kabul and the cities of Kandahar and Herat.

Kabul's main link to the outside world, the road through the Khyber Pass to Peshawar, is open most of the time. But rebels cut it for a few days last week as they dynamited three bridges.

But when the rebel groups are not fighting government troops they are battling each other—sometimes over ideological differences but most often over what one observer here called the "lust for power and guns."

One striking example is being cited here as having shaken up the fighters all over eastern Afghanistan and perhaps for making it more difficult for Afghan Army officers to turn over their men and arms to the antigovernment forces.

In this incident, Abdul Rauf, commander of the Army garrison at Asmar, decided to switch sides, bringing with him 1,200 troops, their arms, two helicopters and the heads of the provincial governor and his top Soviet advisers who had been lured into the garrison and killed just before the defection.

Rauf was persuaded to join a rebel group headed by Burhanuddin Rabbani. But, sources here said, the fanatical Moslem group Hezbi-Islami attacked Rabbani's forces for the weapons.

A Hezbi-Islami official denied that a battle had taken place but acknowledged that Rauf had been relieved of any command responsibility. However, a third rebel group, the Islamic Nationalist Revolution Council, headed by Pir Sayed Ahmed Gailani corroborated the earlier account.

Whatever the true details said a source who has kept close track of the rebel rivalries, the main theme is true and illustrates how the differences prevent a unified push against the Kabul government.

In August, according to a wide variety of sources here, a group of Saudi Arabian businessmen were reported to have offered millions of dollars in financing for the rebels if they could only unite. They formed a group, called the Treaty of Unity of Islam, but it broke up within weeks and the Saudi money never came.

The Hezbi-Islami group is the most radically Moslem and the hardest for the other groups to deal with, according to sources here.

Mangal Hussain, a spokesman for Hezbi-Islami who was educated as an agriculturist in Britain, said his group wants to turn Afghanistan into an Islamic state. If the Moslems seize power and the present government falls, "Quite honestly we will kill them," he said.

Gailani's Islamic Council, on the other hand, is more Western-oriented. Its spokesman, Gailani's nephew, Hossain Gailani, and Mohammed Akim, a U.S.-educated former Afghan diplomat who served at the United Nations, say they want to see "a modern Afghanistan."

"We are nationalistic," said Akim. "We believe in a modern Afghanistan. We believe in democracy. Other groups want to see a different Afghanistan, a backward Afghanistan."

Despite their rivalries, the rebel forces have been successful against the Afghan government, which controls less and less of the country.

"As individual groups, the rebels are making marginal progress," said one observer here. "But all over Afghanistan, more and more tribesmen have taken up arms against the government. Some do it because they oppose government attemps to control them, but others are doing it for pure banditry, which is a way of life in Afghanistan. They sense the government is weakening and are going for its weapons which they can sell."

With winter coming, the rebels will have a harder time. By all accounts here, they are short of food and many of the villages on the plains where the tribesmen spend the winters have been destroyed by government attacks.

With the onset of winter, refugees are streaming here from Afghanistan.

At last count, there were more than 200,000. Citing the different motivations of antigovernment forces, observers here, in Kabul and in Pakistan's capital of Islamabad question how much control the various rebel headquarters in Peshawar have over the fighting.

The rebels here insist they control the fighters. Hossain Gailani, for instance, said he is here just to get orders before finishing an attack on a garrison. But an observer here who has talked with fighters believe the relation is symbolic at best.

"Fighters do not take orders from any Peshawar groups," he said, "although they show respect to them."

IN AFGHANISTAN, 2 SOVIET TRENDS NOW EMERGING

(By Drew Middleton)

Two trends are now discernible in the Soviet Union's efforts to use Afghanistan as the primary base for Soviet military and political operations in Southwest Asia. One is the establishment of army and air bases near the Iranian frontier.

The second is the reconstruction of Afghanistan's internal security forces.

The economic basis for the efforts is an infusion of financial and commercial support. The Central Intelligence Agency estimates that contracts valued at more than $200 million have been signed by the two Governments and that more than 2,000 Soviet personnel are advising and in some cases managing Afghanistan's economic ministries.

The Moslem rebellion against Prime Minister Hafizullah Amin's regime apparently has slowed Soviet's military penetration but not stopped it. According to European intelligence sources, the Russians have established a military base near Farah, a town 65 miles from the Iranian frontier, and expanded the Afghan air base at Shindand, 75 miles from that frontier.

The closeness of these bases to Iran has encouraged speculation among Western analysts that the Russians want to build positions from which they can apply military pressure on Iran. A source pointed out that the Treaty of 1921 between Iran and the Soviet Union was still in force and that it gave the Russians the right to intervene in Iran should internal developments appear to them to threaten Soviet interests.

One such development could be a counterrevolution against Ayatollah Ruhollah Khomeini that would have the political support of the Soviet Union. Analysts suggest that such a counterrevolution would draw its main strength from the middle class but say that it would be sustained, if it was initially successful, by Soviet propaganda and arms.

The Russians' intention to tighten their grip on Afghanistan's internal security apparatus was foreshadowed by Prime Minister Amin's announcement on Sept. 18 that he had found it necessary to reorganize the security services. This was followed at the end of the month by a statement that the Soviet Union would supply vehicles and equipment worth $6.7 million to the People's Police Organization.

These Soviet actions have been accompanied by the transfer of modern equipment, including fighter planes, helicopter gunships and tanks. The aircraft, according to European intelligence sources, carry Afghan Air Force insignia, but the majority of the air crews are Russian.

Soviet military shipments to Afghanistan in 1978 were a small percentage of the record

$3.8 billion in arms deliveries by the Soviet Union to non-Communist, less-developed countries that year, according to a C.I.A. report recently made available.

2 POSSIBLE ROUTES

Speculation on how the Russians intend to consolidate their hold on Afghanistan, which must include elimination of the present rebellion, follows two lines.

One is that they will concentrate on building from the center out. This would mean stronger political and economic support for Mr. Amin, including expansion of the present measures to strengthen the security forces.

The second is that Moscow will decide that only the exercise of overwhelming military power can defeat the tribal military uprisings that have endangered the new Government's hold in Afghanistan and the lives of some of its Soviet supporters.

The first course will take time. The Soviet Union already is committed to $500 million in economic aid to Afghanistan, according to the C.I.A., and contracts worth $200 million have been signed for programs that have been formulated.

One of these projects has military as well as economic importance. It is the construction of a railroad and vehicle bridge across the Amu Darya River at Hairatan, near Sher Khan, to provide the first direct connection between the Soviet Union and Afghanistan.

FACTORS AFFECTING DECISION

The Russians also have contracted to supply $30 million worth of petroleum equipment this year and next, to begin studies for construction of a copper smelter and a fertilizer plant and to renovate Sher Khan's river port to increase its cargo-handling capacity.

Several unknowns make it difficult to foresee the course the Russians will follow in Afghanistan.

One is the durability of the tribal uprisings. Mr. Amin may decide to open his Government to some members of the Moslem opposition. Or the Afghan army, bolstered by Soviet helicopters and advisers, may gain the upper hand in the fighting.

Another factor is the uncertainty about the Soviet leadership in a period in which Leonid I. Brezhnev is reported to be seriously ill. The consensus among experts is that in the event of Mr. Brezhnev's death, foreign programs will be halted until a new regime can examine them.●

LEGISLATIVE BUREAUCRACY

HON. CHARLES E. GRASSLEY

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. GRASSLEY. Mr. Speaker, at a time when this Congress is throwing around a great deal of rhetoric on the need to cut down on the bureaucracy in the executive branch, I would like to point out that it is about time we started practicing what we preach.

The growth of the legislative bureaucracy over the last 30 years has been astounding. According to a report by the House Republican Research Committee, there were 69 standing subcommittees in 1949, compared to 146 standing subcommittees today. When select, ad hoc, and joint committees, subcommittees, and subunits are added, the House has 210 jurisdictional units.

With this growth in the number of subcommittees, there has been a corresponding growth in the size of committee staff. The percentage of increase in staff from 1967–68 to 1977–78 is an incredible 218 percent. Likewise, the growth in subcommittee and committee staff has affected the budget; the percentage increase for the same time period is 683 percent.

The American people are just as sick and tired of this growth in the legislative bureaucracy as they are fed up with the unelected bureaucrats downtown. This disillusionment is reflected in the public outrage over the proposed Hart Senate Office Building. It is time for us to literally "put this House in order" by instituting the reforms which are necessary to end the growth of the legislative bureaucracy. If, as Woodrow Wilson said, "Congress in session is Congress on public exhibition, while Congress in its committee rooms is Congress at work," then I believe it is time to put this Congress to work by making the changes necessary to have a more efficient and less bureaucratic process.●

WHY NOT AN "OPERATION MENU" TO SAVE, NOT TO KILL?

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. SIMON. Mr. Speaker, one of the champions of a humanitarian policy on Cambodia has been columnist Mary McGrory. I am sure most of my colleagues read her column which appears in the Washington Star, but in the event any of them have not seen this recent one I am taking the liberty of inserting it in the RECORD at this point:

[From the Washington Star, Nov. 4, 1979]

WHY NOT AN "OPERATION MENU" TO SAVE, NOT KILL?

(By Mary McGrory)

If you're looking for ironies, you only have to recall that when we bombed the Cambodians in 1969, in the opening, illegal, secret gambit of the Nixon-Kissinger quest for "a generation of peace," the exercise was called "Operation Menu."

Over a period of 14 months, 3,638 raids were flown. They were dubbed, with gruesome whimsy, "Breakfast," "Lunch," "Dinner," "Dessert" and "Snack."

Now when the Cambodians are literally dying for a genuine "Operation Menu," it can't be done.

Why? Well, you see, they explain patiently at the White House and the State Department, there are MIGs, and besides, soldiers would grab the food. The peasants, who hold skeletal babies with black circles under their eyes and flies on their faces, would be held off at gunpoint.

Is that so? That isn't what they used to say about our air operations when we were engaged in bringing the Great Society to Vietnam. Lyndon Johnson used to brag about "pin-point bombing" and "surgical strikes" which took out power plants and supply dumps and miraculously spared the human beings in their path.

If we could promise then not to hit peasants, could we not promise now to hit them—with blankets, medicine, rice and pots to cook it in?

We might save some lives. It's worth a chance.

But there is no disposition in the "human rights" administration to press the B52s into humanitarian service. We didn't mind letting the Seventh Fleet pick up boat people. But we can't do anything comparable for the land people.

The difference is, it seems, that in order to be humane on the seas, we did not have to deal with Hanoi. We are willing to do anything to avoid speaking to them, including voting for Pol Pot, the butcher of Cambodia, in the United Nations.

We go in more for recriminations than relief. John Connally, who could rescue several provinces if he donated a fraction of his campaign contributions—$4 million to date—has declared it is important to assign the blame: "It is because of the brutality of the Soviet Union as exercised through the North Vietnamese."

Senate Democratic leader Robert C. Byrd is also making the Big Power play. He made a personal appeal to Soviet Ambassador Dobrynin to intervene with the Vietnamese. It will probably do as much good as those wartime pleas to Moscow to tell their little Red brothers to take it easy.

Instead of talking to the Russians, we should talk to the Vietnamese. We should send a negotiating team of Andrew Young, a god in the Third World, and Rep. G. V. "Sonny" Montgomery of Mississippi, a hawk who had much experience negotiating over the MIAs, to Hanoi with instructions to strike a deal with the Vietnamese. In exchange for recognition, which they crave, they give us access to the famine victims and permission to take food in by plane, truck, ship, rail or muleback—and maybe even some Peace Corps volunteers to give it out.

Jimmy Carter is timid about establishing diplomatic relations with our former enemy in a campaign year. It is why few people in the administration will acknowledge the lunacy of trying to stop a famine in a country without dealing with the people in charge.

Instead, we are told that the callous North Vietnamese are trying to blackmail us into recognition. We will not yield, we say self-righteously, even if it might mean averting another Holocaust.

It would be one of history's few cases of "blackmail with honor."

It is the only chip we have.

We prefer to blame the Russians. Nobody would dream, in this Peking-struck administration, of asking the Chinese to tell their loathsome friend, Pol Pot, to pack it in, stop the fighting which produces more refugees and more starvation.

It is hopeless to try to shame the North Vietnamese into letting us save two million lives. While angels of deliverance compared to the murderous Pol Pot, they do not pretend to care if all die. Ox-Fam, one of the international relief groups allowed to operate, had to sign an agreement pledging to withhold food not only from Pol Pot's forces, but from civilians living in areas under his control.

We have to swamp them, use every form of diplomatic, financial, logistical pressure we can think of. Otherwise, as the leader of the Western world said when he at last announced $69 million in aid for relief, we will again be guilty of "a moral lapse whose enormity still numbs the human mind."

But he seems half-hearted about what he has finally done. He is sponsoring only the authorization of the $39 million that is in addition to the $30 million proposed by Congress, not the appropriation. He seems less mindful of OMB when he strews grants around the primary states.

Cambodian relief may become a political issue. Edward Kennedy fierily faults Carter for giving "too little, too late." But Cambodians are dying by the thousands, and can't wait for the results of the caucuses in Iowa, where the wheat is brimming over the granaries.

We need to update "Operation Menu," that shameful and ruinous bombing that contributed to today's horrors.

If we need a new name, let's remember "Rolling Thunder" and call it "Rolling Manna." ●

A PLEA FOR JUSTICE

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. CONTE. Mr. Speaker, several weeks ago Mark Moseley, the placekicker for the Washington Redskins was confronted by a tragedy. His sister had been assaulted and murdered in Texas. The murderer had recently been paroled after serving only 2 years of a 5-year sentence for rape.

Mr. Speaker, I feel it is important to bring this issue to the attention of the House because it is not an isolated example of a criminal being released only to commit the identical crime. This is a recurring phenomenon which underscores that something is wrong with our current penal system.

I would like to enter into the RECORD an article that was published in the Washington Post last week, written about Mark Moseley. I hope that it will provide an incentive for every Congressman to work to improve our current penal system.

A complete copy of the article follows:

[From the Washington Post, Nov. 9, 1979]

A PLEA FOR JUSTICE: MOSELEY SPEAKS ON SISTER'S MURDER

(By Leonard Shapiro)

The tears are gone now, replaced by what Mark Mosley describes as "the emptiest feeling in the world."

His sister, Pamela Moseley Carpenter, 22 and "just beginning to get on with the good things in her life," is dead.

On Oct. 25, a man broke into her home in Livingston, Tex. He stabbed her in the chest with the scissors she was using that morning to make a Halloween costume for her niece.

The man beat and kicked Pamela Carpenter. And then he raped her and left her for dead.

But Pamela Carpenter regained consciousness and called a friend. As she rode to the hospital in an ambulance, she provided a description of her assailant before she died a few hours later from massive internal bleeding.

That same day, Livingston police arrested John Paul Penry, 22, a part-time deliveryman for a local appliance store who had been released last August from the Texas State Penitentiary in Huntsville. He was on parole after serving two years of a five-year sentence for rape.

Wednesday, Penry was taken before a Polk County, Tex., grand jury and indicted on a charge of capital murder, which carries the death penalty in Texas.

"It didn't take very long for the grand jury to make its decision," said Livingston Chief of Police Bill Smith. "Did he confess? We have statements from him, that's all I can say.

"Oh Lord, yes, the town is plenty upset. No, it ain't unusual for him to be out on parole. Damned right, it's disturbing. We arrest 'em, we convict 'em, we lock 'em up, and they're out of prison so fast they beat us home."

And precisely for that reason, Mark Moseley, the Redskin kicker, has decided he no longer can remain silent on the death of his sister.

The other day, he telephoned a reporter and asked him to come to his home in Haymarket, Va.

"You feel so helpless," he said. "I'm a football player. Some people know who I am. Maybe if they hear our story, somebody can do something about things like this.

"If there's something I can do to prevent it from happening to someone else, to spare people the grief our family has gone through, I'll do it.

"I have four daughters and another child on the way. It scares me to think about a system that allows people back on the street like this. I'd like to see something done about it.

"We work, we pay our taxes, we try and raise our families to respect the law, to abide by it, to trust it, and then this happens. It makes it hard for me to accept."

What makes it even harder on Moseley is the knowledge that the man in custody for the murder of his sister had been indicted for two separate offenses—attempted rape and rape—in 1977. His conviction on the rape charge was the one that sent him to prison.

"There's a total of three previous cases, in all, connected to him," said Polk County District Attorney Joe Price, who will prosecute Penry and said, "Yes, he did give us a voluntary statement.

"Why was he on the streets? Well, we go to the extreme to protect a defendant's rights. Sometimes you protect them so much, something like this case happens."

Price also confirmed that a psychiatric evaluation was ordered in connection with Penry's previous conviction. That evaluation, which determined Penry was competent to stand trial, also indicated he had never finished the first grade, that he could not read or write, that he was slightly retarded and that he was considered potentially dangerous.

And yet, last August, Penry was granted a parole.

"Nobody can understand how this guy was out on the streets," Mark Moseley said. "Nobody could explain it to me. The sheriff told me it happens all the time.

"The laws have to be changed. The probation system has to be changed. Maybe somebody in Congress will read this. Maybe something can be done."

Moseley say he will attend Penry's trial, and he admits he does not know how he will react when he sees the man accused of killing his sister.

The murder has outraged the citizens of Livingston, 80 miles north of Houston. There have been letters to the editor of the Polk County Enterprise recommending lynching and, according to Chief Smith, "there's a lot of coffee-shop talk" to the same effect.

But Mark Moseley dismisses such talk.

"At first, I was furious," he said. "You're raised in a Christian home and you know you're supposed to let justice take care of itself. Yes, I wanted to beat the guy to a pulp, but the Lord could never forgive me.

"I'm afraid I wouldn't be able to control myself if I ever faced him. But when you look at it, if you do something like that to him, you go as low as he's gone.

"The thing that's scary is that he could possibly be given a life sentence and be back on the streets again in seven years.

"Do I believe in the death penalty? In this case, a guy like this. yes. Because he'd do it again."

But that vill not bring Pamela Moseley Carpenter back to her husband of three years, to her family, to her friends, to her oldest brother, Mark Moseley.

"It's a cruel world out there," Moseley said. "There's a lot of evil out there, and Pam was so good. She loved kids. She and her husband were just starting to think about a family. She and my brother's wife were going to open a day-care center.

"Maybe you could say evil won out in this case, but I don't think so. All the love she had for people—those are the things we'll never forget. And maybe some good will come out of this. We have to keep telling ourselves that God's will always has a purpose." ●

FIVE PINTS OF OIL

HON. G. WILLIAM WHITEHURST

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. WHITEHURST. Mr. Speaker, I was impressed on Saturday morning by the lead editorial in the Washington Post entitled "Five Pints of Oil." Now that the President has wisely curtailed the importation of Iranian oil, every American should know what a small sacrifice is being asked for us.

The editors point out that if each household reduces its oil consumption by just 5 pints a day, we would save twice what we have been importing from Iran. Perhaps, Mr. Speaker, if everyone in the Nation pursued a voluntary odd-even system of gasoline purchase we would be more conscious of the need to conserve.

In any event, this editorial, which I heartily endorse, deserves a wide forum,

The editorial follows:

FIVE PINTS OF OIL

Tempers seem to be rising in this country as the ordeal of the American hostages in Iran continues. Scuffles have broken out at several places around the country between Iranian students, demonstrating against the government that is their host, and Americans who have taken offense. There was an interesting scene yesterday in McPherson Square, as a knot of Iranian demonstrators were surrounded by a ring of Metropolitan police protecting them from American counter-demonstrators. It's hardly necessary to expand on the contrast between the protection offered the Iranians here and the imprisonment of the American diplomats in Tehran.

The administration is entirely right about the need to keep voices down, and to avoid useless rhetoric, during the delicate attempts to secure the release of the hostages. But this discipline contributes to a sharp sense of exasperation and impotence among Americans. What can you do?

In fact, there is one thing that you can do—one thing that makes sense and will have an impact. The Iranian government is threatening to cut off oil shipments to the United States. The right response for Americans is to cut back the amount of oil they buy and burn, and leave the various ayatollahs and mullahs to take their oil elsewhere.

It would be a great deal more than an angry gesture. Any significant reduction in oil imports by the United States now would begin to bring a salutary degree of balance back into the world oil trade. It would become a little less of a seller's market. The pressure of high worldwide demand for oil constitutes a standing invitation to the exporting countries to keep raising prices, to play favorites among customers and to demand intolerable political concessions. If demand dropped a bit, the sellers would suddenly find that their leverage was not nearly so overpowering. They would have to begin allocating production cuts among themselves, an awkward and divisive process.

How much should you cut back? If every household in the country rreduced its oil consumption by five pints a day, that would add up to a million barrels—double the present flow of imports from Iran. The country now uses about 10 gallons of oil a day per household, when you count not only personal cars and home heating but industrial and commercial use. Cutting five pints out of that 10 gallons ought not to be impossible. It won't return us to the Stone Age. Since most of that oil is used on the highway, the highway is the place to start saving it.

Together, as a country, we drove ourselves into this mess. Any time we want to do it, we can walk out of it.●

THE LAW OF THE SEA CONFERENCE: BE WARY OF A RUSH TO JUDGMENT

HON. JOHN M. MURPHY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. MURPHY of New York. Mr. Speaker, the 3d United Nations Conference on the Law of the Sea (LOS) has, since 1973, brought representatives from more than 150 nations together in seven sessions to draft a treaty which will establish new international legal standards and procedures for the use of the world's oceans.

During a recent hearing before the Committee on Foreign Affairs, Ambassador Elliot Richardson expressed optimism that an agreement would be reached but he warned that the context of the treaty had not been perfected with respect to fundamental issues. It was the Ambassador's opinion that a treaty will be presented to the nations before the end of 1980, following deliberations from two more sessions in February and July.

With this apparent conclusion of the Law of the Sea negotiations approaching, we recognize and commend the conference for reaching a basic consensus on some very difficult issues. However, agreement on the deep seabed mining regime remains the major constraint to a "successful" treaty text and fundamental differences of extraordinary importance remain with respect to that issue.

One of the leaders of the Congress on this issue is our distinguished colleague, Congressman John Breaux. On October 27, 1979, Mr. Breaux delivered a speech before the Center for Ocean Law and Policy at the University of Virginia. Our colleague's speech emphasized the particular caution needed to be exercised by the negotiators and, in particular, Ambassador Richardson not to hastily conclude a treaty. While some parts of the treaty may be in our national interest, others may be inimical to that interest, specifically those provisions which address the exploration and development of the oceans' resources.

I would like to have the speech inserted into the Record to make all Members aware of the substantial work which remains at the LOS Conference before its conclusion.

The speech follows:

"The Third U.N. Law of the Sea Conference: Fitting Neptune for His New Clothes"

Under the threat of a self-imposed deadline, mass myopia appears to have descended upon the negotiators of more than 150 nations at the Third U.N. Conference on the Law of the Sea (UNCLOS III), which has completed its sixth year of work. There is, based on little objective evidence, a perception among the participants at the Conference that time is running out for the effort to achieve a widely acceptable, comprehensive oceans law treaty. This pervasive attitude is leading to accommodations which are superficially attractive, but substantially deficient.

If widely accepted, the future treaty would create a new legal, political and economic framework for two-thirds of the earth's surface. Virtually every ocean use would be regulated by the treaty. Moreover, important conceptual elements of the agreement would be extended to international arrangements on other matters.

There has been substantial progress toward general consensus on the broad outlines of the treaty, including among other things, uniform 12-mile territorial seas, the establishment of 200-mile economic zones and a special straits passage regime, conservation and management of fisheries, control of vessel-source pollution, and the creation of a new international institution to control and participate in the development of the minerals of the deep seabed. However, very important matters remain unresolved.

In their anxiety to conclude the negotiations, the delegations to the Conference are seeking rapid solutions to the most complex and consequential outstanding issues. The negotiators are persuading themselves that they are making real, not merely apparent, progress. Some critically important disagreements are being papered over with skillful ambiguities and others are simply being conceded with little consideration.

Both the substantive value and political viability of the treaty are being badly compromised. Neptune is being fitted by the UNCLOS III negotiilators for his new clothes, but those who are asked to ratify the agreement in the future might well find that he has been left with some vital areas exposed.

For its own part, the United States Delegation has accepted dangerous ambiguities concerning international navigation and communication rights in relation to coastal State resource rights in the economic zones. Other States which have been endeavoring to remedy the situation have found that we effectively stand in the way. The treaty, therefore, offers little of security value in a most strategically important one-third of the oceans.

Innocent passage in the territorial sea is threatened by a provision that would allow closure to foreign vessels for purposes not currently recognized under international law and there is little prospect for a solution to that problem. As a concession to the Soviets and Arab countries, we have accepted, as part of a package accommodation, a significant cut-off of our continental margin with little thought to the loss of possibly important hydrocarbons and have agreed to share our revenues from oil and gas development on what is left of our shelf beyond 200-miles with the international community.

We appear to have abandoned the effort to achieve acceptance of a regime which would not substantially hamper marine scientific research within 200-miles of the coast where most investigation is and ought to be taking place. The mechanism for peaceful settlement of disputes is fraught with exceptions and exemptions and assures Third World dominance of the new international judicial organs.

In the negotiations for the deep seabed minerals regime, the Third World initiative for a "New International Economic Order" has made a significant imprint on the draft treaty by achieving control which is disproportionate to the real and reasonable economic interests of the less developed countries and by imposing severe disincentives on private enterprise. The developing countries propose to utilize the deep seabed regime as a politico-economic model for future international arrangements calculated to shift global wealth from the North to the South.

At the Law of the Sea Conference, the negotiators of all countries have agreed upon the establishment of a new kind of international institution, the International Seabed Authority, which would administrate ocean mining and carry out seabed development (including mining, transportation, processing and marketing) through an operating arm called the Enterprise. The Enterprise and developing countries would have exclusive access to one-half of all mine sites and the right to compete with private and State developed country enterprises for access to the other half. This should be regarded as a concession by the North, which could otherwise monopolize seabed development, if it so chose.

The Third World has insisted upon a fundamentally one-nation one-vote system of government (thus assuring the developing countries of an automatic majority in the decision-making process), wide discretion in the Authority, onerous financial and technological conditions on private miners, severe seabed production limits and mine-site quotas, and the option of voting to end all private access after 25 years, just when seabed minerals become essential to the economies of industrialized countries.

According to developing countries, the Enterprise would be initially funded by States parties (U.S. share: $250 million in a long-term loan and loan guarantee), and would be entitled to receive, on a mandatory basis, proprietary mining technology from private operators, processing technology from States parties, fully prospected mine sites and personnel training, and an absolute priority to mine sites when the seabed production ceiling limited entry.

The South has also demanded that seabed revenues be distributed not only to developing countries, but also to national liberation groups. The Third World has particularly scorned insistence by the North that western minority interests in the international community be protected in the composition and voting arrangements of the Authority, that the discretion of the organization in selecting applicants for mine sites be greatly limited and that presently existing ocean mining operators be protected from expropriation when the new treaty comes into force. The developing countries have been more sympathetic to Soviet Bloc demands.

In the many years of negotiations, the industrialized countries have not achieved acceptance by the Third World of assured, nondiscriminatory access by private enterprises to deep seabed resources. Indeed, at the last session of the Conference, the leadership of the U.S. Delegation abandoned the essential component of assured access without so much as consulting with the other members of the Delegation, public advisers and our allies. This concession renders wholly useless progress that was achieved in other respects.

The United States and other industrialized countries have accepted the Authority and the Enterprise with liberal start-up funding from States parties to the treaty, the imposition of significant financial obligations on ocean miners, substantial limits on seabed production, an "anti-monopoly" system, and mandatory transfer of private technology to the Enterprise.

Protections achieved thus far for private operators fail to redess the fundamental competitive advantage of the Enterprise. These facts, coupled with the acceptance of Authority participation on behalf of all seabed production in future commodity arrange guarantee an anti-development regime which will maintain indefinitely a dangerous minerals dependence of the North on the South.

From the standpoint of the industrialized countries, the deep seabed regime sets a very adverse precedent for future international agreements for the development of common resources and the utilization of common space. The draft Moon Treaty recently referred by the U.N. Outer Space Committee to the General Assembly for opening for signature reflects the key principle of the deep seabed regime, that the resources are "the common heritage of mankind".

Mandatory transfer of ocean mining technology serves as a model which could threaten the North in the most fundamental global bargain—technology for natural resources. The South insists that technology is the "universal human heritage", although it is universally agreed that natural resources within national boundaries are subject to the "permanent sovereignty" of individual States. What is theirs is theirs and what is ours is everybody's. Mandatory technology transfer implements the concept favored by the South.

It is bad enough that the United States has accepted the compromise of vitally important national interests through numerous concessions. But there is also a real threat of acceptance by the UNCLOS III negotiators of a seabed mining regime that will leave fundamentally unresolved a number of issues critical to the interest of the United States and other western industrialized countries. Moreover, dangerous ambiguities are likely to be allowed to remain in other areas, such as the economic zone regime. Dispute settlement provisions in the treaty are inadequate to solve these problems.

Moreover, a recent proposal for detailed rulemaking on ocean mining after treaty signature, but prior to ratification, to resolve outstanding issues is a superfically attractive idea, but one which is as substantially defective as the treaty provisions which it would be designed to clarify.

Once signed, the political and even legal costs of rejection of a bad treaty would be raised dramatically. The negotiators know that and hope thereby to assure wide ratification, that is, a willing suspension of disbelief that will allow nations to persuade themselves that, indeed, the emperor does have new clothes.

I think that the United States must renegotiate major provisions and must insist that all major remaining issues should be clearly resolved in a calm and deliberate manner. The present negotiations most certainly should not be concluded in favor of reliance on dispute settlement or a post-signature rule-making process.

I would particularly caution the negotiators not to conclude a treaty that would leave in doubt the security of investments of U.S. ocean mining companies that have pioneered in the field. As the U.S. Delegation has stated—somewhat ironically—there is really no rush. I would hope that our delegation and all others would act accordingly.

While we are waiting for the negotiations to conclude and the treaty to enter into force, customary law with respect to navigation, communication and fishing will likely continue to consolidate in a reasonably acceptable manner. As for ocean mining, I expect interim unilateral legislation to be enacted shortly.

Last Wednesday I met with key leaders of the Group of 77 to discuss the attitude of the LDC's toward mining under a new domestic regime. The developing countries continue to oppose our legislation, but I remain convinced that enactment will not prejudice our ability to achieve a Law of the Sea treaty.

I look forward to ocean mining under interim legislation. I hope that an acceptable treaty will be achieved.●

THE LINCOLN REVIEW

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. MICHEL. Mr. Speaker, I recently was introduced to a new and exciting quarterly publication, the Lincoln Review. What makes this journal so important is its refusal to go along with stereotypes about black Americans. The Lincoln Review shows intellectual courage in speaking out for the values and the needs of black Americans who may not fit into the image created by those who see blacks only as political symbols to be manipulated and exploited. The Lincoln Review sees black Americans as citizens whose interest in ending inflation, increasing production, and having a strong national defense is the same as that of anyone else. As editor J. A. Parker puts it:

> Blacks are now expected to take stands on issues which, traditionally, were not considered to be "black issues," i.e., the environment, energy, and balance of payments, all of which affect economic growth and black employment. With black teenage unemployment near 40 percent, there is a critical need for the growth of U.S. economy. In the game of economic musical chairs as it is presently played, blacks always lose. Blacks have everything to gain in advocating a growth economy which will bring about new jobs for all Americans. Many blacks continue to be the last hired and the first fired.
>
> In the search for new "friends" to help further their interests, blacks are now having to break with the coalitions of the past which were depended upon to further their goals.

Perhaps the best way to show how the Lincoln Review refuses to accept the economic cliches and the welfare-state slogans of the big Government establishment is to offer a brief review of its contents:

Issue No. 1, spring 1979, contains a "Profile of a Patriot," an inspiring story about the late Gen. Daniel "Chappie" James, the first black American to become a four-star general. It also includes an incisive look at "Racism and Organized Labor" by Prof. Walter E. Williams, the distinguished economist. Then there is an article on the civil rights struggle which demonstrates that what the black community needs more than Government paternalism is a growing, booming economy, the kind that can be created by a cut in taxes such as that proposed in the Kemp-Roth bill.

I think you will agree with me that this is not the kind of material one usually finds in articles about black Americans. This material—and other articles in the Lincoln Review—sees black Americans as a creative, energetic group who want the chance to work and save and build in a dynamic economy. In short, the Lincoln Review departs from the customary big-brother paternalism and speaks to black Americans as citizens who understand that the free enterprise system is the greatest enemy of poverty ever created.

My congratulations go to all those responsible for this fine review.

At this point I insert in the RECORD, "Labor-Minority Alliance More Illusory Than Grand" by William Raspberry, the Washington Post, May 21, 1979; "Here Come the Free-Enterprise Blacks" by Louis Rukeyser, the New York Daily News, June 29, 1979.

[From New York Daily News, June 29, 1979]

HERE COME THE FREE-ENTERPRISE BLACKS

(By Louis Rukeyser)

Look out, Vernon Jordon. Prepare to duck, Andrew Young. Head for the hills, Benjamin Hooks.

After a generation in which these and similar thinkers have been given a virtual media monopoly as the unelected "spokesmen" for American blacks, a remarkable new group of black intellectuals is posing the first serious threat to the notion that blacks should be a permanent, monolithic left-wing force in the American economy.

The notion was, when you come to think about it, always deeply insulting to blacks—and not so subtly racist. It suggested that since blacks today include many ill-educated and low-paid individuals, blacks must automatically support those who would "protect" them through endless quotas, minimums, regulations and assorted other statist devices—devices that never in the course of human history have helped any other group much for long. This paternalistic, neoplantation thinking seemed to imply that black economics (and black arithmetic) ought somehow to be entirely different from that which works for whites.

Now comes a new quarterly of black opinion, the Lincoln Review, that recognizes that what blacks truly need is what all Americans need: greater economic opportunity, vigorous economic growth, a curb on inflation and excess government generally, and improvements in private U.S. productivity. The magazine, whose second edition will appear July 20, is published in Washington by the Lincoln Institute for Research and Education (1735 DeSales Street, NW.), and it is based on a powerful new idea: since unchecked governmental expansion and "income redistribution" have failed as blatantly in the U.S. as in every other country that ever relied on them, it is time for American blacks to try something with a better track record—such as self-help and private enterprise.

As editor (and institute president) J. A. Parker puts it, "America's black middle class is required to confront many of the same issues which concern white middle America. Those include inflation, quality education, high taxes, crime, national defense, employment. In the search for new "friends" to help further their interests, blacks are now having to break with the coalitions of the past which were depended on to further their goals."

Parker, a self-made businessman who began life in one of South Philadelphia's most wretched slums, told me that he considered outmoded such black alliances as those with the unions ("We don't need to allow organized labor to keep its foot on our necks") and with so-called environmentalists and "no-growth" apostles generally.

A decade ago the Lincoln Review would have been a voice crying in the wilderness. Now it is part of a still-small, but increasingly audible, chorus. Such black professors as Thomas Sowell and Walter Williams (one of Parker's first contributors) have written trenchantly on the false promises of racial-quota legislation and minimum-wage rates. The NAACP itself is divided between the staff, led by Hooks, and the policymakers, led by Margaret Bush Wilson, who favor deregulation of natural gas and other growth-minded energy programs.

While it would be easy—and inaccurate—to write off these voices as an unrepresentative handful of affluent blacks, Parker insists that a majority of American blacks agree, at bottom, with the basic new direction he is advocating. "They're beginning to realize that nobody is going to give them anything," the articulate, bespectacled editor told me. "The billions of dollars are no longer there. The well is almost dry at the federal level. The answer lies in more productivity, more growth and more jobs."

Parker doesn't expect unanimous endorsement of his unorthodox views from all his fellow blacks. The Urban League's Vernon Jordan, he says, "can't allow the problem to go away—he'd be out of a job," while the equally big-government-oriented Congressional black caucus is the product of traditional urban city machines and "they're slaves to organized labor." But Parker knows, too, that 42 percent of California's black voters supported Proposition 13, despite all urgings that their "bloc" vote be cast against it. The only real "blocs" in the 1980s may be in the heads of those who have not seen this encouraging change—in black and white.

[From the Washington Post, May 21, 1979]

Minority-Labor Alliance More Illusory Than Grand

(By William Raspberry)

It's hard to think of American liberalism without thinking of the grand alliance between minorities and organized labor.

On issues ranging from desegregation to minimum wage, from fair housing to common site picketing, the alliance is a force to be reckoned with.

Two recent items raise the question whether the alliance is real and equal, or only a sham, with minorities holding the short end of the stick.

One is the March report of the U.S. Comptroller General to the Congress, which points out how little progress has been made toward integrating minorities into the skilled construction craft unions.

The other is an article by Walter E. Williams, a black economics professor at Temple University: "Racism and Organized Labor." The second piece is an explanation of the dismaying statistics turned up in the first.

The comptroller general's report is basically an account of the failure of federal efforts to increase minority opportunities in the skilled construction crafts—among the highest paid jobs in the country.

Between 1972 and 1976, the General Accounting Office reports, minority representation in the skilled craft construction unions increased only from 7.2 percent to 8.4 percent. In addition, minorities are still concentrated in the lower-paying crafts.

The common explanation for the slow progress is economic hard times. It is true that minorities tend to make more progress during boom periods than during economic slow-downs, but, as the GAO reports, this explanation falls short.

According to Comptroller Elmer A. Staats, the GAO study found "the total increase in minority journeymen much less than the available opportunities." An estimated 14,320 journeyman positions became available during the four-year period covered in the GAO investigation. But only 1,131 minority journeymen were added to union rolls, a net gain of 766.

White workers typically obtain journeyman status directly, for example, through member referrals and entrance tests. But for minorities, the prevailing route remains the tedious, years-long, low-paid apprenticeship programs.

The GAO cites as a major reason for the small minority gains the "administration weaknesses in federal programs that could help them enter these unions." It charges that the Equal Employment Opportunities Commission, the federal agency with the most direct authority over unions, has used its authority ineffectively.

The Office of Federal Contract Compliance Programs has its authority over contractors and, thus, has been ineffective in influencing the nepotistic and exclusionary practices of trade unions.

And the Bureau of Apprenticeship and Training has focused on increasing minority participation in apprenticeship programs rather than on increasing the number of minority journeymen.

Walter Williams would dispute none of GAO's findings. But his major point is that minorities have been duped into believing their interests are the same as the interests of organized labor.

The major interest of organized labor, Williams writes in the Spring issue of the Lincoln Review, is to maximize the income of its members. It accomplishes this goal by controlling the skilled labor pool and by deliberately reducing the number of skilled workers available.

"Non-economic or personal characteristics which can be employed to ration membership include: race, sex, political affiliation, age, education, experience, personality and relationship to other union members," Williams notes. "Considerable evidence shows that unions have employed all of these methods to ration membership."

But not in the heavy-handed, blatant "whites only" strategies of the past.

If the job-limiting policies of organized labor resulted in no income for those excluded, Williams contends, the result would be considerable social upheaval.

Therefore, he says, "as a part of union restrictive strategy, there must be a strategy of income subsidies. That is, unions will not only be the strongest supporters of welfare, food stamps and leaf-raking jobs; income maintenance programs disguise the true effects of the restrictions created by labor unions and other economic agents by casting a few crumbs to those denied job opportunity in order to keep them quiet . . .

"The most unfortunate aspects of this is that the union support for these programs creates the illusion that unions are pro-minority."

What passes for a liberal alliance between organized labor and minorities is, in Williams view, nothing more than the calculated exploitation of the latter by the former.

Some coalition!

[From the Wall Street Journal, June 12, 1979]

The Lincoln Review

There's a new magazine around with something important to say about the future of the black community in the United States. The publication is a quarterly called Lincoln Review, and its editor says it is meant as a platform for topics and points of view that may fall outside conventionally defined "black issues" and black perspectives but that are nevertheless of significant concern to black Americans. The first issue of the magazine covers a range of subjects from biography to a historical sketch of black Americans in grand opera, but the review's central aim is to emphasize the black community's stake in this country's economic growth.

An article by Wendell Wilkie Gunn, "The Civil Rights Struggle: Phase II," puts the case quite clearly. Black Americans and their leaders, Mr. Gunn begins, are growing disenchanted with President Carter's Democratic administration. Politicians on the Republican right have welcomed this disenchantment by announcing that black organizations are beginning to "see the light" and turn from the false god of income redistribution to the true solution of economic growth as a way of meeting their problems.

But this kind of analysis, Mr. Gunn says, doesn't do credit to the changing nature of the black struggle in America. Through the mid-1960s, massive racial discrimination prevented blacks from participating fully in the American economy. The Democrats offered them both the political activism necessary to remove the legal barriers and the redistributionist social welfare policies necessary to mitigate the economic plight of poor blacks in the short run. Siding with the Democrats was a fully proper response to the black community's real needs and interests.

Now the discriminatory barriers are coming down, and future economic progress for blacks will depend on overall economic growth. The Democrats' policies are likely to slow that growth and thus damage the interests of black Americans. But the Republicans look like they may pass up their opportunity to make themselves the party of black progress. Many of them insist on fighting inflation with tax rate increases. The resulting contraction causes unemployment among poor blacks—and doesn't even really curb inflation, since the unemployed stop producing but receive enough in transfer payments to keep right on consuming.

So both parties offer platforms of economic contraction; the difference is that the Democrats' social welfare programs transfer some of the costs away from the poor. Under the circumstances, it's reasonable for blacks to keep choosing the Democrats; if Republicans want to change the calculus, they should push harder for the kinds of tax reductions that would stimulate real economic growth.

Mr. Gunn's argument on tax policies is of the kind that always stirs up a fuss in Republican circles. But perhaps the most refreshing thing about it is that it views black Americans as producers, actual and potential, whose interest lies in expanding opportunities rather than restricted ones. We hope the Lincoln Review will provide more of this perspective.●

MR. HOWARD "BUD" MERCER

HON. DOUGLAS APPLEGATE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. APPLEGATE. Mr. Speaker, as always it is indeed an honor to have the opportunity to address this House, but I come before you today to relate to you an event which makes my address even more honorable.

This coming Friday, November 16, 1979, the Tuscarawas County Democratic Supper Club is hosting a testimonial dinner in honor of one of this county's most outstanding citizens, Mr. Howard "Bud" Mercer. As a member of Tuscarawas County for many years, Bud currently serves as chairman of Tuscarawas County's Democratic Party and has done so for nearly 20 years. He has provided the type of honest leadership over the years that is admired by both Democrats and Republicans alike. This lifelong service to the Democratic Party has been exemplary.

Always one to pitch in and help, Bud has demonstrated a sincere willingness to help a cause in whatever way he is able to do so. He has been at the forefront of many battles, and while not winning every one, can point to many more successes than failures.

I am proud to be included among the many friends of Howard "Bud" Mercer and, on behalf of Ohio's 18th Congressional District, I congratulate him and thank him for his many contributions to the Tuscarawas County area.●

PERSECUTION OF BAHA'IS IN IRAN: A SERIOUS HUMAN RIGHTS CONCERN

HON. ANTHONY TOBY MOFFETT

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. MOFFETT. Mr. Speaker, I wish to bring to the attention of my colleagues a situation that should be of grave concern to us all. I refer to the persecution of the Baha'is in Iran. Currently, many Baha'is in that country face financial ruin, confiscation of their property and religious persecution at the hands of the minority Shiite Moslems.

The Baha'i faith is known for its fundamental belief in one God, in the essential unity of all religions and on the oneness of humankind. Its worldwide membership comprises people of every religious and ethnic background. Recently, the Baha'i House of Worship in Wilmette, Ill., was registered as a national historic site.

The persecution of the Baha'is in Iran has been almost continuous since the founding of the religion in that country in 1844. Their religious views are considered heretical by the Shiite Moslem majority, and over the past century they have been the targets of sporadic harassment and attacks.

The Baha'is are not named in the present draft of the constitution as one of the country's minorities with special representation in the Parliament. Since the revolution there have been reports and allegations of confiscation of Baha'i property and assets, the destruction of their holy places and the desecration of their graveyards throughout Iran. There have also been reports that under the new government Baha'is have lost civil service jobs because of their religious affiliation.

In December of 1978, 140 Baha'i homes were looted and destroyed in the city of Shiraz. In nearby Nayriz 25 homes were burned down and in Sarvistan Baha'is were forced to recant their religious beliefs. Similar incidents have occurred in other parts of Iran in the wake of their revolution and the establishment of the Khomeini regime.

On September 8 of this year one of the holiest shrines of the Baha'i Faith, the House of the Bab, was attacked and almost completely demolished. This latest atrocity against the pacifist Baha'is had led many of them to believe that their property, freedom, and their lives are now in danger in Iran.

I have sent a letter to Prime Minister Bazargan informing him of my concern for the rights of the Baha'is in Iran. I also have contacted the Secretary of State asking him to lodge a formal complaint with the Iranian Government over its apparent inability to stop the persecution of this religious minority which needs and deserves protection.

The letter follows:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., October 31, 1979.

DEAR MR. SECRETARY: Several constituents have recently written to me about the persecution suffered by people of the Baha'i Faith in Iran. I wish to call to your attention this serious matter and express my hope that the United States will use its influence to support the human rights of these people.

Since the establishment of the Islamic Republic, the Baha'is, who have endured much hardship in Iran over the past century, have had their property confiscated and vandalized, have seen several of their holy places desecrated, and have suffered employment discrimination. The authorities have done nothing to alleivate this persecution; in fact, they may quite possibly be encouraging it.

On September 8, one of the holiest shrines of the Bahai's Faith, the House of the Bab, was attacked and almost totally destroyed. This malicious action, which could have been prevented by the Iranian authorities, demonstrates a callous disregard for the Baha'is basic rights.

I hope that the State Department will investigate these matters and express the strong disapproval of the United States.

Thank you very much.

Sincerely,

TOBY MOFFETT,
Member of Congress.●

J. SHELBURN ROBISON: A FOOTNOTE IN HISTORY

HON. LEON E. PANETTA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. PANETTA. Mr. Speaker, on Sunday, November 11, the residents of my congressional district will celebrate the 58th anniversary of an historically important and touching moment, a moment symbolic of the continuity and concern for one's fallen comrades so characteristic of the men who have fought to protect our cherished freedoms.

Fifty-eight years ago today, a young Army captain, J. Shelburn Robison, of Carmel, Calif., lowered his saber to signal a 21-gun salute as the Unknown Soldier from World War I was buried in Arlington National Cemetery.

The ceremony was an impressive one, worthy of those who gave their lives for their country. General Pershing led the parade of dignitaries, including President Warren G. Harding, across the Potomac from Washington to Arlington. After the President delivered an address and wreaths had been laid on the casket, Captain Robison gave the command, "Battery salvo right, commence fire," and lowered his saber.

Forty-seven years later, Colonel Robison journeyed to Arlington to present that same sword to the Old Guard, the Army's crack ceremonial unit that provides an around-the-clock guard at the Tomb of the Unknown Soldier.

Mr. Speaker, the anniversary of the presentation of that historic saber gives us the opportunity to reflect upon the contributions made by our fighting men, and on the generosity of spirit and concern for military tradition displayed by them.●

RAY ROBERTS

HON. PHIL GRAMM

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. GRAMM. Mr. Speaker, on October 29, RAY ROBERTS informed his constituents that he would not be a candidate for reelection next year. There has been a Texan as Chairman of the House Committee on Veterans' Affairs for 22 out of the past 24 years. I believe this speaks well of the type of leadership the State of Texas has traditionally provided and the type of men the people of Texas have chosen to represent them in Washington. What better way to serve in Congress than to serve the veterans of the United States who have served their country themselves.

RAY ROBERTS was elected to Congress on January 30, 1962, to fill the vacancy created by the death of Speaker Sam Rayburn. He was appointed to the Committee on Veterans' Affairs on February 6, 1962, and became chairman in 1975. Some refer to Veterans' Affairs as a minor committee of the House of Representatives. However, as Chairman, RAY ROBERTS has jurisdiction over the third largest agency in the Federal Government; the Nation's largest hospital and medical care system; a potential clientele of veterans and their survivors equal to almost half the population of the United States; and a $21 billion budget in this fiscal year alone. That is no minor responsibility.

RAY ROBERTS has strongly supported legislation to increase and renew a wide variety of assistance programs for all veterans. However, in doing so, he has vigorously protected service-connected disabled veterans as the rightful beneficiaries of priority medical care and just compensation for their special service and sacrifice. Since 1962, with RAY ROBERT's support, compensation payments for service-connected disabled veterans and the widows and children of those who have died as a result of service-connected causes have more than doubled. He has sponsored legislation to provide education and readjustment benefits for Vietnam era veterans and has seen the VA hospital system and medical services program rise to lead the Nation in medical care, medical research, and education.

RAY ROBERTS has fought diligently to insure that VA hospitals provide "care second to none." Over the past 2 years, he has sought to maintain the integrity of that medical system in the face of decreasing budgets, hospital bed losses, and personnel reductions. In going before the House to request the additional funds for the budget to insure that these severe cuts would not have to take place, RAY ROBERTS has said:

> We would not have a Federal budget to argue over if the veterans of America had not fought for their country in the first place.

The Congress, recognizing this serious need, has overwhelmingly accepted his amendments.

Chairman ROBERTS has not only maintained a viable benefit program for the veterans of this country, but also has upheld the quality of that assistance by insuring that all those who receive such benefits are deserving veterans. He was author of legislation which bared automatic entitlement to veterans benefits for those persons with dishonorable discharges; due to his leadership, that legislation is now law.

He has consistently upheld the veteran's right for hiring preference in Government employment, and has successfully opposed efforts by other branches of Government to incorporate or erode responsibilities presently under the control of the Veterans' Administration. In doing so, he maintains that because of a veteran's service to his country, he or she is entitled to a series of benefits and assistance programs which are and should be distinct and significant symbols of the gratitude of the American people. He has continued his vigil to protect those rights.

I would like to take this opportunity to express my appreciation and admiration and, in part, the gratitude of the American veterans for this distinguished service. RAY ROBERTS will be greatly missed when he retires at the end of the 96th Congress.●

FEDERAL AID FOR THE CHRYSLER CORP.

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. CONYERS. Mr. Speaker, today I am introducing legislation H.R. 5770, to provide $1.2 billion in Federal loan guarantees to the Chrysler Corp. This legislation builds upon the Blanchard bill being worked on in the Banking Committee and is a bridge to the Riegle bill in the Senate. It provides for phasing-in loan guarantees in two increments, conditioned on evaluation at each stage of Chrysler's performance and its readiness to meet a set of conditions that safeguard the public interest in maintaining jobs, keeping factories open, and converting to more fuel-efficient autos and mass-transit vehicles.

In return for Federal assistance, Chrysler would be required to broaden further its board of directors to include representatives of labor, the consumer public, and Government, and create an employee stock ownership plan so as to expand participation in its decisionmaking processes for those sectors that have the greatest stake in its recovery. Chrysler also would have to present a development plan that specifies the future direction of investment decisions; any plans to close down facilities and the justification for such action; and the steps necessary to convert some of its facilities to the production of mass-transit vehicles, including plans for retooling plants and retraining workers.

This legislation seeks to provide a framework of cooperation—and accountability—among business, labor, and Government, that is indispensable both in aiding Chrysler's recovery and also moving us in the direction of implementing a national economic plan for full employment and industrial revitalization, as mandated by the Full Employment and Balanced Growth Act of 1978.

A Chrysler collapse unavoidably raises very real and deeply disturbing questions about the future prospects of the entire American economy, which is now moving into a recession without the policies and mechanisms requisite to full employment and balanced growth. We have to ask ourselves, is the Chrysler case unique, the result simply of bad management, consumer disapproval, Federal regulations, or a combination of all three? Or is it a bellwether, only the most recent dramatic case in what will be a long line of corporate failures in the years ahead?

The Chrysler crisis raises most of the important questions before the Congress this year. If it collapses, would its employees find new jobs within a reasonable period, or be laid off indefinitely, with all the human and social costs this entails? What will happen in industrial centers like Detroit or Pittsburgh, and in hundreds of smaller cities and towns where Chrysler operates, if it shuts down plants or else substantially scales down its operation? What will happen to the billions in pension funds, without which retired Chrysler workers could not survive?

With Chrysler we are not just facing the financial plight of a single, albeit enormous, industrial company. Chrysler's fate is inextricably tied to a much larger, longer term transformation of the international and domestic industrial economy, that has jeopardized the jobs of millions of workers, and has altered the economic fabric of hundreds of communities in every region of the Nation.

I am persuaded that until we begin in a serious way to plan ahead for changes in employment and production in the Nation, and to avert the economic dislocations that inevitably arise, we have no choice but to support Federal aid for Chrysler.

The bill follows:

H.R. 5878

A bill to authorize emergency loan guarantees to the Chrysler Corporation

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Chrysler Industrial Loan Guarantee Act".

AUTHORITY

SEC. 2. The Secretary of the Treasury (hereinafter in this Act referred to as the "Secretary"), on such terms and conditions as he deems appropriate, is hereby authorized to guarantee, or make commitments to guarantee, lenders against loss of principal or interest on loans that meet the requirements of this Act.

LIMITATIONS AND CONDITIONS

SEC. 3. (a) A guarantee of a loan may be made under this Act only if—

(1) the Secretary finds that—

(A) the loan is needed to enable the Chrysler Corporation (hereinafter in this Act referred to as the "enterprise") to continue to furnish goods or services and failure to meet this need would adversely and seriously affect the economy of or employment in the Nation or any region thereof;

(B) credit is not otherwise available to the enterprise under reasonable terms or conditions; and

(C) the prospective earning power of the enterprise, together with the character and value of the security pledged, furnish reasonable assurance that the enterprise will be able to repay the loan within the time fixed, and afford reasonable protection to the United States;

(2) the lender certifies that the lender would not make the loan without such guarantee; and

(3) before any such guarantee is made—

(A) the board of directors of the enterprise seeking such guarantee is expanded to include six new members who shall represent labor, minority, consumer, and environmental groups;

(B) the enterprise transmits to the Congress and the Secretary a development plan which—

(i) provides for the training of employees in the skills which the enterprise determines will be required by changes in technology, markets, and production;

(ii) provides for the retooling of the Chrysler Corporation's Dodge-Main facility in Hamtramck, Michigan as a supplier, or to make the changes necessary to convert the facility to mass-transit vehicle or any other useful production;

(iii) specifies the location of new factories and other facilities taking into account investment, production, and employment, and any plans to close any factory or other facility and the reasons for such action;

(iv) indicates the steps to be taken to insure that minority business enterprises receive a fair share of Chrysler's business and the purchases it makes from its suppliers.

(C) the enterprise shall establish an employee stock ownership plan pursuant to section 4.

(b) Loans guaranteed under this Act shall be payable in not more than 10 years.

(c)(1) Loans guaranteed under this Act shall bear interest payable to the lender at rates determined by the Secretary taking into account the reduction in risk afforded by the loan guarantee and rates charged by lenders on otherwise comparable loans.

(2) The Secretary shall prescribe and collect a guarantee fee in connection with each loan guaranteed under this Act. Such fee shall reflect the Government's administrative expense in making the guarantee and the risk assumed by the Government and shall not be less than an amount which, when added to the amount of interest payable to the lender of such loan, produces a total charge appropriate for loan agreements of comparable risk and maturity if supplied by the normal capital markets.

EMPLOYEE STOCK OWNERSHIP PLAN

SEC. 4. (a) In order to be eligible for loan guarantees under this Act, the enterprise (hereinafter in this section referred to as the "employer") shall establish in writing an employee stock ownership plan—

(1) which satisfies the requirements of section 4975(e)(7) of the Internal Revenue

Code of 1954, and which acquires qualifying employer securities (as described in paragraph (3)) using all or a portion of the proceeds of a guaranteed loan provided for in this Act;

(2) which is administered by a committee consisting of—

(A) 2 representatives of the employer;

(B) 2 representatives of employees who are participants in this plan;

(C) 1 representative of the trustee of the plan; and

(D) 2 representatives designated by the Secretary of the Treasury;

(3) which, except as provided in subsection (b), will acquire only qualifying employer securities which—

(A) meet the requirements of section 409 A(1)(3) of such Code; and

(B) are convertible to common stock (which meets the requirements of section 409A(L)(1) of such Code at its fair market value as of October 17, 1979 at the direction of the committee;

(4) under which qualifying employer securities having an aggregate value of not less than an amount equal to 25 per centum of the amount of the loan guarantee provided for in this Act, will be purchased with the proceeds of a loan described in this Act and in section 4975(d)(3) of such Code;

(5) under which the employer agrees to make annual contributions sufficient to permit the plan to amortize such loan;

(6) which provides that each participant will have a 100 per centum nonforfeitable interest in all amounts allocated to such account under the plan; and

(7) which provides for the allocation for each plan year of all qualifying employer securities transferred to it or purchased by it, or with regard to qualifying employer securities acquired pursuant to paragraph (4), to be released from the appropriate suspense account and allocated, to the accounts of all participants who are entitled to share in such allocation in substantially equal amounts.

(b) Notwithstanding the provisions of paragraph (3), the plan may also purchase or otherwise acquire qualifying employer securities which are described in section 4975 (e)(8) of such Code.

SECURITY FOR LOAN GUARANTEES

Sec. 5. In negotiating a loan guarantee under this Act, the Secretary shall make every effort to arrange that the payment of the principal of and interest on any plan guaranteed shall be secured by sufficient property of the enterprise to fully collateralize the amount of the loan guarantee.

REQUIREMENTS APPLICABLE TO LOAN GUARANTEES

Sec. 6. (a)(1) A guarantee agreement made under this Act with respect to the enterprise shall require that while there is any principal or interest remaining unpaid on a guaranteed loan to the enterprise, the enterprise may not—

(A) declare a dividend on its common stock; or

(B) make any payment on its other indebtedness to a lender whose loan has been guaranteed under this Act.

(2) The Secretary may waive either or both of the requirements set forth in paragraph (1), as specified in the guarantee agreement covering a loan to the enterprise, if it determines that such waiver is not inconsistent with the reasonable protection of the interests of the United States under the guarantee.

(b) The Secretary shall require before guaranteeing any loan to the enterprise that the enterprise make such management changes as the Secretary deems necessary to give the enterprise a sound managerial base.

(c) A guarantee of a loan to the enterprise shall not be made under this Act unless—

(1) the Secretary has received an audited financial statement of the enterprise; and

(2) the enterprise permits the Secretary to have the same access to its books and other documents as the Secretary would have under section 7 in the event the loan is guaranteed.

(d) No payment shall be made or become due under a guarantee entered into under this Act unless the lender has exhausted any remedies which it may have under the guarantee agreement.

(e)(1) Prior to making any guarantee under this Act, the Secretary shall satisfy himself that the underlying loan agreement on which the guarantee is sought contains all the affirmative and negative covenants and other protective provisions which are usual and cutomary in loan agreements of a similar kind, including previous loan agreements between the lender and the borrower, and that it cannot be amended, or any provisions waived, without the Secretary's prior consent.

(2) On each occasion when the enterprise seeks an advance under the loan agreement, the guarantee authorized by this Act shall be in force as to the funds advanced only if—

(A) the lender gives the Secretary at least ten days' notice in writing of its intent to provide the enterprise with funds pursuant to the loan agreement;

(B) the lender certifies to the Secretary before an advance is made that, as of the date of the notice provided for in subparagraph (A), the enterprise is not in default under the loan agreement, except that if a default has occurred the lender shall report the facts and circumstances relating thereto to the Secretary and the Secretary may expressly and in writing waive such default in any case where it determines that such waiver is not inconsistent with the reasonable protection of the interests of the United States under the guarantee; and

(C) the enterprise provides the Secretary with a plan setting forth the expenditures for which the advance will be used and the period during which the expenditures will be made, and, upon the expiration of such periods, reports to the Secretary any instances in which amounts advanced have not been expended in accordance with the plan.

(f)(1) A guarantee agreement made under this Act shall contain a requirement that as between the Secretary and the lender, the Secretary shall have a priority with respect to, and to the extent of, the lender's interest in any collateral securing the loan and any earlier outstanding loans. The Secretary shall take all steps necessary to assure such priority against all other persons.

(2) For purposes of paragraph (1), the term "collateral" means all assets pledged under loan agreements and, if appropriate in the opinion of the Secretary, all sums of the borrower on deposit with the lender and subject to offset under title 11 of the United States Code.

INSPECTION OF DOCUMENTS; AUTHORITY TO DISAPPROVE CERTAIN TRANSACTIONS

Sec. 7. (a)(1) The Secretary is authorized to inspect and copy all accounts, books, records, memoranda, correspondence, and other documents of the enterprise which has received financial assistance under this Act concerning any matter which may bear upon—

(A) the ability of the enterprise to repay the loan within the time fixed therefor;

(B) the interests of the United States in the property of the enterprise; and

(C) the assurance that there is reasonable protection to the United States.

(2) The Secretary is authorized to disapprove any transaction of the enterprise involving the disposition of its assets which may affect the repayment of a loan that has been guaranteed pursuant to the provisions of this Act.

(b) The General Accounting Office shall make a detailed audit of all accounts, books, records, and transactions of the enterprise with respect to which an application for a loan guarantee is made under this Act. The General Accounting Office shall report the results of such audit to the Secretary and to the Congress.

MAXIMUM OBLIGATION

Sec. 8. The maximum obligation of the Secretary under all outstanding loans guaranteed by him under this Act shall not exceed $1,500,000,000.

EMERGENCY LOAN GUARANTEE FUND

Sec. 9. (a) There is hereby established in the Treasury an emergency loan guarantee fund to be administered by the Secretary. The fund shall be used for the payment of the expenses of the Secretary and for the purpose of fulfilling the Secretary's obligations under this Act. Moneys in the fund not needed for current operations may be invested in direct obligations of, or obligations that are fully guaranteed as to principal and interest by, the United States or any agency thereof.

(b) The Secretary shall prescribe and collect a guarantee fee in connection with each loan guaranteed by it under this Act. Sums realized from such fees shall be deposited in the emergency loan guarantee fund.

FEDERAL RESERVE BANKS AS FISCAL AGENTS

Sec. 10. Any Federal Reserve bank which is requested to do so shall act as fiscal agent for the Secretary. Each such fiscal agent shall be reimbursed by the Secretary for all expenses and losses incurred by it in acting as agent on behalf of the Secretary.

PROTECTION OF GOVERNMENT'S INTEREST

Sec. 11. (a) The Attorney General shall take such action as may be appropriate to enforce any right accruing to the United States or any officer or agency thereof as a result of the issuance of guarantees under this Act. Any sums recovered pursuant to this section shall be paid into the emergency loan guarantee fund established under section 9.

(b) The Secretary shall be entitled to recover from the enterprise, or any other person liable therefor, the amount of any payments made pursuant to any guarantee agreement entered into under this Act, and upon making any such payment, the Secretary shall be subrogated to all the rights of the recipient thereof.

REPORTS

Sec. 12. The Secretary shall annually submit to the Congress a full report of his operations under this Act. Each such report shall include a full report of the Secretary's operations together with his recommendations with respect to the need to continue the guarantee program beyond the termination date specified in section 13. If the Secretary recommends that the program should be continued beyond such termination date, he shall state his recommendations with respect to the appropriate board, agency, or corporation which should administer the program.

TERMINATION

Sec. 13. The authority of the Secretary to enter into any guarantee or to make any commitment to guarantee under this Act terminates three years after the date of the enactment of this Act. Such termination does not affect the carrying out of any contract, guarantee, commitment, or other obligation entered into pursuant to this Act prior to that date, or the taking of any action necessary to preserve or protect the interest of the United States in any amount advanced or paid out in carrying on operations under this Act.●

SLAMMER VI

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. BOB WILSON. Mr. Speaker, Capt. Samuel S. Wood, Jr., a brilliant U.S. Army officer, recently wrote a thoughtful article in Armor magazine about a weapons system the United States possesses but does not make good use of.

I believe Captain Wood's arguments are persuasive, and I hope the Army will consider his recommendations.

The article follows:

SLAMMER VI

(By Capt. Samuel S. Wood, Jr.)

In a time when targets outnumber artillery tubes there is a need for a multiple rocket launcher. Combat-proven on the battlefields of the Pacific and in Europe during World War II and later in Korea, the multiple rocket launcher provides the user with the ability to blanket the target area with a tremendous amount of firepower. As an area weapon that complements artillery, the rocket can provide the combined effects of many battalions of massed artillery. Rockets can provide the commander with an advantage he should not be denied, and the 2.75-in rocket fired by the Slammer VI is a system that can provide a variety of support to the frontline combat commander.

Fundamentally, the rocket is a self-contained warhead and propellant that needs only a simple launcher. You cannot expect the accuracy of a rocket to be the same as conventional tube artillery. However, what it loses in accuracy is outweighed by the volume of fire it can produce within seconds.

Rocket artillery has had a rather short but impressive history. The United States' use of rockets to augment artillery had its birth in 1846. William Hale developed a rocket which was used by the army of General Winfield Scott in the siege of Vera Cruz.[1] Except for signal rockets, rockets did not reemerge as a weapon system until World War II. Rockets were developed to defeat armor, aircraft, troops, and radar-directed fire control and communciation equipment. During the Battle of the Bulge, rockets were used to break the German counteroffensives. Rockets were also used to pulverize beach areas during amphibious assaults in the Pacific, and rockets are credited as being instrumental in securing Okinawa. On the beaches of Normandy, rockets were also equipped with chaff warheads that created a window of jammers that moved the radar controlled fire from German guns away from Navy ships.

In the Korean War, the rockets of U.S. Marines found a 1,000-man Communist Chinese battalion located in a 1,000-by 500-yard area, and over 400 were killed and 600 wounded. This was accomplished in a matter of 14 minutes with 57 rockets.[2] This was an area target that would have required a TOT mission of many battalions of supporting artillery.

In Vietnam, rocket artillery was off the ground and in the air, but little work was done to improve the Korean War vintage ground rocket launchers in the inventory. Conventional artillery support was more than adequate to support maneuver forces and with the addition of the helicopter rockets and aircraft rockets, the commander could bring a large amount of firepower to bear on a relatively small area. With a very limited counterbattery threat, or air threat, the delivery of 2.75-in artillery and aircraft rockets was almost unrestricted.

At the end of the Vietnam War, the United States did not have a ground platform rocket launcher for the 2.75-in rocket, but warheads for the rocket had been adopted for helicopter and aircraft delivery. The warheads included high explosive, shaped charge, flechette, and white phosphorus. The rocket's range was about 6,000 meters, and because it had only 1,700 more meters range than the 107-mm mortar, multiple rocket launcher remained on aircraft.

Events in the Middle East brought renewed interest in a multiple rocket launcher, and need for it resurfaced. Commanders wanted fire support to defeat a multiplicity of targets and when the cry went up in 1974 to field a multiple rocket launcher, concepts were developed and tested. As a result, the general support rocket system was approved for fielding in the early eighties. Another system, the Slammer, was locally fabricated at Fort Campbell, Ky. and the Slammer VI at the Redstone and Allegheny Arsenals.

Since the Department of the Army's tests of the Slammer VI were concluded in April of 1977, additional emphasis has been placed on the need to field a multiple rocket launcher. The Slammer VI system can be fielded now! To better understand its availability, a description of Slammer VI is necessary.

The Slammer VI concept was developed at the Redstone and Allegheny Arsenals after the 101st Air Assault Division tested a two-pod version mounted on a ¼-ton vehicle.[3] Slammer VI was made with an M-91 chemical rocket launcher, M-200 rocket pods, and 4.2-in mortar sight. The M-91 rocket launcher, which was in the inventory in the early 1960's as a chemical rocket launcher, was modified for Slammer VI by changing the rocket racks to accommodate M-200 rocket pods. The M-200 rocket pods are the standard 2.75-in rocket pod in the Army and Air Force inventories. A 4.2-in mortar sight was added for fire control. Fired by a 24 volt system, the rockets can be rippled one at a time or fired in a 114 rocket salvo. Tests revealed that a system could be assembled for only $7,500.[4]

The testing and evaluation of the system was conducted at Yuma Proving Grounds. Redstone Arsenal, and Forts Sill, Campbell, and Bragg. There were no firing tables available, and the testing units swagged the proper settings on the launhcer for the desired ranges.

Test firings showed inaccuracies in the rockets that could easily be overcome by changing the firing sequence of the pods. Range limitations were overcome by improvements in the 2.75-in rocket motor which increased the range from 6,000 to nearly 11,000 meters.

Developed in response to a demand from the field, the Slammer VI answered the call for an area saturation weapon and product improvements and an increase in research funds could have provided the maneuver forces an effective weapon with many capabilities that are not available in other fire support systems.

The system's light weight and easy towing capability could have given either armor or mechanized infantry an inexpensive weapon system that could be fired, and then discarded if necessary.

However, Slammer VI was shelved after only 6 months of testing before its impact on the Army could be evaluated. The tests included immediate smoke, area saturation with high explosive warheads, and infrared illumination missions. In an illumination capability test, Slammer VI provided over 3 hours of continuous infrared illumination for TOW gunners.[2] As an area fire weapon, two Slammer VI systems produced more target destruction on a 400- x 600-meter area than a battalion of 155-mm artillery pieces firing dual purpose improved conventional munitions.

In tests at Forts Bragg and Campbell it was found that Slammer VI could fill the gap between the 4.2-in mortars and division artillery assets. After TRADOC withdrew funds for testing, these posts drew from their own resources and conducted further tests. Through their efforts, the system's advantages were weighed against its disadvantages, with the major problem being the ammunition available. Test reports stated that if the range dispersion, limited range of 6,000 meters, and lack of varieties of warheads were overcome, Slammer VI would be reconsidered for fielding.[5]

RESUPPLY FOR 1-HR SUSTAINED FIRE

	Rounds	5-ton loads
Slammer VI platoon	1, 368	2. 1
81-mm mortar platoon	1, 440	1. 4
155-mm howitzer battery	414	2. 6

AREA SUPPRESSED (SQUARE METERS) PERSONNEL STANDING IN OPEN

	Slammer VI platoon	81-mm mortar platoon	155-mm howitzer battery
7 sec	190, 836	2, 628	51, 216
75 sec	190, 836	14, 454	307, 296
15 min	381, 672	157, 680	1, 229, 184

Presently, problems with the ammunition are being or have been corrected and the 2.75-in. rocket has been revolutionized. An improved rocket motor has increased ranges from 10,000 to 11,000 meters, new ammunition packaging has reduced the logistical burden, and improved fire control has provided the desired accuracy.

Further, the new warheads can provide the commander with some remarkable fire support. One-sixth of a Slammer VI load of 19 rockets can provide a 400-meter smoke screen for 4½ to 5 minutes after only a 30-second buildup. A complete Slammer VI load of smoke could screen or obscure 2,400 meters.

The chaff warhead can screen attack helicopters from Threat radar-directed fire control systems and provide a window for close air support or attack helicopters.

The submunition warhead equipped with a new fuze, scatters nine submunition projectiles over the target area. Each shaped charge submunition can penetrate 3½ inches of armor and detonation of the warhead creates a casualty producing blast with a radius of 15 meters. Armored vehicles and infantry coming under fire from a Slammer VI submunition salvo would be exposed to 2,072 subprojectiles in a 500-meter square area in a matter of 8 seconds. These three warheads could make a difference in any attack.

The Slammer VI was ahead of its time, but the concept is sound and its mission is ever apparent. With the application of sound tactics, proper employment, and the addition of improved warheads, the Slammer VI in the hands of the artillery, infantry, or armor could provide the commander with smoke, a jamming window to defeat electronics, dual-purpose munitions, and other types of warheads. Above all, it could provide the commander with an almost instant response to his call for fire, and near-instant firepower for that decisive time and place where the need for an area saturation weapon is available. There are 2,500 chemical rocket launchers that are potential Slammer VI systems sitting in depots. They are already paid for, and properly reconfigured as Slam-

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Footnotes at end of article.

mer VI systems, they could provide the commander with massive fire support for area saturation missions.

FOOTNOTES

[1] John E. Burchard, *Rockets, Guns, and Targets*, (Boston: Little, Brown and Company, 1948), pp. 8, 133, 179, 202.

[2] *Reexamination of Requirement For An Area Saturation Weapon Such As The 4.5-in. Rocket*, (Fort Still, 1952), p. 6 C.

[3] Neely S. Harrison, *The Need for a Rocket Launcher*, Fort Still, 1976.

[4] Captain C. Connoly, 2.75-in. Rocket Department at Redstone Arsenal, interviewed by Sam Wood (telephone conversation) 1505 hours, 2 June 1978.

[5] Information Paper, "Slammer," XVIII Airborne Corps Evaluation (Fort Bragg, 1977), p. 2.●

IT IS TIME TO CIRCLE THE WAGONS

HON. JACK BRINKLEY

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. BRINKLEY. Mr. Speaker, down the hall from me in the Rayburn Building is the office of the gentleman from Oklahoma, TOM STEED. Only two men currently serving in the House of Representatives came earlier than he did. And because of his seniority his office occupies the finest view of the U.S. Capitol Building itself. He is a thoughtful man.

TOM represents a district in Oklahoma which encompasses the military installation of Fort Sill. Buffalo herds still roam on this reservation and TOM tells an interesting story about them. To protect their young calves the buffalo form a protective circle around them, standing side by side, each buffalo facing outward—like a cross section of an ear of corn, with each grain of corn representing a buffalo.

Perhaps the early Western settlers adopted this protective device when they circled their wagons against Indian attacks. It is certain that they observed the buffalo strategy and admired the collective will of the buffalo in protecting its young and helpless.

Today in our country, the alarm has again been sounded. Remember the *Pueblo*. Remember Panmunjom. Remember Iran.

It is time to circle the wagons again. It is time to abandon a policy of nonresistance. It is time to take a stand, and draw the line, to say we will treat others in a civilized way but that we expect the same treatment in return, not some of the time, or most of the time, but all of the time.

We need not fear the Walls of Jericho. We need not fear giants in the land.

Those walls will fall before righteous men and those giants will prove to be mere bullyboys if our course is just.

There is a time for everything under the sun and it is time to circle the wagons. Our military strength is formidable. Yet there is something more important even that that. It is our will. It is our resolve, and commitment.

General Eisenhower said that freedom from fear and injustice and oppression will be ours only in the measure that men who value such freedom are ready to sustain its possession—to defend it against every thrust from within and without.

Strength and will are strong companions to peace. Vacillation and appeasement are the roads to war or surrender.●

CHRISTIAN SCIENCE MONITOR SPEAKS OUT ON NUCLEAR LEADERSHIP

HON. JOHN W. WYDLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. WYDLER. Mr. Speaker, the Christian Science Monitor published an editorial on November 1 entitled "For Nuclear Leadership" which is a most sensible position that should be brought to the attention of all Members of the House.

The editorial grasps the key message of the Kemeny Commission report, that is,

> The United States, if it continues to pursue the development of nuclear power, cannot do so entirely without risk and, if this risk is to be kept to tolerable levels; there have to be major institutional changes in the nuclear energy industry.

It also takes the position that the review of existing power plants with respect to safety risk should certainly be made on a "case-by-case basis."

I was pleased to note that, as our own Committee on Science and Technology hearings concluded,

> The recent significant findings of the Commission's probe is that the major cause of the Three Mile Island accident was not the deficiency in the equipment design but the failure of the people involved.

It is important that the Members of the House understand that the Nuclear Regulatory Commission needs some months to get itself together but at the same time the nuclear industry is aggressively moving out to improve the institutional mechanisms by which safety problems are considered through the new Institute on Nuclear Power Operations. As a result of this two-pronged effort, to restructure the responsible Government body while the industry takes on a strong policing action with respect to nuclear utilities, there is no need for a congressional moratorium.

Such action is being proposed in the form of the Markey and Weaver amendments to the Nuclear Regulatory Commission Authorization, H.R. 2608, scheduled for floor action this week. I trust that my colleagues will not give the international community, this country, or the nuclear industry the wrong signal by calling for a moratorium.

We have learned the lessons from Three Mile Island, let us move out smartly on implementing what we have learned.

The editorial follows:

FOR NUCLEAR LEADERSHIP

One overriding message emerges from the Kemeny commission report on the nuclear accident at Three Mile Island. The United States, if it continues to pursue the development of nuclear power, cannot do so entirely without risk and, if this risk is to be kept to "tolerable levels," there have to be major institutional changes in the nuclear energy industry. President Carter and Congress will need to follow through swiftly on this broad recommendation if they are to assure the American people that present nuclear power generation, let alone expansion of it, is desirable. Failure to do so can only fuel the efforts of those scientists, environmentalists, and others who would call a halt to all nuclear development. The economic cost of this could prove high.

It is not only the construction of new power plants which must be addressed—and here Americans will be sobered by how close the commission came to recommending an outright moratorium. The public is also bound to ask questions about the 70 some nuclear plants now in operation. Are the safety risks at these within tolerable limits? It would be overreacting to suggest that all these facilities be shut down until this can be thoroughly ascertained, a drastic move which could entail unacceptable economic dislocations and hardship. But it seems to us the U.S. Government could institute a case-by-case review of existing plants—their design, siting, training programs, emergency procedures, management methods—and relicense them if satisfactory. In fact there perhaps ought to be periodic recertification of nuclear plants to assure fullest compliance with upgraded safety standards.

As for the Kemeny commission's broad recommendations, these ought to be carefully studied and pursued. It makes sense, for instance, to grant operating licenses for nuclear reactors only after the federal government has approved state and local emergency plans, and after the plants have been reviewed for safety improvements, competence of their training program, siting away from population centers, and so on.

There also can be no quarrel with the recommendation that reactor operators be given much more rigorous training than they have to date. Perhaps the most significant finding of the commission's probe is that the major cause of the Three Mile Island accident was not the deficiencies in equipment design but the failures of the people involved—the way plant operators and later the Nuclear Regulatory Commission reacted. It is clear that, to bring about the radical change in attitudes toward nuclear safety which the commission says is needed, there will have to be a substantially higher level of education.

Major changes will also have to take place at the NRC but whether that agency should actually be abolished and replaced by an independent agency as the presidential commission recommends is open to debate. Following the NRC's poor handling of the Three Mile Island crisis, a good case can be made that new leadership is needed at the NRC. A bolstering of its inspection and enforcement branches and some structural changes also may be warranted. But the NRC itself is the product of a reorganization and, as we have seen from the establishment of the new Department of Energy, mere organizational changes do not automatically promise efficiency and effectiveness. This will have to be looked at carefully.

But looked at it must be. It will not please the President or the Congress that, amid all the other burning issues which must be dealt with, and dealt with in an increasingly politicized atmosphere, the question of nuclear safety is now added to the agenda. This is a volatile issue. But inasmuch as the

United States now depends to a degree on nuclear power to meet its energy needs, it would be disserving the national interests not to give the Kemeny commission report the highest priority.●

EVELYN BAUGH NAMED TEACHER OF THE YEAR

HON. LARRY J. HOPKINS

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. HOPKINS. Mr. Speaker, all too often these days, we hear sad tales about the decline of our educational system in this country. We hear about plunging test scores on the one hand, and about U.S. Army training manuals being rewritten to a fourth grade reading level, on the other.

Fortunately, however, in the midst of all this doom and gloom, shining stars sometimes show through. One such shining star is Mrs. Evelyn Baugh of Lexington, Ky., who has just been chosen Fayette County's teacher of the year.

Mr. Speaker, I would like to add my congratulations to those of her family, friends, students and former students; and at this point, I would like to share with my colleagues two local newspaper articles which tell the story of this remarkable woman who has served the students of Fayette County so well for 20 fulfilling years.

The articles follow:

PERSONAL TOUCH PAYS OFF FOR TEACHER OF THE YEAR

(By Judi Joseph)

A part of children's summer vacation from school is wondering what kind of teacher they will have in the coming year.

Children entering Evelyn Baugh's third grade class at Lansdowne Elementary School this year didn't have to wonder long. Mrs. Baugh made a special trip to the home of each of her students this summer to visit with them and their parents.

It's that kind of special attention that earned Mrs. Baugh the title of "Fayette County Teacher of the Year" for the 1979–80 school year.

Mrs. Baugh was selected by a committee of teachers and administrators after being nominated by Lansdowne principal James Wyrick.

Mrs. Baugh, 43, has been teaching 21 years, 19 of those years in Fayette County. A native of Radford, Va., she earned her teaching degree from Radford College and taught two years in Virginia before coming to Fayette County. From 1960 to 1966 she taught at Athens Elementary, and moved to Lansdowne when it opened 13 years ago.

Despite her new title, Mrs. Baugh says she doesn't think of herself in terms of the word "teacher."

"Teachers should be guides and resource people," she explained while sitting at her desk after her students had left for the day. "The children should be responsible for their own education.

"I ask them, 'Who is in charge here?' They guess the superintendent, the principal, the teacher. But I tell them they are in charge. It's up to them to determine what they want to get out of their education here," she said.

While Mrs. Baugh supports teaching basic educational skills, such as reading and math, she also emphasizes development of the whole person.

"I hope I can teach children to grow in their own respect for themselves and develop a good self-image," she said. "I feel each child is unique in his or her own rate and pattern of mental, physical, social and emotional growth. Learning is enhanced when each child is placed in a situation where they can experience success."

To encourage self-respect and respect for others, Mrs. Baugh lets the children handle much of the classroom chores. The children appoint responsible students to such tasks as handing out papers and workbooks and being classroom leader, the one who lines everyone up to go to lunch.

When a student fails in his duty or violates another student's rights, it is the children who determine how the student should be disciplined, Mrs. Baugh said. For example, if a student is noisy and disturbs other children—but does not become quiet after two reprimands from the teacher—the children may decide that the noisy one should lose his playtime privileges for a day.

"I try to develop a feeling of being important and functioning maturely in each child," she said. "With that control I can begin to work more with the needs of individual students."

To encourage progress, Mrs. Baugh writes out notes to each student every night praising them for good work and suggesting ways they can improve certain skills. She estimated she works about three hours a night grading papers and making lesson plans.

Mrs. Baugh said she realized she was taking time away from her husband Robert, a local insurance representative, by bringing work home. "I could give the kids 'busy work' and get my work done at school, but when you see an opportunity for learning, you have to grab it when it occurs."

Mrs. Baugh said a problem nowadays is "the number of single-parent homes where parents are under so much pressure and don't have enough time to spend with their children." But she doesn't hesitate to get parents involved.

Parental support is "the key to a successful year," she said. "With the cooperation of parents and open communication between parents and the teacher—as a team—they can more nearly meet the needs of the child."

Parent participation can be seen in Mrs. Baugh's colorful classroom and throughout the school building at 336 Redding Road. Posters and charts made by parent volunteers line the walls. A mural of an old oak tree covers a section of a wall in Mrs. Baugh's classroom, painted by the parent of a former student. Hanging plants decorate corners of the room.

The school day isn't all hard work for the 28 students in Mrs. Baugh's classroom. If the students complete their duties, they can go back to one corner of the classroom and play games. Or they can nestle down into comfortable couches and read a book.

TEACHING IS LEARNING ABOUT RESPONSIBILITIES, WITH LOVE, EDUCATOR SAYS

There's something special about a teacher who spends her summer days visiting the homes of the students she'll have that fall and her winter nights writing notes to those same students, explaining areas of weakness and giving suggestions for improvement.

And the local public schools chose to reward Evelyn Baugh's special qualities by naming the 22-year veteran educator Fayette County Teacher of the Year.

Mrs. Baugh, 43, is a third grade teacher at Lansdowne Elementary School, 336 Redding Road. She has taught for 20 years in Fayette County public shools. Fourteen of those were spent as Lansdowne.

Mrs. Baugh is proud of her ability to maintain classroom control. She says her teaching philosophy doesn't fit into either extreme—traditional or modern—but falls somewhere "in the median, though I try to update my techniques, styles and methods."

Relying heavily on the 3 R's, "not reading, 'riting and 'rithmetic but rights, relationships and responsibilities," Mrs. Baugh said she loves the challenge of "setting up a classroom environment in which children can attain without having too many failures."

"Even young children can recognize the rights they have in a school and the rights of their peers.

"As a pupil, each person has specific rights: the right to learn, the right to privacy in the classroom, the right to playtime, and I could go on and on."

The second R—relationships—is attained by teaching students that "peace within our nation is built on relationships between people in our society. If he or she wants to be a responsible person, they must learn to respect other people regardless of race, color or creed," Mrs. Baugh stressed.

"(Also), pupils can take responsibility for their actions when guided to do so," Mrs. Baugh said.

She believes in helping students get the tools they will need to face life as adults. She strives to see them "equip themselves with discipline, to think critically and to evaluate themselves and their place in the world."

The award winning teacher hopes the children in her classroom understand that there is value in every person. "It's not what you can do to please someone. It's just in being. Just because you are a person, you are important."

One of her teaching techniques enables her to do something many teachers probably would never dare—accentuating and emphasizing the differences in students.

Very often she asks her students, "How do people differ?" Mrs. Baugh encourages them to look at each other for differences.

After discovering the variations, sometimes for the first time, she said students consistently say, "we're all different. And, no, that's not bad, that's fine."

Mrs. Baugh rarely raises her voice in the classroom. "The clicking of my fingers is the only means of discipline I use." She feels that the "yelling and continual boisterous attitude of some teachers is lording over people."

"I want students to obey because they want to obey and because they can control themselves. I could leave my room (students unattended) for two hours and no one would know. There would be no misbehavior because they love me and they know that I love them and they would do anything to keep from disappointing me."

Mrs. Baugh noted that education is returning to the basics after, "I've seen it run the gamut from the open classroom, multi-age groups, team teaching, non-graded schools and free choices in curriculum."

The back-to-the-basics thrust, she said, was initiated when those connected with school systems began noticing a decline in basic reading and math skills.

Mrs. Baugh said the parents of her students support her. She visits the home of each child before school starts in order to get "insight into the family and knowledge about the child."

After the summertime home visits, "I say to the parents in writing within the second week of the school year what their child's weaknesses and strengths are and my plan for them. I also tell them what they can do to help."

In addition to the correspondence with parents, Mrs. Baugh often spends her nights writing each student a note of classwork evaluation, telling them "how well I think they handled their time, whether they met the purpose of the assignment, what they did wrong and how they can improve."

She sees her award as "an honor to my profession."●

FREEDOM FOR SOVIET NATIONAL GROUPS

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. MICHEL. Mr. Speaker, in one of those happy coincidences that happen from time to time, I recently have come across three articles, appearing in three different publications, each dealing with the question of national groups in the Soviet Union.

The most recent of these articles appeared in Business Week. Briefly, the author, once director of the State Bank in Czechoslovakia and now a professor emeritus of economics in the United States, says the United States must create a strategy of freedom. By this he means we must support the self-determination of national groups now controlled either directly or indirectly by the Soviet Union.

Usually when such a strategy is mentioned there is a feeling that such a move can be dangerous and perhaps lead to war. But the Soviet Union openly and proudly boasts of its "right" to support what it calls "liberation groups." Why do we not have the same right?

Why do we not at least investigate the possibilities of developing information and communication policies that will let the various national groups know we support self-determination?

I see nothing warlike in this. Indeed, it is precisely our refusal to counter the Soviet strategy of revolution with our own strategy of freedom that has led to our current low state of military and—what is equally important—psychological readiness. In short, we are more in danger of drifting into war through indifference or fear than we would be if the Soviet Union knew we believed enough in our principles to put them into practice.

Here are three suggestions for such a strategy:

First. The United States should increase the quantity and quality of our international broadcasts over the Voice of America, Radio Liberty, and Radio Free Europe. This does not mean we have to use "hawkish" or provocative language—but it does mean that both directly and indirectly millions of listeners in Eastern Europe and the Soviet Union should know that we support the right to self-determination as one of the primary human rights. Just by expanding our broadcast time we could have a beneficial result, as the various national groups learn that we care.

Second. The President should appoint a study commission composed of experts in foreign policy and international communications and members of various ethnic groups to come up with some specific suggestions as to how we might implement this strategy. I share with many a distaste for Presidential commissions because their conclusions are usually the product of group consensus and mean nothing. But surely we can find a group of knowledgeable and imaginative Americans capable of offering specific suggestions for a strategy of freedom based on American principles, cognizant of the realities of international relations in a nuclear age and competent enough to differentiate between irresponsible schemes and courageous and dynamic policies.

Third. The Soviet Union's rulers should be told by the President that since they openly proclaim their right—as they see it—to aid so-called national liberation groups wherever and whenever they want to, we are going to do the same. When they stop, perhaps we will stop—but not before then.

There are other ways of approaching this issue and I hope to hear from many of our colleagues with suggestions. I hope they join with me in supporting a new policy of positive, confident, bold, courageous international relations based on the American principles of dedication to human rights and self-determination.

As this point I insert in the RECORD, "A U.S. Strategy to Stop the Soviets" by Eugene Loeby, "Business Week," October 29, 1979:

A U.S. STRATEGY TO STOP THE SOVIETS

The foreign policy of a world power such as the U.S. can be successful only if it has a clear strategic goal and subordinates lesser interests and tactics to long-range strategy. While shifting its tactics and masking its true aims, the Soviet Union has a long-term strategic goal that it pursues ruthlessly and relentlessly. The Soviet Union has reverted from a Communist revolutionary state to a classically imperialistic state. Marxist ideology has become a convenient tool to disguise the traditional expansionistic aims of the Soviet elite.

Although the U.S. and the Soviet Union are frequently compared in cocktail party conversation, the fact is that the two superpowers are dramatically different. The Soviet Union is clearly inferior in terms of power (especially the power to attract masses of people by persuasion rather than by force), yet because it is constantly on the offensive and the U.S. policymakers are often befuddled, the Soviet Union has more than made up for its deficiencies. It has repeatedly created crises that are generally consistent with long-term Soviet strategic goals, forcing the U.S. to react on an ad hoc basis to each Soviet tactical move. It is no surprise that, lacking a thought-out strategy of its own, the U.S. comes out the loser in so many of these conflicts.

The U.S. has a great potential over the Soviets, in that, unlike the Soviet Union, it can "go public" with its strategic goal. That goal—promoting human freedom—is consistent with American public opinion and with the deep-seated sentiments of masses of people throughout the world, and it most definitely includes support for the fundamental concept of self-determination of peoples. If the U.S. championed self-determination, it would present a serious challenge to Soviet imperialism and dramatically change the way the world situation is perceived by millions of people.

A TWO-PART 'MONOLITH'

The West is guilty of a fundamental error in viewing communism as monolithic. History has shown that it is not, and through support for self-determination, the West can exploit the fissures within the so-called "monolith." The underlying conflicts within the Communist world (particularly nationalistic conflicts) can be used to blunt the power of Soviet imperialism and thus reduce the chances of a Third World War.

Even within the Soviet Union, the seeds of conflict (and not just nationalistic conflict) exist. As far back as the 1920s, when the first Five-Year Plan was instituted, there was a conflict within the Soviet elite concerning two divergent economic paths. One, the victorious Stalinist path, favored support for heavy industry to increase the nation's war-making potential. The other, more consumer-oriented (or "Western") approach, emphasized developing a consumer-oriented society to satisfy the needs of the broad mass of people.

While holding down the satisfaction of consumer demands (the Soviet standard of living is below that of most of Eastern Europe), the Soviet elite spends spectacular amounts to maintain its military establishment. It is estimated that the U.S. spends about 6 percent of its gross national product (GNP) for military purposes. Its allies spend less. By contrast, the Soviet Union spends an estimated 15 percent of its GNP on the military, and there are additional costs that are hidden from Western intelligence. For instance, when I headed the State Bank of Czechoslovakia, using Eastern bloc accounting procedures and methods, we estimated that as much as 30 percent of the Soviet Union's GNP was actually devoted to military activities.

MILITARY SPENDING

Since Stalin's time it has been official Soviet policy to subordinate national aspirations to the "needs of the revolution." Of course, the "revolution" was identical with the Soviet elite's quest for power, so it was not difficult for the Soviet elite to equate nationalism with subversion and treason and to subject it to the harshest oppression.

But the suppression of nationalism, within the Soviet Union itself and among the subject nations of the Eastern bloc, has created a great deal of stress within the system.

If the current Western policy of détente-appeasement were replaced by a policy based on the inevitability and validity of the self-determination of peoples, there would be a tidal shift in political sentiment throughout the Eastern bloc. Nationalistic forces throughout the Soviet Union and the Eastern bloc would be immeasurably strengthened by this shift in Western policy.

Clearly, the West must build its military strength to discourage Soviet adventurism and make any open Soviet move against Western Europe militarily unpalatable. Concurrently, through championing the cause of self-determination, the West can unleash a torrent of human sentiment that will erode the foundation of the Soviet empire.

It is essential that Western leaders realize that nationalistic aspirations do not assure democracy, capitalism, or other features of Western political systems. The West can count on only two results from a policy of self-determination: one, people in given nations will be free from foreign domination so that they can work out their own political and economic arrangements and, two, such independence forms a bulwark against Soviet imperialism, which is the major threat to freedom throughout the world. Before the people of any nation can build a free society for themselves, they first need to throw off the bonds of foreign oppression. It is this first, fundamental goal of self-determination that the West should work for, in its own ultimate self-interest.●

THE INTERNAL REVENUE SERVICE'S POWER TO LEVY

HON. DON YOUNG

OF ALASKA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. YOUNG of Alaska. Mr. Speaker, today I am introducing a bill which will require the Internal Revenue Service to obtain a court order before it may seize a citizen's property for the payment of taxes.

Under the present law, the Internal Revenue Service may now seize a person's property without such an order. Title 26, subsection 6331(b) of the United States Code, defines the power of the Internal Revenue Service to levy as the "power of distraint and seizure by any means." I believe that the scope of this law is too broad and too vague and therefore in some instances, allows the Internal Revenue Service to seize property through the use of methods that could be described as unlawful.

I wish to bring to the attention of my distinguished colleagues an incident which occurred in Fairbanks, Alaska recently. Two of my constituents had their property seized in a manner which graphically illustrates the potential for the abuse of these powers. If this would have been done by any other law enforcement agency, the outcry would have been heard all the way to Washington.

Mr. Speaker, I do not believe the citizens to which I refer were blatantly trying to defy the law. I believe they acted in the only manner they saw fit; believing at that time that the Internal Revenue Service was acting outside of their statutory authority. It was to their utter amazement that the Internal Revenue Service was not required to obtain a court order prior to seizing their property.

I further wish to state for the record that it is totally beyond my comprehension how this body could have granted such broad statutory authority to this Government agency, especially when it is in direct violation of the Fourth Amendment of the United States Constitution, which provides that:

> The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no Warrants shall issue, but upon probable cause, supported by Oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized.

Law enforcement agencies are presently required to adhere to this most specific clause. There is absolutely no reason to exempt the Internal Revenue Service from the same requirement.

Mr. Speaker, my bill would rectify this serious mistake and protect our citizens from this type of search and seizure without warrant and due process of law.●

A FEDERAL OFFICE OF FAMILIES? WHAT NEXT, MR. CARTER?

HON. JOHN H. ROUSSELOT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. ROUSSELOT. Mr. Speaker, only a few weeks ago in the name of "consolidation," this Congress authorized the creation of a new, costly Federal agency, the Department of Education, which will operate on a yearly budget of at least $14.5 billion and employ a minimum of 18,000 employees. This new DOE follows in the footsteps of the first DOE—the Department of Energy—which was created under the Carter administration 2 years ago. We all know what the Department of Energy has accomplished. Remember those gasoline lines? With no reasonable explanation for the state of its own inadequacy to find workable programs to restore confidence that this Nation will have adequate fuel and energy supplies even for this coming winter, this agency had, in its short lifetime, doubled its annual expenditures from $5.2 billion in fiscal year 1978 to an estimated $10.0 billion in fiscal year 1979.

Now, I ask my colleagues, does this seem representative of Carter the candidate who promised to cut back Government regulation and redtape? Does bureaucracy superadded to bureaucracy cut back on the wasteful Federal spending that is fueling inflation, lessen controls over the lives of individuals and private enterprise, restore authority to the State and local governments which are restrained, repressed and hampered by complicated and excessive Federal rules and regulations?

The fact is, President Carter has established a policy of more and more Government management over the personal lives of each and every American family. Mr. Carter has now endorsed a new plan to create an Office of Families within the area of Health, Education, and Welfare, the new name of which we now understand will be the Department of Health and Human Services. Does anyone even ask what the cost is to the taxpayers just to go through the procedures of a name change, this is stationery purchase and miscellaneous expenses to reclassify all the various sections and personnel?

Apparently, it is the President's opinion that big Government, not parents or church, can best cope with the problems of family life. Will his proposed Office of Families regulate the number of children and of which sex will be allotted to each family, govern their social lives and set formulas for the sharing and distribution of family love as the Department of Energy did with gasoline supplies?

The Cincinnati Enquirer, in an October 18 editorial, published an excellent editorial in opposition to Mr. Carter's insidious plan. I submit this article as a word of caution for the consideration of my colleagues in the House of Representatives who may be asked to vote on such a proposal.

The article follows:

THE FAMILY—PRESIDENT CARTER COULD DO IT SERIOUS INJURY

President Carter has become an unfortunate parody of himself.

His newest proposal to make good his promise of a government "as full of love as the American people themselves"—an Office of Families in the Department of Health, Education and Welfare—is morally repugnant to those who genuinely care about the sanctity of the American family.

The President's notion is absurd on its face. "Many families have been strained to the breaking point by social and economic forces beyond their control," the President said in Kansas City the other day. "Some indeed have broken." What he failed to say is that it is government taxation and government inflation that have created the "economic forces beyond" the control of most American families.

The American family is too important to to the very fabric of this society to let it become the plaything of a liberal, activist bureaucracy, a pork-barreling Congress, a judiciary out of touch with mainstream America, and an executive in desperate search of re-election.

Who can resist the temptation to suggest that the Office of Families (OOF) could become the moral equivalent of OSHA, the Occupational Safety and Health Administration, or EEOC, the Equal Employment Opportunity Commission. Would we have unannounced, unwarranted investigators peering into the kitchens, the parlors, the family rooms and the bedrooms of American homes? Do we have an equal number of male and female children here? Is love adequately distributed amongst all the members of the family? Did you wash behind your ears? Have you spent 20 hours and this week filling out the proper government forms, in triplicate? Is this family represented by counsel?

If we have learned our lessons from Washington, it is that whenever government finds the excuse, it grows bigger on its own momentum. This is one more example in that vein. And we would have Mr. Carter to thank.●

HAPPY BIRTHDAY GOLDEN RAIN NEWS

HON. DAN LUNGREN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. LUNGREN. Mr. Speaker, the Golden Rain News of Leisure World Seal Beach was 16 years old on Thursday, November 8, 1979.

Owned by residents of Leisure World Seal Beach, the newspaper is an unsubsidized, community paper which has more financial advertising than any other newspaper of its size in the Nation. Highly regarded by its competitors, the newspaper enjoys a 95 percent subscription rate in the Leisure World community.

I wish to congratulate Marj Shippey, manager of publications; Margaret Newhose, editor; and Bill Williamson, advertising manager, for the high quality publication they produce.

I also extend my congratulations to President George H. Supple, of the Golden Rain Foundation, and Administrator Jack O. Davis, for making possible such an excellent example of media.●

ACID RAIN BILL—H.R. 5764

HON. BRUCE F. VENTO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. VENTO. Mr. Speaker, earlier I explained the general environmental problems caused by acid rain not only in this country but throughout the industrialized world. Acid precipitation, as many of you are already aware, results when sulfur dioxide and nitrogen oxides combine with water in the air and are chemically changed into acids which drop to the earth mixed with snow or rain. Today, I wish to cite the devastating effects acid rain can cause in a specific area—the Boundary Waters Canoe Area.

As my colleagues will remember, 1 year ago we determined the management policies to best protect the resources of the Boundary Waters Canoe Area Wilderness in northern Minnesota. During that time, a more insidious threat was being studied by scientists. Studies by both the United States and Canada have confirmed that the acid rains that fall in northern Minnesota are killing many of the lakes in the only large lakeland unit of the U.S. wilderness system—the BWCA. The first lake is expected to "die," that is, lose its aquatic life, in 7 years.

The acid rains also threaten:

The area's thin, sensitive soil;

The region's two dominant trees, the white pine and the trembling aspen;

Lichen species, which are the principal plant cover on 5 percent of the region's land;

Various insect groups, including some bees, wasps and beetles.

Another factor that worries scientists is that acid rain also increases the accelerate accumulation of mercury in fish. Many lakes in northeastern Minnesota would then contain fish that exceed FDA limits on mercury for human consumption.

The Canadian study went on to say that the average BWCA lake will probably die in about 85 years. How soon a lake dies will depend on its size and depth, the distance from sources of pollution, and variations in the surrounding and underlying soil and rock.

Acid rain has about the same pH, or acidity, as lemon juice. It becomes a serious threat only in areas that are short on buffering agents in the rocks and soil. Unfortunately, the BWCA and the adjacent Voyageurs National Park are such areas. They have thin soil and granite bedrock, a combination that provides little buffering ability. In time a lake's ability to neutralize acids can be used up and the water will increase in acidity. This interrupts fish production and at higher concentrates can kill fish. Agricultural lime has been applied to some lakes to provide a buffer, but in areas like BWCA, which has such a large number of lakes, it is not considered practical in the long term.

The existing nitrate and sulfate pollution in BWCA is caused by local cities as close as Duluth. It is also carried in by weather systems from as far away as Detroit, St. Louis, Chicago, Cincinnati and Pittsburgh. But as my colleagues know, pollution such as acid rain has no boundaries.

Recently, Ontario Hydro, a Canadian Government utility, decided due to increased U.S. pressure to cut the size of the proposed Atikokan powerplant in half to 400 megawatts and to delay completion until 1988. This powerplant will be about 35 miles north from BWCA. Their decision to reduce the scale of the plant will certainly not totally solve the problem.

According to the EPA study about half the sulfates and most of the mercury from the Atikokan plant would be loaded onto the area in the wintertime. This would increase the danger that concentrated doses of acid could be delivered to fisheries during spring snowmelts. Some lakes are already so sensitive that the acid could completely use up their buffering capacity.

So colleagues, as the present BWCA battle against acid rain so clearly shows, this problem is not only a national but international issue. To answer the many questions that still exist as to the source, impacts and solutions of the acid rain problem, I have introduced with Mr. LaFalce and Mr. Oberstar H.R. 5674. Hopefully, this bill will give us a better understanding of the problem and more knowledge to implement needed remedies.

There is an increasing amount of awareness concerning acid rain shown by the recent ASAP (Action Seminar on Acid Precipitation) Conference in Toronto on November 1–3. Approximately 800 citizen activists unanimously approved a resolution that states their concern over the acid rain problem. I wish to bring to the attention of my colleagues a copy of the following resolution.

The resolution follows:

Revised Resolutions

Whereas acid precipitation has caused marked and dramatic damage to ecosystems and regional economies, rendered hundreds of lakes lifeless, decimated sport fisheries, impaired visibility, and threatened agriculture, tourism and forest industries and the public health and welfare of citizens throughout North America; and

Whereas existing atmospheric loads of sulphur and nitrogen oxides are directly contributing to dry deposition and rain and snow fall at least 50 times more acidic than normal, with isolated episodes reaching thousand fold increases in acidity; and

Whereas acid precipitation and its damages will continue to escalate as Canadian and U.S. industries shift toward a greater reliance on coal; and

Whereas existing air quality standards and legal requirements are clearly inadequate to control acid precipitation, having allowed the sharp increase in long-range pollution over the last two decades; moreover, federal, state, and provincial governments, especially in the Ohio River valley and Ontario have failed to take adequate control actions; and

Whereas both the U.S. and Canadian governments have recognized the need for a cooperative approach to this international problem; but have not yet agreed on specific terms to further regulate sulphur and nitrogen oxide emissions.

Therefore, the citizens participating in this ASAP conference resolve:

That each country must immediately adopt and implement a control policy for both new and existing sources to reduce the overall atmospheric loads of sulphur and nitrogen oxides to less than 50 percent of present levels within ten years, with regular incremental reductions during that decade.

That national energy policies are critical to curtailing acid precipitation, with special emphasis placed on:

(a) Energy conservation and renewable energy resource development as the highest priority;

(b) The use of natural and unconventional gas as a preferred substitute for oil in the transition period;

(c) The direct use of coal encouraged only in utility and industrial boilers with best available control technology.

(d) The conversion of existing facilities from oil to coal only where the resultant emission rates will not increase.

That the international treaty now under negotiation by Canada and the U.S. must establish the goal of reducing transboundary and regional air pollution levels through the adoption and enforcement of stringent emission control strategies.

That the participants are committed to seeing that this treaty is enforced, and that a commission of citizens from both countries should be established to monitor and report publicly on each country's record of compliance.

That research not be a substitute for immediate control action but that investments by both countries be increased particularly with regard to the economic and other effects of acid precipitation and associated pollutants on materials, drinking water quality, crops forests, rangelands, and aquatic ecosystems.

That both governments educate the general public, and especially the threatened agricultural, tourist, and forestry industries, about the dangers of acid precipitation and encourage public participation in government decision making.

That new emission standards must emphasize presently available control techniques, such as coal pre-washing, use of low sulphur fuels, flue gas desulphurization and denitrification; and furthermore, that techniques to disperse emission in space or time, such as increased stack height and intermittent control systems should be prohibited.

That each country adopt special siting and control policies and standards to preserve and protect existing pristine air quality parks and wildernesses.

That workers can and must be protected from choosing between their jobs and a healthy environment.

That federal, provincial, and state governments participate in all available legal actions which will reduce sulphur and nitrogen oxide emissions and acid rain.●

PERSONAL EXPLANATION

HON. ALVIN BALDUS

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. BALDUS. Mr. Speaker, on Friday, November 9, I missed several votes. Had I been present, I would have voted as follows:

Rollcall No. 642. On agreeing to resolution to consider solar power satellite R. & D., H.R. 2335. "Yes."

Rollcall No. 647. On agreeing to conference report on H.R. 4930, fiscal year 1980 Department of the Interior and related agencies appropriations. "Yes."

Rollcall No. 648. On receding from its disagreement and concurring with specified Senate amendments on H.R. 4930. "Yes."

Rollcall No. 649. On agreeing to a motion that the House adjourn from Friday until noon on Tuesday, November 13. "Yes." ●

THE FTC SIDE OF THEIR INVESTIGATION OF JS&A GROUP, INC.

HON. JAMES H. SCHEUER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. SCHEUER. Mr. Speaker, last week, on the eve of the scheduled House vote on FTC, an ad appeared in the Washington Post and the Wall Street Journal which made serious allegations regarding the FTC's investigation of JS&A Group, Inc. As you know, it has become very popular to make charges of abusive actions on the part of the Commission and its staff.

In an effort to obtain the complete story regarding this allegation, I requested the FTC to provide me with the facts of its investigation. After reading the following reply, I am convinced that the Commission is acting properly in this matter.

Of particular note is FTC's statement that this firm has had a pattern of violating the Mail Order Rule for 2½ years before the fateful snowstorm. Numerous complaints were received from its customers regarding delays in mailing the articles ordered and failure to refund money to customers who were dissatisfied with the merchandise.

Please read the following FTC letter. I am sure your reaction will be the same as mine—this is not a case where a small businessman is caught up in the bureaucratic nightmare.

The letter follows:

Federal Trade Commission,
Washington, D.C., November 6, 1979.

Hon. James S. Scheuer,
Chairman, House of Representatives, Subcommittee on Consumer Protection and Finance of the Committee on Interstate and Foreign Commerce, Washington, D.C.

Dear Congressman Scheuer: The Commission has asked me to respond to your request for information concerning the Commission's investigation of JS&A Group, Inc. As you know, the Company's president, Mr. Joseph Sugarman, placed advertisements in today's Washington Post and Wall Street Journal which discussed the existence and nature of the investigation. Essentially, Mr. Sugarman alleges that all of JS&A's consumer problems resulted solely from a breakdown in its computer capabilities and a series of blizzards in early 1979.

Although staff intends to continue this non-public investigation in accordance with the Commission's Rules of Practice and Procedures, I believe that certain information concerning the investigation should be available to you in light of Mr. Sugarman's statements. I want to stress, however, that this case is still in the investigative stage, and that the Commission has taken no position on its ultimate merits. If staff ultimately recommends a formal civil penalties complaint for action by the Commission, a matter on which there has been no final staff determination, the Company will have ample opportunity to make its views formally known to the Commission.

The investigation of JS&A Group, Inc., a mail order marketer which sells relatively high-priced consumer products and advertises heavily, centers on the Company's compliance with the "Mail Order Rule" (16 C.F.R. Section 435), promulgated by the Commission in 1976. Generally speaking, the Rule simply provides that when a delay of over 30 days in shipping a consumer's order will occur, the consumer must be notified and provided with an option to cancel the order and receive a refund. It does not require that the seller ship goods to consumers within 30 days of receipt of their order. The rule was prompted in part by considerable evidence, developed on a rulemaking record, that some mail order companies would receive orders from customers, cash the enclosed checks and then simply delay shipping the ordered product—without notifying consumers, or giving them a chance to receive their money back. The White House Office of Consumer Affairs reports that in 1975 mail order complaints were second only to auto repair in terms of consumer complaints. It has remained the number two complaint, with its percentage increasing.

Concerning staff's investigation of JS&A Group, staff has compiled considerable information to give it reason to believe that the company was in widespread violation of the Mail Order Rule's requirements for approximately two and one-half years before its computer problems in late 1978 and early 1979. In response to approximately 75 consumer complaints about JS&A Group's failure to comply with the Commission's Rule, staff asked to inspect those company records which would indicate whether it was responding to consumers within the required 30-day period. Although JS&A was served with a copy of the Mail Order Rule in July, 1976, JS&A Group's own records indicated violations of the Commission's Rules for a period dating back to 1976.

Staff also has reason to believe that during the following two and one-half years, JS&A Group apparently failed to implement a procedure which would ensure that its customers would be protected under the Commission's Rule. In addition, the staff investigation indicates that during the period when the company's computer problems occurred—a period when the company apparently knew that it could not process orders in a timely fashion—it nevertheless failed to notify consumers of their rights under the Mail Order Rule and the company apparently continued to accept orders and to cash checks from consumers.

The company's computer breakdown, therefore, relates to only a portion of the information that staff has and, in any event, is substantially irrelevant to the requirements of the Rule. The Rule provides that when a company cannot fill orders in 30 days, because of a computer breakdown or any reason, it simply must notify consumers of the delay and allow them to ask for their money back. Staff is not attempting to apply the Rule in a case where a business, through computer failures, was unable to ship within 30 days. Rather, the Rule assumes that understandable delays will occur, and simply requires consumers to be notified of that fact and their right to a cancellation or refund. We believe that, during this period, the company could have complied with the Rule simply by advising consumers, at the time their orders were received, of their rights under the Mail Order Rule. As you know, Mr. Sugarman asserts in his ad that the company did attempt to notify consumers. We have been unable to obtain any information to confirm this claim, and therefore cannot resolve this dispute on the basis of the information we now have. We are hopeful that documents in the company's files (and which are the subject of the subpoena) will aid us in assessing the validity of Mr. Sugarman's claims.

I think you should also know that the staff has uncovered additional information which tends to indicate that the company has violated another important provision of the law. JS&A Group has frequently offered its products on a "free 30-day trial period" with a right to "full refund." There have been complants that on a number of occasions, about 75, the company has failed to refund consumers' payments until after outside agencies intervened on their behalf.

On the basis of this evidence of violations, the staff entered into negotiations with counsel for JS&A Group in an attempt to resolve this matter without litigation, as is our customary practice. When the negotiations were unsuccessful, the staff had no choice but to proceed with a further investigation and to subpoena documents which would be necessary in a civil penalty trial. In response to JS&A's Motion to Quash, the Commission limited the subpoena substantially, granting most of the objections. The staff intends to carefully analyze the subpoena return to make a final determination as to whether to recommend a civil penalty action to the Commission. As mentioned previously, the Commission will have any submission made by Mr. Sugarman and JS&A, as well as any staff recommendation, before it when it decides whether to proceed further.

We believe substantial consumer loss results from mail order practices that violate the Commission's Rule. We also believe that our investigations of such alleged violations are an important protection for those millions of consumers who purchase by mail.

We hope that this information is responsive to your request.

Sincerely,

Albert H. Kramer,
Director.

Mail Order Firm Explains Dispute With FTC in Ads

(By Larry Kramer)

At first glance, the arguments are familiar: The company says the federal government is persecuting it, and the government agency says the company is cheating consumers.

But the case of the FTC vs. JS&A Group Inc. is far from normal.

The Chicago-based electronics products mail order house opened the first battle in what promises to be an interesting war with a quarter-page advertisement in The Washington Post and The Wall Street Journal yesterday.

"You've heard of the tax revolt. It's about time for an FTC revolt. Here's my story and why we've got to stop federal bureaucratic regulation," reads the ad.

"My story is only one example of how the FTC is harassing small businesses but I'm not going to sit back and take it," continues the text next to a photo of JS&A President Joseph Sugarman.

What follows is a detailed story in which Sugarman blames "three major blizzards" in the Chicago area in January 1979 and a computer failure for the inability of JS&A to fill its mail orders within the 30-day period mandated by the FTC.

Still, he said, the FTC investigated complaints from consumers claiming that they had not received their orders from JS&A.

"Despite our efforts to manually notify our customers of our delays, our computer was not functioning, making the task extremely difficult," the ad claims.

Then the FTC asked the company to pay a $100,000 penalty for not shipping its products on time.

"If this all sounds like blackmail—that's just what it appeared to be to us," the ad states and urges congressmen, senators and businessmen to "take the powers of the FTC from the hands of a few unelected officials and bring them back to Congress and the people."

The FTC, predictably, sees things differently.

In a letter sent yesterday to Rep. James Scheuer (D-N.Y.), chairman of the House Commerce subcommittee, FTC Bureau of Consumer Protection Director Albert Kramer responded to the advertisement.

"Although staff intends to continue this nonpublic investigation in accordance with the commission's rules of practice and procedures, I believe that certain information concerning the investigation should be available to you in light of Mr. Sugarman's statements," Kramer wrote.

Kramer first pointed out that the FTC doesn't require that a shipper sends goods within 30 days, only that it inform consumers when a delay of more than 30 days occurs, giving consumers the option to cancel.

"Concerning staff's investigation of JS&A group," he continued, "staff has compiled considerable information to give it reason to believe that the company was in widespread violation of (that) rule for approximately two and one-half years before its computer problems in late 1978 and early 1979."

Kramer went on to add that his staff has uncovered additional information that the company is violating another rule in some cases by failing to refund customer's payments even after offering its products on a "free 30-day trial period."

FTC Revolt

(By Joseph Sugarman)

I'm pretty lucky. When I started my business in my basement eight years ago, I had little more than an idea and a product.

The product was the pocket calculator. The idea was to sell it through advertisements in national magazines and newspapers.

Those first years in the basement weren't easy, But, we worked hard and through imaginative advertising and a dedicated staff, JS&A grew rapidly to become well recognized as an innovator in electronics and marketing.

THREE BLIZZARDS

In January of 1979, three major blizzards struck the Chicago area. The heaviest snowfall hit Northbrook, our village—just 20 miles north of Chicago.

Many of our employees were stranded—unable to get to our office where huge drifts made travel impossible. Not only were we unable to reach our office, but our computer totally broke down leaving us in even deeper trouble.

But we fought back. Our staff worked around the clock and on weekends. First, we processed orders manually. We also hired a group of computer specialists, rented outside computer time, employed a computer service bureau, and hired temporary help to feed this new computer network. We never gave up. Our totally dedicated staff and the patience of many of our customers helped us through the worst few months in our history. Although there were many customers who had to wait over 30 days for their parcels, every package was eventually shipped.

WE OPENED OUR DOORS

During this period, some of our customers called the FTC (Federal Trade Commission) to complain. We couldn't blame them. Despite our efforts to manually notify our customers of our delays, our computer was not functioning making the task extremely difficult.

The FTC advised the JS&A of these complaints. To assure the FTC that we were a responsible company, we invited them to visit us. During their visit we showed them our computerized microfilm system which we use to back up every transaction. We showed them our new dual computer system (our main system and a backup system in case our main system ever failed again). And, we demonstrated how we were able to locate and trace every order. We were very cooperative, allowing them to look at every document they requested.

The FTC left. About one week later, they called and told us that they wanted us to pay a $100,000 penalty for not shipping our products within their 30-day rule. (The FTC rule states that anyone paying by check is entitled to receive their purchases within 30 days or they must be notified and given the option to cancel.)

NOT BY CONGRESS

The FTC rule is not a law nor a statute passed by Congress, but rather a rule created by the FTC to strengthen their enforcement powers. I always felt that the rule was intended to be used against companies that purposely took advantage of the consumer. Instead, it appears that the real violators, who often are too difficult to prosecute, get away while JS&A, a visible and highly respected company that pays taxes and has contributed to our free enterprise system, is singled out. I don't think that was the intent of the rule.

And when the FTC goes to court, they have the full resources of the US Government. Small, legitimate businesses haven't got a chance.

We're not perfect. We do make mistakes. But if we do make a mistake, we admit it, accept the responsibility, and then take whatever measures necessary to correct it. That's how we've built our reputation.

BLOW YOUR KNEE CAPS OFF

Our attorneys advised us to settle. As one attorney said, "It's like a bully pulling out a gun and saying, 'If you don't give me a nickle, I'll blow your knee caps off.'" They advised us that the government will subpoena thousands of documents to harass us and cause us great inconvenience. They warned us that even if we went to court and won, we would end up spending more in legal fees than if we settled.

To settle would mean to negotiate a fine and sign a consent decree. The FTC would then issue a press release publicizing their victory.

At first we tried to settle. We met with two young FTC attorneys and agreed in principle to pay consumers for any damages caused them. But there were practically no damages, just a temporary computer problem, some late shipments, and some bad weather. The FTC then issued a massive subpoena requesting documents that will take us months to gather and which we feel was designed to harass or force us to accept their original $100,000 settlement request.

Remember, the FTC publicizes their actions. And the higher the fine the more the publicity and the more stature these two attorneys will have at the FTC.

If this all sounds like blackmail—that's just what it appeared to be to us.

We did ship our products late—something we've admitted to them and which we publicly admit here, but we refuse to be blackmailed into paying a huge fine at the expense of our company's reputation—something we've worked hard eight years to build.

We're not a big company and we realize it would be easier to settle now at any cost. But we're not. If this advertisement can attract the attention of Congressmen and Senators who have the power to stop the harassment of Americans by the FTC, then our efforts will be well spent.

ALL AMERICANS AFFECTED

Federal regulation and the whims of a few career-building bureaucrats is costing taxpayers millions, destroying our free enterprise system, affecting our productivity as a nation and as a result is lowering everybody's standard of living.

I urge Congressmen, Senators, businessmen and above all, the consumer to support legislation to take the powers of the FTC from the hands of a few unelected officials and bring them back to Congress and the people.

I will be running this advertisement in hundreds of magazines and newspapers during the coming months. I'm not asking for contributions to support my effort as this is my battle, but I do urge you to send this advertisement to your Congressmen and Senators. That's how you can help.

America was built on the free enterprise system. Today, the FTC is undermining this system. Freedom is not something that can be taken for granted and you often must fight for what you believe. I'm prepared to lead that fight. Please help me.

Note: To find out the complete story and for a guide on what action you can take, write me personally for my free booklet. "Blow your knee caps off." ●

PERSONAL EXPLANATION

HON. WILLIAM F. CLINGER, JR.

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. CLINGER. Mr. Speaker, on November 9, 1979, I was absent from the floor of the House of Representatives as I was back in my district in Ridgway, Pa., conducting a Federal water and sewer conference. Had I been present, I would have voted in the following fashion:

Rollcall No. 642: H.R. 2335, solar power satellite. The House agreed to the rule (H. Res. 458) under which the bill was considered, "yea";

Rollcall No. 643: H.R. 2603, DOE national security programs. The House passed the measure to authorize appropriations for the Department of Energy for national security programs for fiscal year 1980, "yea";

Rollcall No. 644: H.R. 2603, DOE national security programs. The House agreed to a motion that the conference committee meetings on S. 673 be closed to the public at such times as classified national security information is under consideration, except that any sitting Member of Congress shall have the right to attend any closed or open meetings, "yea";

Rollcall No. 645: H.R. 2335, solar power satellite. The House agreed to resolve itself into the Committee of the Whole, "yea";

Rollcall No. 647: H.R. 4930, Interior appropriations. The House agreed to the conference report on the measure making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1980, "yea";

Rollcall No. 648: H.R. 4930, Interior appropriations. The House agreed to the motion that the House recede from its disagreement and concur with amendment, in Senate amendments, Nos. 1, 3, 17, 24, 30, 37, 38, 40, 48, 49, 50, 51, 52, 53, 56, 58, 59, 67, 74, 91, 94, 107, and 108, "yea"; and

Rollcall No. 649: Legislative program. The House agreed to a motion that the

House adjourn from Friday until noon on Tuesday, November 13, "No."●

THE "SECOND SOCIETY" IN COMMUNIST-DOMINATED EUROPE

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. MICHEL. Mr. Speaker, there is one irrefutable and well-documented lesson that can be learned from this century: A Socialist economy simply does not work. There is no nation with a Socialist economy that has a higher standard of living, better productivity, and better quality and quantity of consumer products than nations with free enterprise economies.

These are facts that are so well known that we tend to forget them. But the people forced to live under socialism cannot forget the shocking failure of that kind of economic system. They have to live every day with the disasters of centralized planning and Socialist production methods.

How do they cope? They form what is called a second society just below the surface of the official society in which private initiative and freedom of expression substitute for Socialist planning and state control of media.

How successful are these second societies? To judge from a recent New York Times article they are quite successful and offer the citizens of Socialist countries the chance to use their talents and their energy to beat the system.

At this time I wish to insert in the RECORD "Second Society Grows in Europe," from the New York Times, November 2, 1979:

SECOND SOCIETY GROWS IN EAST EUROPE

(By David A. Andelman)

BUDAPEST.—On Garay Terrace in the heart of this Hungarian capital, small knots of people gather in the morning around poorly dressed and unshaven men who furtively display shopping bags containing cheap rings, trinkets, cigarettes and embroidered blouses.

The vendors are Poles, eager to earn forints that can be used to buy Hungarian rock records, shoes or dresses for resale for dollars on Poland's black market.

The Garay Terrace gathering is called "the Polish market," one of the unauthorized "gray" enterprises winked at by the Hungarian Government. In Poland, there is a black market in everything from Western currency to automobiles, refrigerators and even apartments.

Whatever it is called, it is part of a network, a second society that has arisen in the Soviet-bloc countries to fill the economic, social and cultural gaps that the hard-pressed official economic systems have been unable to close.

SOCIAL MOBILITY HAS DIMINISHED

The second society has developed as social mobility, the opportunity to move from countryside to city or from one occupation to another, has diminished. Prague, which is officially closed to migrants unless they have assured jobs and housing, is the most spectacular example of a freeze affecting all six East European countries—Hungary, Poland, East Germany, Rumania and Bulgaria as well as Czechoslovakia.

To a degree, the second society, which includes underground publishers, unauthorized theaters in living rooms and unofficial university and high school classes in blacked-out apartments, provides a means of spreading Western ideas and life styles. Increasingly, it is also used to develop indigenous economies and cultures differing from the Soviet model.

In the improved climate of East-West exchanges, some Western music, magazines, art and fashions have been accepted across Eastern Europe. But local, less orthodox forms of expression are still not accepted and are closely monitored by the authorities.

SOME SUBJECTS ARE STILL TABOO

"I can subscribe through official channels to Time magazine," said a Rumanian historian. "It is much more difficult to learn about a strike in the Jiu Valley coal mines within Rumania itself."

A 20-year-old economics student at the University of Warsaw observed that his teachers were happy to talk about the Israeli-Egyptian peace treaty but that he must visit a clandestine university to learn about such historical events as the Katyn Forest massacre of Polish officers by Soviet troops during World War II.

There have been crackdowns against dissidents, but the fact that such repressive measures are not more widespread underlines what even officials appear to recognize as the important role the second society has achieved in satisfying the needs of the people.

"Certainly they know what we are publishing, where we are printing and how we are distributing each of our publications," said an editor of an underground Czechoslovak publishing house that has issued more than 100 typewritten or mimeographed books over the last two years. "But they know that the consequences of a serious crackdown are far graver than whatever damage may result from ignoring us."

VARIETY OF INFORMATION SYSTEMS

Underground publishing is only a small part of the unofficial information network. This system, which involves cassette tapes, short-wave radios, and Western newspapers and magazine passed from hand to hand, is providing an increasingly open window on the West.

When Pope John Paul II visited Poland in June, his pronouncements were preserved on hundreds of cassette tape recorders, and pilgrims from across Eastern Europe carried the tapes back home, duplicating them and passing them from parish to parish.

Precisely how large a role the second society plays in the lives of people is difficult to gauge. In the case of Poland it is "staggering," according to Prof. Andrzej Korbonski, the Polish-born chairman of the Political Science Department of the University of California at Los Angeles.

Contributing last year to an anthology titled "Social Deviance in Eastern Europe," he wrote: "One can make the generalization that everybody in Poland who has the chance engages in a good deal of stealing, cheating and supplementing his or her income by illegal means."

The system involves second and third jobs, many performed for Western currency, which in turn may be used to buy luxuries. In Hungary, Poland and Czechoslovakia, the second economy has grown so dominant that many workers have come to devote more of their time and energy to that sector than to their regular jobs.

Construction workers in Czechoslovakia and Hungary are rarely found on their regular jobs past the noontime lunch break. They are off on their second or third jobs.

Complaining about the second society, Sandor Gaspar, the Hungarian union leader, who is a member of the ruling Politburo, said in an interview: "It is draining our economy, we must put a stop to this."

A Hungarian economist who is a member of the Central Committee disagreed. "We will never be able to replace this private sector entirely," he said. "It has become an integral part of our economy."

ABSENTEEISM CONCEDED IN PRAGUE

Last month, in a rare acknowledgment, the Prague radio said that the loss of time in Czechoslovak industry was 15 to 30 percent and on construction sites up to 40 percent. Most economists consider Czechoslovakia one of the more efficient East European industrial nations.

Professor Korbonski, estimating private hard-currency deposits in Polish banks at $150 million said: "It may be assumed that a sizable portion of that was acquired illegally. It may also be presumed that individual cash hoardings are considerably larger."

The second economy in most of these countries is perhaps the oldest and most developed of the unofficial networks. The efficiency of the supply system on the black market is astonishing when compared with the outdated, creaky methods of the official economy.

For example, a housekeeper in a Budapest hotel told how, despite recent police crackdowns, she was still able to order a new-model Soviet-built Lada automobile from a local underground supplier, delivery in one month, for a price 50 percent higher than the official price, cash in full on delivery.

A DEAL FOR WAITING LIST

Her supplier, to whom she cautiously introduced a Western correspondent, said that the system operated with the connivance of official dealers. They find customers who have been on a waiting list for two or three years, but who are willing, for a price, to give up their new car and begin the wait again.

To be able to pay as much as $15,000, say, for a Lada, a medium-sized Fiat, many take on several jobs or, perhaps, charge large sums under the table for their marketable skills. An American medical student in Bucharest, who worked closely with a leading Rumanian surgeon, told last year of having watched patient after patient slip thick envelopes to the surgeon for critical operations.

When consumer prices rose 50 percent or more in Hungary this summer, a carpenter in a tractor factory said he could easily cope. His salary went up less than 10 percent, but his fees for the fine cabinet work he produces nights and weekends doubled.

"No one concentrates on his job at hand," said a Warsaw streetcar driver. "We're always thinking, planning, how we will get ahead."

COMPLEX EXCHANGES ARRANGED

In the field of housing, complex apartment exchanges are arranged overnight in cities where the official wait is 10 to 12 years, often longer, for a government supplied apartment.

In Budapest, a retired streetcar worker made an arrangement with an elderly, infirm acquaintance to move into her apartment. The retired worker cared for her for two years until she died and then inherited the apartment in a private arrangement that was ratified by the housing office, bypassing the waiting list.

Then there are the "sparrows," a term used in Hungary for the highly skilled workers who flit from job to job, increasing their wages by steady increments as demand shifts from one enterprise to another. Rarely are the best of such jobs formally advertised. Word spreads through the informal communications network.

Underground publishing flourishes in Poland, East Germany, Czechoslovakia and Hungary, countries with long literary traditions; elsewhere in Eastern Europe, the authorities have been more successful in suppressing it.

UNDERGROUND PUBLISHING PROSPERS

In recent years, such ventures have moved away from a simple transmission of Western news and literature into more substantial production of works that cannot be published through official channels. Ludvik Vaculik, the Czech writer who is the chief editor of what is known as the Padlock Press, has a spring and fall list and, sitting in his study, surrounded by manuscripts, he says he has to reject some fine efforts. Some are rewritten, but others are scrapped.

"The quality of our literature is constantly rising," he said. Western editors looking for Czech manuscripts are said to stop by his home before talking with official publishing houses.

Besides books, self-publishing involves typed or mimeographed monthly and weekly periodicals, with popular issues running into thousands of copies passed from hand to hand.

Travelers to the West, whose numbers are increasing each year, frequently return with magazines, newspapers and books still considered contraband and subject to seizure by customs. They often consist of underground books or magazines written in the East European countries, smuggled abroad for printing, then smuggled back.

SOME MAGAZINES PRINTED IN LONDON

A London publisher has printed 10 issues of Zapis, a Polish underground literary magazine. and is now printing Spektrum, edited in Prague.

Some border crossings are known for the leniency of customs inspectors. Two Polish students returned by Baltic ferry from Scandinavia recently with a copy of Aleksandr I. Solzhenitsyn's "The Gulag Archipelago," an account of the Stalinist labor-camp system in the Soviet Union. One slipped the customs officer a few packages of cigarettes while the other chattered away, and they were able to take the book in without incident.

Advances in television technology are also spreading Western ideas to broader areas of Eastern Europe. Border areas of Hungary and Czechoslovakia are already within reach of Austrian television, and some 80 percent of East Germany is covered by West German transmitters.

A newspaper reporter in Szombathely, Hungary, when asked why townsfolk buy the local paper rather then the national dailies, said, "We're the only ones who print the Austrian television listings."

East European television executives fear the day when satellites of Eurovision, the West European network, will carry programming that housetop antennas throughout Eastern Europe will be able to pick up.

Two years ago, the first underground universities began in Poland, offering courses for several hundred young people in areas of history, political science, economics and sociology that the official institutions carefully avoid.

This trend is catching on. In Poland it has taken on a new dimension, with what are known as "flying high schools" spreading forbidden subjects. These range from the rule of terror by Poland's Stalinist-era leader, Boleslaw Bierut, to the economics of Milton Friedman and Paul A. Samuelson.

While such lectures may reach only a few thousand of Poland's 100,000 or more university students, the influence of these ideas is much wider.

Several young men and women were taping a lecture by an underground historian, Adam Michnik, held at a blacked-out suburban Warsaw apartment.

"My roommates are too scared to come," one of them said. "But they want to hear it, so I tape it and they listen later."●

A TRIBUTE TO HENRY L. HOFF

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. SKELTON. Mr. Speaker, it is with great sadness that I inform my colleagues of the recent death of a special friend of mine, Henry L. Hoff, the sheriff of Saline County, Mo. Sheriff Hoff would have been 53 years old today, and is survived by his father, his wife, and seven children. His mother and one son preceded him in death.

Henry Hoff served his county as sheriff for 11 years, and was a member of the Missouri Sheriffs Association. He was a veteran of the U.S. Navy, WWII, and was also a member of the American Legion No. 197, VFW 2646, the chamber of commerce, Livestock Feeders Association, Saline County Pork Producers, the Farm Bureau, the Optimist Club, and the fourth degree of Knights of Columbus. His devotion to his country was reflected in his continued membership in the Missouri National Guard through the years.

Henry Hoff devoted his life to public service, and he will be greatly missed by his family, his friends and his community. His death marks a great loss for the State of Missouri.●

A GUIDE TO SUCCESS—THOMAS B. SHROPSHIRE

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. STOKES. Mr. Speaker, we always hear a lot of "success stories." These tales are usually about some energetic person who has worked hard and despite seemingly insurmountable obstacles, has accumulated a fair amount of wealth and a good job. Not minimizing this, we hear so many carbon copy success stories until they often become dull.

What makes this often repetitive success formula unique is an individual who succeeds by this country's standards but maintains a keen sensitivity and commitment to the less fortunate people in our society. I am not speaking of a sense of commitment in terms of a financial contribution to a charity but rather personal time and hard work in helping others "make it."

My long time friend, Mr. Thomas B. Shropshire, senior vice president and treasurer of the Miller Brewing Co. and corporate vice president of Phillip Morris, Inc., is a member of this rare breed.

Born in Little Rock, Ark., Mr. Shropshire combined the American philosophy of hard work and perseverance to forge a noteworthy business career for himself. Now that he has achieved a brilliant career and all the prestige that goes with it, he has not turned his back on other members of his race.

When he was young, being black and ambitious was not always compatible. Yet, as he completed school and started his business career, he established a formula for success. He shares this formula readily with people, especially our younger black citizens. His message to them is to complete school and become affiliated with a profitable business. He is always delivering this message and passing on words of encouragement.

In summary, his success is not only based on his own achievement but on his ongoing ability to act as a positive catalyst to the less fortunate who are trying to climb the ladder of success.

Therefore, at this time, Mr. Speaker, I would like my colleagues to join me in saluting Mr. Thomas B. Shropshire in his unfaltering commitment to excellence within the business community. He has neither lost sight of his goals nor his roots.

I would like to submit an article written on Mr. Shropshire in the September 1979 issue of the National Black Monitor:

THE THOMAS B. SHROPSHIRE SUCCESS STORY

"No people has ever gained a strong foothold in any society without a strong economic power base. This power is measured in more than the size of the salary and the length of a person's title. Real power means ownership—and accumulation of wealth and investment of resources in income-producing ventures that add to that wealth. In other words, you need to have dollars working for you while you are asleep at night."

If there ever could be a short summary of the economic and racial philosophy and of the prescription for human success of Thomas B. Shropshire, these few powerful and well-chosen words tell, in large part, his eloquent and compelling story.

ORIENTATION TO SUCCESS

Thomas B. Shropshire, Senior Vice President and Treasurer of the Miller Brewing Company and Corporate Vice President of Philip Morris, Inc., is in every respect a giant of a man who has pulled himself up highly, even with "limited bootstraps." He is a successful businessman—a black man as highly-placed functionally as any in the business world, who has not forgotten his black roots. His abiding concerns for and commitment to the black community are inescapable in practically all that he says and does.

But there is more. There is vision, insight and determination. Shropshire sees as clearly as any American the route which Black America must go to achieve what he calls "parity," a condition marked by equity in every area of our nation's life. Then, there is the driving will on Tom Shropshire's part to see his vision of what is required come true. He believes that blacks must own and control resources, and have them work in concert with our own energies night and day. He demonstrates this "around the clock" principle in his own life.

The inclination toward success always has been a mark of Thomas Shropshire's life. Whenever he is asked about the time of his decision in life to make a success of himself, Shropshire generally laughs, with the observation: "I am not sure that I made that decision as much as my mother made it for me." He adds: "I had a fantastic mother, I really did. I guess she spent the largest part of her time fighting the system in Little Rock."

Shropshire was born in Little Rock, Arkansas in the mid-1920's. His mother was a school teacher. His father was first a train porter and later a salesman for the railroad company . . . both big jobs at that time. The parents' determination that their three sons become successful paid off, with Shropshire's older brother becoming a lawyer after being—as his mother would have it—the first black to finish the University of Arkansas Law School.

MOVING AHEAD

"Mother always told us she would rather see us dead than see us as bums," Shropshire notes, further explaining, "and it was never questioned that we would all go on to college."

The interpid spirit of his father and mother are clearly evident in their second businessman son. Shropshire tells of his having graduated from the segregated black high school in Little Rock before he ever used a school gymnasium. When he arrived at Lincoln University in Jefferson City, Missouri, and he was told that he would be taking "physical education," he said, "What's that?" Despite his lack of acquaintance with a high school gymnasium, the strongly-built Shropshire became a college football tackle. His playing football enabled him to meet a portion of his college expenses. Moreover, he has found that working overtime has paid off ever since.

In speaking to a group of business-oriented black college students, Shropshire stressed the theme of putting in extra time and of making the constant extra efforts. He said: "Obviously, we can't all end up as president of General Motors, or of the Miller Brewing Company. But we can start moving into decision-making positions by preparing for the job—by getting involved in the total marketing effort of one's company, and having an overall knowledge of the industry's product and the other companies with which it is involved.

"This requires initiative on the part of the individual—to learn not just the tricks of the trade, but the trade itself. It requires a willingness to put in extra time working at the office, reading trade journals, news magazines, books and newspapers at home, and attending seminars on your own time that relate to your company and your field.

"But most importantly—for blacks it means working together to support each other by giving help and encouragement to other blacks who are trying to make it, and pooling resources and talent to start a business."

In his quest for employment, an Urban League official suggested to Shropshire that he get experience as a salesman. He was referred to a company long known for its liberalism—Philip Morris, and became their Brooklyn sales representative in 1952. With the help and encouragement he received at Philip Morris, Shropshire has been putting in overtime and forging steadily ahead ever since. In regard to facing problems, Shropshire is as surefooted and as forthright as he was on the Lincoln University football team. Let's listen to his words of wisdom culled from a rich and varied experience: "I don't go into a situation expecting to have problems. But if it happens, then I believe you react to the situation very strongly and very firmly. I don't believe in taking a back seat. I believe in meeting prejudice head on."

HELPING OTHERS

Shropshire continues philosophically: "If there's any satisfaction at all, it's the satisfaction of knowing you're in a position to help eliminate prejudices and discrimination for people that are coming up behind you . . . It's not possible to be the top black individual within a company and divorce yourself from (minority) problems . . . there's a satisfaction in knowing that you have enough muscle to keep (others like yourself) from being discriminated against, and to see that they're treated fairly."

Thomas Shropshire was soon confronted with his major opportunity to put together an operation which would help others to help themselves and to change the way of life for infinitely greater enrichment among literally tens of thousands of black people.

Shropshire makes clear that he is proud of all his efforts to help *all* others who are downtrodden, disadvantaged or oppressed. But he does not hide from his special obligation—and opportunity—as he sees it, to help *black* people in this country and abroad. The signal opportunity which Shropshire faced and fielded with consummate skill to a brilliant and far-reaching success came in 1967, in West Africa. He tells his own story in the following way.

BUILDING BLOCK ABROAD

"In 1967, a large manufacturing company purchased a small, antiquated factory in a village in West Africa. The factory had about 200 employees—28 of whom were European managers and the rest, African laborers. The majority of the laborers had to walk five or six miles to work each day, and earned less than $1.00 a day.

"The American company immediately began a recruiting and training program for supervisory and management positions. In addition, the company began teaching the native farm population how to improve their agricultural products, so that the company could buy its raw materials from the local markets. The result of this agricultural assistance was an elevation in the living standards of 19,000 farm families.

"The manufacturing facility now employs 1,200 Africans, 83 of whom are in managerial positions. Those who once walked to work bought bicycles with the additional money they earned by working for the company; and later, the company had to build racks for the motor bikes. Recently, the company had to build a parking lot for the cars that employees are now using to get to work!

"The country was Nigeria; the company is Philip Morris; and at the time the story was unfolding, I was chief executive officer of the operation."

BUILDING STEADILY AT HOME

In a speech before the Urban League of Albany, Georgia, Shropshire spoke of the good, neighborly attitude to which the Miller Brewing Company—now owned by Philip Morris—is committed. Shropshire explained: "We at Miller share Philip Morris' commitment to being a good corporate neighbor, and we encourage our employees to be involved in the activities that benefit the community."

Referring to the Miller Brewing Company's new facility in Albany, Georgia, Shropshire continued: "Miller is . . . committed to affirmative action, and I take personal interest in seeing that this policy is carried out.

"In the eight years since Miller was fully acquired by Philip Morris, the number of blacks has increased more than 4,300 percent, while the total number of employees has grown about 400 percent. Blacks at Miller are not only brewery and clerical workers, but also the director of research, purchasing officer, industrial relations representatives, field sales supervisors, brewery manager, regional sales manager. In other words, blacks are now at every level of the company's employment.

"In Albany, we will follow a procedure that has proven successful in the past—that is, to work with the Urban League and her minority organizations to help fill the job vacancies we will have. We will keep the League and others informed of the job openings and the qualifications for those positions, so that they can refer qualified applicants to us . . .

"Miller has banking relations with minority banks, uses the services of minority employment firms, minority-owned ad agencies, minority-owned public relations companies, and insures that minorities get a share of the construction dollars when we build a new facility . . .

"In addition, minorities are well represented in the labor force on the site, and non-minority owned firms are buying supplies from minority companies."

"THE SAME BOAT"

A great story teller and enthusiastic public speaker, Shropshire's remarkable powers of conceptualization, and of making crucial ideas crystal clear, are especially evident in his almost-impassioned discussions of the need for black Americans to cooperate, to work together. "As a minority people in this country, we will probably have to work harder than most to get what we want. We, as blacks, are in the most crucial phase of our three-hundred year struggle for equality.

"It has been said that we are in the period of the second Reconstruction. If we are to avoid losing nearly everything we have gained, as blacks did at the end of the first Reconstruction, we must band together to become a truly strong economic force for the good of our entire nation. We cannot afford to let petty differences turn our attention away from the goal which we as a people have yet to achieve, with deserved compensatory assistance—that of parity with others in the life of our nation. As Whitney Young once said, 'Our ancestors may have come over on different ships, but we're all in the same boat now.'"

"Those who would deny us our rights are all around us. The Klan is regrouping; they have just stopped wearing sheets because they cost too much. The Nazis are trying to storm troop around the country . . .

"But the real danger is not so much the enemy without, but the enemy within. In the final analysis, if we fail to achieve our goal, it will be because we are not strong enough and united enough to withstand the assault from outside and to push forward.

"Like a solid oak tree, we need to be firm in our commitment to each other and to our common goal. You can squeeze a piece of solid oak and not make an indentation in it. But if that piece of oak becomes riddled with holes and canals, you can crumble the wood in your hands. If we, as a people, do not stand together, then, like that piece of rotten oak, we will crumble in the hands of our enemies."

NEW OPTIONS FOR BLACK YOUTH

Ever alert to fresh opportunities for black Americans and deeply sensitive to the needs of our long-beleaguered black youth, Shropshire has some advice in this acute area of our racial life.

He speaks to black youth in this way: "In a degree-oriented society where employers want their custodians to have at least a high school diploma, the future is not bright for anyone who is not properly trained . . . Education was, is, and will continue to be the key that unlocks the door to opportunity. Therefore, you should stay in school and learn as much as you can; and you should not let anyone shortchange you through such techniques as 'social promotions.'

"You should insist on getting those skills that you will need to survive. Half-stepping on education now can sentence you to a lifetime of playing catch-up—and playing catch-up is what has kept us far behind for so many years."

Noting that blacks should become self-employed and should seek many of the lucrative blue collar jobs. Shropshire notes: "Many skilled jobs pay more than white collar jobs. I once heard a story that illustrates my point. A white doctor had a leak in one of the faucets in his laboratory and called in a plumber. A black plumber came in, fixed the leak in a few minutes and handed the doctor a bill for $50.00. The doctor said: '$50.00 for three minutes work! I'm a doctor, and I don't make that much.'" And the plumber said: 'Neither did I when I was a doctor!'"

"IT'S PEOPLE TOO . . . ALONG WITH PROFITS"

A truism in nearly every segment of American life is that we may see some problems—and learn how to deal with them most strategically—as these problems emerge in a clear-cut fashion in the black community. Hence, market developers who have had a firsthand experience of minority markets may be among the most insightful business developers for corporate America. This is the path which Thomas B. Shropshire followed. Many others will follow him, if the leadership of corporate America is wise.

Shropshire, in speaking before an annual meeting of the black-oriented National Association of Marketing Developers, noted: "Being aware of the need to advertise our product and company in black-owned or black-oriented media is nothing new to this association. Being aware of using black models—being aware of the need to advise the public and have community relations directed toward the black sector of our society are not new . . . We cut our teeth on these things and have been preaching them for years. We know what would happen on the bottom line if responsible management would hear our cries.

"Well, thank God, some of them did hear us—and not only listened but provided the resources to place some of our ideas into effect—not only in black areas but other markets as well . . . Such pioneering and also well-rewarded and highly successful companies have recognized that the business of the most richly successful business is not only profit . . . it is people, too."

QUESTIONS FOR REFLECTION

(1) What, in Thomas B. Shropshire's view, is the real source of power in America? In what ways does he suggest that black Americans may move toward that power? What 3 or 4 suggestions would you add?

(2) What seem to be the principal influences in terms of "success orientation" in Thomas Shropshire's life? Would those same influences be operative and effective today? What fresh ingredients do we need in order to inspire "success orientation" among the masses of our youth?

(3) Shropshire believes firmly that blacks must enter the business world, and preferably start their own. What means do you feel can or should be employed to build a bent toward business in our black youth? Do you feel Shropshire's assessment is a wise or practical one? In either case, why?

(4) We have seen the word picture of a truly great and heroic figure in the American business world. What specific elements in Thomas Shropshire's life and character have marked him as a man of greatness?

(5) What lessons can be learned from Shropshire by black youth? By blacks as a whole? By corporate America?●

INFLATION

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. COLLINS of Texas. Mr. Speaker, inflation continues to be No. 1 in the minds of Americans from coast to coast. The Carter administration sinks deeper and deeper into the causes and lacks the courage for the solutions. Last month inflation was at a 17 percent annualized rate.

America can anticipate that President Carter and his liberal majority in the Democrat Party will recommend price controls next spring. By tying price controls on in April, they can hold the line until the November 1980 election. This temporary lull will have a backwash of tidal wave proportions as price control never works in peacetime.

You will be interested in an editorial in the Dallas Morning News on inflation. With its keen insight, the Dallas Morning News sums up well the subject of inflation:

> What would the last week of the month be without a jump in the Consumer Price Index? The latest is 1.1 percent, which translates into a 13.2 percent annual rate. 'I see no short-term relief in sight,' says Alfred Kahn, sure to go into the Guinness Book of Records as the world's most punchless inflation fighter.
>
> . . . Inflation is caused exclusively by the federal government's perennial deficits, which are generally financed by printing money. (Inflation is *not* caused, as the administration asserts, by OPEC; Germany and Switzerland, which buy much more of their oil from OPEC than we do, have far lower inflation.)
>
> . . . Whenever pollsters compile the nation's burdens and concerns, inflation is rated Public Enemy No. 1. And small wonder: Inflation has eroded everyone's savings, forced women into the job market, dimmed the glow of retirement.
>
> The issue poses an excellent opportunity for Republicans, who can point to the modest 4.5 percent inflation rate in Gerald Ford's last year as president. But much more than electoral politics is at stake here: The economic solvency of the Republic is involved.
>
> Let us hope that the campaign will bring forth relatively few calls for the wrong kind of medicine, wage and price controls, which everywhere and always fail to do the job. Cut federal spending, free up the private enterprise system: Such, in broad outline, is the proper prescription, the sooner administered, the better for all concerned, politicians as well as their constituents.●

ENCROACHMENT UPON AMERICAN SHIPPING LIFELINES

HON. JOHN J. RHODES

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. RHODES. Mr. Speaker, a few days ago I received a copy of one of the most remarkable discourses I have ever seen on the dangerous extent of the encroachment upon American shipping lifelines by the Soviet Union and other nations in the Western Hemisphere alined with it.

It is the text of a speech given recently to the Arizona Breakfast Club by Prof. Lewis A. Tambs of the department of history at Arizona State University, a distinguished scholar on Latin America, who has testified before Congress.

In his essay, "Crisis in the Closed Sea of the Caribbean: A Geopolitical Overview" Professor Tambs delineates the importance of the Caribbean as a "chokepoint" for critical American shipping, particularly petroleum, and the manner in which control of avenues into the Caribbean, and thus the Panama Canal, are being taken over by nations that are socialist or socialist oriented.

I urge my colleagues to read this important speech, and to ponder its implications:

Crisis in the Closed Sea of the Caribbean: A Geopolitical Overview

(By Lewis A. Tambs)

> World War III is coming to a climax in the Caribbean. The first two phases of World War III—Cold War and Détente—have been succeeded by the Soviet scenario of double envelopment. Soviet Russia is seeking to isolate the People's Republic of China by geographical encirclement and to strangle the industrialized nations of the Western Alliance—particularly the United States—by choking off their access to strategic minerals and petroleum supplies.
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> The current crisis in the Caribbean is merely one manifestation of the grand geopolitical game plan of the Union of Soviet Socialist Republics (USSR). The objective is to seize the storehouse of strategic minerals in Southern Africa and throttle the Sea Peoples of the Western Pacific, Western Europe and the Western Hemisphere by acquiring control of the Sea Lines of Communication (SLOC) which carry the hydrocarbons vital to their advanced economies. For the United States, which is dependent on other lands for 93 out of 95 strategic minerals and which imports over 40% of its energy the Caribbean is critical.
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> The Caribbean is a closed sea. The number of entrances and exists is limited. The Bahamas, Puerto Rico, the Leeward and Windward Islands encircle the eastern edge. North, Central and South America ring the rest. The only Pacific passage is the Panama Canal. The center of the circle is dominated by the Greater Antilles—Puerto Rico, Hispaniola, Jamaica and Cuba which also form a barrier between North and South America. Only three channels, Mona, Windward and Yucatan cut through the Antillian island chain which lies athwart the sea lanes connecting the two continents. The warm tropical waters also wash Venezuela and Mexico, two of the worlds major oil exporting nations. Thus, the Caribbean rim and basin is a petroleum focal point.
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> Through Caribbean channels, Antillian passages and the Panama Canal pulses the petroleum of the Middle East, Ecuador and Alaska. The Middle East may be the petroleum pump, but the New World Mediterranean is the nozzle. Super tankers sailing from the Persian Gulf around Africa do not dock directly in U.S. Atlantic or Gulf ports. These vast vessels transfer their cargoes at the Virgin Islands, Trinidad, or Curacao into standard size tankers which then sail on to the eastern or southern seaboards of the United States. Venezuelan oil also moves northward through the Yucatan, Windward and Mona Channels.
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> Not all of this oil is crude. Since the U.S. has not completed a refinery in seven years much of this imported petroleum is finished product having been processed at off shore locations. The Panama Canal also plays an important role in U.S. energy supply. Oil from Alaska and Ecuador passes through the Pacific-Atlantic pipeline at David in the Republic of Panama or by tanker through the Canal Zone. Thus, whoever controls the Caribbean can strangle the United States by choking off the petroleum life line.
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> "History passes, but geography remains" is a basic theme of geopolitics. The closed sea of the Caribbean has been the scene of strife since the emergence of modern Europe. All of the great maritime nations—Spain, the Netherlands, Great Britain, the United States and the Soviet Union—have striven for supremacy in the New World Mediterranean. Nevertheless, only men make history.
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> The U.S.S.R., operating under the nuclear balance of terror, is applying the classical principals of geopolitics—encircle, isolate and over run. During the first two phases of World War III, Cold War and Détente, the Soviet Russians prepared their grand design; first to gain nuclear superiority and then, shielded by an atomic umbrella, launching a high seas fleet and winning the world's waterways by supporting subversion and wars of national liberation in critical areas.
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> Since 1959 the Soviets have intruded into the world's fourteen major maritime choke points: Five inland seas—South China Sea, Mediterranean, North Sea, Norwegian Sea, and Caribbean; two interoceanic canals—Suez and Panama; and seven crucial passage points—Malacca Straits, Sri Lanka (Ceylon), Horn of Africa, Mozambique Channel, Cape of Good Hope, Gilbraltar and Cape Horn.
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> Cuba has always been the key to the Caribbean. Fidel Castro struck around the rim of the inland sea between 1959 and 1965. The Dominican Republic, Haiti, Venezuela, Colombia, Panama, Nicaragua, Guatmala and Mexico were targeted. Nevertheless, local nationalism supported by United States counter insurgency surpressed these subversive

strikes. Direct action having failed the Communists shifted temporarily to their other traditional tactic—the popular front. However, in 1968 a new technique was also initiated—infiltration of the armed forces. The results, aided by a general loss of will and purpose by the United States and abetted by an alarming decline in Yankee shrewdness and sense of strategy, were revolutionary.

The Caribbean has been an American Lake. Now it is becoming a Socialist Sea. Guyana moved toward Marxism. Castroite General Omar Torrijos reigns in the Republic of Panama. President Jimmy Carter, apparently following the ideas advanced by the Institute of Policy Studies in "The Southern Connection," deeded away the Panama Canal, destabilized Nicaragua and is contemplating giving away Guantanamo and granting independence to Puerto Rico.

Withdrawal of the U.S. from the Caribbean and the Canal Zone—a Trans-Isthmian passage upon which not only the U.S. but also the Spanish speaking republics of Central and South America depend for their sea borne commerce—further upset the situation.

Pushed by popular front governments and shaken by subversion several of the former British Colonies in the West Indies—Dominica, St. Lucia, Grenada and Jamaica collapsed into Castroism. Then, with the Atlantic approaches of the Leeward Islands and the Pacific passage of the Panama Canal within their grasp the Cuban Communists and the Panamanian Partido del Pueblo using neutralist Costa Rica as a sanctuary concentrated on Nicaragua—the only other feasible route for a Trans-Isthmian Canal.

The agony of Nicaragua, which was exacerbated by the dispatch of U.S. arms to Panama for trans-shipment to the Sandinistas, the U.S. interdiction of Israeli weapons destined for Anastasio Somoza and by the U.S. embargo of munitions for the Nicaraguan National Guard, is, however, only the beginnnig of the evisceration of Central America.

Nicaragua is a Central American beachhead for the eventual Castroite conquest of the petroleum fields in Southern Mexico. El Salvador is under siege; Guatamala targeted. Using a combination of ardent nationalism and socialist slogans, a future People's Republic of Guatemala may call for the recovery of the lost provinces of Chiapas and Soconusco which were ceded to Mexico in 1882.

The question is one of timing. The Sandinista Simón Bolivar Brigade is ready for action. The Soviets have sufficient airlift capacity to move the 3,000 Russian combat troops in Cuba to any area in the Caribbean. Debate over the date rages in Moscow, Habana and Managua. The controversy centers over the next president of the United States. If a hawk seems likely to win the White House the move into El Salvadore will be soon. If a dove appears likely to prevail, El Salvador and Guatemala have about fourteen months of grace to get ready. Of more immediate import was the transfer of the Panama Canal Zone to the Republic of Panama on Monday, October 1, 1979.

Carter-Torrijos Treaties and DeConcini Reservations not-with-standing, loss of the Trans-Isthmian Canal by the United States long before the year 2000 is accepted in many Latin American circles. President Aristides Royo in his letter of July 11, 1979 to Jimmy Carter made it abundantly clear that there are numerous areas of disagreement over interpretation of the treaties.

In Panama as in El Salvador the question of a Castroite take over is not if, but when. Dispute over some minor point in the Carter-Torrijos Treaties can be escalated into a contrived confrontation between the Panamanian National Guard and the U.S. Army. Deaths will follow. Panama will nationalize the Canal under eminent domain and call upon their Socialist brethren in Nicaragua and Cuba for support. Humberto Ortega Saavedra, Commander-in-Chief of the Sandanista Armed forces told Panamanian officials on September 22, 1979 that his troops would fight along with the Panamanian National Guard against the U.S. "if there is imperialist aggression.

Faced with a fight the U.S. will probably back down and withdraw. U.S. evacuation of the isthmus will be followed by an astronomical hike in Canal transit tolls and eventually the closure of the Canal to U.S. shipping and vessels carrying cargoes to or from U.S. ports as well as interdiction of the Pacific-Atlantic pipeline. Simultaneously with terrorist attacks on U.S. tankers, labor strife may erupt at the oil loading facilities and refineries in Curacao, Trinidad and the Virgin Islands. Aroused, as its industries grind to a halt, the U.S. will prepare armed intervention.

At this juncture the Soviet Union, confident in its newly won, but long planned nuclear superiority, will come to the defense of the various People's Republics in the Caribbean. In this eyeball to eyeball confrontation, reminiscent of the Cuban Crisis of 1962 when the US had an eight to one nuclear advantage over the USSR, it will be the US which blinks and stands aside. Shorn of imported strategic minerals, deprived of petroleum and unable to sail from coast to coast without permission of a Soviet surrogate, the US will withdraw into a vulnerable Fortress America—a third class power with a Third World standard of living. The Soviets, with a good grasp of geopolitics, proper application of sea power, and by fomenting subversion in strategic areas, will have triumphed.

History passes, but geography remains. The current crisis in the Caribbean is phase three of World War III. Soviet strangulation of the Free World's economies and energy supplies is well underway. The closed sea of the Caribbean is already spotted with Soviet surrogates and ringed with Socialist states. Interdiction of US energy imports—75 percent of which either trans-ship or transit the Caribbean—from the Middle East, Venzuela, Ecuador and Alaska is well begun. Even the oil fields of Mexico are under long range attack.

Nevertheless, though inland seas, interoceanic water ways and passage points along with islands, channels and canals influence history, they do not determine the future. Only men make history. There is still time for the United States and the Western World to recover its instinct for survival and its sense of strategy and turn the Red tide which is engulfing the Caribbean.●

LAST F-100 RETIRED; AIRCRAFT'S CAREER SALUTED

HON. JOHN T. MYERS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. MYERS of Indiana. Mr. Speaker, it was my honor this last weekend to participate in ceremonies marking the end of the long and distinguished career of the F-100 tactical jet aircraft. Officials from all levels of government gathered at the Indiana Air National Guard base at Hulman Field, Terre Haute, Ind., to pay tribute to the last operational F-100 fighter plane.

The Super Sabre played a major role in the U.S. Air Force defense system for 25 years. The plane retired in the ceremonies Saturday was the last of more than 1,200 such aircraft which served so well the needs of the Air Force and Air National Guard.

The honor of piloting the historic last operational sortie went to Lt. Bill Layne of the 113th Tactical Fighter Squadron, the son of a pilot, Maj. William J. Layne, who was fatally injured in the crash of his fighter plane during a practice run at Hulman Field in August 1959.

The retiring aircraft was officially named "The City of Terre Haute" thus assuring that the last stop in its distinguished career will have a place in the records of military history.

The list of achievements of this aircraft includes 1,100 Thunderbird shows between 1956 and 1968 and over one-half million combat sorties in Southeast Asia from 1963 to 1971. It also has several "firsts" to its credit as the first supersonic century series aircraft, the first antisurface-to-air missile aircraft (December 1965) and the first jet forward air controller (November 1967).

Saturday's flight marked the end of an era in the HUN's history, but not the end of the HUN. It will continue to serve the United States as a full-scale drone aircraft and will remain in service with Turkey, Denmark, and Taiwan.●

JANE FONDA NEEDS AN ECONOMIC LESSON

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. DERWINSKI. Mr. Speaker, it is unfortunate that the media tends to draw attention to the misdirected, ill-advised, antifree enterprise thinking of certain notorious individuals, instead of more legitimate reporting to the public of the respectibility and mutual benefits that flow from our free enterprise profits system.

In the perspective section of the Chicago Tribune of November 8, Michael Novak comments on the flaws in the theories espoused by Tom Hayden and Jane Fonda on our economic structure. His commentary follows:

JANE FONDA AN ECONOMICS LESSON

(By Michael Novak)

WASHINGTON.—Tom Hayden and Jane Fonda took their show on the road last month. They were trying to sell socialism under the name "economic democracy."

The world has had 40 years to observe the empirical results of socialism in a majority of nations. It is getting harder to sell socialism straight. Thus the need to package it as "economic democracy."

Their aim, Hayden and Fonda say, is to destroy "giant corporations." Hayden and Fonda want to bring the economic system under the political system. This will enlarge the power of the state—of politicians, bureaucrats, and social science managers.

Take the word "economic" first. Should economic acts between consenting adults be repressed by the state? One of the purposes of good and limited government is to create a climate favorable to industry and general prosperity. Many of us believe in a limited but necessary amount of regulation. We also believe in spreading the benefits of prosperity through social welfare to the unfortunate and the disabled. But Hayden and Fonda are repressive.

Then take the word "democracy." Democacy is a way of legitimizing and checking government. It is an inefficient method for making most sorts of practical decisions. Hayden and Fonda want corporations to become as efficient as Congress.

Corporations are cooperative enterprises between mutually consenting individuals, under charters legally arrived at, independent of state control. Corporations are mediating institutions necessary to the functioning of a free society. They are essential counterbalances to the voracious power of the state apparatus.

At a minimum, printing presses must be free of state control. Total state management of an economy subjects every citizen to daily economic reprisal. That is why no socialist nation ever has gone democratic. The only social democracies that remain democratic are those that retain a large component of private ownership and private self-determination, such as Sweden and Israel.

Hayden and Fonda say they approve of "small businesses" and "family farms." But a family farm nowadays must earn more than enough for lodging and food. Farmers need an income for education and many other purposes. The annual budgets of family farmers in a state like Iowa—including investments in land, buildings, help, and equipment—run into hundreds of thousands of dollars.

Tom and Jane oppose "giant corporations." Do they also oppose giant unions, giant government, giant newsgathering agencies, and giant international organizations like the United Nations? Their proposals to place private corporations under governmental control won't reduce the size of the apparatus of control. They will enlarge the state.

Corporations have grown since World War II because markets have grown, technology has grown, and needs for creative investment have grown. Tom and Jane can appear in 28 cities in 30 days because of airplane travel. A typical Boeing aircraft costs $39 million. In which mom and pop store can Tom and Jane buy a Boeing? Pilots and stewardesses, mechanics and ticket agents, and service and administrative personnel can be organized only through large enterprises. This is as true in socialist as in democratic capitalist nations.

Tom and Jane are naively nostalgic. And they are ideological. They only mind giants—relatively small ones, compared to government agencies—if they are private corporations, cooperatively arrived at. And their program lacks compassion. The real effect of Tom and Jane's statism would be to impoverish the planet, to condemn the poor to lower living standards, to turn out the lights on all our better hopes.

Consider their efforts to shut off the 11 per cent of all energy sources now supplied—originally at the government's behest—by nuclear energy. Private corporations did not seek to go into nuclear power. The federal government invited the utilities to find peaceful uses for atomic power. The Labor government in Great Britain built the British nuclear grid. Statist influences in the U.S. persuaded utilities to abandon coal and even oil to switch to cleaner, safer, cheaper nuclear energy.

Meanwhile, as 11 per cent of the nation's lights wink off one by one, we can thank the Prince and Princess of Darkness for leading this nation backward. The little world of Tom and Jane perished with the stagecoach.●

HELP IS AVAILABLE FOR BATTERED WOMEN

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. MILLER of California. Mr. Speaker, today the Education and Labor Committee filed its report on H.R. 2977, the Domestic Violence Prevention and Services Act. This bill, cosponsored by 105 of my colleagues on both sides of the aisle, will soon come before the full House for final passage. H.R. 2977 is a very modest proposal to provide assistance to the millions of families in this country which are torn apart by violence. The legislation reflects a growing recognition, nationwide, that victims of domestic violence need immediate protection and refuge as well as long-term services for all members of the family. The Subcommittee on Select Education heard testimony this summer from police, physicians, shelter operators, representatives of the military, and victims themselves about the human and financial costs that are a direct outcome of family violence. A recent article from the Washington Star, by the well-known financial expert, Sylvia Porter, describes in detail the staggering loss to the economy incurred by abuse within the family. The article follows:

[From the Washington Star, Nov. 1, 1979]

HELP IS AVAILABLE FOR BATTERED WOMEN

(By Sylvia Porter)

Beatings. Kickings. Extreme abuse.

At least 1.8 million women are known to suffer from wife-beating in the United States each year—a statistic stunning in itself but representing only the reported physical attacks and thus merely the tip of the iceberg.

And this total, appalling though it is, hides the fact that in one-third of these reported incidents, the battered women are attacked an amazing five or more times a year, according to research funded by the National Institute of Health.

Even more mind-boggling, law officials estimate that the reported cases account for only 10 percent of the total number of beating incidents. That suggests that the wife-beatings in this nation are running into the many millions annually!

It is not in my sphere as a reporter to analyze to what extent such abuse destroys the human spirit. But it is within my sphere to emphasize that the loss to our economy from this horror reaches staggering proportions

Abuse-related absenteeism results in an estimated economic loss to the nation of a minimum of $3 billion to $5 billion annually!

Medical bills can easily total $100 million or more annually.

And a corollary to these shocking figures on battered women is that the acts of violence frequently are coupled with beatings of children by husbands and boyfriends.

Domestic violence has soared to epidemic proportions, including abuse between spouses, child abuse and abuse by children of their parents. With the exception of an occasional dramatic headline, we, the American public, have been mostly unaware of abuses of the American woman in all economic groups. But now, the Manhattan-based AWAIC—Abused Women's Aid in Crisis, Inc., a non-profit organization founded in 1975 by Maria Roy, then consulting social worker for the Cardinal Spellman Headstart Center in New York—is spearheading efforts to help the battered woman.

The AWAIC handles 4,000 hot line calls of distress each year in New York alone, reports its executive director, Dr. Doris Moss, and is involved in several projects which well may serve as model guideline programs involving millions of Americans the nation over. For instance, its work in New York includes:

Working with men who are coming to AWAIC for counseling on how to stop victimizing their mates and children.

Helping children who witness battering in their homes through an art therapy program.

Providing counseling in prisons to inmates who are batterers and who want help in curbing their aggression before returning to society.

Working with the families of alcoholics. (Many alcoholics are batterers.)

Wife abuse is not a category in which reporting is widely required and in which statistics are gathered by the police. Even in New York City, with a higher social service consciousness than most other U.S. cities, statistics are slippery. In 1978, three shelters for battered women and their children served 1,300 families. The Borough Crisis Centers, operated in four hospitals, helped roughly 2,800 battered women between mid-1977 and fall 1978. AWAIC provided hotline and counseling to more than 4,000 women.

More revealing is the 81 percent upsurge in the number of family offense petitions filed by wives and the 143 percent jump in the number of assault petitions in the past couple of years alone.

Meanwhile, Boston City Hospital reports that a growing percentage of its emergency room assault victims have been battered women. Oakland, Calif., has counted 6,000 cases of battered wives in one year. Kansas City, Mo., notes that a startlingly high percentage of all police calls involved wife abuse. And again, this is just the tip of the iceberg.

It was only two years ago that New York state passed a law allowing married women to decide whether to bring charges against an abusive husband in either Family or Criminal Court. New York City now also demands that police answer a domestic dispute call promptly and forbids refusal to make an arrest because the persons are married. It is only now that the police must inform the abused woman of her court options and make an arrest if a felony is committed.

And federal legislation is only now being proposed to require states to establish citizens panels to concentrate on domestic violence.

This report just touches the surface. Now it's up to you.●

REPORT ON HUMAN RIGHTS IN ARGENTINA BY THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK

HON. S. WILLIAM GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. GREEN. Mr. Speaker, human rights violations are occurring throughout the world, and it seems that our Nation's commitment to fundamental human rights meets new challenges daily. However, it is heartening to note that the Congress and the executive branch are working with concerned private citizens in this regard. The Association of the Bar of the City of New York has issued a report on the independence of lawyers and the administration of justice in Argentina.

As one who has long been concerned about the horrible abuses of human rights in Argentina, I would like to insert into the RECORD, for my colleagues' interest, a letter I received from the president of the association as well as excerpts from this informative and important report.

The letter follows:

THE ASSOCIATION OF THE
BAR OF THE CITY OF NEW YORK,
New York, N.Y., September 14, 1979.

Hon. S. W. GREEN,
House of Representatives,
Washington, D.C.

DEAR REPRESENTATIVE GREEN: In April of this year, The Association of the Bar of the

City of New York sent a mission of five distinguished lawyers to Argentina to inquire into the treatment of lawyers and the administration of justice in that country. The Association's decision to sponsor the mission was in response to reports of widespread imprisonment, disappearance and torture of lawyers and others in Argentina. The mission was headed by Orville H. Schell, a former President of this Association. It was cosponsored by the Union Internationale des Avocats and was endorsed by the American Bar Association.

After its return, the mission submitted a report of its findings to the Executive Committee of the Association. In view of the importance of the subject matter, I have enclosed a copy of the mission's report for the information of you and your staff.

Sincerely yours,

MERRELL E. CLARK, Jr.

On March 24, 1976, a military Junta, consisting of the Commanders of the Army, Navy and Air Force, assumed control of the government. Upon taking power, the Junta announced that the state of siege would remain in effect and that a major objective of the new government would be a frontal attack on "subversion"[21] and the causes for its existence.[22] The Junta initiated a "Process of National Reorganization" and, in a series of decrees issued between March 24 and 26, 1976,[23] assumed the principal powers of the Executive and Legislative branches of the Argentine government. Congress was dissolved and the Junta declared itself the supreme organ of the nation, with the power to appoint the President, who was in turn granted the principal legislative powers formerly exercised by Congress. Acting pursuant to this power, the Junta on March 26, 1976 appointed General Jorge Rafael Videla as President of the Republic.

The Junta was also empowered to remove and appoint new members of the Supreme Court of Justice, while the President was empowered to appoint judges of the lower federal courts. By decree issued on March 24, 1976, the Junta relieved all judges of the Supreme Court and of the superior provincial courts of their duties and suspended the tenure in office of all other judges. All judicial activities were suspended for 13 days; when the courts reopened, 24 judges had already been replaced by the Junta.[24] Equally important, the Junta suspended the "right of option" granted by Article 23 of the Constitution, so that persons arrested by the President could no longer elect to leave the country.[25]

At the same time as it was restructuring the national government, the Junta commenced what its own members describe as a "dirty war" against all types of "subversion." In this war the country's security forces adopted many of the clandestine tactics previously used by the terrorists.[26] Thousands of Argentine citizens suspected of having "terrorist" or "subversive" connections were arrested; many thousands more simply "disappeared" after having been abducted by persons claiming to be members of the government security forces. Those formally arrested, and some of those who initially "disappeared," were detained pursuant to Article 23 at the disposition of the National Executive Power (Poder Ejecutivo Nacional or PEN), and are known as PEN detainees or "detenidos." Those who have simply "disappeared" are called "desaparecidos."

II. THE DETENIDOS

For the first year and nine months of the "dirty war," the Junta refused to provide reliable public information as to the identity of persons formally held as PEN detainees. However, in January, 1978, following public calls for such information, the Argentine government announced that it was holding 3,472 persons under PEN detention,[27] and thereafter began publishing periodic lists of PEN detainees. According to information provided to date by the government, approximately 2,500 people are currently being held under PEN detention.[28]

With respect to detained lawyers, our concern was—and continues to be—the process by which these and some 2,400 other persons have been detained without charges or trials, many for three years or more. While our human concerns extended to all detained persons, our mission focused particularly on the detention of lawyers because of the effect of such detention on the independence of the bar, which we believe to be critical to the rule of law.

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Three questions emerged in the course of our visit: (i) what were the grounds for the widespread and prolonged detention of lawyers and others, and have they been adequately tested in the courts; (ii) have the limits on the Executive's Article 23 power been effectively observed; and (iii) can there be any justification at this time for continuing PEN detentions?

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THE BASES FOR DETENTION

In our interviews with General Viola, Minister of Justice Rodriguez Varela and legal advisors to President Videla, we were offered no information about the process through which particular individuals are singled out for detention, other than the fact that such decisions are made by the security forces on the basis of information available to them that a given individual is "subversive" or is linked in some unspecified way to "subversion." We were given no reason to believe that "subversion" in the lexicon of the Argentine security forces is limited to the use, or even the advocacy, of violence against the established order. Indeed, President Videla stated in January, 1978, "A terrorist is not just someone with a gun or a bomb but also someone who spreads ideas that are contrary to Western and Christian civilization."[39]

Not surprisingly, most of the lawyers in PEN detention have been defense lawyers, advocates for political dissidents or labor unions, or have represented detenidos or desaparecidos; a few are former judges who are thought to have dealt too leniently with accused terrorists. We are disquieted by the ease with which government representatives seem to blur the distinction between those who use force in opposing the existing government, and those whose "crime" is merely to be associated with currently disfavored, *i.e.* "subversive," ideas: the journalist who criticizes the government in print, the former labor union activist, or the lawyer who has represented unpopular clients or causes. Although the absence of either formal charges or trials prevents us from evaluating the validity of the government's "subversion" claim for each detained lawyer, one is led inevitably to the conclusion that at least some lawyers have been detained as a result of their activities in defending clients and causes unpopular with the present government.

The inevitable result of such policies in any country is to intimidate other lawyers from risking their own practices, if not their own liberty, by representing officially disfavored clients. Indeed, in examining whether the detention of 99 lawyers without charges affects the independence of the legal profession, the perception of why lawyers have been arrested is perhaps as important as the reality. And the perception is widespread in Argentina that lawyers under PEN detention are being punished for having represented political prisoners or other clients unpopular with the Junta.

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III. THE DESAPARECIDOS

If gradations of this kind are utterable, the cases of the "disappeared" persons, including a large number of lawyers, constitute the most starkly brutal human rights violations in Argentina or, indeed, almost anywhere in the world that seeks to be civilized.

There is no question that since March 24, 1976, groups of armed people serving in military, police or other state security forces have abducted thousands of people, subjecting most of the victims to torture, killing many, holding others in concentration camps or other secret places, and withholding from their families and all the world word either of their whereabouts or of whether they remain alive. While thousands of these cases are precisely documented, the total of the disappeared, or desaparecidos, is not publicly known or knowable.

In early 1979, the Permanent Assembly for Human Rights submitted to President Videla a list of 4,881 persons who disappeared between 1975 and October, 1978. The Permanent Assembly claims to have sworn statements supporting each disappearance on this list. While this list is probably quite accurate, many informed Argentine citizens believe it is incomplete. One respected conservative columnist, writing in the Buenos Aires Herald on April 5, 1979, stated that "the real total of 'disappeared' must be much greater, at the least 10,000."[41] Given the undoubted reluctance of many to report the disappearance of family members to human rights groups such as the Permanent Assembly, this higher estimate is probably much closer to the truth and, in the opinion of some Argentines, may still be too conservative.[42]

The grim and familiar pattern of these disappearances, with variations in detail, was recounted to us by relatives of desaparecidos, as well as by some who disappeared and were lucky enough to "reappear." A group of armed people in civilian clothes arrives in unmarked automobiles at the home or office of the person or persons to be abducted. Others may be taken from the streets or from other public places. The armed assailants often identify themselves as security officers. No uniformed police or military personnel makes any pretense of interfering with the abductions.

* * * * *

In some cases husbands and wives have been taken together, sometimes with their young children, sometimes leaving young children alone to be taken in by neighbors, concierges or relatives. It appears that there is a substantial number of unaccounted for children who have been abducted or born in captivity to pregnant kidnap victims. It is widely thought, and there appears to be substantial evidence, that such children have been turned over to adoptive parents with no color of consent from any relative and without informing their families where they are or whether they are alive.[43]

As a frequent incident or sequel to the abductions, the homes or offices of the victims are pillaged or destroyed. Armed groups turn up with moving vans and proceed swiftly to strip the home or office. A few places have been destroyed by fires deliberately set. The looting and destruction seem never to be impeded by uniformed law enforcement authorities, who, in one account we heard, chatted briefly with the looters before departing the premises. It appears that the booty serves as a form of added compensation for the abductors.

* * * * *

As is the case with detained lawyers, a very high proportion of the disappeared lawyers on our list have been involved with the defense of political dissidents, of people critical of the government, of labor organizations, of individual workers and of others who previously disappeared. While it must be said that the basic evil of disappearances is not uniquely awful for lawyers, lawyers are, in practical effect, a category of special concern for human rights purposes. With-

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Footnotes not printed.

out any doubt, the risk of disappearing, along with the risk of a PEN detention, has chilled the willingness of lawyers to represent the unpopular and made the process of repression of rights far simpler for the government.

* * * * *

From things that were said both outside and within the government (including General Viola's assurance that there are no—or substantially no—*desaparecidos* now in custody), we were led powerfully to the appalling inference that most of those who have disappeared are dead. . . .

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The courts have proven essentially powerless to deal with the desaparecidos. After a person disappears, his family typically files a habeas corpus petition demanding that the government supply information as to his whereabouts and condition. The court, in turn, asks the Executive and the armed forces for such information. In virtually all cases, the Executive and each of the services replies that it has no record of the person's being detained, after which the court disclaims jurisdiction and dismisses the petition. We were advised that in excess of 10,000 petitions have been dismissed for this reason alone.

IV. PRISON CONDITIONS AND TREATMENT

Argentina is a signatory of the United Nations' Universal Declaration of Human Rights and the American Declaration of the Rights and Duties of Man, both of which prohibit torture and inhumane confinement of individuals. Furthermore, the Argentine Constitution specifically states that "the prisons of the nation shall be hygienic and clean, for the safe custody and not for the punishment of the prisoners confined therein."

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Notwithstanding these safeguards, the available evidence leads inescapably to the conclusion that persons operating under the authority of the Argentine government or armed forces have systematically abused, tortured and, in many cases, killed thousands of "disappeared" persons.

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Although our stay was limited, we did meet with Argentine residents, including at least one lawyer, who had been, for periods of time, among the desaparecidos. These persons stated they had been abducted by military groups, taken blindfolded to military or police facilities and tortured by their military interrogators.

After interrogation, a number of these persons were placed, along with others who had been similarly tortured, in narrow and unventilated pens in which the prisoners were individually chained, in rows facing each other, to cement walls and kept blindfolded or hooded with little or no water, food or medical attention. Others, more fortunate, were detained in pairs in minute (4 x 6 ft.) cells with sealed metal doors, no windows and minimal ventilation.

* * * * *

Other persons familiar with the condition of the desaparecidos advised us that the conditions and treatment described above have been confirmed to them by many others and that the most common forms of torture—severe beatings, intentional near-drowning of hooded prisoners and repeated electric shocks with cattle prods over all parts of the body—were routinely inflicted on disappeared men and women shortly after their abduction.

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The information we received concerning the treatment and condition of PEN detainees—as opposed to disappeared persons—did not indicate the presence of widespread torture or conditions such as those endured by the desaparecidos. Nevertheless, we were advised by family members of PEN prisoners that in some prisons such prisoners are routinely paired in tiny, cramped cells (to which they are typically confined for 22–23 hours each day), permitted only the most minimal exercise, prohibited from conversing in groups larger than three, punished severely for violation of arbitrary rules and, in general, treated far worse than ordinary criminal defendants or convicts.

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V. THE ROLE OF THE BAR AND THE JUDICIARY

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We nevertheless believe that, whatever the past provocation or the present fears, the legal profession can—and must—stand unequivocally for the rule of law and against the practices described in this Report.

Some in Argentina have done so. A small number of individual lawyers, almost exclusively in Buenos Aires, have represented aggrieved families in filing habeas corpus proceedings or have spoken, publicly or privately, against governmental lawlessness. Within the organized bar, the Asociación de Abogados de Buenos Aires, has tried, with little success, to secure the release of lawyers (including its own members) arrested or abducted for representing disfavored clients. And a number of lawyers within FACA, a federation of 51 local bar associations throughout Argentina, have either striven for the release of individual lawyers or condemned specific acts of violence against the bar.

* * * * *

The ingredients for progress are present in Argentina. The Supreme Court, the Minister of Justice, the President's aides, the President (in his response to the Court in *Perez de Smith*) and the Commander of the Army have all pledged themselves to fair treatment for and lawful (or at least better) conduct toward the detenidos. Whether they will honor these pledges—and also confront the issue of the desaparecidos—will turn in part on the future role of the bar.

* * * * *

When governments brutalize their citizens, depriving them of life, liberty and even the pretext of due process of law, lawyers must stand with those deprived of their rights, regardless of our agreement or disagreement with their political or social views. Where the bar most directly involved is itself too threatened to act, lawyers elsewhere must speak for their colleagues and remind those responsible that humanity is extinguished, not advanced, by murder, torture and imprisonment without trial. If, in a different time and place, our circumstances were reversed with those of our Argentine colleagues, we would expect no less of them.

Respectfully submitted,

Orville H. Schell, Jr.
Marvin E. Frankel.
Harold H. Healey, Jr.
R. Scott Greathead.
Stephen L. Kass.●

REPUBLIC OF CHINA: THE "MIRACLE" CONTINUES

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. SYMMS. Mr. Speaker, despite President Carter's cancellation of the Mutual Defense Treaty with Taiwan, that country (formerly, the Republic of China) has continued to outpace all of its Marxist competitors in economic growth. Indeed, Taiwan has been referred to as the Asian economic "miracle" of our time, surpassing in some respects the achievements of Japan. With a free enterprise system based upon the American model, and with one of the world's most industrious populations, Taiwan symbolizes the spirit of economic liberty and self-help.

I want to insert into the Record an account of Taiwan's economy by Herman Kahn of the Hudson Institute, one of the most important economic and strategic thinkers of our generation. As Mr. Kahn points out, the achievements of Taiwan are not accidental or isolated. They are directly related to the American protective shield which helped the country get back on its feet after the Second World War. I think it is important, Mr. Speaker, to remind ourselves that our associations with allied countries have been decisive in spreading economic and political freedom around the globe. Andrew Young and the Carter administration notwithstanding, the United States can be justly proud of its allies and the achievements which they have made with our help. Taiwan is a lasting example of this, and, I fervently hope, will continue to remain so, despite the worst efforts of Jimmy Carter.

This article appeared in Time magazine on October 8, 1979:

Republic of China: The "Miracle" Continues

(By Herman Kahn)

In recent years, much attention has been given to the Republic of China, otherwise known as Taiwan, first as one of the "economic miracles" of Asia, in the normalization of relations between United States and the People's Republic of China (PRC).

Taiwan's spectacular economic success since 1949—averaging 8.4 percent real annual GNP growth—has made it an especially attractive country for foreign investment. However, U.S. normalization of relations with the PRC, coupled with derecognition of the Republic of China on Taiwan, has created a certain degree of uncertainty and anxiety about the security of current and future investments in Taiwan. A careful analysis of the issues involved, and of Taiwan's economic performance since normalization, indicates that for all practical purposes Taiwan is as safe an investment environment as ever; in fact, the change in U.S. diplomatic policy may in some ways have made Taiwan even more attractive to foreign investment.

The rate of foreign direct investment in Taiwan for the first half of 1979 has more than doubled since the same period in 1978. In the first six months after U.S. recognition of the PRC, total foreign direct investment in Taiwan totaled US$185.2 million, compared with only US$72.5 million for the first half of 1978. Such a large increase hardly suggests that businessmen are having serious second thoughts about the security of their investments in Taiwan; on the contrary, it suggests that faith in Taiwan's ability to continue its outstanding economic performance may, if anything, have increased.

Industrialization started in the West, and remained in almost exclusively Western phenomenon until the end of World War II. The rapid Japanese industrialization proved, however, that countries with a non-Western cultural tradition can be equally—if not more—successful at achieving rapid economic growth. Nevertheless, the "economic miracles" in Taiwan and South Korea still came as a great surprise. In fact, the recent success of those Asia-Pacific countries that have either a large Chinese influence or large Chinese populations can be attributed at least in part to their neo-Confucian cultural heritage.

Neo-Confucian culture breeds a set of personal and social values that appear remarkably well-suited to economic growth. Thus, one can speak of a "Confucian ethic," much as one used to speak about the "Protestant work ethic," as a set of cultural traits that greatly facilitate industrialization and modernization. First, and perhaps foremost, neo-Confucian societies uniformly promote, in the individual and the family, a sense of sobriety, a high value on education, a desire for accomplishment in various skills (particularly academic and cultural), and seriousness about tasks, jobs, family and obligations. Smoothly fitting relationships within an organization are greatly encouraged in most neo-Confucian societies and represent the second major strand of the Confucian ethic.

It seems likely, under current conditions, that both aspects of the Confucian ethic—the creation of dedicated, motivated, responsible, and educated individuals and an enhanced sense of commitment, organizational identity, and loyalty to various institutions—will give neo-Confucian societies great potential for rapid growth. This can already be seen in the three most prominent neo-Confucian societies—Japan, South Korea, and Taiwan—all of which have generally done very well indeed, even if for somewhat different reasons.

MAJOR ISSUES FACING TAIWAN

Taiwan's excellent economic performance since World War II, along with a cultural and political heritage that lends itself to rapid economic growth, encourages optimism about Taiwan's future prospects. But, as in any country, there are certain issues facing Taiwan that, with bad management or bad luck, could work to limit the success of further efforts at industrialization. While none of these issues necessarily poses insurmountable problems, each of them is potentially disruptive and thus should be taken into account in looking at the future of Taiwan.

Political Derecognition. Normalization of relations between the U.S. and the People's Republic of China will have both positive and negative effects on future economic growth in Taiwan. At first, many Americans and many Chinese on Taiwan seemed to fear that derecognition of the government of the Republic of China might spell the end of Taiwan's economic success. Further analysis yields a different story. Certainly the severing of formal diplomatic ties could have made Taiwan's international relations more difficult. However, as demonstrated by the Canadians and the Japanese, when they recognized the PRC, there are ways of maintaining trade and cultural relations with Taiwan that can work almost as effectively as full diplomatic ties. Japan's success in maintaining friendly relations with the governments in both Beijing and Taipei—one formal, the other informal—was one reason why the U.S. felt it could normalize relations with the PRC without hindering the economic development of Taiwan.

And within Taiwan itself, business was back to normal within months. Diplomatic issues were soon eclipsed by concerns over inflation control and the possibility of protectionism. Derecognition has, of course, brought with it many obstacles less easily crossed than when Taiwan had full diplomatic ties with the U.S. and most other countries in the world. For example, Taiwan can no longer enter into trade negotiations as an equal partner. The inability to negotiate directly and officially could pose problems, especially with protectionist sentiments rising in both Western Europe and the U.S.

Interestingly, there is now a surprising degree of opposition in the U.S. to measures that would discriminate against Taiwan. This has arisen in part because some members of Congress were affronted by the way the executive branch seemed to them to have slighted Congressional prerogatives during the normalization negotiations. Others both in and out of government were antagonized by the resulting agreement. Even people normally indifferent to, or even hostile to, Taiwan have spoken up for Taiwan's interests, at least to the extent that Tawain should not be further hurt by U.S. diplomatic or trade initiatives, and certainly not singled out. At the same time Taiwan now has a strong incentive to make concerted efforts to avoid policies or actions that might give the advanced countries grounds for protectionist measures. Such conciliatory efforts can often do more to assure harmonious trade relations than whatever limited influential activities are pursued in international conferences.

Derecognition can even have positive effects, of which perhaps the most obvious is an added incentive to achieve economic success. The people and government on Taiwan will be working harder than usual simply to assert their independence and prove to the world that they are a success. With foreign businessmen expressing concern about the safety of investments and the long term viability of doing business in Taiwan, the Taipei government is now going out of its way to provide an exceptionally favorable investment climate. Fears concerning security of investments are likely to be more than compensated for by such efforts.

So long as Taiwan has limited external guarantees of its security, its primary strength lies in economic growth. Growth demonstrates strength in the international arena while maintaining independence from the mainland. Historically, exactly these pressures, derived from urgent national security considerations, have often facilitated rapid economic development. Thus, derecognition could provide a stimulus to investment, both in terms of domestic projects and in terms of policies to attract foreign investments to build up infrastructure and to produce vital goods and services that will assure domestic security.

A POSSIBLE PRC CONFRONTATION?

Perhaps the most discussed fear, stemming from a worst possible case analysis, is the possibility of military attack by the PRC. Both the PRC and ROC governments claim to be the true representative of the Chinese people. The overwhelming size of the PRC, and its insistence on international recognition that Taiwan is a part of China, has caused many foreign observers to believe that the PRC intends to assert its authority over Taiwan, perhaps by means of military force.

The status of the PRC's military forces, however, is such that, at least for the next decade, they could not achieve such a goal with an ease or certainty. For one thing, the common image of an "aging army on Taiwan" is totally divorced from reality. The military on Taiwan has been supported and supplied by the U.S. for over 25 years, and it now represents a force superior to the PRC by almost every criterion except total size. Even if the PRC were to succeed in its modernization plans, and were to increase substantially the strength of its military forces, it would take at least a decade before most of those forces were comparable—on a unit basis—to those of Taiwan. But during this same decade, Taiwan's economy will continue to grow at rates roughly comparable to those of the past ten years—permitting its own military forces to improve, in terms of size and technology.

In economic terms, foreign and domestic observers have expressed concern that as the PRC develops it will start producing a bill of goods competitive with goods currently produced in Taiwan. This analysis presumes, however, that Taiwan continues to produce the same bill of goods it is currently producing—clearly an unlikely case. Taiwan has already moved toward producing increasingly higher value-added goods. If Taiwan continues to pursue industrial structure shifts as it has in the past, it is most unlikely that the PRC will displace Taiwan in the marketplace to any significant degree.

TAIWAN'S GROWING DEPENDENCE ON WORLD TRADE

The conventional view of the rapid growth of the neo-Confucian countries—particularly Japan, South Korea, and Taiwan—has been that it was based primarily on a continued and relentless export drive, and that these countries are therefore more dependent on the world trading system than most nations. In the case of Japan, this view is inaccurate; Japan exports some 10–12 percent of GNP, as compared to about 7 percent for the U.S. and 22 percent for West Germany. In the cases of Taiwan and Korea, however, this view is much more accurate. Korea has been exporting an average of about 35 percent of its GNP since 1976, and Taiwan even more, reaching nearly 59 percent of its GNP in 1978.

Clearly, an increasing dependence on the world economy makes Taiwan more vulnerable to some external economic shocks. Furthermore, Taiwan's trade dependence is heavily concentrated in its two major trading partners: Japan and the U.S. These two countries absorb more than 50 percent of Taiwan's total exports. In view of the recent U.S. derecognition, such a high degree of dependence encourages Taiwan to diversify its export markets further in order to reduce its vulnerability to political and economic changes in these two countries. Still, while Taiwan would certainly feel more comfortable if it were less dependent on Japan and the U.S., for a number of reasons this dependence does not appear particularly disturbing or frightening; after all, both the U.S. and Japan have important commitments to Taiwan, in part as result of this same trade.

There is, however, a growing protectionist mood in the West. As the United States goes into recession during the second half of 1979, combined with continued slow growth in Western Europe, the danger of widespread protectionism increases. If a large-scale increase in protectionism were to materialize, Taiwan would have more difficulty achieving the high rates of economic growth on which it has been relying for its security. Yet Taiwan's only sensible policy, in the event protectionism increases, is to continue efforts to limit the damage such measures would cause.

BARRIERS TO ECONOMIC GROWTH

Several problems have emerged that could limit Taiwan's economic growth potential. Possible increases in protectionism and slow growth in major markets have already been noted. Other economic problems, perhaps offering greater chances for resolution through domestic policy changes, are inflation, shortages of skilled labor, and infrastructure bottlenecks. The government is acutely sensitive to inflation, and it may respond with a significant tightening of economic policies that will limit growth, despite the fact that much of the current pressures toward inflation can be traced to various external forces such as oil and raw material increases common to almost all nations.

Taiwan's labor force is relatively inexpensive, but well-trained and with good experience, up to and including highly-skilled managerial personnel. Nevertheless, rapid economic growth in recent years has created shortages of skilled labor. As a result, wages have increased rapidly and will continue to do so. This will intensify pressure to invest and to shift production to higher value-added products.

Taiwan retains a relatively large source of untapped labor in the agricultural sector. Although the share of labor in agriculture has dropped remarkably (from 60 to 37 percent between 1950 and 1976), the absolute numbers working in agriculture have not declined. Mechanization, the introduction of new farming techniques, and changes in agricultural policies could free up a significant portion of this agricultural labor force, thereby helping to maintain higher than average growth rates. However, to make such changes will require considerable political skill and courage. The land reforms of 1953 were extremely popular and successful, both in terms of starting the economy off on a good footing and in terms of achieving a more equal income distribution. But now that the economy on Taiwan has moved into a more advanced industrial stage, it may be appropriate to restructure its agriculture once again. It is unlikely that significant increases in output per person can be achieved unless average farm size is greatly increased. In other words, Taiwan has outgrown its earlier land reform program and must now initiate a movement toward larger holdings—and eventually to large-scale highly-technical "business" farms.

OUTLOOK

Despite great concern about the effects of U.S. derecognition, the outlook for future economic growth on Taiwan is very bright, and it would be difficult to write a plausible scenario for a collapse of the economic or political system. Rather, a greater threat to the economy comes from the possibility of increased protectionism in the West—and even this could be countered to some degree by an ever greater focus on sales to the Third World, and perhaps to mainland China. All things considered, real growth should continue slightly in excess of the current government estimate of 8.5 percent annual GDP growth between 1979 and 1981.

A major factor that could influence the direction and pace of future growth in Taiwan is the changing relationship between government and private economic activity. Taiwan began its industrialization with a large degree of centralized government planning, much in the manner of Japan and South Korea. For a small, relatively unsophisticated economy, central government planning can often be extremely successful; however, as the economy becomes increasingly sophisticated, it becomes more and more difficult to plan from the center. Increasingly private initiative must be used if productivity is to increase. This is now widely recognized in Taiwan, although heavy reliance on centralized planning and centralized management of big projects continues. Indeed, the government sometimes appears to fear that the formation of large private companies might challenge, rather than augment, the effective power of government.

It would probably be in Taiwan's best interest to permit—indeed, to encourage—development of large companies that can make use of Taiwan's plentiful entrepreneurial skills more effectively than has been the case in the past. For example Taiwan does not yet have any really large transnational trading companies as are found in Japan and South Korea. The authorities have encouraged the formation of a government-run trading company, but a public corporation is unlikely to be as successful as a private company in something that requires the kinds of quick decisions and flexible thinking that go hand-in-hand with the trading function.

Especially in the current environment of uncertainty, greater reliance on private initiative might improve the international effectiveness and stability of Taiwan's economy, and at the same time provide extensive opportunities for foreign firms. Large domestic trading houses, or producers in general, have the resources and the incentives to go into joint ventures with foreign multinationals both at home and abroad.

Joint ventures with such companies could expand Taiwan's unofficial liaisons with foreign governments, and allow companies from Taiwan to enlist the support of their partners in pursuing common interests. At the same time, joint ventures would facilitate technology transfer, which would in turn support Taiwan's effort to upgrade production into high value-added domestic industries.

CONCLUSIONS

Although the U.S. has now officially withdrawn recognition of the government on Taiwan, its long alliance with the government of the Republic of China and the people it represents contributed significantly to the economic development that has occurred in Taiwan and to the strong commitment to the capitalist system that exists on Taiwan today. The U.S. can take pride, along with Chinese on Taiwan, in Taiwan's economic success. Although political and strategic considerations have now led the U.S. to establish official diplomatic relations with the PRC, the U.S. remains no less committed to the free-market system and to the security of countries that support that system. Just as the U.S. played a significant role in bringing Taiwan to its current level of economic development, it will continue to support Taiwan as Chinese on Taiwan continue to pursue economic progress on their own. Indeed, Taiwan is now on a sufficiently secure footing that, with or without U.S. support and assistance, it should continue to be one of the most dynamic economies in the world. As such, it will be an increasingly attractive environment for foreign investment, despite whatever temporary difficulties derecognition may bring. Indeed, the recent political shocks should hasten its *de facto* integration into the international business community, and its emergence as a major actor among the newly industrializing countries.●

THE QUESTION OF A FEDERAL LOAN GUARANTEE TO CHRYSLER CORP.

HON. JAMES J. BLANCHARD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. BLANCHARD. Mr. Speaker, over the past several weeks my colleagues on the Banking Committee and I have wrestled with the question: "Is Federal financial assistant to the Chrysler Corp. in the national, public interest?" Having had the opportunity to study this question indepth and to hear testimony from a variety of informed witnesses, I have strengthened my conclusion that it is in the national and public interest to provide assistance. I would like to share with you some of the facts that support this conclusion.

Let us first look at the problem in human terms. If Chrysler were to fail, as many as 545,000 persons nationwide who are dependent either directly or indirectly on Chrysler for their livelihood would be thrown out of work. Of this number, at least 38,000 would be minority workers. Of course, some of these workers would be able to find other jobs. But the vast majority would have difficulty finding new employment since, in many cases, they would be forced to learn new skills or to move their family across the country. It is simply unrealistic, for example, to expect a Chrysler worker in Kokomo, Ind., to become an insurance salesman in Houston.

Further, it has been estimated that the national unemployment rate 1 year after a Chrysler shutdown would be 0.5 percent higher than it would be otherwise. The loss in revenue to State and local governments could be as high as $266.6 million annually. Such a scenario would severely impact cities large and small from Detroit to Huntsville, Ala., from Newark, Del., to St. Louis.

There are those who would suggest that the unemployment impact of a Chrysler shutdown would be less dramatic since Ford and General Motors would simply rehire laid-off Chrysler workers. A Department of Transportation study indicates otherwise. The simple fact is that, even if Ford and GM were to pick up all of Chrysler's sales (an unlikely eventuality since foreign imports would pick up a substantial share of this market) they would be drawing from their own rolls of laid-off workers. Also, those Ford and GM plants which might experience a production increase as the result of a Chrysler failure are not located in the same sections of the country as the Chrysler plants that would be closed. Consequently, Ford and GM would have either no need or no access to Chrysler labor.

The national economic effects of a Chrysler shutdown demand serious consideration. Such a shutdown would place the entire burden of assistance to affected employees on Government organizations. Again according to DOT, the cost of unemployment benefits could exceed $30 million per week or $1.5 billion over 1 year. Other welfare payments to as many as 1 million affected family members would add to this figure.

Additionally, the Pension Benefit Guaranty Corporation, in testimony before the Economic Stabilization Subcommittee on the Chrysler matter, indicated that the cost to the Federal Government of making good on pension guarantees to affected Chrysler workers could exceed $1.1 billion. This would come as an additional tax on present pension programs throughout industry.

There are other national economic consequences of a Chrysler failure that have not received serious consideration in the public debate over this issue. For instance, in response to governmental regulation and the demands of the marketplace, Chrysler currently in 1979 holds the highest corporate average fuel economy rating of all domestic automobile companies. The Department of Transportation estimates that a Chrysler shutdown would remove approximately 500,000 units of small cars from the American production base by 1981. That is because Chrysler is the only domestic car manufacturer that would be equipped over the next 2 years to produce as many as 500,000 front-wheel-drive, four-cylinder, fuel-efficient cars. The consequence to the United States of losing this production capacity would be twofold.

First, we will be diminishing our capacity as a nation to respond to the energy challenge of producing and driving fuel-efficient cars. Second, since neither of the other two domestic carmakers will be able to fill this production gap immediately, a large percentage of these sales will go to foreign competitors. The result will be an estimated $3 billion balance-of-trade loss, that figure also provided by DOT testimony.

Some have suggested that the answer

to Chrysler's dilemma is to restructure and operate as a limited-line producer, building only smaller cars. The Department of Transportation indicates that this is not a viable alternative for two reasons. First, Chrysler's production facilities are totally integrated; that is, designed for multiple-model production. This is illustrated by the fact that 10 Chrysler plants and over 1,000 different suppliers contribute to the production of every Omni or Horizon. For Chrysler to disintegrate these facilities and switch to limited production would require an investment of external capital estimated to be as large as $4 billion.

Second, the thin profit margin on smaller cars would not be adequate to finance Chrysler's planned shift to this type of production. The profit earned on large- and mid-size sales is as much as 10 times per unit more than the profit earned on small cars. This is simply a fact of life in the automobile business, and it applies to each domestic company. The profits from the larger cars are needed to enable Chrysler to meet its retooling and downsizing costs, or in other words to build its new smaller cars. Therefore, the above reasons demonstrate that a partial shutdown of Chrysler's facilities is impractical and might actually require more money than is currently needed.

In this connection it should also be noted that Chrysler's long-term corporate product strategy already calls for a reduction in the number of car platforms or "families" from the present number of five to three by 1985. This voluntary reduction comes as a result of Chrysler's need to provide smaller, more fuel-efficient automobiles while working with more limited financial resources than its competitors. Chrysler will spend $13.6 billion from 1979 to 1985 to complete its shift to gas-saving front-wheel-drive cars. By 1985, 71 percent of Chrysler's engine production will be of the four-cylinder variety. All this is to say that Chrysler has already taken steps to insure that their future automobile production will be of the fuel-saving nature that both the marketplace and our national interest require.

Others have suggested that lifting the Federal regulatory burden relating to fuel efficiency, safety and auto emissions standards from Chrysler will return the corporation to profitability. Clearly the task of raising or generating the capital necessary to meet these standards placed a heavy strain on all of the domestic automobile companies. A 1976 report by the Banking Committee's automobile industry task force points out that Chrysler was faced with an even "greater proportionate cost burden" in conforming to these standards because of its smaller size.

However, in testimony before the Economic Stabilization Subcommittee, DOT representatives revealed another phenomenon relating to these same Federal standards. Since they were introduced, public acceptance as demonstrated in the marketplace has been high. DOT's conclusion is that lifting these standards now would result in a very minimal per car cost savings and that a modification of Federal regulations would not be the answer to Chrysler's problems. Chrysler executives also agree that regulatory relief is not a solution to the immediate financial crisis.

Another solution that has been advanced suggests that Chrysler should file for a chapter XI bankruptcy proceeding. In theory, this measure might ease the pressure on Chrysler's cash flow by allowing a rescheduling of debt payments along with a partial liquidation of unprofitable assets. I must point out, however, that the testimony that we have heard before the Economic Stabilization Subcommittee suggests that this theoretical solution may, in fact, be the most direct route to disaster.

The purchase of an automobile is generally the second largest investment a consumer makes next to buying a home. How many consumers would be willing to make a major investment in a new car whose manufacturer has filed for bankruptcy? Unresolved questions relating to warranty protection, future availability of parts and service as well as resale value would ruin Chrysler's viability in the marketplace. In fact, the mere possibility of bankruptcy is hurting Chrysler's sales right now. If this arrangement were formalized, Chrysler would experience an immediate halt in cash flow as customers cancel orders, suppliers demand payment for goods on a cash on delivery basis, and dealers lose the ability to finance purchases from the factory. Consultants from Booz, Allen & Hamilton have predicted an almost immediate drop in Chrysler's market share if they went into bankruptcy.

Nor is Chrysler in its present condition a likely candidate for a merger or a buy out. This is evidenced by the fact that no other corporate entity has shown interest in such an arrangement. Any possibilities along this line center around Chrysler's few profitable operations; mainly, the Huntsville Electronics Plant, Chrysler Finance and New Process Gear. However, I do not believe that we enhance Chrysler's prospects for returning to profitability by suggesting that they divest themselves of profitable enterprises that could help to insure their future.

Mr. Speaker, when the Chrysler issue first arose, many of my colleagues reacted initially by opposing any type of Federal rescue effort. Over the past 3 weeks, however, in hearings before the Economic Stabilization Subcommittee, we have had an opportunity to do something that had not been done—to take a look at the impact that a Chrysler failure would have on our national economy. When it was discovered that we are facing the risk of losing half a million jobs and boosting the national unemployment rate by 0.5 percent; of paying out close to $3 billion in pension guarantees and unemployment benefits; of providing public assistance payments to a million affected family members; of upsetting the balance of trade deficit by an additional $3 billion; of removing $266.6 million in annual revenues from State and local coffers—once these and other documented risks were assessed, many Members of Congress decided to take a second look at the issue. Several have expressed to me that, if a $1.5 billion Federal loan guarantee has a reasonable chance of staving off the kind of dire economic consequences described above, then such a loan guarantee should be enacted by Congress. This is especially true when we consider Chrysler's contribution to making an increasing number of fuel efficient cars to meet the energy challenge.

I would like to conclude by explaining why it is imperative that the Congress deal with the Chrysler issue in a substantive way before the adjournment of the first session of the 96th Congress. First, it is the determination of consultants from Booz, Allen & Hamilton and other respected, independent automobile industry analysts that unless Chrysler receives a strong indication of support from Congress very soon—certainly prior to adjournment in December—later attempts to rescue the corporation could be futile. Commitments that have been secured from banks, labor unions, States, municipalities, dealers and suppliers were, in many cases, made contingent upon the receipt of a similar commitment from the Federal sector. Unless Congress provides a clear and immediate signal of support, many of these commitments could be lost. Now is the time to act if we are to prevent the serious national economic consequences of a Chrysler Corp. failure.

In summary, Mr. Speaker, we must all remember that we are not simply reviewing a balance sheet, but rather we are considering whether we can afford to expose our Nation's economy to the devastating consequences of a Chrysler failure. I believe that an objective analysis of this issue by my colleagues will lead to the conclusion that it is most certainly in the national and public interest to lend Chrysler a helping hand.●

EAGLE SCOUT JOHN A. WELLINGTON TO BE COMMENDED

HON. FRANK THOMPSON, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. THOMPSON. Mr. Speaker, scouting is one of the most important aspects of American life as it prepares and encourages our young people to become leaders in their communities. It demonstrates that outstanding accomplishments can be won by hard work and concern for our society.

Citizenship, valor, compassion and integrity are but a few of the characteristics possessed by those who achieve scoutings highest distinction. John A. Wellington III, of Ewing Township, N.J. has proven himself worthy through years of hard work and dedication of deserving that distinction. On November 18, 1979, Boy Scout Troop 26 will recognize his advancement to the level of Eagle Scout.

John A. Wellington III has reached the pinnacle of scouting and for that he deserves our admiration and most certainly our congratulations. It is with great pleasure for me to ask my colleagues to join with me in wishing John well on November 18, and in all his future endeavors.●

WHAT THE VIETNAM VETERAN NEEDS

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. BOB WILSON. Mr. Speaker, I wish to call to my colleagues' attention the following excellent commentary from the Marine Corps Gazette.

Its author, James Webb, a former counsel on the House Veterans' Affairs Committee, is a highly decorated veteran of Vietnam, and the author of a best selling novel on the war.

His assessment is insightful and the comparisons he draws are accurate, shattering the various myths that have grown entrenched about the men and women who chose the path of duty and responsibility in those troubled times.

I would hope that all of us will read and consider Mr. Webb's thoughts. The job of changing the abundance of misconceptions concerning the Vietnam veteran should most properly start here, with us.

The article follows:

WHAT THE VIETNAM VETERAN NEEDS

(By James Webb)

I am often asked by interested citizens what the Vietnam veteran needs in order to fully assimilate back into the mainstream of our society. I am usually expected to name some new veterans' benefit, or an improvement to an existing one; a psychological readjustment program, perhaps, or maybe a new employment package.

But, while such quantitative offerings might be helpful to some veterans, these are not the most urgent need for any of them: Our Vietnam veterans have simply never been accorded the dignity of their experience, and in my opinion, most of their substantive difficulties stem from this one spiritual failing of society in general.

Even the most materially successful Vietnam veterans still carry around a piece of hurt from not having had their combat sacrifices recognized by the nation that sent them off to fight.

As for the others, I wonder how many psychological problems would exist if our government and populace had allowed those troubled veterans to look positively on their contributions. I wonder what sort of employment programs would be needed if prospective employers recognized the essential honor of combat service, as opposed to combat avoidance, during the most politically troubled war in our history.

It is amazing to see the many misperceptions that continue to abound with respect to Vietnam and the people who fought there. Vietnam is remembered as a dirty little war, hardly a war in the traditional sense at all. And yet, even though there were no Iwo Jimas or Guadalcanals, Vietnam produced more combat casualties for the Marine Corps than World War II.

Vietnam is remembered as a war of the unwilling, conjuring visions of draftees being dragged kicking and screaming into uniform; and yet, two-thirds of those who served during the Vietnam era were volunteers, while two-thirds of those who served during World War II, the great "patriotic war," were drafted.

Vietnam is remembered as a political issue that pitted youth against age, widening the so-called "generation gap," while in reality it was an issue that pitted culture against culture within various age groups. Neither Abbie Hoffman nor Dr. Spock spoke for me, or for the people I served with.

It was a war where people my age could gain political credentials for the rest of their lives by taking a few weekends out of their college careers and marching against it, while those who gave years, and often portions of their bodies, gained no more than stigma.

In this context, it is interesting to note that, during all of Vietnam, only some 13,800 men actually refused the draft; for every man who actually refused to serve, four others died in Vietnam and more than 6,000 chose to serve.

It is also interesting to remember that, during the 1976 presidential campaign, when amnesty became such a hot issue, only some 2,000 draft evaders still remained in Canada—fewer men than those still missing in Southeast Asia.

Why did the media give so much play to the few who committed antisocial acts, and ignore the many who put their lives on the line?

We have never really put the Vietnam veteran himself into proper focus. He is viewed largely as a draftee who put his 18 months in and got his early out and was not in need of significant readjustment help. In fact, he spent more time in uniform than even his World War II counterpart, during a period when our society was undergoing so many changes that the whole era was characterized as the "Future Shock" syndrome. As such, the Vietnam veteran probably needed more readjustment help than the World War II veteran, and many Vietnam veterans no doubt continue to have problems that could have been eliminated or reduced by such help.

The Vietnam veteran is often still viewed as a habitual user of dangerous drugs. When I was on my nationwide tour promoting Fields of Fire, one of the most frequently asked questions from interviewers was whether I had ever used heroin, as if we all had walked around with a needle hanging out of our arms.

In fact, hard drugs never emerged on any scale at all until the very end of the war. As for other drugs, I find it incredibly ironic that marijuana use became a dangerous act when soldiers indulged during leisure time, yet the males and females of their peer group who stayed behind in college could and often did blow their minds every weekend on dope, mescaline, LSD and other drugs, with absolutely no stigma once they graduated.

I can honestly say that drug usage was much more prevalent at Georgetown Law School when I studied there than it ever had been while I was in the Marine Corps. Where did the law school graduates go? To prosecute drug cases. Where did the veterans go? To the unemployment lines, stigmatized by someone else's habit.

People too often remember the Vietnam veteran for the aberration of My Lai, rather than for the incredible courage and sacrifice that went into Khe Sanh, Hue City, Dak To and a thousand other places that never made the papers but caused all the frustration and fear and misery of every other war our countrymen have fought.

The Vietnam veteran is often characterized by bureaucrats as an "employment problem," on the same scale as ex-offenders. As a matter of fact, that has been one of the employment slogans for some time: Hire the veteran and the ex-offender, as if both need to be forgiven.

There has been an employment problem, but it has been caused in too many cases by events beyond the control of the veteran.

First, he was taken into the service right out of high school, for the most part, and had never begun a profession. Consequently, he had no reemployment rights when he returned, as did so many veterans of other wars. Second, there was a recession, and he had no seniority, so he was the first man out the door when a cutback occurred—last in, first out. Third, affirmative action programs gave court sanctions to employment of women and minorities, so that employers were often reaching over the heads of the veterans to fill quotas. Fourth, because of the misperceptions about the nature of the war and of his service, too many people were afraid of him. As a result the Vietnam veteran too often found himself, and continues to find himself unemployed or underemployed.

What can you do to help the Vietnam veteran fit himself back into society on the terms of his experience?

First, understand the nature of the war, and of his part in it. Then, buy him the beer you owed him 10 years ago, and let him talk about it. You'll find out that he is by and large a class act, much tougher than his nonveteran peers, much more used to hassle and disappointment.

You'll also find out that he's probably the best patriot this country has ever produced, because he's had to think about his decision to serve for years, and despite what Jane Fonda and her friends might want you to believe, he doesn't feel like apologizing for having served. I have a feeling you'll be pleasantly surprised.

And you may end up offering him a job, or at least another beer.●

ECONOMIC PROBLEMS

HON. BO GINN

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. GINN. Mr. Speaker, too often when the Congress wrestles with the problems of national economic health, tax policy, and inflation, we lose sight of the human dimension of the problems reflected in the national statistics.

This was brought home to me recently when I heard from my constituent, Mrs. Angelia H. Walker, of the small town of Twin City, Ga. Mrs. Walker is a single-parent homemaker, and also a teacher in the public school system of Georgia since 1967.

Mrs. Walker has devoted her professional life to the youth of her community, and I am sure she began her career as a teacher with no illusion that it would lead to a life of luxury. However, I believe she had a right to expect that her vocation would provide her a living sufficient enough to provide for her needs.

But in the turbulence of our national economy, in the wake of devastating inflation, and in the grip of an outmoded Federal tax program, she has lost that faith. I submit for inclusion in the RECORD at this point a letter which Mrs. Walker sent to me and to other elected officials.

SEPTEMBER 9, 1979.

GEORGE BUSBEE,
Governor,
Atlanta, Ga.

MR. GOVERNOR: This is in regard to my income tax which seems to be extremely inequitable. Let me first explain that I am a single parent school teacher and that I earn $676.91 take home pay. Last year we received a 6 percent increase in pay to my astonishment, when my first check arrived, it was $3.81 less than my take home pay for the last year. I fully realize that my raise placed me in a higher income bracket, but how can I maintain any decent standard of living when inflation is running at 13 percent and my real income is actually dropping.

This situation must be shared by millions of other taxpayers. It should point out to you the inequitable of the present tax structure and hopefully you will make some kind of effort to correct this intolerable situation. This is a plea for some kind of rational consideration by our lawmakers and leaders.

I am enclosing a copy of my August and September check stub for comparison.

Respectfully,

ANGELIA H. WALKER.

P.S. I have been teaching for 12 years.

Mr. Speaker, at about the same time I received Mrs. Walker's letter, I noticed a column by Ellen Goodman which appeared in the October 17 edition of the Washington Post. I believe it is relevant to this issue I raise, and I ask that it be included in the RECORD at this point.

JUST WOMAN'S WORK?

(By Ellen Goodman)

BALTIMORE.—The young woman stood up before the college audience and talked earnestly about her new job and her new confusion.

A June graduate, she was now a teacher. She was lucky and she knew it. Yet each day she carried a sheaf of self-doubt to school along with the ditto papers and work-sheets.

The women her age, you see, have been encouraged to become astronauts and senators, corporate vice presidents and assorted firsts. Though she had elected to go through the more traditional door, somehow she couldn't shake the feeling that she was "just" a teacher.

As a parent seated with her on the the podium, I felt a wave of concern. There are no outsiders more important to our children's lives than their teachers, no job that we weigh more heavily in cost-accounting their futures. We want our children to be taught by the best, the brightest, the most lively and sensitive. To us, there is no such thing as "just" a teacher.

Yet in her era of change, when the status and stroking of society has gone to the innovators, how many others have felt left behind? "Just" a teacher, nurse, secretary, homemaker. And what effect does that have on the choices that young people are making?

I know it isn't popular to talk about this, even in an era when everyone is worrying about teacher "competency," but we are witnessing a young brain-drain from the old "women's jobs."

The young people planning to be teachers don't rank as high scholastically as they did. Dr. Timothy Weaver of Boston University studied this decline and it's a substantial one. In 1970, the high school students planning to be education majors tested in the top one-third of all students on their English boards. Six years later they were found in the botton one-third.

On the graduate record exams taken by college seniors in the same time period, the scores of education majors dropped 18 points in verbal aptitude.

There are other reasons for this decline. The teaching job market isn't what it used to be. Neither are the salaries. In 1972, teaching salaries were about 25 percent above the national average. Now, says Weaver, they are just about on a par.

But 70 percent of the teachers in this country are women. Their test scores were typically higher than those of men, their salaries relatively higher than those of other women. Now the opportunities for young women are greater and the decline in the test scores of women planning to teach is sharper.

Teaching isn't the only job or the best job for the ambitious and academically talented young women today. As Weaver put it: "Women do have more opportunities. They are encouraged to feel they have more opportunities in higher-paying professions and that is reflected in the data."

It isn't just teaching that's been affected. In nursing, where there are many jobs, the scores have also declined. And in clerical work, employers continually moan to each other, "We just can't find the same kind of young secretaries anymore."

But this isn't just a case of Liberation Chic. It isn't just the lure of the new and the prestige of the different. The fact is that a rise in status for women is associated, for better and for worse, with entry into the male world. That's where the prestige has always been.

We have simply done a better job at letting some women into "men's" jobs than at raising the status of "women's" jobs.

The care-takers—those who are helpers, nurturers, teachers, mothers—are still systematically devalued. As Rep. Barbara Mikulski (D-Md.), who shared the same podium, likes to say: "In this society we implicitly deny what we explicitly claim to value—especially children." We don't put our money where our mouths are.

Now the job market competes for the brightest women as well as the brightest men. If the projections are right and we have a teacher shortage, not a surplus, by the mid-1980s, we'll have to do some fancy status shuffling.

Competency tests are nothing more than the last resort of despairing parents. There's no real secret to attracting and keeping the highest-caliber applicants for any job. They need the rewards of independence, growth, initiative, respect, personal satisfaction and money. With these, no one is a "just."

Mr. Speaker, I have no magic answers to the questions raised by Mrs. Walker or Ellen Goodman. I do know, however, that the issues they present should be moved to the top of the national agenda and the agenda of the Congress.

Teachers, retired persons, blue collar workers and professionals are all victims of inflation. In each case, the impact is different. But each time the quality of life diminishes for an American, our entire system suffers.

With our teachers, the impact means that our finest teaching prospects and experienced teachers will abandon their profession.

Mr. Speaker, I submit that we face a crisis on a scale greater than the headlines of economic problems would show. The Congress must respond, and respond without delay.●

WILLIAM K. WYANT, JR., CONSERVATION PIONEER OF SIERRA MADRE, CALIF.

HON. JOHN H. ROUSSELOT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. ROUSSELOT. Mr. Speaker, today Secretary of the Interior Cecil D. Andrus will award one of the Department's highest honors, the Conservation Service Award for outstanding and direct service to the Department in the field of conservation, to one of my constituents, journalist William K. Wyant, Jr. of Sierra Madre, Calif. Mr. Wyant is being honored in recognition of his early support of the environmental movement and for the inspiration he has provided over the years to other journalists advocating the conservation of our Nation's valuable natural resources.

Through a distinguished career of 27 years with the St. Louis Post-Dispatch, Mr. Wyant achieved widespread recognition as one of our Nation's foremost writers on the safeguarding of the American environment. Now in retirement, Mr. Wyant is currently completing a book on America's westward expansion and the conservation movement. Mr. Wyant is a pioneer supporter of this movement, through which millions of Americans have developed a concern for the careful protection and wise use of our Nation's natural resources. Mr. Wyant recognized early on that the awakening of a strong environmental ethic needed sustained advocacy, and in 1960 was successful in convincing the editorial board of his paper, the Post-Dispatch, to support such a policy.

In 1971 Mr. Wyant toured the Western States and produced a series of syndicated articles on the conflict between mining and conservation interests. The series was subsequently honored in the Thomas L. Stokes competition for environmental journalism. In 1973 he was again sent through the Western States for a series of stories on coal and the energy crisis and the importance of the consideration of environmental safeguards in the future development of that resource.

Mr. Wyant later cast new light on the need for enlarging and safeguarding the Redwood National Park in California, and in July of 1978 was one of a small group of influential correspondents who accompanied the Secretary of the Interior on a tour to the proposed new national parks, wildlife refuges, forests, wild and scenic rivers, and wilderness areas of Alaska. His subsequent articles did much to awaken public opinion to the values of conserving natural resources in Alaska.

Mr. Speaker, I would like to join with Secretary Andrus and the Department in congratulating Mr. William K. Wyant, Jr. for his dedication and contribution to the American conservation movement. I am certain that my constituents in the 26th District will agree that it is an honor to count an individual of such accomplishment among the citizens of our community.●

A TRIBUTE TO FRANK FARMER

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. SKELTON. Mr. Speaker, a good friend of mine, Frank W. Farmer, was killed on November 2 in a freak accident on the Missouri Pacific Railroad crossing in his hometown of Sweet Springs, Mo. Frank Farmer was a 50-year veteran of the newspaper business, who devoted himself to safeguarding this country's first amendment and the freedom of the Press.

Farmer was a graduate of Richmond High School, but he took his first printing job at the age of 13 at the Richmond-Missourian. He later worked for the Warrensburg Star Journal, the Lexington Advertiser-News, the Sedalia Democrat-Capitol, the Kansas City Star-Times, and the St. Louis Globe-Democrat, as well as several other newspapers in the Midwest. He worked in practically all capacities on the various publications.

In 1941, he married Hazel I. Ott of Sedalia, Mo., and she became his partner when they purchased the Sweet Springs Herald in 1948. He and Mrs. Farmer have published the paper ever since.

Among the organizations to which he belonged were: Sweet Springs Chamber of Commerce, American Legion Post 279, Veterans of Foreign Wars, and Saline County Central Democratic Committee. He was committeeman from Salt Pond township, and he was a charter member of the Optimist and Lions Clubs in Sweet Springs. He was a member of the International Typographical Union for 40 years, maintaining his membership during the years of self-employment. In addition, he served as Methodist Sunday School superintendent and belonged to the Men's Fellowship.

He was involved in various community projects such as helping to organize the auto racing association, which built and operated a quarter-mile dirt oval Memorial Race Track in Sweet Springs. He was active in the Industrial Development Committee, and served as chairman of the fund raising drive to provide a site on which to build a new factory building for International Shoe Co. He spearheaded the city recreation program and supported the schools in a variety of ways. He was a member of the Marshall Eagles Chapter, and, under Governor Blair, he was made an honorary colonel. He lent active support for the building of Sweet Springs Community Hospital, and he was also active in SLRAC, a committee to prevent the abandonment of the Missouri Pacific branch from Myrick that serves Sweet Springs, Emma, and Concordia, Mo.

Mr. Speaker, as you can tell, Frank W. Farmer was a man of action and a man of many accomplishments. I would like to share with my colleagues in Congress a tribute to Frank Farmer that was written by another newspaperman, Bill Roscher of the Kansas City Star, and which was published in the Sweet Springs Herald on Thursday, November 8, 1979. It reads as follows:

IN TRIBUTE

(By Bill Roscher)

A Tribute to Frank Farmer, a Newspaperman. Yes, that is what he was all of his life.

He lived and taught that the word of the press is the only thing that keeps this country free.

He carried on a tradition and was one of the best in his field. He knew that the pen was mightier than the sword. He had strong feelings of right and wrong. He was never lukewarm about anything; for this he was both cursed and praised, but never ignored.

As an ending you will find a -30-, which to us means story complete.

He has covered the When, Where, Why and How. He was a Newspaperman.

Aside from being a newspaperman, however, Frank W. Farmer was a fine family man, a true friend, a tremendous asset to his community, and a great patriot. His death will be felt as a tragic loss by all who knew him.●

A NATIONAL DAY OF FASTING

HON. JOHN H. ROUSSELOT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 13, 1979

● Mr. ROUSSELOT. Mr. Speaker, recently I received a letter from Mr. Richard Viguerie, president of the noted direct mail firm, The Viguerie Co. In his letter, Mr. Viguerie proposed that we set aside the Sunday before Thanksgiving as a national day of fasting, prayer, and atonement for our sins.

As I reflected on his letter, I found myself deeply moved by his proposal that Americans not only celebrate our blessings on Thanksgiving Day, but that we should also take time to meditate, atone for our sins, and ask God's direct guidance and protection as we lead our national and individual lives.

The idea of a national day of fasting is a worthy one, and I would like to share with my colleagues an article by Mr. Viguerie on this subject which appeared in the October issue of the Conservative Digest:

A DAY OF FASTING

(By Richard A. Viguerie)

I recently took a vacation out West with my teenage daughters, Renée and Michelle. And when we weren't shooting rapids, sleeping under the stars, or climbing mountains on horses or foot, I read a book that a friend gave me last year.

I have seldom been so moved by one book.

The theme of The Light and the Glory by Peter Marshall and David Manuel is that God actively intervened in the discovery and formation of America.

The authors point out that when Americans remembered to ask for God's help, and also remembered to give thanks and credit to God for what was accomplished, then America prospered and was protected.

Christopher Columbus was a devoutly religious man. His belief and faith in God were strong. But he apparently also had a lot of pride and a strong ego.

He demanded 10 percent of all the gold found in the new world. He also demanded the highest ranking title of the navy—Admiral of the seas. Plus he insisted that he be made Governor of all of the lands he discovered.

He prayed mightily for the success of his efforts.

But when he had success, probably beyond his own wildest dreams, it appears that Columbus very quickly forgot to give the credit to God.

Columbus's public actions and statements indicate that he took personal credit for his accomplishments.

And Columbus experienced in the last 13 years of his life an enormous amount of suffering, disappointment and failure.

Marshall and Mauel believe Columbus suffered so because he failed to give credit to God for his accomplishments.

How many times in our own lives have we failed to give public credit and thanks to God for our successes?

Like Columbus, most of us are quick to go to God when we're faced with problems, but very seldom do we publicly give credit to God for success.

That brings me to some thoughts about 1979.

Many of us are worried about the Senate passing the SALT II treaty. We worry when we see the Communists gaining military strength daily, and when our President seems uninterested in opposing the Communist conquest of country after country.

But instead of worrying, why don't we as individuals and as a nation go to God and ask Him for forgiveness for our sins?

Instead of worrying, why don't we pray that He protect America from its enemies and give us the strength and will to protect ourselves? Why don't we thank God for the benefits He has bestowed on us as individuals and as a nation?

Perhaps many of our personal and national problems have developed because we have forgotten to thank God for our blessings, our opportunities, our freedoms and our great country.

Some of our Presidents did this. George Washington set aside a day for fasting and prayer when he was President.

Also Abraham Lincoln, twice during the storm of our tragic Civil War, designated "a Sunday for prayer and fasting."

Twice during some of the darkest days of the American Revolutionary War, the Continental Congress declared a day of Fast and Repentance.

Indeed even Christ, when He knew He was soon to be tempted by the devil, fasted for 40 days.

We Americans today need to pray together in the same spirit.

I recommend that we set aside November 18, the Sunday before Thanksgiving, to pray, fast, meditate and atone for our sins.

I suggest this particular day because this is traditionally a time when Americans give thanks to God for all the blessings that we enjoy.

It will be a true and appropriate commemoration of the Thanksgiving season. And I feel it will make the spirit of Thanksgiving more meaningful to us. Hopefully, we can encourage enough others to join us and it will meet with such success that it will become an annual event.

I personally plan to send letters to thousands of other conservative leaders, journalists, priests, rabbis, ministers and others, asking them to urge their readers, members, or congregations to set aside Sunday, November 18, as a day to abstain from all food . . . a day to devote completely to prayer, meditation, thanks, and repentance for our sins.

Two hundred years ago Dartmouth's minister, Samuel West, preached in Boston:

". . . Our cause is so just and good that nothing can prevent our success but only our sins. Could I see a spirit of repentance and reformation prevail throughout the land, I should not have the least apprehension or fear of being brought under the iron rod of slavery, even though all the powers of the globe were combined against us."

We, as a nation, need collectively to get down on our knees and acknowledge our God and ask for His guidance and blessings, for forgiveness for our sins, and for deliverance from our enemies. We need to give credit to God for all the good in our lives.

There are so many things that could be done to bring this to the attention of all Americans.

Why don't we all, each one of us, call and write our congressman and senators and urge them to help promote a national day of fasting and prayer?

Why not call in to talk shows, write letters to the editor, bring up the subject at our religious, business, fraternal and social meetings?

You could work to have your own city or town council pass such a resolution for your own community.

This is an idea that I feel strongly about, and I wanted to share it with you. I would be pleased to hear from you, if you have any thoughts on this subject.●